

Financial Results

For the three months ended June 30, 2024

August 13, 2024

Quarterly Growth Rate for 5 Fiscal Years (1)

At an Average growth rate for 5 fiscal years, recurring operating profit of In-house products grows about 10%, net income grows 21%, and comprehensive income grows 30%.

(Billion JPY)

		Revenue			Recurring Operating profit			Operating profit			Income Before tax	Net income	Comprehensive Income
		Total	In-house products	Third-party products	Total	In-house products	Third-party products	Total	In-house products	Third-party products			
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	18.4
	Q2	134.3	86.3	48.6	27.6	21.3	6.3	20.2	13.0	8.0	21.8	15.5	21.7
	Q3	129.1	84.2	45.6	28.3	22.0	6.3	17.5	11.2	7.0	19.9	13.2	43.0
	Q4	135.6	87.8	48.5	30.3	23.9	6.3	10.5	6.6	5.2	13.2	7.4	(39.1)
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	29.9
	Q2	136.6	97.0	39.8	32.5	26.1	6.3	25.1	18.6	6.9	25.6	16.3	28.8
	Q3	139.1	99.3	40.0	31.7	25.4	6.3	18.3	14.1	4.9	23.0	13.6	26.8
	Q4	154.3	112.3	42.1	11.5	5.4	6.0	3.3	-2.1	6.1	9.0	11.0	44.7
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	31.6
	Q2	137.9	101.8	36.4	33.6	27.4	6.1	24.6	20.1	5.3	30.6	19.5	32.1
	Q3	142.4	107.9	34.9	32.2	26.0	6.2	19.2	14.8	4.9	24.7	18.6	16.8
	Q4	159.2	120.5	39.1	27.9	21.6	6.3	15.2	10.5	5.5	22.9	28.6	33.4
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	22.6
	Q2	166.5	136.3	30.9	21.9	16.1	5.7	27.8	5.4	23.2	41.6	32.2	51.1
	Q3	160.5	133.7	27.2	33.0	29.0	4.0	20.0	17.4	3.3	12.1	6.7	15.6
	Q4	173.4	141.6	32.0	41.7	37.5	4.1	20.3	17.1	3.9	24.0	24.7	44.6
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	71.2
	Q2	156.3	130.2	26.8	39.1	35.5	3.6	24.5	21.8	3.6	39.6	29.0	51.2
	Q3	150.2	124.1	26.8	35.8	32.5	3.3	26.0	24.2	2.8	20.7	12.0	27.6
	Q4	155.2	127.2	28.7	37.5	34.7	2.8	20.0	20.3	1.3	60.0	48.3	115.7
25/3	Q1	146.1	120.1	26.0	38.5	34.9	3.6	27.2	24.3	4.1	65.7	45.8	74.2
Average growth rate for 5 fiscal years		3%	8%	(11%)	7%	11%	(10%)	2%	10%	(12%)	21%	24%	32%

Quarterly Growth Rate for 5 Fiscal Years (2)

Average growth rate for 5 fiscal years, all main indicators of the balance sheet above 20% and EPS at 25%.

(Billion JPY)

