OFFERING CIRCULAR

HOKKAIDO ELECTRIC POWER COMPANY, INCORPORATED

(incorporated in Japan with limited liability under the laws of Japan)

U.S.$500,000,000 4.587 per cent. Bonds due 2030

Issue Price: 100 per cent.

The U.S.$500,000,000 4.587 per cent. Bonds due 2030 (the "Bonds") of Hokkaido Electric Power Company, Incorporated (the "Company") will be issued in registered form in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. The Bonds will bear interest from 4 September 2025 at the rate of 4.587 per cent. per annum payable semi-annually in arrear on 4 March and 4 September in each year commencing on 4 March 2026. Payments on the Bonds will be made in U.S. dollars without withholding or deduction for or on account of Japanese taxes to the extent described in Condition 7 of the terms and conditions of the Bonds (the "Conditions" and each condition set out in the Conditions being a "Condition").

Unless previously redeemed or cancelled, the Bonds will be redeemed at 100 per cent. of their principal amount on 4 September 2030. If Japanese withholding taxes are imposed on payments in respect of the Bonds, the Company may, at any time, redeem all of the Bonds at 100 per cent. of their principal amount (as set out herein).

Approval in-principle has been received for the listing of the Bonds on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Offering Circular. Approval in-principle from, and the admission of the Bonds to the official list of, the SGX-ST are not to be taken as an indication of the merits of the Company or the Bonds.

Application has been made for the Bonds to be recognised under the SGX Sustainable Fixed Income initiative on SGX-ST. There is no guarantee that such application for recognition under the SGX Sustainable Fixed Income initiative will be approved. Recognition under the SGX Sustainable Fixed Income initiative does not guarantee that the Bonds will satisfy any investor's expectations or requirements on its sustainability-related performance or impact. If approved, SGX-ST may remove the recognition from the Bonds at its discretion. The latest list of fixed income securities that have been granted recognition under the SGX Sustainable Fixed Income initiative is available at the SGX website.

The Bonds will be evidenced by a global certificate (the "Global Certificate") in registered form, which is expected to be deposited with and registered in the name of, or a nominee for, a common depositary for each of Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg") on or about 4 September 2025 (the "Closing Date") for the accounts of their respective accountholders. The Joint Lead Managers (as defined in "Subscription and Sale") expect to deliver the Bonds through the facilities of Euroclear and Clearstream, Luxembourg on or about the Closing Date.

It is expected that the Bonds will be assigned a credit rating of BBB+ by S&P Global Ratings Inc. ("S&P"). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

This Offering Circular does not constitute an offer of, or solicitation of an offer to buy or subscribe for, the Bonds in any jurisdiction in which such offer or solicitation is unlawful. In particular, the Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")). In addition, the Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "FIEA") and may not be offered or sold within Japan or to, or for the account or benefit of, residents of Japan including corporations incorporated under the laws of Japan, unless otherwise provided under the FIEA. For a summary of certain restrictions on offers and sales of Bonds, see "Subscription and Sale".

See "Investment Considerations" for a discussion of certain factors that should be considered in connection with an investment in the Bonds.

Joint Bookrunners and Joint Lead Managers

Mizuho **Daiwa Capital Markets** **Morgan Stanley** **SMBC NIKKO**

The date of this Offering Circular is 27 August 2025.

The Company accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Company (the Company having taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Company, having made all reasonable enquiries, confirms that this Offering Circular contains all information with respect to the Company, the Group (as defined below) and the Bonds which is material in the context of the issue and offering of the Bonds, the statements contained herein relating to the Company and the Group are in every material particular true and accurate and not misleading, the opinions and intentions expressed in this Offering Circular with regard to the Company and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to the Company, the Group or the Bonds the omission of which would, in the context of the issue and offering of the Bonds, make any statement in this Offering Circular misleading in any material respect and all reasonable enquiries have been made by the Company to ascertain such facts and to verify the accuracy of all such information and statements.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to the "Group" are to the Company and its consolidated subsidiaries and its associates accounted for by the equity method taken as a whole.

No person is authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not contained in this Offering Circular must not be relied upon as having been authorised by the Company or the Joint Lead Managers. Neither the delivery of this Offering Circular nor any sale made in connection herewith at any time implies that the information contained herein is correct as of any time subsequent to the date hereof, nor does it imply that there has been no change in the affairs or the financial position of the Company or the Group since the date hereof.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Company or the Joint Lead Managers to subscribe for, or purchase, any of the Bonds. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Company and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of Bonds and distribution of this Offering Circular, see "Subscription and Sale".

None of the Fiscal Agent, Paying Agents, Transfer Agent, Registrar (each as defined in "Summary Information—The Bonds") or, to the fullest extent permitted by law, the Joint Lead Managers or their respective affiliates, accept any responsibility whatsoever for the contents of this Offering Circular or for any other statement, made or purported to be made by a Joint Lead Manager or on its behalf in connection with the Company, the Group or the issue and offering of the Bonds. Each of the Joint Lead Managers or their respective affiliates, the Fiscal Agent, the Paying Agents, the Transfer Agent and the Registrar accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular (in preliminary or final form) in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the circulation of documents relating thereto, in jurisdictions including the United States, Japan, Singapore, the European Economic Area, the United Kingdom, Hong Kong and Switzerland and to persons connected therewith. See "Subscription and Sale".

The Bonds have not been and will not be registered under the FIEA and are subject to the Act on Special Measures Concerning Taxation of Japan (Act No. 26 of 1957, as amended) (the "Special Taxation Measures Act"). Each Joint Lead Manager has represented and agreed that, (I) it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to or for the benefit of, any person resident in Japan for Japanese securities law purposes (including any corporation or entity organised under the laws of Japan), or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of any person resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan, and (II) it has not, directly or indirectly, offered or sold and will not, as part of its initial distribution at any time, directly or indirectly, offer or sell any Bonds to, or for the benefit of, any person other than (i) a beneficial owner that is, for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation, nor (y) an individual non-resident of Japan or a non-Japanese corporation that in either case is a person having a special *relationship with the Company as described in Article 6, Paragraph 4 of the Special Taxation Measures Act (a "Specially-Related Party of the Company") or (ii) a Japanese financial institution, designated in Article 3-2-2, Paragraph 29 of the Cabinet Order relating to the Special Taxation Measures Act (Cabinet Order No. 43 of 1957, as amended) (the "Cabinet Order") that will hold the Bonds for its own proprietary account (a "Designated Financial Institution").*

BY SUBSCRIBING FOR THE BONDS, AN INVESTOR WILL BE DEEMED TO HAVE REPRESENTED THAT IT IS (I) A BENEFICIAL OWNER THAT IS, FOR JAPANESE TAX PURPOSES, NEITHER (X) AN INDIVIDUAL RESIDENT OF JAPAN OR A JAPANESE CORPORATION, NOR (Y) AN INDIVIDUAL NON-RESIDENT OF JAPAN OR A NON-JAPANESE CORPORATION THAT IN EITHER CASE IS A SPECIALLY-RELATED PARTY OF THE COMPANY OR (II) A DESIGNATED FINANCIAL INSTITUTION.

The Bonds do not fall under the concept of so-called "taxable linked notes" as described in Article 6, Paragraph 4 of the Special Taxation Measures Act.

Interest payments on the Bonds will generally be subject to Japanese withholding tax unless it is established that such Bonds are held by or for the account of a beneficial owner that is (i) for Japanese tax purposes, neither an individual resident of Japan or a Japanese corporation, nor an individual non-resident of Japan or a non-Japanese corporation that in either case is a Specially-Related Party of the Company, (ii) a designated Japanese financial institution described in Article 6, Paragraph 11 of the Special Taxation Measures Act which complies with the requirement for tax exemption under that paragraph or (iii) a public corporation, a financial institution, a financial instruments business operator or certain other entity which has complied with the requirement for tax exemption under Article 3-3, Paragraph 6 of the Special Taxation Measures Act which has received such payments through a Japanese payment handling agent as provided in Article 3-3, Paragraph 6 of the Special Taxation Measures Act.

Interest payments on the Bonds paid to an individual resident of Japan, to a Japanese corporation, or to an individual non-resident of Japan or a non-Japanese corporation that in either case is a Specially-Related Party of the Company (except for the designated Japanese financial institution and the public corporation, the financial institution, the financial instruments business operator and certain other entity described in the preceding paragraph) will be subject to deduction in respect of Japanese income tax at a rate of 15.315 per cent. of the amount of such interest.

The Bonds have not been and will not be registered under the Securities Act. Subject to certain exceptions, the Bonds may not be offered or sold within the United States or to U.S. persons (as defined in Regulation S). The Bonds are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. See "Subscription and Sale".

***Prohibition of sales to EEA retail investors**: The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "EU MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.*

***Prohibition of sales to UK retail investors**: The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds* *or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.*

UK MiFIR product governance / Professional investors and ECPs only target market*: Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA ("UK MiFIR"); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "distributor") should take into consideration each manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining each manufacturer's target market assessment) and determining appropriate distribution channels.*

There are restrictions on the offer and sale of the Bonds in the United Kingdom. All applicable provisions of the FSMA with respect to anything done by any person in relation to the Bonds in, from or otherwise involving the United Kingdom must be complied with. See "Subscription and Sale".

None of the Joint Lead Managers accepts any responsibility for any social, environmental and sustainability assessment of the Bonds or makes any representation or warranty or assurance whether the Bonds will meet any investor expectations or requirements regarding such "green", "sustainable", "social" or similar labels (including in relation to, but not limited to, any market standards or guidance, including green, sustainable or social bond principles or other similar principles or guidance published by ICMA (the "ICMA Principles")) or any requirements of such labels or market standards as they may evolve from time to time. None of the Joint Lead Managers is responsible for (i) the use or allocation of proceeds for the Bonds, (ii) the impact, monitoring or reporting in respect of such use of proceeds, or (iii) ensuring that there are at any time sufficient Eligible Projects (as defined in "Use of Proceeds" below) to allow for allocation of a sum equal to the net proceeds of the issue of the Bonds in full.

DNV Business Assurance Japan K.K. has issued an independent opinion, including an annex thereto, each dated 20 August 2025, on the Hokkaido Electric Power Green/Transition Finance Framework (the "Second Party Opinion"). The Second Party Opinion provides an opinion on certain environmental and related considerations and is not intended to address any credit, market or other aspects of an investment in the Bonds, including without limitation market price, marketability, investor preference or suitability of any security. The Second Party Opinion is a statement of opinion, not a statement of fact. No representation or assurance is given by the Joint Lead Managers as to the suitability or reliability of the Second Party Opinion or any opinion, review or certification of any third party (including any post-issuance reports prepared by an external reviewer) made available in connection with the Bonds. As at the date of this Offering Circular, the providers of such opinions, reviews, certifications and post-issuance reports are not subject to any specific regulatory or other regime or oversight in the EU or the UK. The Second Party Opinion and any other opinion, review, certification or post-issuance report is not, nor should be deemed to be, a recommendation by the Joint Lead Managers, or any other person to buy, sell or hold the Bonds and is current only as of the date it is issued. Prospective investors must determine for themselves the relevance of the Second Party Opinion and any other opinion, review certification, or post-issuance report and/or the information contained therein. The criteria and/or considerations that form the basis of the Second Party Opinion or any other opinion, review, certification or post-issuance report may change at any time and the Second Party Opinion or any other opinion, review, certificate or post-issuance report may be amended, updated, supplemented, replaced and/or withdrawn.

Disclosure of Demand and Allocation*: Each prospective purchaser who places an order for the Bonds consents to the disclosure by the Joint Lead Managers to the Company of the prospective purchaser's identity, the details of such order and the actual amount purchased, if any.*

NOTICE TO CAPITAL MARKETS INTERMEDIARIES AND PROSPECTIVE INVESTORS PURSUANT TO PARAGRAPH 21 OF THE HONG KONG SFC CODE OF CONDUCT

Important Notice to Prospective Investors*: Prospective investors should be aware that certain intermediaries in the context of this offering of Bonds, including certain Joint Lead Managers, are "capital market intermediaries" ("CMIs") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission of Hong Kong (the "Code"). This notice to prospective investors is a summary of certain obligations the Code imposes on such CMIs, which require the attention and cooperation of* *prospective investors. Certain CMIs may also be acting as "overall coordinators" ("OCs") for this offering and are subject to additional requirements under the Code.*

Prospective investors who are the directors, employees or major shareholders of the Company, a CMI or its group companies would be considered under the Code as having an association (an "Association") with the Company, the CMI or the relevant group company. Prospective investors associated with the Company or any CMI including its group companies should specifically disclose this when placing an order for Bonds and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order, prospective investors are deemed to confirm that, orders placed are bona fide, are not inflated, and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Joint Lead Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Joint Lead Manager or its group company has more than 50 per cent. interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a "proprietary order". If a prospective investor is otherwise affiliated with any Joint Lead Manager, such that its order may be considered to be a "proprietary order" (pursuant to the Code), such prospective investor should indicate to the relevant Joint Lead Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to this offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including Private Banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Joint Lead Managers and/or any other third parties as may be required by the Code, including to the Company, any OCs, relevant regulators and/or any other third parties as may be required by the Code, it being understood and agreed that such information shall only be used for the purpose of complying with the Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

STABILISATION AND OVER-ALLOTMENT

IN CONNECTION WITH THE ISSUE OF THE BONDS, MIZUHO SECURITIES ASIA LIMITED (THE "STABILISING MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER-ALLOT THE BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION ACTION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Unless otherwise stated, references in this Offering Circular to "Euro" and "€" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended, references to "U.S. dollar", "U.S.$" and "$" are to the lawful currency of the United States of America, and references to "yen" and "¥" are to Japanese yen.

In this Offering Circular, "billion" means thousand million, and, unless otherwise specified, in respect of the financial statements and amounts reproduced directly therefrom, where financial information is presented in millions of yen, amounts of less than one million have been rounded down to the nearest one million, and where financial information is presented in one hundred millions (one-tenth of a billion) of yen, amounts of less than one-tenth of a billion have been rounded down to the nearest one-tenth of a billion, except that, in certain cases, the rounding has been adjusted to make the total of individual figures equal to the total figure representing the aggregate of those individual figures. In cases where financial information other than those reproduced directly from the financial statements is presented in one hundred millions (one-tenth of a billion) of yen, amounts of less than one-tenth of a billion have been rounded down to the nearest one-tenth of a billion, with five-hundredths of a billion being rounded upwards, and the total of individual figures may not equal to the total figure representing the aggregate of those individual figures. All other figures and percentages, including operating data, have been rounded up or down (in the case of percentages, to the nearest 0.1 per cent. or to the nearest 0.01 per cent.), unless otherwise specified; however, certain percentages in tables may have been rounded otherwise than to the nearest 0.1 per cent. or 0.01 per cent., as the case may be, to make the total of the relevant items equal to 100 per cent.

The Company's fiscal year end is 31 March. The Company's financial statements are prepared in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which differ in certain material respects from generally accepted accounting principles in certain other countries. Potential investors should consult their own professional advisers for an understanding of the difference between Japanese GAAP and IFRS Accounting Standards ("IFRS"), or generally accepted accounting principles in other jurisdictions and an understanding of how those differences might affect the financial information contained herein. See "Investment Considerations—Considerations Relating to the Group's Financial Statements— Differences in generally accepted accounting principles".

From 1 April 2024, the statutory quarterly disclosure requirements under the Financial Instruments and Exchange Act applicable to first fiscal quarter ("Q1") and third fiscal quarter ("Q3") reports and review requirements by the independent auditor, which were mandatory previously for listed companies and companies applying for listing, have been abolished and have been integrated into the quarterly earnings reports based on the Standards for the Preparation of Quarterly Financial Statements of the Tokyo Stock Exchange, Inc. and the Securities Membership Corporation Sapporo Securities Exchange (collectively, "Tokyo Stock Exchange and Sapporo Securities Exchange rules"). At the same time, the review of such quarterly earnings reports (Q1 and Q3) by the independent auditor has become optional in principle. The revised Tokyo Stock Exchange and Sapporo Securities Exchange rules permit reduced disclosures as compared to those which were required under the Financial Instruments and Exchange Act in interim financial statements under Japanese GAAP, IFRS Accounting Standards or U.S. GAAP, as applicable.

This Offering Circular contains, at pages F-6 to F-67, the audited consolidated financial statements of the Group, prepared and presented in accordance with Japanese GAAP, as of and for the fiscal years ended 31 March 2025, 2024 and 2023, and the audit report with respect thereto included herein at pages F-2 to F-5 (the "Audited Consolidated Financial Statements").

This Offering Circular also contains, at pages Q-5 to Q-12, the unaudited quarterly consolidated financial statements of the Group as of and for the three-month period ended 30 June 2025 (with comparative information as of 31 March 2025 and for the three-month period ended 30 June 2024) and the review report with respect thereto included herein at pages Q-2 to Q-4 (the "Unaudited Quarterly Consolidated Financial Statements"). The Unaudited Quarterly Consolidated Financial Statements have been prepared in accordance with Japanese GAAP (except that certain of the required disclosures and notes are not presented, as permitted by the Tokyo Stock Exchange and Sapporo Securities Exchange rules) and the Tokyo Stock Exchange and Sapporo Securities Exchange rules, and are not wholly comparable with the Audited Consolidated Financial Statements and should not be so compared. Such Unaudited Quarterly Consolidated Financial Statements have not been audited by the Company's independent auditor, but have been reviewed in accordance with review standards for interim financial statements generally accepted in Japan. The Unaudited Quarterly Consolidated Financial Statements should not be relied upon by investors to provide the same quality of information as financial statements that have been subject to an audit. Potential investors are advised to exercise caution when using such information to evaluate the financial condition and results of operations of the Group, and should not place undue reliance upon such information.

Per Segment Data

In this Offering Circular, unless otherwise specifically stated, figures for operating revenues per segment represent sales to outside customers, while segment profit or loss (being ordinary income or loss by segment) represents the total ordinary income or loss for such segment, without taking into account any intersegment reconciliations.

Non-GAAP Financial Measures and Ratios

This Offering Circular includes presentation of certain financial measures including adjusted net assets, interest-bearing liabilities, free cash flows, EBITDA and total net assets excluding noncontrolling interests, and ratios such as equity ratio and debt to EBITDA ratio. It should be noted that such measures and ratios are not measures of operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

The Group calculates EBITDA as the sum of operating income (loss) and depreciation and amortisation. The Group calculates Debt to EBITDA ratio by dividing the average of the beginning and ending balances of interest-bearing liabilities for the relevant period by EBITDA for the same period. The Group's management refers to the measures as EBITDA and Debt to EBITDA ratio even though they differ from definitions of EBITDA (which some companies define based on its acronym "earnings before interest, taxes, depreciation and amortisation") or Debt to EBITDA ratio that are used by other companies. Accordingly, these measures may not be comparable with EBITDA, Debt to EBITDA ratio or similarly titled measures that are presented by other companies, thereby diminishing their utility.

Fiscal Years

Wherever there is a reference to "FY" in this Offering Circular, the reference relates to the fiscal year ended 31 March of the year following the number indicated (*i.e.*, a reference to "FY2024" relates to the fiscal year ended 31 March 2025).

FORWARD-LOOKING STATEMENTS

Many of the statements included in this Offering Circular contain forward-looking statements and information identified by the use of terminology such as "may", "might", "will", "expect", "intend", "plan", "estimate", "anticipate", "project", "believe" or similar phrases. The Company bases these statements on beliefs as well as assumptions made using information currently available to the Group. As these statements reflect the Company's current views concerning future events, these statements involve risks, uncertainties and assumptions. The Company's or the Group's actual future performance could differ materially from these forward-looking statements. Important factors that could cause actual results to differ from the Company's expectations include those risks identified in "Investment Considerations" and the factors discussed in "Recent Business" and "Business", as well as other matters not yet known to the Company or not currently considered material to the Group by the Company. The Company does not undertake to review or revise this Offering Circular or any forward-looking statements contained in this Offering Circular to reflect future events or circumstances. The Company cautions prospective investors in the offering not to place undue reliance on these forward-looking statements. All written and oral forward-looking statements attributable to the Company or persons acting on the Company's behalf are qualified in their entirety by these cautionary statements.

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SUMMARY INFORMATION

The following summary does not purport to be complete and is qualified in its entirety by, and is subject to, the more detailed information and financial statements and the notes thereto contained elsewhere in this Offering Circular. For a discussion of certain factors that should be considered by prospective investors in connection with an investment in the Bonds, see "Investment Considerations".

HOKKAIDO ELECTRIC POWER COMPANY, INCORPORATED

The Company is engaged in the power generation and retail electricity business, and its principal subsidiary, Hokkaido Electric Power Network, Incorporated ("Hokkaido Electric Power Network"), is engaged in the general power transmission and distribution business as well as in power generation projects on remote islands. Other subsidiaries and associates of the Company engage in power generation, general transmission and distribution, retail, and information and telecommunications businesses.

The Group divides its business into two reportable segments, namely: (i) Hokkaido Electric Power, and (ii) Hokkaido Electric Power Network, and businesses not included in the reportable segments are reported as the "Others" segment.

- *Hokkaido Electric Power*. The operations of the Group's Hokkaido Electric Power segment includes the Group's fuel procurement and power generation operations, including the acquisition of fuel sources, the operation of power generation facilities, and the sale of electricity. For the three-month period ended 30 June 2025, the Group's sales to outside customers in this segment amounted to ¥162,266 million, or 80.1 per cent. of total consolidated operating revenues.

- *Hokkaido Electric Power Network*. Following the legal separation of the transmission and distribution business, Hokkaido Electric Power Network has been undertaking the business of power transmission and distribution since 1 April 2020. Hokkaido Electric Power Network is the sole operator of regulated transmission and distribution business in the Hokkaido region. Hokkaido Electric Power Network's business includes maintaining the electricity supply and demand balances for areas serviced by the Group, undertaking power transmission, maintenance and operation of substations, as well as constructing and maintaining transmission and distribution equipment. For the three-month period ended 30 June 2025, the Group's sales to outside customers in this segment amounted to ¥29,592 million, or 14.6 per cent. of total consolidated operating revenues.

- *Others*. The Group's "Others" segment comprises businesses that are not included in the Group's reportable segments, and includes electrical and telecommunications works, comprehensive real estate management, civil engineering and construction works, periodic inspection, maintenance and repair work of power plants, and the telecommunications business. For the three-month period ended 30 June 2025, the Group's sales to outside customers in this segment amounted to ¥10,639 million, or 5.3 per cent. of total consolidated operating revenues.

As of 30 June 2025, the Company had ten consolidated subsidiaries, five unconsolidated subsidiaries (of which two was accounted for by the equity method), and ten associates (of which four were accounted for by the equity method). For the fiscal year ended 31 March 2025, the Group's operating revenues, operating income and profit attributable to owners of the parent were ¥902,053 million, ¥75,838 million and ¥64,218 million, respectively. For the three-month period ended 30 June 2025, the Group's operating revenues, operating income and profit attributable to owners of the parent were ¥202,497 million, ¥43,898 million and ¥30,775 million, respectively.

The Company's registered office is located at 2, Odori Higashi 1-chome, Chuo-ku, Sapporo city, Hokkaido, Japan. The Company's shares of common stock (the "Shares") are listed on the Prime Market of the Tokyo Stock Exchange and the Sapporo Securities Exchange.

THE OFFERING

Issuer	Hokkaido Electric Power Company, Incorporated.
Securities Offered	U.S.$500,000,000 in aggregate principal amount of 4.587 per cent. Bonds due 2030.
Issue Price	100 per cent.
Closing Date	On or about 4 September 2025.
Interest	The Bonds will bear interest from 4 September 2025 at the rate of 4.587 per cent. per annum payable semi-annually in arrear on 4 March and 4 September in each year commencing on 4 March 2026.
Delivery	It is expected that the Global Certificate will be deposited with, and registered in the name of, or a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg on or about the Closing Date.
Form	The Bonds will be issued in registered form, evidenced by the Global Certificate. Definitive Certificates will only be available in certain limited circumstances. See "Summary of Provisions Relating to the Bonds While in Global Form".
Listing	Approval in-principle has been received for the listing of the Bonds on the SGX-ST. The Bonds will be traded on the SGX-ST in a minimum board lot size of U.S.$200,000 for so long as the Bonds are listed on the SGX-ST.
Rating	It is expected that the Bonds will be assigned a credit rating of BBB+ by S&P. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Use of Proceeds	The net proceeds from the issue of the Bonds are estimated to amount to approximately U.S.$497 million, and are expected to be used exclusively to finance or refinance, in whole or in part, existing and/or future Eligible Projects. See "Use of Proceeds".

THE BONDS	
Form and Denomination	The Bonds will be issued in registered form, in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Interest Rate	4.587 per cent. per annum.
Status	The Bonds are direct, unconditional, unsubordinated and (subject to the provisions of Condition 2) unsecured obligations of the Company, ranking *pari passu* and rateably without any preference among themselves, and, except for the provisions of Condition 2 and with the exception of obligations in respect of national and local taxes and certain other statutory exceptions, equally with all other present and future unsecured obligations (other than subordinated obligations, if any) of the Company from time to time outstanding.
Negative Pledge	So long as any of the Bonds remain outstanding, the Company will not, and will procure that none of its Principal Subsidiaries (as defined in Condition 3.1) will, create or permit to subsist any mortgage, charge, pledge or other security interest for the benefit of the holders of any Relevant Debt (as defined in Condition 2) unless the same security or such other security or guarantee as provided in Condition 2 is accorded to the relevant Bonds. See Condition 2.
Redemption at Maturity	Unless the Bonds have previously been redeemed or purchased and cancelled, or become due and repayable, the Company will redeem the Bonds at 100 per cent. of their principal amount on 4 September 2030.
Redemption for Taxation Reasons	If the Company has or will become obliged to pay any Additional Amounts (as defined in Condition 7.1) in accordance with Condition 7.1 as a result of any change in, or amendment to, the laws or regulations of Japan or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 27 August 2025, and the Company is unable to avoid such obligation by taking reasonable measures available to it, the Company may, at any time, having given not less than 30 nor more than 60 days' prior irrevocable notice to the Bondholders in accordance with Condition 14, redeem all, but not some only, of the Bonds then outstanding at 100 per cent. of their principal amount. See Condition 5.2.
Cross Default	The Bonds are subject to a cross default in respect of indebtedness for borrowed money or any guarantee and/or indemnity thereof of the Company or of any Principal Subsidiary in respect of amounts of at least U.S.$10,000,000 (or its equivalent in any other currency or currencies). See Conditions 8.3 and 8.4.
Taxation	All payments by the Company in respect of the Bonds will be made without any deduction for withholding taxes of Japan, except to the extent described in Condition 7.1.
Governing Law	English law.
Jurisdiction	English courts.

International Securities Identification Number ("ISIN")..................................	XS3157248132.
Common Code..	315724813.
Legal Entity Identifier ("LEI") for the Company..	353800XDXIIZDHUO0J51.
Fiscal Agent, Paying Agent, Transfer Agent and Registrar...............................	Citibank, N.A., London Branch

INVESTMENT CONSIDERATIONS

Prior to making an investment decision, prospective investors should carefully consider, along with the other information set forth in this Offering Circular, the following considerations

Considerations Relating to the Group and its Business

Liberalisation of the electric power business

An amendment to the Electricity Business Act of Japan (Act No. 170 of 1964, as amended) (the "Electricity Business Act") was enacted in November 2013 and set out three phases to implement the reforms to the electric power systems in Japan. Based thereon, pursuant to the second stage of the amendment to the Electricity Business Act which took effect in 2016, various measures have been promulgated relating to matters that require revision in the course of the implementation of the full-scale liberalisation of participation in retail electricity sales. See "The Japanese Electric Power Industry—Overview of the Industry", "The Japanese Electric Power Industry—Competition in the Electric Power Market in Japan" and "Business—Regulations—Electricity System Reform" for further details on the outlines of reforms to the electric power system in Japan, including the definitions of "General Electric Utilities" and "Specified Electric Utilities".

With the full-scale liberalisation of participation in retail electricity sales implemented in 2016 and the promotion of wholesale transactions which are not discriminatory (*i.e.*, setting conditions which are non-discriminatory among transaction parties) both within and outside the Specified Electric Utilities' group companies, competitive pressures on retail sales of electricity have increased, including on prices of electricity sales to consumers. Although there were certain periods during which new entrants into the industry saw some decreases following the increase in fuel prices caused by factors such as the invasion of Ukraine by Russia, competition for customers continue to occur and could occur further, not only from new entrants and other Specified Electric Utilities which attempt to enter into the regional market in which the Group's business is based, but also from other businesses through measures such as package sales of electricity and telecommunication services (see "—Increase in competition"). The Group has also been working to enter markets traditionally served by other Specified Electric Utilities, such as the Tokyo metropolitan area. There can be no assurance that the Group will always be successful in competing with other electricity suppliers (either those entering the Group's principal market of Hokkaido region, or those operating in markets which the Group is entering), and as a result, the Group's business, results of operations and financial condition may be materially and adversely affected.

The deregulatory trend for the electric power business in Japan is still developing and relevant regulations continue to be under review. For example, while the full-scale liberalisation of participation in retail electricity sales took effect in April 2016, the abolition of regulation applicable to retail electricity rates of Specified Electric Utilities, which had initially been designed to take place around 2020, is currently on hold as competition in the industry is deemed not to be at a sufficient level by the Japanese government. Other deregulatory measures to stimulate competition, such as the legal separation of the power transmission and distribution division for the purpose of achieving neutrality, as well as measures to ensure stable supply of electricity, such as the establishment of a base load power supply market and creation of new markets such as the capacity market where electricity availability is traded with the goal to secure stable supply of electricity, have taken effect over the last few years. The full effect on the competitive landscape of these measures is still developing to some extent, but has generally led to a decline in the predictability of the volume of electricity sales and the selling prices, making it difficult for businesses to, among others, procure fuel and maintain or build new power sources from a medium- to long-term perspective. These heightened uncertainties in the electric power business have led to stagnation in investment in new power sources, which has contributed to a tight supply-demand balance, and have created challenges for stable supply.

The government also continues to review such electricity system reforms and may take other measures to stimulate competition, or implement other reforms in line with its then current policies (such as policies relating to energy security or carbon neutrality). For example, against a background of changes in the operating environment for electricity supply companies, such as the acceleration of the global trend towards decarbonisation, and the outlook for electricity demand turning to an increase due to the new expansion of data centres ("DCs") and other electricity-consuming facilities, the Japanese government has been discussing further reviews of the electric power system in Japan with a view to responding to these challenges and changes in the electricity business, and to realise a stable supply of electricity and moves towards decarbonisation in the future. Depending on the contents and implementation of such reviews and changes, there may be a decline in the relative competitiveness of the Group, and/or reductions in the Group's earnings from the wholesale electricity trading and the capacity market (where electricity availability is traded). Any revision of policy pertaining to the electric power business such as those described above may materially adversely affect the Group's business, results of operations and financial condition.

On 1 April 2020, the Company transferred its power transmission and distribution business to a 100 per cent. owned subsidiary of the Company, Hokkaido Electric Power Network. See "Business—History". As a result, Bondholders do not have direct recourse to the power transmission and distribution assets held by the Group.

In addition, under the Electricity Business Act, bonds issued by former General Electric Utilities such as the Company, were historically granted a preferential right (so-called "*ippan tanpo*") to be paid prior to certain other unsecured indebtedness of such companies. Pursuant to the third stage of the amendment to the Electricity Business Act which took effect in April 2020, the provision of such preferential rights for bonds issued by Specified Electric Utilities was abolished, and transitional measures were made available under the Supplementary Provisions of the Electricity Business Act, allowing such companies to continue issuing bonds with preferential rights until the end of March 2025. As the transitional period has now expired, bonds issued by Specified Electric Utilities from April 2025 onwards can no longer benefit from such preferential rights. The abolition of such preferential rights with respect to bonds may adversely affect the costs associated with the Company's raising of funds through the issue of bonds.

Thermal power generation facilities and renewable energy power generation facilities including hydroelectric

As of 31 March 2025, the Company operated seven principal thermal power generation facilities (operated by coal, oil or liquified natural gas ("LNG")), with the proportion of power generated by the Company through its thermal power generation facilities comprising 83.9 per cent. of all power generated by the Company in the fiscal year ended 31 March 2025. The power generation units at some of the Group's thermal power plants have been in operation for some time and require more than the regular level of maintenance and repairs. Further, due to the halting of operation of all of the Group's nuclear power generation facilities since 2012, the Group has been continuing to operate relatively old thermal power generation facilities, and while the Group is taking preventative maintenance measures, there have been some unplanned stoppages of such thermal power generation facilities, such as during the 2018 Hokkaido Eastern Iburi Earthquake. During their use, thermal power plants require repairs and replacements to remain functional. Any such repairs and replacements can lead to increased costs of operation, and any stoppage of a particular thermal power generation plant may require the Group to utilise other less cost-effective plants to provide the required level of electricity. Any such factors may lead to increased costs of operations. In addition, these thermal power generation facilities emit carbon dioxide ("CO_2"), and if environmental policies are significantly amended, such as through imposition of new environmental regulations or taxes relating to fossil fuel, the Group may be required to make additional investments, bear other additional costs, or record impairment loss as a result of decreased utilisation rate of existing thermal power generation facilities, or the construction of new facilities may be delayed, which may materially adversely affect the Group's results of operations and financial condition.

With regard to hydroelectric power generation facilities, rainfall or snowfall levels in the water resource areas have the potential to affect the Group's results of operations and financial condition, as a decrease in water flow rate could decrease the volume of electricity generated by hydroelectric power which does not require fuel costs upon generation, and may increase the Group's fuel costs through increasing the Group's dependence on thermal and other power generation than hydroelectric power. However, the impact of change in the volume of electricity generated by hydroelectric power may be moderated to a certain extent through the system of provisioning for (or reversing of) the reserve for fluctuations in water level.

Since 2016, the method of calculating the avoided costs of buying electricity generated from renewable energy, such as solar energy, wind power, water energy, geothermal power and biomass energy based on the feed-in tariff ("FIT") scheme has been changed to the method of using the wholesale market price-based calculation. As such, there is a risk that procurement costs (avoidable costs) for retail electricity sales may increase when wholesale market prices rise. However, a certain degree of risk hedging is achieved through market price adjustments in the retail rate menu (standard menu for extra-high voltage and high voltage customers). In addition, through the increase in the proportion within the power supply volume of renewable energy, the supply range of which varies greatly as it is affected by natural conditions, costs in relation to frequency fluctuation measures such as through thermal power generation to maintain the quality of electricity will increase. Should the government not re-examine such costs and consider a scheme where a Specified Electric Utility and a general power transmission and distribution business operator ("General T&D Operator") are able to recover such costs through a change in the FIT scheme, this could become a cost burden for the Group.

In addition to the above, if General T&D Operators (including the Group) were to be required to increase its transmission capacities due to the increase in power generated and sold by renewable energy operators, they may need to incur significant capital expenditures with respect to transmission lines, which may not be easily recoverable. Further, a change in environmental policies by the government may also result in the Group incurring additional investment and other costs with respect to its power generation units. Any of the above factors may materially adversely affect the Group's business, results of operations and financial condition.

Currently, as shown in its Seventh Strategic Energy Plan (as defined in "—Risks pertaining to nuclear power generation—Japan's energy policy"), the Japanese government has indicated the direction of converting renewable energy into a major power source. Should it be realised as expected or earlier than expected, owing to political measures or technical innovation to promote introduction and usage of renewable energy, it may reduce the utilisation rate of thermal power plants, which may materially adversely affect the Group's results of operations and financial condition.

In addition, the Seventh Strategic Energy Plan indicates the Japanese government's objective of achieving long-term decarbonisation by 2040 and the reduction of CO_2 and other greenhouse gas emissions to zero by 2050, and presents its plan to maximise the use of decarbonised power sources such as renewable energy and nuclear power (see "—Risks pertaining to nuclear power generation—Japan's energy policy"). The Japanese government's strategic direction and targets set in such Seventh Strategic Energy Plan may affect the Group's operations as well as its strategic initiatives, in particular with regard to thermal power generation and measures to reduce CO_2 emission, as well as its direction towards use of renewable energy.

Risks pertaining to nuclear power generation

In the period following the Great East Japan Earthquake in 2011, reactors at the Group's Tomari Nuclear Power Station halted operation in response to compatibility examinations under the new regulatory standards for nuclear power plants that were introduced in 2013. The Group is targeting the restart of the plant (beginning with Unit 3) as early as possible in 2027. The Group is proceeding with the regulatory review process necessary for the restart of the plant with the Nuclear Regulatory Authority, which remains ongoing; on 30 July 2025, the Nuclear Regulation Authority gave its approval regarding the application for permission to change the reactor installation of Unit 3. Safety enhancement works are also ongoing and in particular the construction of new seawall as new tsunami countermeasures commenced in March 2024. However, there can be no assurance as to when the regulatory review or safety enhancement processes will be completed, or when operations may resume. Prolonged delays in the restart of the Tomari Nuclear Power Station due to the factors mentioned above or any other factors, may result in continued reliance on thermal power generation, leading to increased fuel procurement costs and greater exposure to fuel price volatility. Such developments may have a material adverse effect on the Group's business, financial condition and results of operations. The restart of the Group's Tomari Nuclear Power Station Units 1 and 2, which the Group intends to process after the restart of Unit 3, will also be subject to regulatory review. In addition the restart of nuclear plants could be disrupted by legal actions and other factors (see "—Litigation, disputes and deterioration in relationships with interested parties"). The Long-term Decarbonisation Power Resource Auction (the "LDPR Auction") will have an impact on the amount of investments to be made by, or the profits the Group can generate from Tomari Nuclear Power Station Unit 3 (see "—Environmental regulation and climate change initiatives").

Furthermore, if operations at the Tomari Nuclear Power Station were to restart, factors affecting nuclear power generation in Japan could have an increasingly material effect on the Group's business, results of operations and financial condition.

Japan's energy policy

Based on the Basic Act on Energy Policy (Act No. 71 of 2002) (the "Basic Act on Energy Policy") which became effective in June 2002, the Japanese government has framed a plan (a "Strategic Energy Plan") with the aim of a long-term, comprehensive and systematic implementation of measures relating to energy supply and demand. Based on the Basic Act on Energy Policy, the Strategic Energy Plan's contents must be reviewed at least once in every three years, and as amended when considered necessary. The Seventh Strategic Energy Plan, approved by the Japanese government's cabinet in February 2025, set a new target of reducing greenhouse gases by 73 per cent. in the fiscal year ending 31 March 2041 (from the fiscal year ended 31 March 2014) and the reduction of CO_2 and other greenhouse gas emissions to zero by the fiscal year ending 31 March 2051, while taking into account the changing energy situation surrounding Japan, such as increased economic security demands given war and tensions abroad, and increase in electricity demand due to the progress of digital transformation ("DX") and green transformation ("GX"). The plan emphasises the necessity to balance both stable energy supply and decarbonisation, and aims for a balanced power generation mix (the so-called "energy mix") that does not excessively depend on specific power sources or fuel sources, while promoting energy efficiency improvement. It set out an outlook for the energy mix for the fiscal year ending 31 March 2041, including its outlook for the proportion of nuclear power within the total power generation amount for such fiscal year to be approximately 20 per cent. See "The Japanese Electric Power Industry—Japan's Energy Supply—Trends in Japan's Energy Policy—Japan's Energy Mix". The Japanese government's strategic direction and targets set in the Seventh Strategic Energy Plan (or any subsequent Strategic Energy Plans) may affect the Group's operations as well as its strategic initiatives.

The Group intends, upon a major precondition that its safety is ensured, to utilise nuclear power generation. However, should the Japanese energy policy be radically changed (including a reduction in the proportion of nuclear energy included within the policy energy mix), it may become difficult to continue operations of such nuclear power generation facilities, and in such event the Group's investments in such facilities may be lost, which may materially adversely affect the Group's results of operations and financial condition. Further, changes in Japanese energy policy relating to Japan's energy mix, and any related changes made by the Group to its own energy mix, may also lead to increased difficulties in making adjustments between supply and demand.

Regulatory standards for safety of design

Following the Fukushima Daiichi Nuclear Power Station accident, the regulatory regime relating to nuclear power stations were comprehensively reviewed, and new regulatory standards relating to the safety of design of nuclear power stations were introduced in July 2013. In order to resume operations at nuclear power plants which halted operations after the accident, the operator must pass stringent conformance confirmation examinations by the Nuclear Regulation Authority (the "NRA"). The Group's Tomari Nuclear Power Station remains offline as it continues to respond to the NRA's conformance confirmation process under the new regulatory standards. Following the completion of compliance reviews and resuming operations, if significant areas of non-compliance arise, the Group may be required to suspend the commencement of operation of Tomari Nuclear Power Station, or additional investments may be required to comply with the regulatory standards. In any such case, the Group's results of operations and financial condition may be materially adversely affected. See "Business—Operations—Electric Power—Status of Nuclear Power Station".

Taking into account TEPCO's Fukushima Daiichi Nuclear Power Station accident, latest technical views are taken into account as needed in applying technical standards, which existing facilities must comply with (a "back-fit" system). The "back-fit" system requires nuclear power plants to take countermeasures to meet the latest regulatory standards that have been added during the implementation deadline as the result of developments in knowledge and technology. Additional investments may be required in order to meet such latest regulatory standards. As such, nuclear power plants that are currently in commercial operation or under periodic inspection may, should such facilities not meet the latest regulatory standards added within the implementation deadline, be required to halt operation (in the case of nuclear power plants that are currently in commercial operation) or suspend the resumption of operation (in the case of nuclear power plants that are currently under periodic inspection). Should there be a significant increase in costs involved in, or delays from the required timetable or from what is currently scheduled or other difficulties associated with meeting any required regulatory standards for operation of nuclear power stations, it may materially adversely affect the Group's reputation, business, results of operations and financial condition. In addition, if for such or other reasons the Company is unable to undertake operations at Tomari Nuclear Power Station, the Group's reputation, business, results of operations and financial condition may be materially adversely affected.

Litigation, disputes and deterioration in relationships with interested parties

The Group also faces the risk of disputes and litigation arising and/or continuing in relation to the Company's nuclear power operation, including friction with local residents and other interested parties in relation to construction or operation of its nuclear power stations, as well as potentially prolonged lawsuits. On 31 May 2022, the Sapporo District Court issued a ruling prohibiting the restart of the Company's Tomari Nuclear Power Station. The Company appealed the decision to the Sapporo High Court on 2 June 2022. The Company intends to make arguments and submit evidence to the court regarding the safety of the Tomari Nuclear Power Station. Furthermore, a lawsuit brought by certain local residents for temporary injunctions to halt the operations of the Takahama Nuclear Power Station Units 3 and 4 (operated by Kansai Electric Power Company, Incorporated) and the Ikata Nuclear Power Station Unit 3 (operated by Shikoku Electric Power Company, Incorporated) over the last decade have resulted in temporary injunctions being granted by the court and the operators of such nuclear power stations being unable to operate such stations until the relevant temporary injunctions were eventually dismissed. Further, as with other nuclear power operators in Japan, the Company has entered into an agreement concerning the safety and preservation of the environment around the Tomari Nuclear Power Station with local governments. Under the agreement, although there is no provision or condition regarding the restart of the Tomari Nuclear Power Station, any nuclear power plant planning to make changes to the reactor facilities and its related major facilities must obtain prior consent from the relevant local governments in the areas in which it is situated. In addition, in certain situations, relevant local governments are entitled to inspect the relevant facilities. As such, if in the future the Group were to face difficulties (including prohibitions to begin operations or the necessity to shut down facilities) with regard to its nuclear power operations as a result of lawsuits, administrative actions, other proceedings or other significant issues in respect of the Company's relationship with interested parties, the Group's business, results of operations and financial condition may be materially adversely affected.

Extension of the operation of Nuclear Power Generation Units

The GX Decarbonized Power Sources Act was enacted on 31 May 2023 and took effect in on 6 June 2025. Previously, where a nuclear power reactor was to be operated beyond 40 years from the commencement of its operation, such facilities were required to be assessed by the NRA for compliance with the then latest regulatory standards, and in addition, the operator must apply for an approval for the extension of the operational period to the NRA (with a limit of one application for a maximum period of extension of 20 years) together with the results of a special inspection and obtain approval in relation thereof. Under the GX Decarbonized Power Sources Act, the operational life limitation and the safety regulations for ageing facility management are distinguished. With respect to the operational life limitation, the above-mentioned maximum 20-year extension of nuclear power reactor's operation is possible by approval of the Minister of Economy, Trade and Industry (the "METI"), and nuclear power reactors can further remain in operation beyond 60 years by excluding the period during which the nuclear power reactors are suspended due to unforeseeable factors such as changes in safety regulations and temporary restraining orders from the total period of operation. On the other hand, it also requires that, as part of safety regulations of ageing management, where a nuclear power reactor is to be operated beyond 30 years after the commencement of operation as of June 2025, the operator must formulate a long-term plan on the management of its facilities including technological evaluation of the state of deterioration and obtain approval for such long-term plan on the management of its facilities from the NRA once at least every ten years. Any delays or failure in obtaining such approval could lead to the halting of the operation of the Group's nuclear power stations, and could materially adversely affect the Group's business, results of operations and financial condition, as well as its ability to achieve the goals which it has set towards carbon neutrality. See "The Japanese Electric Power Industry—Japan's Energy Supply—Trends in Japan's Energy Policy—GX Decarbonized Power Sources Act". The Group's Tomari Nuclear Power Station Units 1 and 2 have each exceeded 30 years of operation. Accordingly, the Group will be required to submit and obtain approval of long-term facility management plans for Units 1 and 2, when there are to be restarted, in accordance with the GX Decarbonized Power Sources Act. Delays or failure in obtaining such approval may result in prolonged suspension or required decommissioning, and may materially adversely affect the Group's business, results of operations and financial condition, as well as its ability to achieve carbon neutrality targets.

Nuclear damage compensation system

Currently, nuclear power generation facility operators have, in principle, no-fault and unlimited liability with regard to any nuclear damage caused by, among other things, the operation of its nuclear power reactors. The Group, while taking various measures to ensure safety, has, pursuant to the Act on Compensation for Nuclear Damage of Japan (Act No. 147 of 1961, as amended) (the "Nuclear Damage Compensation Act"), entered into insurance contracts and indemnity contracts which enables it to receive certain indemnities in the remote event of an accident, at the same time as making a general contribution every year to the Nuclear Damage Compensation and Decommissioning Facilitation Corporation (the "NDF") (an entity whose aim includes providing financial assistance with regard to compensatory damage payable by nuclear power generation facility operators, including TEPCO) pursuant to the Nuclear Damage Compensation and Decommissioning Facilitation Corporation Act of Japan (Act No. 94 of 2011, as amended) (the "Nuclear Damage Compensation and Decommissioning Facilitation Corporation Act"). See "Business—Regulations—Regulation of Nuclear Power Generation—Compensation Scheme for Nuclear Damage". Nevertheless, as natural or man-made disasters at power generation plants may lead to huge calamities, the adverse effects of which in the case of nuclear power generation facilities may in particular be extreme, wide-ranging and long-lasting, the Group's results of operations and financial condition may be materially adversely affected if any nuclear accidents were to occur (see "—Natural disasters, uncontrollable events and accidents"). Further, if the government were to revise the nuclear damage compensation system, depending on the content of such revision, the amount of the Group's contribution may be increased, which may materially adversely affect the Group's results of operations and financial condition.

Nuclear back-end business

The nuclear back-end business is an ultra-long-term business and involves many uncertainties, and the Ministry of Economy, Trade and Industry is contemplating extensive revisions to such business with the aim of ensuring appropriate and efficient business implementation, including in relation to business operators and securing of funds. Based on an amendment act enacted in May 2016 which made amendments to the Act on the Implementation of the Reprocessing of Spent Fuel in Nuclear Power Generation (amended to be the Act on the Implementation of the Reprocessing of Spent Fuel in Nuclear Power Generation and Promotion of Decommissioning in April 2024) (the "Reprocessing Contribution and Decommissioning Promotion Act"), the NuRO, which is an organisation approved by the Japanese government to reprocess spent fuel, was established and commenced operations in October 2016. As a result, a mechanism was put in place for nuclear power station operators including the Company to contribute towards such organisation enough funds for reprocessing spent fuel and others (including relevant MOx fuel processing operations) as well as necessary funds for the decommissioning of nuclear power stations. Although this has now alleviated to some extent the risks in this area by the Japanese nuclear power station operators including the Company, should the necessary funds required for the reprocessing of spent fuel increase or such mechanism be re-examined (such as the expansion of coverage for such contribution), this may materially affect the Group's business, results of operations and financial condition depending on the content of such change. Further, nuclear power station operators including the Company currently operate on the assumption that such fuel is to be reprocessed and reused. The Company may not be able to reprocess spent fuel should it become difficult for the nuclear back-end business to operate for reasons such as variation in international framework for reprocessing of nuclear spent fuel, or political, economic and/or technical issues. Should the Group face difficulties in securing storage for its spent fuel, the Group may incur additional costs in securing necessary storage, or be unable to continue to operate its nuclear power stations, which could have a material adverse effect on the Group's business, results of operations and financial condition. The Company makes contributions regarding costs for final disposal of designated radioactive waste subject to geological disposal (such as solidified glass body accumulated after reprocessing) pursuant to the Designated Radioactive Waste Final Disposal Act (Act No. 117 of 2000, as amended).

Japan Nuclear Fuel Limited

The Company has a minority investment interest in, and acts as joint guarantor together with other nuclear power operators in respect of the debts of, Japan Nuclear Fuel Limited ("JNFL"). The amount of guarantee obligations on the borrowings of JNFL by the Company as of 31 March 2025 was ¥32,466 million.

JNFL is engaged in activities such as the reprocessing of spent fuel, uranium enrichment, burial of radioactive waste, storage of high-level radioactive waste and MOx fuel processing. JNFL is currently undergoing an assessment by the NRA with regard to, among other things, its compliance with new regulatory standards relating to nuclear fuel cycle facilities. Depending on the progress of such assessment and other factors such as political concerns with respect to the use of reprocessed plutonium, the utilisation rate of the nuclear fuel cycle facilities of JNFL may be materially adversely affected. If JNFL's financial conditions deteriorate as a result, its creditors may demand the performance of the guarantee provided by the Company in respect of JNFL's debt. In such event, the Group's business, results of operations and financial condition may be materially adversely affected.

Risks related to fuel prices and procurement

Sources of fuel for the Group's thermal power generation include LNG, heavy and crude oil, coal and diesel. In addition to affecting the Group's fuel costs directly, fuel prices may also affect the price of power purchased by the Group. Therefore, fluctuations in energy prices, such as coal, LNG, diesel, and heavy and crude oil, and that of foreign exchange rates in which such fuels are priced, may affect the Group's results of operations and financial condition. In particular, as LNG cannot be stored for a long period of time, it cannot be bought at a large quantity when prices are low and be stored for future use, thereby limiting the Group's ability to control the costs of LNG that it purchases.

The price and procurement of fuel may be affected by numerous factors, including geopolitical developments, terrorism, war and unrest, the introduction of import tariffs on the trade of certain goods and services between countries, the strength of certain currencies, sanctions imposed by government such as the United States, the United Kingdom, the European Union and Japan, actions by the Organization of the Petroleum Exporting Countries and other fuel producers and environmental concerns. Demand can also be impacted by political developments, including in relation to political and regulatory actions in respect of climate change, weather conditions, changes in demographics, including population growth rates and consumer preferences, technological improvements in energy consumption efficiency and the price of commodities generally. Most recently, challenges in fuel procurement have been faced by businesses in many countries including Japan, due to the risk of change in fuel prices following instability in the geopolitical situation in the Middle East and Ukraine.

While the Group works to take measures to diversify fuel supply sources and method of procurement, and makes attempts to decrease the Group's fuel costs and mitigate the risk of disruptions to the stable procurement of fuel, unexpected or rapid changes to the fuel procurement situation may adversely affect the Group's fuel costs, or even affect the continued operation of its thermal power generation facilities, which may materially adversely affect the Group's results of operations and financial condition.

With regard to fluctuations in fuel prices and foreign exchange rates, while the Fuel Cost Adjustment System currently allows for changes in fuel prices to be reflected in electricity rates, a rapid increase in fuel prices or adverse movements in foreign exchange rates (such as those experienced following the Russian invasion of Ukraine in February 2022) may take several months to be reflected in electricity rates and, with regard to certain customers, would only be reflected up to a certain limit; further, in recent years, the fuel price has seen significant volatility in the context of the Russia-Ukraine conflict, and this has been materially adversely affecting the Group's results of operations and financial condition as the Group has not always been able to fully reflect its fuel costs in its electricity pricing in a timely manner. In addition to the Russia-Ukraine conflict, conflicts in the Middle East, including significant oil producing nations, closures of shipping routes, as well as changes in import tariffs, could also have a similar or more significant effect on the price of fuel and the Group's results of operations and financial condition. Further, the Fuel Cost Adjustment System does not enable increases in fuel costs caused by increased reliance on electricity generated by thermal power generation facilities due to the shutdown of nuclear power generation facilities to be reflected in electricity rates. Further, at times of decreased supply of and/or increased demand for electricity (such as during times of extreme weather conditions, or generally through increased demand for electricity through increases in electricity-consuming facilities such as DCs), the price of electricity in the wholesale market may increase rapidly. In cases where the Group relies on procuring electricity from the wholesale market (at times when its own generation is not sufficient to meet demand), the Group's costs of procurement may increase significantly. The continued non-operation of, or delay in resumption of operation of, nuclear power generation facilities may thus, through increase in reliance on thermal power generation and the wholesale market, result in increased fuel costs which are not compensated by the Fuel Cost Adjustment System, or increased costs of procurement from the wholesale market, which may have a material adverse effect on the Group's business, results of operations and financial condition. For a description of the Fuel Cost Adjustment System, see "The Japanese Electric Power Industry—Overview of the Industry—Electric Power Pricing—Fuel Cost Adjustment System".

Furthermore, while the Group aims to reduce its reliance on thermal power generation in the future through the restart of its Tomari Nuclear Power Station and the expansion of renewable energy, its current power generation processes rely on thermal power. With respect to electricity pricing, the impact of fluctuations in fuel prices and wholesale electricity market prices on the Group's performance is partially mitigated through the application of the fuel cost adjustment system, however, these mechanisms may not fully offset the impact of rapid or extreme price movements, particularly where ceilings or lags in pricing adjustments apply. As such, any unexpected or rapid changes in the fuel procurement environment may significantly increase the Group's fuel costs or even affect the continued stable operation of its thermal power generation facilities, which may materially adversely affect the Group's business, results of operations and financial condition.

Conditions and energy demands in the Group's power supply area

The Company supplies electricity primarily to the island of Hokkaido which comprises one prefecture (Hokkaido), and electricity sales are subject to the influence of economic conditions such as industrial activities in the Company's power supply area. Hokkaido accounts for a smaller proportion of Japan's overall gross domestic product ("GDP") and electricity demand relative to more densely populated regions such as the Kanto and Kansai regions; as of 1 October 2024, it had a population of around 5.0 million.

Electricity demand in the Hokkaido region accounted for approximately 3.4 per cent. of total electricity demand in Japan for the fiscal year ended 31 March 2025 (source: "Survey of Electric Power Statistics (Electricity Demand Results)", Agency for Natural Resources and Energy, the Ministry of Economy, Trade and Industry). While the Hokkaido region has a relatively low population density and limited presence of large-scale manufacturing, it is home to a range of industries including agriculture, food processing, logistics, and emerging sectors such as renewable energy, DC and artificial intelligence ("AI") server development and the semiconductor manufacturing industry.

