

July 30, 2020

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

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

We Recorded First-Quarter Profit Growth for the Third Straight Period, Achieved Record-High Quarterly Profits for the Second Consecutive Year, and Aim to Continue Securing Growth

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

### 1. Net first-quarter increase in customer count nearly doubled 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 a total of 100 billion yen in M&A over the course of four years 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 three months ended June 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 also modified our operating activities to mitigate impact from the COVID-19 pandemic while acquiring increased demand related to teleworking. As a result, **the Company recorded 3,012,000 continuing customers** as of June 30, 2020. **This continuing customer count exceeded the count at the beginning of the year (3,003,000) by 9,224 (versus an increase of 4,900 in the same period of the previous fiscal year).**

**With net increases of 5,165 (LP and city) gas customers, 6,900 CATV customers, and 3,491 Hikari Collaboration customers,** we further expanded our earnings base.

## 2. For the third consecutive period, all profit categories increased in the first quarter and reached quarterly record highs for the second consecutive year

In the three months ended June 30, 2020, the Company recorded sales of 45,113 million yen (-1.5% 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).

On the profit front, **operating profit rose to 3,783 million yen, increasing 551 million yen, or 17.1% year on year, and each profit line reached a quarterly record high for the second consecutive year.** This reflected an increase in the number of monthly fee-paying customers that accompanied higher customer counts in the LP gas, CATV, and Aqua businesses, profit growth in the Information and Communications business for corporate clients, and profit margin improvement in the LP gas business.

(Millions of yen)

	Q1 FY03/21 results (April 1, 2020 to June 30, 2020)	Q1 FY03/20 results (April 1, 2019 to June 30, 2019)	YoY	
			Change	% change
Sales	45,113	45,804	-691	-1.5%
Operating profit	3,783	3,231	+551	+17.1%
Recurring profit	3,830	3,351	+478	+14.3%
Net income	2,445	2,239	+206	+9.2%
EPS (yen)	18.68	17.10	+1.58	+9.2%

## 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.

During the fiscal year ending March 31, 2021, the Company will conduct 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	FY03/19
Interim (end of Q2)	14.00	14.00	14.00
Year-end	14.00	14.00	14.00
Annual dividend total	28.00	28.00	28.00
Consolidated payout ratio	43.3%	44.5%	47.2%

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

Further, for the Company’s earnings announcement for the first three 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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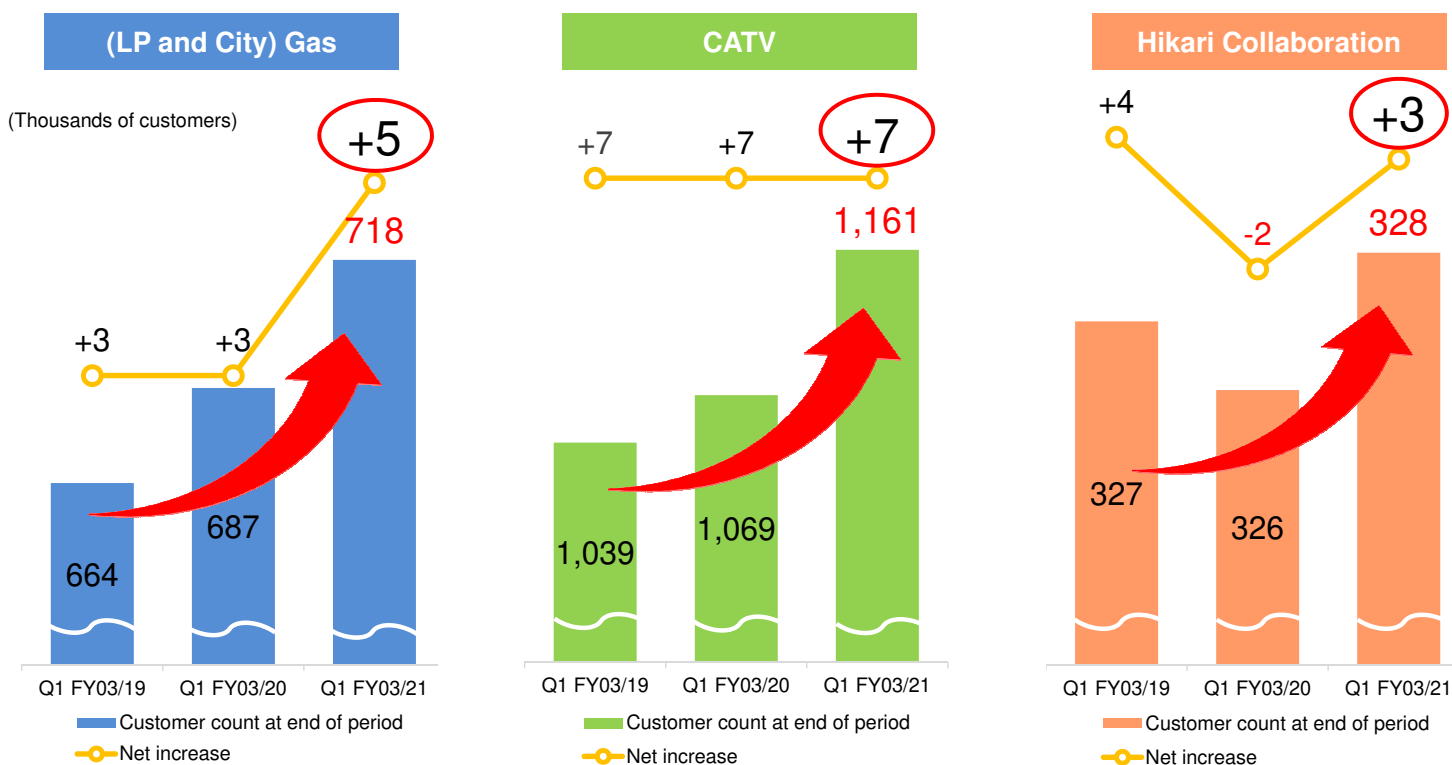
# Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2021

