

---

# ■ Financial Results for the Year Ended March 31, 2023

May 11, 2023

Hokkaido Electric Power Co., Inc.

---

## ■ Financial Results and Forecasts

• Consolidated Business Results/Financial Status	...	3
• Consolidated Statement of Operations	...	4
• Outline of Consolidated Financial Results	...	5
• Consolidated Financial Results for FY2023 (Ending March 2023) -Year-on-year changes in ordinary income/loss	...	6
• Forecasts of Consolidated Financial Performance for FY2024 (Ending March 2024)	...	7
• FY2023 Year-End Dividends and FY2024 Dividend Forecast	...	8
• Financial Results Supplementary Materials	...	9

## ■ Management Approach

• Efforts to Accelerate the Restart of Tomari Nuclear Power Plant	...	26
• Plans for new construction and decommissioning of major power supply facilities	...	27
• Retail electricity sales	...	28
• Approval of wheeling rates	...	34
• Partial change in the investment contract for Class B preferred stocks	...	35
• HEPCO Group Management Vision 2030 -Management Goals for 2030	...	36
• Topics for Period After 3Q Results Announcement	...	37

## ■ Financial Results and Forecasts

# ■ Consolidated – Business Results/Financial Status

## Business results

(Billion yen)

	April 1, 2022 – March 31, 2023 (A)	April 1, 2021 – March 31, 2022 (B)	Increase/ Decrease (A)-(B)	Comparison (A)/(B) %
Operating Revenue	888.8	663.4	225.4	34.0
Operating Profit(loss)	(22.5)	24.9	(47.5)	—
Ordinary Profit(loss)	(29.2)	13.8	(43.0)	—
Profit(loss) attributable to owners of parent	(22.1)	6.8	(29.0)	—
Basic net income (loss) per share [Yen]	(114.96)	26.57	(141.53)	

## Financial status

(Billion yen)

	As of March 31, 2023(A)	As of March 31, 2022(B)	Increase/ Decrease (A)-(B)
Assets	2,093.3	1,992.8	100.4
Net Assets	258.1	285.7	(27.6)
Shareholders' Equity Ratio	11.7%	13.7%	(2.0%)

# Consolidated – Statement of Operations

( Billion yen )

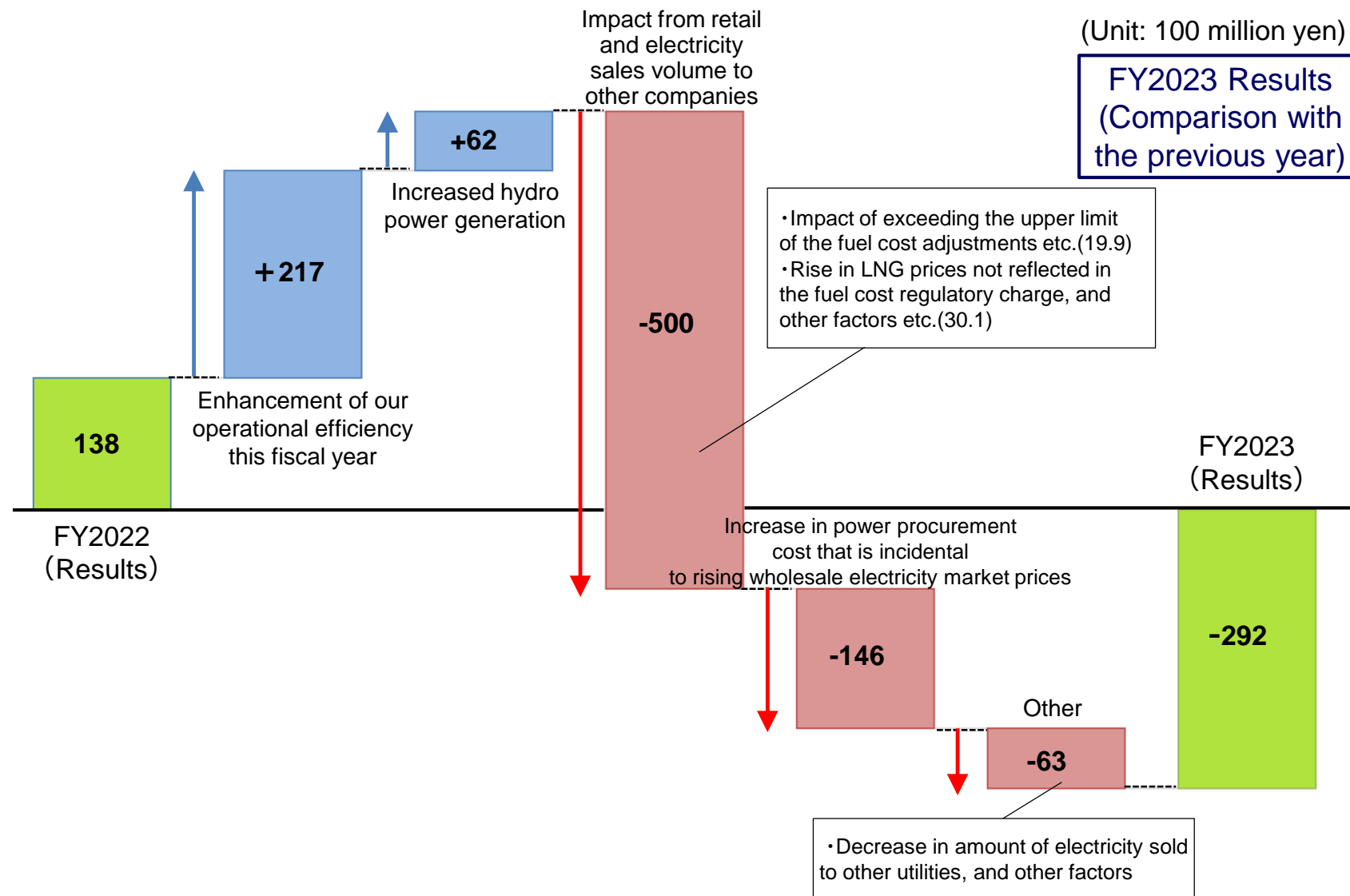
		April 1, 2022 – March 31, 2023 (A)	April 1, 2021 – March 31, 2022 (B)	Increase/Decrease (A)-(B)	Comparison (A)/(B) %
Ordinary Revenue	Operating Revenues	888.8	663.4	225.4	34.0
	Electricity utility operating revenue	835.9	625.4	210.4	33.6
	Other business operating revenue	52.8	37.9	14.9	39.5
	Non-operating Income	4.5	3.4	1.1	34.7
Subtotal		893.4	666.8	226.6	34.0
Ordinary Revenue	Operating Expenses	911.4	638.4	272.9	42.8
	Electricity utility operating expenses	864.3	604.9	259.4	42.9
	Other business operating expenses	47.0	33.4	13.5	40.5
	Non-operating Expenses	11.3	14.5	(3.2)	(22.3)
Subtotal		922.7	652.9	269.7	41.3
[Operating Profit]		[(22.5)]	[24.9]	[(47.5)]	—
Ordinary Profit		(29.2)	13.8	(43.0)	—
Provision or reversal of reserve for fluctuation in water levels		0.5	0.1	0.4	369.8
Extraordinary income		5.7	—	5.7	—
Extraordinary loss		2.5	1.5	0.9	64.8
Profit before income taxes		(26.5)	12.1	(38.7)	—
Income taxes		(4.7)	4.8	(9.6)	—
Profit		(21.8)	7.3	(29.1)	—
Profit (Loss) attributable to non-controlling interests		0.3	0.4	(0.0)	(18.3)
Profit attributable to owners of parent		(22.1)	6.8	(29.0)	—
(Appendix)	Comprehensive Income	(24.6)	3.1	(27.8)	—

