



TOKAI Holdings Corporation

The 13th Period

Shareholder Newsletter

April 1, 2023 to March 31, 2024
(Code No.3167)

Top Message

Message from the President & CEO

Dear Shareholders,

We would like to express our sincere gratitude for your continued support and consideration. We are pleased to present you with this shareholder newsletter for the 13th period (from April 1, 2023, to March 31, 2024).

Since our founding in 1950, we have offered a wide variety of services that have been central to people's lives and social infrastructure. Our corporate culture, which focuses on meeting our customers' every need, serves as the backdrop for offering this wide variety of services and increasing their joy and satisfaction. We will continue to value this mindset by staying close to our customers and community stakeholders, and by providing increasingly safe, reliable, and improved services.

From fiscal year 2024, we have adopted the following corporate message as a guide for what we aim to achieve: "We face challenges with open minds to bring more smiles to life and joy in society." We will continue to push forward on a united front to deliver smiles to more people.

Our business endeavors are only possible with the support of our many stakeholders such as our customers, shareholders, investors, and local communities. We will continue to do our utmost to repay your trust and meet your expectations. We, the TOKAI Group, hereby ask for your continued understanding and support.

Katsuo Oguri
President & CEO



Regarding the performance for the current period:

Sales have increased for seven consecutive periods, setting a record high.
The customer base is steadily being strengthened and expanded.

Our group has actively worked towards sustainable growth under the "Medium-Term Management Plan 2025," which started this period, focusing on enhancing business profitability, strengthening the foundation for sustainable growth, and maximizing the vitality of our human capital and organization.

In terms of performance for the current period, the increase in the number of customers in our core businesses such as Energy and CATV, along with the expansion of our stock business for corporate clients in the Information and communications business, significantly contributed to our results. As a result, our sales reached ¥231.5 billion, marking a 0.6% year-on-year increase and setting a record high for the seventh consecutive year.

On the profit side, while there was a decrease in household gas sales volume due to high temperatures and an increase in personnel costs due to salary revisions, the increase in the number of customers greatly contributed to profit growth. Consequently, our operating profit amounted to ¥15.5 billion, a 4.0% year-on-year increase. Additionally, the burden of goodwill impairment loss recorded in the previous period was alleviated, leading to improvements in ordinary profit and net income attributable to parent company shareholders, resulting in significant profit growth. Furthermore, the year-end dividend for this period was increased by 1 yen per share from the initial forecast to 17 yen, bringing the total annual dividend to 33 yen.

Regarding our customer base, which is the source of our group's revenue, we actively engaged in acquisition activities to achieve the goals of the medium-term management plan, resulting in an increase of 59,000 customers from the end of the previous period, bringing the total to 3,358,000. In addition to steadily acquiring gas and CATV customers, we also achieved net increases in our Hikari optical collaboration and LIBMO services, contributing to the expansion of our customer base.

Financial Results for the Fiscal Year Ending March 31, 2024

(Millions of yen)

	FY 03/24 results	YoY % change (%)
Net sales	231,513	+0.6
Operating profit	15,511	+4.0
Ordinary profit	15,531	+16.9
Net profit attributable to parent company shareholders	8,481	+31.2

Outlook for the Next Fiscal Year

We plan to achieve record-high sales and profits across all categories, along with an increase in dividends.

The fiscal year 2024 will be the second year of our "Medium-Term Management Plan 2025." We will implement the initiatives outlined in the medium-term management plan and strive for further growth. We will enhance our sales capabilities, which are a strength of our group, to increase the number of customers and orders, thereby expanding our customer base even further. We will also promote geographical expansion, M&A activities, and the development of new businesses.

For our performance, we are planning sales of ¥244 billion, operating profit of ¥16 billion, ordinary profit ¥16 billion, and net profit attributable to parent company shareholders of ¥9 billion. These target figures represent a continuation of increased sales and profits, all of which will set new records. Additionally, we plan to achieve a net increase of 94,000 customers by the end of the period, bringing the total to 3,452,000.

Regarding the annual dividend per share, we plan to increase it by an additional 1 yen from the current period to 34 yen. We will maintain a dividend payout ratio in the range of 40% to 50%.

