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November 9, 2023

Consolidated Financial Results for the Six Months Ended September 30, 2023 (Under Japanese GAAP)

Company name: Japan Communications Inc.
 Listing: Tokyo Stock Exchange: Prime Market
 Securities code: 9424
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 Scheduled date to file quarterly securities report: November 10, 2023
 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 six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2023	3,503	26.8	532	81.3	571	70.4	819	172.2
September 30, 2022	2,762	25.4	293	458.3	335	495.0	301	364.7

Note: Comprehensive income For the six months ended September 30, 2023: ¥789 million [213.4%]
 For the six months ended September 30, 2022: ¥251 million [376.1%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
September 30, 2023	4.96	4.96
September 30, 2022	1.83	1.81

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
September 30, 2023	3,700	2,338	59.8	13.41
March 31, 2023	3,040	1,534	46.1	8.50

Reference: Equity
 As of September 30, 2023: ¥2,214 million
 As of March 31, 2023: ¥1,402 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, 2023	–	0.00	–	0.00	0.00
Fiscal year ending March 31, 2024	–	0.00			
Fiscal year ending March 31, 2024 (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, 2024

Since its founding in 1996, the Company has propounded and implemented the MVNO business model, an innovative form of telecommunications business, having developed its business with the mission of transferring (communicating) data safely, securely, and conveniently. Specifically, the Company is engaged in three businesses: mobile communications business (SIM business), communications business through local mobile networks (local 4G/5G), and digital ID (FPoS: Fintech Platform over SIM) business for use on smartphones.

The Company plans to ensure a stable revenue base with continuous evolution in the SIM business and to invest the revenue in the local 4G/5G business and FPoS business in order to develop them into pillars of future earnings. In the local 4G/5G business, the Company aims to build advanced showcases in the U.S. and leverage this experience to expand in Japan.

In the FPoS business, the Company has acquired a certification under the Digital Signature Act for “my Digital Certificate” (issued by my FinTech Inc., a subsidiary of the Company) based on its patented FPoS technology, and develops the “my Digital Certificate” to be actually utilized as a safe, secure, and convenient digital ID that can be used on smartphones.

Considering the factors described above, one of the Company’s management priorities is to grow the scale of its business to a market capitalization of 500 billion yen in three to five years from the launch of the commercial service of 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 September 30, 2023	165,009,239 shares
As of March 31, 2023	165,009,239 shares

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

As of September 30, 2023	15,004 shares
As of March 31, 2023	15,004 shares

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

Six months ended September 30, 2023	164,994,235 shares
Six months ended September 30, 2022	164,436,114 shares

- * Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

1. Qualitative Information on Results for the Six Months Ended September 30

(1) Explanation on operating results

Since its founding in 1996, the Company has propounded and implemented the MVNO business model, an innovative form of telecommunications business, having developed its business with the mission of transferring (communicating) data safely, securely, and conveniently. Specifically, the Company is engaged in three businesses: mobile communications business (SIM business), communications business through local mobile networks (local 4G/5G), and digital ID (FPoS: Fintech Platform over SIM) business for use on smartphones.

The Company plans to ensure a stable revenue base with continuous evolution in the SIM business and to invest the revenue in the local 4G/5G business and FPoS business in order to develop them into pillars of future earnings.

(i) Mobile Communications Business (SIM 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 that 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.

The Company has continued to improve the product specifications of “Nihon Tsushin SIM” to strengthen its product competitiveness. In April 2022, the Company started supporting eSIM, which is embedded in devices such as smartphones, in advance of other MVNOs (announced on April 6, 2022). In addition, by March 2023, the Company had introduced an identification method using electronic certificates stored in “My Number Card” in identification under the Act on Identification, etc. by Mobile Voice Communications Carriers of their Subscribers, etc. and for Prevention of Improper Use of Mobile Voice Communications Services.

In April 2023, the Company increased the basic data limit for data communications of “Reasonable Minna-no Plan,” which is a flagship plan of “Nihon Tsushin SIM,” from 6 GB to 10 GB, while keeping basic monthly fees unchanged. In May 2023, the Company became the first in the MVNO industry to support the MNP one-stop system (Note).

As the above products being evaluated, revenue from “Nihon Tsushin SIM” has been growing steadily for both individual and corporate subscribers. In addition, the number of subscribers for voice communication services under partner brands has also been increasing steadily, and as a result, the SIM business has continued to see growth both in the MVNO Business and the Enabler Business.

