

Financial Results

For the nine months ended December 31, 2023

February 13, 2024

Quarterly Growth Rate for 5 Fiscal Years (1)

The average annual growth rate of our in-house products exceeds 10%.

(Billion JPY)

		Revenue			Recurring profit			Operating profit			Income Before tax	Net income
		Total	In-house products	Third-party products	Total	In-house products	Third-party products	Total	In-house products	Third-party products		
19/3	Q3	119.5	71.8	47.9	24.2	17.2	6.9	19.0	12.0	7.1	21.7	14.0
	Q4	138.0	78.7	59.9	24.6	17.8	6.8	15.0	10.2	6.0	17.3	15.4
20/3	Q1	125.3	79.1	46.5	27.0	20.6	6.3	24.6	14.9	8.1	25.0	15.4
	Q2	134.3	86.3	48.6	27.6	21.3	6.3	20.2	13.0	8.0	21.8	15.5
	Q3	129.1	84.2	45.6	28.3	22.0	6.3	17.5	11.2	7.0	19.9	13.2
	Q4	135.6	87.8	48.5	30.3	23.9	6.3	10.5	6.6	5.2	13.2	7.4
21/3	Q1	129.2	90.0	39.7	32.5	26.2	6.2	22.4	16.7	6.1	24.4	13.6
	Q2	136.6	97.0	39.8	32.5	26.1	6.3	25.1	18.6	6.9	25.6	16.3
	Q3	139.1	99.3	40.0	31.7	25.4	6.3	18.3	14.1	4.9	23.0	13.6
	Q4	154.3	112.3	42.1	11.5	5.4	6.0	3.3	(2.1)	6.1	9.0	11.0
22/3	Q1	133.4	97.1	36.9	33.1	27.1	6.0	24.3	19.4	5.4	30.2	20.6
	Q2	137.9	101.8	36.4	33.6	27.4	6.1	24.6	20.1	5.3	30.6	19.5
	Q3	142.4	107.9	34.9	32.2	26.0	6.2	19.2	14.8	4.9	24.7	18.6
	Q4	159.2	120.5	39.1	27.9	21.6	6.3	15.2	10.5	5.5	22.9	28.6
23/3	Q1	143.4	112.2	31.7	30.3	24.5	5.8	18.2	15.0	4.0	40.5	27.6
	Q2	166.5	136.3	30.9	21.9	16.1	5.7	27.8	5.4	23.2	41.6	32.2
	Q3	160.5	133.7	27.2	33.0	29.0	4.0	20.0	17.4	3.3	12.1	6.7
	Q4	173.4	141.6	32.0	41.7	37.5	4.1	20.3	17.1	3.9	24.0	24.7
24/3	Q1	140.1	114.2	26.5	38.4	34.7	3.7	23.9	21.3	3.5	47.5	32.7
	Q2	156.3	130.2	26.8	39.1	35.5	3.6	24.5	21.8	3.6	39.6	29.0
	Q3	150.2	124.1	26.8	35.8	32.5	3.3	26.0	24.2	2.8	20.7	12.0
Average growth rate for 5 fiscal years		4%	11%	(11%)	8%	13%	(13%)	6%	15%	(17%)	(0.9%)	(3%)

* The total does not match the breakdown because intercompany eliminations and others are omitted from the presentation.

Quarterly Growth Rate for 5 Fiscal Years (2)

The average annual growth rate is 34% for net cash assets and 23% for equity.

(Billion JPY)

		BS				Per Share			Shareholder Return		Capital Efficiency	
		Net Cash Asset	Equity	Net Asset	Net Asset before shareholder return	EPS (Yen)	BPS (Yen)	Dividends (Yen)	Acquisition of the Company's own share	Dividend payment amount	Hypothetical consolidated ROA	Hypothetical consolidated ROE
19/3	Q3	139.0	236.0	251.8	273.8	¥305	¥5,123	¥90	0	4.1	-	-
	Q4	111.8	257.2	273.5	302.7	¥335	¥5,607	¥93	3.0	4.2	-	-
20/3	Q1	146.1	271.3	287.7	321.3	¥337	¥5,913	¥96	0	4.4	-	-
	Q2	190.4	291.3	324.6	362.8	¥339	¥6,350	¥99	0	4.5	-	-
	Q3	263.7	329.7	362.7	405.5	¥288	¥7,187	¥102	0	4.6	-	-
	Q4	195.2	285.7	318.5	366.2	¥162	¥6,228	¥105	0	4.8	-	-
21/3	Q1	224.3	308.6	343.1	395.7	¥297	¥6,727	¥105	0	4.8	-	-
	Q2	259.6	332.4	367.0	424.9	¥355	¥7,245	¥117	0	5.3	-	-
	Q3	287.5	353.9	388.6	451.9	¥298	¥7,715	¥117	0	5.3	-	-
	Q4	321.4	393.4	429.0	497.6	¥240	¥8,575	¥117	0	5.3	-	-
22/3	Q1	334.7	411.4	447.1	531.0	¥452	¥9,057	¥119	9.8	5.4	-	-
	Q2	374.0	435.8	468.2	557.7	¥431	¥9,594	¥121	0	5.4	-	-
	Q3	355.3	443.7	475.5	574.2	¥410	¥9,811	¥124	3.5	5.6	-	-
	Q4	343.6	468.6	499.3	605.0	¥610	¥10,380	¥127	1.3	5.7	-	-
23/3	Q1	350.0	480.6	509.9	626.4	¥615	¥10,725	¥131	5.0	5.8	-	-
	Q2	389.6	525.4	554.5	677.1	¥718	¥11,725	¥135	0	6.0	-	-
	Q3	393.0	534.6	562.2	691.0	¥182	¥11,931	¥138	0	6.1	10%	23%
	Q4	440.2	571.0	598.3	735.5	¥541	¥12,773	¥141	2.0	6.3	10%	21%
24/3	Q1	518.5	622.9	651.2	798.1	¥733	¥13,986	¥143	3.3	6.3	10%	22%
	Q2	582.5	662.4	690.8	848.8	¥653	¥14,940	¥145	4.6	6.4	9%	22%
	Q3	602.7	682.7	709.2	876.9	¥273	¥15,444	¥147	3.2	6.4	9%	22%
Average growth rate for 5 fiscal years		34%	23%	23%	26%	(2%)	24%	10%	-	9%	-	-

* Net assets before shareholder return means net assets if there had been no "shareholder funding" and "shareholder return" since the company was established.

