



Consolidated Financial Results for the Year ended March 31, 2022 [Japanese GAAP]

May 10, 2022

Company name: TOKAI Holdings Corporation Stock listing: Tokyo Stock Exchange
 Stock code: 3167 URL: <http://tokaiholdings.co.jp>
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 Scheduled start date of dividend payment: June 28, 2022
 Scheduled date to submit Securities Report: June 28, 2022
 Supplementary materials on financial results: Yes
 Quarterly financial results briefing: Yes (Institutional Investors only)

(Figures are rounded to the nearest million yen)

1. Consolidated financial results for the year ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(1) Consolidated Operating Results

(% figures represent year-on-year changes)

	Sales		Operating Profit		Recurring Profit		Net Income Attributable to Owners of the Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2022	210,691	7.1	15,794	3.7	15,907	3.9	8,969	1.7
Year ended March 31, 2021	196,726	0.4	15,226	7.0	15,312	5.8	8,815	7.0

(Note) Comprehensive income: 7,131 million yen in the Year ended March 31, 2022 (-48.1%)
 13,748 million yen in the Year ended March 31, 2021 (135.7%)

	Net Income per Share	Net Income per Share (Diluted)	Return on Equity	Recurring Profit to Total Assets	Operating Profit Margin
	Yen	Yen	%	%	%
Year ended March 31, 2022	68.49	-	11.8	8.8	7.5
Year ended March 31, 2021	67.32	-	12.7	8.8	7.7

(Reference) Equity in affiliates accounted for under the equity method: -259 million yen for the ended March 31, 2022
 -136 million yen for the ended March 31, 2021

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2022	184,473	78,946	41.9	590.21
Year ended March 31, 2021	178,974	76,056	41.6	568.93

(Reference) Equity: 77,234 million yen for the Year ended March 31, 2022
 74,510 million yen for the Year ended March 31, 2021

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the End of the Year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	20,808	(14,592)	(6,905)	4,447
Year ended March 31, 2021	32,223	(17,068)	(14,064)	5,136

2. Dividends

	Annual Dividend					Total Dividends	Payout Ratio (Consolidated)	Dividend on Equity (Consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Total			
Year ending March 31, 2021	Yen —	Yen 14.00	Yen —	Yen 16.00	Yen 30.00	Millions of yen 3,940	% 44.6	5.6
Year ending March 31, 2022	—	15.00	—	17.00	32.00	4,203	46.7	5.5
Year ending March 31, 2023 (Forecast)	—	16.00	—	16.00	32.00		50.5	

3. Consolidated Earnings Forecasts for the Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% figures represent year-on-year changes)

	Sales		Operating Profit		Recurring Profit		Net Income Attributable to Owners of the Parent		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2023	223,000	5.8	14,500	(8.2)	14,300	(10.1)	8,300	(7.5)	63.43

*Notes

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries affecting the scope of consolidation): No

(2) Changes in accounting policies, estimates, and restatements

1) Changes in accounting policies accompanying revisions in accounting standards, etc.: Yes

2) Changes in accounting policies other than 1): No

3) Changes in accounting estimates: No

4) Restatements: No

(Note) For details, see "3. Consolidated Financial Statements and Main Notes (5) Notes on Consolidated Financial Statements (Changes in Accounting Policy)" on page 15 of the Attachment.

(3) Number of shares issued (common stock)

1) Shares issued at the end of each period (including treasury stock):

FY2021	139,679,977 shares	FY2020	139,679,977 shares
FY2021	8,819,780 shares	FY2020	8,713,335 shares
FY2021	130,971,865 shares	FY2020	130,963,743 shares

2) Number of shares of treasury stock at the end of each period:

3) Average number of shares during the period (cumulative):

(Note) Board benefit trust shares(BBT) is included in the number of year-end treasury stock. (496,900 stocks at FY3/2022, 391,300 stocks at FY3/2021) For treasury shares to be deducted in calculation of the average number of shares during the fiscal year, the Company's shares (385,805 stocks at FY3/2022, 394,416 stocks at FY3/2020) owned by the BBT are included.

(Reference) Overview of Non-Consolidated Operating Performance

Operating Performance for the Year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(1) Non-Consolidated Operating Results

(% figures represent year-on-year changes)

	Sales		Operating Profit		Recurring Profit		Net Income Attributable to Owners of the Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2022	10,127	8.0	4,863	18.5	4,877	18.2	4,910	32.2
Year ended March 31, 2021	9,373	3.8	4,104	(0.1)	4,127	(0.2)	3,714	(7.8)

	Net Income per Share	Net Income per Share (Diluted)
	Yen	Yen
Year ended March 31, 2022	37.50	-
Year ended March 31, 2021	28.36	-

(2) Non-Consolidated financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2022	99,149	41,124	41.5	314.19
Year ended March 31, 2021	99,896	40,381	40.4	308.33

(Reference) Equity: 41,115 million yen for the Year ended March 31, 2022
40,381 million yen for the Year ended March 31, 2021

* Information Regarding Execution of Quarterly Review Procedures

* Explanation regarding the Appropriate Uses of Earnings Forecasts and Other Notes

All earnings forecasts provided within this document are based on the most accurate information available at the time of the release of this document. Actual results may differ from forecasts due to various factors going forward.

