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# [Cover]

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|---|---|
| [Document Filed] | Securities Report |
| [Applicable Law] | Article 24, Paragraph 1 of the Financial Instruments and Exchange Act |
| [Filed with] | Director, Kanto Local Finance Bureau |
| [Filing Date] | June 22, 2026 |
| [Fiscal Year] | 15th term (April 1, 2025 to March 31, 2026) |
| [Company Name] | Kabushiki Kaisha TOKAI Holdings |
| [Company Name in English] | TOKAI Holdings Corporation |
| [Title and Name of Representative] | Katsuo Oguri, Representative Director, President and CEO |
| [Address of Head Office] | 2-6-8, Tokiwa-cho, Aoi-ku, Shizuoka City, Japan |
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| [Contact Person] | Takashi Kodama, Executive Officer, Head of the Accounting Department |
| [Place for Public Inspection] | Tokyo Stock Exchange, Inc.<br>(2-1, Nihonbashi-Kabutocho, Chuo-ku, Tokyo) |

# Part 1. Corporate Information

# I. Company Overview

## 1. Trends in Major Management Indicators, Etc.

### (1) Consolidated management indicators, etc.

| Term | | 11th term | 12th term | 13th term | 14th term | 15th term |
|---|---|---|---|---|---|---|
| Fiscal year end | | March 2022 | March 2023 | March 2024 | March 2025 | March 2026 |
| Net sales | (Million yen) | 210,691 | 230,190 | 231,513 | 243,482 | 244,838 |
| Ordinary profit | (Million yen) | 15,907 | 13,289 | 15,531 | 17,370 | 19,152 |
| Profit attributable to owners of parent | (Million yen) | 8,969 | 6,465 | 8,481 | 9,216 | 10,749 |
| Comprehensive income | (Million yen) | 7,131 | 7,725 | 13,153 | 8,953 | 15,013 |
| Net assets | (Million yen) | 78,946 | 82,304 | 91,300 | 95,855 | 104,462 |
| Total assets | (Million yen) | 184,473 | 193,339 | 205,301 | 211,114 | 219,586 |
| Net assets per share | (Yen) | 590.21 | 614.09 | 681.58 | 715.10 | 790.37 |
| Net income per share | (Yen) | 68.49 | 49.41 | 64.94 | 70.55 | 82.53 |
| Net income per share (Diluted) | (Yen) | – | – | 64.93 | 70.53 | 82.47 |
| Equity-to-asset ratio | (%) | 41.9 | 41.5 | 43.4 | 44.3 | 46.4 |
| Return on equity | (%) | 11.8 | 8.2 | 10.0 | 10.1 | 11.0 |
| Price-to-earnings ratio | (Times) | 12.6 | 17.7 | 15.2 | 13.9 | 14.1 |
| Cash flows from operating activities | (Million yen) | 20,808 | 21,193 | 30,066 | 25,769 | 27,215 |
| Cash flows from investing activities | (Million yen) | -14,592 | -14,152 | -18,831 | -15,385 | -16,883 |
| Cash flows from financing activities | (Million yen) | -6,905 | -7,459 | -9,669 | -10,534 | -10,591 |
| Cash and cash equivalents at end of period | (Million yen) | 4,447 | 4,028 | 5,604 | 5,463 | 5,214 |
| Employees [additionally, average number of temporary employees] | (Persons) | 4,407 [950] | 4,589 [942] | 4,732 [964] | 4,952 [1,148] | 5,033 [1,155] |

(Notes)1. Based on a resolution of the Board of Directors at a meeting held on May 10, 2016 and a resolution of the 5th Ordinary General Meeting of Shareholders held on June 24, 2016, the Company adopted a board benefit trust (BBT). (Details are described in V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Notes to Consolidated Financial Statements, Important matters constituting the basis of preparation of consolidated financial statements, 4. Matters concerning accounting policies, (12) Accounting principles and procedures adopted when provisions of relevant accounting standards are unclear.)
Accordingly, the number of shares of common stock at the end of the period used to calculate net assets per share and the average number of shares of common stock during the period used to calculate net income per share do not include the Company’s shares held in a trust e account by Custody Bank of Japan, Ltd. through the Board Benefit Trust.

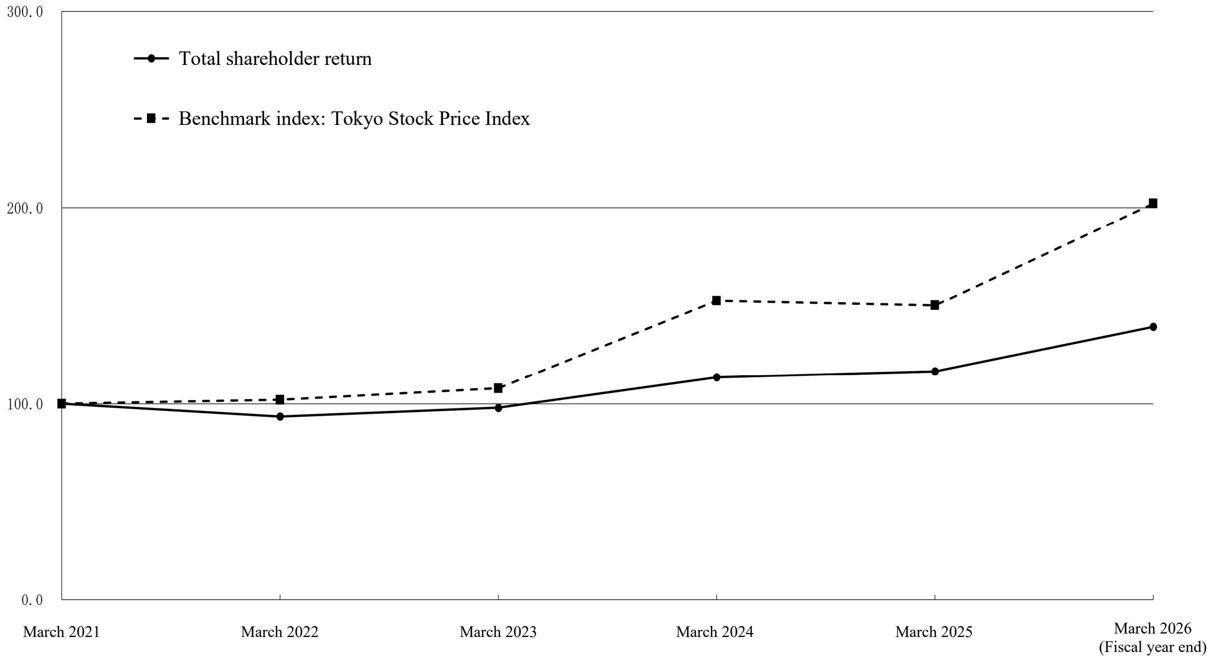
2. Net income per share (diluted) for the 11th term and 12th term is not stated because there are no dilutive shares.

(2) Management indicators, etc. of the company that has submitted the report

| Term | | 11th term | 12th term | 13th term | 14th term | 15th term |
|---|---|---|---|---|---|---|
| Fiscal year end | | March 2022 | March 2023 | March 2024 | March 2025 | March 2026 |
| Operating revenue | (Million yen) | 10,127 | 9,751 | 9,161 | 9,735 | 10,683 |
| Ordinary profit | (Million yen) | 4,877 | 4,590 | 3,177 | 4,112 | 4,812 |
| Profit | (Million yen) | 4,910 | 4,220 | 3,337 | 3,978 | 4,854 |
| Share capital | (Million yen) | 14,000 | 14,000 | 14,000 | 14,000 | 14,000 |
| Total number of issued shares | (Thousand shares) | 139,679 | 139,679 | 139,679 | 139,679 | 139,679 |
| Net assets | (Million yen) | 41,124 | 41,040 | 40,042 | 39,729 | 38,549 |
| Total assets | (Million yen) | 99,149 | 102,682 | 103,010 | 104,659 | 108,818 |
| Net assets per share | (Yen) | 314.19 | 314.03 | 306.15 | 303.75 | 298.71 |
| Dividend per share<br>(Interim dividend per share) | (Yen) | 32.00<br>(15.00) | 32.00<br>(16.00) | 33.00<br>(16.00) | 34.00<br>(17.00) | 36.00<br>(17.00) |
| Net income per share | (Yen) | 37.50 | 32.25 | 25.56 | 30.45 | 37.28 |
| Net income per share (Diluted) | (Yen) | – | – | 25.55 | 30.44 | 37.25 |
| Equity-to-asset ratio | (%) | 41.5 | 39.9 | 38.8 | 37.9 | 35.4 |
| Return on equity | (%) | 12.1 | 10.3 | 8.2 | 10.0 | 12.4 |
| Price-to-earnings ratio | (Times) | 23.0 | 27.1 | 38.7 | 32.3 | 31.2 |
| Payout ratio | (%) | 85.3 | 99.2 | 129.1 | 111.7 | 96.6 |
| Employees<br>[additionally, average number of temporary employees] | (Persons) | 83<br>[14] | 89<br>[14] | 77<br>[12] | 91<br>[13] | 99<br>[13] |
| Total shareholder return<br>(Benchmark index: Tokyo Stock Price Index) | (%)<br>(%) | 93.5<br>(102.0) | 98.0<br>(107.9) | 113.5<br>(152.5) | 116.5<br>(150.2) | 139.2<br>(202.2) |
| Stock price high | (Yen) | 961 | 914 | 1,025 | 1,010 | 1,218 |
| Stock price low | (Yen) | 826 | 837 | 851 | 890 | 886 |

(Notes)1. Based on a resolution of the Board of Directors at a meeting held on May 10, 2016 and a resolution of the 5th Ordinary General Meeting of Shareholders held on June 24, 2016, the Company adopted a board benefit trust (BBT). (Details are described in V. Financial Information, 2. Financial Statements, etc., (1) Notes to Financial Statements, Important accounting policies, 5. Other important matters constituting the basis of preparation of financial statements, (5) Accounting principles and procedures adopted when provisions of relevant accounting standards are unclear.)
Accordingly, the number of shares of common stock at the end of the period used to calculate net assets per share and the average number of shares of common stock during the period used to calculate net income per share do not include the Company’s shares held in a trust e account by Custody Bank of Japan, Ltd. through the Board Benefit Trust.
2. Net income per share (diluted) for the 11th term and 12th term is not stated because there are no dilutive shares.
3. Of the 36 yen dividend per share for the fiscal year ended March 31, 2026, the year-end dividend of 19 yen is a matter to be resolved at the Ordinary General Meeting of Shareholders to be held on June 25, 2026.
4. The stock price high and stock price low are stock prices on the Prime Market of the Tokyo Stock Exchange from April 4, 2022 and on the First Section of the Tokyo Stock Exchange prior to that.

5. Changes in total shareholder return and benchmark index over the last 5 years



## 2. History

| | |
|---|---|
| November 2010 | TOKAI CORPORATION and VIC TOKAI CORPORATION (hereinafter, “the two companies”) reach an agreement on management integration and establishment of the Company by way of stock transfer. |
| January 2011 | The two companies obtain approval from their respective shareholders at an extraordinary general meeting for a stock transfer plan related to the establishment of the Company. |
| April 2011 | The Company is established and the two companies become wholly owned subsidiaries of the Company.<br>The Company makes TOKAI GAS CORPORATION a wholly owned subsidiary through the acquisition of its shares from TOKAI CORPORATION.<br>The Company’s common stock is listed on the Tokyo Stock Exchange. |
| October 2011 | VIC TOKAI CORPORATION takes over TOKAI CORPORATION’s information and telecommunications business through an absorption-type corporate split.<br>VIC TOKAI CORPORATION changes its name to TOKAI Communications Corporation. |
| April 2012 | The Company launches the business of total home renovation.<br>TOKAI Communications Corporation spins off the CATV business to form TOKAI Cable Network Corporation. |
| March 2013 | TOKAI Communications Corporation establishes CloudMaster Co., Ltd. in Taiwan in a joint venture with Syscom Computer Engineering Co. |
| May 2013 | TOKAI CORPORATION starts nationwide sales of the aqua business. |
| October 2013 | The Company spins off indirect operations to establish TOKAI Management Service Corporation. |
| April 2014 | TOKAI Myanmar Co., Ltd. is established to expand the energy business in Myanmar. |
| December 2014 | Energy Line Corporation is established to improve the efficiency of delivery operations in the LP gas business. |
| April 2015 | Iwaki Sales Office is opened in Fukushima Prefecture for expansion of the LP gas retail business into the Tohoku area. |
| October 2015 | The Company forms a business alliance with Tokyo Electric Power Company, Inc. (currently TEPCO Energy Partner, Inc.) and starts selling electric power for high-pressure applications.<br>Toyokawa Sales Office is opened in Aichi Prefecture for expansion of the LP gas retail business into the Chukyo area. |
| April 2016 | In response to the full liberalization of the retail electricity market, the Company starts selling electric power for low-pressure applications. |
| February 2017 | TOKAI Communications Corporation enters the MVNO business. |
| July 2017 | The Company makes Tokyo Bay Network Co., Ltd. into a consolidated subsidiary. |
| August 2017 | Okayama Sales Office is opened in Okayama Prefecture for expansion of the LP gas retail business into the Chugoku area. |
| February 2018 | The Company makes TV Tsuyama, Inc. into a consolidated subsidiary. |
| June 2018 | Kyushu Sales Office is opened in Fukuoka Prefecture for expansion of the LP gas retail business into the Kyushu area. |
| September 2018 | The Company makes CYZE Inc. into a consolidated subsidiary. |
| April 2019 | TOKAI GAS CORPORATION launches the city gas business in Shimonita Town, Gunma Prefecture.<br>Isesaki Gas Co., Ltd. is made into an affiliated company. |
| July 2019 | AM’s Brain Inc. and AM’s Unity Inc. are made into consolidated subsidiaries. |
| August 2019 | NIKAHO GAS CORPORATION is established to expand the city gas business in Nikaho City, Akita Prefecture. |
| September 2019 | The Company makes Nissan Tri Star Construction, Inc. and Tender Co., Ltd. into consolidated subsidiaries. |
| October 2019 | TOKAI CORPORATION establishes T&T Energy Co., Ltd. in a joint venture with TEPCO Energy Partner, Inc. |
| March 2020 | The Company makes SENDAI CATV Co., Ltd. into a consolidated subsidiary. |
| June 2020 | The Company makes MIEN TRUNG GAS JOINT STOCK COMPANY and V-GAS PETROLEUM CORPORATION into affiliated companies and enters the LP gas business in Vietnam. |
| August 2020 | The Company makes Chuo Denki Construction Co., Ltd. into a consolidated subsidiary. |
| November 2020 | The Company makes Inoue Technica Co., Ltd. into a consolidated subsidiary. |
| April 2021 | Marco Polo Inc. and QUERY Co., Ltd. are made into consolidated subsidiaries. |

| | |
|---|---|
| June 2022 | The Company makes Wood Recycle Inc. into a consolidated subsidiary. |
| October 2022 | Okinawa Cable Network Inc. and J-support CO., LTD are made into consolidated subsidiaries. |
| March 2023 | TOKAI Kids Touch Corporation, a consolidated subsidiary of the Company, launches a temporary child care service. |
| | Matsuyama Sales Office is opened in Ehime Prefecture for expansion of the LP gas retail business into the Shikoku area. |
| January 2024 | The Company makes UIS, Inc. into a consolidated subsidiary. |
| February 2024 | The Company makes REPOWER ENERGY DEVELOPMENT CORPORATION into an affiliated company. |
| April 2024 | FujiPro Co., Ltd. and GUT Co., Ltd. are made into consolidated subsidiaries. |
| | TOKAI Communications Corporation establishes PT TOKAICOM Mitra Indonesia in Indonesia in a joint venture with PT Sisnet Mitra Sejahtera. |
| December 2024 | The Company makes G&F Co., Ltd. into a consolidated subsidiary. |

## 3. Businesses

The Group is constituted of the Company, 40 subsidiaries and 10 affiliated companies. The TOKAI Group's businesses are wide ranging, including Energy, Information and Communications services, CATV, Construction, Equipment and Real Estate, Aqua (Bottled water delivery), and nursing care services. The Group operates across six business segments.

The content of the main business divisions in each segment and the positioning of the divisions of the Company and its affiliated companies are as follows.

The Company is a specified listed company stipulated in Article 49, Paragraph 2 of Cabinet Office Regulations pertaining to regulations regarding the trade of marketable securities. Accordingly, standards for determining the relative insignificance of material facts with respect to insider trading regulations are decided based on consolidated figures.

(i) Energy

The Energy segment is the Group's core business segment and consists of the following five business divisions.

LP gas business

In the LP gas business, we mainly engage in sales of LP gas, LNG, petroleum products, and related equipment. TOKAI CORPORATION, TOKAI GAS CORPORATION, NIKAHO GAS CORPORATION, FujiPro Co., Ltd. and affiliated company Isesaki Gas Co., Ltd. are engaged in sales, while purchases are primarily conducted by TOKAI CORPORATION. Meanwhile, Tokaizosen-unyu Corporation is involved in the land transportation of LP gas, TOKAI CORPORATION and TOKAI GAS CORPORATION are responsible for customer management and the development of new customers, and Energy Line Corporation and GUT Co., Ltd. engage in filling and delivery of LP gas containers.

In addition, TOKAI CORPORATION undertakes the re-testing and coating of various types of high pressure gas containers. Overseas, TOKAI Myanmar Co., Ltd. located in Yangon, Myanmar engages mainly in sales of equipment and construction work related to LP gas. Meanwhile, MIEN TRUNG GAS JOINT STOCK COMPANY, an affiliated company located in Quang Nam Province, Vietnam, and V-GAS PETROLEUM CORPORATION located in Dong Nai Province, Vietnam, are involved in sales of LP gas mainly in central Vietnam (Da Nang City, Quang Nam Province) and southern Vietnam (Ho Chi Minh City, Dong Nai Province).

City gas business

TOKAI GAS CORPORATION supplies city gas (natural gas) mainly in Yaizu City and Fujieda City in Shizuoka Prefecture and in Shimonita Town in Gunma Prefecture, while NIKAHO GAS CORPORATION and affiliated company Isesaki Gas Co., Ltd. are responsible for supply in Nikaho City, Akita Prefecture, and Isesaki City, Gunma Prefecture respectively. Meanwhile, T&T Energy Co., Ltd. is mainly responsible for retail sales of city gas in the three Tokai prefectures of Aichi, Gifu and Mie.

High-pressure gas business

TOKAI CORPORATION is involved in sales of high-pressure gases such as oxygen and nitrogen, as well as related equipment. Affiliated company Shizuoka Ekisan Co., Ltd. manufactures high-pressure gas, while Chiba Integrated Gas Center Inc. is involved in filling and sales of high-pressure gas containers.

Security business

TOKAI CORPORATION provides security services.

Others

REPOWER ENERGY DEVELOPMENT CORPORATION located in Manila in the Philippines is involved in the hydroelectric power generation business.

(ii) Information and Communications

The Information and Communications Business consists of the following two business divisions.

Information and Communications Services - Individual Customers

TOKAI Communications Corporation engages in the broadband business, providing an Internet service under the TOKAI Network Club (TNC) brand in Shizuoka Prefecture and the @TCOM brand elsewhere in Japan. TOKAI Communications Corporation is also involved in the mobile business, providing a low-cost mobile service under the LIBMO brand as an MNVO and operating shops as a distributor for SoftBank Corp.

Information and Communications Services - Corporate Customers

TOKAI Communications Corporation, CYZE Inc., AM's Unity Inc., QUERY Co., Ltd., J-support CO., LTD, UIS, Inc., G&F Co., Ltd., PT TOKAICOM Mitra Indonesia located in Jakarta, Indonesia, and affiliated company CloudMaster Co., Ltd. located in Taipei City, Taiwan are involved in software development, information processing services and the sale of related equipment.

In addition, TOKAI Communications Corporation provides communications services for corporate customers.

(Note) On April 1, 2025, AM's Brain Inc. and AM's Unity Inc. were merged with AM's Brain Inc. as the surviving company, and the trade name was changed to AM's Unity Inc. At the same time, TOKAI Communications Corporation acquired additional shares in AM's Unity Inc., making it a wholly owned subsidiary.

(iii) CATV

TOKAI Cable Network Corporation, ICHIHARA CABLE TELEVISION CORPORATION, ATSUGI ISEHARA CABLE NETWORK CORPORATION, LCV CORPORATION, KURASHIKI CABLE TELEVISION Inc., Toco Channel Shizuoka Corporation, Tokyo Bay Network Co., Ltd., TV Tsuyama, Inc., SENDAI CATV Co., Ltd., and Okinawa Cable Network Inc. engage in the CATV business, and Net Technology Shizuoka Co., Ltd. engages in CATV-related business.

(iv) Construction, Equipment and Real Estate

TOKAI CORPORATION is involved in the construction and design of housing, stores and other commercial buildings, facilities construction projects, and sales of facilities and equipment. TOKAI CORPORATION and TOKAI GAS CORPORATION engage in the renovation business and real estate business. In addition, Nissan Tri Star Construction, Inc. engages in the planning, design and construction of civil engineering construction projects and the real estate business, Chuo Denki Construction Co., Ltd. undertakes the construction of electrical equipment, Inoue Technica Co., Ltd. is involved in building management (building maintenance), Marco Polo Inc. undertakes large-scale repair work, and Wood Recycle Inc. is involved in the processing of industrial waste and wood chip production.

(v) Aqua

TOKAI CORPORATION engages in the manufacture and sales of drinking water using natural water, etc., while Tokaizosen-unyu Corporation is responsible for the land transportation and delivery of bottled water and water dispensers.

(vi) Others

The Others segment consists of the following four business divisions.

Wedding and event hotels business

TOKAI City Service Corporation operates the Grandair Bouquet Tokai wedding and banquet hall in Aoi Tower building in Shizuoka City.

In addition, affiliated company WAEI Co., Ltd. engages in the hotel business.

Ship repair business

Tokaizosen-unyu Corporation performs repair and maintenance work on marine vessels mainly ocean-going and coastal fishing vessels.

Insurance agency business

TOKAI CORPORATION engages in the insurance agency business.

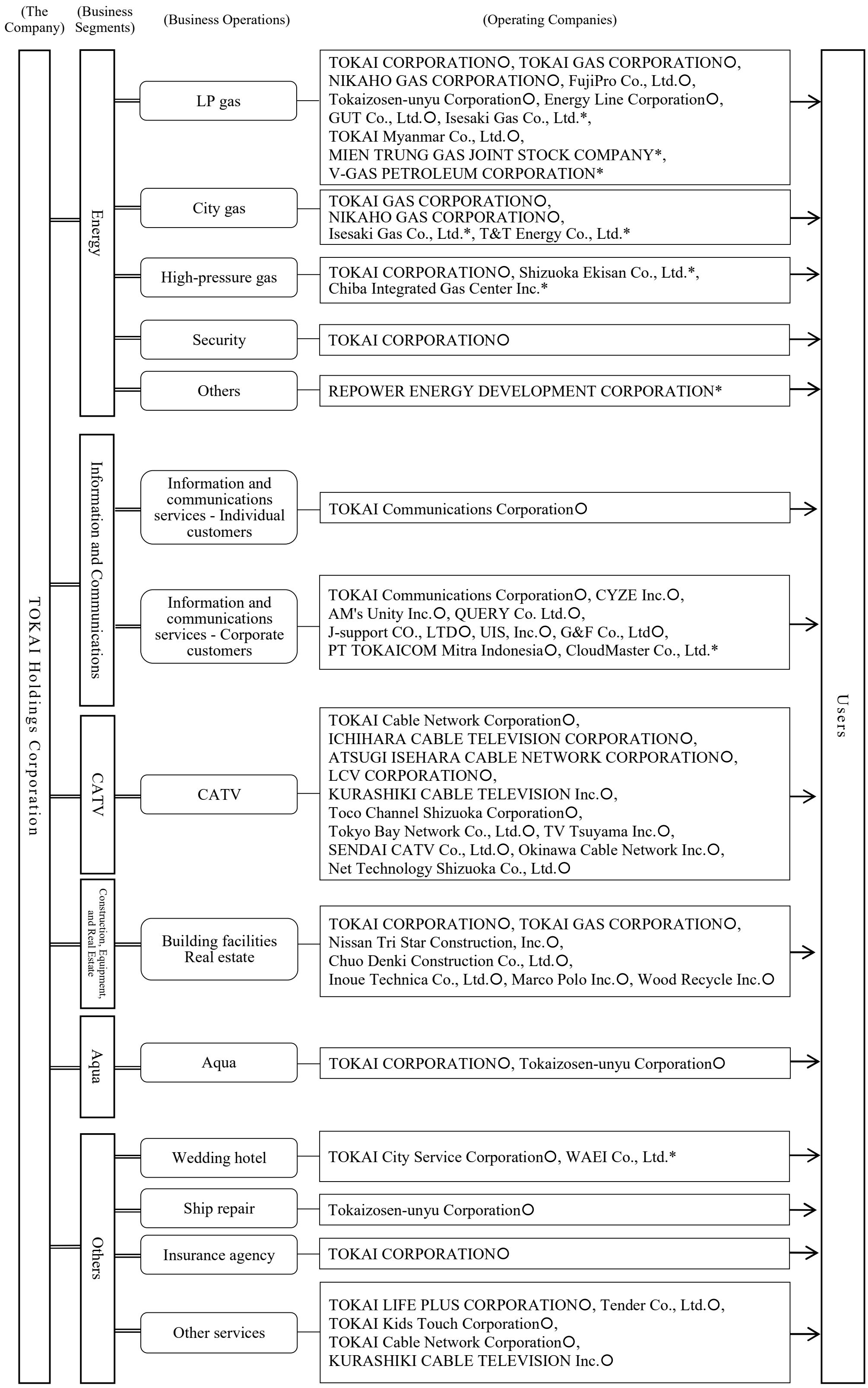
Other services business

TOKAI LIFE PLUS CORPORATION and Tender Co., Ltd. engage in the nursing care business. TOKAI Kids Touch Corporation provides a temporary child care service.

TOKAI Cable Network Corporation and KURASHIKI CABLE TELEVISION Inc. are involved in the fitness business.

(Note) TOKAI Human Resources Evol Corporation completed liquidated on August 5, 2025.

A chart of the TOKAI Group's operations described above is as follows.




(Notes)
1. Companies marked with ○ are consolidated subsidiaries and those marked with * are affiliated companies accounting for using the equity method.
2. The arrows in the diagram indicate flows of products and services.
3. In addition to the above, "TOKAI Management Service Corporation" (consolidated subsidiary) undertakes personnel, accounting, general affairs and other indirect operations of TOKAI Group companies on a contract basis.

## 4. Subsidiaries and Associates

| Company name | Head office location | Share capital (Million yen) | Main businesses | Percentage of owned voting rights (%) | Relationship |
|---|---|---|---|---|---|
| (Consolidated subsidiaries) | | | | | |
| TOKAI CORPORATION*1 | Aoi-ku, Shizuoka-shi | 14,004 | Energy business, Construction, Equipment and Real Estate business, Aqua business, etc. | 100.0 | TOKAI CORPORATION has concluded a business management agreement and various other agreements with the Company. TOKAI CORPORATION also leases offices to the Company. Officers serving concurrent positions: 4 |
| TOKAI Communications Corporation*1 | Aoi-ku, Shizuoka-shi | 1,221 | Information and Communications business | 100.0 | TOKAI Communications Corporation has concluded a business management agreement and various other agreements with the Company. Officers serving concurrent positions: 3 |
| TOKAI Cable Network Corporation*1 | Numazu-shi, Shizuoka | 1,000 | CATV business, etc. | 100.0 | TOKAI Cable Network Corporation has concluded a business management agreement and various other agreements with the Company. Officers serving concurrent positions: 3 |
| TOKAI GAS CORPORATION | Yaizu-shi, Shizuoka | 925 | Energy business, Construction, Equipment, and Real Estate business | 100.0 | TOKAI GAS CORPORATION has concluded a business management agreement and various other agreements with the Company. Officers serving concurrent positions: 2 |
| Energy Line Corporation | Aoi-ku, Shizuoka-shi | 100 | Energy business | (100.0) 100.0 | — |
| NIKAHO GAS CORPORATION | Nikaho-shi, Akita | 100 | Energy business | (100.0) 100.0 | — |
| FujiPro Co., Ltd. | Chigasaki-shi, Kanagawa | 20 | Energy business | (100.0) 100.0 | — |
| GUT Co., Ltd. | Chigasaki-shi, Kanagawa | 10 | Energy business | (100.0) 100.0 | — |
| CYZE Inc. | Shibuya-ku, Tokyo | 10 | Information and Communications business | (100.0) 100.0 | — |
| AM’s Unity Inc. | Kita-ku, Okayama-shi | 10 | Information and Communications business | (100.0) 100.0 | — |
| QUERY Co. Ltd. | Toshima-ku, Tokyo | 10 | Information and Communications business | (100.0) 100.0 | — |
| J-support CO., LTD | Chuo-ku, Fukuoka-shi | 23 | Information and Communications business | (100.0) 100.0 | — |
| UIS, Inc. | Chiyoda-ku, Tokyo | 50 | Information and Communications business | (100.0) 100.0 | — |
| G&F Co., Ltd. | Shinjuku-ku, Tokyo | 23 | Information and Communications business | (100.0) 100.0 | — |

| Company name | Head office location | Share capital (Million yen) | Main businesses | Percentage of owned voting rights (%) | Relationship |
|---|---|---|---|---|---|
| ICHIHARA CABLE TELEVISION CORPORATION | Ichihara-shi, Chiba | 490 | CATV business | (92.0) 92.0 | Officers serving concurrent positions: 1 |
| ATSUGI ISEHARA CABLE NETWORK CORPORATION | Atsugi-shi, Kanagawa | 450 | CATV business | (99.2) 99.2 | Officers serving concurrent positions: 1 |
| LCV CORPORATION | Suwa-shi, Nagano | 353 | CATV business | (89.2) 89.2 | Officers serving concurrent positions: 1 |
| KURASHIKI CABLE TELEVISION Inc. | Kurashiki-shi, Okayama | 400 | CATV business, etc. | (98.3) 98.3 | Officers serving concurrent positions: 1 |
| Toco Channel Shizuoka Corporation | Shimizu-ku, Shizuoka-shi | 100 | CATV business | (85.9) 85.9 | Officers serving concurrent positions: 1 |
| Tokyo Bay Network Co., Ltd. | Koto-ku, Tokyo | 400 | CATV business | (94.0) 94.0 | Officers serving concurrent positions: 1 |
| TV Tsuyama, Inc. | Tsuyama-shi, Okayama | 96 | CATV business | (96.0) 96.0 | Officers serving concurrent positions: 1 |
| SENDAI CATV Co., Ltd. | Aoba-ku, Sendai-shi | 100 | CATV business | (99.3) 99.3 | Officers serving concurrent positions: 1 |
| Okinawa Cable Network Inc. | Naha-shi, Okinawa | 10 | CATV business | (70.0) 70.0 | Officers serving concurrent positions: 1 |
| Net Technology Shizuoka Co., Ltd. | Shimizu-ku, Shizuoka-shi | 30 | CATV business | (55.0) 55.0 | — |
| Nissan Tri Star Construction, Inc. | Gero-shi, Gifu | 50 | Construction, Equipment, and Real Estate business | (100.0) 100.0 | Officers serving concurrent positions: 1 |
| Chuo Denki Construction Co., Ltd. | Nishi-ku, Nagoya-shi | 20 | Construction, Equipment, and Real Estate business | (100.0) 100.0 | — |
| Inoue Technica Co., Ltd. | Numazu-shi, Shizuoka | 30 | Construction, Equipment, and Real Estate business | (100.0) 100.0 | — |
| Marco Polo, Inc. | Toyota-shi, Aichi | 80 | Construction, Equipment, and Real Estate business | (100.0) 100.0 | Officers serving concurrent positions: 1 |
| Wood Recycle Inc. | Gero-shi, Gifu | 35 | Construction, Equipment, and Real Estate business | (100.0) 100.0 | — |
| Tokaizosen-unyu Corporation | Yaizu-shi, Shizuoka | 200 | Ship repair business, etc. | 100.0 | — |
| TOKAI City Service Corporation | Aoi-ku, Shizuoka-shi | 50 | Wedding event business | 100.0 | Officers serving concurrent positions: 3 |
| TOKAI LIFE PLUS CORPORATION | Aoi-ku, Shizuoka-shi | 100 | Nursing care business | 100.0 | Officers serving concurrent positions: 1 |
| Tender Co., Ltd. | Gero-shi, Gifu | 10 | Nursing care business | (100.0) 100.0 | — |
| TOKAI Kids Touch Corporation | Aoi-ku, Shizuoka-shi | 5 | Child care service business | 100.0 | — |
| TOKAI Management Service Corporation | Aoi-ku, Shizuoka-shi | 30 | Undertaking indirect operations | 100.0 | TOKAI Management Service Corporation has concluded a business outsourcing agreement and other agreements with the Company. Officers serving concurrent positions: 2 |
| TOKAI Myanmar Co., Ltd. | Yangon, Myanmar | 106 | Energy business | (60.0) 60.0 | — |

| Company name | Head office location | Share capital (Million yen) | Main businesses | Percentage of owned voting rights (%) | Relationship |
|---|---|---|---|---|---|
| PT TOKAICOM Mitra Indonesia | South Jakarta, Indonesia | 175 | Information and Communications business | (60.0) 60.0 | Officers serving concurrent positions: 1 |
| 3 other companies | | | | | |
| (Equity-method affiliated companies) Shizuoka Ekisan Co., Ltd. | Fuji-shi, Shizuoka | 50 | Energy business | (40.0) 40.0 | — |
| Chiba Integrated Gas Center Inc. | Futtsu-shi, Chiba | 20 | Energy business | (50.0) 50.0 | — |
| Isesaki Gas Co., Ltd. | Isesaki-shi, Gunma | 75 | Energy business | 20.7 | — |
| T&T Energy Co., Ltd. | Aoi-ku, Shizuoka-shi | 125 | Energy business | (50.0) 50.0 | — |
| MIEN TRUNG GAS JOINT STOCK COMPANY | Quang Nam, Vietnam | 1,552 | Energy business | (45.0) 45.0 | — |
| V-GAS PETROLEUM CORPORATION | Dong Nai, Vietnam | 1,067 | Energy business | (45.0) 45.0 | — |
| REPOWER ENERGY DEVELOPMENT CORPORATION | Manila, Philippines | 1,761 | Energy business | (20.0) 20.0 | — |
| CloudMaster Co., Ltd. | Taipei, Taiwan | 426 | Information and Communications business | (50.0) 50.0 | Officers serving concurrent positions: 1 |
| WAEI Co., Ltd. | Suruga-ku, Shizuoka-shi | 100 | Hotel business | (25.0) 25.0 | — |
| 1 other company | | | | | |

(Notes) *1. Among the above consolidated subsidiaries, TOKAI CORPORATION, TOKAI Communications Corporation and TOKAI Cable Network Corporation fall under the category of specified subsidiary.

2. The numbers in the parentheses in the column "Percentage of owned voting rights" are indirect ownership ratios included in the ownership ratios.

3. With regard to TOKAI CORPORATION, net sales (excluding internal net sales between consolidated companies) exceed 10% of consolidated net sales.

| | | | |
|---|---|---|---|
| Major items of profits and losses | (1) Net sales | 116,705 | million yen |
| | (2) Ordinary profit | 7,469 | million yen |
| | (3) Profit | 5,044 | million yen |
| | (4) Net assets | 38,930 | million yen |
| | (5) Total assets | 117,589 | million yen |

4. With regard to TOKAI Communications Corporation, net sales (excluding internal net sales between consolidated companies) exceed 10% of consolidated net sales.

| | | | |
|---|---|---|---|
| Major items of profits and losses | (1) Net sales | 64,427 | million yen |
| | (2) Ordinary profit | 4,261 | million yen |
| | (3) Profit | 2,397 | million yen |
| | (4) Net assets | 21,281 | million yen |
| | (5) Total assets | 39,490 | million yen |

# II. Business Overview

## 1. Management Policies, Management Environment and Issues to be Addressed

The forward-looking statements below are based on judgments of the Group as of the end of the consolidated fiscal year under review.

(1) Corporate Philosophy of the TOKAI Group (TOKAI-WAY)

The Company made a fresh start in April 2011 by establishing the TOKAI WAY comprising four tiers: Corporate Philosophy, Mission, Vision and Values, and sharing this corporate philosophy system with the whole Group.

In face of rapid changes in the social environment and customer needs, the Group will achieve a unified business approach and will fully leverage our "solid client base," "comprehensive services" and "agility" in pursuit of sustainable growth across the entire Group.

(i) Corporate Philosophy (The TOKAI Group's credo)

For Customers Livelihood. Along with the region, together with the earth, we will continue to grow and develop.

As a business entity that provides comprehensive support for customers' daily lives, we will continue contributing to customer happiness while deepening our ties with regions and the earth, driven by the strengths we have developed since our foundation and our potential.

(ii) Mission (The mission that the Group should fulfill for the good of society, customers, and shareholders)

Change, Challenge and Realize.

Committed to serving our customers, we constantly strive for self-improvement and anticipate the needs of customers in their day-to-day lives, to realize the provision of "safety and security," "convenience and comfort," and "joy and meaningfulness of life."

(iii) Vision (Long-term business goal the Group should target)

Through sustained progress from nationwide to global, we provide customers with the products or services in one stop.

As our society becomes more global, we will further strengthen the Group's comprehensive services and deliver a succession of diverse services closely linked to people's lives and local communities.

(iv) Values (Shared values of the Group employees that they should value in taking actions)

Always smile and impression with you.

- With communication to connect everyone
  As a partner that works closely with our customers, we attach importance to communication. We will experience new emotions together through teamwork.
- Provision of Peace of mind, Safety, Enrichment
  With safety and security as our top priority, we give you our heartfelt gratitude and the best services we can offer.
- Always with professional enthusiasm and pride in our heart
  Aiming to be professionals who are forever chosen by customers, we are constantly improving ourselves and thinking outside the box to keep work interesting.
- Growth that connects to the future with the region
  We help develop local communities and natural environments where young and old can thrive, and we contribute to regional revitalization.

(2) Corporate Message and Corporate Slogan

(i) Corporate Message

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

(ii) Corporate Slogan

More smiles for a better life

(3) Objective indicators, etc. used to determine the achievement of business objectives

In May 2026, the TOKAI Group announced its newly formulated Medium-Term Management Plan 2028 for the three years from FY2026 to FY2028. Under the new plan, the Company will drive its "Triple Accel Strategy," which is aimed at strengthening itself along three axes: Area (area expansion), Account (increasing customers and contracts), and ARPU (enhancement of the service menu). This will enable the Company to achieve further growth by expanding the Shizuoka business model, which has produced an outstanding market share, across Japan. Through business growth and expansion of the earnings base, the Company forecasts gains in net sales, operating profit, ordinary profit and profit attributable to owners of parent, and also expects steady growth in customer numbers. Regarding shareholder returns, the Company will uphold its basic policy of maintaining a dividend payout ratio of 45% or above, while aiming for a total payout ratio of around 70% by implementing flexible share buybacks.

Objective indicators used to determine the achievement of business objectives are as follows.

Medium-term management plan announced May 2026

| | FY03/26 Results | FY03/27 Plan | YoY | FY03/29 Plan | Change from FY03/26 |
|---|---|---|---|---|---|
| Net sales (billion yen) | 244.8 | 260.0 | +15.2 | 274.0 | +29.2 |
| Operating profit (billion yen) | 18.7 | 19.0 | +0.3 | 23.5 | +4.8 |
| Ordinary profit (billion yen) | 19.2 | 19.2 | ±0 | 23.5 | +4.3 |
| Profit attributable to owners of parent (billion yen) | 10.7 | 11.0 | +0.3 | 13.5 | +2.8 |
| ROE | 11.0% | 11.0% | ±0.0 pt | 13.0% | +2.0 pt |
| ROIC | 8.9% | 8.7% | -0.2 pt | 9.7% | +0.8 pt |
| Equity-to-asset ratio | 46.4% | 46.0% | -0.4 pt | 41.0% | -5.4 pt |
| Customer numbers (millions) | 3.47 | 3.50 | +0.03 | 3.60 | +0.13 |

(4) The Group’s medium- to long-term management strategy and the issues that the Group needs to address as a priority

The issues that the Group is aware of and needs to address and the initiatives to address them are as described below.

(Groupwide)

Medium-Term Management Plan 2028 defines two key themes: business profit growth and shareholder returns enhancement. To grow business profit, we will increase profits by accelerating business portfolio management and strengthening business operations with an awareness of asset efficiency. At the same time, through diverse services such as energy, information and communications, CATV, construction, equipment and real estate, and aqua, we will work closely with customers and local communities to maintain the stable provision of infrastructure that is essential for people’s lives and local communities. To enhance shareholder returns, we will appropriately control financial leverage with a focus on flexible share buybacks, in addition to issuing stable dividends on an ongoing basis. Leveraging these two key themes as dual engines, we will improve capital efficiency and press ahead with initiatives to maximize our corporate value. In addition, we will actively tackle various social issues, regional issues and environmental issues such as climate change, contributing to the realization of a sustainable society. To advance such activities more effectively, the full energization of our human capital and organizations is important. We will focus on cultivating human capital, promoting diversity and developing a rewarding workplace, and will improve employee engagement and performance, and promote sustainable growth across organizations. We will also strive as a Group to realize our Corporate Message: “We face challenges with open minds to bring more smiles to life and joy in society.”

Key issues that need to be addressed on a groupwide basis are as follows.

(i) Business portfolio management initiatives

As part of initiatives for the enhancement of corporate value, the Company implements business portfolio management from the perspective of capital profitability and the perspective of market growth potential and the Company’s expectations. The Company is working to gain a clear understanding of the situation of each business based on numerical data and to implement solutions to the issues faced by each business, thereby facilitating the efficient use of management resources and also helping enhance the Group’s corporate value.

(ii) Internal control and compliance initiatives

The Company is working to foster a corporate culture in which compliance and strong governance are deeply ingrained, and we are strengthening training and internal controls for management and employees and endeavoring to raise compliance awareness and instill corporate governance in organizations. In addition, the Group Audit Office and Compliance and Risk Management Office supervise and verify whether internal controls are functioning effectively.

(iii)Health and productivity management

The Company sees promotion of the health of employees as an important management issue.

We are making investments in human capital in line with the goal of “becoming a vibrant and energetic corporate group by implementing a human capital strategy (ideal individuals, ideal organization) to enhance employee well-being.” As part of this, we are aiming to become a top performer in terms of health and productivity management.

With the President & CEO designated as Chief Health Officer (CHO), we established health and productivity management guiding principles and are implementing various health and productivity management measures focused on the three pillars of “safety and health,” “health promotion” and “improved engagement.” We are actively working to create an inclusive and vibrant environment which offers all employees the opportunity to shine.

(Each business)

The issues to be addressed in each business are as follows.

(i) Energy business

In the LP gas and city gas businesses, in addition to ensuring the stable supply of gas, we must respond to developments such as technological innovation and product development aimed at realizing a decarbonized society. On the other hand, our business environment is challenging due in part to population decline and fierce competition between energy providers, which we recognize as major issues.

To address these issues, the Group is taking initiatives including supply of LP gas and city gas using carbon credits and sales of energy-efficient equipment, aiming to help decrease greenhouse gas emissions while achieving business expansion. We will also focus on increasing business efficiency (utilizing DX), reducing costs, and improving customer convenience to differentiate ourselves from our competitors, and increase our competitiveness by expanding our service areas and pursuing M&A opportunities.

Going forward, we will continue using the knowhow and technical expertise we have built up as an energy provider in driving initiatives aimed at achieving carbon neutrality and increasing our competitiveness.

In addition, TOKAI CORPORATION, a consolidated subsidiary, is implementing a project to rebuild a new core system for LP gas, mainly aimed at improving the efficiency of the LP gas business. As development of this core system has been commissioned mainly to TOKAI Communications Corporation, a consolidated subsidiary, as of March 31, 2026, software in progress of 1,409 million yen has been recorded in the consolidated balance sheet. While development of the project has fallen behind the initial schedule, the Group plans to release it as part of its DX infrastructure under the next medium-term management plan or thereafter. As a result, the Group believes that the future earnings and cost reduction effects of the core system that were initially expected have not been impacted, that development remains highly feasible, and that the system’s functions will be used when it is released. Nevertheless, we will continue to manage and monitor the project’s progress.

(ii) Information and Communications business

In business for individual customers, although broadband and smartphones have become essential for daily life, the market is approaching maturity, and intense competition among providers has become the norm.The Group is focusing on efficient business operation, striving to propose the optimal plans for customer needs, identify routes to acquire new customers, and reduce the churn rate.

In business for corporate customers, we recognize that we need to respond to changes brought about by technological innovation and secure and cultivate the engineers to do this. The Group has been providing high value-added solutions that cater to market needs while also driving the recruitment of high-quality engineers in response to new technologies. In addition, we will play to our strengths by further enhancing integrated proposals that combine communication services, cloud services, and system integration services for corporate customers, in an effort to adapt to the changing market environment. We are also pressing ahead with the commercialization of services using rapidly developing AI. To respond to these new technologies, we will step up efforts to secure and cultivate engineers by enhancing our education and training programs.

(iii) CATV business

In the CATV business, competition with leading communications providers is increasing year by year, a situation we recognize as a challenge.

In response, the Group will enhance its community-based services to differentiate itself. The Group is working with local communities on community channels, with a mind to creating programs closely connected to customers' lives, including the delivery of local daily news and disaster information in collaboration with governments, audience participation-type programs dealing with local topics, and live broadcasts of cultural and sport events. Moving forward, we will continue striving to create programs that support the lives of local people and contribute to regional revitalization.

The Group will also be proactive in promoting the appeal of discounted bundles to customers who subscribe for both broadcasting and communications services, discounted smartphone bundle deals that are offered in collaboration with leading mobile carriers, and discounted bundles with the LIBMO MNVO service offered by the Group, as part of its push to promote new subscriptions while preventing cancellations. Going forward, we will continue to expand our services in line with customer needs to enhance our value as a CATV provider while strengthening and expanding our customer base.

(iv) Construction, Equipment, and Real Estate business

In the Construction, Equipment and Real Estate business, we face a shortage of on-site workers. Combined with the work style reform efforts, the shortage limits the potential to drive sales growth with our current workforce, making the securing of additional human capital a critical challenge. In response, we will focus on cultivating our existing workforce by developing an environment conducive to skill development, while actively working to recruit experienced engineers and other outside talent. There is also a need to take environmental action such as proposing environmentally friendly housing equipment. We will strive to expand sales of energy-efficient and eco-friendly products while working to build the infrastructure that supports our customers' lives.

(v) Aqua business

In the Aqua business, demand for refillable water dispensers with built-in purification systems (refillable water purifier dispensers) has been on the rise, leading to increased switching from bottled water delivery services and increasingly fierce competition between service providers. In addition, rising manufacturing and delivery costs, etc. are also affecting our earnings.

The Group is striving to expand its customer base with a water business that combines bottled water delivery services and refillable water purifier dispensers, and has committed itself to further enhancing the quality of both. In addition, we will work to drive down the costs of manufacturing, logistics and materials to improve our earnings structure.

## 2. Approach to Sustainability and Sustainability Initiatives

The Group's sustainability approach and initiatives are as follows.

Forward-looking statements in this document are statements deemed to be reasonable by the Group as of the end of the consolidated fiscal year under review.

### (1) Sustainability general

- **General sustainability initiatives**

The TOKAI Group aims to embody its corporate philosophy: "For Customers' Livelihoods. Along with the region, together with the earth, we will continue to grow and develop." Accordingly, we adopted the Basic Policy of Sustainability in December 2021 and have been pursuing initiatives to ensure safety and security, convenience and comfort, and joy and meaningfulness of life for future generations. We have been working to solve social issues through various business activities that support everyday life and society, aiming to contribute to the realization of a sustainable society and enhance our corporate value.

In recent years, we have seen significant changes in the external environment surrounding the Group, and we must flexibly adapt. To coincide with the formulation of Medium-Term Management Plan 2028, which began in FY2026, we reviewed the materialities that we identified in December 2021. We have reassessed the roles the Group is expected to fulfill for society and the environment by evaluating them from two perspectives: the impacts that society has on the Group, and the impacts that the Group has on society. Further, taking into account feedback from outside experts, discussions in the Sustainability Promotion Committee, strategies under Medium-Term Management Plan 2028 and other factors, we have identified four new materialities in pursuit of the unique qualities of the TOKAI Group, which were approved by resolution of the Board of Directors in May 2026. We have defined a 2030 vision for each materiality, and will work toward achieving it.

Basic policy of sustainability

As a corporate entity that provides comprehensive support for lifestyles, we contribute to building a society in which all people can feel safety and security, convenience and comfort, and joy and meaningfulness of life and in which the younger generation can develop themselves by pursuing their dreams, while being actively involved in solving social issues, including global environmental challenges, in our efforts to improve our corporate value.

Four Materialities (priority issues)

| Materiality | Our Vision for 2030 |
|---|---|
| Contribution to a life filled with smiles | Bringing smiles to customers and local communities by delivering safety and security, convenience and comfort, and the joy and meaningfulness of life as a corporate group that provides comprehensive support for livelihoods and society |
| Promotion of eco-friendly business activities | Being the driving force behind active efforts to combat climate change throughout the supply chain, aiming to achieve carbon neutrality by 2050. |
| Challenge-oriented human capital and organizations | A fulfilling workplace environment that cultivates creative and highly motivated human capital, empowering a diverse range of employees to demonstrate their capabilities |
| Strengthening of corporate governance | Enhanced corporate value from building a strong governance system that ensures thorough compliance and earns the trust of stakeholders |

(i) Governance

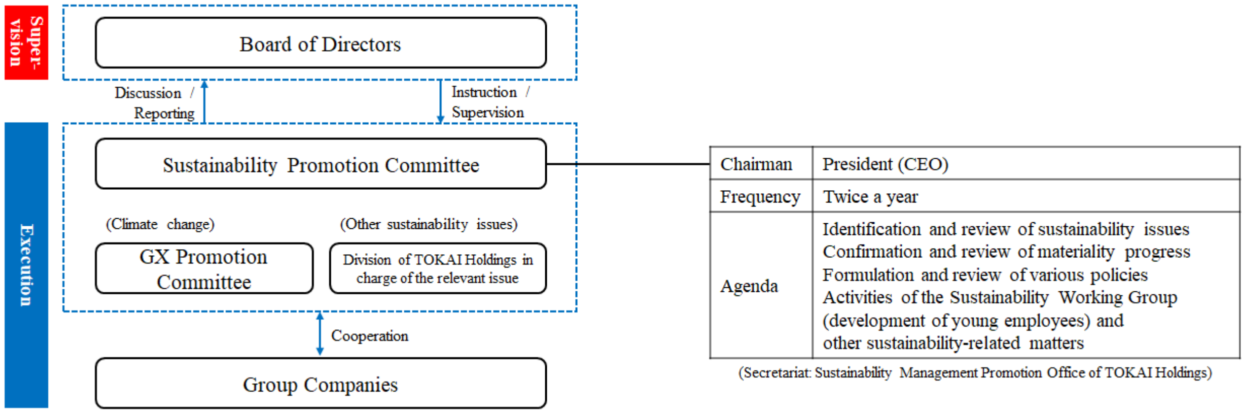
The Group positions the promotion of sustainability as an important management issue. Under the leadership of the Sustainability Promotion Committee, which is an advisory body to the Board of Directors, the Company has built a governance system for driving sustainability management. The Sustainability Promotion Committee is chaired by the President and Representative Director and its members include officers in charge of business management and risk management departments and other relevant departments, presidents of core operating companies, as well as Outside Directors in order to draw on advice from an objective perspective.

