



October 28, 2021

To whom it may concern

TOKAI Holdings Corporation  
Katsuhiko Tokita, President & CEO  
(Code No. 3167 Tokyo Stock Exchange First Section)

**Financial Results for the First Six Months of the  
Fiscal Year Ending March 31, 2022**  
Started to Implement a New Medium-Term Management Plan,  
Innovation Plan 2024 “Design the Future Life”

TOKAI Holdings Corporation (hereinafter, “the Company”) today announced its financial results for the first six months of the fiscal year ending March 31, 2022.

**1. The Company continued to expand its earnings base to achieve a net annual increase of 100,000 in customer count.**

The Company announced the fourth Medium-Term Management Plan, Innovation Plan 2024 “Design the Future Life” (“IP24”\*) in May. The plan covers a period from this fiscal year to the fiscal year ending March 31, 2025.

A key strategy in IP24 is “LNG strategy.” The Company will expand its business areas at the Local level (expansion of share in existing areas), at the National level (expansion of new business areas in Japan), and at the Global level (business development overseas) and will achieve growth in the number of customers through selection and concentration, focusing on profitability.

To achieve 3.56 million customers at the end of the fiscal year ending March 31, 2025, the Company will pursue an aggressive strategy to expand its earnings base, aiming to achieve 3.20 million customers (a net annual increase of 100,000 in customer count) at the end of the fiscal year under review.

In operating activities in the first six months of the fiscal year under review, the Company conducted remote sales activities that do not involve direct human contact and was thorough in taking other measures to prevent COVID-19 infections. Meanwhile, the Company took proactive steps to attract customers and recorded **3,125,000 continuing customers as of September 30, 2021. This continuing customer number exceeded the count at the beginning of the fiscal year (3,099,000) by 26,127 (versus an increase of 39,003 in the same period of the previous fiscal year, including M&A-related 8,253).**

**With net increases of 19,920 (LP and city) gas customers (15,365 in the same period of the previous fiscal year), 16,613 CATV customers (25,077, including M&A-related 8,253 customers), and 2,913 Aqua (bottled drinking water delivery) customers (a decrease of 247 in the same period of the previous fiscal year), we further expanded our earnings base.**

**2. Sales increased for the first time in two periods and hit a record high.**

In the six months ended September 30, 2021, **the Company recorded sales of 96.1 billion yen (up 6.2 billion yen or 6.9% year on year), the first increase in two periods and a record high.** Sales increased chiefly due to increases in the numbers of energy customers and CATV customers, expansion of recurring-revenue businesses in the Information and Communications business for corporate clients, and the effect of M&A in the Construction, Equipment, and Real Estate business.

On the profit front, operating profit was 5.2 billion yen, down 200 million yen, or 4.2% year on year, which was almost on a par with that of the same period of the previous year. This was mainly due to an increase in the number of monthly fee-paying customers that accompanied a higher customer account and an increase in profit in the Information and Communications business, despite an increase in expenses for gaining customers, reflecting more LP gas and Aqua customers gained than a year ago, and expenses to improve the working environment as part of work-style reform.

Quarterly net income attributable to owners of the parent was 2.3 billion yen, down 1.0 billion yen, or 30.4% year

on year, due mainly to the recording of a temporary extraordinary loss.

Net sales, operating profit, and recurring profit each exceeded the Company's internal plan, and quarterly net income attributable to owners of the parent was generally in line with the internal plan, despite the aforementioned temporary extraordinary loss.

(Millions of yen)

	Q2 FY03/22 results (April 1, 2021 to September 30, 2021)	Q2 FY03/21 results (April 1, 2020 to September 30, 2020)	YoY	
			Change	% change
Net sales	96,060	89,836	+6,224	+6.9%
Operating profit	5,223	5,452	-229	-4.2%
Recurring profit	5,284	5,499	-214	-3.9%
Net income	2,281	3,279	-997	-30.4%
EPS (yen)	17.42	25.04	-7.62	-30.4%

### 3. Started to implement a new Medium-Term Management Plan, Innovation Plan 2024 “Design the Future Life”

With its Corporate Philosophy “For customers’ livelihood along with the region, together with the earth, we will continue to grow and develop” as an unchanging value, the Group will adapt to changes in customers’ lifestyles and changes in society and the environment and, while supporting and staying close to customers, aims to evolve into a “Life Design Group” that designs and provides the new lifestyles of the future, ready to take on new challenges described in the new Medium-Term Management Plan “IP24.”

