



July 28, 2022

To whom it may concern

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Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2023

Achieved a Q1 sales hike and a record high for the second consecutive year, Q1 operating profit rise for the first time in two years and higher results than internally projected

TOKAI Holdings Corporation (hereinafter, "the Company") today announced its financial results for the first three months of the fiscal year ending March 31, 2023.

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 last year. The plan covers the period up 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 3.30 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 aggressively conducted sales activities to gain customers while thoroughly taking measures to prevent COVID-19 infections and recorded **3,213,000 continuing customers** as of June 30, 2022. **This continuing customer exceeded the count at the beginning of the fiscal year (3,194,000) by 19,227 (versus an increase of 9,488 in the same period of the previous fiscal year).**

With net increase of 6,635 (LP and city) gas customers (7,514 in the same period of the previous fiscal year), 8,161 CATV customers (8,270), 4,552 Hikari Collaboration customers (126) and 3,151 LIMBO (MVNO service) customers (112), we further expanded our earnings base.

2. Q1 net sales grew for the second consecutive year to achieve new record high, with Q1 operating profit rising for the first time in two years

For the first quarter under review, **net sales stood at 51.8 billion yen, up 3.4 billion yen or 7.0% year on year. The figure rose for the second consecutive year to set a new record high.** This resulted chiefly from sales growth following an increase in energy, CATV and other customers, rises in selling prices linked with energy purchase prices, and expansion of the stock business for corporate clients in the Information and Communication business.

Operating profit reached 3.4 billion yen, up 0.1 billion yen or 4.0% year on year, marking an increase for the first time in two years. The impact of the LP gas purchase prices that were far higher than the levels in the same period a year earlier was offset mainly by profit growth after an increase in the number of monthly fee-paying customers that accompanied a higher customer count and a profit hike in the Information and Communication business for corporate clients.

Net sales and all profit figures ended higher than their respective internally projected levels.

(Millions of yen)

	Q1 FY03/23 results (April 1, 2022 to June 30, 2022)	Q1 FY03/22 results (April 1, 2021 to June 30, 2021)	YoY	
			Change	% change
Net sales	51,803	48,396	+3,407	+7.0%
Operating profit	3,355	3,226	+128	+4.0%
Ordinary profit	3,389	3,353	+35	+1.1%
Profit attributable to owners of parent	1,795	1,870	-74	-4.0%
EPS (yen)	13.72	14.28	-0.56	-3.9%

3. To Achieve the Medium-Term Management Plan, IP24 “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. To this end, we are working on the fourth Medium-Term Management Plan “IP24.”

The fiscal year ending March 31, 2023 is the second fiscal year under the IP24. The Company made steady progress in its efforts to achieve 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 date, the earnings and dividend forecasts for the fiscal year ending March 31, 2023 remain unchanged from those announced on May 10, 2022.

(Millions of yen)

	FY03/23 forecast (April 1, 2022 to March 31, 2023)	FY03/22 results (April 1, 2021 to March 31, 2022)	YoY	
			Change	% change
Net sales	223,000	210,691	+12,309	+5.8%
Operating profit	14,500	15,794	-1,294	-8.2%
Ordinary profit	14,300	15,907	-1,607	-10.1%
Profit attributable to owners of parent	8,300	8,969	-669	-7.5%
EPS (yen)	63.43	68.49	-5.06	-7.5%
Customer count at end of fiscal year	3,295,000	3,194,000	+101,000	+3.2%

	FY03/23 (forecast)	FY03/22	FY03/21
Interim (end of Q2)	16.00 yen	15.00 yen	14.00 yen
Year-end	16.00 yen	17.00 yen	16.00 yen
Annual dividend per share	32.00 yen	32.00 yen	30.00 yen

For details, please see the attached materials, entitled “Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2023.”

For the Company’s earnings announcement for the first three months of the fiscal year ending March 31, 2023, please see the following URL:

<https://www.tokaiholdings.co.jp/english/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/english/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.

