August 6, 2026

Consolidated Financial Results for the Three Months Ended June 30, 2026 (Under Japanese GAAP)

Company name: Japan Communications Inc.
Listing: Tokyo Stock Exchange
Securities code: 9424
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Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes for institutional investors, securities analysts and the press

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2026	3,154	15.2	266	(17.4)	238	(24.9)	158	(34.2)
June 30, 2025	2,737	31.6	323	36.7	317	24.7	241	29.8

Note: Comprehensive income For the three months ended June 30, 2026: ¥158 million [(31.0)%]
For the three months ended June 30, 2025: ¥229 million [39.8%]

	Adjusted EBITDA		Basic earnings per share	Diluted earnings per share
Three months ended	Millions of yen	%	Yen	Yen
June 30, 2026	351	(11.6)	0.95	-
June 30, 2025	397	39.2	1.45	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2026	11,989	4,814	39.0
March 31, 2026	11,995	4,642	37.6

Reference: Equity
As of June 30, 2026: ¥4,680 million
As of March 31, 2026: ¥4,506 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, 2026	-	0.00	-	0.00	0.00
Fiscal year ending March 31, 2027	-				
Fiscal year ending March 31, 2027 (Forecast)		0.00		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, 2027

In May 2026, the Company formulated the “Vision 2030” as a Medium-to Long-Term Management Policy for FY2030. Through these efforts over the past decade based on “New business strategy” which was formulated and disclosed in 2016, the Company found the path to become a company capable of sustainable long-term growth, by constructing its technology platform as a source of competitive advantage. The Company will grow both the telecommunications service business and digital trust business based on the technology platform and will aim for 65 billion yen as net revenue and 15 billion yen as operating profit in FY2030.
For more details, please refer to the “Vision 2030” document released on May 7, 2026.
For FY2027, as the first year of Vision 2030, the Company will realize Neo carrier (scheduled for November 24), will promote the spread of FPoS which has launched commercial services, and will enhance the digital Authentication Infrastructure, which is a source of competitive advantage.

* **Notes**

(1) Significant changes in the scope of consolidation during the period: 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 June 30, 2026	166,838,739 shares
As of March 31, 2026	166,838,739 shares

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

As of June 30, 2026	29,574 shares
As of March 31, 2026	29,504 shares

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

Three months ended June 30, 2026	166,809,206 shares
Three months ended June 30, 2025	165,907,833 shares

(5) Formula for management index

Adjusted EBITDA: Operating profit + Changes in unearned revenue + Stock-based compensation + Asset retirement obligations + Depreciation + One-time expenses

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

A financial results meeting will be held on Friday, August 7, 2026 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 three months ended June 30, 2026

During the three months ended June 30, 2026, the Company continued to advance initiatives aimed at “restoring ‘trust’ in the digital world” in accordance with “Vision 2030,” which was formulated in May 2026.

Net revenue for the three months ended June 30, 2026 totaled 3,154 million yen (up 15.2% year-on-year), marking an increase in revenue. However, in both the Telecommunications Service business and Digital Trust business, expenses increased due to upfront investments for future growth and other factors, compounded by the interest expense burden associated with the issuance of corporate bonds. As a result, adjusted EBITDA was 351 million yen (down 11.6% year-on-year), operating profit was 266 million yen (down 17.4% year-on-year), ordinary profit was 238 million yen (down 24.9% year-on-year), and profit attributable to owners of parent was 158 million yen (down 34.2% year-on-year).

(i) Telecommunications Service business

<u>Nihon Tsushin SIM</u>

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 those of major mobile phone operators in July 2020, the Company has strengthened its product lineup to fit customer’s lifestyle. The “Nihon Tsushin SIM” was awarded the first prize of total satisfaction for two years running in the category of MVNO for the customer satisfaction survey on the mobile phone service for 2025, by J.D. Power Japan, Inc. The “Nihon Tsushin SIM” is highly regarded in communication quality and reasonable price and these result steady growth in both revenue and number of subscriptions. The number of subscriptions of “Nihon Tsushin SIM” reached 980 thousand as of June 30, 2026. Furthermore, in the “Quarterly Data on the Number of Telecommunications Service Subscriptions and Market Share (4th Quarter of business year 2025 [End of March])” released by the Ministry of Internal Affairs and Communications on July 10, 2026, the Company was listed for the first time in the section titled “Trends in Market Share by Operator for SIM Card-Based Subscriptions” for MVNO services, and the Company has been ranked as the fifth-largest MVNO operator in official data.