In addition, in its power generation business and power transmission and distribution business, it is necessary for the Group to respond to future increases in power demand. However, such future demand trends are difficult to predict, and can be impacted by many factors such as the impact of economic growth, the construction of new high-power consuming facilities (such as DCs, AI servers and semiconductor foundries), the change in population in the areas serviced, and energy conservation (power saving) technologies. As such, it is possible that the Group's investment in electric power systems may not meet ultimate power demand, which may result in damage to the Group's competitive position as it is unable to capitalise on future growing demand, and could also lead to losses being made on such investments. Furthermore, demand for electricity in the regions serviced by the Group may not increase as expected, including in the event the new high-power consuming facilities are not developed as expected, due to government policies, or changes in ultimate demand for those or any other services.

Economic conditions in the Company's power supply area are affected by the general economic conditions in Japan. Economic indicators such as GDP in Hokkaido region as well as Japan in general have been showing variable signs, and the future of the Japanese economy is still uncertain. Any future recession or unfavourable economic conditions in Japan may lead to a slump in retail consumption, industrial activities and manufacturing activities in Japan. The decreases in electricity demand as a result of this may materially adversely affect the Group's results of operations and financial condition.

Japan's overall population is generally on a declining trend, and this may lead to a reduction in electricity consumption. In addition, as the working population decreases as a result of increases in the average age of the population, economic activity may also decrease. In Hokkaido in particular, the population has been gradually decreasing year by year and the working population has been decreasing most notably in recent times. Such demographic trends may therefore adversely affect economic conditions, and a decline in economic conditions and energy demands in the Group's power supply area may materially adversely affect the Group's results of operations and financial condition. In addition, the decrease in the working population may result in a tight labour market leading to an increase in personnel costs, which may materially adversely affect the Group's results of operations and financial condition.

Weather conditions (particularly temperatures) also affect demands for electricity supply, particularly in relation to demand for air conditioning and heating. Other factors also affecting demands for electricity supply include developments in energy saving techniques and technological innovation leading to introduction of distributed power resources and changes in the form of electricity usage. Any such factors may materially affect the demand for electricity in the Group's supply area, and have the potential to affect the Group's results of operations and financial condition.

Natural disasters, uncontrollable events and accidents

Japan has been subject to significant natural disasters; and in recent years, the risk from natural disasters such as typhoons, heavy rain, floods and landslides has increased due to global climate change. The Group's operations are vulnerable to natural disasters, including earthquakes, typhoons, heavy rain, other extreme weather conditions (including, in recent months, extreme high temperatures in Japan leading to tight supply and demand for electricity), tsunamis, floods, landslides, volcanic eruptions, fires, infectious diseases, pandemics (including the COVID-19 pandemic) and epidemics. As an example, on 1 January 2024, a major earthquake in the Noto Peninsula in Ishikawa prefecture led to a major black-out in certain supply areas of the Hokuriku Electric Power group, affecting around 40 thousand households for over two months. In addition, in September 2018, the Hokkaido Eastern Iburi Earthquake caused a complete blackout across Hokkaido due to an unplanned shutdown at the Group's Tomatoh-Atsuma Thermal Power Station. Other events outside the Group's control (such as terrorism, deliberate acts of sabotage and cyber-attacks, including hacking of IT systems), power outages or accidents (whether due to human or equipment error) could damage, cause operational interruptions or otherwise adversely affect any of the Group's facilities or interfere with procurement of fuel and electricity and equipment from other companies, as well as the Group's results of operations and financial condition, if, amongst other effects, the Group is forced to further utilise older and less efficient power stations. Furthermore, abnormal weather conditions caused by climate change could also increase the costs of restoration of the Group's facilities, including thermal power generation infrastructure and power transmission and distribution facilities.

Whilst the Group has put in place disaster prevention plans, there can be no assurance that such measures will be effective in fully preventing any major loss in such cases. In the event of a major natural disaster or other uncontrollable event or accident, the Group's facilities may experience catastrophic losses, operations may be halted, large losses and expenses to repair or replace such facilities may be incurred, electricity supply may be required to be purchased from other utilities or from the electricity supply market or alternative thermal power fuel may need to be procured, and significant reductions or losses of revenues may be experienced, or other problems may be caused to the Group's operations. Any prolonged power cuts in the Group's supply area may damage the Group's reputation and social trust in the Group.

The Group has insurance policies to cover certain potential losses at its production facilities. However, these insurance policies do not cover all types and amounts of possible losses and expenses at all facilities, and even if the relevant risks were covered, such policies may not be adequate to compensate for all losses and expenses. Furthermore, the Group's business may also be adversely affected if the Group's suppliers or customers were to experience a catastrophic loss due to natural disasters, accidents or other uncontrollable events, or if the Group is required to compensate for any interruption to electricity supply to its customers due to the Group's fault or error. Any such factors may materially adversely affect the Group's business, financial condition and results of operations.

On 14 August 2025, as part of regular voluntary inspections at the Mori geothermal power plant in the Kayabe district, the Company found signs of diesel oil leaking from underground pipes that supply fuel (diesel) to diesel engine treated water pumps at the power plant. Subsequent excavation work confirmed diesel oil leaks from cracks in the pipes at four locations in the pipes. The Company is currently investigating the cause of the cracks in the pipes and the extent of the leak. The Company expects its next step will be to excavate the soil into which the diesel oil has leaked and treat such soil as industrial waste. The diesel engine is an emergency facility and accordingly, the leaks are not expected to interfere with the operation of the power plant under usual circumstances.

Charge collection risk in the power transmission and distribution business

From April 2023, a new wheeling charge system was introduced by the government in respect of the Group's power transmission and distribution business (see "The Japanese Electric Power Industry—Overview of the Industry—Electric Power Pricing—Wheeling Service Charge System"). Under the system, wheeling service charges that the Group is able to charge are calculated in accordance with rules prescribed by a ministerial ordinance of the Ministry of Economy, Trade and Industry.

Such rules provide for the Group to be able to recover costs related to maintenance and upgrading of facilities, and also provide that certain adjustments to costs can be reflected for matters unknown at the time of the forecast at the beginning of the revenue cap regulatory period such as the cost of procuring adjustment power in the supply and demand adjustment market. However, since the details of such rules will be decided in the future, it is possible that the Group may not be able to generate sufficient returns to meet its own fixed or variable costs, which could reduce its ability to pursue its strategy and may have an adverse effect on the Group's business, operating results, and financial position. In particular, due to the particular characteristics of the Hokkaido region, as a large region with low population density, it is possible that the Group will incur higher costs related to maintenance of its transmission and distribution network, which it may not always be able to reflect in its electricity pricing in a timely manner or at all.

Risks relating to other businesses

In addition to its electric power business, the Group is involved in electrical and telecommunications works, comprehensive real estate management, civil engineering and construction works, periodic inspection, maintenance and repair work of power plants, and the telecommunications business. Should these businesses not grow as the Group expects, or if their profitability is reduced through factors such as changes in legal or regulatory frameworks, inability to adapt to technological innovation, obsolescence of services due to factors such as changes in customer preferences, or intensifying competition, the related assets of the Group may need to be impaired, or the Group's results of operations and financial condition may otherwise be materially adversely affected.

Funding requirements and changes in interest rates

The Group's business, in particular its electric power business, requires a significant amount of capital expenditure each year. In particular, the Group expects its total investments in the six-year period from 31 March 2026 to 31 March 2031 to reach approximately ¥1,600 billion. As such, the Group is required to raise significant funds, principally through borrowings and issues of bonds or in some cases through equity financings, on a continuous basis. Developments in the Group's business and credit standing, changes in credit ratings in respect of its debt and adverse developments in financial markets in general, may materially adversely affect the Group's ability to raise funds, on acceptable conditions or at all. Any failure by the Group to raise the funds it needs in an acceptable manner may materially adversely affect the Group's business, results of operations and financial condition.

The Group has a substantial amount of interest-bearing liabilities (consisting of long-term loans payable (including current portion), short-term loans payable and bonds (including current portion)), denominated mostly in yen. As of 31 March 2025, the Group's interest-bearing liabilities (as defined above) amounted to ¥1,424.8 billion, or 63.5 per cent., of consolidated total assets on such date. Prevailing interest rates for liabilities in yen or other currencies (prior to the issuance of the Bonds, all of the Group's liabilities were denominated in yen), have (in the case of non-yen currencies) increased significantly in recent years and may (in particular in respect of yen rates) increase in the future. Increases in prevailing interest rates may have the effect of increasing interest payments by the Group and may increase the refinancing cost on maturity of the Group's liabilities. In addition, as the Group's liabilities generally carry fixed interest rates, if interest rates were to fall this could increase the Group's relative cost of borrowing. Further, any negative movements in any credit ratings obtained by the Company (whether due to factors relating to the Group or due to changes in the relevant rating agency's policies) may increase the Group's funding or refinancing costs, in particular, where the Group is involved in obtaining debt funding through the capital markets such as by issuing bonds. Any such factors may materially adversely affect the Group's results of operations and financial condition.

Further, the Group uses sustainable finance instruments (such as transition bonds and sustainability-linked loans) as a source of funding to support its decarbonisation initiatives. Under its sustainability-linked loan arrangements, interest rates may vary depending on the achievement level of pre-agreed sustainability performance targets ("SPTs") relating to metrics such as emissions intensity and non-fossil energy usage. If such SPTs are not achieved, the Group's funding costs may not decline as expected or may increase. In addition, failure to meet such targets may result in reputational damage and may adversely affect the Group's business, results of operations and financial condition.

Compliance and legal and regulatory risk

In all aspects of its business activities, the Group strives to comply with laws and regulations, internal rules and business ethics with a view to ensuring strict enforcement of compliance as the basis of its management. However, should a major case of non-compliance occur, the Group's social credibility may decline and affect the smooth operation of its business.

The Group must comply with a wide range of laws, regulations and other requirements across various jurisdictions. Such laws, regulations and requirements, including specific laws and regulations relating to its electric power business (see "Business—Regulations"), agreements with local authorities and communities and requirements to disclose environmental impact of its businesses, environmental regulation (see "—Environmental regulation and climate change initiatives") as well as other general legal and regulatory requirements (including but not limited to those relating to employment, trade, antitrust, investments, intellectual property, taxation and tariffs), and their application and enforcement, are of varying degrees of complexity and strictness in different jurisdictions and localities, and sometimes not only require compliance by the Group but also by parties acting on its behalf. In particular, local government and community concurrence is important in terms of operations of power plants and building new ones. Social, ethical and stakeholder expectations with respect to the level and clarity of disclosure of non-financial information are also increasing, requiring the Group's internal controls with regard to disclosure of information to be increasingly sophisticated. Further, compliance in respect of personnel and labour-related regulations is also important, and as the Group has many employees, there is a possibility that personnel costs as well as other expenses may increase as a result of such regulations. The Group has established risk management, compliance and internal control systems and procedures. Certain areas within the risk management, compliance and internal control systems may require constant monitoring, maintenance and continual improvements by the Group's senior management and staff. If the efforts to maintain these systems are found to be ineffective or inadequate, the Group may be subjected to inappropriate activities such as cover-up of non-compliant activities, falsification of records, fraudulent acts or corruptive practice (whether by its employees or third parties), or be found not to be in compliance with laws and regulations, which may in turn subject the Group to sanctions or penalties, or additional expenses may be incurred, and its business and reputation may be adversely affected. The internal control system, no matter how sophisticated in design, still contains inherent limitations caused by misjudgement or fault, or deliberate acts of misconduct or fraud. As such, there can be no assurance that the risk management, compliance and internal control systems of the Group are always adequate or effective notwithstanding the Group's efforts, and any failure to address any internal control matters and other deficiencies could result in investigations and/or disciplinary actions or prosecution being taken against the Group and/or its employees, disruption to the risk management and/or compliance systems. Any of these factors may have an adverse effect on the Group's reputation, results of operations and financial condition.

In recent years, the Group has experienced certain problems with such internal controls, leading to incidents which have received public attention:

- In April 2025, the Electricity and Gas Market Surveillance Commission of the Ministry of Economy, Trade and Industry (the "EGMSC") ordered the Company and Hokkaido Electric Power Network to file a report (covering matters such as facts relating to the incident, causes and preventative measures) in relation to the improper access by certain employees of the Company of confidential information (such as those relating to grid configurations and construction plans) held by Hokkaido Electric Power Network. The Company filed such report in May 2025, publicly acknowledging the seriousness of the incident, and has taken steps including strengthening the monitoring and supervision system for compliance. In July 2025, the Group received a business improvement recommendation from the EGMSC in respect of this incident.

- In July 2023, the Company received a corrective order from the Consumer Affairs Agency, alleging that the content of leaflets and flyers produced and used by the Company contained unjustifiable representations that fall under Article 5, Item 2, of the Act against Unjustifiable Premiums and Misleading Representations of Japan (Act No. 134 of 1962, as amended) (the "Act against Unjustifiable Premiums and Misleading Representations"). The order concerned the display of prices referred to as "bargains" in leaflets and flyers used between December 2020 and December 2021. Following the receipt of notice of such issues, the Company changed the content of the leaflets and flyers. In December 2024, the Company received a surcharge payment order in the amount of ¥33.98 million from the Consumer Affairs Agency pursuant to Article 8, Paragraph 1 of the Act against Unjustifiable Premiums and Misleading Representations.

- In April 2023, the Ministry of Economy, Trade and Industry issued administrative guidance to the Company regarding improper access by certain employees to the Group's renewable energy business management system. The Ministry of Economy, Trade and Industry instructed the Company to strengthen its internal controls, investigate the causes of the incident, disclose the results publicly, and submit a report on corrective measures by 12 May 2023. The Company publicly acknowledged the seriousness of the incident and has taken steps including the implementation of internal awareness-raising initiatives and information management protocols.

- In June 2017, the Japan Fair Trade Commission ("JFTC") issued a warning to the Company under the Antimonopoly Act regarding potentially discriminatory pricing practices. The JFTC found that the Company had applied a standard rate plan for a fixed period to customers returning from other providers, regardless of usage, which could result in such customers paying higher rates compared to new customers with similar usage patterns. While no formal penalty or order was issued, the JFTC highlighted concerns regarding fair competition, and the Company confirmed that it had ceased the practice and reviewed its rate application processes.

Such incidents have had a negative impact on the reputation of the Group, which may have and continue to have an adverse effect on its results of operations and financial condition, and have required the Group to take actions to address its internal control systems. Whilst the Group believes it to be a priority, such focus can have the effect of reducing resources available for profit generating activities, and lead to the Group becoming more conservative, which may also have an adverse effect on its results of operations and financial condition. While the Group has introduced initiatives aimed at reducing the risk of compliance failures, such systems may not always be sufficient to prevent the occurrence of future incidents. Any inability by the Group to appropriately address internal control matters, or any occurrence of similar incidents in the future, may materially adversely affect the Group’s reputation, business, results of operations and financial condition.

Legal proceedings and litigation

As with any major business, the Group faces risks of disputes or litigation both in Japan and overseas, whether with or without merit, in relation to its business. Such litigation and proceedings may relate, among others, to environmental liabilities, friction with local residents and civic groups in relation to construction or operation of facilities and, in extreme cases, injunctions to cease operation of its facilities. The Group could also become the target of administrative measures or other actions. Due to the inherent uncertainty of litigation and legal proceedings, it is not possible to predict when and whether any significant litigation and legal proceedings will be brought against the Group and whether it will prevail. If any significant litigation or legal proceedings or administrative measures or other actions were to occur, it may negatively affect the Group's reputation, business, results of operations and financial condition.

For risks relating to lawsuits and other proceedings and actions relating to the Group's nuclear power stations, see "—Risks pertaining to nuclear power generation—Litigation, disputes and deterioration in relationships with interested parties".

Environmental regulation and climate change initiatives

The Group's businesses are subject to extensive environmental regulation in Japan and on an international scale. Applicable environmental regulations address, among other things, CO_2 emissions, water pollution, disposal of substances deriving from energy production (including as a result of nuclear power generation), and atmospheric contaminants such as SOx, NOx and particulate matter, among other things. See "Business—Regulations". Although the Group has been making efforts towards reducing emissions which affect the environment, including through making efforts to decarbonise its thermal power plants by using hydrogen and ammonia as fuels and adopting carbon capture, utilisation and storage (CCUS) technologies and active development and implementation of renewable energy, there can be no assurance that such efforts will be successful. In addition, as the Group's electricity generation currently utilises thermal power generation to a certain extent, the Group is subject to requirements imposed by various environmental regulations, including those that require the Group to adopt preventative or remedial measures, and those that require the Group to aim to achieve benchmark targets for thermal power generation efficiency. Furthermore, in the event public sentiment turns against nuclear power, or the continued use of thermal fuel-generated power, the Group's reputation may be damaged, and demand for electricity generated by the Group may decrease.

The Japanese government has announced that it aims to reduce its greenhouse gas emission for the fiscal year ending 31 March 2031 by 46 per cent. from 2013 levels, an ambitious goal consistent with its objectives of achieving carbon neutrality by 2050. In the future, as part of Japan's growth-oriented carbon pricing initiative, there are plans to introduce a full-scale emissions trading system and to conduct paid auctions for power generation companies, and it is expected that environmental regulations regarding greenhouse gas emissions will be strengthened. Against such background, the Group's business, results of operations and financial condition may be affected due to factors such as increased costs of responding to such changes, or the decline in social evaluation of the Group if the Group's efforts are judged to be inadequate.

If environmental regulations or policies were to be more stringent or if new environmental regulations or policies were to be introduced, this could reduce the Group's revenues and profits derived from services which are determined to have a negative impact on the environment and also increase the Group's costs of compliance, including through requiring further investments (in facilities or otherwise) for the purposes of compliance, or cause the Group to face environmental or related liabilities. Such liabilities could increase the Group's costs, including clean-up costs. Depending on regulatory developments, the Group may not always be able to offset increases in costs incurred for environmental protection with price increases or increased levies. Any of the above factors may materially adversely affect the Group's business, results of operations and financial condition.

For the fiscal year ended 31 March 2025, the proportion of the electricity generated by the Company through thermal (coal, oil and LNG) power to the total amount of electricity generated by the Company amounted to approximately 83.9 per cent. If that proportion were to increase for any reason, the Group's business and reputation may be adversely affected by policies and initiatives at national and international levels to address climate change, such as worldwide measures to reduce greenhouse gas emissions and movements towards decarbonisation. Third parties, including investors or financial institutions, may also introduce policies adverse to the Group due to its activities in thermal power generation (especially coal-fired), including reducing or refusing investments in, or funding to, the Group. Any of the above factors may materially adversely affect the Group's business, results of operations, financial condition and reputation.

In January 2024, the LDPR Auction was introduced (see "The Japanese Electric Power Industry—Overview of the Industry—New Power Markets—LDPR Auction"). The Group has to date had four successful bids at such auction, including the Tomari Nuclear Power Station Unit 3, which won the LDPR Auction in April 2025. To the extent that the Group utilises such system , this will also have an impact on the amount of investments to be made by, or the profits the Group can raise from, its power generation facilities, as, pursuant to the terms of the bid, while the Group will be able to receive a revenue from the Organization for Cross-regional Coordination of Transmission Operators, Japan ("OCCTO") based on the expected fixed costs of the applicable power station specified by the Company at the time of bidding for a certain period specified in the bid, it will need to pay to OCCTO approximately 90 per cent. of the actual profit (after deducting variable costs (mainly fuel costs)) received from the customers purchasing electricity from the applicable power station during such period, which may affect the profitability of the operation of such power station; further, if actual fixed costs were to exceed such expected fixed costs specified in the bid, the Group's business, results of operations and financial condition may be materially adversely affected. In addition, the existence of the LDPR Auction may encourage existing market participants or new entrants to invest further in low carbon energy, which may lower the strategic strength of the Group as regards power sources.

Management of personal and other business information

The Group maintains a large volume of business information, including credit information, on individuals including that of electric power customers. The Group has established internal rules of basic guidelines for information management and guidelines for personal information protection, and the Group works to comply with these rules and rigorously administrate all of this information by information security measures. However, in the event of information leakage due to a computer system breach by malicious third parties, theft of recording media holding such information, human error by an employee or subcontractor or by other means, the Group may lose credibility and its business performance may be affected. Moreover, the Group could face customer claims for compensatory damages, including claims under the Act on the Protection of Personal Information of Japan (Act No. 57 of 2003, as amended), and lose the trust of customers and the market, which may materially adversely affect the Group's reputation, results of operations and financial condition.

Risks related to the implementation of the Group's strategy

The Group is implementing its business strategies formulated against a background of electric power industry deregulation and liberalisation (see "Business—Strategy"). The successful implementation of the Group's strategies and the attainment of its aims and targets are subject to various internal and external factors, including further changes to the regulatory environment (in particular in relation to the electric power industry) and relationship with local communities, general economic and market conditions in the regions in which the Group operates, developments in the competitive landscape and volatility in fuel prices and foreign exchange rates, among other factors. There can be no assurance that the Group's strategies will be implemented successfully, that the implementation of such strategies will have its intended effect, that the assumptions underlying the strategies will not differ from actual figures, that targets (whether quantitative or qualitative, and whether in the long term or short term) set by the Group will be met in time or at all, or that such targets and aims will not be further revised in future by the Company's management.

Acquisitions, mergers, business alliance, investments and other activities

The Group may, when suitable opportunities arise, engage in business acquisitions, mergers, capital participations, investments (including venture capital investments), tie-ups, joint ventures, alliances and supply relationships with other companies. However, there can be no assurance that the Group will be able to find and take advantage of such suitable opportunities, such activities will achieve the desired results, or that the Group will be able to recoup the value of its investments. Further, if the Group decides that a particular business, tie-up, alliance or other relationships with third parties were not beneficial to the Group's business, it may divest, rationalise or end such business or relationship. If the Group fails to successfully manage any acquired business or otherwise fails to achieve the intended results of such activities, or if the Group is unable to take advantage of suitable opportunities for such activities in a timely manner, the Group's business, results of operations and financial condition may be materially adversely affected.

Cost and liabilities for retirement benefits

The Group's cost and liabilities for retirement benefits are accounted based on assumptions for actuarial calculation, such as the discount rate and the long-term expected rate of return on plan assets. Changes in the discount rate and expected rate of return have the potential to affect the Group's results and financial condition. Costs related to the Group's retirement benefit plans may increase if the fair value of the plan assets declines or if there is a change in the actuarial assumptions on which the calculations of the projected benefit obligation are based, such as a decline in the expected rate of return on plan assets. In addition, the Group may be required to recognise expenses related to the recognition of previously unrecognised service costs as a result of plan amendments. Changes in the interest rate environment and other factors may also adversely affect the amount of unfunded pension obligations and actuarial differences. Any such factors may materially adversely affect the Group's results of operations and financial condition.

Facilities related risks and impairment of assets

The Group owns a large number of power supply facilities, including power generation facilities, transmission and substation facilities, and distribution facilities, throughout the Hokkaido region. If the probability of equipment error were to increase due to the ageing of equipment in facilities such as large-scale power plants and ultra-high-voltage power transmission lines, and if a serious equipment accident were to occur as a result, the Group may not only incur economic loss, but widespread and long-term power outages could cause significant social and economic damage. In addition, equipment failures or disruptions caused by natural disasters or interruptions in the supply of fuel or critical materials may hinder the operation or maintenance of facilities, potentially leading to increased costs, such as emergency repair work or reliance on alternative power sources. Any such factors may materially adversely affect the Group's business, results of operations and financial condition, as well as its social credibility and reputation.

In addition, the Group holds investment securities including marketable securities, such as listed stocks of financial institutions. Although the Group generally intends to hold such securities on a long-term basis, changes in market prices or in the financial position of the issuing companies could necessitate the recording of unrealised losses or impairment losses by the Group, which could have an adverse effect on the Group's results of operations and financial condition. Further, the Group holds significant amounts of construction in progress and assets in relation to its electric power business. Should such construction need to be halted or if the operation of the relevant facilities cannot be commenced or continued, due to changes in governmental policies regarding the building of new electric power facilities, rapid changes in electricity demand or competitive landscape or otherwise, the Group's investments in such assets may become unrecoverable, and the Group may need to record significant impairment losses. The value of the Group's electric power assets may also be significantly damaged if CO_2 emissions regulations were to be introduced, leading to impairments. Furthermore, the value of the Group's assets may decline if it is not able to generate or raise sufficient cash to invest in their repair or renewal. Any such factors may materially adversely affect the Group's results of operations and financial condition.

Increase in competition

As set out in "—Liberalisation of the electric power business", the full-scale liberalisation of participation in retail electricity has increased competition in the electricity sector, not only from existing electric utilities and new entrants into the industry but also from other businesses through measures such as package sales of electricity and telecommunications services. In addition, as the power generation business moves from largescale power plants to a distributed energy system in line with the spread and expansion of renewable energy, this could present a competitive challenge for the Group as an owner and operator of large-scale power plants. In addition, in respect of renewable energy, as regulation and government action increase the attractiveness of entry into the renewable energy market, the Group may face significant increased competition in that sector. Further, if the Group were to be unable to meet customer needs with regard to decarbonisation of its power generation, the Group's competitive position may decline. There can be no assurance that the Group will be able to maintain its level of market share and/or profitability as such competition develops.

Further, alliances for instance between other Specified Electric Utilities or businesses in other industries, may lead to greater cost effectiveness on their part and therefore greater price competition for the Group. While the Group intends to take measures in line with the increase in competition to remain competitive in terms of both price and services, there can be no assurance that the Group will be able to maintain its level of market share and profitability.

In addition, the Group has been expanding its electric power business to areas other than the Hokkaido region, including retail electricity sales in the Tokyo metropolitan area. However, there can be no assurance that the Group will be successful in competing with other electric power suppliers (which may have a more prominent position with respect to recognition in the relevant market or in size) or new entrants into the market.

Further, electricity prices may also be affected by the trading prices on the Japan Electric Power Exchange, which are not within the Group's control. Any of these factors may materially adversely affect the Group's results of operations and financial condition.

Deferred tax assets

The Group records deferred tax assets based on a reasonable estimation of future taxable income in accordance with applicable accounting standards. The Group's financial condition and results of operations could be materially adversely affected if its deferred tax assets are reversed due to a change in its estimation of future taxable income and other factors.

Human Resources

In order to support its growth and provide high-quality services, the Group depends on its ability to attract, employ and retain a diverse group of skilled employees. Amid an ageing population, a decrease in the working population and relative labour shortage in Japan, if the Group is unable to secure a sufficient number of skilled employees or adequate workforce, it may lose stability in its operations and lose its competitive advantage, which could negatively affect its business, results of operations and financial condition. In addition, the Group may incur additional labour costs in connection with retaining skilled employees, including increased salaries, especially in light of the recent upward pressure on wages in Japan. Furthermore, inadequate labour management could result in increased turnover of employees and significant harm to the Group's credibility, which could adversely affect the Group's business, results of operations and financial condition.

Considerations Relating to the Group's Financial Statements

Differences in generally accepted accounting principles

The Company's consolidated financial statements are prepared and presented in accordance with Japanese GAAP, which differs in certain respects from IFRS and generally accepted accounting principles and financial reporting standards in other countries. The Group's financial statements may therefore differ from those prepared for companies outside Japan in those and other respects. This Offering Circular does not include a reconciliation of the Company's or the Group's financial statements to IFRS or to any other generally accepted accounting principles or reporting standards in other countries. If at any point in the future the Company were to apply IFRS or any other generally accepted accounting principles for its financial reporting, the reported financial results of the Company and/or the Group may differ materially from prior years' financial results prepared under Japanese GAAP, which may make comparisons to prior years more difficult, unless comparative financial statements for prior years are prepared in accordance with IFRS or other generally accepted accounting principles and financial reporting standards.

Unaudited financial statements

This Offering Circular contains the Unaudited Quarterly Consolidated Financial Statements (being the unaudited quarterly consolidated financial statements of the Group as of and for the three-month period ended 30 June 2025 (with comparative information as of 31 March 2025 and for the three-month period ended 30 June 2024)) and the review report with respect thereto included herein at pages Q-2 to Q-12. The Unaudited Quarterly Consolidated Financial Statements have been prepared in accordance with Japanese GAAP (except that certain of the required disclosures and notes are not presented, as permitted by the Tokyo Stock Exchange and Sapporo Securities Exchange rules) and the Tokyo Stock Exchange and Sapporo Securities Exchange rules, and are not wholly comparable with the Audited Consolidated Financial Statements and should not be so compared. Such Unaudited Quarterly Consolidated Financial Statements have not been audited by the Company's independent auditor, but have been reviewed in accordance with review standards for interim financial statements generally accepted in Japan. The Unaudited Quarterly Consolidated Financial Statements should not be relied upon by investors to provide the same quality of information as financial statements that have been subject to an audit. Potential investors are advised to exercise caution when using such information to evaluate the financial condition and results of operations of the Group, and should not place undue reliance upon such information.

Considerations Relating to the Bonds

The Bonds may not be a suitable investment for all investors

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Offering Circular or any applicable supplement;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;

(iv) understands thoroughly the terms of the Bonds and is familiar with the behaviour of any financial markets; and

(v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Change in ratings

It is expected that the Bonds will be assigned a credit rating of BBB+ by S&P. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Bonds.

Trading market for the Bonds

Prior to the issue of the Bonds, there has been no trading market for the Bonds. Although approval in-principle has been received for the listing of the Bonds on the SGX-ST, there can be no assurance that an active trading market for the Bonds will develop. Furthermore, even if such a market does develop, it may not be liquid or sustained.

Market price of the Bonds

Trading prices of the Bonds will be influenced by, among other things, the financial position and results of operations of the Group, including the reporting of its financial results.

The Bonds do not entitle holders to receive specific security interests

The Bonds do not entitle holders to receive specific security interests over the Group's assets. In particular, as the Bonds will be issued after 1 April 2025, the Bonds do not have any preferential right (so-called "*ippan tanpo*") to be paid prior to certain other unsecured indebtedness of the Company under the Electricity Business Act, as is the case for bonds issued by the Company on or prior to 31 March 2025.

Exchange rate risks and exchange controls

The Company will pay principal and interest on the Bonds in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the U.S. dollar. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the U.S. dollar would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the Bonds and (3) the Investor's Currency-equivalent market value of the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in the Bonds involves the risk that if market interest rates subsequently increase above the rate paid on the Bonds, this will adversely affect the value of the Bonds.

The insolvency laws of Japan and other local insolvency laws may differ from those of other jurisdictions

Because the Company is incorporated under the laws of Japan, any insolvency proceeding relating to the Company would involve Japanese insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which an investor may be familiar or which may be applicable in an investor's own jurisdiction.

Modification and waivers

The Agency Agreement (as defined in the Conditions) contains provisions for calling meetings of Bondholders (as defined in the Conditions) to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

Changes in law after the issue of the Bonds

The Conditions are based on English law in effect as of the date of issue of the Bonds. No assurance can be given as to the impact of any possible judicial decision or change to English law, administrative practice or mandatory provisions of Japanese law after the date of issue of the Bonds which may have an adverse effect on the Bondholders. Certain changes to Japanese tax law may give the Company the option to redeem the Bonds before their maturity, which redemption could reduce the return on investment as compared to what could have been achieved had the Bonds been redeemed at maturity.

Integral Multiples of less than U.S.$200,000

As the Bonds have denominations consisting of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof, it is possible that the Bonds may be traded in amounts in excess of U.S.$200,000 that are not integral multiples of U.S.$200,000. In such a case, a Bondholder who, as a result of trading such amounts, holds a principal amount of Bonds of less than U.S.$200,000 will not receive a definitive Certificate in respect of such holding (should definitive Certificates be printed) and would need to purchase a principal amount of Bonds such that it holds an amount equal to at least U.S.$200,000.

Early redemption for tax reasons

In the event that the Company would be obliged to increase the amounts payable in respect of the Bonds due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Japan or any political subdivision thereof or any authority therein or thereof having power to tax, the Company may redeem all outstanding Bonds in accordance with the Conditions.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Bonds are legal investments for it, (ii) Bonds can be used as collateral for various types of borrowing, and (iii) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

The Bonds may not meet investor expectations or requirements

It is the Company's intention to apply an amount equal to the net proceeds of the Bonds for Eligible Projects as defined under "Use of Proceeds". A prospective investor should have regard to the information set out in the section "Use of Proceeds" and determine for itself the relevance of such information for the purpose of an investment in the Bonds together with any other investigation it deems necessary.

No assurance is given that such use of proceeds will satisfy any present or future investment criteria or guidelines with which an investor is required, or intends, to comply, in particular with regard to any direct or indirect environmental or sustainability impact of any Eligible Projects.

No assurance can be given that Eligible Projects will meet investor expectations or requirements regarding such "green", "sustainable", "social" or similar labels (including in relation to, but not limited to, the ICMA Principles) or any requirements of such labels or market standards as they may evolve from time to time. The Bonds will not be compliant with Regulation (EU) 2023/2631 on sustainability-related disclosures in the financial services sector (known as the "EU Green Bonds Regulation") and are only intended to comply with the requirements and processes set out in this Offering Circular.

While it is the intention of the Company to allocate an amount equal to the net proceeds of the Bonds for Eligible Projects and to report on the use of proceeds or Eligible Projects as described in "Use of Proceeds", there is no contractual obligation on the Company to do so. There can be no assurance that any such Eligible Projects will be available or capable of being implemented in, or substantially in, the manner and timeframe anticipated and, accordingly, that the Company will be able to use an amount equal to the net proceeds for such Eligible Projects as intended. In addition, there can be no assurance that Eligible Projects will be completed as expected or achieve the impacts or outcomes (environmental, social or otherwise) originally expected or anticipated. The Company does not undertake to ensure that there are at any time sufficient Eligible Projects to allow for allocation of a sum equal to the net proceeds of the issue of the Bonds in full.

Each prospective investor should have regard to the relevant information contained in this Offering Circular and seek advice from their independent financial adviser or other professional adviser regarding its purchase of the Bonds before deciding to invest.

No assurance of suitability or reliability of any Second Party Opinion or any other opinion or certification of any third party relating to the Bonds

DNV Business Assurance Japan K.K. has issued an independent opinion, including an annex thereto, each dated 20 August 2025, on the Hokkaido Electric Power Green/Transition Finance Framework (the "Second Party Opinion"). The Second Party Opinion provides an opinion on certain environmental and related considerations is a statement of opinion, not a statement of fact. No representation or assurance is given as to the suitability or reliability of the Second Party Opinion or any opinion, review, certification of any third party (including any post-issuance reports prepared by an external reviewer) made available in connection with the issue of the Bonds. The Second Party Opinion and any other such opinion, review, certification or post-issuance report is not intended to address any credit, market or other aspects of any investment in the Bonds, including without limitation market price, marketability, investor preference or suitability of any security or any other factors that may affect the value of the Bonds. The Second Party Opinion and any other opinion, review, certification or post-issuance report is not a recommendation to buy, sell or hold the Bonds and is current only as of the date it was issued.

The criteria and/or considerations that formed the basis of the Second Party Opinion and any other opinion, review, certification or post-issuance report may change at any time and the Second Party Opinion and any other opinion, review, certification or post-issuance report may be amended, updated, supplemented, replaced and/or withdrawn at any time. Any withdrawal of the Second Party Opinion or any other opinion, review, certification or post-issuance report may have a material adverse effect on the value of the Bonds and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose. As at the date of this Offering Circular, the providers of such opinions, reviews, certifications and post-issuance reports are not subject to any specific regulatory or other regime or oversight in the EU or the UK. The Second Party Opinion and any other such opinion, review, certification or post-issuance report does not form part of, nor is incorporated by reference, in this Offering Circular.

Application has been made for the Bonds to be recognised under the SGX Sustainable Fixed Income initiative on SGX-ST. There is no guarantee that such application for recognition under the SGX Sustainable Fixed Income initiative will be approved. Recognition under the SGX Sustainable Fixed Income initiative does not guarantee that the Bonds will satisfy any investor's expectations or requirements on its sustainability-related performance or impact. If approved, SGX-ST may remove the recognition from the Bonds at its discretion. The latest list of fixed income securities that have been granted recognition under the SGX Sustainable Fixed Income initiative is available at the SGX website.

No breach of contract or Event of Default

None of a failure by the Company to allocate the proceeds of the Bonds or to report on the use of proceeds or Eligible Projects as anticipated or a failure of a third party to issue (or to withdraw) an opinion, review, certification or post-issuance review in connection with the Bonds or the failure of the Bonds to meet investors' expectations requirements regarding any "green", "sustainable", "social" or similar labels (including in relation to, but not limited to, the ICMA Principles) will constitute an Event of Default or breach of contract with respect to the Bonds.

The Bonds are not linked to the performance of the Eligible Projects, do not benefit from any arrangements to enhance the performance of the Bonds or any contractual rights derived solely from the intended use of proceeds of the Bonds

The performance of the Bonds is not linked to the performance of the relevant Eligible Projects or the performance of the Company in respect of any environmental or similar targets. There will be no segregation of assets and liabilities in respect of the Bonds and the Eligible Projects. Consequently, neither payments of principal and/or interest on Bonds nor any rights of Bondholders shall depend on the performance of the relevant Eligible Projects or the performance of the Company in respect of any such environmental or similar targets. Holders of the Bonds shall have no preferential rights or priority against the assets of any Eligible Project nor benefit from any arrangements to enhance the performance of the Bonds.

Forward-looking Statements

Statements in this Offering Circular with respect to the Group's plans, strategies, projected financial results and beliefs, as well as other statements that are not historical facts, are forward-looking statements involving risks, uncertainties and assumptions. These statements are based on assumptions and beliefs derived from information currently available to the Group, and as such actual results may differ, in some cases significantly, from these forward-looking statements. The Company does not undertake to review or revise this Offering Circular or any forward-looking statements contained in this Offering Circular to reflect future events or circumstances. The Group does not undertake to release the results of any revision of forward-looking statements which may be made to reflect future events or circumstances. Important factors that could cause actual results to differ materially from such statements include, but are not limited to, liberalisation of the electric power business, thermal power generation facilities and renewable energy power generation facilities including hydroelectric, risks pertaining to nuclear power generation (including but not limited to Japan's energy policies, regulation and disputes, and in particular in relation to the resumption/commencement of commercial operation of Tomari Nuclear Power Station), risks related to fuel prices and procurement, conditions and energy demand in the Group's power supply area, natural disasters, uncontrollable events and accidents, charge collection risk in the power transmission and distribution business, risks relating to other businesses, funding requirements and changes in interest rates, compliance and legal and regulatory risk, legal proceedings and litigation, environmental regulation and climate change initiatives, management of personal and other business information, risks related to the implementation of the Group's strategy, acquisitions, mergers, business alliance, investments and other activities, cost and liabilities for retirement benefits, facilities related risks and impairment of assets, increase in competition, recoverability of deferred tax assets and issues relating to human resources. The Company cautions prospective investors in the offering not to place undue reliance on these forward-looking statements. All written and oral forward-looking statements attributable to the Group or persons acting on the Group's behalf are qualified in their entirety by these cautionary statements.

TERMS AND CONDITIONS OF THE BONDS

The following terms and conditions (the "Conditions") of the Bonds will, subject to completion and amendment, and, save for the paragraphs in italics, be endorsed on the Certificates (as defined herein):

The U.S.$500,000,000 4.587 per cent. Bonds due 2030 (the "Bonds", which expression includes any further bonds issued pursuant to Condition 12 (*Further Issues*) and forming a single series therewith) of Hokkaido Electric Power Company, Incorporated (the "Company") are constituted by a deed of covenant dated 4 September 2025 (as amended or supplemented from time to time, the "Deed of Covenant") entered into by the Company and are the subject of a fiscal agency agreement dated 4 September 2025 (as amended or supplemented from time to time, the "Agency Agreement") between the Company and Citibank, N.A., London Branch as fiscal agent (the "Fiscal Agent", which expression includes any successor fiscal agent appointed from time to time in connection with the Bonds), as paying agent (together with the Fiscal Agent, the "Paying Agent", which expression includes any successor or additional paying agents appointed from time to time in connection with the Bonds), as transfer agent (the "Transfer Agent", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Bonds) and as registrar (the "Registrar", which expression includes any successor registrar appointed from time to time in connection with the Bonds). References herein to the "Agents" are to the Fiscal Agent, the Paying Agents, the Transfer Agent and the Registrar and any reference to an "Agent" is to any one of them. Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Covenant and subject to their detailed provisions. The Bondholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. Copies of the Agency Agreement and the Deed of Covenant are available for inspection by Bondholders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Agents, the initial Specified Offices of which are set out below.

1. Form, Denomination, Title, Status, Registration and Transfers of Bonds

1.1 *Form and Denomination*

The Bonds are issued in registered form in the denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (each, an "Authorised Denomination") and are not exchangeable for bonds in bearer form.

A bond certificate (each, a "Certificate") will be issued to each Bondholder in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register (the "Register") of Holders of Bonds to be kept by the Registrar in accordance with Condition 1.4.1 (*The Register*).

1.2 *Title*

Title to the Bonds will pass only by transfer and registration of title in the Register. The Holder of any Bond will (except as otherwise declared by a court of competent jurisdiction or required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust, or any interest in it, or any writing on, or theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the Holder.

In these Conditions, a "Bondholder" and (in relation to a Bond) a "Holder" mean the person in whose name a Bond is registered in the Register (or in the case of a joint holding, the first name thereof).

Upon issue, the Bonds will be evidenced by a global certificate (the "Global Certificate") deposited with and registered in the name of, or a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg.

The Conditions are modified by certain provisions contained in the Global Certificate. Except in the limited circumstances described in the Global Certificate, owners of interests in the Bonds evidenced by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of the Bonds.

1.3 ***Status***

The Bonds are direct, unconditional, unsubordinated and (subject to the provisions of Condition 2) (*Negative Pledge*) unsecured obligations of the Company, ranking *pari passu* and rateably without any preference among themselves, and, except for the provisions of Condition 2 (*Negative Pledge*) and with the exception of obligations in respect of national and local taxes and certain other statutory exceptions, including certain statutory preferential rights, equally with all other present and future unsecured obligations (other than subordinated obligations, if any) of the Company from time to time outstanding.

1.4 ***Transfers of Bonds***

1.4.1 *The Register*: The Company will cause to be kept at the Specified Office of the Registrar, and in accordance with the terms of the Agency Agreement, the Register on which shall be entered the names and addresses of the Bondholders and the particulars of the Bonds held by them and of all transfers and redemptions in respect of the Bonds.

Each Bondholder shall be entitled to receive one Certificate in respect of the Bonds held by such Holder.

1.4.2 *Transfers*: A Bond may be transferred upon the surrender (at the Specified Office of any Agent) of the Certificate evidencing such Bond, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Company), duly completed and signed and any other evidence as the relevant Agent or the Registrar (as the case may be) may reasonably require; *provided, however, that* a Bond may not be transferred which would result in the principal amount of Bonds held by a Holder and in respect of which a Certificate is to be issued being less than U.S.$200,000. No transfer of a Bond will be valid unless and until entered on the Register. Upon such transfer, a new Certificate will be issued to the transferee in respect of the Bond so transferred. Where not all of the Bonds evidenced by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Bonds will be issued to the transferor. All transfers of the Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of the Bonds scheduled to the Agency Agreement. The regulations may be changed by the Company, with the prior written approval of the Registrar. A copy of the current regulations will be made available (free of charge) during normal business hours by the Registrar to any Bondholder upon prior written request.

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems, as described in "Summary of Provisions Relating to the Bonds While in Global Form".

1.4.3 *Delivery of New Certificates*: Each new Certificate to be issued pursuant to Condition 1.4.2 (*Transfers*) shall be available for delivery within five Transfer Business Days (as defined below) of receipt of the duly completed and signed form of transfer, and surrender of the original Certificate for exchange and any other evidence as the relevant Agent may reasonably require. Delivery of the new Certificate(s) shall be made at the Specified Office of any of the Agents to whom delivery or surrender of such form of transfer and Certificate shall have been made, or if so requested in the form of transfer, be mailed by uninsured post at the risk of the Holder entitled to the new Certificate to such address so specified (at the Company's expense) unless such Holder requests otherwise and pays in advance to the Registrar or the relevant Agent (as the case may be) the costs of such other method of delivery as agreed between such Holder and the relevant Agent and/or such insurance as it may specify. In these Conditions, "Transfer Business Day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the Specified Office of the relevant Agent.

1.4.4 *Formalities Free of Charge*: Registration of a transfer of Bonds and issuance of new Certificates shall be effected without charge by or on behalf of the Company or the Agents, but subject to (i) payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the relevant Agent may require); (ii) the Registrar being satisfied in its absolute discretion with the documents of title and/or the identity of the person making the application; and (iii) the Company and the relevant Agent being satisfied that the regulations concerning transfer of Bonds having been satisfied.

1.4.5 *No Registration of Transfer*: No Bondholder may require the transfer of a Bond to be registered (i) during the period commencing on (and including) any Record Date (as defined in Condition 6.7 (*Record Date*)) and ending on the immediately following due date for any payment of principal or interest in respect of the Bonds, or (ii) after a notice of redemption has been given pursuant to Condition 5.2 (*Redemption for Taxation Reasons*).

2. Negative Pledge

So long as any of the Bonds remains outstanding (as defined in the Agency Agreement), the Company will not, and will procure that none of its Principal Subsidiaries (as defined in Condition 3.1 (*Definitions*)) will, create or permit to subsist any mortgage, charge, pledge or other security interest for the benefit of the holders of any Relevant Debt (as defined below) upon the whole or any part of the Company's or such Principal Subsidiary's property or assets, present or future, to secure

(i) payment of any sum due in respect of any Relevant Debt; or

(ii) any payment under any guarantee of any Relevant Debt; or

(iii) any payment under any indemnity or other like obligation in respect of any Relevant Debt,

without in any such case at the same time according or procuring to be accorded to the Bonds:

(1) as shall be approved by an Extraordinary Resolution (as defined in Condition 3.1 (*Definitions*)), the same security as is granted to or subsists in respect of such Relevant Debt or such guarantee, indemnity or other like obligation; or

(2) such other security or guarantee as shall be approved by an Extraordinary Resolution.

For the purposes of this Condition 2 (*Negative Pledge*):

"Relevant Debt" means any present or future indebtedness in the form of, or represented or evidenced by, bonds, debentures, notes or other similar securities of any person with a stated maturity of more than one year from the creation thereof and which:

(a) either are by their terms payable, or confer a right to receive payment, in any currency other than yen, or are denominated in yen and more than 50 per cent. of the aggregate principal amount thereof is initially distributed outside Japan by or with the authorisation of the Company or the relevant Principal Subsidiary; and

(b) are for the time being, or are intended to be, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other similar securities market outside Japan.

3. Definitions and Construction of References

3.1 ***Definitions***

In these Conditions (unless the context otherwise requires):

"Additional Amounts" has the meaning provided in Condition 7.1 (*Additional Amounts*);

"Authorised Denomination" has the meaning provided in Condition 1.1 (*Form and Denomination*);

"Authorised Officer" means any one of the directors or officers of the Company or any other person whom the Company shall have identified as being duly authorised to sign any document or certificate on behalf of the Company;

"Bankruptcy Act" means the Bankruptcy Act of Japan (Act No. 75 of 2004, as amended);

"Bondholder" and "Holder" have the meaning provided in Condition 1.2 (*Title*);

"Cabinet Order" has the meaning provided in Condition 7.1 (*Additional Amounts*);

"Calculation Amount" has the meaning provided in Condition 4 (*Interest*);

"Calculation Period" has the meaning provided in Condition 4 (*Interest*);

"Certificate" has the meaning provided in Condition 1.1 (*Form and Denomination*);

"Civil Rehabilitation Act" means the Civil Rehabilitation Act of Japan (Act No. 225 of 1999, as amended);

"Claim for Exemption" has the meaning provided in Condition 7.2 (*Definitions Relating to Taxation*);

"Companies Act" means the Companies Act of Japan (Act No. 86 of 2005, as amended);

"Consolidated Financial Statements" means, in relation to any Fiscal Period of the Company, the unaudited consolidated financial statements of the Company prepared in accordance with the Relevant GAAP or, if in respect of such Fiscal Period audited consolidated financial statements have been prepared, the audited consolidated financial statements of the Company prepared as aforesaid;

"Consolidated Subsidiary" means, in relation to a Fiscal Period of the Company, Subsidiaries consolidated in the relevant Consolidated Financial Statements;

"Corporate Reorganisation Act" means the Corporate Reorganisation Act of Japan (Act No. 154 of 2002, as amended);

"Day Count Fraction" has the meaning provided in Condition 4 (*Interest*);

"Designated Financial Institution" has the meaning provided in Condition 7.2 (*Definitions Relating to Taxation*);

"Due Date" has the meaning provided in Condition 7.1 (*Additional Amounts*);

"Exemption Information" has the meaning provided in Condition 7.2 (*Definitions Relating to Taxation*);

"Extraordinary Resolution" means a resolution passed at a meeting of the Bondholders duly convened (including the satisfaction of the quorum requirements set out in the Agency Agreement) and held in accordance with the provisions contained in the Agency Agreement by a majority consisting of not less than three-quarters of the votes cast thereon;

"FATCA withholding" has the meaning provided in Condition 7.1 (*Additional Amounts*);

"Financial Instruments and Exchange Act" means the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended);

"first currency" has the meaning provided in Condition 13 (*Currency Indemnity*);

"Fiscal Period" means, as the context may require, (i) a period commencing on 1 April and ending on 31 March of the immediately succeeding year; or (ii) three month periods each commencing on 1 April, 1 July, 1 October and 1 January; provided that, if the Company shall change its financial year so as to end on a date other than 31 March, the provisions of items (i) and (ii) above shall be deemed to be amended *mutatis mutandis* and any such change shall be promptly notified by the Company to the Bondholders;

"Interest Payment Date" has the meaning provided in Condition 4 (*Interest*);

"Maturity Date" has the meaning provided in Condition 5.1 (*Final Maturity*);

"Participant" has the meaning provided in Condition 7.2 (*Definitions Relating to Taxation*);

"Payment Business Day" has the meaning provided in Condition 6.5 (*Payments on Payment Business Days*);

"Principal Subsidiary" means any Consolidated Subsidiary of the Company: (i) whose net sales as shown by the annual non-consolidated financial statements (or, where the Consolidated Subsidiary in question itself prepares consolidated financial statements, the annual consolidated financial statements) of such Consolidated Subsidiary used for the purposes of the latest audited annual Consolidated Financial Statements being made up, are 10 per cent. or more of the net sales of the Company and its Consolidated Subsidiaries as shown by such audited annual Consolidated Financial Statements or (ii) whose total assets as shown by the annual non-consolidated financial statements (or, as the case may be, the annual consolidated financial statements) of such Consolidated Subsidiary used for the purposes of the latest audited annual Consolidated Financial Statements being made up, are 10 per cent. or more of the total assets of the Company and its Consolidated Subsidiaries as shown by such audited annual Consolidated Financial Statements. A certificate signed by a Representative Director or an Authorised Officer that in the Company's opinion, a Consolidated Subsidiary is or is not or was or was not at a specified date a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties;

"Proceedings" has the meaning provided in Condition 16.2 (*Jurisdiction*);

"Rate of Interest" has the meaning provided in Condition 4 (*Interest*);

"Register" has the meaning provided in Condition 1.1 (*Form and Denomination*);

"Related Party" has the meaning provided in Condition 7.1 (*Additional Amounts*);

"Relevant Debt" has the meaning provided in Condition 2 (*Negative Pledge*);

"Relevant GAAP" means the accounting principles which are adopted by the Company for the preparation of the Consolidated Financial Statements under the Financial Instruments and Exchange Act, being one of those generally accepted in Japan or the United States or International Financial Reporting Standards (as issued by the International Accounting Standards Board (or any successor thereto) or, if applicable, as adopted or endorsed by the Accounting Standards Board of Japan (or any successor thereto));

"Relevant Taxation Acts" has the meaning provided in Condition 7.2 (*Definitions Relating to Taxation*);

"Representative Director" means a director of the Company who is for the time being a representative director within the meaning of the Companies Act or, where applicable, a representative statutory executive officer of the Company within the meaning of the Companies Act;

"second currency" has the meaning provided in Condition 13 (*Currency Indemnity*);

"Special Taxation Measures Act" has the meaning provided in Condition 7.1 (*Additional Amounts*);

"Subsidiary" means a company, more than 50 per cent. of the outstanding shareholders' voting rights of which is at any given time owned by the Company, by one or more other Subsidiaries or by the Company and one or more other Subsidiaries, or any other company which is otherwise considered to be controlled by the Company under the Relevant GAAP (and, for this purpose, "voting rights" means the voting power attached to stocks or shares for the election of directors, officers or trustees of such company, other than voting powers attached to stocks or shares outstanding having such power by reason of the happening of a contingency);

"Taxes" has the meaning provided in Condition 7.1 (*Additional Amounts*);

"Tax Redemption Date" has the meaning provided in Condition 5.2 (*Redemption for Taxation Reasons*);

"Tax Redemption Notice" has the meaning provided in Condition 5.2 (*Redemption for Taxation Reasons*); and

"Transfer Business Day" has the meaning provided in Condition 1.4.3 (*Delivery of New Certificates*).

3.2 ***Construction of Certain References***

References to any statute or provision of any statute shall be deemed to include a reference to any statute or the provision of any statute which amends, extends, consolidates or replaces the same, or which has been amended, extended, consolidated or replaced by the same, and shall include any ordinances, regulations, instruments or other subordinate legislation made under the relevant statute.

The headings in these Conditions are for convenience only and shall be ignored in construing these Conditions.

4. **Interest**

The Bonds bear interest from and including 4 September 2025 at the rate of 4.587 per cent. per annum, (the "Rate of Interest") payable semi-annually in arrear on 4 March and 4 September in each year commencing on 4 March 2026 (each, an "Interest Payment Date"), subject as provided in Condition 6 (*Payments*). Interest in respect of any Bond shall be calculated per U.S.$1,000 in principal amount of the Bond (the "Calculation Amount").

So long as the Bonds are evidenced by the Global Certificate and such Bonds are held on behalf of a clearing system, the calculation of interest will be made in respect of the total aggregate amount of the Bonds evidenced by the Global Certificate.

Each Bond will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder, and (ii) the day which is seven days after the Fiscal Agent has notified the Bondholders that it has received all sums due in respect of all the Bonds up to but excluding such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on each Interest Payment Date shall be U.S.$22.94 in respect of each Calculation Amount. If interest is required to be paid in respect of a Bond on any other date, such amount payable per Calculation Amount shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, and rounding the resulting figure to the nearest cent (half a cent being rounded upwards), where:

"Calculation Period" means the relevant period for which interest is to be calculated from (and including) the first day in such period to (but excluding) the last day in such period; and

"Day Count Fraction" means, in respect of any period, the number of days in the relevant period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30.

5. **Redemption, Purchase and Cancellation**

5.1 ***Final Maturity***

Unless the Bonds have previously been redeemed or purchased and cancelled, or become due and repayable, the Company will redeem the Bonds at 100 per cent. of their principal amount on 4 September 2030 (the "Maturity Date"), subject as provided in Condition 6 (*Payments*). The Bonds may not be redeemed at the option of the Company other than in accordance with Condition 5.2 (*Redemption for Taxation Reasons*).

5.2 ***Redemption for Taxation Reasons***

The Company may, but shall not be bound to, at any time, having given not less than 30 nor more than 60 days' prior notice (the "Tax Redemption Notice") to the Bondholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable), redeem all, but not some only, of the Bonds then outstanding at 100 per cent. of their principal amount on the date fixed for redemption in the Tax Redemption Notice (the "Tax Redemption Date"), if at any time prior to the Maturity Date:

(i) the Company has or will become obliged to pay Additional Amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Japan or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 27 August 2025; and

(ii) such obligation cannot be avoided by the Company taking reasonable measures available to it,

provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such Additional Amounts were a payment in respect of the Bonds then due.

