

Note: These financial statements are unaudited and provided for reference only. This English translation has been prepared from the Japanese original.

In the event of any discrepancy between this translation and the Japanese original, the Japanese original shall prevail.

Consolidated Financial Statements for the Fiscal Year Ended March 31, 2025 (Unaudited)

HIKARI TSUSHIN, INC.

Consolidated financial statements

1) Consolidated statement of financial position

(Million yen)

	Notes	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Assets			
Current assets			
Cash and cash equivalents	6	494,850	470,223
Trade and other receivables	7, 21, 22	274,622	332,327
Reinsurance contract asset	23	2,063	823
Inventories	9	2,290	2,356
Other financial assets	8, 21, 22	52,201	17,949
Other current assets	10	8,777	25,148
Subtotal		834,805	848,880
Assets held for sale	11	6,004	-
Total current assets		840,810	848,880
Non-current assets			
Property, plant and equipment	12	32,943	38,975
Right-of-use assets	14	7,047	5,236
Goodwill	13	17,510	18,798
Intangible assets	13	5,821	6,696
Investments accounted for using equity method	16	199,030	205,485
Other financial assets	8, 21, 22	923,330	1,182,904
Deferred tax assets	17	7,546	7,974
Contract costs	28	41,453	50,693
Insurance contract asset	23	3,373	5,090
Other non-current assets		88	289
Total non-current assets		1,238,146	1,522,145
Total assets		2,078,956	2,371,026

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

(Million yen)

	Notes	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	19, 21	235,119	284,742
Insurance contract liabilities	23	5,714	5,582
Interest-bearing liabilities	18, 21, 22	156,386	179,876
Income taxes payable	17	26,554	17,999
Other financial liabilities	21	244	771
Other current liabilities	20	13,671	16,211
Subtotal		437,690	505,183
Liabilities directly associated with assets held for sale	11	1,505	-
Total current liabilities		439,195	505,183
Non-current liabilities			
Interest-bearing liabilities	18, 21, 22	666,107	754,444
Provisions		365	417
Other non-current liabilities		22,167	15,423
Deferred tax liabilities	17	131,870	151,987
Total non-current liabilities		820,511	922,272
Total liabilities		1,259,707	1,427,456
Equity			
Share capital	25	54,259	54,259
Capital surplus	25	-	984
Retained earnings	25	748,760	863,716
Treasury shares	25	(18,365)	(10,864)
Accumulated other comprehensive income	25	5,823	6,672
Total equity attributable to owners of parent		790,478	914,768
Non-controlling interests		28,771	28,800
Total equity		819,249	943,569
Total liabilities and equity		2,078,956	2,371,026

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

2) Consolidated statement of profit or loss

(Million yen)

	Notes	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Revenue	24, 28	601,948	686,553
Cost of sales	29	286,778	343,254
Gross profit		315,170	343,298
Other income	30	3,231	4,186
Selling, general and administrative expenses	29	219,753	238,566
Other expenses	30	4,101	3,881
Operating profit		94,546	105,036
Finance income	31	61,529	41,604
Finance costs	31	14,778	15,862
Share of profit (loss) of investments accounted for using equity method	16	20,855	18,141
Other non-operating income and expenses	32	5,847	1,797
Profit before tax		168,000	150,718
Income tax expense	17	44,255	29,430
Profit		123,745	121,288
Profit attributable to			
Owners of parent		122,225	117,523
Non-controlling interests		1,519	3,764
Profit		123,745	121,288
Earnings per share	34		
Basic earnings per share (Yen)		2,753.52	2,671.18
Diluted earnings per share (Yen)		2,747.44	2,667.29

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

3) Consolidated statement of comprehensive income

(Million yen)

	Notes	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Profit		123,745	121,288
Other comprehensive income	33		
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		137,640	44,586
Share of other comprehensive income of investments accounted for using equity method		1,200	(491)
Remeasurements of defined benefit plans		-	(0)
Total		138,840	44,094
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		4,053	708
Share of other comprehensive income of investments accounted for using equity method		826	155
Cash flow hedge		-	(23)
Total		4,879	840
Other comprehensive income, net of tax		143,719	44,934
Total comprehensive income		267,464	166,223
Comprehensive income attributable to			
Owners of parent		265,873	162,121
Non-controlling interests		1,590	4,102
Total comprehensive income		267,464	166,223

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

4) Consolidated statement of changes in equity

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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	777	520,879	(5,792)	886	571,009	27,302	598,311
Comprehensive income									
Profit		-	-	122,225	-	-	122,225	1,519	123,745
Other comprehensive income	33	-	-	-	-	143,648	143,648	71	143,719
Total comprehensive income		-	-	122,225	-	143,648	265,873	1,590	267,464
Transactions with owners									
Dividends of surplus	26	-	-	(25,600)	-	-	(25,600)	(1,355)	(26,956)
Change in scope of consolidation		-	-	-	-	-	-	(146)	(146)
Changes in ownership interest in subsidiaries	15, 25	-	(8,226)	-	-	-	(8,226)	1,393	(6,833)
Purchase and disposal of treasury shares	25	-	15	-	(12,623)	-	(12,607)	-	(12,607)
Share-based payment transactions	27	-	(20)	-	50	-	30	(12)	18
Transfer from other components of equity to retained earnings		-	-	138,711	-	(138,711)	-	-	-
Transfer from retained earnings to capital surplus		-	7,453	(7,453)	-	-	-	-	-
Total transactions with owners		-	(777)	105,656	(12,572)	(138,711)	(46,404)	(121)	(46,526)
Balance at end of period		54,259	-	748,760	(18,365)	5,823	790,478	28,771	819,249

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	33	-	-	-	-	44,597	44,597	337	44,934
Total comprehensive income		-	-	117,523	-	44,597	162,121	4,102	166,223
Transactions with owners									
Dividends of surplus	26	-	-	(30,253)	-	-	(30,253)	(1,366)	(31,619)
Change in scope of consolidation		-	-	-	-	-	-	(2,128)	(2,128)
Changes in ownership interest in subsidiaries	15, 25	-	1,291	-	-	-	1,291	(625)	666
Purchase and disposal of treasury shares	25	-	19	(275)	(8,399)	-	(8,655)	-	(8,655)
Cancellation of treasury shares	25	-	(34)	(15,788)	15,823	-	-	-	-
Share-based payment transactions	27	-	(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

5) Consolidated statement of cash flows

(Million yen)

	Notes	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Cash flows from operating activities			
Profit before tax		168,000	150,718
Depreciation and amortization		14,556	14,076
Finance income		(61,529)	(41,604)
Finance costs		14,778	15,862
Share of loss (profit) of investments accounted for using equity method	16	(20,855)	(18,141)
Decrease (increase) in contract costs		(4,543)	(9,239)
Decrease (increase) in trade and other receivables		15,980	(55,114)
Increase (decrease) in trade and other payables		15,049	49,861
Decrease (increase) in inventories		(53)	(23)
Other		(8,976)	1,138
Subtotal		132,406	107,534
Interest received		9,974	17,088
Dividends received		23,925	27,858
Interest paid		(9,619)	(10,957)
Income taxes refund (paid)		(26,485)	(56,688)
Net cash provided by (used in) operating activities		130,200	84,836
Cash flows from investing activities			
Purchase of property, plant and equipment, and intangible assets	12, 13	(18,283)	(21,553)
Proceeds from sale of property, plant and equipment, and intangible assets	12, 13	37	3
Purchase of investment securities		(220,290)	(298,859)
Proceeds from sales and redemption of investment securities		138,551	152,201
Proceeds from obtaining control of subsidiaries	35	(504)	(7,083)
Proceeds from loss of control of subsidiaries	35	5,300	2,736
Payments for loans receivable		(1,073)	(2,799)
Collection of loans receivable		1,212	1,008
Other		332	(2,907)
Net cash provided by (used in) investing activities		(94,718)	(177,251)
Cash flows from financing activities			
Proceeds from short-term interest-bearing debt	18, 35	36,895	(58,004)
Proceeds from long-term interest-bearing debt	18, 35	137,540	211,301
Repayment of long-term interest-bearing debt	18, 35	(71,722)	(45,419)
Capital contribution from non-controlling interests	25	932	1,806
Purchase of treasury shares		(13,003)	(10,001)
Dividends paid	26	(25,958)	(30,222)
Dividends paid to non-controlling interests		(1,353)	(1,372)
Payments for acquisition of interests in subsidiaries from non-controlling interests	15	(12,746)	(992)
Other		4,738	(376)
Net cash provided by (used in) financing activities		55,322	66,718
Effect of exchange rate changes on cash and cash equivalents		18,336	(2,537)
Net increase (decrease) in cash and cash equivalents		109,141	(28,234)
Net increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale		(3,657)	3,657
Cash and cash equivalents at beginning of period	6	389,366	494,850
Cash and cash equivalents at end of period	6	494,850	470,273

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

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 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 of Accounting

The consolidated financial statements of the Group are prepared in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(2) Basis for measurement

As described in “Note 3. Material accounting policy information,” 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.

(3) 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.

(4) Changes in accounting policies

The accounting policies applied by the Group in the consolidated financial statements are the same as those applied in the consolidated financial statements for the previous fiscal year, except as follows.

The Group has applied the following standards from the fiscal year ended March 31, 2025.

Standard	Standard name	Overview of new clauses and revisions
IAS 1	<i>Presentation of Financial Statements</i>	Clarifying requirements for classification of liabilities as current or non-current. Disclosure requirements of long-term liabilities with covenants
IAS 7 IFRS 7	<i>Statement of Cash Flows</i> <i>Financial Instruments: Disclosures</i>	Disclosure requirements to enhance the transparency of supplier finance arrangements

The adoption of these accounting standards has no significant impact on the accompanying consolidated financial statements.

(5) 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, but as of March 31, 2025, the application of these standards is not compulsory, and the Group has not applied them early.

The impact of the application on the Group is currently under review.

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	Presentation and Disclosure in Financial Statements	January 1, 2027	Fiscal year ending March 31, 2028	New standard to replace IAS 1, the current accounting standard for presentation and disclosure in financial statements

3. Material accounting policy information

The following accounting policies apply to all periods presented in the accompanying consolidated financial statements.

(1) Basis for consolidation

a. Subsidiaries

Subsidiaries are entities controlled by the Company.

Control refers to cases when the Company holds all of the following: power over an investee, exposure or rights to variable returns arising from its involvement with the investee, and the ability to affect these returns through its power over the investee.

Subsidiaries are consolidated from the date of the acquisition of control until the date on which the Company loses control.

If the accounting policies adopted by subsidiaries differ from the accounting policies of the Group, the financial statements of these subsidiaries are adjusted as necessary.

Non-controlling interests comprise the amount of interests held as of the initial date of the acquisition of control and any fluctuations in the non-controlling interests from the date of the acquisition of control.

In principle, the comprehensive income of subsidiaries is distributed between equity attributable to owners of the parent and non-controlling interests, even when this results in a negative amount for non-controlling interests.

Intra-Group receivables and payables, transactions, and unrealized gains and losses arising from intra-Group transactions are eliminated when preparing consolidated financial statements.

Changes in interests in subsidiaries that are not accompanied by a loss of control are accounted for as capital transactions. The carrying amounts of the Group's equity interests and non-controlling interests are adjusted to reflect changes in the Company's interests in subsidiaries.

Any difference between the adjusted value of non-controlling interests and the fair value of consideration paid or received is directly recognized in equity and is attributable to the owners of the parent.

If the Company loses control of a subsidiary, any related gains or losses are calculated as the difference between the following:

- The total of the fair value of any consideration received and the fair value of any remaining interests;
- The (net) carrying amount of the assets (including goodwill), liabilities, and non-controlling interests of the subsidiary when control is lost.

For subsidiaries, any amounts previously recognized in accumulated other comprehensive income are reclassified as profit or loss.

b. Associates

Associates are entities for which the Company has the ability to exercise significant influence over their financial and management policies but which are not controlled or jointly controlled by the Company.

Investments in associates are initially recognized at cost, and the equity method is subsequently used to recognize the Group's share of profit or loss and other comprehensive income from the date the Company acquires significant influence until the date when the Company loses significant influence and adjusts the investment amount.

When accounting for step acquisitions in which the Company will acquire significant influence, any interests already held by the Company is remeasured at fair value, and any difference between this amount and the carrying amount of the investment is recognized as profit or loss.

If the losses of an associate exceed the Group's investment interest in that company, the Group effectively reduces any long-term investments comprising part of its net investment in that company to zero and does not recognize any additional losses, except in cases where the Group bears legal obligations or constructive obligations to that company, or will make payments on its behalf.

Unrealized profit or loss arising from transactions with an associate is added to, or deducted from, the Group's investment, up to a maximum of the Group's equity interest.

Any cost of investment in an associate that exceeds the net fair value of the Group's share of identifiable assets and liabilities recognized on the acquisition date is recognized as goodwill and included in the carrying amount of the Group's investment in the associate.

As this goodwill is not recognized separately, discrete impairment testing for goodwill is not performed. Instead, an

impairment test is performed on the total amount of investments in associates as a single asset, if there is objective evidence indicating that the investment may be impaired.

(2) Business combinations

Business combinations are accounted for using the acquisition method on the date of the acquisition of control.

The consideration delivered at the time of the business combination is measured as the total fair value of the assets transferred by the Group, the liabilities of the former owner of the acquiree assumed by the Group, and any equity instruments issued by the Group on the date of the acquisition of control. Acquisition-related expenses are recognized as profit or loss when they occur.

Any identifiable assets acquired or liabilities assumed on the date of the acquisition of control are recognized at their fair value on the date of the acquisition of control, with the exception of the following:

- Deferred tax assets, deferred tax liabilities, and assets or liabilities pertaining to employee benefits are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits*, respectively.
- The acquiree's share-based payment arrangements, or any liabilities or equity instruments issued in order to facilitate the replacement of the acquiree's share-based payment arrangements with the Group's systems, are measured in accordance with IFRS 2 *Share-based Payment* on the date of the acquisition of control.
- Any assets classified as held for sale or disposal groups are measured in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Goodwill is measured as the excess amount if the sum of the transferred consideration and the amount of non-controlling interests in the acquiree exceeds the net value of identifiable assets and liabilities on the date of the acquisition of control. If the difference is a negative amount, it is immediately recognized as profit or loss.

The Group measures non-controlling interests as the non-controlling interests' proportion of identifiable net assets recognized by the Group. In the case of business combinations achieved in stages, any equity in the acquiree already held by the Group is remeasured at fair value on the date of the acquisition of control, and any gains or losses arising as a result are recognized as profit or loss.

If the initial accounting treatment of the business combination is not completed by the end of the fiscal year, the Group reports a provisional amount for incomplete items. Subsequently, if information is newly obtained regarding facts or circumstances that existed on the date of the acquisition of control and it is judged that these facts or circumstances would have affected the amount recognized in the treatment of the business combination had they been known as of the date of the acquisition of control, the provisional amounts recognized on the date of the acquisition of control are retrospectively adjusted over the measurement period. The measurement period is up to one year from the date of the acquisition of control.

The amount of any other comprehensive income related to changes in the value of equity in the acquiree recorded prior to the date of the acquisition of control is recognized as profit or loss.

Goodwill that occurred in relation to business combinations prior to the transition to IFRS has been maintained at the amount recognized under the previous accounting standards (J-GAAP) as of the date of transition to IFRS and recorded at its carrying amount after testing for impairment.

Business combinations under common control refers to business combinations in which all entities and businesses involved in the business combination are ultimately controlled by the same entity before and after the business combination, and that control is not transitory. The Group continuously accounts for all transactions pertaining to business combinations under common control based on their carrying amounts.

(3) Financial instruments

1) Financial assets

a. Initial recognition and measurement

The Group classifies financial assets into financial assets measured at fair value through profit or loss or other comprehensive income and financial assets measured at amortized cost.

The Group recognizes financial instruments on the trade date that it becomes a party to the contract related to the financial assets.

Financial assets (excluding trade receivables do not contain a significant financing component) are initially measured at fair value, and for items other than those measured at fair value through profit or loss, transaction expenses directly attributable to the acquisition are added to fair value.

Financial assets that fulfill the following criteria are classified as financial assets measured at amortized cost.

- The asset is held based on a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that are not financial assets measured at amortized cost are classified as financial assets measured at fair value.

Each equity instrument measured at fair value is irrevocably designated as a financial asset measured at fair value through other comprehensive income at initial recognition.

b. Subsequent measurement

After initial recognition, financial assets are measured as follows, in accordance with their classification.

(i) Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method.

Furthermore, interest income, foreign exchange gains or losses, impairments, and gains or losses from derecognition are recognized as profit or loss.

(ii) Financial assets measured at fair value

Fluctuations in the fair value of financial assets measured at fair value are recognized as profit or loss.

Changes in fair value (net gains and losses) include interest income and dividend income.

Provided, however, that fluctuations in the fair value of equity instruments that are designated as measured at fair value through other comprehensive income are recognized as other comprehensive income, and the cumulative amount thereof is immediately reclassified as retained earnings after recognition as accumulated other comprehensive income. Furthermore, dividends from these financial assets are recognized as profit or loss as a component of finance income.

c. Derecognition of financial assets

The Group derecognizes financial assets if the contractual rights to the cash flows from the financial asset expire, or the Group transfers substantially all the risks and rewards of ownership of the financial asset. If the Group retains control over the transferred financial asset, it will recognize a liability associated with the asset to the extent of its continuing involvement.

Furthermore, financial assets will not be derecognized if, despite transferring a financial asset recognized on the statement of financial position, the Group enters into a transaction to maintain all or substantially all the risks and rewards of the transferred asset or a part of the transferred asset.

d. Impairment of financial assets

The Group recognizes a provision for doubtful accounts with regard to expected credit losses on financial assets measured at amortized cost.

At the end of each fiscal year, the Group assesses whether credit risk has increased significantly from the time of initial recognition for each financial asset and recognizes provisions for doubtful accounts for expected credit losses over 12 months if credit risk has not increased significantly from the time of initial recognition. On the other hand, if credit risk has increased

significantly from the time of initial recognition, the Group recognizes an amount equivalent to the lifetime expected credit losses as a provision for doubtful accounts.

If contractual payments are more than 30 days past due, credit risk is deemed to have increased significantly, in principle, but when assessing whether credit risk has increased significantly, the Group also considers other reasonably available and supportable information in addition to past due information.

Furthermore, if the credit risk of a financial asset is determined to be low at the end of the fiscal year, the Group assumes that the credit risk on the financial asset has not increased significantly since initial recognition.

Provided, however, that a provision for doubtful accounts at an amount equivalent to the lifetime expected credit losses is always recognized for trade receivables that do not contain a significant financing component, regardless of whether or not credit risk has increased significantly since initial recognition.

Expected credit losses are measured at the present value of the difference between all contractual cash flows to be paid to the Group under the contract and all cash flows that the Group expects to receive.

