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Financial Results FY2025 3Q

January 31, 2025

Hokkaido Electric Power Co., Inc.

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Business results

（Billion yen）

	FY2025 3Q (A)	FY2024 3Q (B)	Change (A)-(B)	Comparison (A)/(B) %
Operating Revenue	646.4	685.5	(39.1)	(5.7)
Operating Profit	64.4	81.0	(16.5)	(20.4)
Ordinary Profit	56.8	73.7	(16.9)	(23.0)
Profit attributable to owners of parent	54.6	53.6	1.0	1.9
Basic net income per share [Yen]	261.07	256.06	5.01	

Financial status

（Billion yen）

	As of December 31, 2024 (A)	As of March 31, 2024 (B)	Change (A)-(B)
Assets	2,190.7	2,141.6	49.1
Net Assets	384.7	333.5	51.2
Shareholders' Equity Ratio	16.9%	14.9%	2.0%

Consolidated－Statement of Operations for FY2025 3Q

Hokkaido Electric Power Co., Inc.

（Billion yen）

		FY2025 3Q (A)	FY2024 3Q (B)	Change (A)-(B)	Comparison (A)/(B) %
Ordinary Revenue	Operating Revenues	646.4	685.5	(39.1)	(5.7)
	Electricity utility operating revenue	611.3	655.3	(44.0)	(6.7)
	Other business operating revenue	35.0	30.2	4.8	16.1
	Non-operating Income	2.6	2.2	0.3	14.9
	Subtotal	649.0	687.8	(38.8)	(5.6)
Ordinary Expenses	Operating Expenses	581.9	604.5	(22.6)	(3.7)
	Electricity utility operating expenses	552.9	579.0	(26.1)	(4.5)
	Other business operating expenses	28.9	25.4	3.5	13.9
	Non-operating Expenses	10.3	9.5	0.7	8.3
	Subtotal	592.2	614.0	(21.8)	(3.6)
[Operating Profit] Ordinary Profit		[64.4] 56.8	[81.0] 73.7	[(16.5)] (16.9)	[(20.4)] (23.0)
Provision or reversal of reserve for fluctuation in water levels		(0.6)	0.3	(1.0)	—
Extraordinary income		19.5	0.7	18.8	—
Profit before income taxes		77.0	74.0	2.9	4.0
Income taxes		21.6	20.2	1.4	7.2
Profit		55.3	53.8	1.4	2.7
Profit attributable to non-controlling interests		0.6	0.2	0.4	213.5
Profit attributable to owners of parent		54.6	53.6	1.0	1.9

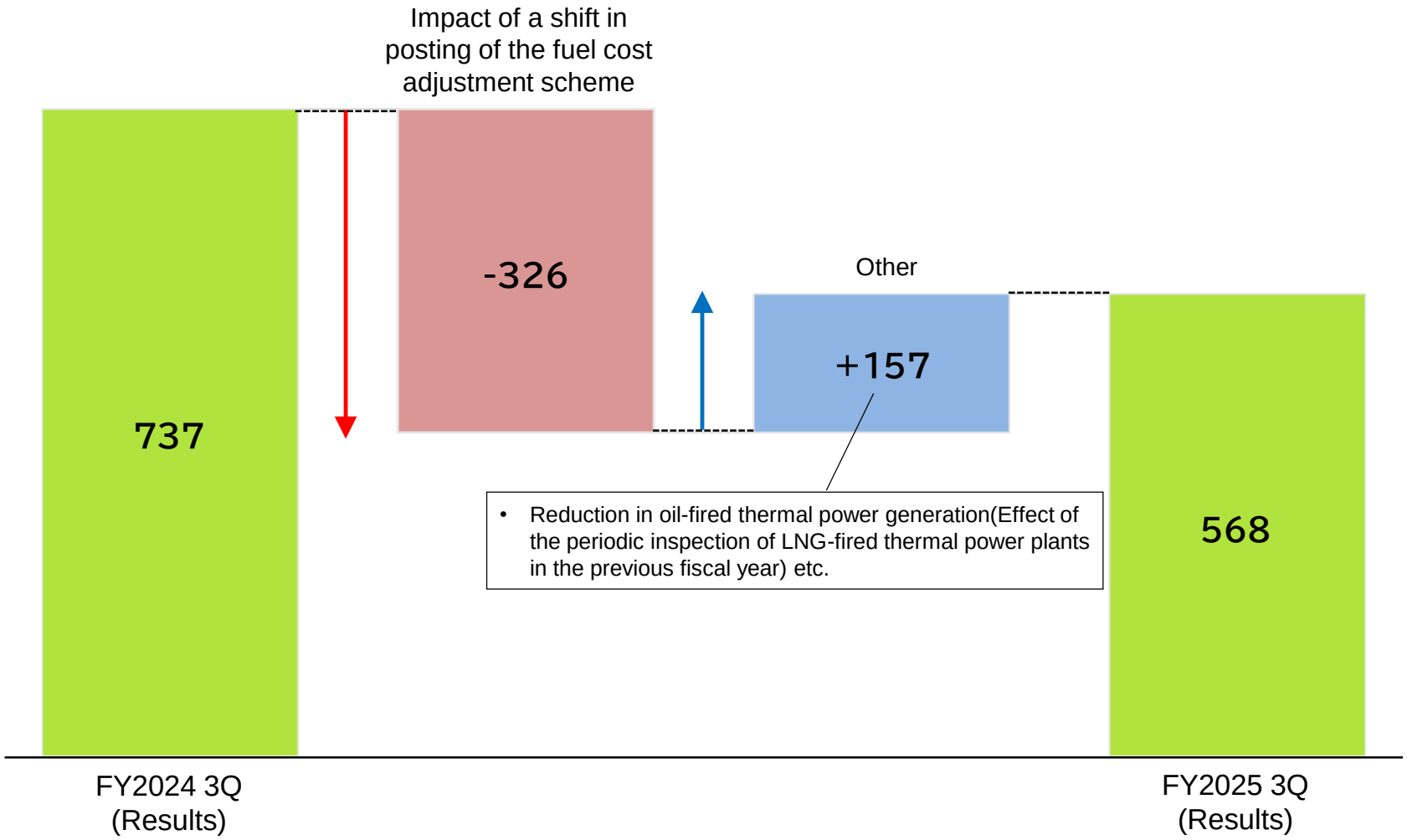
(Appendix)

Comprehensive Income	58.0	58.0	0.0	0.0

Operating Revenue (Decrease)	Due to a decrease in the fuel cost adjustments associated with the decline in fuel prices and other factors, operating revenue decreased by 39.1 billion yen year-on-year to 646.4 billion yen.
Ordinary Income (Loss)	Ordinary income decreased by 16.9 billion yen compared to the same period of the previous fiscal year to 56.8 billion yen, mainly due to the worsened earnings caused by the elimination of the significant gain on timing difference associated with the fuel cost adjustment system compared to the same period of the previous year.
Profit attributable to owners of parent (Increased)	Profit attributable to owners of parent was 54.6 billion yen, an increase of 1.0 billion yen compared to the same period of the previous fiscal year, reflecting the posting of extraordinary income owing to gains on the sale of nuclear fuel, despite a decrease in ordinary income.

Consolidated Financial Results for FY2025 3Q
－YoY 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 October 31,2024.

