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November 11, 2026

Consolidated Financial Results for the Six Months Ended September 30, 2026 (Under IFRS)

Company name: HIKARI TSUSHIN, INC.
Listing: Tokyo Stock Exchange
Securities code: 9435
URL: http://www.hikari.co.jp/en/
Representative: Hideaki Wada, President, Representative Director, and COO
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Scheduled date to commence dividend payments: December 11, 2026
Preparation of supplementary material on financial results: Yes
Holding of earnings briefing: Yes

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

1. Consolidated financial results for the six months ended September 30, 2026 (from April 1, 2026 to September 30, 2026)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2026	420,970	16.4	65,702	14.1	87,168	(1.2)	69,352	(4.1)
September 30, 2025	361,695	11.0	57,590	0.3	88,201	27.6	72,304	44.2

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
Six months ended	Million yen	%	Million yen	%	Yen	Yen
September 30, 2026	67,522	(4.0)	157,387	(3.2)	1,540.98	1,540.86
September 30, 2025	70,328	45.9	162,599	167.0	1,602.08	1,600.10

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
As of	Million yen	Million yen	Million yen	%
September 30, 2026	2,981,468	1,349,999	1,326,623	44.5
March 31, 2026	2,853,866	1,217,650	1,185,668	41.5

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2026	181.00	185.00	190.00	195.00	751.00
Fiscal year ending March 31, 2027	200.00	205.00			
Fiscal year ending March 31, 2027 (Forecast)			205.00	205.00	815.00

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

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)	2,734.35

Note: Revisions to the earnings forecast most recently announced: None

Notes

(1) Significant changes in the scope of consolidation during the period: None
Newly included: –
Excluded: –

(2) Changes in accounting policies and changes in accounting estimates
(i) Changes in accounting policies required by IFRS: 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 September 30, 2026	43,989,642 shares
As of March 31, 2026	43,989,642 shares

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

As of September 30, 2026	103,443 shares
As of March 31, 2026	167,178 shares

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

Six months ended September 30, 2026	43,806,198 shares
Six months ended September 30, 2025	43,887,080 shares

- Semi-annual financial results reports are exempt from review conducted by certified public accountants or an 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 Semi-annual Financial Results, (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 4 of the Attachments for the assumptions that form the basis for the earnings forecasts and cautions concerning the use of earnings forecasts.

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1. Qualitative Information on Semi-annual Financial Results

(1) Explanation of Operating Results

<Summary of financial results>

For the six months ended September 30, 2026 (the "current period"), the Japanese economy experienced only a gradual recovery, with improvements in employment and income conditions and a recovery in capital investment, while personal consumption showed some weakness. Uncertainty surrounding the economy persisted due to factors including developments in United States trade policy, the situation in the Middle East, and fluctuations in financial and capital markets.

HIKARI TSUSHIN, INC. ("the Company") and its subsidiaries (collectively "the Group") leverages its strength in sales to engage in businesses where stable long-term revenue can be expected, including electricity and gas, internet communication line services, water delivery, insurance, and finance.

In addition, to realize a decarbonized society and achieve the SDGs (Sustainable Development Goals), the Group is actively considering specific measures and undertaking initiatives to fulfill its social responsibility. These initiatives include establishing environmentally friendly electricity services that provide effectively renewable energy through the use of non-fossil certificates, preserving sustainable water resources, and reducing resource-use and waste.

For the six months ended September 30, 2026, the Group's businesses performed steadily, with recurring operating profit*, which serves as a stable source of future revenue, increasing as the number of customer contracts for in-house products grew. As a result, revenue was 420,970 million yen, up 16.4% year on year, and operating profit was 65,702 million yen, up 14.1% year on year. Additionally, although share of profit of investments accounted for using equity method increased, profit before tax was 87,168 million yen, down 1.2% year on year, reflecting factors including foreign exchange losses, and profit attributable to owners of parent was 67,522 million yen, down 4.0% year on year.

