

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 Nine 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 nine 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 last year. 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 nine months of the fiscal year under review, the Company was thorough in taking measures to prevent COVID-19 infections. Meanwhile, the Company took proactive steps to attract customers and **recorded 3,142 thousand continuing customers** as of December 31, 2021. **This continuing customer number exceeded the count at the beginning of the fiscal year (3,099 thousand) by 43,292 (versus an increase of 59,804 in the same period of the previous fiscal year, including M&A-related 8,253).**

With net increases of 29,533 (LP and city) gas customers (24,416 in the same period of the previous fiscal year), 26,055 CATV customers (34,395, including M&A-related 8,253 customers), and 3,391 Aqua (bottled drinking water delivery) customers (1,015), we further expanded our earnings base.

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

In the nine months ended December 31, 2021, the Company recorded **sales of 149.4 billion yen (up 9.6 billion yen or 6.9% 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 9.2 billion yen (down 0.7 billion yen or 6.6% year on year). While an increase in profit 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 were recorded, the growth was more than offset by an increase in expenses for gaining customers, reflecting more LP gas and Aqua customers gained than a year ago, among other factors.

Quarterly net income attributable to owners of the parent was 4.6 billion yen, down 1.3 billion yen, or 21.9% year on year, due mainly to the recording of a temporary extraordinary loss.

Net sales, operating profit, and recurring profit each exceeded the Company’s internal plan, and quarterly net income attributable to owners of the parent also exceeded the internal plan, despite the aforementioned temporary extraordinary loss.

(Millions of yen)

	Q3 FY03/22 results (April 1, 2021 to December 31, 2021)	Q3 FY03/21 results (April 1, 2020 to December 31, 2020)	YoY	
			Change	% change
Net sales	149,420	139,792	+9,627	+6.9%
Operating profit	9,248	9,901	-653	-6.6%
Recurring profit	9,324	9,929	-605	-6.1%
Net income	4,634	5,936	-1,301	-21.9%
EPS (yen)	35.38	45.33	-9.95	-21.9%

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 Group has made steady progress to make the fiscal year ending March 31, 2022 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.

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

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

For the Company’s earnings announcement for the first nine 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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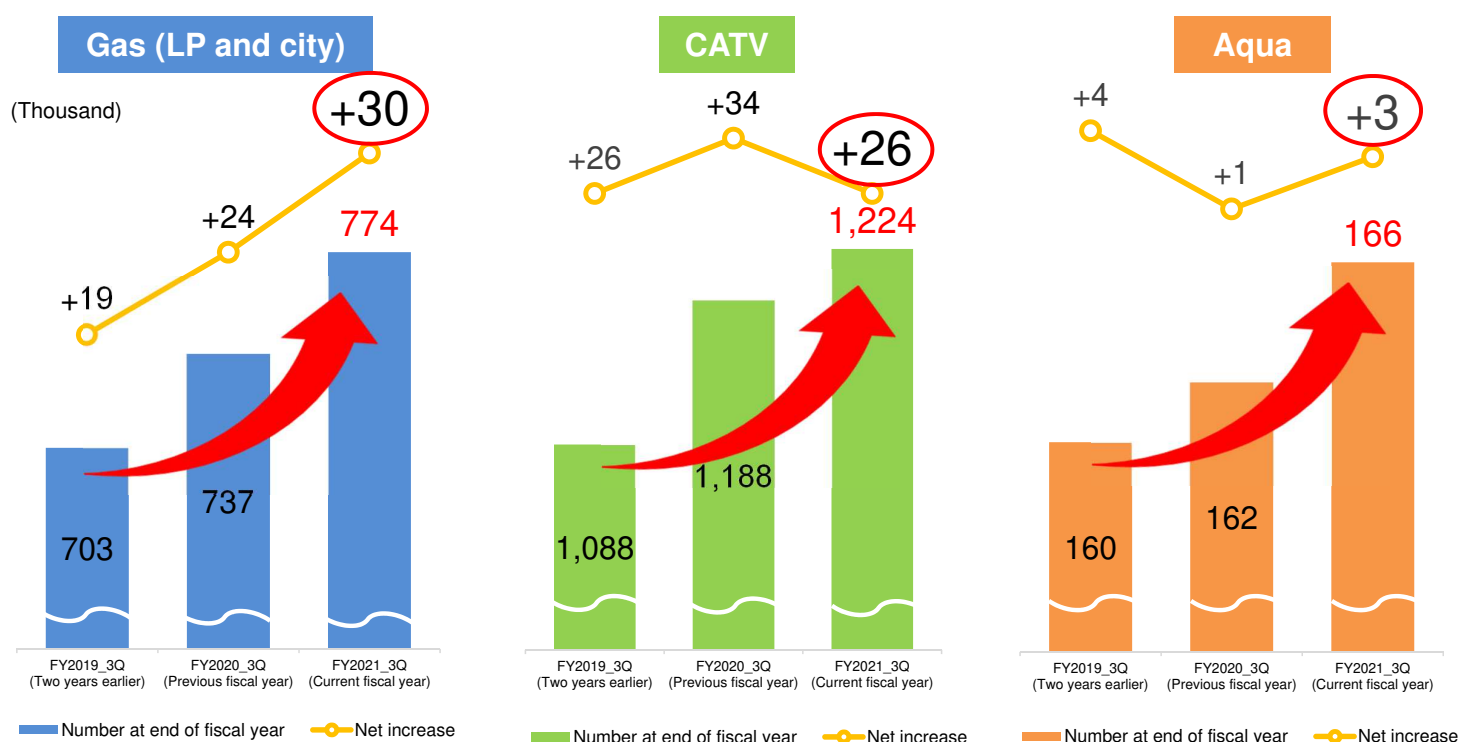
Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2022

