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FYE March 2026 Domestic Earnings Call

May 14, 2026

Attendees :

Hideaki Wada, President and Representative Director

Naomi Imoto, Head of Financial Strategy, Investor Relations and Public Relations

■ Financial Results Presentation

P1

This slide shows total shareholder return since the Company's listing. A comparison with TOPIX is shown in the lower-right corner. Since listing, the Company has delivered a compound annual growth rate of 9.7%, compared with 4.6% for TOPIX. In terms of cumulative return, the Company achieved 1,597%, versus 380% for TOPIX.

P2

As this is the full-year earnings presentation, we have included a 15-year performance trend. Revenue expanded from 207.1 billion yen 15 years ago to 734.7 billion yen. Recurring operating profit grew at a CAGR of 12%, while operating profit grew at 28%. Interest and dividend income were previously limited in scale; however, over the past four to five years, investment performance has steadily begun to contribute meaningfully, resulting in annual growth of 29%. Pre-tax profit reached 199.0 billion yen. Comprehensive income is not presented on a simple growth-rate basis because it was negative 15 years ago. However, as shown in the orange-highlighted section on the right, comprehensive income has increased significantly overall in recent years. In addition to realized gains/losses (after-tax), increases in unrealized gains (after-tax) also contributed substantially to comprehensive income.

P3

From the left-hand side, net cash assets increased at a CAGR of 30%, and total assets grew 17%. Total equity attributable to owners of parent expanded from 100.0 billion yen 15 years ago to 1,185.6 billion yen, representing 17% annual growth.

P4

EPS improved from a negative level 15 years ago to the most recent figure of 3,440 yen. BPS also increased significantly, from a book value per share of 1,879 yen to 27,056 yen currently, representing 19% annual growth. Meanwhile, the number of employees has declined from a peak of 12,000 to below 5,000 today. Going forward, we will continue to actively implement AI and other initiatives aimed at further improving productivity per employee.

P5

Turning to the increase in total equity attributable to owners of parent, total equity reached 1,185.6 billion yen this fiscal year. Key contributors included net income of 151.0 billion yen, gains on sales of 40.7 billion yen as discussed earlier, and unrealized gains of 93.8 billion yen. After deducting shareholder returns and other items, total equity totaled 1,185.6 billion yen.

In particular, the impact from gains/losses on sales and valuation differences was highly significant. Accordingly, we encourage the evaluation of performance not only on a net income basis, but also on a comprehensive income basis.

P6

All key metrics reached record highs this fiscal year. In addition to record revenue, recurring operating profit, and operating profit, pre-tax profit reached 199.0 billion yen. Net income also reached a record high of 151.0 billion yen.

P7

With respect to profit by business segment, recurring operating profit increased 11% YoY. Looking at the breakdown, nearly all segments recorded growth, including the electricity and gas business. Operating profit also increased 11% YoY. In the electricity and gas business, operating profit growth was limited to 1% due to aggressive customer acquisition spending. Excluding that segment, however, most businesses achieved growth of approximately 10% or more.

P8

Regarding sales performance by category, the high-voltage power segment saw a decline in performance compared to the previous year. This reflects intensified price competition in the high-voltage market. Rather than following competitors into aggressive price discounting or prioritizing expansion in market share and customer acquisition, the Company has focused on pursuing opportunities that generate sufficient returns.

P9

Pre-tax profit increased from 108.5 billion yen five years ago to 199.0 billion yen. Within this, share of profit/losses of equity-method investments reached 23.5 billion yen, up substantially from 6.3 billion yen five years ago, making a significant contribution to earnings growth. In addition, dividend and interest income increased from 11.1 billion yen five years ago to 48.2 billion yen. As a result of this expansion in financial income, pre-tax profit reached 199.0 billion yen against operating profit of 116.6 billion yen.

