

# FY2019 2Q Financial Results Outline

(April 1, 2019 – September 30, 2019)

October 31, 2019

**SHIKOKU ELECTRIC POWER CO.,INC.**

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# Overview of Consolidated Financial Results

## 【 Financial Results for FY 2019 2Q 】

- Operating revenues increased by ¥14.5 billion YoY, to ¥ 373.2 billion. The main factors were as follows;
  - ✓ Wholesale electricity sales increased sharply, due to surplus capacity of thermal power accompanied by operation of Ikata Unit No.3.
  - ✓ Retail electricity sales declined.
  
- Operating expenses decreased by ¥ 7.5 billion YoY, to ¥ 339.6 billion, mainly due to decrease in total amount of fuel and power purchase cost accompanied by operation of Ikata Unit No.3.
  
- As a result,
  - ✓ Operating profit increased by ¥ 22.1 billion YoY, to ¥ 33.6 billion.
  - ✓ Ordinary profit increased by ¥ 20.3 billion YoY, to ¥ 32.4 billion.
  - ✓ Profit attributable to owners of parent increased by ¥ 15.6 billion YoY, to ¥ 23.3 billion.

## 【 Forecasts of financial results for FY 2019 】

- Operating revenues are expected to be ¥ 734.0 billion, almost equal to the previous year. The main factors are as follows;
    - ✓ Revenues from wholesale electricity sales will increase.
    - ✓ Revenues from retail electricity sales will decrease.
  
  - Profits are expected to be as follows, almost equal to the previous year ;
    - ✓ Operating profit will be ¥ 25.0 billion.
    - ✓ Ordinary profit will be ¥ 24.0 billion.
    - ✓ Profit attributable to owners of parent will be 17.0 billion.
- The main factors are increase in operation of Ikata Unit No.3 and wholesale, on the other hand decrease in retail, and so on.

## 【 Dividends 】

- Interim dividend is ¥ 15 per share.
- Year-end dividend is planned to be ¥ 15 per share, equal to the previous year.  
(The annual dividend for FY 2019 is planned to be ¥ 30 per share.)

# I . Consolidated Financial Results for FY2019 2Q (April 1, 2019 – September 30, 2019)

Summary of Financial Results (Refer to page 5 to 6 for details)

(100 million yen)

	FY2019 2Q (a)	FY2018 2Q (b)	(c)=(a)-(b)	(c)/(b)
Operating Revenues	3,732	3,587	145	4.1%
Operating Expenses	3,396	3,471	(75)	(2.2)%
Operating Profit	336	115	221	191.3%
Non-operating Profit (Loss)	(12)	6	(18)	-
Ordinary Profit	324	121	203	165.9%
Income Taxes, etc.	91	43	48	107.4%
Profit attributable to owners of parent	233	77	156	198.8%

(Note) Ordinary profit is income before reserve for fluctuations in water level and income taxes, etc.

(million kWh)

	FY2019 2Q (a)	FY2018 2Q (b)	(c)=(a)-(b)	(c)/(b)	Details
Retail	11,077	11,708	(631)	(5.4)%	<ul style="list-style-type: none"> <li>· Decrease in contract power</li> <li>· Decrease in reaction to higher summer temperatures in the previous year, etc.</li> </ul>
Lighting	3,782	4,012	(230)	(5.7)%	
Power	7,294	7,696	(402)	(5.2)%	
Wholesale	4,462	1,580	2,882	182.4%	
Total	15,539	13,288	2,251	16.9%	

(Note) The imbalances (the differences between the demand planned in advance by the electricity suppliers and the actual demand) which have not been confirmed as of the settlement day are not to be included.

## Average Temperatures in Prefectural Capitals in Shikoku

	(°C)				
	Jun	Jul	Aug	Sep	4-month AVG.
FY2019 2Q	23.2	26.1	28.0	26.3	25.9
Differences from the average year	0.4	(0.7)	0.2	1.8	0.4
Differences from the previous year	0.1	(2.4)	(1.2)	2.1	(0.4)

## Electricity Sales in the Last 5 Years

(million kWh)

	FY2015 2Q	FY2016 2Q	FY2017 2Q	FY2018 2Q	FY2019 2Q
Lighting	4,131	4,231	4,185	4,012	3,782
Power	8,625	8,657	8,191	7,696	7,294
Total	12,756	12,888	12,376	11,708	11,077

## Electricity Sales Changes from the Previous Fiscal Year

	FY2015 2Q	FY2016 2Q	FY2017 2Q	FY2018 2Q	FY2019 2Q
Lighting	(1.1)%	2.4%	(1.1)%	(4.2)%	(5.7)%
Power	(0.7)%	0.4%	(5.4)%	(6.0)%	(5.2)%
Total	(0.9)%	1.0%	(4.0)%	(5.4)%	(5.4)%

## Average Temperatures in Prefectural Capitals in Shikoku

(°C)

	FY2015 2Q	FY2016 2Q	FY2017 2Q	FY2018 2Q	FY2019 2Q
Summer*	24.9	26.4	26.0	26.3	25.9

\*Summer means an average temperature of June, July, August, and September.

		(million kWh)																					
	FY2019 2Q (a)	FY2018 2Q (b)	(c)=(a)-(b)	(c)/(b)	Details																		
Hydro	2,162	2,311	(149)	( 6.5)%	- Flow Rate: 110.3% → 105.1%																		
Nuclear	4,014	-	4,014	-	- Capacity factor of Ikata Unit No.3: 0% → 102.7%																		
Renewable Energy	2,122	2,076	46	2.2%																			
Coal	75%	71%	4%	( 10.6)%	◇ Electricity by thermal power <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">FY2019 2Q</th> <th rowspan="2">Change*</th> </tr> <tr> <th>GWh</th> <th>Composition</th> </tr> </thead> <tbody> <tr> <td>Generated</td> <td>5,226</td> <td>61%</td> <td>(868)</td> </tr> <tr> <td>Purchased</td> <td>3,280</td> <td>39%</td> <td>(706)</td> </tr> <tr> <td>Total</td> <td>8,506</td> <td>100%</td> <td>(1,574)</td> </tr> </tbody> </table>		FY2019 2Q		Change*	GWh	Composition	Generated	5,226	61%	(868)	Purchased	3,280	39%	(706)	Total	8,506	100%	(1,574)
		FY2019 2Q					Change*																
GWh		Composition																					
Generated	5,226	61%	(868)																				
Purchased	3,280	39%	(706)																				
Total	8,506	100%	(1,574)																				
	6,355	7,109	(754)																				
Gas	20%	16%	4%	1.9%																			
		1,728	1,696		32																		
Oil	5%	13%	( 8)%	( 66.8)%																			
		423	1,275		(852)																		
Thermal	100%	100%		( 15.6)%																			
		8,506	10,080		(1,574)																		

(Note1) % figures in  are composition ratios of the electricity generated and purchased by thermal power stations

(Note2) The electricity purchased from other utilities are included.