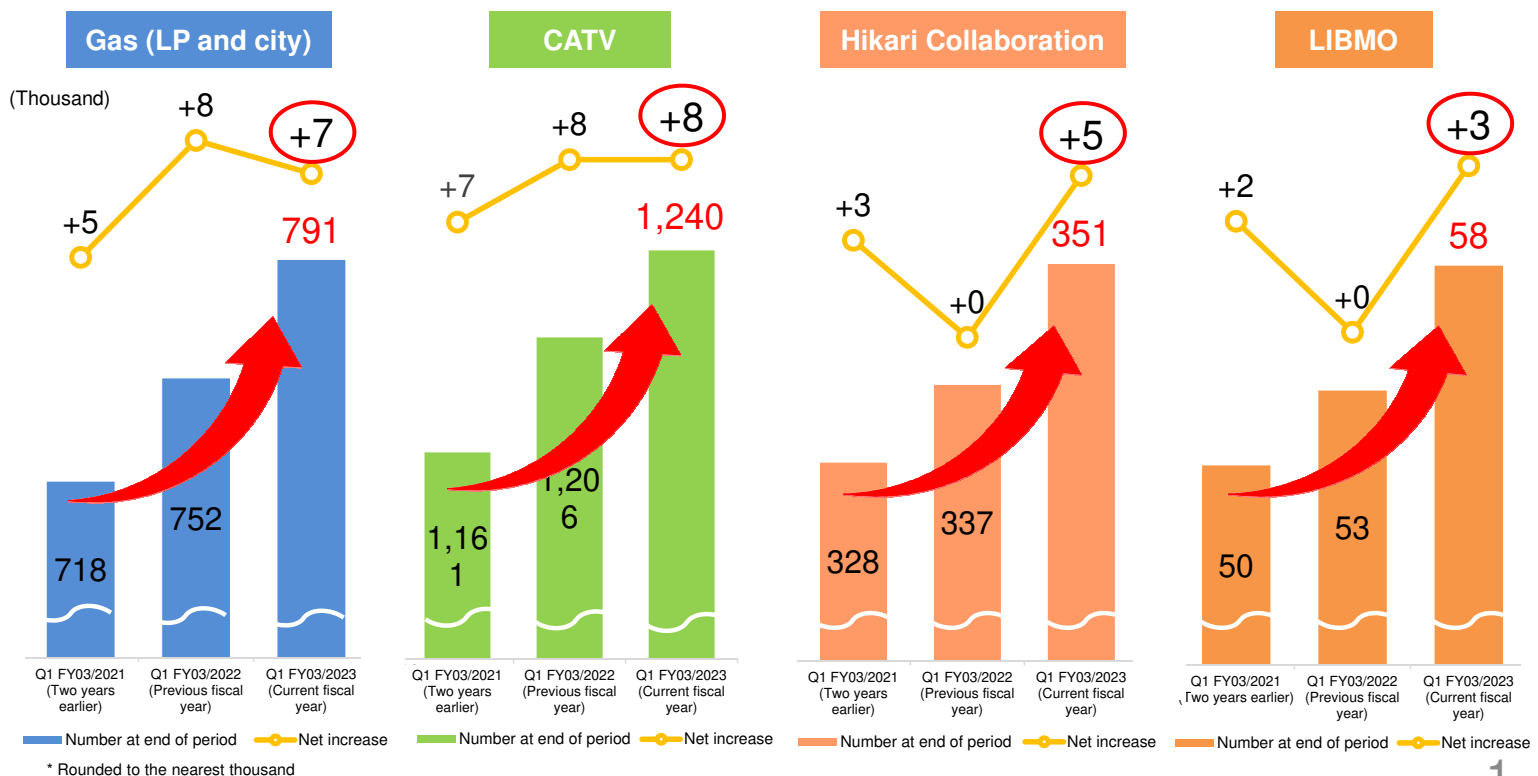
Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2023

TOKAI Holdings Corporation
(Code: 3167)

July 28, 2022

Expansion of earnings base proceeds

- ◎ The number of continuing customers as of June 30, 2022 stood at 3,213 thousand, an increase of 19 thousand from 3,194 thousand at the beginning of the fiscal year.
- ◎ The earnings base continued to expand in the gas business, the CATV business, the Hikari Collaboration business and the LIMBO business.



Q1 net sales grow for the second consecutive year to set new record high

- Q1 net sales rose for the second fiscal year and set a new record high, resulting chiefly from an increase in customers, rises in selling prices linked with energy purchase prices, and expansion of the Information and Communication business for corporate clients.
- Q1 operating profit increased for the first time in two years. The impact of soaring LP gas purchase prices was offset mainly by profit growth after an increase in the number of monthly fee-paying customers that accompanied a higher customer count and a profit hike in the Information and Communication business for corporate clients.

(Millions of yen)

	Q1 FY03/23 results (April 1, 2022 – June 30, 2022)	Q1 FY03/22 results (April 1, 2021 – June 30, 2021)	YoY	
			Change	% change
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Operating profit	3,355	3,226	+128	+4.0%
Ordinary profit	3,389	3,353	+35	+1.1%
Profit attributable to owners of parent	1,795	1,870	-74	-4.0%
EPS (yen)	13.72	14.28	-0.56	-3.9%

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Consolidated full-year financial results forecast

- Net sales are forecast to increase 12.3 billion yen, or 5.8% year on year, to reach a new record high for the fifth consecutive fiscal year. This is chiefly attributable to growth in customer numbers and increases in orders received from corporate clients in the Information and Communications business and in the Construction, Equipment and Real Estate business.
- Operating profit is expected to fall 1.3 billion yen year on year, taking into account an impact of 5.1 billion yen from rising LP gas purchase prices.
- The LP gas business will continue to drive the active attraction of customers on the basis of pricing measures that will maintain price competitiveness.
- The number of customers in the overall Group will rise 100,000 from 3.19 million at the end of the previous fiscal year, to 3.30 million.

