Financial Result for the Six Months Ended September 30, 2021

November 12, 2021

Hokkaido Electric Power Co., Inc.

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Financial Results and Forecasts

【Business results】

(Billion yen)

	April 1 – Sept. 30, 2021 (A)	April 1 – Sept. 30, 2020 (B)※	Increase/ Decrease (A)-(B)	Comparison (A)/(B) %
Operating Revenue	273.4	257.2	16.1	6.3
Operating Profit	27.1	33.5	(6.3)	(19.1)
Ordinary Profit	22.7	27.9	(5.2)	(18.7)
Profit attributable to owners of parent	17.4	24.1	(6.6)	(27.6)
Basic Earnings per Share [Yen]	81.71	114.07	(32.36)	

*From 1Q FY2022, the Accounting Rules for Electric Power Businesses were revised in tandem with the adoption of revenue recognition accounting standards, etc. The posting of revenue and expenses are not subject to impact related to the renewable energy fixed price purchasing system.
This presentation includes results for 2Q FY2021 therefore the aforementioned revisions have been applied retroactively and the figures have been recalculated accordingly.

【Financial status】

(Billion yen)

	As of Sept 30, 2021(A)	As of March 31, 2021(B)	Increase/ Decrease (A)-(B)
Assets	2,002.7	2,001.6	1.1
Net Assets	302.1	289.7	12.4
Shareholders' Equity Ratio	14.5%	13.8%	0.7%

Consolidated – Statement of Operations for the Six Months Ended September 30, 2021

（Billion yen）

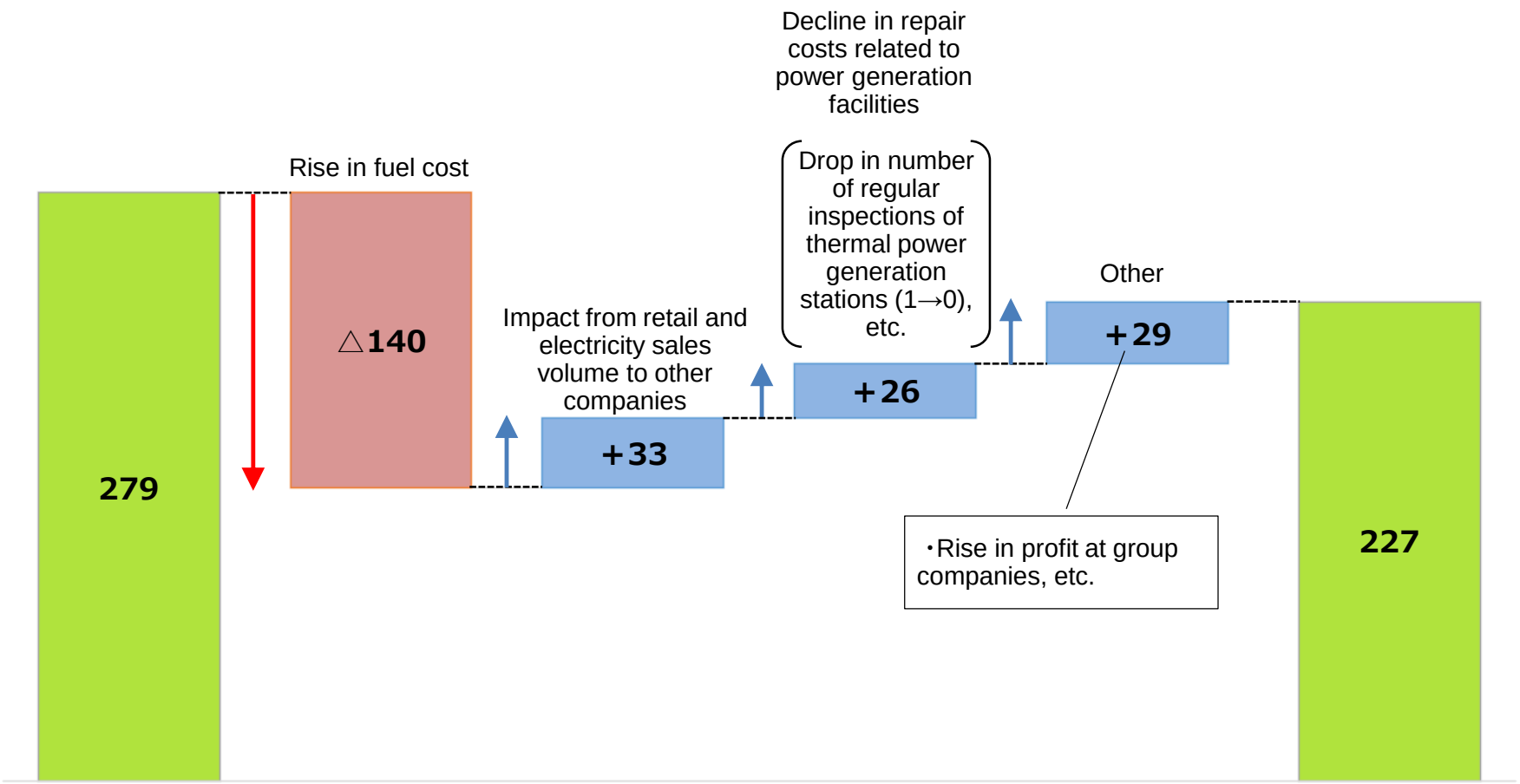
		1H FY2022 consolidated cumulative period (A)	1H FY2021 consolidated cumulative period (B)	Increase/Decrease (A)-(B)	Comparison (A)/(B) %
Ordinary Revenue	Operating Revenues	273.4	257.2	16.1	6.3
	Electricity utility operating revenue	255.1	240.3	14.8	6.2
	Other business operating revenue	18.3	16.9	1.3	8.1
	Non-operating Income	3.0	0.7	2.2	283.6
	Subtotal	276.4	258.0	18.4	7.1
Ordinary Revenue	Operating Expenses	246.3	223.7	22.5	10.1
	Electricity utility operating expenses	230.0	208.4	21.5	10.4
	Other business operating expenses	16.3	15.3	1.0	6.5
	Non-operating Expenses	7.4	6.3	1.0	16.8
	Subtotal	253.7	230.1	23.6	10.3
[Operating Profit] Ordinary Profit		[27.1] 22.7	[33.5] 27.9	[(6.3)] (5.2)	[(19.1)] (18.7)
Provision or reversal of reserve for fluctuation in water levels		(0.2)	(0.5)	0.2	–
Profit before income taxes		22.9	28.5	(5.5)	(19.3)
Income taxes		5.3	4.3	0.9	22.1
Profit		17.6	24.1	(6.4)	(26.8)
Profit (Loss) attributable to non-controlling interests		0.1	(0.0)	0.1	–
Profit attributable to owners of parent		17.4	24.1	(6.6)	(27.6)

(Appendix)					
	Comprehensive Income	16.8	25.8	(9)	(34.9)

Operating Revenue (Increased)	Operating revenue totaled 273.4 billion yen, a rise of 16.1 billion yen year-on-year, primarily reflecting an increase in electricity sales volume to other companies in tandem with the active implementation of electricity wholesale sales.
Ordinary Income (Decreased)	Ordinary income stood at 22.7 billion yen, a decrease of 5.2 billion yen year-on-year. Although there was an increase in electricity sales volume to other companies and a decline in repair costs related to power generation facilities, there was a deterioration in the balance between income and expenses due to a rise in fuel costs in and after April 2021.
Profit attributable to owners of parent	Profit attributable to parent company shareholders stood at 17.4 billion yen, a decline of 6.6 billion yen in comparison with a year earlier.

Consolidated Financial Results; Factors Involved in Change to Ordinary Profit (Year-on-Year Comparison)

(Unit: 100 million yen)



■ Forecasts of Consolidated Financial Performance for FY2022 (Ending March 2022)

We revised our consolidated earnings forecast for FY2022, released on July 30, 2021, mainly to reflect impact from a recent rise in fuel costs.

（Billion yen，TWh）

	April 1, 2021– March 31, 2022 Forecasts			New forecast YoY change (*)
	Revised forecasts (A)	Forecasts announced in July, 2021 (B)	Increase/ Decrease (A)-(B)	
Operating Revenue	Approx. 633.0	Approx. 600.0	Approx. 33.0	Approx. 48.0
Operating Profit	Approx. 20.0	Approx. 33.0	Approx. (13.0)	Approx. (34.0)
Ordinary Profit	Approx. 11.0	Approx. 23.0	Approx. (12.0)	Approx. (30.0)
Profit attributable to owners of parent	Approx. 9.0	Approx. 20.0	Approx. (11.0)	Approx. (27.0)
[Comparison to last fiscal year] Electricity Sales	Approx. (1.1%) Approx. 22.4	Approx. (1.1%) Approx. 22.4	Same lebel	Approx. (0.3)

From 1Q FY2022, the Accounting Rules for Electric Power Businesses were revised in tandem with the adoption of revenue recognition accounting standards, etc. The posting of revenue and expenses are not subject to impact related to the renewable energy fixed price purchasing system.
*That being said, year-on-year change is calculated assuming the application of the above revision to FY2021 results.

[Impact of COVID-19] Economic conditions continue to be harsh in Hokkaido due to negative impact from COVID-19 in FY2022. In light of this, retail electricity sales volume is expected to decline around 400 million kWh.

Key Factors

Foreign Exchange Rate [yen/$]	Approx. 110	Approx. 110	Same lebel	Approx. 4
CIF Crude Oil Price [$/barrel]	Approx. 75.0	Approx. 70.0	Approx. 5.0	Approx. 32.0

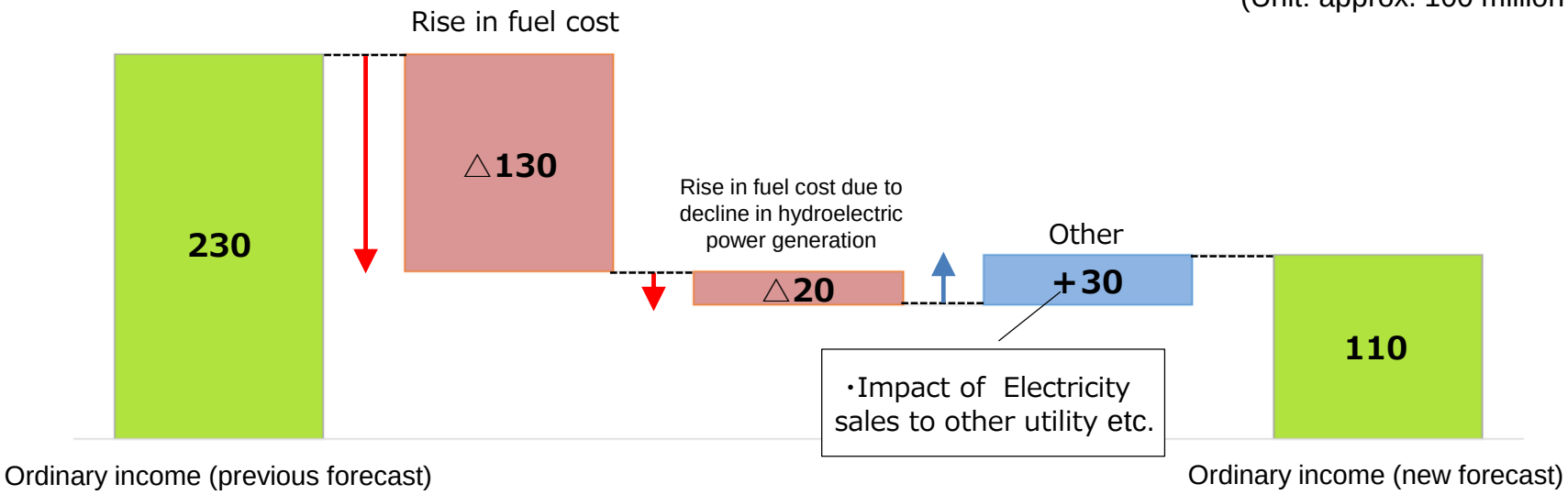
*In and after October, we forecast the foreign exchange rate was likely around JPY110/USD, and the crude oil CIF price was likely at USD80/bbl.

■Outline of revision of forecasts of Consolidated Financial Performance for FY2022 (Ending March 2022)

Electricity Sales	We estimate that results will be in the neighborhood with the figure disclosed in July given volume has been trending basically according to the plan in 2Q FY2022.
Operating Revenue	Operating revenue is expected to be around 633.0 billion yen, an increase of 33.0 billion yen in contrast with the figure disclosed in July. This reflects an increase in electricity sales to other companies, owing mainly to aggressive wholesale, and a rise in fuel cost adjust system charges owing to an expansion in fuel prices.
Ordinary Income	Ordinary income is anticipated to total around 11.0 billion yen, a decline of 12.0 billion yen versus the figure disclosed in July, chiefly reflecting a deterioration in the balance between income and expenses in tandem with a rise in fuel prices.

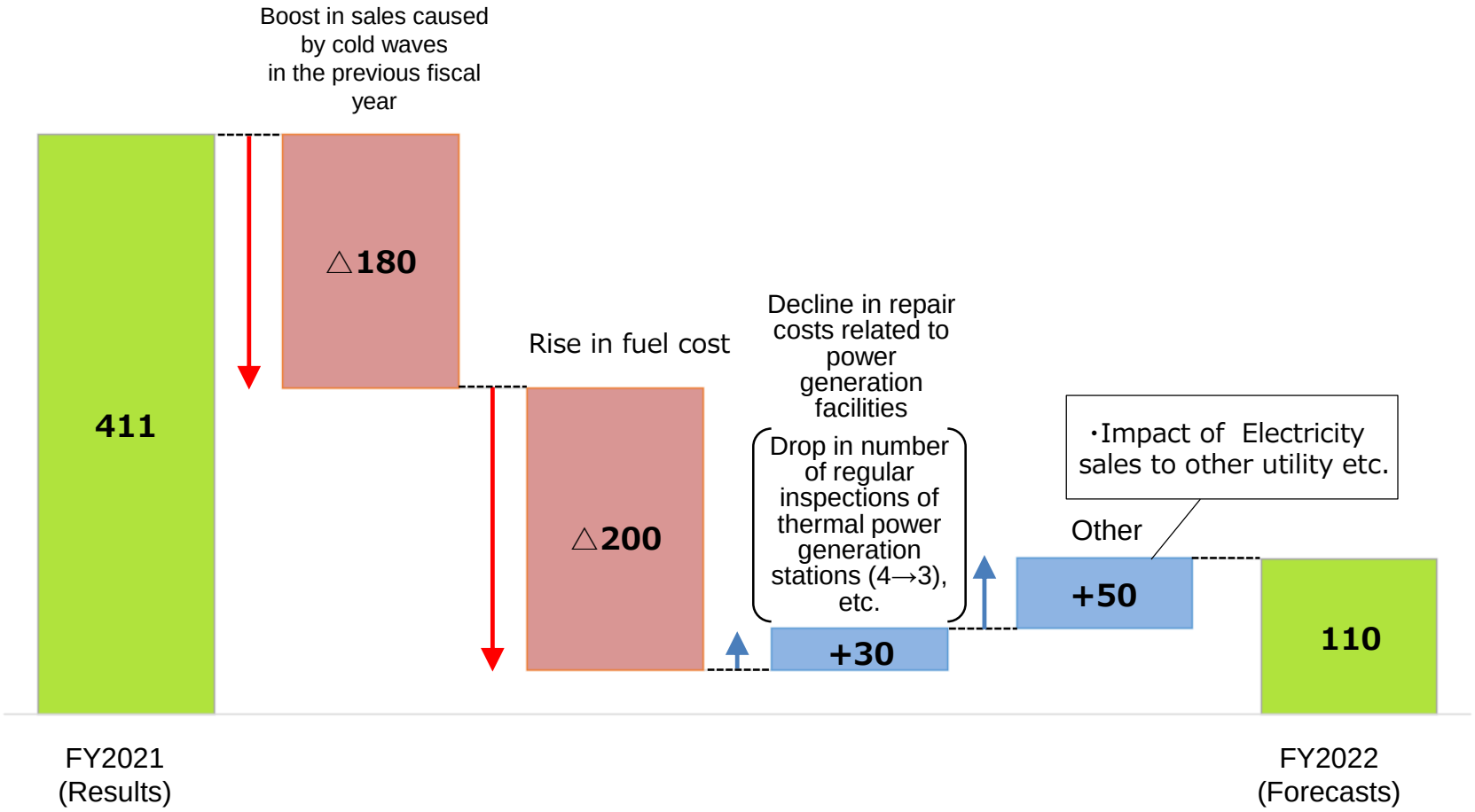
<Regarding the revised content of forecasts of Consolidated Financial Performance>

(Unit: approx. 100 million yen)



Forecasts of Consolidated Financial Performance for FY2022 (Ending March 2022); Factors Involved in Change to Ordinary Profit (Year-on-Year Comparison)

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



・The interim dividend in FY2022 was in line with the previously released dividend forecast. At today's Board of Directors meeting, it was decided the company will pay a 10 yen dividend per common share and that the per-share dividend for Class B preferred shares is 1,500,000 yen, in accordance with stipulations in the Articles of Incorporation.

