



Consolidated Financial Results for the Year ended March 31, 2021 [Japanese GAAP]

May 11, 2021

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 Scheduled start date of dividend payment: June 28, 2021
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 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, 2021 (April 1, 2020 to March 31, 2021)

(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, 2021	196,726	0.4	15,226	7.0	15,312	5.8	8,815	7.0
Year ended March 31, 2020	195,952	2.3	14,224	8.9	14,479	9.2	8,241	6.0

(Note) Comprehensive income: 13,748 million yen in the Year ended March 31, 2021 (135.7%)
 5,834 million yen in the Year ended March 31, 2020 (-4.8%)

	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, 2021	67.32	-	12.7	8.8	7.7
Year ended March 31, 2020	62.93	-	13.0	8.6	7.3

(Reference) Equity in affiliates accounted for under the equity method: -136 million yen for the ended March 31, 2021
 85 million yen for the ended March 31, 2020

(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, 2021	178,974	76,056	41.6	568.93
Year ended March 31, 2020	169,972	65,982	38.0	493.26

(Reference) Equity: 74,510 million yen for the Year ended March 31, 2021
 64,595 million yen for the Year ended March 31, 2020

(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, 2021	32,223	(17,068)	(14,064)	5,136
Year ended March 31, 2020	22,535	(12,131)	(10,375)	4,046

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			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	
Year ended March 31, 2020	—	14.00	—	14.00	28.00	3,678	44.5	5.8
Year ending March 31, 2021	—	14.00	—	16.00	30.00	3,940	44.6	5.6
Year ending March 31, 2022 (Forecast)	—	15.00	—	15.00	30.00		44.5	

3. Consolidated Earnings Forecasts for the Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(% 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, 2022	207,000	5.2	15,240	0.1	15,320	0.1	8,830	0.2	67.42

*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.: No

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

3) Changes in accounting estimates: No

4) Restatements: No

(3) Number of shares issued (common stock)

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

FY2020	139,679,977 shares	FY2019	139,679,977 shares
FY2020	8,713,335 shares	FY2019	8,722,345 shares
FY2020	130,963,743 shares	FY2019	130,954,838 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. (391,300 stocks at FY3/2021, 400,700 stocks at FY3/2020) For treasury shares to be deducted in calculation of the average number of shares during the fiscal year, the Company's shares (394,416 stocks at FY3/2021, 404,039 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, 2021 (April 1, 2020 to March 31, 2021)

(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, 2020	9,373	3.8	4,104	(0.1)	4,127	(0.2)	3,714	(7.8)
Year ended March 31, 2020	9,028	(13.4)	4,106	(22.3)	4,119	(22.2)	4,026	(24.4)

	Net Income per Share	Net Income per Share (Diluted)
	Yen	Yen
Year ended March 31, 2021	28.36	-
Year ended March 31, 2020	30.75	-

(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, 2021	99,896	40,381	40.4	308.33
Year ended March 31, 2020	97,290	40,339	41.5	308.03

(Reference) Equity: 40.381 million yen for the Year ended March 31, 2020
40.339 million yen for the Year ended March 31, 2020

* 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

During the fiscal year ended March 31, 2021, the Japanese economy incurred substantial impact from the COVID-19 pandemic despite the implementation of a variety of support measures. By the end of the fiscal year, infection cases had spread from urban areas to the rest of Japan and began to include an increasing number of individuals stricken with more infectious mutated strains of the virus. As a result, future outlook continues to be uncertain.

Under these conditions, we conducted sales activities diligently and carefully during the fiscal year ended March 31, 2021, the final year of our medium-term management plan, Innovation Plan 2020 “JUMP.” While performing these activities, we prioritized COVID-19 countermeasures, safety and security for customers and employees, and infection prevention protocols. In tandem with these efforts, we established new points of contact with customers by proactively adopting indirect sales methods that did not involve in-person meetings, including the use of the Internet to conduct business meetings and information transmission. As a result, continuing customers had risen to 3,099,000 as of March 31, 2021, up 95,000 compared to its level on March 31, 2020. Meanwhile, TLC Membership Service members numbered 979,000, up 83,000.

