

For Immediate Release

TOKAI Holdings Corporation
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(Code No. 3167, TSE Prime Market)

Announcement of TOKAI Group Medium-Term Management Plan 2025

TOKAI Holdings Corporation (hereinafter, the “Company”) today announced a resolution by its Board of Directors at a meeting held today approving the newly formulated Medium-Term Management Plan 2025.

The global surge in energy prices, triggered by the COVID crisis and the invasion of Ukraine, has had an enormous impact in just the last one or two years, bringing about dramatic changes, not only in business activities, but also in the consumer awareness and behaviors of customers.

Faced with such a situation, the TOKAI Group has redefined its 2030 vision and incorporated initiatives to be implemented over the next three years into Medium-Term Management Plan 2025.

The TOKAI Group will work to live up to the expectations of its stakeholders as a company which steadily generates earnings despite the changing market environment.

[Overview of TOKAI Group Medium-Term Management Plan 2025]

Under the New Medium-term Management Plan, which covers the three-year period from FY2023 to FY2025, the TOKAI Group will strongly implement each of the plan initiatives in line with a growth story consisting of three elements, namely the root, the trunk and the fruit of growth.

(1) Growth of business earning power (fruit)

The TOKAI Group will reexamine its management resources and optimize its business portfolio from the viewpoint of capital efficiency. It will then aim to expand the earning base, in other words, operating areas and customer count, in its core businesses. At the same time, the TOKAI Group will also actively focus on new services sought after by customers from the viewpoint of solving social issues.

(2) Strengthening of foundations for sustainable growth (trunk)

For the TOKAI Group, which provides LP gas, city gas and other forms of energy, initiatives for a low-carbon or decarbonized society are key to achieving sustainable growth. By expanding its own independent initiatives and also initiatives in partnership with local communities, customers, suppliers and other stakeholders, the Group aims to achieve carbon neutrality by 2050.

(3) Full energization of human capital and organizations (Root)

The TOKAI Group is establishing a new career support system and working to develop organizations that are great places to work through measures such as diverse work styles and a review of the wage system. By improving the wellbeing of its employees, the Group will develop human resources who are self-disciplined and full of energy and enthusiasm and translate this into corporate growth in the medium and long term.

■Allocation of management resources

When allocating cash flows from operating activities, the TOKAI Group will actively allocate funds to investments for business growth. At the same time, the Group's shareholder return policy is to aim for a stable dividend payout ratio in the range 40-50% and to also buy back shares flexibly.

■Management indicators

Under Medium-Term Management Plan 2025, the TOKAI Group will aim for business growth and expansion of its earning base, and will also work to meet market expectations in terms of capital efficiency (ROE, ROIC).

(Billions of yen)	FY2022 Results	FY2023 Forecast	YoY	FY2024 Plan	YoY	FY2025 Plan	YoY
Net sales	230.2	240.0	+9.8	250.0	+10.0	260.0	+10.0
Operating profit	14.9	15.0	+0.1	16.0	+1.0	17.5	+1.5
Ordinary profit	13.3	15.0	+1.7	16.0	+1.0	17.5	+1.5
Profit attributable to owners of parent	6.5	8.5	+2.0	9.0	+0.5	10.0	+1.0
Cash flow from operating activities	21.2	21.7	+0.5	23.0	+1.3	24.4	+1.4
Customer numbers (millions)	3.30	3.38	+0.08	3.48	+0.1	3.57	+0.09
Payout ratio	64.8%	49.2%	-15.6%	40% - 50%			
ROE	8.2%	10.3%	+2.1%	10.4%	+0.1%	10.8%	+0.4%
ROIC	8.3%	8.0%	-0.3%	8.2%	+0.2%	8.7%	+0.5%
EPS (yen)	49.4	65.1	+15.7	68.9	+3.8	76.6	+7.7

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<https://www.tokaiholdings.co.jp/english/ir/management/manageplan.html>