

The 3rd Quarter of the Fiscal Year Ending March 31, 2021 Financial Results Overview [Japan GAAP] (Consolidated)
Kyushu Electric Power Co., Inc.

Stock code: 9508 URL: http://www.kyuden.co.jp/en_index.html

Stock listed on: Tokyo SE, Fukuoka SE

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Quarterly financial report submission date (plan): February 10, 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 Nine Months (April 1, 2020 to December 31, 2020)

(1) Consolidated Operational Results

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

	Sales		Operating income		Ordinary income	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
April 1, 2020 - December 31, 2020	1,546,863	2.9	86,285	183.2	73,885	486.6
April 1, 2019 - December 31, 2019	1,502,904	0.2	30,469	-44.9	12,595	-67.6

(Note) Comprehensive income : FY2019 3Q 7,706 million yen (-74.0%) FY2018 3Q 29,648 million yen (-62.7%)

	Profit attributable to owners of parent		EPS	Fully-diluted EPS
	(Unit: million yen)	(%)	(Unit: yen)	(Unit: yen)
April 1, 2020 - December 31, 2020	55,380	-	113.75	102.03
April 1, 2019 - December 31, 2019	1,422	-94.7	-1.05	-

(Note) Fully-diluted EPS for FY2019 3Q is not stated because it is negative, although there are dilutive shares.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	(Unit: million yen)	(Unit: million yen)	(%)
As of December 31, 2020	5,116,603	678,474	12.7
As of March 31, 2020	4,948,063	637,957	12.3

(Reference) Shareholders' equity : As of December 31, 2020 : 650,398 million yen As of March 31, 2020: 610,641 million yen

2. Dividends

	Annual dividends per share				
	1Q	2Q	3Q	Year-end	Total
	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)
FY2019 ended March 31, 2020	—	20.00	—	15.00	35.00
FY2020 ended March 31, 2021	—	17.50	—		
FY2020 ending March 31, 2021 (forecast)				17.50	35.00

(Note) Revision of the dividend forecast : No

Dividends mentioned above refer to 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 FY2020 (April 1, 2020 to March 31, 2021)

(% shows the changes from the previous fiscal year)

	Sales		Operating income		Ordinary income		Profit attributable to owners of parent		EPS
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Full-year	—	—	—	—	—	—	—	—	—

(Note) Revision of financial results forecasts : Yes

The earnings forecast that was announced on October 30, 2020 has been withdrawn for the time being and is undecided. For details, please refer to 'Revision of Financial Results Forecast for FY2020' announced on January 29, 2021.

※ 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 : No

② Changes in accounting principles other than ① : Yes

③ Changes in accounting estimates : Yes

④ Restatement : No

(Note) Applicable to cases when it is difficult to distinguish accounting policy changes from accounting estimate changes.

For details, see "(3) Notes on Quarterly Consolidated Financial Statements : Changes in accounting policies that are difficult to distinguish from changes in accounting estimates" on Page 6.

(4) Number of common stocks issued and outstanding

① Total stocks including treasury stocks at the end of period

FY2020 3Q	474,183,951 shares	FY2019	474,183,951 shares
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② Treasury stocks at the end of period

FY2020 3Q	1,155,918 shares	FY2019	1,194,235 shares
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③ Average number of stocks during the period (Quarter Total)

FY2020 3Q	473,011,342 shares	FY2019 3Q	472,984,389 shares
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(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 FY2020 3Q and 648,000 shares as of FY2019) . 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. (623,000 shares for FY2020 3Q and 661,000 shares for FY2019 3Q)

*Quarterly financial results reports are exempt from 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)
FY2019 ended March 31, 2020	—	546,575.00	—	1,052,877.00	1,599,452.00
FY2020 ended March 31, 2021	—	1,050,000.00	—		
FY2020 ending March 31, 2021 (forecast)				1,050,000.00	2,100,000.00

(Note)Revision of the dividend forecast : No

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1. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

	(Unit: million yen)	
	As of March 31, 2020	As of December 31, 2020
Assets		
Non-current assets	4,368,942	4,446,870
Electric utility plant and equipment	2,476,991	2,712,106
Hydroelectric power production facilities	258,623	256,885
Thermal power production facilities	302,336	281,549
Nuclear power production facilities	329,498	548,539
Internal combustion engine power production facilities	21,409	20,641
Renewable power production facilities	14,351	23,007
Transmission facilities	575,042	579,060
Transformation facilities	211,969	220,610
Distribution facilities	633,541	642,023
General facilities	114,288	126,067
Other electric utility plant and equipment	15,931	13,720
Other non-current assets	364,850	379,423
Construction in progress	740,130	564,804
Construction and retirement in progress	641,816	461,470
Special account related to nuclear power decommissioning	43,535	42,142
Special account related to reprocessing of spent nuclear fuel	54,777	61,192
Nuclear fuel	240,942	233,478
Loaded nuclear fuel	44,517	50,322
Nuclear fuel in processing	196,424	183,156
Investments and other assets	546,027	557,056
Long-term investments	202,483	217,160
Retirement benefit asset	6,210	7,370
Deferred tax assets	164,272	156,749
Other	174,787	177,064
Allowance for doubtful accounts	△1,725	△1,287
Current assets	579,121	669,732
Cash and deposits	204,040	248,975
Notes and accounts receivable - trade	235,706	279,192
Inventories	83,059	83,527
Other	57,087	59,087
Allowance for doubtful accounts	△773	△1,049
Total assets	4,948,063	5,116,603