[Attachment]

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1. Overview of Operating Results and Financial Position

(1) Overview of Operating Results

Consolidated operating results for the fiscal year under review

For the consolidated fiscal year under review, the Japanese economy remained under adverse circumstances due to COVID-19, as in the previous fiscal year. Its outlook is still uncertain amid different factors including soaring crude oil prices resulting from the crisis in Ukraine and the sharp depreciation of the yen due to a widening U.S.-Japan gap in interest rates. In this environment, the Group announced a new medium-term management plan, Innovation Plan 2024 “Design the Future Life” (IP24), which covers the period up to and including the fiscal year ending March 31, 2025, in May 2021. IP24 has five key messages: (i) implementation of the LNG strategy (expansion of business areas), (ii) evolution of the TLC concept, (iii) Stepping up of the DX strategy, (iv) Optimal allocation of management resources, and (v) Strengthening of SDG initiatives.

The first year of IP24 is a fiscal year to lay the foundation to achieve the goals expressed by those key messages. The Group has started initiatives to achieve growth in the existing businesses and promote M&A. The Group has started also to implement a new “green growth strategy,” which is intended to achieve carbon neutral, and workstyle reform.

In its operating activities, the Group actively sought to gain customers, while thoroughly taking steps to prevent infection. These activities resulted in the number of continuing customers rising to 3,194,000 as of March 31, 2022, an increase of 95,000 from the end of the previous fiscal year. The number of TLC Membership Service members rose 107,000, to 1,086,000.

For the consolidated fiscal year under review, the Group posted net sales of 210,691 million yen, up 7.1% year on year, operating profit of 15,794 million yen, up 3.7% year on year, recurring profit of 15,907 million ye, up 3.9% year on year and net income attributable to owners of parent of 8,969 million yen, up 1.7% year on year. Net sales rose for the fifth consecutive fiscal year and all profit and income figures for the fourth consecutive fiscal year. All these figures reached new record highs.

In April 2021, the Company established TOKAI Venture Capital & Incubation Corporation (Minato-ku, Tokyo), as a topic in this fiscal year. The company will help develop TLC through synergies with the existing businesses and the creation of new life-related services.

In the same month, the Company acquired shares in Marco Polo inc. (Toyota, Aichi), which engages in the remodeling of condominiums, in the Construction, Equipment, and Real Estate segment, and made it a consolidated subsidiary and acquired shares also in QUERY Co. Ltd. (Toshima-ku, Tokyo), which engages in system development, in the Information and Communications segment, making it a consolidated subsidiary.

The Company also set up new LP gas sales bases in Kumamoto City, Kumamoto Prefecture, in October 2021, and Fukuyama City, Hiroshima Prefecture in January 2022.

Performance by segment is indicated below.

(Energy)

In the LP gas business, the number of customers increased 34,000 from the end of the previous fiscal year, to 715,000, reflecting sustained Group efforts to attract customers. Net sales stood at 73,769 million yen (up 12.4% compared to the previous fiscal year), chiefly due to a rise in selling prices linked to purchase prices.

In the city gas business, the number of customers grew 7,000 from the end of the previous fiscal year, to 70,000. Net sales for the business rose 10.7% year on year, to 13,000 million yen mainly due to an increase in the sales volume of gas for industrial use and the effects of the gas rate adjustment system.

Net sales in this segment stood at 86,770 million yen (up 12.1%). Operating profit came to 6,059 million yen (down 0.9%), reflecting an increase in expense for gaining customers, among other factors.

(Construction, Equipment, and Real Estate)

In the Construction, Equipment and Real Estate business, net sales stood at 27,780 million yen, up 19.9% year on year,

and operating profit at 1,706 million yen, up 35.7% year on year. Marco Polo inc., a company based in the city of Toyota in Aichi Prefecture that is a consolidated subsidiary from the fiscal year under review onwards, helped achieve these results. The Group enjoyed brisk orders for existing construction equipment works and civil engineering works.

(CATV)

In the CATV business, the Group focused on providing local information and the production of programs as a community-based service provider. The Group collaborated with major video distributors to enhance content and enable customers to live a comfortable life amid the COVID-19 pandemic. The Group continued careful and steady sales activities based on actual conditions in each business area. The broadcasting services customer count rose to 887,000, an increase of 12,000 from the end of the previous fiscal year. The communications services customer count increased to 344,000, a rise of 22,000 from the end of the previous fiscal year.

Meanwhile, net sales in this segment decreased 3.5% year on year, to 32,572 million yen as a result of the application of the Accounting Standard for Revenue Recognition from the current fiscal year. Meanwhile, operating profit in the segment rose 10.0% year on year, to 5,189 million yen due to an increase in the number of customers.

