
■ Financial Results for the Three Months Ended June 30, 2023

July 28, 2023

Hokkaido Electric Power Co., Inc.

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■ Financial Results and Forecasts

Business results

(Billion yen)

	April 1, 2023 – June 30, 2023 (A)	April 1, 2022 – June 30, 2022 (B)	Increase/ Decrease (A)-(B)	Comparison (A)/(B) %
Operating Revenue	227.7	176.0	51.7	29.4
Operating Profit	49.4	13.0	36.3	278.3
Ordinary Profit	47.5	12.7	34.8	273.0
Profit attributable to owners of parent	34.6	10.4	24.1	231.5
Basic net income per share [Yen]	166.79	49.13	117.66	

Financial status

(Billion yen)

	As of June 30, 2023(A)	As of March 31, 2023(B)	Increase/ Decrease (A)-(B)
Assets	2,116.1	2,093.3	22.8
Net Assets	293.5	258.1	35.4
Shareholders' Equity Ratio	13.3%	11.7%	1.6%

Consolidated –

Statement of Operations for the Three Months Ended June 30, 2023



(Billion yen)

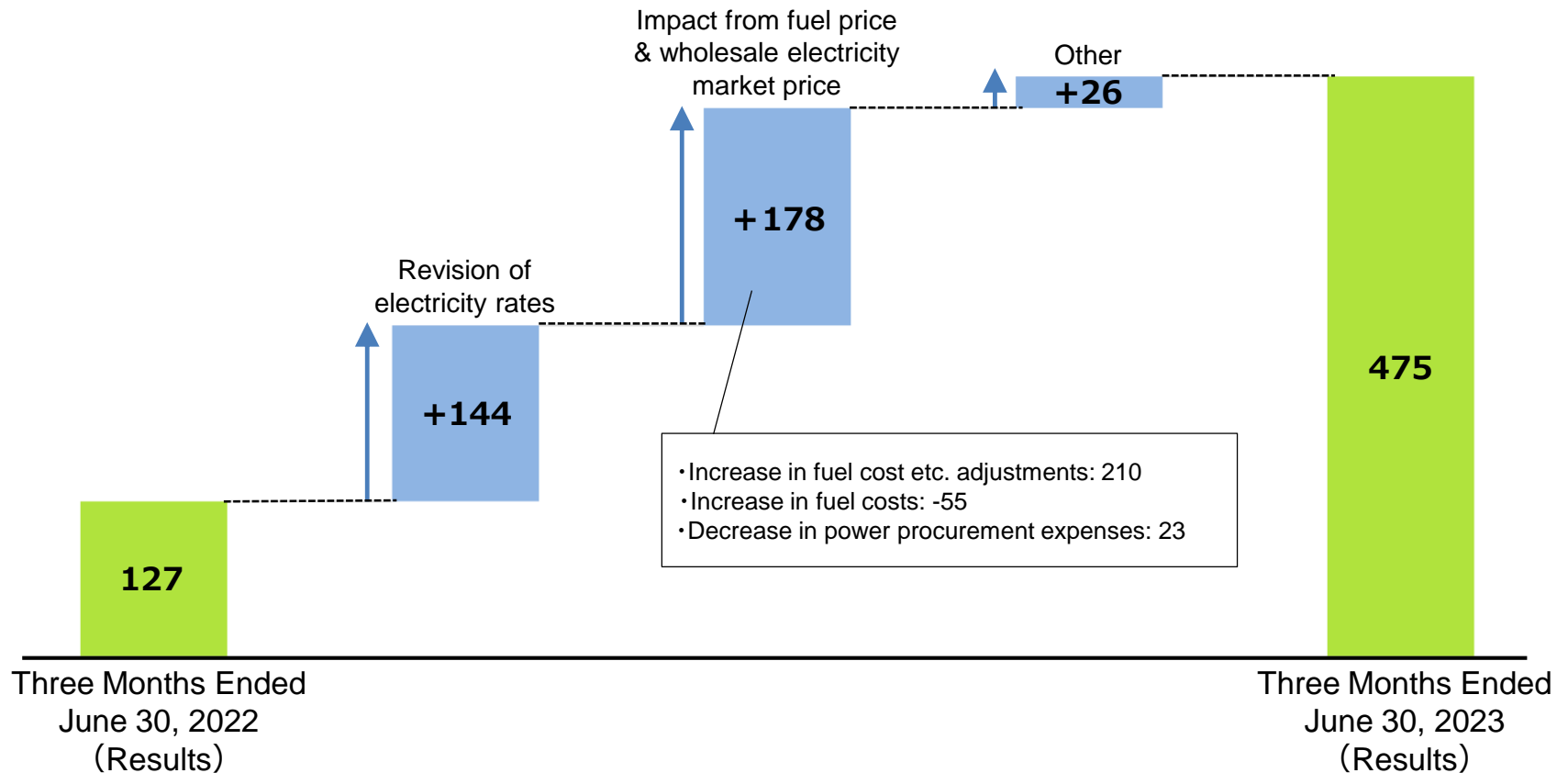
		April 1, 2023 – June 30, 2023 (A)	April 1, 2022 – June 30, 2022 (B)	Increase/ Decrease (A)-(B)	Comparison (A)/(B) %
Ordinary Revenue	Operating Revenues	227.7	176.0	51.7	29.4
	Electricity utility operating revenue	218.2	166.2	52.0	31.3
	Other business operating revenue	9.5	9.8	(0.2)	(2.5)
	Non-operating Income	1.1	2.4	(1.2)	(52.3)
Subtotal		228.9	178.5	50.4	28.3
Ordinary Revenue	Operating Expenses	178.3	162.9	15.4	9.5
	Electricity utility operating expenses	170.1	154.3	15.8	10.3
	Other business operating expenses	8.2	8.6	(0.4)	(5.0)
	Non-operating Expenses	3.0	2.7	0.2	9.5
Subtotal		181.4	165.7	15.6	9.5
[Operating Profit]		[49.4]	[13.0]	[36.3]	[278.3]
Ordinary Profit		47.5	12.7	34.8	273.0
Provision or reversal of reserve for fluctuation in water levels		0.0	0.0	0.0	350.0
Profit before income taxes		47.5	12.7	34.7	273.0
Income taxes		12.9	2.3	10.5	445.1
Profit		34.5	10.3	24.1	233.5
Profit (Loss) attributable to non-controlling interests		(0.0)	(0.0)	0.0	–
Profit attributable to owners of parent		34.6	10.4	24.1	231.5
(Appendix)	Comprehensive Income	35.5	10.1	25.4	252.1

■ Outline of Consolidated Financial Results for the Three Months Ended June 30, 2023

Operating Revenue (Increased)	Sales amounted to 227.7 billion yen, an increase of 51.7 billion yen from the same period of the previous year, due not only to the increase in fuel cost etc. adjustments arising from fluctuations in the fuel price and the wholesale electricity market price, but also to the revised electricity price.
Ordinary Income (Increased)	Ordinary profit amounted to 47.5 billion yen, an increase of 34.8 billion yen from the same period of the previous year, due not only to the improved balance of payments associated with changes in the fuel price and the wholesale electricity market price, but also to the revised electricity price.
Profit attributable to owners of parent	Net profit amounted to 34.6 billion yen, an increase of 24.1 billion yen from the same period of the previous year, due to the rise in ordinary profit, etc.

Consolidated Financial Results for the Three Months Ended June 30, 2023 – Year-on-year changes in ordinary income/loss

(Unit: 100 million yen)



■ Forecasts of Consolidated Financial Performance for FY2024 (Ending March 2024)

Consolidated results for the full year of FY2024 for both sales and profit had not been determined previously because the electric light and power charges, etc. could not be predicted.

Since then, the Minister of Economy, Trade and Industry gave approval on May 19 of this year to raise the retail electricity price in the regulated sector, and based on noting the recent operation status of the thermal power plant, consolidated results for the full year of FY2024 have been calculated and announced as follows.

(Unit: 100 million yen, GW h)

	Forecasts for fiscal year ending March 31, 2024 (A)	Results for fiscal year ended March 31, 2023 (B)	Change (A)-(B)
Operating Revenue	Approximately 970.0	888.8	Approximately 88.0
Operating profit(loss)	Approximately 45.0	(22.5)	Approximately 67.0
Ordinary profit(loss)	Approximately 32.0	(29.2)	Approximately 61.0
Profit(loss) attributable to owners of parent	Approximately 27.0	(22.1)	Approximately 49.0
Year-on-year change/ Retail electricity sales and electricity sales to other utilities*	Approximately 10.0% Approximately 342	3.8% 311	Approximately 31
Year-on-year change Retail electricity sales*	Approximately (1.8) % Approximately 235	8.0% 239	Approximately (4)

*Combined sales of HEPCO, Hokkaido Electric Power Network and Hokkaido Electric Power Co-Creation