The fiscal year ending March 31, 2022 is a year where the Group will lay foundations for achieving the goals described in the five key messages in IP24: (i) Implementation of LNG strategy, (ii) Evolution of TLC\*2 concept, (iii) Stepping up of DX strategy, (iv) Optimal allocation of management resources, and (v) Strengthening of SDG initiatives.

To expand the earnings base, the Company will actively make investments to gain customers, primarily in the LP gas business, and factors in expenses for developing an environment for workstyle reform. Meanwhile, the Company will continue to increase annual sales and profit.

The earnings and dividend forecasts for the fiscal year ending March 31, 2022 remain unchanged.

(Millions of yen)

	FY03/22 forecast (April 1, 2021 to March 31, 2022)	FY03/21 results (April 1, 2020 to March 31, 2021)	YoY	
			Change	% change
Net sales	207,000	196,726	+10,274	+5.2%
Operating profit	15,240	15,226	+14	+0.1%
Recurring profit	15,320	15,312	+8	+0.1%
Net income	8,830	8,815	+14	+0.2%
EPS (yen)	67.42	67.32	+0.10	+0.2%
Customer count at end of fiscal year	3,195,000	3,099,000	+97,000	+3.1%

	FY03/22 (forecast)	FY03/22	FY03/21
Interim (end of Q2)		15.00 yen	14.00 yen
Year-end	15.00 yen		16.00 yen
Annual dividend per share	30.00 yen		30.00 yen

For details, please see the attached materials, entitled “Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2022.”

For the Company's earnings announcement for the first six months of the fiscal year ending March 31, 2022, please see the following URL:

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

\*1 For the details of the fourth Medium-Term Management Plan “IP24,” please see the following URL:  
<https://www.tokaiholdings.co.jp/ir/management/manageplan.html>

\*2 TLC (Total Life Concierge) concept: The Group will provide a comprehensive range of carefully tailored services to help customers live more comfortable lives and aim to improve customer satisfaction.

