



December 14, 2022

To whom it may concern

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Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2023

– Net sales for the first six months grew for the second consecutive fiscal year to reach a new record high –

TOKAI Holdings Corporation (hereinafter, “the Company”) today announced its financial results for the first six months of the fiscal year ending March 31, 2023.

1. The Company continued to expand its earnings base to achieve a net annual increase of 100,000 in customer count.

The Company announced the Medium-Term Management Plan in May last year. The plan covers the period up to the fiscal year ending March 31, 2025.

Among its key strategies is to expand the business area. To pursue this strategy, the Company worked to increase market share in existing areas, to expand into new sales areas in Japan and to launch overseas operations. Taking the approach of selection and concentration with a focus on profitability, we boosted the number of customers.

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, aiming to achieve 3.30 million customers (a net annual increase of 100,000 in customer count) at the end of the fiscal year under review.

In operating activities in the first six months of the fiscal year under review, the Company aggressively conducted sales activities to gain customers while thoroughly taking measures to prevent COVID-19 infections and recorded **3,242,000 continuing customers** as of September 30, 2022. This continuing customer exceeded the count at the **beginning of the fiscal year (3,194,000) by 48,618 (versus an increase of 26,127 in the same period of the previous fiscal year)**.

With net increase of 19,094 (LP and city) gas customers (19,920 in the same period of the previous fiscal year), 15,910 CATV customers (16,613), 11,849 Hikari Collaboration customers (1,985) and 6,852 LIMBO (MVNO service) customers (1,034), we further expanded our earnings base.

2. Net sales for the first six months grew for the second consecutive fiscal year to surpass 100 billion yen for the first time

For the first quarter under review, **net sales stood at 104.1 billion yen, up 8.0 billion yen or 8.4% year on year. The figure surpassed the 100 billion yen mark for the first time ever, rising for the second consecutive year to a new record high.** This resulted chiefly from sales growth following an increase in energy, CATV and other customers, rises in selling prices linked with energy purchase prices, and expansion of the stock business for corporate clients in the Information and Communication business.

On the profit front, operating profit stood at 4.3 billion yen, down 1.0 billion yen or 18.6% year on year. This is explained by LP gas purchase prices that were far higher than the level in the same period a year earlier and an increase in expenses for gaining customers in the Information and Communication business for consumers, which endeavored to shift towards a net increase in customers. These factors more than offset earnings growth after an increase in the number of monthly fee-paying customers accompanying an increase in the number of customer accounts, as well as a rise in profit in the Information and Communications business for corporate clients.

Profit attributable to owners of parent stood at 0.15 billion yen, down 2.13 billion yen or 93.5% year on year. This is due mainly to impairment losses of goodwill of an equity-method affiliate based in Vietnam and the posting of a loss on valuation of investment securities.

(Millions of yen)

	Q2 FY03/23 results (April 1, 2022 to September 30, 2022)	Q2 FY03/22 results (April 1, 2021 to September 30, 2021)	YoY	
			Change	% change
N e t s a l e s	104,110	96,060	+8,049	+8.4%

Operating profit	4,253	5,223	-969	-18.6%
Ordinary profit	2,432	5,284	-2,851	-54.0%
Profit attributable to owners of parent	147	2,281	-2,134	-93.5%
EPS (yen)	1.13	17.42	-16.29	-93.5%

3. To Achieve the Medium-Term Management Plan

With its Corporate Philosophy “For customers’ livelihood along with the region, together with the earth, we will continue to grow and develop” as an unchanging value, the Group will adapt to changes in customers’ lifestyles and changes in society and the environment and, while supporting and staying close to customers, aims to evolve into a Group that designs and provides the new lifestyles of the future. To this end, we are working on the Medium-Term Management Plan.

The fiscal year ending March 31, 2023 is the second fiscal year of the Medium-Term Management Plan. For this period, the Group will make concerted efforts to accelerate the expansion of business areas and digital marketing, to create open innovation, to step up the DX strategy, to optimally allocate management resources, and to strengthen its SDG initiatives.