The committee usually meets twice a year and whenever necessary, to take stock of priority issues and action assignments and to assess the status of initiatives for the achievement of targets. Particularly with regard to addressing climate change and advancing human capital management, the officers responsible for these efforts report on the details of their efforts and the latest progress, and work to make further improvements based on the committee's feedback and advice. Important matters discussed here are reported to the Board of Directors annually and are executed, directed and supervised based on a final resolution/approval by the Group's management team.

With regard to climate change initiatives, the GX Promotion Committee (chaired by the President & Representative Director), which consists of the Company and core operating companies, discusses current issues and future measures, submitting the details

of its discussions to the Sustainability Promotion Committee.
Further, starting with executive remuneration for FY2025, ESG evaluations will be incorporated into the bonus assessments of Group executives. We will set two ESG evaluation indicators—(1) achievement of the annual target for employee engagement (year-on-year increase) and (2) achievement of the annual target for the GHG emissions reduction rate—and the number of indicators achieved will be uniformly reflected in the bonus payout rate for all executives.

Promotion system of sustainability




Meetings and meeting agendas of the Sustainability Promotion Committee in FY2025 are as follows.

Order of Proceedings at 1st Meeting of Sustainability Promotion Committee in FY2025 (September 18, 2025)

| |
|---|
| (i) Sustainability initiatives for FY2025<br>(ii) Promotion of eco-friendly business activities for the first half of FY2025<br>(iii) Challenge-oriented human capital and organizations for the first half of FY2025 |
| FY2025 action plan of the Sustainability Working Group* |

Order of Proceedings at 2nd Meeting of Sustainability Promotion Committee in FY2025 (March 12, 2026)

| |
|---|
| (i) Sustainability initiatives for the second half of FY2025<br>(ii) Promotion of eco-friendly business activities for the second half of FY2025<br>(iii) Challenge-oriented human capital and organizations for the second half of FY2025 |
| FY2025 activity report of the Sustainability Working Group* |

* The Sustainability Working Group is a working group made up of young Group employees (20 members in FY2025)

(ii) Strategy

The Group positions its sustainability strategy as a key part of its future vision, and is committed to actively addressing the four materialities Groupwide.
Under Medium-Term Management Plan 2028, we aim to enhance corporate value through these initiatives in concert with our sustainability strategy. We will strive to solve social issues and build social infrastructure, translating these efforts to create social value into business profit growth. We will also strengthen the Group's growth potential by actively pursuing human capital development and action on climate change. Moreover, we will step up efforts to strengthen governance and advance sound management practices.
Through these efforts, we will help shape a sustainable society and pursue the sustainable growth of the TOKAI Group.

Risks, opportunities, and key initiatives for each materiality

| Materiality | Risk / Opportunity | | Key initiatives |
|---|---|---|---|
| Contribution to a life filled with smiles | Risks | Delays in meeting customer needs, innovative technologies, and addressing community collaboration, resulting in reduced competitiveness and lower customer satisfaction, etc. | ○ Realizing safe, secure, high-quality services<br>○ Creating value with new services<br>○ Social contribution activities for developing local communities and fostering future generations |
| | Opportunities | Higher demand, greater customer satisfaction, etc. achieved by catering to customer needs at an early stage, providing highly reliable services, and strengthening cooperation with local communities | |
| Promotion of eco-friendly business activities | Risks | Increased costs associated with the introduction of carbon tax and emission regulations, decreased sales volume due to more energy efficient equipment, etc. | ○ Helping customers and local communities shift to low-carbon and decarbonized solutions<br>○ Promoting low-carbon and decarbonized practices in our own business activities |
| | Opportunities | Expansion of sales related to energy conservation and renewable energy, expansion of natural disaster management services, etc. | |
| Challenge-oriented human capital and organizations | Risks | Decline in productivity due to poor employee engagement, uniform way of thinking due to a lack of diversity, etc. | ○ Recruiting and developing human capital with inventiveness and the ability to take action<br>○ Building a workplace environment that maximizes employees' capabilities |
| | Opportunities | Improvement of productivity through improvement of employee engagement and promotion of good health, energization of organizations through diversity, etc. | |
| Strengthening of corporate governance | Risks | Business continuity risk due to poor compliance, loss of social credibility or decline in corporate value, etc. | ○ Strengthening corporate governance<br>○ Ensuring the full-scale implementation of compliance and risk management<br>○ Pursuing a higher level of information security<br>○ Enhancing supply chain management<br>○ Respect for human rights<br>○ Improving engagement with shareholders and investors |
| | Opportunities | Establishment of sound management base, strengthening of compliance, improvement of social credibility, etc. | |

(iii) Risk management

The Group holds a meeting of the Group Compliance & Risk Management Committee (chaired by the President & Representative Director) four times a year, and works to develop and strengthen the risk management structure. For details, please refer to "IV. Information on the Reporting Company, 4. Corporate Governance, (1) Overview of Corporate Governance, (ii) Overview of the corporate governance structure and reasons for its adoption, d. Status of improvement of risk management systems."

Regarding climate change, the GX Promotion Committee (which meets twice a year) identifies and evaluates climate change risk and considers countermeasures.

In addition, the management status of material risks related to sustainability in general are reported to the Sustainability Promotion Committee and efforts are made to strengthen risk management.

(iv) Metrics and targets

We have set new metrics and targets for the four materialities and corresponding initiatives. All of the metrics and targets apply to the entire Group. As we strive to meet these targets, we will monitor progress and assess measures that reflect the social situation, working from our sustainability promotion system as a base.

Metrics and targets for each materiality

| Materiality | Metrics | Targets | | FY2025 (Results) |
|---|---|---|---|---|
| Contribution to a life filled with smiles | Number of group customers | FY2028 | 3.60 | 3.47 |
| | Creation of new services | Each fiscal year | Social implementation leveraging the Group's strengths | • Rollout of a new AI-driven service (security camera) in the CATV business |
| | Customer satisfaction | FY2030 | 80% | 71.5% |
| Promotion of eco-friendly business activities | Contributing to reduced GHG emissions across the supply chain | Each fiscal year | Creating and spreading low-carbon and decarbonization initiatives | • Promoting the widespread use of energy-saving equipment<br>• Promoting the widespread adoption of solar power generation<br>• Engaging in dialogue with the LP gas wholesalers (three times a year) |
| | Rate of reduction of Scope 1 and 2 emissions (Compared with FY2021) | FY2030 | -50% | -8.5%* |
| Challenge-oriented human capital and organizations | Ratio of female managers | FY2030 | 10% | 3.0% |
| | Percentage of eligible male employees taking childcare leave | FY2030 | 100% | 76.8% |
| | Employee engagement | FY2030 | 77.5% | 68.6% |
| | Employees resigning for nursing care purposes | Each fiscal year | 0 | 0 |
| Strengthening of corporate governance | Development and operation of governance measures (corporate governance, compliance and risk management, information security, supply chain management, respect for human rights, and dialogue with shareholders and investors) | Each fiscal year | Enhancing the effectiveness of governance | (Key initiatives)<br>• Conducting CSR procurement questionnaires among major suppliers<br>• Implementing human rights due diligence<br>• Holding small meetings with institutional investors (twice a year) |

* As FY2025 are in the process of being calculated, FY2024 results are shown.

**(2) Responding to climate change**

- **Climate change initiatives**

The TOKAI Group recognizes that action to address the increasingly serious issue of climate change is imperative, and is implementing initiatives for the realization of a low-carbon/decarbonized society through the energy business and many other business activities. Guided by the framework of the Task Force on Climate-related Financial Disclosures (TCFD), the Group conducts scenario analysis to identify risks and opportunities and consider countermeasures.

Through the steady implementation of such countermeasures and efforts to reduce risk and expand opportunities, we aim to realize GX (Green Transformation) by striking a balance between the reduction of greenhouse gases and business growth.

(i) Governance

The Group's governance in relation to action on climate change is incorporated into its governance of sustainability in general. For details, please refer to "(1) Sustainability general, (i) Governance."

(ii) Strategy

To analyze the risks and opportunities, and financial impact of climate change in 2030, the Group conducted analyses for two scenarios: the 1.5°C scenario and the 4°C scenario, and we considered measures to be taken for both scenarios. The analyses involved assessing the level of importance of transition risks, physical risks, and opportunities in terms of likelihood of occurrence (on a scale of 1 to 3) and the degree of impact (on a scale of 1 to 3), to assess the level of consequence (major, moderate or minor). Likelihood of occurrence is classified on a scale of 1 to 3, where 1 is minor, 2 is moderate and 3 is major. Regarding the degree of impact, where the financial impact can be quantitatively assessed, the impact on operating profit is estimated and classified on a scale of 1 to 3, where 3 is an impact exceeding ±5 billion yen, 2 is an impact exceeding ±1 billion yen, and 1 is an impact of ±1 billion or less.

Risks and opportunities and measures

| Risk / Opportunity | | Category | Factor | Target Business | Impact on TOKAI Group | Time axes | Financial impact in 2030 | | TOKAI Group's countermeasure |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | 1.5°C | 4°C | |
| Risks | Transition | Policies / Legal Regulations | Introduction of carbon tax | Company-wide | - Taxation of our own GHG emissions (Scopes 1 and 2) | Medium to long term | Moderate | Minor | - Reduction of GHG emissions through switch to green power at own facilities, improvement of LP gas delivery efficiency, etc. |
| | | | | Energy | - Higher procurement costs in the LP gas business and city gas business | Medium to long term | Major | Moderate | - GHG reduction throughout supply chains<br>- Promotion of switch to LP gas or city gas as cleaner source of energy during the transition phase<br>- Expansion of sales of environmental products such as energy saving equipment, renewable energy and co-generation systems, etc. to customers (increase in profit from equipment) |
| | | | Changes in energy policy | | - Fall in demand for gas in response to the regulation of GHG emissions, changes in the energy mix and other developments | Medium to long term | Major | Minor | |
| | | Technologies | Expansion of energy-saving equipment | | - Decline in gas sales volume due to widespread use of energy efficient boilers | Short term to long term | Moderate | Minor | |
| | | Reputation | Increasing low-carbon and decarbonization orientation | Company-wide | - Difficulty securing human capital due to society's emphasis on low-carbon and decarbonizing business | Medium to long term | Major | Minor | - Improvement in environmental literacy as a result of provision of environmental training to Group employees |
| | Physical | Acute | Increase in natural disasters | | - Damage to our facilities from increasingly severe natural disasters including rising sea levels | Short term to long term | Moderate | Moderate | - Improvement of resilience through stronger measures against wind and water damage, thoroughgoing BCP, development of the disaster management structure, etc. |
| | | Chronic | Changes in the global environment and social structure, etc. | Energy | - Decline in gas sales volume due to rising temperatures, decrease in size of households, improvement in thermal insulation performance of houses and other factors | Short term to long term | Moderate | Moderate | - Increased sales of thermal insulation, ZEH, etc. (increase in profit from construction work) |
| Opportunities | | Policies | Policy to promote the spread of energy-saving equipment | | - Increased equipment sales due to government policies promoting high efficiency equipment, renewable energy, co-generation | Short term to long term | Major | Minor | - Expansion of sales of environmental products such as energy saving equipment, renewable energy and co-generation systems, etc. to customers |
| | | Market | Increase in natural disasters | Information and Communications | - Growing demand for cloud services to avoid the risk of losing data stored on-premises due to flooding, etc. | Short term to long term | Minor | Moderate | - Expansion of sales of cloud systems to corporations |
| | | | | CATV | - Increasing demand for community channels that communicate community-based disaster prevention information and disaster news | Short term to long term | Minor | Moderate | - Promotion of subscription to CATV services and strengthening of community-based program production function |
| | | | Chronic temperature rise | Aqua | - High demand for Aqua home delivery service amid rising average temperatures, heatwaves, etc. | Short term to long term | Minor | Moderate | - Strengthening of production structure and expansion of sales for Aqua home delivery service |
| | | Reputation | Growing social interest in ESG investing | Company-wide | - Enhancement of financing capability and corporate value through improvement of reputation among investors | Short term to long term | Moderate | Minor | - Active disclosure of climate change-related information include TCFD disclosures |

Under the 1.5°C scenario, the impact of the risk of rising costs in the energy business, etc. due to the introduction and tightening of carbon tax measures will arise; however, on the other hand, greater opportunity to expand sales of energy-saving equipment and renewable energy is also expected. Under the 4°C scenario, there is the risk of damage to the Company's facilities or suspension of business activities as a result of increasingly severe natural disasters; however, there is also likely to be greater opportunity from growing demand for aqua driven by rising temperatures, growing demand for IT services such as cloud services to mitigate flood risk, and growing demand for CATV as community-based disaster management information.

Based on results of these analyses, we will strive to mitigate risks, leverage opportunities for business expansion and growth, and drive low-carbon and decarbonization initiatives.

In our own business activities, we will seek to reduce our GHG emissions (Scopes 1 and 2) through measures such as promotion of the introduction of solar power generation at our facilities, procurement of non-fossil certificates, and promotion of energy savings. Meanwhile, we will help customers and local communities reduce their GHG emissions through initiatives such as promoting widespread use of energy-saving equipment and renewable energy, and generating and using carbon credits. We will also work with our suppliers, startups, and other parties to promote the development of decarbonized raw materials and products, and help reduce emissions across the supply chain. These strategies are also reflected in Medium-Term Management Plan 2028, demonstrating our goal of creating environmental value across the supply chain in tandem with the business growth of the TOKAI Group.

We will also endeavor to tighten BCP and develop the disaster management structure, including strengthening storm and flood countermeasures.

GX Strategy set out in Medium-Term Management Plan 2028

| | | |
|---|---|---|
| Our business activities | | ■ Introduction of low-carbon and decarbonization solutions at branches and facilities<br>■ Introduction of renewable energy |
| Overall supply chain | Gas raw materials | ■ Promotion of widespread use of gas with carbon credits<br>■ Cooperation with green LPG/e-methane R&D<br>(2030 -) Initial adoption<br>(- 2050) Full adoption |
| | Sales of equipment | ■ Expanded sales of high-efficiency gas water heaters<br>■ Expanded sales of solar power generation systems, promotion of bundle sales of the systems with storage batteries |
| | Cooperation with local communities | ■ Driving generation/utilization of J-Credits supporting local production for local consumption<br>■ Driving the low carbonization/decarbonization of local mobility systems, etc. |
| | Open innovations | ■ Strengthening collaboration with startups, etc.<br>■ (2030 -) Early adoption of innovative technologies and support for their social implementation<br>■ Support for low carbonization/decarbonization efforts in overseas countries |

(iii) Risk management

The Group's risk management in relation to climate action is incorporated into its risk management of sustainability in general. For details, please refer to "(1) Sustainability general, (iii) Risk management."

(iv) Metrics and targets

The TOKAI Group has set contributions to the creation of environmental value across the supply chain as one of its initiatives under Medium-Term Management Plan 2028, and is driving Groupwide efforts to advance it. We aim to reduce Scope 1 and 2 GHG emissions by 50% (compared with the FY2021 level) by FY2030. Our goal is to achieve carbon neutrality in terms of GHG emissions, including Scope 3 emissions, by 2050. We will strive to enhance corporate value while contributing to the development of a sustainable society through these activities.

| Metrics | Targets | |
|---|---|---|
| | FY2030 | FY2050 |
| Scope 1 + Scope 2 GHG emissions (Compared with base year FY2021) | At least -50% (At least -16,000 t-CO2) | Carbon neutrality |
| Scope 3 GHG emissions from supply chains | Cooperation with supply chains | |

The Group's GHG emissions (Scope 1, 2 and 3) in FY2024 are as follows. The Company has received a third-party assurance review from the Japan Quality Assurance Organization for some of its Scope 1, 2 and 3 emissions data.

The sum of Scope1, 2 and 3 emissions was 2.34 million t-CO2. Scope 3 Category 11, which involves the greenhouse gases emitted when customers use LP gas and city gas provided by the Group in its core business, account for 61% of this total. The Group will seek to reduce this through measures such as promoting the widespread use of energy-saving equipment.

**Actual GHG (Scope 1, 2, and 3) emissions** (thousand tons-CO2)

| | | | Base year FY2021 | FY2022 | FY2023 | FY2024 | (Percent of total emissions) | Compared to the base year | % |
|---|---|---|---|---|---|---|---|---|---|
| Scope 1 | GHG emissions emitted directly by the company | | 10.9 | 10.9 | 10.6 | 10.6 | ( 0.5%) | -0.4 | -3.3% |
| Scope 2 | Indirect GHG emissions from purchased electricity, heat, steam, etc. | | 23.3 | 23.7 | 22.0 | 20.7 | ( 0.9%) | -2.5 | -10.9% |
| Scope 1+2 total | | | 34.2 | 34.6 | 32.6 | 31.3 | ( 1.3%) | -2.9 | -8.5% |
| Scope 3 | Category 1 | Purchased goods and services | 673.9 | 666.7 | 668.3 | 679.2 | ( 29.0%) | +5.3 | +0.8% |
| | Category 2 | Capital goods | 60.9 | 59.1 | 66.9 | 65.6 | ( 2.8%) | +4.7 | +7.8% |
| | Category 3 | Fuel- and energy-related activities (not included in Scope 1 or 2) | 5.5 | 5.5 | 5.4 | 5.6 | ( 0.2%) | +0.1 | +1.6% |
| | Category 4 | Upstream transportation and distribution | 3.9 | 3.7 | 3.7 | 3.0 | ( 0.1%) | -0.9 | -22.8% |
| | Category 5 | Waste generated in operations | 1.3 | 1.4 | 1.4 | 1.6 | ( 0.1%) | +0.2 | +18.9% |
| | Category 6 | Business travel | 1.2 | 1.7 | 1.5 | 2.2 | ( 0.1%) | +1.0 | +84.5% |
| | Category 7 | Employee commuting | 1.4 | 1.5 | 1.3 | 1.5 | ( 0.1%) | +0.2 | +12.0% |
| | Category 8 | Upstream leased assets | - | - | - | - | - | - | - |
| | Category 9 | Downstream transportation and distribution | - | - | - | - | - | - | - |
| | Category 10 | Processing of sold products | - | - | - | - | - | - | - |
| | Category 11 | Use of sold products | 1,481.1 | 1,421.9 | 1,439.4 | 1,428.7 | ( 61.1%) | -52.4 | -3.5% |
| | Category 12 | End of life treatment of sold products | 11.6 | 11.4 | 10.5 | 11.8 | ( 0.5%) | +0.2 | +1.8% |
| | Category 13 | Downstream leased assets | 103.7 | 105.6 | 104.6 | 109.4 | ( 4.7%) | +5.7 | +5.5% |
| | Category 14 | Franchises | - | - | - | - | - | - | - |
| | Category 15 | Investments | - | - | - | - | - | - | - |
| | Scope 3 total | | 2,344.4 | 2,278.4 | 2,303.0 | 2,308.6 | ( 98.7%) | -35.8 | -1.5% |
| Scope 1+2+3 grand total | | | 2,378.6 | 2,313.1 | 2,335.6 | 2,339.9 | ( 100.0%) | -38.7 | -1.6% |

* For its GHG emissions in FY2024, the Company received a third-party assurance review in accordance with the ISAE 3410 standard by the Japan Quality Assurance Organization.
In addition, reflecting the boundary expansion in FY2024, values for past fiscal years were calculated by applying the same standard as FY2024.
* Scope 2 emissions are calculated based on the Market-Based Method.

### (3) Human capital management

(i) Governance

For information on governance related to human capital management, please refer to "II. Business Overview, 2. Approach to Sustainability and Sustainability Initiatives, (1) Sustainability general" and "IV. Information on the Reporting Company, 5. Employees, etc., (1) Basic policy on human resource strategy, etc."

(ii) Strategy

For information on our human resource strategy, please refer to "IV. Information on the Reporting Company, 5. Employees, etc., (1) Basic policy on human resource strategy, etc."

(iii) Risk management

For information on managing risks related to human resource management, please refer to "II. Business Overview, 2. Approach to Sustainability and Sustainability Initiatives, (1) Sustainability general" and "IV. Information on the Reporting Company, 5. Employees, etc., (1) Basic policy on human resource strategy, etc."

(iv) Metrics and targets

For information on metrics and targets related to human resource management, please refer to "IV. Information on the Reporting Company, 5. Employees, etc., (1) Basic policy on human resource strategy, etc."

## 3. Business Risks

Major risks that are related to what is stated primarily in the business overview and financial status chapters of the securities report, which management thinks could significantly affect the financial position, business results and cash flows of the consolidated companies include the following.

Please note that forward-looking statements in this section are judgments made by the Group as of the date of submission of the securities report.

(1) Risks such as natural disasters

(i) About the occurrence of a large-scale disaster

The Tokai region and Kanto region account for a large percentage of the Group's operating area and there is a high likelihood of large earthquakes such as a Nankai Trough earthquake in the Tokai region or an earthquake occurring directly below the Tokyo metropolitan area in the Kanto region. We have formulated a BCP (Business Continuity Plan) to prepare for business continuity in the event of a disaster, but due to a large-scale disaster such as a larger-than-expected earthquake or storm and flood damage, the Group's personnel and facilities will be seriously damaged. Not only that, if the power supply that is indispensable for business continuity cannot be supplied, if the failure of communication lines etc. is prolonged, or if the interruption of transportation infrastructure such as roads is prolonged, the maintenance and continuity of the business will be hindered. It may occur and affect the business results and financial position of the Group.

(ii) Outbreak of infectious disease

The emergence and spread of a new infectious disease in Japan or overseas could have a significant impact on economic activities and the livelihoods of customers. In response to the outbreak of such infectious diseases, the Group is responsible for many lifelines such as LP gas, city gas, aqua, the Internet, broadcasting, and nursing care, so we give maximum consideration to the health and safety of our customers and employees and we have established response rules for each business to thoroughly prevent infection. In addition, regarding the emergency system in the event of an infected person, we have established a system for business continuity for each business. However, if a new infectious disease spreads in the future, this could hinder the provision of stable services, with delays in responding to customers, and could affect the Group's business results and financial position.

(2) Business risks

(i) Competition with other companies

There are many competitors in the Energy business, Information and Communications business, etc. that have greater capital, technological and sales capabilities than the Group. In recent years, with the liberalization of the retail market for city gas and electric power, and the provision of optical line wholesale services by NTT East and West Japan, competition is intensifying. In addition, there is a risk that competition among energy companies such as LP gas, city gas, and electric power will intensify, and the expansion of our earnings base will not progress as planned.

As countermeasures, in the LP gas business, we are working to automate operations, reduce costs by improving the efficiency of customer operations such as delivery operations and meter reading, expand new areas, and acquire new customers through M & A. In the city gas business, we are working to strengthen contact points with customers through the use of multiple services and enhancement of security systems, and expand our business foundation. In the Information and Communications business and CATV business, we are working to promote new customer acquisition and prevent cancellation by enhancing price competitiveness such as efficient allocation of customer acquisition costs, discount services by subscribing to broadcast and communications sets, discounts on smartphone sets in collaboration with major mobile carriers.

However, if competition with these competitors intensifies beyond the expectations of the Group, it may affect the Group's business results and financial position.

(ii) Technology obsolescence in Information and Communications business, CATV business, etc.

In the Information and Communications business and CATV business of the Group, technological innovation is progressing at a remarkable speed. In order to respond to such new technologies, we are securing and training engineers by enhancing education and training programs, but if technological innovation causes obsolescence of our products and services or loss of the market, insufficient capital investment to provide new services may lead to a decline in competitiveness and may affect the Group's business results and financial position.

(iii) Relationships with suppliers and outsourcers

The Group purchases products in many businesses, including Energy, Information and Communications, CATV, Construction, Equipment and Real Estate, and Aqua. The Group also outsources some of its operations to other companies. If any of these suppliers or outsourcers were to experience any problems, making it difficult for us to provide our customers with stable products and services, the Group's business results and financial position could be affected.

(iv) Procurement of products, etc.
Gas, equipment, and materials handled by the Group are procured from domestic and overseas suppliers. We have been working to diversify suppliers and maintain appropriate inventory levels in anticipation of supply suspensions or delays. However, if supply disruptions, transportation delays or other supply chain disruptions caused by geopolitical conflicts and similar events exceed our expectations, it could become difficult to provide products and services, leading to an impact on the business results and financial position of the Group.
In the Aqua business, we produce drinking water by using raw water pumped from our own water source. If the raw water becomes unusable due to water source depletion or changes in water quality, it may be difficult to provide products and services, affecting the business results and financial position of the Group.

(v) Dependence on a specific business partner or contractor
The Group's software development business is highly dependent on specific system integrators, but by accurately responding to high-level demands, we cultivate system construction and operation know-how and build stronger relationships. However, if there is a change in the business conditions or business strategy of the business partner system integrator, it may affect the business results and financial position of the Group.
The Group's broadband services are sold to individuals mainly through direct sales or home appliance mass retailers after receiving lines from carrier operators, but if there is a change in the business strategies of carrier operators, home appliance mass retailers, etc., it may affect the business results and financial position of the Group.
In addition, as a mobile business, the Group is engaged in the agency business of SoftBank Corp. and the MVNO business of renting lines from NTT DOCOMO, Inc. If there are significant changes in the business strategies, agency measures, line rental prices, etc. of each company, it may affect the Group's business results and financial position.

(vi) Occurrence of unprofitable transactions in order receiving business
In the Group's construction, equipment and real estate businesses, we perform appropriate construction management for orders received from major manufacturers and general contractors. However, if profitability deteriorates due to circumstances such as the failure to satisfy acceptance inspection conditions of customers, such as some sort of trouble or delays in delivery, the Group's business results and financial position may be affected.
In the Group's software development business, etc., we are seeking to tighten project management from the inquiry/quotation/order receiving stage and aiming for efficient system construction and development. However, if profitability deteriorates due to additional man-hours or unexpected accidents during development due to defects after delivery, requests for changes in development methods from customers, addition of specifications, etc., the Group's business results and financial position may be affected.

(vii) Product defects, etc.
Products and services in the Group's Aqua business, renovation business and other businesses are produced and supplied in accordance with specific quality control standards. However, if a product liability incident, product recall, contract non-conformity issue or similar liability event occurs, the expenses incurred or damage to the Group's reputation could affect the business results and financial position of the Group.

(viii) Business alliance and M&A
The Group has a policy of proactively engaging in business alliances and M&A actions when it is expected that synergistic effects with existing services can be expected, or when it is determined that the introduction of new services may lead to future business development. The business division in charge constantly keeps track of the income and expenditure status of individual investment projects, and reviews the business plan as necessary to strictly manage the recoverability of investment funds. However, if the business of the partner company or the business to be transferred does not progress as planned and the expected results are not achieved, it is assumed that an impairment loss on the acquired shares, etc. will be recorded, and the business results and financial position of the Group will be affected.

(ix) Recovery of investment funds
The Energy business, Information and Communications business, and CATV business which form the core of the Group's

business, are making large capital investments to expand their business. In addition, in order to develop and introduce new technologies, provide new services associated with them, and expand our business, we may be forced to change or review our existing investment plans. We are verifying the investment effect and reviewing the investment plan as appropriate, but there is a possibility that the initially expected investment return may not be expected due to major changes in the situation such as economic trends and market trends. In that case, the recovery of investment funds may be delayed. The division in charge keeps track of the income and expenditure status of individual investment projects, and reviews the business plan as necessary to strictly manage the recoverability of investment funds. However, if it is not possible to respond to changes in the environment such as sudden changes in economic conditions or sudden decline in demand, and there is a high possibility that investment results cannot be expected, it may be need to impair non-current assets and it may affect the business results and financial position of the Group.

(x) Risks related to overseas business development

The Group is engaged in overseas business development and transactions with overseas companies in the Energy business, Information and Communications business, etc. We collect information on the market environment, policy trends, etc. using our company and outsourced companies, but if there is a serious obstacle to business development or transactions due to social turmoil such as restrictions on local business practices, laws and regulations, soaring labor costs, exchange rate fluctuations, terrorism, it may affect the business results and financial position of the Group.

(3) Credit management / credit risk

The Group has formulated internal rules, such as credit management rules, and is working to develop and strengthen systems related to receivables management and credit management for business partners. However, the Group’s business results and financial position may be affected by the deterioration in the business conditions of business partners, delays in the collection of accounts receivable and loans, and the occurrence of bad debts, etc.

(4) Market risk

(i) Fluctuations in gas purchase prices and exchange rates

Most LP gas in the Energy business depends on imports, so its purchase price is affected by market conditions and exchange fluctuations due to geopolitical factors and the balance between supply and demand. In order to minimize the effects of market conditions and exchange fluctuations, we may carry out hedging transactions for partial fixation. This is done to reduce the impact on the selling price due to the sharp rise in raw material prices, but if the product price at the time of actual purchase falls sharply unexpectedly it may result in loss and affect the Group’s business results and financial position.

(ii) Risk of deterioration of real estate market

The Group is engaged in the Real Estate business, but if the real estate price drops significantly, it will be necessary to reduce the valuation of the real estate for sale or to impair the company’s real estate and it may affect the business results and financial position of the Group.

(iii) Impact of funding structure and interest rate trends

The Group is working to strengthen and expand its management base in the Energy business, Information and Communications business, CATV business, Construction, Equipment and Real Estate business, Aqua business, etc. There is a risk that interest-bearing debt will increase and the risk of rising interest rates will increase as investment expands through M&A activities under the medium-term management plan. When raising funds, we will reduce the risk of rising interest rates by optimizing the balance between long and short term and raising fixed interest rates for long-term borrowing, but if there is a sharp rise in interest rates, it will affect the business results and financial position of the Group.

(5) System risk

(i) Management of personal information

As a business operator handling personal information, the Group has established a “Personal Information Protection Policy” and discloses it on our website. The Group pays close attention to the handling of customer information based on laws and regulations such as the Personal Information Protection Law and internal rules, but in the unlikely event of unauthorized login, cyber attacks, etc., large-scale leakage of customer information, etc. may occur. In the event of such a situation, the business results and financial position of the Group may be affected by the loss of social credibility due to rumors and the payment of compensation for damages.

(ii) Information system failure

Mainly in the Information and Communications business, the Group provides services using its own information processing systems, data centers, and its own lines. We take great care to prevent system failures, but there is a possibility that information systems may stop or malfunction due to equipment defects, human error, large-scale natural disasters, etc. If it becomes difficult for the Group to continue to provide services due to the accident, the Group’s business results and financial position may be affected by the loss of social credibility due to rumors and the payment of compensation for damages.

(iii) Risks related to building an in-house business system

The Company and group companies may place orders with companies within the Group for the purpose of efficiently developing their own business systems. On the other hand, if there is a shortage of development personnel, delays in delivery of the project may hinder business operations, which may affect the Group’s business results and financial position.

(iv) About cyber attacks

In recent years, cyber attacks have become more sophisticated and complex. In response, the Group has established a cross-departmental information security system and continues to implement various security measures and incident response training. Additionally, in the event of an incident, our CSIRT (Computer Security Incident Response Team) takes measures to minimize the impact of cyber attacks.

However, if a cyber attack surpasses these measures and causes significant disruption to our core information systems, it could potentially affect the business results and financial position of the Group.

(6) Compliance risk

(i) Legal regulation

Since the Group’s business is so diverse, there are many related laws and regulations and regulatory agencies. For example, the Act on Ensuring the Security of Liquefied Oil and Gas and the Optimization of Transactions, the Gas Business Act, the Building Lots and Buildings Transaction Business Act, the Construction Business Act, the Broadcasting Act, the Telecommunications Business Act, the Youth Internet Regulation Act, etc. In addition, the Group’s businesses are also subject to the Act on Specified Commercial Transactions and the Act against Unjustifiable Premiums and Misleading Representations, which are applied to businesses such as door-to-door sales, as well as the Act on Preventing Delay in Payment to Small and Medium-Sized Entrusted Business Operators in Relation to Manufacturing Consignment, which is common to businesses that use small- or medium-sized contractors. Furthermore, since many businesses are directly connected to general consumers, the number of applicable laws and administrative guidance tends to increase due to the recent strengthening of consumer protection administration. In the future, there is a possibility that legal regulations, etc. that cannot be predicted at present may be established, and if these cannot be dealt with appropriately, guidance and detection from administrative authorities, etc. will be received. The loss of social credibility due to rumors may affect the Group’s business results and financial position.

(ii) Occurrence of troubles and complaints and proceedings

In the process of conducting business activities of the Group, troubles and complaints may occur regardless of whether the other party is a corporation or an individual. In order to prevent the occurrence of such troubles and complaints, we thoroughly educate our employees and strive to provide polite and accurate explanations to our customers (including potential customers). In addition, if necessary, specialized departments such as the Governance Promotion Office and the Compliance and Risk Management Office play a central role in conducting legal and credit considerations such as pre-checking contract documents and credit management of contractors. When a trouble or complaint occurs, we will endeavor to resolve it as soon as possible, pursue the cause of the problem, and prevent the recurrence of similar cases. The status of these activities is reported to the Board of Directors and the Audit & Supervisory Board according to their importance to management. However, if those troubles and complaints are prolonged or become a social problem, or if a lawsuit is filed, the Group will suffer from the loss of social credibility due to rumors and the burden of costs for resolving damages and it may affect the business results and financial position of the Group.

## 4. Management's Analysis of Financial Position, Operating Results and Cash Flows

The following statements are based on the judgment of operating results as of March 31, 2026.

(1) Overview of operating results, etc.

(i) Financial position and operating results

During the consolidated fiscal year under review, the business environment surrounding the Group saw a moderate economic recovery, supported by improvements in employment and income conditions, leading to a gradual rebound in personal consumption. On the other hand, the escalating tensions in the Middle East are having a significant impact on the global economy, and domestically, effects such as soaring crude oil prices and supply constraints of raw materials have begun to emerge, resulting in continued uncertainty about the future.

Amidst this situation, the Group has been working as one company-wide unit toward achieving the goals of the Medium-Term Management Plan 2025, which has entered its final year.

During the consolidated fiscal year under review, the number of continuing transaction customers in the group increased by 48 thousand (an increase of 64 thousand in the same period last year), totaling 3,471 thousand. The number of TLC members increased by 59 thousand (an increase of 53 thousand in the same period last year), reaching 1,326 thousand. Due to the increase in the number of group customers, net sales amounted to 244,838 million yen (an increase of 0.6% compared to the same period last year), operating profit was 18,699 million yen (an increase of 11.0%), ordinary profit was 19,152 million yen (an increase of 10.3%), and profit attributable to owners of parent was 10,749 million yen (an increase of 16.6%). Furthermore, net sales increased for the ninth consecutive period, and all profit categories recorded profit growth for the third consecutive period, each reaching a new all-time high.

During the consolidated fiscal year under review, a key topic was the expansion of our telecommunications infrastructure to the Kyushu area in April 2025, aimed at providing a variety of services to support corporate digital transformation (DX) in the region. This expansion has extended our service area from the Northern Kanto region to Kyushu. In addition, within the Aqua business, we offer three services: Tasty Water Delivered to your Door (returnable bottles), The Gift of Delicious Water: Ulunon (one-way bottles), and Shizuclear (water supply type purification servers). As of the end of July 2025, the total number of customers for these services surpassed 200 thousand accounts.

The performance of each segment is as follows.

(Energy)

Regarding the LP gas business, because of efforts to acquire new customers, the number of customers increased by 13 thousand from the end of the previous consolidated fiscal year, reaching a total of 819 thousand. On the other hand, due to a decrease in sales prices linked to procurement costs in industrial gas, sales amounted to 86,834 million yen (a decrease of 2.2% compared to the same period last year).

Regarding the city gas business, the number of customers remained at approximately 74 thousand, similar to the end of the previous consolidated fiscal year. Net sales amounted to 16,103 million yen (a decrease of 5.8% compared to the same period last year) due to the impact of the raw material cost adjustment system.

As a result, the total sales for this segment amounted to 102,937 million yen (a decrease of 2.8% compared to the same period last year), and operating profit was 6,980 million yen (an increase of 4.9% compared to the same period last year), reflecting both the rise in the number of customers and cost reductions, including expenses related to customer acquisition.

(Information and Communications)

Regarding the consumer-oriented business, in the ISP division, as a result of focusing on acquiring customers with an emphasis on profitability, the number of broadband customers decreased by 10 thousand from the end of the previous consolidated fiscal year, totaling 664 thousand. On the other hand, the mobile business promoted customer acquisition efforts, including collaboration with major mobile carriers. Consequently, LIBMO customers increased by 5 thousand, reaching 83 thousand. As a result, net sales amounted to 22,767 million yen (a decrease of 2.8% compared to the same period last year).

Regarding the corporate-oriented business, sales increased to 39,055 million yen (an increase of 9.6% compared to the same period last year) due to the smooth progress of carrier services and cloud services.

As a result, the total sales for this segment amounted to 61,823 million yen (an increase of 4.7% compared to the same period last year), and operating profit was 4,411 million yen (an increase of 24.0% compared to the same period last year).

(CATV)

Regarding the CATV business, we focused on local information dissemination and program production as a community-oriented operator, striving to enhance our attractive content while actively conducting sales activities. As a result, the number of customers for broadcasting services increased by 4 thousand from the end of the previous consolidated fiscal year, reaching a total of 925 thousand, and the number of customers for communication services also increased by 17 thousand, totaling 430 thousand from the end of the previous consolidated fiscal year.

As a result, the total sales for this segment amounted to 37,389 million yen (an increase of 2.5% compared to the same period last year), and operating profit was 6,131 million yen (an increase of 10.1% compared to the same period last year).

(Construction, Equipment and Real Estate)

Regarding the Construction, Equipment, and Real Estate business, Sales in this segment remained at approximately 26,724 million yen, comparable to the previous consolidated fiscal year (a decrease of 0.5% compared to the same period last year) ,but as a result of efforts to improve profit margins, operating profit amounted to 1,657 million yen (an increase of 20.3% compared to the same period last year).

(Aqua)

Regarding the Aqua business, we have been working to further expand our customer base through event sales at large commercial facilities, web acquisition, telemarketing, and other initiatives. As a result, our customer acquisition for water supply type purification servers has progressed smoothly, increasing the number of customers in the Aqua business by 28 thousand from the end of the previous consolidated fiscal year, reaching a total of 219 thousand.

As a result, the total sales for this segment amounted to 10,087 million yen (an increase of 3.3% compared to the same period last year), but due to increased selling expenses related to customer acquisition and other factors, operating profit amounted to 351 million yen (a decrease of 21.9% compared to the same period last year).

(Others)

Among other businesses, in the nursing care business, sales remained at approximately 1,410 million yen, comparable to the previous consolidated fiscal year (an increase of 0.8% compared to the same period last year). In the ship repair business, sales increased to 1,887 million yen (an increase of 11.8% compared to the same period last year) due to an increase in orders for repair work. In the wedding event business, sales increased to 1,357 million yen (an increase of 2.8% compared to the same period last year) due to a rise in general banquets, primarily among corporations and various organizations.

As a result, the total sales for these other businesses amounted to 5,876 million yen (an increase of 7.9% compared to the same period last year), and operating profit was 210 million yen (compared to an operating loss of 72 million yen in the same period last year).

At the end of the consolidated fiscal year under review, the total assets amounted to 219,586 million yen, representing an increase of 8,471 million yen compared to the end of the previous consolidated fiscal year. This is primarily due to increases of 4,090 million yen in investment securities, 2,635 million yen in retirement benefit asset, and 1,242 million yen in property, plant and equipment, among other factors.

Total liabilities amounted to 115,123 million yen, representing a decrease of 135 million yen compared to the end of the previous consolidated fiscal year. This is mainly attributable to an increase of 3,205 million yen in short-term borrowings, while notes and accounts payable - trade decreased by 2,523 million yen, and long-term borrowings decreased by 1,478 million yen, among other factors.

Total net assets amounted to 104,462 million yen, representing an increase of 8,607 million yen compared to the end of the previous consolidated fiscal year. This is primarily due to a decrease resulting from dividends of surplus of 4,463 million yen and the acquisition of treasury shares amounting to 2,000 million yen, offset by profit attributable to owners of parent amounting to 10,749 million yen. Additionally, there were increases of 2,756 million yen in valuation differences on available-for-sale securities and 1,316 million yen in remeasurements of defined benefit plans, among other factors.

(ii) Overview of cash flows

At the end of the consolidated fiscal year under review, cash and cash equivalents (hereinafter referred to as “funds”) decreased by 249 million yen from the end of the previous consolidated fiscal year, totaling 5,214 million yen.

The status of each cash flow for the consolidated fiscal year under review and the factors influencing them are as follows.

(Cash Flow from Operating Activities)

Cash flow from operating activities resulted in an increase of 27,215 million yen in funds (an increase of 1,445 million yen compared to the same period last year). This was due to a decrease in funds caused by payments of corporate taxes and a reduction in accounts payable, offset by an increase in funds resulting from factors such as profit before income taxes and non-cash items like depreciation expenses.

(Cash Flow from Investing Activities)

Cash flow from investing activities resulted in a decrease of 16,883 million yen in funds (a decrease of 1,497 million yen compared to the same period last year). This was due to expenditures related to purchase of property, plant and equipment and intangible assets.

(Cash Flow from Financing Activities)

Cash flow from financing activities resulted in a decrease of 10,591 million yen in funds (a decrease of 57 million yen compared to the same period last year). This was due to financing through borrowings, as well as repayments of borrowings and lease obligations, and the payment of dividends.

(iii) Results for purchases, orders received and sales

a. Purchase results

The table below shows purchase results by segment for the consolidated fiscal year under review (from April 1, 2025 to March 31, 2026).

| Segment | Amount (million yen) | YoY change (%) |
|---|---|---|
| Energy | 50,442 | 92.9 |
| Information and Communications | 3,464 | 113.9 |
| CATV | 4 | 221.9 |
| Construction, Equipment, and Real Estate | 8,762 | 95.0 |
| Aqua | 629 | 86.5 |
| Others | 788 | 112.0 |
| Total | 64,091 | 94.3 |

(Note) Inter-segment transactions are eliminated.

b. Orders received results

The table below shows orders received results by segment for the consolidated fiscal year under review (from April 1, 2025 to March 31, 2026).

| Segment | Orders received (million yen) | YoY change (%) | Order backlog (million yen) | YoY change (%) |
|---|---|---|---|---|
| Energy | 99 | 66.2 | – | – |
| Information and Communications | 22,950 | 110.8 | 1,562 | 118.1 |
| CATV | – | – | – | – |
| Construction, Equipment, and Real Estate | 14,293 | 110.0 | 6,526 | 125.2 |
| Aqua | – | – | – | – |
| Others | 1,567 | 143.2 | 210 | 463.3 |
| Total | 38,910 | 111.3 | 8,299 | 125.3 |

(Notes) 1. The TOKAI Group does not engage in build-to-order manufacturing, with some exceptions. The table shows orders received for subcontracting work for gas-related equipment in the Energy segment, software development in the Information and Communications segment, subcontracting work for housing and civil engineering construction in the Construction, Equipment and Real Estate segment, and ships repairs in the Others segment.

2. Inter-segment transactions have been eliminated.

c. Sales results

The table below shows sales results by segment for the consolidated fiscal year under review (from April 1, 2025 to March 31, 2026).

| Segment | Amount (million yen) | YoY change (%) |
|---|---|---|
| Energy | 102,937 | 97.2 |
| Information and Communications | 61,823 | 104.7 |
| CATV | 37,389 | 102.5 |
| Construction, Equipment, and Real Estate | 26,724 | 99.5 |
| Aqua | 10,087 | 103.3 |
| Others | 5,876 | 107.9 |
| Total | 244,838 | 100.6 |

(Note) Inter-segment transactions are eliminated.

(2) Details of analysis and examination concerning the state of operating results, etc. from the perspective of the management

The forward-looking statements below are based on judgments of the Company as of the end of the consolidated fiscal year under review.

(i) Recognition, analysis and discussion of financial position and operating results

a. State of operating results, etc.

i. Financial position

Details of financial position in the consolidated fiscal year under review are as described in “II. Business Overview, 4. Management’s Analysis of Financial Position, Operating Results and Cash Flows, (1) Overview of operating results, etc., (i) Financial position and operating results.”

ii. Operating results

The Group’s operating results in the consolidated fiscal year under review are as follows.

(Net sales)

Sales amounted to 244,838 million yen (an increase of 0.6% compared to the previous consolidated fiscal year). A breakdown of sales by segment is as follows.

In the Energy business, sales amounted to 102,937 million yen (a decrease of 2.8% YoY), despite an increase in the number of customers, mainly due to a decrease in sales prices linked to procurement costs in industrial gas.

In the Information and Communications business, sales amounted to 61,823 million yen (an increase of 4.7% compared to the same period), reflecting steady growth in career services and cloud services in the business for corporate clients.

In the CATV business, sales amounted to 37,389 million yen (an increase of 2.5% YoY) on the back of a steady increase in the number of customers.

In the Construction, Equipment, and Real Estate business, sales stood at 26,724 million yen, largely on par with the previous consolidated fiscal year (a decrease of 0.5% YoY).

In the Aqua business, sales amounted to 10,087 million yen (an increase of 3.3% YoY), mainly due to an increase in customers.

In the Others business, sales amounted to 5,876 million yen (an increase of 7.9% YoY), mainly reflecting an increase in orders received in the ship repair business.

(Cost of sales and selling, general and administrative expenses)

Cost of sales decreased 1,534 million yen (or 1.0%) YoY, to 148,208 million yen, reflecting lower gas procurement costs in the Energy business. Selling, general and administrative expenses climbed 1,032 million yen (or 1.3%) YoY, to 77,930 million yen, primarily due to higher personnel expenses. As a result, operating profit rose 1,858 million yen (or 11.0%) YoY, to 18,699 million yen.

(Non-operating income and expenses)

Non-operating income and expenses amounted to 452 million yen (a decrease of 14.5%). Interest expenses amounted to 531 million yen, representing an increase of 120 million yen from the previous consolidated fiscal year. Ordinary profit amounted to 19,152 million yen (an increase of 10.3% YoY).

(Extraordinary income and losses)

Regarding extraordinary income and losses, factors such as the posting of loss on retirement of non-current assets and impairment losses resulted in losses of 2,755 million yen (compared with losses of 2,451 million yen in the previous consolidated fiscal year).

As a result, profit before income taxes amounted to 16,396 million yen (an increase of 9.9% from the previous consolidated fiscal year). Profit attributable to owners of parent after deduction of income taxes-current and income taxes-deferred and profit attributable to non-controlling interests amounted to 10,749 million yen (an increase of 16.6%). Net income per share was 82.53 yen (compared with 70.55 yen the previous consolidated fiscal year).

iii. Cash flows

Details of cash flows for the consolidated fiscal year under review are as described in "II. Business Overview, 4. Management's Analysis of Financial Position, Operating Results and Cash Flows, (1) Overview of operating results, etc., (ii) Overview of cash flows."

b. Management policy, management strategy, and objective indicators, etc. used to determine the achievement of business objectives

In May 2023, the TOKAI Group established Medium-Term Management Plan 2025, which covers the three-year period from FY2023 (ended March 31, 2024) to FY2025 (ended March 31, 2026).

The three-year plan set out in Medium-Term Management Plan 2025 and results for the period are as follows.

(i) Medium-term management plan announced May 2023

| | FY03/24 Forecast | YoY | FY03/25 Plan | YoY | FY03/26 Plan | YoY |
|---|---|---|---|---|---|---|
| Net sales (billion yen) | 240.0 | +9.8 | 250.0 | +10.0 | 260.0 | +10.0 |
| Operating profit (billion yen) | 15.0 | +0.1 | 16.0 | +1.0 | 17.5 | +1.5 |
| Ordinary profit (billion yen) | 15.0 | +1.7 | 16.0 | +1.0 | 17.5 | +1.5 |
| Profit attributable to owners of parent (billion yen) | 8.5 | +2.0 | 9.0 | +0.5 | 10.0 | +1.0 |
| Cash flow from operating activities (billion yen) | 21.7 | +0.5 | 23.0 | +1.3 | 24.4 | +1.4 |
| Customer numbers (millions) | 3.38 | +0.08 | 3.48 | +0.1 | 3.57 | +0.09 |
| Payout ratio | 49.2% | -15.6 pt | 40% - 50% | | | |
| ROE | 10.3% | +2.1 pt | 10.4% | +0.1 pt | 10.8% | +0.4 pt |
| ROIC | 8.0% | -0.3 pt | 8.2% | +0.2 pt | 8.7% | +0.5 pt |

(ii) FY2023 - FY2025 results

| | FY03/24 Results | YoY | FY03/25 Results | YoY | FY03/26 Results | YoY |
|---|---|---|---|---|---|---|
| Net sales (billion yen) | 231.5 | +1.3 | 243.5 | +12.0 | 244.8 | +1.4 |
| Operating profit (billion yen) | 15.5 | +0.6 | 16.8 | +1.3 | 18.7 | +1.9 |
| Ordinary profit (billion yen) | 15.5 | +2.2 | 17.4 | +1.8 | 19.2 | +1.8 |
| Profit attributable to owners of parent (billion yen) | 8.5 | +2.0 | 9.2 | +0.7 | 10.7 | +1.5 |
| Cash flow from operating activities (billion yen) | 30.1 | +8.9 | 25.8 | -4.3 | 27.2 | +1.4 |
| Customer numbers (millions) | 3.36 | +0.06 | 3.42 | +0.06 | 3.47 | +0.05 |
| Payout ratio | 50.8% | -14.0 pt | 48.2% | -2.6 pt | 43.6% | -4.6 pt |
| ROE | 10.0% | +1.8 pt | 10.1% | +0.1 pt | 11.0% | +0.9 pt |
| ROIC | 8.2% | -0.1 pt | 8.4% | +0.2 pt | 8.9% | +0.5 pt |

| | | | | | | |
|---|---|---|---|---|---|---|
| (Reference) Equity ratio | 43.4% | +1.9 pt | 44.3% | +0.9 pt | 46.4% | +2.1 pt |

Details of the newly established Medium-Term Management Plan 2028, which covers the three-year period from FY2026 (ending March 31, 2027) to FY2028 (ending March 31, 2029), are as described in "II. Business Overview, 1. Management

Policies, Management Environment and Issues to be Addressed, (3) Objective indicators, etc. used to determine the achievement of business objectives.”

c. Recognition, analysis and discussion of financial position and operating results by segment

Details are as described in “II. Business Overview, 4. Management’s Analysis of Financial Position, Operating Results and Cash Flows, (1) Overview of operating results, etc., (i) Financial position and operating results”.

(ii) Information about the analysis and discussion of the status of cash flows, capital resources and fund liquidity

a. Cash flows

Details are as described in “II. Business Overview, 4. Management’s Analysis of Financial Position, Operating Results and Cash Flows, (1) Overview of operating results, etc., (ii) Overview of cash flows.”

