

Financial Release for the Nine Months Ended December 31, 2017

[Japanese Standards] (Consolidated)

January 31, 2018

Hokkaido Electric Power Co., Inc.

(URL <http://www.hepco.co.jp>)

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The prearranged date of quarterly financial statement report publication: February 13, 2018

Commencement of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: Yes

Information meeting for quarterly financial results to be held: None

(Monetary figures are rounded down to the nearest million yen)

I. Consolidated Results for the Nine Months (April 1, 2017 – December 31, 2017)

(1) Consolidated Business Results

| | Operating Revenue | | Operating Profit | | Ordinary Profit | | Profit attributable to owners of parent | |
|---------------------------------|-------------------|-------|------------------|--------|-----------------|--------|---|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| April 1, 2017–December 31, 2017 | 520,526 | 2.9 | 14,911 | (26.5) | 4,310 | (51.9) | 3,590 | (20.8) |
| April 1, 2016–December 31, 2016 | 505,710 | (2.9) | 20,288 | (38.8) | 8,965 | (60.1) | 4,533 | (76.8) |

Note: Percentage figures represent changes as compared to the same period of the previous year.

Reference: Comprehensive income: April 1, 2017 – December 31, 2017 3,180 million yen [(59.2)%]

April 1, 2016 – December 31, 2016 7,796 million yen [(55.4)%]

| | Basic Earnings per Share (primary) | | Basic Earnings per Share (fully diluted) | |
|---------------------------------|------------------------------------|-----|--|-----|
| | Yen | Yen | Yen | Yen |
| April 1, 2017–December 31, 2017 | 10.92 | - | - | - |
| April 1, 2016–December 31, 2016 | 15.51 | - | - | - |

(2) Consolidated Financial Position

| | Total Assets | | Net Assets | | Shareholders' Equity Ratio | |
|-------------------------|--------------|-------------|-------------|-------------|----------------------------|------|
| | Million yen | Million yen | Million yen | Million yen | % | % |
| As of December 31, 2017 | 1,903,837 | 200,230 | 200,230 | 188,856 | 9.9 | 9.9 |
| As of March 31, 2017 | 1,829,539 | 200,022 | 200,022 | 188,859 | 10.3 | 10.3 |

Reference: Shareholders' Equity: As of December 31, 2017 188,856 million yen

As of March 31, 2017 188,859 million yen

II. Dividends

Cash dividend

| | Cash dividends per share | | | | |
|---|--------------------------|--------------|-------------|-------------|--------------|
| | June 30 | September 30 | December 31 | Year-ended | Annual total |
| April 1, 2016 – March 31, 2017 | Yen - | Yen 0.00 | Yen - | Yen 5.00 | Yen 5.00 |
| April 1, 2017 – March 31, 2018 | - | 0.00 | - | | |
| April 1, 2017 – March 31, 2018 (Forecast) | | | | 5.00 | 5.00 |

Note1: Changes of the forecasts of the cash dividends per share from the latest release: Yes

Note2: Dividends mentioned the above is regarding common stock.

Regarding preferred stock which differs in shareholders' rights from common stock, see "Dividends for preferred stock".

III. Forecasts of Consolidated Results for the Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

| | Operating Revenue | | Operating Profit | | Ordinary Profit | | Profit attributable to owners of parent | | Basic Earnings per Share (primary) | |
|--------------------------------|-------------------|-----|------------------|-----|-----------------|------|---|------|------------------------------------|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen | Yen |
| April 1, 2017 – March 31, 2018 | 728,000 | 3.6 | 28,000 | 2.0 | 14,000 | 11.1 | 12,000 | 36.5 | 49.70 | 49.70 |

Note1: Percentage figures represent changes as compared to the previous year.

Note2: Changes of the forecasts of consolidated results in this period: Yes

* Given that the forecasts above were made on the basis of information available at the time of the release of this document, the actual result may vary from the forecast data due to various factors.

