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Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]

October 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
 Inquiries: Naoaki BIZEN Manager, Accounting & Finance Dept.
 Telephone: +81-11-251-1111
 Scheduled date to file semi-annual securities report: November 11, 2024
 Scheduled date to commence dividend payments: November 29, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 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	%
Six months ended September 30, 2024	416,710	(9.1)	56,168	(25.1)	50,787	(27.8)	50,682	(0.7)
September 30, 2023	458,579	18.5	74,966	-	70,323	-	51,037	-

(Note) Comprehensive income: Six months ended September 30, 2024: ¥ 51,595 million [(5.0)%]
 Six months ended September 30, 2023: ¥ 54,288 million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended September 30, 2024	Yen 243.41	Yen -
September 30, 2023	245.01	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of September 30, 2024	Millions of yen 2,133,810	Millions of yen 381,191	% 17.2
March 31, 2024	2,141,691	333,528	14.9

(Reference) Equity: As of September 30, 2024: ¥ 367,126 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	-	10.00			
Fiscal year ending March 31, 2025 (Forecast)			-	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 "Status of Dividends on Class Shares" 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	902,000	(5.4)	50,000	(50.6)	37,000	(57.6)	43,000	(35.0)	202.56

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

(Note) Please refer to "Consolidated Earnings Forecast for FY2024" on page 4 and "Summary of Revisions to Consolidated Earnings Forecast for FY2024" on page 5 of the "Interim (April-September) Results for FY2024" released today (October 31, 2024) for the revised 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 semi-annual 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

(Note) For details, please refer to "1. Interim Consolidated Financial Statements and Major Notes (3) Notes to Interim Consolidated Financial Statements (Changes in Accounting Policies)" on page 8 of the attached document.

(4) Number of issued shares (common shares)

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

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

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

September 30, 2024: 9,959,316 shares
March 31, 2024: 9,984,721 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2024: 205,319,379 shares
Six months ended September 30, 2023: 205,311,036 shares

(Note) The Company has introduced a performance-linked stock compensation plan, "Stock Benefit Trust (BBT)," and the number of treasury stock at the end of the period includes the Company shares (289,700 shares for the six months ended September 30, 2025 and 319,700 shares for the year ended March 31, 2024) held by the trust account for the "Stock

Benefit Trust (BBT). The Company shares held by the trust account are included in treasury stock, which is deducted from the average number of shares outstanding during the period. (304,700 shares for the six months ended September 30, 2025 and 322,300 shares for the six months ended September 30, 2024)

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

(Cautionary statement regarding forward-looking statements, etc.)

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 FY2024” on page 4 and “Summary of Revisions to Consolidated Earnings Forecast for FY2024” on page 5 of the “Interim (April-September) Results for FY2024” released today (October 31, 2024) for the revised consolidated earnings forecast.

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	—	1,500,000.00			
April 1, 2024 – March 31, 2025 (Forecast)			—	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)Semi-annual Consolidated Financial Statements
Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Non-current assets	1,748,635	1,737,343
Electric utility plant and equipment	1,138,647	1,103,532
Hydroelectric power production facilities	200,373	201,987
Thermal power production facilities	166,613	161,390
Nuclear power production facilities	133,258	109,517
Transmission facilities	177,740	174,553
Transformation facilities	105,378	104,710
Distribution facilities	300,871	300,365
General facilities	43,138	40,293
Other electric utility plant and equipment	11,272	10,713
Other non-current assets	61,688	62,712
Construction in progress	227,374	247,422
Construction in progress	202,533	222,354
Retirement in progress	401	629
Special account related to reprocessing of spent nuclear fuel	24,439	24,439
Nuclear fuel	163,258	168,270
Nuclear fuel in processing	163,258	168,270
Investments and other assets	157,665	155,405
Long-term investments	86,460	85,598
Retirement benefit asset	21,307	21,844
Deferred tax assets	36,663	34,779
Other	13,581	13,538
Allowance for doubtful accounts	(346)	(354)
Current assets	393,056	396,467
Cash and deposits	110,709	118,100
Notes and accounts receivable - trade, and contract assets	97,639	104,832
Inventories	67,989	69,683
Other	118,389	105,510
Allowance for doubtful accounts	(1,670)	(1,659)
Total	2,141,691	2,133,810