* Recurring operating profit refers to profit calculated by deducting service provision costs, customer retention costs, and other expenses from basic subscription fees, usage fees, insurance premiums, and other recurring charges arising during the contract period under contracts with customers acquired by the Group. Such revenue may be received directly from customers or from telecommunications carriers and other parties.

(Million yen unless otherwise stated)

	Six months ended September 30, 2025	Six months ended September 30, 2026	Change	Change (%)
Revenue	361,695	420,970	59,274	16.4
Operating profit	57,590	65,702	8,111	14.1
Profit before tax	88,201	87,168	(1,032)	(1.2)
Profit attributable to owners of parent	70,328	67,522	(2,806)	(4.0)

<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 202,623 million yen, up 30.0% year on year, and operating profit of 17,454 million yen, down 5.4% year on year for the current period. This was due to factors including growth in customer contracts and higher unit sales prices, while customer acquisition costs were incurred as planned as an investment in future growth.

Telecommunication segment

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

The segment recorded revenue of 63,725 million yen, down 0.2% year on year, and operating profit of 16,838 million yen, up 14.6% year on year for the current period reflecting factors including a decrease in customer acquisition costs.

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 45,362 million yen, up 6.4% year on year, and operating profit of 6,092 million yen, up 22.6% year on year for the current period. This was due to the growth in the number of customer contracts, resulting in an increase in recurring operating profit.

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 20,527 million yen, up 25.9% year on year, and operating profit of 5,717 million yen, up 25.7% year on year for the current period resulting from steady business performance, due to factors including an increase in the number of customer contracts.

Finance segment

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

The segment recorded revenue of 25,973 million yen, up 28.3% year on year, and operating profit of 13,981 million yen, up 39.7% year on year for the current period, resulting from steady business performance.

Solution segment

The Solution segment mainly provides SMEs with industry-specific solution services through various tools that utilize information and communication services, including platforms such as customer management and settlement management systems.

The segment recorded revenue of 13,531 million yen, up 1.4% year on year, and operating profit of 1,918 million yen, down 8.3% year on year for the current period, although the business remained generally firm.

Commission-based Sales segment

The Commission-based Sales segment mainly engages in commission-based sales of various products, including information and communications services-related products offered by telecommunications carriers and manufacturers, to SMEs and individual customers.

The segment recorded revenue of 49,226 million yen, down 0.5% year on year, and operating profit of 7,033 million yen, up 23.2% year on year for the current period due to factors including contributions from newly consolidated subsidiaries.

(2) Explanation of Financial Position

Assets, liabilities, and net assets

(Million yen)

	As of March 31, 2026	As of September 30, 2026	Change
Assets	2,853,866	2,981,468	127,601
Liabilities	1,636,216	1,631,468	(4,748)
Equity	1,217,650	1,349,999	132,349

Assets were 2,981,468 million yen, up 127,601 million yen from March 31, 2026, due to factors including an increase in financial assets and trade receivables.

Liabilities were 1,631,468 million yen, down 4,748 million yen from March 31, 2026, due to factors including a decrease in trade payables and income taxes payable, despite an increase in interest-bearing debt.

Equity was 1,349,999 million yen, up 132,349 million yen from March 31, 2026, due to factors including an increase in retained earnings.

Cash flows

(Million yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Cash flows from operating activities	28,608	(25,112)
Cash flows from investing activities	(166,458)	(191,547)
Cash flows from financing activities	23,834	(2,562)
Cash and cash equivalents at end of period	352,887	319,319

Cash flows from operating activities resulted in a net cash outflow of 25,112 million yen due to factors including a larger increase in trade receivables, a decrease in trade payables, and an increase in income tax payments.

Cash flows from investing activities resulted in a net cash outflow of 191,547 million yen due to factors including the purchase of investment securities.

Cash flows from financing activities resulted in a net cash outflow of 2,562 million yen due to factors including dividends paid and the purchase of treasury shares, which exceeded an increase in interest-bearing debt.

As a result, cash and cash equivalents as of September 30, 2026 were 319,319 million yen.

