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Consolidated Financial Results for the Three Months Ended June 30, 2024 [Japanese GAAP]

July 31, 2024

Company name: Hokkaido Electric Power Company, Incorporated
 Listing: Tokyo, Sapporo
 Securities code: 9509
 URL: <https://www.hepco.co.jp/>
 Representative: Susumu SAITOU President and Director
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 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2024 (April 1, 2024 to June 30, 2024)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2024	202,569	(11.1)	34,676	(29.8)	33,172	(30.2)	31,245	(9.7)
June 30, 2023	227,791	29.4	49,426	278.3	47,549	273.0	34,605	231.5

(Note) Comprehensive income: Three months ended June 30, 2024: ¥ 32,648 million [(8.3)%
 Three months ended June 30, 2023: ¥ 35,590 million [252.1%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2024	150.48	-
June 30, 2023	166.79	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
June 30, 2024	2,108,768	362,231	16.5
March 31, 2024	2,141,691	333,528	14.9

(Reference) Equity: As of June 30, 2024: ¥ 348,175 million
 As of March 31, 2024: ¥ 319,383 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	5.00	-	15.00	20.00
Fiscal year ending March 31, 2025	-				
Fiscal year ending March 31, 2025 (Forecast)		10.00	-	10.00	20.00

(Note) Revision to the forecast for dividends announced most recently: None

(Note) The above "Status of Dividends" shows the status of dividends on common stock.

For the status of dividends on class shares (unlisted), which have different rights from those of common shares issued by the Company, please refer to "Dividends for preferred stock" below.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	906,000	(5.0)	50,000	(50.6)	37,000	(57.6)	43,000	(35.0)	202.58

(Note) Revision to the financial results forecast announced most recently: Yes

(Note) Please refer to "Consolidated Earnings Forecast for FY2025" on page 4 and "Summary of Revisions to Consolidated Earnings Forecast for FY2025" on page 5 of the "Financial Results for the First Quarter of FY2025 (April-June)" released today (July 31, 2024) for the revision of the consolidated earnings forecast.

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included: - (Company name:)
Excluded: - (Company name:)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2024: 215,291,912 shares
March 31, 2024: 215,291,912 shares

2) Number of treasury shares at the end of the period:

June 30, 2024: 9,987,102 shares
March 31, 2024: 9,984,721 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2024: 205,305,590 shares
Three months ended June 30, 2023: 205,309,391 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

(Notes on forward-looking statements)

Given that the forecasts above were made on the basis of information available at the time of the release of this document the actual result may vary from the forecast data due to various factors.

Please refer to "Consolidated Earnings Forecast for FY2025" on page 4 and "Summary of Revisions to Consolidated Earnings Forecast for FY2025" on page 5 of the "Financial Results for the First Quarter of FY2025 (April-June)" released today (July 31, 2024) for the revision of the consolidated earnings forecast.

(Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm)

The Company intends to disclose the quarterly financial results with the review report attached after the completion of the review.
Scheduled date of disclosure: August 9, 2024

Dividends for preferred stock

The breakdown of dividend per preferred stock which differs in shareholders' rights from common stock is as follows.

Class B preferred stock	Cash dividends per share				
	1st quarter-end	2st quarter-end	3st quarter-end	Year-ended	Total
	Yen	Yen	Yen	Yen	Yen
April 1, 2023 – March 31, 2024	—	4,560,164.00	—	1,500,000.00	6,060,164.00
April 1, 2024 – March 31, 2025	—				
April 1, 2024 – March 31, 2025 (Forecast)		1,500,000.00	—	1,500,000.00	3,000,000.00

(Note) Changes of the forecasts of the cash dividends per share from the latest release: No

(Note) Dividend per share at the end of the second quarter of the fiscal year ending March 31, 2024 includes 3,060,164.00 yen of accumulated unpaid dividends for the fiscal year ended March 31, 2023.

1. Summary of Business Results

(1) Summary of Business Results for the Quarter under Review

Revenues in the first quarter under review fell by ¥ 25,222 million to ¥ 202,569 million compared with the same period of the previous year, mainly due to a decrease in fuel cost adjustments following lower fuel prices, and ordinary revenues, including non-operating income, fell by ¥ 24,615 million to ¥ 204,358 million.

Ordinary income decreased by ¥14,376 million from the previous consolidated cumulative first quarter to ¥33,172 million, mainly due to a reduction in gains from the fuel cost adjustment system for the period.

Net income attributable to shareholders of the parent company decreased ¥3,360 million to ¥31,245 million, mainly due to the recording of a gain on sale of nuclear fuel as an extraordinary gain, despite a decrease in ordinary income.

(2) Summary of financial position for the quarter under review

Assets, liabilities and net assets

Assets were ¥ 2,108.768 billion, a decrease of ¥ 32.922 billion from the end of the previous fiscal year. This was due to a decrease in electric utility related fixed assets resulting from the reversal of assets corresponding to asset retirement obligations and depreciation, despite an increase in fixed assets in progress. Assets corresponding to asset retirement obligations were reversed due to the abolition of the Ministerial Order on Allowance for Dismantling of Nuclear Power Plants and amendments to the Electricity Utilities Accounting Regulations as a result of the enactment of the Law to Amend the Electricity Utilities Act to Establish an Electricity Supply System to Achieve a Decarbonized Society, among others.

