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August 13, 2024

Consolidated Financial Results for the Three Months Ended June 30, 2024 (Under IFRS)

Company name: HIKARI TSUSHIN, INC.
 Listing: Tokyo Stock Exchange
 Securities code: 9435
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 Scheduled date to commence dividend payments: September 6, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2024	146,154	4.3	27,216	13.6	65,768	38.2	46,825	41.9
June 30, 2023	140,140	(2.3)	23,966	31.2	47,583	17.2	32,991	19.9

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
Three months ended	Million yen	%	Million yen	%	Yen	Yen
June 30, 2024	45,899	40.2	75,178	5.0	1,039.66	1,038.11
June 30, 2023	32,739	18.6	71,571	217.1	733.07	731.26

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
As of	Million yen	Million yen	Million yen	%
June 30, 2024	2,173,486	883,806	857,121	39.4
June 30, 2023	2,078,956	819,249	790,478	38.0

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	143.00	145.00	147.00	203.00	638.00
Fiscal year ending March 31, 2025	156.00				
Fiscal year ending March 31, 2025 (Forecast)		156.00	156.00	156.00	624.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

Note: Breakdown of year-end dividends for the fiscal year ended March 31, 2024: ordinary dividend 153.00 yen, special dividend 50.00 yen

3. Consolidated earnings forecast for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	620,000	3.0	100,000	5.8	90,000	(26.4)	2,038.59

Note: Revisions to the forecast of financial result most recently announced: None

Notes

(1) Significant changes in the scope of consolidation during the period: None

Newly included: –

Excluded: –

(2) Changes in accounting policies and changes in accounting estimates

(i) Changes in accounting policies required by IFRS: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2024	44,269,642 shares
As of March 31, 2024	45,049,642 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2024	121,496 shares
As of March 31, 2024	905,296 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2024	44,141,646 shares
Three months ended June 30, 2023	44,660,437 shares

- Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

- Proper use of earnings forecasts and other special matters

(Note to the forward-looking statements, etc.)

The forward-looking statements including earnings forecasts contained in this document are based on information currently available to us and certain assumptions that we believe to be reasonable. Accordingly, the Company does not guarantee the achievement of the forecast, and the actual results may differ materially due to various factors. Please refer to “1. Qualitative Information on Quarterly Financial Results, (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 4 of the Attachments for the assumptions that form the basis for the earnings forecasts and cautions concerning the use of earnings forecasts.

Table of Contents - Attachments

1. Qualitative Information on Quarterly Financial Results	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	4
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information	4
2. Condensed Quarterly Consolidated Financial Statements and Primary Notes	5
(1) Condensed Quarterly Consolidated Statements of Financial Position	5
(2) Condensed Quarterly Consolidated Statements of Profit or Loss and Condensed Quarterly Consolidated Statements of Comprehensive Income	7
Condensed Quarterly Consolidated Statements of Profit or Loss.....	7
Three months ended June 30, 2023 and 2024	7
Condensed Quarterly Consolidated Statements of Comprehensive Income.....	8
Three months ended June 30, 2023 and 2024	8
(3) Condensed Quarterly Consolidated Statements of Changes in Equity	9
(4) Condensed Quarterly Consolidated Statements of Cash Flows	10
(5) Notes to Condensed Quarterly Consolidated Financial Statements	11
1. Reporting entity	11
2. Basis of preparation of condensed quarterly consolidated financial statements	11
3. Material accounting policy information	11
4. Significant accounting estimates and judgements on estimates	12
5. Operating segments	12
6. Assets held for sale.....	15
7. Subsidiaries	16
8. Investments accounted for using equity method	17
9. Bonds payable	17
10. Capital and reserves.....	17
11. Earnings per share	18
12. Significant subsequent events.....	19
13. Notes on going concern assumption	19
14. Date of approval	19

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

<Summary of financial results>

For the three months ended June 30, 2024 (the “current period”), the Japanese economy remained uncertain due to elevated material and commodity prices associated with lingering geopolitical risks as well as changes in monetary policies, although a gradual economic recovery was seen amid improvements in employment and income conditions.

The HIKARI TSUSHIN, INC. (“the Company”) and its subsidiaries (collectively “the Group”) leveraged its strength in sales to engage in businesses where we can expect stable long-term revenue such as electricity and gas, internet communication line services, water delivery, and insurance.

