

May 8, 2025

Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)

Company name: Japan Communications Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 9424
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 Scheduled date of ordinary general meeting of shareholders: June 25, 2025
 Scheduled date to commence dividend payments: -
 Scheduled date to file annual securities report: June 26, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors, securities analysts and the press)

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

1. Consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	9,238	24.8	962	(15.5)	1,000	(15.5)	849	(37.8)
March 31, 2024	7,400	21.8	1,139	53.7	1,183	51.6	1,365	97.7

Note: Comprehensive income For the fiscal year ended March 31, 2025: ¥781 million [(40.1)%]
 For the fiscal year ended March 31, 2024: ¥1,304 million [101.0%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net revenue
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	5.12	-	26.3	17.0	10.4
March 31, 2024	8.27	8.27	65.5	31.8	15.4

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2025: ¥16 million
 For the fiscal year ended March 31, 2024: ¥18 million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	7,340	3,870	50.4	22.31
March 31, 2024	4,409	2,979	62.8	16.78

Reference: Equity
 As of March 31, 2025: ¥3,702 million
 As of March 31, 2024: ¥2,768 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	930	(1,104)	1,957	4,300
March 31, 2024	1,071	(213)	75	2,518

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2024	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended March 31, 2025	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending March 31, 2026 (Forecast)		0.00		0.00	0.00		-	

3. Overview and Management Policy for the fiscal year ending March 31, 2026

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) Significant changes in the scope of consolidation during the period: None
- (2) 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
- (3) Number of issued shares (common shares)

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

As of March 31, 2025	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 March 31, 2025	15,004 shares
As of March 31, 2024	15,004 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2025	165,640,648 shares
Fiscal year ended March 31, 2024	164,994,235 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net revenue		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	9,064	25.1	1,099	(15.0)	1,095	(12.9)	902	(35.5)
March 31, 2024	7,247	24.7	1,294	54.6	1,257	50.6	1,398	95.0

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2025	5.45	-
March 31, 2024	8.47	8.47

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	7,442	3,913	51.0	22.88
March 31, 2024	4,382	2,901	63.5	16.87

Reference: Equity

As of March 31, 2025: ¥3,797 million

As of March 31, 2024: ¥2,784 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

A financial results meeting will be held on Friday, May 9, 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 year ended March 31, 2025

(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 current fiscal year.

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.

These measures allow “Nihon Tsushin SIM” to be posted in a comparison website, SNS, etc. and its 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 and has been driving the Company’s 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 plans to make its voice core system virtualized on the private cloud to improve the flexibility of service and to reduce the construction cost. Now, the Company is in process of selecting solutions that composing the system, and the Company has entered into some contracts with ng-voice GmbH, a telecommunication software provider whose headquarter is in Hamburg, Germany, and other some overseas vendors.

(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 Japanese 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 anker in the authentication by FPoS and FPoS has a high-level security equal to an Individual Number Card. While an Individual Number Card can be used as a digital ID in administrative procedures, FPoS can be used as a digital ID and authentication infrastructure in a wide range of areas including administrative procedures 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."

The Company released “FPoS library” which is a component of the core functions of FPoS, that are functions of identity verification, person authentication and data linking, in May 2024 (Please see the Company’s press release on May 24, 2024). Furthermore, the business implementation method of “my electronic certificate,” by FPoS that allows to obtain the amended information of basic four information described in an Individual Number Card (name, address, date of birth and gender) subject to the individual’s consent, was accredited under the Electronic Signatures Act in October 2024 (Please see the Company’s press release on October 7 and 8, 2024).

Based on the above, the Company started to provide the “Digital Authentication Module” as a development software module for smartphone application in collaboration with my FinTech Inc., a subsidiary of the Company and Mebuku Ground Inc., etc. in February 2025 (Please see the Company’s press release on February 14, 2025).

When the business operators who provide services through the applications for smartphones incorporate the “Digital Authentication Module” into their applications, they can use the functions of identity verification, person authentication and data linking at the same level as “Mebuku ID” and can use a digital ID based on the basic four information described in an Individual Number Card on their application. This will solve the two problems of using the Internet on your smartphone, the “safety” and the “difficulty of data linking”.

As a result of the above, the Group’s consolidated net revenue for the current fiscal year was 9,238 million yen, an increase of 1,838 million yen (up 24.8%) compared to the previous fiscal year (hereinafter referred to as 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 5,396 million yen, an increase of 1,257 million yen (up 30.4%) compared to the previous year. This was due to an increase in mobile network procurement costs associated with the growth of “Nihon Tsushin SIM.” However, even if the number of subscribers increases, a certain gross margin can be secured 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 3,842 million yen, an increase of 580 million yen (up 17.8%) compared to the previous year.

