

(English Translation)

Quarterly Financial Results (Unaudited) (for the Three Months Ended June 30, 2023)

July 31, 2023

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

Listed exchange: Tokyo Stock Exchange (Code: 9513)

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Scheduled date for filing of a quarterly report: August 1, 2023

Scheduled date of dividend payment commencement: Not applicable

Preparation of supplementary explanations material: Yes

Quarterly financial results presentation held: No

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

1. Consolidated Financial Results (From April 1, 2023 to June 30, 2023)

(1) Consolidated Operating Results

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

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended June 30, 2023	281,382	(13.0)	26,558	36.1	27,447	27.7	17,611	35.1
Three months ended June 30, 2022	323,319	68.6	19,507	(9.5)	21,487	8.1	13,036	(7.0)

(Note) Comprehensive income: Three months ended June 30, 2023 24,741 million yen (66.5) %
Three months ended June 30, 2022 73,910 million yen (40.3) %

	Earnings per share	Fully diluted earnings per share
	yen	yen
Three months ended June 30, 2023	96.31	—
Three months ended June 30, 2022	71.22	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
Three months ended June 30, 2023	3,393,633	1,206,721	32.4
Year ended March 31, 2023	3,362,685	1,192,743	32.3

(Reference) Shareholders' equity: Three months ended June 30, 2023 1,098,589 million yen
Year ended March 31, 2023 1,084,679 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, 2023	—	40.00	—	50.00	90.00
Year ending March 31, 2024	—				
Year ending March 31, 2024 (forecasts)		45.00	—	45.00	90.00

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

3. Consolidated Earnings Forecasts for the Year Ending March 31, 2024 (From April 1, 2023 to March 31, 2024)

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

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year ending March 31, 2024	1,513,000	(17.9)	111,000	(39.6)	110,000	(35.6)	76,000	(33.2)	415.61

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

4. Other Information

(1) Principal subsidiaries subject to changes (Changes in specified subsidiaries resulting in change in scope of consolidation): None

(2) Application of accounting methods which are exceptional for quarterly consolidated financial statements: Yes

(Note) For details, please refer to “(5) Application of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements” on page 8.

(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)

Three months ended June 30, 2023: 183,051,100

Year ended March 31, 2023: 183,051,100

2) Treasury stock at the end of the period

Three months ended June 30, 2023: 185,656

Year ended March 31, 2023: 189,131

3) Average number of shares outstanding during the period

Three months ended June 30, 2023: 182,864,247

Three months ended June 30, 2022: 183,048,124

*The Company has introduced a stock compensation system for directors, and the number of treasury stock at the end of the period includes the Company shares held by the Trust Account for the Trust for Stock Delivery to Directors (182,300 shares three months ended June 30, 2023, 185,800 shares year ended March 31, 2023). The Company shares held by the trust account are included in the number of treasury stock deducted in calculating the average number of shares during the period (183,514 shares three months ended June 30, 2023, - shares three months ended June 30, 2022).

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

* Forward-looking statements and other special notes

- 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.

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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 three months ended June 30, 2023 showed 7.5% increase from the same period of the previous fiscal year to 2.7TWh, due mainly to the increase in water supply rate from 91% to 97%. The volume of electricity sales from thermal power, showed 30.9% decrease from the same period of the previous fiscal year to 5.7TWh, due mainly to the decrease in the load factor of thermal power plants of J-POWER (non-consolidated) from 47% to 33%. The volume of electricity procured from wholesale electricity market, etc. showed 13.9% decrease from the same period of the previous fiscal year to 2.4TWh. Total electricity sales volume of the electric power business decreased 19.7% from the same period of the previous fiscal year to 11.3TWh.

Electricity sales volume in the overseas business increased 99.8% from the same period of the previous fiscal year to 5.0TWh, due to the start of commercial operation of the Jackson Generation Power Plant in the USA.

