

July 30, 2021

**The 1st Quarter of the Fiscal Year Ending March 31, 2022 Financial Results Overview [Japan GAAP] (Consolidated)
Kyushu Electric Power Co., Inc.**

Stock code: 9508 URL: https://www.kyuden.co.jp/english_index.html

Stock listed on: Tokyo SE, Fukuoka SE

Representative: Mr. Kazuhiro Ikebe, President & Chief Executive Officer

Contact: Investor Relations Group, Corporate Strategy Division. Tel: +81-92-726-1575

Quarterly financial report submission date (plan): August 11, 2021

Date to start dividend payments: —

Preparation of supplementary materials for quarterly financial results: Yes

Information meeting for quarterly financial results: No

(Rounded down to the nearest million yen)

1. Consolidated Financial Results for the Three Months (April 1, 2021 to June 30, 2021)

(1) Consolidated Operational Results

(% shows the changes from the same quarter period of the previous FY)

	Sales		Operating profit		Ordinary profit	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
April 1, 2021 - June 30, 2021	349,994	4.7	30,457	-2.3	24,067	-9.9
April 1, 2020 - June 30, 2020	334,131	—	31,177	—	26,723	—

(Note) Comprehensive income : FY2021 1Q 21,514 million yen (44.7%) FY2020 1Q 14,867 million yen (—%)

	Profit attributable to owners of parent		EPS	Fully-diluted EPS
	(Unit: million yen)	(%)	(Unit: yen)	(Unit: yen)
April 1, 2021 - June 30, 2021	15,813	-13.7	32.32	28.93
April 1, 2020 - June 30, 2020	18,320	—	37.62	33.78

(Note) We have applied the "Accounting Standard for Revenue Recognition" from the beginning of the first quarter starting April 1st, 2021 (FY2021 1Q). Based on this new standard, the "Electricity Business Accounting Regulations" were revised and we have made changes in our method of accounting. "Renewable Energy Power Promotion Surcharge" and "Grant based on the Act on Purchase of Renewables", which are related to the feed-in tariff system for renewable energy, are not being recorded as net sales but are being deducted from corresponding operating expenses. As a result, the consolidated operating results for the first quarter of the fiscal year ending March 31, 2021 are shown after retroactive application of the above. The percentage change from the same period of the previous fiscal year for the first quarter starting April 1st, 2020 is not shown because it has not been calculated.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	(Unit: million yen)	(Unit: million yen)	(%)
As of June 30, 2021	5,143,567	693,498	12.9
As of March 31, 2021	5,128,563	681,470	12.7

(Reference) Shareholders' equity : As of June 30, 2021 : 664,156 million yen As of March 31, 2021: 652,307 million yen

(Note) We have applied the "Accounting Standard for Revenue Recognition" from the beginning of the first quarter starting April 1st, 2021 (FY2021 1Q). As a result, the consolidated financial status for the fiscal year ended March 2021 is shown after the retrospective application of the said accounting standards.

2. Dividends

	Annual dividends per share				
	1Q	2Q	3Q	Year-end	Total
	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)
FY2020 ended March 31, 2021	—	17.50	—	17.50	35.00
FY2021 ended March 31, 2022	—	—	—	—	—
FY2021 ending March 31, 2022 (forecast)	—	20.00	—	20.00	40.00

(Note) Revision of the dividend forecast : No

Dividends mentioned the above are regarding common shares. See 'Dividends for Class Shares' regarding dividends for class shares which differ in shareholders' right from common shares.

3. Consolidated Financial Results Forecasts for FY2021 (April 1, 2021 to March 31, 2022)

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		EPS
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Full-year	1,510,000	-0.8	100,000	30.0	70,000	26.9	45,000	41.4	90.69

(Note) Revision of financial results forecasts : No

We have applied the "Accounting Standard for Revenue Recognition" from the beginning of the first quarter starting April 1st, 2021 (FY2021 1Q). Based on this new standard, the "Electricity Business Accounting Regulations" were revised and we have made changes in our method of accounting. "Renewable Energy Power Promotion Surcharge" and "Grant based on the Act on Purchase of Renewables", which are related to the feed-in tariff system for renewable energy, are not being recorded as net sales but are being deducted from corresponding operating expenses. Therefore, the percentage change from the previous fiscal year is the percentage change from the actual results for the fiscal year ended March 31, 2021, after applying these changes retroactively.