The sales, general and administrative expenses was 2,880 million yen, an increase of 756 million yen compared to the previous year. This was because of the payment of 240 million yen as the measure to raise awareness in the current fiscal year, 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 962 million yen (1,139 million yen in the previous year), and ordinary profit was 1,000 million yen (1,183 million yen in the previous year).

In addition, in the current fiscal year, the Company posted 35 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, profit attributable to owners of parent was 849 million yen (1,365 million yen in the previous year, which includes 363 million yen as extraordinary profit).

(2) Explanation on financial position for the year ended March 31, 2025

Assets

Current assets at the end of the current fiscal year were 5,507 million yen, an increase of 1,954 million yen compared to the end of the previous year. This was due to increases of 1,782 million yen in cash and deposits, and 71 million yen in accounts receivable-trade. Non-current assets were 1,805 million yen, an increase of 948 million yen compared to the end of the previous year. This was due to increases of 138 million yen in property, plant and equipment, 480 million yen in intangible assets, and 300 million yen in long term loan. Deferred assets were 27 million yen, an increase of 27 million yen compared to the end of the previous year. This was due to an increase of 27 million yen in bond issuance costs.

As a result, total assets amounted to 7,340 million yen, an increase of 2,930 million yen compared to the end of the previous year.

Liabilities

Current liabilities at the end of the current fiscal year were 1,673 million yen, an increase of 370 million yen compared to the end of the previous year. This was mainly due to a decrease of 123 million yen in income taxes payable while there were increases of 116 million yen in accounts payable-trade, and 286 million yen in current portion of bonds payable. Non-current liabilities were 1,796 million yen, an increase of 1,669 million yen compared to the end of the previous year. This was mainly due to an increase of 1,714 million yen in bonds payable.

As a result, liabilities amounted to 3,470 million yen, an increase of 2,040 million yen compared to the end of the previous year.

Net assets

Net assets at the end of the current third quarter were 3,870 million yen, an increase of 890 million yen compared to the end of the previous year. This was mainly due to recording 849 million yen in quarterly profit attributable to owners of parent.

As a result, the equity ratio was 50.4% (62.8% at the end of the previous year).

(3) Explanation on status of cash flows for the year ended March 31, 2025

Cash and cash equivalents at the end of the current fiscal year were 4,300 million yen, an increase of 1,782 million yen compared to the end of the previous year.

The status of cash flows and their factors at the end of the current fiscal year are as follows.

Cash flows from operating activities.

Net cash provided by operating activities totaled 930 million yen (an inflow of 1,071 million yen in the same period of the previous year). This was mainly due to payment of income taxes of 275 million yen, despite recording quarterly profit before income taxes of 964 million yen, depreciation expense of 198 million yen and an increase of 116 million yen in trade payables.

Cash flows from investing activities.

Net cash used in investing activities totaled 1,104 million yen (an outflow of 213 million yen in the same period of the previous year). This was mainly due to payment for purchase of property, plant and equipment of 257 million yen, payment for purchase of intangible assets of 545 million yen and payment for long term loan of 300 million yen.

Cash flows from financing activities.

Net cash used in financing activities totaled 1,957 million yen (an inflow of 75 million yen in the same period of the previous year). This was mainly due to 1,971 million yen of proceeds from the issuance of corporate bonds.

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

The Company is working on to make the “Neo-carrier” come true first in Japan, that provides all the telecommunication service via mobile phone such as data, voice and SMS, based on the interconnection, by the interconnection with DOCOMO’s voice and SMS network and is aiming for starting new service as the Neo-carrier in May 24, 2026. At the same time, the Company expands the business that provides telecommunications and authentication infrastructure whose identification and authenticity are secured by FPoS, the Company’s patented technology and is working on to provide the function carrying bit in safety and security, in various fields such as finance, payment, transportation, local governing and healthcare, both in person and online. Through these two efforts, the revenue and profit of the Company will be expected to grow big in the medium- and long-term. For the year ended March 31, 2026, the progress of the above two efforts and the growth of the Mobile Telecommunications Service (MVNO/MVNE business) that supports an investment to the above two efforts are key. In the Mobile Telecommunications Service (MVNO/MVNE business), the Company supposes 20% growth in revenue and 20% or over growth in profit.