(Information and Communications)

In the business for consumers, the Group worked to acquire customers in an effort to achieve a net increase in customers. For example, it expanded its ISP lineup in collaboration with major telecommunications carriers. In the mobile business, the Group appropriately reviewed its service lineup and introduced package plans with fixed lines. Reflecting effects those measures produced, the number of ISP customers stood at 654,000, following a controlled decline by 2,000 from the end of the previous fiscal year. The number of LIBMO customers rose 2,000 from the same point to 55,000. Net sales amounted to 24,400 million yen, down 7.2% year on year.

In the business for corporate clients, net sales came to 26,997 million yen (up 10.5%), mainly reflecting steady growth in cloud services and an increase in the contract development projects, which are currently booming.

Net sales in this segment were 51,398 million yen (up 1.3%), and operating profit was 3,355 million yen (up 8.7%).

(Aqua)

In the Aqua (bottled drinking water delivery) business, events at large retail facilities, etc. performed well. The Group also carried out non-face-to-face sales activities, including telemarketing. The number of customers increased 3,000 from the end of the previous fiscal year, to 165,000.

Net sales in this segment stood at 7,629 million yen (up 0.1%). Operating profit came to 46 million yen (down 82.1%), reflecting an increase in expense for gaining customers, among other factors.

(Others)

Net sales in the nursing care business stood at 1,353 million yen (up 2.9%), reflecting an increase in the number of users. Net sales in the shipbuilding business rose to 1,673 million yen (up 11.1%), due to an increase in the number of ships that the Group repaired. Net sales in the bridal events business rose to 646 million yen (up 54.9%) in weddings and meetings. Overall, net sales in this segment came to 4,540 million yen (up 11.7%), and the operating loss was 103 million yen (an operating loss of 244 million yen in the same period of the previous consolidated fiscal year).

(2) Overview of Financial Position

Total assets at the end of the current consolidated fiscal year under review stood at 184,473 million yen, an increase of 5,499 million yen from the end of the previous fiscal year. The increase was mainly attributable to growth of 4,216 million yen in property, plant and equipment, 2,243 million yen in notes and accounts receivable - trade, and contract assets, 811 million yen in investments and other assets, and 306 million yen in intangible assets despite a decrease of 1,787 million yen in others under current assets resulting chiefly from a slide in derivative valuations.

Total liabilities came to 105,527 million yen, an increase of 2,609 million yen from the end of the previous fiscal year. This is due largely to increases of 2,350 million yen in short-term borrowings, 1,540 million yen in lease obligations under non-

current liabilities, and 1,441 million yen in notes and accounts payable - trade despite a decrease in others under current liabilities by 3,027 million yen after a decline in guarantee deposits received for hedge transactions.

Total net assets were 78,946 million yen, an increase of 2,890 million yen from the end of the previous fiscal year. This resulted mainly from posting of 8,969 million yen as net income attributable to owners of parent despite 4,072 million yen paid for dividends of surplus and a decrease in deferred gains or losses on hedges by 1,918 million yen.

(3) Overview of Cash Flows

Cash and cash equivalents ("cash") as of the end of the current consolidated fiscal year were 4,447 million yen, a decrease of 688 million yen from the end of the previous fiscal year.

Cash flows from each activity during the fiscal year under review and the factors behind them are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 20,808 million yen (11,414 million yen less year on year). Cash inflows were attributable primarily to net income before income taxes, an increase in notes and accounts payable-trade and depreciation, a non-cash account, which were partially offset by income taxes paid and an increase in notes and accounts receivable-trade and a decrease in deposits received among other cash outflows.

(Cash flows from investing activities)

Net cash used in investing activities 14,592 million yen (2,476 million yen higher year on year). Cash outflows were attributable primarily to the purchase of tangible and intangible assets and the purchase of shares of subsidiaries resulting in a change in scope of consideration.

(Cash flows from financing activities)

Net cash used in financing activities was 6,905 million yen (7,159 million yen higher year on year). Loans payable and other cash inflows were more than offset by cash outflows, including repayment of loans payable, repayments of lease obligations and payment of cash dividends.

Net cash used in financing activities increased substantially year on year mainly due to growth in short-term loans payable.

Below is a summary of major cash flow indicators.

	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22
Equity ratio (%)	36.3	37.4	38.0	41.6	41.9
Equity ratio on a market-value basis (%)	85.0	71.8	72.2	70.0	61.1
Ratio of interest-bearing debt to cash flow (times)	2.4	2.3	2.1	1.3	2.1
Interest coverage ratio (times)	46.6	58.2	72.3	108.2	75.4

(Notes) Equity ratio: Shareholders' equity / Total assets

Equity ratio on a market-value basis: Total value of shares at market price/Total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt/Cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities/Interest payments

* All financial indicators are calculated on a consolidated basis

* Market capitalization is based on the year-end closing share price multiplied by the number of shares outstanding at year-end (excluding treasury stock).

* Operating cash flow is based on cash flows from operating activities in the consolidated statements of cash flows. Interest-bearing debt covers bonds payable and loans payable in the consolidated balance sheets. Interest payments are based on the interest expenses paid shown in the consolidated statements of cash flows.

