

■ Financial Results for FY2024 3Q

January 31, 2024

Hokkaido Electric Power Co., Inc.

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■ Financial Results and Forecasts

Business results

(Billion yen)

	FY2024 3Q (A)	FY2023 3Q (B)	Change (A)-(B)	Comparison (A)/(B) %
Operating Revenue	685.5	623.8	61.7	9.9
Operating Profit (loss)	81.0	(26.8)	107.8	-
Ordinary Profit (loss)	73.7	(31.5)	105.3	-
Profit (loss) attributable to owners of parent	53.6	(21.0)	74.6	-
Basic net income (loss) per share [Yen]	256.06	(107.49)	363.55	

Financial status

(Billion yen)

	As of Dec.31, 2023 (A)	As of March 31, 2023 (B)	Change (A)-(B)
Assets	2,114.1	2,093.3	20.8
Net Assets	312.7	258.1	54.6
Shareholders' Equity Ratio	14.2%	11.7%	2.5%

Consolidated – Statement of Operations for the FY2024 3Q

(Billion yen)

		FY2024 3Q (A)	FY2023 3Q (B)	Change (A)-(B)	Comparison (A)/(B) %
Ordinary Revenue	Operating Revenues	685.5	623.8	61.7	9.9
	Electricity utility operating revenue	655.3	581.7	73.6	12.7
	Other business operating revenue	30.2	42.0	(11.8)	(28.2)
	Non-operating Income	2.2	4.0	(1.8)	(44.2)
Subtotal		687.8	627.9	59.9	9.5
Ordinary Revenue	Operating Expenses	604.5	650.9	(46.1)	(7.1)
	Electricity utility operating expenses	579.0	612.6	(33.5)	(5.5)
	Other business operating expenses	25.4	38.0	(12.5)	(33.1)
	Non-operating Expenses	9.5	8.8	0.6	7.9
Subtotal		614.0	659.5	(45.4)	(6.9)
[Operating Profit (loss)]		[81.0]	[(26.8)]	[107.8]	[-]
Ordinary Profit (loss)		73.7	(31.5)	105.3	-
Provision or reversal of reserve for water shortage		0.3	0.3	0.0	6.2
Extraordinary income		0.7	4.8	(4.1)	(85.6)
Profit (loss) before income taxes		74.0	(27.0)	101.1	-
Income taxes		20.2	(6.2)	26.4	-
Profit (loss)		53.8	(20.8)	74.7	-
Profit (loss) attributable to non-controlling interests		0.2	0.1	0.0	45.8
Profit (loss) attributable to owners of parent		53.6	(21.0)	74.6	-
(Appendix)	Comprehensive Income	58.0	(20.4)	78.4	-

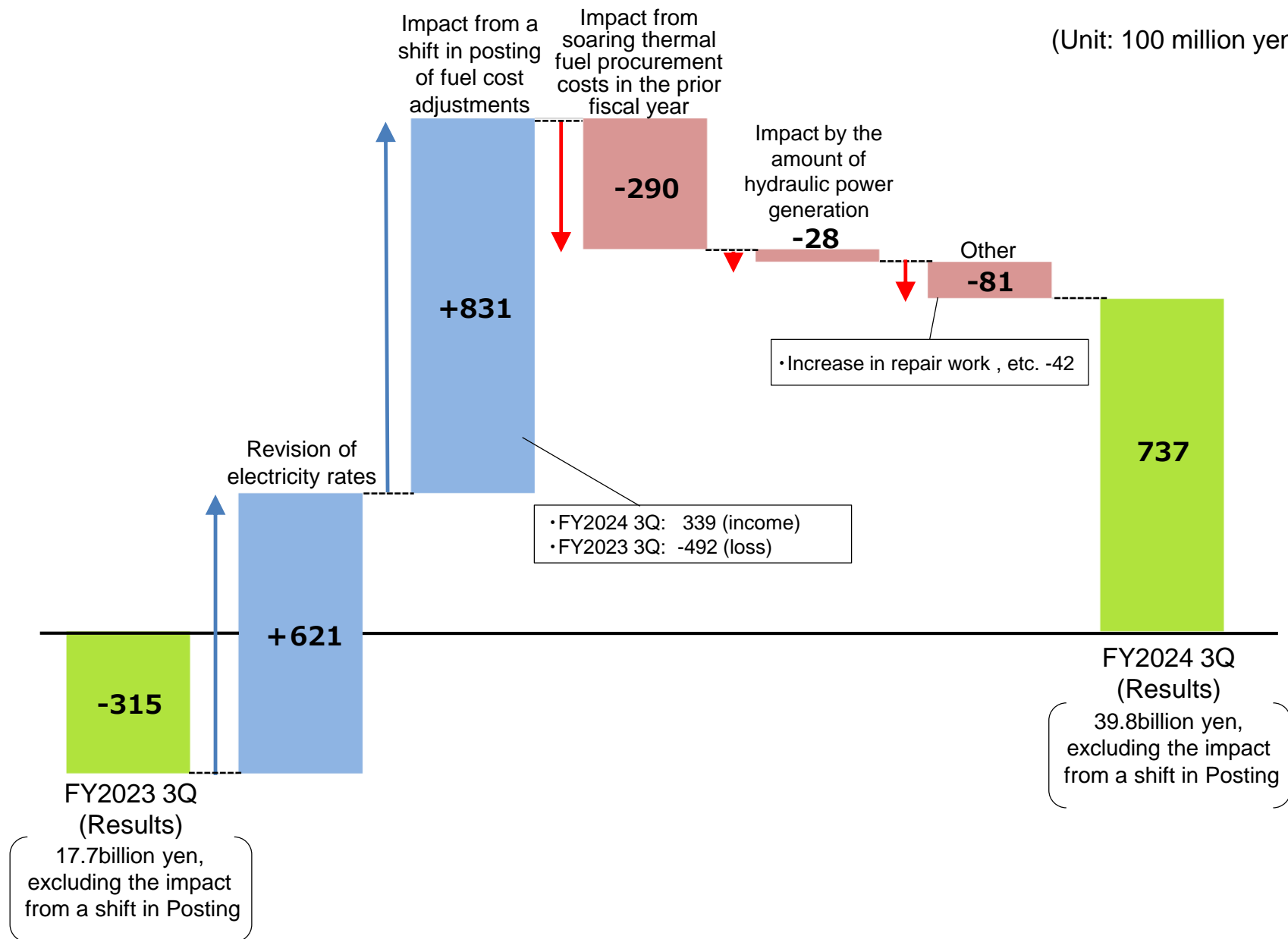
■ Outline of Consolidated Financial Results for FY2024 3Q

<p>Operating Revenue (Increased)</p>	<p>There was a decrease in the fuel cost adjustment amount in tandem with a decline in fuel and wholesale electricity market prices. However, in addition to a review of electricity rates, there was an increase in sales to other utilities in tandem with a rise in wholesale electricity sales. In light of this, operating revenue totaled 685.5 billion yen, a growth of 61.7 billion yen year-on-year.</p>
<p>Ordinary Profit (loss) (Increased)</p>	<p>Ordinary profit came to 73.7 billion yen, an increase of 105.3 billion yen from a loss in the same period a year earlier. This is attributable to a considerable contribution to a positive turnaround in income and expenditures owing to positive impact from a shift in posting for the fuel cost adjustment scheme, in addition a review of electricity rates.</p>
<p>Profit (loss) attributable to owners of parent (Increased)</p>	<p>Profit attributable to owners of parent amounted to 53.6 billion yen, an expansion of 74.6 billion yen from a loss in the same period a year earlier. This reflects the increase in ordinary profit.</p>

Consolidated Financial Results for FY2024 3Q

– YoY changes in ordinary income/loss

(Unit: 100 million yen)



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

Factoring in recent trends, we revised the FY2024 consolidated earnings forecast released on October 26, 2023.