・HEPCO reiterates the year-end dividend forecast for FY2022 which it released in July.

【 Cash Dividend per Share 】

	Common stock			Class-B preferred Stock		
	Interim	Year-ended	Annual total	Interim	Year-ended	Annual total
FY2021 actual	¥5.00	¥15.00	¥20.00	¥1,500,000	¥1,500,000	¥3,000,000
FY2022【forecast】	¥10.00	【¥10.00】	【¥20.00】	¥1,500,000	【¥1,500,000】	【¥3,000,000】

*FY2021 figures in parentheses are forecasts.

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Consolidated; Electricity Sales

・In retail electricity sales activities, HEPCO is continuing to deploy aggressive sales activities. Given the impact of contract changes to other business operators, total retail electricity sales were 9,923 million kWh, a decline of 1.9% year-on-year. (COVID-19 impact: Decline of roughly 300 million kWh → a drop of around 200 million kWh)

・Electricity sales volume to other companies totaled 3,385 million kWh, a growth of 103.4% year-on-year, mainly reflecting a rise in sales volume in tandem with the aggressive implementation of wholesale.

(GWh)

			1H FY2022 consolidated cumulative period (A)	1H FY2021 consolidated cumulative period (B)	Increase/ Decrease (A)-(B)	Comparison (A)/(B) %
Retail electricity sales	Low-voltage customers	Residential	3,761	3,927	(166)	(4.2)
		Commercial and Industrial	645	652	(7)	(1.2)
		subtotal	4,406	4,579	(173)	(3.8)
	High-voltage and Extra high-voltage customers		5,478	5,507	(29)	(0.5)
	Subtotal (*1)		9,884	10,086	(202)	(2.0)
	Other (*2)		39	33	6	18.1
	Total		9,923	10,119	(196)	(1.9)
Electricity sales to other utility			3,385	1,666	1,719	103.4
Total			13,308	11,785	1,523	12.9

*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 both Hokkaido Electric Power Network and Hokkaido Electric Power Co-creation.

Monthly Retail Electricity Sales Trends at HEPCO

(GWh, %)

		FY2022						
		Apr.	May	Jun.	Jul.	Aug.	Sep.	Total
Low-voltage customers	Residential	765	726	516	560	648	546	3,761
	Commercial and industrial	174	121	75	86	106	83	645
	Subtotal	939	847	591	646	754	629	4,406
High-voltage and Extra High-voltage customers		918	860	851	1,005	954	890	5,478
(Rate of increase / decrease in the same month of the Previous year)		[0.0]	[(0.8)]	[(3.6)]	[0.8]	[(2.5)]	[(6.5)]	[(2.0)]
Total		1,857	1,707	1,442	1,651	1,708	1,519	9,884

(GWh, %)

		FY2021												
		Apr.	May	Jun.	Jul.	Aug.	Sep.	Total	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Low-voltage customers	Residential	784	777	543	587	647	589	3,927	589	736	758	1,092	872	793
	Commercial and industrial	173	126	78	85	102	88	652	87	122	189	400	328	271
	Subtotal	957	903	621	672	749	677	4,579	676	858	947	1,492	1,200	1,064
High-voltage and Extra High-voltage customers		899	819	874	966	1,001	948	5,507	944	973	1,108	1,163	1,039	1,056
(Rate of increase / decrease in the same month of the Previous year)		[(4.5)]	[(4.3)]	[(2.3)]	[3.5]	[(2.2)]	[(4.9)]	[(2.6)]	[(2.1)]	[0.4]	[0.6]	[3.4]	[(25.3)]	[(6.4)]
Total		1,856	1,722	1,495	1,638	1,750	1,625	10,086	1,620	1,831	2,055	2,655	2,239	2,120

【Average temperature in Hokkaido】

(℃)

		Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec	Jan.	Feb.	Mar.
Average temperature (2021～2022)	actual	3.1	7.1	12.4	17.8	22.9	21.8	18.0						
	year-on-year	0.5	1.1	(0.3)	0.5	2.7	(0.6)	(1.3)						
	deviation	3.0	0.9	1.0	2.1	3.5	0.6	0.6						

Consolidated; Statement of Operations (Revenue)

(Unit: billion yen)

	1H FY2022 consolidated cumulative period (A)	1H FY2021 consolidated cumulative period (B)	Increase/ Decrease (A)-(B)	Comparison (A)/(B)%	Major cause of increase/decrease
Operating Revenue	273.4	257.2	16.1	6.3	
Electric utility operating revenue	255.1	240.3	14.8	6.2	
Two companies total – Commercial and Industrial	199.2	207.0	(7.8)	(3.8)	・Decrease mainly in retail electricity sales volume [(7.5)]
Two companies total – Others	56.4	33.8	22.5	66.5	・Increase in electricity sales volume between zones and to other companies [18.3] ・Increase in consignment revenues [3.5]
Two companies total – Sold power to other utilities & Sold power to other suppliers (Repost)	32.5	14.2	18.3	128.3	
Two companies total – Transmission revenue (Repost)	20.6	17.1	3.5	20.6	
Subsidiary / consolidation revision	(0.5)	(0.6)	0.1	–	
Other business operating revenue	18.3	16.9	1.3	8.1	
Non-operating Income	3.0	0.7	2.2	283.6	・Increase in the reversal to the allowance for doubtful accounts [1.7]
Ordinary Revenue	276.4	258.0	18.4	7.1	

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

Consolidated; Power Supply

・We were able to maintain a stable supply by appropriately managing the supply equipment 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)

		1H FY2022 consolidated cumulative period (A)	1H FY2021 consolidated cumulative period (B)	Increase/ Decrease (A)-(B)	Comparison (A)/(B)%
Generated Power	【Water flow rate %】 Hydroelectric	[88.7%] 1,972	[86.4%] 2,012	[2.3%] (40)	(2.0)
	Fossil Fuel	7,402	7,454	(52)	(0.7)
	【Nuclear capacity ratio%】 Nuclear	[–] –	[–] –	[–] –	–
	Renewable	42	57	(15)	(27.6)
	Subtotal	9,416	9,523	(107)	(1.1)
Power received by other companies*		5,062	3,446	1,616	47.0
Power used for pumped storage		(134)	(121)	(13)	11.0
Total		14,344	12,848	1,496	11.7

※Power received by other companies include the amount of power received from consolidated subsidiaries Hokkaido Power Engineering Co., Inc. and HOKUDEN ECO-ENERGY Co., Inc..

Consolidated; Statement of Operations (Expenses and Ordinary Profit)

(Unit: billion yen)

		1H FY2022 consolidated cumulative period (A)	1H FY2021 consolidated cumulative period (B)	Increase / Decrease (A) - (B)	Comparison (A)/(B)%	Major cause of increase/decrease
Electric utility operating expenses		230.0	208.4	21.5	10.4	
Two companies total	Personnel	27.4	28.0	(0.5)	(2.0)	・Decrease in retirement benefit costs [(1.0)]
	Fuel	43.7	35.1	8.5	24.2	[Cause of increase] ・Rise in fuel prices [13.7] ・Increase in electricity sales volume to other companies
	Purchased Power	42.1	25.5	16.6	65.2	
	Maintenance	24.1	26.4	(2.3)	(8.8)	・Decline in repair costs associated with power generation facilities [(2.6)]
	Depreciation	34.9	35.5	(0.5)	(1.7)	
	Other Expenses	59.8	58.3	1.4	2.5	・Increase in information processing cost [0.9]
	Subsidiary / consolidation revision	(2.2)	(0.6)	(1.5)	–	
Other business operating expenses		16.3	15.3	1.0	6.5	
Non-operating Expenses		7.4	6.3	1.0	16.8	
	Interest Expenses(Repost)	4.7	5.4	(0.6)	(11.7)	・Decrease in interest rates
Ordinary Expenses		253.7	230.1	23.6	10.3	
Ordinary profit		22.7	27.9	(5.2)	(18.7)	

*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.

Consolidated; Segment Information

・Revenue in the HEPCO segment was 251.8 billion yen, an increase of 6.5 billion yen year-on-year. Segment ordinary income totaled 21.7 billion yen, a decrease of 9.2 billion yen year-on-year, mainly impacted by a rise in electricity sales volume to other companies and a decline in repair costs associated with power generation facilities, and deterioration in the balance between income and expenses in tandem with a rise in fuel prices from April 2021 onward.

・Revenue in the Hokkaido Electric Power segment was 110.6 billion yen, an improvement of 10.8 billion yen year-on-year. Meanwhile, ordinary loss came to 1.2 billion yen. Although losses contracted 2.1 billion yen owing primarily to an increase in electricity demand in tandem with a shrink in COVID-19 impact.

(Unit: billion yen)

	1H FY2022 consolidated cumulative period (A)	1H FY2021 consolidated cumulative period (B)	Increase/ Decrease (A)-(B)
Operating Revenue	273.4	257.2	16.1
Hokkaido Electric Power Company	251.8	245.3	6.5
Hokkaido Electric Power Network	110.6	99.7	10.8
Other *1	58.2	57.7	0.4
Adjustments *2	(147.2)	(145.6)	(1.6)
Segment Income (Ordinary Income)	22.7	27.9	(5.2)
Hokkaido Electric Power Company	21.7	31.0	(9.2)
Hokkaido Electric Power Network	(1.2)	(3.4)	2.1
Other *1	3.6	0.9	2.6
Adjustments *2	(1.4)	(0.6)	(0.8)

*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.

Consolidated; Statements of Cash Flow

・Cash flow from operating activities was 14.0 billion yen, a decrease of 35.5 billion yen versus the end of the same period, a year earlier. This is primarily attributable to a decrease in quarterly net income before income taxes and an increase in inventory assets reflecting a rise in fuel prices.

・Cash flow from investing activities stood at 31.7 billion yen, a decline of 3.9 billion yen in comparison with the end of the same period, a year earlier. This is chiefly attributable to a decrease in expenditures owing to the acquisition of fixed assets.

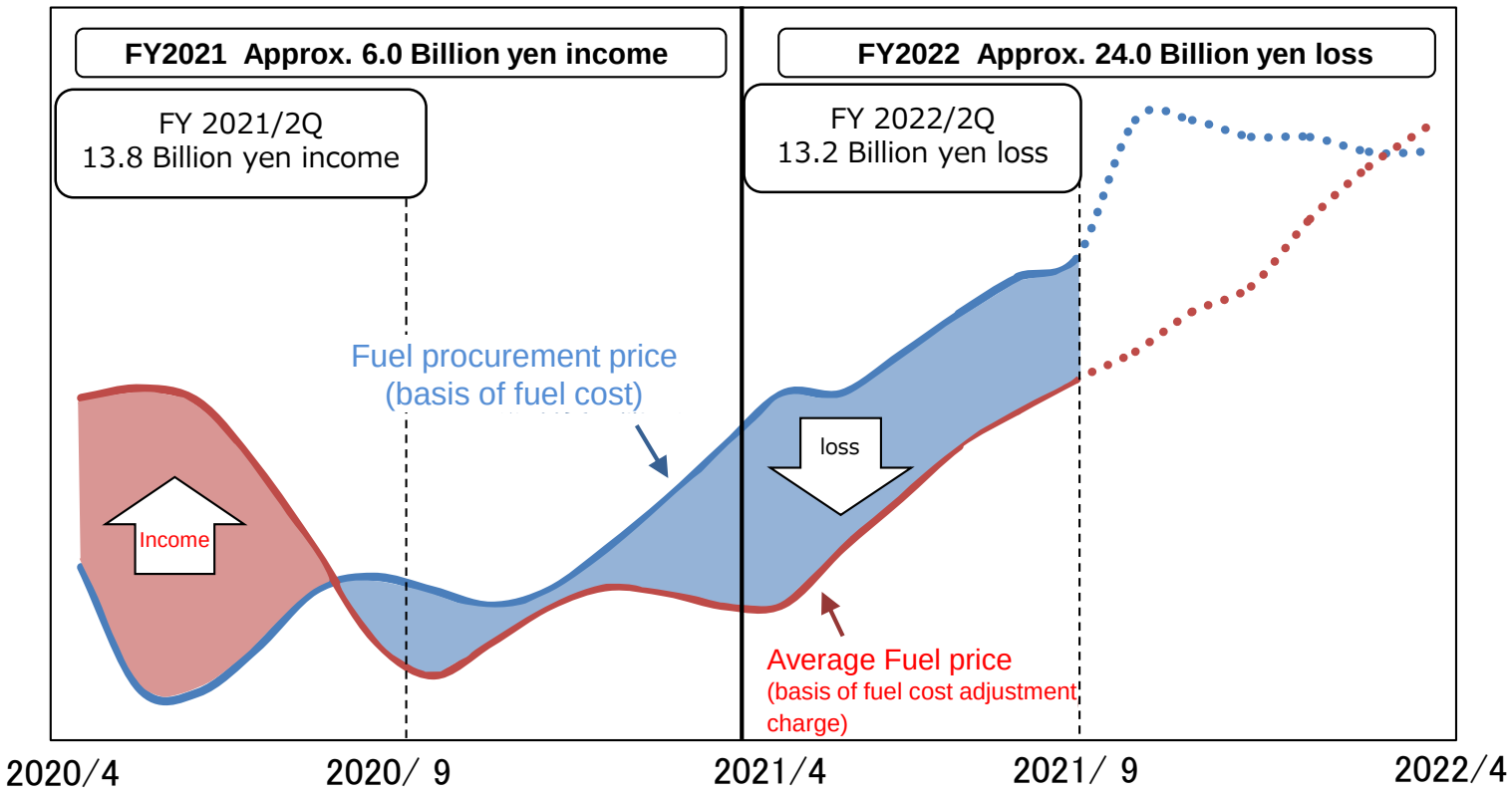
・Cash flow from financing activities totaled 6.0 billion yen, a drop of 1.4 billion yen in contrast with the end of the same period, a year earlier. This is mainly attributable to an increase in dividend payments.

・Reflecting the above, cash and cash equivalents amounted to 72.1 billion yen, a reduction of 11.6 billion yen versus the beginning of the fiscal year.

(billion yen)

	1H FY2022 consolidated cumulative period (A)	1H FY2021 consolidated cumulative period (B)	Increase / Decrease (A) - (B)
Ⅰ. Cash flows from operating activities	14.0	49.6	(35.5)
Ⅱ. Cash flows from investing activities	(31.7)	(35.7)	3.9
Deductible cash flow〔Ⅰ＋Ⅱ〕	(17.6)	13.8	(31.5)
Ⅲ. Cash flows from financing activities	6.0	7.5	(1.4)
Ⅳ. Net increase (decrease) in cash and cash equivalents〔Ⅰ＋Ⅱ＋Ⅲ〕	(11.6)	21.4	(33.0)
Ⅴ. Net increase (decrease) in Cash & Cash Equivalents	72.1	78.9	(6.8)

Time Lag Impact Incurred by Fuel Cost Adjustment System



*The time lag impact is a mechanical calculation of the difference between the "actual fuel cost adjustment amount" and the "fuel cost adjustment amount that does not take into account the time lag."

Expense breakdown （Two Companies Total*）

◆Personnel

（Billion yen）

	1H FY2022 cumulative period (A)	1H FY2021 cumulative period (B)	Increase/ Decrease (A)-(B)	Major factors for increase/decrease
Personnel	27.4	28.0	(0.5)	・Decrease in retirement benefit costs [(1.0)]

【Amortization of actuarial gains and losses】

*Actuarial gains and losses are being amortized in the following 5 years in which the gains or losses are recognized by the straight-line method.
*A half of the annual depreciation expense was posted in the current midterm.