P10

Turning to cash flow, operating cash flow was 21.8 billion yen. The primary contributing factor was the increase in microfinance balances in Asia within the finance business. This resulted in a negative impact of 110.5 billion yen against EBITDA of 133.1 billion yen. Dividend and interest income, while recognized at the levels previously discussed on a P&L basis, amounted to 55.2 billion yen on a cash flow basis.

P11

Total equity attributable to owners of parent increased by 270.8 billion yen from the end of the previous fiscal year. This was driven primarily by gains/losses on sales of marketable securities and changes in unrealized gains/losses, as mentioned earlier.

P12
This slide outlines the status of the Company's investment holdings. As of the end of FY3/26, acquisition costs totaled 852.3 billion yen, unrealized gains (pre-tax) relative to acquisition costs amounted to 624.1 billion yen, and market cap reached 1,476.4 billion yen.

Aggregate look-through earnings for the Company's investment holdings totaled 139.9 billion yen. This figure includes companies not accounted for under the equity method. Dividing this by acquisition costs of 852.3 billion yen results in an earnings yield (EY) of 16.3%. This figure has steadily increased over the past five years, indicating consistent expansion in operating profits at investee companies.

Dividend yield also increased from 3.0% five years ago to 4.3%. This reflects not only improved earnings performance at investee companies, but also active dividend increases and share buybacks aimed at improving capital efficiency, which in turn have enhanced the Company's investment returns.

Furthermore, as shown in the bottom section, dividend income and realized gains have remained stable. Realized gains (pre-tax) over the past three years totaled 55.9 billion yen, 50.1 billion yen, and 67.7 billion yen, respectively.

(*The indicators shown on Page 12 represent management-based aggregated figures for listed equities held as pure investments, regardless of accounting classification.)

P13
This page lists high-quality companies in which the Company holds ownership stakes of 20% or more. These companies generally maintain very strong financial positions and, like the Company, operate stable recurring operating profit-based business models while practicing disciplined management.

P14
For FY3/27, we forecast record high revenue, recurring operating profit, and operating profit. We are targeting revenue of 775.0 billion yen, recurring operating profit of 201.5 billion yen, and operating profit of 130.0 billion yen. On the other hand, net income is forecast at 120.0 billion yen, representing a 20% YoY decline. This reflects the contribution in the previous fiscal of foreign exchange gains/losses and other factors, as well as the absence of one-time gains/losses in the current forecast.

P15
We have received several inquiries related to the recent situation in the Middle East. In our electricity business, electricity procurement prices (JEPX prices) temporarily increased between March and April, but have since stabilized. In addition, the impact of the recent rise in procurement costs on our P&L has been minimal. This is because the Company exclusively offers market-linked pricing plans, resulting in a business structure that is relatively insulated from fluctuations in electricity procurement prices, whether upward or downward.

P16
We forecast operating profit to increase from 116.6 billion yen in the previous fiscal year to 130.0 billion yen. It should be noted that the previous fiscal year's operating profit of 116.6 billion yen included a one-time gain of 3.5 billion yen from business sales. Excluding this gain, underlying operating profit growth would be 14%.

Earlier, we explained that operating profit increased 11% YoY including gains on sales; however, excluding one-time factors, 14% represents the Company's underlying business growth rate.

P17
Next, we will explain the breakdown of our outlook for the current fiscal year. Businesses outside telecommunications are generally performing solidly. Although the communications line business is described as "flat," in reality we expect slight growth. Previously, the business environment had been somewhat challenging, with declines in both recurring operating profit and operating profit. However, the business has already bottomed out and entered a gradual growth phase. Rather than expecting rapid growth that would double or triple the business, our policy is to continue delivering steady growth while carefully assessing returns on investment.

P18
Regarding share repurchases, we are currently executing a previously approved buyback program of up to 350,000 shares and 10.0 billion yen, which is scheduled to continue through the end of June. Following completion of this program, we plan to implement an additional share repurchase program with an upper limit of 10.0 billion over a one-year period.