Business Overview

Performance

(Billions JPY)

	FY2022	FY2023	FY2024	YoY
	Q1-3	Q1-3	Q1-3	
Revenue	413.8	470.5	446.6	(5%)
Operating Profit	68.2	66.2	74.5	+12%
Quarterly Net Income (Quarterly net income attributable to owners of parent)	58.8	66.5	Record-high 73.8	+10%
Recurring Profit	99.0	85.3	Record-high 113.4	+32%
Number of In-House Products Acquired (Thousand Units)	865	883	883	(0%)
(Reference) Subsidiary acquisition costs excluding one-time gains and losses	(36.0)	(39.2)	(40.9)	+4%
(Reference) Operating profit excluding one-time gains and losses	62.9	46.1	72.4	+57%

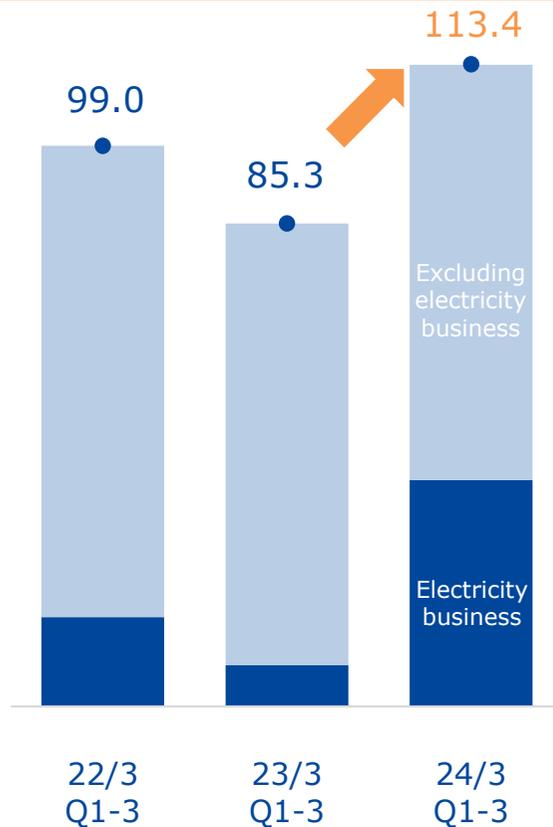
* One-time gains and losses mainly indicate gains and losses on acquisition of or loss of control of subsidiaries, gains and losses on business transfers, gains and losses on sale of fixed assets and impairment losses.

Significant Profit Increase Mainly in Electricity Business

(Billions JPY)