(Unit: Billion yen, billion kWh)

	FY2024 earnings forecast			YoY change for new forecast
	New forecast (A)	October forecast (B)	Change (A) – (B)	
Operating Revenue	Approximately 953.0	Approximately 960.0	Approximately(7.0)	Approximately 64.0
Operating profit	Approximately 77.0	Approximately 49.0	Approximately 28.0	Approximately 99.0
Ordinary profit	Approximately 64.0	Approximately 36.0	Approximately 28.0	Approximately 93.0
Profit attributable to owners of parent	Approximately 55.0	Approximately 31.0	Approximately 24.0	Approximately 77.0
Year-on-year change/ Retail electricity sales and electricity sales to other utilities*	Approximately 6.7% Approximately 33.1	Approximately 8.3% Approximately 33.6	Approximately(0.5)	Approximately 2.0
Year-on-year change/ Retail electricity sales*	Approximately(1.3%) Approximately 23.6	Approximately(1.4%) Approximately 23.6	Approximately the same	Approximately(0.3)

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

Key Factors

Foreign exchange rate (JPY per USD)	Approximately 143	Approximately 146	Approximately (3)	Approximately 8
CIF crude oil price (USD per barrel)	Approximately 86.0	Approximately 87.0	Approximately (1)	Approximately(16.7)

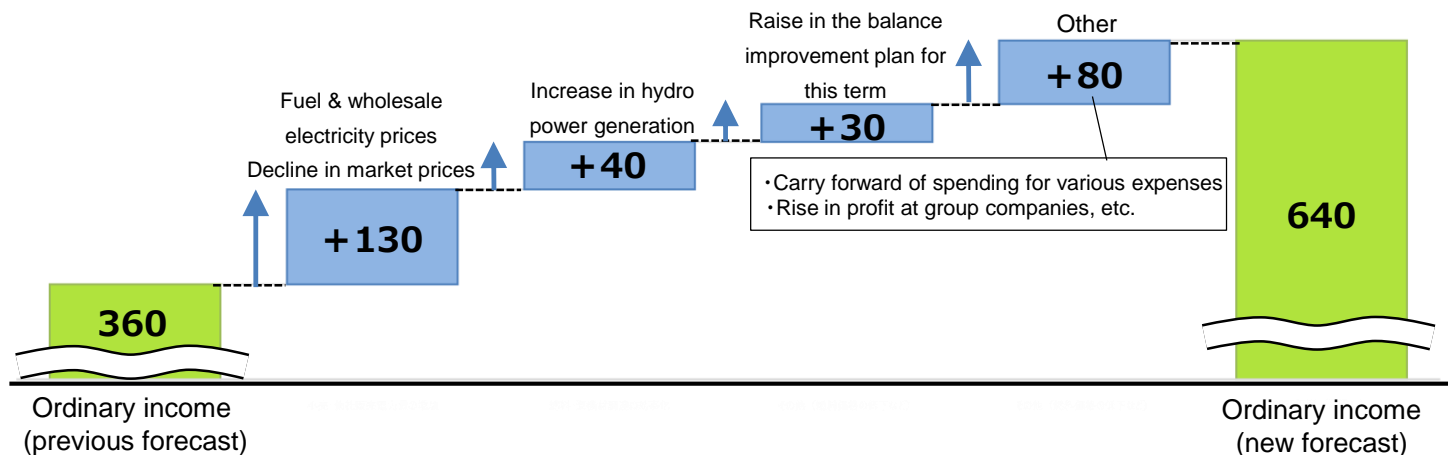
Note: We assume a foreign exchange rate of about 145 yen per dollar and the CIF crude oil price of about 85 dollar per barrel for January 2024 and thereafter.

Outline of revision of forecasts of Consolidated Financial Performance for FY2024 (Ending March 2024)

Electricity Sales	Retail electricity sales are trending roughly in line with our forecast. Due mainly to a decrease in sales triggered by the Feed-in Tariffs (FIT) for renewable energy sources, electricity sales to other utilities are expected to drop. Accordingly, the total for electricity sales is forecast to be around 33.1 billion kWh, a decrease of 500 million kWh in contrast with the forecast we disclosed in October 2023.
Operating Revenue	We forecast a decline in fuel cost adjustments in tandem with a fall in fuel and wholesale electricity costs and a decrease in electric sales to other utilities. We now expect operating revenue of approximately 953.0 billion yen, a drop of 7.0 billion yen versus the forecast we disclosed in October 2023.
Ordinary Income	We estimate ordinary income of about 64.0 billion yen, an increase of 28.0 billion yen in comparison with our outlook released in October 2023 owing to positive turnaround in income and expenditures in tandem with a decline in fuel and wholesale electricity costs, and a decrease in fuel cost along with an rise in hydro power generation.
Profit attributable to owners of parent	We look for profit attributable to owners of parent of around 55.0 billion yen, a boost of 24.0 billion yen versus the outlook we announced in October 2023, reflecting an increase in ordinary income and the posting of extraordinary income owing to a gain on the sale of nuclear fuel.

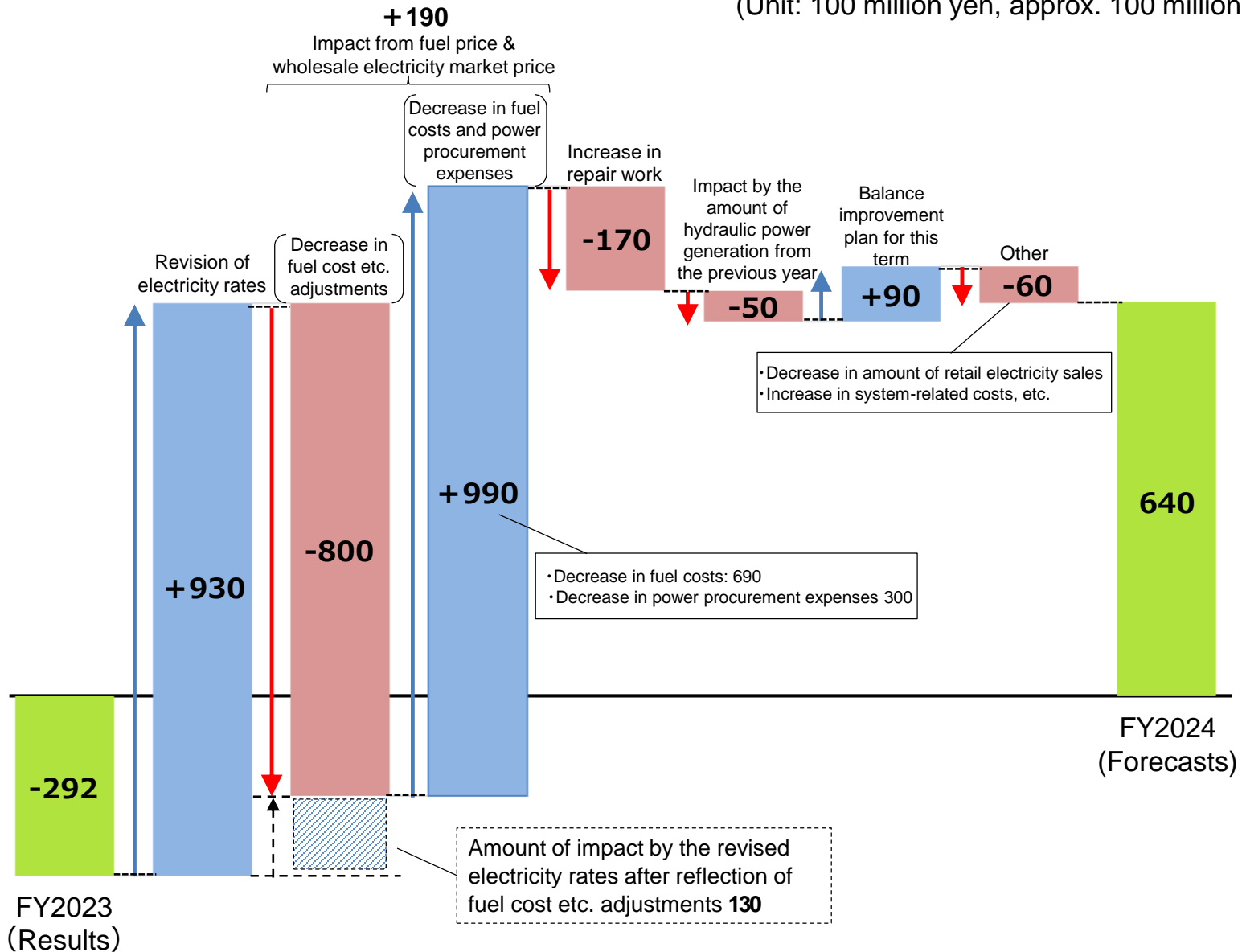
<Factors Involved in Change to Ordinary Profit (Comparison with October announcement)>

(Unit: approx. 100 million yen)



Forecasts of Consolidated Financial Performance for FY2024 (Ending March 2024) – YoY changes in ordinary income/loss

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



FY2024 Year-ending Dividend Forecasts

We reiterate our FY2024 year-end dividend forecast from the outlook we announced on October 26, 2023.

【 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)	¥5	(¥5)	(¥10)	¥4,560,164	(¥1,500,000)	(¥6,060,164)

*Forecasts for FY2024 are in parentheses.

*The interim dividend for Class-B preferred shares included the accrued dividend for FY2023 of 3,060,164 yen.

■ Financial Results Supplementary Materials

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Consolidated; Electricity Sales

- Retail electricity sales were 16,603 million kWh on par with the previous year. Although there was an increase in the number of customers that have contracts with HEPCO, there was also a decrease in demand from industrial customers.
- Electricity sales to other utilities totaled 7,197 million kWh, a growth of 35.7% year-on-year, mainly reflecting an increase in sales volume owing to wholesaling and positive impact from the Feed-in-Tariffs (FIT) for renewable energy.

