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February 6, 2025

Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Under Japanese GAAP)

Company name: Japan Communications Inc.
 Listing: Tokyo Stock Exchange: Prime Market
 Securities code: 9424
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 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for institutional investors, analysts and the press)

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

1. Consolidated financial results for the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	6,675	23.9	679	△16.2	699	△16.7	556	△47.6
December 31, 2023	5,387	24.7	810	49.4	839	47.8	1,062	107.8

Note: Comprehensive income For the nine months ended December 31, 2024: ¥513 million [△49.7%]
 For the nine months ended December 31, 2023: ¥1,019 million [119.7%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2024	3.36	—
December 31, 2023	6.44	6.43

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2024	5,581	3,592	61.2
March 31, 2024	4,409	2,979	62.8

Reference: Equity
 As of December 31, 2024: ¥3,416 million
 As of March 31, 2024: ¥2,768 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2025	—	0.00	—		
Fiscal year ending March 31, 2025 (Forecast)				0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Overview and management policy for the fiscal year ending March 31, 2025

To achieve the mission of carrying bit in safety and security, the Company provides mobile telecommunications service and mobile solution service, and operates the business that provides telecommunications and authentication infrastructure whose identification and authenticity are secured by FPoS, the Company's patented technology (hereinafter referred to as the "FPoS business"). FPoS is a technology which was recognized by the Financial Services Agency as conducive to ensuring security and improving convenience of financial transactions. In the mobile telecommunications service, the Company agreed with NTT DOCOMO, INC. (hereinafter referred to "DOCOMO") about the interconnection with DOCOMO's voice and SMS network in February 2024 and the Company plans to provide new service based on the interconnection in May 2026. Herewith, the Company will be able to develop new business as Neo-Carrier and the Company assumes to provide 10 million mobile telecommunications lines in 2034. In the FPoS business, its technical security and institutional reliability owing to accreditation under the Electronic Signatures Act have been so evaluated that it is expected to grow in geometric progression and the Company assumes to provide 100 million electronic certificates in 2034. The Company assumes that these service and business will bring us domestic net revenue of 240 billion yen and profit after tax of 36 billion yen in 2034.

First, the Company will proceed to prepare for the interconnection with DOCOMO's voice and SMS network for the launch of new service in May 2026 and will make efforts to expand customer base through actions to increase awareness at the same time, and the Company will continue to make efforts to establish evaluation of FPoS and to expand cases using FPoS.

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2024	165,923,739 shares
As of March 31, 2024	165,009,239 shares

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

As of December 31, 2024	15,004 shares
As of March 31, 2024	15,004 shares

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

Nine months ended December 31, 2024	165,552,911 shares
Nine months ended December 31, 2023	164,994,235 shares

- * Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None.

- * Proper use of earnings forecasts, and other special matters

A financial results meeting will be held on Friday, February 7, 2025 for institutional investors, analysts and the press. The Company plans to post a video of this financial results meeting on its website promptly after the meeting is held.

1. Explanation on operating results, etc.

(1) Explanation on operating results for the nine months ended December 31, 2024

(i) Mobile Telecommunications Service (MVNO/MVNE business)

Upon a ruling by the Minister of Internal Affairs and Communications in June 2020, since the Company launched the “Nihon Tsushin SIM” which provides flat-rate voice plans equivalent to those of major mobile phone operators in July 2020, the Company has continued to achieve growth both in the number of subscribed lines and quarterly revenue.

As an awareness improvement measures to accelerate growth of “Nihon Tsushin SIM”, the Company conducted first time TV commercials (“We cannot subtract any further. 290 yen” edition) and conducted the similar advertising on the Internet in the nine months ended December 31, 2024 (hereinafter referred to as the “current nine months”). Though this time TV commercials were only in Kanto region and Shizuoka prefecture and only from June 2024 to August 2024, it worked well enough as the measure to improve awareness, because “Nihon Tsushin SIM” got introduced by the Kanto key station and local television station.