# ■ Outline of Consolidated Financial Results

Operating Revenue (Increased)	Sales increased by 225.4 billion yen from the previous fiscal year to 888.8 billion yen. This was the result of an increase in the fuel cost adjustments that is incidental to rising fuel prices and an increase in the amount of our retail electricity.
Ordinary Income(loss) (loss)	During the fiscal year, we enhanced our operational efficiency by procuring fuel at a price lower than market price and by taking other measures. However, ordinary profit in our business decreased by 43.0 billion yen to 29.2 billion yen in loss. This was the result of an increase in power procurement cost that is incidental to rising fuel prices, and rising wholesale electricity market prices.
Profit(loss) attributable to owners of parent (loss)	Because our ordinary profit and loss resulted in a loss, our net profit decreased by 29.0 billion yen from the previous fiscal year to 22.1 billion yen in loss.

# Consolidated Financial Results for FY2023 (Ending March 2023)

– Year-on-year changes in ordinary income/loss



## <Forecast of Our Consolidated Management Performance in FY2023>

On January 26, 2023, we applied for an increase in our retail electricity rate for the regulated section to the authorities, and the application is currently being examined.

Thus, we cannot determine our power rates for residential/commercial and industrial use at present, and consequently, we cannot forecast our sales and profits regarding fiscal 2023 full-year consolidated management performance.

We will announce a forecast for our consolidated management performance as soon as rates, charges and other relevant factors have been determined.

As for the amount of our retail electricity, we expect an increase of 200 million kWh from the previous fiscal year to approximately 24.1 billion kWh, or a year-on-year growth rate of 0.8%, due to the fact that we will be able to have more customers, and other positive factors.



# FY2023 Year-End Dividends and FY2024 Dividend Forecast

## FY2023 Year-End Dividend

Regarding the year-end dividend for fiscal 2022, as we already announced on January 26, 2022, the Board of Directors determined to pass it. We sincerely apologize to our shareholders.

## FY2024 Dividend Forecasts

We cannot determine our expected interim and year-end dividends for fiscal 2023 as we cannot forecast our business performance in 2023 at present.

### 【 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
- Consolidated; Statements of Cash Flow
- Time Lag Impact Incurred by Fuel Cost Adjustment System
- Expense breakdown (Two Companies Total)
  - Personnel
  - Fuel and Purchased Power
  - Maintenance、Depreciation
  - Interest Expenses、Other Expenses
- Key Factors・Sensitivity Factors
- Consolidated Statements of Balance Sheets
- Consolidated Statements of Comprehensive Income

# Consolidated; Electricity Sales

- Retail electricity sales increased 8.0% year on year to 23,932 million kWh, mainly due to new customer acquisitions.
- The amount of electric power we sold to other utilities totaled 7,116 million kWh, down 8.3% year-on-year, due to a decrease in the amount we sold to electricity retailers.

(GWh)

		April 1, 2022 – March 31, 2023 (A)	April 1, 2021 – March 31, 2022 (B)	Increase/ Decrease (A)-(B)	Comparison (A)/(B) %	
Retail electricity sales	Low-voltage customers	Residential	805.7	836.5	(30.8)	(3.7)
		Commercial and Industrial	190.5	198.0	(7.5)	(3.8)
		subtotal	996.2	1,034.5	(38.3)	(3.7)
	High-voltage and Extra high-voltage customers		1,341.3	1,173.4	167.9	14.3
	Subtotal (*1)		2,337.5	2,207.9	129.6	5.9
	Other (*2)		55.7	8.6	47.1	547.8
	Total		2,393.2	2,216.5	176.7	8.0
Electricity sales to other utility		711.6	776.5	(64.9)	(8.3)	
Total		3,104.8	2,993.0	111.8	3.7	

\*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, %)

		FY2023												Total
		Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	
Low-voltage customers	Residential	756	650	510	551	575	548	556	641	729	991	824	726	8,057
	Commercial and industrial	183	104	74	85	94	86	86	106	183	351	318	235	1,905
	Subtotal	939	754	584	636	669	634	642	747	912	1,342	1,142	961	9,962
High-voltage and Extra High-voltage customers		984	982	992	1,149	1,137	1,089	1,100	1,121	1,270	1,296	1,168	1,125	13,413
(Rate of increase / decrease in the same month of the Previous year)		[3.6]	[1.6]	[9.3]	[8.1]	[5.8]	[13.4]	[10.8]	[7.2]	[8.6]	[3.1]	[5.2]	[(1.4)]	[5.9]
Total		1,923	1,736	1,576	1,785	1,806	1,723	1,742	1,868	2,182	2,638	2,310	2,086	23,375

(GWh, %)

		FY2022												Total
		Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	
Low-voltage customers	Residential	765	726	516	560	648	546	554	681	730	1,029	838	772	8,365
	Commercial and industrial	174	121	75	86	106	83	83	112	174	385	318	263	1,980
	Subtotal	939	847	591	646	754	629	637	793	904	1,414	1,156	1,035	10,345
High-voltage and Extra High-voltage customers		918	860	851	1,005	954	890	935	949	1,106	1,146	1,039	1,081	11,734
(Rate of increase / decrease in the same month of the Previous year)		[0.0]	[(0.8)]	[(3.6)]	[0.8]	[(2.5)]	[(6.5)]	[(2.9)]	[(4.9)]	[(2.2)]	[(3.6)]	[(2.0)]	[(0.2)]	[(2.3)]
Total		1,857	1,707	1,442	1,651	1,708	1,519	1,572	1,742	2,010	2,560	2,195	2,116	22,079

## 【Average temperature in Hokkaido】

(℃)

		Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Average temperature (2022~2023)	actual	2.0	8.2	13.6	16.2	22.2	21.8	19.0	12.1	6.7	(1.6)	(5.2)	(3.5)	4.1
	year-on-year	(1.1)	1.1	1.2	(1.6)	(0.7)	0.0	1.0	0.2	(0.2)	(0.9)	(1.3)	(0.5)	2.1
	deviation	1.9	1.8	1.7	0.1	2.2	0.5	1.1	0.5	1.9	(0.2)	(1.3)	(0.2)	3.6

# Consolidated; Statement of Operations (Revenue)

(Unit: billion yen)