Prior to the giving of any Tax Redemption Notice, the Company shall deliver to the Fiscal Agent:

(a) a certificate signed by a Representative Director or an Authorised Officer, stating that the Company has or will become obliged to pay Additional Amounts as a result of such change or amendment and that the obligation referred to in (i) above cannot be avoided by the Company taking reasonable measures available to it; and

(b) an opinion of independent legal advisers of recognised standing to the effect that the Company has or will become obliged to pay such Additional Amounts as a result of such change or amendment.

Upon the giving of the Tax Redemption Notice to the Bondholders, the Company shall be bound to redeem the Bonds then outstanding at 100 per cent. of their principal amount on the Tax Redemption Date.

5.3 ***Purchase***

Subject to the requirements (if any) of any stock exchange on which the Bonds may be listed at the relevant time, the Company and/or any of its Subsidiaries may at any time purchase Bonds in the open market or otherwise. Such Bonds may, at the option of the Company or the relevant Subsidiary, be held or resold. The Bonds so purchased, while held by or on behalf of the Company or any of its Subsidiaries, shall not entitle the Bondholder to vote at any meeting of Bondholders and shall be deemed not to be outstanding for the purpose of calculating the quorum at a meeting of Bondholders or for the purposes of these Conditions. Bonds that have been purchased by the Company may, at the option of the Company, be cancelled. Bonds that have been purchased by any Subsidiary may, at the option of such Subsidiary, be delivered to the Company for cancellation.

5.4 ***Cancellation***

All Bonds which are redeemed shall forthwith be cancelled and such Bonds may not be reissued or resold. All Certificates in respect of Bonds so cancelled and Certificates in respect of Bonds purchased and cancelled pursuant to Condition 5.3 (*Purchase*) shall be forwarded to the Fiscal Agent for cancellation.

6. **Payments**

6.1 ***Payment of Principal***

Payments of principal shall be made by U.S. dollar cheque drawn on, or, upon application by a Holder of a Bond to the Specified Office of a Paying Agent not later than the fifteenth day before the due date for any such payment by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Paying Agent.

6.2 ***Payments of Interest***

Payments of interest shall be made by U.S. dollar cheque drawn on, or upon application by a Holder of a Bond to the Specified Office of a Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Paying Agent.

6.3 ***Payments Subject to Fiscal Laws***

All payments in respect of the Bonds are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*). No commissions or expenses shall be charged to the Bondholders in respect of such payments.

6.4 ***Agents***

The initial Agents and their initial Specified Offices are listed at the end of these Conditions. The Company reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar or fiscal agent and additional or successor paying agents and transfer agents; provided, however, that the Company shall at all times maintain a fiscal agent and a registrar. In acting under the Agency Agreement and in connection with the Bonds, the Agents act solely as agents of the Company and do not assume any obligations towards or relationship of agency or trust for or with any of the Bondholders. Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Bondholders.

6.5 ***Payments on Payment Business Days***

Where payment is to be made by transfer to a U.S. dollar account, payment instructions (for value the due date, or, if the due date is not a Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by U.S. dollar cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of the relevant Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Bond shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a Payment Business Day or (B) a cheque mailed in accordance with this Condition 6 (*Payments*) arriving after the due date for payment or being lost in the mail. In these Conditions, "Payment Business Day" means any day on which banks are open for general business (including dealings in foreign currencies) in New York City and Tokyo and, in the case of surrender (or, in the case of part payment only, endorsement) of a Certificate, in the place in which the Certificate is surrendered (or, as the case may be, endorsed).

As of the date of this Offering Circular, the place of surrender or endorsement would be London (being the Specified Office of the Paying Agent).

6.6 ***Partial Payments***

If a Paying Agent makes a partial payment in respect of any Bond, the Company shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Certificate.

6.7 ***Record Date***

Each payment in respect of a Bond will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "Record Date"). Where payment in respect of a Bond is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

7. **Taxation**

7.1 ***Additional Amounts***

All payments of principal and interest in respect of the Bonds by or on behalf of the Company will be made without withholding of, or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Japan, or any political subdivision or any authority thereof or therein having power to tax ("Taxes") unless the withholding or deduction of such Taxes is required by law. If such withholding or deduction is so required, the Company will pay such additional amounts ("Additional Amounts") as may be necessary in order that the net amounts received by the Bondholders after such withholding or deduction shall equal the amounts which would have been receivable in respect of the Bonds in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable with respect to any Bond:

(i) held by or on behalf of a Holder who is a non-resident of Japan or a non-Japanese corporation who is subject to such Taxes by reason of its being connected with Japan (including carrying on a business or maintaining a permanent establishment in Japan) otherwise than by reason only of the holding of any Bond or enforcement of rights thereunder or the receipt of payment in respect of any Bond;

(ii) held by or on behalf of a Holder who is a non-resident of Japan or a non-Japanese corporation that in either case is a person or entity controlling, or controlled by, the Company, or otherwise having a prescribed special relationship with the Company, as described in Article 6 of the Special Taxation Measures Act of Japan (Act No. 26 of 1957, as amended) (the "Special Taxation Measures Act") and Cabinet Order No. 43 of 31 March 1957 promulgated thereunder, as amended (the "Cabinet Order") (a "Related Party");

(iii) held by or on behalf of a Holder who would otherwise be exempt from any such withholding or deduction but who fails to comply with any applicable requirement to provide Exemption Information or to submit a Claim for Exemption to the Registrar or the Paying Agent to whom the relevant Certificate is presented (where required), or whose Exemption Information is not duly communicated through a Participant (as defined below) and the relevant international clearing organisation to such Paying Agent;

(iv) held by or on behalf of a Holder who is for Japanese tax purposes treated as a resident of Japan or a Japanese corporation (except for (A) a Designated Financial Institution who complies with the requirement to provide Exemption Information or to submit a Claim for Exemption and (B) a resident of Japan or a Japanese corporation who duly notifies the relevant Paying Agent of its status as exempt from such Taxes to be withheld or deducted by the Company, by reason of such resident of Japan or Japanese corporation receiving interest on the relevant Bond through a payment handling agent in Japan appointed by it); or

(v) where the relevant Certificate is presented for payment more than 30 days after the Due Date (as defined below) except to the extent that the Holder thereof would have been entitled to such Additional Amounts on presenting the Certificate in respect of such Bond for payment as at the expiry of such 30-day period.

In these Conditions, the "Due Date" means whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been duly received in New York by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect shall have been duly given to the Bondholders in accordance with Condition 14 (*Notices*).

Any reference in these Conditions to principal or interest in respect of the Bonds shall be deemed to include any Additional Amounts which may be payable under this Condition 7 (*Taxation*).

If the Company becomes subject at any time to any taxing jurisdiction other than Japan, references in these Conditions to Japan shall be construed as references to Japan and/or such other jurisdiction.

No additional amounts will be payable for or on account of any deduction or withholding from a payment on, or in respect of, any Bond where such deduction or withholding is imposed pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, any regulation or agreement thereunder, any inter-governmental agreement or implementing legislation adopted by another jurisdiction in connection with these provisions or any agreement with the U.S. Internal Revenue Service ("FATCA withholding"). Further, the Company will have no obligation to otherwise indemnify an investor for any such FATCA withholding deducted or withheld by the Company, the Agents or any other party that is not an agent of the Company.

7.2 ***Definitions Relating to Taxation***

For the purposes of these Conditions:

(i) where a Bond is held through a certain participant in an international clearing organisation or a certain financial intermediary prescribed by the Special Taxation Measures Act and the Cabinet Order (together with related ministerial ordinances and regulations, the "Relevant Taxation Acts") (each, a "Participant"), in order to receive payment free of withholding or deduction by the Company, for, or on account of Taxes, if the relevant Holder is (A) a non-resident of Japan or a non-Japanese corporation, which in either case is not a Related Party, or (B) a Japanese financial institution falling under any of certain categories prescribed by the Relevant Taxation Acts (a "Designated Financial Institution"), all in accordance with the Relevant Taxation Acts, such Holder shall, at the time of entrusting the Participant with the custody of the relevant Bond, provide such Participant with certain information prescribed by the Relevant Taxation Acts to enable the Participant to establish that such Holder is exempt from the requirement for Taxes to be withheld or deducted (the "Exemption Information") and advise the Participant if the Holder ceases to be so exempt; and

(ii) where a Bond is not held by a Participant, in order to receive payments free of withholding or deduction by the Company, for, or on account of Taxes, if the relevant Holder is (A) a non-resident of Japan or a non-Japanese corporation, which in either case is not a Related Party, or (B) a Designated Financial Institution, all in accordance with the Relevant Taxation Acts, such Holder shall on or prior to each time on which it receives interest, submit to the relevant Paying Agent a claim for exemption from withholding tax (*Hikazei Tekiyo Shinkokusho*) (a "Claim for Exemption") in the form obtainable from the Paying Agent stating, *inter alia*, the name and address of the Holder, the title of the Bonds, the relevant date of interest payment, the amount of interest and the fact that the Holder is qualified to submit the Claim for Exemption, together with documentary evidence regarding its identity and residence.

8. Events of Default

If any of the following events occur:

8.1 *Non-payment of Interest*

The Company fails to pay any amount of interest in respect of the Bonds within 14 days of the due date for payment thereof; or

8.2 *Breach of Obligations*

The Company defaults in the performance or observance of any covenant, condition or provision contained in the Bonds or the Deed of Covenant and on its part to be performed or observed (other than the covenant to pay the principal or interest in respect of any of the Bonds) and such default remains unremedied for 30 days after written notice thereof, addressed to the Company by any Bondholder, has been delivered to the Company or to the Specified Office of the Fiscal Agent; or

8.3 *Cross Default on Indebtedness*

The obligation to repay any indebtedness for money borrowed by the Company or any Principal Subsidiary and having an aggregate outstanding principal amount of at least U.S.$10,000,000 (or its equivalent in any other currency or currencies as determined in accordance with this Condition 8 (*Events of Default*)) is accelerated or capable of being accelerated prior to its stated maturity as a result of a default in respect of the terms thereof, or any such indebtedness due (on demand or otherwise) having an aggregate outstanding principal amount of at least U.S.$10,000,000 (or its equivalent in any other currency or currencies as determined in accordance with this Condition 8 (*Events of Default*)) is not paid when due (whether on demand (if applicable) or at the expiration of any grace period as originally provided (if applicable)); or

8.4 *Cross Default on Guarantee/Indemnity*

The Company or any Principal Subsidiary fails to pay or otherwise defaults in making any payment due under any guarantee and/or any indemnity given by it in respect of any obligation or indebtedness for money borrowed having an aggregate outstanding principal amount of at least U.S.$10,000,000 (or its equivalent in any other currency or currencies as determined in accordance with this Condition 8 (*Events of Default*)); or

8.5 *Initiation of Insolvency Proceedings*

Proceedings shall have been initiated against the Company or any Principal Subsidiary seeking with respect to the Company or such Principal Subsidiary a decree of commencement of bankruptcy, reorganisation, rehabilitation or special liquidation procedures or adjustment under the Bankruptcy Act, the Corporate Reorganisation Act, the Civil Rehabilitation Act, the Companies Act or any other similar applicable law of Japan or any other jurisdiction and such proceedings shall not have been discharged or stayed within a period of 60 days; or

8.6 ***Decree of Insolvency/Dissolution***

A final decree or order is made or issued by a court of competent jurisdiction adjudicating the Company or any Principal Subsidiary bankrupt or insolvent, or approving a petition seeking with respect to the Company or any Principal Subsidiary a decree of commencement of bankruptcy, reorganisation, rehabilitation or special liquidation procedures or adjustment under the Bankruptcy Act, the Corporate Reorganisation Act, the Civil Rehabilitation Act, the Companies Act or any other similar applicable law of Japan or any other jurisdiction or a final decree or order is made or issued by a court of competent jurisdiction for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Company or any Principal Subsidiary or of all or substantially all of the property of any of them, or for the winding-up, dissolution or liquidation of the Company or any Principal Subsidiary in its bankruptcy or insolvency; or

8.7 ***Resolution for Dissolution***

A resolution is passed for the winding-up, dissolution or liquidation of the Company or any Principal Subsidiary, except:

8.7.1 in the case of the Company, in connection with or in pursuance of a merger, consolidation, amalgamation, reorganisation or reconstruction (including the Company becoming, or becoming a subsidiary of, a holding company) upon which the continuing corporation or the corporation formed thereby effectively assumes (as a matter of English law) the entire obligations of the Company under the Bonds, the Deed of Covenant and the Agency Agreement; or

8.7.2 in the case of a Principal Subsidiary, where the undertaking, business and assets of such Principal Subsidiary are transferred or are otherwise vested in, or the proceeds of sale are received by, the Company or any other Subsidiary of the Company or its holding company pursuant to Condition 8.7.1, in any such case, in proportion to the ownership interest held by the Company, its holding company pursuant to Condition 8.7.1 or such other Subsidiary (as the case may be) in the relevant Principal Subsidiary; or

8.7.3 in any case, where the terms have previously been approved by an Extraordinary Resolution; or

8.8 ***Institution of Insolvency Proceedings***

The Company or any Principal Subsidiary institutes proceedings seeking with respect to itself adjudication of bankruptcy or seeking with respect to itself a decree of commencement of bankruptcy, reorganisation, rehabilitation or special liquidation procedures or adjustment under the Bankruptcy Act, the Corporate Reorganisation Act, the Civil Rehabilitation Act, the Companies Act or any other similar applicable law of Japan or any other jurisdiction, or consents to the institution of any such proceedings, or consents to, or acquiesces in, the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or of all or substantially all of its property, or makes a general assignment for the benefit of its creditors; or

8.9 ***Stop Payment***

The Company or any Principal Subsidiary stops payment (within the meaning of the Bankruptcy Act or any applicable law of any other jurisdiction); or

8.10 ***Cessation of Business***

The Company or any Principal Subsidiary ceases, or through an official action of its Board of Directors threatens to cease to carry on business, except:

8.10.1 in the case of the Company, in connection with or in pursuance of a merger, consolidation, amalgamation, reorganisation or reconstruction (including the Company becoming, or becoming a subsidiary of, a holding company) upon which the continuing corporation or the corporation formed thereby effectively assumes (as a matter of

English law) the entire obligations of the Company under the Bonds, the Deed of Covenant and the Agency Agreement; or

8.10.2 in the case of a Principal Subsidiary, where the undertaking, business and assets of such Principal Subsidiary are transferred or are otherwise vested in, or the proceeds of sale are received by, the Company or any other Subsidiary of the Company or its holding company pursuant to Condition 8.10.1, in any such case, in proportion to the ownership interest held by the Company or its holding company pursuant to Condition 8.10.1 or such other Subsidiary (as the case may be) in the relevant Principal Subsidiary; or

8.10.3 in any case, where the terms have previously been approved by an Extraordinary Resolution; or

8.11 ***Encumbrancer***

Any encumbrancer takes possession of the whole or substantially all of the assets or undertakings of the Company or any Principal Subsidiary, or a distress, execution or other similar process is levied or enforced upon or sued out against the whole or substantially all of the assets of the Company or any Principal Subsidiary and is not removed, discharged or paid out within 60 days,

then any Bond may, by written notice addressed by the Holder thereof to the Company and delivered to the Company or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further action or formality.

For the purposes of Conditions 8.3 (*Cross Default on Indebtedness*) and 8.4 (*Cross Default on Guarantee/Indemnity*), any indebtedness which is in a currency other than U.S. dollar may be translated into U.S. dollar at the spot rate for the sale of relevant currency against the purchase of U.S. dollar quoted by any leading bank selected by the Company.

9. **Prescription**

Each Bond will become void unless presented for payment within the period of ten years in the case of principal and five years in the case of interest from the Due Date for the payment thereof.

10. **Replacement of Certificates**

Should any Certificate be lost, stolen, destroyed, mutilated or defaced, it may be replaced at the Specified Office of the Registrar upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Company or an Agent may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

11. **Meetings of Bondholders and Modification**

11.1 ***Meetings of Bondholders***

The Agency Agreement contains provisions for convening meetings of Bondholders to consider matters relating to the Bonds, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Company, and shall be convened by it upon the request in writing of Bondholders holding not less than one-tenth of the aggregate principal amount of the outstanding Bonds. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing not less than 50 per cent. of the aggregate principal amount of the outstanding Bonds or, at any adjourned meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented; provided, however, that certain proposals (including any proposal to modify the date of maturity of the Bonds, to change any date fixed for payment of principal or interest in respect of the Bonds, to reduce the amount of principal or interest payable on any date in respect of the Bonds, to alter the method of calculating the amount of any payment in respect of the Bonds or the date for any such payment, to change the currency of payments under the Bonds or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary

Resolution (each, a "Reserved Matter")) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Bondholders at which two or more persons holding or representing not less than 75 per cent. or, at any adjourned meeting, not less than 50 per cent. of the aggregate principal amount of the outstanding Bonds form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Bondholders, whether present or not.

In addition, a resolution in writing signed by or on behalf the Holders of not less than 90 per cent. of the aggregate principal amount of the Bonds who for the time being are entitled to receive notice of a meeting of Bondholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

11.2 ***Modification***

The Bonds, these Conditions and the Deed of Covenant may be amended without the consent of the Bondholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Company shall not agree, without the consent of the Bondholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Bondholders.

12. **Further Issues**

The Company may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Bonds.

13. **Currency Indemnity**

If any sum due from the Company in respect of the Bonds or any order or judgment given or made in relation thereto has to be converted from the currency (the "first currency") in which the same is payable under these Conditions or such order or judgment into another currency (the "second currency") for the purpose of (a) making or filing a claim or proof against the Company, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Bonds, the Company shall indemnify each Bondholder, on the written demand of such Bondholder addressed to the Company and delivered to the Company or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Bondholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof. This indemnity constitutes a separate and independent obligation of the Company and shall give rise to a separate and independent cause of action.

14. **Notices**

All notices to the Bondholders will be valid if mailed to them at their respective addresses in the Register and published in a leading newspaper having general circulation in London (which is expected to be the *Financial Times*). If publication in any of such newspapers is not (in the opinion of the Company) practicable, notices will be given in such other newspaper or newspapers as the Company shall determine. Such notices shall be deemed to have been given on the later of (i) the date of their publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required and (ii) the seventh day after being so mailed.

So long as the Bonds are evidenced by the Global Certificate and such Bonds are held on behalf of a clearing system, notices to Bondholders shall be given by delivery of the relevant notice to the relevant clearing system for communication by it to entitled accountholders in substitution for mailing and publication required by the Conditions.

15. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

16. Governing Law and Submission to Jurisdiction

16.1 *Governing Law*

The Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

16.2 *Jurisdiction*

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds (including any non-contractual obligation arising out of or in connection with the Bonds) and accordingly any legal action or proceedings arising out of or in connection with the Bonds (including any non-contractual obligation arising out of or in connection with the Bonds) ("Proceedings") may be brought in such courts. The Company submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission has been made for the benefit of each of the Bondholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

16.3 *Agent for Service of Process*

The Company has irrevocably appointed Cogency Global (UK) Limited, whose office is at present at 6 Lloyds Avenue, Unit 4CL, London EC3N 3AX, United Kingdom, as its agent in England to receive service of process in any Proceedings in England. If for any reason Cogency Global (UK) Limited ceases to be able to act as such or no longer has an address in England, the Company irrevocably agrees to appoint a substitute process agent in England and shall promptly notify the Bondholders of such appointment. Nothing in this paragraph shall affect the right to serve process in any other manner permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM

The Global Certificate contains provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the Conditions set out in this Offering Circular. Terms defined in the Conditions have the same meaning in the paragraphs below. The following is a summary of those provisions and certain other information:

Registration and Exchange

The Bonds will be evidenced by a Global Certificate which will be registered in the name of Citivic Nominees Limited as nominee for the common depositary for Euroclear and Clearstream, Luxembourg.

The Global Certificate will become exchangeable in whole, but not in part, for definitive Certificates if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 8 occurs.

Whenever the Global Certificate is to be exchanged for definitive Certificates, such definitive Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate within five business days of the delivery, by or on behalf of the registered Holder of the Global Certificate, Euroclear and/or Clearstream, Luxembourg, to the Registrar of such information as is required to complete and deliver such definitive Certificates (including, without limitation, the names and addresses of the persons in whose names the definitive Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Certificate at the Specified Office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Bonds scheduled thereto and, in particular, shall be effected without charge to any Holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

(a) Definitive Certificates have not been issued and delivered by 5.00 p.m. (Luxembourg time) on the thirtieth day after the date on which the same are due to be issued and delivered in accordance with the terms of the Global Certificate; or

(b) any of the Bonds evidenced by the Global Certificate has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred

and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the Holder of the Global Certificate on the due date for payment in accordance with the terms of the Global Certificate, then the Global Certificate (including the obligation to deliver definitive Certificates) will become void at 5.00 p.m. (Luxembourg time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (Luxembourg time) on such due date (in the case of (b) above) and the Holder will have no further rights thereunder (but without prejudice to the rights which the Holder or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to interests in the Bonds will acquire directly against the Company all those rights to which they would have been entitled if, immediately before the Global Certificate became void, they had been the registered Holders of Bonds in an aggregate principal amount equal to the principal amount of Bonds they were shown as holding in the records of Euroclear and/or (as the case may be) Clearstream, Luxembourg.

Transfers

Transfers of interests in the Bonds in respect of which the Global Certificate is issued shall be effected through the records of Euroclear and Clearstream, Luxembourg or any other clearing system (an "Alternative Clearing System") and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg or any Alternative Clearing System, as the case may be, and their respective direct and indirect participants.

Payments

In relation to payments made in respect of the Global Certificate, so long as this Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system, the definition for "Payment

Business Day" in Condition 6.5 shall be amended and shall be any day which is a day on which banks are open for general business (including dealings in foreign currencies) in New York City and Tokyo.

Each payment made in respect of the Global Certificate will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment where "Clearing System Business Day" means a day on which each clearing system for which the Global Certificate is being held is open for business.

So long as the Bonds are evidenced by the Global Certificate and the Global Certificate is held on behalf of a clearing system, the Company will pay interest in respect of such Bonds in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation of interest will be made in respect of the total aggregate amount of the Bonds evidenced by the Global Certificate (rather than per Calculation Amount (as defined in the Conditions)).

Notices

Notwithstanding Condition 14, so long as the Global Certificate is held on behalf of Euroclear, Clearstream, Luxembourg or any Alternative Clearing System, notices to Holders of Bonds evidenced by the Global Certificate may be given by delivery of the relevant notice to Euroclear, Clearstream, Luxembourg or (as the case may be) such Alternative Clearing System.

Meetings

So long as at least the Relevant Fraction (as defined below) of the aggregate principal amount of the outstanding Bonds is evidenced by the Global Certificate, a single voter appointed in relation thereto or being the Holder of the Bonds evidenced thereby shall be deemed to be two voters for the purpose of forming a quorum of meetings of Bondholders.

"Relevant Fraction" means:

(a) for all business other than voting on an Extraordinary Resolution, one tenth;

(b) for voting on any Extraordinary Resolution other than one relating to a Reserved Matter, not less than 50 per cent.; and

(c) for voting on any Extraordinary Resolution relating to a Reserved Matter, not less than 75 per cent.,

provided, however, that, in the case of a meeting which has resumed after adjournment for want of a quorum it means:

(i) for all business other than voting on an Extraordinary Resolution relating to a Reserved Matter, the fraction of the aggregate principal amount of the outstanding Bonds evidenced or held by the voters actually present at the meeting; and

(ii) for voting on any Extraordinary Resolution relating to a Reserved Matter, not less than 50 per cent.

Electronic Consent

While the Bonds evidenced by the Global Certificate is registered in the name of any nominee for, or a nominee for any common depositary for, Euroclear, Clearstream, Luxembourg or any Alternative Clearing System (as the case may be), then (a) approval of a resolution proposed by the Company or the Fiscal Agent (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Bonds then outstanding (an "Electronic Consent" as defined in the Agency Agreement) shall, for all purposes (including in relation to Reserved Matters), take effect as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held, and shall be binding on all Bondholders whether or not they participated in such Electronic Consent; and (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Agency Agreement) has been validly passed, subject to certain requirements set out in the Agency Agreement, the Company and the Fiscal Agent shall be entitled to rely on consent or instructions given in writing directly to the

Company and/or the Fiscal Agent, as the case may be, by accountholders in the relevant clearing system with entitlements to Bonds evidenced by this Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is held.

USE OF PROCEEDS

The net proceeds from the issue of the Bonds are estimated to amount to approximately U.S.$497 million, and are expected to be used exclusively to finance or refinance, in whole or in part, existing and/or future Eligible Projects (as defined below).

Where such proceeds are used for refinancing, the proceeds will be allocated to the projects that incurred expenses or investments within 36 months prior to the Closing Date.

Framework

The Company has created the Hokkaido Electric Power Green/Transition Finance Framework dated August 2025 (the "Framework"). The Company intends to allocate, manage and report on the net proceeds from the issue of the Bonds in accordance with certain elements of the Framework described below.

Eligible Projects

"**Eligible Projects**" are projects that meet the Nuclear Power Generation Eligibility Criteria set forth below:

Project Category	Eligibility Criteria
Nuclear Power Generation	• Investments in safety measures necessary for the restart of existing nuclear power plants (including efforts to enhance safety and to comply with new regulatory requirements). • Investments and expenditures necessary for the operation, refurbishment, and continued use of existing nuclear power plants.

Project Evaluation and Selection

Eligible Projects to be financed and/or refinanced using the net proceeds from the issue of the Bonds will be evaluated and selected by the Corporate Planning Department, based on the eligibility criteria and requirements outlined above. The Accounting & Finance Department will then confirm that the selected projects meet such eligibility criteria and requirements. After that, the projects will go through internal approval processes and be approved by the executive officer authorised to oversee funding activities.

Management of Proceeds

The net proceeds from the issue of the Bonds will be managed quarterly by the finance department using internal management systems and dedicated ledgers. The total amount allocated to Eligible Projects will be monitored and the Company will seek to ensure such amount does not fall below the amount of the net proceeds from the issue of the Bonds. To the extent there are any unallocated proceeds, these will be held in cash or as cash equivalents.

Reporting

Until the full allocation of net proceeds from the issue of the Bonds, the allocation of the proceeds and the Company's view of the environmental impact of such allocations will be disclosed annually as part of the "HEPCO Group Report", which will be published in English on the Company's website or otherwise made available on the Company's website.

Additionally, if there are significant changes in the allocation of the proceeds or the Company's view of the related environmental impact prior to the redemption of the Bonds, such changes will also be reported.

Allocation Reporting

The Company's reporting on the allocation of the proceeds to be published on its website as described above is expected to include:

(i) The amount of allocated funds;

(ii) The balance of unallocated funds; and

(iii) The approximate amount (or percentage) of the proceeds allocated for refinancing.

Impact Reporting

The Company's reporting on the impact of the allocations to be published on its website as described above is expected to include the following impact metrics:

Applicable Project	Examples of Impact Report
Other Power Generation-Related Projects	• Project overview • Installed capacity by type or individual facility (MW) • Annual CO_2 emission reductions by type or individual facility (t-CO_2/year)

External Review

The ICMA's Green Bond Principles 2025 and the Green Bond and Sustainability-Linked Bond Guidelines 2024 of the Ministry of the Environment of Japan are voluntary processes for the issue of green bonds. Both processes have four core components: Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting.

DNV Business Assurance Japan K.K. has issued an independent opinion, including an annex thereto, each dated 20 August 2025, that the Framework, including the components described above, is in alignment with the ICMA's Green Bond Principles 2025 and the Green Bond and Sustainability-Linked Bond Guidelines 2024 of the Ministry of the Environment of Japan. That opinion has been made publicly available.

Neither the Framework, the opinion of DNV Business Assurance Japan K.K., nor any report published by the Company in accordance with the processes described in this section is incorporated by reference into this Offering Circular.

The Framework may be updated from time to time, including in response to further advances and developments in the ICMA's Green Bond Principles 2025, the Green Bond and Sustainability-Linked Bond Guidelines 2024 of the Ministry of the Environment of Japan or other applicable industry or government guidelines establishing best practices for the green bond market.

HOKKAIDO ELECTRIC POWER COMPANY, INCORPORATED

The Company is engaged in the power generation and retail electricity business, and its principal subsidiary, Hokkaido Electric Power Network, is engaged in the general power transmission and distribution business as well as in power generation projects on remote islands. Other subsidiaries and associates of the Company engage in power generation, general transmission and distribution, retail, and information and telecommunications businesses.

The Group divides its business into two reportable segments, namely: (i) Hokkaido Electric Power, and (ii) Hokkaido Electric Power Network, and businesses not included in the reportable segments are reported as the "Others" segment.

- *Hokkaido Electric Power*. The operations of the Group's Hokkaido Electric Power segment includes the Group's fuel procurement and power generation operations, including the acquisition of fuel sources, the operation of power generation facilities, and the sale of electricity.

- *Hokkaido Electric Power Network*. Following the legal separation of the transmission and distribution business, Hokkaido Electric Power Network has been undertaking the business of power transmission and distribution since 1 April 2020. Hokkaido Electric Power Network is the sole operator of regulated transmission and distribution business in the Hokkaido region. Hokkaido Electric Power Network's business includes maintaining the electricity supply and demand balances for areas serviced by the Group, undertaking power transmission, maintenance and operation of substations, as well as constructing and maintaining transmission and distribution equipment.

- *Others*. The Group's "Others" segment comprises businesses that are not included in the Group's reportable segments, and includes electrical and telecommunications works, comprehensive real estate management, civil engineering and construction works, periodic inspection, maintenance and repair work of power plants, and the telecommunications business.

As of 30 June 2025, the Company had ten consolidated subsidiaries, five unconsolidated subsidiaries (of which two was accounted for by the equity method), and ten associates (of which four were accounted for by the equity method).

Selected Consolidated Financial Information and Other Data

The following selected consolidated financial information and other data should be read in conjunction with the Group's audited annual consolidated financial statements and related notes, the Group's unaudited quarterly consolidated financial statements and related notes, and "Recent Business" included elsewhere in this Offering Circular. The consolidated statements of income data and cash flow data for the fiscal years ended 31 March 2025, 2024 and 2023 and the consolidated balance sheet data as of 31 March 2025, 2024 and 2023 have been extracted without material adjustment from the Audited Consolidated Financial Statements included elsewhere in this Offering Circular. The consolidated statements of income data for the three-month periods ended 30 June 2025 and 2024 and the consolidated balance sheet data as of 30 June 2025 have been extracted without material adjustment from the Unaudited Quarterly Consolidated Financial Statements included elsewhere in this Offering Circular.

The Group's consolidated financial statements have been prepared and presented in accordance with Japanese GAAP, which differ in certain respects from IFRS or generally accepted accounting principles in other jurisdictions. Further, the historical results are not necessarily indicative of results to be expected for future periods.

	As of and for the Fiscal Year Ended 31 March		
	2023	2024	2025
	(Millions of yen, except per share data, ratios, margin, power generated and received and volume of electricity sales)		
Statement of Income Data			
Operating revenues	¥888,874	¥953,784	¥902,053
Operating income (loss)	(22,530)	101,155	75,838
Ordinary income (loss)	(29,251)	87,315	64,051
Profit (loss) attributable to owners of the parent	(22,193)	66,201	64,218

	As of and for the Fiscal Year Ended 31 March		
	2023	2024	2025
	(Millions of yen, except per share data, ratios, margin, power generated and received and volume of electricity sales)		
Balance Sheet Data			
Total net assets	258,106	333,528	407,336
Total assets	2,093,339	2,141,691	2,244,003
Cash Flow Data			
Net cash provided by (used in) operating activities	(574)	176,135	125,588
Net cash used in investing activities	(85,248)	(80,841)	(90,702)
Net cash provided by (used in) financing activities	86,795	(74,654)	10,726
Per Share Data (in yen)			
Net assets per share(1)	¥956.63	1,323.28	1,676.47
Cash dividends:			
Shares of common stock(2)	—	20.00	20.00
Series B preferred stock(3)	—	6,060,164.00	3,000,000.00
Key Financial Ratios			
Return on assets (ROA)(4) (per cent.)	(1.4)	4.1	2.9
Return on equity (ROE)(5) (per cent.)	(8.6)	23.5	18.1
Non-GAAP Financial Measures			
Equity ratio(6) (per cent.)	11.7	14.9	17.5
Interest-bearing liabilities(7)	¥1,475,953	¥1,405,940	¥1,424,809
Free cash flows(8)	(85,822)	95,293	34,886
Adjusted net assets(9)	196,405	272,383	344,931
EBITDA(10)	57,645	174,606	149,080
Debt to EBITDA ratio(11) (times)	24.8	8.3	9.5
Total net assets excluding noncontrolling interests(12)	¥244,815	¥319,383	¥391,931
Power Generated and Received (in millions of kWh)			
Generated:			
Hydroelectric	3,832	3,597	2,992
Thermal	16,487	15,382	16,167
Nuclear	—	—	—
Renewable energy sources	111	104	117
Power purchased from other operators (net)	13,732	17,925	17,427
Power used for pumped storage(13)	(375)	(321)	(451)
Total power generated and received(14)	33,787	36,687	36,252
Volume of Electricity Sales (in millions of kWh)			
Retail electricity sales:			
Low-voltage:			
Residential (lighting)	8,057	8,024	7,805
Commercial and industrial	1,905	1,827	1,764
High-voltage/ultra-high voltage	13,413	13,620	13,160
Sub-total(15)	23,375	23,471	22,729
Others(16)	557	315	71
Total	23,932	23,786	22,800
Sales to other operators	7,148	10,163	10,770
Total electricity sales(17)	31,080	33,949	33,570

Notes:

(1) Net assets per share are calculated by dividing adjusted net assets (as defined below in Note (9)) by the number of shares of common stock in issue less the number of treasury stock (including treasury stock held by the trust account related to the stock benefit trust).

(2) With respect to the record dates in the fiscal year ended 31 March 2024, the Company paid cash dividends per share of common stock of ¥20, of which the fiscal year-end dividend was ¥15 per share of common stock, and the interim dividend was ¥5 per share of common stock. With respect to the record dates in the fiscal year ended 31 March 2025, the Company paid cash dividends per share of common stock of ¥20, of which the fiscal year-end dividend was ¥10 per share of common stock, and the interim dividend was ¥10 per share of common stock.

(3) The dividend per share of the Series B preferred stock in the fiscal year ended 31 March 2024 includes the interim dividend of ¥4,560,164 per share, which includes the cumulative unpaid dividends for the fiscal year ended 31 March 2023 of ¥3,060,164 per share, and the fiscal year-end dividend of ¥1,500,000 per share.

(4) ROA has been calculated as ordinary income (loss) for the period divided by the average of the beginning and ending balance of total assets for the period. Total assets as of 31 March 2022 were ¥1,992,879 million.

(5) ROE has been calculated as profit (loss) attributable to owners of the parent for the period divided by the average of the beginning and ending balance of total net assets (less noncontrolling interests) for the period. The amount of total net assets and noncontrolling interests as of 31 March 2022 were ¥285,717 million and ¥13,069 million, respectively.

(6) Equity ratio has been calculated by dividing total net assets excluding noncontrolling interests at the end of each period by total assets at the end of such period.

(7) Interest-bearing liabilities represent sum of long-term loans payable (including current portion), short-term loans payable and bonds (including current portion). The Group's interest-bearing liabilities as of 31 March 2022 was ¥1,384,570 million, which consists of long-term loans payable (including current portion) of ¥580,070 million, short-term loans payable of ¥44,500 million, and bonds (including current portion) of ¥760,000 million, respectively. The Group's interest-bearing liabilities as of 31 March 2023 consists of long-term loans payable (including current portion) of ¥597,953 million, short-term loans payable of ¥44,500 million, and bonds (including current portion) of ¥833,500 million, respectively. The Group's interest-bearing liabilities as of 31 March 2024 consists of long-term loans payable (including current portion) of ¥562,940 million, short-term loans payable of ¥44,500 million, and bonds (including current portion) of ¥ 798,500 million, respectively. The Group's interest-bearing liabilities as of 31 March 2025 consists of long-term loans payable (including current portion) of ¥556,909 million, short-term loans payable of ¥44,500 million, and bonds (including current portion) of ¥823,400 million, respectively.

(8) Free cash flows is calculated as the sum of net cash provided by (used in) operating activities and net cash used in investing activities.

(9) Adjusted net assets has been calculated as total net assets less Series B preferred stock, accumulated unpaid dividends in respect of Series B preferred stock and noncontrolling interests. The reconciliation of Adjusted net assets as of 31 March 2023, 2024 and 2025 is set out below:

	As of 31 March		
	2023	2024	2025
		(Millions of yen)	
Total net assets	¥258,106	¥333,528	¥407,336
Series B preferred stock	47,000	47,000	47,000
Accumulated unpaid dividends in respect of Series B preferred stock	1,410	—	—
Noncontrolling interests	13,291	14,145	15,404
Adjusted net assets	¥196,405	¥272,383	¥344,931

(10) EBITDA has been calculated as the sum of operating income (loss) and depreciation and amortisation. The reconciliation of EBITDA for the fiscal years ended 31 March 2023, 2024 and 2025 is set out below:

	Fiscal Year Ended 31 March		
	2023	2024	2025
		(Millions of yen)	
Operating income (loss)	¥(22,530)	¥101,155	¥75,838
Depreciation and amortisation	80,176	73,450	73,241
EBITDA	¥57,645	¥174,606	¥149,080

(11) Debt to EBITDA ratio has been calculated by dividing the average of the beginning and ending balance of interest-bearing liabilities for the relevant period by EBITDA for the same period.

(12) Total net assets excluding noncontrolling interests are calculated as total net assets less noncontrolling interests.

(13) Power used for pumped storage is the electric power used to pump water for reservoir operations at pumped-storage power stations.

(14) The difference between the total power generated and received and the volume of total electricity sales is the amount of electricity lost, among others.

(15) Sub-total shows the electricity sales of the Company only.

(16) Others comprise electricity sales of Hokkaido Electric Power Network. For the fiscal years ended 31 March 2023 and 2024, the amount of Others also includes the electricity sales of Hokkaido Electric Power Co-creation Co., Ltd., which was merged into the Company on 1 October 2023.

(17) The above table does not include consumption tax amounts.

	As of and for the Three-Month Period Ended 30 June	
	2024	2025
	(Millions of yen, except per share data, ratios, margin, power generated and received and volume of electricity sales)	
Statement of Income Data		
Operating revenues	¥202,569	¥202,497
Operating income	34,676	43,898
Ordinary income	33,172	41,658
Profit attributable to owners of the parent	31,245	30,775
Balance Sheet Data		
Total net assets	—	440,479
Total assets	—	2,256,285
Non-GAAP Financial Measures		
Equity ratio(1) (per cent.)	—	18.8
Interest-bearing liabilities(2)	—	1,446,224
Adjusted net assets(3) (per cent.)	—	378,198
EBITDA(4)	53,127	61,780
Debt to EBITDA ratio(5) (times)	—	23.2
Total net assets excluding noncontrolling interests(6)	—	425,198
Power Generated and Received (in millions of kWh)		
Generated:		
Hydroelectric	1,027	1,280
Thermal	2,926	3,086

	As of and for the Three-Month Period Ended 30 June	
	2024	2025
	(Millions of yen, except per share data, ratios, margin, power generated and received and volume of electricity sales)	
Nuclear	—	—
Renewable energy sources	36	29
Power purchased from other operators (net)	4,162	4,258
Power used for pumped storage[7]	(200)	(170)
Total power generated and received[8]	7,951	8,482
Volume of Electricity Sales (in millions of kWh)		
Retail electricity sales:		
Low-voltage:		
Residential (lighting)	1,825	1,774
Commercial and industrial	340	332
High-voltage/ultra-high voltage	2,957	2,859
Sub-total[9]	5,122	4,965
Others[10]	22	14
Total	5,144	4,979
Sales to other operators	2,447	3,111
Total electricity sales[11]	7,591	8,090

Notes:

(1) Equity ratio has been calculated by dividing total net assets excluding noncontrolling interests at the end of each period by total assets at the end of such period.

(2) Interest-bearing liabilities represent sum of long-term loans payable (including current portion), short-term loans payable and bonds (including current portion).

(3) Adjusted net assets has been calculated as total net assets less Series B preferred stock, accumulated unpaid dividends in respect of Series B preferred stock and noncontrolling interests. The reconciliation of Adjusted net assets as of 30 June 2025 is set out below:

	As of 30 June 2025
	(Millions of yen)
Total net assets	¥440,479
Series B preferred stock	47,000
Accumulated unpaid dividends in respect of Series B preferred stock	—
Noncontrolling interests	15,281
Adjusted net assets	¥378,198

(4) EBITDA has been calculated as the sum of operating income and depreciation and amortisation. The reconciliation of EBITDA for the three-month periods ended 30 June 2024 and 2025 is set out below:

	For the Three-Month Period Ended 30 June	
	2024	2025
	(Millions of yen)	
Operating income	¥34,676	¥43,898
Depreciation and amortisation	18,451	17,882
EBITDA	¥53,127	¥61,780

(5) Debt to EBITDA ratio has been calculated by dividing the average of the beginning and ending balance of interest-bearing liabilities for the relevant period by EBITDA for the same period.

(6) Total net assets excluding noncontrolling interests are calculated as total net assets less noncontrolling interests.

(7) Power used for pumped storage is the electric power used to pump water for reservoir operations at pumped-storage power stations.

(8) The difference between the total power generated and received and the volume of total electricity sales is the amount of electricity lost, among others.

(9) Sub-total shows the electricity sales of the Company only.

(10) Others comprise electricity sales of Hokkaido Electric Power Network.

(11) The above table does not include consumption tax amounts.

RECENT BUSINESS

The following discussion and analysis of the Group's financial condition and results of operations should be read in conjunction with "Hokkaido Electric Power Company, Incorporated—Selected Consolidated Financial Information and Other Data" and the audited consolidated financial statements as of and for the fiscal years ended 31 March 2025, 2024 and 2023 in pages F-6 to F-67, and the unaudited quarterly consolidated financial statements as of and for the three-month period ended 30 June 2025 included in pages Q-5 to Q-12, as well as the notes to such consolidated financial statements appearing elsewhere in this Offering Circular. The audited consolidated financial statements and the unaudited quarterly consolidated financial statements have been prepared and presented in accordance with Japanese GAAP.

Overview

The Company is engaged in the power generation and retail electricity business, and its principal subsidiary, Hokkaido Electric Power Network, is engaged in the general power transmission and distribution business as well as in power generation projects on remote islands. Other subsidiaries and affiliates of the Company engage in power generation, general transmission and distribution, retail, and information and telecommunications businesses.

As of 30 June 2025, the Company had ten consolidated subsidiaries, five unconsolidated subsidiaries (of which two was accounted for by the equity method), and ten associates (of which four were accounted for by the equity method).

Critical Accounting Policies

The Group's significant accounting policies are set out in Note 5 to the audited consolidated financial statements for the fiscal years ended 31 March 2025, 2024 and 2023 included elsewhere in this Offering Circular.

In preparing consolidated financial statements, the Group has made estimates and judgements which it considers reasonable in respect of matters such as recoverability of deferred tax assets. However, actual results are subject to the uncertainties inherent in estimates, and as such, may differ from such estimates. See Note 6 to the audited consolidated financial statements for the fiscal years ended 31 March 2025, 2024 and 2023 included elsewhere in this Offering Circular.

Accounting Changes and Additional Information

See Notes 5, 7 and 9 to the audited consolidated financial statements for the fiscal years ended 31 March 2025, 2024 and 2023 included elsewhere in this Offering Circular for an outline of changes in presentation relating to the consolidated financial statements and certain additional information, including in relation to the Revision of the Electricity Utility Accounting Regulations.

Recent Developments

Fuel Price Changes

Under the current Fuel Cost Adjustment System, electricity rates are adjusted on a monthly basis based on the average price of fuel during a three-month period, and rates for the third month following the end of such period are adjusted automatically based on the degree of fluctuation from the base average fuel price at the time of the price. See "The Japanese Electric Power Industry—Overview of the Industry—Electric Power Pricing—Fuel Cost Adjustment System". In the fiscal year ended 31 March 2025 as described below, fuel prices were lower than those in the equivalent prior period and accordingly the Group recorded a lower gain on fuel cost adjustment than in the prior year.

Change to Retail Electricity Rates

On 25 August 2025, the Company announced that, following wheeling charge revisions made by Hokkaido Electric Power Network to take effect in October 2025, the Company had submitted a notification to METI regarding changes to its retail electricity rates. The changes will be made in accordance with the provisions of the Electricity Business Act of Japan (Act No. 170 of 1964, as amended) (the "Electricity Business Act") that permit changes as a result of wheeling charge revisions. The increase in retail electricity rates will be equivalent to the increase in the wheeling charges of Hokkaido Electric Power Network.

Consolidated Results for the Fiscal Year Ended 31 March 2025 Compared to the Fiscal Year Ended 31 March 2024

Results

Operating Revenues

Operating revenues of the Group for the fiscal year ended 31 March 2025 was ¥902.0 billion, a decrease of ¥51.7 billion, or 5.4 per cent., from the previous fiscal year, reflecting factors such as a decrease in the fuel cost adjustment resulting from lower fuel prices.

Operating Expenses

Operating expenses for the fiscal year ended 31 March 2025 decreased by ¥26.4 billion, or 3.1 per cent., compared to the previous fiscal year, to ¥826.2 billion. This primarily reflected a decrease in fuel prices.

Operating Income (Loss)

As a result of the above, operating income for the fiscal year ended 31 March 2025 amounted to ¥75.8 billion, a decrease of ¥25.3 billion, or 25.0 per cent., compared to the previous fiscal year.

Total Non-Operating Income

Total non-operating income for the fiscal year ended 31 March 2025 amounted to ¥3.5 billion, an increase of ¥0.5 billion, or 18.7 per cent., compared to the previous fiscal year. This primarily reflected an increase in interest income.

Total Non-Operating Expenses

Total non-operating expenses for the fiscal year ended 31 March 2025 amounted to ¥15.3 billion, a decrease of ¥1.4 billion, or 8.8 per cent., compared to the previous fiscal year. This primarily reflected a decrease in interest expenses.

Ordinary Income

As a result of the above, ordinary income for the fiscal year ended 31 March 2025 amounted to ¥64.0 billion, a decrease of ¥23.2 billion, or 26.6 per cent., compared to the previous fiscal year.

Provision (Reversal) of Reserve for Water Shortage

The Group recorded a ¥0.7 billion of reversal of reserve for water shortage in the fiscal year ended 31 March 2025, compared to ¥0.4 billion of provision of reserve for water shortage recorded in the previous fiscal year.

Extraordinary Income

Total extraordinary income for the fiscal year ended 31 March 2025 amounted to ¥19.5 billion, an increase of ¥9.5 billion, or 95.1 per cent., compared to the previous fiscal year. This primarily reflected an increase in gain on sale of nuclear fuel, set off to a certain extent by a decrease in compensation income.

Extraordinary Loss

The Group did not record any extraordinary losses for the fiscal year ended 31 March 2025; in the fiscal year ended 31 March 2024, it recorded an extraordinary loss of ¥8.3 billion, relating to impairment losses primarily in relation to certain assets relating to thermal and nuclear power generation.

Profit before Income Taxes

As a result of the above, profit before income taxes for the fiscal year ended 31 March 2025 amounted to ¥84.3 billion, compared to a profit before income taxes of ¥88.5 billion recorded in the previous fiscal year.

Profit Attributable to Owners of the Parent

As a result of deducting relevant amounts such as corporate tax, profit attributable to owners of the parent for the fiscal year ended 31 March 2025 amounted to ¥64.2 billion, a decrease of ¥1.9 billion, or 3.0 per cent., compared to the previous fiscal year.

Results by Reportable Segment

In the below analysis of results by reportable segment, figures for sales to outside customers represent operating revenues per segment and total segment profit for each such segment represents ordinary income, in each case without taking into account any intersegment reconciliations.

Hokkaido Electric Power

Sales to outside customers in the Hokkaido Electric Power segment decreased by ¥61.7 billion, or 7.8 per cent., compared to the previous fiscal year to ¥730.2 billion in the fiscal year ended 31 March 2025, principally reflecting the decrease in fuel cost adjustment revenues resulting from lower fuel prices. Segment profit for the fiscal year ended 31 March 2025 amounted to ¥53.6 billion, a decrease of ¥15.2 billion compared to the previous fiscal year, reflecting the absence of temporary gains under the fuel cost adjustment system that were present in the previous fiscal year. In the fiscal year ended 31 March 2024, the Group recorded a fuel cost adjustment gain of ¥38.7 billion, whereas in the fiscal year ended 31 March 2025, the Group recorded a fuel cost adjustment gain of ¥2.0 billion.

Hokkaido Electric Power Network

Sales to outside customers in the Hokkaido Electric Power Network segment increased by ¥6.4 billion, or 5.2 per cent., compared to the previous fiscal year to ¥131.1 billion in the fiscal year ended 31 March 2025, primarily due to higher wholesale revenues associated with increased purchases of renewable energy, despite a decline in electricity charges from last resort supply. Segment profit for the fiscal year ended 31 March 2025 amounted to ¥1.1 billion, a decrease of ¥9.5 billion compared to the previous fiscal year.

Other

Sales to outside customers in the Other segment increased by ¥3.6 billion, or 9.8 per cent., compared to the previous fiscal year to ¥40.7 billion in the fiscal year ended 31 March 2025. As a result, segment profit for the fiscal year ended 31 March 2025 amounted to ¥12.1 billion, an increase of ¥0.5 billion, or 5.0 per cent., compared to the previous fiscal year, primarily due to higher income from telecommunications services, particularly line leasing to mobile network operators.

Consolidated Results for the Three-Month Period Ended 30 June 2025 Compared to the Three-Month Period Ended 30 June 2024

Results

Operating Revenues

Operating revenues of the Group for the three-month period ended 30 June 2025 was ¥202.4 billion, a decrease of ¥0.0 billion, or 0.0 per cent., from the same period in the previous fiscal year, reflecting factors such as a decrease in retail electricity sales, despite an increase in electricity sales to other companies.

Operating Expenses

Operating expenses for the three-month period ended 30 June 2025 decreased by ¥9.2 billion, or 5.5 per cent., compared to the same period in the previous fiscal year, to ¥158.5 billion. This primarily reflected a decrease in fuel prices.

Operating Income

As a result of the above, operating income for the three-month period ended 30 June 2025 amounted to ¥43.8 billion, an increase of ¥9.2 billion, or 26.6 per cent., compared to the same period in the previous fiscal year.

Total Non-Operating Income

Total non-operating income for the three-month period ended 30 June 2025 amounted to ¥1.4 billion, a decrease of ¥0.3 billion, or 20.2 per cent., compared to the same period in the previous fiscal year. This primarily reflected a decrease in items other than interest income and dividend income.

Total Non-Operating Expenses

Total non-operating expenses for the three-month period ended 30 June 2025 amounted to ¥3.6 billion, an increase of ¥0.3 billion, or 11.4 per cent., compared to the same period in the previous fiscal year. This primarily reflected an increase in interest expenses.

Ordinary Income

As a result of the above, ordinary income for the three-month period ended 30 June 2025 amounted to ¥41.6 billion, an increase of ¥8.4 billion, or 25.6 per cent., compared to the same period in the previous fiscal year.

Provision (Reversal) of Reserve for Water Shortage

The Group recorded a ¥0.2 billion of provision of reserve for water shortage in the three-month period ended 30 June 2025, compared to ¥0.4 billion of reversal of reserve for water shortage recorded in the same period in the previous fiscal year.

Extraordinary Income

Total extraordinary income for the three-month period ended 30 June 2025 amounted to ¥1.2 billion, a decrease of ¥8.4 billion, or 87.5 per cent., compared to the same period in the previous fiscal year. This primarily reflected a decrease in gain on sale of nuclear fuel.

Extraordinary Loss

The Group did not record any extraordinary losses for the three-month period ended 30 June 2025, nor in the same period in the previous fiscal year.

Profit (loss) before Income Taxes

As a result of the above, profit before income taxes for the three-month period ended 30 June 2025 amounted to ¥42.6 billion , compared to a profit before income taxes of ¥43.2 billion recorded in the same period in the previous fiscal year.

Profit Attributable to Owners of the Parent

As a result of deducting relevant amounts such as corporate tax, profit attributable to owners of the parent for the three-month period ended 30 June 2025 amounted to ¥30.7 billion, a decrease of ¥0.4 billion, or 1.5 per cent., compared to the same period in the previous fiscal year.

Results by Reportable Segment

In the below analysis of results by reportable segment, figures for sales to outside customers represent operating revenues per segment and total segment profit for each such segment represents ordinary income, in each case without taking into account any intersegment reconciliations.

Hokkaido Electric Power

Sales to outside customers in the Hokkaido Electric Power segment decreased by ¥3.5 billion, or 2.1 per cent., compared to the same period in the previous fiscal year to ¥162.2 billion in the three-month period ended 30 June 2025, principally reflecting the decrease in retail electricity sales volume. Segment profit for the three-month period ended 30 June 2025 amounted to ¥37.3 billion, an increase of ¥6.4 billion compared to the same period in the previous fiscal year, reflecting an increase in temporary gains under the fuel cost adjustment system resulting from lower fuel prices, as well as a reduction in fuel costs driven by higher hydroelectric power generation.

Hokkaido Electric Power Network

Sales to outside customers in the Hokkaido Electric Power Network segment increased by ¥1.4 billion, or 5.0 per cent., compared to the same period in the previous fiscal year to ¥29.5 billion in the three-month period ended 30 June 2025, primarily due to higher income from wheeling service charges. Segment profit for the three-month period ended 30 June 2025 amounted to ¥4.4 billion, an increase of ¥1.6 billion compared to the same period in the previous fiscal year.

Other

Sales to outside customers in the Other segment increased by ¥2.0 billion, or 24.1 per cent., compared to the same period in the previous fiscal year to ¥10.6 billion in the three-month period ended 30 June 2025. As a result, segment profit for the three-month period ended 30 June 2025 amounted to ¥1.9 billion, an increase of ¥0.7 billion, or 61.8 per cent., compared to the same period in the previous fiscal year, primarily due to increased operation of hydroelectric power plants at subsidiaries.

Financial Condition

Consolidated Balance Sheet as of 31 March 2025 Compared to Consolidated Balance Sheet as of 31 March 2024

As of 31 March 2025, total assets amounted to ¥2,244.0 billion, an increase of ¥102.3 billion, or 4.8 per cent., from 31 March 2024, principally reflecting an increase in investments and other assets, construction in progress and cash and deposits, set off to a certain extent by a decrease in nuclear power production facilities.

Total liabilities as of 31 March 2025 amounted to ¥1,836.6 billion, an increase of ¥28.5 billion, or 1.6 per cent., compared to 31 March 2024, principally reflecting an increase in contribution payable for nuclear reactor decommissioning and bonds, set off to a certain extent by a decrease in asset retirement obligations.

Total net assets as of 31 March 2025 amounted to ¥407.3 billion, an increase of ¥73.8 billion, or 22.1 per cent., compared to 31 March 2024, reflecting the recording of profit attributable to owners of the parent of ¥64.2 billion. The equity ratio increased by 2.6 percentage points to 17.5 per cent. as of 31 March 2025, from 14.9 per cent. as of 31 March 2024.

Consolidated Balance Sheet as of 30 June 2025 Compared to Consolidated Balance Sheet as of 31 March 2025

As of 30 June 2025, total assets amounted to ¥2,256.2 billion, an increase of ¥12.2 billion, or 0.5 per cent., from 31 March 2025, principally reflecting an increase in construction in progress and nuclear fuel assets, set off to a certain extent by a decrease in cash and deposits and fixed assets – facilities.