Also, the Company increased the data amount of “Reasonable Minna-no Plan” and “Reasonable 30-GB Plan” with keeping their rate unchanged on September 30, 2024, to enhance competitiveness. This allows the product lineup of “Nihon Tsushin SIM” (please see below) to be posted in a comparison website and their marketability and price competitiveness are highly valued.

In addition, the voice service of the “Nihon Tsushin SIM” is not provided in prefix method, which has been adopted by many of MVNOs, and the Company provides services of comparable call quality as major mobile phone operators, though the price of the service is the lowest in Japanese mobile telecommunications industry.

The Company considers the “communication quality,” “billing plan” and “procedure and support” important and focuses on increasing customer satisfaction. And the Company was awarded the first prize of total satisfaction in the category of MVNO for the customer satisfaction survey on the mobile phone service for 2024, by J.D. Power Japan, Inc.

Due to the awareness being improved and the products being evaluated, the revenue from “Nihon Tsushin SIM” has been growing steadily for both individual and corporate subscribers. As a result, the mobile telecommunication service has continued to see growth.

In addition, as the Company applied to DOCOMO for the interconnection with its voice and SMS network in June 2022 and agreed with DOCOMO about the interconnection in February 2024, the Company is aiming for starting new service based on the interconnection with DOCOMO’s voice and SMS network in May 2026 (scheduled). The Company decided to adopt the solution provided by ng-voice GmbH, a telecommunication software provider whose headquarter is in Hamburg, Germany, as voice core system of the Company in the current nine months (Please see the Company’s press release on December 5, 2024 for detail). The Company will advance the formulation of network for the interconnection with DOCOMO’s voice and SMS network continuously.

Product lineup of “Nihon Tsushin SIM”

i	Reasonable Simple 290 Plan (for low data usage)	1 GB: 290 yen per month + voice option of “all-you-can-calls” for calls no longer than 5 minutes (or 70 minutes of free voice calls): 390 yen per month
ii	Reasonable Minna-no Plan (for average data usage)	20 GB + “all-you-can-calls” for calls no longer than 5 minutes (or 70 minutes of free voice calls): 1,390 yen per month
iii	Reasonable 50-GB Plan (for slightly high data usage)	50 GB + “all-you-can-calls” for calls no longer than 5 minutes (or 70 minutes of free voice calls): 2,178 yen per month

(ii) Mobile Solution (MSP business)

In the telecommunications business through local mobile networks (local 4G/5G business) among the mobile solution (MSP business), the Company aims to build actual results in the U.S., where there are many advanced showcases, and leverage this experience to expand in Japan. The U.S. subsidiary of the Company operates a business that provides SIMs used for connections with local mobile networks in the U.S. market.

As announced in December 2023, the Company's U.S. subsidiary, JCI US Inc. (hereinafter referred to as "JCI US"), entered a contract with the State of Utah in the U.S. to implement a statewide Citizens Broadband Radio Service (CBRS) (local 4G/5G) for an educational and telehealth network. It means that JCI US entered a contract with the State of Utah through the University of Utah and the Utah Education and Telehealth Network (hereinafter referred to as "UETN") to provide the Company's Secure LTE Network Gateway Platform (NGP) services in its first major commercial implementation. The local 4G/5G networks envisioned in this contract will replace and expand the service requirements of Wi-Fi and provide secure (private/closed) networks for the current and future users of high-speed broadband services implemented by the University of Utah and UETN. JCI US will provide all necessary SIMs and/or other Hardware Security Modules (HSM) to enhance connectivity to networks for the people of the State of Utah.

Through the U.S. subsidiary, the Company is accumulating technologies and expertise on the telecommunications business through local mobile networks (local 4G/5G business), and by taking advantage of these technologies and expertise, the Company provides SIMs that can connect to local mobile networks set up by partner and customer companies. The Company will continue to accumulate knowledge in Japan and the U.S. and will take advantage of this knowledge to develop case examples in the local 4G/5G business.

In addition, the Company takes advantage of the technology and infrastructure of SIM authentication which the Company has developed in the U.S. to provide the new service based on the interconnection with DOCOMO's voice and SMS network.

