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For Immediate Release

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### **Last Milestone to FPoS Commercial Service: Establishment of JV with the maker of subSIM**

Japan Communications Inc. (JCI), in a major step in the commercial delivery of its patented SIM platform technology FPoS (Fintech Platform over SIM), has executed a joint venture agreement with Taisys Technologies Co., Ltd., (Taisys). Taisys is the patent holder, developer and manufacturer of the sub-SIM (sticker SIM card) used in FPoS. Under this agreement, JCI and Taisys will jointly establish Secure ID Inc., which will bring together the patented technologies and know-how of both companies and develop and deliver sub-SIM solutions both in Japan and internationally.

#### 1. Background and purpose for establishing the joint venture

With the support of the Financial Services Agency (FSA), FPoS was evaluated under the FSA's Fintech Proof of Concept Hub and received a very high appraisal. (For details, see the 1/24/2019 release "JCI's Fintech platform realizes world's highest security of internet financial transaction. FSA announces JCI's FinTech platform fulfills regulatory requirements"). Further, a significant milestone in the commercial preparations of FPoS was achieved in spring of this year when FPoS was awarded three patents. (For details, see the 4/9/2019 release "Three Patents Granted for JCI's Technology that assures Security of FinTech – the world's most secure internet financial transaction brought to smartphone by JCI's Patented Technology).

One of the reasons FPoS is viewed as extremely secure is its use of FIPS (Federal Information Processing Standards) certified hardware to create the public and private keys and to store the private keys used in its Public Key Infrastructure (PKI) encryption. The sub-SIM used in FPoS has been awarded the highly secure FIPS 140-2 Level 3 certification.

Taisys, which develops, manufactures and commercializes its patented technologies relating to the sub-SIM, has been engaged with JCI as a business partner since the inception of FPoS. Further, as both companies share the same vision of growing FPoS to be the de facto standard for FinTech in Japan and

both companies recognize the huge potential for FPoS implementation internationally, they determined to create this Tokyo based joint venture. JCI will hold a 51% stake in the joint venture, and Taisys will 49%. The joint venture company will have exclusive rights to the delivery of the sub-SIM in Japan.

FPoS achieves secure and reliable financial transactions over smartphones. By combining (1) user verification with (2) the ability to ensure transactions are not tampered with, and (3) digital signature functionality, as well as (4) smartphone communication functionality, and other functionality, FPoS envisions a world where our smartphones serve as IDs for the digital age. This vision can be seen in the choice of Secure ID Inc. as the name for the joint venture.

While banking operations should be highly compatible with the Internet, in practice due to risks associated with Internet security it is not an exaggeration to say that banks have missed the boat on the Internet. With the continuation of the low interest rate era, banking today is at a cross-roads. In light of this, government and industry expectations for FPoS, which will allow banking operations to finally be put on the Internet securely, are extremely high. JCI will work to fulfill these expectations from all angles, together with this joint venture with Taisys, Secure ID Inc., and with my Fintech Inc. (a joint venture with ATM Japan, Ltd.), the company that will deliver FPoS services in Japan. (For details on my Fintech Inc., see the 12/25/2018 release “JCI announces that ATM Japan, Ltd. acquires an equity stake in JCI’s subsidiary which provides Secure & Reliable Fintech platform”).

## 2. Summary of the joint venture (a consolidated subsidiary of JCI)

1. Name	Secure ID Inc.
2. Location	Minato-ku, Tokyo
3. Representative’s Title, Name	Representative Director and President Hiroaki Yokoyama
4. Scope of Business	Development and sale of sub-SIM and related solutions in Japan and internationally
5. Capital	50 million yen (includes capital reserve)
6. Date of establishment	November 2019 (planned)
7. Structure of Shareholders	Japan Communications Inc.: 51% (planned) Taisys Technologies Co., Ltd.: 49% (planned)

## 3. Summary of the counter-party creating the joint venture

1. Name	Taisys Technologies Co., Ltd.
2. Location	Taipei, Taiwan
3. Representative’s Title, Name	Jason Ho, Chairman
4. Scope of Business	Provision of solutions relating to SIMoME® (Thin sim)
5. Capital	218,989,000 Taiwanese Dollars (current as of 10/31/2019)
6. Date of establishment	March 2005
7. Relationship with Japan Communications Inc.	Capital Relationship: Nothing to report Personnel Relationship: Nothing to report Business Relationship: Provision of SIM cards and international roaming services Relationship with related parties: Nothing to report

#### 4. Schedule

1. Date of Board of Directors Resolution	May 8, 2019 (JCI Representative Director and Chairman authorized to establish a joint venture)
2. Date of Decision to establish a joint venture	November 1, 2019 (By decision of JCI Representative Director and Chairman)
3. Date of Execution of Joint Venture Agreement	November 1, 2019
4. Date of Establishment of joint venture	November 2019 (planned)

#### 5. Future Outlook

While there is not expected to be a significant impact on earnings for the period ending March 31, 2020, should a significant impact occur, timely disclosure will be made.

#### About Japan Communications Inc.

Japan Communications Inc. (JCI) was established on May 24, 1996 as the company to fulfill the objective of the Ministry of Communications and Internal Affairs (MIC) that next-generation Internet, driven by mobile communications, should form the foundation of Japan's future economic growth. JCI's business model later became to be called MVNO. In March 2009, JCI achieved interconnection with NTT docomo under MIC's policies to liberalize the mobile market. This interconnection meant that consumers could purchase mobile connectivity (SIMs) from sources other than the mobile carriers for the first time and led to the creation of the "kakuyasu SIM" market. Now it is time for companies from all industries, not just cellular companies, to embed mobile connectivity in to their devices. As the MVNO pioneer and the world's first mobile solutions enabler, we are using our strong technological vision and know-how in implementation to build the next generation platforms required to support the next phase of global economic growth, which will originate in Japan. Offices are located in Tokyo, Japan, Denver (Colorado) in the United States, and Dublin, Ireland. JCI is listed on the Tokyo Stock Exchange. (Securities Code: 9424). As JCI's Corporate governance policy, outside directors comprise the majority of the Board of Director and all outside directors are independent directors.