

Q1 Financial Results Briefing

For the Fiscal Year Ending March 2026 (30th Term)

(April 2025 – June 2025)

August 8, 2025

Japan Communications Inc.

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Greetings

Founder, Representative Director-Chairman

Frank Seiji Sanda

Overview of Q1 Results

Executive Officer CFO
Mitsuru Kodaira

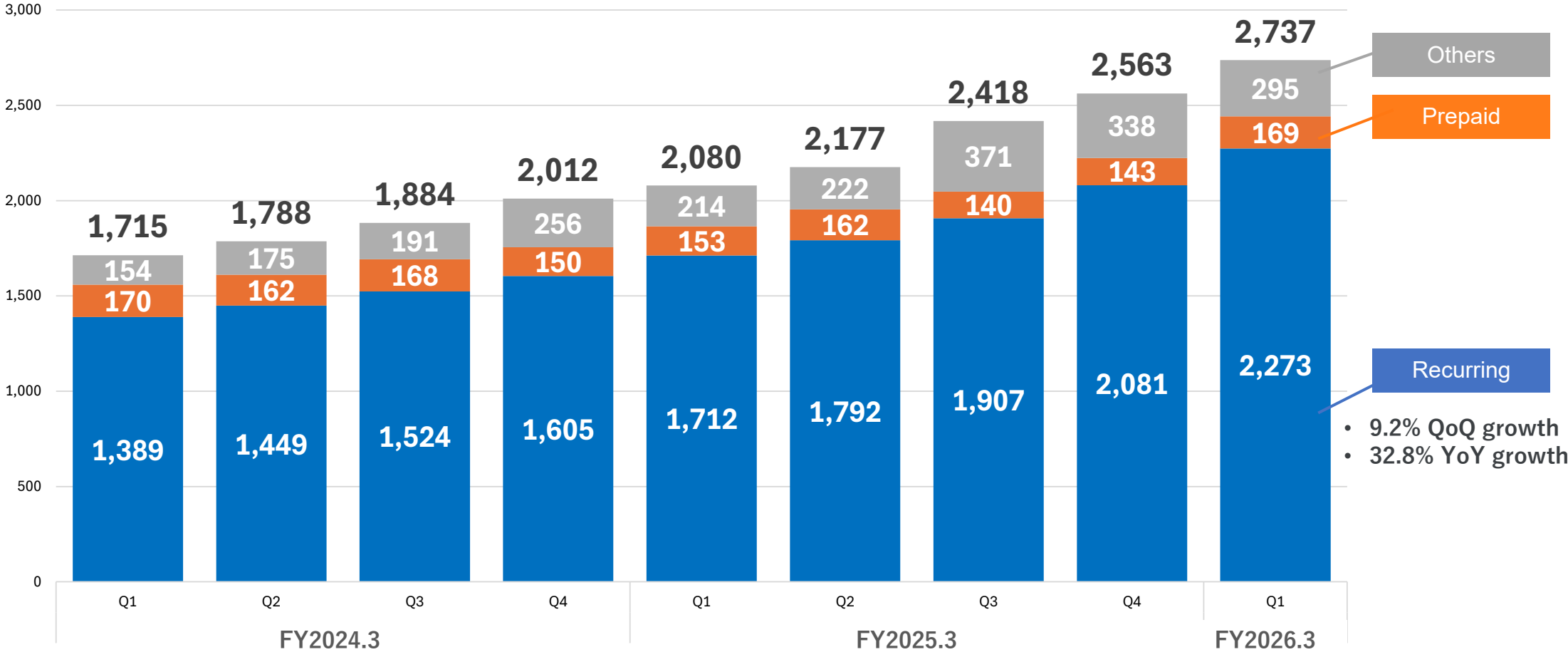
Results (Consolidated)

millions of yen (yen amounts are rounded down to millions)	Q1 FYE26		Previous Quarter				Previous Year			
			Q4 FYE25		change		Q1 FYE25		change	
Net revenue	2,737	100.0%	2,563	100.0%	174	6.8%	2,080	100.0%	657	31.6%
Cost of sales	1,616	59.1%	1,585	61.9%	31	2.0%	1,175	56.5%	441	37.5%
Gross profit	1,121	40.9%	977	38.1%	143	14.7%	905	43.5%	215	23.9%
Selling, general and administrative expenses	797	29.1%	694	27.1%	103	14.9%	668	32.1%	129	19.3%
Operating profit	323	11.8%	283	11.0%	40	14.2%	236	11.4%	86	36.7%
Ordinary profit	317	11.6%	300	11.7%	17	5.7%	254	12.3%	62	24.7%
Profit attributable to owners of parent	241	8.8%	292	11.4%	(51)	(17.5%)	186	8.9%	55	29.8%

