



Consolidated Financial Results for the Year ended March 31, 2023 [Japanese GAAP]

May 9, 2023

Company name: TOKAI Holdings Corporation Stock listing: Tokyo Stock Exchange
 Stock code: 3167 URL: <http://tokaiholdings.co.jp>
 Representative: Katsuo Oguri, President & CEO
 Contact: Junichi Yamada, Managing Executive Officer, General Manager of Administrative Headquarters
 Telephone: +81-54-275-0007

Scheduled date of General shareholders' meeting: June 28, 2023
 Scheduled start date of dividend payment: June 28, 2023
 Scheduled date to submit Securities Report: June 28, 2023
 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, 2023 (April 1, 2022 to March 31, 2023)

(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, 2023	230,190	9.3	14,919	-5.5	13,289	-16.5	6,465	-27.9
Year ended March 31, 2022	210,691	7.1	15,794	3.7	15,907	3.9	8,969	1.7

(Note) Comprehensive income: 7,725 million yen in the Year ended March 31, 2023 (-8.3%)
 7,131 million yen in the Year ended March 31, 2022 (-48.1%)

	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, 2023	49.41	-	8.2	7.0	6.5
Year ended March 31, 2022	68.49	-	11.8	8.8	7.5

(Reference) Equity in affiliates accounted for under the equity method: -1,977 million yen for the ended March 31, 2023
 -259 million yen for the ended March 31, 2022

(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, 2023	21,193	-14,152	-7,459	4,028
Year ended March 31, 2022	20,808	(14,592)	(6,905)	4,447

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, 2022	Yen —	Yen 15.00	Yen —	Yen 17.00	Yen 32.00	Millions of yen 4,203	% 46.7	5.5
Year ending March 31, 2023	—	16.00	—	16.00	32.00	4,203	64.8	5.3
Year ending March 31, 2024 (Forecast)	—	16.00	—	16.00	32.00		49.2	

3. Consolidated Earnings Forecasts for the Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% 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, 2024	240,000	4.3	15,000	0.5	15,000	12.9	8,500	31.5	65.10

*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):

FY2022	139,679,977 shares	FY2021	139,679,977 shares
FY2022	9,105,687 shares	FY2021	8,819,780 shares
FY2022	130,865,731 shares	FY2021	130,971,865 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. (782,100 stocks at FY3/2023, 496,900 stocks at FY3/2022) For treasury shares to be deducted in calculation of the average number of shares during the fiscal year, the Company's shares (491,023 stocks at FY3/2023, 385,805 stocks at FY3/2022) owned by the BBT are included.

(Reference) Overview of Non-Consolidated Operating Performance
 Operating Performance for the Year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(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, 2023	9,751	-3.7	4,490	-7.7	4,590	-5.9	4,220	-14.1
Year ended March 31, 2022	10,127	8.0	4,863	18.5	4,877	18.2	4,910	32.2

	Net Income per Share	Net Income per Share (Diluted)
	Yen	Yen
Year ended March 31, 2023	32.25	-
Year ended March 31, 2022	37.50	-

(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, 2023	102,682	41,040	39.9	314.03
Year ended March 31, 2022	99,149	41,124	41.5	314.19

(Reference) Equity: 41,003 million yen for the Year ended March 31, 2023
 41,115 million yen for the Year ended March 31, 2022

* 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]

Contents

1. Overview of Operating Results and Financial Position	2
(1) Overview of Operating Results	2
(2) Overview of Financial Position	3
(3) Overview of Cash Flows	4
(4) Future Outlook	4
(5) Basic Profit Distribution Policies and Dividends for the Current and Next Fiscal Years	5
2. Basic Perspective on Selection of Accounting Standards	6
3. Consolidated Financial Statements	7
(1) Consolidated Balance Sheets	7
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	9
(3) Statement of Changes in Consolidated Shareholders' Equity	11
(4) Consolidated Statements of Cash Flows	13
(5) Notes to the Consolidated Financial Statements	15
(Notes on Going Concern Assumptions)	15
(Changes in Accounting Policies)	15
(Additional Information)	15
(Segment Information)	16
(Per-Share Information)	18
(Important Subsequent Events)	19
4. Other	20
(1) Changes in Executive Positions	20