Changes in the Group’s financial position and cash flow-related indicators are as follows:

| | 11th term (FY03/22) | 12th term (FY03/23) | 13th term (FY03/24) | 14th term (FY03/25) | 15th term (FY03/26) |
|---|---|---|---|---|---|
| Free cash flow (million yen) | 6,216 | 7,040 | 11,234 | 10,383 | 10,331 |
| Equity ratio (%) | 41.9 | 41.5 | 43.4 | 44.3 | 46.4 |
| Equity ratio on a market-price basis (%) | 61.1 | 59.0 | 62.9 | 60.8 | 68.3 |
| Debt repayment period (years) | 2.1 | 2.2 | 1.5 | 1.8 | 1.8 |
| Interest coverage ratio (times) | 75.4 | 77.5 | 96.5 | 62.9 | 52.0 |

(Note) Free cash flow = cash flows from operating activities + cash flows from investing activities
Equity ratio: Shareholders’ equity / Total assets
Equity ratio on a market-price basis: Market capitalization / Total assets
Debt repayment period: Interest-bearing debt / cash flows from operating activities
Interest coverage ratio: Cash flows from operating activities / Interest payments

* All financial indicators are calculated on a consolidated basis
* Market capitalization is based on the year-end closing share price multiplied by the number of shares outstanding at year-end (excluding treasury stock). The Company introduced a board benefit trust (BBT), and the number of treasury shares deducted from the number of issued shares used to calculate market capitalization includes the Company’s shares held by Custody Bank of Japan, Ltd. (Trust Account E) through the board benefit trust (BBT).
* Interest-bearing debt covers bonds payable and borrowings in the consolidated balance sheets.
  Interest payments are based on the interest expenses paid shown in the consolidated statements of cash flows.

b. Financial policy

i. Basic approach of financial strategies

In Medium-Term Management Plan 2028, which covers the three-year period from FY2026 to FY2028, the Group had adopted a policy of maximizing corporate value along the dual axes of business profit growth and enhanced shareholder returns, underpinned by a stronger management foundation. Under this policy, the Group is working to achieve stable profit growth through an expanded customer base driven by area expansion and an increase in the number of customers, while also optimizing its financial leverage and strengthening shareholder returns, aiming to achieve an ROE of 13% by FY2028. The Group also aims to effectively manage cash on hand while securing the funds needed for consistently securing funds needed for business operation.

ii. Breakdown of demand for funds

Demand for funds within the Group consists mainly of demand for operating expenses such as purchasing costs and personnel expenses, demand for funds related to investments for growth for expansion of the earnings base and investment for the rollout of new services, and demand associated with ongoing capital investment for the provision of services to customers. Examples of capital investments include supply rights and supply equipment in the Energy business, network equipment in the Information and Communications business, and broadcasting equipment and transmission equipment in the CATV business.

iii. Fund procurement

In addition to using its own internal funds, the Group procures funds for capital investment and long-term working capital through long-term borrowing from banks, and procures short-term working capital through short-term borrowing from banks, short-term bonds (CP) and the securitization of accounts receivable.

The Company adopts a system under which it centrally procures the funds each consolidated subsidiary needs and then lends the funds to each subsidiary, and reduces fund procurement costs and exercises efficient fund management through the use of a CMS (Cash Management System) to centrally manage funds. Moreover, the Group maintains amicable relations with the banks it deals with and has a strong financial structure and recognizes it can, therefore, raise the working capital and investment funds needed to maintain, expand and operate the Group's businesses without any problem.

(iii) Significant accounting estimates and the assumptions used for them

The Group prepares its consolidated financial statements based on generally accepted accounting standards in Japan. On the preparation of these consolidated financial statements, the Group believes that the following significant accounting policies have a significant impact on important judgments and estimates of the Group used in the preparation of the Group's consolidated financial statements.

a. Recognition of revenue

Regarding the Group's net sales, in its core gas metering and sales business, the Group recognizes revenue at the time of gas meter reading but posts revenue for the period from the last meter reading to the end of the reporting period based on estimated usage. Due to the nature of gas products, sales are easily impacted by seasonal factors, and for the extra revenue estimated and posted after the last meter reading, we estimate usage to the end of the reporting period based on factors such as gas usage during a given period before the last meter reading and the average temperature trend; however, if the actual temperature is higher than the estimated temperature, actual usage may be less than estimated usage.

Meanwhile, in the case of software development and residential and other construction work, except in cases where the impact on the consolidated financial statements is insignificant, for example, where the value of the order received is insignificant or the contract duration is short, we estimate progress in fulfilling obligations using the cost-to-cost method, and recognize revenue over time based on such progress. We determine progress in fulfilling obligations based on the proportion of the total project costs we have incurred up to the end of the reporting period; however, in cases where we need to revise such estimate due to future changes in the business environment, this can impact the recognized amount of revenue.

b. Valuation of inventories

The Group states the value of inventories mainly by the first-in, first-out method and writes down inventories to reflect a decline in profitability in cases where inventories are not expected to be sold within the normal operating cycle or where selling prices have significantly declined. It may be necessary to recognize further loss on valuation in cases such as deteriorating market conditions in the future or slow-moving inventories. The Group records inventories of core gas products at the end of the reporting period through valuation based on actual prices and estimation of usage from the last meter reading to the end of the reporting period.

c. Allowance for doubtful accounts

The Group recognizes allowances for doubtful accounts for potential bad debt losses on trade receivables and loans receivable, etc. In cases where the financial position of customers worsens, resulting in diminished capacity for repayment, the recording of additional allowances may be necessary.

d. Impairment of investment securities

In the case where the fair value at the end of the fiscal year declines by 50% or more from the acquisition cost, the Group recognizes the difference between the fair value and the acquisition cost as an impairment loss. In the case where the decline ranges between about 30% and 50% and for shares without a market price, the Group recognizes an impairment loss for the necessary amount considering the recoverability of each stock; however, the recording of further impairment losses may be necessary due to future deterioration in market conditions or the poor performance of an investee.

e. Impairment losses on non-current assets

In cases where there is an indication of impairment in an asset group and the recoverable amount is significantly less than the carrying amount, the Group recognizes the difference as an impairment loss; however, since the recoverable amount is the higher of the asset group’s net selling price or value in use calculated as discounted future cash flows, the Group may need to recognize impairment losses in the future in the event of significant decline in business performance, or fluctuation in real estate prices or rents.

f. Deferred tax assets

The Group assesses the recoverability of deferred tax assets. Recoverability is assessed based on future taxable profit and careful and realizable tax planning; however, in the case where the Group judges that all or some portion of the deferred tax assets may not be realized in the future, the Group may need to either not recognize the deferred tax assets or reverse the deferred tax assets.

g. Retirement benefit asset or liability

The Group records retirement benefit costs and retirement benefit assets and retirement benefit liabilities based on retirement benefit accounting. Calculations are based on certain assumptions such as a long-term expected rate of return and discount rate related to pension assets, and any significant fluctuation in these figures could have a significant impact. The Group determines the discount rate with reference to the fixed yields of Japanese gilt-edged bonds at the end of the fiscal year. The long-term expected rate of return is determined based on the forecast rates of returns of the funds in which pension assets are invested and historical rates of return.

The Group revises the assumptions that form the basis for calculating retirement benefit liabilities each fiscal year, and in the case where the discount rate falls or the market environment otherwise deteriorates in the future, additional recognition of retirement benefit liabilities may be required.

## 5. Important Contracts, Etc.

Not applicable

## 6. Research and Development

Not applicable

# III. Facilities

## 1. Overview of Capital Expenditure, Etc.

During the consolidated fiscal year under review, the Group made capital investments totaling 21,617 million yen (including intangible assets and long-term prepaid expenses (depreciable assets)), mainly in the Energy business, Information and Communications business and CATV business.

In the Energy business, TOKAI CORPORATION made investments of 6,047 million yen centered on LP gas related equipment, including enhancement of the sales network and expansion of the sales force and the upgrading of related equipment to ensure stable supply and increase the efficiency of LP gas filling and delivery. In addition, TOKAI GAS CORPORATION made capital investments of 1,158 million yen mainly in city gas supply equipment, and total capital expenditures in the Energy business came to 7,411 million yen.

In the Information and Communications business, the Group made capital investments totaling 4,426 million yen, consisting mainly of communication equipment and facilities and data center facilities.

In the CATV business, the Group made capital investments totaling 7,078 million yen, primarily in FTTH equipment and equipment for loan to customers.

The investments were funded by the Group’s own funds and long-term bank borrowing.

## 2. Major Facilities

Major facilities at the Group are as shown below.

(1) Reporting company As of March 31, 2026

| Branch name (location) | Segment | Description of facilities | Book value (million yen) | | | | | | | Employees (persons) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Buildings and structures | Machinery, equipment, and vehicles | Land | | Leased assets | Others | Total | |
| | | | | | Area ($m^2$) | Amount | | | | |
| Head office (Shizuoka-shi), Tokyo head office (Minato-ku, Tokyo) | Company-wide | Head office equipment | 75 | – | – | – | 3 | 123 | 202 | 99 (13) |

(2) Subsidiaries As of March 31, 2026

| Company name | Branch name (location) | Segment | Description of facilities | Book value (million yen) | | | | | | | | Employees (persons) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Buildings and structures | Machinery, equipment, and vehicles | Land | | Leased assets | Others | Good-will | Total | |
| | | | | | | Area ($m^2$) | Amount | | | | | |
| TOKAI CORPORATION | Shizuoka, etc. | Energy, etc. | Sales offices, filling equipment, etc. | 1,473 | 3,697 | 65,131 | 3,231 | 3,218 | 495 | 534 | 12,650 | 569 (88) |
| TOKAI CORPORATION | Kanto area | Energy, etc. | Sales offices, filling equipment, etc. | 1,999 | 5,463 | 64,931 | 3,932 | 6,461 | 614 | 1,075 | 19,546 | 707 (119) |
| TOKAI CORPORATION | Head office (Shizuoka-shi) | Energy, etc. | Administrative operation facilities Partially leased real estate | 1,186 | 15 | 1,912 | 1,647 | – | 164 | – | 3,014 | 348 (96) |
| TOKAI CORPORATION | Oikawa Gas Terminal (Yaizu-shi, Shizuoka) | Energy | LP gas storage facilities | 103 | 12 | 15,128 | 356 | – | 0 | – | 471 | – (–) |
| TOKAI CORPORATION | Aoi Tower (Shizuoka-shi) | Construction, Equipment, and Real Estate | Real estate for rent | 2,777 | - | 2,897 | 4,777 | – | 0 | – | 7,555 | – (–) |
| TOKAI CORPORATION | Shizuoka, Aichi, Tochigi | Construction, Equipment, and Real Estate | Solar power generating equipment | 43 | 1,112 | 54,821 | 195 | – | 0 | – | 1,352 | – (–) |
| TOKAI CORPORATION | Shizuoka, etc. | Aqua | Aqua manufacturing plant facilities, etc. | 563 | 241 | 26,609 | 1,073 | 1,889 | 109 | – | 3,876 | 80 (58) |
| TOKAI Communications Corporation | Data centers (Yaizu-shi, Shizuoka, Okayama-shi) | Information and Communications | Data center equipment, etc. | 1,827 | 0 | 13,405 | 675 | 415 | 954 | – | 3,873 | 144 (18) |

| Company name | Branch name (location) | Segment | Description of facilities | Book value (million yen) | | | | | | | | Employees (persons) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Buildings and structures | Machinery, equipment, and vehicles | Land | | Leased assets | Others | Good-will | Total | |
| | | | | | | Area ($m^2$) | Amount | | | | | |
| TOKAI Communications Corporation | Head office, etc. (Shizuoka-shi, etc.) | Information and Communications | Administrative operation facilities including optical fiber equipment | 2,873 | 6,757 | 377 | 30 | 4 | 2,974 | 2 | 12,643 | 293 (55) |
| TOKAI Cable Network Corporation | Head office, etc. (Numazu-shi, Shizuoka, etc.) | CATV | Transmission line equipment, etc. | 7,737 | 712 | 4,982 | 359 | 2,329 | 391 | 9 | 11,540 | 276 (59) |
| TOKAI GAS CORPORATION | Head office, etc. (Yaizu-shi, Shizuoka, etc.) | Energy | Gas supply equipment, etc. | 448 | 5,025 | 12,584 | 625 | 476 | 214 | 19 | 6,809 | 111 (19) |
| ICHIHARA CABLE TELEVISION CORPORATION | Head office (Ichihara-shi, Chiba) | CATV | Transmission line equipment, etc. | 1,309 | 219 | 873 | 78 | 250 | 35 | – | 1,893 | 28 (1) |
| ATSUGI ISEHARA CABLE NETWORK CORPORATION | Head office (Atsugi-shi, Kanagawa) | CATV | Transmission line equipment, etc. | 791 | 151 | 313 | 38 | 282 | 8 | – | 1,272 | 28 (2) |
| LCV CORPORATION | Head office (Suwa-shi, Nagano) | CATV | Transmission line equipment, etc. | 2,777 | 561 | 6,178 | 243 | 454 | 106 | – | 4,142 | 118 (23) |
| KURASHIKI CABLE TELEVISION Inc. | Head office (Kurashiki-shi, Okayama) | CATV | Transmission line equipment, etc. | 3,484 | 605 | 5,988 | 316 | 557 | 106 | – | 5,071 | 81 (18) |
| Toco Channel Shizuoka Corporation | Head office (Shizuoka-shi) | CATV | Transmission line equipment, etc. | 1,755 | 296 | 2,029 | 725 | 456 | 279 | – | 3,513 | 47 (4) |
| Tokyo Bay Network Co., Ltd. | Head office (Koto-ku, Tokyo) | CATV | Transmission line equipment, etc. | 1,599 | 276 | – | – | 366 | 50 | – | 2,293 | 71 (11) |
| TV Tsuyama, Inc. | Head office (Tsuyama-shi, Okayama) | CATV | Transmission line equipment, etc. | 867 | 115 | 227 | 3 | 100 | 23 | – | 1,111 | 18 (3) |
| SENDAI CATV Co., Ltd. | Head office (Aoba-ku, Sendai-shi) | CATV | Transmission line equipment, etc. | 889 | 167 | 620 | 255 | 212 | 34 | – | 1,559 | 31 (1) |
| Tokaizosen-unyu Corporation | Head office (Yaizu-shi, Shizuoka) | Others | Ship repair equipment | 314 | 115 | 41,369 | 1,134 | – | 205 | – | 1,768 | 61 (7) |

(Notes) 1. The above branch names are given as examples, and facilities are summarized for each type of business.
2. The book value of Other is that of tools, furniture and fixtures and construction in progress.
3. Numbers of employees in parentheses refer to part-time workers.
4. There are no major facilities currently idle.
5. In addition to the above, major facilities that are leased are as follows.

Subsidiaries

| Company name | Branch name (location) | Segment | Description of facilities | Lease amount (million yen) |
|---|---|---|---|---|
| TOKAI CORPORATION | Tokyo head office (Minato-ku, Tokyo) | Energy | Tokyo head office building | Annual lease amount 68 |
| TOKAI Communications Corporation | Tokyo head office (Minato-ku, Tokyo) | Information and Communications | Tokyo head office building | Annual lease amount 161 |

## 3. Facility Construction and Disposal Plans

New construction plans for important facilities as of March 31, 2026 are as follows.

| Company name | Address | Segment | Description of facilities | Amount to be invested (million yen) | | Funding method | Scheduled commencement / completion | | Increased capacity after completion |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Total amount | Amount already paid | | Commencement | Completion | |
| TOKAI CORPORATION | Shizuoka, etc. | Energy | Supply rights for LP gas for household /commercial use | 903 | – | Cash on hand and borrowings | March 2026 | March 2027 | Increase and expansion of consumers |
| TOKAI CORPORATION | Shizuoka, etc. | Energy | Supply facilities, etc. for LP gas for household and commercial use | 5,829 | 11 | Cash on hand and borrowings | March 2026 | March 2027 | Increase and expansion of consumers of LP gas for household and commercial use, enhancement of safety, strengthening of sales network |
| TOKAI CORPORATION | Shizuoka, etc. | Energy | LP gas core systems | 4,127 | 2,999 | Cash on hand and borrowings | March 2020 | March 2027 | Improvement in management capabilities |
| TOKAI CORPORATION | Shizuoka | Aqua | Production facilities, aqua servers, etc. | 2,012 | – | Cash on hand and borrowings | March 2026 | March 2027 | Augmentation of production capacity, increase and expansion of customers |
| TOKAI Communications Corporation | Shizuoka, etc. | Information and Communications | Network equipment, etc. | 4,000 | 890 | Cash on hand and borrowings | May 2016 | March 2027 | Expansion of communications network and improvement of quality |
| TOKAI Communications Corporation | Shizuoka, Okayama | Information and Communications | Data center equipment, etc. | 720 | 41 | Cash on hand and borrowings | October 2023 | March 2027 | Improvement of information processing and operation capabilities |
| TOKAI Cable Network Corporation, ICHIHARA CABLE TELEVISION CORPORATION, ATSUGI ISEHARA CABLE NETWORK CORPORATION, LCV CORPORATION, KURASHIKI CABLE TELEVISION Inc., Toco Channel Shizuoka Corporation, Tokyo Bay Network Co., Ltd., TV Tsuyama, Inc., SENDAI CATV Co., Ltd., Okinawa Cable Network Inc. | Shizuoka, Chiba, Kanagawa, Nagano, Okayama, Tokyo, Miyagi, Okinawa | CATV | CATV broadcasting equipment, transmission line equipment, FTTH equipment, etc. | 7,936 | 164 | Cash on hand and borrowings | December 2019 | March 2027 | Area expansion, increase in the number of subscribing households, augmentation of distribution capabilities |
| TOKAI GAS CORPORATION, NIKAHO GAS CORPORATION | Shizuoka, Gunma, Akita | Energy | Supply rights, supply facilities, etc. | 1,444 | 13 | Borrowings | April 2026 | March 2027 | Increase and expansion of consumers, enhancement of safety |

(Note) The above amounts include consumption tax.

# IV. Information on the Reporting Company

## 1. Stock Information

### (1) Total number of shares, etc.

(i) Total number of shares

| Class | Number of authorized shares (shares) |
|---|---|
| Ordinary shares | 300,000,000 |
| Total | 300,000,000 |

(ii) Shares issued

| Class | Number of shares issued at the end of the fiscal year (shares) (March 31, 2026) | Number of shares issued as of the filing date (shares) (June 22, 2026) | Stock exchange on which the Company is listed | Details |
|---|---|---|---|---|
| Ordinary shares | 139,679,977 | 137,845,577 | Prime Market of the Tokyo Stock Exchange | Trading unit: 100 shares |
| Total | 139,679,977 | 137,845,577 | – | – |

(Note) The Company passed a resolution to cancel treasury shares pursuant to Article 178 of the Companies Act at the Board of Directors' Meeting on August 19, 2025, and cancelled 1,834,400 treasury shares on April 10, 2026.

### (2) Information on the share acquisition rights, etc.

(i) Stock option scheme

| | |
|---|---|
| Date of resolution | October 28, 2021 |
| Category and number of persons subject to grants | 75 employees of the Company<br>30 Directors of consolidated subsidiaries of the Company<br>3,045 employees of the consolidated subsidiaries of the Company |
| Number of share acquisition rights (units)* | 6,770 [6,737] |
| Class, descriptions, and number of shares to be issued upon exercise of share acquisition rights (shares)* | Common shares 677,000 [673,700] (Note 1) |
| Amount to be paid upon exercise of share acquisition rights (yen)* | 91,300 (Note 2) |
| Exercise period of share acquisition rights* | From October 29, 2023 to October 28, 2028 |
| Issue price for shares that will be issued through the exercise of share acquisition rights and the amount booked as share capital (yen)* | Issue price 913<br>Amount booked as share capital 457 |
| Conditions for exercise of share acquisition rights* | (Note 3) |
| Matters concerning the transfer of share acquisition rights* | Any acquisition of share acquisition rights by transfer shall require approval by resolution of the Board of Directors of the Company. |
| Matters regarding grant of share acquisition rights accompanying reorganization* | (Note 4) |

* The information is as of the end of the fiscal year under review (March 31, 2026). For items to which changes were made between the last day of the fiscal year under review and the last day of the previous month (May 31, 2026) of the date of submission, information current as of May 31, 2026 is indicated in the square brackets. There is no other change from the last day of the fiscal year under review.

(Notes)
1. The number of shares underlying a share acquisition right is 100.
2. The value of the property to be contributed when share acquisition rights are exercised shall be the amount to be paid in for each share to be delivered at the time of exercise of the share acquisition rights multiplied by the number of shares to be granted.
3. The holder can choose to exercise all or some of the allotted number of the share acquisition rights; provided, however, that each individual share acquisition right cannot be exercised partially. Other conditions of exercise of the share acquisition rights are stipulated in the agreement concerning the allotment of share acquisition rights.
4. If the Company engages in a merger (only if the Company ceases to exist after the merger), absorption-type company split or incorporation-type company split (in each case only if the Company is the split company), or a share exchange or share transfer (in each case only if the Company become a wholly-owned subsidiary) (hereinafter collectively referred to as the "Reorganization Actions"), the Company shall deliver to share acquisition right holders who hold any share acquisition rights remaining (hereinafter referred to as the "Remaining

Share Acquisition Rights") directly before the effective date of the Reorganization Actions (effective date of absorption-type merger in case of absorption type merger, date of incorporation of joint stock company established by consolidation-type merger in case of consolidation-type merger; effective date of absorption-type split in case of absorption-type split; date of incorporation of company established by incorporation-type split in case of incorporation-type split; effective date of share exchange in case of share exchange; or date of incorporation of parent company established by share transfer in case of share transfer; the same applies hereinafter) the share acquisition rights of the relevant stock companies listed in Article 236, paragraph 1, item (viii)-(a) through (e) of the Companies Act (hereinafter referred to as the "Reorganized Company"). Provided, however, that the foregoing shall be on the condition that the delivery of share acquisition rights by the Reorganized Company is stipulated in an absorption-type merger agreement, a consolidation-type merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a share exchange agreement or a share transfer plan.

(ii) Description of the rights plan

Not applicable

(iii) Other share acquisition plans, etc.

Not applicable

(3) Exercise of moving strike convertible bonds, etc.

Not applicable

(4) Changes in number of issued shares and share capital, etc.

| Date | Change in the total number of issued shares (shares) | Balance of the total number of issued shares (shares) | Change in share capital (million yen) | Balance of share capital (million yen) | Change in legal capital surplus (million yen) | Balance of legal capital surplus (million yen) |
|---|---|---|---|---|---|---|
| November 6, 2015 (Note 1) | -15,520,000 | 139,679,977 | – | 14,000 | – | 3,500 |

(Notes) 1. A decrease due to cancellation of treasury shares.

2. The Company cancelled treasury shares on April 10, 2026. Accordingly, as of the date of submission of the Annual Securities Report, the total number of issued shares decreased 1,834,400 shares, to 137,845,577 shares.

(5) Distribution by shareholder type

As of March 31, 2026

| Category | Status of shares (one unit of stock: 100 shares) | | | | | | | | Number of shares less than one unit (shares) |
|---|---|---|---|---|---|---|---|---|---|
| | Government and local governments | Financial institutions | Financial instruments business operators | Other corporations | Foreign corporations, etc. | | Individuals and others | Total | |
| | | | | | Non-individuals | Individuals | | | |
| Number of shareholders | 8 | 33 | 24 | 607 | 178 | 403 | 135,723 | 136,976 | – |
| Number of shares held (unit) | 1,175 | 372,657 | 37,813 | 180,640 | 238,474 | 977 | 563,239 | 1,394,975 | 182,477 |
| Ratio of the number of shares owned (%) | 0.084 | 26.714 | 2.710 | 12.949 | 17.095 | 0.070 | 40.376 | 100.000 | – |

(Notes) 1. Of 10,146,752 treasury shares, 101,467 units are included in "Individuals and others," and 52 shares are included in "Number of shares less than one unit."

2. "Other corporations" includes 94 units of shares under the name Japan Securities Depository Center, Inc. and "Number of shares less than one unit" includes 85 shares under the name Japan Securities Depository Center, Inc.

(6) Major shareholders

As of March 31, 2026

| Name | Address | Number of shares owned (1,000 shares) | Shareholding as a proportion of total shares outstanding (excluding treasury shares) (%) |
|---|---|---|---|
| The Master Trust Bank of Japan, Ltd. (Trust account) | Akasaka Intercity AIR, 1-8-1 Akasaka, Minato-ku, Tokyo | 12,915 | 9.97 |
| Suzuyo Shoji Co., Ltd. | 11-1, Irifune-cho, Shimizu-ku, Shizuoka-shi | 5,799 | 4.48 |
| THE SHIZUOKA BANK, LTD. | 1-10 Gofukcho, Aoi-ku, Shizuoka-shi | 4,065 | 3.14 |
| TOKAI Group Employees' Stockholding Association | 2-6-8, Tokiwa-cho, Aoi-ku, Shizuoka-shi | 4,006 | 3.09 |
| Tokyo Marine & Nichido Fire Insurance Co., Ltd. | 2-6-4 Otemachi, Chiyoda-ku, Tokyo | 3,986 | 3.08 |
| Custody Bank of Japan, Ltd. (Trust account) | 1-8-12 Harumi, Chuo-ku, Tokyo | 3,394 | 2.62 |
| Hikari Tsushin K.K. Investment Limited Partnership | 1-4-10 Nishi-Ikebukuro, Toshima-ku, Tokyo | 3,178 | 2.45 |
| Astomos Energy Corporation | 1-7-12 Marunouchi, Chiyoda-ku, Tokyo | 2,724 | 2.10 |
| State Street Bank and Trust Company 505223 | P.O. BOX 351 Boston Massachusetts 02101 U.S.A. | 2,697 | 2.08 |
| Meiji Yasuda Life Insurance Company | 2-1-1 Marunouchi, Chiyoda-ku, Tokyo | 2,599 | 2.01 |
| Total | – | 45,368 | 35.02 |

(Notes) 1. The large shareholding report made available for public inspection on September 7, 2021 reports that Sumitomo Mitsui DS Asset Management Company, Limited and three other joint holders held the following shares as of August 31, 2021. However, the Company was unable to confirm the number of shares beneficially owned by these parties as of March 31, 2026, and therefore, the following are not included in the above status of major shareholders.

The information contained in the large shareholding report is as shown below.

| Name | Address | Number of share certificates, etc. held (shares) | Ownership ratio of share certificates (%) |
|---|---|---|---|
| Sumitomo Mitsui DS Asset Management Company, Limited | Toranomon Hills Business Tower 26F, 1-17-1 Toranomon, Minato-ku, Tokyo | 3,175,800 | 2.27 |
| Sumitomo Mitsui Banking Corporation | 1-1-2 Marunouchi, Chiyoda-Ku, Tokyo | 971,994 | 0.70 |
| SMBC Nikko Securities Inc. | 3-3-1 Marunouchi, Chiyoda-Ku, Tokyo | 1,424,796 | 1.02 |
| SMBC Finance Service Co., Ltd. | 3-23-20 Marunouchi, Naka-ku, Nagoya-shi, Aichi | 442,000 | 0.32 |
| Total | – | 6,014,590 | 4.31 |

2. The large shareholding report made available for public inspection on September 19, 2025 reports that Sumitomo Mitsui Trust Bank, Limited and two other joint holders held the following shares as of September 15, 2025. However, the Company was unable to confirm the number of shares beneficially owned by these parties as of March 31, 2026, and therefore, the following are not included in the above status of major shareholders.

The information contained in the large shareholding report is as shown below.

| Name | Address | Number of share certificates, etc. held (shares) | Ownership ratio of share certificates (%) |
|---|---|---|---|
| Sumitomo Mitsui Trust Bank, Limited | 1-4-1 Marunouchi, Chiyoda-ku, Tokyo | 2,385,000 | 1.71 |
| Sumitomo Mitsui Trust Asset Management Co., Ltd. | 1-1-1 Shibakoen, Minato-ku, Tokyo | 2,945,800 | 2.11 |
| Amova Asset Management Co., Ltd. | 9-7-1 Akasaka, Minato-ku, Tokyo | 1,652,600 | 1.18 |
| Total | – | 6,983,400 | 5.00 |

(7) Information on voting rights

(i) Outstanding shares

As of March 31, 2026

| Category | Number of shares (shares) | | Number of voting rights (units) | Details |
|---|---|---|---|---|
| Shares without voting right | | – | – | – |
| Shares with restricted voting right (treasury shares, etc.) | | – | – | – |
| Shares with restricted voting right (others) | | – | – | – |
| Shares with full voting right (treasury shares, etc.) | Ordinary shares | 10,146,700 | – | Trading unit: 100 shares |
| Shares with full voting right (others) | Ordinary shares | 129,350,800 | 1,293,508 | Same as above |
| Shares less than one unit | Ordinary shares | 182,477 | – | Shares less than one unit (100 shares) |
| Total number of issued shares | | 139,679,977 | – | – |
| Total voting rights of all shareholders | | – | 1,293,508 | – |

(Notes) 1. Shares with full voting right (others) include 9,400 shares held under the name of Japan Securities Depository Center, Inc. The number of voting rights includes 94 voting rights of shares with full voting right held under the name of Japan Securities Depository Center, Inc.

2. Shares with full voting right (others) include 637,100 shares (6,371 voting rights) of the Company held by the Custody Bank of Japan, Ltd. (Trust Account E).

(ii) Treasury shares, etc.

As of March 31, 2026

| Name of shareholder | Address of shareholder | Number of shares held under the shareholder's name (shares) | Number of shares held under other shareholders' names (shares) | Total number of shares held (shares) | Ratio of the number of shares owned to the total number of issued shares (%) |
|---|---|---|---|---|---|
| TOKAI Holdings Corporation | 2-6-8, Tokiwa-cho, Aoi-ku, Shizuoka City, Japan | 10,146,700 | – | 10,146,700 | 7.26 |
| Total | – | 10,146,700 | – | 10,146,700 | 7.26 |

(Note) The above treasury shares do not include 637,100 shares of the Company held by the Custody Bank of Japan, Ltd. (Trust Account E).

(8) Executive and employee shareholding system

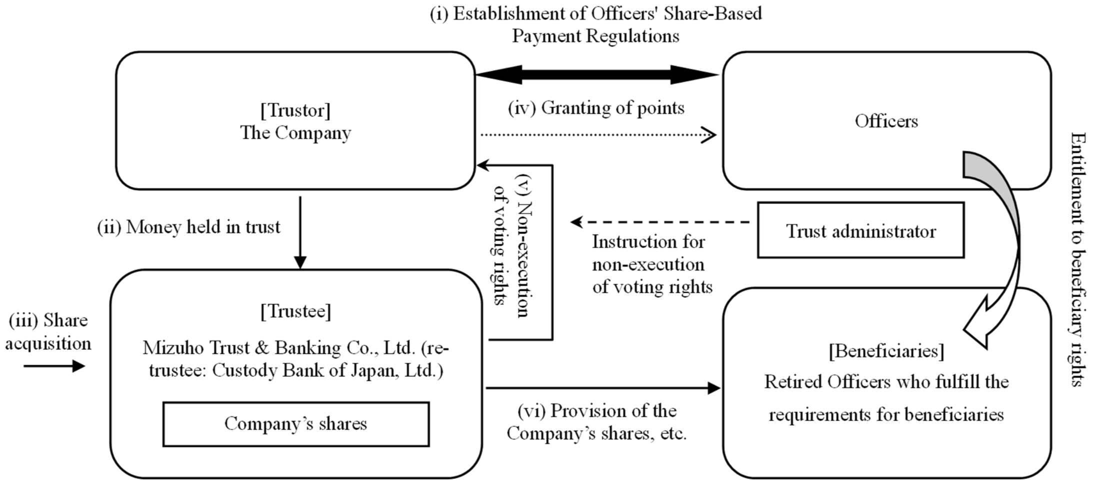
(Introduction of a performance-based share compensation system for directors)

At a Board of Directors' meeting held on May 10, 2016, the Company resolved to introduce a Board Benefit Trust (BBT) (hereinafter referred to as "the System"), a new share compensation system for Directors, Executive Officers and Board Members of the Company as well as the Directors and Board Members of certain subsidiaries (excluding Outside Directors; hereinafter referred to as "Officers"), submitted a proposal concerning the System to the Fifth Ordinary General Meeting of Shareholders (hereinafter referred to as the "General Meeting of Shareholders) held on June 24, 2016, and obtained approval at the General Meeting of Shareholders.

1. Overview of the System

The System is a share compensation plan, under which the Company's shares are acquired through a trust established based on the System (hereinafter referred to as "the Trust") using funds provided by the Company and the Company's shares and cash equivalent to the market price of the Company's shares as of the retirement date (hereinafter collectively referred to as the "Company's Shares, Etc.") are provided to Officers through the Trust according to the Officers' Share-Based Payment Regulations stipulated by the Company and the subsidiaries of the Company eligible for the System. In principle, Officers will be eligible to receive the Company's Shares, Etc. when they retire as Officers.

Structure of the System




(i) The Company will pass a resolution regarding officer compensation for the System at the General Meeting of Shareholders, and establish Officers' Share-Based Payment Regulations within the framework approved at the General Meeting of Shareholders.
(ii) The Company will entrust money within the range approved by the General Meeting of Shareholders in (i).
(iii) Under the Trust, the Company's shares shall be acquired using funds entrusted based on (ii) above by the method of acquiring its shares through stock exchanges or of disposing of treasury shares.
(iv) The Company shall grant points to Officers pursuant to the Officers' Share-Based Payment Regulations.
(v) Voting rights relating to the Company's shares in the Trust shall not be exercised based on the instruction of the trust administrator who is independent from the Company.
(vi) The Trust shall provide retired Officers who satisfy the beneficiary requirements prescribed in the Officers' Share-Based Payment Regulations (hereinafter referred to as "Beneficiaries") the Company's shares in accordance with the number of points granted to such Beneficiaries. Provided, however, that Officers who meet requirements specified separately in the Officers' Share-Based Payment Regulations shall receive, with respect to a certain percentage of the points granted to them, money equivalent to the market price of the Company's shares as of their retirement date in lieu of the Company's shares.

2. Overview of the Trust

| | | |
|---|---|---|
| (i) | Name | Board Benefit Trust (BBT) |
| (ii) | Trustor | The Company |
| (iii) | Trustee | Mizuho Trust & Banking Co., Ltd. (re-trustee: Custody Bank of Japan, Ltd.) |
| (iv) | Beneficiaries | Retired Officers who fulfill the requirements for beneficiaries set forth in the Officers' Share-Based Payment Regulations. |
| (v) | Trust administrator | Third party with no special interests with the Company (Lawyer) |
| (vi) | Type of trust | Nonmonetary trust (third party-benefit trust) |
| (vii) | Date of signing the trust agreement | September 1, 2016 |
| (viii) | Date when money is entrusted | September 1, 2016 |
| (ix) | Period of trust | From September 1, 2016, to the expiry of trust (trust will remain in force as long as the System continues without determining a specific expiry date). |

3. Total number and total amount of the Company's shares to be acquired under the System

On September 1, 2016, the Company contributed 350 million yen, with which Custody Bank of Japan, Ltd. (Trust Account E) acquired 420,000 shares of the Company's stock.

On February 10, 2022, the Company made an additional contribution of 120 million yen, with which Custody Bank of Japan, Ltd. (Trust Account E) acquired 131,000 shares of the Company's stock.

On February 16, 2023, the Company made an additional contribution of 288 million yen, with which Custody Bank of Japan, Ltd. (Trust Account E) acquired 320,000 shares of the Company's stock.

The number of shares of the Company's stock to be acquired by Custody Bank of Japan, Ltd. (Trust Account E) in the future remains to be determined.

4. People who are eligible to be a beneficiary and/or have other rights under the System

Retired Officers who fulfill the requirements for beneficiaries set forth in the Officers' Share-Based Payment Regulations.

## 2. Information on Purchase, Etc. of Treasury Shares

Class of Shares, Etc. Acquisition of common shares under Article 155 (iii) of the Companies Act and acquisition of common shares under Article 155 (vii) of the Companies Act

(1) Acquisition of treasury shares by resolution of the General Meeting of Shareholders

Not applicable

(2) Acquisition of treasury shares by resolution of the Board of Directors

| Category | Number of shares (shares) | Total amount (yen) |
|---|---|---|
| Status of the resolution passed at a meeting of the Board of Directors (August 19, 2025) (Acquisition period: September 4, 2025 to March 31, 2026) | 2,200,000 | 2,000,000,000 |
| Treasury shares acquired before the fiscal year under review | – | – |
| Treasury shares acquired during the fiscal year under review | 1,834,400 | 1,999,960,100 |
| Total number and total value of treasury stock still to be acquired based on resolution | 365,600 | 39,900 |
| Ratio of treasury stock yet to be acquired as of March 31, 2026 (%) | 16.6 | 0.0 |
| Treasury shares acquired during this period | – | – |
| Ratio of treasury stock yet to be acquired as of the date of submission (%) | 16.6 | 0.0 |

(3) Acquisition of treasury shares not based on resolution of the General Meeting of Shareholders or resolution of the Board of Directors

| Category | Number of shares (shares) | Total amount (yen) |
|---|---|---|
| Treasury shares acquired during the fiscal year under review | 765 | 835,631 |
| Treasury shares acquired during this period | 52 | 59,280 |

(Note) The number of treasury shares acquired during this period does not include the number of shares of less than one unit between June 1, 2026 and June 22, 2026.

(4) Status of the disposition and holding of acquired treasury shares

| Category | Fiscal year under review | | This period | |
|---|---|---|---|---|
| | Number of shares (shares) | Total disposition amount (yen) | Number of shares (shares) | Total disposition amount (yen) |
| Acquired treasury shares that were offered to subscribers | – | – | – | – |
| Acquired treasury shares that have been cancelled | – | – | 1,834,400 | 909,422,144 |
| Treasury shares acquired in relation to mergers, share exchanges, stock issuance, and transfers related to company splits | – | – | – | – |
| Other (Note 1) | 8,600 | 3,704,779 | 1,500 | 743,640 |
| Number of treasury shares held | 10,146,752 | – | 8,310,904 | – |

(Notes) 1. The “Other” category for both the fiscal year under review (number of shares: 8,600) and this period (number of shares: 1,500) consists entirely of shares resulting from the exercising of share acquisition rights.

2. Total number of treasury shares disposed of in this period does not include shares disposed of through the exercise of share acquisition rights or shares disposed of through the sale of shares less than one unit upon request between June 1, 2026 and June 22, 2026.

3. The number of treasury shares held during this period does not reflect the purchase or sale of shares less than one unit upon request between June 1, 2026 and June 22, 2026.

## 3. Dividend Policy

The Company's basic policy on profit distribution is to maintain stable dividends that reflect consolidated earnings, as well as a dividend payout ratio of 45% or higher.

The Company's basic policy is to pay a dividend twice a year (interim dividend and year-end dividend) and the Company stipulates that the decision on whether to pay dividends lies with the Board of Directors in regard to interim dividends, and the General Meeting of Shareholders in regard to year-end dividends. The Company's Articles of Incorporation stipulate that it may pay interim dividends to shareholders with the record date of September 30 each year, upon a resolution by the Board of Directors.

For the fiscal year under review, the Company plans to pay a dividend of 36 yen per share (payout ratio of 43.6%).

Dividends of surplus for the consolidated fiscal year under review are as follows:

| Date of resolution | Total amount of dividends (million yen) | Dividend per share (yen) |
|---|---|---|
| November 10, 2025<br>Resolutions of the Board of Directors | 2,230 | 17.00 |
| June 25, 2026<br>Resolution of the Ordinary General Meeting of Shareholders (plan) | 2,461 | 19.00 |

(Notes) 1. The total amount of dividends of 2,230 million yen based on a resolution of the Board of Directors on November 10, 2025 includes dividends of 10 million yen for the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E).

2. The total amount of dividends of 2,461 million yen based on a resolution (scheduled) of the Ordinary General Meeting of Shareholders on June 25, 2026 includes dividends of 12 million yen for the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E).

## 4. Corporate Governance

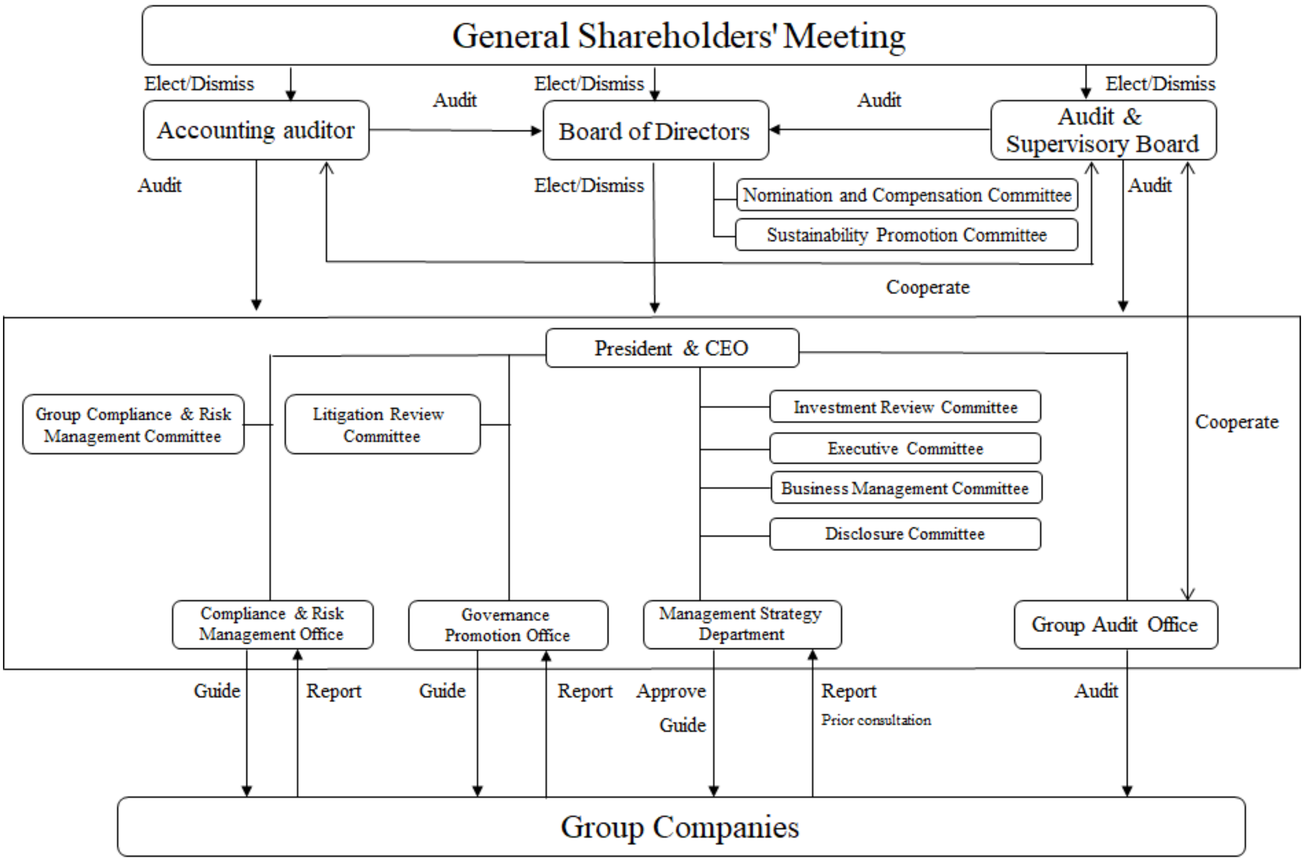
### (1) Overview of Corporate Governance

(i) Basic views on corporate governance

The Company practices sound management based on high self-discipline and aims to establish unwavering trust from society by promoting the Group's sustainable growth and enhancing corporate value over the medium to long term. In November 2015, we established our Corporate Governance Basic Policy and have been working to enhance corporate governance.

(ii) Overview of the corporate governance structure and reasons for its adoption

The Company's corporate governance structure as of the filing date (June 22, 2026) is as follows.




a. Reasons for adopting the structure

The Company, centered around the energy business, broadband business, and CATV business, is engaged in diverse business operations for 3.47 million individual customers and corporate clients, and we have adopted a pure holding company structure to oversee these operations.

Each Group company strives to realize the Group's management policy and achieve its goals, such as expanding business and enhancing customer service, through transactions in close proximity to customers.

By dispatching directors to each Group company, we are working to improve governance through each company's board of directors. In addition, by having the representatives of major Group companies concurrently serve as part-time directors of the Company, we are working to quickly absorb opinions from Group companies and unify the intentions of the Group.

b. Overview

i. Board of Directors and Directors

- Our Board of Directors is composed of up to 10 directors as stipulated in the Articles of Incorporation, of which four are outside directors and the president serves as chairman.
- In order to ensure the effective management structure and substantive discussions at the Board of Directors, which are required of the holding company, which is responsible for the Group's business execution management functions, the Group basically maintains an appropriate number of members, while giving due consideration to ensuring diversity and expertise at the Board of Directors.
- The four Outside Directors are Independent Outside Directors appointed in accordance with the independence standards stipulated by the Tokyo Stock Exchange.
- The Board of Directors is made up of nine members as of the filing date (Katsuo Oguri, Mitsugu Hamazaki, Junichi Yamada, Tsuyoshi Takahashi, Koji Iwamoto, Nobuko Kawashima (Outside Director), Ryoko Ueda (Outside Director), Hiroshi Tsunemine (Outside Director), and Tomohisa Imada (Outside Director)).

In the fiscal year under review, the Board of Directors held 13 meetings, during which it considered a range of matters including deliberating and approving matters for resolution in accordance with the Board of Directors' Regulations and exchanged opinions on the current status of important projects and status of execution of the Group's main business operations, asking persons relevant to the meeting agenda other than the foregoing to attend meetings where necessary. During the period under review, five Directors (Katsuo Oguri, Mitsugu Hamazaki, Junichi Yamada, Tsuyoshi Takahashi and Hiroshi Tsunemine) attended 13 out of 13 meetings, one Director (Nobuko Kawashima) attended 12 out of 13 meetings, one Director (Ryoko Ueda) attended 11 out of 13 meetings, two Directors (Koji Iwamoto and Tomohisa Imada) attended 10 out of 10 meetings, and two Directors (Mitsuhaya Suzuki and Masahiro Sone) attended three out of three meetings.

ii. Audit & Supervisory Board and Audit & Supervisory Board Members

- The Company is a company with an Audit & Supervisory Board. The Audit & Supervisory Board consists of four Audit & Supervisory Board Members, three of whom are Outside Audit & Supervisory Board Members. It is chaired by a full-time Audit & Supervisory Board Member.
- The Audit & Supervisory Board meets once a month to receive reports on important matters related to audits and to discuss or make resolutions.
- The Audit & Supervisory Board audits the execution of duties by Directors through participation in major meetings such as the Board of Directors and operational and accounting audits.
- The Audit & Supervisory Board regularly calls together Outside Directors to strengthen cooperation with Outside Directors and exchange information.
- As of the filing date, the Company has four Audit & Supervisory Board Members (Hisao Ishima, Masayuki Atsumi (Outside Audit & Supervisory Board Member), Toshiro Matsubuchi (Outside Audit & Supervisory Board Member) and Yoichi Obuchi (Outside Audit & Supervisory Board Member)).

In the fiscal year under review, the Audit & Supervisory Board held 12 meetings to exchange opinions with Outside Directors, the Accounting Auditor, compliance divisions and the full-time Audit & Supervisory Board Members of Group companies. Three Audit & Supervisory Board Members (Hisao Ishima, Masayuki Atsumi and Yoichi Obuchi) attended 12 out of 12 meetings, and one Audit & Supervisory Board Member (Toshiro Matsubuchi) attended 11 out of 12 meetings. The status of activities of the Audit & Supervisory Board are described in "(3) Audits, (i) Audits by Audit & Supervisory Board Members" below.

iii. Nomination and Compensation Committee

- The Company has established a Nomination and Compensation Committee for the purpose of strengthening the independence, objectivity and accountability of the functions of the Board of Directors by ensuring the transparency and objectivity of the nomination of directors, evaluation of compensation, etc., and the decision-making process, and further enhancing the corporate governance system. The committee is chaired by an Outside Director.
- The committee's members are elected by resolution of the Board of Directors and, as of the date of filing, the committee has seven members (Hiroshi Tsunemine (Outside Director), Katsuo Oguri, Toshinori Nakamura, Tetsuya Numano, Nobuko Kawashima (Outside Director), Ryoko Ueda (Outside Director), and Tomohisa Imada (Outside Director).

In the fiscal year under review, the committee held five meetings, during which it considered a range of issues including the promotion and compensation of the Group's officers, composition of the Company's Directors and succession planning for the CEO and others, and exchanged opinions on these matters. Out of the committee's eight members during the period under review (Masahiro Sone, Hiroshi Tsunemine, Katsuo Oguri, Junichi Yamada, Toshinori Nakamura, Nobuko Kawashima, Ryoko Ueda, and Tomohisa Imada), six Directors (Hiroshi Tsunemine, Katsuo Oguri, Junichi Yamada, Toshinori Nakamura, Nobuko Kawashima and Ryoko Ueda) attended five out of five meetings, Tomohisa Imada attended three out of three meetings, and Masahiro Sone attended two out of two meetings.

iv. Sustainability Promotion Committee

- The Sustainability Promotion Committee evaluates and verifies the status of sustainability-related efforts to achieve the goals of materiality (priority issues) in order to promote the sustainability of the Group. It is chaired by the Company's President and Representative Director.
- As of the filing date, the committee has seven members (Katsuo Oguri, Nobuko Kawashima (Outside Director), Ryoko Ueda (Outside Director), Hiroshi Tsunemine (Outside Director), Tomohisa Imada (Outside Director), Toshinori Nakamura, and Satoshi Masuda), with the presidents of major Group companies also attending committee meetings.
  In the fiscal year under review, the committee held two meetings, mainly exchanging opinions on reporting materiality data and future efforts. Out of the committee's seven members during the period under review (Katsuo Oguri, Nobuko Kawashima, Ryoko Ueda, Hiroshi Tsunemine, Tomohisa Imada, Junichi Yamada, and Toshinori Nakamura), attended two out of two meetings.

v. Investment Review Committee

- The Investment Review Committee is chaired by the General Manager of the Company's Corporate Strategy Division and is made up of officers in charge of the Company's corporate management, human resources, legal affairs, etc. as well as officers in charge of each project at the Company and Group companies.
- In accordance with the criteria for submitting proposals, the committee assists the President and Representative Director and the Board of Directors in making decisions on important investment projects that have a significant impact on the Group overall, by identifying and assessing the risks associated with such projects.
- As of the filing date, the committee consists of seven members (Toshinori Nakamura, Hiroshi Kobayashi, Satoshi Masuda, Hideto Suzuki, Kenichi Sakai, Sotohiro Horaguchi, and Takashi Kodama) and, depending on the investment projects, meetings are attended by the Representative Directors of the relevant companies.

vi. Executive Committee

- The Executive Committee is made up mainly of the General Managers and officers in charge of the Company's Corporate Strategy Division, Human Resources & Accounting Strategy Division and General Affairs Division as well as officers in charge of organizations directly under the control of the President. The Company's officers share information about progress made on the operations they are in charge of.
- As of the filing date, the committee consists of six members (Toshinori Nakamura, Hiroshi Kobayashi, Satoshi Masuda, Hideto Suzuki, Kenichi Sakai, and Sotohiro Horaguchi).

vii. Business Management Committee

- The Company holds a meeting of the Business Management Committee four times a year to understand the business progress of major Group companies and deliberate on issues and solutions for achieving management targets. The committee is made up of Representative Directors and officers in charge at the Company and Group companies and is chaired by the Company's President and Representative Director.
- As of the filing date, the committee consists of seven members from the Company (Katsuo Oguri, Toshinori Nakamura, Hiroshi Kobayashi, Satoshi Masuda, Hideto Suzuki, Kenichi Sakai and Sotohiro Horaguchi), with the Representative Directors and Directors in charge of business at major Group companies also attending meetings.

viii. Disclosure Committee

- Before submitting securities reports and semi-annual reports, the Company holds a meeting of the Disclosure Committee, with those responsible in each department in attendance, to deliberate on the appropriateness of the content of disclosures.
- The committee is chaired by the General Manager of the Human Resources & Accounting Strategy Division and, as of the filing date, is made up of eight members (Toshinori Nakamura, Hiroshi Kobayashi, Satoshi Masuda, Hideto

Suzuki, Kenichi Sakai, Sotohiro Horaguchi, Takashi Kodama and Tetsuya Numano).

ix. Litigation Review Committee

- The Litigation Committee is chaired by the Company's President and Representative Director and through the discussion of important lawsuits that significantly impact the Group and judgments on the advisability of legal action, the committee controls litigation risk and contributes to appropriate and reasonable management decision-making.
- As of the filing date, the committee consists of four members (Katsuo Oguri, Toshinori Nakamura, Hiroshi Kobayashi, and Satoshi Masuda) and, depending on the lawsuits, the Representative Directors of relevant companies attend meetings.

x. Other organizations

- The Company has established the Group Compliance & Risk Management Committee for the purpose of working to strengthen and develop compliance promotion systems and risk management systems across the Group.
- The committee is chaired by the Company's President and Representative Director, and is made up of the Company's Directors and Executive Officers, the Representative Directors and officers in charge of compliance and risk management at each Group company, among others, with the Compliance & Risk Management Office serving as secretariat.
- The committee meets once every quarter to share information on deficiencies in the internal controls of each Group company, as well as reports and preventive measures for major complaints and accidents, to promote compliance training throughout the year and improve internal controls.

