

January 28, 2021

TOKAI Holdings Corporation  
Katsuhiko Tokita, President & CEO  
(Securities Code: 3167, Tokyo Stock Exchange First Section)

## Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2021

**Achieved an Expanded Customer Base and Record-High Operating Results despite Impact  
from the COVID-19 Pandemic**

TOKAI Holdings Corporation (hereinafter, the “Company”) today announced its financial results for the first nine months of the fiscal year ending March 31, 2021.

### **1. Customer count nearly doubled on a net basis year on year, as the Company continued to expand its earnings base**

The Company is currently implementing its third medium-term management plan, Innovation Plan 2020 “JUMP,” which extends through the fiscal year ending March 31, 2021. Under this plan, we are actively applying strategies aimed at expanding our earnings base, including investing in M&A and forming business alliances. We also work to address an ongoing business objective by acquiring additional continuing customers, securing multiple contracts based on the Total Life Concierge (TLC) concept\*<sup>1</sup>, and expanding service areas.

The TOKAI Group provides daily life-related infrastructure that is essential to the livelihood of its customers who are required by the government and administration to continue operating their businesses amid the COVID-19 pandemic. In the nine months ended December 31, 2020, the Group ensured the safety of customers and employees and fulfilled its responsibility to continue providing services by thoroughly implementing measures aimed at preventing the spread of COVID-19.

We actively conducted remote sales activities that do not involve direct human contact and involved new forms of Internet-based information transmission, business meetings, and telemarketing. As a result, **the Group recorded 3,063,000 continuing customers** as of December 31, 2020. **This continuing customer count exceeded the count at the beginning of the year (3,003,000) by 59,804 (nearly twice the increase of 30,881 in the same period of the previous fiscal year).**

**With net increases of 24,416 (LP and city) gas customers, 34,395 CATV customers, and 11,322 Hikari Collaboration customers, we further expanded our earnings base.**

### **2. Despite impact from the COVID-19 pandemic, the Company achieved record-high financial results while generating performance that was extremely strong compared to full-year profit projections**

In the nine months ended December 31, 2020, the Company recorded sales of 139,792 million yen (-1.2% year on year). While sales grew thanks to an increase in household LP gas sales volume, expansion of recurring-revenue businesses in the Information and Communications business for corporate clients, and higher customer counts in the CATV and Aqua (bottled drinking water delivery) businesses, they were weighed down by a decrease in (LP and city) gas selling prices linked with a drop in procurement prices (no impact on profits), as well as by a delay in sales activities caused by the COVID-19 pandemic.

On the profit front, some businesses, such as the bridal events and banquet businesses, incurred negative impact from the COVID-19 pandemic, but this impact was offset by various factors, including an increase in profit from growth in the number of monthly fee paying customers caused by higher customer counts in the LP gas and CATV businesses and greater profit from the Information and Communications business for corporate clients. As a result, **operating profit came to 9,901 million yen, up 6.7% year on year, as the Company reported growth in profit for the third consecutive year and record-highs on all profit lines for the second consecutive year.**

Operating profit achieved 66% of its full-year target, higher than ratios achieved in the past (typically 58–60%).

(Millions of yen)

	Q3 FY03/21 results (April 1, 2020 to December 31, 2020)	Q3 FY03/20 results (April 1, 2019 to December 31, 2019)	YoY	
			Change	% change
Sales	139,792	141,557	-1,764	-1.2%
Operating profit	9,901	9,278	+623	+6.7%
Recurring profit	9,929	9,478	+450	+4.8%
Net income	5,936	5,103	+832	+16.3%
EPS (yen)	45.33	38.97	+6.36	+16.3%

### **3. Growth will continue during the fiscal year ending March 31, 2021 as sales rise for the fourth consecutive year and profits reach record highs for the third consecutive year**

For the fiscal year ending March 31, 2021, the Company projects continued growth, with sales rising for the fourth consecutive year and profits reaching record highs for the third consecutive year.

This fiscal year is the last in our current medium-term management plan, and we intend to lay the foundation for growth achieved under our next medium-term management plan.

The TOKAI Group believes that focusing on continuing customer count expansion will lead to top-line growth, an improved earnings base, and large medium- to long-term growth for the entire Group. Accordingly, it is pushing forward with initiatives aimed at achieving aggressive growth strategies.