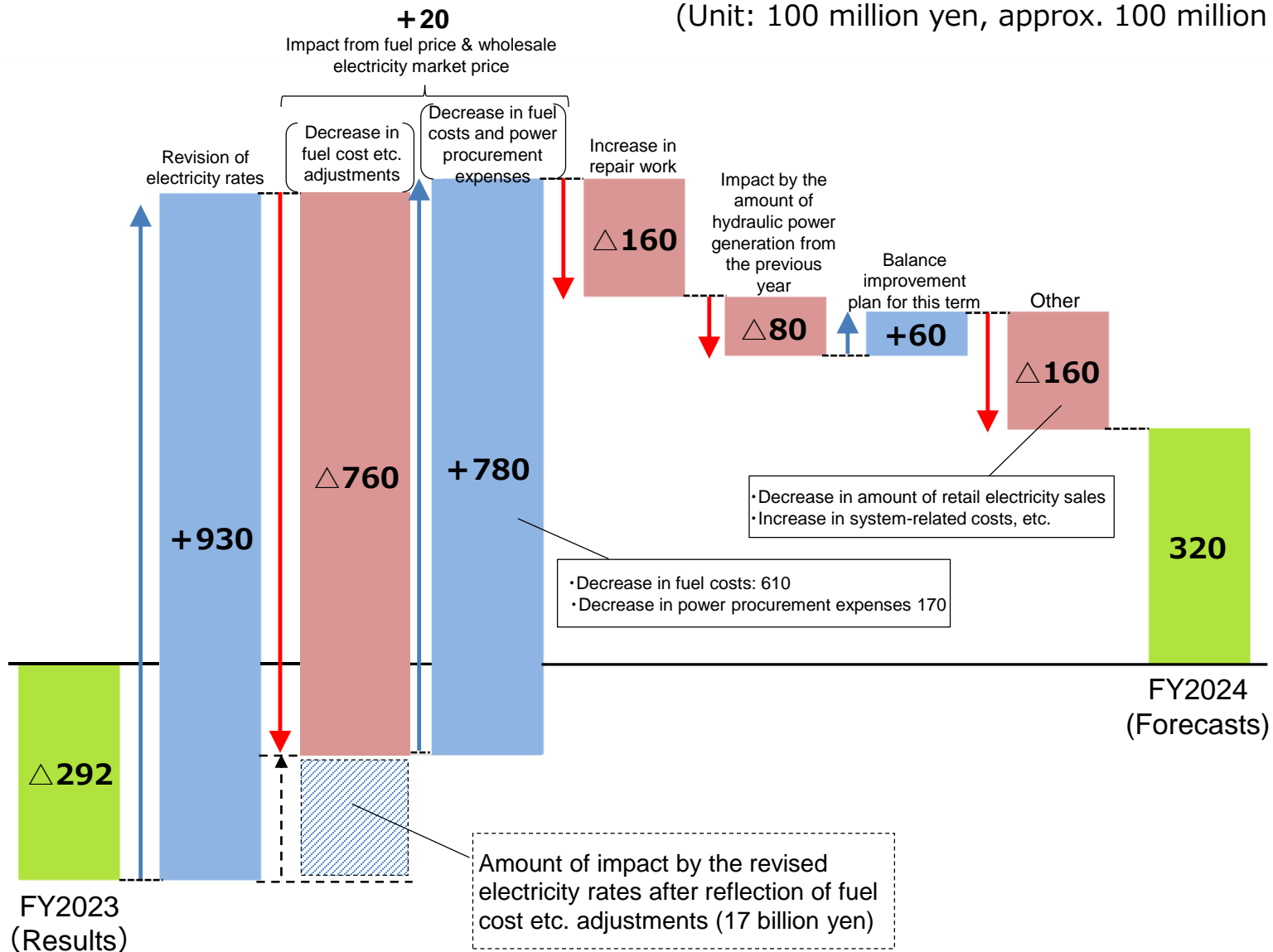
Key Factors

Foreign exchange rate (JPY per USD)	Approximately 139	135	Approximately 4
CIF crude oil price (USD per barrel)	Approximately 80.0	102.7	Approximately (22.7)

Note: We assume a foreign exchange rate of about 140 yen per dollar and the CIF crude oil price of about 80 dollar per barrel for July 2023 and thereafter.

Forecasts of Consolidated Financial Performance for FY2024 (Ending March 2024) – Year-on-year changes in ordinary income/loss

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



■ FY2024 Dividend Forecast

Although the forecasted results for FY2024 have been announced, the expected dividends for the mid-term and year-end periods will remain undetermined for both common and preferred shares as we ascertain the recovery of our own capital.

【 Cash Dividend per Share 】

	Common stock			Class-B preferred Stock		
	Interim	Year-ended	Annual total	Interim	Year-ended	Annual total
FY2023 (actual)	¥0	¥0	¥0	¥0	¥0	¥0
FY2024 (forecast)	undecided	undecided	undecided	undecided	undecided	undecided

■ Financial Results Supplementary Materials

- Consolidated; Electricity Sales
- Monthly Retail Electricity Sales Trends at HEPCO
- Consolidated; Statement of Operations (Revenue)
- Consolidated; Power Supply
- Consolidated; Statement of Operations (Expenses and Ordinary Profit/loss)
- Consolidated; Segment Information
- Time Lag Impact Incurred by Fuel Cost Adjustment System
- Expense breakdown (Two Companies Total)
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- Key Factors・Sensitivity Factors
- Consolidated Statements of Balance Sheets
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Consolidated; Electricity Sales

- Despite the decline in heating demands caused by high temperatures in early spring and other factors, retail electricity sales increased by 1.0% from the previous year to a total of 5,333 million kWh, mainly due to new customer acquisitions.
- The amount of electric power we sold to other companies grew by 25.7% from the previous year to a total of 2,226 million kWh due to the increased sales from the feed-in tariff system for renewable energy.

(GWh)

		April 1, 2023 – June 30, 2023 (A)	April 1, 2022 – June 30, 2022 (B)	Increase/ Decrease (A)-(B)	Comparison (A)/(B) %	
Retail electricity sales	Low-voltage customers	Residential	182.9	191.6	(8.7)	(4.6)
		Commercial and Industrial	32.3	36.1	(3.8)	(10.7)
		subtotal	215.2	227.7	(12.5)	(5.5)
	High-voltage and Extra high-voltage customers	305.0	295.8	9.2	3.1	
	Subtotal (*1)	520.2	523.5	(3.3)	(0.6)	
	Other (*2)	13.1	4.4	8.7	196.2	
	Total	533.3	527.9	5.4	1.0	
Electricity sales to other utility		222.6	177.2	45.4	25.7	
Total		755.9	705.1	50.8	7.2	

*1: The figure in the subtotal column indicates the electricity sales volume for HEPCO.

*2: The figure in the other column indicates the electricity sales volume for both Hokkaido Electric Power Network and Hokkaido Electric Power Co-creation.

Monthly Retail Electricity Sales Trends at HEPCO

(GWh, %)

		FY2024			
		Apr.	May	Jun.	Total
Low-voltage customers	Residential	697	637	495	1,829
	Commercial and industrial	145	102	76	323
	Subtotal	842	739	571	2,152
High-voltage and Extra High-voltage customers		1,021	1,012	1,017	3,050
(Rate of increase / decrease in the same month of the Previous year)		[(3.1)]	[0.9]	[0.7]	[(0.6)]
Total		1,863	1,751	1,588	5,202

(GWh, %)

		FY2023												
		Apr.	May	Jun.	Total	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Low-voltage customers	Residential	756	650	510	1,916	551	575	548	556	641	729	991	824	726
	Commercial and industrial	183	104	74	361	85	94	86	86	106	183	351	318	235
	Subtotal	939	754	584	2,277	636	669	634	642	747	912	1,342	1,142	961
High-voltage and Extra High-voltage customers		984	982	992	2,958	1,149	1,137	1,089	1,100	1,121	1,270	1,296	1,168	1,125
(Rate of increase / decrease in the same month of the Previous year)		[3.6]	[1.6]	[9.3]	[4.6]	[8.1]	[5.8]	[13.4]	[10.8]	[7.2]	[8.6]	[3.1]	[5.2]	[(1.4)]
Total		1,923	1,736	1,576	5,235	1,785	1,806	1,723	1,742	1,868	2,182	2,638	2,310	2,086

【Average temperature in Hokkaido】

(°C)

		Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Average temperature (2023~2024)	actual	4.1	8.5	13.0	18.4									
	year-on-year	2.1	0.3	(0.6)	2.2									
	deviation	3.6	2.0	1.1	2.3									

Consolidated; Statement of Operations (Revenue)

(Unit: billion yen)

	April 1, 2023 – June 30, 2023 (A)	April 1, 2022 – June 30, 2022 (B)	Increase/ Decrease (A)-(B)	Comparison (A)/(B) %	Major cause of increase/decrease
Operating Revenue	227.7	176.0	51.7	29.4	
Electric utility operating revenue	218.2	166.2	52.0	31.3	
Two companies total					
Commercial and Industrial	145.5	121.3	24.2	19.9	【Cause of increase】 ・Revision of electricity rates [14.4] ・Fuel price rises [21.0] ・Increased in amount of retail electricity sales 【Cause of decrease】 ・Amount discounted through the national project to mitigate a sharp increase in electricity and gas rates: [(21.6)]
Others	73.2	45.4	27.8	61.3	・Increase in power prices between zones/for sales to other companies [8.0]
Sold power to other utilities & Sold power to other suppliers (Repost)	39.0	31.0	8.0	25.9	・Decrease in consignment revenues [(1.9)] ・Increase in the subsidy from the national project to mitigate a sharp increase in electricity and gas rates: [21.6]
Transmission revenue (Repost)	9.5	11.5	(1.9)	(17.1)	
Subsidiary / consolidation revision	(0.5)	(0.5)	(0.0)	5.9	
Other business operating revenue	9.5	9.8	(0.2)	(2.5)	
Non-operating Income	1.1	2.4	(1.2)	(52.3)	
Ordinary Revenue	228.9	178.5	50.4	28.3	

*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

- Even though all facilities at the Tomari Nuclear Power Plant are suspended, we were still able to ensure a stable supply of power by implementing appropriate operation of the supply system and by conducting transactions with the wholesale electricity market, etc.