To date, the earnings and dividend forecasts for the fiscal year ending March 31, 2023 remain unchanged from those announced on May 10, 2022.

(Millions of yen)

	FY03/23 forecast (April 1, 2022 to March 31, 2023)	FY03/22 results (April 1, 2021 to March 31, 2022)	YoY	
			Change	% change
Net sales	223,000	210,691	+12,309	+5.8%
Operating profit	14,500	15,794	-1,294	-8.2%
Ordinary profit	14,300	15,907	-1,607	-10.1%
Profit attributable to owners of parent	8,300	8,969	-669	-7.5%
EPS (yen)	63.43	68.49	-5.06	-7.5%
Customer count at end of fiscal year	3,295,000	3,194,000	+101,000	+3.2%

	FY03/23 (forecast)	FY03/23	FY03/22
Interim (end of Q2)		16.00 yen	15.00 yen
Year-end	16.00 yen		17.00 yen
Annual dividend per share	32.00 yen		32.00 yen

For details, please see the attached materials, entitled “Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2023.”

For the Company’s earnings announcement for the first six months of the fiscal year ending March 31, 2023, please see the following URL:

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

* For the details of the Medium-Term Management Plan, please see the following URL:

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

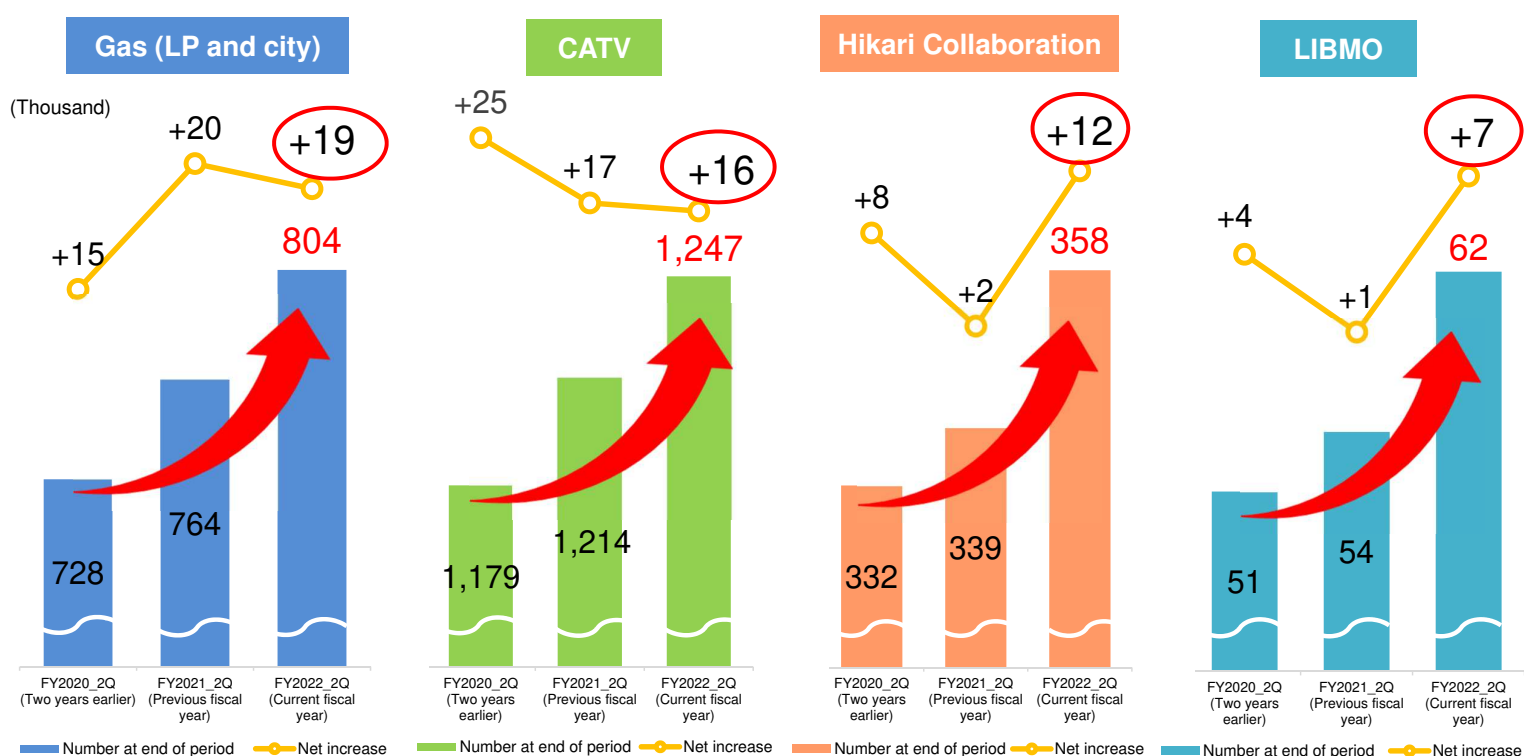
Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2023