(4) Future Outlook

The Group carries out actions aimed at continued growth and development in accordance with the five key messages in the TOKAI Group Medium-Term Management Plan Innovation entitled *Plan 2024 (IP24) "Design the Future Life."*

For FY2022, the Group will continue to increase customers and to receive more orders in a bid to boost net sales. With regard to profit, there is concern about a rise in gas purchase prices following climbing crude oil prices and escalation of the depreciation of the yen. The Company will work vigorously to win customers by taking pricing and other measures while maintaining price competitiveness.

Taking what is mentioned above into account, the consolidated earnings forecast for FY2022 is as follows.

Consolidated earnings forecast for FY2022

Sales	223,000 million yen	(+5.8% year on year)
Operating profit	14,500 million yen	(-8.2% year on year)
Recurring profit	14,300 million yen	(-10.1% year on year)
Net income attributable to owners of parent	8,300 million yen	(-7.5% year on year)

These earnings forecasts are based on information currently available to the Company. Actual results may differ from forecasts due to a variety of factors.

(5) Basic Profit Distribution Policies and Dividends for the Current and Next Fiscal Years

The Company's basic policy on profit distribution is to maintain stable dividends that reflect consolidated earnings, as well as a dividend payout ratio of 40–50%.

For the fiscal year ended March 31, 2022, we forecast annual dividends of 32 yen per share, consisting of the already-issued interim dividend of 15 yen per share and a year-end dividend of 17 yen per share. We also project annual dividends of 32 yen per share in the fiscal year ending March 31, 2023.

2. Basic Perspective on Selection of Accounting Standards

As the Group conducts its operations primarily in Japan, with little overseas activity, we intend to comply with Japanese Generally Accepted Accounting Principles (J-GAAP) for the foreseeable future. However, we will consider the adoption of International Financial Reporting Standards (IFRS), taking into account various situations in Japan and overseas.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	5,577	4,743
Notes and accounts receivable–trade	26,323	—
Notes and accounts receivable - trade and contract assets, net	—	28,566
Merchandise and finished goods	3,479	4,030
Work in process	900	740
Raw materials and supplies	1,194	1,376
Other	9,860	8,072
Allowance for doubtful accounts	△403	- 431
Total current assets	46,932	47,098
Non-current assets		
Property, plant and equipment		
Buildings and structures	131,474	135,544
Accumulated depreciation	(96,966)	- 100,043
Buildings and structures, net	34,508	35,500
Machinery, equipment and vehicles	105,403	108,369
Accumulated depreciation	(80,788)	- 83,537
Buildings and structures, net	24,614	24,832
Land	24,054	24,911
Leased assets	24,559	26,658
Accumulated depreciation	(11,155)	- 11,309
Leased assets, net	13,403	15,348
Construction in progress	660	689
Other, net	16,494	16,927
Accumulated depreciation	(11,936)	- 12,194
Other, net	4,558	4,733
Total property, plant and equipment	101,800	106,017
Intangible assets		
Goodwill	5,258	6,040
Leased assets	727	675
Other	4,700	4,278
Total intangible assets	10,687	10,993
Investments and other assets		
Investment securities	10,207	9,454
Long-term loans receivable	57	58
Deferred tax assets	1,712	2,670
Net defined benefit asset	3,150	3,769
Other	4,698	4,623
Allowance for doubtful accounts	(273)	- 211
Total investments and other assets	19,552	20,364
Total non-current assets	132,041	137,375
Deferred assets	0	—
Total assets	178,974	184,473

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable–trade	17,226	18,668
Short-term loans payable	12,061	14,411
Current portion of bonds	112	—
lease obligations	3,934	4,217
Income taxes payable	2,764	2,819
Provision for bonuses	1,382	1,443
Other accruals	558	318
Other	18,969	15,942
Total current liabilities	57,009	57,822
Non-current liabilities		
Long-term borrowings	29,955	29,736
Lease obligations	11,349	12,889
Other accruals	276	368
Net defined benefit liability	962	1,038
Other	3,363	3,671
Total non-current liabilities	45,908	47,704
Total liabilities	102,917	105,527
Net assets		
Shareholders' equity		
Capital stock	14,000	14,000
Capital surplus	25,542	25,552
Retained earnings	31,563	36,395
Treasury stock	(2,219)	-2,332
Total shareholders' equity	68,887	73,615
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,216	605
Deferred gains (losses) on hedges	1,918	—
Foreign currency translation adjustment	33	369
Remeasurements of defined benefit plans	2,454	2,643
Total accumulated other comprehensive income	5,623	3,619
Share acquisition rights	—	9
Non-controlling interests	1,545	1,702
Total net assets	76,056	78,946
Total liabilities and net assets	178,974	184,473

