



Financial Results for the First Half of the Fiscal Year Ending March 2025 (Interim Period) - Presentation Material

TOKAI Holdings Corporation

(Code No. 3167)

November 12, 2024



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Financial Results for the Interim Period of the Fiscal Year Ending March 2025



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Financial Highlights for the Second Quarter (Interim Period) of the Fiscal Year ending March 2025.

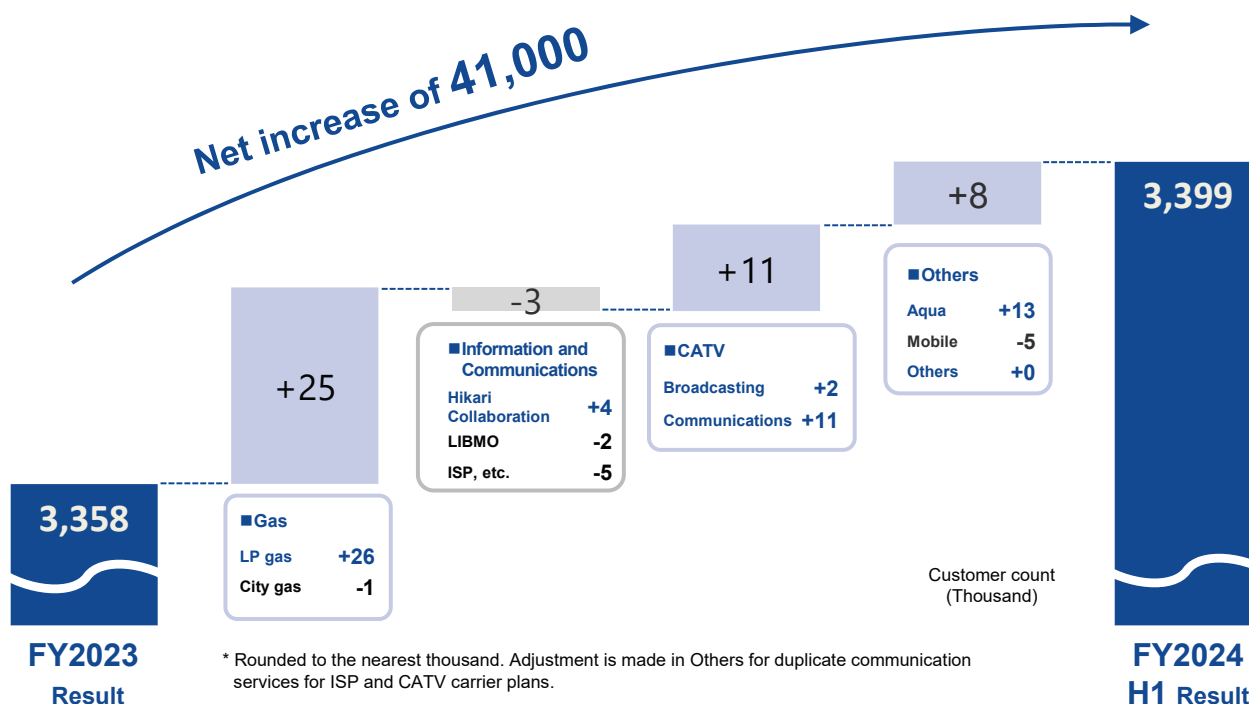
- Sales has been updated to a record high for the fourth consecutive quarter, due to factors such as an increase in the number of group customers, expansion of corporate information and communication business, and steady progress in orders for Construction, Equipment and Real Estate.
- Operating profit increased by 400 million yen compared to the same period last year, despite an increase in personnel costs due to wage increases continued from last year. This was due to an increase in the number of monthly billing items accompanying the increase in the number of customers and an increase in profits from Construction, Equipment and Real Estate.

	H1 FYE03/25 results	H1 FYE03/24 results (FY2023_2Q)	YoY	
			Change	% change (%)
Net sales	111,088	105,226	+5,862	+5.6
Operating profit	4,660	4,254	+405	+9.5
Ordinary profit	4,882	4,355	+526	+12.1
Profit attributable to owners of parent	2,390	2,219	+170	+7.7
EPS (yen)	18.30	17.00	+1.30	+7.7

(Net sales and profit: million yen; EPS: yen)

Steady Expansion of Customer Base in Core Businesses

- The number of continuing transaction customers at the end of this interim period increased by 41,000 from 3,358,000 at the beginning of the period to 3,399,000.
- The earnings base continued to expand in the gas business, the CATV business, the Aqua business, and the Hikari Collaboration business.



