

(English Translation)

Quarterly Financial Results (Unaudited) (for the Six Months Ended September 30, 2020)

October 30, 2020

Electric Power Development Co., Ltd. (J-POWER)

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Scheduled date for filing of a quarterly report: November 2, 2020
 Scheduled date of dividend payment commencement: November 27, 2020
 Preparation of supplementary explanations material: Yes
 Quarterly financial results presentation held: Yes (for institutional investors and securities analysts)

(Note) All monetary values are rounded down to the nearest units as indicated in each table.

1. Consolidated Financial Results (From April 1, 2020 to September 30, 2020)

(1) Consolidated Operating Results

(Percentages (%) represent changes from the same period of the previous year)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended Sep. 30, 2020	408,555	(11.6)	54,308	9.7	48,286	(6.2)	33,779	19.8
Six months ended Sep. 30, 2019	461,934	8.9	49,498	3.3	51,463	20.6	28,201	(9.4)

(Note) Comprehensive income: Six months ended Sep. 30, 2020 (260) million yen - %
 Six months ended Sep. 30, 2019 14,752 million yen (51.5) %

	Earnings per share	Fully diluted earnings per share
	yen	yen
Six months ended Sep. 30, 2020	184.54	—
Six months ended Sep. 30, 2019	154.07	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
Six months ended Sep. 30, 2020	2,803,775	846,037	28.6
Year ended March 31, 2020	2,805,390	857,387	28.8

(Reference) Shareholders' equity: Six months ended Sep. 30, 2020 802,613 million yen
 Year ended March 31, 2020 807,764 million yen

2. Dividends

	Cash dividends per share				
	Record date				Annual
	Jun. 30	Sep. 30	Dec. 31	Mar. 31	
	yen	yen	yen	yen	yen
Year ended March 31, 2020	—	35.00	—	40.00	75.00
Year ending March 31, 2021	—	35.00			
Year ending March 31, 2021 (forecasts)			—	40.00	75.00

(Note) Revisions to dividends forecasts in the current quarter: None

3. Consolidated Earnings Forecasts for the Year Ending March 31, 2021 (From April 1, 2020 to March 31, 2021)

(Percentages (%) represent changes from the same period of the previous year)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year ending March 31, 2021	823,000	(9.9)	74,000	(11.5)	68,000	(12.9)	51,000	20.6	278.61

(Note) Revisions to consolidated earnings forecasts in the current quarter: Yes

4. Other Information

- (1) Principal subsidiaries subject to changes: None
- (2) Application of accounting methods which are exceptional for quarterly consolidated financial statements: None
- (3) Changes in accounting policies, accounting estimates and restatement of corrections
 - 1) Changes in accounting policies due to revisions of accounting standards etc.: None
 - 2) Changes in accounting policies except 1): None
 - 3) Changes in accounting estimates: None
 - 4) Restatement of corrections: None
- (4) Number of shares issued (common stock)
 - 1) Number of shares issued at the end of the period (including treasury stock)

Six months ended Sep. 30, 2020:	183,051,100
Year ended March 31, 2020:	183,051,100
 - 2) Treasury stock at the end of the period

Six months ended Sep. 30, 2020:	2,581
Year ended March 31, 2020:	2,441
 - 3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2020:	183,048,629
Six months ended Sep. 30, 2019:	183,048,898

* This quarterly financial results is out of the scope of quarterly review procedures by CPA or an audit firm

* Forward-looking statements and other special notes

- The Company has revised its earnings forecasts for the year ending March 31, 2021 announced on April 30, 2020. For the details, please refer to "Qualitative Information on Consolidated Earnings Forecasts" on page 3 and "Notice Regarding Revisions to the Earnings Forecasts" announced today, October 30, 2020.
- The earnings forecasts are forward-looking statements made on the basis of available information current at the time forecasts are made and contain uncertain elements. Therefore, actual earnings may differ from forecast figures as a result of changes in business performance and other factors.
- The supplementary explanation material is available on our website at <https://www.jpowers.co.jp/english/> under the investor relations section.

