

(English Translation)

## Quarterly Financial Results (Unaudited) (for the Nine Months Ended December 31, 2017)

January 31, 2018

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

Listed exchange: Tokyo Stock Exchange (Code: 9513)  
 Representative: Toshifumi Watanabe, President  
 Contact: Akira Kurihara, IR Chief Manager  
 Tel.: +81-3-3546-2211  
 URL: <http://www.jpowers.co.jp/english/>

Scheduled date for filing of a quarterly report: February 1, 2018  
 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, 2017 to December 31, 2017)

##### (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	%
Nine months ended Dec. 31, 2017	634,690	19.5	100,031	41.0	100,711	59.2	65,659	47.3
Nine months ended Dec. 31, 2016	530,995	(8.3)	70,925	(8.8)	63,261	14.8	44,568	12.9

(Note) Comprehensive income: Nine months ended Dec. 31, 2017 83,404 million yen - %  
 Nine months ended Dec. 31, 2016 6,429 million yen (23.7) %

	Earnings per share	Fully diluted earnings per share
	yen	yen
Nine months ended Dec. 31, 2017	358.70	—
Nine months ended Dec. 31, 2016	243.48	—

##### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
Nine months ended Dec. 31, 2017	2,654,070	832,344	29.5
Year ended March 31, 2017	2,606,285	764,019	27.8

(Reference) Shareholders' equity: Nine months ended Dec. 31, 2017 783,375 million yen  
 Year ended March 31, 2017 723,819 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, 2017	—	35.00	—	35.00	70.00
Year ending March 31, 2018	—	35.00	—		
Year ending March 31, 2018 (forecasts)				35.00	70.00

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

### 3. Consolidated Earnings Forecasts for the Year Ending March 31, 2018 (From April 1, 2017 to March 31, 2018)

(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, 2018	858,000	15.3	106,000	29.7	105,000	56.4	73,000	76.2	398.80

(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)

Nine months ended Dec. 31, 2017:	183,051,100
Year ended March 31, 2017:	183,051,100
  - 2) Treasury stock at the end of the period

Nine months ended Dec. 31, 2017:	1,671
Year ended March 31, 2017:	1,331
  - 3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2017:	183,049,642
Nine months ended Dec. 31, 2016:	183,049,875

\* This quarterly financial results is out of the scope of quarterly review procedures pursuant to the Financial Instruments and Exchange Act

\* Forward-looking statements and other special notes

- J-POWER has revised its earnings forecasts for the year ending March 31, 2018 announced on October 31, 2017. For the details, please refer to "Qualitative Information on Consolidated Earnings Forecasts" on page 3.
- 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 <http://www.jpowers.co.jp/english/> under the investor relations section.

### [Reference]

### Non-consolidated Earnings Forecasts for the Year Ending March 31, 2018 (From April 1, 2017 to March 31, 2018)

(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, 2018	612,000	17.1	44,000	59.2	57,000	0.9	48,000	(6.9)	262.22

(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 nine months ended December 31, 2017 showed 9.9% increase to 7.1TWh, due mainly to the increase of water supply rate from 93% in the same period of the previous fiscal year to 102%. In thermal power, the increase in the load factor of thermal power plants of J-POWER (non-consolidated) from 74% to 79% resulted in 7.3% increase in electricity sales volume from the same period of the previous fiscal year to 42.4TWh. Mainly due to these factors, total electricity sales volume in the electric power business increased 7.6% from the same period of the previous fiscal year to 50.1TWh.

Electricity sales volume in the overseas business increased 1.8% from the same period of the previous fiscal year to 11.5TWh.

#### 2) Overview of Income and Expenditures

Sales (operating revenue) increased 19.5% from the same period of the previous fiscal year to 634.6 billion yen mainly due to the increase of the fuel price and the load factor of thermal power plants in the electric power business. Non-operating revenue increased 32.1% from the same period of the previous fiscal year to 23.5 billion yen mainly due to the foreign exchange gains. Total ordinary revenue increased 19.9% from the same period of the previous fiscal year to 658.2 billion yen.

Operating expenses increased 16.2% from the same period of the previous fiscal year to 534.6 billion yen. This was mainly due to the increase of fuel costs associated with the increase of the fuel price and the load factor of thermal power plants. Total ordinary expenses including non-operating expenses increased 14.8% from the same period of the previous fiscal year to 557.5 billion yen.

As a result, ordinary income increased 59.2% from the same period of the previous fiscal year to 100.7 billion yen and profit attributable to owners of parent after corporate income tax increased 47.3% from the same period of the previous fiscal year to 65.6 billion yen.

### (2) Qualitative Information on Consolidated Financial Position

Total assets increased 47.7 billion yen from the end of the previous fiscal year to 2.6540 trillion yen mainly due to the increase of current assets.