Net Sales and Operating Profit by Business Segment

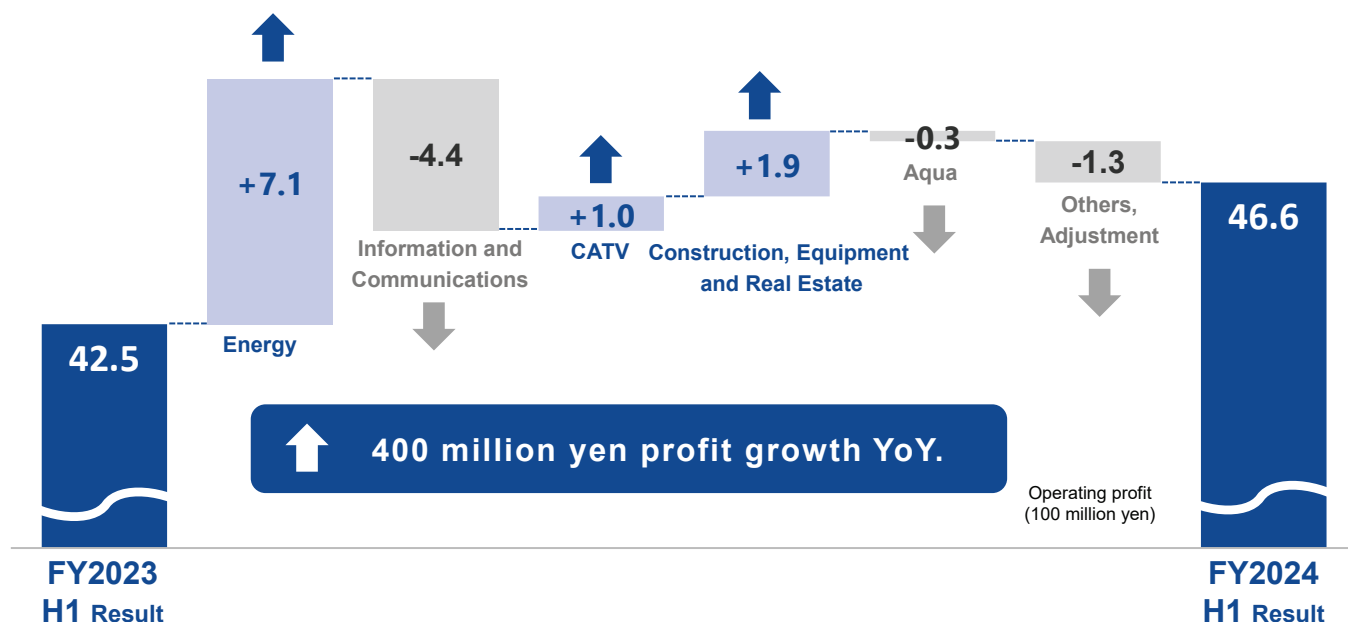
		H1 FY03/25 results	H1 FY03/24 results	YoY	% change
Net sales	Energy	45,406	42,952	+2,454	+5.7%
	Information and Communications	28,361	27,457	+904	+3.3%
	CATV	18,058	17,732	+326	+1.8%
	Construction, Equipment, and Real Estate	11,944	10,943	+1,000	+9.1%
	Aqua	4,784	3,883	+900	+23.2%
	Others	2,532	2,257	+275	+12.2%
	Total	111,088	105,226	+5,862	+5.6%
Operating profit	Energy	1,579	869	+709	+81.6%
	Information and Communications	2,391	2,828	-436	-15.4%
	CATV	3,233	3,135	+98	+3.1%
	Construction, Equipment, and Real Estate	771	578	+192	+33.4%
	Aqua	332	364	-31	-8.8%
	Others	-3,647	-3,520	-126	-
	Total	4,660	4,254	+405	+9.5%

Operating profit disregards the allocation of indirect costs and other costs

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Changes in Operating Profit by Segment

- Energy profits increased due to an increase in the number of customers and strategic cost reviews and reductions.
- Information and communication saw a decrease in profits due to upfront investments in organizational structure strengthening, despite the steady progress of cloud services.
- CATV profits increased due to an increase in the number of customers, and Construction, Equipment and Real Estate profits increased due to the steady progress of construction orders.
- Aqua saw a decrease in profits due to an increase in upfront costs for customer acquisition.

