



Financial Results

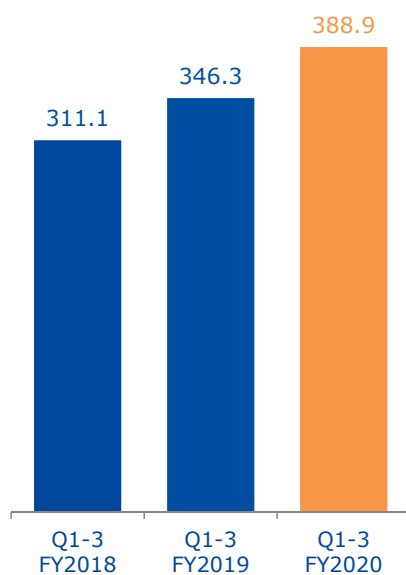
For the nine months ended December 31, 2019

February 14, 2020

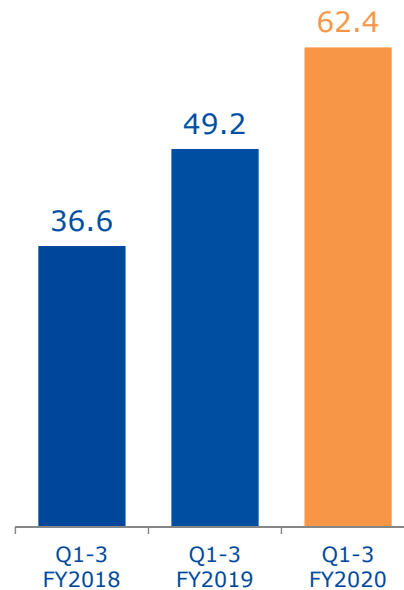
Steady Performance

1) Revenue

(Billions JPY)

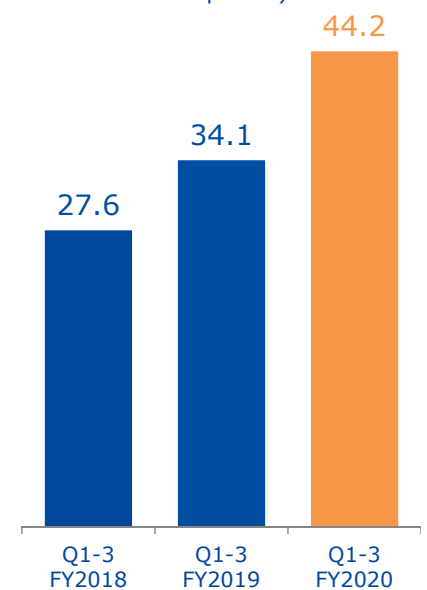


2) Operating Profit

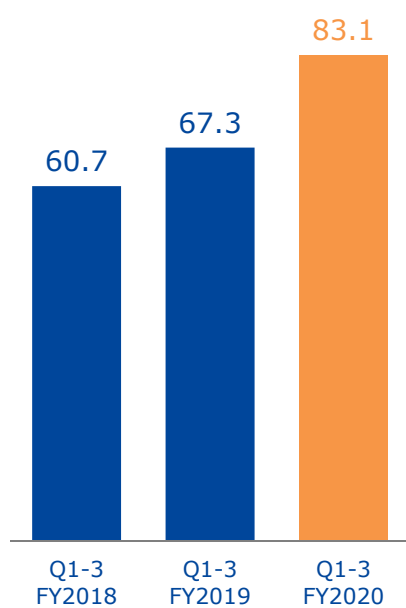


3) Quarterly Net Income

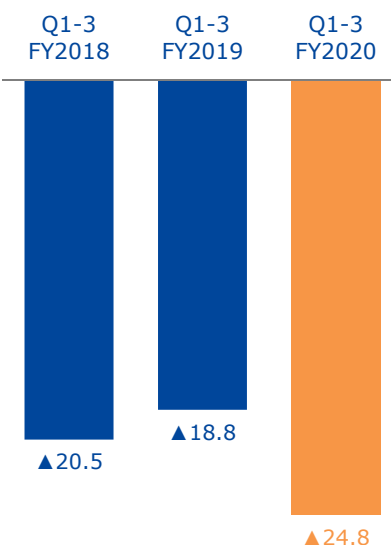
(Quarterly net income attributable to owners of parent)



4) Recurring Profit



5) In-House Product Acquisition Cost



6) Number of In-House Products Acquired

(Thousand Units)



Profit increased due to an increase in recurring profit which is a long-term, stable revenue.

