
■ Financial Result for the Year Ended March 31, 2020

May 14, 2020

Hokkaido Electric Power Co., Inc.

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■ Management Approach

Launch the Gas (LNG) Supply Business to Expand the Business Domain

LNG supply business

- Aims at 10,000 tons per year through sales using tanker trucks

City gas retail business

- Conducts examinations for early launch in FY2021 based on the startup wholesale system



- Provide “solution service” including gas supply and foster package sales by combining electricity and gas supply to expand the business domain and revenue
- Aim at sales volume of 100,000 tons per year by FY2031

(Ref.) Building another LNG tank

- Build HEPCO’s second LNG tank within the Ishikari LNG tank facilities [Tank No. 4: To be completed in Oct. 2020]
Pursue flexible and economical fuel procurement and gas sales



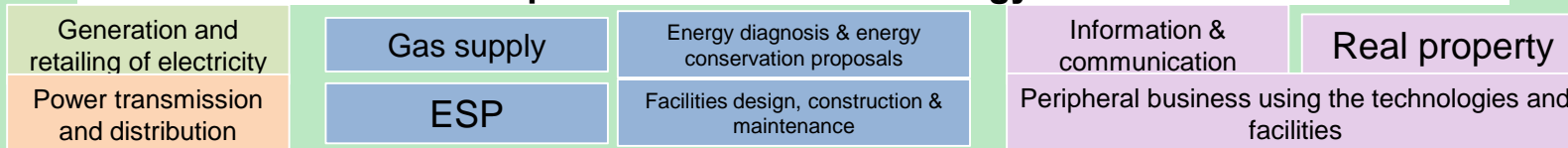
Note: Tanks No. 1 and No. 2 are owned by others.

Development of the HEPCO Group's Total Solutions

Skills and know-how possessed by Group companies +
New achievements made by expansion of the business domain

➔ Develop the Group's total solutions for its sustainable growth

HEPCO Group's total solutions for energy-related issues



ESP

- ✓ Promote the ESP business to help customers to introduce highly efficient energy-saving equipment with no initial investment and to manage and maintain energy-related facilities efficiently
- ✓ Participate in the Hokkaido Ballpark initiative through the ESP business for the creation of a ballpark in consideration of energy conservation, environment and BCP



ES CON FIELD HOKKAIDO (artist's conception; to be completed in January 2023)

ZEB consulting

- ✓ Foster ZEB* consulting to help achieve substantial reduction in energy consumption while creating comfortable indoor environment
- ✓ Support ZEB construction and expand the system proposal, energy analysis and improvement services for the management of ZEBs

* ZEB: Net-zero energy building



New Bihoro Town building to be the first ZEB constructed in an extremely cold area (artist's conception, to be completed in February 2021)

Renewable Energy-Based Power Generation (1)

Solar power generation

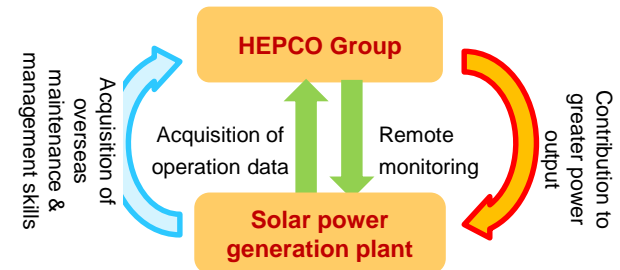
Overseas: Solar power generation plant in Mexico: HEPCO's first investment in an overseas power plant

Output: 290,000 kW (HEPCO's share: 34,800 kW)

Participation: From March 2020

- Analysis of on-site operation data in Hokkaido by using HEPCO's unique remote monitoring system

→Make use of the HEPCO Group's expertise to increase the power output



Within Hokkaido: Solar power generation plant: Investment in mega solar fund

Targeted assets:

Existing solar power generation plants (three plants)

Locations: Iwamizawa City (one) and Kushiro City (two)

Output: 13,000 kW in total

Participation: From March 2020



Renewable Energy-Based Power Generation (2)

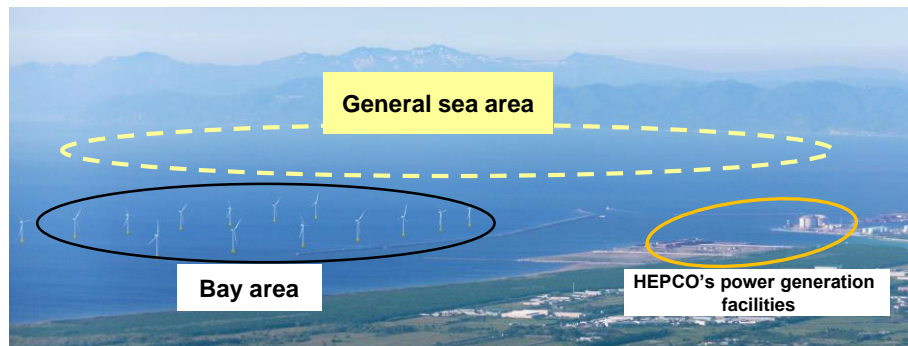
Wind power generation & biomass power generation plants

- Offshore wind power generation in Ishikari Bay: Signed a partnership agreement with Green Power Investment Corporation

Construction will begin on a 100,000 kW bottom-mounted offshore wind power generation facility in the bay area in FY2021 for operation in FY2023.

- For the general sea area, detailed examinations will be performed for local adjustment for designation as a “promotion zone” under the Act on Promoting the Utilization of Sea Areas for the Development of Marine Renewable Energy Power Generation Facilities and for the determination of the project area and size.

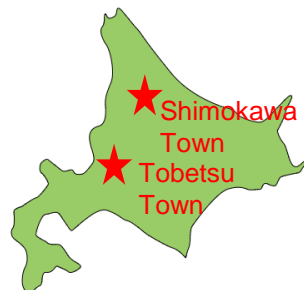
<Artist's conception of the wind turbines to be installed>



Bottom-mounted offshore wind power generation (artist's conception)

- Wooden biomass power plant in Tobetsu Town, Hokkaido: Second plant following the one constructed in Shimokawa Town

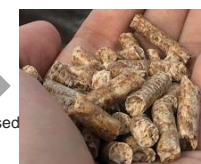
Company: Hokkaido Biomass Energy Co., Ltd.*
Location: Tobetsu Town, Ishikari-gun
Output: 997 kW
Start of construction: May 2020
Start of commercial operation: June 2021 (planned)
* HEPCO has 20% ownership stake



Unused thinned wood



Processed



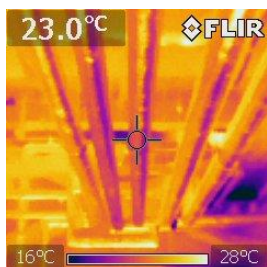
Pellets

- Make more visits to individual customers and propose an optimal pricing plan to each of them in consideration of the operational status of their facilities
- Moreover, provide energy diagnosis, investigation and examination services for energy conservation, thereby helping customers make more efficient use of energy
- Also make use of the technologies and know-how developed by Group companies to meet the needs of customers, including reducing the operational cost

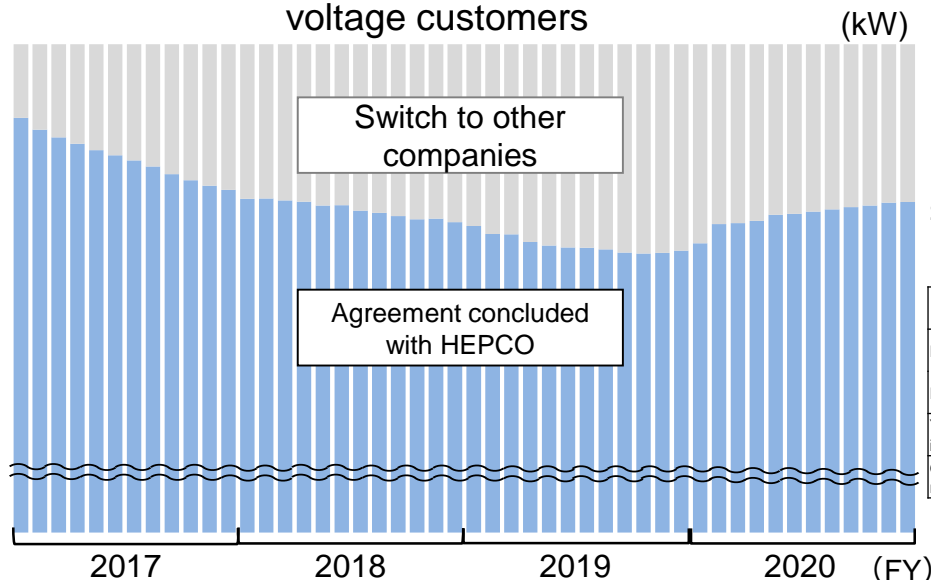


Expand market share by “aggressive” sales activities

Energy diagnosis (example):
Using thermography to
check for heat leaks



Agreements with high-voltage and extra high-voltage customers (kW)



Our share is on recovery track

Sales to high-voltage and extra high-voltage customers (monthly)
(Unit: Million kWh)

	Jan.	Feb.	March
FY2019	1,008	1,007	974
FY2020	1,125	1,750*	1,145
Y-on-Y increase	117	743	171
Growth rate	11.6%	73.8%	17.5%

* Includes impact of change to meter-reading schedule

Measures to Expand the Electricity Retail Business: Low-Voltage Customers (Households)