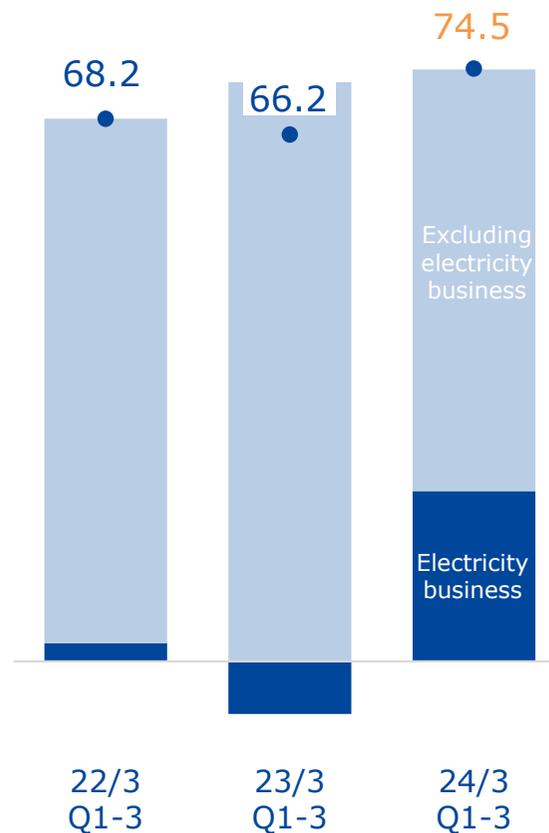
■ Recurring Profit

YoY+33%、+28.8 billion yen



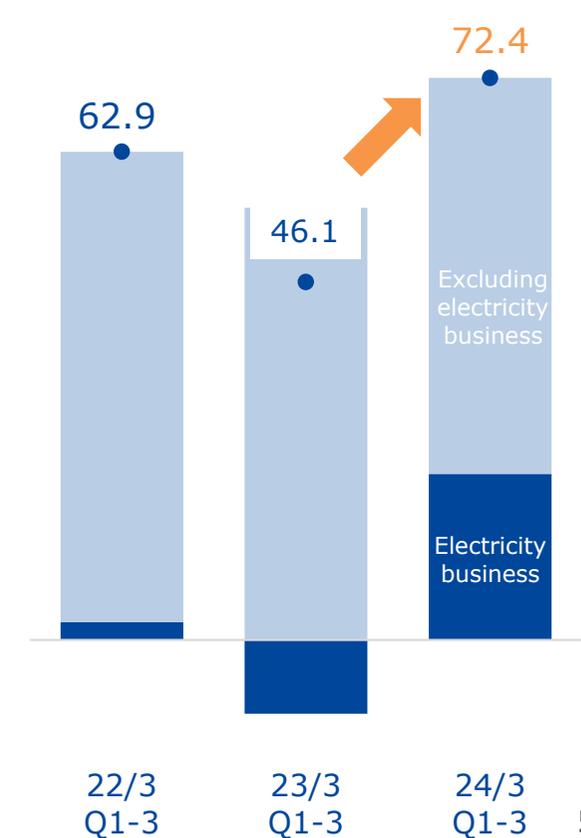
■ Operating Profit

YoY+12%、+8.2 billion yen



■ Operating profit excluding one-time gains and losses

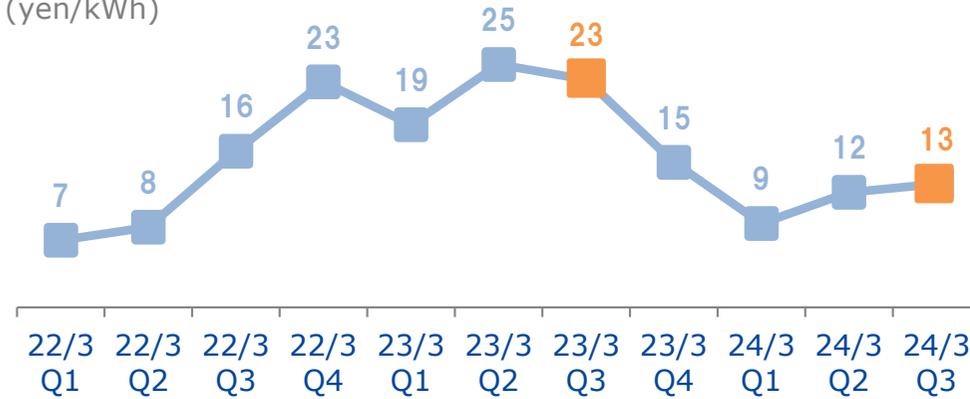
YoY+57%、+26.4 billion yen



Electricity Business : Major indicators

■ JEPX quarterly average of spot market system price

(yen/kWh)

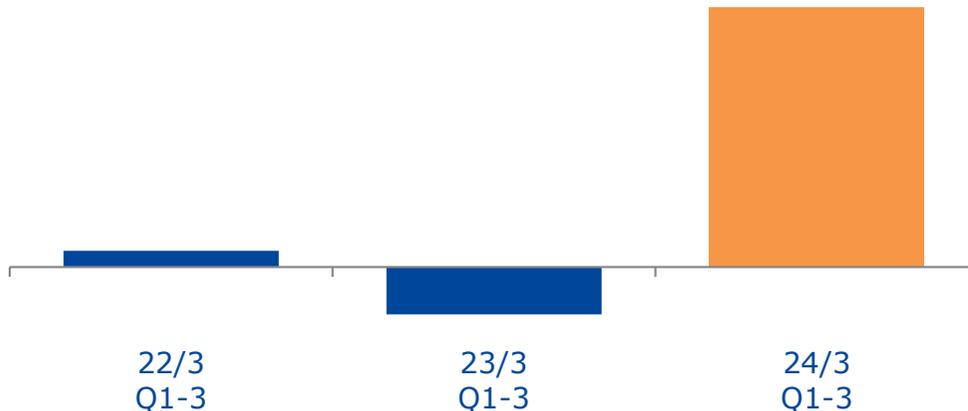


■ Churn rate YoY decrease



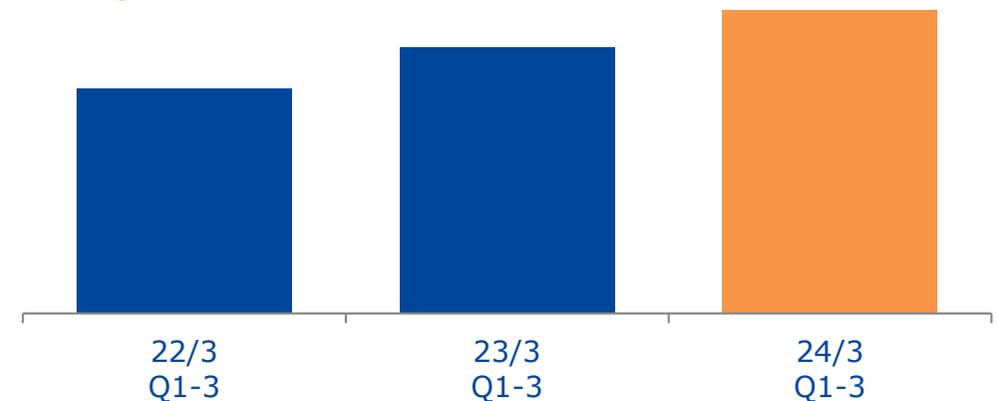
■ Operating Profit

Significant Q1-3 YoY profit increase



■ Number of Acquisitions

Q1-3 YoY +14%



Financial Results by Segment

(Billions JPY)

Revenue decreased
but profits increased

Revenue and profits
increased

Revenue and profits
decreased

	Corporate Service			Individual Customer Service			Commission-based Sales		
	FY2022	FY2023	FY2024	FY2022	FY2023	FY2024	FY2022	FY2023	FY2024
	Q1-3	Q1-3	Q1-3	Q1-3	Q1-3	Q1-3	Q1-3	Q1-3	Q1-3
Revenue	198.4	225.6	199.2 a	108.4	156.7	169.3 a, c	108.3	89.9	80.2
Recurring Profit	45.3	29.6	51.3 b	35.3	40.0	51.4 b, c	18.3	15.6	10.6
Operating Profit	30.5	10.6	31.6 b	23.8	27.2	35.7 b	15.6	30.5 d	10.0

Main reasons for change

(a) decline in electricity transaction prices, (b) application of the electricity new plan, (c) acquisition of the Electricity Business, (d) off-balancing of insurance sales agency business.