[Reference]

Non-consolidated Earnings Forecasts for the Year Ending March 31, 2021 (From April 1, 2020 to March 31, 2021)

(Percentages (%) represent changes from the same period of the previous year)

	Operating revenue		Operating income		Ordinary income		Profit		Profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year ending March 31, 2021	519,000	(9.2)	13,000	(47.8)	48,000	(20.8)	44,000	(23.3)	240.37

(Note) Revisions to non-consolidated earnings forecasts in the current quarter: Yes

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1. Qualitative Information on Consolidated Financial Results

(1) Qualitative Information on Consolidated Operating Results

1) Electricity Sales Volume

In the electric power business, electricity sales volume from hydroelectric power plants for the six months ended September 30, 2020 showed 6.2% increase from the same period of the previous fiscal year to 5.2TWh, due mainly to the increase in water supply rate from 91% to 93%. In thermal power, the commencement of commercial operations of Takehara Thermal Power Plant New Unit No.1 on June 30, 2020 and the increase in the load factor of thermal power plants of J-POWER (non-consolidated) from 71% to 76% resulted in 9.3% increase in electricity sales volume from the same period of the previous fiscal year to 26.1TWh. Despite the volume of electricity procured from wholesale electricity market and sold to retailers decreased, the sales volume of electricity procured from Kashima Thermal Power Plant Unit No.2 which commenced commercial operations on July 1, 2020 also contributed to 5.9% increase in total electricity sales volume of the electric power business from the same period of the previous fiscal year to 36.8TWh.

Electricity sales volume in the overseas business decreased 29.1% from the same period of the previous fiscal year to 6.2TWh.

2) Overview of Income and Expenditures

Sales (operating revenues) decreased 11.6% from the same period of the previous fiscal year to 408.5 billion yen, mainly due to the decrease in fuel price for thermal power plants and fall in electricity market price while electricity sales volume in the electric power business increased with the commencement of commercial operations of Takehara Thermal Power Plant New Unit No.1 and Kashima Thermal Power Plant Unit No.2. Total ordinary revenue including non-operating revenue decreased 12.3% from the same period of the previous fiscal year to 419.2 billion yen.

Operating expenses decreased 14.1% from the same period of the previous fiscal year to 354.2 billion yen, mainly due to the decrease in purchased power from other suppliers, decrease in fuel costs for thermal power plants and decrease in repair expense including periodic inspection costs in the electric power business. Total ordinary expenses including non-operating expenses decreased 13.1% from the same period of the previous fiscal year to 370.9 billion yen.

As a result, ordinary income decreased 6.2% from the same period of the previous fiscal year to 48.2 billion yen. Profit attributable to owners of parent increased 19.8% from the same period of the previous fiscal year to 33.7 billion yen mainly due to elimination of loss on business of subsidiaries and associates posted in the previous fiscal year under extraordinary losses.

(2) Qualitative Information on Consolidated Financial Position

1) Condition of Assets, Liabilities and Net Assets

Total assets decreased 1.6 billion yen from the end of the previous fiscal year to 2.8037 trillion yen. This is mainly due to foreign exchange fluctuations, while progress of construction

works of Takehara Thermal Power Plant New Unit No.1 and Jackson Gas-fired Thermal Power Plant in the US contributed to increase in assets.

Total liabilities increased 9.7 billion yen from the end of the previous fiscal year to 1.9577 trillion yen. Of this amount, interest-bearing debt increased 13.6 billion yen from the end of the previous fiscal year to 1.6621 trillion yen. Non-recourse loans in overseas business accounted for 272.7 billion yen of interest-bearing debt.

Total net assets decreased 11.3 billion yen to 846.0 billion yen, due mainly to decrease in deferred gains or losses on hedges and foreign currency translation adjustment.