(Notes)

- (1) Changes among major consolidated subsidiaries in this period: None
- (2) Application of special accounting methods in preparation of quarterly financial statements: None
- (3) Changes in accounting policies; changes in accounting estimates; restatements
- Changes of accounting policies due to amendment of accounting standards: None
 - Other changes in accounting policies: Yes
 - Changes in accounting estimates: None
 - Restatements: None
- (4) Outstanding shares (Common stock)
- Number of outstanding shares (Treasury stock included):
As of December 31, 2017: 215,291,912 As of March 31, 2017: 215,291,912
 - Number of treasury stock:
As of December 31, 2017: 9,771,679 As of March 31, 2017: 9,763,908
 - Average number of shares over period:
April 1, 2017 –December 31, 2017: 205,524,268 April 1, 2016 – December 31, 2016: 205,533,867

Dividends for preferred stock

The breakdown of dividend per preferred stock which differs in shareholders' rights from common stock is as follows.

| Class A preferred stock | Cash dividends per share | | | | |
|--|--------------------------|--------------|-------------|--------------|--------------|
| | June 30 | September 30 | December 31 | Year-ended | Annual total |
| | Yen | Yen | Yen | Yen | Yen |
| April 1, 2016 – March 31, 2017 | - | 0.00 | - | 3,800,000.00 | 3,800,000.00 |
| April 1, 2017 – March 31, 2018 | - | 0.00 | - | | |
| April 1, 2017 – March 31, 2018 (Forecast) | | | | 3,800,000.00 | 3,800,000.00 |

Note: Changes of the forecasts of the cash dividends per share from the latest release: Yes

(Reference)**Forecasts of Non-consolidated Results for the Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)**

| | Operating Revenue | | Operating Profit | | Ordinary Profit | | Profit | | Basic Earnings per Share (primary) |
|--------------------------------|-------------------|-----|------------------|-----|-----------------|------|-------------|------|------------------------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | |
| April 1, 2017 – March 31, 2018 | 698,000 | 3.1 | 22,000 | 8.6 | 8,000 | 37.0 | 9,000 | 74.8 | Yen 35.10 |

Note1: Percentage figures represent changes as compared to the previous year.

Note2: Changes of the forecasts of non-consolidated results in this period: Yes

* Given that the forecasts above were made on the basis of information available at the time of the release of this document, the actual result may vary from the forecast data due to various factors.

Consolidated Balance Sheets
(Million yen)

| Item | As of March 31, 2017 | As of December 31, 2017 |
|---|----------------------|-------------------------|
| Assets | | |
| Noncurrent assets | 1,624,832 | 1,654,595 |
| Electric utility plant and equipment | 1,070,863 | 1,054,958 |
| Hydroelectric power production facilities | 226,540 | 218,237 |
| Thermal power production facilities | 75,534 | 81,845 |
| Nuclear power production facilities | 210,736 | 198,749 |
| Transmission facilities | 158,576 | 153,391 |
| Transformation facilities | 77,359 | 81,901 |
| Distribution facilities | 277,806 | 277,118 |
| General facilities | 39,065 | 38,835 |
| Other electric utility plant and equipment | 5,243 | 4,878 |
| Other noncurrent assets | 55,132 | 55,167 |
| Construction in progress | 231,716 | 267,047 |
| Construction in progress | 231,352 | 266,230 |
| Retirement in progress | 364 | 817 |
| Nuclear fuel | 162,767 | 174,142 |
| Nuclear fuel in processing | 162,767 | 174,142 |
| Investments and other assets | 104,352 | 103,279 |
| Long-term investments | 56,889 | 55,333 |
| Net defined benefit asset | 12,572 | 13,359 |
| Deferred tax assets | 32,987 | 32,785 |
| Other | 3,661 | 3,566 |
| Allowance for doubtful accounts | (1,758) | (1,765) |
| Current assets | 204,706 | 249,242 |
| Cash and deposits | 88,027 | 113,023 |
| Notes and accounts receivable-trade | 57,037 | 67,466 |
| Inventories | 36,508 | 47,831 |
| Deferred tax assets | 5,744 | 5,390 |
| Other | 18,187 | 16,401 |
| Allowance for doubtful accounts | (798) | (870) |
| Total | 1,829,539 | 1,903,837 |
| Liabilities and Net assets | | |
| Liabilities | | |
| Noncurrent liabilities | 1,247,515 | 1,266,261 |
| Bonds payable | 611,900 | 630,000 |
| Long-term loans payable | 505,146 | 506,901 |
| Net defined benefit liability | 38,875 | 37,930 |
| Asset retirement obligations | 77,773 | 79,210 |
| Other | 13,820 | 12,217 |
| Current liabilities | 379,770 | 436,366 |
| Current portion of long-term debt | 187,226 | 225,824 |
| Short-term loans payable | 52,370 | 53,270 |
| Commercial papers | - | 30,000 |
| Notes and accounts payable-trade | 40,816 | 41,990 |
| Accrued taxes | 7,388 | 11,808 |
| Other | 91,968 | 73,472 |
| Reserves under the special laws | 2,231 | 980 |
| Reserve for fluctuation in water levels | 2,231 | 980 |
| Total Liabilities | 1,629,516 | 1,703,607 |
| Net assets | | |
| Shareholders' equity | 187,727 | 188,497 |
| Capital stock | 114,291 | 114,291 |
| Capital surplus | 46,750 | 46,749 |
| Retained earnings | 44,875 | 45,652 |
| Treasury stock | (18,190) | (18,196) |
| Accumulated other comprehensive income | 1,132 | 359 |
| Valuation difference on available-for-sale securities | 4,391 | 4,171 |
| Remeasurements of defined benefit plans | (3,258) | (3,812) |
| Non-controlling interests | 11,162 | 11,373 |
| Total Net assets | 200,022 | 200,230 |
| Total | 1,829,539 | 1,903,837 |