Business Areas

Segments	Main Business	Conceptual Image	Target	Marketing Method
Corporate Services (In-house products for companies)	Internet connection line		SMEs	Door-to-door sales, TMS, etc.
	Contents			
	Industry-specific IT Solutions	EPARK		
	Electricity			
Individual Customer Service (In-house products for individuals)	Internet connection line		Individuals	Website, TMS, etc.
	Contents			
	Water delivery			
Commission-based Sales (Third-party products)	Internet connection line		SMEs Individuals	Shop, TMS, etc.
	Mobile phones			
	OA equipment			
	Sales of insurance by agent			

©2020 HIKARI TSUSHIN, INC. All Rights Reserved

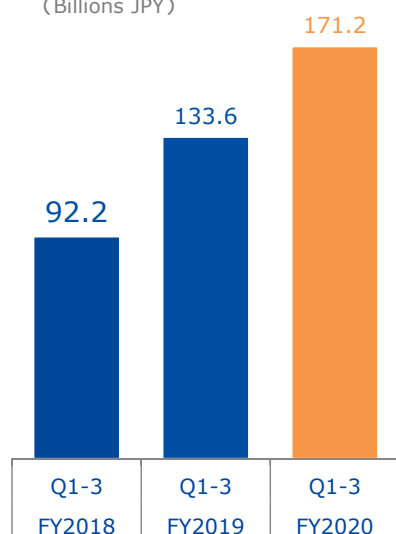
3

Corporate Service

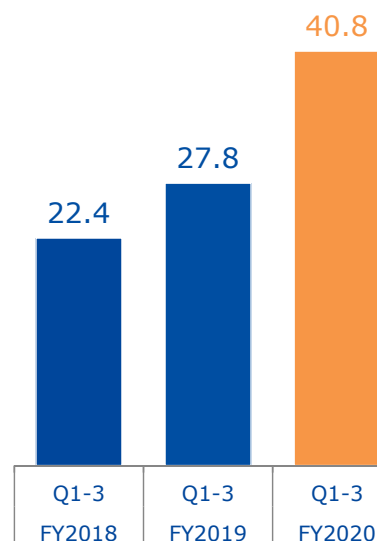
Main business: Internet communication line, content, electricity, industry-specific IT solutions, etc.

1) Revenue

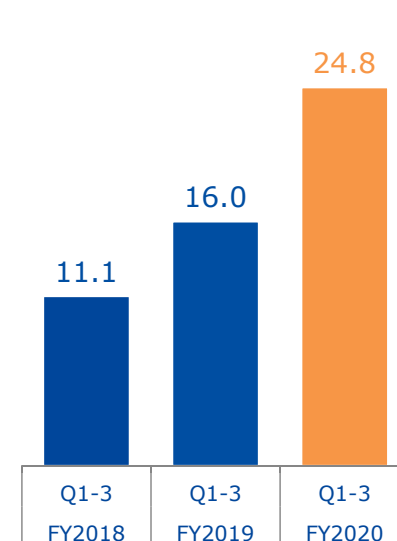
(Billions JPY)



2) Recurring Profit



3) Operating Profit



Both revenue and profit increased for each business.