Total liabilities decreased 20.5 billion yen from the end of the previous fiscal year to 1.8217 trillion yen. Of this amount, interest-bearing debt decreased 29.0 billion yen from the end of the previous fiscal year to 1.5910 trillion yen. Non-recourse loans in overseas business accounted for 281.5 billion yen of interest-bearing debt.

Total net assets increased 68.3 billion yen from the end of the previous fiscal year to 832.3 billion yen, due mainly to posting of profit attributable to owners of parent.

As a result, the shareholders' equity ratio increased from 27.8% at the end of the previous fiscal year to 29.5%.

### (3) Qualitative Information on Consolidated Earnings Forecasts

In its earnings forecasts for the year ending March 31, 2018, J-POWER forecasts the increase in revenue and income over the previously announced figures (announced on October 31, 2017), due to factors such as increased operating revenue resulting from the increase of electricity sales volume from thermal power plants in the electric power business and the increase of electricity sales volume in overseas business. The revised forecasts have also factored in foreign exchange gains in overseas subsidiaries.

#### Consolidated earnings forecasts (Year ending March 31, 2018)

(Unit: billion yen)

	Revised forecasts	Previous forecasts	Year ended Mar. 31, 2017 (Result)
Operating Revenue	858.0	828.0	744.4
Operating Income	106.0	95.0	81.7
Ordinary Income	105.0	81.0	67.1
Profit attributable to owners of parent	73.0	58.0	41.4

#### Electricity sales volume and other factors (Year ending March 31, 2018)

			Revised forecasts	Previous forecasts	Year ended Mar. 31, 2017 (Result)
Electric Power Business	Hydroelectric	Electricity sales volume (TWh)	9.1	8.6	8.5
		Water supply rate (%)	102	96	92
	Thermal	Electricity sales volume (TWh)	56.7	56.2	53.5
		Load factor* (%)	80	79	75
	Wind	Electricity sales volume (TWh)	0.8	0.8	0.7
Overseas Business	Electricity sales volume (TWh)	15.8	14.3	14.6	

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

#### Foreign exchange rate (Year ending March 31, 2018)

	Revised forecasts	Previous forecasts	Year ended Mar. 31, 2017 (Result)
Yen/US\$ (Average foreign exchange rate)	112	113	108
Yen/THB (Foreign exchange rate at the end of Dec.)	3.45	3.2	3.24

[Reference]

Non-consolidated earnings forecasts (Year ending March 31, 2018)

(Unit: billion yen)

	Revised forecasts	Previous forecasts	Year ended Mar. 31, 2017 (Result)
Operating Revenue	612.0	602.0	522.4
Operating Income	44.0	38.0	27.6
Ordinary Income	57.0	50.0	56.4
Profit	48.0	45.0	51.5

## 2. Consolidated Financial Statements and Major Notes

### (1) Consolidated Balance Sheet

(Unit: million yen)

	As of Mar. 31, 2017	As of Dec. 31, 2017
<b>Assets</b>		
Non-current assets	2,271,046	2,277,360
Electric utility plant and equipment	958,754	943,999
Hydroelectric power production facilities	346,037	344,158
Thermal power production facilities	313,198	309,665
Internal combustion engine power production facilities	3,301	3,073
Renewable power production facilities	46,170	42,112
Transmission facilities	157,790	153,624
Transformation facilities	29,598	29,430
Communication facilities	8,186	7,682
General facilities	54,470	54,253
Overseas business facilities	332,010	336,543
Other non-current assets	92,501	93,876
Construction in progress	476,171	494,692
Construction and retirement in progress	476,171	494,692
Nuclear fuel	73,682	73,800
Nuclear fuel in processing	73,682	73,800
Investments and other assets	337,926	334,447
Long-term investments	253,660	259,305
Net defined benefit asset	2	30
Deferred tax assets	40,514	39,171
Other	43,794	35,985
Allowance for doubtful accounts	(45)	(45)
Current assets	335,239	376,709
Cash and deposits	117,240	134,035
Notes and accounts receivable-trade	78,805	100,368
Short-term investments	51,344	33,025
Inventories	47,172	54,558
Deferred tax assets	4,564	4,617
Other	36,129	50,126
Allowance for doubtful accounts	(18)	(21)
<b>Total assets</b>	<b>2,606,285</b>	<b>2,654,070</b>

(Unit: million yen)