(Note3) The imbalances (the differences between the demand planned in advance by the electricity suppliers and the actual demand) which have not been confirmed as of the settlement day are not to be included.

(Note4) Gas is the total amount of LNG and COG.

# Details of Consolidated Financial Results ; year-on-year basis

(100 million yen)

	FY2019 2Q (a)	FY2018 2Q (b)	Change	
			(c)=(a)-(b)	(c)/(b)
Electricity Sales(Retail)	2,237	2,350	(113)	(4.8)%
Electricity Sales(Wholesale)	367	179	188	104.6 %
Others	676	633	43	6.8 %
Electric Operating Revenues	3,282	3,163	119	3.7 %
Other Revenues	450	423	27	6.4 %
Operating Revenues	3,732	3,587	145	4.1 %
Personnel	263	265	(2)	(1.0)%
Fuel	349	399	(50)	(12.7)%
Power Purchase	1,038	1,085	(47)	(4.4)%
Depreciation	244	269	(25)	(9.2)%
Maintenance	247	263	(16)	(6.1)%
Nuclear Back-end	93	29	64	221.0 %
Others	758	775	(17)	(2.2)%
Electric Operating Expenses	2,994	3,088	(94)	(3.0)%
Other Operating Expenses	401	382	19	4.9 %
Operating Expenses	3,396	3,471	(75)	(2.2)%
Operating Profit	336	115	221	191.3 %
Non-operating Profit (Loss)	(12)	6	(18)	-
Ordinary Profit	324	121	203	165.9 %
Income Taxes, etc.	91	43	48	107.4 %
Profit attributable to owners of parent	233	77	156	198.8 %

## 【Electricity Sales(Retail)】

- Decrease in electricity sales (112)
- Increase in revenues based on the Fuel Cost Adjustment System +38, etc.

## 【Other Electric Operating Revenues】

- Increase in grants for the purchase cost from Surcharge Adjustment Organization based on FIT +20
- Increase in wheeling revenue +16, etc.

## 【Fuel, Power Purchase】 (98)

- Increase in electricity volume generated by nuclear power plants (220)
- Increase in total electricity sales +142
- Increase in purchase of renewable energy sourced electricity +22, etc.

## 【Nuclear Back-end】

- Increase in contribution payable for reprocessing of spent nuclear fuel and high-level radioactive waste disposal cost due to increase in operation of Ikata Unit No.3 +64 , etc.