As a result of these circumstances, the TOKAI Group booked in the fiscal year ended March 31, 2021 sales of 196,726 million yen (+0.4% year on year), operating profit of 15,226 million yen (+7.0% year on year), recurring profit of 15,312 million yen (+5.8% year on year), and net income attributable to owners of the parent of 8,815 million yen (+7.0% year on year). The growth in results was primarily driven by a steady increase in customer count, and as a result of this growth, sales increased for the fourth consecutive fiscal year while all profit lines increased for the third. The fiscal year closed out with both sales and profits at record-high levels.

The Group is aiming to expand its earnings base by broadening its business area. During the fiscal year ended March 31, 2021, we pursued this target by establishing new sales bases for the LP gas business in Kasugai, Aichi Prefecture and Yokkaichi, Mie Prefecture in June 2020. Through our Construction, Equipment, and Real Estate segment, we acquired shares in Chuo Denki Koji Co., Ltd., an electrical construction company in Nagoya, Aichi Prefecture, and converted it into a consolidated subsidiary in August 2020. Later, in November of the same year, we added another consolidated subsidiary by acquiring shares in building maintenance business operator Inoue Technica Co., Ltd., which is located in Numazu, Shizuoka Prefecture. Moving forward, the Group will expand its operations by branching off into new areas and broadening its business domains. In addition to this move, we converted MIEN TRUNG GAS JOINT STOCK COMPANY and V-GAS PETROLEUM CORPORATION, two companies located in the Socialist Republic of Vietnam, into equity-method affiliates and successfully entered the Vietnamese LP gas market.

Performance by segment is indicated below. Effective from the start of the three months ended June 30, 2020, the Company updated the names of its reportable segments, changing the “Gas and Petroleum” segment to “Energy” and the “Building and Real Estate” segment to “Construction, Equipment, and Real Estate.” These changes have no effect on segment results.

(Energy)

In the LP gas business, despite restrictions on in-person sales activities, customer count rose by 30,000 during the fiscal year ended March 31, 2021, reaching 681,000 customers thanks to the application of telemarketing and online sales activities. Despite a decrease in selling prices linked to a decline in procurement prices, sales amounted to 65,638 million yen (+0.6% year on year), rising due in part to growth in the volume of gas sold to households, which was driven primarily by demand generated by the tendency of consumers to remain indoors during the COVID-19 pandemic.

In the city gas business, the number of customers was 63,000, up 2,000 from its level as of March 31, 2020. However, sales fell to 11,741 million yen (-9.1% year on year) due in part to a decline in selling prices associated with the gas rate adjustment system.

As a result, segment sales came to 77,380 million yen (-1.0% year on year), but segment operating profit grew to

6,115 million yen (+24.6% year on year), driven primarily by a rise in customer count.

(Construction, Equipment, and Real Estate)

In the Construction, Equipment, and Real Estate segment, sales grew to 23,177 million yen (+3.5% year on year) thanks to contributions from M&A that offset sales activity delays caused by the COVID-19 pandemic. Despite this growth, operating profit declined to 1,257 million yen (-8.8% year on year) due to a decrease in orders received for construction, equipment installation, and other labor.

(CATV)

Through the CATV segment, we endeavored to raise the levels of enjoyment experienced by those forced to remain in their homes due to the COVID-19 pandemic through efforts such as collaboration with major video distributors aimed at content enhancement. As a community-based service provider, we simultaneously focused on program production and effectively transmitting information within local areas. In addition, we worked to acquire new customers through ongoing, careful, and steady sales activities that catered to the needs of each local area. As a result, our broadcasting services customer count rose to 875,000, up 14,000 compared to March 31, 2020, and our communications services customer count increased to 322,000, up 30,000.

Consequently, segment sales amounted to 33,745 million yen (+7.5% year on year) and segment operating profit was 4,719 million yen (+3.9% year on year).

(Information and Communications)

Through the Information and Communications business for individual consumers, we strove to acquire new customers through the Internet while responding to intensified competition with major telecommunications carriers and growth in demand for telecommunications services during the COVID-19 pandemic by providing optimal proposals that meet customer needs. Among these proposals was the new "Nattoku Plan," a new price plan for the Company's MVNO service, LIBMO. Consequently, our total number of individual customers increased by a net 24,000 compared to March 31, 2020, after declining for the previous six fiscal years, and finished at 785,000 (conventional ISP customers rose by 19,000 to 732,000, and LIBMO customers rose by 5,000 to 53,000). However, sales fell to 26,304 million yen (-8.0% year on year) due to a decrease in average revenue per user (ARPU).