(GWh)

		April 1, 2023 – June 30, 2023 (A)	April 1, 2022 – June 30, 2022 (B)	Increase/ Decrease (A)-(B)	Comparison (A)/(B) %
Generated Power	[Water flow rate %] Hydroelectric	[100.2%] 120.6	[97.2%] 124.0	[3.0%] (3.4)	(2.7)
	Fossil Fuel	257.6	310.6	(53.0)	(17.1)
	[Nuclear capacity ratio %] Nuclear	[–] –	[–] –	[–] –	–
	Renewable	2.1	3.5	(1.4)	(41.0)
	Subtotal	380.3	438.1	(57.8)	(13.2)
Power received by other companies*		428.8	321.2	107.6	33.4
Power used for pumped storage		(12.4)	(15.2)	2.8	(18.7)
Total		796.7	744.1	52.6	7.1

※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)

	April 1, 2023 – June 30, 2023 (A)	April 1, 2022 – June 30, 2022 (B)	Increase/ Decrease (A)-(B)	Comparison (A)/(B) %	Major cause of increase/decrease	
Electric utility operating expenses	170.1	154.3	15.8	10.3		
Two companies total	Personnel	14.0	14.1	(0.0)	(0.5)	
	Fuel	44.1	40.3	3.7	9.3	• Impact from fuel price & wholesale electricity market price [3.2]
	Purchased Power	56.2	44.9	11.2	25.0	• Increased in amount of retail electricity sales • Increase in purchased electricity costs (use of wholesale electric power market transactions, etc.)
	Maintenance	8.7	8.0	0.6	8.5	
	Depreciation	16.4	17.7	(1.3)	(7.4)	• Impact from expiration of the unamortized amount from the previous fiscal year [(2.1)]
	Other Expenses	31.5	29.5	1.9	6.6	• Increase in system-related costs [0.4]
	Subsidiary / consolidation revision	(0.9)	(0.5)	(0.4)	77.2	
Other business operating expenses	8.2	8.6	(0.4)	(5.0)		
Non-operating Expenses	3.0	2.7	0.2	9.5		
Interest Expenses(Repost)	2.5	2.3	0.2	10.2		
Ordinary Expenses	181.4	165.7	15.6	9.5		
Ordinary profit	47.5	12.7	34.8	273.0		

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

Consolidated; Segment Information

- Sales for the Hokkaido Electric Power segment resulted in 207.3 billion yen, up 52.1 billion yen from the same period of the previous year, due not only to the increased fuel cost etc. adjustments resulting from fluctuations in the fuel price and the wholesale electricity market price, but also to the revised electricity charges, etc.

Profit and loss for the segment resulted in an ordinary profit of 40.7 billion yen, up 28.5 billion yen from the same period of the previous year, due to the upturn in the balance of payments resulting from changes in the fuel price and the wholesale electricity market price, in addition to the electricity charge revision, etc.

- Sales for the Hokkaido Electric Power Network segment totaled 74.3 billion yen, down 1.1 billion yen from the same period of the previous year, since despite the increased income from the revised wheeling charges due to the implementation of the revenue cap system as well as from the increased electric power charges as a result of being a last resort electricity supplier, the downturn in market price caused a decline in electricity sales to other companies.

Profit and loss for the segment resulted in an ordinary profit of 7.7 billion yen, an increase of 6.8 billion yen from the same period of the previous year, due to the revised wheeling charge and reduced supply-and-demand adjustment costs as a result of the decline in market price.

- While other sales totaled 28 billion yen, which was nearly the same as the previous year, operating profit for the segment increased by 0.4 billion yen to 1.5 billion yen compared to the same period of the previous year, due to improved work profitability in our construction business.

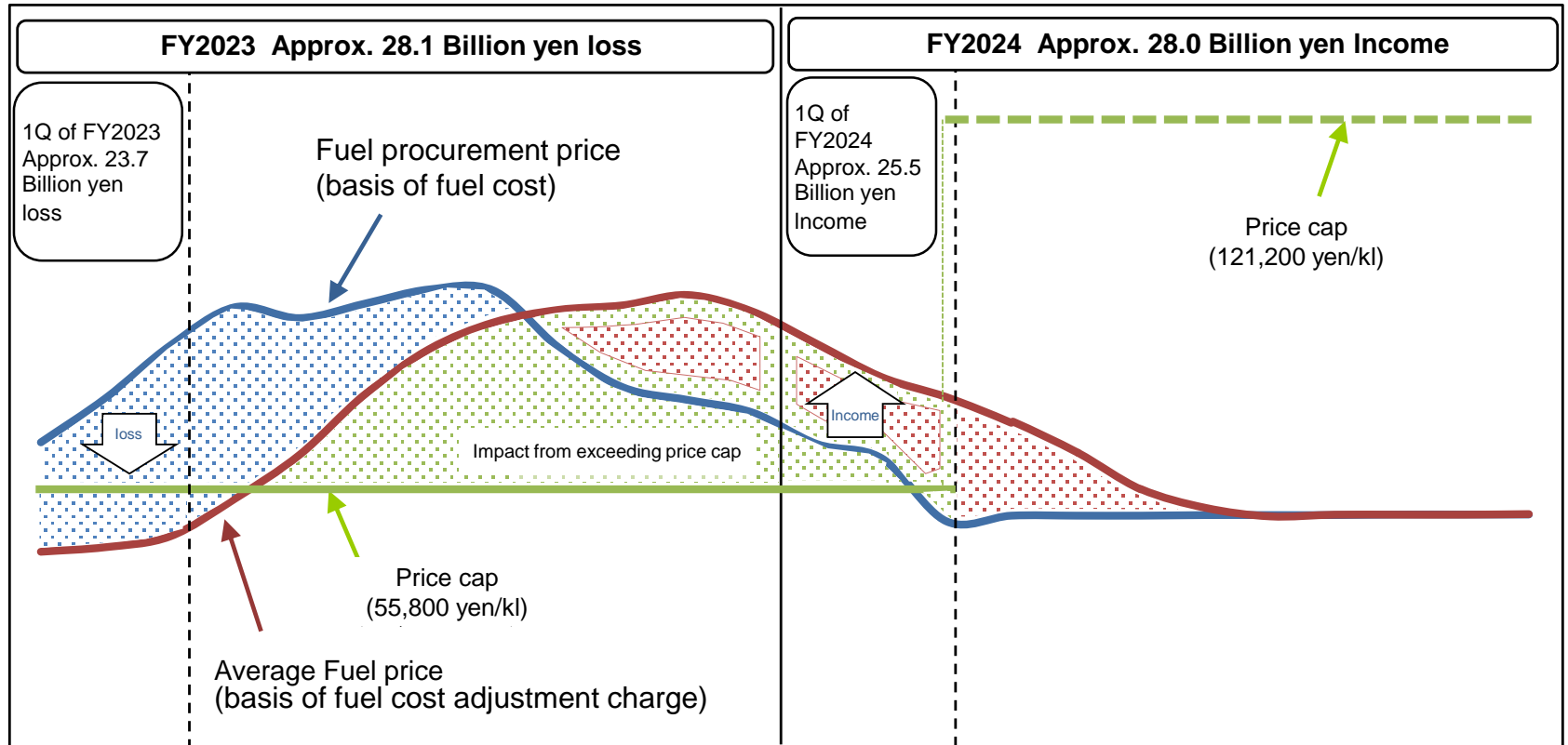
(Unit: billion yen)

	April 1, 2023 – June 30, 2023(A)	April 1, 2022 – June 30, 2022(B)	Increase /Decrease (A) - (B)
Operating Revenue	227.7	176.0	51.7
Hokkaido Electric Power Company	207.3	155.2	52.1
Hokkaido Electric Power Network	74.3	75.4	(1.1)
Other *1	28.0	28.1	(0.1)
Adjustments *2	(81.9)	(82.8)	0.9
Segment Income (Ordinary Income)	47.5	12.7	34.8
Hokkaido Electric Power Company	40.7	12.1	28.5
Hokkaido Electric Power Network	7.7	0.8	6.8
Other *1	1.5	1.1	0.4
Adjustments *2	(2.4)	(1.4)	(1.0)

*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.

Time Lag Impact Incurred by Fuel Cost Adjustment System



April 2022 June 2022 April 2023 June 2023 April 2024

*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)

	April 1, 2023 – June 30, 2023 (A)	April 1, 2022 – June 30, 2022 (B)	Increase/ Decrease (A)-(B)	Comparison (A)/(B) %
Personnel	14.0	14.1	(0.0)	

【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 quarter of the annual depreciation expense was posted in the current 1Q.

(Billion yen)

	Amount accrued	Amortization of the previous year	April 1, 2023 – June 30, 2023		
			Amortization	Unamortized Balance	Ending FY [remaining year]
FY2018	(0.6)	(0.1)	–	–	–
FY2019	1.4	0.3	0.3	–	–
FY2020	3.7	0.7	0.7	0.7	2025 (1 years)
FY2021	(4.6)	(0.9)	(0.9)	(1.8)	2026 (2 years)
FY2022	5.3	1.0	1.0	3.2	2027 (3 years)
FY2023	2.9	–	0.6	2.3	2028 (4 years)
Total		1.0	1.7	4.4	

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

Expense breakdown (Two Companies Total*)

◆Fuel and Purchased Power

(Billion yen)

		April 1, 2023 – June 30, 2023 (A)	April 1, 2022 – June 30, 2022 (B)	Increase/ Decrease (A)-(B)	Comparison (A)/(B) %
Fuel and Purchased Power		100.3	85.3	15.0	<ul style="list-style-type: none"> • Impact from fuel price & wholesale electricity market price [3.2] • Increased in amount of retail electricity sales • Increase in purchased electricity costs (use of wholesale electric power market transactions, etc.)
Break down	Fuel	44.1	40.3	3.7	
	Purchased Power	56.2	44.9	11.2	

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

Expense breakdown (Two Companies Total*)

◆Maintenance

(Billion yen)

		April 1, 2023 – June 30, 2023 (A)	April 1, 2022 – June 30, 2022 (B)	Increase/ Decrease (A)-(B)	Comparison (A)/(B) %
Maintenance		8.7	8.0	0.6	
Break Down	Generation	3.0	2.0	0.9	
	Others	5.7	6.0	(0.3)	

◆Depreciation

(Billion yen)

		April 1, 2023 – June 30, 2023 (A)	April 1, 2022 – June 30, 2022 (B)	Increase/ Decrease (A)-(B)	Comparison (A)/(B) %
Depreciation		16.4	17.7	(1.3)	Impact of completion of depreciation at end of previous fiscal year [(2.1)]
Break Down	Generation	8.4	10.0	(1.6)	
	Others	8.0	7.7	0.2	

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

Expense breakdown (Two Companies Total*)

◆ Interest Expenses

(Billion yen)

	April 1, 2023 – June 30, 2023 (A)	April 1, 2022 – June 30, 2022 (B)	Increase/ Decrease (A)-(B)	Comparison (A)/(B) %
[Interest(on average)%] Interest Expenses	[0.69] 2.5	[0.66] 2.3	[0.03] 0.2	