P19
The fiscal year-end quarterly dividend will be 195 yen per share, representing an increase of 5 yen from the previous announcement. Annual dividends are scheduled to total 751 yen per share, up 13% from 661 yen in the previous fiscal year. This marks the 15th consecutive year of dividend increases and the 23rd consecutive year without a dividend reduction.

P20
This slide shows the trend in shareholder returns. For the previous fiscal year, total dividend payments amounted to 32.1 billion yen and total share repurchases amounted to 6.1 billion yen, resulting in a total payout ratio of 25%. Due to the substantial increase in net income to 151.0 billion yen, driven in part by foreign exchange effects, the dividend payout ratio declined. For the current fiscal year, we plan to conduct share repurchases throughout the year, with total buybacks expected to amount to 11.8 billion yen. In addition, quarterly dividends are expected to remain unchanged at 195 yen per share, with total annual dividend payments projected at 34.1 billion yen. As a result, the total payout ratio relative to projected net income of 120.0 billion yen is expected to be 38%.

P21

In summary, for FY3/26, both recurring operating profit and operating profit grew steadily. For FY3/27, we forecast recurring operating profit growth of 8% YoY and operating profit growth of 11% YoY, with expectations to continue to achieve record-high earnings. We also intend to actively implement dividend increases and share repurchases in order to further enhance ongoing shareholder returns.

Appendix 1

P1

This slide shows cumulative operating profit and investment income over the past 15 years. During this period, the Company generated 930.0 billion yen in operating profit from its businesses and 179.9 billion yen in interest and dividend income from investment holdings. In addition, gains on sales of listed shares totaled 141.6 billion yen. In aggregate, cumulative profit over the past 15 years amounted to 1,251.7 billion yen.

P2

Of these earnings, the Company returned a cumulative 248.2 billion yen to shareholders through dividend payments. In addition, during periods when management determined that the Company’s share price was trading below intrinsic value, we actively conducted share repurchases. Total share repurchases over the past 15 years amounted to 103.0 billion yen. As a result, total shareholder returns, including dividends and share repurchases, reached 351.2 billion yen cumulatively over the past 15 years. As shown in the lower-right corner, total taxes paid over the same period amounted to 311.7 billion yen.

P3

Recurring operating profit expanded 5.7 times over the past 15 years. Recurring operating profit increased from 32.1 billion yen 15 years ago to 186.3 billion yen in FY3/26, and is forecast to reach 201.5 billion yen in FY3/27. The average growth rate over the 15-year period was 12.4%.

P4

Operating profit was 2.6 billion yen 15 years ago. At that time, the Company was in the transition phase from an agency-based business model to a recuring operating profit-based business model, resulting in a temporary decline in the earnings level. As a result, operating profit increased 44.9 times over the 15-year period, corresponding to a very high CAGR of 28.8%. However, on a 14-year basis, which management believes more accurately reflects underlying trends, the CAGR was 14.1%. Overall, the Company has grown at approximately 14% annually over the past 15 years.

P5

Total equity attributable to owners of parent expanded from 100.0 billion yen 15 years ago to 1,185.6 billion yen. This represents 11.8x growth over the 15-year period and a CAGR of 17.9%. Importantly, this growth was achieved while continuously implementing shareholder returns, including dividends and share repurchases, as discussed earlier.

P6
Turning to dividend and interest income, as shown in this graph, the Company has long maintained a certain level of equity investments. However, beginning around 2019, earnings from dividends and interest generated by investee companies began contributing significantly. Most recently, cash flow-based income from dividends and interest reached 55.2 billion yen. While generating approximately 100.0 billion yen in profits from its core businesses, the Company has also evolved into a business capable of generating approximately 50.0 billion yen in cash flow from investment management activities. The average growth rate over the past 15 years was 30.6%.

