November 5, 2026

For Immediate Release


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|---|---|
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# Announcement of M&A Policy for Growth Strategy to Achieve the Medium-Term Management Plan 2028

In its Medium-Term Management Plan 2028, announced in May 2026, the TOKAI Group set forth the key priorities of "expanding business profits" and "strengthening shareholder returns with an emphasis on capital efficiency," and has been driving various initiatives to sustainably enhance corporate value. Under the Plan, the Group has positioned the three businesses—the Energy Business, the Information and Communications Business (for corporate customers), and the CATV Business—as key growth domains, committing to flexible and strategic M&A investments.

Since the release of the Plan, through constructive dialogue with shareholders, investors, and other stakeholders, the Group has received substantial interest and high expectations regarding the specifics of our investment criteria and growth scenarios in these priority areas. In response, to further enhance the transparency and effectiveness of our investment strategy and to foster a deeper understanding of our value creation story, the Group has detailed and formulated its "M&A Policy" for the three businesses mentioned above.

Accordingly, the Group hereby announces the release of the attached " M&A Policy for Growth Strategy."

Going forward, the Group remains committed to upholding robust financial discipline—including the establishment of investment criteria conscious of the cost of capital—and pursuing disciplined M&A under rigorous investment governance, thereby driving the sustainable enhancement of medium- to long-term capital profitability and shareholder value.


Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

TOKAI Holdings Corporation

# M&A Policy for Growth Strategy

## to Achieve the Medium-Term Management 2028

November 5, 2026



# Agenda

Ⅰ. Growth Investment Approach via M&A

Ⅱ. Role of M&A in Energy Business Growth

Ⅲ. Role of M&A in Information and Communications Business (For corporate customers) Growth

Ⅳ. Role of M&A in CATV Business Growth

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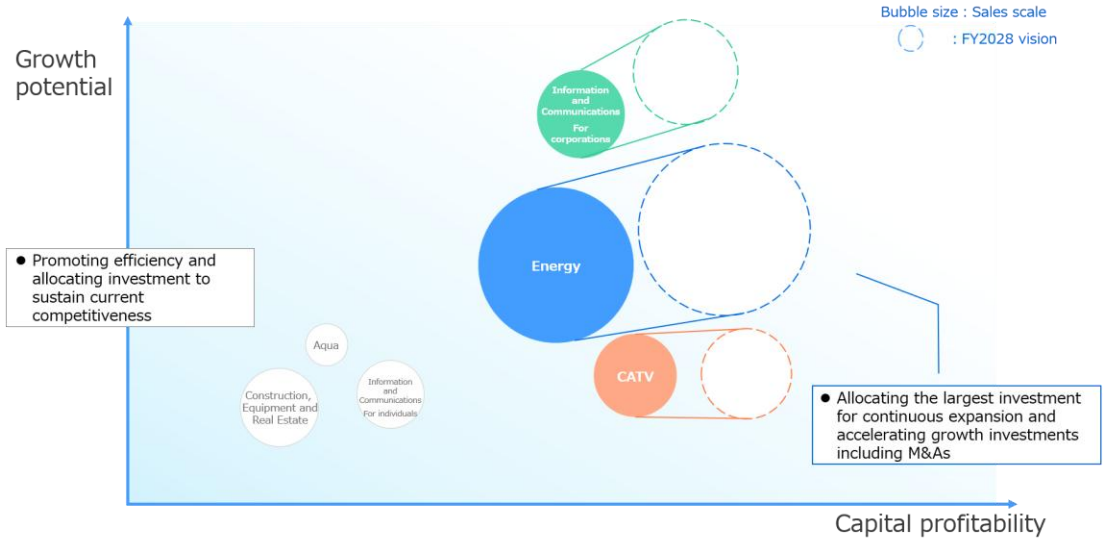
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## Future M&A Investment Target Areas Indicated by the Medium-Term Management Plan 2028