※ Note

(1) Changes in significant subsidiaries : No

(changes in scope of specified subsidiaries)

Newly added: — Excluded: —

(2) Adoption of methods specific in preparing quarterly consolidated financial statements in accounting practice : No

(3) Changes in accounting principles, changes in accounting estimates, restatement

① Changes in accounting principles in line with revised accounting standards : Yes

② Changes in accounting principles other than ① : No

③ Changes in accounting estimates : No

④ Restatement : No

(Note) For details, see "(3) Notes on Quarterly Consolidated Financial Statements :Changes in accounting policies on Page 6.

(4) Number of common stocks issued and outstanding

① Total stocks including treasury stocks at the end of period

FY2021 1Q 474,183,951 shares FY2020 474,183,951 shares

② Treasury stocks at the end of period

FY2021 1Q 1,161,399 shares FY2020 1,158,956 shares

③ Average number of stocks during the period (Quarter Total)

FY2021 1Q 473,023,193 shares FY2020 1Q 472,988,569 shares

(Note) The number of our shares regarding "Board Benefit Trust (BBT)" held by the Trust was included in the number of treasury stocks at the end of period (603,000 shares as of FY2021 1Q and 603,000 shares as of FY2020). In addition, the number of our shares held by the Trust was included in the number of treasury stocks, which was to be deducted from the calculation of the average number of stocks during the period. (603,000 shares for FY2021 1Q and 648,000 share for FY2020 1Q.)

*Quarterly financial results is not the object of quarterly review.

*Notes on the proper use of the forecasts

Looking-forward statements are based on information available at the date of the release of this document. Due to various factors, the actual result may differ from these statements.

We will post supplementary materials for quarterly financial results on our website.

(Reference) Dividends for Class Shares

The breakdown of dividend for class shares which differ in shareholders' rights from common shares is as follows.

Class A preferred shares	Annual dividends per share				
	1Q	2Q	3Q	Year-end	Total
	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)
FY2020 ended March 31, 2021	—	1,050,000.00	—	1,050,000.00	2,100,000.00
FY2021 ended March 31, 2022	—				
FY2021 ending March 31, 2022 (forecast)	—	1,050,000.00	—	1,050,000.00	2,100,000.00

(Note) Revision of the dividend forecast : No

○ Table of Contents of Attached Material

1. Quarterly Consolidated Financial Statements and Notes	2
(1) Quarterly Consolidated Balance Sheets	2
(2) Quarterly Consolidated Income Statements and Quarterly Consolidated Comprehensive Income Statements	4
(3) Notes on Quarterly Consolidated Financial Statements	6
(Notes on the premise of going concern)	6
(Notes in case of drastic changes in the amount of equity)	6
(Changes in accounting policies)	6
(Significant subsequent event)	7
2. Others	7
(Major effects of the Corona virus)	7

1. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

	(Unit: million yen)	
	As of March 31, 2021	As of June 30, 2021
Assets		
Non-current assets	4,497,950	4,513,894
Electric utility plant and equipment	2,701,288	2,696,962
Hydroelectric power production facilities	256,238	256,784
Thermal power production facilities	274,643	270,344
Nuclear power production facilities	547,368	540,517
Internal combustion engine power production facilities	20,874	21,133
Renewable power production facilities	25,124	24,890
Transmission facilities	570,968	572,008
Transformation facilities	218,620	219,839
Distribution facilities	645,239	648,239
General facilities	128,636	129,773
Other electric utility plant and equipment	13,574	13,432
Other non-current assets	383,892	383,131
Construction in progress	621,441	638,916
Construction and retirement in progress	504,045	516,610
Special account related to nuclear power decommissioning	41,926	41,709
Special account related to reprocessing of spent nuclear fuel	75,470	80,596
Nuclear fuel	229,765	222,495
Loaded nuclear fuel	54,930	47,601
Nuclear fuel in processing	174,835	174,894
Investments and other assets	561,562	572,387
Long-term investments	215,981	231,126
Retirement benefit asset	22,493	23,475
Deferred tax assets	144,062	138,812
Other	180,427	180,361
Allowance for doubtful accounts	△1,402	△1,388
Current assets	630,612	629,672
Cash and deposits	234,163	174,338
Notes and accounts receivable - trade	148,844	—
Notes and accounts receivable - trade, and contract assets	—	151,472
Inventories	70,426	82,458
Other	180,913	224,678
Allowance for doubtful accounts	△3,734	△3,274
Total assets	5,128,563	5,143,567

	(Unit: million yen)	
	As of March 31, 2021	As of June 30, 2021
Liabilities		
Non-current liabilities	3,390,325	3,468,185
Bonds payable	1,299,898	1,384,898
Long-term borrowings	1,645,064	1,643,007
Retirement benefit liability	88,107	87,424
Asset retirement obligations	278,031	279,351
Deferred tax liabilities	8,280	10,527
Other	70,943	62,975
Current liabilities	1,048,499	973,646
Current portion of non-current liabilities	427,272	453,540
Short-term borrowings	123,108	122,149
Commercial papers	40,000	40,000
Notes and accounts payable - trade	78,125	68,494
Accrued taxes	38,025	11,363
Other	341,966	278,099
Reserves under special laws	8,268	8,237
Reserve for water shortage	8,268	8,237
Total liabilities	<u>4,447,093</u>	<u>4,450,069</u>
Net assets		
Shareholders' equity	646,239	652,706
Share capital	237,304	237,304
Capital surplus	120,007	120,007
Retained earnings	290,381	296,851
Treasury shares	△1,454	△1,457
Accumulated other comprehensive income	6,068	11,450
Valuation difference on available-for-sale securities	3,704	3,497
Deferred gains or losses on hedges	3,495	4,991
Foreign currency translation adjustment	△5,169	△1,094
Remeasurements of defined benefit plans	4,037	4,055
Non-controlling interests	29,162	29,341
Total net assets	<u>681,470</u>	<u>693,498</u>
Total liabilities and net assets	<u>5,128,563</u>	<u>5,143,567</u>

(2) Quarterly Consolidated Income Statements and Quarterly Consolidated Comprehensive Income Statements
(Quarterly Consolidated Income Statements)

	April 1,2020- June 30, 2020	April 1,2021- June 30, 2021
	(Unit : million yen)	
Operating revenue	334,131	349,994
Electric utility operating revenue	279,005	288,543
Other business operating revenue	55,126	61,451
Operating expenses	302,954	319,536
Electric utility operating expenses	253,714	261,896
Other business operating expenses	49,239	57,640
Operating profit	31,177	30,457
Non-operating income	3,387	2,707
Dividend income	726	145
Interest income	218	227
Share of profit of entities accounted for using equity method	1,485	644
Other	957	1,690
Non-operating expenses	7,841	9,098
Interest expenses	6,684	6,169
Other	1,157	2,929
Total ordinary revenue	337,519	352,702
Total ordinary expenses	310,795	328,634
Ordinary profit	26,723	24,067
Provision or reversal of reserve for water shortage	△185	△31
Reversal of reserve for water shortage	△185	△31
Profit before income taxes	26,909	24,098
Income taxes - current	1,003	1,036
Income taxes - deferred	7,039	6,798
Total income taxes	8,043	7,835
Profit	18,866	16,262
Profit attributable to non-controlling interests	545	449
Profit attributable to owners of parent	18,320	15,813

(Quarterly Consolidated Comprehensive Income Statements)