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

The financial results forecast for the fiscal year ending March 31, 2027 has not been revised from the forecast in the "Consolidated Financial Results for the Fiscal Year Ended March 31, 2026" announced on May 13, 2026.

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

2. Condensed Semi-annual Consolidated Financial Statements and Primary Notes

(1) Condensed Semi-annual Consolidated Statements of Financial Position

(Million yen)

	Notes	Fiscal year ended March 31, 2026 (As of March 31, 2026)	Six months ended September 30, 2026 (As of September 30, 2026)
Assets			
Current assets			
Cash and cash equivalents		539,854	319,319
Trade and other receivables		411,499	452,138
Reinsurance contract assets		409	145
Inventories		1,789	2,657
Other financial assets		51,682	144,381
Other current assets		14,405	16,587
Assets held for sale	6	-	10,808
Total current assets		1,019,640	946,038
Non-current assets			
Property, plant and equipment		41,744	40,589
Right-of-use assets		5,988	6,066
Goodwill		18,395	18,395
Intangible assets		6,671	6,690
Investments accounted for using equity method	7	319,720	335,991
Other financial assets		1,366,170	1,554,111
Deferred tax assets		8,368	7,445
Contract costs		60,637	60,273
Insurance contract assets		6,447	5,767
Other non-current assets		81	99
Total non-current assets		1,834,225	2,035,429
Total assets		2,853,866	2,981,468

The notes are an integral part of these Condensed Semi-annual consolidated financial statements.

(Million yen)

	Notes	Fiscal year ended March 31, 2026 (As of March 31, 2026)	Six months ended September 30, 2026 (As of September 30, 2026)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		263,788	241,166
Insurance contract liabilities		5,763	6,333
Interest-bearing debt	8	161,307	227,231
Income taxes payable		35,150	30,529
Other financial liabilities		389	1,022
Other current liabilities		16,197	13,213
Liabilities directly associated with assets held for sale	6	-	839
Total current liabilities		482,597	520,336
Non-current liabilities			
Interest-bearing debt	8	927,165	892,392
Provisions		570	516
Other non-current liabilities		15,169	10,363
Deferred tax liabilities		210,714	207,859
Total non-current liabilities		1,153,619	1,111,131
Total liabilities		1,636,216	1,631,468
Equity			
Share capital		54,259	54,259
Capital surplus		1,716	2,196
Retained earnings		1,108,757	1,259,022
Treasury shares		(6,215)	(3,971)
Accumulated other comprehensive income		27,150	15,116
Total equity attributable to owners of parent		1,185,668	1,326,623
Non-controlling interests		31,982	23,376
Total equity		1,217,650	1,349,999
Total liabilities and equity		2,853,866	2,981,468

The notes are an integral part of these Condensed Semi-annual consolidated financial statements.

(2) Condensed Semi-annual Consolidated Statements of Profit or Loss and Condensed Semi-annual Consolidated Statements of Comprehensive Income

Condensed Semi-annual Consolidated Statements of Profit or Loss
Six months ended September 30, 2025 and 2026

(Million yen)

	Notes	Six months ended September 30, 2025 (From April 1, 2025 to September 30, 2025)	Six months ended September 30, 2026 (From April 1, 2026 to September 30, 2026)
Revenue		361,695	420,970
Cost of sales		182,573	230,804
Gross profit		179,122	190,165
Other income		2,874	1,479
Selling, general and administrative expenses		124,177	125,151
Other expenses		229	790
Operating profit		57,590	65,702
Finance income		33,813	28,160
Finance costs		11,392	21,313
Share of profit (loss) of investments accounted for using equity method	7	9,665	13,594
Other non-operating income and expenses		(1,475)	1,024
Profit before tax		88,201	87,168
Income tax expense		15,896	17,816
Profit		72,304	69,352
Profit attributable to			
Owners of parent		70,328	67,522
Non-controlling interests		1,976	1,829
Profit		72,304	69,352
Earnings per share			
Basic earnings per share (Yen)	10	1,602.08	1,540.98
Diluted earnings per share (Yen)	10	1,600.10	1,540.86

The notes are an integral part of these Condensed Semi-annual consolidated financial statements.