	April 1, 2022 – March 31, 2023 (A)	April 1, 2021 – March 31, 2022 (B)	Increase / Decrease (A) - (B)	Comparison (A)/(B)%	Major cause of increase/decrease
Operating Revenue	888.8	663.4	225.4	34.0	
Electric utility operating revenue	835.9	625.4	210.4	33.6	
Two companies total					
Commercial and Industrial	617.1	460.2	156.8	34.1	【Cause of increase】 ・Fuel price rises [143.4] *Amounts discounted as part of the national project to mitigate a sharp increase in electricity and gas rates excluded ・Increased retail electricity sales and electricity sales to other utilities 【Cause of decrease】 ・Amount discounted through the national project to mitigate a sharp increase in electricity and gas rates: [(19.9)]
Others	220.1	166.3	53.7	32.3	・Increase in power prices between zones/for sales to other companies [34.6]
Sold power to other utilities & Sold power to other suppliers (Repost)	143.7	109.1	34.6	31.8	・Increase in the subsidy from the national project to mitigate a sharp increase in electricity and gas rates: [19.9]
Transmission revenue (Repost)	45.4	49.4	(4.0)	(8.1)	
Subsidiary / consolidation revision	(1.2)	(1.1)	(0.1)	14.6	
Other business operating revenue	52.8	37.9	14.9	39.5	
Non-operating Income	4.5	3.4	1.1	34.7	
Ordinary Revenue	893.4	666.8	226.6	34.0	

\*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; Power Supply

- While all generators at the Tomari Power Plant were shut down, we were able to maintain a stable power supply thanks to cooperation from our customers in saving electricity, a water flow rate surpassing the average at 107.3%, and appropriate operation of our facilities.

(GWh)

		April 1, 2022 – March 31, 2023 (A)	April 1, 2021 – March 31, 2022 (B)	Increase / Decrease (A) - (B)	Comparison (A)/(B)%
Generated Power	[Water flow rate %] Hydroelectric	[107.3%] 383.2	[96.2%] 345.4	[11.1%] 37.8	10.9
	Fossil Fuel	1,648.7	1,955.4	(306.7)	(15.7)
	[Nuclear capacity ratio %] Nuclear	[ – ] –	[ – ] –	[ – ] –	–
	Renewable	11.1	11.3	(0.2)	(1.4)
	Subtotal	2,043.0	2,312.1	(269.1)	(11.6)
Power received by other companies*		1,362.6	990.1	372.5	37.6
Power used for pumped storage		(37.5)	(20.3)	(17.2)	84.6
Total		3,368.1	3,281.9	86.2	2.6

※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/loss)

(Unit: billion yen)

	April 1, 2022 – March 31, 2023 (A)	April 1, 2021 – March 31, 2022 (B)	Increase / Decrease (A) - (B)	Comparison (A)/(B)%	Major cause of increase/decrease	
Electric utility operating expenses	864.3	604.9	259.4	42.9		
Two companies total	Personnel	55.8	55.0	0.8	1.5	
	Fuel	277.5	161.0	116.5	72.4	【Cause of increase】 •Rise in fuel prices [193.4] •Impact of other companies electricity sales •Increased electricity procurement costs due to higher market prices [14.6]
	Purchased Power	255.9	122.4	133.4	109.0	
	Maintenance	67.0	61.5	5.5	9.0	•Increase in repair costs associated with power generation facilities [8.5]
	Depreciation	73.1	70.0	3.0	4.3	
	Other Expenses	139.1	138.6	0.5	0.4	
Subsidiary / consolidation revision	(4.3)	(3.7)	(0.6)	16.0		
Other business operating expenses	47.0	33.4	13.5	40.5		
Non-operating Expenses	11.3	14.5	(3.2)	(22.3)		
Interest Expenses(Repost)	9.5	9.5	(0.0)	(0.1)		
Ordinary Expenses	922.7	652.9	269.7	41.3		
Ordinary profit(loss)	(29.2)	13.8	(43.0)	—		

\*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 in the Hokkaido Electric Power segment increased by 181.7 billion yen year-on-year to 779.6 billion yen. This was the result of an increase in the fuel cost regulatory charge that is incidental to rising fuel prices and an increase in the amount of our retail electricity sales. The segment's income decreased by 46.4 billion yen from the previous fiscal year to 34.4 billion yen in loss despite our enhancement of our operational efficiency by procuring fuel at a price lower than market price and taking other measures. This was the result of an increase in power procurement cost that is incidental to rising fuel prices, and rising wholesale electricity market prices.
- Sales in the Hokkaido Electric Power Network segment increased by 79.9 billion yen year-on-year to 347.9 billion yen. This was the result of an increase in charges for electric power that we sold to other power companies that is incidental to the rise in market power prices, an increase in power rates for the last resort service, an increase in the subsidy for the compensation of power generated by renewable energy, and other positive factors. In addition to an increase in sales, we enhanced our operational efficiency by making improvements and taking other comprehensive measures, but we needed more cost for coordination of supply to demand due to rising fuel prices; thus, ordinary income in the segment increased only by 1.0 billion yen year-on-year to 3.3 billion yen in loss.
- Sales from others increased by 18.7 billion yen from the previous fiscal year to 155.1 billion yen. Ordinary income of the segment increased by 1.3 billion yen year-on-year to 9.3 billion yen due to an increase in fees from cables leased to mobile phone operators in the telecommunications business.

(Unit: billion yen)

	April 1, 2022 – March 31, 2023 (A)	April 1, 2021 – March 31, 2022 (B)	Increase /Decrease (A) - (B)
Operating Revenue	888.8	663.4	225.4
Hokkaido Electric Power Company	779.6	597.9	181.7
Hokkaido Electric Power Network	347.9	267.9	79.9
Other *1	155.1	136.3	18.7
Adjustments *2	(393.8)	(338.8)	(55.0)
Segment Income (Ordinary Income)	(29.2)	13.8	(43.0)
Hokkaido Electric Power Company	(34.4)	12.0	(46.4)
Hokkaido Electric Power Network	(3.3)	(4.4)	1.0
Other *1	9.3	7.9	1.3
Adjustments *2	(0.7)	(1.6)	0.9

