

Q2 Financial Results Briefing

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

(July 2025 – September 2025)

November 7, 2025

Japan Communications Inc.

Note: This document is a translation of the original Japanese text for reference purposes. In the event of any discrepancies between this translation and the original Japanese text, the original text shall take precedence.

Introduction

Representative Director-Chairman
Frank Seiji Sanda

Overview of Q2 Results

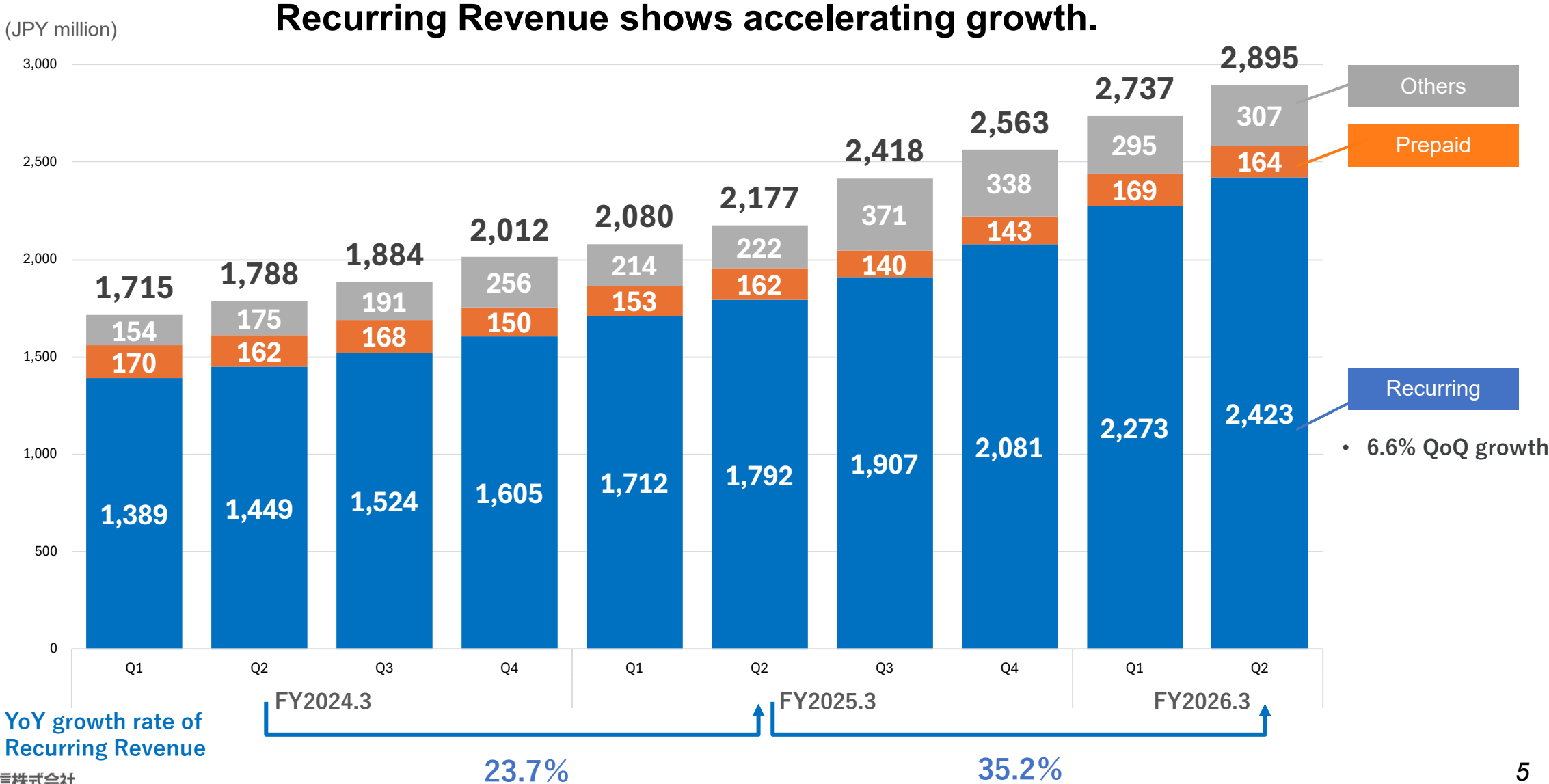
Executive Officer CFO
Mitsuru Kodaira

Results (Consolidated)