Outlook for main in-house products

Operating profit year-on-year change

		FY2024(E)	FY2025(E)
Internet connection line	Corporate Service	Profit decrease 	Profit decrease  Forecast change
Electricity	Corporate Service/ Individual Customer Service	Large profit increase 	Profit increase 
Industry-specific IT Solutions	Corporate Service	Profit increase 	Profit increase 
Insurance	Individual Customer Service	Profit increase 	Profit increase 
Water delivery	Individual Customer Service	Profit increase 	Profit increase 

Non-Operating Profit

(Billions JPY)

	FY2022	FY2023	FY2024
	Q1-3	Q1-3	Q1-3
Operating Profit	68.2	66.2	74.5
Financial revenue + Financial expenses	7.1	16.1	22.3
Of which, foreign exchange gains (losses)	3.2	6.4	9.5
Share of loss (profit) of entities accounted for using equity method	9.7	11.8	8.9
Other non-operating expenses (income)	0.3	0.1	2.0
Quarterly profit (loss) before income taxes	85.5	94.4	Record-high 107.9
Corporate income tax expenses	(23.6)	(26.3)	(32.7)
Non-controlling interests	(3.0)	(1.5)	(1.3)
Quarterly net income attributable to owners of parent	58.8	66.5	Record-high 73.8

Steady Performance

(Billions JPY)

	FY2024 Q1-3	FY2024(E)		
	Actual Results	Forecast	Progress Rate	
Revenue	446.6	625.0	71%	
Operating Profit	74.5	93.0	80%	
Quarterly net income and net income attributable to owners of parent	73.8	Pre-revision	76.0	97%
		Post-revision	85.0	86%

Upward revision of net income attributable to owners of parent

Consolidated Cash Flows

(Billions JPY)

	FY2022	FY2023	FY2024
	Q1-3	Q1-3	Q1-3
Cash Flow from Operating Activities	+32.7	+20.6	+93.7
Cash Flow from Investing Activities	(92.9)	(70.7)	(74.8)
Excluding trading in investment securities	(10.7)	+8.5	(11.1)
Free Cash Flow	(60.1)	(50.0)	+18.9
Excluding trading in investment securities	+22.0	+29.1	+82.5
Cash Flow from Financial Activities	+53.8	+73.5	+40.1

Main factors for the increase in operating cash flow

- 1) Improvement in working capital due to fluctuations in electricity transaction prices, among other factors,
- 2) increase in operating profit excluding one-time gains and losses, 3) increase in received interest and dividends.

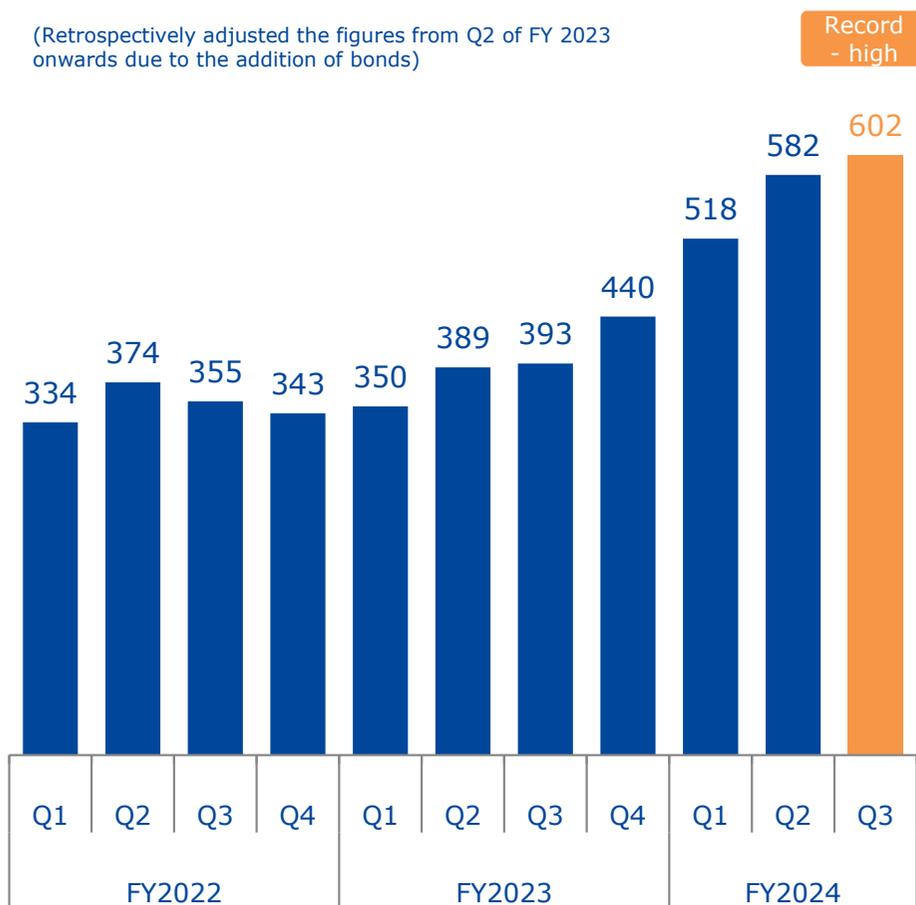
Net Cash Assets and Total Equity Attributable to Owners of Parent