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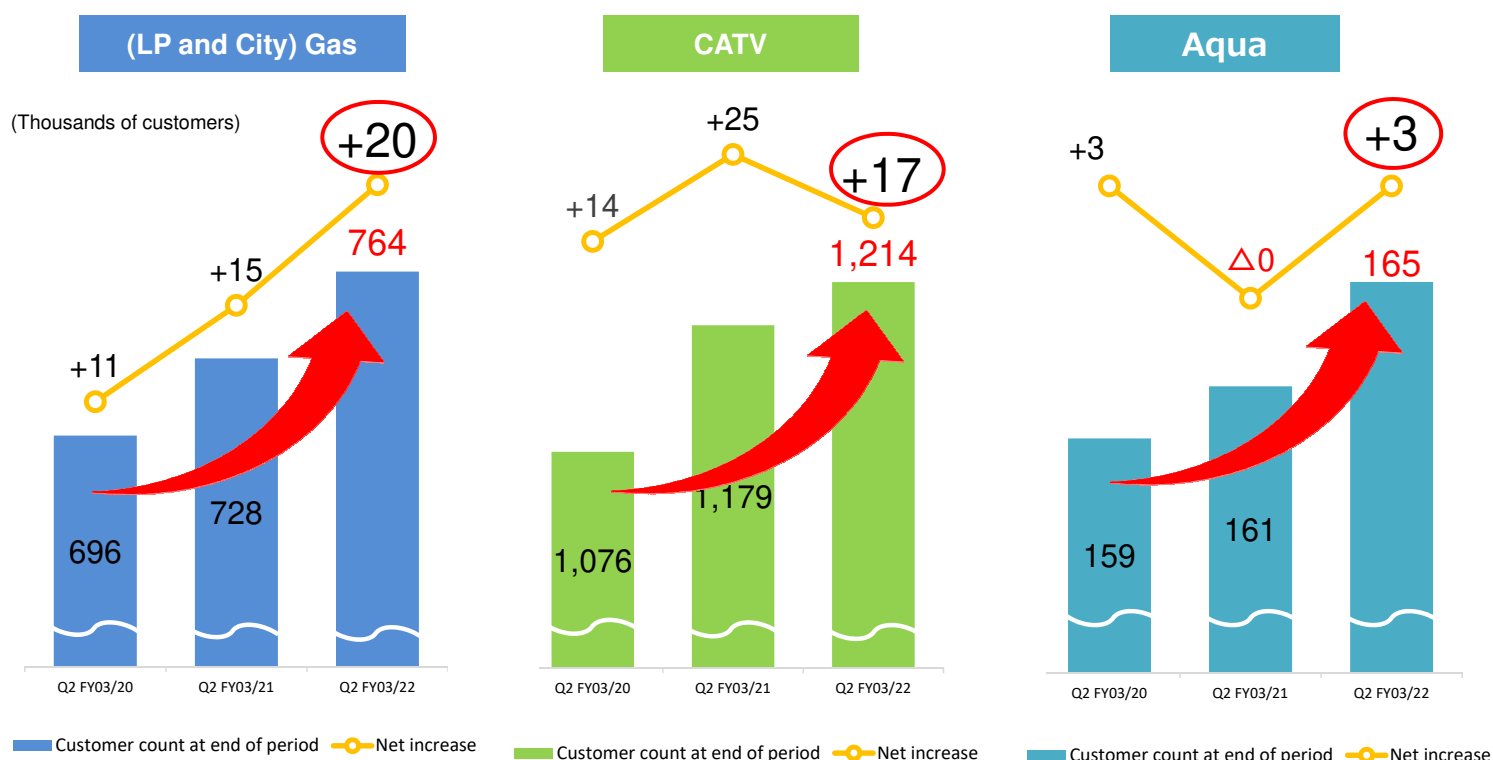
# Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2022

TOKAI Holdings Corporation  
(Code: 3167)

October 28, 2021

## Steady growth of customer base in core businesses

- Continuing customer count reached 3,125,000 at the end of Q2, up 26,000 from 3,099,000 at the beginning of the year.
- Earnings base further expanded for mainstay gas, CATV, and Aqua businesses.