(iii) FPoS business

As digital transformation (DX) is underway in many areas of society and the economy, the importance of digital IDs is recognized again, and the Company is pushing forward with a business that will establish and provide digital IDs that can be used on smartphones using FPoS, which is the Company's patented technology and the technology being recognized by the Financial Services Agency as conducive to ensuring security and improving convenience of financial transactions. The authentication by FPoS is i) verification of a customer's identity by private key and electronic certificate, which are equipped with an IC chip in a customer's Individual Number Card, ii) generation of private key and issuance of electronic certificate by electronic certification authority, that is accredited under the Electronic Signatures Act, in Hardware Security Module (HSM) built in a customer's smartphone (iPhone and Android), and iii) guarantee of the identity (confirmation of the person's identity) and authenticity (confirmation that the person's intent is not falsified) of a customer by examining the combination of a public key contained in an electronic certificate and a private key.

That is to say, an Individual Number Card is a trust anchor in the authentication by FPoS and FPoS has a high-level security equal to an Individual Number Card. While an Individual Number Card has restriction on its purpose of use and its range of use as a digital ID is limited to Myna-portal, etc., FPoS has no restriction on its purpose of use and it can be used as a digital ID and authentication infrastructure in a wide range of areas by local governments and business operators.

When a customer uses a service through applications on a smartphone, there is a problem that the customer could be impersonated and the customer's data (including personal information) could be falsified, however, if that service is secured by FPoS, the customer could not be impersonated and the data could not be falsified, because FPoS has a high-level security equal to an Individual Number Card. And there is also a problem that the customer cannot manage the business operators who have link to the customer's data (including personal information), however, if that service is secured by FPoS, the customer can confirm and manage the business operators who have link to the customer's data (including personal information) easily, because FPoS has a function of "Dynamic Opt-in" which displays the list of the business operators who have link to the customer's personal information and enables the customer to authorize or revoke the link to their personal information.

To demonstrate the above potential of FPoS, the Company cooperates with Mebuku Ground Inc., a private-public partnership company made up of Maebashi City, private-sector business enterprises and universities.

Since October 2022, Mebuku Ground Inc. operates “Mebuku App” which issues “Mebuku ID,” a digital ID using FPoS technology.

The “Mebuku ID” is not only far more secure than other IDs, but is also highly regarded by many local governments, companies, and organizations for its ability to link data across business operators, and for its “Dynamic Opt-in” function that provides information of which business operators or services are eligible to link the data.

In December 2023, “Mebuku Pay,” Maebashi City’s electronic local currency, was launched through “Mebuku ID” and “Mebuku App” (announced by Maebashi City and Mebuku Ground Inc. in September 2023). “Mebuku Pay” was designed and developed with the highest priority placed on giving back payment data to the local community by ensuring that it remains in the community and is utilized locally. The Company believes that “Mebuku ID” and “Mebuku Pay” can be an effective means to solve social issues, as they enable communities to reap the benefits of social and economic digitalization.

In addition, benefit money to support childbirth and nurturing in Maebashi City can be paid in “Mebuku Pay.” This is achieved because of the high-level security of “Mebuku ID” and ability to link personal information safely and surely owing to a consent of the person by a function of “Dynamic Opt-in.”

As the Company released “FPoS library” which is a component of the core functions of FPoS in May 2024, the business operators who provide services through the applications for smartphones can incorporate the “FPoS library” into their applications and enable their applications to have functions of identity verification, person authentication and data linking at the same level as “Mebuku ID.” Furthermore, as an amendment of business implementation method of “my electronic certificate,” which is a certification work under the Electronic Signatures Act, was accredited in October 2024, the applications that incorporate “FPoS library” become able to use a legal basis digital ID. For example, if ABC bank incorporates “FPoS library” into the ABC bank application, “my electronic certificate” will be issued in the ABC bank application (Please see the Company’s press release on October 7 and 8, 2024 for detail).

As a result of the above, the Group’s consolidated net revenue for the current nine months was 6,675 million yen, an increase of 1,287 million yen (up 23.9%) compared to the nine months ended December 31, 2023 (hereinafter referred to as the “same period of the previous year”). This was because of the growth of the flat-rate or semi-flat-rate voice services centered on “Nihon Tsushin SIM.”