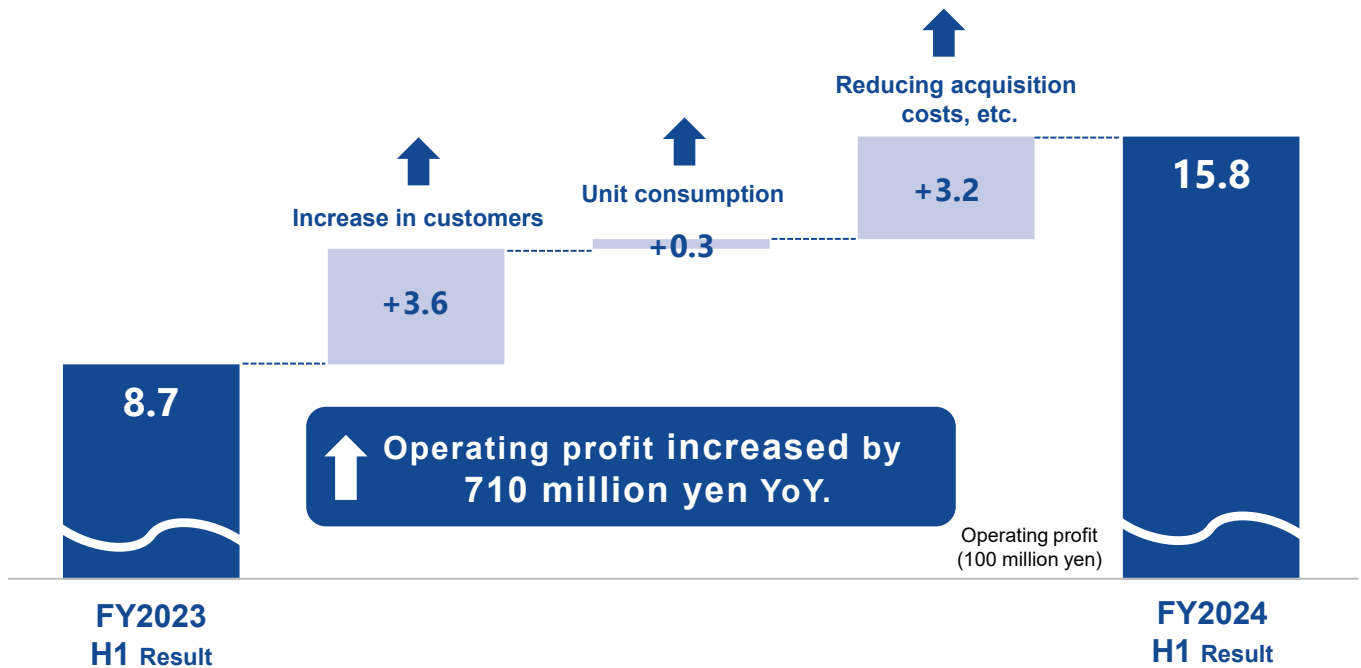


* Changes in operating profit disregard allocation of indirect costs

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Operating Profit by Segment (Energy)

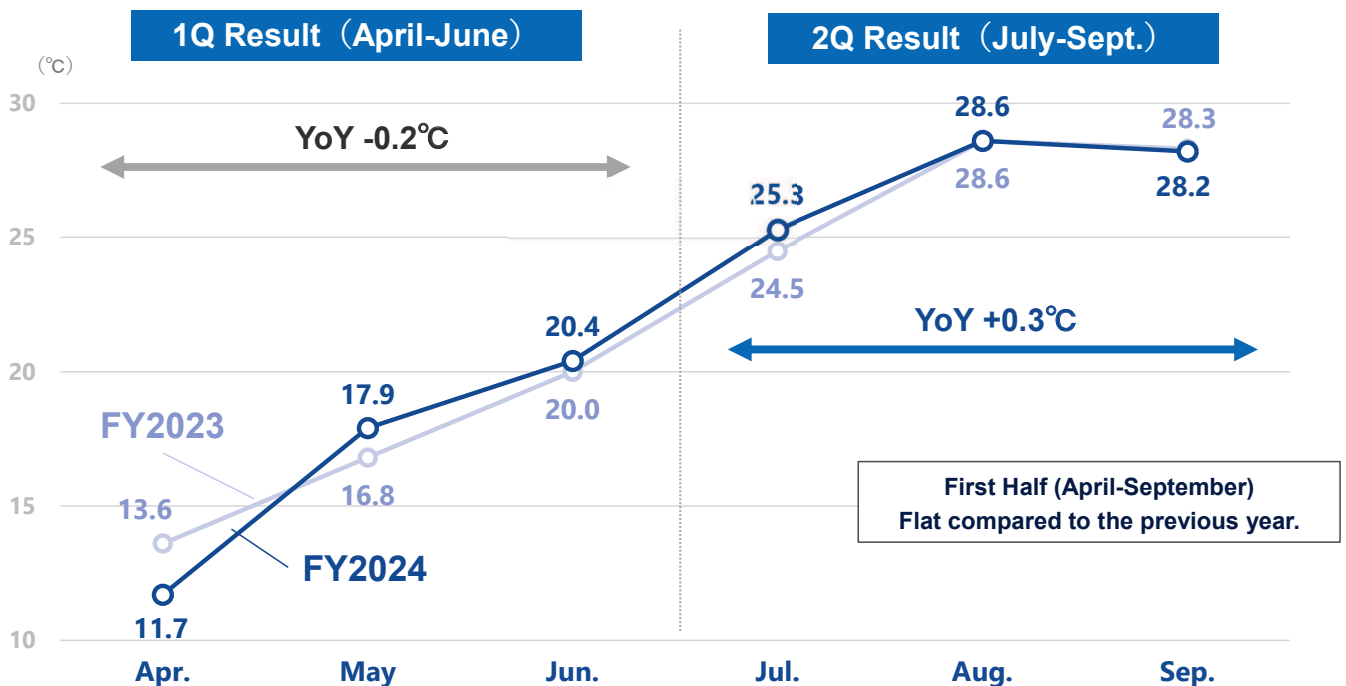
- In April, we consolidated FujiPro Co., Ltd., a company engaged in LP gas business, as a subsidiary, and expanded our area to Kagoshima Prefecture in August.
- We achieved increased profits by increasing the number of customers and reducing acquisition costs.



