

FY2021 2Q Financial Results Outline

(April 1, 2021 – September 30, 2021)

October 29, 2021

SHIKOKU ELECTRIC POWER CO.,INC.

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Overview of Consolidated Financial Results

【 Financial Results for FY 2021 2Q】

- ❑ Operating revenues decreased by ¥ 80.8 billion YoY, to ¥ 270.2 billion. The main factors were as follows;
 - ✓ The revenues from wholesale increased.
 - ✓ The revenues decreased due to application of accounting standard for revenue recognition.
 Excluding the impact of the application of the accounting standard, operating revenues increased by ¥ 13.8 billion YoY.
- ❑ Operating expenses decreased by ¥ 62.8 billion YoY, to ¥ 269.0 billion. The main factors were as follows;
 - ✓ The cost increased due to a rise in the fuel price and increasing the volume of total electricity sales.
 - ✓ The cost decreased due to application of accounting standard for revenue recognition.
 Excluding the impact of the application of the accounting standard, operating expenses increased by ¥ 32.2 billion YoY.
- ❑ As a result of deterioration of income related to demand and supply due to increasing of the fuel price,
 - ✓ Operating profit decreased by ¥ 18.1 billion YoY, to ¥ 1.1 billion.
 - ✓ Ordinary profit decreased by ¥ 16.2 billion YoY, to ¥ 1.3 billion.
 - ✓ Profit attributable to owners of parent decreased by ¥ 10.8 billion YoY, to ¥ 0.8 billion.
 Since the effect of increasing the fuel price will be reflected on revenue based on the fuel cost adjustment system with a delay of three to five months, the result of 2Q became worse drastically.

【 Forecasts of Financial Results for FY 2021 】 Change from the announcement in April 2021

- ❑ Operating revenues are expected to increase by ¥ 30.0 billion compare to the previous announcement, to ¥ 580.0 billion. The main factor is as follows;
 - ✓ The revenues based on the fuel cost adjustment system increased, etc.
- ❑ Profits are expected to decrease as follows compared to the previous announcement because of deteriorating of income related to demand and supply due to increasing of the fuel price.
 - ✓ Operating profit will decrease by ¥ 12.0 billion YoY, to ¥ 6.5 billion.
 - ✓ Ordinary profit will decrease by ¥ 12.0 billion YoY, to ¥ 6.0 billion.
 - ✓ Profit attributable to owners of parent will decrease by ¥ 8.5 billion YoY, to ¥ 4.5 billion.
 One of the factors behind deteriorating income of FY2021 is time lag effect from FY2021 to FY2022 of the fuel adjustment system due to a rise in the fuel price, which is estimated to be ¥14.0 billion.

【 Dividends】 No change from the announcement in April 2021

- ❑ 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 2021 is planned to be ¥ 30 per share.)

I . Consolidated Financial Results for FY2021 2Q (April 1, 2021 – September 30, 2021)

Summary of Financial Results (Refer to page 6 to 8 for details)

(100 million yen)

	FY2021 2Q (a)	FY2020 2Q (b)	(c)=(a)-(b)	(c)/(b)
Operating Revenues	2,702	3,510	(808)	(23.0)%
Operating Expenses	2,690	3,318	(628)	(18.9)%
Operating Profit	11	192	(181)	(93.8)%
Non-Operating Profit (Loss)	1	(16)	17	-
Ordinary Profit	13	175	(162)	(92.2)%
Income Taxes, etc.	5	58	(53)	(91.1)%
Profit attributable to owners of parent	8	116	(108)	(92.7)%

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

(million kWh)

	FY2021 2Q (a)	FY2020 2Q (b)	(c)=(a)-(b)	(c)/(b)	Details
Retail	10,830	10,873	(43)	(0.4)%	<ul style="list-style-type: none"> • A reactionary decrease of air conditioning demand increased due to high temperature in the previous summer • Electric demand increase by restarting economic activities due to relieving COVID-19, etc.
Lighting	3,588	3,842	(254)	(6.6)%	
Power	7,242	7,032	210	3.0%	
Wholesale	4,124	2,527	1,597	63.2%	<ul style="list-style-type: none"> • Wholesale in Japan Electric Power Exchange (JEPX) increase, etc.
Total	14,954	13,400	1,554	11.6%	

(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

	Jun	Jul	Aug	Sep	4-month AVG.
FY2021	23.3	27.2	27.5	25.1	25.8
Differences from the average year	0.5	0.4	(0.3)	0.6	0.3
Differences from the previous year	(0.9)	1.5	(2.4)	(0.1)	(0.5)

(°C)

Electricity Sales in the Last 5 Years

(million kWh)

	FY2017 2Q	FY2018 2Q	FY2019 2Q	FY2020 2Q	FY2021 2Q
Lighting	4,185	4,012	3,782	3,842	3,588
Power	8,191	7,696	7,294	7,032	7,242
Total	12,376	11,708	11,077	10,873	10,830

Electricity Sales Changes from the Previous Fiscal Year

	FY2017 2Q	FY2018 2Q	FY2019 2Q	FY2020 2Q	FY2021 2Q
Lighting	(1.1)%	(4.2)%	(5.7)%	1.6%	(6.6)%
Power	(5.4)%	(6.0)%	(5.2)%	(3.6)%	3.0%
Total	(4.0)%	(5.4)%	(5.4)%	(1.8)%	(0.4)%

Average Temperatures in Prefectural Capitals in Shikoku

(°C)

	FY2017 2Q	FY2018 2Q	FY2019 2Q	FY2020 2Q	FY2021 2Q
Summer*	26.0	26.3	25.9	26.3	25.8

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

(million kWh)

		FY2021 2Q (a)	FY2020 2Q (b)	(c)=(a)-(b)	(c)/(b)	Details
Own Generated Power	Hydro	1,323	1,531	(208)	(13.6)%	·Flow Rate 104.7% → 102.9%
	Nuclear	-	-	-	-	
	Renewable Energy	4	2	2	60.1%	
	Thermal	6,189	5,028	1,161	23.1%	
Purchased Power		8,117	7,737	380	4.9%	·Hydropower 799 → 781 ·Renewable Energy 2,476 → 2,688

(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.

(Note) From FY2021 1Q, the amount of Own Generated Power, which previously represented the gross actual generation amount, represents the net actual generation amount excluding the electricity used on site. Accordingly, the figure in FY2020 2Q is also revised to the net actual generation amount.