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

	(Millions of yen)	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Sales	196,726	210,691
Cost of sales	113,856	125,479
Gross profit	82,870	85,212
Selling, general and administrative expenses	67,643	69,418
Operating profit	15,226	15,794
Non-operating profit		
Interest income	10	14
Dividend income	184	250
Commission income	30	37
Other	375	426
Total non-operating income	601	729
Non-operating expenses		
Interest expenses	289	268
Share of loss of entities accounted for using equity method	136	259
Other	88	88
Total non-operating expenses	515	615
Recurring profit	15,312	15,907
Extraordinary income		
Gain on sales of non-current assets	57	7
Gain on receipt of donated non-current assets	386	128
Gain on sale of investment securities	18	436
Transmission line facility subsidies	144	127
Subsidy income	66	—
Total extraordinary income	672	700
Extraordinary losses		
Loss on sales of non-current assets	0	1
Loss on retirement of non-current assets	814	829
Impairment loss	106	5
Loss on sales of investment securities	16	13
Loss on valuation of investment securities	353	—
Anniversary project cost	96	271
Other	26	496
Total extraordinary losses	1,414	1,617
Net income before income taxes	14,570	14,990
Income taxes (current)	5,247	5,936
Income taxes (deferred)	350	- 79
Total income taxes	5,597	5,857
Net income	8,973	9,133
Net income attributable to non-controlling interests	157	163
Net income attributable to owners of the parent	8,815	8,969

(Consolidated Statements of Comprehensive Income)

	(Millions of yen)	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net income	8,973	9,133
Other comprehensive income		
Valuation difference on available-for-sale securities	925	- 610
Deferred gains (losses) on hedges	2,802	- 1,918
Foreign currency translation adjustment	(0)	- 5
Remeasurements of defined benefit plans, net of tax	1,005	188
Share of other comprehensive income of entities accounted for using the equity method	40	344
Total other comprehensive income	4,775	- 2,001
Comprehensive income	13,748	7,131
(Breakdown)		
Comprehensive income attributable to owners of the parent	13,590	6,965
Comprehensive income attributable to non-controlling interests	157	165

(3) Statement of Changes in Consolidated Shareholders' Equity

Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	14,000	25,542	26,426	(2,221)	63,746
Cumulative effects of changes in accounting policies					
Restated balance	14,000	25,542	26,426	(2,221)	63,746
Change during the year					
Dividends of surplus			(3,678)		(3,678)
Net income attributable to owners of the parent			8,815		8,815
Acquisition of treasury shares				(0)	(0)
Disposition of treasury shares		3		2	5
Increase (decrease) in cash resulting from merger of consolidated subsidiaries		(3)			(3)
Net changes of items other than shareholders' equity					
Total change during the year	—	0	5,137	1	5,140
Balance at end of period	14,000	25,542	31,563	(2,219)	68,887

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	290	(883)	(7)	1,449	848		1,387	65,982
Cumulative effects of changes in accounting policies								
Restated balance	290	(883)	(7)	1,449	848		1,387	65,982
Change during the year								
Dividends of surplus								(3,678)
Net income attributable to owners of the parent								8,815
Acquisition of treasury shares								(0)
Disposition of treasury shares								5
Increase (decrease) in cash resulting from merger of consolidated subsidiaries								(3)
Net changes of items other than shareholders' equity	925	2,802	40	1,005	4,774		158	4,932
Total change during the year	925	2,802	40	1,005	4,774		158	10,073
Balance at end of period	1,216	1,918	33	2,454	5,623		1,545	76,056

Consolidated fiscal year under review (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	14,000	25,542	31,563	(2,219)	68,887
Cumulative effects of changes in accounting policies			(66)		(66)
Restated balance	14,000	25,542	31,497	(2,219)	68,820
Change during the year					
Dividends of surplus			(4,072)		(4,072)
Net income attributable to owners of the parent			8,969		8,969
Acquisition of treasury shares				(119)	(119)
Disposition of treasury shares		9		6	15
Increase (decrease) in cash resulting from merger of consolidated subsidiaries					
Net changes of items other than shareholders' equity					
Total change during the year	—	9	4,897	(112)	4,794
Balance at end of period	14,000	25,552	36,395	(2,332)	73,615

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,216	1,918	33	2,454	5,623	—	1,545	76,056
Cumulative effects of changes in accounting policies								(66)
Restated balance	1,216	1,918	33	2,454	5,623	—	1,545	75,989
Change during the year								
Dividends of surplus								(4,072)
Net income attributable to owners of the parent								8,969
Acquisition of treasury shares								(119)
Disposition of treasury shares								15
Increase (decrease) in cash resulting from merger of consolidated subsidiaries								-
Net changes of items other than shareholders' equity	(610)	(1,918)	336	188	(2,004)	9	156	(1,838)
Total change during the year	(610)	(1,918)	336	188	(2,004)	9	156	2,956
Balance at end of period	605	—	369	2,643	3,619	9	1,702	78,946