# Allocate ¥20 B to core growth business areas

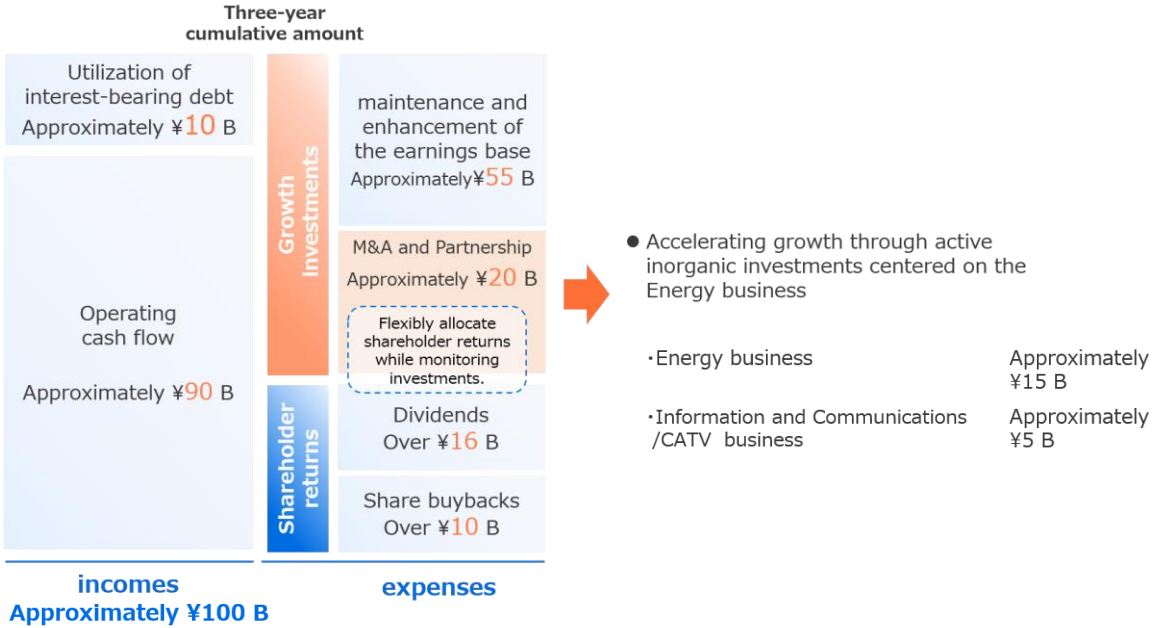
### Priority Investment Areas

- ✓ Prioritize investments in the three areas below, selected for superior growth potential and capital returns.




### Investment Allocation

- ✓ Secure an investment allocation of approximately ¥20 B across three areas.
- ✓ Allocate approximately ¥15 B to Energy and prioritize investments in the segment.



