

May 11, 2021

TOKAI Holdings Corporation
Katsuhiko Tokita, President & CEO
(Securities Code: 3167, Tokyo Stock Exchange First Section)

Financial Results for the Fiscal Year Ended March 31, 2021

Achieved Increased Sales for the Fourth Consecutive Fiscal Year and Generated Record-High Profits for the Third While Expanding Our Customer Base despite Impact from the COVID-19 Pandemic

TOKAI Holdings Corporation (hereinafter, the “Company”) today announced its financial results for the fiscal year ended March 31, 2021 (April 1, 2020–March 31, 2021).

1. Customer count expanded by about 100,000 for the second consecutive fiscal year as the Company continued to expand its earnings base

Previously, the Company was implementing its third medium-term management plan, Innovation Plan 2020 “JUMP,” which extended through the fiscal year ended March 31, 2021. Under this plan, we actively applied strategies aimed at expanding our earnings base, including investing in M&A and forming business alliances. We also worked to address an ongoing business objective by acquiring additional continuing customers, securing multiple contracts based on the total life concierge (TLC) concept^{*1}, and expanding service areas.

The TOKAI Group provides daily life-related infrastructure that is essential to the livelihood of its customers who are required by the government and administration to continue operating their businesses amid the COVID-19 pandemic. In the fiscal year ended March 31, 2021, the Group ensured the safety of customers and employees and fulfilled its responsibility to continue providing services by thoroughly implementing measures aimed at preventing the spread of COVID-19.

We actively conducted remote sales activities that do not involve direct human contact and involved new forms of Internet-based information transmission, business meetings, and telemarketing. As a result, **the Group recorded 3,099,000 continuing customers** as of March 31, 2021. **This continuing customer count exceeded the count at the beginning of the fiscal year (3,003,000) by more than 95,000.**

Following an increase of 101,000 continuing customers in the fiscal year ended March 31, 2020 (including 65,000 customers added through M&A), the Company achieved continuing customer growth of about 100,000 for the second consecutive fiscal year.

With net increases of 31,206 (LP and city) gas customers, 43,520 CATV customers, and 12,939 Hikari Collaboration customers, we further expanded our earnings base.

2. Sales increased for the fourth consecutive fiscal year and profits reached record-high levels for the third, exceeding forecasts

In the fiscal year ended March 31, 2021, **sales reached 196,726 million yen, up 774 million yen, or 0.4%, year on year, rising for the fourth consecutive fiscal year.** Factors contributing to the increase in overall sales were growth in the volume of LP gas sold to households; expansion in our recurring revenue business providing information and communications services to corporate customers; and increases in customer counts within both the CATV and Aqua (bottled drinking water delivery) businesses. These factors offset downward impact incurred from a decline in gas selling prices caused by a decrease in procurement prices for LP gas and city gas (no effect on profit) and the COVID-19 pandemic.

On the profit front, some businesses, such as the bridal events and banquet businesses, incurred negative impact from the COVID-19 pandemic, but this impact was offset by various factors, including an increase in profit from growth in the number of monthly billings caused by higher customer counts in the LP gas, CATV, and Aqua businesses and greater profit from the Information and Communications business for corporate clients. As a result, **operating profit rose to 15,226 million yen, up 1,001 million yen, or 7.0% year on year, increasing for the third consecutive fiscal year as all profit lines reached record-high levels.**

Furthermore, **all profit lines exceeded corresponding targets in the Company's initial forecast.**

(Millions of yen)

	FY03/21 results (April 1, 2020– March 31, 2021)	FY03/20 results (April 1, 2019– March 31, 2020)	Forecast (announced May 8, 2020)	YoY	Versus forecast
Sales	196,726	195,952	205,300	+774	-8,573
Operating profit	15,226	14,224	15,000	+1,001	+226
Recurring profit	15,312	14,479	14,870	+833	+442
Net income	8,815	8,241	8,460	+574	+355
EPS (yen)	67.32	62.93	64.60	+4.39	+2.72

3. Operating profit grew in the Energy, CATV, and Information and Communications segments, driving the overall increase

The Company recorded profit increases in the mainstay Energy segment as well as in the CATV and Aqua segments thanks to growth in the number of monthly billings that stemmed from a rise in customer count. Profit also increased in the Information and Communications segment due primarily to expansion in AWS and other cloud services associated with the Information and Communications business for corporations.