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

(100 million yen)

	FY2021 2Q (a)	FY2020 2Q (b)	Change	
			(c)=(a)-(b)	(c)/(b)
Electricity Sales(Retail)	1,752	2,102	(350)	(16.7)%
Electricity Sales(Wholesale)	351	180	171	94.6%
Others	149	766	(617)	(80.5)%
Electric Operating Revenues	2,253	3,049	(796)	(26.1)%
Other Operating Revenues	449	461	(12)	(2.6)%
Operating Revenues	2,702	3,510	(808)	(23.0)%
Personnel	223	271	(48)	(17.6)%
Fuel	412	240	172	71.4%
Power Purchase	644	1,119	(475)	(42.4)%
Depreciation	245	242	3	1.2%
Maintenance	251	263	(12)	(4.6)%
Others	512	768	(256)	(33.3)%
Electric Operating Expenses	2,290	2,906	(616)	(21.2)%
Other Operating Expenses	400	412	(12)	(2.9)%
Operating Expenses	2,690	3,318	(628)	(18.9)%
Operating Profit	11	192	(181)	(93.8)%
Non-operating Profit (Loss)	1	(16)	17	-
Ordinary Profit	13	175	(162)	(92.2)%
Income Taxes, etc.	5	58	(53)	(91.1)%
Profit attributable to owners of parent	8	116	(108)	(92.7)%

① 【Electricity Sales(Retail)】

- Decrease in electricity sales of volume (17)
- Decrease in revenues based on the Fuel Cost Adjustment System (8)
- Decrease in the surcharge based on the FIT due to application of the accounting standard for revenue recognition (282), etc.

② 【Other Electric Operating Revenues】

- Decrease in payment for the purchase cost due to application of the accounting standard for revenue recognition (628), etc.

③ 【Personnel】

- Decrease in amortization of actuarial gains and losses related to retirement benefits (40), etc.

④ 【Fuel, Power Purchase】 (304)

- Increase in electricity sales of volume +105
- Decrease in hydropower +15
- Increase in the fuel price +185
- The payment for the purchase cost was deducted from the purchased electricity cost due to application of the accounting standard for revenue recognition (595), etc.

		FY2021 2Q (a)	FY2020 2Q (b)	(a-b)
CIF Price (all Japan)	Coal (\$/t)	124	78	46
	Crude Oil (\$/b)	70	36	34
	LNG (\$/t)	485	385	100
Exchange Rate (¥/\$)		110	107	3

⑤ 【Maintenance】

- Decrease in construction associated with thermal power plants (26), etc.

⑥ 【Others】

- Decrease in levy due to application of the accounting standard for revenue recognition (282), etc.

⑦ 【Non-operating Profit (Loss)】

- Increase in Equity in earnings of affiliates +7
- Foreign exchange gains +4, etc.

Ordinary Profit

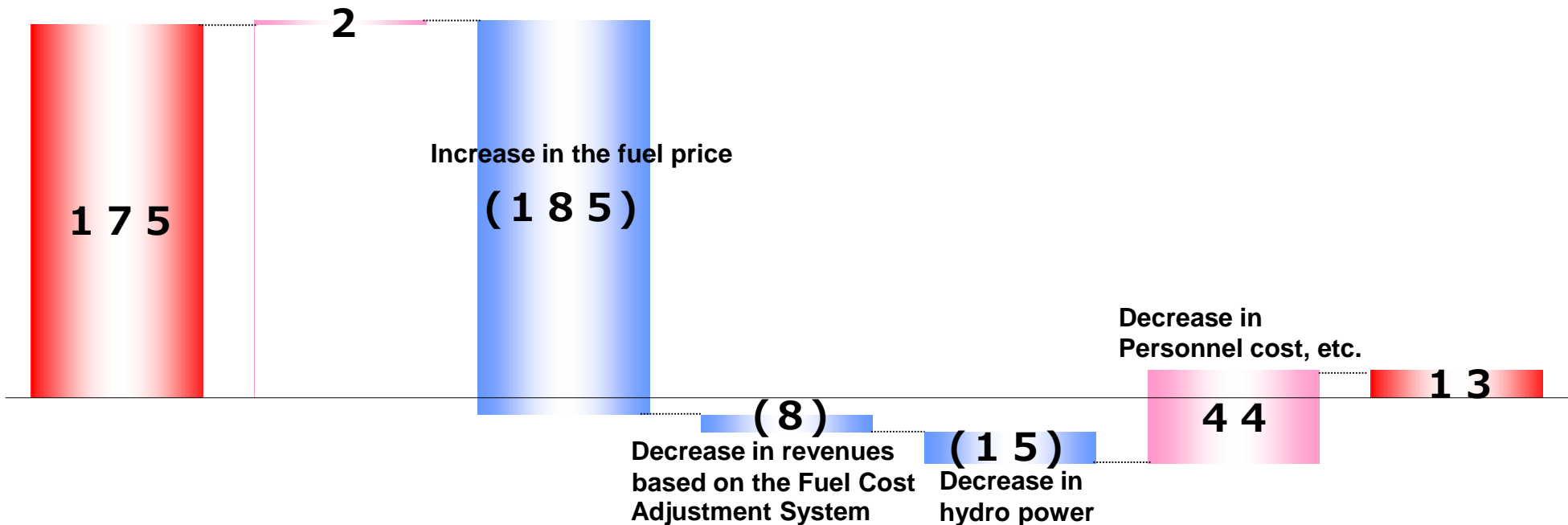
(100 million yen)