Changes in Average Temperature

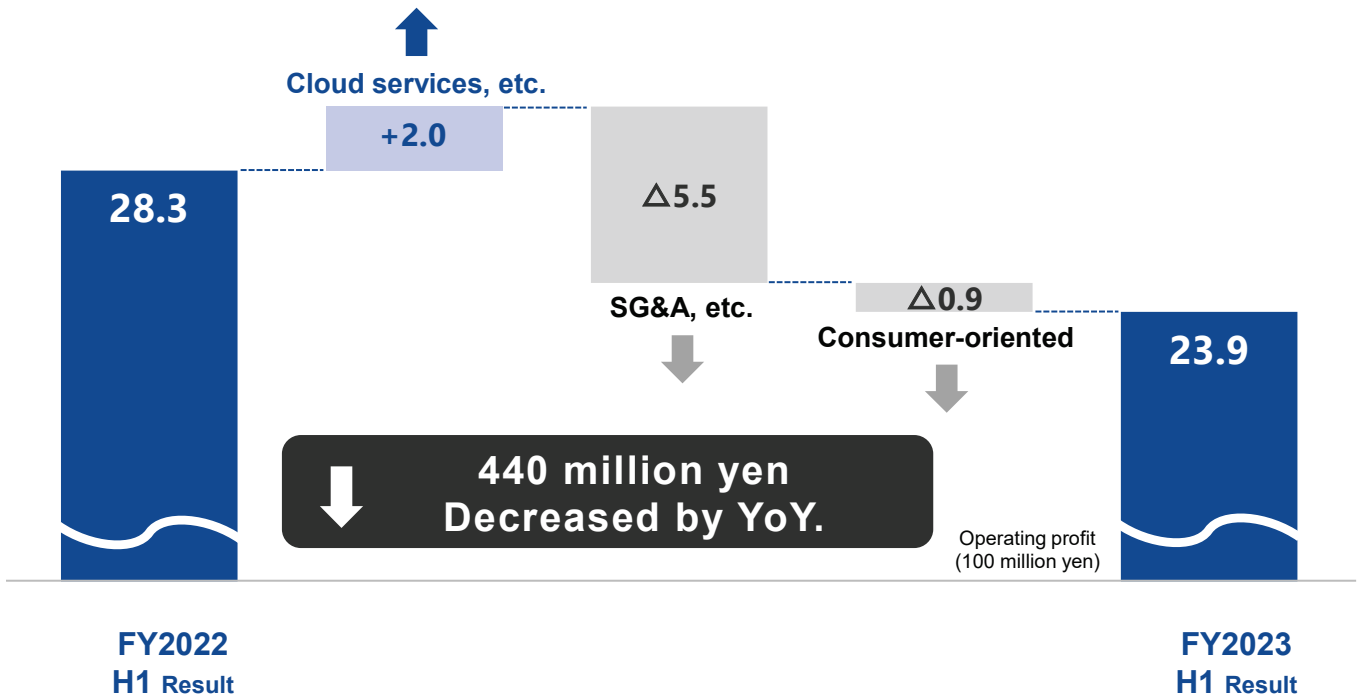
- First Quarter (April-June) was 0.2°C lower than the previous year, while the Second Quarter (July-September) was 0.3°C higher. Overall, the first half of the year remained at the same level as the previous year.
- For the second half (October-March) and beyond, the plan is to be mostly in line with the average.

Monthly Average Temperature Trends



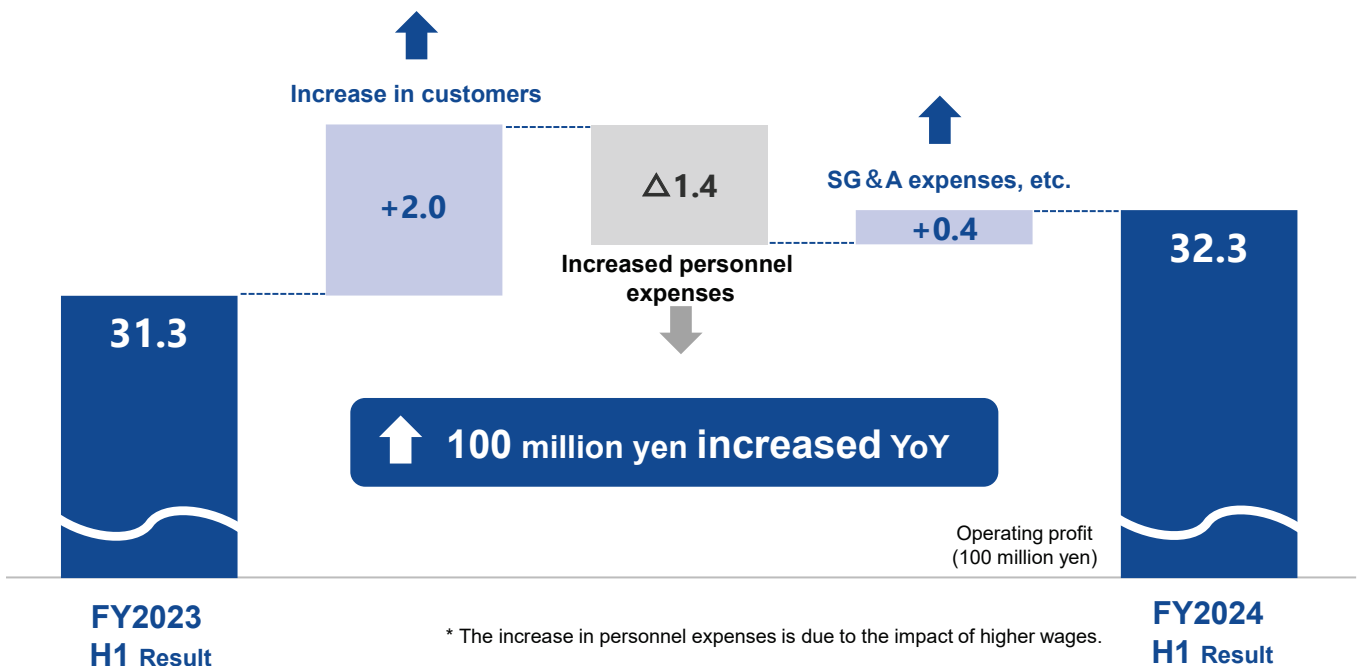
Operating Profit by Segment (Information and Communications)

- Corporate business saw a decrease in profit due to upfront investments in organizational strengthening, despite the strong progress in cloud services.
- Consumer business experienced a decrease in profit due to a decline in ARPU (Average Revenue Per User).