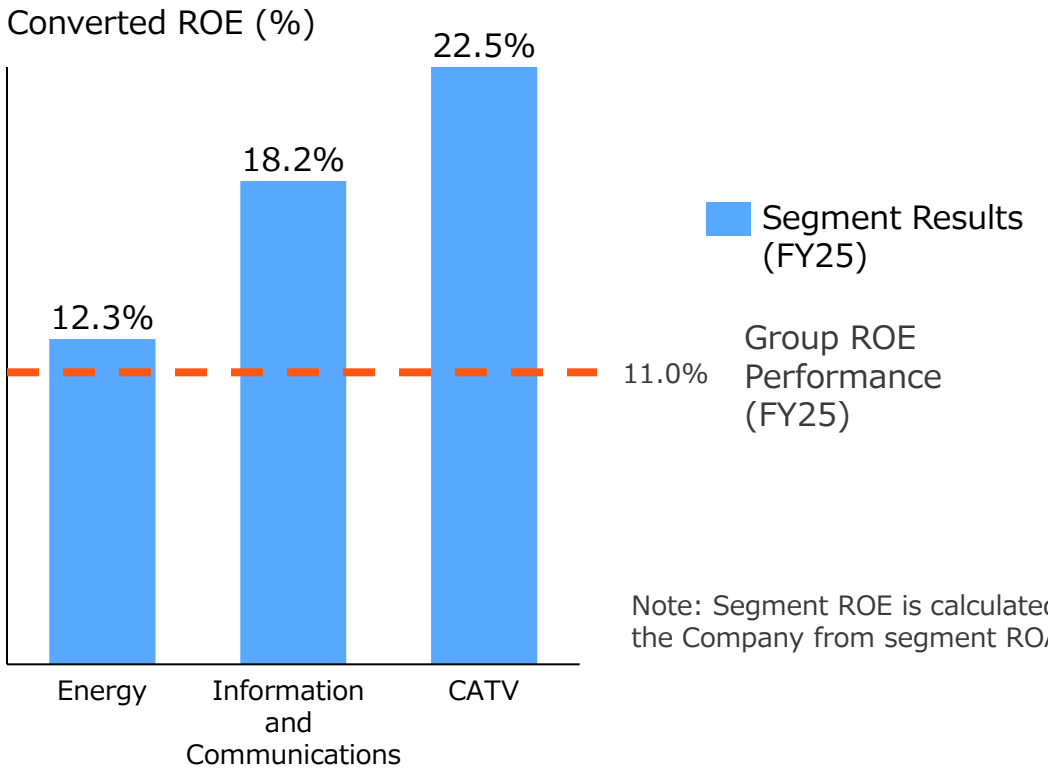

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## Investment Efficiency Track Record and Investment Policy

# Implement disciplined investments in high-profitability areas

### Profitability of Priority Investment Areas

✓ Priority investment areas show **high historical profitability** and are expected to deliver **strong investment efficiency**.




Note: Segment ROE is calculated by the Company from segment ROA.

### Investment Discipline

✓ Adhere to investment discipline and selectively invest in opportunities expected to deliver high returns.

**Quantitative Targets**

Assess profitability based on

*WACC and IRR*

**Qualitative Targets**

- ✓ Alignment with corporate strategy
- ✓ Fit with internal human capital and technology
- ✓ Business, financial, legal, labor and other risks
- ✓ Advancement of ESG initiatives and enhancement of reputation, etc

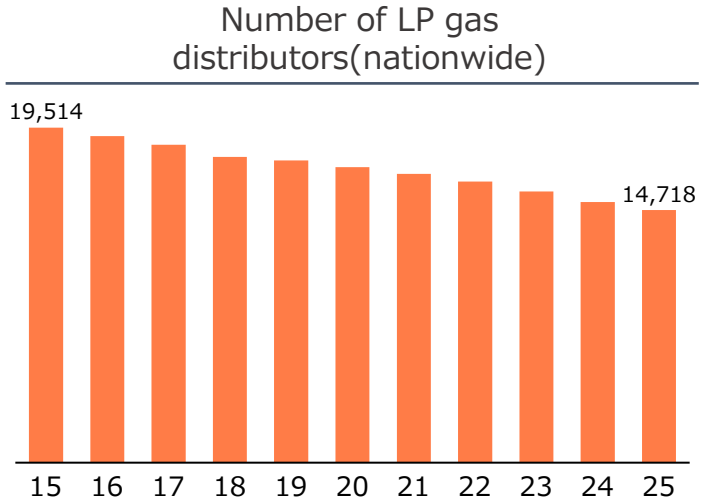
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# Market Environment for LP gas Business

## Industry consolidation accelerating; M&A opportunities expected to increase in major metropolitan areas and regional cities.

### Industry consolidation trends

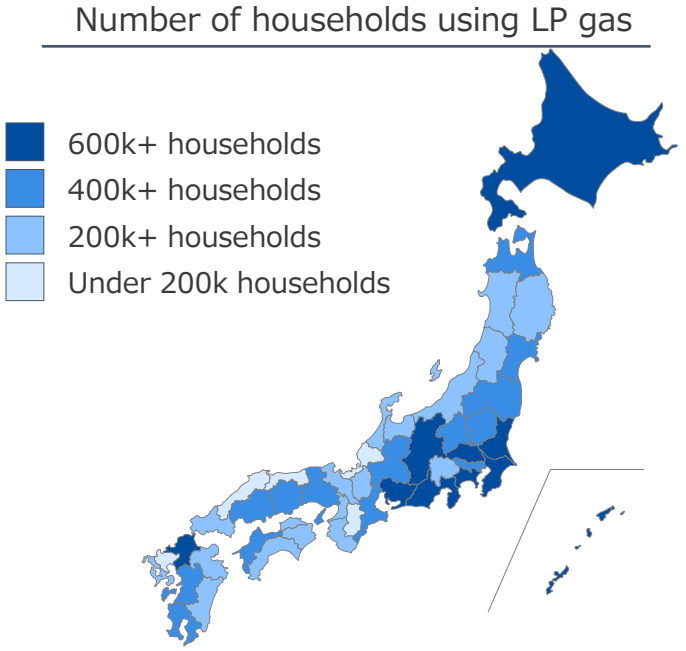
- ✓ In the LP gas industry, **consolidation is accelerating** due to the following factors:
  - Demand decline driven by population decline and widespread adoption of energy-efficient equipment.
  - Intensifying market competition
  - Aging business owners and a shortage of successors.
- ✓ **An increase in M&A opportunities is expected.**




Source: METI, "Number of Sales Agents and Security Service Providers Nationwide"(unofficial translation)

### Regional usage of LP gas

- ✓ Household penetration of LP gas is **particularly high in the Kanto and Tokai regions**.
- ✓ Significant household penetration in **regional cities** as well.




