



February 2, 2023

For Immediate Release

Company Name: TOKAI Holdings Corporation
 Representative Name: Representative Director, President and CEO
 Katsuo Oguri
 (Code No. 3167, TSE Prime Market)

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

– Net sales for the first nine 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 nine 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 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.

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 nine 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 **3,258,000 continuing customers** as of December 31, 2022. This continuing customer exceeded the count at the **beginning of the fiscal year (3,194,000) by 63,996 (versus an increase of 43,292 in the same period of the previous fiscal year).**

With net increase of 25,943 (LP and city) gas customers (29,533 in the same period of the previous fiscal year), 23,267 CATV customers (26,055), 15,697 Hikari Collaboration customers (5,110) and 9,301 LIMBO (MVNO service) customers (1,782), we further expanded our earnings base.

2. Net sales for the first nine months grew for the second consecutive fiscal year to reach a new record high

For the third quarter under review, **net sales stood at 164.2 billion yen, up 14.8 billion yen or 9.9% year on year, 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 8.5 billion yen, down 0.8 billion yen or 8.5% 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 2.8 billion yen, down 1.8 billion yen or 39.2% 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 as extraordinary losses.

(Millions of yen)

	Q3 FY03/23 results (April 1, 2022 to December 31, 2022)	Q3 FY03/22 results (April 1, 2021 to December 31, 2021)	YoY	
			Change	% change
Net sales	164,249	149,420	+14,829	+9.9%
Operating profit	8,466	9,248	-782	-8.5%
Ordinary profit	6,705	9,324	-2,619	-28.1%
Profit attributable to owners of parent	2,816	4,634	-1,818	-39.2%
EPS (yen)	21.52	35.38	-13.86	-39.2%

3. Revisions to full-year financial results forecast

Regarding the consolidated full-year financial results forecast for the fiscal year ending March 31, 2023, the figures that were announced on May 10, 2022 have been revised as follows, effective February 2, 2023, in light of recent trends in business performance and other factors.

Looking at the most recent trends in business performance, there has been steady progress in initiatives for increasing the number of continuing customers with the goal of expanding the earnings base, and the net sales and operating profit forecasts that were announced on May 10, 2022 are expected to be achieved.

However, the ordinary profit and profit attributable to owners of parent forecasts were revised, reflecting the goodwill impairment losses of an equity-method affiliate based in Vietnam and the special investigation expenses.

(Millions of yen)

	FY03/23 forecast (April 1, 2022 to March 31, 2023)			FY03/22 results (April 1, 2021 to March 31, 2022)	YoY	
	Latest forecast	Previous forecast	Change		Change	% change
Net sales	223,000	223,000	—	210,691	+12,309	+5.8%
Operating profit	14,500	14,500	—	15,794	-1,294	-8.2%
Ordinary profit	12,600	14,300	-1,700	15,907	-3,307	-20.8%
Profit attributable to owners of parent	6,300	8,300	-2,000	8,969	-2,669	-29.8%
EPS (yen)	48.12	63.43	-15.31	68.49	-20.37	-29.7%
Customer count at end of fiscal year	3,295,000	3,295,000	—	3,194,000	+101,000	+3.2%

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

	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 the Company's earnings announcement for the first nine months of the fiscal year ending March 31, 2023 and its notice of posting of extraordinary losses and revisions to the full-year financial results forecast, please see the following URL:

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

Contact: Yoshihiro Taniguchi
Public Relations and Investor Relations Office
TEL: +81-(0)3-5404-2891