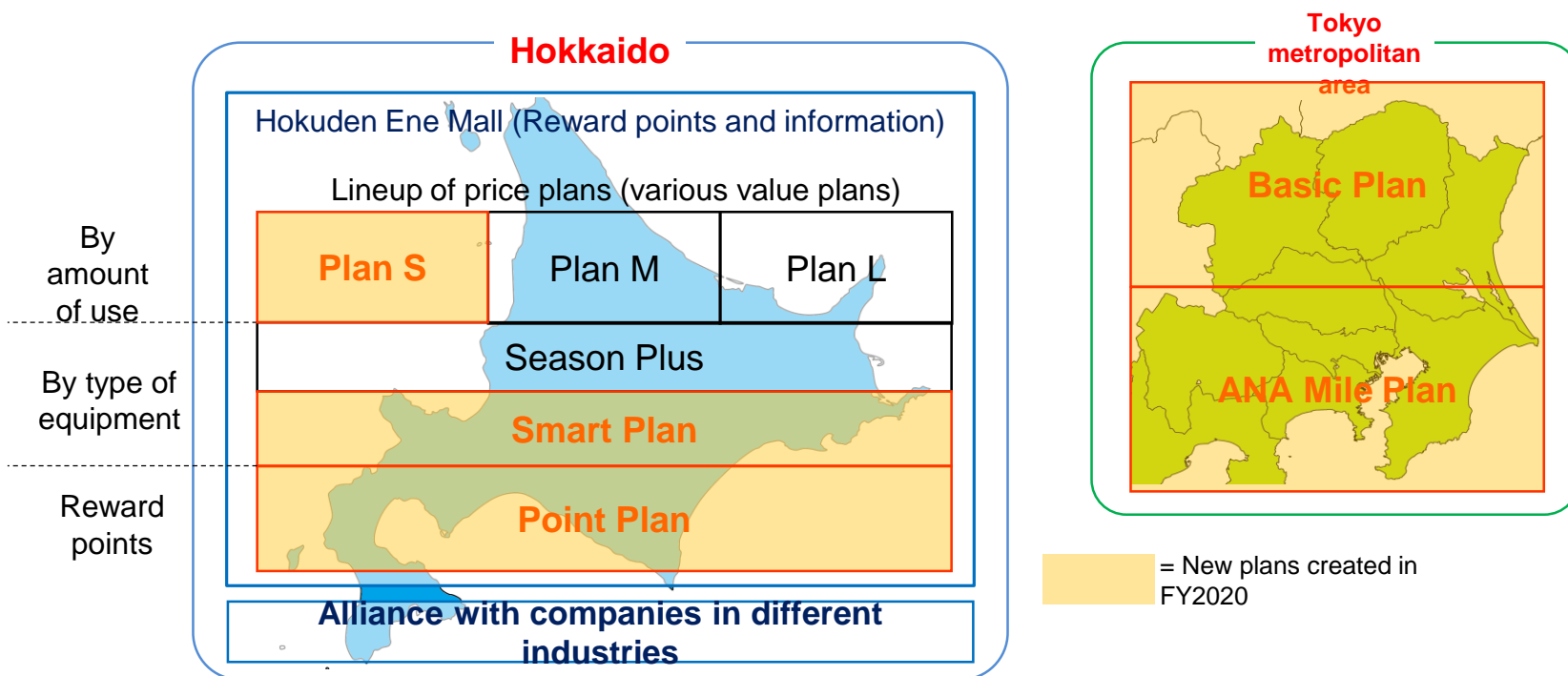
Differentiation with value-added services

⇒ Provision of reward points and useful information on the portal site (“Hokuden Ene Mall”) ⇒ Conducting examinations for further service enhancement and expansion toward the future

- Expansion of the service menu ⇒ Meet customers’ needs with meticulous care
- Alliance ⇒ Enhancement of face-to-face sales activities through partnering
- Expansion of the geographic business area ⇒ Launch of business in the Tokyo metropolitan area



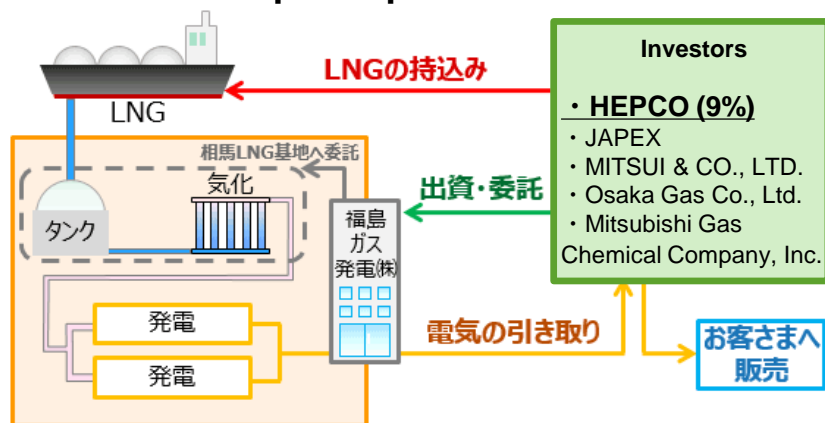
Retain existing customers, regain former customers and gain new customers



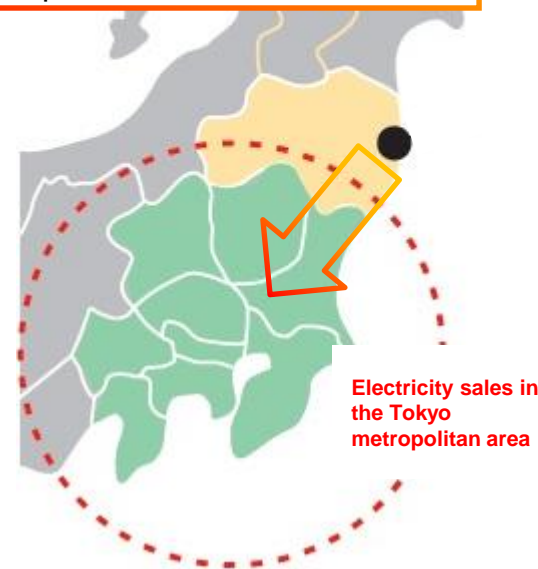
Opening of the Fukushima Natural Gas Power Plant: Selling Electricity outside Hokkaido

- Secure source generating around 100,000 kW of power outside Hokkaido
 - ⇒ Make maximum use of the source for electricity sales in the Tokyo metropolitan area
 - Unit No. 1: Started commercial operation on Apr. 30, 2020
 - Unit No. 2: Started trial operation in Apr. 2020. Commercial operation will be started in summer 2020.

Scheme for participation



Electricity generated at this plant will be sold to low-voltage customers in addition to high-voltage and extra high-voltage customers in the Tokyo metropolitan area



Outline of the Fukushima Natural Gas Power Plant

Location	Shinchi Town, Soma-gun, Fukushima Prefecture
Power generation method	Gas turbine combined cycle
Generation capacity & thermal efficiency	Capacity: 1.18 million kW (Two 590,000 kW units) Thermal efficiency: About 61%



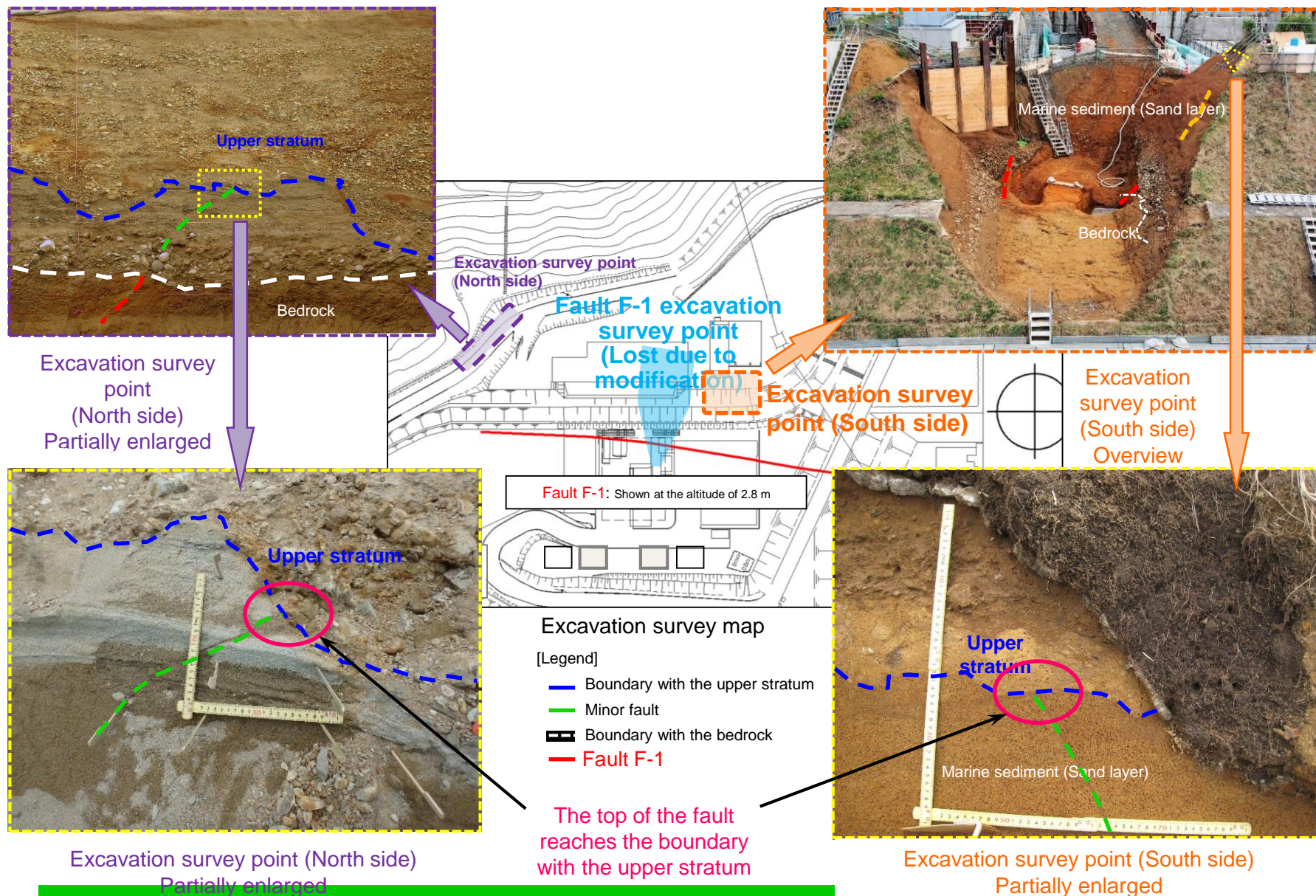
Unit No. 1 in operation (back) & Unit No. 2 in trial operation (front)

Conformity Review (in and after 2019): Active Fault Assessment on the Premises

Feb. 22, 2019	<ul style="list-style-type: none"> • We explained the on-site active fault assessment results to the Nuclear Regulation Authority (NRA). • The NRA pointed out that based on the currently available data, the possibility that Fault F-1 would become active in the future could not be denied.
Nov. 7, 2019	<ul style="list-style-type: none"> • We gave a briefing on the results of the additional survey as follows: <ul style="list-style-type: none"> Important points: (1) Relevance between Fault F-1 and the minor fault. (2) The top of the minor fault reaches the boundary with the upper stratum. (3) The upper stratum is more than 120,000 to 130,000 years old. ⇒ Fault F-1 is not an active fault.
Nov. 15, 2019	<ul style="list-style-type: none"> • The NRA carried out an on-site inspection of the Tomari Nuclear Power Station. • The Authority made comments, including a request for the compilation of data regarding (3) above.
Apr. 16, 2020	<ul style="list-style-type: none"> • Based on the results of another additional survey, we again explained that Fault F-1 is not an active fault. • The Authority requested more quantitative data and said that they would carry out an on-site inspection after being briefed on the results of examinations made based on the data.
(Future)	<ul style="list-style-type: none"> • We will collect more data and prepare for the on-site inspection.