TOKAI Holdings Corporation
(Code: 3167)

December 14, 2022

Expansion of earnings base proceeds

- ◎ The number of continuing customers as of September 30, 2022 stood at 3,242 thousand, an increase of 49 thousand from 3,194 thousand at the beginning of the fiscal year.
- ◎ The earnings base continued to expand in the gas business, the CATV business, the Hikari Collaboration business and the LIMBO business.

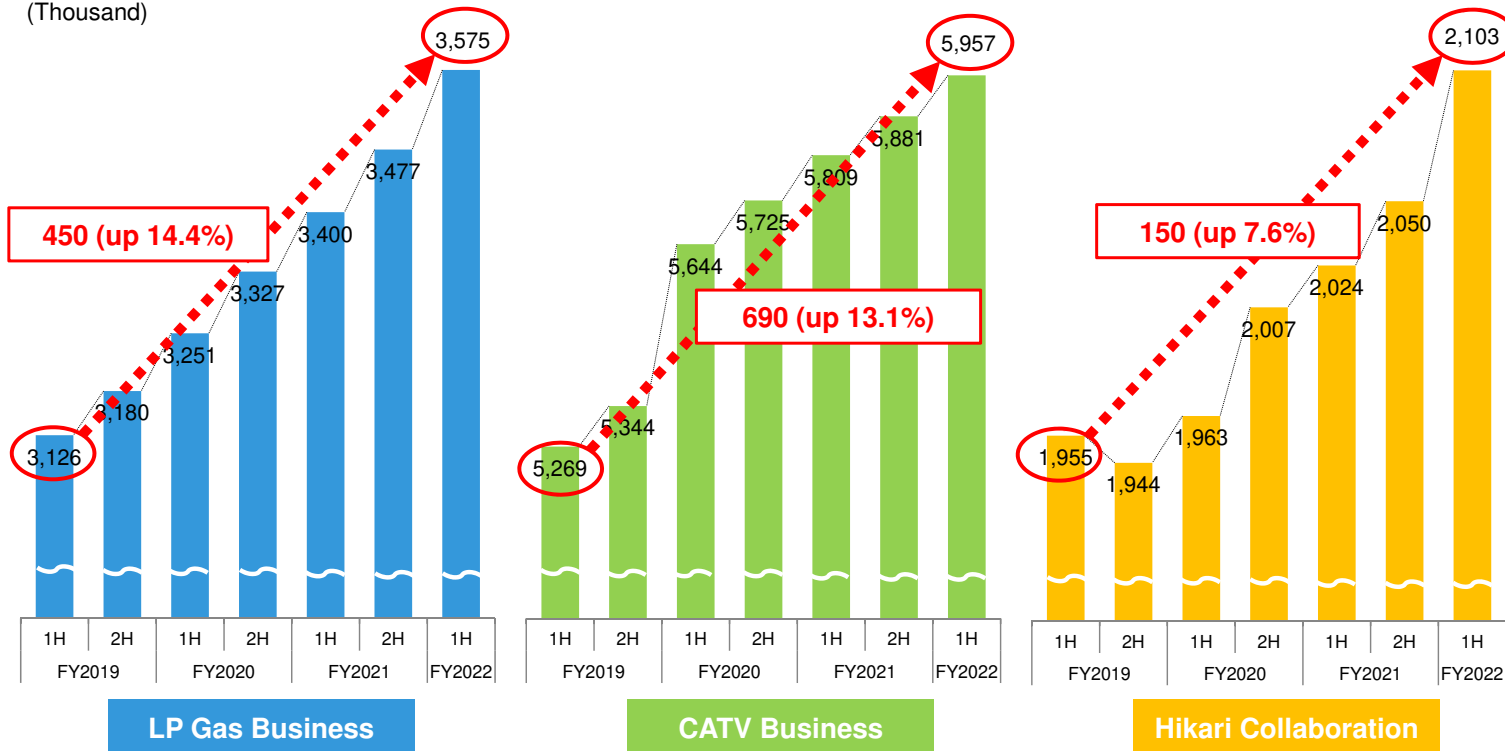


* Rounded to the nearest thousand

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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Q2 net sales grow for the second consecutive year to set new record high

- Net sales rose for the second fiscal year to reach a new record high. This is the first time the net sales figure for the first six months has surpassed 100 billion yen. The result chiefly reflects an