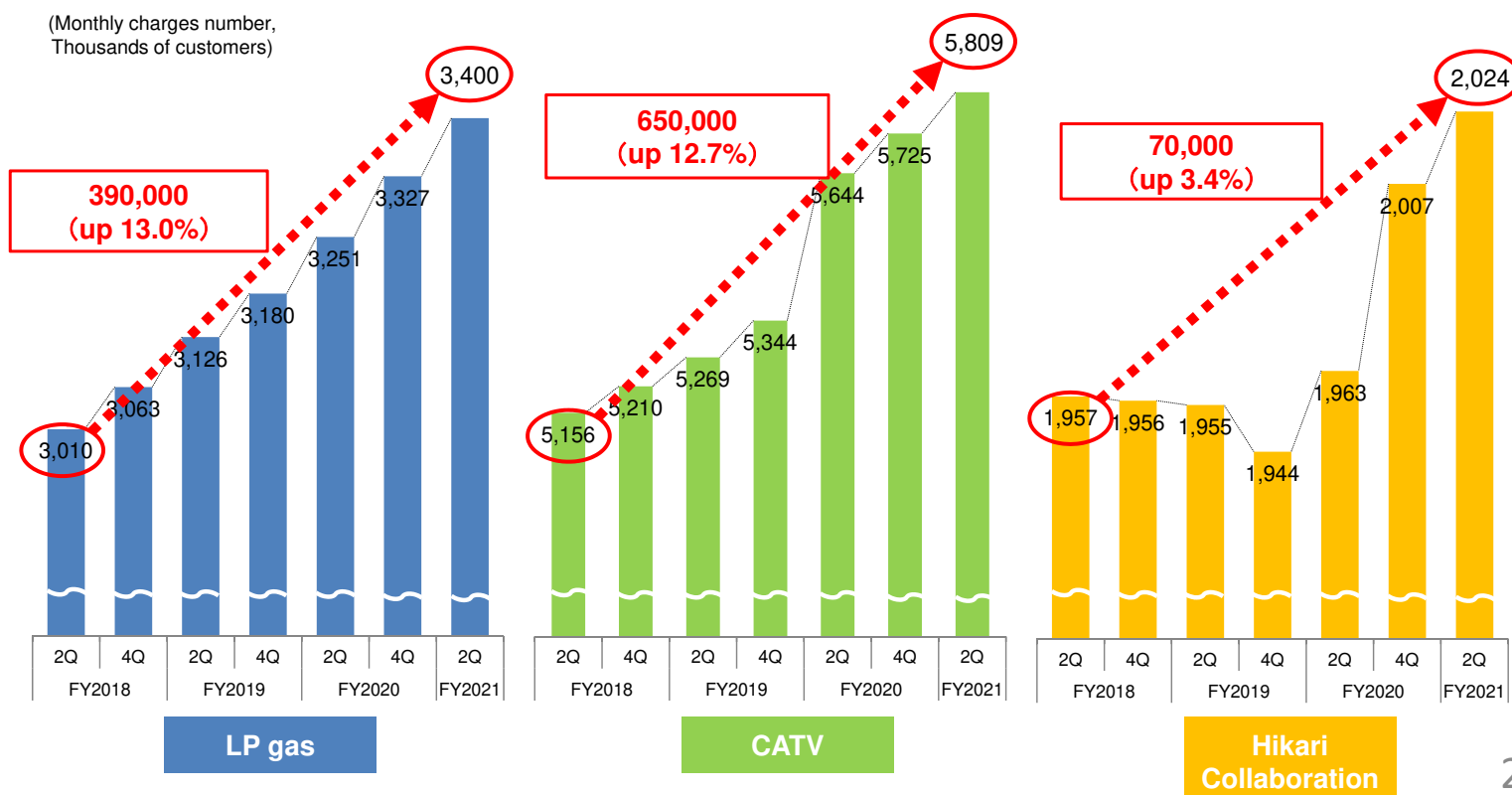


Note: Figures are rounded to the nearest thousand.  
The net increase includes an increase in customers due to M & A.

# Significant increase in monthly billing for core businesses

- By expanding the number of customers, which is the revenue base, it will lead to an increase in revenue due to an increase in the number of monthly charges.

(Monthly charges number,  
Thousands of customers)



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## Sales hit a record high

- Sales reached a record high due to the increase in the number of customers, expansion of the information and communication business for corporations, and the effect of M & A in the building equipment real estate business.
- In terms of profits, although there were increases in customer acquisition costs and costs for improving the environment for work style reforms, profits increased due to an increase in monthly billing due to an increase in the number of customers and an increase in the information and communications business for corporations, which was about the same as the same period of the previous year.
- Due to the recording of a temporary extraordinary loss, net income decreased by 1 billion yen year-on-year.

