

Financial Results Briefing for FY2021 2nd Quarter



November 16, 2021

SHIKOKU ELECTRIC POWER CO.,INC.

Note: This is an accurate and complete translation of original Japanese version prepared for the convenience of our English-speaking investors. In case of any discrepancy between the Japanese and English versions, the former shall prevail.

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- 〈Reference〉 Carbon Neutral Challenges 2050

1 . Highlights of FY2021 2nd Quarter Financial Results

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Highlights of FY2021 2nd Quarter Financial Results

【Consolidated】

(100 million yen)

	FY2021-2Q	Change from FY2020-2Q	Points
Operating revenues	2,702	(808) [+138] *	<ul style="list-style-type: none"> • Increased in wholesale sales revenue due to increased sales to the Japan Electric Power Exchange (JEPX) • Decreased in revenues due to application of accounting standard for revenue recognition (946), etc.
Operating expenses	2,690	(628) [+322] *	
Operating profit	11	(181)	<ul style="list-style-type: none"> • Increase in cost related to demand and supply due to increasing of the fuel price and total electricity sales • The cost decreased due to application of accounting standard for revenue recognition (950), etc.
Ordinary profit	13	(162)	
Profit attributable to owners of parent	8	(108)	

* [] means the case where the accounting standard for revenue recognition is not applied.

Factors Contributing to Change in Ordinary Profit

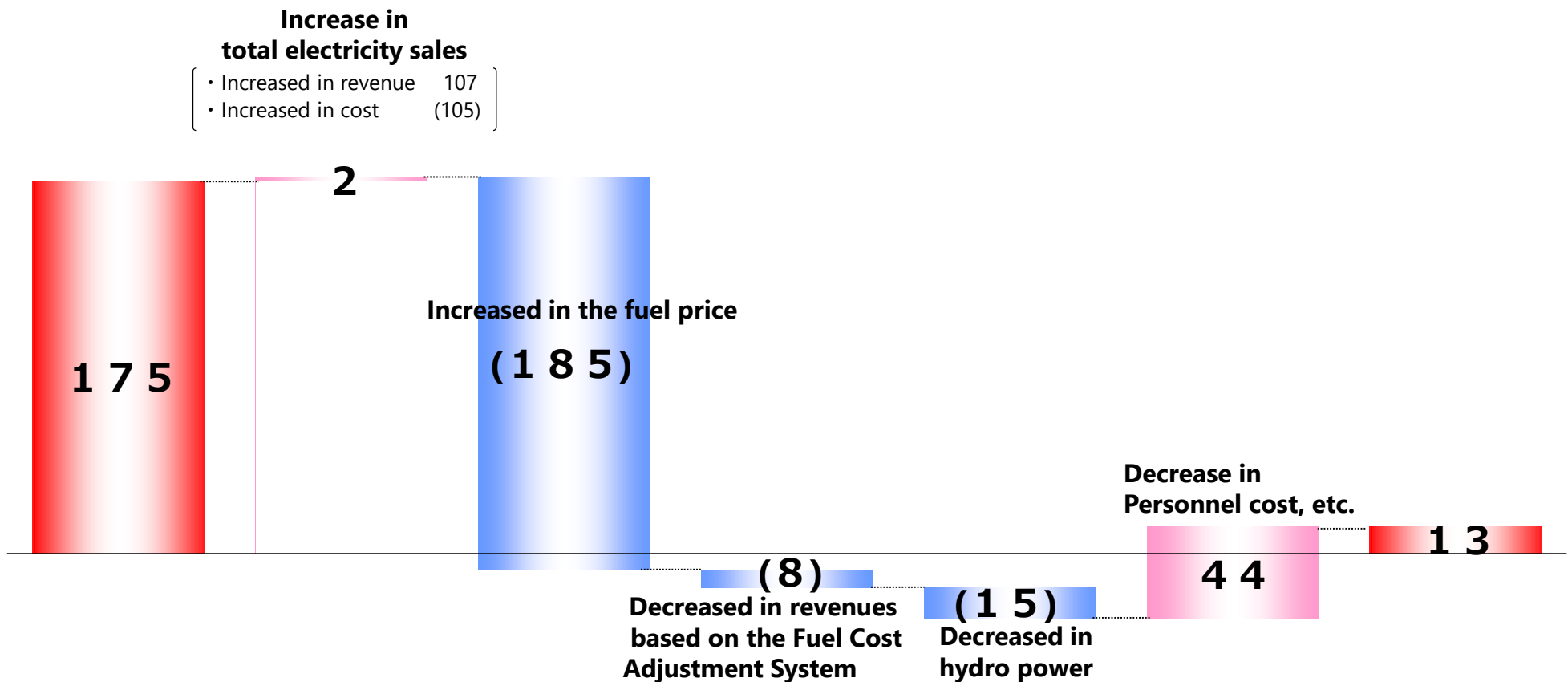
Ordinary Profit

(100 million yen)

[Consolidated]

FY2020 2Q

FY2021 2Q



Electricity Sales

(100 million kWh)

➤ Retail Sales

- Electric demand increased by restarting economic activities due to relieving COVID-19
- A reactionary decreased of air conditioning demand increased due to high temperature in the previous summer, etc.

Retail
108

<(0.4%)>

➤ Wholesale Sales

- Wholesale in JEPX increased, etc.

150

<+11.6%>

36

<(6.6%)>

72

<+3.0%>

41

<+63.2%>

134

109

38

70

25

Lighting

Power

Wholesale

(Note) Figures in < > are Year-on-Year growth rates.