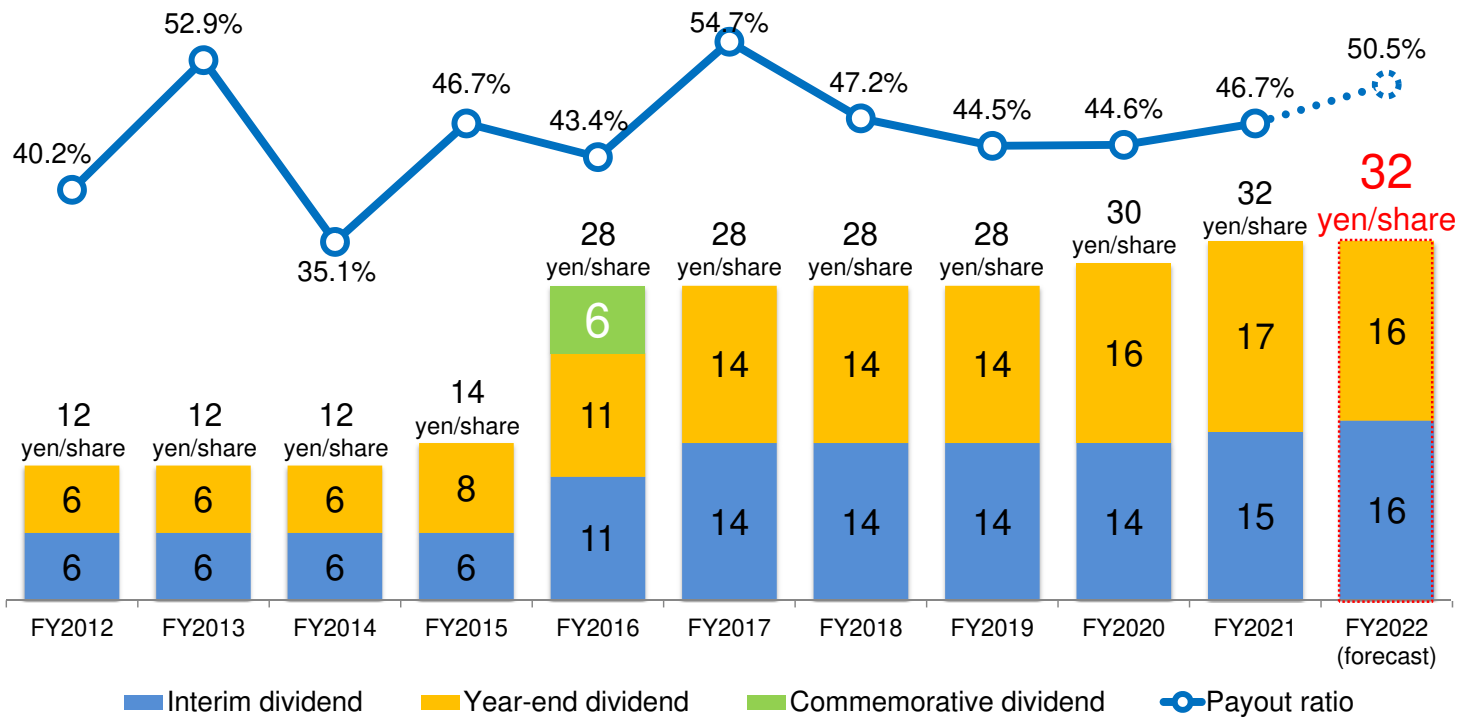
(100 millions of yen)

	FY03/23 forecast (FY2022)	FY03/22 results (FY2021)	YoY		Plan IP24 (FY2022)	From Plan IP24	
			Change	% change (%)		Change	% change (%)
Net sales	2,230	2,107	+123	+5.8	2,210	+20	+0.9
Operating profit	145	158	-13	-8.2	156	-11	-7.1
Ordinary profit	143	159	-16	-10.1	–	–	–
Profit attributable to owners of parent	83	90	-7	-7.5	90	-7	-7.8
Customer count at end of fiscal year	3.30 million	3.19 million	+0.1 million	+3.2	3.32 million	-0.02 million	-0.6

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Dividend forecast

- Annual dividend per share is projected to stay unchanged at 32 yen per share from the previous fiscal year.
- The dividend forecast (announced on May 10, 2022) remains unchanged.