Through its Information and Communications business for corporate clients, the Group achieved progress in the field of cloud services and captured demand associated with teleworking, both factors that led to recurring-revenue business expansion. As a result, sales came to 24,430 million yen (+5.5% year on year).

As a result of these factors, segment sales totaled 50,735 million yen (-2.0% year on year) and segment operating profit was 3,086 million yen (+4.3% year on year).

(Aqua)

The number of customers in the Aqua (bottled drinking water delivery) business was 162,000, up 1,000 from the number as of March 31, 2020 despite impact from self-imposed operational limitations at shopping malls and other commercial facilities. At the same time, the number of bottles sold per customer rose as a result of demand from consumers who refrained from going outdoors in response to the COVID-19 pandemic.

As a result, segment sales grew to 7,622 million yen (+2.8% year on year), but segment operating profit fell to 259 million yen (-35.4% year on year) due primarily to a rise in logistical costs.

(Others)

Turning to other businesses, sales in the nursing care business totaled 1,314 million yen (+5.8% year on year) thanks to contributions from Tender Co., Ltd. (Gero, Gifu Prefecture), which became a consolidated subsidiary during the previous fiscal year. In the shipbuilding business, sales amounted to 1,506 million yen (+1.7% year on year), reflecting an increase in the volume of ship repair labor provided. Sales in the bridal events business declined to 417 million yen (-69.3% year on year) due to wedding ceremony postponements and the application of self-restraint associated with the

holding of banquets in response to the COVID-19 pandemic.

As a result, segment sales were 4,065 million yen (-16.3% year on year) and segment operating loss was 244 million yen (versus operating profit of 235 million yen in the fiscal year ended March 31, 2020).

(2) Overview of Financial Position

As of March 31, 2021, total assets amounted to 178,974 million yen, up 9,001 million yen from March 31, 2020. This growth was primarily due to an increase of 3,860 million yen in investment securities (under “investments and other assets”) caused mainly by the purchase of shares of affiliates; a rise of 3,447 million yen in property, plant and equipment; and growth of 1,237 million yen in the “other” account (under “current assets”) resulting mainly from an increase in assets associated with derivative valuations.

Total liabilities stood at 102,917 million yen, down 1,071 million yen from March 31, 2020. Liabilities declined due primarily to a decrease of 7,860 million yen in short-term loans payable resulting from the repayment of interest-bearing debt and a downturn of 1,161 million yen in provisions for loss on litigation stemming from the resolution of litigious proceedings. These factors offset upward impact from an increase of 2,192 million yen in notes and accounts payable—trade; growth of 1,833 million yen in long-term loans payable; and a rise of 2,407 million yen in the “other” account (under “current liabilities”) stemming mainly from an uptick in guarantee deposits for hedge transactions.

Net assets came to 76,056 million yen, up 10,073 million yen from March 31, 2020. This increase was due primarily to the booking of 8,815 million yen in net income attributable to owners of the parent and growth of 2,802 million yen in deferred gains on hedges. These factors offset downward impact of 3,678 million yen from the issue of dividends.

(3) Overview of Cash Flows

As of March 31, 2021, cash and cash equivalents stood at 5,136 million yen, up 1,089 million yen from March 31, 2020.

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 32,223 million yen (up 9,688 million yen year on year). This increase was primarily attributable to growth in net income before income taxes; a rise in notes and accounts payable—trade; guarantee deposits received for hedge transactions; and depreciation (a non-cash item). These factors compensated for downward impact from income taxes paid and other determinants.

The substantial year-on-year growth in net cash provided by operating activities was primarily due to the increase in net income before income taxes, the rise in notes and accounts payable—trade, and guarantee deposits received for hedge transactions.

(Cash flows from investing activities)

Net cash used in investing activities was 17,068 million yen (up 4,936 million yen year on year). The primary uses of cash were the purchase of tangible and intangible assets, the purchase of shares of subsidiaries and associates, payments for the acquisition of businesses, and the purchase of shares of subsidiaries resulting in changes in the Company’s scope of consolidation.

The substantial year-on-year increase in net cash used in investing activities was mainly the result of the purchase of shares of subsidiaries and associates, payments for the acquisition of businesses, and the purchase of tangible and intangible assets.