FY2020 2Q

FY2021 2Q

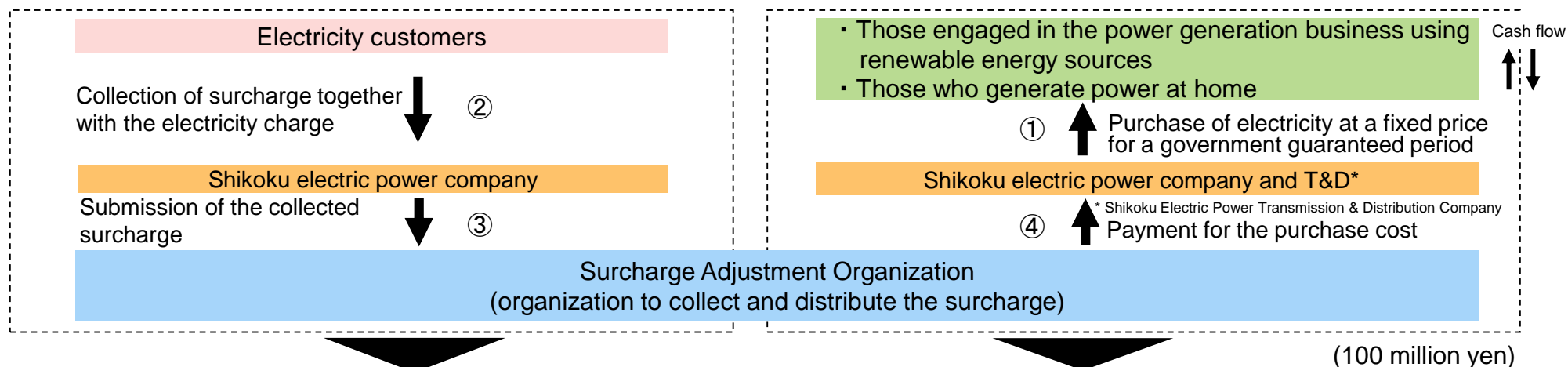
Increase in total electricity sales

- Increase in revenue 107
- Increase in cost (105)



[Reference] Feed-in tariff system and accounting changes

- Since the accounting standard for revenue recognition is applied from FY2021, the levy related to FIT is not recorded as sales, and the payment for the purchase cost is deducted from the purchased electricity fee. Sales compared to the case where the accounting standard is not applied decrease by 90.5 billion yen, but expenses also decrease by the same amount, so there is no impact on the balance of payments.



② Surcharge	310
We collect surcharge from customers with the electricity charge.	
③ Submission of the collected surcharge	310
We submit the collected surcharge to surcharge adjustment organization.	

① Purchase of electricity	815
T&D and 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 Payment for the purchase cost	595
Surcharge adjustment organization pay grants corresponding to the actual purchase costs.	

※The figures are based on the actual values for FY2021 2Q.

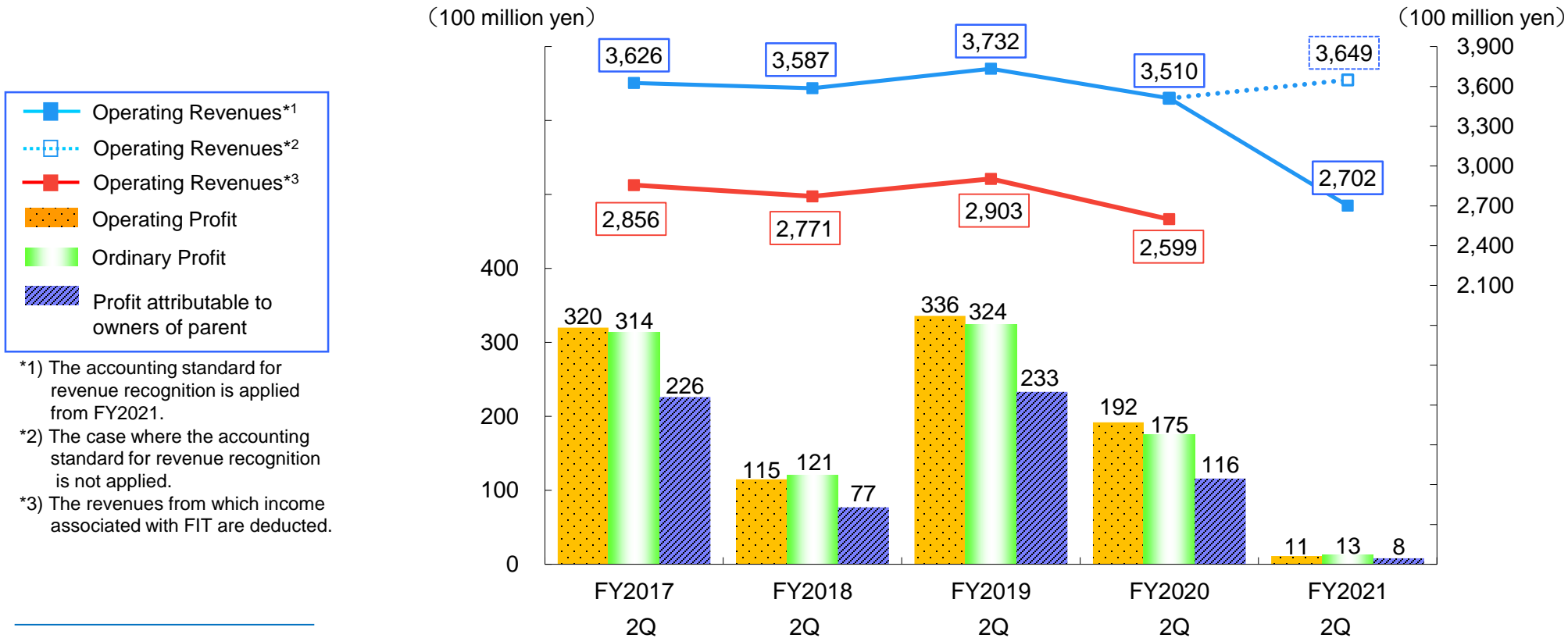
	Before the change	After the change
Operating revenues	② Surcharge 310	—
	④ Payment for the purchase cost 595	
Operating expenses	① Purchase of electricity 815	① Purchase of electricity 815
	③ Submission of the collected surcharge 310	④ Payment for the purchase cost (595)
		③ Submission of the collected surcharge 310
		② Surcharge (310)

Decrease in sales : 905

Decrease in cost : 905

No balance impact

[Financial Results in the last 5 fiscal years]



*1) The accounting standard for revenue recognition is applied from FY2021.
 *2) The case where the accounting standard for revenue recognition is not applied.
 *3) The revenues from which income associated with FIT are deducted.

Performance Indicators

		FY2017 2Q	FY2018 2Q	FY2019 2Q	FY2020 2Q	FY2021 2Q
Operating Profit Margin ^{*4}	(%)	<11.2> 8.8	<4.2> 3.2	<11.6> 9.0	<7.4> 5.5	0.4
Profit per Share	(yen)	110	38	113	57	4
Ordinary Profit + Interest Expenses	(100 million yen)	353	157	356	204	41

*4) Figures in < > before FY2020 are calculated on the revenues from which income associated with FIT are deducted.

