



## Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2022 [Japanese GAAP]

July 29 2021

|   |  |
|---|--|
| Company name: TOKAI Holdings Corporation  | Stock listing: Tokyo Stock Exchange  |
| Stock code: 3167  | URL: <a href="https://tokaiholdings.co.jp">https://tokaiholdings.co.jp</a> |
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| Scheduled date of filing quarterly report:  | August 11, 2021  |
| Scheduled date of dividend payment:   | -  |
| Supplementary materials on quarterly financial results:   | Yes  |
| Quarterly financial results briefing:   | No   |

(Figures are rounded to the nearest million yen)

### 1. Consolidated Financial Results for the Three-months Ended June 30, 2021 (April 1, 2021 to June 30, 2021)

#### (1) Consolidated Operating Results (cumulative)

(% figures represent year-on-year changes)

|                                  | Sales           |      | Operating Profit |       | Recurring Profit |       | Quarterly Net Income Attributable to Owners of the Parent |       |
|----------------------------------|-----------------|------|------------------|-------|------------------|-------|---|-------|
|                                  | Millions of yen | %    | Millions of yen  | %     | Millions of yen  | %     | Millions of yen   | %     |
| Three-months Ended June 30, 2021 | 48,396          | 7.3  | 3,226            | -14.7 | 3,353            | -12.5 | 1,870   | -23.5 |
| Three-months ended June 30, 2020 | 45,113          | -1.5 | 3,783            | 17.1  | 3,830            | 14.3  | 2,445   | 9.2   |

(Note) Comprehensive income: 1,792 million yen in the Three-months Ended June 30, 2021 (-56.2%)  
4,091 million yen in the Three-months ended June 30, 2020 (98.6%)

|                                  | Quarterly Net Income per Share | Quarterly Net Income per Share (Diluted) |
|----------------------------------|--------------------------------|--|
|                                  | Yen                            | Yen                                      |
| Three-months Ended June 30, 2021 | 14.28                          | -  |
| Three-months ended June 30, 2020 | 18.68                          | -  |

#### (2) Consolidated Financial Position

|                                  | Total Assets    | Net Assets      | Equity Ratio |
|----------------------------------|-----------------|-----------------|--------------|
|                                  | Millions of yen | Millions of yen | %            |
| Three-months Ended June 30, 2021 | 176,837         | 75,672          | 41.9         |
| Year ended March 31, 2021        | 178,974         | 76,056          | 41.6         |

(Reference) Equity: 74,093 million yen for the Three-months Ended June 30, 2021  
74,510 million yen for the year ended March 31, 2021

### 2. Dividends

|                                       | Annual Dividend |           |           |          |       |
|---------------------------------------|-----------------|-----------|-----------|----------|-------|
|                                       | End of Q1       | End of Q2 | End of Q3 | Year-end | Total |
|                                       | Yen             | Yen       | Yen       | Yen      | Yen   |
| Year ended March 31, 2021             | —               | 14.00     | —         | 16.00    | 30.00 |
| Year ending March 31, 2022            | —               |           |           |          |       |
| Year ending March 31, 2021 (Forecast) |                 | 15.00     | —         | 15.00    | 30.00 |

(Note) Revisions to most recently announced dividend forecasts: No

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                |

(Note) Revisions to most recently announced earnings forecasts: No

\*Notes

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries affecting the scope of consolidation): No

(2) Application of special accounting procedures in the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, estimates, and restatements

1) Changes in accounting policies accompanying revisions in accounting standards, etc.: Yes

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

3) Changes in accounting estimates: No

4) Restatements: No

(Note) For details, refer to Attachment P. 10 See "2. Quarterly Consolidated Financial Statements and Main Notes (4) Notes on Quarterly Consolidated Financial Statements (Changes in Accounting Policy)".

(4) Number of shares issued (common stock)

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

|             |                    |             |                    |
|-------------|--------------------|-------------|--------------------|
| Q1 FY3/2022 | 139,679,977 shares | FY3/2021    | 139,679,977 shares |
| Q1 FY3/2022 | 8,713,387 shares   | FY3/2021    | 8,713,335 shares   |
| Q1 FY3/2022 | 130,966,607 shares | Q1 FY3/2021 | 130,957,632 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 Q1 FY3/2022, 391,300 stocks at Q1 FY3/2020) And the company shares held in ESOP trust accounts are included in the treasury stock, which is subtracted from calculations of the average number of shares during the period (391,300 shares for the Three-months Ended June 31, 2021; 400,700 shares for the Three-months ended June 30, 2020).

