

October 31, 2023

The 2nd Quarter of the Fiscal Year Ending March 31, 2024 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

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Quarterly financial report submission date (plan): November 10, 2023

Date to start dividend payments: —

Preparation of supplementary materials for quarterly financial results: Yes

Information meeting for quarterly financial results: Yes (for analysts and institutional investors)

(Rounded down to the nearest million yen)

1. Consolidated Financial Results for the Three Months (April 1, 2023 to September 30, 2023)

(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, 2023 - September 30, 2023	1,085,316	7.4	207,598	—	199,507	—
April 1, 2022 - September 30, 2022	1,010,682	31.0	-75,699	—	-77,861	—

(Note) Comprehensive income : FY2023 2Q 176,016 million yen (- %) FY2022 2Q -17,346 million yen (- %)

	Profit attributable to owners of parent		EPS	Fully-diluted EPS
	(Unit: million yen)	(%)	(Unit: yen)	(Unit: yen)
April 1, 2023 - September 30, 2023	149,845	—	313.36	—
April 1, 2022 - September 30, 2022	-47,676	—	-103.07	—

(Note) Fully-diluted EPS for FY2023 2Q is not indicated because there are no delutive potential shares

Fully-diluted EPS for FY2022 2Q is not indicated because EPS for FY2022 was minus and there are no delutive potential shares

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	(Unit: million yen)	(Unit: million yen)	(%)
As of September 30, 2023	5,685,624	887,973	15.0
As of March 31, 2023	5,603,678	617,230	10.4

(Reference) Shareholders' equity : As of September 30, 2023 : 854,672 million yen As of March 31, 2023: 582,064 million yen

2. Dividends

	Annual dividends per share				
	1Q	2Q	3Q	Year-end	Total
	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)
FY2022 ended March 31, 2023	—	0.00	—	0.00	0.00
FY2023 ended March 31, 2024	—	0.00	—	—	—
FY2023 ending March 31, 2024 (forecast)	—	—	—	20.00	20.00

(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 FY2023 (April 1, 2023 to March 31, 2024)

	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	2,150,000	-3.2	190,000	—	170,000	—	130,000	—	265.27

(Note) Revision of the consolidated financial results forecast : Yes

For the revision of the Forecast of Financial Results, please refer to "1 Explanation of the Forecasts of Financial Results" on page 2.

※ 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 : No

③ Changes in accounting estimates : No

④ Restatement : No

(4) Number of common stocks issued and outstanding

① Total stocks including treasury stocks at the end of period

FY2023 2Q	474,183,951 shares	FY2022	474,183,951 shares
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② Treasury stocks at the end of period

FY2023 2Q	1,301,874 shares	FY2022	1,416,422 shares
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③ Average number of stocks during the period (Quarter Total)

FY2023 2Q	472,805,042 shares	FY2022 2Q	472,736,615 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 (723,000 shares as of FY2023 2Q and 842,000 shares as of FY2022) . 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. (803,000 shares for FY2023 2Q and 879,000 share for FY2022 2Q)

*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 B preferred shares	Annual dividends per share				
	1Q	2Q	3Q	Year-end	Total
	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)	(Unit: yen)
FY2023 ended March 31, 2024	—	0.00	—	—	—
FY2023 ending March 31, 2024(forecast)	—	—	—	1,933,333.00	1,933,333.00

(Note1) Revision of the dividend forecast : No

(Note2) The Company issued Class B preferred shares by way of third-party allotment on August 1, 2023. Additionally, on the same day, the Company acquired and cancelled the Class A preferred shares.

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1. Explanation of the Forecasts of Financial Results

In terms of the Forecasts of Financial Results for FY2023, there is a change to the previous forecasts in light of the latest supply-demand trends.

Sales are expected to be approximately ¥2,150 billion, falling below the previously announced forecast. The decrease in sales is primarily caused by the following factors: a decrease in the total amount of electricity sales volume and a decline in the unit price of electricity due to the fuel cost adjustment system.