Note: The MNP one-stop system allows customers who wish to switch to another carrier without changing their mobile number (this is called “MNP”) to complete the MNP procedure simply by applying on the website of the carrier to which they are switching, without having to obtain an MNP reservation number from the carrier to which they subscribed.

(ii) Local 4G/5G Business through Local Mobile Networks

In the local 4G/5G business, the Company aims to build advanced showcases in the U.S. and leverage this experience to expand in Japan. A U.S. subsidiary of the Company operates a business that provides SIMs used for connections with local mobile networks in the U.S. market. To connect with local mobile networks, it is necessary to write a large amount of highly specialized information to SIMs. The Company provides SIMs that can connect to local mobile networks set up by partner and customer companies by accumulating and utilizing technologies and expertise in relevant fields through the U.S. subsidiary. The Company will continue to accumulate knowledge in Japan and the U.S., and will utilize this knowledge to develop case examples in the local 4G/5G business.

(iii) Digital ID (FPoS) Business for Use on Smartphones

As digital transformation (DX) 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, the Company’s patented technology. FPoS guarantees 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 issued to the customer's smartphone (iPhone and Android) by an electronic certification authority accredited under the Digital Signature Act and a private key generated in the customer's smartphone.

Currently, services of various providers are available through apps on smartphones. However, it is widely recognized that the customer's data (including personal information) when using applications i) may be impersonated or falsified with, and ii) cannot be managed by the customer because it is shared with a third party other than the service provider. Therefore, a method that can ensure the security and privacy of data containing personal information without compromising customer convenience is strongly required.

As for i), in the Internet world, it is easier to impersonate or falsify than in real world. Because we cannot confirm the counterpart is who we think he or she is, and we cannot confirm the information that arrived from the counterpart is in fact sent by him or her. As a result, intentions or transactions over the Internet cannot always be reliable.

FPoS ensures the security of customer data (including personal information) through a mechanism that grants access only when a public key contained in an electronic certificate correctly combines with a private key generated in a smartphone. For example, when using a mobile phone, an IC chip known as SIM is required instead of an ID and password or one-time password. This is because mobile phone operators have established a technical safeguard using SIM, IC chip, to identify subscribers instead of passwords, which can be hacked. FPOS is based on the same concept and serves as a robust technical safeguard to protect access to customer's data (including personal information), as does access to mobile communication networks.

FPoS is a mechanism that can guarantee the identity and authenticity of communications over the Internet. Making intentions and transactions over the Internet more trustworthy by an implementation of FPOS, would be a means to solve problems in a wide range of sectors, including not only banking (Internet banking), but also healthcare, administration, education, and transportation, etc.

As for ii), currently, when a smartphone application is downloaded and used, the terms of use, etc. are displayed, and if users do not agree to them, they cannot use the application (and are deemed to have agreed to them if they do use the application) (Opt-in method). Users are considered to have initiative in Opt-in method, but in reality, not many users will carefully read, understand, and agree to the terms of use before using the app. Therefore, the Company added "Dynamic Opt-in" function to FPOS to compensate for the imperfections of the Opt-in method. This is a function that displays a list of the recipients of the customers' personal information on their smartphone and allows the customers to authorize or revoke the provision of their personal information, allowing them to manage their own personal information.

In order to demonstrate the above potential of FPOS, the Company is cooperating 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. has been operating "mebuku App" which issues "mebuku ID," a digital ID using FPOS technology.

The greatest strength of "mebuku ID" is its high security, but in addition, its greatest differentiating factor is its ability to securely and reliably link personal information held by multiple business operators through its high security. The everyday activities of people span across multiple domains, such as government-operated public domains, medical and educational institutions and other quasi-public domains, and besides those, the various private domains. If personal information can be securely and reliably linked across all these domains, it will be possible to provide services that are individually optimized for each user and to visualize various social issues by presenting data that can generate new value, thereby providing clues toward solutions. In addition, since "mebuku ID" implements a "Dynamic Opt-in" function, such data linkage can be implemented based on the substantial consent of users.

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 service are eligible to link the data.

Furthermore, "mebuku Pay," Maebashi City's electronic local currency, is scheduled to be launched in December 2023 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 to the local community by ensuring that payment data 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.

The Company is working toward its mission of transferring (communicating) data safely, securely, and conveniently. FPoS is a technology and operation that fulfills a core role in this mission.

