



## Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2024 [Japanese GAAP]

February 1, 2024

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 Stock code: 3167 URL: <https://tokaiholdings.co.jp/english/>  
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 Scheduled date of filing quarterly report: February 13, 2024  
 Scheduled date of dividend payment: -  
 Supplementary materials on quarterly financial results: Yes  
 Quarterly financial results briefing: No

(Figures are rounded to the nearest million yen)

### 1. Consolidated Financial Results for the Nine-months Ended December 31, 2023 (April 1, 2023 to December 31, 2023)

#### (1) Consolidated Operating Results (cumulative)

(% figures represent year-on-year changes)

	Sales		Operating Profit		Recurring Profit		Quarterly Net Income Attributable to Owners of the Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine-months Ended December 31, 2023	164,676	0.3	8,797	3.9	8,968	33.8	4,934	75.2
Nine-months Ended December 31, 2022	164,249	9.9	8,466	-8.5	6,705	-28.1	2,816	-39.2

(Note) Comprehensive income: 6,754 million yen in the Nine-months Ended December 31, 2023 (%)  
 3,916 million yen in the Nine-months Ended December 31, 2022 (1.2%)

	Quarterly Net Income per Share	Quarterly Net Income per Share (Diluted)
	Yen	Yen
Nine-months Ended December 31, 2023	35.78	37.78
Nine-months Ended December 31, 2022	21.52	-

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
Nine-months Ended December 31, 2023	196,419	84,899	42.1
Year ended March 31, 2023	193,339	82,304	41.5

(Reference) Equity: 82,672 million yen for the Nine-months Ended December 31, 2023  
 80,184 million yen for the year ended March 31, 2023

### 2. Dividends

	Annual Dividend				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ending March 31, 2023	—	16.00	—	16.00	32.00
Year ending March 31, 2024	—	16.00	—	—	—
Year ending March 31, 2024 (Forecast)	—	—	—	16.00	32.00

(Note) Revisions to most recently announced dividend forecasts: No

### 3. Consolidated Earnings Forecasts for the Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% figures represent year-on-year changes)

	Sales		Operating Profit		Recurring Profit		Net Income Attributable to Owners of the Parent		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2024	240,000	4.3	15,000	0.5	15,000	12.9	8,500	31.5	65.10

(Note) Revisions to most recently announced earnings forecasts: No

#### \*Notes

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries affecting the scope of consolidation): No

(2) Application of special accounting procedures in the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, estimates, and restatements

1) Changes in accounting policies accompanying revisions in accounting standards, etc. : No

2) Changes in accounting policies other than 1) : No

3) Changes in accounting estimates : No

4) Restatements : No

(4) Number of shares issued (common stock)

1) Shares issued at the end of each period (including treasury stock):

Q3 FY3/2024	139,679,977 shares	FY3/2023	139,679,977 shares
Q3 FY3/2024	9,054,371 shares	FY3/2023	9,105,687 shares
Q3 FY3/2024	130,602,941 shares	Q3 FY3/2023	130,879,419 shares

2) Number of shares of treasury stock at the end of each period:

3) Average number of shares during the period (cumulative):

(Note) The number of treasury shares at the end of the fiscal year includes the Company's shares held by the Stock Benefit Trust (BBT) (730,500 shares in the third quarter of the fiscal year ending March 2024, and 782,100 shares in the fiscal year ending March 2023).

In addition, the treasury stock deducted in calculating the average number of shares during the period includes the Company's shares held by the Stock Benefit Trust (BBT) (753,204 shares in the 3Q of the fiscal year ending March 2024, 477,412 shares in the 3Q of the fiscal year ending March 2023). Masu.

\* Quarterly financial results not covered by quarterly review

\* Explanation regarding the Appropriate Uses of Earnings Forecasts and Other Notes

All earnings forecasts provided within this document are based on the most accurate information available at the time of the release of this document. Actual results may differ from forecasts due to various factors going forward.

[Attachment]

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## 1. Qualitative Information on Financial Results for the Period Under Review

### (1) Explanation of Consolidated Operating Results

During the first nine months of the fiscal year under review, the economy experienced a mild recovery aided by various government packages, including measures to ease the situation for consumers. However, the business circumstances surrounding the Group were marked by persistently high material purchase prices in the energy segment. There are issues with worsening labor shortages and the response to soaring prices.

In this environment, the Group developed Medium-Term Management Plan 2025 and announced it in May 2023. Aimed at achieving sustained growth, this plan has set out three key themes. The first is growth of earning power, the second is strengthening of the foundations for sustainable growth, and the third is the full energization of human capital and organizations.