Ordinary income is expected to be approximately ¥170 billion, exceeding the previous forecast, despite the decrease in the total amount of electricity sales volume. The increase in ordinary income is caused by the following factors: the decrease in purchased power costs caused by lower power prices on the wholesale electricity market, as well as the expansion of the profit on the time lag of fuel cost adjustments.

Net income attributable to owners of the parent is expected to be approximately ¥130 billion, exceeding the previous forecast.

The Forecasts of Financial Results for FY2023 Forecasts of Financial Results

	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)
Forecast previously announced (A)	2,250,000	140,000	120,000	90,000	180.66
Revised forecast (B)	2,150,000	190,000	170,000	130,000	265.27
Difference (B-A)	-100,000	50,000	50,000	40,000	
Rate of Change (%)	-4.4	35.7	41.7	44.4	
Results for FY2022 (reference)	2,221,300	-72,998	-86,634	-56,429	-123.81

Main specifications table

	Forecast announced	Forecast previously announced	Difference	Results for FY2022 (reference)
Retail electricity sales (billion kWh)	74.2	74.5	-0.3	76.5
Wholesale electricity quantity (billion kWh)	16.5	18.7	-2.2	19.4
Total (billion kWh)	90.7	93.2	-2.5	96
Crude Oil CIF Price (\$/b)	89	90	-1	103
Exchange Rate (¥/\$)	145	130	15	135
Nuclear Power Utilization Rate (billion kWh) (Transmission-end(%))	31.7 (90.7)	31.6 (90.5)	0.1 (0.2)	20.1 (57.7)

Note : Electricity sales volume represents our company and consolidated subsidiaries (Kyushu Electric Power Transmission and Distribution Co.,Inc and Kyuden Mirai Energy Co.,Inc.) (internal transactions have been eliminated).

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

	(Unit : million yen)	
	As of March 31, 2023	As of September 30, 2023
Assets		
Non-current assets	4,741,917	4,765,363
Electric utility plant and equipment	3,034,210	3,004,468
Hydroelectric power production facilities	273,970	271,228
Thermal power production facilities	224,632	213,069
Nuclear power production facilities	769,301	746,118
Internal combustion engine power production facilities	21,708	20,218
Renewable power production facilities	21,406	—
Renewable power production and related facilities	—	21,279
Transmission facilities	678,862	676,824
Transformation facilities	239,681	240,233
Distribution facilities	663,456	664,068
General facilities	131,155	141,447
Other electric utility plant and equipment	10,036	9,979
Other non-current assets	418,165	415,934
Construction in progress	399,521	435,817
Construction and retirement in progress	248,184	282,459
Special account related to nuclear power decommissioning	35,041	32,789
Special account related to reprocessing of spent nuclear fuel	116,295	120,568
Nuclear fuel	224,372	227,416
Loaded nuclear fuel	50,122	50,657
Nuclear fuel in processing	174,249	176,758
Investments and other assets	665,647	681,728
Long-term investments	263,961	281,870
Retirement benefit asset	12,537	13,447
Deferred tax assets	172,337	156,271
Other	218,252	230,504
Allowance for doubtful accounts	-1,441	-366
Current assets	861,761	920,260
Cash and deposits	295,450	331,350
Notes and accounts receivable - trade, and contract assets	196,439	187,276
Inventories	159,420	160,388
Other	214,031	244,409
Allowance for doubtful accounts	-3,581	-3,164
Total assets	5,603,678	5,685,624

