

(English Translation)

Quarterly Financial Results (Unaudited) (for the Six Months Ended September 30, 2019)

October 31, 2019

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

Listed exchange: Tokyo Stock Exchange (Code: 9513)

Representative: Toshifumi Watanabe, President

Contact: Midori Yamaguchi, IR Chief Manager

Tel.: +81-3-3546-2211

URL: <http://www.jpowers.co.jp/english/>

Scheduled date for filing of a quarterly report:	November 1, 2019
Scheduled date of dividend payment commencement:	November 29, 2019
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, 2019 to September 30, 2019)

(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, 2019	461,934	8.9	49,498	3.3	51,463	20.6	28,201	(9.4)
Six months ended Sep. 30, 2018	424,287	3.4	47,924	(29.1)	42,674	(36.8)	31,114	(32.3)

(Note) Comprehensive income: Six months ended Sep. 30, 2019 14,752 million yen (51.5) %
Six months ended Sep. 30, 2018 30,447 million yen (39.3) %

	Earnings per share	Fully diluted earnings per share
	yen	yen
Six months ended Sep. 30, 2019	154.07	—
Six months ended Sep. 30, 2018	169.98	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
Six months ended Sep. 30, 2019	2,777,329	850,162	28.8
Year ended March 31, 2019	2,766,179	845,582	28.8

(Reference) Shareholders' equity: Six months ended Sep. 30, 2019 800,294 million yen
Year ended March 31, 2019 797,459 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, 2019	—	35.00	—	40.00	75.00
Year ending March 31, 2020	—	35.00			
Year ending March 31, 2020 (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, 2020 (From April 1, 2019 to March 31, 2020)

(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, 2020	940,000	4.8	73,000	(7.4)	60,000	(12.5)	42,000	(9.2)	229.45

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

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, 2019:	183,051,100
Year ended March 31, 2019:	183,051,100
 - 2) Treasury stock at the end of the period

Six months ended Sep. 30, 2019:	2,271
Year ended March 31, 2019:	2,151
 - 3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2019:	183,048,898
Six months ended Sep. 30, 2018:	183,049,302

* 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 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.

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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, 2019 showed 16.2% decrease from the same period of the previous fiscal year to 4.9TWh, due mainly to the decrease in water supply rate from 113% to 91%. In thermal power, the decrease in the load factor of thermal power plants of J-POWER (non-consolidated) from 75% to 71% resulted in 7.8% decrease in electricity sales volume from the same period of the previous fiscal year to 23.9TWh. Despite these factors, the increase in sales volume of electricity procured from wholesale electricity market, etc. contributed to 4.4% increase in total electricity sales volume of the electric power business from the same period of the previous fiscal year to 34.8TWh.

Electricity sales volume in the overseas business increased 54.8% from the same period of the previous fiscal year to 8.7TWh.

2) Overview of Income and Expenditures

Sales (operating revenues) increased 8.9% from the same period of the previous fiscal year to 461.9 billion yen, mainly due to the increase in sales volume of electricity procured from wholesale electricity market, etc. in the electric power business and the increase in electricity sales volume in the overseas business. Non-operating revenue increased 58.4% from the same period of the previous fiscal year to 16.2 billion yen mainly due to the posting of foreign exchange gains. Total ordinary revenue increased 10.0% from the same period of the previous fiscal year to 478.2 billion yen.

Operating expenses increased 9.6% from the same period of the previous fiscal year to 412.4 billion yen. This was mainly due to the increase in purchased power from other suppliers and the increase in fuel costs in the overseas business, despite decrease in fuel costs associated with the decrease in load factor of thermal power plants in the electric power business. Total ordinary expenses including non-operating expenses increased 8.9% from the same period of the previous fiscal year to 426.7 billion yen.

As a result, ordinary income increased 20.6% from the same period of the previous fiscal year to 51.4 billion yen. However, factors including posting of amounts equivalent to impairment losses related to the business of Birchwood Power Partners, L.P. which is a company accounted for using equity method as loss on business of subsidiaries and associates under extraordinary losses led to 9.4% decrease in profit attributable to owners of parent from the same period of the previous fiscal year to 28.2 billion yen.