Full-year Forecast for Fiscal Year Ending March 31, 2025

(Net sales and profit: million yen)

	FY03/24 results (April 1, 2023 to March 31, 2024)	FY03/25 forecast (April 1, 2024 to March 31, 2025)
Net sales	251,513	244,000
Operating profit	15,511	16,000
Customer count at end of fiscal year	3,358,000	3,452,000

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Towards Achieving Management Conscious of Capital Costs and Stock Prices

We aim to further improve profitability and growth to meet the expectations of our shareholders.

Our group is committed to management that considers capital costs and stock prices. For the current period, our Price-to-Book Ratio (PBR) is 1.4 times, Return on Equity (ROE) is 10%, and Price-to-Earnings Ratio (PER) is 15.2 times, positioning us relatively high within the gas industry in terms of ROE and PER.

To enhance corporate value and further improve profitability and growth, we will promote three initiatives: "Efforts in Business Portfolio Management," "Promotion of Expansion and Efficiency in Each Business," and "Commitment to ESG Management."

Regarding "Efforts in Business Portfolio Management," we will categorize our group's businesses into four areas: "Growth Area," which has high capital profitability and growth; "Expected Area," which is high growth but do not meet a certain level of capital profitability; "Mature Area," which has high capital profitability but below a certain level of growth; and "Improvement Area," which has low capital profitability and growth. By establishing appropriate directions for each category, we will strengthen management aimed at building a portfolio that optimizes the entire group.

For "Promotion of Expansion and Efficiency in Each Business," we will implement expansion and efficiency strategies tailored to each business, particularly in the "Growth Area" and "Expected Area," based on their positioning within the business portfolio.

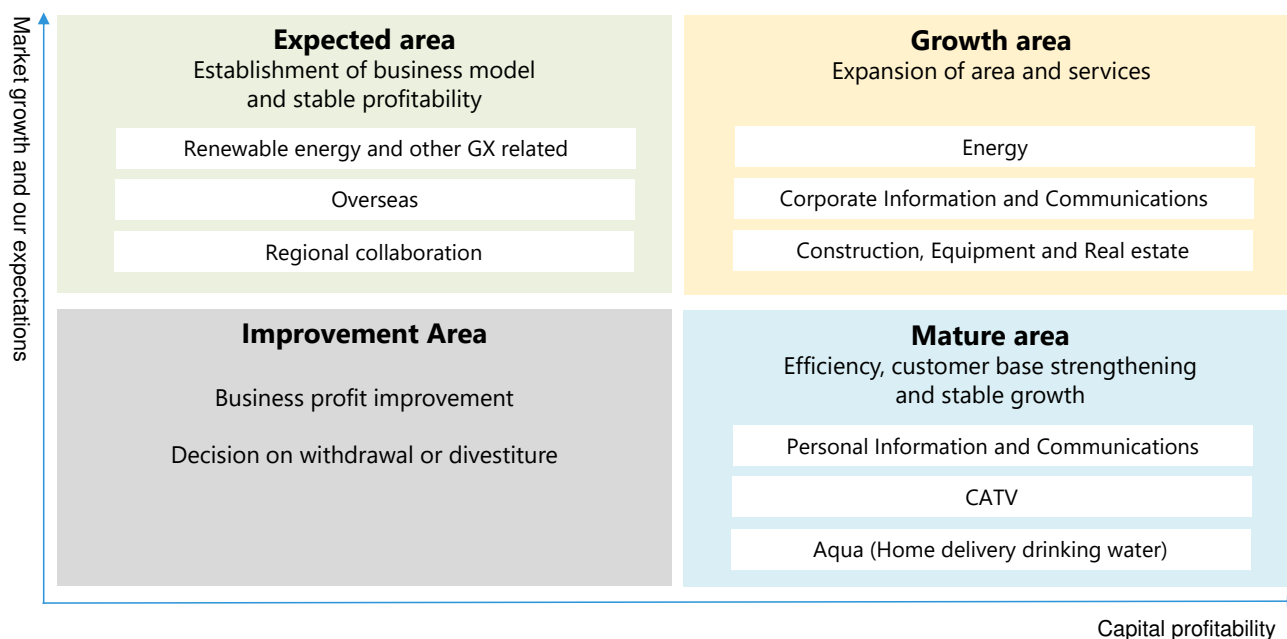
In terms of "Commitment to ESG Management," we will work towards achieving carbon neutrality by 2050 in environmental initiatives, maximize the vitality of our human capital and organization, and enhance employee well-being in social initiatives, while ensuring compliance and governance in our governance efforts.

Under the medium-term management plan and our new corporate message and slogan, our group will unite as one to enhance corporate value and pursue sustainable growth. We sincerely ask for your continued support and encouragement.

