



June 25, 2025

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Announcement of Issuance of New Shares as Restricted Stock Remuneration

Japan Communications Inc. (JCI) hereby announces as below, because JCI resolved to issue new shares as Restricted Stock (the “**Issuance of New Shares**”) to its directors (“**Director(s)**”) and to its executive officers and employees (“**Executive Officer(s)**”), at the Board of Directors meeting held today (the “**Board of Directors Meeting**”).

1. Summary of issuance to Directors

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| (1) Date of allotment of shares for subscription | July 16, 2025 |
| (2) Class and total number of shares to be issued | 560,000 common shares of JCI stock |
| (3) Issue price | 157 yen per share (*) *Whereas the shares shall be delivered without consideration, as remuneration for Directors (Article 202-2 of the Companies Act), the issue price is set at 157 yen per share, being the closing price of JCI's common shares on the Tokyo Stock Exchange on the business day immediately preceding the day of resolution at the Board of Directors Meeting (June 24, 2025), which is deemed the fair evaluation value of JCI's common shares for the purpose of the Issuance of New Shares. |
| (4) Total value of issue | 87,920,000 yen |
| (5) Scheduled allottees | Eight (8) Directors: 560,000 shares |
| (6) Other | An Extraordinary Report shall be submitted pursuant to the Financial Instruments and Exchange Act regarding the Issuance of New Shares. |

2. Summary of issuance to Executive Officers

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| (1) Payment date | July 16, 2025 |
| (2) Class and total number of shares to be issued | 355,000 common shares of JCI stock |
| (3) Issue price | 157 yen per share |
| (4) Total value of issue | 55,735,000 yen |
| (5) Scheduled allottees | Six (6) Executive Officers: 355,000 shares |
| (6) Other | An Extraordinary Report shall be submitted pursuant to the Financial Instruments and Exchange Act regarding the Issuance of New Shares. |

3. Objectives and reasons for issuance

At its Board of Directors meeting held on May 10, 2022, JCI resolved to introduce a restricted stock remuneration plan for Directors (the “**Plan**”) in order to provide an incentive to Directors to achieve sustained growth in JCI’s corporate value, and to foster their heightened sense of shared value with shareholders, by further strengthening the link between compensation for Directors and JCI’s share value.

Further, at the 26th Ordinary General Shareholders Meeting held on June 28, 2022 (the “**Shareholders Meeting**”), matters such as the following were approved and adopted: (i) the total number of JCI’s common shares to be issued or disposed of to Directors under the Plan shall be no more than 560,000 shares per year and the total value thereof shall be no more than 100 million yen per year (however, if a share split (including allotment of JCI’s common shares without consideration) or share consolidation of JCI’s common shares is conducted with an effective date on or after the date of the resolution at the Shareholders Meeting, JCI may adjust the total number or the total value of these shares as necessary, within a reasonable range on or after the effective date); (ii) Directors shall not be required to make any payment of cash, etc. in relation to the issuance or disposition of JCI’s common shares to them under the Plan; and (iii) a restricted stock allotment agreement shall be executed between JCI and each of the Directors that contains matters set forth below in relation to the issuance or disposition of JCI’s common shares to them under the Plan (the “**Allotment Agreement**”).

Following the approval and adoption of the matters above, JCI, by considering the purpose of the Plan, the business results of JCI, and other various circumstances, resolved at the Board of Directors Meeting to issue its common shares to Directors and have them held by Directors without requiring payment of cash or delivery of property contributed in kind in exchange therefor.

Further, at the Board of Directors Meeting, JCI resolved to issue its common shares to Executive Officers and have them held by Executive Officers under the same terms as those applicable to the issuance of restricted stock to Directors under the Plan. In relation to this, at the Board of Directors Meeting, JCI resolved to grant to Executive Officers monetary compensation claims to be used as property contributed at the time of acquisition of restricted stock; accordingly, Executive Officers shall receive issuance of JCI’s

common shares by paying in the full amount of the monetary compensation claims as property contributed in kind.

<Summary of the Allotment Agreement>

JCI shall separately execute an Allotment Agreement with each of Directors and Executive Officers (the “**Director(s), Etc.**”); the summary of the terms and conditions of the Allotment Agreement is as follows:

(1) Transfer restriction period

Directors, Etc. shall not transfer, create a security over, or otherwise dispose of JCI's common shares allotted to them pursuant to the Allotment Agreement (the “**Allotted Shares**”) for five years (the “**Transfer Restriction Period**”) from the date on which they received allotment (the “**Allotment Date**”) pursuant to the Allotment Agreement (the “**Transfer Restriction**”).

(2) Events of acquisition without consideration

If a Director, Etc. resigns or retires from the position of a Director, Etc. during the Transfer Restriction Period, JCI shall automatically acquire without consideration all Allotted Shares whose Transfer Restriction has not been released by the time of their resignation or retirement, unless there is a reason that JCI's Board of Directors deems justifiable. Other events for acquisition without consideration shall be as set forth in the Allotment Agreement pursuant to the resolution of JCI's Board of Directors.

