



First Half of the Fiscal Year Ending March 31, 2024 Notes to Financial Results

TOKAI Holdings Corporation

(Code No. 3167)

November 9, 2023



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Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2024

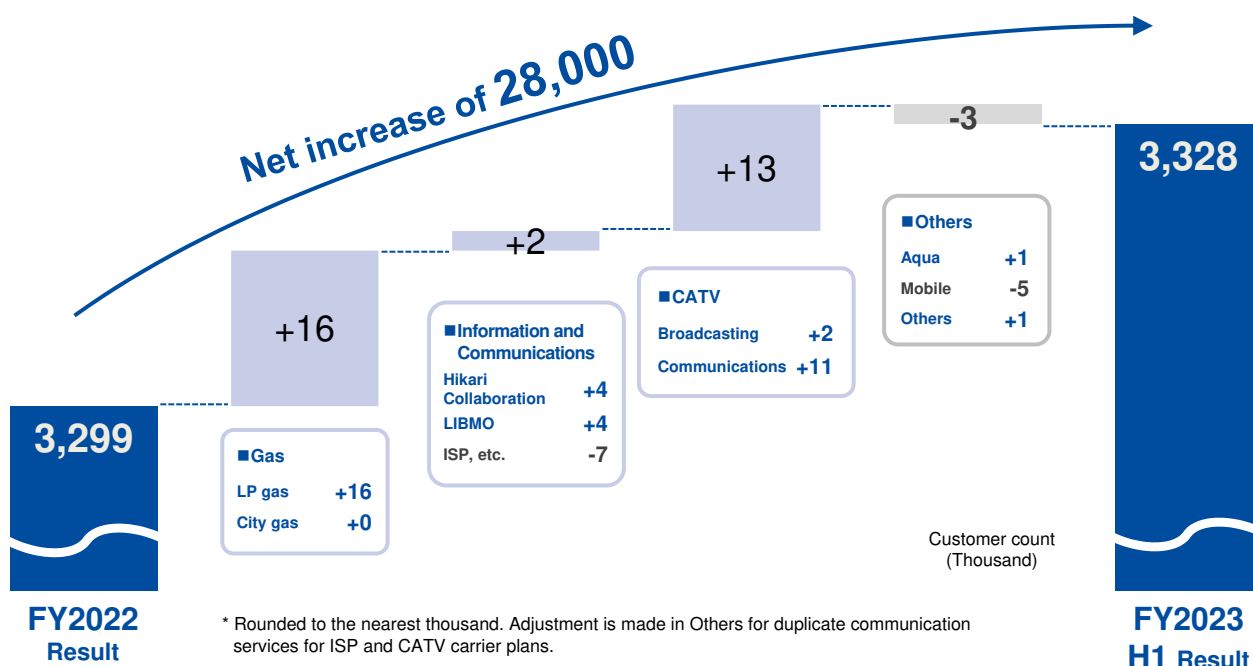
- Net sales for the first six months show year-on-year growth for the third consecutive fiscal year to a new record high, chiefly reflecting an increase in customers in Energy, CATV and other businesses and the expansion of the Information and Communications business for corporate clients.
- Operating profit for the first six months remained flat year on year, explained mainly by a decrease in gas sales volume for households attributable to high air temperatures, which was offset by a profit hike after growth in the number of monthly fee-paying customers accompanying an increase in the number of customer accounts.
- Ordinary profit and profit attributable to owners of parent increased markedly, due mainly to the easing of the burden arising from the share of profit of entities accounted for using the equity method that arose in the previous fiscal year.

	H1 FY03/24 results	H1 FY03/23 results (FY2022_2Q)	YoY	
			Change	% change (%)
Net sales	105,226	104,110	+1,115	+1.1
Operating profit	4,254	4,253	+1	+0.0
Ordinary profit	4,355	2,432	+1,923	+79.1
Profit attributable to owners of parent	2,219	147	+2,072	+1,403.4
EPS (yen)	17.00	1.13	+15.87	+1,406.6

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

Steady Expansion of Customer Base in Core Businesses

- The number of continuing customers as of September 30, 2023 stood at 3,328 thousand, an increase of 28 thousand from 3,299 thousand at the beginning of the fiscal year.
- The earnings base continued to expand in the gas business, the CATV business, the Hikari Collaboration business and the LIBMO business.



* Rounded to the nearest thousand. Adjustment is made in Others for duplicate communication services for ISP and CATV carrier plans.

