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November 7, 2024

Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under Japanese GAAP)

Company name: Japan Communications Inc.
Listing: Tokyo Stock Exchange: Prime Market
Securities code: 9424
URL: https://www.j-com.co.jp/
Representative: Naohisa Fukuda, Representative Director-President
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Scheduled date to file semi-annual securities report: November 8, 2024
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, 2024 (from April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	4,257	21.5	329	△38.2	325	△43.1	246	△69.9
September 30, 2023	3,503	26.8	532	81.3	571	70.4	819	172.2

Note: Comprehensive income For the six months ended September 30, 2024: ¥235 million [△70.1%]
For the six months ended September 30, 2023: ¥789 million [213.4%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	1.49	―
September 30, 2023	4.96	4.96

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	
As of	Millions of yen	Millions of yen	%	
September 30, 2024	4,572	3,305	68.1	
March 31, 2024	4,409	2,979	62.8	

Reference: Equity
As of September 30, 2024: ¥3,115 million
As of March 31, 2024: ¥2,768 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, 2024	–	0.00	–	0.00	0.00
Fiscal year ending March 31, 2025	–	0.00			
Fiscal year ending March 31, 2025 (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, 2025

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 secureness 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) 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 semi-annual 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, 2024	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 September 30, 2024	15,004 shares
As of March 31, 2024	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, 2024	165,374,027 shares
Six months ended September 30, 2023	164,994,235 shares

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

* Proper use of earnings forecasts, and other special matters

A financial results meeting will be held on Friday, November 8, 2024 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 six months ended September 30, 2024

(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 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.

This time, in the six months ended September 30, 2024 (current interim period), the Company conducted first time TV commercials ("We cannot subtract any further. 290 yen" edition) in Kanto region and Shizuoka prefecture and conducted the similar advertising on the Internet to raise awareness of "Nihon Tsushin SIM." Though this advertising ended on the current interim period, it worked well enough as the measure to raise awareness, because "Nihon Tsushin SIM" got introduced by the Kanto key station and local television station.

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.

This allows us to offer the "Nihon Tsushin SIM" lineup which includes the "Reasonable Simple 290 Plan (1 GB; 290 yen per month + voice option of "all-you-can-calls" for calls no longer than 5 minutes (or 70 minutes of free voice calls); 390 yen per month)" for low data usage, the "Reasonable Minna-no Plan (20 GB + "all-you-can-calls" for calls no longer than 5 minutes (or 70 minutes of free voice calls); 1,390 yen per month)" for average data usage, and the "Reasonable 50-GB Plan (50 GB + "all-you-can-calls" for calls no longer than 5 minutes (or 70 minutes of free voice calls); 2,178 yen per month)" for slightly high data usage.

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.

Though the Company does not have stores like the major mobile phone operators, 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 raised and the products being evaluated, the revenue from "Nihon Tsushin SIM" has been growing steadily for both individual and corporate subscribers. In addition, the number of customers for voice services under partner brands has also been increasing steadily, and as a result, the mobile telecommunication service has continued to see growth both in the MVNO business and the MVNE business.

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 proceeds to prepare for a new service based on the interconnection with DOCOMO's voice and SMS network to be launched in May 2026 (scheduled). The Company posted 33 million yen as the survey cost, etc. for voice interconnection in the current interim period.

(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 partner and customer companies. The Company will continue to accumulate knowledge in Japan and the U.S. and will take advantage 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) 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. 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 Electronic Signatures Act and a private key generated in the customer's smartphone.

This is a mechanism like the solid identification by an Individual Number Card, as FPoS uses a smartphone instead of an Individual Number Card. FPoS has a high-level security equal to an Individual Number Card. While an Individual Number Card has restriction on its purpose of use and its range of use as a digital ID is limited to Myna-portal, etc., FPoS has no restriction on its purpose of use and it can be used as a digital ID and authentication infrastructure in a wide range of areas by local governments and business operators.

When a customer uses a service through application(s) 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.

In order 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 for nurturing and non-taxable family unit 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.”

Furthermore, the Company released “FPoS library” which is a component of the core functions of FPoS in May 2024. The business operators who provide services through the applications for smartphones can incorporate the “FPoS library” into their applications and enable their applications to have functions of identity verification, person authentication and data linking at the same level as “Mebuku ID.”

The Company will support the activity by Mebuku Ground Inc. and local horizontal activity by it continuously.

As a result of the above, the Group’s consolidated net revenue for the current interim period was 4,257 million yen, an increase of 754 million yen (up 21.5%) compared to the six months ended September 30, 2023 (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.”