Total liabilities as of 30 June 2025 amounted to ¥1,815.8 billion, a decrease of ¥20.8 billion, or 1.1 per cent., compared to 31 March 2025, principally reflecting a decrease in retirement benefit liabilities and current liabilities, set off to a certain extent by an increase in corporate bonds.

Total net assets as of 30 June 2025 amounted to ¥440.4 billion, an increase of ¥33.1 billion, or 8.1 per cent., compared to 31 March 2025, reflecting the recording of profit attributable to owners of the parent of ¥30.7 billion. The equity ratio increased by 1.3 percentage points to18.8 per cent. as of 30 June 2025, from 17.5 per cent. as of 31 March 2025.

Liquidity and Capital Resources

Cash Flows for the Fiscal Year Ended 31 March 2025 Compared to the Fiscal Year Ended 31 March 2024

Net cash provided by operating activities for the fiscal year ended 31 March 2025 was ¥125.5 billion, a decrease of ¥50.5 billion, or 28.7 per cent., compared with the previous fiscal year. This principally reflected a decrease in profit before income taxes.

Net cash used in investing activities for the fiscal year ended 31 March 2025 was ¥90.7 billion, an increase of ¥9.8 billion, or 12.2 per cent., compared with the previous fiscal year, principally reflecting an increase in payments for purchases of fixed assets, which offset an increase in proceeds from sales of nuclear fuel.

Net cash provided by financing activities for the fiscal year ended 31 March 2025 was ¥10.7 billion, compared to ¥74.6 billion of net cash used in financing activities in the previous fiscal year, principally reflecting an increase in proceeds from issue of bonds.

Cash and cash equivalents as of 31 March 2025 amounted to ¥156.3 billion, an increase of ¥45.6 billion compared to 31 March 2024.

Funding

As of 31 March 2025 and 30 June 2025, the Group's interest-bearing liabilities (consisting of long-term loans payable (including current portion), short-term loans payable and bonds (including current portion)) amounted to ¥1,424.8 billion and ¥1,446.2 billion, respectively.

The following table sets forth the contractual maturity dates for the Group's bonds and borrowings as of 31 March 2025:

	Due in 1 year or less	Due in more than 1 year but in 2 years or less	Due in more than 2 years but in 3 years or less	Due in more than 3 years but in 4 years or less	Due in more than 4 years but in 5 years or less	Due after 5 years or having no maturity date
	(Millions of yen)					
Bonds...........................	¥100,000	¥60,000	¥81,000	¥59,600	¥70,000	¥452,800
Long-term loans payable......................	62,599	55,981	81,073	65,273	42,772	249,209
Short-term loans payable......................	44,500	—	—	—	—	—

The Group generally derives the funds it requires for its operations (including capital expenditures and repayments of debt) from cash flow from operations to the extent possible, and to the extent such cash flow from operations are not sufficient, from borrowings from financial institutions and issues of bonds. The Group's debt as of 31 March 2025 comprised of 39.1 per cent. in long-term loans payable, 57.8 per cent. in bonds and 3.1 per cent. in short-term loans payable. The Group's debt as of 30 June 2025 comprised of 38.7 per cent. in long-term loans payable, 58.2 per cent. in bonds and 3.1 per cent. in short-term loans payable.

The Group has also issued Series B preferred stock (as of 31 March 2025, in an amount of ¥47 billion) which carries a preferred dividend and certain put rights for investors, and borrowed cash under subordinated loans. The Group issues commercial paper to obtain short-term working capital in order to maintain liquidity.

As is customary in Japan, domestic short-term and long-term bank loans are made under general agreements which provide that collateral and guarantees (or additional collateral or guarantees, as appropriate) with respect to present and future indebtedness will be given at the request of a lending bank under certain circumstances, and that the bank shall have the right, as the obligations become due or in the event of default, to offset any cash deposited against such obligations.

Bonds issued by the Company as of 31 March 2025, and bonds to which the performance of obligations is delegated under a debt assumption agreement, as well as certain loans by the Company from Development Bank of Japan Inc. ("DBJ") made prior to 1 April 2020 (the balance of such bonds and borrowings as of 31 March 2025 being ¥823.4 billion, ¥20.0 billion and ¥34.7 billion, respectively), have the statutory preferential right (so-called "*ippan tanpo*") to be paid prior to certain other unsecured indebtedness of the Company (see "Investment Considerations—Considerations Relating to the Group and its Business—Liberalisation of the electric power business"). As of 31 March 2025, borrowings from financial institutions other than borrowings by the Group from DBJ with preferential right amounted to ¥566.6 billion.

Capital Expenditure

The following table sets out information with respect to the Group's capital expenditures (being the increase in property, plant, equipment and intangible assets) for the periods indicated, in accordance with the reportable segment that was applicable to the periods indicated:

	Fiscal Year Ended 31 March		
	2023	2024	2025
	(Millions of yen)		
Hokkaido Electric Power	¥33,929	¥56,856	¥86,723
Hokkaido Electric Power Network	40,935	46,246	66,829
Other	9,567	15,237	12,943
Reconciliations[1]	(1,179)	(1,462)	(1,720)
Total consolidated capital expenditure	¥83,252	¥116,877	¥164,776

Notes:

(1) Includes intersegment eliminations.

(2) The above table does not include consumption tax amounts.

The Group's capital expenditure is generally funded by issues of bonds, borrowings and internally generated funds.

CAPITALISATION AND INDEBTEDNESS

The following table shows the capitalisation and indebtedness of the Group as of 30 June 2025, which has been extracted without material adjustment from the Group's unaudited quarterly consolidated financial statements as of the same date, and as adjusted to give effect to the issue of the Bonds:

	As of 30 June 2025	
	Actual	**As adjusted**
	(Millions of yen)	
Long-term debt, less current portion:		
Bonds[(2)]	¥752,200	¥752,200
Long-term loans payable	496,487	496,487
The Bonds now being issued[(3)]	—	72,410
Total long-term debt	1,248,687	1,321,097
Short-term debt:		
Current portion of long-term liabilities	157,069	157,069
Short-term loans payable	44,500	44,500
Total short-term debt	201,569	201,569
Net assets:		
***Shareholders' equity*:**		
Common stock:		
Authorised: 495,000,000 Shares		
Issued: 215,291,912 Shares[(5)]		
Share Capital	114,291	114,291
Capital surplus[(6)]	47,211	47,211
Retained earnings	253,751	253,751
Treasury stock (9,964,576 Shares)	(17,729)	(17,729)
Total shareholders' equity	397,525	397,525
Accumulated other comprehensive income:		
Unrealised gain on available-for-sale securities	11,618	11,618
Deferred gain on hedges	99	99
Remeasurement of defined benefit plans	15,954	15,954
Total accumulated other comprehensive income	27,673	27,673
Noncontrolling interests	15,281	15,281
Total net assets	440,479	440,479
Total capitalisation and indebtedness[(7)]	¥1,890,735	¥1,963,145

Notes:

(1) The above table should be read in conjunction with the unaudited quarterly consolidated financial statements of the Group as of and for the three-month period ended 30 June 2025 contained herein.

(2) On 15 August 2025, the Company issued ¥33,300 million in aggregate principal amount of domestic bonds.

(3) For the purposes of this table, the yen equivalent of the Bonds has been translated at the rate of U.S.$1.00 = ¥144.82, the approximate rate of exchange prevailing as of 30 June 2025. This rate of exchange bears no relationship to the rate(s) at which amounts relating to the Bonds will be converted into yen for accounting purposes.

(4) The Group had certain contingent liabilities as of 30 June 2025, comprising of certain guarantee obligations and debt assumption agreement of bonds. See Note 10(8) to the audited consolidated financial statements for the fiscal years ended 31 March 2025, 2024 and 2023 included elsewhere in this Offering Circular for the amount of such contingent liabilities as of 31 March 2025.

(5) All of the issued Shares are fully-paid and non-assessable.

(6) Equity in relation to the 470 Series B preferred stock in issue, totalling ¥47,000 million, is included within capital surplus.

(7) Total capitalisation and indebtedness is the total of total long-term debt, total short-term debt and total net assets (the total amount does not equal to the sum of these individual items due to rounding).

(8) Except as described in Note (2) above, there has been no material change in the Group's consolidated capitalisation, indebtedness and contingent liabilities since 30 June 2025.

THE JAPANESE ELECTRIC POWER INDUSTRY

Overview of the Industry

History

The first electric power company in Japan commenced operations in 1886, as Tokyo Electric Lighting, a private company, and began supplying electricity to the public. In the years that followed, the electricity utility business grew in tandem with the modernisation of Japan and development of its industry, and the numerous electric utilities that developed were, after the First World War, restructured to create five major electric utilities. During the Second World War, the electric utility industry was completely state-controlled and utilities were integrated into Nihon Hatsusoden Co. (a nationwide power generating and transmitting state-owned company) and nine distribution companies. After the end of the Second World War, nine regional privately owned and managed "General Electric Utilities", being Hokkaido, Tohoku, Tokyo, Chubu, Hokuriku, Kansai, Chugoku, Shikoku and Kyushu Electric Power Companies, were established in 1951 and assumed the responsibility of supplying electricity to each region. This fundamental structure remains to this day, and with the return of Okinawa to Japan in 1972, Okinawa Electric Power Company joined as the tenth member.

At the end of the 20th century, redressing Japan's high-cost structure and price variance between domestic and overseas markets were recognised as an issue through the development of the deregulation, and the electric utility industry started to be liberalised. In December 1995, organisations such as the independent power producers ("IPPs") were allowed to provide electricity wholesale services and in March 2000, electricity retail supply for extra-high voltage users (in principle, requiring 2MW or above) was liberalised. The scope of retail liberalisation was then expanded in April 2004 to high voltage users of 500kW or above, and subsequently in April 2005 to high voltage users of 50kW or above. Thus, a Japanese model of liberalisation based on fair competition and transparency while maintaining the vertical integration of generation, transmission, distribution and retail to ensure a stable supply of electricity, was established.

With TEPCO's Fukushima Daiichi Nuclear Power Station accident and subsequent tight demand and supply brought about by the Great East Japan Earthquake in March 2011 as a turning point, numerous discussions were held to maintain a stable supply and reduce energy costs, and in November 2013, the policy to implement three-phase reforms of the electricity system was adopted. Under the first stage of the amendment to the Electricity Business Act that took effect in 2015, OCCTO was established. The second stage of the amendment to the Electricity Business Act that took effect in 2016 implemented the full-scale liberalisation of retail electricity sales. The third stage of the amendment to the Electricity Business Act that took effect in 2020 implemented the legal separation of the transmission and distribution business (see "—Japan's Energy Supply—Trends in Japan's Energy Policy—Review of the Electricity System Reform").

Electric Power Companies in Japan

Prior to the full-scale liberalisation of participation in retail electricity sales, ten privately-owned electric power companies, being the General Electric Utilities, were responsible for supplying electricity to the consumers in their respective service areas, having been specified by the government as the "Specified Electric Utilities" which will continue to have the obligation to supply electricity and have rate regulation imposed upon them with regard to low-voltage customers as a transitional measure to protect consumers following the full-scale liberalisation of participation in retail electricity sales in April 2016. Therefore, Specified Electric Utilities must file an application or notify the METI before changing the regulated rates even after the full-scale liberalisation of participation in retail electricity sales in April 2016 (in the case of raising the electricity rate, among others, authorisation from METI must be obtained). However, liberalised rates (unregulated rates) do not require notification or approval. Rate regulation has continued to apply after April 2016; after proper competition among retail electricity suppliers is considered to be secured, it will end (timing of deregulation will be considered about once a year). General T&D Operators, under the guidance of OCCTO, work closely with each other to enhance the stability of the electricity supply to customers nationwide. For example, they exchange or provide electricity through extra-high voltage transmission lines linking throughout Japan, in order to cope with emergency situations resulting from accidents, breakdowns, or peak demand times.

The frequency of grid power differs between eastern and western Japan, namely 50 Hz and 60 Hz respectively. This difference has a historical root in that the Tokyo area adopted German-made generators at the beginning of the electric power business while Osaka area adopted U.S.-made ones. Therefore, Frequency Converter Facilities ("FC") are necessary to connect the eastern and western power grids. Currently, four FCs, namely Sakuma FC and Higashi-Shimizu FC in Shizuoka prefecture, Shin-Shinano FC in Nagano prefecture and

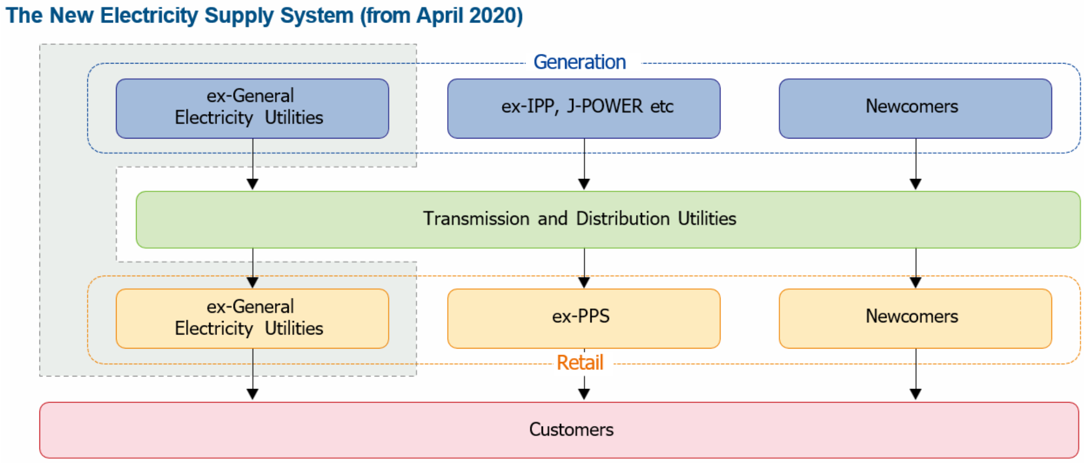
Hida-Shinano FC which spans both Gifu and Nagano prefectures, operate to convert the frequency. The capacity of East-West Grid Connection is planned for expansion from 2,100MW in total to 3,000MW in total by the fiscal year ending 31 March 2028.

Competition in the Electric Power Market in Japan

The electric power market in Japan has been progressively liberalised to ensure competitive neutrality on the basis of a stable power supply by the existing ten Specified Electric Utilities, which consistently handled all functions from power generation to transmission and distribution. In 1995, the Electricity Business Act was revised to enable IPPs to participate in the electricity wholesale market in addition to the conventional Wholesale Electricity Utilities. Then, in March 2000, the transmission/distribution network owned by the electric power companies was made accessible, and the retail market was partially liberalised to allow new entrants (being electric power operators excluding the former General Electric Utilities, and including the former power producers and suppliers ("PPSs")) to sell electricity to extra-high voltage users requiring 2MW or above. The scope of liberalisation was then expanded in April 2004 to high voltage users requiring 500kW or above, and subsequently in April 2005 to high-voltage users requiring 50kW or above. Thus, by 2011, the scope of liberalisation covered approximately 60 per cent. of total electricity demand in Japan. Electric power companies have responded to this trend of liberalisation by increasing their business efficiency while lowering electricity prices and offering a variety of pricing plans. To maintain fair and transparent use of the power transmission and distribution system, the Electric Power System Council of Japan was established as the sole private organisation to make rules and supervise operations from a neutral position, starting full-scale operation on 1 April 2005. In addition, JEPX was established in November 2003, with investments by the electric power companies, the new entrants, self-generators and others, and started business on 1 April 2005. In response to the Great East Japan Earthquake, the nuclear accidents which followed it and the tight supply and demand, the government decided to advance reforms in three phases through the three key measures of enhancing nationwide grid operation, full deregulation of the electricity retail and generation sectors, and further ensuring neutrality in the transmission/distribution sector through legal unbundling while thoroughly inspecting each phase to solve any issues and taking necessary measures based on the results of the inspections. Through such reform, the government aims to achieve the three goals of ensuring supply stability, suppressing electricity rates to the maximum extent possible and expanding the options for consumers and the business opportunities for operators. Discussions are currently underway to review the reforms implemented during the third phase and to consolidate the overall outcomes of the electricity system reform.

Following the full-scale liberalisation of participation in retail electricity sales in April 2016, there are now different regulations for the three separate businesses of (i) electricity generation (which requires notification to METI), (ii) power transmission and distribution (which requires a licence from METI), and (iii) retail electricity sales (which requires registration with METI). The legal separation of transmission and distribution from vertically integrated businesses was implemented in April 2020, resulting in the spin-off of new transmission and distribution companies from the Specified Electric Utilities (being the former General Electric Utilities). The new entrants, which (to the extent they were already operating) only used to supply electricity to high-voltage liberalised sector customers, now may engage in electricity generation (subject to a notification requirement) and/or sell electricity to any retail customer (subject to a registration requirement), to the extent they are active in the market. The obligation on the Specified Electric Utilities (being the former General Electric Utilities) to supply electricity was abolished (although, for the purposes of customer protection, the obligation to supply electricity to low-voltage customers based on regulated pricing of low-voltage demand remains until fair competition amongst retail electricity businesses is assured), and a transition was made from the previous regulation based on the "per company" concept to imposing different obligations, as well as different regulations, for each of the businesses of electricity generation, power transmission and distribution and retail electricity sales. As of 16 July 2025, the number of operators engaged in the electricity generation sector was 1,238. As of 8 July 2025, the number of operators engaged in the general transmission and distribution sector was 10. As of 17 July 2025, the number of operators engaged in the retailing sector was 772 (source: Agency for Natural Resources and Energy, "About Electricity Rates and the Electricity Business System").

The following diagram sets out Japan's electricity supply system post-April 2020:



Source: The Federation of Electric Power Companies of Japan "Electricity Review Japan 2024".

Electric Power Pricing

Until the full-scale liberalisation of participation in retail electricity sales in April 2016, pricing of electricity supplied in Japan was divided between those to liberalised sector customers, which comprised customers which received extra high-voltage and high-voltage power, and the regulated sector customers, which received low-voltage power. The liberalised sector included extra-high voltage customers in the industrial and business sectors such as large factories, department stores and office buildings, and high-voltage customers in the industrial and business sectors such as medium-sized factories, supermarkets and medium-sized and small buildings, while the regulated sector included low-voltage customers such as offices, as well as lighting-purpose usage customers such as households.

Electricity rates in respect of liberalised sector customers were determined by negotiations between customers and retail electricity suppliers based on such factors as electricity usage plans, while electricity rates in respect of regulated sector customers were determined based on the cost-of-service principle (the "comprehensive cost system"), in which costs used as a basis for calculating pricing include the assumed operating expenses (such as fuel costs, depreciation costs, repair costs, personnel costs and taxes) and capital/funding costs (dividend and interest expenses) for the relevant former General Electric Utility as a whole. To ensure fairness among the various demand categories and types of customers, rates were set according to rationally distributed costs, with the load characteristics particular to each category taken into account.

Following the Great East Japan Earthquake, amendments to the Electricity Business Act were enacted in June 2014, and it was decided to liberalise the entry into the retail electricity market fully. With the aim of ensuring freedom of choice to all with respect to electricity suppliers and electricity rate plans, while realising cheaper electricity rate by enhancing the efficiency of the electric utility industry through competition in the retail sector, the scope of liberalisation has been expanded, and participation in retail electricity sales was fully liberalised from 1 April 2016.

Following such liberalisation, all customers in Japan are now able to select the retail supplier of its electricity. Retail electricity sales businesses are obliged to ensure a supply capacity commensurate with their own demand, and are free to set their own rates, in principle. However, as a transitional measure, to protect low-voltage consumers (to prevent increases in electricity rates in places where there is not enough competition), the government has nominated the Specified Electric Utilities (being the former General Electric Utilities) as businesses which will continue to have the obligation to supply electricity and have rate regulation imposed upon them with regard to low-voltage customers (former regulated sector customers); at such stage as METI considers that customers' interests will not be impeded, having consideration of the status of competition, METI may end such transitional measures by region, but such obligations is currently continuing.

Low-voltage Sector (Former Regulated Sector)

The Specified Electric Utilities develop "specific retail electricity supply provisions" (for customers to which supply obligation and rate regulation apply) and "optional electricity rate plans" (which enable customers to choose their electricity rate plans according to their type of usage). Specified Electric Utilities are required to obtain METI's authorisation to change their specific retail electricity supply provisions before they can raise electricity rates for low-voltage customers; however, only a filing of a notification to METI is required where the change to specific retail electricity supply provisions is beneficial to customers (such as rate reductions). In addition, no administrative procedures are required for Specified Electric Utilities in respect of the establishment of and any amendment to optional electricity rate plans.

Fuel Cost Adjustment System

The fuel cost adjustment system (the "Fuel Cost Adjustment System") was introduced in 1996 with the aim of promoting the stability of the management environment of electric utilities at the same time as making clear the results of the efforts of electric utilities to achieve management efficiency and reflecting the changes in economic environment in electricity rates as promptly as possible, by externalising the effects of fuel prices and exchange rates, which are beyond the control of electric utilities.

Under the current Fuel Cost Adjustment System, electricity rates are adjusted on a monthly basis in the following manner: fuel costs are calculated based on the average price of fuel (all-Japan average import prices of crude oil, LNG and coal recorded in foreign trade statistics) during a three-month period, and rates for the third month following the end of such period are adjusted automatically based on the degree of fluctuation from the base average fuel price at the time of the price revision (*i.e.*, the adjustment amount calculated based on the difference between the base fuel price and the average fuel prices for the January-March period is reflected in the rates for June, for example). At times when fuel costs increase significantly, this results in a "time-lag" impact on the financial results of the Group, as, with respect to the period following such increases, the Group is required to purchase fuel at higher costs, but such higher costs will not be reflected in electricity rates until a later time. To prevent an excessive impact on customers if fuel prices increase substantially, a certain ceiling (an increase of 50 per cent. from the base average fuel price) is placed on the average fuel price which forms the basis of calculation of the adjustment amount with regard to the permissible range of automatic rate adjustments; for customers receiving supply under optional electricity rate plans, the ceiling does not apply, although the ceiling still applies to customers receiving supply under regulated rates.

High/Extra High Voltage Sector (Former Liberalised Sector)

High/extra high voltage sector customers could choose their retail electricity suppliers freely even before liberalisation in April 2016. Contract terms and conditions are determined through negotiations between the customer and retail electricity supplier based on electricity consumption plans and electricity procurement costs, taking into account factors such as demand scale, load characteristics, demand type and period. Electricity rates are calculated based on the electricity rate unit price set by such contract. The retail electricity supplier is under no legal supply obligation, however, and may not agree to supply electric power as a result of the negotiations. Customers who are unable to obtain a supply of electric power from another company for some reason are guaranteed receipt of an electric power supply from General T&D Operators in whose service area they are located, based on a "last-resort service contract" notified by the General T&D Operators to METI.

Wheeling Service Charge System

When retail suppliers of electricity use the electric power supply facilities of power transmission and distribution companies, the power transmission and distribution companies must compile a "wheeling service contract" stipulating the charges and terms and conditions for wheeling service (power transmission, transformation and distribution service), and submit it to METI, to protect the interests of electricity users through ensuring fair competition and other means. Wheeling service charges are calculated in accordance with rules prescribed by a ministerial ordinance of the Ministry of Economy, Trade and Industry that is aimed at ensuring fairness among transmission and distribution line users and provides a basis for appropriate recovery of the necessary costs.

A new wheeling service charge system was introduced in the fiscal year ended 31 March 2024, whereby the General T&D Operators are required to calculate the expected income (income forecast) necessary for the efficient and proper operation of wheeling service and other services and obtain approval from the METI. In addition, within a scope that does not exceed this income forecast, the General T&D Operators are required to formulate a "wheeling service contract" regarding fees and other supply conditions for wheeling services and other services in the service area, and, in principle, obtain approval from the METI.

The General T&D Operators are required to formulate a business plan that clearly defines the goals to be achieved during each five-year regulatory period (the first regulatory period is from the fiscal year ended 31 March 2024 to the fiscal year ending 31 March 2028) and obtain approval from the METI on the estimated costs (income forecast) on the implementation of such business plan. As a result, it is expected that the cost of necessary maintenance and expansion of facilities (including updating aging facilities) and the cost of procuring adjustment power in the supply and demand adjustment market will be factored into such estimated costs. In addition, the following are some examples of factors which are subject to *ex-post* adjustments as they are fluctuations in income and expenses that are beyond the control of business operators: (i) an increase in capital investment due to increased interconnection of renewable energy power sources, (ii) an increase in the cost of procuring adjustment power, (iii) an increase the cost of recovering from natural disasters and (iv) a decrease in fee income due to a decrease in demand. However, there are uncertainties, such as details on how the post-adjustment amount is calculated (which has not been determined at this point and will be considered in the future) and whether the impact of the recent rise in market prices on income and expenditure (which is currently not subject to *ex-post* adjustments) will be subject to *ex-post* adjustments.

New Power Markets

The Japanese government has been putting in place a new structure as part of the further development of the liberalised electricity market, which among others includes the LDPR Auction.

LDPR Auction

In January 2024, OCCTO opened a bidding window for the LDPR Auction, a new bidding system designed to promote investment in carbon-neutral power sources. The Group has to date had four successful bids at such auction. The auction is intended to offer the opportunity to create predictable long-term revenues by generating revenues equivalent to fixed costs (including large initial investments) specified by the bidding power station operator at the time of bidding for 20 years or, if specified by the bidding power station operator at the time of bidding, for a period longer than 20 years in one-year increments for newly installed or replacement power sources. Pursuant to the system, using the contributions received by OCCTO from retail electricity sales businesses as set out below, OCCTO will pay to the power station operator which made a successful auction bid during the 20 years or, if specified, a period longer than 20 years in one-year increments after the commencement of power supply by the relevant power station, the expected fixed costs of such power station as specified by the bidding power station operator at the time of bidding. Approximately 90 per cent. of the actual profit (after deducting variable costs (principally fuel costs)) received from the customers purchasing electricity from such power station during such period will be refunded to OCCTO and will later be refunded to retail electricity sales businesses.

On the other hand, there are issues such as insufficient predictability of investment recovery due to potential increases in fixed costs after the auction, and the uniform setting of business remuneration across all types of power sources without reflecting the risks specific to each type of power source. Consequently, there are some perceived inadequacies depending on the type of power source.

Capacity Market

The capacity market is a mechanism for the trading of generation capacity in the future. What is being sold in this market is not MWh of volume, but it is MW of capacity. The aim is that as the growth of new retailers drives more volume to the JEPX wholesale market, which only offers short-term trading, large generators will not have the level of certainty about revenue from electricity sales needed to invest in large generating assets. Due to the long timelines involved in licensing and constructing large power plants, a mechanism has been introduced to provide a baseline of certainty regarding revenue so that electricity generators shall be able to continue to maintain the level of large-scale generating equipment and facilities needed to guarantee stable power supply. The main auction is held once a year for the capacity that will be available four years after the auction; the first auction was held in July 2020 for the capacity available in the fiscal year ended 31 March 2025. Retail electricity business and General T&D Operators will pay contributions to OCCTO, which will distribute such contributions to relevant power generation business operators.

Base-load Market

The base-load market was established as a mechanism to equalise the access environment to base-load power sources between large-scale power companies and new entrants, thereby promoting further activation of retail competition. Auctions have been conducted on JEPX since July 2019. Recently, schemes to settle fuel cost fluctuations retrospectively and for long-term products (for two years) were introduced, starting from the fiscal year ended 31 March 2024.

Balancing Market

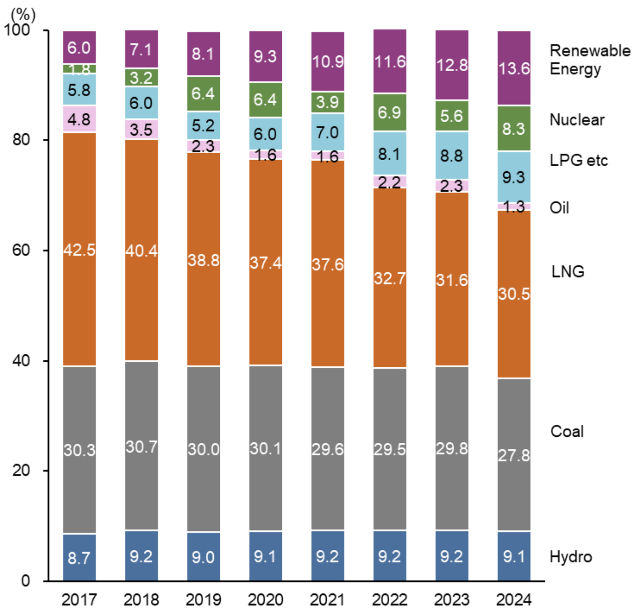
The Balancing Market is a market for General T&D Operators to procure power to keep supply and demand in balance and to keep the grid stable with fairness and transparency. In the past, the General T&D Operators publicly procured balancing power within their own grid zones, which limited competition. They are now able to procure the electricity to maintain the grid on the new Balancing Market from within their own zones or from other zones. From the fiscal year ended 31 March 2025, the Balancing Market has expanded to cover the five types of reserves in full, including 10-second or shorter response reserves.

Japan's Energy Supply

Overview

Resource-poor Japan is dependent on imports for almost all of its coal, oil and natural gas requirements, making Japan's energy supply structure extremely vulnerable. Following the two oil crises in the 1970s, Japan has been attempting to promote energy efficiency at the same time as diversifying its energy sources through increasing the use of nuclear energy, natural gas and coal. Despite these improvements, oil still accounts for about 35.7 per cent. of Japan's primary energy supply (source: Energy Trends (June 2025), Agency for Natural Resources and Energy, Ministry of Economy, Trade and Industry), and around 94.7 per cent. of imported oil came from the politically unstable Middle East in the fiscal year ended 31 March 2024 (source: Energy Trends (June 2025), Agency for Natural Resources and Energy, Ministry of Economy, Trade and Industry). Moreover, Japan's prospects for importing electricity from neighbouring countries are very poor because it is an island nation. In addition, there is an urgent need for global warming countermeasures such as reduction of CO_2 emissions from the use of energy. As such, in order to ensure a stable electricity supply, it is important to establish a multi-layered energy supply structure that can concurrently achieve energy security, economic efficiency, and environmental conservation, while ensuring safety.

The diagram below shows the breakdown in energy mix for electric power supply in Japan for the fiscal years ended 31 March of the years set out in the diagram:



Notes:
(1) Source: Data based on the Federation of Electric Power Companies of Japan, 2025.

(2) LPG etc includes LPG and other gases, etc.

The tables below show the estimated power generation costs (the Japanese Government's trial calculations based on model plants theoretically newly established in 2023 and 2040) broken down by type of power source (in yen per kWh):

Electric Power Source (2023 Estimate)

	Naturally Variable Power Sources				Hydro		
	Solar (Business)	Solar (Housing)	Onshore Wind	Offshore Wind (non-floating)	General Hydro	Micro Hydro	Geothermal
Generation cost (yen/kWh)(2)	10.9 (10.0)	14.5 (14.0)	16.3 (12.1)	30.9 (21.1)	13.0 (10.3)	26.6 (21.7)	16.1-16.8 (10.9)
Capacity utilisation rate (per cent.)	18.3	15.8	29.6	30	54.7	54.4	83
Years of operation	25	25	25	25	40	40	40

Electric Power Source (2023 Estimate)

	Biomass		Thermal			Co-generation
	Biomass (Single fuel)	Nuclear	LNG (Single fuel)	Coal (Single fuel)	Oil (Single fuel)	Gas Co-generation
Generation cost (yen/kWh)(2)	32.9 (31.4)	12.6- (11.2-)	19.1 (19.1)	24.8 (24.7)	43.8 (43.8)	15.8-16.9 (15.8-16.9)
Capacity utilisation rate (per cent.)	87	70	70	70	30	72.3
Years of operation	40	40	40	40	40	30

Electric Power Source (2040 Estimate)

	Naturally Variable Power Sources				Hydro			Biomass	
	Solar (Business)	Solar (Housing)	Onshore Wind	Offshore Wind (non-floating)	General Hydro	Micro Hydro	Geo-thermal	Biomass (Single fuel)	Nuclear
Generation cost (yen/kWh)(2)	6.9-8.8 (6.6-8.4)	7.8-10.6 (7.6-10.4)	12.6-14.5 (10.1-11.6)	13.5-14.3 (9.5-10.1)	12.9 (10.3)	26.5 (21.7)	16.1-16.8 (10.9)	32.9 (31.4)	12.5- (11.2-)
Capacity utilisation rate (per cent.)	18.3	15.8	29.6	40.2	54.7	54.4	83	87	70
Years of operation	25	25	25	25	40	40	40	40	40

Electric Power Source (2040 Estimate)

	LNG	Decarbonised Thermal						Co-generation
	LNG (Single fuel)	LNG (10% Hydrogen co-fired)	Hydrogen (Single fuel)	Coal (20% Ammonia co-fired)	Ammonia (Single fuel)	LNG with CCS	Coal with CCS	Gas Co-generation
Generation cost (yen/kWh)(2)	16.0-21.0 (15.9-20.9)	16.9-22.3 (16.8-22.2)	24.4-33.1 (24.3-33.0)	21.1-32.0 (21.0-31.9)	21.0-27.9 (20.9-27.8)	17.1-21.1 (17.0-21.0)	26.6-32.3 (26.5-32.2)	16.5-17.5 (16.4-17.4)
Capacity utilisation rate (per cent.)	70	70	70	70	70	70	70	72.3
Years of operation	40	40	40	40	40	40	40	30

Notes:

(1) Source: Data based on the Electricity Generation Cost Verification Working Group, Advisory Committee for Natural Resources and Energy, the Ministry of Economy, Trade and Industry, 2025.

(2) Figures in parentheses are costs without policy expenses.

Trends in Japan's Energy Policy

Deliberations towards revision of energy policy and the electric power business system have been ongoing in Japan since the occurrence of the Great East Japan Earthquake and TEPCO's Fukushima Daiichi Nuclear Power Station accident in March 2011.

Strategic Energy Plan

The Japanese government formulates its Strategic Energy Plan to show the direction of Japan's energy policy under the Basic Act on Energy Policy, which became effective in June 2002.

In October 2020, the Japanese government announced its goal of making Japan carbon neutral by 2050. This was followed in December 2020 by the government's unveiling of the "Green Growth Strategy Through Achieving Carbon Neutrality in 2050", which lays out a vision for achieving carbon neutrality by setting high targets for 14 growth industries and by implementing a comprehensive set of policies. In April 2021, the government declared that it would seek to reduce greenhouse gas emissions in the fiscal year ending 31 March 2031 by 46 per cent. from the level in the fiscal year ended 31 March 2014, and thereafter further strive towards 50 per cent. To lay out the path to realising these goals, the Cabinet approved the Sixth Strategic Energy Plan in October 2021. This was further followed by the Seventh Strategic Energy Plan (approved by the Cabinet in February 2025, which set a new target of reducing greenhouse gases by 73 per cent. in the fiscal year ending 31 March 2041 (from the fiscal year ended 31 March 2014) and the reduction of CO_2 and other greenhouse gas emissions to zero by the fiscal year ending 31 March 2051.

The Seventh Strategic Energy Plan was formulated against a background of changing energy situation surrounding Japan, such as increased economic security demands given war and tensions abroad, and increase in electricity demand due to the progress of DX and GX. The plan emphasises the necessity to balance both stable energy supply and decarbonisation, and aims for a balanced energy mix that does not excessively depend on specific power sources or fuel sources, while promoting energy efficiency improvement. It stated the Japanese government's intention, with a view to realising a transition to a resilient energy supply-demand structure that can withstand energy crises, to promote thorough energy efficiency improvement and fuel switching within the manufacturing process, while maximising the use of decarbonised power sources such as renewable energy and nuclear power, both of which, it states, contribute to energy security. It emphasised that instead of dichotomous discussions on whether to use renewable energy or nuclear power, it is necessary to maximise the use of both renewable energy and nuclear power.

As to thermal power generation, the Japanese government has stated that while it has the drawback of emitting greenhouse gases, it also plays important roles such as being a supply source that meets about 70 per cent. of the current supply, regulating power that compensates for output fluctuations due to renewable energy, and providing inertial and synchronous power that maintains the stability of the grid. It has stated that while maintaining and securing the generation capacity necessary for a stable supply of thermal power as a whole, it expects to reduce the amount of electricity generated, mainly from inefficient coal-fired power; specifically, the plan has stated its intention to secure LNG-fired power as a means of transition, while promoting the decarbonisation of thermal power by utilising hydrogen, ammonia and carbon dioxide capture and storage ("CCUS"), among other technologies.

Further, in line with the Sixth Strategic Energy Plan, the non-fossil value market was established under the Act on the Promotion of Use of Non-fossil Energy Sources and the Effective Use of Fossil Energy Materials by Energy Suppliers. Certificates of environmental value have been traded in this market since 2018 and in 2020, all non-fossil generation became eligible for trading in this market. In 2021, the renewable energy value trading market was established and has allowed for direct transactions of customers with non-fossil certificates such as FIT non-fossil certificates. Additionally, under the Energy Supply Structure Enhancement Act, electricity businesses with annual sales of 500 million kWh or more are required to achieve a 44 per cent. non-fossil ratio by the fiscal year ending 31 March 2031.

With regard to nuclear power generation, the government emphasised points such as supply stability and technological self-sufficiency rate, cost levels comparable to other energy sources with little price fluctuation, and stable power generation at a constant output, stating that these characteristics help meet the needs of new demand from DCs, semiconductor foundries and others, and that it expects to continuously utilise the necessary amount of nuclear power on the premise of ensuring safety and public trust. The Seventh Strategic Energy Plan set out the policy direction of coexistence with host communities, deepening and enhancing communication with various sectors of the public, and accelerating back-end processes such as nuclear fuel cycle, decommissioning, and final disposal. It also stated the intention of the government to work together with the private sector to accelerate the restart of nuclear power plants, including industry collaboration, government-led activities to promote people's understanding, and implementation of nuclear disaster prevention measures, all based on the premise that safety must be ensured.

Review of the Electricity System Reform

During the period following the beginning of the consideration of the reform of Japan's Electricity System (the fifth system reform), triggered by the Great East Japan Earthquake and the accident at TEPCO's Fukushima Daiichi Nuclear Power Station, significant pillars of system reform (such as enhancing nationwide grid operation, the deregulation of the electricity retail and generation sectors, and the further securing neutrality in the transmission/distribution sector through legal separation) have progressed along with the review of related systems.

In relation to this reform, the third amendment to the Electricity Business Act, enacted in 2015, included provisions for *ex-post* verification. Specifically, it mandated verifications at three stages: (i) before the full liberalisation of retail sales, (ii) before the legal separation of the transmission and distribution business in April 2020, and (iii) within five years after such legal separation. The purpose of these verifications is to assess the status of the implementation of the Electricity Business Act, the implementation status of the Strategic Energy Plan, supply and demand conditions, and price levels, among other factors. Necessary measures were/are taken based on the results of such verifications. In accordance with these provisions, the Agency for Natural Resources and Energy conducted the verifications and the results of the verifications before the full liberalisation of retail sales were published in December 2015, and the results of the verifications before the separation of transmission and distribution were published in May 2019. The results of the verifications following the legal separation, reviewing the three-stage power system reform and the overall progress of the system reform, were published at the end of March 2025, finding that goals regarding the development of wide-area electricity supply and demand, transmission and distribution networks were achieved to some extent, and consumer choices and business opportunities for operators did expand, while on the pricing side, while retail prices saw an initial decline due to increased competition, the increase in fuel prices commencing around 2022 led to various operators needing to increase prices sharply, resulting in consumer backlash as well as some operators' withdrawals from the business, leading to some inconvenience and confusion of consumers and requiring governmental intervention to mitigate sudden changes in electricity rates. The review found that in terms of the future, the following issues should be considered:

- Promoting decarbonisation of power sources, with the primary premise of ensuring stable supply; necessary measures include developing a market that promotes foreseeability necessary for investments in decarbonised power sources, continuing to utilise thermal power generation while phasing out inefficient coal-fired power plants and promoting decarbonisation technologies, securing long-term contracts for fuel (particularly LNG), utilising hydropower generation as an important decarbonised power source that can maintain stable output over the long term and finding appropriate division of roles between the public and private sectors;

- Establishing a system for efficient use of power sources, location guidance, and flexible supply and demand management; with regard to the power transmission and distribution sector, while necessary to further improve neutrality and transparency in the sector, at this point in time the review found that there is no need for or appropriateness in institutionally requiring the separation of ownership; and

- Creating an environment for retail businesses to supply consumers at stable prices through the market; while review of the competitive situation takes place every year, transitional measures to protect low-voltage customers are yet to be lifted (see "—Overview of the Industry—Electric Power Pricing"), and at such time as such lifting is considered, it would be necessary to take into account, among others, measures for ensuring stable supply and limit fluctuations in electricity rates.

GX Decarbonized Power Sources Act

In May 2023, the GX Decarbonized Power Sources Act was enacted by the Japanese government, with the aim of implementing the roadmap for "GX" approved by the Cabinet in February 2023.

The GX Decarbonized Power Sources Act, which took effect on 6 June 2025, amended relevant laws and regulations with a view to (i) maximising the promotion of the introduction of renewable energy in harmony with the local community, and (ii) utilising nuclear power on the premise of securing safety, and promoting decommissioning.

With respect to nuclear power, certain acts amended under the GX Decarbonized Power Sources Act applied the following changes, among others:

- The operational life limitation and the safety regulations for ageing management are distinguished. With respect to the operational life limitation which, in principle, is 40 years, the 20-year extension of nuclear power reactor's operation is possible by approval of the METI, and nuclear power reactors can remain in operation beyond 60 years by excluding the period during which the nuclear power reactors are suspended due to unforeseeable factors such as changes in safety regulations and temporary restraining orders from the total period of operation.

- On the other hand, as part of safety regulations of ageing management, where a nuclear power reactor is to be operated beyond 30 years from the date of its operation, the operator must formulate a long-term plan on the management of its facilities based on technological evaluation of the state of deterioration and obtain approval for such long-term plan on the management of its facilities from the NRA once at least every ten years.

- Nuclear plant operators are obliged to make contributions to NuRO towards eventual decommissioning of such plant.

GX Promotion Act

In May 2023, the GX Promotion Act was enacted, and it came into effect in June 2023, alongside the GX Decarbonized Power Sources Act.

Under the GX Promotion Act, the Japanese government is required to formulate a strategy for promoting structural transition based on decarbonisation (the "GX Promotion Strategy") in order to comprehensively and systematically promote measures for GX (Article 6, Paragraph 1 of the GX Promotion Act). Matters to be determined in the GX Promotion Strategy include the goals of GX, basic direction, matters concerning business areas that are expected to have a high impact on GX policy and support measures, matters concerning each measure stipulated in the GX Promotion Act, and matters concerning the evaluation of the achievement status of the GX Promotion Strategy (Article 6, Paragraph 2 of the GX Promotion Act).

In May 2025, a bill amending the GX Promotion Act was passed and enacted. The amendments will take effect from 1 April 2026 and detail the full-scale emissions trading system to be introduced from the fiscal year ending 31 March 2027 and the GX-surcharge on fossil fuels to be imposed from the fiscal year ending 31 March 2029.

Japan's Energy Mix

In the Seventh Strategic Energy Plan, the Japanese government gave the following outlook with respect to Japan's energy mix for the fiscal year ending 31 March 2041 (all percentages set out below are approximate), which it presented as a range using multiple scenarios bearing in mind that there are many and various uncertainties.

- Renewable energies: approximately 40 per cent. to 50 per cent., of which:
  - Solar: approximately 23 per cent. to 29 per cent.
  - Wind: approximately 4 per cent. to 8 per cent.
  - Hydro: approximately 8 per cent. to 10 per cent.
  - Geothermal: approximately 1 per cent. to 2 per cent.
  - Biomass: approximately 5 per cent. to 6 per cent.
- Nuclear power: approximately 20 per cent.
- Thermal: approximately 30 per cent. to 40 per cent.

BUSINESS

Overview of Hokkaido

Hokkaido, which forms the main part of the Group's supply area, is Japan's northernmost prefecture, and largest in terms of land area. However, Hokkaido accounts for a smaller proportion of Japan's overall GDP and electricity demand relative to more densely populated regions such as the Kanto and Kansai regions; as of 1 October 2024, it had a population of around 5.0 million. It is known for its natural resources, including agriculture, forestry and fisheries, and is a major producer in Japan of crops such as wheat, potatoes and dairy products, as well as contributing significantly to Japan's fishing industry. The region's economy benefits from its rich natural landscapes, which attract tourism throughout the year, and its ski resorts, hot springs and national parks draw both domestic and international tourists.

While the Hokkaido region has a relatively low population density and limited presence of large-scale manufacturing, it is home to a range of industries including agriculture, food processing, logistics, and emerging sectors such as renewable energy, DC and AI server development and the semiconductor manufacturing industry. Sapporo, Japan's fifth biggest city in terms of population, is the capital of Hokkaido and the largest city north of Tokyo, with a population of approximately 1.9 million (which as of 1 August 2025 can be found at: https://www.city.sapporo.jp/toukei/jinko/jinko.html).

The following table sets out certain data with regard to Hokkaido, as compared to Japan as a whole:

	Hokkaido	**Japan**	**Percentage**
Population (as of 1 October 2024) (thousands of people)[(1)]	5,043	123,802	4.1%
Electricity demand (for the fiscal year ended 31 March 2025) (TWh)[(2)]	27.6	822.6	3.4%

Notes:

(1) Source: "Population Estimates (as of 1 October 2024)" by Statistics Bureau, Ministry of Internal Affairs and Communications.

(2) Source: "Survey of Electric Power Statistics (Electricity Demand Results)", Agency for Natural Resources and Energy, the Ministry of Economy, Trade and Industry.

Electricity demand in Hokkaido has been declining in line with the decline in population. However, according to OCCTO's forecast for electricity demand in Japan (based on the report by OCCTO prepared by information received from power transmission and distribution operators), electricity demand is expected to increase as new industry entrants such as semiconductor foundries and large DCs enter the region.

History

The Group's history is summarised as follows:

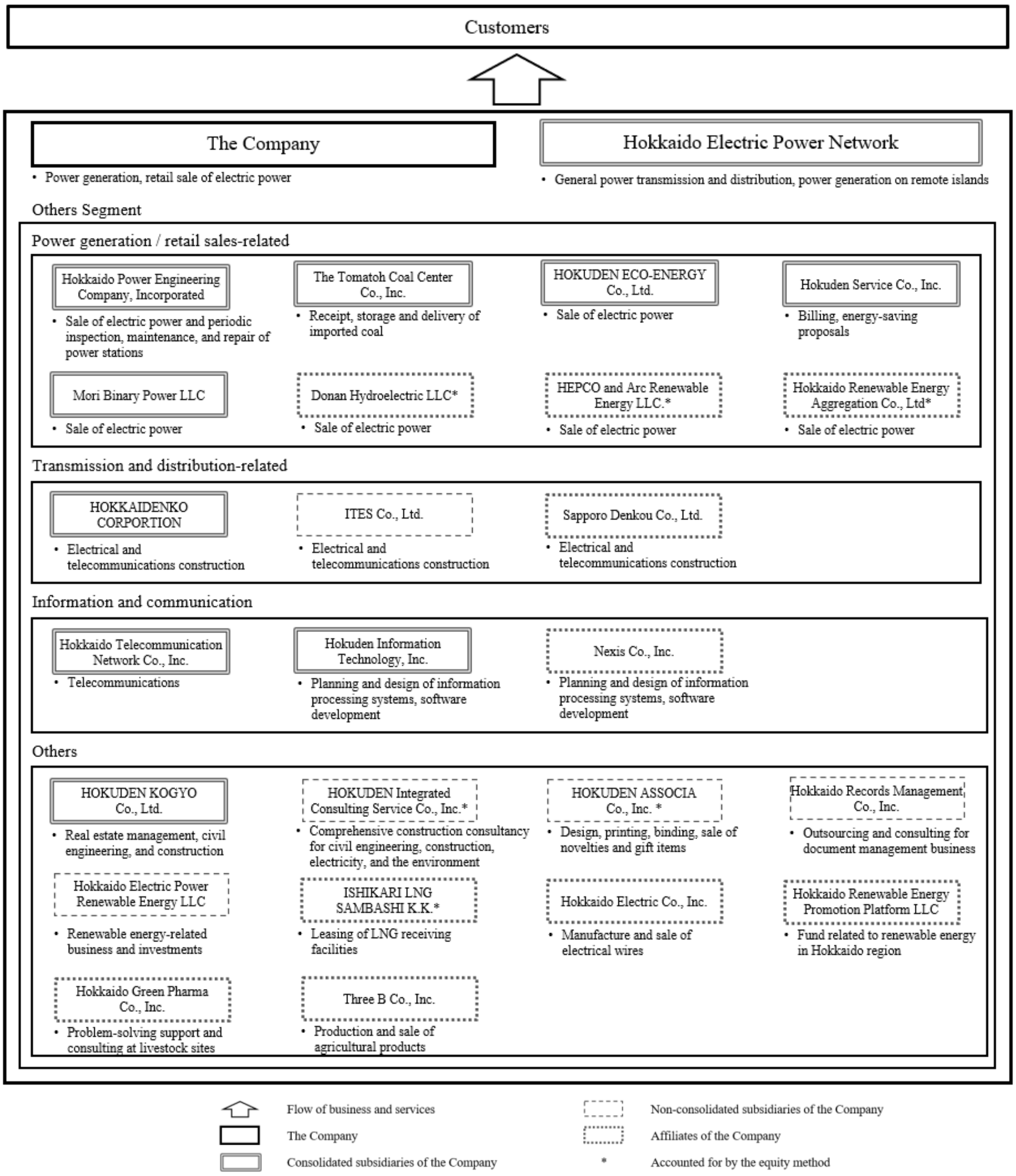
May	1951	Established following the capital contribution and transfer from Hokkaido Haiden K.K. and Nippon Hatsusoden K.K.
August	1951	Listed on the Sapporo Stock Exchange
February	1953	Listed on the First Section of the Tokyo Stock Exchange (now the Prime Market of the Tokyo Stock Exchange)

April	1956	Established HOKUDEN KOGYO Co., Ltd. (currently a consolidated subsidiary)
August	1962	Listed on the First Section of the Osaka Securities Exchange (In July 2013, with the integration of the Tokyo and Osaka stock exchanges, the First Section of the Osaka Securities Exchange was merged with that of the Tokyo Stock Exchange)
November	1974	Established Hokkaido Thermal Power Construction Co., Ltd. (currently, Hokkaido Power Engineering Company, Incorporated)
July	1982	Established The Tomatoh Coal Center Co., Inc. (currently a consolidated subsidiary)
December	1982	Established Hokkai Hydro Power Co., Ltd. (currently HOKUDEN ECO-ENERGY Co., Ltd., a consolidated subsidiary)
April	1989	Established Hokkaido Telecommunication Network Co., Inc. (currently a consolidated subsidiary)
June	1991	Established IST Hokkaido Co., Ltd. (currently Hokuden Information Technology, Inc., a consolidated subsidiary)
October	1993	Shares of Hokkai Electrical Construction Co., Ltd. (established in October 1944) listed on the Sapporo Securities Exchange
April	2002	Tomakomai Joint Power Generation Co., Ltd. and Hokkaido Plant Service Co., Ltd. merged with the latter as the surviving company, (currently, Hokkaido Power Engineering Company, Incorporated, a consolidated subsidiary)
August	2004	Hokkaido Keiki Kogyo Co., Ltd. became a wholly owned subsidiary through a share exchange
March	2006	Hokkaido Telecommunication Network Co., Inc. became a wholly owned subsidiary through a share exchange
April	2019	Established Hokkaido Electric Power Network, Incorporated's predecessor in preparation for the separation of the transmission and distribution business
April	2020	Legal separation of power transmission and distribution business by transfer of such business to Hokkaido Electric Power Network, Incorporated through a company split

Overview of the Group

The Company had ten consolidated subsidiaries, five unconsolidated subsidiaries (of which two was accounted for by the equity method) and ten associates (of which four were accounted for by the equity method) (as of 30 June 2025). The Company is engaged in the power generation and retail electricity business, and its principal subsidiary, Hokkaido Electric Power Network, is engaged in the general power transmission and distribution business as well as in power generation projects on remote islands. Other subsidiaries and affiliates of the Company engage in power generation, general transmission and distribution, retail, and information and telecommunications businesses.

The following diagram sets out the relationship among the Group companies and its customers:



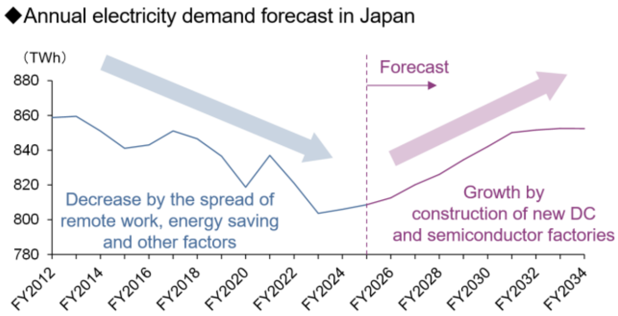
The Group divides its business into two reportable segments, namely: (i) Hokkaido Electric Power, and (ii) Hokkaido Electric Power Network, and businesses not included in the reportable segments are reported as the "Others" segment. For the fiscal year ended 31 March 2025, the Group's operating revenues, operating income and profit attributable to owners of the parent were ¥902,053 million, ¥75,838 million and ¥64,218 million, respectively. For the three-month period ended 30 June 2025, the Group's operating revenues, operating income and profit attributable to owners of the parent were ¥202,497 million, ¥43,898 million and ¥30,775 million, respectively.

Strengths

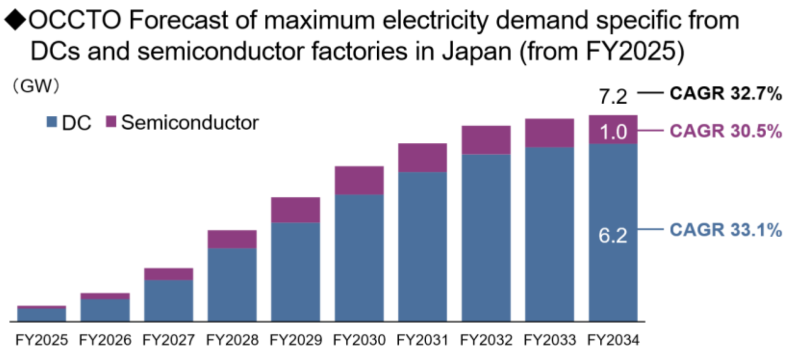
A solid business foundation in Hokkaido, where demand for electricity is expected to grow sustainably

Whilst electricity demand in Japan had continued to decline due to population decline and the adoption of power and energy saving, domestic demand for electricity increased for the first time in 20 years in 2024 as a result of increased industrial demand, mainly in the semiconductor and generative AI industries, supported by the Japanese government's policy.

The following chart is based on the 2025 demand projections for Japan and specific service areas from the OCCTO and sets out annual energy demand in Japan for periods up to FY2023, an estimated amount for FY2024 and forecasts for future periods.



The following, also based on the same data from OCCTO, sets out a forecast of increase in electricity demand from DCs and semiconductor foundries for the periods indicated.