(2) Qualitative Information on Consolidated Financial Position

1) Condition of Assets, Liabilities and Net Assets

Total assets increased 11.1 billion yen from the end of the previous fiscal year to 2.7773 trillion yen mainly due to the increase in non-current assets.

Total liabilities increased 6.5 billion yen from the end of the previous fiscal year to 1.9271 trillion yen. Of this amount, interest-bearing debt increased 19.6 billion yen from the end of the previous fiscal year to 1.6625 trillion yen. Non-recourse loans in the overseas business accounted for 262.9 billion yen of interest-bearing debt.

Total net assets increased 4.5 billion yen from the end of the previous fiscal year to 850.1 billion yen due mainly to posting of profit attributable to owners of parent, despite decrease in deferred gains or losses on hedges.

Due to the factors above, the shareholders' equity ratio resulted in 28.8%.

2) Condition of Cash Flows

(Cash flows from operating activities)

Cash inflow from operating activities increased 6.7 billion yen from the same period of the previous fiscal year to 55.4 billion yen.

(Cash flows from investing activities)

Cash outflow from investing activities decreased 11.2 billion yen from the same period of the previous fiscal year to 81.3 billion yen. Despite the increase in the capital expenditure related to construction of Jackson Gas-fired Thermal Power Plant in US, the rebound from the large investment with the acquisition of interest in the UK offshore wind power project in the last year contributed to the decrease.

(Cash flows from financing activities)

Cash flows from financing activities decreased 81.8 billion yen from the same period of the previous fiscal year to inflow of 3.8 billion yen, due mainly to the decrease in fund procurement by corporate bonds and loans.

As a result of these activities, the balance of cash and cash equivalents as of September 30, 2019 decreased 21.9 billion yen from the end of the previous fiscal year to 165.1 billion yen.

(3) Qualitative Information on Consolidated Earnings Forecasts

There is no change in our consolidated earnings forecasts announced on April 26, 2019.

2. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheet

(Unit: million yen)

	As of Mar. 31, 2019	As of Sep. 30, 2019
Assets		
Non-current assets	2,401,671	2,417,590
Electric utility plant and equipment	944,323	934,898
Hydroelectric power production facilities	351,141	347,609
Thermal power production facilities	302,274	302,324
Internal combustion engine power production facilities	2,967	2,895
Renewable power production facilities	44,169	41,491
Transmission facilities	150,699	149,446
Transformation facilities	29,833	29,415
Communication facilities	8,552	7,994
General facilities	54,684	53,720
Overseas business facilities	312,128	311,747
Other non-current assets	94,836	92,878
Construction in progress	582,083	620,228
Construction and retirement in progress	582,083	620,228
Nuclear fuel	74,514	74,656
Nuclear fuel in processing	74,514	74,656
Investments and other assets	393,785	383,180
Long-term investments	313,339	290,744
Deferred tax assets	53,321	55,265
Other	27,123	37,171
Current assets	364,508	359,738
Cash and deposits	121,187	111,510
Notes and accounts receivable-trade	84,686	86,159
Short-term investments	66,000	56,025
Inventories	53,483	49,997
Other	39,149	56,047
Total assets	2,766,179	2,777,329

(Unit: million yen)