(Cash flows from financing activities)

Net cash used in financing activities was 14,064 million yen (up 3,689 million yen year on year). Primary contributing factors were repayments of loans payable and lease obligations and dividend payments that exceeded proceeds from long-term loans payable.

Below is a summary of major cash flow indicators.

	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2021
Equity ratio (%)	34.5	36.3	37.4	38.0	41.6
Equity ratio on a market-value basis (%)	67.4	85.0	71.8	72.2	70.0
Ratio of interest-bearing debt to cash flow (times)	2.0	2.4	2.3	2.1	1.3
Interest coverage ratio (times)	48.9	46.6	58.2	72.3	108.2

(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 has formulated a new four-year medium-term management plan entitled "IP24 (Innovation Plan 2024)—Design the Future Life," which will extend from the fiscal year ending March 31, 2022 (FY2021) through the fiscal year ending March 31, 2025 (FY2024).

"IP24" includes the following five key objectives: LNG strategy (business area expansion); development of the total life concierge (TLC) concept; further strengthening and expansion of customer bases through full-scale digital transformation strategies; optimal allocation of management resources; and the enhancement of SDG-related initiatives. The Group will address these five objectives throughout the duration of the plan.

In FY2021, we expect to achieve an increase in sales through ongoing growth in customer count and orders received but anticipate that profit will remain level year on year due to the inclusion of costs associated with efforts such as customer acquisition and environmental adjustments aimed at achieving workstyle reforms.

Based on the above factors, our consolidated earnings forecast for FY2021 is as follows.

Consolidated earnings forecast for FY2021

Sales	207,000 million yen (+5.2% year on year)
Operating profit	15,240 million yen (+0.1% year on year)
Recurring profit	15,320 million yen (+0.1% year on year)
Net income attributable to owners of the parent	8,830 million yen (+0.2% 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, 2021, we forecast annual dividends of 30 yen per share, consisting of the already-issued interim dividend of 14 yen per share and a year-end dividend of 16 yen per share. We also project annual dividends of 30 yen per share in the fiscal year ending March 31, 2022.

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, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	4,629	5,577
Notes and accounts receivable—trade	25,859	26,323
Merchandise and finished goods	3,679	3,479
Work in process	944	900
Raw materials and supplies	930	1,194
Other	8,623	9,860
Allowance for doubtful accounts	(399)	△403
Total current assets	44,268	46,932
Non-current assets		
Property, plant and equipment		
Buildings and structures	127,784	131,474
Accumulated depreciation	(93,528)	(96,966)
Buildings and structures, net	34,256	34,508
Machinery, equipment and vehicles	101,487	105,403
Accumulated depreciation	(77,714)	(80,788)
Buildings and structures, net	23,773	24,614
Land	23,068	24,054
Leased assets	24,241	24,559
Accumulated depreciation	(11,536)	(11,155)
Leased assets, net	12,704	13,403
Construction in progress	357	660
Other, net	15,489	16,494
Accumulated depreciation	(11,297)	(11,936)
Other, net	4,192	4,558
Total property, plant and equipment	98,353	101,800
Intangible assets		
Goodwill	5,125	5,258
Leased assets	671	727
Other	5,034	4,700
Total intangible assets	10,831	10,687
Investments and other assets		
Investment securities	6,347	10,207
Long-term loans receivable	74	57
Deferred tax assets	3,786	1,712
Net defined benefit asset	1,601	3,150
Other	5,085	4,698
Allowance for doubtful accounts	(377)	(273)
Total investments and other assets	16,518	19,552
Total non-current assets	125,703	132,041
Deferred assets	1	0
Total assets	169,972	178,974

