

October 29, 2020

TOKAI Holdings Corporation  
Katsuhiko Tokita, President & CEO  
(Securities Code: 3167, Tokyo Stock Exchange First Section)

## Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2021

**Achieved an Expanded Customer Base and Operating Results Level with the Record-Highs Set in the First Six Months of the Previous Fiscal Year despite Impact from the COVID-19 Pandemic**

TOKAI Holdings Corporation (hereinafter, the “Company”) today announced its financial results for the first six months of the fiscal year ending March 31, 2021.

### **1. Customer count increased approximately 140% on a net basis year on year, as the Company continued to expand its earnings base**

The Company is currently implementing its third medium-term management plan, Innovation Plan 2020 “JUMP,” which extends through the fiscal year ending March 31, 2021. Under this plan, the Company is actively applying strategies aimed at expanding its earnings base, including investing in M&A and forming business alliances. The Company also works to address an ongoing business objective by acquiring additional continuing customers, securing multiple contracts based on the Total Life Concierge (TLC) concept<sup>\*1</sup>, and expanding service areas.

The TOKAI Group provides daily life-related infrastructure that is essential to the livelihood of its customers who are required by the government and administration to continue operating their businesses amid the COVID-19 pandemic. In the six months ended September 30, 2020, the Group ensured the safety of customers and employees and fulfilled its responsibility to continue providing services by thoroughly implementing measures aimed at preventing the spread of COVID-19.

We actively conducted remote sales activities that do not involve direct human contact and involved new forms of Internet-based information transmission, business meetings, and telemarketing. As a result, **the Group recorded 3,042,000 continuing customers** as of September 30, 2020. **This continuing customer count exceeded the count at the beginning of the year (3,003,000) by 39,003 (versus an increase of 16,250 in the same period of the previous fiscal year).**

**With net increases of 15,365 (LP and city) gas customers, 25,077 CATV customers, and 7,569 Hikari Collaboration customers,** we further expanded our earnings base.

### **2. Despite impact from the COVID-19 pandemic, financial results were level with the record-highs of the first six months of the previous fiscal year and above targets**

In the six months ended September 30, 2020, the Company recorded sales of 89,836 million yen (-3.4% year on year). While sales grew thanks to an increase in household LP gas sales volume,

expansion of recurring-revenue businesses in the Information and Communications business for corporate clients, and higher customer counts in the CATV and Aqua (bottled drinking water delivery) businesses, they were weighed down by a decrease in (LP and city) gas selling prices associated with a drop in procurement prices (no impact on profits), as well as by a delay in sales activities caused by the COVID-19 pandemic.

On the profit front, some businesses, such as the bridal events and banquet businesses, incurred negative impact from the COVID-19 pandemic, but this impact was offset by various factors, including an increase in profit from growth in the number of monthly fee paying customers caused by higher customer counts in the LP gas, CATV, and Aqua businesses and greater profit from the Information and Communications business for corporate clients. As a result, operating profit came to 5,452 million yen, down 0.9% year on year but mostly level with the same period of the previous fiscal year.

Operating profit exceeded the company's internal projections by approximately 700 million yen and achieved 36% of its full-year target, higher than ratios achieved in the past (typically 30–31%).

(Millions of yen)

	Q2 FY03/21 results (April 1, 2020 to September 30, 2020)	Q2 FY03/20 results (April 1, 2019 to September 30, 2019)	YoY	
			Change	% change
Sales	89,836	93,015	-3,179	-3.4%
Operating profit	5,452	5,500	-48	-0.9%
Recurring profit	5,499	5,608	-109	-1.9%
Net income	3,279	3,492	-212	-6.1%
EPS (yen)	25.04	26.67	-1.63	-6.1%

### **3. Growth will continue during the fiscal year ending March 31, 2021 as sales rise for the fourth consecutive year and profits reach record highs for the third consecutive year**

For the fiscal year ending March 31, 2021, the Company projects continued growth, with sales rising for the fourth consecutive year and profits reaching record highs for the third consecutive year.

This fiscal year is the last in the Company's current medium-term management plan, and the Company intends to lay the foundation for growth achieved under its next medium-term management plan.