(GWh)

		FY2024 3Q (A)	FY2023 3Q (B)	Change (A)-(B)	Comparison (A)/(B) %	
Retail electricity sales	Low-voltage customers	Residential	5,468	5,516	(48)	(0.9)
		Commercial and Industrial	962	1,001	(39)	(3.8)
		subtotal	6,430	6,517	(87)	(1.3)
	High-voltage and Extra high-voltage customers		9,906	9,824	82	0.8
	Subtotal (*1)		16,336	16,341	(5)	(0.0)
	Other (*2)		267	319	(52)	(16.2)
	Total		16,603	16,660	(57)	(0.3)
Electricity sales to other utility		7,197	5,302	1,895	35.7	
Total		23,800	21,962	1,838	8.4	

*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.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
Low-voltage customers	Residential	697	637	495	538	611	610	545	616	719	5,468
	Commercial and industrial	145	102	76	87	101	98	86	95	172	962
	Subtotal	842	739	571	625	712	708	631	711	891	6,430
High-voltage and Extra High-voltage customers		1,021	1,012	1,017	1,141	1,200	1,104	1,049	1,094	1,268	9,906
(%YoY) Total		[(3.1)]	[0.9]	[0.7]	[(1.1)]	[5.9]	[5.2]	[(3.5)]	[(3.4)]	[(1.1)]	[(0.0)]
		1,863	1,751	1,588	1,766	1,912	1,812	1,680	1,805	2,159	16,336

(GWh, %)

		FY2023												
		Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total	Jan.	Feb.	Mar.
Low-voltage customers	Residential	756	650	510	551	575	548	556	641	729	5,516	991	824	726
	Commercial and industrial	183	104	74	85	94	86	86	106	183	1,001	351	318	235
	Subtotal	939	754	584	636	669	634	642	747	912	6,517	1,342	1,142	961
High-voltage and Extra High-voltage customers		984	982	992	1,149	1,137	1,089	1,100	1,121	1,270	9,824	1,296	1,168	1,125
(%YoY) Total		[3.6]	[1.6]	[9.3]	[8.1]	[5.8]	[13.4]	[10.8]	[7.2]	[8.6]	[7.4]	[3.1]	[5.2]	[(1.4)]
		1,923	1,736	1,576	1,785	1,806	1,723	1,742	1,868	2,182	16,341	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	22.9	25.4	20.9	12.8	6.5	(1.4)			
	YoY	2.1	0.3	(0.6)	2.2	0.7	3.6	1.9	0.7	(0.2)	0.2			
	deviation	3.6	2.0	1.1	2.3	2.9	4.0	3.0	1.2	1.7	0.0			

Consolidated; Statement of Operations (Revenue)

(Unit: billion yen)

	FY2024 3Q (A)	FY2023 3Q (B)	Change (A)-(B)	Comparison (A)/(B) %	Major cause of increase/decrease
Operating Revenue	685.5	623.8	61.7	9.9	
Electric utility operating revenue	655.3	581.7	73.6	12.7	
Two companies total* Commercial and Industrial	433.6	427.6	5.9	1.4	【Cause of increase】 ・Revision of electricity rates [62.1]
Others	222.8	155.2	67.5	43.5	【Cause of decrease】 ・Fuel price decrease [(29.6)] ・Amount discounted through the national project to mitigate a sharp increase in electricity and gas rates: [(55.4)]
Sold power to other utilities & Sold power to other suppliers (Repost)	127.5	112.8	14.6	13.0	・Increase in the subsidy from the national project to mitigate a sharp increase in electricity and gas rates: [55.4]
Transmission revenue (Repost)	30.6	34.7	(4.1)	(11.9)	・Increase in power prices between zones/for sales to other companies[14.6]
Subsidiary / consolidation revision	(1.0)	(1.1)	0.0	(7.5)	
Other business operating revenue	30.2	42.0	(11.8)	(28.2)	
Non-operating Income	2.2	4.0	(1.8)	(44.2)	
Ordinary Revenue	687.8	627.9	59.9	9.5	

*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 secured stable supply owing to the suitable operation of supply facilities and the use of wholesale electricity market transactions, in addition to a water supply rate of 103.1%, which surmounted levels in an average year, given the shutdown of operations at all reactors at the Tomari Nuclear Power Station.

(GWh)

		FY2024 3Q (A)	FY2023 3Q (B)	Change (A)-(B)	Comparison (A)/(B) %
Generated Power	[Water flow rate %]	[103.1%]	[105.9%]	[(2.8)%]	
	Hydroelectric	3,001	3,126	(125)	(4.0)
	Fossil Fuel	10,330	11,366	(1,036)	(9.1)
	[Nuclear capacity ratio %]	[-]	[-]	[-]	
	Nuclear	-	-	-	-
	Renewable, etc.	69	79	(10)	(12.9)
Subtotal		13,400	14,571	(1,171)	(8.0)
Power received by other companies*		12,743	9,839	2,904	29.5
Power used for pumped storage, etc.		(263)	(323)	60	(18.6)
Total		25,880	24,087	1,793	7.4

*The amount of electricity received from other companies includes the amount of electricity received from consolidated subsidiaries and equity method affiliates.

Consolidated; Statement of Operations (Expenses and Ordinary Profit /loss)

(Unit: billion yen)

	FY2024 3Q (A)	FY2023 3Q (B)	Change (A)-(B)	Comparison (A)/(B) %	Major cause of increase/decrease	
Electric utility operating expenses	579.0	612.6	(33.5)	(5.5)		
Two companies total*	Personnel	42.4	42.5	(0.0)	(0.2)	
	Fuel	152.6	184.3	(31.7)	(17.2)	【Cause of increase】 ・Decrease hydro power generation[2.8]
	Purchased Power	184.9	189.9	(4.9)	(2.6)	【Cause of decrease】 ・Decrease in fuel prices[(36.4)] ・Decrease electricity procurement costs due to lower market prices [(32.5)]
	Maintenance	52.4	48.2	4.2	8.7	Increase in maintenance costs for electric power distribution facilities [2.4]
	Depreciation	49.5	54.2	(4.6)	(8.5)	Impact from the completion of depreciation for existing power generation facilities [(6.4)]
	Other Expenses	99.5	97.0	2.5	2.6	
	Subsidiary / consolidation revision	(2.5)	(3.6)	1.1	(30.9)	
Other business operating expenses	25.4	38.0	(12.5)	(33.1)		
Non-operating Expenses	9.5	8.8	0.6	7.9		
Interest Expenses(Repost)	7.8	7.0	0.7	10.6		
Ordinary Expenses	614.0	659.5	(45.4)	(6.9)		
Ordinary profit	73.7	(31.5)	105.3	-		

*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; Segment Information

• Sales in the HEPCO segment totaled 617.5 billion yen, an increase of 73.7 billion yen year-on-year. Although there was a decrease in fuel cost adjustments in tandem with a drop in fuel and wholesale electricity market prices, in addition to a review of electricity rates, there was also an increase in electricity sales to other utilities in tandem with a climb in the volume of wholesale electricity sales.

Segment profit (loss) (ordinary profit) was 62.7 billion yen, an increase of 93.3 billion yen from a loss in the same period a year earlier. This was chiefly attributable to a review of electricity rates, as well as a considerable contribution to income and expenditures from the impact of a shift in the posting period for the fuel cost adjustment scheme.

• Sales in the Hokkaido Electric Power Network segment totaled 226.6 billion yen, a decrease of 29.6 billion yen year-on-year. Although revenue grew owing to a revision to the transmission wheeling rate system in tandem with the introduction of a revenue gap system, electricity sales to other utilities declined in tandem with a drop in wholesale electricity market prices.

Segment profit (loss) (ordinary profit) was 7.6 billion yen, a climb of 13.8 billion yen from a loss in the same period, a year earlier. This primarily reflects impact from a revision to transmission wheeling rate system and a decline in supply and demand adjustment costs in tandem with a decline in wholesale electricity market costs.

• Other sales amounted to 103.4 billion yen, a fall of 8.8 billion yen versus a year earlier. Segment profit (loss) (ordinary profit) was 6.5 billion yen, on a par with the same period, a year earlier. This mainly reflects ongoing measures to reduce cost in the construction industry.