	As of Mar. 31, 2017	As of Dec. 31, 2017
<b>Liabilities</b>		
Non-current liabilities	1,497,888	1,555,502
Bonds payable	494,991	574,991
Long-term loans payable	891,200	859,378
Lease obligations	353	404
Other provision	120	126
Net defined benefit liability	58,079	57,232
Asset retirement obligations	11,971	14,295
Deferred tax liabilities	23,387	26,370
Other	17,783	22,703
Current liabilities	344,377	266,223
Current portion of non-current liabilities	208,760	139,472
Short-term loans payable	24,957	16,985
Notes and accounts payable-trade	24,616	28,141
Accrued taxes	19,843	25,340
Other provision	267	262
Asset retirement obligations	592	284
Deferred tax liabilities	5	5
Other	65,333	55,730
Total liabilities	1,842,266	1,821,725
<b>Net assets</b>		
Shareholders' equity	689,542	742,387
Capital stock	180,502	180,502
Capital surplus	119,927	119,927
Retained earnings	389,117	441,964
Treasury shares	(5)	(6)
Accumulated other comprehensive income	34,276	40,987
Valuation difference on available-for-sale securities	15,594	20,769
Deferred gains or losses on hedges	(2,183)	(7,492)
Foreign currency translation adjustment	21,295	28,084
Remeasurements of defined benefit plans	(430)	(374)
Non-controlling interests	40,200	48,969
Total net assets	764,019	832,344
Total liabilities and net assets	2,606,285	2,654,070



## (2) Consolidated Statement of Income and Comprehensive Income

### Consolidated statement of income

(Unit: million yen)

	Nine months ended Dec. 31, 2016	Nine months ended Dec. 31, 2017
Operating revenue	530,995	634,690
Electric utility operating revenue	392,930	470,545
Overseas business operating revenue	103,369	118,672
Other business operating revenue	34,695	45,473
Operating expenses	460,070	534,658
Electric utility operating expenses	341,280	398,901
Overseas business operating expenses	82,095	94,572
Other business operating expenses	36,694	41,184
Operating income	70,925	100,031
Non-operating income	17,831	23,550
Dividend income	1,655	1,528
Interest income	633	939
Share of profit of entities accounted for using equity method	8,295	8,689
Foreign exchange gains	5,465	8,880
Other	1,779	3,512
Non-operating expenses	25,494	22,870
Interest expenses	21,434	21,349
Other	4,059	1,521
Total ordinary revenue	548,826	658,241
Total ordinary expenses	485,565	557,529
Ordinary income	63,261	100,711
Extraordinary losses	-	2,872
Impairment loss	-	2,872
Profit before income taxes	63,261	97,839
Income taxes-current	13,968	17,621
Income taxes-deferred	1,135	3,583
Total income taxes	15,104	21,205
Profit	48,157	76,633
Profit attributable to non-controlling interests	3,588	10,973
Profit attributable to owners of parent	44,568	65,659

## Consolidated statement of comprehensive income

	(Unit: million yen)	
	Nine months ended Dec. 31, 2016	Nine months ended Dec. 31, 2017
Profit	48,157	76,633
Other comprehensive income		
Valuation difference on available-for-sale securities	4,484	5,182
Deferred gains or losses on hedges	(3,531)	(4,894)
Foreign currency translation adjustment	(25,532)	8,100
Remeasurements of defined benefit plans, net of tax	5,998	54
Share of other comprehensive income of entities accounted for using equity method	(23,147)	(1,671)
Total other comprehensive income	(41,728)	6,770
Comprehensive income	6,429	83,404
(Comprehensive income attributable to abstract)		
Comprehensive income attributable to owners of parent	4,242	72,370
Comprehensive income attributable to non-controlling interests	2,186	11,034

**(3) Notes on Premise of Going Concern**

Not applicable.

**(4) Notes on Significant Changes in Shareholders' Equity**

Not applicable.

### 3. Appendixes

[Appendix 1]

#### Revenues and Expenses (Consolidated)

(Unit: million yen)

