

January 31, 2022

**The 3rd 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

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Quarterly financial report submission date (plan): February 10, 2022

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, 2021 to December 31, 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 - December 31, 2021	1,196,797	11.9	74,482	-13.6	59,319	-19.6
April 1, 2020 - December 31, 2020	1,069,431	—	86,181	—	73,781	—

(Note) Comprehensive income : FY2021 3Q 41,979 million yen (-28.1%) FY2020 3Q 58,408 million yen (—%)

	Profit attributable to owners of parent		EPS	Fully-diluted EPS
	(Unit: million yen)	(%)	(Unit: yen)	(Unit: yen)
April 1, 2021 - December 31, 2021	35,927	-35.0	72.64	64.18
April 1, 2020 - December 31, 2020	55,306	—	113.59	101.89

(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 third 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 third quarter starting October 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 December 31, 2021	5,284,758	702,914	12.7
As of March 31, 2021	5,128,563	681,470	12.7

(Reference) Shareholders' equity : As of December 31, 2021 : 673,060 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	—	20.00	—	—	—
FY2021 ending March 31, 2022 (forecast)	—	—	—	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	1,700,000	11.7	70,000	-9.0	50,000	-9.4	25,000	-21.5	48.41

(Note) Revision of financial results forecasts : Yes

For the revision of the Forecast of Financial Results, please refer to 'Revision of Financial Results Forecast for FY2021' announced on January 31, 2022

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 3Q 474,183,951 shares FY2020 474,183,951 shares

② Treasury stocks at the end of period

FY2021 3Q 1,460,262 shares FY2020 1,158,956 shares

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

FY2021 3Q 472,894,359 shares FY2020 3Q 473,011,342 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 (897,000 shares as of FY2021 3Q 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. (730,000 shares for FY2021 3Q and 623,000 share for FY2020 3Q)

*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	—	1,050,000.00			
FY2021 ending March 31, 2022 (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, 2021	As of December 31, 2021
Assets		
Non-current assets	4,497,950	4,542,159
Electric utility plant and equipment	2,701,288	2,694,167
Hydroelectric power production facilities	256,238	254,080
Thermal power production facilities	274,643	257,625
Nuclear power production facilities	547,368	553,699
Internal combustion engine power production facilities	20,874	20,553
Renewable power production facilities	25,124	23,736
Transmission facilities	570,968	568,206
Transformation facilities	218,620	222,583
Distribution facilities	645,239	652,468
General facilities	128,636	127,903
Other electric utility plant and equipment	13,574	13,309
Other non-current assets	383,892	384,533
Construction in progress	621,441	651,216
Construction and retirement in progress	504,045	529,949
Special account related to nuclear power decommissioning	41,926	40,670
Special account related to reprocessing of spent nuclear fuel	75,470	80,596
Nuclear fuel	229,765	220,153
Loaded nuclear fuel	54,930	41,018
Nuclear fuel in processing	174,835	179,134
Investments and other assets	561,562	592,089
Long-term investments	215,981	240,960
Retirement benefit asset	22,493	24,528
Deferred tax assets	144,062	138,122
Other	180,427	189,622
Allowance for doubtful accounts	△1,402	△1,143
Current assets	630,612	742,598
Cash and deposits	234,163	259,905
Notes and accounts receivable - trade	148,844	—
Notes and accounts receivable - trade, and contract assets	—	167,528
Inventories	70,426	111,412
Other	180,913	206,229
Allowance for doubtful accounts	△3,734	△2,478
Total assets	5,128,563	5,284,758