The Group estimates expected credit losses on financial assets in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

If expected credit losses will be affected by significant changes in economic conditions or other factors, the Group will make the necessary adjustments to the expected credit losses measured as described above.

If the Group is not able to recover a financial asset in its entirety or a portion thereof, such as cases when it is past due by 90 days or more, or it judges that recovery will be extremely difficult, the financial asset is viewed as being in default. If the Group has evidence that the credit risk of a financial asset is impaired, it measures interest income as the gross carrying amount of the financial asset minus any provision for doubtful accounts, multiplied by the effective interest rate.

If the Group holds no reasonable expectation of recovery of a financial asset in its entirety or a portion thereof, it directly reduces the gross carrying amount of the financial asset.

The amount of any provisions for doubtful accounts related to financial assets is recognized as profit or loss. If any event occurs that decreases the provision for doubtful accounts, the amount of the reversal of the provision for doubtful accounts is recognized as profit or loss.

2) Financial liabilities

a. Initial recognition and measurement

The Group classifies financial liabilities into financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortized cost. These classifications are determined at the time of initial recognition. Financial liabilities are classified as measured at fair value through profit or loss if they are classified as held for trading, derivatives, or designated as financial liabilities measured at fair value through profit or loss at the time of initial recognition.

Debt securities issued by the Group are initially recognized on the date of issuance. In addition, all financial liabilities other than such debt securities are initially recognized on the trade date that the Group becomes a party to the contract for the financial instruments.

Financial liabilities are initially recognized at fair value, and for items other than those measured at fair value through profit or loss, transaction expenses directly attributable to the issuance are deducted from fair value.

b. Subsequent measurement

After initial recognition, financial liabilities are measured as follows, in accordance with their classification.

(i) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss are financial liabilities held for trading, and are measured at fair value after initial recognition, with any fluctuations in fair value recognized as profit or loss for the period.

(ii) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method after initial recognition.

Amortization using the effective interest method and any gains or losses occurring because of derecognition are recognized as profit or loss as a component of finance costs.

c. Derecognition of financial liabilities

If a financial liability is extinguished, i.e., if the obligation specified in the contract is discharged or cancelled or expires, the Group derecognizes the financial liability.

3) Derivatives

Derivatives are initially recognized at fair value on the day the derivative contract is entered into and remeasured at fair value on the final day of each fiscal year after initial recognition.

Furthermore, the Group does not have any derivatives to which hedge accounting is applied.

(4) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits that may be withdrawn at any time, and short-term investments due no later than three months from the acquisition date, that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

(5) Inventories

Inventories are measured at the lower of cost and net realizable value. Inventories mainly consist of products, and in addition to costs of purchase, costs include all other costs incurred in bringing the inventories to their present location and condition. Costs are mainly calculated using the average cost method.

Net realizable value is calculated by subtracting the estimated expenses necessary to make the sale from the estimated selling price in the ordinary course of business.

(6) Assets held for sale

The Group classifies assets as non-current assets held for sale and the disposal group if the carrying amount of the asset or asset group is expected to be recovered through sale rather than continuing use, the probability that they will be sold within one year or less is extremely high, they may be sold immediately in their current state, and the Group's managers have committed to implementing a plan to sell them. Such non-current assets are not depreciated or amortized and are measured at the carrying amount or fair value less selling expenses, whichever is lower.

(7) Property, plant and equipment (including right-of-use assets and excluding lease assets)

The cost model is used for the measurement of property, plant and equipment, and it is thus measured at cost less any accumulated depreciation and any accumulated impairment losses. Costs include expenses directly connected to the acquisition of the asset and the initial estimate of expenses associated with dismantling and removing the item and restoring the site on which it is located.

Depreciation charges are mainly calculated using the straight-line method, over the estimated useful life of each element of the depreciable value. The depreciable amount is calculated by subtracting the residual value from the cost of the asset. Land and construction in progress are not depreciated.

The estimated useful lives of the major items of property, plant and equipment are as follows:

Buildings and structures

2 to 50 years

Machinery and vehicles

2 to 17 years

Tools, furniture and fixtures

2 to 20 years

Rental assets are depreciated using the straight-line method, over the reasonable depreciation periods that take into account

economic and functional realities.

The Group reviews the depreciation methods, useful lives, and residual values of its assets at the end of each fiscal year, and any changes are applied as changes in accounting estimates on a prospective basis.

(8) Goodwill

The measurement of goodwill at the time of initial recognition is described in “Note 3. Material accounting policy information (2) Business combinations.” Goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortized, but impairment tests are performed whenever there is an indication of impairment in cash-generating units or groups of cash-generating units to which goodwill is allocated, and at the same time each fiscal year, irrespective of whether there is any indication of impairment. Information regarding impairment is provided in “Note 3. Material accounting policy information (11) Impairment of non-financial assets.”

Furthermore, the Group’s accounting policies regarding goodwill occurring as a result of the acquisition of associates are described in “Note 3. Material accounting policy information (1) Basis for consolidation.”

(9) Intangible assets (including right-of-use assets)

The cost model is used for the measurement of intangible assets, and it is thus measured at cost less any accumulated amortization and any accumulated impairment losses. Expenditures related to internally generated intangible assets are treated as an expense when they occur, excluding those that fulfill the criteria for recognition as an asset. For internally generated intangible assets that fulfill the criteria for recognition as an asset, the total expenditure occurring on or after the date the asset initially fulfills the criteria for recognition is treated as the cost.

Amortization charges for intangible assets with a finite useful life are calculated with the straight-line method over the estimated useful life.

The estimated useful lives of the major intangible assets with finite useful lives are as follows:

Software

5 years

The Group reviews the amortization methods, useful lives, and residual values of its assets at the end of each fiscal year, and any changes are applied as changes in accounting estimates on a prospective basis.

(10) Leases

(As lessee)

If, when entering into a contract, the right to control the use of an identified asset will be conveyed in exchange for consideration for a certain period of time, the Group will judge that the contract is, or contains, a lease.

If the Group judges that a contract is, or contains, a lease, it recognizes right-of-use assets and lease liabilities on the start date of the lease.

Lease liabilities are initially recognized at the present value of the remaining lease payments on the start date of the lease, discounted using the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be readily determined, the Group generally uses its incremental borrowing rate as the discount rate. Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect lease payments paid.

Right-of-use assets are initially recognized at cost, and cost consists of the initially measured value of the lease liability, initial direct costs, the initial estimate of costs associated with dismantling and removing the underlying asset and restoring the site on which it is located. The cost model is used for the measurement of right-of-use assets, and they are thus measured at cost less any accumulated depreciation and any accumulated impairment losses. Right-of-use assets are depreciated over the lease term or the useful life of the right-of-use asset, whichever is shorter, using the straight-line method.

In addition, right-of-use assets and lease liabilities are not recognized for leases on intangible assets, short-term leases with a lease term of 12 months or less, and leases with a low-value underlying asset, and instead the total amount of lease payments is recognized over the lease term using the straight-line method or another systematic basis.

(As lessor)

A lease transaction is classified as a finance lease transaction if it transfers substantially all the risks and rewards incidental to ownership of an asset. In other cases, the lease transaction is classified as an operating lease transaction.

For finance lease transactions, the net investment in the lease is recognized as a lease receivable, and the total lease payment receivable is allocated to an amount equivalent to the principal of the lease receivable and an amount equivalent to interest. The amount allocated to interest on the lease payment receivable in each year is calculated using the interest method and included in interest income for presentation.

Assets subject to operating lease transactions are recorded on the consolidated statement of financial position, and lease payments receivable are recognized on the consolidated statement of profit or loss as revenue, using the straight-line method over the lease period.

(11) Impairment of non-financial assets

a. Impairment of property, plant and equipment and intangible assets (including right-of-use assets, the same applies hereinafter)

At the end of each reporting period, the Group reviews property, plant and equipment and intangible assets to determine whether there is any indication that they may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount of the asset is estimated. If it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount per cash-generating unit to which the asset belongs. A cash-generating unit is the smallest group of assets that generates cash inflows that are largely independent from those of other assets or asset groups.

The recoverable amount is calculated based on the greater of the fair value less costs of disposal or the value in use. Value in use is calculated as the discounted present value of estimated future cash flows using a pre-tax discount rate that reflects the time value of money and the risks specific to the relevant asset.

If the recoverable amount of an asset or a cash-generating unit is lower than the carrying amount, that carrying amount is reduced to the recoverable amount and an impairment loss is recognized in profit or loss.

At the end of each reporting period, the Group reviews impairment losses recognized in previous fiscal years for assets other than goodwill and determines whether there is any indication that the impairment loss has decreased or may no longer exist. If there is any indication that an impairment may have been reversed, the Group will estimate the recoverable amount of that asset or cash-generating unit. If the recoverable amount of an asset or a cash-generating unit exceeds the carrying amount, the impairment loss is reversed to the extent of the carrying amount that would have been recorded, net of the lower of depreciation or amortization, if impairment loss had not been recognized previously.

b. Impairment of goodwill

At the end of each reporting period, the Group reviews goodwill to determine whether there is any indication that it may be impaired.

Goodwill is allocated to a cash-generating unit or group of cash-generating units that are expected to benefit from the synergies of a business combination. An impairment test is performed whenever there is an indication of impairment of the cash-generating unit or the group of cash-generating units, and at a defined time every fiscal year regardless of whether there is any indication of impairment. If the recoverable amount of the cash-generating unit or group of cash-generating units is lower than the carrying amount in the impairment test, the impairment loss is deducted from the carrying amount of the goodwill allocated to the cash-generating unit or group of cash-generating units, and then proportionally deducted from the carrying amount of each asset according to the corresponding ratio to the carrying amount of other assets within the cash-generating unit or group of cash-generating units, which is then recognized as an impairment loss. The recoverable amount is calculated based on the greater of the fair value less costs of disposal or the value in use.

Impairment loss on goodwill is recognized in profit or loss and is not reversed in subsequent periods.

(12) Share-based payment

The Group has introduced the share option plans and the restricted share-based payment plans as equity-settled share-based payment plans.

Share options are estimated based on the fair value of the equity instrument granted the services received on the grant date, taking into account the number of share options expected to eventually vest, and are recognized over the vesting period as expenses in the consolidated statement of profit or loss and as an increase in capital of the same amount in the consolidated statement of financial position.

Restricted shares are estimated based on the fair value of the equity instrument granted the services received on the grant date, and are recognized over the vesting period as expenses in the consolidated statement of profit or loss and as an increase in capital of the same amount in the consolidated statement of financial position.

(13) Provisions

The Group recognizes provisions if it has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle an obligation, and the amount of obligation can be reliably estimated.

Provisions are measured by the discounted present value of estimated future cash flows that take into account risks and uncertainties related to obligations presented at the end of the reporting period using a pre-tax discount rate that reflects the time value of money and the risks inherent in the relevant liability.

The Group recognizes asset retirement obligations as provisions.

(14) Equity

Ordinary shares are classified as equity. Preferred shares, that are not mandatorily redeemable with cash or other financial assets, and where the Group has no contractual obligation to pay cash dividends or to deliver a variable number of the entity's own equity instruments by exercise of any put options attached to the preferred shares, are classified as equity.

If the Group acquires treasury shares, the acquisition costs are recognized as deductions from equity. Profit or loss arising from the purchase, sale, or cancellation of treasury shares is not recognized. The difference between the carrying amount and the consideration at the time of sale is recognized as capital surplus.

(15) Revenue recognition

The Group recognizes its revenue based on the following five-step approach, excluding interest and dividend revenue which is based on IFRS 9.

Step 1: Identify the contract with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the individual performance obligations in the contract.

Step 5: Recognize revenue when (or as) a performance obligation is satisfied.

Of the incremental costs of obtaining a contract with a customer, the Group recognizes the portion that is expected to be recoverable as an asset. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Expenses for the said assets are allocated over the customer's estimated usage period (two to three years).

(16) Insurance contracts

For insurance contracts issued by the insurer itself and reinsurance contracts held by the insurer, accounting treatment in accordance with IFRS 17 “Insurance Contracts” is applied.

a. Level of classification and aggregation

Contracts whose significant insurance risks are assumed by the Group are classified as insurance contracts. In addition, contracts whose significant insurance risks related to the underlying insurance contracts are transferred by the Group are classified as reinsurance.

The Group identifies portfolios consisting of multiple contracts that are exposed to similar risks and are managed collectively, and aggregates the insurance contracts by dividing each annual cohort into the following three groups based on the profitability of the contracts:

- Contracts that are unfavorable at the time of initial recognition
- Contracts that are not highly likely to be subsequently unfavorable at the time of initial recognition
- Contracts in the remaining annual cohorts

b. Recognition

Insurance contracts issued by the Group are recognized from the earliest of the following:

- At the beginning of the coverage period
- When the first payment is due from the policyholder or, if there is no contractual due date, when the first payment is received from the policyholder
- When facts and circumstances indicate that the contract is unfavorable

Insurance contracts acquired in a transfer or business combination are recognized at the acquisition date.

Reinsurance contracts held by the Group are recognized upon initial recognition of the underlying insurance contracts.

Additionally, the Group derecognizes an insurance contract when it is extinguished, i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled.

c. Insurance acquisition cash flows

The Group defines the cash flows from sales, underwriting, and inception of a group of insurance policies that are directly attributable to the portfolio of insurance policies to which the Group belongs as insurance acquisition cash flows, which are allocated to the group of insurance policies using a regular and reasonable method and amortized over the coverage period of the group of insurance policies.

When insurance acquisition cash flows are directly attributable to a group of contracts and a portion of the related insurance acquisition cash flows are expected to be collected through renewal of these contracts, the insurance acquisition cash flows are allocated to that group and to the group in which these contract renewals will be included. Insurance acquisition cash flows that occurred prior to the recognition of the related group of contracts are recognized as assets.

At the end of each reporting period, if facts and circumstances suggest that an asset related to insurance acquisition cash flows may be impaired, the Group shall:

- (i) Recognize an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the amount of the net expected cash inflows of the related group.
- (ii) Recognize an impairment loss in profit or loss if the asset is associated with future renewals, to the extent that the insurance acquisition cash flows exceed the amount of the net cash inflows expected to result from the expected renewals.

This excess amount excludes the amount already recognized as an impairment loss under (i).

To the extent that the impairment situation has improved, the Group reverses the impairment loss from profit or loss and increases the carrying amount of the asset in question.

d. Measurement

Insurance contracts issued

(i) Liabilities for remaining coverage

Because it is reasonably expected that there will be no material difference between the measurement of the liabilities for remaining coverage of insurance contracts issued by the Group and the application of the principal method prescribed in IFRS 17, or because the coverage period of the insurance contracts is one year or less, the Group has applied the premium allocation

approach to the measurement of groups of insurance contracts.

The carrying amount of the liabilities for remaining coverage at initial recognition for each group of insurance contracts is measured by deducting the insurance acquisition cash flows allocated to the group at the date of initial recognition from the premiums received at the time of initial recognition.

The carrying amount of the liabilities for remaining coverage after initial recognition is increased by the premiums received and the amortization of insurance acquisition cash flows recognized as expenses and is decreased by insurance revenue for services rendered and additional insurance acquisition cash flows allocated after initial recognition. Insurance revenue for each period is determined by allocating the amount of premiums expected to be received for the provision of coverage in the period to each period principally on the basis of the passage of time.

No adjustment for the time value of money or the effect of financial risk is made for the liabilities for remaining coverage, as the period between the rendering of services and the related premium payment due at the time of initial recognition of each group of insurance contracts is one year or less.

If, at any point during the coverage period, facts and circumstances arise suggesting that the group of insurance contracts is unfavorable, the Group recognizes losses in profit or loss and increases the liabilities for remaining coverage to the extent that the current estimate, adjusted to reflect timing and uncertainty in the expected receipt of premiums and payment of claims, benefits, and expenses exceeds the carrying amount of the liabilities for remaining coverage.

(ii) Liabilities for incurred insurance claims

The Group recognizes a liabilities for incurred claims for a group of insurance contracts at an amount adjusted to reflect the timing and uncertainty in the payment of expected claims, benefits, and expenses. Since its future cash flows are expected to be paid within one year from the date the claim is incurred, no adjustment is made to reflect the time value of money and the effect of financial risk.

Reinsurance contracts held by the Group

The Group applies the same premium allocation approach to the measurement of assets related to the remaining coverage of reinsurance contracts held by the Group as it is reasonably expected that there will be no material differences from the application of the principal method prescribed in IFRS 17. However, where necessary, adjustments are made to reflect features that differ from insurance contracts.

(17) Government grants

A government grant is recognized at fair value when there is reasonable assurance that the conditions attaching to receiving the grant will be complied with, and that the grant will be received. When a government grant is related to compensation for revenue or expense items, the grant is recognized as revenue on a systematic basis over the periods in which the reduction in revenue or related expenses, for which the grant is intended to compensate, are recognized.

(18) Income taxes

Income taxes are composed of current tax and deferred tax, and excluding taxes arising from business combinations and taxes arising from items recognized in other comprehensive income or directly in capital, are recognized in profit or loss.

Current tax is measured based on the amount expected to be paid to or recovered from the taxation authority, and, where applicable, reflect the best estimate of the uncertainty related to the tax treatment of income taxes. Tax amounts are calculated using the tax rates or tax laws that have been enacted or substantially enacted by the end of the reporting period. The Company and some of its subsidiaries have applied the group tax sharing system.

Deferred taxes are recognized for temporary differences which are the differences between the tax bases of assets and liabilities and their carrying amounts for accounting purposes at the end of the reporting period, unused tax loss, and unused tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available for them against which any deductible temporary difference, unused tax loss, and unused tax credits can be utilized. In addition, the recoverability of deferred tax assets is reassessed at the end of each reporting period. Deferred tax liabilities are recognized for all taxable temporary differences, in principle.

Deferred tax assets or deferred tax liabilities are not recognized for the following temporary differences.

- Taxable temporary differences arising from the initial recognition of goodwill

- Temporary differences arising from the initial recognition of assets and liabilities that are not business combinations, that affect neither accounting profit nor taxable profit (loss) at the time of the transaction, and that do not give rise to taxable temporary differences and deductible temporary differences of the same amount at the time of the transaction.
- With regard to deductible temporary differences related to investments in subsidiaries and associates, if it is probable that the temporary difference will not reverse in the foreseeable future or future taxable profit will not be available against which this temporary difference can be used.
- With regard to taxable temporary differences related to investments in subsidiaries and associates, if the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

In addition, the Group has applied the limited exceptions specified in IAS 12, “Income Taxes,” and does not recognize or disclose deferred tax assets and liabilities related to income taxes arising from the global minimum tax.

Deferred tax assets and liabilities are measured using the tax rates that are expected to be applied at the time when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets against current tax liabilities and when income taxes are levied by the same taxation authority on the same taxable entity.

(19) Earnings per share

Basic earnings per share are calculated by dividing profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding, adjusted by the number of treasury shares during the period. Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding, adjusted by profit attributable to owners of the parent and the number of treasury shares, assuming conversion of all dilutive potential ordinary shares.