In June 2026, the Company upgraded the “Nihon Tsushin App”—which customers use to apply for telecommunication services and perform other tasks—to support FPoS (FinTech Platform over Security module), a technology for which the Company hold a patent and which has been recognized by the Financial Services Agency as contributing to the security and convenience of financial transactions. As a result, customers will now log in to their personal pages using a certified digital certificate based on the Digital Signature Act, rather than the previous method that combined a username and password with two-factor authentication. This method also allows users to log in via a browser on a PC, tablet, or other device, offering both convenience and significantly enhanced security.

<u>blue mobile</u>

Regarding interconnection with the voice and SMS networks of NTT DOCOMO, Inc. (hereinafter referred to as “DOCOMO”), the Company entered into an interconnection agreement with DOCOMO on July 27, 2026, and plans to begin offering services as a neo-carrier under the “blue mobile” brand starting in November 2026. By March 2026, the Company had completed the raising of a total of 6 billion yen in initial investment funds for its neo-carrier operations, and the Company is currently proceeding with network construction, interconnection testing, and the establishment of operational systems. The Company anticipates that “Nihon Tsushin SIM” customers will be able to transition smoothly to “blue mobile” services by using the upgraded “Nihon Tsushin App.”

The Company will continue to leverage its FPoS certification to provide high-quality telecommunication services at reasonable rates while ensuring security.

(ii) Digital Trust business

As digital transformation (DX) advances across many sectors of society and the economy, the importance of digital IDs is being recognized anew. We are promoting a business that leverages FPoS to develop and provide digital IDs accessible via smartphones. The provider of services using FPoS is the Company's subsidiary, my FinTech Inc.

On April 1, 2026, the Company launched a service for financial institutions in collaboration with Chigin Network Service Co., Ltd. (Please refer to the press release issued on March 27, 2026.)

Furthermore, in April 2026, the Company began providing the "FPoS Library" as the authentication infrastructure for the digital ID on the integrated platform provided by NyuuLy K.K. for foreign residents in Japan, contributing to the realization of highly reliable identity verification and authentication, as well as a safe and seamless user experience (please refer to the press release issued on April 8, 2026).

Furthermore, to enable the use of FPoS for in-person identity verification and signature verification at stores, service counters, and other locations, the Company is collaborating with Felica Networks, Inc. to develop NFC touch functionality. The Company plans to begin offering an NFC touch-enabled FPoS library for Android this fall. As a result, FPoS will become available for in-person authentication in fields that require a high level of reliability, such as finance and healthcare (please refer to the press release issued on June 18, 2026).

(2) Explanation on financial position for the three months ended June 30, 2026

(i) Statement of Assets, Liabilities, and Net Assets

Assets

Current assets at the end of the first quarter of the current consolidated fiscal year totaled 8,331 million yen, a decrease of 122 million yen compared to the end of the previous consolidated fiscal year.

This was primarily due to a decrease of 207 million yen in cash and deposits. Non-current assets totaled 3,574 million yen, an increase of 119 million yen compared to the end of the previous consolidated fiscal year. This was primarily due to an increase of 154 million yen in intangible assets.

Deferred assets totaled 83 million yen, a decrease of 3 million yen compared to the end of the previous consolidated fiscal year. As a result, total assets amounted to 11,989 million yen, a decrease of 5 million yen compared to the end of the previous consolidated fiscal year.

Liabilities

Current liabilities at the end of the first quarter of the current consolidated fiscal year totaled 2,272 million yen, a decrease of 170 million yen compared to the end of the previous consolidated fiscal year. This was primarily due to a decrease of 105 million yen in income taxes payable. Non-current liabilities totaled 4,902 million yen, a decrease of 7 million yen compared to the end of the previous consolidated fiscal year. As a result, total liabilities amounted to 7,175 million yen, a decrease of 178 million yen compared to the end of the previous consolidated fiscal year.

Net assets

Net assets at the end of the first quarter of the current consolidated fiscal year totaled 4,814 million yen, an increase of 172 million yen compared to the end of the previous consolidated fiscal year.

This was primarily due to the recognition of profit attributable to owners of parent of 158 million yen.

