

FY03/22

Financial Results Briefing for the First Six Months of the Fiscal Year Ending March 31, 2022



October 29, 2021 (Friday)
TOKAI Holdings Corporation
(Code No. 3167)

Agenda

- I. Outline of Financial Results for the First Six Months**
- II. Full-Year Forecast**
- III. Progress of Medium-Term Management Plan,
IP24 “Design the Future Life”**

(Contact for inquiries)

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Overview of Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2022

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Overview of Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2022

Sales hit a record high of 96.1 billion yen

- ▣ Sales rose 6.2 billion yen (+6.9%) year on year, increasing for the first time in two periods and hitting a record high
- ▣ In addition to increases in the number of customers and expansion of the Information and Communications business, M&A in the Construction, Equipment, and Real Estate business contributed to growth

Operating profit was 5.2 billion yen, almost on a par with that of the same period of the previous year

- ▣ Increase in the number of monthly fee-paying customers and an increase in profit in the Information and Communications business
- ▣ Increase in expenses associated with proactive steps to gain LP gas and Aqua customers, and incurrence of expenses to improve the working environment as part of work-style reform.

Core businesses saw expansion in continuing customer number

- ▣ Continuing customer count reached 3,125,000, up 26,000 from 3,100,000 at the beginning of the year
- ▣ Number of TLC members topped 1 million, rising 44,000 to 1,023,000

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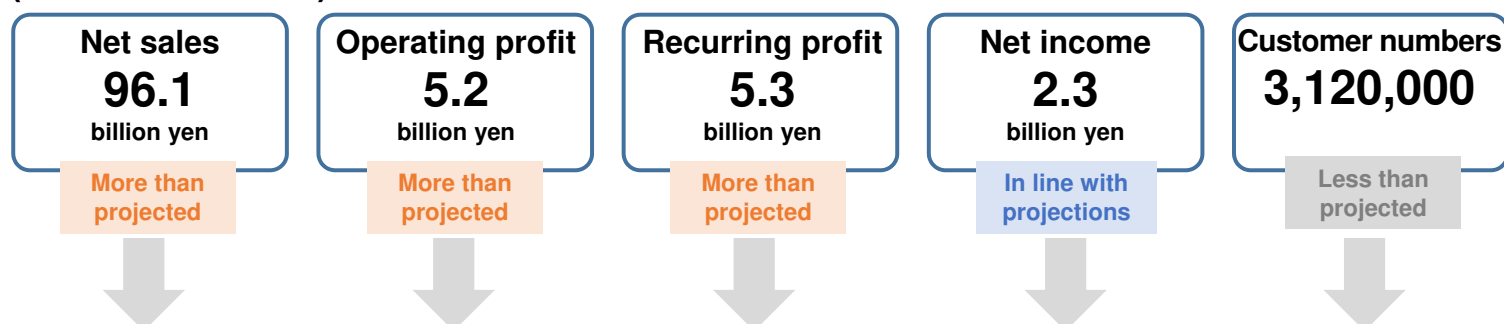
Forecast for the Fiscal Year Ending March 31, 2022

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Both sales and profits are projected to hit record highs

- The consolidated earnings forecast for the fiscal year ending March 31, 2022 projects record-high sales and profits (initial forecasts remain unchanged)
- Looking at progress made during the first half, net sales, operating profit and recurring profit all surpassed internal projections Net income was almost in line with internal projections despite the recording of a temporary extraordinary loss
- The number of customers, which underpins earnings, fell short of the internal plan but, in the second half, more money than initially projected will be spent on efforts to gain new customers, aiming to achieve a customer count of 3,200,000 at the end of the fiscal year

(First-Half Results)



(Full-Year Earnings Forecast)



More money than initially projected will be spent on efforts to gain new customers but both sales and profits are projected to hit record highs

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Progress of IP24 “Design the Future Life”

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Announcement of new Medium-Term Management Plan, IP24 “Design the Future Life”

April 2021
10th Anniversary of Start of Operations
under Holding Company Structure



First Step Towards Next 10 Years

May 2021

New Medium-Term Management Plan
Announcement of IP24 “Design the Future Life”

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Future Vision of the Group

- The environment surrounding businesses is changing dramatically, with lifestyle changes associated with COVID-19, global pressure to contribute to the SDGs, the trend towards clean energy, and digitalization
- In response to such environmental changes, the Group aims to become a Life Design Group, a corporate group that continues to grow sustainably and create people's lifestyles over the next 10 years

Environmental changes

Lifestyle changes associated with COVID-19

Global pressure to contribute to SDGs

Trend toward clean energy

Digitalization



A corporate group that continues to grow sustainably and create people's lifestyles

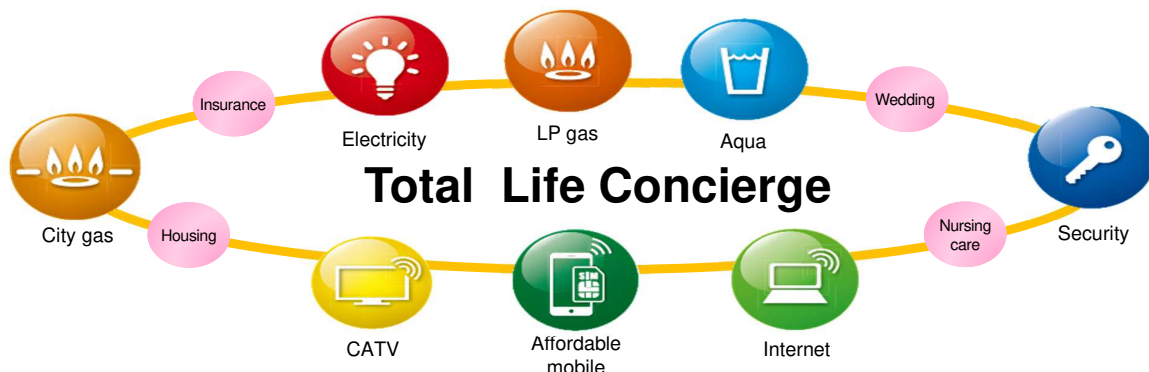
The Group ten year vision

“Life Design Group”