FY2021-2Q

FY2020-2Q

Summer Jun.-Sep.

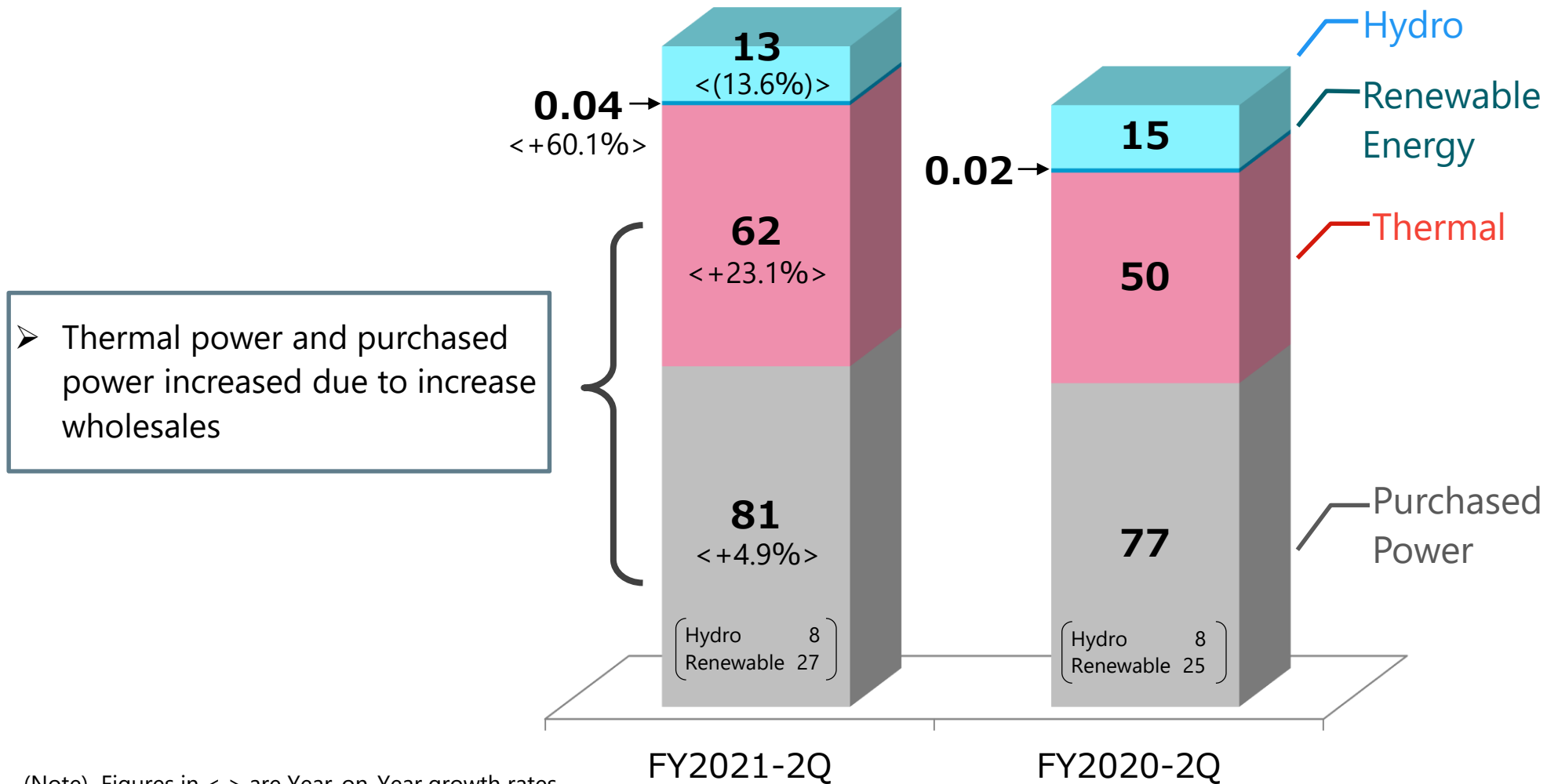
25.8 °C

26.3 °C

(Normal difference +0.3°C, Year-on-Year difference (0.5)°C)

Electricity Supplied

(100 million kWh)



➤ Thermal power and purchased power increased due to increase wholesales

(Note) Figures in < > are Year-on-Year growth rates.

(Note) From FY2021 1Q, the amount of Own Generated Power revised to the net actual generation amount from the gross actual generation amount.

Cash Flows

(Note) Positive numbers mean cash inflows, negative numbers mean cash outflows. (100 million yen)

		FY2021-2Q <a>	FY2020-2Q 	<a-b>
Cash Flows from Operating Activities	Ordinary Profit	13	175	
	Depreciation	289	287	
	Others	(320)	(352)	
	Subtotal	(16)	109	
Cash Flows from Investing Activities	Capital Expenditures	(489)	(358)	
	Investment and loan	(67)	(23)	
	Subtotal	(557)	(382)	
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	

Financial Position

(100 million yen)

	September 30, 2021 <a>	March 31, 2021 	<a-b>
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>
<Investments, etc.>	<4,749>	<4,537>	<212>
Liabilities	11,393	11,024	369
<Bonds and loans>	<8,252>	<7,716>	<536>
<Accrued expenses, etc.>	<3,140>	<3,307>	<(167)>
Total Net Assets	3,254	3,279	(25)
<Retained earnings>	<1,768>	<1,793>	<(25)>
Shareholders' Equity Ratio	22.1%	22.8%	(0.7%)