	Nine months ended Dec. 31, 2016 (A)	Nine months ended Dec. 31, 2017 (B)	Year-on-year change	
			(B-A)	(B-A)/A
Operating revenue	530,995	634,690	103,694	19.5%
<u>Electric utility operating revenue</u>	392,930	470,545	77,614	19.8%
Sold power to other suppliers	354,435	429,348	74,912	21.1%
Transmission revenue	36,766	36,541	(225)	(0.6)%
Other electricity revenue	1,728	4,655	2,926	169.3%
<u>Overseas business operating revenue</u>	103,369	118,672	15,303	14.8%
<u>Other business operating revenue</u>	34,695	45,473	10,777	31.1%
Operating expenses	460,070	534,658	74,587	16.2%
<u>Electric utility operating expenses</u>	341,280	398,901	57,620	16.9%
Personnel expense	32,815	24,221	(8,593)	(26.2)%
Fuel cost	141,116	195,197	54,080	38.3%
Repair expense	44,412	43,051	(1,361)	(3.1)%
Consignment cost	24,159	25,135	976	4.0%
Taxes and duties	18,229	19,263	1,033	5.7%
Depreciation and amortization cost	39,577	41,067	1,489	3.8%
Other	40,969	50,965	9,995	24.4%
<u>Overseas business operating expenses</u>	82,095	94,572	12,477	15.2%
<u>Other business operating expenses</u>	36,694	41,184	4,490	12.2%
Operating income	70,925	100,031	29,106	41.0%
Non-operating income	17,831	23,550	5,719	32.1%
Dividend income	1,655	1,528	(127)	(7.7)%
Interest income	633	939	305	48.2%
Share of profit of entities accounted for using equity method	8,295	8,689	393	4.7%
Foreign exchange gains	5,465	8,880	3,414	62.5%
Other	1,779	3,512	1,732	97.3%
Non-operating expenses	25,494	22,870	(2,623)	(10.3)%
Interest expenses	21,434	21,349	(85)	(0.4)%
Other	4,059	1,521	(2,538)	(62.5)%
Total ordinary revenue	548,826	658,241	109,414	19.9%
Total ordinary expenses	485,565	557,529	71,964	14.8%
Ordinary income	63,261	100,711	37,450	59.2%
Extraordinary loss	-	2,872	2,872	-
Profit before income taxes	63,261	97,839	34,577	54.7%
Income taxes - current	13,968	17,621	3,653	26.2%
Income taxes - deferred	1,135	3,583	2,447	215.5%
Profit	48,157	76,633	28,476	59.1%
Profit attributable to non-controlling interests	3,588	10,973	7,385	205.8%
Profit attributable to owners of parent	44,568	65,659	21,090	47.3%

[Appendix 2]

(1) Generation capacity

(Unit: kW)

	As of Dec. 31, 2016 (A)	As of Dec. 31, 2017 (B)	Year-on-year change (B-A)
Electric power business	17,750,549	17,789,299	38,750
Hydroelectric power	8,571,269	8,572,219	950
Thermal power	8,750,420	8,773,420	23,000
Wind power	428,860	443,660	14,800
Overseas business	3,990,000	3,990,000	-
Total	21,740,549	21,779,299	38,750

(2) Electricity sales volume

(Unit: GWh)

	Nine months ended Dec. 31, 2016 (A)	Nine months ended Dec. 31, 2017 (B)	Year-on-year change (B-A)
Electric power business	46,621	50,164	3,543
Hydroelectric power	6,546	7,192	646
Thermal power	39,549	42,420	2,871
Wind power	525	551	25
Overseas business	11,307	11,513	206
Total	57,928	61,678	3,750

(3) Water supply rate

(Unit: %)

	Nine months ended Dec. 31, 2016 (A)	Nine months ended Dec. 31, 2017 (B)	Year-on-year change (B-A)
Water supply rate	93	102	9

## [Appendix 3]

**Revenues and Expenses (Non-Consolidated)**

(Unit: million yen)

	Nine months ended Dec. 31, 2016 (A)	Nine months ended Dec. 31, 2017 (B)	Year-on-year change	
			(B-A)	(B-A)/A
Operating revenue	382,250	458,796	76,545	20.0%
Electric utility operating revenue	373,901	449,698	75,797	20.3%
Sold power to other suppliers	334,186	407,200	73,013	21.8%
Transmission revenue	36,766	36,541	(225)	(0.6)%
Other electricity revenue	2,947	5,956	3,008	102.1%
Incidental business operating revenue	8,349	9,098	748	9.0%
Operating expenses	345,287	403,531	58,243	16.9%
Electric utility operating expenses	337,471	394,970	57,498	17.0%
Personnel expense	32,219	25,173	(7,046)	(21.9)%
Fuel cost	137,040	188,079	51,038	37.2%
Repair expense	46,118	44,188	(1,930)	(4.2)%
Taxes and duties	17,792	18,574	782	4.4%
Depreciation and amortization cost	37,179	38,546	1,367	3.7%
Other	67,120	80,407	13,286	19.8%
Incidental business operating expenses	7,816	8,561	745	9.5%
Operating income	36,962	55,264	18,302	49.5%
Non-operating income	44,600	25,875	(18,724)	(42.0)%
Non-operating expenses	12,535	11,310	(1,224)	(9.8)%
Financial expenses	11,949	11,159	(790)	(6.6)%
Other	585	151	(434)	(74.1)%
Total ordinary revenue	426,851	484,672	57,821	13.5%
Total ordinary expenses	357,823	414,842	57,018	15.9%
Ordinary income	69,027	69,830	802	1.2%
Extraordinary loss	-	2,844	2,844	-
Profit before income taxes	69,027	66,985	(2,042)	(3.0)%
Income taxes – current	8,373	11,082	2,708	32.3%
Income taxes – deferred	308	1,216	907	294.0%
Profit	60,345	54,686	(5,658)	(9.4)%