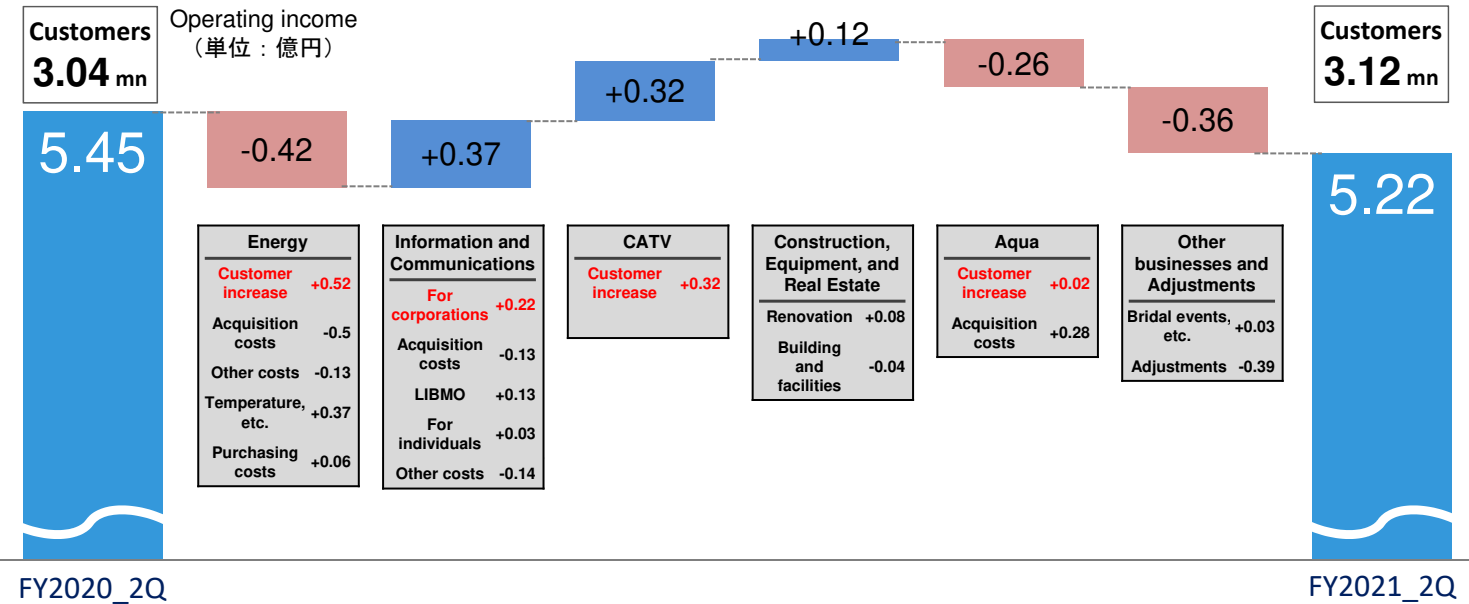
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Operating profit	5,223	5,452	-229	-4.2
Recurring profit	5,284	5,499	-214	-3.9
Net income	2,281	3,279	-997	-30.4
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# Year-on-year comparisons of operating profit by segment

- ◎ Energy, CATV, and Aqua posted an increase in profits due to an increase in the number of customers, and information and communications for corporations also performed well.
- ◎ Energy and Aqua spend more to promote customer acquisition at a faster pace than the previous year
- ◎ Recorded the cost of improving the environment for work style reform in the adjustment amount



Note: Change in operating profit does not reflect impact from the allocation of overhead costs.

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## Expanding growth investment with strengthened equity capital

- ◎ Equity ratio further improved by 0.9pp.
- ◎ The decrease in operating cash flow is due to a decrease in debt collection and an increase in income taxes paid.
- ◎ Interest-bearing debt / EBITDA ratio of 1.4 times, maintaining the level at the end of the previous fiscal year

Equity ratio	<b>41.6 %</b> March 31, 2021	➡	<b>42.5 %</b> September 30, 2021
Interest-bearing debt	<b>42.1 billion yen</b> March 31, 2021	➡	<b>45.2 billion yen</b> September 30, 2021
Cash provided by operating activities	<b>14.8 billion yen</b> September 30, 2020	➡	<b>11.4 billion yen</b> September 30, 2021
Cash used in investing activities	<b>-10.7 billion yen</b> September 30, 2020	➡	<b>-9.0 billion yen</b> September 30, 2021
Free cash flow	<b>4.1 billion yen</b> September 30, 2020	➡	<b>2.4 billion yen</b> September 30, 2021
Interest-bearing debt to EBITDA ratio	<b>1.4 x</b> FY03/20	➡	<b>1.4 x</b> September 30, 2021

Note: \* Interest-bearing debt / EBITDA ratio for the fiscal year ending September 2021 is based on the annual outlook EBITDA

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# Full-year consolidated earnings forecast

- ◎ FY2021 is the year to build the foundation for realizing the five key messages set ((1) Promotion of LNG strategy, (2) Evolution of TLC, (3) Full-scale DX strategy, (4) Optimal allocation of management resources, (5) Strengthening efforts toward SDGs) forth in the medium-term management plan IP24 announced in May 2021.
- ◎ Profit continues to increase, although costs such as strengthening LP gas customer acquisition and improving the environment for work style reforms.