* The Company has submitted "Election of nine (9) Directors" as a proposal (matter to be resolved) at the Ordinary General Meeting of Shareholders to be held on June 25, 2026, and if this proposal is approved and passed and the matters to be resolved at the meeting of the Board of Directors to be held directly after the Ordinary General Meeting of Shareholders are approved and passed, then the members of each of the above organizations will be as follows.

i. Nine Directors (Katsuo Oguri, Toshinori Nakamura, Mitsugu Hamazaki, Tsuyoshi Takahashi, Koji Iwamoto, Nobuko Kawashima (Outside Director), Ryoko Ueda (Outside Director), Hiroshi Tsunemine (Outside Director), Tomohisa Imada (Outside Director))
ii. Four Audit & Supervisory Board Members (Hisao Ishima, Masayuki Atsumi (Outside Audit & Supervisory Board Member), Toshiro Matsubuchi (Outside Audit & Supervisory Board Member), Yoichi Obuchi (Outside Audit & Supervisory Board Member))
iii. Nomination and Compensation Committee
Seven members (Katsuo Oguri, Toshinori Nakamura, Tetsuya Numano, Nobuko Kawashima (Outside Director), Ryoko Ueda (Outside Director), Hiroshi Tsunemine (Outside Director), and Tomohisa Imada (Outside Director))
iv. Sustainability Promotion Committee
Seven members (Katsuo Oguri, Nobuko Kawashima, Ryoko Ueda, Hiroshi Tsunemine, Tomohisa Imada, Toshinori Nakamura, and Satoshi Masuda)
v. Investment Review Committee
Seven members (Hideto Suzuki, Toshinori Nakamura, Hiroshi Kobayashi, Satoshi Masuda, Kenichi Sakai, Sotohiro Horaguchi, and Takashi Kodama)
vi. Executive Committee
Six members (Toshinori Nakamura, Hiroshi Kobayashi, Satoshi Masuda, Hideto Suzuki, Kenichi Sakai, and Sotohiro Horaguchi)
vii. Business Management Committee
Seven members (Katsuo Oguri, Toshinori Nakamura, Hiroshi Kobayashi, Satoshi Masuda, Hideto Suzuki, Kenichi Sakai, and Sotohiro Horaguchi)
viii. Disclosure Committee
Eight members (Toshinori Nakamura, Hiroshi Kobayashi, Satoshi Masuda, Hideto Suzuki, Kenichi Sakai, Sotohiro Horaguchi, Takashi Kodama, and Tetsuya Numano)
ix. Litigation Review Committee
Four members (Katsuo Oguri, Toshinori Nakamura, Hiroshi Kobayashi, and Satoshi Masuda)

c. Status of development of internal control system

With respect to the establishment and development of internal control systems within the Group, based on Article 362, Paragraph 4, Item 6 and Paragraph 5 of the Companies Act, the Board of Directors of each Group company that is a large company passed a resolution on "systems to ensure the proper execution of duties" in May 2006 (revised by each company on Group restructuring and transition to a holding company system in April 2011). Additionally, in June 2006, the Management Systemization Promotion Department (now the Compliance and Risk Management Department of TOKAI CORPORATION) was established as the department in charge of internal control over financial reporting as stipulated in the Financial Instruments and Exchange Act, and has worked to document operational procedures and develop internal control evaluation methods based on the advice and guidance of the audit corporation. Starting from the fiscal year end of FY2008, each company's management conducted an evaluation of internal control over financial reporting including each Group company and prepared an internal control report detailing the results for submission with the annual securities report.

On Group restructuring and transition to a holding company system in April 2011, the Internal Control Office (now the Company's Compliance & Risk Management Office) was established within the Company, and the Group shifted to a structure where the Company centrally manages development and operation status and evaluation results of internal controls at each Group company and the Company prepares and discloses the internal control report of the Group as a whole.

Based on the details of the revised Companies Act enacted on May 1, 2015, the Company and core Group companies reviewed the above "systems to ensure the proper execution of duties", and have reported on the operation status of such "systems to ensure the proper execution of duties" in business reports from the fiscal year ended March 31, 2016.

d. Status of improvement of risk management systems

With respect to the Group's risk management systems, with the Group restructuring and transition to a holding company system in April 2011, the Group Compliance & Risk Management Committee responsible for groupwide risk management was established, and the Company's Compliance & Risk Management Office, which serves as secretariat, plays a central role in developing and strengthening the compliance promotion structure and risk management structure. In addition, the Disciplinary Review Committee has been established within the Company to take groupwide action in the event of discovery of fraud or misconduct including investigating the cause and considering disciplinary action and recurrence prevention measures. We introduced a Group internal reporting system (anonymous reporting is also possible) from FY2010 to contribute to the early detection of fraud and misconduct, and added the Company's full-time Audit & Supervisory Board Member as a contact point for reporting to ensure that the system is effective.

We have also developed and revised various regulations related to risk management to coincide with Group restructuring and transition to a holding company system and worked to establish systems that enable the Company to centrally monitor and manage the status of risk, etc. within the Group. As part of this, we established the Investment Review Committee, Executive Committee and the Business Management Committee within the Company and established systems for monitoring, managing and responding to risks in a timely and appropriate manner through the sharing of information about management issues at each Group company and concerns related to business operations.

In addition to these management systems, we built a groupwide information security management system from FY2017 through the establishment of a groupwide Group Information Security Promotion Committee and the establishment of an Information Security Committee at each Group company.

To prepare for the occurrence of a major accident, large-scale disaster or similar event, we have formulated business continuity plans (BCPs) for the core businesses of each Group company and review these plans whenever necessary. We also anticipate the scale of actual damage and make preparations and carry out drills to minimize the damage.

(iii) Matter of liability insurance policy for directors and officers

The Company has purchased the executives' liability insurance policy specified in Article 430-3, Paragraph 1 of the Companies Act from an insurance company for Directors and Audit & Supervisory Board Members of the Company and its subsidiaries as well as for the Company's Executive Officers. The Company pays all premiums, including the rider portion, and there is virtually no premium burden on the insured persons.

The insurance contract is to cover losses and damages that may be incurred by officers, who are the insured persons, as a result of their taking responsibility for the execution of their duties or due to claims they may receive in conjunction with the pursuit of such responsibility. There are, however, certain exemptions, for example, damages caused by acts committed with the knowledge that the acts are in violation of laws and regulations will not be covered.

(iv) Number of directors

The Company’s Articles of Incorporation stipulate that the Company shall have no more than 10 directors.

(v) Resolution for the election of directors

The Articles of Incorporation of the Company stipulate that resolutions for the election of the directors shall be made by a majority of voting rights of the shareholders in attendance who hold one-third (1/3) or more of the total voting rights of the shareholders who can exercise such rights. The Articles of Incorporation of the Company stipulate that no cumulative voting shall be used to pass resolutions for the election of the directors.

(vi) Matters subject to resolutions of the General Meeting of Shareholders that the Board of Directors may pass resolutions on

a. Purchase of treasury shares

The Company’s Articles of Incorporation stipulate that the Company may, by resolution of the Board of Directors, purchase treasury shares in the market pursuant to the Article 165, Paragraph 2 of the Companies Act for flexible implementation of capital policy.

b. Interim dividends

The Company’s Articles of Incorporation stipulate that the Company may, by resolution of the Board of Directors, pay the dividend of surplus stipulated in Article 454, Paragraph 5 of the Companies Act (Interim Dividends) to shareholders whose names are entered or recorded on the last shareholder register as of September 30 each year, to enable the flexible return of profits.

(vii) Requirements for a special resolution by the General Meeting of Shareholders

Regarding requirements for a special resolution of the General Meeting of Shareholders provided for in Article 309, Paragraph 2 of the Companies Act, the Company’s Articles of Incorporation stipulate that shareholders holding one-third (1/3) or more of the voting rights of shareholders who are entitled to exercise voting rights shall attend the General Meeting of Shareholders and that the resolution shall be adopted by two-third (2/3) or more votes of the shareholders in attendance at the meeting. The purpose of this provision is to ensure that the meeting proceeds smoothly by relaxing the quorum for special resolutions at the General Meeting of Shareholders.

(2) Officers

(i) The Company's officers as of June 22, 2026 (date of submission of the Annual Securities Report) are as follows.

Men: 11 persons, Women: 2 persons (Women's percentage to total number of officers: 15.4%)

| Title | Name | Date of birth | Career profile | Term | Number of shares held (100 shares) |
|---|---|---|---|---|---|
| Representative Director, President and CEO | Katsuo Oguri | February 10, 1959 | Apr. 1982 Joined TOKAI CORPORATION<br>Apr. 1995 Head of Chuen Branch of TOKAI CORPORATION<br>Jun. 2008 Operating Officer of TOKAI CORPORATION<br>Apr. 2011 Managing Director of TOKAI CORPORATION<br>Apr. 2015 Representative Director and Vice President of TOKAI CORPORATION<br>Executive Operating Officer of the Company<br>Representative Director and Chairman of Energy Line Corporation<br>Representative Director and President of JOYNET Co., Ltd.<br>Jun. 2015 Director of the Company<br>Apr. 2016 Representative Director and President of TOKAI CORPORATION<br>Sep. 2019 Representative Director and Chairman of Nissan Tri Star Construction, Inc.<br>Apr. 2021 Representative Director and Chairman of Marco Polo Inc.<br>Sep. 2022 Representative Director, President and CEO of the Company (present position) | (Note 3) | 552 |
| Director | Mitsugu Hamazaki | October 23, 1959 | Apr. 1982 Joined TOKAI CORPORATION<br>Feb. 2004 Representative Director and President of Bouquet TOKAI Corporation<br>Jan. 2009 Representative Director and President of TOKAI City Service Corporation<br>Apr. 2013 Managing Director of TOKAI CORPORATION<br>Apr. 2015 Senior Managing Director of TOKAI CORPORATION<br>Apr. 2019 Director and Vice President of TOKAI GAS CORPORATION<br>Apr. 2021 Executive Operating Officer of the Company<br>Apr. 2022 Representative Director and President of TOKAI GAS CORPORATION<br>Apr. 2023 Representative Director and President of TOKAI CORPORATION (present position)<br>Representative Director and Chairman of Nissan Tri Star Construction, Inc. (present position)<br>Representative Director and Chairman of Marco Polo Inc.<br>Jun. 2023 Representative Director and President of JOYNET Co., Ltd. (present position)<br>Director of the Company (present position) | (Note 3) | 370 |
| Director | Junichi Yamada | June 8, 1963 | Apr. 1986 Joined TOKAI CORPORATION<br>Apr. 2006 General Manager of Human Resources Division of TOKAI CORPORATION<br>Apr. 2010 Director of TOKAI CORPORATION<br>Apr. 2011 Operating Officer of the Company<br>Apr. 2017 Senior Operating Officer of the Company<br>Jun. 2021 Representative Director and Senior Operating Officer of the Company<br>Apr. 2025 Representative Director and Senior Executive Officer and General Manager of the Company<br>Apr. 2026 Director of the Company (present position)<br>Representative Director and President of TOKAI GAS CORPORATION (present position) | (Note 3) | 134 |
| Director | Tsuyoshi Takahashi | December 21, 1964 | Jul. 1992 Joined TOKAI Communications Corporation<br>Apr. 2007 General Manager of Planning and Development Department, Communication Services Head Quarters of TOKAI Communications Corporation<br>Apr. 2014 General Manager of System Integration Business Division, TOKAI Communications Corporation<br>Jun. 2016 Director of TOKAI Communications Corporation<br>Apr. 2021 Managing Director of TOKAI Communications Corporation<br>Apr. 2023 Executive Representative Director of TOKAI Communications Corporation<br>Apr. 2024 Representative Director and President of TOKAI Communications Corporation (present position)<br>Executive Operating Officer of the Company<br>Jun. 2024 Director of the Company (present position) | (Note 3) | 40 |

| Title | Name | Date of birth | Career profile | Term | Number of shares held (100 shares) |
|---|---|---|---|---|---|
| Director | Koji Iwamoto | November 30, 1966 | Jan. 1990 Joined TOKAI CORPORATION<br>Oct. 2004 Sales Director, ADSL Business Division of TOKAI Communications Corporation<br>Apr. 2012 Director of TOKAI Cable Network Corporation<br>Apr. 2018 Director and General Manager of Broadcasting Division of TOKAI Cable Network Corporation<br>Apr. 2019 Managing Director of TOKAI Cable Network Corporation<br>Apr. 2021 Operating Officer of the Company<br>Apr. 2022 Senior Managing Director of TOKAI Cable Network Corporation<br>Senior Operating Officer of the Company<br>Apr. 2025 Executive Operating Officer of the Company<br>Representative Director and President of TOKAI Cable Network Corporation (present position)<br>Jun. 2025 Director of the Company (present position) | (Note 3) | 150 |
| Director | Nobuko Kawashima (Name in family register = Nobuko Yokoyama) | October 27, 1962 | Apr. 1986 Joined The Long-Term Credit Bank of Japan, Limited<br>Sep. 1987 Joined Dentsu Institute<br>Sep. 1995 Research Fellow at Cultural Policy Research Center of University of Warwick, UK<br>Apr. 1999 Full-time Lecturer at Faculty of Economics, Doshisha University<br>Apr. 2004 Professor at Faculty of Economics, Doshisha University (present position)<br>Jun. 2016 Outside Director of Takara Bio Inc. (present position)<br>Jun. 2021 Outside Director of the Company (present position) | (Note 3) | – |
| Director | Ryoko Ueda | February 25, 1973 | Oct. 2001 Joined Mizuho Securities Co., Ltd.<br>Apr. 2002 Seconded to Japan Investor Relations and Investor Support, Inc.<br>Jul. 2008 Transferred to Japan Investor Relations and Investor Support, Inc.<br>Nov. 2013 Special Research Fellow of Financial Research Center of Financial Services Agency<br>Nov. 2017 Seconded to Mizuho International plc (London)<br>Nov. 2019 Senior Researcher of Japan Investor Relations and Investor Support, Inc. (present position)<br>Feb. 2020 External Director of Money Forward, Inc.<br>Apr. 2022 Member of the Certified Public Accountants and Auditing Oversight Board (present position)<br>Jun. 2022 Outside Director of Hirata Corporation (present position)<br>Professor of SBI Graduate School (present position)<br>Oct. 2022 Visiting Professor of National University Corporation, Kyoto University (present position)<br>Jun. 2023 Outside Director of the Company (present position)<br>Jun. 2024 Outside Director of KOEI CHEMICAL COMPANY, LIMITED (present position)<br>Jun. 2025 Outside Director of Eisai Co., Ltd. (present position) | (Note 3) | 10 |
| Director | Hiroshi Tsunemine | November 3, 1957 | Apr. 1981 Joined Shizuoka Bank, Ltd.<br>Jun. 2002 General Manager of Izunagaoka Branch of Shizuoka Bank, Ltd.<br>Jun. 2003 General Manager of Fujinomiya Branch of Shizuoka Bank, Ltd.<br>Jun. 2005 General Manager of Corporate Support Division of Shizuoka Bank, Ltd.<br>Jan. 2007 Director & General Manager of Mishima Branch of Shizuoka Bank, Ltd.<br>Jan. 2009 Director & General Manager of Fujichuo Branch of Shizuoka Bank, Ltd.<br>Jun. 2011 Executive Officer & General Manager of Audit Department of Shizuoka Bank, Ltd.<br>Apr. 2015 Senior Executive Officer and Company President of Eastern Area Business Unit Shizuoka Bank, Ltd.<br>Jun. 2017 Representative Director of Shizuoka Hoken<br>Jul. 2023 Outside Audit & Supervisory Board Member of TOKAI GAS CORPORATION<br>Jun. 2024 Outside Director of the Company (present position) | (Note 3) | – |

| Title | Name | Date of birth | Career profile | | Term | Number of shares held (100 shares) |
|---|---|---|---|---|---|---|
| Director | Tomohisa Imada | September 5, 1956 | Apr. 1980<br>Jun. 2001<br>Jun. 2005<br>Jun. 2009<br>Jun. 2012<br>Apr. 2013<br>Apr. 2015<br>Apr. 2021<br>June 2025 | Joined Shizuoka Railway Co., Ltd.<br>Director of Shizuoka Railway Co., Ltd.<br>Managing Director of Shizuoka Railway Co., Ltd.<br>Senior Managing Director of Shizuoka Railway Co., Ltd.<br>Outside Audit & Supervisory Board Member of TOKAI CORPORATION<br>Executive Representative Director of Shizuoka Railway Co., Ltd.<br>Representative Director and President of Shizuoka Railway Co., Ltd.<br>Representative Director and Chair of Toyota United Shizuoka Inc. (present position)<br>Outside Director of the Company (present position) | (Note 3) | – |
| Standing Audit & Supervisory Board Member | Hisao Ishima | December 24, 1957 | Apr. 1980<br>Apr. 2002<br>Apr. 2006<br>Apr. 2011<br>Apr. 2012<br>Apr. 2016<br>Apr. 2020<br>Jun. 2022<br>Jun. 2023 | Joined TOKAI CORPORATION<br>Shizuoka branch manager of TOKAI CORPORATION<br>Director of TOKAI GAS CORPORATION<br>Managing Director of Shizuoka Railway Co., Ltd.<br>Managing Director of TOKAI Cable Network Corporation<br>Director of TOKAI CORPORATION<br>Managing Director of Shizuoka Railway Co., Ltd.<br>Standing Corporate Auditor of TOKAI CORPORATION (present position)<br>Standing Audit & Supervisory Board Member of the Company (present position) | (Note 4) | 235 |
| Audit & Supervisory Board Member | Masayuki Atsumi | December 14, 1981 | Apr. 2006<br>Dec. 2009<br>Jan. 2010<br>Aug. 2015<br>Jan. 2016<br>June 2016<br>Sep. 2017<br>Jan. 2019<br>Sep. 2019<br>May 2022<br>Jun. 2023<br>Jan. 2024<br>Mar. 2024 | Joined the General Secretariat of the Fair Trade Commission<br>Attorney Registration<br>Lawyer, Mori Hamada & Matsumoto Law Office<br>Covington & Burling Law Office<br>Registered as a New York Attorney<br>US Federal Trade Commission<br>Registered as a British Attorney<br>Attorney-at-Law, Miura Law Office (present position)<br>Part-time Lecturer, Graduate School of Law, Kobe University<br>Outside Director, Audit and Supervisory Committee Member of Arklands (present position)<br>Outside Audit & Supervisory Board Member of the Company (present position)<br>Auditor of Electric Power Reserve Exchange (present position)<br>Outside Auditor of PPT Energy Trading Co., Ltd. (present position) | (Note 4) | – |
| Audit & Supervisory Board Member | Toshiro Matsubuchi | January 23, 1967 | Oct. 1992<br>Apr. 1996<br>Oct. 1999<br>Oct. 2002<br>Oct. 2003<br>Mar. 2008<br>Aug. 2008<br>Feb. 2011<br>Oct. 2014<br>May 2017<br>Aug. 2019<br>Jun. 2023<br>Feb. 2025<br>Jun. 2025 | Chuo Shinko Audit Corporation<br>Registered as a certified public accountant<br>Director of Business Trust Co., Ltd.<br>BDJ Law & Accounting Firm Partner<br>Tax accountant registration<br>Administrative scrivener registration<br>Partner of Vasco da Gama Law and Accounting Firm<br>Representative partner of Seiyo Audit Corporation (present position)<br>Representative of Marco Polo Accounting Office (present position)<br>Outside Director of Plenus Co., Ltd. (present position)<br>Outside part-time auditor of Five Drive Co., Ltd.<br>Outside Audit & Supervisory Board Member of the Company (present position)<br>Outside Auditor of Kyoto University Innovation Capital Co., Ltd. (present position)<br>Auditor of the Social Value Co-Creation Forum (present position) | (Note 4) | – |

| Title | Name | Date of birth | Career profile | | Term | Number of shares held (100 shares) |
|---|---|---|---|---|---|---|
| Audit & Supervisory Board Member | Yoichi Obuchi | November 8, 1959 | Apr. 1982<br>Apr. 2013<br><br>Apr. 2015<br>Apr. 2018<br>Apr. 2021<br>Jul. 2023<br>Jun. 2024 | Joined Chiyoda Fire and Marine Insurance Co., Ltd.<br>Executive Officer and Head of Management Planning Department, Aioi Nissay Dowa Insurance Co., Ltd.<br>Managing Executive Officer, Aioi Nissay Dowa Insurance Co., Ltd.<br>Senior Managing Executive Officer, Aioi Nissay Dowa Insurance Co., Ltd.<br>Chairman and Executive Officer of MS&AD Systems Co., Ltd.<br>Outside Auditor of TOKAI Cable Network Co., Ltd.<br>Outside Audit & Supervisory Board Member of the Company (present position) | (Note 5) | – |
| Total | | | | | | 1,491 |

Notes: 1. Directors Nobuko Kawashima, Ryoko Ueda, Hiroshi Tsunemine, and Tomohisa Imada are Outside Directors.

2. Audit & Supervisory Board Members Masayuki Atsumi, Toshiro Matsubuchi and Yoichi Obuchi are Outside Audit & Supervisory Board Members.

3. The term is one year from the close of the Ordinary General Meeting of Shareholders held on June 26, 2025.

4. Term is four years from the close of the Ordinary General Meeting of Shareholders held on June 28, 2023.

5. Term is three years from the close of the Ordinary General Meeting of Shareholders held on June 26, 2024.

6. The Company elects one reserve Audit & Supervisory Board Member specified in Article 329, Paragraph 3 of the Companies Act, in preparation for a case in which the number of Audit & Supervisory Board Members falls short of the number required by law. The career history of the reserve Audit & Supervisory Board Member is as follows.

| Name | Date of birth | Career profile | | Number of shares held (100 shares) |
|---|---|---|---|---|
| Tetsuya Mishiku | May 30, 1965 | Apr. 1993<br><br>Nov. 2003<br><br>Oct. 2005<br><br>Aug. 2010<br>Apr. 2013 | Attorney Registration (Dai-ichi Tokyo Bar Association)<br>Joined IINUMA&PARTNERS<br>Changed registration to Shizuoka Bar AssociationJoined Aoba Law Office<br>Outside Auditor of TOKAI Communications Corporation<br>Founded Aoi Tower Law Office<br>Formed Mishiku & Nagamachi Law Office as a legal professional corporation (present position) | 5 |

7. The Company has introduced an executive officer system in order to vitalize the Board of Directors through separation of decision making/supervision and execution.
Executive officers (excluding executive officers concurrently serving as Directors) as of June 22, 2026 (filing date of the Annual Securities Report) are as follows.

| Position | Name |
|---|---|
| Senior Managing Executive Officer | Toshinori Nakamura |
| Managing Executive Officer | Hiroshi Kobayashi |
| Managing Executive Officer | Satoshi Masuda |
| Managing Executive Officer | Hideto Suzuki |
| Executive Officer | Kenichi Sakai |
| Executive Officer | Sotohiro Horaguchi |
| Executive Officer | Takashi Kodama |
| Executive Officer | Tetsuya Numano |

(ii) The Company has submitted “Election of nine (9) Directors” as a proposal (matter to be resolved) at the Ordinary General Meeting of Shareholders to be held on June 25, 2026, and if this proposal is approved and passed, the Company’s Officers and their terms will be as follows.
The positions, etc., of the officers include the contents of matters to be resolved (positions, etc.) at the meeting of the Board of Directors to be held immediately after the Ordinary General Meeting of Shareholders.
Men: 11 persons, Women: 2 persons (Women’s percentage to total number of officers: 15.4%)

| Title | Name | Date of birth | Career profile | Term | Number of shares held (100 shares) |
|---|---|---|---|---|---|
| Representative Director, President and CEO | Katsuo Oguri | February 10, 1959 | Apr. 1982 Joined TOKAI CORPORATION<br>Apr. 1995 Head of Chuen Branch of TOKAI CORPORATION<br>Jun. 2008 Operating Officer of TOKAI CORPORATION<br>Apr. 2011 Managing Director of Shizuoka Railway Co., Ltd.<br>Apr. 2015 Representative Director and Vice President of TOKAI CORPORATION<br>Executive Operating Officer of the Company<br>Representative Director and Chairman of Energy Line Corporation<br>Representative Director and President of JOYNET Co., Ltd.<br>Jun. 2015 Director of the Company<br>Apr. 2016 Representative Director and President of TOKAI CORPORATION<br>Sep. 2019 Representative Director and Chairman of Nissan Tri Star Construction, Inc.<br>Apr. 2021 Representative Director and Chairman of Marco Polo Inc.<br>Sep. 2022 Representative Director, President and CEO of the Company (present position) | (Note 3) | 552 |
| Executive Managing Director<br>Head of Human Resources and Finance Strategy Headquarters | Toshinori Nakamura | November 10, 1969 | Apr. 1993 Joined TOKAI CORPORATION<br>Apr. 2009 General Manager of Accounting Department, TOKAI Communications Corporation<br>May 2018 In charge of Corporate Management Department and Accounting Department, General Manager of Corporate Management Department, General Manager of Accounting Department<br>Apr. 2019 Executive Officer of the Company in charge of Corporate Management Department and Accounting Department, General Manager of Accounting Department<br>Jun. 2019 Director and Executive Officer of the Company in charge of Corporate Management Department and Accounting Department, General Manager of Accounting Department<br>Apr. 2020 Director and Senior Executive Officer of the Company, General Manager of Corporate Management Division<br>Jun. 2021 Representative Director and Senior Executive Officer of the Company, General Manager of Corporate Management Division<br>Apr. 2025 Senior Executive Officer of the Company, General Manager of Human Resources Strategy Division<br>Apr. 2026 Senior Executive Officer of the Company, General Manager of Human Resources & Accounting Strategy Division (present position)<br>Jun. 2026 Director and Senior Executive Officer of the Company (planned) | (Note 3) | 153 |
| Director | Mitsugu Hamazaki | October 23, 1959 | Apr. 1982 Joined TOKAI CORPORATION<br>Feb. 2004 Representative Director and President of Bouquet TOKAI Corporation<br>Jan. 2009 Representative Director and President of TOKAI City Service Corporation<br>Apr. 2013 Managing Director of TOKAI CORPORATION<br>Apr. 2015 Senior Managing Director of Shizuoka Railway Co., Ltd.<br>Apr. 2019 Director and Vice President of TOKAI GAS CORPORATION<br>Apr. 2021 Executive Operating Officer of the Company<br>Apr. 2022 Representative Director and President of TOKAI GAS CORPORATION<br>Apr. 2023 Representative Director and President of TOKAI CORPORATION (present position)<br>Representative Director and Chairman of Nissan Tri Star Construction, Inc. (present position)<br>Representative Director and Chairman of Marco Polo Inc.<br>Jun. 2023 Representative Director and President of JOYNET Co., Ltd. (present position)<br>Director of the Company (present position) | (Note 3) | 370 |

| Title | Name | Date of birth | Career profile | Term | Number of shares held (100 shares) |
|---|---|---|---|---|---|
| Director | Tsuyoshi Takahashi | December 21, 1964 | Jul. 1992 Joined TOKAI Communications Corporation<br>Apr. 2007 General Manager of Planning and Development Department, Communication Services Head Quarters of TOKAI Communications Corporation<br>Apr. 2014 General Manager of System Integration Department of TOKAI Communications Corporation<br>Jun. 2016 Director of Shizuoka Railway Co., Ltd.<br>Apr. 2021 Managing Director of Shizuoka Railway Co., Ltd.<br>Apr. 2023 Executive Representative Director of Shizuoka Railway Co., Ltd.<br>Apr. 2024 Representative Director and President of TOKAI Cable Network Corporation (present position)<br>Executive Operating Officer of the Company<br>Jun. 2024 Director of the Company (present position) | (Note 3) | 40 |
| Director | Koji Iwamoto | November 30, 1966 | Jan. 1990 Joined TOKAI CORPORATION<br>Oct. 2004 Sales Director, ADSL Division of TOKAI Communications Corporation<br>Apr. 2012 Director of TOKAI Cable Network Corporation<br>Apr. 2018 Director and General Manager of Broadcasting Division of TOKAI Cable Network<br>Apr. 2019 Managing Director of TOKAI Cable Network Corporation<br>Apr. 2021 Operating Officer of the Company<br>Apr. 2022 Senior Managing Director of TOKAI Cable Network Corporation<br>Senior Operating Officer of the Company<br>Apr. 2025 Executive Operating Officer of the Company<br>Representative Director and President of TOKAI Cable Network Corporation (present position)<br>Jun. 2025 Director of the Company (present position) | (Note 3) | 150 |
| Director | Nobuko Kawashima (Name in family register = Nobuko Yokoyama) | October 27, 1962 | Apr. 1986 Joined The Long-Term Credit Bank of Japan, Limited<br>Sep. 1987 Joined Dentsu Institute<br>Sep. 1995 Research Fellow at Cultural Policy Research Center of University of Warwick, UK<br>Apr. 1999 Full-time Lecturer at Faculty of Economics, Doshisha University<br>Apr. 2004 Professor at Faculty of Economics, Doshisha University (present position)<br>Jun. 2016 Outside Director of Takara Bio Inc. (present position)<br>Jun. 2021 Outside Director of the Company (present position) | (Note 3) | – |
| Director | Ryoko Ueda | February 25, 1973 | Oct. 2001 Joined Mizuho Securities Co., Ltd.<br>Apr. 2002 Seconded to Japan Investor Relations and Investor Support, Inc.<br>Jul. 2008 Transferred to Japan Investor Relations and Investor Support, Inc.<br>Nov. 2013 Special Research Fellow of Financial Research Center of Financial Services Agency<br>Nov. 2017 Seconded to Mizuho International plc (London)<br>Nov. 2019 Senior Researcher of Japan Investor Relations and Investor Support, Inc. (present position)<br>Feb. 2020 External Director of Money Forward, Inc.<br>Apr. 2022 Member of the Certified Public Accountants and Auditing Oversight Board (present position)<br>Jun. 2022 Outside Director of Hirata Corporation (present position)<br>Professor of SBI Graduate School (present position)<br>Oct. 2022 Visiting Professor of National University Corporation, Kyoto University (present position)<br>Jun.2023 Outside Director of the Company (present position)<br>Jun. 2024 Outside Director of KOEI CHEMICAL COMPANY, LIMITED (present position)<br>Jun. 2025 Outside Director of Eisai Co., Ltd. (present position) | (Note 3) | 10 |

| Title | Name | Date of birth | Career profile | Term | Number of shares held (100 shares) |
|---|---|---|---|---|---|
| Director | Hiroshi Tsunemine | November 3, 1957 | Apr. 1981 Joined Shizuoka Bank, Ltd.<br>Jun. 2002 General Manager of Izunagaoka Branch of Shizuoka Bank, Ltd.<br>Jun. 2003 General Manager of Fujinomiya Branch of Shizuoka Bank, Ltd.<br>Jun. 2005 General Manager of Corporate Support Division of Shizuoka Bank, Ltd.<br>Jan. 2007 Director & General Manager of Mishima Branch of Shizuoka Bank, Ltd.<br>Jan. 2009 Director & General Manager of Fujichuo Branch of Shizuoka Bank, Ltd.<br>Jun. 2011 Executive Officer & General Manager of Audit Department of Shizuoka Bank, Ltd.<br>Apr. 2015 Senior Executive Officer and Company President of Eastern Area Business Unit Shizuoka Bank, Ltd.<br>Jun. 2017 Representative Director of Shizuoka Hoken<br>Jul. 2023 Outside Audit & Supervisory Board Member of TOKAI GAS CORPORATION<br>June 2024 Outside Director of the Company (present position) | (Note 3) | – |
| Director | Tomohisa Imada | September 5, 1956 | Apr. 1980 Joined Shizuoka Railway Co., Ltd.<br>Jun. 2001 Director of Shizuoka Railway Co., Ltd.<br>Jun. 2005 Managing Director of Shizuoka Railway Co., Ltd.<br>Jun. 2009 Senior Managing Director of Shizuoka Railway Co., Ltd.<br>Jun. 2012 Outside Audit & Supervisory Board Member of TOKAI CORPORATION<br>Apr. 2013 Executive Representative Director of Shizuoka Railway Co., Ltd.<br>Apr. 2015 Representative Director and President of Shizuoka Railway Co., Ltd.<br>Apr. 2021 Representative Director and Chair of Toyota United Shizuoka Inc. (present position)<br>Jun. 2025 Outside Director of the Company (present position) | (Note 3) | – |
| Standing Audit & Supervisory Board Member | Hisao Ishima | December 24, 1957 | Apr. 1980 Joined TOKAI CORPORATION<br>Apr. 2002 Shizuoka branch manager of TOKAI CORPORATION<br>Apr. 2006 Director of TOKAI GAS CORPORATION<br>Apr. 2011 Managing Director of Shizuoka Railway Co., Ltd.<br>Apr. 2012 Managing Director of TOKAI Cable Network Corporation<br>Apr. 2016 Director of TOKAI CORPORATION<br>Apr. 2020 Managing Director of Shizuoka Railway Co., Ltd.<br>June 2022 Standing Corporate Auditor of TOKAI CORPORATION (present position)<br>Jun. 2023 Standing Audit & Supervisory Board Member of the Company (present position) | (Note 4) | 235 |
| Audit & Supervisory Board Member | Masayuki Atsumi | December 14, 1981 | Apr. 2006 Joined the General Secretariat of the Fair Trade Commission<br>Dec. 2009 Attorney Registration<br>Jan. 2010 Lawyer, Mori Hamada & Matsumoto Law Office<br>Aug. 2015 Covington & Burling Law Office<br>Jan. 2016 Registered as a New York Attorney<br>Jun. 2016 US Federal Trade Commission<br>Sep. 2017 Registered as a British Attorney<br>Jan. 2019 Attorney-at-Law, Miura Law Office (present position)<br>Sep. 2019 Part-time Lecturer, Graduate School of Law, Kobe University<br>May 2022 Outside Director, Audit and Supervisory Committee Member of Arklands (present position)<br>Jun. 2023 Outside Audit & Supervisory Board Member of the Company (present position)<br>Jan. 2024 Auditor of Electric Power Reserve Exchange (present position)<br>Mar. 2024 Outside Auditor of PPT Energy Trading Co., Ltd. (present position) | (Note 4) | – |

| | | | | | |
|---|---|---|---|---|---|
| Audit & Supervisory Board Member | Toshiro Matsubuchi | January 23, 1967 | Oct. 1992 Chuo Shinko Audit Corporation<br>Apr. 1996 Registered as a certified public accountant<br>Oct. 1999 Director of Business Trust Co., Ltd.<br>Oct. 2002 BDJ Law & Accounting Firm Partner<br>Oct. 2003 Tax accountant registration<br>Mar. 2008 Administrative scrivener registration<br>Aug. 2008 Partner of Vasco da Gama Law and Accounting Firm<br>Feb. 2011 Representative partner of Seiyo Audit Corporation (present position)<br>Oct. 2014 Representative of Marco Polo Accounting Office (present position)<br>May 2017 Outside Director of Plenus Co., Ltd. (present position)<br>Aug. 2019 Outside part-time auditor of Five Drive Co., Ltd.<br>Jun. 2023 Outside Audit & Supervisory Board Member of the Company (present position)<br>Feb. 2025 Outside Auditor of Kyoto University Innovation Capital Co., Ltd. (present position)<br>Jun. 2025 Auditor of the Social Value Co-Creation Forum (present position) | (Note 4) | – |
| Audit & Supervisory Board Member | Yoichi Obuchi | November 8, 1959 | Apr. 1982 Joined Chiyoda Fire and Marine Insurance Co., Ltd.<br>Apr. 2013 Executive Officer and Head of Management Planning Department, Aioi Nissay Dowa Insurance Co., Ltd.<br>Apr. 2015 Managing Executive Officer, Aioi Nissay Dowa Insurance Co., Ltd.<br>Apr. 2018 Senior Managing Executive Officer, Aioi Nissay Dowa Insurance Co., Ltd.<br>Apr. 2021 Chairman and Executive Officer of MS&AD Systems Co., Ltd.<br>Jul. 2023 Outside Auditor of TOKAI Cable Network Co., Ltd.<br>Jun. 2024 Outside Audit & Supervisory Board Member of the Company (present position) | (Note 5) | – |
| Total | | | | | 1,510 |

Notes: 1. Directors Nobuko Kawashima, Ryoko Ueda, Hiroshi Tsunemine, and Tomohisa Imada are Outside Directors.

2. Audit & Supervisory Board Members Masayuki Atsumi, Toshiro Matsubuchi and Yoichi Obuchi are Outside Audit & Supervisory Board Members.

3. Term is one year from the close of the Ordinary General Meeting of Shareholders held on June 25, 2026.

4. Term is four years from the close of the Ordinary General Meeting of Shareholders held on June 28, 2023.

5. Term is three years from the close of the Ordinary General Meeting of Shareholders held on June 26, 2024.

6. The Company elects one reserve Audit & Supervisory Board Member specified in Article 329, Paragraph 3 of the Companies Act, in preparation for a case in which the number of Audit & Supervisory Board Members falls short of the number required by law. The career history of the reserve Audit & Supervisory Board Member is as follows.

| Name | Date of birth | Career profile | Number of shares held (100 shares) |
|---|---|---|---|
| Tetsuya Mishiku | May 30, 1965 | Apr. 1993 Attorney Registration (Dai-ichi Tokyo Bar Association)<br>Joined IINUMA&PARTNERS<br>Nov. 2003 Changed registration to Shizuoka Bar AssociationJoined Aoba Law Office<br>Oct. 2005 Outside Auditor of TOKAI Communications Corporation<br>Aug. 2010 Founded Aoi Tower Law Office<br>Apr. 2013 Formed Mishiku & Nagamachi Law Office as a legal professional corporation (present position) | 5 |

7. The Company has introduced an executive officer system in order to vitalize the Board of Directors through separation of decision making/supervision and execution.
   The Executive Officers (excluding Executive Officers concurrently serving as Directors) to be approved at the meeting of the Board of Directors to be held directly after the Ordinary General Meeting of Shareholders on June 25, 2026 are as follows.

| Position | Name |
|---|---|
| Senior Managing Executive Officer | Junichi Yamada |
| Managing Executive Officer | Hiroshi Kobayashi |
| Managing Executive Officer | Satoshi Masuda |
| Managing Executive Officer | Hideto Suzuki |
| Executive Officer | Kenichi Sakai |
| Executive Officer | Sotohiro Horaguchi |
| Executive Officer | Takashi Kodama |
| Executive Officer | Tetsuya Numano |

(iii) Outside Officers

As of June 22, 2026 (the filing date of the Annual Securities Report), the Company has elected four Outside Directors and three Outside Audit & Supervisory Board Members.

Two of the Outside Directors use their abundant experience and deep insight into corporate management to take part in decision-making from a fair and neutral standpoint and provide appropriate management advice and guidance. One Outside Director works as a professor in the economic faculty of a university, and has specialist economic knowledge. She provides advice, etc. for increasing corporate value based on her own insight regarding management policy and strategy from the perspective of a university professor. Another Outside Director has abundant experience and insights as an expert on corporate governance, etc. and the Company judges her capable of providing advice for sustainably increasing the Company's corporate value.

The three Outside Audit & Supervisory Board Members provide oversight, recommendations and advice from a fair and neutral perspective.

There are no special conflicts of interest between the Company and the Outside Directors or the Company and the Outside Audit & Supervisory Board Members.

The Company has submitted "Election of nine (9) Directors" as a proposal (matter to be resolved) at the Ordinary General Meeting of Shareholders to be held on June 25, 2026, with four Outside Directors expected to be reelected.

Regarding independence criteria and guidelines for electing Outside Directors and Outside Audit & Supervisory Board Members, the Company follows the Tokyo Stock Exchange's independence criteria, and judges that it ensures independence when electing outside officers and that there is no risk of conflicts of interest with general shareholders.

The Company has also designated its Outside Directors and Outside Audit & Supervisory Committee Members as independent officers as defined by the Tokyo Stock Exchange, and notified the Exchange of such designation.

In addition, Outside Audit & Supervisory Board Members attend meetings of the Board of Directors and express necessary opinions, ask the internal audit division and accounting auditor for explanations and reports as necessary, and seek mutual cooperation through the full-time Audit & Supervisory Board Member.

(3) Audits

(i) Audits by Audit & Supervisory Board Members

The Company is a company with an Audit & Supervisory Board, and we conduct audits of directors' performance and the status of the establishment and operation of internal control systems in accordance with our audit policy and audit plan. The Audit & Supervisory Board consists of four members: one full-time Audit & Supervisory Board Member and three part-time Audit & Supervisory Board Members, all of whom are Outside Audit & Supervisory Board Members. The full-time Audit & Supervisory Board Member Hisao Ishima has been involved in management within the Group for many years. Outside Audit & Supervisory Board Member Masayuki Atsumi has legal expertise and broad insights gained working as a lawyer. Outside Audit & Supervisory Board Member Toshiro Matsubuchi has considerable finance and accounting expertise gained working as a certified public accountant. Meanwhile, Outside Audit & Supervisory Board Member Yoichi Obuchi has abundant experience and deep insight in relation to corporate management.

In the fiscal year under review, the Audit & Supervisory Board held 12 meetings. The attendance of individual Audit & Supervisory Board Members is as follows.

| Title | Name | Attendance |
|---|---|---|
| Standing Audit & Supervisory Board Member | Hisao Ishima | 12/12 (100%) |
| Audit & Supervisory Board Member (Outside) | Masayuki Atsumi | 12/12 (100%) |
| Audit & Supervisory Board Member (Outside) | Toshiro Matsubuchi | 11/12 (91.7%) |
| Audit & Supervisory Board Member (Outside) | Yoichi Obuchi | 12/12 (100%) |

Main matters considered at meetings of the Audit & Supervisory Board during the fiscal year under review are as follows. In addition to resolving matters such as audit policies and audit plans, the Audit & Supervisory Board also engaged in the exchange of opinions when the Representative Directors, Accounting Auditor, Outside Directors, and the full-time Audit & Supervisory Board Members of subsidiaries attended its meetings. Further, Ernst & Young ShinNihon LLC was appointed as the Company's new Accounting Auditor from the fiscal year under review, and the Company has advanced audit activities through proactive communication with the firm.

| | |
|---|---|
| Matters resolved (discussed), etc. | Proposal for appointment of a new Accounting Auditor (Ernst & Young ShinNihon LLC), preparation of audit reports, election of the chairperson, election of the full-time Audit & Supervisory Board Member, election of specific Audit & Supervisory Board Members, formulation of audit policies and plans, agreement on the compensation for Audit & Supervisory Board Members and the Accounting Auditor, and judgment of the appropriateness of the accounting audit |
| Matters reported, etc. | Accounting Auditor's audit plans and audit reports and exchanges of opinions, internal audit reports, exchanges of opinions with Outside Directors, audit reports of full-time Audit & Supervisory Board Members of subsidiaries |

The activities of the Company's full-time Audit & Supervisory Board Member include gathering information by attending important meetings such as monthly meetings with the Representative Directors, management meetings, the Executive Committee, the Business Management Committee, the Investment Review Committee, and the Group Compliance & Risk Management Committee, conducting hearings with directors and executive officers, holding liaison meetings with full-time Audit & Supervisory Board Members of subsidiaries, listening to reports from the internal audit department, and hearing about the contents of internal reports from the compliance department.

Through these audit activities, the full-time Audit & Supervisory Board Member grasps the decision-making processes and the execution status of internal controls, and reports to the Audit & Supervisory Board.

(ii) Internal audits

Regarding internal audits for the entire Group, since the reorganization and establishment of the holding company in April 2011, the Group Audit Office (including the head, totaling 25 members as of the filing date), which is independent from the business execution departments, conducts audits of each Group company based on the annual policies formulated each year. In FY2025, we conducted 15 audits related to accounting, operations, labor, and the environment, and 372 audits for evaluating the effectiveness of internal controls, totaling 387 internal audits.

Internal audits are conducted regularly and as needed to assess the appropriateness of policies, plans, and procedures related to business activities, the effectiveness of operations, and compliance with laws and regulations, providing specific advice and recommendations for business improvement and awareness enhancement. The results of internal audits are reported to the presidents, department heads, business unit heads, Audit & Supervisory Board Members, and internal control departments of each Group company, and shared within the Group as necessary. They are also reported regularly to the Board of Directors and the Audit & Supervisory Board. Additionally, for improvements related to audit findings, we continuously follow up in cooperation with the compliance departments of each company to confirm the status of improvements. The internal audit department also regularly exchanges information and opinions with the Audit & Supervisory Board Members, Outside Directors, and Accounting Auditors of each Group company to ensure proper business execution.

(iii) Accounting audits

a. Name of auditing firm

Ernst & Young ShinNihon LLC

b. Continuous audit period

1 year

c. Certified public accountants who carried out the audit
Toshiyuki Matsuura, Designated and Engagement Partner
Shinichi Masuda, Designated and Engagement Partner
Shuji Okamoto, Designated and Engagement Partner

d. Composition of assistants with audit operations
Persons who provide assistance for the Company's accounting audit work consist of 18 certified public accountants and 53 other persons.

e. Policy for selecting auditing firm and reasons for selection
The reporting company appointed Ernst & Young ShinNihon LLC as accounting auditor based on the results of verification demonstrating its suitability, including its quality management, independence, comprehensive capabilities, and effective audit implementation.
The Audit & Supervisory Board will determine the content of a proposal on the dismissal or non-reappointment of the Accounting Auditor for submission to the General Meeting of Shareholders if judged necessary, for example, if there are factors in relation to the accounting auditor's independence or execution of duties that will prevent the Accounting Auditor from executing its duties property.
The Audit & Supervisory Board will dismiss the Accounting Auditor with the consent of all the Audit & Supervisory Board Members if the Accounting Auditor falls under any item of Article 340, Paragraph 1 of the Companies Act. In this case, an Audit & Supervisory Board Member elected by the Audit & Supervisory Board will report the dismissal of the Accounting Auditor and the reason for dismissal at the first General Meeting of Shareholders convened after dismissal.

f. Evaluation of the auditing firm by Audit & Supervisory Board Members and the Audit & Supervisory Board
The Company's Audit & Supervisory Board evaluates the auditing firm. For the proper selection of independent accounting auditor candidates and the proper evaluation of the independent accounting auditor by the Audit & Supervisory Board, we have formulated Evaluation and Selection Criteria of Accounting Auditor based on the Practical Guidelines for Auditors, etc. regarding the Evaluation and Selection Criteria of Accounting Auditor issued by the Accounting Committee of the Japan Audit & Supervisory Board Members Association, and we use this judgment criteria check list to check whether independent accounting audit candidates meet the independence and expertise requirements, and evaluate the auditing firm's quality management, independence, comprehensive capabilities, audit implementation effectiveness when making judgments on selection.

g. Change of auditing firm
The Company's auditing firm has been changed as follows.
Previous consolidated fiscal year and previous fiscal year: Deloitte Touche Tohmatsu LLC
Consolidated fiscal year under review and fiscal year under review: Ernst & Young ShinNihon LLC
The matters included in the Extraordinary Report are as follows.

1. Name of the certified public accountants for audits, etc. associated with the change
(1) Name of the appointed certified public accountants for audits, etc.
Ernst & Young ShinNihon LLC
(2) Name of the outgoing certified public accountants for audits, etc.
Deloitte Touche Tohmatsu LLC

2. Date of the change
June 26, 2025 (date on which the 14th annual shareholders' meeting was held)

3. Date on which the outgoing certified public accountants for audits, etc. became the certified public accountants for audits, etc.
June 27, 1996

4. Opinions presented in audit reports and other documents prepared by the outgoing certified public accountants for audits, etc. during the most recent three years
Not applicable

5. Reason for and background of the decision for the change or the implementation of the change

The term of office of Deloitte Touche Tohmatsu LLC, the Accounting Auditor of the Company, expired upon the conclusion of the 14th Annual General Meeting of Shareholders held on June 26, 2025. Given the number of years the existing Accounting Auditor had served, the Audit & Supervisory Board compared and evaluated multiple auditing firms. The Audit & Supervisory Board determined that Ernst & Young ShinNihon LLC was appropriate, as a result of comprehensive review of its auditing structure, expertise, independence, quality control system and other factors, in addition to the fact that the appointment of the firm was expected to bring a fresh perspective to audits.

6. Opinion for reason and background described in 5. above

(1) Opinion of the outgoing certified public accountants for audits, etc.

The Company has received a response that the outgoing auditing certified public accountant, etc. does not have a particular opinion.

(2) Opinion of the Audit & Supervisory Board

The Audit & Supervisory Board has determined that the appointment is appropriate because it is in accordance with its deliberative process and the conclusions it drew.

(iv) Details of audit fees, etc.

a. Fees to certified public accountants for audits, etc.

| Category | Previous consolidated fiscal year | | Consolidated fiscal year under review | |
|---|---|---|---|---|
| | Compensation based on audit and attestation service (million yen) | Compensation based on non-audit service (million yen) | Compensation based on audit and attestation service (million yen) | Compensation based on non-audit service (million yen) |
| Reporting company | 57 | 10 | 57 | 3 |
| Consolidated subsidiaries | 99 | 3 | 84 | – |
| Total | 156 | 13 | 141 | 3 |

(Previous consolidated fiscal year)

Fees paid to Deloitte Touche Tohmatsu LLC are indicated.

Non-audit services for the Company consisted of advisory services in relation to the revision of accounting standards for leases.

