



To whom it may concern

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Financial Results for the Fiscal Year Ended March 31, 2022

Achieved sales growth for the fifth consecutive fiscal year, a new record high operating profit for the fourth consecutive fiscal year, dividend growth for the second consecutive fiscal year and an expanded customer base

TOKAI Holdings Corporation (hereinafter, “the Company”) today announced its financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022).

1. Customer count increased by 95 thousand during the year to expand earnings base

The Company announced the fourth Medium-Term Management Plan, Innovation Plan 2024 “Design the Future Life” (“IP24”*) in May last year. The plan covers a period from this fiscal year to the fiscal year ending March 31, 2025.

A key strategy in IP24 is “LNG strategy.” The Company will expand its business areas at the Local level (expansion of share in existing areas), at the National level (expansion of new business areas in Japan), and at the Global level (business development overseas) and will achieve growth in the number of customers through selection and concentration, focusing on profitability. To achieve 3.56 million customers at the end of the fiscal year ending March 31, 2025, the Company will pursue an aggressive strategy to expand its earnings base.

As a result of operating activities to attract new customers for the fiscal year under review while taking full measures to prevent COVID-19 infections, the Company recorded **3,194 thousand continuing customers** as of March 31, 2022. This reflects **an increase by 94,937 such customers from 3,099 thousand at the beginning of the fiscal year, including M&A-related 8,253.**

With net increases of **40,408 (LP and city) gas customers (31,206 in the previous fiscal year), 33,840 CATV customers (43,520, including M&A-related 8,253 customers in the previous fiscal year), and 2,836 Aqua (bottled drinking water delivery) customers (1,385 in the previous year),** we further expanded our earnings base.

2. Sales and profit rose to new record highs, far beyond the forecast levels

For the fiscal year under review, **net sales reached 210.7 billion yen, up 14.0 billion yen, or 7.1% year on year, to exceed the 200 billion yen mark for the first time, an increase for the fifth consecutive fiscal year and a new record high for the fourth consecutive fiscal year.** This resulted chiefly from growth in energy, CATV and other sales after increases in the number of customers for each, rises in selling prices linked with

energy purchase prices, the expansion of the stock business for corporate clients in the Information and Communication business and the effect of M&A in the Construction, Equipment, and Real Estate business. There was, however, a decline in net sales due to application of the Accounting Standard for Revenue Recognition.

On the profit front, **operating profit was 15.8 billion yen, up 0.6 billion yen or 3.7% year on year, to set a new record high for the fourth consecutive fiscal year.** A rise in expenses for attracting LP gas and Aqua customers following activities to do so at a higher pace than in the previous fiscal year was offset mainly by profit growth after an increase in the number of monthly fee-paying customers that accompanied a higher customer count and a profit hike in the Information and Communication business for corporate clients.

Net sales and all the profit and income figures ended higher than their respective forecast levels at the start of the fiscal year.

(Millions of yen)

	FY03/22 results (April 1, 2021 to March 31, 2022)	FY03/21 results (April 1, 2020 to March 31, 2021)	Forecast (Announced on May 11, 2021)	YoY	Change from forecast
Net sales	210,691	196,726	207,000	+13,964	+3,691
Operating profit	15,794	15,226	15,240	+567	+554
Recurring profit	15,907	15,312	15,320	+595	+587
Net income	8,969	8,815	8,830	+154	+139
EPS (yen)	68.49	67.32	67.42	+1.17	+1.07

3. Dividends increased for the second consecutive fiscal year to expand shareholder returns

The Company defines the return of profit to shareholders as one of the key management issues and has a basic policy of paying stable and constant dividends.

The financial results for the fiscal year under review saw sales rise for the fifth consecutive fiscal year, record highs at all levels of profit for the fourth consecutive fiscal year and higher figures than initially forecast.

