

# **Q3 Financial Results Briefing**

## **For the Fiscal Year Ending March 2025 (29th Term)**

**(October – December 2024)**

**February 7, 2025**

**Japan Communications Inc.**

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

# **Introduction**

**Founder, Representative Director  
Chairman**

**Frank Seiji Sanda**

# **Overview of Q3 Results**

**Representative Director-President**

**Naohisa Fukuda**

# Results (Consolidated)

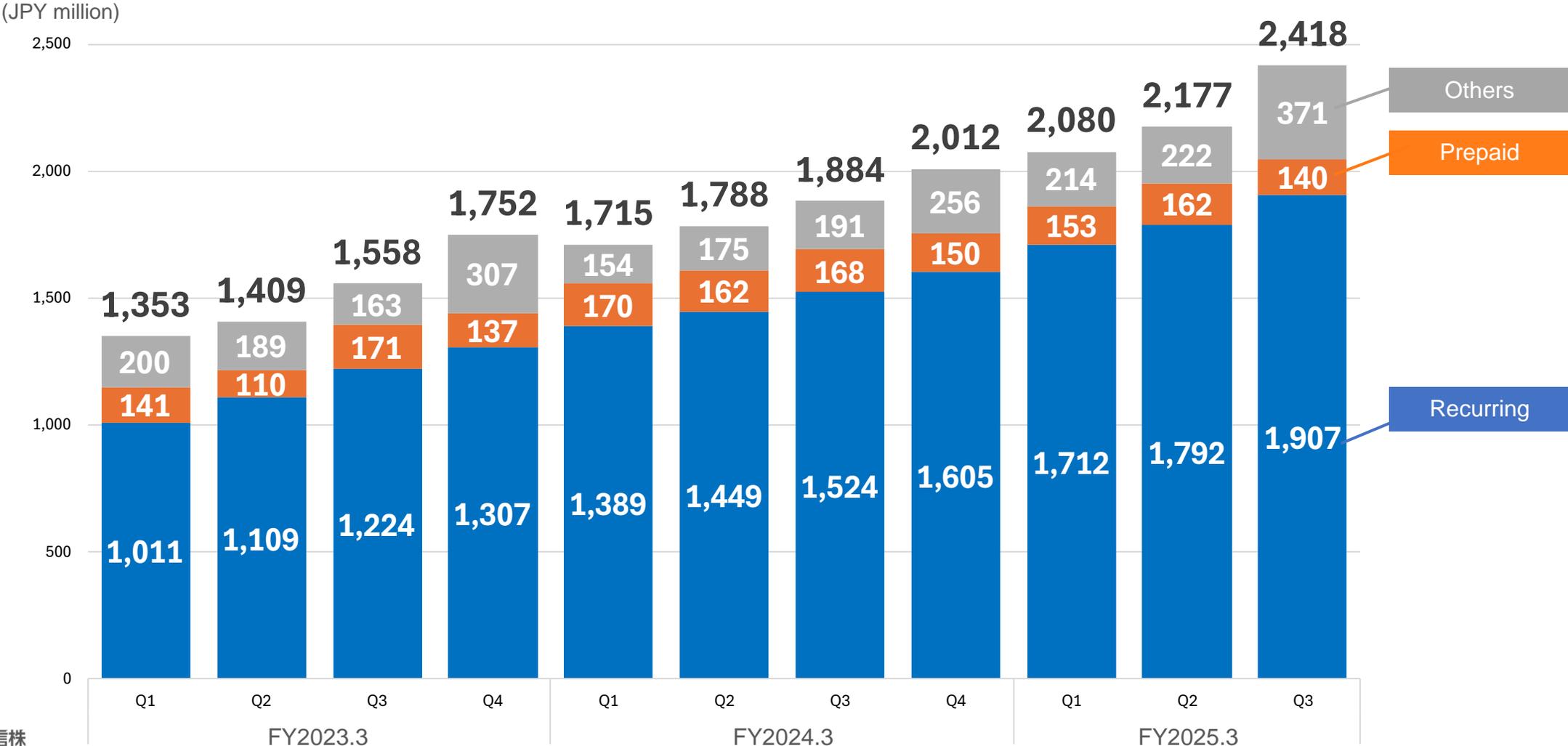
millions of yen (yen amounts are rounded down to millions)	Q3 FYE25		Previous Quarter				Previous Year			
			Q2 FYE25		change		Q3 FYE24		change	
<b>Net revenue</b>	<b>2,418</b>	<b>100.0%</b>	<b>2,177</b>	<b>100.0%</b>	<b>241</b>	<b>11.1%</b>	<b>1,884</b>	<b>100.0%</b>	<b>533</b>	<b>28.3%</b>
<b>Cost of sales</b>	<b>1,390</b>	<b>57.5%</b>	<b>1,244</b>	<b>57.2%</b>	<b>145</b>	<b>11.7%</b>	<b>1,038</b>	<b>55.1%</b>	<b>351</b>	<b>33.9%</b>
<b>Gross profit</b>	<b>1,028</b>	<b>42.5%</b>	<b>932</b>	<b>42.8%</b>	<b>95</b>	<b>10.3%</b>	<b>846</b>	<b>44.9%</b>	<b>181</b>	<b>21.5%</b>
<b>Selling, general and administrative expenses</b>	<b>677</b>	<b>28.0%</b>	<b>839</b>	<b>38.6%</b>	<b>(161)</b>	<b>(19.2%)</b>	<b>568</b>	<b>30.1%</b>	<b>109</b>	<b>19.4%</b>
<b>Operating profit</b>	<b>350</b>	<b>14.5%</b>	<b>92<sup>*1</sup></b>	<b>4.3%</b>	<b>257</b>	<b>276.9%</b>	<b>278</b>	<b>14.8%</b>	<b>71</b>	<b>25.8%</b>
<b>Ordinary profit</b>	<b>374</b>	<b>15.5%</b>	<b>70</b>	<b>3.2%</b>	<b>304</b>	<b>433.4%</b>	<b>268</b>	<b>14.3%</b>	<b>105</b>	<b>39.3%</b>
<b>Profit attributable to owners of parent</b>	<b>309</b>	<b>12.8%</b>	<b>60</b>	<b>2.8%</b>	<b>248</b>	<b>410.3%</b>	<b>243</b>	<b>12.9%</b>	<b>66</b>	<b>27.4%</b>

