

Explanation of the Investigation Results by the Special Investigation Committee

(Third Quarter Financial Results and FY2026.3 Forecast Revision)

Date	March 31, 2026 (Tue) 4:00–7:00 PM
Location	Online streaming from Bellesalle Roppongi
Speakers	<p>Part 1 Toshiya Natori, Attorney-at-Law, SHIN MARUNOUCHI LAW FIRM Tomohiro Hen, Attorney-at-Law, Nagashima Ohno & Tsunematsu Yasunori Sato, Certified Public Accountant, Deloitte Tohmatsu LLC</p> <p>Part 2 Toshiya Natori, Attorney-at-Law, SHIN MARUNOUCHI LAW FIRM Tomohiro Hen, Attorney-at-Law, Nagashima Ohno & Tsunematsu Hiromichi Matsuda, President, Representative Director, CEO Nanae Saishoji, Senior Managing Executive Officer, Director, CFO</p>

Outline of the Session

Part 1: Findings of Investigation by the Special Investigation Committee

- On January 14, KDDI commissioned a Special Investigation Committee to investigate fictitious circular transactions at BIGLOBE and G-PLAN. The committee has presented its findings after a two-and-a-half-month investigation and explained the facts revealed by the investigation, the outline of the fictitious circular transactions, the background, the methods used, the measures taken to evade detection, and the parties involved.
- The accounting impact was explained as follows:

(Units: billions of yen)	Operating Revenue to be Restated	Gross Profit to be Restated	Amounts of External Outflow
Before FY23-03	(41.7)	(2.4)	(1.7)
FY24-03	(54.3)	(5.6)	(3.7)
FY25-03	(82.4)	(16.9)	(10.5)
FY26-03 Q3 (cumulative)	(67.6)	(25.0)	(17.1)
Total	(246.1)	(49.9)	(32.9)

- The Special Investigation Committee pointed out issues at BIGLOBE and G-PLAN as advertising agency business and proposed recurrence prevention measures. It also highlighted problems with KDDI's and BIGLOBE's subsidiary management systems and suggested measures to prevent similar matters.
- Finally, the Special Investigation Committee expressed its strong expectation that KDDI's management will take the lead in formulating and steadily implementing effective recurrence prevention measures tailored to the management systems of each group company.

Part 2: Future Initiatives in Response to the Investigation Results by the Special Investigation Committee

1. Upon Receiving the Investigation Report

- President Matsuda began by expressing his apologies for the considerable trouble and concern caused to customers, business partners, shareholders, employees, and many other stakeholders due to the inappropriate transactions at subsidiaries.
- He then explained the impact on financial results, personnel measures, and recurrence prevention and governance enhancement initiatives in response to the investigation results.
- The financial impact of this matter has been finalized.

Operating revenue: A total of 246.1 billion yen was reversed due to the cancellation of recorded revenue through fictitious circular transactions.

Operating income: 49.9 billion yen was reversed due to the cancellation of recorded income. The external outflow amounts to 32.9 billion yen.

Goodwill and intangible assets: Due to corrections to profits for prior fiscal years, an impairment test was redone on the goodwill and identifiable intangible assets recorded at the time of the BIGLOBE acquisition. As a result, a cumulative impairment loss of 64.6 billion yen was recorded over the three fiscal years from FY2023.3 to FY2025.3.

Other impacts: Reflecting other impacts such as amortization of impairment losses and tax effects, the total impact on operating income is a decrease of 150.8 billion yen.

The impact on profit for the period: A cumulative decrease of 129.0 billion yen.

- Personnel measures have been implemented at KDDI, BIGLOBE, and G-PLAN to clarify management responsibility.
- The issues at KDDI, BIGLOBE, and G-PLAN and recurrence prevention measures were explained.
- In addition to recurrence prevention measures, a commitment was announced for further initiatives to build a robust group governance structure. A “Group Governance Enhancement Measures Meeting,” led by the President CEO, will be newly established to consider and promote an effective framework, including the relationships with group companies.