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Net income before income taxes and minority interests	14,570	14,990
Depreciation	14,657	14,957
Amortization of goodwill	1,143	975
Impairment loss	106	5
Increase in net defined benefit asset and liability	- 30	- 259
Interest and dividend income	- 194	- 265
(Gain) loss on sale of investment securities	- 1	- 423
Interest expenses	289	268
(Gain) loss on sales of non-current assets	- 56	- 6
Loss (gain) on valuation of investment securities	353	—
Loss on retirement of non-current assets	814	829
Increase (decrease) in notes and accounts payable	286	- 3,321
(Increase) decrease in inventories	17	156
Increase (decrease) in notes and accounts payable—trade	2,104	1,341
Increase (decrease) in accrued consumption taxes	- 186	- 319
Increase (decrease) in deposits received	2,127	- 1,921
Other	958	- 297
Subtotal	36,960	26,709
Income taxes paid	- 4,736	- 5,900
Net cash provided by operating activities	32,223	20,808
Cash flows from investing activities		
Interest and dividend income received	245	305
Proceeds from withdrawal of time deposits	339	843
Purchase of securities	- 15	- 178
Proceeds from sales of securities	214	880
Purchase of tangible and intangible assets	- 12,925	- 13,345
Proceeds from sales of tangible and intangible assets	366	267
Payments for retirement of non-current assets	- 153	- 243
Proceeds from contribution received for construction	359	260
Purchase of shares of subsidiaries resulting in change in scope of consolidation	- 1,085	- 2,664
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	- 3,021	- 45
Payments for transfer of business	- 1,630	—
Loan advances	—	- 571
Collection of loans receivable	249	16
Other	- 11	- 117
Net cash provided by (used in) in investing activities	- 17,068	- 14,592

(Millions of yen)

	Fiscal Year Ended March 31, 2021	Fiscal Year Ended March 31, 2022
Cash flows from financing activities		
Interest expenses paid	- 297	- 275
Net increase (decrease) in short-term loans payable	- 8,475	1,370
Repayments of lease obligations	- 3,935	- 4,039
Proceeds from long-term loans payable	12,436	10,500
Repayment of long-term loans payable	- 9,987	- 10,148
Redemption of bonds	- 118	- 112
Payments for acquisition of treasury stock	- 0	- 119
Cash dividends paid	- 3,678	- 4,072
Other	- 7	- 6
Net cash provided by (used in) financing activities	- 14,064	- 6,905
Effect of exchange rate change on cash and cash equivalents	- 0	0
Net increase (decrease) in cash and cash equivalents	1,089	- 688
Cash and cash equivalents at beginning of period	4,046	5,136
Cash and cash equivalents at end of period	5,136	4,447

(5) Notes to the Consolidated Financial Statements

(Notes on Premise of Going Concern)

There is no relevant information.

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition)

The Company adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the "Accounting Standard for Revenue Recognition") from the beginning of the current fiscal year and recognized revenue when control of promised goods or services is transferred to customers in an amount that is expected to be received in exchange for those goods or services.

With regard to the application of the revenue recognition accounting standard, etc., in accordance with the transitional treatment stipulated in the provisions of paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retrospectively applying the new accounting policy prior to the beginning of the current fiscal year is added or deducted from retained earnings at the beginning of the current fiscal year, and the new accounting policy is applied from the beginning balance of the current fiscal year. However, the new accounting policy has not been applied retrospectively to contracts for which the method set forth in paragraph 86 of the Revenue Recognition Accounting Standard has been applied and substantially all revenue amounts have been recognized in accordance with previous treatment prior to the beginning of the current fiscal year. In addition, the Company applies the method stipulated in paragraph 86 of the Revenue Recognition Accounting Standard and paragraph (1) of the Written Accounting Standard. Contract modifications made prior to the beginning of the first quarter of the current fiscal year are accounted for under the terms of the contract after reflecting all contract modifications, and the cumulative effect of these modifications is adjusted to retained earnings at the beginning of the current fiscal year.

From the current fiscal year, the Company changed its practice to state notes and accounts receivable - trade, which had been stated under current assets in Consolidated Balance Sheets for the previous fiscal year, as part of notes and accounts receivable - trade, and contract assets. However, pursuant to the transitional provisions in Paragraph 89-2 of the Revenue Recognition Accounting Standard, the Company did not reclassify balance sheet amounts for the previous fiscal year according to a new presentation.

The adoption of this accounting standard is not expected to have a material impact on the consolidated financial statements.

(Application of Accounting Standard for Calculation of Fair Value)

The Accounting Standard for Calculation of Fair Value (ASBJ Statement No. 30, July 4, 2019, hereinafter referred to as the "Accounting Standard for Calculation of Fair Value") and other standards were applied from the beginning of the current fiscal year, and in accordance with the transitional treatment stipulated in paragraph 19 of the Accounting Standard for Calculation of Fair Value and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the new accounting policy stipulated by the Accounting Standard for Calculation of Fair Value will be applied in the future. The adoption of this accounting standard will have no impact on the consolidated financial statements.

(Additional Information)

(Improper Behavior by Our Former Subsidiary Employees)

In a tax examination conducted by the Nagoya Regional Taxation Bureau in July 2021, it was discovered that a former employee of two of our subsidiaries had misappropriated the Company's funds due to fictitious claims, fraudulent remittances, etc. In response, we launched an internal investigation committee chaired by an attorney who conducted an investigation and received a survey report in December 2021.