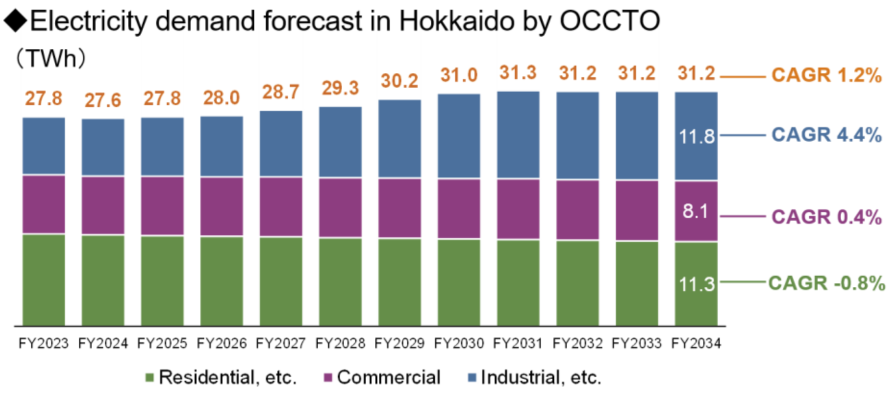


Note:
(1) "CAGR" stands for compound annual growth rate (between FY2025 and FY2034).

Hokkaido, the base of the Group's business, is one of Japan's leading concentration centres for next-generation industries such as DCs. In addition to its locational advantages, such as a cool climate that greatly contributes to energy conservation and carbon neutrality in DCs and the availability of renewable energy, the region is closer in geographical terms to North America and Europe compared to other parts of East Asia, and there are plans for the laying of international optical submarine cables in the future. According to prefectural data, as of 30 June 2025, there were 45 DCs located throughout the prefecture, and further growth is being promoted, which will bring demand for sustainable power.

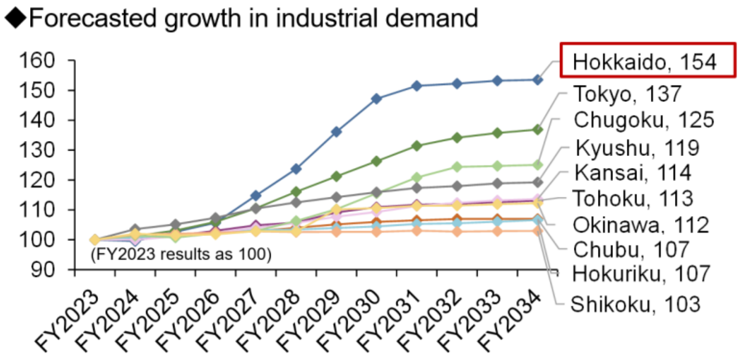
For example, major Japanese companies have invested in the company Rapidus Corporation, which was established to become a mass production base for next-generation semiconductors, and which is expected to receive investment for the development of the next-generation semiconductor plant called "IIM". IIM is expected to generate 600MW of electricity according to the 2025 demand projections for Japan.

The same OCCTO data has been used to prepare the following charts, which set out annual energy demand in Hokkaido for FY2023, an estimated amount for FY2024 and forecasts for future periods.



Note:

(1) "CAGR" stands for compound annual growth rate (between FY2023 and FY2034).



Note:

(1) The above table indicates the industrial demand in the principal service areas of each of the Specified Electric Utilities.

In addition, the Group believes that Hokkaido has significant development potential in solar, onshore and offshore wind power and this potential is supported by the Japanese government, with Hokkaido having the highest number of what are known as "priority development zones" in respect of offshore wind power in Japan, with five major areas being selected.

Diversified and highly competitive power supply portfolio

Balanced power portfolio

The Company owns approximately 8.2GW of power generation facilities in Hokkaido, including approximately 2.1GW of nuclear power generation facilities and approximately 1.6GW of hydroelectric power generation facilities.

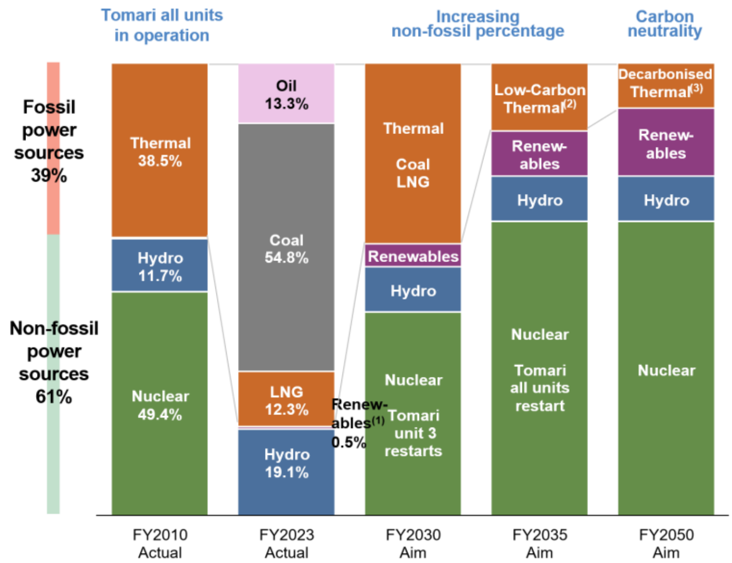
The Group is currently developing various other power generation facilities, including, a hydroelectric power plant, additional port units in the Ishikari Bay, and an LNG-fired power plant. In particular, the port units at Ishikari Bay are important power sources for decarbonisation and for securing capacity that can contribute to the expansion of renewable energy. Those units have also won bids at the LDPR Auction (see "The Japanese Electric Power Industry—Overview of the Industry—New Power Markets—LDPR Auction").

Potential to increase the ratio of non-fossil fuel power sources

In the fiscal year ended 31 March 2011, when three units at Tomari Nuclear Power Station were in operation, the Group generated 61 per cent. of its power from non-fossil fuel sources. Following the Great East Japan Earthquake, operation at all three units at Tomari Nuclear Power Station have been halted, resulting in the Group having to rely more significantly on thermal power sources. At such time as operation at the units at Tomari Nuclear Power Station restarts, the Group expects to be able to significantly reduce its dependence on thermal power.

In addition, the Group is promoting the transition away from thermal power, in particular as the growing semiconductor and AI industries are demanding a supply of clean and stable power. The restart of operations at the Tomari Nuclear Power Station is expected to position the Group to be able to deliver on this demand.

The following chart illustrates the above progression, from the Group's pre-Great East Japan Earthquake power production, to its current position and includes the Group's targets for the future, based on the power output.



Notes:
(1) Renewables refers to solar, wind, geothermal and biomass power generation, but excludes hydropower.
(2) Low-carbon thermal refers to power generation utilising CCUS, LNG, and partial conversion to carbon-free fuels.
(3) Decarbonised thermal refers to power generation utilising CCUS and full-scale conversion to carbon-free fuels.

Benefit of transition from fossil fuels

As described above, the Group is seeking, and has the necessary infrastructure to significantly transition away from thermal power production by increasing its use of nuclear power. The generation cost for nuclear power generation is lower than that of thermal power plants. Accordingly, a reduction in the Group's dependence on thermal power due to the restart of nuclear power plants is expected to reduce fuel costs and contribute to the improvement of its ability to generate cash flow.

Strategy

An Image of 2035

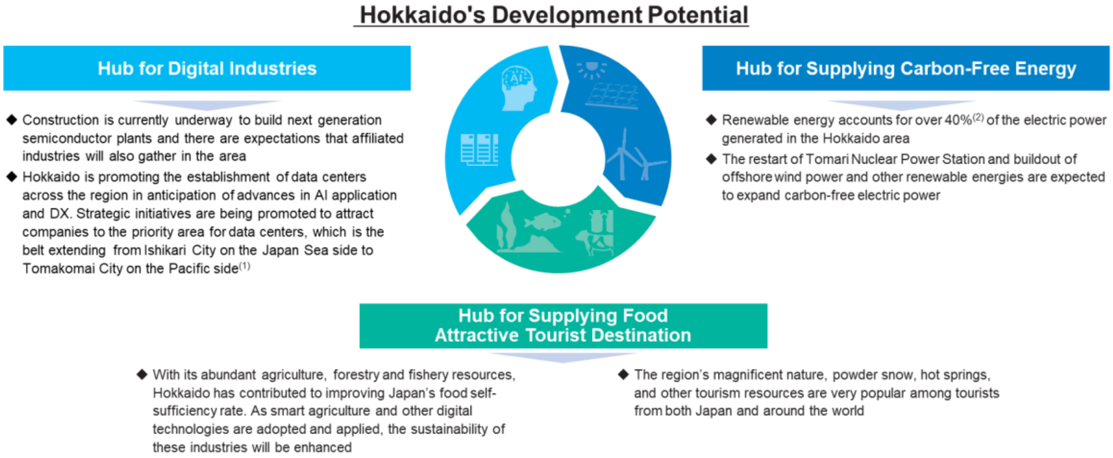
The Group believes that in order to realise a sustainable and affluent society by 2050, climate change measures and economic security will become increasingly important in the next 10 years, and consistent responses will be necessary. In addition, the effects of the declining and ageing population in Japan are also expected to become apparent, which may have a negative impact on daily life.

The Group believes that responses to these social issues can be facilitated by, among others, a stable supply of energy, the foundation of a digital society, the progress of decarbonisation, and the permeation of digital technologies such as AI and robotics. The Group intends to contribute to the realisation of this image of 2035 by utilising the potential of Hokkaido to solve issues.

Hokkaido's potential for development

Japan's GX policy aims to achieve economic growth and strengthen international industrial competitiveness through the use of decarbonisation-related technologies and digital technologies such as AI, in addition to stable energy supplies and decarbonisation. In Hokkaido, further growth of the digital industry is expected along with the expansion of decarbonised electricity.

The Group considers Hokkaido to be a hub for the digital industry, decarbonised energy and food supply as well as an attractive tourist destination. Aiming to achieve growth in the Group's business and the development of Hokkaido, the Group's mission is (a) "Challenge to realise GX for the development of Hokkaido", (b) Challenge to create new value, and (c) "Strengthening the management base for sustainable growth".



Notes:
(1) Sourced from the "Research Group on Localized Power Demand Growth and Power Transmission and Distribution Networks (Part3)".
(2) Ratio of power (kWh) generated in FY2023.

Group Management Vision 2035

The plans for further developments in Hokkaido, such as next-generation semiconductor factory and a large DC for the digital industry are positive developments for the Group. However, the aging and declining population will continue to pose challenges for the maintenance of public services and social infrastructure due to labour shortages. Against this backdrop, in March 2025, the Group formulated the Group Management Vision 2035 as the Group's vision for 2035 in order for the Group to grow strongly together with Hokkaido. The Group aims to achieve its management goals by developing initiatives based on the management themes set forth in this vision.

Operations

Overview

The Group divides its business into two reportable segments, namely: (i) Hokkaido Electric Power, and (ii) Hokkaido Electric Power Network, and businesses not included in the reportable segments are reported as the "Others" segment.

The following tables set out (i) the Group's sales to outside customers by segment, together with the percentages of such sales as a percentage of consolidated operating revenues, (ii) the Group's operating revenues (including intersegment sales or transfers) by segment, and (iii) the Group's segment profit or loss (being ordinary income or loss by segment), in each case for the fiscal years ended 31 March 2023, 2024 and 2025:

	Fiscal Year Ended 31 March					
	2023		2024		2025	
	Sales	Proportion	Sales	Proportion	Sales	Proportion
	(Millions of yen for Sales, Per cent. for Proportion)					
Sales to Outside Customers						
Reportable Segments:						
Hokkaido Electric Power ...	¥687,225	77.3%	¥791,992	83.0%	¥730,209	80.9%
Hokkaido Electric Power Network	150,031	16.9	124,700	13.1	131,126	14.6
Others	51,618	5.8	37,091	3.9	40,717	4.5
Total operating revenues.......	¥888,874	100.0%	¥953,784	100.0%	¥902,053	100.0%

	Fiscal Year Ended 31 March		
	2023	2024	2025
	(Millions of yen)		
Operating Revenues (including intersegment sales or transfers)			
Reportable Segments:			
Hokkaido Electric Power	¥779,676	¥861,640	¥788,051
Hokkaido Electric Power Network	347,960	313,795	321,189
Others	155,128	154,980	153,954
Subtotal	1,282,765	1,330,417	1,263,195
Reconciliations(1)	(393,891)	(376,632)	(361,142)
Total operating revenues	¥888,874	¥953,784	¥902,053

Note:
(1) Includes intersegment eliminations.

	Fiscal Year Ended 31 March		
	2023	2024	2025
	(Millions of yen)		
Segment Profit (Loss)			
Reportable Segments:			
Hokkaido Electric Power	¥(34,471)	¥68,961	¥53,689
Hokkaido Electric Power Network	(3,352)	10,666	1,115
Others	9,309	11,592	12,172
Subtotal	(28,514)	91,220	66,977
Reconciliations(1)	(737)	(3,904)	(2,926)
Segment profit (loss)	¥(29,251)	¥87,315	¥64,051

Note:
(1) Includes intersegment eliminations.

The following tables set out (i) the Group's sales to outside customers by segment, together with the percentages of such sales as a percentage of consolidated operating revenues, (ii) the Group's operating revenues (including intersegment sales or transfers) by segment, and (iii) the Group's segment profit or loss (being ordinary income or loss by segment), in each case for the three-month periods ended 30 June 2024 and 2025:

	Three-Month Period Ended 30 June			
	2024		2025	
	Sales	Proportion	Sales	Proportion
	(Millions of yen for Sales, Per cent. for Proportion)			
Sales to Outside Customers				
Reportable Segments:				
Hokkaido Electric Power	¥165,818	81.9%	¥162,266	80.1%
Hokkaido Electric Power Network	28,181	13.9	29,592	14.6
Others	8,569	4.2	10,639	5.3
Total operating revenues	¥202,569	100.0%	¥202,497	100.0%

	Three-Month Period Ended 30 June	
	2024	2025
	(Millions of yen)	
Operating Revenues (including intersegment sales or transfers)		
Reportable Segments:		
Hokkaido Electric Power	¥180,958	¥175,377
Hokkaido Electric Power Network	73,805	72,904
Others	26,417	30,480
Subtotal	281,181	278,762
Reconciliations(1)	(78,611)	(76,265)
Total operating revenues	¥202,569	¥202,497

Note:
(1) Includes intersegment eliminations.

	Three-Month Period Ended 30 June	
	2024	2025
	(Millions of yen)	
Segment Profit (Loss)		
Reportable Segments:		
Hokkaido Electric Power	¥30,849	¥37,334
Hokkaido Electric Power Network	2,871	4,486
Others	1,216	1,967
Subtotal	34,936	43,787
Reconciliations[1]	(1,763)	(2,129)
Segment profit (loss)	¥33,172	¥41,658

Note:

(1) Includes intersegment eliminations.

The following table sets out certain information with respect to the significant properties, plant and equipment of the Company by type of facility as of 31 March 2025:

Type of Facility	Description of Facility	Land[1]	Buildings	Machinery and Equipment	Intersegment Eliminations	Total
			Book Value			
		(Millions of yen, except land areas owned/leased)				
Hydroelectric power generation facilities	No. of plants: 50 Authorised maximum capacity: 1,639,520kW	[3,793,855] (93,856,237) ¥1,951	¥3,018	¥182,178	¥(1,066)	¥186,081
Thermal (steam) power generation facilities[2]	No. of plants: 7 Authorised maximum capacity: 4,469,400kW	[572,816] (2,409,374) 25,250	13,522	121,488	(226)	160,035
Nuclear power generation facilities	No. of plants: 1 Authorised maximum capacity: 2,070,000kW	[163,548] (2,353,428) 20,582	23,318	64,465	(1,296)	107,069
Business facilities	No. of facilities: Head office: 1 Branches: 8	[22,274] (598,311) 834	4,247	8,078	60	13,220

Notes:

(1) Figures in square parentheses and round parentheses in this column are land areas leased and land areas owned in square metres, respectively. Land areas leased do not include areas leased among companies consolidated within the Group.

(2) Thermal (steam) power generation facilities include details of two dormant facilities, namely Naie Power Station (authorised maximum capacity: 350,000kW) and Date Power Station (authorised maximum capacity: 700,000kW).

The following table sets out certain information with respect to the significant properties, plant and equipment of Hokkaido Electric Power Network, the principal consolidated subsidiary of the Company, as of 31 March 2025:

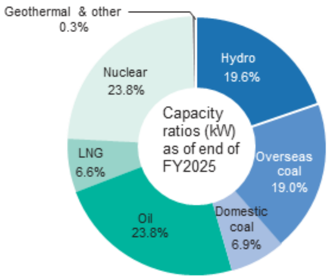
Type of Facility	Description of Facility	Land[1]	Buildings	Machinery and Equipment	Intersegment Eliminations	Total
			Book Value			
		(Millions of yen, except land areas owned/leased)				
Transmission facilities	Overhead transmission lines: Route length: 8,014km Circuit length: 12,454km Underground transmission lines: Route length: 403km Circuit length: 756km No. of supports: 44,752	[98,829,820] (5,172,662) ¥14,440	¥903	¥165,635	¥(661)	¥180,317
Transformation facilities	No. of substations: 397 Authorised capacity: 24,566,200kVA Phase modifying equipment capacity: 3,080,783kVA No. of conversion stations: 2	[221,293] (2,943,214) 15,517	13,259	79,446	(398)	107,824

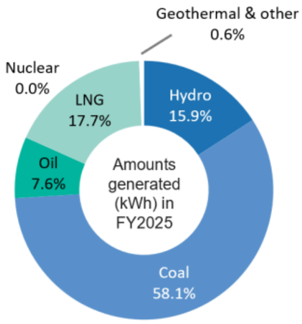
Type of Facility	Description of Facility	Land[1]	Book Value: Buildings	Book Value: Machinery and Equipment	Book Value: Intersegment Eliminations	Book Value: Total
		(Millions of yen, except land areas owned/leased)				
Distribution facilities............	Authorised capacity: 600,000kW Overhead distribution lines: Route length: 66,639km Circuit length: 237,352km Underground distribution lines: Route length: 1,791km Circuit length: 2,144km No. of supports: 1,486,051 No. of transformers: 561,343 Capacity of transformers: 19,700,460kVA No. of network centres: 9	[1,842] (12,321) 112	273	309,142	(3,527)	306,001
Business facilities	Head office: 1 Branches: 10 Network centres: 28	[461,549] (359,796) 3,906	7,809	13,887	19	25,622

Note:
(1) Figures in square parentheses and round parentheses in this column are land areas leased and land areas owned in square metres, respectively. Land areas leased do not include areas leased among companies consolidated within the Group.

Hokkaido Electric Power

The operations of the Group's Hokkaido Electric Power segment includes the Group's fuel procurement and power generation operations, including the acquisition of fuel sources, the operation of power generation facilities, and the sale of electricity. In the fiscal year ended 31 March 2025, the Company's power generation capacity and the power generated amounted to 8.35 million kW and 19.2 TWh, respectively, with the breakdown by power source as set out in the below diagrams:





The following table sets out certain data relating to power generated and received by the Company for the periods indicated:

	Fiscal Year Ended 31 March 2023	Fiscal Year Ended 31 March 2024	Fiscal Year Ended 31 March 2025	Three-Month Period Ended 30 June 2024	Three-Month Period Ended 30 June 2025
	(Millions of kWh)				
Power Generated and Received					
Generated:					
Hydroelectric..	3,832	3,597	2,992	1,027	1,280
Thermal	16,487	15,382	16,167	2,926	3,086
Nuclear...	—	—	—	—	—
Renewable energy sources......................	111	104	117	36	29
Power purchased from other operators (net)[1]	13,732	17,925	17,427	4,162	4,258
Power used for pumped storage[2].................	(375)	(321)	(451)	(200)	(170)
Total power generated and received[3]	33,787	36,687	36,252	7,951	8,482
Volume of electricity sales[4]	31,080	33,949	33,570	7,591	8,090

Notes:
(1) The amount of power purchased from other operators includes electricity purchased from consolidated subsidiaries and associates accounted for by the equity method.
(2) Power used for pumped storage is the electric power used to pump water for reservoir operations at pumped-storage power stations.
(3) The difference between the total power generated and received and the volume of electricity sales is the amount of electricity lost, among others.
(4) The amount of volume of electricity sales includes sales to other operators.

Power Generation

The following tables set out an overview of the Company's major power generation facilities as of 31 March 2025:

Hydroelectric

Name of Power Station	Authorised Maximum Capacity (kW)	Water System	Type
Uryu	51,000[(1)]	Ishikari River	Dam waterway formula type
Hoheikyo	51,900	Ishikari River	Dam waterway formula type
Takisato	57,000	Ishikari River	Dam waterway formula type
Niikappu	200,000	Niikappu River	Mixed pumped storage
Takami	200,000	Shizunai River	Mixed pumped storage
Kyogoku	400,000	Shiribetsu River	Pumped storage

Note:
(1) Authorised capacity of 8,000kW at normal times.

The Company believes that pumped storage hydroelectric power plants, which can be started up and shut down quickly and handle load fluctuations, may play a greater role in power generation in the future. The Company is currently constructing a new pure pumped storage hydropower unit at its Kyogoku power station, and will make a decision on when to place it in service while keeping a close watch on future demand and supply conditions (with the expectation for it to commence operation in the fiscal year ending 31 March 2036 or later).

Thermal

Coal

Name of Power Station	Authorised Maximum Capacity (kW)	Commencement of Commercial Operation	Principal Fuel	Type
Sunagawa Unit 3[(1)]	125,000	June 1977	Coal	Subcritical steam pressure
Sunagawa Unit 4[(1)]	125,000	May 1982	Coal	Subcritical steam pressure
Naie Unit 1[(1)(2)]	175,000	May 1968	Coal	Subcritical steam pressure
Naie Unit 2[(1)(2)]	175,000	February 1970	Coal	Subcritical steam pressure
Tomatoh-Atsuma Unit 1	350,000	October 1980	Coal	Subcritical steam pressure
Tomatoh-Atsuma Unit 2	600,000	October 1985	Coal	Supercritical steam pressure
Tomatoh-Atsuma Unit 4	700,000	June 2002	Coal	Ultra-supercritical steam pressure

Notes:
(1) Planned for decommissioning in March 2027.
(2) Suspended in March 2019.

In April 2024, Tomatoh-Atsuma Unit 4 made a successful bid at the LDPR Auction for its fuel conversion to coal/ammonia for its decarbonisation. As the Naie Power Station and Sunagawa Power Station facilities have aged significantly, major equipment upgrades are required to maintain stable operation; as such, the Company plans to decommission them at the end of March 2027. As of the end of June 2025, there are no plans to build new coal-fired power stations.

Oil and Gas

Name of Power Station	Authorised Maximum Capacity (kW)	Commencement of Commercial Operation	Principal Fuel	Type
Tomakomai Unit 1	250,000	November 1973	Heavy crude oil, natural gas	Steam turbine
Date Unit 1[(1)]	350,000	November 1978	Heavy oil	Steam turbine
Date Unit 2[(2)]	350,000	March 1980	Heavy oil	Steam turbine
Shiriuchi Unit 1.............................	350,000	December 1983	Heavy oil	Steam turbine
Shiriuchi Unit 2.............................	350,000	September 1998	Heavy oil	Steam turbine
Ishikariwan Shinko Unit 1	569,400	February 2019	LNG	Combined cycle

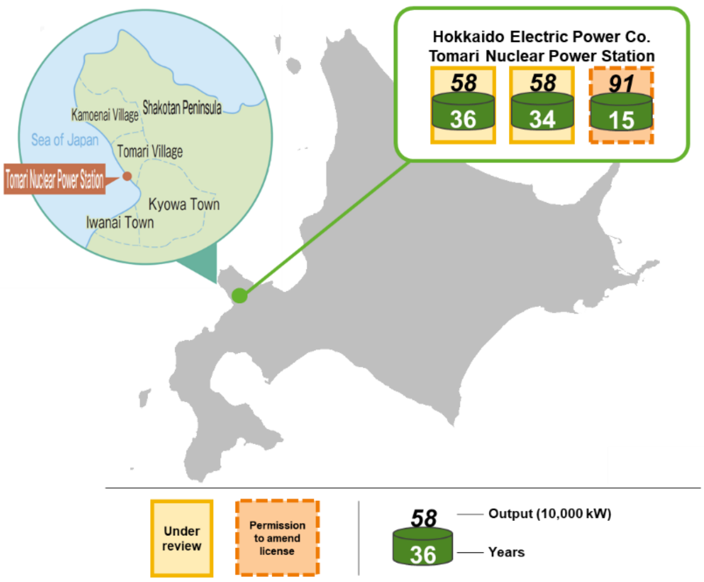
Notes:
(1) Suspended in December 2023.
(2) Suspended in April 2024.

The capacity factor of the Date Power Station has declined with introduction of Ishikariwan Shinko Thermal Power Station Unit 1 and the installation and expansion of renewable energies. In addition, long-term operation has significantly aged the power generation facility and fuel pipeline. As such, Date Power Station Unit 1 was suspended in December 2023 and Unit 2 was suspended in April 2024.

The Company is currently planning to construct new LNG-powered thermal power generation facilities in Ishikariwan Shinko, with the initial planned commencement dates for construction for Unit 2 in May 2027, and Unit 3 in March 2034, each with an authorised maximum capacity of 569,400kW. However, having taken into account the projected demand increases in the Hokkaido area, the Company determined it necessary to accelerate the start date for Ishikariwan Shinko Unit 2. As such, the Company bid and won its first LDPR auction, setting operation to start in the fiscal year ending 31 March 2031.The start date for operation of Unit 3, has also been accelerated to the fiscal year ending 31 March 2034.

Nuclear

Tomari Nuclear Power Station is located along the coastline of Tomari village on the west side of Hokkaido. Units 1 through 3 utilise light-water moderated, light water cooled and pressurised water reactors.



Set out below are certain data relating to Tomari Nuclear Power Station:

Name of Power Station	Authorised Maximum Capacity (kW)	Commencement of Commercial Operation[(1)]	Type
Tomari Unit 1	579,000	June 1989	Pressurised water reactor

Name of Power Station	Authorised Maximum Capacity (kW)	Commencement of Commercial Operation[(1)]	Type
Tomari Unit 2	579,000	April 1991	Pressurised water reactor
Tomari Unit 3	912,000	December 2009	Pressurised water reactor

Note:

(1) All of the Company's nuclear power stations are currently not in operation.

In the fiscal year ended 31 March 2011, when Tomari Nuclear Power Station was in operation, the Company's power output was generated based on 38.5 per cent. thermal (oil, coal and LNG) power, 11.7 per cent. on hydroelectric power and 49.4 per cent. nuclear power. The Group estimates based on fiscal year ended 31 March 2024 figures that, if Unit 3 of Tomari Nuclear Power Station were restarted, approximately 35 per cent. of the electricity generated from thermal power would have been replaced by nuclear power generation, potentially reducing fuel costs. If all units of the Tomari Nuclear Power Station were restarted, approximately 79 per cent. of the electricity generated from thermal power would have been replaced by nuclear power generation, potentially reducing fuel costs even further. See "—Status of Nuclear Power Stations" below for further details for the procedures for restarting Tomari Nuclear Power Station.

Sales

The following table sets out certain data relating to the Company's electricity sales for the periods indicated:

	Fiscal Year Ended 31 March			Three-Month Period Ended 30 June	
	2023	**2024**	**2025**	**2024**	**2025**
Volume of Electricity Sales (in millions of kWh):					
Retail electricity sales:					
Low-voltage:					
Residential (lighting)	8,057	8,024	7,805	1,825	1,774
Commercial and industrial	1,905	1,827	1,764	340	332
High-voltage/ultra-high voltage	13,413	13,620	13,160	2,957	2,859
Sub-total[(1)]	23,375	23,471	22,729	5,122	4,965
Others[(2)]	557	315	71	22	14
Total	23,932	23,786	22,800	5,144	4,979
Sales to other operators	7,148	10,163	10,770	2,447	3,111
Total electricity sales	31,080	33,949	33,570	7,591	8,090
Revenues from the Electricity Business[(3)] (In millions of yen):					
Retail (lighting, commercial and industrial) ..	¥617,878	¥612,713	¥599,222	¥135,572	¥137,019
Sales to other operators	142,914	173,721	176,925	37,087	37,420
Transmission revenue	45,438	42,158	43,285	9,256	11,304

Notes:

(1) Sub-total shows the electricity sales of the Company only.

(2) Others comprise electricity sales of Hokkaido Electric Power Network. For the fiscal years ended 31 March 2023 and 2024, the subtotal also includes the electricity sales of Hokkaido Electric Power Co-creation Co., Ltd., which was merged into the Company on 1 October 2023.

(3) Comprises fee revenues of the Company and Hokkaido Electric Power Network and, for the fiscal years ended 31 March 2023 and 2024, Hokkaido Electric Power Co-creation Co., Ltd. (which was merged into the Company on 1 October 2023), after inter-company eliminations.

(4) Electricity rates were discounted based on the discounted unit prices set by the Japanese government pursuant to the "Measures to Mitigate Sudden Changes in Electricity and Gas Prices" based on the "Comprehensive Economic Measures to Overcome Rising Commodity Prices and Achieve Economic Revitalisation" and the "Comprehensive Economic Measures to Overcome Deflation Completely", and the amounts of subsidies received as funds for such discounting have been accounted for as "electricity business miscellaneous income", and not included in the above table.

Fuel Procurement

The Company's principal supply requirements comprise purchase of fuel for operation of its power stations. With regard to obtaining its supply of fuel, the Company considers factors such as price, quality, amount of reserves, political situation of the supplier country and the stability of the transportation routes as a whole, with a view to ensuring stable supply of electricity to its customers.

The Company purchases coal, fuel oil, crude oil and LNG principally for the purposes of operation of its thermal power stations. When the Company is operating its nuclear power stations, it also expects to purchase nuclear fuel for the purposes of generating power in such stations.

The following table sets out the breakdown of certain of the Company's fuel costs for the periods indicated:

	Fiscal Year Ended 31 March		
	2023	2024	2025
		(Millions of yen)	
Total fuel costs	¥276,132	¥212,232	¥172,124
Of which:			
Coal	151,019	132,894	104,150
Oil	85,407	45,495	24,103
LNG	37,328	31,308	41,677
Auxiliary heat cost and steam charges	2,084	2,242	1,902
Coal conveying costs and transportation costs	292	291	289

The following table sets out certain data relating to certain principal supplies purchased and used by the Company and Hokkaido Electric Power Network for the periods indicated, and the amount in inventory as of the dates indicated:

	Coal	Heavy Oil	LNG
	(Tonnes)	(Kilolitres)	(Tonnes)
Amount in inventory as of 31 March 2022	342,915	85,055	84,135
Purchased during the fiscal year ended 31 March 2023	4,082,442	967,826	344,084
Used during the fiscal year ended 31 March 2023	3,612,064	885,051	365,908
Amount in inventory as of 31 March 2023	813,293	167,830	62,310
Purchased during the fiscal year ended 31 March 2024	3,612,319	467,930	400,325
Used during the fiscal year ended 31 March 2024	3,880,953	507,233	328,516
Amount in inventory as of 31 March 2024	544,659	128,527	134,119
Purchased during the fiscal year ended 31 March 2025	4,150,570	321,786	454,421
Used during the fiscal year ended 31 March 2025	4,071,554	280,990	461,569
Amount in inventory as of 31 March 2025	623,675	169,323	126,971

Status of Nuclear Power Stations

In July 2013, new regulatory standards for safety assurance at nuclear power stations were enacted. The new regulatory standards set criteria for design, among others, of the equipment that are more stringent than previous regulations, and newly incorporate measures to cope with severe accidents involving damage to reactor cores or comparable emergency in the light of the Fukushima Daiichi Nuclear Power Station accident.

With respect to the Tomari Nuclear Power Station, the Group submitted a supplement to the application for the approval of the construction plan on 10 July 2025 and obtained approval regarding the application for permission to change the reactor installation of Unit 3 on 30 July 2025. Safety enhancement works are also ongoing and in particular the construction of new seawall as new tsunami countermeasures commenced in March 2024.

Certain new regulatory standards set by the Japanese government require installation of Specified Severe Accident Management Facilities ("SSAMFs"). An SSAMF is a facility with functions to prevent damage to the nuclear reactor containment vessel in the event that the nuclear reactor's core is severely damaged due to the loss of the reactor's cooling ability caused by the deliberate collision of a large aircraft with the nuclear reactor's building or any other act of terrorism. The Company submitted its proposals with respect to the construction of an SSAMF at its Tomari Nuclear Power Station Unit 3 in 2015, and is in the process of construction. The deadline for installing an SSAMF is within five years from the date on which approval is granted by the NRA for constructions plans to make changes to the major facilities relating to the relevant nuclear power station to conform to the new regulatory standards.

In addition, in April 2025, the Group was successful in making a bid to the LDPR Auction with respect to Tomari Nuclear Power Station Unit 3. As mentioned in "The Japanese Electric Power Industry—Overview of the Industry—New Power Markets—LDPR Auction", while the Group will be able to receive, after the commencement of power supply by Tomari Nuclear Power Station Unit 3 for a certain period specified in the bid, a revenue from OCCTO based on the expected fixed costs of such power station specified by the Company at the time of bidding, it will need to pay to OCCTO approximately 90 per cent. of the actual profit (after deducting variable costs (mainly fuel costs)) received from the customers purchasing electricity from Tomari Nuclear Power Station Unit 3 during such period, which may affect the profitability of the operation of such power station.

Hokkaido Electric Power Network

Following the legal separation of the transmission and distribution business, Hokkaido Electric Power Network has been undertaking the business of power transmission and distribution since 1 April 2020. Hokkaido Electric Power Network is the sole operator of regulated transmission and distribution business in the Hokkaido region.

Hokkaido Electric Power Network's business includes maintaining the electricity supply and demand balances for areas serviced by the Group, undertaking power transmission, maintenance and operation of substations, as well as constructing and maintaining transmission and distribution equipment. The business provides a stable source of revenue for the Group especially following the introduction of the revenue cap system in April 2023. See "—Overview" above for information relating to Hokkaido Electric Power Network's principal property, plant and equipment.

According to materials published by the Electricity and Gas Market Surveillance Commission, the Group's transmission and distribution business reported a total power outage volume of 29.0 MWh for the fiscal year ended 31 March 2024, excluding outages caused by external factors such as natural disasters.

Transmission and distribution companies in Japan such as Hokkaido Electric Power Network collect wheeling service charges from retail sellers of electricity ("retailers") each month as usage fees for the transmission and distribution networks. Wheeling service charges are collected from the consumer through the retailer.

In April 2023, the Japanese government introduced a new wheeling system, the revenue cap system, with the aim to help transmission and distribution companies in Japan to balance necessary investments to upgrade its grid to deal with the changes in power generation mix and to build a resilient network, with improved cost efficiency. Transmission and distribution companies are required to create a five-year plan that incorporates investments in the network for stable energy supply and renewable energy expansion. This plan is reviewed by the Japanese government using statistical methods, among others. The transmission and distribution company then implements the plan, with the aim of benefiting the company through cost reduction, and the achievements gained through the plan are assessed by the government, and 50 per cent. of the cost savings achieved by the company is deducted from the wheeling service charges in the following five years.

The Group is systematically proceeding to construct new facilities, including new substations, with a view to enabling it to deliver the electricity that customers want when they need it. With the Eniwa-Chitose area generally expected to become the site of new semiconductor plants and other facilities, the Group has decided to construct the Minami-Chitose Underground Line (tentative name) and Minami-Chitose Substation, and is proceeding with preparations for construction of these facilities.

Other

The other businesses of the Group include electrical and telecommunications works, comprehensive real estate management, civil engineering and construction works, periodic inspection, maintenance and repair work of power plants, and the telecommunications business.

The Group also engages in the gas supply business, principally through offering packages combining electricity and city gas supply.

Competition

In Japan, after World War II, the securing of large-scale electric power supply and electricity supply for the regions of Japan was achieved through regional monopolisation of the former General Electric Utilities which had carried out electric power generation through to retail supply. However, from 1995, amidst the major trend of overall deregulation in society and introduction of the principle of competition, phased liberalisation has been introduced to the electric power business. Since March 2000, liberalisation of retail electricity sales has gradually progressed, with the full-scale liberalisation of participation in retail electricity sales having commenced in April 2016.

With the full-scale liberalisation of retail electricity sales and deregulation of wholesale regulations having commenced in April 2016, competition in retail sales of electricity has continued to develop, as the number of registered electricity retailers has continued to rise since liberalisation. In addition, the legal separation of transmission and distribution from vertically integrated businesses in April 2020 resulted in the spin-off of new transmission and distribution companies from the former General Electric Utilities. The Group recognises that competition for customers may occur not only from new entrants into the industry who are able to procure supply of electricity from wholesale electric power exchange and others, but also from other Specified Electric Utilities which may attempt to enter into the regional market in which the Group's business is principally based.

Research and Development

The total amount of research and development costs for the fiscal year ended 31 March 2025 was ¥2,239 million (of which, ¥2,128 million related to the Hokkaido Electric Power segment, ¥95 million related to the Hokkaido Electric Power Network segment, and ¥15 million related to the "Other" segment). Research and development costs of the Company include research and development commissioned by Hokkaido Electric Power Network.

Research and development within the Group is carried out mainly by the Company's Research & Development Centre, with priority being placed on research and development based on the Group's management plan. The main research and development activities for the fiscal year ended 31 March 2025 were as follows.

- *Initiatives to develop technologies that contribute to the stable supply of electricity and the reduction of equipment maintenance costs*: the Group is working to reduce equipment renewal and maintenance costs by evaluating damage and remaining life of metallic materials at power plants and improving welding repair technology, and to improve the sophistication and efficiency of inspection work using drones.

- *Initiatives for research that will lead to expansion of business domains, such as carbon neutrality*: the Group is studying the construction of a domestic green hydrogen supply chain in the western Tomakomai area of Hokkaido, and researching the EV charging business for the efficient use of energy in the transportation sector.

In addition, the Group is engaged in research for carbon neutrality in cooperation with local communities, such as the development of seaweed growth technology for the blue carbon business and the promotion of biomass popularisation.

The following table shows the Group's expenditure on research and development activities and their percentages of consolidated operating revenues for the periods indicated:

	Fiscal Year Ended 31 March		
	2023	**2024**	**2025**
	(Millions of yen / Per cent.)		
Total research and development costs	¥2,345	¥2,277	¥2,239
Percentage of consolidated operating revenues.................	0.3%	0.2%	0.2%

Regulations

The Company is regulated principally under the Electricity Business Act. The Electricity Business Act is the law regulating electricity suppliers in Japan, and the principal governmental authority responsible for the supervision of such electricity suppliers is the METI.

This section includes a description of the regulations applicable to Specified Electric Utilities (in this section, meaning persons who were General Electric Utilities as defined in the Electricity Business Act prior to its revision by the Second Stage Revision Act (as defined below); the business of such General Electric Utilities includes all of the electricity generation business, general power transmission and distribution business, and retail electricity sales business as defined in the Electricity Business Act), including the Company. This section also includes an outline of electricity industry regulations applicable to Japanese electricity suppliers and regulations applicable to persons who have installed nuclear power reactors. In addition, this section provides a description of environmental regulations applicable to electricity suppliers in Japan.

In this "—Regulations" section, the term "electric power facilities" means machinery, equipment, dams, waterways, reservoirs, transmission lines and other facilities installed for generation, storage, transformation, transmission, distribution or use of electricity (excluding those installed in vessels, vehicles or aircraft, and others prescribed by a cabinet order).

Regulation of Electricity Business

Any person who engages in the electricity generation business, general power transmission and distribution business or retail electricity sales business is mainly subject to the following regulations in accordance with the Electricity Business Act.

Electricity Generation Business Operators

Any person who intends to become an electricity generation business operator (meaning a person who engages in electricity generation business conducted using electric power facilities for power generation of a certain size or larger) must file a notification with the METI concerning its planned engagement in the electricity generation business.

If an electricity generation business operator has agreed to generate and supply electricity for the general power transmission and distribution business and electricity distribution business operators using electric power facilities for power generation which it maintains and operates, it may not refuse to generate and supply electricity without a justifiable reason.

General Power Transmission and Distribution Business Operators

Licensing Requirement to Engage in General Power Transmission and Distribution Business

Any person who intends to become a general power transmission and distribution business operator (meaning a person who affects the supply-demand balance in its entire service area by providing wheeling service and other services in that area using electric power facilities for power transmission and distribution which it maintains and operates) must obtain a licence from the METI to engage in the general power transmission and distribution business.

A licence to be a general power transmission and distribution business operator may not be granted unless certain conditions are met, including that the planned general power transmission and distribution will meet demand in its service area.

The METI has the authority to revoke this licence if, among others, the relevant general power transmission and distribution business operator violates any provision of the Electricity Business Act or any order issued thereunder resulting, in the METI's judgment, in harm to the public interest.

Regulation of Corporate Reorganisation

Transfer or acquisition of a general power transmission and distribution business in its entirety, as well as consolidation, merger or corporate split (but only where the general power transmission and distribution business is transferred in its entirety to another entity through a corporate split), by a general power transmission and distribution business operator will not be effective unless such transaction is approved by the METI.

Generally, if a general power transmission and distribution business operator intends to transfer, or create any right other than the right of ownership (such as a security interest) in, certain facilities used for its general power transmission and distribution business, it must file a prior notification with the METI.

If a general power transmission and distribution business operator intends to suspend or terminate all or any part of its general power transmission and distribution business, it must obtain permission from the METI. Furthermore, a resolution of the general meeting of shareholders to dissolve a general power transmission and distribution business operator will not be effective unless and until it is approved by the METI.

Regulation of General Power Transmission and Distribution Business

A general power transmission and distribution business operator may not refuse to provide wheeling service and other services in its service area without a justifiable reason. In addition, a general power transmission and distribution business operator may not refuse to provide last resort service (meaning electricity supply to customers who are unable to receive electricity supply from retail electricity sales business operators or other businesses within the service area) and isolated island service (meaning electricity supply to customers located on isolated islands or in other remote areas within the service area) without a justifiable reason. In such cases, a general power transmission and distribution business operator must formulate supply conditions and supply electricity pursuant to both the terms and conditions of final resort service and of isolated island service filed with METI. In addition, a general power transmission and distribution business operator must supply electricity to customers located on isolated islands or in other remote areas at rates similar to those in areas other than such isolated islands or other remote areas in accordance with terms and conditions filed with the METI (terms and conditions for electricity supply on isolated islands or in other remote areas) (universal service on isolated islands or in other remote areas).

Regulation Concerning Terms and Conditions of Electricity Wheeling Service

General power transmission and distribution business operators must calculate the expected income (income forecast) necessary for the efficient and proper operation of wheeling service and other services and obtain approval from the METI. Additionally, within the scope that does not exceed this income forecast, they must formulate terms and conditions of wheeling service and obtain approval from the METI for rates and other terms and conditions of wheeling service and other services in their service areas. However, it is sufficient just to file a notification with the METI in the case of any amendments to such terms and conditions that change rates within the range of the income forecast and in other cases that are unlikely to jeopardise the interests of retail customers. General power transmission and distribution business operators may not provide wheeling service pursuant to any supply conditions other than the terms and conditions of wheel service approved by the METI.

If the METI judges that any rate or other term or condition of wheeling service or other services by any general power transmission and distribution business operator has become materially inappropriate due to any change in social or economic conditions and that such situation hinders the promotion of the public interest, the METI may order such general power transmission and distribution business operator to apply for approval to change the rates and other terms and conditions of its electricity supply.

Restrictions on Concurrent Business Engagement of General Power Transmission and Distribution Business

General power transmission and distribution business operators may not, in principle, engage in retail electricity sales business, electricity generation business or specified wholesale supply business, unless they have obtained a licence from the METI as such business is, in the METI's judgment, particularly necessary to secure the interests of electricity users within their service areas.

Restrictions on Concurrent Positions

A director or executive officer of a general power transmission and distribution business operator may not serve concurrently as a director, executive officer, other officer who executes business (each, a "Relevant Officer") or employee of a specified related business operator (*i.e.*, a retail electricity sales business operator, electricity generation business operator or specified wholesale supplier that is a subsidiary of the general power transmission and distribution business operator, parent company or parent company's subsidiary, etc. (other than the general power transmission and distribution business operator), or a person who substantially controls the management of such a business operator) of such general power transmission and distribution business operator, unless holding multiple positions is unlikely to impede fair competition among electricity suppliers. An employee of a general power transmission and distribution business operator may not serve concurrently as a Relevant Officer of a specified related business operator of such general power transmission and distribution business operator.

Retail Electricity Sales Business Operators

Any person who intends to become a retail electricity sales business operator (meaning a person who engages in the retail electricity sales business, which supplies electricity to meet general demand, but excluding any portion of its business falling within the definitions of either general power transmission and distribution business or electricity generation business) must register with the METI to engage in the retail electricity sales business.

Retail electricity sales business operators must secure the supply capacity necessary to meet the electricity demand of the recipients of their retail supply, except where there is any justifiable reason. The METI must refuse to register persons who are unlikely to secure such supply capacity, and other persons who are considered inappropriate to protect the interests of electricity users, for engagement in the retail electricity sales business.

The retail electricity sales business of Specified Electric Utilities, including the Company, continues to be subject to the obligation, in general, to supply electricity to low-voltage sector customers that receive standard voltage of 100 volts or 200 volts in single-phase or three-phase and the regulation of retail electricity rates as a transitional measure for a certain period of time until fair competition among retail electricity sales business operators is ensured. METI will decide whether to lift such regulation after reviewing, approximately once a year from 2019, the judgment of the Electricity and Gas Market Surveillance Commission as to whether fair competition among retail electricity sales business operators has been ensured.

Surveillance of Electricity Suppliers by the Electricity and Gas Market Surveillance Commission

Pursuant to the Third Stage Revision Act (as defined below), the Electricity Market Surveillance Commission was established on 1 September 2015 (and reorganised as the Electricity and Gas Market Surveillance Commission on 1 April 2016) to, among other things, monitor electricity transactions and enforce conduct restrictions. It has been authorised by the METI to request reports from and conduct on-site inspections of electricity suppliers in connection with ensuring proper electricity transactions, and may make necessary recommendations to electricity suppliers when it deems it necessary to ensure proper electricity transactions.

Preferential Rights (Abolished due to the expiration of transitional measures)

Holders of bonds issued by the end of March 2025 by general power transmission and distribution business operators, including the Company, power transmission business operators, electricity generation business operators and their respective parent companies accredited by the METI have the right to receive payment of their claims from the company's property in preference to the other unsecured creditors (preferential right). Such right is subject to certain general preferential rights prescribed by the Civil Code. As the third stage of the amendment to the Electricity Business Act, which took effect on 1 April 2020, has abolished the provision of such preferential rights for bonds, and as the transitional period has expired, bonds, including the Bonds issued by the Company from April 2025 onwards will be unsecured.

The preferential rights granted to loans made by DBJ to Specified Electric Utilities were abolished as a result of the enforcement of the Third Stage Revision Act on 1 April 2020. However, the preferential rights in connection with the loans made by DBJ to Specified Electric Utilities prior to such abolition will remain effective.

Regulation Relating to Security

Any person who has installed electric power facilities for business use (an "Electric Power Facility Installer"), including the Company, must maintain its electric power facilities for business use in conformity with technical standards prescribed by an ordinance of the competent ministry under the Electricity Business Act.

If an Electric Power Facility Installer intends to conduct any construction to install or change its electric power facilities for business use, it must generally file a notification with the principal governmental authority with respect to its plan for the construction.

Any Electric Power Facility Installer must establish security rules relating to the construction, maintenance and operation of electric power facilities for business use, and file the security rules with the principal governmental authority in advance of commencement of use or, as the case may be, construction of the relevant electric power facilities for business use.

An Electric Power Facility Installer is required to conduct self-inspections of its electric power facilities for business use before using them. In addition, an Electric Power Facility Installer is required to conduct periodic self-inspections of certain material electric power facilities including boilers and turbines used for power generation. For example, steam turbines in thermal power stations must be inspected every four years and boilers every two years.

Regulation Relating to Specified Essential Infrastructure Service Providers

Under the Promotion of Ensuring National Security through Integrated Implementation of Economic Measures Act (Act No. 43 of 2022, as amended), any person who has been designated as a business operator who engages in specified essential infrastructure services and meets a certain criteria (a "Specified Essential Infrastructure Service Provider"), under which the Company and Hokkaido Electric Power Network fall, and intends to introduce a specified critical facility or entrust a third party with the critical maintenance and management of such facility must file a prior notification of the introduction or entrustment plan with the competent minister. The proposed introduction or entrustment may not be implemented until 30 days have passed from the date of receipt of the notice by the competent minister. In addition, in certain cases, the competent minister may recommend or order any modification or abandonment of the proposed introduction or entrustment.

Regulation of Nuclear Power Generation

Regulation Relating to Installation, Operation and Decommissioning

Nuclear power reactors (including Tomari Nuclear Power Station Units 1, 2 and 3 owned by the Company) are subject to more stringent regulations than those imposed on other types of electric power stations, principally under the Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors (the "Act on Regulation of Reactors, etc.").

Any person who has installed a nuclear power reactor (a "Nuclear Power Reactor Installer"), including the Company, must maintain its nuclear power reactor in conformity with technical standards under the Act on Regulation of Reactors, etc. Following the accident at TEPCO's Fukushima Daiichi Nuclear Power Station, new regulatory standards for nuclear power stations were established in 2013 to develop countermeasures against, among others, severe accidents. This introduced a system which reflects the latest technical knowledge in its standards from time to time and requires existing facilities to conform to such evolving standards (the so-called "back-fit" system). If technical standards for safety are strengthened to reflect the latest technical knowledge, the Company may be required to take additional safety measures for its nuclear power reactors within the transitional period, and, even after the transitional period, to suspend operation of its nuclear power reactors until the Company complies with this requirement.

If a Nuclear Power Reactor Installer intends to conduct any work to install or change a nuclear power reactor, it must obtain prior permission or approval from the NRA. In addition, a Nuclear Power Reactor Installer must establish security rules relating to measures necessary for security purposes, and obtain approval from the NRA.

In addition to a pre-operational inspection, a Nuclear Power Reactor Installer must also conduct an operator inspection of the facilities of nuclear power stations, and have the status of such inspection verified by the NRA. The nuclear power reactor may not resume commercial operation until such inspection has been completed.

Many nuclear power reactors in Japan are currently subject to suspension of operation, mainly because they must satisfy the new and more stringent regulatory standards referred to above. However, all of Tomari Nuclear Power Station Units 1, 2 and 3, which are owned by the Company, are not in operation. To date, 14 power station units have obtained the three principal permissions or approvals required under such standards to recommence operation, namely permission for amendment of installation of a nuclear power reactor, approval of construction plans and approval of amendment of security rules, and have recommenced operation.

Even after the resumption of operations, a Nuclear Power Reactor Installer must also conduct a pre-operation inspection and a periodic operator inspection of the facilities at the nuclear power stations, and most of these pre-operation and periodic inspections are carried out while the plant is in a shutdown state, and commercial operations cannot commence until compliance with the technical standards is confirmed through these inspections. The NRA will, among other things, verify the status of the periodic operator inspection conducted by a Nuclear Power Reactor Installer, and the status of the nuclear power reactor's compliance with the technical standard under the Act on Regulation of Reactors, etc., and may, if necessary, order the Nuclear Power Reactor Installer to suspend the use of or rebuild the nuclear power reactor and its incidental facilities or take any other measures necessary for security reasons.

The operational life of a nuclear power reactor is set at 40 years from the commencement of its operation. Pursuant to the revision of the Electricity Business Act, the Act on Regulation of Reactors, etc., and other relevant laws in accordance with the so-called GX Decarbonized Power Sources Act, which took effect in June 2025, the operational life limitation and the safety regulations for ageing management are distinguished. Specifically, with respect to the operational life limitation, the above-mentioned maximum 20-year extension of nuclear power reactor's operation is possible by approval of the METI pursuant to the Electricity Business Act. Since the period during which a nuclear power reactor is shut down due to an event unforeseeable by a nuclear operator, such as changes in the system or operation of safety regulations due to revisions of laws and regulations following the Great East Japan Earthquake, or the time required to respond to a court's provisional disposition order, is no longer included in the "operational life" above, a nuclear power reactor may be in operation for more than 60 years from the commencement of its operation. In addition, as part of safety regulations of ageing management, if a Nuclear Power Reactor Installer intends to operate a nuclear power reactor for more than 30 years from the commencement of its operation as of June 2025, pursuant to the Act on Regulation of Reactors, etc., it must formulate a long-term facility management plan and obtain approval from the NRA every 10 years or less.

If a Nuclear Power Reactor Installer intends to decommission a nuclear power reactor, it must prepare a decommissioning plan in advance and obtain approval from the NRA.

Other

Any person who has installed a nuclear power station, including the Company, may enter into an agreement with local communities around the nuclear power station to ensure the safety of residents of that area, among others.

For example, pursuant to an agreement among the Company, Hokkaido Prefecture, Tomari Village, Kyowa Town, Iwanai Town, and Kamoenai Village concerning the safety and preservation of the environment around the Tomari Nuclear Power Station, the Company is required, in its maintenance and operation of the nuclear power station, to take all possible measures to prevent pollution of the surrounding environments of, and to ensure the safety of local residents in the vicinity of, the nuclear power station. In addition, if the Company intends to construct, make changes to, or abolish its reactor facilities or their related major facilities, the Company must consult with and obtain the prior consent of Hokkaido Prefecture, Tomari Village, Kyowa Town, Iwanai Town, and Kamoenai Village. If Hokkaido Prefecture considers it necessary for the proper implementation of the matters provided for in the agreement, they may request the Company to submit a report or may conduct on-site investigations. Tomari Village, Kyowa Town, Iwanai Town and Kamoenai Village may, if they consider it necessary for the proper implementation of the matters provided for in the agreement, conduct an on-site investigation.

Compensation Scheme for Nuclear Damage

The following compensation scheme for nuclear damage has been established for the purpose of, among others, aiding the victims of nuclear accidents should they occur.

First, the Nuclear Damage Compensation Act imposes, in principle, unlimited and no-fault liability on nuclear operators (including the Company) to compensate for any nuclear damage, and puts the liability entirely on nuclear operators (it stipulates that no person other than the nuclear operator bearing the liability for compensation will assume any liability to victims, and that any related business operators that provide nuclear operators with equipment or other items will be released from compensation claims of victims).

In addition, to ensure that compensation liability will be satisfied promptly and consistently, the law requires nuclear operators to take measures to compensate for nuclear damage, including execution of a nuclear damage liability insurance contract and a nuclear damage compensation and indemnification contract in the prescribed compensation amount (in the case of a nuclear power reactor with thermal power exceeding 10,000 kW, the maximum compensation amount of ¥120 billion based on the current Nuclear Damage Compensation Act) as calculated per facility (nuclear power station). Based on such requirement, the Company has executed a nuclear damage liability insurance contract and a nuclear damage compensation and indemnification contract with a compensation amount of ¥120 billion per facility (nuclear power station).

If any nuclear damage exceeding the compensation amount occurs, the nuclear operator liable for the damage may apply to the NDF for financial support to cover compensation costs pursuant to the Nuclear Damage Compensation and Decommissioning Facilitation Corporation Act. The NDF decides whether to provide the nuclear operator with financial support to cover compensation costs, and if so, the content and amount of such financial support. The Nuclear Damage Compensation and Decommissioning Facilitation Corporation Act requires nuclear operators to make a general contribution (*ippan futankin*) each year to pay costs of the NDF's operations.

Regulation Relating to Reprocessing of Spent Nuclear Fuel and Decommissioning

Pursuant to the Spent Nuclear Fuel Reprocessing and Decommissioning Promotion Act, Nuclear Reprocessing Organization of Japan, an accredited corporation which reprocesses or otherwise handles spent nuclear fuel, has been established (it was reorganised to Nuclear Reprocessing and Decommissioning Facilitation Organization of Japan (NuRO) in April 2024). Any person who has installed a nuclear power reactor for commercial use, including the Company, must contribute to NuRO funds necessary for, among others, the reprocessing of spent nuclear fuel and related MOx (Mixed-Oxide) fuel processing business and disposal of radioactive waste in accordance with the act.