Forecasts of Consolidated Financial Results & Dividends for FY2021

Financial Results

(100 million yen,%)

	FY 2021 (Forecast in October) <a>	FY2021 (Forecast in April) 	<c> = <a> -
Operating Revenues	5,800	5,500	300
Operating Profit	65	185	(121)
Ordinary Profit	60	180	(120)
Profit attributable to owners of parent	45	130	(85)
Profit per Share	¥22	¥63	(¥41)

Dividends per Share

	FY2021	FY2020
Interim	¥15	¥15
Year-end	¥15<Forecast>	¥15
Total	¥30<Forecast>	¥30

Management goal ① Profit target by segment

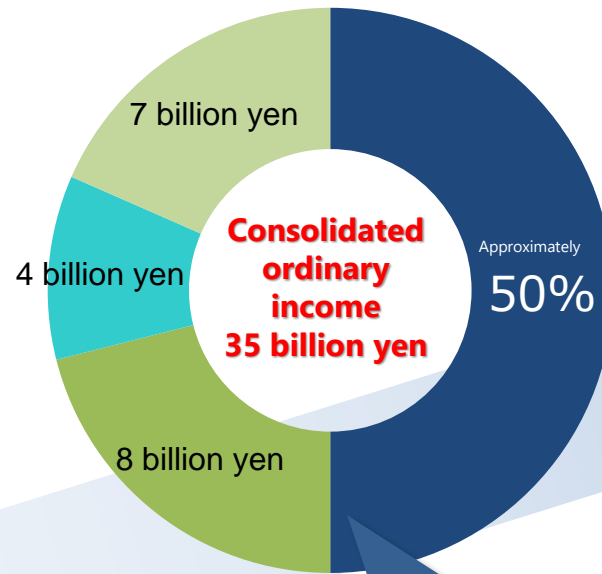
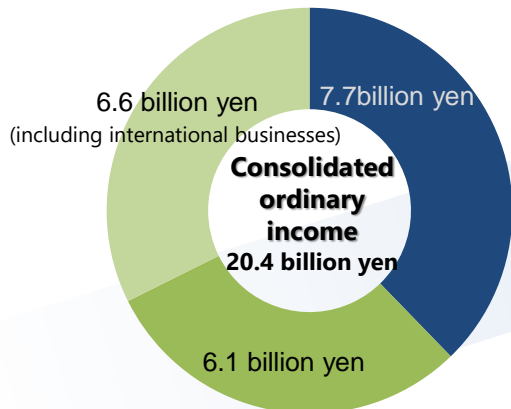
Achieve 1/2 of the Group's overall profit target in the electricity business and 1/2 in other businesses

FY 2030 (long-term goal)

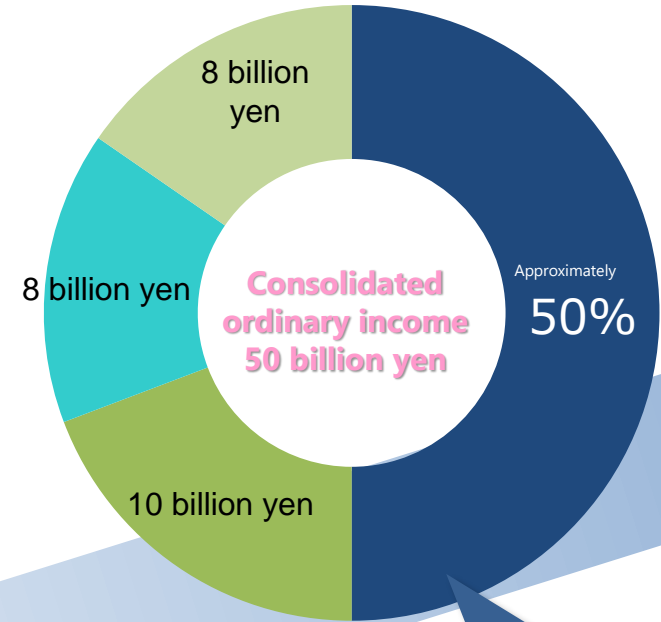
FY 2025 (goal)

- Electricity business
- Telecommunication service
- International business
- Other businesses

FY2016 to 2020
(5-year-average)

