

For Immediate Release

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Financial Results for the Fiscal Year Ended March 31, 2023
– Net sales reached a new record high and the customer base also expanded –

TOKAI Holdings Corporation (hereinafter, “the Company”) today announced its financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023).

1. Net sales reached a new record high, rising for the sixth consecutive year

For the fiscal year under review, **net sales stood at 230.2 billion yen, up 19.5 billion yen or 9.3% year on year, rising for the sixth 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 14.9 billion yen, down 0.9 billion yen or 5.5% 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 6.5 billion yen, down 2.5 billion yen or 27.9% year on year. This is due mainly to impairment losses of goodwill of an equity-method affiliate based in Vietnam and the posting of special investigation expenses under extraordinary losses.

Net sales and all the profit and income figures ended higher than their respective forecast announced on February 2, 2023.

(Millions of yen)

| | FY03/23 results (April 1, 2022 to March 31, 2023) | FY03/22 results (April 1, 2021 to March 31, 2022) | Revised forecast for earnings results (Announced on February 2, 2023) | YoY | Change from forecast |
|-----------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------------------|---------|-------------------------|
| Net sales | 230,190 | 210,691 | 223,000 | +19,498 | +7,190 |
| Operating profit | 14,919 | 15,794 | 14,500 | -874 | +419 |
| Ordinary profit | 13,289 | 15,907 | 12,600 | -2,617 | +689 |
| Profit attributable to owners of parent | 6,465 | 8,969 | 6,300 | -2,504 | +165 |
| E P S (yen) | 49.41 | 68.49 | 48.12 | -19.08 | +1.29 |

2. The Company expanded its earnings base through considerable customer gains, pushing the customer count up by more than 100 thousand from the beginning of the fiscal year.

In operating activities in 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 **3,299,000 continuing customers** as of March 31, 2023. This continuing customer exceeded the count **at the beginning of the fiscal year (3,194,000) by 105,880 (versus an increase of 94,937 in the same period of the previous fiscal year).**

With net increase of 35,930 (LP and city) gas customers (40,408 in the previous fiscal year), 55,813 CATV customers (33,840), including 24,674 M&A-related customers, 17,158 Hikari Collaboration customers (9,291) and 15,885 LIBMO (MVNO service) customers (2,481), we further expanded our earnings base.

3. Policy of paying constant and stable dividends

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

Annual dividend per share for the fiscal year under review is projected to stay unchanged at 32 yen per share from the previous fiscal year.

| | FY03/23 (Current fiscal year) | FY03/22 (Previous fiscal year) | FY03/21 (Two years earlier) |
|----------------------------------------------------|----------------------------------|-----------------------------------|--------------------------------|
| Interim (end of Q2) | 16.00 yen | 15.00 yen | 14.00 yen |
| Year-end | 16.00yen | 17.00 yen | 16.00yen |
| Annual dividend per share | 32.00 yen | 32.00yen | 30.00 yen |
| Total dividend amount | 4,203 million yen | 4,203 million yen | 3,940 million yen |
| Payout ratio (consolidated) | 64.8% | 46.7% | 44.6% |
| Ratio of dividends to net assets (consolidated) | 5.3% | 5.5% | 5.6% |

For details, please see the attached materials, entitled "Financial Results for the Fiscal Year Ended March 31, 2023."

For the Company's earnings announcement for the fiscal year ended March 31, 2023, please see the following URL:

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

Financial Results for the Fiscal Year Ended March 31, 2023

TOKAI Holdings Corporation
(Code No. 3167)