Source: Japan LP Gas Safety and Mutual Aid Corporation

LP gas household count aggregated from the number of member operators of Japan LP Gas Safety and Mutual Aid Corporation as of March 31, 2026.

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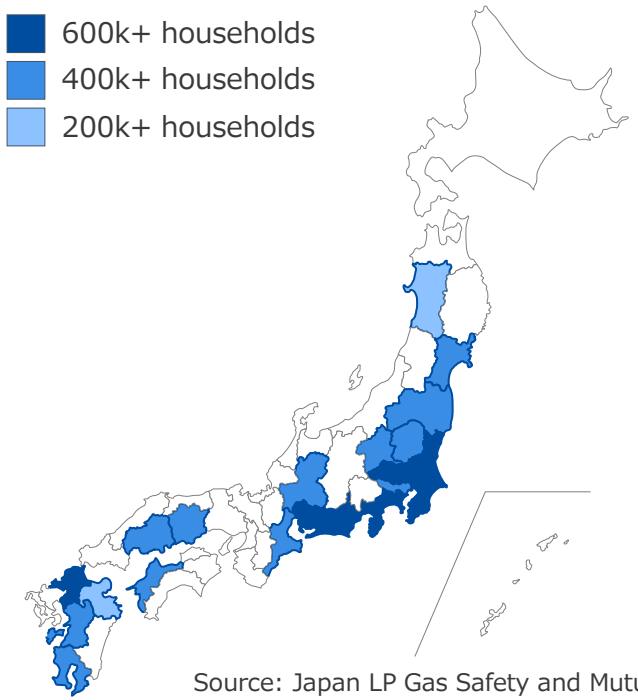
# Track record of business expansion via M&A

## Leverage industry consolidation; establish strategic footholds in high-potential areas; expand the customer base through M&A.

### Track record of geographic expansion to date

- ✓ Expanded from a Tokai–Kanto core into **high-penetration, large-market areas** such as Chubu, Chugoku–Shikoku, and Kyushu.

Number of households using LP gas
(Company operating regions)



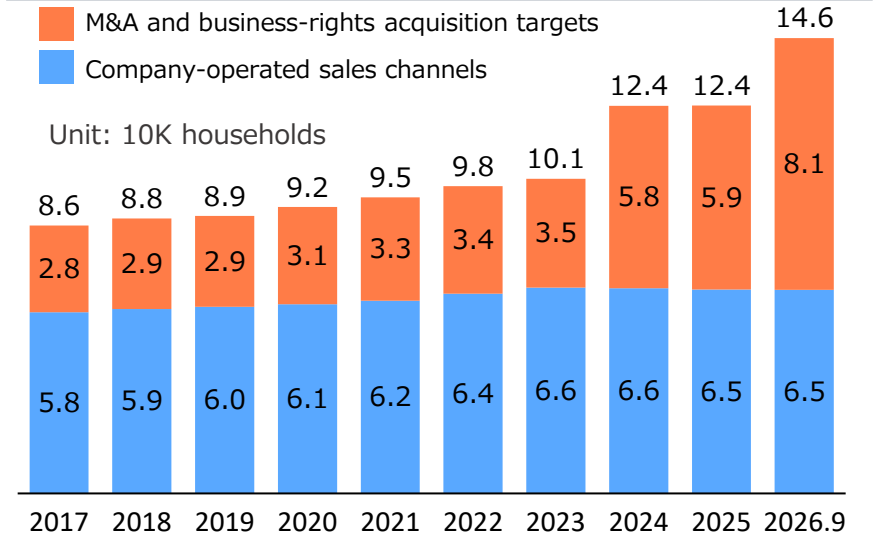

Source: Japan LP Gas Safety and Mutual Aid Corporation

LP gas household count aggregated from the number of member operators of Japan LP Gas Safety and Mutual Aid Corporation as of March 31, 2026.