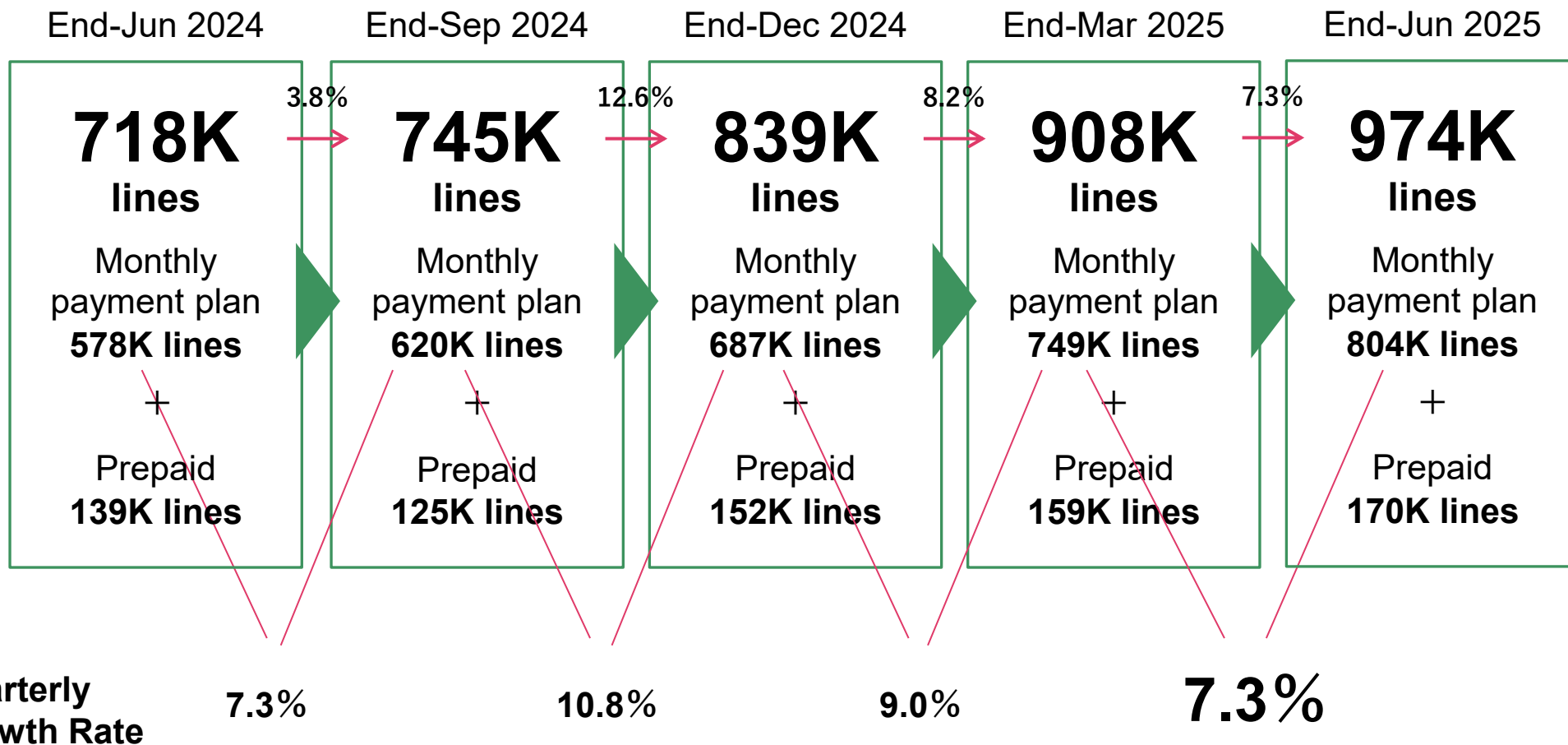
Quarterly Revenue Trend

Steady Growth in Recurring Revenue

(JPY million)



Number of Contracted Lines



On track to 10 million lines in 2034, which gives us 4.0% mobile market share.

Balance Sheet (Consolidated)

millions of yen (yen amounts are rounded down to millions)	Q1 FYE26	Previous Quarter		Previous Year	
		Q4 FYE25	change	Q1 FYE25	change
Current assets	5,556	5,507	49	3,503	2,053
Cash and deposits	4,260	4,300 ^{※1}	(39)	2,496	1,763
Accounts receivable - trade	794	796	(2)	618	175
Merchandise	37	49	(12)	67	(30)
Other	473	368	104	324	148
Allowance for doubtful accounts	(8)	(7)	(1)	(4)	(4)
Non-current assets	2,224	1,805	418	1,012	1,211
Property, plant and equipment	559	369	189	348	211
Intangible assets	1,042	815	227	376	666
Investments and other assets	622	621	1	288	334
Deferred Assets	26	27	(1)	-	26
Total assets	7,808	7,340	467	4,516	3,291
Current liabilities	1,909	1,673	236	1,247	662
Accounts payable - trade	470	473	(3)	347	122
Unearned revenue	100	105	(4)	110	(10)
Total current debt	-	-	-	-	-
Current portion of bonds payable	286	286 ^{※1}	-	-	286
Other	1,053	808	244	789	263
Non-current liabilities	1,789	1,796	(7)	119	1,669
Bonds payable	1,714	1,714 ^{※1}	-	-	1,714
Other	75	82	(7)	-	75
Total liabilities	3,699	3,470	229	1,367	2,331
Net assets	4,108	3,870	238	3,149	959
Total liabilities and net assets	7,808	7,340	467	4,516	3,291

Cash Flow (Consolidated)

millions of yen (yen amounts are rounded down to millions)	Q1 FYE26	Previous Quarter		Previous Year	
		Q4 FYE25	change	Q1 FYE25	change
Cash flows from operating activities	330	3	326	152	177
Cash flows from investing activities	(365)	(398)	33	(173)	(192)
Purchase of property, plant and equipment	(147)	(45)	(102)	(144)	(2)
Purchase of intangible assets	(149)	(245)	96	(28)	(120)
Other	(69)	(107)	38	0	(69)
Cash flows from financing activities	(3)	1,967 ^{※1}	(1,971)	(3)	(0)
Effect of exchange rate change on cash and cash equivalents	(0)	(1)	0	2	(3)
Net increase (decrease) in cash and cash equivalents	(39)	1,570	(1,610)	(21)	(18)
Cash and cash equivalents at beginning of period	4,300	2,729	1,570	2,518	1,782
Cash and cash equivalents at end of period	4,260	4,300	(39)	2,496	1,763

