

For Immediate Release

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Financial Results for the Fiscal Year Ended March 31, 2023
– Net sales reached a new record high and the customer base also expanded –

TOKAI Holdings Corporation (hereinafter, “the Company”) today announced its financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023).

1. Net sales reached a new record high, rising for the sixth consecutive year

For the fiscal year under review, **net sales stood at 230.2 billion yen, up 19.5 billion yen or 9.3% year on year, rising for the sixth consecutive year to a new record high.** This resulted chiefly from sales growth following an increase in energy, CATV and other customers, rises in selling prices linked with energy purchase prices, and expansion of the stock business for corporate clients in the Information and Communication business.

On the profit front, operating profit stood at 14.9 billion yen, down 0.9 billion yen or 5.5% year on year. This is explained by LP gas purchase prices that were far higher than the level in the same period a year earlier and an increase in expenses for gaining customers in the Information and Communication business for consumers, which endeavored to shift towards a net increase in customers. These factors more than offset earnings growth after an increase in the number of monthly fee-paying customers accompanying an increase in the number of customer accounts, as well as a rise in profit in the Information and Communications business for corporate clients.

Profit attributable to owners of parent stood at 6.5 billion yen, down 2.5 billion yen or 27.9% year on year. This is due mainly to impairment losses of goodwill of an equity-method affiliate based in Vietnam and the posting of special investigation expenses under extraordinary losses.

Net sales and all the profit and income figures ended higher than their respective forecast announced on February 2, 2023.

(Millions of yen)

	FY03/23 results (April 1, 2022 to March 31, 2023)	FY03/22 results (April 1, 2021 to March 31, 2022)	Revised forecast for earnings results (Announced on February 2, 2023)	YoY	Change from forecast
Net sales	230,190	210,691	223,000	+19,498	+7,190
Operating profit	14,919	15,794	14,500	-874	+419
Ordinary profit	13,289	15,907	12,600	-2,617	+689
Profit attributable to owners of parent	6,465	8,969	6,300	-2,504	+165
E P S (yen)	49.41	68.49	48.12	-19.08	+1.29

2. The Company expanded its earnings base through considerable customer gains, pushing the customer count up by more than 100 thousand from the beginning of the fiscal year.

In operating activities in the fiscal year under review, the Company aggressively conducted sales activities to gain customers while thoroughly taking measures to prevent COVID-19 infections and recorded **3,299,000 continuing customers** as of March 31, 2023. This continuing customer exceeded the count **at the beginning of the fiscal year (3,194,000) by 105,880 (versus an increase of 94,937 in the same period of the previous fiscal year)**.

With net increase of 35,930 (LP and city) gas customers (40,408 in the previous fiscal year), 55,813 CATV customers (33,840), including 24,674 M&A-related customers, 17,158 Hikari Collaboration customers (9,291) and 15,885 LIBMO (MVNO service) customers (2,481), we further expanded our earnings base.

3. Policy of paying constant and stable dividends

The Company defines the return of profit to shareholders as one of the key management issues and has a basic policy of paying constant and stable dividends.

Annual dividend per share for the fiscal year under review is projected to stay unchanged at 32 yen per share from the previous fiscal year.

	FY03/23 (Current fiscal year)	FY03/22 (Previous fiscal year)	FY03/21 (Two years earlier)
Interim (end of Q2)	16.00 yen	15.00 yen	14.00 yen
Year-end	16.00yen	17.00 yen	16.00yen
Annual dividend per share	32.00 yen	32.00yen	30.00 yen
Total dividend amount	4,203 million yen	4,203 million yen	3,940 million yen
Payout ratio (consolidated)	64.8%	46.7%	44.6%
Ratio of dividends to net assets (consolidated)	5.3%	5.5%	5.6%

For details, please see the attached materials, entitled "Financial Results for the Fiscal Year Ended March 31, 2023."

