

Please note that the following is an English translation of the original Japanese version, prepared only for the convenience of shareholders residing outside Japan. In the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

NOTICE OF THE 38TH
ANNUAL SHAREHOLDERS MEETING

KDDI Corporation

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Disclosure via the Internet

The following documents attached to the Notice of the 38th Annual Shareholders Meeting, are provided to shareholders on the Company's Web site pursuant to the provisions of laws and regulations as well as Article 17 of the Company's Articles of Incorporation.

- 1) An Overview of the Systems for Ensuring the Appropriate Business Operations of the Business Report and the Operating Status
- 2) Notes to Consolidated Financial Statements
- 3) Notes to Non-Consolidated Financial Statements

<https://www.kddi.com/english/corporate/ir/stock-rating/meeting/20220622/>



“An Overview of the Systems for Ensuring the Appropriate Business Operations of the Business Report and the Operating Status” is part of the Business Report that was audited by Audit & Supervisory Board Members in preparing the Report of Audit.

The “Notes to Consolidated Financial Statements” and the “Notes to Non-Consolidated Financial Statements” are part of the Consolidated Financial Statements and the Non-Consolidated Financial Statements that were audited by Audit & Supervisory Board Members and Accounting Auditors in preparing the Reports of Audit.

- Any amendments to the Reference Documents for the Shareholders Meeting, the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements will be disclosed on the Company's Web site (<https://www.kddi.com/english/index.html>).

MESSAGE FROM THE PRESIDENT

The creation of a society in which anyone can make their dreams a reality, by enhancing the power to connect.

KDDI VISION 2030

Makoto Takahashi
President, Representative Director

To our shareholders,

Firstly, we would like to thank our shareholders for the continued interest and support for our company. We enclose a copy of the KDDI Group's notice of the 38th Annual Shareholders Meeting.

The Company's 38th fiscal year (fiscal 2021) was the final year of the medium-term management plan (FY2019-21). Under this plan, we advanced the core business strategy, "the integration of telecommunications and life design," by further expanding our growth businesses, centered on telecommunication services.

In our earnings for the 38th fiscal year, the operating income achieved the initial forecast of ¥1,050 billion, while the dividend payout ratio was kept above 40%.

The constant support of all our shareholders made this possible, and I would like to express my deep appreciation for this.

Since its establishment, we have made realizing a truly connected society part of the KDDI Group Mission Statement. Our business is strongly intertwined with society and directly connected to customers' lives. Under the slogan Zutto, Motto, Tsunagu Zo, au (Connecting more and always with au), we will deliver a thrilling customer experience by always going further than expected.

Due to the novel coronavirus disease (COVID-19) pandemic, amid an ongoing rapid digital shift affecting every aspect of society, telecommunications have taken on an increasingly important role. The Government of Japan has announced the "Vision for a Digital Garden City Nation" to promote regional revitalization through digital implementation, and the digitalization of people's lives and businesses is accelerating. The Company supported the new lifestyles of consumers and promoted initiatives aimed at creating a resilient society capable of both economic growth and solving social problems.

In order to realize the future society we envision, while responding to these changes in the business environment, we have newly established "KDDI VISION 2030: The creation of a society in which anyone can make their dreams a reality, by enhancing the power to connect." and formulated new important issues (materiality) that comprehensively covers social issues and the importance of our management from a long-term perspective.

In the "Medium-Term Management Strategy (FY2022-24)," we chose to make sustainability management the basis of the plan, through which we aim to achieve sustainable growth for society while improving our corporate value as society's partner. By enhancing our 'power to connect' through leveraging the potential of 5G, as we work together with various partners, we will aim for an age where new value can be born from communication being "melded in" to every aspect of life.

Once again, we would like to thank all our shareholders for the continuous support and confidence in our company.

