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May 13, 2026

Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Under IFRS)

Company name: HIKARI TSUSHIN, INC.
 Listing: Tokyo Stock Exchange
 Securities code: 9435
 URL: <https://www.hikari.co.jp/en/>
 Representative: Hideaki Wada, President and Representative Director
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 Scheduled date to hold the ordinary general shareholders' meeting: June 27, 2026
 Scheduled date to commence dividend payments: June 12, 2026
 Scheduled date to file financial statements: June 26, 2026
 Preparation of supplementary material on financial results: Yes
 Holding of earnings call: Yes

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

1. Consolidated financial results for Fiscal Year Ended March 2026 (from April 1, 2025 to March 31, 2026)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2026	734,791	7.0	116,664	11.1	199,081	32.1	156,229	28.8	151,014	28.5	311,903	87.6
FY2025	686,553	14.1	105,036	11.1	150,718	(10.3)	121,288	(2.0)	117,523	(3.8)	166,223	(37.9)

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	Yen	Yen	%	%	%
FY2026	3,440.12	3,436.87	14.4	7.6	15.9
FY2025	2,671.18	2,667.29	13.8	6.8	15.3

Reference: Share of profit (loss) of investments accounted for using equity method
 FY2026: 26,850 million yen
 FY2025: 18,141 million yen

(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	Equity attributable to owners of parent per share
	Million yen	Million yen	Million yen	%	Yen
As of March 31, 2026	2,853,866	1,217,650	1,185,668	41.5	27,056.17
As of March 31, 2025	2,371,026	943,569	914,768	38.6	20,845.16

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2026	57,073	(104,100)	104,685	539,854
FY2025	84,836	(177,251)	66,718	470,273

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2025	156.00	161.00	167.00	177.00	661.00	29,059	24.7	3.4
FY2026	181.00	185.00	190.00	195.00	751.00	32,956	21.8	3.1
FY2027 (Forecast)	195.00	195.00	195.00	195.00	780.00		28.5	

3. Consolidated earnings forecast for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(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	775,000	5.5	130,000	11.4	120,000	(20.5)	2,738.32

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: None

(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 March 31, 2026	43,989,642 shares
As of March 31, 2025	44,269,642 shares

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

As of March 31, 2026	167,178 shares
As of March 31, 2025	385,681 shares

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

Fiscal year ended March 31, 2026	43,887,074 shares
Fiscal year ended March 31, 2025	43,990,407 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(1) Non-consolidated operating results

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2026	18,871	(4.3)	15,595	(8.5)	15,590	(61.1)	120,982	140.1
FY2025	19,715	81.5	17,051	198.4	40,068	51.5	50,398	74.6

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2026	2,756.05	2,755.50
FY2025	1,145.53	1,144.88

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2026	1,656,061	306,112	18.5	6,983.61
As of March 31, 2025	1,429,935	221,779	15.5	5,047.39

Reference: Equity

As of March 31, 2026: 306,038 million yen

As of March 31, 2025: 221,499 million yen

- Consolidated financial results reports are not subject to review procedures by Certified Public Accountants or audit firm.
- 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 Financial Results, (4) Future Outlook” 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 Financial Results	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	4
(3) Explanation of Cash Flows	4
(4) Future Outlook.....	4
2. Basic View of Selected Accounting Standards.....	4
3. Consolidated Financial Statements and Primary Notes	5
(1) Consolidated Statements of Financial Position	5
(2) Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income.....	7
Consolidated Statements of Profit or Loss Fiscal year ended March 31, 2025 and 2026.....	7
Consolidated Statements of Comprehensive Income Fiscal year ended March 31, 2025 and 2026.....	8
(3) Consolidated Statements of Changes in Equity	9
(4) Consolidated Statements of Cash Flows.....	10
(5) Notes to Consolidated Financial Statements.....	12
1. Reporting entity.....	12
2. Basis of preparation of consolidated financial statements.....	12
3. Material accounting policy information	13
4. Significant accounting estimates and judgements on estimates	13
5. Operating segments	13
6. Investments accounted for using equity method	16
7. Bonds payable	17
8. Capital and reserves.....	17
9. Earnings per share	18
10. Significant subsequent events.....	18
11. Notes on going concern assumption.....	19
12. Date of approval	19

1. Qualitative Information on Financial Results

(1) Explanation of Operating Results

<Summary of financial results>

For the consolidated fiscal year ended March 31, 2026 (the “current period”), the Japanese economy continued on a moderate recovery trend amid ongoing improvements in employment and income conditions, as well as signs of recovery in personal consumption and capital investment. On the other hand, the outlook remains uncertain due to, in addition to price trends, developments in U.S. trade policy, the situation in the Middle East, and fluctuations in financial and capital markets.