	(Unit: million yen)	
	As of March 31, 2021	As of December 31, 2021
Liabilities		
Non-current liabilities	3,390,325	3,534,381
Bonds payable	1,299,898	1,369,999
Long-term borrowings	1,645,064	1,727,814
Retirement benefit liability	88,107	86,211
Asset retirement obligations	278,031	281,409
Deferred tax liabilities	8,280	11,656
Other	70,943	57,290
Current liabilities	1,048,499	1,039,421
Current portion of non-current liabilities	427,272	458,244
Short-term borrowings	123,108	125,230
Commercial papers	40,000	30,000
Notes and accounts payable - trade	78,125	85,860
Accrued taxes	38,025	17,454
Other	341,966	322,631
Reserves under special laws	8,268	8,041
Reserve for water shortage	8,268	8,041
Total liabilities	4,447,093	4,581,844
Net assets		
Shareholders' equity	646,239	662,044
Share capital	237,304	237,304
Capital surplus	120,007	120,007
Retained earnings	290,381	306,436
Treasury shares	△1,454	△1,704
Accumulated other comprehensive income	6,068	11,016
Valuation difference on available-for-sale securities	3,704	3,706
Deferred gains or losses on hedges	3,495	5,765
Foreign currency translation adjustment	△5,169	△2,217
Remeasurements of defined benefit plans	4,037	3,761
Non-controlling interests	29,162	29,853
Total net assets	681,470	702,914
Total liabilities and net assets	5,128,563	5,284,758

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

	(Unit: million yen)	
	April 1,2020- December 31, 2020	April 1,2021- December 31, 2021
Operating revenue	1,069,431	1,196,797
Electric utility operating revenue	899,587	1,015,564
Other business operating revenue	169,844	181,232
Operating expenses	983,249	1,122,314
Electric utility operating expenses	825,370	948,959
Other business operating expenses	157,878	173,354
Operating profit	<u>86,181</u>	<u>74,482</u>
Non-operating income	11,788	11,323
Dividend income	1,432	585
Interest income	618	620
Share of profit of entities accounted for using equity method	6,947	3,764
Other	2,790	6,352
Non-operating expenses	24,189	26,486
Interest expenses	19,303	18,496
Other	4,885	7,989
Total ordinary revenue	1,081,220	1,208,120
Total ordinary expenses	<u>1,007,439</u>	<u>1,148,801</u>
Ordinary profit	<u>73,781</u>	<u>59,319</u>
Provision or reversal of reserve for water shortage	△270	△226
Reversal of reserve for water shortage	△270	△226
Extraordinary losses	—	3,979
Loss on return of electric imbalance charge	—	3,979
Profit before income taxes	<u>74,051</u>	<u>55,567</u>
Income taxes - current	12,010	9,596
Income taxes - deferred	5,509	8,905
Total income taxes	<u>17,519</u>	<u>18,502</u>
Profit	<u>56,532</u>	<u>37,064</u>
Profit attributable to non-controlling interests	<u>1,225</u>	<u>1,137</u>
Profit attributable to owners of parent	<u>55,306</u>	<u>35,927</u>

(Quarterly Consolidated Comprehensive Income Statements)

	(Unit: million yen)	
	April 1,2020- December 31, 2020	April 1,2021- December 31, 2021
Profit	56,532	37,064
Other comprehensive income		
Valuation difference on available-for-sale securities	138	486
Deferred gains or losses on hedges	△536	1,956
Foreign currency translation adjustment	△925	1,465
Remeasurements of defined benefit plans, net of tax	4,134	△410
Share of other comprehensive income of entities accounted for using equity method	△935	1,416
Total other comprehensive income	1,876	4,914
Comprehensive income	58,408	41,979
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	57,139	40,875
Comprehensive income attributable to non-controlling interests	1,268	1,104

(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 3Q) 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 3Q)

(Billion of Yen)

	After retroactive application	Before retroactive application	Difference	Explanations
Sales	1,069.4	1,546.8	-477.4	Renewable Energy Power Promotion Surcharge -142.1 Grant based on the Act on Purchase of Renewable Energy Sourced Electricity -334.6
Ordinary profit	73.7	73.8	-0.1	
Opening retained earnings	276.0	276.9	-0.9	Amount of retroactive application impact before FY2019

2. Others

(Major effects of the Corona virus)

	Retail	Ordinary profit
Consolidated Financial Results for the Nine Months (April 1, 2021 to December 31, 2021)	-0.5 billion kWh	-3.5 billion yen
(Reference) 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 FY2021	-0.5 billion kWh	-3.5 billion yen
Previously forecast (Consolidated Financial Results Forecasts for FY2021)	-1.0 billion kWh	-8.0 billion yen
(Reference) Consolidated Financial Results for FY2020	-2.0 billion kWh	-21.0 billion yen