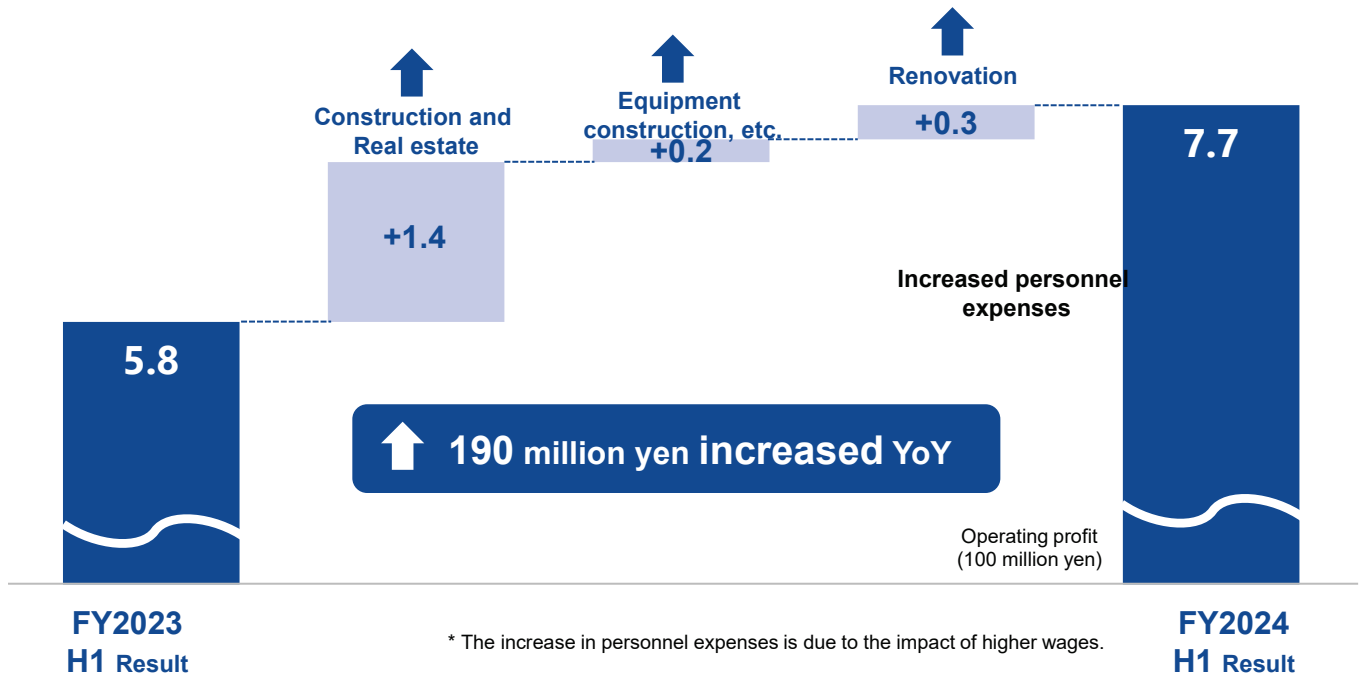
Operating profit by Segment (CATV)

- By actively promoting sales activities and expanding our customer base, we recorded increased profits due to the growth in customer numbers.
- Although there was a negative impact from increased personnel expenses due to wage hikes, we achieved a profit increase of 100 million yen compared to the same period last year by restraining selling and administrative expenses.