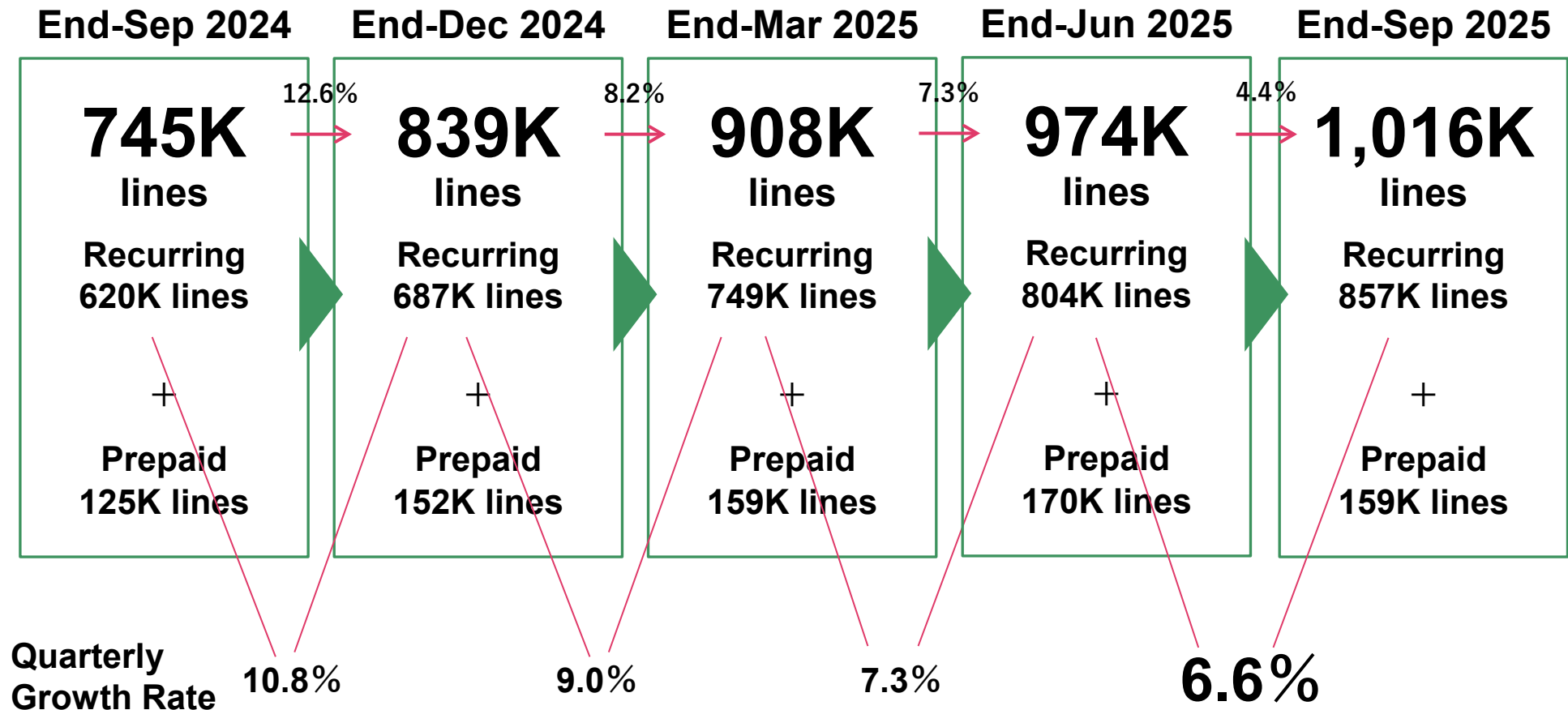
millions of yen (yen amounts are rounded down to millions)	Q2 FYE26		Previous Quarter				Previous Year			
			Q1 FYE26		change		Q2 FYE25		change	
Net revenue	2,894	100.0%	2,737	100.0%	157	5.7%	2,177	100.0%	717	33.0%
Cost of sales	1,812	62.6%	1,616	59.1%	195	12.1%	1,244	57.2%	567	45.6%
Gross profit	1,082	37.4%	1,121	40.9%	(38)	(3.4%)	932	42.8%	150	16.2%
Selling, general and administrative expenses	823	28.4%	797	29.1%	25	3.2%	839	38.6%	(15)	(1.9%)
Operating profit	259	9.0%	323	11.8%	(63)	(19.7%)	^{*1} 92	4.3%	166	179.4%
Ordinary profit	259	9.0%	317	11.6%	(58)	(18.3%)	70	3.2%	189	269.9%
Profit attributable to owners of parent	202	7.0%	241	8.8%	(38)	(16.1%)	60	2.8%	142	234.3%