Initiative for Early Restart of the Tomari Nuclear Power Station (2)

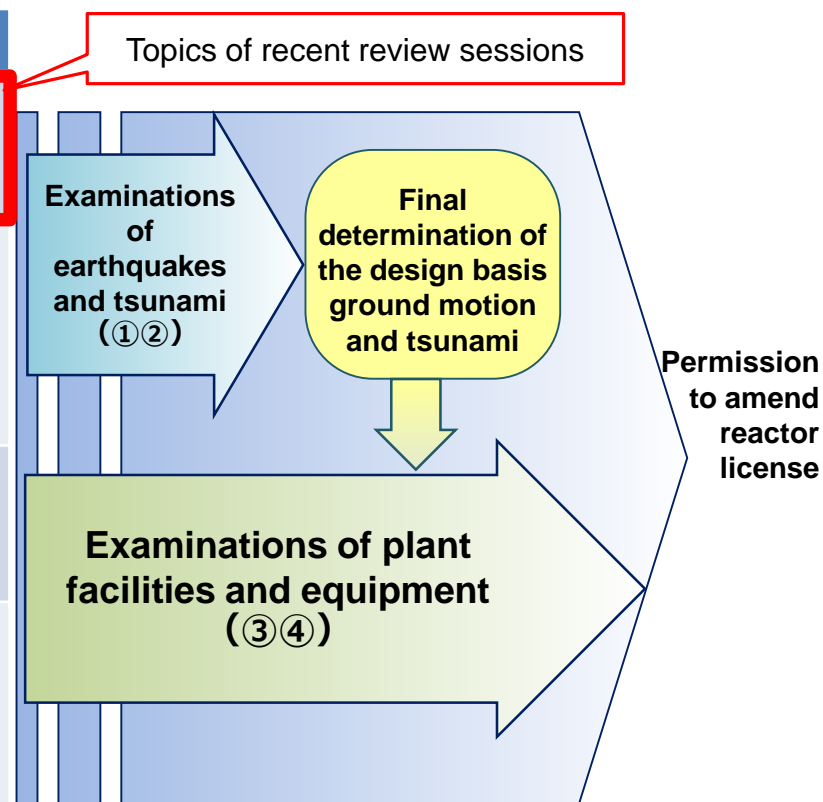
Reference: Results of the additional survey explained at the conformity review meeting held on Nov. 7, 2019



Responses to Major Issues Revealed at the Conformity Review

- For the determination of the design basis earthquake ground motion and design basis tsunami, HEPCO has explained the results of the on-site active fault assessment to the NRA and has also been conducting an assessment of earthquake ground motion from an active fault assumed to be present off the northwestern coast of the Shakotan Peninsula.
- We have also been conducting examinations about the issues concerning seawalls and breakwaters and will provide explanations about them in consideration of the determined design basis earthquake ground motion and design basis tsunami at the review meeting, thereby gaining understanding from the NRA.

Issues	Status of response
① Assessment of seismic fault activity within the power station site	The assessment of seismic fault activity has proceeded with new additional surveys being implemented and detailed reviews conducted based on the acquired data.
② Assessment of seismic motion attributable to active faults assumed to be present off the northwestern coast of the Shakotan Peninsula	Assessments are underway of seismic motion resulting from postulated active faults.
③ Assessment of impact of sea wall foundation liquefaction due to earthquake	A review of the seawall is underway in which a design change has been made to switch to a base rock layer-supported structure.
④ Assessment of impact on power station facilities if a tsunami damages seawall	Using the results of analyses of seawall movement and subsidence as well as hydraulic model experiments, an assessment is underway to study the impact that seawall damage from a tsunami may have on power station facilities.



■ Cost Reduction: Drastic Measures for Higher Efficiency and Cost Reduction

Under the Leadership of the Management Infrastructure Enhancement Promotion Committee (chaired by the president of HEPCO), implement drastic measures for greater management efficiency and cost reduction

<Overall plan for cost reduction>

Management Infrastructure Enhancement Promotion Committee

Show the direction to move into for the solution of issues

Report the achievements made by each dept.

Drastic measures for higher efficiency and cost reduction

Procurement of materials and equipment

Review operations and specifications

Reduce the amount

Reduce the unit price

Procurement examination committee

- Examine materials procurement principles
- Examine procurement methods for large projects

Each dept. and Group company

Review basic operations and specifications

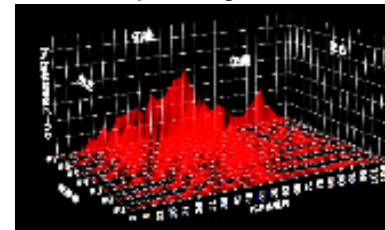
Kaizen

To increase productivity fourfold, 200 or more projects are under way

<Specific examples of measures for higher efficiency>

Introduction of more advanced maintenance systems for boilers at the thermal power plants

- By utilizing ICT, make 3D graphs showing temperature distribution inside the boilers and analyze various operation data to increase the accuracy of operation monitoring and remaining life assessment, thereby preventing the boilers from sustaining sudden damage
- Make a database of maintenance records to save labor required for maintenance planning



3D graph showing the lifetime consumption rate by boiler pipe
(The longer the red bar, the shorter the life)

Shortening the period required for regular tests at power plants

- For Tomato Atsuma Unit No. 4, shortened the testing period by 42 days (27%) by preparing for the test while the unit is in operation, doing equipment installation and trial operation simultaneously, improving the installation and trial process and using other Kaizen methods.



Opening to carry in the equipment



Installation of a monorail

Examples of preparing to do inspection immediately after the suspension of power generation

■ Building a competitive power source configuration

HEPCO aims to achieve a competitive energy mix that is balanced from the S+3E prospective by constructing new power sources as well as suspending or decommissioning operation of aging facilities. Stable operation of HEPCO's power plants contributes to the stable supply of electric power.

「S + 3 E」

Safety	Energy Security	Economic Efficiency	Environment
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FY2021 Power Source Development Plan (HEPCO)

	Power generation facility	Output (10,000 kW)	Start date	Operation start/suspended or decommissioned
Under construction	Kyogoku Unit 3 (Pumped storage hydropower)	20	September, 2001	FY2031 or later
	Shintoku (Hydropower)	2.31	April, 2019	June, 2022
In preparation for construction	Ishikariwan Shinko Unit 2 (LNG-fired thermal)	56.94	March, 2023	December, 2026
	Ishikariwan Shinko Unit 3 (LNG-fired thermal)	56.94	March, 2027	December, 2030
Suspended or Decommissioned	Onbetsu Units 1 & 2 (Oil-fired thermal)	(14.8) [(7.4)×2Units]	—	Pending (to be decommissioned)
	Kamiiwamatsu Unit 1 (Hydropower)	[2.0]	—	July 2021 (to be decommissioned)

FY2021 Power Source Development Plan (HOKUDEN ECO-ENERGY)

Under construction (Output increase)	Kamiakubetsu (Hydropower)	0.465(+0.05)	July, 2018	February, 2022
	Abuta (Hydropower)	2.079(+0.129)	September, 2018	April, 2023



- The company aims to ensure supply stability, win trust from local communities and achieve growth by value creation as its corporate vision, for which it will continue to maintain a stable supply of electricity with greater resilience as a responsible energy supplier.
- Based on neutrality and fairness, the company works to increase revenue while reducing costs to produce consistent profits and establish a robust management foundation as a HEPCO Group company. Also, it will press forward with measures to accept more renewable energy.

Stable Supply

- Implement the Hokkaido Eastern Iburi Earthquake action plan to enhance resilience and ensure stable supply of electricity.



(Example)

Under the leadership of the president, who is the head of the emergency headquarters, conducted a drill to recover from Hokkaido-wide blackouts

Measures to increase revenue and cut costs

<Increase revenue>

- Publicize comfort and convenience provided by electricity to increase power demand in Hokkaido.
- Make use of own technologies and equipment to create new revenue sources.

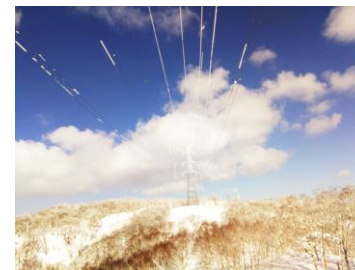


(Example)

Expanded power demand by recommending the use of air conditioners and other home electric appliances, IH cooking heaters and other highly efficient devices through various events

<Cut costs>

- Conduct Kaizen activities with Group and partner companies to increase business efficiency and cut costs on a continual basis.
- Devise measures for the procurement of materials and equipment, including standardizing specifications with those of other electric power companies.