In addition, to realize a decarbonized society and achieve the SDGs (Sustainable Development Goals), we undertake specific measures and initiatives to fulfill our social responsibility. These initiatives include developing environmentally friendly electricity services that provide virtually renewable energy using Non-Fossil Certificates, preserving sustainable water resources, and reducing resources and waste.

As a result, revenue amounted to 146,154 million yen, up 4.3% year on year, for the three months ended June 30, 2024. Operating profit was 27,216 million yen, up 13.6 % year on year, profit before tax was 65,768 million yen, up 38.2% year on year, and profit attributable to owners of parent of 45,899 million yen, up 40.2% year on year. This was mainly attributable to an increase in recurring operating profit,* which will be a source of stable revenue in the future as the number of customer contracts for our products increases.

*Recurring operating profit refers to the profit excluding customer retention costs and service provision costs from revenue (basic subscription fees, usage fees, and insurance fees, etc.) which are paid every month by users once they subscribe to our services. Revenue may be received from telecommunications carriers or directly from users.

(Million yen unless otherwise stated)

	Three months ended June 30, 2023	Three months ended June 30, 2024	Change	Change (%)
Revenue	140,140	146,154	6,014	4.3
Operating profit	23,966	27,216	3,250	13.6
Profit before tax	47,583	65,768	18,185	38.2
Profit attributable to owners of parent	32,739	45,899	13,160	40.2

<Financial results by segment>

The Group changed its reportable segments from the fiscal year ending March 31, 2025. Accordingly, for the year-on-year comparison, figures for the previous fiscal year have been reclassified into those for the new reportable segments.

Electricity and Gas segment

The Electricity and Gas segment mainly sells and provides gas and electricity to small-and-medium-sized enterprises (SMEs) and individual customers.

The segment recorded revenue of 51,281 million yen, up 18.9% year on year, and operating profit of 7,257 million yen, up 0.9% year on year for the current period. This was attributable to an increase in the number of customer contracts, offset by higher cost of sales as well as increased sales promotion expenses due to robust sales.

Telecommunication segment

The Telecommunication segment mainly provides SMEs and individual customers with internet communication line services and associated services.

The segment recorded revenue of 29,704 million yen, down 2.7% year on year, and operating profit of 6,303 million yen, down 20.6% year on year for the current period, due to a decrease in the number of customer contracts in the internet communication line services.

Beverage segment

The Beverage segment primarily involves producing natural mineral water products and selling them to individual customers through home delivery.

The segment recorded revenue of 18,331 million yen, down 9.1% year on year, and operating profit of 2,371 million yen, up 85.8% year on year for the current period, as a result of the transfer of shares of some consolidated subsidiaries in the previous fiscal year.

Insurance segment

The Insurance segment mainly provides non-life insurance, life insurance, and warranty services to SMEs and individual customers.

The segment recorded revenue of 6,222 million yen, up 21.7% year on year, and operating profit of 2,018 million yen, up 60.8% year on year for the current period, thanks to an increase in recurring operating profit, which will be a source of stable revenue in the future due to the growth in the number of customer contracts.

Finance segment

The Finance segment mainly provides microfinance and other financial services to SMEs and individual customers.

The segment recorded revenue of 7,576 million yen, down 0.7% year on year, and operating profit of 4,713 million yen, up 33.4% year on year for the current period, due to factors such as the stabilization of the business environment.

Solution segment

The Solution segment mainly provides SMEs with industry-specific solution services through the provision of customer management system and settlement management system platforms and various other tools.

The segment recorded revenue of 7,024 million yen, down 1.1% year on year, and operating profit of 1,669 million yen, up 220.8% year on year for the current period, due to the progress in business structure optimization in the EPARK business.

Commission-based Sales segment

The Commission-based Sales segment mainly engages in commission-based sale of various products, such as products offered by telecommunications carriers and manufacturers, targeting SMEs and individual customers.

The segment recorded revenue of 26,013 million yen, down 1.7% year on year, and operating profit of 4,157 million yen, up 26.1% year on year for the current period, due to the transfer of shares of some consolidated subsidiaries.

(2) Explanation of Financial Position

Assets, liabilities, and net assets

(Million yen)

	As of March 31, 2024	As of June 30, 2024	Change
Assets	2,078,956	2,173,486	94,529
Liabilities	1,259,707	1,289,680	29,973
Equity	819,249	883,806	64,556

Assets were 2,173,486 million yen, up 94,529 million yen from March 31, 2024, due to the purchase of investment securities.

