

November 6, 2025

Consolidated Financial Results for the Six Months Ended September 30, 2025 (Under Japanese GAAP)

Company name: Japan Communications Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 9424
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 Scheduled date to file semi-annual securities report: November 7, 2025
 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 six months ended September 30, 2025 (from April 1, 2025 to September 30, 2025)

(1) Consolidated operating results

(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, 2025	5,632	32.3	582	76.9	577	77.6	444	80.1
September 30, 2024	4,257	21.5	329	(38.2)	325	(43.1)	246	(69.9)

Note: Comprehensive income For the six months ended September 30, 2025: ¥419 million [78.1%]
 For the six months ended September 30, 2024: ¥235 million [(70.1)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2025	2.67	-
September 30, 2024	1.49	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2025	7,892	4,369	52.6
March 31, 2025	7,340	3,870	50.4

Reference: Equity
 As of September 30, 2025: ¥4,148 million
 As of March 31, 2025: ¥3,702 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, 2025	-	0.00	-	0.00	0.00
Fiscal year ending March 31, 2026	-	0.00			
Fiscal year ending March 31, 2026 (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, 2026

In order to realize the mission of "transporting bits safely and securely," the Company is providing mobile communication services and mobile solutions and the Company is developing business providing communication and authentication platforms that guarantee identity and authenticity using the Company's patented digital ID (FPoS) technology (hereinafter referred to as the "FPoS Business"). FPoS is a technology that has been recognized by the Financial Services Agency as contributing to ensuring the safety and improving the convenience of financial transactions. In mobile communication services, the Company agreed with NTT DOCOMO, Inc. (hereinafter referred to as "DOCOMO") to interconnect with DOCOMO's voice and SMS network in February 2024 and the Company plans to launch a new service based on the interconnection in November 2026. This will allow the Company to develop new business as Neo-Carrier and the Company expects to provide 10 million lines in 2034. In the FPoS business, an evaluation of institutional credibility based on the certification of the Electronic Signature Act has been penetrated as well as technical reliability. This will allow the Company to grow at a geometric progression and the Company expects to provide 100 million digital certificates in 2034. Through the above services and business, the Company expects net revenue of 240 billion yen and profit after tax of 36 billion yen in 2034. First, the Company will prepare for an interconnection with DOCOMO's voice and SMS network by November 2026 (scheduled), will try to expand its customer base through measures to raise awareness, and will try to establish FPoS's evaluation and to expand their case studies simultaneously.

* **Notes**

- (1) Significant changes in the scope of consolidation during the period: 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, 2025	166,838,739 shares
As of March 31, 2025	165,923,739 shares

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

As of September 30, 2025	29,504 shares
As of March 31, 2025	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, 2025	166,285,997 shares
Six months ended September 30, 2024	165,374,027 shares

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

* Proper use of earnings forecasts, and other special matters

A financial results meeting will be held on Friday, November 7, 2025 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, 2025

(i) Mobile Telecommunications Service (MVNO/MVNE business)

Nihon Tsushin SIM

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. Also, the Company conducted first time TV commercials (“We cannot subtract any further. 290 yen” edition) and conducted the similar advertising on the Internet, as an awareness improvement measures of “Nihon Tsushin SIM,” in the previous fiscal year. These measures allow “Nihon Tsushin SIM” to be posted in a comparison website, SNS, etc. and its marketability and price competitiveness are highly valued. 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.

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 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.

Due to the awareness being improved and the products being evaluated, the revenue from “Nihon Tsushin SIM” has been growing for both individual and corporate subscribers and has been driving the Company’s growth.

Neo-carrier

The Company is aiming for starting new service based on the interconnection with the voice and SMS network of NTT DOCOMO, INC. (“DOCOMO”) in November 2026 (scheduled) and the Company is in process of building the mobile core network for the voice and SMS service. As the interconnection with DOCOMO’s voice and SMS network requires the Company to be allotted the mobile phone numbers, the Company was allotted the mobile phone numbers (eleven-digit numbers starting with 090, etc.) from the Ministry of Internal Affairs and Communications in June 2025, as the first MVNO in Japan.