(3) Release of transfer restriction

Notwithstanding the provisions of (1) above, subject to a Director, Etc. holding the office of Director, Etc. throughout the period up to the last day of the respective periods set forth in the items below, the Transfer Restriction shall be released for the Allotted Shares at the rate set forth in the relevant item upon expiration of the relevant period (each release upon expiration of each such period, a “**Release of Transfer Restriction**”):

- (a) For two years from the date of allotment: One-fourth of the number of Allotted Shares;
- (b) For three years from the date of allotment: One-fourth of the number of Allotted Shares;
- (c) For four years from the date of allotment: One-fourth of the number of Allotted Shares;
and
- (d) For five years from the date of allotment: All the Allotted Shares whose Transfer Restriction has not been released by the time of expiration of the said period.

However, if a Director, Etc. makes a notice to the effect that the Director, Etc. does not desire a Release of Transfer Restriction by the last day of any period set forth in these items (a “**Notice**”) to JCI, the relevant Release of Transfer Restriction shall not take place upon expiration of the relevant period pertaining to the Notice. In that case, the Transfer Restriction for the Allotted Shares shall be released upon expiration of the period subsequent to the period pertaining to the Notice (or if the Director, Etc. provides another Notice by the last day of that subsequent period, then the further subsequent period; the same applies thereafter) at the rate combining the rates set forth in these items for each of the periods for which no Release of Transfer Restriction has taken place due to the Notice (or the Transfer Restriction shall be released for all Allotted Shares if no Release of Transfer Restriction has taken place by the time of expiration of the period set forth in item (d) above).

Further, if a Director, Etc. resigns or retires from the office of Director, Etc. during the Transfer Restriction Period due to their passing or severe illness precluding the Director, Etc. from continuing service as a Director, Etc., the Transfer Restriction shall be released as of the time immediately following the resignation or retirement for all Allotted Shares whose Transfer Restriction has not been released by that time, subject to the Director, Etc. holding the office of Director, Etc. throughout the period from the Allotment Date to the time of resignation or retirement.

Further, JCI shall automatically acquire, without consideration, all Allotted Shares whose Transfer Restriction has not been released by the time of the expiration of the Transfer Restriction Period pursuant to the provisions above.

(4) Handling of the Allotted Shares in corporate reorganization

Notwithstanding the provisions of (1) above, if, during the Transfer Restriction Period, any of (i) a merger agreement where JCI will become an absorbed company; (ii) a share exchange (*kabushiki kōkan*) agreement or a share transfer (*kabushiki iten*) plan pursuant to which JCI will become a wholly-owned subsidiary; or (iii) other matters relating to JCI's corporate reorganization is approved at a shareholders meeting of JCI (or by JCI's Board of Directors in the case where no approval of a shareholders meeting of JCI is required in relation to the corporate reorganization), JCI shall, by resolution of its Board of Directors, release the Transfer Restriction for the Allotted Shares before the effective date of the corporate reorganization, in the number reasonably determined based on the period from the Allotment Date to the date of approval of the corporate reorganization.

Further, in the case set forth above, JCI shall automatically acquire, without consideration, at the time immediately following the release of the Transfer Restriction pursuant to the provisions above, all Allotted Shares whose Transfer Restriction has not been released yet by that time.

(5) Other matters

Other matters regarding the Allotment Agreement shall be determined at JCI's Board of Directors.

4. Basis of calculation and specific details of amount to be paid in at the time of the Issuance of New Shares to Executive Officers

As stated above, the Issuance of New Shares to Executive Officers shall be conducted pursuant to the resolution of JCI's Board of Directors, by using, as property to be contributed, the monetary compensation claims granted by JCI to Executive Officers, and the amount to be paid in therefor is set at 157 yen per share, which is the closing price of JCI's common shares on the Tokyo Stock Exchange on the business day immediately preceding the day of resolution at the Board of Directors Meeting (June 24, 2025). Given the present situation where there are no noticeable specific circumstances that make it impossible to rely on the recent stock price, JCI deems such amount to be paid in as a rational amount that properly reflects JCI's corporate value and therefore not particularly favorable to Executive Officers.

About Japan Communications Inc. (JCI)

Japan Communications Inc. (JCI), founded in 1996, is a pioneer who created the MVNO market and has brought innovation to the telecommunications industry. While JCI has established a stable profit model in their major business, simple and rational mobile communication services, JCI is aiming for further growth. JCI has strengths in patented technologies such as the mobile leased line "Closed SIM-to-SIM Communication" and the digital authentication technology "FPoS," and is focusing on providing mobile communication services and digital authentication infrastructure based on the authentication technology. The PCI DSS-certified mobile leased line is adopted by high-security sectors, such as police and bank. The FPoS supports security at the highest global standards and convenience. Under the mission of "carrying bit in safety and security," JCI is aiming for developing social infrastructure such as secure mobile environment beyond national borders and is working on sustainable growth and improving corporate value.