increase in customers, rises in selling prices linked with energy purchase prices, and expansion of the Information and Communication business for corporate clients.
- Operating profit fell 1 billion yen year on year, primarily because of soaring LP gas purchase prices and an increase in expenses for gaining customers, despite earnings growth after an increase in the number of monthly fee-paying customers accompanying an increase in the number of customer accounts, as well as a rise in profit in the Information and Communications business for corporate clients.
- Profit attributable to owners of parent dropped 2.1 billion yen on year, due mainly to impairment losses of goodwill of an equity-method affiliate and the posting of a loss on valuation of investment securities.

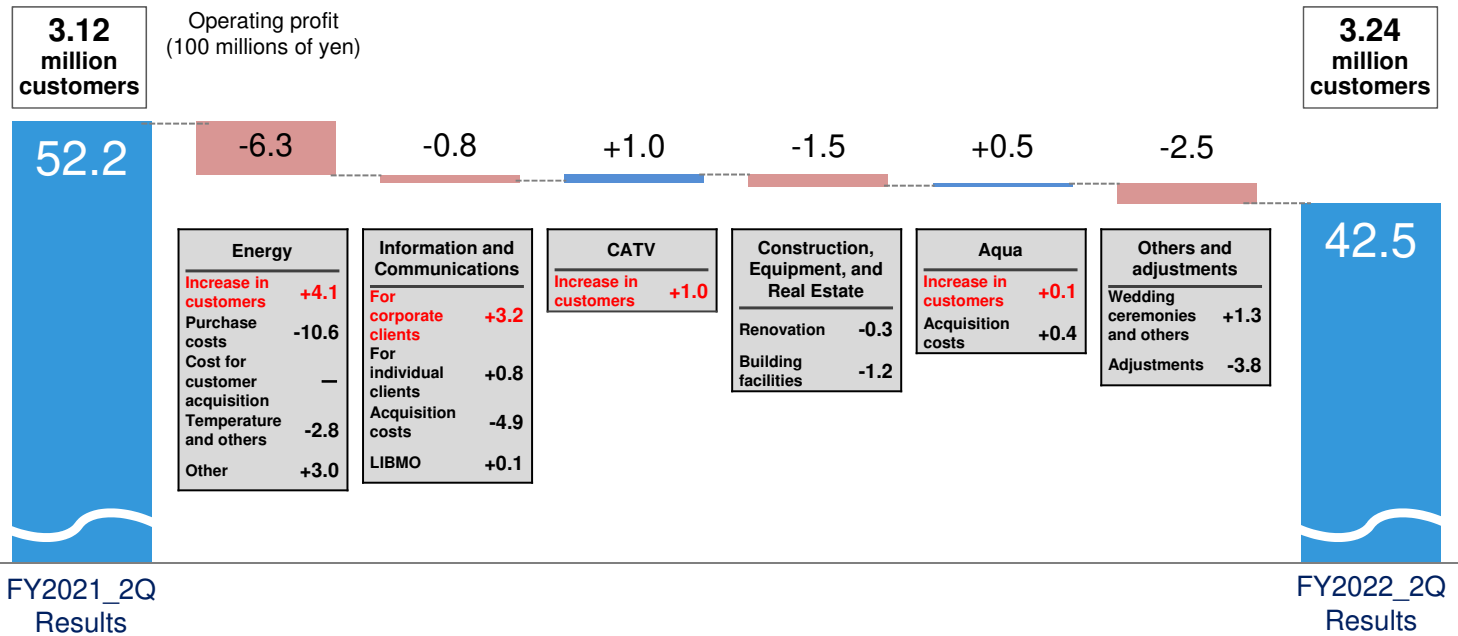
(Net sales and profit: million yen; EPS: yen)