Condensed Semi-annual Consolidated Statements of Comprehensive Income
Six months ended September 30, 2025 and 2026

(Million yen)

	Notes	Six months ended September 30, 2025 (From April 1, 2025 to September 30, 2025)	Six months ended September 30, 2026 (From April 1, 2026 to September 30, 2026)
Profit		72,304	69,352
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		91,219	97,863
Share of other comprehensive income of investments accounted for using equity method		1,555	3,046
Remeasurement of defined benefit plans		-	(10)
Total		92,775	100,900
Items that may be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income		-	(590)
Exchange differences on translation of foreign operations		2,136	(11,810)
Share of other comprehensive income of investments accounted for using equity method		(282)	(39)
Cash flow hedges		(4,334)	(424)
Total		(2,480)	(12,865)
Other comprehensive income, net of tax		90,294	88,035
Comprehensive income		162,599	157,387
Comprehensive income attributable to			
Owners of parent		160,197	155,527
Non-controlling interests		2,401	1,859
Comprehensive income		162,599	157,387

The notes are an integral part of these Condensed Semi-annual consolidated financial statements.

(3) Condensed Semi-annual Consolidated Statements of Changes in Equity

Six months ended September 30, 2025 (From April 1, 2025 to September 30, 2025)

(Million yen)

	Notes	Equity attributable to owners of parent						Non-controlling interests	Total equity
		Share capital	Capital surplus	Retained earnings	Treasury shares	Accumulated other comprehensive income	Total		
Balance at beginning of period		54,259	984	863,716	(10,864)	6,672	914,768	28,800	943,569
Comprehensive income									
Profit		-	-	70,328	-	-	70,328	1,976	72,304
Other comprehensive income		-	-	-	-	89,869	89,869	425	90,294
Comprehensive income		-	-	70,328	-	89,869	160,197	2,401	162,599
Transactions with owners									
Dividends of surplus		-	-	(15,711)	-	-	(15,711)	(801)	(16,512)
Change in scope of consolidation		-	-	-	-	-	-	1,806	1,806
Changes in ownership interest in subsidiaries without loss of control		-	(126)	-	-	-	(126)	(201)	(328)
Purchase and disposal of treasury shares		-	(336)	-	891	-	554	1	556
Share-based payment transactions		-	(81)	-	126	-	45	-	45
Transfer from other components of equity to retained earnings		-	-	92,269	-	(92,269)	-	-	-
Transfer from retained earnings to capital surplus		-	138	(138)	-	-	-	-	-
Total transactions with owners		-	(405)	76,419	1,017	(92,269)	(15,238)	804	(14,433)
Balance at end of period		54,259	578	1,010,464	(9,846)	4,272	1,059,727	32,007	1,091,734

Six months ended September 30, 2026 (From April 1, 2026 to September 30, 2026)

(Million yen)

	Notes	Equity attributable to owners of parent						Non-controlling interests	Total equity
		Share capital	Capital surplus	Retained earnings	Treasury shares	Accumulated other comprehensive income	Total		
Balance at beginning of period		54,259	1,716	1,108,757	(6,215)	27,150	1,185,668	31,982	1,217,650
Comprehensive income									
Profit		-	-	67,522	-	-	67,522	1,829	69,352
Other comprehensive income		-	-	-	-	88,005	88,005	29	88,035
Comprehensive income		-	-	67,522	-	88,005	155,527	1,859	157,387
Transactions with owners									
Dividends of surplus		-	-	(17,295)	-	-	(17,295)	(1,134)	(18,430)
Change in scope of consolidation		-	-	-	-	-	-	(0)	(0)
Changes in ownership interest in subsidiaries without loss of control		-	173	-	-	-	173	(9,171)	(8,998)
Purchase and disposal of treasury shares		-	247	-	2,204	-	2,452	-	2,452
Share-based payment transactions		-	59	-	38	-	97	(159)	(61)
Transfer from other components of equity to retained earnings		-	-	100,039	-	(100,039)	-	-	-
Transfer from retained earnings to capital surplus		-	-	-	-	-	-	-	-
Total transactions with owners		-	480	82,743	2,243	(100,039)	(14,571)	(10,465)	(25,037)
Balance at end of period		54,259	2,196	1,259,022	(3,971)	15,116	1,326,623	23,376	1,349,999