*1 Actions to Increase Awareness: JPY185 million

Quarterly Revenue Trend



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)	Q2 FYE26	Previous Quarter		Previous Year	
		Q1 FYE26	change	Q2 FYE25	change
Current assets	4,611	5,556	(945)	3,190	1,420
Cash and deposits	3,222	4,260	(1,037)	2,174	1,047
Accounts receivable - trade	853	794	59	664	189
Merchandise	66	37	29	61	4
Other	505	473	31	296	208
Allowance for doubtful accounts	(37)	(8)	(29)	(7)	(30)
Non-current assets	3,255	2,224	1,030	1,381	1,873
Property, plant and equipment	558	559	(0)	372	185
Intangible assets	2,027	1,042	984	372	1,654
Investments and other assets	669	622	46	636	32
Deferred Assets	25	26	(1)	-	25
Total assets	7,892	7,808	84	4,572	3,319
Current liabilities	1,888	1,909	(21)	1,165	723
Accounts payable - trade	568	470	98	373	195
Unearned revenue	91	100	(8)	98	(7)
Total current debt	-	-	-	-	-
Current portion of bonds payable	286	286	-	-	286
Other	942	1,053	(110)	693	248
Non-current liabilities	1,634	1,789	(154)	102	1,532
Bonds payable	1,571	1,714	(143)	-	1,571
Other	63	75	(11)	102	(38)
Total liabilities	3,523	3,699	(176)	1,267	2,255
Net assets	4,369	4,108	260	3,305	1,063
Total liabilities and net assets	7,892	7,808	84	4,572	3,319

Cash Flow (Consolidated)

millions of yen (yen amounts are rounded down to millions)	Q2 FYE26	Previous Quarter		Previous Year	
		Q1 FYE26	change	Q2 FYE25	change
Cash flows from operating activities	207	330	(123)	66	140
Cash flows from investing activities	(1,099)	(365)	(733)	(379)	(719)
Purchase of property, plant and equipment	(81)	(147)	66	(21)	(59)
Purchase of intangible assets	(999)	(149)	(850)	(60)	(939)
Other	(18)	(69)	50	(298)	279
Cash flows from financing activities	(146)	(3)	(143)	(4)	(142)
Effect of exchange rate change on cash and cash equivalents	1	(0)	2	(4)	5
Net increase (decrease) in cash and cash equivalents	(1,037)	(39)	(997)	(321)	(715)
Cash and cash equivalents at beginning of period	4,260	4,300	(39)	2,496	1,763
Cash and cash equivalents at end of period	3,222	4,260	(1,037)	2,174	1,047

Progress towards the direction of FYE March 2026

(million yen)

SIM	FYE March 2026 Projection	Current Results	% Progress
Revenue	11,000	5,580	50.7%
COGS	6,200	3,035	48.9%
Gross Margin	4,800	2,545	53.0%
GM%	43.6%	45.6%	-
SG & A	2,100	1,189	56.6%
Operating Profit	2,700	1,356	50.2%
OP%	24.5%	24.3%	-

+Depreciation	150	44	29.3%
-AD	-240	-10	4.2%
-CAPEX	-100	-46	46.0%
-TAX	-200	-118	59.0%

Free Cash Flow	2,310	1,226	53.1%
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FPoS	FYE March 2026 Projection	Current Results	% Progress
Expenditure	800	405	50.6%
CAPEX		39	
Expenses		366	

Neo carrer	FYE March 2026 Projection	Current Results	% Progress
Expenditure	5,400	1,975	36.6%
CAPEX		1,567	
Expenses		408	

Total Expenditure	6,200	2,265	36.5%
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Business Strategy Update

**Representative Director
-President and CEO
Naohisa Fukuda**

Neo-Carrier Project

February 13, 2024 JCI agreed with DOCOMO regarding the interconnection of voice and SMS network.

February 14, 2024 Press conference

JCI announced that JCI plans to launch new services based on voice and SMS interconnection with DOCOMO on May 24, 2026, which is JCI's 30th Founding Anniversary.



- Develop core network
- Develop emergency call network
- Interconnection with voice network operators



After negotiations and coordination with many operators to whom JCI connects voice network, JCI resets the launch target date for the new services to November 24, 2026.