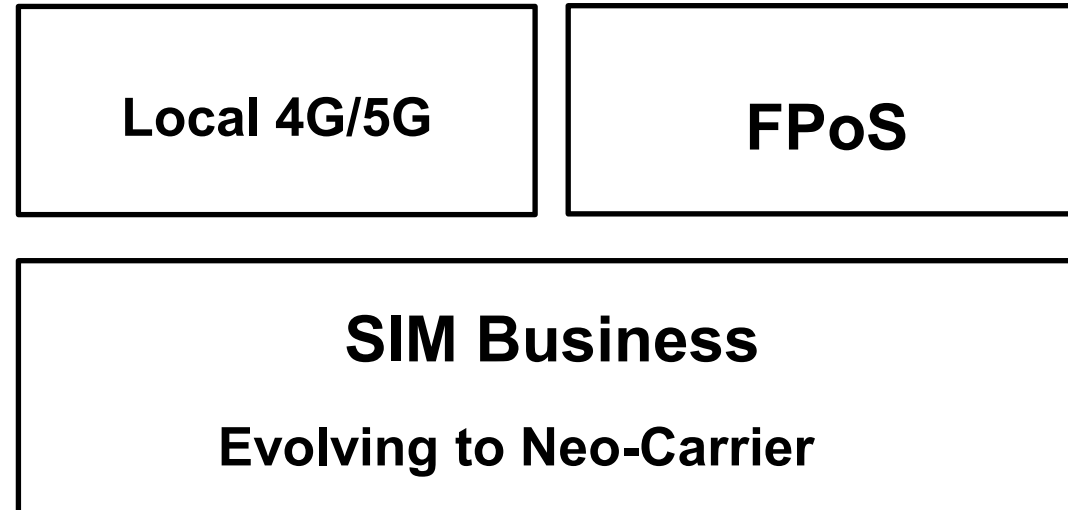
※1 Raised 2 billion yen by issuing corporate bonds

Business Strategy Update

Representative Director-President and CEO
Naohisa Fukuda

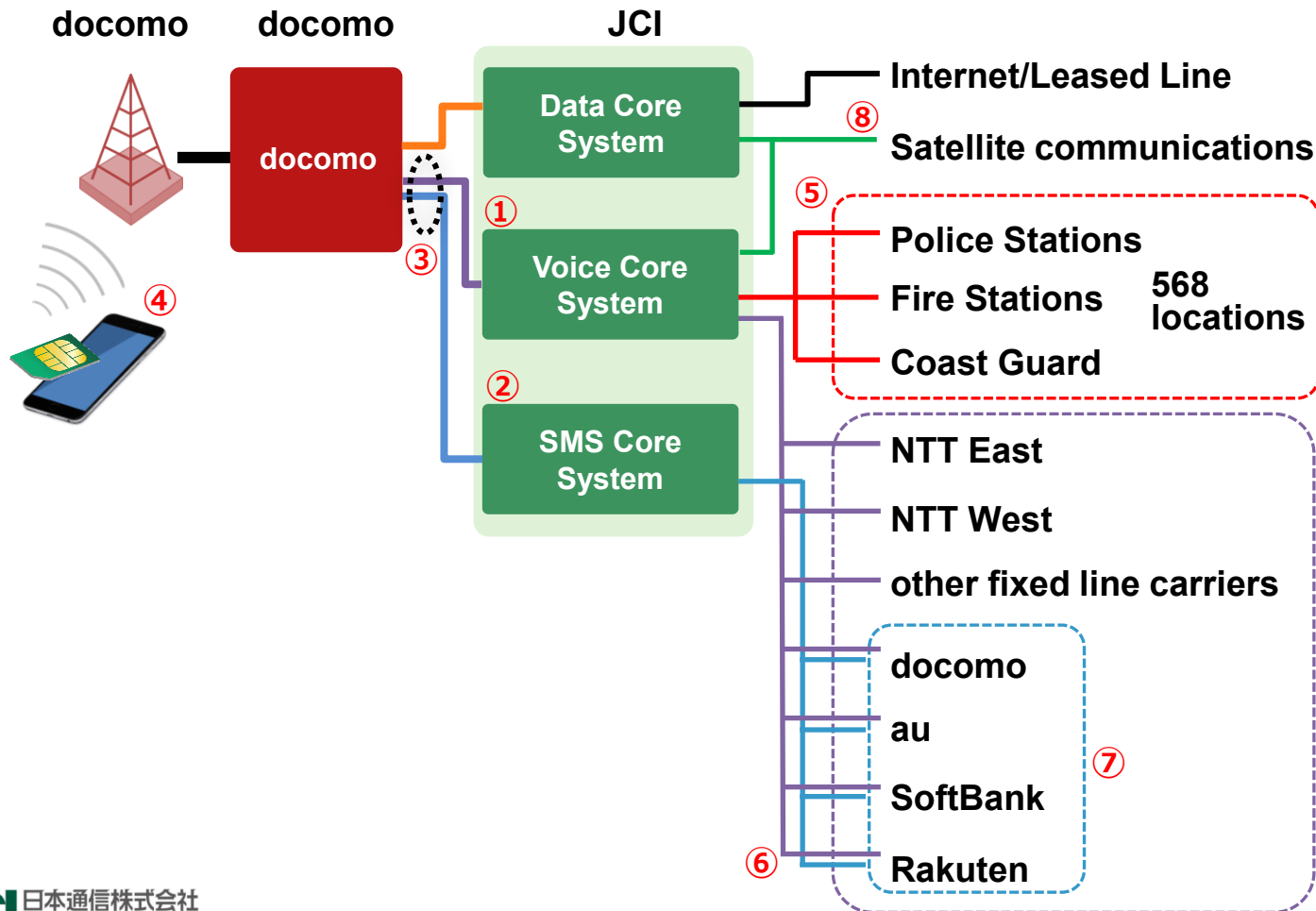
FYE March 2026 Strategy Focus

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



Neo-Carrier Project

Following up the historic agreement with docomo on February 13, 2024, we are aggressively progressing the project.