\*1 Actions to Increase Awareness: JPY185 million

Advanced survey cost, etc. (mainly for the development of the emergency call system)  
for the interconnection with DOCOMO's voice and SMS network: JPY330 million

# Quarterly Revenue Trend

## Steady Growth in Recurring Revenue



Financial Results Presentation Material

# Balance Sheet (Consolidated)

millions of yen (yen amounts are rounded down to millions)	Q3 FYE25	Previous Quarter		Previous Year	
		Q2 FYE25	change	Q3 FYE24	change
<b>Current assets</b>	<b>4,113</b>	<b>3,190</b>	<b>923</b>	<b>3,310</b>	<b>803</b>
Cash and deposits	2,729	2,174	555	2,364	365
Accounts receivable - trade	801	664	136	605	195
Merchandise	56	61	(4)	101	(44)
Other	534	296	237	243	290
Allowance for doubtful accounts	(8)	(7)	(0)	(4)	(3)
<b>Non-current assets</b>	<b>1,467</b>	<b>1,381</b>	<b>85</b>	<b>871</b>	<b>596</b>
Property, plant and equipment	376	372	4	235	141
Intangible assets	465	372	93	341	123
Investments and other assets	624	636	(11)	294	330
<b>Total assets</b>	<b>5,581</b>	<b>4,572</b>	<b>1,008</b>	<b>4,181</b>	<b>1,400</b>
<b>Current liabilities</b>	<b>1,892</b>	<b>1,165</b>	<b>726</b>	<b>1,368</b>	<b>523</b>
Accounts payable - trade	834	373	461	625	209
Unearned revenue	101	98	2	108	(7)
Total current debt	-	-	-	-	-
Other	956	693	263	635	321
<b>Non-current liabilities</b>	<b>96</b>	<b>102</b>	<b>(5)</b>	<b>129</b>	<b>(32)</b>
<b>Total liabilities</b>	<b>1,988</b>	<b>1,267</b>	<b>721</b>	<b>1,498</b>	<b>490</b>
<b>Net assets</b>	<b>3,592</b>	<b>3,305</b>	<b>287</b>	<b>2,682</b>	<b>909</b>
<b>Total liabilities and net assets</b>	<b>5,581</b>	<b>4,572</b>	<b>1,008</b>	<b>4,181</b>	<b>1,400</b>