As announced earlier today, we will **increase the year-end dividend per share by 2 yen from the initially forecast level of 15 yen, to 17 yen.** That means total annual dividends of 32 yen per share, representing **dividend growth for the second consecutive fiscal year.**

	FY03/22 (Current fiscal year)	FY03/21 (Previous fiscal year)	FY03/20 (Two years earlier)
Interim (end of Q2)	15.00 yen	14.00 yen	14.00 yen
Year-end	17.00 yen	16.00 yen	14.00 yen
Annual dividend per share	32.00 yen	30.00 yen	28.00 yen
Total dividend amount	4,203 million yen	3,940 million yen	3,678 million yen
Consolidated payout ratio	46.7%	44.6%	44.5%
Consolidated DOE	5.5%	5.6%	5.8%

For details, please see the attached materials, entitled “Financial Results for the Fiscal Year Ended March 31, 2022.”

For the Company's earnings announcement for the fiscal year ended March 31, 2022, please see the following URL:

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

*1 For the details of the fourth Medium-Term Management Plan “IP24,” please see the following URL:

<https://www.tokaiholdings.co.jp/english/ir/management/manageplan.html>

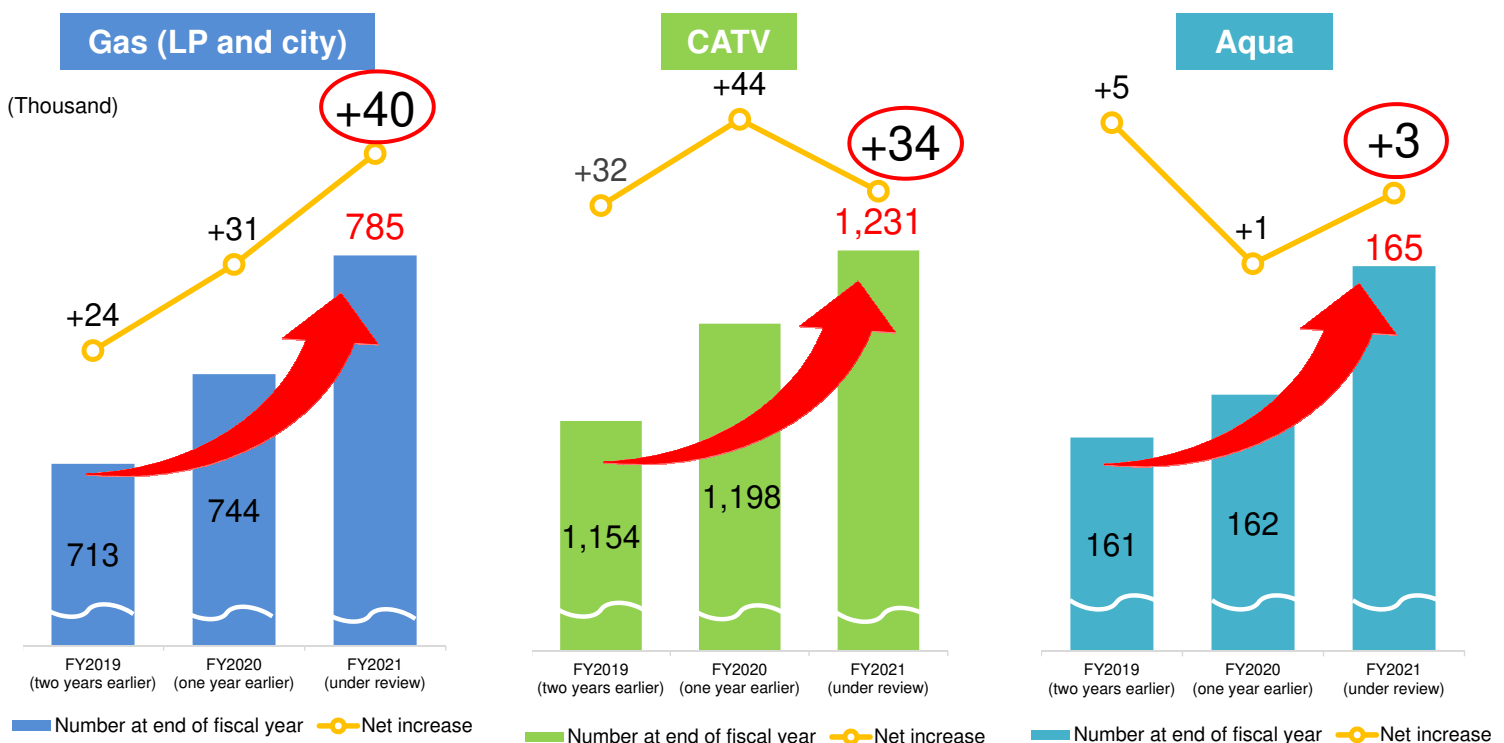
Financial Results for the Fiscal Year Ended March 31, 2022