	As of Mar. 31, 2019	As of Sep. 30, 2019
Liabilities		
Non-current liabilities	1,622,378	1,642,304
Bonds payable	614,992	624,993
Long-term loans payable	852,269	853,395
Lease obligations	1,106	2,040
Other provision	30	28
Net defined benefit liability	57,790	57,132
Asset retirement obligations	29,023	29,810
Deferred tax liabilities	19,455	17,149
Other	47,709	57,753
Current liabilities	298,219	284,862
Current portion of non-current liabilities	159,335	166,512
Short-term loans payable	15,278	15,702
Notes and accounts payable-trade	25,457	30,011
Accrued taxes	17,155	15,648
Other provision	678	481
Asset retirement obligations	368	389
Other	79,946	56,116
Total liabilities	1,920,597	1,927,167
Net assets		
Shareholders' equity	777,699	798,578
Capital stock	180,502	180,502
Capital surplus	119,927	119,927
Retained earnings	477,276	498,156
Treasury shares	(7)	(7)
Accumulated other comprehensive income	19,760	1,715
Valuation difference on available-for-sale securities	12,482	10,148
Deferred gains or losses on hedges	(7,293)	(20,189)
Foreign currency translation adjustment	17,551	13,801
Remeasurements of defined benefit plans	(2,979)	(2,044)
Non-controlling interests	48,123	49,867
Total net assets	845,582	850,162
Total liabilities and net assets	2,766,179	2,777,329

(2) Consolidated Statement of Income and Comprehensive Income

Consolidated statement of income

	(Unit: million yen)	
	Six months ended Sep. 30, 2018	Six months ended Sep. 30, 2019
Operating revenue	424,287	461,934
Electric utility operating revenue	326,833	343,356
Overseas business operating revenue	68,969	93,579
Other business operating revenue	28,484	24,997
Operating expenses	376,362	412,435
Electric utility operating expenses	297,074	310,113
Overseas business operating expenses	53,504	79,044
Other business operating expenses	25,783	23,277
Operating income	47,924	49,498
Non-operating income	10,275	16,277
Dividend income	1,132	966
Interest income	662	704
Share of profit of entities accounted for using equity method	4,856	4,743
Foreign exchange gains	-	5,481
Other	3,624	4,381
Non-operating expenses	15,525	14,312
Interest expenses	12,878	13,144
Other	2,646	1,168
Total ordinary revenue	434,563	478,211
Total ordinary expenses	391,888	426,747
Ordinary income	42,674	51,463
Extraordinary losses	-	8,964
Loss on business of subsidiaries and associates	-	8,964
Profit before income taxes	42,674	42,499
Income taxes-current	5,906	8,290
Income taxes-deferred	1,595	(734)
Total income taxes	7,502	7,555
Profit	35,172	34,944
Profit attributable to non-controlling interests	4,058	6,742
Profit attributable to owners of parent	31,114	28,201

Consolidated statement of comprehensive income

	(Unit: million yen)	
	Six months ended Sep. 30, 2018	Six months ended Sep. 30, 2019
Profit	35,172	34,944
Other comprehensive income		
Valuation difference on available-for-sale securities	(676)	(2,387)
Deferred gains or losses on hedges	8,038	(8,243)
Foreign currency translation adjustment	(11,835)	(2,124)
Remeasurements of defined benefit plans, net of tax	(110)	934
Share of other comprehensive income of entities accounted for using equity method	(140)	(8,370)
Total other comprehensive income	(4,724)	(20,191)
Comprehensive income	30,447	14,752
(Comprehensive income attributable to abstract)		
Comprehensive income attributable to owners of parent	25,579	10,156
Comprehensive income attributable to non-controlling interests	4,868	4,595

(3) Consolidated Statement of Cash Flows

	(Unit: million yen)	
	Six months ended Sep. 30, 2018	Six months ended Sep. 30, 2019
Cash flows from operating activities		
Profit before income taxes	42,674	42,499
Depreciation and amortization	39,224	40,485
Loss on retirement of non-current assets	2,658	1,942
Loss on business of subsidiaries and associates	-	8,964
Increase (decrease) in net defined benefit liability	(1,377)	644
Interest and dividend income	(1,794)	(1,670)
Interest expenses	12,878	13,144
Decrease (increase) in notes and accounts receivable-trade	(2,949)	(882)
Decrease (increase) in inventories	283	3,491
Increase (decrease) in notes and accounts payable-trade	(6,042)	(7,666)
Share of (profit) loss of entities accounted for using equity method	(4,856)	(4,743)
Other, net	(14,580)	(26,452)
Subtotal	66,119	69,756
Interest and dividend income received	8,664	9,469
Interest expenses paid	(12,909)	(12,866)
Income taxes paid	(13,191)	(10,944)
Net cash provided by (used in) operating activities	48,682	55,414
Cash flows from investing activities		
Purchase of non-current assets	(44,583)	(70,021)
Payments of investment and loans receivable	(57,131)	(9,543)
Collection of investment and loans receivable	9,484	4,377
Other, net	(360)	(6,177)
Net cash provided by (used in) investing activities	(92,590)	(81,364)