(Unit: Billion yen, billion kWh)

	FY2025 earnings forecast			YoY change for new forecast
	New forecast (A)	October forecast (B)	Change (A)−(B)	
Operating Revenue	Approximately 907.0	Approximately 902.0	Approximately 5.0	Approximately (47.0)
Operating profit	Approximately 56.0	Approximately 50.0	Approximately 6.0	Approximately (45.0)
Ordinary profit	Approximately 43.0	Approximately 37.0	Approximately 6.0	Approximately (44.0)
Profit attributable to owners of parent	Approximately 47.0	Approximately 43.0	Approximately 4.0	Approximately (19.0)
Year-on-year change/ Retail electricity sales and electricity sales to other utilities*	*Approximately (0.8%)* Approximately 33.7	*Approximately (2.3%)* Approximately 33.2	Approximately 0.5	Approximately (0.2)
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 151	Approximately 0.2	Approximately 0.8
CIF crude oil price (USD per barrel)	Approximately 83.0	Approximately 86.0	Approximately (0.3)	Approximately (0.3)

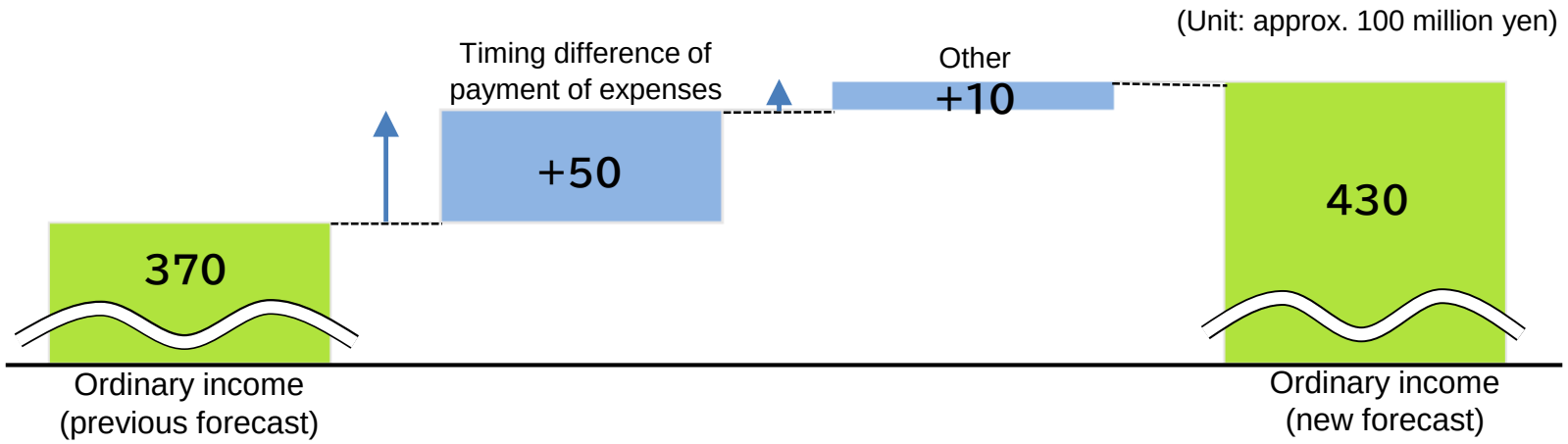
Note: We assume a foreign exchange rate of about 155 yen per dollar and the CIF crude oil price of about 80 dollar per barrel for January 2025 and thereafter.

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 trending roughly in line with our forecast. Electricity sales to other utilities are expected to increase mainly due to an increase in wholesales. Accordingly, the total for electricity sales is forecast to be around 33.7 billion kWh, an increase of 500 million kWh in contrast with the forecast announced in October 2024.
Operating Revenue	Operating revenues are expected to increase by 5 billion yen from the October forecast to around 907 billion yen mainly due to the expected increase in the electricity sold to other utilities.
Ordinary Income	Ordinary income is expected to be around 43.0 billion yen, an increase of 6.0 billion yen from the forecast announced in October 2024 mainly due to a decrease in expenses resulting from the timing difference of the payment of expenses.
Profit attributable to owners of parent	We look for an increase in profit attributable to owners of parent by 4.0 billion yen from the October forecast to around 47.0 billion yen, mainly due to the increase in ordinary income and the posting of extraordinary income on the gains on the sale of nuclear fuel.

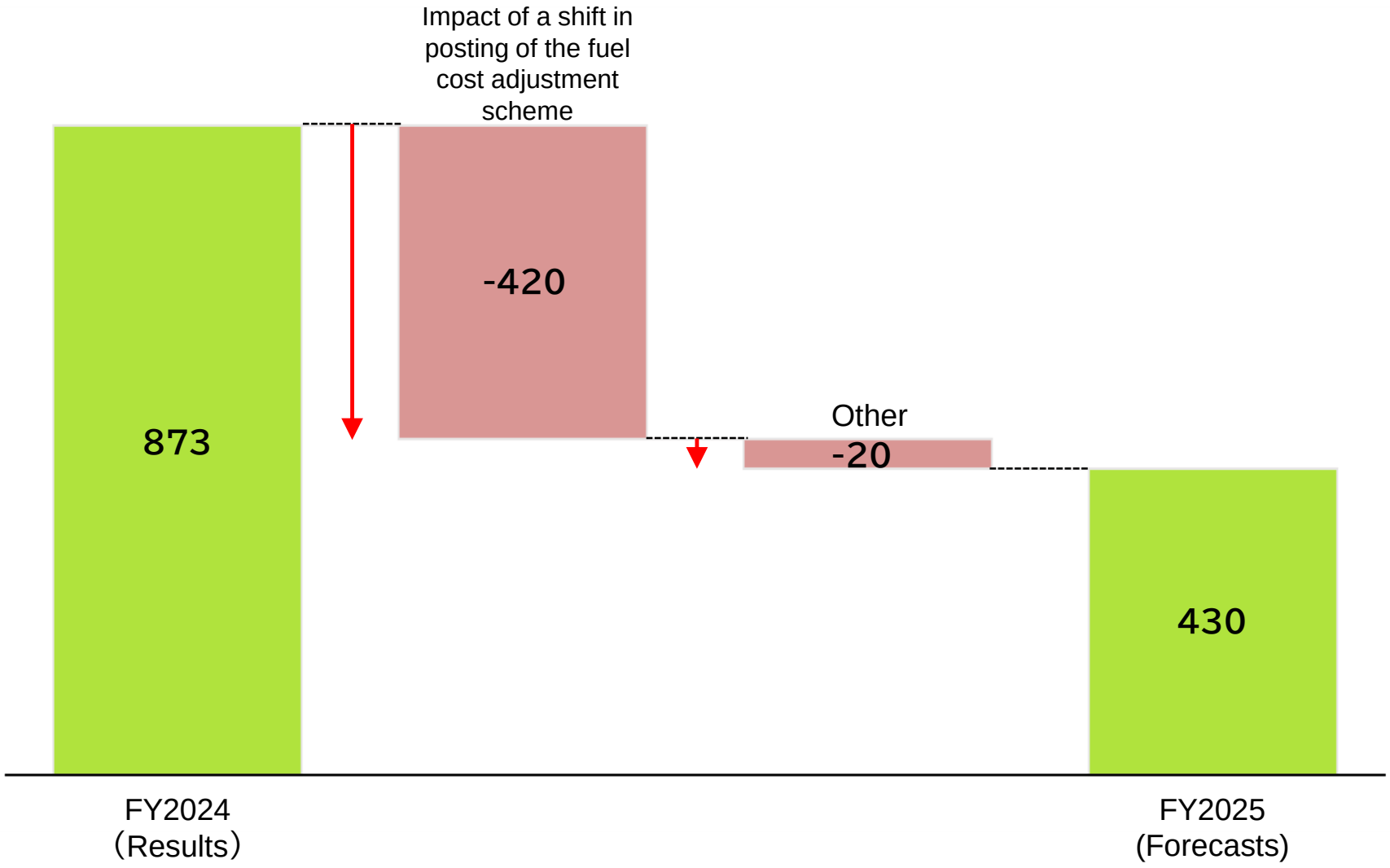
Factors behind the change in ordinary income (from the October forecast)

(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 year-end dividend forecast from the previously announced outlook.

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	¥10	[¥10]	[¥20]	¥1,500,000	[¥1,500,000]	[¥3,000,000]

*Forecasts for FY2025 are in parentheses.
*The interim dividend for Class-B preferred shares included the accrued dividend for FY2023 of 3,060,164 yen.

Consolidated; Electricity Sales

・Electricity sales in the retail market totaled 15,993 million kWh, a year-on-year growth rate of -3.7%, due to a decrease in demand for air conditioning due to summer temperatures not being as high as in the same period of the previous fiscal year, and a decrease in demand from industries.
・Electricity sales to other utilities totaled 7,898 million kWh, an increase of 9.2% year-on-year, primarily reflecting a rise in sales volume owing to an increase in the purchase of renewable energy.