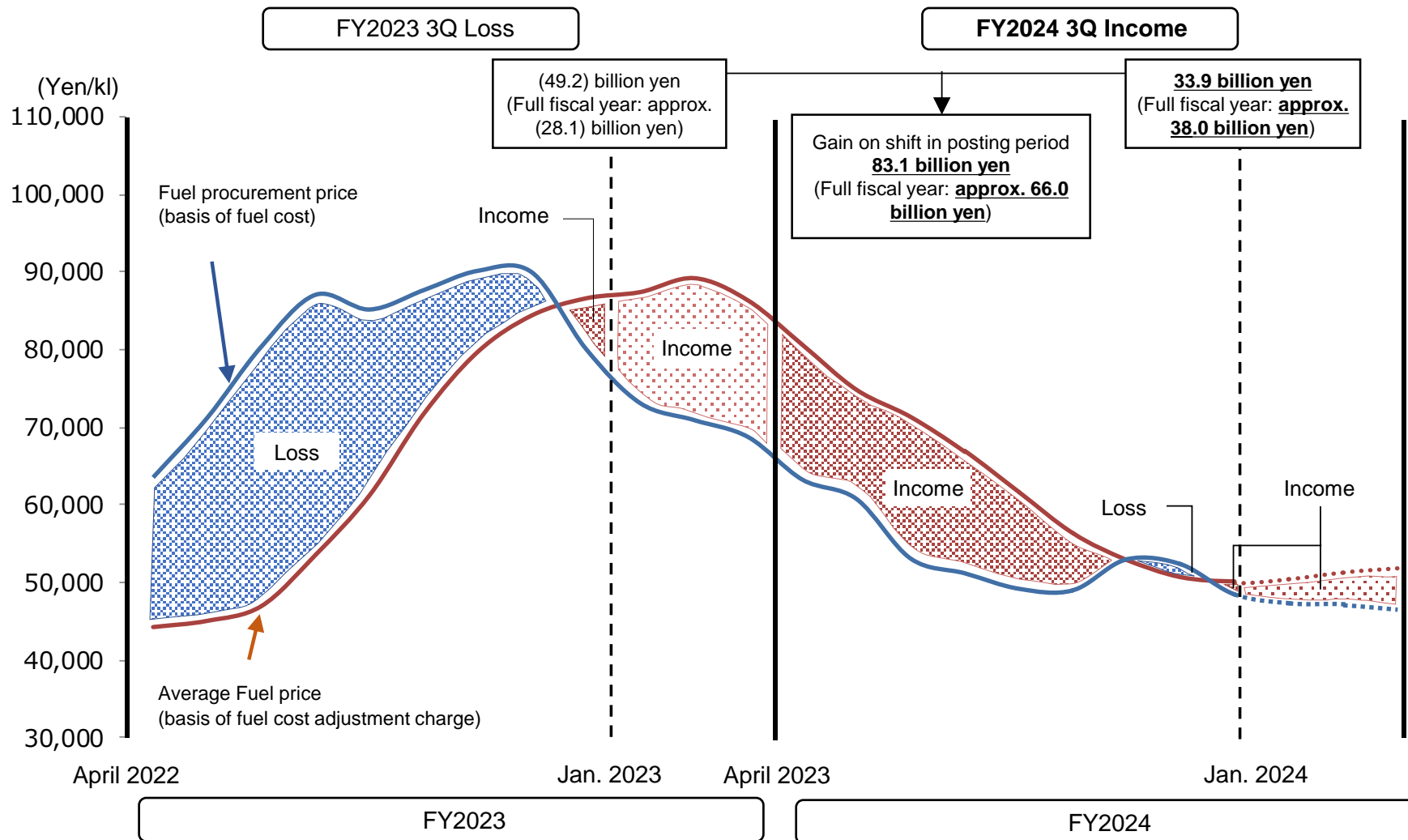
(Unit: billion yen)

	FY2024 3Q (A)	FY2023 3Q (B)	Change (A)-(B)
Operating Revenue	685.5	623.8	61.7
Hokkaido Electric Power Company	617.5	543.8	73.7
Hokkaido Electric Power Network	226.6	256.3	(29.6)
Other *1	103.4	112.2	(8.8)
Adjustments *2	(262.0)	(288.6)	26.5
Segment Income (Ordinary Income)	73.7	(31.5)	105.3
Hokkaido Electric Power Company	62.7	(30.5)	93.3
Hokkaido Electric Power Network	7.6	(6.1)	13.8
Other *1	6.5	6.5	(0.0)
Adjustments *2	(3.2)	(1.4)	(1.8)

*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.

(Reference) Impact of a shift in posting of the fuel cost adjustment scheme (image)



Expense breakdown (Two Companies Total*)

◆Personnel

(Billion yen)

	FY2024 3Q (A)	FY2023 3Q (B)	Change (A)-(B)	Major cause of increase/decrease
Personnel	42.4	42.5	(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 three-quarters of the annual depreciation expense was posted in the current 3Q.

(Billion yen)

	Amount accrued	Amortization of the previous year	FY2024		
			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)

		FY2024 3Q (A)	FY2023 3Q (B)	Change (A)-(B)	Major cause of increase/decrease
Fuel and Purchased Power		337.5	374.2	(36.7)	【Cause of increase】 ・Decrease hydro power generation[2.8]
Break down	Fuel	152.6	184.3	(31.7)	【Cause of decrease】 ・Decrease in fuel prices[(36.4)] ・Decrease electricity procurement costs due to lower market prices [(32.5)]
	Purchased Power	184.9	189.9	(4.9)	

*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.

Expense breakdown (Two Companies Total*)

◆Maintenance

(Billion yen)

		FY2024 3Q (A)	FY2023 3Q (B)	Change (A)-(B)	Major cause of increase/decrease
Maintenance		52.4	48.2	4.2	・Increase in maintenance costs for electric power distribution facilities [2.4]
Break Down	Generation	28.5	26.8	1.6	
	Others	23.9	21.3	2.5	

*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.

◆Depreciation

(Billion yen)

		FY2024 3Q (A)	FY2023 3Q (B)	Change (A)-(B)	Major cause of increase/decrease
Depreciation		49.5	54.2	(4.6)	・Impact from the completion of depreciation for existing power generation facilities [(6.4)]
Break Down	Generation	25.1	30.7	(5.5)	
	Others	24.3	23.5	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)

	FY2024 3Q (A)	FY2023 3Q (B)	Change (A)-(B)	Major cause of increase/decrease
[Interest(on average)%] Interest Expenses	[0.70] 7.8	[0.65] 7.0	[0.05] 0.7	

*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.

◆ Other Expenses

(Billion yen)

	FY2024 3Q (A)	FY2023 3Q (B)	Change (A)-(B)	Major cause of increase/decrease
Other Expenses	99.5	97.0	2.5	Increase in system-related costs [2.1]

*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.

Key Factors / Sensitivity Factors

Key Factors

	FY2024 3Q (A)	FY2023 3Q (B)	Change (A)-(B)
Foreign Exchange Rate (Yen/\$)	143	137	6
CIF Crude Oil Price (\$/barrel)	86.6	107.8	(21.2)
Foreign coal CIF (\$/t)	205.8	360.1	(154.3)
LNG CIF (\$/t)	639.2	946.9	(307.7)
Water Flow Rate (%)	103.1	105.9	(2.8)

Sensitivity Factors

(Billion yen)

	FY2024 3Q (A)	FY2023 3Q (B)	Change (A)-(B)
Foreign Exchange Rate (1Yen/\$)	0.9	1.5	(0.6)
CIF Crude Oil Price (1\$/barrel)	0.4	0.5	(0.1)
Foreign coal CIF (1\$/t)	0.35	0.3	0.05
LNG CIF (1\$/t)	0.03	0.02	0.01
Water Flow Rate (1%)	0.4	0.7	(0.3)

Consolidated; Statements of Balance Sheets

(Unit: billion yen)

	As of Dec.31, 2023 (A)	As of March 31, 2023 (B)	Change (A)-(B)	Major factors for increase/decrease
Assets	2,114.1	2,093.3	20.8	<ul style="list-style-type: none"> • Decrease in non-current assets in the electric power business [(10.7)] • Increase in construction in progress [21.4]
Liabilities	1,801.4	1,835.2	(33.8)	<ul style="list-style-type: none"> • Decrease in interest-bearing debt [(39.7)]
Net Assets	312.7	258.1	54.6	<ul style="list-style-type: none"> • Posting of quarterly profit attributable to owners of parent [53.6]

(Billion yen, %)

	As of Dec.31, 2023 (A)	As of March 31, 2023 (B)	Change (A)-(B)
Interest-bearing Debt Outstanding	1,436.1	1,475.9	(39.7)
Shareholders' Equity Ratio	14.2	11.7	2.5

Consolidated Statements of Comprehensive Income

(Billion yen)