The Company is progressing steadily for the realization of interconnection with DOCOMO’s voice and SMS network.

(ii) Mobile Solution (MSP business)

Telecommunications business through local mobile networks (local 4G/5G business)

For the 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.

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 Japanese partner and customer companies.

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.

Others

The Company provides various solutions using mobile telecommunication such as private SIM-to-SIM telecommunication, secure payment solution completely conforming to PCI DSS, the global payment security standard, upload-prioritized SIM for IoT devices and security cameras.

(iii) FPoS business

As digital transformation (DX) is 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 (FinTech Platform over SIM), 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 security

The authentication by FPoS is implemented as follows:

- i) certain verification of customer's identity
When a customer installs FPoS in their smartphone (iPhone and Android), FPoS will verify their identity by private key and electronic certificate, which are equipped with an IC chip in a customer's Individual Number Card,
- ii) generation of private key and issuance of electronic certificate
The Electronic certification authority, that is accredited under the Electronic Signatures Act, generates private key and issues electronic certificate in the secure area built in a customer's smartphone, and
- iii) guarantee of the identity and authenticity
By examining the combination of a public key contained in an electronic certificate and a private key, FPoS will guarantee the identity (confirmation of the person's identity) and authenticity (confirmation that the person's intent is not falsified) of a customer.

As stated above, the authentication by FPoS has a high-level security equal to an Individual Number Card. Accordingly, a customer could not be impersonated and the customer's data could not be falsified, though they are common concern using service on a smartphone.

And FPoS has a function of "Dynamic Opt-in" that allows a customer to confirm their Recipients of Personal Information and enables a customer to manage their Recipients of Personal Information, such as authorize or revoke to authorize.

While an Individual Number Card shall be used as a digital ID in administrative procedures, FPoS can be used as a digital ID and authentication infrastructure in a wide range of areas including administrative procedures by local governments and business operators.

FPoS function

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.

To expand FPoS implementation cases, the Company has developed "FPoS library (Digital Authentication Module)" as follows:

-In May 2024

The Company released "FPoS library" which is a component of the core functions of FPoS, that are functions of identity verification, person authentication and data linking.

-In October 2024

The Company received certification under the Electronic Signatures Act for the business implementation method of "my electronic certificate" by FPoS that allows to obtain the amended information of basic four information described in an Individual Number Card (name, address, date of birth and gender) subject to the individual's consent.

-In February 2025

The Company started to provide the “Digital Authentication Module” as a development software module for smartphone application in collaboration with my FinTech Inc., a subsidiary of the Company, Mebuku Ground Inc., a private-public partnership company made up of Maebashi City, private-sector business enterprises and universities, and other entity.

As stated above, when the business operators who provide services through the applications for smartphones incorporate the “Digital Authentication Module” into their applications, they can use the functions of identity verification, person authentication and data linking authenticated by FPoS and can use a digital ID based on the basic four information described in an Individual Number Card on their application. This will solve the two problems of using the Internet on your smartphone, the “safety” and the “difficulty of data linking”.

FPoS implementation cases

-In July 2025

“FPoS library” was incorporated into the payment application on smartphones provided by WELLNET CORPORATION, and safe and secure payment using electronic certificate started carrying. This payment application implements identity verification by an Individual Number Card when a customer creates their account and the customer authentication is implemented using private key managed in Hardware Security Module (HSM) built in smartphone and electronic certificate, and it replaces former authentication by ID and password. This provides a fundamental solution to the problems of impersonation, and unauthorized logins through man-in-the-middle attack, and data falsification.

-In August 2025

my FinTech Inc., a subsidiary of the Company was adopted in the “Recruitment for examples of utilization and implementation of field connection test in private services for gBizID in FY2025” that was publicly offered by Digital Agency. In the field test, my FinTech Inc. will obtain an attribute information based on the verification by the gBizID foundation, will issue an e-seal certificate based of the information and will confirm the effectiveness of the issued certificate.