The notes are an integral part of these Condensed Semi-annual consolidated financial statements.

(4) Condensed Semi-annual Consolidated Statements of Cash Flows

(Million yen)

	Notes	Six months ended September 30, 2025 (From April 1, 2025 to September 30, 2025)	Six months ended September 30, 2026 (From April 1, 2026 To September 30, 2026)
Cash flows from operating activities			
Profit (loss) before tax		88,201	87,168
Depreciation and amortization		8,617	8,807
Finance income		(33,813)	(28,160)
Finance costs		11,392	21,313
Share of loss (profit) of investments accounted for using equity method	7	(9,665)	(13,594)
Decrease (increase) in contract costs		(6,469)	363
Decrease (increase) in trade and other receivables		(29,945)	(44,306)
Increase (decrease) in trade and other payables		(19,463)	(26,714)
Decrease (increase) in inventories		423	(868)
Decrease (increase) in deposits		(1,024)	(10,053)
Other		1,629	(1,261)
Subtotal		9,883	(7,306)
Interest received		8,766	7,470
Dividends received		22,801	26,602
Interest paid		(7,044)	(10,206)
Income taxes paid or refunded (payment)		(5,797)	(41,672)
Net cash provided by (used in) operating activities		28,608	(25,112)
Cash flows from investing activities			
Purchase of property, plant and equipment, and intangible assets		(10,496)	(6,807)
Proceeds from sale of property, plant and equipment, and intangible assets		75	28
Purchase of investment securities		(223,478)	(331,745)
Proceeds from sale of investment securities		89,332	153,641
Proceeds from (payments for) obtaining control of subsidiaries		911	2,403
Proceeds from (payments for) loss of control of subsidiaries		(456)	811
Payments for loans receivable		(3,562)	(1,640)
Collection of loans receivable		1,662	1,186
Payments into time deposits		(20,635)	(3,827)
Proceeds from withdrawal of time deposits		-	4,000
Other		190	(9,598)
Net cash provided by (used in) investing activities		(166,458)	(191,547)
Cash flows from financing activities			
Proceeds from (payments for) short-term interest-bearing debt		1,050	18,154
Proceeds from long-term interest-bearing debt		88,073	63,736
Repayment of long-term interest-bearing debt		(46,013)	(52,013)
Capital contribution from non-controlling interests		245	205
Purchase of treasury shares		(7)	(8,118)
Dividends paid		(15,684)	(17,264)
Dividends paid to non-controlling interests		(827)	(1,134)
Payments for acquisition of interests in subsidiaries from non-controlling interests		(475)	(398)
Other		(2,526)	(5,728)
Net cash provided by (used in) financing activities		23,834	(2,562)
Effect of exchange rate changes on cash and cash equivalents		(3,371)	(594)
Net increase (decrease) in cash and cash equivalents		(117,385)	(219,817)
Increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale	6	-	(717)
Cash and cash equivalents at beginning of period		470,273	539,854
Cash and cash equivalents at end of period		352,887	319,319

The notes are an integral part of these Condensed Semi-annual consolidated financial statements.