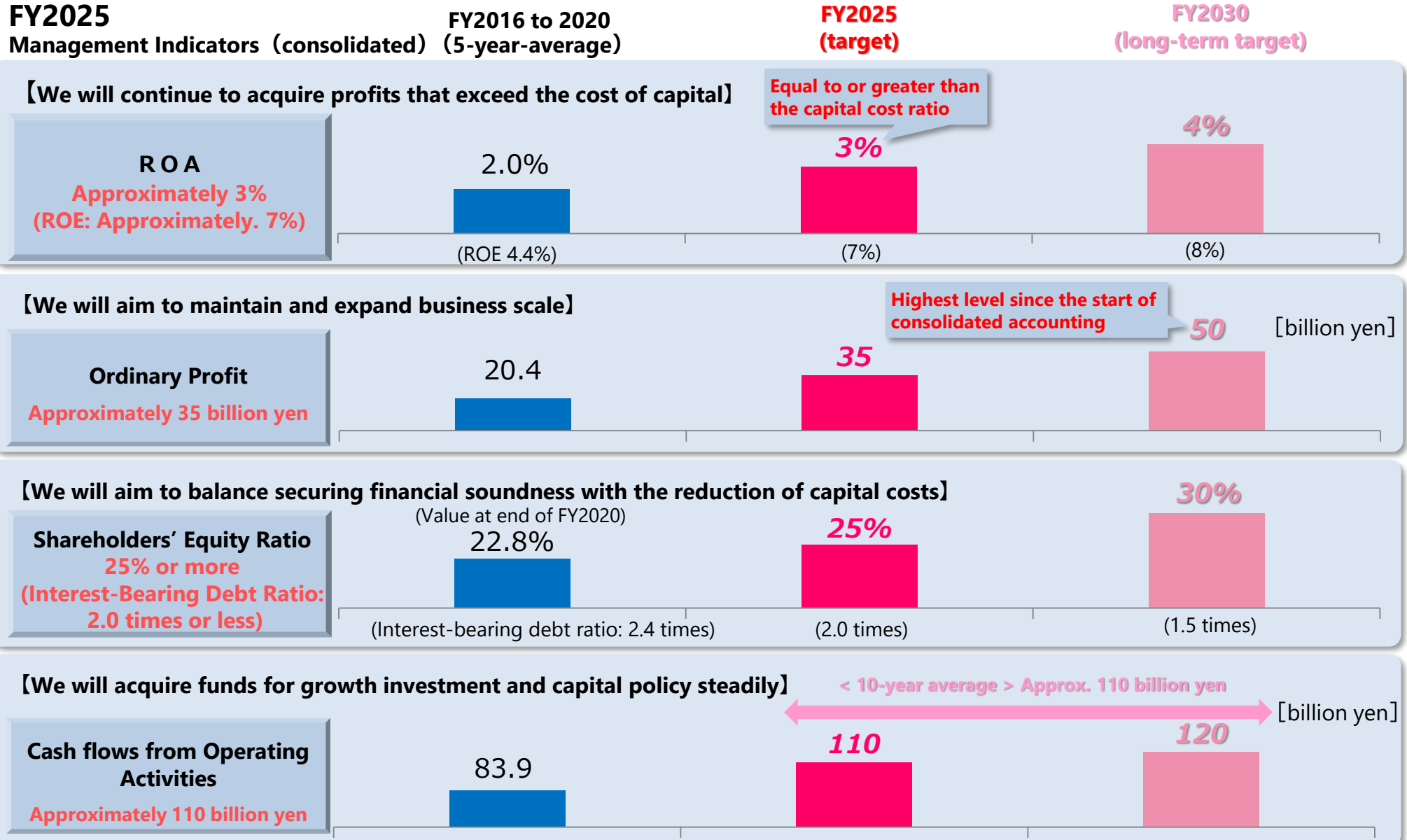


Power generation and sales businesses:
Approximately 11 billion yen
Transmission and distribution businesses:
Approximately 6 billion yen



Power generation and sales businesses:
Approximately 18 billion yen
Transmission and distribution businesses:
Approximately 6 billion yen

② Management Index [Consolidated]



* ROA: (Ordinary profit + Interest expense) / Average total assets (Average of assets at the beginning and end of the fiscal year)

③ Shareholder return policy and cash flow allocation

Basic policy for shareholder returns

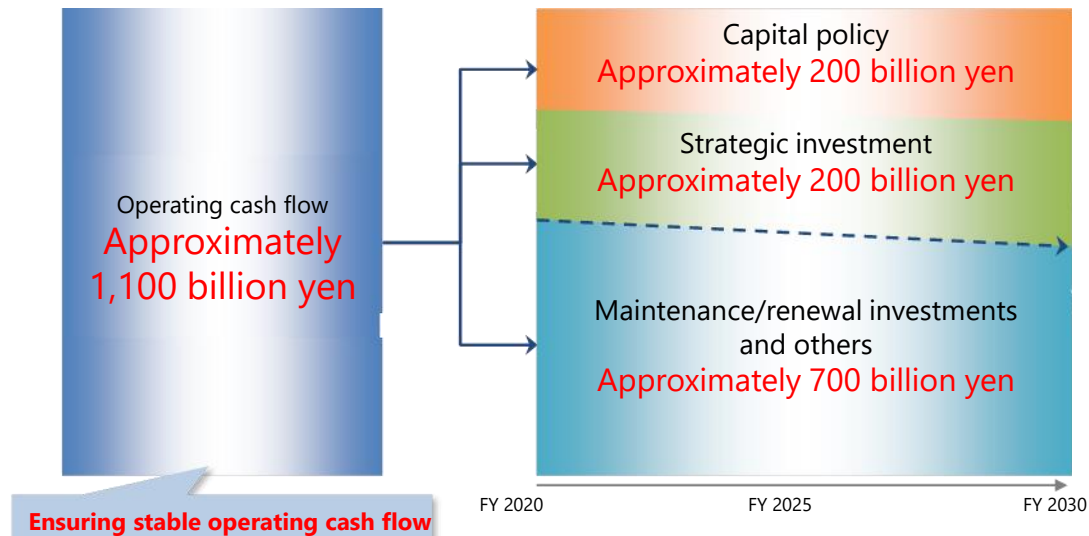
We will decide by comprehensively considering such factors as business performance levels, financial conditions, and the medium- to long-term business environment with stable dividend payments as the basis of shareholder returns.

Goals to be pursued

Supposing the safe and stable operation of Ikata Unit 3 will contribute to normalizing our business operations, and ensuring stable earnings, among other things, we will first aim for **the early realization of a 50 yen/share dividend**.

For FY 2030, we will aim to **achieve our target profit level and further increase shareholder returns**.