\*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

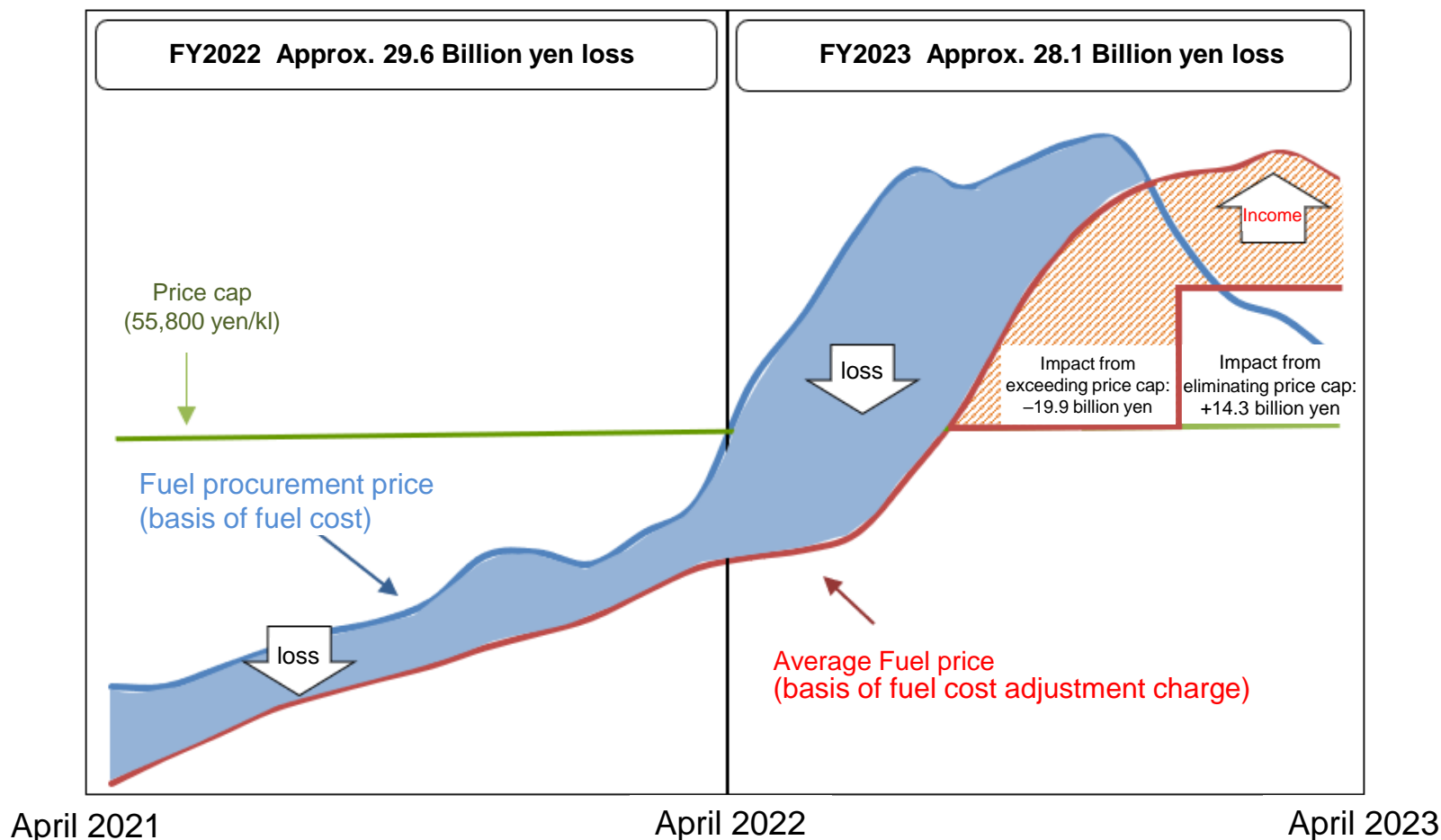
- Cash flow used in operating activities was a 0.5 billion outflow, down 102.9 billion yen from a year earlier. This was mainly due to pretax losses and increased inventory due to higher fuel prices.
- Cash flow used in investing activities was 85.2 billion yen outflow, up 7.5 billion from a year earlier. This reflects increased expenditures for the acquisition of fixed assets.
- Cash flow from financing activities totaled 86.7 billion earlier due to an increase in interest-bearing debt.
- In total, cash and cash equivalents increased by 0.9 billion yen from the previous fiscal year to 89.8 billion yen.

(billion yen)

	April 1, 2022 – March 31, 2023 (A)	April 1, 2021 – March 31, 2022 (B)	Increase / Decrease (A) - (B)
I . Cash flows from operating activities	(0.5)	102.3	(102.9)
II . Cash flows from investing activities	(85.2)	(77.7)	(7.5)
Deductible cash flow [ I + II ]	(85.8)	24.6	(110.4)
III . Cash flows from financing activities	86.7	(19.4)	106.2
IV . Net increase (decrease) in cash and cash equivalents [ I + II + III ]	0.9	5.1	(4.1)
V . Net increase (decrease) in Cash & Cash Equivalents	89.8	88.8	0.9

# Time Lag Impact Incurred by Fuel Cost Adjustment System

【FY2023 Results】



\*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, 2022 – March 31, 2023 (A)	April 1, 2021 – March 31, 2022 (B)	Increase/ Decrease (A)-(B)	Major factors for increase/decrease
Personnel	55.8	55.0	0.8	

### 【Amortization of actuarial gains and losses】

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

(Billion yen)

	Amount accrued	Amortization of the previous year	April 1, 2022 – March 31, 2023		
			Amortization	Unamortized Balance	Ending FY [remaining year]
FY2016	1.4	0.3	–	–	–
FY2017	(0.6)	(0.1)	(0.1)	–	–
FY2018	1.4	0.3	0.3	0.3	2023 ( 1 years)
FY2019	3.7	0.7	0.7	1.5	2024 ( 2 years)
FY2020	(4.6)	(0.9)	(0.9)	(2.8)	2025 ( 3 years)
FY2021	5.3	–	1.0	4.2	2026 ( 4 years)
FY2022	2.9	–	–	2.9	2027 ( 5 years)
Total		0.3	1.0	6.1	

\*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.

# Expense breakdown (Two Companies Total\*)

## ◆Fuel and Purchased Power

(Billion yen)

		April 1, 2022 – March 31, 2023 (A)	April 1, 2021 – March 31, 2022 (B)	Increase/ Decrease (A)-(B)	Major factors for increase/decrease
Fuel and Purchased Power		533.5	283.4	250.0	【Cause of increase】 ・Rise in fuel prices [193.4] ・Impact of other companies electricity sales
Break down	Fuel	277.5	161.0	116.5	・Increased electricity procurement costs due to higher market prices [14.6]
	Purchased Power	255.9	122.4	133.4	【Cause of decrease】 ・Increased hydro power generation [(6.2)]

\*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, 2022 – March 31, 2023 (A)	April 1, 2021 – March 31, 2022 (B)	Increase/ Decrease (A)-(B)	Major factors for increase/decrease
Maintenance		67.0	61.5	5.5	·Increase in repair costs associated with power generation facilities [8.5]
Break Down	Generation	35.1	28.0	7.0	
	Others	31.9	33.4	(1.5)	

## ◆Depreciation

(Billion yen)

		April 1, 2022 – March 31, 2023 (A)	April 1, 2021 – March 31, 2022 (B)	Increase/ Decrease (A)-(B)	Major factors for increase/decrease
Depreciation		73.1	70.0	3.0	
Break Down	Generation	41.6	40.3	1.3	
	Others	31.4	29.7	1.7	

\*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.

# Expense breakdown (Two Companies Total\*)

## ◆Interest Expenses

(Billion yen)

	April 1, 2022 – March 31, 2023 (A)	April 1, 2021 – March 31, 2022 (B)	Increase/ Decrease (A)-(B)	Major factors for increase/decrease
[Interest(on average)%] Interest Expenses	[0.65] 9.5	[0.67] 9.5	[(0.02)] (0.0)	

## ◆Other Expenses

(Billion yen)

	April 1, 2022 – March 31, 2023 (A)	April 1, 2021 – March 31, 2022 (B)	Increase/ Decrease (A)-(B)	Major factors for increase/decrease
Other Expenses	139.1	138.6	0.5	

\*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.