Net Sales and Operating Profit by Business Segment

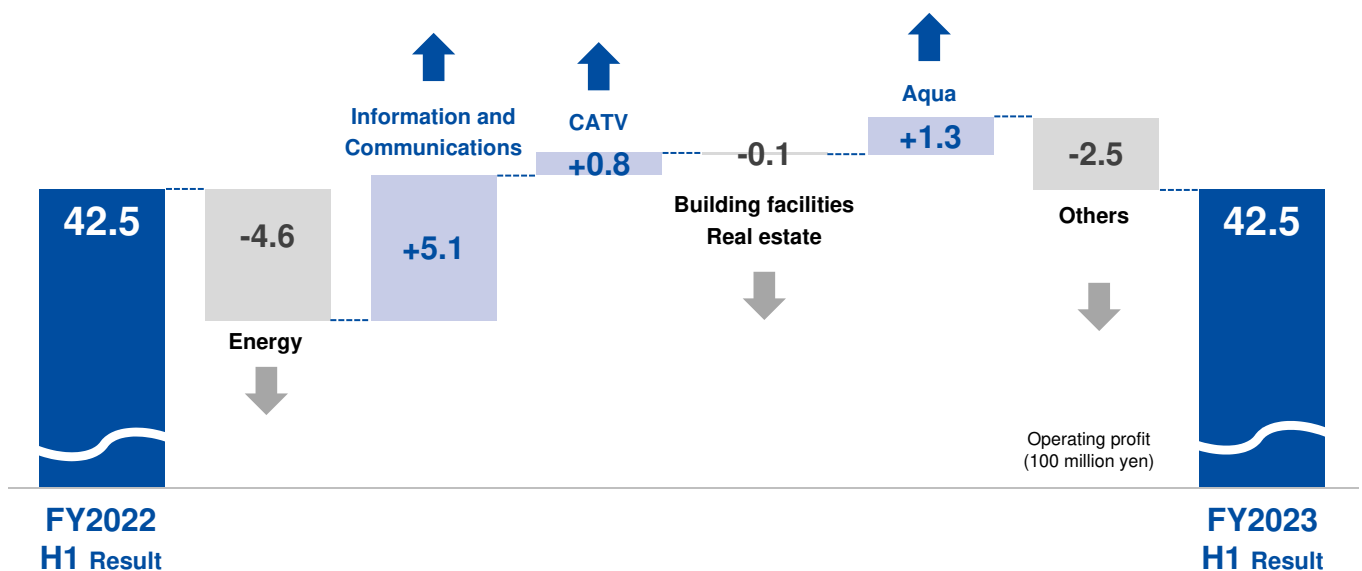
		H1 FY03/24 results	H1 FY03/23 results	YoY	% change
Net sales	Energy	42,952	44,053	-1,101	-2.5%
	Information and Communications	27,457	26,078	+1,378	+5.3%
	CATV	17,732	16,574	+1,157	+7.0%
	Construction, Equipment, and Real Estate	10,943	11,486	-543	-4.7%
	Aqua	3,883	3,838	+44	+1.2%
	Others	2,257	2,077	+180	+8.7%
	Total	105,226	104,110	+1,115	+1.1%
Operating profit	Energy	869	1,330	-460	-34.6%
	Information and Communications	2,828	2,320	+507	+21.9%
	CATV	3,135	3,052	+82	+2.7%
	Construction, Equipment, and Real Estate	578	589	-10	-1.8%
	Aqua	364	234	+129	+55.1%
	Others	-3,520	-3,274	-247	-
	Total	4,254	4,253	+1	+0.0%

Operating profit disregards the allocation of indirect costs and other costs

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Changes in Operating Profit by Segment

- Profit fell in the Energy business, mainly following a decline in gas sales volume for households partly due to high air temperatures.
- Profit grew in the Information and Communications business, chiefly as a result of cutting expenses for gaining customers in the Information and Communication business for consumers.
- The CATV and Aqua businesses increased profits mainly following a rise in customers.