4. Significant accounting estimates and judgements on estimates

In the preparation of consolidated financial statements in accordance with the IFRS, management is required to apply accounting policies and make judgements, estimates and assumptions that affect the 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

The judgements and estimates made by management that could have a significant effect on the amounts listed in the consolidated financial statements are as follows:

- Impairment of non-financial assets (Note 3. Material accounting policy information (11) Impairment of non-financial assets, Note 12. Property, plant and equipment and Note 13. Goodwill and intangible assets)
- Recoverability of deferred tax assets (Note 3. Material accounting policy information (18) Income taxes and Note 17. Income taxes)
- Uncertainty over the tax treatment of income tax (Note 3. Material accounting policy information (18) Income taxes and Note 17. Income taxes)
- Recoverability of contract costs (Note 3. Material accounting policy information (15) Revenue recognition and Note 28. Revenue (4) Assets recognized from costs to obtain contracts with customers)

5. Operating segments

(1) Outline of reportable segments

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

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

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

Reportable segments and its businesses are as follows:

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

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

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

Reportable segment profit is recorded on an operating profit basis.

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Million yen)

	Reportable Segments								Other	Total	Adjustment (Note)	Consolidated financial statements
	Electricity and Gas	Telecomm unication	Beverage	Insurance	Finance	Solution	Commission -based Sales	Total				
Revenue												
Salesto external customers	209,365	119,039	81,136	23,857	30,219	28,597	109,732	601,948	—	601,948	—	601,948
Intersegm ent sales and transfers	—	—	—	—	—	—	—	—	—	—	—	—
Total	209,365	119,039	81,136	23,857	30,219	28,597	109,732	601,948	—	601,948	—	601,948
Segment profit	28,085	33,071	8,073	5,787	12,521	1,631	11,228	100,399	—	100,399	(5,852)	94,546
Finance income												61,529
Finance costs												14,778
Share of profit (loss) of investments accounted for using equity method												20,855
Other non- operating income and expenses												5,847
Profit before tax												168,000
(Other profit or loss items)												
Depreciation and amortization	176	347	10,049	200	259	1,649	706	13,388	—	13,388	1,167	14,556
Impairment loss	62	—	—	13	—	463	1,554	2,093	—	2,093	397	2,490

(Note) The adjustment for segment profit includes corporate expenses that have not been allocated to reportable segments.

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

(Million yen)

	Reportable Segments								Other	Total	Adjustment (Note)	Consolidat ed financial statements
	Electricity and Gas	Telecomm unication	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
Intersegm ent 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 profit or loss items)												
Depreciation and amortization	307	207	11,068	282	366	1,062	514	13,810	—	13,810	266	14,076
Impairment loss	—	—	430	16	—	—	1,755	2,201	—	2,201	128	2,330

(Note) The adjustment for segment profit includes corporate expenses that have not been allocated to reportable segments.

(3) Information on products and services

This information is omitted as the description of the classification of products and services is the same as the classification of the reportable segments.

(4) Information by geographical region

1) Sales to external customers

Sales to external customers attributed to Japan and attributed to all foreign countries in total, disaggregated based on the geographic location of customers, is as follows.

(Million yen)

	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2025 to March 31, 2025)
Japan	582,414	662,871
All foreign countries in total	19,534	23,682
Sales to external customers total	601,948	686,553

2) Non-current assets

Non-current assets located in Japan and located in all foreign countries in total, disaggregated based on the geographic location of the assets, is as follows. Non-current assets exclude financial investments, deferred tax assets and employee benefit assets.

(Million yen)

	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Japan	306,494	329,427
All foreign countries in total	775	1,838
Non-current assets total	307,270	331,266

(5) Information on major customers

This information is omitted as there are no customers that account for 10% or more of sales to external customers in the consolidated statement of profit or loss for the fiscal years ended March 31, 2024 and March 31, 2025.

6. Cash and cash equivalents

The composition of cash and cash equivalents is as follows:

	(Million yen)	
	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Cash and deposits	465,163	441,368
Time deposits (maturities of over three months)	(8,970)	(7,816)
Deposits paid	38,656	36,722
Cash and cash equivalents	494,850	470,273

The balance of “Cash and cash equivalents” on the consolidated statement of financial position as of March 31, 2024 and March 31, 2025 is consistent with the balance of “Cash and cash equivalents” on the consolidated statement of cash flows.

7. Trade and other receivables

The composition of trade and other receivables is as follows:

	(Million yen)	
	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Accounts receivable - trade	117,994	129,962
Accounts receivable - other	16,109	29,115
Accounts receivable - operating loans and installment receivables	129,617	157,944
Lease receivables	7,099	6,563
Other	3,800	8,740
Total	274,622	332,327

The composition by period until recovery or settlement is as follows:

	(Million yen)	
	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Within 12 months	226,738	286,386
Over 12 months	47,883	45,940
Total	274,622	332,327

8. Other financial assets

The composition of other financial assets is as follows:

	(Million yen)	
	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Current		
Time deposits (maturities of over three months)	8,970	7,816
Marketable securities	38,790	5,177
Deposits paid	1,703	1,420
Current portion of long-term loans receivable	48	187
Other	2,689	3,347
Total	52,201	17,949
Non-current		
Investment securities (Note)	914,192	1,171,014
Long-term loans receivable	3,468	4,625
Other	5,669	7,264
Total	923,330	1,182,904

(Note) The following assets are pledged as collateral for transactions with financial institutions into which investments are made.

	(Million yen)	
	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Non-current		
Investment securities	6,522	6,071
Total	6,522	6,071

9. Inventories

The composition of inventories is as follows:

	(Million yen)	
	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Products and finished goods	1,920	1,980
Work in process	37	40
Raw materials and supplies	331	335
Total	2,290	2,356

The amount of inventories recognized as an expense was 36,035 million yen and 31,095 million yen for the fiscal years ended March 31, 2024 and 2025, respectively.

Write-downs of inventories recognized as expenses during the reporting periods are as follows:

	(Million yen)	
	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Write-downs of inventories	36	183
Reversals of inventory write-downs	8	1

10. Other current assets

The composition of other current assets is as follows:

		(Million yen)
	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Income taxes receivable	2,451	17,707
Advance payments to distributors	2,619	3,982
Prepaid expenses	1,263	1,788
Other	2,442	1,670
Total	8,777	25,148

11. Assets held for sale

The composition of assets held for sale and liabilities directly associated with assets held for sale is as follows:

		(Million yen)
	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Assets held for sale		
Cash and cash equivalents	3,657	—
Trade and other receivables	181	—
Inventories	474	—
Other financial assets	282	—
Investments accounted for using equity method	512	—
Other	894	—
Total	6,004	—
Liabilities directly associated with assets held for sale		
Trade and other payables	279	—
Interest-bearing liabilities	659	—
Other	566	—
Total	1,505	—

Assets and liabilities held for sale in the fiscal year ended March 31, 2024, consist of one subsidiary in the Solution Segment, one subsidiary in the Commission-based Sales Segment, and investments accounted for using equity method. As the Group has committed to execute the sale plans for them, and it is expected that the sales will be completed within one year from the date of classification, they are classified as assets and liabilities held for sale. Investments accounted for using equity method are measured at their carrying amounts, as their fair values, net of selling costs, exceed their carrying amounts.

In the fiscal year ended March 31, 2025, the Group has lost its control over the subsidiary in the Solution Segment and the subsidiary in the Commission-based Sales Segment in the assets and liabilities held for sale in the fiscal year ended March 31, 2024.

For the fiscal year ended March 31, 2025, there were no relevant assets and liabilities.

12. Property, plant and equipment

The changes in the costs of property, plant and equipment are as follows:

(Million yen)

Cost	Buildings and structures	Machinery and vehicles	Land	Rental assets	Other	Total
As of April 1, 2023	5,863	2,302	2,282	30,123	8,527	49,099
Acquisition	45	(15)	-	9,744	6,373	16,149
Business combination	3	(0)	-	-	5	8
Sale or disposal	(626)	(0)	-	(7,603)	(771)	(9,001)
Other	2,285	2,552	(27)	5	(5,549)	(734)
As of March 31, 2024	7,572	4,838	2,254	32,270	8,585	55,522
Acquisition	728	397	13	14,961	2,099	18,199
Business combination	1,273	199	437	-	66	1,977
Sale or disposal	(104)	(1)	-	(9,503)	(748)	(10,358)
Other	(148)	1,132	-	(0)	(1,652)	(668)
As of March 31, 2025	9,321	6,566	2,705	37,727	8,350	64,672

The changes in the accumulated depreciation and accumulated impairment loss of property, plant and equipment are as follows:

(Million yen)

Accumulated depreciation and accumulated impairment loss	Buildings and structures	Machinery and vehicles	Land	Rental assets	Other	Total
As of April 1, 2023	(2,139)	(996)	(11)	(13,583)	(4,064)	(20,795)
Depreciation	(400)	(256)	-	(9,069)	(941)	(10,666)
Impairment loss	-	-	-	-	(116)	(116)
Business combination	(0)	-	-	-	(3)	(3)
Sale or disposal	472	0	-	7,603	602	8,678
Other	372	2	11	(4)	(55)	325
As of March 31, 2024	(1,695)	(1,250)	-	(15,054)	(4,578)	(22,578)
Depreciation	(446)	(617)	-	(10,819)	(861)	(12,744)
Impairment loss	(26)	(0)	-	(27)	(29)	(83)
Business combination	(38)	-	-	-	(42)	(80)
Sale or disposal	44	1	-	8,953	651	9,652
Other	114	(14)	-	0	39	139
As of March 31, 2025	(2,047)	(1,880)	-	(16,947)	(4,821)	(25,696)

The carrying amount of property, plant and equipment is as follows:

(Million yen)

Carrying amount	Buildings and structures	Machinery and vehicles	Land	Rental assets	Other	Total
As of April 1, 2023	3,724	1,305	2,271	16,540	4,462	28,303
As of March 31, 2024	5,877	3,588	2,254	17,216	4,007	32,943
As of March 31, 2025	7,273	4,686	2,705	20,780	3,529	38,975

(Other disclosure items)

Depreciation is included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of profit or loss.

Impairment loss is included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of profit or loss.

Please see “Note 18. Interest-bearing liabilities (3) Assets pledged as collateral” for information on the amounts of interest-bearing liabilities and other property, plant and equipment pledged as collateral.

13. Goodwill and intangible assets

The changes in the costs of goodwill and intangible assets are as follows:

(Million yen)

Cost	Goodwill	Software	Other	Total
As of April 1, 2023	24,929	26,249	15,545	66,724
Acquisition	77	742	1,283	2,104
Internal development	-	15	-	15
Business combination	-	292	25	318
Sale or disposal	-	(42)	(12)	(54)
Other	(12)	1,008	(1,978)	(982)
As of March 31, 2024	24,994	28,266	14,864	68,125
Acquisition	3,257	819	2,616	6,692
Internal development	-	-	-	-
Business combination	-	81	2	83
Sale or disposal	(0)	(85)	(1,497)	(1,582)
Other	(133)	656	(1,321)	(799)
As of March 31, 2025	28,118	29,737	14,663	72,520

(Note) "Software in progress" is included in "Other" under intangible assets.

The changes in the accumulated amortization and accumulated impairment loss of goodwill and intangible assets are as follows:

(Million yen)

Accumulated amortization and accumulated impairment loss	Goodwill	Software	Other	Total
As of April 1, 2023	(5,571)	(21,907)	(13,192)	(40,672)
Amortization	-	(2,005)	(295)	(2,301)
Impairment loss	(1,912)	(363)	(98)	(2,374)
Business combination	-	-	-	-
Sale or disposal	-	(19)	(5)	(24)
Other	-	158	420	579
As of March 31, 2024	(7,484)	(24,137)	(13,171)	(44,792)
Amortization	-	(1,798)	(231)	(2,030)
Impairment loss	(1,515)	(16)	(192)	(1,724)
Business combination	-	-	-	-
Sale or disposal	(320)	26	1,438	1,144
Other	-	70	307	377
As a March 31, 2025	(9,320)	(25,855)	(11,849)	(47,024)

(Note) "Software in progress" is included in "Other" under intangible assets.

The carrying amounts of goodwill and intangible assets are as follows:

(Million yen)

Carrying amount	Goodwill	Software	Other	Total
As of April 1, 2023	19,357	4,341	2,352	26,052
As of March 31, 2024	17,510	4,128	1,693	23,332
As of March 31, 2025	18,798	3,881	2,814	25,495

(Other disclosure items)

There are no intangible assets that have limited rights or that have been pledged as collateral for liabilities.

Amortization of intangible assets is included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of profit or loss.

Impairment loss is included in “Cost of sales,” “Selling, general and administrative expenses,” and “Other expenses” in the consolidated statement of profit or loss.

The carrying amounts of internally generated intangible assets included in intangible assets are as follows:

	(Million yen)	
	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Software	466	348
Other	72	-

Goodwill acquired through business combination is allocated to a cash-generating unit or group of cash-generating units that are expected to benefit from the synergies of a business combination.

The amounts of goodwill allocated to a cash-generating unit or group of cash-generating units are as follows:

		(Million yen)	
Cash-generating unit or group of cash-generating units	Reportable segments	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Premium Water Holdings, Co., Ltd.	Beverage	3,951	4,024
FTGroup Co., Ltd.	Commission-based Sales	3,990	3,739
Other		9,568	11,035
Total		17,510	18,798

The recoverable amounts of goodwill allocated to Premium Water Holdings, Co., Ltd. and FTGroup Co., Ltd. groups, the primary cash-generating unit or group of cash-generating units, are measured at fair value less costs of disposal.

The fair value less costs of disposal is calculated based on the market price in an active market and classified as Level 1 in the fair value hierarchy.

Impairment loss relates to the cash-generating unit or group of cash-generating units included in “Other” in the above was 1,515 million yen for the fiscal year ended March 31, 2025 (1,912 million yen for the fiscal year ended March 31, 2024). The impairment loss was recorded based on the recoverable amount of the cash-generating unit or group of cash-generating units calculated using the value in use. The future cash flows used to calculate the value in use were estimated based on the business plans for the cash-generating unit or group of cash-generating units.

Value in use is calculated by the estimated future cash flows based on business plans for the next five years that are approved by management and reflect historical experiences and external information, discounted to the present value at a rate of 20.6% in the fiscal year ended March 31, 2025 (15.6% in the fiscal year ended March 31, 2024) of the pre-tax weighted average cost of capital of the cash-generating unit or group of cash-generating units. In estimating cash flows beyond the forecast period in the business plan, the growth rate is assumed to be zero or negative in every fiscal year, taking into consideration the growth rate of the relevant markets, etc.

14. Leases

(As lessee)

The Group primarily leases assets such as buildings. Some lease contracts include extension and cancellation options. Additionally, there are no significant addendums such as restrictions resulting from lease contracts.

The composition of profit and loss for leases is as follows:

		(Million yen)
	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Depreciation of right-of-use assets		
Buildings and structures	1,912	1,420
Machinery and vehicles	57	8
Other	207	(180)
Total	2,176	1,248
Interest expenses for lease liabilities	244	233
Revenue from subleasing of right-of-use assets	2	1
Other (Note)	539	487

(Note) Other is comprised of expenses for short-term leases and low-value leases.

The carrying amounts of right-of-use assets are as follows:

		(Million yen)
	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Right-of-use assets		
Buildings and structures	6,680	4,968
Machinery and vehicles	73	4
Other	292	264
Total	7,047	5,236

The amount of increase in right-of-use assets for the fiscal years ended March 31, 2024 and 2025 was 3,464 million yen and 1,135 million yen, respectively.

The total amount of cash outflows for leases during the fiscal years ended March 31, 2024 and 2025 was 2,604 million yen and 2,327 million yen, respectively.

Please see “Note 21. Financial instruments (2) Finance risk management 2) Liquidity risk” for a maturity analysis of lease liabilities.

(As lessor)

Finance leases

The Group operates a lease business for the leasing of buildings and office automation equipment. Most of these lease transactions are classified as finance lease transactions.

Revenue for the fiscal years ended March 31, 2024 and 2025 corresponding to the net amount of unrecovered investment was 1,098 million yen and 994 million yen, respectively.

A maturity analysis for lease receivables (before discounts) under finance leases is as follows:

	(Million yen)	
	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Within one year	2,923	2,800
Over one year and up to two years	2,539	2,305
Over two years and up to three years	2,024	1,725
Over three years and up to four years	1,419	1,248
Over four years and up to five years	911	814
Over five years	681	608
Total	10,501	9,502
Unearned finance income	(2,867)	(2,597)
Net unrecovered lease investment amount	7,633	6,905

Operating leases

The Group operates a lease business for the leasing of water dispensers. Most of these lease transactions are classified as operating lease transactions.

Lease revenue for the fiscal years ended March 31, 2024 and 2025 was 11,549 million yen and 14,057 million yen, respectively.

A maturity analysis under operating leases (before discounts) is as follows:

	(Million yen)	
	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Within one year	11,470	15,326
Over one year and up to two years	7,240	10,212
Over two years and up to three years	2,716	3,657
Over three years and up to four years	-	-
Over four years and up to five years	-	-
Over five years	-	-
Total	21,427	29,196

15. Significant subsidiaries

(1) Composition of the corporate group

Significant subsidiaries of the Company are as follows:

Company name	Reportable segment	Address	Percentage of voting rights held (%)	
			Fiscal year ended	Fiscal year ended
			March 31, 2024 (As of March 31, 2024)	March 31, 2025 (As of March 31, 2025)
FTGroup Co., Ltd.	Commission-based Sales	Chuo-ku, Tokyo	71.6 (12.8)	72.6 (13.0)
Member's mobile Inc.	Commission-based Sales	Toshima-ku, Tokyo	100.0 (100.0)	100.0 (100.0)
Premium Water Holdings, Co., Ltd.	Beverage	Fujiyoshida-shi Yamanashi Prefecture	68.2 (38.8)	68.4 (38.9)
Telecom Service Co., Ltd.	Commission-based Sales	Toshima-ku, Tokyo	100.0 (100.0)	100.0 (100.0)
J-COMMUNICATION, Inc.	Commission-based Sales	Toshima-ku, Tokyo	100.0 (100.0)	100.0 (100.0)
Network Consulting, Inc.	Telecommunication	Toshima-ku, Tokyo	100.0 (100.0)	100.0 (100.0)
ThinQ, Inc.	Telecommunication	Toshima-ku, Tokyo	100.0 (100.0)	100.0 (100.0)
select network, Inc.	Telecommunication	Toshima-ku, Tokyo	100.0 (100.0)	100.0 (100.0)
Haluene Co., Ltd.	Electricity and gas	Toshima-ku, Tokyo	100.0 (100.0)	100.0 (100.0)
EPARK, Inc.	Solutions	Minato-ku, Tokyo	89.0	89.0
Core Consulting Group, Inc.	Corporate	Toshima-ku, Tokyo	100.0	100.0
Hikari Tsushin K.K.	Corporate	Toshima-ku, Tokyo	100.0	100.0
Sutoene, Inc.	Electricity and gas	Toshima-ku, Tokyo	99.9 (99.6)	100.0 (100.0)

(Notes) 1. Parentheses () in the percentage of voting rights held column indicate the proportion of voting rights held by subsidiaries of the Company.