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 continued to face concern over high prices due to the ongoing depreciation of the yen and soaring raw material and energy prices caused by the situation in Ukraine. However, in the world with COVID-19, the economy is expected to pick up as a result of various government policies and expanding moves by companies to raise wages and support diversification of work styles.

During the fiscal year ended March 31, 2023, the Group continued its concerted efforts to accelerate the expansion of business areas and digital marketing, to create open innovation, to step up its digital transformation (DX) strategy, to optimally allocate management resources, and to strengthen its SDG initiatives.

Consequently, the Group posted a 106,000 rise in the number of continuing customers, to 3,299,000 for the fiscal year ended March 31, 2023 (whereas the number grew 95,000 in the same period a year earlier). The number of TLC Membership Service members increased 71,000 to 1,158,000 (whereas it rose 107,000 for the same period a year earlier).

In June, 2022, the Group acquired shares of Wood Recycle Co., Ltd. (Gero City, Gifu Prefecture), a company engaging in industrial waste treatment and manufacturing of woodchips, and made it a consolidated subsidiary. In October, the Group acquired shares of J-support Co., Ltd. (Chuo-ku, Fukuoka City), which engages in the development, sales, and maintenance of packaged software for the logistics and warehousing industry, and Okinawa Cable Network Inc. (Naha City, Okinawa Prefecture), which operates a CATV business, and made them consolidated subsidiaries. In March 2023, TOKAI Kids Touch Corporation (Aoi-ku, Shizuoka City), a consolidated subsidiary, launched a temporary daycare center service.

In addition, the Group made positive achievements in expansion of its business base by establishing a new LP gas sales base in Matsuyama City, Ehime Prefecture in March 2023 to expand into the Shikoku area.

Under these circumstances, for the fiscal year ended March 31, 2023, the Group posted net sales of 230,190 million yen (up 9.3% year on year). However, given rises in gas purchase costs and in expenses for gaining customers, operating profit was down 5.5% year on year to 14,919 million yen. Ordinary profit stood at 13,289 million yen, down 16.5% year on year, after posting investment losses including impairment losses associated with the goodwill of an affiliate in Vietnam. Profit attributable to owners of parent was 6,465 million yen, down 27.9% year on year.

Performance by segment is indicated below.

(Energy)

In the LP gas business, the number of customers increased 31,000 from the end of the previous fiscal year, to 746,000, reflecting sustained Group efforts to attract customers. Net sales stood at 82,921 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 industrial gas business.

In the city gas business, the number of customers grew 5,000 from the end of the previous fiscal year, to 75,000. Net sales reached 19,607 million yen (up 50.8%), due to the effects of the gas rate adjustment system.

In this overall segment, net sales came to 102,528 million yen, up 18.2% year on year. However, operating profit stood at 4,285 million yen, down 29.3% year on year, due mainly to a hike in the cost of gas.

(Construction, Equipment, and Real Estate)

In the Construction, Equipment and Real Estate business, net sales stood at 26,809 million yen, down 3.5% year on year, and operating profit at 1,312 million yen, down 23.1% year on year. These results are attributable to decreases in large facilities projects, civil engineering work and projects for the construction of new stores and other facilities.

(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 and made other efforts to enhance content. Due to aggressive sales activities, the

broadcasting services customer count rose to 914,000, an increase of 26,000 from the end of the previous fiscal year. The communications services customer count increased to 373,000, a rise of 29,000 from the end of the previous fiscal year.

Net sales in this segment stood at 34,500 million yen (up 5.9%), and operating profit came to 5,523 million yen (up 6.4%).