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Towards further enhancement of TLC

- In the past, the TOKAI Group has provided lifestyle infrastructure services mainly within each household, in accordance with the Group's “Total Life Concierge (TLC)” vision.
- Going forward, the Group will move beyond lifestyle support and contribute to solving social issues by detecting customers' potential needs and designing new lifestyles. Based on this approach, the Group will aim for further enhancement of TLC



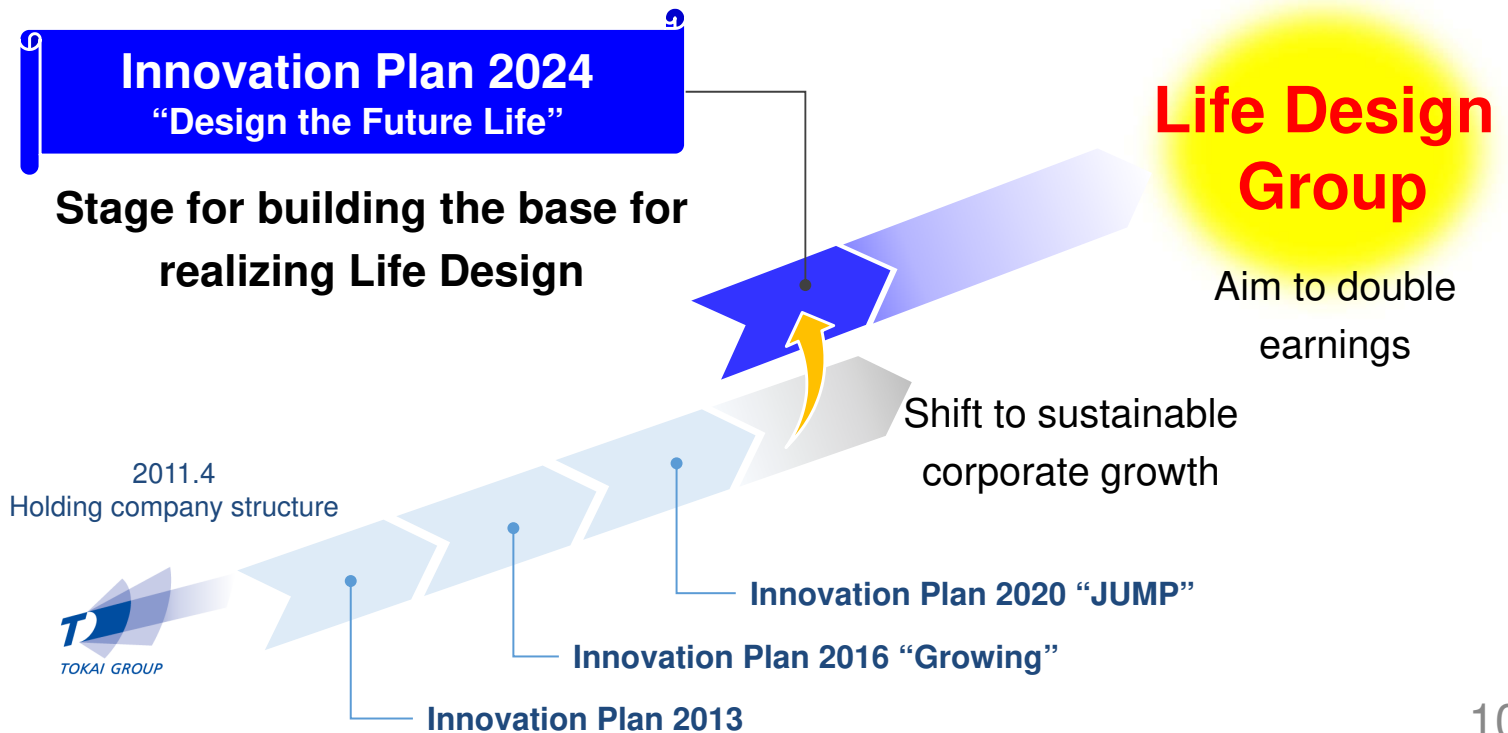
“Life Design Group”

Contribute to solving social issues by designing new lifestyles for customers. Based on this approach, take first step toward further enhancement of TLC.

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Positioning of IP24 “Design the Future Life”

- Medium-Term Management Plan as First Step Towards Achieving 10-Year Vision of Becoming a “Life Design Group”
- The Group will build on the growth achieved in the 10 years since the establishment of a holding company structure to shift to sustainable corporate growth and positions the four-year period from FY2021 to FY2024 as the “Stage for building the base for realizing Life Design”



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Five Key Messages under IP24

- Five Key Message under IP24 “Design the Future Life”