Liabilities were 1,289,680 million yen, up 29,973 million yen from March 31, 2024, due to the issuance of bonds.

Equity was 883,806 million yen, up 64,556 million yen from March 31, 2024, due to an increase in retained earnings.

Cash flows

(Million yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from operating activities	37,465	16,063
Cash flows from investing activities	(20,301)	(61,457)
Cash flows from financing activities	20,118	35,486
Cash and cash equivalents at end of period	437,790	502,352

Net cash provided by operating activities was 16,063 million yen as a result of robust operating results for the three months ended June 30, 2024.

Net cash used in investment activities was 61,457 million yen due to the purchase of investment securities and other factors.

Net cash provided by financing activities was 35,486 million yen due to the issuance of bonds and other factors.

As a result, cash and cash equivalents at June 30, 2024 was 502,352 million yen.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The financial results forecast for the fiscal year ending March 31, 2025 has not been revised from forecast in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2024” announced on May 15, 2024.

The forward-looking information including earnings forecasts contained in this document are based on the judgement of the Company’s management, based on currently available information. Investors are therefore cautioned not to unduly rely on the forecasts provided.

2. Condensed Quarterly Consolidated Financial Statements and Primary Notes

(1) Condensed Quarterly Consolidated Statements of Financial Position

		(Million yen)	
	Notes	Fiscal year ended March 31, 2024 (As of March 31, 2024)	First quarter ended June 30, 2024 (As of June 30, 2024)
Assets			
Current assets			
Cash and cash equivalents		494,850	502,352
Trade and other receivables		274,622	271,011
Reinsurance contract asset		2,063	1,449
Inventories		2,290	2,795
Other financial assets		52,201	44,300
Other current assets		8,777	11,027
(Subtotal)		834,805	832,936
Assets held for sale	6	6,004	477
Total current assets		840,810	833,414
Non-current assets			
Property, plant and equipment		32,943	34,588
Right-of-use assets		7,047	7,085
Goodwill		17,510	17,376
Intangible assets		5,821	5,756
Investments accounted for using equity method	8	199,030	204,496
Other financial assets		923,330	1,016,519
Deferred tax assets		7,546	6,501
Contract costs		41,453	43,687
Insurance contract asset		3,373	3,848
Other non-current assets		88	211
Total non-current assets		1,238,146	1,340,072
Total assets		2,078,956	2,173,486

The notes are an integral part of these condensed quarterly consolidated financial statements.

(Million yen)			
	Notes	Fiscal year ended March 31, 2024 (As of March 31, 2024)	First quarter ended June 30, 2024 (As of June 30, 2024)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		235,119	228,286
Insurance contract liabilities		5,714	5,778
Interest-bearing liabilities	9	156,386	126,444
Income taxes payable		26,554	9,109
Other financial liabilities		244	380
Other current liabilities		13,671	12,571
(Subtotal)		437,690	382,572
Liabilities directly associated with assets held for sale	6	1,505	8
Total current liabilities		439,195	382,580
Non-current liabilities			
Interest-bearing liabilities	9	666,107	739,426
Provisions		365	367
Other non-current liabilities		22,167	20,593
Deferred tax liabilities		131,870	146,712
Total non-current liabilities		820,511	907,099
Total liabilities		1,259,707	1,289,680
Equity			
Share capital		54,259	54,259
Capital surplus	7	—	1,289
Retained earnings		748,760	792,811
Treasury shares	10	(18,365)	(2,464)
Accumulated other comprehensive income		5,823	11,225
Total equity attributable to owners of parent		790,478	857,121
Non-controlling interests	7	28,771	26,684
Total equity		819,249	883,806
Total liabilities and equity		2,078,956	2,173,486

The notes are an integral part of these condensed quarterly consolidated financial statements.

**(2) Condensed Quarterly Consolidated Statements of Profit or Loss
and Condensed Quarterly Consolidated Statements of Comprehensive Income**

Condensed Quarterly Consolidated Statements of Profit or Loss
Three months ended June 30, 2023 and 2024

		(Million yen)	
	Notes	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2024)	Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)
Revenue		140,140	146,154
Cost of sales		61,070	65,815
Gross profit		79,069	80,339
Other income		342	1,786
Selling, general and administrative expenses		55,203	54,764
Other expenses		242	144
Operating profit		23,966	27,216
Finance income		26,707	37,901
Finance costs		5,929	2,822
Share of profit (loss) of investments accounted for using equity method	8	2,246	3,238
Other non-operating income and expenses		592	235
Profit before tax		47,583	65,768
Income tax expense		14,592	18,942
Profit		32,991	46,825
Profit attributable to			
Owners of parent		32,739	45,899
Non-controlling interests		252	926
Profit		32,991	46,825
Earnings per share			
Basic earnings per share (Yen)	11	733.07	1,039.66
Diluted earnings per share (Yen)	11	731.26	1,038.11

The notes are an integral part of these condensed quarterly consolidated financial statements.