TOKAI Holdings Corporation  
(Code: 3167)

July 30, 2020

## Steady growth of customer base in core businesses

- Continuing customer count reached 3,012,000 at the end of Q1, up 9,000 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.

## Profits grew in Q1 for the third consecutive period and reached quarterly record highs for the second consecutive year

- ◎ Sales fell due to a decrease in gas selling prices associated with a drop in procurement prices, despite a higher customer count and expansion of the Information and Communications business for corporate clients.
- ◎ Operating profit rose 551 million yen (+17.1% YoY), supported by an increase in the number of monthly fee-paying customers that accompanied a higher customer count, profit growth in the Information and Communications business for corporate clients, and profit margin improvement in the LP gas business.
- ◎ For the third consecutive period, all profit categories increased in Q1 and reached quarterly record highs for the second consecutive year.

(Millions of yen)

	Q1 FY03/21 results (April 1, 2020–June 30, 2020)	Q1 FY03/20 results (April 1, 2019–June 30, 2019)	YoY	
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## Maintain growth trend with higher sales and profits

- ◎ We project continued growth, with sales rising for the fourth consecutive year and profits reaching record highs for the third consecutive year.
- ◎ In FY03/21, we intend to wrap up our medium-term management plan, Innovation Plan 2020 “JUMP,” and build foundation for growth in the next plan period. We strive to continue focusing on expanding customer base for longer-term growth.
- ◎ Priority themes are further advancement of M&A, ABCIR+S implementation, and TLC enrichment.

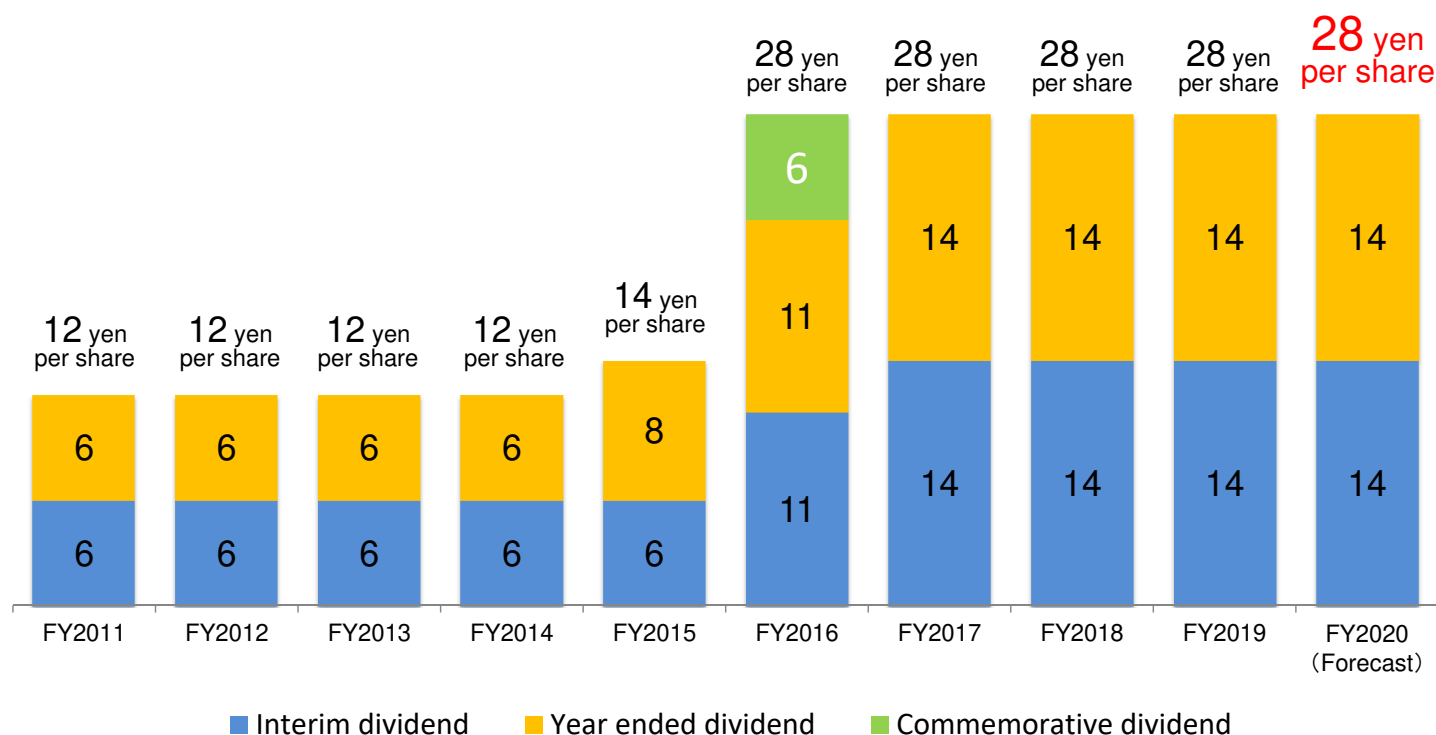
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Net income	8,460	8,241	+219	+2.7%
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Customer count at end of fiscal year	3,105,000	3,003,000	+102,000	+3.4%