To our shareholders:

KDDI Corporation

10-10, Iidabashi 3-chome, Chiyoda-ku, Tokyo
(Headquarters: 3-2, Nishi-Shinjuku 2-chome,
Shinjuku-ku, Tokyo)
Makoto Takahashi, President, Representative Director

NOTICE OF THE 38TH ANNUAL SHAREHOLDERS MEETING

You are cordially notified of the 38th Annual Shareholders Meeting of KDDI Corporation (“the Company”) to be held as stated below.

The Company is asking shareholders to exercise their voting rights by mail or via the Internet to the extent possible and refrain from attending on the day of the Shareholders Meeting in order to prevent the spread of the novel coronavirus disease (COVID-19). Please exercise your voting rights **no later than 5:30 p.m. on Tuesday, June 21, 2022 (JST)**, after reviewing the attached Reference Documents for the Shareholders Meeting.

By submitting Exercise of Voting Rights form by mail

Please indicate your approval or disapproval for each proposal on the enclosed Exercise of Voting Rights form and return the form to us to arrive no later than 5:30 p.m. on Tuesday, June 21, 2022.

By exercising voting rights via the Internet

Please read the detailed instructions on page 6 and input your approval or disapproval for each proposal by 5:30 p.m. on Tuesday, June 21, 2022.

This Annual Shareholders Meeting will be streamed live on the Internet. We will accept questions in advance via the Internet. For more details, please see the attached “Responses to Prevent the Spread of COVID-19 at the 38th Annual Shareholders Meeting, Live Streaming, and Questions in Advance.”

1. Date and Time: Wednesday, June 22, 2022, at 10:00 a.m. Reception for attendees begins at 9:00 a.m.

2. Place: Shinagawa Prince Hotel, Annex Tower, 5F, “Prince Hall”
10-30, Takanawa 4-chome, Minato-ku, Tokyo

3. Agenda:

- Matters to be reported:**
1. Business Report and Consolidated Financial Statements for the 38th fiscal year from April 1, 2021 to March 31, 2022 and Reports of Audit on the Consolidated Financial Statements by Accounting Auditors and the Audit & Supervisory Board
 2. Non-Consolidated Financial Statements for the 38th fiscal year from April 1, 2021 to March 31, 2022

Matters to be resolved:

- Proposal 1:** Appropriation of Surplus
Proposal 2: Partial Changes to Articles of Incorporation
Proposal 3: Election of Twelve (12) Directors
Proposal 4: Election of One (1) Audit & Supervisory Board Member
Proposal 5: Continuation of and Partial Revision to the Performance-linked Stock Compensation Plan for Directors and Other Executives
Proposal 6: Revision to Amount of Compensation for Audit & Supervisory Board Members

4. Other matters concerning the Meeting:

Please refer to the Guide to the Exercise of Voting Rights in Case of Absence on the following pages.

- There will be limited seating available for the meeting due to distancing between seats to help prevent the spread of the novel coronavirus disease (COVID-19). As a result, some shareholders may be denied entry upon arriving at the meeting venue on the specified date. We appreciate your understanding in this regard.
- Attendees are kindly requested to submit their Exercise of Voting Rights form to the receptionist on the day of the meeting.

A system for providing informational materials for the general meeting of shareholders in electronic format will be applied from September 1, 2022.

Accordingly, from the next Annual Shareholders Meeting (in June 2023) onward, the Company will post such reference documents on the Company's website, and plans to deliver to shareholders only a simplified notice of convocation (to provide notice of the information posted on the website, etc.).

Guide to the Exercise of Voting Rights in Case of Absence

Voting rights at the shareholders meetings are principal rights of shareholders. Please exercise your voting rights after reviewing the Reference Documents for the Shareholders Meeting on pages 7 through 23.

Exercising voting rights by mail

Please indicate your approval or disapproval to each of the proposals and post it to the Company without postage stamp.

Exercise due date: To be received no later than 5:30 p.m. on Tuesday, June 21, 2022

< Guide to filling in the voting form >

Please indicate your approval or disapproval to each proposal.