Condensed Quarterly Consolidated Statements of Comprehensive Income
Three months ended June 30, 2023 and 2024

		(Million yen)	
	Notes	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2024)	Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)
Profit		32,991	46,825
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income		36,180	22,781
Share of other comprehensive income of investments accounted for using equity method		774	145
Total		36,955	22,927
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		1,175	5,039
Share of other comprehensive income of investments accounted for using equity method		449	384
Total		1,625	5,424
Other comprehensive income, net of tax		38,580	28,352
Comprehensive income		71,571	75,178
Comprehensive income attributable to			
Owners of parent		71,218	74,202
Non-controlling interests		353	975
Comprehensive income		71,571	75,178

The notes are an integral part of these condensed quarterly consolidated financial statements.

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)

(Million yen)

	Notes	Equity attributable to owners of parent					Non-controlling interests	Total equity
		Share capital	Capital surplus	Retained earnings	Treasury shares	Accumulated other comprehensive income		
Balance at beginning of period		54,259	777	520,879	(5,792)	886	27,302	598,311
Comprehensive income								
Profit		—	—	32,739	—	—	252	32,991
Other comprehensive income		—	—	—	—	38,479	101	38,580
Comprehensive income		—	—	32,739	—	38,479	353	71,571
Transactions with owners								
Dividends of surplus		—	—	(6,303)	—	—	(862)	(7,165)
Change in scope of consolidation		—	—	—	—	—	60	60
Changes in ownership interest in subsidiaries	7	—	(9,613)	—	—	—	1,412	(8,201)
Purchase and disposal of treasury shares		—	—	—	(3,391)	—	—	(3,391)
Share-based payment transactions		—	23	—	—	—	1	24
Transfer from other components of equity to retained earnings		—	—	36,865	—	(36,865)	—	—
Total transactions with owners		—	(9,590)	30,561	(3,391)	(36,865)	611	(18,673)
Balance at end of period		54,259	(8,812)	584,180	(9,183)	2,500	28,267	651,210

Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)

(Million yen)

	Notes	Equity attributable to owners of parent					Non-controlling interests	Total equity
		Share capital	Capital surplus	Retained earnings	Treasury shares	Accumulated other comprehensive income		
Balance at beginning of period		54,259	—	748,760	(18,365)	5,823	28,771	819,249
Comprehensive income								
Profit		—	—	45,899	—	—	926	46,825
Other comprehensive income		—	—	—	—	28,303	49	28,352
Comprehensive income		—	—	45,899	—	28,303	975	75,178
Transactions with owners								
Dividends of surplus		—	—	(8,961)	—	—	(713)	(9,674)
Change in scope of consolidation		—	—	—	—	—	(2,488)	(2,488)
Changes in ownership interest in subsidiaries		—	1,380	—	—	—	135	1,516
Purchase and disposal of treasury shares		—	19	—	—	—	—	19
Cancellation of treasury shares	10	—	(34)	(15,788)	15,823	—	—	—
Share-based payment transactions		—	(75)	—	77	—	3	5
Transfer from other components of equity to retained earnings		—	—	22,901	—	(22,901)	—	—
Total transactions with owners		—	1,289	(1,848)	15,900	(22,901)	(3,062)	(10,621)
Balance at end of period		54,259	1,289	792,811	(2,464)	11,225	26,684	883,806

The notes are an integral part of these condensed quarterly consolidated financial statements.