For the first nine months of the fiscal year under review, the Group saw the number of continuing customers rise by 41,000, to 3,341,000, compared with growth of 64,000 in the same period of the previous fiscal year. The number of TLC members rose 43,000 to 1,201,000. For the same period a year earlier, the figure surged 53,000. Thanks to the increase in the number of the Group's customers, net sales reached 164,676 million yen, up 0.3% year on year, and operating profit 8,797 million yen, up 3.9% year on year. Ordinary profit stood at 8,968 million yen, up 33.8% year on year, and profit attributable to owners of parent at 4,934 million yen, up 75.2% year on year. Increases resulted mainly from a decrease in the burden arising from the share of profit of entities accounted for using equity method.

Notable events during the first nine months of the fiscal year under review include an investment made in July 2023 in the group led by Pure Energy Holdings Corporation, which operates a business of generating power from renewable energy sources in the Republic of the Philippines, as part of the initiatives to achieve carbon neutrality. Another event is the new opening of a sales office for LP gas sales in the city of Ise in Mie Prefecture in August 2023. The office is making steady progress in expanding the business base. In October 2023, a Group company became the 14th company in Japan to acquire the highest AWS Premier Tier Services Partner certification under the Amazon Web Services (AWS\*) Partner Network, which acts as AWS' partner certification program. In December 2023, the Group invested in Albatross Technology Inc., which engages in offshore wind power development. The Group will continue its initiatives for carbon reduction and decarbonization.

\* Amazon Web Services (AWS): A cloud service provided by Amazon Web Services, Inc. in the United States.

Performance by segment is indicated below. From the first quarter of the fiscal year under review onwards, a new order of statement of segments applies.

#### (Energy)

In the LP gas business, the number of customers increased 22,000 from the end of the previous fiscal year, to 767,000, reflecting sustained Group efforts to attract customers. Meanwhile, net sales were 56,491 million yen (down 1.8% year on year). This is attributable to a reduction in selling prices in associated with the purchase prices and a decrease in gas sales volume for households for reasons including high air temperatures.

In the city gas business, the number of customers remained at 75,000, the same level as the end of the previous fiscal year. Net sales reached 12,780 million yen (down 5.7%) due to the effects of the gas rate adjustment system.

Net sales in this segment were 69,271 million yen (down 2.5%), and operating profit was 1,333 million yen (up 8.3%).

#### (Information and Communications)

In the business for consumers, it worked to gain customers in collaboration with major telecommunications carriers in the ISP business. In the mobile business, the Group broadened the LIBMO service lineup and introduced package plans with fixed lines. As a result of these measures, the number of broadband customers increased 3,000 from the end of the previous fiscal year to 667,000, while the number of LIMBO customers rose 6,000 from end of the preceding fiscal year to 77,000. Net sales reached 18,220 million yen (up 0.1% year on year).

In the business for corporate clients, net sales came to 23,601 million yen, up 9.9% year on year, reflecting steady growth in career services and cloud services.

Net sales in this segment stood at 41,822 million yen (up 5.4%), and operating profit came to 2,965 million yen (up 18.7%).

#### (CATV)

In the CATV business, the Group focused on providing local information and the production of programs as a community-based service provider. The Group collaborated with major video distributors and made other efforts to enhance content. Due to aggressive sales activities in new areas, the broadcasting services customer count rose to 918,000, an increase of 4,000 from the end of the previous fiscal year. The communications services customer count increased to 389,000, a rise of 16,000 from the end of the previous fiscal year.

Net sales in this segment stood at 26,673 million yen (up 4.6%). Operating profit came to 4,142 million yen (down 1.8%), reflecting an increase in expense for gaining customers, among other factors.

#### (Construction, Equipment, and Real Estate)

In the Construction, Equipment and Real Estate business, net sales stood at 17,585 million yen, down 6.7% year on year, and operating profit at 506 million yen, down 21.5% year on year. These results are attributable mainly to decreases in large civil engineering works and facilities projects.

#### (Aqua)

In the Aqua (bottled drinking water delivery) business, the Group began dealing with pure water dispensers in April 2023, in an effort to continuously expand its customer base. The Group also conducted marketing activities at events in large commercial facilities as well as non-face-to-face sales activities, including online promotion and telemarketing. The number of customers grew 2,000 from the end of the previous fiscal year to 166,000.

Net sales in this segment stood at 5,796 million yen (up 1.3%), and operating profit came to 277 million yen (up 58.1%).