Cost of revenue was 2,420 million yen, an increase of 459 million yen (up 23.5%) 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.” However, the increase in cost of revenue can be contained 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.

As a result, gross profit was 1,837 million yen, an increase of 294 million yen (up 19.1%) compared to the same period of the previous year. The selling, general and administrative expenses was 1,507 million yen, an increase of 497 million yen compared to the same period of the previous year. This was because of the payment of 249 million yen as the measure to raise awareness and 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 329 million yen (532 million yen in the same period of the previous year), and ordinary profit was 325 million yen (571 million yen in the same period of the previous year).

In addition, the Company posted 38 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, interim profit attributable to owners of parent was 246 million yen (819 million yen in the same period of the previous year, which includes 363 million yen as extraordinary profit).

(2) Explanation on financial position for the six months ended September 30, 2024

(i) Assets, liabilities, and net assets

Assets

Current assets at the end of the current interim period were 3,190 million yen, a decrease of 362 million yen compared to the end of the previous year. This was mainly due to decreases of 343 million yen of cash and deposits. Non-current assets were 1,381 million yen, an increase of 525 million yen compared to the end of the previous year. This was mainly due to increases of 141 million yen in property, plant and equipment and 38 million yen in intangible assets, and 300 million yen in long term loan.

As a result, total assets amounted to 4,572 million yen, an increase of 162 million yen compared to the end of the previous year.

Liabilities

Current liabilities at the end of the current interim period were 1,165 million yen, a decrease of 137 million yen compared to the end of the previous year. This was mainly due to decreases of 110 million yen in income taxes payable and 37 million yen in deposits received. Non-current liabilities were 102 million yen, a decrease of 25 million yen compared to the end of the previous year.

As a result, liabilities amounted to 1,267 million yen, a decrease of 162 million yen compared to the end of the previous year.

Net assets

Net assets at the end of the current interim period were 3,305 million yen, an increase of 325 million yen compared to the end of the previous year. This was mainly due to recording 246 million yen in interim profit attributable to owners of parent.

As a result, the equity ratio was 68.1% (62.8% at the end of the previous year).

(ii) Status of cash flows

Cash and cash equivalents at the end of the current interim period were 2,174 million yen, a decrease of 343 million yen compared to the end of the previous year.

The status of cash flows and their factors during the current interim period are as follows.

Cash flows from operating activities.

Net cash provided by operating activities totaled 219 million yen (an inflow of 638 million yen in the same period of the previous year). This was mainly due to payment of income taxes of 164 million yen, despite recording profit before income taxes of 287 million yen and depreciation expense of 89 million yen.

Cash flows from investing activities.

Net cash used in investing activities totaled 553 million yen (an outflow of 44 million yen in the same period of the previous year). This was mainly due to payment for purchase of property, plant and equipment of 165 million yen and payment for long term loan of 300 million yen.

Cash flows from financing activities.

Net cash used in financing activities totaled 7 million yen (an outflow of 11 million yen in the same period of the previous year).

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

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 secureness 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.

Semi-annual consolidated financial statements

Semi-annual consolidated balance sheets

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	2,518,019	2,174,762
Accounts receivable - trade	724,584	664,623
Merchandise	69,063	61,904
Supplies	68	40
Accounts receivable - other	111,888	93,369
Other	132,634	203,351
Allowance for doubtful accounts	△3,275	△7,313
Total current assets	3,552,984	3,190,738
Non-current assets		
Property, plant and equipment		
Buildings	87,186	137,461
Accumulated depreciation	△75,030	△76,335
Buildings, net	12,156	61,126
Vehicles	11,021	27,110
Accumulated depreciation	△7,181	△6,785
Vehicles, net	3,840	20,324
Tools, furniture and fixtures	828,696	885,326
Accumulated depreciation	△672,218	△698,873
Tools, furniture and fixtures, net	156,478	186,453
Leased assets	342,537	342,537
Accumulated depreciation	△288,421	△297,767
Leased assets, net	54,115	44,770
Land	—	59,918
Construction in progress	4,460	—
Total property, plant and equipment	231,051	372,592
Intangible assets		
Trademark right	3,308	3,088
Software	290,865	262,949
Software in progress	40,599	106,819
Total intangible assets	334,773	372,856
Investments and other assets		
Investment securities	149,841	159,125
Long-term loans receivable	—	300,000
Leasehold and guarantee deposits	106,910	94,604
Other	34,193	82,663
Total investments and other assets	290,946	636,392
Total non-current assets	856,771	1,381,841
Total assets	4,409,755	4,572,580