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable–trade	15,034	17,226
Short-term loans payable	19,921	12,061
Current portion of bonds	118	112
lease obligations	3,792	3,934
Income taxes payable	2,244	2,764
Provision for bonuses	1,358	1,382
Provision for loss on litigation	1,161	—
Other accruals	424	558
Other	16,562	18,969
Total current liabilities	60,617	57,009
Non-current liabilities		
Bonds payable	112	—
Long-term loans payable	28,121	29,955
Lease obligations	10,758	11,349
Other accruals	238	276
Net defined benefit liability	876	962
Other	3,265	3,363
Total non-current liabilities	43,372	45,908
Total liabilities	103,989	102,917
Net assets		
Shareholders' equity		
Capital stock	14,000	14,000
Capital surplus	25,542	25,542
Retained earnings	26,426	31,563
Treasury stock	(2,221)	(2,219)
Total shareholders' equity	63,746	68,887
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	290	1,216
Deferred gains (losses) on hedges	(883)	1,918
Foreign currency translation adjustment	(7)	33
Remeasurements of defined benefit plans	1,449	2,454
Total accumulated other comprehensive income	848	5,623
Non-controlling interests	1,387	1,545
Total net assets	65,982	76,056
Total liabilities and net assets	169,972	178,974

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

	(Millions of yen)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Sales	195,952	196,726
Cost of sales	116,662	113,856
Gross profit	79,289	82,870
Selling, general and administrative expenses	65,065	67,643
Operating profit	14,224	15,226
Non-operating profit		
Interest income	11	10
Dividend income	194	184
Commission income	36	30
Subsidy income	14	113
Share of profit of entities accounted for using equity method	85	—
Other	309	261
Total non-operating profit	652	601
Non-operating expenses		
Interest expenses	301	289
Share of loss of entities accounted for using equity method	—	136
Other	95	88
Total non-operating expenses	397	515
Recurring profit	14,479	15,312
Extraordinary income		
Gain on sales of non-current assets	16	57
Gain on receipt of donated non-current assets	182	386
Transmission line facility subsidies	162	144
Subsidy income	—	66
Gain on sales of investment securities	315	18
Total extraordinary income	677	672
Extraordinary losses		
Loss on sales of non-current assets	3	0
Loss on retirement of non-current assets	819	814
Impairment loss	118	106
Loss on sales of investment securities	17	16
Loss on valuation of investment securities	39	353
Other	1,227	122
Total extraordinary losses	2,225	1,414
Net income before income taxes	12,930	14,570
Income taxes (current)	5,142	5,247
Income taxes (deferred)	(658)	350
Total income taxes	4,484	5,597
Net income	8,445	8,973
Net income attributable to non-controlling interests	204	157
Net income attributable to owners of the parent	8,241	8,815

(Consolidated Statements of Comprehensive Income)

	(Millions of yen)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net income	8,445	8,973
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,283)	925
Deferred gains (losses) on hedges	(563)	2,802
Foreign currency translation adjustment	1	(0)
Remeasurements of defined benefit plans, net of tax	(768)	1,005
Share of other comprehensive income of entities accounted for using the equity method	2	40
Total other comprehensive income	(2,611)	4,775
Comprehensive income	5,834	13,748
(Breakdown)		
Comprehensive income attributable to owners of the parent	5,629	13,590
Comprehensive income attributable to non-controlling interests	204	157

(3) Statement of Changes in Consolidated Shareholders' Equity
Year ended March 31, 2020 (April 1, 2019–March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	14,000	25,527	21,863	△2,222	59,167
Change during the year					
Dividends of surplus			(3,678)		(3,678)
Net income attributable to owners of the parent			8,241		8,241
Acquisition of treasury shares				(1)	(1)
Disposition of treasury shares		3		2	6
Increase (decrease) in cash resulting from merger of consolidated subsidiaries					-
Purchase of shares of consolidated subsidiaries		11			11
Net changes of items other than shareholders' equity					
Total change during the year	—	15	4,563	1	4,579
Balance at end of period	14,000	25,542	26,426	(2,221)	63,746

	Accumulated other comprehensive income					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	1,573	(319)	(10)	2,217	3,460	1,267	63,894
Change during the year							
Dividends of surplus							(3,678)
Net income attributable to owners of the parent							8,241
Acquisition of treasury shares							(1)
Disposition of treasury shares							6
Increase (decrease) in cash resulting from merger of consolidated subsidiaries							-
Purchase of shares of consolidated subsidiaries							11
Net changes of items other than shareholders' equity	(1,283)	(563)	3	(768)	(2,611)	119	(2,491)
Total change during the year	(1,283)	(563)	3	(768)	(2,611)	119	2,088
Balance at end of period	290	(883)	(7)	1,449	848	1,387	65,982

Year ended March 31, 2021 (April 1, 2020–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
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)
Purchase of shares of consolidated subsidiaries					—
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					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
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)
Purchase of shares of consolidated subsidiaries							—
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

