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To whom it may concern

TOKAI Holdings Corporation
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(Code No. 3167 Tokyo Stock Exchange First Section)

Announcement of TOKAI Group Medium-Term Management Plan "IP24" (Innovation Plan 2024 “Design the Future Life”)

TOKAI Holdings Corporation (hereinafter, the “Company”) today announced the formulation of "TOKAI Group Medium-Term Management Plan "IP24" (Innovation Plan 2024 “Design the Future Life”)" to cover the four-year period from FY2021 to FY2024. Under the plan, the TOKAI Group aims to be a corporate group that continues to grow sustainably and create people's lifestyles.

The TOKAI Group has been diversifying its businesses, with a focus on lifestyle infrastructure services including liquefied petroleum gas (LP gas) and other energy business, drinking water delivery, Internet and CATV. The COVID-19 pandemic that is still raging around the world and environmental issues such as global warming demand big lifestyle changes at every level, from a reassessment of the way we live to measures for the realization of decarbonization.

With its Corporate Philosophy "For Customers Livelihood Along with the region, together with the earth, we will continue to grow and develop" as an unchanging value, the TOKAI Group will adapt to changes in customers' lifestyles and changes in society and the environment and, while supporting and staying close to customers, aims to evolve into a "Life Design Group" that designs and provides the new lifestyles of the future, ready to take on new challenges.

[Overview of TOKAI Group Medium-Term Management Plan "IP24"]

■ Basic Concept

Aiming to realize the TLC (Total Life Concierge)*¹ concept mentioned in its vision, the TOKAI Group will focus on further enhancing its service lineup, aiming to become a Life Design Group 10 years from now. The Company's definition of a Life Design Group is a group that helps solve social issues by designing and proposing the lifestyles customers lead. The IP24 phase is positioned as a phase for laying the foundations for this evolution.

*¹ TLC (Total Life Concierge) concept: The Group will provide a comprehensive range of carefully tailored services to help customers live more comfortable lives and aim to improve customer satisfaction.

■ Five Key Messages

1) Implementation of LNG strategy

Referring to expansion of share in existing areas as local (L), expansion of strategic areas in Japan as National (N), and overseas expansion as global (G), the Group will expand the areas of its business operations to support the Group's growth together with growth in customer numbers.

2) Evolution of TLC concept

The Group will seek to pursue the TLC concept further, with "enhancement of digital marketing" to accurately grasp customer needs and "open innovation," with corporate venture capital at the core, as driving strategies.

3) Stepping up of DX strategy

The Group will focus on a DX strategy utilizing ABCIR+S*² to drive progress with 1) Implementation of LNG strategy and 2) Evolution of TLC concept described above across the Group.

*² ABCIR + S: A strategy for technological innovation of the Group. Coined acronym that stands for AI (A), Big Data (B), Cloud (C), IoT (I), Robotics (R) and Smart Phone (S)

4) Optimal allocation of management resources

The Group will endeavor to optimize the allocation of management resources generated with cash flows from operating activities, striking a balance between growth investment such as capital investment for future business growth and enhancement of shareholder returns for improvement of shareholder value.

5) Strengthening of SDG initiatives

1. Green Strategy

The TOKAI Group will work to achieve FY2030 targets of a 70% reduction in CO2 emissions associated with the Group's business activities and a reduction equivalent to 50% of household gas CO2 emissions through measures such as widespread use of high efficiency gas equipment and the installation of solar power systems in its operating activities. The Group also aims to achieve carbon neutrality through the sale of low carbon gas only by 2050.

2. Work style reform

The Group introduced teleworking from April 2021, aiming to have 50% of employees working in the office and to reduce office floor space by 40%. The Company intends to ensure that all employees (excluding essential workers) have the option of working remotely by FY2024. The Group will also strive for the active participation of diverse human resources, aiming to increase the number of women in management positions to 10 times the current level and to reduce the percentage of employees who leave their jobs because of family care responsibilities to 0% by 2030.

3. Strengthening of corporate governance

The Company established the Nomination and Compensation Committee in February 2021, mainly to increase the transparency and objectivity of the evaluation and determination process in relation to the nomination and compensation of Directors. The Company will continue working to increase the effectiveness and transparency of corporate governance in the future, including conducting a review of the composition of the Board of Directors.

■ Capital policy

The TOKAI Group is committed to actively returning profits to shareholders in line with its growth and improvement in the profit level. The Group aims for a dividend payout ratio in the range 40-50% and will also buy back shares flexibly.

■ Management indicators

In order to meet market expectations, the Group aims to maintain the level of ROE and ROIC and to sustainably achieve growth in sales and profit throughout the four years of IP24.

(Billions of yen)

	FY2020 Result	FY2021 Forecast	FY2022 Plan	FY2023 Plan	FY2024 Plan
Net sales	196.7	207	221	232	245
Operating profit	15.2	15.2	15.6	16.5	18.6
Net income	8.8	8.8	9	9.5	11
Cash flow from operating activities	22.4	21.8	23	24	26
Dividend payout ratio	44.60%	40% - 50%			
ROE	12.70%	→			At least 13%
ROIC	9.20%	→			At least 9.9%
Equity ratio	41.60%	→			Approx. 40%
Customer numbers (millions)	3.1	3.2	3.32	3.44	3.56

●Related material

<https://www.tokaiholdings.co.jp/ir/management/manageplan.html>

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