（Billion yen）

	Amount accrued	Amortization of the previous year	April 1, 2021 – March 31, 2022		
			Amortization	Unamortized Balance	Ending FY [remaining year]
FY2016	5.0	1.0	–	–	–
FY2017	1.4	0.3	0.3	–	–
FY2018	(0.6)	(0.1)	(0.1)	(0.1)	2023（1 years）
FY2019	1.4	0.3	0.3	0.6	2024（2 years）
FY2020	3.7	0.7	0.7	2.2	2025（3 years）
FY2021	(4.6)	–	(0.9)	(3.7)	2026（4 years）
Total		2.2	0.3	(1.0)	

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

Expense breakdown （Two Companies Total*）

◆Fuel and Purchased Power

（Billion yen）

		1H FY2022 cumulative period (A)	1H FY2021 cumulative period (B)	Increase/ Decrease (A)-(B)	Major factors for increase/decrease
Fuel and Purchased Power		85.9	60.7	25.1	[Cause of increase] ・Rise in fuel prices ［13.7］ ・Increase in electricity sales volume to other companies
Break down	Fuel	43.7	35.1	8.5	
	Purchased Power	42.1	25.5	16.6	

Key Factors

	1H FY2022 cumulative period (A)	1H FY2021 cumulative period (B)	Increase/ Decrease (A)-(B)
Foreign Exchange Rate (yen/$)	110	107	3
CIF Crude Oil Price ($/barrel)	70.3	36.5	33.8
CIF Coal Price ($/t)	123.7	77.9	45.8

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

Expense breakdown （Two Companies Total*）

◆Maintenance

（Billion yen）

		1H FY2022 cumulative period (A)	1H FY2021 cumulative period (B)	Increase/ Decrease (A)-(B)	Major factors for increase/decrease
Maintenance		24.1	26.4	(2.3)	・Decline in repair costs associated with power generation facilities ［(2.6)］
Break Down	Generation	9.7	12.3	(2.6)	
	Others	14.3	14.0	0.2	

◆Depreciation

（Billion yen）

		1H FY2022 cumulative period (A)	1H FY2021 cumulative period (B)	Increase/ Decrease (A)-(B)	Major factors for increase/decrease
Depreciation		34.9	35.5	(0.5)	
Break Down	Generation	20.1	19.9	0.2	
	Others	14.7	15.6	(0.8)	

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

Expense breakdown （Two Companies Total*）

◆Interest Expenses

（Billion yen）

	1H FY2022 cumulative period (A)	1H FY2021 cumulative period (B)	Increase/ Decrease (A)-(B)	Major factors for increase/decrease
[Interest(on average)%] Interest Expenses	[0.67] 4.7	[0.74] 5.4	[(0.07)] (0.6)	・Decrease in interest rates

◆Other Expenses

（Billion yen）

	1H FY2022 cumulative period (A)	1H FY2021 cumulative period (B)	Increase/ Decrease (A)-(B)	Major factors for increase/decrease
Other Expenses	59.8	58.3	1.4	・Increase in information processing cost ［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.

Key Factors・Sensitivity Factors

Key Factors

	1H FY2022 cumulative period (A)	1H FY2021 cumulative period (B)	Increase/ Decrease (A)-(B)
Foreign Exchange Rate (Yen/$)	110	107	3
CIF Crude Oil Price ($/barrel)	70.3	36.5	33.8
Water Flow Rate (%)	88.7	86.4	2.3

Sensitivity Factors

（Billion yen）

	1H FY2022 cumulative period (A)	1H FY2021 cumulative period (B)	Increase/ Decrease (A)-(B)
Foreign Exchange Rate (1Yen/$)	0.4	0.3	0.1
CIF Crude Oil Price (1$/barrel)	0.1	0.1	0.0
Water Flow Rate (1%)	0.2	0.1	0.1

Consolidated Statements of Balance Sheets

(Unit: billion yen)

	As of Sept 30, 2021(A)	As of March 31, 2021(B)	Increase/ Decrease (A)-(B)	Major factors for increase/decrease
Assets	2,002.7	2,001.6	1.1	
Liabilities	1,700.6	1,711.9	(11.3)	・Decrease in accrued liability, etc. [(16.8)] ・Increase in interest-bearing debt [10.4]
Net Assets	302.1	289.7	12.4	・Posting of quarterly net income [17.4] ・Dividend payments [(3.7)]

(Billion yen、%)

	As of Sept 30, 2021(A)	As of March 31, 2021(B)	Increase/ Decrease (A)-(B)
Interest-bearing Debt Outstanding	1,407.8	1,397.3	10.4
Shareholders' Equity Ratio	14.5	13.8	0.7

Consolidated Statements of Comprehensive Income

Consolidated Statements of Comprehensive Income

(Billion yen)

	1H FY2022 cumulative period (A)	1H FY2021 cumulative period (B)	Increase/ Decrease (A)-(B)
Profit	17.6	24.1	(6.4)
Other Comprehensive Income	(0.8)	1.7	(2.5)
Valuation difference on available-for-sale securities [included in “Other Comprehensive Income”]	(0.9)	0.7	(1.6)
Deferred gains or losses on hedge [included in “Other Comprehensive Income”]	0.0	(0.0)	0.0
Remeasurements of defined benefit plans [included in “Other Comprehensive Income”]	0.0	1.0	(0.9)
Comprehensive Income	16.8	25.8	(9.0)
Comprehensive income attributable to owners of parent [included in “Comprehensive Income”]	16.6	25.8	(9.2)
Comprehensive income attributable to non-controlling interests [included in “Comprehensive Income”]	0.1	(0.0)	0.2

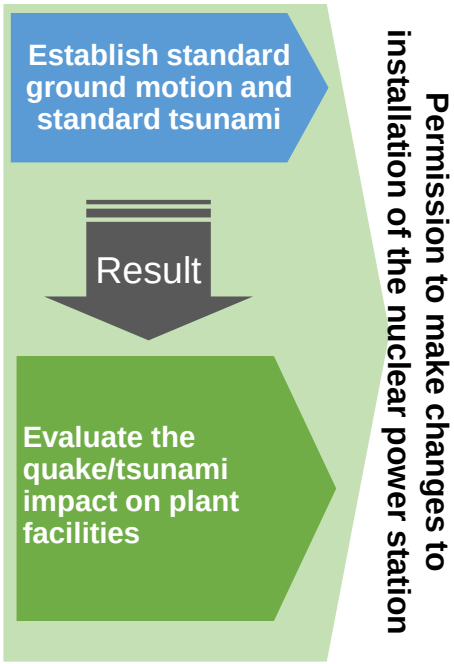
Management Approach

Initiatives for the Early Restart of the Tomari Nuclear Power Station (1)

- At the screening meeting on July 2, it was assessed that a “generally reasonable examination was conducted” to evaluate the on-site fault activity.
- Going forward, the main screening items are as follows.

Main screening items going forward and the flow of screening to acquire permission to make changes to installation of the nuclear power station

	Screening items	Explanation
Earthquake/ tsunami, etc.	Earthquake*	Evaluate ground motion without pinpointing the epicenter
	Tsunami	Evaluate a tsunami triggered by a quake expected to hit the east edge of the Sea of Japan
	Volcano	Evaluate the possibility of volcanic activity Evaluate the thickness of the pyroclastic material (volcanic ash)
Plant facilities	Quake-resistant design policy	Evaluate impact of liquefaction of ground under the seawall triggered by a quake
	Tsunami-resistant design policy	Evaluate impact in case of damage to the breakwater by a tsunami
	Facilities subject to design standards Facilities that cope with serious accidents	Completed overall explanation of matters other than items related to earthquakes and tsunamis

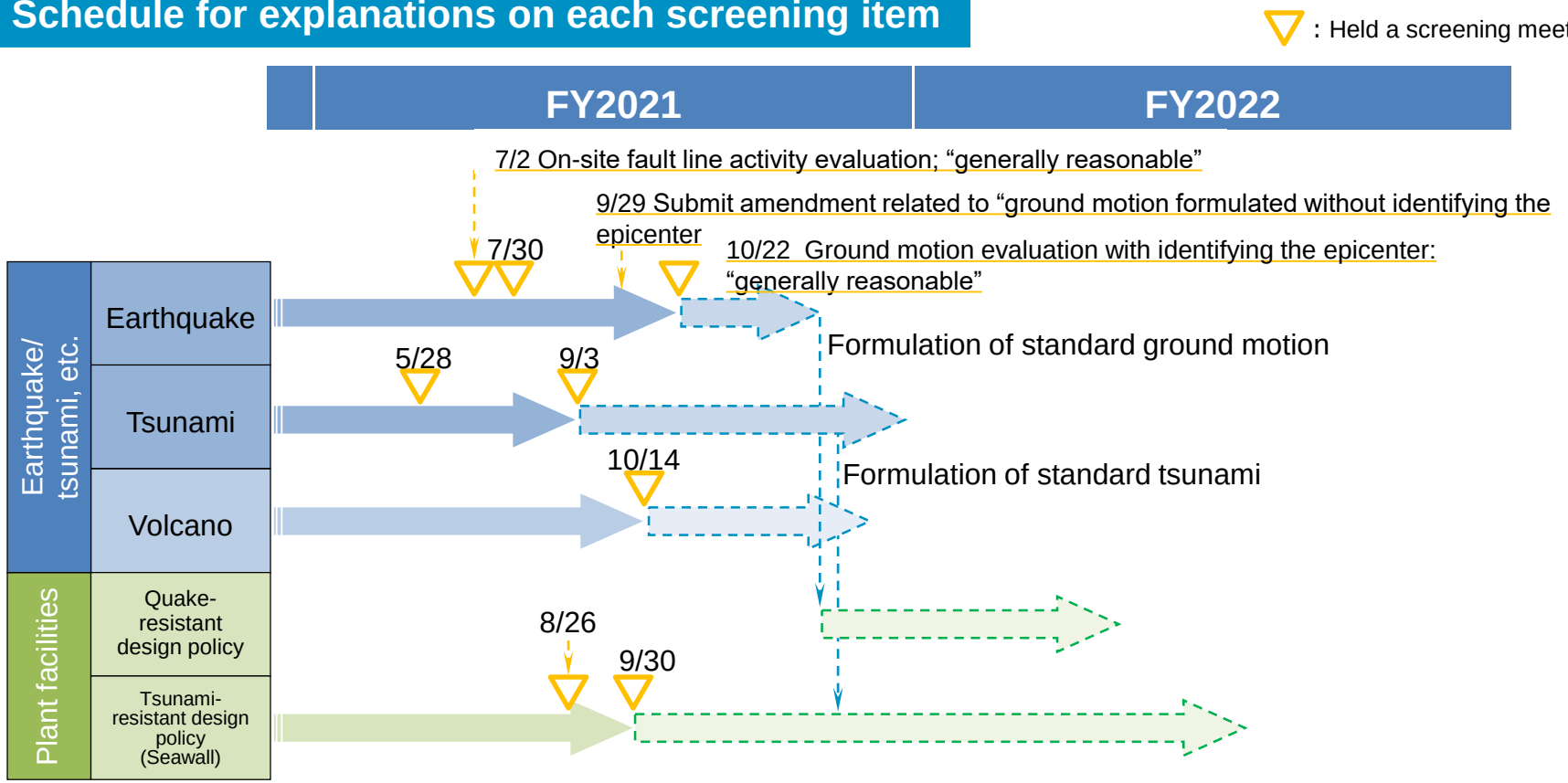


*Standard ground motion, which is used in quake-resistance evaluations for power stations is formulated based on the “ground motion evaluation with identifying the epicenter,” formulated for each power stations based on fault line activity survey results conducted in areas surrounding the power station, and “ground motion evaluation without identifying the epicenter,” formulated based on past earthquake observation records in which it is difficult to link the epicenter with fault lines. In April 2021, the screening guidelines related to the formulation of ground motion evaluation without identifying the epicenter were revised.

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

- Following the July 2 screening meeting, six other screening meetings were held.
- Going forward, after explaining quake/tsunami screening items and formulating standards for ground motion and tsunami, we plan to end this with an explanation of plant facility screening items by September 2022 or there around.

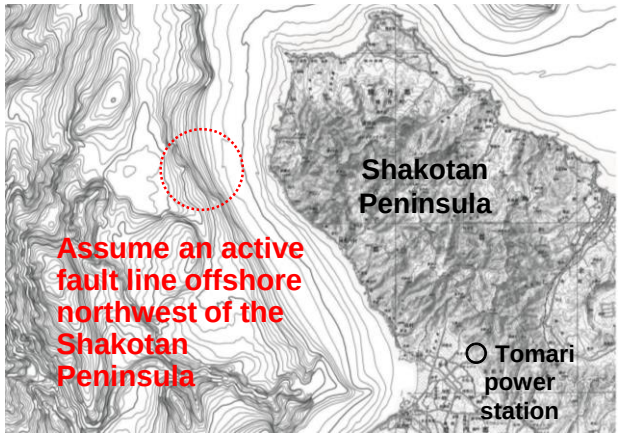
Schedule for explanations on each screening item



Initiatives for the Early Restart of the Tomari Nuclear Power Station (3)

Ground motion evaluation trends

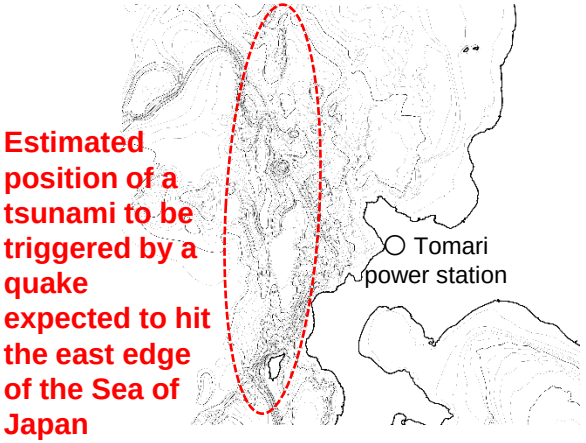
- Ground motion evaluations for each site in which the epicenter is identified (evaluation of ground motion triggered by a fault offshore northwest of the Shakotan Peninsula), were assessed as being generally reasonable at the October 22 screening meeting.
- Regarding ground motion evaluations in which the epicenter is not identified, evaluation results were compiled taking into account revisions, mainly to screening guidelines, and an amendment was submitted on September 29. Going forward, we plan to hold briefings, mainly at screening meetings.



<Evaluation of ground motion triggered by a fault offshore northwest of the Shakotan Peninsula>

Evaluation of a tsunami triggered by a quake to hit the east edge of the Sea of Japan

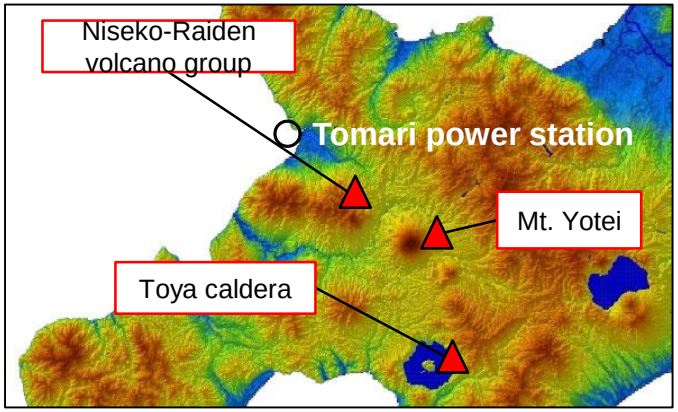
- At the September 3rd screening meeting, in the evaluation of a tsunami to be triggered by a quake expected to hit the east edge of the Sea of Japan, explained the estimated wave source that is likely to have the largest scale of impact on the Tomari power station, and received comments, mainly on enhancement of descriptions related to examination details. Going forward, we plan to revise these materials and hold briefings, mainly at screening meetings.



Initiatives for the Early Restart of the Tomari Nuclear Power Station (4)

Screening status of volcano impact evaluation

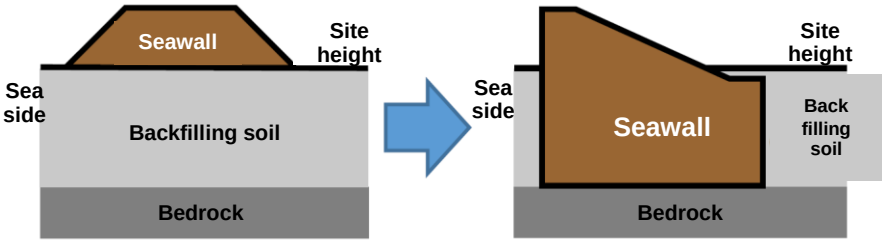
- At the October 14th screening meeting, explanations were given on the evaluation of potential volcanic activity and effective volcano monitoring. Comments were received on creating materials containing the most recent data on volcanos within a 160km diameter of the site. Going forward, we plan to revise these materials and hold briefings, mainly at screening meetings.