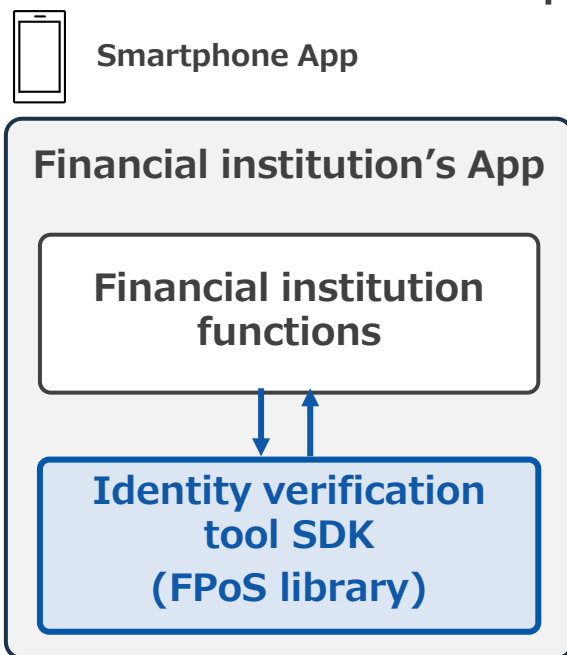
CNS (Chigin Network Service Co.,Ltd)

On October 29, 2025, the basic terms were agreed for CNS to provide identity verification etc. service to regional banks and other financial institutions.

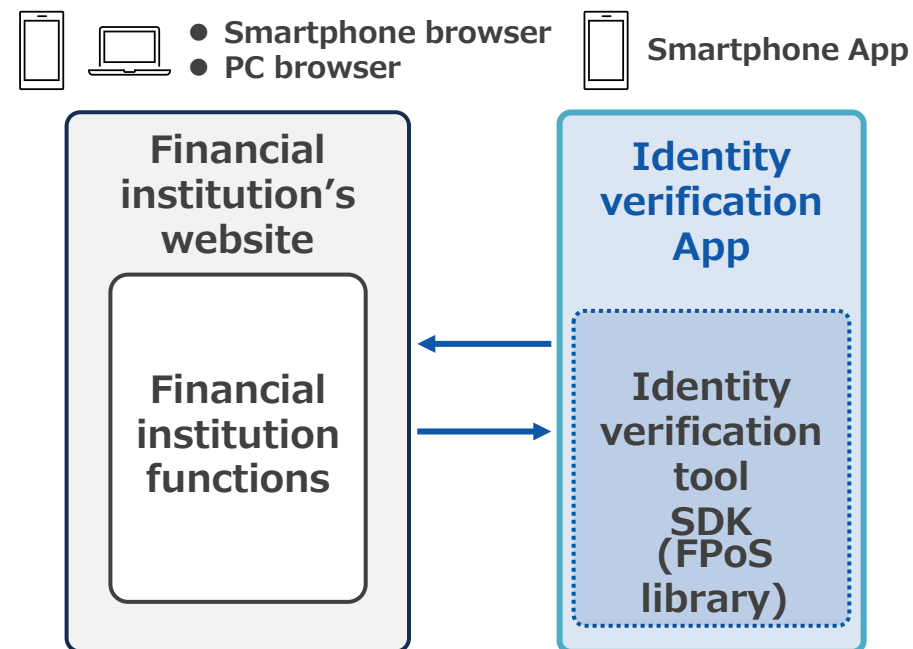
CNS has begun providing a development version of the Service from October 2025 and plans to gradually begin providing the commercial version of the Service to the financial institutions from April 2026 onwards.

< Two method to provide >

The method to embed FPoS library (Identity verification tool SDK) into a financial institution's App