Proposals 1, 2, 4, 5, and 6

If you approve: Mark a in the box marked “ ”

If you disapprove: Mark a in the box marked “ ”

Proposal 3

If you approve all candidates: Mark a in the box marked “ ”

If you disapprove all candidates: Mark a in the box marked “ ”

If you selectively veto certain candidates: Mark a in the box marked “ ” and write the number of each candidate you choose to veto.

[Handling of voting rights]

If you indicate neither your approval or disapproval to each proposal on the Exercise of Voting Rights form, your answer will be deemed to be “approval.”

* “QR code” is a registered trademark of DENSO WAVE INCORPORATED.

By exercising voting rights via the Internet

Please read the detailed instructions under “How to exercise voting rights via the Internet” on the following page.

Exercise due date: To be received no later than 5:30 p.m. on Tuesday, June 21, 2022

For institutional investors

Provided that an application to use the platform has been submitted beforehand, institutional investors may use the electronic platform for exercising voting rights operated by ICJ, Inc.

How to exercise voting rights via the Internet

Exercise due date: No later than 5:30 p.m. on Tuesday, June 21, 2022 (JST)

Scanning QR code

You can simply login to the Exercise of Voting Rights Web site without entering your log-in ID and temporary password printed on the Voting Instructions form.

1. Scan the QR code printed on the Voting Instructions form on the right side.
2. Indicate your approval or disapproval by following the instructions on the screen.

Note that you can login to the website only once by using QR code.

If you wish to redo your vote or exercise your voting rights without using QR code, please refer to the “Entering login-ID and temporary password” on the right.

Entering login-ID and temporary password

Exercise of Voting Rights Web site
<https://evote.tr.mufg.jp/>

1. Access the Exercise of Voting Rights Web site.
2. Enter your log-in ID and temporary password printed on the Voting Instructions form and click “Log-in.”
3. Register a new password. Enter your new password and click “Send.”
4. Indicate your approval or disapproval by following the instructions on the screen.

- * The Exercise of Voting Rights Web site will be unavailable during the hours of 2:00 a.m. to 5:00 a.m. due to maintenance and inspection.
- * If you have exercised your voting rights both by submitting the Exercise of Voting Rights form by mail and via the Internet, those exercised via the Internet will be taken as valid.
- * If you have exercised your voting rights multiple times on the Internet, only the final vote will be taken as valid.
- * The Exercise of Voting Rights Web site may be disabled by certain Internet settings, or by the service to which you subscribe or the model of the device you use to access the Web site.
- * The costs incurred when accessing the Exercise of Voting Rights Web site, including Internet access fees and communication expenses, will be the responsibility of the shareholder.
- * If you wish to receive the Notice of the Shareholders Meeting by e-mail, beginning with the next meeting, please visit the Exercise of Voting Rights Web site using either a personal computer or a smartphone and following the instructions that the Web site provides.

Reference Documents for the Shareholders Meeting

Proposals and References

Proposal 1: Appropriation of Surplus

Details pertaining to the appropriation of surplus are as follows.

Matters relating to year-end dividends

The Company recognizes that the distribution of profits to shareholders is a major managerial issue and makes it a basic policy to maintain a sound financial position and the stable payment of dividends. While considering investment for sustainable growth, the Company has intended to maintain a consolidated payout ratio of more than 40%.

We have given comprehensive consideration to the need to expand our businesses to enhance business performance in the future, and propose to pay year-end dividends for the fiscal year under review as follows.