(Billions JPY)

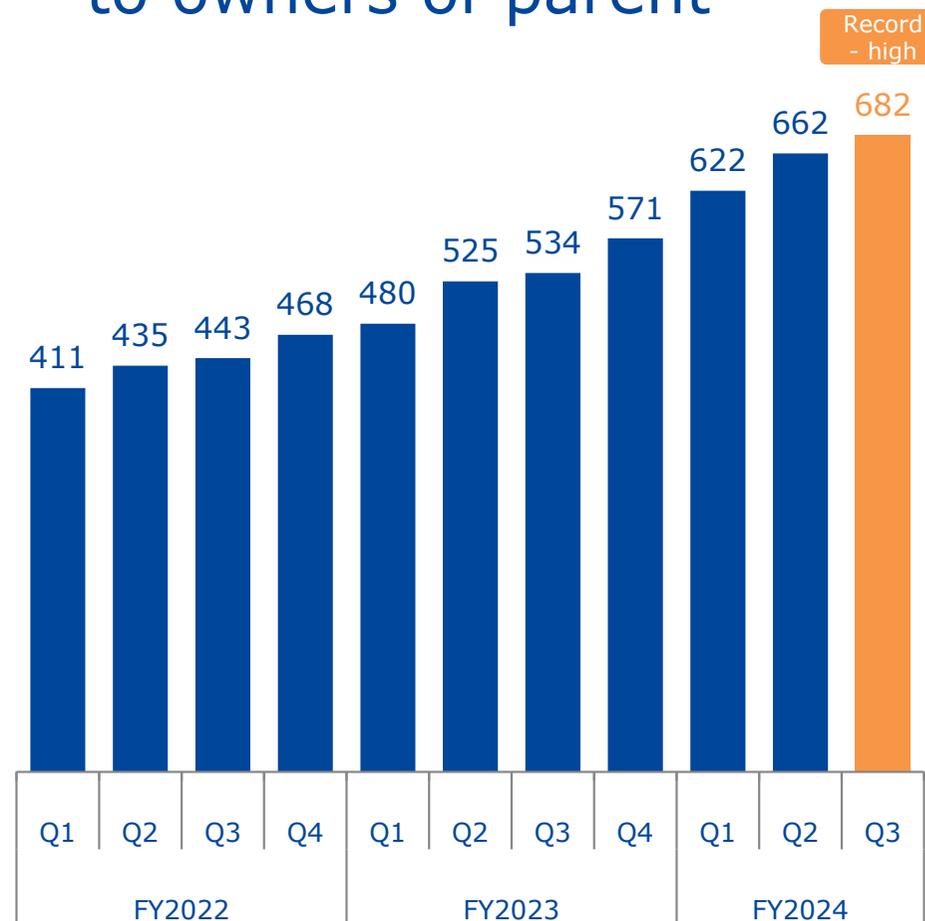
Net Cash Assets

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

(Retrospectively adjusted the figures from Q2 of FY 2023 onwards due to the addition of bonds)



Total equity attributable to owners of parent



Net Investment

Net Investment Policy

■ Approach and Principles

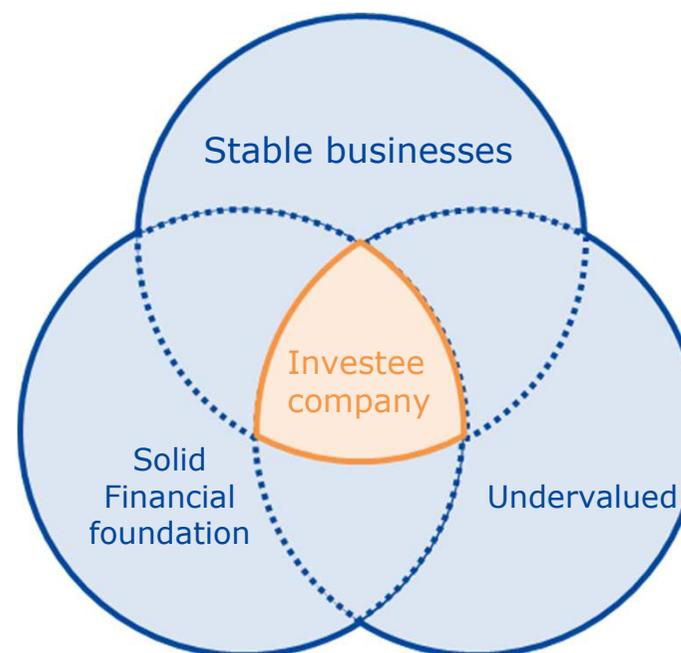
Based on the belief that “purchasing stocks equates to owning a portion of the company's business”, we aim to establish good relationships with the companies we invest in, adhering to the principle of long-term holding.

■ Key Evaluation Metrics

$$EY = \frac{\text{Look-through earnings}^*}{\text{Investment book value}}$$

*It is the operating income of investee company multiplied by the share holding ratio and added up. If we owned 1% of a company with operating income of 10 billion yen and 1% of a company with operating income of 20 billion yen, the look-through earnings is 300 million yen (1+2).

■ Stock Selection Criteria



Acquiring stable businesses with a solid financial foundation from high-quality companies at an undervalued price.



(Billions JPY)

	2022	2023			
	End of December	End of March	End of June	End of September	End of December
Investment book value (Acquisition price)	524.2	532.6	544.4	544.2	571.4
[Ref.] Market value	7,270	759.2	830.0	850.0	899.7
Look-through earnings Last 12 months *	78.8	80.3	83.8	82.0	81.1
[Ref.] Of which, affiliated companies accounted for by the equity method	13.1	13.4	13.7	13.6	14.5
Earnings Yield Look-through earnings / Investment book value	15.0%	15.1%	15.4%	15.1%	14.2%
Number of companies we have invested in	496	494	554	557	586
Of which, affiliated companies accounted for by the equity method	26	26	27	27	28

* "Look-through earnings" is calculated by multiplying operating profit of each of the companies we invested in by our stock holding ratio and adding all them up.