As a result, shareholders' equity ratio decreased from 28.8% at the end of the previous fiscal year to 28.6%.

2) Condition of Cash Flows

(Cash flows from operating activities)

Cash inflow from operating activities increased 22.6 billion yen from the same period of the previous fiscal year to 78.0 billion yen mainly due to increase in depreciation and amortization cost.

(Cash flows from investing activities)

Cash outflow from investing activities decreased 3.2 billion yen from the same period of the previous fiscal year to 78.0 billion yen. Despite the increase in the capital expenditure related to construction of Jackson Gas-fired Thermal Power Plant in US, decrease in payments of investment and loans receivable contributed to the total decrease.

(Cash flows from financing activities)

Cash inflows from financing activities increased 5.2 billion yen from the same period of the previous fiscal year to 9.0 billion yen, due mainly to the increase in loans payable.

As a result of these activities, the balance of cash and cash equivalents as of September 30, 2020 increased 6.1 billion yen from the end of the previous fiscal year to 163.3 billion yen.

(3) Qualitative Information on Consolidated Earnings Forecasts

In its earnings forecasts for the year ending March 31, 2021, J-POWER forecasts the decrease in operating revenue, decrease in ordinary income and increase in profit attributable to owners of parent over the previously announced figures (announced on April 30, 2020). While factors such as decrease in fuel price for thermal power plants and fall in electricity market price in the electric power business are estimated to lead to decrease in operating revenue, gain on the sale of shares of a company accounted for using equity method is estimated to be posted as extraordinary income.

Consolidated earnings forecasts (Year ending March 31, 2021)

(Unit: billion yen)

	Revised forecasts	Previous forecasts	Year ended Mar. 31, 2020 (Result)
Operating Revenue	823.0	915.0	913.7
Operating Income	74.0	85.0	83.6
Ordinary Income	68.0	75.0	78.0
Profit attributable to owners of parent	51.0	47.0	42.2

Electricity sales volume and other factors (Year ending March 31, 2021)

			Revised forecasts	Previous forecasts	Year ended Mar. 31, 2020 (Result)
Electric Power Business	Hydroelectric	Electricity sales volume (TWh)	9.1	9.0	9.1
		Water supply rate (%)	95	100	101
	Thermal	Electricity sales volume (TWh)	53.8	53.8	52.0
		Load factor* ¹ (%)	77	76	77
	Wind	Electricity sales volume (TWh)	1.1	1.1	0.8
	Other* ²	Electricity sales volume (TWh)	10.0	12.3	11.0
Overseas Business		Electricity sales volume (TWh)	13.5	16.2	15.6

*1 Load factor of thermal power of J-POWER (non-consolidated)

*2 Electricity procured from wholesale electricity market, etc.

Foreign exchange rate (Year ending March 31, 2021)

	Revised forecasts	Previous forecasts	Year ended Mar. 31, 2020 (Result)
Yen/US\$ (Foreign exchange rate at the end of Dec.)	110.00	110.00	109.56
Yen/THB (Foreign exchange rate at the end of Dec.)	3.30	3.30	3.63

[Reference]

Non-consolidated earnings forecasts (Year ending March 31, 2021)

(Unit: billion yen)

	Revised forecasts	Previous forecasts	Year ended Mar. 31, 2020 (Result)
Operating Revenue	519.0	554.0	571.2
Operating Income	13.0	21.0	24.8
Ordinary Income	48.0	46.0	60.5
Profit	44.0	43.0	57.3

2. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheet

(Unit: million yen)