	Q2 FY03/23 results (April 1, 2022 – September 30, 2022)	Q2 FY03/22 results (April 1, 2021 – September 30, 2021)	YoY	
			Change	% change
Net sales	104,110	96,060	+8,049	+8.4%
Operating profit	4,253	5,223	-969	-18.6%
Ordinary profit	2,432	5,284	-2,851	-54.0%
Profit attributable to owners of parent	147	2,281	-2,134	-93.5%
EPS (yen)	1.13	17.42	-16.29	-93.5%

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Year-on-year comparison in 2Q operating profit by segment

- Energy, CATV and Aqua profits surged following increases in customers. Information and Communication for corporate clients was also strong.
- A profit decline in Energy is due mainly to the rise in gas purchase costs (of 1.8 billion yen year on year).
- The number of customers gained in Information and Communications for individuals rise considerably year on year whereas the expenses for gaining customers increased.



* Changes in operating profit disregard allocation of indirect costs.

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Optimal Allocation of Management Resources for Increasing Shareholder Value

- The equity ratio continued to rise by 0.2 percentage points.
- Although free cash flow declined year on year, the ratio of interest-bearing debt to EBITDA stayed at 1.5, unchanged from the end of the previous fiscal year.

Equity ratio	41.9 % End of March 2022	➔	42.1 % End of September 2022
Interest bearing liabilities	44.1 billion yen End of March 2022	➔	47.1 billion yen End of September 2022
Operating cash flow	11.4 billion yen FY09/2021	➔	8.0 billion yen FY09/2022
Investment cash flow	-9.0 billion yen FY09/2021	➔	-6.9 billion yen FY09/2022
Free cash flow	2.4 billion yen FY09/2021	➔	1.1 billion yen FY09/2022
Interest-bearing debt/EBITDA	1.4 times FY03/2022	➔	1.5 times FY09/2022

* The ratio of interest-bearing debt to EBITDA for 1H of FY2022 is based on the full-year forecast EBITDA.

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Consolidated full-year financial results forecast

- Net sales are forecast to increase 12.3 billion yen, or 5.8% year on year, to reach a new record high for the fifth consecutive fiscal year. This is chiefly attributable to growth in customer numbers and increases in orders received from corporate clients in the Information and Communications business and in the Construction, Equipment and Real Estate business.
- Operating profit is expected to fall 1.3 billion yen year on year, taking into account an impact of 5.1 billion yen from rising LP gas purchase prices.
- The LP gas business will continue to drive the active attraction of customers on the basis of pricing measures that will maintain price competitiveness.
- The number of customers in the overall Group will rise 100,000 from 3.19 million at the end of the previous fiscal year, to 3.30 million.