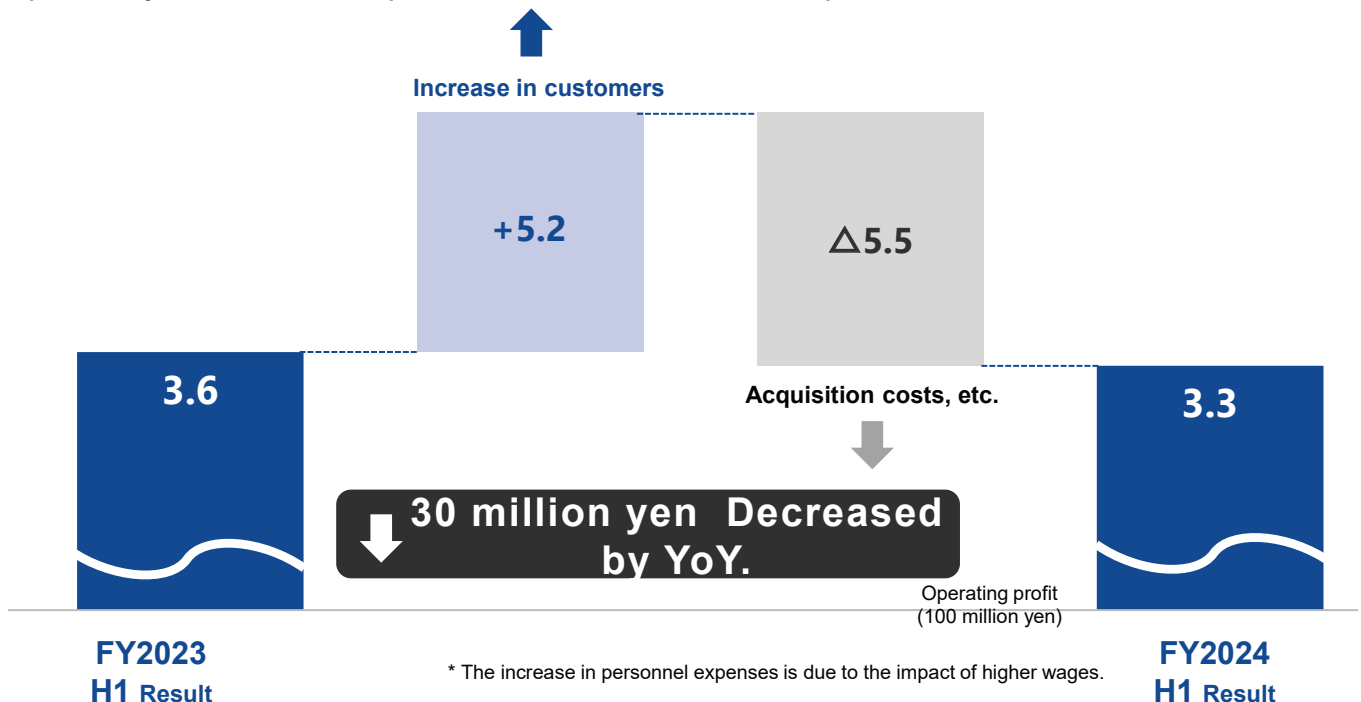
Operating Profit by Segment (Construction, Equipment and Real Estate)

- In building, real estate and others, profit grew with the strong performance in rental of real estate and building management support, among other factors.
- In sales and installation of equipment and renovation, profit declined due mainly to delays in projects for which orders were received.



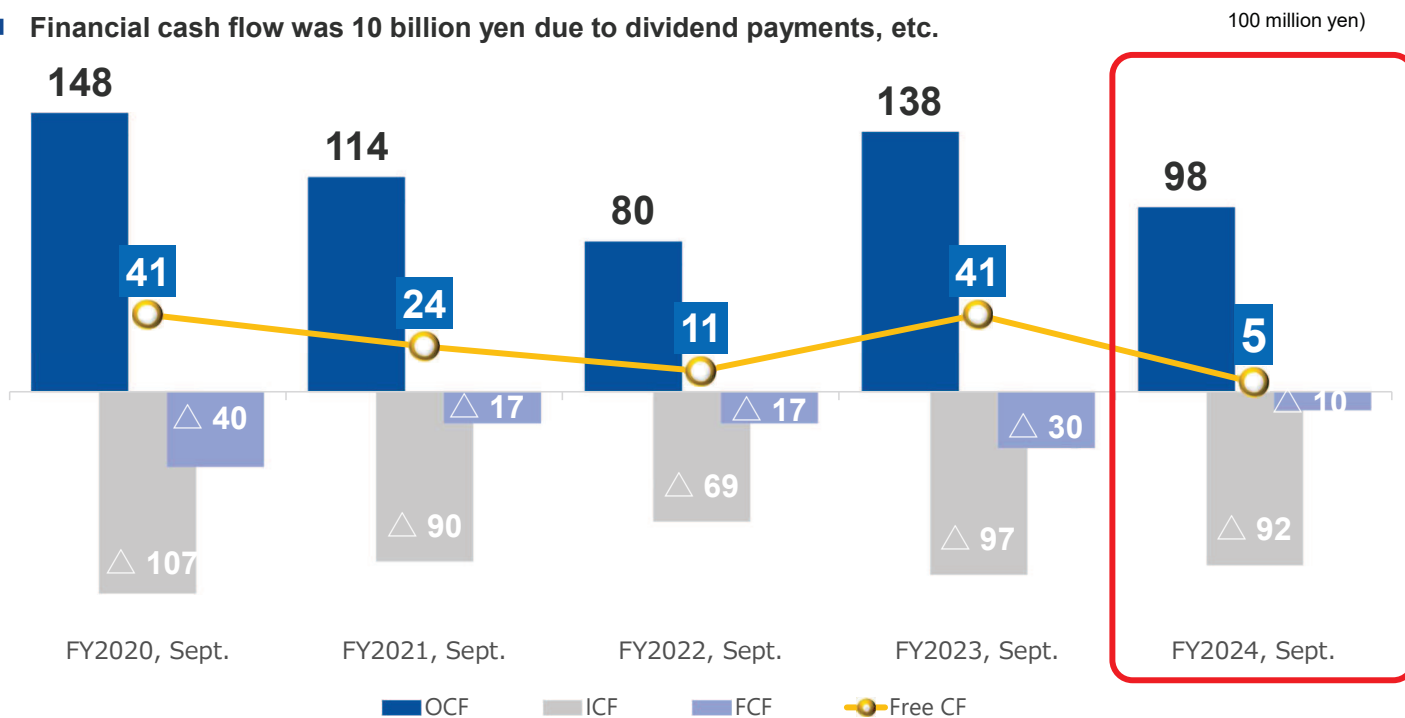
Operating Profit by Segment (Aqua)

- The sales of our water supply-type water purifiers, which were launched in April last year, have been progressing well, leading to further expansion of our customer base.
- Although the number of customers has steadily increased, there was a decrease in profit of 30 million yen compared to the same period last year due to increased upfront costs associated with customer acquisition.