### Track record of capturing market share in entered regions

- ✓ Expand transactions in entered regions through **new customer acquisition and acquisition of business rights.**
- ✓ Establish regional track record and credibility, then expand market **share through M&A**.
- ✓ Acquired City Gas Corporation* in September 2026, securing **top-tier market share in Kanagawa** following Shizuoka.

Customer count trend （Kanagawa Prefecture）




* Subsidiary Kanaju Corporation primarily engaged in sales of LP gas.

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# Group Strengths in M&A

## Swiftly gather intelligence on acquisition targets and drive post-acquisition value creation.

### Diverse collaboration frameworks

- ✓ Establish trust-based relationships with dealers through diverse collaboration frameworks, including **wholesale operations and business partnerships**.
- ✓ Our Group serves as **the first point of contact** for M&A.




### Attractiveness of the TOKAI group to M&A Targets

- ✓ Dealer-owner trust — **"We can entrust our customers and employees to the TOKAI group "** — cultivated through collaboration.
- ✓ Strengthen sales capabilities and drive business growth by leveraging the Group's business platform while **respecting each employee.**

**Improved employee motivation through integration of organizational structure and HR systems.**

- ➢ Introduced group-wide recognition and incentive programs.
- ➢ Preserve pre-acquisition employment terms, etc

**Strengthened sales capabilities through sharing of sales infrastructure.**

- ➢ Sales and sales-management know-how.
- ➢ Equipment and sales-information management systems, etc

**Revenue growth driven by cross-selling of products and services.**

- ➢ LP gas-related equipment, home water delivery, renovation, etc

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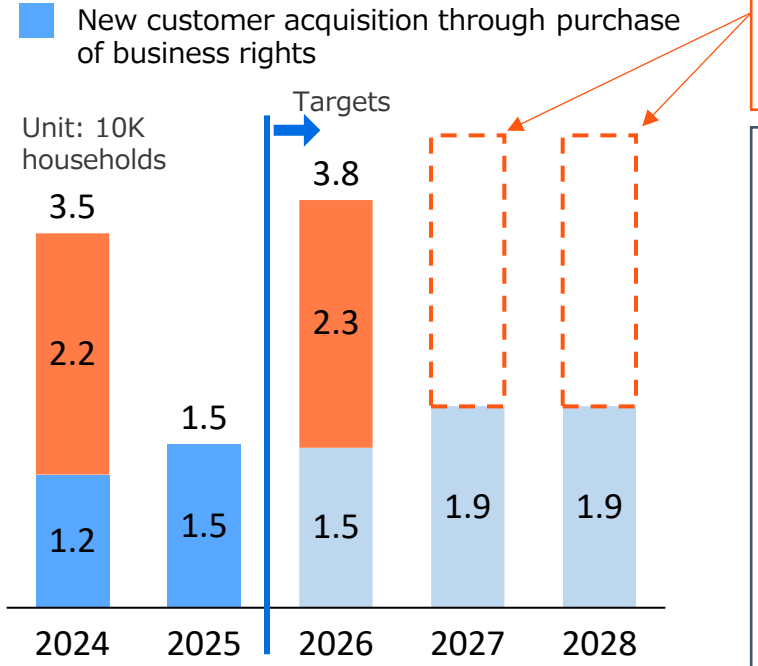
# Future M&A Investment and Growth Strategy

## Achieve further customer-base expansion and enhanced profitability through proactive M&A investments.

### Customer Base Expansion Policy through M&A

- ✓ **Identify and capture M&A opportunities, including among our sales-network operators**, to further expand the customer base.
- ✓ Prioritize expansion into areas adjacent to existing operating regions where demand is expected.

New customer acquisitions: Actuals and Targets




Note: Acquired Kanaju Corporation and Osada Gas Co., Ltd. in 2026.

Capture M&A opportunities to drive further growth in customer count.

LP gas sales operators within our sales network :

- ・Approximately 600 business locations
- ・Approximately 4 million households

**Encourage participation in the Group by capturing M&A demand.**

### Investment Amount and Expected Returns

Investment Amount

Total investment amount

▶ *¥15.0 B*

Cumulative total for FY26–FY28

Expected Returns

EBITDA

▶ *¥1.5–2.0 B per year*

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# Steady business growth driven by both accumulation of recurring (stock) revenue and generation of transactional (flow) revenue.