©2020 HIKARI TSUSHIN, INC. All Rights Reserved

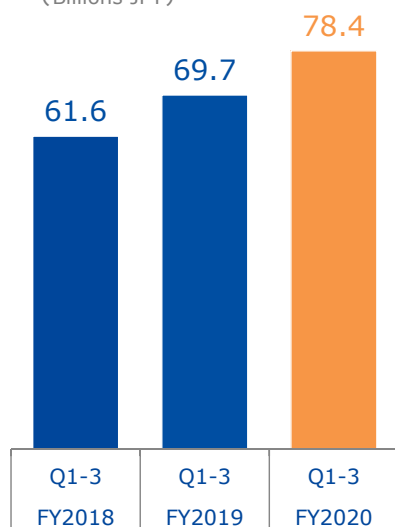
4

Individual Customer Service

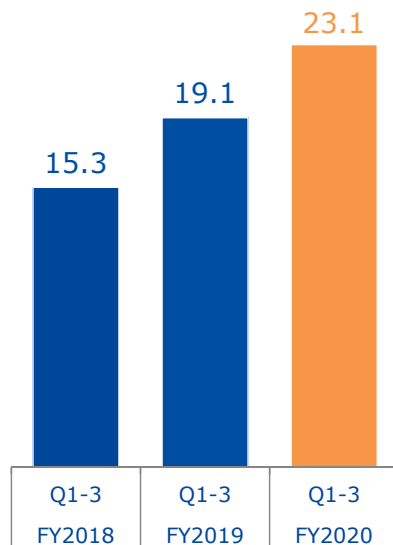
Main business: Internet communication line, content, water delivery, etc.

1) Revenue

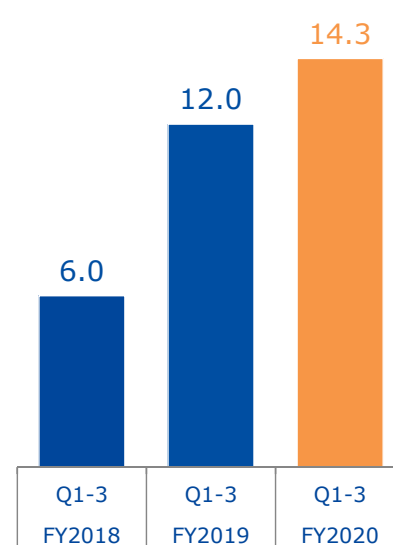
(Billions JPY)



2) Recurring Profit



3) Operating Profit



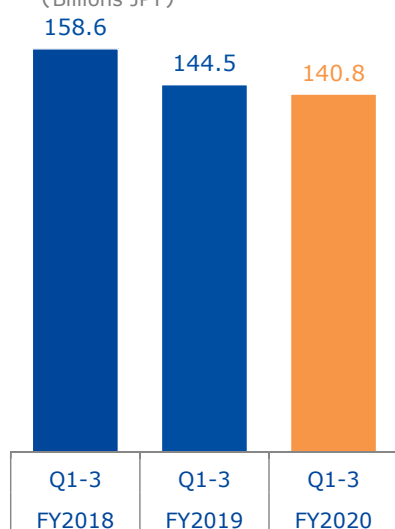
Revenue and profit increased mainly in the water delivery business.

Commission-based Sales

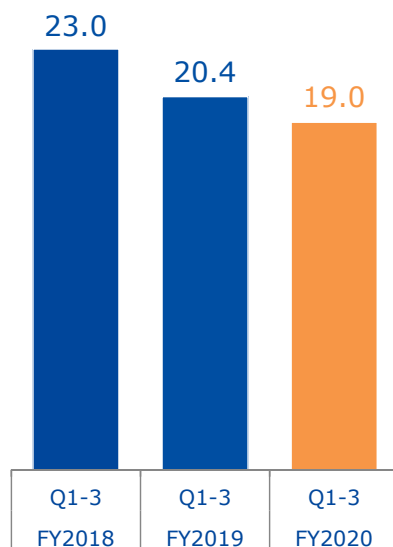
Main business: Commission-based sales for mobile phones, OA equipment, insurance, etc.

1) Revenue

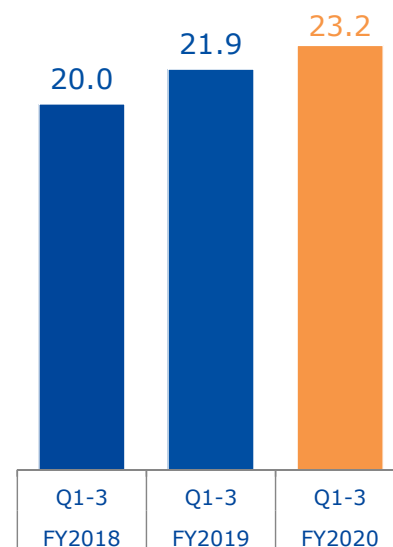
(Billions JPY)



2) Recurring Profit



3) Operating Profit



Revenue and profit tend to decrease due to change in external environment. Profit increased, however, through efforts to improve productivity such as by sales of business assets.