# Key Factors・Sensitivity Factors

## Key Factors

	April 1, 2022 – March 31, 2023 (A)	April 1, 2021 – March 31, 2022 (B)	Increase/ Decrease (A)-(B)
Foreign Exchange Rate (Yen/\$)	135	112	23
CIF Crude Oil Price (\$/barrel)	102.7	77.2	25.5
Foreign coal CIF (\$/t)	358.9	160.9	198.0
LNG CIF (\$/t)	931.8	621.6	310.2
Water Flow Rate (%)	107.3	96.2	11.1

## Sensitivity

(Billion yen)

	April 1, 2022 – March 31, 2023 (A)
Foreign Exchange Rate (Yen/\$)	2.1
CIF Crude Oil Price (\$/barrel)	0.9
Foreign coal CIF (\$/t)	0.46
LNG CIF (\$/t)	0.1
Water Flow Rate (%)	0.8

# Consolidated Statements of Balance Sheets

(Unit: billion yen)

	As of March 31, 2023(A)	As of March 31, 2022(B)	Increase/ Decrease (A)-(B)	Major factors for increase/decrease
Assets	2,093.3	1,992.8	100.4	・ Increase in inventories [55.0]
Liabilities	1,835.2	1,707.1	128.0	・ Decrease in interest-bearing debt [90.5]
Net Assets	258.1	285.7	(27.6)	・ Payment of year-end dividend for the previous fiscal year [(2.7)] ・ Posting of net loss [(22.1)]

(Billion yen, %)

	As of March 31, 2023(A)	As of March 31, 2022(B)	Increase/ Decrease (A)-(B)
Interest-bearing Debt Outstanding	1,475.9	1,385.3	90.5
Shareholders' Equity Ratio	11.7	13.7	(2.0)



# Consolidated Statements of Comprehensive Income

## Consolidated Statements of Comprehensive Income

(Billion yen)

	April 1, 2022 – March 31, 2023 (A)	April 1, 2021 – March 31, 2022 (B)	Increase/ Decrease (A)-(B)
<b>Profit</b>	(21.8)	7.3	(29.1)
<b>Other Comprehensive Income</b>	(2.8)	(4.1)	1.3
Valuation difference on available-for-sale securities [included in “Other Comprehensive Income”]	0.7	(0.7)	1.5
Deferred gains or losses on hedge [included in “Other Comprehensive Income”]	(1.8)	—	(1.8)
Remeasurements of defined benefit plans [included in “Other Comprehensive Income”]	(1.8)	(3.3)	1.5
<b>Comprehensive Income</b>	(24.6)	3.1	(27.8)
Comprehensive income attributable to owners of parent [included in “Comprehensive Income”]	(25.0)	2.5	(27.6)
Comprehensive income attributable to non-controlling interests [included in “Comprehensive Income”]	0.3	0.5	(0.2)

## ■ Management Approach

## Establishing a standard ground motion level

- On April 28, 2023, we explained the validity of basic earthquake ground motion, which was based on an evaluation of "Earthquake ground motion estimated with a specific epicenter to the site" and "Earthquake ground motion estimated with no specific epicenter."
- For basic earthquake ground motion, we agreed with the Nuclear Regulation Authority on 19 cases; 1 case with the response spectrum analysis, 13 cases with the fault model, and 5 cases for Earthquake ground motion estimated with no specific epicenter. However, the Authority instructed us to clearly specify our approach to the three cases we do not use for basic earthquake ground motion and organize our comprehensive logical structure.
- We will examine what the Authority instructed and explain our examination at screening meetings.

## 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.

# ■ Plans for new construction and decommissioning of major power supply facilities (HEPCO)

- We made our FY2023 supply plan\*1 and submitted it to the Organization for Cross-regional Coordination of Transmission Operators on February 24.
- In the plan, the start of construction and operation for the Ishikariwan Shinko Units 2 and 3, which was scheduled in FY2022, was delayed because we need to examine medium to long-term supply and demand outlook and decarbonization more in-depth.

\*1 We make a supply plan, taking account of expected power demand for the next 10 years and associated power sources to be developed, and other factors.

## ◆FY2023 Power Sources Development Plan (date in parentheses: FY2022 power sources development plan)

	Power generation facility	Output (10,000 kW)	Start date	Operation start/suspended or decommissioned
<b>Under construction</b>	Kyogoku Unit 3 [Pumped storage hydropower]	20	September 2001	FY2034 or later (FY2033 or later)
<b>In preparation for construction</b>	Ishikariwan Shinko Unit 2 [LNG-fired thermal]	56.94	March 2031 (March 2027)	December 2034 (December 2030)
	Ishikariwan Shinko Unit 3 [LNG-fired thermal]	56.94	March 2034 (March 2032)	December 2037 (December 2035)
<b>Suspended</b>	Date Unit 1[Oil-fired thermal]	(35)	—	November 2023
	Date Unit 2[Oil-fired thermal]	(35)	—	March 2024
<b>Suspended or Decommissioned</b>	Sunagawa Units 3 & 4 [Coal-fired thermal]	(25) [(12.5)×2Units]	—	March 2027
	Naie Units 1 & 2 [Coal-fired thermal]	(35) [(17.5)×2Units]	—	March 2027 [Currently on hiatus]
	Onbetsu Units 1 & 2 [Oil-fired thermal]	(14.8) [(7.4)×2Units]	—	Pending