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 proactively 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 734,791 million yen, up 7.0% year on year for the fiscal year ended March 31, 2026, 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 in-house products increases. Operating profit was 116,664 million yen, up 11.1 % year on year. Profit before tax was 199,081 million yen, up 32.1% year on year, due to an increase in financial income and share of profit/loss of investments accounted for using the equity method. Profit attributable to owners of the parent was 151,014 million yen, up 28.5% year on year.

*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 and insurance companies or directly from users.

(Million yen unless otherwise stated)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	Change	Change (%)
Revenue	686,553	734,791	48,238	7.0
Operating profit	105,036	116,664	11,627	11.1
Profit before tax	150,718	199,081	48,362	32.1
Profit attributable to owners of parent	117,523	151,014	33,490	28.5

<Financial results by segment>

Electricity and Gas segment

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

The segment recorded revenue of 319,571 million yen, up 10.8% year on year, and operating profit of 35,848 million yen, up 1.1% year on year for the current period, due to the growth in the number of customer contracts, resulting in an increase in recurring operating profit, which will be a source of stable revenue in the future.

Telecommunication segment

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

The segment recorded revenue of 127,540 million yen, up 4.0% year on year, and operating profit of 29,383 million yen, up 14.4 % year on year for the current period, due to an increase in the number of customer contracts in the internet communication line services, resulting in an increase in recurring operating profit, which will be a source of stable revenue in the future.

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 85,314 million yen, up 7.6% year on year, and operating profit of 9,695 million yen, up 19.1% year on year for the current period, due to an increase in recurring operating profit resulting from an increase in the number of customer contracts, as well as cost improvements.

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 31,478 million yen, up 16.9% year on year, and operating profit of 9,368 million yen, up 14.0% year on year for the current period, due to a growth of the number of customer contracts, resulting in an increase in recurring operating profit, which will be a source of stable revenue in the future.

Finance segment

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

The segment recorded revenue of 45,526 million yen, up 37.4% year on year, and operating profit of 22,086 million yen, up 23.6% year on year for the current period, due to steady business performance.

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 26,866 million yen, down 4.1% year on year, and operating profit of 3,790 million yen, up 47.6% year on year for the current period, displaying steady overall performance.

Commission-based Sales segment

The Commission-based Sales segment mainly engages SMEs 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 98,493 million yen, down 8.8% year on year, due to the transfer of shares of some consolidated subsidiaries, and operating profit of 12,799 million yen, up 3.4% year on year, due to recording one-time gains associated with the sale of shares in certain consolidated subsidiaries, for the current period.

(2) Explanation of Financial Position

Assets, liabilities, and net assets

(Million yen)

	As of March 31, 2025	As of March 31, 2026	Change
Assets	2,371,026	2,853,866	482,840
Liabilities	1,427,456	1,636,216	208,759
Equity	943,569	1,217,650	274,081

Assets were 2,853,866 million yen, up 482,840 million yen from March 31, 2025, due to the purchase of investment securities.

Liabilities were 1,636,216 million yen, up 208,759 million yen from March 31, 2025, due to the issuance of bonds.

Equity was 1,217,650 million yen, up 274,081 million yen from March 31, 2025, due to an increase in retained earnings.

(3) Explanation of Cash Flows

Cash Flows

(Million yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities	84,836	57,073
Cash flows from investing activities	(177,251)	(104,100)
Cash flows from financing activities	66,718	104,685
Cash and cash equivalents at end of period	470,273	539,854

Net cash provided by operating activities was 57,073 million yen mainly as a result of robust performance during the consolidated fiscal year.

Net cash used in investment activities was 104,100 million yen primarily due to the purchase of investment securities.

Net cash provided by financing activities was 104,685 million yen mainly due to the issuance of bonds.

As a result, the balance of cash and cash equivalents as of March 31, 2026 was 539,854 million yen.