\* Quarterly financial results not covered by quarterly review

\* 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.

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## 1. Qualitative Information on Financial Results for the Period Under Review

### (1) Explanation of Consolidated Operating Performance

During the first three months of the fiscal year ending March 31, 2022, the Japanese economy continued to be affected by COVID-19. Although vaccinations in Japan and overseas were expected to mitigate infections, there were no signs of COVID-19 infections subsiding. The government issued declarations of a state of emergency and took measures to prevent the spread of infections. There remained uncertainty over the COVID-19 pandemic.

In this environment, the Group announced a new medium-term management plan, Innovation Plan 2024 "Design the Future Life" (IP24), which covers the period up to and including the fiscal year ending March 31, 2025, in May 2021. IP24 has five key messages: (i) implementation of the LNG strategy (expansion of business areas), (ii) evolution of the TLC concept, (iii) Stepping up of the DX strategy, (iv) Optimal allocation of management resources, and (v) Strengthening of SDG initiatives.

The first year of IP24 is a fiscal year to lay the foundation to achieve the goals expressed by those key messages. The Group has started initiatives to achieve growth in the existing businesses and promote M&A. The Group has started also to implement a new "green growth strategy," which is intended to achieve carbon neutral, and workstyle reform.

In operating activities, the Group actively sought to gain customers, while thoroughly taking steps to prevent infections, including non-face-to-face sales. Those activities resulted in a rise in the number of continuing customers to 3,108,000 as of June 30, 2021, an increase of 9,000 from the end of the previous fiscal year. The number of TLC Membership Service members rose 19,000, to 998,000.

In the first three months ended June 30, 2021, the Group posted net sales of 48,396 million yen (up 7.3% year on year), a record high. Operating profit came to 3,226 million yen (down 14.7%), chiefly due to an increase in expense for gaining customers. Recurring profit and net income attributable to owners of the parent were 3,353 million yen (down 12.5% year on year) and 1,870 million yen (down 23.5% year on year).

In April 2021, the Company established TOKAI Venture Capital & Incubation Corporation (Shizuoka, Shizuoka Prefecture). The company will help develop TLC through synergies with the existing businesses and the creation of new life-related services.

In the same month, the Company acquired shares in Marco Polo inc. (Toyota, Aichi), which engages in the remodeling of condominiums, in the Construction, Equipment, and Real Estate segment, and made it a consolidated subsidiary and acquired shares also in QUERY Co. Ltd. (Toshima-ku, Tokyo), which engages in system development, in the Information and Communications segment, making it a consolidated subsidiary.

Performance by segment is indicated below.

#### (Energy)

In the LP gas business, the Group continued to gain customers. In the first three months under review, the number of customers increased 6,000, to 687,000. Net sales stood at 16,197 million yen (up 9.5% year on year), chiefly due to a rise in selling prices linked to purchase prices.

In the city gas business, the number of customers increased 2,000, to 64,000 in the first three months under review, but net sales fell to 2,800 million yen (down 1.3%) chiefly due to the effect of the gas rate adjustment system.

Net sales in this segment stood at 18,998 million yen (up 7.7%). Operating profit came to 910 million yen (down 30.7%), reflecting an increase in expense for gaining customers, among other factors.

#### (Construction, Equipment, and Real Estate)

In the Construction, Equipment, and Real Estate segment, net sales rose significantly to 5,542 million yen (up 45.1%), chiefly due to progress in M&A and an increase in orders for renovations and construction work. Operating profit was 82 million yen (down 0.2%), reflecting a rise in the amortization of goodwill.

#### (CATV)

In the CATV business, the Group focused on providing local information and the production of programs as a community-based service provider. The Group collaborated with major video distributors to enhance content and enable customers to live a comfortable life amid the COVID-19 pandemic. The Group continued careful and steady sales activities to gain new customers according to the situation in each business area. The broadcasting services customer count rose to 878,000, an increase of 2,000 from the end of the previous fiscal year. The communications services customer count increased to 328,000, a rise of 6,000 from the end of the previous fiscal year.