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Our Business Portfolio



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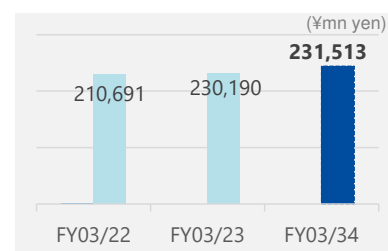
Consolidated Performance Highlights

The customer base is steadily expanding. Sales revenue has increased for seven consecutive periods, and profits have also risen.

■ Net sales: 231,513 million yen

Increased sales for seven consecutive periods, setting a new record high.

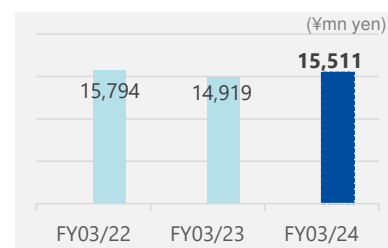
Although the sales volume of residential gas decreased due to high temperatures, the increase in the number of customers for gas (LP and city gas), CATV, Hikari collaboration service (optical collaboration), LIBMO, and the expansion of the stock business for corporate clients in the Information and communications business resulted in an increase of ¥1.3 billion (0.6% YoY), achieving a record high for seven consecutive periods of revenue growth.



■ Operating profit: 15,511 million yen

Strong sales and cost reductions contributed to the results.

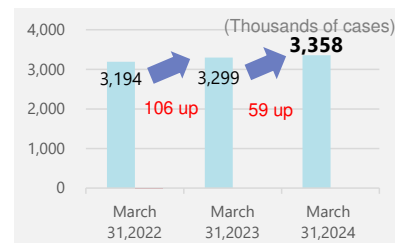
Despite a decrease in the sales volume of residential gas and a decline in large projects in the construction, equipment and real estate business, the increase in the number of customers in key businesses contributed to profit generation. Additionally, reductions in energy procurement costs also played a significant role, resulting in an increase in profits of ¥600 million (4.0% YoY).



■ Customer count: 3,358,000

Core businesses are steadily expanding their customer base.

We actively worked on customer acquisition, steadily increasing the number of customers in our core businesses such as gas (LP and city gas), CATV, Hikari collaboration service, and LIBMO, resulting in an increase of 59,000 customers since the beginning of the period.



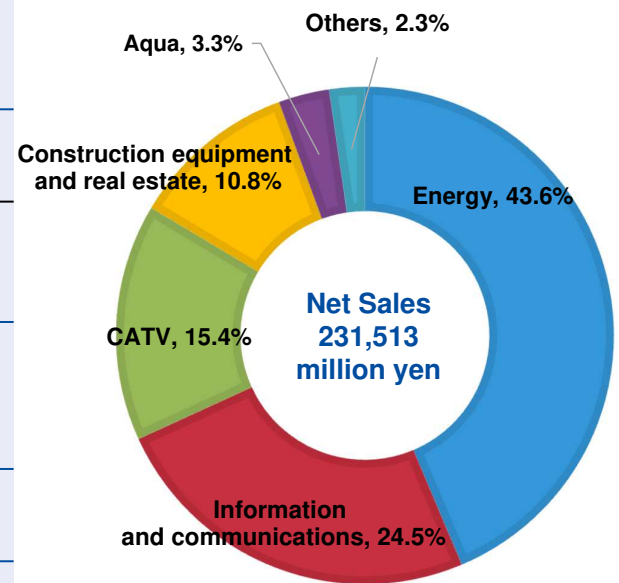
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We support our customers' comfortable lives comprehensively and meticulously by providing a variety of lifestyle infrastructure services.

	Net sales Results (¥mn)	Main Business Activities
Energy	100,974	We provide essential energy infrastructure, primarily focusing on gas and electricity, in a stable and safe manner while being environmentally conscious.
Information and communications	56,669	We provide individuals and corporate clients with safe and convenient infrastructure and solutions.
CATV	35,761	We are creating communities through the provision of locally rooted broadcasting and communication services.
Construction, equipment and real estate	25,038	The TOKAI Group, with its deep connection to people and energy, is engaged in urban development and housing construction that only we can provide.
Aqua	7,743	We provide safe water and reliable services to households.
Others	5,325	We offer a diverse range of services, including wedding events, ship repairs, nursing care, and insurance.
Total	231,513	

Composition ratio of each business



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Business Topics

■ Establishment of new corporate message and slogan for TOKAI group.