# Cash Flow (Consolidated)

<b>millions of yen</b> (yen amounts are rounded down to millions)	<b>Q3 FYE25</b>	<b>Previous Quarter</b>		<b>Previous Year</b>	
		<b>Q2 FYE25</b>	<b>change</b>	<b>Q3 FYE24</b>	<b>change</b>
<b>Cash flows from operating activities</b>	<b>707</b>	<b>66</b>	<b>640</b>	<b>212</b>	<b>494</b>
<b>Cash flows from investing activities</b>	<b>(152)</b>	<b>(379)</b>	<b>227</b>	<b>(103)</b>	<b>(49)</b>
<b>Cash flows from financing activities</b>	<b>(2)</b>	<b>(4)</b>	<b>1</b>	<b>90</b>	<b>(92)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>3</b>	<b>(4)</b>	<b>7</b>	<b>(1)</b>	<b>5</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>555</b>	<b>(321)</b>	<b>876</b>	<b>197</b>	<b>357</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>2,174</b>	<b>2,496</b>	<b>(321)</b>	<b>2,167</b>	<b>7</b>
<b>Cash and cash equivalents at end of period</b>	<b>2,729</b>	<b>2,174</b>	<b>555</b>	<b>2,364</b>	<b>365</b>

# JCI Business Strategy

- ✓ Announced as a new business strategy in January 2016
- ✓ Announced in August 2017: FinTech Platform

Local 4G/5G

FPoS

SIM Business

FPoS: Fintech Platform over SIM

Our Patented Technology Enabling Secure and Reliable Financial Transactions on Smartphones

# Two Marketing Actions

## Marketing Actions

### Actions to Increase Awareness

Late June to Early August 2024

### Product Strengthening

Announced on September 18, effective September 30, 2024



**Featured on a comparison website, with high evaluations for product quality and price competitiveness**

# Effect of Q2 Marketing Actions

June 2024

September 2024

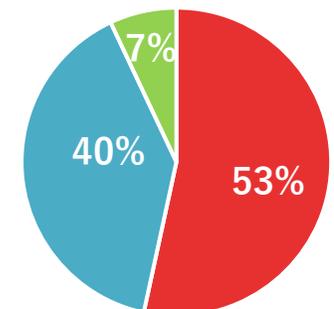
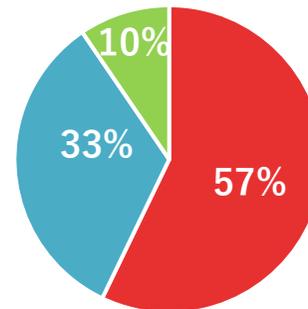
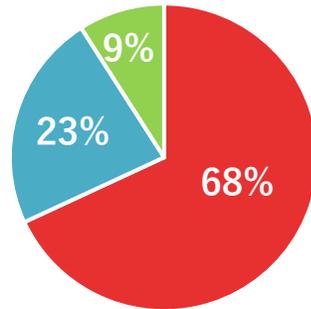
December 2024