		BS					Per Share			Shareholder Return		Capital Efficiency	
		Net Cash Asset	Asset	Net Asset	Net Asset before shareholder return	Equity	EPS (Yen)	BPS (Yen)	Dividends (Yen)	Acquisition of the Company's own share	Dividend payment amount	Hypothetical consolidated ROA	Hypothetical consolidated ROE
20/3	Q1	146.0	815.3	287.7	321.3	271.3	¥337	¥5,913	¥96	0.0	4.4	-	-
	Q2	190.3	916.5	324.6	362.8	291.3	¥339	¥6,350	¥99	0.0	4.5	-	-
	Q3	263.7	1,000.4	362.7	405.5	329.7	¥288	¥7,187	¥102	0.0	4.6	-	-
	Q4	195.2	972.0	318.5	366.2	285.7	¥162	¥6,228	¥105	0.0	4.8	-	-
21/3	Q1	224.3	972.5	343.1	395.7	308.6	¥297	¥6,727	¥105	0.0	4.8	-	-
	Q2	259.6	1,053.7	367.0	424.9	332.4	¥355	¥7,245	¥117	0.0	5.3	-	-
	Q3	287.4	1,109.5	388.6	451.9	353.9	¥298	¥7,715	¥117	0.0	5.3	-	-
	Q4	321.4	1,256.8	429.0	497.6	393.4	¥240	¥8,575	¥117	0.0	5.3	-	-
22/3	Q1	334.7	1,305.9	447.1	531.0	411.4	¥452	¥9,057	¥119	9.8	5.4	-	-
	Q2	374.0	1,312.5	468.2	557.7	435.8	¥431	¥9,594	¥121	0.0	5.4	-	-
	Q3	355.2	1,384.2	475.5	574.2	443.7	¥410	¥9,811	¥124	3.5	5.6	-	-
	Q4	343.6	1,451.3	499.3	605.0	468.6	¥610	¥10,380	¥127	1.3	5.7	-	-
23/3	Q1	350.0	1,473.3	509.9	626.4	480.6	¥615	¥10,725	¥131	5.0	5.8	-	-
	Q2	389.5	1,605.9	554.5	677.1	525.4	¥718	¥11,725	¥135	0.0	6.0	-	-
	Q3	393.0	1,621.1	562.2	691.0	534.6	¥182	¥11,931	¥138	0.0	6.1	10.9%	23%
	Q4	440.2	1,691.9	598.3	735.5	571.0	¥541	¥12,773	¥141	2.0	6.3	10.6%	21%
24/3	Q1	518.4	1,773.8	651.2	798.1	622.9	¥733	¥13,986	¥143	3.3	6.3	10.5%	22%
	Q2	582.4	1,823.0	690.8	848.8	662.4	¥653	¥14,940	¥145	4.6	6.4	9.7%	22%
	Q3	602.7	1,896.5	709.2	876.9	682.7	¥273	¥15,444	¥147	3.2	6.4	9.7%	22%
	Q4	773.9	2,078.9	819.2	997.7	790.4	¥1,108	¥17,907	¥203	1.7	8.9	8.9%	22%
25/3	Q1	837.5	2,173.4	883.8	1,069.1	857.1	¥1,040	¥19,415	¥156	0.0	6.8	9.1%	22%
Average growth rate for 5 fiscal years		41%	21%	25%	27%	25%	25%	26%	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.

Performance

(Billion JPY)	25/3 Q1			25/3	
	Results	YoY	Main factors	Forecast	Progress Rate
Revenue	Record - high 146.1	+4%	Increase in the number of existing customers in electricity	620.0	23%
Recurring Operating Profit	Record - high 38.5	+0%	Increased profit due to increase in the number of existing customers Decreased profit due to revision of electricity pricing	162.0	23%
Operating Profit	Record - high 27.2	+13%	Improve productivity in electricity and beverage business	100.0	27%
Income before Tax	Record - high 65.7	+38%	21.0 Billion yen in Foreign exchange gains (+4.4 billion yen YoY) Dividend income and Interest income 16.5 billion yen(+6.6 billion yen)	138.0	47%
Net Income (attribute to owners of parent)	Record - high 45.8	+40%	-	90.0	45%
Comprehensive Income (attribute to owners of parent)	Record - high 74.2	+3%	-	-	-
(Reference) Operating profit excluding one-time gains and losses	25.8	+7%	Gain on transfer of business : 1.3 billion yen (mainly from Commission-based Sales)	100.0	25%

* 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.

Change in reporting segments

Before Change

	Segments	Categories
1	Corporate Service	In-house products
2	Individual Customer Service	In-house products
3	Commission-based Sales	Third-party products

After Change

*This classification differs from that on page 10 of our financial results presentation dated May 15, 2024.

	Segment	Key Businesses	Categories
1	Electricity and Gas	Power Producer and Supplier (PPS), LP Gas	In-house products
2	Telecommunications	Internet Communication Line Services, Ancillary Services	In-house products
3	Beverage	Water Delivery, Beer Server	In-house products
4	Insurance	Property and Casualty Insurance, Life Insurance and Warranty Services	In-house products
5	Financial Services	Microfinance	In-house products
6	Solution	EPARK, Payment Processing	In-house products
7	Commission-Based Sales	Commission-Based Sales of Mobile Phones and Office Automation Equipment	Third-party products

The reportable segments were changed by reviewing the business management classification to represent the actual activities of the business operations appropriately.