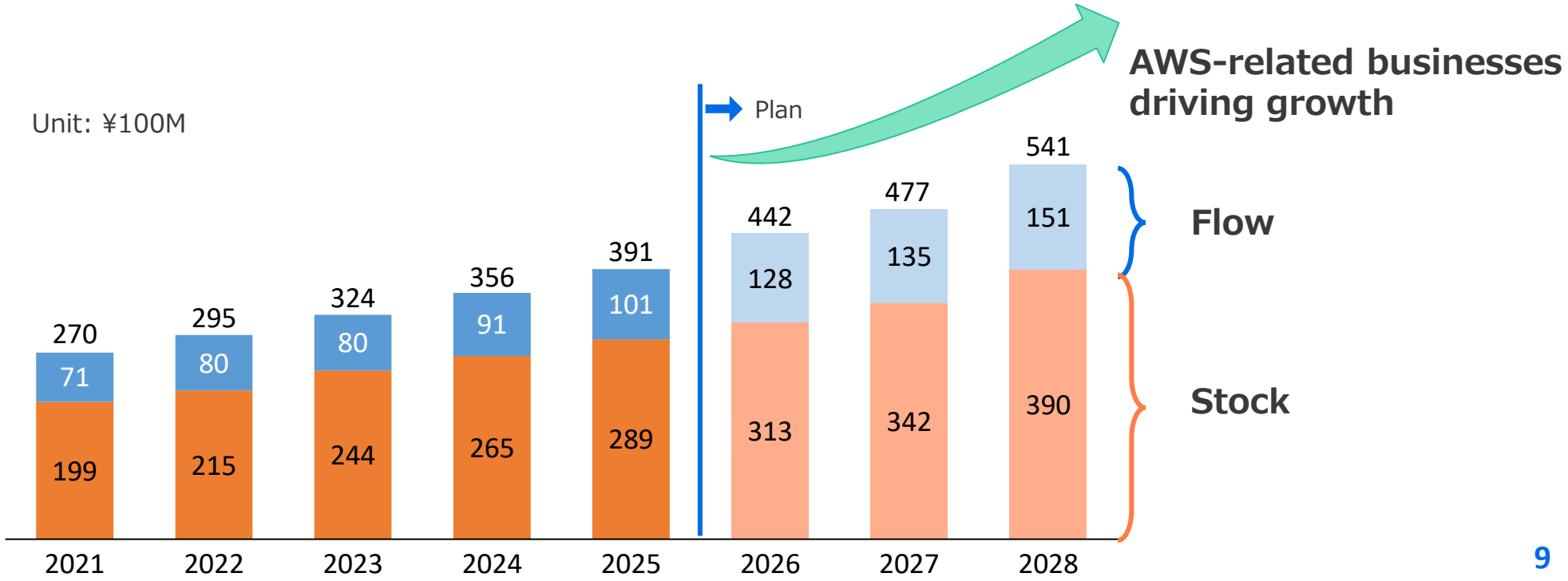
## Revenue Composition Trend — Information and Communications Business (For corporate customers)

✓ Revenue composition of Information and Communications business: stock revenue ~70% and flow revenue ~30%, both on a growth trajectory.

- Flow revenue : primarily from system integration services
- Stock revenue : centered on network service operations