(5) Notes to Condensed Semi-annual Consolidated Financial Statements

1. Reporting entity

HIKARI TSUSHIN, INC. ("the Company") is a corporation domiciled in Japan, whose shares are listed on the Tokyo Stock Exchange. The address of the Company's registered headquarters is 1-4-10 Nishi-Ikebukuro, Toshima-ku, Tokyo. The accompanying condensed semi-annual consolidated financial statements for the six months ended September 30, 2026 (from April 1, 2026 to September 30, 2026) comprise the Company and its subsidiaries ("the Group"), together with the Group's interests in associates. The ultimate parent company of the Group is the Company. The Group operates various businesses, mainly in the field of information and communications.

Details are provided in "Note 5. Operating segments."

2. Basis of preparation of Condensed Semi-annual consolidated financial statements

(1) Basis for measurement

The accompanying condensed semi-annual 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 condensed semi-annual 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 condensed semi-annual consolidated financial statements. However, as of September 30, 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 on or after)	Scheduled application by the Group	Overview of new clauses and revisions
IFRS 18	*Presentation and Disclosures in Financial Statements*	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 semi-annual consolidated statement of cash flows)

"Decrease (increase) in deposits," which was included in "Other" within cash flows from operating activities in the six months ended September 30, 2025, is presented separately in the current period because its monetary significance has increased.

The condensed semi-annual consolidated statement of cash flows for the six months ended September 30, 2025 has been reclassified to reflect this change in presentation.

As a result, the 605 million yen previously presented in "Other" in the condensed semi-annual consolidated statement of cash flows for the six months ended September 30, 2025 has been reclassified under "Decrease (increase) in deposits" as an increase of 1,024 million yen and "Other" as 1,629 million yen.

3. Material accounting policy information

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

4. Significant accounting estimates and judgments on estimates

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

These estimates and their underlying assumptions are continuously reviewed. The effects of revisions to accounting estimates are recognized in the accounting period in which the estimates are revised and in future accounting periods.

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

5. Operating segments

(1) Outline of reportable segments

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

The Company operates as a holding company, with each operating company formulating business strategies for the products and services it handles and conducting its business activities. Accordingly, the Group's segments are organized by product and service, based on its operating companies. The Group has seven reportable segments: "Electricity and Gas," "Telecommunication," "Beverage," "Insurance," "Finance," and "Solution," in which we provide products and services planned and developed in-house, and "Commission-based Sales," in which we sell third-party products.

Reportable segments and their business activities are as follows:

Segment	Major business
Electricity and Gas	Selling and providing electricity and gas
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

Six months ended September 30, 2025 (From April 1, 2025 to September 30, 2025)

(Million yen)

	Reportable segment								Other	Total	Adjustment (Note)	Condensed Semi-annual consolidated financial statements
	Electricity and Gas	Telecommuni-cation	Beverage	Insurance	Finance	Solution	Commission -based Sales	Total				
Revenue												
Sales to external customers	155,823	63,884	42,634	16,298	20,246	13,350	49,457	361,695	–	361,695	–	361,695
Intersegment sales and transfers	–	–	–	–	–	–	–	–	–	–	–	–
Total	155,823	63,884	42,634	16,298	20,246	13,350	49,457	361,695	–	361,695	–	361,695
Segment profit	18,443	14,687	4,968	4,549	10,010	2,092	5,711	60,463	–	60,463	(2,873)	57,590
Finance income												33,813
Finance costs												11,392
Share of profit (loss) of investments accounted for using equity method												9,665
Other non-operating income and expenses												(1,475)
Profit before tax												88,201

Notes: 1. The adjustment for segment profit includes corporate profit or loss that has not been allocated to reportable segments.

2. Revenue of each segment includes the revenue from sources other than revenue from contracts with customers under IFRS 15 as follows:

The Electricity and Gas segment recognized 4,658 million yen of government grants under IAS 20.

The Beverage segment included lease income under IFRS 16.

The Insurance segment recognized 11,959 million yen of insurance revenue under IFRS 17. The corresponding insurance service expenses of 9,488 million yen and net expenses from reinsurance contracts held of 85 million yen are included in the segment profit of the Insurance segment.

The Finance segment includes revenue under IFRS 9, including interest revenue calculated using the effective interest method.