#### (Others)

Net sales in the nursing care business stood at 1,058 million yen (up 1.9%), reflecting an increase in the number of users. In the ship repair business, net sales were 962 million yen (down 9.2%) as a result of decline in work volume. In the bridal events business, net sales reached 931 million yen (up 26.5%) after a recovery of uses.

Net sales in this segment stood at 3,526 million yen (up 2.3%), and operating profit came to 33 million yen (down 74.3%).

## (2) Explanation of Consolidated Financial Position

### 1) Assets, Liabilities, and Net Assets

Total assets at the end of the first nine months under review stood at 196,419 million yen, an increase

of 3,079 million yen from the end of the previous fiscal year. The increase was attributable primarily to an increase of 2,115 million yen in Other as part of current assets after a rise in derivative valuations, an increase of 1,824 million yen in property, plant and equipment, an increase of 1,132 million yen in Other as part of investment securities and an increase of 763 million yen in cash and deposits, which was partially offset by a decrease of 2,826 million yen in notes and accounts receivable - trade and contract assets mainly for seasonal reasons.

Total liabilities came to 111,519 million yen, an increase of 484 million yen from the end of the previous fiscal year. The increase was chiefly due to an increase of 7,076 million yen in short-term borrowings, which was partially offset by a decrease of 2,403 million yen in long-term borrowings, a decrease of 1,675 million yen in income taxes payable, a decrease of 1,511 million yen in other provisions as part of current liabilities due mainly to bonus payments, and a decrease of 1,301 million yen in notes and accounts payable - trade.

Total net assets were 84,899 million yen, an increase of 2,595 million yen from the end of the previous fiscal year. This was chiefly due to profit attributable to owners of the parent posted at 4,934 million yen, an increase of 964 million yen in deferred gains or losses on hedges and an increase of 889 million yen in the valuation difference on available-for-sale securities despite dividends of surplus of 4,203 million yen.

## 2) Cash Flows

Cash and cash equivalents ("cash") as of December 31, 2023 were 4,949 million yen, an increase of 920 million yen from the end of the previous fiscal year.

Cash flows in the first nine months under review and major contributing factors are as follows.

### (Cash flows from operating activities)

Net cash provided by operating activities was 17,873 million yen (7,234 million yen higher year on year). Cash inflows were attributable primarily to net income before income taxes, a decrease in notes and accounts payable, and depreciation, a non-cash account, which were partially offset by income taxes paid and a decrease in notes and accounts payable-trade, among other cash outflows.

Net cash provided by operating activities increased substantially year on year. This is due mainly to contracting increase in inventories and of income taxes paid, in addition to a increase in profit before income taxes.

### (Cash flows from investing activities)

Net cash used in investing activities 13,567 million yen (2,715 million yen less year on year). The cash outflows were attributable primarily to purchases of property, plant and equipment and intangible assets and to expenses for acquisition of securities.

### (Cash flows from financing activities)

Net cash used in financing activities was 3,400 million yen (3,994 million yen less year on year). Loans payable and other cash inflows were more than offset by cash outflows, including repayment of loans payable, repayments of lease obligations and payment of cash dividends.

## (3) Explanation of Consolidated Earnings Forecast and Other Forward-Looking Information

Results in the first nine months of the fiscal year under review were roughly as forecast. The earnings forecasts for the fiscal year ending March 31, 2024 announced on May 9, 2023 remain unchanged.

The earnings forecasts are based on information available at the time of publication. Actual results may differ from the forecasts due to a variety of factors.

## 2. Quarterly Consolidated Financial Statements and Notes

## (1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	Fiscal Year Ended March 31, 2023	Nine Months Ended December 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	4,359	5,123
Notes and accounts receivable - trade and contract assets	29,899	27,072
Merchandise and finished goods	5,448	5,328
Work in process	1,130	1,796
Raw materials and supplies	1,589	1,546
Other	9,850	11,966
Allowance for doubtful accounts	- 454	- 467
Total current assets	51,824	52,367
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	36,188	36,671
Machinery, equipment and vehicles, net	26,038	26,304
Land	24,841	24,932
Other, net	23,316	24,300
Total property, plant and equipment	110,384	112,209
Intangible assets		
Goodwill	5,904	5,630
Other	4,588	4,519
Total intangible assets	10,492	10,150
Investments and other assets		
Net defined benefit asset	4,092	4,145
Other	16,785	17,917
Allowance for doubtful accounts	- 243	- 374
Total investments and other assets	20,634	21,688
Total non-current assets	141,511	144,048
Deferred assets	3	3
Total assets	193,339	196,419