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities and net assets		
Liabilities		
Non-current liabilities	1,358,231	1,330,094
Bonds payable	678,500	683,400
Long-term borrowings	514,891	504,809
Contribution payable for nuclear reactor decommissioning	-	92,409
Retirement benefit liability	34,602	34,285
Asset retirement obligations	117,313	-
Other	12,924	15,189
Current liabilities	447,337	420,655
Current portion of non-current liabilities	168,936	142,593
Short-term borrowings	44,500	44,500
Notes and accounts payable - trade	86,460	90,613
Accrued taxes	26,685	33,796
Other	120,754	109,152
Reserves under special laws	2,594	1,868
Reserve for water shortage	2,594	1,868
Total liabilities	1,808,163	1,752,619
Net assets		
Shareholders' equity	311,839	358,742
Share capital	114,291	114,291
Capital surplus	47,348	47,348
Retained earnings	168,070	214,963
Treasury shares	(17,870)	(17,861)
Accumulated other comprehensive income	7,543	8,384
Valuation difference on available-for-sale securities	7,235	6,222
Deferred gains or losses on hedges	(1,499)	340
Remeasurements of defined benefit plans	1,807	1,821
Non-controlling interests	14,145	14,064
Total net assets	333,528	381,191
Total	2,141,691	2,133,810

(2)Semi-annual Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Operating revenue	458,579	416,710
Electric utility operating revenue	439,846	395,351
Other business operating revenue	18,732	21,359
Operating expenses	383,613	360,542
Electric utility operating expenses	367,724	342,763
Other business operating expenses	15,889	17,779
Operating profit	74,966	56,168
Non-operating income	1,580	1,573
Dividend income	417	384
Interest income	28	78
Gain on sale of goods	269	412
Other	866	697
Non-operating expenses	6,223	6,953
Interest expenses	5,213	5,210
Share of loss of entities accounted for using equity method	113	133
Other	896	1,608
Total ordinary revenue	460,160	418,284
Total ordinary expenses	389,837	367,496
Ordinary profit	70,323	50,787
Provision or reversal of reserve for water shortage	(212)	(725)
Reversal of reserve for water shortage	(212)	(725)
Extraordinary income	-	19,009
Gain on sale of nuclear fuel	-	19,009
Profit before income taxes	70,536	70,522
Income taxes - current	10,867	18,172
Income taxes - deferred	8,718	1,571
Total income taxes	19,586	19,744
Profit	50,949	50,778
Profit (loss) attributable to non-controlling interests	(87)	95
Profit attributable to owners of parent	51,037	50,682

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	50,949	50,778
Other comprehensive income		
Valuation difference on available-for-sale securities	2,722	(1,005)
Deferred gains or losses on hedges	(42)	1,843
Remeasurements of defined benefit plans, net of tax	670	(18)
Share of other comprehensive income of entities accounted for using equity method	(12)	(2)
Total other comprehensive income	3,338	817
Comprehensive income	54,288	51,595
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	54,299	51,523
Comprehensive income attributable to non-controlling interests	(10)	71

(3)Notes to Interim Consolidated Financial Statements

(Note on the premise of going concern)

Not applicable

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

Not applicable

(Change in accounting policy)

(Application of "Accounting Standard for Income Taxes, Inhabitant Taxes and Enterprise Taxes", etc.)

Accounting Standard for Corporate, Inhabitant and Enterprise Taxes (ASBJ Statement No. 27, October 28, 2022. Hereinafter referred to as the "Revised Accounting Standard 2022") and others are applied from the beginning of the current interim consolidated accounting period.

In the past, the amount calculated in accordance with laws and regulations for corporate tax, residential tax, enterprise tax, etc. (hereinafter referred to as "corporate tax, etc.") on income, etc. was recorded in profit or loss.

From the beginning of the fiscal year, income taxes on income are recorded by classifying them into profit or loss, shareholders' equity, and other comprehensive income, depending on the transactions, etc. that are the source of the income taxes. For income taxes recorded in accumulated other comprehensive income, the corresponding tax amount is recorded in profit or loss when the transactions, etc. that cause the income taxes to be imposed are recorded in profit or loss. If taxable transactions, etc. are related to shareholders' equity or other comprehensive income in addition to profit and loss, and it is difficult to calculate the amount of corporation tax, etc. imposed on shareholders' equity or other comprehensive income, the amount of tax is recorded in profit and loss.

The amendments to the classification of income taxes (taxation on other comprehensive income) are in accordance with the transitional treatment set forth in the proviso to Paragraph 20-3 of the Revised Accounting Standards of 2022 and the transitional treatment set forth in the proviso to Paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (Accounting Standards Board of Japan (ASBJ) Guidance No. 28, October 28, 2022, hereinafter referred to as the "2022 Revised Guidance").