4. Operating cash flow grew while the Company expanded M&A investment in accordance with growth strategies

Cash provided by operating activities amounted to 32,223 million yen, up 9,688 million yen year on year, due mainly to the increase in operating profit and growth in working capital.

Cash used in investing activities came to 17,068 million yen, growing 4,936 million yen year on year, and consisted primarily of expenditures related to the acquisition of shares performed in association with active M&A investment targeting strategic growth for the Group and to the purchase of businesses.

As a result of these factors, the Company reported positive free cash flow of 15,155 million yen, up 4,751 million yen year on year, as it achieved further improvement in its financial position.

5. Recorded record-high profits for the third consecutive fiscal year and expanded shareholder returns

The Company regards the return of profits to shareholders as one of its most important management issues. Accordingly, it maintains a fundamental policy of continuously providing stable dividends.

Despite impact from the COVID-19 pandemic, results in the fiscal year ended March 31, 2021 exceeded initial projections as sales increased for the fourth consecutive fiscal year and all profit lines reached record-high levels for the third.

As announced on March 11, 2021, the Company plans to issue a year-end dividend of 16 yen per share, two yen higher than its initial forecast of 14 yen per share, and accordingly forecasts total annual dividends of 30 yen per share.

(Yen)

Dividends	FY03/21	FY03/20
Interim (end of Q2)	14.00	14.00
Year-end	16.00	14.00
Annual dividend total	30.00	28.00
Total dividend amount (millions of yen)	3,940	3,678
Consolidated dividend payout ratio	44.6%	44.5%
Consolidated DOE	5.6%	5.8%

For details, please see the attached materials, entitled “Financial Results for the Fiscal Year Ended March 31, 2021.”

Further, for the Company’s earnings announcement for the fiscal year ended March 31, 2021, please see the following URL:

<https://www.tokaiholdings.co.jp/english/ir/library/earnings.html>

*1 Vision of becoming a TLC: The Group seeks to support the comfortable living of its customers in a comprehensive and detail-oriented way and enhance customer satisfaction through its wide range of services.

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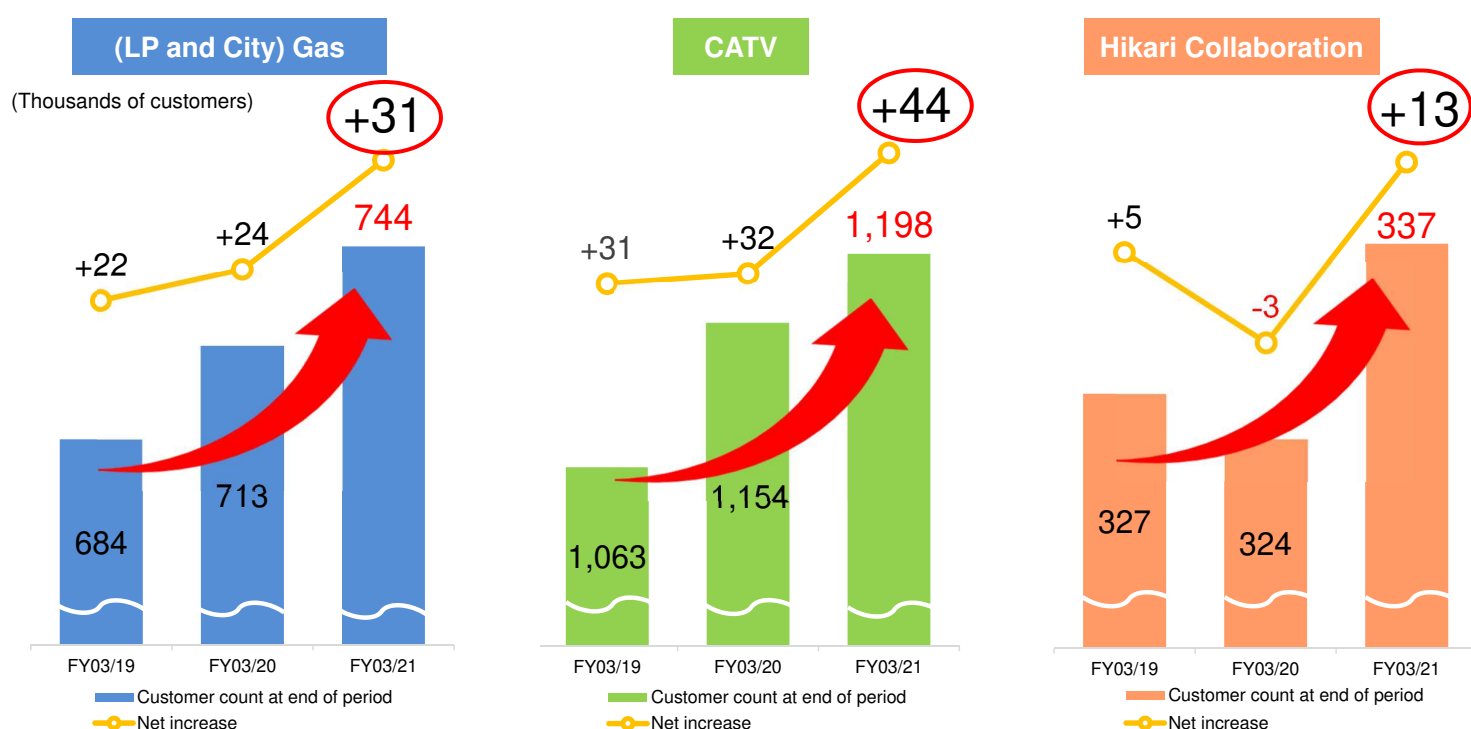
Financial Results for the Fiscal Year Ended March 31, 2021