The Group is applying the Accounting Standard for Revenue Recognition from the beginning of the first three months under review and has changed the presentation of certain transactions. Net sales in this segment stood at 7,996 million yen (down 2.8%), reflecting the change in presentation. Operating profit came to 1,320 million yen (up 5.9%) due to an increase in the number of customers.

#### (Information and Communications)

In the business for consumers, the Group enhanced the menu in the ISP business in collaboration with major telecommunications carriers. In the mobile business, the Group gained new customers by providing services at the lowest price level and offering package rates for ISP and mobile services. Thanks to those initiatives, the downward trend in the number of customers slowed. The number of ISP customers fell 4,000, to 728,000, and the number of LIBMO customers came to 53,000, roughly the same as the number at the end of the previous fiscal year. Net sales stood at 6,186 million yen (down 6.1%), reflecting a fall in ARPU (average revenue per user).

The business for corporate clients, particularly the recurring-revenue business, expanded, reflecting steady growth in cloud services and SI projects. Net sales in the business for corporate clients came to 6,432 million yen (up 6.1%).

Net sales in this segment were 12,619 million yen (down 0.2%), and operating profit was 913 million yen (up 14.6%).

#### (Aqua)

In the Aqua (bottled drinking water delivery) business, events at large retail facilities, etc., which

the Group did not hold a year ago amid the COVID-19 pandemic, performed well. The Group also carried out non-face-to-face sales activities, including telemarketing. The number of customers increased 2,000 from the end of the previous fiscal year, to 164,000.

Net sales in this segment stood at 1,921 million yen (up 1.3%). Due to an increase in expense for gaining customers, the Group posted an operating loss of 33 million yen (compared with an operating profit of 194 million yen in the same period of the previous fiscal year).

(Others)

Net sales in the nursing care business stood at 317 million yen (down 1.8%), reflecting a decline in the number of users amid the COVID-19 pandemic. Net sales in the shipbuilding business rose to 580 million yen (up 79.0%), due to an increase in the number of ships that the Group repaired. Net sales in the bridal events business rose to 161 million yen (up 484.0%), reflecting a slight recovery in weddings and meetings.

Overall, net sales in this segment came to 1,319 million yen (up 49.0%), and the operating loss was 4 million yen (an operating loss of 70 million yen in the same period of the previous fiscal year).

## (2) Explanation of Consolidated Financial Position

### 1) Assets, Liabilities, and Net Assets

Total assets at the end of the first three months under review stood at 176,837 million yen, a decrease of 2,136 million yen from the end of the previous fiscal year. The decrease was attributable primarily to a decrease of 5,250 million yen in notes and accounts receivable - trade, and contract assets, due to seasonal factors, among other factors, which was partially offset by an increase of 1,184 million yen in intangible assets, a rise of 816 million yen in property, plant and equipment, and a climb of 826 million yen in Other in current assets chiefly due to an increase in prepaid expenses.

Total liabilities came to 101,165 million yen, a decrease of 1,752 million yen from the end of the previous fiscal year. This was due to a decrease of 2,099 million yen in long-term loans payable, a fall of 1,667 million yen in notes and accounts payable-trade due to seasonal factors, among other factors, and a decline of 1,893 million yen in income taxes payable, which were partially offset by an increase of 3,399 million yen in short-term loans payable.

Total net assets were 75,672 million yen, a decrease of 384 million yen from the end of the previous fiscal year, chiefly due to dividends of surplus of 2,101 million yen, despite net income attributable to owners of the parent of 1,870 million yen.

### 2) Cash Flows

Cash and cash equivalents ("cash") as of June 30, 2021 were 5,475 million yen, an increase of 339 million yen from the end of the previous fiscal year.

Cash flows in the first three months under review and major contributing factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 8,339 million yen (2,497 million yen less year on year). Cash inflows were attributable primarily to net income before income taxes, a decrease in notes and accounts payable, and depreciation, a non-cash account, which were partially offset by income taxes paid and a decrease in notes and accounts payable-trade, among other cash outflows.

(Cash flows from investing activities)

Net cash used in investing activities 5,716 million yen (1,863 million yen less year on year). Cash outflows were attributable primarily to the purchase of tangible and intangible assets and the purchase of shares of subsidiaries resulting in a change in scope of consideration.

(Cash flows from financing activities)

Net cash used in financing activities was 2,282 million yen (740 million yen less year on year). Short-term loans payable and other cash inflows were more than offset by cash outflows, including repayment of loans payable, repayments of lease obligations and payment of cash dividends.