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Net income before income taxes and minority interests	12,930	14,570
Depreciation	14,337	14,657
Amortization of goodwill	1,089	1,143
Impairment loss	118	106
Increase (decrease) in provision for loss on litigation	1,161	(1,161)
Increase in net defined benefit asset and liability	(255)	(30)
Interest and dividend income	(206)	(194)
(Gain) loss on sale of investment securities	(297)	(1)
Interest expenses	301	289
(Gain) loss on sales of non-current assets	(12)	(56)
Loss (gain) on valuation of investment securities	39	353
Loss on retirement of non-current assets	819	814
Increase (decrease) in notes and accounts payable	(978)	286
(Increase) decrease in inventories	650	17
Decrease (increase) in guarantee deposits	(1,108)	1,638
Increase (decrease) in notes and accounts payable—trade	(459)	2,104
Increase (decrease) in accounts payable—other	198	688
Increase (decrease) in accrued consumption taxes	438	(186)
Increase (decrease) in deposits received	(214)	2,127
Other	(668)	(206)
Subtotal	27,884	36,960
Income taxes paid	(5,348)	(4,736)
Net cash provided by operating activities	22,535	32,223
Cash flows from investing activities		
Interest and dividend income received	258	245
	633	339
Purchase of securities	(13)	(15)
Proceeds from sales of securities	652	214
Purchase of tangible and intangible assets	(11,592)	(12,925)
Proceeds from sales of tangible and intangible assets	334	366
Payments for retirement of non-current assets	(176)	(153)
Proceeds from contribution received for construction	333	359
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,968)	(1,085)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	(373)	(3,021)
Payments for transfer of business	(189)	(1,630)
Collection of loans receivable	64	249
Other	(95)	(11)
Net cash provided by (used in) in investing activities	(12,131)	(17,068)

(Millions of yen)

	Fiscal Year Ended March 31, 2020	Fiscal Year Ended March 31, 2021
Cash flows from financing activities		
Interest expenses paid	(311)	(297)
Net increase (decrease) in short-term loans payable	(2,788)	(8,475)
Repayments of lease obligations	(3,551)	(3,935)
Proceeds from long-term loans payable	9,500	12,436
Repayment of long-term loans payable	(9,290)	(9,987)
Redemption of bonds	(168)	(118)
Payments for acquisition of treasury stock	(1)	(0)
Proceeds from disposal of treasury shares	0	—
Cash dividends paid	(3,678)	(3,678)
Dividends paid to non-controlling interests	(8)	(7)
Other	(78)	—
Net cash provided by (used in) financing activities	(10,375)	(14,064)
Effect of exchange rate change on cash and cash equivalents	(1)	(0)
Net increase (decrease) in cash and cash equivalents	27	1,089
Cash and cash equivalents at beginning of period	4,018	4,046
Cash and cash equivalents at end of period	4,046	5,136

(5) Notes to the Consolidated Financial Statements

(Notes on Premise of Going Concern)

There is no relevant information.

(Additional Information)

(Resolution of Important Litigation)

Dissatisfied with the appellate ruling issued on January 16, 2020 by the Tokyo High Court in the damage suit filed against Hitachi Solutions, Ltd. and the subsequent damage counterclaim filed by Hitachi Solutions, Ltd., consolidated subsidiary TOKAI Communications Corporation petitioned the Supreme Court for acceptance of a final appeal, but received a rejection of this appeal on October 20, 2020. As a result of this decision, the Tokyo High Court's prior ruling, which required TOKAI Communications Corporation to pay 766 million yen in compensation for damages, as well as late payment charges, to Hitachi Solutions, Ltd., will stand as previously delivered.

During the fiscal year ended March 31, 2020, the Company recorded 1,161 million yen in provision for loss on litigation as an extraordinary loss in preparation for the possibility that the Supreme Court would uphold the January 16, 2020 ruling of the Tokyo High Court. In response to this final appeal rejection, the Company has recorded 26 million yen in extraordinary loss for the fiscal year ended March 31, 2021.

(Segment Information)

Segment Information

1. Overview 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.

Effective from the start of the three months ended June 30, 2020, the Company updated the names of its reportable segments, changing the "Gas and Petroleum" segment to "Energy" and the "Building and Real Estate" segment to "Construction, Equipment, and Real Estate." These changes have no effect on segment results.