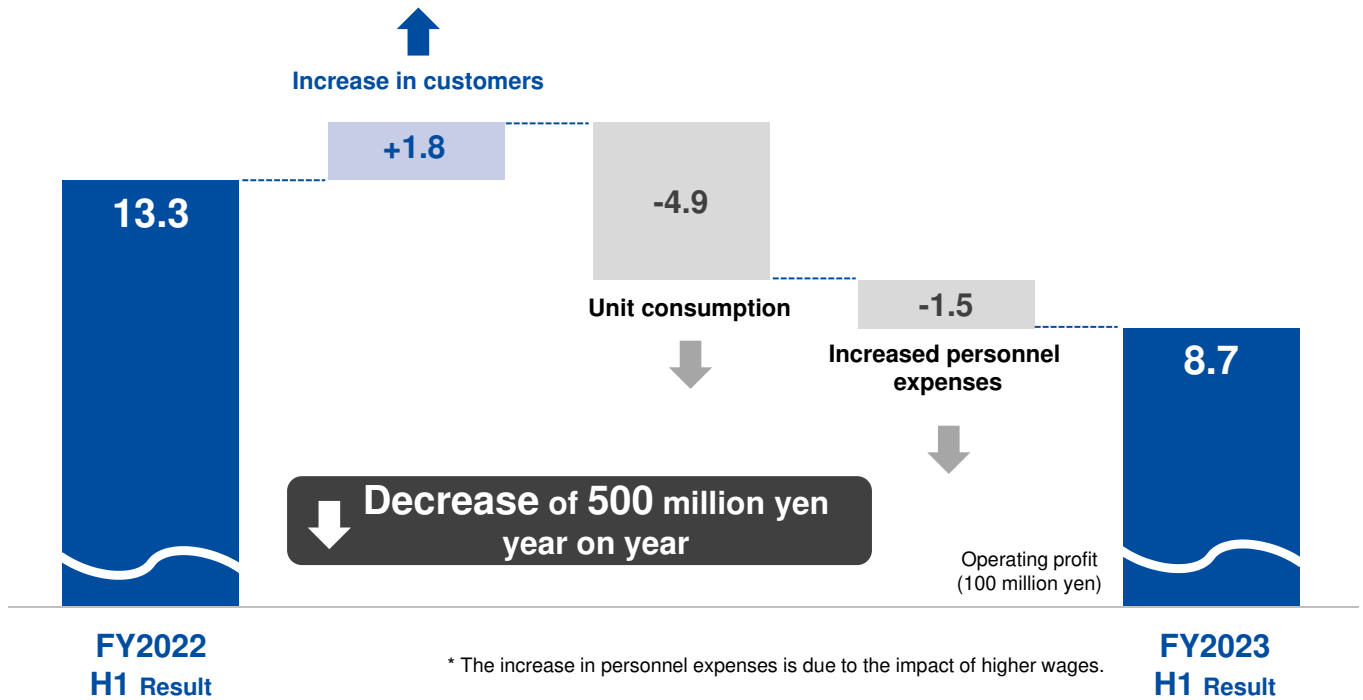


* Changes in operating profit disregard allocation of indirect costs

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Operating Profit by Segment (Energy)

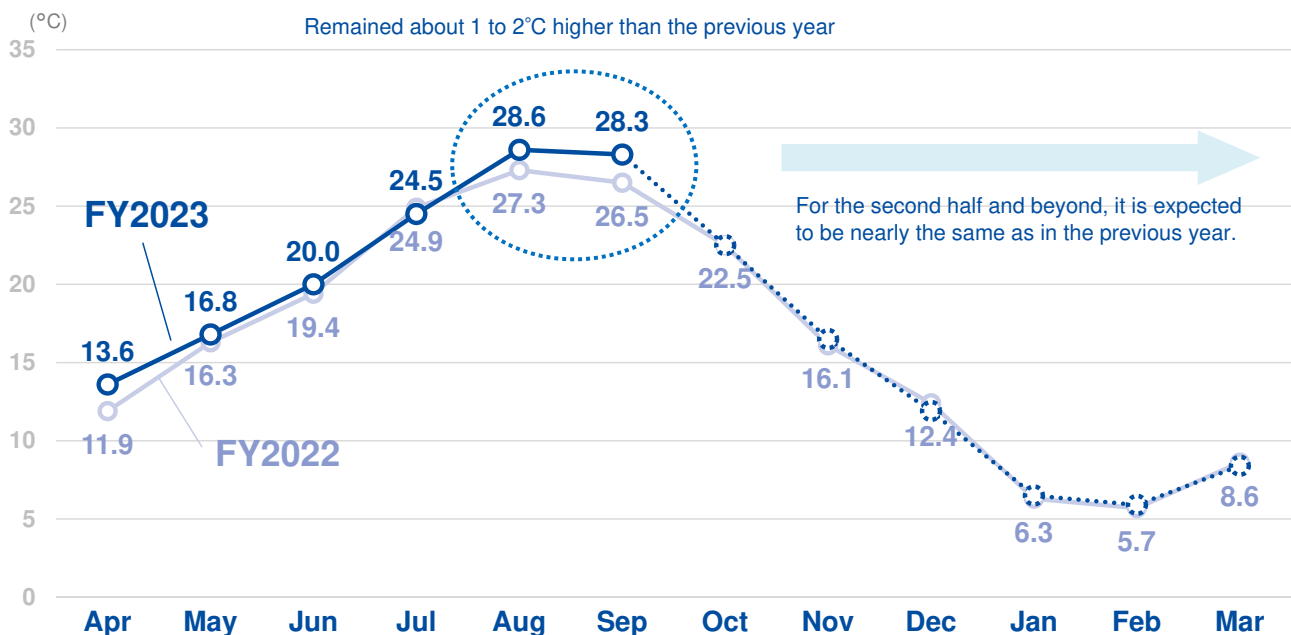
- Active efforts to win customers continued. The resulting increase in the number of customers was a positive factor for profit.
- Operating profit fell, mainly because of a decline in gas sales volume for households due to high air temperatures and a rise in personnel expenses resulting from pay increases.