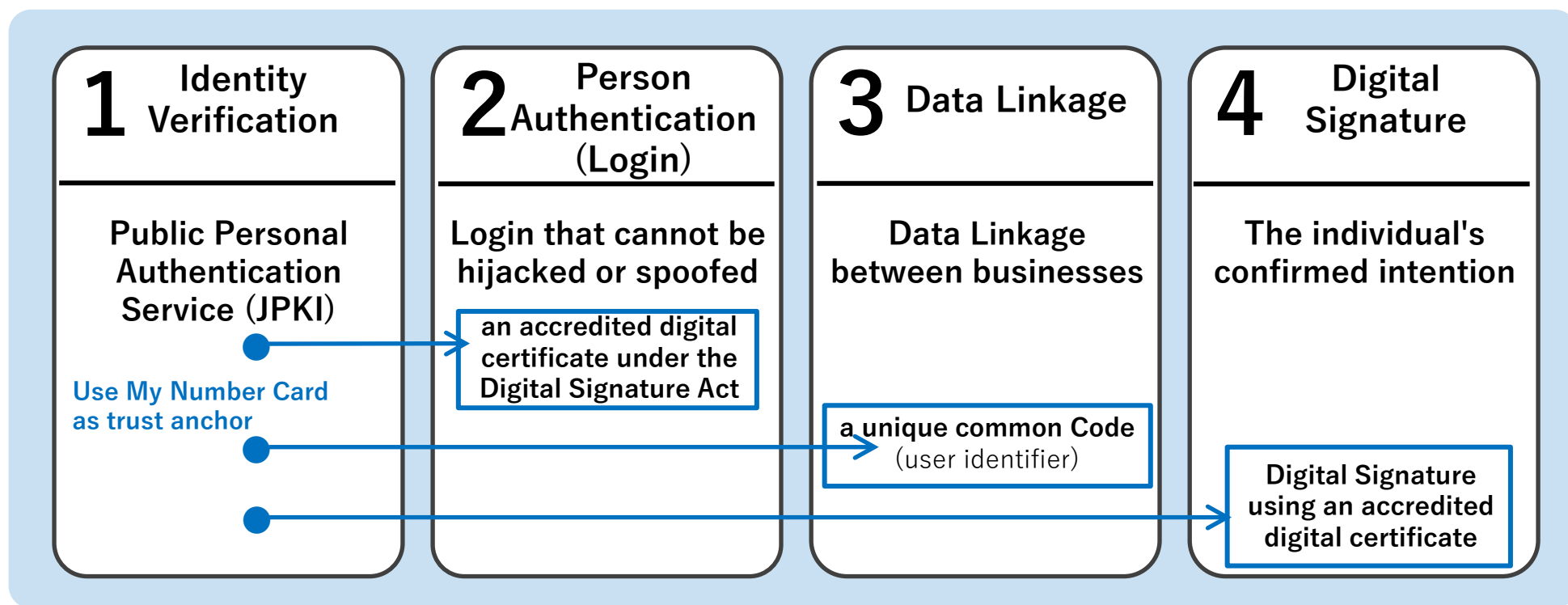


The method to link a financial institution's website to FPoS library (Identity verification App)