＜Volcanos subject to monitoring＞

Screening status of plant facilities

- At the September 30th screening meeting, explanations were given on ideas for new seawall designs. In moving forward with designs further out, we received comments on building seawalls that can sufficiently stand up to the power of an earthquake or tsunami, taking into account the precedent plant screening process.
  We will continue to examine this issue, and plan to hold briefings going forward, mainly at screening meetings.



＜Summary of changes to seawall design (details under consideration)＞

Expansion of Electricity Retail Sales: High Pressure/Special High Pressure Domains

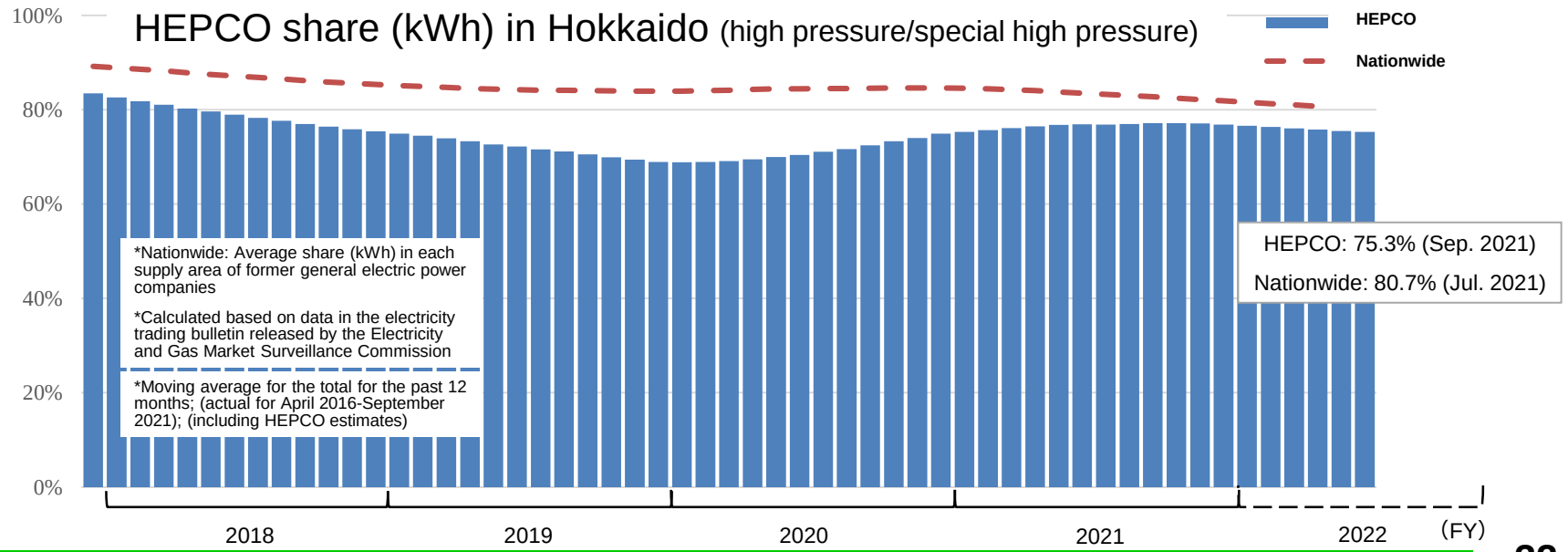
Rates
Optimal rate plan, propose a CO_2-free menu

Service
Provide services, including energy-saving diagnosis and ZEB consultations

Group Comprehensive Strength
Use technologies/knowhow of group companies

Fortify proposal skills so that customers will select from the HEPCO Group

Aim to recoup share and to realize further expansion



Expansion of Electricity Retail Sales: High Pressure/Special High Pressure Domains

Rates | Service | Group Comprehensive Strength

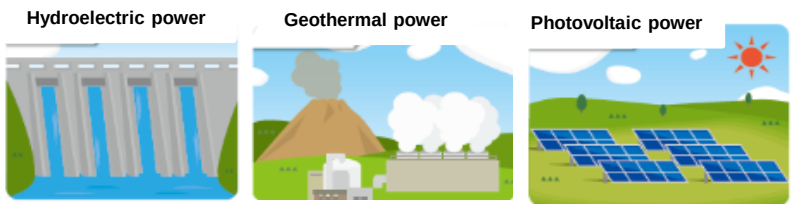
CO_2-free renewable energy rate plan

Rise in various environment-related needs

- Reduce environmental impact aiming for carbon neutrality
- Use 100% renewable energy for business activities that require electricity

◆Carbon F premium plan

✓ We have prepared a CO_2 emission-free, 100% renewable energy menu to conform to RE100 and so that customers can apply for EV subsidies



Solidly respond to needs of corporate customers that emphasize eco-friendly management
⇒ Secure/expand demand from said customers

ZEB* consultations

- In 2018, as a major electricity and gas company, we were registered as a ZEB planner for the first time. We pitched a wide range of proposals, including to public facilities and office buildings
- Leveraging our group comprehensive strength, we plan to expand in supporting ZEB construction, pitching system proposals, and analyzing/improving energy after operations

*ZEB: Net Zero Energy Building

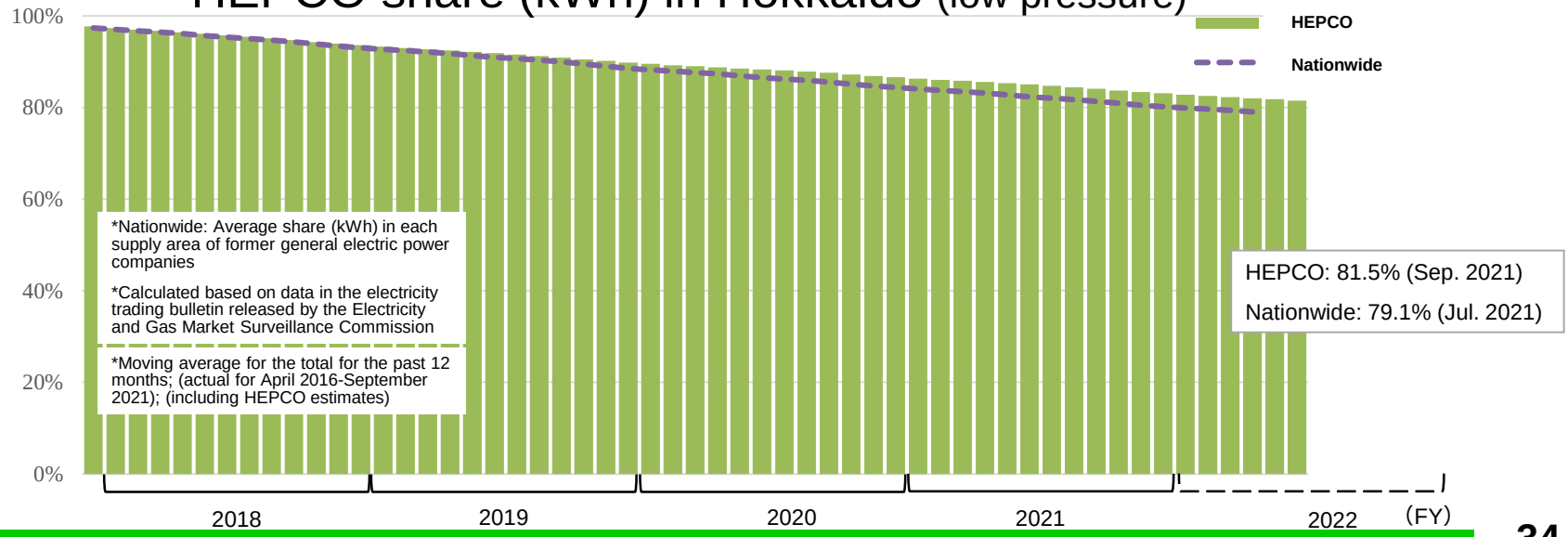
Contracted ZEB consultant operations and number of scheduled contracted projects: 20

Expansion of Electricity Retail Sales: Low Pressure Household Domain

- Diversify services, including Point service (Enetoku point plan) and member website (HEPCO Ene Mall), to encourage people to join and become contract subscribers
- Build alliances with energy business operators and telecommunications companies to secure customer contact points
- "City gas retail business"
  → Bundle sales of electricity and gas + growth into a new revenue-source business
- Strengthen activities for a shift to all-electric housing to realize carbon neutrality in 2050

Curb switchover among existing customers, recoup switchover customers, and secure new customers

HEPCO share (kWh) in Hokkaido (low pressure)



Expansion of Electricity Retail Sales: Low Pressure Household Domain

- Introduced a new rate plan from October 2021. In the central area of Hokkaido, including Sapporo, began offering options to nearly all household customers that use city gas.
- In addition, in line with the above, introduced free service calls by professional inspectors to check on gas equipment malfunctions. Building a full-line support system.

【Gas rate plan lineup】

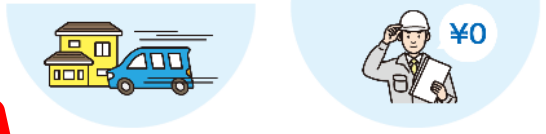
Target customers	Current HEPCO gas contract customers	HEPCO gas plan
For customers that use gas central heating systems	Yu-nukku 24 neo (home central heating contract fee)	Introduced on Oct. 1 「Relieved and great」
For customers that have gas meters installed exclusively for heating equipment	「General rate」 + 「Heating seasonal contract rate」	Introduced on Oct. 1 「General rate」 + 「Heating plus」
For customers that use gas FF heating equipment and water heaters	「FF heating and hot water system」	「FF heating and hot water」
For customers that use city gas for cooking and to heat water	「General rates」	「General rate」

Introduced on Oct. 1

Free service visit option offered to all customers!

Inspection professional come right away when you have problems with gas equipment

Free visit! Other companies charge several thousand yen



Introduced on Oct. 1

For customers that use gas central heating (ecojozu, etc.), with which repair costs tend to be expensive

We offer visit-plus for further relief!

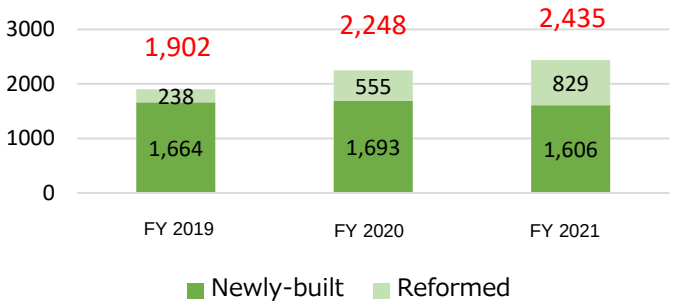
Compensate for repair costs at time of equipment malfunction

Regular inspections annually

Expansion of Electricity Retail Sales: Low Pressure Household Domain

- Aim to expand electricity demand by recommending the use of smart electrification and promoting the spread of room air conditioners, including the use of high-efficiency electrical heaters and water supply units that use heat pumps.
- Aiming for carbon neutrality in 2050, we plan to switch away from fossil fuel by expanding electrification as an action on the demand side.

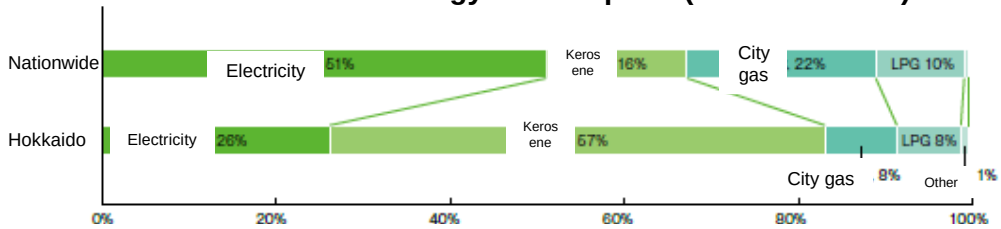
Number of homes using smart electrification



Opened a smart electrification showroom

In contrast with nationwide trends, homes in Hokkaido use a large amount of energy for heating, and consume a high ratio of petrol-based energy

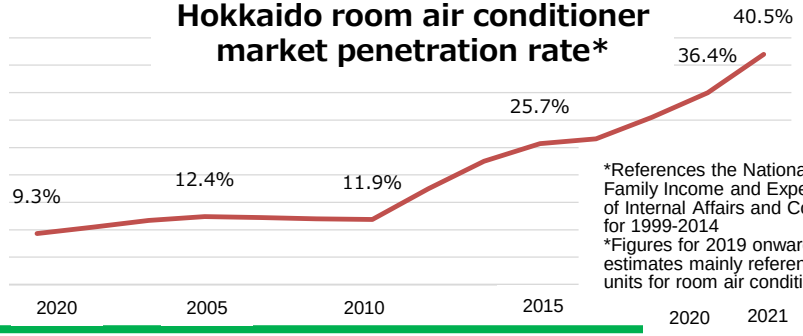
Ratio of household energy consumption (FY2019 results)



*Prepared by HEPCO referencing METI's "Energy Consumption Statistics by Prefecture" and "Comprehensive Energy Statistics"

The market penetration rate for room air conditioners in Hokkaido is 40.5% (FY2021, HEPCO estimate). Going forward, market penetration and expansion is anticipated.

Hokkaido room air conditioner market penetration rate*



*References the National Survey of Family Income and Expenditure, Ministry of Internal Affairs and Communications for 1999-2014
*Figures for 2019 onward are HEPCO estimates mainly referencing shipment units for room air conditioners

List of Initiatives to Achieve Carbon Neutrality

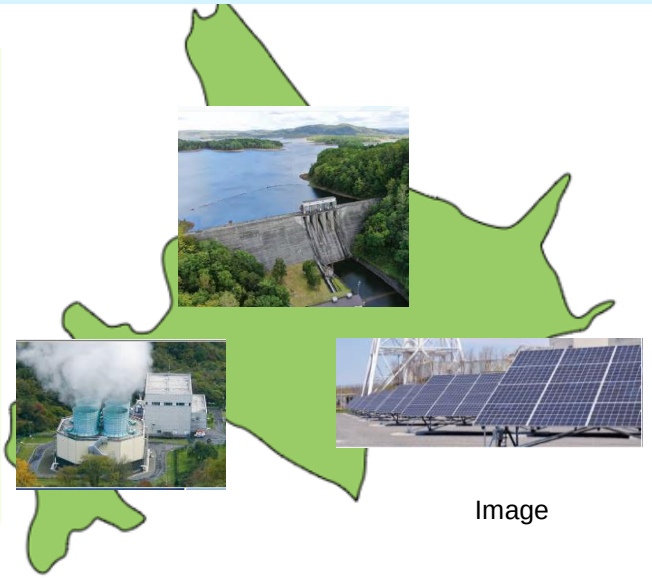
Details of initiatives	Slide
HEPCO's first green bond issuance	38
Implementation of a hydroelectric power station alliance project	39
Newly established the Mori Binary Power Station, which uses unused heat energy from the Mori power station (geothermal)	40
PPA services using a third-party ownership model for photovoltaic power generation facilities	41
Survey of hydrogen production and use owing to surplus offshore wind generated electricity	42
Survey of CO_2 separation and capture, and pipeline transport	43
Establish a Hokkaido hydrogen business platform	44

Carbon Neutral Initiatives (1)

HEPCO's first green bond issuance

- Issued HEPCO green bonds, which are corporate bonds that restrict the use of procured capital mainly to the development of renewable energy
- The HEPCO green bond framework, which was established in line with the bond issuance, is used to confirm conformity with various standards from DNV Business Assurance Japan, a third-party rating agency, and evaluate eligibility
- In addition, acquired a preliminary evaluation of GA1, the highest evaluation in the R&I green bond assessment from Rating & Investment Information, Inc.
- We aim to secure a deeper understanding of our aggressive environmental initiatives by a wide range of stakeholders, and also contribute to the diversification and stabilization of capital procurement