Liabilities decreased by ¥61,626 million to ¥1,746,536 million compared with the end of the previous financial year. Contribution payable for nuclear reactor decommissioning were recorded in line with the same amendments and abolition of laws and regulations as for assets, and asset retirement obligations were reversed.

Net assets increased by ¥28,703 million from the end of the previous fiscal year to ¥362,231 million, mainly due to the recording of net income attributable to parent company shareholders for the quarter, despite the payment of dividends.

As a result, the shareholders' equity ratio as of June 30, 2024 was 16.5%, up 1.6% from the end of the previous fiscal year.

For a review of business results, please refer to the "Financial Results for the First Quarter of FY2024 (April-June)" released today (July 31, 2024) on "TDnet" and on the Company's website. <https://www.hepco.co.jp/>

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Non-current assets	1,748,635	1,727,754
Electric utility plant and equipment	1,138,647	1,106,221
Hydroelectric power production facilities	200,373	201,720
Thermal power production facilities	166,613	162,539
Nuclear power production facilities	133,258	109,757
Transmission facilities	177,740	175,777
Transformation facilities	105,378	103,809
Distribution facilities	300,871	300,190
General facilities	43,138	41,454
Other electric utility plant and equipment	11,272	10,972
Other non-current assets	61,688	61,087
Construction in progress	227,374	238,806
Construction in progress	202,533	213,797
Retirement in progress	401	569
Special account related to reprocessing of spent nuclear fuel	24,439	24,439
Nuclear fuel	163,258	164,336
Nuclear fuel in processing	163,258	164,336
Investments and other assets	157,665	157,302
Long-term investments	86,460	89,300
Retirement benefit asset	21,307	21,578
Deferred tax assets	36,663	33,119
Other	13,581	13,654
Allowance for doubtful accounts	(346)	(350)
Current assets	393,056	381,014
Cash and deposits	110,709	99,900
Notes and accounts receivable - trade, and contract assets	97,639	91,175
Inventories	67,989	73,641
Other	118,389	117,776
Allowance for doubtful accounts	(1,670)	(1,480)
Total	2,141,691	2,108,768

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities and net assets		
Liabilities		
Non-current liabilities	1,358,231	1,343,455
Bonds payable	678,500	699,000
Long-term borrowings	514,891	505,505
Contribution payable for nuclear reactor decommissioning	-	92,409
Retirement benefit liability	34,602	34,180
Asset retirement obligations	117,313	-
Other	12,924	12,358
Current liabilities	447,337	400,946
Current portion of non-current liabilities	168,936	155,683
Short-term borrowings	44,500	44,500
Notes and accounts payable - trade	86,460	81,506
Accrued taxes	26,685	26,529
Other	120,754	92,725
Reserves under special laws	2,594	2,135
Reserve for water shortage	2,594	2,135
Total liabilities	1,808,163	1,746,536
Net assets		
Shareholders' equity	311,839	339,292
Share capital	114,291	114,291
Capital surplus	47,348	47,348
Retained earnings	168,070	195,526
Treasury shares	(17,870)	(17,873)
Accumulated other comprehensive income	7,543	8,882
Valuation difference on available-for-sale securities	7,235	9,306
Deferred gains or losses on hedges	(1,499)	(2,238)
Remeasurements of defined benefit plans	1,807	1,814
Non-controlling interests	14,145	14,056
Total net assets	333,528	362,231
Total	2,141,691	2,108,768

Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the three months)

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Operating revenue	227,791	202,569
Electric utility operating revenue	218,212	192,762
Other business operating revenue	9,579	9,806
Operating expenses	178,365	167,893
Electric utility operating expenses	170,163	159,779
Other business operating expenses	8,201	8,114
Operating profit	49,426	34,676
Non-operating income	1,181	1,788
Dividend income	412	380
Interest income	3	28
Gain on derivatives	-	476
Other	765	903
Non-operating expenses	3,058	3,291
Interest expenses	2,555	2,550
Share of loss of entities accounted for using equity method	78	81
Other	424	659
Total ordinary revenue	228,973	204,358
Total ordinary expenses	181,423	171,185
Ordinary profit	47,549	33,172
Provision or reversal of reserve for water shortage	27	(458)
Provision of reserve for water shortage	27	-
Reversal of reserve for water shortage	-	(458)
Extraordinary income	-	9,619
Gain on sale of nuclear fuel	-	9,619
Profit before income taxes	47,522	43,251
Income taxes - current	6,014	8,838
Income taxes - deferred	6,944	3,069
Total income taxes	12,958	11,907
Profit	34,563	31,343
Profit (loss) attributable to non-controlling interests	(41)	98
Profit attributable to owners of parent	34,605	31,245