2. Consolidated Financial Results for FY26-03

- The confirmed figures for FY26-03 Q3 and the revised full-year financial forecast were explained.
- Regarding Q3 consolidated results, the core business performance remains strong with increased revenue and profit, no material changes impacting results. The changes from the preliminary results announcement on February 6 are due to the accounting treatment of fictitious circular transactions, resulting in 2.4 billion yen increase in operating income and 8.6 billion yen increase in profit for the period.
- The consolidated financial forecast for FY26-03 has been revised. The revision is due to two factors: the impact of the fictitious circular transactions and changes in the mobile competitive environment.
- Compared to the initial forecast, operating revenue is revised down by 270.0 billion yen to 6.06 trillion yen. Operating income is revised down by 88.0 billion yen to 1.09 trillion yen. Profit for the period is revised down by 50.0 billion yen to 698.0 billion yen.
- Regarding the main factors for the profit revision, the first is the impact of the fictitious circular transactions, with a 25.0 billion yen reversal of recorded income and a 17.1 billion yen impact from external outflow. The second factor is the impact of changes in the mobile competitive environment, under which the company is shifting to LTV(Life time value)-focused mobile sales strategy and, in conjunction with a change in the accounting treatment of contract costs from the next fiscal year, record an impairment loss on contract costs of 50.0 billion yen.
- This fiscal year is the final year of the current mid-term management plan, and we are committed to achieving the mid-term EPS target, excluding one-time factors.
- Going forward, KDDI will take the facts identified by the Special Investigation Committee seriously, ensure the penetration of recurrence prevention measures throughout group,

strive to regain the trust of stakeholders, initiate civil litigation seeking damages to recover the external outflow, and consider filing criminal complaints.

- The results for FY26-03 and the next mid-term management plan announcement will be conducted in May without delay.

Main Q&A

Questioner 1

Q. Regarding the revision of the current period's forecast, please explain the relationship between the downward revision of operating income by 88.0 billion yen and profit for the period by 50.0 billion yen, and the main factors for the profit revision, which are 42.1 billion yen impact from fictitious circular transactions and the 50.0 billion yen of impairment of contract costs.

A. The total impact from fictitious circular transactions and the impairment of contract costs is 92.1 billion yen. However, there are also recoveries from the initial forecast, so the net result is a downward revision of operating income by 88.0 billion yen. The downward revision of profit for the period by 50.0 billion yen is attributable to an externally outflowed amount of 17.1 billion yen recorded in this fiscal year, as well as the impairment of contract costs.

Q. The revised operating income forecast of ¥1.09 trillion appears to include one-time costs for the current period. What is the underlying, real-terms level of operating income excluding these?

A. On a real-terms basis, this level allows us to achieve the initially planned EPS target, resulting in net income of 748.0 billion yen. Accordingly, operating income includes certain one-time cost factors.

Questioner 2

Q. Past fiscal years have been corrected, and can the securities reports now be filed without issue? What kind of communication have you had with the auditors?

A. We have corrected the Financial Statements and Securities Reports for past fiscal years. They have been thoroughly reviewed by the auditor and we have received its final approval.

Q. With respect to the 50.0 billion yen impairment of contract costs, is this the same as the matter of prior years' promotional expenses explained in H1? It also seems like a large

amount compared to other companies. Was special treatment applied? Also, please tell me if similar treatments will not occur from the next fiscal year onwards.

A. The matter of prior years' promotional expenses is different in nature from this one. The prior years' issue was related to an increase in customers exercising their benefits under the "Smartphone Value Program," leading to an increase in the cost of exemption from residual value, which was then recorded. The impairment of contract costs implemented this time is due to a change in our sales method, which will lead to a change in accounting treatment from next year. This involves writing off the contract acquisition costs that were previously capitalized on the balance sheet. Please understand that nature is different. This is not due to the residual value setting of terminals, but rather the part where we are changing the accounting treatment from next year for sales promotion fees for short-term contractors.

Questioner 3

Q. Regarding the impairment of contract costs for short-term contractors, how many tens of thousands of contracts does this represent?

A. We have not disclosed the specific number of contracts expressed in tens of thousands. Basically, the structure is to segment the portion of short-term contractors and no longer capitalize their costs going forward.