Consolidated Statements of Operations

(Million yen)

| Item | April 1, 2016– December 31, 2016 | April 1, 2017– December 31, 2017 |
|--|----------------------------------|----------------------------------|
| Operating revenues | 505,710 | 520,526 |
| Electric utility operating revenue | 486,379 | 497,409 |
| Other business operating revenue | 19,331 | 23,116 |
| Operating expenses | 485,422 | 505,615 |
| Electric utility operating expenses | 469,114 | 485,425 |
| Other business operating expenses | 16,308 | 20,189 |
| Operating Profit | 20,288 | 14,911 |
| Non-operating Income | 2,285 | 1,812 |
| Dividend income | 625 | 626 |
| Interest income | 664 | 6 |
| Other | 995 | 1,179 |
| Non-operating Expenses | 13,608 | 12,412 |
| Interest expenses | 11,445 | 10,952 |
| Share of loss entities accounted for using equity method | 116 | 161 |
| Other | 2,046 | 1,298 |
| Ordinary revenue | 507,996 | 522,338 |
| Ordinary expenses | 499,031 | 518,028 |
| Ordinary Profit | 8,965 | 4,310 |
| Provision or reversal of reserve for fluctuation in water levels | 1,260 | (1,251) |
| Provision of reserve for fluctuation in water levels | 1,260 | - |
| Reversal of reserve for fluctuation in water levels | - | (1,251) |
| Extraordinary loss | 1,619 | - |
| Extraordinary loss of disaster | 1,619 | - |
| Profit before income taxes | 6,086 | 5,561 |
| Income taxes-current | 1,156 | 704 |
| Income taxes-deferred | 221 | 869 |
| Total income taxes | 1,377 | 1,573 |
| Profit | 4,708 | 3,987 |
| Profit attributable to non-controlling interests | 174 | 397 |
| Profit attributable to owners of parent | 4,533 | 3,590 |

Consolidated Statements of Comprehensive Income

(Million yen)

| Item | April 1, 2016– December 31, 2016 | April 1, 2017– December 31, 2017 |
|---|----------------------------------|----------------------------------|
| Profit | 4,708 | 3,987 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 4,018 | (235) |
| Remeasurements of defined benefit plans | (931) | (571) |
| Total other comprehensive income | 3,087 | (807) |
| Comprehensive income | 7,796 | 3,180 |
| Comprehensive income attributable to: | | |
| owners of parent | 7,624 | 2,817 |
| non-controlling interests | 172 | 363 |

Note: The information shown above is an English translation of the "Financial Release for the Nine Months Ended December 31, 2017" which was filed with stock exchanges (Tokyo and Sapporo) on the date shown above. Be advised that the Japanese version (the original) shall prevail if in any case a discrepancy arises between the original and the English translation.