Non-Operating Profit

(Billions JPY)

	FY2018	FY2019	FY2020
	Q1-3	Q1-3	Q1-3
Operating Profit	36.6	49.2	62.4
Financial revenue + Financial expenses	1.2	2.1	1.5
Share of loss (profit) of entities accounted for using equity method	▲0.1	0.7	2.0
Other non-operating expenses (income)	5.8	2.8	0.8
Quarterly profit (loss) before income taxes	43.5	54.2	66.8
Corporate income tax expenses	▲14.0	▲17.6	▲20.4
Non-controlling interests	▲1.8	▲2.4	▲2.1
Quarterly net income attributable to owners of parent	27.6	34.1	44.2

©2020 HIKARI TSUSHIN, INC. All Rights Reserved

7

Performance forecast : Steady progress

(Billions JPY)

	FY2020 Q1-3	FY2020(E)	
	Actual Results	Forecast	Progress Rate
Revenue	388.9	530.0	73%
Operating Profit	62.4	70.0	89%
Quarterly net income and net income attributable to owners of parent	44.2	46.0	96%

©2020 HIKARI TSUSHIN, INC. All Rights Reserved

8

Consolidated Cash Flow

(Billions JPY)

	FY2018	FY2019	FY2020
	Q1-3	Q1-3	Q1-3
Cash Flow from Operating Activities	+16.5	+37.7	+67.5
Cash Flow from Investing Activities	(28.0)	(70.0)	(52.2)
Free Cash Flow	(11.4)	(32.3)	+15.3
Cash Flow from Financial Activities	+40.7	+9.6	+59.4

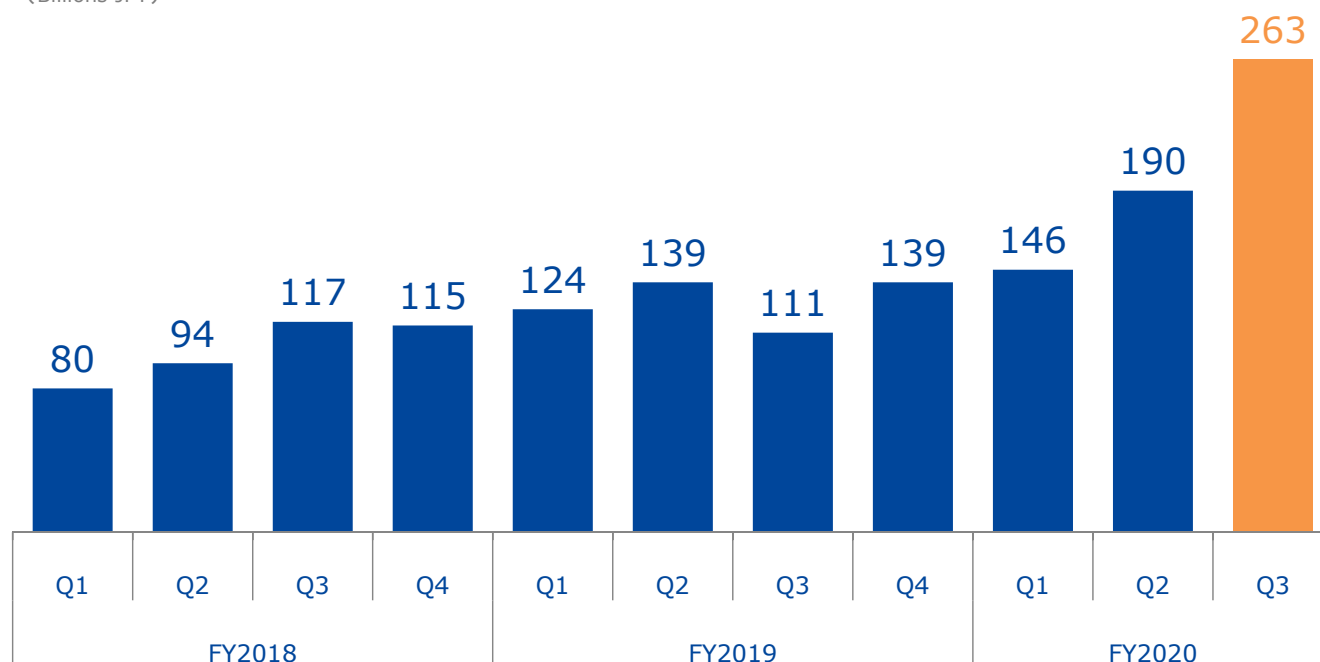
©2020 HIKARI TSUSHIN, INC. All Rights Reserved