Non-audit services for consolidated subsidiaries consisted of the outsourcing of income and expenditure statements for gas wheeling services.

(Consolidated fiscal year under review)

Fees paid to Ernst & Young ShinNihon LLC are indicated.

Non-audit services for the Company consisted of the creation of comfort letter related to the offering of shares.

In addition to the above, the Company paid 10 million yen to Deloitte Touche Tohmatsu LLC, its previous Accounting Auditor, as compensation for the transfer of audit services.

b. Fees paid to other organizations belonging to the same network as the certified public accountants for audits, etc. (excluding a.)

| Category | Previous consolidated fiscal year | | Consolidated fiscal year under review | |
|---|---|---|---|---|
| | Compensation based on audit and attestation service (million yen) | Compensation based on non-audit service (million yen) | Compensation based on audit and attestation service (million yen) | Compensation based on non-audit service (million yen) |
| Reporting company | – | 1 | – | 9 |
| Consolidated subsidiaries | – | 29 | – | – |
| Total | – | 31 | – | 9 |

(Previous consolidated fiscal year)

Fees paid to the same network as Deloitte Touche Tohmatsu LLC (Deloitte) are indicated.

Non-audit services for the Company and its consolidated subsidiaries consisted of the outsourcing of tax reviews to Deloitte Tohmatsu Tax Co. and cyber intelligence services in relation to Deloitte Tohmatsu Cyber LLC.

(Consolidated fiscal year under review)

Fees paid to the same network as Ernst & Young ShinNihon LLC (EY) are indicated.

Compensation for non-audit services for the Company consisted of fees for consulting services to EY Strategy and Consulting Co., Ltd.

c. Fees for other important audit certification work

(Previous consolidated fiscal year)

Not applicable

(Consolidated fiscal year under review)

Not applicable

d. Policy for determining audit fees

The Company stipulates in its Articles of Incorporation that its policy for determining the amount of audit fees paid to the accounting auditor is that an amount calculated based on the expected duration of the audit estimated taking into account factors such as the company's scale and business characteristics is determined by Representative Directors with the consent of the Audit & Supervisory Board.

e. Reason that the Audit & Supervisory Board has consented to the fees, etc. to the accounting auditor.

The Audit & Supervisory Board has carried out necessary verification as to whether the accounting auditor's audit plan and performance of accounting audits and the basis for the estimate of fees were appropriate in view of the Company's business scale and business activities and has consented to the accounting auditor's fees, etc.

(4) Officers' remuneration, etc.

(i) Matters regarding policy on determining amount of officers' remuneration, etc. and calculation method thereof

a. The basic policy for the remuneration of the Company's directors is to establish a remuneration system that appropriately reflects their responsibilities and the degree of their contribution to business, within the limits of remuneration determined by the General Meeting of Shareholders, taking into account the management, economic conditions, individual evaluation results of directors, balance with employee salaries, etc. This policy was discussed at the Nomination and Compensation Committee held on April 15, 2026, and was subsequently presented to the Board of Directors meeting held on April 27, 2026, where the decision was resolved.

Based on a resolution of a meeting of the Board of Directors held on April 24, 2025, President and Representative Director Katsuo Oguri, Representative Director and Senior Executive Officer and General Manager Junichi Yamada, and Senior Executive Officer Toshinori Nakamura were entrusted with determining the specific details of remuneration for individual directors in FY2025. The scope of their authority encompassed the officer evaluation of each Director and determination of amounts of fixed remuneration and distribution of bonuses based on officer evaluation. To ensure that this authority is exercised appropriately, the three individuals described above sought the advice of the four independent Outside Directors in the Nomination and Compensation Committee, explaining to them officer evaluations, fixed remuneration amounts and bonus amounts for each Director as well as officer personnel matters, and then followed this advice when making decisions.

In addition, the total amount of bonuses paid for FY2025 was determined based on a report of the Nomination and Compensation Committee at a meeting held on June 8, 2026.

b. Overview of the decision policy

The remuneration for Directors consists of fixed remuneration (monthly salary), bonuses, and non-monetary remuneration in the form of stock remuneration. However, for Outside Directors, bonuses and stock remuneration as non-monetary remuneration will not be provided, considering the nature of their duties.

The 1st Ordinary General Meeting of Shareholders held on June 28, 2012 resolved that the amount of fixed remuneration, etc. for the Company's Directors shall not exceed 350 million yen per year (provided that this amount does not include the employee wages of any director who is also an employee). The number of Directors at the conclusion of the General Meeting of Shareholders in question was 10 (including two Outside Directors).

The 1st Ordinary General Meeting of Shareholders held on June 28, 2012 resolved that the amount of fixed remuneration, etc. for the Company's Audit & Supervisory Board Members shall not exceed 60 million yen per year. The number of Audit & Supervisory Board Members at the conclusion of the General Meeting of Shareholders in question was four.

The 5th Ordinary General Meeting of Shareholders held on June 24, 2016 resolved that the maximum amount of non-monetary remuneration in the form of stock remuneration shall be 20,000 points per year (each point shall be converted into one share of the Company's common stock). The number of Directors at the conclusion of the General Meeting of Shareholders in question was eight (excluding Outside Directors).

i. Fixed remuneration, etc.

Fixed remuneration will be a monthly fixed salary, and if bonuses are paid, they will be distributed in July.

Based on the basic policy outlined in section a, as well as the “Regulations on Director Ratings of the TOKAI Group” and the “Regulations on Director Remuneration of the TOKAI Group,” we will conduct a company evaluation based on the achievement level of consolidated performance (operating profit) compared to the previous fiscal year and performance forecasts. The overall evaluation will be determined by combining the company evaluation (Table: Evaluation Criteria, (1) - (3)) and individual evaluation (Table: Evaluation Criteria, (4)) at an equal ratio (Table: Evaluation Criteria, (5)). For fixed remuneration, the increase in the salary scale will be determined according to the overall evaluation. For bonuses, the payment rate against the maximum bonus amount will be multiplied based on the overall evaluation. We will set two ESG evaluation indicators -- (1) achievement of the annual target for employee engagement (year-on-year increase) and (2) achievement of the annual target for the GHG emissions reduction rate -- and the number of indicators achieved will be uniformly reflected in the bonus payout rate for all executives, as described below.

Where both indicators were achieved: Bonus payout rate for all executives x 110%

Where only one indicator was achieved: Bonus payout rate for all executives x 100%

Where neither was achieved: Bonus payout rate for all executives x 90%

Table: Evaluation Criteria

(1) YoY (operating profit)

| YoY change in operating profit | | | Evaluation | |
|---|---|---|---|---|
| +15.0% | - | | A | 100 |
| +10.0% | - | +14.9% | B | 90 |
| +5.0% | - | +9.9% | B’ | 80 |
| +0.1% | - | +4.9% | C | 70 |
| -5.0% | - | +0.0% | C’ | 60 |
| -15.0% | - | -5.1% | D | 50 |
| | - | -15.1% | E | 40 |

(2) Difficulty level of the target and reward for the achievement (score)

| Target level | | Result | | Score |
|---|---|---|---|---|
| I | At least 15% year-to-year | I-1 | Result exceeding the target (+15% or more YoY) | 20 |
| | | I-2 | 5 percentage points below the target (+10% or more and below 15% YoY) | 15 |
| | | I-3 | 10 percentage points below the target (+5% or more and below 10% YoY) | 10 |
| | | I-4 | 15 percentage points below the target (+0.1% or more and below 5% YoY) | 5 |
| II | +10% or more and below 15% YoY | II-1 | Achievement of the target (+10% or more YoY) | 15 |
| | | II-2 | 5 percentage points below the target (+5% or more and below 10% YoY) | 10 |
| | | II-3 | 10 percentage points below the target (+0.1% or more and below 5% YoY) | 5 |
| III | +5% or more and below 10% YoY | III-1 | Achievement of the target (+5% or more YoY) | 10 |
| | | III-2 | 5 percentage points below the target (+0.1% or more and below 5% YoY) | 5 |
| IV | +0.1% or more and below 5% YoY | IV-1 | Achievement of the target (+0.1% or more YoY) | 5 |
| V | Equivalent to or below the previous year’s level | V-1 | | 0 |

(3) Company evaluation

| Total score ((1)+(2)) | Evaluation | Score |
|---|---|---|
| 100%- | A | 5 |
| 80 - 99 | B | 4 |
| 60 - 79 | C | 3 |
| - 59 | D | 2 |

(4) Individual evaluation

| Evaluation | A | B | C | D | E |
|---|---|---|---|---|---|
| Score | 5 | 4 | 3 | 2 | 1 |

(5) Overall evaluation ((3) + (4))/2)

| Score | 5 | 4 | 3 | 2 | 1 |
|---|---|---|---|---|---|
| Overall evaluation | A | B | C | D | E |

ii. Non-monetary remuneration in the form of stock remuneration

To clarify the linkage between our performance and stock value, and to enhance the awareness of directors in contributing to the improvement of medium- to long-term performance and the increase of corporate value by sharing not only the benefits of stock price increases but also the risks of stock price declines with shareholders, we provide stock remuneration to directors.

The amount of stock remuneration will be calculated based on points determined by the formula established in the Director Stock Benefit Regulations.

Points = Points by Position × Performance Evaluation Coefficient Based on Performance During the Evaluation Period

The performance evaluation indicator is based on the consolidated operating profit for the fiscal year, determined by the achievement level compared to the previous year's results and performance forecasts. The performance evaluation coefficients are as follows: if the consolidated operating profit is equal to or greater than the previous year and the performance forecast is achieved, the coefficient is 1.0; if the consolidated operating profit is equal to or greater than the previous year and the performance forecast is between 90% and less than 100%, the coefficient is 0.9; if the consolidated operating profit is equal to or greater than the previous year and the performance forecast is less than 90%, the coefficient is 0.5; if the consolidated operating profit is less than the previous year but the performance forecast is achieved, the coefficient is 0.5; and if the consolidated operating profit is less than the previous year and the performance forecast is not achieved, the coefficient is 0.0.

The reason for selecting this indicator is that it reflects the results of the company's core business activities and is considered optimal as a criterion for evaluating performance over the year.

Additionally, to strengthen the linkage with medium- to long-term corporate value enhancement, stock remuneration will be structured so that shares of the company are granted based on the number of points awarded when an executive retires.

The Company has obtained approval for the stock remuneration results at a meeting of the Board of Directors held after the Ordinary General Meeting of Shareholders.

For FY2025, the operating profit was 18,699 million yen, exceeding the previous year's result of 16,841 million yen and achieving the performance forecast of 17,500 million yen.

iii. Policy for determining the proportion of remuneration

For the remuneration of Directors excluding Outside Directors, the ratios of fixed remuneration to non-monetary remuneration are as follows. This ratio is based on the median of fixed remuneration for the respective positions, with non-monetary remuneration reflecting the actual values for FY2025. The amounts awarded will fluctuate according to the company's performance and stock price changes.

| Title | Fixed remuneration, etc. | Non-monetary remuneration |
|---|---|---|
| President & CEO | 91% | 9% |
| Representative Director and Senior Executive Officer | 93% | 7% |

c. Reasons for the Board of Directors' judgment that the individual remuneration of Directors for the fiscal year under review aligns with the determination policy

In determining the individual remuneration of directors, the Nomination and Compensation Committee confirms during its discussions that the individual director evaluations, fixed remuneration amounts, bonus amounts, and the amounts of non-monetary remuneration in the form of stock remuneration are decided in accordance with the determination policy. Therefore, the Board of Directors fundamentally respects this recommendation and judges that it aligns with the determination policy.

(ii) Total remuneration, etc., total amounts of each type of remuneration, etc., and the number of eligible officers for each classification of officers

| Type of officer | Total amount of remuneration, etc. (million yen) | Total amount of remuneration, etc. by type (million yen) | | | Number of eligible officers (persons) |
|---|---|---|---|---|---|
| | | Fixed remuneration | Bonuses | Non-monetary remuneration | |
| Director (excluding Outside Directors) | 136 | 100 | 24 | 11 | 2 |
| Audit & Supervisory Board Member (excluding Outside Audit & Supervisory Board Members) | 18 | 18 | – | – | 1 |
| Outside officers | 52 | 52 | – | – | 8 |

(Note) In addition to the above, there are four Directors who receive no remuneration. These four Directors concurrently serve as officers of subsidiaries, and the total amount of remuneration they received as officers from subsidiaries is 131 million yen.

(iii) Activities of Board of Directors, etc. for determination of the amounts of remuneration for officers

For determination of the amounts of remuneration of officers in the fiscal year under review, deliberations were held as follows.

Explanations to independent Outside Directors and advice, etc.

The Representative Directors explained officers' personnel matters (promotions, etc.) and officers' remuneration and considered officers' remuneration based on advice from the independent Outside Directors. The amount of the provision for total bonus payments for FY2025 was determined based on a report of the Nomination and Compensation Committee which met on April 15, 2026.

- February 28, 2025 — Meeting of the Nomination and Compensation Committee
  Total amount of remuneration for officers in FY2025
  Corporate Governance Basic Policy and Report, officers' personnel matters (promotions, etc.), officers' remuneration
- April 17, 2025 — Meeting of the Nomination and Compensation Committee
  Evaluation of Directors, etc. and amount of bonuses for FY2024
  Officers' personnel matters
  Policy on determining the details of remuneration, etc. for individual directors
- June 9, 2025 — Meeting of the Nomination and Compensation Committee
  Officers' remuneration for FY2025 and amount of officers' bonuses for FY2024
- November 26, 2025 — Meeting of the Nomination and Compensation Committee
  Proposed revision of officers' remuneration system
- March 4, 2026 — Meeting of the Nomination and Compensation Committee
  Total amount of remuneration for officers in FY2025
  Officers' personnel matters (promotions, etc.)
- April 15, 2026 — Meeting of the Nomination and Compensation Committee
  Evaluation of Directors, etc. and amount of bonuses for FY2025
  Officers' personnel matters
  Policy on determining the details of remuneration, etc. for individual directors
- June 8, 2026 — Meeting of the Nomination and Compensation Committee
  Officers' remuneration for FY2026 and amount of officers' bonuses for FY2025

Details of role and activities of the Board of Directors

The Board of Directors holds deliberations and makes decisions in relation to the details of officers' remuneration and the establishment and revision of systems. During the fiscal year under review, the Board of Directors held deliberations and made decisions as follows with respect to officers' remuneration.

- June 26, 2025 — Resolution on officers' remuneration and officers' bonus payments
- November 28, 2025 — Resolution on revision to officers' remuneration system
- March 12, 2026 — Resolution on officers' personnel matters (promotions, etc.)
- April 27, 2026 — Resolution on provision for officers' bonuses

| | |
|---|---|
| | Resolution on policy for determining details of remuneration, etc. for individual Directors |
| • May 8, 2026 | Resolution on officers' personnel matters |
| | Report on provision for share awards for officers |

(5) Information on shareholdings

(i) Approach to standards of the classification of investment shares

With respect to the classification of investment shares held for the purpose of pure investment and investment shares held for purposes other than pure investment, the TOKAI Group defines shares held for the purpose of making profits from changes in the value of the stocks or dividends related to the stocks as investment shares held for the purpose of pure investment and other shares as investment shares held for purposes other than pure investment. The Company and its consolidated subsidiaries do not hold investment shares for the purpose of pure investment.

(ii) Policy on cross-shareholdings

From a long term perspective for increase of the Group's corporate value, the Group holds shares required in terms of its strategy comprehensively taking into consideration the importance for the purpose of business strategies and relationship with business partners and other factors.

(iii) Method for examining the rationality of shareholding, and the examination of whether holding shares of individual stocks is appropriate or not by the Board of Directors, etc.

With respect to the listed shares and other equity that are held (the "Cross-shareholding"), the Board of Directors examines individually and specifically on an annual basis whether the purpose of holding them is appropriate and whether the benefits and risks associated with holding them justify capital cost to verify the appropriateness of holding them. If the verification has found that the holding of any shares is no longer recognized as reasonable, they will be sold to reduce them.

During the consolidated fiscal year under review, at a meeting held on May 22, 2025, the Company's Board of Directors verified for the agenda item "Cross-shareholdings" the appropriateness of holding all shares held by the Group as of the end of the previous consolidated fiscal year based on (i) reassessment of the purpose of holding them, (ii) the difference between carrying value and fair value, and (iii) economic rationale (comparison of the benefits and risks associated with holding them and the capital costs).

(iv) TOKAI CORPORATION's shareholdings

The shareholdings of TOKAI CORPORATION, which is the company with the most investment shares recorded on its balance sheet (company with the largest shareholdings) out of the Company and its consolidated subsidiaries are as follows.

a. Investment shares held for purposes other than pure investment

i. Number of stocks and the amount recorded on the balance sheet

| | Number of stocks (stocks) | Total amount recorded on the balance sheet (million yen) |
|---|---|---|
| Unlisted stocks | 17 | 89 |
| Stocks other than unlisted stocks | 16 | 10,809 |

(Stocks for which the number of shares increased in the fiscal year under review)

| | Number of stocks (stocks) | Total acquisition cost for increase in number of shares (million yen) | Reason for increase in number of shares |
|---|---|---|---|
| Unlisted stocks | – | – | – |
| Stocks other than unlisted stocks | 4 | 10 | Purchase through employees' stock ownership association |

(Stocks for which the number of shares decreased in the fiscal year under review)

| | Number of stocks (stocks) | Total sale cost for decrease in number of shares (million yen) |
|---|---|---|
| Unlisted stocks | 1 | 0 |
| Stocks other than unlisted stocks | 2 | 7 |

ii. Number and balance sheet amount of specified investment shares and deemed shareholdings for each stock held and other information

Specified investment shares

| Stock | Fiscal year under review<br>Number of shares (shares)<br>Balance sheet amount (million yen) | Previous fiscal year<br>Number of shares (shares)<br>Balance sheet amount (million yen) | Purpose, outline of business alliance, etc., quantitative effect of shareholding and reason for an increase in the number of shares | Shareholding by the Company |
|---|---|---|---|---|
| Shizuoka Financial Group, Inc. | 1,307,561<br>3,350 | 1,307,561<br>2,122 | Shizuoka Financial Group, Inc. is the parent company of the Shizuoka Bank Ltd., which is one of the Group's main banks, and TOKAI CORPORATION holds the shares in question with the intention of maintaining a continuous and stable supply of funds from the bank. Taking into consideration economic rationale such as the dividend yield, in addition to the fact that the Group continued to receive a stable supply of funds in the consolidated fiscal year under review, we verified the appropriateness of holding the shares and judged that the shareholding has a positive effect. | None (*1) |
| Sumitomo Mitsui Trust Group, Inc. | 333,400<br>1,634 | 333,400<br>1,240 | Sumitomo Mitsui Trust Group, Inc. is the parent company of Sumitomo Mitsui Trust Bank, Limited, which is one of the Group's main banks, and TOKAI CORPORATION holds the shares in question with the intention of maintaining a continuous and stable supply of funds from the bank. Taking into consideration economic rationale such as the dividend yield, in addition to the fact that the Group continued to receive a stable supply of funds in the consolidated fiscal year under review, we verified the appropriateness of holding the shares and judged that the shareholding has a positive effect. | None (*1) |
| MS&AD Insurance Group Holdings, Inc. | 370,500<br>1,493 | 370,500<br>1,194 | MS&AD Insurance Group Holdings, Inc. is the parent company of Aioi Nissay Dowa Insurance Co., Ltd., for which the Company serves as insurance agent, and TOKAI CORPORATION holds the shares in question with the intention of maintaining a stable business relationship with Aioi Nissay Dowa Insurance Co., Ltd. During the consolidated fiscal year under review, the returns from the continued generation of profit as an insurance agent and dividends exceeded capital costs and we, therefore, judged that the shareholding has a positive effect. | None |
| Sumitomo Mitsui Financial Group, Inc. | 248,262<br>1,242 | 248,262<br>942 | Sumitomo Mitsui Financial Group, Inc. is the parent company of Sumitomo Mitsui Baking Corporation, which is one of the Group's main banks, and TOKAI CORPORATION holds the shares in question with the intention of maintaining a continuous and stable supply of funds from the bank. Taking into consideration economic rationale such as the dividend yield, in addition to the fact that the Group continued to receive a stable supply of funds in the consolidated fiscal year under review, we verified the appropriateness of holding the shares and judged that the shareholding has a positive effect. | None (*1) |

| Stock | Fiscal year under review | Previous fiscal year | Purpose, outline of business alliance, etc., quantitative effect of shareholding and reason for an increase in the number of shares | Shareholding by the Company |
|---|---|---|---|---|
| | Number of shares (shares) | Number of shares (shares) | | |
| | Balance sheet amount (million yen) | Balance sheet amount (million yen) | | |
| Mizuho Financial Group, Inc. | 175,780 | 175,780 | Mizuho Financial Group, Inc. is the parent company of Mizuho Bank Limited, which is one of the Group's main banks, and TOKAI CORPORATION holds the shares in question with the intention of maintaining a continuous and stable supply of funds from the bank. Taking into consideration economic rationale such as the dividend yield, in addition to the fact that the Group continued to receive a stable supply of funds in the consolidated fiscal year under review, we verified the appropriateness of holding the shares and judged that the shareholding has a positive effect. | None (*1) |
| | 1,069 | 712 | | |
| KAWADA TECHNOLOGIES, INC. | 503,194 | 166,191 | KAWADA TECHNOLOGIES, INC. is a major customer for high-pressure gas, and TOKAI CORPORATION holds the shares in question with the intention of maintaining a stable business relationship. During the consolidated fiscal year under review, returns from profits on sales of city gas products and dividends continued to exceed capital costs, and we judged that the shareholding has a positive effect. The increase during the period under review is purchase through the employees' stock ownership association. Membership of the employees' stock ownership association was based on the customer's request and we judged that the shareholding has a positive effect as explained previously and accepted the request. KAWADA TECHNOLOGIES, INC. executed a 3-for-1 stock split, with March 31, 2026 as the record date. | None |
| | 766 | 481 | | |
| Daito Trust Construction Co., Ltd. | 100,000 | 20,000 | Daito Trust Construction Co., Ltd. is a major business partner in the LP gas business, and TOKAI CORPORATION holds the shares in question with the intention of maintaining a stable business relationship. During the consolidated fiscal year under review, returns from profits generated through the ongoing business relationship and dividends continued to exceed capital costs, and we judged that the shareholding has a positive effect. Daito Trust Construction Co., Ltd. executed a 5-for-1 stock split, with September 30, 2025 as the record date. | None |
| | 367 | 306 | | |
| LEC, Inc. | 286,000 | 286,000 | LEC, Inc. is a major customer for non-life insurance policies, and TOKAI CORPORATION holds the shares in question with the intention of maintaining a stable business relationship. During the consolidated fiscal year under review, returns from profits on policies for products and dividends continued to exceed capital costs, and we judged that the shareholding has a positive effect. | Yes |
| | 320 | 340 | | |
| Mitsubishi UFJ Financial Group, Inc. | 88,000 | 88,000 | Mitsubishi UFJ Financial Group, Inc. is the parent company of MUFG Bank, Limited, which is one of the Group's main banks, and TOKAI CORPORATION holds the shares in question with the intention of maintaining a continuous and stable supply of funds from the bank. Taking into consideration economic rationale such as the dividend yield, in addition to the fact that the Group continued to receive a stable supply of funds in the consolidated fiscal year under review, we verified the appropriateness of holding the shares and judged that the shareholding has a positive effect. | None (*1) |
| | 228 | 176 | | |

| Stock | Fiscal year under review<br>Number of shares (shares)<br>Balance sheet amount (million yen) | Previous fiscal year<br>Number of shares (shares)<br>Balance sheet amount (million yen) | Purpose, outline of business alliance, etc., quantitative effect of shareholding and reason for an increase in the number of shares | Shareholding by the Company |
|---|---|---|---|---|
| Nippi, Incorporated | 10,000<br>121 | 10,000<br>57 | Nippi, Incorporated is a major customer in the LP gas and equipment and construction business, and TOKAI CORPORATION holds the shares in question with the intention of maintaining a stable business relationship. During the consolidated fiscal year under review, returns from profits on the sale of LP gas and equipment and construction products as well as dividends continued to exceed capital costs, and we judged that the shareholding has a positive effect. | None |
| TSUMURA & CO. | 25,600<br>95 | 24,882<br>107 | TSUMURA & CO. is a major customer in the city gas business, and TOKAI CORPORATION holds the shares in question with the intention of maintaining a stable business relationship. During the consolidated fiscal year under review, returns from profits on sales of city gas products and dividends continued to exceed capital costs, and we judged that the shareholding has a positive effect. The increase during the period under review is purchase through the employees' stock ownership association. Membership of the employees' stock ownership association was based on the customer's request and we judged that the shareholding has a positive effect as explained previously and accepted the request. (However, the employees' stock ownership association dissolved in January 2026.) | None |
| The Shimizu Bank, Ltd. | 24,300<br>59 | 24,300<br>36 | The Shimizu Bank, Ltd. is one of the Group's main banks, and TOKAI CORPORATION holds the shares in question with the intention of maintaining a continuous and stable supply of funds from the bank. Taking into consideration economic rationale such as the dividend yield, in addition to the fact that the Group continued to receive a stable supply of funds in the consolidated fiscal year under review, we verified the appropriateness of holding the shares and judged that the shareholding has a positive effect. | Yes |
| ROCK FIELD CO., LTD. | 23,858<br>33 | 23,406<br>37 | ROCK FIELD CO., LTD. is a major customer in the LP gas and equipment and construction business, and TOKAI CORPORATION holds the shares in question with the intention of maintaining a stable business relationship. During the consolidated fiscal year under review, returns from profits on sales of city gas products and dividends continued to exceed capital costs, and we judged that the shareholding has a positive effect. The increase during the period under review is purchase through the employees' stock ownership association. Membership of the employees' stock ownership association was based on the customer's request and we judged that the shareholding has a positive effect as explained previously and accepted the request. | None |
| HAGOROMO FOODS CORPORATION | 6,661<br>23 | 6,453<br>20 | HAGOROMO FOODS CORPORATION is a major customer in the LP gas and equipment and construction business, and TOKAI CORPORATION holds the shares in question with the intention of maintaining a stable business relationship. During the consolidated fiscal year under review, returns from profits on the sale of LP gas and equipment and construction products as well as dividends continued to exceed capital costs, and we judged that the shareholding has a positive effect. The increase during the period under review is purchase through the employees' stock ownership association. Membership of the employees' stock ownership association was based on the customer's request and we judged that the shareholding has a positive effect as explained previously and accepted the request. | None |

| Stock | Fiscal year under review | Previous fiscal year | Purpose, outline of business alliance, etc., quantitative effect of shareholding and reason for an increase in the number of shares | Shareholding by the Company |
|---|---|---|---|---|
| | Number of shares (shares) | Number of shares (shares) | | |
| | Balance sheet amount (million yen) | Balance sheet amount (million yen) | | |
| Token Corporation | 100 | 100 | Token Corporation is a major business partner in the LP gas business, and TOKAI CORPORATION holds the shares in question with the intention of maintaining a stable business relationship. During the consolidated fiscal year under review, returns from profits generated through the ongoing business relationship and dividends continued to exceed capital costs, and we judged that the shareholding has a positive effect. | None |
| | 1 | 1 | | |
| KAMEI CORPORATION | 100 | 100 | KAMEI CORPORATION is a major business partner in the LP gas business, providing purchasing, contracting, wholesaling and filling services, and TOKAI CORPORATION holds the shares in question for the purpose of maintaining a stable business relationship. During the consolidated fiscal year under review, we judged based on various factors, including economic rationale such as profits from the ongoing business relationship and dividends, that the shareholding still has a positive effect. | None |
| | 0 | 0 | | |
| Akasaka Diesels Limited | – | 1,650 | Akasaka Diesels Limited is a major customer in the city gas business, and TOKAI CORPORATION held the shares in question with the intention of maintaining a stable business relationship with the company, but sold them in February 2026. | None |
| | – | 3 | | |

(Notes) 1. A subsidiary of the listed holding company holds the Company’s shares.

2. In the case of customers, it is hard to state the quantitative effect of holding the shares due to the use of indicators that fall under trade secrets such as the trading volume with each issuer. Also in the case of suppliers, business partners and financial institutions, positive effects from knowhow in each business and the maintenance of cooperation are expected; however, it is hard to give details of the positive effects and the trading volume and profit in each case as this falls under trade secrets.

3. The symbol “-” indicates that the Company does not hold the shares in question.

(v) Reporting company’s shareholdings

The reporting company’s shareholdings are as follows.

a. Investment shares held for purposes other than pure investment

i. Number of stocks and the amount recorded on the balance sheet

| | Number of stocks (stocks) | Total amount recorded on the balance sheet (million yen) |
|---|---|---|
| Unlisted stocks | 8 | 75 |
| Stocks other than unlisted stocks | 7 | 2,068 |

(Stocks for which the number of shares increased in the fiscal year under review)

| | Number of stocks (stocks) | Total acquisition cost for increase in number of shares (million yen) | Reason for increase in number of shares |
|---|---|---|---|
| Unlisted stocks | 1 | 10 | Driving the Group’s business strategy |
| Stocks other than unlisted stocks | – | – | – |

(Stocks for which the number of shares decreased in the fiscal year under review)

Not applicable

ii. Number and balance sheet amount of specified investment shares and deemed shareholdings for each stock held and other information

| Stock | Fiscal year under review<br>Number of shares (shares)<br>Balance sheet amount (million yen) | Previous fiscal year<br>Number of shares (shares)<br>Balance sheet amount (million yen) | Purpose, outline of business alliance, etc., quantitative effect of shareholding and reason for an increase in the number of shares | Shareholding by the Company |
|---|---|---|---|---|
| SHIZUOKA GAS Co., Ltd. | 1,368,900<br>2,065 | 1,368,900<br>1,548 | SHIZUOKA GAS Co., Ltd. is a major supplier of city gas and LNG, and the reporting company holds the shares in question with the intention of strengthening a stable business relationship. During the consolidated fiscal year under review, we judged based on various factors, including economic rationale such as profits from the ongoing business relationship and dividends, that the shareholding still has a positive effect. (*1) | Yes |
| NIPPON GAS CO., LTD. | 300<br>0 | 300<br>0 | The reporting company holds the shares in question to gain an understanding of trends in the LP gas sector. During the consolidated fiscal year under review, we judged that the shareholding still has a positive effect. (*2) | None |
| Iwatani Corporation | 400<br>0 | 400<br>0 | The reporting company holds the shares in question to gain an understanding of trends in the LP gas sector. During the consolidated fiscal year under review, we judged that the shareholding still has a positive effect. (*2) | None |
| SINANEN HOLDINGS CO., LTD. | 100<br>0 | 100<br>0 | The reporting company holds the shares in question to gain an understanding of trends in the LP gas sector. During the consolidated fiscal year under review, we judged that the shareholding still has a positive effect. (*2) | None |
| Mitsuuroko Group Holdings Co., Ltd. | 100<br>0 | 100<br>0 | The reporting company holds the shares in question to gain an understanding of trends in the LP gas sector. During the consolidated fiscal year under review, we judged that the shareholding still has a positive effect. (*2) | None |
| ITOCHU ENEX CO., LTD. | 100<br>0 | 100<br>0 | The reporting company holds the shares in question to gain an understanding of trends in the LP gas sector. During the consolidated fiscal year under review, we judged that the shareholding still has a positive effect. (*2) | None |
| TOELL CO., Ltd. | 100<br>0 | 100<br>0 | The reporting company holds the shares in question to gain an understanding of trends in the LP gas sector. During the consolidated fiscal year under review, we judged that the shareholding still has a positive effect. (*2) | None |

(Notes) 1. In the case of suppliers, positive effects from business knowhow and the maintenance of cooperation are expected; however, it is hard to give details of the positive effects and the trading volume and profit in each case as this falls under trade secrets.

2. In the case of other companies in the same industry, positive effects from the monitoring of industry trends are expected; however, it is hard to give details of the positive effects as this falls under trade secrets.

5. Employees, etc.

(1) Basic policy on human capital strategies, etc.

At the TOKAI Group, we view each employee as a valuable asset, which is why we refer to employees as human capital. Since human capital drives our medium- to long-term growth, we make ongoing investments in human capital, and at the same time drive initiatives to enhance employee well-being.

For the period of Medium-Term Management Plan 2028, we have set "Create a future with smiling people who take on challenges" as a guideline for our human capital strategies. Based on this guideline, we have detailed our direction and values regarding our four company visions.

Four company visions

(1) A company where everyone, including ourselves and those around us, is working with a smile

(2) A company where everyone can feel that they are contributing to society by supporting the company

(3) A company where everyone is able to feel that they are developing personally

(4) A company that supports employees in their taking on challenges and striving to achieve self-actualization

By clarifying our direction through our four company visions and defining our visions of the ideal individual and ideal organization, we help individual employees understand their roles, the actions they are expected to take, and the required direction of growth so that they can improve their skills in a self-directed manner and take on new challenges. At the same time, we are implementing personal measures including assessment, development and improvements to the workplace environment to establish an environment that enables employees to demonstrate their capabilities with peace of mind.

We aim to implement these initiatives to improve the well-being of each individual employee and fully energize the entire organization. In March 2026, the Group obtained ISO 25554 certification to serve as the framework for systematically driving these initiatives. We have continued to enhance measures under this standard.

Our two ideal vision

**- Ideal individual**

An employee who adapts to environmental change, is constantly striving for self-improvement, and is capable of autonomously advancing his or her career in order to achieve personal goals for enjoyment and satisfaction in life

**- Ideal organization**

An organizational culture with high levels of engagement and team productivity whereby employees regardless of level of seniority cooperate with each other to solve issues through healthy conflict and flexible thinking for the achievement of goals

**1) Linking our response to the external environment with management strategy**

The Group is implementing personnel measures and initiatives to respond to changes in the external environment, including intensifying competition for human capital driven by a shrinking working population, growing demand for diverse work styles, and advances in new technologies.

With these initiatives, we will support the Triple Accel Strategy (Area, Account, and ARPU), which is aimed at achieving business performance indicators under Medium-Term Management Plan 2028, in the area of human capital.

In particular, we will work to consistently acquire and retain human capital, particularly those tasked with business development, while building an environment where a diverse range of human capital are free to voice their opinions, with the aim of creating customer value.

In addition, as a foundation supporting these initiatives, we will implement measures to enhance employee engagement and foster alignment with the Company's philosophy and policies, while also promoting top-level health and productivity management to help maintain and advance the physical and mental health of employees. This will empower our human capital to consistently demonstrate their capabilities, furthering our aim of improving the productivity of the entire organization and increasing operating profit per employee.

We will endeavor to continually enhance corporate value by driving these responses to the external environment and implementing our human capital strategies in accordance with Medium-Term Management Plan 2028.

**2) Policies for determining employees' salaries, etc.**

The TOKAI Group is raising employee salary levels, in addition to phasing in increases in starting salaries, to consistently secure the human capital needed to steadily strengthen its customer base. These initiatives are aimed at enhancing our recruitment competitiveness and raising employee motivation.

For regular pay raises, we have adopted a system in which we evaluate the capabilities demonstrated by employees throughout the year and reflect the results of the evaluations in their salaries. This has created an environment that is more conducive to employees making self-directed efforts to improve their skills.

Further, to secure and retain talented human capital and boost their motivation, we have introduced a system for the accelerated promotion of outstanding employees, leading to a system in which employees are rewarded appropriately based on the capabilities they have demonstrated.

Our bonus system enables us to reflect the achievements of individual employees in their compensation even more clearly. In addition, we now place even greater weight on individual performance in employee evaluations, and as a result, we have built a system in which overall company performance and the contributions of individual employees are more appropriately linked to their compensation.

With these policies on employee compensation, the TOKAI Group has developed an environment that enables employees to demonstrate their capabilities to the fullest extent while contributing to sustainable corporate growth. At the same time, we will consider revising the compensation system as needed to better reflect changing social conditions, labor market trends and our management strategy, as part of ongoing efforts to maintain a fair, transparent and highly trusted system.

**3) Strategy**

To achieve these visions of the ideal individual and the ideal organization, the Group will drive human capital management under its policy for human capital development and policy for internal environment development.

**3)-1 Human Capital Management Policy**

The Group positions "(1) Employees' demonstration of their strengths" and "(2) Career independence" as two important factors in the realization of the ideal individual. We will commit to human capital development that will enable individual employees to develop independently.

(1) Employees' demonstration of their strengths

Every employee demonstrating their strengths leads to the organization as a whole achieving goals. Accordingly, we will allocate human capital appropriately, provide employees with training opportunities, and support them in their taking on challenges, so that our diverse human capital can fully demonstrate their strengths.

(2) Career independence

Enabling employees to make self-directed career choices leads to their own personal development. Accordingly, we will provide them with opportunities to choose career paths and engage in a dialogue with them to enable them to establish careers based on their orientation and strengths. By doing this, we will support our employees in their independent development of their careers and their active participation in the Group over the long term.

(3) Major initiatives and systems for human capital development

Employees who realize our vision of the ideal individual are essential for the realization of the Group's corporate philosophy.

We implement various measures aimed at encouraging and supporting employees' career development, including implementing the self-career dock system and providing training for young, mid-level and manager-level employees as rank-based training. Under the self-career dock system, individuals with the national career consultant qualification support the career development of employees. Our training for manager-level employees includes psychological safety training and training in coaching aimed at drawing out the strengths of individual employees (6)-1-1 Strengths indicator). Through such training, we aim to increase autonomy and cultivate human capital capable of achieving our vision of the ideal individual (6)-1-2 Self-directed career management indicator).

In FY2025, we expanded the in-house human capital recruitment system, which had been operated by individual companies, to encompass the entire Group, to expand career options for employees. With this expanded system, we have now put in place an environment that allows employees to develop more diverse careers.

Further, to cultivate human capital who will aim to advance their careers autonomously, we implemented a new upskilling program to provide support to employees looking to acquire qualifications deemed necessary under the business strategy of each Group company. This program complements our existing reskilling program. The Group will continue to focus on the cultivation of human capital in FY2026, aiming to increase the figures produced for "particularly important KPIs."

List of major initiatives and programs

| | |
|---|---|
| Main Initiatives | - Self- career dock system<br>- Coaching training<br>- 1-on-1 training<br>- Department-specific skills training<br>- New employee training- Priority theme training<br>- Reskilling<br>- Upskilling<br>- Human capital development training (Position-specific Group human capital development training) etc. |
| System and programs | - Evaluation system and target management system<br>- EAP (Employee Assistance Program)<br>- Priority theme training<br>- Qualification reward system<br>- Intra-group job postings<br>- TOKAI Group Excellence Award Program<br>- Challenge Award Program<br>- English conversation support etc. |

**3)-2 Policy for internal environment development**

The Group positions "(1) Promotion of diversity" and "(2) Development of a workplace environment which enables employees to work with peace of mind" as two key elements in realizing the ideal organization. We are committed to developing an internal environment that will allow human capital to flourish.

(1) Promoting diversity

We are promoting the diversity of our human capital, as we believe it is a source of our competitiveness. To permit diverse human capital to demonstrate their individual capabilities regardless of age, nationality, gender, gender identity, sexual orientation, disability, or other attribute, we will build a workplace with a high level of psychological safety, in which everyone can express their opinions and take on challenges with peace of mind, and develop an organizational culture of leveraging diversity.

(2) Development of a workplace environment that enables employees to work with peace of mind

To enable diverse human capital to demonstrate their capabilities with peace of mind, we value the improvement of people's work-life balances and are implementing initiatives to develop comfortable workplace environments, including the promotion of flexible work styles and enhancing support for people to balance work and their personal lives. With these initiatives, we are striving to build an environment that enables individual employees to continue working with peace of mind in alignment with their life stage and to fully demonstrate their capabilities.

(3) Major initiatives and programs for developing the internal environment

We believe that the promotion of diversity is important for the realization of the Group's vision of an ideal organization. To this end, we provide female employee training aimed at promoting the active participation and career advancement of female employees and also provide psychological safety training and coaching training to manager-level employees for the development of a psychologically safe workplace (6)-1-3 Psychological safety indicator). We are focused on developing a workplace environment that enables a diverse range of human capital to continue working with peace of mind, by emphasizing the idea of helping employees balance their work responsibilities with the challenges unique to each life stage, such as childcare, nursing care, and fertility treatment. Through these initiatives, the Group will develop comfortable working environments in which a diverse range of human capital can thrive (6)-1-4 WLB (Work Life Balance) indicator).

In FY2025, we implemented programs and measures to help employees balancing their work responsibilities with childcare or nursing care commitments, as part of efforts to achieve our vision of the ideal organization. For instance, for programs including shortened working hours for childcare, we have extended the eligibility period up to the day a child requiring care finishes the sixth grade of elementary school. For employees providing nursing care, we brought in an outside expert to run a counseling workshop. We have also introduced the life support leave enabling employees to receive fertility treatment. With these and other measures, we will provide a comfortable working environment for employees, and continue to develop an internal environment that allows employees to feel that they are part of an ideal organization.

List of major initiatives and programs

| | |
|---|---|
| Main Initiatives | - Female employee training - Coaching training - Psychological safety training<br>- Mentor training - Nursing care training - Harassment training<br>- Mental health training (line care) - Mental health training (self care)<br>- DE&I training - Safety and health-related training etc. |
| System and programs | - Nursing care leave system - Nursing care staggered working hours - Caregiver consultant system<br>- Shortened working hours for childcare - Flextime system - Childbirth payment system<br>- Mentor program - Life support leave and long-term life support leave<br>- 360-degree feedback system - Engagement survey etc. |

**3)-3 Development of human capital infrastructure**

The TOKAI Group believes that two factors are important in its infrastructure for the realization of the ideal individual and the ideal organization: "(1) Promoting and enabling employees to maintain good health" and "(2) Initiatives to instill the Group's policies so that employees share them." We will press ahead with initiatives to realize them by developing and strengthening this human capital infrastructure.

(1) Promoting and enabling employees to maintain good health

A state in which individual employees are able to continue to work with enthusiasm in good physical and mental health will drive the sustainable growth of the Group. Accordingly, we will promote health and productivity management, encourage each individual employee to increase their awareness of health and establish an environment that will enable them to continue to work in sound physical and mental health.

(2) Initiatives to instill the Group's policies and enable employees to share them

We believe that instilling the Group's policies and enabling employees to share them is an important factor in the development of unity within the organization, and it leads to employees working together to move in the same direction. We will instill the Group policies and encourage employees to share them by communicating messages from management and enhancing opportunities to engage in dialogue.

(3) Major initiatives and programs to strengthen the human capital foundation

The TOKAI Group believes that employee health, and the adoption and sharing of the Group's policies are vital for achieving its visions of the ideal individual and ideal organization. With this in mind, we hold walking events and give seminars under health-related themes, such as sleeping, diet, and exercise. We also focus on measures to encourage employees who were found to need treatment in regular health checkups to undergo that treatment, provide them with subsidies for secondary examinations, and take other measures to raise the health awareness of each employee (6)-1-5 Ratio of health literate employees).

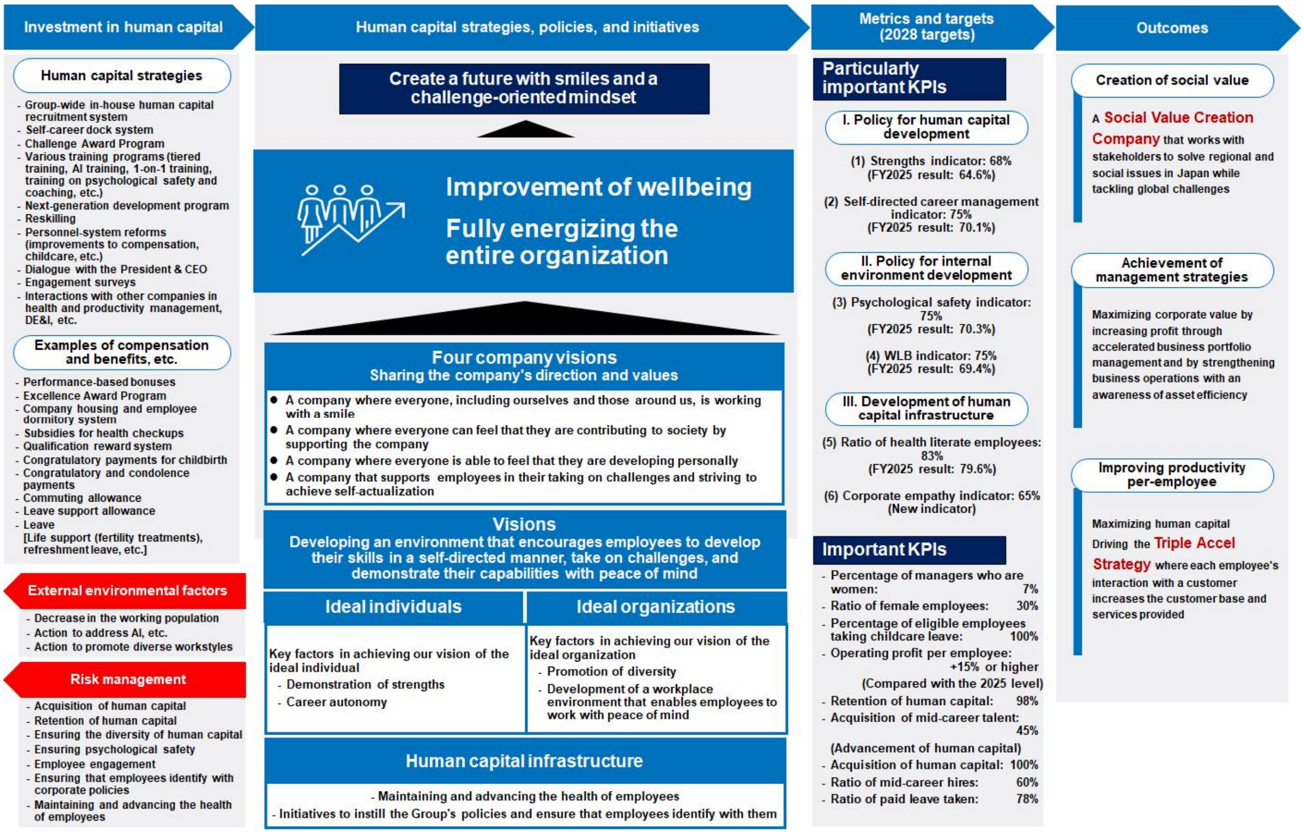
We also hold discussions on the Group's corporate message in which the President & CEO joins employees to assess the Corporate Message in a roundtable format, with the aim of instilling the Group's policies and helping employees identify with them. We also implement measures to determine whether employees are embodying the Corporate Message, and reflect this in personnel evaluations (6)-1-6 Corporate Empathy Indicator).

List of major initiatives and programs

| | |
|---|---|
| Main Initiatives | - Walking events - Various seminars including those on sleeping, diet, and exercise - AI posture diagnosis<br>- Thorough measures to encourage employees to undergo treatment recommended in regular health checkups<br>- Challenge Award Program - Sessions to discuss the Corporate Message etc. |
| System and programs | - Personnel evaluations incorporating criteria on whether the Corporate Message has been put into practice<br>- Subsidies for secondary examinations - Subsidies for complete medical checkups<br>- Subsidies for brain health checkups - Subsidies for smoking cessation and other programs |

The Group will work to improve employee well-being by cultivating human capital, improving the internal environment and developing the foundations that support that human capital, leading to the sustainable growth of the organization and the enhancement of corporate value.

The TOKAI Group’s value creation model




### 4) Governance

The TOKAI Group has established the Health Management Conference and the Engagement Improvement Conference, which are headed by the Chief Health Officer (CHO). Three times a year, officers and staff in charge of personnel matters from each company attend each conference to report on initiatives taken by each company and engage in discussions aimed at making improvements. Matters reported to and discussed at the Health Management Conference are reported to the Board of Directors once a year. In addition, initiatives on overall personnel matters are addressed at meetings of the Sustainability Promotion Committee twice a year, where the details of specific initiatives and their implementation status are explained to outside officers for feedback. We promote the implementation of initiatives at each company through these meetings.

Under this governance structure, the Group has established a system for operating the following in an integrated manner to consistently drive its human capital and management strategies.

(1) Human capital management under the initiative of the President & CEO

(2) Objective monitoring based on KPIs

(3) Group-wide improvement mechanisms

### 5) Risk Management

In pursuing the above human capital strategies, the Group recognizes that issues related to the acquisition and retention of human capital, ensuring diversity and psychological safety, the decline of employee engagement and employees’ willingness to share corporate policies and the health of employees are major risks regarding the Group’s human capital.

To manage these risks appropriately, the Group has set KPIs related to each item and continues to monitor and address the corresponding risks.

In addition, matters related to acquisition and retention of human capital and those related to employee engagement are regularly reported to the Company’s President and Representative Director as important management indicators, with the former reported two times a year and the latter three times a year. These matters are also reported to outside officers to receive feedback at twice-yearly meetings of the Sustainability Promotion Committee. Through these activities, we examine the appropriateness of risk recognition and review countermeasures in light of advice and recommendations offered from independent standpoints, in an effort to reinforce our risk management system. Through the ongoing implementation of these initiatives the Group will continue to identify and manage risks related to human capital in a comprehensive manner, and work to improve the effectiveness of its human capital strategies.

### 6) Metrics and targets

By monitoring indicators linked to strategies on an ongoing basis, the Group constantly assesses the effectiveness of its measures and the appropriateness of its strategic direction, while also aiming to build an environment in which employees can thrive and perform at their best as valuable assets.

Under Medium-Term Management Plan 2025, we established the “full energization of human capital and organizations” as a basic policy, and have been working under this policy to promote reskilling, enhance our in-house human capital recruitment system, improve various training programs and expand employee leave programs. As a result, among the KPIs we have designated as particularly important, the self-directed career management indicator was 70.1% (2025 target: 70.0%), while the psychological safety indicator was 70.3% (2025 target: 70.0%). These figures indicate that we achieved our 2025 targets for both metrics. However, performance on the strengths indicator was 64.6% (2025 target: 65.0%) while the WLB (Work Life Balance) indicator was 69.4% (2025 target: 70.0%), with both metrics falling slightly short of targets. However, compared with performance in 2022 when we established these metrics, the strengths indicator was up 8.1 percentage points and WLB indicator was up 7.2 percentage points, both having demonstrated positive growth. This indicates steady improvements in the TOKAI Group on the engagement front.

The Group will continue to improve employee wellbeing by cultivating employee autonomy and developing a comfortable working environment. Through these initiatives, we will enhance our human capital to “create a future with smiling people who take on challenges,” aiming to achieve the metrics and targets we have set.

#### 6)-1 Particularly important KPIs

The Group has adopted the following six indicators as particularly important KPIs for achieving its management strategy. We have set four indicators for measuring engagement: the strengths indicator, self-directed career management indicator, psychological safety indicator, and WLB (Work Life Balance) indicator. We have also adopted the ratio of health literate employees as an indicator for gauging employee health levels, and the corporate empathy indicator to measure the degree to which employees identify with corporate policies.

6)-1-1 Strengths indicator

This indicator measures the extent to which employees have the opportunity to use their strengths in their work based on the belief that utilization of the individuality and strengths of individual employees enhances employee job satisfaction and organizational performance.

The indicator shows the percentage of positive responses to engagement survey questions related to job satisfaction, utilization of capabilities, and challenges taken on in work.