- ① Development of the voice core system
- ② Development of the SMS core system
- ③ Interconnection of voice and SMS networks with Docomo
- ④ Development of SIM and eSIM systems
- ⑤ Development of the emergency call system
- ⑥ Interconnection with operators of incoming and outgoing calls
- ⑦ Interconnection of SMS networks with mobile carriers
- ⑧ Interconnection with the satellite communications network

Neo-Carrier Project

On June 25, 2025, it is the first MVNO in Japan to receive mobile phone number allocation from the Ministry of Internal Affairs and Communications.

JCI Receives Mobile Phone Number Allocation – First MVNO in Japan

Japan Communications Inc. (Stock code: 9424, hereinafter referred to as "JCI") is pleased to announce that on June 25, 2025, the Ministry of Internal Affairs and Communications (hereinafter referred to as "MIC") allocated JCI a mobile phone number (11-digit number starting with 090 or other numbers). This is the first time that an MVNO (mobile virtual network operator) will be assigned mobile phone numbers in Japan. It is the result of a policy decision by the MIC's Information and Communications Council in December 2021 and a system reform in February 2023. The interconnection with voice and SMS network requires the allocation of mobile phone numbers. This allocation makes steady progress toward the interconnection with voice and SMS networks.

Going beyond the traditional MVNO business model and being freed from the contractual and technical constraints imposed by MNOs (mobile network operators), JCI is embarking on its journey to become a "Neo-Carrier" that provides interconnected voice, SMS, and data communications.

This marks a shift to a new stage where JCI can compete with MNOs and achieve essential independence as a telecommunications operator.

Deregulation - Round 1

Mobile phone number deregulation failed in Round 1.

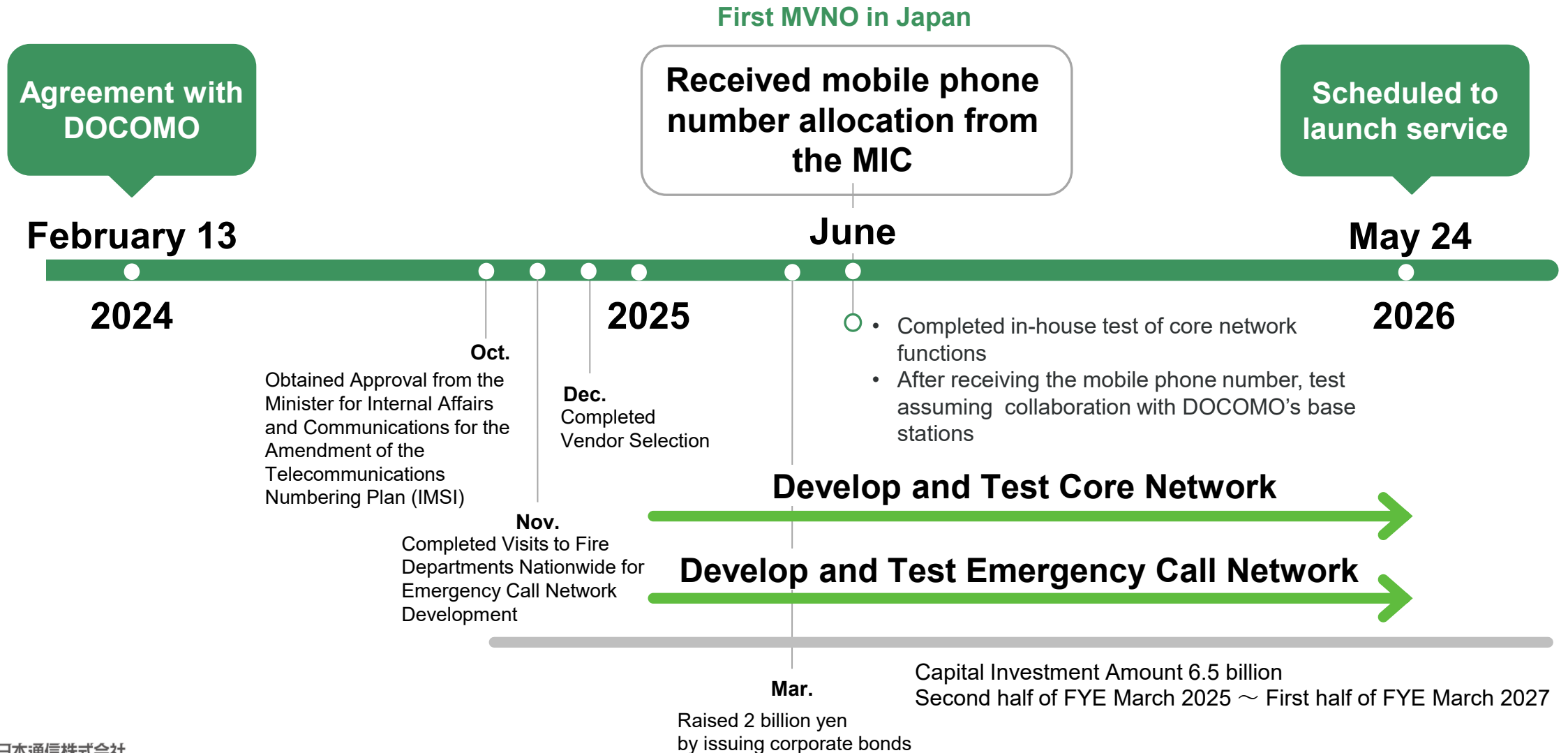
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| January 20, 2011 | JCI announced the world's first 050 mobile IP phone on a mobile network. |
| May 25, 2011 | The Minister of Internal Affairs and Communications consulted with the Information and Communications Council on "The Structure of the Telecommunications Number System, in Response to the Increase in the Number of Mobile Phone Numbers". |
| July 11, 2011 | At a hearing held by the Information and Communications Council, JCI submitted an opinion on "The Structure of the Telecommunications Number System, in Response to the Increase in the Number of Mobile Phone Numbers," calling for the allocation of mobile phone numbers to MVNOs in order to promote competition in the service. |
- It was concluded that direct assignment of mobile phone numbers to MVNOs is unnecessary, as MNOs can support MVNOs in this regard.

