

# **Financial Results Briefing**

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

**(April 2024 – March 2025)**

**May 9, 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 FYE March 2025 Results**

**Representative Director-President  
Naohisa Fukuda**

# Results (Consolidated)

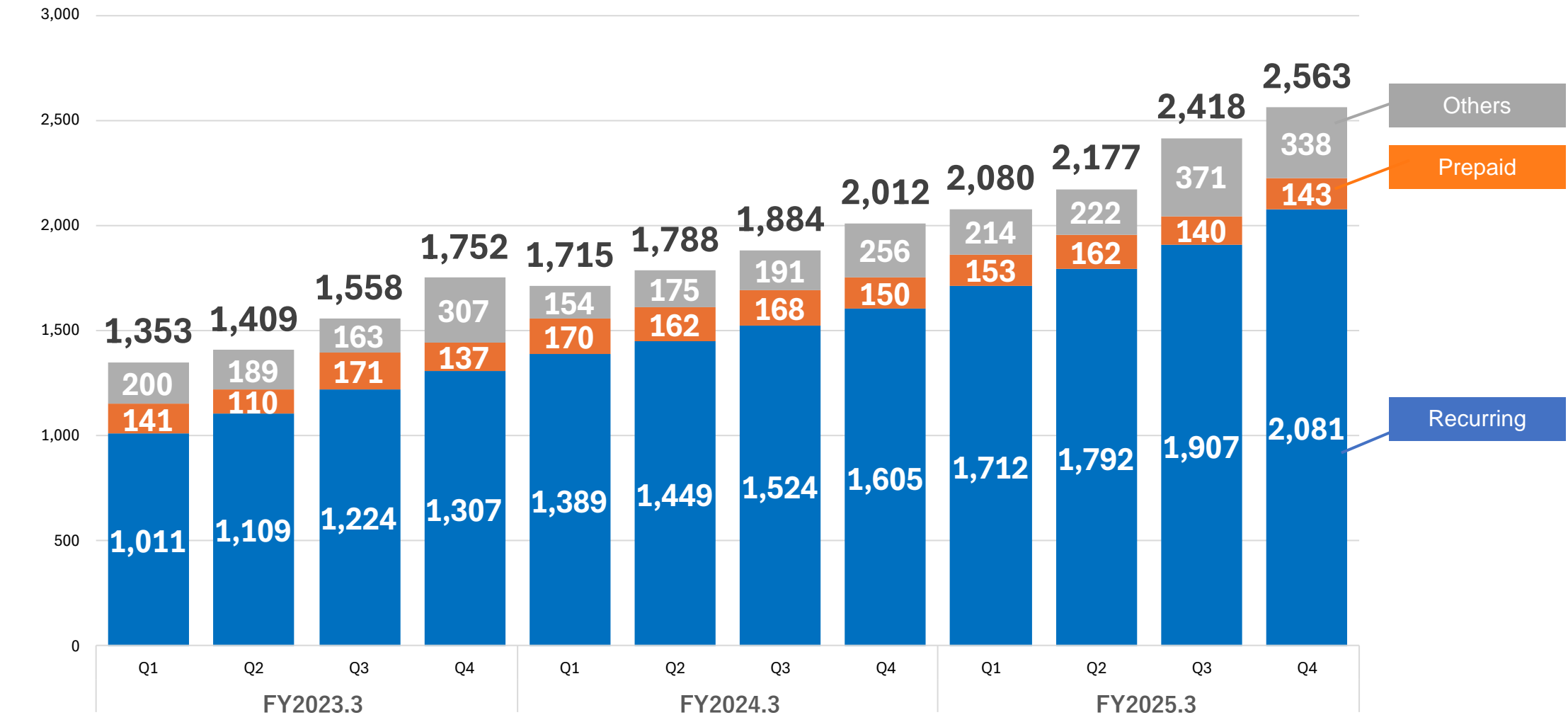
millions of yen (yen amounts are rounded down to millions)	FYE2024		FYE2025		change	Y to Y Growth rate
Net revenue	7,400	100.0%	9,238	100.0%	1,838	24.8%
Cost of sales	4,138	55.9%	5,396	58.4%	1,257	30.4%
Gross profit	3,262	44.1%	3,842	41.6%	580	17.8%
Selling, general and administrative expenses	2,123	28.7%	2,880	31.2%	756	35.6%
Operating profit	1,139	15.4%	962	10.4%	(176)	(15.5%)
Ordinary profit	1,183	16.0%	1,000	10.8%	(183)	(15.5%)
Profit attributable to owners of parent	1,365 <sup>※1</sup>	18.4%	849	9.2%	(515)	(37.8%)

※1 363 million yen in extraordinary profit from the resolution of lawsuit with Quanta

# Quarterly Revenue Trend

Recurring Revenue shows 40%+ compounded annual growth.