(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 worked to gain customers in collaboration with major telecommunications carriers in the ISP business. In the mobile business, the Group broadened the LIBMO service lineup and introduced package plans with fixed lines. These actions consequently achieved a net increase in the number of broadband customers, which surged 11,000 from the end of the previous fiscal year to 665,000. LIBMO customers increased by 16,000 to 71,000. However, a decrease in ARPU resulted in net sales of 24,402 million yen, on par with the previous year.

In the business for corporate clients, net sales came to 29,542 million yen, up 9.4% year on year, mainly reflecting steady growth in career services and cloud services and an increase in the contract development projects.

Net sales in this segment stood at 53,945 million yen (up 5.0%), and operating profit came to 3,841 million yen (up 14.5%).

(Aqua)

In the Aqua (bottled drinking water delivery) business, the number of customers was 165,000, the same as the end of the previous fiscal year. That resulted from sales activities in events at large retail facilities and others as well as non-face-to-face sales activities such as efforts to win contracts online and telemarketing.

Net sales in this segment were 7,529 million yen, down 1.3% year on year, chiefly following a decline in consumption per household. However, as a result of cutting expenses for sales activities, operating profit reached 262 million yen, up 462.6% year on year.

(Others)

Net sales in the nursing care business stood at 1,362 million yen (up 0.7%), reflecting an increase in the number of users. Net sales in the shipbuilding business rose to 1,709 million yen (up 2.2%), due to an increase in the number of ship repair work. In the bridal events business, net sales reached 1,012 million yen (up 56.5%), following a recovery in weddings and receptions.

Overall, net sales in this segment came to 4,876 million yen (up 7.4%), and the operating profit was 169 million yen (an operating loss of 103 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 193,339 million yen, an increase of 8,865 million yen from the end of the previous fiscal year. The increase was attributable primarily to an increase of 4,367 million yen in property, plant and equipment, a rise of 1,418 million yen in merchandise and finished goods, an increase of 1,333 million yen in notes and accounts receivable - trade and contract assets, and a hike of 1,778 million yen in Other in current assets, which mainly reflects an increase in accounts receivable - other.

Total liabilities came to 11,034 million yen, an increase of 5,507 million yen from the end of the previous fiscal year. This was mainly due to an increase of 1,341 million yen in short-term borrowings, a rise of 1,133 million yen in notes and accounts payable-trade, a hike of 1,118 million yen in long-term borrowings, an increase of 933 million yen in lease liabilities in non-current liabilities and a hike of 1,251 million yen in Other, net in current liabilities, mainly due to an increase in contract liabilities.

Total net assets were 82,304 million yen, an increase of 3,358 million yen from the end of the previous fiscal year. This was chiefly due to posting of profit attributable to owners of parent of 6,465 million yen and to increases in valuation difference on available-for-sale securities by 852 million yen and in foreign currency translation adjustment by 371 million yen despite dividends of surplus of 4,334 million yen.

(3) Overview of Cash Flows

Cash and cash equivalents (“cash”) as of the end of the current consolidated fiscal year were 4,028 million yen, a decrease of 418 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 21,193 million yen (384 million yen higher year on year). The cash inflows were attributable primarily to profit before income taxes, and depreciation as a non-cash account title, which were partially offset by income taxes paid, and growth in inventories among other cash outflows.

(Cash flows from investing activities)

Net cash used in investing activities 14,152 million yen (440 million yen higher year on year). The cash outflows were attributable primarily to purchases of property, plant and equipment and intangible assets and to expenses for acquisition of securities.

(Cash flows from financing activities)

Net cash used in financing activities was 7,459 million yen (554 million yen less 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.

Below is a summary of major cash flow indicators.

