

# Preliminary Results for the Third Quarter of the Fiscal Year Ending March 2026

Date	February 6, 2026 (Fri), 4:00–5:40 PM (Presentation) 7:00–7:45 PM (Q&A for analysts and investors)
Location	Online streaming from KDDI Headquarter
Respondents	Hikomichi Matsuda, President, Representative Director, CEO Yasuaki Kuwahara, Executive Vice President, Representative Director, Executive Director, Business Solution Sector Nanae Saishoji, Senior Managing Executive Officer, Director, CFO, Executive Director, Corporate Sector Hiroshi Takezawa, Senior Managing Executive Officer, Director, Executive Director, Personal Business Sector Tomohiko Katsuki, Managing Executive Officer, Director, CSO and CDO, Executive Director, Corporate Strategy Division Kenji Aketa, Executive Officer, Corporate Management Division, Corporate Sector

The FY26–03 Q3 consolidated financial results and prior-period financial results presented in these materials are reference figures based on facts recognized by the Company at this time regarding inappropriate transactions at our consolidated subsidiaries and on the associated impact on the consolidated financial statements. These figures may be revised depending on the outcome of the ongoing Special Investigation Committee's investigation and the audit by the accounting auditor.

## Financial Highlights

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### The presentation of the Preliminary Results

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- Regarding FY2026.3 Q3 Financial Result, the disclosure of the FY26–03 Q3 earnings summary has been postponed due to ongoing investigations by the Special Investigation Committee regarding suspicions of the inappropriate transactions at our consolidated subsidiaries. In order to promptly inform the facts and business progress recognized at this time, a Preliminary Result explanation was held.
- The figures presented are for reference as of February 6 and may be revised

depending on the outcome of the ongoing Special Investigation Committee's investigation, etc.

## 1. The Inappropriate Transactions at Our Consolidated Subsidiaries

- Regarding suspicions of the inappropriate transactions, a special investigation committee has been established and is currently conducting a thorough investigation.
- The impact is expected to include the reversal of fictitious sales and profits, as well as provisions for amounts that flowed outside the Company. The Company will make every effort to recover the externally flowed portion.

<The impact on financial results to the extent currently recognized by the Company>

### (1) Impacts on Operating revenue (Unit: billions of yen)

	Before FY24-03	FY25-03	FY26-03	Total
Reversal of recorded revenue	approx.(96.0)	approx.(82.0)	approx.(68.0)	approx.(246.0)

### (2) Impacts on operating income (Unit: billions of yen)

	Before FY24-03	FY25-03	FY26-03	Total
Reversal of recorded income	approx.(8.0)	approx.(17.0)	approx.(25.0)	approx.(50.0)
Provision for externally flowed amounts	approx.(5.0)	approx.(11.0)	approx.(17.0)	approx.(33.0)

※Figures reflect amounts reviewed based on the internal investigation team's findings as of Jan. 14, 2026. The impact is calculated by treating all transactions in the advertising agency business of BIGLOBE Inc. and G-PLAN INC. since FY18-03 as fictitious transactions.

※Revenues include both gross and net recognition, and the proportion of each varies by fiscal year.

※The reversal of recorded income represents the change in operating income resulting from the reversal of recorded revenue and cost of sales based on fictitious transactions. With respect to fictitious transactions that occurred in FY26-03 Q3, the amounts based on revenue and cost of sales have also been included in the impact as reference figures.

※ The provision for externally flowed amounts relates to funds that flowed out to external parties as agency fees in connection with the fictitious transactions. The timing of recognition may be subject to change.

※In addition to the above, there is a possibility that losses such as impairment losses may arise, which could have an impact on operating income and profit attributable to owners of the parent, including those relating to prior fiscal years.

- The investigation report from the Special Investigation Committee is expected by end-March 2026 and will be disclosed.
- Based on the results of the investigation, corrections to prior financial statements and FY26-03 Q3 results will be disclosed by end of March, and FY26-03 full-year results will be disclosed without delay.
- No change in the dividend forecast for the FY26-03.