As a result of the above, the Group’s consolidated net revenue for the six months ended September 30, 2023 was 3,503 million yen, an increase of 740 million yen (up 26.8%) compared to the six months ended September 30, 2022 (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” in the MVNO Business (up 18.0% from the same period of the previous year) and the growth of the voice services of partner brands in the Enabler Business (up 36.9% from the same period of the previous year).

Cost of revenue was 1,960 million yen, an increase of 383 million yen (up 24.3%) compared to the same period of the previous year. This was mainly due to an increase in mobile network procurement costs associated with the growth of “Nihon Tsushin SIM.” Nevertheless, the increase in cost of revenue can be contained relative to increases in net revenue, because the mobile networks of both data and voice communications procured by the Company from NTT DOCOMO have been set not to exceed the amount of the appropriate costs under efficient management plus appropriate profit.

As a result, gross profit was 1,542 million yen (1,185 million yen in the same period of the previous year), selling, general and administrative expenses was 1,010 million yen (891 million yen in the same period of the previous year), and operating profit was 532 million yen (293 million yen in the same period of the previous year).

During the three months ended June 30, 2023, a final judgment was rendered in a lawsuit between the Company and Quanta Computer Inc. In conjunction with the finalization of the judgment, the Company recorded extraordinary income of 363 million yen, resulting in profit attributable to owners of parent of 819 million yen (301 million yen in the same period of the previous year).

Financial results by business are as follows:

Net revenue	(Millions of yen)			
	For six months ended September 30, 2022	For six months ended September 30, 2023	Year-on-year change	Year-on-year change (%)
MVNO Business	1,477	1,743	266	18.0
Enabler Business	1,285	1,759	474	36.9
Total	2,762	3,503	740	26.8

Revenue of 53 million yen (67 million yen in the same period of the previous year) from overseas operations in the segment information is included in the Enabler Business.

(2) Explanation on financial position

(i) Assets, liabilities, and net assets

Assets

Current assets at the end of the current second quarter were 2,914 million yen, an increase of 602 million yen compared to the end of the previous year. This was mainly due to an increase of 586 million yen in cash and deposits and an increase of 20 million yen in accounts receivable - other. Non-current assets were 785 million yen, an increase of 57 million yen compared to the end of the previous year. This was mainly due to increases of 45 million yen in property, plant and equipment and 16 million yen in intangible assets.

As a result, total assets amounted to 3,700 million yen, an increase of 659 million yen compared to the end of the previous year.

Liabilities

Current liabilities at the end of the current second quarter were 1,225 million yen, a decrease of 200 million yen compared to the end of the previous year. This was mainly due to a decrease of 287 million yen in valuation

reserve for inventory purchase commitments while there were increases of 30 million yen in accounts payable - other, 39 million yen in income taxes payable, and 15 million yen in deposits received. Non-current liabilities were 136 million yen, an increase of 56 million yen compared to the end of the previous year. This was mainly due to an increase of 43 million yen in lease liabilities.

As a result, liabilities amounted to 1,361 million yen, a decrease of 144 million yen compared to the end of the previous year.

Net assets

Net assets at the end of the current second quarter were 2,338 million yen, an increase of 804 million yen compared to the end of the previous year. This was mainly due to recording 819 million yen in profit attributable to owners of parent.

As a result, the equity ratio was 59.8% (46.1% at the end of the previous year).

(ii) Status of cash flows

Cash and cash equivalents at the end of the six months ended September 30, 2023 were 2,167 million yen, an increase of 586 million yen compared to the end of the previous year.

The status of cash flows and their factors during the six months ended September 30, 2023 are as follows.

Cash flows from operating activities

Net cash provided by operating activities totaled 638 million yen (an inflow of 250 million yen in the same period of the previous year). This was mainly due to the recording of a reversal of valuation reserve for inventory purchase commitments of 287 million yen, a decrease in trade payables of 21 million yen, an increase in accounts receivable - other of 20 million yen and a decrease in unearned revenue of 12 million yen, despite recording profit before income taxes of 934 million yen.

Cash flows from investing activities

Net cash used in investing activities totaled 44 million yen (an outflow of 75 million yen in the same period of the previous year). This was due primarily to payments for purchase of property, plant and equipment of 16 million yen and purchase of intangible assets of 35 million yen.

Cash flows from financing activities

Net cash used in financing activities totaled 11 million yen (there were no cash flows from financing activities in the same period of the previous year). This was mainly due to an outflow of 8 million yen for the purchase and cancellation of share acquisition rights.