* "Last 12 months" means four quarters of the last 12 months from the record date for which financial results have been announced.

Look-through Performance and Indicators

(Billions JPY)

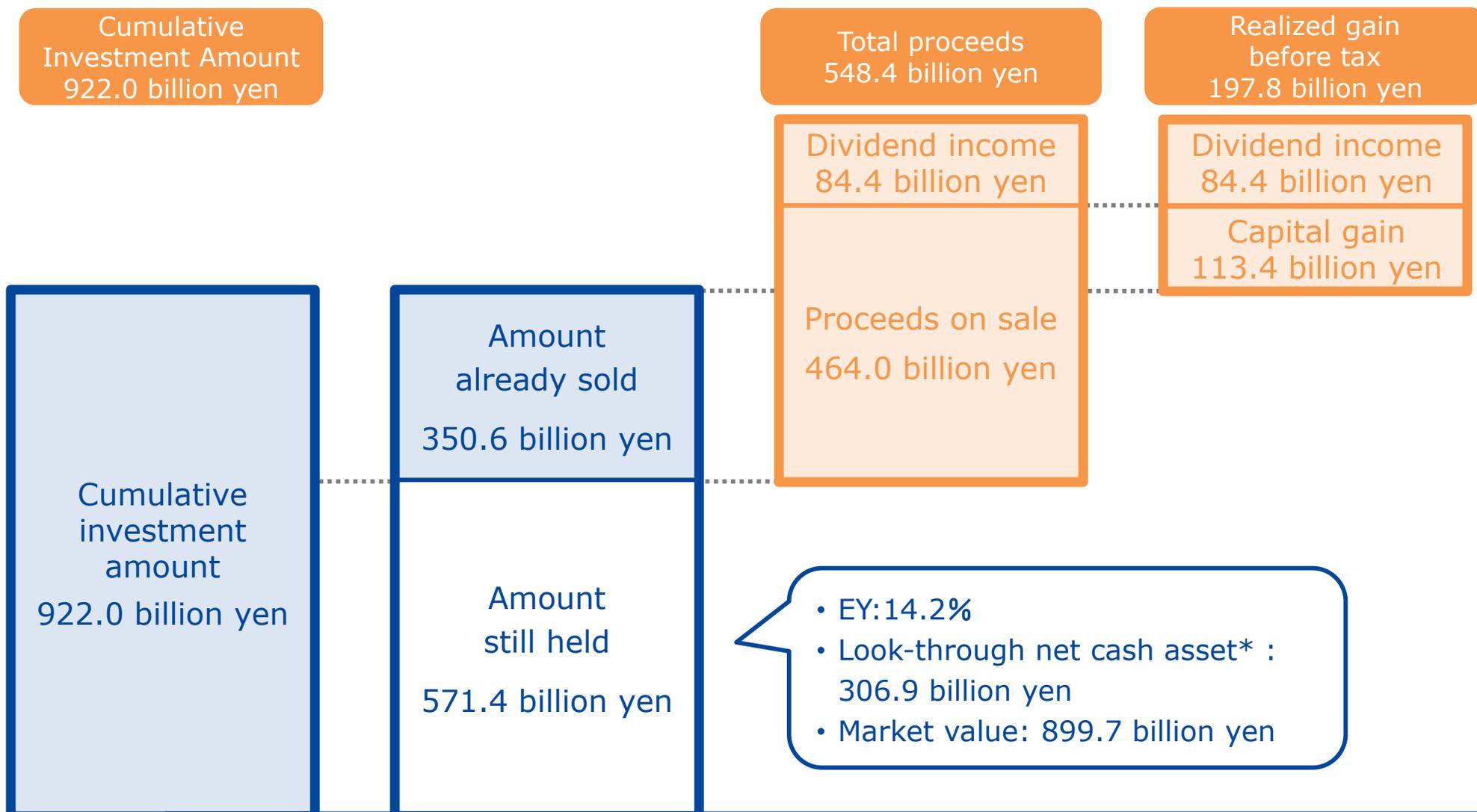
PL	Look-through revenue	1,501.7
	Look-through earnings	81.1
	Look-through basic earnings	65.8
BS	Look-through net cash assets	306.9
	Look-through total assets	1,442.0
	Look-through shareholders' equity	691.4

Indicator	EY	14.2%
	PER	8.7
	PBR	0.8
	Dividend yield	3.9%

- * As of the end of December 2023.
- * PL/BS is calculated by multiplying the figures of each company we invested in by our stock holding ratio and adding all them up.
- * PL is calculated based on the figures of the last 12 months (4 quarters of the last 12 months from the record date for which financial results have been announced), and BS is calculated based on the figures for the previous fiscal year (financial results immediately before the record date).
- * All the indicators are the ratio to investment book values.

Total Performance

As of the end of December 2023



* It is the net cash asset (Cash and deposits – Interest-bearing liabilities + Listed investment securities) of investee company multiplied by the share holding ratio and added up. If we owned 1% of a company with net cash asset of 10 billion yen and 1% of a company with net cash asset of 20 billion yen, the look-through earnings is 300 million yen (1+2).

Hypothetical Consolidated Performance

Two Initiatives

Business

Recurring revenue
businesses with
stable earnings

&

Net Investment

Invest in high-quality
companies with solid
financial foundations that
conduct stable businesses at
reasonable prices

Maximize Corporate Value

Hypothetical Consolidated Performance

We believe that the "hypothetical consolidated performance", which is the sum of the "consolidated performance" and the "performance using equity method" calculated by multiplying the figures of each company we invested in by our stock holding ratio, represents the real performance of the Company.