As a result, the equity-to-asset ratio stood at 39.0% (compared to 37.6% at the end of the previous consolidated fiscal year).

(ii) Cash Flow Overview

The balance of cash and cash equivalents at the end of the three months ended June 30, 2026 was 6,899 million yen, a decrease of 207 million yen compared to the end of the previous consolidated fiscal year.

The status of each cash flow category and the factors affecting them for the three months ended June 30, 2026 are as follows.

Cash flows from operating activities.

Cash flows from operating activities resulted in a net inflow of 113 million yen (compared to a net inflow of 330 million yen in the same period of the previous consolidated fiscal year). This was primarily due to the recognition of profit before income taxes of 202 million yen.

Cash flows from investing activities.

Cash flows from investing activities resulted in a net outflow of 319 million yen (compared to a net outflow of 365 million yen in the same period of the previous consolidated fiscal year). This was due to expenditures of 67 million yen for the acquisition of property, plant and equipment and 251 million yen for the acquisition of intangible assets.

Cash flows from financing activities.

Cash flows from financing activities resulted in a net outflow of 3 million yen (compared to a net outflow of 3 million yen in the same period of the previous consolidated fiscal year). This was primarily due to a payment of 3 million yen to repay lease liabilities.

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

In May 2026, the Company formulated the "Vision 2030" as a Medium-to Long-Term Management Policy for FY2030. Through these efforts over the past decade based on "New business strategy" which was formulated and disclosed in 2016, the Company found the path to become a company capable of sustainable long-term growth, by constructing its technology platform as a source of competitive advantage. The Company will grow both the telecommunications service business and digital trust business based on the technology platform and will aim for 65 billion yen as net revenue and 15 billion yen as operating profit in FY2030.
For more details, please refer to the "Vision 2030" document released on May 7, 2026.
For FY2027, as the first year of Vision 2030, the Company will realize Neo carrier (scheduled for November 24), will promote the spread of FPoS which has launched commercial services, and will enhance the digital Authentication Infrastructure, which is a source of competitive advantage.

Quarterly consolidated balance sheet

(Thousands of yen)

	As of March 31, 2026	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	7,107,324	6,899,517
Accounts receivable - trade	879,731	908,988
Merchandise	67,018	62,518
Supplies	3,967	3,967
Accounts receivable - other	98,386	83,985
Other	339,302	415,575
Allowance for doubtful accounts	(41,837)	(42,874)
Total current assets	8,453,893	8,331,678
Non-current assets		
Property, plant and equipment		
Buildings	149,437	192,836
Accumulated depreciation	(81,801)	(83,484)
Buildings, net	67,636	109,352
Vehicles	28,707	28,707
Accumulated depreciation	(16,385)	(17,429)
Vehicles, net	12,321	11,277
Tools, furniture and fixtures	1,241,473	1,284,402
Accumulated depreciation	(905,995)	(940,115)
Tools, furniture and fixtures, net	335,478	344,287
Leased assets	342,537	342,537
Accumulated depreciation	(319,311)	(321,396)
Leased assets, net	23,225	21,141
Land	59,918	59,918
Construction in progress	33,452	452
Total property, plant and equipment	532,031	546,428
Intangible assets		
Trademark right	3,696	3,548
Software	448,954	756,999
Software in progress	1,790,470	1,637,348
Total intangible assets	2,243,121	2,397,895
Investments and other assets		
Investment securities	190,973	159,628
Long-term loans receivable	300,000	300,000
Leasehold and guarantee deposits	87,885	82,392
Other	100,244	87,877
Total investments and other assets	679,104	629,898
Total non-current assets	3,454,257	3,574,222
Deferred assets		
Bond issuance costs	87,092	83,841
Total deferred assets	87,092	83,841
Total assets	11,995,243	11,989,742

(Thousands of yen)