May 9, 2023

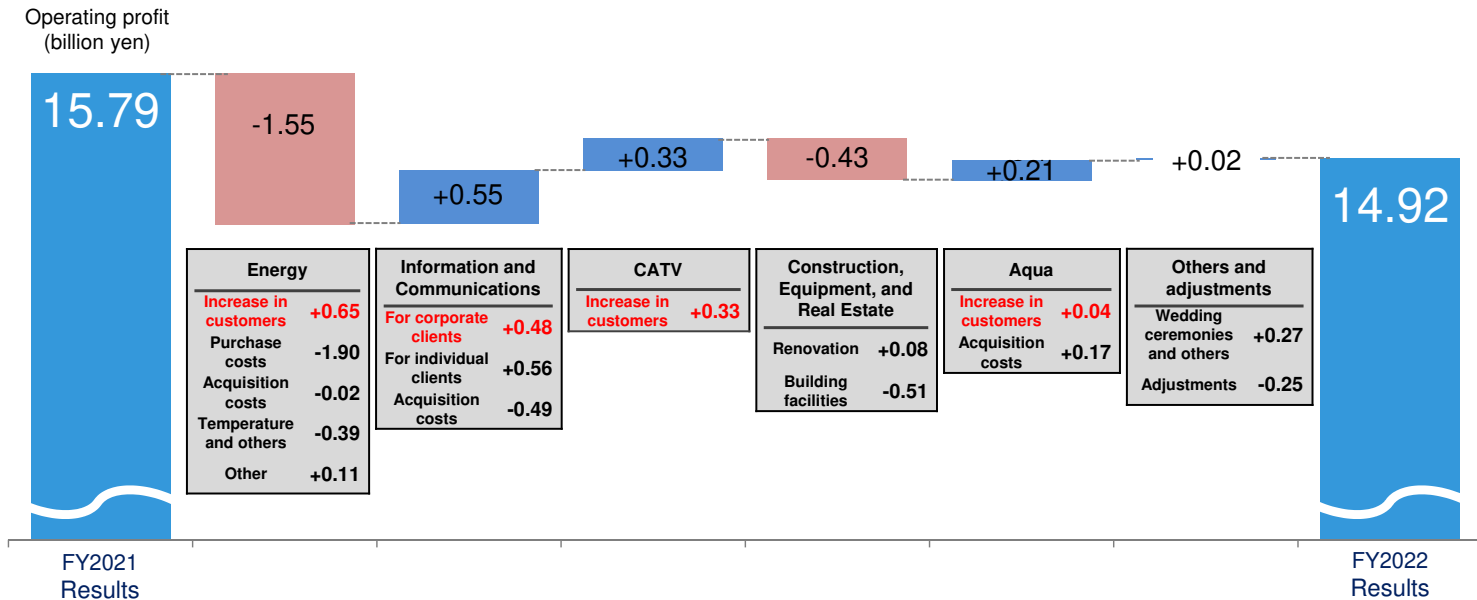
Net sales reached a new record high

- Net sales rose for the sixth fiscal year to reach a new record high. 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 0.9 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 2.5 billion yen year on year, due mainly to posting of impairment losses of goodwill of an equity-method affiliate and special investigation expenses.

| | FY03/23 results (FY2022) | FY03/22 results (FY2021) | Revised forecast | YoY | | Change from revised forecast | |
|--------------------------------------------|--------------------------------|--------------------------------|---------------------|---------|-----------------|---------------------------------|-----------------|
| | | | | Change | % change (%) | Change | % change (%) |
| Net sales | 230,190 | 210,691 | 223,000 | +19,498 | +9.3 | +7,190 | +3.2 |
| Operating profit | 14,919 | 15,794 | 14,500 | -874 | -5.5 | +419 | +2.9 |
| Ordinary profit | 13,289 | 15,907 | 12,600 | -2,617 | -16.5 | +689 | +5.5 |
| Profit attributable to owners of parent | 6,465 | 8,969 | 6,300 | -2,504 | -27.9 | +165 | +2.6 |
| EPS (yen) | 49.41 | 68.49 | 48.12 | -19.08 | -27.9 | +1.29 | +2.7 |

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

- ⦿ In the Energy, CATV and Aqua segments, customer gains pushed up profits, and Information and Communications for corporate clients was also strong.
- ⦿ The profit decline in the Energy segment is largely attributable to the effect of higher LP gas purchase costs (cost increase of 5.8 billion yen year on year).
- ⦿ In Information and Communications for individual clients, the customer count far exceeded the level a year earlier; however, acquisition costs were higher.