	(Millions of yen)	
	Fiscal Year Ended March 31, 2023	Nine Months Ended December 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable–trade	19,801	18,500
Short-term loans payable	15,753	22,830
Income taxes payable	2,247	571
Other provision	1,570	59
Other	21,673	21,420
Total current liabilities	61,046	63,382
Non-current liabilities		
Long-term loans payable	30,855	28,451
Other provision	342	297
Net defined benefit liability	1,377	1,476
Other	17,412	17,911
Total non-current liabilities	49,988	48,137
Total liabilities	111,034	111,519
Net assets		
Shareholders' equity		
Capital stock	14,000	14,000
Capital surplus	25,566	25,567
Retained earnings	38,526	39,257
Treasury stock	-2,601	-2,561
Total shareholders' equity	75,492	76,263
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,458	2,347
Deferred gains or losses on hedges	—	964
Foreign currency translation adjustment	741	843
Remeasurement of defined benefit plans	2,492	2,252
Total accumulated other comprehensive income	4,692	6,408
Share acquisition rights	36	50
Non-controlling interests	2,083	2,177
Total net assets	82,304	84,899
Total liabilities and net assets	193,339	196,419



(2) Quarterly Consolidated Statements of Income, Consolidated Statements of Comprehensive Income  
 (Quarterly Consolidated Statements of Income)  
 (Nine Months Ended December 31, 2023)

	(Millions of yen)	
	Nine Months Ended December 31, 2022 (April 1, 2022 to December 31, 2022)	Nine Months Ended December 31, 2023 (April 1, 2023 to December 31, 2023)
Sales	164,249	164,676
Cost of sales	102,720	100,848
Gross profit	61,529	63,827
Selling, general and administrative expenses	53,063	55,030
Operating profit	8,466	8,797
Non-operating profit		
Interest income	11	11
Dividend income	212	234
Commission fee	22	22
Other	275	256
Total non-operating profit	521	525
Non-operating expenses		
Interest expenses	200	227
Share of loss of entities accounted for using equity method	2,001	75
Other	80	52
Total non-operating expenses	2,282	354
Recurring profit	6,705	8,968
Extraordinary income		
Gain on sales of non-current assets	28	171
Gain on reversal of subscription rights to shares	103	3
Gain on bargain purchase	51	—
Transmission line facility subsidies	87	71
Subsidy income	3	9
Total extraordinary income	274	255
Extraordinary losses		
Loss on sales of non-current assets	0	0
Loss on retirement of non-current assets	592	896
Loss on valuation of investment securities	—	33
Special investigation fee	312	—
Total extraordinary losses	905	931
Quarterly net income before income taxes	6,073	8,292
Income taxes (current)	2,191	2,761
Income taxes (deferred)	918	494
Total income taxes	3,109	3,255
Quarterly net income	2,964	5,037
Quarterly net income attributable to non-controlling interests	148	102
Quarterly net income attributable to owners of the parent	2,816	4,934

(Consolidated Statements of Comprehensive Income)

(Nine Months Ended December 31, 2023)

(Millions of yen)

	Nine Months Ended December 31, 2022 (April 1, 2022 to December 31, 2022)	Nine Months Ended December 31, 2023 (April 1, 2023 to December 31, 2023)
Quarterly net income	2,964	5,037
Other comprehensive income		
Valuation difference on available-for-sale securities	821	889
Deferred gains (losses) on hedges	—	964
Foreign currency translation adjustment	-5	10
Remeasurement of defined benefit plans, net of tax	-241	-239
Share of other comprehensive income of entities accounted for using the equity method	378	93
Total other comprehensive income	952	1,717
Quarterly comprehensive income	3,916	6,754
(Breakdown)		
Quarterly comprehensive income attributable to owners of the parent	3,766	6,651
Quarterly comprehensive income attributable to non-controlling interests	149	103