	(Unit: million yen)	
	Six months ended Sep. 30, 2018	Six months ended Sep. 30, 2019
Cash flows from financing activities		
Proceeds from issuance of bonds	89,664	49,787
Redemption of bonds	(20,000)	(40,000)
Proceeds from long-term loans payable	63,900	49,301
Repayments of long-term loans payable	(48,931)	(44,854)
Increase in short-term loans payable	31,827	31,730
Decrease in short-term loans payable	(33,510)	(31,305)
Proceeds from issuance of commercial papers	83,000	-
Redemption of commercial papers	(83,000)	-
Cash dividends paid	(7,323)	(7,320)
Dividends paid to non-controlling interests	(6,673)	(3,059)
Other, net	16,742	(394)
Net cash provided by (used in) financing activities	85,695	3,884
Effect of exchange rate change on cash and cash equivalents	(3,336)	102
Net increase (decrease) in cash and cash equivalents	38,450	(21,961)
Cash and cash equivalents at beginning of period	136,840	187,077
Cash and cash equivalents at end of period	175,291	165,116

(4) Notes on Premise of Going Concern

Not applicable.

(5) Notes on Significant Changes in Shareholders' Equity

Not applicable.

3. Appendixes

[Appendix 1]

Revenues and Expenses (Consolidated)

(Unit: million yen)

	Six months ended Sep. 30, 2018 (A)	Six months ended Sep. 30, 2019 (B)	Year-on-year change	
			(B-A)	(B-A)/A
Operating revenue	424,287	461,934	37,646	8.9%
Electric utility operating revenue	326,833	343,356	16,523	5.1%
Sold power to other suppliers	301,176	316,849	15,673	5.2%
Transmission revenue	24,921	25,048	127	0.5%
Other electricity revenue	736	1,458	722	98.1%
Overseas business operating revenue	68,969	93,579	24,610	35.7%
Other business operating revenue	28,484	24,997	(3,486)	(12.2)%
Operating expenses	376,362	412,435	36,072	9.6%
Electric utility operating expenses	297,074	310,113	13,038	4.4%
Personnel expense	15,389	16,859	1,470	9.6%
Fuel cost	138,797	118,113	(20,684)	(14.9)%
Repair expense	36,479	34,817	(1,662)	(4.6)%
Consignment cost	17,527	16,656	(870)	(5.0)%
Taxes and duties	12,754	12,424	(329)	(2.6)%
Depreciation and amortization cost	28,045	28,175	130	0.5%
Other	48,081	83,065	34,984	72.8%
Overseas business operating expenses	53,504	79,044	25,540	47.7%
Other business operating expenses	25,783	23,277	(2,505)	(9.7)%
Operating income	47,924	49,498	1,573	3.3%
Non-operating income	10,275	16,277	6,002	58.4%
Dividend income	1,132	966	(165)	(14.6)%
Interest income	662	704	42	6.3%
Share of profit of entities accounted for using equity method	4,856	4,743	(112)	(2.3)%
Foreign exchange gains	-	5,481	5,481	-
Other	3,624	4,381	757	20.9%
Non-operating expenses	15,525	14,312	(1,213)	(7.8)%
Interest expenses	12,878	13,144	265	2.1%
Other	2,646	1,168	(1,478)	(55.9)%
Total ordinary revenue	434,563	478,211	43,648	10.0%
Total ordinary expenses	391,888	426,747	34,859	8.9%
Ordinary income	42,674	51,463	8,789	20.6%
Extraordinary losses	-	8,964	8,964	-
Profit before income taxes	42,674	42,499	(174)	(0.4)%
Income taxes-current	5,906	8,290	2,384	40.4%
Income taxes-deferred	1,595	(734)	(2,330)	-
Profit	35,172	34,944	(228)	(0.6)%
Profit attributable to non-controlling interests	4,058	6,742	2,684	66.2%
Profit attributable to owners of parent	31,114	28,201	(2,912)	(9.4)%