The Company is conducting these initiatives while upholding the themes of M&A advancement, ABCIR+S<sup>2</sup> implementation, and TLC enrichment as specific methods for achieving its targets.

Under its policy of consistently providing stable dividends, the Company plans to pay an annual dividend of 28 yen per share.

The Company has made no revisions to either its full-year consolidated earnings forecast or its dividend forecast for the fiscal year ending March 31, 2021.

(Millions of yen)

	FY03/21 forecast (April 1, 2020 to March 31, 2021)	FY03/20 results (April 1, 2019 to March 31, 2020)	YoY	
			Change	% change
Sales	205,300	195,952	+9,348	+4.8%
Operating profit	15,000	14,224	+776	+5.5%
Recurring profit	14,870	14,479	+391	+2.7%
Net income	8,460	8,241	+219	+2.7%
EPS (yen)	64.60	62.93	+1.67	+2.7%
Customer count at end of fiscal year	3,105,000	3,003,000	+102,000	+3.4%

(Yen)

Dividends	FY03/21 (forecast)	FY03/21	FY03/20
Interim (end of Q2)		14.00	14.00
Year-end	14.00		14.00
Annual dividend total	28.00		28.00

For details, please see the attached materials, entitled “Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2021”

Further, for the Company’s earnings announcement for the first nine months of the fiscal year ending March 31, 2021, please see the following URL:

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

\*1 Vision of becoming a TLC: The Group seeks to support the comfortable living of its customers in a comprehensive and detail-oriented way and enhance customer satisfaction through its wide range of services.

\*2 ABCIR+S: An acronym formed by the first letters of AI, big data, cloud, IoT, robotics, and smartphones. It refers to the Group’s strategies targeting technological innovation.

Contact: Yoshihiro Taniguchi

Investor Relations Office

TEL: +81-(0)3-5404-2891

Email: [overseas\\_IR@tokaigroup.co.jp](mailto:overseas_IR@tokaigroup.co.jp)

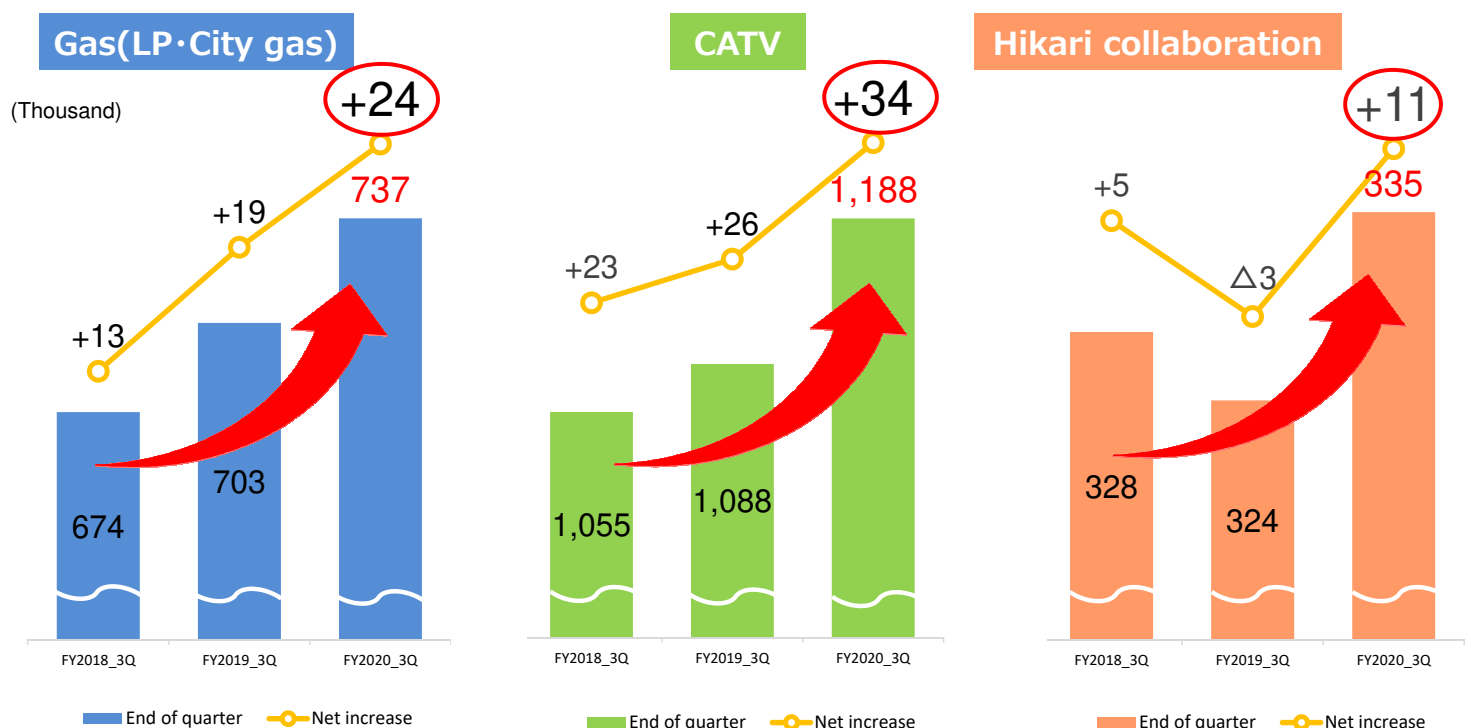
# Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2021