TOKAI Holdings Corporation
(Code No. 3167)

May 10, 2022

Steady expansion of customer base in core businesses

- ◎ The number of continuing customers as of the end of the fiscal year under review stood at 3,194 thousand, an increase of 9 thousand from 3,099 thousand at the beginning of the fiscal year.
- ◎ We further expanded our earnings base in the gas business, the main business, CATV business and Aqua business.



* Rounded to the nearest thousand

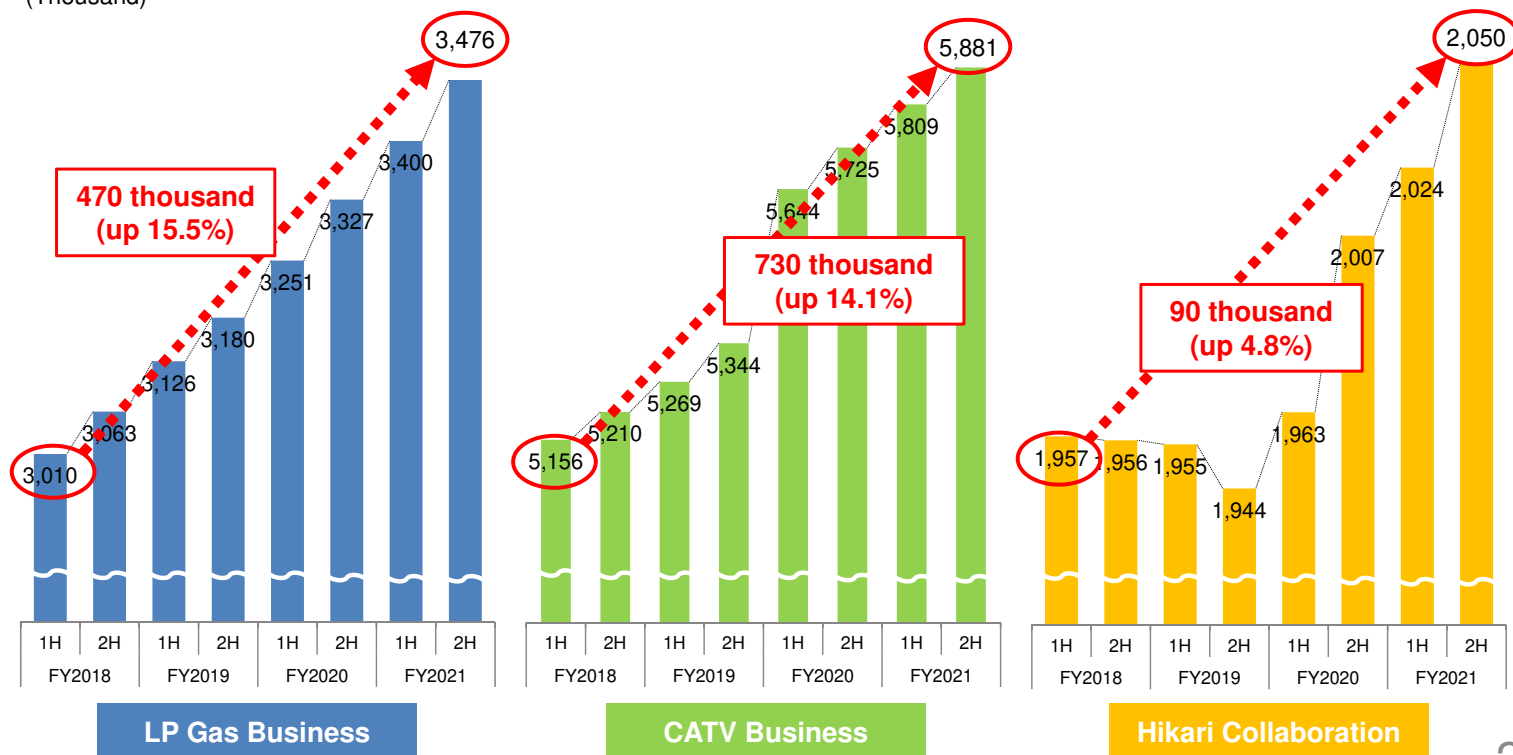
* Net increases exclude customers added through M&A.