TOKAI Holdings Corporation
(Securities Code: 3167)

May 11, 2021

Strong customer base expansion in core businesses

- As of March 31, 2021, continuing customer count was 3,099,000, up more than 95,000 from 3,003,000 as of April 1, 2020.
- Earnings bases further expanded in the mainstay gas, CATV, and Hikari Collaboration businesses.



Notes: Figures are rounded to the nearest thousand.
Net increases exclude customers added through M&A.

Factors contributing to net increase in customer count in core businesses

- Net increase in the gas business grew by 30% year on year along with market expansion in new areas.
- In the CATV business, communications services customers increased substantially, rising 60% year on year.
- Net increase was achieved in the Information and Communications business, putting a stop to six consecutive years of net decrease.
- Net increase was recorded in the Aqua business despite self-imposed business activity curtailment implemented in response to the COVID-19 pandemic.

Net increase (Thousands of customers)	FY03/21	FY03/20	YoY	Factors
Gas (LP and city gas)	+31	+24	+8	<ul style="list-style-type: none"> LP gas-associated increase of 19,000 customers in existing areas 11 new LP gas sites added 11,000 customers
(Existing areas)	(+19)	(+8)	(+11)	
CATV	+44	+32	+12	<ul style="list-style-type: none"> Customers of communications services increased 60% year on year
(of which, communications services)	(+30)	(+18)	(+12)	
Information and Communications	+24	-26	+50	<ul style="list-style-type: none"> Improvement in both new registrations and cancellations contributed to an increase in ISP customers
(of which, ISP)	(+19)	(-34)	(+53)	
Aqua	+1	+5	-3	<ul style="list-style-type: none"> Recorded a net increase of 1,632 customers in 2H, offsetting a net decrease of 247 in 1H