Changes in Average Temperature

- Higher than the previous year in the first half of FY2023 (April to September)
- Almost the same level as the previous year is anticipated for the second half (October to March) and beyond.

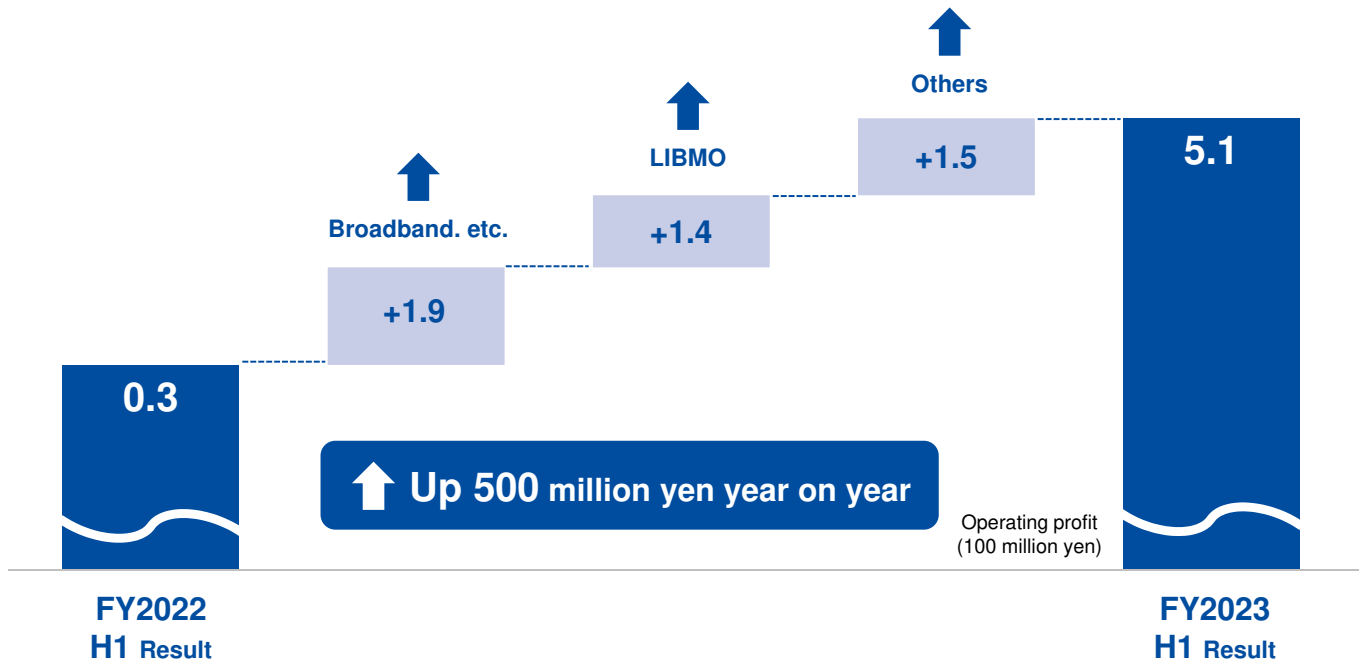
Trend in Monthly Average Air Temperature