(JPY million)



# Balance Sheet (Consolidated)

millions of yen (yen amounts are rounded down to millions)	FYE2023	FYE2024	FYE2025	change
<b>Current assets</b>	<b>2,312</b>	<b>3,552</b>	<b>5,507</b>	<b>1,954</b>
Cash and deposits	1,580	2,518	4,300 <sup>※1</sup>	1,782
Accounts receivable - trade	576	724	796	71
Merchandise	75	69	49	(19)
Other	83	244	368	124
Allowance for doubtful accounts	(3)	(3)	(7)	(4)
<b>Non-current assets</b>	<b>728</b>	<b>856</b>	<b>1,805</b>	<b>948</b>
Property, plant and equipment	144	231	369	138
Intangible assets	282	334	815	480
Investments and other assets	301	290	621	330
<b>Deferred Assets</b>	<b>-</b>	<b>-</b>	<b>27</b>	<b>27</b>
<b>Total assets</b>	<b>3,040</b>	<b>4,409</b>	<b>7,340</b>	<b>2,930</b>
<b>Current liabilities</b>	<b>1,426</b>	<b>1,302</b>	<b>1,673</b>	<b>370</b>
Accounts payable - trade	630	356	473	116
Unearned revenue	120	113	105	(8)
Total current debt	-	-	-	-
Current portion of bonds payable	-	-	286 <sup>※1</sup>	286
Other	675	831	808	(23)
<b>Non-current liabilities</b>	<b>79</b>	<b>127</b>	<b>1,796</b>	<b>1,669</b>
Bonds payable	-	-	1,714 <sup>※1</sup>	1,714
Other	79	127	82	(44)
<b>Total liabilities</b>	<b>1,506</b>	<b>1,429</b>	<b>3,470</b>	<b>2,040</b>
<b>Net assets</b>	<b>1,534</b>	<b>2,979</b>	<b>3,870</b>	<b>890</b>
<b>Total liabilities and net assets</b>	<b>3,040</b>	<b>4,409</b>	<b>7,340</b>	<b>2,930</b>

※1 Raised 2 billion yen through bonds

Bonds are listed separately as current liabilities and Long-term liabilities.

# Cash Flow (Consolidated)

millions of yen (yen amounts are rounded down to millions)	FYE2023	FYE2024	FYE2025
<b>Cash flows from operating activities</b>	<b>851</b>	<b>1,071</b>	<b>930</b>
<b>Cash flows from investing activities</b>	<b>(200)</b>	<b>(213)</b>	<b>(1,104)</b>
<b>Purchase of property, plant and equipment</b>	<b>(39)</b>	<b>(95)</b>	<b>(257)</b>
<b>Purchase of intangible assets</b>	<b>(110)</b>	<b>(121)</b>	<b>(545)</b>
<b>Other</b>	<b>(50)</b>	<b>3</b>	<b>(301)</b>
<b>Cash flows from financing activities</b>	<b>(1)</b>	<b>75</b>	<b>1,957<sup>※1</sup></b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>2</b>	<b>3</b>	<b>(0)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>651</b>	<b>937</b>	<b>1,782</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>928</b>	<b>1,580</b>	<b>2,518</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,580</b>	<b>2,518</b>	<b>4,300</b>

※1 Raised 2 billion yen through bonds

# Cash Generation and Expenditure Portfolio

(million yen)

FYE March 2024

FYE March 2025

SIM		FPoS		SIM		FPoS	
Revenue	7,222	Expenditure	432	Revenue	9,018	Expenditure	678
COGS	3,920	CAPEX	40	COGS	5,026	CAPEX	81
Gross Margin	3,302	Expenses	392	Gross Margin	3,992	Expenses	597
GM%	45.7%			GM%	44.3%		
SG&A	1,689			SG&A	1,842		
Operating Profit	1,613			Operating Profit	2,150		
OP%	22.3%			OP%	23.8%		
Neo-Carrier		Neo-Carrier		Neo-Carrier		Neo-Carrier	
+Depreciation	134	Expenditure	25	+Depreciation	146	Expenditure	801
		CAPEX	-	-AD	-249	CAPEX	490
-CAPEX	-178	Expenses	25	-CAPEX	-85	Expenses	311
-TAX	-258			-TAX	-157		
Free Cash Flow	1,311	Total Expenditure	457	Free Cash Flow	1,805	Total Expenditure	1,479