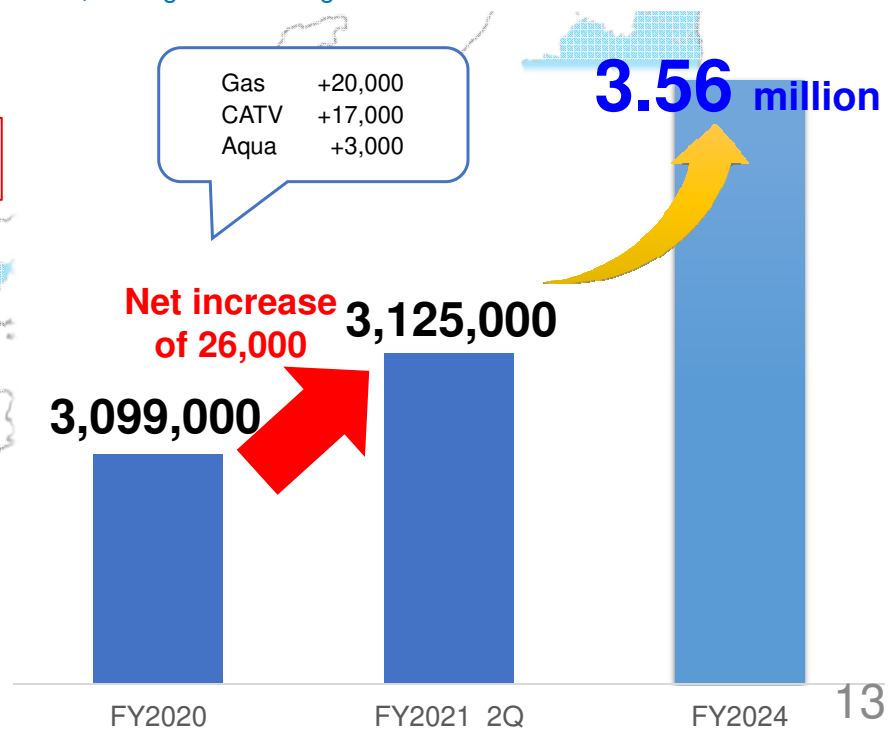
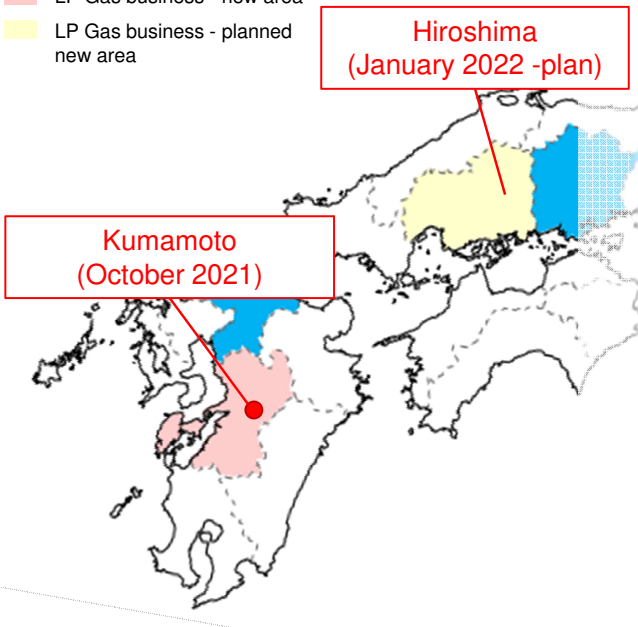
- 1. Implementation of the LNG strategy**
- 2. Evolution of TLC (Digital Marketing & Open Innovation)**
- 3. Stepping up of DX strategy**
- 4. Optimal allocation of management resources**
- 5. Strengthening of SDG initiatives**

Implementation of the LNG strategy

Steady Expansion of Customer Base in Core Businesses

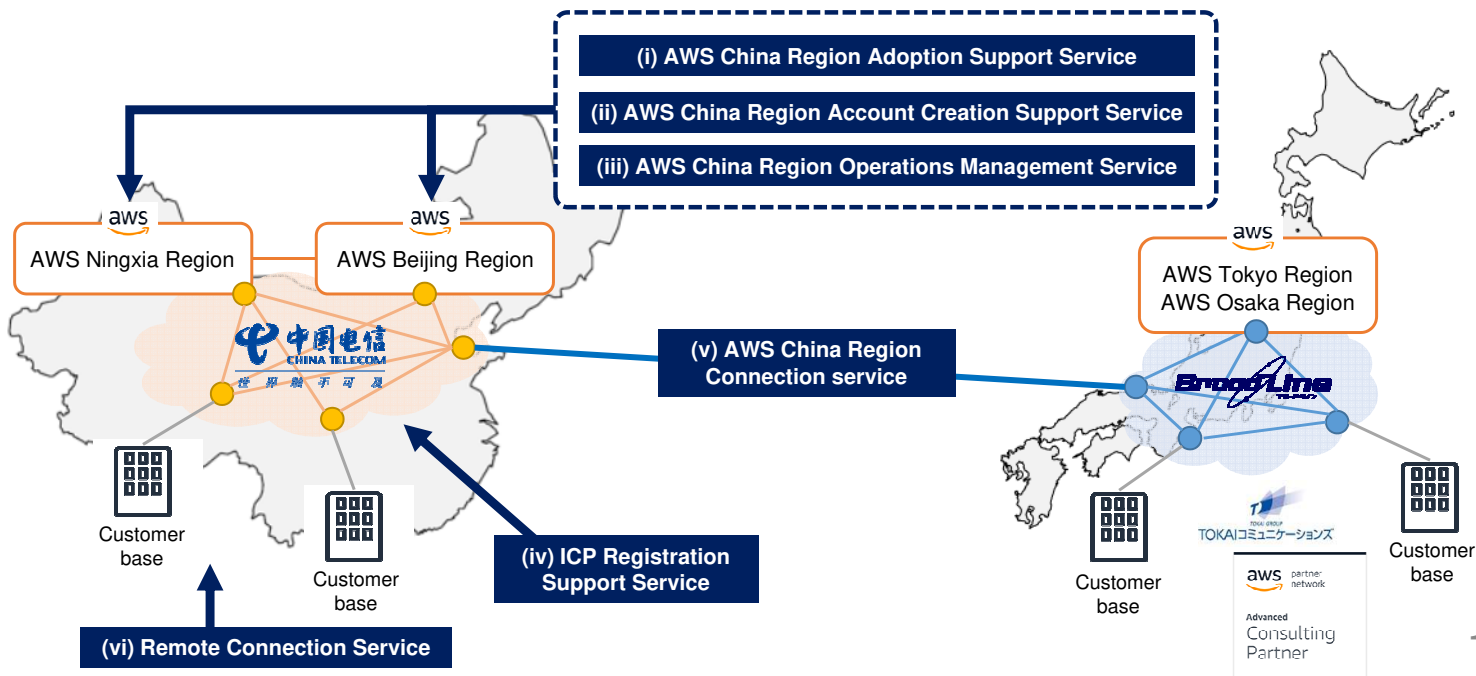
- Customer numbers, which underpin earnings in the core gas, CATV and Aqua businesses, will increase by 26,000
- In LP Gas business, a sales base was opened in Kumamoto City, Kumamoto Prefecture in October 2021. In addition, expansion into Hiroshima Prefecture by January 2022 is also under consideration
- Further increases in customer numbers will be made, aiming to achieve goal of 3.56 million at the end of FY2024