* The net increase in CATV customers for FY2020 (one year earlier) includes 8 thousand resulting from an arrangement through M&A.

Massive growth in monthly fee-paying customers in core businesses

© Increasing customers constituting our earnings base leads to a sales rise based on growth of monthly fee-paying customers.

Number of monthly fee-paying customers (Thousand)



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Sales and all profit and income figures renewed record high

- © Net sales renewed record high for the fourth consecutive fiscal year and exceeded the 200 billion yen mark. This resulted chiefly from an increase in customers, rises in selling prices linked with energy purchase prices, expansion of the Information and Communication business for corporate clients and the effect of M&A in the Construction, Equipment, and Real Estate business despite a downward impact from the application of the Accounting Standard for Revenue Recognition.
- © Profit and income figures set new record highs for the fourth consecutive fiscal year. A rise in expenses for attracting customers was covered by profit growth after an increase in the number of monthly fee-paying customers that accompanied a higher customer count and a profit hike in the Information and Communication business for corporate clients.
- © Net sales and all the profit and income figures ended higher than their respective forecasted levels.

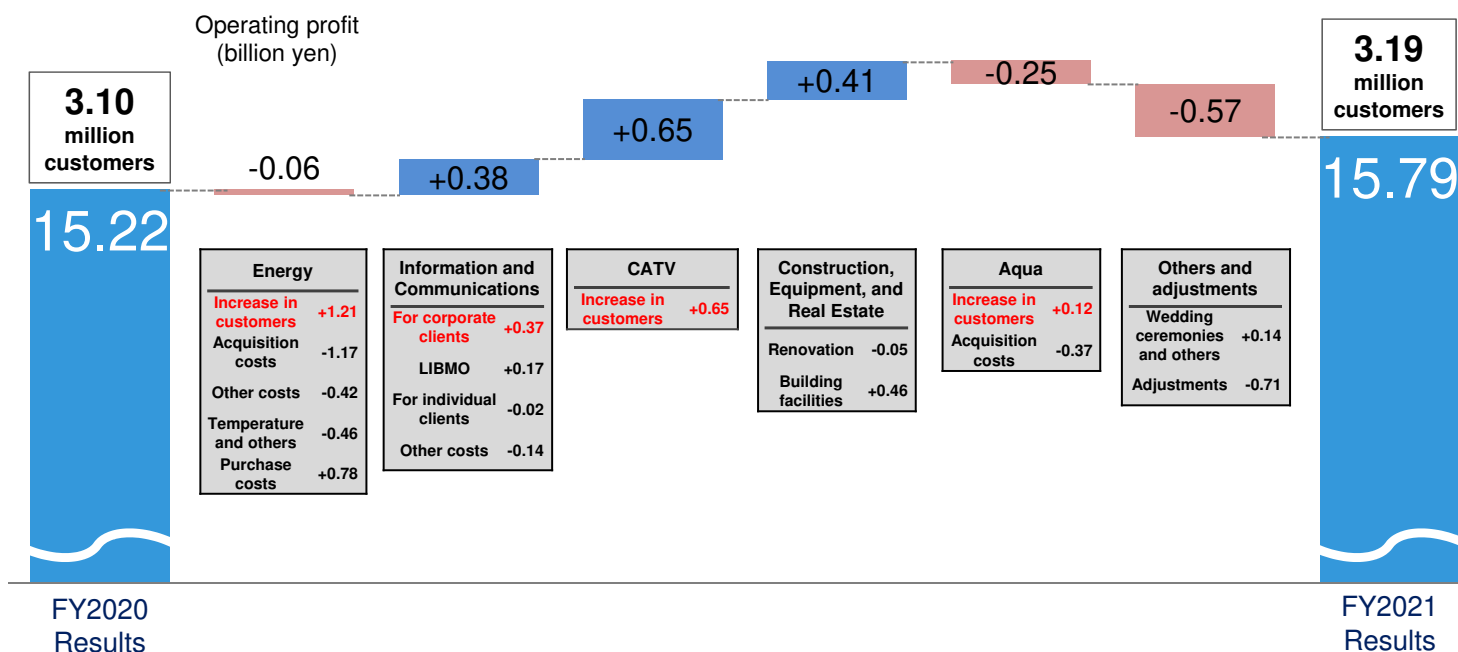
(Net sales and profit: million yen; EPS: yen)

