

Financial Results Briefing for the Third Quarter of the Fiscal Year Ending March 31, 2023 (FY3/23) Supplementary Materials



TOKAI Corp.

Tokyo Stock Exchange Prime Market
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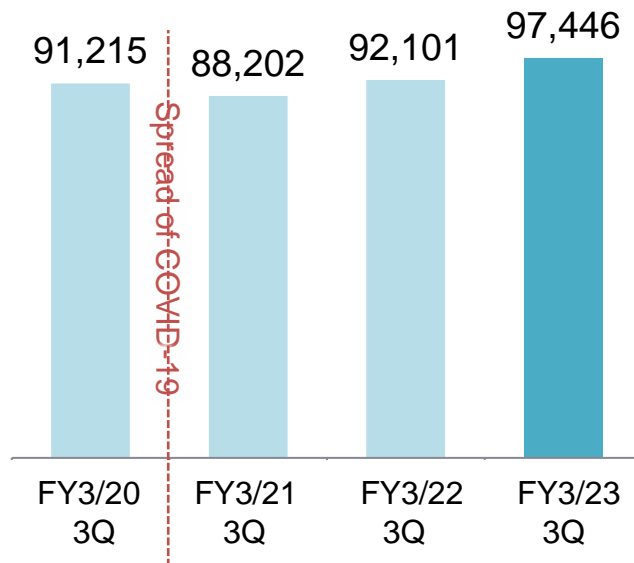
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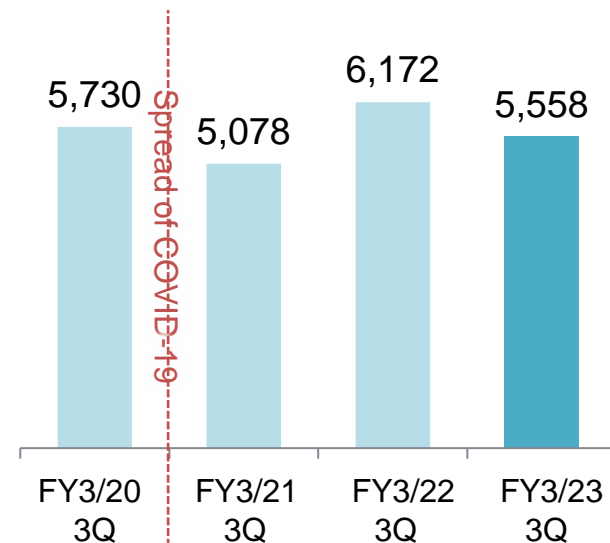
Financial Results Highlights

- ✓ Net sales surpassed pre-COVID-19 levels to reach new record high
- ✓ Operating profit declined for the first time in two periods due to factors including an increased cost of sales ratio
- ✓ Forecasts on a consolidated basis are largely expected to be achieved, and initial forecasts have been maintained, although there may be circumstances where segment results differ from initial forecasts

Net sales **+5.8%**



Operating profit **-10.0%**



Consolidated Net Sales and YoY Changes

Sales increased across all segments, with record highs in Healthcare and Pharmacy

Hospital and Bedding +1,663

- Strong recovery in hotel linen
- Favorable sales of hospitalization sets and NEXSURG (+ 12.1%, + 4.4%)

Elderly Care Equipment + 1,004

- Brisk performance in the direct rental business (+ 7.8%)

