



July 29, 2021

To whom it may concern

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

**Financial Results for the First Three Months of the
Fiscal Year Ending March 31, 2022**
Started to Implement a New Medium-Term Management Plan,
Innovation Plan 2024 “Design the Future Life”

TOKAI Holdings Corporation (hereinafter, "the Company") today announced its financial results for the first three months of the fiscal year ending March 31, 2022.

1. The Company continued to expand its earnings base to achieve a net annual increase of 100,000 in customer count.

The Company announced the fourth Medium-Term Management Plan, Innovation Plan 2024 “Design the Future Life” (“IP24*1”) in May. The plan covers a period from this fiscal year to the fiscal year ending March 31, 2025.

A key strategy in IP24 is "LNG strategy." The Company will expand its business areas at the Local level (expansion of share in existing areas), at the National level (expansion of new business areas in Japan), and at the Global level (business development overseas) and will achieve growth in the number of customers through selection and concentration, focusing on profitability.

To achieve 3.56 million customers at the end of the fiscal year ending March 31, 2025, the Company will pursue an aggressive strategy to expand its earnings base, aiming to achieve 3.20 million customers (a net annual increase of 100,000 in customer count) at the end of the fiscal year under review.

In operating activities in the first three months of the fiscal year under review, the Company conducted remote sales activities that do not involve direct human contact and was thorough in taking other measures to prevent COVID-19 infections. Meanwhile, the Company took proactive steps to gain customers and **recorded 3,108,000 continuing customers** as of June 30, 2021. **This continuing customer exceeded the count at the beginning of the fiscal year (3,099,000) by 9,488 (versus an increase of 9,224 in the same period of the previous fiscal year).**

With net increases of 7,514 (LP and city) gas customers (5,165 in the same period of the previous fiscal year), 8,270 CATV customers (6,900), and 2,060 Aqua (bottled drinking water delivery) customers (a decrease of 1,561 in the same period of the previous fiscal year), we further expanded our earnings base.

2. Sales increased for the first time in two periods and hit a record high.

In the three months ended June 30, 2021, the Company recorded **sales of 48,396 million yen (up 7.3% year on year), the first increase in two periods and a record high.** Sales increased chiefly due to increases in the numbers of energy customers and CATV customers, expansion of recurring-revenue businesses in the Information and Communications business for corporate clients, and the effect of M&A in the Construction, Equipment, and Real Estate business.

On the profit front, operating profit fell to 3,226 million yen, down 556 million yen, or 14.7% year on year. While profit grew thanks to an increase in the number of monthly fee-paying customers that accompanied a higher customer account and an increase in profit in the Information and Communications business, the growth was more than offset by a decline in household LP gas sales volume due to higher temperatures than a year ago and an increase in expenses for gaining customers, reflecting more LP gas and Aqua customers gained than a year ago, among other factors.

(Millions of yen)

	Q1 FY03/22 results (April 1, 2021 to June 30, 2021)	Q1 FY03/21 results (April 1, 2020 to June 30, 2020)	YoY	
			Change	% change
Net sales	48,396	45,113	+3,282	+7.3%
Operating profit	3,226	3,783	-556	-14.7%
Recurring profit	3,353	3,830	-476	-12.5%
Net income	1,870	2,445	-575	-23.5%
EPS (yen)	14.28	18.68	-4.40	-23.6%

3. Started to implement a new Medium-Term Management Plan, Innovation Plan 2024 “Design the Future Life”

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 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 described in the new Medium-Term Management Plan "IP24."

The fiscal year ending March 31, 2022 is a year where the Group will lay foundations for achieving the goals described in the five key messages in IP24: (i) Implementation of LNG strategy, (ii) Evolution of TLC*2 concept, (iii) Stepping up of DX strategy, (iv) Optimal allocation of management resources, and (v) Strengthening of SDG initiatives.

To expand the earnings base, the Company will actively make investments to gain customers, primarily in the LP gas business, and factors in expenses for developing an environment for workstyle reform. Meanwhile, the Company will continue to increase annual sales and profit.

The earnings and dividend forecasts for the fiscal year ending March 31, 2022 remain unchanged.