(4) Future Outlook

The consolidated financial forecast for the fiscal year ending March 31, 2027 is 775 billion yen in revenue, 130 billion yen in operating profit, primarily due to the growth in the number of customer contracts, resulting in an increase in recurring operating profit, and 120 billion yen in profit attributable to owners of parent due to a decrease in foreign exchange gains.

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

2. Basic View of Selected Accounting Standards

The Group has adopted International Financial Reporting Standards (IFRS) from the fiscal year ended March 31, 2017, with the aim of enhancing the international comparability of its financial information and improving disclosure, thereby providing more meaningful information to a wide range of stakeholders, including domestic and international investors.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Statements of Financial Position

		(Million yen)	
	Notes	Fiscal year ended March 31, 2025 (As of March 31, 2025)	Fiscal year ended March 31, 2026 (As of March 31, 2026)
Assets			
Current assets			
Cash and cash equivalents		470,273	539,854
Trade and other receivables		332,327	411,499
Reinsurance contract asset		823	409
Inventories		2,356	1,789
Other financial assets		17,949	51,682
Other current assets		25,148	14,405
Total current assets		848,880	1,019,640
Non-current assets			
Property, plant and equipment		38,975	41,744
Right-of-use assets		5,236	5,988
Goodwill		18,798	18,395
Intangible assets		6,696	6,671
Investments accounted for using equity method	6	205,485	319,720
Other financial assets		1,182,904	1,366,170
Deferred tax assets		7,974	8,368
Contract costs		50,693	60,637
Insurance contract asset		5,090	6,447
Other non-current assets		289	81
Total non-current assets		1,522,145	1,834,225
Total assets		2,371,026	2,853,866

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

(Million yen)			
	Notes	Fiscal year ended March 31, 2025 (As of March 31, 2025)	Fiscal year ended March 31, 2026 (As of March 31, 2026)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		284,742	263,788
Insurance contract liabilities		5,582	5,763
Interest-bearing liabilities	7	179,876	161,307
Income taxes payable		17,999	35,150
Other financial liabilities		771	389
Other current liabilities		16,211	16,197
Total current liabilities		505,183	482,597
Non-current liabilities			
Interest-bearing liabilities	7	754,444	927,165
Provisions		417	570
Other non-current liabilities		15,423	15,169
Deferred tax liabilities		151,987	210,714
Total non-current liabilities		922,272	1,153,619
Total liabilities		1,427,456	1,636,216
Equity			
Share capital		54,259	54,259
Capital surplus		984	1,716
Retained earnings		863,716	1,108,757
Treasury shares	8	(10,864)	(6,215)
Accumulated other comprehensive income		6,672	27,150
Total equity attributable to owners of parent		914,768	1,185,668
Non-controlling interests		28,800	31,982
Total equity		943,569	1,217,650
Total liabilities and equity		2,371,026	2,853,866

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

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

Consolidated Statements of Profit or Loss
Fiscal year ended March 31, 2025 and 2026

(Million yen)

	Notes	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (From April 1, 2025 to March 31, 2026)
Revenue		686,553	734,791
Cost of sales		343,254	370,835
Gross profit		343,298	363,956
Other income		4,186	5,814
Selling, general and administrative expenses		238,566	250,881
Other expenses		3,881	2,225
Operating profit		105,036	116,664
Finance income		41,604	77,619
Finance costs		15,862	22,399
Share of profit (loss) of investments accounted for using equity method	6	18,141	26,850
Other non-operating income and expenses		1,797	346
Profit before tax		150,718	199,081
Income tax expense		29,430	42,852
Profit		121,288	156,229
Profit attributable to			
Owners of parent		117,523	151,014
Non-controlling interests		3,764	5,214
Profit		121,288	156,229
Earnings per share			
Basic earnings per share (Yen)	9	2,671.18	3,440.12
Diluted earnings per share (Yen)	9	2,667.29	3,436.87

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

Consolidated Statements of Comprehensive Income
Fiscal year ended March 31, 2025 and 2026

(Million yen)