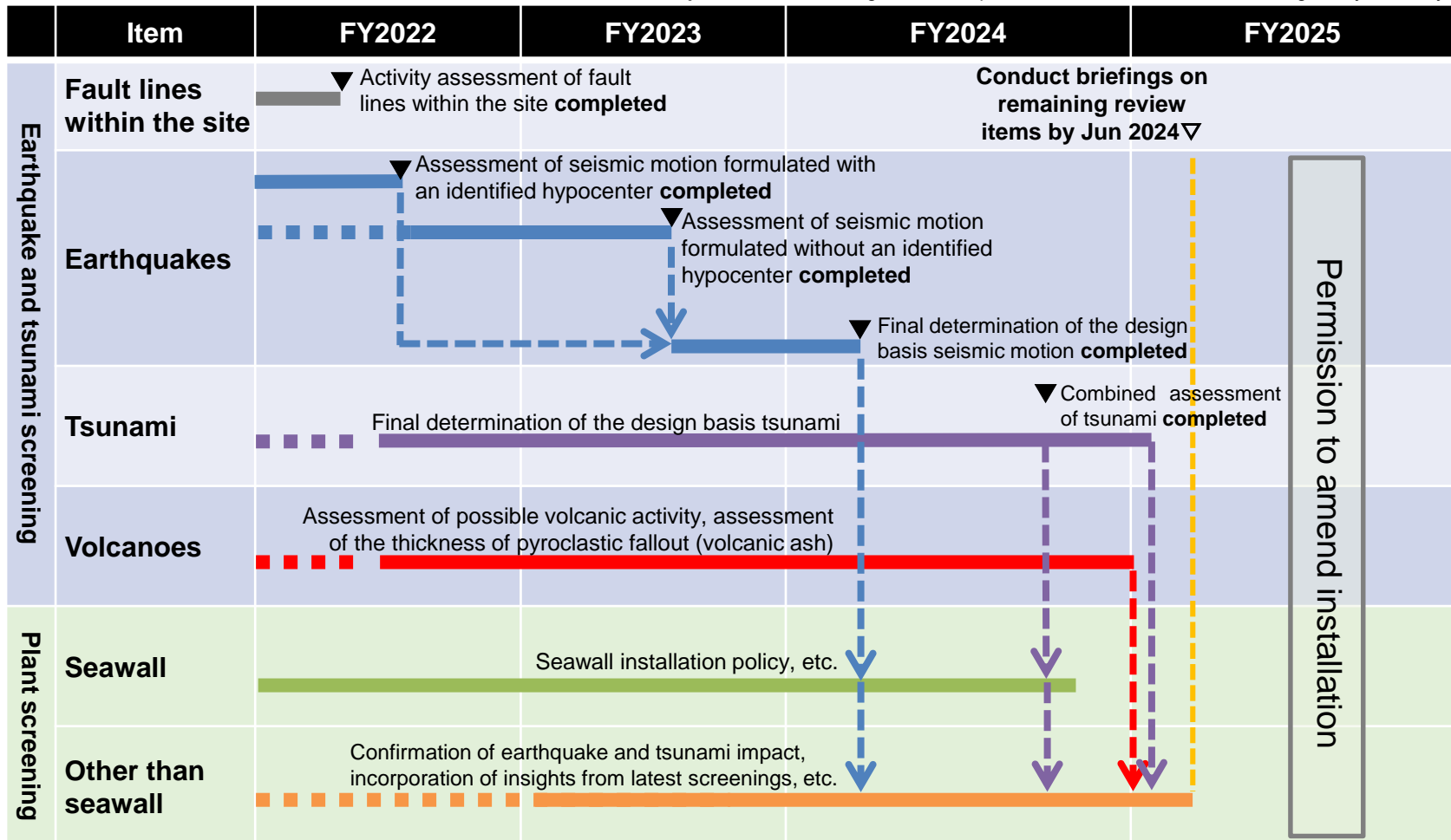
	FY2024 3Q (A)	FY2023 3Q (B)	Change (A)-(B)
Profit (loss)	53.8	(20.8)	74.7
Other Comprehensive Income	4.1	0.3	3.7
Valuation difference on available-for-sale securities [included in "Other Comprehensive Income"]	2.3	0.4	1.9
Deferred gains or losses on hedge [included in "Other Comprehensive Income"]	0.7	(0.5)	1.3
Remeasurements of defined benefit plans [included in "Other Comprehensive Income"]	1.0	0.5	0.4
Share of other comprehensive income of entities accounted for using equity method	(0.0)	—	(0.0)
Comprehensive Income	58.0	(20.4)	78.4
Comprehensive income attributable to owners of parent [included in "Comprehensive Income"]	57.7	(20.6)	78.3
Comprehensive income attributable to non-controlling interests [included in "Comprehensive Income"]	0.2	0.1	0.1

■ Management Approach

■ Efforts to Accelerate the Restart of Tomari Nuclear Power 1

- The timing for the completion of briefings for remaining review items has been shifted from April 2024 to June 2024. This was explained to the Nuclear Regulatory Authority at a review meeting on January 19, 2024.
- This was the result of a reconsideration of the time required for briefings and the order and combination of briefings for reference tsunami reviews given the progress of reviews made out thus far.

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

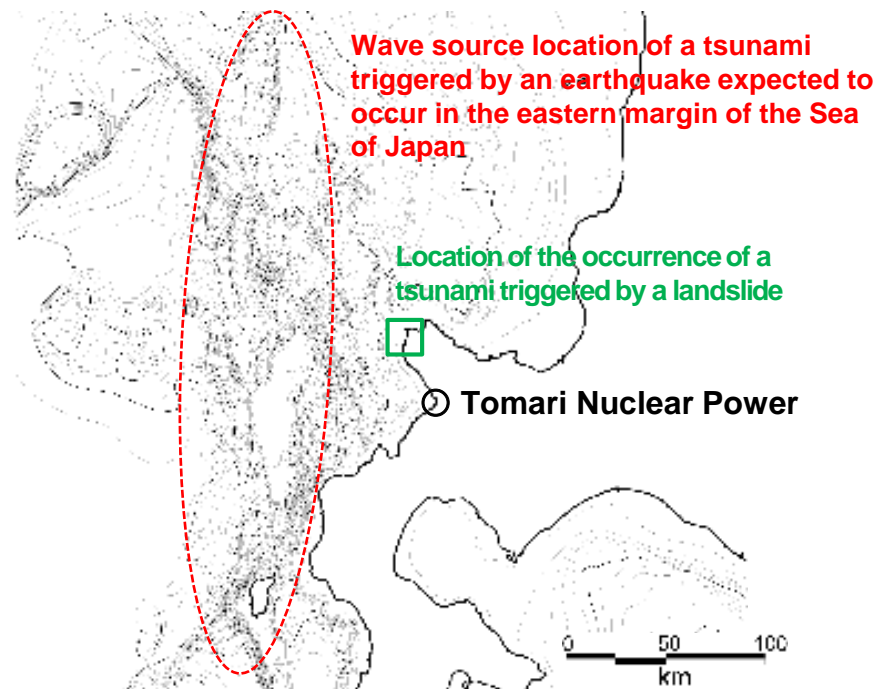


Application for permission to amend installation submitted on July 8, 2013

Submitted a letter of amendment on December 22, 2023 to seek permission to amend the installation of facilities

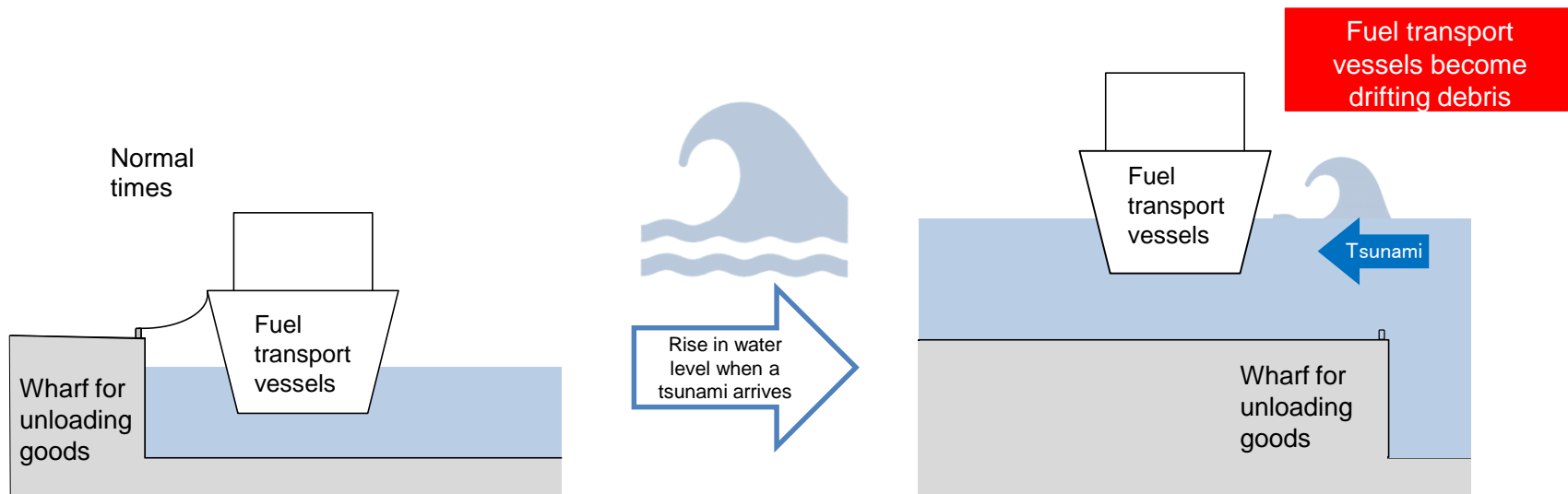
Establishing a standard tsunami wave height

- Working toward establishing criteria for a reference tsunami wave height, we held briefings on the results of our assessment of tsunamis triggered by earthquakes and the combined assessment of tsunamis triggered by landslides anticipated in the eastern margin of the Sea of Japan. Regarding the combined assessment made at the review meeting on October 20, 2023 (side where water level rises) and the combined assessment made at the review meeting on December 8, 2023 (side where water level descends), the Nuclear Regulation Authority gave us an assessment stating that our “considerations were generally appropriate.”
- In addition, at the review meeting held on January 19, 2024, we explained that the timing of the completion of reviews of the remaining major issues for establishing a reference tsunami wave height would likely be sometime in mid-April.



