

January 31, 2024

The 3rd 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

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): February 9, 2024

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, 2023 to December 31, 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 - December 31, 2023	1,583,391	1.0	260,042	—	250,556	—
April 1, 2022 - December 31, 2022	1,567,510	31.0	-120,588	—	-130,554	—

(Note) Comprehensive income : FY2023 3Q 218,801 million yen (- %) FY2022 3Q -59,684 million yen (- %)

	Profit attributable to owners of parent		EPS	Fully-diluted EPS
	(Unit: million yen)	(%)	(Unit: yen)	(Unit: yen)
April 1, 2023 - December 31, 2023	187,037	—	388.92	—
April 1, 2022 - December 31, 2022	-89,431	—	-192.51	—

(Note) Fully-diluted EPS for FY2023 3Q is not indicated because there are no delutive potential shares

Fully-diluted EPS for FY2022 3Q 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 December 31, 2023	5,711,947	930,756	15.7
As of March 31, 2023	5,603,678	617,230	10.4

(Reference) Shareholders' equity : As of December 31, 2023 : 897,098 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)				25.00	25.00

(Note) Revision of the dividend forecast : Yes

For the revision of the Forecast of Dividends, please refer to "(2) Forecasts of Dividends" on page 3.

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	220,000	—	200,000	—	150,000	—	307.57

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

For the revision of the Forecast of Financial Results, please refer to "(1) 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 3Q 474,183,951 shares FY2022 474,183,951 shares
- ② Treasury stocks at the end of period
FY2023 3Q 1,304,811 shares FY2022 1,416,422 shares
- ③ Average number of stocks during the period (Quarter Total)
FY2023 3Q 472,830,106 shares FY2022 3Q 472,747,670 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 (723,000 shares as of FY2023 3Q 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. (776,000 shares for FY2023 3Q and 867,000 share for FY2022 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 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 and Dividends

(1) Forecast 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, with no changes from the previous forecasts.

Ordinary income is expected to be approximately ¥200 billion, exceeding the previous forecast. 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 ¥150 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)	2,150,000	190,000	170,000	130,000	265.27
Revised forecast (B)	2,150,000	220,000	200,000	150,000	307.57
Difference (B-A)	—	30,000	30,000	20,000	
Rate of Change (%)	—	15.8	17.6	15.4	
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)	73.9	74.2	-0.3	76.5
Wholesale electricity quantity (billion kWh)	17.3	16.5	0.8	19.4
Total (billion kWh)	91.2	90.7	0.5	96
Crude Oil CIF Price (\$/b)	86	89	-3	103
Exchange Rate (¥/\$)	144	145	-1	135
Nuclear Power Utilization Rate (billion kWh) (Transmission-end(%))	31.7 (90.7)	31.7 (90.7)	— (-)	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) Forecast of Dividends

We have based our policy regarding the appropriation of profits on expanding shareholders' interest in medium to long-term perspective while maintaining stable dividends.

Regarding forecasts of dividends for FY2023, based on a comprehensive analysis of financial forecasts for FY2023 and medium to long-term balance situation and financial and other factors, we plan to pay the dividend from ¥25 per common share, an increase of ¥5 from previous forecast.

• Dividends

	Annual dividends per share		
	Interim	Year-end	Total
Previously forecast	¥0.00	¥20.00	¥20.00
Revised forecast	—	¥25.00	¥25.00
Results for FY2023	¥0.00	—	—
Results for FY2022	¥0.00	¥0.00	¥0.00

• As for Class B preferred shares

As for Class B preferred shares, there is no change from the previous forecast, and we plan to pay dividend of 1,933,333 yen per share.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

	(Unit: million yen)	
	As of March 31, 2023	As of December 31, 2023
Assets		
Non-current assets	4,741,917	4,762,859
Electric utility plant and equipment	3,034,210	3,016,973
Hydroelectric power production facilities	273,970	269,572
Thermal power production facilities	224,632	206,752
Nuclear power production facilities	769,301	751,522
Internal combustion engine power production facilities	21,708	25,182
Renewable power production facilities	21,406	—
Renewable power production and related facilities	—	21,402
Transmission facilities	678,862	684,075
Transformation facilities	239,681	242,292
Distribution facilities	663,456	665,535
General facilities	131,155	140,685
Other electric utility plant and equipment	10,036	9,951
Other non-current assets	418,165	414,585
Construction in progress	399,521	422,847
Construction and retirement in progress	248,184	270,614
Special account related to nuclear power decommissioning	35,041	31,663
Special account related to reprocessing of spent nuclear fuel	116,295	120,568
Nuclear fuel	224,372	224,986
Loaded nuclear fuel	50,122	44,035
Nuclear fuel in processing	174,249	180,951
Investments and other assets	665,647	683,467
Long-term investments	263,961	280,184
Retirement benefit asset	12,537	13,882
Deferred tax assets	172,337	149,257
Other	218,252	240,925
Allowance for doubtful accounts	-1,441	-783
Current assets	861,761	949,088
Cash and deposits	295,450	374,054
Notes and accounts receivable - trade, and contract assets	196,439	177,994
Inventories	159,420	151,744
Other	214,031	248,100
Allowance for doubtful accounts	-3,581	-2,805
Total assets	5,603,678	5,711,947