◆ Other Expenses

(Billion yen)

	April 1, 2023 – June 30, 2023 (A)	April 1, 2022 – June 30, 2022 (B)	Increase/ Decrease (A)-(B)	Comparison (A)/(B) %
Other Expenses	31.5	29.5	1.9	Increase in system-related costs [0.4]

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

Key Factors・Sensitivity Factors

Key Factors

	April 1, 2023 – June 30, 2023 (A)	April 1, 2022 – June 30, 2022 (B)	Increase/ Decrease (A)-(B)
Foreign Exchange Rate (Yen/\$)	137	130	7
CIF Crude Oil Price (\$/barrel)	84.0	110.7	(26.7)
Foreign coal CIF (\$/t)	256.4	304.1	(47.7)
LNG CIF (\$/t)	663.5	803.0	(139.5)
Water Flow Rate (%)	100.2	97.2	3.0

Sensitivity

(Billion yen)

	April 1, 2023 – June 30, 2023 (A)	April 1, 2022 – June 30, 2022 (B)	Increase/ Decrease (A)-(B)
Foreign Exchange Rate (Yen/\$)	0.3	0.3	0.0
CIF Crude Oil Price (\$/barrel)	0.2	0.1	0.1
Foreign coal CIF (\$/t)	0.1	0.07	0.03
LNG CIF (\$/t)	0.0	0.01	(0.01)
Water Flow Rate (%)	0.1	0.2	(0.1)

Consolidated Statements of Balance Sheets

(Unit: billion yen)

	As of June 30, 2023(A)	As of March 31, 2022(B)	Increase/ Decrease (A)-(B)	Major factors for increase/decrease
Assets	2,116.1	2,093.3	22.8	<ul style="list-style-type: none"> Decline in fixed assets for the electric industry [(7.8)] Increase in unclaimed subsidies of the Renewable Energy Special Measures Law [31.4]
Liabilities	1,822.5	1,835.2	(12.6)	<ul style="list-style-type: none"> Increase in interest-bearing debt [22.7] Decrease in accrued liabilities from construction payment [(24.2)]
Net Assets	293.5	258.1	35.4	<ul style="list-style-type: none"> Posting of quarterly net income [34.6]

(Billion yen, %)

	As of June 30, 2023(A)	As of March 31, 2022(B)	Increase/ Decrease (A)-(B)
Interest-bearing Debt Outstanding	1,498.6	1,475.9	22.7
Shareholders' Equity Ratio	13.3	11.7	1.6

Consolidated Statements of Comprehensive Income

Consolidated Statements of Comprehensive Income

(Billion yen)

	April 1, 2023 – June 30, 2023 (A)	April 1, 2022 – June 30, 2022 (B)	Increase/ Decrease (A)-(B)
Profit	34.5	10.3	24.1
Other Comprehensive Income	1.0	(0.2)	1.2
Valuation difference on available-for-sale securities [included in “Other Comprehensive Income”]	0.8	(0.4)	1.2
Deferred gains or losses on hedge [included in “Other Comprehensive Income”]	(0.1)	-	(0.1)
Remeasurements of defined benefit plans [included in “Other Comprehensive Income”]	0.3	0.1	0.1
Comprehensive Income	35.5	10.1	25.4
Comprehensive income attributable to owners of parent [included in “Comprehensive Income”]	35.5	10.1	25.4
Comprehensive income attributable to non-controlling interests [included in “Comprehensive Income”]	0.0	(0.0)	0.0

■ Management Approach

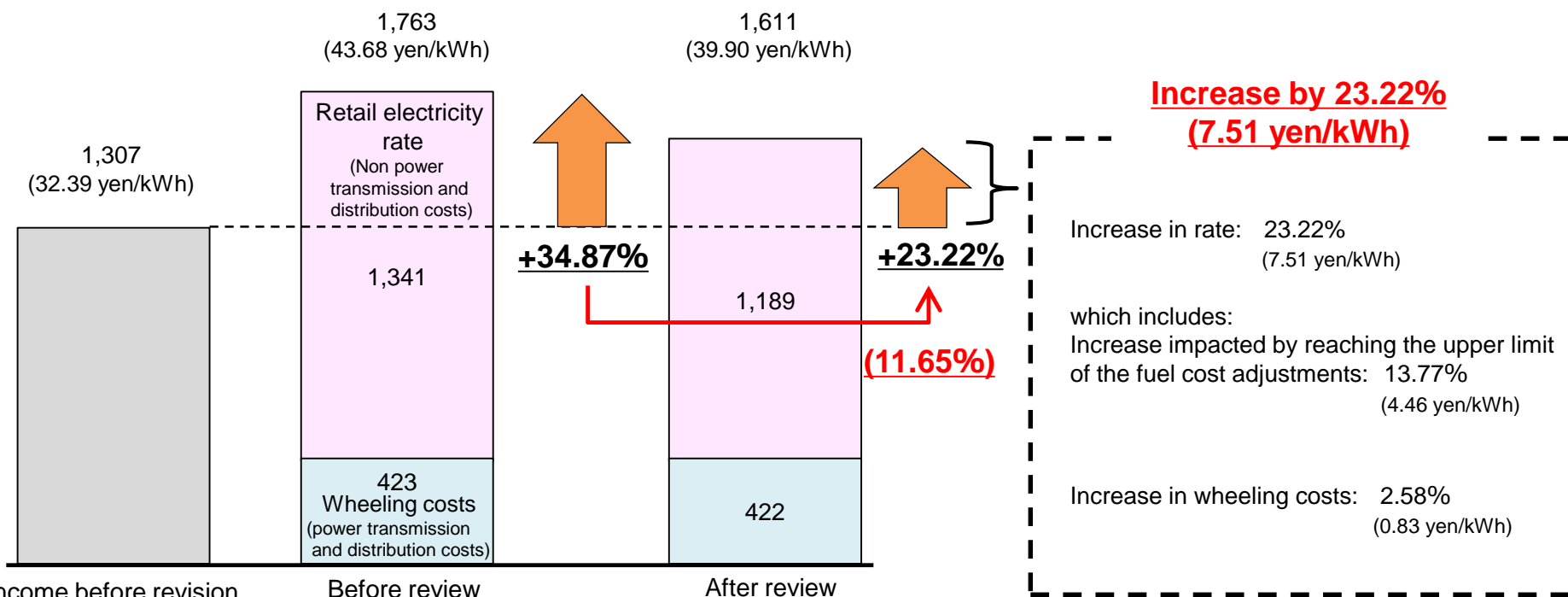
■ Retail electricity sales

- Low-voltage regulated rate 1 (scope of rate review)

- Regarding the low-voltage regulated rate, we applied for amendment of the general provisions for retail service for an increase of low voltage electricity rate by 34.87% to the Authority on January 26, 2023 to cope with the situation where our supply cost greatly exceeds our income due to soaring fuel prices and wholesale power costs in the market, and the depreciation of the yen.
- Later, a revision application was made based on recalculation of the reduced fuel price that also reflected the corrections instructed by the Ministry of Economy, Trade and Industry. The rate of the price increase was 23.22%, which was 11.65% lower than what was originally planned.
- On May 19, 2023, the above details of our corrective application was approved by the Minister of Economy, Trade and Industry, and the price rise was implemented from June 1 of the same year.

[Increase in regulated rate]

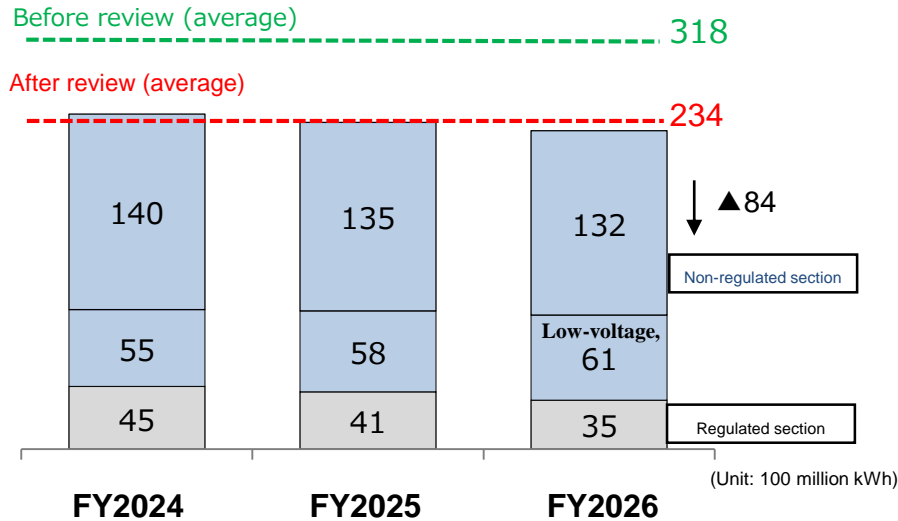
(100 million yen)



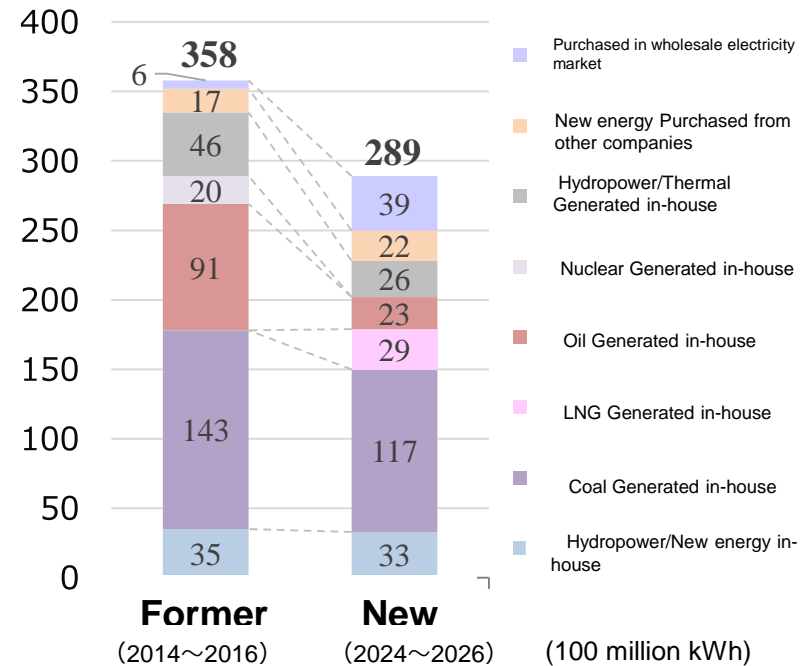
■ Retail electricity sales

- Low-voltage regulated rate 2 (data used for the review)