Source: Japan Meteorological Agency

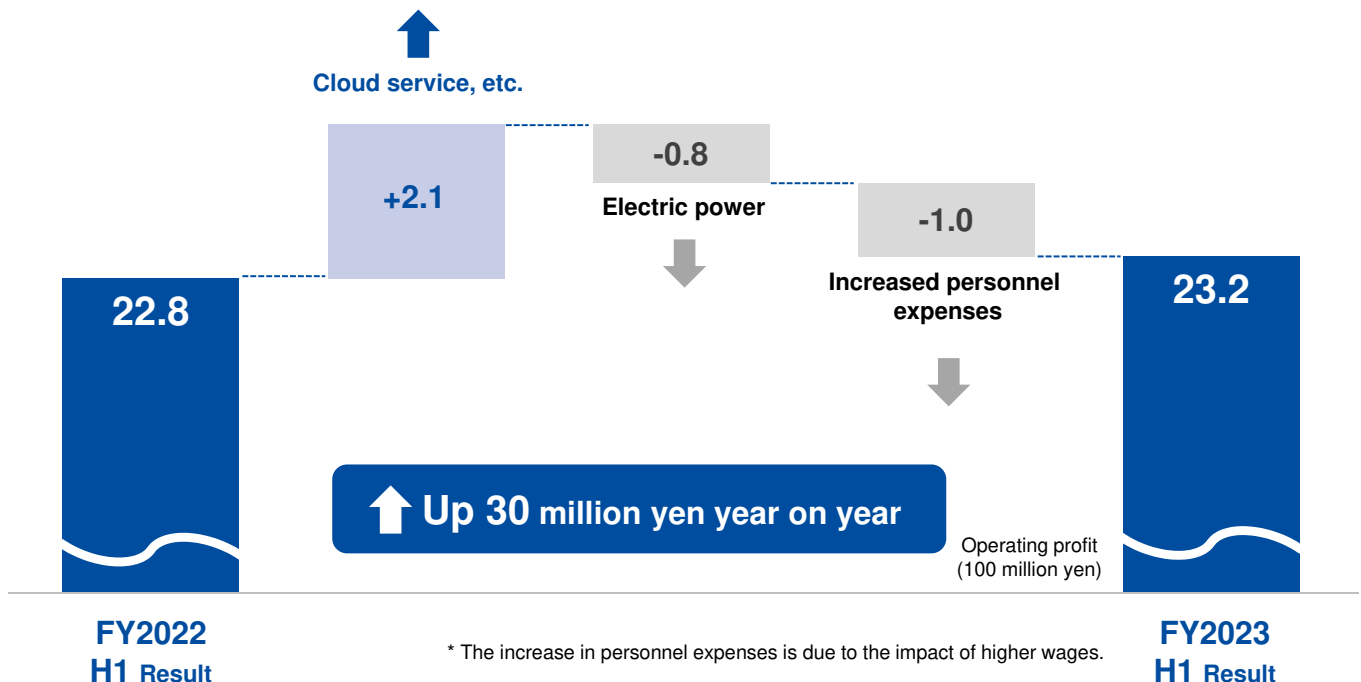
Operating Profit by Segment (Information and Communications for Individual Customers)

- Profit in broadband and LIMBO businesses increased with a rise in the number of customers.
- A reduction in expenses involving in winning customers by revising acquisition routes and other means also served as a positive factor. Operating profit surged 500 million yen year on year.



Operating Profit by Segment (Information and Communications for Corporate Customers)