The updated segment names have also been applied retroactively to results for the fiscal year ended March 31, 2020.

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, 2020 (April 1, 2019 to March 31, 2020)

(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 Communications	Aqua	Total				
Sales										
Sales to external customers	78,154	22,383	31,385	51,753	7,416	191,094	4,858	195,952	—	195,952
Intra-segment sales and transfer	171	1,019	665	3,805	193	5,855	166	6,021	(6,021)	—
Total	78,326	23,403	32,050	55,559	7,609	196,949	5,024	201,973	(6,021)	195,952
Segment profit (loss)	4,907	1,379	4,543	2,959	401	14,191	235	14,426	(201)	14,224
Segment assets	62,286	26,354	37,523	31,329	4,984	162,477	4,832	167,309	2,663	169,972
Other items										
Depreciation	4,420	691	5,091	3,038	610	13,851	100	13,952	384	14,337
Amortization of goodwill	402	24	617	20	—	1,065	24	1,089	—	1,089
Increase in tangible and intangible assets	5,219	422	6,759	2,469	513	15,383	215	15,599	224	15,824

(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, insurance, and nursing care.

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, 2021 (April 1, 2020 to 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 Communications	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, insurance, and nursing care.

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, 2020 (April 1, 2019 to March 31, 2020)

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, 2021 (April 1, 2020 to 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.

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

For the fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Energy	Construction, Equipment, and Real Estate	CATV	Information and Communica- tions	Aqua	Others	Corporate or elimination	Total
Impairment losses	—	—	—	—	—	118	—	118

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

(Millions of yen)

	Energy	Construction, Equipment, and Real Estate	CATV	Information and Communica- tions	Aqua	Others	Corporate or elimination	Total
Impairment losses	—	79	—	—	—	26	—	106

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

For the fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Energy	Construction, Equipment, and Real Estate	CATV	Information and Communica- tions	Aqua	Others	Corporate or elimination	Total
Amortization for the year ended March 31, 2020	402	24	617	20	—	24	—	1,089
Balance as of March 31, 2020	1,072	148	3,581	204	—	118	—	5,125

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

(Millions of yen)

	Energy	Construction, Equipment, and Real Estate	CATV	Information and Communica- tions	Aqua	Others	Corporate or elimination	Total
Amortization for the year ended March 31, 2021	417	65	595	23	—	41	—	1,143
Balance as of March 31, 2021	1,222	684	2,986	181	—	183	—	5,258

Information on Negative Goodwill Generated for Each Reportable Segment

For the fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

This information is omitted due to low material importance.

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

There is no relevant information.

(Per-Share Information)

	Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Net assets per share (yen)	493.26	568.93
Basic earnings per share (yen)	62.93	67.32

(Notes) 1. No data for diluted earnings per share is provided, since no dilutive shares exist.

2. The standards used to calculate basic earnings per share are as follows.

	Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Net income attributable to owners of the parent (millions of yen)	8,241	8,815
Amounts not attributable to common shareholders (millions of yen)	—	—
Net income attributable to owners of the parent available to common shareholders (millions of yen)	8,241	8,815
Average number of common shares outstanding during the period (thousands of shares)	130,954	130,963

3. 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) (400,700 shares for the fiscal year ended March 31, 2020; 391,300 shares for the fiscal year ended March 31, 2021). 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) (404,039 shares for the fiscal year ended March 31, 2020; 394,416 shares for the fiscal year ended March 31, 2021).

(Important Subsequent Events)

There is no relevant information.

4. Other

(1) Changes in Executive Positions

1) Change of representative director (Scheduled for June 25, 2021)

1. Candidate for new representative director

Representative Director and Managing Executive Officer Junichi Yamada (Managing Executive Officer)

Representative Director and Managing Executive Officer Toshinori Nakamura (Director and Managing Executive Officer)

2. Representative director scheduled to retire

Representative Director and Vice President Takanori Mamuro (Scheduled to become our advisor)

2) Other Changes in Executive Positions (Scheduled for June 25, 2021)

1. Candidate for new director

Director Nobuko Kawashima

* Nobuko Kawashima is a candidate for outside director.

2. Director scheduled to retire

Director Hidetsugu Mizoguchi

Director Shoji Uematsu