	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23
Equity ratio (%)	37.4	38.0	41.6	41.9	41.5
Equity ratio on a market-value basis (%)	71.8	72.2	70.0	61.1	59.0
Ratio of interest-bearing debt to cash flow (times)	2.3	2.1	1.3	2.1	2.2
Interest coverage ratio (times)	58.2	72.3	108.2	75.4	77.5

(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

In FY2023, the Group will continue to actively promote customer acquisition with the aim of increasing net sales and each profit item, while factoring in the impact of increased personnel expenses due to wage hikes.

The consolidated earnings forecast for FY2023 is as follows.

<Consolidated earnings forecast for FY2023>

Net sales	240,000 million yen (+4.3% year on year)
Operating profit	15,000 million yen (+0.5% year on year)
Ordinary profit	15,000 million yen (+12.9% year on year)
Profit attributable to owners of parent	8,500 million yen (+31.5% 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, 2023, we forecast annual dividends of 32 yen per share, consisting of the already-issued interim dividend of 16 yen per share and a year-end dividend of 16 yen per share. We also project annual dividends of 32 yen per share in the fiscal year ending March 31, 2024.

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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	4,743	4,359
Notes and accounts receivable - trade and contract assets, net	28,566	29,899
Merchandise and finished goods	4,030	5,448
Work in process	740	1,130
Raw materials and supplies	1,376	1,589
Other	8,072	9,850
Allowance for doubtful accounts	- 431	- 454
Total current assets	47,098	51,824
Non-current assets		
Property, plant and equipment		
Buildings and structures	135,544	139,650
Accumulated depreciation	- 100,043	- 103,462
Buildings and structures, net	35,500	36,188
Machinery, equipment and vehicles	108,369	112,439
Accumulated depreciation	- 83,537	- 86,401
Buildings and structures, net	24,832	26,038
Land	24,911	24,841
Leased assets	26,658	29,035
Accumulated depreciation	- 11,309	- 12,318
Leased assets, net	15,348	16,716
Construction in progress	689	1,378
Other, net	16,927	17,698
Accumulated depreciation	- 12,194	- 12,477
Other, net	4,733	5,221
Total property, plant and equipment	106,017	110,384
Intangible assets		
Goodwill	6,040	5,904
Leased assets	675	599
Other	4,278	3,988
Total intangible assets	10,993	10,492
Investments and other assets		
Investment securities	9,454	9,829
Long-term loans receivable	58	66
Deferred tax assets	2,670	2,286
Net defined benefit asset	3,769	4,092
Other	4,623	4,603
Allowance for doubtful accounts	- 211	- 243
Total investments and other assets	20,364	20,634
Total non-current assets	137,375	141,511
Deferred assets	-	3
Total assets	184,473	193,339

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable–trade	18,668	19,801
Short-term loans payable	14,411	15,753
lease obligations	4,217	4,479
Income taxes payable	2,819	2,247
Provision for bonuses	1,443	1,525
Other accruals	318	45
Other	15,942	17,193
Total current liabilities	57,822	61,046
Non-current liabilities		
Long-term borrowings	29,736	30,855
Lease obligations	12,889	13,823
Other accruals	368	342
Net defined benefit liability	1,038	1,377
Other	3,671	3,588
Total non-current liabilities	47,704	49,988
Total liabilities	105,527	111,034
Net assets		
Shareholders' equity		
Capital stock	14,000	14,000
Capital surplus	25,552	25,566
Retained earnings	36,395	38,526
Treasury stock	-2,332	-2,601
Total shareholders' equity	73,615	75,492
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	605	1,458
Foreign currency translation adjustment	369	741
Remeasurements of defined benefit plans	2,643	2,492
Total accumulated other comprehensive income	3,619	4,692
Share acquisition rights	9	36
Non-controlling interests	1,702	2,083
Total net assets	78,946	82,304
Total liabilities and net assets	184,473	193,339