6)-1-2 Self-directed career management indicator

To overcome uncertain times, employees must adapt to changes in the environment and achieve goals through autonomous career development. This indicator measures whether employees take action based on an awareness of their own career development, for the purposes of encouraging and supporting employee career development.

The indicator represents the percentage of positive responses to engagement survey questions related to self-actualization in work, personal development in the areas of knowledge and skills, and how employees tackle their jobs.

6)-1-3 Psychological safety indicator

The acknowledgment of diverse views and opinions and healthy conflict in the workplace is important for corporate growth. This indicator measures the extent to which psychological safety, which is the foundation for healthy conflict, is ensured.

The indicator represents the percentage of positive responses to engagement survey questions related to the degree of freedom of sharing views, the level of constructive dialogue, and peace of mind in the department each employee belongs to, as well as how free they feel to consult their superior.

6)-1-4 WLB (Work Life Balance) indicator

The development of a pleasant and rewarding work place is necessary for the active participation of employees. This indicator measures whether systems are in place to support the diverse work styles of individual employees and whether a company is an easy place to work from an employee perspective.

The indicator represents the percentage of positive responses to engagement survey questions related to employees helping one another, the adequacy of employee programs, and how comfortable the work environment is.

6)-1-5 Ratio of health literate employees

To effectively implement initiatives related to health and productivity management, it is important to ensure that each employee has adequate health-related knowledge, understands their capabilities with regard to health, and is able to apply that insight appropriately. This indicator represents the percentage of employees who gave answers to health-related questions that reflect sound judgment and actions.

6)-1-6 Corporate empathy indicator

The ability to identify with corporate policies is an important element enabling employees to tackle their work with a sense of unity and an awareness of shared goals.

This indicator represents the percentage of positive responses to questions related to understanding of and identification with the Group’s management strategy and policy, the Corporate Message, and so on.

| 6) Metrics and targets | | | | Unit | FY2022 | FY2023 | FY2024 | FY2025 | Targets FY2028 | Targets FY2030 |
|---|---|---|---|---|---|---|---|---|---|---|
| KPIs related to Human Capital Management Policy | Ideal individuals | Particularly important KPIs | 6)-1-1 Strengths indicator*1 | % | 56.5 | 58.2 | 62.9 | 64.6 | 68.0 | 70.0 |
| | | | 6)-1-2 Self-directed career management indicator*1 | % | 65.2 | 65.6 | 68.7 | 70.1 | 75.0 | 80.0 |
| KPIs related to Internal Environment Development Policy | Ideal organizations | Particularly important KPIs | 6)-1-3 Psychological safety indicator*1 | % | 62.7 | 66.2 | 69.1 | 70.3 | 75.0 | 80.0 |
| | | | 6)-1-4 WLB indicator*1 | % | 62.2 | 64.5 | 68.6 | 69.4 | 75.0 | 80.0 |
| | | Important KPIs | Ratio of female managers | % | 1.4 | 2.1 | 2.2 | 3.0 | 7.0 | 10.0 |
| | | | Ratio of female employees*2 | % | 25.0 | 26.2 | 29.7 | 28.8 | 30.0 | 30.0 |
| | | | Ratio of employees taking childcare leave: Male | % | 69.6 | 58.6 | 58.2 | 76.8 | 100.0 | 100.0 |
| | | | Ratio of employees taking childcare leave: Female | % | 100.0 | 100.0 | 100.0 | 100.0 | | |
| KPIs related to development of human capital infrastructure | | Particularly important KPIs | 6)-1-5 Ratio of health literate employees*3 | % | 68.1 | 70.4 | 77.9 | 79.6 | 83.0 | 85.0 |
| | | | 6)-1-6 Corporate empathy indicator *1 | % | - | - | - | - | 65.0 | 68.0 |
| Other KPI Data | | Important KPIs | Operating profit per employee*3 | Million yen | 325 | 328 | 340 | 372 | +15% or higher (Compared with the 2025 level) | – |
| | Ideal individuals | | Retention of human capital*4 | % | 97.1 | 97.1 | 97.0 | 97.4 | 98.0 | 98.0 |
| | | | Acquisition of mid-career talent (advancement of human capital)*5 | % | 34.5 | 34.6 | 35.1 | 36.4 | 45.0 | 50.0 |
| | Ideal organizations | | Acquisition of human capital*6 | % | 95.3 | 128.3 | 110.0 | 158.5 | 100.0 | 100.0 |
| | | | Ratio of mid-career hires*7 | % | 48.5 | 63.1 | 54.9 | 46.4 | 60.0 | 65.0 |
| | | | Ratio of paid leave taken*8 | % | 67.4 | 69.9 | 72.3 | 74.6 | 78.0 | 80.0 |

The scope of aggregation is employees (including those seconded to subsidiaries) of TOKAI Holdings Corporation, TOKAI CORPORATION, TOKAI Communications Corporation, TOKAI Cable Network Corporation, TOKAI GAS CORPORATION, and TOKAI Management Service Corporation.

*1 The ratio of positive engagement questionnaire responses is used as an indicator.

*2 The scope of aggregation is employees of the Company, TOKAI CORPORATION, TOKAI Communications Corporation, TOKAI Cable Network Corporation, TOKAI GAS CORPORATION, and TOKAI Management Service Corporation.

*3 The scope of aggregation is employees of the Company and all its consolidated subsidiaries.

*4 Number of employees remaining at the end of the period/Number of employees at beginning of period

*5 Ratio of mid-career hires to total number of employees in management positions

*6 Actual number of hires (including new graduate and mid-career hires) /Planned number of hires at beginning of period (including new graduate and mid-career hires)

*7 Ratio of mid-career hires to total number of new hires each fiscal year

*8 The scope of aggregation is employees of the Company, TOKAI CORPORATION, TOKAI Communications Corporation, TOKAI Cable Network Corporation, TOKAI GAS CORPORATION, and TOKAI Management Service Corporation. The period of aggregation is from January 1 to December 31 each fiscal year.

## Human capital data

As the human resource systems and definitions of metrics for the Group's six core companies (TOKAI Holdings Corporation, TOKAI CORPORATION, TOKAI Communications Corporation, TOKAI Cable Network Corporation, TOKAI GAS CORPORATION and TOKAI Management Service Corporation) are managed in an integrated manner, aggregated values are disclosed below.

| Number of workers in the TOKAI Group (employees) | | FY2024 | FY2025 |
|---|---|---|---|
| | Six core companies (*1) | 3,517 | 3,645 |
| | Other companies | 1,435 | 1,388 |
| | Total | 4,952 | 5,033 |

| Workforce composition | | FY2024 | FY2025 |
|---|---|---|---|
| Total number of workers (*2) | TOKAI Holdings | 104 | 109 |
| | TOKAI | 2,004 | 2,040 |
| | TOKAI Communications Corporation | 1,423 | 1,446 |
| | TOKAI Cable Network Corporation | 354 | 366 |
| | TOKAI GAS CORPORATION | 213 | 219 |
| | TOKAI Management Service Corporation | 133 | 127 |
| | Subtotal | 4,231 | 4,307 |
| Number of full-time workers (employees)(*3) | TOKAI Holdings | 91 | 99 |
| | TOKAI | 1,637 | 1,704 |
| | TOKAI Communications Corporation | 1,272 | 1,304 |
| | TOKAI Cable Network Corporation | 269 | 287 |
| | TOKAI GAS CORPORATION | 158 | 163 |
| | TOKAI Management Service Corporation | 90 | 88 |
| | Total | 3,517 | 3,645 |
| Number of full-time workers (contract employees) (*4) | TOKAI Holdings | 13 | 10 |
| | TOKAI | 196 | 185 |
| | TOKAI Communications Corporation | 129 | 120 |
| | TOKAI Cable Network Corporation | 53 | 48 |
| | TOKAI GAS CORPORATION | 17 | 21 |
| | TOKAI Management Service Corporation | 26 | 24 |
| | Total | 434 | 408 |
| Number of part-time workers (*5) | TOKAI Holdings | 0 | 0 |
| | TOKAI | 171 | 151 |
| | TOKAI Communications Corporation | 22 | 22 |
| | TOKAI Cable Network Corporation | 32 | 31 |
| | TOKAI GAS CORPORATION | 38 | 35 |
| | TOKAI Management Service Corporation | 17 | 15 |
| | Total | 280 | 254 |
| Number of full-time equivalent (FTE) employees (*6) | TOKAI Holdings | 104FTE | 109FTE |
| | TOKAI | 1,949FTE | 1,995FTE |
| | TOKAI Communications Corporation | 1,414FTE | 1,438FTE |
| | TOKAI Cable Network Corporation | 335FTE | 348FTE |
| | TOKAI GAS CORPORATION | 201FTE | 208FTE |
| | TOKAI Management Service Corporation | 125FTE | 121FTE |
| | Total | 4,129FTE | 4,219FTE |

*1 TOKAI Holdings Corporation, TOKAI CORPORATION, TOKAI Communications Corporation, TOKAI Cable Network Corporation, TOKAI GAS CORPORATION, and TOKAI Management Service Corporation

*2 The scope of aggregation covers employees, contract employees, and part-time employees.

*3 The scope of aggregation covers employees.

*4 The scope of aggregation covers contract employees.

*5 The scope of aggregation covers contract employees and part-time employees whose regular weekly working hours are less than 38.75 hours.

*6 The number of full-time equivalent (FTE) employees indicates the number of employees obtained by converting the total number of hours into full-time equivalents (38.75 hours per week).
Total number of hours worked by all workers per week/ Regular work hours per employee per week

## Human capital data

| Diversity | | | | FY2024 | FY2025 |
|---|---|---|---|---|---|
| | Age | TOKAI Holdings | 0-18 | 0.0% | 0.0% |
| | | | 19-29 | 18.3% | 19.3% |
| | | | 30-39 | 26.9% | 29.4% |
| | | | 40-49 | 24.0% | 28.4% |
| | | | 50-59 | 20.2% | 13.8% |
| | | | 60- | 10.6% | 9.2% |
| | | Total | | 100.0% | 100.0% |
| | | TOKAI | 0-18 | 0.0% | 0.0% |
| | | | 19-29 | 15.6% | 16.5% |
| | | | 30-39 | 19.2% | 18.4% |
| | | | 40-49 | 25.7% | 24.5% |
| | | | 50-59 | 27.8% | 28.4% |
| | | | 60- | 11.8% | 12.3% |
| | | Total | | 100.0% | 100.0% |
| | | TOKAI Communications Corporation | 0-18 | 0.0% | 0.0% |
| | | | 19-29 | 17.4% | 17.3% |
| | | | 30-39 | 20.2% | 20.5% |
| | | | 40-49 | 35.8% | 34.6% |
| | | | 50-59 | 22.5% | 22.6% |
| | | | 60- | 4.0% | 5.0% |
| | | Total | | 100.0% | 100.0% |
| | | TOKAI Cable Network Corporation | 0-18 | 0.0% | 0.0% |
| | | | 19-29 | 24.3% | 23.5% |
| | | | 30-39 | 18.6% | 16.4% |
| | | | 40-49 | 34.2% | 34.2% |
| | | | 50-59 | 16.9% | 19.4% |
| | | | 60- | 5.9% | 6.6% |
| | | Total | | 100.0% | 100.0% |
| | | TOKAI GAS CORPORATION | 0-18 | 0.0% | 0.0% |
| | | | 19-29 | 14.1% | 16.9% |
| | | | 30-39 | 14.6% | 12.8% |
| | | | 40-49 | 26.8% | 23.7% |
| | | | 50-59 | 23.5% | 24.7% |
| | | | 60- | 21.1% | 21.9% |
| | | Total | | 100.0% | 100.0% |
| | | TOKAI Management Service Corporation | 0-18 | 0.0% | 0.0% |
| | | | 19-29 | 20.3% | 20.5% |
| | | | 30-39 | 36.8% | 36.2% |
| | | | 40-49 | 25.6% | 24.4% |
| | | | 50-59 | 15.8% | 16.5% |
| | | | 60- | 1.5% | 2.4% |
| | | Total | | 100.0% | 100.0% |
| | | All | 0-18 | 0.0% | 0.0% |
| | | | 19-29 | 17.1% | 17.6% |
| | | | 30-39 | 20.0% | 19.5% |
| | | | 40-49 | 29.8% | 28.8% |
| | | | 50-59 | 24.3% | 24.8% |
| | | | 60- | 8.8% | 9.4% |
| | | Total | | 100.0% | 100.0% |

## Human capital data

| Diversity | | | | FY2024 | FY2025 |
|---|---|---|---|---|---|
| | Gender | TOKAI Holdings | Male | 66.3% | 67.9% |
| | | | Female | 33.7% | 32.1% |
| | | Total | | 100.0% | 100.0% |
| | | TOKAI | Male | 68.4% | 69.0% |
| | | | Female | 31.6% | 31.0% |
| | | Total | | 100.0% | 100.0% |
| | | TOKAI Communications Corporation | Male | 78.9% | 78.4% |
| | | | Female | 21.1% | 21.6% |
| | | Total | | 100.0% | 100.0% |
| | | TOKAI Cable Network Corporation | Male | 67.2% | 69.1% |
| | | | Female | 32.8% | 30.9% |
| | | Total | | 100.0% | 100.0% |
| | | TOKAI GAS CORPORATION | Male | 70.4% | 70.8% |
| | | | Female | 29.6% | 29.2% |
| | | Total | | 100.0% | 100.0% |
| | | TOKAI Management Service Corporation | Male | 40.6% | 38.6% |
| | | | Female | 59.4% | 61.4% |
| | | Total | | 100.0% | 100.0% |
| | | All | Male | 71.0% | 71.3% |
| | | | Female | 29.0% | 28.7% |
| | | Total | | 100.0% | 100.0% |
| | Percentage of employees with disabilities | | | 1.81% | 1.75% |
| Costs (investment in human capital and personnel expenses) | | | | FY2024 | FY2025 |
| | Total training and development expenses (*7) | | | ¥207 million | ¥238 million |
| | Total labor force cost (*8) | | | ¥35,423 million | ¥36,424 million |
| Productivity | | | | FY2024 | FY2025 |
| | Sales per FTE | | | ¥54,585 thousand | ¥53,610 thousand |
| | EBIT per FTE (*9) | | | ¥4,705 thousand | ¥5,080 thousand |
| | Human capital ROI (*10) | | | 52.1% | 56.1% |
| Health, safety, and well-being | | | | FY2024 | FY2025 |
| | Number and frequency rate of occupational accidents | Number of occupational accidents that occurred | | 39 | 32 |
| | | Frequency rate of occupational accidents per 1 million hours (accidents/1 million hours) | | 4.8 | 3.8 |
| | Number of fatalities and fatality rate of occupational accidents | Number of fatalities due to occupational accidents | | 0 | 0 |
| | | Fatality rate of occupational accidents | | 0.0% | 0.0% |
| Relationship with compliance, ethics, and workers | | | | FY2024 | FY2025 |
| | Number of human rights issues that were raised, their types, and outcomes | | | 0 | 0 |
| | Percentage of workforce covered by collective bargaining agreements (*11) | | | 60.2% | 61.6% |
| Turnover | | | | FY2024 | FY2025 |
| | Turnover rate (*12) | | | 3.9% | 3.3% |

*7 Total amount of expenses for skill development, training, and related expenses (including travel and venue expenses) incurred by the organization

*8 Total amount including expenses paid to employees hired through agencies in addition to personnel expenses, welfare expenses, and statutory welfare expenses

*9 EBIT = ordinary profit + interest expenses - interest income

*10 (((Operating profit + total labor force cost)/total labor force cost) -1) x 100

*11 Number of union members/total number of workers; however, contract employees are excluded from the number of members as they do not belong to the union.

*12 Number of employees who left the company during the target period/Average number of employees during the target period Target period: April 1 to March 31 of each fiscal year

(2) Employees

(i) Employees at consolidated companies

As of March 31, 2026

| Segment | Number of employees (persons) |
|---|---|
| Energy | 1,690 [366] |
| Information and Communications | 1,490 [172] |
| CATV | 765 [134] |
| Construction, Equipment, and Real Estate | 457 [155] |
| Aqua | 160 [62] |
| Others | 284 [211] |
| Corporate (common) | 187 [55] |
| Total | 5,033 [1,155] |

(Notes) 1. The number of employees shows the number of persons at work (excluding those seconded to other companies outside the Group), and the annual average number of temporary employees (including full-time, part-time and contract workers but excluding those hired through agencies) is separately presented in square brackets.

2. The number of corporate (common) employees represents the number of employees belonging or seconded to administrative departments, etc. (the Company and TOKAI Management Service Corporation), which cannot be classified into any particular segment.

(ii) Employees at the reporting company

TOKAI Holdings Corporation

As of March 31, 2026

| Number of employees (persons) | Average age | Average number of years of continuous service | Average annual salary (yen) | YoY change in annual income (%) |
|---|---|---|---|---|
| 99 [13] | 39.9 | 13.3 | 6,950,962 | -4.0 |

| Percentage of female employees in management positions (%) | Percentage of eligible male employees taking childcare leave (%) | Wage gap between male and female employees (%) | | |
|---|---|---|---|---|
| | | All employees | Regular employees | Part-time and fixed-term employees |
| 11.4 | 150.0 | 63.3 | 67.9 | 27.5 |

| Segment | Number of employees (persons) |
|---|---|
| Energy | – [–] |
| Information and Communications | – [–] |
| CATV | – [–] |
| Construction, Equipment, and Real Estate | – [–] |
| Aqua | – [–] |
| Others | – [–] |
| Corporate (common) | 99 [13] |
| Total | 99 [13] |

(Notes) 1. The number of employees shows the number of persons at work (excluding those seconded to another company), and the annual average number of temporary employees (including full-time, part-time and contract workers but excluding those hired through agencies) is separately presented in square brackets.

2. The average number of years of continuous service is the total of the number of years of continuous service at each Group company.

3. Bonuses and non-standard wages are included in the calculation of the average annual salary.
4. The average annual salary of reporting companies increased 4.4% year on year due to base-pay increases and periodic pay raises. However, the average annual salary decreased 4.0% year on year due to the impact of fluctuations in workforce composition that resulted mainly from personnel transfers between Group companies.
5. The wage gap between male and female employees and the percentage of female employees in management positions were calculated based on the provisions of the Act on the Promotion of Female Participation and Career Advancement in the Workplace (Act No. 64 of 2015).
   Supplementary explanations to the wage gap between male and female employees
   (1) Calculated for the period from April 1, 2025 to March 31, 2026.
   (2) Total wages includes bonuses and any non-standard wages.
   (3) Part-time/fixed-term employees include part-timers, re-employed workers and contract employees but exclude advisors.
   (4) The gender wage gap is due to the difference in the composition of the number of employees by grade, with no difference in the wage system based on gender due to the promotion of equal pay for equal work.
6. Percentage of eligible male employees taking childcare leave under Article 71-6 (i) of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor, No. 25 of 1991) based on the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).
   Supplementary explanations to the percentage of eligible male employees taking childcare leave
   (1) Calculated for the period from April 1, 2025 to March 31, 2026.

(ii) Employees at consolidated companies

TOKAI CORPORATION

As of March 31, 2026

| Number of employees (persons) | Average age | Average number of years of continuous service | Average annual salary (yen) | YoY change in annual income (%) |
|---|---|---|---|---|
| 1,704 [361] | 42.8 | 16.2 | 6,744,901 | 1.6 |

| Percentage of female employees in management positions (%) | Percentage of eligible male employees taking childcare leave (%) | Wage gap between male and female employees (%) | | |
|---|---|---|---|---|
| | | All employees | Regular employees | Part-time and fixed-term employees |
| 2.8 | 60.0 | 56.5 | 62.8 | 52.1 |

| Segment | Number of employees (persons) |
|---|---|
| Energy | 1,298 [262] |
| Information and Communications | – [–] |
| CATV | – [–] |
| Construction, Equipment, and Real Estate | 291 [28] |
| Aqua | 80 [58] |
| Others | 35 [13] |
| Corporate (common) | – [–] |
| Total | 1,704 [361] |

TOKAI Communications Corporation

As of March 31, 2026

| Number of employees (persons) | Average age | Average number of years of continuous service | Average annual salary (yen) | YoY change in annual income (%) |
|---|---|---|---|---|
| 1,304 [150] | 41.9 | 16.8 | 6,901,913 | 2.5 |

| Percentage of female employees in management positions (%) | Percentage of eligible male employees taking childcare leave (%) | Wage gap between male and female employees (%) | | |
|---|---|---|---|---|
| | | All employees | Regular employees | Part-time and fixed-term employees |
| 2.9 | 92.9 | 68.3 | 73.9 | 87.8 |

| Segment | Number of employees (persons) |
|---|---|
| Energy | – [–] |
| Information and Communications | 1,304 [150] |
| CATV | – [–] |
| Construction, Equipment, and Real Estate | – [–] |
| Aqua | – [–] |
| Others | – [–] |
| Corporate (common) | – [–] |
| Total | 1,304 [150] |

TOKAI Cable Network Corporation

As of March 31, 2026

| Number of employees (persons) | Average age | Average number of years of continuous service | Average annual salary (yen) | YoY change in annual income (%) |
|---|---|---|---|---|
| 287 [86] | 41.6 | 16.3 | 6,567,089 | 4.8 |

| Percentage of female employees in management positions (%) | Percentage of eligible male employees taking childcare leave (%) | Wage gap between male and female employees (%) | | |
|---|---|---|---|---|
| | | All employees | Regular employees | Part-time and fixed-term employees |
| 0.0 | 100.0 | 57.2 | 72.6 | 93.4 |

| Segment | Number of employees (persons) |
|---|---|
| Energy | – [–] |
| Information and Communications | – [–] |
| CATV | 276 [59] |
| Construction, Equipment, and Real Estate | – [–] |
| Aqua | – [–] |
| Others | 11 [27] |
| Corporate (common) | – [–] |
| Total | 287 [86] |

TOKAI GAS CORPORATION

As of March 31, 2026

| Number of employees (persons) | Average age | Average number of years of continuous service | Average annual salary (yen) | YoY change in annual income (%) |
|---|---|---|---|---|
| 163 [59] | 43.2 | 19.6 | 6,731,286 | 4.2 |

| Percentage of female employees in management positions (%) | Percentage of eligible male employees taking childcare leave (%) | Wage gap between male and female employees (%) | | |
|---|---|---|---|---|
| | | All employees | Regular employees | Part-time and fixed-term employees |
| 2.7 | 133.3 | 61.0 | 68.3 | 88.2 |

| Segment | Number of employees (persons) |
|---|---|
| Energy | 137 [20] |
| Information and Communications | – [–] |
| CATV | – [–] |
| Construction, Equipment, and Real Estate | 26 [39] |
| Aqua | – [–] |
| Others | – [–] |
| Corporate (common) | – [–] |
| Total | 163 [59] |

TOKAI Management Service Corporation

As of March 31, 2026

| Number of employees (persons) | Average age | Average number of years of continuous service | Average annual salary (yen) | YoY change in annual income (%) |
|---|---|---|---|---|
| 88 [42] | 37.8 | 11.9 | 5,980,614 | 4.6 |

| Percentage of female employees in management positions (%) | Percentage of eligible male employees taking childcare leave (%) | Wage gap between male and female employees (%) | | |
|---|---|---|---|---|
| | | All employees | Regular employees | Part-time and fixed-term employees |
| 7.1 | 100.0 | 54.4 | 64.5 | 75.0 |

| Segment | Number of employees (persons) |
|---|---|
| Energy | – [–] |
| Information and Communications | – [–] |
| CATV | – [–] |
| Construction, Equipment, and Real Estate | – [–] |
| Aqua | – [–] |
| Others | – [–] |
| Corporate (common) | 88 [42] |
| Total | 88 [42] |

(Notes) 1. The number of employees shows the number of persons at work (excluding those seconded to another company), and the annual average number of temporary employees (including full-time, part-time and contract workers but excluding those hired through agencies) is separately presented in square brackets.

2. The average number of years of continuous service is the total of the number of years of continuous service at each Group company.
3. Bonuses and non-standard wages are included in the calculation of the average annual salary.
4. The wage gap between male and female employees and the percentage of female employees in management positions were calculated based on the provisions of the Act on the Promotion of Female Participation and Career Advancement in the Workplace (Act No. 64 of 2015).
   Supplementary explanations to the wage gap between male and female employees
   (1) Calculated for the period from April 1, 2025 to March 31, 2026.
   (2) Total wages includes bonuses and any non-standard wages.
   (3) Part-time/fixed-term employees include part-timers, re-employed workers and contract employees but exclude advisors.
   (4) The gender wage gap is due to the difference in the composition of the number of employees by grade, with no difference in the wage system based on gender due to the promotion of equal pay for equal work.
5. Percentage of eligible male employees taking childcare leave under Article 71-6 (i) of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor, No. 25 of 1991) based on the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).
   Supplementary explanations to the percentage of eligible male employees taking childcare leave
   (1) Calculated for the period from April 1, 2025 to March 31, 2026.

(4) Labor union

The Group's labor unions are TOKAI Labor Union, which belongs to the Federation of GAS WORKERS' UNIONS of Japan, and the All Japan Shipbuilding and Engineering Union Liaison Committee (Tokai branch). The Group has 2,727 labor union members as of March 31, 2026, and labor-management relations are amicable.

# V. Financial Information

## 1. Method of preparing consolidated financial statements and non-consolidated financial statements

(1) The consolidated financial statements of the Company are prepared in compliance with the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976).

(2) The non-consolidated financial statements of the Company are prepared in compliance with the Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements (Ordinance of the Ministry of Finance No. 59 of 1963; hereinafter referred to as the "Ordinance on Non-Consolidated Financial Statements").
Because the Company is classified as a company that prepares its financial statements pursuant to special provisions, the non-consolidated financial statements are prepared as provided in Article 127 of the Ordinance on Non-Consolidated Financial Statements.

## 2. Audit certification

The Company's consolidated financial statements for the consolidated fiscal year (from April 1, 2025 to March 31, 2026) and the non-consolidated financial statements for the fiscal year (from April 1, 2025 to March 31, 2026) were audited by Ernst & Young ShinNihon LLC under Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.
The Company's auditing firm was changed as follows:
14th consolidated fiscal year and fiscal year: Deloitte Touche Tohmatsu LLC
15th consolidated fiscal year and fiscal year: Ernst & Young ShinNihon LLC

## 3. Specific efforts to secure the appropriateness of the consolidated financial statements, etc.

As specific efforts to secure the appropriateness of the consolidated financial statements, we joined the Financial Accounting Standards Foundation to develop systems that will allow us to properly understand the details of accounting standards, etc. and respond accurately to changes in accounting standards, etc., and we obtained information about accounting standards, etc. and actively engaged in information gathering activities including participating in training organized by the accounting firm and various organizations and subscribing to accounting journals.

1. Consolidated Financial Statements, Etc.

(1) Consolidated Financial Statements

(i) Consolidated Balance Sheets

(Millions of yen)

| | Fiscal year ended March 31, 2025 | Fiscal year ended March 31, 2026 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 5,636 | 5,406 |
| Notes and accounts receivable - trade, and contract assets | *5 33,277 | *5 32,721 |
| Merchandise and finished goods | 4,906 | 5,644 |
| Work in process | 1,030 | 774 |
| Raw materials and supplies | 1,569 | 1,818 |
| Other | 9,046 | 9,529 |
| Allowance for doubtful accounts | -513 | -550 |
| Total current assets | 54,955 | 55,345 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 144,830 | 146,575 |
| Accumulated depreciation | -107,650 | -109,582 |
| Buildings and structures, net | *1 37,179 | *1 36,992 |
| Machinery, equipment, and vehicles | 118,255 | 118,360 |
| Accumulated depreciation | -91,334 | -91,209 |
| Machinery, equipment and vehicles, net | *1 26,920 | *1 27,150 |
| Land | 25,166 | 26,244 |
| Leased assets | 33,300 | 34,766 |
| Accumulated depreciation | -15,550 | -16,906 |
| Leased assets, net | 17,750 | 17,859 |
| Construction in progress | 1,849 | 1,197 |
| Other | 19,779 | 21,318 |
| Accumulated depreciation | -13,991 | -14,867 |
| Other, net | 5,788 | 6,451 |
| Total property, plant and equipment | *7 114,655 | *7 115,897 |
| Intangible assets | | |
| Goodwill | 6,143 | 4,510 |
| Leased assets | 333 | 216 |
| Other | 6,478 | 8,509 |
| Total intangible assets | *7 12,954 | *7 13,235 |
| Investments and other assets | | |
| Investment securities | *2 16,274 | *2 20,364 |
| Long-term loans receivable | 64 | 62 |
| Deferred tax assets | 778 | 598 |
| Net defined benefit asset | 6,803 | 9,438 |
| Other | 4,925 | 4,942 |
| Allowance for doubtful accounts | -297 | -300 |
| Total investments and other assets | 28,546 | 35,106 |
| Total non-current assets | 156,156 | 164,239 |
| Deferred assets | 2 | 1 |
| Total assets | 211,114 | 219,586 |

(Millions of yen)

| | Fiscal year ended March 31, 2025 | Fiscal year ended March 31, 2026 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable trade | 17,757 | 15,234 |
| Short-term borrowings | [*7] 13,996 | [*7] 17,202 |
| Lease liabilities | 5,018 | 5,180 |
| Income taxes payable | 3,173 | 3,342 |
| Provision for bonuses | 2,012 | 1,941 |
| Other provisions | 223 | 361 |
| Other | [*6] 19,399 | [*6] 18,002 |
| Total current liabilities | 61,582 | 61,264 |
| Non-current liabilities | | |
| Long-term borrowings | [*7] 32,124 | [*7] 30,645 |
| Lease liabilities | 13,956 | 13,807 |
| Deferred tax liabilities | 991 | 2,439 |
| Other provisions | 499 | 515 |
| Retirement benefit liability | 1,661 | 1,761 |
| Other | 4,443 | 4,689 |
| Total non-current liabilities | 53,676 | 53,858 |
| Total liabilities | 115,259 | 115,123 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 14,000 | 14,000 |
| Capital surplus | 25,575 | 25,584 |
| Retained earnings | 47,554 | 53,840 |
| Treasury shares | -2,554 | -4,491 |
| Total shareholders' equity | 84,575 | 88,933 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 4,298 | 7,055 |
| Foreign currency translation adjustment | 1,073 | 1,098 |
| Remeasurements of defined benefit plans | 3,471 | 4,788 |
| Total accumulated other comprehensive income | 8,844 | 12,942 |
| Share acquisition rights | 47 | 46 |
| Non-controlling interests | 2,386 | 2,540 |
| Total net assets | 95,855 | 104,462 |
| Total liabilities and net assets | 211,114 | 219,586 |

(ii) Consolidated Statements of Income, Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

| | Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) | Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026) |
|---|---|---|
| Sales | *1 243,482 | *1 244,838 |
| Cost of sales | *2 149,742 | *2 148,208 |
| Gross profit | 93,739 | 96,630 |
| Selling, general and administrative expenses | *3 76,898 | *3 77,930 |
| Operating profit | 16,841 | 18,699 |
| Non-operating income | | |
| Interest income | 12 | 13 |
| Dividend income | 358 | 454 |
| Share of profit of entities accounted for using equity method | 90 | 161 |
| Commission fee | 60 | 51 |
| Other | 517 | 463 |
| Total non-operating income | 1,039 | 1,143 |
| Non-operating expenses | | |
| Interest expenses | 411 | 531 |
| Other | 99 | 159 |
| Total non-operating expenses | 510 | 691 |
| Ordinary profit | 17,370 | 19,152 |
| Extraordinary income | | |
| Gain on sales of non-current assets | *4 2 | *4 29 |
| Gain on sale of investment securities | 114 | 10 |
| Transmission line facility subsidies | 91 | 109 |
| Subsidy income | 10 | – |
| Total extraordinary income | 218 | 149 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | *5 16 | *5 11 |
| Loss on retirement of non-current assets | *6 1,456 | *6 1,581 |
| Impairment losses | *7 1,126 | *7 1,294 |
| Loss on sales of investment securities | 0 | – |
| Loss on valuation of investment securities | 69 | 18 |
| Total extraordinary losses | 2,669 | 2,905 |
| Profit before income taxes | 14,919 | 16,396 |
| Income taxes (current) | 5,475 | 5,666 |
| Income taxes (deferred) | 116 | -182 |
| Total income taxes | 5,592 | 5,484 |
| Profit | 9,327 | 10,912 |
| Profit attributable to non-controlling interests | 110 | 162 |
| Profit attributable to owners of parent | 9,216 | 10,749 |

Consolidated Statements of Comprehensive Income

(Millions of yen)

| | Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) | Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026) |
|---|---|---|
| Profit | 9,327 | 10,912 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 934 | 2,756 |
| Deferred gains (losses) on hedges | -1,143 | – |
| Foreign currency translation adjustment | 5 | 9 |
| Remeasurements of defined benefit plans, net of tax | -301 | 1,316 |
| Share of other comprehensive income of entities accounted for using equity method | 131 | 19 |
| Total other comprehensive income | *1 -373 | *1 4,101 |
| Comprehensive income | 8,953 | 15,013 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of parent | 8,839 | 14,847 |
| Comprehensive income attributable to non-controlling interests | 113 | 166 |

(iii) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 14,000 | 25,570 | 42,804 | -2,562 | 79,812 |
| Changes during period | | | | | |
| Dividends of surplus | | | -4,466 | | -4,466 |
| Profit attributable to owners of parent | | | 9,216 | | 9,216 |
| Purchase of treasury shares | | | | -0 | -0 |
| Disposal of treasury shares | | 1 | | 8 | 9 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | 3 | | | 3 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | – | 5 | 4,750 | 7 | 4,763 |
| Balance at end of period | 14,000 | 25,575 | 47,554 | -2,554 | 84,575 |

| | Accumulated other comprehensive income | | | | | Share acquisition rights | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|---|---|---|
| | Valuation difference on available-for-sale securities | Deferred gains (losses) on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | | |
| Balance at beginning of period | 3,363 | 1,143 | 939 | 3,773 | 9,221 | 50 | 2,216 | 91,300 |
| Changes during period | | | | | | | | |
| Dividends of surplus | | | | | | | | -4,466 |
| Profit attributable to owners of parent | | | | | | | | 9,216 |
| Purchase of treasury shares | | | | | | | | -0 |
| Disposal of treasury shares | | | | | | | | 9 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | | | 3 |
| Net changes in items other than shareholders' equity | 934 | -1,143 | 134 | -301 | -376 | -2 | 170 | -208 |
| Total changes during period | 934 | -1,143 | 134 | -301 | -376 | -2 | 170 | 4,554 |
| Balance at end of period | 4,298 | – | 1,073 | 3,471 | 8,844 | 47 | 2,386 | 95,855 |

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 14,000 | 25,575 | 47,554 | -2,554 | 84,575 |
| Changes during period | | | | | |
| Dividends of surplus | | | -4,463 | | -4,463 |
| Profit attributable to owners of parent | | | 10,749 | | 10,749 |
| Purchase of treasury shares | | | | -2,000 | -2,000 |
| Disposal of treasury shares | | 8 | | 63 | 71 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | 0 | | | 0 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | – | 8 | 6,286 | -1,936 | 4,357 |
| Balance at end of period | 14,000 | 25,584 | 53,840 | -4,491 | 88,933 |

| | Accumulated other comprehensive income | | | | | Share acquisition rights | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|---|---|---|
| | Valuation difference on available-for-sale securities | Deferred gains (losses) on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | | |
| Balance at beginning of period | 4,298 | – | 1,073 | 3,471 | 8,844 | 47 | 2,386 | 95,855 |
| Changes during period | | | | | | | | |
| Dividends of surplus | | | | | | | | -4,463 |
| Profit attributable to owners of parent | | | | | | | | 10,749 |
| Purchase of treasury shares | | | | | | | | -2,000 |
| Disposal of treasury shares | | | | | | | | 71 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | | | 0 |
| Net changes in items other than shareholders' equity | 2,756 | – | 24 | 1,316 | 4,097 | -1 | 153 | 4,249 |
| Total changes during period | 2,756 | – | 24 | 1,316 | 4,097 | -1 | 153 | 8,607 |
| Balance at end of period | 7,055 | – | 1,098 | 4,788 | 12,942 | 46 | 2,540 | 104,462 |

(iv) Consolidated Statements of Cash Flows

(Millions of yen)

| | Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) | Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026) |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 14,919 | 16,396 |
| Depreciation | 16,794 | 16,744 |
| Amortization of goodwill | 1,027 | 980 |
| Impairment losses | 1,126 | 1,294 |
| Increase (decrease) in net defined benefit asset and liability | -611 | -635 |
| Interest and dividend income | -371 | -467 |
| Loss (gain) on sales of investment securities | -113 | -10 |
| Interest expenses | 411 | 531 |
| Loss (gain) on sale of non-current assets | 13 | -17 |
| Loss (gain) on valuation of investment securities | 69 | 18 |
| Loss on retirement of non-current assets | 1,456 | 1,581 |
| Decrease (increase) in trade receivables | -2,331 | 1,132 |
| Decrease (increase) in inventories | -307 | -731 |
| Increase (decrease) in trade payables | -2,178 | -2,519 |
| Increase (decrease) in accounts payable - other | -701 | -10 |
| Increase (decrease) in accrued expenses | 380 | -216 |
| Increase (decrease) in accrued consumption taxes | 777 | -421 |
| Increase (decrease) in deposits received | -181 | -339 |
| Other | 562 | -616 |
| Subtotal | 30,742 | 32,693 |
| Income taxes paid | -4,972 | -5,478 |
| Net cash provided by (used in) operating activities | 25,769 | 27,215 |
| Cash flows from investing activities | | |
| Interest and dividend income received | 443 | 527 |
| Purchase of investment securities | -44 | -24 |
| Proceeds from sale of investment securities | 191 | 53 |
| Purchase of property, plant and equipment and intangible assets | -13,676 | -17,052 |
| Proceeds from sale of property, plant and equipment and intangible assets | 397 | 241 |
| Payments for retirement of non-current assets | -699 | -717 |
| Proceeds from contribution received for construction | 207 | 134 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | *2 -3,043 | – |
| Proceeds from collection of loans receivable | 574 | 11 |
| Other | 264 | -58 |
| Net cash provided by (used in) investing activities | -15,385 | -16,883 |

(Millions of yen)

| | Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) | Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026) |
|---|---|---|
| Cash flows from financing activities | | |
| Interest paid | -409 | -523 |
| Net increase (decrease) in short-term borrowings | -500 | 3,325 |
| Repayments of lease obligations | -5,228 | -5,340 |
| Proceeds from long-term borrowings | 11,504 | 10,000 |
| Repayment of long-term borrowings | -11,498 | -11,597 |
| Purchase of treasury shares | -0 | -2,000 |
| Dividends paid | -4,463 | -4,449 |
| Other | 62 | -5 |
| Net cash provided by (used in) financing activities | -10,534 | -10,591 |
| Effect of exchange rate change on cash and cash equivalents | 9 | 11 |
| Net increase (decrease) in cash and cash equivalents | -140 | -249 |
| Cash and cash equivalents at beginning of period | 5,604 | 5,463 |
| Cash and cash equivalents at end of period | *1 5,463 | *1 5,214 |

Notes

(Basic and important matters in preparing the consolidated financial statements)

1. Matters regarding scope of consolidation

The Company includes all its 40 subsidiaries in the scope of consolidation.

In the consolidated fiscal year under review, AM's Unity Inc., which was a consolidated subsidiary of the Company, was excluded from the scope of consolidation following its dissolution due to an absorption-type merger with AM's Brain Inc., a consolidated subsidiary that was the surviving company. AM's Brain Inc., the surviving company, changed its trade name to AM's Unity Inc. effective April 1, 2025.

In addition, although the liquidation of TOKAI Human Resources Evol Corporation, which was a consolidated subsidiary of the Company, was completed; its statements of income until liquidation were consolidated.

Names of major consolidated subsidiaries are omitted due to their listing in "I. Company Overview, 4. Subsidiaries and Associates".

2. Matters regarding application of equity method

The Company applies the equity method to investments in all of its 10 associates.

Names of major associates are omitted due to their listing in "I. Company Overview, 4. Subsidiaries and Associates".

3. Matters regarding fiscal years, etc., of consolidated subsidiaries

Consolidated subsidiaries whose account closing dates are different from the consolidated closing date are as follows.

PT TOKAICOM Mitra Indonesia has December 31 as its fiscal year end date, and when preparing the consolidated financial statements, the Company uses the financial statements as of the fiscal year end date of consolidated subsidiaries; provided, however, that the Company makes adjustments necessary for consolidated accounting for important transactions that occur between the end of the fiscal year of these consolidated subsidiaries and the end of its consolidated fiscal year.

4. Matters regarding accounting policies

(1) Valuation standards and valuation method for significant assets

(i) Securities

Available-for-sale securities

Securities other than shares, etc. without market prices

Stated at market price as of the consolidated balance sheet date. (The difference in valuation is fully charged to net assets, with the cost of securities sold calculated by the moving average method.)

Shares, etc. without market prices

Cost method using the moving average method

(ii) Derivatives

Fair value method

(iii) Inventories

Stated at cost using primarily the first-in, first-out method; provided, however, that real estate for sale and work in process are stated at cost using the specific identification method.

Balance sheet values are calculated using the writedown method based on the decrease in profitability.

(2) Depreciation and amortization methods for significant depreciable assets

(i) Property, plant and equipment (excluding leased assets)

The straight-line method is used.

The principal useful lives of property, plant and equipment are as follows:

Buildings and structures: 10 to 50 years

Machinery, equipment and vehicles: 9 to 15 years

(ii) Intangible assets (excluding leased assets)

The straight-line method is used.

For software used in the Company, the straight-line method based on the usable period as determined by the Company (five years) is used.

(iii) Leased assets

Leased assets related to finance lease transactions not involving the transfer of ownership

The straight-line method is applied over the lease term without residual value.

(3) Accounting standards for significant allowances

(i) Allowance for doubtful accounts

In order to prepare for probable losses on collection, estimated amount uncollectible is provided for in accordance with the historical write-off ratio in the case of ordinary receivables and provided against estimated future losses on collection based on a detailed credit analysis in the case of doubtful accounts and other specific receivables.

(ii) Provision for bonuses

To ensure bonuses are paid to employees, the Company records the estimated portion of the bonuses that the Company will bear during the consolidated fiscal year under review.

(4) Accounting methods for retirement benefits

(i) Attribution of estimated retirement benefits

To calculate benefit liabilities, the estimated amount of retirement benefits is attributed to the period until the end of the consolidated fiscal year under review based on the benefit formula.

(ii) Treatment of unrecognized actuarial differences and past service costs

Past service costs are posted in expenses based on the straight-line method for a fixed period of years (15 to 18 years) within the average remaining service years of employees when costs accrue from their service.

Actuarial gains or losses are amortized using the straight-line method over a certain number of years (14 to 18 years) within the average remaining years of service of the eligible employees at the time of recognition, and allocated proportionately from the fiscal year following the respective fiscal year of recognition.

(iii) Adoption of the simplified method by companies that are small in size

Some consolidated subsidiaries adopt, for the purpose of calculating retirement benefit liability and retirement benefit expenses, a simplified method involving the recognition of retirement benefit obligations as the amount of retirement benefit payable at fiscal year-end due to voluntary termination.

(5) Accounting standards for significant revenue and expenses

The content of the main performance obligations in the principal operations of the Company and its consolidated subsidiaries for revenue from the contract with the customer and the normal point in time at which the performance obligations are satisfied (the normal point in time at which revenue is recognized) are as follows.

(i) Energy business

The main performance obligation in the sale of LP gas for household and commercial use and city gas is to maintain a stable supply of gas, and we use the volume of gas supplied to customers as a basis for estimating progress towards satisfaction and recognize revenue each month based on such progress. We add together customers' gas usage based on meter readings and estimated usage between the date of the meter reading and the reporting date and use this usage as a basis for calculating progress towards satisfaction of performance obligations. In cases where sales agents, etc. use their own meters and gas delivery systems for the supply of LP gas to customers and these sales agents, etc. are deemed primarily responsible for supplying services to customers, we recognize revenue on the basis that these transaction are agent transactions.

Our performance obligation in the sale of industrial gas is the sale of industrial gas and we recognize revenue at the point in time that delivery of the gas to the customer is complete.

(ii) Information and Communications business

The main performance obligation in the information and communications business for individual customers is to maintain the provision of internet, mobile services, etc., and we recognize monthly revenue based on the monthly charges set out in contracts.

The main performance obligation in information and communications business for corporate customers is the provision of cloud services, corporate communication services and software development services, and for cloud services and corporate communication services, we recognize monthly revenue based on the monthly charges set out in contracts. In the case of software development, we estimate progress towards satisfaction of the performance obligation using the cost-to-cost method and recognize revenue based on this progress. However, for development projects where the order amount is small or the production period is short and there is no material impact on the consolidated financial statements, we recognize revenue in a lump sum on completion of delivery to the customer.

(iii) CATV business

The main performance obligation in the CATV business is the continuous provision of CATV broadcasting, communication and phone services, and we recognize monthly revenue based on the monthly charges set out in contracts.

(iv) Construction, Equipment, and Real Estate business

The main performance obligation in the construction, equipment and civil engineering business is to carry out renovations, equipment-related construction and other contract construction work, and we estimate progress towards satisfaction of the performance obligation and recognize revenue based on this progress. However, when we cannot reasonably measure progress towards the complete satisfaction of the performance obligation, we recognize revenue based on the recoverable amount of the cost of fulfilling the performance obligation. For contracts where the order amount is small or the production period is short and there is no material impact on the consolidated financial statements, we recognize revenue in a lump sum on completion of delivery to the customer.

The main performance obligations in the real estate sales and management business are to sell real estate, broker the sale of real estate, and manage leased real estate, and we recognize revenue from the sale of real estate and real estate brokerage services when the sale of real estate takes effect and property is delivered. For the management of leased real estate, we recognize monthly revenue based on the management fees set out in contracts.

For revenue related to the leasing of real estate, we recognize revenue over the lease period in accordance with the Accounting Standard for Lease Transactions (ASBJ Statement No. 13, March 30, 2007).

(v) Aqua business

The main performance obligation in the aqua business is to provide bottles of water to customers, and we recognize revenue when the delivery of the bottles of water to customers' homes is complete.

(vi) Other businesses

Details of revenue recognition for other businesses such as the wedding ceremonies, ship repair and nursing care businesses are omitted because the amounts of revenue in each business have no material impact on the consolidated financial statements.

(6) Standards for translating significant foreign currency-denominated assets or liabilities into Japanese yen

Foreign currency-denominated monetary receivables and payables are translated into Japanese yen at the spot exchange rates on the consolidated settlement day. Translation adjustments are posted as a translation gain or loss. Assets and liabilities at overseas subsidiaries, etc. are translated into yen using the spot exchange rate on the consolidated settlement day. Revenue and expense are translated into yen using the average rate during the period, and translation adjustments are included in the foreign currency translation adjustment in net assets.

(7) Significant hedge accounting

(i) Hedge accounting methods

Deferral hedge accounting is applied, in principle.

The Company applies the exceptional treatment for interest rate swaps.

(ii) Hedging instruments and hedged items

(Hedging instruments)

Interest rate swaps, forward exchange contracts, currency options and commodity swaps

(Hedged items)

Interest on borrowings, purchase prices for LP gas

(iii) Hedging policy

The Company mainly hedges to some extent interest rate risk and foreign exchange rate risk in relation to the hedged items as well as the risk of fluctuation in the purchase price of LP gas, through the necessary resolutions in accordance with the Group's Risk Management Regulations.

(iv) Assessing hedging effectiveness

The Company makes comparisons between cumulative cash flow fluctuations in hedged items and cumulative cash flow fluctuations in hedging instruments. Then it assesses hedging effectiveness based on the amount of both fluctuations. However, the assessment of effectiveness is omitted in cases where the requirements for exceptional treatment are satisfied.

(8) Amortization of goodwill and amortization period

Goodwill is amortized by the straight-line method over the investment return period (5-20 years). If the amount is small, goodwill is amortized in a lump sum.

(9) Scope of cash in the consolidated cash flow statements

Cash (cash and cash equivalents) in the consolidated statement of cash flows consists of cash on hand, deposits that can be withdrawn as needed, and short-term investments that can be realized easily and only have insignificant value fluctuation risk and whose redemption date arrives within three months of the acquisition date.

(10) Application of the group tax sharing system

The Company and certain consolidated subsidiaries are using the group tax sharing system.

(11) Accounting method for income taxes and local corporate taxes or accounting method for the related tax effect accounting

The Company and certain consolidated subsidiaries in Japan are using the group tax sharing system and account for corporate income taxes and local corporate income taxes and account for and discloses tax effect accounting in relation thereto in accordance with the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (ASBJ Practical Issue Task Force (PITF) No. 42 issued on August 12, 2021).

(12) Accounting principles and procedures when related accounting standards are not clear

Board Benefit Trust (BBT)

(i) Transaction overview

The Company resolved, at a meeting of its Board of Directors held on May 10, 2016, to introduce a Board Benefit Trust (BBT; hereinafter referred to as "the System"), a new stock-based remuneration system for Directors, Executive Officers and Board Members of the Company and Directors and Board Members of certain subsidiaries of the Company (excludes Outside Directors; hereinafter referred to as "Officers"), and the System was approved as officers' remuneration by resolution at the 5th Ordinary General Meeting of Shareholders held on June 24, 2016.

The System is a stock-based remuneration system under which the Company's shares are acquired through the trust with funds contributed by the Company and the Company's shares or the cash equivalent of the market price of the Company's shares at the retirement date (hereinafter referred to as the "Company's Shares, Etc.") are paid to Officers through the trust in accordance with Officers' Stock-based Payment Regulations established by the Company and subsidiaries of the Company that are eligible for the System. In principle, Officers will be eligible to receive the Company's Shares, Etc. when they retire as Officers.

The gross price method is applied in the accounting treatment of this transaction in accordance with the Practical Solution on Transactions of Delivering the Company's Own Stock to Employees Etc. Through Trusts (ASBJ PITF No. 30, March 26, 2015).

(ii) Treasury shares remaining in the trust

The Company's shares remaining in the trust are recorded at the book value (excluding all incidental expenses) in the section of net assets as treasury shares in the trust. The book value of the treasury shares was 551 million yen at the end of the previous consolidated fiscal year and 488 million yen at the end of the consolidated fiscal year under review. The number of the treasury shares at the end of the period was 720,000 shares at the end of the previous consolidated fiscal year and 637,100 shares at the end of the consolidated fiscal year under review.

(Significant accounting estimates)

Fiscal year ended March 31, 2025

Evaluation of shares, etc. without a market price

(1) Amounts posted to the consolidated financial statements for the fiscal year under review

(Millions of yen)

| | Previous consolidated fiscal year | Consolidated fiscal year under review |
|---|---|---|
| Investment securities | 4,750 | 4,887 |

(2) Information about important accounting estimates related to items identified

(i) Calculation method

In the case of shares, etc. without a market price, if the actual value of the shares decreases by 50% or more compared to the acquisition cost, the Company recognizes impairment in the amount deemed necessary taking factors such as recoverability into consideration.

The Company determines future recoverability by considering whether actual performance in each period has surpassed the business plan initially formulated at the time of acquisition (hereinafter referred to the "Initial Plan") and, if so, whether outperformance of the Initial Plan is attributable to more customers or higher production volume than initially assumed or cost reductions or whether it is attributable to other temporary factors and considering whether the plan is achievable in the future.