This change in accounting policy has no impact on the interim consolidated financial statements.

As for the revision related to the review of the treatment in the consolidated financial statements of the case of tax deferral of gains and losses arising from the sale of shares of subsidiaries between consolidated companies, the Company has applied the revised Implementation Guidance of 2022 from the beginning of the current interim consolidated accounting period.

This change in accounting policy has been retrospectively applied, and the interim consolidated financial statements and consolidated financial statements for the previous interim consolidated accounting period and the previous consolidated accounting year have been restated accordingly.

The change in accounting policy had no impact on the interim consolidated financial statements for the previous interim consolidated accounting period and the consolidated financial statements for the previous consolidated accounting year.

(Additional Information)

(Revision of the Electric Utility Accounting Rules with the enforcement of the “Act for Partial Revision of the Electricity Business Act, etc. for the Purpose of Establishing Electricity Supply System for Realization of Decarbonized Society”)

On April 1, 2024, the Act for Partial Revision of the Electricity Business Act, etc. to Establish an Electricity Supply System for the Realization of a Carbon-Free Society: Act No. 44 of 2023 (hereinafter referred to as the "Revised Act") and the Ministerial Ordinance on the Development of Related Ministerial Ordinances in Line with the Enforcement of the Act for Partial Revision of the Electricity Business Act, etc. to Establish an Electricity Supply System for the Realization of a Carbon-Free Society: Ordinance of the Ministry of Economy, Trade and Industry No. 21 of March 29, 2024 (hereinafter referred to as the "Revised Ministerial Ordinance") came into effect. As a result, the Ministerial Ordinance on Reserve for Decommissioning of Nuclear Power Facilities: Ordinance of the Ministry of International Trade and Industry No. 30 of 1989 (hereinafter referred to as the "Decommissioning Ordinance") was abolished, and the Electricity Industry Accounting Regulations were amended.

In the past, the expenses required for the implementation of decommissioning of commercial power reactors were recorded as asset retirement obligations. In accordance with the provisions of the Ministerial Ordinance on Dismantlement, the total estimated amount of the decommissioning costs of nuclear power plants, which was calculated using the formula (a method for estimating the costs required for decommissioning from the type and quantity of waste generated as a result of decommissioning) prescribed in the "Procedures for Handling of Reserve for Decommissioning of Nuclear Power Plants" (12 Ministry of Finance and Public Information No. 340 of 2000), was recorded as the decommissioning costs of nuclear power plants using the straight-line method over the expected operating period of the power plant every consolidated fiscal year by applying Paragraph 8 of the "Implementation Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008) to the assets equivalent to the asset retirement obligations. However, on and after the date of enforcement of the revised Ministerial Ordinance, the decommissioning contribution prescribed in Article 11 Paragraph 2 of the "Act on Implementation of Reprocessing, etc. of Spent Fuel in Nuclear Power Plants and Promotion of Reactor Decommissioning" revised by Article 3 of the revised Act was recorded as the operating expenses of the electricity business.

Until now, nuclear operators have been responsible for securing funds required for decommissioning of their commercial power reactors.

However, in accordance with the amended Act, contributions for decommissioning were to be paid to the Japan Nuclear Fuel Reprocessing and Decommissioning Facilitation Corporation (hereinafter referred to as the "Corporation") every consolidated fiscal year, and the Corporation assumed economic responsibility for securing, managing, and financing the funds required for decommissioning.

As a result, 21,717 million yen of assets equivalent to asset retirement obligations and 21,717 million yen of asset retirement obligations were reversed in the current interim consolidated accounting period.

Pursuant to the provisions of Article 10, Paragraph 1 of the Supplementary Provisions of the Revised Act, the amount of 95.596 billion yen that must be paid to the Institute to cover the costs of the decommissioning promotion operations is included in the unpaid decommissioning contribution and the amount is recorded as expenses pursuant to the provisions of Article 7 of the Supplementary Provisions of the Revised Ministerial Ordinance, but the amount obtained by reversing the asset retirement obligations is deducted from the expenses pursuant to the same provisions. There is no impact on the profit and loss.

Of the amount recorded in unpaid decommissioning contributions, 3.186 billion yen was transferred to long-term liabilities due within one year.

Note: The information shown above is an English translation of the “Financial Release for the Six Months Ended September 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.