## 2. Consolidated Results: FY26-03 Q3 (Reference figures) ※After reflecting the adjustments related to the fictitious transactions. Before provisioning for the externally flowed amounts

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- Business performance, led by our core businesses progresses steadily
- Operating revenue 4,471.8 billion yen, YOY+3.8%
- Operating income 871.3 billion yen, YOY+2.0%
- Profit for the period 554.0 billion yen, YOY+5.3%

## 3. FY26-03 Topics

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- Mobile : Committed to ARPU growth driven by value creation and churn rate reduction through longer contract duration. Structural transformation progresses steadily.
- Finance : Double digit growth mainly driven by profit growth of credit card business
- Business Services segment : mobile/IoT/DC drove profit growth. BPO/SI-related services, previously facing issues, turned around to profit growth in Q3 alone.

## 4. Towards Growth in the AI Era

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- AI social-implementation initiatives, including the AI Digital Belt and the AI development infrastructure, are making steady progress.
- Bringing together AI engineer workforce internally and externally, a company focused on AI social implementation will commence operations.

## Q&A

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### Questioner 1

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Q. In which segment and which sales will the impact of the inappropriate transactions be reflected? Also, once the investigation committee concludes and the provision is fully recorded this fiscal year, can we assume there will be no impact in future fiscal years?

A. This relates to the advertising agency business of BIGLOBE and its subsidiary G-Plan, impacting other income within Personal Services segment. Regarding the provision, approximately 17 billion yen is scheduled to be recorded in the current fiscal year, with no impact in future fiscal years.

Q. At Financial Results briefing for FY26-03 Q2, you indicated plans for disciplined growth investments and a review of the business portfolio under the next mid-term management plan, including M&A. Will the inappropriate transaction affect investment decisions, leading to greater caution, or delay the announcement of the next mid-term management plan?

A. While the Special Investigation Committee is conducting its investigation, it will not significantly impact future cash flow generation, and there will be no change in our policy.

## **Questioner 2**

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Q. We understand the provision for externally flowed amounts of inappropriate transactions totals 33 billion yen. Will this be recorded in installments over each fiscal period, or will it be recorded in full this fiscal period?

A. As stated in the presentation material, we plan to record it over each fiscal year. The cumulative total is approximately 33 billion yen, with an impact of approximately 17 billion yen this fiscal period.

Q. What were the factors driving the income increase in the Business Services segment for Q3? How did you catch up from the first-half delay, and what is the outlook for Q4?

Also, regarding KDDI iret, I understand the workforce of 3,000 will grow in line with business expansion. However, personnel costs alone will exceed 30 billion yen, and including fixed costs, this will be a substantial scale. Currently, few companies in the AI business achieve that level of revenue. Is it an AI-specialized company? Does it encompass DX and corporate services? What kind of company are you aiming to be?

A. Regarding the first question, Q3 alone saw revenue increase by 12.5% and income by 7.7%. This was driven by strong performance in base area, mobile business, coupled with steady progress in our growth areas: IoT and data center. Additionally, the

turnaround in profitability for BPO and SI-related services, which had been slow in the H1, contributed significantly to the positive trend.

Furthermore, KDDI iret leverages KDDI's AI infrastructure. Its strengths include the ability to operate sovereign cloud and AI domestically, and its unique feature is the capability to develop solutions bundled with telecommunications services. It will also leverage Flywheel Inc.'s capability to make internal and external corporate data AI-ready, which Flywheel will bring upon its integration into KDDI iret.

Regarding personnel, approximately 100 sales and SE staff will be seconded from KDDI to the existing 1,700 employees to establish a framework for generating projects. The revenue base will be the cloud business currently operated by iret, with AI development capabilities built upon this foundation.

### **Questioner 3**

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Q. While existing businesses are performing exceptionally well, could inappropriate transactions impact next fiscal year's performance? Could this lead to negative effects, such as curtailing business investments in the next mid-term management strategy?