- LP Gas business - existing area
- LP Gas business - new area
- LP Gas business - planned new area



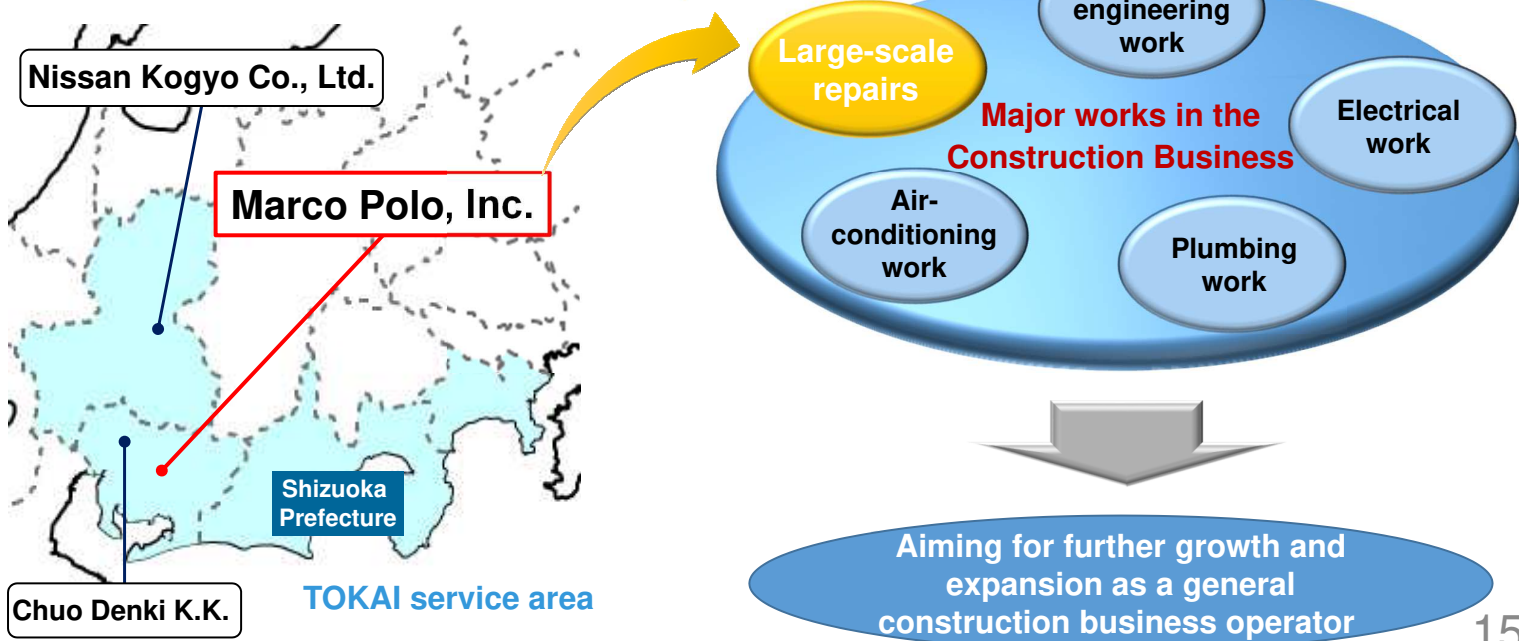
New Direction in ICT Business

- Offering a one-stop shop for Amazon Web Services (AWS) covering all processes from consulting to design, construction, connection, monitoring and operation, in the ICT business for corporate customers
- Already provided cloud computing support to many customers since achieving AWS certification
- Leveraging this track record and experience to begin offering AWS Solution for China Region to support use of AWS by Japanese businesses with a local subsidiary in China from September 2021