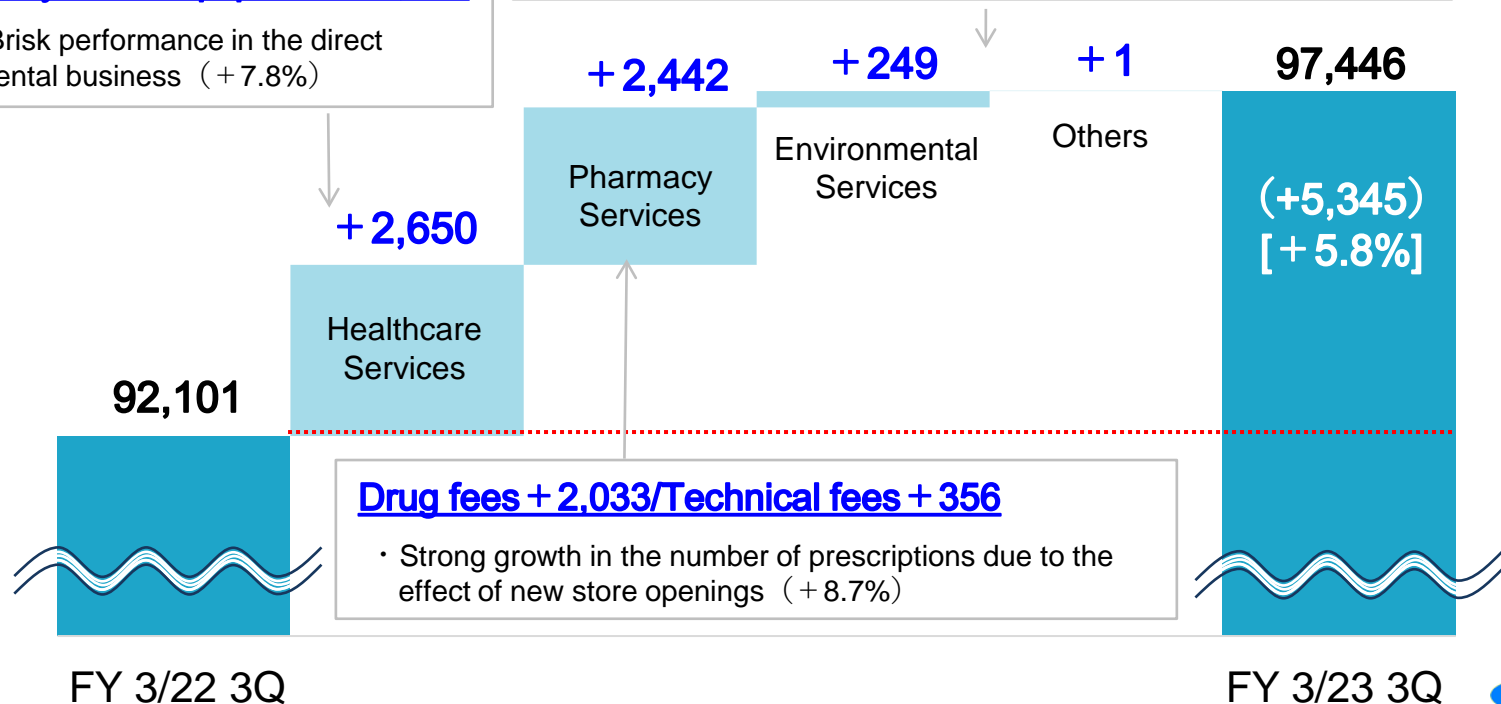
Leasekin + 287

- Brisk sales to franchisees for materials and so forth (+ 8.6%)
- Brisk sales of toilet peripheral products (+ 6.9% [direct sales and distributor sales divisions])

Cleaning-52

- Brisk sales of mainstay hospital cleaning services (+ 6.5%)

(¥mn)



Consolidated Operating Profit and YoY Changes

Despite the impact of increased sales, profit declined due to factors including an increase in cost of sales for Pharmacy Services

Hospital and Bedding + 96

- Higher profits from higher sales (In particular, recovery in hotel linen sales helped to improve profitability)
- Minimized the impact of surging costs such as fuel and materials expenses by improving the energy consumption rate at plants and reviewing transaction prices, etc.