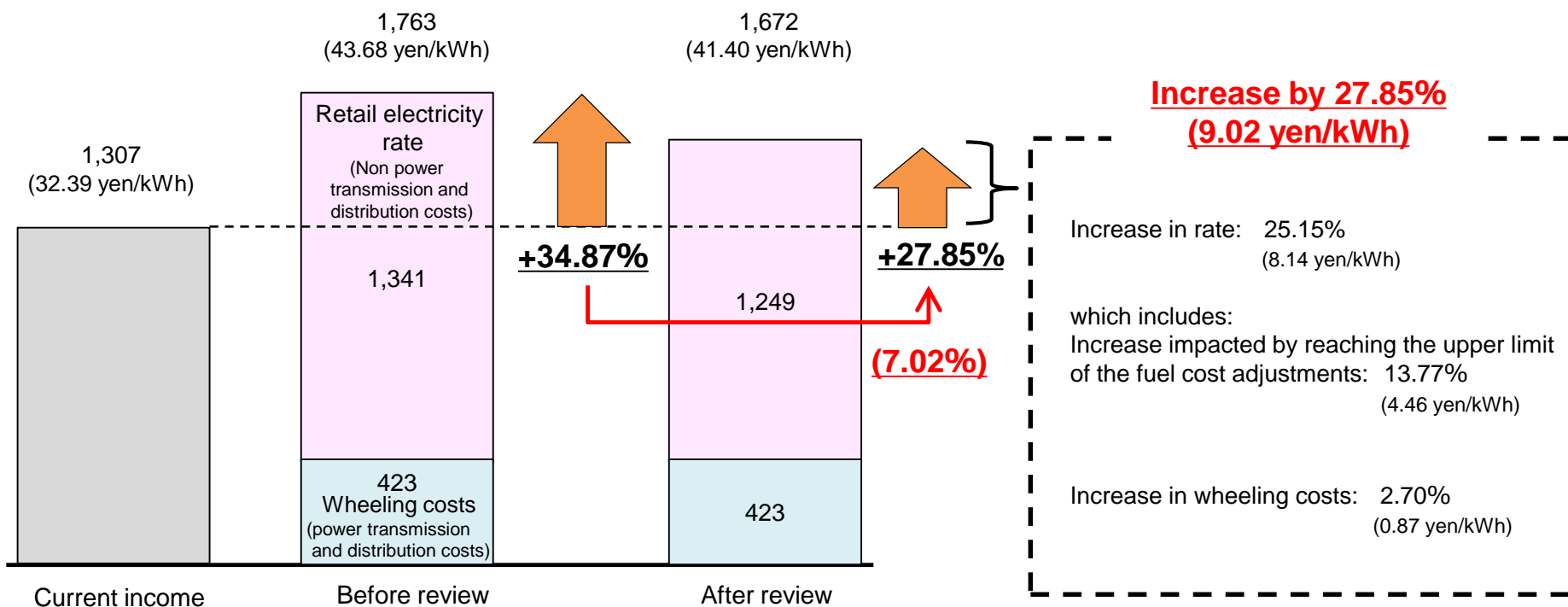
# ■ Retail electricity sales

## - 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.
- Thereafter, we changed the period of recording fuel costs and other data according to a policy from the Rate Auditor Working Group, reviewed our power supply cost along with it, and determined an increase of 27.85%, which is 7.02% less than the initial one.
- We are waiting for the Authority to make a decision on our application, aiming to apply the new rate from June 1, 2023.

[Increase in regulated rate]

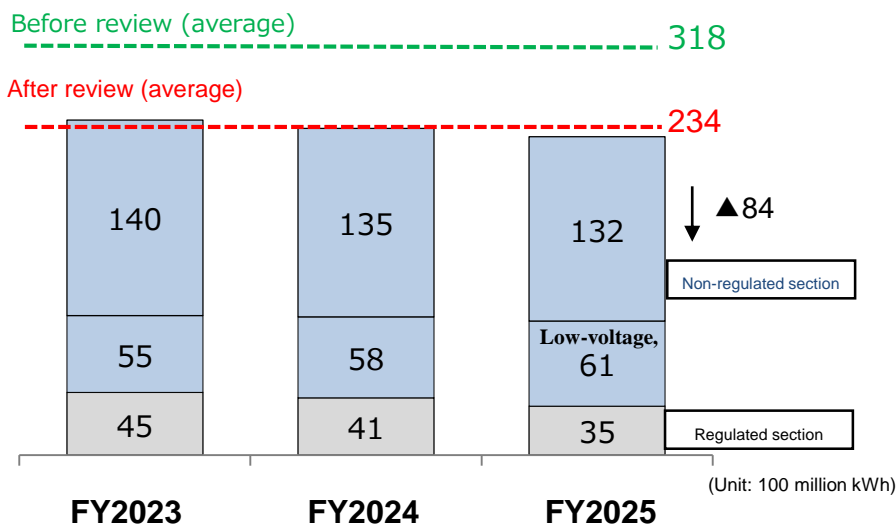
(100 million yen)



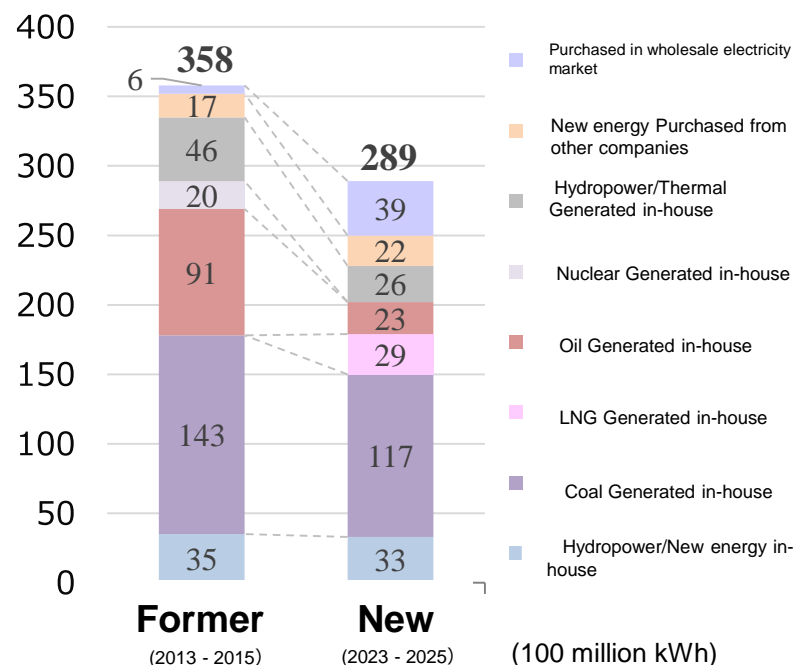
# Retail electricity sales

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

## Amount of power sold <sup>\*</sup>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	
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

\* All values for “New” are those as of the review (when explanation was provided at the Rate Auditor Working Group on April 4).

## ■ Retail electricity sales

### - high to extra-high voltage 1 (increases with the new rate)

- Regarding our high voltage and extra-high voltage services, we reviewed their rates and announced new rates on December 22, 2022; and we reviewed the rates, taking into account the change in wheeling costs due to a change in the agreement with Hokkaido Electric Power NW, and announced the new rates on February 17, 2023. From April 1, 2023, we have been applying the new rates.
- Through a trial calculation, we expect that the new rates may cause billing increases of about 18% to 21%.
- With the most recent fuel cost etc. adjustments (as of May 2023), actual burden on consumers is expected to be lower than that assumed through the trial calculation.

#### [Item reviewed 1: Rate] <Increases from former rates (and fuel cost adjustments in January 2023)>

	Service type	Contracted kW	Consumption	Payment with previous rate	Payment with new rate	Increase (percentage)
High voltage service customers	Commercial power service (standard)	60 kW	10,500 kWh	430,000 yen	520,000 yen	90,000 yen (+21.2%)
	High voltage power service (standard)	80 kW	18,900 kWh	700,000 yen	850,000 yen	150,000 yen (+20.8%)
	High voltage power service (standard)	920 kW	333,500 kWh	11.49 million yen	13.78 million yen	2.29 million yen (+19.9%)
Extra-high voltage service customers	Commercial power service A (60 kV)	2,550 kW	765,300 kWh	26.54 million yen	31.42 million yen	4.88 million yen (+18.4%)
	Extra-high voltage service A (60 kV)	4,100 kW	1,025,000 kWh	35.92 million yen	42.8 million yen	6.88 million yen (+19.2%)

\* Amounts subject to the former rate include the fuel cost adjustments applied in January 2023, and amounts subject to the new rate do not include the fuel cost etc. adjustments.

\* Amounts subject to the former rate and amounts subject to the new rate include amounts of consumption tax, other taxes, and the renewable energy power promotion surcharge (3.45 yen/kWh) imposed between May 2022 and April 2023.

\* The power factor is assumed to be 100% in the estimate.