For the Company's earnings announcement for the fiscal year ended March 31, 2023, please see the following URL:

<https://www.tokaiholdings.co.jp/english/ir/library/earnings.html>

Financial Results for the Fiscal Year Ended March 31, 2023

TOKAI Holdings Corporation
(Code No. 3167)

May 9, 2023

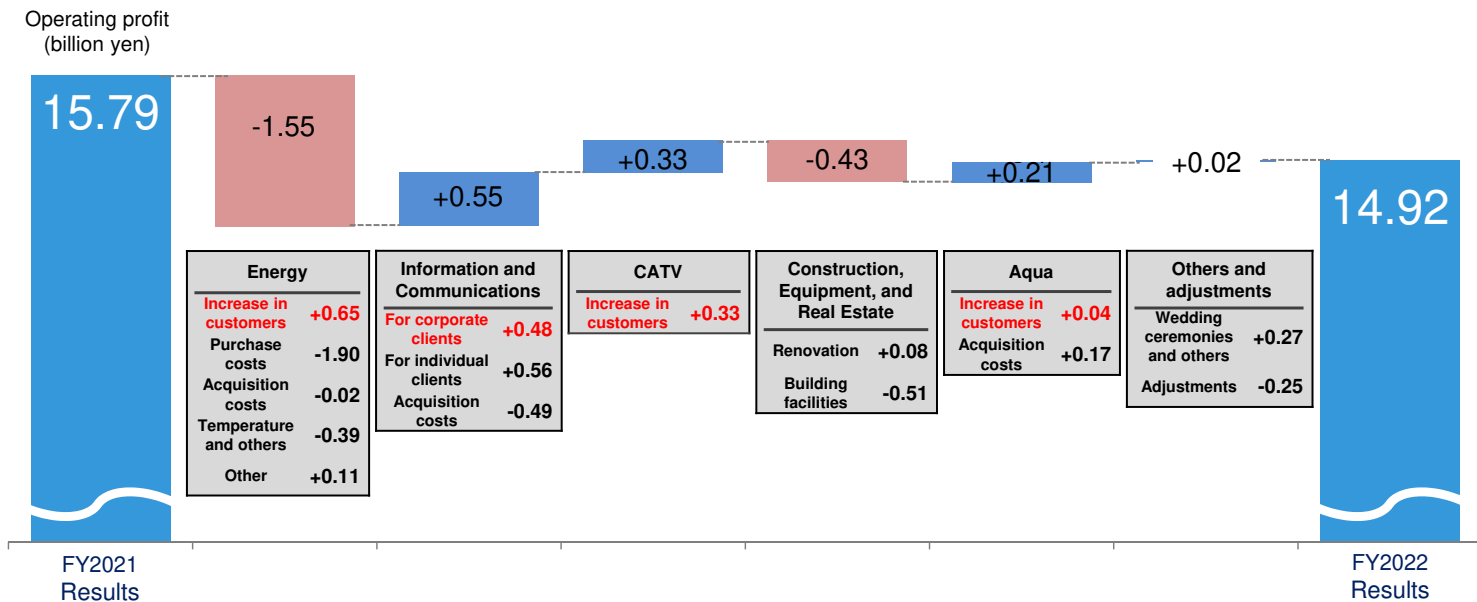
Net sales reached a new record high

- Net sales rose for the sixth fiscal year to reach a new record high. The result chiefly reflects an increase in customers, rises in selling prices linked with energy purchase prices, and expansion of the Information and Communication business for corporate clients.
- Operating profit fell 0.9 billion yen year on year, primarily because of soaring LP gas purchase prices and an increase in expenses for gaining customers, despite earnings growth after an increase in the number of monthly fee-paying customers accompanying an increase in the number of customer accounts, as well as a rise in profit in the Information and Communications business for corporate clients.
- Profit attributable to owners of parent dropped 2.5 billion yen year on year, due mainly to posting of impairment losses of goodwill of an equity-method affiliate and special investigation expenses.

	FY03/23 results (FY2022)	FY03/22 results (FY2021)	Revised forecast	YoY		Change from revised forecast	
				Change	% change (%)	Change	% change (%)
Net sales	230,190	210,691	223,000	+19,498	+9.3	+7,190	+3.2
Operating profit	14,919	15,794	14,500	-874	-5.5	+419	+2.9
Ordinary profit	13,289	15,907	12,600	-2,617	-16.5	+689	+5.5
Profit attributable to owners of parent	6,465	8,969	6,300	-2,504	-27.9	+165	+2.6
EPS (yen)	49.41	68.49	48.12	-19.08	-27.9	+1.29	+2.7

Year-on-year comparison in full-year operating profit by segment

- ⊙ In the Energy, CATV and Aqua segments, customer gains pushed up profits, and Information and Communications for corporate clients was also strong.
- ⊙ The profit decline in the Energy segment is largely attributable to the effect of higher LP gas purchase costs (cost increase of 5.8 billion yen year on year).
- ⊙ In Information and Communications for individual clients, the customer count far exceeded the level a year earlier; however, acquisition costs were higher.