As a result of the above, the Group’s consolidated net revenue for the six months ended September 30, 2025 was 5,632 million yen, an increase of 1,375 million yen (up 32.3%) compared to 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 3,428 million yen, an increase of 1,008 million yen (up 41.7%) compared to the same period of the previous year. This was due to an increase in mobile network procurement costs associated with the growth of “Nihon Tsushin SIM.” However, even if the number of subscribers increases, a certain gross margin can be secured 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. Gross profit was 2,203 million yen, an increase of 366 million yen (up 20.0%) compared to the same period of the previous year.

The sales, general and administrative expenses was 1,621 million yen (1,507 million yen in the same period of the previous year), the operating profit was 582 million yen (329 million yen in the same period of the previous year), and ordinary profit was 577 million yen (325 million yen in the same period of the previous year).

As a result of the above, profit attributable to owners of parent was 444 million yen (246 million yen in the same period of the previous year).

(2) Explanation on financial position for the six months ended September 30, 2025

(i) Assets, liabilities, and net assets

Assets

Current assets at the end of the current second quarter were 4,611 million yen, a decrease of 896 million yen compared to the end of the previous year. This was mainly due to a decrease of 1,077 million yen in cash and deposits. Non-current assets were 3,255 million yen, an increase of 1,449 million yen compared to the end of the previous year. This was due to increases of 188 million yen in property, plant and equipment, 1,212 million yen in intangible assets. Deferred assets were 25 million yen, a decrease of 2 million yen compared to the end of the previous year.

As a result, total assets amounted to 7,892 million yen, an increase of 551 million yen compared to the end of the previous year.

Liabilities

Current liabilities at the end of the current second quarter were 1,888 million yen, an increase of 215 million yen compared to the end of the previous year. This was mainly due to an increase of 211 million yen in accounts payable - other. Non-current liabilities were 1,634 million yen, a decrease of 162 million yen compared to the end of the previous year.

As a result, liabilities amounted to 3,523 million yen, an increase of 52 million yen compared to the end of the previous year.

Net assets

Net assets at the end of the current second quarter were 4,369 million yen, an increase of 498 million yen compared to the end of the previous year. This was mainly due to recording 444 million yen in profit attributable to owners of parent.

As a result, the equity ratio was 52.6% (50.4% at the end of the previous year).

(ii) Status of cash flows

Cash and cash equivalents at the end of the six months ended September 30, 2025 were 3,222 million yen, a decrease of 1,077 million yen compared to the end of the previous year.

The status of cash flows and their factors in the six months ended September 30, 2025 are as follows.

Cash flows from operating activities.

Net cash provided by operating activities totaled 537 million yen (an inflow of 219 million yen in the same period of the previous year). This was mainly due to recording profit before income taxes of 534 million yen.

Cash flows from investing activities.

Net cash used in investing activities totaled 1,465 million yen (an outflow of 553 million yen in the same period of the previous year). This was mainly due to payment for purchase of property, plant and equipment of 228 million yen, payment for purchase of intangible assets of 1,148 million yen and payment for purchase of long-term prepaid expenses of 47 million yen.

Cash flows from financing activities.

Net cash used in financing activities totaled 149 million yen (an outflow of 7 million yen in the same period of the previous year). This was mainly due to payment for redemption of corporate bonds of 143 million yen.