2. Information on company names are presented as of March 31, 2025.

(2) Changes in ownership interest of subsidiaries

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

In the fiscal year ended March 31, 2024, Daini Tsushin, Inc., a subsidiary of the Company, acquired common shares of Sutoene, Inc. (formerly Grandata, Inc.), another subsidiary of the Company, from non-controlling shareholders.

As a result, the Company's ownership interest in Sutoene, Inc. increased. An overview of transactions with non-controlling interests regarding said transaction was as follows:

(Million yen)	
Item	Amount
Acquisition price	8,983
Amount of change in non-controlling interests	1,200
Amount of decrease in capital surplus	10,183

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

Not applicable.

16. Investments accounted for using equity method

The carrying amount of investments in associates is as follows:

	(Million yen)	
	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Total carrying amount	199,030	205,485

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

	(Million yen)	
	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Profit	20,855	18,141
Other comprehensive income	2,026	(336)
Total comprehensive income	22,881	17,805

(Note) "Share of profit (loss) of investments accounted for using equity method" in the consolidated statement of profit or loss for fiscal year ended March 31, 2024 includes gain on discount purchase of 635 million yen, recognized when an associate was newly accounted for using equity method. There was no gain on discount purchase for fiscal year ended March 31, 2025.

Losses for some entities to which the equity method is applied are not recognized as losses as the cumulative amounts exceed the carrying amounts. The unrecognized amount and cumulative unrecognized amount for losses related to said investments in each fiscal year are as follows:

	(Million yen)	
	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Amount of unrecognized loss	276	136

	(Million yen)	
	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Cumulative amount of unrecognized loss	1,012	609

17. Income taxes

(1) Tax expenses

The composition of income tax expenses is as follows:

	(Million yen)	
	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Current tax expenses		
Current income tax for the fiscal year	28,403	24,557
The amount of the benefit arising from a previously unrecognized tax loss, tax credit or temporary difference of a prior period	(750)	(957)
Adjustments recognized in the fiscal year for current income tax of prior fiscal years	2,737	-
Total current tax expenses	30,390	23,600
Deferred tax expenses		
The origination and reversal of temporary differences	13,865	7,495
Recognition of a previously unrecognized tax loss or temporary difference of a prior period and derecognition of a previously recognized tax loss or temporary difference of a prior period	-	(1,665)
Total deferred tax expenses	13,865	5,829
Total	44,255	29,430

(2) Adjustment table between effective statutory tax rates and effective tax rates

Adjustments between the effective statutory tax rates and effective tax rates are as follows.

	%	
	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Effective statutory tax rate	30.6	30.6
Effect of profit and loss not added or subtracted in calculation of taxable income	(4.6)	(7.0)
Effect of evaluation of recoverability of deferred tax assets	1.3	(1.2)
Effect of investments accounted for using equity method	(2.1)	(3.3)
Other	1.1	0.5
Effective tax rate	26.3	19.5

The Group is primarily levied corporate tax, residence tax, and business tax that is tax deductible, and the effective statutory tax rate calculated on this basis for the fiscal year ended March 31, 2025 is 30.6% (30.6% in the fiscal year ended March 31, 2024).

(3) Composition of changes in deferred tax assets and deferred tax liabilities

The composition of changes in deferred tax assets and deferred tax liabilities is as follows:

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Million yen)

	March 31, 2023	Amount of recognized profit or loss	Amount of recognized other comprehensive income	Business combination	Other	March 31, 2024
Deferred tax assets						
Employee benefits	386	97	-	(0)	(53)	429
Accrued business taxes	652	126	-	(10)	(1)	766
Fixed assets	1,927	(655)	-	(2)	(28)	1,241
Unused tax loss	17,061	(5,194)	-	(370)	-	11,496
Other	5,691	867	-	-	(141)	6,418
Total	25,719	(4,757)	-	(384)	(224)	20,352
Deferred tax liabilities						
Equity instruments	(60,581)	-	(48,453)	-	-	(109,035)
Undistributed profits of associates	(7,975)	(784)	-	-	-	(8,760)
Contract costs	(6,646)	(2,234)	-	-	-	(8,880)
Fixed assets	(6,925)	(647)	-	-	-	(7,572)
Other	(5,126)	(5,441)	-	-	139	(10,428)
Total	(87,256)	(9,107)	(48,453)	-	139	(144,677)
Net amount	(61,536)	(13,865)	(48,453)	(384)	(84)	(124,324)

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

(Million yen)

	March 31, 2024	Amount of recognized profit or loss	Amount of recognized other comprehensive income	Business combination	Other	March 31, 2025
Deferred tax assets						
Employee benefits	429	27	-	-	-	457
Accrued business taxes	766	184	-	(29)	-	921
Fixed assets	1,241	(692)	-	-	-	548
Unused tax loss	11,496	(3,162)	-	-	-	8,334
Other	6,418	(1,596)	-	-	-	4,821
Total	20,352	(5,240)	-	(29)	-	15,082
Deferred tax liabilities						
Equity instruments	(109,035)	-	(13,828)	-	-	(122,863)
Undistributed profits of associates	(8,760)	2,605	-	-	-	(6,154)
Contract costs	(8,880)	(2,396)	-	-	-	(11,277)
Fixed assets	(7,572)	(498)	-	-	-	(8,071)
Other	(10,428)	(300)	-	-	-	(10,728)
Total	(144,677)	(589)	(13,828)	-	-	(159,095)
Net amount	(124,324)	(5,829)	(13,828)	(29)	-	(144,013)

Deferred tax assets and deferred tax liabilities as stated on the consolidated statement of financial position are as follows:

(Million yen)

	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Deferred tax assets	7,546	7,974
Deferred tax liabilities	(131,870)	(151,987)
Net amount	(124,324)	(144,013)

(4) Deductible temporary differences and unused tax losses for which deferred tax assets are not recognized

Deductible temporary differences and unused tax losses for which deferred tax assets are not recognized are as follows:

(Million yen)

	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Deductible temporary differences	43,013	40,704
Unused tax loss	89,917	80,077
Total	132,931	120,781

Expiration schedules for unused tax losses for which deferred tax assets are not recognized are as follows:

(Million yen)

	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
First year	452	3,165
Second year	2,546	3,080
Third year	2,759	3,584
Fourth year	2,056	2,146
Fifth year onward	82,102	68,099

Total	89,917	80,077
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In addition to the above, the total amount of deductible temporary differences for investments in subsidiaries, associates, and joint ventures for which deferred tax assets are not recognized as of March 31, 2025 is 88,581 million yen (100,842 million yen as of March 31, 2024).

The Group recognized 8,334 million yen of deferred tax assets related to unused tax losses for tax purposes as of March 31, 2025 (11,496 million yen as of March 31, 2024). This is based on the judgment that the tax benefits are likely to be realized based on the projected amount of future taxable income derived from the business plan, since the main reasons for the unused tax losses were either one-time factors that were not expected to recur or upfront expenses planned in advance for business operations.

Deferred tax assets are recognized based on estimates of the timing and amount of taxable income based on future business plans. Such estimates may be affected by changes in uncertain future economic conditions, etc. If the timing and amount of taxable income actually generated differ from the estimates, the amount of deferred tax assets may be materially affected in the consolidated financial statements for the following fiscal year.

(5) Taxable temporary differences for investments in subsidiaries, associates, and joint ventures for which deferred tax liabilities are not recognized

The total amount of taxable temporary differences for investments in subsidiaries, associates, and joint ventures for which deferred tax liabilities are not recognized as of March 31, 2025 is 649,771 million yen (565,303 million yen as of March 31, 2024).

(6) Uncertainty related to the tax treatment of income taxes

With respect to a tax audit of the Group's past tax treatments, we received a written notice of reassessment from the tax authorities in the fiscal year ended March 31, 2024 and have paid the amount specified in the notice. Although there remain differences in interpretation between the Group and the tax authorities, we determined that there was a change in circumstances in connection with the uncertainty related to the tax treatment of income taxes in the fiscal year ended March 31, 2024.. As a result, we reflected the change in accounting estimates in the consolidated financial statements by recognizing the amount of 2.1 billion yen based on the notice as income tax expense in the statement of profit or loss for the fiscal year ended March 31, 2024. No additional events or circumstances that would affect accounting estimates have occurred during the fiscal year ended March 31, 2025, in connection with the uncertainty related to the tax treatment.

Additionally, with respect to the matters among those pointed out by the tax authorities for which the Group accepted the tax authorities' interpretation and resolved the differences in interpretation during the fiscal year ended March 31, 2024, the Group determined that the uncertainty related to the tax treatment of income taxes was eliminated due to a change in circumstances from the end of the previous fiscal year. Accordingly, to reflect the change in accounting estimates in the consolidated financial statements, an amount of 600 million yen, including penalty tax, was recorded as income tax expense in the consolidated statement of profit or loss for the fiscal year ended March 31, 2024.

These amounts are included under "Adjustments recognized in the fiscal year for current income tax of prior fiscal years" in the breakdown of income tax expenses described in section (1) Tax Expenses.

18. Interest-bearing liabilities

(1) Composition of interest-bearing liabilities

The composition of interest-bearing liabilities is as follows:

	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)	Average interest rate (%) (Note) 1	(Million yen) Repayment period (Note) 2
Current				
Short-term borrowings	12,792	8,495	0.8	-
Current portion of long-term borrowings	35,175	51,941	1.3	-
Current portion of bonds to be redeemed (Note) 3	105,069	116,310	0.6	-
Current portion of lease liabilities to be repaid	3,001	3,002	-	-
Other	346	126	1.0	-
Total	156,386	179,876		-
Non-current				
Long-term borrowings (excluding current portions)	77,157	90,732	1.4	From April 2026 to November 2035
Bonds (excluding current portions) (Note) 3	582,119	656,046	1.5	From April 2026 to November 2049
Lease liabilities (excluding current portions)	6,694	7,665	-	From April 2026 to March 2031
Other	137	-	-	-
Total	666,107	754,444		-

(Notes) 1. Average interest rates indicate weighted-average interest rate for the balances as of March 31, 2025.

2. Repayment periods indicate repayment periods for the balances as of March 31, 2025.

3. A summary of issue conditions for bonds is as follows:

4. In the table above, borrowings for securitized receivables are included in the current portion of long-term borrowings of 3,193 million yen and long-term borrowings of 2,806 million yen in the fiscal year ended March 31, 2025. There was no outstanding balance of debt securitization borrowings in the fiscal year ended March 31, 2024.

Company name / bond name	Date of issue	Fiscal year ended March 31, 2024 (As of March 31, 2024) (Million yen) (Note) 4	Fiscal year ended March 31, 2025 (As of March 31, 2025) (Million yen) (Note) 4	Interest rate (%)	Term of redemption
HIKARI TSUSHIN, INC.					
Ninth unsecured bond (guaranteed by Sumitomo Mitsui Banking Corporation and limited to qualified institutional investors)	June 30, 2017	24 (24)	- (-)	0.20	June 28, 2024
Sixteenth unsecured bond (with an inter-bond pari passu clause)	August 10, 2017	39,815 (-)	39,356 (-)	1.78	August 10, 2027
Tenth unsecured bond (guaranteed by The Shizuoka Bank, Ltd. and limited to qualified	September 25, 2017	172 (50)	123 (50)	0.24	September 24, 2027

Company name / bond name	Date of issue	Fiscal year ended March 31, 2024 (As of March 31, 2024) (Million yen) (Note) 4	Fiscal year ended March 31, 2025 (As of March 31, 2025) (Million yen) (Note) 4	Interest rate (%)	Term of redemption
institutional investors)					
Eighteenth unsecured bond (with an inter-bond pari passu clause)	March 23, 2018	39,874 (-)	39,887 (-)	1.79	March 23, 2033
Nineteenth unsecured bond (with an inter-bond pari passu clause)	September 21, 2018	9,977 (-)	9,982 (-)	0.80	September 21, 2028
Twentieth unsecured bond (with an inter-bond pari passu clause)	September 21, 2018	24,892 (-)	24,898 (-)	2.12	September 21, 2038
Twenty-first unsecured bond (with an inter-bond pari passu clause)	August 8, 2019	4,994 (4,994)	- (-)	0.24	August 8, 2024
Twenty-second unsecured bond (with an inter-bond pari passu clause)	August 8, 2019	4,971 (-)	4,973 (-)	0.32	August 7, 2026
Twenty-third unsecured bond (with an inter-bond pari passu clause)	August 8, 2019	39,719 (-)	39,819 (-)	1.38	August 8, 2034
Twenty-fourth unsecured bond (with an inter-bond pari passu clause)	November 8, 2019	9,003 (-)	9,007 (-)	0.60	November 8, 2029
Twenty-fifth unsecured bond (with an inter-bond pari passu clause)	November 8, 2019	9,980 (-)	9,985 (-)	1.70	November 8, 2039
Twenty-sixth unsecured bond (with an inter-bond pari passu clause)	November 8, 2019	7,502 (-)	7,477 (-)	2.50	November 8, 2049
Twenty-seventh unsecured bond (with an inter-bond pari passu clause)	July 14, 2020	9,998 (-)	10,007 (10,007)	0.45	July 14, 2025
Twenty-eighth unsecured bond (with an inter-bond pari passu clause)	July 14, 2020	19,920 (-)	19,940 (-)	1.20	July 12, 2030
Twenty-ninth unsecured bond (with an inter-bond pari passu clause)	February 2, 2021	9,978 (-)	9,983 (9,983)	0.38	February 2, 2026
Thirtieth unsecured bond (with an inter-bond pari passu clause)	February 2, 2021	14,973 (-)	14,980 (-)	0.98	January 31, 2031
Thirty-first unsecured bond (with an inter-bond pari passu clause)	February 2, 2021	24,950 (-)	24,958 (-)	1.38	February 1, 2036
Thirty-second unsecured bond (with an inter-bond pari passu clause)	June 16, 2021	9,970 (-)	9,978 (-)	0.30	June 16, 2026
Thirty-third unsecured bond (with an inter-bond pari passu clause)	June 16, 2021	14,985 (-)	14,992 (-)	0.85	June 16, 2031

Company name / bond name	Date of issue	Fiscal year ended March 31, 2024 (As of March 31, 2024) (Million yen) (Note) 4	Fiscal year ended March 31, 2025 (As of March 31, 2025) (Million yen) (Note) 4	Interest rate (%)	Term of redemption
Thirty-fourth unsecured bond (with an inter-bond pari passu clause)	June 16, 2021	25,009 (-)	25,015 (-)	1.85	June 16, 2041
Thirty-fifth unsecured bond (with an inter-bond pari passu clause)	November 4, 2021	9,986 (-)	9,999 (-)	0.20	November 4, 2026
Thirty-sixth unsecured bond (with an inter-bond pari passu clause)	November 4, 2021	29,951 (-)	29,965 (-)	0.80	November 4, 2031
Thirty-seventh unsecured bond (with an inter-bond pari passu clause)	November 4, 2021	25,024 (-)	25,032 (-)	1.33	November 4, 2036
Thirty- eighth unsecured bond (with an inter-bond pari passu clause)	May 9, 2022	15,000 (-)	15,013 (-)	0.68	May 7, 2027
Thirty- ninth unsecured bond (with an inter-bond pari passu clause)	May 9, 2022	9,961 (-)	9,971 (-)	1.17	May 7, 2032
Fortieth unsecured bond (with an inter-bond pari passu clause)	August 9, 2022	21,858 (-)	21,889 (-)	1.00	August 9, 2029
Eleventh unsecured bond (limited to qualified institutional investors)	September 29, 2022	9,989 (-)	10,003 (10,003)	0.58	September 29, 2025
Forty-first unsecured bond (with an inter-bond pari passu clause)	March 1, 2023	29,942 (-)	29,979 (29,979)	0.47	February 27, 2026
Forty-second unsecured bond (with an inter-bond pari passu clause)	June 9, 2023	39,797 (-)	39,876 (-)	1.11	June 9, 2028
Forty-third unsecured bond (with an inter-bond pari passu clause)	June 1, 2023	6,904 (-)	6,909 (-)	1.85	May 31, 2030
Forty-fourth unsecured bond (with an inter-bond pari passu clause)	August 29, 2023	9,975 (-)	9,979 (-)	2.38	August 29, 2033
Forty-fifth unsecured bond (with an inter-bond pari passu clause) (Social bond)	March 14, 2024	19,931 (-)	19,928 (-)	0.58	March 12, 2027
Forty-sixth unsecured bond (with an inter-bond pari passu clause)	March 14, 2024	9,959 (-)	9,937 (-)	1.27	March 14, 2029
Forty-seventh unsecured bond (with an inter-bond pari passu clause)	March 14, 2024	4,978 (-)	4,957 (-)	1.93	March 14, 2031
Forty-eighth unsecured bond (with an inter-bond pari passu clause)	April 26, 2024	- (-)	74,999 (-)	2.05	April 25, 2031
Forty-ninth unsecured bond (with an inter-bond pari passu clause)	September 11, 2024	- (-)	9,973 (-)	1.07	September 10, 2027
Fiftieth unsecured bond (with an inter-bond pari passu clause)	September 11, 2024	- (-)	9,968 (-)	1.58	September 11, 2027

