

Financial Release for the Six Months Ended September 30, 2018

[Japanese Standards] (Consolidated)

October 31, 2018

Hokkaido Electric Power Co., Inc.

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

Code no: 9509 Tokyo Stock Exchange (1st section)

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The prearranged date of quarterly financial statement report publication: November 7, 2018

Commencement of payment of dividend: —

Preparation of supplementary materials for quarterly financial results: Yes

Information meeting for quarterly financial results to be held: Yes(targeted at institutional investors and analysts)

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

I. Consolidated Results for the Six Months (April 1, 2018 – September 30, 2018)

(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, 2018–September 30, 2018	351,115	2.1	23,863	79.4	17,876	195.8	9,858	81.0
April 1, 2017–September 30, 2017	343,844	2.8	13,304	(41.1)	6,044	(61.6)	5,445	(54.0)

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

Reference: Comprehensive income: April 1, 2018 – September 30, 2018 10,357 million yen [40.0%]
April 1, 2017 – September 30, 2017 4,315 million yen [(65.3)%]

	Basic Earnings per Share (primary)		Basic Earnings per Share (fully diluted)	
	Yen	Yen	Yen	Yen
April 1, 2018–September 30, 2018	44.53	—	—	—
April 1, 2017–September 30, 2017	22.14	—	—	—

(2) Consolidated Financial Position

	Total Assets		Net Assets		Shareholders' Equity Ratio	
	Million yen	Million yen	Million yen	Million yen	%	%
As of September 30, 2018	1,898,727	219,782	219,782	212,991	11.0	10.5
As of March 31, 2018	1,915,904	212,991	212,991	201,412	10.5	10.5

Reference: Shareholders' Equity: As of September 30, 2018 208,408 million yen As of March 31, 2018 201,412 million yen

Note: "Partial revision of Tax Effect Accounting" (Corporate Accounting Standard No.28, February 16, 2018) etc. had been reflected from the beginning of 1Q-FY2019, amount of previous FY is shown as revision reflected amount.

II. Dividends

Cash dividend

	Cash dividends per share				
	June 30	September 30	December 31	Year-ended	Annual total
April 1, 2017 – March 31, 2018	Yen —	Yen 0.00	Yen —	Yen 5.00	Yen 5.00
April 1, 2018 – March 31, 2019	—	0.00	—	—	—
April 1, 2018 – March 31, 2019 (Forecast)	—	—	—	—	—

Note1: Changes of the forecasts of the cash dividends per share from the latest release: None

Note2: The forecasts of cash dividends for the full year ending March 31, 2019 have yet to be determined at this point.

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, 2019 (April 1, 2018 – March 31, 2019)

	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
April 1, 2018 – March 31, 2019	759,000	3.5	—	—	—	—	—	—	—

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: Yes
 - Other changes in accounting policies: None
 - Changes in accounting estimates: None
 - Restatements: None
- (4) Outstanding shares (Common stock)
- Number of outstanding shares (Treasury stock included):
As of September 30, 2018: 215,291,912 As of March 31, 2018: 215,291,912
 - Number of treasury stock:
As of September 30, 2018: 9,778,293 As of March 31, 2018: 9,774,070
 - Average number of shares over period:
April 1, 2018 – September 30, 2018: 205,515,566 April 1, 2017 – September 30, 2017: 205,525,623

* This summary report is not subject to audit.

* 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.

Dividends for preferred stock

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

Class B preferred stock	Cash dividends per share				
	June 30	September 30	December 31	Year-ended	Annual total
April 1, 2018 – March 31, 2019	Yen —	Yen 0.00	Yen	Yen	Yen
April 1, 2018 – March 31, 2019 (Forecast)			—	—	—

Note1: Changes of the forecasts of the cash dividends per share from the latest release: None

(Reference)**Forecasts of Non-consolidated Results for the Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)**

	Operating Revenue		Operating Profit		Ordinary Profit		Profit		Basic Earnings per Share (primary)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
April 1, 2018 – March 31, 2019	727,000	3.4	—	—	—	—	—	—	Yen —