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

	(Millions of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Sales	210,691	230,190
Cost of sales	125,479	144,129
Gross profit	85,212	86,060
Selling, general and administrative expenses	69,418	71,141
Operating profit	15,794	14,919
Non-operating profit		
Interest income	14	12
Dividend income	250	226
Commission income	37	34
Subsidy income	71	86
Other	354	359
Total non-operating income	729	719
Non-operating expenses		
Interest expenses	268	271
Share of loss of entities accounted for using equity method	259	1,977
Other	88	101
Total non-operating expenses	615	2,349
Recurring profit	15,907	13,289
Extraordinary income		
Gain on sales of non-current assets	7	36
Gain on receipt of donated non-current assets	128	-
Gain on sale of investment securities	436	146
Gain on bargain purchase	-	51
Transmission line facility subsidies	127	118
Subsidy income	-	12
Total extraordinary income	700	364
Extraordinary losses		
Loss on sales of non-current assets	1	3
Loss on retirement of non-current assets	829	845
Impairment loss	5	373
Loss on sales of investment securities	13	-
Loss on valuation of investment securities	-	224
Anniversary project cost	271	-
Other	496	-
Total extraordinary losses	1,617	1,772
Net income before income taxes	14,990	11,882
Income taxes (current)	5,936	4,991
Income taxes (deferred)	-79	240
Total income taxes	5,857	5,231
Net income	9,133	6,650
Net income attributable to non-controlling interests	163	185
Net income attributable to owners of the parent	8,969	6,465

(Consolidated Statements of Comprehensive Income)

	(Millions of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net income	9,133	6,650
Other comprehensive income		
Valuation difference on available-for-sale securities	- 610	852
Deferred gains (losses) on hedges	- 1,918	—
Foreign currency translation adjustment	- 5	0
Remeasurements of defined benefit plans, net of tax	188	- 151
Share of other comprehensive income of entities accounted for using the equity method	344	373
Total other comprehensive income	- 2,001	1,074
Comprehensive income	7,131	7,725
(Breakdown)		
Comprehensive income attributable to owners of the parent	6,965	7,538
Comprehensive income attributable to non-controlling interests	165	186

(3) Statement of Changes in Consolidated Shareholders' Equity
 Previous consolidated fiscal year (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

Consolidated fiscal year under review (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	14,000	25,552	36,395	-2,332	73,615
Change during the year					
Dividends of surplus			-4,334		-4,334
Net income attributable to owners of the parent			6,465		6,465
Acquisition of treasury shares				-278	-278
Disposition of treasury shares		14		9	23
Net changes of items other than shareholders' equity					
Total change during the year	—	14	2,130	-268	1,876
Balance at end of period	14,000	25,566	38,526	-2,601	75,492

	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	605	—	369	2,643	3,619	9	1,702	78,946
Change during the year								
Dividends of surplus								-4,334
Net income attributable to owners of the parent								6,465
Acquisition of treasury shares								-278
Disposition of treasury shares								23
Net changes of items other than shareholders' equity	852		371	-151	1,073	27	381	1,481
Total change during the year	852	—	371	-151	1,073	27	381	3,358
Balance at end of period	1,458	—	741	2,492	4,692	36	2,083	82,304

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Net income before income taxes and minority interests	14,990	11,882
Depreciation	14,957	15,239
Amortization of goodwill	975	985
Gain on bargain purchase	-	-51
Impairment loss	5	373
Increase in net defined benefit asset and liability	-259	-422
Interest and dividend income	-265	-239
(Gain) loss on sale of investment securities	-423	-146
Interest expenses	268	271
Share of loss (profit) of entities accounted for using equity method	259	1,977
(Gain) loss on sales of non-current assets	-6	-32
Loss (gain) on valuation of investment securities	-	224
Loss on retirement of non-current assets	829	845
Increase (decrease) in notes and accounts payable	-3,321	-655
(Increase) decrease in inventories	156	-1,918
Increase (decrease) in notes and accounts payable—trade	1,341	1,048
Other	-2,798	-1,613
Subtotal	26,709	27,767
Income taxes paid	-5,900	-6,573
Net cash provided by operating activities	20,808	21,193
Cash flows from investing activities		
Interest and dividend income received	305	310
Proceeds from withdrawal of time deposits	843	
Purchase of securities	-178	-1,156
Proceeds from sales of securities	880	199
Purchase of tangible and intangible assets	-13,345	-13,963
Proceeds from sales of tangible and intangible assets	267	378
Payments for retirement of non-current assets	-243	-299
Proceeds from contribution received for construction	260	173
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-2,664	-285
Loan advances	-571	-
Collection of loans receivable	16	607
Other	680	-117
Net cash provided by (used in) in investing activities	-14,592	-14,152