Cost of revenue was 3,810 million yen, an increase of 811 million yen (up 27.1%) compared to the same period of the previous year. This was due to an increase in mobile network procurement costs associated with the growth of “Nihon Tsushin SIM.” However, the increase in cost of revenue can be contained because the mobile networks of both data and voice communications procured by the Company from DOCOMO have been set not to exceed the amount of the appropriate costs under efficient management plus appropriate profit.

Gross profit was 2,865 million yen, an increase of 476 million yen (up 19.9%) compared to the same period of the previous year. The sales, general and administrative expenses was 2,185 million yen, an increase of 607 million yen compared to the same period of the previous year. This was because of the payment of 249 million yen as the measure to raise awareness in the current nine months and posting of 33 million yen as the advanced survey cost, etc. for the interconnection with DOCOMO’s voice and SMS network. The operating profit was 679 million yen (810 million yen in the same period of the previous year), and ordinary profit was 699 million yen (839 million yen in the same period of the previous year).

In addition, in the current nine months, the Company posted 38 million yen which is the amount equivalent to depreciation balance of DOCOMO’s existing interconnection equipment as extraordinary losses (burden charge of removing cost for telecommunication equipment) pursuant to DOCOMO’s Terms and Conditions for the Interconnection, because DOCOMO needs to exchange the equipment for the interconnection of data communication with the Company as the Company strengthens the data communication networks procured from DOCOMO due to the growth of the mobile telecommunication service.

As a result of the above, quarterly profit attributable to owners of parent was 556 million yen (1,062 million yen in the same period of the previous year, which includes 363 million yen as extraordinary profit).

(2) Explanation on financial position for the nine months ended December 31, 2024

(i) Assets, liabilities, and net assets

Assets

Current assets at the end of the current third quarter were 4,113 million yen, an increase of 560 million yen compared to the end of the previous year. This was due to increases of 211 million yen in cash and deposits and 133 million yen in accounts receivable - other. Non-current assets were 1,467 million yen, an increase of 610 million yen compared to the end of the previous year. This was due to increases of 145 million yen in property, plant and equipment, 131 million yen in intangible assets, and 300 million yen in long term loan.

As a result, total assets amounted to 5,581 million yen, an increase of 1,171 million yen compared to the end of the previous year.

Liabilities

Current liabilities at the end of the current third quarter were 1,892 million yen, an increase of 589 million yen compared to the end of the previous year. This was due to increases of 477 million yen in accounts payable - trade and 220 million yen in deposits received. Non-current liabilities were 96 million yen, a decrease of 30 million yen compared to the end of the previous year.

As a result, liabilities amounted to 1,988 million yen, an increase of 559 million yen compared to the end of the previous year.

Net assets

Net assets at the end of the current third quarter were 3,592 million yen, an increase of 612 million yen compared to the end of the previous year. This was due to recording 556 million yen in quarterly profit attributable to owners of parent.

As a result, the equity ratio was 61.2% (62.8% at the end of the previous year).

(ii) Status of cash flows

Cash and cash equivalents at the end of the current nine months were 2,729 million yen, an increase of 211 million yen compared to the end of the previous year.

The status of cash flows and their factors during the current nine months are as follows.

Cash flows from operating activities.

Net cash provided by operating activities totaled 926 million yen (an inflow of 851 million yen in the same period of the previous year). This was due to payment of income taxes of 275 million yen, despite recording quarterly profit before income taxes of 661 million yen, depreciation expense of 139 million yen and an increase of 477 million yen in trade payables.

Cash flows from investing activities.

Net cash used in investing activities totaled 705 million yen (an outflow of 147 million yen in the same period of the previous year). This was due to payment for purchase of property, plant and equipment of 211 million yen, payment for purchase of intangible assets of 195 million yen and payment for long term loan of 300 million yen.

Cash flows from financing activities.

Net cash used in financing activities totaled 9 million yen (an inflow of 78 million yen in the same period of the previous year).