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Million yen)			
	Notes	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)	Three months ended June 30, 2024 (From April 1, 2024 To June 30, 2024)
Cash flows from operating activities			
Profit before tax		47,583	65,768
Depreciation and amortization		3,712	3,507
Finance income		(26,707)	(37,901)
Finance costs		5,929	2,822
Share of loss (profit) of investments accounted for using equity method	8	(2,246)	(3,238)
Decrease (increase) in contract costs		(237)	(2,234)
Decrease (increase) in trade and other receivables		32,156	7,548
Increase (decrease) in trade and other payables		(12,632)	(4,965)
Decrease (increase) in inventories		235	(453)
Other		(3,539)	(1,677)
Subtotal		44,252	29,177
Interest received		2,074	3,147
Dividends received		10,757	13,669
Interest paid		(1,355)	(2,092)
Income taxes refund (paid)		(18,263)	(27,838)
Net cash provided by (used in) operating activities		37,465	16,063
Cash flows from investing activities			
Purchase of property, plant and equipment, and intangible assets		(4,333)	(8,035)
Proceeds from sale of property, plant and equipment, and intangible assets		14	0
Purchase of investment securities		(29,662)	(77,364)
Proceeds from sale of investment securities		15,286	26,171
Proceeds from obtaining control of subsidiaries		41	(347)
Proceeds from loss of control of subsidiaries		–	892
Payments for loans receivable		(211)	(2,219)
Collection of loans receivable		184	497
Other		(1,619)	(1,052)
Net cash provided by (used in) investing activities		(20,301)	(61,457)
Cash flows from financing activities			
Proceeds from short-term interest-bearing debt		(2,760)	(32,754)
Proceeds from long-term interest-bearing debt		48,500	80,179
Repayment of long-term interest-bearing debt		(4,063)	(5,027)
Capital contribution from non-controlling interests		44	1,602
Purchase of treasury shares		(3,391)	–
Dividends paid		(6,388)	(8,459)
Dividends paid to non-controlling interests		(837)	(693)
Payments for acquisition of interests in subsidiaries from non-controlling interests	7	(11,439)	(81)
Other		454	720
Net cash provided by (used in) financing activities		20,118	35,486
Effect of exchange rate changes on cash and cash equivalents		11,141	13,775
Net increase (decrease) in cash and cash equivalents		48,423	3,867
Decrease in cash and cash equivalents resulting from transfer to assets held for sale		–	3,634
Cash and cash equivalents at beginning of period		389,366	494,850
Cash and cash equivalents at end of period		437,790	502,352

The notes are an integral part of these condensed quarterly consolidated financial statements.

(5) Notes to Condensed Quarterly Consolidated Financial Statements

1. Reporting entity

HIKARI TSUSHIN, INC. (“the Company”) is a corporation domiciled in Japan, whose shares are listed on the Tokyo Stock Exchange. The address of the Company’s registered headquarters is 1-4-10 Nishi-Ikebukuro, Toshima-ku, Tokyo. The accompanying condensed quarterly consolidated financial statements for the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024) comprise the Company and its subsidiaries (“the Group”). The ultimate parent company of the Group is the Company. The Group operates various businesses, mainly in the field of information and communications.

Details are provided in “Note 5. Operating segments.”

2. Basis of preparation of condensed quarterly consolidated financial statements

(1) Financial reporting framework

The Company’s condensed quarterly consolidated financial statements have been prepared in accordance with Article 5, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements of the Tokyo Stock Exchange, Inc. (however, omissions set forth in Article 5, Paragraph 5 of the Standards for Preparation of Quarterly Financial Statements apply).

(2) Basis for measurement

The accompanying condensed quarterly consolidated financial statements are prepared on the historical cost basis, with the exception of financial instruments and other items measured at fair value.

(3) Functional currency and presentation currency

The accompanying condensed quarterly consolidated financial statements are presented in millions of Japanese yen (rounded down to the nearest million yen), the functional currency of the Company.

(4) Published standards that are not yet applied

The following standards are the principal standards for which their new establishment or revision has been announced prior to the approval date of the accompanying condensed quarterly consolidated financial statements. However, as of June 30, 2024, the application of these standards is not compulsory, and the Group has not applied them early.

The effect of the application of these standards on the Group is under consideration.

Standard	Standard name	Time of compulsory application (Fiscal years starting after)	Time of application by the Group	Overview of new clauses and revisions
IFRS 18	<i>Presentation and Disclosure in Financial Statements</i>	January 1, 2027	Fiscal year ending March 31, 2028	New standard as a replacement for IAS 1 “Presentation of Financial Statements,” the existing accounting standard for presentation and disclosure in financial statements

3. Material accounting policy information

Material accounting policies the Group has adopted in preparing the accompanying condensed quarterly consolidated financial statements are the same as those applied in the previous fiscal year except for the following:

The Group has adopted the following accounting standard since April 1, 2024.