- Amount of funding to be raised: 5.0 billion yen
- Term: 10-year note
- Date of issuance: December 2021
- Use of capital:
  Projects related to the development, construction, operation and improvement of hydroelectric, photovoltaic, and geothermal renewable energy



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Carbon Neutral Initiatives (2)

Implementation of a hydroelectric power station alliance project

- HEPCO and Mitsubishi Corporation established an SPC named Donan Hydroelectric LLC for the future use of dilapidated hydroelectric power stations belonging to the HEPCO Group.
- SPC will handle the replacement of said power station and the power generation business

Summary of Donan Hydroelectric LLC

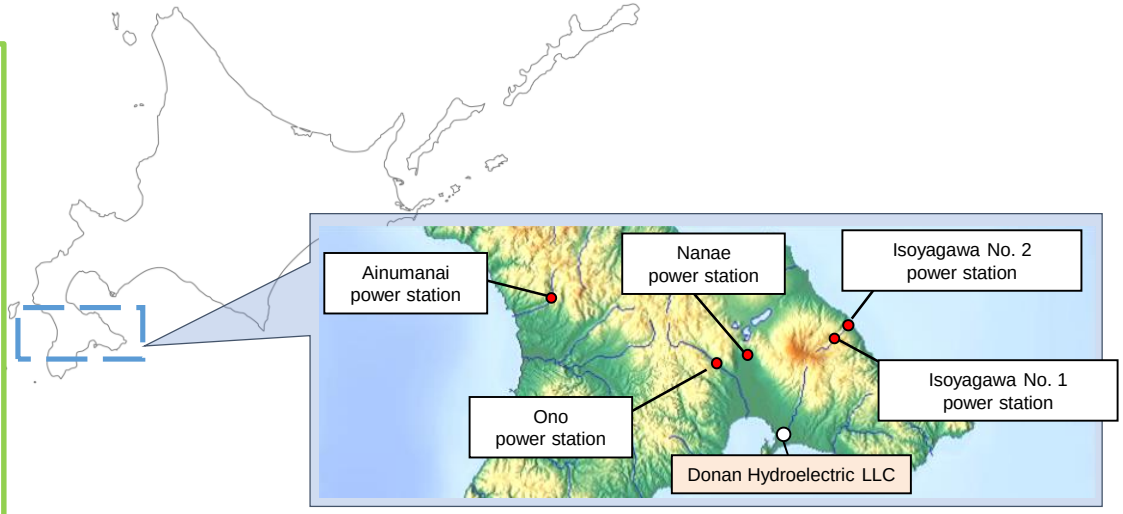
【Capital】10 million yen

【Investors/ownership ratios】HEPCO: 50%, Mitsubishi Corporation: 50%

【Operations】
Design, construction, operation, maintenance/management of hydroelectric power generation facilities and sales of electricity

【Role of HEPCO】
Power station maintenance, contact for local customers, licensing and permit acquisition, etc.

【Role of Mitsubishi Corporation】
Management of the joint venture, various contracts, and consideration/management of financing, etc.



Power stations	Nanae	Isoyagawa No. 1	Isoyagawa No. 2	Ainumanai	Ono
Output (kW)	10,000	2,400	1,250	2,000	1,500
Start operations	Feb. 1965	Jun. 1924	Jul. 1929	Dec. 1930	Sep. 1985
Terminate operations	Mar. 2024	Mar. 2024	Mar. 2024	Mar. 2023	May 2023
Years of operation※	56 years, 7 months	97 years, 3 months	92 years, 2 months	90 years, 9 months	36 years
Start of operations after replacement	May 2026	Mar. 2025	May 2025	Jan. 2024	Apr. 2024

*As of end Sep. 2021

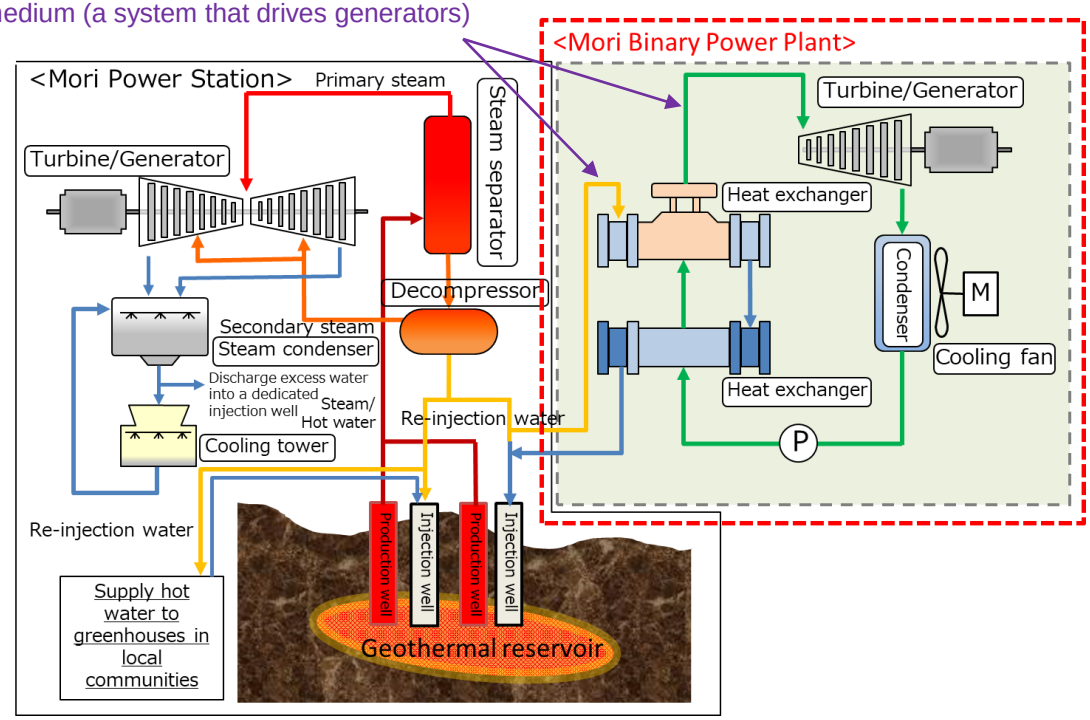
Carbon Neutral Initiatives (3)

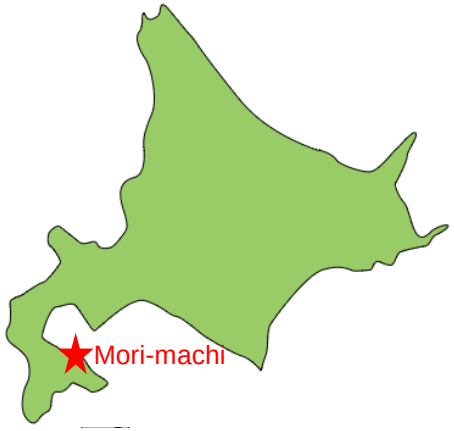
Newly established the Mori Binary Power Station, which uses unused heat energy from the Mori power station (geothermal)

- Power output: 2,000kW
- Power generation method: Binary power generation system using re-injection water

  *This method uses geothermal resources (steam/hot water) as a heat source, implements a medium with a boiling point lower than water, vaporizes the medium and use the steam to power the turbines and generate power.
- Start of operation: November 2023 (tentative)
- Management entity: A special purpose corporation will be established by three participating companies including HEPCO (Established June 2021)

Binary power generation: A power generation system with binary (two) heat cycles: one based on a heat source and the other on a medium (a system that drives generators)



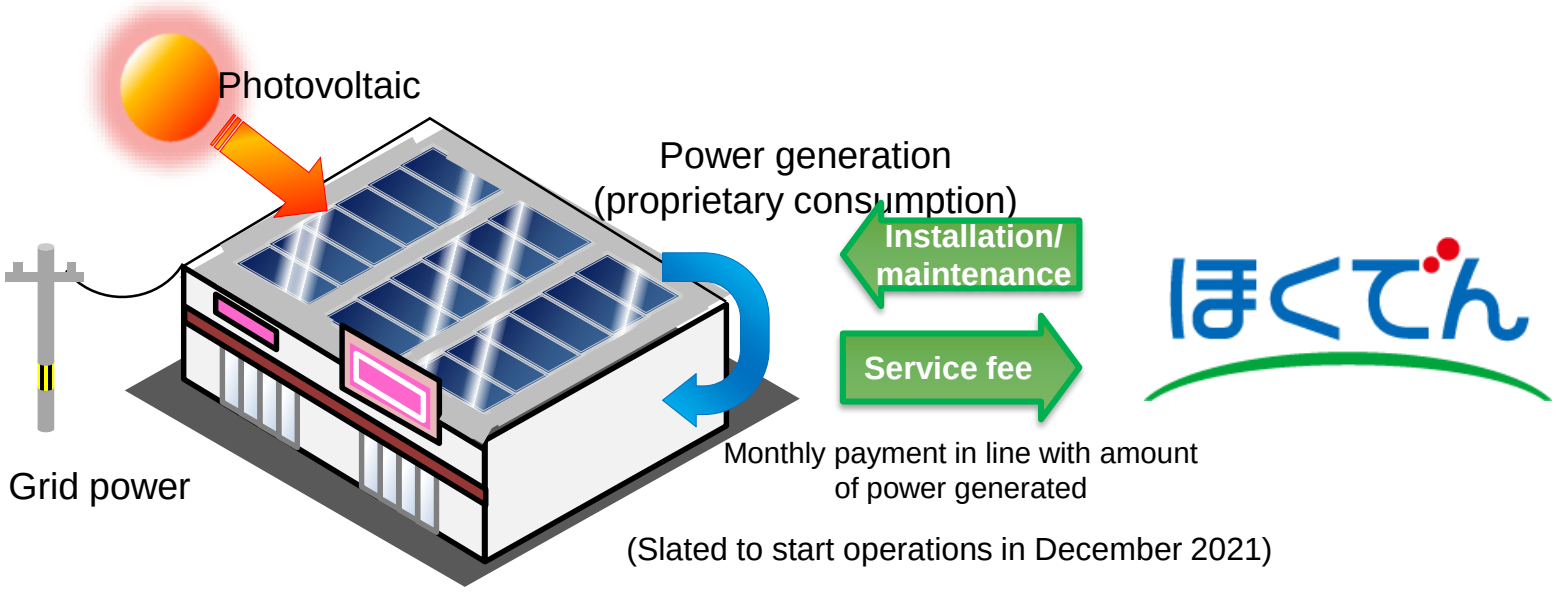


Carbon Neutral Initiatives (4)

In July 2021, entered into a contract with AEON Hokkaido Co., Ltd. regarding HEPCO's first PPA* services using a third-party ownership model for photovoltaic power generation facilities

*Power Purchase Agreement

- Installed photovoltaic power generation facilities owned by HEPCO on a customer's site
- Customer pays service fees corresponding to the amount of power generated each month
- HEPCO carries out maintenance of power generation facilities and ancillary equipment



(Slated to start operations in December 2021)

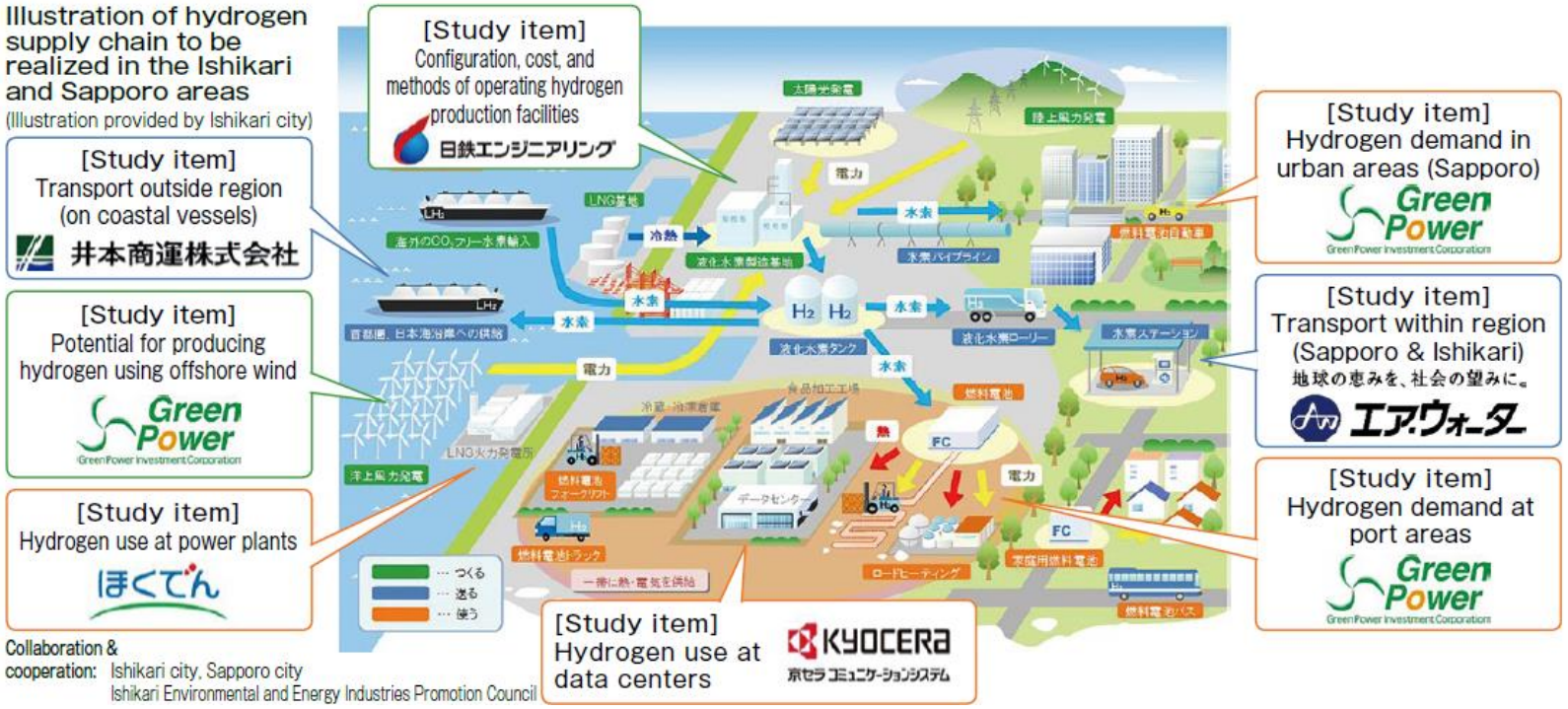
Contribute to the realization of carbon neutrality in 2050 by addressing customer needs to reduce CO_2

Carbon Neutral Initiatives (5)

Survey of hydrogen production and use owing to surplus offshore wind generated electricity

- Undertake NEDO (New Energy and Industrial Technology Development Organization) contracted projects
- Aim to extract issues, including technological, economic and systematic issues, and aim for the social implementation of efficient hydrogen production (local production) via the integrated operation of a “large-scale offshore wind power station,” “large-scale storage battery,” and “water electrolyzer,” hydrogen use (local consumption) in Ishikari and Sapporo Cities, and hydrogen transportation inside and outside Hokkaido.
- Project implementation period: FY2022–FY2023

Illustration of hydrogen supply chain to be realized in the Ishikari and Sapporo areas
(Illustration provided by Ishikari city)



Collaboration & cooperation: Ishikari city, Sapporo city
Ishikari Environmental and Energy Industries Promotion Council

Carbon Neutral Initiatives (6)

