October 31, 2024

The 2nd Quarter of the Fiscal Year Ending March 31, 2025 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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Semi-annual financial report submission date (plan): November 12, 2024
Date to start dividend payments: December 3, 2024
Preparation of supplementary materials for financial results: Yes
Information meeting for financial results: Yes (for analysts and institutional investors)

(Rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months (April 1, 2024 to September 30, 2024)

(1) Consolidated Operational Results

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

	Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)
April 1, 2024 - September 30, 2024	1,151,192	6.1	108,626	-47.7	103,276	-48.2	74,286	-50.4
April 1, 2023 - September 30, 2023	1,085,316	7.4	207,598	—	199,507	—	149,845	—

(Note) Comprehensive income : FY2024 2Q 89,127 million yen (-49.4%) FY2023 2Q 176,016 million yen (—%)

	EPS	Fully-diluted EPS
	(Unit: yen)	(Unit: yen)
April 1, 2024 - September 30, 2024	150.97	—
April 1, 2023 - September 30, 2023	313.36	—

(Note) Fully-diluted EPS for FY2024 2Q and FY2023 2Q are not indicated because 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, 2024	5,720,469	993,173	16.8
As of March 31, 2024	5,727,240	921,043	15.5

(Reference) Shareholders' equity: As of September 30, 2024 962,779 million yen As of March 31, 2024 890,529 million yen

2. Dividends

	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	—	25.00	25.00
FY2024 ended March 31, 2025	—	25.00			
FY2024 ending March 31, 2025(forecast)			—	25.00	50.00

(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. Forecast of Financial result for FY2024 (April 1, 2024 to March 31, 2025)

	Sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net earnings per share
	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: million yen)	(%)	(Unit: yen)
Full-year	2,300,000	7.5	150,000	-41.2	130,000	-45.4	100,000	-39.9	199.21

(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)Significant changes in scope of consolidation : No

Newly added:- Excluded:-

(2) Adoption of methods specific in preparing semi-annual 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 : No
④ Restatement : No

(4) Number of common stocks issued and outstanding

① Total stocks including treasury stocks at the end of period

FY2024 2Q	474,183,951 shares	FY2023	474,183,951 shares

② Treasury stocks at the end of period

FY2024 2Q	1,631,193 shares	FY2023	1,307,901 shares

③ Average number of stocks during the period

FY2024 2Q	472,837,922 shares	FY2023 2Q	472,805,042 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 (1,040,000 shares as of FY2024 2Q and 723,000 shares as of FY2023) . In addition, the number of our shares held by the Trust was included in the number of treasury stocks, which was to be deducated from the calculation of the average number of stocks during the period. (758,000 shares for FY2024 2Q and 803,000 shares for FY2023 2Q)

* Semi-annual financial results reports are not subject to review by certified public accountants or audit firms

*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 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	—	1,933,333.00	1,933,333.00
FY2024 ended March 31, 2025	—	1,450,000.00			
FY2024 ending March 31, 2025(forecast)			—	1,450,000.00	2,900,000.00

(Note) Revision of the dividend forecast : No

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Please note that this purports to be an accurate and complete translation of the original Japanese version prepared for the convenience of our English-speaking audience. However, in the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

1. Explanation of the Forecasts of Financial Results

In terms of the Forecasts of Financial Results for FY2024, there is a change to the previous forecasts in light of the latest supply-demand trends.

Sales are expected to exceed the previous forecast, reaching approximately ¥2,300 billion. This is due to an increase in retail sales revenue resulting from higher unit prices under the fuel cost adjustment system and increased demand for air conditioning during the hot summer, as well as an increase in wholesale sales revenue due to higher wholesale electricity trading prices.

Ordinary income is expected to exceed the previous forecast, reaching approximately ¥130 billion. This is due to an increase in sales resulting from higher demand during the summer, despite a decrease in deferred gains from fuel cost adjustments due to rising fuel prices.

Net income attributable to owners of the parent is expected to be approximately ¥100 billion, exceeding the previous forecast.

The Forecasts of Financial Results for FY2024

Forecasts of Financial Results

	Sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	EPS
Forecast previously announced(A)	(Unit million yen) 2,200,000	(Unit million yen) 130,000	(Unit million yen) 110,000	(Unit million yen) 80,000	(Unit yen) 156.91
Revised forecast(B)	2,300,000	150,000	130,000	100,000	199.21
Difference(B-A)	100,000	20,000	20,000	20,000	
Rate of Change(%)	4.5	15.4	18.2	25.0	
Results for FY2023(reference)	2,139,447	254,919	238,161	166,444	342.30

Main specifications table

	Forecast announced	Forecast previously announced	Difference	Result for FY2023(reference)
Retail electricity sales (billion kWh)	75.0	73.4	1.6	73.5
Wholesale electricity quantity(billion kWh)	23.6	23.8	-0.2	16.7
Total(billion kWh)	98.6	97.2	1.4	90.2
Crude oil CIF Price ($/b)	86	85	1	86
Exchange Rate(¥/$)	149	145	4	145
Nuclear Power Utilization Rate (billion kWh) (Transmission-end(%))	30.8 (88.5)	30.7 (88.1)	0.1 (0.4)	31.7 (90.8)