Deregulation - Round 2

Mobile phone number deregulation has finally come true.

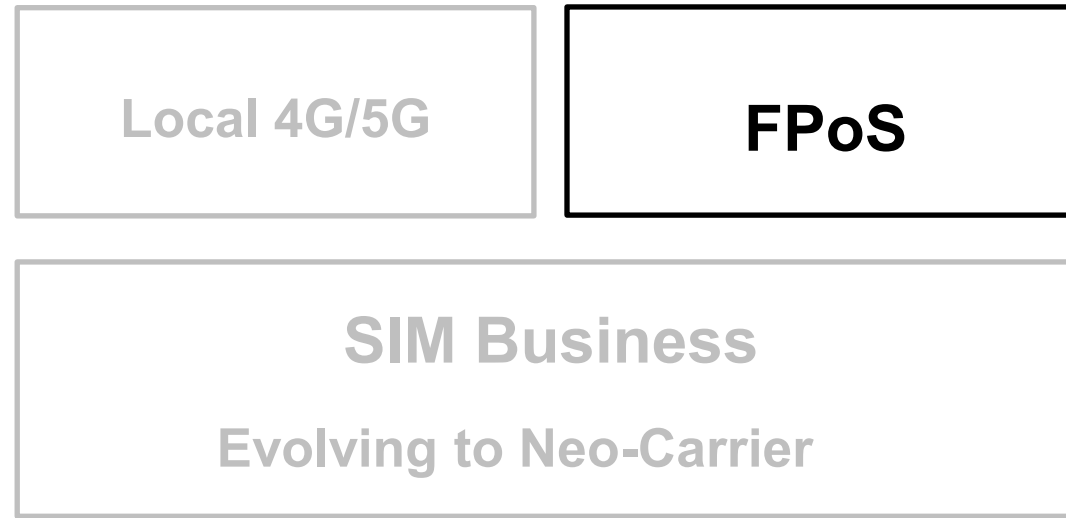
July 18, 2014	JCI announced its request for interconnection (voice network) with NTT Docomo.
November 27, 2015	The Ministry of Internal Affairs and Communications announced its policy to deregulate connections between MVNOs' HLR/HSS and mobile networks.
December 9, 2015	JCI announced its request for interconnection (voice network) with NTT Docomo.
December 8, 2021	<p>The Information and Communications Council submitted a report on "The Structure of the Telecommunications Number System, in Response to the Creation of Diverse Services in a Digital Society"</p> <p>The report indicated that it would be appropriate to assign mobile phone numbers to MVNOs and to review the telecommunications number system and other related systems.</p>
June 10, 2022	JCI announced its request for interconnection (voice network) with NTT Docomo.
February 13, 2024	JCI and NTT Docomo reached agreement on interconnection of voice communication networks, etc.
June 25, 2025	JCI Received Mobile Phone Number Allocation