Corporate Message

“We face challenges with open minds to bring more smiles to life and joy in society.”

Corporate Slogan

“More smiles for a better life.”

In order to help our many stakeholders, who have been supporting us, better understand the vision of our group, we have developed a new corporate message and corporate slogan that are common across the group. The formulation process involved collaboration between management and employees, consolidating the values that management cherishes and the aspirations for connecting to the next generation into the corporate message. The corporate slogan, which encapsulates this message into a single phrase, was determined through a survey of 4,200 group employees.

Under this new corporate message and corporate slogan, our group will unite as one to aim for the enhancement of corporate value and sustainable growth.

■ Launch of new TVCMs

We have produced three TVCMs that symbolize the new corporate message and slogan. They have been widely aired in Kanto region and Shizuoka.

You can watch the TVCMs on the video archive page below.

[Video Archive | TOKAI Holdings Corporation](#)

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Growth in Business Profitability and Strengthening of Foundations for Sustainable Growth through M&A

Our group has been formulating and implementing the "Medium-Term Management Plan 2025" since May 2023. In order to respond to the accelerating changes in the environment, we have reorganized our vision for 2030 and will strengthen and promote our initiatives over the next three years until fiscal year 2025, following a growth tree consisting of three elements: "Roots of Growth," "Trunk of Growth," and "Fruits of Growth." Based on this policy, we conducted M&A with three domestic and international companies from January to April 2024 to promote the "Growth of business profitability," which is the fruit of growth, and the "Strengthening of foundations for sustainable growth," which is the trunk of growth.

Three-Year Initiatives (Key Themes)

Growth of Business Profitability as "Fruits of Growth"

1. Expansion of Revenue Base (Areas / Number of Customers)
2. Development of New Services (Solutions for Social Issues)

Strengthening of Foundations for Sustainable Growth as "Trunk of Growth"

Efforts Toward Low-Carbon and Decarbonization

Maximizing the Vitality of Human Capital and Organizations as "Roots of Growth"

Aiming for an Organization Where Communication is Open and Employees Can Thrive

M&A with three domestic and international companies:

UIS, Inc. (Consolidation into a Subsidiary by Group Company)

TOKAI Communications Corporation (hereinafter referred to as TOKAI COM), which is responsible for the group's information and communication business, has acquired all shares of UIS, Inc. and has made it a consolidated subsidiary. UIS, Inc. primarily focuses on contract development of systems and application development for medical institutions, providing high-quality solutions. By leveraging the integration capabilities in the cloud and network areas, which are strengths of TOKAI COM, we expect to enhance the mid- to long-term corporate value of both companies.

■ Overview of UIS

- Location: Chiyoda-ku, Tokyo
- Business Overview: Planning, development, and sales of computer systems, consulting related to IT, contracted software development and operations maintenance services
- Timing of Subsidiarization: January 2024
- Ownership Share Ratio: TOKAI COM 100%

FujiPro Co., Ltd. (Consolidation into a Subsidiary by Group Company)

TOKAI Corporation (hereinafter referred to as TOKAI), which is engaged in energy businesses such as LP gas sales, has acquired all shares of FujiPro Co., Ltd. (hereinafter referred to as FujiPro), which supplies LP gas to customers throughout Kanagawa Prefecture, primarily in the Shonan and Central Kanagawa areas, and has made it a consolidated subsidiary.

TOKAI is focused on retail businesses, including LP gas and home delivery water, with a customer base of approximately 1 million nationwide, and has expanded its operations from Shizuoka Prefecture and the Kanto area to the Tohoku and Sendai areas in the north and the Kyushu and Kumamoto areas in the south of Japan. By collaborating in various aspects such as procurement, sales, delivery, and safety of LP gas, both companies can expect synergies in terms of business growth and operational efficiency.

■ Overview of FujiPro

- Location: Chigasaki City, Kanagawa
- Business Overview: Sales of LP gas and combustion equipment
- Timing of Subsidiarization: April 2024
- Ownership Share Ratio: TOKAI 100%

REPOWER ENERGY DEVELOPMENT CORPORATION

(Equity Method Application for Affiliated Company)

TOKAI, has acquired shares of **REPOWER ENERGY DEVELOPMENT CORPORATION (REDC)**, a subsidiary of Pure Energy Holdings Corporation, which operates renewable energy generation businesses in the Philippines, and has made it an equity-method affiliate of our group. With an eye toward realizing a decarbonized society, we will further promote green transformation and expand stable sources of revenue by accumulating knowledge and expertise as an energy provider.