（GWh）

			FY2025 3Q (A)	FY2024 3Q (B)	Change (A)-(B)	Comparison (A)/(B) %
Retail electricity sales	Low-voltage customers	Residential	5,335	5,468	(133)	(2.4)
		Commercial and Industrial	953	962	(9)	(1.0)
		subtotal	6,288	6,430	(142)	(2.2)
	High-voltage and Extra high-voltage customers		9,650	9,906	(256)	(2.6)
	Subtotal (*1)		15,938	16,336	(398)	(2.4)
	Other (*2)		55	267	(212)	(79.7)
	Total		15,993	16,603	(610)	(3.7)
Electricity sales to other utility			7,898	7,234	664	9.2
Total			23,891	23,837	54	0.2

*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 Hokkaido Electric Power Network. As for the previous consolidated cumulative period, which includes 3Q 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, %)

		FY2025												
		Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	**Total**
Low-voltage customers	Residential	703	634	488	512	612	569	499	637	681				**5,335**
	Commercial and industrial	169	98	73	82	99	90	77	101	164				**953**
	Subtotal	872	732	561	594	711	659	576	738	845				**6,288**
High-voltage and Extra High-voltage customers		982	973	1,002	1,137	1,142	1,034	1,036	1,074	1,270				**9,650**
[%YoY]		[(0.5%)]	[(2.6%)]	[(1.5%)]	[(2.0%)]	[(3.1%)]	[(6.6%)]	[(4.1%)]	[0.4%]	[(2.0%)]				**[(2.4%)]**
Total		1,854	1,705	1,563	1,731	1,853	1,693	1,612	1,812	2,115				**15,938**

		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	23.3	24.6	19.9	13.8	6.0	(1.9)			
	YoY	(4.1)	1.2	0.4	(0.3)	(0.5)	(2.1)	(1.6)	0.5	(0.7)	(1.2)			
	deviation	(0.3)	3.1	1.2	2.0	2.2	2.3	1.3	1.7	0.8	(1.0)			

Consolidated; Statement of Operations (Revenue)

(Unit: billion yen)

	FY2025 3Q (A)	FY2024 3Q (B)	Change (A)-(B)	Comparison (A)/(B) %	Major cause of increase/decrease
Operating Revenue	646.4	685.5	(39.1)	(5.7)	
Electric utility operating revenue	611.3	655.3	(44.0)	(6.7)	
Two companies total* Commercial and Industrial	425.4	433.6	(8.1)	(1.9)	【Cause of increase】 Decrease in the discounted from the national project to mitigate a sharp increase in electricity and gas rates [36.0] 【Cause of decrease】 Decrease in fuel price [(38.7)]
Two companies total* Others	187.0	222.8	(35.7)	(16.0)	Decrease in the subsidy from the national project to mitigate a sharp increase in electricity and gas rates [(36.0)]
Two companies total* Others: Sold power to other utilities & Sold power to other suppliers (Repost)	130.0	127.5	2.5	2.0	
Two companies total* Others: Transmission revenue (Repost)	30.6	30.6	0.0	0.0	
Subsidiary / consolidation revision	(1.1)	(1.0)	(0.1)	11.7	
Other business operating revenue	35.0	30.2	4.8	16.1	
Non-operating Income	2.6	2.2	0.3	14.9	
Ordinary Revenue	649.0	687.8	(38.8)	(5.6)	

*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.

・Given the shutdown of operations at all reactors at the Tomari Nuclear Power Station, the water flow rate was 89.1%, below normal value. However, we were able to secure stable supply owing to proper operation and management of supply facilities.

(GWh)

		FY2025 3Q (A)	FY2024 3Q (B)	Change (A)-(B)	Comparison (A)/(B) %
Generated Power	[Water flow rate %] Hydroelectric	[89.1%] 2,461	[103.1%] 3,001	[(14.0%)] (540)	(18.0)
	Fossil Fuel	11,290	10,330	960	9.3
	[Nuclear capacity ratio %] Nuclear	[–] –	[–] –	[–] –	–
	Renewable, etc.	88	69	19	27.8
	Subtotal	13,839	13,400	439	3.3
Power received by other companies*		12,494	12,814	(320)	(2.5)
Power used for pumped storage, etc.		(376)	(263)	(113)	42.7
Total		25,957	25,951	6	0.0

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

Consolidated; Statement of Operations (Expenses and Ordinary Profit)

(Unit: billion yen)

		FY2025 3Q (A)	FY2024 3Q (B)	Change (A)-(B)	Comparison (A)/(B) %	Major cause of increase/decrease
Electric utility operating expenses		552.9	579.0	(26.1)	(4.5)	
Two companies total*	Personnel	43.0	42.4	0.5	1.3	
	Fuel	124.8	152.6	(27.7)	(18.2)	• Decrease in fuel prices[(15.4)] • Reduction in oil-fired thermal power generation(Effect of the periodic inspection of LNG-fired thermal power plants in the previous fiscal year) etc.
	Purchased Power	185.7	184.9	0.7	0.4	
	Maintenance	55.2	52.4	2.8	5.4	• Increase in repair expenses for power generation facilities [1.3]
	Depreciation	50.0	49.5	0.5	1.0	
	Other Expenses	97.8	99.5	(1.7)	(1.8)	
Subsidiary / consolidation revision		(3.8)	(2.5)	(1.3)	53.1	
Other business operating expenses		28.9	25.4	3.5	13.9	
Non-operating Expenses		10.3	9.5	0.7	8.3	
Interest Expenses(Repost)		8.0	7.8	0.2	3.1	
Ordinary Expenses		592.2	614.0	(21.8)	(3.6)	
Ordinary profit		56.8	73.7	(16.9)	(23.0)	

*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.

Consolidated; Segment Information

・Sales in the HEPCO segment totaled 566.8 billion yen, a decrease of 50.6 billion yen year-on-year, chiefly due to a decline in fuel cost adjustments in tandem with a drop in fuel prices.

Segment ordinary income recorded a decrease of 11.9 billion yen compared to the same period of the previous fiscal year to 50.7 billion yen, mainly due to the worsened revenues caused by the elimination of significant gain on timing difference under the fuel cost adjustment system compared to the same period of the previous year.

・Sales in the Hokkaido Electric Power Network segment totaled 229.0 billion yen, an increase of 2.3 billion yen from the same period of the previous fiscal year, mainly due to an increase in wholesale sales revenues resulting from increased purchases of renewable energy despite the decrease in the electricity price under the Last Resort Supply System.

Segment ordinary income decreased by 7.6 billion yen from the same period last year to almost nil, mainly due to an increase in costs to secure adjustment capacity in the supply and demand adjustment market.

・Other sales amounted to 103.5 billion yen, an increase of 100 million yen in comparison with the same period of the previous fiscal year. Meanwhile, segment ordinary income amounted to 7.9 billion yen, an increase of 1.4 billion yen from the same period of the previous year, mainly reflecting the cost reduction in the construction industry.