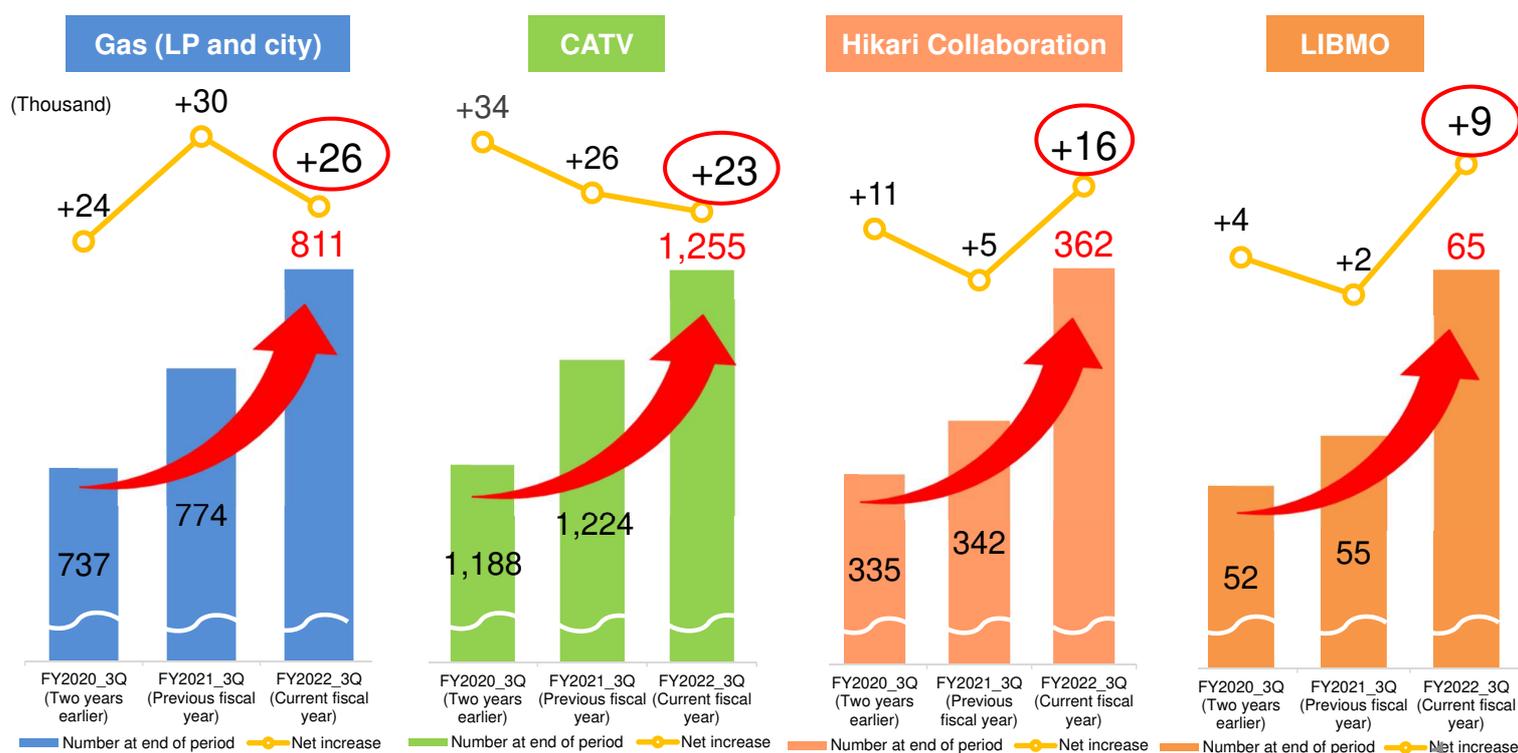
Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2023

TOKAI Holdings Corporation
(Code No. 3167)

February 2, 2023

Expansion of earnings base proceeds

- ◎ The number of continuing customers as of December 31, 2022 stood at 3,258 thousand, an increase of 64 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

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. 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 0.8 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 1.8 billion yen year on year, due mainly to posting of impairment losses of goodwill of an equity-method affiliate and special investigation expenses. (Net sales and profit: million yen; EPS: yen)

	Q2 FY03/23 results (April 1, 2022 – December 31, 2022)	Q2 FY03/22 results (April 1, 2022 – December 31, 2022)	YoY	
			Change	% change
Net sales	164,249	149,420	+14,829	+9.9%
Operating profit	8,466	9,248	-782	-8.5%
Ordinary profit	6,705	9,324	-2,619	-28.1%
Profit attributable to owners of parent	2,816	4,634	-1,818	-39.2%
EPS (yen)	21.52	35.38	-13.86	-39.2%