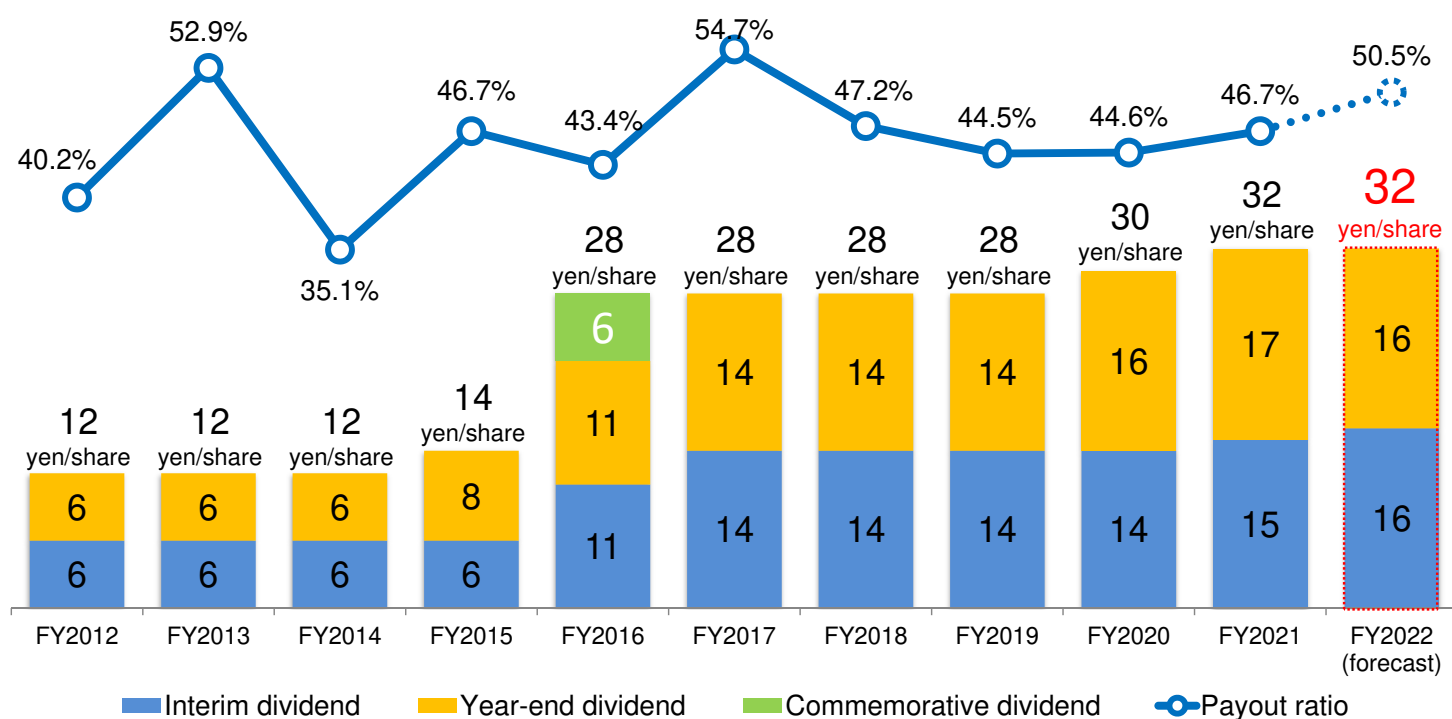
(100 millions of yen)

	Forecast for the current fiscal year (FY2022)	Results for the previous fiscal year (FY2021)	YoY		Medium-Term Management Plan (FY2022)	From the Medium-Term Management Plan	
			Change	% change (%)		Change	% change (%)
Net sales	2,230	2,107	+123	+5.8	2,210	+20	+0.9
Operating profit	145	158	-13	-8.2	156	-11	-7.1
Ordinary profit	143	159	-16	-10.1	—	—	—
Profit attributable to owners of parent	83	90	-7	-7.5	90	-7	-7.8
Customer count at end of fiscal year	3.30 million	3.19 million	+0.1 million	+3.2	3.32 million	-0.02 million	-0.6

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Dividend forecast

- ◎ Annual dividend per share is projected to stay unchanged at 32 yen per share from the previous fiscal year.
- ◎ The dividend forecast (announced on May 10, 2022) remains unchanged.