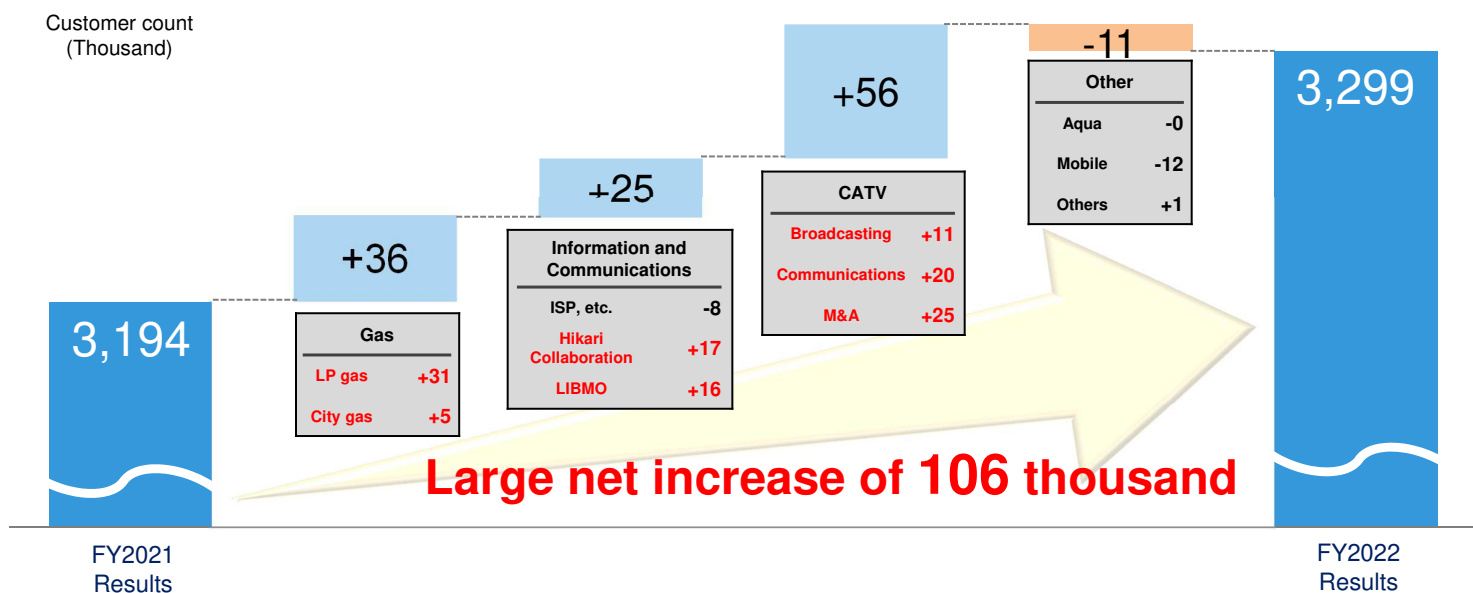


* Changes in operating profit disregard allocation of indirect costs

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Large net increase in customers of more than 100 thousand from beginning of fiscal year

- ⊙ The customer count showed a large net increase of 106 thousand from 3,194 thousand at the beginning of the fiscal year, partly thanks to an increase of 25 thousand through M&A.
- ⊙ The earnings base continued to expand in the gas business, the CATV business, the Hikari Collaboration business and the LIBMO business.



* Rounded to the nearest thousand. Adjustment is made in Others for duplicate communication services for ISP and CATV carrier plans.