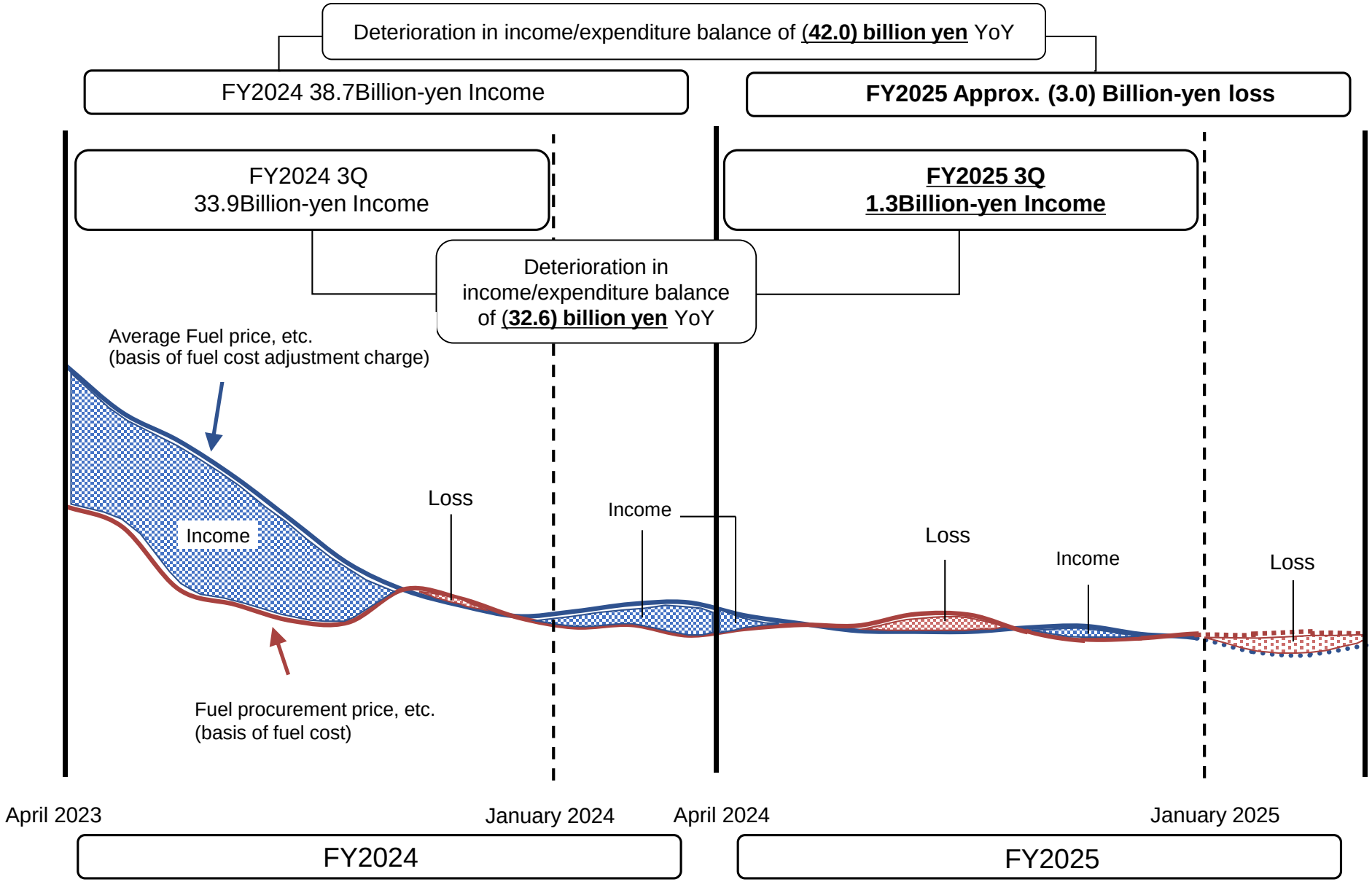
(Unit: billion yen)

	FY2025 3Q (A)	FY2024 3Q (B)	Change (A)-(B)
Operating Revenue	646.4	685.5	(39.1)
Hokkaido Electric Power Company	566.8	617.5	(50.6)
Hokkaido Electric Power Network	229.0	226.6	2.3
Other *1	103.5	103.4	0.1
Adjustments *2	(253.0)	(262.0)	8.9
Segment Income/loss (Ordinary Income/loss)	56.8	73.7	(16.9)
Hokkaido Electric Power Company	50.7	62.7	(11.9)
Hokkaido Electric Power Network	0.0	7.6	(7.6)
Other *1	7.9	6.5	1.4
Adjustments *2	(1.9)	(3.2)	1.2

*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*）①

Personnel

（Billion yen）

	FY2025 3Q (A)	FY2024 3Q (B)	Change (A)-(B)	Major cause of increase/decrease
Personnel	43.0	42.4	0.5	

【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 three quarters of the annual depreciation expense was posted in the current 3Q.

（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.

Fuel and Purchased Power

（Billion yen）

		FY2025 3Q (A)	FY2024 3Q (B)	Change (A)-(B)	Major cause of increase/decrease
Fuel and Purchased Power		310.5	3,37.5	(26.9)	• Decrease in fuel prices[(15.4)] • Reduction in oil-fired thermal power generation (Effect of the periodic inspection of LNG-fired thermal power plants in the previous fiscal year) etc.
Break down	Fuel	124.8	1,52.6	(27.7)	
	Purchased Power	185.7	1,84.9	0.7	

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

Expense breakdown（Two Companies Total*）③

Maintenance

（Billion yen）

		FY2025 3Q (A)	FY2024 3Q (B)	Change (A)-(B)	Major cause of increase/decrease
Maintenance		55.2	52.4	2.8	・Increase in repair expenses for power generation facilities [1.3] † Including the currently closed Date Plant and other plants
Break Down	Generation†	29.9	28.5	1.3	
Break Down	Others	25.3	23.9	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.

Depreciation

（Billion yen）

		FY2025 3Q (A)	FY2024 3Q (B)	Change (A)-(B)	Major cause of increase/decrease
Depreciation		50.0	49.5	0.5	
Break Down	Generation	24.7	25.1	(0.3)	
Break Down	Others	25.2	24.3	0.9	

*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*）④

Interest Expenses

（Billion yen）

	FY2025 3Q (A)	FY2024 3Q (B)	Change (A)-(B)	Major cause of increase/decrease
[Interest(on average)%]	(0.76)	(0.70)	(0.06)	
Interest Expenses	8.0	7.8	0.2	

*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.

Other Expenses

（Billion yen）

	FY2025 3Q (A)	FY2024 3Q (B)	Change (A)-(B)	Major cause of increase/decrease
Other Expenses	97.8	99.5	(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.

Key Factors

	FY2025 3Q (A)	FY2024 3Q (B)	Change (A)-(B)
Foreign Exchange Rate (Yen/$)	153	143	10
CIF Crude Oil Price ($/barrel)	83.7	86.6	(2.9)
Foreign coal CIF ($/t)	154.6	205.9	(51.3)
LNG CIF ($/t)	611.5	637.3	(25.8)
Water Flow Rate (%)	89.1	103.1	(14.0)

Sensitivity Factors

（Billion yen）

	FY2025 3Q (A)	FY2024 3Q (B)	Change (A)-(B)
Foreign Exchange Rate (1Yen/$)	0.8	0.9	(0.1)
CIF Crude Oil Price (1$/barrel)	0.2	0.4	(0.2)
Foreign coal CIF (1$/t)	0.42	0.35	0.07
LNG CIF (1$/t)	0.05	0.03	0.02
Water Flow Rate (1%)	0.4	0.4	0.0

Consolidated; Statements of Balance Sheets

(Unit: billion yen)

	As of December 31, 2024 (A)	As of March 31, 2024 (B)	Change (A)-(B)	Major factors for increase/decrease
Assets	2,190.7	2,141.6	49.1	• Increase in fixed assets due to capital expenditures [98.2] • Increase in cash and deposits [18.9] • Progress of depreciation [(55.0)] • Reversal of assets equivalent to asset retirement obligations [(21.7)]
Liabilities	1,806.0	1,808.1	(2.1)	• 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)] • Decrease in outstanding debt owing to fuel payments [(6.3)]
Net Assets	384.7	333.5	51.2	• Posting of quarterly profit attributable to owners of parent [54.6] • Dividends paid [(6.5)]

（Billion yen、%）

	As of December 31, 2024 (A)	As of March 31, 2024 (B)	Change (A)-(B)
Interest-bearing Debt Outstanding	1,399.6	1,405.9	(6.3)
Shareholders' Equity Ratio	16.9	14.9	2.0

Consolidated; Statements of Comprehensive Income

(Billion yen)

	FY2025 3Q (A)	FY2024 3Q (B)	Change (A)-(B)
Profit	55.3	53.8	1.4
Other Comprehensive Income	2.6	4.1	(1.4)
Valuation difference on available-for-sale securities [included in “Other Comprehensive Income”]	1.6	2.3	(0.7)
Deferred gains or losses on hedge [included in “Other Comprehensive Income”]	0.9	0.7	0.1
Remeasurements of defined benefit plans [included in “Other Comprehensive Income”]	(0.0)	1.0	(1.0)
Share of other comprehensive income of entities accounted for using equity method	0.0	(0.0)	0.1
Comprehensive Income	58.0	58.0	0.0
Comprehensive income attributable to owners of parent [included in “Comprehensive Income”]	57.2	57.7	(0.4)
Comprehensive income attributable to non-controlling interests [included in “Comprehensive Income”]	0.7	0.2	0.4

Management Approach

Efforts towards restarting the Tomari NPS (Summary)