Cash flow allocation (ten-year total from FY 2021 to FY 2030)



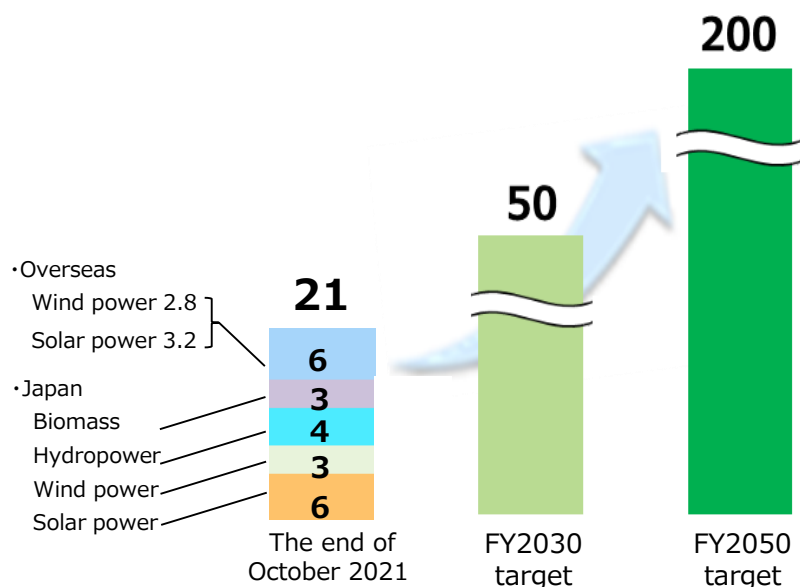
2. INITIATIVES TO ACHIEVE CARBON NEUTRALITY

(1) Development of renewable energy sources(1/3)

- Our group aims to develop 500,000 kW of renewable energy by fiscal 2030 and 2 million kW by fiscal 2050 in Japan and overseas, and is participating in various projects and working to find potential development sites.

◇ New development targets for renewable energy

- As of the end of October 2021, renewable energy development totaled approximately 210,000 kW.
- As a result, our group's total renewable energy capacity is approximately 1.33 million kW.



- *1. Figures for both domestic and overseas projects are calculated at the time of investment decision.
- *2. Hydro power includes the increase in output since FY2000.
- *3. As mentioned on the right, final feasibility is yet to be judged, and as a result, figures for the Imanoyama Wind Power Project have not been reflected.

(1) Consideration of the Imanoyama Wind Power Project (Announced in September of this year)

- The aim of this project is to construct Japan's largest onshore wind power station (193,000 kW) on the ridge of Mt. Imanoyama, located in Tosashimizu City, Kochi Prefecture, and Mihara Village, Hata-gun, and sell electricity to Shikoku Electric Power Transmission & Distribution using the FIT system.
- We plan to start construction in 2024 and start operation in 2027 after reviewing construction specifications and consulting on approval procedures to determine final business feasibility.

<Project overview>

	Imanoyama Wind Power Project (Kochi Prefecture)
Planned construction site	Tosashimizu City, Kochi Prefecture and Mihara Village, Hata-gun
Primary contractor	Imanoyama Wind Power LLC
Investors	Yonden Shikoku Electric Power Co., Inc. (Approx. 30%), Sumitomo Corporation, Japan Wind Engineering, Hokutaku
Output	193,000 kW
Unit price of electricity sold	19yen/kWh (Utilizing the FIT System)
Start of construction	2024 (scheduled)
Start of operation	2027 (scheduled)

(1) Development of renewable energy sources (2/3)

◇ Participation in Sakaide Biomass Power Generation Project (Announced in October this year)

- The aim of this project is to construct Japan's largest biomass power plant (75,000 kW) in Sakaide City, Kagawa Prefecture, which will generate power using imported wood pellets as fuel, and sell the power to Shikoku Electric Power Transmission and Distribution using the FIT system.
- Annual power generation will be approximately 530 million kWh, which is expected to reduce CO₂ emissions by 240,000 tons. We plan to start construction in November 2022 and start operation in June 2025 after reviewing construction specifications and consulting on approval procedures.

<Project overview>

	Sakaide Biomass Power Generation Project (Kagawa Prefecture)
Planned construction site	Hayashida-cho, Sakaide-City, Kagawa Prefecture
Primary contractor	Sakaide Biomass Power LLC
Investors	Shikoku Electric Power (36%), Hazama Ando Corporation, Prominent Power, Inc. (Tokyo Gas subsidiary), Exex Co., Ltd., Shinko Denso Co., Ltd., Sakaide Yusengumi
Output	75,000 kW
Fuel used	Wood pellets
Unit price of electricity sold	24 yen/kWh (utilizing the FIT system)
Start of construction	November 2022 (scheduled)
Start of operation	June 2025 (scheduled)

◇ Participation in the U.S. Solar Power Generation Project (Announced in September this year)

- In relation to this project, we have acquired a portion of equity interest in a company operating a solar power generation facility currently in operation in California, USA, to secure our participation.
- The power generated by this facility will be sold to local public power companies at the fixed prices under long-term power sales contracts, and is expected to produce stable earnings.
- Through this project, we also hope to obtain more information about renewable energy projects in the United States.