2) Overview of Income and Expenditures

Sales (operating revenues) decreased 13.0% from the same period of the previous fiscal year to 281.3 billion yen, mainly due to the decreases in the electricity sales volume due to the lower load factor of thermal power plants in the electric power business and lower electricity sales prices, etc., though the sales volume of electricity in the Overseas Business increased, due to the start of commercial operation of the Jackson Generation Power Plant in the USA. Total ordinary revenue including non-operating revenue decreased 12.3% from the same period of the previous fiscal year to 291.0 billion yen.

Operating expenses decreased 16.1% from the same period of the previous fiscal year to 254.8 billion yen, mainly due to the decreases in purchased power costs from other suppliers, in fuel costs for thermal power plants in the electric power business, and in periodic inspections and other repair expenses, etc., although fuel costs and other expenses increased due to the start of commercial operation of Jackson Generation Power Plant in the USA. Total ordinary expenses decreased 15.1% from the same period of the previous fiscal year to 263.5 billion yen.

As a result, ordinary profit increased 27.7% from the same period of the previous fiscal year to 27.4 billion yen, mainly due to the increase in profit from a consolidated subsidiary in Australia that owns coal mining interests as results of soaring coal prices. Profit attributable to owners of parent after corporate income tax increased 35.1% from the same period of the previous fiscal year to 17.6 billion yen.

(2) Qualitative Information on Consolidated Financial Position

Total assets increased 30.9 billion yen from the end of the previous fiscal year to 3.3936 trillion yen. This is mainly due to the increase of current assets, and the depreciation of the yen.

Total liabilities increased 16.9 billion yen from the end of the previous fiscal year to 2.1869

trillion yen. Of this amount, interest-bearing debt increased 17.5 billion yen from the end of the previous fiscal year to 1.9033 trillion yen, and it included 304.9 billion yen of non-recourse loans in overseas business.

Total net assets increased 13.9 billion yen to 1.2067 trillion yen, mainly due to the increase in foreign currency translation adjustment, in addition to the accounting of profit attributable to owners of parent.

As a result, shareholders' equity ratio increased from 32.3% at the end of the previous fiscal year to 32.4%.

(3) Qualitative Information on Consolidated Earnings Forecasts

There is no change in our forecasts announced on May 10, 2023.

2. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheet

	(Unit: million yen)	
	As of Mar. 31, 2023	As of Jun. 30, 2023
Assets		
Non-current assets	2,701,385	2,703,504
Electric utility plant and equipment	1,065,522	1,067,089
Hydroelectric power production facilities	374,454	371,626
Thermal power production facilities	379,750	370,911
Renewable power production facilities	77,783	94,256
Transmission facilities	140,248	138,204
Transformation facilities	32,954	32,476
Communication facilities	6,303	6,183
General facilities	54,028	53,431
Overseas business facilities	447,201	451,392
Other non-current assets	89,219	88,636
Construction in progress	572,165	563,279
Construction in progress	572,165	563,279
Nuclear fuel	76,226	76,277
Nuclear fuel in processing	76,226	76,277
Investments and other assets	451,048	456,829
Long-term investments	371,914	380,861
Retirement benefit asset	1,473	1,278
Deferred tax assets	56,896	57,147
Other	20,867	17,629
Allowance for doubtful accounts	(102)	(87)
Current assets	661,300	690,129
Cash and deposits	342,018	361,970
Notes and accounts receivable - trade, and contract assets	129,901	117,720
Inventories	110,315	98,886
Other	79,067	111,579
Allowance for doubtful accounts	(3)	(27)
Total assets	3,362,685	3,393,633

(Unit: million yen)