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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) EBITDA by business

(1) Consolidated results

(Millions of yen)

	1H FY03/19 Results	1H FY03/20 Results	1H FY03/21 Results	1H FY03/22 Results	1H FY03/23 Results
Sales	88,840	93,015	89,836	96,060	104,110
Operating profit	3,475	5,500	5,452	5,223	4,253
Recurring profit	3,580	5,608	5,499	5,284	2,432
Net income	1,736	3,492	3,279	2,281	147
EPS (Yen)	13.26	26.67	25.04	17.42	1.13

(2) Sales by segment

(Millions of yen)

	1H FY03/19 Results	1H FY03/20 Results	1H FY03/21 Results	1H FY03/22 Results	1H FY03/23 Results
Energy	33,948	35,766	33,430	36,153	44,053
Information and Communications	25,154	25,911	25,131	25,302	26,078
CATV	15,135	15,593	16,490	16,081	16,574
Construction, Equipment and Real Estate	8,987	9,736	9,074	12,361	11,486
Aqua	3,490	3,752	3,880	3,913	3,838
Others	2,123	2,255	1,828	2,248	2,077
Total	88,840	93,015	89,836	96,060	104,110

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(3) Operating profit by segment

(Millions of yen)

	1H FY03/19 Results	1H FY03/20 Results	1H FY03/21 Results	1H FY03/22 Results	1H FY03/23 Results
Gas and Petroleum	1,084	1,966	2,382	1,963	1,330
Information and Communications	1,608	2,269	2,036	2,405	2,320
CATV	2,330	2,539	2,633	2,957	3,052
Construction, Equipment and Real Estate	554	843	621	738	589
Aqua	291	400	446	186	234
Others, adjustments	-2,393	-2,519	-2,667	-3,027	-3,274
Total	3,475	5,500	5,452	5,223	4,253

*Prior to elimination of indirect expenses

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(4) Consolidated financial indicators

(Millions of yen)

	1H FY03/19 Results	1H FY03/20 Results	1H FY03/21 Results	1H FY03/22 Results	1H FY03/23 Results
Total assets	164,920	165,616	167,687	177,855	180,807
Total liabilities	102,493	100,633	98,288	100,713	102,948
Total net assets	62,426	64,982	69,398	77,142	77,859
Balance of interest-bearing debt	54,930	50,927	48,259	45,212	47,109
EBITDA	10,892	13,116	13,350	13,193	12,241
Equity ratio	37.1 %	38.4 %	40.5 %	42.5 %	42.1 %

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(5) Consolidated cash flows

(Millions of yen)

	1H FY03/19 Results	1H FY03/20 Results	1H FY03/21 Results	1H FY03/22 Results	1H FY03/23 Results
Operating cash flow	7,193	10,706	14,805	11,382	7,956
Investment cash flow	-6,964	-6,859	-10,696	-8,997	-6,861
Free cash flow	229	3,846	4,109	2,384	1,095
Financing cash flow	58	-3,659	-4,048	-1,680	-1,709

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(6) Group customer count

(Thousands of customers)

		1H FY03/19 Results	1H FY03/20 Results	1H FY03/21 Results	1H FY03/22 Results	1H FY03/23 Results
Gas (LP and city gas)		670	696	728	764	804
Information and Communications	Previous ISP model, etc.	440	403	379	386	414
	Hikari Collaboration	328	324	332	339	358
	LIBMO	36	43	51	54	62
	Subtotal	804	770	762	779	834
CATV		1,046	1,076	1,179	1,214	1,247
Aqua		156	159	161	165	167
Mobile		223	215	209	198	185
Security		17	16	16	16	16
Total		2,893	2,918	3,042	3,125	3,242

*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)

		1H FY03/19 Results	1H FY03/20 Results	1H FY03/21 Results	1H FY03/22 Results	1H FY03/23 Results
Energy		3,427	4,355	4,699	4,348	3,806
Information and Communications	For individual	2,936	3,774	662	867	396
	For corporate			3,018	3,174	3,536
CATV		5,230	5,372	5,627	5,804	5,948
Construction, Equipment and Real Estate		894	1,192	1,001	1,224	1,104
Aqua		552	697	758	531	570
EBITDA (All)		10,892	13,116	13,350	13,193	12,241

* 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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