(Millions of yen)

	Fiscal Year Ended March 31, 2022	Fiscal Year Ended March 31, 2023
Cash flows from financing activities		
Interest expenses paid	- 275	- 273
Net increase (decrease) in short-term loans payable	1,370	1,165
Repayments of lease obligations	- 4,039	- 4,581
Proceeds from long-term loans payable	10,500	11,600
Repayment of long-term loans payable	- 10,148	- 10,750
Redemption of bonds	- 112	—
Payments for acquisition of treasury stock	- 119	- 278
Cash dividends paid	- 4,072	- 4,333
Other	- 6	- 8
Net cash provided by (used in) financing activities	- 6,905	- 7,459
Effect of exchange rate change on cash and cash equivalents	0	- 0
Net increase (decrease) in cash and cash equivalents	- 688	- 418
Cash and cash equivalents at beginning of period	5,136	4,447
Cash and cash equivalents at end of period	4,447	4,028

(5) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable

(Changes in Accounting Policies)

(Application of Implementation Guidance on Accounting Standard for Calculation of Fair Value)

The Company has applied the "Implementation Guidance on Accounting Standard for Calculation of Fair Value" (ASBJ Guidance No. 31, June 17, 2021; hereinafter the "Implementation Guidance on Accounting Standard for Market Value Calculation") from the beginning of the fiscal year ended March 31, 2023, and decided to apply the new accounting policy stipulated by the Implementation Guidance on Accounting Standard for Market Value Calculation in accordance with the transitional treatment stipulated in Article 27-2 of the Implementation Guidance on Accounting Standard for Market Value Calculation in the future. The adoption of this accounting standard will have no impact on the consolidated financial statements.

(Additional Information)

(Inappropriate use of expenses by former President and CEO)

The Company launched a special investigation committee including an outside lawyer and an outside certified public accountant in September 2022 to begin an investigation in connection with its former President and CEO's inappropriate use of expenses. On December 14, 2022, the Company received from the special investigation committee an investigation report stating that the committee found a use of expenses whose relation with the Group's business could not be confirmed.

The Company disclosed this investigation report on December 15, 2022. And on December 23, 2022, the Company announced the formulation of effective measures to prevent a recurrence of the incident and initiatives to strengthen its internal control based on recommendations from the special investigation committee.

For the fiscal year ended March 31, 2023, an estimated amount of income taxes concerned with the incident was posted in a lump sum. However, the impact is insignificant.

In addition, the Company posted expenses related to special investigations into this incident as special investigation expenses in extraordinary losses.

(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, 2022 (April 1, 2021 – March 31, 2022)

(Millions of yen)

	Reportable segments						Other (note 1)	Total	Adjustments (note 2)	Amount in consolidated statements of income (note 13)
	Energy	Building facilities Real estate	CATV	Information and Communications	Aqua	Total				
Net 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.