# FYE March 2026 Direction

(million yen)

SIM	
Revenue	11,000
COGS	6,200
Gross Margin	4,800
GM%	43.6%
SG&A	2,100
Operating Profit	2,700
OP%	24.5%
+Depreciation	150
-AD	-240
-CAPEX	-100
-TAX	-200

Free Cash Flow 2,310

FPoS	
Expenditure	800

Neo-Carrier	
Expenditure	5,400

Total Expenditure 6,200

# JCI Business Strategy

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

**Local 4G/5G**

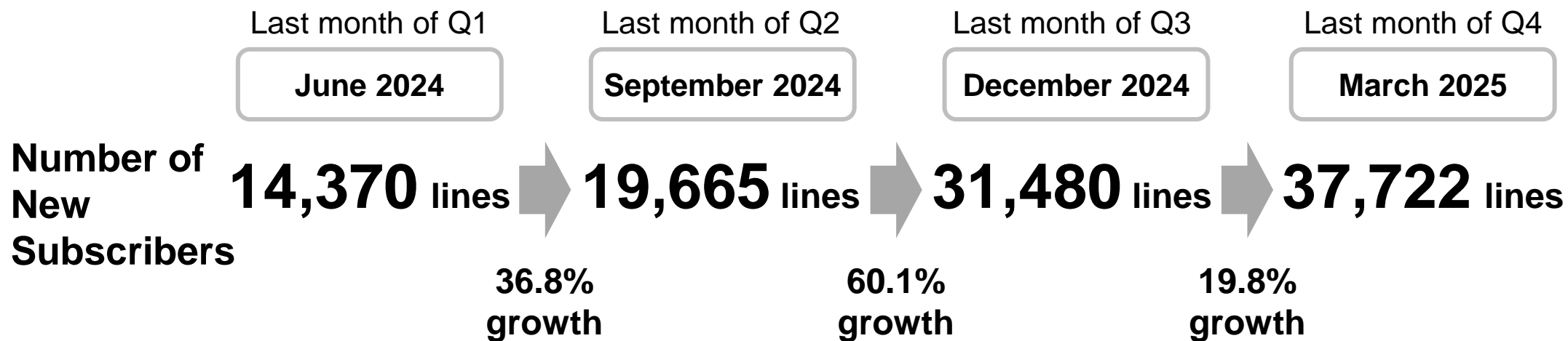
**FPoS**

**SIM Business**

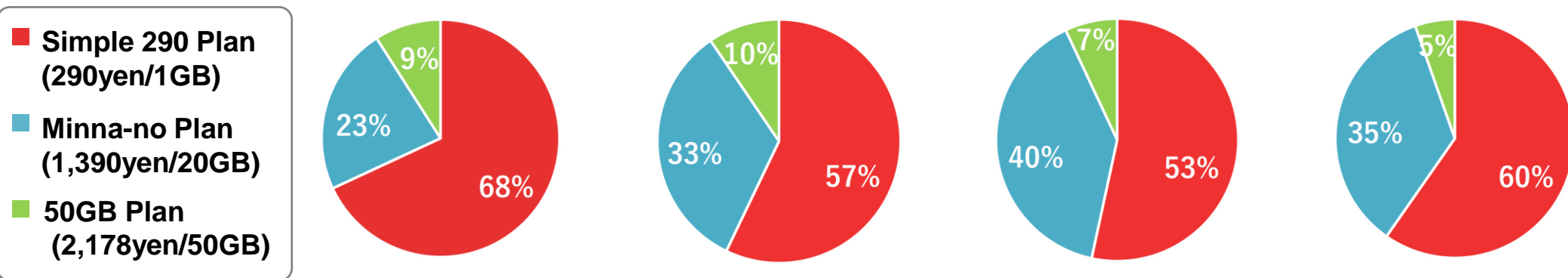
FPoS: Fintech Platform over SIM

Our Patented Technology Enabling Secure and Reliable Financial Transactions on Smartphones