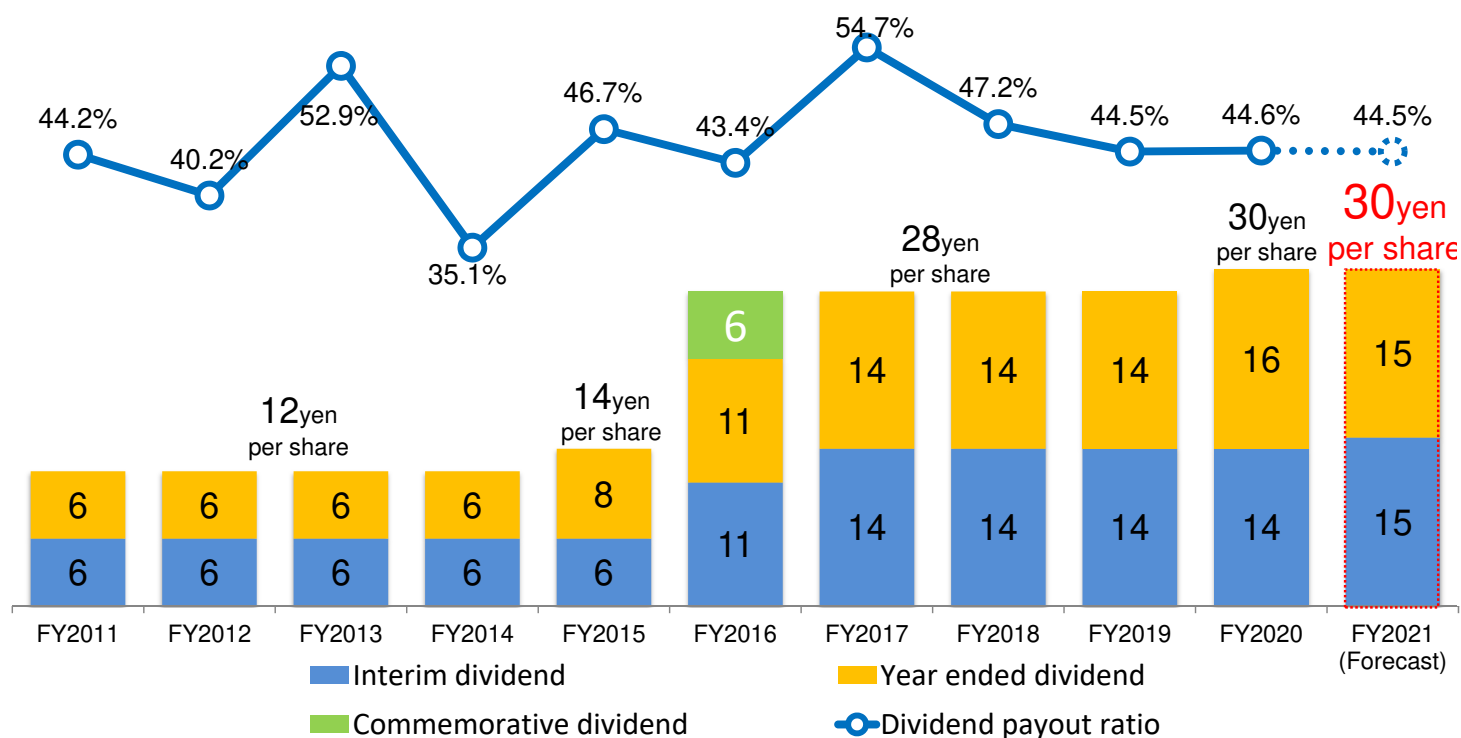
(Millions of yen)

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Recurring profit	15,320	15,312	+8	+0.1%
Net income	8,830	8,815	+14	+0.2%
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Customer count at end of fiscal year	3,195,000	3,099,000	+97,000	+3.1%

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# Dividend forecast

- ◎ Based on the annual dividend of 30 yen / share raised in FY2020, we plan to pay a dividend in the range of 40 to 50% in FY2021.
- ◎ No change in dividend forecast (announced on May 11, 2021)



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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) EBITDA by business

## (1) Consolidated results

(Millions of yen)