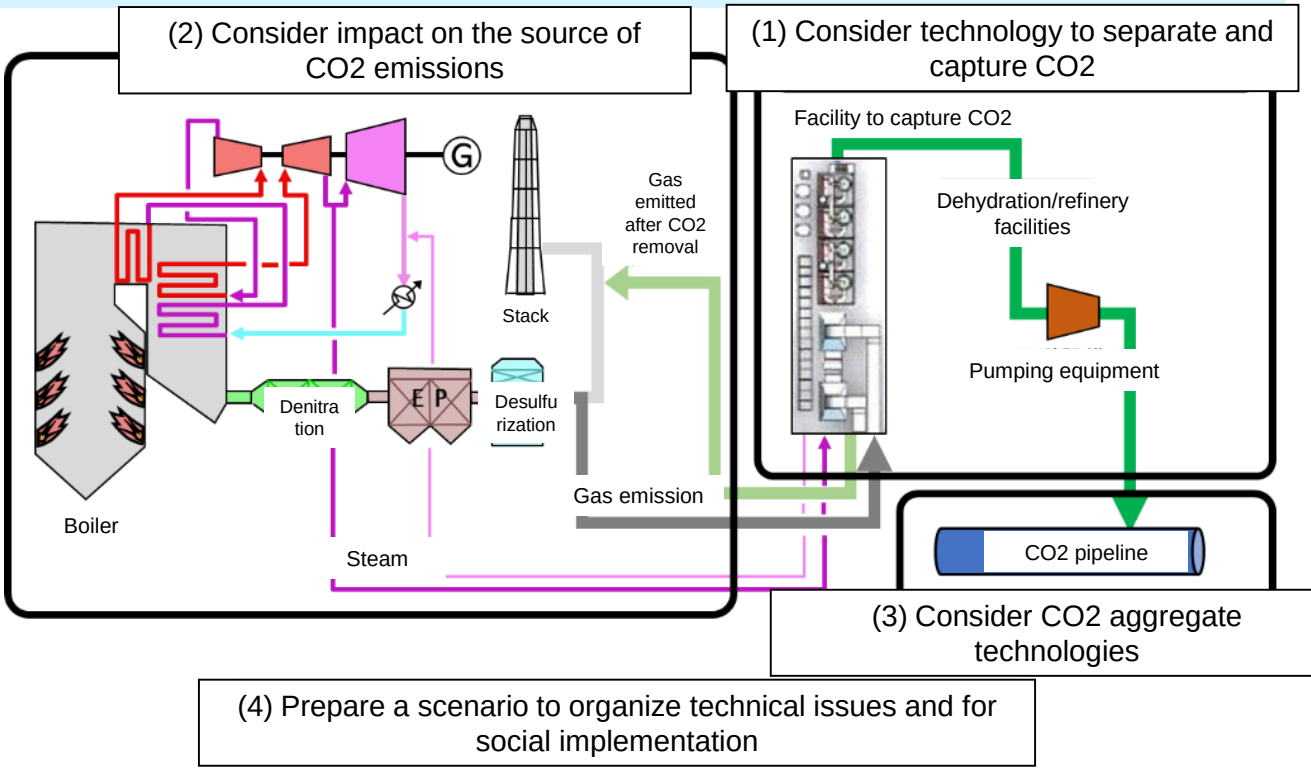
Survey of CO_2 separation and capture, and pipeline transport

- Undertake NEDO contracted projects
- At the Tomato-Atsuma power station, aim for the social implementation of CCUS* going forward by examining and organizing issues with aggregate technologies to separate and capture emitted CO_2, and use the captured CO_2
- Project implementation period: August 2021–February 2023

*CCUS (Carbon Capture, Utilization and Storage): Technology to use separated and captured CO_2, and to store it underground

【Implementing entities】
- **HEPCO**
- IHI Corporation
- JFE Engineering Corporation

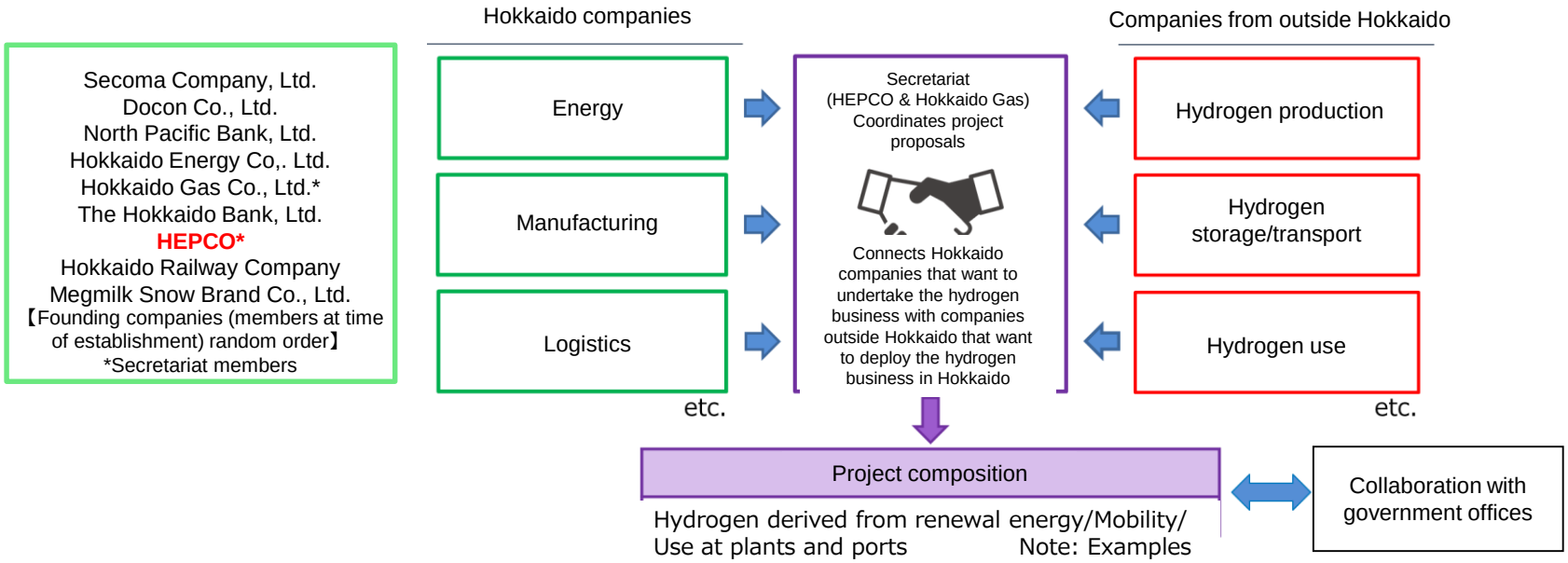
【HEPCO survey】
○ Examine an optimal method for using facilities to separate and capture CO_2 emitted from power stations and organize the issues
○ Consider cost of CCUS



Carbon Neutral Initiatives (7)

Establish a Hokkaido hydrogen business platform

- Nine private-sectors companies in Hokkaido aim to pioneer the use of domestically-produced green hydrogen by realizing the building of a hydrogen supply chain early on in Hokkaido. On July 7, the Hokkaido hydrogen business platform was established.
- The ideas and needs of companies that aim to tackle the hydrogen business and have an infrastructure in Hokkaido (Hokkaido companies), and knowhow and technologies of companies possessing knowhow and technologies related to hydrogen and aim to deploy the hydrogen business in Hokkaido (companies outside Hokkaido) were linked together. The aim is to generate synergistic benefits and launch activities to create projects that will contribute to social implementation.
- After establishment, many other companies and organization are participating. There were 33 member companies as of the end of October.



Initiatives to Expand the Acceptance of Renewable Energy

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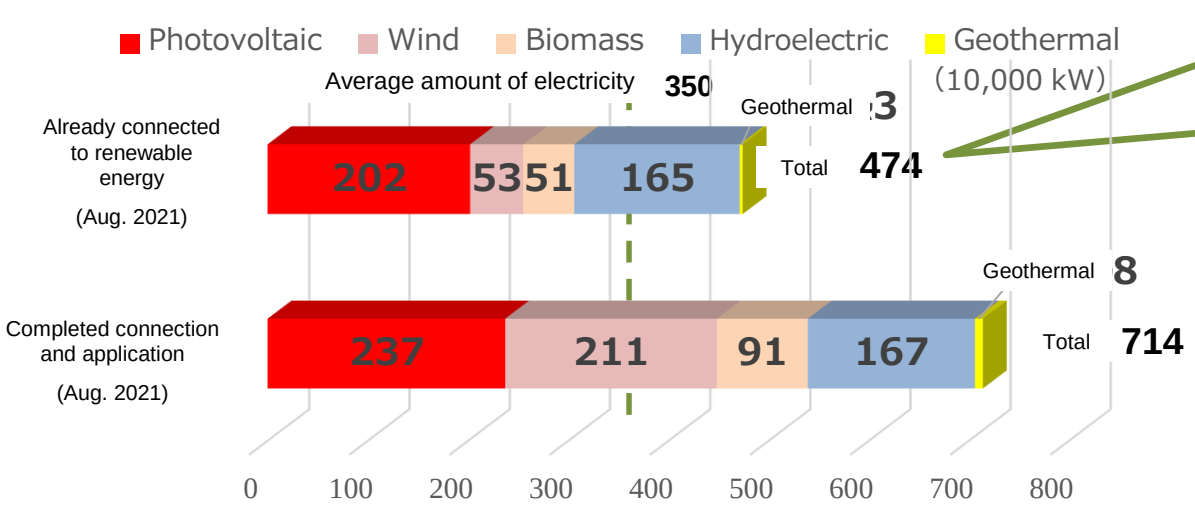
- Maintain the quality of electricity in Hokkaido while implementing initiatives to accept and expand the use of renewable energies

Amount of renewable energy introduced (as of the end of August 2021)

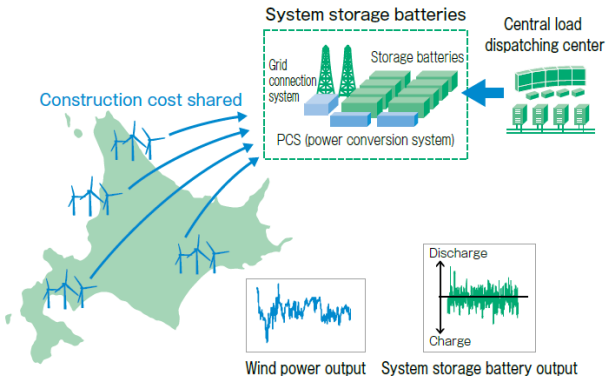


As of the end of August 2021, the amount of renewable energy that was introduced totaled roughly 4,740,000 kW.

Of this, the total amount of photovoltaic and wind power introduced was about 2.55 million kW. This is the equivalent to about 70% of the average amount of electricity used in the Hokkaido area in 2020 (around 3.50 million kW).

Recruitment process for wind power generation using a grid-side storage battery

- Assuming the joint shouldering of costs related to the grid-side storage battery, take applications for 600,000 kW of wind power in Phase I.
- In Phase I, finalize as a 162,000 kW project with 15 users (After this, start additional recruitment for the remaining capacity of 438,000 kW in Phase I).
- Factor in knowhow obtained from past verification tests while carrying out preparation for realizing a wind generated power grid in the middle of 2022.



Direction of Initiatives for Realizing Carbon Neutrality

- Tackle the realization of carbon neutrality from both supply and demand
- Despite the expansion in renewable energy, realize stable supply through enhanced supply-demand operations and proper formation of facilities

(below indicates reference slides)

Supply-side carbon neutrality

Aim for zero CO_2 emissions from the power generation division

Renewable energy (39～41)

- Further expansion of hydroelectric power, wind power, photovoltaic power, geothermal power and biomass

Nuclear power (28～31)

- Largely contribute to the reduction of CO_2 emission and power generation cost

Convert to CO_2-free thermal power (43)

- Use hydrogen and ammonia combustion and CCUS
- Contribute to stable supply as an output adjustable power source

Demand-side carbon neutrality

Promote the electrification of heating demand unique to Hokkaido
Use hydrogen, etc. produced form CO_2-free electricity

Citizens and corporations of Hokkaido

- ▼ Household/commercial (heater, hot water supply, etc.)
- ▼ Transport (passenger/cargo, etc.)
- ▼ Industry (plants, etc.)

Select based on energy use trends

Promote electrification (36)

Use hydrogen, etc. (42 44)

Supply CO_2-free electricity

Build an electrical grid supporting carbon neutrality (network) (45)

Enhance supply-demand operations, proper facility formation ⇒ Compatibility between stable electric power supply and carbon neutrality

Reference Materials

[Reference]HEPCO Group Management Vision 2030; Management Goals for 2030

- **Our business environment will change substantially around the time the Tomari Nuclear Power Station, our major power source, is restarted.**
- **While aiming to return the Tomari Nuclear Power Station to operation as early as possible under the fundamental provision of safety being assured, we have and will continue to work hard to increase management efficiency prior to the restart of the power station in order to secure profits. We will also endeavor to expand our business domains to ensure sustainable growth.**

	Phase I (before the restart of Tomari NPS)	Phase II (after all units of Tomari NPS are back in operation)
Power source mix	Use thermal power as a main power source	Use thermal power mainly for adjustment
	Reinforce safety of Tomari NPS prior to its restart	**Restart Tomari NPS** (Unit 3 → Units 1 and 2) Inexpensive electricity rates Supply low-carbon power within and outside Hokkaido
	Expand renewable power generation	
Expansion of retail sales; promotion of electrification	Implement the Retail Sales Strategy; promote total energy solutions	
	Promote electrification of housing, industry, and transportation; and increase power demand	
Expansion of the scope of business domains	Expand the scope of business domains to include city gas sales and other businesses	
Stable supply; efficiency	Secure stable supply and enhance resilience while at the same time increasing efficiency and reducing costs	
Target profit	Consolidated ordinary income ¥23 billion+/year	Consolidated ordinary income ¥45 billion+/year

[Reference]HEPCO Group Management Vision 2030; Management Goals for 2030

Financial target

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

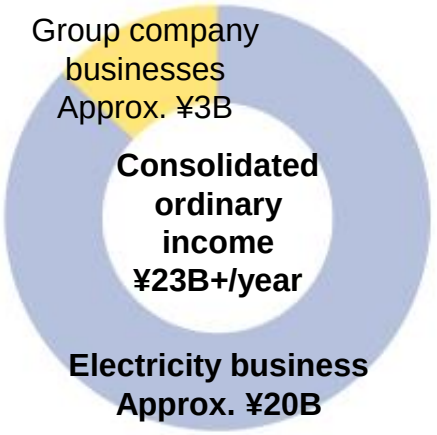
Cash flow

- **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+**

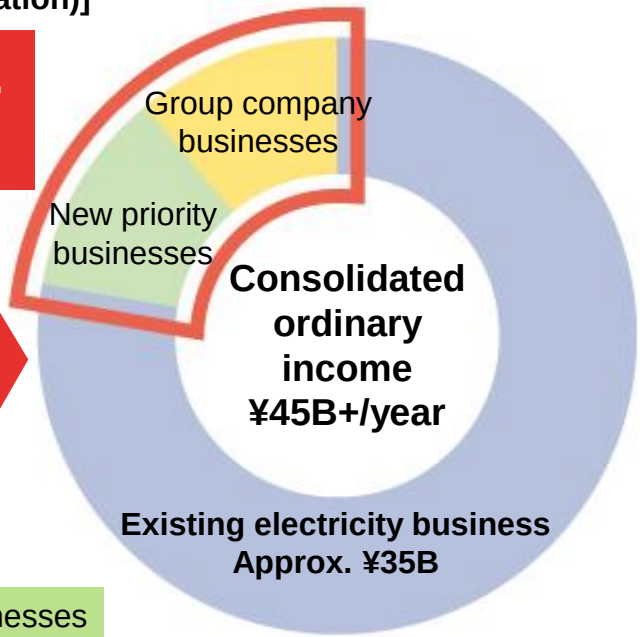
[Phase I (before the restart of Tomari NPS)]



Approx. ¥10B

Consolidated ordinary income **Almost double**

[Phase II (after all units of Tomari NPS are back in operation)]



New priority businesses

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

Cost reduction

- **Ceaseless efforts for efficiency improvement and cost reduction**

Environmental target

- **CO_2 emissions: Reduction by 50%+ (or 10M t+/year) from 2013 levels through the restart of Tomari NPS and the use of LNG thermal generation**

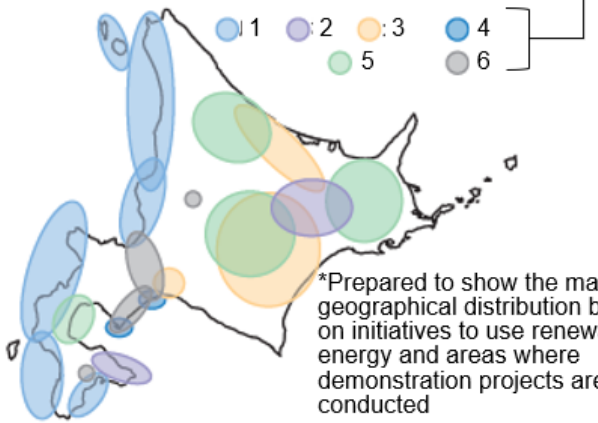
[Reference] Measures to Looking Ahead to Carbon Neutrality by 2050

Initiatives using regional characteristics of Hokkaido

Ideal environment for expanding the introduction of renewable energy

Good wind conditions / Abundant sunlight	Surrounded by seas	→ Offshore wind power generation
	Vast land area, much blessed with abundant sunlight	→ Onshore wind power generation, solar power generation
Collaboration with local industries	Forestry	→ Woody biomass power generation
	Farming	→ Livestock biomass power generation
Existence of geothermal resources		→ Geothermal power generation

[Main geographical distribution of renewable energy sources, etc. in Hokkaido]



*Prepared to show the main geographical distribution based on initiatives to use renewable energy and areas where demonstration projects are conducted

From the Vision to Achieve a Hydrogen Society in Hokkaido (revised edition) developed by the Hokkaido Government

Electrification potential in energy demand

As many cities, towns, and villages are scattered throughout the vast, cold and snowy land,
- a large amount of energy is consumed for heating, hot water supply, travel, and transportation, and
- there is good potential for electrification and utilization of hydrogen for the realization of carbon neutrality since petroleum-based energy is mainstream.