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Investing for growth after strengthening equity capital

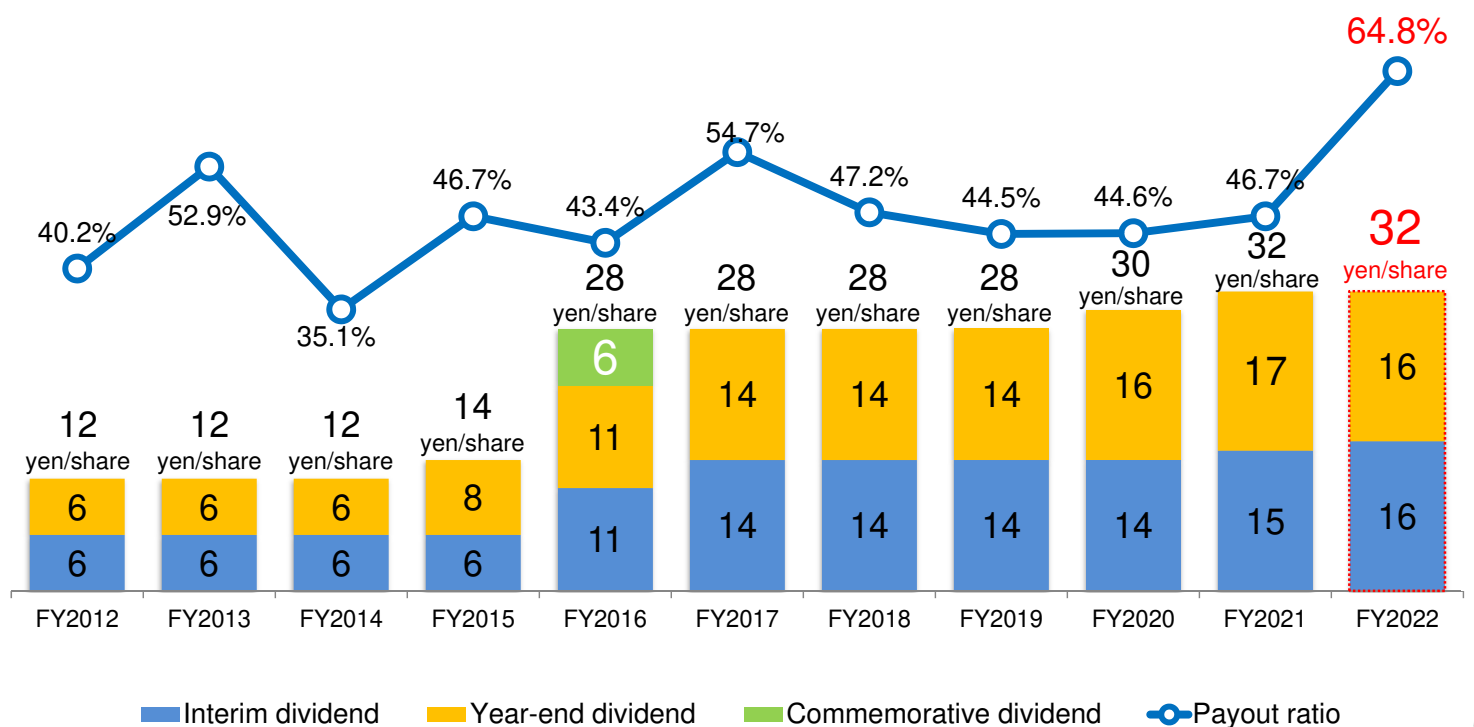
- The equity ratio was 41.5%, remaining at a healthy level.
- The increase in cash flows from operating activities mainly reflects an increase in the collection of accounts receivable and a decrease in payment of accounts payable.
- Free cash flow increased despite continuous investment for growth.

Equity ratio	41.9 % End of March 2022	→	41.5 % End of March 2023
Interest-bearing debt	44.1 billion yen End of March 2022	→	46.6 billion yen End of March 2023
Operating cash flow	20.8 billion yen FY03/22	→	21.2 billion yen FY03/23
Investment cash flow	-14.6 billion yen FY03/22	→	-14.2 billion yen FY03/23
Free cash flow	6.2 billion yen FY03/22	→	7.0 billion yen FY03/23
Interest-bearing debt/ EBITDA	1.4 times FY03/22	→	1.5 times FY03/23

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Policy of paying constant and stable dividends

- In accordance with the Company's policy of paying constant and stable dividends, the annual dividend per share will be 32 yen, the same as the year before
- The payout ratio will remain high.