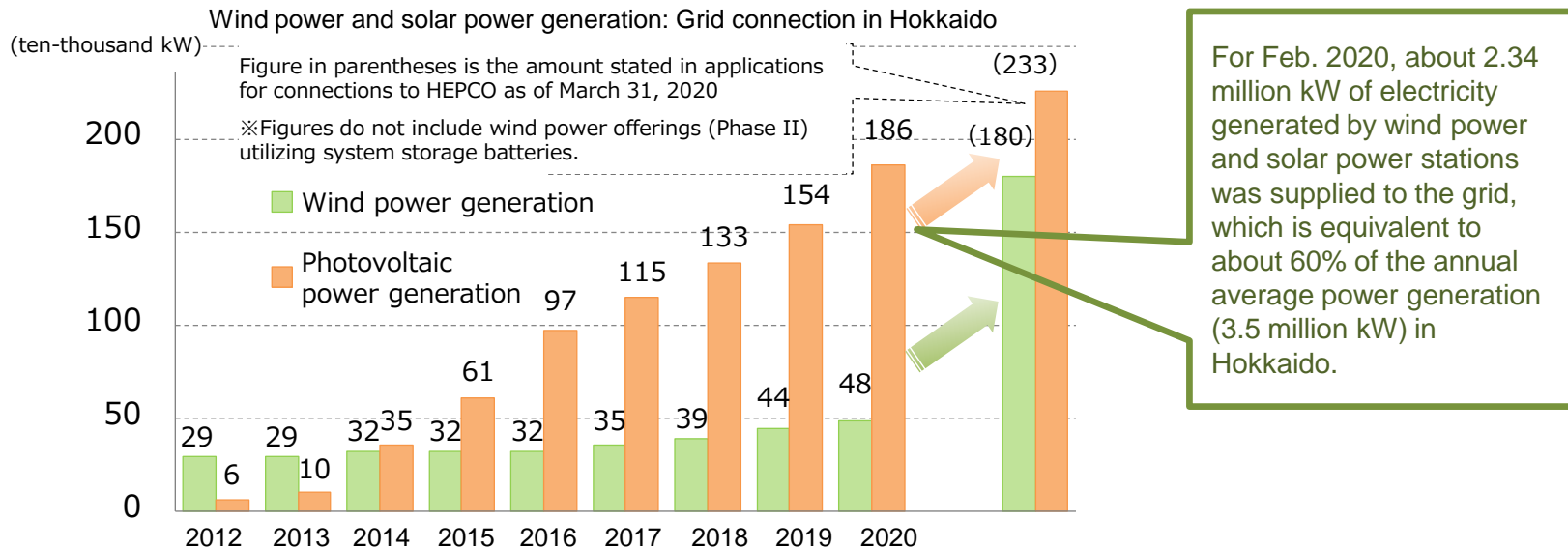
(Example)

Modified general-purpose cameras to produce fixed-point cameras to monitor snow buildup on power transmission lines and the iron tower premises, thereby cutting camera operation costs by about 25 million yen per year



While maintaining the quality of electricity supplied in Hokkaido, implement measures to expand the acceptance of renewable energy

Acceptance of electricity generated by wind power and solar power stations



For Feb. 2020, about 2.34 million kW of electricity generated by wind power and solar power stations was supplied to the grid, which is equivalent to about 60% of the annual average power generation (3.5 million kW) in Hokkaido.

Solicitation for grid connection projects

- On Oct. 4, 2019, OCCTO announced that it would start soliciting for grid connection projects in three areas in Hokkaido.
- HEPCO cooperates with OCCTO and will solicit participation by companies that want grid connection for their electricity on the precondition that they share the cost of grid enhancement.

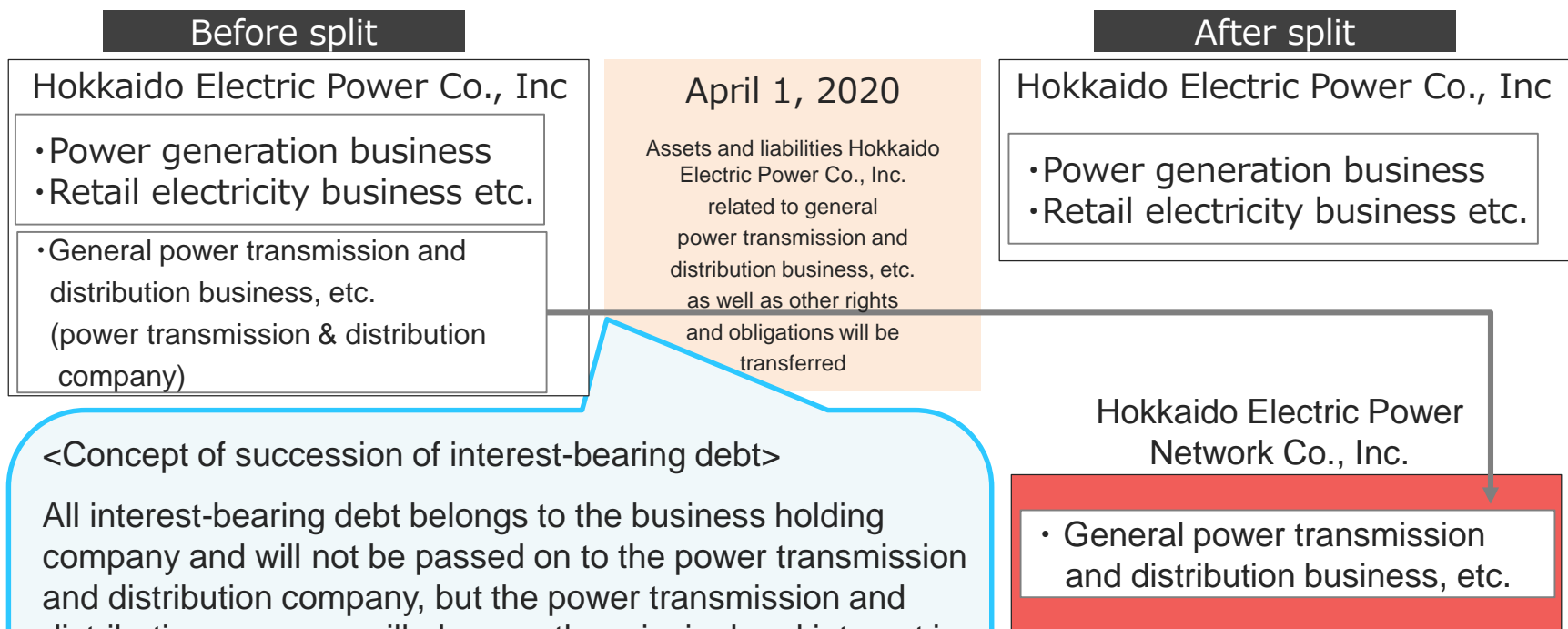
Solicitation for wind power generation projects based on the use of grid-side storage batteries

- Started solicitation for wind power generation projects (total output of 1 million kW) based on the precondition that participants share the cost related to the grid-side storage batteries (Phases I and II)
- For Phase I, the implementation of 15 projects (162,000 kW) has already been decided and measures will be taken to complete the installation of grid-side storage batteries within FY2022.

■ Overview of the spin-off of the power transmission and distribution division after legal separation



- 100% stake under a "business holding company" that conducts power generation and retail business from the perspective of demonstrating the comprehensive strength and efficiency of the Group on the premise of ensuring the neutrality of the power transmission and distribution business and maintaining a stable supply. Build a business operation system to set up a "power transmission and distribution company" as a company.



<Concept of succession of interest-bearing debt>

All interest-bearing debt belongs to the business holding company and will not be passed on to the power transmission and distribution company, but the power transmission and distribution company will also pay the principal and interest in effect due to the general secured corporate bonds issued by the power transmission and distribution company (the mechanism by which the business holding company undertakes the Inter Company Bond) We will bear the burden and protect the rights of corporate creditors.



■ For the Creation of a Sustainable Society

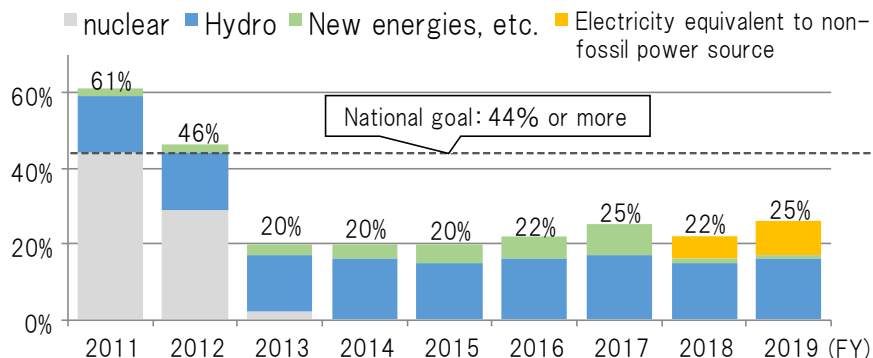
Measures to foster the use of renewable energy and reduce CO₂ emissions

- To foster the use of renewable energy (local resources), we are implementing measures for wind power, solar power and biomass power generation in addition to hydroelectric power generation.
- Renewable energy-derived power generation (our own + amount purchased from other companies) accounts for about one-fourth of our total power generation(*).
- For CO₂ emissions reduction, we are working to achieve the reduction target by installing Ishikariwan Shinko Power Plant Unit No. 1 (LNG), expanding the use of renewable energy and working for the early restart of the Tomari power plant.
- We will continue to foster ESG-oriented business management to fulfill our corporate social responsibility and increase our corporate value in a sustainable manner.