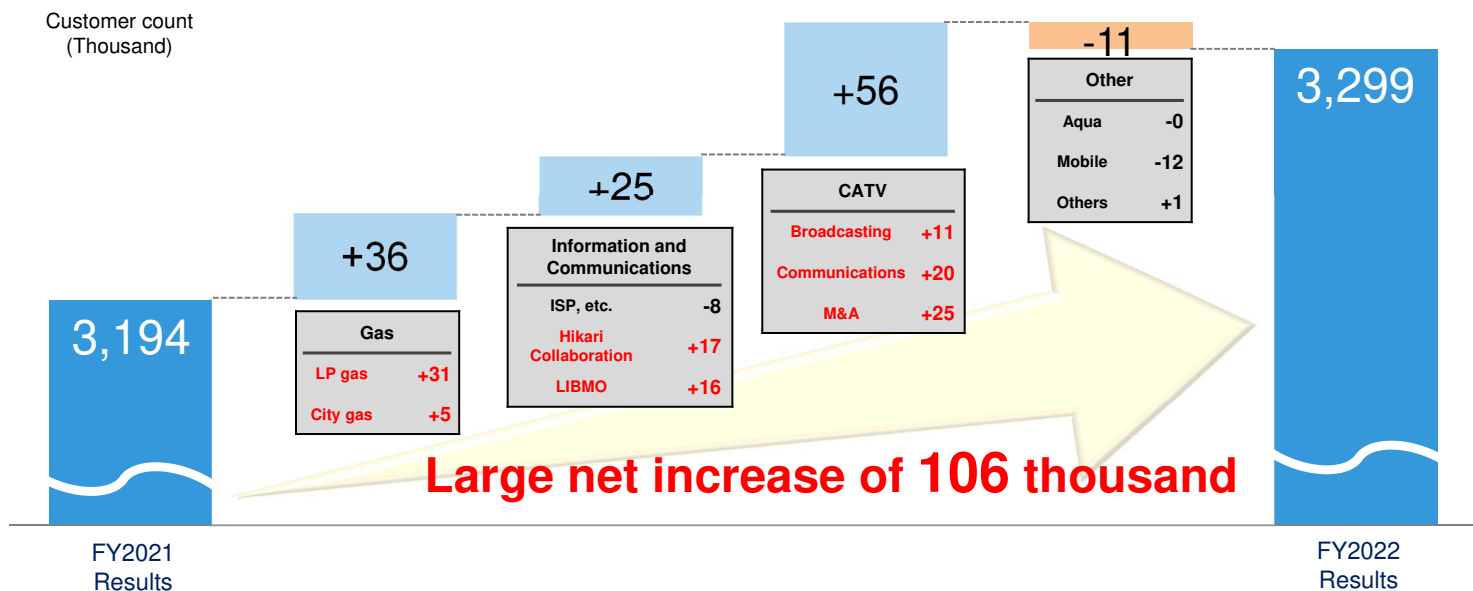


* Changes in operating profit disregard allocation of indirect costs

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Large net increase in customers of more than 100 thousand from beginning of fiscal year

- ⦿ The customer count showed a large net increase of 106 thousand from 3,194 thousand at the beginning of the fiscal year, partly thanks to an increase of 25 thousand through M&A.
- ⦿ The earnings base continued to expand in the gas business, the CATV business, the Hikari Collaboration business and the LIBMO business.



* Rounded to the nearest thousand. Adjustment is made in Others for duplicate communication services for ISP and CATV carrier plans.

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Investing for growth after strengthening equity capital