Number of  
New  
Subscribers

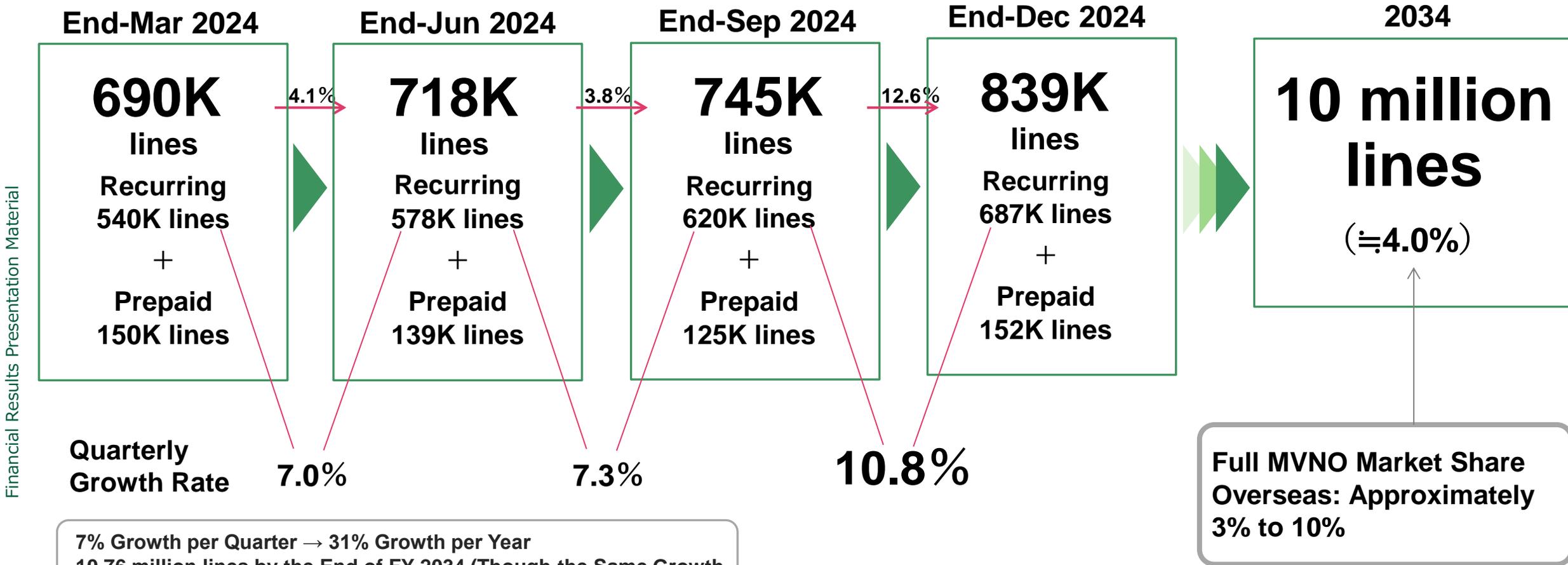


Plan Composition  
Ratio

- Simple 290 Plan (290yen/1GB)
- Minna-no Plan (1,390yen/20GB)
- 50GB Plan (2,178yen/50GB)