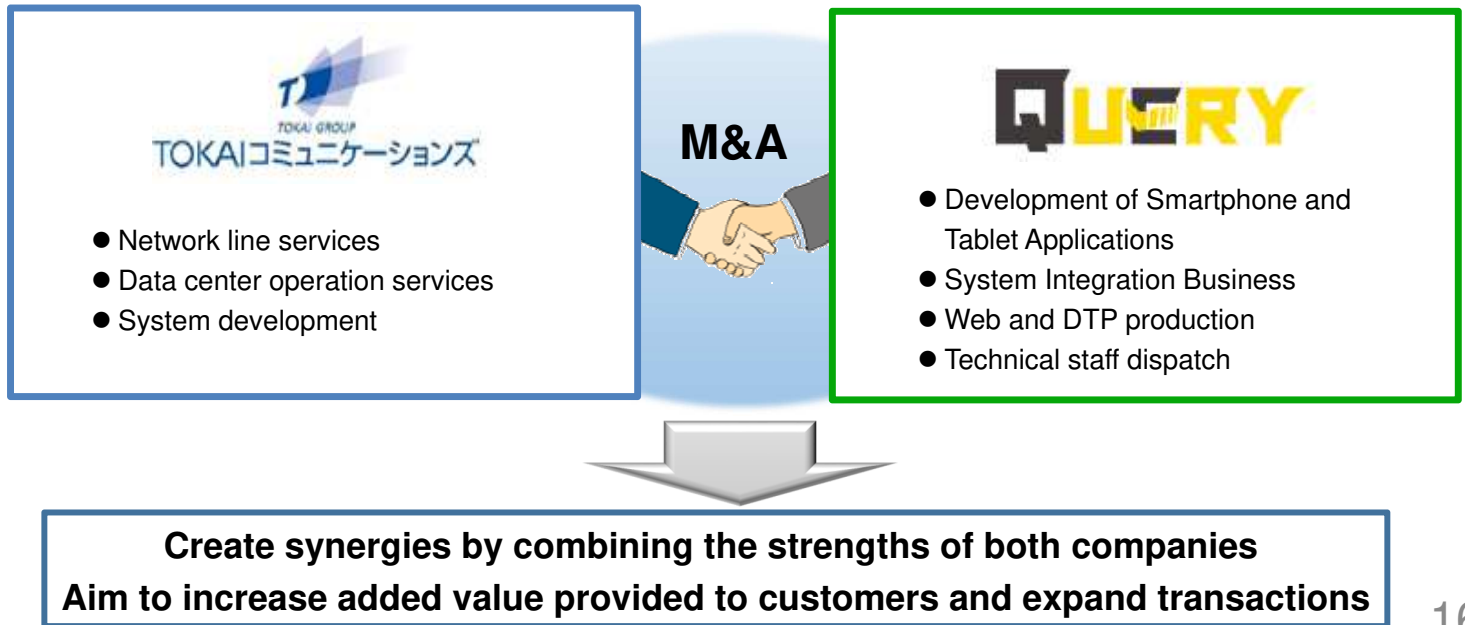
Further Growth and Expansion as an General Construction Business Operator

- Made Marco Polo, Inc., which is engaged in the large-scale repairs business in Aichi Prefecture, into a consolidated subsidiary in April 2021
- Enhanced the structure for winning orders for major construction work in the Construction Business of the Construction, Equipment and Real Estate Segment by making civil engineering company Nissan Kogyo and electrical contractor Chuo Denki Koji into consolidated subsidiaries in 2019 and 2020 respectively
- Drawing on the strengths of each to create synergies, aiming for further growth and expansion as general construction business operator



Further Expansion of ICT Business

- Made Query Co., Ltd., which is engaged in the system development business, into a consolidated subsidiary in April 2021
- QUERY's strengths are its technological capabilities that can flexibly respond to customer needs and the long-standing relationships of trust with major customers, built through its numerous development and operation results
- Aiming to provide added value to customers and expand transactions by creating synergies through the combination of QUERY's technological capabilities and relationships of trust with integration of the cloud and networking areas, which is TOKAI's strength



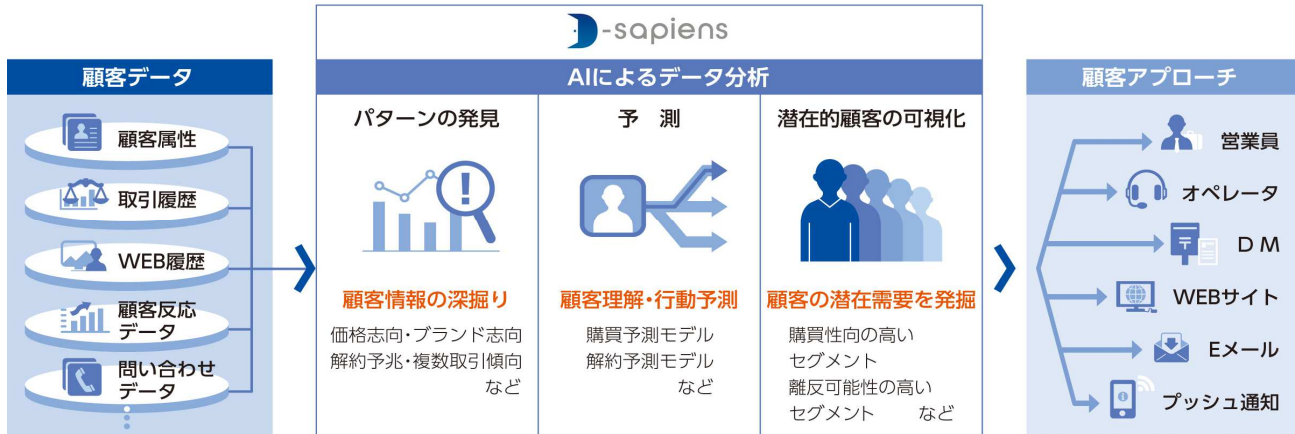
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Evolution of TLC

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Promotion of Digital Marketing

- Promoting digital marketing to identify potential needs of customers and design and suggest new lifestyles
- Utilizing D-sapiens, a data analysis platform which centrally manages the data of 3.1 million customers nationwide, to deepen customer understanding and suggest the optimal services for customers, aiming to increase added value and improve the customer experience
- Specific examples include an AI-based initiative for detecting precursors of service cancellation and a Thanksgiving website where non-face-to-face is possible.