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. Semi-annual Consolidated Financial Statements and Notes

(1) Semi-annual Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Non-current assets	4,799,251	4,816,301
Electric utility plant and equipment	3,055,350	3,017,799
Hydroelectric power production facilities	270,935	267,796
Thermal power production facilities	203,932	196,546
Nuclear power production facilities	758,883	731,718
Internal combustion engine power production facilities	25,657	25,033
Renewable power production and related facilities	42,260	41,036
Transmission facilities	682,793	677,009
Transformation facilities	243,593	241,315
Distribution facilities	669,537	670,813
General facilities	147,833	152,070
Other electric utility plant and equipment	9,923	14,458
Other non-current assets	387,658	387,022
Construction in progress	456,893	498,655
Construction and retirement in progress	291,509	326,028
Special account related to nuclear power decommissioning	30,537	30,513
Special account related to reprocessing of spent nuclear fuel	134,846	142,114
Nuclear fuel	233,961	232,045
Loaded nuclear fuel	45,277	48,077
Nuclear fuel in processing	188,683	183,968
Investments and other assets	665,386	680,777
Long-term investments	259,435	265,275
Retirement benefit asset	19,991	20,848
Deferred tax assets	148,191	135,668
Other	238,903	260,078
Allowance for doubtful accounts	-1,134	-1,093
Current assets	927,988	904,168
Cash and deposits	392,761	232,740
Notes and accounts receivable - trade, and contract assets	182,421	281,329
Inventories	130,018	125,077
Other	225,339	267,825
Allowance for doubtful accounts	-2,552	-2,804
Total assets	5,727,240	5,720,469

(Unit: million yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Non-current liabilities	3,684,914	3,691,249
Bonds payable	1,405,000	1,466,000
Long-term borrowings	1,819,197	1,788,728
Contribution payable for nuclear reactor decommissioning	—	264,742
Retirement benefit liability	60,154	59,823
Asset retirement obligations	300,002	10,149
Deferred tax liabilities	16,675	18,490
Other	83,883	83,314
Current liabilities	1,119,049	1,033,421
Current portion of non-current liabilities	426,273	321,718
Short-term borrowings	123,410	125,110
Commercial papers	—	50,000
Notes and accounts payable - trade	127,846	180,722
Accrued taxes	63,496	35,737
Other	378,021	320,132
Reserves under special laws	2,232	2,625
Reserve for water shortage	2,232	2,625
Total liabilities	4,806,196	4,727,295
Net assets		
Shareholders' equity	827,098	885,096
Share capital	237,304	237,304
Capital surplus	193,520	193,520
Retained earnings	397,802	456,374
Treasury shares	-1,529	-2,103
Accumulated other comprehensive income	63,431	77,682
Valuation difference on available-for-sale securities	10,052	10,481
Deferred gains or losses on hedges	24,781	24,019
Foreign currency translation adjustment	13,325	29,286
Remeasurements of defined benefit plans	15,271	13,895
Non-controlling interests	30,513	30,394
Total net assets	921,043	993,173
Total liabilities and net assets	5,727,240	5,720,469

(2) Semi-annual Consolidated Income Statements and Semi-annual Consolidated Comprehensive Income Statements

(Semi-annual Consolidated Income Statements)

(Unit: million yen)

	April 1,2023- September 30, 2023	April 1,2024- September 30, 2024
Operating revenue	1,085,316	1,151,192
Electric utility operating revenue	976,384	1,034,933
Other business operating revenue	108,932	116,259
Operating expenses	877,718	1,042,565
Electric utility operating expenses	777,763	936,119
Other business operating expenses	99,954	106,446
Operating profit	207,598	108,626
Non-operating income	13,888	15,260
Dividend income	573	606
Interest income	1,179	2,308
Share of profit of entities accounted for using equity method	5,753	8,610
Other	6,381	3,735
Non-operating expenses	21,979	20,610
Interest expenses	13,915	14,437
Share issuance costs	4,762	—
Other	3,300	6,173
Total ordinary revenue	1,099,205	1,166,453
Total ordinary expenses	899,697	1,063,176
Ordinary profit	199,507	103,276
Provision or reversal of reserve for water shortage	155	393
Provision of reserve for water shortage	155	393
Profit before income taxes	199,352	102,883
Income taxes - current	32,391	12,647
Income taxes - deferred	16,645	15,346
Total income taxes	49,037	27,993
Profit	150,314	74,889
Profit attributable to non-controlling interests	469	603
Profit attributable to owners of parent	149,845	74,286

(Semi-annual Consolidated Comprehensive Income Statements)

(Unit: million yen)

