

November 19 2021

Shikoku Electric Power Company, Incorporated

## Main Questions and Answers at FY2021 2Q Financial Results Briefing

Q. What will be the level of profits at your full strength for next fiscal year onward when Ikata Unit 3 will be operating stably?

A. The forecast announced in April of this year was for ordinary profit of 18.0 billion yen, on the assumption that Ikata Unit No. 3 will be in operation for 5 months, but if Ikata Unit No. 3 will keep its stable operation, the profit can be increased by about 10.0 billion yen. In addition, if we add back in the negative 5.0 billion yen impact from the time lag of the fuel price adjustment system, we think that profits at our full strength mean ordinary profit in excess of 30.0 billion yen. However, as this is slightly short of our target for fiscal 2025 of 35.0 billion yen, we will work to improve the profitability of our power generation and retail businesses and aim to increase profits in our international and renewable energy businesses in future.

Q. Should we understand that a certain period of time is necessary until you make a decision on whether to increase dividends? Also, although I think it will be difficult to pay a dividend of 50 yen immediately, is there an option to gradually increase the dividend?

A. Some people may think that the dividend will be increased as soon as Ikata Unit No. 3 resumes operation, but since fuel prices have been fluctuating recently, we would first like to assess the fuel price trends. After that, we will increase profits by focusing on our international and renewable energy businesses, then gradually raise to realize 50 yen dividend as early as possible.

Q. What was the amount of CO<sub>2</sub> emissions in FY2020? In addition, in order to achieve the target of halving CO<sub>2</sub> emissions by FY2030 compared with FY2013, will it be necessary to take additional measures, such as the development of renewable energy and the introduction of ammonia mixed combustion in thermal power plants, in addition to the stable operation of Ikata Unit 3?

A. Emissions in FY2020 totaled 12.52 million tons.\* As part of efforts to achieve our target for FY2030, we expect the stable operation of Ikata Unit 3 to reduce CO<sub>2</sub> emissions by about 4.5 million tons. In addition, replacement of Saijo Unit 1 with the state-of-the-art facilities will greatly improve thermal efficiency, allowing us to think that the achievement of FY2030 CO<sub>2</sub> reduction target will come into view, with some adjustments of power generation amounts from LNG and coal. Furthermore, we hardly factored the contribution from the new development of renewable energy, and we do not assume the utilization of ammonia or hydrogen at present.

\* Figures reported to the national government. The effects of emissions reductions from efforts other than our own have been included (national surplus of non-fossil fuel energy certificates distributed gratis to each company). We believe that we cannot expect this allocation by FY2030, and we thus aims to reduce CO<sub>2</sub> emissions by half compared with FY2013 through our own efforts.

Q. How much can we expect consumers' use of energy resources to contribute to earnings in 2030?

A. Although VPPs, storage batteries, and other such technologies will spread significantly in future, we have not included them in profit targets for FY2030 because it is currently unclear how much they will spread and how much profit we can capture. We are now at the stage of planting seeds in anticipation of future expansion.

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