Company name / bond name	Date of issue	Fiscal year ended March 31, 2024 (As of March 31, 2024) (Million yen) (Note) 4	Fiscal year ended March 31, 2025 (As of March 31, 2025) (Million yen) (Note) 4	Interest rate (%)	Term of redemption
Fifty-first unsecured bond (with an inter-bond pari passu clause)	March 12, 2025	- (-)	39,653 (-)	2.60	March 12, 2032
Short-term bond	December 7, 2023	21,000 (21,000)	- (-)	0.06	May 31, 2024
Short-term bond	December 8, 2023	12,000 (12,000)	- (-)	0.10	May 8, 2024
Short-term bond	December 26, 2023	19,000 (19,000)	- (-)	0.09	May 31, 2024
Short-term bond	December 26, 2023	5,000 (5,000)	-(-)	0.08	April 24, 2024
Short-term bond	February 15, 2024	5,000 (5,000)	- (-)	0.07	April 26, 2024
Short-term bond	February 15, 2024	5,000 (5,000)	- (-)	0.07	April 26, 2024
Short-term bond	February 28, 2024	5,000 (5,000)	- (-)	0.07	April 30, 2024
Short-term bond	March 8, 2024	5,000 (5,000)	- (-)	0.11	May 13, 2024
Short-term bond	March 18, 2024	5,000 (5,000)	- (-)	0.20	May 17, 2024
Short-term bond	March 18, 2024	2,000 (2,000)	- (-)	0.20	May 17, 2024
Short-term bond	March 18, 2024	5,000 (5,000)	- (-)	0.18	May 17, 2024
Short-term bond	March 18, 2024	1,000 (1,000)	- (-)	0.25	May 17, 2024
Short-term bond	March 26, 2024	5,000 (5,000)	- (-)	0.35	April 30, 2024
Short-term bond	March 26, 2024	5,000 (5,000)	- (-)	0.30	May 13, 2024
Short-term bond	November 26, 2024	- (-)	12,000 (12,000)	0.52	May 26, 2025
Short-term bond	March 6, 2025	- (-)	10,000 (10,000)	0.59	April 7, 2025
Short-term bond	March 6, 2025	- (-)	5,000 (5,000)	0.61	April 7, 2025
Short-term bond	March 27, 2025	- (-)	10,000 (10,000)	0.59	April 28, 2025
Short-term bond	March 27, 2025	- (-)	10,000 (10,000)	0.63	April 28, 2025
EPARK Relax & Esthetics, Inc.					
Subsidiary straight bond	December 12, 2019	300 (-)	- (-)	2.10	December 12, 2024
Subsidiary straight bond	January 30, 2020	300 (-)	- (-)	2.10	January 30, 2025
Subsidiary straight bond	April 30, 2020	150 (-)	- (-)	2.10	April 30, 2025
EPARK Pet Life Inc.					
Subsidiary straight bond	February 15, 2019	150 (-)	- (-)	3.40	February 15, 2029
Premium Water Holdings, Co., Ltd.					
Subsidiary straight bond	March 11, 2021	4,987 (-)	4,995 (4,995)	1.23	December 11, 2025
Subsidiary straight bond	March 1, 2022	6,974 (-)	6,983 (-)	1.20	March 1, 2027

Company name / bond name	Date of issue	Fiscal year ended March 31, 2024 (As of March 31, 2024) (Million yen) (Note) 4	Fiscal year ended March 31, 2025 (As of March 31, 2025) (Million yen) (Note) 4	Interest rate (%)	Term of redemption
Subsidiary straight bond	December 15, 2022	3,587 (-)	3,595 (3,595)	1.60	December 15, 2025
Subsidiary straight bond	December 15, 2022	991 (-)	993 (-)	2.10	December 15, 2027
Subsidiary straight bond	February 29, 2024	3,579 (-)	3,586 (-)	1.50	February 26, 2027
Subsidiary straight bond	February 29, 2024	1,088 (-)	1,090 (-)	2.10	February 28, 2029
Subsidiary straight bond	May 1, 2024	- (-)	441 (97)	0.48	May 31, 2029
Subsidiary straight bond	December 12, 2024	- (-)	7,466 (-)	2.12	December 10, 2027
EPG, Inc.					
Subsidiary straight bond	October 12, 2018	300 (-)	300 (-)	3.30	December 27, 2030
Subsidiary straight bond	December 26, 2019	300 (-)	300 (-)	3.30	December 27, 2030
Subsidiary straight bond	April 10, 2020	500 (-)	500 (-)	3.30	December 27, 2030
APPY. Co, Ltd.					
Subsidiary straight bond	November 29, 2019	- (-)	200 (-)	3.70	November 28, 2029
iFLAG. Co, Ltd.					
Subsidiary straight bond	July 1, 2024	- (-)	898 (-)	3.70	June 30, 2029
EPARK Financial Partners, Inc.					
Subsidiary straight bond	August 7, 2020	- (-)	600 (600)	2.10	April 30, 2025

4. Parentheses () in the fiscal year ended March 31, 2024 and fiscal year ended March 31, 2025 columns indicate the amounts scheduled to be redeemed within one year.

(2) Financial covenants

Financial covenants are attached to 7,680 million yen (15,340 million yen as of March 31, 2024, includes current portion) of long-term borrowings of the Company as follows. In the event of violation of the following, it loses the benefit of time for the applicable obligations and is obligated to immediately repay the corresponding borrowings.

- With regard to any two consecutive fiscal years with a fiscal year after the settlement of accounts for the fiscal year ended March 31, 2023 as the initial fiscal year, maintain operating profit or loss presented on the consolidated statement of profit or loss for each fiscal year so that the operating profit or loss does not record a loss for two consecutive fiscal years. The initial judgment regarding the compliance with this item shall be made for the settlement of accounts for the fiscal year ended March 31, 2024 and the preceding fiscal year.

Financial covenants are attached to 13,080 million yen (19,600 million yen as of March 31, 2024, includes current portion) of long-term borrowings of the Company as follows. In the event of violation of the following, it loses the benefit of time for the applicable obligations and is obligated to immediately repay the corresponding borrowings.

- With regard to any two consecutive fiscal years with a fiscal year after the settlement of accounts for the fiscal year ended March 31, 2024 as the initial fiscal year, maintain operating profit or loss presented on the consolidated statement of profit or loss for each fiscal year so that the operating profit or loss does not record a loss for two consecutive fiscal years. The initial judgment regarding the compliance with this item shall be made for the settlement of accounts for the fiscal year ending March 31, 2025 and the preceding fiscal year.

Financial covenants are attached to 250 million yen (416 million yen as of March 31, 2024, includes current portion) of long-term borrowings of the Company as follows. In the event of violation of the following, it loses the benefit of time for the applicable obligations and is obligated to immediately repay the corresponding borrowings.

- With regard to any two consecutive fiscal years with a fiscal year after the settlement of accounts for the fiscal year ended March 31, 2024 as the initial fiscal year, maintain operating profit or loss presented on the consolidated statement of profit or loss for each fiscal year so that the operating profit or loss does not record a loss for two consecutive fiscal years. The initial judgment regarding the compliance with this item shall be made for the settlement of accounts for the fiscal year ending March 31, 2025 and the preceding fiscal year.

Financial covenants are attached to 502 million yen (834 million yen as of March 31, 2024, includes current portion) of long-term borrowings of the Company as follows. In the event of violation of the following, it loses the benefit of time for the applicable obligations and is obligated to immediately repay the corresponding borrowings.

- With regard to any two consecutive fiscal years with a fiscal year after the settlement of accounts for the fiscal year ended March 31, 2024 as the initial fiscal year, maintain operating profit or loss presented on the consolidated statement of profit or loss for each fiscal year so that the operating profit or loss does not record a loss for two consecutive fiscal years. The initial judgment regarding the compliance with this item shall be made for the settlement of accounts for the fiscal year ending March 31, 2025 and the preceding fiscal year.

Financial covenants are attached to 40,000 million yen (includes current portion) of long-term borrowings of the Company as follows. In the event of violation of the following, it loses the benefit of time for the applicable obligations and is obligated to immediately repay the corresponding borrowings.

- With regard to any two consecutive fiscal years with a fiscal year after the settlement of accounts for the fiscal year ended March 31, 2025 as the initial fiscal year, maintain operating profit or loss presented on the consolidated statement of profit or loss for each fiscal year so that the operating profit or loss does not record a loss for two consecutive fiscal years. The initial judgment regarding the compliance with this item shall be made for the settlement of accounts for the fiscal year ending March 31, 2026 and the preceding fiscal year.

Financial covenants are attached to 2,550 million yen (includes current portion) of long-term borrowings of the Company as

follows. In the event of violation of the following, it loses the benefit of time for the applicable obligations and is obligated to immediately repay the corresponding borrowings.

- With regard to any two consecutive fiscal years with a fiscal year after the settlement of accounts for the fiscal year ended March 31, 2025 as the initial fiscal year, maintain operating profit or loss presented on the consolidated statement of profit or loss for each fiscal year so that the operating profit or loss does not record a loss for two consecutive fiscal years. The initial judgment regarding the compliance with this item shall be made for the settlement of accounts for the fiscal year ending March 31, 2026 and the preceding fiscal year.

Financial covenants are attached to 2,724 million yen (includes current portion) of long-term borrowings of the Company as follows. In the event of violation of the following, it loses the benefit of time for the applicable obligations and is obligated to immediately repay the corresponding borrowings.

- With regard to any two consecutive fiscal years with a fiscal year after the settlement of accounts for the fiscal year ended March 31, 2025 as the initial fiscal year, maintain operating profit or loss presented on the consolidated statement of profit or loss for each fiscal year so that the operating profit or loss does not record a loss for two consecutive fiscal years. The initial judgment regarding the compliance with this item shall be made for the settlement of accounts for the fiscal year ending March 31, 2026 and the preceding fiscal year.

Financial covenants are attached to 428 million yen (713 million yen as of March 31, 2024, includes current portion) of long-term borrowings of Premium Water Holdings, Co., Ltd., a consolidated subsidiary, where it loses the benefit of time for the applicable obligations under the financing contract in the event of violation of one of the following:

- 1) After the settlement of accounts for the fiscal year ended March 31, 2020, maintain the amount of total equity on the consolidated statement of financial position as of the end of each fiscal year (hereinafter, in references to financial covenants relating to long-term borrowings of Premium Water Holdings, Co., Ltd. in this note, the consolidated statement of financial position shall mean the consolidated statement of financial position of Premium Water Holdings, Co., Ltd.) at least 75% of the amount of total equity on the consolidated statement of financial position as of March 31, 2019 or 75% of the amount of total equity on the consolidated statement of financial position as of the end of the preceding fiscal year, whichever is higher.
- 2) With regard to any two consecutive fiscal years with a fiscal year after the settlement of accounts for the fiscal year ended March 31, 2020 as the initial fiscal year, maintain operating profit or loss presented on the consolidated statement of profit or loss for each fiscal year so that the operating profit or loss does not record a loss for two consecutive fiscal years. The initial judgment regarding the compliance with this item shall be made for the settlement of accounts for the fiscal year ended March 31, 2021 and the preceding fiscal year.

Financial covenants are attached to 4,833 million yen (5,840 million yen as of March 31, 2024, includes current portion) of long-term borrowings of Premium Water Holdings, Co., Ltd., a consolidated subsidiary, where it loses the benefit of time for the applicable obligations under the financing contract in the event of violation of one of the following:

- 1) After the settlement of accounts for the fiscal year ended March 31, 2021, maintain the amount of total equity on the consolidated statement of financial position as of the end of each fiscal year at least 75% of the amount of total equity on the consolidated statement of financial position as of March 31, 2020 or 75% of the amount of total equity on the consolidated statement of financial position as of the end of the preceding fiscal year, whichever is higher.
- 2) With regard to any two consecutive fiscal years with a fiscal year after the settlement of accounts for the fiscal year ended March 31, 2021 as the initial fiscal year, maintain operating profit or loss presented on the consolidated statement of profit or loss for each fiscal year so that the operating profit or loss does not record a loss for two consecutive fiscal years. The initial judgment regarding the compliance with this item shall be made for the settlement of accounts for the fiscal year ended March 31, 2022 and the preceding fiscal year.

As of March 31, 2025, there were no long-term borrowings on the consolidated statement of financial position that were in violation of financial covenants.

(3) Assets pledged as collateral

Assets pledged as collateral that have been pledged as collateral for liabilities are as follows:

	Fiscal year ended March 31, 2024 (As of March 31, 2024)	(Million yen) Fiscal year ended March 31, 2025 (As of March 31, 2025)
Time deposits	264	-
Ordinary bank account	1	-
Advances paid	3,926	-
Buildings and structures	-	1,644
Land	542	542
Investment securities	7,933	6,071
Installment receivables and lease receivables	-	5,346
Total	12,668	13,604

Liabilities that correspond to these assets pledged as collateral are as follows:

	Fiscal year ended March 31, 2024 (As of March 31, 2024)	(Million yen) Fiscal year ended March 31, 2025 (As of March 31, 2025)
Trade payables	507	-
Short-term borrowings	1,100	-
Current portion of long-term borrowings	818	4,062
Current portion of borrowings for securitized receivables	-	3,193
Long-term borrowings	4,283	-
Borrowings for securitized receivables	-	2,806
Total	6,709	10,062

The Group provides collateral for liabilities arising from fund procurement, product supply transactions, and contract transactions. In addition, current portion of borrowings for securitized receivables and long-term borrowings for securitized receivables are liabilities arising from the securitization of accounts receivable - installment receivables and lease receivables.

19. Trade and other payables

The composition of trade and other payables is as follows:

		(Million yen)
	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Trade payables	36,151	42,601
Accounts payable - other	179,220	220,704
Security deposits received	13,530	14,028
Other	6,216	7,408
Total	235,119	284,742

The composition by period until payment or settlement is as follows:

		(Million yen)
	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Within 12 months	221,588	270,714
Over 12 months	13,530	14,028
Total	235,119	284,742

. The Group has entered into supplier finance arrangements with financial institutions and other entities that provide financing. Under the supplier finance arrangement, financial institutions and other entities pay participating suppliers the amounts due on their invoices on the due date with regard to liabilities owed by the Group to the participating suppliers. The Group subsequently pays the financial institutions and other entities. The main purpose of the supplier finance arrangement is to promote efficient payment processing by integrating payments to financial institutions and other entities, instead of making payments to each supplier individually. At the same time, the Group is provided with extended payment terms.

The payment terms and conditions for liabilities arising from most supplier finance arrangements entered into by the Group do not provide for significant extensions of payment terms beyond one year compared to the normal terms and conditions agreed with other suppliers. Therefore, it is determined that these liabilities have a nature and function similar to trade payables and there is no significant exposure to liquidity risk.

In the fiscal year ended March 31, 2025, there were no significant non-cash changes in the carrying amounts of liabilities based on supplier finance arrangements due to business combinations or foreign currency translation. Payments made by the Group to financial institutions and other entities are continuously included in cash flows from operating activities, as it is determined that the nature of these payments has not changed from the purchase of goods or services from suppliers.

	(Million yen)	
	Fiscal year ended March 31, 2025	
	As of April 1, 2024	As of March 31, 2025
Carrying amount of financial liabilities that are part of supplier finance arrangements (Note)		
Trade and other payables	100,644	129,878

(Note) The Group executes supplier finance arrangements by entering into individual agreements with finance providers on a monthly basis. Therefore, the carrying amount of financial liabilities that are part of supplier finance arrangements is equal to the amount already paid by the finance providers to each supplier.

The payment terms for supplier finance arrangements are as follows.

	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Liabilities based on supplier finance arrangements	90 days to 360 days

Comparable trade payables that are not part of supplier finance arrangements

30 days to 45 days

20. Other current liabilities

The composition of other current liabilities is as follows:

	(Million yen)	
	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Contract liabilities	4,927	4,860
Accrued consumption taxes and other	2,397	5,630
Provision for bonuses	1,109	1,517
Other	5,237	4,203
Total	13,671	16,211

21. Financial instruments

(1) Equity management

The Group's basic policy for equity management is to achieve and maintain the optimal equity composition in order to continue sustainable growth over the medium to long term and maximize corporate value.

Key indicators used by the Group in equity management include the following:

- Amount of owners' equity
- Equity ratio

(Note) The amount of owners' equity is "Total equity attributable to owners of parent." The equity ratio is calculated by dividing "Total equity attributable to owners of parent" by "Total liabilities and equity."

The amount of owners' equity and the equity ratio are as follows:

	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Amount of owners' equity (Million yen)	790,478	914,768
Equity ratio (%)	38.0	38.6

Please see "Note 18. Interest-bearing liabilities (2) Financial covenants" for information on financial covenants attached to interest-bearing liabilities.

(2) Financial risk management

As the Group conducts a wide range of businesses, the Group is exposed to various financial risks including credit risk, liquidity risk, and market risk (price risk, currency risk, and interest rate risk) in conducting its business. In order to prevent and reduce the said financial risks, the Group conducts risk management in accordance with certain policies.

1) Credit risk

In conducting its business, the Group is exposed to the credit risk of its business partners in relation to trade receivables, other non-current assets, and other financial assets such as deposits, deposits paid, shares, and receivables.

In order to prevent or reduce this risk, the Group does not hold excessively concentrated exposure to credit risks. In addition, in order to manage this risk, the Group conducts deadline management and balance management by business partner in accordance with the credit management rules of each Group company, and periodically assesses the credit status of primary business partners.

The carrying amount of financial assets after impairment presented on the Group's consolidated statement of financial position is the maximum amount of the Group's exposure to credit risks in relation to financial assets. The Group does not consider the evaluation of collateral held or other credit enhancement.

During the fiscal year ended March 31, 2024, and the fiscal year ended March 31, 2025, the Group has accepted guarantee deposits of 13,530 million yen and 14,028 million yen, respectively.

The Group calculates provisions for doubtful accounts by categorizing them into trade receivables and other non-current assets as well as other financial assets.

Provision for doubtful accounts in relation to trade receivables and other non-current assets is calculated by collectively measuring the lifetime expected credit losses and multiplying it by the provision rate that factors in forecasts such as future economic conditions in the actual rate of past credit losses. However, in case of events such as the following that adversely affect all cash flows the Group expects to receive, the Group measures expected credit losses for each individual receivable as a financial asset for which credit has been impaired.

- Serious financial difficulties of a business partner
- Receivables being unrecoverable or delinquent despite repeated demands
- An increase in the possibility of a business partner becoming bankrupt or otherwise in need of financial restructuring.

For other financial assets, the Group follows the general approach, calculating provision for doubtful accounts for receivables whose credit risk has not been deemed to be significantly increasing by multiplying the carrying amount by the provision rate that factors in forecasts such as future economic conditions in the actual rate of past credit losses for the same type of assets. For assets whose credit risk has been deemed to be significantly increasing and credit-impaired financial assets, a provision for doubtful accounts is calculated as the difference between the amount of present value, which is the estimated future cash flows discounted by the initial effective interest rate of the said asset, and the carrying amount.