	April 1,2023- September 30, 2023	April 1,2024- September 30, 2024
Profit	150,314	74,889
Other comprehensive income		
Valuation difference on available-for-sale securities	2,032	503
Deferred gains or losses on hedges	7,981	-2,509
Foreign currency translation adjustment	7,218	13,774
Remeasurements of defined benefit plans, net of tax	1,102	-1,379
Share of other comprehensive income of entities accounted for using equity method	7,366	3,848
Total other comprehensive income	25,701	14,237
Comprehensive income	176,016	89,127
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	175,303	88,537
Comprehensive income attributable to non-controlling interests	712	589

(3) Notes on Semi-annual Consolidated Financial Statements

(Note on the premise of going concern)

N/A

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

N/A

(Change in accounting policy)

Due to the transfer of our geothermal business to our consolidated subsidiary, Kyuden Mirai Energy Co., Ltd., on April 1, 2024, Kyuden Mirai Energy Co., Ltd. has adopted the “Electric Utility Accounting Regulations” from the start of the current Semi-annual consolidated accounting period. Regarding the accounting treatment of lighting and power charges, the method of recording the charges calculated based on the usage measured by monthly meter readings as sales (operating revenue) for the month (hereinafter referred to as the “meter reading date basis”) has been adopted, and the account titles are displayed in accordance with the “Electric Utility Accounting Regulations”.

To reflect this change in accounting policy, the ¥23,860 million that was included in “Other non-current assets” under “Non-current assets” in the consolidated balance sheet of the previous consolidated fiscal year has been reclassified as “Electric utility plant and equipment.” Additionally, in the consolidated statement of income for the the previous Semi-annual period, the ¥30,934 million that was included in “Other business operating revenue” under “Operating revenue” has been reclassified as “Electric utility operating revenue” and the ¥26,181 million that was included in “Other business operating expenses” under “Operating expenses” has been reclassified as “Electric utility operating expenses”. The impact of the change to the meter reading date basis is minimal.

(Additional Information)

(The revision of the Electric Utility Accounting Regulations due to the enforcement of "Act for Partial Revision of the Electricity Business Act and Other Acts for Establishing Electricity Supply Systems for Realizing a Decarbonized Society"

On April 1, 2024, the "Act for Partial Revision of the Electricity Business Act and Other Acts for Establishing Electricity Supply Systems for Realizing a Decarbonized Society" (Act No. 44 of 2023, hereinafter referred to as the "Revised Act") and the "Ordinance for the Arrangement of Related Ministerial Ordinances, etc. due to the Enforcement of the Act for Partial Revision of the Electricity Business Act and Other Acts for Establishing Electricity Supply Systems for Realizing a Decarbonized Society" (Ordinance No. 21 of the Ministry of Economy, Trade and Industry of 2024, hereinafter referred to as the "Revised Ordinance") were enforced. As a result, the "Ordinance on the Reserve Fund for the Reserve for Decommissioning of Nuclear Power Generation Facilities" (Ordinance No. 30 of the Ministry of International Trade and Industry of 1989, hereinafter referred to as the "Decommissioning Ordinance") was abolished, and the Electric Utility Accounting Regulations were revised.

The costs necessary for the decommissioning of commercial nuclear power reactors were traditionally recorded as Asset Retirement Obligations. For assets corresponding to these obligations, the "Guidance on Accounting Standard for Asset Retirement Obligations" (Implementation Guidance No. 21, March 25, 2011) Section 8 was applied. Based on Decommissioning Ordinance, the total estimated cost of decommissioning nuclear power generation facilities was calculated annually using the formula specified in the Guidelines for Handling Reserve Funds for the Decommissioning of Nuclear Power Generation Facilities (a method for estimating costs based on the types and quantities of waste generated by decommissioning). This amount was then recorded using the straight-line method over the expected operational period of the power generation facilities. However, from the enforcement date of the Revised Ordinance, the decommissioning contributions stipulated in Article 11, Paragraph 2 of the "Act on the Implementation of Reprocessing of Spent Fuel and Promotion of Decommissioning in Nuclear Power Generation" as amended by Article 3 of the Revised Act be recorded as electricity business operating expenses.

Nuclear operators have traditionally been responsible for securing funds for the decommissioning of their own commercial power reactors. Under the Revised Act, they will fulfill their cost burden responsibility by paying decommissioning contributions to the Nuclear Reprocessing Organization of Japan (hereinafter referred to as the "Organization") annually. The Organization will then bear the economic responsibility for securing, managing, and disbursing the funds necessary for decommissioning.

As a result, in the current interim consolidated accounting period, Asset retirement obligation-related assets of ¥18,995 million and Asset retirement obligations of ¥291,011 million have been reversed. In accordance with Article 10, Paragraph 1 of the Supplementary Provisions of the Revised Act, the amount of ¥274,782 million that must be paid to the Organization for the costs of decommissioning promotion operations has been recorded as Contribution payable for nuclear reactor decommissioning in accordance with Article 7 of the Supplementary Provisions of the Revised Ordinance. This has no impact on profit and loss. Of this amount, ¥10,039 million has been reclassified as Current portion of non-current liabilities. Additionally, ¥2,765 million has been recorded in Special account related to nuclear power decommissioning account in accordance with Article 8 of the Supplementary Provisions of the Revised Ordinance.