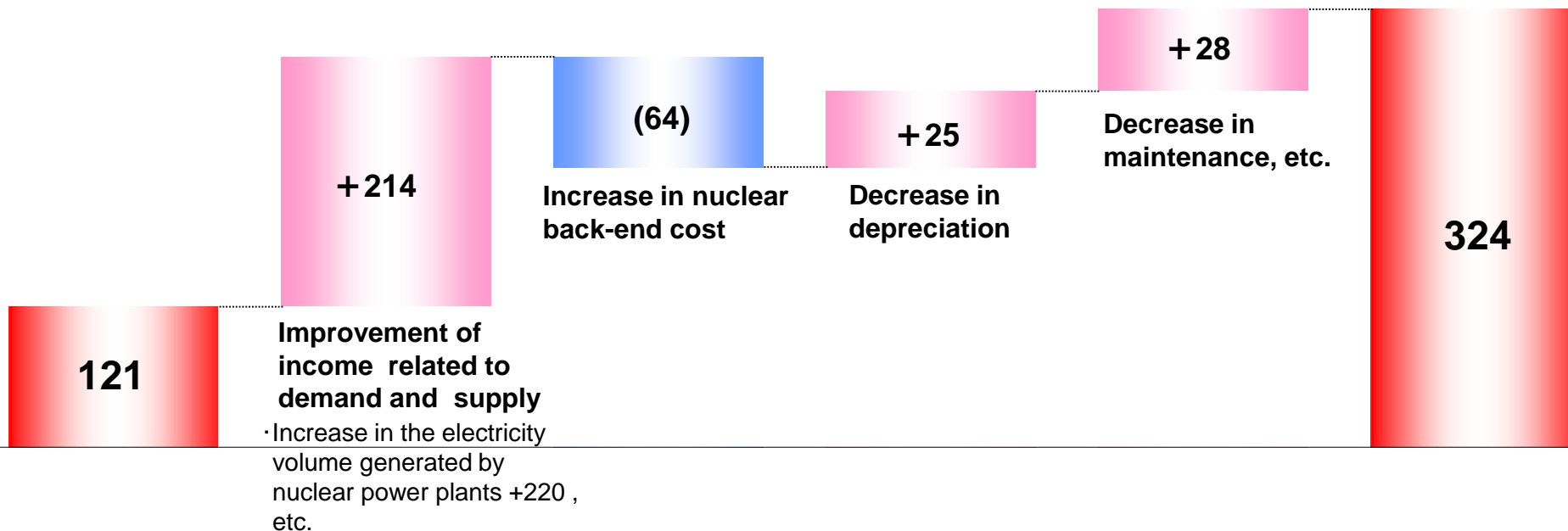


Ordinary Profit

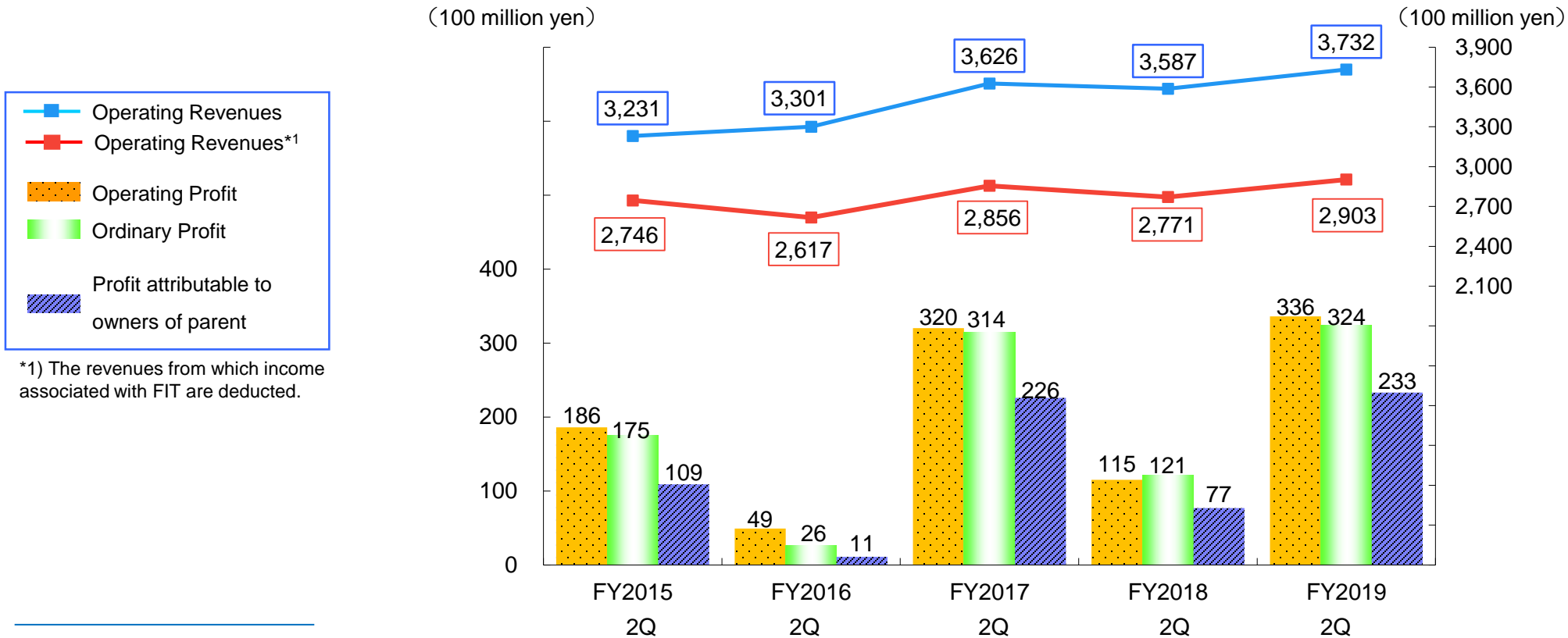
(100 million yen)

FY2018  
2Q

FY2019  
2Q



# [Financial Results in the last 5 fiscal years]



\*1) The revenues from which income associated with FIT are deducted.

## Performance Indicators

		FY2015 2Q	FY2016 2Q	FY2017 2Q	FY2018 2Q	FY2019 2Q
Operating Profit Margin *2	(%)	<6.8%> 5.8	<1.9%> 1.5	<11.2%> 8.8	<4.2%> 3.2	<11.6%> 9.0
Return on Assets (ROA) *3	(%)	3.2	1.0	5.5	2.4	5.2
Return on Equity (ROE)	(%)	7.2	0.8	14.5	5.0	14.2
Profit per Share	(yen)	53	5	110	38	113
Ordinary Profit + Interest Expenses	(100 million yen)	221	70	353	157	356

\*2) Figures in < > are calculated on the revenues from which income associated with FIT are deducted.

\*3) ROA = (Ordinary Profit + Interest Expenses) / Total Assets

# Results by Segment

(100 million yen)

		FY2019 2Q (a)	FY2018 2Q (b)	(a-b)	Main Factors	
Consolidated	Revenues	3,732	3,587	145	-	
	Operating Profit	336	115	221		
Segment	Electric Utility*	Revenues	3,290	3,171	119	- Increase in wholesales electricity sales, etc.
		Segment Profit	285	66	219	- Decrease in the fuel and power purchase cost by operation of Ikata3, etc.
	IT/ Communications*	Revenues	208	200	8	- Increase in FTTH business, etc.
		Segment Profit	35	34	1	
	Construction/ Engineering*	Revenues	210	179	31	- Increase in orders received of construction contracts, etc.
		Segment loss	(2)	(4)	2	
	Energy*	Revenues	118	111	7	
		Segment Profit	9	5	4	
	Others*	Revenues	229	215	14	
		Segment Profit	5	10	(5)	

\* Internal transactions are not eliminated

## Capital Investment

(100 million yen)

	FY2019 2Q
Electric Utility	323
<Safety measures at Ikata nuclear power station>	<73>
<Replacement of unit no.1 of Saijo thermal power station>	<71>
IT/Communications	54
<Data Center>	<27>
<FTTH>	<6>
Construction/Engineering, Energy, Others	12
<b>Total</b>	<b>389</b>

(100 million yen)

		FY2019 2Q (a)	FY2018 2Q (b)	(a-b)
Cash Flows from Operating Activities	Ordinary Profit	324	121	/
	Depreciation	294	319	
	Others	(130)	(617)	
	<Decrease in accrued expenses and accounts payable-trade >	<(170)>	<(215)>	
	<Increase(Decrease) in accrued taxes >	< 54 >	<(108)>	
	Subtotal	487	(175)	662
Cash Flows from Investing Activities	Capital Expenditures	(397)	(391)	/
	Investments	(70)	(25)	
	Subtotal	(468)	(416)	(52)
Free Cash Flows		19	(592)	611
Cash Flows from Financing Activities	Cash Dividends Paid	(31)	(31)	/
	Bonds and Loans	(27)	288	
	Purchase of Treasury Shares	(2)	(0)	
	Subtotal	(60)	254	

Net Increase (Decrease) in Cash and Cash Equivalents	(43)	(338)
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(Note) Plus figures mean cash inflow, minus figures mean cash outflow.

Debt to CF Ratio (times) <sup>*1</sup>	14.4	-
Interest Coverage Ratio (times) <sup>*2</sup>	14.7	-

\*1) Debt to CF Ratio: Interest bearing debt / Cash flows from operating activities

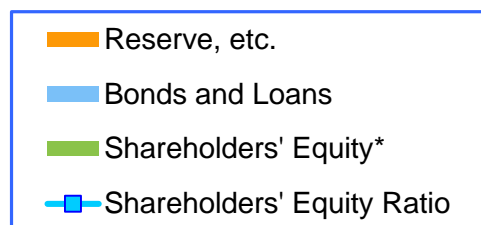
\*2) Interest Coverage Ratio: Cash flows from operating activities / Interest expenses

(100 million yen)