Neo-Carrier Project



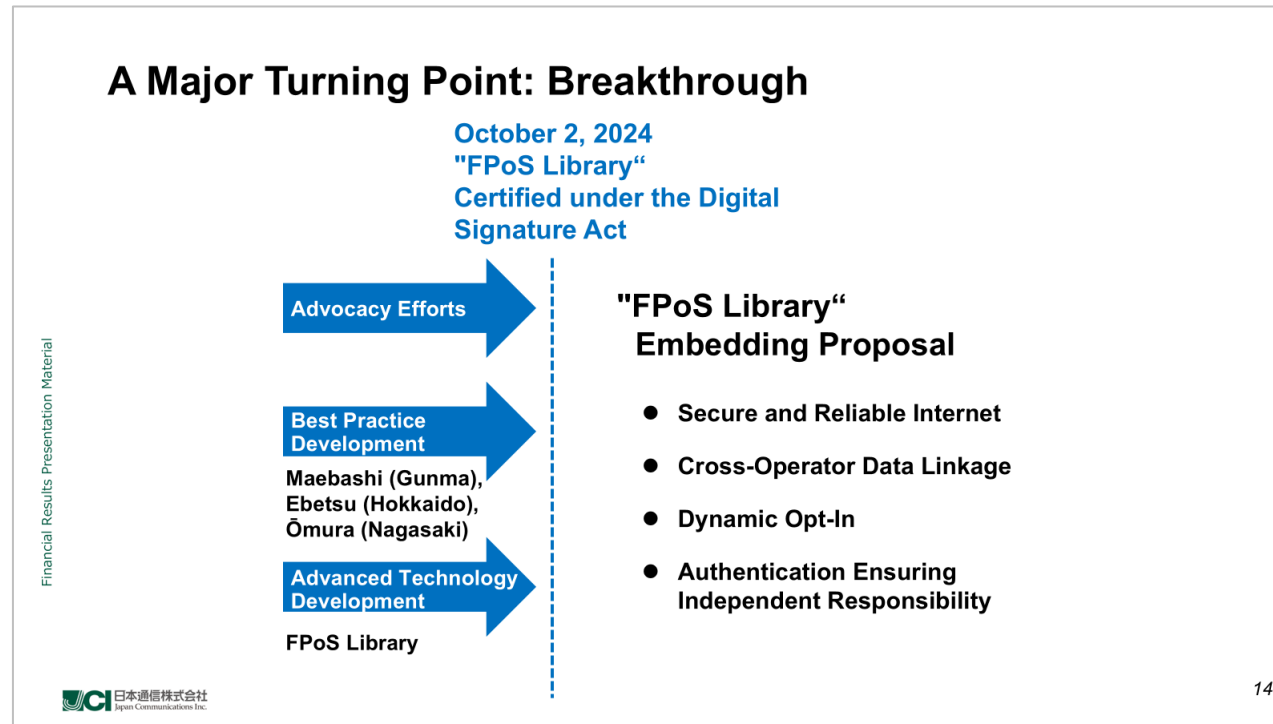
FYE March 2026 Strategy Focus

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Breakthrough

The approval of “Digital Ninsho Module (FPoS Library)” in the Digital Signature Act (October 2, 2024) was a breakthrough.



From Q3 financial results briefing materials for the fiscal year ending March 2025 (29th Term)(February 7, 2025)

FPoS Initiatives

October 2, 2024

The approval of "Digital Ninsho Module (FPoS Library) " in the Digital Signature Act
Legally valid digital IDs can be used in apps with built-in FPoS library (Digital Ninsho Module).

February 14, 2025

Launched "Digital Ninsho Module (FPoS Library) "

March 28, 2025

The approval of "Digital Ninsho Module (FPoS Library)" in the Digital Signature Act
As an accredited certification business operator under Article 8 of Act on Electronic Signatures and Certification Business, the Public Personal Authentication Service (JPKI), the latest four basic pieces of information, and suspected death information can be provided.



July 3, 2025

SouSou, inc. released a "Digital Death Assessment" function app "SouSou".

July 23, 2025

WELLNET CORPORATION released secure payment service app "Shiharai-Hisho".

SouSou, inc. App "SouSou"

想いをつなぐエンディングプラットフォーム

SouSou 新機能

ご逝去の可能性を漏れなく自動検知

**「デジタル逝去判定」
機能を提供開始**

UPDATE release

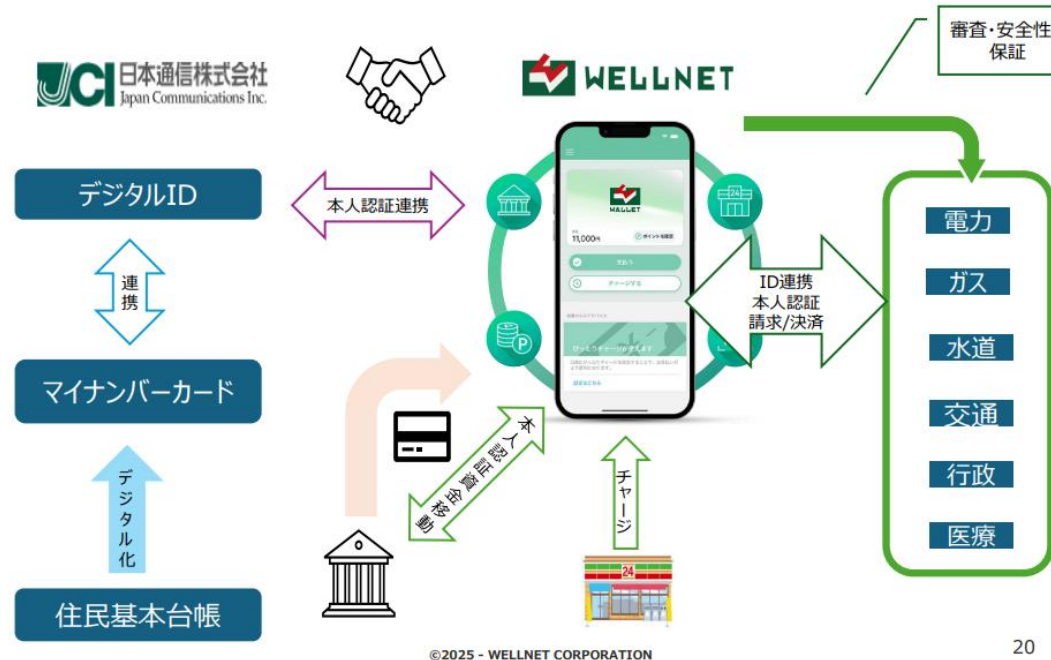


Source: SouSou, inc. Press Release, July 3, 2025, "Ending Platform "SouSou" Launched "Digital Death Assessment" Feature Using My Number Card"

WELLNET CORPORATION App "Shiharai-Hisho"

トピックス①

デジタル化最大の課題を解決する決済・認証プラットフォームが誕生（2025年5月）



Source: WELLNET CORPORATION, Third Quarter Financial Results Briefing for the Fiscal Year Ending June 2025

"Shiharai-Hisho" is a smartphone payment service with a rechargeable electronic money function and can be used for a wide range of payments, including payments to 1,122 local government organizations, 10 electricity companies, 29 gas companies, 71 bus and railway companies, and 27 e-commerce sites including Amazon.