(1) Type of dividends

Cash

(2) Dividend amount to be allocated

Per share of common stock ¥65.00

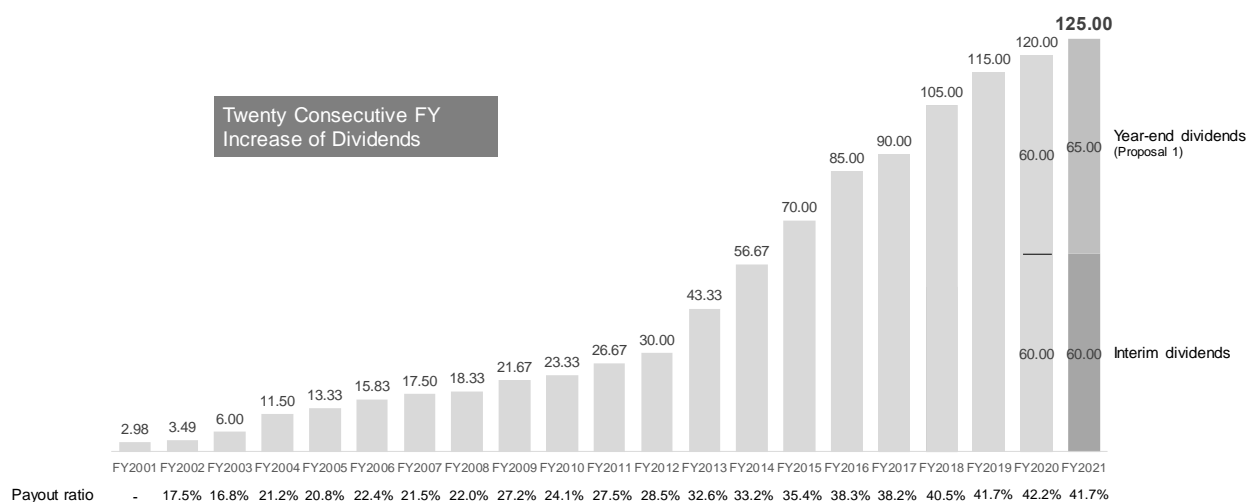
Total dividends ¥144,242,878,650

(3) Effective date of dividends of surplus

June 23, 2022

(Reference) Development of Dividends per Share

(Unit: Yen)



- Notes: 1. For convenience of viewing, annual dividends for the 18th to 31st fiscal years have been adjusted to reflect stock splits.
 Ratio of 100 shares for every one share of common stock, as of October 1, 2012
 Ratio of two shares for every one share of common stock, as of April 1, 2013
 Ratio of three shares for every one share of common stock, as of April 1, 2015
2. Values for the 18th to 31st fiscal years are based on the Japanese GAAP standards. Values for the 32nd fiscal year onward are based on International Financial Reporting Standards (IFRS).
3. A dividend payout ratio is not noted for the 18th fiscal year, as a net loss was recorded.
4. The values for the dividend payout ratio are on a non-consolidated basis for the 19th to 22nd fiscal years, and on a consolidated basis from the 23rd fiscal year onward.
5. Values for dividend per share and dividend payout ratio for the 38th fiscal year are based on the assumption that Proposal 1 will be approved as proposed.

Proposal 2: Partial Changes to Articles of Incorporation

This proposal partially changes the current Articles of Incorporation. The reason for the proposal and description of the amendments are as follows.

1. Reason for Proposal

The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will come into force on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for General Shareholders’ Meetings, the Articles of Incorporation of the Company shall be amended as follows.

- (1) The proposed Article 17, Paragraph 1 stipulates that the Company takes electronic provision measures for information contained in the Reference Documents for the General Shareholders’ Meeting, etc.
- (2) The purpose of the proposed Article 17, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
- (3) The provisions related to the Internet Disclosure and Deemed Provision of Reference Documents for General Shareholders Meeting (Article 17 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
- (4) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.

2. Description of Changes

The changes are as follows.

(Changes are underlined.)

Present	Proposed articles
<p>Article 1. - 16. (Details omitted)</p> <p><u>Article 17. (Deemed Provision of Reference Documents, etc. for a Meeting of Shareholders by Using the Internet as Disclosure)</u></p> <p><u>The Company may deem to have provided the information relating to the items to be entered or indicated in reference documents for Meetings of Shareholders, business reports, financial statements, and consolidated financial statements regarding the convocation of a Meeting of Shareholders to the shareholders by disclosing them using the Internet, as stipulated by the applicable Ordinances of the Ministry of Justice.</u></p> <p>(Newly Established)</p>	<p>Article 1. - 16. (Not changed)</p> <p>(Deleted)</p> <p><u>Article 17. (Measures for providing information in electronic format, etc.)</u></p> <p><u>1. When the Company convenes a General Meeting of Shareholders, it shall take measures for providing information that constitutes the content of reference materials for the General Meeting of Shareholders, etc. in electronic format.</u></p> <p><u>2. Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p>