Household and business sector (heating and hot water supply)	→ Energy demand for heating and supplying hot water -> Electrification (good potential for electrification especially in heating)
Transport sector (passengers and freight)	→ Energy demand for transport -> Electrification, hydrogen-based fuels Introduction of electric vehicles (EVs) and fuel cell vehicles (FCVs)
Industry sector	→ Electrified as much as possible

HEPCO Group's Vision

The HEPCO Group will do its utmost to meet the challenge of achieving carbon neutrality for all energy use in Hokkaido.

▶In addition to achieving the HEPCO Group's environmental target for 2030 (reducing CO_2 emissions from the power generation division by more than 50% from FY2014 levels), we aim to achieve zero CO_2 emissions from the power generation division in the long term.

▶Through the expansion of electrification and the use of green hydrogen, we aim to achieve carbon neutrality in Hokkaido, including other forms of energy other than electricity.

Image of future reduction of CO_2 emissions

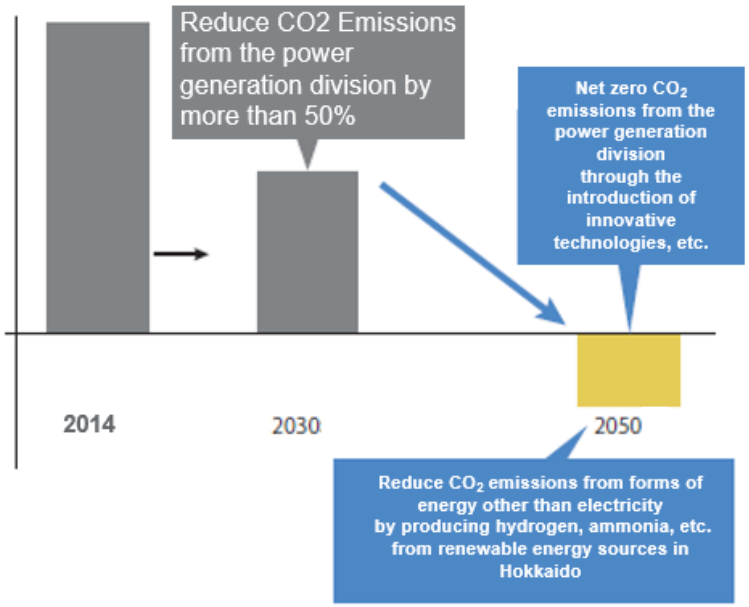
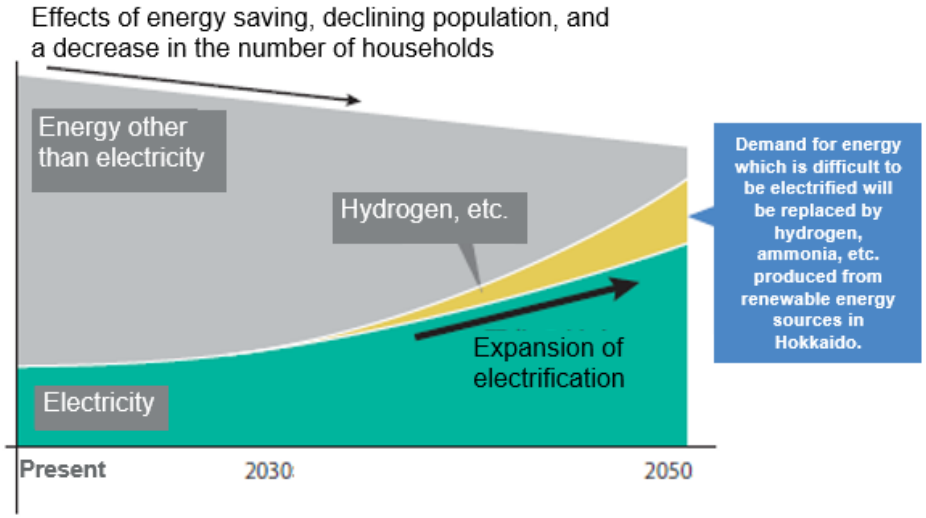


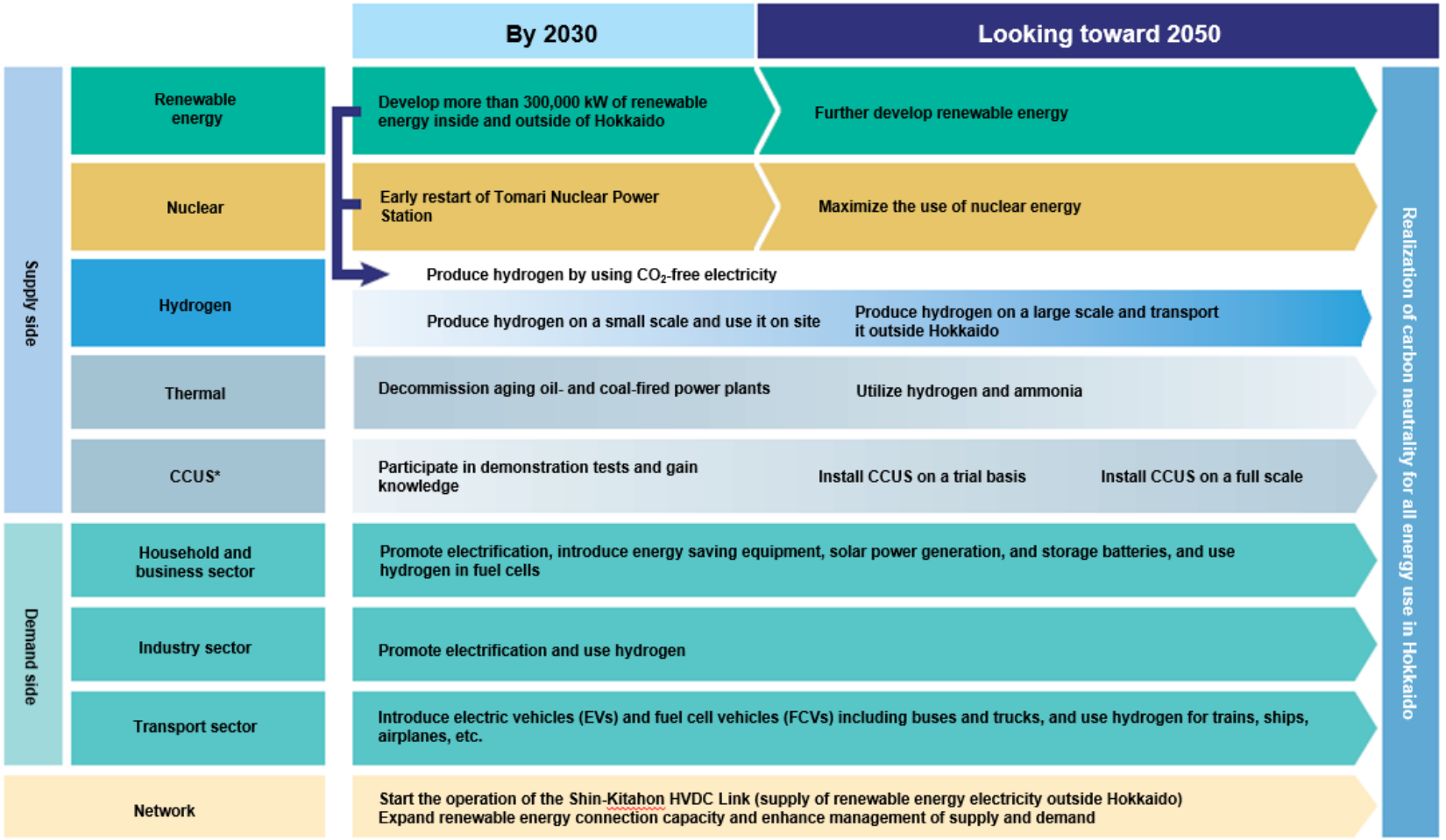
Image of future energy demand



[Reference] Measures to Looking Ahead to Carbon Neutrality by 2050

Roadmap to Carbon Neutral 2050

The HEPCO Group will mobilize all available means such as the use of innovative technologies, in addition to the measures taken so far including an increase in the adoption of renewable energy and the restart of Tomari Nuclear Power Station.

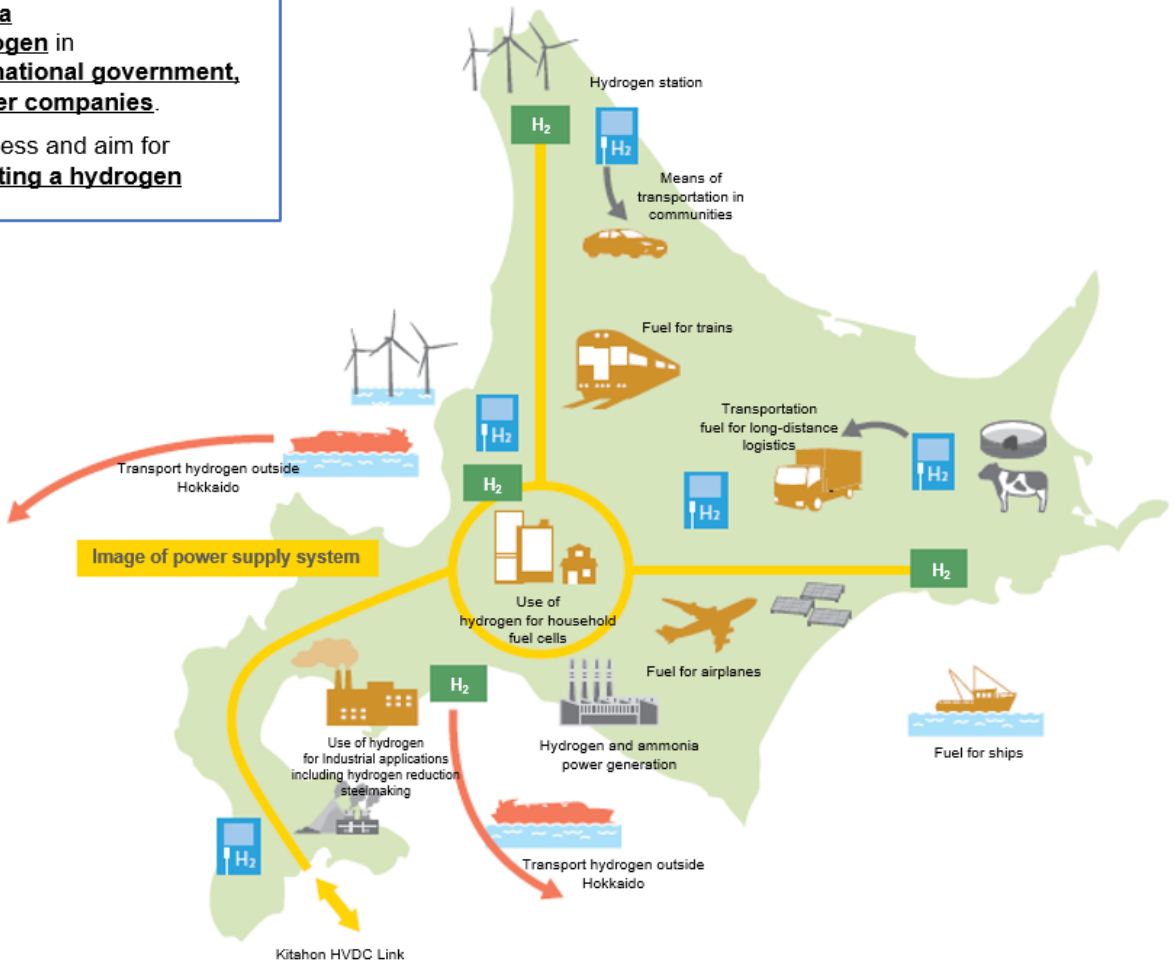


*CCUS (Carbon Capture, Utilization and Storage): Technology to separate and capture CO_2 for reuse or underground storage, etc.

[Reference] Measures to Looking Ahead to Carbon Neutrality by 2050

Image of future use of hydrogen in Hokkaido

- We will **produce hydrogen from** the abundant **renewable energy electricity generated in Hokkaido, and establish a "hydrogen supply chain" to use hydrogen** in various fields, **in cooperation with the national government, Hokkaido local governments, and other companies**.
- We will drive forward our hydrogen business and aim for **Hokkaido to become a pioneer in creating a hydrogen society**.



[Reference] For a More Competitive Energy Mix

- We aim to achieve a competitive energy mix that is balanced from the S + 3E (Safety, Energy Security, Economic Efficiency and Environment) perspective and also ensure a future stable supply of electric power by constructing new power sources as well as suspending or decommissioning aging facilities.

FY2022 Power Source Development Plan

		Power generation facility	Output (10,000 kW)	Start date	Operation start/suspended or decomissioned
HEPCO	Under construction	Kyogoku Unit 3 (Pumped storage hydropower)	20	September 2001	FY2032 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 2030
		Ishikariwan Shinko Unit 3 (LNG-fired thermal)	56.94	March 2027	December 2035
	Suspended or Decommiss-ioned	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)
HOKUDEN ECO-ENERGY	Under construction (Output increase)	Kamiakubetsu (Hydropower)	0.465(+0.05)	July 2018	December 2021
		Abuta (Hydropower)	2.079(+0.129)	September 2018	December 2022

*The operation start time has been postponed from “FY2031 or later” which was included in the “FY2021 supply plan" to “FY2032 or later".