(100 million yen)

			FY2021 2Q (a)	FY2020 2Q (b)	(a-b)	Main Factors	
Consolidated		Revenues	2,702	3,510	(808)	-	
		Ordinary Profit	13	175	(162)		
Segment	Electric Utility	Power Generation & Sales*	Revenues	2,178	2,908	(730)	- Decrease in surcharge, payment for the purchase cost because the accounting standard for revenue recognition is applied (807), etc.
			Ordinary Profit (Loss)	(91)	57	(148)	- Increase in the fuel price (175), etc.
		Transmission & Distribution*	Revenues	945	952	(7)	/ Increase in transaction of tertiary adjustment power 2 (18) Increase in the fuel price (10), etc.
			Ordinary Profit	34	59	(25)	
	IT/Communications*		Revenues	215	216	(1)	
			Ordinary Profit	39	35	4	
	Energy*		Revenues	108	96	12	- Increase in Coal sales business +16, etc.
			Ordinary Profit	9	16	(7)	- Decrease in LNG sales business (10), etc.
	Construction/Engineering*		Revenues	282	230	52	/ Increase in contract work, etc.
			Ordinary Profit (Loss)	8	(0)	8	
Others*		Revenues	166	225	(59)	- Decrease in revenues in commercial business due to application of the accounting standard for revenue recognition (67), etc.	
		Ordinary Profit	14	4	10		

* Internal transactions are not eliminated

Capital Investment

(100 million yen)

	FY2021 2Q
Electric Utility (Power generation & sales)	276
<Safety measures at Ikata nuclear power station>	<126>
<Replacement of unit no.1 of Saijo thermal power station>	<82>
Electric Utility (Transmission & Distribution)	136
IT/Communications	24
Energy, Construction/Engineering, Others	14
Total (before the elimination of unrealized profits)	451

(100 million yen)

		FY2021 2Q (a)	FY2020 2Q (a)	(a-b)
Cash Flows from Operating Activities	Ordinary Profit	13	175	
	Depreciation	289	287	
	Others	(320)	(352)	
	Subtotal	(16)	109	(125)
Cash Flows from Investing Activities	Capital Expenditures	(489)	(358)	
	Investments	(67)	(23)	
	Subtotal	(557)	(382)	(175)
Free Cash Flows		(573)	(272)	(301)
Cash Flows from Financing Activities	Cash Dividends Paid	(31)	(31)	
	Bonds and Loans	536	494	
	Others	(0)	(0)	
	Subtotal	504	463	
Net Increase (Decrease) in Cash and Cash Equivalents		(68)	190	

(Note) Plus figures means cash inflow, minus figures means cash outflow.

Debt to CF Ratio (times) ^{*1}	-	69.7
Interest Coverage Ratio (times) ^{*2}	-	3.8

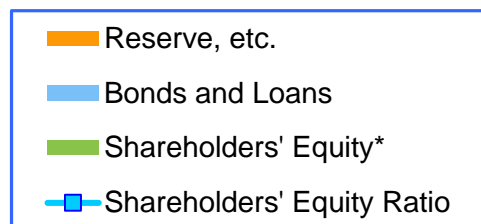
*1) Debt to CF Ratio: Interest-bearing debt / Cash flows from operating activities

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

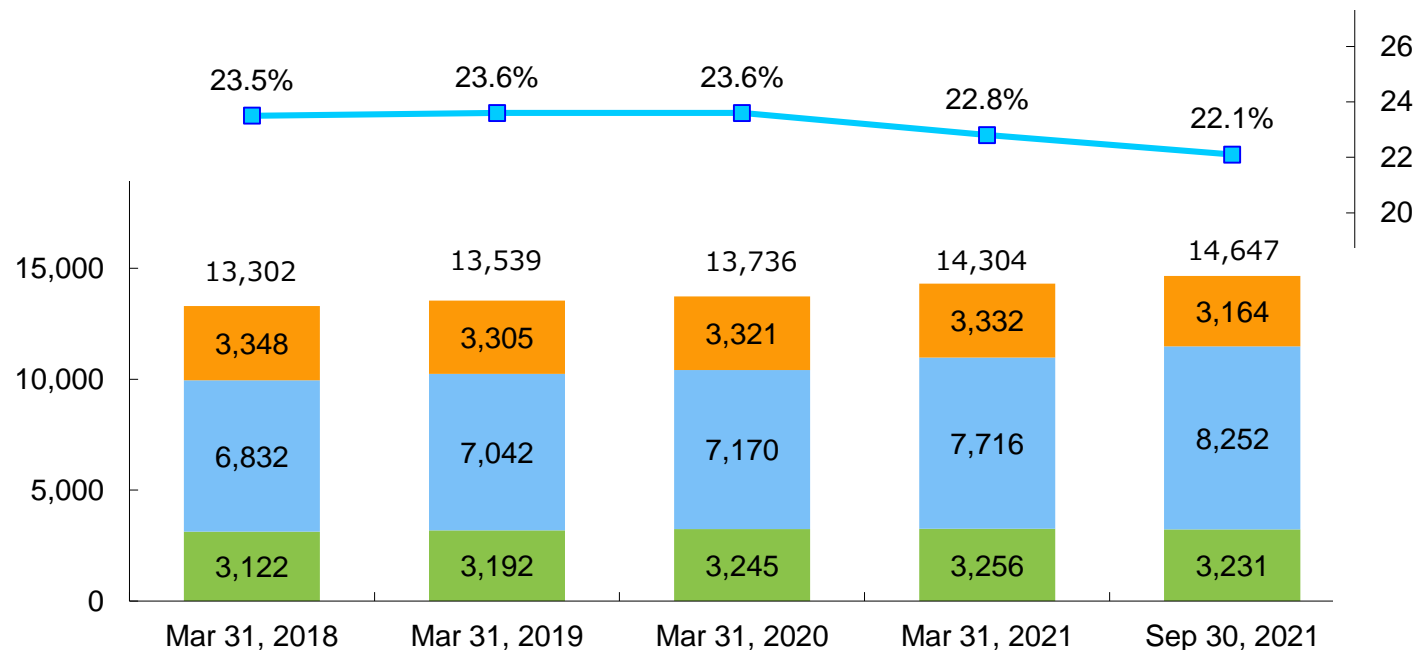
(100 million yen)				
	Sep 30, 2021 (a)	Mar 31, 2020 (b)	(a-b)	Details
Total assets	14,647	14,304	343	
<Plant and equipment, and intangible assets (except Special account related to nuclear power decommissioning, Special account related to reprocessing of spent nuclear fuel)>	<8,702>	<8,575>	<127>	<ul style="list-style-type: none"> • Capital investment +438 • Depreciation (289), etc.
<Investments, etc.>	<4,749>	<4,537>	<212>	<ul style="list-style-type: none"> • Increase in invest to Niihama LNG CO., Ltd., international businesses, etc. +76 • Increase in fuel storage +63 • Recording of prepaid expenses associated with prepaid property tax +51, etc.
Liabilities	11,393	11,024	369	
<Bonds and loans>	<8,252>	<7,716>	<536>	<ul style="list-style-type: none"> • Increase in bonds +100 • Increase in long-term loan payable +136 • Increase in commercial paper +300
<Accrued expenses, etc.>	<3,140>	<3,307>	<(167)>	<ul style="list-style-type: none"> • Decrease in accrued expenses and accounts payable (73) • Decrease in unpaid tax (72), etc.
Total net assets	3,254	3,279	(25)	
<Retained earnings>	<1,768>	<1,793>	<(25)>	<ul style="list-style-type: none"> • Profit attributable to owners of parent +8 • Dividend payment (31), etc.
Shareholders' equity ratio	22.1%	22.8%	(0.7)%	