## (3) Quarterly Consolidated Statements of Cash Flows

	(Millions of yen)	
	Nine Months Ended December 31, 2022 (April 1, 2022 to December 31, 2022)	Nine Months Ended December 31, 2023 (April 1, 2023 to December 31, 2023)
<b>Cash flows from operating activities</b>		
Quarterly net income before income taxes	6,073	8,292
Depreciation	11,342	11,747
Amortization of goodwill	738	719
Gain on bargain purchase	-51	—
Impairment loss	-310	-295
Increase (decrease) in net defined benefit asset and liability	-223	-245
Interest and dividend income	-103	-3
Loss (gain) on sales of investment securities	200	227
Interest expenses	2,001	75
Loss (gain) on sale of non-current assets	-28	-170
Loss (gain) on valuation of investment securities	—	33
Loss on retirement of non-current assets	592	896
Decrease (increase) in notes and accounts receivable – trade	991	3,020
Decrease (increase) in inventories	-3,390	-245
Increase (decrease) in notes and accounts payable – trade	615	-1,328
Other	-1,257	-933
Subtotal	17,191	21,788
Income taxes paid	-6,552	-3,915
Net cash provided by (used in) operating activities	10,638	17,873
<b>Cash flows from investing activities</b>		
Interest and dividend income received	278	282
Purchase of securities	-1,154	-1,097
Proceeds from sales of securities	145	18
Purchase of tangible and intangible assets	-10,645	-12,553
Proceeds from sales of tangible and intangible assets	298	564
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-285	-560
Proceeds from collection of loans receivable	603	8
Other	-93	-230
Net cash provided by (used in) investing activities	-10,852	-13,567
<b>Cash flows from financing activities</b>		
Interest expenses paid	-204	-231
Net increase (decrease) in short-term loans payable	10,550	7,459
Repayments of lease obligations	-3,448	-3,636
Proceeds from long-term loans payable	5,950	5,400
Repayment of long-term loans payable	-7,919	-8,186
Payments for acquisition of treasury stock	-0	-0
Cash dividends paid	-4,324	-4,195
Other	-8	-9
Net cash provided by (used in) financing activities	594	-3,400
Effect of exchange rate change on cash and cash equivalents	0	15
Net increase (decrease) in cash and cash equivalents	381	920
Cash and cash equivalents at beginning of period	4,447	4,028
Cash and cash equivalents at end of period	4,828	4,949

## (4) Notes on Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable

(Notes on Significant Changes in Shareholders' Equity)

Not applicable

(Segment Information, etc.)

[Segment Information]

From the first quarter consolidated accounting period, the order of reporting segments has been changed.

Accordingly, the order of reporting segments for the previous third quarter consolidated cumulative period has been similarly changed.

## I. Nine Months Ended December 31, 2022 (April 1, 2022 to December 31, 2022)

Information on net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segments						Other <sup>1</sup>	Total	Adjustments <sup>2</sup>	Amount in quarterly consolidated statement of income <sup>3</sup>
	Energy	Information and Communications	CATV	Construction, Equipment, and Real Estate	Aqua	Subtotal				
Net sales										
Sales to external customers	71,069	39,662	25,510	18,840	5,720	160,803	3,446	164,249	—	164,249
Intra-segment sales and transfer	159	3,064	358	971	203	4,757	264	5,021	-5,021	—
Subtotal	71,228	42,726	25,868	19,811	5,924	165,560	3,710	169,271	-5,021	164,249
Segment profit (loss)	1,231	2,498	4,218	645	175	8,769	129	8,899	-433	8,466

(Notes) 1. The "Others" category is a business segment not included in the reportable segments. This category includes businesses such as weddings, ship repair, insurance, and nursing care.

2. Adjustments to segment profit (loss) are eliminations due to intra-segment transactions.

3. Segment profit (loss) is adjusted to match operating profit in the quarterly consolidated statements of income.

## II. Nine Months Ended December, 2023 (April 1, 2023 to December 31, 2023)

Information on net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segments						Other <sup>1</sup>	Total	Adjustments <sup>2</sup>	Amount in quarterly consolidated statement of income <sup>3</sup>
	Energy	Information and Communications	CATV	Construction, Equipment, and Real Estate	Aqua	Subtotal				
Net sales										
Sales to external customers	69,271	41,822	26,673	17,585	5,796	161,149	3,526	164,676	—	164,676
Intra-segment sales and transfer	120	4,008	304	753	218	5,406	252	5,659	-5,659	—
Subtotal	69,392	45,830	26,978	18,339	6,015	166,556	3,779	170,335	-5,659	164,676
Segment profit (loss)	1,333	2,965	4,142	506	277	9,226	33	9,259	-462	8,797

(Notes) 1. The "Others" category is a business segment not included in the reportable segments. This category includes businesses such as weddings, ship repair, insurance, and nursing care.

2. Adjustments to segment profit (loss) are eliminations due to intra-segment transactions.

3. Segment profit (loss) is adjusted to match operating profit in the quarterly consolidated statements of income.