Construction of new power sources and record of suspension or decommissioning of facilities

Newly constructed	Ishikariwan Shinko Power Station Unit 1 (LNG Thermal)	56.94	August 2015	February 2019

Suspend or decommission aging facilities along with the construction of new power sources

Suspended	Naie Power Station Unit 1 and 2 (coal-fired)	(35) [(17.5) × 2units]	–	March 2019 (suspended)

[Reference] Outline of Thermal Power Plants

Power generation facility		Unit	Rated output (10,000 kW)	Period of Operation*	Power generation method	Record of suspension or decommissioning of facilities
Coal	Naie	1	17.5	53 years and 4 months	Sub-C	March 2019 (suspended)
		2	17.5	51 years and 7 month	Sub-C	March 2019 (suspended)
	Sunagawa	3	12.5	44 years and 3 months	Sub-C	
		4	12.5	39 years and 4 months	Sub-C	
	Tomatoh -Atsuma	1	35	40 years and 11 months	Sub-C	
		2	60	35 years and 11 months	SC	
		4	70	19 years and 3 months	USC	
Oil	Tomakomai	1	25	47 years and 10 months	—	
	Date	1	35	42 years and 10 months	—	
		2	35	41 years and 6 month	—	
	Shiriuchi	1	35	37 years and 9 months	—	
		2	35	23 years and 0 months	—	
	Onbetsu	1	7.4	43 years and 4 months	—	Pending (to be decommissioned)
		2	7.4	43 years and 4 months	—	Pending (to be decommissioned)
LNG	Ishikariwan Shinko	1	56.94	2 years and 7 month	—	

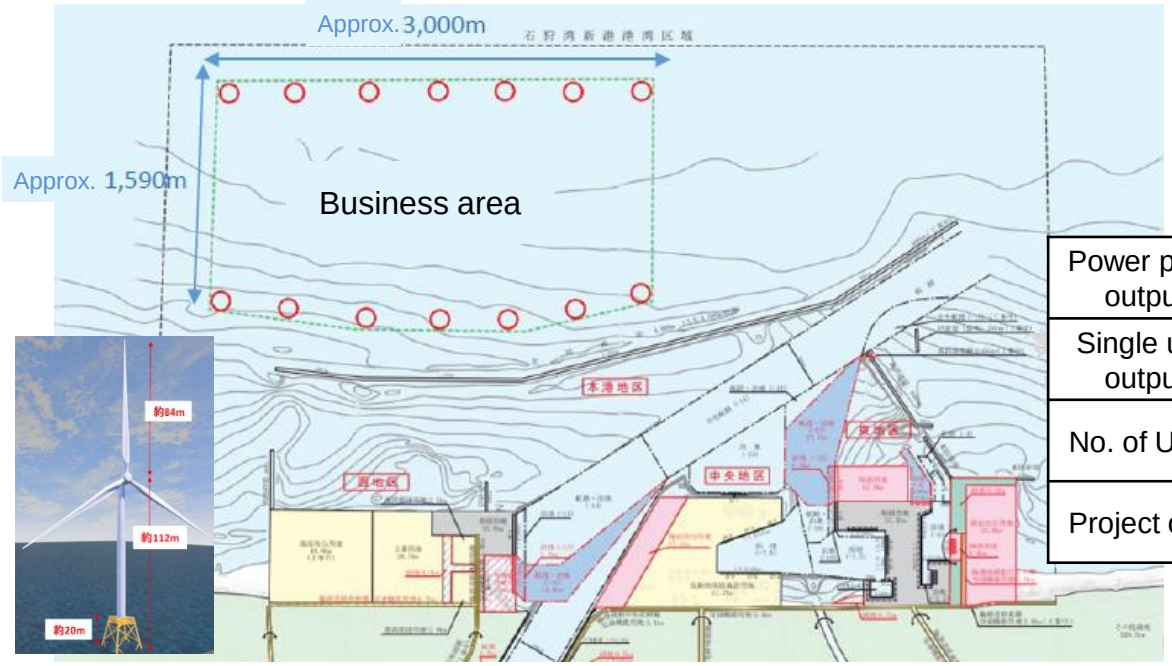
*as of the end of September 2021

Signed a partnership agreement with Green Power Investment Corporation (GPI)

- Approx. 100,000 kW bottom-mounted offshore wind power generation facility will be operated in the port area in FY2024 (onshore construction is currently underway).

Outline of Ishikariwan Shinko Offshore Wind Power Plant

(provided by GPI)



Power plant output	approx. 100,000 kW
Single unit output	8,000 kW
No. of Units	14 units
Project cost	approx. 74 billion yen

*In September 2021, the Ishikari Port general sea area was established as an “area that has reached a stage under a certain degree of preparation,” as stipulated by the Act for Promoting Utilization of Sea Areas for Renewable Energy. Going forward, by fulfilling certain conditions, it will be selected as a “potential area.” After a conference, composed of stakeholders, is held, it will then be designated as a “promotion area,” and then the business area and scale will be determined. HEPCO, in collaboration with GPI, will push forward with considerations to place a successful bid for a general sea area project.

[Reference]Drastic Measures for Higher Efficiency and Cost Reduction

- Implement drastic measures for greater management efficiency and cost reduction under the Leadership of the Management Infrastructure Enhancement Promotion Committee (chaired by the president of HEPCO)
- 1,669 kaizen projects at the HEPCO Group Head Office and Hokkaido Electric Power Network have been launched so far
- Conduct kaizen activities at each group company and strengthen our business foundation throughout the entire HEPCO Group

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

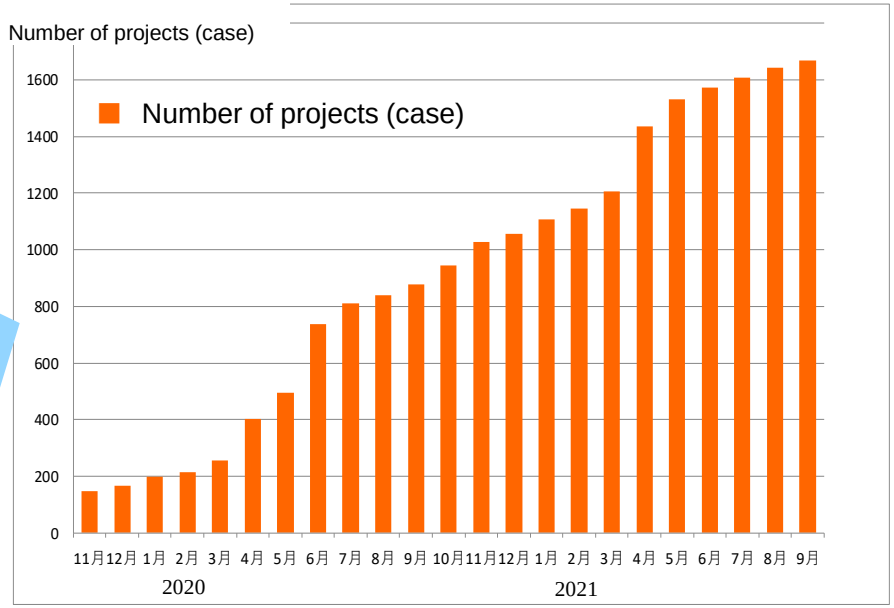
Kaizen

Introduced to “visualize” operations and change employee awareness

→ Aim for drastic efficiency

Spread and expansion of kaizen initiatives

- The number of projects implemented significantly increased to 1,669 respectively through cooperation with group companies and the spread of kaizen initiatives across the company with the aim of quadrupling productivity.(as of the end of September 2021)



[Reference]Drastic Measures for Higher Efficiency and Cost Reduction

- Achieve drastic improvement of efficiency and cost reduction through unrelenting efforts to review all operations
- Strongly promote kaizen activities by steadily promoting large-scale kaizen projects that are expected to be highly effective and further expanding kaizen activities to Group companies, and accumulate concrete results with the aim of quadrupling productivity

◆Expand the application of a new welding method requiring no heat treatment

- ✓ We have developed a new welding method requiring no heat treatment for an entire target object after welding.
- ✓ By using the new welding method, we have realized on-site welding and repair work of a steam drum which would have been required to be replaced as it could not be heat-treated on site due to its large size.
- ✓ As the new welding method has been certified by the Japanese government, we will work with Hokkaido Power Engineering Company Co., Inc. to promote the application of the method to other steel types and power plants.

New welding method

Old welding method = Welding + Bulk heat treatment

Large size equipment needs to be replaced.

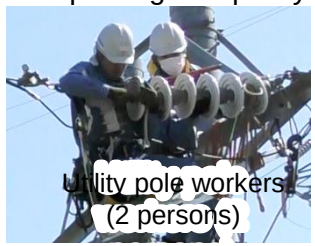
New welding method = **Heat treatment** is also conducted **during the welding process.**

On-site work is possible.

Unnecessary

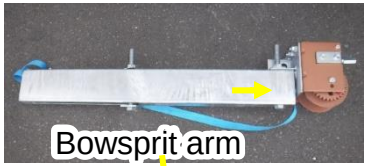
◆Perform the process of replacing insulators with one person

- ✓ The replacement of insulators was previously implemented by five people because of its high-place work handling heavy objects nature. However, as it is possible to hang insulators in a position where they can be easily removed by using a newly developed “bowsprit arm” and an electric winch, the replacement work can be done by one person, while improving the quality of the work.



+

Ground workers (3 persons)
(Manual lifting)

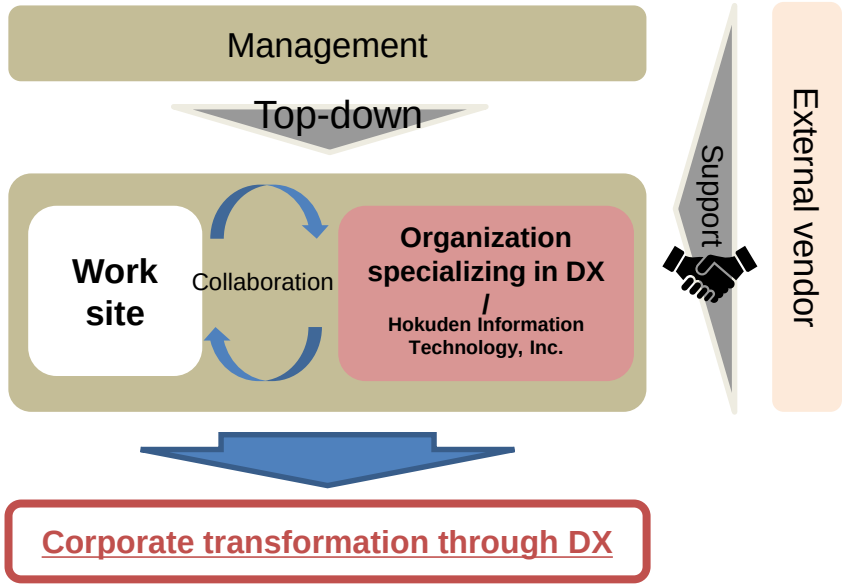


Implementation of replacement work by one person

[Reference]Promotion of DX (Digital Transformation)

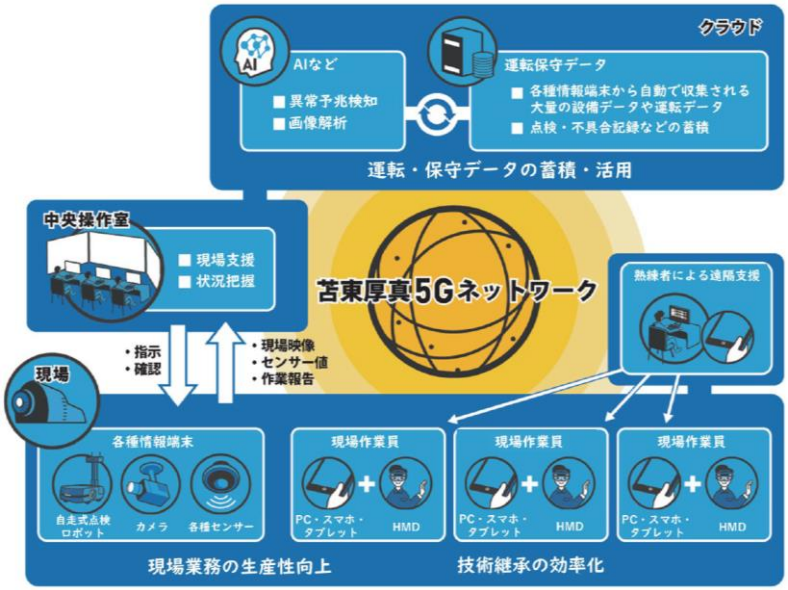
- Establish a new organization specializing in DX to accelerate corporate reform initiatives through “operational reform using digital technology” and “mindset reform to continue taking on the challenge of change.”

◆Structure of initiatives



◆Start on-site verification using the first local 5G network in Hokkaido

- HEPCO and Hokkaido Telecommunication Network Co., Inc. (HOTnet), a group company, embarked on an on-site verification from November to improve productivity by using the local 5G network on-site at the Tomato-Atsuma power station and to enhance operations and maintenance.
- Through these actions this time around, we aim to further stabilize operations and reduce cost at thermal power stations and also will consider deploying a consulting business and providing new services utilizing this knowhow.



[Reference]Promotion of Health Management

- In order to fulfill our role as a responsible energy supplier and to contribute to the sustainable development of Hokkaido, it is important for each of our employees, who are the foundation of our business, to maximize their abilities and improve their productivity while promoting their health.
- We do not only rely on each of our employees to maintain their own health, but we also have companies and health insurance associations actively participate in promoting health management as part of our aim to provide a workplace where everyone is able to work healthily and enthusiastically.

HEPCO's Health Management Declaration

HEPCO President announced our Health Management Declaration, which embodies the health management philosophy that we seek to achieve, to people both inside and outside the company, and has also taken the lead in promoting health measures.

Health promotion

- Examples of initiatives to establish exercise habits: Set up a group-wide health promotion period and hold events which encourage all employees to join
- Examples of initiatives to establish health awareness: Occupational health staff providing health guidance to all employees

Create a comfortable workplace

- Examples of initiatives to improve the workplace environment
  Health literacy education to improve our employees' ability to utilize health knowledge and e-learning for managers to create a workplace that is safe and healthy both in mind and body

HEPCO was consecutively recognized as "Certified Health & Productivity Management Outstanding Organization (White 500)" (for two consecutive years).

As a result of leveraging knowhow cultivated thus far, repeatedly verifying benefits by performing a PDCA cycle of various health management measures, and continued activities to spiral up the benefit of activities, HEPCO was recognized as an Excellent Health Management Company, a White 500 organization, for the second year in a row, selected jointly by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.

2021 健康経営優良法人 Health and productivity ホワイト500

Health Management is a registered trademark of Kenkokeiei, a non-profit organization.

-- We will continue to accumulate the know-how to promote health management and implement initiatives to enhance our corporate value. --

See the link below for more details on our health management:

https://www.hepco.co.jp/corporate/human_rights/health_management/index.html

【Ref.】HEPCO Group 70th Anniversary Event to Commemorate its Founding

In commemoration of the 70th anniversary of the company's founding, HEPCO is implementing actions that are helping the community, including environment beautification, to convey its gratitude to residents in the community.

Supporting SDG education at elementary schools

- ✓ From October 2021 onward, employees of the HEPCO Group have been serving as facilitators, visiting elementary schools in areas around Hokkaido, to provide a visiting classroom program related to SDGs.
- ✓ Create opportunities for children to proactively come up with solutions for global and social issues and to start taking concrete actions.

<Visiting classroom at an elementary school>

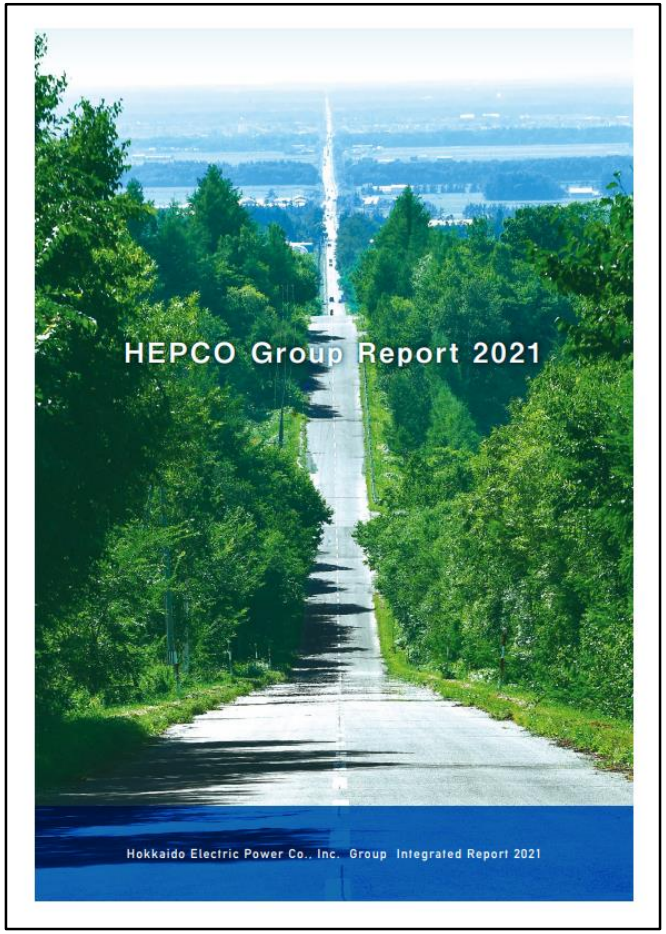
Planting of memorial trees

- ✓ We signed an agreement with Hokkaido Prefecture associated with the "Hokkaido companies forest creation program."
- ✓ From the perspective of supporting the training of personnel who will shoulder the future of forestry in Hokkaido, we plan to plant and nurture plants in the Kamui Shiri district in Domin-no-mori over the next decade along with the North Forest Development Institute.

<Tree planting at Hokuden North Forest College Co-creation Forest>

Hepco Group Report 2021 (Integrated Report)

（Published September 16, 2021）



URL:https://wwwc.hepco.co.jp/hepcowwwsite/english/ir/pdf/hepco_group_report_2021.pdf

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For further information

IR Group
Corporate Planning Department
Hokkaido Electric Power Co., Inc.
2, Higashi-1, Odori, Chuo-ku, Sapporo, Hokkaido 060-8677, JAPAN
URL: http://www.hepco.co.jp/english/