Status of Conformity Assessment and Future Schedule

- On December 24, 2024, we completed a series of explanations on the issues under review for permission for changes in the reactor installation in the Tomari Power Station Unit 3.
- We plan to submit an amendment that reflects the results of the review to date in the application for permission for a change in the reactor installation, aiming to obtain permission as soon as possible.
- After obtaining permission for a change in reactor installation, we will continue to proceed with the application for approval of design and construction plans, the application for approval for changes to safety regulations, and the preliminary examination of the operator in order to resume the operation of Tomari Power Plant Unit 3. We will also implement safety measures in accordance with the new regulatory standards and aim to restart the plant as soon as possible, focusing on safety as the top priority. [P28]

Installation work on the new seawall

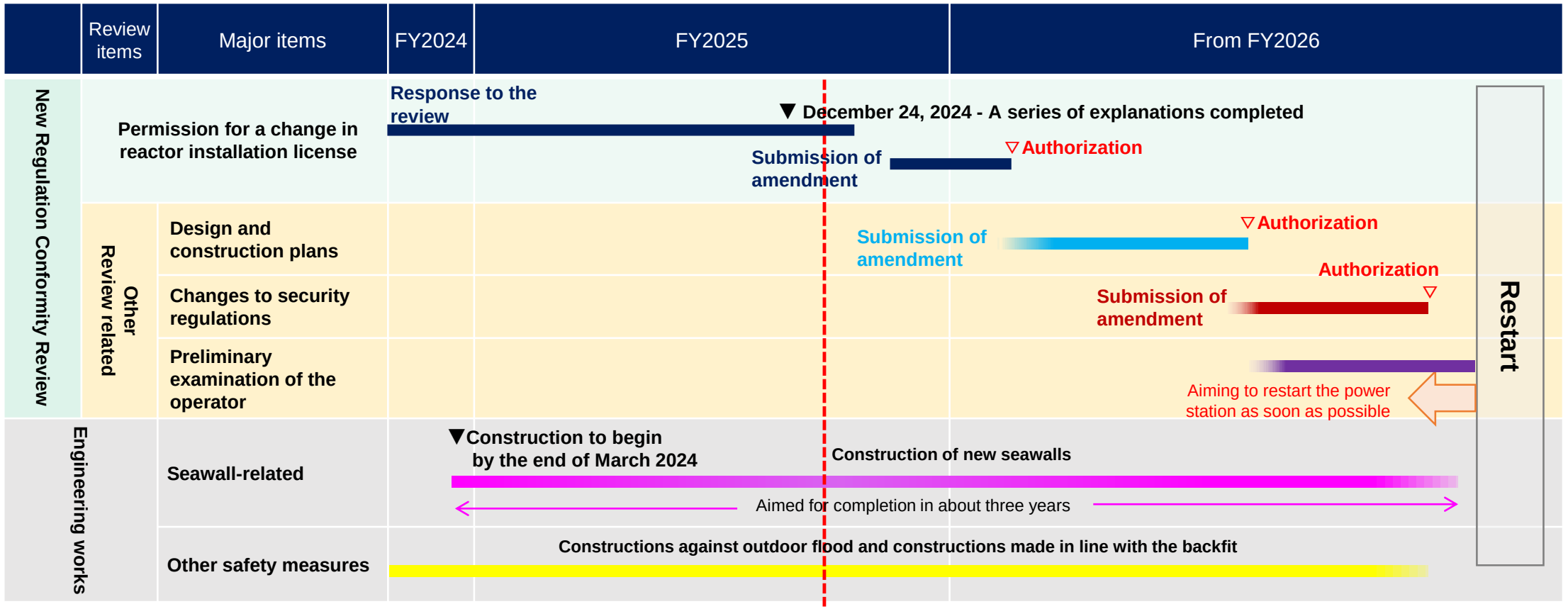
- Installation work began at the end of March 2024, scheduled to be completed in around three years, and it is progressing according to the initial schedule. The project's first stage, which involved retaining the earth, was completed in December 2024, and excavation work is currently underway. [P29]

Consideration of an Unloading Area Outside Tomari Power Plant

- In order to ensure safety, we are considering setting up a fuel unloading area outside the Tomari Power Plant’s premises, rather than having fuel transport ships dock at the port dedicated to the power plant. With this measure, we can prevent damage to seawalls and other tsunami protection facilities that might be caused by the drifting of fuel carriers in the event of a tsunami.

Efforts towards restarting the Tomari NPS (1)

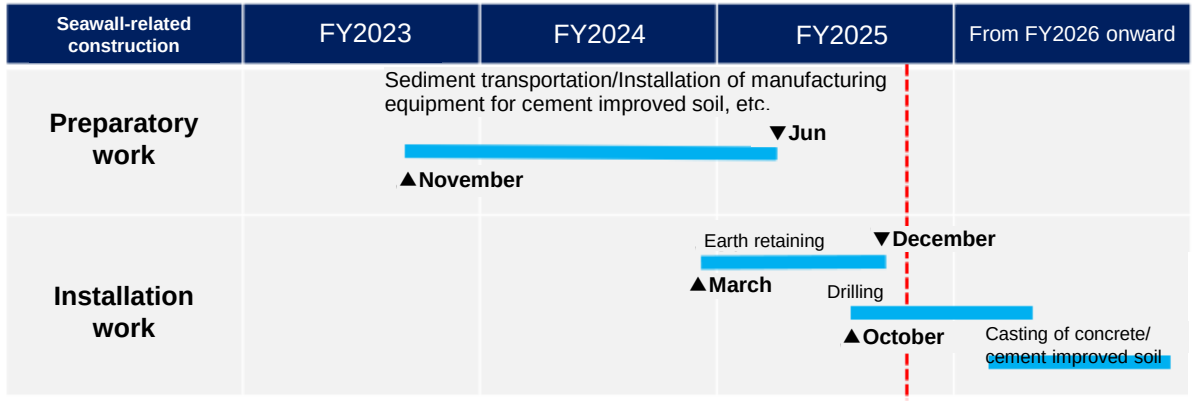
Major items and status of response for Tomari NPS Unit 3



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)

Commence installation work on the new seawall

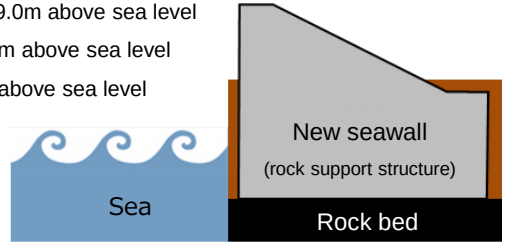


Structure	Structure directly mounted onto hard bedrock, using concrete and cement improved soil
Construction cost	Approx. 180.0 billion yen
Timing of completion	Pending (Aimed for completion in around 3 years from the commencement of construction work. We will proceed with the goal of completing the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

Construction underway (photo taken in September 2024)

[The structure of the new seawall and its installation]

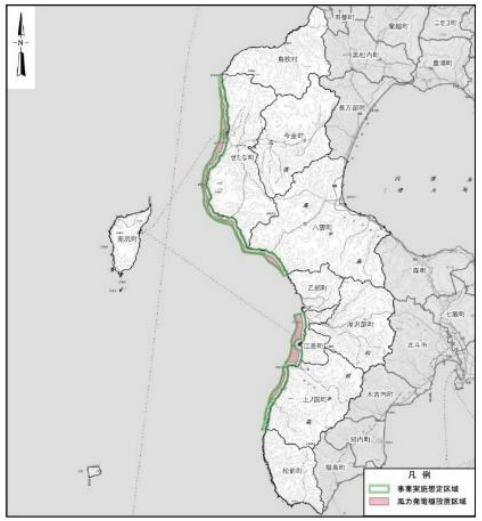
New seawall height: 19.0m above sea level
Tsunami height: 15.68m above sea level
Power plant site: 10m above sea level



Commencement of the Procedures for the Environmental Assessment of the Wind Power Generation Project

Hiyama Offshore Wind Power (tentative name)

- On November 26, 2024, Hokkaido Electric Power sent a planning stage environmental impact statement for the planned Hiyama Offshore Wind Power Generation Project (tentative name) off the Hiyama coast of Hokkaido to the Minister of Economy, Trade and Industry, the Governor of Hokkaido, and the heads of the relevant local governments, in accordance with the Environmental Impact Assessment Act, and also began making the statement available for public inspection.