TOKAI Holdings Corporation
(Code No. 3167)

January 27, 2022

Steady Expansion of Customer Base in Core Businesses

- ◎ The number of continuing customers as of December 31, 2021 stood at 3,142 thousand, an increase of 43 thousand from 3,099 thousand at the beginning of the fiscal year.
- ◎ We further expanded our earnings base in the gas business, the main business, CATV business and Aqua business.



* Rounded to the nearest thousand
* The net increases include increases through M&A.

Net sales hit a record high.

- Net sales hit a record high chiefly due to an increase in the number of customers, expansion in the Information and Communications business for corporate clients, and the effect of M&A in the Construction, Equipment, and Real Estate business.
- Operating profit fell 700 million yen year on year, chiefly reflecting an increase in expenses to acquire customers, albeit partially offset by growth in profit attributable to an increase in the number of monthly fee-paying customers accompanying an increase in the number of customer accounts, as well as by a rise in profit in the Information and Communications business for corporate clients.
- Net income decreased 1,300 million yen year on year, chiefly due to the recording of a temporary extraordinary loss.

(Net sales and profit: million yen; EPS: yen)

	Q3 FY03/22 results (April 1, 2021 to December 31, 2021)	Q3 FY03/21 results (April 1, 2020 to December 31, 2020)	YoY	
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Operating profit	9,248	9,901	-653	-6.6%
Recurring profit	9,324	9,929	-605	-6.1%
Net income	4,634	5,936	-1,301	-21.9%
EPS	35.38	45.33	-9.95	-21.9%

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Consolidated full-year financial results forecast

- The Group has made steady progress to make the fiscal year ending March 31, 2022 a year in which the Group will lay the foundations for achieving the goals described in the five key messages in the Medium-Term Management Plan IP24: (i) Implementation of LNG strategy, (ii) Evolution of TLC concept, (iii) Stepping up of DX strategy, (iv) Optimal allocation of management resources, and (v) Strengthening of SDG initiatives.
- The earnings forecast for the fiscal year ending March 31, 2022 (announced on May 11, 2021) remains unchanged.