Environmental Regulation

As business operators engaged in public services, electricity suppliers are required to conduct their business activities subject to various laws relating to environmental regulation.

Global environmental preservation measures include the Act on Promotion of Global Warming Countermeasures, which requires measures to reduce CO_2 emissions, the Act Concerning the Promotion of a Smooth Transition to a Decarbonized Economic Structure, which sets forth the introduction of levy on fossil fuels from fiscal year 2028 and the phased introduction of paid auctions in the emissions trading system for electricity generation business operators from fiscal year 2033, the Act on the Promotion of Environmentally Friendly Use of Energy Sources and Effective Use of Fossil Energy Materials by Energy Suppliers, the main purpose of which is to promote the use of non-fossil energy sources by retail business operators, the Act on Rationalization of Energy Use and Shift to Non-fossil Energy, which is intended to urge electricity generation business operators to improve the power generation efficiency of thermal power generation, and a feed-in tariff (FIT) scheme for renewable energy, which obligates electricity suppliers and general power transmission and distribution business operators to purchase electricity generated from renewable energy sources at such price and for such period as designated by the central government, and a FIP system that adds a certain premium to the selling price of electricity generated from renewable energy sources. In addition, in order to achieve carbon neutrality by 2050, the laws and the system review referred to above have been conducted.

Legal regulations as to the preservation of communities and living environments include the Air Pollution Control Act, the Water Pollution Control Act and the Noise Regulation Act, under which direct emission standards may be applied to the maintenance and operation of facilities.

Legal regulations to create a recycling-oriented society include the Waste Management and Public Cleansing Act, the Act on Special Measures Concerning Promotion of Proper Treatment of Polychlorinated Biphenyl Wastes, which set forth methods of treating wastes, including PCBs, the Act on the Promotion of Effective Utilization of Resources, and the Act on Special Measures Concerning the Promotion of Electricity Generated from Renewable Energy.

Legal regulations relating to the installation or modification of facilities such as large-scale electric power facilities include the Environmental Impact Assessment Act. This Act provides that no person may start constructing a large-scale electric power facility which is likely to materially affect the environment, unless it obtains permission after environmental impact assessment procedures. In addition, development regulations such as those based on the Natural Parks Act, which are intended to conserve the natural environment, may be applied.

Moreover, many local governments have their own environmental regulations, which may include more stringent regulations than those under the laws above.

Electricity System Reform

The Act on the Partial Revision of the Electricity Business Act, which was enacted on 13 November 2013 (the "First Stage Revision Act"), sets forth (i) a series of general provisions for implementing a three-phase progressive reform of the electricity system, based on which the Second Stage Revision Act and Third Stage Revision Act (as referred to below) have been enacted, and (ii) specific provisions of the first phase reform as referred to below.

The general provisions were intended to ensure a stable electricity supply, reduce electricity rates to the maximum extent possible and broaden options for customers and business opportunities in the electricity supply business, and to advance a three-phase reform comprised of three major pillars: (i) establishment of an entity named the OCCTO, which will be responsible for adjusting the supply-demand balance on a nationwide basis and other functions, (ii) fully deregulating the retail electricity sales and electricity generation sectors, and (iii) further promoting neutrality of the transmission/distribution business with respect to specified distribution business operator through legislation-based separation (measures which prohibit the same legal entity from engaging in both the power transmission and distribution business and the retail electricity sales or wholesale electricity business), while providing for comprehensive inspection of each phase to solve any issues and for necessary actions based on the results of these inspections.

Then, as the second phase of the reform, the Act on the Partial Revision of the Electricity Business Act, etc. (the "Second Stage Revision Act") was enacted on 11 June 2014. This law, which contains measures necessary to fully deregulate participation in retail electricity sales, came into force on 1 April 2016.

Furthermore, as the third phase of the reform, the Act on the Partial Revision, etc. of the Electricity Business Act, etc. (the "Third Stage Revision Act") was enacted on 17 June 2015, under which a legislation-based separation of the power transmission and distribution business from the retail electricity sales business and electricity generation business became effective as of 1 April 2020. Thereafter, if it is determined that customers' interests would not be inhibited given the progress of competitive environment, the regulation of retail electricity rates per supply area will be removed.

Act on the Protection of Personal Information

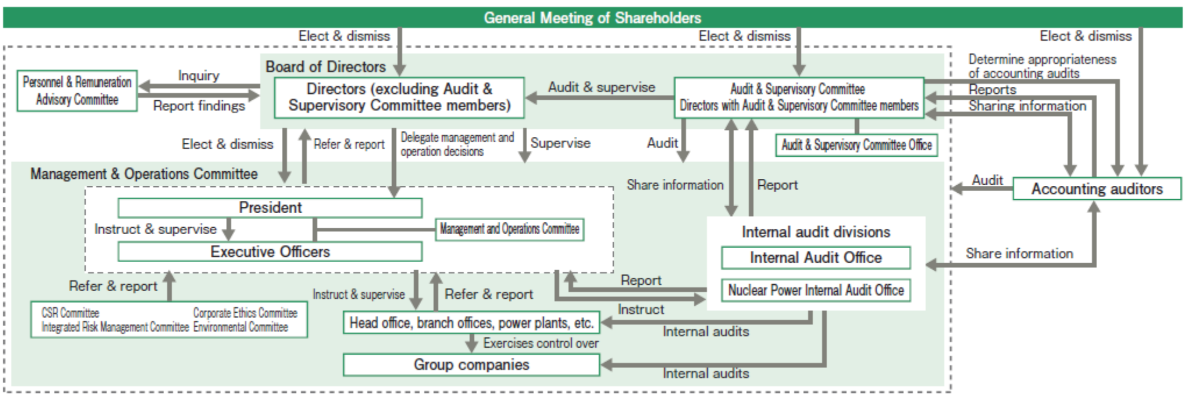
The Group receives and manages personal information from a large number of customers, especially in connection with its electricity supply. The Act on the Protection of Personal Information and its related rules, regulations and guidelines impose various requirements on businesses, including the Group, that use databases containing personal information, such as appropriate custody of such information and restrictions on information sharing with third parties.

Corporate Governance

Based upon the Group's management philosophy mandating "respect for humanity", "contributions to local communities", and "efficient management", the Group recognises that it cannot develop unless the community enjoys sustained development, and the Group will make sure that it fulfils its responsibility as a member of society and provides electric power and services, and endeavours to achieve sustainable growth and enhance corporate value.

In order to promote such efforts for increasing corporate value, the Group will actively strive to implement the following basic policies based on its fundamental belief that it is essential that the Group works to enhance corporate governance that supports transparent, fair, quick and decisive decision-making while giving due consideration to: (i) appropriate cooperation with shareholders; (ii) appropriate cooperation with stakeholders other than shareholders; (iii) assurance of appropriate information disclosure and transparency; and (iv) responsibilities of the Board of Directors.

The Group believes that it is efficient to have a system where management and business execution are integrated and has accordingly adopted the corporate system with the Audit & Supervisory Committee. Moreover, the Group has set up a system of operating officers to strengthen decision-making and supervision performed by directors as well as to expedite and make business execution more efficient.



Sustainability

Group Aim for Carbon Neutrality by 2050

The Group is taking on the challenge of reducing its supply chain emissions across each of Scope 1, Scope 2 and Scope 3 of the Greenhouse Gas Protocol (a widely used greenhouse gas accounting standard), with a view to achieving carbon neutrality in Hokkaido as a whole by 2050.

The Group is focusing on the further development of renewable energy, the early restart of the Tomari Nuclear Power Station for nuclear power generation, promoting the introduction of non-fossil power sources, and promoting efforts that contribute to decarbonisation, such as hydrogen production. The Group is also seeking to expand electrification and use hydrogen to convert energy from fossil fuels.

Response to thermal transitions

Going forward, the Group intends to continue to transition away from ageing oil and coal-fired power plants for the purpose of securing a stable supply, economic efficiency, and protecting the global environment. During the transition period, while continuing to use thermal power generation using fossil fuels, the Group will work to decarbonise its thermal power generation processes including by utilising innovative new technologies such as hydrogen, ammonia and carbon capture.

Build a next-generation power network

As a suitable location for renewable energy, Hokkaido is expected to continue to introduce renewable energy in the future. In addition to strengthening resilience to avoid large-scale, long-term power outages, the Group is working to build a next-generation power network to balance stable supply with the expansion of the introduction of renewable energy so that the Group can contribute to the realisation of carbon neutrality.

Construction has begun to increase the capacity of the interconnection line between Hokkaido and the main island of Japan (Honshu) by 300,000kW, targeting the start of operation in March 2028. Following the start of operations, the line is expected to facilitate the introduction of renewable energy, strengthen resilience, and revitalise electricity trading across a wide area.

Insurance

The Group maintains insurance policies against accidents and disasters with respect to, among others, facilities related to its electricity supply business, where it deems necessary. These policies include coverage against fires, explosions and other incidents in respect of certain power generators, as well as in respect of nuclear assets at the Tomari Nuclear Power Station. The Group does not have insurance policies in respect of earthquakes.

For compensatory damage payable by any nuclear power generation facility operators pursuant to the Nuclear Damage Compensation and Decommissioning Facilitation Corporation Act, see "—Regulations—Regulation of Nuclear Power Generation—Compensation Scheme for Nuclear Damage".

Legal Proceedings

The Group is currently involved in certain legal disputes and proceedings that have arisen during its normal course of business. The Group also from time to time faces other legal proceedings, and is currently involved in legal proceedings relating to the Company's nuclear power stations, including requests for injunctions for the cessation of their operations. Should any such proceedings against the Company turn out to be successful, that could materially adversely affect the Group's business, financial condition or results of operations. Apart from the above, the Group is not involved in any litigation or other legal proceedings that it believes would individually or in the aggregate have a material adverse effect on the Group's business, financial condition or results of operations.

MANAGEMENT AND EMPLOYEES

Management

The Company's Board of Directors have ultimate responsibility for the management and administration of the affairs of the Company. The Company's Board of Directors make decisions on the execution of important business matters of the Company stipulated in laws and regulations, the Articles of Incorporation and the Company's internal rules. In addition, through reports from Directors regarding the execution of business, the Board of Directors monitors the execution of their duties. The Company's articles of incorporation provide for no more than 18 Directors, including no more than six Directors who are Audit and Supervisory Committee Members. As of the date of this Offering Circular, the Company has 14 Directors, including five who qualify as Outside Directors under the Companies Act. The Company's Directors who are Audit and Supervisory Committee members may not serve concurrently as managers or as any other type of employee of the Company outside of their director role. The Company's Directors are elected at a general meeting of shareholders, with Directors who are Audit and Supervisory Committee Members elected separately from other Directors. The normal term of office of Directors expires at the close of the ordinary general meeting of shareholders held with respect to the fiscal year ending within one year after their appointment, and the term of office for Directors who are Audit and Supervisory Committee Members expires at the close of the ordinary general meeting of shareholders held with respect to the fiscal year ended within two years after their appointment.

The Company has established an Audit and Supervisory Committee as well as one voluntary committee, namely the Personnel and Remuneration Advisory Committee, each comprised entirely of Directors, the majority of which must qualify as Outside Directors. The roles of the Audit and Supervisory Committee and the Personnel and Remuneration Advisory Committee are as follows:

- the Audit and Supervisory Committee, which consists of six Directors, including four Outside Directors, conducts audits of the execution of duties by Directors (excluding Audit and Supervisory Committee Members), and formulates opinions on the appointment, dismissal and compensation of Directors. In addition, the Audit and Supervisory Committee receives reports from accounting auditors and internal audit divisions, discusses and makes resolutions on important matters related to audits stipulated in laws and regulations, the Articles of Incorporation and the Company's internal rules.

- the Personnel and Remuneration Advisory Committee, which consists of five Directors, including three Outside Directors, provides advice for making decisions on the nomination of Director candidates, the appointment and dismissal of executive officers, and Directors' compensation.

The Company is required to appoint and has appointed an independent auditor, who audits the financial statements to be submitted to the shareholders and preparing its audit report thereon. Currently, the Company's independent auditor is Ernst & Young ShinNihon LLC.

The Company's Directors and their committee memberships as of the date of this Offering Circular are set out in the table below:

Name	Title	Committee
Yutaka Fujii................................	Representative Director, Chairman of the Board	Personnel and Remuneration Advisory Committee
Susumu Saito..............................	Representative Director, Chief Executive Officer	Personnel and Remuneration Advisory Committee
Masahiro Ueno	Representative Director, Executive Vice President	
Tsuyoshi Kobayashi....................	Representative Director, Executive Vice President	
Kazuhiko Katsuumi	Director, Executive Officer	
Hiroshi Tsuchida	Director, Executive Officer	
Akito Niinuma............................	Director, Executive Officer	
Takeshi Yoshikawa(1)..................	Director	Personnel and Remuneration Advisory Committee
Hiroshi Ono................................	Director, Audit and Supervisory Committee Member	Audit and Supervisory Committee Member

Name	Title	Committee
Yuichi Tomaki............................	Director, Audit and Supervisory Committee Member	Audit and Supervisory Committee Member
Noriko Narita[(1)]............................	Director, Audit and Supervisory Committee Member	Audit and Supervisory Committee,
Iwao Takeuchi[(1)]..........................	Director, Audit and Supervisory Committee Member	Audit and Supervisory Committee,
Mitsuko Ukai[(1)]............................	Director, Audit and Supervisory Committee Member	Audit and Supervisory Committee, Personnel and Remuneration Advisory Committee
Toshifumi Igarashi[(1)]....................	Director, Audit and Supervisory Committee Member	Audit and Supervisory Committee, Personnel and Remuneration Advisory Committee

Note:
(1) Outside Director under the Companies Act.

All the Directors of the Company, other than the Outside Directors, are engaged in the business of the Company on a full-time basis.

The business address for the Company's Directors is 2, Odori Higashi 1-chome, Chuo-ku, Sapporo city, Hokkaido, Japan.

The aggregate remuneration of the Directors (excluding the Outside Directors and Audit and Supervisory Committee Members), the Audit and Supervisory Committee Members (excluding the Outside Directors) and the Outside Directors for the fiscal year ended 31 March 2025 paid by the Company was ¥329 million, ¥60 million and ¥41 million, respectively.

Under the Company's Articles of Incorporation, the Company may exempt its Directors, by resolution of the Board of Directors, from liabilities to the Company arising in connection with their failure to execute their duties in good faith and without gross negligence, within the limits stipulated by applicable laws and regulations. In addition, the Company's Articles of Incorporation provide that the Company may enter into liability limitation contracts with any of its Directors (excluding Directors who are delegated to execute operations) to limit the maximum amount of damages arising in connection with their failure to execute their duties in good faith and without gross negligence to the total amount stipulated in Article 425, Paragraph 1, Items 1 and 2 of the Companies Act.

As of 31 March 2025, no Director of the Company had an interest in any transaction which was unusual in its nature or conditions or significant to the Group's business which was effected by the Company. As of 31 March 2025, there were no outstanding loans granted by any company of the Group to the Company's Directors, and no guarantees provided by any company of the Group for the benefit of any of the Directors of the Company.

Board Benefit Trust

The Company has in place a board benefit trust ("BBT") compensation scheme targeting Directors (other than Outside Directors (excluding Directors who are Audit and Supervisory Committee members)) and executive officers. Under the BBT system, the Company's Shares will be acquired through a trustee (a trust bank) using the money contributed by the Company. During their term of office, eligible Directors or officers will be granted points determined according to (i) whether or not dividends are paid and (ii) the Group's performance that is linked to the degree of achievement of the relevant consolidated ordinary income target. After the retirement of the Director/officer, the Shares (some of which may be cash calculated by converting the Shares to market value) will be provided to the retiring person.

Employees

The following table sets out the number of full-time employees (excluding secondees to outside the Group and including secondees to the Group from outside) of the Group as of the dates indicated, according to reportable segments applicable to the dates indicated:

	As of 31 March		
	2023	2024	2025
Hokkaido Electric Power	2,315	2,257	2,302
Hokkaido Electric Power Network	2,685	2,645	2,703
Other	5,005	4,304	4,160
Total	10,005	9,206	9,165

The Company considers the Group's labour relations (including those with the relevant labour unions) to be good.

Stock Option Plans

The Company currently has no stock option plans.

SUBSIDIARIES AND AFFILIATES

The following table sets out certain information as of 31 March 2025 with respect to the Company's principal subsidiaries and associates accounted for by the equity method:

Name	Capital	Percentage of Voting Rights Held by the Company(1)	Business
	(Millions of yen)	(Per cent.)	
Consolidated Subsidiaries			
Hokkaido Electric Power Network, Incorporated	10,000	100.00	General power transmission and distribution business, power generation business on remote islands
HOKKAIDENKO CORPORATION...........................	1,730	55.80 (55.80)	Electrical and telecommunications construction
HOKUDEN KOGYO Co., Ltd..................................	95	100.00	Real estate management, civil engineering, and construction
Hokkaido Power Engineering Company, Incorporated.	1,660	100.00 (22.43)	Sale of electric power and periodic inspection, maintenance, and repair of power stations
The Tomatoh Coal Center Co., Inc.	5,000	59.30 (1.20)	Receipt, storage, and delivery of imported coal
HOKUDEN ECO-ENERGY Co., Ltd.	1,860	100.00	Sale of electric power
Hokuden Service Co., Inc.	50	100.00	Electricity meter reading, billing, energy-saving proposals
Hokkaido Telecommunication Network Co., Inc..........	5,900	100.00	Telecommunications
Hokuden Information Technology, Inc.	200	100.00 (10.00)	Planning and design of information processing systems and software development
Mori Binary Power LLC	100	60.00	Sale of electric power
Associates Accounted for by the Equity Method			
ISHIKARI LNG SAMBASHI K.K..............................	240	50.00	Leasing of LNG receiving facilities
Donan Hydroelectric LLC..	10	50.00	Sale of electric power
HEPCO and Arc Renewable Energy LLC....................	0(2)	50.00	Sale of electric power
Hokkaido Renewable Energy Aggregation Co., Ltd.	100	50.00	Sale of electric power

Notes:

(1) Figures in parentheses denote indirect holding.

(2) Although the amount is rounded to zero when presented in millions of yen, the actual amount is ¥100,000.

JAPANESE TAXATION

The following is a general description of certain aspects of Japanese tax treatment primarily in relation to payments *of principal of and interest on the Bonds. It does not purport to be a comprehensive description of the tax treatment of the Bonds. Prospective investors should note that, although the general tax information on Japanese taxation is described hereunder for convenience, the statements below are general in nature and not exhaustive.*

Prospective investors are advised to consult their own legal, tax, accountancy or other professional advisers in order to ascertain their particular circumstances regarding taxation. The statements below are based on the current tax laws and regulations of Japan and the current income tax treaties entered into by Japan all as in effect on the date of this Offering Circular and all of which are subject to change or differing interpretations (possibly with retroactive effect). Neither such statements nor any other statement in this Offering Circular are to be regarded as advice on the tax position of any holder or beneficial owner of the Bonds or any person subscribing for, purchasing, selling or otherwise dealing in the Bonds or any tax implication arising from the subscription for or purchase, sale or other dealings in respect of the Bonds.

The Bonds

The Bonds do not fall under the concept of so-called "taxable linked notes" as described in Article 6, Paragraph 4 of the Special Taxation Measures Act, *i.e.*, notes of which the amount of interest is to be calculated or determined by reference to certain indicators (as prescribed in the Cabinet Order) in respect of the issuer of such notes or any other person who has a special relationship with such issuer (that is, in general terms, a person who directly or indirectly controls or is directly or indirectly controlled by, or is directly or indirectly controlled by a person who also directly or indirectly controls, such issuer) as described in Article 6, Paragraph 4 of the Special Taxation Measures Act and Article 3-2-2, Paragraphs 5 to 7 of the Cabinet Order.

Representation by Investor upon Initial Distribution

By subscribing for the Bonds, an investor will be deemed to have represented that it is (i) a beneficial owner of the Bonds that is, for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation (a "Resident Holder"), nor (y) an individual non-resident of Japan or a non-Japanese corporation (a "Non-Resident Holder") that in either case is a Specially-Related Party of the Company or (ii) a Designated Financial Institution. The Bonds are not as part of the initial distribution by the Joint Lead Managers at any time to be directly or indirectly offered or sold to, or for the benefit of, any person other than (i) a beneficial owner of the Bonds that is, for Japanese tax purposes, neither (x) a Resident Holder, nor (y) a Non-Resident Holder that is a Specially-Related Party of the Company or (ii) a Designated Financial Institution.

Interest Payments on the Bonds

The following description of Japanese taxation (limited to national taxes) applies exclusively to interest on the Bonds, where the Bonds are issued by the Company outside Japan and payable outside Japan. It is not intended to be exhaustive and prospective purchasers are recommended to consult their tax advisers as to their exact tax position.

1. Non-Resident Holders that are not Specially-Related Parties of the Company

If the recipient of interest on the Bonds is a Non-Resident Holder for Japanese tax purposes, as described below, the Japanese tax consequences on such Non-Resident Holder are significantly different depending upon whether such Non-Resident Holder is a Specially-Related Party of the Company. Most importantly, if such Non-Resident Holder is a Specially-Related Party of the Company, income tax at the rate of 15.315 per cent. of the amount of such interest will be withheld by the Company under Japanese tax law.

(1) If the recipient of interest on the Bonds is a Non-Resident Holder that is not a Specially-Related Party of the Company having no permanent establishment within Japan or having a permanent establishment within Japan but where the receipt of the interest on the Bonds is not attributable to such permanent establishment, no Japanese income tax or corporate tax is payable with respect to such interest whether by way of withholding, deduction or otherwise, if such recipient complies with certain requirements, *inter alia*:

(i) if the relevant Bonds are held through certain participants in an international clearing organisation such as the Euroclear and Clearstream, Luxembourg or certain financial intermediaries prescribed by the Special Taxation Measures Act and the Cabinet Order (together with the ministerial ordinance and other regulations thereunder, the "Law") (each such participant or financial intermediary, a "Participant"), the requirement to provide, at the time of entrusting a Participant with the custody of the relevant Bonds, certain information (the "Interest Recipient Information") prescribed by the Law to enable the Participant to establish that the recipient is exempt from the requirement for Japanese tax to be withheld or deducted and to advise the Participant if such Non-Resident Holder ceases to be so exempted (including the case where it became a Specially-Related Party of the Company); and

(ii) if the relevant Bonds are not held through a Participant, the requirement to submit to the relevant paying agent a written application for tax exemption (*hikazei tekiyo shinkokusho*) (the "Written Application for Tax Exemption") together with certain documentary evidence.

Failure to comply with the foregoing requirements (including the case where the Interest Recipient Information is not duly communicated through a Participant or to the relevant paying agent as required under the Law) will result in the withholding by the Company of income tax at the rate of 15.315 per cent. of the amount of such interest.

(2) If the recipient of interest on the Bonds is a Non-Resident Holder having a permanent establishment within Japan and the receipt of interest is attributable to such permanent establishment, such interest will not be subject to a 15.315 per cent. withholding tax by the Company, if the recipient provides the Interest Recipient Information or submits the Written Application for Tax Exemption as set out in paragraph (1) above. Failure to do so will result in the withholding by the Company of income tax at the rate of 15.315 per cent. of the amount of such interest. The amount of such interest will be aggregated with the recipient's other Japanese source income and will be subject to regular income tax or corporate tax, as appropriate.

2. ***Resident Holders, and Non-Resident Holders that are Specially-Related Parties of the Company***

Payments of interest on the Bonds to be made to a Resident Holder (except for (a) a Designated Financial Institution which has complied with the requirements under Article 6 of the Special Taxation Measures Act and (b) a public corporation, a financial institution, a financial instruments business operator or certain other entity which has complied with the requirement for tax exemption under Article 3-3, Paragraph 6 of the Special Taxation Measures Act which has received interest through a payment handling agent in Japan as defined in Article 3-3, Paragraph 1 of the Special Taxation Measures Act and Article 2-2, Paragraph 2 of the Cabinet Order (a "Japanese Payment Handling Agent")) or to a Non-Resident Holder that is a Specially-Related Party of the Company will be subject to deduction in respect of Japanese income tax at the rate of 15.315 per cent.

Under the Law, if a Non-Resident Holder becomes a Specially-Related Party of the Company, and if such Bonds are held through a Participant, then such Non-Resident Holder is required to notify the Participant of such change in status by the immediately following interest payment date of the Bonds. As the status of such Non-Resident Holder as a Specially-Related Party of the Company for Japanese withholding tax purposes is determined based on the status as of the beginning of the fiscal year of the Company in which the relevant interest payment date falls, such Non-Resident Holder should, by such notification, identify and advise the Participant of the specific interest payment date on which Japanese withholding tax commences to apply with respect to such Non-Resident Holder as being a Specially-Related Party of the Company.

The Japanese withholding tax imposed upon interest on the Bonds paid to a Non-Resident Holder that is a Specially-Related Party of the Company as mentioned above may be reduced or exempted by an income tax treaty between Japan and the country of residence of such Non-Resident Holder in accordance with its terms.

Capital Gains, Stamp Tax and Other Similar Taxes, Inheritance Tax and Gift Tax

Gains derived from the sale or disposition of the Bonds outside Japan by a Non-Resident Holder having no permanent establishment within Japan are, in general, not subject to Japanese income tax or corporate tax.

No stamp, issue, registration or similar taxes or duties will, under current Japanese law, be payable in Japan by holders of the Bonds in connection with the issue of the Bonds, or will such taxes be payable by holders of the Bonds in connection with their transfer if such transfer takes place outside Japan.

Japanese inheritance tax or gift tax at progressive rates may be payable by an individual, wherever resident, who has acquired the Bonds from another individual as legatee, heir or donee.

SUBSCRIPTION AND SALE

Mizuho Securities Asia Limited, Daiwa Capital Markets Europe Limited, Morgan Stanley & Co. International plc and SMBC Bank International plc (together, the "Joint Lead Managers") have entered into a subscription agreement with the Company dated 27 August 2025 in respect of the Bonds (the "Subscription Agreement"), under which, subject to the satisfaction of certain conditions set out therein, the Joint Lead Managers have agreed severally but not jointly to subscribe for the Bonds at 100 per cent. of the principal amount of the Bonds, in the amounts described below:

Joint Lead Managers	Aggregate principal amount of the Bonds
Mizuho Securities Asia Limited	U.S.$245,000,000
Daiwa Capital Markets Europe Limited	85,000,000
Morgan Stanley & Co. International plc	85,000,000
SMBC Bank International plc	85,000,000
Total	U.S.$500,000,000

The Company has agreed to pay certain costs in connection with the issue and offering of the Bonds. The Joint Lead Managers are entitled to be released and discharged from their obligations under the Subscription Agreement or to terminate the Subscription Agreement in certain circumstances prior to payment to the Company as set out therein. The Company has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the issue and offering of the Bonds.

Selling Restrictions

United States

The Bonds have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Bonds have not been and will not be registered under the Securities Act or may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act. Each Joint Lead Manager has represented and agreed that it has not offered or sold and will not offer or sell the Bonds (i) as part of their distribution, at any time or (ii) otherwise, until 40 days after the later of the commencement of the offering of the Bonds and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and only in accordance with Rule 903 of Regulation S, and it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration to whom it sells the Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Bonds, an offer or sale of the Bonds within the United States by any dealer (whether or not participating in the offering of the Bonds) may violate the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S.

Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "EU MiFID II"); or

(ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation"); and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds.

Prohibition of Sales to UK Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA"); or

(ii) a customer within the meaning of the provisions of the Financial Services and Markets Act (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds.

Other United Kingdom Regulatory Restrictions

Each Joint Lead Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and it will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds or the Shares to be issued upon exercise of the Stock Acquisition Rights in circumstances in which section 21(1) of the FSMA does not apply to the Company; and

(b) it has complied with and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds or the Shares to be issued upon exercise of the Stock Acquisition Rights in, from or otherwise involving the United Kingdom.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Switzerland

This Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Bonds. The Bonds may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (the "FinSA") and no application has or will be made to admit the Bonds to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the Bonds constitutes a prospectus pursuant to the FinSA, and neither this Offering Circular nor any other offering or marketing material relating to the Bonds may be publicly distributed or otherwise made publicly available in Switzerland.

Japan

The Bonds have not been and will not be registered under the FIEA and are subject to the Special Taxation Measures Act. Each Joint Lead Manager has represented and agreed that, (I) it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any person resident in Japan for Japanese securities law purposes (including any corporation or entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of any person resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan; and, (II) it has not, directly or indirectly, offered or sold and will not, as part of its initial distribution at any time, directly or indirectly, offer or sell any Bonds to, or for the benefit of, any person other than (i) a beneficial owner that is, for Japanese tax purposes, neither (x) an individual resident of Japan or a Japanese corporation, nor (y) an individual non-resident of Japan or a non-Japanese corporation that in either case is a Specially-Related Party of the Company or (ii) a Japanese financial institution, designated in Article 3-2-2, Paragraph 29 of the Cabinet Order that will hold the Bonds for its own proprietary account.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Important Notice to CMIs (including Private Banks)

This notice to CMIs (including Private Banks) is a summary of certain obligations the Code imposes on CMIs, which require the attention and cooperation of other CMIs (including Private Banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the Code.

Prospective investors who are the directors, employees or major shareholders of the Company, a CMI or its group companies would be considered under the Code as having an Association with the Company, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for Bonds. In addition, Private Banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Company or any CMI (including its group companies) and inform the Joint Lead Managers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any UK MiFIR product governance language set out elsewhere in this Offering Circular.

CMIs should ensure that orders placed are *bona fide*, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for Bonds (except for omnibus orders where underlying investor information should be provided to the OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including Private Banks as the case may be) in the order book and book messages.

CMIs (including Private Banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Company. In addition, CMIs (including Private Banks) should not enter into arrangements which may result in prospective investors paying different prices for the Bonds.

The Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Joint Lead Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for Bonds, Private Banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private Banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the Code. Private Banks should be aware that placing an order on a "principal" basis may require the Joint Lead Managers to apply the "proprietary orders" requirements of the Code to such order and will require the Joint Lead Managers to apply the "rebates" requirements of the Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including Private Banks) that are subject to the Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). CMIs (including private banks) should contact the Joint Lead Managers to obtain details on what underlying investor information is required. Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the Code);
- Whether any underlying investor order is a duplicate order.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including Private Banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to the OCs; (B) that they have obtained the necessary consents from the underlying investors to disclose such information to the OCs. By submitting an order and providing such information to the OCs, each CMI (including Private Banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by the OCs and/or any other third parties as may be required by the Code, including to the Company, relevant regulators and/or any other third parties as may be required by the Code, for the purpose of complying with the Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Joint Lead Managers may be asked to demonstrate compliance with their obligations under the Code, and may request other CMIs (including Private Banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including Private Banks) are required to provide the relevant Joint Lead Manager with such evidence within the timeline requested.

By placing an order, prospective investors (including any underlying investors in relation to omnibus orders) are deemed to represent to the Joint Lead Managers that it is not a Sanctions Restricted Person. A "Sanctions Restricted Person" means an individual or entity (a "Person"): (a) that is, or is directly or indirectly owned or controlled by a Person that is, described or designated in (i) the most current "Specially Designated Nationals and Blocked Persons" list (which as of the date hereof can be found at: http://www.treasury.gov/ofac/downloads/sdnlist.pdf) or (ii) the Foreign Sanctions Evaders List (which as of the date hereof can be found at: http://www.treasury.gov/ofac/downloads/fse/fselist.pdf) or (iii) the most current "Consolidated list of persons, groups and entities subject to EU financial sanctions" (which as of the date hereof can be found at: https://data.europa.eu/data/datasets/consolidated-list-of-persons-groups-and-entities-subject-to-eu-financial-sanctions?locale=en); or (b) that is otherwise the subject of any sanctions administered or enforced by any Sanctions Authority, other than solely by virtue of the following (i) - (vi) to the extent that it will not result in violation of any sanctions by the CMIs: (i) their inclusion in the most current "Sectoral Sanctions Identifications" list (which as of the date hereof can be found at: https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf) (the "SSI List"), (ii) their inclusion in Annexes 3, 4, 5 and 6 of Council Regulation No. 833/2014, as amended by Council Regulation No. 960/2014 (the "EU Annexes"), (iii) their inclusion in any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes, (iv) them being the subject of restrictions imposed by the United States Department of Commerce's Bureau of Industry and Security ("BIS") under which BIS has restricted exports, re-exports or transfers of certain controlled goods, technology or software to such individuals or entities; (v) them being an entity listed in the Annex to the new Executive Order of 3 June 2021 entitled "Addressing the Threat from Securities Investments that Finance Certain Companies of the People's Republic of China" (known as the Non-SDN Chinese Military-Industrial Complex Companies List), which amends the Executive Order 13959 of 12 November 2020 entitled "Addressing the threat from Securities Investments that Finance Chinese Military Companies"; or (vi) them being subject to restrictions imposed on the operation of an online service, Internet application or other information or communication services in the United States directed at preventing a foreign government from accessing the data of U.S. persons; or (c) that is located, organized or a resident in a comprehensively sanctioned country or territory, including Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, the Donetsk's People's Republic or Luhansk People's Republic. "Sanctions Authority" means: (a) the United Nations; (b) the United States government; (c) the European Union (or any of its member states); (d) the United Kingdom; (e) the People's Republic of China; (f) any other equivalent governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; and (f) the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the United States Department of the Treasury, the United States Department of State, the United States Department of Commerce and His Majesty's Treasury.

General

Neither the Company nor any of the Joint Lead Managers represents that the Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating such sales.

Other Relationships

Certain of the Joint Lead Managers or their affiliates may purchase the Bonds and be allocated the Bonds for asset management and/or proprietary purposes but not with a view to distribution.

In connection with the offering of the Bonds, any Joint Lead Manager may purchase the Bonds for its or their own account and may for its or their own account enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps or other derivatives relating to the Bonds and/or other securities of the Company or its subsidiaries or affiliates and/or components of such Bonds and/or other securities, at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds). As a result of such transactions any of the Joint Lead Managers may hold long or short positions in the Bonds and/or derivatives relating thereto. No disclosure will be made of any such positions.

Certain of the Joint Lead Managers or their affiliates have in the past provided, are currently providing and may in the future provide, investment and commercial banking, underwriting, advisory and other services to the Company and its subsidiaries and affiliates for which they have received, expect to receive or may receive (as the case may be) customary compensation. Interests may evolve out of these transactions that could potentially conflict with the interests of a purchaser of the Bonds. In particular, Mizuho Bank, Ltd. ("Mizuho Bank") is one of the Company's principal bank lenders and is an affiliate of Mizuho Securities Asia Limited, a Joint Lead

Manager in respect of the offering of the Bonds. Mizuho Bank also holds a portion of the Company's preferred stock. Sumitomo Mitsui Banking Corporation ("SMBC") is one of the Company's principal bank lenders and is an affiliate of SMBC Bank International plc, a Joint Lead Manager in respect of the offering of the Bonds. A material portion of the Company's short-term and long-term borrowings is held by Mizuho Bank, MUFG Bank and SMBC.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Company or its subsidiaries or affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Company or its subsidiaries or affiliates routinely hedge their credit exposure to it consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Company's securities, including potentially the Bonds. Any such short positions could adversely affect future trading prices of the Bonds. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

GENERAL INFORMATION

1. The Bonds have been accepted for clearance through Euroclear and through Clearstream, Luxembourg. The ISIN for the Bonds is XS3157248132 and the Common Code for the Bonds is 315724813. The LEI for the Company is 353800XDXIIZDHUO0J51.

2. Approval in-principle has been received for the listing of the Bonds on the SGX-ST. The Bonds will be traded on the SGX-ST in a minimum board lot size of U.S.$200,000 for so long as the Bonds are listed on the SGX-ST. For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Company will appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption, in the event that the Global Certificate is exchanged for definitive Certificates. In addition, in the event that the Global Certificate is exchanged for definitive Certificates, an announcement of such exchange shall be made by or on behalf of the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Certificates, including details of the paying agent in Singapore.

3. Application has been made for the Bonds to be recognised under the SGX Sustainable Fixed Income initiative on SGX-ST. There is no guarantee that such application for recognition under the SGX Sustainable Fixed Income initiative will be approved. Recognition under the SGX Sustainable Fixed Income initiative does not guarantee that the Bonds will satisfy any investor's expectations or requirements on its sustainability-related performance or impact. If approved, SGX-ST may remove the recognition from the Bonds at its discretion. The latest list of fixed income securities that have been granted recognition under the SGX Sustainable Fixed Income initiative is available at the SGX website.

4. The Company has obtained all necessary consents, approvals and authorisations in Japan, if any, in connection with the issue and performance of the Bonds. The issue of the Bonds was authorised by a resolution dated 28 June 2022 of the Board of Directors of the Company and a decision dated 24 March 2025 by the Representative Director and Chief Executive Officer of the Company.

5. Save as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Group and no material adverse change in the prospects of the Group since 31 March 2025.

6. Save as disclosed in this Offering Circular, neither the Company nor any other member of the Group is, or has been involved in, any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had during the 12 months preceding the date of this Offering Circular, a significant effect on the financial position or the profitability of the Group nor is the Company aware that any such proceedings are pending or threatened.

7. Copies of the Company's latest audited consolidated financial statements in English, and the Company's latest unaudited quarterly consolidated financial statements in English (being English summaries of the Company's published *Kessan tanshin* (quarterly earnings report) in Japanese) may be obtained, and copies of the Deed of Covenant and the Agency Agreement will be available for inspection, at the Specified Offices of each of the Agents during normal business hours, so long as any of the Bonds is outstanding.

8. The consolidated financial statements of the Group as of or for the fiscal years ended 31 March 2025, 2024 and 2023, included in this Offering Circular, have been audited by Ernst & Young ShinNihon LLC, the Company's independent auditor, as stated in its audit report appearing herein.

9. The quarterly consolidated financial statements of the Group as of or for the three months ended 30 June 2025 (including comparative information in relation thereto), included in this Offering Circular, have been reviewed by Ernst & Young ShinNihon LLC, the Company's independent auditor, as stated in its review report appearing herein.

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INDEX TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Notice to Investors

This Offering Circular does not represent "Other Information" as described in the Independent Auditor's Report contained herein.

Independent Auditor's Report

The Board of Directors
Hokkaido Electric Power Company, Incorporated

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Hokkaido Electric Power Company, Incorporated (the Company) and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheets as at March 31, 2025, 2024 and 2023, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the years then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of deferred tax assets	
Description of Key Audit Matter	**Auditor's Response**
As described in Notes 20. "TAX EFFECT ACCOUNTING" to the consolidated financial statements, the Group recorded deferred tax assets of 33,132 million yen as of March 31, 2025.	We mainly performed the following audit procedures in considering the recoverability of deferred tax assets. ・We discussed with management regarding the appropriateness of the corporate classification based on "Implementation Guidance on Recoverability of Deferred Tax Assets," considering the Company's historical changes in taxable income and its business environment.

The Company and its subsidiaries determine the recoverability of deferred tax assets on future deductible temporary differences and tax loss carryforwards by selecting a corporate classification and scheduling the fiscal years in which to reverse temporary differences, considering estimated taxable income based on future profitability. The selection of corporate classification as indicated in the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26) and estimated taxable income based on future profitability are derived from forecasts of electricity sales in future business plans. Electricity sales are estimated based on sales prices and the amount of electricity sales, with the amount of electricity sales representing a significant assumption. Forecasts of the amount of electricity sales include the impact of future electricity demand and the competitive landscape in the electric power market, and thus involve uncertainty. Given that, in determining the recoverability of deferred tax assets, the significant assumptions underlying future business plans involve uncertainty and require management to exercise judgment, we have determined the recoverability of deferred tax assets as a key audit matter.	・We considered future business plans that serve as the basis for estimating future taxable income to evaluate whether the estimate is reasonable. In considering future business plans, we considered whether such future business plans were consistent with the most recent budget and demand forecasts approved by the board of directors. ・Additionally, we compared prior year business plans with actual results to evaluate the effectiveness of the estimation process that management uses in formulating business plans. ・Regarding the amount of electricity sales, which are significant assumptions included in future business plans, we held discussions with management and compared the results of trend analysis performed based on historical data with sales plans to confirm the reasonableness of these assumptions. We also examined whether the amount of electricity sales are consistent with demand forecasts for the Hokkaido area released by Japan's Organization for Cross-regional Coordination of Transmission Operators (OCCTO), as well as whether they take into account changes in the competitive landscape and demand. ・We performed sensitivity analysis for significant assumption and considered management's assessment of uncertainty of estimates included in future business plans.

Other Information

Other information comprises the information included in disclosure documents that contain audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We have concluded that other information does not exist. Accordingly, we have not performed any work related to other information.

Responsibilities of Management, the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

The fees for the audits of the financial statements of Hokkaido Electric Power Company, Incorporated and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2025 are 139 million yen and 4 million yen, respectively, and for the year ended March 31, 2024 are 131 million yen and 17 million yen, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/s/ Ernst & Young ShinNihon LLC
Sapporo, Japan

July 1, 2025

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Hokkaido Electric Power Company, Incorporated and Consolidated Subsidiaries

Consolidated Balance Sheets
As of March 31, 2025, 2024 and 2023

	Millions of Yen		
ASSETS	2025	2024	2023
NON-CURRENT ASSETS:			
Fixed assets—Facilities (Note 10 (1) and (2)):			
Hydroelectric power production facilities	¥ 201,755	¥ 200,373	¥ 205,222
Thermal power production facilities	161,263	166,613	182,564
Nuclear power production facilities	107,069	133,258	135,707
Transmission facilities	180,317	177,740	177,122
Transformation facilities	107,824	105,378	105,107
Distribution facilities	306,001	300,871	297,060
General facilities	38,872	43,138	38,095
Other utility facilities	10,345	11,272	6,354
Total fixed assets—Facilities, net	1,113,450	1,138,647	1,147,235
Fixed assets—Others (Note 10 (1), (2) and (4))	65,806	61,688	59,767
Facilities in progress:			
Construction in progress	284,053	202,533	169,148
Retirement in progress	290	401	198
Special account related to reprocessing of spent nuclear fuel	27,930	24,439	20,947
Total facilities in progress	312,274	227,374	190,294
Nuclear fuel:			
Nuclear fuel in processing	167,342	163,258	208,055
Total nuclear fuel	167,342	163,258	208,055
Investments and other assets:			
Long-term investments (Note 10 (4))	91,904	86,460	83,439
Retirement benefit assets	34,797	21,307	14,076
Deferred tax assets	33,132	36,663	47,572
Others (Note 10 (3))	14,045	13,581	14,250
Allowance for doubtful accounts	(344)	(346)	(3,317)
Total investments and other assets	173,534	157,665	156,021
Total non-current assets	1,832,408	1,748,635	1,761,374
CURRENT ASSETS:			
Cash and deposits	156,322	110,709	89,867
Trade notes and accounts receivable, and contract assets (Note 10 (5))	111,427	97,639	91,465
Inventories (Note 10 (6))	66,620	67,989	92,122
Other current assets	78,687	118,389	60,297
Allowance for doubtful accounts	(1,463)	(1,670)	(1,788)
Total current assets	411,594	393,056	331,964
TOTAL ASSETS	¥ 2,244,003	¥ 2,141,691	¥ 2,093,339

Hokkaido Electric Power Company, Incorporated and Consolidated Subsidiaries

Consolidated Balance Sheets
As of March 31, 2025, 2024 and 2023

LIABILITIES AND NET ASSETS	Millions of Yen 2025	2024	2023
LONG-TERM LIABILITIES:			
Bonds (Note 10 (4))	¥ 723,400	¥ 678,500	¥ 753,500
Long-term loans payable (Note 10 (4))	494,310	514,891	510,648
Contribution payable for nuclear reactor decommissioning	89,223	—	—
Liability for retirement benefits	30,634	34,602	35,929
Asset retirement obligations	—	117,313	112,599
Other long-term liabilities (Note 10 (7))	13,293	12,924	9,315
Total long-term liabilities	1,350,861	1,358,231	1,421,993
CURRENT LIABILITIES:			
Current portion of long-term liabilities (Note 10 (4))	166,392	168,936	167,800
Short-term loans payable	44,500	44,500	44,500
Trade notes and accounts payable	94,892	86,460	84,732
Income taxes payable	23,106	26,685	8,960
Other current liabilities (Note 10 (4) and (7))	155,073	120,754	105,054
Total current liabilities	483,965	447,337	411,047
RESERVES UNDER SPECIAL LAWS:			
Reserve for water shortage	1,840	2,594	2,192
Total reserves under special laws	1,840	2,594	2,192
Total liabilities	1,836,667	1,808,163	1,835,233
NET ASSETS:			
Shareholders' equity:			
Share capital	114,291	114,291	114,291
Capital surplus	47,211	47,348	47,348
Retained earnings	225,738	168,070	105,139
Treasury stock	(17,728)	(17,870)	(17,868)
Total shareholders' equity	369,513	311,839	248,911
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	10,071	7,235	2,264
Deferred losses on hedges	(234)	(1,499)	(1,831)
Remeasurement of defined benefit plans	12,580	1,807	(4,528)
Total accumulated other comprehensive income	22,417	7,543	(4,095)
Noncontrolling interests	15,404	14,145	13,291
Total net assets	407,336	333,528	258,106
TOTAL LIABILITIES AND NET ASSETS	¥ 2,244,003	¥ 2,141,691	¥ 2,093,339

See notes to consolidated financial statements.

Hokkaido Electric Power Company, Incorporated and Consolidated Subsidiaries

Consolidated Statements of Income
Years Ended March 31, 2025, 2024 and 2023

	Millions of Yen		
	2025	2024	2023
OPERATING REVENUES (Note 11 (1)):			
Electricity	¥ 855,136	¥ 912,066	¥ 835,974
Others	46,916	41,718	52,899
Total operating revenues	902,053	953,784	888,874
OPERATING EXPENSES:			
Electricity (Note 11 (2), (3) and (4))	786,799	817,351	864,358
Others (Note 11 (2) and (4))	39,415	35,277	47,046
Total operating expenses	826,214	852,628	911,405
OPERATING INCOME (LOSS)	75,838	101,155	(22,530)
NON-OPERATING INCOME:			
Dividend income	712	691	698
Interest income	246	75	64
Share of profit of entities accounted for using the equity method	346	161	72
Gain on sale of assets	715	598	749
Gain on derivatives	—	—	905
Other non-operating income	1,553	1,484	2,090
Total non-operating income	3,573	3,011	4,579
NON-OPERATING EXPENSES:			
Interest expenses	10,991	12,183	9,507
Other non-operating expenses	4,370	4,668	1,792
Total non-operating expenses	15,361	16,851	11,300
TOTAL ORDINARY REVENUES	905,627	956,796	893,454
TOTAL ORDINARY EXPENSES	841,576	869,480	922,706
ORDINARY INCOME (LOSS)	64,051	87,315	(29,251)
PROVISION (REVERSAL) OF RESERVE FOR WATER SHORTAGE:			
Provision of reserve for water shortage	—	401	545
Reversal of reserve for water shortage	(754)	—	—
Total provision (reversal) of reserve for water shortage	(754)	401	545
EXTRAORDINARY INCOME:			
Gain on sale of nuclear fuel	19,549	3,328	5,705
Compensation income (Note 11 (5))	—	6,691	—
Total extraordinary income	19,549	10,019	5,705
EXTRAORDINARY LOSSES:			
Impairment loss (Note 11 (6))	—	8,335	2,504
Total extraordinary losses	—	8,335	2,504
PROFIT (LOSS) BEFORE INCOME TAXES	¥ 84,355	¥ 88,597	¥ (26,596)

Hokkaido Electric Power Company, Incorporated and Consolidated Subsidiaries

Consolidated Statements of Income (Continued)
Years Ended March 31, 2025, 2024 and 2023

	Millions of Yen		
	2025	2024	2023
PROFIT (LOSS) BEFORE INCOME TAXES:	¥ 84,355	¥ 88,597	¥ (26,596)
INCOME TAXES:			
Current	22,039	15,442	816
Deferred	(2,878)	6,233	(5,599)
Total income taxes	19,161	21,676	(4,783)
PROFIT (LOSS)	65,194	66,921	(21,812)
PROFIT ATTRIBUTABLE TO NONCONTROLLING INTERESTS	975	719	380
PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 64,218	¥ 66,201	¥ (22,193)

See notes to consolidated financial statements.

Hokkaido Electric Power Company, Incorporated and Consolidated Subsidiaries

Consolidated Statements of Comprehensive Income
Years Ended March 31, 2025, 2024 and 2023

	Millions of Yen		
	2025	2024	2023
PROFIT (LOSS)	¥ 65,194	¥ 66,921	¥ (21,812)
OTHER COMPREHENSIVE INCOME:			
Unrealized gain on available-for-sale securities	2,861	5,026	760
Deferred gains (losses) on hedges	1,166	316	(1,831)
Remeasurement of defined benefit plans	11,276	6,549	(1,811)
Share of other comprehensive income of entities accounted for using the equity method	97	15	—
Total other comprehensive income (loss) (Note 12)	15,402	11,908	(2,882)
COMPREHENSIVE INCOME (LOSS)	¥ 80,596	¥ 78,829	¥ (24,695)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Owners of the parent	¥ 79,092	¥ 77,841	¥ (25,069)
Noncontrolling interests	1,503	988	374

See notes to consolidated financial statements.

Hokkaido Electric Power Company, Incorporated and Consolidated Subsidiaries

Consolidated Statements of Changes in Net Assets
Years Ended March 31, 2025, 2024 and 2023

	Millions of Yen										
	Shareholders' Equity					Accumulated Other Comprehensive Income					
	Share Capital	Capital Surplus	Retained Earnings	Treasury Stock	Total	Unrealized Gain on Available-for-Sale Securities	Deferred Gains (Losses) on Hedges	Remeasurement of Defined Benefit Plans	Total	Non-controlling Interests	Total Net Assets
BALANCE at APRIL 1, 2022	¥ 114,291	¥ 47,348	¥ 130,094	¥ (17,867)	¥ 273,867	¥ 1,517	¥ —	¥ (2,736)	¥ (1,219)	¥ 13,069	¥ 285,717
Cash dividends	—	—	(2,761)	—	(2,761)	—	—	—	—	—	(2,761)
Loss attributable to owners of the parent	—	—	(22,193)	—	(22,193)	—	—	—	—	—	(22,193)
Purchase of treasury stock	—	—	—	(2)	(2)	—	—	—	—	—	(2)
Disposal of treasury stock	—	(0)	—	1	1	—	—	—	—	—	1
Change in the scope of consolidation	—	—	—	—	—	—	—	—	—	—	—
Change in the scope of applying the equity method	—	—	—	—	—	—	—	—	—	—	—
Change in the parent's ownership ratio due to transactions with noncontrolling interests	—	—	—	—	—	—	—	—	—	—	—
Net change in items other than those in shareholders' equity	—	—	—	—	—	747	(1,831)	(1,792)	(2,876)	221	(2,655)
BALANCE at MARCH 31, 2023	114,291	47,348	105,139	(17,868)	248,911	2,264	(1,831)	(4,528)	(4,095)	13,291	258,106
Cash dividends	—	—	(3,171)	—	(3,171)	—	—	—	—	—	(3,171)
Profit attributable to owners of the parent	—	—	66,201	—	66,201	—	—	—	—	—	66,201
Purchase of treasury stock	—	—	—	(5)	(5)	—	—	—	—	—	(5)
Disposal of treasury stock	—	(0)	—	2	2	—	—	—	—	—	2
Change in the scope of consolidation	—	—	(32)	—	(32)	—	—	—	—	—	(32)
Change in the scope of applying the equity method	—	—	(66)	—	(66)	—	—	—	—	—	(66)
Change in the parent's ownership ratio due to transactions with noncontrolling interests	—	(0)	—	—	(0)	—	—	—	—	—	(0)
Net change in items other than those in shareholders' equity	—	—	—	—	—	4,970	332	6,336	11,639	854	12,493
BALANCE at MARCH 31, 2024	114,291	47,348	168,070	(17,870)	311,839	7,235	(1,499)	1,807	7,543	14,145	333,528
Cash dividends	—	—	(6,550)	—	(6,550)	—	—	—	—	—	(6,550)
Profit attributable to owners of the parent	—	—	64,218	—	64,218	—	—	—	—	—	64,218
Purchase of treasury stock	—	—	—	(97)	(97)	—	—	—	—	—	(97)
Disposal of treasury stock	—	(136)	—	239	103	—	—	—	—	—	103
Change in the scope of consolidation	—	—	—	—	—	—	—	—	—	—	—
Change in the scope of applying the equity method	—	—	—	—	—	—	—	—	—	—	—
Change in the parent's ownership ratio due to transactions with noncontrolling interests	—	(0)	—	—	(0)	—	—	—	—	—	(0)
Net change in items other than those in shareholders' equity	—	—	—	—	—	2,836	1,264	10,772	14,874	1,259	16,133
BALANCE at MARCH 31, 2025	¥ 114,291	¥ 47,211	¥ 225,738	¥ (17,728)	¥ 369,513	¥ 10,071	¥ (234)	¥ 12,580	¥ 22,417	¥ 15,404	¥ 407,336

See notes to consolidated financial statements.

Hokkaido Electric Power Company, Incorporated and Consolidated Subsidiaries

Consolidated Statements of Cash Flows
Years Ended March 31, 2025, 2024 and 2023

	Millions of Yen		
	2025	2024	2023
OPERATING ACTIVITIES:			
Profit (loss) before income taxes	¥ 84,355	¥ 88,597	¥ (26,596)
Depreciation and amortization	73,241	73,450	80,176
Decommissioning costs of nuclear power units	—	5,166	4,850
Loss on disposal of fixed assets	4,652	3,109	2,663
Contribution paid for nuclear reactor decommissioning	(3,186)	—	—
Interest and dividend income	(959)	(767)	(762)
Interest expenses	10,991	12,183	9,507
Gain on sale of nuclear fuel	(19,549)	(3,328)	(5,705)
Compensation income	—	(6,691)	—
Increase in trade notes and accounts receivable, and contract assets	(13,901)	(6,274)	(21,531)
Decrease (increase) in other receivables	8,510	(21,745)	(13,250)
Decrease (increase) in inventories	1,369	24,133	(55,038)
Increase in trade notes and accounts payable	7,937	1,478	24,942
Increase (decrease) in deposits received	518	(9,492)	12,270
Increase (decrease) in consumption taxes payable	(2,378)	8,200	(7,883)
Others, net	5,109	11,443	5,798
Subtotal	156,709	179,464	9,441
Interest and dividends received	961	769	764
Interest paid	(10,316)	(12,173)	(9,350)
Compensation received	—	7,542	—
Income taxes refunded (paid)	(21,766)	533	(1,429)
Net cash provided by (used in) operating activities	125,588	176,135	(574)
INVESTING ACTIVITIES:			
Purchases of fixed assets	(168,127)	(113,944)	(104,755)
Proceeds from contributions in aid of construction received	10,200	14,872	(368)
Proceeds from sales of nuclear fuel	65,651	18,606	19,443
Investments and loan advances	(999)	(869)	(247)
Collection of investments and loan advances	2,374	382	528
Others, net	198	110	152
Net cash used in investing activities	¥ (90,702)	¥ (80,841)	¥ (85,248)

Hokkaido Electric Power Company, Incorporated and Consolidated Subsidiaries

Consolidated Statements of Cash Flows
Years Ended March 31, 2025, 2024 and 2023

	Millions of Yen		
	2025	2024	2023
FINANCING ACTIVITIES:			
Proceeds from issuance of bonds	¥ 144,404	¥ 64,746	¥ 123,139
Redemption of bonds	(120,000)	(100,000)	(50,000)
Proceeds from long-term loans payable	42,000	52,220	85,500
Repayments of long-term loans payable	(48,031)	(87,312)	(67,617)
Proceeds from short-term loans payable	95,700	111,200	116,700
Repayments of short-term loans payable	(95,700)	(111,200)	(117,517)
Proceeds from issuance of commercial papers	—	15,000	164,000
Redemptions of commercial papers	—	(15,000)	(164,000)
Dividends paid	(6,533)	(3,174)	(2,765)
Repayments of lease obligations	(877)	(979)	(490)
Others, net	(236)	(154)	(155)
Net cash provided by (used in) financing activities	10,726	(74,654)	86,795
NET INCREASE IN CASH AND CASH EQUIVALENTS	45,612	20,639	972
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	110,709	89,867	88,894
INCREASE IN CASH AND CASH EQUIVALENTS DUE TO CONSOLIDATION OF NEW SUBSIDIARY	—	202	—
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 14)	¥ 156,322	¥ 110,709	¥ 89,867

See notes to consolidated financial statements.