9

Net Cash Assets

*Cash and deposits + listed investment securities
(not including listed subsidiaries) – interest-bearing liabilities

(Billions JPY)



©2020 HIKARI TSUSHIN, INC. All Rights Reserved

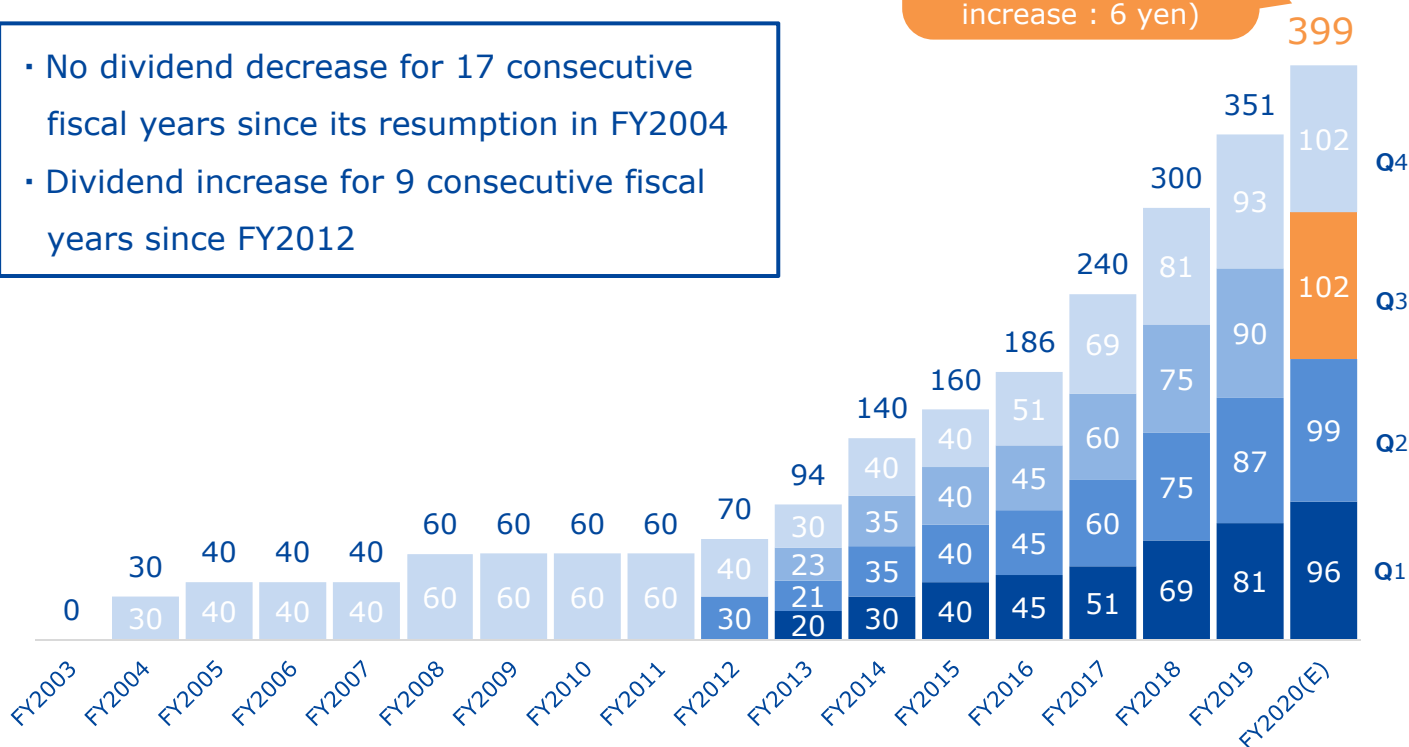
10

Dividends per share

(JPY)