Gain and Loss by Businesses

- a. Due to increase in the number of existing customers
- b. Impact due to off-balance sheet business activities
- c. Decrease due to price revision
- d. Decline in demand for telecommunication lines
- e. EPARK business restructuring is progressing smoothly

■ Revenue

(Billion JPY)		24/3	25/3	YoY
		Q1	Q1	
Revenue		140.1	146.1	+4%
Electricity & Gas	43.1	<div>a</div> 51.2	+18%	
Telecommunications	30.5	29.7	(2%)	
Beverage	20.1	<div>b</div> 18.3	(9%)	
Insurance	5.1	<div>a</div> 6.2	21%	
Finance	7.6	7.5	(0%)	
Solution	7.1	7.0	(1%)	
Commission-based Sales	26.4	26.0	(1%)	

■ Recurring Operating Profit

(Billion JPY)		24/3	25/3	YoY
		Q1	Q1	
Recurring Operating Profit		38.4	38.5	+0%
	Electricity & Gas	13.4	a,c 12.9	(3%)
	Telecommuni- cations	10.8	d 9.7	(9%)
	Beverage	7.0	7.2	+3%
	Insurance	2.6	3.0	+18%
	Finance	0	0	-
	Solution	0.7	e 1.9	+147%
	Commission-based Sales	3.6	3.4	(4%)

Gain and Loss by Businesses

- a. Due to easing competition, 8% increase in the Customer Acquisition.
- b. Strong sales of ancillary services .
- c. Impact due to off-balance sheet business activities
- d. Steady increase in customer acquisition.
- e. Business is favorable, especially in Malaysia.

■ Acquisition Cost

(Billion JPY)		24/3	25/3	YoY
		Q1	Q1	
Acquisition Cost		(14.4)	(11.3)	(21%)
Electricity & Gas	(6.3)	<div>a</div> (5.7)	(9%)	
Telecommunications	(2.8)	<div>b</div> (3.4)	+21%	
Beverage	(5.7)	<div>c</div> (4.9)	(14%)	
Insurance	(1.3)	<div>d</div> (1.0)	(20%)	
Finance	3.5	<div>e</div> 4.7	+33%	
Solution	(0.2)	(0.6)	+142%	
Commission-based Sales	(0.3)	(0.3)	(9%)	
One-time gains and losses	0	1.3	-	

■ Operating Profit

(Billion JPY)		24/3	25/3	YoY
		Q1	Q1	
Operating Profit		23.9	27.2	(13%)
	Electricity & Gas	7.1	7.2	+0%
	Telecommunications	7.9	6.3	(20%)
	Beverage	1.2	2.3	+85%
	Insurance	1.2	2.0	+60%
	Finance	3.5	4.7	+33%
	Solution	0.5	1.3	+150%
	Commission-based Sales	3.2	3.1	(4%)
	One-time gains and losses	0	1.3	-

* Since this material lists the one-time gains and losses of each business segment together, the figures of each segment may differ from the financial statements.

Income before Tax

Increased income mainly due to higher dividend income and interest income.

(Billion JPY)

	20/3	21/3	22/3	23/3	24/3	24/3	25/3	YoY
						Q1	Q1	
Income before tax	80.0	821	108.5	118.4	168.0	47.5	65.7	+38%
Operating Profit	73.0	69.2	83.5	86.6	94.5	23.9	27.2	+13%
Dividend income and Interest income	7.1	8.1	11.1	18.0	30.5	9.9	16.5	+66%
Foreign exchange gains (losses), etc.	(0.9)	6.0	15.8	12.0	39.5	17.6	21.0	+19%
Foreign exchange gains (losses)	(0.9)	1.5	10.4	5.7	28.0	16.6	21.0	+26%
Gains (losses) from Negative Goodwill, etc.	0.0	0.0	5.4	4.9	6.8	0.6	0.0	(100%)
Gains (losses) on sale of affiliated companies	0.0	4.5	0.0	1.2	4.6	0.3	0.0	(100%)
Others	0.8	(1.2)	(2.0)	1.7	3.2	(3.9)	1.0	-

* The USD/JPY exchange rate stood at 151.4 yen per dollar at the end of March 2024 and 161.1 yen per dollar at the end of June 2024. Assuming the rate is 145 yen per dollar at the end of September, foreign exchange gains and losses for the first half of FY March 2025 are expected to be negative 17 billion yen.