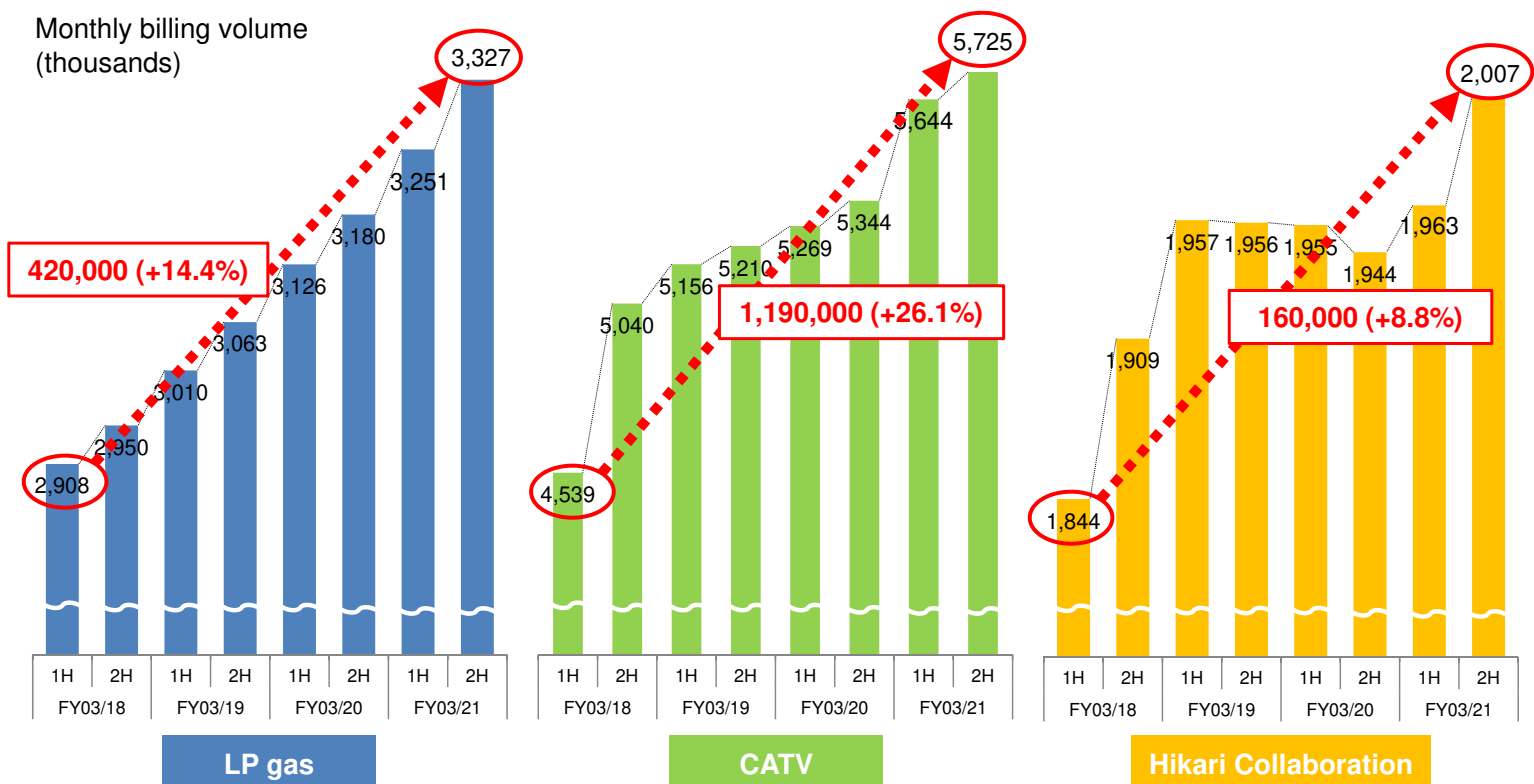
Notes: Figures exclude customers added through M&A.
Starting in FY03/21, continuing ISP customers in the Information and Communications business include customers with contracts for supplementary ISP services.

2

Significant increase in monthly billing volume in core businesses

- We aim to expand customer count, our earnings base, thereby increasing earnings backed by growth in the number of monthly billings.

Monthly billing volume (thousands)



3

Sales and all profit lines reached record-high levels for the third consecutive fiscal year

- ◎ Sales increased despite a decline in gas selling prices resulting from a decrease in procurement prices and sales activity delays caused by the COVID-19 pandemic. Contributing to the increase were customer count growth and expansion in the Information and Communications business for corporate customers.
- ◎ Although some business incurred impact from COVID-19, profits increased for the third consecutive fiscal year thanks in part to a rise in the number of monthly billings associated with customer count growth and a larger contribution from the Information and Communications business for corporations.
- ◎ All profit lines exceeded projections.