A. This will not significantly impact future cash flow generation or influence policies starting next fiscal year.

Q. Regarding the AI strategy centered on KDDI iret, it appears similar to SoftBank's previously announced distributed computing platform concept and sovereign cloud. What are the differences from SoftBank, and where do KDDI's unique strengths and efficiencies lie?

Also, regarding reported subsidies such as the Ministry of Economy, Trade and Industry's LLM platform and the Ministry of Internal Affairs and Communications' direct satellite communication subsidies, how do you view their impact on the competitive environment?

A. We recognize that in the AI era, the major trend of distributing AI processing is one that all companies are pursuing. Within this context, our strength lies in deploying data centers and communication facilities that consider power consumption, and connecting them via high-speed networks. Since latency and response times become critical in the AI era, ingenuity in designing nationwide networks will be where each company demonstrates its capabilities. We also intend to actively engage with the government's initiatives. We have accumulated leading-edge expertise through

Starlink and aim to contribute in alignment with the direction required by the nation. It is said that Japan's winning strategy in the Physical AI era lies in enabling companies to process their data using AI. Therefore, we also intend to leverage the capabilities of our new AI business company to establish this capability early and cooperate with national initiatives.

#### **Questioner 4**

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Q. Regarding KDDI iret, is it correct to understand to expand from the current 1,700 employees to a scale of 3,000? Will the additional personnel be through new hires or by retraining existing staff?

A. The 3,000 employees will include not only engineers but also sales and consulting personnel. We are considering reskilling and upskilling existing network engineers, IT engineers, and cloud engineers for the AI era. By placing all subsidiaries under KDDI Digital Divergence Holdings under KDDI iret, the total workforce will be 1,700.

Q. Regarding the telecommunications business, NTT Docomo's mentioned intensifying competition and investment in acquisition costs in its Q3 financial results briefing. From KDDI's perspective, has the competitive environment changed? Please also provide an overview of acquisition efficiency trends.

A. Regarding subscriber acquisition, as outlined in our Q2 briefing, we take a multifaceted approach. We prioritize competition not only through promotional spending but also by enhancing area quality, services, and expanding attractive pricing plans. We aim to refine our services and build a structure that encourages long-term contract, rather than relying solely on promotional spending. Promotional spending is flat year-on-year, and we recognize we are operating in a well-balanced manner.

#### **Questioner 5**

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Q. Regarding the inappropriate transactions, you stated that there will be no negative impact on provisions or cash flow in the next fiscal year. Can we understand that there are no major concerns regarding costs associated with strengthening internal controls or negative impacts on businesses outside the advertising agency operations when constructing next year's profits?

A. While this incident occurred within the advertising agency business, the next mid-term management strategy will be driven by the telecommunications, finance, DX, and energy sectors. We will thoroughly implement governance and internal control enhancements, but we do not anticipate this affecting performance in the next fiscal year or beyond.

Q. Regarding the approach to shareholder returns for the next fiscal year and beyond, we assume the response to major shareholders selling shares will continue. At this point, please clarify whether the company intends to absorb all such sales through share buybacks, as in the current fiscal year, or whether it will prioritize growth investments.

A. We continue ongoing communication with major shareholders. However, the specific form of response relates to the capital allocation policy within the next mid-term management plan. We ask for your patience until the plan is announced.

#### **Questioner 6**

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Q. Are you investigating whether similar cases exist at other subsidiaries or group companies besides BIGLOBE and G-Plan, where the inappropriate transactions occurred this time?

A. We are conducting a company-wide review in parallel with the Special Investigation Committee's inquiry. We are verifying across the entire group whether similar cases exist, whether there was a sudden expansion of transactions, and whether there are common business partners. At this point, we are not aware of any similar cases.

Q. Regarding the possibility of recovering amounts that flowed externally, please provide the information currently available on whether external companies were involved in fraudulent collusion or unwittingly contributed to the scheme.

A. We recognize that multiple agencies exist and suspect some coordination occurred between certain agencies. However, the Special Investigation Committee is currently investigating this matter, including the accuracy of our understanding.