	(Unit : million yen)	
	As of March 31, 2023	As of December 31, 2023
Liabilities		
Non-current liabilities	3,845,921	3,771,804
Bonds payable	1,485,000	1,415,000
Long-term borrowings	1,908,852	1,876,190
Retirement benefit liability	80,761	82,250
Asset retirement obligations	297,367	295,823
Deferred tax liabilities	16,437	21,097
Other	57,501	81,443
Current liabilities	1,138,006	1,007,185
Current portion of non-current liabilities	443,506	430,422
Short-term borrowings	124,530	133,010
Commercial papers	40,000	—
Notes and accounts payable - trade	141,658	95,190
Accrued taxes	21,407	51,607
Provision for the levies related to Antimonopoly act	2,762	—
Other	364,140	296,953
Reserves under special laws	2,519	2,201
Reserve for water shortage	2,519	2,201
Total liabilities	4,986,448	4,781,190
Net assets		
Shareholders' equity	565,393	849,734
Share capital	237,304	237,304
Capital surplus	120,006	195,559
Retained earnings	209,734	418,395
Treasury shares	-1,651	-1,525
Accumulated other comprehensive income	16,670	47,364
Valuation difference on available-for-sale securities	5,828	7,892
Deferred gains or losses on hedges	11,150	26,345
Foreign currency translation adjustment	6,455	18,156
Remeasurements of defined benefit plans	-6,765	-5,030
Non-controlling interests	35,166	33,658
Total net assets	617,230	930,756
Total liabilities and net assets	5,603,678	5,711,947

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

(Unit : million yen)

	April 1,2022- December 31, 2022	April 1,2023- December 31, 2023
Operating revenue	1,567,510	1,583,391
Electric utility operating revenue	1,380,398	1,374,633
Other business operating revenue	187,112	208,758
Operating expenses	1,688,099	1,323,349
Electric utility operating expenses	1,516,199	1,133,360
Other business operating expenses	171,900	189,989
Operating profit (loss)	-120,588	260,042
Non-operating income	16,654	21,521
Dividend income	1,250	651
Interest income	869	1,820
Share of profit of entities accounted for using equity method	6,995	11,652
Other	7,539	7,396
Non-operating expenses	26,620	31,007
Interest expenses	19,406	21,035
Other	7,213	9,972
Total ordinary revenue	1,584,165	1,604,913
Total ordinary expenses	1,714,719	1,354,357
Ordinary profit (loss)	-130,554	250,556
Provision or reversal of reserve for water shortage	-387	-318
Reversal of reserve for water shortage	-387	-318
Extraordinary income	11,280	-
Gain on sale of securities	11,280	-
Extraordinary losses	2,762	-
Provision of allowance loss related to the Antitrust law	2,762	-
Profit (loss) before income taxes	-121,648	250,875
Income taxes - current	3,215	41,114
Income taxes - deferred	-36,467	21,830
Total income taxes	-33,251	62,945
Profit (loss)	-88,397	187,929
Profit attributable to non-controlling interests	1,034	891
Profit (loss) attributable to owners of parent	-89,431	187,037

(Quarterly Consolidated Comprehensive Income Statements)

	(Unit: million yen)	
	April 1, 2022- December 31, 2022	April 1, 2023- December 31, 2023
Profit (loss)	-88,397	187,929
Other comprehensive income		
Valuation difference on available-for-sale securities	845	1,747
Deferred gains or losses on hedges	7,080	10,617
Foreign currency translation adjustment	12,204	9,472
Remeasurements of defined benefit plans, net of tax	-720	1,653
Share of other comprehensive income of entities accounted for using equity method	9,302	7,381
Total other comprehensive income	<u>28,712</u>	<u>30,872</u>
Comprehensive income	<u>-59,684</u>	<u>218,801</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-61,042	217,732
Comprehensive income attributable to non-controlling interests	1,357	1,069

(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 third quarter.

As of the end of the third quarter of the consolidated fiscal year, the Share Capital is ¥237,304 million, Capital Surplus is ¥195,559 million, and Retained Earnings is ¥418,395 million.