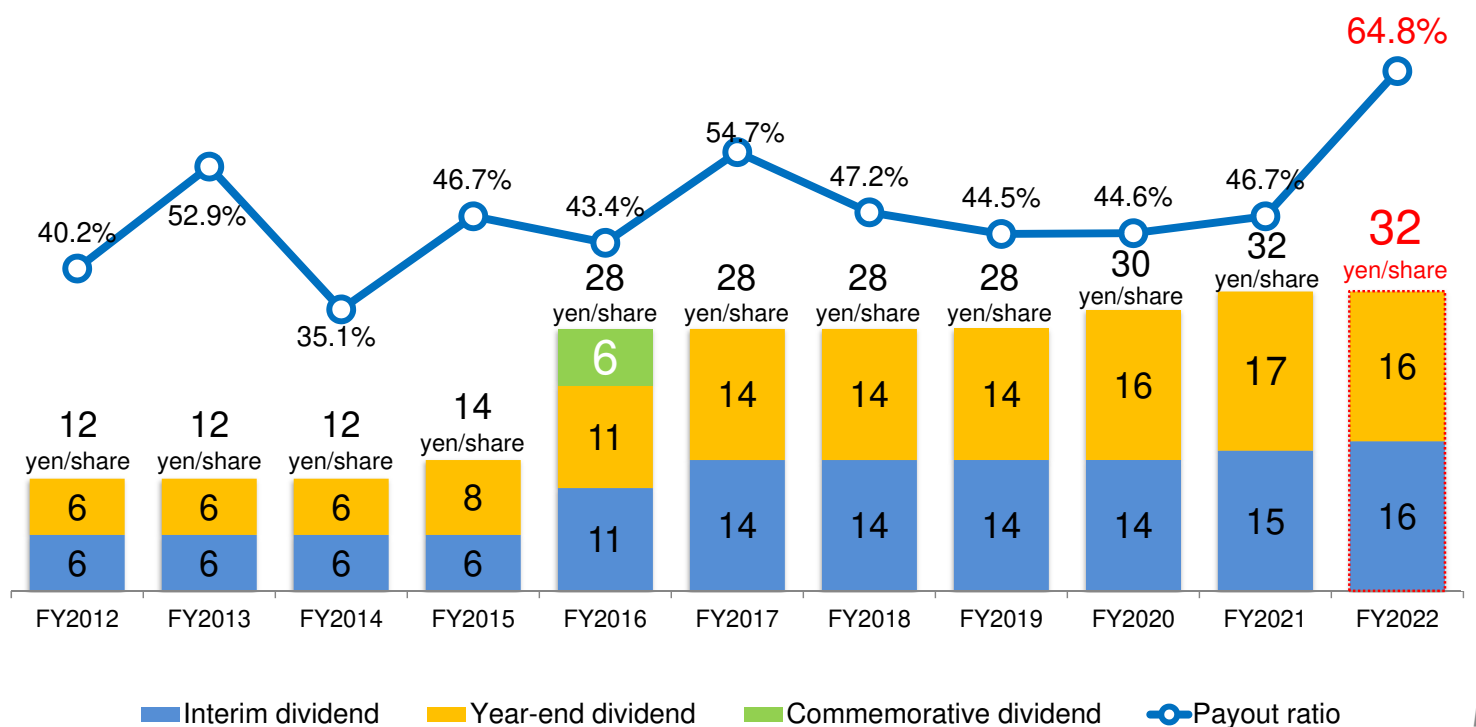
- ◎ The equity ratio was 41.5%, remaining at a healthy level.
- ◎ The increase in cash flows from operating activities mainly reflects an increase in the collection of accounts receivable and a decrease in payment of accounts payable.
- ◎ Free cash flow increased despite continuous investment for growth.

| | | | |
|----------------------------------|----------------------------------------------|---|----------------------------------------------|
| Equity ratio | 41.9 % End of March 2022 | → | 41.5 % End of March 2023 |
| Interest-bearing debt | 44.1 billion yen End of March 2022 | → | 46.6 billion yen End of March 2023 |
| Operating cash flow | 20.8 billion yen FY03/22 | → | 21.2 billion yen FY03/23 |
| Investment cash flow | -14.6 billion yen FY03/22 | → | -14.2 billion yen FY03/23 |
| Free cash flow | 6.2 billion yen FY03/22 | → | 7.0 billion yen FY03/23 |
| Interest-bearing debt/ EBITDA | 1.4 times FY03/22 | → | 1.5 times FY03/23 |

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Policy of paying constant and stable dividends

- ◎ In accordance with the Company's policy of paying constant and stable dividends, the annual dividend per share will be 32 yen, the same as the year before
- ◎ The payout ratio will remain high.



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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) EBTDA by business

(1) Consolidated results

(Millions of yen)

| | FY02018 Results | FY2019 Results | FY2020 Results | FY2021 Results | FY2022 Results |
|------------------|----------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Sales | 191,600 | 195,952 | 196,726 | 210,691 | 230,190 |
| Operating profit | 13,057 | 14,224 | 15,226 | 15,794 | 14,919 |
| Recurring profit | 13,259 | 14,479 | 15,312 | 15,907 | 13,289 |
| Net income | 7,772 | 8,241 | 8,815 | 8,969 | 6,465 |
| EPS (Yen) | 59.36 | 62.93 | 67.32 | 68.49 | 49.41 |

(2) Sales by segment

(Millions of yen)

| | FY02018 Results | FY2019 Results | FY2020 Results | FY2021 Results | FY2022 Results |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
| Gas and Petroleum | 77,977 | 78,154 | 77,380 | 86,770 | 102,528 |
| Information and Communications | 51,234 | 51,753 | 50,735 | 51,398 | 53,945 |
| CATV | 30,511 | 31,385 | 33,745 | 32,572 | 34,500 |
| Building and Real Estate | 20,090 | 22,383 | 23,177 | 27,780 | 26,809 |
| Aqua | 7,004 | 7,416 | 7,622 | 7,629 | 7,529 |
| Others | 4,781 | 4,858 | 4,065 | 4,540 | 4,876 |
| Total | 191,600 | 195,952 | 196,726 | 210,691 | 230,190 |