Six months ended September 30, 2026 (From April 1, 2026 to September 30, 2026)

(Million yen)

	Reportable segment								Other	Total	Adjustment (Note)	Condensed Semi-annual consolidated financial statements
	Electricity and Gas	Telecommuni-cation	Beverage	Insurance	Finance	Solution	Commission -based Sales	Total				
Revenue												
Sales to external customers	202,623	63,725	45,362	20,527	25,973	13,531	49,226	420,970	–	420,970	–	420,970
Intersegment sales and transfers	–	–	–	–	–	–	–	–	–	–	–	–
Total	202,623	63,725	45,362	20,527	25,973	13,531	49,226	420,970	–	420,970	–	420,970
Segment profit	17,454	16,838	6,092	5,717	13,981	1,918	7,033	69,036	–	69,036	(3,334)	65,702
Finance income												28,160
Finance costs												21,313
Share of profit (loss) of investments accounted for using equity method												13,594
Other non-operating income and expenses												1,024
Profit before tax												87,168

Notes: 1. The adjustment for segment profit includes corporate profit or loss that has not been allocated to reportable segments.

2. Revenue of each segment includes the revenue from sources other than revenue from contracts with customers under IFRS 15 as follows:

The Electricity and Gas segment recognized 8,241 million yen of government grants under IAS 20.

The Beverage segment included lease income under IFRS 16.

The Insurance segment recognized 16,470 million yen of insurance revenue under IFRS 17. The corresponding insurance service expenses of 12,781 million yen and net expenses from reinsurance contracts held of 35 million yen are included in the segment profit of the Insurance segment.

The Finance segment includes revenue under IFRS 9, including interest revenue calculated using the effective interest method.

6. Assets held for sale

The amount of assets held for sale and liabilities directly related to assets held for sale is as follows:

(Million Yen)

	Fiscal year ended March 31, 2026 (As of March 31, 2026)	Six months ended September 30, 2026 (As of September 30, 2026)
Assets held for sale	－	
Cash and cash equivalents	－	717
Trade and other receivables	－	450
Other non-current assets	－	155
Right-of-use assets	－	392
Investments in associates that had been accounted for using the equity method	－	8,895
Other	－	198
Total	－	10,808
Liabilities directly associated with assets held for sale	－	
Trade and other payables	－	260
Income taxes payable	－	131
Interest-bearing debt	－	395
Other	－	52
Total	－	839

For the previous fiscal year, there were no applicable assets or liabilities.

Assets and liabilities held for sale for the six months ended September 30, 2026 consist of three subsidiaries in the Telecommunication segment and two investments in associates that had been accounted for using the equity method. The Group has committed to execute a disposal plan for these assets and liabilities. As their sale is expected to be completed within one year of the classification date, they have been classified as assets and liabilities held for sale.

One of the investments in associates that had been accounted for using the equity method is measured at fair value less costs to sell, as its fair value less costs to sell is lower than its carrying amount.

7. Investments accounted for using the equity method

The carrying amount of investments in associates is as follows:

(Million yen)

	Fiscal year ended March 31, 2026 (As of March 31, 2026)	Six months ended September 30, 2026 (As of September 30, 2026)
Total carrying amount	319,720	335,991

Financial information for associates is as follows. Additionally, these amounts reflect the Group's ownership interests.

(Million yen)

	Six months ended September 30, 2025 (From April 1, 2025 to September 30, 2025)	Six months ended September 30, 2026 (From April 1, 2026 to September 30, 2026)
Profit	9,665	13,594
Other comprehensive income	1,272	3,007
Comprehensive income	10,937	16,601

Note: Share of profit (loss) of investments accounted for using equity method in the Condensed Semi-annual consolidated statement of profit or loss for the Six months ended September 30, 2025 includes a gain on bargain purchase of 929 million yen, arising from a newly affiliated company accounted for using the equity method. The corresponding gain on bargain purchase for the current period was 1,894 million yen.