The changes in provision for doubtful accounts are as follows:
Fiscal year ended March 31, 2024 (As of March 31, 2024)

(Million yen)

	Trade receivables and other non- current assets	Other financial assets			Total
	Financial assets for which the simplified approach has been applied	Financial assets recorded at an amount equal to 12- month expected credit losses	Financial assets whose credit risk has significantly increased since the initial recognition	Credit-impaired financial assets	
Balance as of April 1, 2023	39,906	-	-	1,797	41,703
Provision	14,266	-	-	2	14,268
Written off	(1,711)	-	-	(261)	(1,973)
Other	(2,793)	-	-	(65)	(2,858)
Balance as of March 31, 2024	49,667	-	-	1,473	51,140

Fiscal year ended March 31, 2025 (As of March 31, 2025)

(Million yen)

	Trade receivables and other non- current assets	Other financial assets			Total
	Financial assets for which the simplified approach has been applied	Financial assets recorded at an amount equal to 12- month expected credit losses	Financial assets whose credit risk has significantly increased since the initial recognition	Credit-impaired financial assets	
Balance as of April 1, 2024	49,667	-	-	1,473	51,140
Provision	9,697	-	-	91	9,789
Written off	278	-	-	(537)	(259)
Other	(3,117)	-	-	(48)	(3,165)
Balance as of March 31, 2025	56,526	-	-	978	57,504

The total carrying amounts of financial assets against which a provision for doubtful accounts is recorded are as follows:

Fiscal year ended March 31, 2024 (As of March 31, 2024)

(Million yen)

Carrying amount	Trade receivables and other non-current assets	Other financial assets		
	Financial assets for which the simplified approach has been applied	Financial assets recorded at an amount equal to 12-month expected credit losses	Financial assets whose credit risk has significantly increased since the initial recognition	Credit-impaired financial assets
Balance as of April 1, 2023	325,341	37,058	-	1,797
Balance as of March 31, 2024	324,289	92,978	-	1,473

Fiscal year ended March 31, 2025 (As of March 31, 2025)

Carrying amount	Trade receivables and other non-current assets	Other financial assets		
	Financial assets for which the simplified approach has been applied	Financial assets recorded at an amount equal to 12-month expected credit losses	Financial assets whose credit risk has significantly increased since the initial recognition	Credit-impaired financial assets
Balance as of April 1, 2024	324,289	92,978	-	1,473
Balance as of March 31, 2025	388,853	129,697	-	978

Credit risk exposures in relation to the above financial assets are as follows:

Fiscal year ended March 31, 2024 (As of March 31, 2024)

(Million yen)

Number of days past due	Trade receivables and other non-current assets	Other financial assets		
	Financial assets for which the simplified approach has been applied	Financial assets recorded at an amount equal to 12-month expected credit losses	Financial assets whose credit risk has significantly increased since the initial recognition	Credit-impaired financial assets
No delinquencies	281,202	92,978	-	-
Within 30 days	1,177	-	-	-
Over 30 days and within 90 days	1,258	-	-	-
Over 90 days	40,651	-	-	1,473
Balance as of March 31, 2024	324,289	92,978	-	1,473

Fiscal year ended March 31, 2025 (As of March 31, 2025)

(Million yen)

Number of days past due	Trade receivables and other non-current assets	Other financial assets		
	Financial assets for which the simplified approach has been applied	Financial assets recorded at an amount equal to 12-month expected credit losses	Financial assets whose credit risk has significantly increased since the initial recognition	Credit-impaired financial assets
No delinquencies	340,457	129,697	-	-
Within 30 days	1,074	-	-	-

Over 30 days and within 90 days	911	-	-	-
Over 90 days	46,410	-	-	978
Balance as of March 31, 2025	388,853	129,697	-	978

The Group records impairment losses related to credit risks in “Cost of sales,” “Selling, general and administrative expenses,” and “Finance costs” on the consolidated statement of profit or loss.

2) Liquidity risk

As the Group procures funds through loans payable and corporate bonds, it is exposed to liquidity risks, in which the Group becomes unable to execute the payments on the due date for reasons including worsening of the funds procurement environment.

In order to prevent or reduce the liquidity risks, the Group aims to diversify its methods of funds procurement by conducting direct procurement such as issuing of corporate bonds in addition to indirect procurement such as borrowing from banks and leases, considering the market environment as well as the balance between short-term and long-term. In addition, the Group manages surplus funds as highly liquid financial assets.

The Group manages its liquidity risks such as by maintaining the liquidity at hand while having the responsible department prepare and update the cash flow plans as appropriate based on reports from each department.

a. Loan commitment and other lines of credit

The Group aims to reduce the liquidity risks by holding lines of credit including loan commitment line agreements with multiple financial institutions. The lines of credit held by the Group are as follows:

	(Million yen)	
	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Line of credit	42,700	40,200
Balance of executed borrowings	17,700	12,700
Unexecuted balance	25,000	27,500

b. Balance of financial liabilities by due date

The balance of financial liabilities by due date is as follows:

Fiscal year ended March 31, 2024 (As of March 31, 2024)

								(Million yen)
	Carrying amount	Contractual cash flow	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Interest-bearing liabilities								
Short-term borrowings	12,792	12,835	12,835	-	-	-	-	-
Long-term borrowings (including current portions)	112,332	115,358	36,367	33,784	19,090	9,709	6,468	9,938
Bonds payable (including current portions)	687,188	751,867	112,326	77,660	62,167	101,967	26,114	371,632
Lease liabilities	9,696	10,019	3,162	1,645	1,568	1,130	759	1,753
Other	484	489	351	138	-	-	-	-
Trade and other payables	235,119	235,119	221,588	-	-	-	-	13,530
Other financial liabilities	244	244	244	-	-	-	-	-
Total	1,057,857	1,125,933	386,875	113,227	82,825	112,808	33,341	396,854

Fiscal year ended March 31, 2025 (As of March 31, 2025)

(Million yen)

	Carrying amount	Contractual cash flow	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Interest-bearing liabilities								
Short-term borrowings	8,495	8,524	8,524	—	—	—	—	—
Long-term borrowings (including current portions)	142,673	147,151	53,824	37,918	30,960	9,411	7,214	7,822
Bonds payable (including current portions)	772,357	850,964	126,775	65,375	82,382	69,353	49,710	457,367
Lease liabilities	10,667	11,202	3,233	2,767	1,957	1,277	827	1,139
Other	126	127	127	—	—	—	—	—
Trade and other payables	284,742	284,742	270,714	—	—	—	—	14,028
Other financial liabilities	771	771	771	—	—	—	—	—
Total	1,219,834	1,303,484	463,970	106,061	115,299	80,042	57,751	480,357

3) Market risk

Market risk is the risk of fair value of financial instruments and future cash flows fluctuating due to fluctuations of market prices. Market risks include price risk, currency risk, and interest rate risk.

Although the Group also conducts funds procurement through loans payable with floating interest rates, the Group has deemed the interest rate risks associated with them to be insignificant, as the impact of the repayments on the Group is minimal.

a. Price risk

The Group is exposed to the risk of fluctuations in share prices arising from equity instruments.

Equity instruments held by the Group include listed shares and unlisted shares. The Group periodically reviews the holding status by considering factors including market prices and financial conditions of the issuers.

Price sensitivity measurement analysis

For marketable securities traded in an active market, the impact of market prices falling by 10% on equity, assuming all other variables are constant, is as follows. Marketable securities traded in an active market (equity instruments measured at fair value) are irrevocably designated as financial assets measured at fair value through other comprehensive income at initial recognition, for each equity instrument, and therefore any changes in market prices do not affect profit or loss.

(Million yen)

	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Impact on equity before tax (decreases in parentheses)	(82,673)	(99,139)
Impact on equity (decreases in parentheses)	(57,358)	(67,890)

b. Currency risk

The Group is exposed to the risk of fluctuations in currency exchange rates primarily in relation to equity instruments and deposits denominated in foreign currencies.

The Group continuously monitors the currency exchange markets for the purpose of managing this risk.

Foreign exchange sensitivity measurement analysis

Currency risk exposures of financial instruments in relation to the U.S. dollar, a major foreign currency, are as follows:

	(Million yen)	
	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Net amount of exposures that affect profit or loss and equity (liabilities in parentheses)	243,502	267,638

For financial instruments with currency risk exposures, the impact of Japanese yen appreciating by 1% on profit or loss and equity, assuming all other variables are constant, is as follows.

	(Million yen)	
	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Impact on profit or loss (decreases in parentheses)	(2,435)	(2,676)
Impact on equity after tax (decreases in parentheses)	(1,689)	(1,832)

(3) Classifications of financial instruments

The composition of financial instruments by classification is as follows:

Fiscal year ended March 31, 2024 (As of March 31, 2024)

	(Million yen)		
	Financial assets measured at amortized cost	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income
Current assets			
Cash and cash equivalents	494,850	-	-
Trade and other receivables	267,221	-	-
Other financial assets	52,180	21	-
Non-current assets			
Other financial assets	42,271	45,483	835,575
Total	856,523	45,505	835,575
	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Total
Current liabilities			
Interest-bearing liabilities	153,302	-	153,302
Trade and other payables	235,119	-	235,119
Other financial liabilities	83	161	244
Non-current liabilities			
Interest-bearing liabilities	658,933	-	658,933
Total	1,047,438	161	1,047,599

Fiscal year ended March 31, 2025 (As of March 31, 2025)

	(Million yen)		
	Financial assets measured at amortized cost	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income
Current assets			
Cash and cash equivalents	470,273	-	-
Trade and other receivables	325,535	-	-
Other financial assets	17,949	0	-
Non-current assets			
Other financial assets	112,725	69,542	1,000,635
Total	926,484	69,543	1,000,635
	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Total
Current liabilities			
Interest-bearing liabilities	176,863	-	176,863
Trade and other payables	284,742	-	284,742
Other financial liabilities	86	684	771
Non-current liabilities			
Interest-bearing liabilities	746,779	-	746,779
Total	1,208,471	684	1,209,156

The Group has designated equity instruments, such as shares held, as financial assets measured at fair value through other comprehensive income in order to acquire gains from increases in market prices and dividends by holding them over the long term or to expand foundations for revenue through maintaining and enhancing business relationships.

Key stock names and fair values of equity instruments designated as financial assets measured at fair value through other comprehensive income are as follows:

March 31, 2024

	(Million yen)
Name	Fair value
Berkshire Hathaway Inc.	108,260
Daito Trust Construction Co., Ltd.	64,587
Leopalace21 Corporation	30,600
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	29,235
TOKEN CORPORATION	21,525
Other	581,365
Total	835,575

March 31, 2025

	(Million yen)
Name	Fair value
Berkshire Hathaway Inc.	134,544
Daito Trust Construction Co., Ltd.	58,234
Leopalace21 Corporation	34,565
TOKEN CORPORATION	32,542
Relo Group, Inc.	27,617
Other	713,130
Total	1,000,635

Dividend income from equity instruments held is as follows:

	(Million yen)	
	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Dividends from equity instruments which were derecognized during the fiscal year	584	267
Dividends from equity instruments held as of the end of the fiscal year	18,111	21,307

Equity instruments designated as financial assets measured at fair value through other comprehensive income that no longer align with the Group's investment strategies have been sold (derecognized). Fair values as of the date of sale and accumulated gains or losses in relation to the sale of equity instruments designated as financial assets measured at fair value through other comprehensive income that were sold during the fiscal year are as follows:

	(Million yen)	
	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Fair value as of the date of sale	112,166	73,430
Accumulated gains or losses in relation to the sale	49,959	25,246

The Group immediately reclassifies cumulative amounts of gains or losses from changes in the fair value of equity instruments designated as financial assets measured at fair value through other comprehensive income to retained earnings. The amount of reclassification from accumulated other comprehensive income to retained earnings during the fiscal year ended March 31, 2024, and the fiscal year ended March 31, 2025, is 138,711 million yen and 43,748 million yen, respectively.

(4) Transfer of financial assets

The Group securitizes a part of its trade receivables through transfer of receivables. However, some of the securitized receivables retrospectively incur payment obligations for the Group if the debtor does not make the payment. Such securitized receivables are not derecognized because they do not meet the criteria for derecognition of financial assets.

During the fiscal year ended March 31, 2025, the Company recorded 5,346 million yen in “trade and other receivables” for such transferred assets, and as liabilities related to deposits made during said transfer of assets, recorded 6,000 million yen in “Interest-bearing liabilities”. Additionally, the fair values are reasonably close to the carrying amounts.

22. Fair values of financial instruments

The fair values of financial instruments are classified into the following three hierarchy levels depending on the observability and importance of the input used in the fair value measurement. Under this classification, the Group defines each level of the fair value hierarchy as follows:

Level 1: (Unadjusted) quoted prices in active markets for identical assets or liabilities

Level 2: Observable inputs other than the Level 1 inputs, either directly or indirectly

Level 3: Unobservable inputs

The Group determines the hierarchy level of a fair value used for fair value measurement according to the lowest level of significant inputs used in fair value measurement.

(1) Financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

Financial instruments are classified within the fair value hierarchy as follows:

Fiscal year ended March 31, 2024 (As of March 31, 2024)

				(Million yen)
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Bonds	-	36,744	-	36,744
Other	-	-	8,760	8,760
Financial assets measured at fair value through other comprehensive income				
Shares	809,506	-	4,827	814,333
Other	17,224	-	4,016	21,241
Total	826,731	36,744	17,604	881,080
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Other	161	-	-	161
Total	161	-	-	161

Fiscal year ended March 31, 2025 (As of March 31, 2025)

	(Million yen)			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Bonds	-	59,504	-	59,504
Other	-	-	10,038	10,038
Financial assets measured at fair value through other comprehensive income				
Shares	959,377	-	4,815	964,193
Other	32,017	-	4,425	36,442
Total	991,394	59,504	19,279	1,070,178
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Other	684	-	-	684
Total	684	-	-	684

The transfers between levels in the fair value hierarchy are recognized on the date on which an event that gave rise to the transfer takes place, or circumstances were changed.

There were no financial instruments with significant transfers between levels.

2) Fair value measurement method

Marketable securities stated at prices quoted on stock exchanges that are recognized as active markets for the same securities are categorized as Level 1 in the fair value hierarchy. Marketable securities measured using current market prices in inactive markets for the same securities are categorized as Level 2 in the fair value hierarchy.

Non-marketable securities calculated using valuation techniques based on discounted future cash flows or net asset value, or other valuation techniques are categorized as Level 3 in the fair value hierarchy.

When measuring the fair values of unlisted shares, unobservable inputs such as discount rates are used, and certain illiquidity discounts and non-controlling interest discounts are reflected as necessary.

3) Level 3 reconciliation

The following table describes the changes in Level 3 financial instruments during the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024).

	(Million yen)	
	Shares	Other
Balance as of April 1, 2023	7,440	10,708
Acquisition	173	1,132
Sale and redemption	(142)	-
Comprehensive income		
Profit (Note) 1	-	(46)
Other comprehensive income (Note) 2	(77)	793
Other	(2,566)	189
Balance as of March 31, 2024	4,827	12,777
Gains or losses recognized in profit in relation to financial instruments held as of March 31, 2024	-	(46)

(Notes) 1. Included in finance income and finance costs on the consolidated statement of profit or loss.

2. Included in financial assets measured at fair value through other comprehensive income on the consolidated statement of comprehensive income.

The following table describes the changes in Level 3 financial instruments during the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025).

	(Million yen)	
	Shares	Other
Balance as of April 1, 2024	4,827	12,777
Acquisition	140	3,841
Sale and redemption	(76)	(2,206)
Comprehensive income		
Profit (Note) 1	-	(333)
Other comprehensive income (Note) 2	72	964
Other	(148)	(580)
Balance as of March 31, 2025	4,815	14,463
Gains or losses recognized in profit in relation to financial instruments held as of March 31, 2025	-	(333)
(Notes) 1.	Included in finance income and finance costs on the consolidated statement of profit or loss.	
2.	Included in financial assets measured at fair value through other comprehensive income on the consolidated statement of comprehensive income.	

4) Quantitative information on assets classified as Level 3

The following table shows a valuation technique and a major input used in fair value measurement using unobservable inputs for the financial instruments classified as Level 3:

Valuation technique	Unobservable input	Ranges of unobservable inputs	
		Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Discounted cash flow method	Discount rate	10.9%	13.2%

5) Sensitivity analysis for changes in significant unobservable inputs

Of the fair values of assets classified as Level 3 that are measured at fair value, the fair values of investment securities valued using discounted future cash flows will decrease (increase) due to a rise (fall) in discount rates.

No significant increase or decrease in fair values is anticipated for the financial instruments classified as Level 3, if changing one or more of the unobservable inputs to reasonably possible alternative assumptions.

(2) Financial instruments measured at amortized cost

1) Fair value

Fair value of financial assets and financial liabilities measured at amortized cost is as follows:

	(Million yen)			
	Fiscal year ended March 31, 2024 (As of March 31, 2024)		Fiscal year ended March 31, 2025 (As of March 31, 2025)	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Trade and other receivables				
Accounts receivable - operating loans and installment receivables	129,617	128,389	157,944	156,166
Other financial assets				
Long-term loans receivable (including current portions)	3,582	3,567	5,375	5,358
Debt securities	71,785	72,454	105,878	107,352
Total	204,985	204,411	269,197	268,877
Financial liabilities				
Interest-bearing liabilities				
Long-term borrowings (including current portions)	112,332	111,667	142,673	141,529
Bonds payable (including current portions)	687,188	676,830	772,357	749,098
Other	484	481	126	125
Total	800,005	788,979	915,157	890,752

(Note) Short-term financial assets and short-term financial liabilities are not included in the above as their fair values approximate their carrying amounts.

2) Fair value measurement method

Accounts receivable - operating loans and installment receivables, long-term loans receivable

Accounts receivable - operating loans and installment receivables, long-term loans receivable are calculated by discounting the future cash flows using an interest rate equal to an appropriate index such as the yield of government bonds plus credit spread and are classified as Level 3.

Debt securities

Marketable debt securities are measured using the current market price in an inactive market for the same securities and are classified as Level 2.

Long-term borrowings

Long-term borrowings are calculated by discounting the total amount of the principal and interest using an interest rate that would apply if a similar new loan is made and are classified as Level 3.

Bonds payable

Bonds payable are calculated by discounting the total amount of the principal and interest using an interest rate that reflects the remaining period of the bonds and credit risk and are classified as Level 3.

23. Insurance contracts

(1) Capital regulations

Domestic insurance subsidiaries of the Group are subject to capital regulations stipulated by the Insurance Business Act and maintain capital adequacy ratios above certain levels.

The following is the important capital regulation applicable to domestic insurance subsidiaries of the Group.

- They are required to maintain a solvency margin ratio at the level specified by the Insurance Business Act. If the solvency margin ratio falls below 200%, the Financial Services Agency may order the submission and execution of a reasonable improvement plan to ensure the soundness of management.

(2) Risk management system for insurance contracts

The Group strives to accurately identify, analyze, and evaluate risks related to insurance contracts and to appropriately manage and operate them in order to ensure the stability of management. The main initiatives of the Group concerning risks related to insurance contracts are as follows.

(i) Insurance underwriting risk

The Group is exposed to insurance underwriting risk, which consists of insurance risk, policyholder behavior risk, and expense risk.

- Insurance risk: Risks other than financial risks that are transferred from policyholders to the Group (risks arising from inherent uncertainties regarding the occurrence, timing, and amount of insurance claims).
- Policyholder behavior risk: Risks arising from policyholders canceling their policies (i.e., lapse risk or continuation risk).
- Expense risk: Risks that administrative expenses related to the provision of services under contracts increase unexpectedly (excluding expenses related to insurance incidents).

The Group manages insurance underwriting risk through risk portfolio management, product revisions and discontinuations, setting underwriting criteria, changes in sales policies, and design and arrangement of reinsurance, etc. Exposure to insurance underwriting risk is the balance of insurance contract liabilities. The Group's insurance contract portfolio is geographically diversified and does not have excessive concentration of insurance risk.

(ii) Credit risk

The Group is exposed to credit risk of incurring financial losses in the event that counterparties to reinsurance contracts fail to fulfill their contractual obligations.

The Group manages credit risk by continuously monitoring external credit ratings and other information regarding the default risk of individual reinsurers in relation to credit risk exposure.