(ii) Major assumptions

The Initial Plan factors in major assumptions such as market trends and business growth based on these trends, the number of customer contracts and customer unit price that make up sales, as well as expected cost reductions. In its consideration of whether the Initial Plan is reasonable and achievable, the Company judged that these major assumptions are still reasonable and there is, therefore, a high probability of achieving the Initial Plan.

(iii) Impact on consolidated financial statements for the following consolidated fiscal year

It is also assumed that if the business of an investee, etc. does not go to plan and does not produce the expected results, the Company will recognize an impairment loss on the acquired shares, etc. and this may impact the consolidated financial statements for the following consolidated fiscal year.

Fiscal year ended March 31, 2026

Recoverability of deferred tax assets

(1) Amounts posted to the consolidated financial statements for the fiscal year under review

(Millions of yen)

| | Consolidated fiscal year under review |
|---|---|
| Deferred tax assets (net) | 598 |
| Deferred tax assets before offsetting deferred tax liabilities | 5,137 |

(2) Information about important accounting estimates related to items identified

(i) Calculation method

The Group records recoverable deferred tax assets related to deductible temporary differences, etc., by categorizing companies mainly in accordance with the Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, February 16, 2018) and the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (ASBJ PITF No. 42, August 12, 2021), and based on estimated future taxable profits, scheduling the fiscal years in which the temporary differences, etc. are expected to become deductible and the amounts expected to be deducted.

(ii) Major assumptions

The recoverability of deferred tax assets is affected by the results of scheduling the fiscal years in which the temporary differences, etc. are expected to become deductible and the amounts expected to be deducted, including whether those differences can be scheduled. Because this scheduling involves estimation, the key assumption is the judgments made when scheduling the temporary differences, etc.

(iii) Impact on consolidated financial statements for the following consolidated fiscal year

Although the Group consistently generates taxable profit, financial statements for the following fiscal year may be affected if it becomes necessary to review the expected amount of future taxable profits or the scheduling of temporary differences, etc. due to fluctuating market trends or other developments.

(Accounting standards issued but not yet adopted)

1. Accounting Standard for Leases

• Accounting Standard for Leases (ASBJ Statement No. 34, September 13, 2024)

• Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024), etc.

(1) Summary

As part of its efforts to ensure the global consistency of Japanese accounting standards, the Accounting Standards Board of Japan conducted reviews based on international accounting standards with an eye toward the development of an accounting standard for leases to recognize assets and liabilities regarding all the leases of a lessee and announced its accounting standard for leases, etc. as a basic policy. Building on the existing single lessee accounting model introduced by IFRS 16, these accounting standards, etc. aim to be simple and highly convenient standards by adopting only the major clauses of IFRS 16, not all of the clauses, and by basically requiring no corrections when using IFRS 16 clauses in individual financial statements.

As an accounting treatment using the expense allotment method for a lessee's leases, a single lessee accounting model is adopted in the same manner as IFRS 16, under which depreciation regarding right of use assets for all leases, regardless of whether a lease is classified as finance or operating, and amount of interest regarding lease liabilities are posted.

(2) Scheduled date of application

The application is scheduled to begin at the beginning of the fiscal period ending March 31, 2028.

(3) Impact of applying the Accounting Standard and other standards

The impacts of adopting Accounting Standard for Leases, etc. on the consolidated financial statements are being evaluated.

2. Accounting standard for subsequent events

- Accounting Standard for Subsequent Events (ASBJ Statement No.41, January 9, 2026, Accounting Standards Board of Japan)
- Implementation Guidance on Accounting Standard for Subsequent Events (ASBJ Implementation Guidance No.35, January 9, 2026, Accounting Standards Board of Japan)

(1) Summary

The Accounting Standard for Subsequent Events prescribes accounting treatment and disclosure requirements regarding subsequent events, prioritizing the setting of a comprehensive accounting standard dealing with the definition, accounting treatment and disclosure, etc. of subsequent events. As a basic approach, the accounting guidance set out in Auditing Standard Report 560 Practice Guideline No. 1 (“Audit Treatment of Subsequent Events”) issued by the Japanese Institute of Certified Public Accountants’ Auditing and Assurance Standards Board was in principle carried over into the standards issued by the Accounting Standards Board of Japan. The standards revise the expressions used, clarify the evaluation period for subsequent events, and establish a new requirement for notes regarding approval for the issuance of financial statements.

(2) Scheduled date of application

The application is scheduled to begin at the beginning of the fiscal period ending March 31, 2028.

(Change in method of presentation)

(Consolidated balance sheets)

“Deferred tax liabilities,” which was included in “Other” under “Non-current liabilities” in the previous consolidated fiscal year, is separately presented from the consolidated fiscal year under review due to an increase in its monetary materiality. To reflect this change in presentation, consolidated financial statements for the previous consolidated fiscal year have been adjusted.

As a result, 5,434 million yen of “Other” under “Non-current liabilities” in the previous consolidated balance sheet has been restated as 991 million yen under “Deferred tax liabilities” and 4,443 million yen under “Other.”

(Consolidated statement of income)

“Share of profit of entities accounted for using equity method,” which was included in “Other” under “Non-operating income” in the previous consolidated fiscal year, is separately presented from the consolidated fiscal year under review due to an increase in its monetary materiality. To reflect this change in presentation, consolidated financial statements for the previous consolidated fiscal year have been adjusted.

Consequently, 607 million yen previously classified as “Other” under “Non-operating income” in the consolidated statement of income for the previous consolidated fiscal year was reclassified in to 90 million yen as “Share of profit of entities accounted for using equity method” and 517 million yen as “Other.”

(Consolidated statement of cash flows)

“Increase (decrease) in provision for bonuses” under “Cash flows from operating activities,” which was separately presented in the previous consolidated fiscal year, is included in “Other” under “Cash flows from operating activities” in the consolidated fiscal year under review due to its immateriality in terms of amount. Further, “Increase (decrease) in deposits received,” which was included in “Other” under “Cash flows from operating activities” in the previous consolidated fiscal year, is separately presented from the consolidated fiscal year under review due to an increase in its monetary materiality. To reflect this change in presentation, consolidated financial statements for the previous consolidated fiscal year have been adjusted.

Consequently, 371 million yen previously classified as "Increase (decrease) in provision for bonuses" and 9 million yen as "Other" under "Cash flows from operating activities" in the consolidated statement of cash flows for the previous consolidated fiscal year were reclassified in to -181 million yen as "Increase (decrease) in deposits received" and 562 million yen as "Other."

(Notes to consolidated balance sheet)

*1. Reduction entry due to construction grants received was deducted from the acquisition cost of property, plant and equipment as follows. (Millions of yen)

| | Fiscal year ended March 31, 2025 | | Fiscal year ended March 31, 2026 | |
|---|---|---|---|---|
| Buildings and structures | 70 | (748) | – | (747) |
| Machinery, equipment, and vehicles | 43 | (5,462) | 13 | (5,421) |
| Total | 114 | (6,210) | 13 | (6,169) |

The figures in parentheses above indicate accumulated reduction entry.

*2. Investments in affiliates are as follows. (Millions of yen)

| | Fiscal year ended March 31, 2025 | Fiscal year ended March 31, 2026 |
|---|---|---|
| Investment securities (shares) | 4,647 | 4,797 |

3. Contingent liabilities

(1) Guarantee commitment (Millions of yen)

| Fiscal year ended March 31, 2025 | | Fiscal year ended March 31, 2026 | |
|---|---|---|---|
| (Borrowing liabilities) | | (Borrowing liabilities) | |
| TOKAI Group Mutual Aid Association | 84 | TOKAI Group Mutual Aid Association | 84 |

(2) Repurchase obligation associated with the liquidation of receivables (Millions of yen)

| | Fiscal year ended March 31, 2025 | Fiscal year ended March 31, 2026 |
|---|---|---|
| Repurchase obligation associated with the liquidation of receivables | 1,454 | 1,361 |

4. Loan commitment agreement

The Group had concluded loan commitment agreements for the stable procurement of funds with three banks, but these agreements have been canceled as of the end of the consolidated fiscal year under review. Loan commitments and outstanding borrowings under these agreements are as follows.

(Millions of yen)

| | Fiscal year ended March 31, 2025 | Fiscal year ended March 31, 2026 |
|---|---|---|
| Loan commitment | 6,000 | – |
| Outstanding borrowings | – | – |
| Difference | 6,000 | – |

*5. Of notes and accounts receivable - trade and contract assets, receivables and contract assets arising from contracts with customers are as follows. (Millions of yen)

| | Fiscal year ended March 31, 2025 | Fiscal year ended March 31, 2026 |
|---|---|---|
| Notes receivable | 2,024 | 1,854 |
| Accounts receivable | 30,138 | 29,966 |
| Contract assets | 1,114 | 899 |

*6. Of "Other" under current liabilities, contract liabilities are as follows. (Millions of yen)

| | Fiscal year ended March 31, 2025 | Fiscal year ended March 31, 2026 |
|---|---|---|
| Contract liabilities | 2,344 | 2,834 |

*7. Assets pledged as collateral and secured liabilities

Assets pledged as collateral are as follows. (Millions of yen)

| | Fiscal year ended March 31, 2025 | Fiscal year ended March 31, 2026 |
|---|---|---|
| Property, plant and equipment | | |
| Buildings and structures | 157 | 133 |
| Machinery, equipment, and vehicles | 57 | 42 |
| Land | 2 | 1 |
| Intangible assets | | |
| Other | 2 | 0 |
| Total | 221 | 178 |

Secured liabilities are as follows. (Millions of yen)

| | Fiscal year ended March 31, 2025 | Fiscal year ended March 31, 2026 |
|---|---|---|
| Long-term borrowings (including current portion of long-term borrowings) | 219 | 145 |
| Total | 219 | 145 |

(Notes to consolidated statement of income)

*1. Revenue from contracts with customers

The amount of revenue from contracts with customers included in net sales is stated in "Notes to the consolidated financial statements (matters concerning revenue recognition) 1. Information on the breakdown of revenue".

*2. Year-end inventories are the amount after the carrying amount is lowered due to the decline of profitability, and the following loss on valuation of inventories is included in the cost of sales. (Millions of yen)

| Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) | Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026) |
|---|---|
| 16 | 22 |

*3. Major expenses included in selling, general and administrative expenses and their amounts are as follows.

(Millions of yen)

| | Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) | Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026) |
|---|---|---|
| Salaries and allowances | 23,410 | 24,659 |
| Provision for bonuses | 1,432 | 1,395 |
| Retirement benefit expenses | 546 | 595 |
| Fees | 20,046 | 20,064 |
| Provision of allowance for doubtful accounts | 294 | 293 |

*4. Details of gain on sale of non-current assets are as follows. (Millions of yen)

| | Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) | Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026) |
|---|---|---|
| Buildings and structures | – | 0 |
| Machinery, equipment, and vehicles | 1 | 12 |
| Land | – | 15 |
| Other | 0 | 0 |
| Total | 2 | 29 |

*5. Details of loss on sale of non-current assets are as follows. (Millions of yen)

| | Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) | Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026) |
|---|---|---|
| Buildings and structures | 15 | 2 |
| Machinery, equipment, and vehicles | 0 | 2 |
| Land | 0 | 6 |
| Other | 0 | – |
| Total | 16 | 11 |

*6. Details of loss on retirement of non-current assets are as follows. (Millions of yen)

| | Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) | Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026) |
|---|---|---|
| Buildings and structures | 834 | 936 |
| Machinery, equipment, and vehicles | 353 | 460 |
| Goodwill | 11 | 27 |
| Other | 256 | 157 |
| Total | 1,456 | 1,581 |

*7. Impairment losses

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

For the fiscal year under review, the Group recorded impairment losses for the assets described below.

| Location | Applications | Business segment | Type | Impairment loss (million yen) |
|---|---|---|---|---|
| Sendai-shi and Natori-shi, Miyagi | CATV business facilities | CATV | Buildings and structures<br>Machinery, equipment, and vehicles<br>Property, plant and equipment “Leased assets”<br>Property, plant and equipment “Other”<br>Goodwill<br>Intangible assets “Other” | 846 |
| Kakegawa-shi and Fujieda-shi, Shizuoka | Camping ground facilities | Construction, Equipment, and Real Estate | Buildings and structures<br>Property, plant and equipment “Other”<br>Intangible assets “Other” | 265 |
| Aoi-ku, Shizuoka-shi | Wedding ceremony facilities | Wedding ceremony | Property, plant and equipment “Other”<br>Intangible assets “Other”<br>Investments and other assets “Other”<br>Accumulated impairment of leased assets | 14 |
| Total | | | | 1,126 |

The Group recognizes impairment losses by grouping real estate for lease on a property-by-property basis and other business assets by business unit, whose profit and loss can be reasonably accounted for.

During the consolidated fiscal year under review, the book value of CATV business facilities, camping ground facilities and wedding ceremony facilities was reduced to the recoverable amount due to decreased profitability, and the reduction amount was recorded as an impairment loss under extraordinary losses.

Breakdown of impairment losses (Millions of yen)

| Applications | Buildings and structures | Machinery, equipment, and vehicles | Property, plant and equipment “Leased assets” | Property, plant and equipment “Other” | Goodwill | Intangible assets “Other” | Investments and other assets “Other” | Accumulated impairment of leased assets | Total |
|---|---|---|---|---|---|---|---|---|---|
| CATV business facilities | 407 | 79 | 90 | 6 | 255 | 6 | – | – | 846 |
| Camping ground facilities | 256 | – | – | 8 | – | 0 | – | – | 265 |
| Wedding ceremony facilities | – | – | – | 3 | – | 7 | 2 | 1 | 14 |
| Total | 664 | 79 | 90 | 18 | 255 | 14 | 2 | 1 | 1,126 |

The recoverable amount for the above assets is measured at value in use. The recoverable amount for CATV business facilities was measured by discounting future cash flows at a discount rate of 10.67%, while the recoverable amount for wedding ceremony facilities and camping ground facilities was determined to be zero because value in use based on future cash flows was negative.

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

For the fiscal year under review, the Group recorded impairment losses for the assets described below.

| Location | Applications | Business segment | Type | Impairment loss (million yen) |
|---|---|---|---|---|
| Shinjuku-ku, Tokyo | — | Information and Communications | Goodwill | 343 |
| Toyota-shi, Aichi | — | Construction, Equipment, and Real Estate | Goodwill | 392 |
| Aoi-ku, Shizuoka-shi | Wedding ceremony facilities | Wedding ceremony | Buildings and structures<br>Property, plant and equipment “Other”<br>Intangible assets “Other”<br>Investments and other assets “Other” | 9 |
| Gero-shi, Gifu | Nursing care facilities | Nursing care | Buildings and structures | 32 |
| Aoi-ku, Shizuoka-shi<br>Fuji-shi, Shizuoka<br>Soja-shi, Okayama | Fitness gym facilities | Fitness | Buildings and structures<br>Machinery, equipment, and vehicles<br>Property, plant and equipment “Leased assets”<br>Property, plant and equipment “Other” | 516 |
| Aoi-ku, Shizuoka-shi | Childcare support facilities | Childcare support | Property, plant and equipment “Other” | 0 |
| Total | | | | 1,294 |

The Group recognizes impairment losses by grouping real estate for lease on a property-by-property basis and other business assets by business unit, whose profit and loss can be reasonably accounted for.

During the consolidated fiscal year under review, the book value of goodwill, for which the excess earning power was determined to have been impaired, and the book value of wedding ceremony facilities, nursing care facilities, fitness gym facilities, and childcare support facilities, whose profitability had declined, was reduced to the recoverable amount, and the reduction amount was recorded as an impairment loss under extraordinary losses.

Breakdown of impairment losses (Millions of yen)

| Class | Amount |
|---|---|
| Buildings and structures | 436 |
| Machinery, equipment, and vehicles | 0 |
| Property, plant and equipment “Leased assets” | 52 |
| Property, plant and equipment “Other” | 66 |
| Goodwill | 736 |
| Intangible assets “Other” | 1 |
| Investments and other assets “Other” | 0 |
| Total | 1,294 |

Among the recoverable amount of assets to be disposed of, the value in use for goodwill related to the Information and Communications business was determined to be zero because the initially assumed excess earning power could no longer be expected. For assets other than goodwill related to the Information and Communications business, the recoverable amount was measured at value in use. For goodwill related to the Construction, Equipment, and Real Estate business, undiscounted future cash flows were calculated at a discount rate of 8.4%. The recoverable amount for other facilities was determined to be zero because value in use based on future cash flows was negative.

(Notes to consolidated statement of comprehensive income)

*1. Reclassification adjustment, income taxes and tax effect related to other comprehensive income (Millions of yen)

| | Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) | Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026) |
|---|---|---|
| Valuation difference on available-for-sale securities | | |
| Amount arising in the fiscal year | 1,509 | 3,992 |
| Reclassification adjustment | -110 | -10 |
| Before income tax and tax effect adjustments | 1,398 | 3,982 |
| Income taxes and tax effects | -463 | -1,225 |
| Valuation difference on available-for-sale securities | 934 | 2,756 |
| Deferred gains (losses) on hedges | | |
| Amount arising in the fiscal year | 327 | 133 |
| Asset acquisition cost adjustments | -1,958 | -133 |
| Before income tax and tax effect adjustments | -1,631 | – |
| Income taxes and tax effects | 487 | – |
| Deferred gains (losses) on hedges | -1,143 | – |
| Foreign currency translation adjustment | | |
| Amount arising in the fiscal year | 7 | 9 |
| Reclassification adjustment | -1 | – |
| Foreign currency translation adjustment | 5 | 9 |
| Remeasurements of defined benefit plans, net of tax | | |
| Amount arising in the fiscal year | 212 | 2,492 |
| Reclassification adjustment | -578 | -591 |
| Before income tax and tax effect adjustments | -366 | 1,900 |
| Income taxes and tax effects | 64 | -583 |
| Remeasurements of defined benefit plans, net of tax | -301 | 1,316 |
| Share of other comprehensive income of entities accounted for using equity method | | |
| Amount arising in the fiscal year | 131 | 19 |
| Total other comprehensive income | -373 | 4,101 |

(Notes to consolidated statement of changes in equity)

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

1. Matters concerning the class and the number of shares issued and treasury shares

| | At the beginning of the period (thousand shares) | Increase during period (thousand shares) | Decrease during period (thousand shares) | At the end of the period (thousand shares) |
|---|---|---|---|---|
| Issued shares | | | | |
| Ordinary shares | 139,679 | – | – | 139,679 |
| Total | 139,679 | – | – | 139,679 |
| Treasury shares | | | | |
| Ordinary shares | 9,051 | 0 | 12 | 9,040 |
| Total | 9,051 | 0 | 12 | 9,040 |

(Notes) 1. The increase of 0 thousand shares in the number of common shares held as treasury shares is due to the purchase of odd-lot shares.

2. The decrease of 12 thousand shares in the number of common shares held as treasury shares consists of 0 thousand shares due to the sale of odd-lot shares, a decrease of 10 thousand shares due to payment to officers in accordance with Officers' Share-based Payment Regulations, and a decrease of 1 thousand shares due to the exercise of share acquisition rights.

3. The number of common shares held as treasury shares includes 720 thousand shares held by Custody Bank of Japan, Ltd. (Trust Account E) (hereinafter referred to as "Trust Account E") at the end of the consolidated fiscal year under review.

2. Matters related to share acquisition rights and treasury share acquisition rights

| Category | Type of share acquisition rights | Class of shares underlying share acquisition rights | Number of shares to be acquired upon exercise of share acquisition rights | | | | Balance at the end of the period (million yen) |
|---|---|---|---|---|---|---|---|
| | | | At the beginning of the period | Increase during period | Decrease during period | At the end of the period | |
| Reporting company (parent company) | Share acquisition rights as stock option | – | – | – | – | – | 47 |
| Total | | – | – | – | – | – | 47 |

3. Matters concerning dividends

(1) Dividends paid

| (Resolution) | Class of shares | Total amount of dividends (million yen) | Dividend per share (yen) | Record date | Effective date |
|---|---|---|---|---|---|
| June 26, 2024 Resolution of the Ordinary General Meeting of Shareholders | Ordinary shares | 2,233 | 17.00 | March 31, 2024 | June 27, 2024 |
| November 1, 2024 Resolutions of the Board of Directors | Ordinary shares | 2,233 | 17.00 | September 30, 2024 | November 29, 2024 |

(Notes) 1. The total amount of common dividends of 2,233 million yen based on a resolution of the Ordinary General Meeting of Shareholders on June 26, 2024 includes dividends of 12 million yen for the Company’s shares held by Trust Account E.

2. The total amount of common dividends of 2,233 million yen based on a resolution of the Board of Directors on November 1, 2024 includes dividends of 12 million yen for the Company’s shares held by Trust Account E.

(2) Of dividends whose record date is in the consolidated fiscal year under review, those whose effective date in the following consolidated fiscal year

| (Resolution) | Class of shares | Total amount of dividends (million yen) | Source of dividends | Dividend per share (yen) | Record date | Effective date |
|---|---|---|---|---|---|---|
| June 26, 2025 Resolution of the Ordinary General Meeting of Shareholders | Ordinary shares | 2,233 | Retained earnings | 17.00 | March 31, 2025 | June 27, 2025 |

(Note) The total amount of common dividends of 2,233 million yen includes dividends of 12 million yen for the Company’s shares held by Trust Account E.

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

1. Matters concerning the class and the number of shares issued and treasury shares

| | At the beginning of the period (thousand shares) | Increase during period (thousand shares) | Decrease during period (thousand shares) | At the end of the period (thousand shares) |
|---|---|---|---|---|
| Issued shares | | | | |
| Ordinary shares | 139,679 | – | – | 139,679 |
| Total | 139,679 | – | – | 139,679 |
| Treasury shares | | | | |
| Ordinary shares | 9,040 | 1,835 | 91 | 10,783 |
| Total | 9,040 | 1,835 | 91 | 10,783 |

(Notes) 1. The increase of 1,835 thousand shares in the number of common shares held as treasury shares consists of a purchase of 1,834 thousand shares and a purchase of 0 thousand shares representing less than one unit by resolution of the Board of Directors.

2. The decrease of 91 thousand shares in the number of common shares held as treasury shares consists of 82 thousand shares due to payment to officers in accordance with Officers’ Share-based Payment Regulations and 8 thousand shares due to the exercise of share acquisition rights.

3. The number of common shares held as treasury shares includes 637 thousand shares held by Custody Bank of Japan, Ltd. (Trust Account E) (hereinafter referred to as “Trust Account E”) at the end of the consolidated fiscal year under review.

4. At the meeting of Board of Directors held on August 19, 2025, the Company resolved to cancel treasury shares pursuant to

the provisions of Article 178 of the Companies Act. However, procedures for cancellation of the following treasury shares had yet to be completed at the end of the consolidated fiscal year under review.

Book value: 909 million yen
Class of shares: Ordinary shares
Number of shares: 1,834,400 shares
Procedures for canceling the above shares were completed as of April 10, 2026.

2. Matters related to share acquisition rights and treasury share acquisition rights

| Category | Type of share acquisition rights | Class of shares underlying share acquisition rights | Number of shares to be acquired upon exercise of share acquisition rights | | | | Balance at the end of the period (million yen) |
|---|---|---|---|---|---|---|---|
| | | | At the beginning of the period | Increase during period | Decrease during period | At the end of the period | |
| Reporting company (parent company) | Share acquisition rights as stock option | – | – | – | – | – | 46 |
| Total | | – | – | – | – | – | 46 |

3. Matters concerning dividends

(1) Dividends paid

| (Resolution) | Class of shares | Total amount of dividends (million yen) | Dividend per share (yen) | Record date | Effective date |
|---|---|---|---|---|---|
| June 26, 2025 Resolution of the Ordinary General Meeting of Shareholders | Ordinary shares | 2,233 | 17.00 | March 31, 2025 | June 27, 2025 |
| November 10, 2025 Resolutions of the Board of Directors | Ordinary shares | 2,230 | 17.00 | September 30, 2025 | November 28, 2025 |

(Notes) 1. The total amount of common dividends of 2,233 million yen based on a resolution of the Ordinary General Meeting of Shareholders on June 26, 2025 includes dividends of 12 million yen for the Company's shares held by Trust Account E.

2. The total amount of common dividends of 2,230 million yen based on a resolution of the Board of Directors on November 10, 2025 includes dividends of 10 million yen for the Company's shares held by Trust Account E.

(2) Of dividends whose record date is in the consolidated fiscal year under review, those whose effective date in the following consolidated fiscal year

The following matter related to the dividends of surplus is a matter to be resolved at the Ordinary General Meeting of Shareholders to be held on June 25, 2026.

| (Resolution) | Class of shares | Total amount of dividends (million yen) | Source of dividends | Dividend per share (yen) | Record date | Effective date |
|---|---|---|---|---|---|---|
| June 25, 2026 Resolution of the Ordinary General Meeting of Shareholders | Ordinary shares | 2,461 | Retained earnings | 19.00 | March 31, 2026 | June 26, 2026 |

(Note) The total amount of common dividends of 2,461 million yen includes dividends of 12 million yen for the Company's shares held by Trust Account E.

(Notes to consolidated statement of cash flows)

*1. Cash and cash equivalents at end of period and their relationships with items in the consolidated balance sheets

(Millions of yen)

| | Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) | Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026) |
|---|---|---|
| Cash and deposits | 5,636 | 5,406 |
| Time deposits with maturity of more than 3 months, etc. | -173 | -191 |
| Cash and cash equivalents | 5,463 | 5,214 |

*2. Breakdown of the assets and liabilities of a company that has become a new consolidated subsidiary through the purchase of shares

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

The information is omitted because it has little significance.

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

Not applicable

3. Significant non-cash transactions

Amount of assets and liabilities related to financing and lease transactions (Millions of yen)

| | Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) | Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026) |
|---|---|---|
| Amount of assets and liabilities related to financing and lease transactions | 4,969 | 5,353 |

(Lease transactions)

1. Finance lease transactions

Non-ownership-transfer finance lease transactions

(i) Leased assets

Property, plant and equipment

Mainly supply facilities in the LP gas business

(ii) Method of depreciation/amortization of leased assets

The method is described in 4. Matters regarding accounting policies, (2) Depreciation and amortization methods for significant depreciable assets in (Basic and important matters in preparing the consolidated financial statements).

2. Operating lease transactions

Noncancelable future operating lease payments

(Millions of yen)

| | Fiscal year ended March 31, 2025 | Fiscal year ended March 31, 2026 |
|---|---|---|
| Within 1 year | 839 | 842 |
| More than 1 year | 1,417 | 1,159 |
| Total | 2,256 | 2,001 |

(Financial instruments)

1. Matters related to the status of financial instruments

(1) Policy for financial instruments

The Group has introduced a cash management system (CMS), and the Company procures all the funds that each Group company needs and lends them to each company.

In light of the capital investment plans of each company, the Company procures necessary funds through bank borrowing and the issuance of corporate bonds, while raising short-term working capital through bank borrowing. Temporary surplus funds are managed in highly secure financial assets, or lent to business partners. Derivatives trading is used to avoid the risk described below. The Group has a policy of not engaging in speculative transactions.

(2) Description of financial instruments and their risks

Operating receivables in the form of notes receivable, electronically recorded monetary claims and accounts receivable are exposed to the credit risk of customers.

Investment securities are shares, etc. in companies with which the Company has a business relationship and are exposed to market risk.

Loans to business partners are also exposed to counterparty credit risk.

Operating liabilities in the form of notes payable, electronically recorded obligations and accounts payable are all due within one year and most are paid within one month.

Loans payable, bonds payable and lease liabilities in financial lease transactions are mainly for the purpose of raising funds necessary for capital investments, and maturities after the balance sheet are 25 years at the longest.

Derivatives consist of commodity swaps, forward exchange contracts and currency options aimed at hedging the risk of fluctuation in market prices and foreign exchange rates in relation to future purchases of LP gas, which is the Group's main product, and interest rate swaps aimed at hedging the risk of fluctuation in interest rates in relation to loans.

For matters related to hedge accounting including hedging instruments, hedged items, hedging policy and method of assessing the effectiveness of hedging, please refer to "Significant hedge accounting" described under "(Basic and important matters in preparing the consolidated financial statements)," "4. Matters regarding accounting policies" earlier in this document.

(3) Risk management system related to financial instruments

(i) Credit risk (risk related to business partners' contract non-performance) management

In accordance with internal rules on the management of receivables, the Group's sales and administration departments in each business segment regularly monitor the situation of major business partners with respect to operating receivables and loans receivable and manage due dates and balances for each business partner, and also strive for early identification and mitigation of any concerns over recovery due to deterioration in financial position, etc.

When using derivatives, the Group only deals with financial institutions with high credit ratings to mitigate counterparty credit risk.

The maximum credit risk as of March 31, 2026 is presented on the balance sheet as the carrying value of financial assets exposed to credit risk.

(ii) Market risk (risk of fluctuations in LP gas prices, foreign currency exchange, interest rates, etc.) management

The Group uses commodity swaps, forward exchange contracts and currency options to some extent to control the risk of fluctuation in future purchase prices due to changing LP gas market conditions and foreign currency exchange fluctuations. The Group uses interest rate swaps to control the risk of fluctuations in interest paid on borrowings. The Group regularly monitors the fair values of investment securities and the financial position, etc. of the issuers (counterparties) and continually reviews its holdings in consideration of the relationships with the counterparties.

Financial divisions engage in and manage derivatives based on internal resolutions on authority and authorized amounts, etc.

(iii)Management of liquidity risk in financing (risk of failure to pay on due dates)

The Group has introduced a cash management system (CMS), and the Company procures all the necessary funds and lends them to each Group company.

The Group manages liquidity risk through the preparation and updating of cash flow plans by the financial division of each Group company.

(4) Supplementary explanation regarding the fair value of financial instruments

The fair values of financial instruments are based on market prices, or if market prices are not available, are based on rational valuations. Since the calculations of fair values include variable factors, fair values could change when different assumptions are used.

2. Matters related to the fair value of financial instruments, etc.

The values on the consolidated balance sheet and the fair values of financial instruments and differences between them are as follows.

Fiscal year ended March 31, 2025 (As of March 31, 2025) (Millions of yen)

| | Consolidated balance sheet amount | Fair value | Difference |
|---|---|---|---|
| Investment securities | | | |
| Available-for-sale securities | 11,386 | 11,386 | – |
| Shares in associates (*2) | 2,481 | 1,768 | -712 |
| Long-term loans receivable | 64 | | |
| Allowance for doubtful accounts (*3) | -39 | | |
| | 24 | 23 | -0 |
| Total assets | 13,893 | 13,179 | -713 |
| Short-term borrowings | 2,975 | 2,975 | 0 |
| Long-term borrowings (including current portion) | 43,146 | 42,652 | -493 |
| Lease liabilities (including current portion) | 18,974 | 19,030 | 56 |
| Total liabilities | 65,095 | 64,658 | -436 |
| Derivatives (*4) | – | – | – |

(*1) Cash and deposits, notes and accounts receivable - trade, contract assets, notes and accounts payable - trade and income taxes payable, are omitted because their fair value approximates their book value due to short maturities.

(*2) Shares in associates are shares in listed associates accounted for using the equity method, and the difference is based on estimation of the market price of these shares.

(*3) The allowances for doubtful accounts recorded for individual long-term loans receivable are subtracted.

(*4) Net receivables and payables resulting from derivatives are shown at net amounts. Net payables are shown in parentheses.

Fiscal year ended March 31, 2026 (As of March 31, 2026) (Millions of yen)

| | Consolidated balance sheet amount | Fair value | Difference |
|---|---|---|---|
| Investment securities | | | |
| Available-for-sale securities | 15,334 | 15,334 | – |
| Shares in associates (*2) | 2,440 | 2,289 | -151 |
| Long-term loans receivable | 62 | | |
| Allowance for doubtful accounts (*3) | -38 | | |
| | 23 | 22 | -1 |
| Total assets | 17,798 | 17,645 | -152 |
| Short-term borrowings | 6,300 | 6,300 | 0 |
| Long-term borrowings (including current portion) | 41,548 | 40,781 | -767 |
| Lease liabilities (including current portion) | 18,988 | 18,868 | -120 |
| Total liabilities | 66,836 | 65,949 | -887 |
| Derivatives (*4) | – | – | – |

(*1) Cash and deposits, notes and accounts receivable - trade, contract assets, notes and accounts payable - trade and income taxes payable, are omitted because their fair value approximates their book value due to short maturities.

(*2) Shares in associates are shares in listed associates accounted for using the equity method, and the difference is based on estimation of the market price of these shares.

(*3) The allowances for doubtful accounts recorded for individual long-term loans receivable are subtracted.

(*4) Net receivables and payables resulting from derivatives are shown at net amounts. Net payables are shown in parentheses.

(Notes) 1.Shares, etc. without quoted market prices are not included in Investment securities. The consolidated balance sheet amount of the financial instruments are as shown below.

(Millions of yen)

| Category | Fiscal year ended March 31, 2025 | Fiscal year ended March 31, 2026 |
|---|---|---|
| Unlisted stocks | 240 | 232 |
| Shares in associates | 2,165 | 2,357 |

2.Monetary claims and securities with maturity periods to be redeemed after the consolidated closing date

Fiscal year ended March 31, 2025 (As of March 31, 2025) (Millions of yen)

| | Within 1 year | Over 1 year but within 5 years | Over 5 years but within 10 years | Over 10 years |
|---|---|---|---|---|
| Cash and deposits | | | | |
| Time deposits, etc. | 173 | – | – | – |
| Notes and accounts receivable - trade | 32,159 | 0 | 3 | – |
| Long-term loans receivable | – | 3 | 55 | 5 |
| Total | 32,332 | 3 | 59 | 5 |

Fiscal year ended March 31, 2026 (As of March 31, 2026) (Millions of yen)

| | Within 1 year | Over 1 year but within 5 years | Over 5 years but within 10 years | Over 10 years |
|---|---|---|---|---|
| Cash and deposits | | | | |
| Time deposits, etc. | 191 | – | – | – |
| Notes and accounts receivable - trade | 31,817 | 0 | 0 | 2 |
| Long-term loans receivable | – | 2 | 3 | 56 |
| Total | 32,009 | 3 | 3 | 59 |

3.Scheduled redemption amounts of bonds, long-term borrowings, lease liabilities and other interest-bearing liabilities with maturity after consolidated accounts settlement date

Fiscal year ended March 31, 2025 (As of March 31, 2025) (Millions of yen)

| | Within 1 year | Over 1 year but within 2 years | Over 2 years but within 3 years | Over 3 years but within 4 years | Over 4 years but within 5 years | Over 5 years |
|---|---|---|---|---|---|---|
| Short-term borrowings | 2,975 | – | – | – | – | – |
| Long-term borrowings | 11,021 | 9,508 | 7,591 | 6,269 | 4,697 | 4,057 |
| Lease liabilities | 5,018 | 4,210 | 3,293 | 2,369 | 1,516 | 2,566 |
| Other interest-bearing liabilities | | | | | | |
| Accounts payable - other | 1,325 | – | – | – | – | – |
| Deposits received | 51 | – | – | – | – | – |
| Total | 20,392 | 13,719 | 10,884 | 8,639 | 6,213 | 6,623 |

Fiscal year ended March 31, 2026 (As of March 31, 2026) (Millions of yen)

| | Within 1 year | Over 1 year but within 2 years | Over 2 years but within 3 years | Over 3 years but within 4 years | Over 4 years but within 5 years | Over 5 years |
|---|---|---|---|---|---|---|
| Short-term borrowings | 6,300 | – | – | – | – | – |
| Long-term borrowings | 10,902 | 9,008 | 7,691 | 6,134 | 4,503 | 3,308 |
| Lease liabilities | 5,180 | 4,216 | 3,306 | 2,323 | 1,550 | 2,410 |
| Other interest-bearing liabilities | | | | | | |
| Accounts payable - other | 1,237 | – | – | – | – | – |
| Deposits received | 54 | – | – | – | – | – |
| Total | 23,675 | 13,225 | 10,997 | 8,457 | 6,053 | 5,719 |

3. Breakdown of financial instruments by level of fair value

The fair values of financial instruments are classified into the following three levels according to the observability and importance of inputs used in the calculation of fair values.

Level 1: Fair value calculated using market prices, on an active market, of assets or liabilities whose fair value is calculated of the observable inputs related to the calculation of fair value

Level 2: Fair value calculated using inputs other than the inputs used for Level 1 of the observable inputs related to the calculation of fair value

Level 3: Fair value calculated using inputs that are not observable related to the calculation of fair value

When multiple inputs that have a material impact on the calculation of fair value are used, the fair value is classified to the level with the lowest priority in the calculation of fair value among the levels to which each of those inputs belongs.

(1) Financial instruments stated at fair value in the consolidated balance sheet

Fiscal year ended March 31, 2025 (As of March 31, 2025) (Millions of yen)

| Category | Fair value | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Investment securities<br>Available-for-sale securities<br>Shares | 11,386 | – | – | 11,386 |
| Total assets | 11,386 | – | – | 11,386 |
| Derivatives | – | – | – | – |

Fiscal year ended March 31, 2026 (As of March 31, 2026) (Millions of yen)

| Category | Fair value | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Investment securities<br>Available-for-sale securities<br>Shares | 15,334 | – | – | 15,334 |
| Total assets | 15,334 | – | – | 15,334 |
| Derivatives | – | – | – | – |

(2) Financial instruments other than those recorded at fair value in the consolidated balance sheet

Fiscal year ended March 31, 2025 (As of March 31, 2025) (Millions of yen)

| Category | Fair value | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Investment securities<br>Shares in associates | 1,768 | – | – | 1,768 |
| Long-term loans receivable | – | 23 | – | 23 |
| Total assets | 1,768 | 23 | – | 1,792 |
| Short-term borrowings | – | 2,975 | – | 2,975 |
| Long-term borrowings (including current portion) | – | 42,652 | – | 42,652 |
| Lease liabilities (including current portion) | – | 19,030 | – | 19,030 |
| Total liabilities | – | 64,658 | – | 64,658 |

Fiscal year ended March 31, 2026 (As of March 31, 2026) (Millions of yen)

| Category | Fair value | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Investment securities | | | | |
| Shares in associates | 2,289 | – | – | 2,289 |
| Long-term loans receivable | – | 22 | – | 22 |
| Total assets | 2,289 | 22 | – | 2,311 |
| Short-term borrowings | – | 6,300 | – | 6,300 |
| Long-term borrowings (including current portion) | – | 40,781 | – | 40,781 |
| Lease liabilities (including current portion) | – | 18,868 | – | 18,868 |
| Total liabilities | – | 65,949 | – | 65,949 |

(*) Explanations about assessment techniques used in the calculation of fair value and inputs related to the calculation of fair value

Investment securities

Listed shares are valued using quoted market prices. Listed shares are traded on an active market and their fair values are categorized into level 1.

Long-term loans receivable

The fair value of long-term loans receivable is calculated by discounting the principal and interest payments to present value using a rate based on Japanese government bond yields corresponding to the remaining period and is categorized into level 2.

Derivatives

The fair value of derivatives is calculated based on prices, etc., provided by counterparty financial institutions and is categorized into level 2.

Since interest rate swaps subject to exceptional treatment are treated together with long-term borrowings, which is the hedged item, their fair value is included in the fair value of the long-term borrowings. (Please refer to “Short-term borrowings, long-term borrowings (including current portion), and lease liabilities (including current portion)” below.)

Short-term borrowings, long-term borrowings (including current portion), and lease liabilities (including current portion)

The fair value of these liabilities is calculated by discounting the sum of the principal and interest to present value using the interest rate assumed for a new similar loan or lease transaction and is categorized into Level 2. The fair value of interest rate swaps subject to exceptional treatment included in that of long-term borrowings at variable interest rates is calculated using the sum of the principal and interest that is treated together with the interest rate swap.

(Securities)

1. Available-for-sale securities

Fiscal year ended March 31, 2025 (As of March 31, 2025) (Millions of yen)

| | Type | Consolidated balance sheet amount | Acquisition cost | Difference |
|---|---|---|---|---|
| Consolidated balance sheet amount exceeds acquisition cost | Shares | 11,238 | 5,108 | 6,129 |
| Consolidated balance sheet amount does not exceed acquisition cost | Shares | 148 | 171 | -23 |
| Total | | 11,386 | 5,280 | 6,106 |

Fiscal year ended March 31, 2026 (As of March 31, 2026) (Millions of yen)

| | Type | Consolidated balance sheet amount | Acquisition cost | Difference |
|---|---|---|---|---|
| Consolidated balance sheet amount exceeds acquisition cost | Shares | 15,316 | 5,235 | 10,081 |
| Consolidated balance sheet amount does not exceed acquisition cost | Shares | 18 | 21 | -2 |
| Total | | 15,334 | 5,256 | 10,078 |

2. Available-for-sale securities sold during the consolidated fiscal year

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) (Millions of yen)

| Type | Sale price | Total profit on sale | Total loss on sale |
|---|---|---|---|
| Shares | 186 | 114 | 0 |
| Total | 186 | 114 | 0 |

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026) (Millions of yen)

| Type | Sale price | Total profit on sale | Total loss on sale |
|---|---|---|---|
| Shares | 53 | 10 | – |
| Total | 53 | 10 | – |

3. Securities on which impairment losses were posted

During the previous consolidated fiscal year, the Group recognized impairment losses of 69 million yen on securities (69 million yen of available-for-sale securities that are shares without market prices).

During the consolidated fiscal year under review, the Group recognized impairment losses of 18 million yen for securities (18 million yen of available-for-sale securities that are shares without market prices).

Impairment losses were recorded for securities whose fair value at the end of the fiscal year had fallen 50% or more from the acquisition cost. Impairment losses of the amount deemed necessary were recorded for securities whose fair value at the end of the fiscal year had fallen 30% to 50% from the acquisition cost and for shares without market prices, taking into account factors such as recoverability.

(Derivatives)

Not applicable

(Retirement benefits)

1. Outline of the retirement benefit plan

The Group has established defined contribution pension plans as well as defined benefit corporate pension plans and lump-sum retirement benefit plans as defined benefit-type retirement plans.

In defined benefit corporate pension plans and lump-sum retirement benefit plans for certain consolidated subsidiaries, retirement benefit liabilities and retirement benefit expenses are calculated using a simplified method.

Separate from the above retirement benefit plans, the Group has adopted multi-employer employees' pension fund plans and employer pension fund plans. Multi-employer plans for which the amount of plan assets attributable to the company's own contributions cannot be reasonably determined are accounted for in the same way as defined contribution plans.

2. Defined benefit plans

(1) Reconciliation of beginning and ending balances of retirement benefit obligations (excluding those listed in (3))

(Millions of yen)

| | Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) | Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026) |
|---|---|---|
| Beginning balance of retirement benefit obligations | 15,432 | 15,136 |
| Service costs | 1,104 | 1,049 |
| Interest costs | 231 | 333 |
| Amount of net actuarial gain/loss | -1,185 | -1,492 |
| Retirement benefits paid | -446 | -436 |
| Ending balance of retirement benefit obligations | 15,136 | 14,590 |

(2) Reconciliation of beginning and ending balances of pension assets (excluding those listed in (3)) (Millions of yen)

| | Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) | Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026) |
|---|---|---|
| Beginning balance of pension assets | 21,841 | 21,905 |
| Expected return on pension assets | 546 | 547 |
| Amount of net actuarial gain/loss | -973 | 999 |
| Employer contribution | 937 | 966 |
| Retirement benefits paid | -446 | -436 |
| Ending balance of pension assets | 21,905 | 23,982 |

(3) Reconciliation of beginning and ending balances of retirement benefit assets and liabilities in a plan using the simplified method (Millions of yen)

| | Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) | Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026) |
|---|---|---|
| Beginning balances of net retirement benefit liabilities and assets | 1,483 | 1,627 |
| Retirement benefit expenses | 272 | 274 |
| Retirement benefits paid | -70 | -119 |
| Contributions to the plans | -66 | -66 |
| Others | 7 | – |
| Ending balances of net retirement benefit liabilities and assets | 1,627 | 1,715 |
| Retirement benefit liabilities at end of period | 1,661 | 1,761 |
| Retirement benefit assets at end of period | -34 | -45 |

(4) Reconciliation of ending balances of retirement benefit obligation and pension assets with net retirement benefit liability and asset reflected on the consolidated balance sheets

(Millions of yen)

| | Fiscal year ended March 31, 2025 | Fiscal year ended March 31, 2026 |
|---|---|---|
| Defined benefit obligation for funded plan | 15,354 | 14,801 |
| Pension assets | -22,157 | -24,239 |
| | -6,803 | -9,438 |
| Retirement benefit obligation for unfunded plan | 1,661 | 1,761 |
| Net amount of retirement benefit liability and asset on the consolidated balance sheets | -5,141 | -7,676 |
| | | |
| Retirement benefit liability | 1,661 | 1,761 |
| Net defined benefit asset | -6,803 | -9,438 |
| Net amount of retirement benefit liability and asset on the consolidated balance sheets | -5,141 | -7,676 |

(5) Retirement benefit expenses and component amounts

(Millions of yen)

| | Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) | Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026) |
|---|---|---|
| Service costs | 1,104 | 1,049 |
| Interest costs | 231 | 333 |
| Expected return on pension assets | -546 | -547 |
| Expense for actuarial losses | -228 | -241 |
| Amortization of prior service costs | -350 | -350 |
| Retirement benefit expenses calculated using the simplified method | 272 | 274 |
| Retirement benefit expenses related to defined benefit plan | 484 | 517 |

(6) Remeasurements of defined benefit plans, net of tax

Items included in remeasurements of defined benefit plans, net of tax (before income taxes and tax effect deductions) are as follows.

(Millions of yen)

| | Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) | Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026) |
|---|---|---|
| Prior service costs | -350 | -350 |
| Actuarial gains and losses | -15 | 2,250 |
| Total | -366 | 1,900 |

(7) Remeasurements of defined benefit plans

Items included in remeasurements of defined benefit plans (before income taxes and tax effect deductions) are as follows.

(Millions of yen)

| | Fiscal year ended March 31, 2025 | Fiscal year ended March 31, 2026 |
|---|---|---|
| Unrecognized prior service costs | -1,669 | -1,319 |
| Unrecognized actuarial gains and losses | -3,341 | -5,592 |
| Total | -5,011 | -6,912 |

(8) Matters related to pension assets

(i) Breakdown of pension assets

The ratios of each of the major categories to total pension assets are as follows. (%)

| | Fiscal year ended March 31, 2025 | Fiscal year ended March 31, 2026 |
|---|---|---|
| Domestic bonds | 48 | 48 |
| Domestic stocks | 17 | 16 |
| Foreign bonds | 6 | 6 |
| Foreign stocks | 15 | 15 |
| General account | 4 | 5 |
| Others | 10 | 10 |
| Total | 100 | 100 |

(ii) Method for setting expected long-term rate of return

To determine the expected long-term rate of return on pension assets, the Company takes into consideration the current and expected pension asset mix and expected long-term rates of return on a variety of pension assets.

(9) Matters related to basis of actuarial calculations

Major assumptions for actuarial calculations as of the end of the fiscal year (presented by the weighted average) (%)

| | Fiscal year ended March 31, 2025 | Fiscal year ended March 31, 2026 |
|---|---|---|
| Discount rate | 2.2 | 3.1 |
| Expected long-term rate of return | 2.5 | 2.5 |
| Forecasted rate of pay raise, etc. | 5.8 | 5.8 |

(Note) The forecasted rate of pay raise, etc. is the forecasted rate of increase in points under the points system.

3. Defined contribution plan

The required amount of contribution to the defined contribution plan of the Company and its consolidated subsidiaries was 381 million yen in the previous fiscal year and 397 million yen in the fiscal year under review.

(Stock options)

1. Expenses related to stock options and their account titles
   Not applicable

2. Amount posted as profit due to the forfeiture of unexercised stock options

(Millions of yen)

| | Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) | Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026) |
|---|---|---|
| Other non-operating income | 1 | 1 |

3. Description of stock options, their scale and changes

(1) Description of stock options

| | 2021 stock options |
|---|---|
| Category and number of persons subject to grants | 75 employees of the Company<br>30 Directors of consolidated subsidiaries of the Company<br>3,045 employees of the consolidated subsidiaries of the Company |
| Stock options by class of shares (Note) | 773,900 common shares |
| Grant date | December 20, 2021 |
| Vesting conditions | The employee must have continually worked at the Company from the grant date (December 20, 2021) until the vesting date (October 28, 2023). |
| Length of service | From December 20, 2021, to October 28, 2023 |
| Exercise period | From October 29, 2023, to October 28, 2028 |

(Note) The number of stock options is converted to the number of shares.

(2) Scale of stock options and related changes

The number of stock options applies to the stock options existing in the consolidated fiscal year under review (ended March 31, 2026), which are converted to the number of shares for presentation.

(i) Number of stock options

| | 2021 stock options |
|---|---|
| Before vesting (shares) | |
| At end of previous period | – |
| Granted | – |
| Forfeited | – |
| Vested | – |
| Yet to be vested | – |
| After vesting (shares) | |
| At end of previous period | 704,500 |
| Vested | – |
| Rights exercised | 8,600 |
| Forfeited | 18,900 |
| Yet to be exercised | 677,000 |

(ii) Unit price information (Yen)

| | 2021 stock options |
|---|---|
| Exercise price | 913 |
| Average share price when exercised | 1,131 |
| Fair unit value on the date of grant | 68 |

4. Method for estimating the fair unit value of stock options
   No stock options were granted in the fiscal year under review.

5. Method for estimating the number of stock options vested
   Not applicable

(Tax effect accounting)

1. Breakdown of key factors contributing to deferred tax assets and deferred tax liabilities

(Millions of yen)

| | Fiscal year ended March 31, 2025 | Fiscal year ended March 31, 2026 |
|---|---|---|
| Deferred tax assets | | |
| Unrealized gains on non-current assets | 1,398 | 1,400 |
| Impairment losses | 1,131 | 1,214 |
| Tax losses carried forward | 870 | 884 |
| Provision for bonuses | 612 | 607 |
| Non-deductible depreciation expenses | 310 | 365 |
| Allowance for doubtful accounts | 243 | 261 |
| Accrued enterprise taxes | 219 | 238 |
| Loss on retirement of non-current assets | 74 | 52 |
| Other | 2,706 | 2,231 |
| Subtotal of deferred tax assets | 7,567 | 7,255 |
| Valuation allowance | -3,003 | -2,118 |
| Total deferred tax assets | 4,563 | 5,137 |
| Offset by deferred tax liabilities | -3,785 | -4,538 |
| Net deferred tax assets | 778 | 598 |
| | | |
| Deferred tax liabilities | | |
| Valuation difference on available-for-sale securities | -1,807 | -3,029 |
| Net defined benefit asset | -2,079 | -2,899 |
| Valuation difference on non-current assets | -806 | -713 |
| Other | -82 | -334 |
| Total deferred tax liabilities | -4,776 | -6,977 |
| Offset by deferred tax assets | 3,785 | 4,538 |
| Net deferred tax liabilities | -991 | -2,439 |

2. Breakdown of major items that caused a significant difference between an effective statutory tax rate and a percentage of income taxes after the application of tax effect accounting

(%)

| | Fiscal year ended March 31, 2025 | Fiscal year ended March 31, 2026 |
|---|---|---|
| Statutory tax rate | 29.9 | 29.9 |
| (Adjustments) | | |
| Items that are not permanently deductible, such as entertainment expenses | 4.1 | 3.5 |
| Consolidation adjustments | -1.3 | 3.8 |
| Inhabitant tax on a per capita basis | 0.9 | 0.8 |
| Change in valuation allowance | 6.4 | -2.2 |
| Tax credit | -2.5 | -2.3 |
| Other | 0.0 | 0.0 |
| Percentage of effective income tax rate after the application of tax effect accounting | 37.5 | 33.4 |

3. Accounting method for income taxes and local corporate taxes or accounting method for the related tax effect accounting

Accounting for income taxes and local corporate taxes and tax effect accounting related to these taxes are as described in "(Basic and important matters in preparing the consolidated financial statements) 4. Matters regarding accounting policies."