Present	Proposed articles
<p>Article 18. - 41. (Details omitted) (Newly Established)</p>	<p>Article 18. - 41. (Not changed) <u>(Supplementary Provisions)</u></p> <ol style="list-style-type: none"> <li data-bbox="834 302 1417 510">1. <u>The deletion of Article 17 (Internet Disclosure and Deemed Provision of Reference Documents for General Shareholders Meeting) of the Articles of Incorporation before amendment and the establishment of the Article 17 (Measures for Electronic Provision, etc.) shall come into effect on September 1, 2022.</u> <li data-bbox="834 517 1417 689">2. <u>Notwithstanding the provisions of the preceding paragraph, Article 17 of the Articles of Incorporation shall remain in force with respect to a General Shareholders Meeting to be held on a date within six months from September 1, 2022.</u> <li data-bbox="834 696 1417 864">3. <u>These supplementary provisions shall be deleted after the lapse of six months from September 1, 2022 or the lapse of three months from the date of the General Shareholders Meeting set forth in the preceding paragraph, whichever is later.</u>

Proposal 3: Election of Twelve (12) Directors

The terms of office of all Fourteen (14) Directors will expire at the conclusion of this Annual Shareholders Meeting and we therefore propose that Twelve (12) Directors be elected.

The candidates for Directors are as follows.

Candidate No.	Name	Attribute	Nomination Advisory Committee	Remuneration Advisory Committee	Attendance of Board of Directors' meetings	Gender	Main duties
1	Takashi Tanaka	Internal Executive			12/12 (100%)	Male	Chairperson of Board of Directors
2	Makoto Takahashi	Internal Executive			12/12 (100%)	Male	President, Representative Director
3	Shinichi Muramoto	Internal Executive			12/12 (100%)	Male	Executive Vice President, Representative Director, Corporate Sector
4	Keiichi Mori	Internal Executive			12/12 (100%)	Male	Executive Director, Solution Business Sector
5	Toshitake Amamiya	Internal Executive			12/12 (100%)	Male	Executive Director, Personal Business Sector
6	Kazuyuki Yoshimura	Internal Executive			12/12 (100%)	Male	Executive Director, Technology Sector
Candidates for Outside Director			Nomination Advisory Committee	Remuneration Advisory Committee	Attendance of Board of Directors' meetings	Gender	Term of office as Director (at the conclusion of this Annual Shareholders Meeting)
7	Goro Yamaguchi	Outside			12/12 (100%)	Male	5 years
8	Keiji Yamamoto	Outside			12/12 (100%)	Male	3 years
9	Riyo Kano	Outside Independent	(Chairperson)		12/12 (100%)	Female	3 years
10	Shigeki Goto	Outside Independent		(Chairperson)	12/12 (100%)	Male	2 years
11	Tsutomu Tannowa	Outside Independent			–	Male	–
12	Junko Okawa	Outside Independent			–	Female	–

* The Chairpersons and members of the Nomination Advisory Committee and the Remuneration Advisory Committee will be officially decided at the Board of Directors meeting to be held after the 38th Annual Shareholders Meeting.

Notes: 1. The number of the Company's shares held by each candidate is the number as of March 31, 2022.

Furthermore, with regard to potential shares, the number indicated is equivalent to the number of vested points in the stock compensation plan utilizing the trust as of March 31, 2022.

- Candidates with Outside Director status fall under the definition of outside director as specified in Article 2, paragraph (3), item (vii) of the Regulation for Enforcement of the Companies Act.
- Candidates with Independent Director status fall under the definition of independent director as specified in Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.
- KYOCERA Corporation, where Goro Yamaguchi serves as Director and Managing Executive Officer, announced in

January 2021 that there was improper response regarding the certification by Underwriters Laboratories, a third-party safety science organization in the United States, of chemical products that were manufactured and sold by KYOCERA.