**Suggesting the optimal services to customers
aiming to increase added value and improve customer experience**

Stepping up of DX strategy

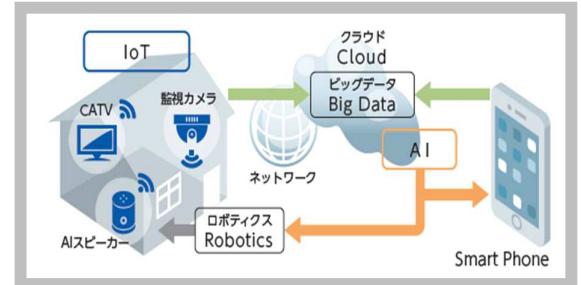
Implementation of DX Strategy

- Formulated Digital Transformation (DX) Strategy to coincide with announcement of IP24
- For the DX Strategy, fully utilize data of more than 3.1 million customers nationwide accumulated through business activities and ABCIR+S*
- Planning to further advance the optimization of existing business models and achieve improvement in business efficiency and high added value in our services. Also intending to take on challenges to create new businesses.

D-sapiens



ABCIR+S



* Term coined by combining A for AI, B for Big Data, C for Cloud, I for IoT, R for Robotics, and (+) S for Smartphone. It is the Group's strategy for digital technology innovation.

Improving business efficiency

Increasing Productivity and Improving Business Efficiency through the Digital Workplace

High added value

Pursuing customer understanding and improving the customer experience through D-sapiens

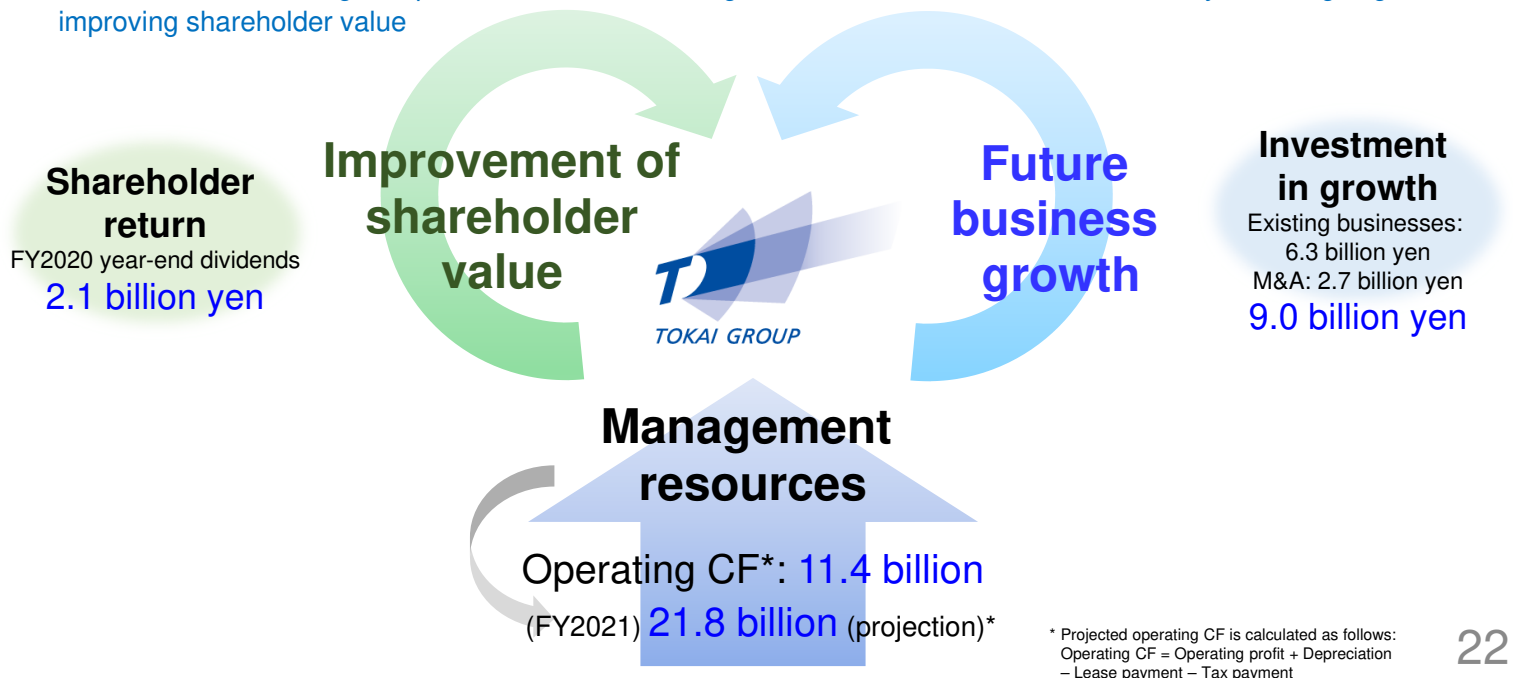
Creating new businesses

Providing new value through collaborations and co-creation with start-ups, etc.