(3) Explanation on future forecast information such as consolidated business forecast

To achieve the mission of carrying bit in safety and security, the Company provides mobile telecommunications service and mobile solution service, and operates the business that provides telecommunications and authentication infrastructure whose identification and authenticity are secured by FPoS, the Company's patented technology (hereinafter referred to as the "FPoS business"). FPoS is a technology which was recognized by the Financial Services Agency as conducive to ensuring security and improving convenience of financial transactions. In the mobile telecommunications service, the Company agreed with NTT DOCOMO, INC. (hereinafter referred to "DOCOMO") about the interconnection with DOCOMO's voice and SMS network in February 2024 and the Company plans to provide new service based on the interconnection in May 2026. Herewith, the Company will be able to develop new business as Neo-Carrier and the Company assumes to provide 10 million mobile telecommunications lines in 2034. In the FPoS business, its technical security and institutional reliability owing to accreditation under the Electronic Signatures Act have been so evaluated that it is expected to grow in geometric progression and the Company assumes to provide 100 million electronic certificates in 2034. The Company assumes that these service and business will bring us domestic net revenue of 240 billion yen and profit after tax of 36 billion yen in 2034.

First, the Company will proceed to prepare for the interconnection with DOCOMO's voice and SMS network for the launch of new service in May 2026 and will make efforts to expand customer base through actions to increase awareness at the same time, and the Company will continue to make efforts to establish evaluation of FPoS and to expand cases using FPoS.

Quarterly consolidated financial statements

Quarterly consolidated balance sheets

(Thousands of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	2,518,019	2,729,820
Accounts receivable - trade	724,584	801,008
Merchandise	69,063	56,978
Supplies	68	—
Accounts receivable - other	111,888	245,460
Other	132,634	288,726
Allowance for doubtful accounts	△3,275	△8,112
Total current assets	3,552,984	4,113,881
Non-current assets		
Property, plant and equipment		
Buildings	87,186	138,112
Accumulated depreciation	△75,030	△77,255
Buildings, net	12,156	60,857
Vehicles	11,021	27,110
Accumulated depreciation	△7,181	△8,708
Vehicles, net	3,840	18,401
Tools, furniture and fixtures	828,696	927,420
Accumulated depreciation	△672,218	△729,935
Tools, furniture and fixtures, net	156,478	197,485
Leased assets	342,537	342,537
Accumulated depreciation	△288,421	△302,440
Leased assets, net	54,115	40,097
Land	—	59,918
Construction in progress	4,460	—
Total property, plant and equipment	231,051	376,759
Intangible assets		
Patent right	—	—
Trademark right	3,308	4,437
Software	290,865	320,442
Software in progress	40,599	140,980
Total intangible assets	334,773	465,860
Investments and other assets		
Investment securities	149,841	160,459
Long-term loans receivable	—	300,000
Leasehold and guarantee deposits	106,910	89,636
Other	34,193	74,903
Total investments and other assets	290,946	624,999
Total non-current assets	856,771	1,467,619
Total assets	4,409,755	5,581,500

(Thousands of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	356,786	834,465
Accounts payable - other	122,801	148,473
Income taxes payable	190,655	40,018
Unearned revenue	113,829	101,301
Deposits received	341,072	561,855
Other	177,347	206,142
Total current liabilities	1,302,492	1,892,256
Non-current liabilities		
Long-term accounts payable - other	12,225	9,201
Long-term unearned revenue	61,309	42,814
Lease liabilities	53,829	44,585
Total non-current liabilities	127,364	96,601
Total liabilities	1,429,857	1,988,857
Net assets		
Shareholders' equity		
Share capital	545,666	583,007
Capital surplus	233,952	296,058
Retained earnings	1,895,653	2,452,156
Treasury shares	△2,192	△2,192
Total shareholders' equity	2,673,080	3,329,029
Accumulated other comprehensive income		
Foreign currency translation adjustment	95,854	87,466
Total accumulated other comprehensive income	95,854	87,466
Share acquisition rights	116,272	116,229
Non-controlling interests	94,690	59,918
Total net assets	2,979,898	3,592,643
Total liabilities and net assets	4,409,755	5,581,500

Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income
Quarterly consolidated statements of income