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Hokkaido Electric Power Company, Incorporated (the "Company") and its consolidated subsidiaries (collectively, the "Group") are prepared on the basis of accounting principles generally accepted in Japan ("Japanese GAAP") including the "Electricity Utility Accounting Regulations" (Ordinance of the Ministry of International Trade and Industry No. 57 of 1965). Japanese GAAP is different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. The accompanying consolidated financial statements of the Group are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

In preparing the accompanying consolidated financial statements, certain amounts in the prior year's consolidated financial statements in Japanese have been reclassified to conform to the current year's presentation.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The Japanese yen amounts in millions are rounded down to the nearest million. As a result, the totals in yen amounts do not necessarily agree with the sum of the individual amounts. Amounts less than one million but not null are stated as "0," whereas "—" represents null amounts.

2. SCOPE OF CONSOLIDATION

(1) Consolidated subsidiaries

The number of consolidated subsidiaries as of March 31, 2025, 2024 and 2023 was 10. The consolidated subsidiaries as of March 31, 2025 are as follows:

Hokkaido Electric Power Network, Incorporated
HOKKAIDENKO CORPORATION
HOKUDEN KOGYO CO., LTD.
Hokkaido Power Engineering Company, Incorporated
THE TOMATOH COAL CENTER CO., INC.
HOKUDEN ECO-ENERGY CO., LTD.
Hokuden Service Co., Inc.
Hokkaido Telecommunication Network Co., Inc.
Hokuden Information Technology, Inc.
Mori Binary Power LLC

(2) Unconsolidated subsidiaries

The number of unconsolidated subsidiaries as of March 31, 2025, 2024 and 2023, was five, five and six, respectively. The unconsolidated subsidiaries as of March 31, 2025 are as follows:

HOKUDEN Integrated Consulting Service Co., Ltd.
HOKUDEN ASSOCIA Co., Inc.
Hokkaido Record Management Co., Inc.
ITES Co., Ltd.
HEPCO Renewable Energy GK

These subsidiaries have not been included in the scope of consolidation because they are small-sized companies that do not have a significant effect on the accompanying consolidated financial statements in terms of total assets, operating revenues, profit, and retained earnings.

3. EQUITY METHOD OF ACCOUNTING

(1) Unconsolidated subsidiaries accounted for using the equity method

The number of unconsolidated subsidiaries accounted for using the equity method as of March 31, 2025, 2024 and 2023, was two. Such unconsolidated subsidiaries as of March 31, 2025 are as follows:

HOKUDEN Integrated Consulting Service Co., ltd.
HOKUDEN ASSOCIA Co., Inc.

(2) Associates accounted for using the equity method

The number of associates accounted for using the equity method as of March 31, 2025, 2024 and 2023, was four, three and one, respectively. Such associates as of March 31, 2025 are as follows:

ISHIKARI LNG SAMBASHI K.K.
Donan Hydropower LLC.
HEPCO and Arc Renewable Energy LLC.
Hokkaido Renewable Energy Aggregation Co., Ltd.

Hokkaido Renewable Energy Aggregation Co., Ltd. is accounted for using the equity method from 2025 since it was established on March 5, 2025.

(3) The unconsolidated subsidiaries (Hokkaido Record Management Co., Inc. and others) and associates (NEXIS Co., Ltd. and others) to which the equity method is not applied have not been included in the scope of applying the equity method because they are small-sized companies that do not have a significant effect on the accompanying consolidated financial statements in terms of total assets, operating revenues, profit, and retained earnings.

4. ACCOUNTING PERIOD OF CONSOLIDATED SUBSIDIARIES

The closing date of all the consolidated subsidiaries is the same as that of the Company.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Investment Securities

Held-to-maturity debt securities:

Held-to-maturity debt securities are stated at amortized cost using the straight-line method.

Available-for-sale securities:

(a) Available-for-sale securities other than equity securities that do not have quoted market prices are stated at fair value as of the balance sheet date with changes in unrealized holding gain or loss, net of applicable income taxes, included directly as a separate component of net assets, and cost of securities sold is determined by the moving-average method.

(b) Equity securities that do not have quoted market prices are stated at cost determined by the moving-average method.

(2) Derivatives

Derivatives are stated at fair value.

(3) Inventories

Inventories are principally stated at the lower of cost or net realizable value, cost being determined by the gross average method.

(4) Fixed assets

(a) Depreciation of property, plant and equipment is calculated primarily based on the straight-line method.

(b) Amortization of intangible assets is calculated based on the straight-line method.

The estimated useful lives of these assets are consistent with the Corporate Tax Laws.

(5) Allowance for Doubtful Accounts

The allowance for doubtful accounts is provided for possible losses on customer defaults and is stated at the amount considered to be appropriate based on the Group's credit loss experience and an evaluation of potential losses for specific receivables outstanding.

(6) Reserve for Water Shortage

A reserve for water shortage is provided at the maximum amount determined in accordance with the standards set forth in Article 36 of the "Electricity Business Act." (Act No. 170 of 1964) as amended under the "Act for Partial Revision of the Electricity Business Act" (Act No. 72 of 2014, hereinafter referred to as the "Revision Act") but which remains in force pursuant to Article 1 of the Revision Act and Article 16, Paragraph 3, of the Supplementary Provisions of the Revision Act.

(7) Accounting for Employees' Retirement Benefits

The Group provides for retirement benefits for employees based on the projected benefit obligations and the estimated amount of the plan assets as of the balance sheet date.

(a) The projected benefit obligations are attributed to periods on a benefit formula basis.

(b) Past service costs are amortized using the straight-line method over a period within the average remaining years of service for employees, which is principally five years.

(c) Actuarial gains and losses are amortized from the following year using the straight-line method over a period within the average remaining years of service for employees, which is principally five years.

(8) Revenue Recognition

The Company and its consolidated subsidiaries mainly engage in the electricity business. Principal revenues are electric light and power charges arising from retail electricity sales, wholesale electricity sales to other electricity companies, and wheeling revenue from provision of wheeling services, which are recorded in operating revenues—electricity.

With regard to retail electricity sales, the performance obligation is to supply electricity based on contracts with customers, and it is satisfied when electricity is supplied. Progress in satisfying performance obligations is measured based on the electricity consumption as determined by meter readings, and revenue is recognized on a monthly basis based on the amount of electricity consumed and the unit price under the contract with the customer.

Since the transitional measures for rate regulation to protect the general consumers corresponding to the full deregulation of the retail electricity business are applied, the Group recognizes revenue from contracts with ordinary residential customers based on the amount of consumption measured by a monthly meter reading conducted on a day, except for the last day of the month, (hereinafter, the "meter-reading-date basis") in accordance with the Electricity Utility Accounting Regulations. Revenue generated during the period from the last meter reading date up to the balance sheet date is recognized in the following month.

With regard to wholesale electricity sales, the performance obligation is to supply electricity to other electric companies based on contracts, and revenues related to fulfilling the performance obligation to deliver electricity contracted in the wholesale electricity market of the Japan Electric Power Exchange. The performance obligation to supply electricity to other electric utilities based on contracts is satisfied when it is supplied. Progress in satisfying performance obligations is measured based on the amount of electricity consumption, and revenue is recognized on a monthly basis based on the amount of electricity consumption and the unit price under the contract with the customer. The performance obligation in the wholesale electricity market is to provide the electricity contracted in accordance with the trading rules and regulations. Under such transactions, revenue is recognized when the performance obligation is satisfied at the point in time of electricity is supplied.

With regard to wheeling services, the performance obligation is to receive electricity procured primarily from retail electricity suppliers under the wheeling service contracts and to provide electricity to the customers of the retail electricity supplier through the Company's transmission and distribution network, and the performance obligation is satisfied when electricity is supplied. Progress in satisfying the performance obligation is measured based on the amount of electricity supplied, as determined by meter readings, and revenue is recognized on a monthly basis based on the amount of electricity supplied and the unit price specified in the wheeling service contract.

In accordance with the Electricity Utility Accounting Regulations, certain revenues are recognized based on the meter-reading-date basis, under which revenue generated during the period from the last meter reading date up to the balance sheet date is recognized in the following month.

For all of the above transactions, the Group generally receives payments within one month from the date the obligation was established and the contracts with customers do not contain any significant financing components.

(9) Total Ordinary Revenues and Total Ordinary Expenses

Total ordinary revenues represent the sum of operating revenues and non-operating income, whereas total ordinary expenses represent the sum of operating expenses and non-operating expenses.

(10) Hedge Accounting

(a) Hedge accounting method

The Group has applied the deferred hedge accounting method. Assets and liabilities denominated in foreign currencies and hedged by derivative instruments are translated at their respective contract rates.

(b) Hedging instruments and hedged items

Hedging instruments:	Foreign currency forward contracts
Hedged items:	Assets and liabilities denominated in foreign currencies
Hedging instruments:	Commodity swaps of fuel prices
Hedged items:	Forward contracts to purchase fuel

(c) Hedging policy

The Group uses derivative instruments to hedge foreign exchange risks and fuel price fluctuation risks in accordance with its internal rules for derivative transactions.

(d) Assessment of hedge effectiveness

The assessment of hedge effectiveness is not performed because the hedges are considered to be highly effective.

(11) Amortization of Goodwill

Goodwill is amortized based on the straight-line method over five years.

(12) Cash and Cash Equivalents

Cash and cash equivalents in the statement of cash flows consist of cash on hand, bank deposits that can be withdrawn on demand, and short-term investments with a maturity of three months or less when purchased that can easily be converted to cash and are subject to little risk of change in value.

(13) Method of Recording Contribution Costs Concerning Reprocessing of Irradiated Nuclear Fuel

The costs required for reprocessing of irradiated nuclear fuel are recorded as operating expenses at an amount of contribution calculated based on the amount of irradiated nuclear fuel generated from operations in accordance with Article 5-2 of the revised "Act on Reprocessing of Spent Fuel in Nuclear Power Generation and Promotion of Decommissioning of Power Reactors" (Act No. 48 of 2005; hereinafter referred to as the "Reprocessing Act") as stipulated in Article 3 of the "Act for Partial Revision of the Electricity Business Act and Other Acts for Establishing Electricity Supply Systems for Realizing a Decarbonized Society" (Act No. 44 of 2023; hereinafter referred to as the "Amendment Act").

The cost burden is fulfilled by paying contributions to the Nuclear Reprocessing and Decommissioning Facilitation Organization of Japan (hereinafter referred to as "NuRO"), which will implement reprocessing. In addition, contributions to NuRO include contribution costs related to reprocessing of irradiated nuclear fuel as stipulated in Article 2 of the Reprocessing Act, which are recorded in "Special account related to reprocessing of spent nuclear fuel" in the consolidated balance sheets.

(14) Decommissioning Costs of Commercial Power Reactors

The costs required for decommissioning of commercial power reactors are recorded as operating expenses in the electricity business at an amount of contribution to Nuro in accordance with the Amendment Act.

Nuclear operators are deemed to fulfill their obligation by paying contributions to NuRO each fiscal year, and NuRO assumes the economic responsibility for securing, managing and disbursing funds required for decommissioning.

Additional Information—Revision of the Electricity Utility Accounting Regulations in Relation to the Implementation of the Amendment Act

On April 1, 2024, the Amendment Act and the "Ministerial Ordinance for Organization of Relevant Ministerial Orders Associated with the Coming into Effect of the Act on the Partial Revision of the Electricity Business Act and Other Acts for Establishing Electricity Supply Systems for Realizing a Decarbonized Society" (Ordinance of the Ministry of Economy, Trade and Industry No. 21 of 2024; hereinafter referred to as the "Ministry Ordinance for Revision") came into effect. As a result, "Ministerial Ordinance Concerning Reserve for Decommissioning Costs of Nuclear Power Units" (Ordinance of the Ministry of International Trade and Industry No. 30 of 1989; hereinafter referred to as the "Decommissioning Ordinance") was repealed and the Electricity Utility Accounting Regulations were revised.

Prior to the Amendment Act, the costs necessary to decommission commercial nuclear power reactors were recorded as asset retirement obligations. The Group had applied Article 8 of the “Implementation Guidance on Accounting Standard for Asset Retirement Obligations” (Accounting Standards Board of Japan (“ASBJ”) Guidance No. 21, issued on March 31, 2008; hereinafter referred to as the “Implementation Guidance”) and recognized the decommissioning costs of nuclear power units by allocating the total estimated decommissioning costs of nuclear power units over the expected operating period on a straight-line basis in accordance with the Decommissioning Ordinance and its related guidelines (hereinafter referred to as the “Guidelines”). The decommissioning costs were estimated based on the type and amount of waste materials to be generated by decommissioning activities in accordance with the Guidelines.

After the enforcement of the Ministry Ordinance for Revision, the decommissioning contributions stipulated in Article 11-2 of the “Act on Reprocessing of Spent Fuel in Nuclear Power Generation and Promotion of Decommissioning of Power Reactors” after the revision in accordance with Article 3 of the Amendment Act are recorded as operating expenses in the electricity business.

Previously, nuclear operators had the responsibility to retain their own funds to carry out the decommissioning of their commercial power reactors. However, based on the Amendment Act, operators are deemed to fulfill their obligation by paying contributions to NuRO each fiscal year, and NuRO assumes the economic responsibility for securing, managing and disbursing funds required for decommissioning.

As a result, the Group recorded reversal of asset retirement obligations of ¥21,717 million and corresponding assets of ¥21,717 million.

Pursuant to the provisions of Article 10-1 of the Supplementary Provisions of the Amendment Act, the total amount of ¥95,596 million that must be paid to NuRO to cover necessary expenses for the promotion of decommissioning reactors is required to be recorded as contribution payable for nuclear reactor decommissioning and expensed in accordance with the provisions of Article 7 of the Supplementary Provisions of the Ministry Ordinance for Revision, and according to which, the amount of the reversal of asset retirement obligations is deducted from expenses. This change did not have any effect on the consolidated statements of income.

Of the decommissioning contributions payable, ¥3,186 million was reclassified to current portion of long-term liabilities.

6. SIGNIFICANT ACCOUNTING ESTIMATES

Recoverability of Deferred Tax Assets

(1) Amounts on the consolidated financial statements

	Millions of Yen		
	2025	2024	2023
Deferred tax assets	¥ 33,132	¥ 36,663	¥ 47,572

(2) Information about the significant accounting estimates

(a) Computation method

Deferred tax assets are recognized for future deductible temporary differences and tax loss carryforwards to the extent that the future tax benefits are considered to be available based on the estimated taxable income that will be generated by future profitability.

(b) Major assumptions used in measurement

Future taxable income to be generated from future profitability is estimated based on the Group's business plans approved by management. The major assumption used in the estimate is the amount of electricity sales. As of March 31, 2023, unit price and timing of operation of Tomari Nuclear Power Station were also used as the major assumptions.

The amount of electricity sales for each year reflected in the estimated future taxable income is based on the "Supply Plan" for the respective year submitted to the Organization for Cross-regional Coordination of Transmission Operators, Japan.

(c) Effect on the consolidated financial statements for the following year

The future taxable income to be generated considering future profitability is rationally estimated based on the information currently available; however, if there are any unforeseeable factors or changes that affect the amount of electricity sales in the electricity business, resulting in a decrease in the recoverability of deferred tax assets, it may significantly affect the Group's operating results in the following year.

7. ACCOUNTING CHANGE

Accounting Standard for Income Taxes

Effective from the beginning of the fiscal year ended March 31, 2025, the Company adopted Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, issued on October 28, 2022, hereinafter referred to as the "Standard").

Previously, corporate income tax, inhabitant tax, and enterprise tax and others (hereinafter collectively referred to as "Income Taxes") on income were to be recognized in profit or loss in the amount calculated in accordance with the relevant laws and regulations. Under the new accounting standard, Income Taxes on income are recorded separately in profit or loss, shareholders' equity, and other comprehensive income, depending on the transactions from which the Income Taxes are derived. With regard to Income Taxes recognized in accumulated other comprehensive income, the corresponding tax amount is recognized in profit or loss at the time the underlying transactions that give rise to such taxes are recognized in profit or loss. If a taxable transaction or other event relates to shareholders' equity or other comprehensive income, in addition to profit or loss, and the amount of Income Taxes imposed on these items is not determinable, then the amount of such taxes is recognized in profit or loss.

For the revision related to the classification of income taxes (taxation on other comprehensive income), the Company has applied the transitional treatment stipulated in the proviso to Paragraph 20-3 of the Standard and the transitional treatment stipulated in the proviso to Paragraph 65-2 (2) of the ASBJ Guidance No. 28, "Implementation Guidance on Accounting Standard for Tax Effect Accounting" (the "Guidance") issued on October 28, 2022. The application of the Standard and the Guidance had no impact on the consolidated financial statements.

In addition, effective April 1, 2024, the Company has applied the revised accounting treatment as defined in the Guidance for the tax effect on deferred gains or losses on sales of subsidiary (or associate) shares arising from sales and purchase transactions conducted between consolidated subsidiaries. This accounting change was retroactively applied and had no impact on the prior-year consolidated financial statements.

8. ACCOUNTING STANDARD ISSUED BUT NOT YET EFFECTIVE

Accounting Standard for Leases

・Accounting Standard for Leases (ASBJ Statement No. 34, issued on September 13, 2024)
・Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, issued on September 13, 2024)
・Related accounting standards, guidance, practical solutions and guidelines

(1) Outline

Similar to international accounting standards, the new accounting standard for leases requires a lessee to recognize an asset and a liability for all leases.

(2) Scheduled date of adoption

The Company expects to adopt the accounting standard and related implementation guidance from the beginning of the fiscal year ending March 31, 2028.

(3) Impact of adoption

The Company is currently assessing the impact on the consolidated financial statements in adopting the new accounting standard described above.

9. ADDITIONAL INFORMATION

Performance-Linked Stock Compensation Plan

The Company has established a performance-linked stock compensation plan, the “Board Benefit Trust” (the “Plan”) for the Company’s directors (excluding outside directors) and senior executive officers who do not concurrently serve as directors (collectively, the “Eligible Executives”) based on the resolution made at the 97th Ordinary General Meeting of Shareholders held on June 25, 2021. Corresponding to the transition to a company with an Audit and Supervisory Committee, a new resolution was made at the 98th Ordinary General Meeting of Shareholders held on June 28, 2022 with the same details.

(1) Overview of the Plan

The Plan is a performance-linked share-based remuneration plan under which a trust (hereinafter, the trust defined under the Plan is referred to as the “Trust”) acquires the Company’s shares with cash contributions from the Company, and provides the Company’s shares and cash amounts equivalent to the market value of the Company’s shares (hereinafter referred to as “Shares and Cash”) to Eligible Executives in accordance with the internal rules for providing shares to executives set out by the Company.

In principle, Eligible Executives will receive Shares and Cash at the time of their retirement from office.

(2) The Company’s shares remaining in the Trust account

The Company’s shares remaining in the Trust account are recorded as treasury stock in the net assets section at the carrying amount (excluding ancillary expenses) of the Trust account. The carrying amounts of such treasury stock and the number of shares as of March 31, 2025, 2024 and 2023, are summarized as follows:

	2025	2024	2023
Carrying amount (millions of yen)	¥ 248	¥ 160	¥ 163
Number of shares (thousands of shares)	420	320	325

10. NOTES TO CONSOLIDATED BALANCE SHEETS

(1) Accumulated depreciation of fixed assets as of March 31, 2025, 2024 and 2023, is as follows:

	Millions of Yen		
	2025	2024	2023
Accumulated depreciation of fixed assets	¥ 3,261,588	¥ 3,220,261	¥ 3,182,513

(2) Reductions to the acquisition costs of fixed assets as of March 31, 2025, 2024 and 2023, are as follows:

	Millions of Yen		
	2025	2024	2023
Contributions in aid of construction and others received	¥ 94,265	¥ 92,222	¥ 90,747

(3) Balances related to unconsolidated subsidiaries and associates as of March 31, 2025, 2024 and 2023, are as follows:

	Millions of Yen		
	2025	2024	2023
Investments in shares	¥ 6,842	¥ 7,447	¥ 7,512
Investments in capital	3,470	3,122	3,001

(4) Assets pledged as collateral and corresponding liabilities

All of the Company's assets are pledged as collateral for the secured bonds and secured loans from the Development Bank of Japan. Such secured bonds and secured loans, including current portion, as of March 31, 2025, 2024 and 2023, are as follows:

	Millions of Yen		
	2025	2024	2023
Bonds	¥ 823,400	¥ 798,500	¥ 833,500
Bonds to which the performance of obligations is delegated under a debt assumption agreement	20,000	20,000	—
Loans from the Development Bank of Japan	34,792	45,640	60,588

Certain long-term investments are pledged as collateral for borrowings from financial institutions by the investees in connection with its participation in a power generation business outside Hokkaido. Such long-term investments as of March 31, 2025, 2024 and 2023, are as follows:

	Millions of Yen		
	2025	2024	2023
Long-term investments—Shares	¥ 108	¥ 108	¥ 108
Long-term investments—Bonds	1,354	1,476	1,563

In addition, assets of certain consolidated subsidiaries are pledged as collateral under the extended payment deadline system for customs duties, consumption taxes and local consumption taxes on import transactions in accordance with the Customs Law, Consumption Tax Law and Local Tax Law. A revolving mortgage has been established for such assets. Such assets and corresponding liabilities as of March 31, 2025, 2024 and 2023, are as follows:

	Millions of Yen		
	2025	2024	2023
Fixed assets—Others (land)	¥ 1,288	¥ —	¥ —
Corresponding liabilities—Other current assets	865	—	—

(5) Notes and accounts receivable and contract assets arising from contracts with customers as of March 31, 2025, 2024 and 2023, are as follows:

	Millions of Yen		
	2025	2024	2023
Notes receivable	¥ 438	¥ 384	¥ 391
Accounts receivable	102,684	88,721	77,479
Contract assets	4,557	3,296	4,076

(6) Inventories as of March 31, 2025, 2024 and 2023, are as follows:

	Millions of Yen		
	2025	2024	2023
Supplies	¥ 59,906	¥ 63,162	¥ 86,697
Merchandise	129	8	12
Work in progress	6,583	4,818	5,412

(7) Contract liabilities as of March 31, 2025, 2024 and 2023, are as follows:

	Millions of Yen					
		2025		2024		2023
Other long-term liabilities	¥	5,636	¥	3,908	¥	2,436
Other current liabilities		2,692		1,379		2,501

(8) Contingent liabilities as of March 31, 2025, 2024 and 2023, are as follows:

(a) Japan Nuclear Fuel Limited

	Millions of Yen					
		2025		2024		2023
Guarantee obligations on the borrowings of Japan Nuclear Fuel Limited from the Development Bank of Japan and other financial institutions	¥	32,466	¥	32,525	¥	32,649

(b) Employees

	Millions of Yen					
		2025		2024		2023
Guarantee obligations on the borrowings of employees' own house financing system from Mizuho Bank, Ltd. and other financial institutions	¥	1,272	¥	1,587	¥	2,000

(c) Transmission and Distribution IT & OT Systems LLC

	Millions of Yen					
		2025		2024		2023
Guarantee obligations on the borrowings of Transmission and Distribution IT & OT Systems LLC from Sumitomo Mitsui Banking Corporation and other financial institutions	¥	770	¥	330	¥	—

(d) Debt assumption agreement of bonds

	Millions of Yen					
		2025		2024		2023
The Company's Bond #302 (Subscribed by Mizuho Bank, Ltd.)	¥	20,000	¥	20,000	¥	—

11. NOTES TO CONSOLIDATED STATEMENTS OF INCOME

(1) Operating revenues are stated at the total amount of revenue from contracts with customers and other revenues. The amount of revenue from contracts with customers is disclosed in Note 23.

(2) Retirement benefit costs for the years ended March 31, 2025, 2024 and 2023, are as follows:

	Millions of Yen		
	2025	2024	2023
Retirement benefit costs	¥ 4,632	¥ 6,757	¥ 6,110

(3) The components of operating expenses of the electricity business are as follows:

For the year ended March 31, 2025

	Operating Expenses of the Electricity Business (Millions of Yen)	Selling, General and Administrative Expenses Included in Operating Expenses of the Electricity Business (Millions of Yen)
Salaries and wages	¥ 43,345	¥ 15,930
Fuel	183,659	—
Outsourcing	48,610	19,971
Miscellaneous	19,859	13,644
Electricity purchased from other companies	324,470	—
Interconnection service charges	170,057	—
Other	264,010	31,914
Subtotal	1,054,013	81,460
Elimination of intercompany transactions	(267,214)	—
Total	¥ 786,799	¥ —

For the year ended March 31, 2024

	Operating Expenses of the Electricity Business (Millions of Yen)	Selling, General and Administrative Expenses Included in Operating Expenses of the Electricity Business (Millions of Yen)
Salaries and wages	¥ 41,775	¥ 15,480
Fuel	227,330	—
Outsourcing	47,903	23,778
Miscellaneous	21,203	15,473
Electricity purchased from other companies	327,804	—
Interconnection service charges	169,764	—
Other	266,740	31,809
Subtotal	1,102,523	86,542
Elimination of intercompany transactions	(285,171)	—
Total	¥ 817,351	¥ —

For the year ended March 31, 2023

	Operating Expenses of the Electricity Business (Millions of Yen)	Selling, General and Administrative Expenses Included in Operating Expenses of the Electricity Business (Millions of Yen)
Salaries and wages	¥ 42,065	¥ 15,701
Fuel	290,280	—
Outsourcing	39,840	19,449
Miscellaneous	18,581	13,133
Electricity purchased from other companies	357,529	—
Interconnection service charges	158,632	—
Other	268,626	30,192
Subtotal	1,175,556	78,476
Elimination of intercompany transactions	(311,197)	—
Total	¥ 864,358	¥ —

(4) Research and development costs for the years ended March 31, 2025, 2024 and 2023, are as follows:

	Millions of Yen		
	2025	2024	2023
Research and development costs	¥ 2,239	¥ 2,277	¥ 2,345

(5) Extraordinary income

For the year ended March 31, 2025

No items to report.

For the year ended March 31, 2024

Compensation income

In response to the Japanese government's request for cooperation in the Uryugawa River Dam Rehabilitation Project, which primarily aims to reduce flood damage in the Uryugawa River basin, the Uryu No. 1 Dam, Uryu No. 2 Dam and other facilities owned by the Company have also been used as river management facilities by the government since the year ended March 31, 2024. The consideration received from the government for the use of the facilities was recorded as compensation income under extraordinary income.

For the year ended March 31, 2023

No items to report.

(6) Impairment loss

Grouping of Assets

The Group classifies its businesses into power generation and retail electricity business, transmission and distribution business, and other businesses in evaluating its performance, and accordingly classifies its assets into asset groups as follows:

(a) Facilities (fixed assets) used in the power generation and retail electricity business are classified as a single asset group as a whole, as they function in a complementary manner to generate cash flows.

(b) Facilities (fixed assets) used in the transmission and distribution business are classified as a single asset group as a whole, as all assets, including transmission lines, substations, and distribution lines, jointly generate cash flows.

(c) Of other businesses, fixed assets used in the LNG supply business (included in the gas supply business) are classified as a single asset group as a whole, as all assets jointly generate cash flows.

(d) Non-current assets other than those listed above are grouped by business or grouped on an individual property basis.

For the year ended March 31, 2025

No items to report.

For the year ended March 31, 2024

The Group recorded an impairment loss of ¥8,335 million under extraordinary losses. The significant components of the impairment loss are summarized as follows:

	Millions of Yen
Thermal power generation business:	
Machinery and other assets located in Date city, Hokkaido	¥ 4,949
Nuclear power generation business:	
Structures and other assets located in Tomari village, Hokkaido	3,381

Since the Date Thermal Power Station Unit 1 and Unit 2 were suspended from December 2023 and April 2024, respectively, as a result of reviewing the future recoverability of these assets, the carrying amounts of these assets were written down to their recoverable amounts and the differences were recorded as an impairment loss.

Based on the progress of the Japanese government's compliance review of Tomari Nuclear Power Station, as a result of reviewing the future recoverability considering the expected use of certain facilities, the carrying amounts of these assets were written down to their recoverable amounts and the differences were recorded as an impairment loss.

(Measurement of recoverable amount)
The recoverable amount was measured at its net selling value, which is the memorandum value as it is difficult to sell or otherwise dispose of the assets.

For the year ended March 31, 2023

The Group recorded an impairment loss of ¥2,504 million under extraordinary losses. The significant component of the impairment loss is summarized as follows:

	Millions of Yen
LNG supply business:	
Machinery and other assets located in Ishikari city, Hokkaido	¥ 2,498

As a result of reviewing the future recoverability of the assets used in LNG supply business in light of the deterioration of the business environment mainly due to soaring LNG prices, the carrying amounts of these assets were written down to their recoverable amounts and the differences were recorded as an impairment loss.

(Measurement of recoverable amount)
The recoverable amount was measured at its net selling value, which is the memorandum value as it is difficult to sell or otherwise dispose of the assets.

12. NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Reclassification adjustments and tax effect related to other comprehensive income for the years ended March 31, 2025, 2024 and 2023, are summarized as follows:

	Millions of Yen		
	2025	2024	2023
Unrealized gain on available-for-sale securities:			
Amount arising during the year	¥ 4,168	¥ 6,982	¥ 1,054
Reclassification adjustments	—	—	—
Amount before income taxes and tax effect	4,168	6,982	1,054
Income taxes and tax effect	1,306	1,956	293
Total	¥ 2,861	¥ 5,026	¥ 760
Deferred gains (losses) on hedges:			
Amount arising during the year	¥ 1,619	¥ (3,226)	¥ (2,829)
Reclassification adjustments	—	—	—
Adjustments to acquisition costs of assets	—	3,665	286
Amount before income taxes and tax effect	1,619	439	(2,542)
Income taxes and tax effect	452	122	(710)
Total	¥ 1,166	¥ 316	¥ (1,831)
Remeasurement of defined benefit plans:			
Amount arising during the year	¥ 16,018	¥ 7,281	¥ (3,560)
Reclassification adjustments	(84)	1,864	1,033
Amount before income taxes and tax effect	15,934	9,145	(2,526)
Income taxes and tax effect	4,658	2,595	(715)
Total	¥ 11,276	¥ 6,549	¥ (1,811)
Share of other comprehensive income of entities accounted for using the equity method:			
Amount arising during the year	¥ 96	¥ 15	¥ —
Reclassification adjustments	1	—	—
Total	¥ 97	¥ 15	¥ —
Total other comprehensive income (loss)	¥ 15,402	¥ 11,908	¥ (2,882)

13. NOTES TO CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2025

(1) Type and number of issued shares and treasury stock

	Shares			
	April 1, 2024	Increase	Decrease	March 31, 2025
Issued shares:				
Common stock	215,291,912	—	—	215,291,912
Series B preferred stock	470	—	—	470
Total	215,292,382	—	—	215,292,382
Treasury stock				
Common stock (Note)	9,984,721	139,698	160,794	9,963,625
Total	9,984,721	139,698	160,794	9,963,625

Notes: 1. The number of shares of treasury stock as of March 31, 2025 and 2024 includes 420,300 shares and 319,700 shares, respectively, of the Company's common stock held by the Trust.

2. The increase of treasury stock of 139,698 shares consists of purchase of shares by Trust of 130,600 shares and purchase of shares less than one trading unit of 9,098 shares. The decrease of treasury stock of 160,794 shares consists of provision of shares under the Plan of 30,000 shares, disposal of treasury stock to Trust of 130,600 shares, and additional purchase to create one trading unit by shareholders with less than one trading unit of 194 shares.

(2) Dividends

(a) Dividends paid

Date of resolution	June 26, 2024 (Annual Shareholders' Meeting)	
Type of shares	Common stock	Series B preferred stock
Total dividends (millions of yen)	¥ 3,084 (Note 1)	¥ 705
Dividends per share (yen)	¥ 15	¥ 1,500,000
Record date	March 31, 2024	
Effective date	June 27, 2024	

Date of resolution	October 31, 2024 (Board of Directors' Meeting)	
Type of shares	Common stock	Series B preferred stock
Total dividends (millions of yen)	¥ 2,056 (Note 2)	¥ 705
Dividends per share (yen)	¥ 10	¥ 1,500,000
Record date	September 30, 2024	
Effective date	November 29, 2024	

Notes: 1. Total dividends for common stock include ¥4 million of dividends for the Company's shares held by the Trust.

2. Total dividends for common stock include ¥2 million of dividends for the Company's shares held by the Trust.

(b) Dividends for which the record date is in the fiscal year and the effective date is in the following fiscal year

	June 26, 2025 (Annual Shareholders' Meeting)	
Date of resolution	June 26, 2025 (Annual Shareholders' Meeting)	
Type of shares	Common stock	Series B preferred stock
Total dividends (millions of yen)	¥ 2,057 (Note)	¥ 705
Dividends per share (yen)	¥ 10	¥ 1,500,000
Record date	March 31, 2025	
Effective date	June 27, 2025	

Note: Total dividends for common stock include ¥4 million of dividends for the Company's shares held by the Trust.

For the year ended March 31, 2024

(1) Type and number of issued shares and treasury stock

	Shares			
	April 1, 2023	Increase	Decrease	March 31, 2024
Issued shares:				
Common stock	215,291,912	—	—	215,291,912
Series B preferred stock	470	—	—	470
Total	215,292,382	—	—	215,292,382
Treasury stock				
Common stock (Note)	9,981,780	8,302	5,361	9,984,721
Total	9,981,780	8,302	5,361	9,984,721

Notes: 1. The number of treasury stock as of March 31, 2024 includes 319,700 shares of the Company's common stock held by the Trust.

2. The increase of treasury stock of 8,302 shares represents purchase of shares less than one trading unit. The decrease of treasury stock of 5,361 shares consists of provision of shares under the Plan of 5,200 shares and additional purchase to create one trading unit by shareholders with less than one trading unit of 161 shares.

(2) Dividends

(a) Dividends paid

Date of resolution	October 26, 2023 (Board of Directors' Meeting)	
Type of shares	Common stock	Series B preferred stock
Total dividends (millions of yen)		

	¥ 1,028 (Note 1)	¥ 2,143
Dividends per share (yen)	¥ 5	¥ 4,560,164 (Note 2)
Record date	September 30, 2023	
Effective date	November 30, 2023	

Notes: 1. Total dividends for common stock include ¥1 million of dividends for the Company's shares held by the Trust.

2. Dividends per share for Series B preferred stock include ¥3,060,164 per share of the accumulated unpaid dividends for the fiscal year 2022.

(b) Dividends for which the record date is in the fiscal year and the effective date is in the following fiscal year

Date of resolution	June 26, 2024 (Annual Shareholders' Meeting)	
Type of shares	Common stock	Series B preferred stock
Total dividends (millions of yen)	¥ 3,084 (Note)	¥ 705
Dividends per share (yen)	¥ 15	¥ 1,500,000
Record date	March 31, 2024	
Effective date	June 27, 2024	

Note: Total dividends for common stock include ¥4 million of dividends for the Company's shares held by the Trust.

For the year ended March 31, 2023

(1) Type and number of issued shares and treasury stock

	Shares			
	April 1, 2022	Increase	Decrease	March 31, 2023
Issued shares:				
Common stock	215,291,912	—	—	215,291,912
Series B preferred stock	470	—	—	470
Total	215,292,382	—	—	215,292,382
Treasury stock				
Common stock (Note)	9,978,385	5,781	2,386	9,981,780
Total	9,978,385	5,781	2,386	9,981,780

Notes: 1. The number of treasury stock as of March 31, 2023 includes 324,900 shares of the Company's common stock held by the Trust.

2. The increase of treasury stock of 5,781 shares represents purchase of shares less than one trading unit. The decrease of treasury stock of 2,386 shares consists of provision of shares under the Plan of 2,100 shares and additional purchase to create one trading unit by shareholders with less than one trading unit of 286 shares.

(2) Dividends

Dividends paid

Date of resolution	June 28, 2022 (Annual Shareholders' Meeting)	
Type of shares	Common stock	Series B preferred stock
Total dividends (millions of yen)	¥ 2,056 (Note)	¥ 705
Dividends per share (yen)	¥ 10	¥ 1,500,000
Record date	March 31, 2022	
Effective date	June 29, 2022	

Note: Total dividends for common stock include ¥3 million of dividends for the Company's shares held by the Trust.

14. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation between cash and cash equivalents in the consolidated statements of cash flows and cash and deposits in the consolidated balance sheets as of March 31, 2025, 2024 and 2023, is as follows:

	Millions of Yen		
	2025	2024	2023
Cash and deposits	¥ 156,322	¥ 110,709	¥ 89,867
Cash and cash equivalents	¥ 156,322	¥ 110,709	¥ 89,867

15. LEASE TRANSACTIONS

Finance lease transactions that do not transfer ownership

Finance lease transactions that do not transfer ownership whose lease inception date was on or before March 31, 2008 are accounted for as operating lease transactions.

(As Lessee)

(1) Lease payments (equivalent to depreciation expense) for the years ended March 31, 2025, 2024 and 2023, are as follows:

	Millions of Yen		
	2025	2024	2023
Lease payments	¥ —	¥ —	¥ 0

(2) Depreciation method for leased assets

Depreciation and amortization of leased assets is calculated based on the straight-line method over the leasing period without any residual value.

Operating lease transactions

(As Lessee)

The minimum rental commitments under noncancelable operating leases as of March 31, 2025, 2024 and 2023, are as follows:

	Millions of Yen		
	2025	2024	2023
Due within 1 year	¥ 300	¥ 276	¥ 353
Due after 1 year	299	220	405
Total	¥ 599	¥ 496	¥ 758

16. FINANCIAL INSTRUMENTS

Nature and status of financial instruments

(1) Policy for financial instruments

The Group raises funds mainly from issuance of bonds and bank loans in accordance with its capital investment plans to operate the electricity business. The Group generally invests its surplus funds into short-term bank deposits. In addition, the Group utilizes bank loans and issues commercial papers for short-term working capital.

The Group uses derivative financial instruments to avoid or mitigate market price risk associated with its business activities and enters into derivative transactions for trading purposes.

(2) Nature and extent of risks arising from financial instruments, and risk management

Investment securities mainly consist of investments in shares related to supporting business relationships, and are subject to issuers' credit risk and market risk. To manage these risks, the Group periodically reviews the market value, financial condition of the issuer and other information.

Trade notes and accounts receivable are exposed to customer credit risk. To manage this risk, the Group regularly monitors the due dates and outstanding balances of each counterparty in accordance with the General Provisions for Specified Retail Service and other agreements.

All long-term loans payable have fixed interest rates and are therefore not exposed to interest rate risk.

Most trade notes and accounts payable are due within one year.

Bonds, loans payable, commercial papers and trade payables are exposed to liquidity risk. To manage this risk, the Group mainly prepares cash management plans on a monthly basis.

Derivative transactions of the Group consist of commodity swaps to hedge risks associated with price fluctuation of fuel and electricity, foreign currency forward contracts to hedge foreign exchange risks, and swap transactions conducted for trading purposes. In order to establish internal check functions, the execution and management sections are segregated and independent, and internal rules are established and implemented. The Group is also exposed to credit risk arising from counterparty default. However, the Group has determined that such risk is extremely low because the derivative transactions of the Group are limited to those in the exchange market or with highly credible counterparties. Information on hedging activities, hedged items, hedging policy, and assessment of hedge effectiveness are discussed in Note 5.

(3) Supplemental information regarding fair values of financial instruments

Measurement of fair values of financial instruments includes certain variable factors. Results may differ if different assumptions are used in the valuation. The contract amounts and other figures related to derivatives, which are shown in Note 16, do not represent the Company's exposure to market risk.

Fair values of financial instruments

For the year ended March 31, 2025

	Millions of Yen		
	Carrying Amount	Fair Value	Difference
Assets:			
Investment securities (Notes 2, 3, 4 and 5):			
Held-to-maturity debt securities	¥ 2,282	¥ 1,758	¥ (523)
Available-for-sale securities	23,322	23,322	—
Liabilities:			
Bonds (Note 6)	823,400	769,801	(53,598)
Long-term loans payable (Note 6)	556,909	502,230	(54,679)
Derivatives (Note 7)	287	287	—

Notes: 1. Fair value information of cash is omitted. In addition, fair value information of deposits, trade notes and accounts receivable, short-term loans payable, and trade notes and accounts payable is also omitted because they are settled in a short period of time and their fair values approximate carrying amounts.

2. Investment securities are included in long-term investments in the consolidated balance sheet.

3. Securities that do not have a quoted market price are not included in the table above. The carrying amount of such securities as of March 31, 2025 was as follows:

	Millions of Yen
Unlisted equity securities	¥ 27,692
Subscription certificates	347

4. Investments in partnerships for which the Group recognizes the net amount of the equity interest are not included in the table above. The carrying amount of such investments as of March 31, 2025 was ¥339 million.

5. Fair value information of convertible-bond-type bonds with stock acquisition rights and stock acquisition rights is omitted since it is immaterial.

6. These items include their current portion stated as "Current portion of long-term liabilities" in the consolidated balance sheet.

7. Derivatives are stated at a net amount of assets and liabilities arising from derivative transactions.

For the year ended March 31, 2024

	Millions of Yen		
	Carrying Amount	Fair Value	Difference
Assets:			
Investment securities (Notes 2, 3 and 4):			
Held-to-maturity debt securities	¥ 2,403	¥ 2,069	¥ (334)
Available-for-sale securities	19,156	19,156	—
Liabilities:			
Bonds (Note 5)	798,500	773,943	(24,556)
Long-term loans payable (Note 5)	562,940	525,063	(37,876)
Derivatives (Note 6)	2,289	2,289	—

Notes:

1. Fair value information of cash is omitted. In addition, fair value information of deposits, trade notes and accounts receivable, short-term loans payable, and trade notes and accounts payable is also omitted because they are settled in a short period of time and their fair values approximate carrying amounts.

2. Investment securities are included in long-term investments in the consolidated balance sheet.

3. Securities that do not have a quoted market price are not included in the table above. The carrying amount of such securities as of March 31, 2024 was as follows:

	Millions of Yen
Unlisted equity securities	¥ 27,731
Subscription certificates	347

4. Investments in partnerships for which the Group recognizes the net amount of the equity interest are not included in the table above. The carrying amount of such investments as of March 31, 2024 was ¥269 million.

5. These items include their current portion stated as “Current portion of long-term liabilities” in the consolidated balance sheet.

6. Derivatives are stated at a net amount of assets and liabilities arising from derivative transactions.

For the year ended March 31, 2023

	Millions of Yen		
	Carrying Amount	Fair Value	Difference
Assets:			
Investment securities (Notes 2, 3 and 4):			
Held-to-maturity debt securities	¥ 2,490	¥ 2,263	¥ (226)
Available-for-sale securities	12,173	12,173	—
Liabilities:			
Bonds (Note 5)	833,500	816,136	(17,363)
Long-term loans payable (Note 5)	597,953	567,550	(30,402)
Derivatives (Note 6)	2,080	2,080	—

Notes: 1. Fair value information of cash is omitted. In addition, fair value information of deposits, trade notes and accounts receivable, short-term loans payable, and trade notes and accounts payable is also omitted because they are settled in a short period of time and their fair values approximate carrying amounts.

2. Investment securities are included in long-term investments in the consolidated balance sheet.

3. Securities that do not have a quoted market price are not included in the table above. The carrying amount of such securities as of March 31, 2023 was as follows:

	Millions of Yen
Unlisted equity securities	¥ 27,857
Subscription certificates	688

4. Investments in partnerships for which the Group recognizes the net amount of the equity interest are not included in the table above. The carrying amount of such investments as of March 31, 2023 was ¥93 million.

5. These items include their current portion stated as "Current portion of long-term liabilities" in the consolidated balance sheet.

6. Derivatives are stated at a net amount of assets and liabilities arising from derivative transactions.

Redemption schedules of receivables and securities with maturities are as follows:

As of March 31, 2025

	Millions of Yen			
	Due within 1 Year	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Investment securities:				
Held-to-maturity debt securities:				
Corporate bonds	¥ —	¥ —	¥ —	¥ 2,282
Cash and deposits	156,322	—	—	—
Trade notes receivable (Note)	438	—	—	—
Trade accounts receivable (Note)	106,432	—	—	—

Note: Other than those in the table above, contract assets of ¥4,557 million are included in “Trade notes and accounts receivable, and contract assets” in the consolidated balance sheet.

As of March 31, 2024

	Millions of Yen			
	Due within 1 Year	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Investment securities:				
Held-to-maturity debt securities:				
Corporate bonds	¥ —	¥ —	¥ —	¥ 2,403
Cash and deposits	110,709	—	—	—
Trade notes receivable (Note)	384	—	—	—
Trade accounts receivable (Note)	93,957	—	—	—

Note: Other than those in the table above, contract assets of ¥3,296 million are included in “Trade notes and accounts receivable, and contract assets” in the consolidated balance sheet.

As of March 31, 2023

	Millions of Yen			
	Due within 1 Year	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Investment securities:				
Held-to-maturity debt securities:				
Corporate bonds	¥ —	¥ —	¥ —	¥ 2,490
Cash and deposits	89,867	—	—	—
Trade notes receivable (Note)	391	—	—	—
Trade accounts receivable (Note)	86,997	—	—	—

Note: Other than those in the table above, contract assets of ¥4,076 million are included in “Trade notes and accounts receivable, and contract assets” in the consolidated balance sheet.

Repayment schedules of bonds, long-term loans payable, lease obligations, and other interest-bearing liabilities are as follows:

As of March 31, 2025

	Millions of Yen					
	Due within 1 Year	Due after 1 Year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years	Due after 5 Years
Bonds	¥ 100,000	¥ 60,000	¥ 81,000	¥ 59,600	¥ 70,000	¥ 452,800
Long-term loans payable	62,599	55,981	81,073	65,273	42,772	249,209
Short-term loans payable	44,500	—	—	—	—	—

As of March 31, 2024

	Millions of Yen					
	Due within 1 Year	Due after 1 Year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years	Due after 5 Years
Bonds	¥ 120,000	¥ 100,000	¥ 60,000	¥ 71,000	¥ 59,600	¥ 387,900
Long-term loans payable	48,049	62,580	55,981	80,423	61,223	254,682
Short-term loans payable	44,500	—	—	—	—	—

As of March 31, 2023

	Millions of Yen					
	Due within 1 Year	Due after 1 Year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years	Due after 5 Years
Bonds	¥ 80,000	¥ 120,000	¥ 100,000	¥ 50,000	¥ 71,000	¥ 412,500
Long-term loans payable	87,305	47,951	62,562	54,713	79,155	266,266
Short-term loans payable	44,500	—	—	—	—	—

Financial instruments categorized by fair value hierarchy

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs used in fair value measurements:

Level 1: Fair values measured by using quoted prices in active markets for identical assets or liabilities.

Level 2: Fair values measured by using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities.

Level 3: Fair values measured by using significant unobservable inputs for the assets or liabilities.

If multiple inputs are used that have a significant impact on the measurement of fair value, fair value is categorized at the lowest level in the fair value measurement among the levels to which each of these inputs belongs.

(1) Financial assets and liabilities measured at fair value are as follows:

As of March 31, 2025

	Millions of Yen			
	Fair Values			
	Level 1	Level 2	Level 3	Total
Assets:				
Investment securities:				
Available-for-sale securities:				
Equity securities	¥ 23,322	¥ —	¥ —	¥ 23,322
Liabilities:				
Derivatives	¥ —	¥ 287	¥ —	¥ 287

As of March 31, 2024

	Millions of Yen			
	Fair Values			
	Level 1	Level 2	Level 3	Total
Assets:				
Investment securities:				
Available-for-sale securities:				
Equity securities	¥ 19,156	¥ —	¥ —	¥ 19,156
Liabilities:				
Derivatives	¥ —	¥ 2,289	¥ —	¥ 2,289

As of March 31, 2023

	Millions of Yen			
	Fair Values			
	Level 1	Level 2	Level 3	Total
Assets:				
Investment securities:				
Available-for-sale securities:				
Equity securities	¥ 12,173	¥ —	¥ —	¥ 12,173
Liabilities:				
Derivatives	¥ —	¥ 2,080	¥ —	¥ 2,080

(2) Financial assets and liabilities not measured at fair value are as follows:

As of March 31, 2025

	Millions of Yen			
	Fair Values			
	Level 1	Level 2	Level 3	Total
Assets:				
Investment securities:				
Held-to-maturity debt securities:				
Corporate bonds	¥ —	¥ —	¥ 1,758	¥ 1,758
Liabilities:				
Bonds	¥ —	¥ 769,801	¥ —	¥ 769,801
Long-term loans payable	—	502,230	—	502,230

As of March 31, 2024

	Millions of Yen			
	Fair Values			
	Level 1	Level 2	Level 3	Total
Assets:				
Investment securities:				
Held-to-maturity debt securities:				
Corporate bonds	¥ —	¥ —	¥ 2,069	¥ 2,069
Liabilities:				
Bonds	¥ —	¥ 773,943	¥ —	¥ 773,943
Long-term loans payable	—	525,063	—	525,063

As of March 31, 2023

	Millions of Yen			
	Fair Values			
	Level 1	Level 2	Level 3	Total
Assets:				
Investment securities:				
Held-to-maturity debt securities:				
Corporate bonds	¥ —	¥ —	¥ 2,263	¥ 2,263
Liabilities:				
Bonds	¥ —	¥ 816,136	¥ —	¥ 816,136
Long-term loans payable	—	567,550	—	567,550

The following is a description of valuation methodologies and inputs used for measurement of the fair value of assets and liabilities:

Investment securities

The fair values of listed equity securities are measured at the quoted market prices. Since listed equity securities are traded in active markets, the fair values of listed equity securities are categorized as Level 1. The fair values of corporate bonds are measured at the present value of the total amount of the principal and interest taken as a whole discounted by a rate taking into account the credit risk, and are categorized as Level 3 because the rate is unobservable.

Bonds

The fair values of bonds issued by the Company are measured at the quoted market prices, but are not considered quoted market prices in an active market; therefore, they are categorized as Level 2.

Long-term loans payable

All long-term loans payable have fixed interest rates. The fair values of long-term loans payable are measured at the present value of the total amount of the principal and interest taken as a whole discounted by an expected rate that would be applied to new loans with the same terms and conditions, and are categorized as Level 2.

Derivatives

The fair values of derivatives are measured based on the price obtained from the counterparty of the transaction, and are therefore categorized as Level 2.

17. INVESTMENT SECURITIES

(1) Available-for-sale securities

As of March 31, 2025

	Millions of Yen		
	Carrying Amount	Acquisition Cost	Difference
Securities with carrying amount exceeding acquisition cost:			
Equity securities	¥ 23,322	¥ 8,363	¥ 14,958
Securities with carrying amount not exceeding acquisition cost:			
Equity securities	—	—	—
Total	¥ 23,322	¥ 8,363	¥ 14,958

As of March 31, 2024

	Millions of Yen		
	Carrying Amount	Acquisition Cost	Difference
Securities with carrying amount exceeding acquisition cost:			
Equity securities	¥ 19,156	¥ 8,363	¥ 10,792
Securities with carrying amount not exceeding acquisition cost:			
Equity securities	—	—	—
Total	¥ 19,156	¥ 8,363	¥ 10,792

As of March 31, 2023

	Millions of Yen		
	Carrying Amount	Acquisition Cost	Difference
Securities with carrying amount exceeding acquisition cost:			
Equity securities	¥ 12,169	¥ 8,359	¥ 3,810
Securities with carrying amount not exceeding acquisition cost:			
Equity securities	3	4	(0)
Total	¥ 12,173	¥ 8,363	¥ 3,809

(2) Available-for-sale securities sold during the year

For the year ended March 31, 2025

	Millions of Yen		
	Proceeds from Sale	Realized Gains	Realized Losses
Equity securities	¥ 5	¥ —	¥ 4

For the year ended March 31, 2024

No items to report.

For the year ended March 31, 2023

	Millions of Yen		
	Proceeds from Sale	Realized Gains	Realized Losses
Equity securities	¥ 7	¥ 7	¥ —

(3) Impairment of investment securities

For the year ended March 31, 2025

The Group recorded the following losses on write-downs of investment securities:

	Millions of Yen
Available-for-sale securities—Equity securities	¥ 3
Total	¥ 3

For the year ended March 31, 2024

The Group recorded the following losses on write-downs of investment securities:

	Millions of Yen
Available-for-sale securities:	
Equity securities	¥ 137
Subscription certificates	340
Investments in associates	801
Total	¥ 1,279

For the year ended March 31, 2023

The Group recorded the following losses on write-downs of investment securities:

	Millions of Yen
Available-for-sale securities—Equity securities	¥ 292
Investments in associates	99
Total	¥ 392

18. DERIVATIVE TRANSACTIONS

(1) Derivative transactions to which hedge accounting is not applied

(a) Currency-related derivatives

As of March 31, 2025

	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
Off-market transactions:				
Foreign currency forward contracts—Selling U.S. dollars	¥ 1,898	¥ —	¥ 23	¥ 23

As of March 31, 2024

	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
Off-market transactions:				
Foreign currency forward contracts—Selling U.S. dollars	¥ 1,231	¥ —	¥ 1	¥ 1

As of March 31, 2023

	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
Off-market transactions:				
Foreign currency forward contracts—Selling U.S. dollars	¥ 1,046	¥ —	¥ (3)	¥ (3)

(b) Commodity-related derivatives

As of March 31, 2025

	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
Market transactions:				
Interest rate swaps (fixed rate payment, floating rate receipt)	¥ 4,261	¥ —	¥ 153	¥ 153
Interest rate swaps (floating rate payment, fixed rate receipt)	3,325	—	(83)	(83)
Off-market transactions:				
Interest rate swaps (fixed rate payment, floating rate receipt)	¥ 479	¥ —	¥ 45	¥ 45
Interest rate swaps (floating rate payment, fixed rate receipt)	493	—	56	56

As of March 31, 2024

	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
Market transactions:				
Interest rate swaps (fixed rate payment, floating rate receipt)	¥ 6,032	¥ 2,560	¥ 202	¥ 202
Interest rate swaps (floating rate payment, fixed rate receipt)	5,403	1,940	(390)	(390)

As of March 31, 2023

	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
Market transactions:				
Interest rate swaps (fixed rate payment, floating rate receipt)	¥ 1,113	¥ —	¥ (182)	¥ (182)
Interest rate swaps (floating rate payment, fixed rate receipt)	2,438	—	648	648

(2) Derivative transactions to which hedge accounting is applied

(a) Currency-related derivatives

As of March 31, 2025

		Millions of Yen		
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts— Buying U.S. dollars	Payables arising from fuel purchases	¥ 2,819	¥ —	¥ (39)
Foreign currency forward contracts— Buying Euro	Payables arising from fuel purchases	142	—	3
Foreign currency forward contracts— Selling U.S. dollars	Receivables arising from fuel sales	6,745	—	(448)

Note: All the foreign currency forward contracts in the above table qualify for hedge accounting; accordingly, the receivables and payables denominated in foreign currencies are translated at the contracted rates.