Cash Flows

17.1 billion yen in business, 16.8 billion yen in Dividend income and Interest income.

(Billion JPY)

	20/3	21/3	22/3	23/3	24/3	24/3	25/3	YoY
						Q1	Q1	
Business CFs	98.7	73.2	74.3	82.4	124.3	39.0	17.1	(56%)
EBITDA	89.0	85.6	100.2	102.8	109.0	27.6	30.7	+11%
Operating Profit	73.0	69.2	83.5	86.6	94.5	23.9	27.2	+13%
Depreciation and Amortization	16.0	16.4	16.7	16.2	14.5	3.7	3.5	(5%)
Changes in Receivables and Payables	9.7	(12.5)	(25.9)	(20.4)	15.3	11.3	(13.5)	-
Dividend income, Interest income	9.1	10.6	14.2	20.9	33.8	12.8	16.8	+31%
Shareholder Return	(17.8)	(20.3)	(36.6)	(30.8)	(38.9)	(9.7)	(8.4)	(13%)
Listed stock and bond investments	(59.6)	(84.7)	(88.2)	(87.5)	(81.7)	(14.3)	(51.1)	+256%
Financing	59.4	115.6	99.1	102.2	102.7	41.6	42.3	+1%
Others (tax and interest expense)	(3.5)	(43.1)	(57.6)	(42.4)	(49.4)	(32.1)	(26.6)	(17%)

Fluctuation of Equity Attribute to Owners of Parent

An increase of 66.6 billion yen in equity during Q1 25/3.

(Billion JPY)		20/3	21/3	22/3	23/3	24/3	24/3	25/3	YoY
							Q1	Q1	
Equity attributable to owners of parent		285.7	393.4	468.6	571.0	790.4	622.9	857.1	+37%
	Balance at the End of the Previous Period	257.2	285.7	393.4	468.6	571.0	571.0	790.4	+38%
	Fluctuation for the period	+28.4	+107.6	+75.2	+102.3	+219.4	+51.9	+66.6	+28%
	Net income attributable to owners of parent	+51.6	+54.6	+87.5	+91.3	+122.2	+32.7	+45.8	+40%
	Gains (losses) on sales of securities	+27.1	+10.8	+13.9	+16.2	+49.9	+6.3	+5.0	(20%)
	Fluctuation of unrealized gain	(34.5)	+64.9	+11.9	+25.8	+88.7	+30.5	+17.8	(41%)
	Shareholder Return	(17.8)	(20.3)	(36.6)	(30.9)	(38.6)	(9.6)	(8.9)	(7%)
	Others (assets fluctuation etc.)	+2.0	(2.3)	(1.5)	(0.1)	(2.8)	(7.9)	+6.8	-

Pure Investment Performance

IRR (before tax) of 18% for the last 7 years.

(Billion JPY)

	20/3	21/3	22/3	23/3	24/3	25/3 Q1
Investment book value (A)	264.1	357.3	456.0	532.6	590.2	636.4
Unrealized Gain	56.8	148.4	162.0	226.6	411.1	467.8
Market value	321.0	505.8	618.0	759.2	1,001.3	1,104.2
Look-through Earnings (B) (last 12 months)	36.6	44.6	70.8	80.3	83.2	88.5
Earnings Yield (B)÷(A)	13.8%	12.5%	15.5%	15.1%	14.1%	13.9%
Dividend yield (based on CF and book value, last 12 months)	2.6%	2.7%	3.0%	3.4%	4.1%	4.5%
Dividend Income (PL) (C)	5.2	7.3	10.6	14.5	18.6	10.1
Gain on sale of securities (D)	27.1	10.8	13.9	16.2	49.9	5.0
Total (C)+(D)	32.3	18.1	24.6	30.7	68.6	15.1

* "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.