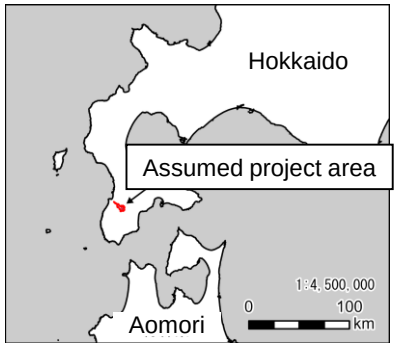


<Project Outline>

Examined project area	Off the coast of Hiyama, Hokkaido (approx. 20,192 ha) (The coastal waters of Setana Town, Yakumo Town, Esashi Town and Kaminokuni Town)
Power output	Number of generators: Max. 76 units (Single unit output: 15,000 to 20,000 kW class) Total power output: Maximum 1,140,000 kW
Foundation structure (Assumed)	Bottom-mounted (monopile type, jacketed type, gravity type)

Miyakoshi/Yunotai Wind Power (tentative name)

- Chubu Electric Power Co., Inc., Hokkaido Electric Power Co., Inc., and Kanadevia Corporation are jointly examining the feasibility of developing an onshore wind power generation project in Kaminokuni-cho, Hiyama-gun, Hokkaido. On December 23, 2024, we sent a planning stage environmental impact statement to the Minister of Economy, Trade and Industry, the Governor of Hokkaido, and the heads of the relevant local governments, in accordance with the Environmental Impact Assessment Act, and began making the statement available for public inspection.



<Project Outline>

Examined project area	Kaminokuni-cho, Hiyama-gun, Hokkaido
Power output	Number of generators: Max. 30 units (Single unit output: 4,200 to 6,100 kW class) Total power output: Maximum 183,000 kW

Reference Materials

Financial target

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

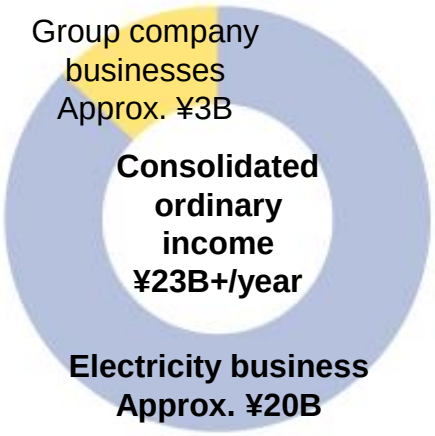
Cash flow

- **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+**

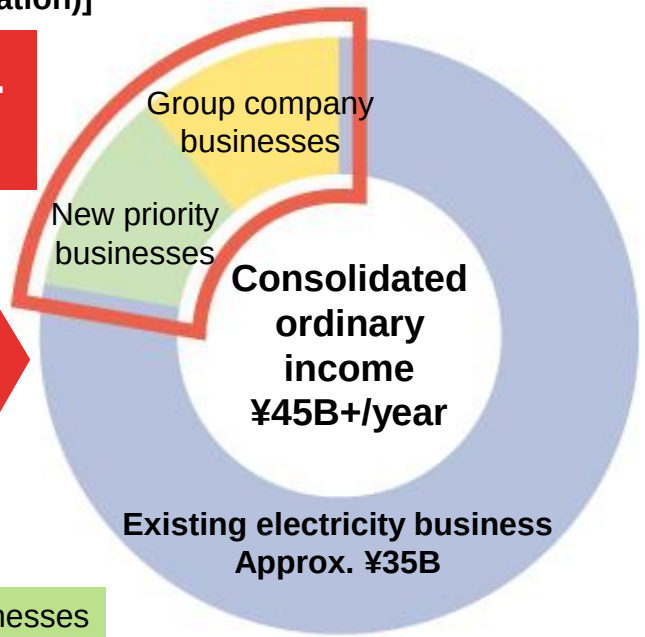
[Phase I (before the restart of Tomari NPS)]



[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**

Progress of Management Targets for 2030

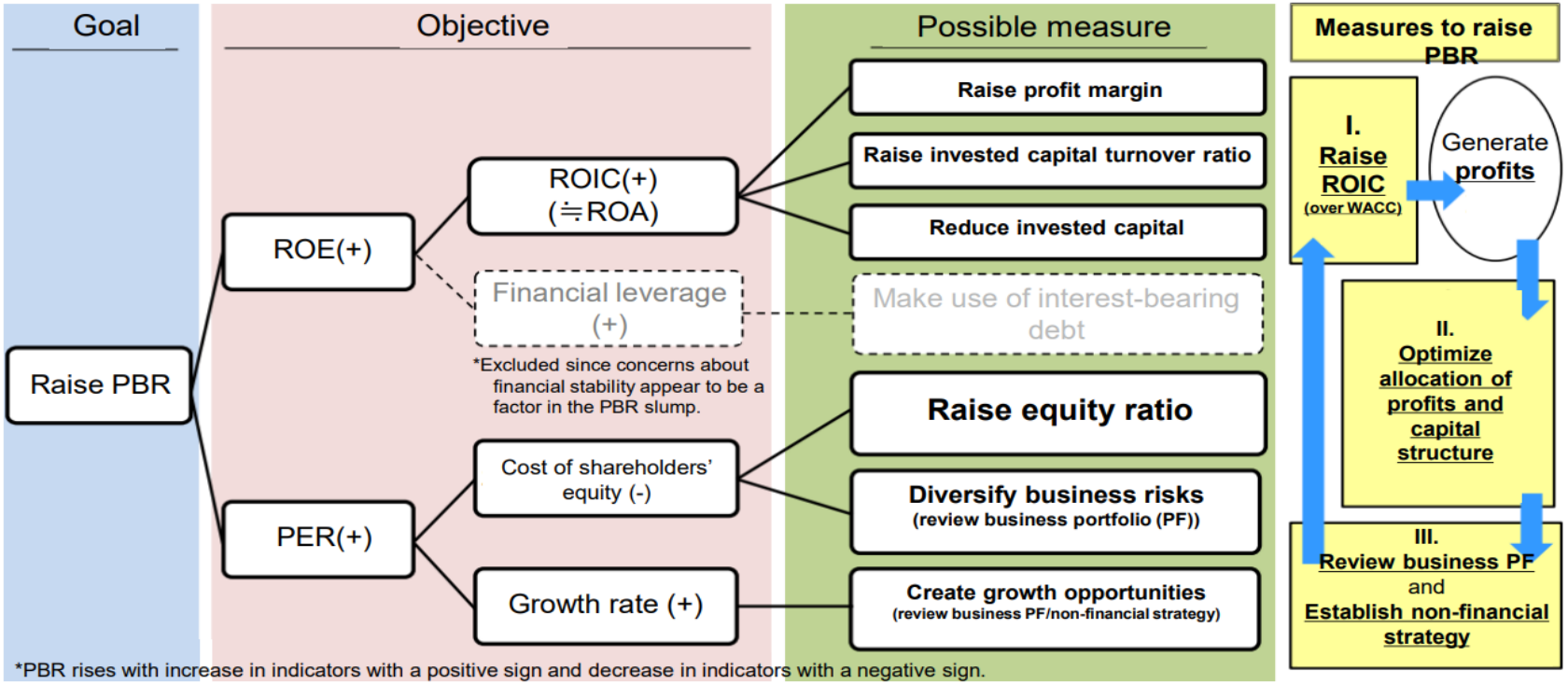
	2020	2021	2022	2023	2024 Forecast	…	2030 Vision Targets
Consolidated ordinary income	41.1B yen	13.8B yen	(29.2)B yen	87.3B yen	**43.0B yen**		**Phase I: min. 23.0B yen/year** **Phase II: min. 45.0B yen/year**
Consolidated capital ratio	13.8%	13.7%	11.7%	14.9%	**17% level**		**15%+**
Invest in new priority 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	**26.5B 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	28% reduced	24% reduced	36% reduced	39% reduced	**Same level as the previous fiscal year**		**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

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



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.

5

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.