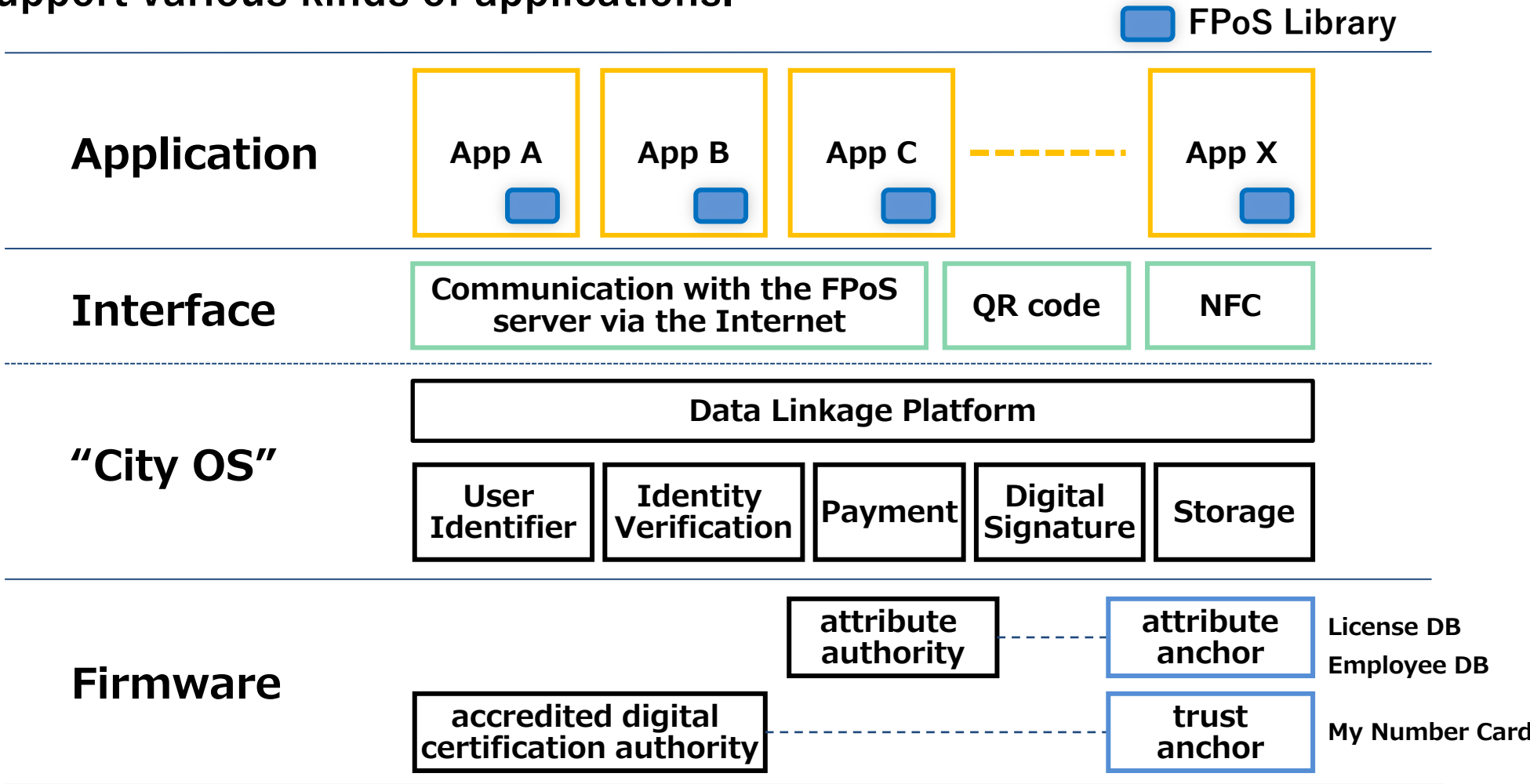
4 Major Functions of FPoS Library

FPoS Library can progress from using JPKI(Public Personal Authentication Service) to utilizing its other functions.



FPoS Digital Architecture

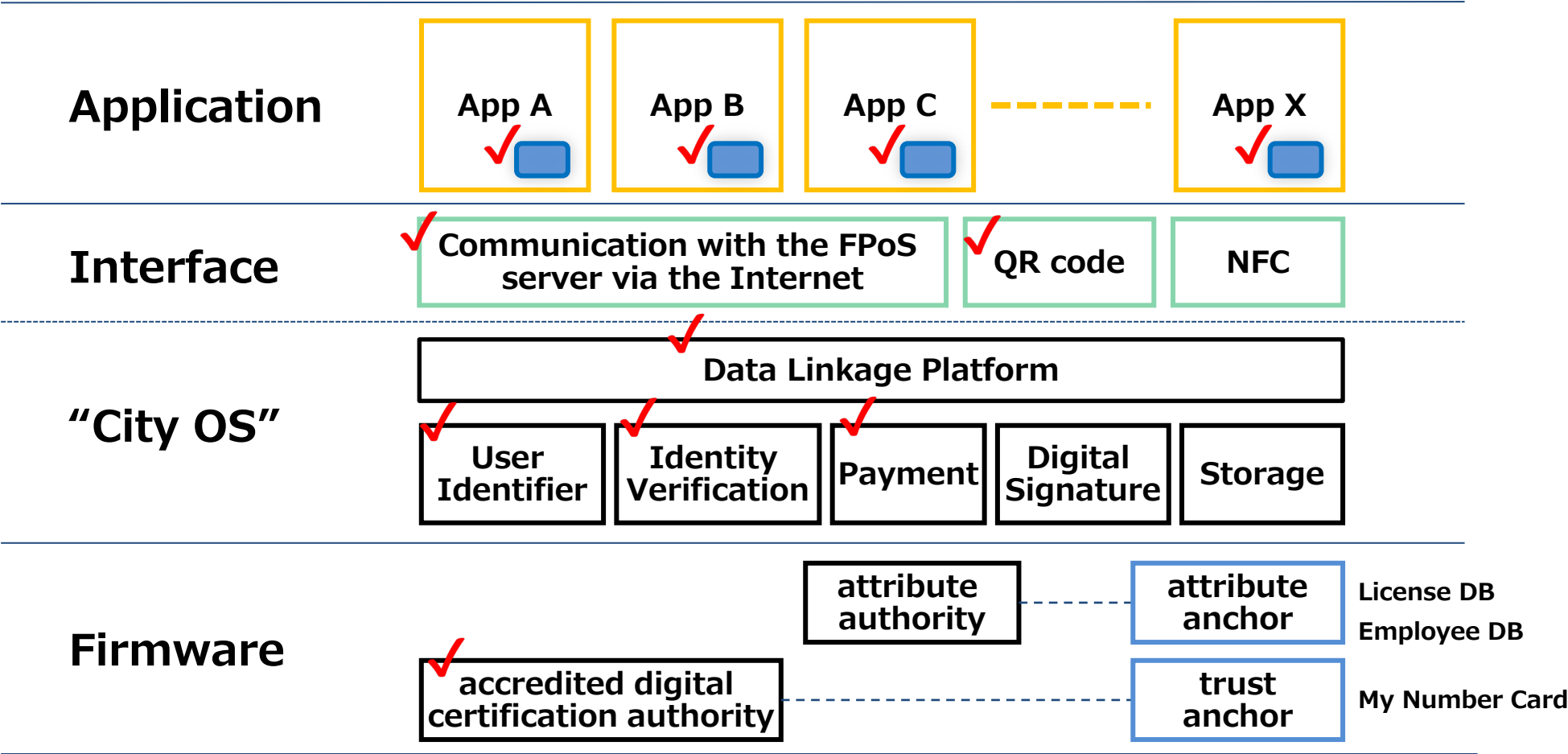
FPoS has robust and flexible architecture to support various kinds of applications.