	Notes	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (From April 1, 2025 to March 31, 2026)
Profit		121,288	156,229
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		44,586	131,802
Share of other comprehensive income of investments accounted for using equity method		(491)	3,775
Remeasurement of defined benefit plans		(0)	-
Total		44,094	135,577
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		708	20,635
Share of other comprehensive income of investments accounted for using equity method		155	718
Cash flow hedges		(23)	(1,257)
Total		840	20,096
Other comprehensive income, net of tax		44,934	155,674
Comprehensive income		166,223	311,903
Comprehensive income attributable to			
Owners of parent		162,121	306,020
Non-controlling interests		4,102	5,883
Comprehensive income		166,223	311,903

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

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)

(Million yen)

	Notes	Equity attributable to owners of parent					Total	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	790,478	28,771	819,249
Comprehensive income									
Profit		-	-	117,523	-	-	117,523	3,764	121,288
Other comprehensive income		-	-	-	-	44,597	44,597	337	44,934
Comprehensive income		-	-	117,523	-	44,597	162,121	4,102	166,223
Transactions with owners									
Dividends of surplus		-	-	(30,253)	-	-	(30,253)	(1,366)	(31,619)
Change in scope of consolidation		-	-	-	-	-	-	(2,128)	(2,128)
Changes in ownership interest in subsidiaries		-	1,291	-	-	-	1,291	(625)	666
Purchase and disposal of treasury shares		-	19	(275)	(8,399)	-	(8,655)	-	(8,655)
Share-based payment transactions	8	-	(34)	(15,788)	15,823	-	-	-	-
Transfer from other components of equity to retained earnings		-	(292)	-	77	-	(215)	48	(167)
Transfer from retained earnings to capital surplus		-	-	43,748	-	(43,748)	-	-	-
Total transactions with owners		-	984	(2,568)	7,501	(43,748)	(37,831)	(4,072)	(41,903)
Balance at end of period		54,259	984	863,716	(10,864)	6,672	914,768	28,800	943,569

Fiscal year ended March 31, 2026 (From April 1, 2025 to March 31, 2026)

(Million yen)

	Notes	Equity attributable to owners of parent					Total	Non-controlling interests	Total equity
		Share capital	Capital surplus	Retained earnings	Treasury shares	Accumulated other comprehensive income			
Balance at beginning of period		54,259	984	863,716	(10,864)	6,672	914,768	28,800	943,569
Comprehensive income									
Profit		-	-	151,014	-	-	151,014	5,214	156,229
Other comprehensive income		-	-	-	-	155,005	155,005	669	155,674
Comprehensive income		-	-	151,014	-	155,005	306,020	5,883	311,903
Transactions with owners									
Dividends of surplus		-	-	(32,178)	-	-	(32,178)	(1,462)	(33,641)
Change in scope of consolidation		-	-	-	-	-	-	1,776	1,776
Changes in ownership interest in subsidiaries		-	874	-	-	-	874	(2,812)	(1,938)
Purchase and disposal of treasury shares		-	99	(76)	(3,938)	-	(3,915)	-	(3,915)
Cancellation of treasury shares	8	-	(215)	(8,246)	8,461	-	-	-	-
Share-based payment transactions		-	(26)	-	126	-	(100)	(203)	(103)
Transfer from other components of equity to retained earnings		-	-	134,527	-	(134,527)	-	-	-
Total transactions with owners		-	731	94,026	4,648	(134,527)	(35,120)	(2,702)	(37,822)
Balance at end of period		54,259	1,716	1,108,757	(6,215)	27,150	1,185,668	31,982	1,217,650

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

(4) Consolidated Statements of Cash Flows

(Million yen)