[Appendix 2]

(1) Generation capacity

(Unit: kW)

	As of Sep. 30, 2018 (A)	As of Sep. 30, 2019 (B)	Year-on-year change (B-A)
Electric power business	17,540,249	17,177,449	(362,800)
Hydroelectric power	8,573,169	8,560,369	(12,800)
Thermal power	8,523,420	8,173,420	(350,000)
Wind power	443,660	443,660	-
Overseas business	3,990,000	3,990,000	-
Total	21,530,249	21,167,449	(362,800)

(2) Electricity sales volume

(Unit: GWh)

	Six months ended Sep. 30, 2018 (A)	Six months ended Sep. 30, 2019 (B)	Year-on-year change (B-A)
Electric power business	33,340	34,804	1,464
Hydroelectric power	5,918	4,957	(960)
Thermal power	25,940	23,924	(2,015)
Wind power	312	303	(8)
Other	1,169	5,619	4,449
Overseas business	5,650	8,748	3,097
Total	38,990	43,552	4,562

* 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, 2018 (A)	Six months ended Sep. 30, 2019 (B)	Year-on-year change (B-A)
Water supply rate	113	91	(22)
Load factor	75	71	(4)

[Appendix 3]

Revenues and Expenses (Non-Consolidated)

(Unit: million yen)

	Six months ended Sep. 30, 2018 (A)	Six months ended Sep. 30, 2019 (B)	Year-on-year change	
			(B-A)	(B-A)/A
Operating revenue	315,244	286,110	(29,134)	(9.2)%
<u>Electric utility operating revenue</u>	307,436	282,099	(25,336)	(8.2)%
Sold power to other suppliers	280,879	255,464	(25,414)	(9.0)%
Transmission revenue	24,921	25,048	127	0.5%
Other electricity revenue	1,635	1,586	(49)	(3.0)%
<u>Incidental business operating revenue</u>	7,808	4,010	(3,797)	(48.6)%
Operating expenses	292,300	264,032	(28,268)	(9.7)%
<u>Electric utility operating expenses</u>	284,924	260,360	(24,563)	(8.6)%
Personnel expense	16,045	17,517	1,471	9.2%
Fuel cost	133,595	114,710	(18,885)	(14.1)%
Repair expense	36,941	35,040	(1,901)	(5.1)%
Taxes and duties	12,305	11,992	(312)	(2.5)%
Depreciation and amortization cost	25,228	26,089	861	3.4%
Other	60,807	55,010	(5,796)	(9.5)%
<u>Incidental business operating expenses</u>	7,376	3,671	(3,705)	(50.2)%
Operating income	22,943	22,078	(865)	(3.8)%
Non-operating income	19,386	35,647	16,260	83.9%
Non-operating expenses	7,796	8,386	589	7.6%
Financial expenses	6,819	6,691	(127)	(1.9)%
Other	977	1,694	717	73.5%
Total ordinary revenue	334,631	321,757	(12,873)	(3.8)%
Total ordinary expenses	300,097	272,418	(27,678)	(9.2)%
Ordinary income	34,533	49,339	14,805	42.9%
Profit before income taxes	34,533	49,339	14,805	42.9%
Income taxes-current	2,787	3,842	1,055	37.9%
Income taxes-deferred	1,497	365	(1,132)	(75.6)%
Profit	30,248	45,131	14,882	49.2%