Impact assessment of earthquake and tsunami on plant facilities

- At the review meeting on December 7, 2023, we conducted a briefing on the status of our study related to drifting prevention to avoid the negative impact mainly from transport vessels, including those that carry fuel, going adrift, and colliding with tide embankments.
- In cases when a reference tsunami hits, the possibility cannot be ruled out that ample time cannot be secured before a tsunami arrives, and therefore we envisaged cases where an emergency evacuation could not be carried out. We are considering a policy of mooring transport vessels, including those that carry fuel, at the port as the first candidate for our countermeasures (the plan is to install weights at the dedicated port at the Tomari Nuclear Power Plant, connect the hull using rope from the ocean area to prevent a vessel from going adrift). We plan to explain the feasibility as a measure at review meetings going forward.



Efforts to Accelerate the Restart of Tomari Nuclear Power 4

Reactor No. 3 at the Tomari Nuclear Power Plant: Submission of a letter of amendment to apply for permission to make changes to nuclear reactor installation in tandem with the enforcement of new regulatory standards

- On December 22, 2023, a letter of amendment was submitted to the Nuclear Regulatory Authority. The purpose of this letter is to seek a partial amendment to the application to authorize a change in the installation of a reactor for power generation at the Tomari Nuclear Power Plant (change to the No. 3 power generation reactor facilities), which was submitted to the authority on July 8, 2013.
- As one portion of the review of the plant side, this letter of amendment reflects the details of reviews conducted thus far regarding “facilities subject to design standards” and “facilities that can cope with serious accidents, etc. (assess the effectiveness of measures mainly to cope with serious accidents, necessary technical capabilities to implement measures required to prevent the occurrence and spread of serious accidents),” excluding earthquake and tsunami related matters that are a part of the review items.
- Going forward, we plan to make another round of amendments, including reflecting the results of progress made in reviews of matters related to earthquakes and tsunamis, for which we are continuing to conduct briefings.

Geological features	Geological features and structure of a site		
	Geological features and structure of a site		
Seismic motion	Underground structure		
	Seismic motion formulated with an identified hypocenter		
	Seismic motion formulated without an identified hypocenter		
	Standard seismic motion		
Tsunami	Tsunami triggered by an earthquake		
	Tsunamis that are triggered by incidents other than earthquakes		
	Reference tsunami		
Related to facilities that are subject to design standards	Safety of ground and inclines		
	Volcanic event		
	Quake-resistant design policy		
	Tsunami-resistant design policy		
	External events	Design policy for tornados	
		Design policy for volcanic events	
		Design policy for external fire disasters	
		Design policy for other natural disasters	
Internal fire disasters			
Internal overflow			
Safety facilities, etc.			

Related to facilities that can cope with serious accidents	Assessment of effectiveness	Core damage prevention
		Containment vessel damage prevention
		Spent fuel storage tanks
		During shutdown
		Sequence setting
	Facility/technological capabilities	Analysis code
		Secure subcriticality when there is a shutdown failure
		Core cooling (high-pressure cooling, decompression, low-pressure cooling)
		Final heat sink
		Core container (cooling, prevent damage due to excess pressure, lower level water injection)
Hydrogen measures (core container, reactor building)		
Spent fuel storage tanks		
Emergency response center		
Other (Monitoring and surveillance points, communications, etc.)		
Large-scale destruction		

[List of major review items]
Box outlined in red: Details stated in the letter of amendment submitted this time around



■ Approval of wheeling rates

- Hokkaido Electric Power Network Co., Inc., on December 1, 2023, submitted an application for approval to change its general provisions, including for wheeling services. On January 17, 2024, approval was received from the Minister of Economy, Trade and Industry.
- On November 24, 2023, approval was passed for the application seeking approval to change its revenue forecast related to wheeling service, which was submitted on September 29 of the same year. A government advisory council reviewed the wheeling service tariff, reflecting its introduction in FY2025 and the established billing system on the power generation side.

Average rate per kilowatt hour (in force from April 1, 2024, excluding tax)

(yen/kWh,%)

		Current rate A	New rate B	Difference B-A	Change ratio
Power generation side		—	0.64	—	—
Demand side	Extra-high voltage	2.83	2.54	(0.30)	(10.5)
	High voltage	4.81	4.42	(0.39)	(8.1)
	Low voltage	10.02	9.65	(0.37)	(3.7)
	Total	6.89	6.52	(0.37)	(5.4)

*In certain cases, the deduction may not add up due to the rounding of figures.

■ Actions to achieve management conscious of cost of capital and stock price-

- On January 31, 2024, an announcement was made compiling an analysis of current conditions for the improvement of corporate value in the medium/long-term and the direction for measures going forward, as an outlook for the realization of ongoing improvement to corporate value.

URL : https://www.hepco.co.jp/info/2023/1252320_1972.html

- In addition, on the same day, we updated our “Corporate Governance Report” as follows.

“Corporate Governance Report” (updated January 31, 2024) *The underlined passages are the updated areas.

[Measures for the realization of management that is conscious of the cost of capital and share price (under consideration)]

• The business portfolio that our group seeks to achieve is defined in the HEPSCO 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 analysis of current conditions and direction of measures going forward to enhance our corporate value over the medium- to long-term, disclosures can be seen at the URL below.

URL : https://www.hepco.co.jp/info/2023/1252320_1972.html

- Reference Materials

■ Second Quarter Financial Results Announcement (October 26) Subsequent Topics

Date	Description of effort	Overview of business plans related slides
Nov.24,2023	Revise Revenue Forecast related to Wheeling Service, etc. [NW]	P 40
Nov.24,2023	Start of commercial operations at MORI Binary Power LLC [HD]	—
Dec.1,2023	Application for approval to change general provisions, including for wheeling service [NW]	P 31
Dec.4,2023	Electricity rates set by the government's project for measures to mitigate drastic changes in electricity and gas prices <ul style="list-style-type: none"> • Continue to discount electricity and city gas rates [HD] 	P 39
Dec.7,2023	Restoration of unit 1 at the Shiriuchi Power Plant (Final report) [HD]	—
Dec.13,2023	Authorization of "Supply conditions other than for General Provisions for Specified Retail Service of a Deemed Electricity Retailer" in accordance with the continuation of the government's project for measures to mitigate drastic changes in electricity and gas prices [HD]	P 39
Dec.22,2023	Reactor No. 3 of the Tomari Nuclear Power Plant: Submission of a letter of amendment to apply for permission to make changes to nuclear reactor installation in tandem with the enforcement of new regulatory standards [HD]	P 30
Dec.27,2023	Implement transition link loan [HD]	—
Jan.17,2024	Authorization for general provisions, including for wheeling service [NW]	P 31
Jan.31,2024	Actions for the realization of continual improvement to corporate value [HD]	P 32

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.

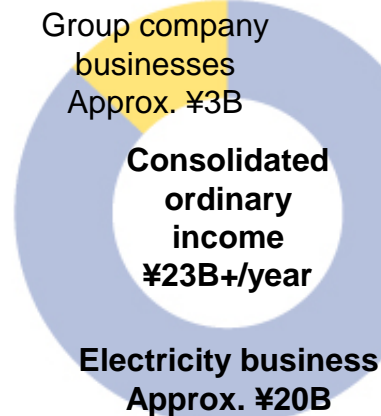
Cash flow

- 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+**

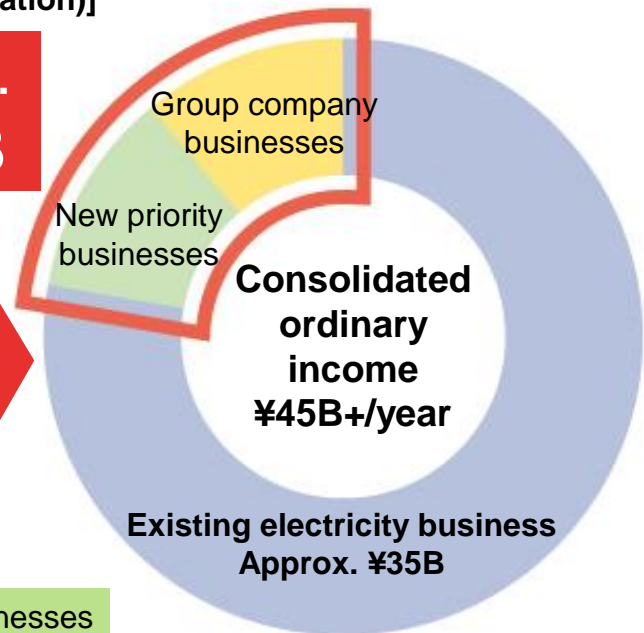
[Phase I (before the restart of Tomari NPS)]