<Project overview>

	El Centro Solar Power Generation Project (U.S.A.)
Location	California, U.S.A.
Project entity	Sol Orchard Imperial 1, LLC
Investors	Shikoku Electric Power (14.3%), Renewable Energy Investment Fund, Mitsubishi HC Capital Inc.
Output	20,000 kW
Annual power generation	Approx. 50 million kWh
Start of operation	2013

<El Centro Solar Power Plant>



(1) Development of renewable energy sources (3/3)

◇ Start of construction of the Kurofujigawa Hydropower Plant

- We are constructing a Kurofujigawa hydro power plant with a maximum output of 1,900 kW in Kumakogen-cho, Kamiukena, Ehime Prefecture, using the FIT system.
- Since there are few suitable sites for the development of new large-scale hydro power plants in the Shikoku region, we are developing a new hydro power plant for the first time in 30 years. we are proceeding with construction with the highest priority on safety, aiming to start operation in June 2024.

<Project overview>

	Kurofujigawa Hydropower Plant (Ehime Prefecture)
Planned construction site	Kumakogen-cho, Kamiukena-gun, Ehime Prefecture
Type	Run-of-river system
Maximum output	1,900kW
Annual power generation	8.5 million kWh
Unit price of electricity sold	27 yen/kWh (utilizing the FIT system)
Start of operation	June 2024 (scheduled)

<Image of Kurofujigawa Power Plant>



◇ Increased output of hydropower plants

- At the Company's existing hydropower plants (57 plants, total 1.15 million kW), we are continuously working to increase output by replacing water turbine runners, etc. when the facilities require repairs, and plan to increase power output by a total of 1,800 kW in FY2021.

<Plans to increase output>

Hydropower Station	Increase in output
Kae	9,700 kW → 9,900 kW (+ 200 kW)
Yusuharagawa No.2	6,000 kW → 7,500 kW (+1,500 kW)
Kamo	1,700 kW → 1,800 kW (+ 100 kW)
Total	(+1,800 kW)

◇ Renewable energy initiatives of our group companies

- We are implementing the following projects in and outside the Shikoku region.
 - ✓ Yonden Engineering is involved in wind power generation projects and EPC (Engineering/Procurement/Construction) and O&M (Operation & Maintenance) of wind power and biomass power generation, etc.
 - ✓ In April this year, we established a new company (YB Power Support) to manage the operation and management, etc. of biomass power generation.
 - ✓ Shikoku Instrumentation Co., Ltd. sells solar power output control systems, which are also used by other transmission and distribution companies.

(2) Initiative to resume operation of Ikata Station Unit No.3

- The decision to revoke the provisional injunction suspending operation of Unit 3 at the Ikata Power Station was made at the Hiroshima High Court's objection hearing in March this year, and in October, the Specialized Safety Facility went into operation. With the understanding of the local community, We are carefully proceeding with procedures for resuming operation.
 - After resuming operation, by making the best use of the Ikata Power Station Unit 3, we expect to stabilize power supply and demand and normalize management, and reduce CO₂ emissions by approximately 4.5 million tons/year*.
- * Estimating the effect of reducing thermal power generation at a facility utilization rate of 85% in terms of CO₂ emissions per unit of production equivalent to thermal average.

◇ Background behind the resumption of operation

- Unit 3 at the Ikata Power Station was shut down at a regular inspection in December 2019. Since that time, we have caused local concern due to a series of problems and violations of past safety regulations. We have responded to local requests regarding these incidents and are proceeding carefully with other procedures to resume operations with the understanding of local residents.

<Status of Ikata Power Station Unit 3>

2019 December	: Commencement of regular inspections
2020 January	: Order of provisional injunction to suspend operation (Hiroshima District Court) <u>Problems occurred continuously at the Ikata Power Station</u> → Probable causes and preventive measures were explained in March
2021 March	: Injunction was revoked (Hiroshima High Court) : Arrival of time limit for the construction of a Specialized Safety Facility
July	: <u>Past violations of safety regulations discovered</u> → In September, the provable causes and preventive measures were explained
October	: Completion of Specialized Safety Facility (construction completed)
Current Status	: We are proceeding with procedures for resuming operation with the understanding of the locals.

<Reference> Response to past safety regulation violations

- In July this year, it was discovered that personnel on night duty (currently retired) who should have been on standby at the power station left the station without authorization, causing an incident that left us temporarily short of the number of personnel on duty specified in safety regulations.
- In September, we compiled a report that included the cause of the problem and measures to prevent recurrence to the local governments concerned, and implemented the following measures to prevent such an incident from happening again.

[Recurrence prevention measures]

○ Management of emergency response personnel

- Confirmation of the whereabouts of personnel on night duty through the use of smartphones with GPS, implementation of unannounced roll calls
- Stronger management of personnel leaving the power station, stronger management of shift changes of shift workers, etc.
- Use of armbands to raise awareness among shift workers on weekdays, etc.

○ Increasing awareness among plant personnel

- Cautionary tales and encouragement from top management
- Special training on compliance with safety regulations, etc. and corporate ethics
- Workplace discussions, etc.