8. Bonds Payable

Six months ended September 30, 2025 (from April 1, 2025 to September 30, 2025)

The Company issued bonds payable of 73,460 million yen during the previous six months ended September 30, 2025. The breakdown is as follows:

USD-denominated bonds of 73,460 million yen (Annual interest rate: 6.130%; Date of issue: September 18, 2025; Maturity Date: September 18, 2035).

Six months ended September 30, 2026 (from April 1, 2026 to September 30, 2026)

The Company issued bonds payable of 50,000 million yen during the six months ended September 30, 2026. The breakdown is as follows:

The 56th series of unsecured bonds of 10,000 million yen (Annual interest rate: 2.823%; Date of issue: May 1, 2026; Maturity Date: May 1, 2031);

The 57th series of unsecured bonds of 10,000 million yen (Annual interest rate: 3.510%; Date of issue: May 1, 2026; Maturity Date: April 28, 2033);

The 58th series of unsecured bonds of 10,000 million yen (Annual interest rate: 3.021%; Date of issue: September 9, 2026; Maturity Date: September 9, 2030);

The 59th series of unsecured bonds of 20,000 million yen (Annual interest rate: 3.977%; Date of issue: September 9, 2026; Maturity Date: September 9, 2033).

9. Capital and reserves

Six months ended September 30, 2025 (from April 1, 2025 to September 30, 2025)

Not applicable.

Six months ended September 30, 2026 (from April 1, 2026 to September 30, 2026)

Not applicable.

10. 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:

	Six months ended September 30, 2025 (From April 1, 2025 to September 30, 2025)	Six months ended September 30, 2026 (From April 1, 2026 to September 30, 2026)
(1) Basic earnings per share	1,602.08 yen	1,540.98 yen
(Basis of calculation)		
Profit attributable to owners of parent (million yen)	70,328	67,522
Amount not attributable to ordinary equity holders of the parent (million yen)	17	17
Amount used in calculation of basic earnings per share (million yen)	70,310	67,504
Weighted average number of ordinary shares (thousand shares)	43,887	43,806
(2) Diluted earnings per share	1,600.10 yen	1,540.86 yen
(Basis of calculation)		
Amount used in calculation of basic earnings per share (million yen)	70,310	67,504
Adjustment to profit for potential shares in subsidiaries and associates (million yen)	(64)	(0)
Amount used in calculation of diluted earnings per share (million yen)	70,246	67,503
Weighted average number of ordinary shares (thousand shares)	43,887	43,806
Increase in ordinary shares from share acquisition rights (thousand shares)	14	2
Weighted average number of ordinary shares used in calculation of diluted earnings per share (thousand shares)	43,901	43,809

11. Significant subsequent events

Regarding Leopalace21 Corporation becoming an associate accounted for using the equity method:

K891, Inc. (the “Tender Offeror”), which was a consolidated subsidiary of the Company at the commencement of the tender offer, resolved on September 14, 2026 to acquire the ordinary shares and share acquisition rights of Leopalace21 Corporation through a tender offer (the “Tender Offer”), and commenced the Tender Offer on September 15, 2026.

The Tender Offer ended on October 30, 2026. As the aggregate number of tendered securities exceeded the minimum number of shares to be purchased, the Tender Offer was successfully completed. The Tender Offeror purchased all of the tendered securities and commenced settlement on November 9, 2026.

Following the result of the Tender Offer, K892, Inc., the parent company of the Tender Offeror, received investments from an MBK Partners-affiliated investment fund and an NEC Capital Solutions Limited-affiliated investment fund. The Company’s voting rights ratio in K892, Inc. became 34.0%. Accordingly, the Tender Offeror ceased to be a consolidated subsidiary of the Company and became an associate accounted for using the equity method, while Leopalace21 Corporation also became an associate of the Company accounted for using the equity method.

The impact of this matter on the Company’s consolidated financial statements is currently under review.

12. Notes on going concern assumption

Not applicable.

13. Date of approval

The accompanying condensed semi-annual consolidated financial statements were approved by the Board of Directors on November 11, 2026.