[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



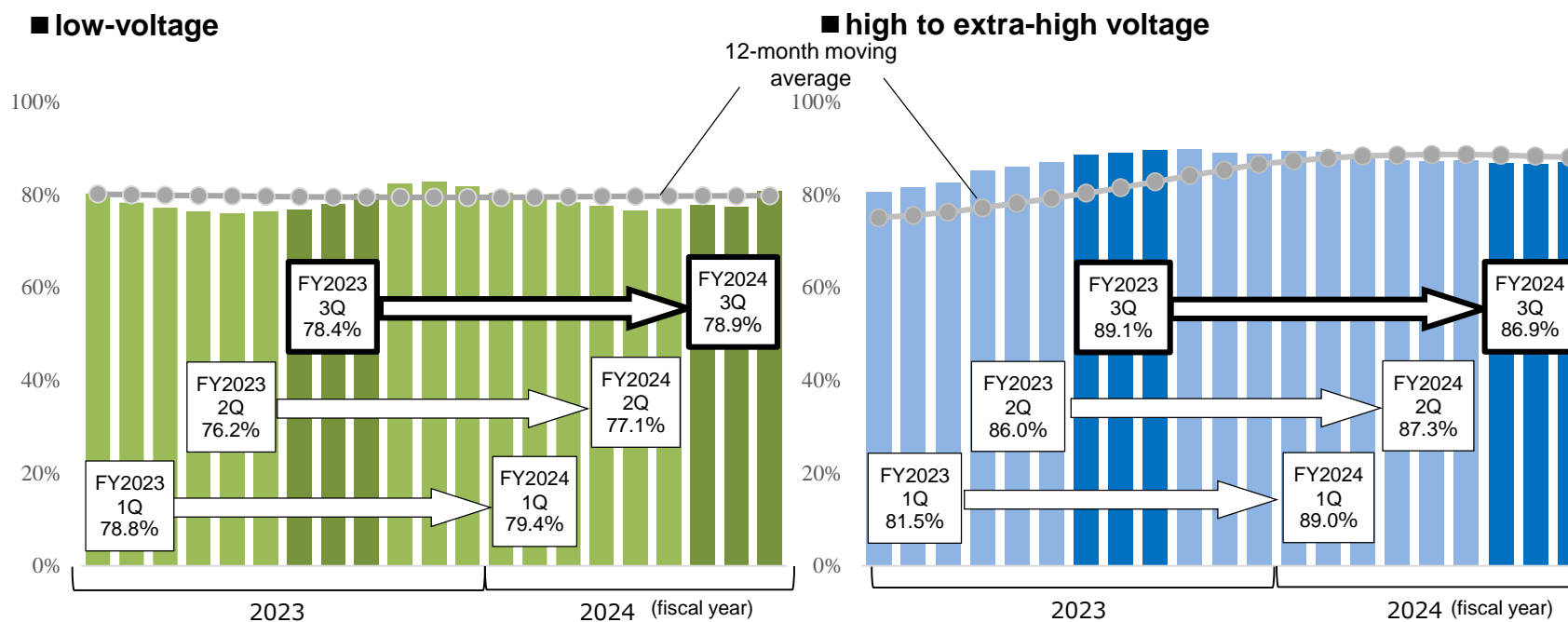
2030 Vision Targets		FY2021 Actual	FY2022 Actual	FY2023 Actual
Target profit (Consolidated ordinary income)	<ul style="list-style-type: none"> ▶ Phase I: min. 23.0B yen/year ▶ Phase II: min. 45.0B yen/year 	41.1B yen	13.8B yen	(29.2)B yen
Financial target (Consolidated capital ratio)	▶ 15%+	13.8%	13.7%	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	<ul style="list-style-type: none"> ▶ Power retail/wholesale: min. 30.0B kWh/year [inc. outside Hokkaido; ex. NW wholesale] 	24.3B kWh	26.1B kWh	26.0B kWh
	<ul style="list-style-type: none"> ▶ Gas supply business: min. 100 kt/year 	3 kt	8 kt	10 kt
	<ul style="list-style-type: none"> ▶ 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 : Electricity Retail

- In the low voltage field, our share turned to 78.9% in 3Q FY2024, up 0.5% from the previous year (78.4%).
- In the high voltage/extra high voltage field, our market share turned to 86.9% in 3Q FY2024, down 2.2% from the previous year (89.1%).

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

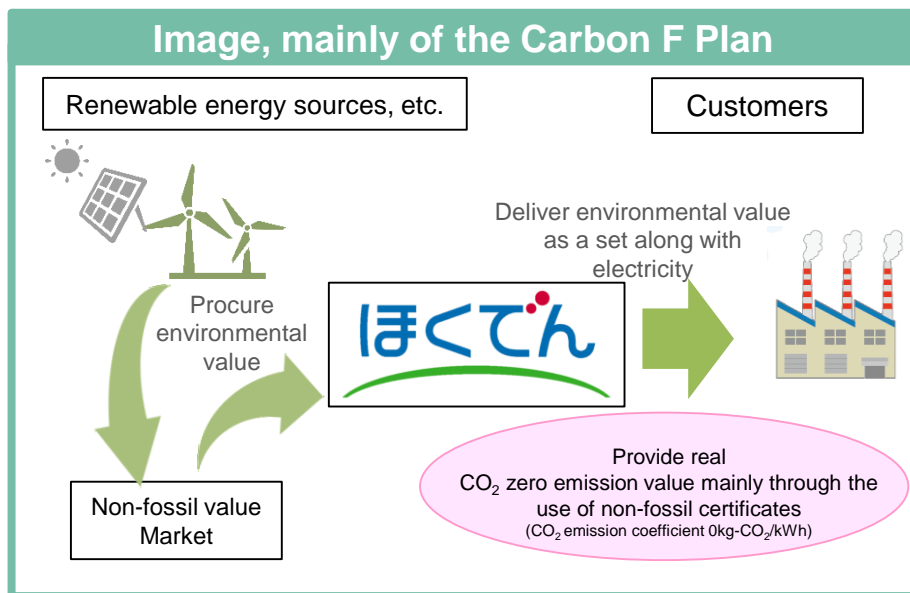


* Calculated based on electricity trading reports published by the Electricity and Gas Market Surveillance Commission.

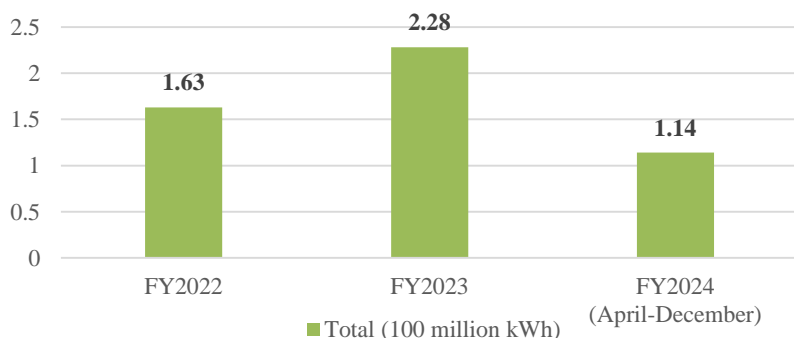
Reference : Provide service for the realization of carbon neutrality

Electricity rate plan that provides environmental value

- Provide an electricity rate menu that will substantially offset CO₂ emissions from the use of electricity, as a start to the Carbon F Plan, to assist with the undertaking of environmental management for customers from the electricity supply side.



Results for electricity sales, including the Carbon F Plan



Contracts signed for solar PPA project

- This service allows customers to use renewable energy power from solar power generation facilities without the initial investment. We are receiving many inquiries from environmentally conscious customers.
- We are promoting proposals while asking about customer needs, facilities, building conditions, etc. individually.