Appendix 2

The Company has operated a propane gas (LP gas) business for approximately the past two years. Going forward, we intend to establish an even deeper collaborative relationship with Sinanen Holdings Co., Ltd., in which the Company holds an ownership stake of approximately 43%. As part of this initiative, we plan to concentrate the majority of our LP gas business operations with Sinanen going forward. Sinanen Holdings is Japan's third-largest LP gas provider, supplying approximately 560,000 households. The company is performing very strongly, with forecast revenue of 367.3 billion yen and operating profit of 4.4 billion yen for FY3/26. Going forward, we intend to enhance ARPU per customer within Sinanen Holdings' customer base by cross-selling various products and services offered by the Company, including insurance products and water servers.

Appendix 3

P1
Going forward, our policy is to gradually reduce interest-bearing debt. Interest rates have recently been rising, and the environment surrounding long-term borrowings is becoming increasingly challenging. Accordingly, rather than continuing to accumulate debt as we have in the past, we intend to shift toward gradual repayment over the medium to long term. We also plan to maintain the Net Debt / EBITDA ratio below 4.0x.

P2
Regarding financial discipline, cash on hand has expanded from 338.2 billion yen five years ago to 764.5 billion yen currently. This consists of 539.8 billion yen in cash and cash equivalents, in addition to 216.0 billion yen in highly liquid bonds, securing a total cash position of 764.5 billion yen. This represents the strongest financial position in the Company's history. Meanwhile, scheduled repayments over the next three years total 439.0 billion yen, leaving a surplus buffer of 325.5 billion yen maintained as a safety margin. The coverage ratio stands at 174%.

Appendix 4

P1&2
As disclosed each year, the Company employs a value-investing strategy focused on undervalued companies. Exits from investments are often realized through TOBs or MBOs, typically executed at substantial premiums. There were 16 such cases during the previous fiscal year alone. In addition, the average IRR for TOB tendered investments was 54%. Accordingly, we believe there remains significant potential during the current fiscal year for investee companies to implement dividend increases, share repurchases, MBOs, TOBs, and other shareholder return initiatives.

P3
Regarding M&A results, during the previous fiscal year the Company completed five divestments and one acquisition. For divestments, we prioritize execution at appropriate valuations, while acquisitions are based on the principle of purchasing assets at attractive valuations. We will continue to pursue disciplined M&A going forward.

Appendix 5

Lastly, I would like to touch on a personal topic. It has now been six years since I assumed the position of President, and I am currently in my seventh year in the role. Over approximately the past six years, my cumulative after-tax compensation totaled 780 million yen. I have not spent any of that compensation. Instead, I have invested all of it into Hikari Tsushin shares. To be precise, I have invested approximately 2.2 times that amount, meaning I am making a full bet on Hikari Tsushin. Going forward, I intend to dedicate my life to the growth of Hikari Tsushin and continue moving forward together with our shareholders. Thank you very much for your time.

■ Q&A Session

(1) Earnings call for Japanese investors

【Question】I have two questions. Recently, the share price has been somewhat weak. I believe investors may be concerned about the possibility that rising electricity prices could weaken customer acquisition in the electricity business, as well as the risk that higher interest rates could slow the growth of your investment business. Could you comment on these concerns, both as President and as a shareholder?

【Answer】First, regarding the electricity business, we currently have both low-voltage customers, including individuals and corporations, and high-voltage customers. For existing customers, there is essentially no impact. The Company offers only market-linked plans that pass-through volatility in electricity prices to customers, so the earnings impact from higher electricity prices is almost zero. With respect to concerns that sharp price increases could lead to higher cancellations due to large customer bills, our market-linked plans are structured so that, if prices rise above a certain level, the excess amount is billed in installments over three months.

This structure is designed to avoid a sudden burden on customers that could lead to cancellations. On the other hand, for new customer acquisition, there are certain situations in which it has become more difficult to compete on pricing with other companies due to the situation in the Middle East and higher procurement costs. This trend is particularly pronounced in the high-voltage segment. However, we do not intend to discount and compete at the expense of lower returns. As a result, this has also contributed to an improvement in our recurring operating profit margin relative to revenue. Going forward, we will continue to pursue growth with a focus on returns.