# Number of New Subscribers



## Plan Composition Ratio



# Nihon Tsushin SIM Enhancement

Released data-only “Nihon Tsushin SIM Net-dake Plan” on April 10th

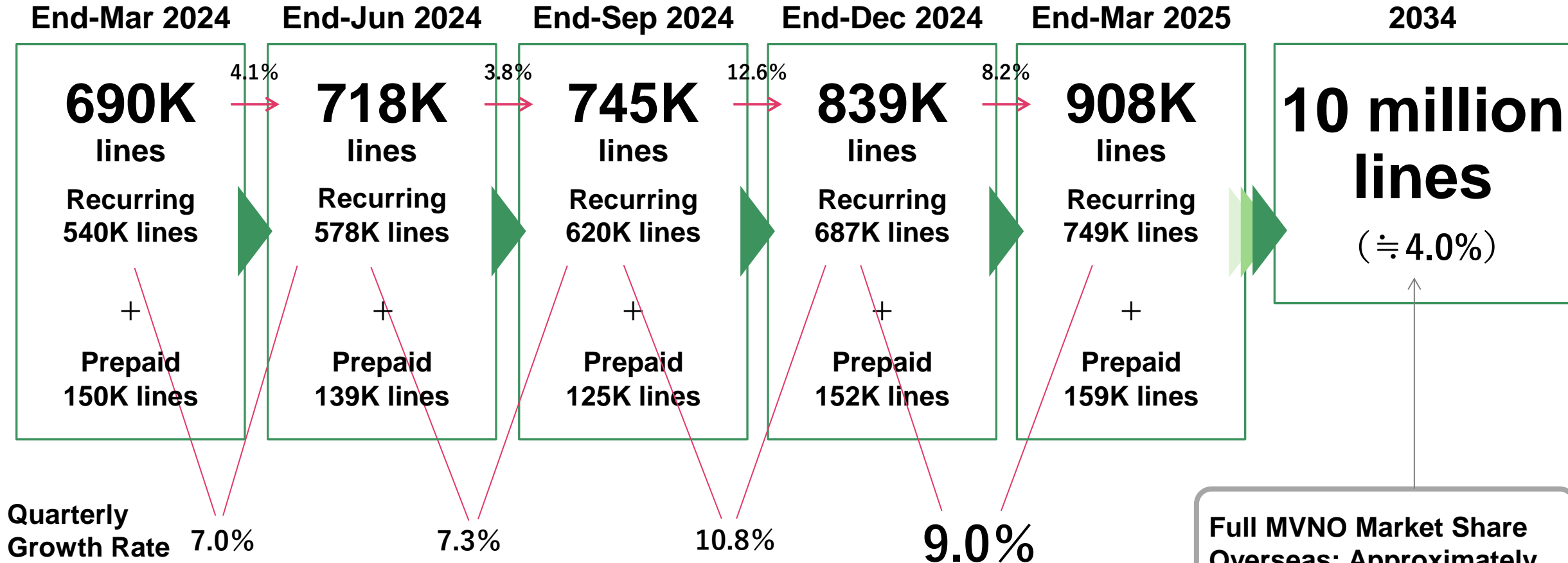
**The スタANDARD**

4月10日 新発売!  
ネットだけプラン  
20GB で月額 1,200円  
1GB以下の月は119円

小容量 (1GB)	平均量 (20GB)	やや多い (50GB)	多い (63GB~)
<b>合理的</b> シンプル290 プラン REASONABLE PLAN	<b>合理的</b> みんなの プラン REASONABLE PLAN	<b>合理的</b> 50GB プラン REASONABLE PLAN	これ以上の 容量は 携帯キャリアの プランを お使いください。
月額基本料 <b>290円</b>	月額基本料 <b>1,390円</b>	月額基本料 <b>2,178円</b>	
月額に含まれるデータ量 ひと月 <b>1GB</b>	月額に含まれるデータ量 ひと月 <b>20GB</b>	月額に含まれるデータ量 ひと月 <b>50GB</b>	
追加データ料 1GB 220円	追加データ料 1GB 220円	追加データ料 1GB 220円	
通話料 11円 30秒	通話料 11円 30秒	通話料 11円 30秒	
通話5分かけ放題オプション 390円/月	通話5分かけ放題オプション 390円/月	通話5分かけ放題オプション 390円/月	
70分無料通話オプション 390円/月	70分無料通話オプション 390円/月	70分無料通話オプション 390円/月	
通話かけ放題オプション 1,600円/月	通話かけ放題オプション 1,600円/月	通話かけ放題オプション 1,200円/月	