Standard	Standard name	Overview of new clauses and revisions
IAS 1	<i>Presentation of Financial Statements</i>	Clarifying requirements for classification of liabilities as current or non-current. Disclosure requirements of long-term liabilities with covenants

IAS 7 IFRS 7	<i>Statement of Cash Flows</i> <i>Financial Instruments: Disclosures</i>	Disclosure requirements to enhance the transparency of supplier finance arrangements
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The adoption of these accounting standards has no significant impact on the accompanying condensed quarterly consolidated financial statements.

4. Significant accounting estimates and judgements on estimates

In the preparation of condensed quarterly consolidated financial statements, management is required to make judgements, estimates, and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, and expenses. Actual results could differ from those estimates depending on the nature of the situation.

These estimates and their underlying assumption are continuously reviewed. The impact of revisions to accounting estimates is prospectively recognized in the accounting period when the revision is made and in the subsequent period thereafter.

Significant accounting estimates and assumptions used in the condensed quarterly consolidated financial statements are the same as those used in the consolidated financial statements for the previous fiscal year.

5. Operating segments

(1) Outline of reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available, regular evaluation by the Board of Directors is performed in order to make decisions about resources to be allocated, and to assess their performance.

In line with changes in management structure, the Group reviewed how to classify its business segments. As a result, the Group has changed its reportable segments from "Corporate Service," "Individual Service," and "Commission-based Sales" to "Electricity and Gas," "Telecommunication," "Beverage," "Insurance," "Finance," "Solution," and "Commission-based Sales" since April 1, 2024. The segment information for the previous fiscal year has been restated retrospectively.

The Company manages the Group as a holding company to formulate business strategies for the products and services handled by each company and develop business activities. As such, the Group is composed of segments separated by product and service based on those companies and operates in 7 reporting segments: "Electricity and Gas," "Telecommunication," "Beverage," "Insurance," "Finance," and "Solution," where we provide products and services designed and developed in-house, and "Commission-based Sales," in which we sell products of other companies.

Reportable segments and its businesses are as follows:

Segment	Major business
Electricity and Gas	Selling and providing gas and electricity
Telecommunication	Providing internet communication line services and associated services
Beverage	Producing natural mineral water products and selling them through home delivery
Insurance	Providing non-life insurance, life insurance, and warranty services, etc.
Finance	Providing microfinance and other financial services
Solution	Providing industry-specific solution services through the provision of customer management system and settlement management system platforms and various other tools
Commission-based Sales	Commission-based sale of various products, such as products offered by telecommunications carriers and manufacturers

(2) Method of calculating revenue, profit or loss, and other items for each reportable segment

The accounting method for the operating segments that are reported is generally the same as described in "Note 3. Material accounting policy information."

Reportable segment profit is recorded on an operating profit basis.

Intersegment sales and transfers are based on market prices.

Three months ended June 30, 2023 (from April 1 to June 30, 2023)

(Million yen)

	Reportable segment								Other	Total	Adjustment (Note)	Condensed quarterly consolidated financial statements
	Electricity and Gas	Telecommuni- cation	Beverage	Insurance	Finance	Solution	Commission -based Sales	Total				
Revenue												
Sales to external customers	43,136	30,525	20,172	5,113	7,630	7,103	26,458	140,140	–	140,140	–	140,140
Intersegment sales and transfers	–	–	–	–	–	–	–	–	–	–	–	–
Total	43,136	30,525	20,172	5,113	7,630	7,103	26,458	140,140	–	140,140	–	140,140
Segment profit	7,192	7,936	1,276	1,255	3,534	520	3,297	25,012	–	25,012	(1,046)	23,966
Finance income												26,707
Finance costs												5,929
Share of profit (loss) of investments accounted for using equity method												2,246
Other non- operating income and expenses												592
Profit before tax												47,583

- Notes:
1. The adjustment for segment profit includes corporate profit or loss that have not been allocated to reportable segments.
 2. Revenue of each segment include the revenue from sources other than revenue from contracts with customers under IFRS 15 as follows:
The Electricity and Gas segment recognized 7,890 million yen of government grants under IAS 20.
The Beverage segment included lease income under IFRS 16.
The Insurance segment recognized 3,943 million yen of insurance revenue under IFRS 17. Corresponding insurance service expenses of 3,396 million yen and losses related to reinsurance of 32 million yen compose the segment profit of the Insurance segment.
The Finance segment recognized revenue, including finance income, calculated using the effective interest rate under IFRS 9.

Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)

(Million yen)

	Reportable segment								Other	Total	Adjustment (Note)	Condensed quarterly consolidated financial statements
	Electricity and Gas	Telecommuni- cation	Beverage	Insurance	Finance	Solution	Commission -based Sales	Total				
Revenue												
Sales to external customers	51,281	29,704	18,331	6,222	7,576	7,024	26,013	146,154	–	146,154	–	146,154
Intersegment sales and transfers	–	–	–	–	–		–	–	–	–	–	–
Total	51,281	29,704	18,331	6,222	7,576	7,024	26,013	146,154	–	146,154	–	146,154
Segment profit	7,257	6,303	2,371	2,018	4,713	1,669	4,157	28,492	–	28,492	(1,275)	27,216
Finance income												37,901
Finance costs												2,822
Share of profit (loss) of investments accounted for using equity method												3,238
Other non- operating income and expenses												235
Profit before tax												65,768

- Notes:
1. The adjustment for segment profit includes corporate profit or loss that have not been allocated to reportable segments.
 2. Revenue of each segment include the revenue from sources other than revenue from contracts with customers under IFRS 15 as follows:
The Electricity and Gas segment recognized 2,867 million yen of government grants under IAS 20.
The Beverage segment included lease income under IFRS 16.
The Insurance segment recognized 4,889 million yen of insurance revenue under IFRS 17. Corresponding insurance service expenses of 3,372 million yen and losses related to reinsurance of 353 million yen compose the segment profit of the Insurance segment.
The Finance segment recognized revenue, including finance income, calculated using the effective interest rate under IFRS 9.

6. Assets held for sale

Details of assets held for sale and liabilities directly associated with assets held for sale are as follows:

	Fiscal year ended March 31, 2024 (As of March 31, 2024)	(Million yen) First quarter ended June 30, 2024 (As of June 30, 2024)
Assets held for sale		
Cash and cash equivalents	3,657	22
Trade and other receivables	181	6
Inventories	474	—
Other financial assets	282	—
Investments in associates that had been accounted for using the equity method	512	445
Other	894	2
Total	6,004	477
Liabilities directly associated with assets held for sale		
Trade and other payables	279	8
Interest-bearing liabilities	659	—
Other	566	0
Total	1,505	8

Assets and liabilities held for sale as of March 31, 2024, were composed of investments in a subsidiary in the Solution segment, a subsidiary in the Commission-based Sales segment, and associates that had been accounted for using the equity method. These have been classified as assets and liabilities held for sale as the Group has committed to execute a disposal plan of these investments, and their sale is expected to be completed within a year of the classification. Investments in associates that had been accounted for using the equity method were measured at carrying value as the fair value less disposal costs exceeded the carrying value.

Of the assets and liabilities held for sale as of March 31, 2024, the Group lost control over the subsidiary in the Solution segment and the subsidiary in the Commission-based Sales segment mentioned above during the current period.

Assets and liabilities held for sale as of June 30, 2024, were composed of investments in a subsidiary in the Solution segment and associates that had been accounted for using the equity method. These have been classified as assets and liabilities held for sale as the Group has committed to execute a disposal plan of these investments, and their sale is expected to be completed within a year of the classification. Investments in associates that had been accounted for using the equity method were measured at carrying value as the fair value less disposal costs exceeded the carrying value.

7. Subsidiaries

Three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

(Changes in ownership interest of a subsidiary)

For the three months ended June 30, 2023, the Company's subsidiary, Daini Tsushin Co., Ltd. acquired ordinary shares of Grandata, Inc (currently Sutoene, Inc), the Company's subsidiary, from non-controlling shareholders. As such, the Group's ownership interests in Grandata, Inc has increased. The acquisition of ordinary shares of Grandata, Inc., which was resolved at the Board of Directors meeting had not been completed during the three months period ended June 30, 2023, and the Group continued to purchase ordinary shares of Grandata, Inc. from non-controlling shareholders, in the six months ended September 30, 2023 and thereafter.

An overview of transactions with non-controlling interests regarding said transaction was follows.

(Million yen)

Item	Amount
Acquisition price	7,575
Amount of change in non-controlling interests	1,136
Amount of decrease in capital surplus	8,711

Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

Not applicable.