The electricity business itself continues to grow. In particular, the rental housing market for individual customers remains very strong. While there is some impact from higher procurement costs, we have strong partners through our real estate alliances, and therefore we do not expect an impact on customer acquisition. We expect the business to continue progressing steadily this fiscal year.

Regarding investments, as I mentioned earlier, we are entering a phase in which we will gradually repay interest-bearing debt, rather than aggressively increasing it. At the same time, the investment environment is no longer one in which there are numerous stocks trading below book value, as was the case 10 or 20 years ago. Nevertheless, undervalued investment opportunities still exist, and we will pursue more focused and selective investments with clearer prioritization. Some investments, including those related to recent sales, are also entering the recovery phase. I would not say there is zero possibility of a tapering off in the future, but at present, investment IRR continues to rise. Based on the earnings results announced this week by our investee companies, we are seeing a series of dividend increases and share repurchases. Accordingly, we continue to have expectations for the performance of our investment team this fiscal year.

【Question】That was very clear. I have one follow-up question. You said that, even if acquisition yields in the electricity business decline, you will not continue acquiring customers at the expense of returns. At the same time, I assume there are multiple attractive areas in other businesses where acquisition costs could be deployed. How do you think about that balance?

【Answer】As you pointed out, we do not intend to pursue expansion in electricity market share, revenue, or the existing customer base if that means accepting lower returns. Nor do we intend to forcibly reallocate acquisition costs that were not used in the electricity business to other businesses. We have disclosed an operating profit forecast of 130.0 billion yen for this fiscal year. Initially, we had assumed a somewhat higher level of acquisition spending and expected an operating profit of around 127.0 billion yen. However, taking into account factors such as the situation in the Middle East from March to April, we decided to ease off the accelerator slightly. Rather than forcibly deploying 2.0–3.0 billion yen into other segments, we decided to recognize that amount as profit, and therefore disclosed an operating profit of 130.0 billion yen. We do not have the mindset that acquisition costs must be used up by any means. Our stance is to deploy capital if returns are sufficient, and not to use it if returns are not adequate.

【Question】Thank you. My second question is about share repurchases. First, could you confirm the current upper limit on the amount of share repurchases you can conduct, taking liquidity into account? Also, if such constraints exist, it would seem that when the share price declines, having greater capacity for share repurchases would expand your options. Is there any room to consider measures to address issues related to the tradable share ratio?

【Answer】With respect to the share repurchase capacity, we still have more than 100.0 billion yen of remaining capacity at this point. We have again resolved to conduct an additional 10.0 billion yen share repurchase. However, if the remaining capacity were to approach the upper limit, there could be concerns that it would become more difficult to conduct share buybacks. With that being said, at present, we believe there is sufficient capacity, and share repurchases are not constrained. Recently, we also used treasury shares we held in the share exchange with FT Group. In this way, we believe we are able to control the balance between share repurchases and the tradable share ratio.

【Question】I have two questions. First, you mentioned that price competition is intense in the high-voltage corporate electricity segment. On the other hand, could you explain why similar competition is not occurring, or is unlikely to occur going forward, in the low-voltage residential segment? There may be various factors, such as differences in market participants, sales promotion channels, or the degree of working capital burden. How do you view this?

【Answer】The majority of our low-voltage channel is for individual customers, and the core of that is the rental real estate channel. Customer acquisition is primarily through alliances with property management companies and real estate brokerage firms, and the customer acquisition route itself is fixed to some extent. By contrast, even within the individual customer market, price competition is extremely intense in webbased channels, where customers tend to flow to cheaper services. However, because our business is centered on the real estate channel, our structure is less susceptible to such effects.

【Question】Should we understand that it is difficult for other companies to newly enter the real estate channel?

【Answer】That is correct. Since the days when we were selling NTT optical fiber services, we have built long-standing relationships with property management companies and real estate brokerage firms nationwide. We have established strong partnerships with our sales partners, including through the formation of joint ventures. Therefore, we do not believe it would be easy for other companies to build a similar network over a short period of time.