The TOKAI Group believes that focusing on continuing customer count expansion will lead to top-line growth, an improved earnings base, and large medium- to long-term growth for the entire Group. Accordingly, it is pushing forward with initiatives aimed at achieving aggressive growth strategies.

The Company is conducting these initiatives while upholding the themes of M&A advancement, ABCIR+S<sup>2</sup> implementation, and TLC enrichment as specific methods for achieving its targets.

Under its policy of consistently providing stable dividends, the Company plans to pay an annual dividend of 28 yen per share.

The Company has made no revisions to either its full-year consolidated earnings forecast or its dividend forecast for the fiscal year ending March 31, 2021.

(Millions of yen)

	FY03/21 forecast (April 1, 2020 to March 31, 2021)	FY03/20 results (April 1, 2019 to March 31, 2020)	YoY	
			Change	% change
Sales	205,300	195,952	+9,348	+4.8%
Operating profit	15,000	14,224	+776	+5.5%
Recurring profit	14,870	14,479	+391	+2.7%
Net income	8,460	8,241	+219	+2.7%
EPS (yen)	64.60	62.93	+1.67	+2.7%
Customer count at end of fiscal year	3,105,000	3,003,000	+102,000	+3.4%

(Yen)

Dividends	FY03/21 (forecast)	FY03/20
Interim (end of Q2)	14.00	14.00
Year-end	14.00	14.00
Annual dividend total	28.00	28.00
Consolidated payout ratio	43.3%	44.5%

For details, please see the attached materials, entitled "Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2021."

Further, for the Company's earnings announcement for the first six months of the fiscal year ending March 31, 2021, please see the following URL:

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

\*1 Vision of becoming a TLC: The Group seeks to support the comfortable living of its customers in a comprehensive and detail-oriented way and enhance customer satisfaction through its wide range of services.

\*2 ABCIR+S: An acronym formed by the first letters of AI, big data, cloud, IoT, robotics, and smartphones. It refers to the Group's strategies targeting technological innovation.

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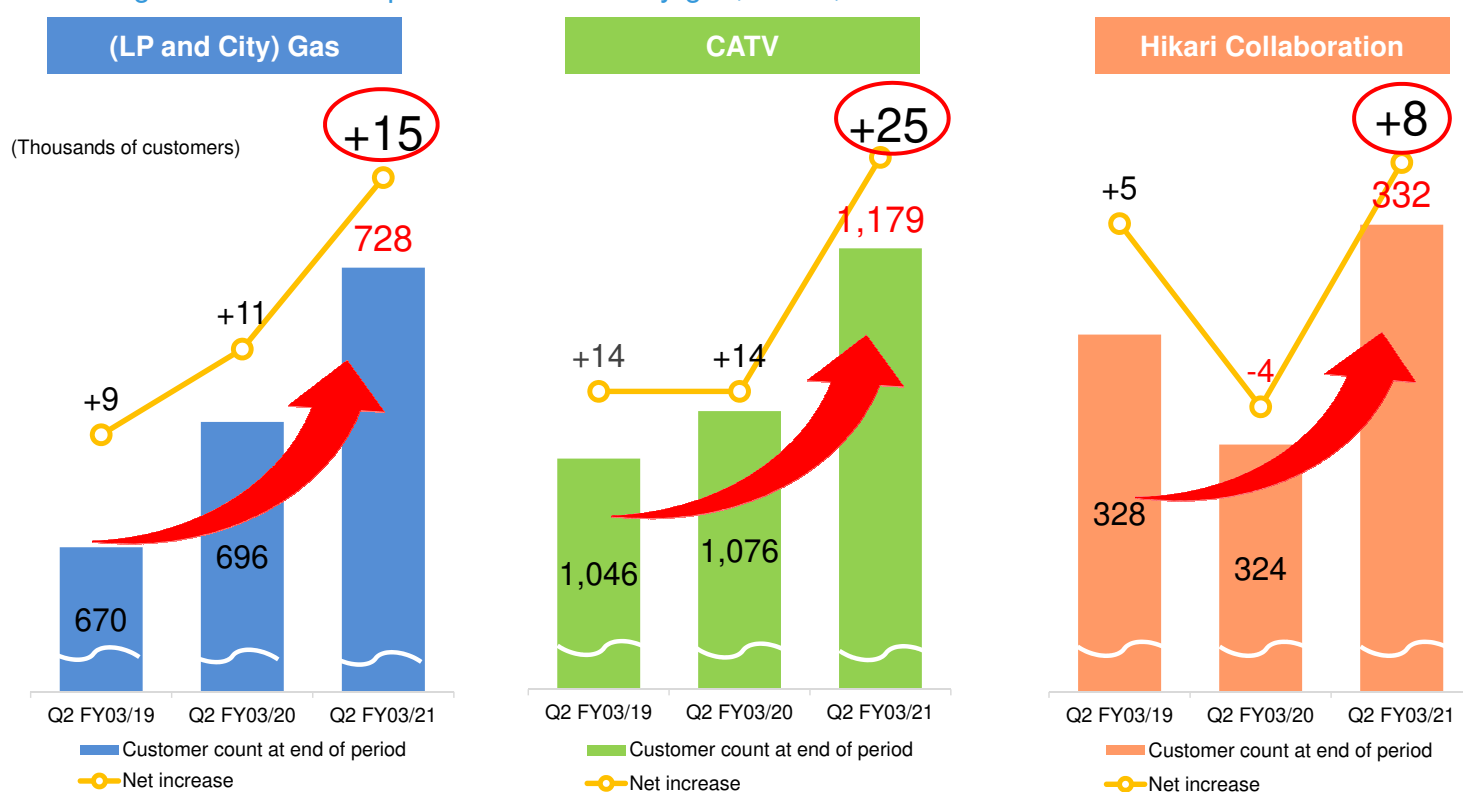
# Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2021