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	356,786	373,129
Accounts payable - other	122,801	173,051
Income taxes payable	190,655	80,263
Unearned revenue	113,829	98,966
Deposits received	341,072	303,168
Other	177,347	136,759
Total current liabilities	1,302,492	1,165,339
Non-current liabilities		
Long-term accounts payable - other	12,225	10,088
Long-term unearned revenue	61,309	44,956
Lease liabilities	53,829	47,091
Total non-current liabilities	127,364	102,137
Total liabilities	1,429,857	1,267,477
Net assets		
Shareholders' equity		
Share capital	545,666	583,007
Capital surplus	233,952	286,136
Retained earnings	1,895,653	2,142,544
Treasury shares	△2,192	△2,192
Total shareholders' equity	2,673,080	3,009,495
Accumulated other comprehensive income		
Foreign currency translation adjustment	95,854	106,369
Total accumulated other comprehensive income	95,854	106,369
Share acquisition rights	116,272	116,244
Non-controlling interests	94,690	72,994
Total net assets	2,979,898	3,305,103
Total liabilities and net assets	4,409,755	4,572,580

Semi-annual consolidated statements of income and Semi-annual consolidated statements of comprehensive income

Semi-annual consolidated statements of income

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	3,503,525	4,257,732
Cost of sales	1,960,639	2,420,482
Gross profit	1,542,886	1,837,250
Selling, general and administrative expenses	1,010,210	1,507,818
Operating profit	532,675	329,431
Non-operating income		
Interest income	7	524
Foreign exchange gains	21,603	—
Share of profit of entities accounted for using equity method	9,930	9,283
Recoveries of written off receivables	5,990	—
Miscellaneous income	1,681	566
Total non-operating income	39,212	10,374
Non-operating expenses		
Interest expenses	671	1,139
Foreign exchange losses	—	13,564
Miscellaneous losses	208	0
Total non-operating expenses	880	14,704
Ordinary profit	571,008	325,101
Extraordinary income		
Compensation for damage income	75,869	—
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	—	28
Total extraordinary income	363,848	179
Extraordinary losses		
Loss on retirement of communication equipment	—	38,080
Total extraordinary losses	—	38,080
Profit before income taxes	934,857	287,200
Income taxes - current	128,011	62,006
Total income taxes	128,011	62,006
Profit	806,845	225,194
Loss attributable to non-controlling interests	△12,695	△21,696
Profit attributable to owners of parent	819,540	246,890

Semi-annual consolidated statements of comprehensive income

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	806,845	225,194
Other comprehensive income		
Foreign currency translation adjustment	△17,772	10,514
Total other comprehensive income	△17,772	10,514
Comprehensive income	789,072	235,709
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	801,767	257,405
Comprehensive income attributable to non-controlling interests	△12,695	△21,696

Semi-annual consolidated statement of cash flows

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	934,857	287,200
Depreciation	63,632	89,652
Interest and dividend income	△7	△524
Interest expenses	671	1,139
Share of loss (profit) of entities accounted for using equity method	△9,930	△9,283
Foreign exchange losses (gains)	△22,470	13,462
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	—	△28
Loss on retirement of communication equipment	—	38,080
Decrease (increase) in trade receivables	36,083	58,816
Decrease (increase) in inventories	△2,459	△1,542
Increase (decrease) in trade payables	△21,733	16,750
Decrease (increase) in accounts receivable - other	△20,647	18,519
Increase (decrease) in unearned revenue	△12,438	△13,016
Increase (decrease) in Long-term unearned revenue	364	△16,990
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	△6,536	△75,227
Other, net	19,503	△22,834
Subtotal	670,908	384,022
Interest and dividends received	7	524
Interest paid	△671	△1,139
Income taxes paid	△107,283	△164,119
Compensation for damage income	75,869	—
Net cash provided by (used in) operating activities	638,831	219,288
Cash flows from investing activities		
Purchase of property, plant and equipment	△16,229	△165,706
Proceeds from sale of property, plant and equipment	—	150
Purchase of intangible assets	△35,177	△89,111
Long-term loan advances	—	△300,000
Proceeds from refund of leasehold and guarantee deposits	7,528	2,178
Payments of leasehold and guarantee deposits	△151	△550
Net cash provided by (used in) investing activities	△44,029	△553,039
Cash flows from financing activities		
Payments for retirement by purchase of share acquisition rights	△8,529	—
Repayments of lease liabilities	△3,365	△7,393
Net cash provided by (used in) financing activities	△11,895	△7,393
Effect of exchange rate change on cash and cash equivalents	3,678	△2,112
Net increase (decrease) in cash and cash equivalents	586,584	△343,257
Cash and cash equivalents at beginning of period	1,580,619	2,518,019

Cash and cash equivalents at end of period	2,167,204	2,174,762