(*) Sum of the amount of electricity generated and transmitted by HEPCO and the amount purchased from other companies (excluding the amount supplied to remote islands)

HEPCO's non-fossil energy sources

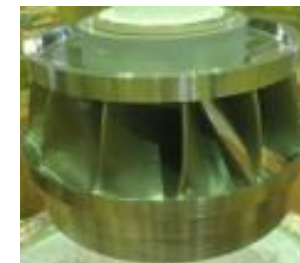
Percentage of non-fossil energy sources among total: About 25%



- For hydroelectric power generation, excluding the amount generated by pumped-storage power generation
- New energy sources include geothermal heat and waste. Power sources covered by FIT are included in the data for FY2017 and before but, following the launch of FIT non-fossil fuel energy certificate trading, the sources are excluded from the data for FY2018 and onwards.
- Power generated from non-fossil power sources: Amount purchased through non-fossil fuel energy certificate trading and amount distributed as surplus non-fossil fuel generated electricity

Larger output from hydroelectric power generation

- Made improvements such as replacing aged windmills with more efficient ones and made use of unused river water and hydroelectric energy.
- By replacing aged windmills over the past 10 years, enhanced 18 hydroelectric power plants in Hokkaido to increase the total output by 15,450 kW, which is equivalent to the amount generated by one medium-sized hydroelectric power plant. The effect of reducing CO₂ emissions is about 26,500 tons annually.



Improved windmill

Estimate calculated using HEPCO's CO₂ emission factor adjusted for FY2019 (0.656 kg-CO₂/kWh)

- As an electric power company that provides people with a lifeline service, the entire HEPCO Group is committed to implementing infection prevention measures to ensure a stable power supply and for the safe use of electricity by people in Hokkaido.

<Business continuity measures>

- Establish a work shift and work support systems for important facilities, such as power plants and central load dispatch centers in preparation against an infection event.
- Build a mutual support system between branch offices and other sites for the maintenance of power transmission and distribution facilities against an infection event.
- At the Tomari power plant, implement infection prevention measures including the installation of semitransparent partitions to prevent infection via droplets.
- Foster staggered commuting and working from home to avoid concentration of workers at workplaces and ensure business continuity against an infection event.



<Measures related to customers>

- Implement infection prevention measures, such as installing partitions at counters and making rubbing alcohol available to visitors.
- Introduce energy- and power-saving methods on the website for customers who refrain from outings and spend more time at home.
- Offer special prices to customers who are badly affected by the novel coronavirus.*



* For details, including on eligibility, please refer to the following websites:
https://www.hepco.co.jp/price_consult_corona/index.html
https://www.hepco.co.jp/network/price_consult_corona/index.html

- Foster a range of measures to support the economy of Hokkaido and daily lives of customers and fight against the novel coronavirus in cooperation with local residents.

<Measures to support local companies>

- In order to support local food companies experiencing hardship due to stagnant sales caused by the coronavirus, implement projects in which local seafood and sweets will be sent as gifts to members of the Hokuden Ene Mall web service.
- In support of the measures implemented by the Sapporo Chamber of Commerce and Industry for local companies, proactively contribute to their sales promotion and elimination of food loss through the official website.



<Support for local communities>

- Make use of the materials and equipment, including the 3D printer, owned by the Research & Development Department to create face guards, which are in shortage at medical facilities. The guards have been donated to the local national hospital and we are considering providing them to more medical facilities.
- In areas that are home to milk manufacturers, buy milk produced for delivery to schools, which have been closed, and offer it at the canteen for employees to help foster the consumption of local foodstuffs.



<Support for elementary and junior high school education>

- Screen the science video to help students learn about science through experiments and craftwork on our official YouTube channel and present students with experiment and craftwork "kits." We are thereby supporting the education of children whose schools are closed and who cannot leave their homes through our measures for next-generation education, which is a focus of our activities.



■ Financial Results and Forecasts

■ Business results/Financial status

(Billion yen)

	Consolidated				Non-consolidated			
	April 1,2019 - March31, 2020 (A)	April 1,2018 - March31, 2019 (B)	Increase/ Decrease (A)-(B)	Comparison (A)/(B) %	April 1,2019 - March31, 2020 (C)	April 1,2018 - March31, 2019 (D)	Increase/ Decrease (C)-(D)	Comparison (C)/(D) %
Operating Revenue	748.4	752.2	(3.7)	99.5	714.4	721.2	(6.8)	99.1
Operating Profit	42.4	42.2	0.1	100.5	36.4	37.0	(0.5)	98.4
Ordinary Profit	32.6	30.1	2.4	108.1	27.6	26.2	1.3	105.1
Profit*	26.7	22.3	4.3	119.5	23.9	20.2	3.7	118.6
Profit per share of capital stock (yen/share)	123.16	101.93	21.23		109.91	91.59	18.32	

- “Profit” on the Consolidated Financial Results mentioned above means “Profit attributable to owners of parent” resulting from adoption of the “Accounting Standard for Business Combinations, and others.

(Billion yen)

	Consolidated			Non-consolidated		
	As of March 31, 2020(A)	As of March 31, 2020(B)	Increase/ Decrease (A)-(B)	As of March 31, 2019(C)	As of March 31, 2019(D)	Increase/ Decrease (C)-(D)
Assets	1,959.0	1,954.9	4.0	1,890.8	1,886.7	4.0
Net Assets	247.3	228.4	18.9	201.7	185.1	16.6
Shareholders' Equity Ratio	12.0%	11.1%	0.9%	10.7%	9.8%	0.9%

■ Consolidated – Statement of operations

(Billion yen)

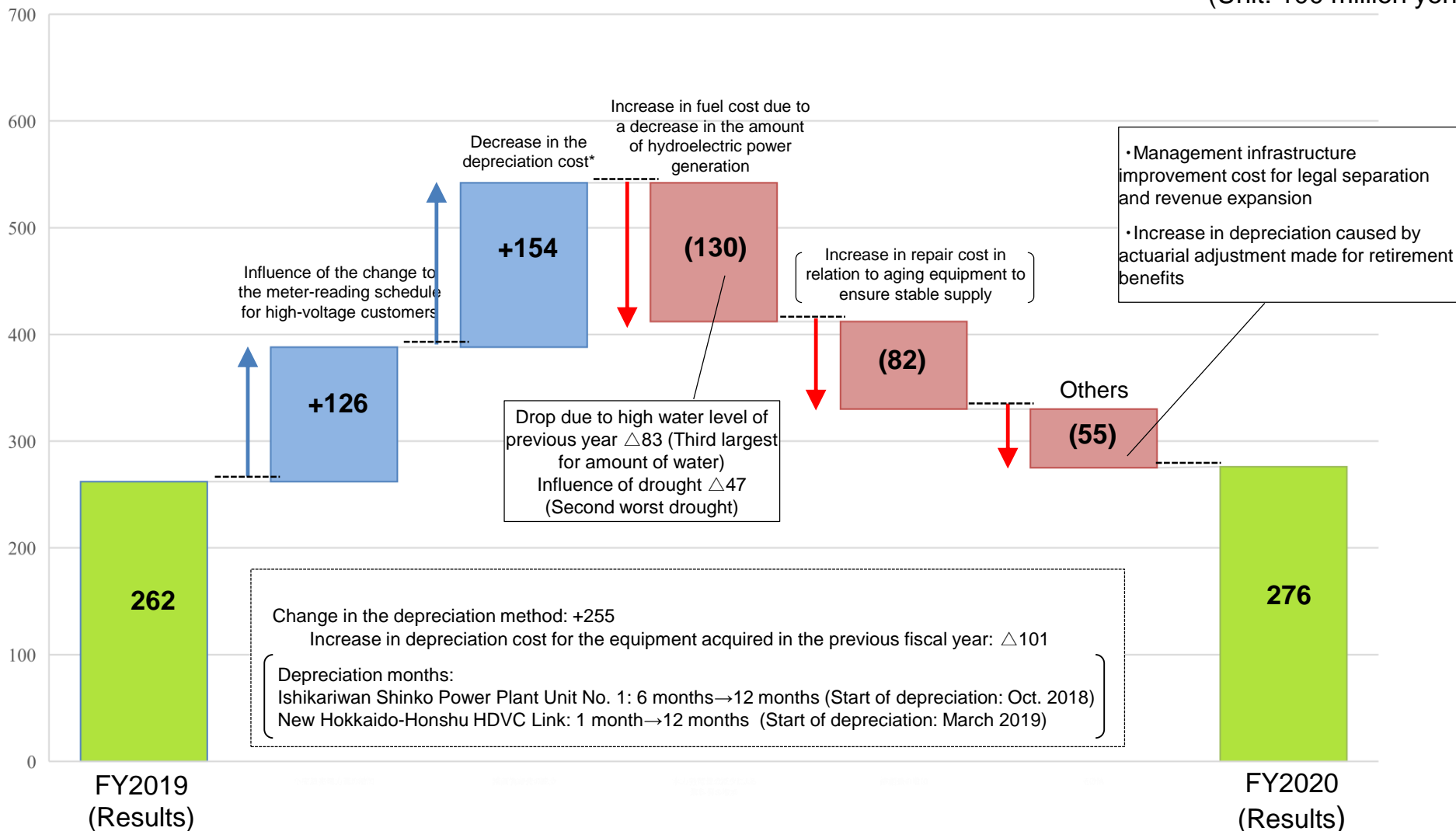
		April 1 – March 31, 2020(A)	April 1 - March 31, 2019 (B)	Increase/Decrease (A)-(B)	April 1, 2019 – March 31, 2020
Ordinary Revenue	Operating Revenues	748.4	752.2	(3.7)	99.5
	Electricity utility operating revenue	712.6	719.6	(6.9)	99.0
	Other business operating revenue	35.7	32.5	3.2	109.8
	Non-operating Income	3.1	2.3	7	131.2
	Subtotal	751.5	754.6	(3.0)	99.6
Ordinary Revenue	Operating Expenses	706.0	710.0	(3.9)	99.4
	Electricity utility operating revenue	674.6	681.2	(6.5)	99.0
	Other business operating revenue	31.3	28.8	2.5	108.9
	Non-operating Expenses	12.8	14.4	(1.5)	89.5
	Subtotal	718.9	724.4	(5.4)	99.2
[[Operating Profit] Ordinary Profit		[42.4] 32.6	[42.2] 30.1	[0.1] 2.4	[100.5] 108.1
Provision or reversal of reserve for fluctuation in water levels		(0.7)	1.2	(2.0)	–
Extraordinary loss		–	4.0	(4.0)	–
Profit before income taxes		33.4	24.8	8.5	134.6
Income taxes		6.3	2.0	4.3	313.6
Profit		27.1	22.8	4.2	118.8
Profit (Loss) attributable to non-controlling interests		0.3	0.4	(0.0)	83.6
Profit attributable to owners of parent		26.7	22.3	4.3	119.5
(Appendix)	Comprehensive Income	24.3	18.9	5.3	128.0

■ Outline of Consolidated Financial Results

Operating revenue (Decreased)	Although the amount of electricity sold increased in the retail segment due to a change to the meter-reading schedule for high-voltage customers, operating revenue decreased by 3.7 billion yen to 748.4 billion yen year on year for reasons such as a decrease in the amount of electricity sold to other companies.
Ordinary profit (Increased)	Ordinary profit increased by 2.4 billion yen to 32.6 billion yen year on year, against the backdrop of the influence exerted by the change to the meter-reading schedule for high-voltage customers and a decrease in the depreciation cost caused by a change in the depreciation method, an increase in the fuel cost caused by a decrease in the amount of electricity produced by hydroelectric power generation, an increase in the repair cost related to aging equipment and the incurring of the management infrastructure improvement cost for legal separation and income expansion.
Profit attributable to owners of parent	Profit attributable to owners of parent increased by 4.3 billion yen to 26.7 billion yen year on year, against the backdrop of an increase in ordinary profit and the special loss posted due to the Hokkaido Eastern Iburi Earthquake of 2018.