	(Unit: million yen)	
	As of March 31, 2020	As of December 31, 2020
Liabilities		
Non-current liabilities	3,242,680	3,435,581
Bonds payable	1,154,898	1,384,898
Long-term borrowings	1,640,896	1,603,975
Retirement benefit liability	102,265	99,783
Asset retirement obligations	268,332	272,458
Deferred tax liabilities	7,534	7,648
Other	68,753	66,816
Current liabilities	1,058,585	993,978
Current portion of non-current liabilities	415,119	367,471
Short-term borrowings	118,012	127,449
Commercial papers	92,000	49,000
Notes and accounts payable - trade	65,753	66,172
Accrued taxes	19,403	32,261
Other	348,297	351,622
Reserves under special laws	8,840	8,569
Reserve for water shortage	8,840	8,569
Total liabilities	4,310,105	4,438,129
Net assets		
Shareholders' equity	632,808	670,733
Share capital	237,304	237,304
Capital surplus	120,008	120,007
Retained earnings	276,997	314,872
Treasury shares	△1,501	△1,451
Accumulated other comprehensive income	△22,166	△20,334
Valuation difference on available-for-sale securities	2,115	2,799
Deferred gains or losses on hedges	713	△691
Foreign currency translation adjustment	△4,697	△6,359
Remeasurements of defined benefit plans	△20,298	△16,082
Non-controlling interests	27,316	28,075
Total net assets	637,957	678,474
Total liabilities and net assets	4,948,063	5,116,603

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

(Unit: million yen)

	April 1,2019- December 31, 2019	April 1,2020- December 31, 2020
Operating revenue	1,502,904	1,546,863
Electric utility operating revenue	1,350,913	1,364,273
Other business operating revenue	151,991	182,590
Operating expenses	1,472,435	1,460,578
Electric utility operating expenses	1,332,643	1,290,056
Other business operating expenses	139,792	170,521
Operating profit	<u>30,469</u>	<u>86,285</u>
Non-operating income	13,202	11,788
Dividend income	1,376	1,432
Interest income	611	618
Share of profit of entities accounted for using equity method	7,081	6,947
Other	4,132	2,790
Non-operating expenses	31,076	24,189
Interest expenses	21,596	19,303
Other	9,480	4,885
Total ordinary revenue	1,516,107	1,558,652
Total ordinary expenses	<u>1,503,512</u>	<u>1,484,767</u>
Ordinary profit	<u>12,595</u>	<u>73,885</u>
Provision or reversal of reserve for water shortage	△252	△270
Reversal of reserve for water shortage	△252	△270
Profit before income taxes	<u>12,848</u>	<u>74,155</u>
Income taxes - current	3,756	12,010
Income taxes - deferred	6,163	5,538
Total income taxes	<u>9,920</u>	<u>17,549</u>
Profit	<u>2,928</u>	<u>56,606</u>
Profit attributable to non-controlling interests	<u>1,505</u>	<u>1,225</u>
Profit attributable to owners of parent	<u>1,422</u>	<u>55,380</u>

(Quarterly Consolidated Comprehensive Income Statements)

	(Unit: million yen)	
	April 1,2019- December 31, 2019	April 1,2020- December 31, 2020
Profit	2,928	56,606
Other comprehensive income		
Valuation difference on available-for-sale securities	95	138
Deferred gains or losses on hedges	2,463	△536
Foreign currency translation adjustment	△2,075	△925
Remeasurements of defined benefit plans, net of tax	4,563	4,134
Share of other comprehensive income of entities accounted for using equity method	△268	△935
Total other comprehensive income	4,778	1,876
Comprehensive income	7,706	58,482
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,198	57,213
Comprehensive income attributable to non-controlling interests	1,508	1,269

(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 that are difficult to distinguish from changes in accounting estimates)

Change in depreciation method for property, plant and equipment

The Company and its consolidated subsidiaries traditionally used the declining-balance method for calculating depreciation of property, plant and equipment. From the first quarter of the fiscal year 2020, however, the company has resolved to adopt the straight-line method of depreciation as a general rule.

For the Kyushu region, which is the main supply area of the Kyuden Group, it is expected that electricity demand in the future will not increase dramatically, due to population decline and improving energy conservation and electricity efficiency.

As a result of ongoing liberalization as part of the Electricity System Reform, achieving efficient and stable operations becomes essential for our power generation and retail electricity business, as it faces an increasing competitive environment. Similarly, our transmission and distribution company, which was created after the legal separation in 2020, will steadily work on efficient and stable operations to provide stable electricity supply, while ensuring neutrality.

When looking at the power generation business, Matsuura Power Station Unit 2 started commercial operation in December 2019, which was the realization of a major power source development milestone. In addition, the installation work for Specific Safety Facilities at Sendai Nuclear Power Station has been completed. Unit 1 started operation in November 2020 and Unit 2 in December 2020. Therefore when looking forward, it is expected that the majority of future investments will consist of maintenance and management of existing power sources to ensure stable operation. Regarding the power transmission and distribution business, in which the stable operation of the equipment is expected in consideration of demand trends, supply reliability, safety and operation of the equipment, and cost.

In light of these changes, within the company and its surrounding environment, the Group's medium-term management plan, beginning from fiscal 2020, positions efficient and stable operation of its facilities as one of its key-priority initiatives.

Building on this foundation, it is expected that the stable use of facilities will take a prominent part in the electric power business in the future, so changing the depreciation method for property, plant and equipment to the straight-line method will better reflect the consumption pattern of future economic benefits.

As a result of this change, Ordinary profit and Profit before income taxes for FY2020 3Q increased by ¥41,793 million, respectively, compared to what they otherwise would have been had the previous method been applied.

2. Others

(Major effects of the Corona virus)

	Retail	Ordinary profit
Consolidated Financial Results for the Nine Months (April 1, 2020 to December 31, 2020)	-1.5 billion kWh	-16.0 billion yen
Consolidated Financial Results Forecasts for FY2020*	-2.0 billion kWh	-21.0 billion yen

*No change to the previous forecast