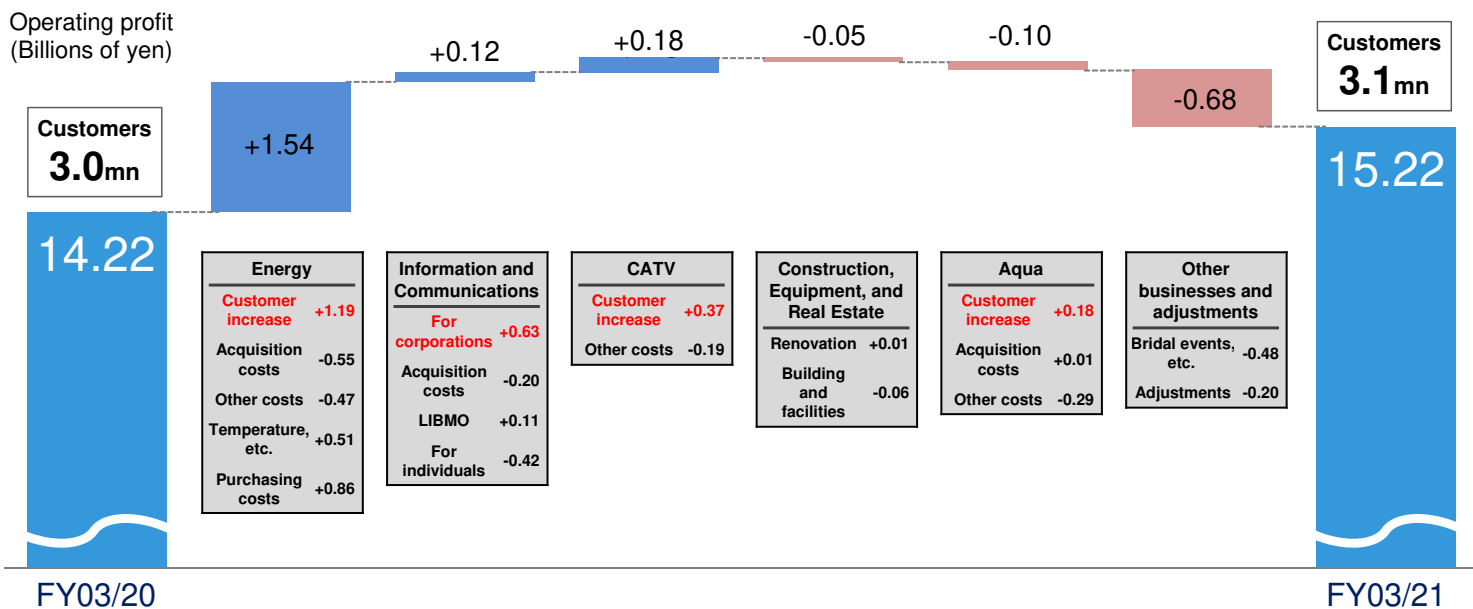
(Millions of yen)

	FY03/21 results	FY03/20 results	Initial forecast	YoY		Versus forecast	
				Change	% change	Change	% change
Sales	196,726	195,952	205,300	+774	+0.4%	-8,573	-4.2%
Operating profit	15,226	14,224	15,000	+1,001	+7.0%	+226	+1.5%
Recurring profit	15,312	14,479	14,870	+833	+5.8%	+442	+3.0%
Net income	8,815	8,241	8,460	+574	+7.0%	+355	+4.2%
EPS (yen)	67.32	62.93	64.60	+4.39	+7.0%	+2.72	+4.2%

4

Year-on-year comparisons of operating profit by segment

- ◎ Recorded profit increases resulting from customer count growth in the Energy, CATV, and Aqua businesses, as well as strong performance in the Information and Communications business for corporations
- ◎ Put a stop to customer count decline in the Information and Communications business for individuals
- ◎ The bridal events business and the Construction, Equipment, and Real Estate business incurred impact from sources such as sales activity delays caused by the COVID-19 pandemic.



Note: Change in operating profit does not reflect impact from the allocation of overhead costs.