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 FY2018 Results	Q1 FY2019 Results	Q1 FY2020 Results	Q1 FY2021 Results	Q1 FY2022 Results
Sales	44,553	45,804	45,113	48,396	51,803
Operating profit	2,390	3,231	3,783	3,226	3,355
Recurring profit	2,487	3,351	3,830	3,353	3,389
Quarterly net income	1,432	2,239	2,445	1,870	1,795
EPS (Yen)	10.94	17.10	18.68	14.28	13.72

(2) Sales by segment

(Millions of yen)

	Q1 FY2018 Results	Q1 FY2019 Results	Q1 FY2020 Results	Q1 FY2021 Results	Q1 FY2022 Results
Energy	17,608	18,577	17,634	18,998	23,274
Information and Communications	12,513	12,795	12,650	12,619	12,873
CATV	7,511	7,738	8,226	7,996	8,239
Construction, Equipment, and Real Estate	4,166	3,777	3,819	5,542	4,641
Aqua	1,653	1,798	1,896	1,921	1,860
Others	1,100	1,116	885	1,319	915
Total	44,553	45,804	45,113	48,396	51,803

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(3) Operating profit by segment

(Millions of yen)

	Q1 FY2018 Results	Q1 FY2019 Results	Q1 FY2020 Results	Q1 FY2021 Results	Q1 FY2022 Results
Energy	1,182	1,489	1,972	1,578	1,936
Information and Communications	724	1,217	1,110	1,224	1,236
CATV	1,194	1,286	1,367	1,459	1,559
Construction, Equipment, and Real Estate	213	213	233	263	53
Aqua	96	169	271	37	62
Others, adjustments	-1,022	-1,145	-1,171	-1,337	-1,494
Total	2,390	3,231	3,783	3,226	3,355

*Prior to elimination of indirect expenses

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(4) Consolidated financial indicators

(Millions of yen)

	Q1 FY2018 Results	Q1 FY2019 Results	Q1 FY2020 Results	Q1 FY2021 Results	Q1 FY2022 Results
Total assets	162,694	163,992	168,253	176,837	183,065
Total liabilities	101,736	99,884	100,025	101,165	103,809
Total net assets	60,957	64,107	68,228	75,672	79,256
Balance of interest-bearing debt	52,604	50,207	48,127	43,428	45,452
EBITDA	6,032	7,024	7,724	7,220	7,331
Equity ratio	36.8 %	38.3 %	39.7 %	41.9 %	42.3 %

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(5) Consolidated cash flows

(Millions of yen)

	Q1 FY2018 Results	Q1 FY2019 Results	Q1 FY2020 Results	Q1 FY2021 Results	Q1 FY2022 Results
Operating cash flow	4,348	6,245	10,837	8,339	6,049
Investment cash flow	-3,484	-3,227	-7,579	-5,716	-4,262
Free cash flow	864	3,017	3,257	2,623	1,786
Financing cash flow	-1,159	-3,210	-3,022	-2,282	-2,067

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(6) Group customer count

(Millions of yen)

		Q1 FY2018 Results	Q1 FY2019 Results	Q1 FY2020 Results	Q1 FY2021 Results	Q1 FY2022 Results
Gas (LP and City Gas)		664	687	718	752	791
Information and Communications	Previous ISP model, etc.	451	411	383	391	413
	Hikari Collaboration	327	326	328	337	351
	LIBMO	32	42	50	53	58
	Subtotal	810	778	760	781	823
CATV		1,039	1,069	1,161	1,206	1,240
Aqua		151	157	159	164	166
Mobile		225	214	211	201	187
Security		17	17	16	16	16
Total		2,883	2,907	3,012	3,108	3,213

*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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(7) EBITDA by business

(Millions of yen)

		Q1 FY2018 Results	Q1 FY2019 Results	Q1 FY2020 Results	Q1 FY2021 Results	Q1 FY2022 Results
Energy		2,319	2,678	3,138	2,768	3,168
Information and Communications	For individual	1,409	2,010	361	434	232
	For corporate			1,616	1,677	1,807
CATV		2,646	2,700	2,861	2,883	3,001
Construction, Equipment and Real Estate		397	401	430	519	310
Aqua		225	314	427	209	230
EBITDA (All)		6,032	7,024	7,724	7,220	7,331

* EBITDA = operating profit + depreciation (operating profit is before allocation of indirect costs, etc.)

* Information and communication has been divided into those for individuals and those for corporations from the previous term. Before that, the numerical value of the entire information and communication is displayed.

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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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