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

Since its founding in 1996, the Company has propounded and implemented the MVNO business model, an innovative form of telecommunications business, having developed its business with the mission of transferring (communicating) data safely, securely, and conveniently. Specifically, the Company is engaged in three businesses: mobile communications business (SIM business), communications business through local mobile networks (local 4G/5G), and digital ID (FPoS: Fintech Platform over SIM) business for use on smartphones.

The Company plans to ensure a stable revenue base with continuous evolution in the SIM business and to invest the revenue in the local 4G/5G business and FPoS business in order to develop them into pillars of future earnings. In the local 4G/5G business, the Company aims to build advanced showcases in the U.S. and leverage this experience to expand in Japan. In the FPoS business, the Company has acquired a certification under the Digital Signature Act for “my Digital Certificate” (issued by my FinTech Inc., a subsidiary of the Company) based on its patented FPoS technology, and develops the “my Digital Certificate” to be actually utilized as a safe, secure, and convenient digital ID that can be used on smartphones.

Considering the factors described above, one of the Company's management priorities is to grow the scale of its business to a market capitalization of 500 billion yen in three to five years from the launch of the commercial service of FPoS.

Quarterly consolidated financial statements

Quarterly consolidated balance sheets

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	1,580,619	2,167,204
Accounts receivable - trade	576,323	542,344
Merchandise	75,462	80,953
Supplies	65	45
Accounts receivable - other	103	20,750
Other	83,011	107,502
Allowance for doubtful accounts	△3,138	△3,939
Total current assets	2,312,448	2,914,861
Non-current assets		
Property, plant and equipment		
Buildings	106,085	108,171
Accumulated depreciation	△84,942	△86,964
Buildings, net	21,142	21,206
Vehicles	7,027	11,021
Accumulated depreciation	△5,596	△6,277
Vehicles, net	1,430	4,743
Tools, furniture and fixtures	876,556	918,756
Accumulated depreciation	△773,909	△823,593
Tools, furniture and fixtures, net	102,647	95,162
Leased assets	285,882	342,537
Accumulated depreciation	△266,737	△275,259
Leased assets, net	19,144	67,278
Construction in progress	—	1,056
Total property, plant and equipment	144,365	189,447
Intangible assets		
Patent right	4,727	5,377
Trademark right	3,229	3,529
Software	264,297	262,784
Software in progress	9,752	27,019
Total intangible assets	282,007	298,711
Investments and other assets		
Investment securities	128,570	138,501
Leasehold and guarantee deposits	133,884	116,310
Other	39,228	42,420
Total investments and other assets	301,683	297,231
Total non-current assets	728,056	785,390
Total assets	3,040,504	3,700,251

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	630,125	609,199
Accounts payable - other	78,842	109,786
Income taxes payable	109,651	148,823
Unearned revenue	120,872	112,353
Deposits received	66,559	81,766
Valuation Reserve For Inventory Purchase		
Commitments	287,979	—
Other	132,150	163,280
Total current liabilities	1,426,180	1,225,209
Non-current liabilities		
Long-term accounts payable - other	6,102	11,879
Long-term unearned revenue	56,613	63,764
Lease liabilities	17,212	60,464
Total non-current liabilities	79,928	136,108
Total liabilities	1,506,108	1,361,318
Net assets		
Shareholders' equity		
Share capital	535,822	535,822
Capital surplus	224,109	233,952
Retained earnings	530,319	1,349,859
Treasury shares	△2,192	△2,192
Total shareholders' equity	1,288,058	2,117,442
Accumulated other comprehensive income		
Foreign currency translation adjustment	114,472	96,699
Total accumulated other comprehensive income	114,472	96,699
Share acquisition rights	96,218	101,839
Non-controlling interests	35,646	22,951
Total net assets	1,534,395	2,338,933
Total liabilities and net assets	3,040,504	3,700,251