	Notes	Fiscal year ended March 31, 2025 (From April 1, 2024 To March 31, 2025)	Fiscal year ended March 31, 2026 (From April 1, 2025 To March 31, 2026)
Cash flows from operating activities			
Profit before tax		150,718	199,081
Depreciation and amortization		14,076	16,475
Finance income		(41,604)	(77,619)
Finance costs		15,862	22,399
Share of loss (profit) of investments accounted for using equity method	6	(18,141)	(26,850)
Decrease (increase) in contract costs		(9,239)	(9,943)
Decrease (increase) in trade and other receivables		(55,114)	(66,981)
Increase (decrease) in trade and other payables		49,861	(17,813)
Decrease (increase) in inventories		(23)	350
Other		1,138	301
Subtotal		107,534	39,399
Interest received		17,088	17,929
Dividends received		27,858	37,278
Interest paid		(10,957)	(15,944)
Income taxes refund (paid)		(56,688)	(21,589)
Net cash provided by (used in) operating activities		84,836	57,073
Cash flows from investing activities			
Purchase of property, plant and equipment, and intangible assets		(21,553)	(19,399)
Proceeds from sale of property, plant and equipment, and intangible assets		3	108
Purchase of investment securities		(298,859)	(424,230)
Proceeds from sale of investment securities		152,201	342,199
Proceeds from obtaining control of subsidiaries		(7,083)	212
Proceeds from loss of control of subsidiaries		2,736	(703)
Payments for loans receivable		(2,799)	(4,301)
Collection of loans receivable		1,008	2,414
Payments for time deposits		(14,951)	(28,500)
Proceeds from refund of time deposits		12,941	27,674
Other		(896)	426
Net cash provided by (used in) investing activities		(177,251)	(104,100)
Cash flows from financing activities			
Proceeds from short-term interest-bearing debt		(58,004)	(1,868)
Proceeds from long-term interest-bearing debt		211,301	271,628
Repayment of long-term interest-bearing debt		(45,419)	(120,137)
Capital contribution from non-controlling interests		1,806	811
Purchase of treasury shares		(10,001)	(6,143)
Dividends paid		(30,222)	(32,141)
Dividends paid to non-controlling interests		(1,372)	(1,763)
Payments for acquisition of interests in subsidiaries from non-controlling interests	7	(992)	(502)
Other		(376)	(5179)
Net cash provided by (used in) financing activities		66,718	104,685
Effect of exchange rate changes on cash and cash equivalents		(2,537)	11,921
Net increase (decrease) in cash and cash equivalents		(28,234)	69,580
Decrease in cash and cash equivalents resulting from transfer to assets held for sale		3,657	-

		(Million yen)	
	Notes	Fiscal year ended March 31, 2025 (From April 1, 2024 To March 31, 2025)	Fiscal year ended March 31, 2026 (From April 1, 2025 To March 31, 2026)
Cash and cash equivalents at beginning of period		494,850	470,273
Cash and cash equivalents at end of period		470,273	539,854

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

(5) Notes to 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 consolidated financial statements for the fiscal year ended March 31, 2026 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 consolidated financial statements

(1) Basis for measurement

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

(2) Functional currency and presentation currency

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

(3) 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 consolidated financial statements. However, as of March 31, 2026, 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

(4) Change in presentation method

(Condensed quarterly consolidated statements of cash flows)

In the fiscal year ended March 31, 2025, the item “Payments for time deposits,” and “Proceeds from refund of time-deposits” which had been included under “Other” in the section “Cash flows from investing activities,” has increased in materiality and is therefore presented as a separate line item in the fiscal ended March 31, 2026.

To reflect this change in presentation, the condensed quarterly consolidated statements of cash flows for the fiscal year ended March 31, 2025, has been restated accordingly.

As a result, in the condensed quarterly consolidated statements of cash flows for the fiscal year ended March 31, 2025, the amount previously presented as “Other” of 2,907 million yen in losses has been reclassified into “Payments for time deposits” of 14,951 million yen in losses, “Proceeds from refund of time deposits” of 12,941 million yen, and “Other” of 896 million yen in losses.

3. Material accounting policy information

Material accounting policies the Group has adopted in preparing the accompanying consolidated financial statements are the same as those applied in the previous fiscal year.

4. Significant accounting estimates and judgements on estimates

In the preparation of the consolidated financial statements in accordance with IFRS, 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 and assumptions 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.

The judgements and estimates made by management that could have a significant impact on the amounts reported in the consolidated financial statements include the following:

- (1) Impairment of non-financial assets
- (2) Recoverability of deferred tax assets
- (3) Recoverability of contract costs

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.

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 information for each reportable segment of the Group is as follows. Segment profit is based on operating profit.

Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)

(Million yen)

	Reportable segment								Other	Total	Adjustment (Note)	Consolidated financial statements
	Electricity and Gas	Telecommuni- cation	Beverage	Insurance	Finance	Solution	Commission -based Sales	Total				
Revenue												
Sales to external customers	288,498	122,594	79,323	26,927	33,141	28,016	108,048	686,553	—	686,553	—	686,553
Intersegment sales and transfers	—	—	—	—	—	—	—	—	—	—	—	—
Total	288,498	122,594	79,323	26,927	33,141	28,016	108,048	686,553	—	686,553	—	686,553
Segment profit	35,442	25,687	8,139	8,220	17,872	2,568	12,376	110,307	—	110,307	(5,270)	105,036
Finance income												41,604
Finance costs												15,862
Share of profit (loss) of investments accounted for using equity method												18,141
Other non- operating income and expenses												1,797
Profit before tax												150,718
Other income and expenses												
Depreciation and amortization	307	207	11,068	282	366	1,062	514	13,810	—	13,810	266	14,076

- 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 12,790 million yen of government grants under IAS 20.
 The Beverage segment included lease income under IFRS 16.
 The Insurance segment recognized 20,920 million yen of insurance revenue under IFRS 17. Insurance revenue, corresponding insurance service expenses of 14,681 million yen and losses related to reinsurance of 551 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.

Fiscal year ended March 31, 2026 (From April 1, 2025 to March 31, 2026)

(Million yen)

	Reportable segment								Other	Total	Adjustment (Note)	Consolidated financial statements
	Electricity and Gas	Telecommuni- cation	Beverage	Insurance	Finance	Solution	Commission -based Sales	Total				
Revenue												
Sales to external customers	319,571	127,540	85,314	31,478	45,526	26,866	98,493	734,791	—	734,791	—	734,791
Intersegment sales and transfers	—	—	—	—	—	—	—	—	—	—	—	—
Total	319,571	127,540	85,314	31,478	45,526	26,866	98,493	734,791	—	734,791	—	734,791
Segment profit	35,848	29,383	9,695	9,368	22,086	3,790	12,799	122,972	—	122,972	(6,307)	116,664
Finance income												77,619
Finance costs												22,399
Share of profit (loss) of investments accounted for using equity method												26,850
Other non- operating income and expenses												346
Profit before tax												199,081
Other income and expenses												
Depreciation and amortization	393	376	14,387	159	402	178	288	16,186	—	16,186	289	16,475

- 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 12,779 million yen of government grants under IAS 20.
 The Beverage segment included lease income under IFRS 16.
 The Insurance segment recognized 25,235 million yen of insurance revenue under IFRS 17. Insurance revenue, corresponding insurance service expenses of 19,363 million yen and losses related to reinsurance of 124 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. Investments accounted for using equity method

The carrying amount of investments in associates is as follows:

(Million yen)

	Fiscal year ended March 31, 2025 (As of March 31, 2025)	Fiscal year ended March 31, 2026 (As of March 31, 2026)
Total carrying amount	205,485	319,720

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

(Million yen)

	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (From April 1, 2025 to March 31, 2026)
Profit	18,141	26,850
Other comprehensive income	(336)	4,493
Comprehensive income	17,805	31,344

Note: "Share of profit (loss) of investments accounted for using equity method" in the condensed quarterly consolidated statement of profit or loss for the fiscal year ended March 31, 2026 includes a gain on bargain purchase of 5,565 million yen, arising when an associate was newly accounted for using the equity method. No such gain on bargain purchase was recognized in the fiscal year ended March 31, 2025.

7. Bonds payable

The Company issued bonds payable of 135,000 million yen for the fiscal year ended March 31, 2025. 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);

The forty-ninth unsecured bond of 10,000 million yen (Annual interest rate: 1.073%, Date of issue: September 11, 2024, Term of redemption: September 10, 2027);

The fiftieth unsecured bond of 10,000 million yen (Annual interest rate: 1.580%, Date of issue: September 11, 2024, Term of redemption: September 11, 2029);

The fifty-first unsecured bond of 40,000 million yen (Annual interest rate: 2.60%, Date of issue: March 12, 2025, Term of redemption: March 12, 2032).

The Company issued bonds payable of 199,460 million yen for the fiscal year ended March 31, 2026. The breakdown is as follows:

USD-denominated senior unsecured corporate bonds of 73,460 million yen (Annual interest rate: 6.130%, Date of issue: September 18, 2025, Term of redemption: September 18, 2035);

The fifty-second unsecured bond of 10,000 million yen (Annual interest rate: 1.654%, Date of issue: October 23, 2025, Term of redemption: October 23, 2028);

The fifty-third unsecured bond of 10,000 million yen (Annual interest rate: 2.271%, Date of issue: October 23, 2025, Term of redemption: October 23, 2030);

The fifty-fourth unsecured bond of 15,000 million yen (Annual interest rate: 2.656%, Date of issue: November 6, 2025, Term of redemption: November 6, 2031);

The fifty-fifth unsecured bond of 91,000 million yen (Annual interest rate: 2.520%, Date of issue: March 12, 2026, Term of redemption: November 12, 2030).