(3) Explanation of Consolidated Earnings Forecast and Other Forward-Looking Information

Results in the first three months of the fiscal year under review were roughly as forecast. The earnings forecasts for the fiscal year ending March 31, 2022 announced on May 11, 2021 remain unchanged.

The earnings forecasts are based on information available at the time of publication. Actual results may differ from the forecasts due to a variety of factors.

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheets

|  | (Millions of yen)                   |                                     |
|--|-------------------------------------|-------------------------------------|
|  | Fiscal Year Ended<br>March 31, 2021 | Three Months Ended<br>June 30, 2021 |
| <b>Assets</b>  |                                     |                                     |
| Current assets   |                                     |                                     |
| Cash and deposits  | 5,577                               | 5,795                               |
| Notes and accounts receivable—trade                        | 26,323                              | —                                   |
| Notes and accounts receivable - trade, and contract assets | —                                   | 21,072                              |
| Merchandise and finished goods                             | 3,479                               | 3,182                               |
| Work in process  | 900                                 | 1,250                               |
| Raw materials and supplies                                 | 1,194                               | 1,240                               |
| Other  | 9,860                               | 10,686                              |
| Allowance for doubtful accounts                            | -403                                | -407                                |
| Total current assets                                       | 46,932                              | 42,822                              |
| Non-current assets   |                                     |                                     |
| Property, plant and equipment                              |                                     |                                     |
| Buildings and structures, net                              | 34,508                              | 34,860                              |
| Machinery, equipment and vehicles, net                     | 24,614                              | 24,281                              |
| Land   | 24,054                              | 24,285                              |
| Other, net   | 18,622                              | 19,190                              |
| Total property, plant and equipment                        | 101,800                             | 102,616                             |
| Intangible assets  |                                     |                                     |
| Goodwill   | 5,258                               | 6,539                               |
| Other  | 5,428                               | 5,332                               |
| Total intangible assets                                    | 10,687                              | 11,872                              |
| Investments and other assets                               |                                     |                                     |
| Net defined benefit asset                                  | 3,150                               | 3,167                               |
| Other  | 16,675                              | 16,637                              |
| Allowance for doubtful accounts                            | -273                                | -279                                |
| Total investments and other assets                         | 19,552                              | 19,525                              |
| Total non-current assets                                   | 132,041                             | 134,014                             |
| Deferred assets  | 0                                   | 0                                   |
| <b>Total assets</b>  | <b>178,974</b>                      | <b>176,837</b>                      |



(Millions of yen)

|   | Fiscal Year Ended<br>March 31, 2021 | Three Months Ended<br>June 30, 2021 |
|---|-------------------------------------|-------------------------------------|
| <b>Liabilities</b>                                    |                                     |                                     |
| Current liabilities                                   |                                     |                                     |
| Notes and accounts payable–trade                      | 17,226                              | 15,559                              |
| Short-term borrowings                                 | 12,061                              | 15,460                              |
| Current portion of bonds payable                      | 112                                 | 112                                 |
| Income taxes payable                                  | 2,764                               | 870                                 |
| Other provisions                                      | 1,941                               | 97                                  |
| Other   | 22,904                              | 24,845                              |
| Total current liabilities                             | 57,009                              | 56,945                              |
| Non-current liabilities                               |                                     |                                     |
| Long-term loans payable                               | 29,955                              | 27,856                              |
| Other provision                                       | 276                                 | 254                                 |
| Net defined benefit liability                         | 962                                 | 979                                 |
| Other   | 14,713                              | 15,129                              |
| Total non-current liabilities                         | 45,908                              | 44,220                              |
| Total liabilities                                     | 102,917                             | 101,165                             |
| <b>Net assets</b>                                     |                                     |                                     |
| Shareholders' equity                                  |                                     |                                     |
| Capital stock   | 14,000                              | 14,000                              |
| Capital surplus                                       | 25,542                              | 25,542                              |
| Retained earnings                                     | 31,563                              | 31,266                              |
| Treasury stock  | -2,219                              | -2,219                              |
| Total shareholders' equity                            | 68,887                              | 68,589                              |
| Accumulated other comprehensive income                |                                     |                                     |
| Valuation difference on available-for-sale securities | 1,216                               | 920                                 |
| Deferred gains or losses on hedges                    | 1,918                               | 2,130                               |
| Foreign currency translation adjustment               | 33                                  | 46                                  |
| Remeasurements of defined benefit plans               | 2,454                               | 2,407                               |
| Total accumulated other comprehensive income          | 5,623                               | 5,504                               |
| Non-controlling interests                             | 1,545                               | 1,578                               |
| Total net assets                                      | 76,056                              | 75,672                              |
| Total liabilities and net assets                      | 178,974                             | 176,837                             |