Amount of power sold *excluding self-consumption



Power generated/purchased



Fuel prices

	Former	New
Exchange rate (yen/\$)	87	138.8
Crude oil CIF (\$/b)	112.6	94.6
LNG CIF (\$/t)	—	954.9
Coal CIF (\$/t)	120.0	383.3

Wholesale electricity market price

	Former	New
Price in the Hokkaido region (yen/kWh)	—	20.97

Data for calculation of

	Former	New	
Base unit price (yen/kWh)	0.197	0.173	
Reference fuel price (yen/kℓ)	37,200	80,800	
Coefficient	α (crude oil)	0.4699	0.1874
	β (LNG)	—	0.0899
	γ (foreign coal)	0.7879	1.0036

■ Retail sales of electric power:
Status of revisions to the electricity charge

	Low voltage		High & extra-high voltage
	Regulated price	Deregulated price	
Status of retail price revisions Basic rate + energy amount rate + fuel cost adjustment	Raised from June 2023 (Approved May 19, 2023)	Raised from June 2023 (Maximum average fuel cost in the fuel cost adjustment system was already abolished starting with prices for December 2022)	Raised from April 2023 (Announced December 22, 2022)
Status of reflecting the revised wheeling charge	Reflected in the above revision	Reflected in the above revision	Reflected from April 2023 (Announced February 17, 2023)

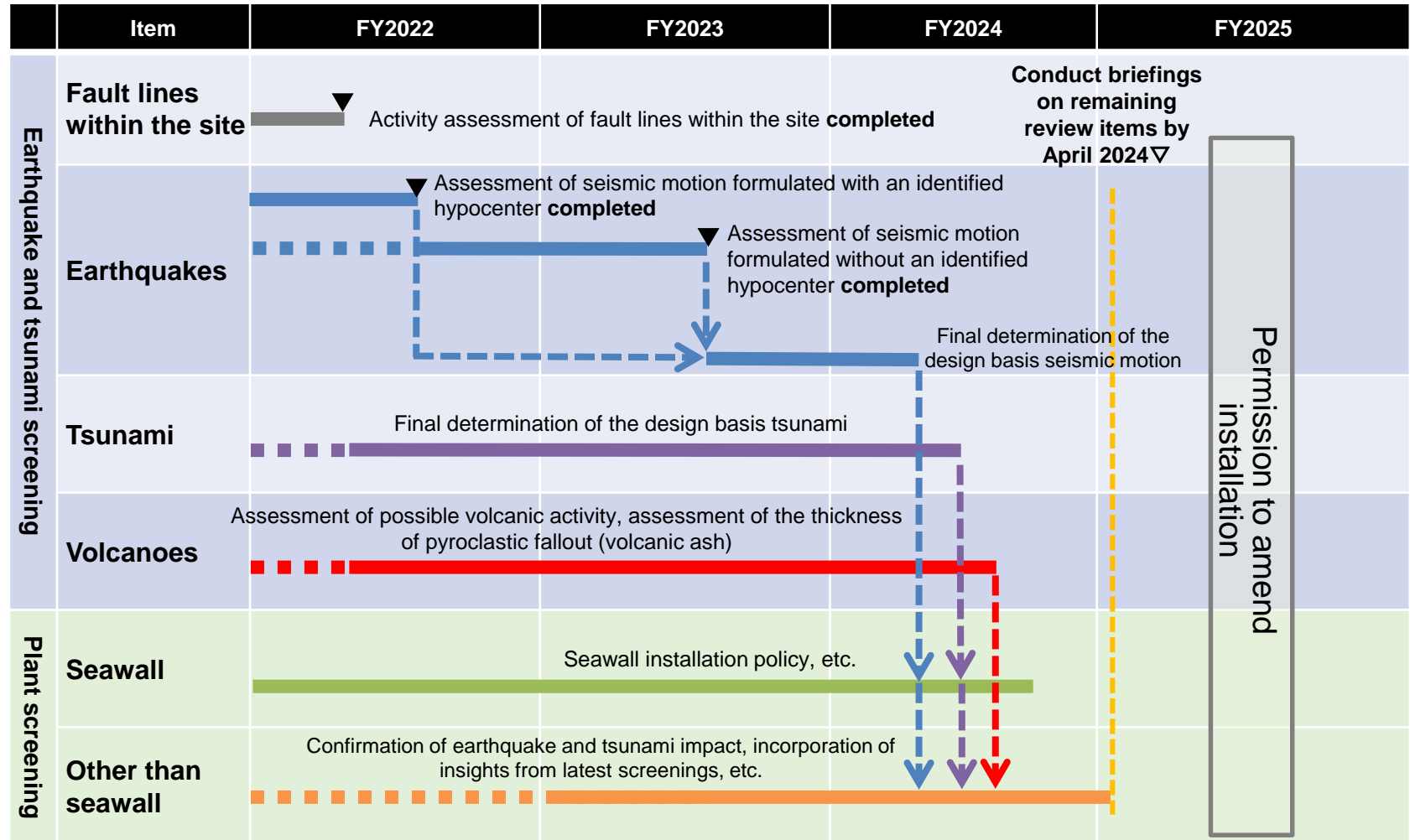
◆ A new wheeling charge system (revenue cap system)* will be put in place from FY2024; thus, Hokkaido Electric Power Network Co., Ltd. has revised the wheeling agreement along with the wheeling charge from April 1, 2023. Following this change, Hokkaido Electric Power Co., Inc. reflected the changes timed to the retail price revisions in April 2023 for high and extra-high voltage customers, and in June 2023 for both regulated and deregulated prices for low-voltage customers.

*New wheeling charge system (revenue cap system)

A system that was implemented for the purpose of ensuring necessary investments and improving cost efficiency by general power transmission and distribution business operators, thus turning renewable energy into their main power source and strengthening their power transmission and distribution facilities.

■ Efforts to Accelerate the Restart of Tomari Nuclear Power 1

- By explaining all of the screening items related to the permission to amend installation by April 2024, under the fundamental premise that safety is assured, we will make every effort towards the early restart of Tomari Nuclear Power Station.



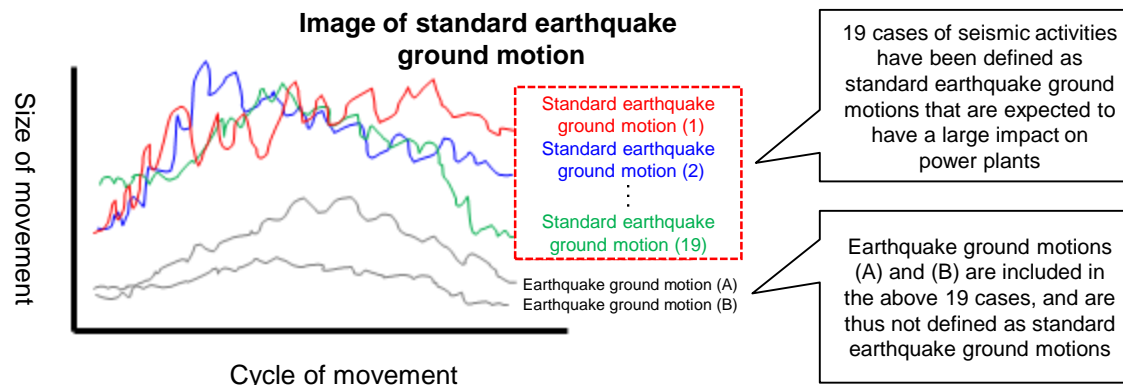
Application for permission to amend installation submitted on July 8, 2013

Completed: Received “in general, adequate” evaluation from the Nuclear Regulatory Authority

■ Efforts to Accelerate the Restart of Tomari Nuclear Power 2

Establishing a standard ground motion level

- The review meeting held on June 9, 2023 determined that a total of 19 cases of earthquake ground motion will be defined as standard earthquake ground motions. Of the 19 cases, it was explained that the peak acceleration rate, which indicates the size of the seismic movement, is 693 Gal for the largest of the standard earthquake ground motions.
- The Nuclear Regulatory Commission rated our company's evaluations by commenting that "the considerations made are generally valid."
- In the future, we will evaluate the impact that the established standard earthquake ground motions will have on our plant facilities.



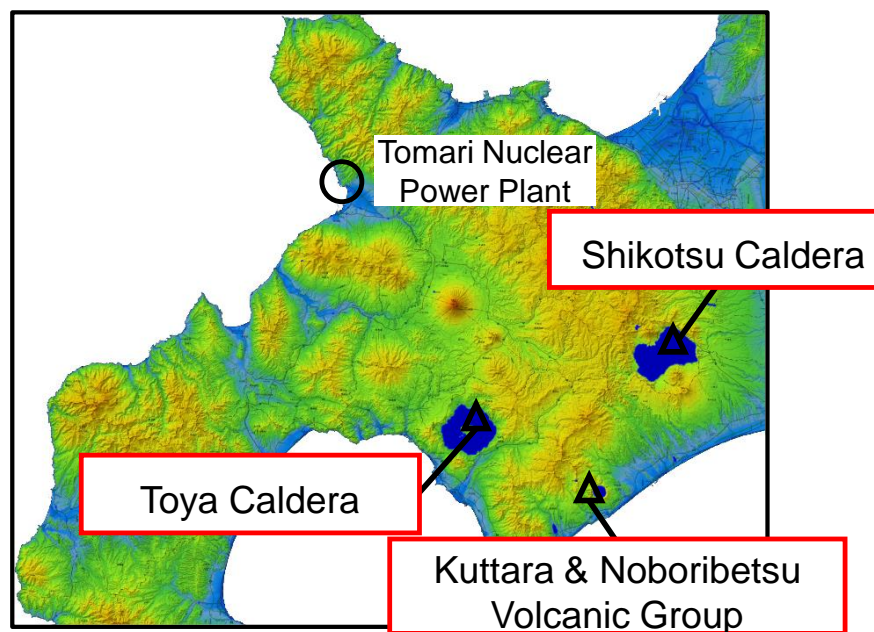
Establishing a standard tsunami wave height

- At the review meeting on March 24, 2023, we explained our evaluation on tsunamis caused by an earthquake assumed in the eastern margin of the Sea of Japan concurrent with tsunamis caused by a land slide.
- The Nuclear Regulation Authority instructed us to clearly determine the grounds by which the assumed tsunami sources are proper for estimating possible maximum water level through analyses, and made some additional comments. We will examine what the Authority said and explain our examination at review meetings.