5. The Company has entered into agreements for Limitation of Liability with Goro Yamaguchi, Keiji Yamamoto, Riyo Kano and Shigeki Goto to the effect that the extent of liability for damage as provided for in Article 423, paragraph (1) of the Companies Act shall be limited to the amount prescribed in laws and regulations pursuant to Article 427, paragraph (1) of the Act. In the event that their reelections are approved, the Company plans to continue these agreements. In addition, the Company plans to enter into similar agreements with Tsutomu Tannowa and Junko Okawa if their elections are approved.
6. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The policy covers losses incurred by an insured that may arise from the insured's assumption of liability incurred in the course of the performance of duties or receipt of claims pertaining to the pursuit of such liability. In the event that the election of each candidate is approved, they will be included in the policy as an insured.

(Reference)

Diversity and expertise of the Company's Directors and Audit & Supervisory Board Members


From the perspective of achieving sustainable growth for the KDDI Group, we have defined six skills in terms of areas of expertise and experience that are considered important for the Company's Directors and Audit & Supervisory Board Members. The skills possessed by each Director and Audit & Supervisory Board Member in the event that Proposals No. 3 and No. 4 are approved as proposed at this Annual Shareholders Meeting are as follows.


	Name	Corporate management	Sales/ Marketing	Global	Digital/ Technology	Finance/ Accounting	Legal affairs/ Risk management
Inside Director	Takashi Tanaka						
	Makoto Takahashi						
	Shinichi Muramoto						
	Keiichi Mori						
	Toshitake Amamiya						
	Kazuyuki Yoshimura						
Outside Director	Goro Yamaguchi						
	Keiji Yamamoto						
	Riyo Kano						
	Shigeki Goto						
	Tsutomu Tannowa						
	Junko Okawa						
Audit & Supervisory Board Member	Kenichiro Takagi						
	Noboru Edagawa						
	Yukihiro Asahina						
	Toshihiko Matsumiya						
	Jun Karube						

Candidate No. 1	Takashi Tanaka	Date of birth February 26, 1957	Number of the Company's shares held (Number of potential shares) 62,500 (52,681)
 <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">Reappointment</div>	<p>Reason for nominating the candidate for Director</p> <p>Since assuming the role of President and Representative Director of the Company in 2010, Takashi Tanaka has carried out the mandate of shareholders and taken responsibility for steering the Company's management, as well as worked to enhance corporate value of the KDDI Group. Since 2018, he has primarily engaged in outward-facing activities involving political and business circles, industry, academia, and government as Chairperson and Representative Director of the Company, and has served as Chairperson of the Board of Directors. He has extensive experience as the management, and accordingly he has again been selected as a candidate for Director.</p> <p>Summary of Career, Position and Responsibilities in the Company and Important Concurrent Positions</p> <p>April 2003: Executive Officer June 2007: Managing Executive Officer, Director June 2010: Senior Managing Executive Officer, Representative Director December 2010: President, Representative Director April 2018: Chairperson, Representative Director (Current position) June 2021: Outside Director of Astellas Pharma Inc. (Current position)</p> <p>Special Interests</p> <p>There are no special interests between Takashi Tanaka and the Company.</p>		
Candidate No. 2	Makoto Takahashi	Date of birth October 24, 1961	Number of the Company's shares held (Number of potential shares) 35,700 (73,744)
 <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">Reappointment</div>	<p>Reason for nominating the candidate for Director</p> <p>Makoto Takahashi has abundant experience in leading the development of new businesses and services linked to the Company's present business operations through cooperation with various industries and M&A. Since April 2018, he has served as President and Representative Director, and demonstrated strong leadership as a driving force for sustainable growth of the Group, such as achieving the medium-term management plan (FY2019-21) and formulating the new medium-term management strategy (FY2022-24). For these reasons, he has again been selected as a candidate for Director.</p> <p>Summary of Career, Position and Responsibilities in the Company and Important Concurrent Positions</p> <p>April 2003: Executive Officer June 2007: Managing Executive Officer, Director June 2010: Senior Managing Executive Officer, Representative Director June 2016: Executive Vice President, Representative Director April 2018: President, Representative Director (Current position)</p> <p>Special Interests</p> <p>There are no special interests between Makoto Takahashi and the Company.</p>		
Candidate No. 3	Shinichi Muramoto	Date of birth March 2, 1960	Number of the Company's shares held (Number of potential shares) 13,500 (31,987)
 <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">Reappointment</div>	<p>Reason for nominating the candidate for Director</p> <p>Shinichi Muramoto has abundant experience in the corporate divisions. He has achieved results in pursuing the KDDI Group Mission Statement, promoting sustainability and SDGs, and enhancing the corporate governance system. He has the outstanding knowledge of promoting strategies for finance and human resources, etc. which form the basis of sustainable growth of the Company, and for these reasons he has again been selected as a candidate for Director.</p> <p>Summary of Career, Position and Responsibilities in the Company and Important Concurrent Positions</p> <p>October 2010: Executive Officer April 2016: Managing Executive Officer June 2016: Managing Executive Officer, Director April 2018: Executive Director, Corporate Sector (Current position) June 2018: Senior Managing Executive Officer, Director June 2020: Executive Vice President, Representative Director (Current position)</p> <p>Special Interests</p> <p>There are no special interests between Shinichi Muramoto and the Company.</p>		