(100 million yen)

(%)



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



Financial Indicators

	Mar 31, 2018	Mar 31, 2019	Mar 31, 2020	Mar 31, 2021	Sep 30, 2021
Shareholders' Equity Ratio (%)	23.5	23.6	23.6	22.8	22.1
Interest-Bearing Debts Ratio (times)	2.2	2.2	2.2	2.4	2.6
Book-value per Share(BPS) (yen)	1,517	1,550	1,578	1,583	1,571
Price Book-value Ratio(PBR) (times)	0.8	0.9	0.5	0.5	0.5

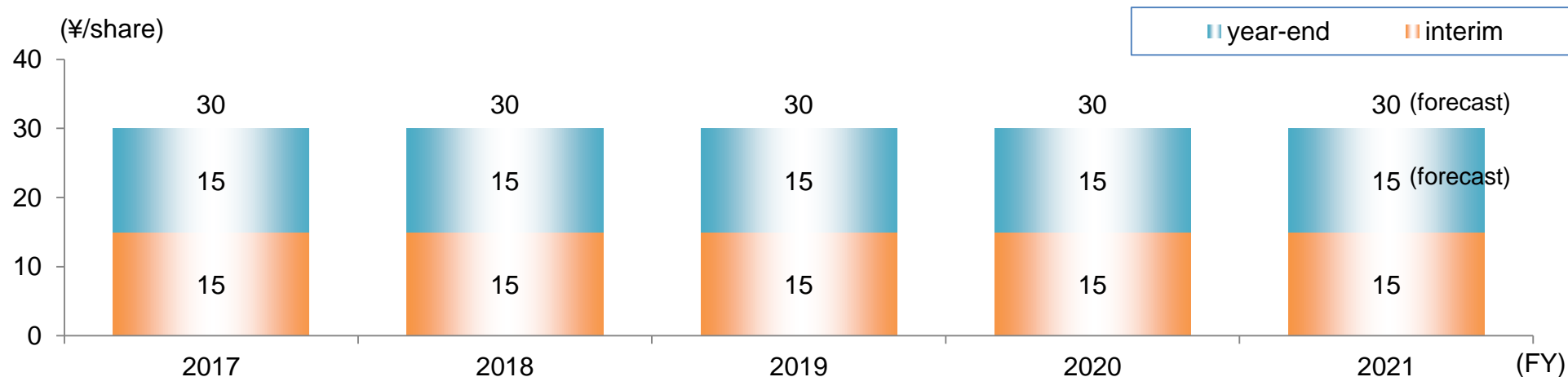
(Note) Interest-Bearing Debts Ratio = Bonds and Loans / Shareholders' Equity

- ❑ Paying stable dividends is our basic policy for returns to shareholders, which is decided in light of comprehensive consideration of business results, financial position, and medium-to-long-term business conditions.
- ❑ For FY2021,
 - ✓ The interim dividend is ¥ 15 per share as forecasted in April 2021.
 - ✓ The year-end dividend is planned to be ¥15 per share as forecasted in April 2021.

Dividends per Share

	FY2020	FY2021
Interim	¥15	¥15
Year-end	¥15	¥15(forecast)
Total	¥30	¥30(forecast)

Dividends per Share (last 5 fiscal years)



II . Forecasts of Consolidated Financial Results & Dividends for FY2021

Financial Results

(100 million yen)

	FY2021 〔 Forecast in October 〕	FY2021 〔 Forecast in April 〕
Operating Revenues	5,800	5,500
Operating Profit	65	185
Ordinary Profit	60	180
Profit attributable to owners of parent	45	130
Profit per Share	¥22	¥63

Electricity Sales

(100 million kWh)

	FY2021 〔 Forecast in October 〕	FY2021 〔 Forecast in April 〕
Lighting	78.1	78.3
Power	142.2	140.5
Retail	220.3	218.7
Wholesale	83.3	75.1
Total	303.6	293.8

Dividends per Share

	FY2021 〔 Forecast in October 〕	FY2021 〔 Forecast in April 〕
Interim	¥15	¥15
Year-end	¥15(forecast)	¥15