Cash Flow Trends

- During the interim period, we generated operating cash flow of 98 billion yen. Investment cash flow was 92 billion yen due to the acquisition of shares in FujiPro, a company engaged in LP gas business, and network enhancement in information and communication. As a result, free cash flow was 500 million yen.
- Financial cash flow was 10 billion yen due to dividend payments, etc.



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Balance Sheet

- Total assets decreased by 5.9 billion yen to 200 billion yen (a decrease of 5.3 billion yen compared to the previous period) due to factors such as a decrease of 5.9 billion yen in promissory notes and accounts receivable, influenced by seasonal factors.
- The equity ratio improved by 1.1 percentage points from the previous period to 44.5%, maintaining a healthy level.

FYE 2024.3	FYE 2025.3																
Total Assets	Total Assets																
205.3 billion yen	200.0 billion yen																
(billion yen)	(billion yen)																
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">Current Assets 54.7</td> <td style="width: 50%; text-align: center;">Current Liabilities 61.8</td> </tr> <tr> <td style="text-align: center;">Fixed Assets 150.6</td> <td style="text-align: center;">Fixed Liabilities 52.2</td> </tr> <tr> <td colspan="2" style="text-align: center;">Net Assets 91.3</td> </tr> <tr> <td colspan="2" style="text-align: center;">Equity Ratio 43.4%</td> </tr> </table>	Current Assets 54.7	Current Liabilities 61.8	Fixed Assets 150.6	Fixed Liabilities 52.2	Net Assets 91.3		Equity Ratio 43.4%		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">Current Assets 46.7</td> <td style="width: 50%; text-align: center;">Current Liabilities 53.4</td> </tr> <tr> <td style="text-align: center;">Fixed Assets 153.3</td> <td style="text-align: center;">Fixed Liabilities 55.3</td> </tr> <tr> <td colspan="2" style="text-align: center;">Net Assets 91.4</td> </tr> <tr> <td colspan="2" style="text-align: center;">Equity Ratio 44.5%</td> </tr> </table>	Current Assets 46.7	Current Liabilities 53.4	Fixed Assets 153.3	Fixed Liabilities 55.3	Net Assets 91.4		Equity Ratio 44.5%	
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Full-year Forecast for Fiscal Year Ending March 31, 2025

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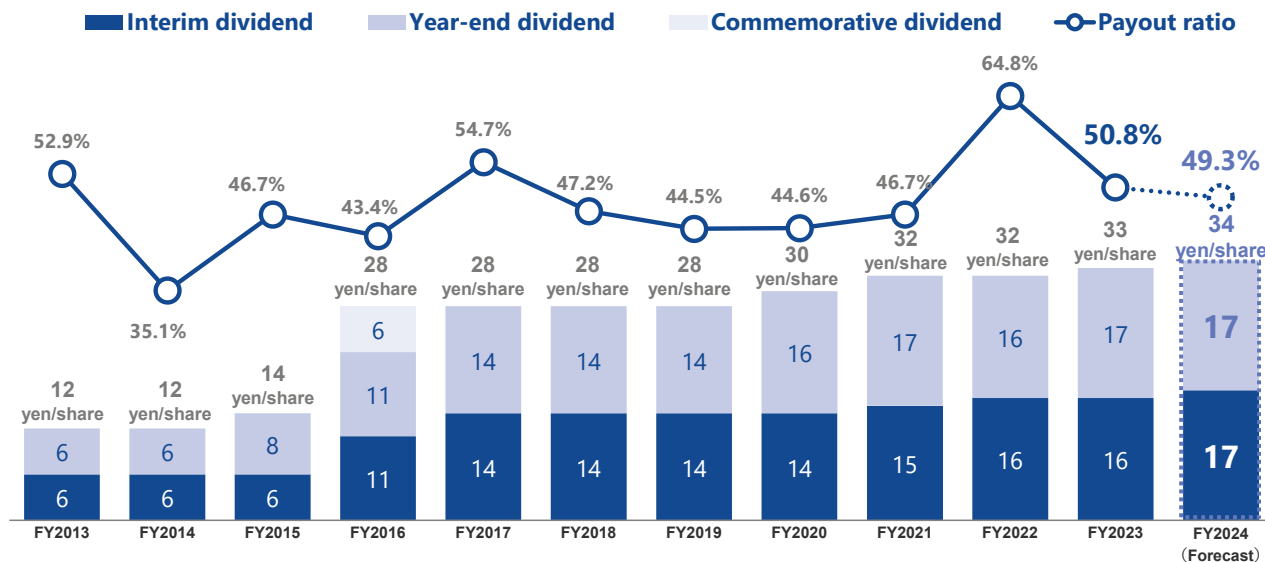
- FYE 03/25 is the second year of our 'Medium-Term Management Plan 2025'. We're executing initiatives based on our growth tree model, aiming for further progress.
- We will continue to expand our area, pursue M&A, and create new businesses, aiming to increase revenue and profits in 2024 and set new records in sales and all profit categories.