	(Unit : million yen)	
	As of March 31, 2023	As of September 30, 2023
Liabilities		
Non-current liabilities	3,845,921	3,760,521
Bonds payable	1,485,000	1,410,000
Long-term borrowings	1,908,852	1,867,310
Retirement benefit liability	80,761	81,299
Asset retirement obligations	297,367	300,708
Deferred tax liabilities	16,437	21,821
Other	57,501	79,380
Current liabilities	1,138,006	1,034,453
Current portion of non-current liabilities	443,506	468,780
Short-term borrowings	124,530	128,410
Commercial papers	40,000	—
Notes and accounts payable - trade	141,658	85,670
Accrued taxes	21,407	50,690
Provision for the levies related to Antimonopoly act	2,762	2,762
Other	364,140	298,139
Reserves under special laws	2,519	2,675
Reserve for water shortage	2,519	2,675
Total liabilities	4,986,448	4,797,650
Net assets		
Shareholders' equity	565,393	812,544
Share capital	237,304	237,304
Capital surplus	120,006	195,559
Retained earnings	209,734	381,203
Treasury shares	-1,651	-1,523
Accumulated other comprehensive income	16,670	42,128
Valuation difference on available-for-sale securities	5,828	8,106
Deferred gains or losses on hedges	11,150	22,991
Foreign currency translation adjustment	6,455	16,639
Remeasurements of defined benefit plans	-6,765	-5,609
Non-controlling interests	35,166	33,301
Total net assets	617,230	887,973
Total liabilities and net assets	5,603,678	5,685,624

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

(Unit : million yen)

	April 1,2022- September 30, 2022	April 1,2023- September 30, 2023
Operating revenue	1,010,682	1,085,316
Electric utility operating revenue	892,139	945,449
Other business operating revenue	118,542	139,867
Operating expenses	1,086,381	877,718
Electric utility operating expenses	974,791	751,582
Other business operating expenses	111,589	126,136
Operating profit (loss)	-75,699	207,598
Non-operating income	14,610	13,888
Dividend income	698	573
Interest income	544	1,179
Share of profit of entities accounted for using equity method	3,826	5,753
Other	9,540	6,381
Non-operating expenses	16,772	21,979
Interest expenses	12,734	13,915
Share issuance costs	-	4,762
Other	4,037	3,300
Total ordinary revenue	1,025,292	1,099,205
Total ordinary expenses	1,103,154	899,697
Ordinary profit (loss)	-77,861	199,507
Provision or reversal of reserve for water shortage	-130	155
Provision of reserve for water shortage	-	155
Reversal of reserve for water shortage	-130	-
Extraordinary income	11,280	-
Gain on sale of securities	11,280	-
Profit (loss) before income taxes	-66,451	199,352
Income taxes - current	2,427	32,391
Income taxes - deferred	-21,903	16,645
Total income taxes	-19,476	49,037
Profit (loss)	-46,975	150,314
Profit attributable to non-controlling interests	701	469
Profit (loss) attributable to owners of parent	-47,676	149,845

(Quarterly Consolidated Comprehensive Income Statements)

	(Unit : million yen)	
	April 1,2022- September 30, 2022	April 1,2023- September 30, 2023
Profit (loss)	-46,975	150,314
Other comprehensive income		
Valuation difference on available-for-sale securities	1,294	2,032
Deferred gains or losses on hedges	12,683	7,981
Foreign currency translation adjustment	9,343	7,218
Remeasurements of defined benefit plans, net of tax	-487	1,102
Share of other comprehensive income of entities accounted for using equity method	6,794	7,366
Total other comprehensive income	29,628	25,701
Comprehensive income	-17,346	176,016
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-18,244	175,303
Comprehensive income attributable to non-controlling interests	897	712

(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)

On August 1, 2023, the Company conducted a third-party allotment of Class B preferred shares (allocated to Mizuho Bank, Ltd., Development Bank of Japan Inc., and MUFG Bank, Ltd.). As a result, the Capital Stock and Capital Reserve increased by ¥100,000 million each. On the day of the issuance of the Class B preferred shares, the Company reduced the Capital Stock and Capital Reserve by the same amount as the issuance price and transferred it to Other Capital Surplus.

In addition, on that same day, the Company acquired and cancelled 1,000 shares of Class A preferred shares. This resulted in a decrease of Other Capital Surplus by ¥102,822 million.

As a result of the above, Capital Surplus increased by ¥97,177 million during the consolidated cumulative period of the second quarter.

As of the end of the second quarter of the consolidated fiscal year, the Share Capital is ¥237,304 million, Capital Surplus is ¥195,559 million, and Retained Earnings is ¥381,203 million.