FPoS Digital Architecture

Most of the components have been implemented and the rest is on the way.

✓ implemented  FPoS Library



NFC contactless payment

On September 17, 2025, JCI conducted a proof-of-concept for replacing QR code payments for Mebuku Pay with NFC contactless payment, and products were purchased using NFC contactless payment utilizing FPoS.



at stores within JINS PARK Maebashi

- NFC contactless payment using Android smartphone
 - Small-value payments : Completed with just a touch of a smartphone
 - Large-value payments : With signature verification by FPoS authentication server

The Biggest Challenge

“Make it Operational.”

**Establish advanced operations that can
withstand exponentially greater responsibility.**

**Development
and Technical
Support
System**

**Office
Location
Redundancy**

Okinawa Office (MACHINATO node) Opening

New node opened on September 15, 2025.
Operating as a call center and functioning as a project promotion center in Okinawa.



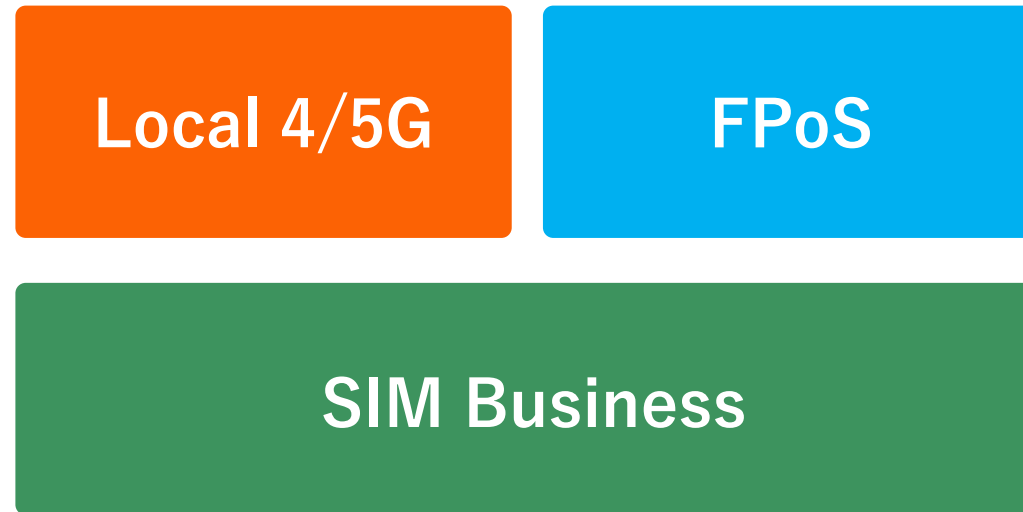
Call Center area in Okinawa

Strategic 4 Offices in Japan

- **Toranomon Office in Tokyo (TORANOMON node)**
Multi-functional node covering technology development, legal, and accounting
- **Yoshioka Office in Gunma (YOSHIOKA node)**
Opened in July 2021. Currently operating as a shipping and call center base
- **New: Okinawa Office (MACHINATO node)**
Opened on September 15, 2025
- **New: Osaka Office (UMEKITA node)**
New node to be launched on late March 2026.
Scheduled to operate as a technology development node following Tokyo and Denver, U.S.