■ Factors Involved in Change to Ordinary Profit (Year-on-Year Comparison); Non-consolidated

(Unit: 100 million yen)



<Outlook for consolidated financial performance for FY2021 (ending March 2021)>

Following the full liberalization of the retail market, competition intensified as a range of new players entered the electricity retail space. However, due to the promotion of sales activities in consideration of customer needs, we were able to increase our electricity sales.

Also, in and after FY2021 we will propose a range of price plans tailored to the electricity usage patterns of customers and will proactively conduct sales activities so that we will be a supplier of electricity selected by a great many customers.

However, for electricity sales in FY2021, the novel coronavirus will exert an influence over the business demand for electricity by causing a drop in the number of tourists as well as causing people to refrain from going out. Moreover, for industrial demand, stagnant production activities and economic recession will impact our business results. The pandemic could also have various impacts on the management of our company including regarding the sales of electricity, and it is difficult to get a clear outlook for the future at this moment in time.

Accordingly, for FY2021 consolidated financial performance, the forecasts of net sales and profit are yet to be determined as it is difficult at this point to reasonably estimate sales of electricity for the full year of FY2021. As soon as it becomes possible to gain a clear outlook for the financial performance, we will make an announcement immediately.

<Future measures>

As of today we cannot get a clear outlook for the full-year financial performance, but we aim to achieve consolidated ordinary profit of at least 23 billion yen for FY2021 as our profit target, for which we will enhance our management infrastructure for greater business efficiency.

Although the novel coronavirus has been exerting a serious influence over our business, as an electric power supplier serving Hokkaido, the HEPCO Group, including HEPCO and Hokkaido Electric Power Network, will work to ensure the stable supply of electricity as an important social infrastructure while ensuring the health of employees and taking all possible measures to maintain and manage the power generation and distribution facilities.

■ FY2020 Year-End Dividend (Ending March 2020)

As for year-end dividend, the Board of Directors made a resolution to submit the proposal as detailed below to the 96th session of the ordinary meeting of shareholders to be held on June 25, 2020, in consideration of the FY2020 financial performance and future management environment.

- | | | | |
|---------------------------|---|----------------------|----------------------|
| • Common stock | → | ¥5.00 per share | (Total 1,027million) |
| • Class-B preferred Stock | → | ¥1,500,000 per share | (Total 705million) |

FY2021 Dividend Forecasts

The following shows the forecasts for mid-term and year-end dividends to be paid in FY2021, which we have made by comprehensively taking into consideration the medium- to long-term management environment and the income and expenditure situation.

【Cash Dividend per Share】

	Common stock			Class-B preferred Stock		
	Interim	Year-ended	Annual total	Interim	Year-ended	Annual total
FY 2019	¥5.00	¥5.00	¥10.00	¥1,500,000	¥1,500,000	¥3,000,000
FY 2020 (forecast)	¥5.00	¥5.00	¥10.00	¥1,500,000	¥1,500,000	¥3,000,000

■ Financial results supplementary materials

Non-consolidated

Electricity sales

Monthly Electricity sales

Statement of Operations (Revenue)

Power Supply

Statement of Operations

(Expenses and Income)

Impact of Accrued Income Incurred by Fuel cost

Adjustment System

Expense breakdown (non-consolidated)

Personnel

Fuel・Purchased Power、Key Factors

Maintenance、Depreciation

Interest Expenses、Other Expenses

Key Factors・Sensitivity Factors

Balance Sheets (Consolidated/Non-consolidated)

Consolidated Statements of Comprehensive Income

Consolidated Statements of Cash Flow

Segment Information

Effect of the feed-in-tariff scheme for renewable energy

■ Non-consolidated – Electricity Sales

- As for electricity sales in the retail market, sales of electricity for industrial use decreased but sales to high-voltage and extra high-voltage customers increased as a result of sales promotion in consideration of customer needs and due to the change to the meter-reading schedule in some of the agreements concluded with high-voltage customers. Specifically, sales increased year on year by 4.1% to 23,701 million kWh.

(GWh)

			April 1, 2019 – March 31, 2020 (A)	April 1, 2018 – March 31, 2019 (B)	Increase/Decrease (A)-(B)	Comparison (A)/(B)%
Retail electricity sales	Low-voltage customers	Residential	9,064	9,485	(421)	95.6
		Commercial and industrial	2,105	2,188	(83)	96.2
		Subtotal	11,169	11,673	(504)	95.7
	High-voltage and Extra High-voltage customers		12,53.2	11,101	1,431	112.9
	Total		23,70.1	22,774	927	104.1

(Reference)

(GWh)

Electricity sales to other utility	2,796	4,311	(1,515)	64.8
Total	2,6497	2,7085	(588)	97.8

Monthly Electricity sales

(GWh, %)

		FY 2020												Total
		Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.*	Mar.	
Low-voltage customers	Residential	800	768	574	594	683	629	603	757	807	1,078	922	849	9,064
	Commercial and industrial	193	124	87	90	111	96	92	130	224	365	324	270	2,105
	Subtotal	993	892	661	684	794	725	695	887	1,031	1,443	1,246	1,119	11,169
High-voltage and Extra High-voltage customers		951	907	869	899	994	983	960	937	1,012	1,125	1,750	1,145	12,532
(Rate of increase / decrease in the same month of the Previous year) Total		(Δ 5.4)	(Δ 4.1)	(Δ 4.5)	(Δ 4.5)	(2.9)	(6.4)	(6.9)	(3.3)	(3.0)	(3.4)	(27.2)	(7.6)	(4.1)
Total		1,944	1,799	1,530	1,583	1,788	1,708	1,655	1,824	2,043	2,568	2,996	2,263	23,701

* The amount of electricity sold in February 2020 includes the impact of changing the high-voltage meter reading date.

(GWh, %)

		FY 2019												Total
		Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	
Low-voltage customers	Residential	839	831	626	680	692	643	625	766	852	1,085	979	867	9,485
	Commercial and industrial	196	134	92	98	111	93	94	123	224	391	370	262	2,188
	Subtotal	1,035	965	718	778	803	736	719	889	1,076	1,476	1,349	1,129	11,673
High-voltage and Extra High-voltage customers		1,019	910	885	879	935	870	830	876	908	1,008	1,007	974	11,101
(Rate of increase / decrease in the same month of the Previous year) Total		(Δ 7.3)	(Δ 4.7)	(Δ 6.3)	(Δ 8.0)	(Δ 7.7)	(Δ 11.6)	(Δ 13.2)	(Δ 8.2)	(Δ 11.2)	(Δ 8.0)	(Δ 2.3)	(Δ 10.7)	(Δ 8.2)
Total		2,054	1,875	1,603	1,657	1,738	1,606	1,549	1,765	1,984	2,484	2,355	2,104	22,774

($^{\circ}$ C)

		Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Average temperature (2019~2020)	actual	1.7	6.9	14.5	16.5	20.7	21.5	18.6	12.7	3.6	(1.3)	(3.1)	(3.0)	2.6
	year-on-year	(0.2)	(0.4)	2.1	0.8	0.3	1.2	0.6	0.2	(2.4)	0.1	0.7	0.3	0.9
	deviation	1.6	0.7	3.1	0.8	1.3	0.3	1.2	1.5	(0.9)	0.1	1.2	0.7	2.5

■ Non-consolidated – Statement of Operations (Revenue)

(Billion yen)

	April 1, 2019 – March 31, 2020 (A)	April 1, 2018 – March 31, 2019 (B)	Increase/ Decrease (A)-(B)	Compariso n (A)/(B)%	Major cause of increase/decrease
Operating Revenue	714.4	721.2	(6.8)	99.1	
Residential	251.6	267.6	(16.0)	94.0	[Cause of increase] • Change to the meter-reading schedule for high- voltage customers [12.6] • Increase in the renewable energy surcharge [3.5]
Commercial and Industrial	306.2	287.3	18.9	106.6	[Cause of decrease] • Impact of the fuel cost adjustment system [(11.0)] • Change in the electricity sales composition [(2.2)] (Increase in sales to high-voltage and extra high- voltage customers at low unit prices)
Others	156.5	166.2	(9.7)	94.2	[Cause of increase] • Increase in the amount of grant funding given under the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities [19.2]
Sold power to other utilities & Sold power to other suppliers (Repost)	31.7	46.9	(15.2)	67.5	[Cause of decrease] • Decrease in the sales of electricity to other companies [(15.4)] • Decrease in the profit from power transmission service [(14.4)]
Non-operating Income	3.7	2.6	1.0	141.0	
Ordinary Revenue	718.1	723.9	(5.7)	99.2	

■ Non-consolidated Results: Electricity Supply

We were able to maintain a stable supply by appropriately managing the supply equipment in response to an increase in the grid-connection amount of electricity generated from renewable energy sources during a time when all units at the Tomari power plant were suspended and the flow rate was below the annual average at 88.7%.