	As of March 31, 2026	As of June 30, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	571,960	580,950
Current portion of bonds payable	852,000	852,000
Accounts payable - other	283,453	193,272
Income taxes payable	160,139	55,047
Unearned revenue	97,991	91,942
Deposits received	309,822	304,566
Other	167,952	195,119
Total current liabilities	2,443,320	2,272,898
Non-current liabilities		
Bonds payable	4,862,000	4,862,000
Long-term accounts payable - other	6,684	5,835
Long-term unearned revenue	14,889	11,704
Lease liabilities	26,251	22,683
Total non-current liabilities	4,909,824	4,902,224
Total liabilities	7,353,145	7,175,123
Net assets		
Shareholders' equity		
Share capital	653,878	653,878
Capital surplus	261,680	275,862
Retained earnings	3,508,829	3,667,829
Treasury shares	(2,192)	(2,201)
Total shareholders' equity	4,422,196	4,595,369
Accumulated other comprehensive income		
Foreign currency translation adjustment	84,409	85,024
Total accumulated other comprehensive income	84,409	85,024
Share acquisition rights	114,055	114,055
Non-controlling interests	21,436	20,170
Total net assets	4,642,097	4,814,619
Total liabilities and net assets	11,995,243	11,989,742

Quarterly consolidated statement of income

(Thousands of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Net sales	2,737,936	3,154,538
Cost of sales	1,616,876	2,017,416
Gross profit	1,121,060	1,137,121
Selling, general and administrative expenses	797,756	870,164
Operating profit	323,303	266,957
Non-operating income		
Interest income	673	684
Share of profit of entities accounted for using equity method	3,494	4,271
Foreign exchange gains	-	113
Miscellaneous income	140	148
Total non-operating income	4,308	5,217
Non-operating expenses		
Interest expenses	410	299
Interest expenses on bonds	7,280	28,502
Amortization of bond issuance costs	1,003	3,251
Foreign exchange losses	1,011	-
Commission expenses	-	772
Miscellaneous losses	152	817
Total non-operating expenses	9,858	33,644
Ordinary profit	317,753	238,529
Extraordinary losses		
Loss on valuation of investment securities	36,563	35,616
Total extraordinary losses	36,563	35,616
Profit before income taxes	281,190	202,913
Income taxes - current	51,494	45,180
Total income taxes	51,494	45,180
Profit	229,696	157,733
Loss attributable to non-controlling interests	(12,051)	(1,266)
Profit attributable to owners of parent	241,747	158,999

Quarterly consolidated statement of comprehensive income

(Thousands of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Profit	229,696	157,733
Other comprehensive income		
Foreign currency translation adjustment	(128)	615
Total other comprehensive income	(128)	615
Comprehensive income	229,567	158,348
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	241,619	159,614
Comprehensive income attributable to non-controlling interests	(12,051)	(1,266)

Quarterly consolidated statement of cash flows

(Thousands of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Cash flows from operating activities		
Profit before income taxes	281,190	202,913
Depreciation	62,382	64,962
Interest and dividend income	(673)	(684)
Interest expenses on borrowings and bonds	7,690	28,802
Share of loss (profit) of entities accounted for using equity method	(3,494)	(4,271)
Foreign exchange losses (gains)	1,201	(1,087)
Loss (gain) on valuation of investment securities	36,563	35,616
Decrease (increase) in trade receivables	1,506	(29,171)
Decrease (increase) in inventories	10,010	4,182
Increase (decrease) in trade payables	(2,955)	8,835
Decrease (increase) in accounts receivable - other	14,028	14,401
Increase (decrease) in unearned revenue	(3,646)	(6,461)
Increase (decrease) in Long-term unearned revenue	(3,771)	(3,357)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(9,378)	(13,442)
Other, net	(13,450)	(53,172)
Subtotal	377,204	248,066
Interest and dividends received	-	11
Interest paid	(410)	(299)
Income taxes paid	(46,661)	(134,477)
Net cash provided by (used in) operating activities	330,132	113,300
Cash flows from investing activities		
Decrease (increase) in short-term loans receivable	(2,645)	-
Purchase of property, plant and equipment	(147,359)	(67,299)
Purchase of intangible assets	(149,280)	(251,994)
Payments of leasehold and guarantee deposits	(23,220)	-
Purchase of long-term prepaid expenses	(43,259)	-
Net cash provided by (used in) investing activities	(365,766)	(319,293)
Cash flows from financing activities		
Repayments of lease liabilities	(3,355)	(3,459)
Purchase of treasury shares	-	(8)
Net cash provided by (used in) financing activities	(3,355)	(3,468)
Effect of exchange rate change on cash and cash equivalents	(974)	1,654
Net increase (decrease) in cash and cash equivalents	(39,964)	(207,806)
Cash and cash equivalents at beginning of period	4,300,365	7,107,324
Cash and cash equivalents at end of period	4,260,400	6,899,517