8. Investments accounted for using equity method

The carrying amount of investments in associates is as follows:

(Million yen)

	Fiscal year ended March 31, 2024 (As of March 31, 2024)	First quarter ended June 30, 2024 (As of June 30, 2024)
Total carrying amount	199,030	204,496

Financial information for associates is as follows. Additionally, these amounts are subsequent to the incorporation of the Group's ownership ratios.

(Million yen)

	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)	Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)
Profit	2,246	3,238
Other comprehensive income	1,224	530
Comprehensive income	3,470	3,768

Note: "Share of profit (loss) of investments accounted for using equity method" in the condensed quarterly consolidated statement of profit or loss for three months ended June 30, 2023 includes gain on discount purchase of 635 million yen, recognized when an associate was newly accounted for using equity method. There was no gain on discount purchase for three months ended June 30, 2024.

9. Bonds payable

The Company issued bonds payable of 46,900 million yen in the three months ended June 30, 2023. The breakdown is as follows:

The forty-second unsecured bond of 40,000 million yen (Annual interest rate: 1.11%, Date of issue: June 9, 2023, Term of redemption: June 9, 2028);

The forty-third unsecured bond of 6,900 million yen (Interest rate: 6-month Japanese Yen TIBOR +1.26%, Date of issue: June 1, 2023, Term of redemption: May 31, 2030).

The Company issued bonds payable of 75,000 million yen in the three months ended June 30, 2024. The breakdown is as follows:

The forty-eighth unsecured bond of 75,000 million yen (Annual interest rate: 2.05%, Date of issue: April 26, 2024, Term of redemption: April 25, 2031).

10. Capital and reserves

Three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

Not applicable.

Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

The Company conducted the cancellation of treasury shares by 780,000 on May 31, 2024, pursuant to the resolution adopted at the Board of Directors meeting on May 15, 2024.

11. Earnings per share

Basic earnings per share and the basis of its calculation, and diluted earnings per share and the basis of its calculation are as follows:

	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)	Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)
(1) Basic earnings per share	733.07 yen	1,039.66 yen
(Basis of calculation)		
Profit attributable to owners of parent (million yen)	32,739	45,899
Amount not attributable to ordinary equity holders of the parent (million yen)	–	6
Amount used in calculation of basic earnings per share (million yen)	32,739	45,892
Weighted average number of ordinary shares (thousand shares)	44,660	44,141
(2) Diluted earnings per share	731.26 yen	1,038.11 yen
(Basis of calculation)		
Amount used in calculation of basic earnings per share (million yen)	32,739	45,892
Adjustment to profit for potential shares in subsidiaries and associates (million yen)	(70)	(28)
Amount used in calculation of diluted earnings per share (million yen)	32,668	45,864
Weighted average number of ordinary shares (thousand shares)	44,660	44,141
Increase in ordinary shares from share acquisition rights (thousand shares)	14	38
Weighted average number of ordinary shares used in calculation of diluted earnings per share (thousand shares)	44,674	44,180

12. Significant subsequent events

Issuance of unsecured bond

At the Board of Directors meeting held on August 13, 2024, the Company resolved matters relating to an issuance of unsecured bond with the maximum amount of 50.0 billion yen. The proceeds will be used mainly for the redemption of bonds and the repayment of borrowings. The timing of issuance and the amount to be issued will be determined at a later date after comprehensively considering demand conditions and interest rate trends, among other factors.

Acquisition of treasury shares

At the Board of Directors meeting held on August 13, 2024, the Company resolved the following matters pertaining to the acquisition of treasury shares, pursuant to Article 156 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of the said Act.

1. Reason for acquisition of treasury shares

The Company intends to acquire treasury shares in order to implement a flexible capital policy and further promote the return of profits to our shareholders.

2. Details of the acquisition

- (1) Type of shares to be acquired: Ordinary shares of the Company
- (2) Total number of shares to be acquired: Up to 500,000 shares (maximum)
(Ratio to the total number of shares issued and outstanding (excluding treasury shares): 1.13%)
- (3) Total amount of shares to be acquired: Up to 10.0 billion yen (maximum)
- (4) Period of share acquisition: From August 14, 2024 to November 30, 2024
- (5) Method of acquisition: Purchase on the Tokyo Stock Exchange

13. Notes on going concern assumption

Not applicable.

14. Date of approval

The accompanying condensed quarterly consolidated financial statements were approved by the Board of Directors on August 13, 2024.