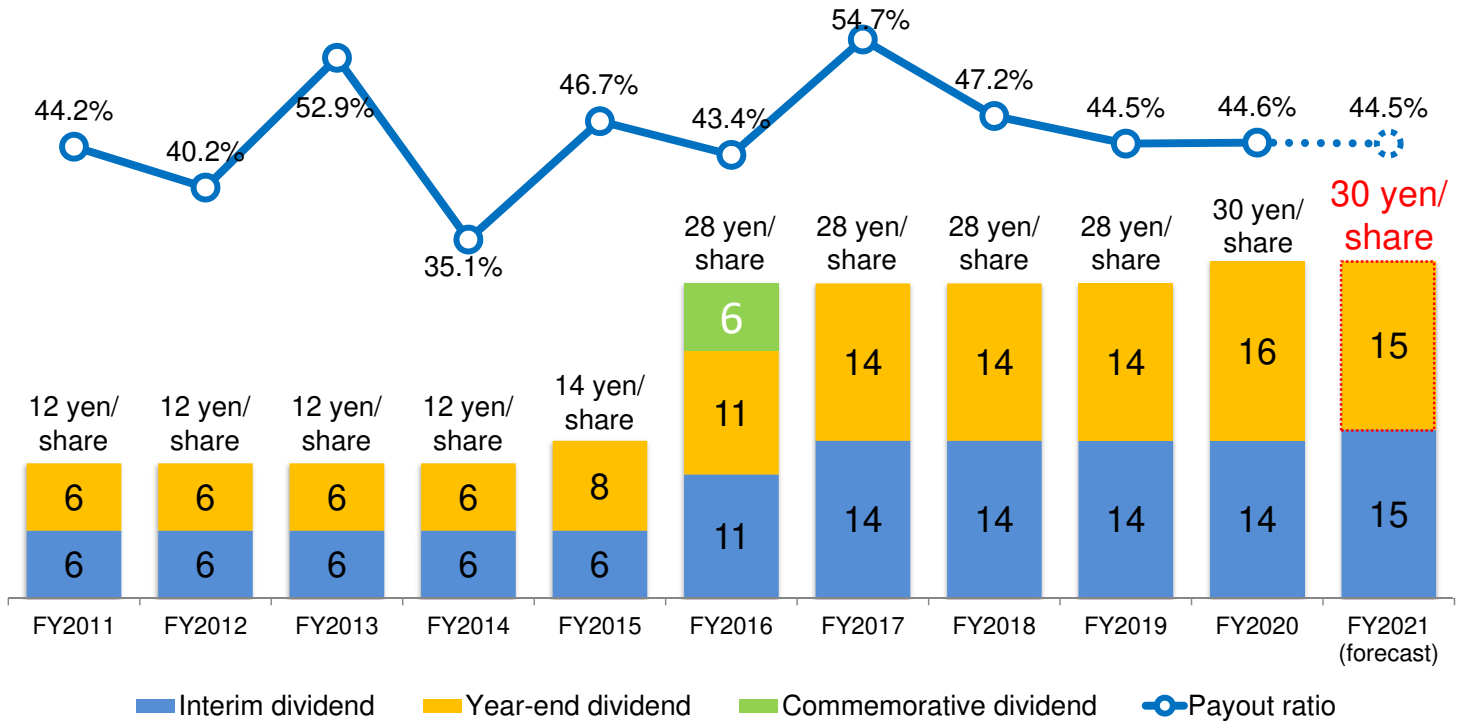
(Millions of yen)

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Recurring profit	15,320	15,312	+8	+0.1%
Net income	8,830	8,815	+14	+0.2%
EPS	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%

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Dividend forecast

- © Plan to pay dividends at a payout ratio of 40% to 50% for FY03/22. The annual amount for FY03/21, which was increased to 30 yen/share, is the baseline.
- © The dividend forecast (announced on May 11, 2021) 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)

	Q3 FY03/18 Results	Q3 FY03/19 Results	Q3 FY03/20 Results	Q3 FY03/21 Results	Q3 FY03/22 Results
Sales	133,336	137,943	141,557	139,792	149,420
Operating profit	6,579	7,038	9,278	9,901	9,248
Recurring profit	6,662	7,247	9,478	9,929	9,324
Net income	3,435	3,966	5,103	5,936	4,634
EPS (Yen)	26.66	30.29	38.97	45.33	35.38

(2) Sales by segment

(Millions of yen)