5

Expanding growth investment with strengthened equity capital

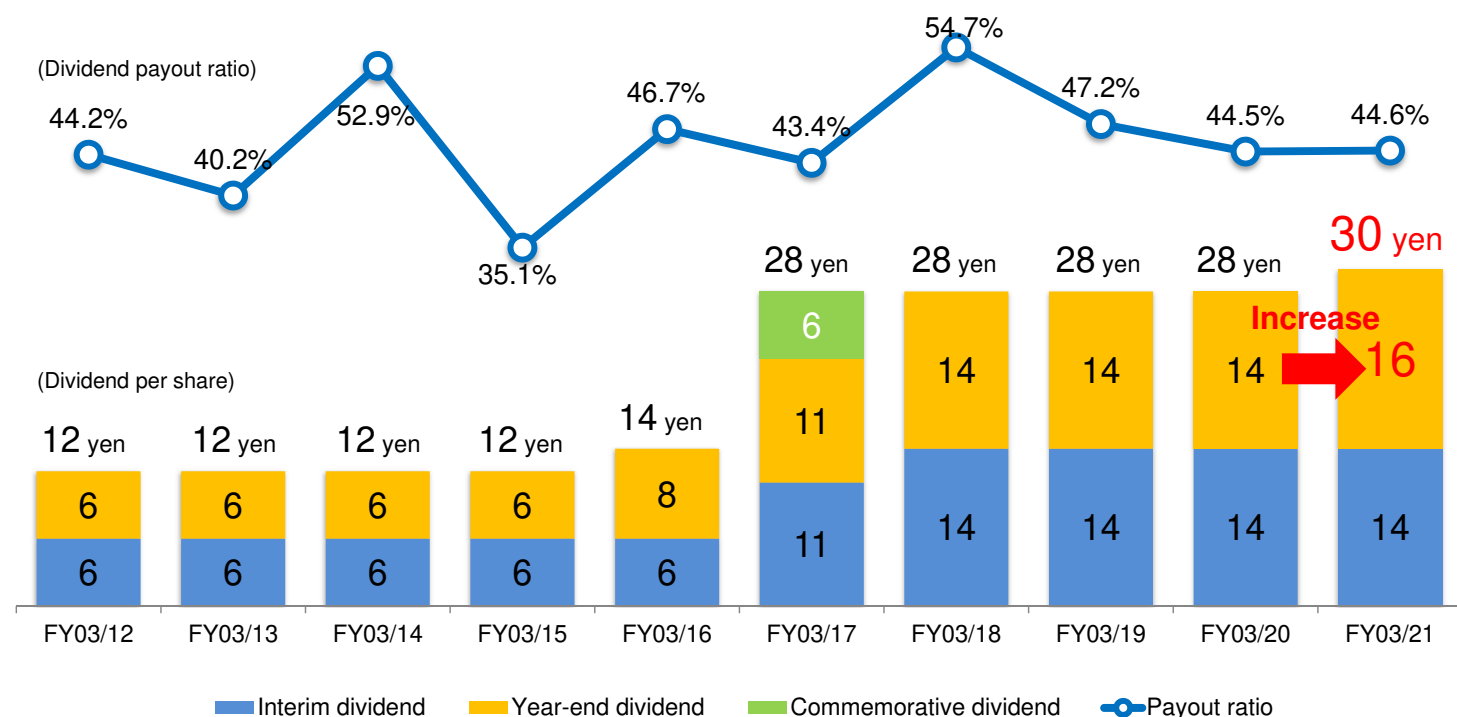
- Equity ratio further improved by 3.6pp.
- Operating cash flow increased by 9.7 billion yen thanks to growth in working capital resulting primarily from the collection of receivables.
- Free cash flow grew despite active growth investment. The interest-bearing debt to EBITDA ratio also improved.

Equity ratio	38.0 % March 31, 2020	➔	41.6 % March 31, 2021
Interest-bearing debt	48.3 billion yen March 31, 2020	➔	42.1 billion yen March 31, 2021
Cash provided by operating activities	22.5 billion yen FY03/20	➔	32.2 billion yen FY03/21
Cash used in investing activities	12.1 billion yen FY03/20	➔	17.1 billion yen FY03/21
Free cash flow	10.4 billion yen FY03/20	➔	15.2 billion yen FY03/21
Interest-bearing debt to EBITDA ratio	1.6 x FY03/20	➔	1.4 x FY03/21

6

Achieved record-high profits for the third consecutive fiscal year and expanded shareholder returns

- Profits reached record-high levels for the third consecutive fiscal year and exceeded projections. Accordingly, we raised our year-end dividend forecast to 16 yen per share, up two yen from its previous level of 14 per share, and now project annual dividends of 30 yen per share.
- We continue to maintain a high dividend payout ratio.