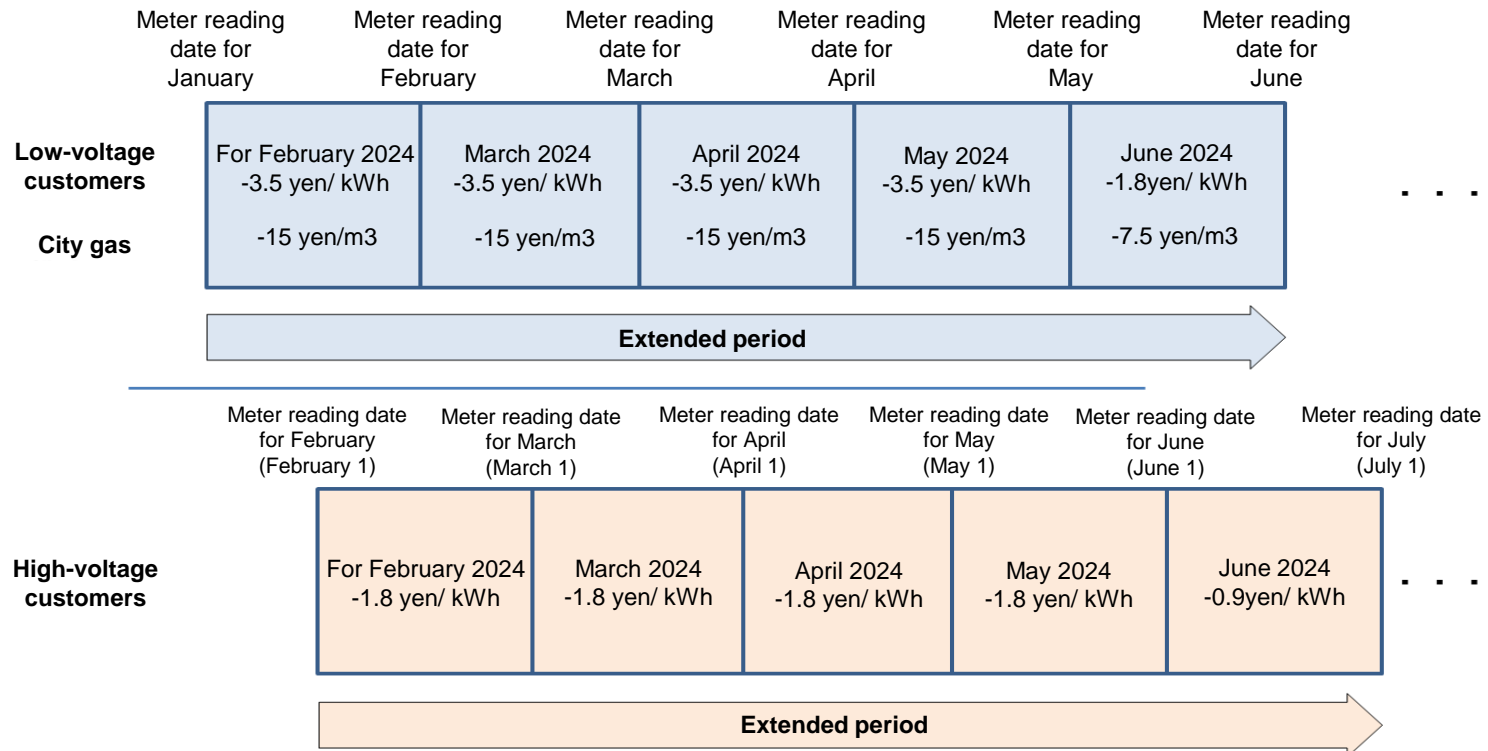
Contracts signed (As of December 31, 2023)

	Category	Supply Start date	Facility capacity panel kW <small>*Fractions are rounded off</small>
On-site	Supply already started	March 2022	313kW
			347kW
		December 2022	218kW
			380kW
	under preparation	December 2023	507kW
		February 2024	160kW
		February 2024	1,134kW
Total			3,832kW
Off-site	Supply already started	November 2023	1,000 kW
	under preparation	January 2024*	12,000kW
		Around spring of 2024	1,500kW
		FY2024 (timing not yet determined)	400kW
	Total		

*Start operations in succession from January 2024 as there are multiple sites

- Based on the government's project for measures to mitigate drastic changes in electricity and gas prices, we offered discounts on electricity and city gas rates from February 2023 (for use in January) to January 2024 (for use in December).
- In December 2023, based on the decision to continue this project, discounts on electricity and city gas rates will continue until June 2024 (for usage in May*).
*For customers with a high-voltage contract, use in June 2024.

Image of extended period



Reference :



Revise Revenue Forecast related to Wheeling Service, etc. ほくでんネットワーク

- On September 29, 2023, Hokkaido Electric Power Network submitted an application for approval to the Minister of Economy, Trade and Industry to change its revenue forecast. On November 24 of the same year, the application was approved after undergoing a rate review at a government advisory council and other bodies.
- The forecast for total revenue for the five-year period from FY2024 to FY2028 was set at 1,005.9 billion yen, an increase of 12.2 billion yen from the forecast of 993.8 billion yen, which was approved in December 2022. The revenue forecast for FY2025-2028, which reflects adjustments during the term, has gone from an annual average revenue of 198.8 billion yen to 201.8 billion yen, a rise of 3.0 billion or 1.5%.

(Unit: 100 million yen/total for five year period)

	Previous agreement amount	Adjustment amount during term	New agreement amount
OPEX	2,491	—	2,491
CAPEX	1,402	—	1,402
Next-generation investments	314	—	314
Other expenses/deductible revenue	1,260	—	1,260
Uncontrollable expense	2,668	+112	2,779
Post-verification expense	1,271	+10	1,281
Remuneration arrangement	532	—	532
Total	9,938	+122	10,059
Annual average (FY2025-FY2028)	1,988	+30	2,018

Adjustment items		Expense items	Adjustment amount
Reflect the portion of finalized results that factor in the organization of government councils	Portion of finalized results for FY2023	Imbalance Excess/shortage of income and expenses	+99
		Additional supply (kWh) Public offering expense	+29
		Gain (loss) related to final guaranteed supply transaction	▲26
	Estimate for first regulatory period	Capacity contribution (Portion corresponding to rare frequency risk)	+12
Subtotal			+114
Reflecting agreement and public offering	Power supply I・I' Public offering cost + 10	Post-verification expense	+10
	Black start Expense to secure power source	Uncontrollable expense	+0
	Capacity contribution (Finalized portion for FY2027)		▲2
Subtotal			+8
Total			+122

*In certain cases, the total may not add up due to the rounding of figures.

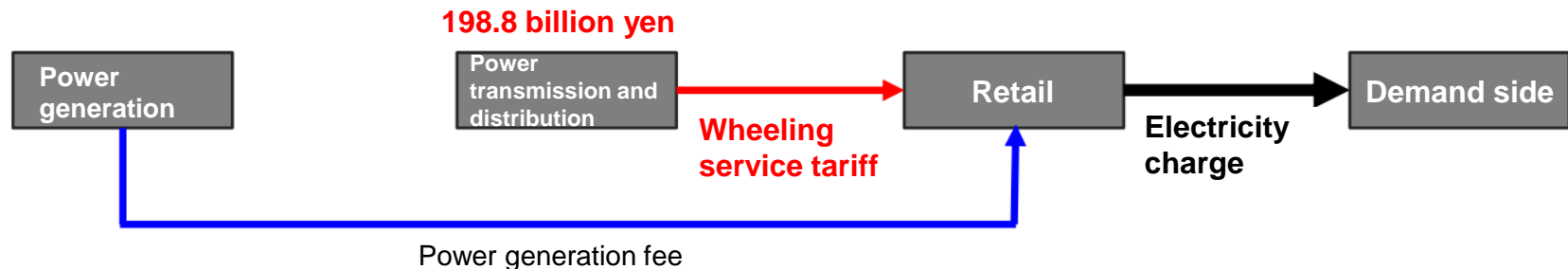
Reference : Overview of the introduction of charging system on the power generation side



- Regarding necessary expenses for the maintenance and expansion of the power transmission and distribution grid, the billing system on the power generation side is structured to achieve fairer cost sharing by requiring power generation companies, which are grid users, to shoulder a portion of this expense.
- After introduction of the billing system on the power generation side, in the event electricity sales that reflect the billing system on the power generation side are conducted by retail electricity suppliers outside of the business area, they will need to shoulder grid maintenance expense across business areas.

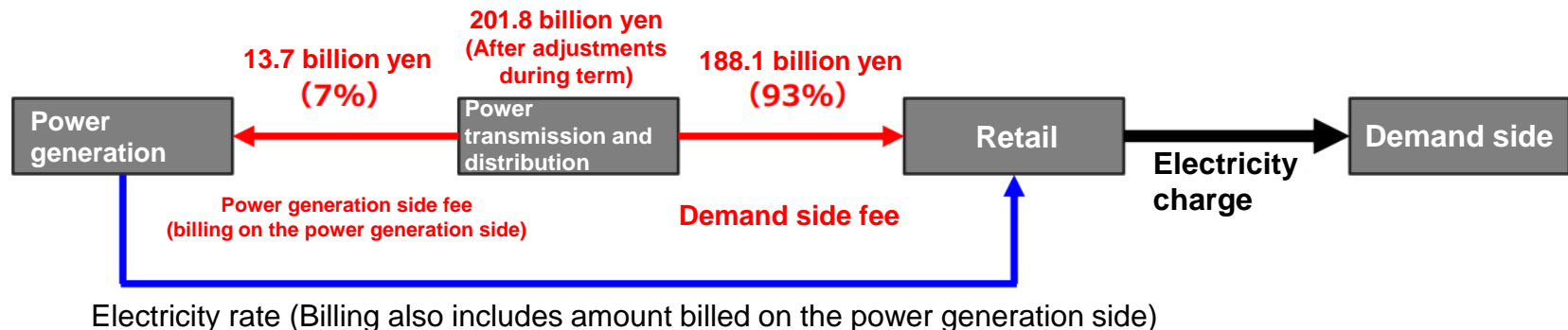
<Present wheeling service tariff system>

*Fully billed to the retail electricity operator



<Post introduction of the billing system on the power generation side>

*Grid facility expense is partially billed to the power generation company



This material is compiled based on data available as of January 31, 2024. 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.

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/>*