Q. Regarding the fictitious circular transactions, although the issue was pointed out internally in February 2025, the outflow in the current period could have been prevented if it had been addressed during the audit for the fiscal year ended March 2025. For example, in the audit process by independent auditors or full-time corporate auditors, what kind of audits were conducted for the agencies? Given that you have been providing EZweb since 2000 and have been involved in the internet advertising business for over 25 years, it would appear that a certain level of understanding could have been obtained through inquiries with the advertising agencies or the industry participants. Please tell us about the audit situation.

A. As you pointed out, because we viewed it as a new business for BIGLOBE, we were only able to recognize it within a vertical line of command. We acknowledge that we should have taken a more proactive role, including seeking advice from experts or within the group.

Questioner 4

Q. Will the advertising agency businesses of BIGLOBE and G-PLAN be continued? Some reports mentioned a withdrawal. Please clarify the facts.

A. Regarding the advertising agency business, as explained by the Special Investigation Committee, 99.7% of it was fictitious circular transactions. Since the business was mainly composed of fictitious circular transactions, there are no plans to resume it. For reference, the proportion of these fictitious circular transactions to BIGLOBE's total sales is about 18% on a cumulative basis. The figure of 99.7% is calculated based on the cumulative total from FY18-03 for the advertising agency business, of which 99.7% was this fictitious circular transactions.

Questioner 5

Q. One of the causes mentioned was a lack of knowledge about group companies. BIGLOBE was acquired in the 2010s. How will you check and grasp businesses for which you have no knowledge within the group, including companies acquired in the past?

A. Regarding BIGLOBE, it was acquired to expand the telecommunications business. Knowledge and interest are two sides of the same coin, and we should have not only knowledge but also interest. Our "Satellite Growth Strategy" focuses on growing areas peripheral to telecommunications, such as finance, energy, and retail, and we have been growing them with interest. We will continue to accumulate knowledge, create synergies with telecommunications, and continue to grow. On the other hand, the degree of interest in the business model, the flow of money, and the growth of sales in this advertising agency business was low within our core telecommunications business. We acknowledge that KDDI's lack of interest in the growth of BIGLOBE's performance was a major factor.

Questioner 6

Q. Regarding business diversification and future growth, what points will you consider or what system changes will you make when taking on new businesses in the future?

A. Taking this matter as an opportunity, we acknowledge that we must have a strong level of interest. We have been launching new businesses and defining them as growth areas. We recognize that our basic model is to firmly enhance our knowledge and expertise in those businesses and create synergies with telecommunications, and we intend to continue this approach going forward. At that time, we must thoroughly reinforce areas where our interest is weak or our understanding is insufficient, like this advertising agency business.

Questioner 7

Q. Is the BIGLOBE telecommunications business planned to be retained as it is under the current brand? Or is there a possibility of reorganization?

A. We have confidence in BIGLOBE's telecommunications business, and as a business, it is established, so we will continue it steadily in its current form. On the other hand, to strengthen the governance that has become an issue, under the new structure from April 1st, Ms. Saishoji will join as an outside director, and the full-time audit and supervisory board member system will be strengthened to a two-person system. We will strengthen the parts that are lacking.

Q. In new businesses, are there any other areas where interest is similarly weak? Regardless of whether there is misconduct, are there any areas where it is necessary to strengthen audits or involvement?

A. We view this incident as a good opportunity to review the entire group or all businesses. On the other hand, it is not enough to just strengthen management of group companies; it is also important how the parent company can open up and communicate with them. Also, as a company that provides digital services, we need to work on how to reduce the burden and load by utilizing DX and AI. In addition, among the businesses that we have continued for many years, some are doing well, while others have seen environmental changes. As we explained in the Q2 results briefing on capital allocation, we recognize that there will be parts where we will implement divestment (business withdrawal/review) based on returns.

Questioner 8

Q. Regarding the accounting treatment related to the strategic review of the mobile business, it was mentioned that it will be applied from the next fiscal year, but there was no explanation at the February press conference. When was the policy change decided?

A. We were considering it from the time of shifting to a strategic review policy. The accounting treatment will change from next fiscal year, but we were planning to record an impairment for the past portion in Q4. We have explained it in conjunction with the timing of this revision.

Questioner 9

Q. Regarding the impact on each business, such as the telecommunications business and the financial business, is it correct to assume that there are no changes from the content announced in February?

A. That is correct.