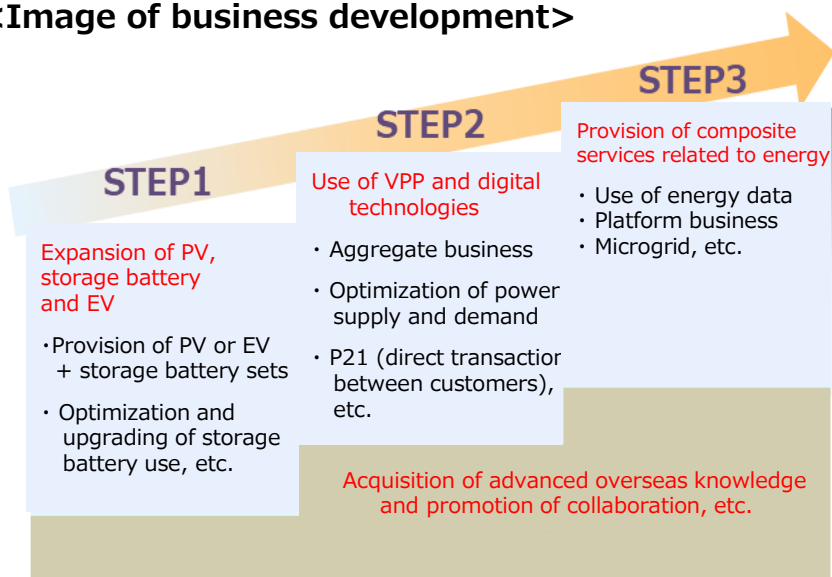
(3) Utilization of demand-side energy resources (1/2)

- Based on technological innovation in the energy business, changes in social and customer needs, and government measures to achieve ambitious policy goals, we will promote initiatives towards the effective use of demand-side energy resources.

◇ Development of decentralized energy business

- From the perspective of expanding storage battery and EV resources and strengthening initiatives related to the use of VPP and digital technologies, we are further promoting a decentralized energy business in line with the following directions.

<Image of business development>

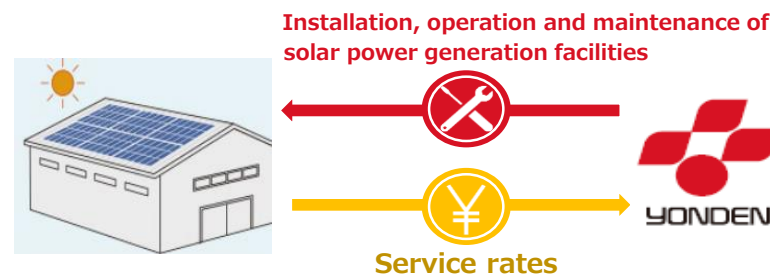


* PV (photovoltaic power generation), EV (electric vehicle), VPP (virtual power plant)

◇ Example of STEP 1: Third party owned solar power generation service

- Third party owned solar power generation services" under which solar panels are installed on the roofs of factories and stores and the electricity generated by the panels is sold to customers, can provide the use of CO₂-free electricity without initial investment, while contributing to enhanced resilience in the event of a disaster.
- We provide a one-stop service from proposal to design, installation, maintenance, and power supply for customers requiring high voltage or higher. Currently, we are conducting business negotiations with multiple customers who are highly environmentally conscious.

<Image of "Third-party ownership model" service>



Service rates = service rate unit price x self-consumption*

- The amount of electricity supplied to customers from the electricity generated by the solar power generation facilities

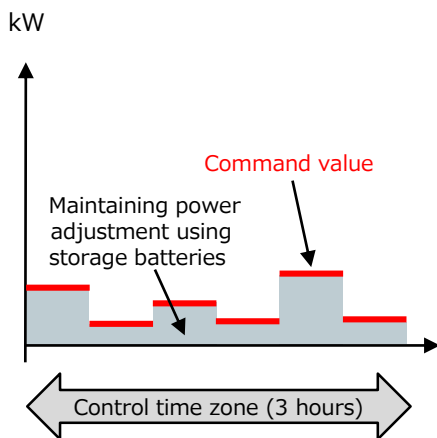
(3) Utilization of demand-side energy resources (2/2)

◇ Example of STEP 2: Utilization of VPP and digital technology ◇ Acquisition of advanced overseas knowledge and promotion of collaboration

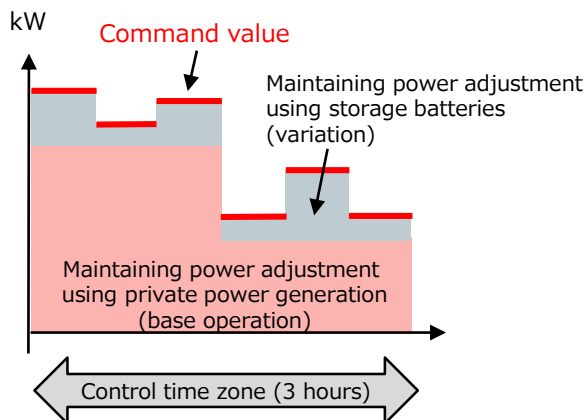
- In the VPP business, participating in the demonstration project as a resource aggregator from 2019, we have obtained technical prospects for conducting business in the supply-demand adjustment market by remotely controlling medium- or large-sized storage batteries in the past demonstration projects.
- In the current fiscal year, we have demonstrated the following from the viewpoint of securing resources and upgrading control technology.
 - ✓ Remote control technology utilizing existing private power generation
 - ✓ Integrated control technology that combines low-response private power generation and high-response storage batteries.

- We are currently considering investing in companies overseas that have expertise in renewable energy power sources and storage batteries in order to acquire advanced knowledge and collaboration in the use of decentralized energy resources.
- In March this year, we invested in "LO3 Energy" in the United States, which is developing and providing next-generation power trading systems, and in April, we invested in "Sunseap Group", which has the top share in Southeast Asia in the decentralized solar power generation business with the aim of further considering this as a new business area in light of the expertise these two companies possess while also helping to develop professional human resources.