■ Efforts to Accelerate the Restart of Tomari Nuclear Power 3

Evaluation on impact of volcanoes

- Explanations were given at the review meeting held on July 7, 2023 on evaluations regarding the possibility of volcanic activity, upon which the Nuclear Regulatory Commission commented that “with regard to evaluations on the possibility of a massive eruption, there needs to be a clear and well-organized explanation on the rationale for why we are ‘not in a state of an imminent massive eruption’ which also includes a history of volcanic activity,” among other comments.
- We will continue to consider the points that were brought to our attention, and will continue to give briefings at future review meetings, etc.



Volcanoes targeted for evaluation as having the possibility of undergoing a massive eruption

Operational launch of the hydrogen production facility

- In May 2023, our company started operations of a hydrogen production facility (1MW-level water electrolysis unit and hydrogen shipment facility) in Tomakomai City (next to the Tomato-Atsuma Power Plant).
- In the future, we will produce hydrogen by conducting performance evaluations of the facility for a certain period of time, thereby establishing operation and maintenance technology for the cold weather region.

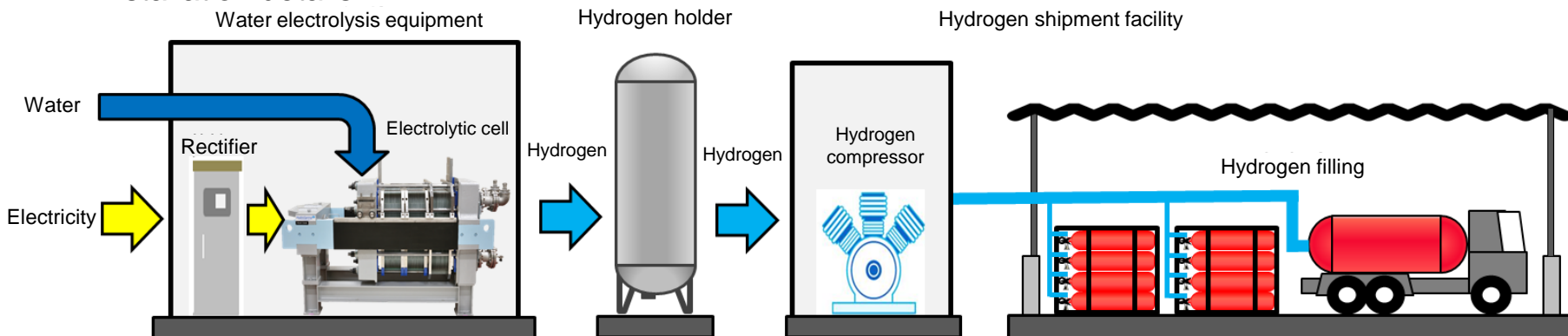
1. Outline of the installed equipment

Item	Specifications
Installed equipment	<ul style="list-style-type: none"> ○ Hydrogen production facility equipment <ul style="list-style-type: none"> ・ Model: Solid polymer-type water electrolysis ・ Size: 1 MW level ○ Attached equipment (substation facility, hydrogen holder, shipment facility)
Start of operations	May 2023
Installation site	1-17 Aza-Benten, Tomakomai-shi, Hokkaido
Hydrogen production amount	Maximum of 200Nm ³ /h



Hydrogen lorry (first shipment in May 2023)

2. Installation details



■ Commissioned to conduct a CCS feasibility study in the Tomakomai area

■ Our company, Japan Petroleum Exploration Co., Ltd. (JAPEX), and Idemitsu Kosan Co., Ltd. were commissioned by the Japan Organization for Metals and Energy Security (JOGMEC) to conduct a “study related to the implementation of advanced CCS* business.”

■ The main roles of the three companies are as follows.

● JAPEX:

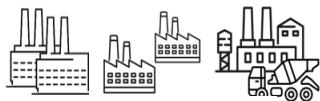
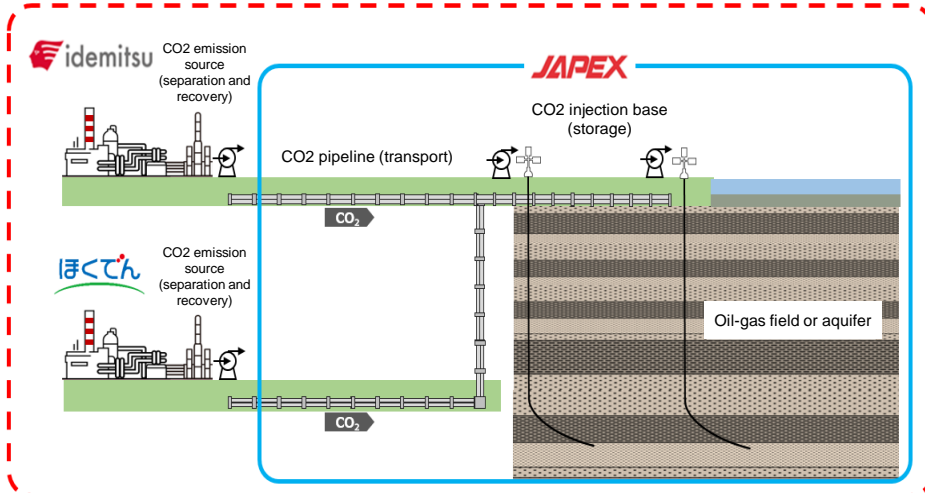
- Selection of candidate storage sites in the Tomakomai area

- Consider the necessary equipment, etc. for underground injections and monitoring

● Our company & Idemitsu Kosan: Consider the size, specifications, etc. for equipment that would be needed for the separation and recovery of CO₂

Note: CCS (Carbon dioxide Capture and Storage): Recovery and storage of CO₂

Scope of consideration for this study



Recover CO₂ broadly within the area (hub & cluster)



Use CO₂ as a next-generation energy source material, etc. (CCU / carbon recycling)

Recent aerial photo of the Tomakomai area (business sites of the 3 companies and the contents of their study)

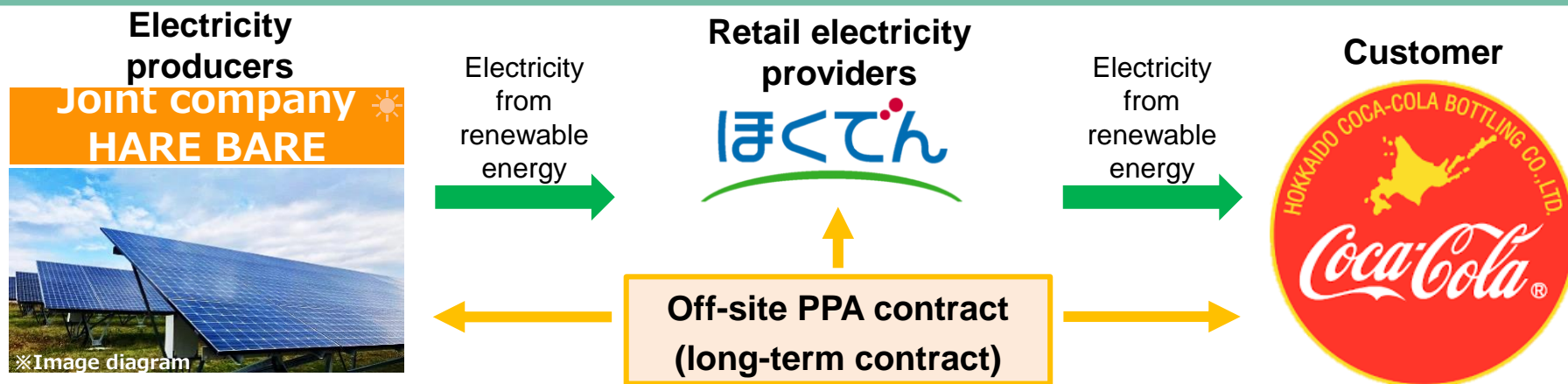


■ Power delivery using off-site PPA

- A new joint company named HARE BARE was launched in July 2023 together with ARRK Corp, which commenced solar power generation development.
- The joint company HARE BARE will construct a succession of solar power plants in 10 locations amounting to a total of approximately 16,000 kW by the end of fiscal year 2025, after which the company is planning to continue expanding its development sites.
- Generated power will be delivered to customers using the off-site PPA* framework.

*Electric power contract where electricity producers set up renewable energy power generation facilities outside the location where the power is in demand, and retail electricity providers deliver the power generated at the renewable energy power generation facility to designated customers via the electric power system.