Fuel Prices / Exchange Rate

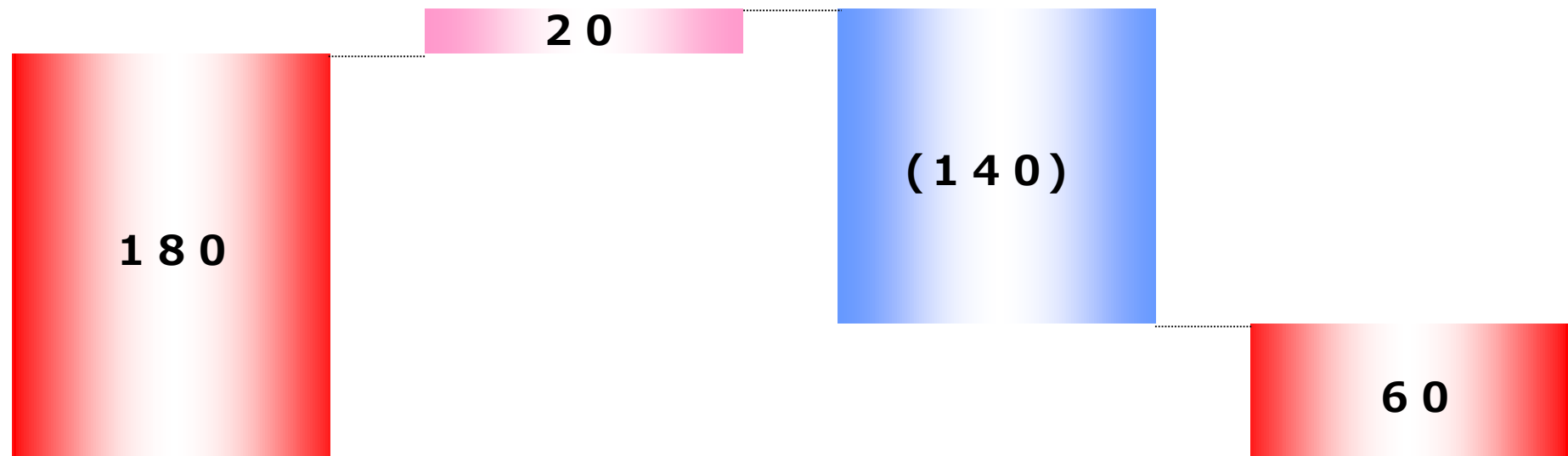
	FY2021 〔 Forecast in October 〕	FY2021 〔 Forecast in April 〕
Coal CIF Price (\$/t)	147	95
Crude oil CIF Price (\$/b)	70	65
Exchange Rate (¥/\$)	110	110

(100 million yen)

**Announcement
in April 2021**



**Announcement
in October 2021**



**Increase in
total electricity sales
(Result of FY2021 2Q)**

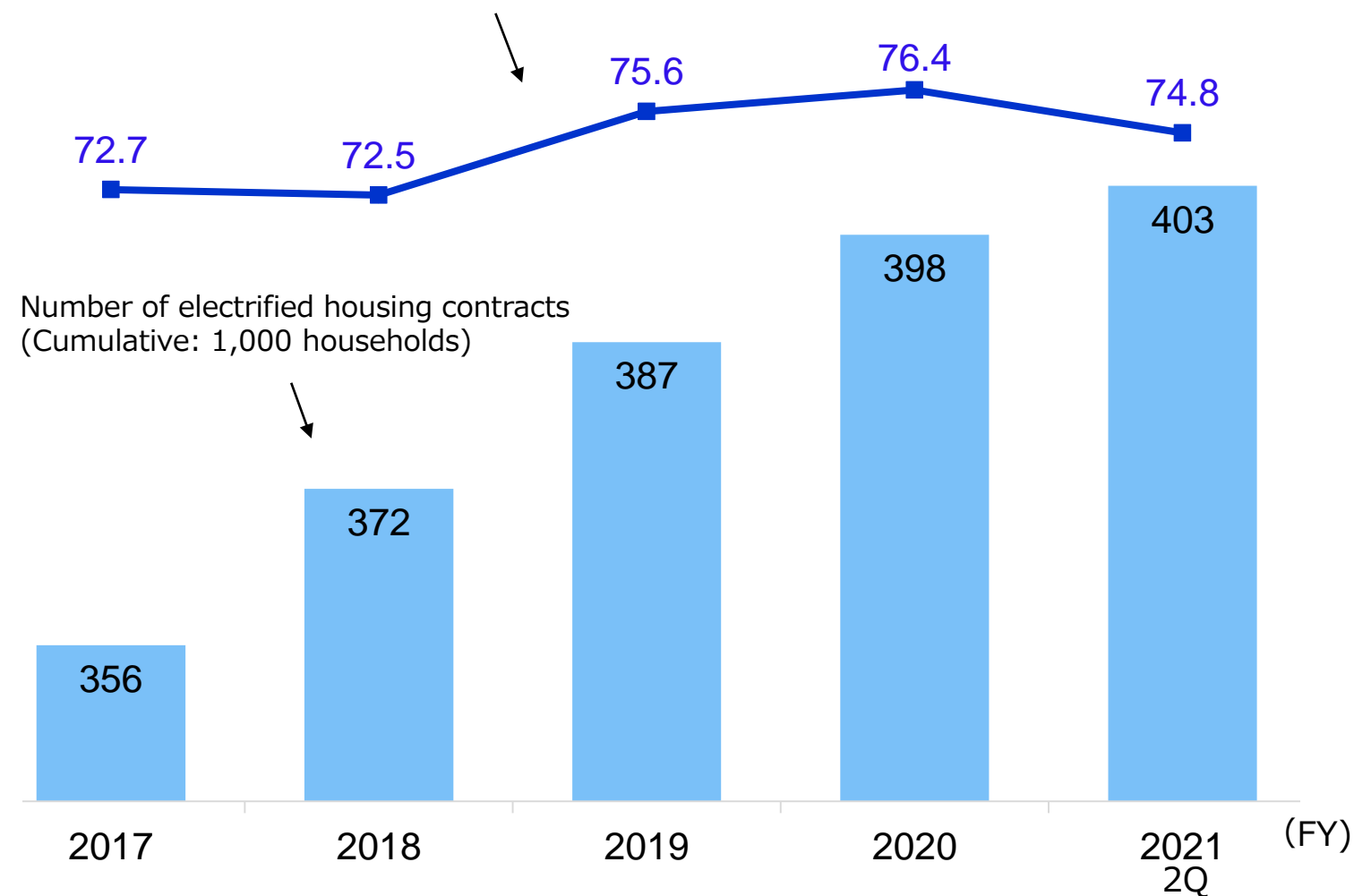
**Time Lag Effect of
Fuel Cost
Adjustment System**