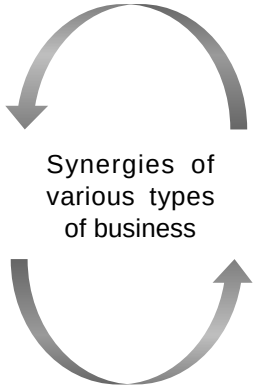
[In new business fields]

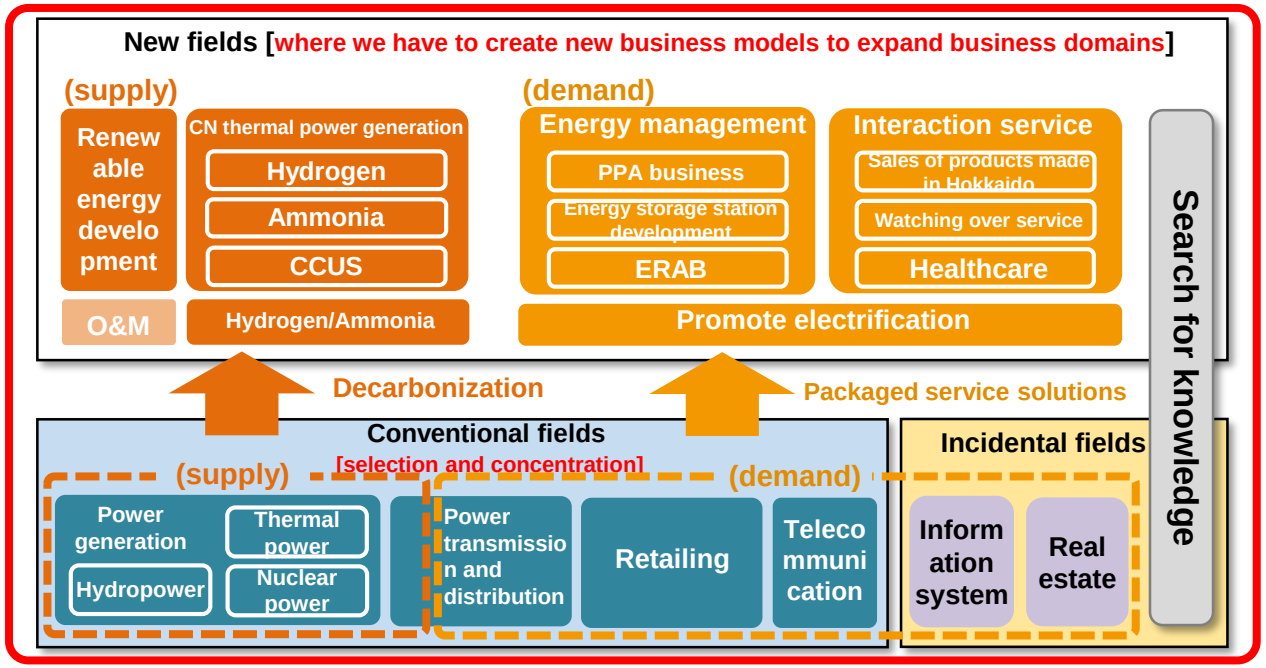
- On the energy supply side, we promote "decarbonization" in our conventional business fields, develop renewable energy sources, and implement practical application of hydrogen and ammonia in thermal power plants.
- On the energy demand side, we work on energy management and interaction services* to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

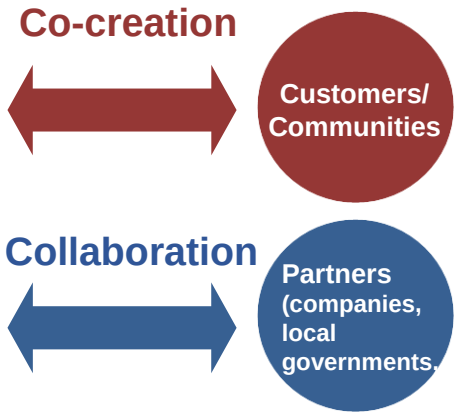
  *Services to create new value through communication with customers, businesses, and/or local governments.
- Through the business activities mentioned above, we are steadily creating new business models to expand our business domains.

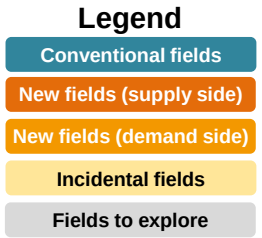
The HEPCO Group companies are working together to realize comfortable and healthy living (well-being) in a sustainable society with the advantage of regional characteristics.

Business domains the HEPCO Group aims at by 2030









Towards a sustainable increase in our corporate value (1)

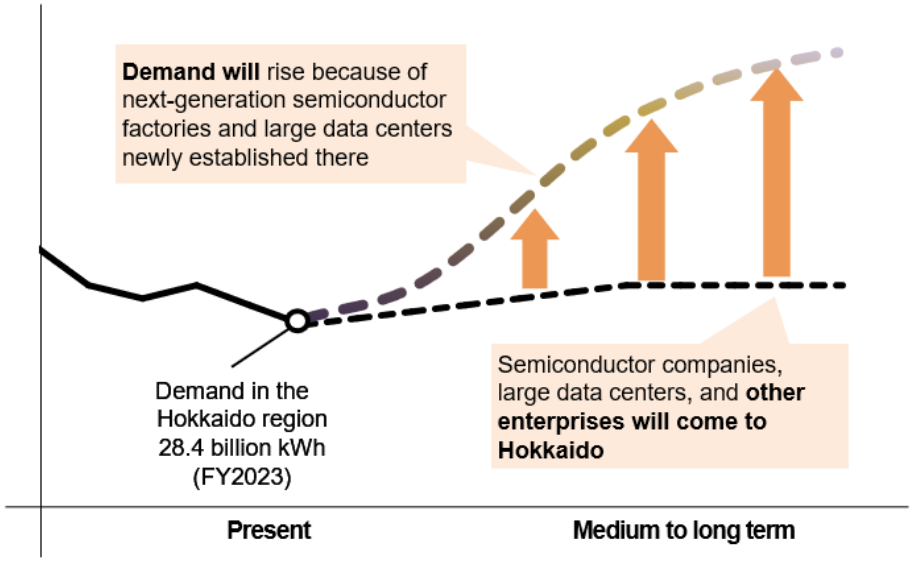
Examination of a new management vision

- Hokkaido, with its abundant nature and vast land, has the potential to become a supply base not only for food but also decarbonized energy. In addition, the digital industry, seeking decarbonized power, is expected to expand into Hokkaido, including establishing next-generation semiconductor factories and large data centers. As these examples show, the spread of DX and the GX policy of the Japanese government are expected to lead to Hokkaido's development.
- Including the above, the business environment surrounding the Group has been changing significantly since the announcement of the "HEPCO Group Management Vision 2030" (announced in April 2020). Based on the recognition that Hokkaido's development will lead to the growth of the Group's business, we are discussing a new management vision to be announced by the end of FY2025.

Growth potential of Hokkaido

Cluster of digital industries	• Construction of next-generation semiconductor factories and a cluster of related industries • Growing demand for data centers due to the growing popularity of generative AI, etc.
Supply base for decarbonized energy	• Potential for introducing abundant renewable energy • Restart the Tomari NPS
Supply base for food and attractive tourist spots	• Abundant agricultural, forestry and fishery resources • Abundant tourism resources such as magnificent nature, etc. Further utilization of the above

Expected increase in electricity demand in Hokkaido (example)



Towards a sustainable increase in our corporate value (2)

Review status of numerical targets

- Along with efforts for each measure, we are also considering specific numerical targets, aiming for an announcement by the end of FY2025.
- In the phase where the Company's size is expanding due to growing demand and carbon neutrality initiatives, we will proceed with a review of numerical targets based on the following directions, taking into account the fact that investments are expected to continue at a high level for the time being.
  - With the aim of increasing corporate value, we will deepen our business portfolio management and promote the following PBR improvement measures: (1) Raising ROIC, (2) Optimal allocation of profits and capital structure, and (3) Formulation of growth strategies.
  - In our business portfolio management, with realization of S+3E on a continuous basis in mind, and considering the market positioning of each business, we will check the status of resource allocation and diversification in each business from the perspective of improving company-wide ROIC and controlling capital costs. We will then set the direction and target level of investment in each business for appropriate business management.
  - Then, as measures to improve PBR, specific management indicators and numerical targets will be set based on the direction that each measure aims to take.