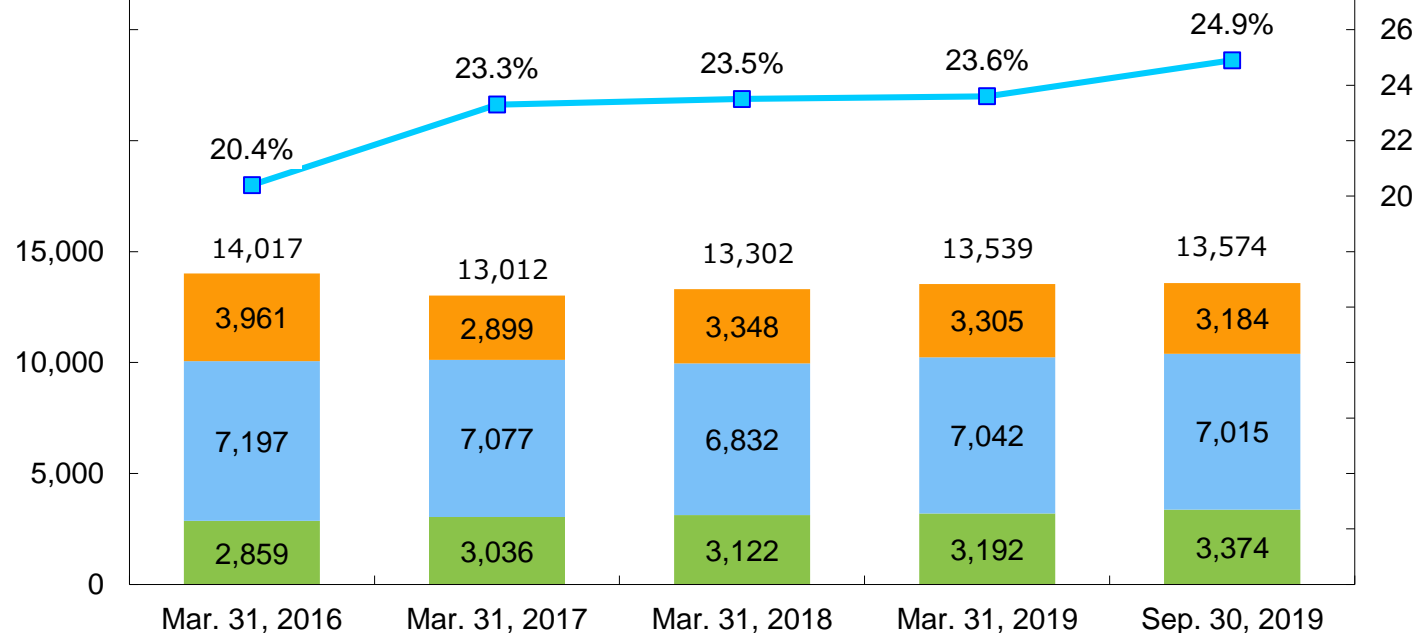
	Sep30, 2019 (a)	Mar 31, 2019 (b)	(a-b)	Details
<b>Total assets</b>	13,574	13,539	35	
<Plant and equipment, and intangible assets (except Special account related to nuclear power decommissioning, Special account related to reprocessing of spent nuclear fuel)>	< 8,343 >	< 8,282 >	< 61 >	<ul style="list-style-type: none"> <li>• Capital investment +373</li> <li>• Advance of depreciation (294), etc.</li> </ul>
<Investments, etc.>	< 4,059 >	< 4,067 >	<(8)>	
<b>Liabilities</b>	10,179	10,327	(148)	
<Bonds and loans>	< 7,015 >	< 7,042 >	<(27)>	
<Accrued expenses, etc.>	< 3,164 >	< 3,284 >	<(120)>	<ul style="list-style-type: none"> <li>• Decrease in accrued expenses and accounts payable (170)</li> <li>• Increase in accrued taxes +54, etc.</li> </ul>
<b>Total net assets</b>	3,394	3,211	183	
<Retained earnings>	< 1,904 >	< 1,702 >	< 202 >	<ul style="list-style-type: none"> <li>• Net Income + 233</li> <li>• Dividend payment (31), etc.</li> </ul>

(100 million yen)

(%)



\* Shareholder's Equity  
= (Total Equity) — (minority interests)



## Financial Indicators

	Mar 31, 2016	Mar 31, 2017	Mar 31, 2018	Mar 31, 2019	Sep 30, 2019
Shareholder's Equity Ratio (%)	20.4	23.3	23.5	23.6	24.9
Interest Bearing Debts Ratio (times)	2.5	2.3	2.2	2.2	2.1
Book-value per Share(BPS) (yen)	1,388	1,474	1,517	1,550	1,640
Price Book-value Ratio(PBR) (times)	1.1	0.8	0.8	0.9	0.6

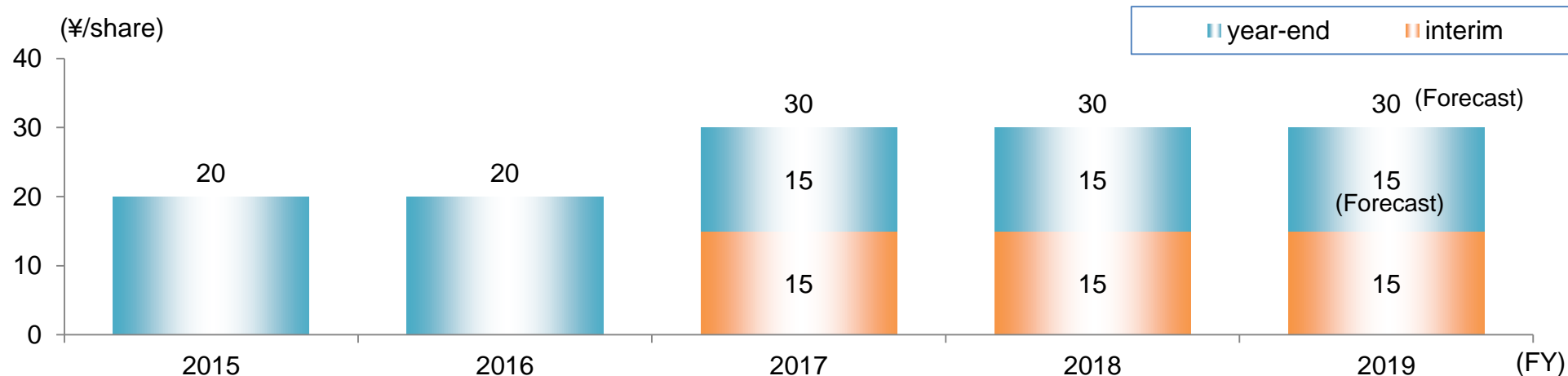
(Note) Interest Bearing Debts Ratio = Bonds and Loans / Shareholders' Equity

- ❑ Paying stable dividends is our basic policy for returns to shareholders, which are decided in light of comprehensive consideration of business results, financial position, and medium-to-long-term business conditions.
- ❑ For FY2019,
  - ✓ The interim dividend is ¥ 15 per share as forecasted.
  - ✓ The year-end dividend is planned to be ¥ 15 per share as forecasted.