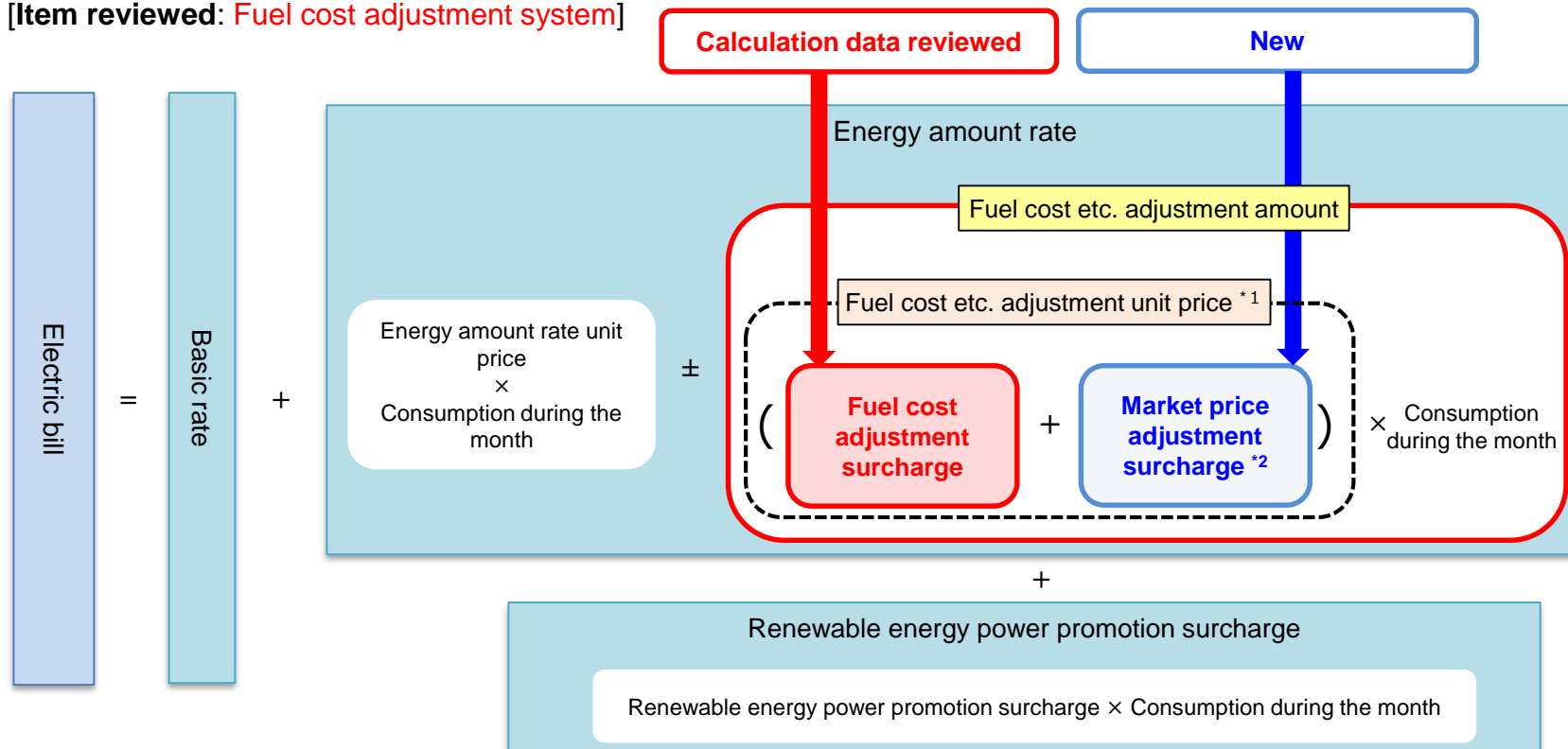
\* The estimate for the high voltage service does not include a discount of 3.5 yen/kWh for sharp increase mitigation subsidy.

# ■ Retail electricity sales

## - high to extra-high voltage 2 (fuel cost adjustment system)

- Regarding high voltage service and extra-high voltage service, in line with the rate change on April 1, 2023, we updated our power source configuration, which is the fundamental factor for the fuel cost adjustment system, and reviewed reference fuel prices and other data used to determine adjustment unit price. In addition, we determined to newly introduce market price adjustment surcharge that is aimed to reflect changes in the wholesale electricity market price in electricity bills.
- The fuel cost adjustment system will be renamed the fuel cost, etc. adjustment system

[Item reviewed: Fuel cost adjustment system]



\*1 Fuel cost etc. adjustment unit price includes the remote island universal service rate.

\*2 The baseline market price is the price in the spot market in the Hokkaido region hosted by the Japan Electric Power Exchange.



# ■ Retail electricity sales

## - high to extra-high voltage 3 (newly introduced adjustment)

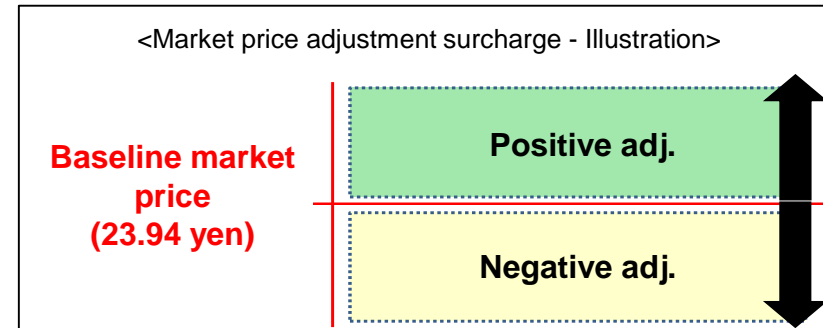
- We introduced market price adjustment surcharge that is aimed to reflect fluctuations in the wholesale electricity market in electricity bills.
- When the average market price exceeds the baseline market price, a positive adjustment will be made, and when the average market price goes below the baseline market price, a negative adjustment will be made.

[When the average market price goes below the baseline market price]

- Market price adjustment surcharge =  
(baseline market price - average market price) x adjustment factor  
[23.94 yen] [changes monthly]

[When the average market price exceeds the baseline market price]

- Market price adjustment surcharge =  
(average market price - baseline market price) x adjustment factor  
[changes monthly] [23.94 yen]



1. **Baseline market price:** Baseline value for market price adjustment specified based on the electricity market price between September 2022 and November 2022
2. **Adjustment factor:** Reflecting the wheeling loss rate and consumption tax rate in the ratio of reflecting changes in the average market price to the market price adjustment surcharge. (High voltage: 0.229, Extra high voltage: 0.223)
3. **Average market price:** Determined as follows as the weighted average of all-day and mid-day spot market prices\*1 in the Hokkaido region during the calculation period  
\*1 The all-day spot market price is the simple average spot market price from 12 am of that day to 12 am the next day.  
The daytime spot market price is the simple average spot market price from 8:00 a.m. and 4:00 p.m..