Candidate No. 4	Keiichi Mori	Date of birth February 2, 1960	Number of the Company's shares held (Number of potential shares) 15,600 (25,925)		
 <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Reappointment</div>	<p>Reason for nominating the candidate for Director</p> <p>Keiichi Mori has abundant experience in solution services for corporate customers, such as promoting DX. He is the officer in charge of the Business Services segment identified as a growth field, and has the superior knowledge in operation of the overall business for domestic and global corporate customers. For these reasons, he has again been selected as a candidate for Director.</p> <p>Summary of Career, Position and Responsibilities in the Company and Important Concurrent Positions</p> <p>October 2014: Executive Officer April 2017: Managing Executive Officer June 2017: Managing Executive Officer, Director April 2019: Executive Director, Solution Business Sector (Current position) June 2019: Senior Managing Executive Officer, Director (Current position)</p> <p>Special Interests</p> <p>There are no special interests between Keiichi Mori and the Company.</p>				
	<p>Candidate No. 5</p> <td>Toshitake Amamiya</td> <td>Date of birth June 26, 1960</td> <td>Number of the Company's shares held (Number of potential shares) 41,300 (13,731)</td>			Toshitake Amamiya	Date of birth June 26, 1960
 <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Reappointment</div>	<p>Reason for nominating the candidate for Director</p> <p>Toshitake Amamiya has abundant experience in promoting the development of new businesses connected to the future life transformation domain and in the Global Business. Serving as Executive Director of Personal Business Sector, he has promoted sustainable growth in the Company's domestic and global telecommunications business for individual customers. For these reasons, he has again been selected as a candidate for Director.</p> <p>Summary of Career, Position and Responsibilities in the Company and Important Concurrent Positions</p> <p>April 2012: Executive Officer April 2019: Managing Executive Officer June 2019: Managing Executive Officer, Director (Current position) April 2022: Executive Director, Personal Business and Global Consumer Business Sector (Current position)</p> <p>Special Interests</p> <p>There are no special interests between Toshitake Amamiya and the Company.</p>				
	<p>Candidate No. 6</p> <td>Kazuyuki Yoshimura</td> <td>Date of birth April 19, 1965</td> <td>Number of the Company's shares held (Number of potential shares) 6,400 (10,171)</td>			Kazuyuki Yoshimura	Date of birth April 19, 1965
 <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Reappointment</div>	<p>Reason for nominating the candidate for Director</p> <p>Kazuyuki Yoshimura has abundant experience in all areas of technology. Serving as Executive Director of the Technology Sector, he has the knowledge required for stable operation of the telecommunications business and sophistication of networks, such as through the experience in construction and operation of networks, which are the foundation of the telecommunications business, as well as in steady implementation of various other operations related to technology. For these reasons, he has again been selected as a candidate for Director.</p> <p>Summary of Career, Position and Responsibilities in the Company and Important Concurrent Positions</p> <p>April 2020: Executive Officer, Executive Director, Technology Sector (Current position) June 2020: Executive Officer, Director April 2021: Managing Executive Officer, Director (Current position)</p> <p>Special Interests</p> <p>There are no special interests between Kazuyuki Yoshimura and the Company.</p>				