## Dividends per Share

	FY2018	FY2019
Interim	¥15	¥15
Year-end	¥15	(Forecast) ¥15
Total	¥30	(Forecast) ¥30

## Dividends per Share (last 10 fiscal years)



# II . Forecasts of Consolidated Financial Results & Dividends for FY2019

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Unchanged from forecasts announced in April 2019

## Financial Results

(100 million yen)

	FY2019 (Forecast)	<ref> FY2018
Operating Revenues	7,340	7,372
Operating Profit	250	257
Ordinary Profit	240	251
Profit attributable to owners of parent	170	169
Profit per Share	¥83	¥83

## Dividends per Share

	FY2019	<ref> FY2018
Interim	¥15	¥15
Year-end	(Forecast) ¥15	¥15

## Electricity Sales

(100 million kWh)

	FY2019 (Forecast)	<ref> FY2018
Lighting	82.7	85.4
Power	141.9	147.6
Retail	224.6	233.0
Wholesale	79.1	46.5
Total	303.7	279.4

## Fuel Prices / Exchange Rate and Other Factors

	FY2019 (Forecast)	<ref> FY2018
Nuclear Capacity Factor (%) *	75.0	42.8
Coal CIF Price (\$/t)	110	121
Crude oil CIF Price (\$/b)	65	72
Exchange Rate (¥/\$)	110	111

\* Ikata Unit No.3



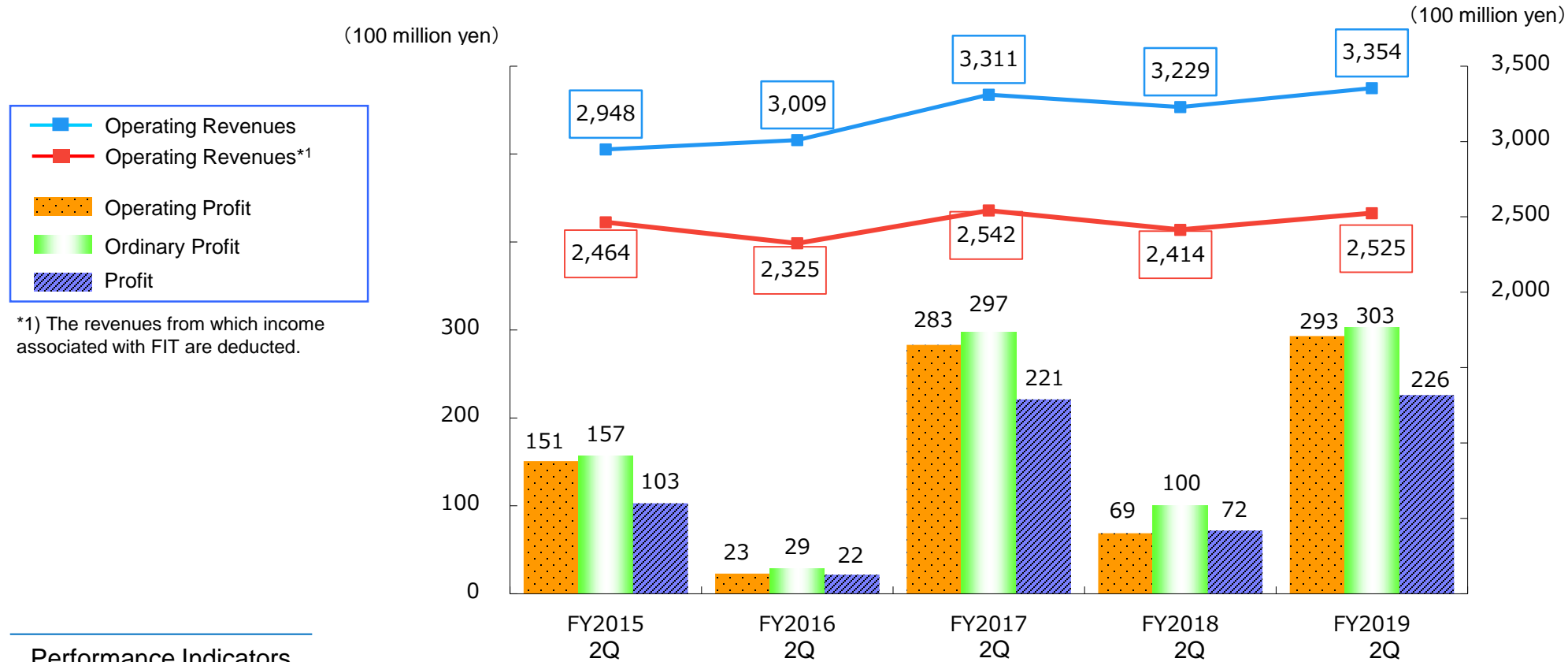
	(100 million yen)			
	FY2019 2Q (a)	FY2018 2Q (b)	Change	
			(c)=(a)-(b)	(c)/(b)
Electricity Sales(Retail)	2,237	2,350	(113)	(4.8)%
<Surcharge Income based on FIT>	<287>	<294>	<(7)>	<(2.5)%>
Electricity Sales(Wholesale)	367	179	188	104.6%
Others	748	699	49	7.1%
<Grants for the Purchase Cost from Surcharge Adjustment Organization based on FIT>	<540>	<520>	<20>	<4.0)%>
<b>Operating Revenues</b>	<b>3,354</b>	<b>3,229</b>	<b>125</b>	<b>3.9%</b>
Personnel	266	269	(3)	(1.0)%
Fuel	349	399	(50)	(12.7)%
Power Purchase	1,038	1,085	(47)	(4.4)%
Depreciation	246	271	(25)	(9.3)%
Maintenance	248	265	(17)	(6.4)%
Nuclear Back-end	93	29	64	221.0%
Others	818	838	(20)	(2.5)%
<b>Operating Expenses</b>	<b>3,060</b>	<b>3,159</b>	<b>(99)</b>	<b>(3.2)%</b>
<b>Operating Profit</b>	<b>293</b>	<b>69</b>	<b>224</b>	<b>322.8%</b>
Non-operating Profit	9	30	(21)	(68.5)%
<b>Ordinary Profit</b>	<b>303</b>	<b>100</b>	<b>203</b>	<b>202.3%</b>
Income Taxes, etc.	76	27	49	178.7%
<b>Profit</b>	<b>226</b>	<b>72</b>	<b>154</b>	<b>211.2%</b>

**【Electricity Sales(Retail)】**  
 • Decrease in electricity sales (112)  
 • Increase in revenues based on the Fuel Cost Adjustment System +38, etc.

**【Other Electric Operating Revenues】**  
 • Increase in wheeling revenue +16, etc.

**【Fuel, Power Purchase】 (98)**  
 • Increase in electricity volume generated by nuclear power plants (220)  
 • Increase in total electricity sales +142  
 • Increase in purchase of renewable energy sourced electricity +22, etc.

**【Nuclear Back-end】**  
 • Increase in contribution payable for reprocessing of spent nuclear fuel and high-level radioactive waste disposal cost due to decrease in operation of Ikata Unit No.3 +64 , etc.



\*1) The revenues from which income associated with FIT are deducted.