# Growth Image in 10 Years (2034)

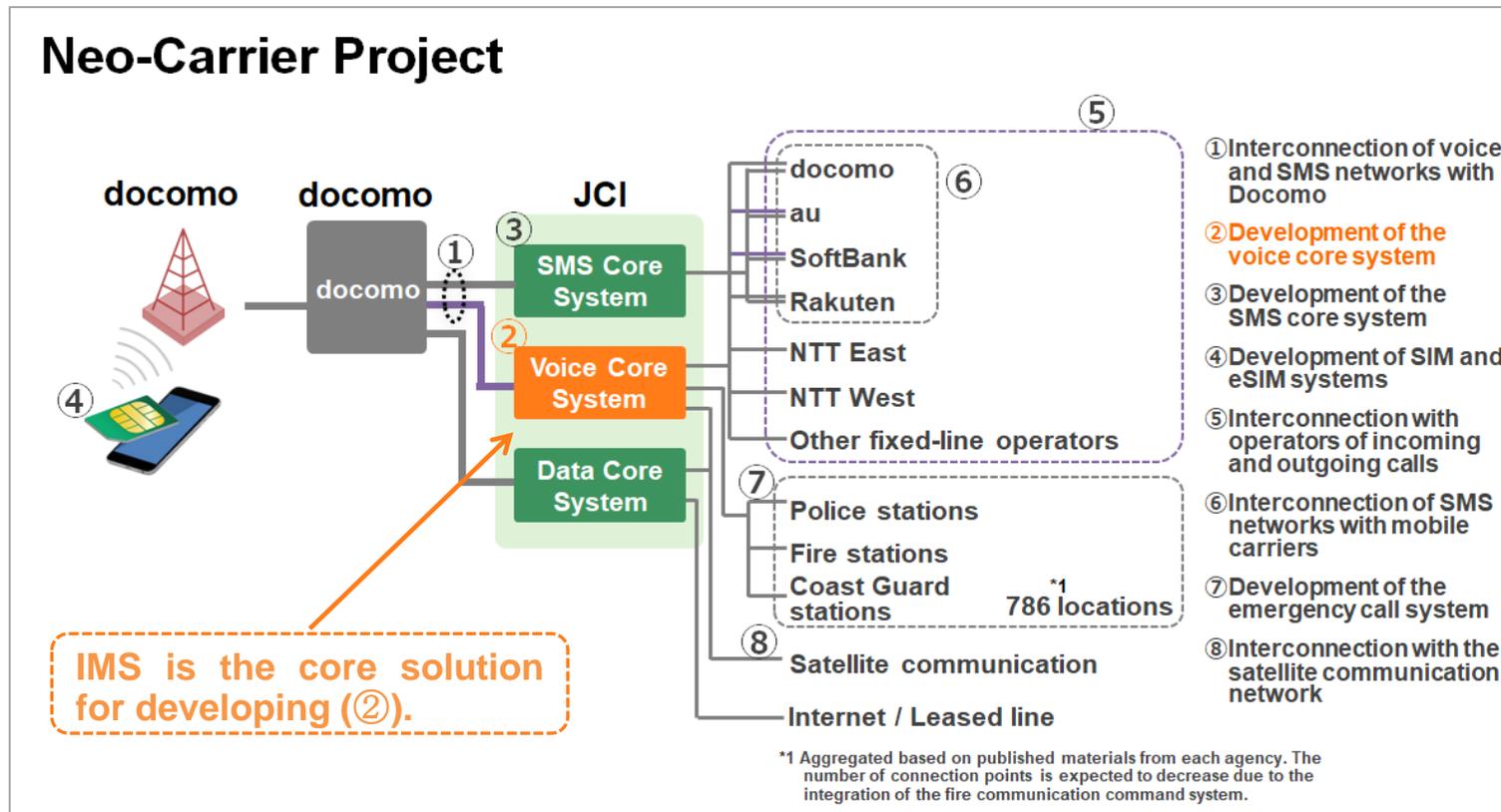


7% Growth per Quarter → 31% Growth per Year  
 10.76 million lines by the End of FY 2034 (Though the Same Growth Rate May Not Continue)  
 Excerpt from Q1 FYE25 Financial Results Presentation Materials