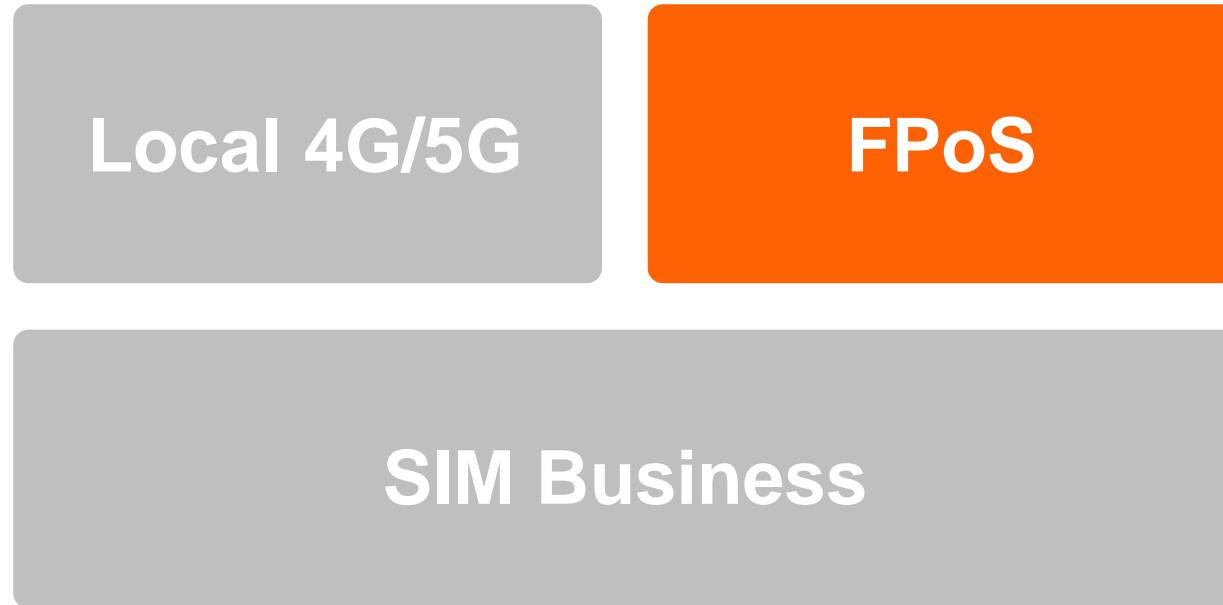
- Identity verification using the Public Personal Authentication Service (JPKI)
- On April 22nd, the government announced a policy to require Identity verification for data-only SIM contract.

# Growth Image towards 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 FYE March 2025 Financial Results Briefing Materials

# JCI Business Strategy



FPoS: Fintech Platform over SIM

Our Patented Technology Enabling Secure and Reliable Financial Transactions on Smartphones

January 2016 – Announcement of New Business Strategy

# FPoS Initiatives

**Oct. 2, 2024**

## **Approval of changes certification of the Digital Signature Act**

- FPoS library (Changes in the implementation method of certified authentication services)
- Reduced My Number Card read times from 2 to 1 (Simplify the ID issuance process)

**Nov. 28, 2024**

**Announcement of collaboration with WELLNET to build “e-money with identity authentication”**

**Feb. 14, 2025**

**Launched the “Digital Ninsho Module”**

**Mar. 28, 2025**

## **Approval of changes certification of the Digital Signature Act**

- Acquisition of suspected death information
- The Public Personal Authentication Service (JPKI) in certified RA facilities

**Apr. 28, 2025**

## **Proposal for amendment of Law Concerning Digital Signatures and Certification Services, Public comment process begins**