TOKAI Holdings Corporation  
(Code: 3167)

January 28, 2021

## Expanding customer base at about twice the pace of the previous year

- ◎ The number of continuous trading customers at the end of the 3Q was 3,063,000, an increase of 60,000 from the beginning (about twice the increase of 31,000 in the previous year).
- ◎ Main gas business, CATV business, Hikari collaboration progresses further expansion of profit base



※Round off less than 1,000

※Net increase exclude customer additions from M & A.

# Key points for net increase in main business

- ◎ In the gas business, net increase due to acquisition of trade area increased by 26% year-on-year, and share expanded in new areas
- ◎ In the CATV business, net increase in communication services increased 1.9 times year-on-year.
- ◎ The information and telecommunications business has stopped its net decline in total for fixed (ISP) and wireless (LIBMO)
- ◎ Aqua business recovered the same net increase pace as the same period of the previous year after 2Q

Net increase (Thousand)	FY2020 3Q	FY2019 3Q	YoY	Key points
Gas (LP・City gas) (acquisition of trade area)	+24 (+19)	+19 (+15)	+6 (+4)	<ul style="list-style-type: none"> <li>• Net increase of 4,000 due to acquisition of LP gas trade area</li> <li>• The number of 11 bases that have expanded into new areas with LP gas has increased by 8,000.</li> </ul>
CATV (Communication service)	+34 (+25)	+26 (+13)	+9 (+12)	<ul style="list-style-type: none"> <li>• Net increase in communications services increased 1.9 times year-on-year</li> </ul>
Information and communication (ISP)	+2 (-2)	-22 (-26)	+24 (+24)	<ul style="list-style-type: none"> <li>• ISPs improved by 24,000 due to an increase in new subscribers of 14,000 and a decrease in cancellations of 10,000.</li> </ul>
Aqua	+1	+4	-3	<ul style="list-style-type: none"> <li>• Net decrease of 1.6 thousand cases in 1Q, net increase of 1.3 thousand cases in 2Q, net increase of 1.3 thousand cases in 3Q, recovering the same pace as the same period of the previous year</li> </ul>

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## Profit increase for 3 consecutive terms and record high

- ◎ Sales increased slightly due to an increase in the number of customers and expansion of the information and communications business for corporations, but a decline in sales prices linked to the purchase price of gas and a delay in sales activities due to the Corona disaster.
- ◎ In terms of profits, although some businesses were affected by Corona, profits increased due to an increase in the number of monthly charges due to an increase in the number of customers and profits in the corporate information and communications business, etc., and profits increase for the third consecutive year and reached a record high for the second consecutive year.
- ◎ Progress rate (66%) against the full-year operating profit plan also exceeds the past average level

(Million of yen)

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# Continued growth trend by achieving higher sales and profits