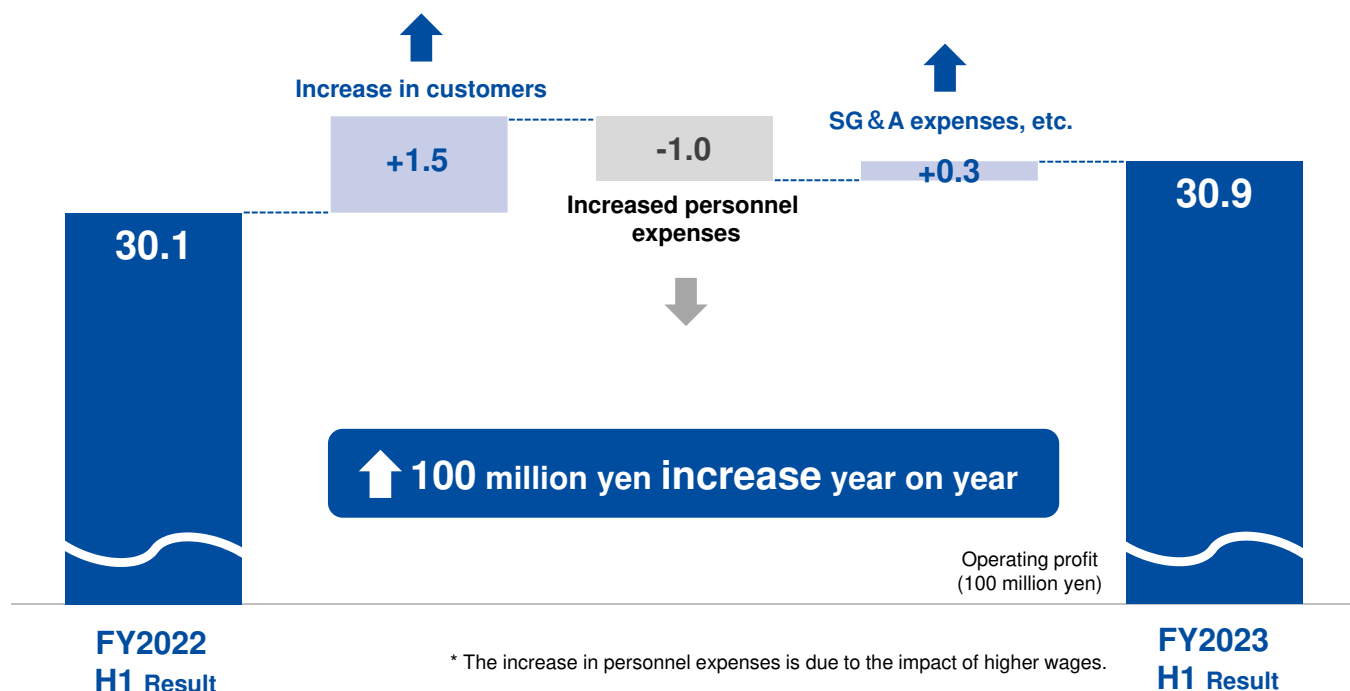
- A strong performance in cloud services and carrier services resulted in a surge in profits.
- There were negative impacts from soaring electricity prices and rising personnel expenses following pay increases.



* The increase in personnel expenses is due to the impact of higher wages.

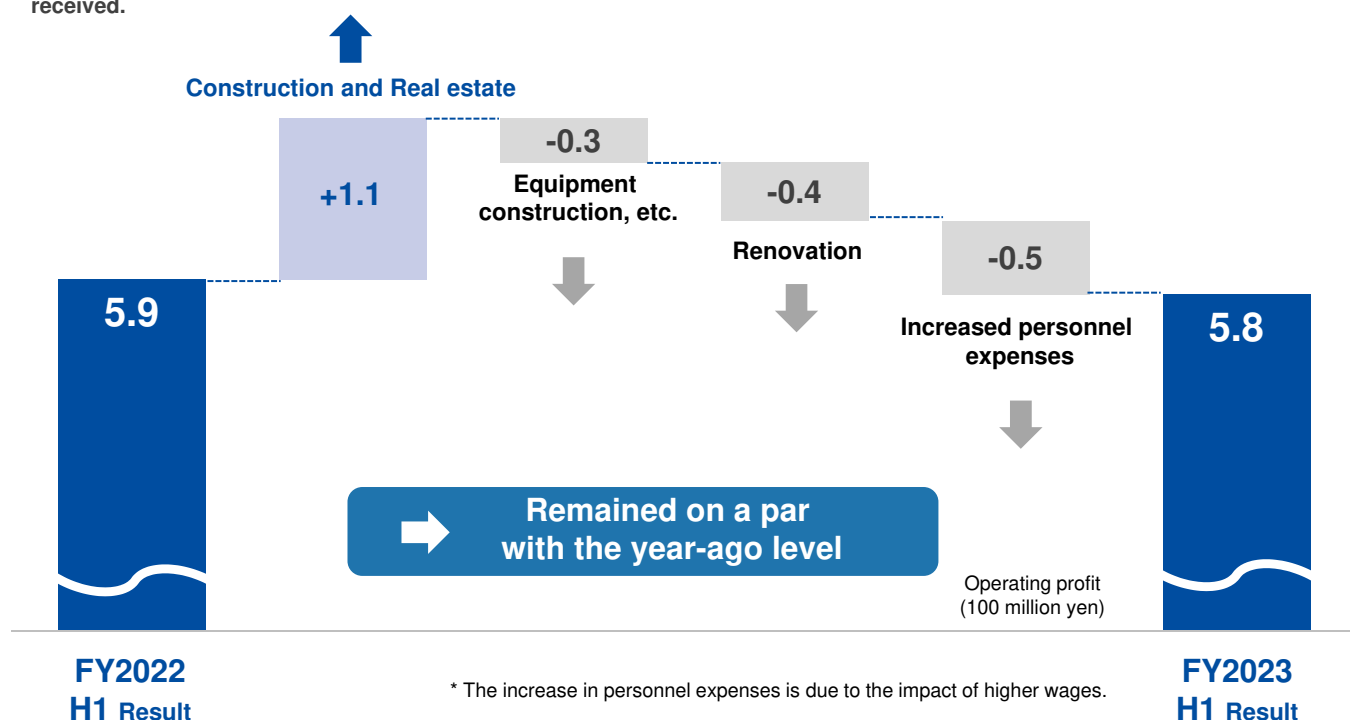
Operating profit by Segment (CATV)