	As of Mar. 31, 2020	As of Sep. 30, 2020
Assets		
Non-current assets	2,471,347	2,462,724
Electric utility plant and equipment	965,082	1,098,442
Hydroelectric power production facilities	353,720	349,760
Thermal power production facilities	296,715	433,130
Internal combustion engine power production facilities	2,377	2,362
Renewable power production facilities	72,492	69,282
Transmission facilities	147,922	148,008
Transformation facilities	28,896	31,764
Communication facilities	8,597	6,498
General facilities	54,359	57,635
Overseas business facilities	316,333	298,940
Other non-current assets	90,924	87,347
Construction in progress	647,160	549,902
Construction and retirement in progress	647,160	549,902
Nuclear fuel	74,812	75,140
Nuclear fuel in processing	74,812	75,140
Investments and other assets	377,033	352,951
Long-term investments	288,706	270,936
Deferred tax assets	59,413	58,814
Other	28,994	23,272
Allowance for doubtful accounts	(81)	(72)
Current assets	334,043	341,050
Cash and deposits	159,325	171,384
Notes and accounts receivable-trade	80,466	67,592
Inventories	50,375	49,070
Other	43,876	53,078
Allowance for doubtful accounts	(0)	(75)
Total assets	2,805,390	2,803,775

(Unit: million yen)

	As of Mar. 31, 2020	As of Sep. 30, 2020
Liabilities		
Non-current liabilities	1,642,354	1,689,313
Bonds payable	604,993	634,993
Long-term loans payable	865,369	875,768
Lease obligations	2,218	2,659
Other provision	29	28
Net defined benefit liability	60,119	59,428
Asset retirement obligations	30,877	30,817
Deferred tax liabilities	16,715	14,429
Other	62,031	71,187
Current liabilities	305,648	268,424
Current portion of non-current liabilities	161,013	138,609
Short-term loans payable	14,952	15,187
Notes and accounts payable-trade	28,729	20,870
Accrued taxes	19,430	19,486
Other provision	622	530
Asset retirement obligations	386	374
Other	80,514	73,365
Total liabilities	1,948,003	1,957,737
Net assets		
Shareholders' equity	806,197	832,654
Capital stock	180,502	180,502
Capital surplus	119,877	119,877
Retained earnings	505,825	532,282
Treasury shares	(8)	(8)
Accumulated other comprehensive income	1,567	(30,040)
Valuation difference on available-for-sale securities	6,156	6,285
Deferred gains or losses on hedges	(23,263)	(43,394)
Foreign currency translation adjustment	22,479	9,694
Remeasurements of defined benefit plans	(3,806)	(2,626)
Non-controlling interests	49,623	43,423
Total net assets	857,387	846,037
Total liabilities and net assets	2,805,390	2,803,775

(2) Consolidated Statement of Income and Comprehensive Income

Consolidated statement of income

	(Unit: million yen)	
	Six months ended Sep. 30, 2019	Six months ended Sep. 30, 2020
Operating revenue	461,934	408,555
Electric utility operating revenue	343,356	311,658
Overseas business operating revenue	93,579	76,416
Other business operating revenue	24,997	20,480
Operating expenses	412,435	354,246
Electric utility operating expenses	310,113	269,539
Overseas business operating expenses	79,044	61,769
Other business operating expenses	23,277	22,936
Operating income	49,498	54,308
Non-operating income	16,277	10,667
Dividend income	966	781
Interest income	704	296
Share of profit of entities accounted for using equity method	4,743	8,916
Foreign exchange gains	5,481	-
Other	4,381	673
Non-operating expenses	14,312	16,689
Interest expenses	13,144	12,167
Other	1,168	4,522
Total ordinary revenue	478,211	419,222
Total ordinary expenses	426,747	370,935
Ordinary income	51,463	48,286
Extraordinary losses	8,964	-
Loss on business of subsidiaries and associates	8,964	-
Profit before income taxes	42,499	48,286
Income taxes-current	8,290	10,128
Income taxes-deferred	(734)	820
Total income taxes	7,555	10,948
Profit	34,944	37,338
Profit attributable to non-controlling interests	6,742	3,559
Profit attributable to owners of parent	28,201	33,779