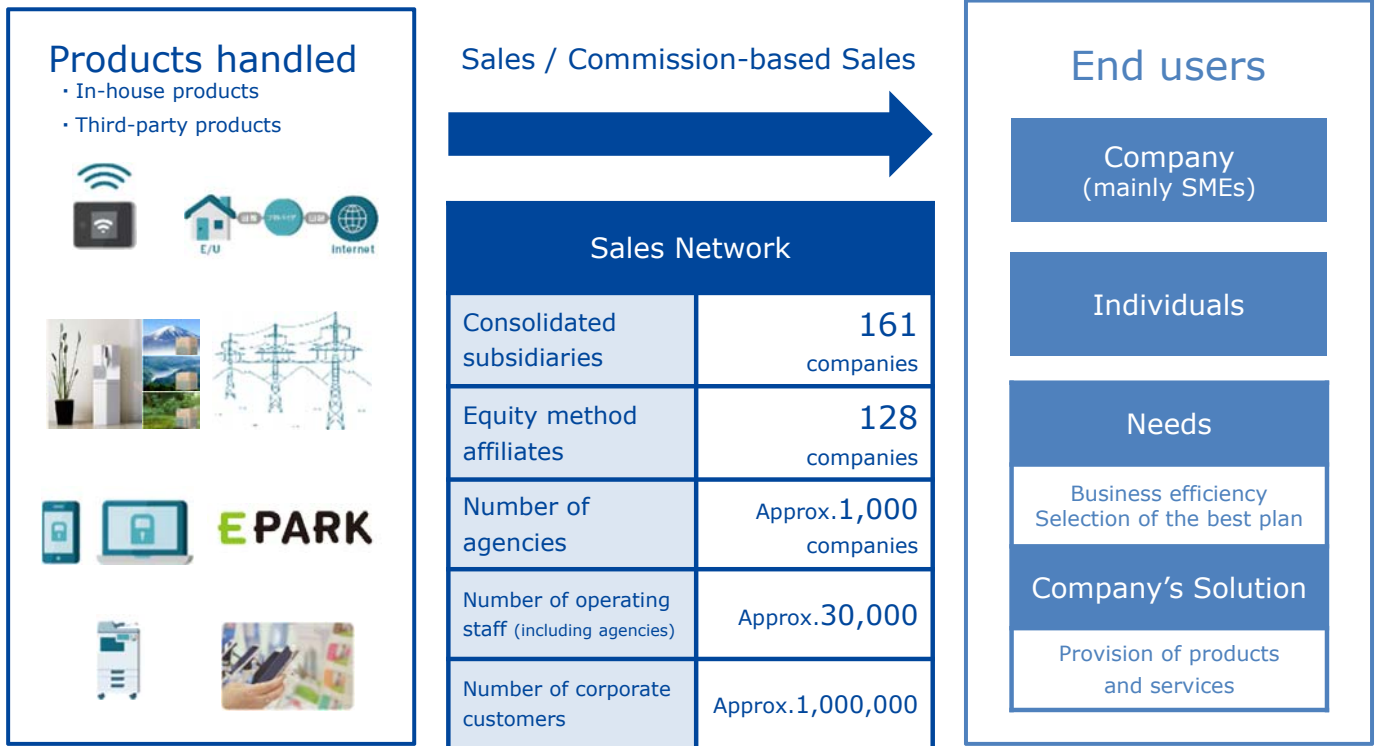
Dividend forecast for FY2020 Q3 Increase by 3 yen from 99 yen (Annual dividend increase : 6 yen)

- No dividend decrease for 17 consecutive fiscal years since its resumption in FY2004
- Dividend increase for 9 consecutive fiscal years since FY2012