	As of Mar. 31, 2023	As of Jun. 30, 2023
Liabilities		
Non-current liabilities	1,797,923	1,811,205
Bonds payable	774,085	774,085
Long-term borrowings	893,363	905,106
Lease liabilities	1,695	1,633
Other provisions	11	12
Retirement benefit liability	33,301	33,786
Asset retirement obligations	34,087	34,547
Deferred tax liabilities	25,098	24,755
Other	36,279	37,278
Current liabilities	372,019	375,706
Current portion of non-current liabilities	207,374	214,849
Short-term borrowings	10,715	8,733
Notes and accounts payable - trade	53,774	72,816
Accrued taxes	27,884	21,293
Other provisions	698	608
Asset retirement obligations	476	477
Other	71,096	56,928
Total liabilities	2,169,942	2,186,912
Net assets		
Shareholders' equity	977,800	986,266
Share capital	180,502	180,502
Capital surplus	128,178	128,178
Retained earnings	669,498	677,957
Treasury shares	(378)	(371)
Accumulated other comprehensive income	106,878	112,323
Valuation difference on available-for-sale securities	14,372	19,194
Deferred gains or losses on hedges	7,948	2,913
Foreign currency translation adjustment	78,928	85,697
Remeasurements of defined benefit plans	5,629	4,517
Non-controlling interests	108,064	108,131
Total net assets	1,192,743	1,206,721
Total liabilities and net assets	3,362,685	3,393,633

(2) Consolidated Statement of Income and Comprehensive Income

Consolidated statement of income

(Unit: million yen)

	Three months ended Jun. 30, 2022	Three months ended Jun. 30, 2023
Operating revenue	323,319	281,382
Electric utility operating revenue	237,205	177,655
Overseas business operating revenue	58,509	73,640
Other business operating revenue	27,604	30,086
Operating expenses	303,811	254,824
Electric utility operating expenses	231,984	169,974
Overseas business operating expenses	51,102	67,539
Other business operating expenses	20,724	17,309
Operating profit	19,507	26,558
Non-operating income	8,668	9,663
Dividend income	821	1,080
Interest income	641	1,455
Share of profit of entities accounted for using equity method	3,414	2,739
Foreign exchange gains	2,961	3,111
Other	830	1,276
Non-operating expenses	6,688	8,773
Interest expenses	5,711	7,517
Other	976	1,256
Total ordinary revenue	331,988	291,045
Total ordinary expenses	310,500	263,598
Ordinary profit	21,487	27,447
Profit before income taxes	21,487	27,447
Income taxes - current	5,203	8,298
Income taxes - deferred	950	236
Total income taxes	6,153	8,534
Profit	15,334	18,912
Profit attributable to non-controlling interests	2,298	1,301
Profit attributable to owners of parent	13,036	17,611

Consolidated statement of comprehensive income

(Unit: million yen)

	Three months ended Jun. 30, 2022	Three months ended Jun. 30, 2023
Profit	15,334	18,912
Other comprehensive income		
Valuation difference on available-for-sale securities	14	4,821
Deferred gains or losses on hedges	18,931	(4,478)
Foreign currency translation adjustment	26,517	6,829
Remeasurements of defined benefit plans, net of tax	(1,362)	(1,110)
Share of other comprehensive income of entities accounted for using equity method	14,475	(232)
Total other comprehensive income	58,576	5,829
Comprehensive income	73,910	24,741
(Comprehensive income attributable to abstract)		
Comprehensive income attributable to owners of parent	64,792	23,056
Comprehensive income attributable to non-controlling interests	9,118	1,685

(3) Notes on Premise of Going Concern

Not applicable.

(4) Notes on Significant Changes in Shareholders' Equity

Not applicable.

(5) Application of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements

(Calculation of Tax Expenses)

Tax expenses are calculated by making a reasonable estimate of the effective tax rate after tax effect accounting for income before income tax for the consolidated fiscal year including the first quarter under review, and multiplying the said estimated effective tax rate by quarterly net profit before tax. However, if the calculation of tax expenses using the said estimated effective tax rate brings a significantly irrational result, the statutory effective tax rate is used.