Consolidated statement of comprehensive income

	(Unit: million yen)	
	Six months ended Sep. 30, 2019	Six months ended Sep. 30, 2020
Profit	34,944	37,338
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,387)	(153)
Deferred gains or losses on hedges	(8,243)	(11,423)
Foreign currency translation adjustment	(2,124)	(12,475)
Remeasurements of defined benefit plans, net of tax	934	1,178
Share of other comprehensive income of entities accounted for using equity method	(8,370)	(14,725)
Total other comprehensive income	(20,191)	(37,599)
Comprehensive income	14,752	(260)
(Comprehensive income attributable to abstract)		
Comprehensive income attributable to owners of parent	10,156	2,171
Comprehensive income attributable to non-controlling interests	4,595	(2,432)

(3) Consolidated Statement of Cash Flows

	(Unit: million yen)	
	Six months ended Sep. 30, 2019	Six months ended Sep. 30, 2020
Cash flows from operating activities		
Profit before income taxes	42,499	48,286
Depreciation and amortization	40,485	46,713
Loss on retirement of non-current assets	1,942	1,128
Loss on business of subsidiaries and associates	8,964	-
Increase (decrease) in net defined benefit liability	644	947
Interest and dividend income	(1,670)	(1,078)
Interest expenses	13,144	12,167
Decrease (increase) in notes and accounts receivable-trade	(882)	13,035
Decrease (increase) in inventories	3,491	933
Increase (decrease) in notes and accounts payable-trade	(7,666)	(20,788)
Share of (profit) loss of entities accounted for using equity method	(4,743)	(8,916)
Other, net	(26,452)	(4,284)
Subtotal	69,756	88,146
Interest and dividend income received	9,469	9,886
Interest expenses paid	(12,866)	(11,901)
Income taxes paid	(10,944)	(8,113)
Net cash provided by (used in) operating activities	55,414	78,019
Cash flows from investing activities		
Purchase of non-current assets	(70,021)	(69,974)
Payments of investment and loans receivable	(9,543)	(1,496)
Collection of investment and loans receivable	4,377	265
Other, net	(6,177)	(6,874)
Net cash provided by (used in) investing activities	(81,364)	(78,079)

	(Unit: million yen)	
	Six months ended Sep. 30, 2019	Six months ended Sep. 30, 2020
Cash flows from financing activities		
Proceeds from issuance of bonds	49,787	49,850
Redemption of bonds	(40,000)	(40,000)
Proceeds from long-term loans payable	49,301	59,557
Repayments of long-term loans payable	(44,854)	(48,974)
Increase in short-term loans payable	31,730	30,265
Decrease in short-term loans payable	(31,305)	(30,027)
Cash dividends paid	(7,320)	(7,320)
Dividends paid to non-controlling interests	(3,059)	(3,714)
Other, net	(394)	(551)
Net cash provided by (used in) financing activities	3,884	9,085
Effect of exchange rate change on cash and cash equivalents	102	(2,922)
Net increase (decrease) in cash and cash equivalents	(21,961)	6,103
Cash and cash equivalents at beginning of period	187,077	157,212
Cash and cash equivalents at end of period	165,116	163,315

(4) Notes on Premise of Going Concern

Not applicable.

(5) Notes on Significant Changes in Shareholders' Equity

Not applicable.

(6) Additional Information

(Spread of COVID-19 infection)

The J-POWER Group is promoting power plant construction projects in the US, UK and Indonesia. COVID-19 infection is spreading in these countries and affecting J-POWER Group in terms of construction of power plants, etc. Although it is difficult to reasonably estimate when each power plant starts operation, there are currently no significant events affecting the financial position. There are no significant changes from the contents described in the securities report filed on June 26, 2020.