(Thousands of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	5,387,895	6,675,849
Cost of sales	2,998,806	3,810,566
Gross profit	2,389,088	2,865,283
Selling, general and administrative expenses	1,578,217	2,185,814
Operating profit	810,871	679,468
Non-operating income		
Interest income	7	1,205
Foreign exchange gains	9,430	9,046
Share of profit of entities accounted for using equity method	13,526	10,617
Recoveries of written off receivables	5,990	—
Miscellaneous income	2,569	696
Total non-operating income	31,524	21,564
Non-operating expenses		
Interest expenses	1,245	1,488
Miscellaneous losses	1,376	0
Total non-operating expenses	2,622	1,488
Ordinary profit	839,773	699,544
Extraordinary income		
Compensation for damage income	75,869	—
Reversal of provision for valuation reserve for inventory purchase commitments	287,979	—
Gain on sale of non-current assets	—	150
Gain on reversal of share acquisition rights	—	43
Total extraordinary income	363,848	193
Extraordinary losses		
Loss on retirement of communication equipment	—	38,080
Total extraordinary losses	—	38,080
Profit before income taxes	1,203,622	661,658
Income taxes - current	177,213	139,927
Total income taxes	177,213	139,927
Profit	1,026,408	521,730
Loss attributable to non-controlling interests	△36,243	△34,772
Profit attributable to owners of parent	1,062,652	556,503

Quarterly consolidated statements of comprehensive income

(Thousands of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	1,026,408	521,730
Other comprehensive income		
Foreign currency translation adjustment	△6,540	△8,388
Total other comprehensive income	△6,540	△8,388
Comprehensive income	1,019,868	513,342
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,056,112	548,114
Comprehensive income attributable to non- controlling interests	△36,243	△34,772

Quarterly consolidated statement of cash flows

(Thousands of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	1,203,622	661,658
Depreciation	106,339	139,632
Interest and dividend income	△7	△1,205
Interest expenses	1,245	1,488
Share of loss (profit) of entities accounted for using equity method	△13,526	△10,617
Foreign exchange losses (gains)	△9,257	△10,438
Reversal of provision for valuation reserve for inventory purchase commitments	△287,979	—
Gain on sale of non-current assets	—	△150
Gain on reversal of share acquisition rights	—	△43
Loss on retirement of communication equipment	—	38,080
Decrease (increase) in trade receivables	△27,780	△74,638
Decrease (increase) in inventories	△26,745	2,292
Increase (decrease) in trade payables	△4,861	477,001
Decrease (increase) in accounts receivable - other	△115,202	△133,571
Increase (decrease) in unearned revenue	△14,160	△14,230
Increase (decrease) in Long-term unearned revenue	△5,847	△23,745
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	△630	△29,599
Other, net	138,765	181,221
Subtotal	943,974	1,203,134
Interest and dividends received	7	221
Interest paid	△1,245	△1,488
Income taxes paid	△167,027	△275,419
Compensation for damage income	75,869	—
Net cash provided by (used in) operating activities	851,578	926,447
Cash flows from investing activities		
Purchase of property, plant and equipment	△74,884	△211,940
Proceeds from sale of property, plant and equipment	—	150
Purchase of intangible assets	△77,156	△195,451
Long-term loan advances	—	△300,000
Purchase of investment securities	△2,950	—
Payments of leasehold and guarantee deposits	△151	△710
Proceeds from refund of leasehold and guarantee deposits	7,528	2,178
Other, net	10	—
Net cash provided by (used in) investing activities	△147,603	△705,773
Cash flows from financing activities		
Payments for retirement by purchase of share acquisition rights	△8,529	—
Repayments of lease liabilities	△6,565	△9,822
Proceeds from share issuance to non- controlling shareholders	93,332	—
Net cash provided by (used in) financing activities	78,236	△9,822
Effect of exchange rate change on cash and cash equivalents	1,679	948

Net increase (decrease) in cash and cash equivalents	783,891	211,800
Cash and cash equivalents at beginning of period	1,580,619	2,518,019
Cash and cash equivalents at end of period	2,364,511	2,729,820