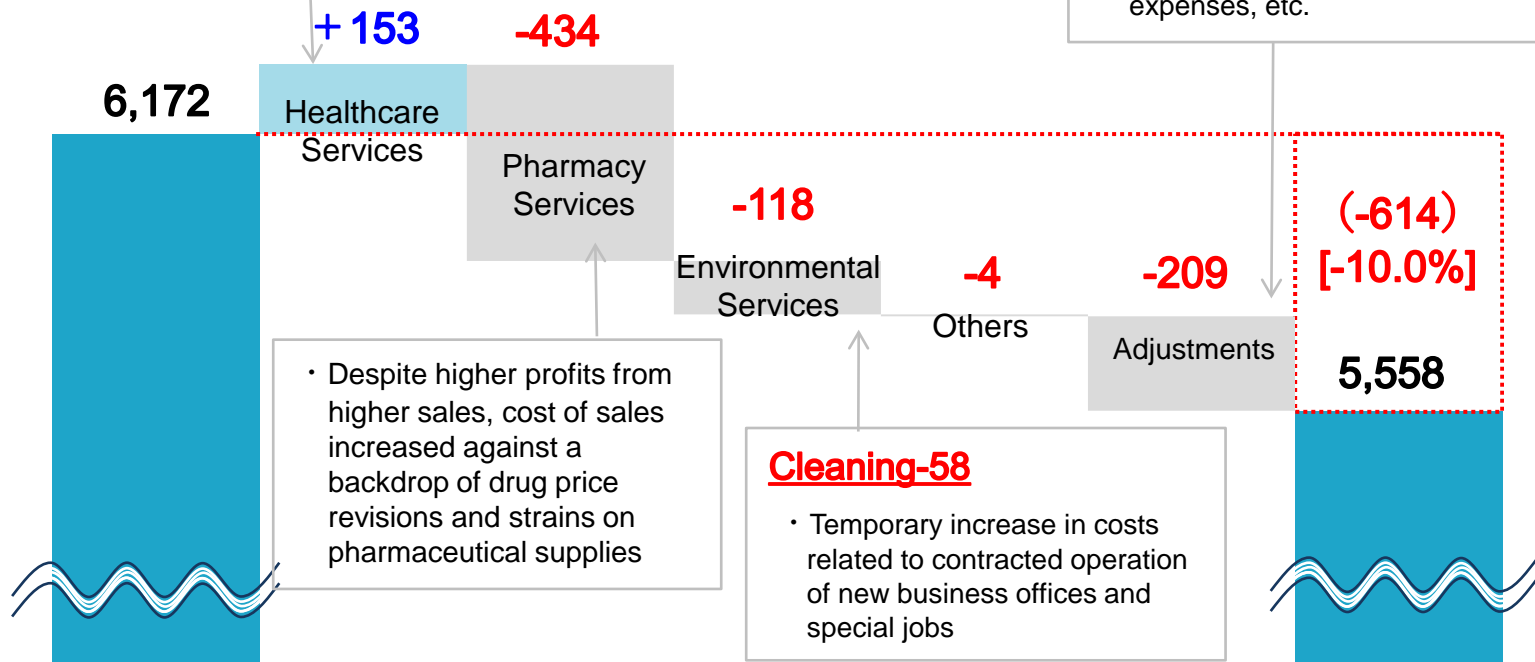
Elderly Care Equipment + 101

- Higher profits from higher sales

(¥mn)

Tokai Management Division expenses + 183

- Increase in DX promotion and system-related expenses, etc.



FY 3/22 3Q

FY 3/23 3Q

Other Topics

First-ever Elderly Care Equipment Business TV Ad Starts Airing

- ✓ Airing started in the Tokai region from October 1, 2022.
- ✓ Aims to raise recognition as Japan's No. 1 provider of elderly care equipment rentals, to lead to expanded share in all regions.



Merged 2 Subsidiaries into the Leasekin Business (Announced January 23, 2023)

- ✓ The Company conducted an absorption-type merger of the two wholly owned subsidiaries, RENTEX Co., Ltd. and Yamato Maintenance Co., Ltd.
- ✓ The Company aims to consolidate and streamline management resources, and strengthen the sales and service structure in the Leasekin business.
- ✓ The mergers will take place after the Company waives its claims against RENTEX and eliminates its excess liabilities.



< Overview of the 2 subsidiaries in the absorption-type merger >

(1) RENTEX Co., Ltd.

Location of head office: Tokyo

Details of business: Rental and sale of environment beautification products

(* Made a wholly owned subsidiary in December 2022)

(2) Yamato Maintenance Co., Ltd.

Location of head office: Hyogo Prefecture

Details of business: Rental and sale of Leasekin brand environment beautification products

Appendix



Consolidated Profit and Loss (P/L)

(¥mn)

	FY3/21 3Q	FY3/22 3Q	FY3/23 3Q	Change	Change %
Net sales	88,202	92,101	97,446	+5,345	+5.8%
Healthcare Services	45,238	47,527	50,178	+2,650	+5.6%
Pharmacy Services	32,977	34,430	36,873	+2,442	+7.1%
Environmental Services	9,840	10,001	10,251	+249	+2.5%
Others	146	142	143	+1	+1.2%
Operating profit	5,078	6,172	5,558	-614	-10.0%
Healthcare Services	3,779	4,613	4,766	+153	+3.3%
Pharmacy Services	2,126	2,252	1,818	-434	-19.3%
Environmental Services	724	951	832	-118	-12.5%
Others	17	10	6	-4	-43.5%
Adjustments	-1,568	-1,655	-1,865	-209	-
Ordinary profit	5,672	6,705	5,735	-970	-14.5%
Profit attributable to owners of parent	3,748	4,444	4,400	-44	-1.0%