**Continue to drive growth centered on AWS-related businesses through both stock and flow revenue streams.**

〈 Information and Communications Business (For corporate customers) Revenue 〉



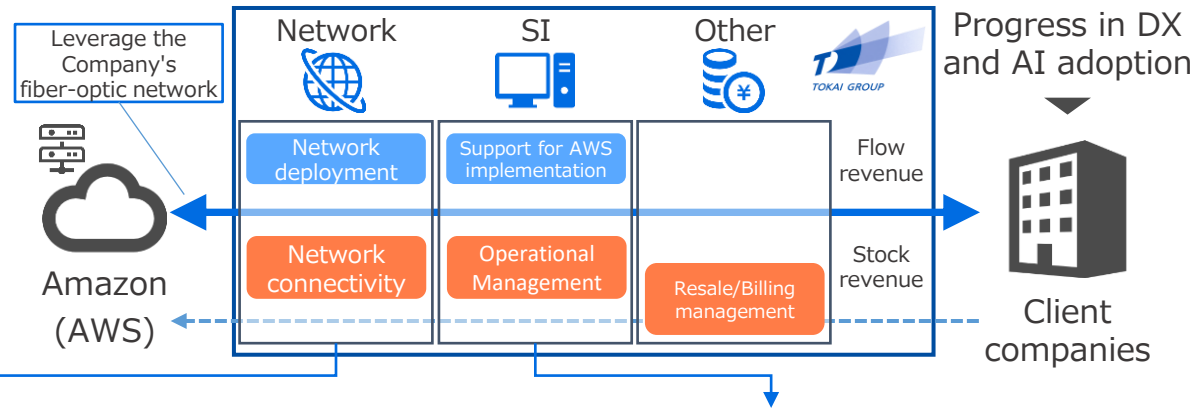

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# Growth Strategy for AWS-related Businesses

**Accelerate growth of AWS-related businesses by expanding the growth platform through M&A, leveraging network–SI synergies, and capturing rising DX and AI demand.**

## Growth Strategy for AWS-related Businesses

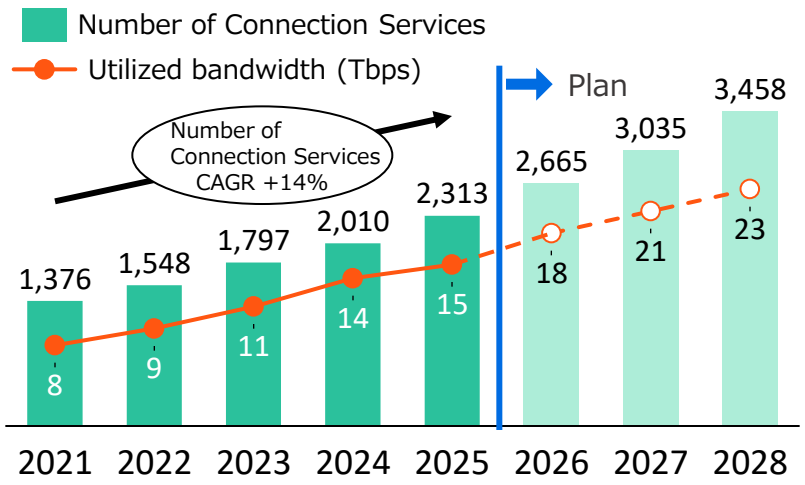
- ✓ Demand for cloud services (AWS-related businesses) is expected to expand, driven **by DX and AI.**
- ✓ The Company has capabilities in network services and system integration services, **enabling a one-stop solution** to address both sets of customer needs.
- ✓ **Obtained "AWS Premier Tier Service Partner" certification—one of only 15 companies nationwide;** established a collaborative framework based on a long-standing partnership with AWS.




## Strengthen network capabilities

- ✓ Leveraging our proprietary fiber-optic network, we currently provide over 2,300 cloud connections, placing us among **Japan's top-tier providers**.
- ✓ Achieved "AWS Networking Competency" certification—**one of only two companies nationwide.**
- ✓ Continue increasing connection services and traffic volume to expand a stable revenue base.

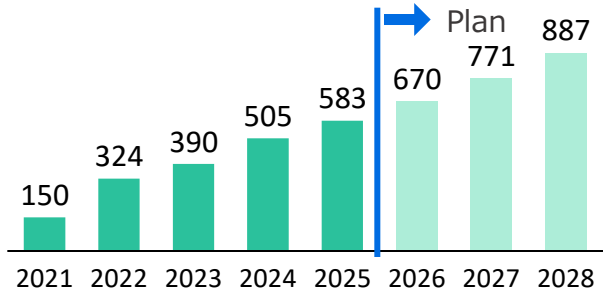
〈 Cloud Connection — Actuals & Plan 〉




## Strengthen SI capabilities

- ✓ Comprehensive technical capabilities as a core strength.
- ✓ **Leverage M&A** to expand the organizational platform underpinning growth.