(Millions of yen)

	FY03/24 forecast (April 1, 2024 to March 31, 2025)	FY03/24 results (April 1, 2023 to March 31, 2024)	YoY	
			Change	% change
Net sales	244,000	231,513	+12,487	+5.4%
Operating profit	16,000	15,511	+489	+3.2%
Ordinary profit	16,000	15,531	+469	+3.0%
Profit attributable to owners of parent	9,000	8,481	+519	+6.1%
EPS (yen)	68.90	64.94	+3.96	+6.1%
Customer count at end of fiscal year	3,452,000	3,358,000	+94,000	+2.8%

Dividend forecast

- The annual dividend per share is set to increase by 1 yen to 34 yen.
- Maintain a high dividend payout ratio.



Progress of the Mid-term Management Plan 2025

① Growth of business earning power

- Expanded customer base through opening new branch in Kagoshima and acquiring shares of FujiPro
- Expanded business areas domestically and internationally, including establishing a new company in Indonesia
- Expanded customer base through cross-selling efforts on the internet

② Strengthening of foundations for sustainable growth

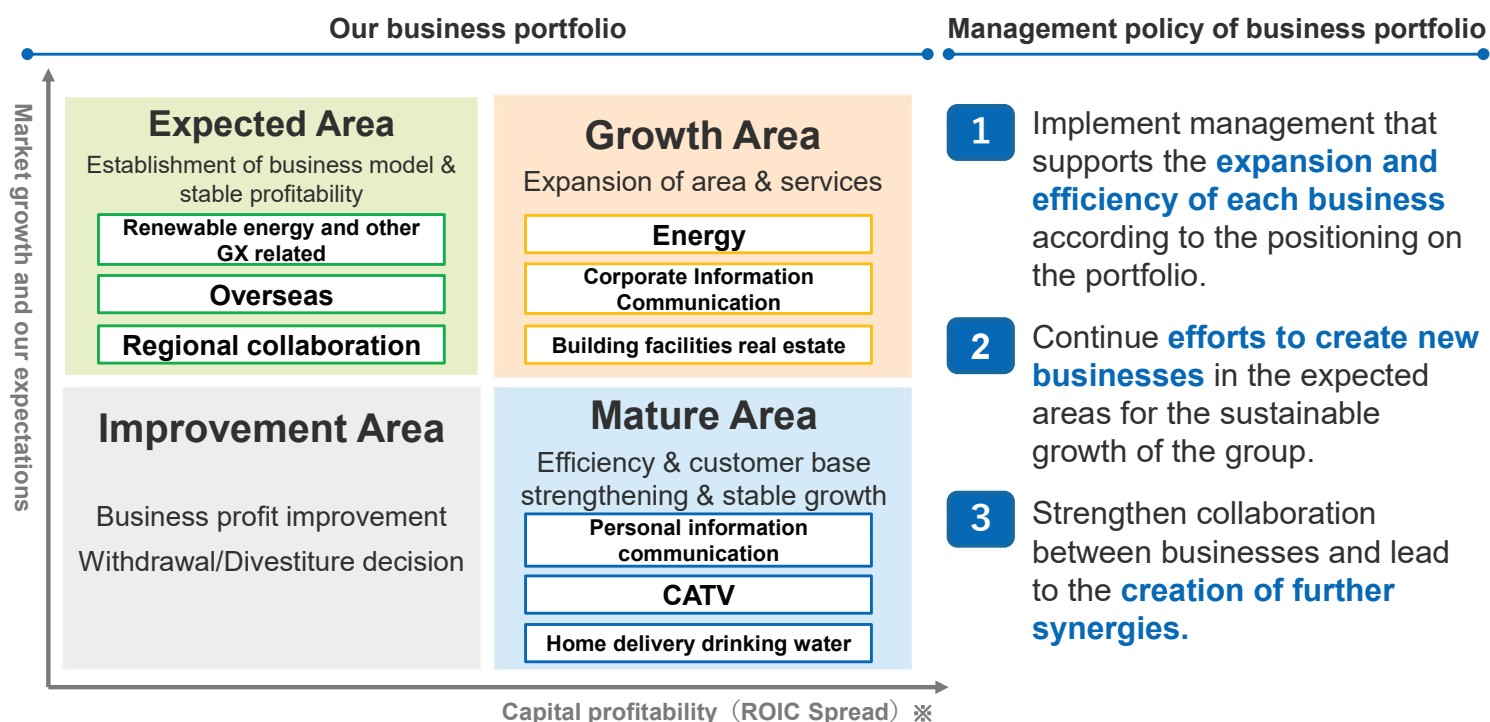
- Promoted energy efficiency and decarbonization of our own facilities to contribute to a decarbonized society
- Provided carbon-offset natural gas to households

③ Full energization of human capital and organizations

- Raised salary levels and expanded systems for childcare and elderly care support
- Implemented career support programs and enhanced reskilling environment through e-learning

(2) Initiatives towards business portfolio management

- We will strengthen management towards building a portfolio that realizes group-wide optimization, understanding the business portfolio on two axes: capital profitability and growth.



※Capital profitability for each business is calculated by the ROIC Spread for each business (ROIC for each business - WACC for each business).

ROIC for each business is calculated as "NOPAT ÷ (operating capital + fixed assets)". WACC for each business is calculated based on the risk of each business, according to our own standards.

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.

Amounts are rounded down to the nearest hundred yen. Other figures are rounded off.

Please contact us with any questions regarding these materials.

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暮らしに社会にもっと笑顔を。
More smiles for a better life