(Unit: million yen)

	April 1,2020- June 30, 2020	April 1,2021- June 30, 2021
Profit	18,866	16,262
Other comprehensive income		
Valuation difference on available-for-sale securities	44	140
Deferred gains or losses on hedges	191	1,015
Foreign currency translation adjustment	△3,571	2,725
Remeasurements of defined benefit plans, net of tax	1,423	△26
Share of other comprehensive income of entities accounted for using equity method	△2,087	1,395
Total other comprehensive income	△3,998	5,251
Comprehensive income	14,867	21,514
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,260	21,195
Comprehensive income attributable to non-controlling interests	606	319

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on the premise of going concern)

N/A

(Notes in case of drastic changes in the amount of equity)

N/A

(Changes in accounting policies)

(Application of "Accounting Standard for Revenue Recognition" etc.)

We have applied the "Accounting Standard for Revenue Recognition" ,etc. from the beginning of the first quarter starting April 1st, 2021 (FY2021 1Q).

Under this new standard, the "Renewable Energy Power Promotion Surcharge" and "Grant based on the Act on Purchase of Renewable Energy Sourced Electricity ", which are related to the feed-in tariff system for renewable energy, are not recorded as net sales but are being deducted from corresponding operating expenses. The "Electricity Business Accounting Regulations" has been revised based on the new revenue recognition standard that was issued.

(Note) Since there is no change in the handling of the meter-reading date standard in this revision, Kyushu Electric Power and Kyushu Electric Power Transmission & Distribution, which preferentially apply the Electricity Business Accounting Regulations, will continue to record revenues based on the meter-reading date standard.

Comparisons and analyzes with the same quarter of the previous year (FY 2020 1Q) and the end of the previous fiscal year (end of FY2020) are based on the figures after retroactive application.

Handling of the first year of application (FY2021)

As a general rule, "Accounting Standard for Revenue Recognition", etc. are to be applied retroactively to all past periods in the first year of application (the revised Electricity Business Accounting Regulations can also be applied retroactively). From the perspective of comparability of financial statements, Kyushu Electric Power applies retroactively as a general rule.

Amount of retroactive application impact (FY2020 1Q)

(Billion of Yen)

	After retroactive application	Before retroactive application	Difference	Explanations
Sales	334.1	496.1	-162.0	Renewable Energy Power Promotion Surcharge -43.7 Grant based on the Act on Purchase of Renewable Energy Sourced Electricity -117.8
Ordinary profit	26.7	26.7	—	
Opening retained earnings	276.0	276.9	-0.9	Amount of retroactive application impact before FY2019

(Significant subsequent event)

On July 13, 2021, Kyushu Electric Power Co., Inc. and its consolidated subsidiary, Kyuden Mirai Energy Co., Inc., were investigated by the Japan Fair Trade Commission under Article 47 of the Antimonopoly Act. The allegation is that the "former general electricity utilities are being suspected of jointly limiting the acquisition of customers in Chubu, Kansai, Chugoku and Kyushu areas, specifically regarding services of supplying extra-high voltage power and high voltage power."

We are taking this very seriously and will fully cooperate with the investigation by the Japan Fair Trade Commission.

The Japan Fair Trade Commission's investigation is still ongoing, and at this point of time it is difficult to predict whether there will be any impact on the business results, financial situation, etc. of our group.

2. Others

(Major effects of the Corona virus)

	Retail	Ordinary profit
Consolidated Financial Results for the Three Months (April 1, 2021 to June 30, 2021)	-0.5 billion kWh	-4.0 billion yen
(Reference) Consolidated Financial Results for the Three Months (April 1, 2020 to June 30, 2020)	-1.0 billion kWh	-10.0 billion yen
Consolidated Financial Results Forecasts for FY2021*	-1.0 billion kWh	-10.0 billion yen
(Reference) Consolidated Financial Results for FY2020	-2.0 billion kWh	-21.0 billion yen

*No change to the previous forecast