〈Number of AWS-certified personnel — Actuals & Plan〉




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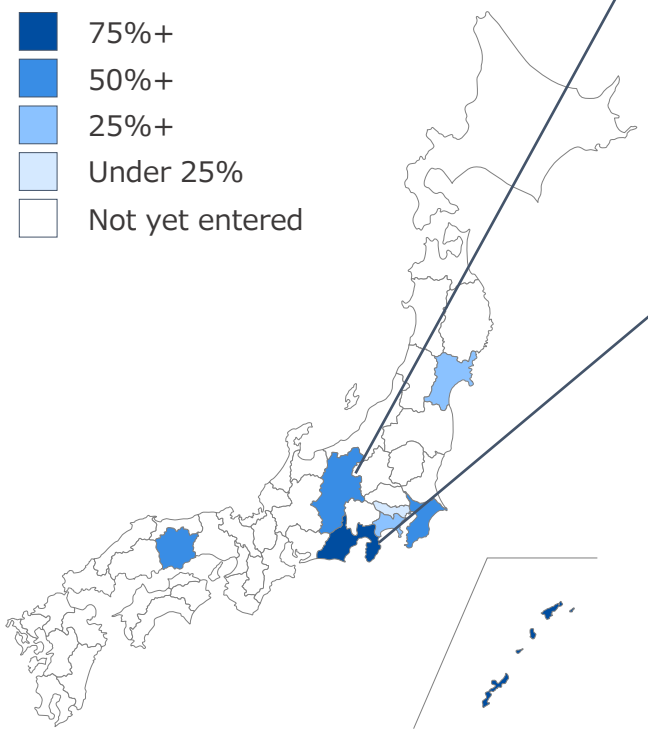
## CATV Business Strategy

# Deliver steady growth through an M&A-driven cross-selling business model.

## Business Development to Date

✓ **Expand via M&A and enhance ARPU through cross-selling FTTH internet services.**

### Cross-sell rates by prefecture




■LCV CORPORATION
(Nagano Prefecture、acquired December 2009)

| (¥M) | FY2010 | FY2025 |
|---|---|---|
| Net sales | 4,151 | 5,267 |
| Operating profit | 681 | 969 |
| Customer count (of which telecommunications services) | 118K Subs. (24K Subs. 26%) | 125K Subs. (42K Subs. 51%) |

■Toco Channel Shizuoka Corporation
(Shizuoka Prefecture, acquired November 2010)

| (¥M) | FY2010 | FY2025 |
|---|---|---|
| Net sales | 1,734 | 3,039 |
| Operating profit | 31 | 466 |
| Customer count (of which telecommunications services) | 50K Subs. (7K Subs. 16%) | 115K Subs. (53K Subs. 86%) |

Note: Customer counts are recorded on a contract basis — one household subscribing to both broadcast and communications services is counted as two customers.

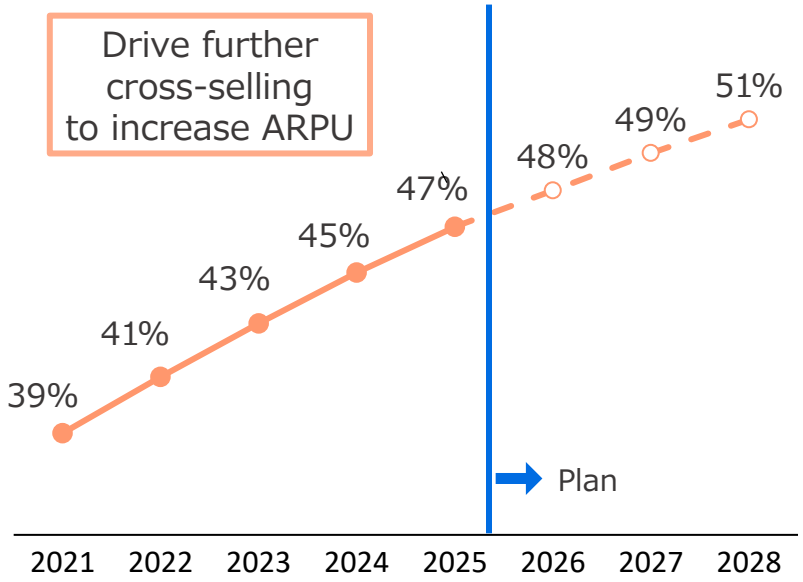
Note: Percentages in parentheses indicate cross-sell rates.

## Future Business Development

✓ **Continue pursuing regional expansion** by capturing M&A opportunities.

✓ **Drive steady growth in existing areas** with untapped potential through intensified **cross-selling and ARPU enhancement.**

Cross-selling rate
(broadcasting and telecommunications simultaneous subscription rate)




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Please contact us with any questions regarding these materials.

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