	FY03/22 results (FY2021)	FY03/21 results (FY2020)	Forecast	YoY		Change from forecast	
				Change	% change (%)	Change	% change (%)
Net sales	210,691	196,726	207,000	+13,964	+7.1	+3,691	+1.8
Operating profit	15,794	15,226	15,240	+567	+3.7	+554	+3.6
Recurring profit	15,907	15,312	15,320	+595	+3.9	+587	+3.8
Net income	8,969	8,815	8,830	+154	+1.7	+139	+1.6
EPS	68.49	67.32	67.42	+1.17	+1.7	+1.07	+1.6

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Year-on-year comparison in full-year operating profit by segment

- ⊙ Energy, CATV and Aqua profits surged following increases in customers. Information and Communication for corporate clients was also strong.
- ⊙ Energy, CATV and Aqua gained customers at a higher pace than in the previous fiscal year by spending money.
- ⊙ Expenses for developing an environment for workstyle reforms were recorded as part of adjustments.



* Changes in operating profit disregard allocation of indirect costs.

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Investing for growth after strengthening equity capital

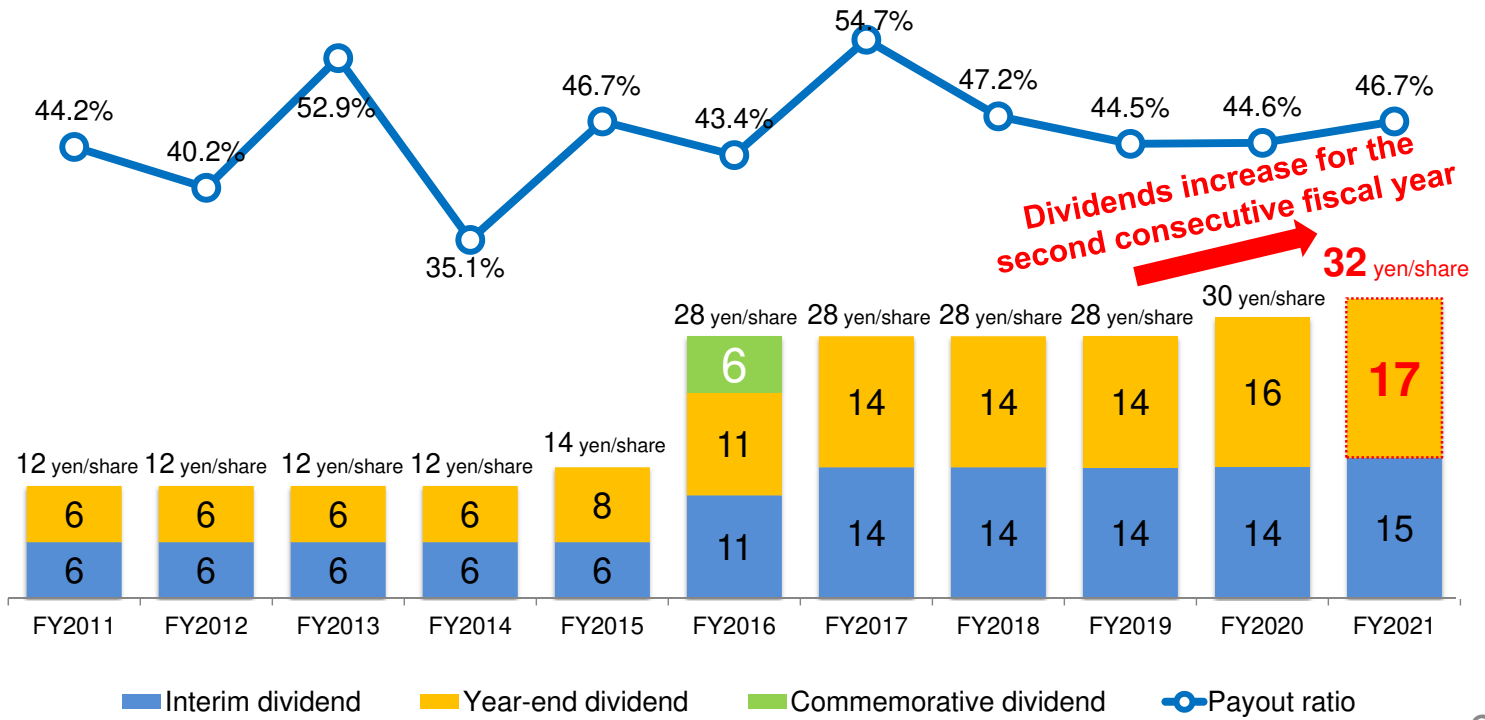
- ⊙ The equity ratio continued to rise by 0.3 percentage points.
- ⊙ The decline in cash flows from operating activities resulted from changes in working capital and others. The cash creation potential was not changed.
- ⊙ The ratio of interest-bearing liabilities to EBITDA remained unchanged from the previous year's level.

Equity ratio	41.6 % End of March 2021	➔	41.9 % End of March 2022
Interest bearing liabilities	42.1 billion yen End of March 2021	➔	44.1 billion yen End of March 2022
Cash flows from operating activities	32.2 billion yen FY03/21	➔	20.8 billion yen FY03/22
EBITDA	31.0 billion yen FY03/21	➔	31.7 billion yen FY03/22
Cash flows from investing activities	-17.1 billion yen FY03/21	➔	-14.6 billion yen FY03/22
Free cash flows	15.2 billion yen FY03/21	➔	6.2 billion yen FY03/22
Interest-bearing debt/EBITDA	1.4 FY03/21	➔	1.4 FY03/22

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Dividends increased for the second consecutive fiscal year to expand shareholder returns

- Given that profits renewed record high for the fourth consecutive fiscal year to exceed forecasts, the year-end dividend per share will be increased by 2 yen from the initially forecasted level of 15 yen to 17 yen. Accordingly, total annual dividends will be 32 yen per share.
- The payout ratio will remain high.