	Q3 FY03/18 Results	Q3 FY03/19 Results	Q3 FY03/20 Results	Q3 FY03/21 Results	Q3 FY03/22 Results
Energy	53,145	54,675	55,191	53,437	58,717
Information and Communications	37,760	37,959	38,834	37,831	38,206
CATV	20,871	22,829	23,433	24,994	24,265
building equipment real estate	13,491	13,846	14,919	14,815	19,025
Aqua	4,652	5,279	5,603	5,778	5,811
Others	3,415	3,352	3,575	2,934	3,395
Total	133,336	137,943	141,557	139,792	149,420

※From the current fiscal year, the name of the reporting segment has been changed from "gas and oil" to "energy" and from "building and real estate" to "building equipment real estate". The segment name change will not affect sales by segment.

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(3) Operating profit by segment

(Millions of yen)

	Q3 FY03/18 Results	Q3 FY03/19 Results	Q3 FY03/20 Results	Q3 FY03/21 Results	Q3 FY03/22 Results
Energy	3,857	2,954	3,964	5,034	4,317
Information and Communications	2,410	2,595	3,366	3,081	3,492
CATV	2,758	3,568	3,790	4,102	4,539
building equipment real estate	681	915	1,242	1,094	1,126
Aqua	221	444	597	578	287
Others	-3,350	-3,442	-3,682	-3,988	-4,514
Total	6,579	7,038	9,278	9,901	9,248

*Prior to elimination of indirect expenses

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(4) Consolidated financial indicators

(Millions of yen)

	Q3 FY03/18 Results	Q3 FY03/19 Results	Q3 FY03/20 Results	Q3 FY03/21 Results	Q3 FY03/22 Results
Total assets	165,886	167,035	168,697	172,946	181,450
Total liabilities	106,661	107,404	102,972	102,104	105,652
Total net assets	59,224	59,631	65,724	70,841	75,797
Balance of interest-bearing debt	57,511	58,481	52,615	51,344	49,060
EBITDA	18,052	18,266	20,769	21,768	21,202
Equity ratio	35.0 %	35.0 %	38.2 %	40.1 %	40.9 %

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(5) Consolidated cash flows

(Millions of yen)

	Q3 FY03/18 Results	Q3 FY03/19 Results	Q3 FY03/20 Results	Q3 FY03/21 Results	Q3 FY03/22 Results
Operating cash flow	12,295	9,813	15,476	19,402	12,305
Investment cash flow	-9,655	-9,615	-9,683	-14,672	-11,667
Free cash flow	2,640	197	5,793	4,730	638
Financing cash flow	-2,081	762	-4,779	-3,863	-945

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(6) Group customer count

(Thousands of customers)

		Q3 FY03/18 Results	Q3 FY03/19 Results	Q3 FY03/20 Results	Q3 FY03/21 Results	Q3 FY03/22 Results
Gas (LP and city gas)		653	674	703	737	774
Information and Communications	Previous ISP model, etc.	478	430	396	375	382
	Hikari Collaboration	319	328	324	335	342
	LIBMO	21	39	45	52	55
	Subtotal	818	797	766	763	779
CATV		1,002	1,055	1,088	1,188	1,224
Aqua		143	157	160	162	166
Mobile		229	220	214	209	195
Security		17	17	16	16	16
Total		2,839	2,897	2,933	3,063	3,142

*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) EBIDA by business

(Millions of yen)

		Q3 FY03/18 Results	Q3 FY03/19 Results	Q3 FY03/20 Results	Q3 FY03/21 Results	Q3 FY03/22 Results
Energy		7,342	6,512	7,563	8,512	7,923
Information and Communicat ions	For consumers	4,352	4,651	5,634	1,028	1,198
	For corporations				4,504	4,715
CATV		7,435	7,891	8,055	8,599	8,812
Construction, Equipment, and Real Estate		1,195	1,426	1,773	1,677	1,855
Aqua		638	844	1,050	1,051	807
EBITDA (Total)		18,052	18,266	20,769	21,768	21,202

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

* Information and communications have been divided into those for consumers and those for corporations from the previous term. Before that, the figures for the entire information and communication are 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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