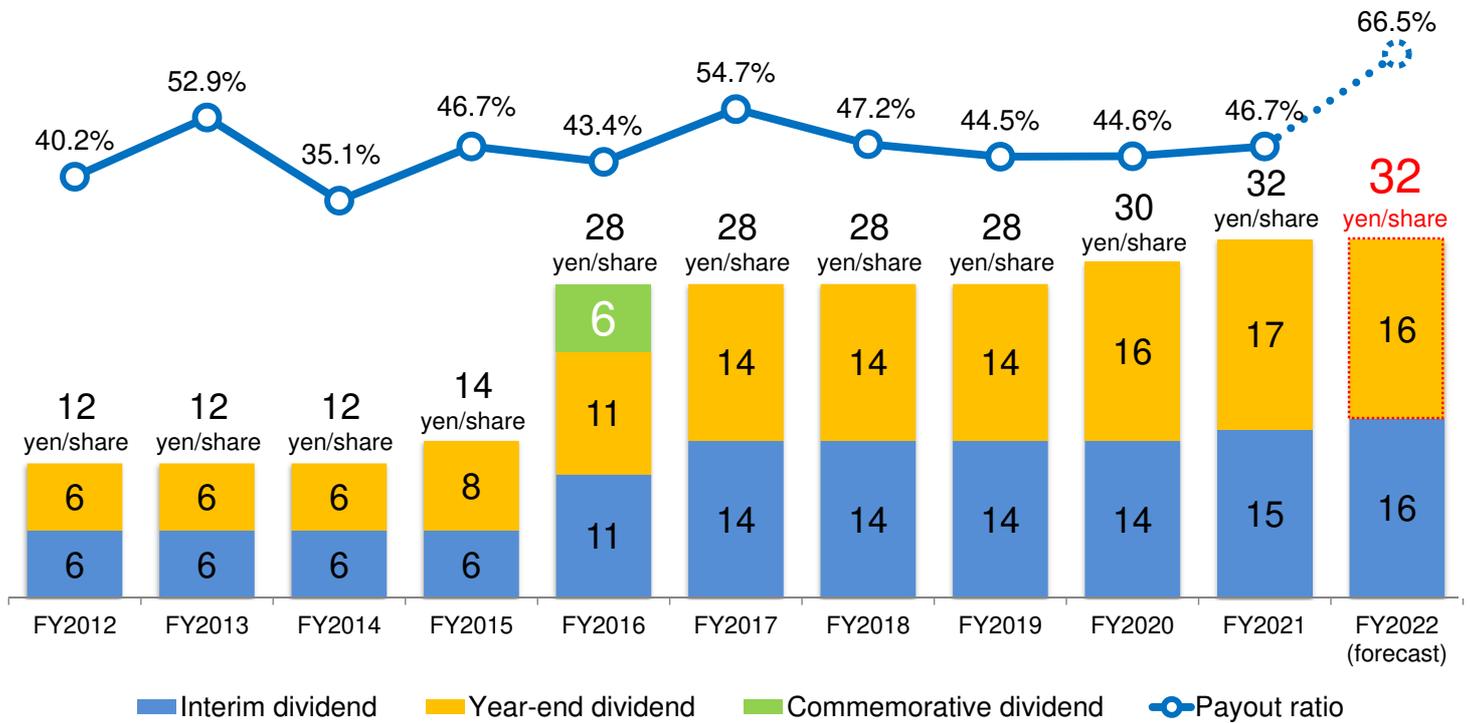
Consolidated full-year financial results forecast (revised)

- Forecast values for net sales and operating profit, which were announced on May 10, 2022, are expected to be achieved.
- The forecast amount of ordinary profit was revised to 12.6 billion yen and that of profit attributable to owners of parent was revised to 6.3 billion yen, reflecting the posting of impairment losses of goodwill of an equity-method affiliate and special investigation expenses.
- The number of customers of the overall Group has remained unchanged from the initial forecast because activities to gain customers are making steady progress. (Millions of yen)

	Revised forecast for the current fiscal year Forecast for the current fiscal year (FY2022)	Results for the previous fiscal year (FY2021)	Initial forecast (FY2022)	YoY		Compared with initial forecast	
				Change	% change (%)	Change	% change (%)
Net sales	223,000	210,691	223,000	+12,309	+5.8	—	—
Operating profit	14,500	15,794	14,500	-1,294	-8.2	—	—
Ordinary profit	12,600	15,907	14,300	-3,307	-20.8	-1,700	-11.9
Profit attributable to owners of parent	6,300	8,969	8,300	-2,669	-29.8	-2,000	-24.1
EPS (yen)	48.12	68.49	63.43	-20.37	-29.7	-15.31	-24.1
Customer count at end of fiscal year	3,295,000	3,194,000	3,295,000	+101,000	+3.2	—	—

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.



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) EBIDA by business

(1) Consolidated results

(Millions of yen)

	Q3 FY03/19 Results	Q3 FY03/20 Results	Q3 FY03/21 Results	Q3 FY03/22 Results	Q3 FY03/23 Results
Sales	137,943	141,557	139,792	149,420	164,249
Operating profit	7,038	9,278	9,901	9,248	8,466
Recurring profit	7,247	9,478	9,929	9,324	6,705
Net income	3,966	5,103	5,936	4,634	2,816
EPS (Yen)	30.29	38.97	45.33	35.38	21.52

(2) Sales by segment

(Millions of yen)