3. Appendixes

[Appendix 1]

Revenues and Expenses (Consolidated)

(Unit: million yen)

	Six months ended Sep. 30, 2019 (A)	Six months ended Sep. 30, 2020 (B)	Year-on-year change	
			(B-A)	(B-A)/A
Operating revenue	461,934	408,555	(53,379)	(11.6)%
Electric utility operating revenue	343,356	311,658	(31,698)	(9.2)%
Sold power to other suppliers	316,849	279,046	(37,803)	(11.9)%
Transmission revenue	25,048	24,544	(503)	(2.0)%
Other electricity revenue	1,458	8,066	6,608	453.2%
Overseas business operating revenue	93,579	76,416	(17,163)	(18.3)%
Other business operating revenue	24,997	20,480	(4,517)	(18.1)%
Operating expenses	412,435	354,246	(58,188)	(14.1)%
Electric utility operating expenses	310,113	269,539	(40,573)	(13.1)%
Personnel expense	16,859	17,420	560	3.3%
Fuel cost	118,113	100,108	(18,004)	(15.2)%
Repair expense	34,817	19,275	(15,542)	(44.6)%
Consignment cost	16,656	19,863	3,206	19.3%
Taxes and duties	12,424	11,900	(524)	(4.2)%
Depreciation and amortization cost	28,175	34,662	6,487	23.0%
Other	83,065	66,309	(16,756)	(20.2)%
Overseas business operating expenses	79,044	61,769	(17,274)	(21.9)%
Other business operating expenses	23,277	22,936	(340)	(1.5)%
Operating income	49,498	54,308	4,809	9.7%
Non-operating income	16,277	10,667	(5,610)	(34.5)%
Dividend income	966	781	(184)	(19.1)%
Interest income	704	296	(408)	(57.9)%
Share of profit of entities accounted for using equity method	4,743	8,916	4,172	88.0%
Foreign exchange gains	5,481	-	(5,481)	-
Other	4,381	673	(3,708)	(84.6)%
Non-operating expenses	14,312	16,689	2,376	16.6%
Interest expenses	13,144	12,167	(977)	(7.4)%
Other	1,168	4,522	3,353	287.1%
Total ordinary revenue	478,211	419,222	(58,989)	(12.3)%
Total ordinary expenses	426,747	370,935	(55,812)	(13.1)%
Ordinary income	51,463	48,286	(3,177)	(6.2)%
Extraordinary losses	8,964	-	(8,964)	-
Profit before income taxes	42,499	48,286	5,787	13.6%
Income taxes-current	8,290	10,128	1,837	22.2%
Income taxes-deferred	(734)	820	1,555	-
Profit	34,944	37,338	2,394	6.9%
Profit attributable to non-controlling interests	6,742	3,559	(3,183)	(47.2)%
Profit attributable to owners of parent	28,201	33,779	5,577	19.8%

[Appendix 2]

(1) Generation capacity

(Unit: kW)

	As of Sep. 30, 2019 (A)	As of Sep. 30, 2020 (B)	Year-on-year change (B-A)
Electric power business	17,177,449	17,868,849	691,400
Hydroelectric power	8,560,369	8,560,369	-
Thermal power	8,173,420	8,773,420	600,000
Wind power	443,660	535,060	91,400
Overseas business	3,990,000	3,990,000	-
Total	21,167,449	21,858,849	691,400

(2) Electricity sales volume

(Unit: GWh)

	Six months ended Sep. 30, 2019 (A)	Six months ended Sep. 30, 2020 (B)	Year-on-year change (B-A)
Electric power business	34,804	36,842	2,037
Hydroelectric power	4,957	5,264	306
Thermal power	23,924	26,150	2,225
Wind power	303	450	147
Other	5,619	4,977	(641)
Overseas business	8,748	6,204	(2,543)
Total	43,552	43,046	(506)

* Other shows sales volume of electricity procured from wholesale electricity market, etc.

(3) Water supply rate and Load factor (J-POWER non-consolidated)

(Unit: %)

	Six months ended Sep. 30, 2019 (A)	Six months ended Sep. 30, 2020 (B)	Year-on-year change (B-A)
Water supply rate	91	93	2
Load factor	71	76	5