Image of off-site PPA in this project



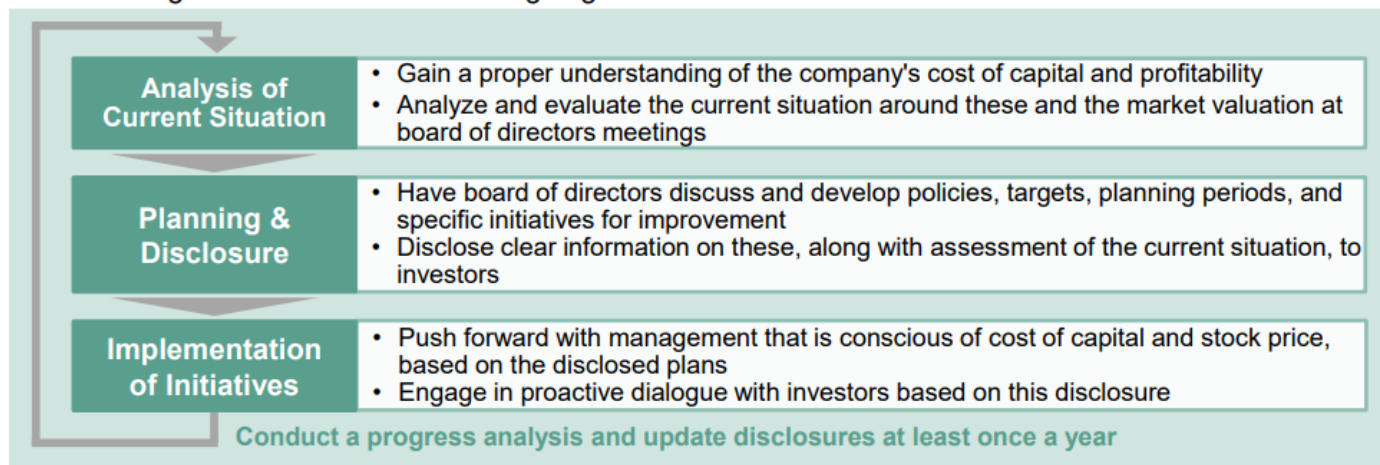
For the first project, it has been decided that power will be delivered to Hokkaido Coca-Cola Bottling Co., Ltd. We will continue to develop new solar power plants, while also advancing efforts to provide proposals that are in accordance with the needs of customers.

■ Updates to the Corporate Governance Report

Requirements for Prime & Standard listed companies by the Tokyo Stock Exchange

Requested Action

- In order to implement management that is conscious of cost of capital and stock price, please implement the following series of actions on an ongoing basis.



Excerpt from Action to Implement Management that is Conscious of Cost of Capital and Stock Price (March 31, 2023 Tokyo Stock Exchange, Inc. document 1)

Our company's Corporate Governance Report (revised on June 29, 2023; excerpt of related content)

Newly added

Responses toward realizing management based on having awareness of capital costs and share prices:

- The business portfolio that our group seeks to achieve is defined in the HEPCO Group Management Vision 2030, and key initiatives are established in the management policy that is defined every fiscal year at the board meeting.
- Specific initiatives based on the management policy are announced on our company's website under the heading of "Management Policy and Plan."
- With regard to the allocation of our management resources, we place importance on capital profitability in order to realize sustainable growth and to enhance our corporate value over the medium- to long-term. However, in the future, we will organize and announce our set goals toward implementing business management in a manner that places even more awareness on capital costs and capital profitability.

■ Topics for Period After 1Q Results Announcement

Date	Description of effort	Overview of business plans related slides
May 16 2023	Application for amendment regarding revising electricity charges for low-voltage customers [HD]	P 26
May 18 2023	Operational launch of the hydrogen production facility [HD]	P 32
May 19 2023	Approval of changes regarding revising electricity charges for low-voltage customers [HD]	P 26
Jun.28 2023	99th annual shareholders' meeting [HD]	—
Jun. 29 2023	Updates to the Corporate Governance Report [HD]	P 35
Jul.19 2023	Commissioned to conduct a CCS feasibility study in the Tomakomai area through the public offering made by JOGMEC in FY2023 for a “study related to implementing advanced CCS business” [HD]	P 33
Jul.21 2023	Launch of a joint development project by HEPCO and ARRK to build solar power plants for off-site PPA [HD]	P 34
Jul.26 2023	Signing of contract for HEPCO's first off-site PPA using solar power plants [HD]	P 34

- Reference Materials

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.

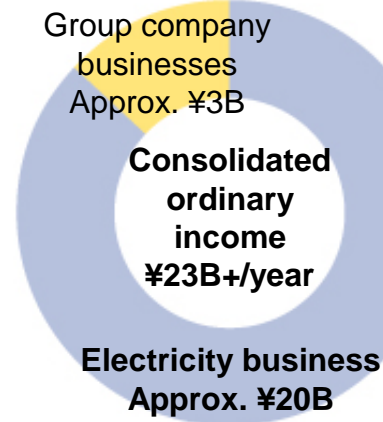
Cash flow

- 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+**

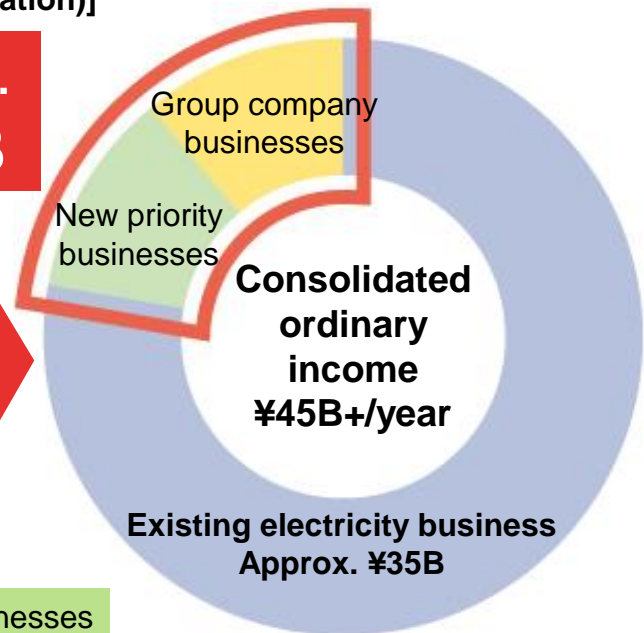
[Phase I (before the restart of Tomari NPS)]



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

Approx.
¥10B

Consolidated ordinary income
Almost double



New priority businesses

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

Cost reduction

- Ceaseless efforts for efficiency improvement and cost reduction

Environmental target

- CO₂ emissions: **Reduction by 50%+ (or 10Mt+/year)** from 2013 levels through the restart of Tomari NPS and the use of LNG thermal generation

■ Reference :

HEPCO Group Management Vision 2030; Management Goals for 2030

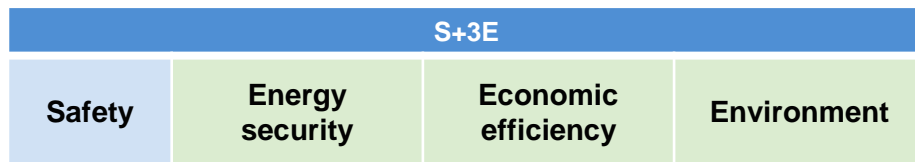


2030 Vision Targets		FY2021 Actual	FY2022 Actual	FY2023 Actual
Target profit (Consolidated ordinary income)	<ul style="list-style-type: none"> ▶ Phase I: min. 23.0B yen/year ▶ Phase II: min. 45.0B yen/year 	41.1B yen	13.8B yen	(29.2)B yen
Financial target (Consolidated capital ratio)	▶ 15%+	13.8%	13.7%	11.7%
Invest in new priority businesses*	▶ Total 50.0B yen of investment [cumulative total]	3.2B yen [cumulative total 3.2B yen]	6.6B yen [cumulative total 9.8B yen]	4.0B yen [cumulative total 13.8B yen]
Indicators toward growth	▶ Power retail/wholesale: min. 30.0B kWh/year [inc. outside Hokkaido; ex. NW wholesale]	24.3B kWh	26.1B kWh	26.0B kWh
	▶ Gas supply business: min. 100 kt/year	3 kt	8 kt	10 kt
	▶ Renewable power generation: up min. 0.3M kW [inc. outside Hokkaido]	Cumulative total 39K kW	Cumulative total 41K kW	Cumulative total 52 K kW
Environmental target (CO2 emissions reduction/year)	<ul style="list-style-type: none"> ▶ Cut min. 50% from FY2014 levels (min. -10M t/year) <p>[Actual CO2 emissions]</p>	28% reduced (-5.35M t/year) [13.57M t]	24% reduced (-4.51M t/year) [14.41M t]	36% reduced (-6.73M t/year) [12.19M t]

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

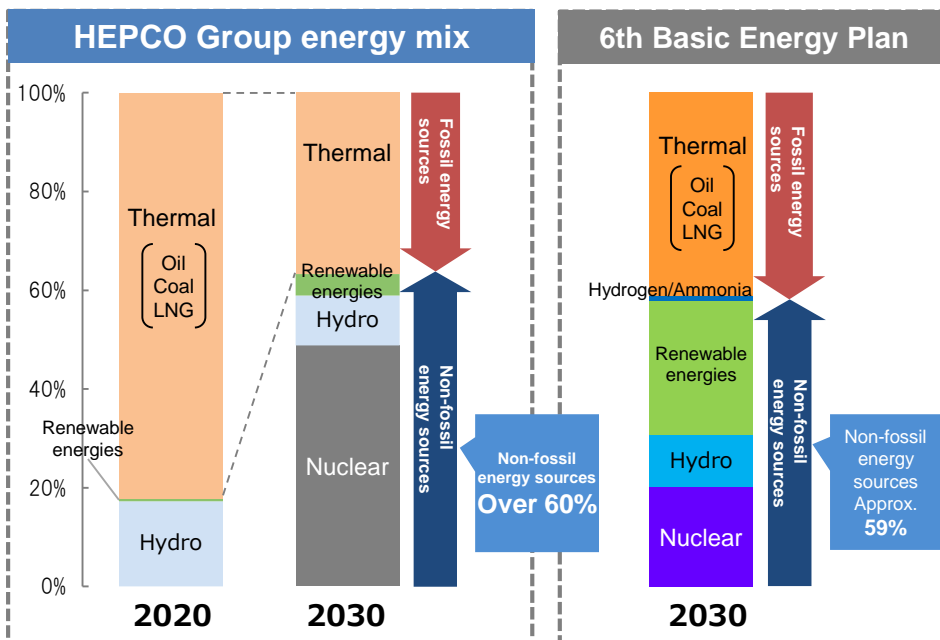
Reference : Energy Mix

- From the perspective of S+3E, we are working towards creating a balanced and competitive energy mix while also proceeding with investigations into a long-term energy mix focused on carbon neutrality.