Consolidated Financial Status (B/S)

(¥mn)

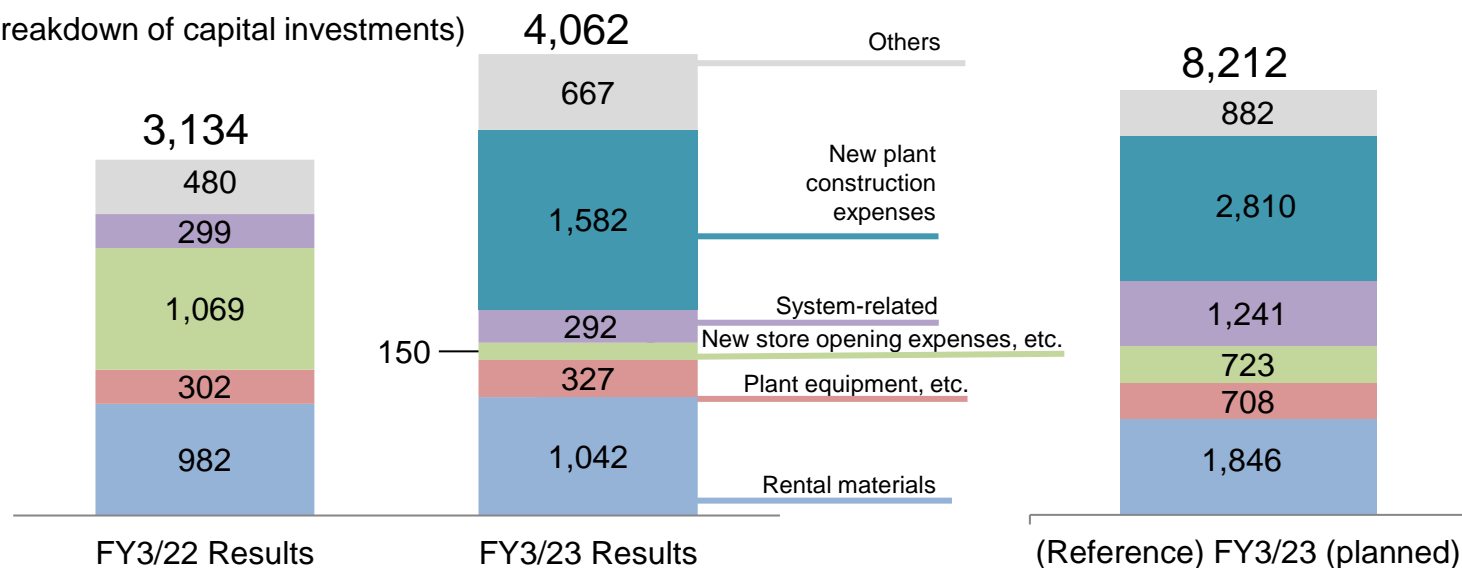
	End of FY3/22	End of FY3/23 3Q	Change
Current assets	59,748	62,839	+3,091
Non-current assets	46,151	46,724	+572
Total assets	105,900	109,563	+3,663
Current liabilities	23,194	24,111	+916
Non-current liabilities	5,186	5,031	-154
Total liabilities	28,381	29,143	+762
Total net assets	77,519	80,420	+2,901
Total of liabilities and net assets	105,900	109,563	+3,663
Equity ratio	72.7%	72.9%	+0.2 P

Capital Investment Results

(¥mn)

	FY3/22 3Q	FY3/23 3Q	Change	Change %	FY3/23 (planned)
Capital investments	3,134	4,062	+927	+29.6%	8,212
Depreciation	2,835	3,124	+ 288	+10.2%	4,498

(Breakdown of capital investments)



FY3/23 Performance Outlook

Forecasts on a consolidated basis are largely expected to be achieved, and initial forecasts have been maintained, although there may be circumstances where segment results differ from initial forecasts