## Performance Indicators

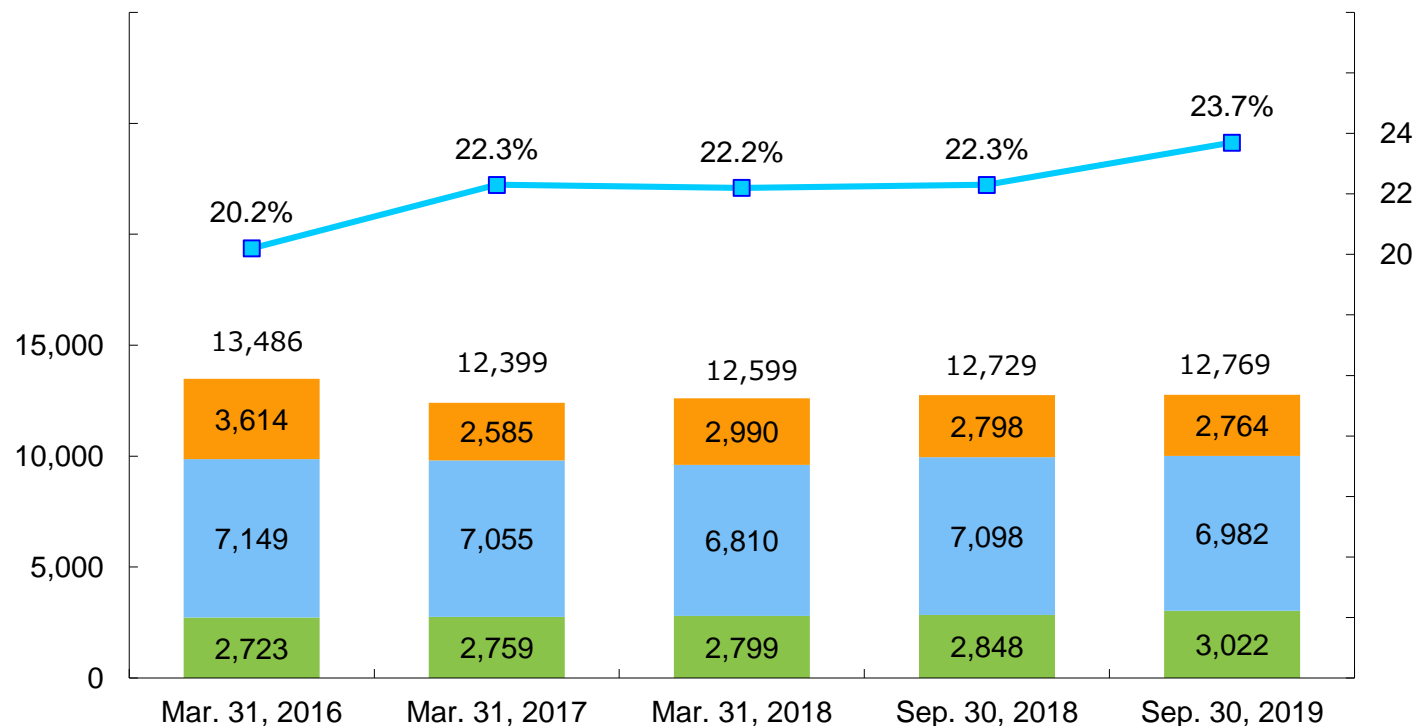
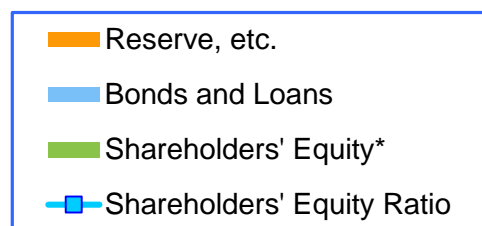
		FY2015 2Q	FY2016 2Q	FY2017 2Q	FY2018 2Q	FY2019 2Q
Operating Profit Margin *2	(%)	<6.2%> 5.1	<1.0%> 0.8	<11.2%> 8.6	<2.9%> 2.2	<11.6%> 8.8
Return on Assets (ROA) *3	(%)	3.1	1.1	5.5	2.1	5.3
Return on Equity (ROE)	(%)	7.4	1.6	15.5	5.2	15.5
Profit per Share	(yen)	50	11	107	35	109
Ordinary Profit + Interest Expenses	(100 million yen)	203	73	336	136	335

\*2) Figures in < > are calculated on the revenues from which income associated with FIT are deducted.

\*3) ROA = (Ordinary Profit + Interest Expenses) / Total Assets

# [Liabilities and Total Equity in the last 5 fiscal years]

(100 million yen)



## Performance Indicators

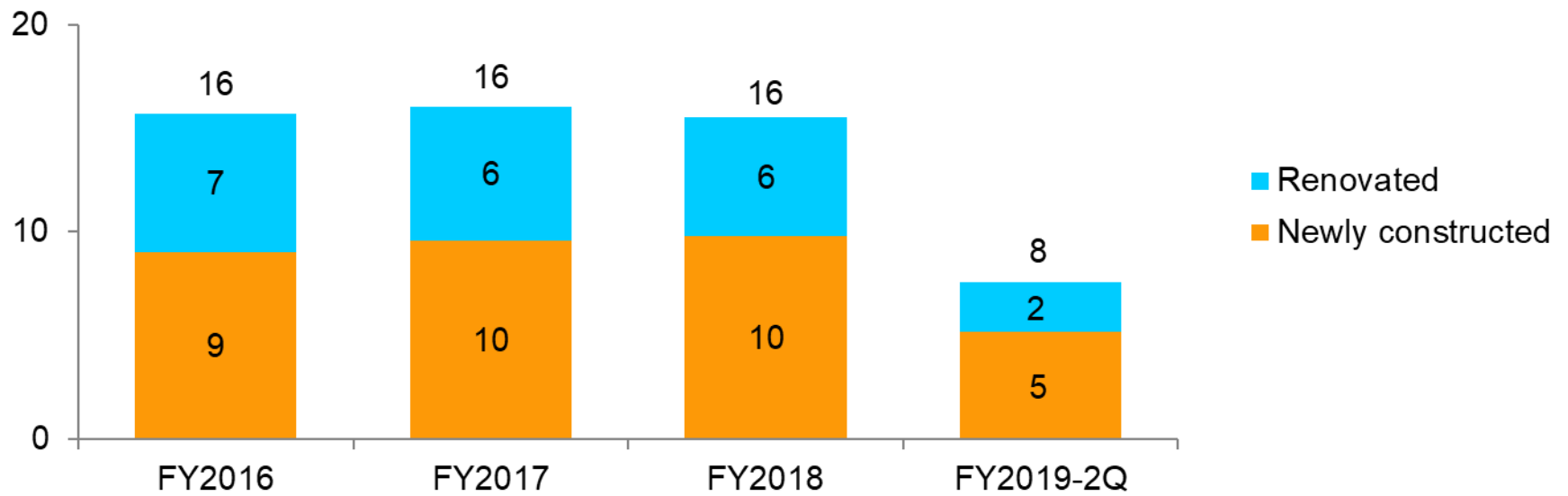
	Mar 31, 2016	Mar 31, 2017	Mar 31, 2018	Mar 31, 2019	Sep 30, 2019
Shareholder's Equity Ratio (%)	20.2	22.3	22.2	22.3	23.7
Interest Bearing Debts Ratio (times)	2.6	2.6	2.4	2.5	2.3
Book-value per Share(BPS) (yen)	1,312	1,329	1,349	1,367	1,457
Price Book-value Ratio(PBR) (times)	1.2	0.9	0.9	1.0	0.7