Optimal allocation of management resources

Optimal Allocation of Management Resources in Line with Plan

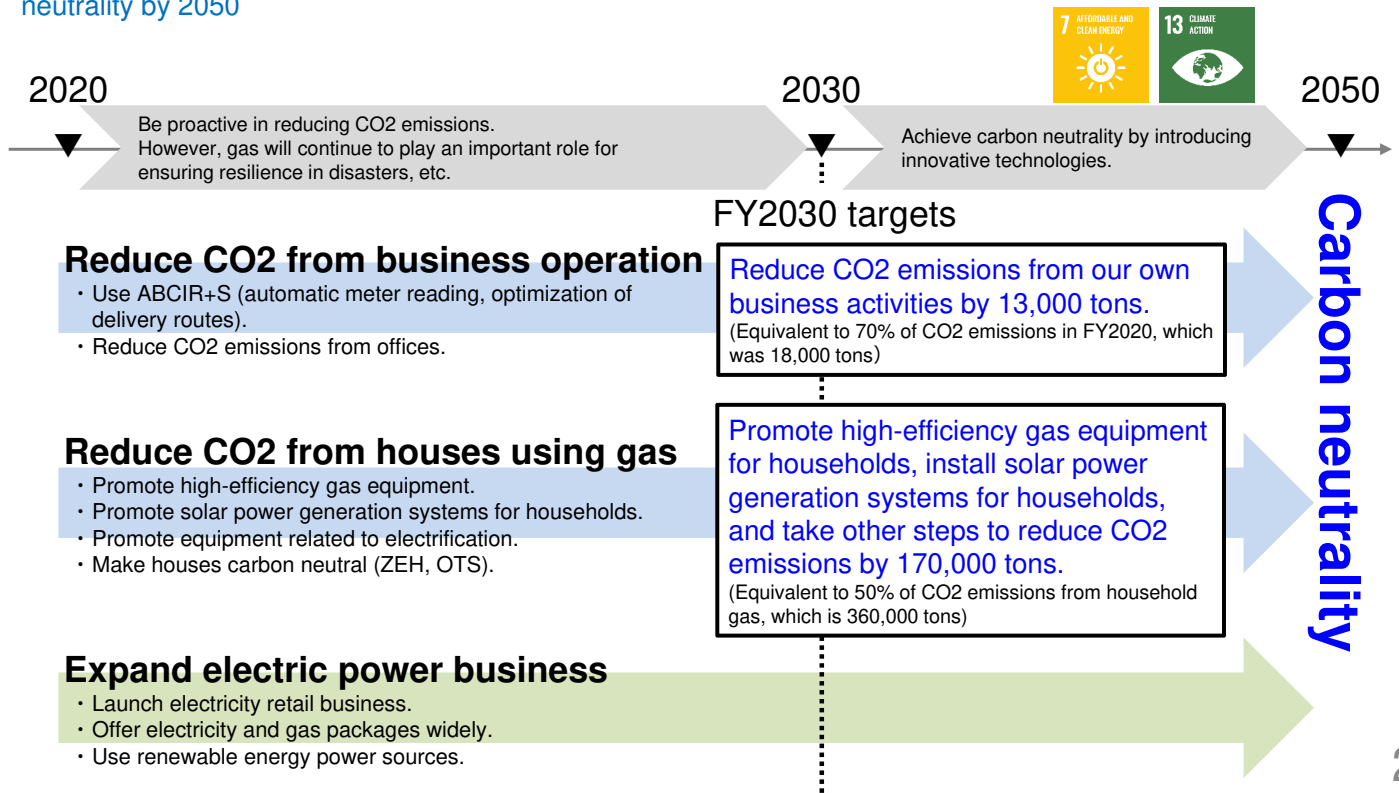
- Appropriated 9 billion yen out of the 11.4 billion yen in cash flows provided by operating activities in 2Q for investments in future growth including investments in existing businesses and acquisitions of new subsidiaries
- Shared the benefits of growth with shareholders by paying a dividend of 30 yen (2.1 billion yen in total), an increase of 2 yen from the previous fiscal year
- Plan to continue striving for optimal allocation of management resources with a view to actively investing in growth and improving shareholder value



Strengthening of SDG initiatives

Carbon Neutrality Vision

- Announced TOKAI Group Carbon Neutrality Vision in May 2021
- The Group will further promote the use of environmentally friendly energy equipment and also utilize renewable energy and electric vehicles in its business activities to reduce CO2 emissions and aims to achieve carbon neutrality by 2050



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Start of Sales of Carbon Neutral Gas

- Started selling carbon neutral gas in the City Gas Business in August 2021. Carbon neutral gas achieves net zero emissions by using the J-Credit Scheme to offset CO2 emissions
- Supporting the efforts of local governments and businesses to reduce GHG emissions through the sale of carbon neutral gas, aiming to help local communities reduce their environmental impact and achieve more widespread use of carbon neutral gas
- Concluded a Collaboration Agreement for the Realization of Zero Carbon City with Fujieda City (Shizuoka Prefecture), which has declared its intention to become a Zero Carbon City



Fujieda City, Shizuoka Prefecture

Conclusion of Collaboration Agreement for Realization of Zero Carbon City

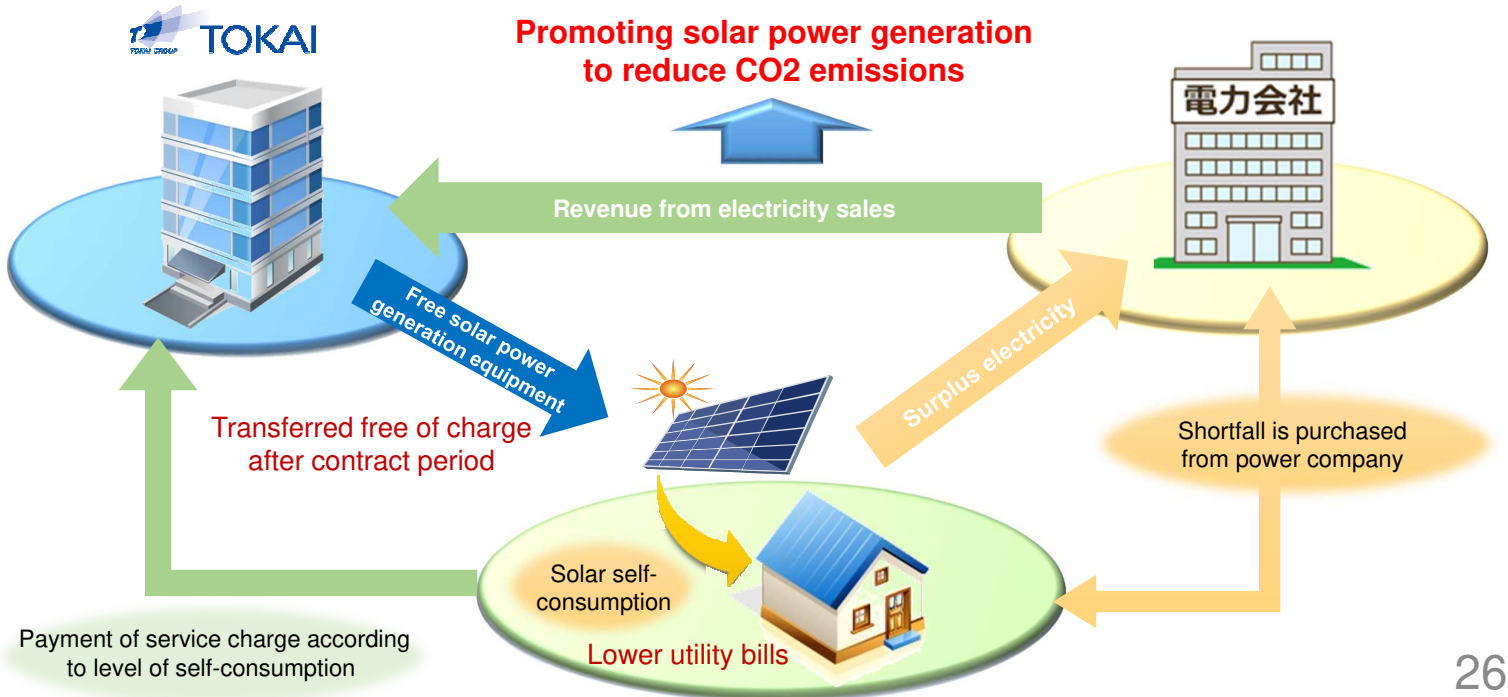
- Promotion of decarbonization and energy conservation
- Encouragement of widespread use of carbon neutral gas