(Billions JPY)

	Hypothetical Consolidated Performance			
	(1)+(2)+(3)	(1) Business: Consolidated Results (Last 12 months)	(2) Net Investment: Performance Using Equity Method (Last 12 months)	(3) Deduction of Duplications*
Revenue	2,066.7	620.1	1,501.7	(55.1)
Operating Profit	171.5	94.8	81.1	(4.5)
Net income attributable to owners of parent	134.1	98.6	65.8	(30.3)

* As of the end of December 2023.

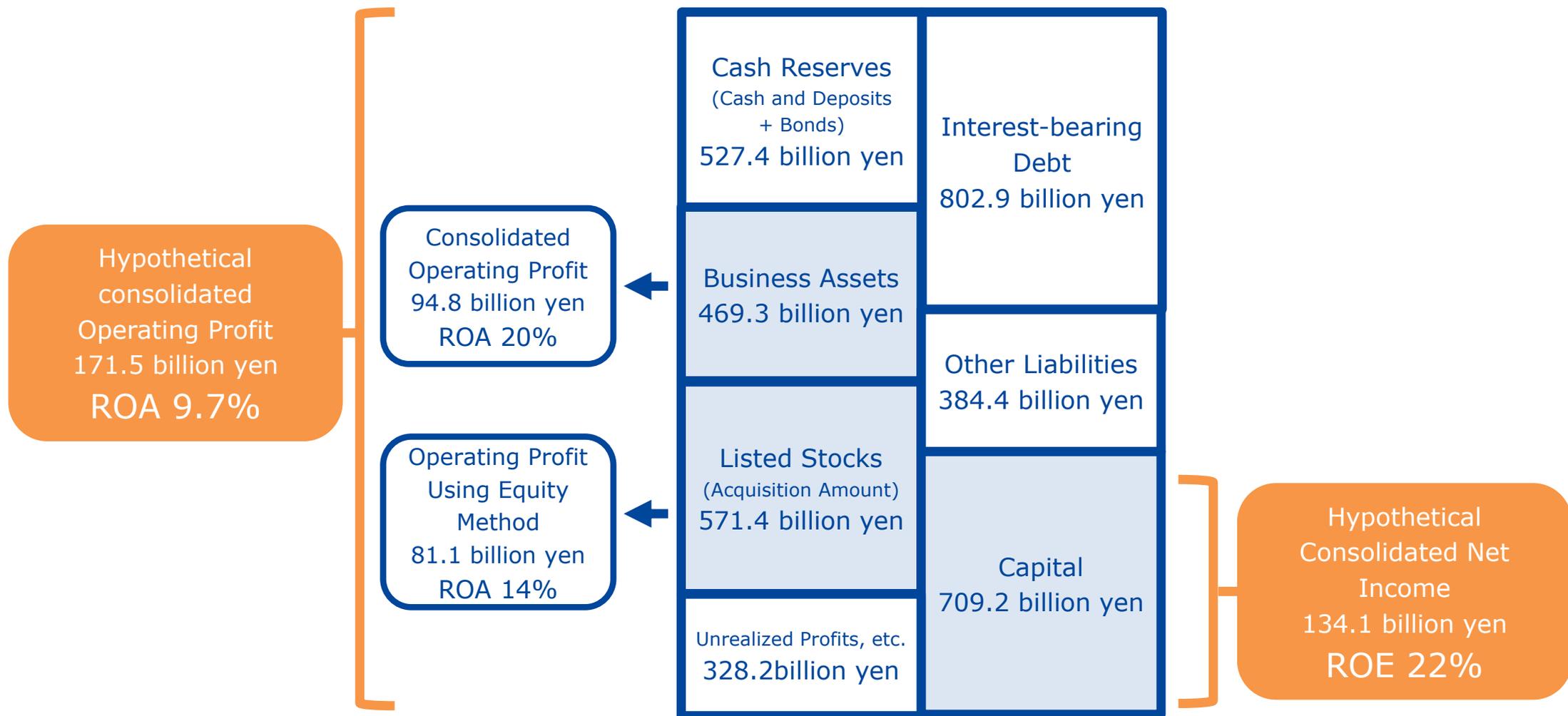
* Last 12 months means four quarters of the last 12 months from the record date for which financial results have been announced.
(Consolidated results are from the fourth quarter of the fiscal year ended March 2023 to the third quarter of the fiscal year ending March 2024)

* The deduction of duplications includes share of profits of entities accounted for using the equity method, dividends received, non-controlling interests, etc.

Capital Efficiency (Based on Hypothetical Consolidated Results)

As of the end of December 2023

Total Assets 1,896 billion yen



Shareholder Returns

Revision of Dividends and Dividend Forecasts (Dividend Increase)

	FY2023	FY2024		
		Announced in November	Announced in February	YoY
Dividends per share	¥545	¥578	¥582	+6%
Q1	¥131	¥143	¥143	+9%
Q2	¥135	¥145	¥145	+7%
Q3	¥138	¥145	¥147	+6%
Q4	¥141	¥145	¥147	+4%
Basic net income per share	¥2,037	¥1,713	¥1,922	(5%)
Dividend payout ratio	26%	33%	30%	-

Further increase in dividends beyond the initial forecast. Dividends per share are expected to increase for 13 consecutive terms without any decrease for 21 consecutive terms.