- Increase in retail 15
- (Increase in revenue 27 Increase in cost (12))
- Increase in wholesale 5
- (Increase in revenue 59 Increase in cost (54))

Supplemental Material for FY2021 2Q

- Changes in the Number of Electrified Housing Contracts (cumulative)
- Consumption of Fossil Fuels
- Flow Rate, Financial Sensitivity for Key Factors
- Time Lag Effect of Fuel Cost Adjustment System
- Plant and Equipment Expenditures (consolidated)

Electric housing adoption ratio in new built houses:%



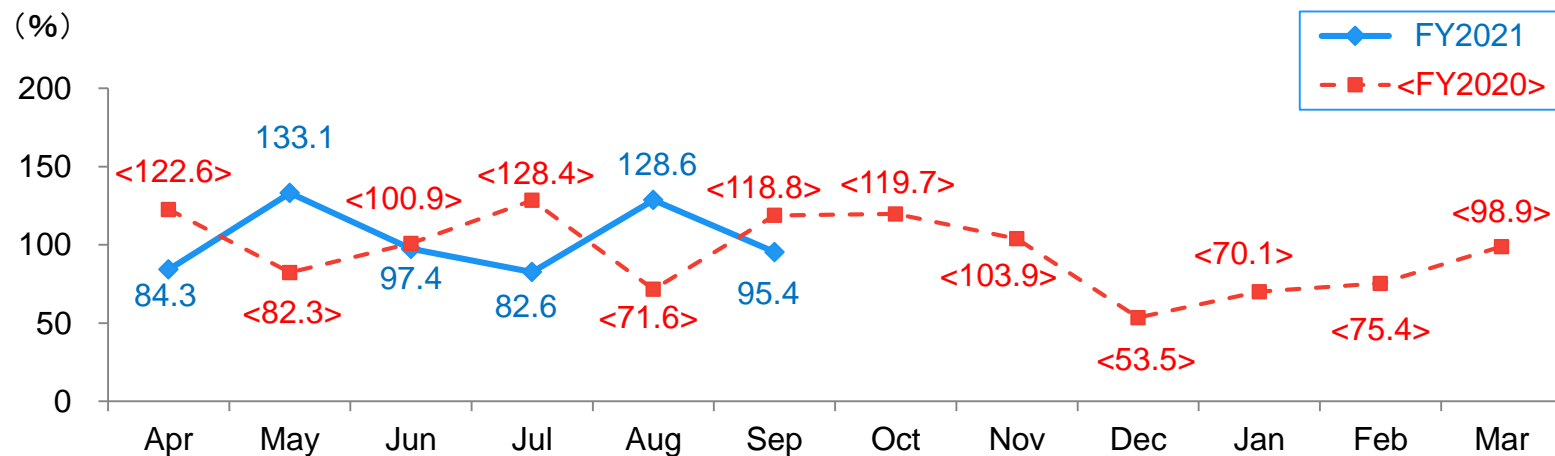
	FY2021 2Q (A)	FY2020 2Q (B)	(A-B)
Coal (10,000t)	158.0	120.2	37.8
Heavy Oil (10,000kl)	10.2	2.3	7.9
Crude Oil (10,000kl)	-	0.7	(0.7)
LNG (10,000t)	19.0	18.6	0.4

【Fuel Prices】

	FY2021 2Q (A)	FY2020 2Q (B)	(A-B)
CIF price: Coal (\$/t)	124	78	46
CIF price: Crude Oil (\$/b)	70	36	34
CIF price: LNG (\$/t)	485	385	100
Exchange rate (¥/\$)	110	107	3