(Business combinations)

The information is omitted because it has little significance.

(Asset retirement obligations)

Asset retirement obligations posted in the consolidated balance sheets

1. Outline of the asset retirement obligations

   Asset retirement obligations consist of restoration obligations upon vacation of offices, etc. in accordance with real estate lease agreements and fixed-term land leasehold right agreements, and legal retirement obligations for harmful materials such as asbestos in buildings.

2. Method of calculating asset retirement obligations

   The Group estimated the useful lives of the facilities to be 3 to 49 years, considering the agreement terms and the durability of the buildings. The discount rates range from 0.06% to 3.17%. These figures are used to calculate the asset retirement obligations.

3. Changes in total asset retirement obligations (Millions of yen)

| | Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) | Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026) |
|---|---|---|
| Balance at beginning of period | 542 | 1,058 |
| Increase due to purchases of property, plant and equipment | 76 | 50 |
| Increase due to changes in estimates | 433 | 47 |
| Adjustment due to passage of time | 6 | 8 |
| Decrease due to fulfillment of asset retirement obligations | – | -4 |
| Balance at end of period | 1,058 | 1,160 |

4. Change in estimates of these asset retirement obligations

   In the previous consolidated fiscal year under review, we changed our estimates of restoration obligations under real estate lease agreements for facilities in the Group’s information and communications business as a result of the acquisition of new information about restoration costs necessary on vacation of the facilities.

   An increase resulting from this change in estimates, 433 million yen, was added to asset retirement obligations before the change.

   In the consolidated fiscal year under review, we changed our estimates of restoration obligations under real estate lease agreements for the Group’s offices as a result of the acquisition of new information about restoration costs necessary on vacation of the facilities.

   An increase resulting from this change in estimates, 47 million yen, was added to asset retirement obligations before the change.

(Rental properties, etc.)

The Group owns rental properties (including land) in Shizuoka City and other regions. During the fiscal year ended March 31, 2025, net rent income from these rental properties amounted to 551 million yen (rent income is recorded in net sales and major rent expenses are recorded in cost of sales), and impairment losses were 0 million yen (recorded in extraordinary income). During the fiscal year ended March 31, 2026, net rent income from these rental properties amounted to 614 million yen (rent income is recorded in net sales and major rent expenses are recorded in cost of sales).

The carrying amount of these rental properties on the consolidated balance sheet, changes during the year and fair value are as follows.

(Millions of yen)

| | | Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) | Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026) |
|---|---|---|---|
| Amount in consolidated balance sheet | | | |
| | Balance at beginning of period | 11,415 | 11,188 |
| | Changes during period | -227 | 164 |
| | Balance at end of period | 11,188 | 11,352 |
| Fair value at end of period | | 13,392 | 12,426 |

(Notes)
1. The carrying amount on the consolidated balance sheet represents the acquisition cost net of accumulated depreciation and amortization and accumulated impairment loss.
2. Of the changes during the year, the major decrease during the previous consolidated fiscal year was attributable to depreciation. The major increase in the consolidated fiscal year under review was attributable to the acquisition of new rental properties (340 million yen), and the major decrease was attributable to depreciation.
3. The fair value at the end of the fiscal year is an amount based on a real estate appraisal report prepared by an outside real property appraiser in the case of major properties, or an amount reasonably adjusted using roadside land prices and other indices in the case of other properties.

(Revenue recognition)

1. Information from the breakdown of revenue

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

| | Reportable segments | | | | | | Other (Note 1) | Total |
|---|---|---|---|---|---|---|---|---|
| | Energy | Information and Communications | CATV | Construction, Equipment, and Real Estate | Aqua | Total | | |
| LP gas for household/commercial use | 63,877 | – | – | – | – | 63,877 | – | 63,877 |
| Industrial use | 24,475 | – | – | – | – | 24,475 | – | 24,475 |
| City gas | 17,116 | – | – | – | – | 17,116 | – | 17,116 |
| Broadband communication | – | 23,425 | – | – | – | 23,425 | – | 23,425 |
| System integration | – | 41,194 | – | – | – | 41,194 | – | 41,194 |
| CATV | – | – | 36,183 | – | – | 36,183 | – | 36,183 |
| Building and equipment work | – | – | – | 17,396 | – | 17,396 | – | 17,396 |
| Real estate sales and management | – | – | – | 7,664 | – | 7,664 | – | 7,664 |
| Civil engineering work | – | – | – | 2,493 | – | 2,493 | – | 2,493 |
| Drinking water | – | – | – | – | 10,942 | 10,942 | – | 10,942 |
| Wedding ceremony | – | – | – | – | – | – | 1,397 | 1,397 |
| Ship repair | – | – | – | – | – | – | 1,688 | 1,688 |
| Nursing care | – | – | – | – | – | – | 1,398 | 1,398 |
| Other | 4,757 | – | 929 | 757 | – | 6,444 | 1,126 | 7,570 |
| Internal net sales | -4,355 | -5,571 | -624 | -1,449 | -1,177 | -13,178 | -167 | -13,345 |
| Sales to external customers | 105,871 | 59,049 | 36,488 | 26,863 | 9,764 | 238,038 | 5,444 | 243,482 |

(Notes) 1. The “others” category is a business segment not included in the reportable segments. This category includes businesses such as wedding events, ship repair, nursing care, and insurance.

2. Revenue in the Energy business includes subsidies received under the Electricity and Gas Price Volatility Mitigation Measures program of 513 million yen for LP gas for household and commercial use, 94 million yen for industrial gas, and 821 million yen for city gas.

3. Revenue not derived from contracts with customers is not presented separately from revenue from contracts with customers due to immateriality.

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

| | Reportable segments | | | | | | Other (Note 1) | Total |
|---|---|---|---|---|---|---|---|---|
| | Energy | Information and Communications | CATV | Construction, Equipment, and Real Estate | Aqua | Total | | |
| LP gas for household/commercial use | 64,148 | – | – | – | – | 64,148 | – | 64,148 |
| Industrial use | 22,119 | – | – | – | – | 22,119 | – | 22,119 |
| City gas | 16,136 | – | – | – | – | 16,136 | – | 16,136 |
| Broadband communication | – | 22,767 | – | – | – | 22,767 | – | 22,767 |
| System integration | – | 44,594 | – | – | – | 44,594 | – | 44,594 |
| CATV | – | – | 37,036 | – | – | 37,036 | – | 37,036 |
| Building and equipment work | – | – | – | 17,262 | – | 17,262 | – | 17,262 |
| Real estate sales and management | – | – | – | 8,423 | – | 8,423 | – | 8,423 |
| Civil engineering work | – | – | – | 1,765 | – | 1,765 | – | 1,765 |
| Drinking water | – | – | – | – | 11,251 | 11,251 | – | 11,251 |
| Wedding ceremony | – | – | – | – | – | – | 1,435 | 1,435 |
| Ship repair | – | – | – | – | – | – | 1,888 | 1,888 |
| Nursing care | – | – | – | – | – | – | 1,410 | 1,410 |
| Other | 4,859 | – | 945 | 787 | – | 6,592 | 1,246 | 7,838 |
| Internal net sales | -4,325 | -5,538 | -591 | -1,515 | -1,164 | -13,135 | -103 | -13,239 |
| Sales to external customers | 102,937 | 61,823 | 37,389 | 26,724 | 10,087 | 238,962 | 5,876 | 244,838 |

(Notes) 1. The “others” category is a business segment not included in the reportable segments. This category includes businesses such as wedding events, ship repair, nursing care, and insurance.

2. Revenue in the Energy business includes subsidies received under the Electricity and Gas Price Volatility Mitigation Measures program of 1,912 million yen for LP gas for household and commercial use, 60 million yen for industrial gas, and 596 million yen for city gas.

3. Revenue not derived from contracts with customers is not presented separately from revenue from contracts with customers due to immateriality.

2. Information that becomes the foundation for understanding revenue from contracts with customers

Details of main performance obligations and usual timing of recognition of revenue for major services are as described in “(Basic and important matters in preparing the consolidated financial statements), 4. Matters regarding accounting policies, (5) Accounting standards for significant revenue and expenses.”

Regarding the usual payment due date for major services, the Group typically receives payment approximately one month from the billing date and the amount of consideration does not include a significant financing component.

3. Information on the relationship between the fulfillment of performance obligations based on contracts with customers and cash flows from those contracts as well as the amount and timing of revenue expected to be recognized in and after the consolidated fiscal year following the contracts with customers that exist at the end of the consolidated fiscal year under review

(1) Balances of contract assets and contract liabilities, etc.

The balances of contract assets and contract liabilities of the Company and its subsidiaries are omitted due to their negligible amount and the absence of significant changes. Revenue recognized in the fiscal year under review from performance obligations satisfied (or partly satisfied) in previous periods is not significant.

(2) Transaction prices allocated to outstanding performance obligations

The Company does not include contracts whose terms are initially expected to be one year or less in the note on transaction price allocated to outstanding performance obligations as an expedient in practice. There are no significant transactions with contract terms exceeding one year.

(Notes on Segment Information, etc.)

[Segment Information]

1. Overview of Reporting Segments

   The reporting segments of the Group consist of the major units for which separate financial information is available and that are regularly reviewed by the Board of Directors for the purpose of resource allocation and performance evaluation. The Group has established business divisions based on products and services, and each division formulates comprehensive strategies for the products and services it manages and conducts business activities accordingly.

   Therefore, the Group primarily consists of segments based on these business divisions, and we have five reporting segments: Energy, Information and Communications, CATV, Construction, Equipment, and Real Estate, and Aqua.

   Energy engages in the sale of LP gas, LNG, other high pressure gases, and petroleum products, the supply of city gas, the sale of related products, construction work for related facilities and equipment, and security services.

   Information and Communications engages in software development, information processing services, internet connectivity, sales of communication equipment, and agency services.

   CATV operates in broadcasting and internet connectivity via CATV networks.

   Construction, Equipment, and Real Estate conducts business in the construction of residential buildings, real estate development and sales, leasing, sales of construction materials and equipment for residential facilities, construction work for ancillary facilities and equipment, renovation, civil engineering, and electrical work.

   Aqua is engaged in the manufacturing and sale of drinking water, among other activities.

2. Method of Calculation for Sales, Profits or Losses, Assets, Liabilities, and Other Item Amounts by Reporting Segment

   The accounting treatment for the reported business segments is the same as that described in “Important Matters that Form the Basis for Preparing Consolidated Financial Statements.”

   Additionally, profit for the reporting segments is based on operating profit figures, and internal sales and internal transfers between segments are based on market prices.

3. Information Related to Sales, Profit and Losses, Assets, Liabilities, and Other Items for Each Reportable Segment

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

| | Reportable segments | | | | | | Other (Note 1) | Total | Adjustments (Note 2) | Amount in consolidated financial statements (Note 3) |
|---|---|---|---|---|---|---|---|---|---|---|
| | Energy | Information and Communi-cations | CATV | Construction, Equipment, and Real Estate | Aqua | Total | | | | |
| Sales | | | | | | | | | | |
| Sales to external customers | 105,871 | 59,049 | 36,488 | 26,863 | 9,764 | 238,038 | 5,444 | 243,482 | – | 243,482 |
| Intersegment sales or transfers | 173 | 5,467 | 306 | 1,041 | 283 | 7,272 | 167 | 7,439 | -7,439 | – |
| Total | 106,044 | 64,516 | 36,795 | 27,905 | 10,048 | 245,310 | 5,611 | 250,921 | -7,439 | 243,482 |
| Segment profit (loss) | 6,652 | 3,555 | 5,567 | 1,377 | 450 | 17,604 | -72 | 17,531 | -689 | 16,841 |
| Segment assets | 86,032 | 36,466 | 41,555 | 28,435 | 7,949 | 200,440 | 6,187 | 206,627 | 4,486 | 211,114 |
| Other items | | | | | | | | | | |
| Depreciation | 5,694 | 3,030 | 5,956 | 831 | 777 | 16,289 | 155 | 16,445 | 348 | 16,794 |
| Amortization of goodwill | 330 | 95 | 337 | 212 | – | 975 | 52 | 1,027 | – | 1,027 |
| Increase in tangible and intangible assets | 6,115 | 4,372 | 6,512 | 928 | 1,019 | 18,948 | 671 | 19,619 | 262 | 19,882 |

(Notes) 1. The “others” category is a business segment not included in the reportable segments. This category includes businesses such as wedding events, ship repair, nursing care, and insurance.

2. Adjustments are as follows:

(1) Adjustments to segment profit (loss) are eliminations due to intersegment transactions.

(2) Adjustments to segment assets, depreciation, and increase in tangible and intangible assets are due to companywide assets, depreciation, and increase in tangible and intangible assets that are not allocated to individual reportable segments.

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

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

| | Reportable segments | | | | | | Other (Note 1) | Total | Adjustments (Note 2) | Amount in consolidated financial statements (Note 3) |
|---|---|---|---|---|---|---|---|---|---|---|
| | Energy | Information and Communi-cations | CATV | Construction, Equipment, and Real Estate | Aqua | Total | | | | |
| Sales | | | | | | | | | | |
| Sales to external customers | 102,937 | 61,823 | 37,389 | 26,724 | 10,087 | 238,962 | 5,876 | 244,838 | – | 244,838 |
| Intersegment sales or transfers | 236 | 5,374 | 255 | 1,384 | 316 | 7,567 | 103 | 7,671 | -7,671 | – |
| Total | 103,173 | 67,198 | 37,645 | 28,108 | 10,403 | 246,530 | 5,980 | 252,510 | -7,671 | 244,838 |
| Segment profit (loss) | 6,980 | 4,411 | 6,131 | 1,657 | 351 | 19,533 | 210 | 19,743 | -1,043 | 18,699 |
| Segment assets | 89,759 | 38,280 | 42,513 | 27,066 | 10,018 | 207,639 | 6,003 | 213,643 | 5,943 | 219,586 |
| Other items | | | | | | | | | | |
| Depreciation | 6,009 | 2,782 | 5,608 | 647 | 894 | 15,942 | 456 | 16,398 | 345 | 16,744 |
| Amortization of goodwill | 308 | 125 | 286 | 207 | – | 927 | 53 | 980 | – | 980 |
| Increase in tangible and intangible assets | 7,411 | 4,426 | 7,078 | 730 | 1,270 | 20,918 | 217 | 21,135 | 481 | 21,617 |

(Notes) 1. The “others” category is a business segment not included in the reportable segments. This category includes businesses such as wedding events, ship repair, nursing care, and insurance.

2. Adjustments are as follows:

(1) Adjustments to segment profit (loss) are eliminations due to intersegment transactions.

(2) Adjustments to segment assets, depreciation, and increase in tangible and intangible assets are due to companywide assets, depreciation, and increase in tangible and intangible assets that are not allocated to individual reportable segments.

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

Reference Information

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

1. Information by Product and Service

This information is omitted because the same information is disclosed in the Segment Information section.

2. Information by Region

(1) Sales

This information is omitted because sales to external customers in Japan account for more than 90% of sales in the consolidated statements of income.

(2) Property, Plant and Equipment

This information is omitted because property, plant and equipment in Japan account for more than 90% of property, plant and equipment in the consolidated balance sheets.

3. Information by Major Customer

This information is omitted because no customers account for 10% or more of sales in the consolidated statements of income.

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

1. Information by Product and Service

This information is omitted because the same information is disclosed in the Segment Information section.

2. Information by Region

(1) Sales

This information is omitted because sales to external customers in Japan account for more than 90% of sales in the consolidated statements of income.

(2) Property, Plant and Equipment

This information is omitted because property, plant and equipment in Japan account for more than 90% of property, plant and equipment in the consolidated balance sheets.

3. Information by Major Customer

This information is omitted because no customers account for 10% or more of sales in the consolidated statements of income.

Information Related to Impairment Losses of Non-current Assets by Reportable Segment

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

| | Energy | Information and Communi-cations | CATV | Construction, Equipment, and Real Estate | Aqua | Other | Corporate or elimination | Total |
|---|---|---|---|---|---|---|---|---|
| Impairment losses | – | – | 846 | 265 | – | 14 | – | 1,126 |

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

| | Energy | Information and Communi-cations | CATV | Construction, Equipment, and Real Estate | Aqua | Other | Corporate or elimination | Total |
|---|---|---|---|---|---|---|---|---|
| Impairment losses | – | 343 | – | 392 | – | 558 | – | 1,294 |

Information Related to Amortization of Goodwill and Unamortized Balance by Reportable Segment

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

| | Energy | Information and Communi-cations | CATV | Construction, Equipment, and Real Estate | Aqua | Other | Corporate or elimination | Total |
|---|---|---|---|---|---|---|---|---|
| Amortization during the period | 330 | 95 | 337 | 212 | – | 52 | – | 1,027 |
| Balance at end of period | 2,491 | 928 | 1,367 | 1,182 | – | 172 | – | 6,143 |

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

| | Energy | Information and Communi-cations | CATV | Construction, Equipment, and Real Estate | Aqua | Other | Corporate or elimination | Total |
|---|---|---|---|---|---|---|---|---|
| Amortization during the period | 308 | 125 | 286 | 207 | – | 53 | – | 980 |
| Balance at end of period | 2,249 | 460 | 1,083 | 582 | – | 133 | – | 4,510 |

Information on Negative Goodwill Generated for Each Reportable Segment

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

The information is omitted because it has little significance.

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

Not applicable

Related Party Information

Not applicable

(Per-Share Information)

| | Fiscal year ended March 31, 2025<br>(April 1, 2024 to March 31, 2025) | Fiscal year ended March 31, 2026<br>(April 1, 2025 to March 31, 2026) |
|---|---|---|
| Net assets per share | 715.10 yen | 790.37 yen |
| Net income per share | 70.55 yen | 82.53 yen |
| Net income per share (Diluted) | 70.53 yen | 82.47 yen |

(Notes) 1. The basis for the calculation of earnings per share (EPS) and earnings per share after adjusting for dilutive securities is as follows.

| | Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) | Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026) |
|---|---|---|
| (1) Profit per Share | 70.55 yen | 82.53 yen |
| (Basis for Calculation) | | |
| Profit attributable to owners of parent (millions of yen) | 9,216 | 10,749 |
| Profit not attributable to common shareholders (millions of yen) | – | – |
| Profit attributable to owners of parent available to common shares (millions of yen) | 9,216 | 10,749 |
| Average number of common shares outstanding during the period (thousands of shares) | 130,636 | 130,238 |
| (2) Profit per share, adjusted for dilution | 70.53 yen | 82.47 yen |
| (Basis for Calculation) | | |
| Adjustments to profit attributable to owners of parent<br>(million yen) | – | – |
| Increase in common shares (thousands) | 37 | 100 |
| An overview of potential shares not included in the calculation of net income per share after adjustment for potential shares due to a lack of dilutive effect, which have experienced significant changes since the end of the previous consolidated fiscal year | – | – |

2. The number of common shares at the end of the period used to calculate net assets per share excludes shares of the Company held by Custody Bank of Japan, Ltd. (Trust E Account) (720,000 shares in the previous consolidated fiscal year, 637,100 shares in the consolidated fiscal year under review). Additionally, the average number of common shares during the period used to calculate earnings per share (EPS) also excludes the shares of the Company held by Custody Bank of Japan , Ltd. (Trust E Account) (723,480 shares in the previous consolidated fiscal year, 664,581 shares in the consolidated fiscal year under review).

(Important Subsequent Events)

Not applicable

(v) Consolidated supplemental schedules

Schedule of Bonds

Not applicable

Schedule of Borrowings, etc. (Millions of yen)

| Category | Balance at beginning of period | Balance at end of period | Average interest rate (%) | Repayment date |
|---|---|---|---|---|
| Short-term borrowings | 2,975 | 6,300 | 0.88 | – |
| Current portion of long-term borrowings | 11,021 | 10,902 | 0.58 | – |
| Current portion of lease liabilities | 5,018 | 5,180 | 1.02 | – |
| Long-term borrowings (excluding current portion of long-term borrowings) | 32,124 | 30,645 | 0.81 | 2027-2033 |
| Lease liabilities (excluding current portion of lease liabilities) | 13,956 | 13,807 | 1.30 | 2027-2051 |
| Other interest-bearing liabilities | | | | |
| Accounts payable-other (payment entrustment) | 1,325 | 1,237 | 1.15 | – |
| Deposits (current portion of business guarantee deposits) | 51 | 54 | 2.76 | – |
| Long-term deposits (excluding current portion of business guarantee deposits) | 30 | 30 | 3.00 | – |
| Total | 66,503 | 68,159 | – | – |

(Notes) 1. The average interest rate is the weighted average interest rate for the loan balance at the end of the fiscal year.

2. Long-term borrowings and lease liabilities (excluding the current portion of them) scheduled to be repaid within five years of the end of the fiscal year are as follows. (Millions of yen)

| | Over 1 year but within 2 years | Over 2 years but within 3 years | Over 3 years but within 4 years | Over 4 years but within 5 years |
|---|---|---|---|---|
| Long-term borrowings | 9,008 | 7,691 | 6,134 | 4,503 |
| Lease liabilities | 4,216 | 3,306 | 2,323 | 1,550 |

Schedule of Asset Retirement Obligations

The schedule of asset retirement obligations is omitted because the matters to be stated in this schedule have been included as notes provided for in Article 15-23 of the Consolidated Financial Statement Regulation.

(2) Others

Semi-annual information for the consolidated fiscal year under review

| | First six months | Consolidated fiscal year under review |
|---|---|---|
| Net sales (million yen) | 114,458 | 244,838 |
| Profit before income taxes (million yen) | 5,800 | 16,396 |
| Profit attributable to owners of parent (million yen) | 3,611 | 10,749 |
| Net income per share (yen) | 27.64 | 82.53 |

## 2. Financial Statements, Etc.

### (1) Financial Statements

#### (i) Balance Sheet

(Millions of yen)

| | Fiscal Year Ended March 31, 2025 | Fiscal Year Ended March 31, 2026 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 1,219 | 1,774 |
| Accounts receivable from subsidiaries and associates - trade | 407 | 438 |
| Supplies | 7 | 11 |
| Prepaid expenses | 48 | 98 |
| Short-term loans receivable from subsidiaries and associates | 16,547 | 18,281 |
| Other | *2 272 | *2 233 |
| Allowance for doubtful accounts | -75 | -134 |
| Total current assets | 18,427 | 20,702 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 86 | 80 |
| Tools, furniture and fixtures | 190 | 157 |
| Leased assets | 7 | 3 |
| Total property, plant and equipment | 284 | 242 |
| Intangible assets | | |
| Software | 427 | 391 |
| Leased assets | 235 | 154 |
| Other | 44 | 363 |
| Total intangible assets | 707 | 908 |
| Investments and other assets | | |
| Investment securities | 1,634 | 2,143 |
| Shares of subsidiaries and associates | 35,052 | 35,052 |
| Long-term loans receivable from subsidiaries and associates | 49,147 | 50,230 |
| Long-term prepaid expenses | 12 | 17 |
| Prepaid pension costs | 64 | 85 |
| Other | 59 | 65 |
| Allowance for doubtful accounts | -730 | -630 |
| Total investments and other assets | 85,240 | 86,964 |
| Total non-current assets | 86,231 | 88,115 |
| Total assets | 104,659 | 108,818 |

(Millions of yen)

| | Fiscal Year Ended March 31, 2025 | Fiscal Year Ended March 31, 2026 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Short-term borrowings | 2,975 | 6,300 |
| Current portion of long-term borrowings | 10,852 | 10,801 |
| Lease liabilities | 107 | 80 |
| Accounts payable - other | *2 487 | *2 480 |
| Accrued expenses | 55 | 66 |
| Income taxes payable | 18 | 16 |
| Accrued consumption taxes | 72 | 21 |
| Deposits received | 131 | 146 |
| Deposits received from subsidiaries and associates | 17,889 | 21,112 |
| Provision for bonuses | 40 | 44 |
| Provision for bonuses for directors (and other officers) | 44 | 71 |
| Provision for point card certificates | 94 | 228 |
| Other | *2 49 | *2 18 |
| Total current liabilities | 32,817 | 39,389 |
| Non-current liabilities | | |
| Long-term borrowings | 31,770 | 30,470 |
| Lease liabilities | 141 | 80 |
| Deferred tax liabilities | 68 | 186 |
| Provision for share awards for directors (and other officers) | 111 | 122 |
| Other | 19 | 18 |
| Total non-current liabilities | 32,111 | 30,879 |
| Total liabilities | 64,929 | 70,268 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 14,000 | 14,000 |
| Capital surplus | | |
| Legal capital surplus | 3,500 | 3,500 |
| Other capital surplus | 18,007 | 18,012 |
| Total capital surplus | 21,507 | 21,512 |
| Retained earnings | | |
| Other retained earnings | | |
| Retained earnings brought forward | 7,522 | 7,914 |
| Total retained earnings | 7,522 | 7,914 |
| Treasury shares | -3,584 | -5,518 |
| Total shareholders' equity | 39,445 | 37,908 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 236 | 594 |
| Total valuation and translation adjustments | 236 | 594 |
| Share acquisition rights | 47 | 46 |
| Total net assets | 39,729 | 38,549 |
| Total liabilities and net assets | 104,659 | 108,818 |

(ii) Statement of Income

(Millions of yen)

| | Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) | Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026) |
|---|---|---|
| Operating revenue | | |
| Outsourcing service income | 42 | 42 |
| Management fee income | 4,347 | 4,468 |
| Interest income | 411 | 514 |
| Dividend income | 4,916 | 5,640 |
| Other operating revenue | 19 | 18 |
| Total operating revenue | *1 9,735 | *1 10,683 |
| Operating expenses | | |
| Financial costs | 237 | 371 |
| Selling, general and administrative expenses | *2 5,475 | *2 5,612 |
| Total operating expenses | *1 5,713 | *1 5,983 |
| Operating profit | 4,022 | 4,700 |
| Non-operating income | | |
| Dividend income | 56 | 60 |
| Allowance for doubtful accounts | – | 40 |
| Other | *1 44 | *1 22 |
| Total non-operating income | 100 | 123 |
| Non-operating expenses | | |
| Interest expenses | 4 | 4 |
| Other | 6 | 7 |
| Total non-operating expenses | 10 | 11 |
| Ordinary profit | 4,112 | 4,812 |
| Extraordinary income | | |
| Gain on liquidation of subsidiaries | 70 | – |
| Total extraordinary income | 70 | – |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 0 | 0 |
| Loss on valuation of investment securities | – | 18 |
| Loss on waiver of claims against subsidiaries | 229 | – |
| Total extraordinary losses | 229 | 18 |
| Profit before income taxes | 3,954 | 4,793 |
| Income taxes (current) | -63 | -20 |
| Income taxes (deferred) | 39 | -41 |
| Total income taxes | -23 | -61 |
| Profit | 3,978 | 4,854 |

(iii) Statement of Changes in Equity

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

| | Shareholders' equity | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital | Capital surplus | | | Retained earnings | | Treasury shares | Total shareholders' equity |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | Other retained earnings | Total retained earnings | | |
| | | | | | Retained earnings brought forward | | | |
| Balance at beginning of period | 14,000 | 3,500 | 18,006 | 21,506 | 8,010 | 8,010 | -3,593 | 39,924 |
| Changes during period | | | | | | | | |
| Dividends of surplus | | | | | -4,466 | -4,466 | | -4,466 |
| Profit | | | | | 3,978 | 3,978 | | 3,978 |
| Purchase of treasury shares | | | | | | | -0 | -0 |
| Disposal of treasury shares | | | 1 | 1 | | | 8 | 9 |
| Net changes in items other than shareholders' equity | | | | | | | | |
| Total changes during period | – | – | 1 | 1 | -487 | -487 | 8 | -478 |
| Balance at end of period | 14,000 | 3,500 | 18,007 | 21,507 | 7,522 | 7,522 | -3,584 | 39,445 |

| | Valuation and translation adjustments | | Share acquisition rights | Total net assets |
|---|---|---|---|---|
| | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | | |
| Balance at beginning of period | 67 | 67 | 50 | 40,042 |
| Changes during period | | | | |
| Dividends of surplus | | | | -4,466 |
| Profit | | | | 3,978 |
| Purchase of treasury shares | | | | -0 |
| Disposal of treasury shares | | | | 9 |
| Net changes in items other than shareholders' equity | 168 | 168 | -2 | 166 |
| Total changes during period | 168 | 168 | -2 | -312 |
| Balance at end of period | 236 | 236 | 47 | 39,729 |

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

| | Shareholders' equity | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital | Capital surplus | | | Retained earnings | | Treasury shares | Total shareholders' equity |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | Other retained earnings: Retained earnings brought forward | Total retained earnings | | |
| Balance at beginning of period | 14,000 | 3,500 | 18,007 | 21,507 | 7,522 | 7,522 | -3,584 | 39,445 |
| Changes during period | | | | | | | | |
| Dividends of surplus | | | | | -4,463 | -4,463 | | -4,463 |
| Profit | | | | | 4,854 | 4,854 | | 4,854 |
| Purchase of treasury shares | | | | | | | -2,000 | -2,000 |
| Disposal of treasury shares | | | 4 | 4 | | | 67 | 71 |
| Net changes in items other than shareholders' equity | | | | | | | | |
| Total changes during period | – | – | 4 | 4 | 391 | 391 | -1,933 | -1,537 |
| Balance at end of period | 14,000 | 3,500 | 18,012 | 21,512 | 7,914 | 7,914 | -5,518 | 37,908 |

| | Valuation and translation adjustments | | Share acquisition rights | Total net assets |
|---|---|---|---|---|
| | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | | |
| Balance at beginning of period | 236 | 236 | 47 | 39,729 |
| Changes during period | | | | |
| Dividends of surplus | | | | -4,463 |
| Profit | | | | 4,854 |
| Purchase of treasury shares | | | | -2,000 |
| Disposal of treasury shares | | | | 71 |
| Net changes in items other than shareholders' equity | 358 | 358 | -1 | 356 |
| Total changes during period | 358 | 358 | -1 | -1,180 |
| Balance at end of period | 594 | 594 | 46 | 38,549 |

Notes

(Significant accounting policies)

1. Asset valuation standards and valuation method

(1) Valuation standards and valuation methods for securities

Shares of subsidiaries and associates

Cost method using the moving average method

Available-for-sale securities

Securities other than shares, etc. without market prices

Stated at fair value based on market prices, etc., as of the period-end

(The difference in valuation is fully charged to net assets, with the cost of securities sold calculated by the moving average method.)

Shares, etc. without market prices

Cost method using the moving average method

(2) Appraisal standards and appraisal methods for inventories

Supplies

Stated at cost using the first-in, first-out method

2. Depreciation method for non-current assets

(1) Property, plant and equipment (excluding leased assets)

The straight-line method is used.

The principal useful lives of property, plant and equipment are as follows:

| | |
|---|---|
| Buildings: | 15 years |
| Tools, furniture and fixtures: | 5 years to 15 years |

(2) Intangible assets (excluding leased assets)

The straight-line method is used.

The principal useful lives of property, plant and equipment are as follows:

| | |
|---|---|
| Software for internal use: | 5 years |

(3) Leased assets

Leased assets related to finance lease transactions not involving the transfer of ownership

The straight-line method is applied over the lease term without residual value.

3. Standards on recognition of allowances and provisions

(1) Allowance for doubtful accounts

In order to prepare for probable losses on collection, estimated amount uncollectible is provided for in accordance with the historical write-off ratio in the case of ordinary receivables and provided against estimated future losses on collection based on a detailed credit analysis in the case of doubtful accounts and other specific receivables.

(2) Provision for bonuses

To prepare for the payment of bonuses to employees, a provision is provided in the amount equal to the estimated bonus obligations in the fiscal year under review.

(3) Provision for bonuses for directors (and other officers)

To prepare for the payment of bonuses to officers, we provide a provision based on the estimated payment.

(4) Provision for retirement benefits

To cover retirement benefits payments to employees, a provision is provided based on the amounts for the obligation for employees' retirement benefits and pension assets at the end of the fiscal year under review. Furthermore, since at the end of the fiscal year under review, the estimated amount of pension assets exceeded the amount of estimated retirement benefit obligations less unrecognized prior service costs and unrecognized actuarial differences, the excess was recorded as prepaid pension costs in investments and other assets on the balance sheet.

(i) Attribution of estimated retirement benefits

To calculate benefit liabilities, the estimated amount of retirement benefits is attributed to the period until the end of the fiscal year under review based on the benefit formula.

(ii) Treatment of unrecognized actuarial differences and past service costs

Past service costs are posted in expenses based on the straight-line method for a fixed period of years (15 to 17 years) within the average remaining service years of employees when costs accrue from their service.

Actuarial gains or losses are amortized using the straight-line method over a certain number of years (14 to 17 years) within the average remaining years of service of the eligible employees at the time of recognition, and allocated proportionately from the fiscal year following the respective fiscal year of recognition.

(5) Provision for point card certificates

To prepare for the use of points awarded to customers, the Company records the estimated amount that will be used in the future as provision for point card certificates.

(6) Provision for share awards for directors (and other officers)

To prepare for the issuance of the Company's shares to officers, etc. in accordance with the Officers' Share-based Payment Regulations, the amount of obligations for share-based remuneration expected to arise at the end of the fiscal year under review is posted.

4. Standards for recording revenue and expense

The Company's main performance obligation in its core business in relation to revenue from contracts with customers is the provision of services related to Group management and the Company recognizes revenue over time because customers enjoy benefits as the Company satisfies its performance obligations.

5. Other significant matters that serve as the basis for the preparation of financial statements

(1) Accounting for retirement benefits

The accounting for unrecognized actuarial differences and unrecognized prior service costs not yet accounted for is different from that in the consolidated financial statements.

(2) Application of the group tax sharing system

The group tax sharing system is applied.

(3) Accounting method for income taxes and local corporate taxes or accounting method for the related tax effect accounting

The Company is using the group tax sharing system and accounts for income taxes and local corporate taxes and accounts for and discloses tax effect accounting in relation thereto in accordance with the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (ASBJ PITF No. 42 issued on August 12, 2021).

(4) Accounting principles and procedures when related accounting standards are not clear

Board Benefit Trust (BBT)

(i) Transaction overview

The Company resolved, at a meeting of its Board of Directors held on May 10, 2016, to introduce a Board Benefit Trust (BBT; hereinafter referred to as "the System"), a new stock-based remuneration system for Directors, Executive Officers and Board Members of the Company and Directors and Board Members of certain subsidiaries of the Company (excludes Outside Directors; hereinafter referred to as "Officers"), and the System was approved as officers' remuneration by resolution at the 5th Ordinary General Meeting of Shareholders held on June 24, 2016.

The System is a stock-based remuneration system under which the Company's shares are acquired through the trust with funds contributed by the Company and the Company's shares or the cash equivalent of the market price of the Company's shares at the retirement date (hereinafter referred to as the "Company's Shares, Etc.") are paid to Officers through the trust in accordance with Officers' Stock-based Payment Regulations established by the Company and subsidiaries of the Company that are eligible for the System. In principle, Officers will be eligible to receive the Company's Shares, Etc. when they retire as Officers.

The gross price method is applied in the accounting treatment of this transaction in accordance with the Practical Solution on Transactions of Delivering the Company's Own Stock to Employees Etc. Through Trusts (ASBJ PITF No. 30, March 26, 2015).

(ii) Treasury shares remaining in the trust

The Company's shares remaining in the trust are recorded at the book value (excluding all incidental expenses) in the section of net assets as treasury shares in the trust. The book value of the treasury shares was 551 million yen at the end of the previous fiscal year and 488 million yen at the end of the fiscal year under review. The number of the treasury shares at the end of the period was 720,000 shares at the end of the previous fiscal year and 637,100 shares at the end of the fiscal year under review.

(Significant accounting estimates)

Previous fiscal year (March 31, 2025)

Valuation of loans receivable from subsidiaries and associates

(1) Amounts recorded in the financial statements for the fiscal year under review

(Millions of yen)

| | Previous fiscal year | Fiscal year under review |
|---|---|---|
| Short-term loans receivable from subsidiaries and associates | 18,870 | 16,547 |
| Allowance for doubtful accounts (current) | -1,748 | -55 |
| Long-term loans receivable from subsidiaries and associates | 45,781 | 49,147 |
| Allowance for doubtful accounts (non-current) | -434 | -730 |

(2) Information about important accounting estimates related to items identified

(i) Calculation method

On the valuation of loans receivable from subsidiaries and associates, the Company provides an allowance for doubtful accounts with respect to estimated unrecoverable amounts on an individual basis, taking into consideration financial position and operating results. The amount of the allowance for doubtful accounts is calculated based on comprehensive judgment of payment capacity, taking into consideration factors such as the status of operations, financial position, business plans and future cash flows based on business plans.

(ii) Major assumptions

Future business plans factor in major assumptions such as market trends and business growth based on these trends, the number of customer contracts and customer unit price that make up sales, as well as expected cost reduction. In its consideration of whether business plans are reasonable and achievable, the Company judged that these major assumptions are still reasonable and there is, therefore, a high probability of achieving the plans.

(iii) Impact on financial statements for the following fiscal year

In the case where subsidiaries and associates do not perform as planned and do not produce the expected results, the provision of an additional allowance for doubtful accounts is also likely, and this could potentially have an impact on financial statements for the following fiscal year.

Fiscal year under review (March 31, 2026)

Not applicable

(Balance sheet)

1. Contingent liabilities

(1) Guarantee commitment (Millions of yen)

| Fiscal year ended March 31, 2025 | | Fiscal year ended March 31, 2026 | |
|---|---|---|---|
| (Borrowing liabilities) | | (Borrowing liabilities) | |
| TOKAI Group Mutual Aid Association | 84 | TOKAI Group Mutual Aid Association | 84 |

*2. Monetary claims and monetary liabilities in relation to subsidiaries and associates (excluding those presented on balance sheet) (Millions of yen)

| | Fiscal year ended March 31, 2025 | Fiscal year ended March 31, 2026 |
|---|---|---|
| Short-term monetary claims | 152 | 159 |
| Short-term monetary liabilities | 224 | 206 |

3. Loan commitment agreement

As described in the notes to consolidated balance sheet of the Consolidated Financial Statements.

(Statement of income)

*1. Volume of transactions with subsidiaries and associates (Millions of yen)

| | Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) | Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026) |
|---|---|---|
| Operating transactions | | |
| Operating revenue | 9,716 | 10,665 |
| Operating expenses | 1,795 | 1,896 |
| Transactions other than operating transactions | 230 | 66 |

*2. Major expenses included in selling, general and administrative expenses and their amounts are as follows.

(Millions of yen)

| | Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) | Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026) |
|---|---|---|
| Salaries | 566 | 588 |
| Provision for bonuses | 40 | 44 |
| Retirement benefit expenses | 14 | 16 |
| Fees | 1,634 | 1,875 |
| Advertising expenses | 539 | 573 |
| Provision of allowance for doubtful accounts | 319 | – |
| Depreciation | 342 | 336 |
| Approximate percentages of selling, general and administrative expenses | | (%) |
| Selling expenses | 0 | 0 |
| General and administrative expenses | 100 | 100 |

(Change in method of presentation)

In the fiscal year under review, “Advertising expenses” are presented as a major item of selling, general and administrative expenses due to an increase in their monetary materiality. They are also presented as a major item in the previous fiscal year to reflect this change in presentation.

(Securities)

Shares of subsidiaries and associates

Balance sheet amount of shares, etc. without market prices

| Category | Previous fiscal year (million yen) | Fiscal year under review (million yen) |
|---|---|---|
| Shares in subsidiaries | 34,804 | 34,804 |
| Shares in associates | 248 | 248 |

(Tax effect accounting)

1. Breakdown of key factors contributing to deferred tax assets and deferred tax liabilities

(Millions of yen)

| | Fiscal year ended March 31, 2025 | Fiscal year ended March 31, 2026 |
|---|---|---|
| Deferred tax assets | | |
| Shares of subsidiaries and associates | 798 | 250 |
| Allowance for doubtful accounts | 247 | 235 |
| Tax losses carried forward | 82 | 90 |
| Provision for point card certificates | 28 | 70 |
| Investment securities | 61 | 67 |
| Provision for bonuses | 11 | 13 |
| Shares of subsidiaries and associates accompanying company split | 11 | 11 |
| Software | 2 | 7 |
| Asset retirement obligations | 5 | 5 |
| Other | 20 | 11 |
| Subtotal of deferred tax assets | 1,271 | 763 |
| Valuation allowance | -1,208 | -653 |
| Total deferred tax assets | 62 | 109 |
| Deferred tax liabilities | | |
| Valuation difference on available-for-sale securities | -105 | -264 |
| Prepaid pension costs | -19 | -26 |
| Removal expenses for asset retirement obligations | -4 | -4 |
| Other | -1 | -1 |
| Total deferred tax liabilities | -130 | -296 |
| Deferred tax assets (liabilities), net | -68 | -186 |

2. Breakdown of major items that caused a significant difference between an effective statutory tax rate and a percentage of income taxes after the application of tax effect accounting

(%)

| | Fiscal year ended March 31, 2025 | Fiscal year ended March 31, 2026 |
|---|---|---|
| Statutory tax rate | 29.9 | 29.9 |
| (Adjustments) | | |
| Items that are not permanently included in losses or profits, such as dividend income | -33.2 | -31.1 |
| Inhabitant tax on a per capita basis | 0.1 | 0.1 |
| Change in valuation allowance | 3.3 | -0.2 |
| Other | -0.7 | 0.0 |
| Percentage of effective income tax rate after the application of tax effect accounting | -0.6 | -1.3 |

3. Accounting method for income taxes and local corporate taxes or accounting method for the related tax effect accounting

Accounting for income taxes and local corporate taxes and tax effect accounting related to these taxes are as described in “(Significant accounting policies), 5. Other significant matters that serve as the basis for the preparation of financial statements.”

(Revenue recognition)

The basic information for understanding revenue from contracts with customers is as described in “(Significant accounting policies), 4. Standards for recording revenue and expense.”

(Important Subsequent Events)

Not applicable

(iv) Supplementary Schedules

Itemized account of property, plant and equipment, etc.

(Millions of yen)

| Category | Asset type | Balance at beginning of period | Increase during the period | Decrease during the period | Amortization during the period | Balance at end of period | Accumulated depreciation |
|---|---|---|---|---|---|---|---|
| Property, plant and equipment | Buildings | 86 | 2 | – | 7 | 80 | 35 |
| | Tools, furniture and fixtures | 190 | 11 | 0 | 44 | 157 | 129 |
| | Leased assets | 7 | 0 | – | 4 | 3 | 2 |
| | Construction in progress | – | 0 | 0 | – | – | – |
| | Total | 284 | 15 | 0 | 56 | 242 | 167 |
| Intangible assets | Software | 427 | 139 | – | 176 | 391 | – |
| | Leased assets | 235 | 20 | – | 102 | 154 | – |
| | Other | 44 | 416 | 97 | – | 363 | – |
| | Total | 707 | 576 | 97 | 278 | 908 | – |

Itemized account of allowances and provisions

(Millions of yen)

| Item | Balance at beginning of period | Increase during the period | Decrease during the period | Balance at end of period |
|---|---|---|---|---|
| Allowance for doubtful accounts | 805 | 764 | 805 | 764 |
| Provision for bonuses | 40 | 44 | 40 | 44 |
| Provision for bonuses for directors (and other officers) | 44 | 71 | 44 | 71 |
| Provision for point card certificates | 94 | 228 | 94 | 228 |
| Provision for share awards for directors (and other officers) | 111 | 24 | 14 | 122 |

(Note) The reason for providing for each allowance and provision and the method of calculating the amount of each allowance and provision is described in "Significant accounting policies."

(2) Details of major assets and liabilities

Details are omitted as the Company has prepared consolidated financial statements.

(3) Other

Not applicable

## 6. Stock Information of the Reporting Company

(As of March 31, 2026)

<table>
<tr><td>Fiscal year</td><td colspan="5">From April 1 to March 31</td></tr>
<tr><td>Ordinary General Meeting of Shareholders</td><td colspan="5">During June</td></tr>
<tr><td>Record date</td><td colspan="5">March 31</td></tr>
<tr><td>Record date for distribution of dividends of surplus</td><td colspan="5">September 30 and March 31</td></tr>
<tr><td>Number of shares constituting one unit</td><td colspan="5">100 shares</td></tr>
<tr><td>Purchase and sale of odd-lot shares</td><td colspan="5"></td></tr>
<tr><td>Handling office</td><td colspan="5">(Special account)<br>Sumitomo Mitsui Trust Bank, Limited, 1-4-1 Marunouchi, Chiyoda-ku, Tokyo</td></tr>
<tr><td>Administrator of the register of shareholders</td><td colspan="5">(Special account)<br>Sumitomo Mitsui Trust Bank, Limited, 1-4-1 Marunouchi, Chiyoda-ku, Tokyo</td></tr>
<tr><td>Agent office</td><td colspan="5">—</td></tr>
<tr><td>Fees for purchase and sale</td><td colspan="5">Amount specified separately as the amount equivalent to fees for outsourcing stock trading</td></tr>
<tr><td>Method of public notice</td><td colspan="5">Electronic public notice. In the event of a contingency that makes online public notice impossible or in any other unavoidable circumstances, public notices shall be published in the Nihon Keizai Shimbun.<br>The electronic notices are posted on the Company’s website at the following address.<br>https://www.tokaiholdings.co.jp/ir/publicnotices/</td></tr>
<tr><td rowspan="9">Shareholder privileges</td><td colspan="2">Item</td><td>100 shares or more</td><td>300 shares or more</td><td>5,000 shares or more</td></tr>
<tr><td>1</td><td>Aqua products</td><td>Twelve 500 ml bottles or one 12 L bottle</td><td>Twenty-four 500 ml bottles or two 12 L bottles</td><td>Forty-eight 500 ml bottles or four 12 L bottles</td></tr>
<tr><td>2</td><td>QUO card</td><td>A 500 yen QUO card</td><td>A 1,500 yen QUO card</td><td>A 2,500 yen QUO card</td></tr>
<tr><td>3</td><td>Dining discount voucher for GRANDAIR Bouquet TOKAI (Beauciel or Aoi)</td><td>A 1,000 yen dining discount voucher</td><td>A 3,000 yen dining discount voucher</td><td>A 5,000 yen dining discount voucher</td></tr>
<tr><td>4</td><td>TLC Points under TOKAI Group Membership Point System</td><td>1,000 points</td><td>2,000 points</td><td>4,000 points</td></tr>
<tr><td>5</td><td>Discounted mobile service “LIBMO” monthly usage fee discount</td><td>350 yen discounted monthly (Six months)</td><td>850 yen discounted monthly (Six months)</td><td>1,880 yen discounted monthly (Six months)</td></tr>
<tr><td>6</td><td>Discount voucher for weddings at GRANDAIR Bouquet TOKAI</td><td colspan="3">10% discount voucher for weddings, along with a 100,000 yen discount<br>(Maximum discount of 200,000 yen)</td></tr>
<tr><td>7</td><td>Dining discount voucher for GRANDAIR Bouquet TOKAI (Beauciel or Aoi)</td><td colspan="3">20% dining discount voucher</td></tr>
<tr><td></td><td colspan="4">(Note) Perks are offered to shareholders at the end of March and the end of September.<br>Eligible shareholders choose any one out of perks 1, 2, 3, 4 and 5. Perks 6 and 7 are available to all shareholders upon request.</td></tr>
</table>

(Note) In accordance with the Company’s Articles of Incorporation, none of the Company’s shareholders who hold shares of less than one unit may exercise rights other than those listed below concerning their odd-lot shares.

(1) The rights specified in the items of Article 189, Paragraph 2 of the Companies Act

(2) The right to make a claim as specified in Article 166, Paragraph 1 of the Companies Act

(3) The right to receive an allotment of shares for subscription and an allotment of share acquisition rights according to the number of shares held by shareholders

(4) The right to demand the sale of units of shares, including the shares less than one unit that the shareholder holds

# 7. Reference Information on the Reporting Company

## 1. Information on Parent Entities of the Reporting Company

The Company does not have a Parent Company, etc. as specified in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

## 2. Other Reference Information

The Company submitted the following documents between the first day of the fiscal year under review and the day of submitting the securities report.

(1) Annual Securities Report and accompanying documents, and Confirmation Letter
14th fiscal year (from April 1, 2024 to March 31, 2025)
Submitted to the Director-General of Kanto Local Finance Bureau on June 23, 2025

(2) Internal Control Report and accompanying documents
Submitted to the Director-General of Kanto Local Finance Bureau on June 23, 2025

(3) Semi-annual Report and Confirmation Letter
15th fiscal year (from April 1, 2025 to September 30, 2025)
Submitted to the Director-General of Kanto Local Finance Bureau on November 14, 2025

(4) Extraordinary Report
Submitted to the Director-General of Kanto Local Finance Bureau on May 8, 2025
An extraordinary report pursuant to the provisions of Item 9-4 (change in auditing certified public accountants, etc.), Article 19, Paragraph 2 of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc.

Submitted to the Director-General of Kanto Local Finance Bureau on July 2, 2025
An extraordinary report pursuant to the provisions of Item 9-2 (result of exercising voting rights at the general meeting of shareholders), Article 19, Paragraph 2 of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc.

Submitted to the Director-General of Kanto Local Finance Bureau on February 5, 2026
An extraordinary report pursuant to the provisions of Item 9 (Change in the representative director of a Reporting Company), Article 19, Paragraph 2 of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc.

Submitted to the Director-General of Kanto Local Finance Bureau on March 24, 2026
An extraordinary report pursuant to the provisions of Item 3 (a Change in the Specified Subsidiary Company of a Reporting Company), Article 19, Paragraph 2 of the Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc.

(5) Share buyback report
Reporting period(from August 19, 2025 to August 31, 2025) Submitted to the Director-General of Kanto Local Finance Bureau on September 12, 2025
Reporting period(from September 1, 2025 to September 30, 2025) Submitted to the Director-General of Kanto Local Finance Bureau on October 14, 2025
Reporting period(from October 1, 2025 to October 31, 2025) Submitted to the Director-General of Kanto Local Finance Bureau on November 14, 2025
Reporting period(from November 1, 2025 to November 30, 2025) Submitted to the Director-General of Kanto Local Finance Bureau on December 12, 2025
Reporting period(from December 1, 2025 to December 31, 2025) Submitted to the Director-General of Kanto Local Finance Bureau on January 14, 2026
Reporting period(from January 1, 2026 to January 31, 2026) Submitted to the Director-General of Kanto Local Finance Bureau on February 13, 2026
Reporting period(from February 1, 2026 to February 28, 2026) Submitted to the Director-General of Kanto Local Finance Bureau on March 13, 2026
Reporting period(from March 1, 2026 to March 31, 2026) Submitted to the Director-General of Kanto Local Finance Bureau on April 14, 2026

## Part II. Information Concerning Guarantors of the Reporting Company

Not applicable