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, 2018	As of September 30, 2018
Assets		
Non-current assets	1,678,754	1,699,962
Electric utility plant and equipment	1,056,830	1,048,953
Hydroelectric power production facilities	215,962	212,007
Thermal power production facilities	79,297	77,853
Nuclear power production facilities	196,545	201,006
Transmission facilities	161,159	158,415
Transformation facilities	81,786	80,177
Distribution facilities	278,585	277,799
General facilities	38,730	37,154
Other electric utility plant and equipment	4,763	4,538
Other noncurrent assets	54,835	53,380
Construction in progress	281,409	307,602
Construction in progress	277,699	303,776
Retirement in progress	218	333
Special account related to reprocessing of spent nuclear fuel	3,491	3,491
Nuclear fuel	176,264	178,605
Nuclear fuel in processing	176,264	178,605
Investments and other assets	109,415	111,420
Long-term investments	53,926	51,077
Net defined benefit asset	15,080	15,624
Deferred tax assets	37,922	37,623
Other	4,288	7,211
Allowance for doubtful accounts	(1,802)	(115)
Current assets	237,150	198,765
Cash and deposits	116,087	64,474
Notes and accounts receivable-trade	67,622	75,389
Inventories	41,257	47,287
Other	13,114	12,555
Allowance for doubtful accounts	(931)	(941)
Total	1,915,904	1,898,727
Liabilities and Net assets		
Liabilities		
Non-current liabilities	1,271,841	1,276,387
Bonds payable	630,000	650,000
Long-term loans payable	512,277	481,589
Reserve for restoration costs of natural disaster	—	18
Net defined benefit liability	37,458	36,876
Asset retirement obligations	79,717	95,968
Other	12,388	11,935
Current liabilities	429,771	400,022
Current portion of long-term debt	212,106	199,106
Short-term loans payable	53,250	52,290
Commercial papers	20,000	20,000
Notes and accounts payable-trade	39,329	35,834
Accrued taxes	14,154	18,918
Reserve for restoration costs of natural disaster	—	3,884
Other	90,931	69,988
Reserves under the special laws	1,299	2,534
Reserve for fluctuation in water levels	1,299	2,534
Total Liabilities	1,702,913	1,678,944
Net assets		
Shareholders' equity	201,456	207,902
Capital stock	114,291	114,291
Capital surplus	46,750	46,153
Retained earnings	58,611	65,657
Treasury stock	(18,197)	(18,200)
Accumulated other comprehensive income	(44)	505
Valuation difference on available-for-sale securities	3,398	3,935
Remeasurements of defined benefit plans	(3,442)	(3,429)
Non-controlling interests	11,578	11,374
Total Net assets	212,991	219,782
Total	1,915,904	1,898,727

Consolidated Statements of Operations

(Million yen)

Item	April 1, 2017– September 30, 2017	April 1, 2018– September 30, 2018
Operating Revenues	343,844	351,115
Electric utility operating revenue	328,646	337,185
Other business operating revenue	15,198	13,929
Operating Expenses	330,540	327,251
Electric utility operating expenses	317,319	314,882
Other business operating expenses	13,220	12,369
Operating Profit	13,304	23,863
Non-operating Income	981	1,071
Dividend income	395	506
Interest income	4	8
Gain on sales of goods	55	291
Other	525	265
Non-operating Expenses	8,241	7,058
Interest expenses	7,471	6,231
Share of loss of entities accounted for using equity method	81	99
Other	687	728
Ordinary revenue	344,825	352,187
Ordinary expenses	338,781	334,310
Ordinary Profit	6,044	17,876
Provision or reversal of reserve for fluctuation in water levels	(1,178)	1,235
Provision of reserve for fluctuation in water levels	—	1,235
Reversal of reserve for fluctuation in water levels	(1,178)	—
Extraordinary loss	—	4,199
Extraordinary loss of disaster	—	4,199
Profit before income taxes	7,222	12,442
Income taxes-current	1,195	2,453
Income taxes-deferred	423	223
Total income taxes	1,618	2,677
Profit	5,603	9,765
Profit(loss) attributable to non-controlling interests	158	(93)
Profit attributable to owners of parent	5,445	9,858

Consolidated Statements of Comprehensive Income

(Million yen)

Item	April 1, 2017– September 30, 2017	April 1, 2018– September 30, 2018
Profit	5,603	9,765
Other Comprehensive Income		
Valuation difference on available-for-sale securities	(907)	591
Remeasurements of defined benefit plans	(380)	1
Total other comprehensive income	(1,288)	592
Comprehensive Income	4,315	10,357
Comprehensive income attributable to		
owners of parent	4,169	10,409
non-controlling interests	146	(51)

Note: The information shown above is an English translation of the "Financial Release for the Six Months Ended September 30, 2018" 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.