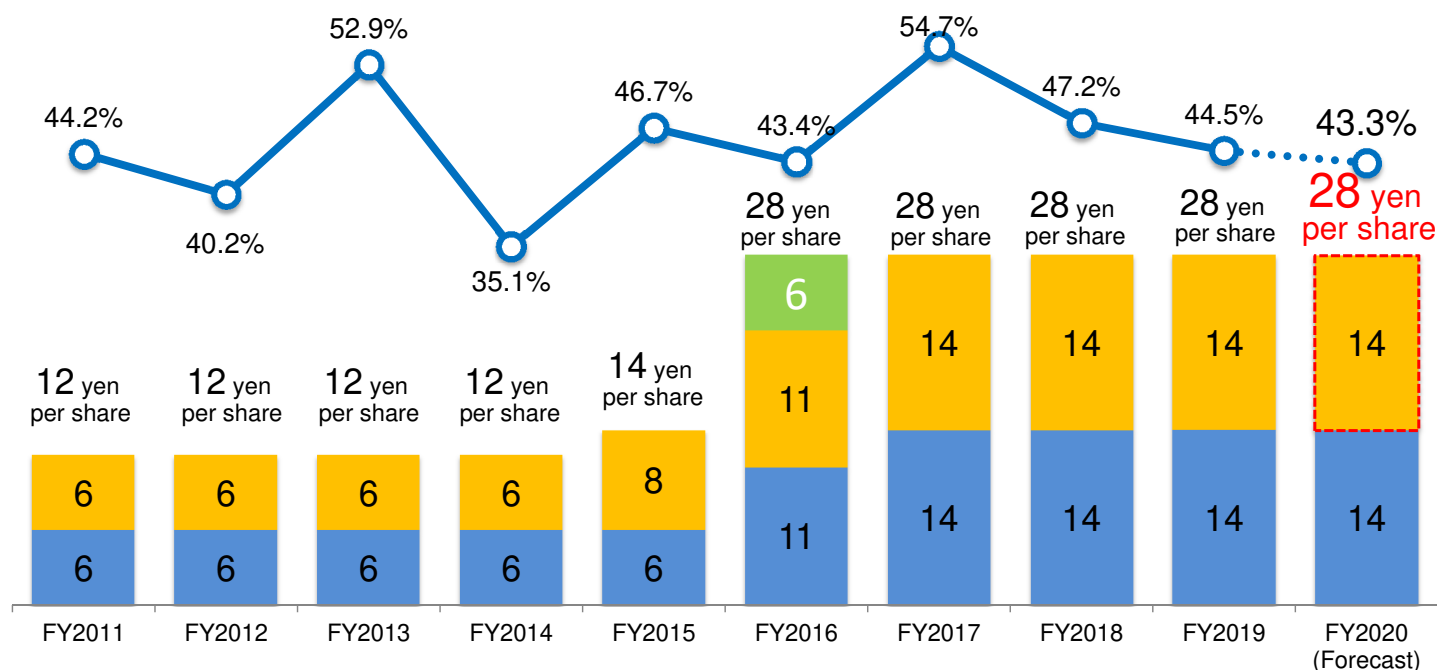
- Continued growth trend with sales increase for 4 consecutive terms and record high profit for 3 consecutive terms
- In addition to the finalization of the medium-term management plan IP20 "JUMP", we will focus on expanding the customer base for medium- to long-term growth while laying the foundation for the growth of the next medium-term plan.
- Work on the themes of "further promotion of M & A", "practice of ABCIR + S", and "deepening of TLC"

(Million of yen)

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Net income	8,460	8,241	+219	+2.7%
EPS (Yen)	64.60	62.93	+1.67	+2.7%
Customer Number (Thousand)	3,105	3,003	+102	+3.4%

## Strive for continuous and stable dividends

- Based on the Company's dividend policy, which strives for continuous and stable dividends, the annual dividend is planned to be ¥ 28 / share.
- Dividend payout ratio remains high



■ Interim dividend ■ Year-end dividend ■ Commemorative dividend ● Dividend payout ratio

\* The red dashed line is the current dividend forecast

# 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

## (1) Consolidated results

(Millions of yen)