For the fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(Millions of yen)

	Reportable segments						Other (note 1)	Total	Adjustments (note 2)	Amount in consolidated statements of income (note 3)
	Energy	Construction, Equipment, and Real Estate	CATV	Information and Communications	Aqua	Total				
Net sales										
Sales to external customers	102,528	26,809	34,500	53,945	7,529	225,313	4,876	230,190	—	230,190
Intra-segment sales and transfer	207	1,253	467	4,344	254	6,526	366	6,893	-6,893	—
Total	102,735	28,062	34,968	58,289	7,783	231,840	5,243	237,083	-6,893	230,190
Segment profit (loss)	4,285	1,312	5,523	3,841	262	15,224	169	15,394	-474	14,919
Segment assets	75,902	28,120	42,111	32,277	5,221	183,633	4,946	188,579	4,760	193,339
Other items										
Depreciation	4,734	757	5,559	3,009	673	14,733	73	14,807	432	15,239
Amortization of goodwill	299	228	344	55	—	929	56	985	—	985
Increase in tangible and intangible assets	7,152	696	7,091	4,296	848	20,085	89	20,175	248	20,424

(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, 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.

For the fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

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, 2022 (April 1, 2021 – March 31, 2022)

(Millions of yen)

	Energy	Building facilities Real estate	CATV	Information and Communications	Aqua	Other	Corporate or elimination	Total
Impairment losses	—	3	—	—	—	2	—	5

For the fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(Millions of yen)

	Energy	Building facilities Real estate	CATV	Information and Communications	Aqua	Other	Corporate or elimination	Total
Impairment losses	198	—	—	—	—	10	164	373

 Information Related to Amortization of Goodwill and Unamortized Balance by Reportable Segment
 For the fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(Millions of yen)

	Energy	Building facilities Real estate	CATV	Information and Communications	Aqua	Other	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

For the fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(Millions of yen)

	Energy	Building facilities Real estate	CATV	Information and Communications	Aqua	Other	Corporate or elimination	Total
Amortization during the period	299	228	344	55	—	56	—	985
Balance at end of period	1,332	1,623	2,297	542	—	108	—	5,904

Information on Negative Goodwill Generated for Each Reportable Segment

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

Not applicable

For the fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

The information is omitted because it has little significance.

(Per-Share Information)

	For the fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)	For the fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)
Net assets per share (yen)	590.21	614.09
Profit per share	68.49	49.41
Diluted profit per share	—	—

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

	For the fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)	For the fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)
(1) Profit per share (yen)	68.49	49.41
(Basis for calculation)		
Profit attributable to owners of parent (millions of yen)	8,969	6,465
Amounts not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of the parent available to common shareholders (millions of yen)	8,969	6,465
Average number of common shares outstanding during the period (thousands of shares)	130,971	130,865
(2) Diluted profit per share	—	—
(Basis for calculation)		
Adjustments to profit attributable to owners of parent (millions of yen)	—	—
A summary of those residual shares not included in calculation of diluted profit 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)	—

- 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) (496,900 shares for the fiscal year ended March 31, 2022; 782,100 shares for the fiscal year ended March 31, 2023). The average number of common shares outstanding used in the calculation of profit per share excludes the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E) (385,805 shares for the fiscal year ended March 31, 2022; 491,023 shares for the fiscal year ended March 31, 2023).
- Diluted profit per share in the fiscal year under review is not presented because there are no dilutive shares.

(Important Subsequent Events)

Not applicable

4. Other

(1) Changes in Executive Positions

- 1) Change of representative director
No items to report

2) Other Changes in Executive Positions (Scheduled for June 28, 2023)

1. Newly Appointed Director Candidates

Director: Hiroshi Hamazaki (Current Executive Managing Officer)

Director: Ryoko Ueda

* Ryoko Ueda is a candidate for an external director position.

2. Newly Appointed Auditor Candidates

Auditor: Hisao Ishima

Auditor: Masayuki Atsumi

Auditor: Toshiaki Matsubuchi

* Masayuki Atsumi and Toshiaki Matsubuchi are candidates for external auditor positions.

3. Retiring Planned Auditors

Auditor: Takafumi Murata

Auditor: Kenji Tateishi

* Kenji Tateishi is an external auditor.