						(¥mn)
	FY3/22	FY3/23 (E)	Change	Change %	FY3/23 3Q	Progress rate
Net sales	123,484	130,307	+ 6,822	+ 5.5%	97,446	74.8%
Healthcare Services	63,517	67,430	+ 3,912	+ 6.2%	50,178	74.4%
Pharmacy Services	46,561	49,138	+ 2,577	+ 5.5%	36,873	75.0%
Environmental Services	13,194	13,560	+ 365	+ 2.8%	10,251	75.6%
Others	211	178	-33	-15.8%	143	80.8%
Operating profit	8,252	7,782	-469	-5.7%	5,558	71.4%
Healthcare Services	6,312	6,220	-91	-1.5%	4,766	76.6%
Pharmacy Services	3,097	3,263	+ 165	+ 5.4%	1,818	55.7%
Environmental Services	1,101	961	-139	-12.6%	832	86.6%
Others	34	-28	-63	—	6	-
Adjustments	-2,294	-2,635	-340	—	-1,865	-
Ordinary profit	8,878	8,109	-768	-8.7%	5,735	70.7%
Profit attributable to owners of parent	5,806	5,998	+ 192	+3.3%	4,400	73.4%

Segment Composition and Overview of Business

Hospital and Bedding

< Hospital Business >

Rental of hospital bedding and white coats, and contracted medical-related services including linen supply, nursing assistance, and distribution management within hospitals

Rental provision of bedding to nursing care facilities

< Bedding and Linen Supply Business >

Bedding rental and linen supply service to accommodation facilities such as hotels



Elderly Care Equipment

Elderly care equipment rental and sales, and home modification services, based on the Long-Term Care Insurance System



Food Supply

Food supply in medical institutions and nursing care facilities



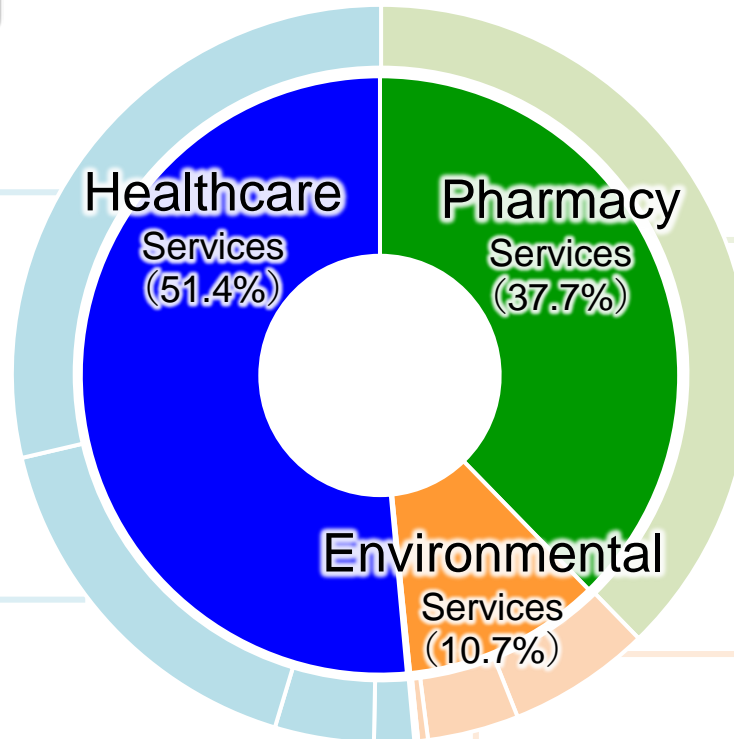
Others

< Cleaning Equipment Manufacturing Business >

Development and manufacture of machinery and equipment for finishing processes that contributes to reducing labor and increasing efficiency at cleaning plants

< Aqua Clara Business >

Aqua Clara water delivery service, etc.



Pharmacy

Operation of Tanpopo Pharmacy dispensing pharmacies, primarily located near medical institution entrances



Leasekin

Operation of a nationwide franchise for rental of Leasekin branded environmental beautification products



Others

< Solar Power Business >

Electricity retail business using solar power installed on companies' own premises, etc.

Cleaning

Building cleaning and management services, focused on medical institutions and nursing care facilities



*Segment Composition indicates the percentage of FY3/22 consolidated net sales.

* In addition to the above, there are also businesses not included among reporting segments (composing 0.2% of net sales).

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Caution Regarding Forecasts

These materials contain predictions and forecasts regarding the future. These reflect the judgment of the Company based on information currently available, and they include potential risks and uncertainties. Therefore, please understand that changes in various factors could cause the actual results to be different from the forecasts herein.