(2) Quarterly Consolidated Statements of Income, Consolidated Statements of Comprehensive Income  
(Quarterly Consolidated Statements of Income)  
(Three Months Ended June 30, 2021)

|  | (Millions of yen)  |  |
|--|--|--|
|  | Three Months Ended<br>June 30, 2020<br>(April 1, 2020 to<br>June 30, 2020) | Three Months Ended<br>June 30, 2021<br>(April 1, 2021 to<br>June 30, 2021) |
| Sales  | 45,113   | 48,396   |
| Cost of sales  | 25,461   | 28,677   |
| Gross profit   | 19,651   | 19,718   |
| Selling, general and administrative expenses                   | 15,868   | 16,491   |
| Operating profit   | 3,783  | 3,226  |
| Non-operating profit   |  |  |
| Interest income  | 2  | 1  |
| Dividend income  | 96   | 156  |
| Commission fee   | 8  | 9  |
| Other  | 75   | 82   |
| Total non-operating profit                                     | 182  | 250  |
| Non-operating expenses   |  |  |
| Interest expenses  | 74   | 68   |
| Share of loss of entities accounted for using equity method    | 30   | 37   |
| Other  | 30   | 18   |
| Total non-operating expenses                                   | 135  | 124  |
| Recurring profit   | 3,830  | 3,353  |
| Extraordinary income   |  |  |
| Gain on sales of non-current assets                            | 4  | 7  |
| Gain on donation of non-current assets                         | 111  | 60   |
| Transmission line facility subsidies                           | 31   | 11   |
| Gain on sales of investment securities                         | -  | 79   |
| Total extraordinary income                                     | 146  | 159  |
| Extraordinary losses   |  |  |
| Loss on retirement of non-current assets                       | 146  | 206  |
| Loss on sale of investment securities                          | -  | 0  |
| Loss on valuation of investment securities                     | 61   | -  |
| Anniversary business expenses                                  | -  | 187  |
| Other  | 11   | -  |
| Total extraordinary losses                                     | 219  | 394  |
| Quarterly net income before income taxes                       | 3,757  | 3,118  |
| Income taxes (current)   | 1,552  | 1,379  |
| Income taxes (deferred)  | -276   | -173   |
| Total income taxes   | 1,276  | 1,206  |
| Quarterly net income   | 2,481  | 1,912  |
| Quarterly net income attributable to non-controlling interests | 35   | 42   |
| Quarterly net income attributable to owners of the parent      | 2,445  | 1,870  |

(Consolidated Statements of Comprehensive Income)  
(Three Months Ended June 30, 2021)

(Millions of yen)

|  | Three Months Ended<br>June 30, 2020<br>(April 1, 2020 to<br>June 30, 2020) | Three Months Ended<br>June 30, 2021<br>(April 1, 2021 to<br>June 30, 2021) |
|--|--|--|
| Quarterly net income   | 2,481  | 1,912  |
| Other comprehensive income   |  |  |
| Valuation difference on available-for-sale securities                                    | 532  | -296   |
| Deferred gains (losses) on hedges  | 1,095  | 211  |
| Foreign currency translation adjustment  | 0  | -4   |
| Remeasurement of defined benefit plans, net of tax                                       | -13  | -47  |
| Share of other comprehensive income of entities<br>accounted for using the equity method | -3   | 17   |
| Total other comprehensive income   | 1,610  | -119   |
| Quarterly comprehensive income   | 4,091  | 1,792  |
| (Breakdown)  |  |  |
| Quarterly comprehensive income attributable to owners<br>of the parent                   | 4,056  | 1,750  |
| Quarterly comprehensive income attributable to non-<br>controlling interests             | 35   | 41   |