(GWh)

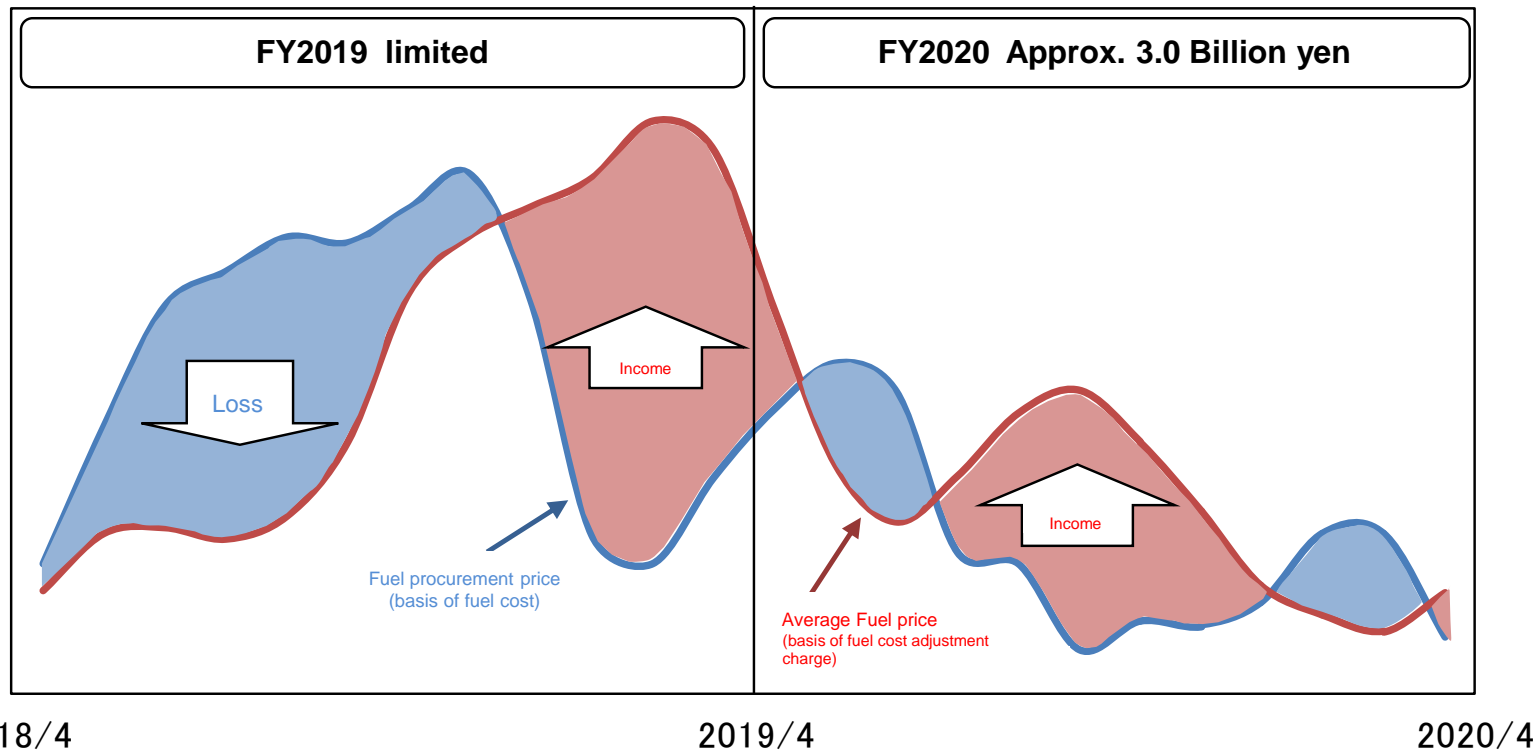
		April 1, 2019 – March 31, 2020 (A)	April 1, 2018 – March 31, 2019 (B)	Increase/Decrease (A)-(B)	Comparison (A)/(B)%
Hokkaido Electric Power Co., Inc.	[Water flow rate %] Hydroelectric	[88.7%] 327.7	[112.6%] 408.3	[(23.9)%] (80.6)	80.3
	Fossil Fuel	1,802.0	1,908.2	(106.2)	94.4
	[Nuclear capacity ratio %] Nuclear	(-) -	(-) -	(-) -	-
	Renewable	12.8	14.5	(1.7)	88.8
	Subtotal	2,142.5	2,331.0	(188.5)	91.9
他社	Receiving	752.1	682.9	69.2	110.1
	Transmitting	(279.6)	(431.1)	151.5	64.8
	Subtotal	472.5	251.8	220.7	187.6
Power used for pumped storage		(24.4)	(32.5)	8.1	75.0
Total		2,590.6	2,550.3	40.3	101.6

■ Non-consolidated – Statement of Operations (Expenses and Income)

(Billion yen)

	April 1, 2019 – March 31, 2020 (A)	April 1, 2018 – March 31, 2019 (B)	Increase / Decrease (A) - (B)	Comparison (A)/(B)%	Major cause of increase/decrease
Personnel	56.6	53.8	2.8	105.3	•Increased in the cost of retirement benefits [2.8]
Fuel and Purchased Power	274.9	283.5	(8.6)	97.0	[Cause of increase] •Increase in the renewable energy purchasing cost [19.2]
Fuel [included in “Fuel and Purchased Power”]	117.7	145.9	(28.2)	80.6	•Decrease in the amount of hydroelectric power generation [13.0]
Purchased Power [included in “Fuel and Purchased Power”]	157.2	137.6	19.6	114.3	[Cause of decrease] •Decrease in sales of electricity to other companies •Drop in fuel prices [(14.8)]
Maintenance	79.9	71.7	8.2	111.4	•Increase in the cost of dealing with aging equipment to ensure stable supply [4.4]
Depreciation	68.7	84.1	(15.4)	81.7	•Change in the depreciation method [(25.5)] •Increase in depreciation due to the full-year influence caused by the equipment acquired in the previous fiscal year [10.1]
Interest Expenses	11.1	11.8	(0.7)	94.0	•Decrease in the interest rate [(0.9)]
Other Expenses	199.0	192.4	6.6	103.4	•Management infrastructure improvement cost for legal separation, etc. [4.4]
Total	690.5	697.6	(7.0)	99.0	
[Operating Income]	[36.4]	[37.0]	[(0.5)]	[98.4]	
Ordinary Income	27.6	26.2	1.3	105.1	
Provision or reversal of reserve for fluctuation in water levels	(0.7)	1.2	(2.0)	–	
Extraordinary loss	–	4.0	(4.0)	–	•Reaction to the posting of special loss due to the Hokkaido Eastern Iburi Earthquake of 2018
Profit before income taxes	28.4	20.9	7.5	135.9	
Income taxes	4.4	0.6	3.7	652.3	
Profit	23.9	20.2	3.7	118.6	

■ Impact of Accrued Income Incurred by Fuel Cost Adjustment System



Fluctuation in fuel prices causes time lag between payment of fuel cost and reception of fuel cost adjustment charges, Resulting in temporary increase or decrease in profits. Time Lag Effect above is this temporary increase or decrease, Assuming that time lag does not take place.

■ Expense breakdown (Non-consolidated)

Personnel

(Billion yen)

	April 1 – March 31, 2020 (A)	April 1 – March 31, 2019 (B)	Increase/Decrease (A)-(B)	Major factors for increase/decrease
Personnel	56.6	53.8	2.8	・Increased in the cost of retirement benefits [2.8]

【Amortization of actuarial gains and losses】

*Actuarial gains and losses are being amortized in the following 5 years in which the gains or losses are recognized by the straight-line method.

(Billion yen)

	Amount accrued	Amortization of the previous year	April 1, 2019 – March 31, 2020		
			Amortization	Unamortized Balance	Ending FY [remaining year]
FY2014	(12.8)	(2.6)	—	—	—
FY2015	6.9	1.4	1.4	—	2020
FY2016	5.0	1.0	1.0	1.0	2021 (1 year)
FY2017	1.4	0.3	0.3	0.6	2022 (2 years)
FY2018	(0.6)	(0.1)	(0.1)	(0.4)	2023 (3 years)
FY2019	1.4	—	0.3	1.1	2024 (4 years)
FY2020	3.7	—	—	3.7	2025 (5 years)
Total		(0.0)	2.8	6.0	

■ Expense breakdown (Non-consolidated)

Fuel and Purchased Power

(Billion yen)

		April 1 – March 31, 2020 (A)	April 1 – March 31, 2019 (B)	Increase/Decrease (A)-(B)	Major factors for increase/decrease
Fuel and Purchased Power		274.9	283.5	(8.6)	[Cause of increase] •Increase in the renewable energy purchasing cost [19.2]
Break down	Fuel	117.7	145.9	(28.2)	•Decrease in the amount of hydroelectric power generation [13.0]
	Purchased Power	157.2	137.6	19.6	[Cause of decrease] •Decrease in sales of electricity to other companies •Drop in fuel prices [(14.8)]

Key Factors

	April 1 – March 31, 2020 (A)	April 1 – March 31, 2019 (B)	Increase/Decrease (A)-(B)
Foreign Exchange Rate (yen/\$)	109	111	(2)
CIF Crude Oil Price (\$/barrel)	67.8	72.2	(4.4)
CIF Coal Price (\$/t)	101.1	120.6	(19.5)

■ Expense breakdown (Non-consolidated)

Maintenance

(Billion yen)

		April 1 – March 31, 2020 (A)	April 1 – March 31, 2019 (B)	Increase/Decrease (A)-(B)	Major factors for increase/decrease
Maintenance		79.9	71.7	8.2	<ul style="list-style-type: none"> • Increase in the cost of dealing with aging equipment to ensure stable supply [4.4]
Break Down	Generation	40.6	34.6	6.0	
	Power-distribution	36.4	35.5	0.9	
	Others	2.8	1.6	1.1	

Depreciation

(Billion yen)