- Positive sales activities helped to expand the customer base. The increase in the number of customers acted as a factor driving profit upwards.
- Operating profit rose 100 million yen with reductions in SG&A expenses offsetting the impact of rising personnel expenses associated with pay increases.



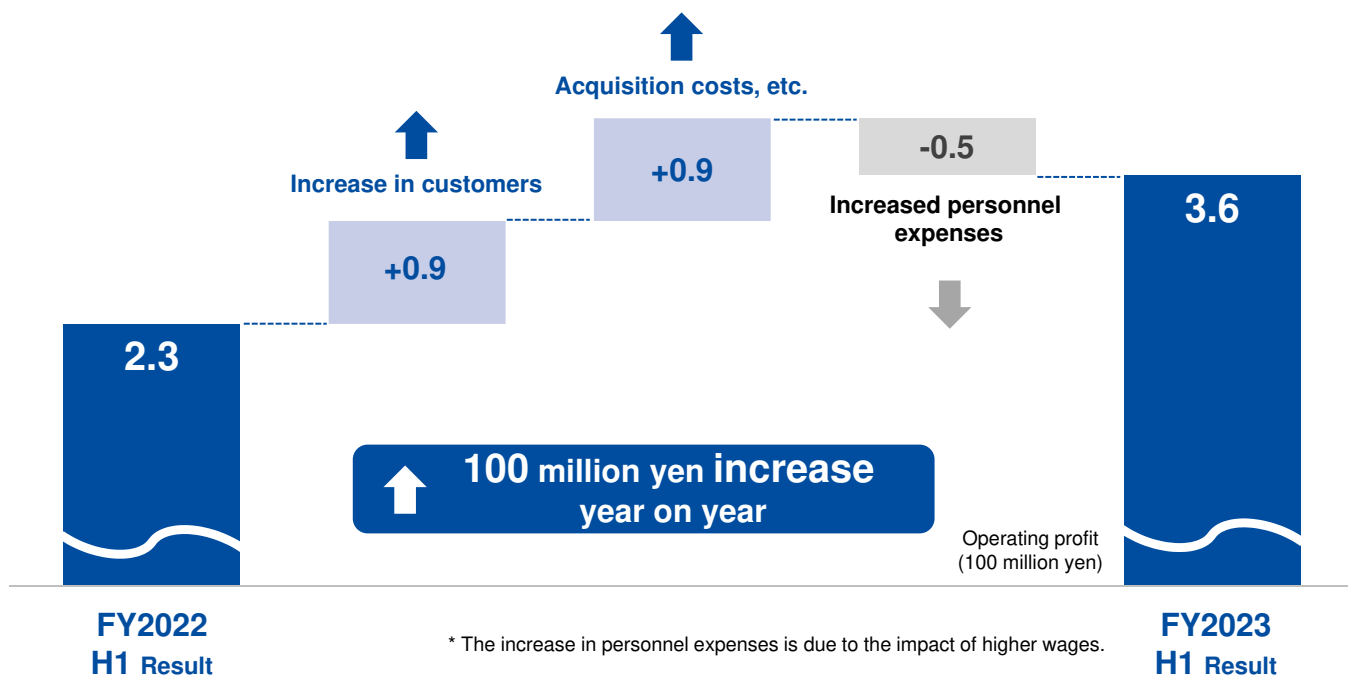
Operating Profit by Segment (Construction, Equipment and Real Estate)

- 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)

- In addition to sales activities during events at large commercial facilities and elsewhere, non-face-to-face sales activities including the online cultivation of customers and telemarketing were conducted.
- Profit surged 100 million yen year on year, following a rise in customers and a revision to the unit cost of customer acquisition to reduce the expenses involving in winning customers.