The amount of 496 million yen pointed out by the Nagoya Regional Taxation Bureau for this wrongdoing was recorded as extraordinary loss. In addition, an estimated amount of 83 million yen for additional tax collection due to fraud detection is included in income taxes, inhabitant taxes and enterprise taxes.

(Segment Information)

Segment Information

1. Outline of reportable segments

The Group's reportable segments are constituent units of the Group for which discrete financial information can be obtained, and for which the Board of Directors can decide on the allocation of management resources and evaluate operating performance. Consequently, the segments are principal categories that allow for regular consideration.

The Group establishes operational headquarters by product and service. Each operational headquarters drafts comprehensive strategies for the products and services it handles, and conducts business activities accordingly.

Consequently, in principle the product- and service-specific operational headquarters that form this base comprise the Group's five reportable segments: Energy; Construction, Equipment, and Real Estate; CATV; Information and Communications; and Aqua.

In the Energy segment, the Group sells LP gas, liquefied natural gas (LNG), and other high-pressure gases; markets petroleum products; supplies city gas; sells relevant products; performs construction of energy-related facilities and equipment; and provides security services.

In the Construction, Equipment, and Real Estate segment, the Group constructs residential facilities and other buildings; develops, sells, and leases real estate; sells construction materials and residential equipment; installs pre-furnished equipment and appliances in buildings; and operates home renovation, civil engineering, and electrical construction businesses.

In the CATV segment, the Group provides broadcasting and Internet connectivity services utilizing CATV networks.

In the Information and Communications segment, the Group develops computer software; processes information; provides Internet connectivity; sells communications equipment; and performs agent operations.

In the Aqua segment, the Group produces and sells bottled drinking water.

2. Method of Calculation of Amounts in Sales, Profit and Losses, Assets, Liabilities, and Other Items for Each Reportable Segment

The accounting methods used in reportable business segments are the same as specified in "Significant Matters Forming the Basis of Preparing the Consolidated Financial Statements."

Profit for reportable segments is based on operating profit, and intra-segment sales and transfers are conducted at prevailing market prices.

3. Information Related to Sales, Profit and Losses, Assets, Liabilities, and Other Items for Each Reportable Segment
For the fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(Millions of yen)

	Reportable segments						Others (Note 1)	Total	Adjustments (Note 2)	Amount in consolidated statements of income (Note 3)
	Energy	Construction, Equipment, and Real Estate	CATV	Information and Communi- cations	Aqua	Total				
Sales										
Sales to external customers	77,380	23,177	33,745	50,735	7,622	192,661	4,065	196,726	–	196,726
Intra-segment sales and transfer	194	1,035	600	3,835	189	5,855	131	5,986	(5,986)	–
Total	77,574	24,212	34,346	54,570	7,811	198,516	4,196	202,713	(5,986)	196,726
Segment profit (loss)	6,115	1,257	4,719	3,086	259	15,438	(244)	15,194	32	15,226
Segment assets	68,046	27,727	38,571	31,068	4,801	170,215	4,944	175,160	3,813	178,974
Other items										
Depreciation	4,241	713	5,340	3,245	640	14,182	77	14,260	397	14,657
Amortization of goodwill	417	65	595	23	–	1,101	41	1,143	–	1,143
Increase in tangible and intangible assets	7,138	828	7,481	3,080	467	18,996	163	19,159	408	19,567

(Notes) 1. The “others” category is a business segment not included in the reportable segments. This category includes businesses such as bridal events, ship repair, nursing care, and insurance.

2. Adjustments are as follows:

- (1) Adjustments to segment profit (loss) are eliminations due to intra-segment transactions.
- (2) Adjustments to segment assets, depreciation, and increase in tangible and intangible assets are due to companywide assets, depreciation, and increase in tangible and intangible assets that are not allocated to individual reportable segments.

3. Segment profit (loss) is adjusted to match operating profit in the consolidated statements of income.

For the fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(Millions of yen)

	Reportable segments						Others (Note 1)	Total	Adjustments (Note 2)	Amount in consolidated statements of income (Note 3)
	Energy	Construction, Equipment, and Real Estate	CATV	Information and Communi- cations	Aqua	Total				
Sales										
Sales to external customers	86,770	27,780	32,572	51,398	7,629	206,151	4,540	210,691	–	210,691
Intra-segment sales and transfer	184	1,608	516	5,037	218	7,565	162	7,727	(7,727)	–
Total	86,954	29,388	33,089	56,435	7,847	213,716	4,703	218,419	(7,727)	210,691
Segment profit (loss)	6,059	1,706	5,189	3,355	46	16,357	(103)	16,254	(460)	15,794
Segment assets	72,617	30,042	39,606	29,757	5,093	177,117	4,628	181,745	2,728	184,473
Other items										
Depreciation	4,514	746	5,364	3,143	693	14,463	80	14,543	413	14,957
Amortization of goodwill	308	224	348	42	–	923	52	975	–	975
Increase in tangible and intangible assets	7,698	514	7,401	2,699	717	19,031	61	19,093	401	19,494

(Notes) 1. The “others” category is a business segment not included in the reportable segments. This category includes businesses such as bridal events, ship repair, nursing care, and insurance.