	Q3 FY03/19 Results	Q3 FY03/20 Results	Q3 FY03/21 Results	Q3 FY03/22 Results	Q3 FY03/23 Results
Energy	54,675	55,191	53,437	58,717	71,069
Information and Communications	37,959	38,834	37,831	38,206	39,662
CATV	22,829	23,433	24,994	24,265	25,510
Building equipment real estate	13,846	14,919	14,815	19,025	18,840
Aqua	5,279	5,603	5,778	5,811	5,720
Others	3,352	3,575	2,934	3,395	3,446
Total	137,943	141,557	139,792	149,420	164,249

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(3) Operating profit by segment

(Millions of yen)

	Q3 FY03/19 Results	Q3 FY03/20 Results	Q3 FY03/21 Results	Q3 FY03/22 Results	Q3 FY03/23 Results
Energy	2,954	3,964	5,034	4,317	3,552
Information and Communications	2,595	3,366	3,081	3,492	3,563
CATV	3,568	3,790	4,102	4,539	4,706
building equipment real estate	915	1,242	1,094	1,126	1,195
Aqua	444	597	578	287	394
Others	-3,442	-3,682	-3,988	-4,514	△4,947
Total	7,038	9,278	9,901	9,248	8,466

*Prior to elimination of indirect expenses

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(4) Consolidated financial indicators

(Millions of yen)

	Q3 FY03/19 Results	Q3 FY03/20 Results	Q3 FY03/21 Results	Q3 FY03/22 Results	Q3 FY03/23 Results
Total assets	167,035	168,697	172,946	181,450	192,091
Total liabilities	107,404	102,972	102,104	105,652	113,325
Total net assets	59,631	65,724	70,841	75,797	78,765
Balance of interest-bearing debt	58,481	52,615	51,344	49,060	53,173
EBITDA	18,266	20,769	21,768	21,202	20,547
Equity ratio	35.0 %	38.2 %	40.1 %	40.9 %	39.9 %

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(5) Consolidated cash flows

(Millions of yen)

	Q3 FY03/19 Results	Q3 FY03/20 Results	Q3 FY03/21 Results	Q3 FY03/22 Results	Q3 FY03/23 Results
Operating cash flow	9,813	15,476	19,402	12,305	10,638
Investment cash flow	-9,615	-9,683	-14,672	-11,667	△10,852
Free cash flow	197	5,793	4,730	638	△213
Financing cash flow	762	-4,779	-3,863	-945	594

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(6) Group customer count

(Thousands of customers)

		Q3 FY03/19 Results	Q3 FY03/20 Results	Q3 FY03/21 Results	Q3 FY03/22 Results	Q3 FY03/23 Results
Gas (LP and city gas)		674	703	737	774	811
Information and Communications	Previous ISP model, etc.	430	396	375	382	411
	Hikari Collaboration	328	324	335	342	362
	LIBMO	39	45	52	55	65
	Subtotal	797	766	763	779	838
CATV		1,055	1,088	1,188	1,224	1,255
Aqua		157	160	162	166	166
Mobile		220	214	209	195	182
Security		17	16	16	16	16
Total		2,897	2,933	3,063	3,142	3,258

*Rounded to the nearest thousand. Duplicate communication services for ISP and CATV carrier plans are excluded from the total value.

*Information communication (traditional ISP, etc.) includes contracts for ISP additional services (PC visit support service) from 3Q 2021, and contracts for the same (PC remote support service) from 3Q 2022.

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(7) EBIDA by business

(Millions of yen)

		Q3 FY03/18 Results	Q3 FY03/19 Results	Q3 FY03/20 Results	Q3 FY03/21 Results	Q3 FY03/22 Results
Energy		6,512	7,563	8,512	7,923	7,298
Information and Communications	For consumers	4,651	5,634	1,028	1,198	817
	For corporations			4,504	4,715	5,182
CATV		7,891	8,055	8,599	8,812	9,099
Construction, Equipment, and Real Estate		1,426	1,773	1,677	1,855	1,970
Aqua		844	1,050	1,051	807	899

EBITDA (Total)	18,266	20,769	21,768	21,202	20,547
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* EBITDA = operating profit + depreciation (operating profit is before allocation of indirect costs, etc.)

* Information and communications have been divided into those for consumers and those for corporations from the previous term. Before that, the figures for the entire information and communication are 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.

Investor Relations Office

TOKAI Holdings Corporation

Hamarikyu Inter City 11th floor, 1-9-1, Kaigan, Minato-ku, Tokyo 105-0022, Japan

Phone: +81-(0)3 5404-2891

Fax: +81-(0)3-5404-2786

<https://www.tokaiholdings.co.jp/english/>

e-mail: overseas_IR@tokaigroup.co.jp

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