(Millions of yen)

	FY03/22 forecast (April 1, 2021 to March 31, 2022)	FY03/21 results (April 1, 2020 to March 31, 2021)	YoY	
			Change	% change
Net sales	207,000	196,726	+10,274	+5.2%
Operating profit	15,240	15,226	+14	+0.1%
Recurring profit	15,320	15,312	+8	+0.1%
Net income	8,830	8,815	+14	+0.2%
EPS (yen)	67.42	67.32	+0.10	+0.2%
Customer count at end of fiscal year	3,195,000	3,099,000	+97,000	+3.1%

	FY03/22 (forecast)	FY03/21	FY03/20
Interim (end of Q2)	15.00 yen	14.00 yen	14.00 yen
Year-end	15.00 yen	16.00 yen	14.00 yen
Annual dividend per share	30.00 yen	30.00 yen	28.00 yen
Total annual dividends		3,940 million yen	3,678 million yen
Consolidated payout ratio	44.5%	44.6%	44.5%

For details, please see the attached materials, entitled "Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2022."

For the Company's earnings announcement for the first three months of the fiscal year ending March 31, 2022, please see the following URL: <https://www.tokaiholdings.co.jp/ir/library/earnings.html>

*1 For the details of the fourth Medium-Term Management Plan "IP24," please see the following URL: <https://www.tokaiholdings.co.jp/ir/management/manageplan.html>

*2 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.

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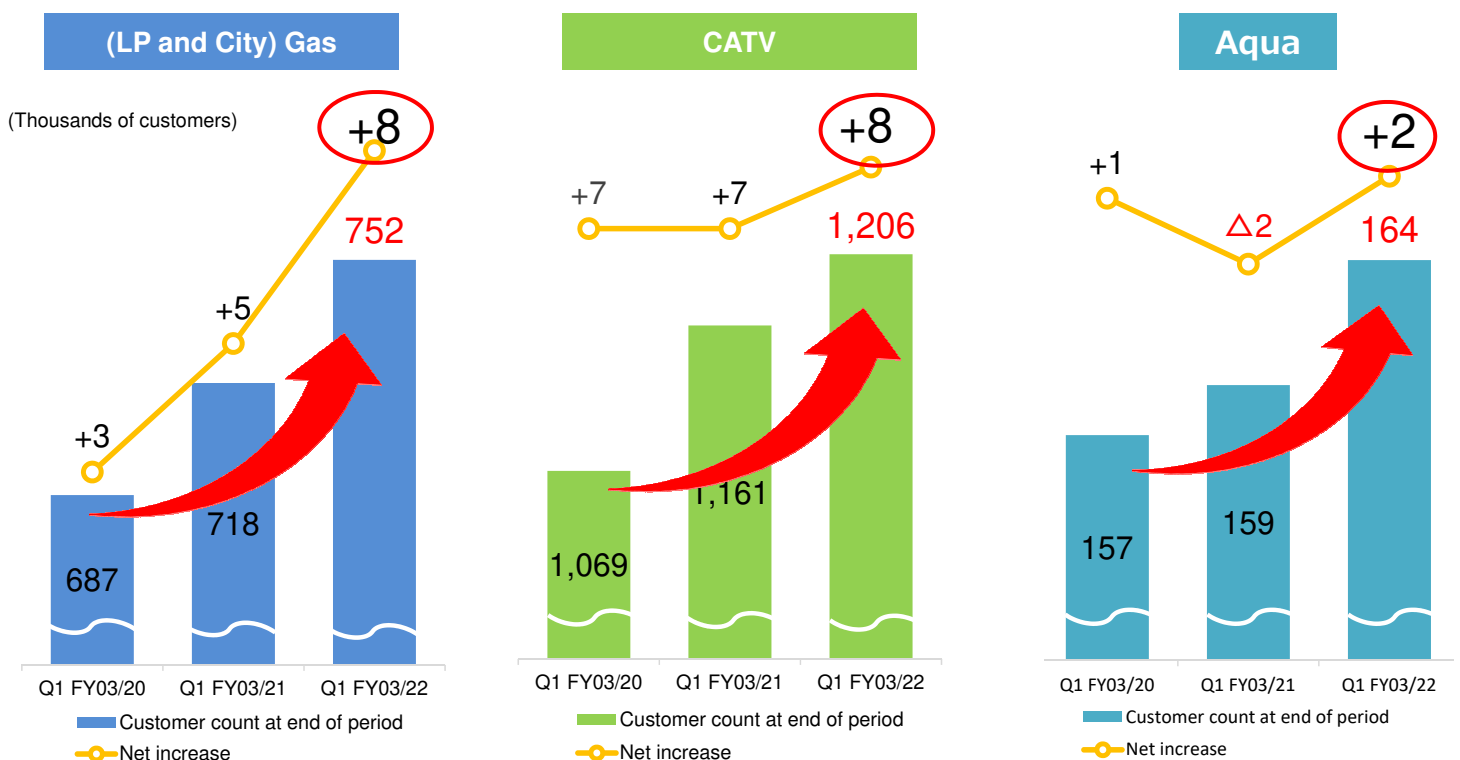
Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022

TOKAI Holdings Corporation
(Code: 3167)

July 29, 2020

Steady growth of customer base in core businesses

- Continuing customer count reached 3,108,000 at the end of Q1, up 9,000 from 3,099,000 at the beginning of the year.
- Earnings base further expanded for mainstay gas, CATV, and Hikari Aqua businesses.