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Full-year Forecast for Fiscal Year Ending March 31, 2024

Consolidated full-year financial results forecast

- Net sales are forecasted to rise, attributable to a continued increase in customer accounts mainly in principal businesses and to earnings increase following expansion of areas served.
- Operating profit is forecasted to remain unchanged year on year, chiefly reflecting expenses for acquiring customers and personnel revitalization.
- Ordinary profit and profit attributable to owners of parent are expected to surge, after the easing of the burdens arising from the share of profit of entities accounted for using the equity method that arose in the previous fiscal year.

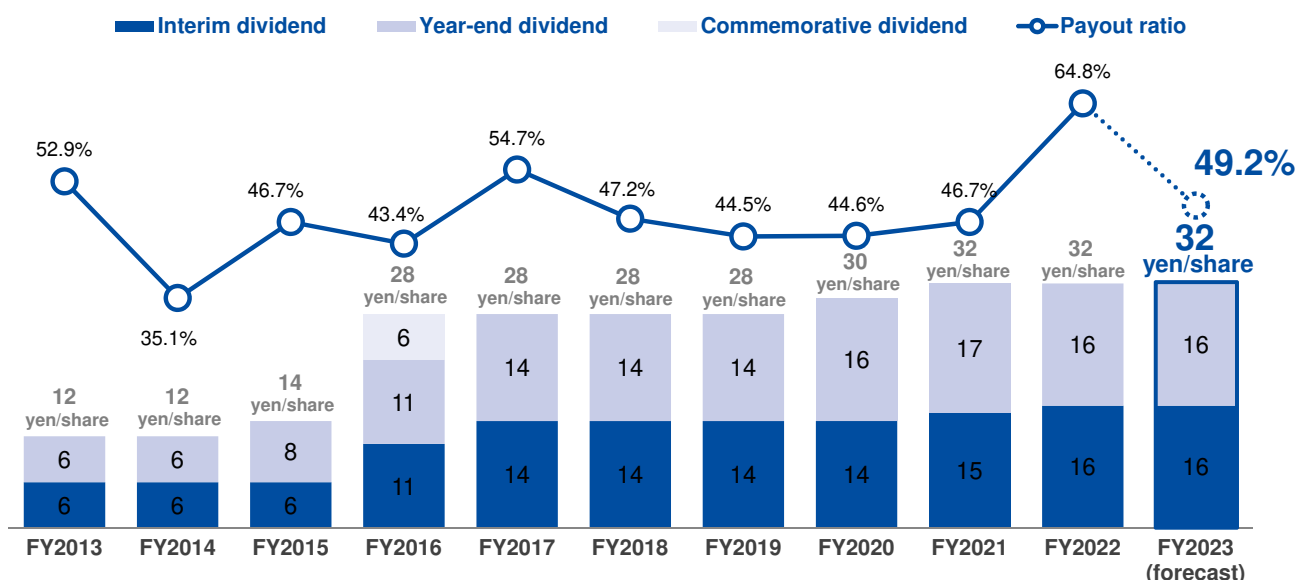
(Millions of yen)

	FY03/24 forecast (April 1, 2023 to March 31, 2024)	FY03/23 results (April 1, 2022 to March 31, 2023)	YoY	
			Change	% change
Net sales	240,000	230,190	+9,810	+4.3%
Operating profit	15,000	14,919	+81	+0.5%
Ordinary profit	15,000	13,289	+1,711	+12.9%
Profit attributable to owners of parent	8,500	6,465	+2,035	+31.5%
EPS (yen)	65.10	49.41	+15.69	+31.8%
Customer count at end of fiscal year	3,384,000	3,299,000	+84,000	+2.6%

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Dividend forecast

- In accordance with the Company's policy of paying constant and stable dividends, an interim dividend of 16 yen per share and a year-end dividend of 16 yen per share are planned, for an annual dividend of 32 yen per share.
- The dividend forecast (announced on May 9, 2023) remains unchanged.



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① Growth of business earning power

- New launch of a sales office for LP gas sales in the city of Ise in Mie Prefecture, to expand the operating area and customer base
- In new businesses, two camping sites are set to begin operation in Shizuoka Prefecture.

② Strengthening of foundations for sustainable growth

- Accelerate energy conservation and decarbonization in our own facilities in a bid to help create a decarbonized society. Expand sales of environmental products, including a PPA model of solar power generation (TOKAI ZERO SOLAR), to customers

③ Full energization of human capital and organizations

- Revise the pay system, enhance childcare support measures and introduce a re-skilling program, among other initiatives

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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.

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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