2. Adjustments are as follows:

- (1) Adjustments to segment profit (loss) are eliminations due to intra-segment transactions.
- (2) Adjustments to segment assets, depreciation, and increase in tangible and intangible assets are due to companywide assets, depreciation, and increase in tangible and intangible assets that are not allocated to individual reportable segments.

3. Segment profit (loss) is adjusted to match operating profit in the consolidated statements of income.

[Reference Information]

For the fiscal year ended March 31, 2021 (April 1, 2020 - March 31, 2021)

1. Information by Product and Service

This information is omitted because the same information is disclosed in the Segment Information section.

2. Information by Region

(1) Sales

This information is omitted because sales to customers in Japan account for more than 90% of sales in the consolidated statements of income.

(2) Property, Plant and Equipment

This information is omitted because property, plant and equipment in Japan account for more than 90% of property, plant and equipment in the consolidated balance sheets.

3. Information by Major Customer

This information is omitted because no customers account for 10% or more of sales in the consolidated statements of income.

For the fiscal year ended March 31, 2022 (April 1, 2021– March 31, 2022)

1. Information by Product and Service

This information is omitted because the same information is disclosed in the Segment Information section.

2. Information by Region

(1) Sales

This information is omitted because sales to customers in Japan account for more than 90% of sales in the consolidated statements of income.

(2) Property, Plant and Equipment

This information is omitted because property, plant and equipment in Japan account for more than 90% of property, plant and equipment in the consolidated balance sheets.

3. Information by Major Customer

This information is omitted because no customers account for 10% or more of sales in the consolidated statements of income.

Information Related to Impairment Losses of Non-current Assets by Reportable Segment

For the fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(Millions of yen)

	Energy	Construction, Equipment, and Real Estate	CATV	Information and Communi- cations	Aqua	Others	Corporate or elimination	Total
Impairment losses	–	79	–	–	–	26	–	106

For the fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)

(Millions of yen)

	Energy	Construction, Equipment, and Real Estate	CATV	Information and Communi- cations	Aqua	Others	Corporate or elimination	Total
Impairment losses	–	3	–	–	–	2	–	5

Information Related to Amortization of Goodwill and Unamortized Balance by Reportable Segment

For the fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(Millions of yen)

	Energy	Construction, Equipment, and Real Estate	CATV	Information and Communi- cations	Aqua	Others	Corporate or elimination	Total
Amortization during the period	417	65	595	23	–	41	–	1,143
Balance at end of period	1,222	684	2,986	181	–	183	–	5,258

For the fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)

(Millions of yen)

	Energy	Construction, Equipment, and Real Estate	CATV	Information and Communi- cations	Aqua	Others	Corporate or elimination	Total
Amortization during the period	308	224	348	42	–	52	–	975
Balance at end of period	1,120	1,800	2,637	328	–	153	–	6,040

Information on Negative Goodwill Generated for Each Reportable Segment

For the fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

Not applicable.

For the fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)

Not applicable.

(Per-Share Information)

	For the fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)	For the fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)
Net assets per share (yen)	568.93	590.21
Basic earnings per share (yen)	67.32	68.49
Diluted earnings per share (diluted)	–	–

(Notes) 1. The basis of calculating the basic earnings per share and diluted earnings per share is as follows:

	For the fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)	For the fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)
(1) Basic earnings per share (yen)	67.32	68.49
(Basis for calculation)		
Net income attributable to owners of parent (millions of yen)	8,815	8,969
Amounts not attributable to common shareholders (millions of yen)	–	–
Net income attributable to owners of the parent available to common shareholders (millions of yen)	8,815	8,969
Average number of common shares outstanding during the period (thousands of shares)	130,963	130,971
(2) Diluted earnings per share	–	–
(Basis for calculation)		
Adjustments to net income attributable to owners of parent (millions of yen)	–	–
A summary of those residual shares not included in calculation of diluted earnings per share due to the absence of a dilution effect which involves material changes from the end of the previous consolidated fiscal year	–	Share acquisition rights following a resolution of the Board of Directors meeting on October 28, 2021 Number of share acquisition rights: 7,739 (Common shares: 773,900 shares)

2. The number of common shares outstanding at the end of the fiscal year used in the calculation of net assets per share excludes the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E) (391,300 shares for the fiscal year ended March 31, 2021; 496,900 shares for the fiscal year ended March 31, 2022). The average number of common shares outstanding used in the calculation of basic earnings per share excludes the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E) (394,416 shares for the fiscal year ended March 31, 2021; 385,805 shares for the fiscal year ended March 31, 2022).

3. Diluted earnings per share for the previous fiscal year is not stated because there is no potential dilution. Diluted earnings per share in the fiscal year under review is not presented because there are no dilutive shares.

(Important Subsequent Events)

There is no relevant information.

4. Other

(1) Changes in Executive Positions

1) Change of representative director

No items to report

2) Other Changes in Executive Positions

No items to report