Note: Figures are rounded to the nearest thousand.

Record-high net sales

- ◎ Net sales reached a record high due to the impact of M&A in the previous fiscal year, in addition to the increase in the number of customers and the expansion of the information and communications business for corporations
- ◎ Profits fell ¥600 million year on year, mainly due to an increase in customer acquisition costs, despite an increase in profits due to an increase in the number of monthly billings in line with an increase in the number of customers and an increase in profits in the information and communications business for corporate customers.

(Millions of yen)

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Operating profit	3,226	3,783	-556	-14.7%
Recurring profit	3,353	3,830	-476	-12.5%
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EPS (yen)	14.28	18.68	-4.40	-23.6%

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Full-year consolidated earnings forecast

- ◎ FY2021 is the year to build the foundation for realizing the five key messages ((1) Promotion of LNG strategy, (2) Evolution of TLC, (3) Full-scale DX strategy, (4) Optimal allocation of management resources, (5) Strengthening efforts toward SDGs) set forth in the medium-term management plan "IP24" announced in May 2021.
- ◎ Profit continue to increase despite factoring in expenses such as enhancing the acquisition of LP gas customers and improving the environment for work style reforms.

(Millions of yen)

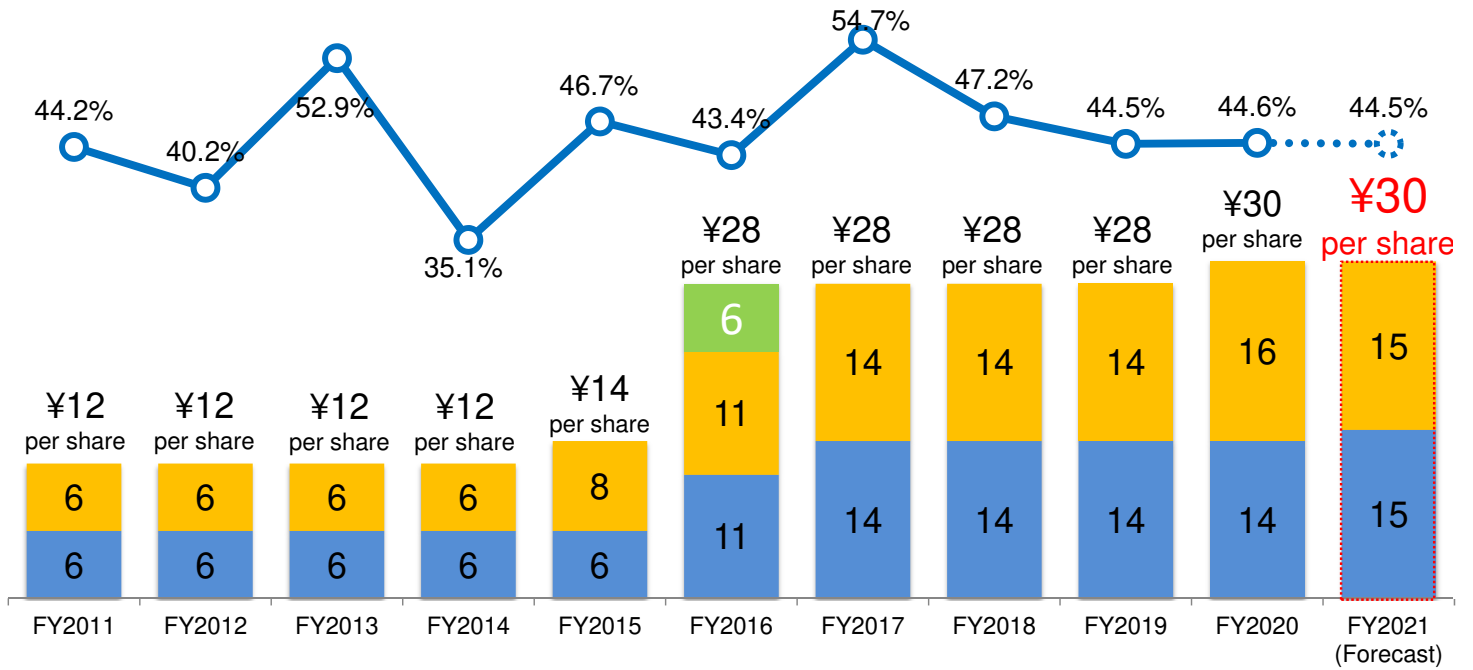
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Customer count at end of fiscal year	3,195,000	3,099,000	+97,000	+3.1%

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Dividend forecast

◎ Based on the annual dividend of 30 yen / share raised in 2020, we plan to pay a dividend payout ratio of 40 to 50% in 2021.