**Removed Activation code (Simplify the ID issuance)**

**Apr. 30, 2025**

**By using the Digital Ninsho Module, the “Mebuku app” and “Mebuku ID” app were unified into a single app.**

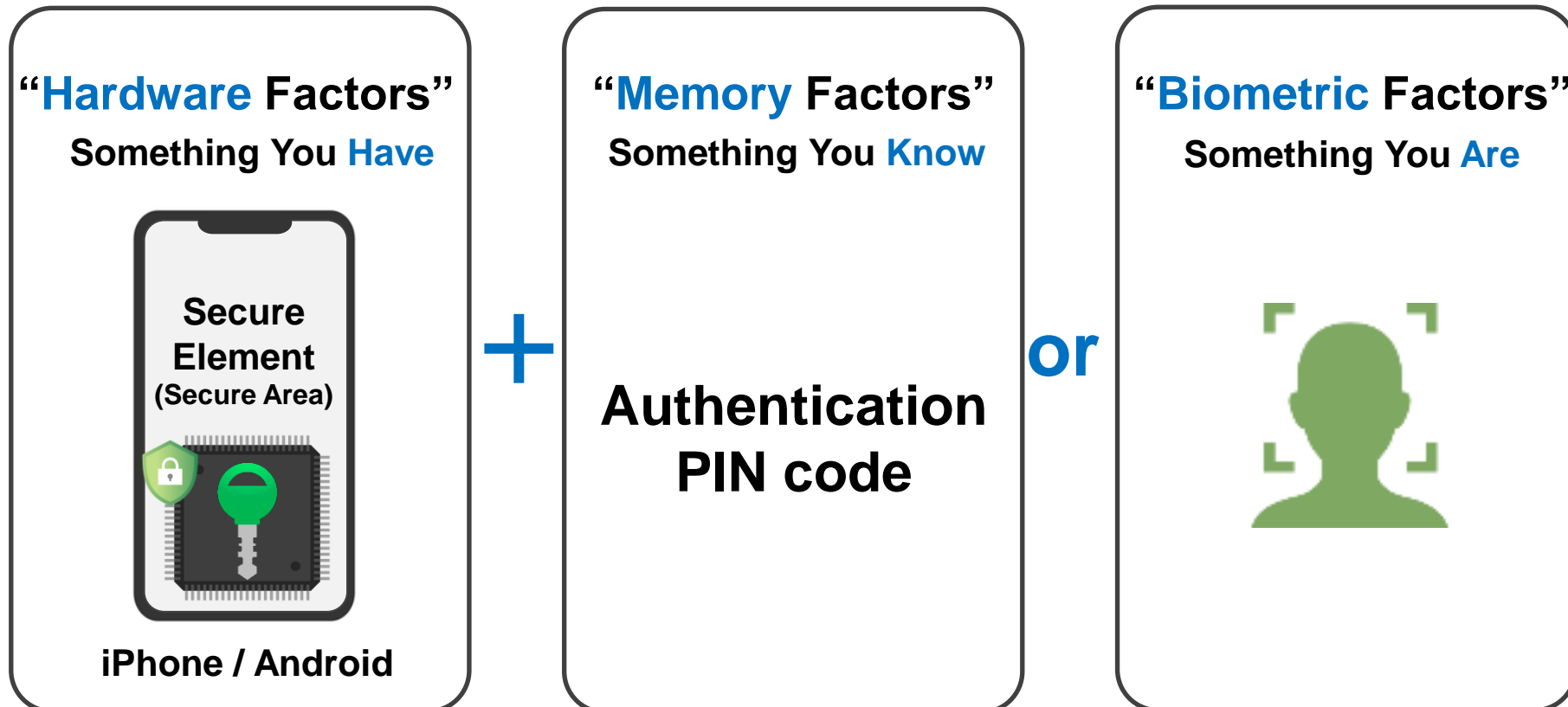
# FPoS Market Environment

In addition to Approval of changes certification of the Digital Signature Act, the “mandatory implementation” accelerates projects.

- **Act on Identity Confirmation, etc. Performed by Mobile Voice Communications Carriers for Their Subscribers, etc. and Prevention of Wrongful Use of Mobile Voice Communications Services (Mobile Phone Act) and Act on Prevention of Transfer of Criminal Proceeds (Anti-Money Laundering Act) unifies online identity verification process into Digital KYC in principle.**  
(Draft Partial Amendment to the Enforcement Regulations of “Mobile Phone Act”, Effective from April 1, 2026)  
(Draft Partial Amendment to the Enforcement Regulations of “Anti-Money Laundering Act”, Effective from April 1, 2027)
- **On April 22nd, the government announced a policy to require Identity verification for data-only SIM contract.**
- **On April 25th, Japan Securities Dealers Association announced that “Multi-factor authentication” is mandatory.**



# FPOS is the most secure and the most convenient two-factor authentication



\*Multi-factor authentication refers to authentication using a combination of two or more of the three authentication factors: hardware factors, memory factors, and biometric factors.