Full MVNO Market Share Overseas: Approximately 3% to 10%

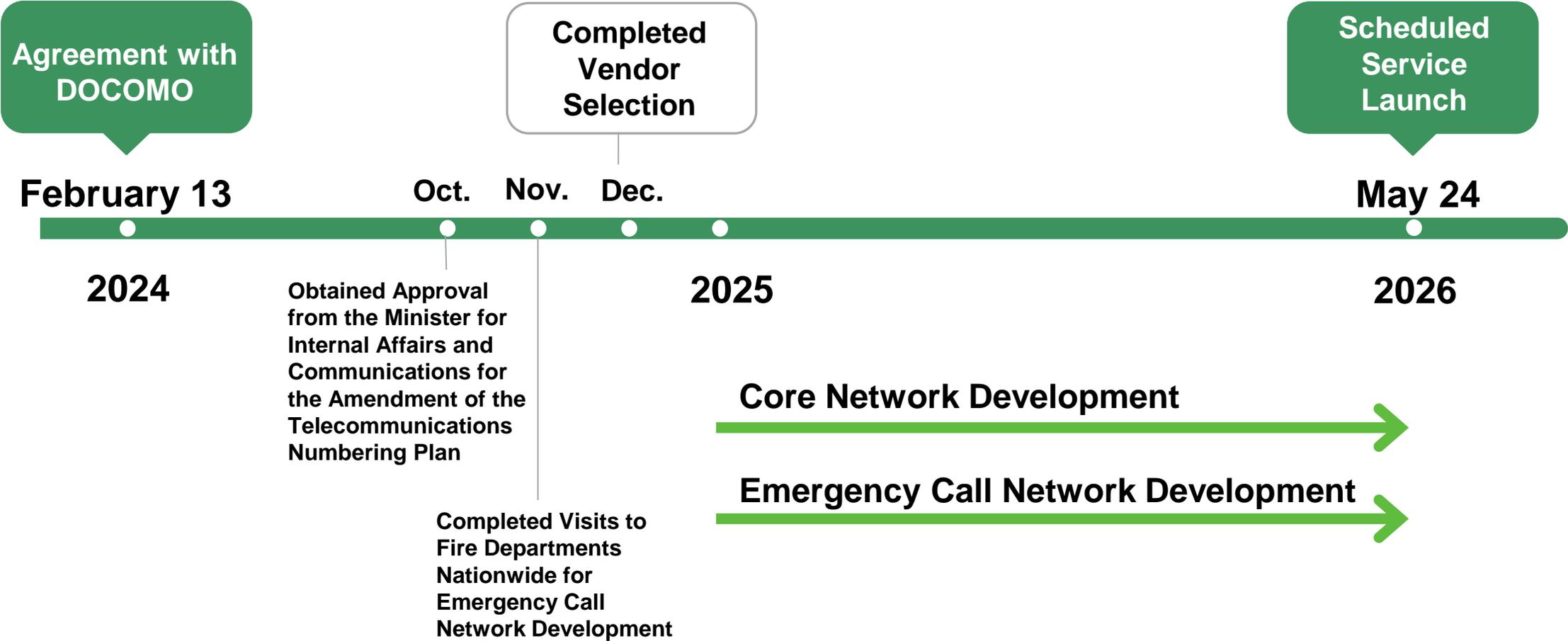
# Neo-Carrier Project

December 5, 2024 Announced the Implementation of ng-voice's IMS Core System from Germany  
Partnership for the Integration of Voice and FPoS



- Vendor Selection Completed
- 21 Companies Across 6 Countries

# Neo-Carrier Project



# JCI Business Strategy

Local 4G/5G

FPoS

SIM Business

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January 2016 – Announcement of New Business Strategy

# A Major Turning Point: Breakthrough

October 2, 2024  
"FPoS Library"  
Certified under the Digital  
Signature Act

Advocacy Efforts

Best Practice  
Development

Maebashi (Gunma),  
Ebetsu (Hokkaido),  
Ōmura (Nagasaki)

Advanced Technology  
Development

FPoS Library

## "FPoS Library" Embedding Proposal

- Secure and Reliable Internet
- Cross-Operator Data Linkage
- Dynamic Opt-In
- Authentication Ensuring Independent Responsibility

# Leading Cases

January 15, 2025

Kadoma app was released with FPoS Library embedded.

January 18, 2025

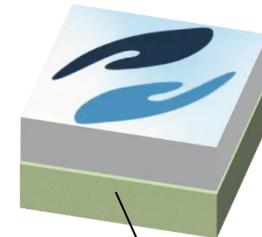
SouSou app was released with FPoS Library embedded.

**Kadoma app (Kadoma, Osaka)**



FPoS Library

**SouSou app (End-of-Life Planning App)**



FPoS Library

# Collaboration with WELLNET

**November 28, 2024**      **Announced the Start of Collaboration with WELLNET for the Development of "e-money with identity authentication".**

**Through collaboration between the two companies, we will jointly develop "e-money with identity authentication" that combines reliable identity verification and the highest level of person authentication. As the first phase, we aim to provide a globally unparalleled secure payment service using this system, as well as digital tickets using MaaS, by next spring.**

Excerpt from the joint press release dated November 28, 2024:WELLNET and JCI begin collaboration to build the first "e-money with identity authentication" to reduce social costs

# Current Focus Areas

<b>SIM Business</b>	<b>Stable and Sustained Growth</b>
<b>Neo-Carrier Project</b>	<b>Service Infrastructure Development</b> <ul style="list-style-type: none"><li>• Core Network Development</li><li>• Emergency Call Network Development</li></ul>
<b>FPoS</b>	<b>Progress of the Proposal with October 2, 2024, as a Turning Point</b>



## JCI's Mission

**Secure and Reliable  
Transportation of Bits**

## **Disclaimer**

Any written or oral statements made in this presentation that are not historical facts are forward-looking statements. Readers are cautioned not to place undue reliance on those forward-looking statements, which speak only as of their dates. All forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from those expressed or implied by these forward-looking statements.

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