Top 10 Holdings by Market Value

(Billion JPY)

(As of the end of June 2024)

1	Berkshire Hathaway Inc.	111.1
2	Daito Trust Construction Co., Ltd.	61.5
3	T-Gaia Corporation	49.1
4	Leopalace21 Corporation	30.4
5	TOKEN CORPORATION	27.9

6	Tokio Marine Holdings, Inc.	23.0
7	NIPPON TELEGRAPH AND TELEPHONE CORPORATION	22.6
8	RAIZNEXT Corporation	22.6
9	DAIICHI JITSUGYO CO.,LTD.	22.3
10	Relo Group, Inc.	21.5

392.7 billion yen for the top 10 companies, which accounts for 35% of the total market value of holdings of 1.1 trillion yen.

Publicly Listed Equity-method affiliates

(As of the end of June 2024)

32 publicly listed equity-method affiliates

	Company name	Voting rights ratio		Company name	Voting rights ratio		Company name	Voting rights ratio
1	ZAPPALLAS, INC.	47.0%	12	Kusurinomadoguchi,Inc.	28.6%	23	Inbound Tech Inc.	22.2%
2	BENEFIT JAPAN Co.,LTD.	42.6%	13	TVE Co.,Ltd.	27.1%	24	ULURU.CO.,LTD.	22.1%
3	MS&Consulting Co.,Ltd.	40.3%	14	Data Applications	26.0%	25	Youji Corporation	21.9%
4	Last One Mile Co.,Ltd.	38.6%	15	TOKUDEN CO., LTD.	25.9%	26	SANSEI CO.,LTD.	21.6%
5	INEST, Inc.	38.2%	16	DVx Inc.	25.5%	27	CE Holdings Co.,Ltd.	21.5%
6	Bell-Park Co.,Ltd.	35.8%	17	TOHO SYSTEM SCIENCE CO.,LTD.	25.1%	28	Original Engineering Consultants Co., Ltd.	21.4%
7	SINANEN HOLDINGS CO.,LTD.	35.7%	18	FORVAL CORPORATION	24.5%	29	AKATSUKI EAZIMA CO.,LTD	21.2%
8	MTI Ltd.	33.4%	19	NISHIKAWA KEISOKU Co.,LTD.	23.8%	30	TOHOKU STEEL Co.,Ltd	20.8%
9	TOUMEI CO.,LTD.	30.0%	20	XNET Corporation	23.8%	31	FreeBit Co.,Ltd.	20.7%
10	DAIICHI JITSUGYO CO.,LTD.	29.0%	21	SUNNEXTA GROUP Inc.	23.3%	32	Techno Smart Corp.	20.6%
11	T-Gaia Corporation	28.9%	22	RAIZNEXT Corporation	22.9%			

Resolved to Acquire Own Shares

Resolution Date	August 13, 2024
Total number of shares to be acquired	500,000 shares (maximum) <small>(The ratio of the total number of shares to be acquired to the total number of shares issued(excluding treasury stock): 1.13%)</small>
Total amount of shares to be acquired	10 billion yen (maximum)
Term of acquisition	From August 14, 2024 to November 30, 2024

Resolved to acquire own shares in the amount of 10 billion yen.

Revision of Dividends and Dividend Forecasts (Dividend Increase)

		24/3	25/3		
			Announced in May	Announced in August	YoY
Dividends per share	Total	¥638	¥612	¥624	+0%
	Excluding special dividends	¥588	¥612	¥624	+9%
Q1	Regular dividend	¥143	¥153	¥156	+9%
Q2	Regular dividend	¥145	¥153	¥156	+7%
Q3	Regular dividend	¥147	¥153	¥156	+6%
Q4	Regular dividend	¥153	¥153	¥156	+1%
	Special dividend	¥50	-	-	-

Excluding special dividends, the anticipated dividend is expected to increase from 612 yen to an additional 12 yen, resulting in a total of 624 yen.