The balances of reinsurance contract asset classified by credit quality are as follows. Exposure to credit risk is the balance of reinsurance contract asset.

	(Million yen)	
	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
A	2,063	823
No rating	-	-
Total	2,063	823

(Note) Based on ratings by rating agency A.M. Best Company, Inc.

(iii) Credit risk

The Group is exposed to liquidity risk that may arise from the inability to fulfill its obligations under insurance contracts and reinsurance contracts that are settled by cash delivery.

The Group manages liquidity risk by preparing adequate settlement funds and continuously monitoring cash flow plans and actual results.

(3) Insurance contract liabilities and reinsurance contract asset

1) The composition of insurance contracts and reinsurance contracts

	(Million yen)	
	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Insurance contracts		
Insurance contract asset		
Balance of insurance contracts	52	528
Assets for insurance acquisition cash flows	3,321	4,561
Total	3,373	5,090
Insurance contract liabilities		
Balance of insurance contracts	5,714	5,582
Total	5,714	5,582
Reinsurance contracts		
Reinsurance contract asset	2,063	823

2) Reconciliation of beginning and ending balances of insurance contracts and reinsurance contracts measured using the premium allocation approach

a. Insurance contracts

(Million yen)

	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)				Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)			
	Liabilities for remaining coverage		Liabilities for incurred claims	Total	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Other than loss component	Loss component			Other than loss component	Loss component		
Beginning balance								
Assets	(509)	-	629	120	(804)	36	715	(52)
Liabilities	4,459	-	808	5,267	4,495	-	1,218	5,714
Beginning balance (net)	3,949	-	1,438	5,388	3,691	36	1,934	5,662
Insurance revenue	(18,133)	-	-	(18,133)	(20,920)	-	-	(20,920)
Insurance service expenses								
Incurred claims and other insurance service expenses	-	-	8,955	8,955	-	(36)	8,240	8,203
Amortization of insurance acquisition cash flows	5,403	-	-	5,403	6,145	-	-	6,145
Losses on onerous contracts and reversals of losses	-	36	-	36	-	0	-	0
Other	-	-	52	52	-	-	-	-
Assets for derecognized insurance acquisition cash flows	(1,679)	-	-	(1,679)	(2,438)	-	-	(2,438)
Cash flows								
Amounts of insurance premiums received	18,539	-	-	18,539	21,561	-	-	21,561
Insurance acquisition cash flows	(4,387)	-	-	(4,387)	(4,947)	-	-	(4,947)
Amounts of claims paid and payments of other expenses	-	-	(8,511)	(8,511)	-	-	(8,213)	(8,213)
Ending balance								
Assets	(804)	36	715	(52)	(1,328)	0	798	(528)
Liabilities	4,495	-	1,218	5,714	4,420	-	1,162	5,582
Ending balance (net)	3,691	36	1,934	5,662	3,092	0	1,961	5,054

(Notes) 1. Risk adjustments related to non-financial risks of insurance contracts measured using the premium allocation approach are included in liabilities for incurred claims without being classified as estimates of the present value of future cash flows since they are not material in terms of amount.

2. Insurance service expenses, including impairment losses of assets for insurance acquisition cash flows and reversals of such losses, were 15,238 million yen and 14,681 million yen for the fiscal year ended March 31, 2024 and the fiscal year ended March 31, 2025, respectively.

b. Reinsurance contracts

(Million yen)

	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)				Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)			
	Assets for remaining coverage		Assets for incurred claims	Total	Assets for remaining coverage		Assets for incurred claims	Total
	Other than loss-recovery component	Loss- recovery component			Other than loss-recovery component	Loss- recovery component		
Beginning balance								
Assets	1,514	-	1,164	2,679	849	-	1,214	2,063
Liabilities	-	-	-	-	-	-	-	-
Beginning balance (net)	1,514	-	1,164	2,679	849	-	1,214	2,063
Allocation of reinsurance premiums paid	(2,002)			(2,002)	(935)	-	-	(935)
Amounts recovered from reinsurers	-	-						
Recovery of incurred claims and other insurance service expenses	-	-	1,967	1,967	-	-	383	383
Recovery of losses on onerous contracts and reversals of losses	-	-	-	-	-	-	-	-
Reinsurance profit (loss)	(2,002)	-	1,967	(34)	(935)	-	383	(551)
Investment components and refunds of reinsurance premiums	(41)	-	41	-	(10)	-	10	-
Cash flows								
Amounts of reinsurance premiums paid	1,377	-	-	1,377	403	-	-	403
Amounts received			(1,959)	(1,959)	-	-	(1,090)	(1,090)
Ending balance								
Assets	849	-	1,214	2,063	306	-	517	823
Liabilities	-	-	-	-	-	-	-	-
Ending balance (net)	849	-	1,214	2,063	306	-	517	823

3) Reconciliation of assets for insurance acquisition cash flows

	(Million yen)	
	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Beginning balance	2,839	3,321
Amounts incurred during the period	3,003	4,011
Amounts derecognized and included in the measurement of insurance contracts	(1,679)	(2,438)
Impairment losses and reversal	(842)	(331)
Ending balance		
Presented in insurance contract asset	3,321	4,561
Presented in insurance contract liabilities	-	-
Ending balance (net)	3,321	4,561

4) Schedule for derecognized assets for insurance acquisition cash flows

	(Million yen)	
	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Less than one year	1,012	1,655
One year to two years	941	1,507
Two years to three years	497	618
Three years to four years	365	368
Four years to five years	196	196
Over five years	308	214
Total	3,321	4,561

24. Government grants

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

The government grants received by the Group are grants from the 2022 and 2023 Electric and gas price fluctuation mitigation measures, the 2022 Electric energy efficient usage promotion measures and the Okinawa prefecture emergency measures for soaring electricity prices. As the reduction in revenue intended to be compensated by these grants is recognized, the grants are recognized in profit or loss and included in revenue in the consolidated statement of profit or loss. The government grants recognized in revenue for the fiscal year ended March 31, 2024 are 27,797 million yen.

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

The government grants received by the Group are grants from the fiscal 2023 and fiscal 2024 Electric and Gas Price Fluctuation Mitigation Measures and the Okinawa Prefecture Emergency Measures for Soaring Electricity Prices. As the reduction in revenue intended to be compensated by these grants is recognized, the grants are recognized in profit or loss and included in revenue in the consolidated statement of profit or loss. The government grants recognized in revenue for the fiscal year ended March 31, 2025 amounted to 12,790 million yen.

25. Equity

(1) Share capital

a. Total number of authorized shares

The total number of authorized shares is as follows:

		(Shares)
	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Ordinary shares	183,398,568	183,398,568
Shares without voting rights	50,000,000	50,000,000
Total	233,398,568	233,398,568

b. Number of issued shares

Increases and decreases in the number of issued shares are as follows:

		(Shares)
	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Beginning balance	45,049,642	45,049,642
Increase during period	-	-
Decrease during period	-	(780,000)
Ending balance	45,049,642	44,269,642

(Note 1) Shares issued by the Company are ordinary shares with no par value.

(Note 2) All issued shares are ordinary shares and the full amounts have been paid in.

(Note 3) The decrease in the total number of issued shares was due to the cancellation of treasury shares.

(2) Capital surplus

The Companies Act of Japan (the “Companies Act”) stipulates that at least one-half of payments or contributions for the issuance of equity instruments must be incorporated into share capital, with the remainder incorporated into legal capital surplus. Additionally, the Companies Act allows for legal capital surplus to be incorporated into share capital via resolution of a General Meeting of Shareholders.

Furthermore, changes in ownership interest in subsidiaries that do not result in the loss of control are treated as equity transactions, with amounts equal to any associated occurrence of goodwill or negative goodwill, recorded in other capital surplus.

(3) Retained earnings

The Company’s retained earnings include legal retained earnings, a form of statutory retained earnings.

The Companies Act stipulates that one-tenth of the amount of surplus that decreases as a result of dividends of surplus be reserved as legal capital surplus or legal retained earnings until the total amount of legal capital surplus and legal retained earnings reaches one-fourth of share capital. Reserved legal retained earnings may be used to cover losses. Additionally, legal retained earnings may be reversed via resolution of a General Meeting of Shareholders.

(4) Treasury shares

Treasury shares held by the Company and treasury shares held by the subsidiaries are as follows:

	(Shares)	
	Fiscal year ended March 31, 2024 (As of March 31, 2024)	Fiscal year ended March 31, 2025 (As of March 31, 2025)
Treasury shares held by the Company	905,296	385,681
Treasury shares held by the subsidiaries	-	-
Total	905,296	385,681

(Notes) 1. The number of treasury shares held by the Company increased by 322,985 shares due to the purchase on the Tokyo Stock Exchange and the purchase of less than one unit of shares.

2. The number of treasury shares held by the Company decreased by 842,600 shares due to the cancellation of treasury shares, the exercise of share options, and disposal of treasury shares as restricted share-based payments.

(5) Accumulated other comprehensive income

Increases and decreases in accumulated other comprehensive income are as follows:

	(Million yen)				
	Remeasurements of defined benefit plans	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Deferred gains or losses on hedges	Total
April 1, 2023	153	-	736	(3)	886
Other comprehensive income (Attributable to owners of parent)	53	138,711	4,590	293	143,648
Transfer to retained earnings	-	(138,711)	-	-	(138,711)
March 31, 2024	207	-	5,326	289	5,823
Other comprehensive income (Attributable to owners of parent)	(4)	43,748	959	(105)	44,597
Transfer to retained earnings	-	(43,748)	-	-	(43,748)
March 31, 2025	203	-	6,285	183	6,672

The above amounts are after taxes. For amounts of income taxes for each item in other comprehensive income, see "Note 33.

Other comprehensive income."

26. Dividends

(1) Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

a. Dividends paid

Resolution	Type of shares	Dividend per share (yen)	Total dividends (million yen)	Record date	Effective date
May 16, 2023 Board of Directors	Ordinary shares	141	6,303	March 31, 2023	June 9, 2023
August 14, 2023 Board of Directors	Ordinary shares	143	6,369	June 30, 2023	September 8, 2023
November 13, 2023 Board of Directors	Ordinary shares	145	6,429	September 30, 2023	December 8, 2023
February 13, 2024 Board of Directors	Ordinary shares	147	6,498	December 31, 2023	March 8, 2024

b. Dividends whose record date belongs to the fiscal year ended March 31, 2024 but will be effective after March 31, 2024

Resolution	Type of shares	Dividend per share (yen)	Total dividends (million yen)	Record date	Effective date
May 15, 2024 Board of Directors	Ordinary shares	203	8,961	March 31, 2024	June 7, 2024

(Note) The dividend per share includes a special dividend of 50 yen.

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

a. Dividends paid

Resolution	Type of shares	Dividend per share (yen)	Total dividends (million yen)	Record date	Effective date
May 15, 2024 Board of Directors	Ordinary shares	203	8,961	March 31, 2024	June 7, 2024
August 13, 2024 Board of Directors	Ordinary shares	156	6,887	June 30, 2024	September 6, 2024
November 12, 2024 Board of Directors	Ordinary shares	161	7,080	September 30, 2024	December 6, 2024
February 12, 2025 Board of Directors	Ordinary shares	167	7,324	December 31, 2024	March 14, 2025

(Note) The dividend per share resolved at the Board of Directors meeting held on May 15, 2024 includes a special dividend of 50 yen.

b. Dividends whose record date belongs to the fiscal year ended March 31, 2025 but will be effective after March 31, 2025

Resolution	Type of shares	Dividend per share (yen)	Total dividends (million yen)	Record date	Effective date
May 14, 2025 Board of Directors	Ordinary shares	177	7,767	March 31, 2025	June 13, 2025

27. Share-based payment

The Group has introduced share option plans and restricted share-based payment plans as forms of share-based payment.

Share-based payment is granted to officers, employees, and other service providers of the Group, based on the details approved by the General Meeting of Shareholders or the Board of Directors of the Group.

Share-based payment is accounted for as equity-settled share-based payment. Expenses related to share-based payment are as follows:

Expenses related to share-based payment

	(Million yen)	
	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Share option	144	58
Restricted share-based payment	11	46

(1) Share option plans

1) Content of share option plans

The Group has introduced share option plans as a form of equity-settled payment.

The main share option plans of the Group existing in the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024) and the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025) were as follows:

HIKARI TSUSHIN, INC.

Fiscal year of issuance and name	Grant date	Rights exercise period	Performance conditions
2017 Series 20	December 1, 2017	July 1, 2022 to June 30, 2027	(Note 2)
2018 Series 21	June 8, 2018	July 1, 2023 to June 30, 2027	(Note 3)
2020 Series 23	June 1, 2020	July 1, 2025 to June 30, 2029	(Note 4)
2021 Series 24	June 1, 2021	July 1, 2026 to June 30, 2030	(Note 5)

(Note 1) As a condition of employment, in order for the subject to exercise the rights, the subject is required to maintain a position as a Director or employee of the Company or a subsidiary of the Company until his or her exercises the rights.

(Note 2) The holders of this share acquisition right may exercise such rights only if all of the following conditions (a) and (b) are satisfied.

(a) For revenue on the consolidated statement of profit or loss of the Company for each of the fiscal years from the fiscal year ended March 31, 2018 to the fiscal year ended March 31, 2022, revenue for the fiscal year shall exceed revenue for the immediately previous fiscal year for four or more fiscal years.

(b) Operating profit on the consolidated statement of profit or loss of the Company for the fiscal year ended March 31, 2022 shall be 66,935 million yen or more.

(Note 3) The holders of this share acquisition right may exercise such right only if operating profit on the consolidated statement of profit or loss of the Company for the fiscal year ended March 31, 2023 exceeds 74,800 million yen.

(Note 4) The holders of this share acquisition right may exercise such right only if operating profit on the consolidated statement of profit or loss of the Company for the fiscal year ending March 31, 2025 exceeds 109,800 million yen.

(Note 5) The holders of this share acquisition right may exercise such right only if operating profit on the consolidated statement of profit or loss of the Company for the fiscal year ending March 31, 2026 exceeds 121,500 million yen.

2) Change in share options during the period and status of share options at the end of the year

The change in share options during the period and the status of share options at the end of the year was as follows:

HIKARI TSUSHIN, INC.

	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)		Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)	
	Number of shares (shares)	Weighted average exercise price (yen)	Number of shares (shares)	Weighted average exercise price (yen)
Unexercised at the beginning of the period	232,500	19,529	213,300	19,768
Granted during the period	-	-	-	-
Forfeited during the period	-	-	97,500	22,343
Exercised during the period	19,200	16,874	58,800	17,645
Expired during the period	-	-	-	-
Unexercised at the end of the period	213,300	19,768	57,000	17,554
Exercisable at the end of the period	115,800	17,600	57,000	17,554

The exercise price of unexercised share options as of March 31, 2024 was between 16,279 yen and 23,610 yen, and the weighted average remaining contractual life was 4.5 years.

The exercise price of unexercised share options as of March 31, 2025 was between 16,279 yen and 18,010 yen, and the weighted average remaining contractual life was 2.2 years.

3) Method of measuring the fair value of share options granted during the period

Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

No share options were granted during the period.

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

No share options were granted during the period.

4) Share options exercised during the period

The weighted average share prices when share options were exercised during the period were as follows.

HIKARI TSUSHIN, INC.

Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)			Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)		
Fiscal year of issuance and name	Number of shares exercised (shares)	Weighted average share price at the time of exercising rights (yen)	Fiscal year of issuance and name	Number of shares exercised (shares)	Weighted average share price at the time of exercising rights (yen)
2017 Series 20	12,600	23,378	2017 Series 20	12,400	32,260
2018 Series 21	6,600	27,383	2018 Series 21	46,400	36,487

(2) Restricted share-based payment plans

Content of restricted share-based payment plans

The Group has introduced the restricted share-based payment plans as equity-settled share-based payment plans. The Company shall release the transfer restrictions on all shares held by the subject at the time of expiry of the transfer restriction period, provided that the subject has remained an employee of the Group throughout the transfer restriction period.

The contents of the restricted shares granted during the fiscal year ended March 31, 2024 and March 31, 2025 are as follows.

	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Number of shares granted (shares)	2,700	3,800
Fair value per share on the grant date (yen)	21,685	25,380
Transfer restriction period	3 years	3 years

The fair value per share on the grant date is calculated based on the closing price of the Company's ordinary shares on the Tokyo Stock Exchange on the business day prior to the date of the Board of Directors' resolution concerning the decision of the contents and grant of restricted share-based payment. No adjustments for expected dividends are included in the calculation of fair value.

28. Revenue

(1) Disaggregation of revenue

1) Revenue recognized from contracts with customers and revenue recognized from other sources

The composition of revenue is as follows:

(Million yen)

	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Revenue recognized from contracts with customers	518,568	608,576
Revenue recognized from other sources	83,379	77,976
Total	601,948	686,553

Revenue recognized from other sources includes revenue in accordance with IFRS 9, lease revenue in accordance with IFRS 16, insurance revenue in accordance with IFRS 17 and government grants in accordance with IAS 20.

2) Disaggregation of revenue

The relationship between disaggregated revenue and segment revenue is as follows:

As stated in “5. Operating segments,” we have changed reportable segments from the fiscal year ended March 31, 2025.

Disaggregation of revenue for the fiscal year ended March 31, 2024 is presented based on the reportable segments after the change.

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Million yen)

	Reportable segments								Other	Total
	Electricity and gas	Telecommunication	Beverage	Insurance	Finance	Solution	Commission-based sales	Total		
Goods or services provided on a continuous basis	179,942	102,243	71,790	5,723	—	19,160	20,561	399,422	—	399,422
Goods or services provided on a temporary basis	1,625	16,795	—	—	2,117	9,437	89,170	119,146	—	119,146
Revenue recognized from contracts with customers	181,568	119,039	71,790	5,723	2,117	28,597	109,732	518,568	—	518,568
Revenue recognized from other sources	27,797	—	9,346	18,133	28,102	—	—	83,379	—	83,379
Revenue from external customers	209,365	119,039	81,136	23,857	30,219	28,597	109,732	601,948	—	601,948

(Notes) Amounts are presented after excluding intra-Group transactions.

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

(Million yen)

	Reportable segments								Other	Total
	Electricity and gas	Telecommunication	Beverage	Insurance	Finance	Solution	Commission-based sales	Total		
Goods or services provided on a continuous basis	274,886	102,783	65,266	6,007	—	19,493	20,035	488,473	—	488,473
Goods or services provided on a temporary basis	821	19,811	—	—	2,933	8,523	88,013	120,103	—	120,103

Revenue recognized from contracts with customers	275,708	122,594	65,266	6,007	2,933	28,016	108,048	608,576	—	608,576
Revenue recognized from other sources	12,790	—	14,057	20,920	30,208	—	—	77,976	—	77,976
Revenue from external customers	288,498	122,594	79,323	26,927	33,141	28,016	108,048	686,553	—	686,553

(Notes) Amounts are presented after excluding intra-Group transactions.