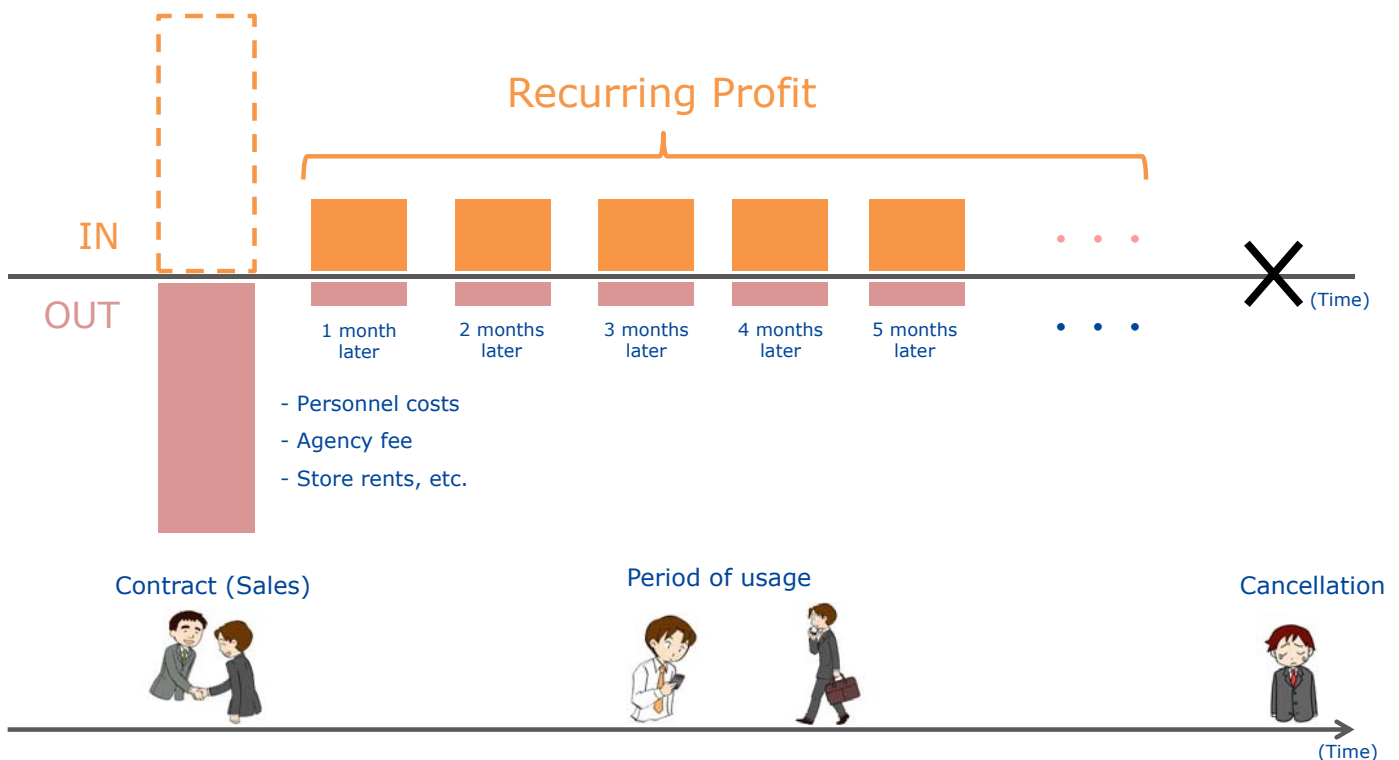
Basic Information

Business Overview



Representative Earnings Model

(conceptual image of earnings per deal)