FPOS is the most secure and the most convenient multi-factor authentication



Best Practice

"Providing Phishing-Resistant Multi-Factor Authentication" ※

Changes in the external environment will create a tailwind

- On April 1, 2025, Ministerial Ordinance amending part of the Act on Identity Confirmation, etc. Performed by Mobile Voice Communications Carriers for Their Subscribers, etc. and Prevention of Wrongful Use of Mobile Voice Communications Services (Mobile Phone Act) Enforcement Regulations was promulgated and unifies online identity verification process into Digital KYC in principle. (Effective from April 1, 2026)
- On April 22, 2025, the government held a Cabinet meeting to discuss crime prevention and announced a policy to require Identity verification for data-only SIM contract in "Comprehensive Measures 2.0 to Protect the Public from Fraud".
- On April 25, 2025, Japan Securities Dealers Association (JSDA) announced that "Multi-factor authentication" is mandatory.
- On July 15, 2025, JSDA announced the "Draft Guidelines for Preventing Unauthorized Access, etc. in Internet Trading," which takes into account the implementation and mandate of phishing-resistant multi-factor authentication for critical operations (logins, withdrawals, etc.) and is asking for public comments. (Public comment period: July 15-August 18, 2025)
- On June 24, 2025, Ministerial Ordinance amending part of the Act on Prevention of Transfer of Criminal Proceeds (Anti-Money Laundering Act) Enforcement Regulations was promulgated and unifies online identity verification process into Digital KYC in principle. (Effective from April 1, 2027)
The Financial Services Agency (FSA) has requested the banking industry to respond as quickly as possible, rather than waiting until April 2027.

FPoS's 3 major functions

1 Identity Verification

Public Personal
Authentication Service
(JPKI)

Use My Number
Card as trust
anchor

2 Person Authentication (Login)

Login that cannot be
hijacked or spoofed

digital certificate certified
by the Digital Signature Act

3 Data Linkage

A system that can
safely and reliably
link personal data

a unique common Code
(user identifier)

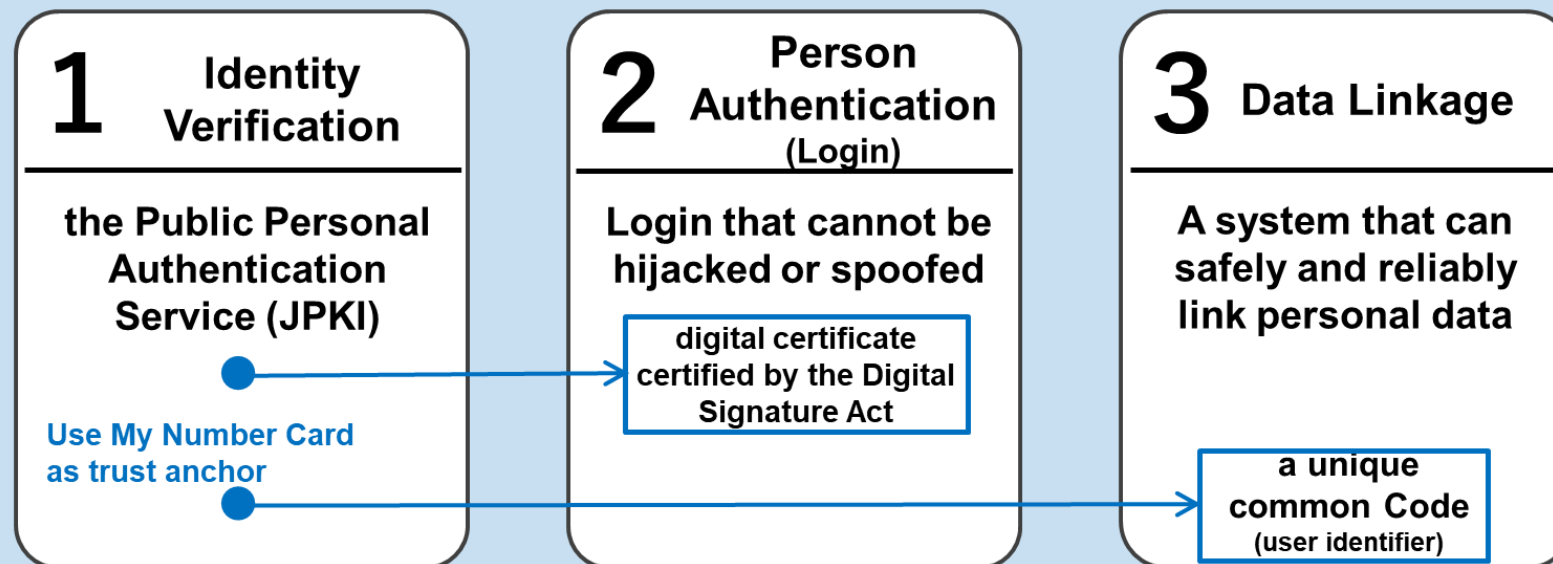
- Unify online identity verification process into Digital KYC in principle.
 - Ministerial Ordinance Partially Amending the Enforcement Regulations of "Mobile Phone Act"
 - Ministerial Ordinance Partially Amending the Enforcement Regulations of "Anti-Money Laundering Act"FSA has requested the banking industry to respond as quickly as possible
- Policy requiring Identity verification for data-only SIM contract

- JSDA announced mandatory "multi-factor authentication"

Revises the Guideline, which takes into account the implementation and mandate of multi-factor authentication (asking for public comments).