	1H FY03/18 Results	1H FY03/19 Results	1H FY03/20 Results	1H FY03/21 Results	1H FY03/22 Results
Sales	84,911	88,840	93,015	89,836	96,060
Operating profit	3,114	3,475	5,500	5,452	5,223
Recurring profit	3,143	3,580	5,608	5,499	5,284
Net income	1,246	1,736	3,492	3,279	2,281
EPS (Yen)	9.76	13.26	26.67	25.04	17.42



## (2) Sales by segment

(Millions of yen)

	1H FY03/18 Results	1H FY03/19 Results	1H FY03/20 Results	1H FY03/21 Results	1H FY03/22 Results
Energy	32,777	33,948	35,766	33,430	36,153
Information and Communications	24,906	25,154	25,911	25,131	25,302
CATV	13,607	15,135	15,593	16,490	16,081
Construction, Equipment and Real Estate	8,349	8,987	9,736	9,074	12,361
Aqua	3,055	3,490	3,752	3,880	3,913
Others	2,214	2,123	2,255	1,828	2,248
Total	84,911	88,840	93,015	89,836	96,060

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## (3) Operating profit by segment

(Millions of yen)

	1H FY03/18 Results	1H FY03/19 Results	1H FY03/20 Results	1H FY03/21 Results	1H FY03/22 Results
Gas and Petroleum	1,562	1,084	1,966	2,382	1,963
Information and Communications	1,541	1,608	2,269	2,036	2,405
CATV	1,769	2,330	2,539	2,633	2,957
Construction, Equipment and Real Estate	388	554	843	621	738
Aqua	135	291	400	446	186
Others, adjustments	-2,282	-2,393	-2,519	-2,667	-3,027
Total	3,114	3,475	5,500	5,452	5,223

\*Prior to elimination of indirect expenses

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## (4) Consolidated financial indicators

(Millions of yen)

	1H FY03/18 Results	1H FY03/19 Results	1H FY03/20 Results	1H FY03/21 Results	1H FY03/22 Results
Total assets	160,467	164,920	165,616	167,687	177,855
Total liabilities	101,644	102,493	100,633	98,288	100,713
Total net assets	58,822	62,426	64,982	69,398	77,142
Balance of interest-bearing debt	55,019	54,930	50,927	48,259	45,212
EBITDA	10,764	10,892	13,116	13,350	13,193
Equity ratio	36.0 %	37.1 %	38.4 %	40.5 %	42.5 %

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## (5) Consolidated cash flows

(Millions of yen)

	1H FY03/18 Results	1H FY03/19 Results	1H FY03/20 Results	1H FY03/21 Results	1H FY03/22 Results
Operating cash flow	7,888	7,193	10,706	14,805	11,382
Investment cash flow	-6,931	-6,964	-6,859	-10,696	-8,997
Free cash flow	957	229	3,846	4,109	2,384
Financing cash flow	-1,427	58	-3,659	-4,048	-1,680

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## (6) Group customer count

(Thousands of customers)

		1H FY03/18 Results	1H FY03/19 Results	1H FY03/20 Results	1H FY03/21 Results	1H FY03/22 Results
Gas (LP and city gas)		648	670	696	728	764
Information and Communications	Previous ISP model, etc.	492	440	403	379	386
	Hikari Collaboration	315	328	324	332	339
	LIBMO	13	36	43	51	54
	Subtotal	819	804	770	762	779
CATV		995	1,046	1,076	1,179	1,214
Aqua		141	156	159	161	165
Mobile		231	223	215	209	198
Security		17	17	16	16	16
Total		2,827	2,893	2,918	3,042	3,125

\*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)

		1H FY03/18 Results	1H FY03/19 Results	1H FY03/20 Results	1H FY03/21 Results	1H FY03/22 Results
Energy		3,866	3,427	4,355	4,699	4,348
Information and Communications	For individual	2,846	2,936	3,774	662	867
	For corporate				3,018	3,174
CATV		4,898	5,230	5,372	5,627	5,804
Construction, Equipment and Real Estate		726	894	1,192	1,001	1,224
Aqua		420	552	697	758	531
EBITDA (All)		10,764	10,892	13,116	13,350	13,193

\* 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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