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Announcement regarding the recording of extraordinary losses

Japan Communications Inc. (JCI) hereby announces that JCI recorded extraordinary losses for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026).

1. Details of the extraordinary losses

(1) Impairment loss (in the consolidated financial results)

With respect to business-use assets held by my FinTech Inc., a consolidated subsidiary of JCI, my FinTech Inc. assessed the future recoverability of the business-use assets in accordance with "Accounting Standards for Impairment of Fixed Assets." Since my FinTech Inc. has continuously recorded operating losses from prior fiscal years and indications of impairment were identified, my FinTech Inc. reduces the book value of the business-use assets to the recoverable amount and records 215 million yen as impairment loss under extraordinary losses.

(2) Losses on valuation of shares of the affiliated companies (in the non-consolidated financial results)

In the non-consolidated financial results, JCI records extraordinary losses of a total of 613 million yen as losses on valuation of shares of the affiliated companies, because the substantive value of the shares of following two (2) consolidated subsidiaries and held by JCI was regarded to have declined significantly due to following reasons.

(i) my FinTech Inc.

As a result of the recording of the impairment loss describes in 1. (1) above, JCI records an extraordinary loss of 590 million yen.

(ii) JCI Europe Communications Limited

After carefully assessing the future recoverability considering the operating losses recorded by JCI Europe Communications Limited, a consolidated subsidiary of JCI, in prior fiscal years, JCI records an extraordinary loss of 23 million yen.

2. Impact on financial results

For the impact of the impairment losses described in 1. (1) above on JCI's consolidated financial results, please refer to "Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Under Japanese GAAP)" released today.

The losses on valuation of shares of the affiliated companies described in 1. (2) above have no impact on the consolidated financial results since these losses are eliminated in the consolidated financial results.

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.