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Appendix

- (1) Consolidated results
- (2) Sales by segment
- (3) Operating profit by segment
- (4) Consolidated financial indicators
- (5) Consolidated cash flows
- (6) Group customer count
- (7) EBTDA by business

(1) Consolidated results

(Millions of yen)

	FY2018 Results	FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Results
Sales	191,600	195,952	196,726	210,691	230,190
Operating profit	13,057	14,224	15,226	15,794	14,919
Recurring profit	13,259	14,479	15,312	15,907	13,289
Net income	7,772	8,241	8,815	8,969	6,465
EPS (Yen)	59.36	62.93	67.32	68.49	49.41

(2) Sales by segment

(Millions of yen)

	FY02018 Results	FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Results
Gas and Petroleum	77,977	78,154	77,380	86,770	102,528
Information and Communications	51,234	51,753	50,735	51,398	53,945
CATV	30,511	31,385	33,745	32,572	34,500
Building and Real Estate	20,090	22,383	23,177	27,780	26,809
Aqua	7,004	7,416	7,622	7,629	7,529
Others	4,781	4,858	4,065	4,540	4,876
Total	191,600	195,952	196,726	210,691	230,190

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(3) Operating profit by segment

(Millions of yen)

	FY02018 Results	FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Results
Gas and Petroleum	6,815	7,452	8,988	8,933	7,384
Information and Communications	3,827	4,226	4,344	4,721	5,270
CATV	4,953	5,024	5,205	5,852	6,184
Building and Real Estate	1,615	2,116	2,065	2,480	2,043
Aqua	762	674	573	325	533
Others, adjustments	- 4,916	- 5,271	- 5,949	- 6,518	- 6,497
Total	13,057	14,224	15,226	15,794	14,919

*Prior to elimination of indirect expenses

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(4) Consolidated financial indicators

(Millions of yen)

	FY02018 Results	FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Results
Total assets	167,606	169,972	178,974	184,473	193,339
Total liabilities	103,711	103,989	102,917	105,527	111,034
Total net assets	63,894	65,982	76,056	78,946	82,304
Balance of interest-bearing debt	50,604	48,273	42,128	44,148	46,608
EBITDA	28,148	29,651	31,027	31,726	31,144
Equity ratio	37.4 %	38.0 %	41.6 %	41.9 %	41.5 %

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(5) Consolidated cash flows

(Millions of yen)

	FY02018 Results	FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Results
Operating cash flow	21,605	22,535	32,223	20,808	21,193
Investment cash flow	- 12,443	- 12,131	- 17,068	- 14,592	- 14,152
Free cash flow	9,161	10,403	15,155	6,216	7,040
Financing cash flow	- 8,147	- 10,375	-14,064	- 6,905	- 7,459

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(6) Group customer count

(Thousands of customers)

		FY02018 Results	FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Results
Gas (LP and city gas)		684	713	744	785	821
Information and Communications	Previous ISP model, etc.	419	389	395	415	407
	Hikari Collaboration	327	324	337	346	363
	LIBMO	41	48	53	55	71
	Subtotal	1,004	973	785	816	841
CATV		1,063	1,154	1,198	1,231	1,287
Aqua		156	161	162	165	165
Mobile		217	212	206	191	179
Security		17	16	16	16	16
Total		2,902	3,003	3,099	3,194	3,299

*The number of customers under a thousand are rounded to the nearest thousand. Information and Communications and CATV both offer communications services, and so their numbers are excluded from total figures.

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(7) EBITDA by business

(Millions of yen)

		FY02018 Results	FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Results
Energy		11,601	12,279	13,651	13,760	12,421
Information and Communications	For individual	6,814	7,460	1,305	1,356	1,266
	For corporate			6,500	6,755	7,264
CATV		10,705	10,732	11,141	11,565	12,088
Construction, Equipment and Real Estate		2,352	2,883	2,896	3,501	3,079
Aqua		1,305	1,284	1,213	1,018	1,206
EBITDA (All)		28,148	29,651	31,027	31,726	31,144

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

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

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The performance forecasts and forward-looking statements in these materials are based on information currently available to the Company, and include potential risks and uncertainties. Please be aware that due to changes in a variety of factors, actual results may differ materially from the projections and other forward-looking statements in these materials.

Please contact us with any questions regarding these materials.

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