【Question】Thank you. My second question is about securities investments in a rising interest rate environment. I believe the investment recovery phase will continue over the medium to long term. You have also presented scenarios looking toward the 2030s. If short-term shareholder returns are difficult, would the policy be to accumulate recovered funds to some extent as cash on the balance sheet and hold them as safe assets? Given that interest rates are also rising, holding deposits could be an option. Could you share your thoughts on this?

【Answer】As shown on the financial discipline page, interest rates are currently rising. Therefore, rather than using cash aggressively, we intend to manage the business in a way that enhances safety. At the same time, our policy is to raise required returns in line with higher interest rates. This applies equally to equity investments, the financial business including microfinance, and our core businesses. To the extent funding costs rise, we will raise required return levels accordingly. If sufficient returns cannot be secured, we will not forcibly deploy capital.

【Question】You have stated that interest-bearing debt will gradually decline over the medium to long term, but the chart appears to show interest-bearing debt exceeding the FY3/26 level over the next several years. How should we interpret this?

【Answer】We have large bond redemptions scheduled five and nine years from now. Therefore, from the standpoint of maintaining our financial discipline of securing funds on hand for repayments due within three years, we intend to raise funds in preparation for future redemptions. As a result, interest-bearing debt is expected to increase gradually. On the other hand, EBITDA is also expanding, so the Net Debt / EBITDA ratio is expected to decline. After that, over the longer term, we expect to enter a repayment phase.

【Question】I would like to ask about the electricity business. Is it correct to understand that, both historically and going forward, your policy is not to own or secure specific power sources, but rather to procure mainly from JEPX? Also, are you implementing any measures to stabilize procurement costs, such as using JEPX futures?

【Answer】Both currently and going forward, our basic policy is to procure 100% from

JEPX. We do not own fixed power sources. We also do not currently procure using futures or options, and we have no plans to do so going forward. Because we employ a model that passes costs through to customers via market-linked plans, we do not intend to hedge using options or futures. We are not doing that now, and we have no plans to do so in the future.

【Question】 Regarding acquisition costs in the electricity and gas business in FY3/26, were they primarily deployed toward high-voltage electricity or low-voltage electricity?

【Answer】The vast majority was low-voltage. High-voltage was probably less than 10%, and our acquisition efforts are primarily centered on low-voltage.

【Question】 Are there any new business initiatives you can discuss? Also, could you provide an update on the fund business?

【Answer】 Regarding new businesses, we are currently testing multiple projects. Among them are businesses that I personally have very high expectations for, but at this point they are not yet at a stage where we can disclose details. If they materialize, we hope to report them to you. We are currently developing them into what could become quite large businesses.

Regarding the fund business, we currently operate funds including one with Rheos Capital Works. Going forward, rather than for fundraising purposes, we are considering multiple initiatives from the perspective of diversifying our investment management business. We will provide updates on this as appropriate.

【Question】 Please comment on your bond issuance plans for this fiscal year.

【Answer】 This fiscal year, we issued bonds for institutional investors in April. Going forward, from the perspective of securing funds for future bond redemptions, we will consider issuance toward the second half of the fiscal year. We also issue retail bonds every year, so we would like to consider the timing. However, at present, there are no specific plans that have been decided.

【Question】 I have two questions. First, regarding the transfer of the LP gas business. My impression was that you had quite high expectations for the LP gas business and that Hikari Tsushin itself would expand the business. On the other hand, I now understand that you are deepening collaboration with Sinanen Holdings and moving toward consolidating the business there. Was there a change from your initial assumptions, or should we understand this as the result of identifying a more optimal operating structure through collaboration with Sinanen? How should we think about this?