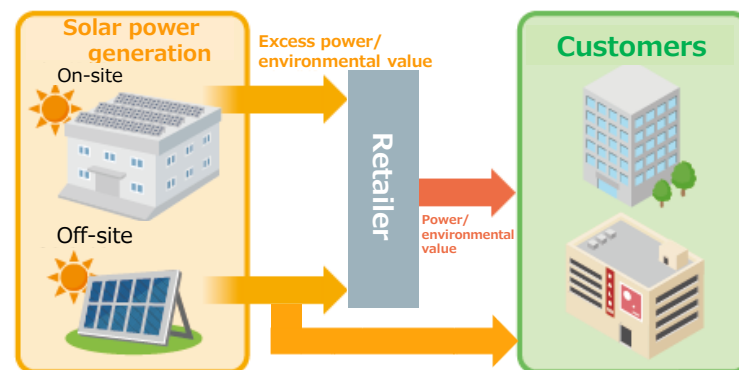
<Maintaining power adjustment with storage batteries> (currently available kW is small)



<Maintaining power adjustment with private power generation and storage batteries> (Image of d integrated control)



<Image of business utilizing solar power*>

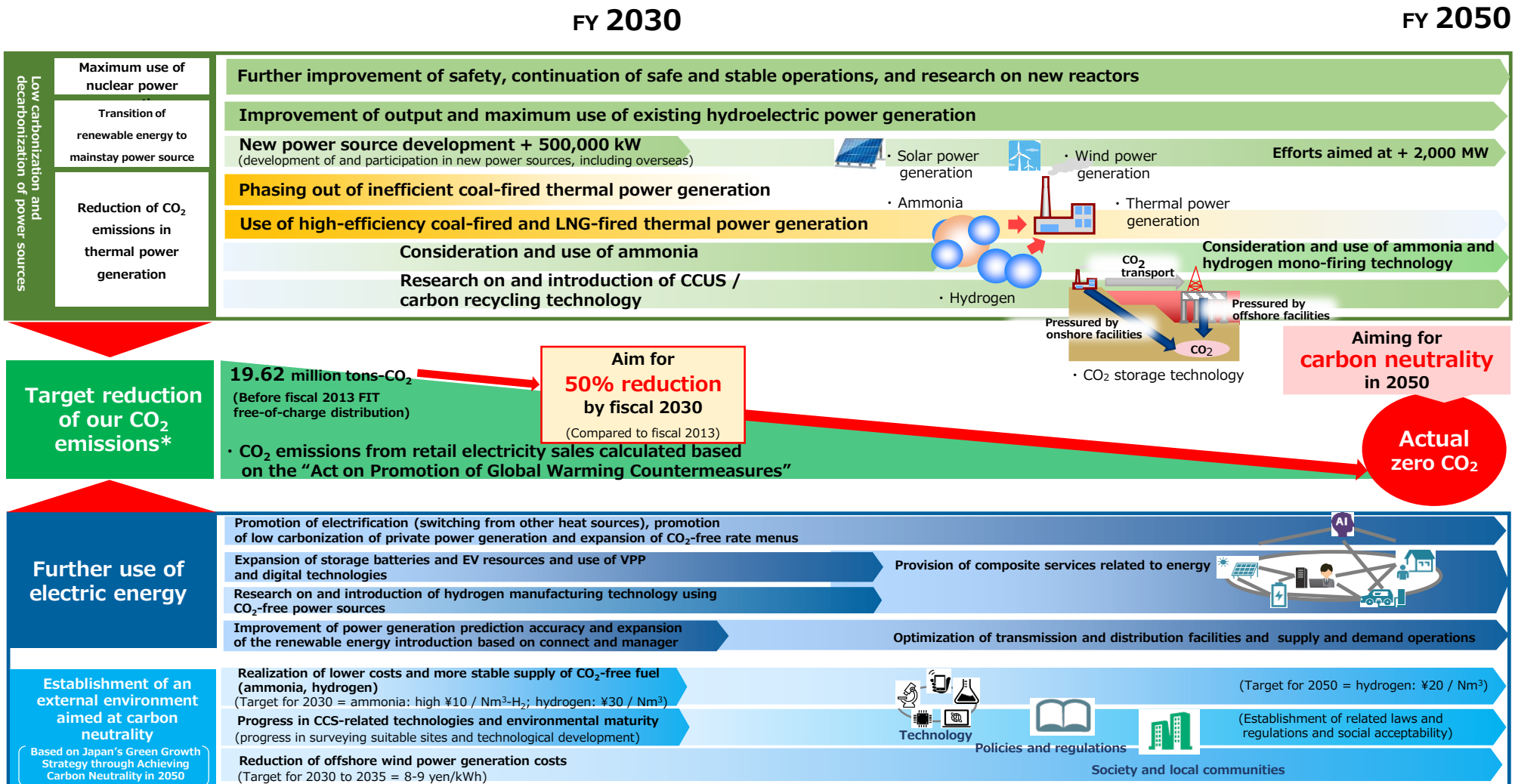


* In addition to the sale of zero-emission power to customers, this business is also expected to provide more opportunities to offer added value such as storage batteries parallel installation and energy management.

<REFERENCE> CARBON NEUTRAL CHALLENGES 2050

In order to reduce CO₂ emissions* in FY2030 by half compared to FY2013, we will promote the use of low-carbon and decarbonized power sources and further use of electric energy. In 2050, we aim to be substantially carbon neutral.

* Emissions from our retail division



Disclaimer

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 business areas of our group, such as economic, social and weather conditions, the government energy policy, systems pertaining to electric power business, regulations related to nuclear power generation, tougher competition, and rapid changes of currency exchange rates and fuel prices. We ask that readers take these factors into consideration.