(Note) Interest Bearing Debts Ratio = (Bonds and Loans) / (Shareholders' Equity)

## Supplemental material for FY2019 2Q

- Number of All-electric Housing Construction
- Consumption of Fossil Fuels
- Flow Rate, Financial Sensitivity for Key Factors
- Time Lag Effect of Fuel Cost Adjustment System
- Plant and Equipment Expenditures (consolidated)
- Feed-in Tariff Scheme

(thousand)



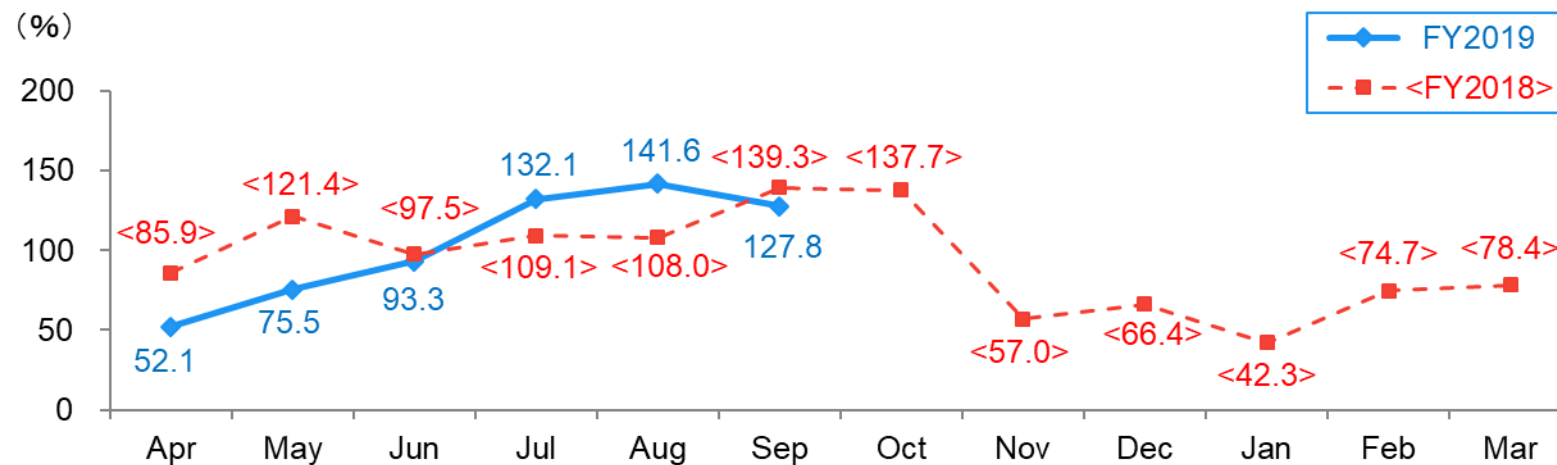
	FY2019 2Q (A)	FY2018 2Q (B)	(A-B)
Coal (10,000t)	122.9	131.3	(8.4)
Heavy Oil (10,000kl)	2.8	16.8	(14.0)
Crude Oil (10,000kl)	1.3	2.2	(0.9)
LNG (10,000t)	12.0	12.3	(0.3)

## 【Fuel Prices】

	FY2019 2Q (A)	FY2018 2Q (B)	(A-B)
CIF price: Coal (\$/t)	109	120	(11)
CIF price: Crude Oil (\$/b)	69	74	(5)
CIF price: LNG (\$/t)	498	518	(20)
Exchange rate (¥/\$)	109	110	(1)

# Flow Rate, Financial Sensitivity for Key Factors

## Flow Rate



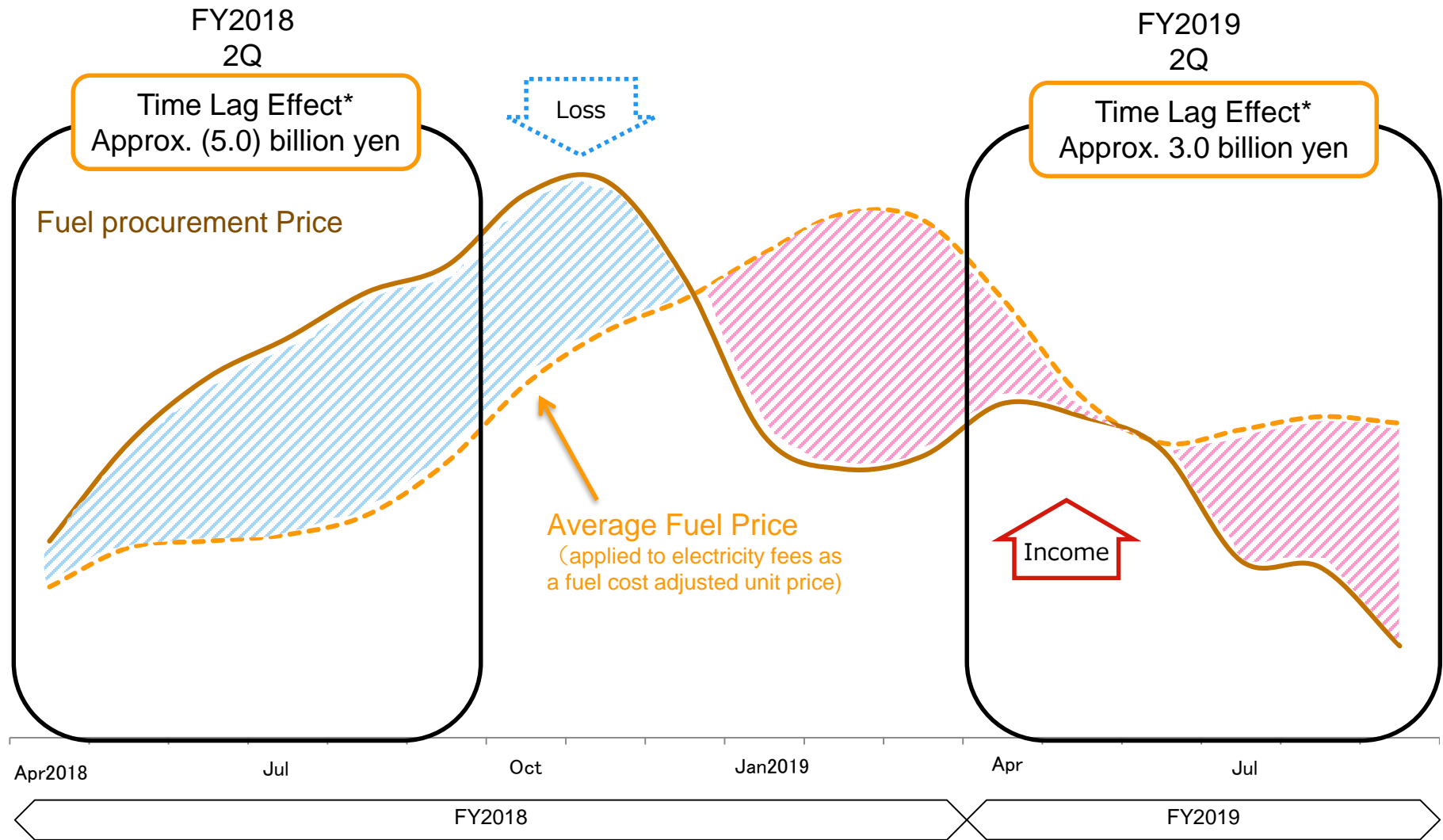
## Financial Sensitivity for Key Factors