Trend of Shareholder Returns

(Billions JPY)

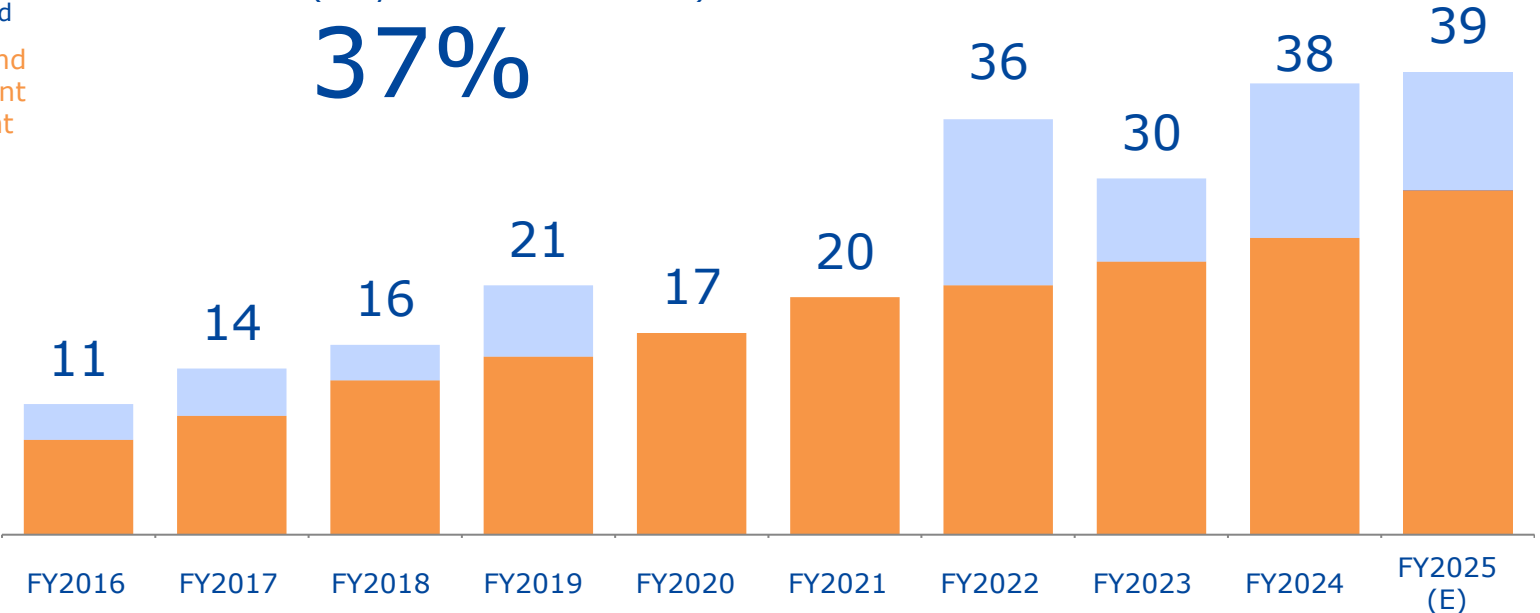
Aggregate
Amount of
own share
acquired

Dividend
Payment
Amount

Total Return Ratio
(10-year cumulative basis)

37%

Total Return
Ratio
44%



Dividend Payment Amount	8	10	13	15	17	20	21	23	25	29	186
Aggregate Amount of own share acquired	3	4	3	6	0	0	14	7	13	10	61
Total Return Ratio	44%	37%	38%	43%	34%	37%	41%	33%	31%	44%	37%

Explanation of Terms and Disclaimer, etc.

■ Explanation of Terms

Term	J-GAAP	IFRS
Sales	Sales	Revenue
Net income	Net income	Net income attributable to owners of parent
Equity	Equity	Equity attributable to owners of the parent
EPS	Earnings per Share	Basic earnings per Share
BPS	Book value per share	Equity per Share attributable to owners of the parent

- * Japanese GAAP applied before FYE 3/15, and IFRS applied after FYE 3/16
- * Results for in-house and third-party products prior to FYE 3/18 are provisional figures as they were before the change in reporting segments.
- * ROA: By dividing operating profit by total assets (the average during the period)
- * ROE: By dividing net income attributable to owners of parent by equity (the average during the period)
- * "Hypothetical consolidated performance" 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. It represents the real performance of the Company
- * Hypothetical consolidated ROE: By dividing hypothetical consolidated net income attributable to owners of parent by equity (the average during the period)
- * Sales per capita: By dividing sales by the number of employees (the average during the period)
- * Operating profit per capita: By dividing operating profit by the number of employees (the average during the period)

■ Notes in regard to this material

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 the 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.