Image of measures to improve PBR and management indicators

Measures to raise PBR	Targets	Image of management indicators (candidates)
(1) Raise ROIC	・Based on the policy of achieving ROIC that is above the cost of capital (WACC) ・Aim to increase ROIC spread by maximizing ROIC and minimizing WACC (see the next slide for details)	ROIC: ○% or higher ROE: ○% or higher
	・Aim to further increase profits after raising profit levels in line with demand growth and business expansion	Ordinary income: ○ billion yen or higher
(2) Optimal allocation of profits and capital structure	・Until equity recovers to a certain level (currently under consideration), the profits gained will be preferentially allocated to investment in growth and retained earnings	Equity ratio: ○% or higher
	・Improve predictability of shareholder returns based on the premise of stable dividend payments	
(3) Formulation of growth strategies	・Raise expectations for sustainable growth	Investment in next-generation energy Investment in human resources and DX Targets for GHG emissions reductions, etc.

Towards a sustainable increase in our corporate value (3)

Approach to expand ROIC spread

- Based on the basic policy of “achieving ROIC that is above the cost of capital (WACC)” as described in the previous slide, we will increase target ROIC spread (ROIC minus WACC) for each business by steadily promoting the following initiatives based on business-specific directions.
  - Expansion of profits: In order to increase demand for electricity, we will implement measures in a timely manner such as attracting companies, including next-generation semiconductor factories and large data centers, and expanding electrification. In addition, we will continue to make utmost efforts to restart the Tomari Nuclear Power Station as soon as possible, while also striving to reduce costs by improving management efficiency through DX and kaizen activities, etc.
  - Improvement of invested capital turnover: We will improve the utilization rate of power plants and distribution facilities acquired with invested capital and also improve labor productivity.
  - Reduction of invested capital: While carefully selecting facilities and long-term investments, we will continue to suspend, decommission or sell facilities with low utilization.
  - Reduction of cost of capital: We will control risks inherent in each business to the maximum possible extent.

Direction of each business to expand ROIC spread

Business segment	Direction
Power generation business	After suspending or decommissioning inefficient coal-fired thermal power plants, etc., resources will be allocated to decarbonized power sources to improve the profitability of the power generation business and reduce risks.
Distribution business	While steadily making necessary investments to meet growing demand and expand the introduction of renewable energy, we will also secure stable revenue by improving efficiency and productivity.
Retail business	By combining each business to strengthen customer contact points and improve the value provided to customers, we aim to expand our share of the retail business and increase profits.

Actual Demand for the Hokkaido Area

(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	2,580	2,768		
High-voltage and extra high-voltage	3,531	3,990	3,968	4,332	15,822	3,498	3,952	4,028		
Total	6,250	6,648	6,779	8,481	28,158	6,237	6,532	6,796		

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

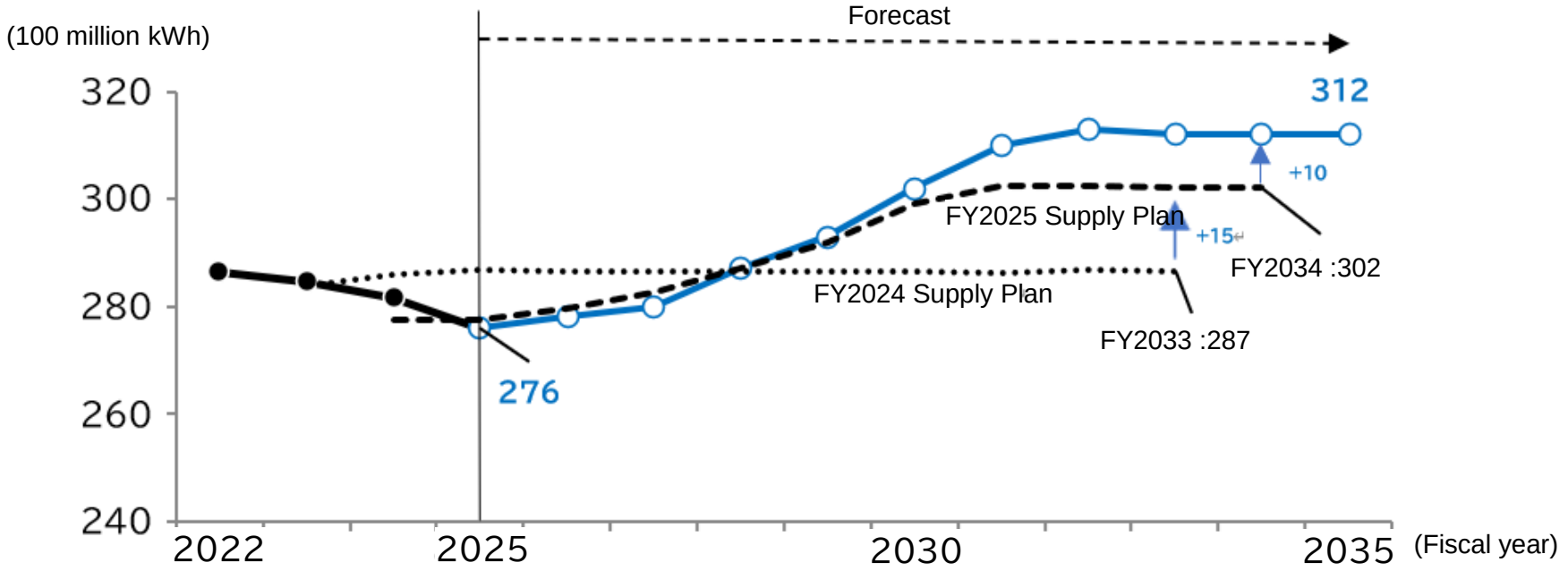
Reference: Last 10 years

(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

Demand forecast for the Hokkaido Area

Prepared by Hokkaido Electric Power Company based on the demand assumptions for the Hokkaido area published by the Organization for Cross-regional Coordination of Transmission Operators on January 22, 2025.



		FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035
		Est. Results	Forecast									
Maximum electricity demand 10,000 kW		501 [0]	502 [-1]	503 [-5]	513 [-2]	517 [-2]	529 [+3]	539 [+10]	540 [+11]	539 [+10]	539 [+11]	538
Area electricity demand 100 million kWh		**276** [-1]	**278** [-1]	**280** [-3]	**287** [-1]	**293** [+1]	**302** [+3]	**310** [+8]	**313** [+10]	**312** [+10]	**312** [+10]	**312**
Reprint	Household, etc.	121	121	119	119	118	117	116	115	114	113	113
	Business	78	78	79	79	80	80	80	81	81	81	81
	Industrial	77	79	82	89	95	105	114	117	117	118	118

* Figures in parentheses are changes from last year's published figures (January 24, 2024).

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.

Plan to Develop Key Power Sources Moving Forward (HEPCO)

Text in blue indicates changes after the previous announcement (2Q results as of Nov.7)

	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 (Transferred)
	Nanae (hydropower)	-1	-	December 2024 (Transferred)
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)

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%	79.6%	76.3%	**78.2%**		
High-voltage and extra high-voltage	89.0%	87.3%	87.0%	86.6%	87.4%	84.8%	83.5%	**84.6%**		
Total	84.7%	83.1%	83.8%	84.6%	84.1%	82.5%	80.6%	**82.0%**		

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.

Date	Topic	Related slide
Nov 26,2024	Submission of a Planning Stage Environmental Impact Statement for the Hiyama Offshore Wind Power Generation Project (tentative name) and Commencement of Its Disclosure for Public Inspection [HD]	P 30
Dec 18,2024	Collaboration of Hokkaido Railway Company, Hokkaido Electric Power Company, and HARE Bare to promote decarbonization Conclusion of an Agreement for Off-Site PPA Using Solar Power Generation to Achieve "Virtually Zero" CO2 Emissions at New Chitose Airport Station and Otaru Station [HD]	–
Dec 23,2024	Submission of a Planning Stage Environmental Impact Statement for the Onshore Wind Power Generation Project at Kaminokuni-cho, Hiyama-gun, Hokkaido and Commencement of Its Disclosure for Public Inspection [HD]	P 30

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