- Cabinet decision: "Basic Policy on the State of the Data Utilization System"

FPoS's 3 major functions + α



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- Cabinet decision: "Basic Policy on the State of the Data Utilization System"

+ α : Provide as an "FPoS library"
➡ Embed it into your App

Appointed president in June 2015, and announced a new business strategy in January 2016

日本通信の事業戦略

- ✓ 2016年1月に新事業戦略として発表
- ✓ FinTechプラットフォームについては、2017年8月に公表

ローカル4/5G

(ローカル携帯網による通信事業)

FPoS

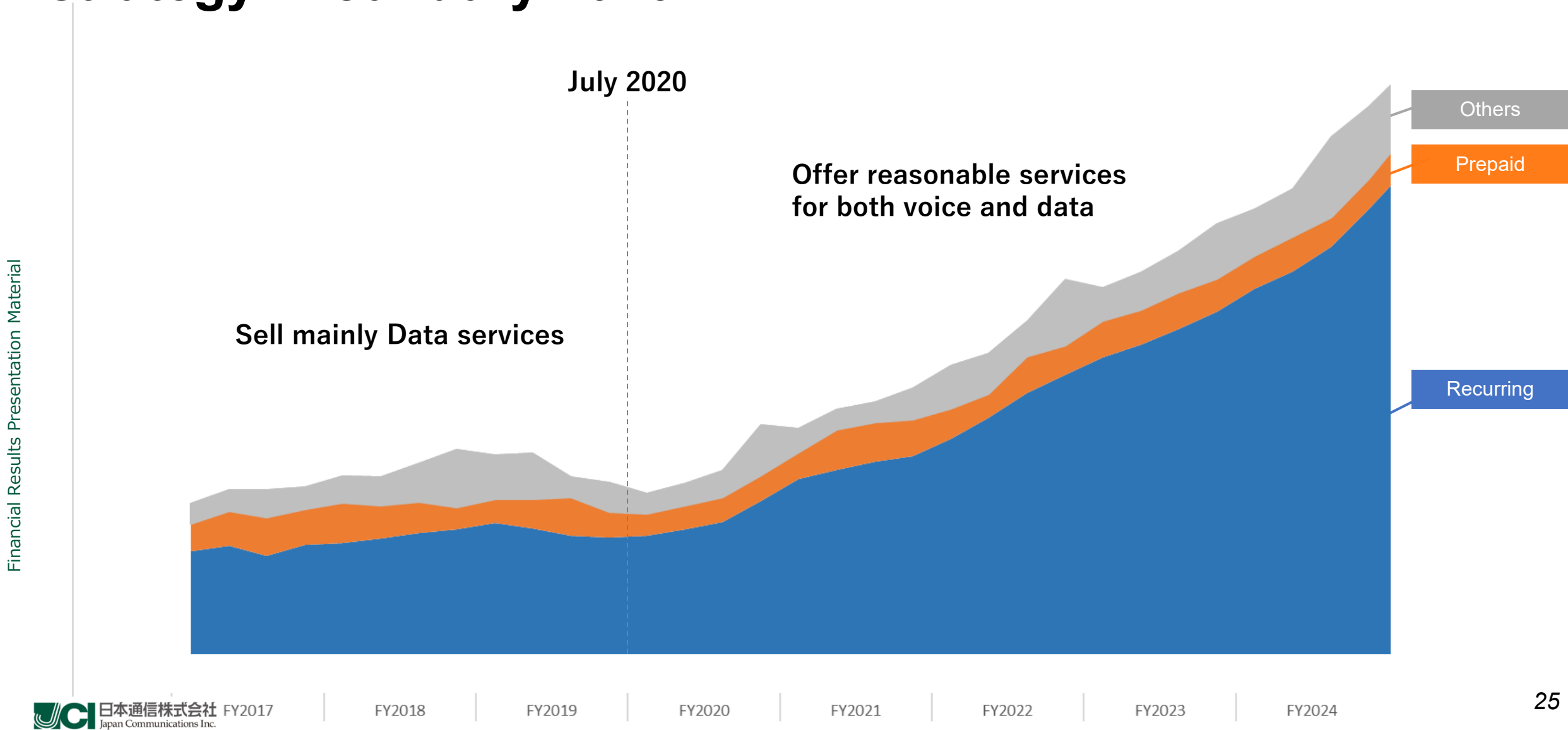
(スマートフォンで利用するデジタルID事業)

SIM事業

(携帯通信事業)

FPoS: Fintech Platform over SIM、エフポス
スマホで安全・安心な金融取引等を実現できる当社の特許技術

Sales since the announcement of the new business strategy in January 2016



Appointed CEO in June 2025, and current business strategy

日本通信の事業戦略

- ✓ 2016年1月に新事業戦略として発表
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ローカル4/5G

(ローカル携帯網による通信事業)

FPoS

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FPoS: Fintech Platform over SIM、エフポス
スマホで安全・安心な金融取引等を実現できる当社の特許技術

The Biggest Challenge

“Make It Operational.”

Establish advanced operations that can withstand exponentially greater responsibility.

Neo-Carrier

FPoS



JCI's Mission

Carrying Bit in Safety and Security

Disclaimer

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