# 3 major functions of FPoS

## Identity Verification

**the Public Personal Authentication Service (JPKI)**

Signature verification using My Number Card digital certificate

## Person Authentication (Login)

**Login that cannot be hijacked or spoofed**

Login using two-factor authentication and a challenge-response method using the private key and digital certificate in the secure element

## Data Linkage

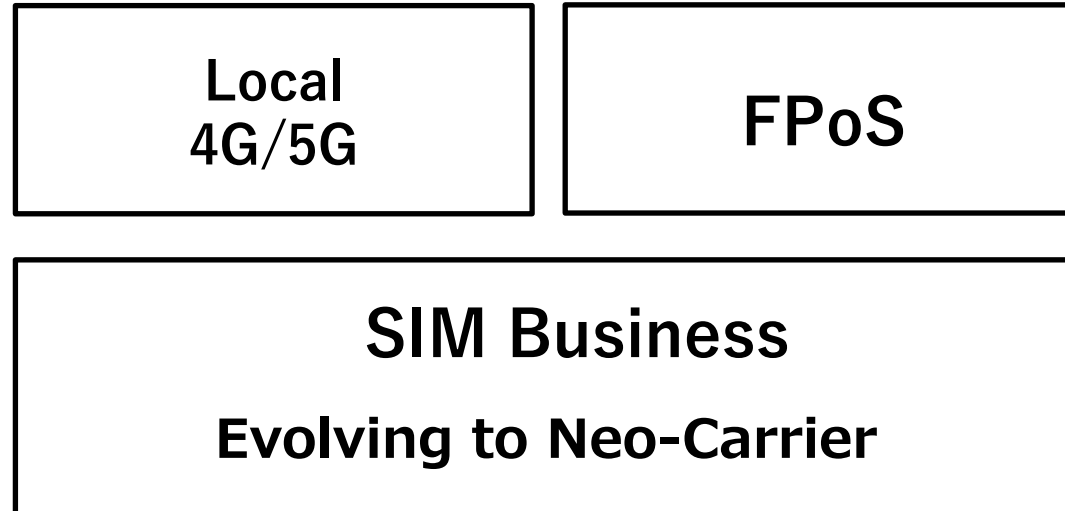
**A system that can safely and reliably link personal data**

Using the My Number Card as a trust anchor, a unique common identifier for each person is written into a digital certificate