Flow Rate, Financial Sensitivity for Key Factors

Flow Rate

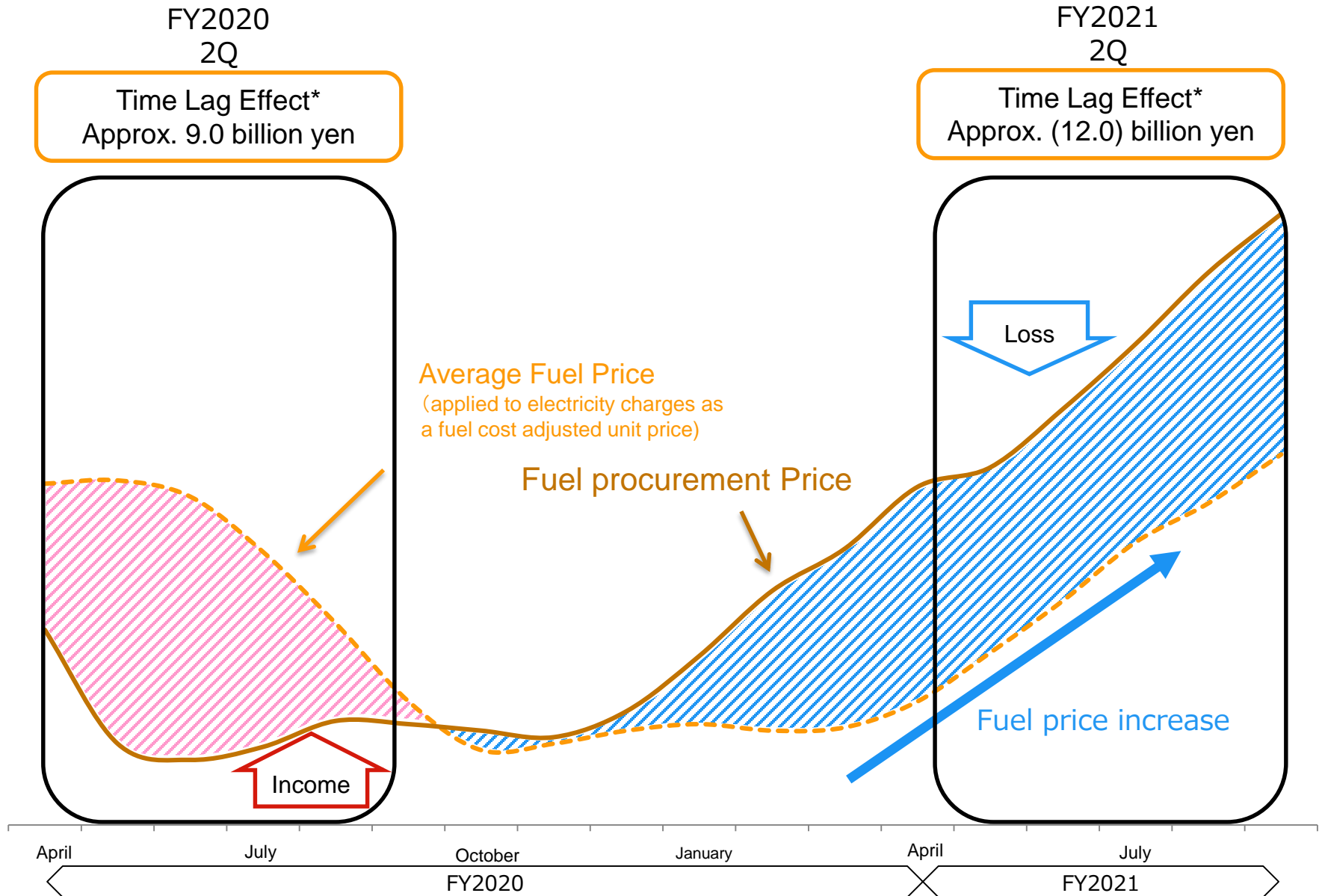


Financial Sensitivity for Key Factors

(100 million yen)

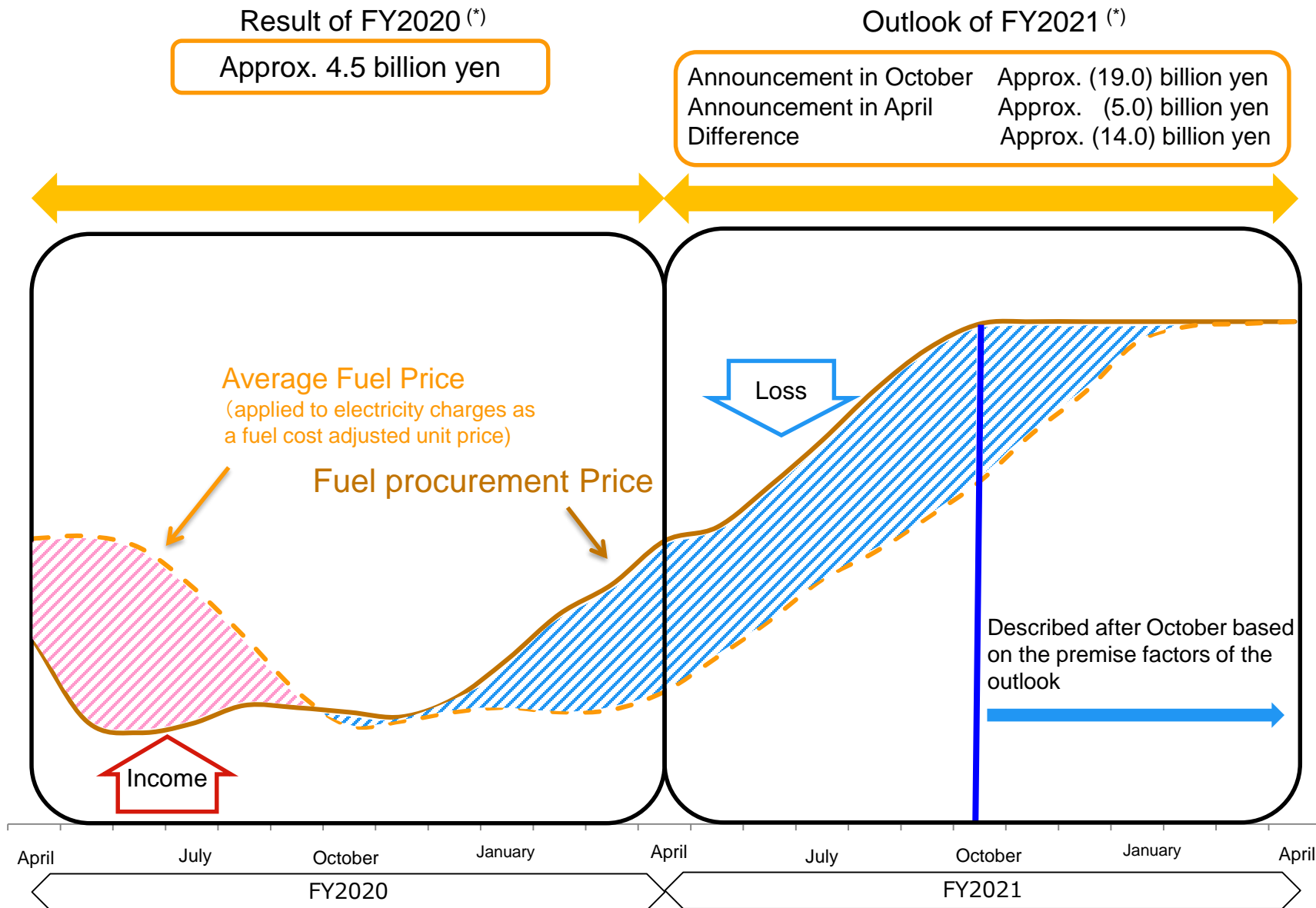
	FY2021 2Q
CIF price: coal (1\$/t)	3
CIF price: crude oil (1\$/b)	1
Exchange rate (¥1/\$)	5
Nuclear power capacity factor (1%)	2
Flow Rate (1%)	1

Time Lag Effect of Fuel Cost Adjustment System (Result of FY2021 2Q)



*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.

Time Lag Effect of Fuel Cost Adjustment System (Outlook of FY2021)



*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)

	FY2021 2Q	<ref> FY2020
Power Generation & Sales	276	556
Renewable energy	9	28
Thermal	94	202
Nuclear	160	248
Nuclear fuel	6	71
Transmission & Distribution	136	216
Transmission	30	54
Transformation	52	62
Distribution	43	79
Electric power business	412	772
Other business	39	98
Total*	451	871

* before the elimination of unrealized profits

(100 million yen)

		Total (forecasts)	FY2011 ~ FY2021 2Q (results)	
			FY2021 2Q	
Facility Construction	Short term	Approx. 720	717	-
	Medium-to-long term	Approx.1,140	1,028	126
Analysis and Evaluation		Approx. 240	240	0
Total		Approx.2,100	1,985	126



SHIKOKU ELECTRIC POWER CO., INC.

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 subject to risks and uncertainties.

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.