3. Appendixes

[Appendix 1]

Revenues and Expenses (Consolidated)

(Unit: million yen)

	Three months ended Jun. 30, 2022 (A)	Three months ended Jun. 30, 2023 (B)	Year-on-year change	
			(B-A)	(B-A)/A
Operating revenue	323,319	281,382	(41,936)	(13.0)%
Electric utility operating revenue	237,205	177,655	(59,550)	(25.1)%
Sold power to other suppliers	223,397	164,854	(58,542)	(26.2)%
Transmission revenue	12,248	11,908	(339)	(2.8)%
Other electricity revenue	1,560	892	(667)	(42.8)%
Overseas business operating revenue	58,509	73,640	15,131	25.9%
Other business operating revenue	27,604	30,086	2,481	9.0%
Operating expenses	303,811	254,824	(48,987)	(16.1)%
Electric utility operating expenses	231,984	169,974	(62,009)	(26.7)%
Personnel expense	6,596	7,513	917	13.9%
Fuel cost	103,968	78,144	(25,824)	(24.8)%
Repair expense	12,052	5,757	(6,294)	(52.2)%
Consignment cost	10,440	10,048	(392)	(3.8)%
Taxes and duties	6,496	6,390	(106)	(1.6)%
Depreciation	18,698	18,700	1	0.0%
Other	73,731	43,420	(30,310)	(41.1)%
Overseas business operating expenses	51,102	67,539	16,437	32.2%
Other business operating expenses	20,724	17,309	(3,414)	(16.5)%
Operating profit	19,507	26,558	7,050	36.1%
Non-operating income	8,668	9,663	994	11.5%
Dividend income	821	1,080	259	31.6%
Interest income	641	1,455	814	127.0%
Share of profit of entities accounted for using equity method	3,414	2,739	(674)	(19.8)%
Foreign exchange gains	2,961	3,111	149	5.0%
Other	830	1,276	446	53.8%
Non-operating expenses	6,688	8,773	2,085	31.2%
Interest expenses	5,711	7,517	1,805	31.6%
Other	976	1,256	279	28.6%
Total ordinary revenue	331,988	291,045	(40,942)	(12.3)%
Total ordinary expenses	310,500	263,598	(46,901)	(15.1)%
Ordinary profit	21,487	27,447	5,959	27.7%
Profit before income taxes	21,487	27,447	5,959	27.7%
Income taxes-current	5,203	8,298	3,094	59.5%
Income taxes-deferred	950	236	(713)	(75.1)%
Profit	15,334	18,912	3,578	23.3%
Profit attributable to non-controlling interests	2,298	1,301	(997)	(43.4)%
Profit attributable to owners of parent	13,036	17,611	4,575	35.1%

[Appendix 2]

(1) Generation capacity

(Unit: kW)

	As of Jun. 30, 2022 (A)	As of Jun. 30, 2023 (B)	Year-on-year change (B-A)
Electric power business	17,682,929	17,559,279	(123,650)
Hydroelectric power	8,577,369	8,577,369	-
Thermal power	8,561,000	8,426,900	(134,100)
Wind power	544,560	555,010	10,450
Overseas business	3,990,800	5,190,800	1,200,000
Total	21,673,729	22,750,079	1,076,350

(2) Electricity sales volume

(Unit: GWh)

	Three months ended Jun. 30, 2022 (A)	Three months ended Jun. 30, 2023 (B)	Year-on-year change (B-A)
Electric power business	14,080	11,306	(2,774)
Hydroelectric power	2,577	2,771	193
Thermal power	8,374	5,783	(2,590)
Wind power	236	262	25
Other	2,892	2,488	(403)
Overseas business	2,537	5,068	2,531
Total	16,617	16,374	(242)

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

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

(Unit: %)

	Three months ended Jun. 30, 2022 (A)	Three months ended Jun. 30, 2023 (B)	Year-on-year change (B-A)
Water supply rate	91	97	6
Load factor	47	33	(14)