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Profit	34,563	31,343
Other comprehensive income		
Valuation difference on available-for-sale securities	851	2,052
Deferred gains or losses on hedges	(160)	(798)
Remeasurements of defined benefit plans, net of tax	335	(9)
Share of other comprehensive income of entities accounted for using equity method	-	59
Total other comprehensive income	1,026	1,304
Comprehensive income	35,590	32,648
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	35,584	32,584
Comprehensive income attributable to non-controlling interests	6	64

(Notes to Segment Information)
(Segment information)

I . For the three months ended June 30, 2023 (April 1, 2023– June 30, 2023)

Information on sales, profit or loss and revenue breakdown by reportable segment

(Million yen)

	Reportable segment			Other* ¹	Total	Adjustments* ²	Amount recorded in quarterly consolidated statements of income* ³
	Hokkaido Electric Power	Hokkaido Electric Power Network	Total				
Revenue from customer contracts	168,940	27,544	196,484	8,515	204,999	—	204,999
Electric utility operating revenue	167,912	27,544	195,456	379	195,835	—	195,835
Other business operating revenue	1,028	—	1,028	8,136	9,164	—	9,164
Other revenues* ⁴	21,659	819	22,479	312	22,792	—	22,792
Sales to customers	190,600	28,363	218,963	8,827	227,791	—	227,791
Intersegment sales	16,799	45,936	62,735	19,174	81,910	(81,910)	—
Total operating revenue	207,399	74,300	281,699	28,002	309,702	(81,910)	227,791
Segment income	40,705	7,741	48,446	1,598	50,045	(2,495)	47,549

*1: The " Other " segment is a business segment that is not included in the reportable segments and includes other consolidated subsidiaries.

*2: The segment income adjustment of (2,495) million are due to elimination of intersegment transactions.

*3: Segment income is adjusted to Ordinary income in the Quarterly Consolidated Statements of Income.

*4: The " Other revenues " in net sales includes subsidies received as a source of funds for electricity and gas rate discounts at the unit prices set by the government under the "Projects to Mitigate Drastic Changes in Electricity and Gas Prices" implemented under the "Comprehensive Economic Measures to Overcome High Commodity Prices and Realize Economic Recovery. The breakdown is ¥21,375 million for Hokkaido Electric Power, ¥309 million for Hokkaido Electric Power Network, and ¥30 million for others.

II . For the three months ended June 30, 2024 (April 1, 2024– June 30, 2024)

Information on sales, profit or loss and revenue breakdown by reportable segment

(Million yen)

	Reportable segment			Other* ¹	Total	Adjustments* ²	Amount recorded in quarterly consolidated statements of income* ³
	Hokkaido Electric Power	Hokkaido Electric Power Network	Total				
Revenue from customer contracts	156,436	27,491	183,928	8,261	192,189	—	192,189
Electric utility operating revenue	155,314	27,483	182,797	0	182,797	—	182,797
Other business operating revenue	1,122	7	1,130	8,260	9,391	—	9,391
Other revenues* ⁴	9,382	689	10,071	308	10,380	—	10,380
Sales to customers	165,818	28,181	193,999	8,569	202,569	—	202,569
Intersegment sales	15,139	45,624	60,763	17,848	78,611	(78,611)	—
Total operating revenue	180,958	73,805	254,763	26,417	281,181	(78,611)	202,569
Segment income	30,849	2,871	33,720	1,216	34,936	(1,763)	33,172

*1: The " Other " segment is a business segment that is not included in the reportable segments and includes other consolidated subsidiaries.

*2: The segment income adjustment of (1,763) million are due to elimination of intersegment transactions.

*3: Segment income is adjusted to Ordinary income in the Quarterly Consolidated Statements of Income.

*4: Other income*⁴ under sales includes subsidies received as a source of funds for electricity and gas price discounts at the unit price set by the government under the 'Project for Measures to Mitigate Drastic Changes in Electricity and Gas Prices' implemented based on the 'Comprehensive Economic Measures to Completely Overcome Deflation'. The breakdown is ¥9,199 million for Hokkaido Electric Power, ¥29 million for Hokkaido Electric Power Network.

(Note regarding the case of material fluctuation in shareholders' equity occurs)

Not applicable

(Note on the premise of going concern)

Not applicable

(Notes to quarterly consolidated statements of cash flows)

Quarterly consolidated statements of cash flows for the first quarter of the current fiscal year have not been prepared. Depreciation and amortization (including amortization related to intangible assets excluding goodwill) for the first quarter of the current fiscal year are as follows.

	For the three months ended June 30, 2023 (April 1, 2023– June 30, 2023)	For the three months ended June 30, 2024 (April 1, 2024– June 30, 2024)
Depreciation and amortization	¥18,165 million	¥18,451 million

Note: The information shown above is an English translation of the “Financial Release for the Three Months Ended June 30, 2024” which was filed with stock exchanges (Tokyo and Sapporo) on the date shown above. Be advised that the Japanese version (the original) shall prevail if in any case a discrepancy arises between the original and the English translation.