■ Overview of REDC

- Location: Manila, Republic of the Philippines
- Business Overview: Development of hydropower generation business
- Timing of Affiliation: February 2024
- Ownership Share Ratio: TOKAI 20%

■ Company Overview (as of March 31, 2024)

Company Name:	TOKAI Holdings Corporation
Established:	April 1, 2011
Capital:	14 billion yen
Number of consolidated employees:	4,732
Business Overview:	Business management of subsidiaries, etc. engaged in energy business, information and communication business, etc. and related or incidental business.

■ Top Management (as of June 26, 2024)

Representative Director, President and CEO	Katsuo Oguri
Representative Director and Senior Executive	Junichi Yamada
Director (Non-Executive)	Mitsuhaya Suzuki
Director (Non-Executive)	Mitsugu Hamazaki
Director (Non-Executive)	Tsuyoshi Takahashi
Director (Outside)	Masahiro Sone
Director (Outside)	Nobuko Kawashima
Director (Outside)	Ryoko Ueda
Director (Outside)	Hiroshi Tsumemine
Standing Audit and Supervisory Board Member	Hisao Ishima
Audit and Supervisory Board Member (Outside)	Jiro Amagai
Audit and Supervisory Board Member (Outside)	Masayuki Atsumi
Audit and Supervisory Board Member (Outside)	Toshiro Matsubuchi
Audit and Supervisory Board Member (Outside)	Yoichi Obuchi

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Share Information

■ Overview of Shares (as of March 31, 2024)

Authorized Shares:	300,000,000
Shares Issued:	139,679,977
One unit of shares:	100
Number of shareholders:	122,878

■ Major Shareholders Top 10 (as of March 31, 2024)

Shareholders	Number of shares held	Percentage of total shares issued(%)
The Master Trust Bank of Japan, Ltd.(Trust shares)	14,299,700	10.89
Aioi Nissay Dowa Insurance Co., Ltd.	7,559,820	5.76
Suzuyo Shoji Co., Ltd.	5,799,700	4.42
Custody Bank of Japan, Ltd.(Trust shares)	4,524,500	3.44
The Shizuoka Bank, Ltd.	4,065,527	3.09
Tokyo Marine & Nichido Fire Insurance Co., Ltd.	3,986,887	3.04
TOKAI Group Employee Shareholders Association	3,887,801	2.96
Sumitomo Mitsui Trust Bank, Ltd.	3,416,000	2.60
Astomos Energy Corporation	2,724,848	2.07
Meiji Yasuda Life Insurance Company	2,599,389	1.98

*The Company owns 8,321,254 treasury shares.

■ Memo for Shareholders

Fiscal Year End:	March 31
Regular General Shareholders' Meeting	June of each year
Shareholder Record Date:	March 31 (The record date for interim dividends, when applicable, is September 30.)
One unit of shares:	100
Stock Exchange:	Tokyo Stock Exchange, Prime Market
Code:	3167
Shareholder Register Administrator:	Sumitomo Mitsui Trust Bank, Limited (1-4-1 Marunouchi, Chiyoda-ku, Tokyo, Japan)
Special Account Management Institution:	Sumitomo Mitsui Trust Bank, Limited (1-4-1 Marunouchi, Chiyoda-ku, Tokyo, Japan)
Mailing Address:	Sumitomo Mitsui Trust Bank Stock Transfer Agency Department 2-8-4 Izumi, Suginami-ku, Tokyo168-0063
Inquiries:	0120-782-031 (Toll free in Japan)
Method of Announcement:	Announcements will be posted on our company's website. Electronic public notice TOKAI Holdings Corporation However, in the event of an incident or other unavoidable circumstances that prevent electronic announcements, they will be published in the Nikkei.

- Regarding Address Changes and Requests for the Purchase of Less Than One Unit of Shares

Please contact the securities company where you hold your account. If you do not have an account with a securities company and have a special account established, please contact Sumitomo Mitsui Trust Bank, Limited, which is the account management institution for the special account.

- Regarding Payment of Unpaid Dividends

Please contact Sumitomo Mitsui Trust Bank, Limited, which is the shareholder register administrator.

If you have any questions regarding these materials, please feel free to contact us.

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