【Answer】 In the LP gas business we had previously operated, we worked with nine LP gas providers nationwide, including Sinanen. We ourselves do not own infrastructure such as filling, delivery, or safety management facilities, so we operated in collaboration with other companies. Because our partners were dispersed across multiple companies, our margin was limited. On the other hand, we hold approximately

43% of Sinanen's shares. Taking this into account, we determined that consolidating our partnerships into Sinanen would improve the overall margin for the Company and also provide greater benefits to us as a shareholder.

【Question】In other words, should we understand that growth in the LP gas business will actually accelerate?

【Answer】That is correct. Rather than partnering with multiple companies on our own, we are moving toward accelerating the LP gas business with Sinanen as the core partner. Going forward, by cross-selling Sinanen's LP gas to Hikari Tsushin Group's individual and corporate customer base in electricity, telecommunications, and other areas, we aim to improve ARPU per customer. Under the standalone model, there were limits from a margin perspective. However, through collaboration with Sinanen Holdings, we believe we can expand the business with greater speed.

【Question】My second question concerns the assumptions for recurring operating profit and acquisition costs in the electricity and gas business. You mentioned that high-voltage is challenging, but for recurring operating profit growth in low-voltage residential customers, do you expect growth to be similar to the previous fiscal year, or higher? Could you share the outlook for this fiscal year?

【Answer】For this fiscal year, we expect operating profit in the electricity segment to grow by 10%. Based on recent trends, we believe 10% growth on an operating profit basis is fully achievable. For recurring operating profit as well, we expect growth of roughly close to 10%. Acquisition costs continue to be deployed steadily, as in the previous fiscal year, and we believe the electricity business will continue to drive overall Group growth this fiscal year.

【Question】Prices have risen somewhat recently. Has that not caused a slowdown in customer acquisition?

【Answer】Rather than a slowdown, we are withdrawing from or scaling back channels where returns do not meet our criteria. For channels where higher procurement costs have reduced price competitiveness and sales cannot be made without discounts, we are not forcing ourselves to continue. Even so, we believe sufficient growth remains possible.

Regarding the decline in the share price, we have received many concerns about the electricity business against the backdrop of the situation in the Middle East. Although this is not stated in the IR materials, the electricity business is expected to grow by 10% on a profit basis this fiscal year.

【Question】By segment, electricity and finance are assumed to post "large increases." Given that an improvement in electricity should have a large impact on the consolidated total, consolidated operating profit growth appears somewhat modest. How should we understand this? Also, even with the phrase "large increase," is there a difference in growth rates between finance and electricity?

【Answer】 We use terms such as “increase” and “large increase” based more on the scale of the profit impact than on the growth rate. As I mentioned earlier, we expect both electricity and finance to grow based on current trends. In our FY3/27 operating profit forecast of 130.0 billion yen, electricity is expected to have the largest positive profit impact, followed by finance. These two segments are expected to drive overall profit growth.

【Question】 Given your ownership ratio of approximately 43% in Sinanen Holdings, it appears that the portion attributable to outside shareholders is also large. Is it correct to understand that the cross-selling benefits outweigh that? Also, as you deepen the collaboration, is it acceptable to maintain the current non-consolidated relationship?

【Answer】 We believe that selling LP gas procured from Sinanen Holdings is preferable to selling LP gas ourselves as we had done previously, even taking into account our approximately 43% ownership stake in Sinanen. In addition, by consolidating our partnerships into Sinanen rather than working with nine companies, Sinanen will also be better able to formulate stable acquisition and supply plans, and logistics efficiency will improve. As a result, the structure will increase margins both for Hikari Tsushin and Sinanen Holdings, while also increasing our benefits as a shareholder. We will refrain from disclosing detailed figures, but we made the decision to consolidate based on these estimates.

With respect to our investment policy for Sinanen Holdings, the criterion is whether the shares are undervalued. Our stance is to invest if the share price is below intrinsic value, and not to invest if it is overvalued. The investment is not intended for the purpose of consolidation.

This concludes the FY3/26 earnings briefing. Thank you very much for joining us today.