	Q3 FY03/17 Results	Q3 FY03/18 Results	Q3 FY03/19 Results	Q3 FY03/20 Results	Q3 FY03/21 Results
Sales	127,432	133,336	137,943	141,557	139,792
Operating profit	8,193	6,579	7,038	9,278	9,901
Recurring profit	8,246	6,662	7,247	9,478	9,929
Net income	4,850	3,435	3,966	5,103	5,936
EPS (Yen)	42.71	26.66	30.29	38.97	45.33

## (2) Sales by segment

(Millions of yen)

	Q3 FY03/17 Results	Q3 FY03/18 Results	Q3 FY03/19 Results	Q3 FY03/20 Results	Q3 FY03/21 Results
Energy	51,291	53,145	54,675	55,191	53,437
Information and Communications	36,212	37,760	37,959	38,834	37,831
CATV	18,901	20,871	22,829	23,433	24,994
building equipment real estate	12,926	13,491	13,846	14,919	14,815
Aqua	4,391	4,652	5,279	5,603	5,778
Others	3,708	3,415	3,352	3,575	2,934
Total	127,432	133,336	137,943	141,557	139,792

※From the current fiscal year, the name of the reporting segment has been changed from "gas and oil" to "energy" and from "building and real estate" to "building equipment real estate". The segment name change will not affect sales by segment.

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## (3) Operating profit by segment

(Millions of yen)

	Q3 FY03/17 Results	Q3 FY03/18 Results	Q3 FY03/19 Results	Q3 FY03/20 Results	Q3 FY03/21 Results
Energy	5,550	3,857	2,954	3,964	5,034
Information and Communications	2,993	2,410	2,595	3,366	3,081
CATV	2,125	2,758	3,568	3,790	4,102
building equipment real estate	619	681	915	1,242	1,094
Aqua	299	221	444	597	578
Others	-3,396	-3,350	-3,442	-3,682	-3,988
Total	8,193	6,579	7,038	9,278	9,901

\*Prior to elimination of indirect expenses

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## (4) Consolidated financial indicators

(Millions of yen)

	Q3 FY03/17 Results	Q3 FY03/18 Results	Q3 FY03/19 Results	Q3 FY03/20 Results	Q3 FY03/21 Results
Total assets	157,735	165,886	167,035	168,697	172,946
Total liabilities	111,007	106,661	107,404	102,972	102,104
Total net assets	46,728	59,224	59,631	65,724	70,841
Balance of interest-bearing debt	65,678	57,511	58,481	52,615	51,344
EBITDA	19,922	18,052	18,266	20,769	21,768
Equity ratio	29.1 %	35.0 %	35.0 %	38.2 %	40.1 %

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## (5) Consolidated cash flows

(Millions of yen)

	Q3 FY03/17 Results	Q3 FY03/18 Results	Q3 FY03/19 Results	Q3 FY03/20 Results	Q3 FY03/21 Results
Operating cash flow	17,082	12,295	9,813	15,476	19,402
Investment cash flow	-6,929	-9,655	-9,615	-9,683	-14,672
Free cash flow	10,152	2,640	197	5,793	4,730
Financing cash flow	-11,261	-2,081	762	-4,779	-3,863

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# (6) Group customer count

(Thousands of customers)

		Q3 FY03/17 Results	Q3 FY03/18 Results	Q3 FY03/19 Results	Q3 FY03/20 Results	Q3 FY03/21 Results
Gas (LP and city gas)		635	653	674	703	737
Information and Communications	Previous ISP model, etc.	538	478	430	396	375
	Hikari Collaboration	288	319	328	324	335
	LIBMO	—	21	39	45	52
	Mobile	826	818	797	766	763
	Subtotal	728	1,002	1,055	1,088	1,188
CATV		135	143	157	160	162
Aqua		234	229	220	214	209
Security		17	17	17	16	16
Total		2,551	2,839	2,897	2,933	3,063

\*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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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.

Investor Relations Office

TOKAI Holdings Corporation

Hamarikyu Inter City 11<sup>th</sup> floor, 1-9-1, Kaigan, Minato-ku, Tokyo 105-0022, Japan

Phone: +81-(0)3 5404-2891

Fax: +81-(0)3-5404-2786

<https://www.tokaiholdings.co.jp/english/>

e-mail: overseas\_IR@tokaigroup.co.jp

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