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

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	2,762,949	3,503,525
Cost of sales	1,577,123	1,960,639
Gross profit	1,185,825	1,542,886
Selling, general and administrative expenses	891,984	1,010,210
Operating profit	293,841	532,675
Non-operating income		
Interest income	4	7
Foreign exchange gains	33,611	21,603
Share of profit of entities accounted for using equity method	7,571	9,930
Recoveries of written off receivables	—	5,990
Miscellaneous income	1,792	1,681
Total non-operating income	42,980	39,212
Non-operating expenses		
Interest expenses	286	671
Amortization of share issuance costs	312	—
Amortization of bond issuance costs	1,057	—
Miscellaneous losses	92	208
Total non-operating expenses	1,747	880
Ordinary profit	335,074	571,008
Extraordinary income		
Compensation for damage income	—	*1 75,869
Reversal of provision for valuation reserve for inventory purchase commitments	—	*2 287,979
Total extraordinary income	—	363,848
Profit before income taxes	335,074	934,857
Income taxes - current	53,649	128,011
Total income taxes	53,649	128,011
Profit	281,424	806,845
Loss attributable to non-controlling interests	△19,699	△12,695
Profit attributable to owners of parent	301,123	819,540

(Thousands of yen)

	2nd quarter ended September 30, 2022	2nd quarter ended September 30, 2023
Net sales	1,409,187	1,788,248
Cost of sales	809,888	1,009,877
Gross profit	599,299	778,370
Selling, general and administrative expenses	463,866	512,783
Operating profit	135,432	265,587
Non-operating income		
Interest income	4	7
Foreign exchange gains	12,370	7,683
Share of profit of entities accounted for using equity method	6,249	3,257
Recoveries of written off receivables	—	5,990
Miscellaneous income	774	1,022
Total non-operating income	19,398	17,960
Non-operating expenses		
Interest expenses	33	458
Amortization of share issuance costs	95	—
Amortization of bond issuance costs	528	—
Miscellaneous losses	55	16
Total non-operating expenses	712	475
Ordinary profit	154,118	283,072
Profit before income taxes	154,118	283,072
Income taxes - current	24,393	62,058
Total income taxes	24,393	62,058
Profit	129,725	221,014
Loss attributable to non-controlling interests	△10,034	△1,396
Profit attributable to owners of parent	139,759	222,410

Quarterly consolidated statements of comprehensive income

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	281,424	806,845
Other comprehensive income		
Foreign currency translation adjustment	△29,651	△17,772
Total other comprehensive income	△29,651	△17,772
Comprehensive income	251,773	789,072
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	271,472	801,767
Comprehensive income attributable to non- controlling interests	△19,699	△12,695

(Thousands of yen)

	2nd quarter ended September 30, 2022	2nd quarter ended September 30, 2023
Profit	129,725	221,014
Other comprehensive income		
Foreign currency translation adjustment	△11,645	△6,556
Total other comprehensive income	△11,645	△6,556
Comprehensive income	118,079	214,457
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	128,114	215,853
Comprehensive income attributable to non- controlling interests	△10,034	△1,396

Quarterly consolidated statement of cash flows

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	335,074	934,857
Depreciation	17,998	63,632
Interest and dividend income	△4	△7
Interest expenses	286	671
Share of loss (profit) of entities accounted for using equity method	△7,571	△9,930
Foreign exchange losses (gains)	△35,263	△22,470
Reversal of provision for valuation reserve for inventory purchase commitments	—	△287,979
Decrease (increase) in trade receivables	△73,711	36,083
Decrease (increase) in inventories	△9,210	△2,459
Increase (decrease) in trade payables	12,111	△21,733
Decrease (increase) in accounts receivable - other	35	△20,647
Increase (decrease) in unearned revenue	△6,116	△12,438
Increase (decrease) in Long-term unearned revenue	4,083	364
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	△38,808	△6,536
Other, net	79,045	19,503
Subtotal	277,949	670,908
Interest and dividends received	4	7
Interest paid	△67	△671
Income taxes paid	△27,838	△107,283
Compensation for damage income	—	75,869
Net cash provided by (used in) operating activities	250,047	638,831
Cash flows from investing activities		
Purchase of property, plant and equipment	△16,673	△16,229
Purchase of intangible assets	△57,753	△35,177
Proceeds from refund of leasehold and guarantee deposits	3,013	7,528
Payments of leasehold and guarantee deposits	△3,650	△151
Net cash provided by (used in) investing activities	△75,065	△44,029
Cash flows from financing activities		
Payments for retirement by purchase of share acquisition rights	—	△8,529
Repayments of lease liabilities	—	△3,365
Net cash provided by (used in) financing activities	—	△11,895
Effect of exchange rate change on cash and cash equivalents	4,967	3,678
Net increase (decrease) in cash and cash equivalents	179,950	586,584
Cash and cash equivalents at beginning of period	928,688	1,580,619
Cash and cash equivalents at end of period	1,108,638	2,167,204