◎ No change in dividend forecast (announced on May 11, 2021)



■ Interim dividend ■ Year ended dividend ■ Commemorative dividend ○ Dividend payout ratio

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)

	Q1 FY2017 Results	Q1 FY2018 Results	Q1 FY2019 Results	Q1 FY2020 Results	Q1 FY2021 Results
Sales	42,531	44,553	45,804	45,113	48,396
Operating profit	2,152	2,390	3,231	3,783	3,226
Recurring profit	2,204	2,487	3,351	3,830	3,353
Quarterly net income	1,182	1,432	2,239	2,445	1,870
EPS (Yen)	9.33	10.94	17.10	18.68	14.28

(2) Sales by segment

(Millions of yen)

	Q1 FY2017 Results	Q1 FY2018 Results	Q1 FY2019 Results	Q1 FY2020 Results	Q1 FY2021 Results
Energy	17,392	17,608	18,577	17,634	18,998
Information and Communications	12,447	12,513	12,795	12,650	12,619
CATV	6,406	7,511	7,738	8,226	7,996
Construction, Equipment, and Real Estate	3,617	4,166	3,777	3,819	5,542
Aqua	1,456	1,653	1,798	1,896	1,921
Others	1,211	1,100	1,116	885	1,319
Total	42,531	44,553	45,804	45,113	48,396

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(3) Operating profit by segment

(Millions of yen)

	Q1 FY2017 Results	Q1 FY2018 Results	Q1 FY2019 Results	Q1 FY2020 Results	Q1 FY2021 Results
Energy	1,324	1,182	1,489	1,972	1,578
Information and Communications	774	724	1,217	1,110	1,224
CATV	875	1,194	1,286	1,367	1,459
Construction, Equipment, and Real Estate	90	213	213	233	263
Aqua	56	96	169	271	37
Others, adjustments	-969	-1,022	-1,145	-1,171	-1,337
Total	2,152	2,390	3,231	3,783	3,226

*Prior to elimination of indirect expenses

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(4) Consolidated financial indicators

(Millions of yen)

	Q1 FY2017 Results	Q1 FY2018 Results	Q1 FY2019 Results	Q1 FY2020 Results	Q1 FY2021 Results
Total assets	157,498	162,694	163,992	168,253	176,837
Total liabilities	101,987	101,736	99,884	100,025	101,165
Total net assets	55,511	60,957	64,107	68,228	75,672
Balance of interest-bearing debt	54,966	52,604	50,207	48,127	43,428
EBITDA	5,948	6,032	7,024	7,724	7,220
Equity ratio	34.7 %	36.8 %	38.3 %	39.7 %	41.9 %

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(5) Consolidated cash flows

(Millions of yen)

	Q1 FY2017 Results	Q1 FY2018 Results	Q1 FY2019 Results	Q1 FY2020 Results	Q1 FY2021 Results
Operating cash flow	4,851	4,348	6,245	10,837	8,339
Investment cash flow	-2,870	-3,484	-3,227	-7,579	-5,716
Free cash flow	1,981	864	3,017	3,257	2,623
Financing cash flow	-2,262	-1,159	-3,210	-3,022	-2,282

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(6) Group customer count

(Millions of yen)

		Q1 FY2017 Results	Q1 FY2018 Results	Q1 FY2019 Results	Q1 FY2020 Results	Q1 FY2021 Results
Gas (LP and City Gas)		645	664	687	718	752
Information and Communications	Previous ISP model, etc.	507	451	411	383	391
	Hikari Collaboration	310	327	326	328	337
	LIBMO	8	32	42	50	53
	Subtotal	825	810	778	760	781
CATV		738	1,039	1,069	1,161	1,206
Aqua		138	151	157	159	164
Mobile		232	225	214	211	201
Security		17	17	17	16	16
Total		2,570	2,883	2,907	3,012	3,108

*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.

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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.

Please contact us with any questions regarding these materials.

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