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
- (7) EBTDA by business

(1) Consolidated results

(Millions of yen)

	FY2017 Results	FY2018 Results	FY2019 Results	FY2020 Results	FY2021 Results
Sales	186,069	191,600	195,952	196,726	210,691
Operating profit	10,971	13,057	14,224	15,226	15,794
Recurring profit	11,191	13,259	14,479	15,312	15,907
Net income	6,620	7,772	8,241	8,815	8,969
EPS (Yen)	51.19	59.36	62.93	67.32	68.49

(2) Sales by segment

(Millions of yen)

	FY2017 Results	FY02018 Results	FY2019 Results	FY2020 Results	FY2021 Results
Gas and Petroleum	76,073	77,977	78,154	77,380	86,770
Information and Communications	50,894	51,234	51,753	50,735	51,398
CATV	28,386	30,511	31,385	33,745	32,572
Building and Real Estate	19,807	20,090	22,383	23,177	27,780
Aqua	6,200	7,004	7,416	7,622	7,629
Others	4,706	4,781	4,858	4,065	4,540
Total	186,069	191,600	195,952	196,726	210,691

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(3) Operating profit by segment

(Millions of yen)

	FY2017 Results	FY02018 Results	FY2019 Results	FY2020 Results	FY2021 Results
Gas and Petroleum	7,364	6,815	7,452	8,988	8,933
Information and Communications	3,174	3,827	4,226	4,344	4,721
CATV	3,554	4,953	5,024	5,205	5,852
Building and Real Estate	1,330	1,615	2,116	2,065	2,480
Aqua	246	762	674	573	325
Others, adjustments	- 4,699	- 4,916	- 5,271	- 5,949	- 6,518
Total	10,971	13,057	14,224	15,226	15,794

*Prior to elimination of indirect expenses

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(4) Consolidated financial indicators

(Millions of yen)

	FY2017 Results	FY02018 Results	FY2019 Results	FY2020 Results	FY2021 Results
Total assets	165,993	167,606	169,972	178,974	184,473
Total liabilities	104,543	103,711	103,989	102,917	105,527
Total net assets	61,450	63,894	65,982	76,056	78,946
Balance of interest-bearing debt	50,980	50,604	48,273	42,128	44,148
EBITDA	26,318	28,148	29,651	31,027	31,726
Equity ratio	36.3 %	37.4 %	38.0 %	41.6 %	41.9 %

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(5) Consolidated cash flows

(Millions of yen)

	FY2017 Results	FY02018 Results	FY2019 Results	FY2020 Results	FY2021 Results
Operating cash flow	20,909	21,605	22,535	32,223	20,808
Investment cash flow	- 11,488	- 12,443	- 12,131	- 17,068	- 14,592
Free cash flow	9,421	9,161	10,403	15,155	6,216
Financing cash flow	- 9,527	- 8,147	- 10,375	-14,064	- 6,905

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(6) Group customer count

(Thousands of customers)

		FY2017 Results	FY2018 Results	FY2019 Results	FY2020 Results	FY2021 Results
Gas (LP and city gas)		661	684	713	744	785
Information and Communications	Previous ISP model, etc.	465	419	389	395	415
	Hikari Collaboration	323	327	324	337	346
	LIBMO	29	41	48	53	55
	Subtotal	1,044	1,004	973	785	816
CATV		1,032	1,063	1,154	1,198	1,231
Aqua		146	156	161	162	165
Mobile		227	217	212	206	191
Security		17	17	16	16	16
Total		2,876	2,902	3,003	3,099	3,194

*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.

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(7) EBITDA by business

(Millions of yen)

		FY2017 Results	FY2018 Results	FY2019 Results	FY2020 Results	FY2021 Results
Energy		12,070	11,601	12,279	13,651	13,760
Information and Communications	For individual	5,933	6,814	7,460	1,305	1,356
	For corporate				6,500	6,755
CATV		9,798	10,705	10,732	11,141	11,565
Construction, Equipment and Real Estate		2,077	2,352	2,883	2,896	3,501
Aqua		792	1,305	1,284	1,213	1,018
EBITDA (All)		26,318	28,148	29,651	31,027	31,726

* EBITDA = operating profit + depreciation (operating profit is before allocation of indirect costs, etc.)

* Information and communication has been divided into those for individuals and those for corporations from the previous term. Before that, the numerical value of the entire information and communication is displayed.

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

Please contact us with any questions regarding these materials.

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