2. Basic concept regarding the selection of accounting standards

The Group prepares its consolidated financial statements in accordance with Japanese GAAP, in light of the comparability of periods of consolidated financial statements and between companies, as well as the burden of preparing consolidated financial statements under International Financial Reporting Standards (IFRS). The Company's policy is to take an appropriate response with respect to the timing of the adoption of IFRS, taking into consideration various conditions in Japan and overseas.

Consolidated balance sheet

(Thousands of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	2,518,019	4,300,365
Accounts receivable - trade	724,584	796,320
Merchandise	69,063	49,284
Supplies	68	-
Accounts receivable - other	111,888	98,834
Other	132,634	269,813
Allowance for doubtful accounts	(3,275)	(7,411)
Total current assets	3,552,984	5,507,208
Non-current assets		
Property, plant and equipment		
Buildings	87,186	138,091
Accumulated depreciation	(75,030)	(78,138)
Buildings, net	12,156	59,952
Vehicles	11,021	27,110
Accumulated depreciation	(7,181)	(10,632)
Vehicles, net	3,840	16,478
Tools, furniture and fixtures	828,696	946,691
Accumulated depreciation	(672,218)	(748,928)
Tools, furniture and fixtures, net	156,478	197,763
Leased assets	342,537	342,537
Accumulated depreciation	(288,421)	(307,113)
Leased assets, net	54,115	35,424
Land	-	59,918
Construction in progress	4,460	-
Total property, plant and equipment	231,051	369,536
Intangible assets		
Trademark right	3,308	4,289
Software	290,865	370,733
Software in progress	40,599	440,005
Total intangible assets	334,773	815,028
Investments and other assets		
Investment securities	149,841	166,341
Long-term loans receivable	-	300,000
Leasehold and guarantee deposits	106,910	84,380
Other	34,193	70,344
Total investments and other assets	290,946	621,066
Total non-current assets	856,771	1,805,631
Deferred assets		
Bond issuance costs	-	27,771
Total deferred assets	-	27,771
Total assets	4,409,755	7,340,611

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	356,786	473,613
Current portion of bonds payable	-	286,000
Accounts payable - other	122,801	181,435
Income taxes payable	190,655	67,055
Unearned revenue	113,829	105,240
Deposits received	341,072	341,948
Other	177,347	217,834
Total current liabilities	1,302,492	1,673,128
Non-current liabilities		
Bonds payable	-	1,714,000
Long-term accounts payable - other	12,225	9,404
Long-term unearned revenue	61,309	33,267
Lease liabilities	53,829	40,250
Total non-current liabilities	127,364	1,796,922
Total liabilities	1,429,857	3,470,050
Net assets		
Shareholders' equity		
Share capital	545,666	600,350
Capital surplus	233,952	288,636
Retained earnings	1,895,653	2,745,019
Treasury shares	(2,192)	(2,192)
Total shareholders' equity	2,673,080	3,631,813
Accumulated other comprehensive income		
Foreign currency translation adjustment	95,854	70,516
Total accumulated other comprehensive income	95,854	70,516
Share acquisition rights	116,272	116,215
Non-controlling interests	94,690	52,015
Total net assets	2,979,898	3,870,560
Total liabilities and net assets	4,409,755	7,340,611

Consolidated statement of income

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	7,400,748	9,238,862
Cost of sales	4,138,372	5,396,150
Gross profit	3,262,376	3,842,711
Selling, general and administrative expenses	2,123,302	2,880,226
Operating profit	1,139,073	962,484
Non-operating income		
Interest income	18	2,931
Foreign exchange gains	21,704	23,411
Share of profit of entities accounted for using equity method	18,321	16,499
Recoveries of written off receivables	5,990	-
Miscellaneous income	3,290	800
Total non-operating income	49,324	43,643
Non-operating expenses		
Interest expenses	1,794	2,040
Interest expenses on bonds	-	400
Amortization of bond issuance costs	-	334
Miscellaneous losses	3,084	3,140
Total non-operating expenses	4,879	5,915
Ordinary profit	1,183,519	1,000,212
Extraordinary income		
Gain on sale of non-current assets	-	150
Gain on reversal of share acquisition rights	-	57
Compensation for damage income	75,869	-
Reversal of provision for valuation reserve for inventory purchase commitments	287,979	-
Total extraordinary income	363,848	208
Extraordinary losses		
Loss on retirement of communication equipment	-	35,729
Total extraordinary losses	-	35,729
Profit before income taxes	1,547,368	964,691
Income taxes - current	224,089	158,000
Total income taxes	224,089	158,000
Profit	1,323,278	806,690
Loss attributable to non-controlling interests	(42,055)	(42,675)
Profit attributable to owners of parent	1,365,334	849,366