## (3) Quarterly Consolidated Statements of Cash Flows

|  | (Millions of yen)   |   |
|--|---|---|
|  | Three Months<br>Ended<br>June 30, 2020<br>(April 1, 2020 to<br>June 30, 2020) | Three Months<br>Ended<br>June 30, 2021<br>(April 1, 2021 to<br>June 30, 2021) |
| <b>Cash flows from operating activities</b>                                      |   |   |
| Quarterly net income before income taxes   | 3,757   | 3,118   |
| Depreciation   | 3,643   | 3,731   |
| Amortization of goodwill   | 298   | 262   |
| Increase (decrease) in provision for bonuses                                     | -1,331  | -1,352  |
| Increase (decrease) in net defined benefit asset and liability                   | -11   | -53   |
| Interest and dividend income   | -99   | -157  |
| Loss (gain) on sales of investment securities                                    | —   | -79   |
| Interest expenses  | 74  | 68  |
| (Gain) loss on sales of non-current assets                                       | -4  | -7  |
| Loss (gain) on valuation of investment securities                                | 61  | —   |
| Loss on retirement of non-current assets   | 146   | 206   |
| (Increase) decrease in notes and accounts payable                                | 5,665   | 4,882   |
| (Increase) decrease in inventories   | -95   | 627   |
| Decrease (increase) in guarantee deposits  | 1,476   | 20  |
| Increase (decrease) in notes and accounts payable – trade                        | -2,014  | -1,806  |
| Increase (decrease) in accrued consumption taxes                                 | -352  | 2,968   |
| Increase (decrease) in deposits received   | 2,774   | -414  |
| Other  | -753  | -555  |
| Subtotal   | 13,235  | 11,459  |
| Income taxes paid  | -2,397  | -3,120  |
| Net cash provided by (used in) operating activities                              | 10,837  | 8,339   |
| <b>Cash flows from investing activities</b>                                      |   |   |
| Interest and dividend income received  | 110   | 171   |
| Proceeds from withdrawal of time deposits  | 50  | 820   |
| Purchase of securities   | -3  | -4  |
| Proceeds from sales of securities  | 60  | 200   |
| Purchase of tangible and intangible assets                                       | -4,229  | -4,282  |
| Proceeds from sales of tangible and intangible assets                            | 56  | 96  |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | -   | -2,664  |
| Purchase of shares of subsidiaries and associates                                | -2,112  | -45   |
| Payments for transfer of business  | -1,630  | —   |
| Collection of loans receivable   | 3   | 1   |
| Other  | 115   | -10   |
| Net cash provided by (used in) investing activities                              | -7,579  | -5,716  |
| <b>Cash flows from financing activities</b>                                      |   |   |
| Interest expenses paid   | -74   | -69   |
| Net increase (decrease) in short-term loans payable                              | 225   | 3,270   |
| Repayments of lease obligations  | -1,035  | -1,080  |
| Proceeds from long-term loans payable  | 1,886   | -   |
| Repayment of long-term loans payable   | -2,246  | -2,380  |
| Payments for acquisition of treasury stock                                       | -0  | -0  |
| Cash dividends paid  | -1,759  | -2,013  |
| Other  | -17   | -8  |
| Net cash provided by (used in) financing activities                              | -3,022  | -2,282  |
| Effect of exchange rate change on cash and cash equivalents                      | -8  | -1  |
| Net increase (decrease) in cash and cash equivalents                             | 226   | 339   |
| Cash and cash equivalents at beginning of period                                 | 4,046   | 5,136   |
| Cash and cash equivalents at end of period                                       | 4,273   | 5,475   |

(4) Notes on Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition)

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter the "Revenue Recognition Accounting Standard"), etc. since the beginning of the first quarter under review and recognizes revenue from goods or services which the Group promised to provide at an amount expected to be received in exchange for the goods or services at the time when control over the promised goods or services is transferred to a customer.

Pursuant to the transitional provisions in the proviso to Paragraph 84 of the Revenue Recognition Accounting Standard, the Company added to the retained earnings at the beginning of the first three months under review the cumulative effect of the retroactive application of the new accounting policy to a period before the beginning of the first three months under review, and the new accounting policy is applied starting with the balance of retained earnings at the beginning of the fiscal year under review. However, the Company applied the procedure provided for in Paragraph 86 of the Revenue Recognition Accounting Standards and did not retroactively apply the new accounting policy to contracts under which almost all revenue had been recognized before the beginning of the first three months under review in accordance with the procedure before the application of the new accounting policy. Applying the procedures provided for in (1) of Paragraph 86 of the Revenue Recognition Accounting Standards, the Company performed accounting procedures based on contract terms reflecting all changes made before the beginning of the first three months under review and added the cumulative effect of the procedures to retained earnings at the beginning of the first three months under review.