Future vision for energy mix at the HEPSCO Group (2030)

- In the Japanese Government's 6th Basic Energy Plan, non-fossil energy sources will expand to account for 59% of energy in 2030 through policies to make renewable energy a main source of power.
- At the HEPSCO Group, we aim to achieve 60% or more non-fossil energy sources by restarting Tomari Nuclear Power Station and adopting renewable energy.



◆FY2024 Power Source Development Plan

	Power station	Output (10,000 kW)	Construction start date*	Date of operation start/ acquisition or transfer/ suspension or discontinuance
Under construction	Kyogoku Unit 3 (Pumped storage hydropower)	20	Sep/2001	After FY2034†
Preparation for construction	Ishikariwan Shinko Unit 2 (LNG-fired)	56.94	Mar/2031	Dec/2034†
	Ishikariwan Shinko Unit 3 (LNG-fired)	56.94	Mar/2034	Dec/2037†
Transfer ‡	Ainumanai (Hydropower)	(0.2)	-	May/2023
	Ono (Hydropower)	(0.15)	-	Jul/2023
	Isoyagawa No.1 (Hydropower)	(0.24)	-	May/2024
	Isoyagawa No.2 (Hydropower)	(0.125)	-	Aug/2024
	Nanae (Hydropower)	(1)	-	Dec/2024
Suspension Decommission	Date Unit 1 (Oil-fired thermal)	(35)	-	Nov/2023 Suspension
	Date Unit 2 (Oil-fired thermal)	(35)	-	Mar/2024 Suspension
	Naie Units 1&2 (Coal-fired)	(35) (17.5×2)	-	Mar/2027 Decommission
	Sunagawa Units 3&4 (Coal-fired)	(25) (12.5×2)	-	Mar/2027 Decommission
	Onbetsu Units 1&2 (Oil-fired thermal)	(14.8) (7.4×2)	-	TBD Decommission

*Construction start date is the notification date per Article 48 of the Electric Utilities Industry Law

†Operation start date postponed from the date listed on the FY2023 Energy Supply Plan

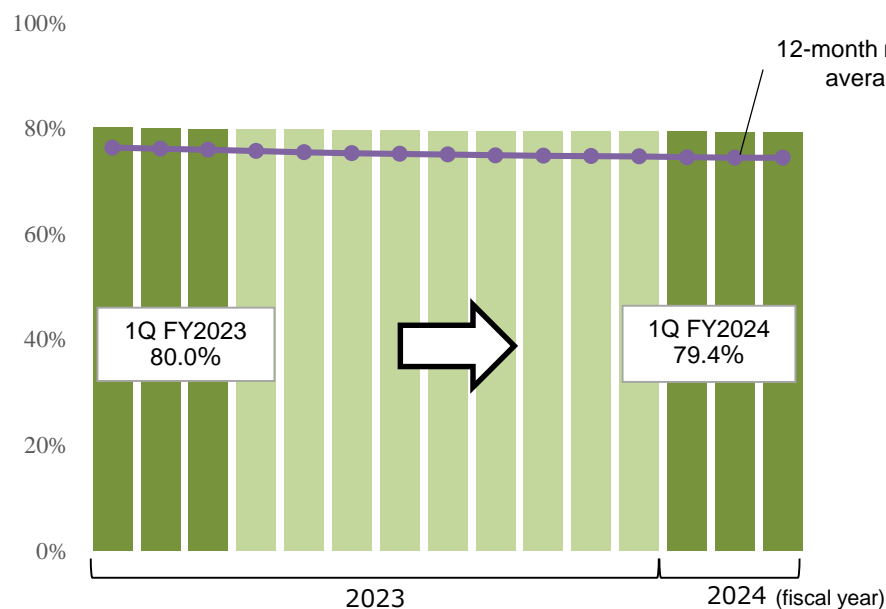
‡The transfer and acquisition of hydroelectric power businesses due to the implementation of Hydroelectric Power Station Alliance Business in Southern Hokkaido (Press release October 28, 2021)

Reference : Electricity Retail

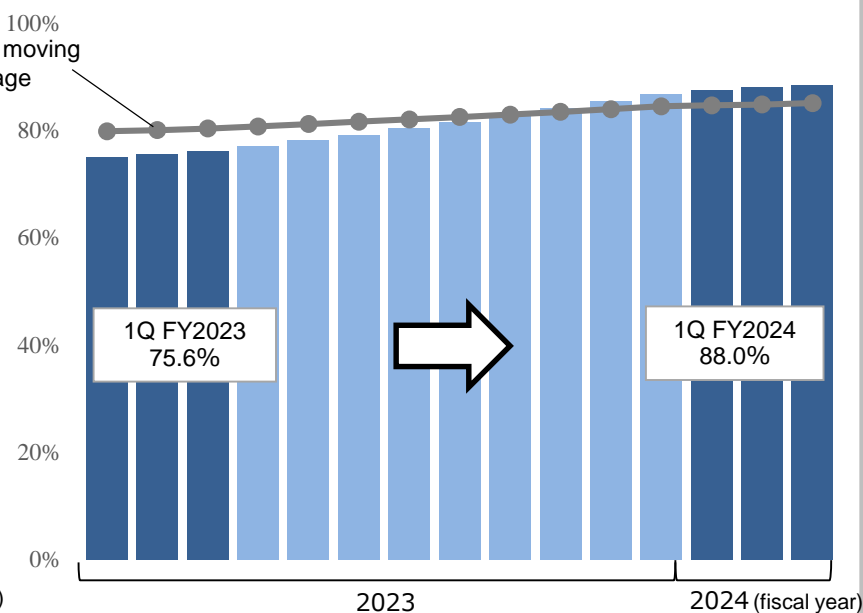
- In the low voltage field, our share turned to 79.4% in 1Q FY2024, down 0.6% from the previous year (80.0%).
- In the high voltage/extra high voltage field, our market share turned to 88.0% in 1Q FY2024, up 12.4% from the previous year (75.6%).

Change in our share (kWh) in the Hokkaido region*

low-voltage



high to extra-high voltage



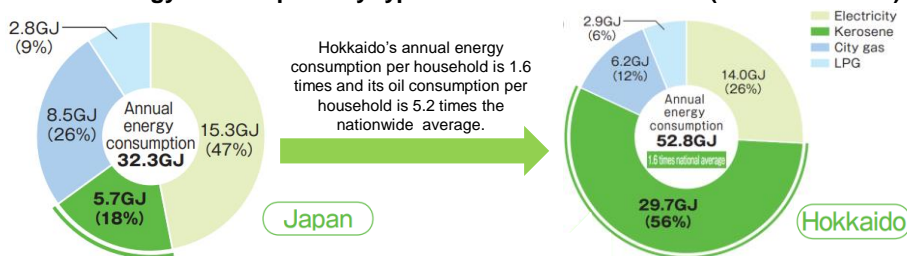
* Calculated based on electricity trading reports published by the Electricity and Gas Market Surveillance Commission.
In the above calculations, our estimates are used for the most recent two months.

Reference : Promotion of Electrification and Energy Conservation

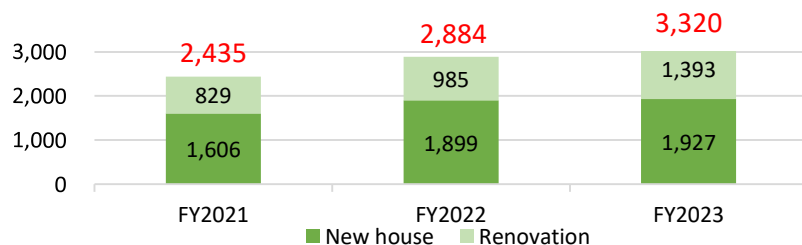
Promotion of electrification

- Hokkaido's energy consumption for home heating is higher than other prefectures. Its proportion of petroleum-based energy consumption is also high. Thus, electrification has very high potential in Hokkaido.
- We plan to promote electrification by promoting smart housing and use of air conditioning.

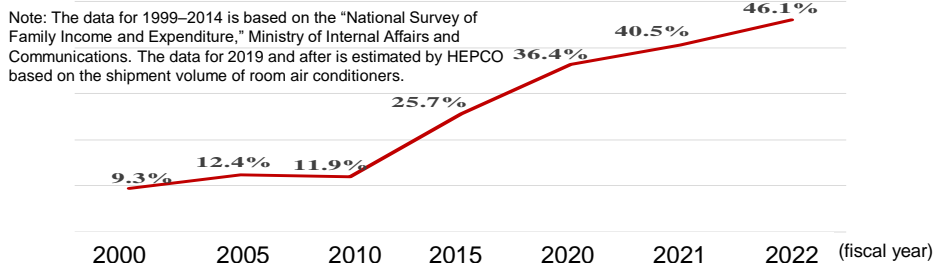
Annual energy consumption by type in the household sector (FYE2021 actual)



Households adopting smart electrification



Air conditioning penetration rate in Hokkaido



Efforts for ZEB

- HEPCO is a registered net zero energy building (ZEB) planner since FYE2018. We offer proposals for ZEBs aligned with customer needs.
- HEPCO provides ZEB construction support, including system proposals, by leveraging the HEPCO group's overall strengths.
- We also aim to expand the support business to capture post-construction businesses, including energy analysis, improvement work, and electricity supply.

HEPCO provides ZEB consulting services for 14 of the 30 properties registered as ZEB model cases in Hokkaido.

Specific ZEB example

- ✓ Provided support to Tsuruga Resorts Co., Ltd. in their ZEB development. This was the first case in Hokkaido where ZEB was implemented for an existing hotel by its extension and reconstruction. (Opened April 28, 2023)
- ✓ ZEB Ready was achieved by implementing high thermal insulation, including in existing buildings, in addition to utilizing natural energy and adopting highly efficient equipment.



Lake Toya Tsuruga Resort Hikari no Uta

This material is compiled based on data available as of July 28, 2023. 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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