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	1,323,278	806,690
Other comprehensive income		
Foreign currency translation adjustment	(18,618)	(25,338)
Total other comprehensive income	(18,618)	(25,338)
Comprehensive income	1,304,660	781,352
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,346,715	824,027
Comprehensive income attributable to non-controlling interests	(42,055)	(42,675)

Consolidated statement of changes in equity

Fiscal year ended March 31, 2024

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income		Share acquisition rights
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	535,822	224,109	530,319	(2,192)	1,288,058	114,472	114,472	96,218
restricted stock	9,843	9,843			19,687			
Profit (loss) attributable to owners of parent			1,365,334		1,365,334			
Net changes in items other than shareholders' equity						(18,618)	(18,618)	20,054
Total changes during period	9,843	9,843	1,365,334	-	1,385,021	(18,618)	(18,618)	20,054
Balance at end of period	545,666	233,952	1,895,653	(2,192)	2,673,080	95,854	95,854	116,272

	Non-controlling interests	Total net assets
Balance at beginning of period	35,646	1,534,395
restricted stock		19,687
Profit (loss) attributable to owners of parent		1,365,334
Net changes in items other than shareholders' equity	59,044	60,480
Total changes during period	59,044	1,445,502
Balance at end of period	94,690	2,979,898

Consolidated statement of changes in equity

Fiscal year ended March 31, 2025

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income		Share acquisition rights
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	545,666	233,952	1,895,653	(2,192)	2,673,080	95,854	95,854	116,272
restricted stock	54,683	54,683			109,367			
Profit (loss) attributable to owners of parent			849,366		849,366			
Net changes in items other than shareholders' equity						(25,338)	(25,338)	(57)
Total changes during period	54,683	54,683	849,366	-	958,733	(25,338)	(25,338)	(57)
Balance at end of period	600,350	288,636	2,745,019	(2,192)	3,631,813	70,516	70,516	116,215

	Non-controlling interests	Total net assets
Balance at beginning of period	94,690	2,979,898
restricted stock		109,367
Profit (loss) attributable to owners of parent		849,366
Net changes in items other than shareholders' equity	(42,675)	(68,071)
Total changes during period	(42,675)	890,661
Balance at end of period	52,015	3,870,560

Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	1,547,368	964,691
Depreciation	175,684	198,129
Interest and dividend income	(18)	(2,931)
Interest expenses on borrowings and bonds	1,794	2,440
Share of loss (profit) of entities accounted for using equity method	(18,321)	(16,499)
Foreign exchange losses (gains)	(23,581)	(24,400)
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	-	(57)
Loss on retirement of communication equipment	-	35,729
Decrease (increase) in trade receivables	(145,683)	(71,273)
Decrease (increase) in inventories	5,975	9,119
Increase (decrease) in trade payables	(274,427)	116,609
Decrease (increase) in accounts receivable - other	(111,784)	13,053
Increase (decrease) in unearned revenue	(11,383)	(8,257)
Increase (decrease) in Long-term unearned revenue	(7,411)	(31,096)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	28,545	(46,389)
Other, net	286,014	67,822
Subtotal	1,164,791	1,206,538
Interest and dividends received	18	1,282
Interest paid	(1,794)	(2,040)
Income taxes refund (paid)	(167,030)	(275,595)
Compensation for damage income	75,869	-
Net cash provided by (used in) operating activities	1,071,855	930,183
Cash flows from investing activities		
Purchase of property, plant and equipment	(95,487)	(257,266)
Proceeds from sale of property, plant and equipment	-	150
Purchase of intangible assets	(121,070)	(545,680)
Long-term loan advances	-	(300,000)
Purchase of investment securities	(2,950)	-
Payments of leasehold and guarantee deposits	(1,311)	(838)
Proceeds from refund of leasehold and guarantee deposits	7,528	2,178
Other, net	10	(3,276)
Net cash provided by (used in) investing activities	(213,280)	(1,104,732)
Cash flows from financing activities		
Proceeds from issuance of bonds	-	1,971,893
Payments for retirement by purchase of share acquisition rights	(8,529)	-
Repayments of lease liabilities	(9,790)	(14,029)
Proceeds from share issuance to non-controlling shareholders	93,332	-
Net cash provided by (used in) financing activities	75,012	1,957,864
Effect of exchange rate change on cash and cash equivalents	3,813	(969)
Net increase (decrease) in cash and cash equivalents	937,400	1,782,345
Cash and cash equivalents at beginning of period	1,580,619	2,518,019
Cash and cash equivalents at end of period	2,518,019	4,300,365