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(3) Operating profit by segment

(Millions of yen)

| | FY02018 Results | FY2019 Results | FY2020 Results | FY2021 Results | FY2022 Results |
|--------------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
| Gas and Petroleum | 6,815 | 7,452 | 8,988 | 8,933 | 7,384 |
| Information and Communications | 3,827 | 4,226 | 4,344 | 4,721 | 5,270 |
| CATV | 4,953 | 5,024 | 5,205 | 5,852 | 6,184 |
| Building and Real Estate | 1,615 | 2,116 | 2,065 | 2,480 | 2,043 |
| Aqua | 762 | 674 | 573 | 325 | 533 |
| Others, adjustments | - 4,916 | - 5,271 | - 5,949 | - 6,518 | - 6,497 |
| Total | 13,057 | 14,224 | 15,226 | 15,794 | 14,919 |

*Prior to elimination of indirect expenses

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(4) Consolidated financial indicators

(Millions of yen)

| | FY02018 Results | FY2019 Results | FY2020 Results | FY2021 Results | FY2022 Results |
|----------------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
| Total assets | 167,606 | 169,972 | 178,974 | 184,473 | 193,339 |
| Total liabilities | 103,711 | 103,989 | 102,917 | 105,527 | 111,034 |
| Total net assets | 63,894 | 65,982 | 76,056 | 78,946 | 82,304 |
| Balance of interest-bearing debt | 50,604 | 48,273 | 42,128 | 44,148 | 46,608 |
| EBITDA | 28,148 | 29,651 | 31,027 | 31,726 | 31,144 |
| Equity ratio | 37.4 % | 38.0 % | 41.6 % | 41.9 % | 41.5 % |

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(5) Consolidated cash flows

(Millions of yen)

| | FY02018 Results | FY2019 Results | FY2020 Results | FY2021 Results | FY2022 Results |
|----------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
| Operating cash flow | 21,605 | 22,535 | 32,223 | 20,808 | 21,193 |
| Investment cash flow | - 12,443 | - 12,131 | - 17,068 | - 14,592 | - 14,152 |
| Free cash flow | 9,161 | 10,403 | 15,155 | 6,216 | 7,040 |
| Financing cash flow | - 8,147 | - 10,375 | -14,064 | - 6,905 | - 7,459 |

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(6) Group customer count

(Thousands of customers)

| | | FY02018 Results | FY2019 Results | FY2020 Results | FY2021 Results | FY2022 Results |
|-----------------------------------|-----------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
| Gas (LP and city gas) | | 684 | 713 | 744 | 785 | 821 |
| Information and Communications | Previous ISP model, etc. | 419 | 389 | 395 | 415 | 407 |
| | Hikari Collaboration | 327 | 324 | 337 | 346 | 363 |
| | LIBMO | 41 | 48 | 53 | 55 | 71 |
| | Subtotal | 1,004 | 973 | 785 | 816 | 841 |
| CATV | | 1,063 | 1,154 | 1,198 | 1,231 | 1,287 |
| Aqua | | 156 | 161 | 162 | 165 | 165 |
| Mobile | | 217 | 212 | 206 | 191 | 179 |
| Security | | 17 | 16 | 16 | 16 | 16 |
| Total | | 2,902 | 3,003 | 3,099 | 3,194 | 3,299 |

*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)

| | | FY02018 Results | FY2019 Results | FY2020 Results | FY2021 Results | FY2022 Results |
|--------------------------------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
| Energy | | 11,601 | 12,279 | 13,651 | 13,760 | 12,421 |
| Information and Communications | For individual | 6,814 | 7,460 | 1,305 | 1,356 | 1,266 |
| | For corporate | | | 6,500 | 6,755 | 7,264 |
| CATV | | 10,705 | 10,732 | 11,141 | 11,565 | 12,088 |
| Construction, Equipment and Real Estate | | 2,352 | 2,883 | 2,896 | 3,501 | 3,079 |
| Aqua | | 1,305 | 1,284 | 1,213 | 1,018 | 1,206 |
| EBITDA (All) | | 28,148 | 29,651 | 31,027 | 31,726 | 31,144 |

* 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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