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# 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)

	Q1 FY2016 Results	Q1 FY2017 Results	Q1 FY2018 Results	Q1 FY2019 Results	Q1 FY2020 Results
Sales	41,618	42,531	44,553	45,804	45,113
Operating profit	2,870	2,152	2,390	3,231	3,783
Recurring profit	2,900	2,204	2,487	3,351	3,830
Quarterly net income	1,766	1,182	1,432	2,239	2,445
EPS (Yen)	15.60	9.33	10.94	17.10	18.68

## (2) Sales by segment

(Millions of yen)

	Q1 FY2016 Results	Q1 FY2017 Results	Q1 FY2018 Results	Q1 FY2019 Results	Q1 FY2020 Results
Energy	17,479	17,392	17,608	18,577	17,634
Information and Communications	11,780	12,447	12,513	12,795	12,650
CATV	6,241	6,406	7,511	7,738	8,226
Construction, Equipment, and Real Estate	3,414	3,617	4,166	3,777	3,819
Aqua	1,424	1,456	1,653	1,798	1,896
Others	1,277	1,211	1,100	1,116	885
Total	41,618	42,531	44,553	45,804	45,113

\* From the current fiscal year, the names of the reporting segments, which were previously "Gas and oil" and "Building and real estate", have been changed to "Energy" and "Construction, Equipment and Real Estate". This change is a change in segment name and has no effect on sales by segment.

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## (3) Operating profit by segment

(Millions of yen)

	Q1 FY2016 Results	Q1 FY2017 Results	Q1 FY2018 Results	Q1 FY2019 Results	Q1 FY2020 Results
Energy	2,197	1,324	1,182	1,489	1,972
Information and Communications	913	774	724	1,217	1,110
CATV	717	875	1,194	1,286	1,367
Construction, Equipment, and Real Estate	81	90	213	213	233
Aqua	19	56	96	169	271
Others, adjustments	-1,060	-969	-1,022	-1,145	-1,171
Total	2,870	2,152	2,390	3,231	3,783

\*Prior to elimination of indirect expenses

\* From the current fiscal year, the names of the reporting segments, which were previously "Gas and oil" and "Building and real estate", have been changed to "Energy" and "Construction, Equipment and Real Estate". This change is a change in segment name and has no effect on sales by segment.

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## (4) Consolidated financial indicators

(Millions of yen)

	Q1 FY2016 Results	Q1 FY2017 Results	Q1 FY2018 Results	Q1 FY2019 Results	Q1 FY2020 Results
Total assets	155,595	157,498	162,694	163,992	168,253
Total liabilities	113,074	101,987	101,736	99,884	100,025
Total net assets	42,521	55,511	60,957	64,107	68,228
Balance of interest-bearing debt	67,061	54,966	52,604	50,207	48,127
EBITDA	6,760	5,948	6,032	7,024	7,724
Equity ratio	26.8 %	34.7 %	36.8 %	38.3 %	39.7 %

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## (5) Consolidated cash flows

(Millions of yen)

	Q1 FY2016 Results	Q1 FY2017 Results	Q1 FY2018 Results	Q1 FY2019 Results	Q1 FY2020 Results
Operating cash flow	8,242	4,851	4,348	6,245	10,837
Investment cash flow	-2,454	-2,870	-3,484	-3,227	-7,579
Free cash flow	5,787	1,981	864	3,017	3,257
Financing cash flow	-6,216	-2,262	-1,159	-3,210	-3,022

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## (6) Group customer count

(Millions of yen)

		Q1 FY2016 Results	Q1 FY2017 Results	Q1 FY2018 Results	Q1 FY2019 Results	Q1 FY2020 Results
Gas (LP and City Gas)		634	645	664	687	718
Information and Communications	Previous ISP model, etc.	595	507	451	411	383
	Hikari Collaboration	251	310	327	326	328
	LIBMO	—	8	32	42	50
	Mobile	235	232	225	214	211
	Subtotal	1,081	1,057	1,035	992	971
CATV		716	738	1,039	1,069	1,161
Aqua		134	138	151	157	159
Security		17	17	17	17	16
Total		2,557	2,570	2,883	2,907	3,012

\*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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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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うれしいをつなぐ。ひろげる。