8. Capital and reserves

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

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.

Fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

The Company conducted the cancellation of treasury shares by 280,000 on December 29, 2025, pursuant to the resolution adopted at the Board of Directors meeting on November 11, 2025.

9. 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:

	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (From April 1, 2025 to March 31, 2026)
(1) Basic earnings per share	2,671.18 yen	3,440.12 yen
(Basis of calculation)		
Profit attributable to owners of parent (million yen)	117,523	151,014
Amount not attributable to ordinary equity holders of the parent (million yen)	17	37
Amount used in calculation of basic earnings per share (million yen)	117,506	150,976
Weighted average number of ordinary shares (thousand shares)	43,990	43,887
(2) Diluted earnings per share	2,667.29 yen	3,436.87 yen
(Basis of calculation)		
Amount used in calculation of basic earnings per share (million yen)	117,506	150,976
Adjustment to profit for potential shares in subsidiaries and associates (million yen)	(103)	(112)
Amount used in calculation of diluted earnings per share (million yen)	117,402	150,863
Weighted average number of ordinary shares (thousand shares)	43,990	43,887
Increase in ordinary shares from share acquisition rights (thousand shares)	25	8
Weighted average number of ordinary shares used in calculation of diluted earnings per share (thousand shares)	44,015	43,895

10. Significant subsequent events

Issuance of unsecured bonds payable

The Company issued bonds payable as follows, pursuant to the resolution adopted at the Board of Directors meeting held on April 24, 2026.

Fifty-sixth unsecured bond

- (1) Name of bond: HIKARI TSUSHIN, INC. Fifty-sixth unsecured bond (with an inter-bond pari passu clause)
- (2) Total amount of the issuance: 10.0 billion yen
- (3) Amount of each bond: 1 million yen
- (4) Interest rate: 2.823% annually
- (5) Issuance price: 100 yen for a face value worth 100 yen
- (6) Redemption value: 100 yen for a face value worth 100 yen
- (7) Due date of payment: May 1, 2026
- (8) Period of redemption: May 1, 2031 (5-year bond)
- (9) Interest payment dates: Twice each year, on May 1 and November 1

- (10) Use of funds: Funds for redemption of bonds payable
- (11) Lead managing underwriters: Nomura Securities Co., Ltd
Daiwa Securities Co., Ltd.
Mizuho Securities Co., Ltd
SMBC Nikko Securities Inc.
- (12) Bond Administrator: Mizuho Bank, Ltd.
- (13) Book-entry transfer institution: Japan Securities Depository Center, Incorporated
- (14) Rating acquired: A+ (Japan Credit Rating Agency, Ltd.)
A (Rating and Investment Information, Inc.)

Fifty-seventh unsecured bond

- (1) Name of bond: HIKARI TSUSHIN, INC. Fifty-seventh unsecured bond (with an inter-bond pari passu clause)
- (2) Total amount of the issuance: 10.0 billion yen
- (3) Amount of each bond: 1 million yen
- (4) Interest rate: 3.510% annually
- (5) Issuance price: 100 yen for a face value worth 100 yen
- (6) Redemption value: 100 yen for a face value worth 100 yen
- (7) Due date of payment: May 1, 2026
- (8) Period of redemption: April 28, 2033 (7-year bond)
- (9) Interest payment dates: Twice each year, on May 1 and November 1
- (10) Use of funds: Funds for redemption of bonds payable
- (11) Lead managing underwriters: Nomura Securities Co., Ltd
Daiwa Securities Co., Ltd.
Mizuho Securities Co., Ltd
SMBC Nikko Securities Inc.
- (12) Bond Administrator: Mizuho Bank, Ltd.
- (13) Book-entry transfer institution: Japan Securities Depository Center, Incorporated
- (14) Rating acquired: A+ (Japan Credit Rating Agency, Ltd.)
A (Rating and Investment Information, Inc.)

11. Notes on going concern assumption

Not applicable.

12. Date of approval

The accompanying consolidated financial statements were approved by the Board of Directors on May 13, 2026.