The effect of the application of the new accounting policy on the quarterly consolidated financial statements is minor and insignificant.

With the application of the Revenue Recognition Accounting Standards, etc., Notes and accounts receivable - trade presented in Current assets in the consolidated balance sheets for the previous fiscal year is included in Notes and accounts receivable - trade, and contract assets in the consolidated balance sheets from the first three months under review. Pursuant to the transitional provisions in Paragraph 89-2 of the Revenue Recognition Accounting Standard, the Company did not reclassify balance sheet amounts for the previous fiscal year according to a new presentation.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Segment Information, etc.)

[Segment Information]

I. Three Months Ended June 30, 2020 (April 1, 2020 to June 30, 2020)

Sales and Income of Losses by Reportable Segment

(Millions of yen)

|                                  | Reportable segments |                                     |       |                                |       |          | Other <sup>1</sup> | Total  | Adjustments <sup>2</sup> | Amount in quarterly consolidated statements of Income <sup>3</sup> |
|----------------------------------|---------------------|-------------------------------------|-------|--------------------------------|-------|----------|--------------------|--------|--------------------------|--|
|                                  | Energy              | Construction, Equipment Real estate | CATV  | Information and Communications | Aqua  | Subtotal |                    |        |                          |  |
| Sales                            |                     |                                     |       |                                |       |          |                    |        |                          |  |
| Sales to external customers      | 17,634              | 3,819                               | 8,226 | 12,650                         | 1,896 | 44,227   | 885                | 45,113 | —                        | 45,113   |
| Intersegment sales and transfers | 60                  | 222                                 | 155   | 825                            | 5     | 1,269    | 29                 | 1,299  | -1,299                   | —  |
| Subtotal                         | 17,694              | 4,042                               | 8,382 | 13,475                         | 1,901 | 45,497   | 915                | 46,412 | -1,299                   | 45,113   |
| Segment income (loss)            | 1,312               | 82                                  | 1,246 | 797                            | 194   | 3,633    | -70                | 3,562  | 220                      | 3,783  |

(Notes) 1. The "Other" category is a business segment not included in the reportable segments. This category includes businesses such as weddings, ship repair, insurance, and nursing care.

2. Adjustments to segment income (loss) are mainly eliminations due to intersegment transactions.

3. Segment income (loss) is adjusted to match operating profit in the quarterly consolidated statements of income.

II. Three Months Ended June 30, 2021 (April 1, 2021 to June 30, 2021)

Sales and Income of Losses by Reportable Segment

(Millions of yen)

|                                  | Reportable segments |                                     |       |                                |       |          | Other <sup>1</sup> | Total  | Adjustments <sup>2</sup> | Amount in quarterly consolidated statements of Income <sup>3</sup> |
|----------------------------------|---------------------|-------------------------------------|-------|--------------------------------|-------|----------|--------------------|--------|--------------------------|--|
|                                  | Energy              | Construction, Equipment Real estate | CATV  | Information and Communications | Aqua  | Subtotal |                    |        |                          |  |
| Sales                            |                     |                                     |       |                                |       |          |                    |        |                          |  |
| Sales to external customers      | 18,9998             | 5,542                               | 7,996 | 12,619                         | 1,921 | 47,076   | 1,319              | 48,396 | -                        | 48,396   |
| Intersegment sales and transfers | 49                  | 580                                 | 134   | 1,151                          | 5     | 1,992    | 25                 | 1,947  | -1,947                   | -  |
| Subtotal                         | 19,047              | 6,122                               | 8,130 | 13,770                         | 1,926 | 48,998   | 1,344              | 50,343 | -1,947                   | 48,396   |
| Segment income (loss)            | 910                 | 82                                  | 1,320 | 913                            | -33   | 3,192    | -4                 | 3,188  | 38                       | 3,226  |

(Notes) 1. The "Other" category is a business segment not included in the reportable segments. This category includes businesses such as weddings, ship repair, insurance, and nursing care.

2. Adjustments to segment income (loss) are mainly eliminations due to intersegment transactions.

3. Segment income (loss) is adjusted to match operating profit in the quarterly consolidated statements of income.