TOKAI Holdings Corporation  
(Code: 3167)

October 29, 2020

## Steady growth of customer base in core businesses

- Continuing customer count reached 3,042,000 at the end of Q2, up 39,000 from 3,003,000 at the beginning of the year.
- Earnings base further expanded for mainstay gas, CATV, and Hikari Collaboration businesses.



Note: Figures are rounded to the nearest thousand.

## Remained the same level as the same period of the previous fiscal year and exceeded the plan

- ⊙ Despite an increase in sales due to an increase in the number of customers and an expansion of the information and communications business for corporations, sales decreased due to a decrease in selling prices resulting from a drop in the purchase price of gas and a delay in sales activities in the aftermath of Corona.
- ⊙ In terms of profits, some businesses were affected by Corona, but operating profits landed at the same level as the same period of the previous year, supplemented by an increase in profits due to an increase in monthly billing due to an increase in the number of customers and an increase in the information and communications business for corporations.
- ⊙ Exceeded the internal plan and the progress rate (36%) against the full-year plan is also higher than the historical level

(Millions of yen)

	Q2 FY03/21 results (April 1, 2020–September 30, 2020)	Q2 FY03/20 results (April 1, 2019–September 30, 2019)	YoY	
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Recurring profit	5,499	5,608	-109	-1.9%
Net income	3,279	3,492	-212	-6.1%
EPS (yen)	25.04	26.67	-1.63	-6.1%

2

## Maintain growth trend with higher sales and profits

- ⊙ Fourth consecutive year of sales growth and third consecutive year of record earnings, continuing the growth trend
- ⊙ In addition to completing the Medium-Term Management Plan IP20"JUMP, we will continue to focus on expanding our customer base for medium-to long-term growth, while laying the groundwork for growth in the next Medium-Term Management Plan.
- ⊙ Working on the themes of "Further promotion of M&A," "Implementation of ABCIR + S," and "Deepening TLC"