7

Appendix

- (1) Consolidated results
- (2) Sales by segment
- (3) Operating profit by segment
- (4) Consolidated financial indicators
- (5) Consolidated cash flows
- (6) Group customer count

(1) Consolidated results

(Millions of yen)

	FY2016 Results	FY2017 Results	FY2018 Results	FY2019 Results	FY2020 Results
Sales	178,631	186,069	191,600	195,952	196,726
Operating profit	12,750	10,971	13,057	14,224	15,226
Recurring profit	12,775	11,191	13,259	14,479	15,312
Net income	7,337	6,620	7,772	8,241	8,815
EPS (Yen)	64.46	51.19	59.36	62.93	67.32

(2) Sales by segment

(Millions of yen)

	FY2016 Results	FY2017 Results	FY02018 Results	FY2019 Results	FY2020 Results
Gas and Petroleum	73,344	76,073	77,977	78,154	77,380
Information and Communications	49,508	50,894	51,234	51,753	50,735
CATV	25,396	28,386	30,511	31,385	33,745
Building and Real Estate	19,511	19,807	20,090	22,383	23,177
Aqua	5,762	6,200	7,004	7,416	7,622
Others	5,108	4,706	4,781	4,858	4,065
Total	178,631	186,069	191,600	195,952	196,726

10

(3) Operating profit by segment

(Millions of yen)

	FY2016 Results	FY2017 Results	FY02018 Results	FY2019 Results	FY2020 Results
Gas and Petroleum	9,161	7,364	6,815	7,452	8,988
Information and Communications	4,213	3,174	3,827	4,226	4,344
CATV	2,752	3,554	4,953	5,024	5,205
Building and Real Estate	1,098	1,330	1,615	2,116	2,065
Aqua	298	246	762	674	573
Others, adjustments	- 4,775	- 4,699	- 4,916	- 5,271	- 5,949
Total	12,750	10,971	13,057	14,224	15,226

*Prior to elimination of indirect expenses

11

(4) Consolidated financial indicators

(Millions of yen)

	FY2016 Results	FY2017 Results	FY02018 Results	FY2019 Results	FY2020 Results
Total assets	161,112	165,993	167,606	169,972	178,974
Total liabilities	104,665	104,543	103,711	103,989	102,917
Total net assets	56,446	61,450	63,894	65,982	76,056
Balance of interest-bearing debt	54,137	50,980	50,604	48,273	42,128
EBITDA	28,392	26,318	28,148	29,651	31,027
Equity ratio	34.5 %	36.3 %	37.4 %	38.0 %	41.6 %

12

(5) Consolidated cash flows

(Millions of yen)

	FY2016 Results	FY2017 Results	FY02018 Results	FY2019 Results	FY2020 Results
Operating cash flow	26,692	20,909	21,605	22,535	32,223
Investment cash flow	- 10,985	- 11,488	- 12,443	- 12,131	-17,068
Free cash flow	15,706	9,421	9,161	10,403	15,155
Financing cash flow	- 16,643	- 9,527	- 8,147	- 10,375	-14,064

13

(6) Group customer count

(Thousands of customers)

		FY2016 Results	FY2017 Results	FY2018 Results	FY2019 Results	FY2020 Results
Gas (LP and city gas)		642	661	684	713	744
Information and Communications	Previous ISP model, etc.	527	465	419	389	395
	Hikari Collaboration	299	323	327	324	337
	LIBMO	2	29	41	48	53
	Subtotal	1,061	1,044	1,004	973	785
CATV		733	1,032	1,063	1,154	1,198
Aqua		135	146	156	161	162
Mobile		233	227	217	212	206
Security		17	17	17	16	16
Total		2,564	2,876	2,902	3,003	3,099

*The number of customers under a thousand are rounded to the nearest thousand. Information and Communications and CATV both offer communications services, and so their numbers are excluded from total figures.

14

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.

Please contact us with any questions regarding these materials.

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うれしいをつなぐ。ひろげる。