(100 million yen)

	FY2019-2Q
CIF price: crude oil (1\$/b)	3
CIF price: coal (1\$/t)	1
Exchange rate (¥1/\$)	4
Nuclear power capacity factor (1%)	2
Flow Rate (1%)	1

(Note) Because this sensitivity is theoretical value calculated based on some assumption, real impacts could change depending actual supply/demand situation.

# Time Lag Effect of Fuel Cost Adjustment System



\*Fluctuation in fuel prices causes time lag between payment of fuel cost and reception of fuel cost adjustment charges, resulting in temporary increase or decrease in profits. Time Lag Effect above is this temporary increase or decrease, assuming that time lag does not take place.



(100 million yen)

	FY2019 2Q	<ref> FY2018
Power sources	217	412
Renewable energy	15	35
Thermal	116	192
Nuclear	85	184
Transmission	24	66
Transformation	23	47
Distribution	41	76
Other	5	20
Subtotal	312	623
Nuclear fuel	10	108
Electric power business	323	732
Other business	66	117
Total*	389	849

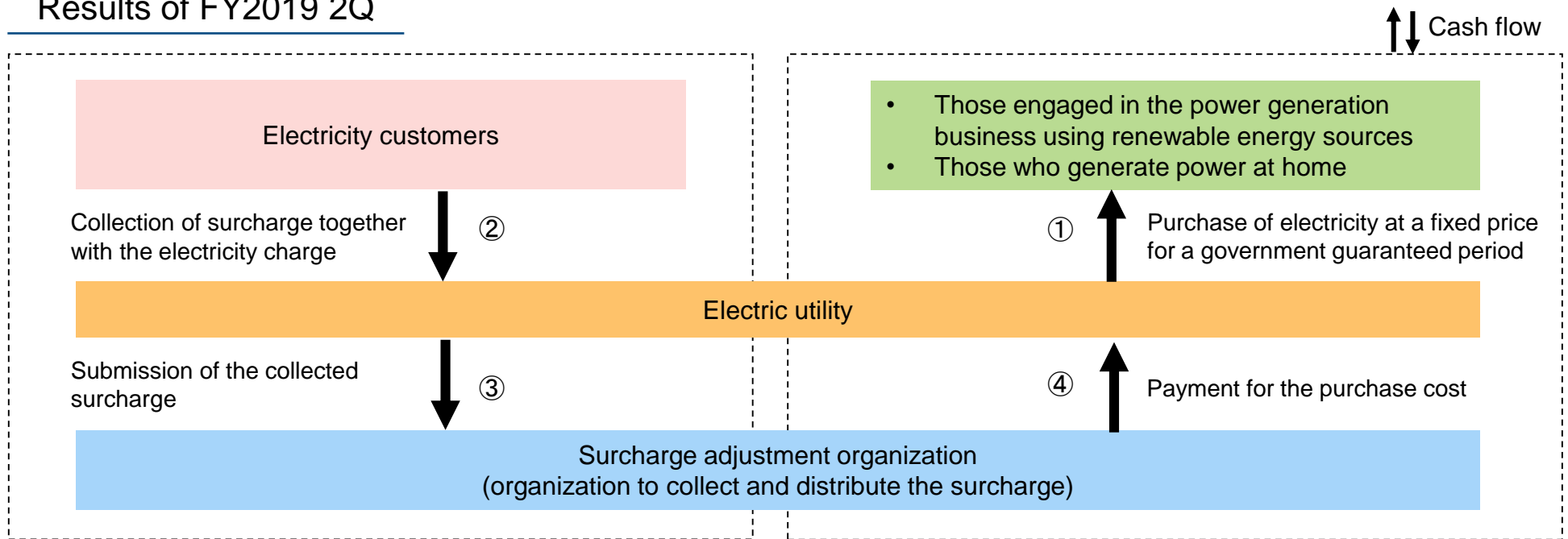
\* before the elimination of unrealized profits

(100 million yen)

		Total (forecasts)	FY2011~FY2018 (results)		FY2019 2Q (results)
				FY2018	
Facility Construction	Short term	Approx. 720	717	0	0
	Medium term	Approx. 940	566	137	73
Analysis and Evaluation		Approx. 240	240	0	0
Total		Approx. 1,900	1,523	137	73

(Note) Total amounts of costs for safety measures are based on our assumptions and judgments in consideration of the information available at this time, and are therefore subject to change due to future situation.

## Results of FY2019 2Q



② <b>Surcharge</b>	<b>287</b>
We collect surcharge from customers with the electricity charge.	
③ <b>Submission of the collected surcharge</b>	<b>287</b>
We submit the collected surcharge to surcharge adjustment organization.	

(100 million yen)

① <b>Purchase of electricity</b>	<b>675</b>
We purchase electricity at a fixed price from those engaged in the power generation business using renewable energy sources and those who generate power at home.	
④ <b>Payment for the purchase cost</b>	<b>540</b>
Surcharge adjustment organization pay grants corresponding to the actual purchase costs.	

## Caution Regarding Business Forecasts and Forward-Looking Statements

In addition to historical facts regarding Shikoku Electric Power Company and its subsidiaries and affiliated companies, this presentation contains business forecasts and other forward-looking statements.

These statements are based on our assumptions and judgments in consideration of the information available at the time, and are therefore subject to risks and contain an element of uncertainty.

It is also possible that such forecasts will be revised at a later date in light of changes in the operating environment or other underlying assumptions for the forecasts. We ask that readers please take these factors into consideration.



**SHIKOKU ELECTRIC POWER CO., INC.**