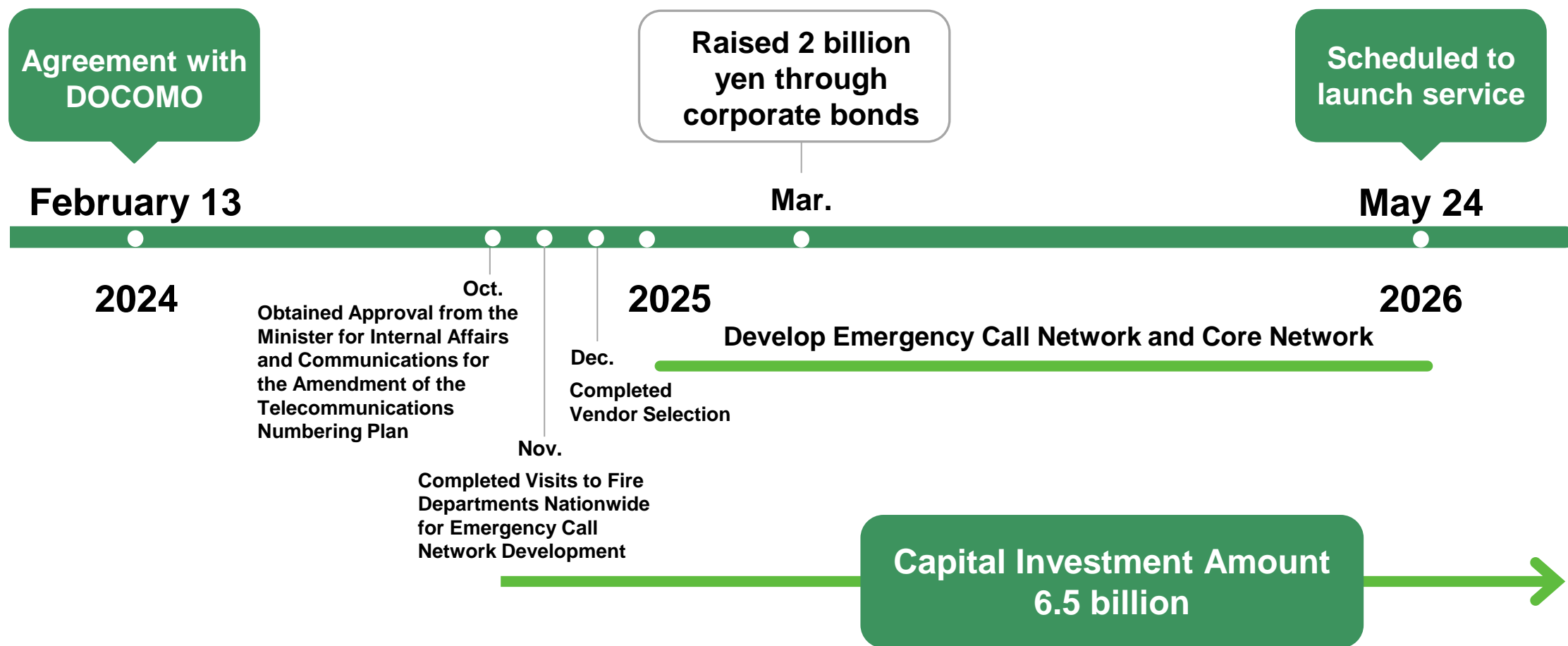
# **FYE March 2026 & Beyond Strategy**

# FYE March 2026 Strategy Focus

- A. Grow current SIM Business to fuel our strategy**
- B. Leapfrog to Neo-Carrier**
- C. Make FPoS the de facto in Japan**



# Neo-Carrier Project



# Funding for Neo-Carrier Project

**March 26, 2025**

**Raised 2 billion yen through the first unsecured bonds (for qualified institutional investors only)**

- Issue date : March 26, 2025
- Total Amount : 2 billion yen
- Interest Rate (Fixed Rate) : 1.460 % per year
- Redemption Way of the Bonds : Scheduled redemption per 6 months
- Redemption Period of the Bonds : March 26, 2032
- Payment Way of Interest : Scheduled payment per 6 months
- Payment Period of Interest : March 26, 2032
- Underwriter : MUFG Bank, Ltd.

**Timely Disclosure on March 13, 2025**

**"Announcement regarding the issue of the first unsecured bonds (for qualified institutional investors only)"**

# Domestic Bases Supporting the Strategy

**Tokyo Head Quarter : 119 employees**

**YOC<sup>\*1</sup> : 48 employees**

**Osaka Office (scheduled to open) : 3 bases for technology development**  
(Tokyo ・ Denver, USA ・ Osaka)

**Okinawa Office (scheduled to open) : 2 bases for Call Center**  
(Gunma ・ Okinawa)

<sup>\*1</sup> YOC : Operation Center in Yoshioka town, Gunma - mainly shipping and call center base.

# Establishment of the Employee's Stock Ownership Plan

A system for employees and the company to grow together

Outline : JCI's employee's stock ownership plan  
Scheduled to start from June 2025

Item	Outline
Qualification	Employees of JCI and JCI's subsidiaries (excluding Executive Officers)
Amount of Contribution	JPY 1,000 per unit (100 unit monthly, maximum)
Incentive Granted	10% of the amount of Contribution

- Avoiding insider trading concerns
- Awareness of improving business performance
- Awareness of participation in management
- Enhancement of employee benefits
- Promotion of wealth creation

## Creating great working environment

Received the highest three-star “Eruboshi Certification” as an excellent company that promotes women's participation in the workforce.

FYE2024 Childcare leave  
acquisition rate  
Female 100%  
Male 100%





# FYE March 2026 & Beyond Strategy Global Strategy

## Japan

- **Grow SIM Business**
- **Leapfrog to Neo-Carrier**
- **Make FPoS the de facto in Japan**

## USA

- **Develop education market with CBRs+MNO Network**

(Using the Utah State Board of Education case as a stepping stone)



**IPO within 5 years**

## Europe

- **Pursue eIDAS Certification on FPoS**

**Electronic Identification, Authentication and trust Services**



## JCI's Mission

Carrying Bit in Safety and Security

### 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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