Trend of Shareholder Returns

(Billions JPY)

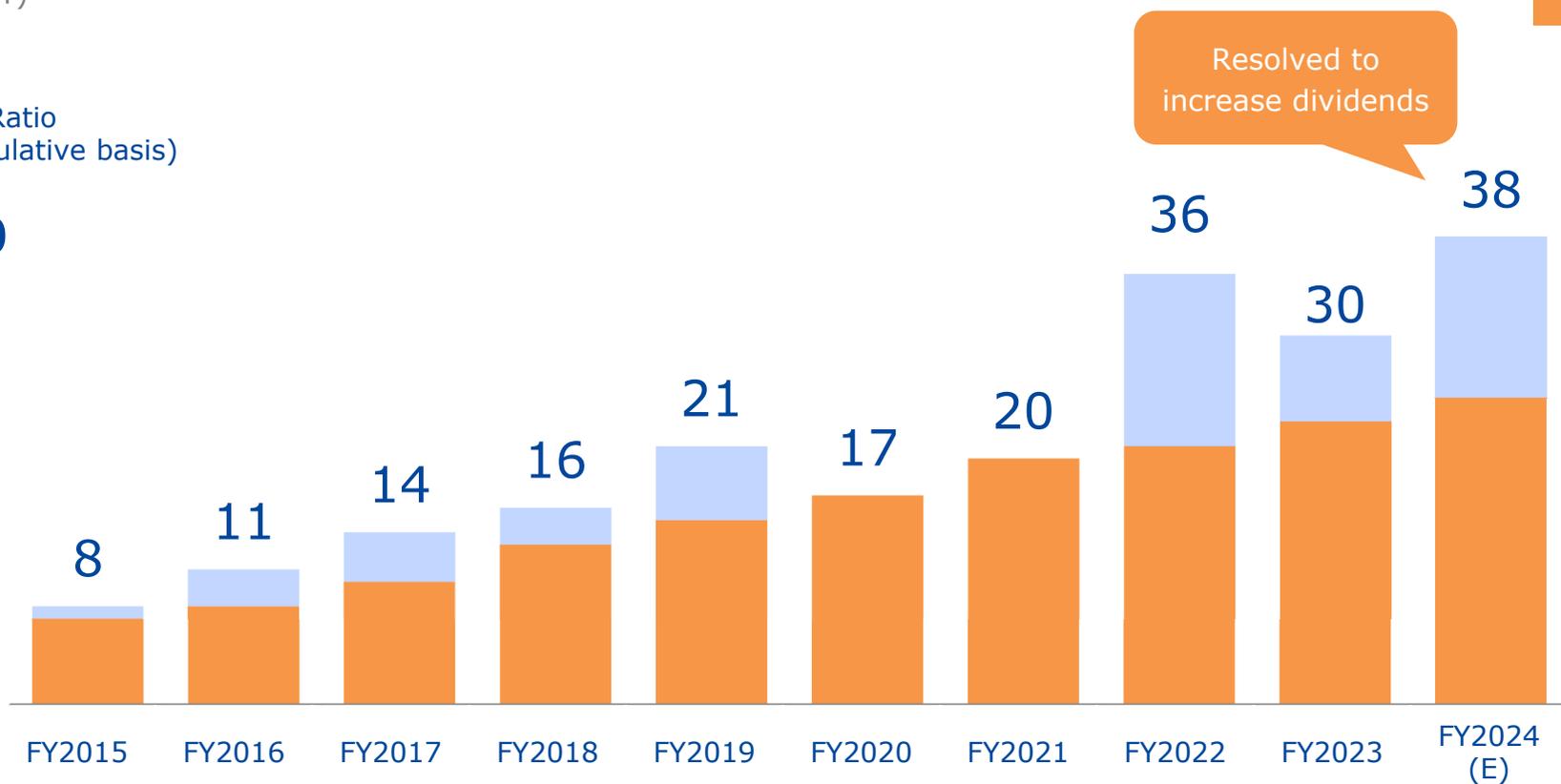
Aggregate Amount of Treasury Stock Repurchased

Dividend Payment Amount

Total Return Ratio
(10-year cumulative basis)

39%

Resolved to increase dividends



	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 (E)	Total
Dividend Payment Amount	7	8	10	13	15	17	20	21	23	25	164
Aggregate Amount of Treasury Stock Repurchased	1	3	4	3	6	0	0	14	7	13	52
Total Return Ratio	42%	44%	37%	38%	43%	34%	37%	41%	33%	45%	39%

Topics

HIKARI TSUSHIN Social Finance Framework

Project Category	Financial Services for Individuals, micro business and SMEs in Emerging Economies
SBP Category	Access to essential services (Financing and financial services) / SME financing and microfinance
Eligible Social Projects	<p>Funds for financial services (Including loans, installment sales, and leases) for micro, small and medium enterprises, including individuals and sole proprietorships, in emerging countries with immature financial services</p> <p>< Project Example ></p> <p>Provision of financial services such as installment sales of mobile phones, leasing and installment sales of motorcycles, autos and farm equipment, and microfinance, to individuals and micro, small and medium enterprises, in emerging countries such as Cambodia and Malaysia through BusinessPartner group.</p> <p>- In Malaysia, people with below-average income are targeted.</p>
Target Populations	Individuals and micro, small and medium enterprises with difficulty in accessing financial services in emerging countries where financial services are immature
SDGs	  

Outline of Financial Business

* In Cambodia, the company ranks first in the microfinance industry in terms of motorcycle loan assets (according to our research). In Malaysia, we were the first company in the money lending industry to obtain an online license, and we have grown to have a significant presence in each country.

Country	Principal Business Activities
Japan	Finance Leases Installment Sales
Cambodia	Installment Sales (for mobile phones, motorcycles, and others)
Malaysia	Installment Sales (for motorcycles, and others)



We are engaged in finance business such as leasing and credit in Japan, Cambodia, and Malaysia.

Notes in regard to this material

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