		April 1 – March 31, 2020 (A)	April 1 – March 31, 2019 (B)	Increase/Decrease (A)-(B)	Major factors for increase/decrease
Depreciation		68.7	84.1	(15.4)	<ul style="list-style-type: none"> • Change in the depreciation method [(25.5)] • Increase in depreciation due to the full-year influence caused by the equipment acquired in the previous fiscal year [10.1]
Break Down	Generation	39.4	49.6	(10.1)	
	Power-distribution	23.7	29.6	(5.9)	
	Others	5.5	4.8	0.7	

■ Expense breakdown (non-consolidated)

Interest Expenses

(Billion yen)

	April 1 – March 31, 2020 (A)	April 1 – March 31, 2019 (B)	Increase/ Decrease (A)-(B)	Major factors for increase/decrease
[Interest(on average)%] Interest Expenses	【0.77】 11.1	【0.84】 11.8	【(0.07)】 (0.7)	・Decrease in the interest rate [(0.9)]

Other Expenses

(Billion yen)

	April 1 – March 31, 2020 (A)	April 1 – March 31, 2019 (B)	Increase/ Decrease (A)-(B)	Major factors for increase/decrease
Other Expenses	199.0	192.4	6.6	・Management infrastructure improvement cost for legal separation, etc. [4.4]

■ Key Factors・Sensitivity Factors

Key Factors

	April 1 – March 31, 2020 (A)	April 1 – March 31, 2019 (B)	Increase/ Decrease (A)-(B)
Foreign Exchange Rate (Yen/\$)	109	111	(2)
CIF Crude Oil Price (\$/barrel)	67.8	72.2	(4.4)
Water Flow Rate (%)	88.7	112.6	(23.9)

Sensitivity Factors

(Billion yen)

	April 1 – March 31, 2020 (A)	April 1 – March 31, 2019 (B)	Increase/ Decrease (A)-(B)
Foreign Exchange Rate (1Yen/\$)	1.0	1.1	(0.1)
CIF Crude Oil Price (1\$/barrel)	0.7	1.1	(0.4)
Water Flow Rate (1%)	0.4	0.4	—

■ Balance Sheets (Consolidated/Non-consolidated)

(Billion yen)

		As of March 31, 2020(A)	As of March 31, 2019(B)	Increase/Decrease (A)-(B)	Major factors for increase/decrease (non-consolidated)
Assets	Consolidated	1,959.0	1,954.9	4.0	<ul style="list-style-type: none"> • Decrease in cash and deposits; [(16.7)] • Decrease in property of Electric utility plant caused by depreciation; [(68.7)] • Capital expenditure; [108.4]
	Non-consolidated	1,890.8	1,886.7	4.0	
Liabilities	Consolidated	1,711.6	1,726.5	(14.8)	<ul style="list-style-type: none"> • Increase in interest-bearing debt; [(17.2)] • Decrease in accounts payable – other; [(28.4)] • Decrease in accrued expenses; [(5.6)]
	Non-consolidated	1,689.1	1,701.6	(12.5)	
Net Assets	Consolidated	234.9	216.8	18.0	<ul style="list-style-type: none"> • Posting a net income; [23.9] • Year-ended dividends for FY2020; [(5.1)]
	Non-consolidated	201.7	185.1	16.6	

※ Consolidated data of Net Assets exclude non-controlling interests.

		As of March 31, 2020(A)	As of March 31, 2019(B)	Increase/Decrease (A)-(B)
Interest-bearing Debt Outstanding (Billion yen)	Consolidated	1,416.9	1,400.7	16.2
	Non-consolidated	1,417.1	1,399.8	17.2
Shareholders' Equity Ratio (%)	Consolidated	12.0	11.1	0.9
	Non-consolidated	10.7	9.8	0.9

■ Consolidated Statements of Comprehensive Income

Consolidated Statements of Comprehensive Income

(Billion yen)

	April 1 – March 31, 2020 (A)	April 1 – March 31, 2019 (B)	Increase/ Decrease (A)-(B)
Profit	27.1	22.8	4.2
Other Comprehensive Income	(2.8)	(3.8)	1.0
Valuation difference on available-for-sale securities [included in “Other Comprehensive Income”]	(2.0)	(2.0)	0.0
Deferred gains or losses on hedge	0.0	–	0.0
Remeasurements of defined benefit plans [included in “Other Comprehensive Income”]	(0.7)	(1.8)	1.0
Comprehensive Income	24.3	18.9	5.3
Comprehensive income attributable to owners of parent [included in “Comprehensive Income”]	23.7	18.8	4.8
Comprehensive income attributable to non-controlling interests [included in “Comprehensive Income”]	0.5	0.0	0.4

Consolidated Statements of Cash Flow

(Billion yen)

	April 1 – March 31, 2020 (A)	April 1 – March 31, 2019 (B)	Increase/ Decrease (A)-(B)
Cash flows from operating activities	102.6	113.8	(11.1)
Profit before income taxes	33.4	24.8	8.5
Depreciation and amortization	75.4	90.1	(14.7)
Cash flows from	(126.7)	(126.9)	0.1
Purchase of non-current assets	(128.4)	(128.5)	0.0
Deductible cash flow	(24.0)	(13.1)	(10.9)
Cash flows from financing activities	9.8	(31.2)	41.0
Increase (decrease) in interest-bearing debt	16.2	(26.0)	42.3
Proceeds from issuance of shares	–	46.7	(46.7)
Purchase of treasury shares	(0.0)	(47.6)	47.5
Net increase (decrease) in cash and cash equivalents	(14.2)	(44.3)	30.1

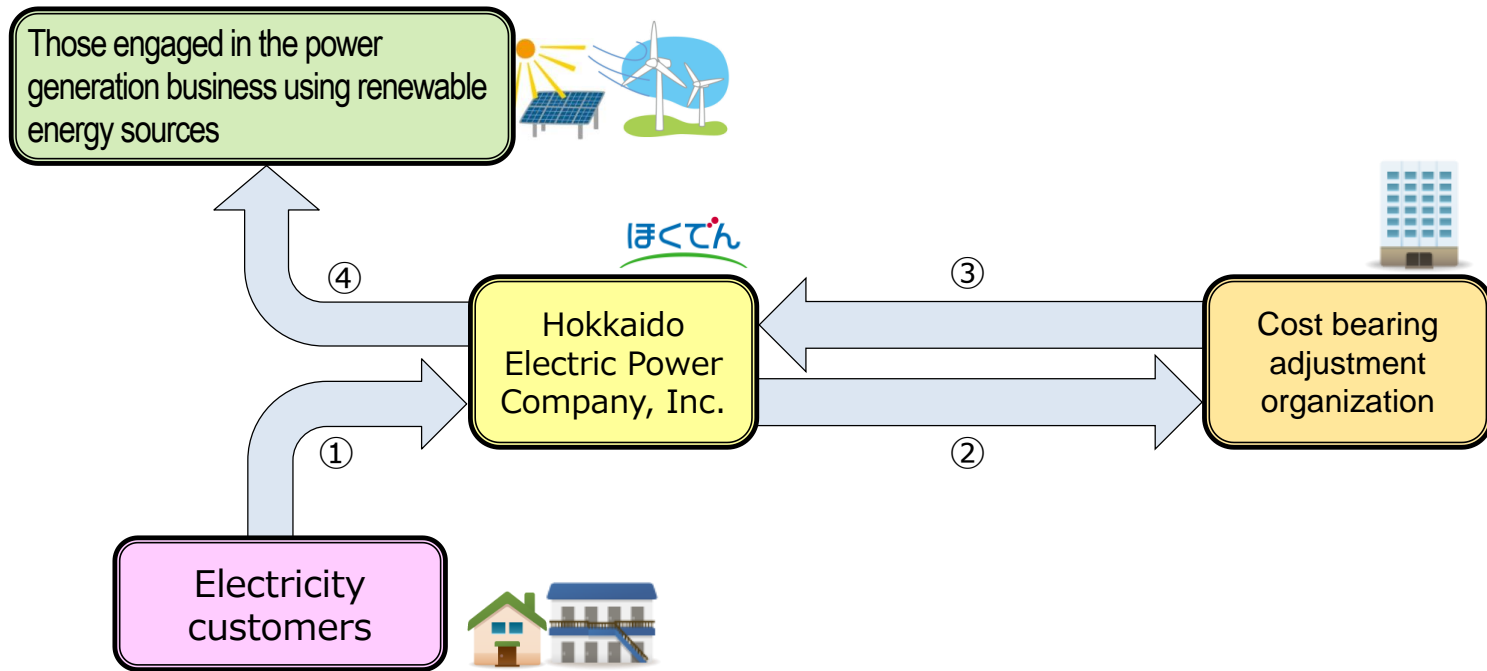
■ Segment Information

(Billion yen)

		Reportable segment	Other	Total	Adjustments	Consolidated total
		Electric				
Operating Revenue	April 1 – March 30, 2020 (A)	713.7	133.3	847.1	(98.7)	748.4
	April 1 – March 31, 2019 (B)	720.7	122.5	843.3	(91.1)	752.2
	Increase/Decrease (A)-(B)	(7.0)	10.8	3.8	(7.6)	(3.7)
Operating Income	April 1 – March 30, 2020 (A)	36.6	6.2	42.8	(0.4)	42.4
	April 1 – March 31, 2019 (B)	37.5	4.4	41.9	0.2	42.2
	Increase/Decrease (A)-(B)	(0.9)	1.7	0.8	(0.6)	0.1

Electric	Supply of electricity
Other	Electric/telecommunications works, overall management of buildings, civil engineering and construction, periodic inspection/maintenance/repair works at the power plant, etc.

Financial Results - Effect of the feed-in-tariff scheme for renewable energy



Effect of the feed-in-tariff scheme for renewable energy [Details of the 2nd half of FY 2019]

(Billion yen)

① Surcharge for renewable energy	62.9	② Levy under Act on Purchase of Renewable Energy Sourced Electricity	62.9
Collection of surcharge together with the electricity charge		Submission of the collected surcharge	
③ Grant under Act on Purchase of Renewable Energy Sourced Electricity	81.8	④ Cost of Purchased power	114.9
Deliver of purchase cost excluding saved fuel cost and others made by purchasing electricity from renewable energy sources.		Purchase of electricity at a fixed price for a government guaranteed period	

This material is compiled based on data available as of May 12, 2020. 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.

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