As of March 31, 2024

		Millions of Yen		
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts—Buying U.S. dollars	Payables arising from fuel purchases	¥ 3,219	¥ —	¥ 136
Foreign currency forward contracts—Buying Euro	Payables arising from fuel purchases	146	—	6
Foreign currency forward contracts—Selling U.S. dollars	Receivables arising from fuel sales	46,031	—	(2,246)

Note: All the foreign currency forward contracts in the above table qualify for hedge accounting; accordingly, the receivables and payables denominated in foreign currencies are translated at the contracted rates.

As of March 31, 2023

No items to report.

(b) Commodity-related derivatives

As of March 31, 2025

No items to report.

As of March 31, 2024

No items to report.

As of March 31, 2023

		Millions of Yen		
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Commodity swaps (fixed payment, floating receipt)	Payables arising from fuel imports (Forward contracts)	¥ 7,066	¥ —	¥(2,542)

Note: The commodity swaps in the above table qualify for hedge accounting and are accounted for based on the principle method.

19. RETIREMENT BENEFITS

(1) Outline of retirement benefit plans

The Company and its consolidated subsidiaries have defined benefit pension plans, lump-sum severance payment plans, and defined contribution pension plans.

Certain consolidated subsidiaries participate in multi-employer defined benefit pension plans.

The Group's defined benefit pension plans are contributory funded plans, and are primarily cash balance pension plans that provide hypothetical individual employee accounts that maintain their funded assets and pension benefits. In the hypothetical individual employee accounts, an interest credit based primarily on market interest rate trends and a pay credit based on the employee's grade and length of service are accumulated.

Under the unfunded lump-sum severance payment plans, the Company and certain consolidated subsidiaries have adopted a point system under which employees contribute points based on their grade, length of service, and market interest rate trends. The lump-sum severance payment is made based on the accumulated points.

For the defined benefit pension plans and lump-sum severance payment plans of certain consolidated subsidiaries, the simplified method is applied to determine the liabilities for retirement benefits and retirement benefit costs.

(2) Defined benefit plans (including those to which the simplified method is applied and multi-employer defined benefit pension plans)

(a) Reconciliation between the beginning and ending balances of retirement benefit obligations

	Millions of Yen		
	2025	2024	2023
Beginning balance of retirement benefit obligations	¥ 167,950	¥ 169,975	¥ 172,747
Service cost	5,397	5,437	5,691
Interest cost	1,622	1,632	1,655
Actuarial gains arising during the year	(21,289)	(150)	(1,057)
Retirement benefits paid	(9,011)	(8,943)	(9,062)
Ending balance of retirement benefit obligations	¥ 144,669	¥ 167,950	¥ 169,975

(b) Reconciliation between the beginning and ending balances of plan assets

	Millions of Yen		
	2025	2024	2023
Beginning balance of plan assets	¥ 154,655	¥ 148,121	¥ 152,973
Expected return on plan assets	3,050	2,924	3,020
Actuarial gains (losses) arising during the year	(5,270)	7,130	(4,617)
Employer contribution	2,824	2,860	2,863
Retirement benefits paid	(6,426)	(6,381)	(6,117)
Ending balance of plan assets	¥ 148,832	¥ 154,655	¥ 148,121

(c) Reconciliation between the ending balances of retirement benefit obligations and plan assets, and liabilities (assets) for retirement benefits on the consolidated balance sheets

	Millions of Yen		
	2025	2024	2023
Funded retirement benefit obligations	¥ 114,228	¥ 134,201	¥ 135,696
Plan assets	(148,832)	(154,655)	(148,121)
	(34,604)	(20,454)	(12,425)
Unfunded retirement benefit obligations	30,441	33,749	34,279
Net amount of liabilities and assets for retirement benefits on the consolidated balance sheets	(4,162)	13,295	21,853
Liabilities for retirement benefits	30,634	34,602	35,929
Assets for retirement benefits	(34,797)	(21,307)	(14,076)
Net amount of liabilities and assets for retirement benefits on the consolidated balance sheets	¥ (4,162)	¥ 13,295	¥ 21,853

(d) Components of net periodic benefit costs

	Millions of Yen		
	2025	2024	2023
Service cost	¥ 5,397	¥ 5,437	¥ 5,691
Interest cost	1,622	1,632	1,655
Expected return on plan assets	(3,050)	(2,924)	(3,020)
Recognized actuarial losses (gains)	(84)	1,848	1,017
Amortization of prior service cost	—	16	16
Net periodic benefit costs related to defined benefit plans	¥ 3,885	¥ 6,009	¥ 5,360

(e) Remeasurement of defined benefit plans (before income tax effect) in other comprehensive income

	Millions of Yen		
	2025	2024	2023
Prior service cost	¥ —	¥ 16	¥ 16
Actuarial losses (gains)	15,934	9,129	(2,542)
Total	¥ 15,934	¥ 9,145	¥ (2,526)

(f) Remeasurement of defined benefit plans (before income tax effect and noncontrolling interests) in accumulated other comprehensive income

	Millions of Yen		
	2025	2024	2023
Unrecognized prior service cost	¥ —	¥ —	¥ 16
Unrecognized actuarial losses (gains)	(18,784)	(2,849)	6,279
Total	¥ (18,784)	¥ (2,849)	¥ 6,295

(g) Plan assets

1) Components of plan assets and their composition ratio

	2025	2024	2023
Debt securities	55%	53%	54%
Equity securities	8	17	14
Insurance assets (general accounts)	23	28	29
Others	14	2	3
Total	100%	100%	100%

2) Determination method of long-term expected rate of return

The long-term expected rate of return on plan assets is determined by taking into account the Group's investment policy, which is weighted towards debt securities and life insurance (general accounts) in order to maintain stable income, past investment performance, market trends and other factors.

(h) Assumptions used in actuarial calculation

	2025	2024	2023
Discount rate	Primarily 2.3%	Primarily 1.1%	Primarily 1.1%
Long-term expected rate of return on plan assets	Primarily 2.0%	Primarily 2.0%	Primarily 2.0%

(3) Defined contribution plans

Retirement benefit costs of defined contribution plans of the Company and consolidated subsidiaries for the years ended March 31, 2025, 2024 and 2023, were ¥746 million, ¥748 million, and ¥749 million, respectively.

20. TAX EFFECT ACCOUNTING

(1) Significant components of deferred tax assets and liabilities

	Millions of Yen		
	2025	2024	2023
Deferred tax assets:			
Contribution payable for nuclear reactor decommissioning	¥ 26,667	¥ —	¥ —
Depreciation and amortization	23,814	22,453	19,295
Asset retirement obligations	—	10,374	10,374
Liability for retirement benefits	8,944	9,834	6,225
Others	23,264	24,713	38,028
Subtotal	82,692	67,376	73,923
Valuation allowances	(12,139)	(15,106)	(18,413)
Deferred tax assets	¥ 70,552	¥ 52,269	¥ 55,510
Deferred tax liabilities:			
Reserve for decommissioning costs of nuclear power units	¥ (22,374)	¥ —	¥ —
Asset retirement costs	—	(6,072)	(6,206)
Retirement benefit assets	(10,134)	(6,024)	—
Unrealized gain on available-for-sale securities	(4,365)	(3,058)	(1,101)
Others	(554)	(450)	(630)
Deferred tax liabilities	¥ (37,428)	¥ (15,606)	¥ (7,937)
Deferred tax assets (liabilities), net	¥ 33,123	¥ 36,663	¥ 47,572

(a) Deferred tax assets (liabilities), net are included in the following items on the consolidated balance sheets as of March 31, 2025, 2024 and 2023:

	Millions of Yen		
	2025	2024	2023
Non-current assets—Deferred tax assets	¥ 33,132	¥ 36,663	¥ 47,572
Long-term liabilities—Other long-term liabilities	(8)	—	—

(b) Major changes in valuation allowances are as follows:

As of March 31, 2025

Valuation allowances decreased by ¥2,967 million as compared to the balance as of March 31, 2024. This was mainly due to an increase in the expected recoverable amount as a result of a review of the corporate classification used to determine the recoverability of deferred tax assets.

As of March 31, 2024

Valuation allowances decreased by ¥3,307 million as compared to the balance as of March 31, 2023. This was mainly due to an increase in the expected recoverable amount as a result of scheduling future deductible temporary differences.

(c) Expiration of tax loss carryforwards and corresponding deferred tax assets are as follows:

As of March 31, 2025

This information is omitted since it is immaterial.

As of March 31, 2024

This information is omitted since it is immaterial.

As of March 31, 2023

	Millions of Yen		
	Tax Loss Carryforwards (Note 1)	Valuation Allowance	Deferred Tax Assets (Note 2)
Due within 1 year	¥ 3,664	¥ (85)	¥ 3,578
Due after 1 year through 2 years	—	—	—
Due after 2 years through 3 years	3,416	—	3,416
Due after 3 years through 4 years	—	—	—
Due after 4 years through 5 years	—	—	—
Due after 5 years	9,725	(419)	9,305
Total	¥ 16,805	¥ (505)	¥ 16,300

Notes: 1. The amounts above are determined by multiplying the corresponding tax loss carryforwards by the effective statutory tax rate.

2. The Company recognized deferred tax assets for tax loss carryforwards that were considered recoverable based on expected future taxable income, taking account of potential risks that may affect future operating results.

(2) Reconciliation between the effective statutory tax rate and the effective tax rate reflected in the accompanying consolidated statements of income

	2025	2024	2023
Effective statutory tax rate	27.96%	27.96%	—%
Valuation allowances	(3.98)	(3.60)	—
Tax reform	(1.11)	—	—
Other—net	(0.16)	0.11	—
Effective tax rate	22.71%	24.47%	—%

Note: A reconciliation for 2023 is not presented because the Company recorded loss before income taxes.

(3) Accounting treatment of income taxes and local income taxes, or tax effect accounting of these taxes

The Company and certain consolidated subsidiaries have adopted the group tax sharing system. In accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (Practical Issues Task Force No. 42, issued on August 12, 2021), the Company and the consolidated subsidiaries account for income taxes and local income taxes or tax effect accounting related to these taxes and disclose the relevant information.

(4) Revision in the amounts of deferred tax assets and liabilities due to changes in the effective statutory tax rates

In response to the "Act for the Partial Revision of the Income Taxes Act" (Act No. 13 of 2025) enacted by the Japanese National Diet on March 31, 2025, the Company changed the effective statutory tax rate used to calculate deferred tax assets and liabilities as of March 31, 2025 (limited to those expected to be reversed on or after April 1, 2026). As a result, deferred tax assets, net increased by ¥661 million, and income taxes-deferred, unrealized gain on available-for-sale securities, and remeasurement of defined benefit plans decreased by ¥935 million, ¥138 million, and ¥134 million, respectively.

21. ASSET RETIREMENT OBLIGATIONS

Asset Retirement Obligations on the Consolidated Balance Sheets

(1) Nature of asset retirement obligations

Asset retirement obligations of the Group were associated with decommissioning of specified nuclear power facilities as stipulated in the "Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors" (Act No. 166 of 1957). Previously, the Group had applied Article 8 of the Implementation Guidance to the decommissioning measures for specified nuclear power units and had recorded the decommissioning costs of nuclear power units by allocating the total estimated decommissioning costs of nuclear power units over the expected operating period on a straight-line basis in accordance with the Decommissioning Ordinance and Guidelines. The decommissioning costs were estimated based on the type and amount of waste materials to be generated by decommissioning activities in accordance with the Guidelines.

As described in the additional information in Note 5 (14), on April 1, 2024, the Amendment Act and the Ministry Ordinance for Revision came into effect, and as a result, the Decommissioning Ordinance was repealed and the Electricity Utility Accounting Regulations were revised.

As a result, the Group recorded reversal of asset retirement obligations of ¥21,717 million and corresponding assets of ¥21,717 million.

Pursuant to the provisions of Article 10-1 of the Supplementary Provisions of the Amendment Act, the total amount of ¥95,596 million that must be paid to NuRO to cover necessary expenses for the promotion of decommissioning reactors is required to be recorded as contribution payable for nuclear reactor decommissioning and expensed in accordance with the provisions of Article 7 of the Supplementary Provisions of the Ministry Ordinance for Revision, and according to which, the amount of the reversal of asset retirement obligations is deducted from expenses. As a result, no asset retirement obligations remained as of March 31, 2025.

(2) Assumptions used in computation of asset retirement obligations

The estimated period until expenditure was calculated by subtracting the period after the start of operation from the estimated remaining years of operation of each specific nuclear power facility. The discount rate was 2.3%.

If the amount of reserve for decommissioning costs of nuclear power units, as calculated based on the Decommissioning Ordinance, exceeded that calculated based on these assumptions, the former was recognized as an asset retirement obligation.

(3) The changes in asset retirement obligations are as follows:

	Millions of Yen		
	2025	2024	2023
Balance at beginning of year	¥ 117,313	¥ 112,658	¥ 108,608
Change during the year	(117,313)	4,654	4,050
Balance at end of year	¥ —	¥ 117,313	¥ 112,658

22. REVENUE RECOGNITION

(1) Disaggregation of revenue from contracts with customers

Information on disaggregation of revenue from contracts with customers is presented in Note 23.

(2) Basic information to understand revenue from contracts with customers

Basic information to understand revenue from contracts with customers is presented in Note 5 (8).

(3) Information on the relationship between the fulfillment of performance obligations under contracts with customers and cash flows from such contracts, and the amount and timing of revenue from contracts with customers outstanding as of the end of the fiscal year, which are expected to be recognized in and after the following fiscal year

As of March 31, 2025

(a) Balance of contract assets and contract liabilities

	Millions of Yen	
	As of April 1, 2024	As of March 31, 2025
Receivables arising from contracts with customers	¥ 89,106	¥ 103,123
Contract assets	3,296	4,557
Contract liabilities	5,288	8,328

Note: In the consolidated balance sheet, receivables arising from contracts with customers are included in "Trade notes and accounts receivable, and contract assets" and "Other current assets." Contract assets are included in "Trade notes and accounts receivable, and contract assets." Contract liabilities are included in "Other non-current liabilities" and "Other current liabilities."

(b) Transaction prices allocated to remaining performance obligations

The total amount of transaction prices allocated to remaining performance obligations of the Company as of March 31, 2025 was ¥177,584 million. The Company expects to recognize approximately 70% of these remaining performance obligations as revenue primarily within three years upon fulfillment of the performance obligations and the remaining approximately 30% within one year thereafter.

The transaction prices allocated to remaining performance obligations of the Company does not include revenues from the Long-Term Decarbonized Power Auction (the "LDPA"), which is one of the auctions that comprise the capacity market.

Revenues from the LDPA will be the capacity reservation contract amount granted by the national agency, less a part of the Company's revenue earned from other markets such as the wholesale power market during the same period (“Other Market Revenues”), which will be subsequently refunded to the national agency.

Since Other Market Revenues are subject to the future market price, it is difficult to estimate the portion of revenue that will likely not be reduced by the amount recorded until the uncertainty regarding the amount of variable consideration is subsequently resolved. Therefore, information on Other Market Revenues is not presented.

The total amount of transaction prices allocated to remaining performance obligations of the consolidated subsidiaries as of March 31, 2025 was ¥22,816 million. The Company expects to recognize these remaining performance obligations as revenue primarily over a period of one to five years.

Information about contracts for which the initially expected contract period is one year or less is omitted applying a practical expedient.

As of March 31, 2024

(a) Balance of contract assets and contract liabilities

	Millions of Yen	
	As of April 1, 2023	As of March 31, 2024
Receivables arising from contracts with customers	¥ 77,870	¥ 89,106
Contract assets	4,076	3,296
Contract liabilities	4,937	5,288

Note: In the consolidated balance sheet, receivables arising from contracts with customers are included in “Trade notes and accounts receivable, and contract assets“ and “Other current assets.” Contract assets are included in “Trade notes and accounts receivable, and contract assets.” Contract liabilities are included in “Other non-current liabilities” and “Other current liabilities.”

(b) Transaction prices allocated to remaining performance obligations

The total amount of transaction prices allocated to remaining performance obligations of the Company as of March 31, 2024 was ¥159,216 million. The Company expects to recognize approximately 70% of these remaining performance obligations as revenue primarily within three years upon fulfillment of the performance obligations and the remaining approximately 30% within one year thereafter.

The total amount of transaction prices allocated to remaining performance obligations of the consolidated subsidiaries as of March 31, 2024 was ¥20,418 million. The Company expects to recognize these remaining performance obligations as revenue primarily over a period of one to five years.

Information about contracts for which the initially expected contract period is one year or less is omitted applying a practical expedient.

As of March 31, 2023

(a) Balance of contract assets and contract liabilities

	Millions of Yen	
	As of April 1, 2022	As of March 31, 2023
Receivables arising from contracts with customers	¥ 66,887	¥ 77,870
Contract assets	4,451	4,076
Contract liabilities	3,778	4,937

Note: In the consolidated balance sheet, receivables arising from contracts with customers are included in "Trade notes and accounts receivable, and contract assets" and "Other current assets." Contract assets are included in "Trade notes and accounts receivable, and contract assets." Contract liabilities are included in "Other non-current liabilities" and "Other current liabilities."

(b) Transaction prices allocated to remaining performance obligations

The total amount of transaction prices allocated to remaining performance obligations of the Company as of March 31, 2023 was ¥107,179 million. The Company expects to recognize approximately 70% of these remaining performance obligations as revenue primarily within three years upon fulfillment of the performance obligations and the remaining approximately 30% within one year thereafter.

The total amount of transaction prices allocated to remaining performance obligations of the consolidated subsidiaries as of March 31, 2023 was ¥13,431 million. The Company expects to recognize these remaining performance obligations as revenue primarily over a period of one to five years.

Information about contracts for which the initially expected contract period is one year or less is omitted applying a practical expedient.

23. SEGMENT INFORMATION

(1) Description of reportable segments

The reportable segments are components of the Group for which separate financial information is available, and whose operating results are reviewed periodically by the Board of Directors to evaluate their performance.

The Group has two reportable segments: "Hokkaido Electric Power," which is responsible for corporate functions (head office functions in the Group) and engages in the power generation and retail electricity business, and "Hokkaido Electric Power Network," which engages in the electric power transmission and distribution business.

The "Others" category includes (a) electrical and telecommunications work, (b) comprehensive real estate management, (c) civil engineering and building construction, (d) periodic inspection, maintenance, and repair of power plants, and (e) telecommunications business.

(2) Computation of operating revenues, profit or loss, and other items of reportable segments

The reportable segment information is prepared under the same accounting policies as discussed in Note 5. Segment profit or loss is determined based on ordinary income. Intersegment sales and transfers are determined based on the prevailing market prices.

(3) Operating revenues, profit or loss, assets, and other items of reportable segments, and disaggregation of revenue

For the year ended March 31, 2025

	Millions of Yen						
	Reportable Segments						
	Hokkaido Electric Power	Hokkaido Electric Power Network	Total	Others (Note 1)	Total	Reconciliation (Note 2)	Consolidated (Note 3)
Operating revenues:							
Revenue from contracts with customers:							
Electricity	¥ 696,872	¥ 126,267	¥ 823,139	¥ 1	¥ 823,140	¥ —	¥ 823,140
Others	5,796	139	5,936	39,382	45,319	—	45,319
Total revenue from contracts with customers	702,668	126,407	829,075	39,384	868,459	—	868,459
Other revenues (Note 4)	27,540	4,719	32,259	1,333	33,593	—	33,593
Sales to outside customers	730,209	131,126	861,335	40,717	902,053	—	902,053
Intersegment sales or transfers	57,841	190,062	247,904	113,237	361,142	(361,142)	—
Total operating revenues	¥ 788,051	¥ 321,189	¥ 1,109,240	¥ 153,954	¥ 1,263,195	¥ (361,142)	902,053
Segment profit	¥ 53,689	¥ 1,115	¥ 54,804	¥ 12,172	¥ 66,977	¥ (2,926)	¥ 64,051
Segment assets	2,054,183	804,660	2,858,843	181,056	3,039,900	(795,897)	2,244,003
Other items:							
Depreciation and amortization	36,417	30,483	66,900	6,967	73,867	(625)	73,241
Interest expenses	10,949	4,526	15,475	175	15,651	(4,660)	10,991
Increase in property, plant, equipment and intangible assets	86,723	66,829	153,553	12,943	166,497	(1,720)	164,776

Notes:

1. Others consist of businesses that are not included in the reportable segments and include other consolidated subsidiaries.

2. Reconciliation of the following items is elimination of intersegment transactions: segment profit of (¥2,926) million, segment assets of (¥795,897) million, depreciation and amortization of (¥625) million, interest expenses of (¥4,660) million, and increase in property, plant, equipment and intangible assets of (¥1,720) million.

3. Segment profit corresponds to ordinary income in the consolidated statement of income.

4. Other revenues includes subsidies received as a source of funds for electricity and gas price discounts based on the unit price of electricity and gas set by the Japanese government in accordance with the "Project to Mitigate Steep Rises in Electricity and Gas Prices," "Emergency Support for Overcoming Extreme Heat," and "Project to Support Reduction in the Burden of Electricity and Gas Prices" implemented under the "Comprehensive Economic Measures for Complete Departure from Deflation" and "Comprehensive Economic Measures to Foster the Safety and Security of Citizens and Sustained Growth." Such subsidies included in Hokkaido Electric Power and Hokkaido Electric Power Network are ¥26,050 million and ¥85 million, respectively.

For the year ended March 31, 2024

	Millions of Yen						
	Reportable Segments						
	Hokkaido Electric Power	Hokkaido Electric Power Network	Total	Others (Note 1)	Total	Reconciliation (Note 2)	Consolidated (Note 3)
Operating revenues:							
Revenue from contracts with customers:							
Electricity	¥ 715,027	¥ 120,147	¥ 835,175	¥ 792	¥ 835,968	¥ —	¥ 835,968
Others	5,122	—	5,122	35,025	40,147	—	40,147
Total revenue from contracts with customers	720,150	120,147	840,297	35,818	876,116	—	876,116
Other revenues (Note 4)	71,842	4,552	76,395	1,273	77,668	—	77,668
Sales to outside customers	791,992	124,700	916,692	37,091	953,784	—	953,784
Intersegment sales or transfers	69,648	189,094	258,743	117,889	376,632	(376,632)	—
Total operating revenues	¥ 861,640	¥ 313,795	¥ 1,175,436	¥ 154,980	¥ 1,330,417	¥ (376,632)	¥ 953,784
Segment profit	¥ 68,961	¥ 10,666	¥ 79,627	¥ 11,592	¥ 91,220	¥ (3,904)	¥ 87,315
Segment assets	1,963,590	757,182	2,720,772	164,533	2,885,305	(743,614)	2,141,691
Other items:							
Depreciation and amortization	37,665	29,179	66,844	7,194	74,039	(588)	73,450
Interest expenses	12,127	3,893	16,021	107	16,128	(3,944)	12,183
Increase in property, plant, equipment and intangible assets	56,856	46,246	103,102	15,237	118,340	(1,462)	116,877

Notes:

1. Others consist of businesses that are not included in the reportable segments and include other consolidated subsidiaries.

2. Reconciliation of the following items is elimination of intersegment transactions: segment profit of (¥3,904) million, segment assets of (¥743,614) million, depreciation and amortization of (¥588) million, interest expenses of (¥3,944) million, and increase in property, plant, equipment and intangible assets of (¥1,462) million.

3. Segment profit corresponds to ordinary income in the consolidated statement of income.

4. Other revenues includes subsidies received as a source of funds for electricity and gas price discounts based on the unit price of electricity and gas set by the Japanese government in accordance with the “Project to Mitigate Steep Rises in Electricity and Gas Prices” implemented under the “Comprehensive Economic Measures for Overcoming Price Increases and Revitalizing the Economy” and “Comprehensive Economic Measures for Complete Departure from Deflation.” Such subsidies included in Hokkaido Electric Power, Hokkaido Electric Power Network, and Others, are ¥70,811 million, ¥641 million, and ¥64 million, respectively.

For the year ended March 31, 2023

	Millions of Yen						
	Reportable Segments						
	Hokkaido Electric Power	Hokkaido Electric Power Network	Total	Others (Note 1)	Total	Reconciliation (Note 2)	Consolidated (Note 3)
Operating revenues:							
Revenue from contracts with customers:							
Electricity	¥ 664,065	¥ 145,995	¥ 810,061	¥ 1,710	¥ 811,772	¥ —	¥ 811,772
Others	2,755	—	2,755	48,579	51,335	—	51,335
Total revenue from contracts with customers	666,821	145,995	812,817	50,290	863,107	—	863,107
Other revenues (Note 4)	20,403	4,035	24,438	1,328	25,767	—	25,767
Sales to outside customers	687,225	150,031	837,256	51,618	888,874	—	888,874
Intersegment sales or transfers	92,450	197,929	290,380	103,510	393,891	(393,891)	—
Total operating revenues	¥ 779,676	¥ 347,960	¥ 1,127,636	¥ 155,128	¥ 1,282,765	¥ (393,891)	¥ 888,874
Segment profit (loss)	¥ (34,471)	¥ (3,352)	¥ (37,824)	¥ 9,309	¥ (28,514)	¥ (737)	¥ (29,251)
Segment assets	1,961,247	726,138	2,687,386	151,923	2,839,310	(745,970)	2,093,339
Other items:							
Depreciation and amortization	45,132	28,160	73,292	7,444	80,737	(561)	80,176
Interest expenses	9,456	3,624	13,081	90	13,172	(3,664)	9,507
Increase in property, plant, equipment and intangible assets	33,929	40,935	74,865	9,567	84,432	(1,179)	83,252

Notes:

1. Others consist of businesses that are not included in the reportable segments and include other consolidated subsidiaries.

2. Reconciliation of the following items is elimination of intersegment transactions: segment profit (loss) of (¥737) million, segment assets of (¥745,970) million, depreciation and amortization of (¥561) million, interest expenses of (¥3,664) million, and increase in property, plant, equipment and intangible assets of (¥1,179) million.

3. Segment profit (loss) corresponds to ordinary income (loss) in the consolidated statement of income.

4. Other revenues includes subsidies received as a source of funds for electricity and gas price discounts based on the unit price of electricity and gas set by the Japanese government in accordance with the "Project to Mitigate Steep Rises in Electricity and Gas Prices" implemented under the "Comprehensive Economic Measures for Overcoming Price Increases and Revitalizing the Economy." Such subsidies included in Hokkaido Electric Power, Hokkaido Electric Power Network, and Others, are ¥19,341 million, ¥636 million, and ¥25 million, respectively.

Related Information

For the year ended March 31, 2025

(1) Information by product or service

Information by product or service is not presented because sales to outside customers in a single product or service exceeded 90% of operating revenues in the consolidated statements of income.

(2) Information by geographical area

(a) Net sales

Information by geographical area is not presented because no operating revenues were recorded in countries or regions other than Japan.

(b) Fixed assets

Information by geographical area is not presented because the Group did not have any plant, property and equipment in countries or regions other than Japan.

(3) Information on major customers

No items to report.

For the year ended March 31, 2024

(1) Information by product or service

Information by product or service is not presented because sales to outside customers in a single product or service exceeded 90% of operating revenues in the consolidated statements of income.

(2) Information by geographical area

(a) Net sales

Information by geographical area is not presented because no operating revenues were recorded in countries or regions other than Japan.

(b) Property, plant and equipment

Information by geographical area is not presented because the Group did not have any plant, property and equipment in countries or regions other than Japan.

(3) Information on major customers

No items to report.

For the year ended March 31, 2023

(1) Information by product or service

Information by product or service is not presented because sales to outside customers in a single product or service exceeded 90% of operating revenues in the consolidated statements of income.

(2) Information by geographical area

(a) Net sales

Information by geographical area is not presented because no operating revenues were recorded in countries or regions other than Japan.

(b) Fixed assets

Information by geographical area is not presented because the Group did not have any plant, property and equipment in countries or regions other than Japan.

(3) Information on major customers

No items to report.

Information on Impairment Loss on Fixed Assets

Impairment loss on fixed assets by segment is as follows:

For the year ended March 31, 2025

No items to report.

For the year ended March 31, 2024

Millions of Yen						
Reportable Segments						
Hokkaido Electric Power	Hokkaido Electric Power Network	Total	Others	Total	Reconciliation	Consolidated
¥ 8,334	¥ 1	¥ 8,335	¥ —	¥ 8,335	¥ —	¥ 8,335

For the year ended March 31, 2023

Millions of Yen						
Reportable Segments						
Hokkaido Electric Power	Hokkaido Electric Power Network	Total	Others	Total	Reconciliation	Consolidated
¥ 2,499	¥ 5	¥ 2,504	¥ —	¥ 2,504	¥ —	¥ 2,504

Information on Amortization and Remaining Balance of Goodwill

For the year ended March 31, 2025

No items to report.

For the year ended March 31, 2024

No items to report.

For the year ended March 31, 2023

No items to report.

Information on Gain on Negative Goodwill

For the year ended March 31, 2025

No items to report.

For the year ended March 31, 2024

No items to report.

For the year ended March 31, 2023

No items to report.

24. RELATED PARTY INFORMATION

For the year ended March 31, 2025

No items to report.

For the year ended March 31, 2024

No items to report.

For the year ended March 31, 2023

No items to report.

25. PER SHARE INFORMATION

	Yen 2025	Yen 2024	Yen 2023
Net assets per share	¥ 1,676.47	¥ 1,323.28	¥ 956.63
Basic profit (loss) per share	305.90	315.44	(114.96)

Notes:

1. Diluted profit per share are not presented because the Company did not have any type of potentially dilutive shares and the Group recorded a loss for the year ended March 31, 2023.

2. The Company's shares held by the Trust are included in treasury stock that is deducted in the calculation of number of issued shares of common stock as of the balance sheet date. The number of such shares as of March 31, 2025, 2024 and 2023, was 420 thousand shares, 320 thousand shares, and 325 thousand shares, respectively.

3. Basis for computing basic profit (loss) per share is as follows:

	Millions of Yen 2025	Millions of Yen 2024	Millions of Yen 2023
Profit (loss) attributable to owners of the parent (millions of yen)	¥ 64,218	¥ 66,201	¥ (22,193)
Amount not attributable to common shareholders—Dividends on preferred stock (millions of yen)	(1,410)	(1,438)	(1,410)
Profit (loss) attributable to common shareholders (millions of yen)	62,808	64,763	(23,603)
Average number of shares of common stock outstanding during the year (thousands of shares)	205,325	205,310	205,312

Note: The Company's shares held by the Trust are included in treasury stock that is deducted in the calculation of average number of shares of common stock outstanding during the year. The number of such shares for the years ended March 31, 2025, 2024 and 2023, was 319 thousand shares, 321 thousand shares, and 325 thousand shares, respectively.

26. SUBSEQUENT EVENTS

No items to report.

27. SUPPLEMENTAL SCHEDULES

Bonds

All bonds of the Group are secured straight bonds issued by the Company. The details as of March 31, 2025 are summarized as follows:

	Date of Issuance	Millions of Yen April 1, 2024	Millions of Yen March 31, 2025	Interest Rate (%)	Redemption Date
Secured straight bonds issued by the Company:					
#321	December 10, 2014	¥ 10,000	¥ —	0.886	December 25, 2024
#323	March 4, 2015	10,000	10,000	1.337	March 25, 2030
#325	October 14, 2015	10,000	10,000	1.264	October 25, 2030
#326	December 8, 2015	10,000	[10,000] 10,000	0.789	December 25, 2025
#329	January 20, 2016	20,000	[20,000] 20,000	0.665	January 23, 2026
#330	March 10, 2016	10,000	10,000	0.742	March 25, 2031
#331	April 25, 2016	10,000	10,000	0.37	April 24, 2026
#332	April 25, 2016	20,000	20,000	0.907	April 25, 2036
#334	June 14, 2016	15,000	15,000	0.544	June 25, 2031
#335	September 14, 2016	20,000	20,000	0.33	September 25, 2026
#336	September 14, 2016	10,000	10,000	0.73	August 25, 2036
#337	December 8, 2016	20,000	20,000	0.36	December 25, 2026
#338	December 8, 2016	10,000	10,000	0.84	November 25, 2036
#340	April 13, 2017	30,000	30,000	0.48	April 23, 2027
#341	April 13, 2017	10,000	10,000	0.968	March 25, 2037
#342	June 8, 2017	20,000	20,000	0.455	June 25, 2027
#343	June 8, 2017	10,000	10,000	0.905	May 25, 2037
#345	September 13, 2017	30,000	—	0.27	September 25, 2024
#346	December 13, 2017	30,000	—	0.31	December 25, 2024
#347	December 13, 2017	10,000	10,000	0.855	November 25, 2037
#349	April 11, 2018	30,000	30,000	0.425	April 25, 2028

	Date of Issuance	Millions of Yen April 1, 2024	Millions of Yen March 31, 2025	Interest Rate (%)	Redemption Date
Secured straight bonds issued by the Company:					
#350	April 11, 2018	¥ 10,000	¥ 10,000	0.754	March 25, 2038
#352	November 28, 2018	10,000	[10,000] 10,000	0.32	November 25, 2025
#353	November 28, 2018	10,000	10,000	0.732	December 25, 2034
#354	December 12, 2018	20,000	20,000	0.505	December 25, 2028
#356	January 29, 2019	10,000	[10,000] 10,000	0.42	January 23, 2026
#357	May 22, 2019	30,000	30,000	0.475	May 25, 2029
#358	October 10, 2019	10,000	10,000	0.32	October 25, 2029
#360	April 16, 2020	15,000	15,000	0.44	April 25, 2030
#361	May 27, 2020	20,000	—	0.2	May 24, 2024
#362	May 27, 2020	10,000	10,000	0.7	May 25, 2040
#363	July 14, 2020	20,000	20,000	0.4	July 25, 2030
#364	July 14, 2020	10,000	10,000	0.6	July 25, 2035
#366	September 8, 2020	10,000	10,000	0.9	September 25, 2045
#367	October 15, 2020	10,000	10,000	0.65	October 25, 2040
#369	May 20, 2021	20,000	—	0.001	May 24, 2024
#370	May 20, 2021	10,000	10,000	0.33	May 23, 2031
#371	July 14, 2021	15,000	15,000	0.89	June 23, 2051
#372	December 2, 2021	5,000	5,000	0.33	December 25, 2031
#373	December 2, 2021	10,000	10,000	0.68	December 25, 2041
#374	December 24, 2021	10,000	—	0.13	December 25, 2024
#375	April 14, 2022	20,000	[20,000] 20,000	0.12	April 25, 2025
#376	July 14, 2022	5,000	5,000	0.789	July 23, 2032
#377	September 1, 2022	20,000	[20,000] 20,000	0.35	August 25, 2025
#378	September 1, 2022	9,600	9,600	0.9	September 25, 2034
#379	October 25, 2022	9,600	9,600	0.65	October 25, 2028

	Date of Issuance	Millions of Yen April 1, 2024	 March 31, 2025	Interest Rate (%)	Redemption Date
Secured straight bonds issued by the Company:					
#380	October 25, 2022	¥ 4,800	¥ 4,800	0.919	October 25, 2032
#381	December 7, 2022	21,000	21,000	0.68	December 24, 2027
#382	December 7, 2022	16,500	16,500	1.05	December 24, 2032
#383	December 7, 2022	7,000	7,000	1.45	December 25, 2042
#384	December 23, 2022	10,000	[10,000] 10,000	0.36	December 25, 2025
#385	May 25, 2023	30,000	30,000	1.03	May 25, 2033
#386	May 25, 2023	5,000	5,000	1.55	May 25, 2043
#387	July 13, 2023	5,000	5,000	1.17	July 23, 2038
#388	July 13, 2023	15,000	15,000	1.79	June 25, 2053
#389	December 25, 2023	10,000	10,000	0.45	December 25, 2026
#390	April 11, 2024	—	5,000	1.111	April 25, 2034
#391	May 22, 2024	—	25,000	1.038	May 23, 203
#392	May 22, 2024	—	4,500	2.027	May 25, 2044
#393	June 18, 2024	—	6,000	1.401	June 23, 2034
#394	July 11, 2024	—	4,400	2.095	July 25, 2041
#395	October 17, 2024	—	20,000	0.894	October 25, 2029
#396	October 17, 2024	—	40,000	1.488	October 25, 2034
#397	December 5, 2024	—	15,000	2.23	December 23, 2044
#398	December 25, 2024	—	10,000	0.91	December 24, 2027
#399	February 27, 2024	—	10,000	1.5	February 25, 2032
#400	February 27, 2024	—	5,000	2.402	February 24, 2045
Total	—	¥ 798,500	[100,000] ¥ 823,400	—	—

Notes: 1. The figures in square brackets represent the current portion of the balance.

2. A redemption schedule of the bonds for the following five years as of March 31, 2025 is as follows:

Millions of Yen				
Due within 1 Year	Due after 1 Year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years
¥ 100,000	¥ 60,000	¥ 81,000	¥ 59,600	¥ 70,000

Borrowings

	Millions of Yen			
	April 1, 2024	March 31, 2025	Weighted Average Interest Rate (%)	Due Date
Short-term loans payable	¥ 44,500	¥ 44,500	0.666	—
Current portion of long-term loans payable	48,049	62,599	0.778	—
Current portion of lease obligations	855	575	—	—
Long-term loans payable, less current portion	514,891	494,310	0.936	From April 30, 2026 to August 27, 2049
Lease obligations, less current portion	3,233	2,822	—	From April 30, 2026 to October 31, 2041
Other interest-bearing liabilities:	—	—	—	—
Total	¥ 611,530	¥ 604,808	—	—

Notes: 1. The weighted average interest rate represents the average interest rate on the balances outstanding as of March 31, 2025. The weighted average interest rates of lease obligations are not presented because lease obligations are stated at amounts before deducting the amount equivalent to the interest expenses included in the total lease payment.

2. A five-year repayment schedule of long-term loans payable and lease obligations, less current portion as of March 31, 2025 is as follows:

	Due after 1 Year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years
Long-term loans payable	¥ 55,981	¥ 81,073	¥ 65,273	¥ 42,772
Lease obligations	434	415	345	320

Asset retirement obligations

	April 1, 2024	Increase	Decrease	March 31, 2025
Specified nuclear power facilities (Provision for demolition of nuclear power facilities)	¥ 95,596	¥ —	¥ 95,596	¥ —
Specified nuclear power facilities (Others)	21,717	—	21,717	—

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INDEX TO THE UNAUDITED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

Notice to Investors

The accompanying unaudited quarterly consolidated financial statements have been prepared based on Japanese GAAP, except that certain of the required disclosures and notes are not presented, as permitted by the Tokyo Stock Exchange and Sapporo Securities Exchange rules. Accordingly, the unaudited quarterly consolidated financial statements included in this Offering Circular are not wholly comparable with the audited consolidated financial statements and should not be so compared. The unaudited quarterly consolidated financial statements of the Group as of and for the three-month period ended 30 June 2025, including the quarterly consolidated balance sheet of the Group as of 30 June 2025 (together with a consolidated balance sheet of the Group as of 31 March 2025) and the related quarterly consolidated statements of income and comprehensive income of the Group for the three-month period ended 30 June 2025 (with comparative information for the three-month period ended 30 June 2024), have not been audited by the Company's independent auditor, but has been reviewed in accordance with review standards for interim financial statements generally accepted in Japan. The unaudited quarterly consolidated financial statements should not be relied upon by investors to provide the same level or quality of information as financial statements that have been subject to an audit. Potential investors are advised to exercise caution when using such information to evaluate the financial condition and results of operations of the Group, and should not place undue reliance upon such information.

Independent Auditor's Interim Review Report

The Board of Directors
Hokkaido Electric Power Company, Incorporated

Auditor's Conclusion

We have reviewed the accompanying quarterly consolidated financial statements of Hokkaido Electric Power Company, Incorporated and its consolidated subsidiaries (the Group), which comprise the quarterly consolidated balance sheet as at June 30, 2025, and the quarterly consolidated statements of income and comprehensive income for the three-month period ended June 30, 2025, and notes to the quarterly consolidated financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying quarterly consolidated financial statements are not prepared, in all material respects, in accordance with Article 4, Paragraph 1 of the Standards for the Preparation of Quarterly Financial Statements of Tokyo Stock Exchange, Inc. and Securities Membership Corporation Sapporo Securities Exchange (collectively, the Standards) and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards, as described in Note 1.

Basis for Auditor's Conclusion

We conducted our review in accordance with review standards for interim financial statements generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Review of the Quarterly Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, including those applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained provides a basis for our conclusion.

Responsibilities of Management, the Audit and Supervisory Committee for the Quarterly Consolidated Financial Statements

Management is responsible for the preparation of these quarterly consolidated financial statements in accordance with Article 4, Paragraph 1 of the Standards and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards, and for the internal controls as management determines are necessary to enable the preparation of quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the quarterly consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, including the disclosures related to matters of going concern as required by Article 4, Paragraph 1 of the Standards and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards.

The Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.

Auditor’s Responsibilities for the Review of the Quarterly Consolidated Financial Statements

Our responsibility is to express a conclusion on these quarterly consolidated financial statements based on our review.

As part of a review in accordance with review standards for interim financial statements generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the review. We also:

・ Make inquiries, primarily of management and persons responsible for financial and accounting matters and apply analytical and other interim review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan.

・ Conclude based on the evidence obtained whether anything has come to our attention that causes us to believe that the quarterly consolidated financial statements are not prepared in accordance with Article 4, Paragraph 1 of the Standards and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards, should we determine that a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. Additionally, if we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s interim review report to the related disclosures in the quarterly consolidated financial statements or, if such disclosures are inadequate, to modify our conclusion. Our conclusions are based on the evidence obtained up to the date of our auditor’s interim review report. However, future events or conditions may cause the Group to cease to continue as a going concern.

・ Evaluate whether anything has come to our attention that causes us to believe that the overall presentation and disclosure of the quarterly consolidated financial statements are not prepared in accordance with Article 4, Paragraph 1 of the Standards and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards.

・ Obtain evidence regarding the financial information of the entities or business activities within the Group as a basis for expressing a conclusion on the quarterly consolidated financial statements. We are responsible for the direction, supervision and review of the documentation of the interim review. We remain solely responsible for our conclusion.

We communicate with the Audit and Supervisory Committee regarding the planned scope and timing of the review and significant review findings.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our review of the quarterly consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/s/ Ernst & Young ShinNihon LLC
Sapporo, Japan

August 13, 2025

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Hokkaido Electric Power Company, Incorporated and Consolidated Subsidiaries

Quarterly Consolidated Balance Sheet
As of June 30, 2025

	Millions of Yen			
ASSETS		June 30, 2025		March 31, 2025
NON-CURRENT ASSETS:				
Fixed assets—Facilities:				
Hydroelectric power production facilities	¥	200,079	¥	201,755
Thermal power production facilities		158,806		161,263
Nuclear power production facilities		105,903		107,069
Transmission facilities		178,692		180,317
Transformation facilities		107,076		107,824
Distribution facilities		306,436		306,001
General facilities		38,333		38,872
Other utility facilities		10,040		10,345
Total fixed assets—Facilities, net		1,105,367		1,113,450
Fixed assets—Others		64,865		65,806
Facilities in progress:				
Construction in progress		301,666		284,053
Retirement in progress		436		290
Special account related to reprocessing of spent nuclear fuel		27,930		27,930
Total facilities in progress		330,033		312,274
Nuclear fuel:				
Nuclear fuel in processing		169,443		167,342
Total nuclear fuel		169,443		167,342
Investments and other assets:				
Long-term investments		93,608		91,904
Retirement benefit assets		36,041		34,797
Deferred tax assets		29,322		33,132
Others		14,144		14,045
Allowance for doubtful accounts		(342)		(344)
Total investments and other assets		172,774		173,534
Total non-current assets		1,842,485		1,832,408
CURRENT ASSETS:				
Cash and deposits		144,366		156,322
Trade notes and accounts receivable, and contract assets		92,301		111,427
Inventories		71,164		66,620
Other current assets		107,194		78,687
Allowance for doubtful accounts		(1,227)		(1,463)
Total current assets		413,799		411,594
TOTAL ASSETS	¥	2,256,285	¥	2,244,003

Hokkaido Electric Power Company, Incorporated and Consolidated Subsidiaries

Quarterly Consolidated Balance Sheet
As of June 30, 2025

	Millions of Yen	
LIABILITIES AND NET ASSETS	June 30, 2025	March 31, 2025
LONG-TERM LIABILITIES:		
Bonds	¥ 752,200	¥ 723,400
Long-term loans payable	496,487	494,310
Contribution payable for nuclear reactor decommissioning	89,223	89,223
Liability for retirement benefits	25,633	30,634
Other long-term liabilities	13,827	13,293
Total long-term liabilities	1,377,371	1,350,861
CURRENT LIABILITIES:		
Current portion of long-term liabilities	157,069	166,392
Short-term loans payable	44,500	44,500
Trade notes and accounts payable	96,439	94,892
Income taxes payable	29,645	23,106
Other current liabilities	108,712	155,073
Total current liabilities	436,366	483,965
RESERVES UNDER SPECIAL LAWS:		
Reserve for water shortage	2,066	1,840
Total reserves under special laws	2,066	1,840
Total liabilities	1,815,805	1,836,667
NET ASSETS:		
Shareholders' equity:		
Share capital	114,291	114,291
Capital surplus	47,211	47,211
Retained earnings	253,751	225,738
Treasury stock	(17,729)	(17,728)
Total shareholders' equity	397,525	369,513
Accumulated other comprehensive income:		
Unrealized gain on available-for-sale securities	11,618	10,071
Deferred gains (losses) on hedges	99	(234)
Remeasurement of defined benefit plans	15,954	12,580
Total accumulated other comprehensive income	27,673	22,417
Noncontrolling interests	15,281	15,404
Total net assets	440,479	407,336
TOTAL LIABILITIES AND NET ASSETS	¥ 2,256,285	¥ 2,244,003

See notes to quarterly consolidated financial statements.

Hokkaido Electric Power Company, Incorporated and Consolidated Subsidiaries

Quarterly Consolidated Statement of Income
Three-Month Period Ended June 30, 2025

	Millions of Yen	
	Three-Month Period Ended June 30, 2025	Three-Month Period Ended June 30, 2024
OPERATING REVENUES:		
Electricity	¥ 190,455	¥ 192,762
Others	12,042	9,806
Total operating revenues	202,497	202,569
OPERATING EXPENSES:		
Electricity	148,395	159,779
Others	10,203	8,114
Total operating expenses	158,599	167,893
OPERATING INCOME	43,898	34,676
NON-OPERATING INCOME:		
Dividend income	699	380
Interest income	92	28
Other non-operating income	635	1,380
Total non-operating income	1,427	1,788
NON-OPERATING EXPENSES:		
Interest expenses	3,186	2,550
Share of loss of entities accounted for using the equity method	35	81
Other non-operating expenses	445	659
Total non-operating expenses	3,667	3,291
TOTAL ORDINARY REVENUES	203,925	204,358
TOTAL ORDINARY EXPENSES	162,267	171,185
ORDINARY INCOME	41,658	33,172
PROVISION (REVERSAL) OF RESERVE FOR WATER SHORTAGE:		
Provision of reserve for water shortage	226	—
Reversal of reserve for water shortage	—	(458)
Total provision (reversal) of reserve for water shortage	226	(458)
EXTRAORDINARY INCOME:		
Gain on sale of nuclear fuel	1,206	9,619
Total extraordinary income	1,206	9,619
PROFIT BEFORE INCOME TAXES	¥ 42,638	¥ 43,251

Hokkaido Electric Power Company, Incorporated and Consolidated Subsidiaries

Quarterly Consolidated Statement of Income (Continued)
Three-Month Period Ended June 30, 2025

	Millions of Yen	
	Three-Month Period Ended June 30, 2025	Three-Month Period Ended June 30, 2024
PROFIT BEFORE INCOME TAXES:	¥ 42,638	¥ 43,251
INCOME TAXES:		
Current	10,135	8,838
Deferred	1,688	3,069
Total income taxes	11,823	11,907
PROFIT	30,814	31,343
PROFIT ATTRIBUTABLE TO NONCONTROLLING INTERESTS	39	98
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 30,775	¥ 31,245

See notes to quarterly consolidated financial statements.

Hokkaido Electric Power Company, Incorporated and Consolidated Subsidiaries

Quarterly Consolidated Statement of Comprehensive Income
Three-Month Period Ended June 30, 2025

	Millions of Yen	
	Three-Month Period Ended June 30, 2025	Three-Month Period Ended June 30, 2024
PROFIT	¥ 30,814	¥ 31,343
OTHER COMPREHENSIVE INCOME:		
Unrealized gain on available-for-sale securities	1,576	2,052
Deferred gains (losses) on hedges	314	(798)
Remeasurement of defined benefit plans	3,333	(9)
Share of other comprehensive income of entities accounted for using the equity method	19	59
Total other comprehensive income	5,245	1,304
COMPREHENSIVE INCOME	¥ 36,059	¥ 32,648
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	¥ 36,030	¥ 32,584
Noncontrolling interests	29	64

See notes to quarterly consolidated financial statements.

Hokkaido Electric Power Company, Incorporated and Consolidated Subsidiaries

Notes to Quarterly Consolidated Financial Statements
Three-Month Period Ended June 30, 2025

1. BASIS OF PRESENTATION OF QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

The accompanying quarterly consolidated financial statements of Hokkaido Electric Power Company, Incorporated (the "Company") and its consolidated subsidiaries (collectively, the "Group") are prepared in accordance with Article 4, Paragraph 1 of the Standards for the Preparation of Quarterly Financial Statements of Tokyo Stock Exchange, Inc. and Securities Membership Corporation Sapporo Securities Exchange (collectively, the "Standards") and accounting principles for quarterly financial statements generally accepted in Japan ("Japanese GAAP"), including the "Electricity Utility Accounting Regulations" (Ordinance of the Ministry of International Trade and Industry No. 57 of 1965), applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards, which are different in certain respects as to the application and disclosure requirements of Japanese GAAP and IFRS Accounting Standards.

The quarterly consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The Japanese yen amounts in millions are rounded down to the nearest million. As a result, the totals in yen amounts do not necessarily agree with the sum of the individual amounts. Amounts less than one million but not null are stated as "0," whereas "—" represents null amounts.

2. SEGMENT INFORMATION

Operating revenues and profit or loss of reportable segments, and disaggregation of revenue are as follows:

For the three-month period ended June 30, 2025

	Millions of Yen						
	Reportable Segments						
	Hokkaido Electric Power	Hokkaido Electric Power Network	Total	Others (Note 1)	Total	Reconciliation (Note 2)	Consolidated (Note 3)
Operating revenues:							
Revenue from contracts with customers:							
Electricity	¥ 159,059	¥ 28,133	¥ 187,192	¥ 0	¥ 187,192	¥ —	¥ 187,192
Others	1,306	16	1,323	8,890	10,214	—	10,214
Total revenue from contracts with customers	160,366	28,149	188,516	8,890	197,407	—	197,407
Other revenues (Note 4)	1,900	1,442	3,342	1,748	5,090	—	5,090
Sales to outside customers	162,266	29,592	191,858	10,639	202,497	—	202,497
Intersegment sales or transfers	13,111	43,312	56,423	19,841	76,265	(76,265)	—
Total operating revenues	¥ 175,377	¥ 72,904	¥ 248,282	¥ 30,480	¥ 278,762	¥ (76,265)	202,497
Segment profit	¥ 37,334	¥ 4,486	¥ 41,820	¥ 1,967	¥ 43,787	¥ (2,129)	¥ 41,658

Notes:

1. Others consist of businesses that are not included in the reportable segments and include other consolidated subsidiaries.
2. Reconciliation of segment profit of (¥2,129) million is elimination of intersegment transactions.
3. Segment profit corresponds to ordinary income in the quarterly consolidated statement of income.
4. Other revenues includes subsidies received as a source of funds for electricity and gas price discounts based on the unit price of electricity and gas set by the Japanese government in accordance with the "Project to Support Reduction in the Burden of Electricity and Gas Prices" implemented under the "Comprehensive Economic Measures to Foster the Safety and Security of Citizens and Sustained Growth." Such subsidies included in Hokkaido Electric Power and Hokkaido Electric Power Network are ¥1,494 million and ¥4 million, respectively.

For the three-month period ended June 30, 2024

	Millions of Yen						
	Reportable Segments						
	Hokkaido Electric Power	Hokkaido Electric Power Network	Total	Others (Note 1)	Total	Reconciliation (Note 2)	Consolidated (Note 3)
Operating revenues:							
Revenue from contracts with customers:							
Electricity	¥ 155,314	¥ 27,483	¥ 182,797	¥ 0	¥ 182,797	¥ —	¥ 182,797
Others	1,122	7	1,130	8,260	9,391	—	9,391
Total revenue from contracts with customers	156,436	27,491	183,928	8,261	192,189	—	192,189
Other revenues (Note 4)	9,382	689	10,071	308	10,380	—	10,380
Sales to outside customers	165,818	28,181	193,999	8,569	202,569	—	202,569
Intersegment sales or transfers	15,139	45,624	60,763	17,848	78,611	(78,611)	—
Total operating revenues	¥ 180,958	¥ 73,805	¥ 254,763	¥ 26,417	¥ 281,181	¥ (78,611)	202,569
Segment profit	¥ 30,849	¥ 2,871	¥ 33,720	¥ 1,216	¥ 34,936	¥ (1,763)	¥ 33,172

Notes:

1. Others consist of businesses that are not included in the reportable segments and include other consolidated subsidiaries.
2. Reconciliation of segment profit of (¥1,763) million is elimination of intersegment transactions.
3. Segment profit corresponds to ordinary income in the quarterly consolidated statement of income.
4. Other revenues includes subsidies received as a source of funds for electricity and gas price discounts based on the unit price of electricity and gas set by the Japanese government in accordance with the "Project to Mitigate Steep Rises in Electricity and Gas Prices" implemented under the "Comprehensive Economic Measures for Complete Departure from Deflation." Such subsidies included in Hokkaido Electric Power and Hokkaido Electric Power Network are ¥9,199 million and ¥29 million, respectively.

3. SIGNIFICANT CHANGES IN SHAREHOLDERS' EQUITY

No items to report.

4. GOING CONCERN ISSUES

No items to report.

5. NOTES TO QUARTERLY CONSOLIDATED STATEMENT OF CASH FLOWS

Depreciation and amortization (excluding amortization of goodwill) for the three-month periods ended June 30, 2025 and 2024, were as follows:

	Millions of Yen	
	Three-Month Period Ended June 30, 2025	Three-Month Period Ended June 30, 2024
Depreciation and amortization	¥ 17,882	¥ 18,451

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THE COMPANY

Registered Office

Hokkaido Electric Power Company, Incorporated
2, Odori Higashi 1-chome
Chuo-ku, Sapporo city, Hokkaido
Japan

FISCAL AGENT, PAYING AGENT, TRANSFER AGENT AND REGISTRAR

Citibank, N.A., London Branch
Citigroup Centre, Canada Square
Canary Wharf
London, E14 5LB
United Kingdom

LEGAL ADVISERS

To the Joint Lead Managers as to English law

Clifford Chance
(Gaikokuho Kyodo Jigyo)
Palace Building, 3rd Floor
1-1, Marunouchi 1-chome
Chiyoda-ku, Tokyo 100-0005
Japan

To the Company as to Japanese law

Anderson Mori & Tomotsune
Otemachi Park Building
1-1, Otemachi 1-chome
Chiyoda-ku, Tokyo 100-8136
Japan

INDEPENDENT AUDITOR

Ernst & Young ShinNihon LLC
Tokyo Midtown Hibiya
Hibiya Mitsui Tower
1-2, Yurakucho 1-chome
Chiyoda-ku, Tokyo 100-0006
Japan

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