The Group classifies revenue recognized from contracts with customers into “Goods or services provided on a continuous basis,” which are goods or services continuously provided on a monthly basis based on contracts with customers, and “Goods or services provided on a temporary basis,” which are goods or services temporarily provided to customers at a specific point in time, such as upon a conclusion of a new contract.

1) Goods or services provided on a continuous basis

The main operations comprising goods or services provided on a continuous basis are the ongoing provision and maintenance of various services. These goods or services are provided continuously over the contract period based on contracts and other agreements with the Group, under which the nature of the services and the rights and obligations of the parties are defined.

Among the continuous goods or services, the sale and supply of electricity and gas, telecommunications line services such as internet connections, and solution services including customer management systems and payment management systems are considered performance obligations that are satisfied over time. This is because the customer simultaneously receives and consumes the benefits of the Group’s performance as the Group performs. Under these contracts, customers pay the Group a monthly fee or usage-based charges determined by the amount of goods or services provided.

Accordingly, since the Group is entitled to consideration that corresponds directly to the value of its performance completed to date, the practical expedient is applied to recognize revenue in the amount the Group is entitled to charge.

In contrast, for the manufacture and home delivery of natural mineral water products, we are obligated to deliver the natural mineral water products, which are the subject of the goods or services, to customers. When a customer receives delivery of goods or services, control over those goods or services is transferred to the customer, and the performance obligation is satisfied. Therefore, the performance obligation is satisfied at a point in time, and revenue is recognized at that point in time.

Revenue from any goods or services are invoiced to customers on a monthly basis in an amount directly corresponding to the goods or services provided during the month, with normal payment due generally within 30 days.

2) Goods or services provided on a temporary basis

The main operations comprising goods or services provided on a temporary basis include commission-based operations such as the facilitation of various service contracts for telecommunications carriers and manufacturers.

In such commission-based operations, the Company identifies the performance obligation as the obligation to conclude various service contracts between the customers, who are telecommunications carriers and manufacturers, and their service users. Since we determine that the performance obligation is satisfied at the point when the service user begins to use the services provided by the customer, the customer obtains benefits at that time, the performance obligation is satisfied at a point in time, and revenue is recognized at that point in time.

The normal payment period is generally within 30 days from the last day of the month when various service contract is concluded between the customer and the service user and the service user starts using the customer’s service.

Furthermore, for revenue arising from contracts with customers, the amount of revenue that includes variable consideration is not material. In addition, there is no significant financing component in the promised amount of consideration.

(2) Contract balances

The composition of the contract balances of the Group is as follows:

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Million yen)

	As of April 1, 2023	As of March 31, 2024
Receivables from contracts with customers	114,545	116,222
Accounts receivable – trade	114,545	116,222
Other	-	-
Contract liabilities	5,067	4,927

(Note) Trade receivables arising from revenue recognized from other sources are not included in the above table.

Accounts receivable – trade is stated at the amount before deducting the loss allowance. As of April 1, 2023, accounts receivable – trade after deducting the loss allowance was 110,436 million yen. As of March 31, 2024, accounts receivable – trade after deducting the loss allowance was 111,551 million yen.

Contract liabilities are advances received from customers (telecommunications carriers) for performance obligations to maintain and manage service users, and generally increase when the Company receives consideration from a customer before transferring the service to the customer and decrease when the Company satisfies its performance obligations. Of revenue recognized in the fiscal year ended March 31, 2024, the amount included in the balance of contract liabilities as of April 1, 2023 was 1,562 million yen. In addition, in the fiscal year ended March 31, 2024, the amount of revenue recognized from performance obligations satisfied (or partially satisfied) in previous periods was not material.

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

(Million yen)

	As of April 1, 2024	As of March 31, 2025
Receivables from contracts with customers	116,222	129,451
Accounts receivable – trade	116,222	129,451
Other	-	-
Contract liabilities	4,927	4,860

(Note) Trade receivables arising from revenue recognized from other sources are not included in the above table.

Accounts receivable – trade is stated at the amount before deducting the loss allowance. As of April 1, 2024, accounts receivable – trade after deducting the loss allowance was 111,551 million yen. As of March 31, 2025, accounts receivable – trade after deducting the loss allowance was 123,262 million yen.

Contract liabilities are advances received from customers (telecommunications carriers) for performance obligations to maintain and manage service users, and generally increase when the Company receives consideration from a customer before transferring the service to the customer and decrease when the Company satisfies its performance obligations. Of revenue recognized in the fiscal year ended March 31, 2025, the amount included in the balance of contract liabilities as of April 1, 2024 was 1,453 million yen. In addition, in the fiscal year ended March 31, 2025, the amount of revenue recognized from performance obligations satisfied (or partially satisfied) in previous periods was not material.

(3) Transaction price allocated to remaining performance obligations

As the Group's contracts consist of contracts with an initial expected contractual period of one year or less and contracts to

receive consideration from customers in an amount directly corresponding to the amount of services provided, the Group has applied a practical expedient and does not disclose information regarding remaining performance obligations. Furthermore, there are no significant amounts in consideration arising from contracts with customers that are not included in transaction prices.

(4) Assets recognized from costs to obtain contracts with customers

(Million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Assets recognized from costs to obtain contracts with customers	41,453	50,693

Of the incremental costs to obtain contracts with customers, the Group recognizes as an asset the portion that is expected to be recoverable and presents this asset as “contract costs” on the consolidated statement of financial position. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The incremental costs to obtain contracts recorded as assets by the Group are mainly commissions paid to agencies that occur when customers are obtained. Contract costs are allocated as an expense over the period when the goods or services related to the cost are expected to be provided (two to three years). Furthermore, the Group has applied the practical expedient set forth in paragraph 94 of IFRS 15 and recognizes the costs of obtaining contracts as an expense when incurred if the amortization period of the costs is one year or less.

In addition, the Group reviews the recoverability of contract costs recognized as an asset at the end of each fiscal year and at the end of each quarter period, and an impairment loss is recognized to the extent that the carrying amount of contract costs exceeds the amount of the remaining consideration that the entity expects to receive in exchange for the goods or services to which the contract costs relate (future revenue), less any costs directly related to the provision of those goods or services that have not yet been recognized as an expense (directly related costs). When impairment no longer exists or has been improved, the reversal of all or part of the impairment loss previously recognized is recognized in profit or loss.

Amortization and impairment losses recognized in relation to assets recognized from costs to obtain contracts with customers are as follows, and are recorded in selling, general and administrative expenses:

(Million yen)

	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Amortization	33,423	40,723
Impairment loss	1	-

Assets recognized from the cost of acquiring contracts with customers include the incremental cost of acquiring contracts that is expected to be recoverable from the commissions paid by Haluene Co., Ltd., a subsidiary providing electricity retail services, to agencies and others when acquiring customers.

Changes in the business environment surrounding electricity retail service providers has been significant due to fluctuations in transaction prices in the wholesale electricity market from April 2024 onwards. Haluene Co., Ltd. has been making necessary contract changes with customers as needed to respond to such changes. In assessing the recoverability of contract costs, we use future revenues and directly related costs under the business plan for the electricity retailing service, and their underlying items such as estimates of the expected remaining contract terms and termination rates of customers. However, in particular, the termination rates, which are the basis for future revenues, are assumed to remain at the levels observed after the contract revision notified to customers during the fiscal year ended March 31, 2025, and no increase in terminations due to the impact of the contract revision is anticipated. As a result of the assessment of recoverability incorporating this assumption, we have determined that it is not necessary to recognize impairment losses for contract costs attributable to Haluene Co., Ltd., which provides electricity retail

services, for the fiscal year ended March 31, 2025. Accordingly, the balance of such contract costs was 15,797 million yen as of March 31, 2025 (14,485 million yen as of March 31, 2024).

29. Cost of sales and selling, general and administrative expenses

The composition of cost of sales and selling, general and administrative expenses based on their nature is as follows:

	(Million yen)	
	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Cost of goods sold	36,035	31,095
Depreciation and amortization	14,556	14,076
Sales commissions	119,878	136,998
Employee and officer benefit expenses	29,027	27,490
Outsourcing expense	21,032	25,091
Other	286,002	347,069
Total	506,531	581,821

30. Other income and other expenses

The composition of other income and other expenses is as follows:

	(Million yen)	
	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Gain on sale of fixed assets	78	20
Gain on loss of control of a subsidiary	2,056	2,953
Gain on transfer of business	4	128
Loss on sale and retirement of fixed assets	(207)	(247)
Impairment loss	(1,921)	(1,515)
Loss on liquidation of business (Note)	(965)	(1,099)
Other	85	65
Total	(869)	304

(Notes) This arose from the acquisition of shares of a subsidiary by EPARK Inc., a company to which the Group provides services.

31. Finance income and finance costs

(1) The composition of finance income is as follows:

	(Million yen)	
	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Interest income		
Financial assets measured at amortized cost	11,885	14,614
Dividend income		
Financial assets measured at fair value through other comprehensive income	18,696	21,575
Gain on sale		
Financial assets measured at fair value through profit or loss	3	1,613
Gain on valuation of fair value		
Financial assets measured at fair value through profit or loss	2,614	3,798
Foreign exchange gain	28,078	-
Other	249	2
Total	61,529	41,604

(2) The composition of finance costs is as follows:

	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	(Million yen) Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Interest expenses		
Financial liabilities measured at amortized cost	8,759	11,709
Other	244	233
Loss on valuation of fair value		
Financial assets measured at fair value through profit or loss	-	470
Financial liabilities measured at fair value through profit or loss	3,923	279
Foreign exchange loss	-	1,887
Other	1,850	1,281
Total	14,778	15,862

32. Other non-operating income and expenses

The composition of other non-operating income and expenses is as follows:

	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	(Million yen) Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Gain on sale of shares of subsidiaries and associates	4,542	1,014
Gain on change of ownership in equity method investment	1,006	988
Gain on step acquisitions	315	-
Other	(17)	(204)
Total	5,847	1,797

33. Other comprehensive income

For each item included in other comprehensive income, the amount arising during the period, reclassification adjustments to profit or loss, and the effect on income taxes are as follows:

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

	Amount arising during the period	Reclassification adjustment	Before tax	(Million yen) Income taxes	After tax
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plans	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income	199,439	-	199,439	(61,798)	137,640
Share of other comprehensive income of investments accounted for using equity method	1,200	-	1,200	-	1,200
Total	200,639	-	200,639	(61,798)	138,840
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	4,053	-	4,053	-	4,053
Share of other comprehensive income of investments accounted for using equity method	826	-	826	-	826
Total	4,879	-	4,879	-	4,879
Total other comprehensive income	205,518	-	205,518	(61,798)	143,719

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

(Million yen)

	Amount arising during the period	Reclassification adjustment	Before tax	Income taxes	After tax
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plans	(0)	-	(0)	-	(0)
Financial assets measured at fair value through other comprehensive income	63,715	-	63,715	(19,128)	44,586
Share of other comprehensive income of investments accounted for using equity method	(491)	-	(491)	-	(491)
Total	63,223	-	63,223	(19,128)	44,094
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	708	-	708	-	708
Share of other comprehensive income of investments accounted for using equity method	155	-	155	-	155
Cash flow hedge	(34)		(34)	10	(23)
Total	829	-	829	10	840
Total other comprehensive income	64,052	-	64,052	(19,117)	44,934

34. 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, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
(1) Basic earnings per share	2,753.52 yen	2,671.18 yen
(Basis of calculation)		
Profit attributable to owners of parent (million yen)	122,225	117,523
Amount not attributable to ordinary equity holders of the parent (million yen)	7	17
Amount used in calculation of basic earnings per share (million yen)	122,217	117,506
Weighted average number of ordinary shares (thousand shares)	44,386	43,990
(2) Diluted earnings per share	2,747.44 yen	2,667.29 yen
(Basis of calculation)		
Amount used in calculation of basic earnings per share (million yen)	122,217	117,506
Adjustment to profit for potential shares in subsidiaries (million yen)	(194)	(103)
Amount used in calculation of diluted earnings per share (million yen)	122,023	117,402
Weighted average number of ordinary shares (thousand shares)	44,386	43,990
Increase in ordinary shares from share acquisition rights (thousand shares)	27	25
Weighted average number of ordinary shares used in calculation of diluted earnings per share (thousand shares)	44,413	44,015

35. Additional information related to the consolidated statement of cash flows

(1) Proceeds from or payments for obtaining control of subsidiaries

The main assets and liabilities when control was obtained in relation to companies that became subsidiaries and the relationship between consideration paid and proceeds from or payments for obtaining control of subsidiaries are as follows:

	(Million yen)	
	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Current assets	3,363	6,142
Non-current assets	659	614
Current liabilities	(826)	(4,927)
Non-current liabilities	(2,026)	(94)
Consideration paid	(2,140)	(9,434)
Of assets when control was acquired, cash and cash equivalents	1,635	2,350
Net: Proceeds from obtaining control of subsidiaries	(504)	(7,083)

(2) Proceeds from or payments for loss of control of subsidiaries

The main assets and liabilities when control was lost in relation to companies that ceased being subsidiaries and the relationship between consideration received and proceeds from or payments for loss of control of subsidiaries are as follows:

	(Million yen)	
	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Current assets	319	5,501
Non-current assets	270	615
Current liabilities	(192)	(1,302)
Non-current liabilities	(4)	(403)
Consideration received	5,921	6,604
Of assets when control was lost, cash and cash equivalents	(620)	(3,867)
Net: Proceeds from loss of control of subsidiaries	5,300	2,736

(3) Changes in liabilities relating to financing activities

Changes in liabilities relating to financing activities are as follows:

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

	April 1, 2023	Changes accompanied by cash flows			
	Million yen	Million yen			
Short-term borrowings	15,812	(3,104)			
Long-term borrowings	104,634	7,621			
Bonds payable	587,830	101,046			
Lease liabilities	12,275	(2,009)			
Other	1,222	(841)			
Total	721,775	102,713			

	Changes not accompanied by cash flows				March 31, 2024
	Changes from business combinations	New leases and contractual changes	Exchange differences on translation of foreign operations	Other	
	Million yen	Million yen	Million yen	Million yen	Million yen
Short-term borrowings	74	-	-	10	12,792
Long-term borrowings	224	-	-	(148)	112,332
Bonds payable	(1,489)	-	-	(199)	687,188
Lease liabilities	57	(65)	-	(459)	9,798
Other	-	-	-	-	381
Total	(1,133)	(65)	-	(796)	822,493

(Note) Long-term borrowings includes the current portion of long-term borrowings.

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

	April 1, 2024	Changes accompanied by cash flows
	Million yen	Million yen
Short-term borrowings	12,792	(5,004)
Long-term borrowings	112,332	30,124
Bonds payable	687,188	84,825
Lease liabilities	9,798	(1,796)
Other	381	(271)
Total	822,493	107,878

	Changes not accompanied by cash flows				March 31, 2025
	Changes from business combinations	New leases and contractual changes	Exchange differences on translation of foreign operations	Other	
	Million yen	Million yen	Million yen	Million yen	Million yen
Short-term borrowings	-	-	-	706	8,495
Long-term borrowings	92	-	-	124	142,673
Bonds payable	800	-	-	(456)	772,357
Lease liabilities	-	2,301	-	363	10,667
Other	-	-	-	16	126
Total	892	2,301	-	753	934,320

(Note) Long-term borrowings includes the current portion of long-term borrowings.

36. Related parties

(1) Related party transactions

Transactions between the Group and related parties are as follows:

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Million yen)

Name of company or person	Relationship with related party	Details of transaction	Transaction amount	March 31, 2024
				Outstanding balance
Hideaki Wada	President and Chief Operating Officer of the Company	Loan of funds	-	465
		Collection of funds	22	-
		Receipt of interest	8	-
Masato Takahashi	Director of the Company	Loan of funds	-	113
		Collection of funds	6	-
		Receipt of interest	2	-

(Notes) 1. Loans are provided for the purpose of acquiring shares of the Company. The interest rate on such loans is determined reasonably, taking into consideration market interest rates, etc.

2. In connection with the transaction, the shares of the Company acquired by the borrower through the loan are accepted as collateral for the borrower's obligations under the loan agreement.

3. Of the outstanding balance, the amount expected to be recovered within one year is 2 million yen.

4. No allowance for doubtful accounts has been provided for the outstanding balance.

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

(Million yen)

Name of company or person	Relationship with related party	Details of transaction	Transaction amount	March 31, 2025
				Outstanding balance
Hideaki Wada	President and Chief Operating Officer of the Company	Loan of funds	900	2
		Collection of funds	203	1,160
		Receipt of interest	19	-
Masato Takahashi	Senior Managing Director of the Company	Loan of funds	450	2
		Collection of funds	81	479
		Receipt of interest	6	-

(Notes) 1. Loans are provided for the purpose of acquiring shares of the Company. The interest rate on such loans is determined reasonably, taking into consideration market interest rates, etc.

2. In connection with the transaction, the shares of the Company acquired by the borrower through the loan are accepted as collateral for the borrower's obligations under the loan agreement.

3. Of the outstanding balance, the amount expected to be recovered within one year is 5 million yen.

4. No allowance for doubtful accounts has been provided for the outstanding balance.

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Name of company or person	Relationship with related party	Details of transaction	Transaction amount	March 31, 2025
				Outstanding balance
T-Gaia Corporation	Associate	Transfer of shares	39,854	—

(Notes)

The Group sold all of its shares in T-GAIA Co., Ltd. in response to the tender offer by T-Gaia Corporation.

The tender offer ended on January 30, 2025, and consequently, T-Gaia Corporation is no longer an associate of the Company. In the tender offer, the Company sold its shares in T-Gaia Corporation at a price of 2,473 yen per share.

(2) Compensation of key management personnel

The compensation of key management personnel is as follows:

	(Million yen)	
	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Short-term compensation	317	456
Total	317	456

(Note) The compensation of key management personnel is the compensation of the Directors of the Company (including External Directors).

37. Contingent liabilities

Guarantee liabilities

The Group guarantees transactions with financial institutions into which investments are made as follows.

		(Million yen)	
		Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Investees		596	407
	Total	596	407

38. Material events after the reporting period

Not applicable.

39. Approval of consolidated financial statements

The accompanying consolidated financial statements were approved on June 30, 2025 by Mr. Hideaki Wada, President and Chief Operating Officer of the Company.

(2) [Other]

Six-month period information, etc. for the fiscal year ended March 31, 2025

	Three-month cumulative consolidated period	Interim consolidated accounting period	Nine-month cumulative consolidated period	Fiscal year ended March 31, 2025
Revenue (million yen)	146,154	325,783	498,814	686,553
Profit before income taxes (million yen)	65,768	69,139	144,084	150,718
Profit attributable to owners of the parent (million yen)	45,899	48,203	102,784	117,523
Basic earnings per share (yen)	1,039.66	1,092.49	2,333.86	2,671.18

(Note) A review has been conducted for the financial information pertaining to the first and third quarter consolidated cumulative periods.