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

The Company is working on to make the “Neo-carrier” come true first in Japan, that provides all the telecommunication service via mobile phone such as data, voice and SMS, based on the interconnection, by the interconnection with DOCOMO’s voice and SMS network and is aiming for starting new service as the Neo-

carrier in November 2026 (scheduled). At the same time, the Company expands the business that provides telecommunications and authentication infrastructure whose identification and authenticity are secured by FPoS, the Company's patented technology and is working on to provide the function carrying data in safety and security, in various fields such as finance, payment, transportation, local governing and healthcare, both in person and via the Internet. Through these two efforts, the revenue and profit of the Company will be expected to grow big in the medium- and long-term. For the fiscal year ended March 31, 2026, the progress of the above two efforts and the growth of the Mobile Telecommunications Service (MVNO/MVNE business) that supports an investment to the above two efforts are key. In the Mobile Telecommunications Service (MVNO/MVNE business), the Company supposes 20% or over growth in revenue and growth that exceeds revenue growth in profit.

Semi-annual consolidated balance sheet

(Thousands of yen)

	As of March 31, 2025	As of September 30, 2025
Assets		
Current assets		
Cash and deposits	4,300,365	3,222,737
Accounts receivable - trade	796,320	853,774
Merchandise	49,284	62,797
Supplies	-	3,967
Accounts receivable - other	98,834	81,057
Other	269,813	424,245
Allowance for doubtful accounts	(7,411)	(37,499)
Total current assets	5,507,208	4,611,079
Non-current assets		
Property, plant and equipment		
Buildings	138,091	139,044
Accumulated depreciation	(78,138)	(79,946)
Buildings, net	59,952	59,098
Vehicles	27,110	27,110
Accumulated depreciation	(10,632)	(13,376)
Vehicles, net	16,478	13,734
Tools, furniture and fixtures	946,691	1,207,212
Accumulated depreciation	(748,928)	(810,925)
Tools, furniture and fixtures, net	197,763	396,286
Leased assets	342,537	342,537
Accumulated depreciation	(307,113)	(313,212)
Leased assets, net	35,424	29,325
Land	59,918	59,918
Total property, plant and equipment	369,536	558,362
Intangible assets		
Trademark right	4,289	3,993
Software	370,733	516,131
Software in progress	440,005	1,507,577
Total intangible assets	815,028	2,027,702
Investments and other assets		
Investment securities	166,341	150,369
Long-term loans receivable	300,000	300,000
Leasehold and guarantee deposits	84,380	97,024
Other	70,344	121,839
Total investments and other assets	621,066	669,234
Total non-current assets	1,805,631	3,255,298
Deferred assets		
Bond issuance costs	27,771	25,764
Total deferred assets	27,771	25,764
Total assets	7,340,611	7,892,141

	As of March 31, 2025	As of September 30, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	473,613	568,859
Current portion of bonds payable	286,000	286,000
Accounts payable - other	181,435	392,737
Income taxes payable	67,055	144,611
Unearned revenue	105,240	91,602
Deposits received	341,948	293,062
Other	217,834	111,830
Total current liabilities	1,673,128	1,888,702
Non-current liabilities		
Bonds payable	1,714,000	1,571,000
Long-term accounts payable - other	9,404	7,619
Long-term unearned revenue	33,267	22,413
Lease liabilities	40,250	33,304
Total non-current liabilities	1,796,922	1,634,337
Total liabilities	3,470,050	3,523,040
Net assets		
Shareholders' equity		
Share capital	600,350	628,217
Capital surplus	288,636	258,978
Retained earnings	2,745,019	3,189,571
Treasury shares	(2,192)	(2,192)
Total shareholders' equity	3,631,813	4,074,574
Accumulated other comprehensive income		
Foreign currency translation adjustment	70,516	73,836
Total accumulated other comprehensive income	70,516	73,836
Share acquisition rights	116,215	116,215
Non-controlling interests	52,015	104,475
Total net assets	3,870,560	4,369,101
Total liabilities and net assets	7,340,611	7,892,141