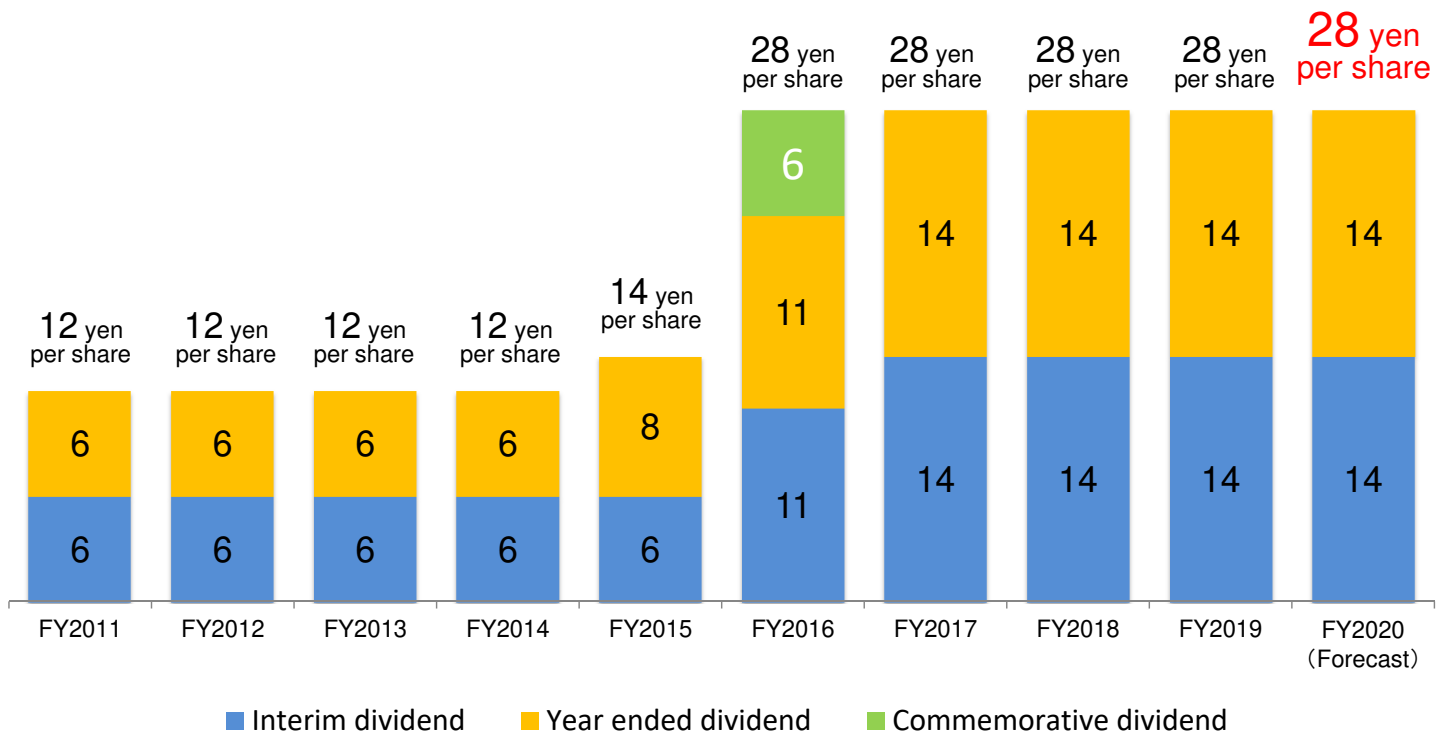
(Millions of yen)

	FY03/21 forecast (April 1, 2020–March 31, 2021)	FY03/20 results (April 1, 2019–March 31, 2020)	YoY	
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Net income	8,460	8,241	+219	+2.7%
EPS (yen)	64.60	62.93	+1.67	+2.7%
Customer count at end of fiscal year	3,105,000	3,003,000	+102,000	+3.4%

3

# Policy of consistently providing stable dividends

- © We plan to pay an annual dividend of ¥28/share under our dividend policy of striving for continuous and stable dividends.
- © No change was made to the dividend forecasts (announced May 8, 2020).