Explanation of Recurring Profit and Acquisition Cost

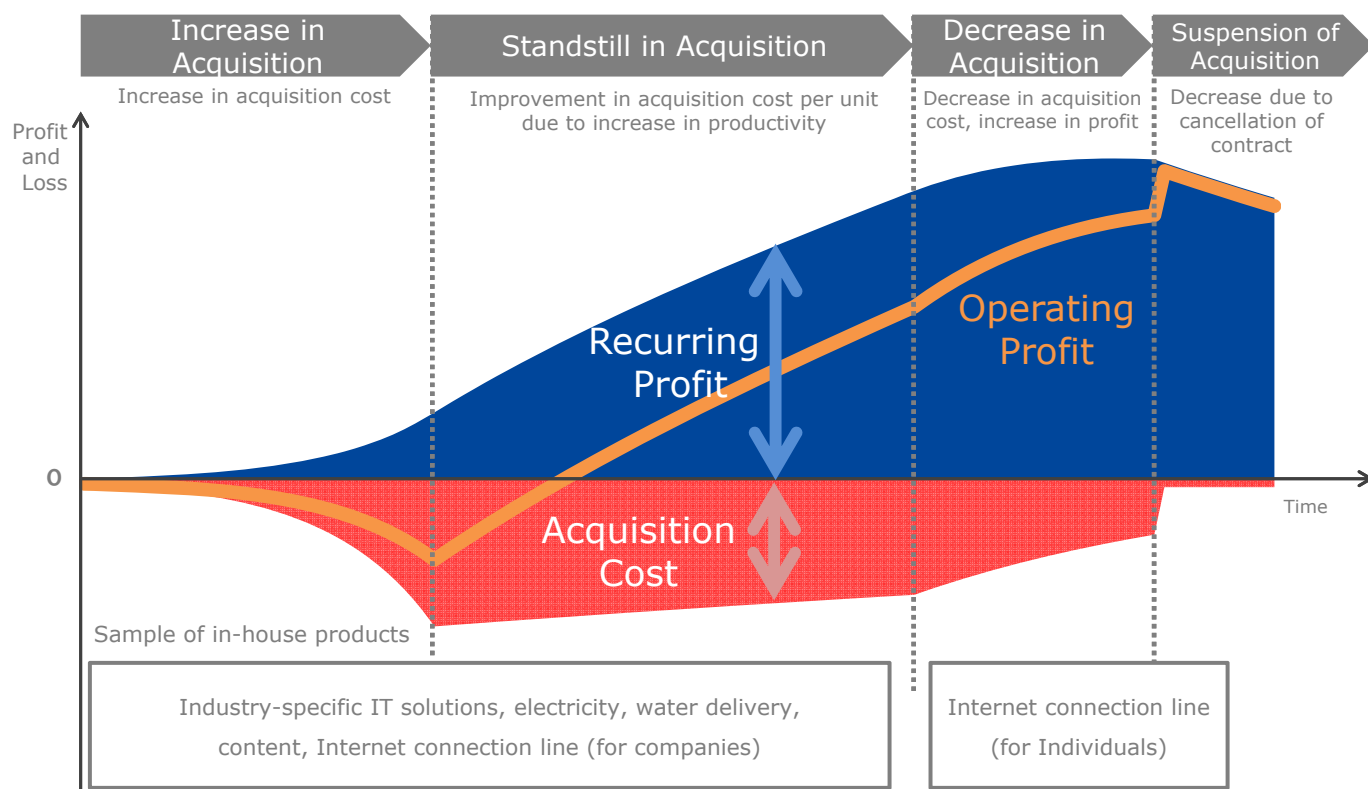
(Billions JPY)

	FY2019				
	Total	Recurring		Lump-sum	
Revenue	484.3	Communication usage fees from Company's customers, commission income from telecommunication carriers and insurance companies	267.1	Initial commission income, hardware sales proceeds of hardware, etc.	217.2
Cost of goods sold + SGA expenses	(420.1)	Cost of service provided, cost of customer retention such as billing costs, etc.	(175.0)	Hardware purchasing cost, personnel expenses for marketing, sales commission to secondary agents, etc.	(245.0)
Operating Profit	64.2	Recurring Profit	92.0	Acquisition Cost	(27.8)

©2020 HIKARI TSUSHIN, INC. All Rights Reserved

15

Conceptual Image of Trend in Operating Profit from In-House Products



©2020 HIKARI TSUSHIN, INC. All Rights Reserved

16

Disclaimer

Information mentioned in this material, other than that related to historical and current facts, is determined based on information currently available to HIKARI TSUSHIN and hypotheses built. Since information may be affected by uncertainties included in such hypothesis and judgement, and by changes in future economic environment, etc., it may differ from future performance of the Company and the HIKARI TSUSHIN Group.

The forward-looking statements contained in this material are prepared as of the date of this material (or the date otherwise specified) as mentioned above. The Company neither has an obligation nor policy to update such forward-looking statements with the latest information whenever necessary.

Furthermore, information in regard to matters other than the Company or Group companies stated in this material are cited from sources such as public information. The accuracy and adequacy of such information are not verified by the Company, and therefore are not guaranteed. The Company will not be held responsible for any damage that may occur as a result of the use of this material.

Notes in Regard to Insider Trading

An investor (primary information receiver) who has received non-public material facts directly from a company shall not make sales or purchases of stocks, etc. before such information is "publicized" (Article 166 of Financial Instruments and Exchange Act). In accordance with the provisions of Article 30 of the Order for Enforcement of the Financial Instruments and Exchange Act, information is deemed to have been made "public" 12 hours after such information has been publicized in two or more journalistic organizations, or when notification to the security exchange is made by the company and further listed via electronic means (TDnet's Timely Disclosure Information Viewing Service and EDINET public website) as provided by the Cabinet Office Ordinance.