### Average market price = X by x + Y by y

X = All-day average of electricity market prices for three months

Y = Mid-day average of electricity market price for 3 months (from 8:00 to 16:00, main power generation time for solar power)

x = 0.6760 \*2

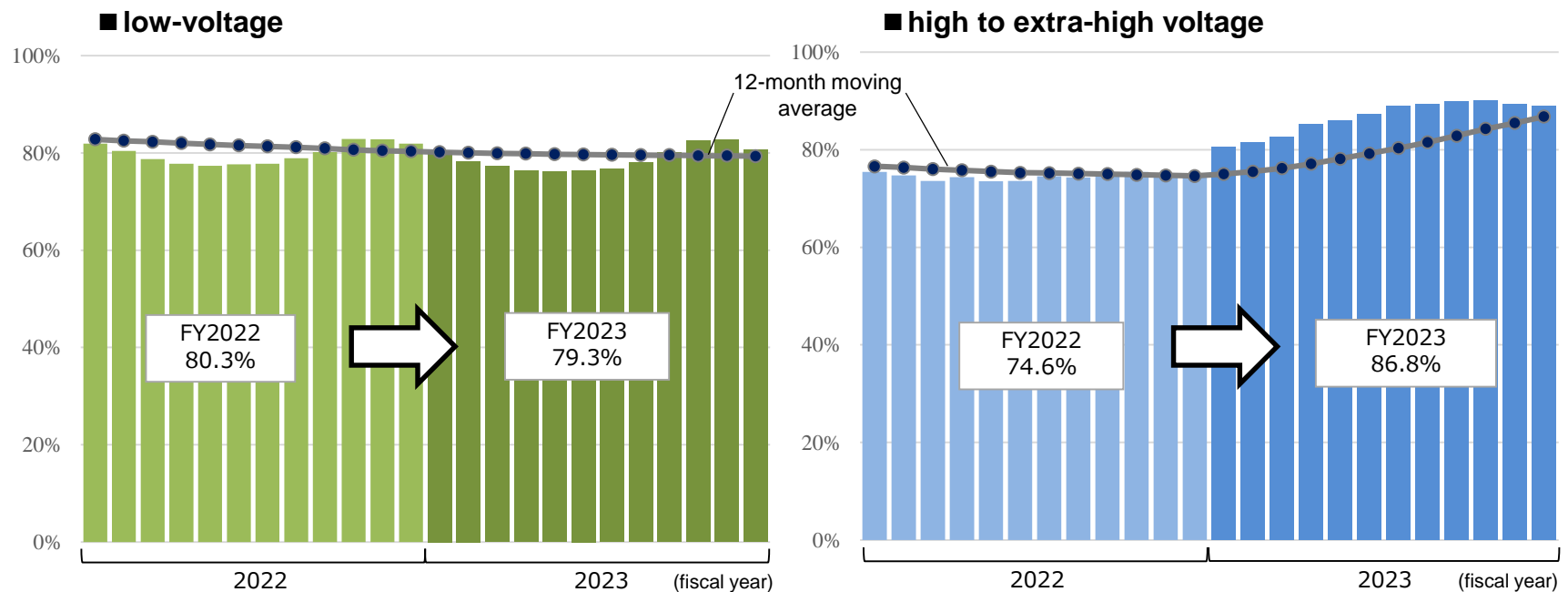
y = 0.3240 \*2

\*2 Electric power procurement from the Japan Electric Power Exchange and composition ratio of all-day power and mid-day power at FIT-purchased power.

# Electricity Retail Sales

- In the low voltage field, our share turned to 79.3% in FY2023, down 1.0% from the previous year (80.3%).
- In the high voltage/extra high voltage field, our market share turned to 86.8% in FY2023, up 12.2% from the previous year (74.6%).

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



\* 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 three months.

## ■ Approval of wheeling rates

- Under the new wheeling fee system (revenue cap system), our wheeling rates determined based on the approved revenue forecast were approved by the Minister of Economy, Trade and Industry on January 27, 2023.
- The rates will be applied for 5 years, from 2023 to 2027, and reviewed 5 years later.

### Average rate per kilowatt hour (in force from April 1, 2023, excluding tax)

(million kWh/year, yen/kWh)

	Measurement	Current rate A	New rate B	Difference B – A	Change ratio
Low voltage	12,734	9.25	<b>10.02</b>	+0.77	<b>+8.3%</b>
High voltage	12,920	4.21	<b>4.81</b>	+0.60	<b>+14.1%</b>
Extra-high voltage	3,196	2.71	<b>2.83</b>	+0.12	<b>+4.7%</b>
Total	28,850	6.27	<b>6.89</b>	+0.62	<b>+9.9%</b>

## ■ Partial change in the investment contract for Class B preferred stocks

- Class B preferred shares issued in 2018 have a put option in exchange for money, and Class B preferred shareholders are entitled to acquire all or part of Class B preferred shares in exchange for money.
- Regarding the timing at which it will become possible to exercise the right to request acquisition, an agreement was made on April 27 with Class B preferred shareholders to extend from 5 years after the date of issuance (on or after August 1, 2023) to 10 years (on or after August 1, 2028).

### Overview of Class B preferred shares issuance

Name	Hokkaido Electric Power Class B preferred stock
Payment date (issue date)	July 31, 2018
No. of shares issued	470
Issue price (paid-in amount)	100,000,000 yen per share
Amount of funds raised	47,000,000,000 yen
Preferred dividend	3,000,000 yen per share
Subscription/Distribution	Private placement
To	Development Bank of Japan - 400 shares Mizuho Bank - 70 shares

# ■ 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"> <li>▶Phase I: <b>min. 23.0B yen/year</b></li> <li>▶Phase II: <b>min. 45.0B yen/year</b></li> </ul>	41.1B yen	13.8B yen	<b>(29.2)B yen</b>
Financial target (Consolidated capital ratio)	▶ <b>15%+</b>	13.8%	13.7%	<b>11.7%</b>
Invest in new priority businesses*	▶ <b>Total 50.0B yen</b> of investment [cumulative total]	3.2B yen [cumulative total 3.2B yen]	6.6B yen [cumulative total 9.8B yen]	<b>4.0B yen [cumulative total 13.8B yen]</b>
Indicators toward growth	▶Power retail/wholesale: <b>min. 30.0B kWh/year</b> [inc. outside Hokkaido; ex. NW wholesale]	24.3B kWh	26.1B kWh	<b>26.0B kWh</b>
	▶Gas supply business: <b>min. 100 kt/year</b>	3 kt	8 kt	<b>10 kt</b>
	▶Renewable power generation: <b>up min. 0.3M kW</b> [inc. outside Hokkaido]	Cumulative total 39K kW	Cumulative total 41K kW	<b>Cumulative total 52 K kW</b>
Environmental target (CO2 emissions reduction/year)	▶ <b>Cut min. 50%</b> from FY2014 levels ( <b>min. -10M t/year</b> )  [Actual CO2 emissions]	28% reduced (-5.35M t/year)  [13.57M t]	24% reduced (-4.51M t/year)  [14.41M t]	<b>36% reduced (-6.73M t/year)</b>  <b>[12.19M t]</b>

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

## ■ Topics for Period After 3Q Results Announcement

Date	Description of effort	Overview of business plans related slides
Jan. 27 2023	Approval of wheeling rates <a href="#">[NW]</a>	P 34
Feb. 17 2023	Rates for high-voltage and extra-high voltage services Based on the reviewed wheeling agreements <a href="#">[HD]</a>	P 28
Feb. 24 2023	FY2023 Power Sources Development Plan <a href="#">[HD]</a>	P 27
Apr. 27 2023	Partial change in the investment contract for Class B preferred stocks <a href="#">[HD]</a>	P 35

This material is compiled based on data available as of May 10, 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.

### *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/>