* Scheme under which the government certifies the amount of greenhouse gas emissions reduced through the introduction of energy-saving devices or the use of renewable energy or the amount of greenhouse gas emissions absorbed through proper forest management, as "credit."

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Start of Provision of TOKAI ZERO SOLAR

- Began offering TOKAI ZERO SOLAR, which allows solar power generation systems to be installed at an upfront cost of ¥0, in October 2021
- The widespread adoption of solar power generation is important to improve energy self-sufficiency and realize a low-carbon society
- TOKAI bears all the initial installation cost and service users benefit from lower utility bills for the duration of the service. Another benefit to customers is that ownership of all the equipment is transferred to them free of charge at the end of the contract period and the service helps reduce CO2 emissions

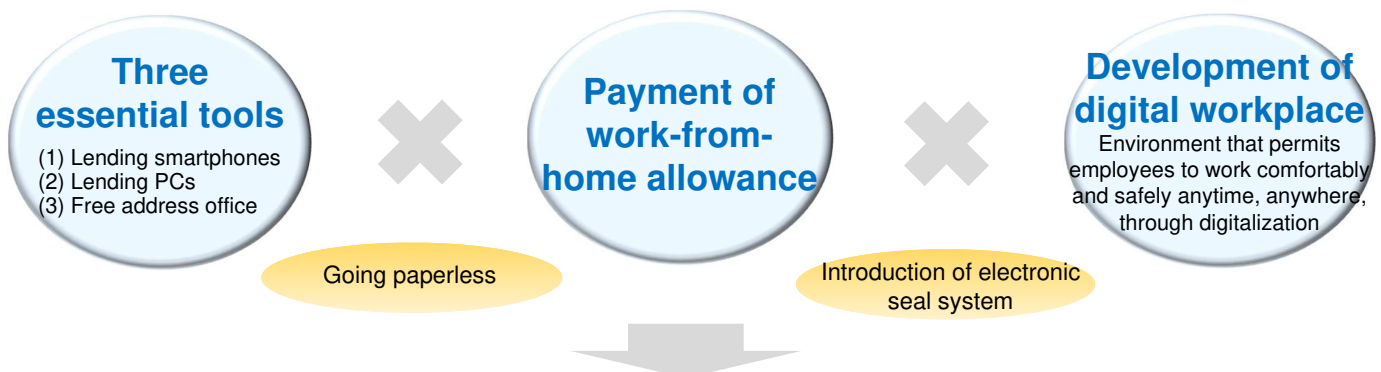


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Realization of Flexible Ways of Working through Work Style Reform

- Introduced new ways of working, consisting mainly of teleworking, in April 2021, with the payment of work-from-home allowance and development of the digital workplace in addition to the provision of equipment (smartphones and computers)
- Made steady progress towards achievement of targets of 50% office attendance rate and 40% reduction in office floor area. Also made progress on improving business processes including going paperless and considering introduction of an electronic seal system
- Plan to implement work style reform, aiming to realize flexible ways of working and achieve the career advancement of diverse human resources

Introduced teleworking from April 2021, aiming to have 50% of employees working in the office and to reduce office floor space by 40%



Implementing work style reform to realize flexible ways of working and achieve the career advancement of diverse human resources

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Strengthening the governance system

- Strengthened the governance system to achieve sustainable growth and improve the corporate value over the medium to long term
- Established Nomination and Compensation Committee in February 2021 in addition to governance framework already developed, to further strengthen the independence, objectivity, and accountability of the functions of the Board of Directors
- Independent directors make up at least one third of the Board and female directors are also appointed



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Finally

We are steadily laying the foundations for achieving the five key messages under IP25

We are setting a clear path towards realizing our 10-Year Vision of becoming a “Life Design Group”

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The performance forecasts and forward-looking statements in these materials are based on information currently available to the Company, and include potential risks and uncertainties. Please be aware that due to changes in a variety of factors, actual results may differ materially from the projections and other forward-looking statements in these materials. Amounts are rounded down to the nearest hundred yen. Other figures are rounded off.

Please contact us with any questions regarding these materials.

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