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To whom it may concern

TOKAI Holdings Corporation  
Katsuhiko Tokita, President & CEO  
(Code No. 3167 Tokyo Stock Exchange First Section)

## Capital and Business Alliance with Minna-Denryoku, Inc.

Establishment of a New Company in Renewable Energy Business Using Blockchain and Customer Base of 3 Million Customers

TOKAI Holdings Corporation (President & CEO: Katsuhiko Tokita, Head office: Aoi-ku Shizuoka City; hereinafter the “Company”) announces that it has recently accepted allocation of new shares to third parties conducted by Minna-Denryoku, Inc. (President & CEO: Eiji Oishi, Head office: Setagaya-ku, Tokyo; hereinafter the “Minna-Denryoku”) to further expand its business operations. The Company has also agreed to form capital and business alliance in regard to its launch into the field of renewable energy business where management resources of both companies are utilized.

Taking this opportunity, the Company plans to begin selling renewable energy power and offering related services such as sales and maintenance of storage batteries in the field of renewable energy business where further growth is expected in the future through a newly-established Group company from April 2019. The Company has started a full-scale review for commercialization with Minna-Denryoku as follows:

### 1. Background and Purpose of Capital and Business Alliance

Power supply is shifting from a large-scale supply model to a distributed supply model where entities, individuals, and local governments and others act as energy power producers, further sharing and utilizing the power they produce. Backed by the reduction of renewable energy power generation cost and digitalization of electric power system, this trend of dispersion is viewed to further accelerate in the future.

In particular, photovoltaic power generation will increase from 2019 and beyond when its purchase period under the Feed-in-Tariff (FIT) scheme for renewable energy will expire. Individuals and others who have such FIT energy sources with purchase periods expiring, companies selecting renewable electricity as a response to social responsibility from a perspective of RE100\*<sup>1</sup>, ESG\*<sup>2</sup> and CSR, and local governments aiming to locally produce and locally consume electricity are expected to back up the diversifying trend of renewable energy source.

Blockchain from a technological aspect has drawn attention as a basic technology which support to increase independence of distributed renewable energy source, and is expected as a technology that will allow holders of distributed renewable energy source (energy power producers) to perform sales transactions of environmental values (energy source value without CO2 emission) of electric power and renewable energy directly to consumers not-via third parties (electric power company.)

Minna-Denryoku is an energy innovation venture company which sells renewable energy power procured nationwide on its original electric power transaction platform, based on a concept, held since its establishment, of providing power retailing service which “producers can be identified.” Its level of shares of renewable energy to its total power supply is the largest in the industry. Minna-Denryoku has abundant experience in implementing a model utilized for regional revitalization, branding energy sources held by local governments as “identifiable energy sources.” Taking hold of the increasing needs of renewable energy power in companies including members of RE100 in Japan, and actively promoting sales on renewable energy power to corporates among others, its business operations are expanding. In particular, Minna-Denryoku has taken advanced initiatives in regard to energy source derivation certificates (certificate of from which energy source-derived power was purchased) from historical reasons. It is working toward provision of new services including the issuance of energy source derivation certificates, direct electric power transactions and sales purchase of energy source value between individuals and entities, all which could not be implemented under the conventional price menu-type electric power sales, by implementing blockchain technology to the in-house electric power transaction platform.

Under the TLC (Total Life Concierge) vision, the Company offers various lifestyle infrastructure services to

approximately 3,000,000 individual customers nationwide, including energy (LP gas, city gas), information and communication (internet), CATV, and bottled water delivery. The Company also offers services including energy, information and communication to approximately 5,000 corporate customers in Japan. With the shift of energy source structure toward renewable energy continuing to progress in Japan without doubt, significant changes in the surrounding business environment is expected and new business opportunities anticipated. Meanwhile, such renewable energy business is considered to be extremely compatible with TOKAI Group's business portfolio in terms of energy, lifestyle infrastructure, community-based services, and monthly billing model. Given the situation, the Company is determined to start a full-scale review to launch into the field of renewable energy business.

The Company plans to enhance its brand value by utilizing Minna-Denryoku's electric power which has the highest level of shares of renewable energy in the industry, supplying electric power with high renewable energy ratio to Group's existing individual customers and corporate customers active toward CSR.

The Company also plans to actively expand this initiative model to gas and CATV operators nationwide as an alliance measure with other operators who are advancing Innovation Plan 2020 "JUMP", the Company's present medium-term management plan.

## 2. Directions for Study on Commercialization

### (1) Utilization of photovoltaic power generation where Feed-in-Tariff scheme will expire in 2019

With the expiry of the Feed-in-Tariff scheme applied to photovoltaic power generation facilities which TOKAI Group has been selling, the Company will proceed studying a new service utilizing blockchain technology which Minna-Denryoku has been developing.

### (2) Establishment of a "local production for local consumption" model for renewable energy (New Japanese Version of Private-Sector-Led Stadtwerke<sup>\*3</sup> Model)

The Company will establish a model where the above-described photovoltaic power generation which Feed-in Tariff scheme has been expired and renewable energy power generated by local governments and private companies are purchased and provided to public schools, government buildings, local corporations and individuals with derivation of energy source secured by blockchain technology. While new local electric power companies are each having difficulties in only selling electric power, the Company will aim to establish a new Japanese version Stadtwerke model led by private operators by utilizing knowhows on local energy infrastructures which it has been taking on the role for years, combining businesses such as gas, CATV, and local renewable energy power.

### (3) Corporate service "Nationwide Development of Local Version RE100"

The Company will offer electric power with high renewable energy ratio to corporate companies (RE100 member companies, etc.), local governments and organizations with high level of environmental awareness. Adding a premium plan of 100% renewable energy ratio to the service menu will also be considered.

## 3. Schedule

August 2018	Set up of preparatory office for the establishment of a new company
November 2018	Announcement of business plan
April 2019	Establishment of new company

## 4. Endorsement

Minna-Denryoku, Ltd.            President & CEO Eiji Oishi

"TOKAI Group has been taking a role in infrastructure services mainly in the energy business through face-to-face sales to customers throughout Japan for years. The Group's "knowhow" and "trust" is something a venture company can never obtain. We are extremely honored to be able to offer new customer experience on renewable energy service developed by us to customers with "trust" through this collaboration. At the same time, we would like to make this an occasion to study and establish knowhows to sustainably carry out the energy business."

## 5. Future Outlook

The subject is expected to have no material impact on the Company's consolidated performance for fiscal year ending March 2019.

- \*1 RE100: an international consortium in which member companies are committed to use electricity generated from 100% renewable energy
- \*2 ESG: initials of indicators used to determine whether or not a company will be able to realize sustainable growth: Environment, Social, and Government
- \*3 Stadtwerke: a small-scale community-based operator who is responsible for developing and operating local energy and lifestyle infrastructure businesses throughout Germany

Contact: Yoshihiro Taniguchi  
Public Relations and Investor Relations Office  
TEL: +81-(0)3-5404-2891  
Email: [overseas\\_IR@TOKAIGroup.co.jp](mailto:overseas_IR@TOKAIGroup.co.jp)