JCI business strategy

- ✓ Announced as a new business strategy in January 2016
- ✓ Announced about FinTech platform in August 2017



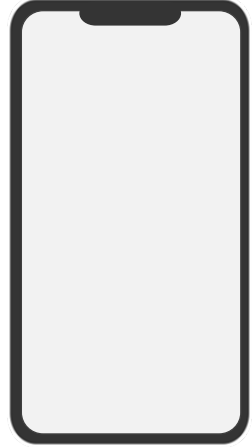
FPoS: Fintech Platform over SIM

Our patented technology which enables safe and secure financial transactions on smartphones

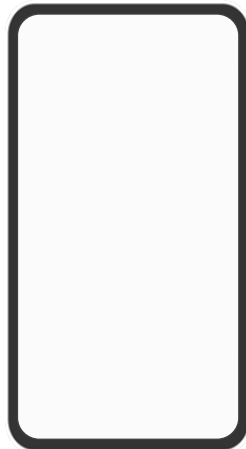
JCI business strategy

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- ① **Pair Key Authentication technology** (private key/public key)
 - ② **Protect the private key within hardware to ensure it is never stolen**(HSM)

Security is ensured by the authenticity of the node (terminal side)



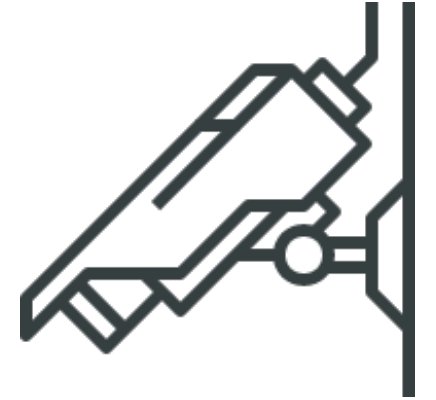
iPhone



Android



PC

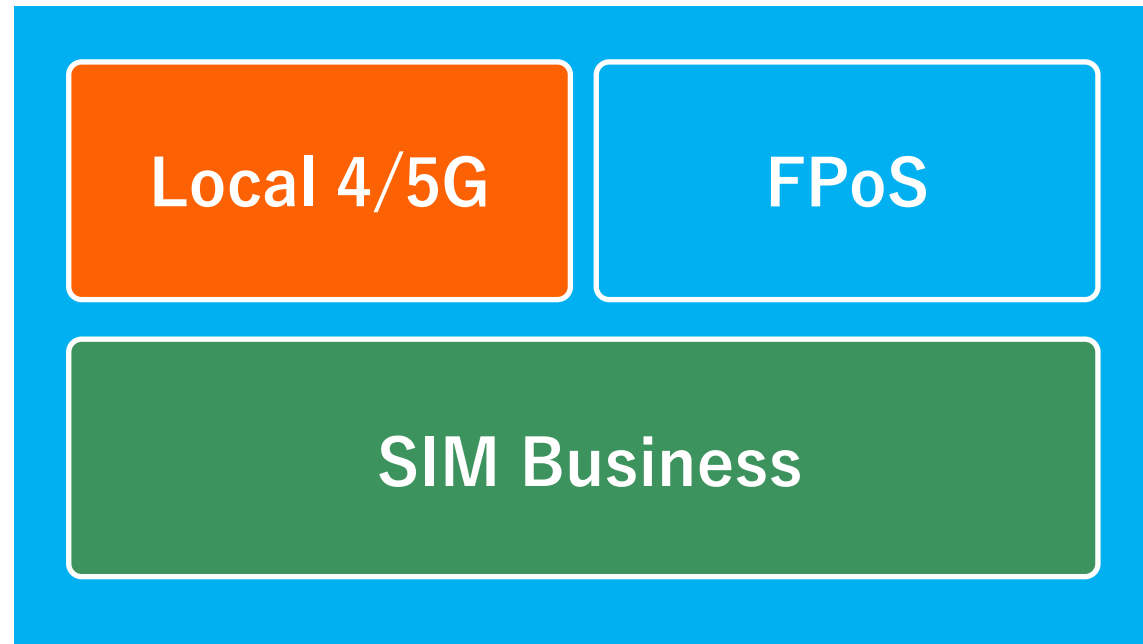


IoT etc,.



JCI business strategy

Carrying Data Safely and Securely



Network Agnostic Operator

*Agnostic: not dependent on anything specific



JCI's Mission

Carrying Bit Safely and Securely

Disclaimer

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