Semi-annual consolidated statement of income

(Thousands of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2025
Net sales	4,257,732	5,632,935
Cost of sales	2,420,482	3,428,936
Gross profit	1,837,250	2,203,998
Selling, general and administrative expenses	1,507,818	1,621,197
Operating profit	329,431	582,801
Non-operating income		
Interest income	524	5,116
Share of profit of entities accounted for using equity method	9,283	11,496
Miscellaneous income	566	258
Total non-operating income	10,374	16,871
Non-operating expenses		
Interest expenses	1,139	792
Interest expenses on bonds	-	14,571
Amortization of bond issuance costs	-	2,007
Foreign exchange losses	13,564	4,544
Commission expenses	-	172
Miscellaneous losses	0	152
Total non-operating expenses	14,704	22,241
Ordinary profit	325,101	577,432
Extraordinary income		
Gain on sale of non-current assets	150	-
Gain on reversal of share acquisition rights	28	-
Total extraordinary income	179	-
Extraordinary losses		
Loss on retirement of communication equipment	38,080	-
Loss on valuation of investment securities	-	42,512
Total extraordinary losses	38,080	42,512
Profit before income taxes	287,200	534,919
Income taxes - current	62,006	118,393
Total income taxes	62,006	118,393
Profit	225,194	416,526
Loss attributable to non-controlling interests	(21,696)	(28,025)
Profit attributable to owners of parent	246,890	444,551

Semi-annual consolidated statement of comprehensive income

(Thousands of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2025
Profit	225,194	416,526
Other comprehensive income		
Foreign currency translation adjustment	10,514	3,320
Total other comprehensive income	10,514	3,320
Comprehensive income	235,709	419,846
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	257,405	447,872
Comprehensive income attributable to non-controlling interests	(21,696)	(28,025)

Semi-annual consolidated statement of cash flows

(Thousands of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2025
Cash flows from operating activities		
Profit before income taxes	287,200	534,919
Depreciation	89,652	133,532
Interest and dividend income	(524)	(5,116)
Interest expenses on borrowings and bonds	1,139	15,364
Share of loss (profit) of entities accounted for using equity method	(9,283)	(11,496)
Foreign exchange losses (gains)	13,462	2,680
Gain on sale of non-current assets	(150)	-
Gain on reversal of share acquisition rights	(28)	-
Loss on retirement of communication equipment	38,080	-
Loss (gain) on valuation of investment securities	-	42,512
Decrease (increase) in trade receivables	58,816	(57,551)
Decrease (increase) in inventories	(1,542)	(20,519)
Increase (decrease) in trade payables	16,750	95,343
Decrease (increase) in accounts receivable - other	18,519	17,777
Increase (decrease) in unearned revenue	(13,016)	(13,370)
Increase (decrease) in Long-term unearned revenue	(16,990)	(13,661)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(75,227)	(17,184)
Other, net	(22,834)	(110,415)
Subtotal	384,022	592,814
Interest and dividends received	524	6,462
Interest paid	(1,139)	(15,392)
Income taxes paid	(164,119)	(46,661)
Net cash provided by (used in) operating activities	219,288	537,222
Cash flows from investing activities		
Decrease (increase) in short-term loans receivable	-	(2,645)
Purchase of property, plant and equipment	(165,706)	(228,700)
Proceeds from sale of property, plant and equipment	150	-
Purchase of intangible assets	(89,111)	(1,148,846)
Purchase of investment securities	-	(15,044)
Long-term loan advances	(300,000)	-
Proceeds from refund of leasehold and guarantee deposits	2,178	-
Payments of leasehold and guarantee deposits	(550)	(23,220)
Purchase of long-term prepaid expenses	-	(47,021)
Net cash provided by (used in) investing activities	(553,039)	(1,465,479)
Cash flows from financing activities		
Redemption of bonds	-	(143,000)
Repayments of lease liabilities	(7,393)	(6,737)
Net cash provided by (used in) financing activities	(7,393)	(149,737)
Effect of exchange rate change on cash and cash equivalents	(2,112)	366
Net increase (decrease) in cash and cash equivalents	(343,257)	(1,077,628)
Cash and cash equivalents at beginning of period	2,518,019	4,300,365
Cash and cash equivalents at end of period	2,174,762	3,222,737