# Appendix

- (1) Consolidated results
- (2) Sales by segment
- (3) Operating profit by segment
- (4) Consolidated financial indicators
- (5) Consolidated cash flows
- (6) Group customer count

## (1) Consolidated results

(Millions of yen)

	1H FY03/17 Results	1H FY03/18 Results	1H FY03/19 Results	1H FY03/20 Results	1H FY03/21 Results
Sales	82,201	84,911	88,840	93,015	89,836
Operating profit	4,406	3,114	3,475	5,500	5,452
Recurring profit	4,428	3,143	3,580	5,608	5,499
Net income	2,384	1,246	1,736	3,492	3,279
EPS (Yen)	21.00	9.76	13.26	26.67	25.04

## (2) Sales by segment

(Millions of yen)

	1H FY03/17 Results	1H FY03/18 Results	1H FY03/19 Results	1H FY03/20 Results	1H FY03/21 Results
Energy	32,496	32,777	33,948	35,766	33,430
Information and Communications	23,750	24,906	25,154	25,911	25,131
CATV	12,560	13,607	15,135	15,593	16,490
Construction, Equipment and Real Estate	8,040	8,349	8,987	9,736	9,074
Aqua	2,929	3,055	3,490	3,752	3,880
Others	2,423	2,214	2,123	2,255	1,828
Total	82,201	84,911	88,840	93,015	89,836

8

## (3) Operating profit by segment

(Millions of yen)

	1H FY03/17 Results	1H FY03/18 Results	1H FY03/19 Results	1H FY03/20 Results	1H FY03/21 Results
Gas and Petroleum	2,838	1,562	1,084	1,966	2,382
Information and Communications	1,910	1,541	1,608	2,269	2,036
CATV	1,451	1,769	2,330	2,539	2,633
Construction, Equipment and Real Estate	324	388	554	843	621
Aqua	201	135	291	400	446
Others, adjustments	-2,318	-2,282	-2,393	-2,519	-2,667
Total	4,406	3,114	3,475	5,500	5,452

\*Prior to elimination of indirect expenses

9



## (4) Consolidated financial indicators

(Millions of yen)

	1H FY03/17 Results	1H FY03/18 Results	1H FY03/19 Results	1H FY03/20 Results	1H FY03/21 Results
Total assets	153,384	160,467	164,920	165,616	167,687
Total liabilities	109,380	101,644	102,493	100,633	98,288
Total net assets	44,004	58,822	62,426	64,982	69,398
Balance of interest-bearing debt	65,761	55,019	54,930	50,927	48,259
EBITDA	12,217	10,764	10,892	13,116	13,350
Equity ratio	28.2 %	36.0 %	37.1 %	38.4 %	40.5 %

10

## (5) Consolidated cash flows

(Millions of yen)

	1H FY03/17 Results	1H FY03/18 Results	1H FY03/19 Results	1H FY03/20 Results	1H FY03/21 Results
Operating cash flow	12,039	7,888	7,193	10,706	14,805
Investment cash flow	-4,668	-6,931	-6,964	-6,859	-10,696
Free cash flow	7,370	957	229	3,846	4,109
Financing cash flow	-8,833	-1,427	58	-3,659	-4,048

11

# (6) Group customer count

(Thousands of customers)

		1H FY03/17 Results	1H FY03/18 Results	1H FY03/19 Results	1H FY03/20 Results	1H FY03/21 Results
Gas (LP and city gas)		634	648	670	696	728
Information and Communications	Previous ISP model, etc.	565	492	440	403	379
	Hikari Collaboration	272	315	328	324	332
	LIBMO	—	13	36	43	51
	Mobile	837	819	804	770	762
	Subtotal	722	995	1,046	1,076	1,179
CATV		135	141	156	159	161
Aqua		234	231	223	215	209
Security		17	17	17	16	16
Total		2,554	2,827	2,893	2,918	3,042

\*The number of customers under a thousand are rounded to the nearest thousand. Information and Communications and CATV both offer communications services, and so their numbers are excluded from total figures.

12

The performance forecasts and forward-looking statements in these materials are based on information currently available to the Company, and include potential risks and uncertainties. Please be aware that due to changes in a variety of factors, actual results may differ materially from the projections and other forward-looking statements in these materials.

Please contact us with any questions regarding these materials.

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