Candidate No. 7	Goro Yamaguchi	Date of birth January 21, 1956	Number of the Company's shares held (Number of potential shares) 11,900 (-)	Years served as Director 5	Board of Directors' meetings attended 12 of 12 meetings (100%)
	<p>Reason for nominating the candidate & overview of roles expected to fulfill if elected as Outside Director</p> <p>Goro Yamaguchi has a wealth of corporate management experience and excellent knowledge cultivated as the President and Representative Director of a major electronic components and equipment manufacturer. On the Board of Directors, the Company has received his broad opinions related to business administration and operations from a medium- to long-term perspective, and he has contributed to improving the corporate value of the Company. Going forward, the Company expects that he will contribute to the strengthening of the supervisory function for the execution of business and provide advice from a wide-ranging managerial perspective based on his management experience at other companies. Therefore, he has again been selected as a candidate for Outside Director.</p> <p>Summary of Career, Position and Responsibilities in the Company and Important Concurrent Positions</p> <p>June 2009: Director and Managing Executive Officer of KYOCERA Corporation</p> <p>April 2013: President and Representative Director, President and Executive Officer of KYOCERA Corporation</p> <p>April 2017: Chairperson of the Board and Representative Director of KYOCERA Corporation (Current position)</p> <p>June 2017: Outside Director (Current position)</p> <p>Special Interests</p> <p>Goro Yamaguchi is Chairperson of the Board and Representative Director of KYOCERA Corporation, which has business transactions with the Company, but these transactions account for less than 5% of operating revenues for both parties.</p>				
Reappointment					
Outside Director					
Candidate No. 8	Keiji Yamamoto	Date of birth March 28, 1961	Number of the Company's shares held (Number of potential shares) 900 (-)	Years served as Director 3	Board of Directors' meetings attended 12 of 12 meetings (100%)
	<p>Reason for nominating the candidate & overview of roles expected to fulfill if elected as Outside Director</p> <p>Keiji Yamamoto has excellent knowledge cultivated in IT development and electronics engineering divisions and abundant corporate management experience as a corporate manager at a major automobile manufacturer. On the Board of Directors, the Company has received his broad opinions on promoting 5G/IoT strategy, etc. from a medium- to long-term perspective, and he has contributed to improving the corporate value of the Company. Going forward, the Company expects that he will contribute to the strengthening of the supervisory function for the execution of business and provide advice from a technical perspective in the field of information and communications, etc. Therefore, he has again been selected as a candidate for Outside Director.</p> <p>Summary of Career, Position and Responsibilities in the Company and Important Concurrent Positions</p> <p>April 2016: Executive General Manager of TOYOTA MOTOR CORPORATION</p> <p>April 2017: Managing Officer of TOYOTA MOTOR CORPORATION</p> <p>June 2019: Outside Director (Current position)</p> <p>July 2019: Operating Officer, President, Connected Company of TOYOTA MOTOR CORPORATION (Current position)</p> <p>January 2021: Operating Officer and Chief Information & Security Officer of TOYOTA MOTOR CORPORATION (Current position)</p> <p>June 2021: Chief Product Integration Officer of TOYOTA MOTOR CORPORATION (Current position)</p> <p>Special Interests</p> <p>Keiji Yamamoto is an Operating Officer of TOYOTA MOTOR CORPORATION, which has business transactions with the Company, but these transactions account for less than 5% of operating revenues for both parties.</p>				
Reappointment					
Outside Director					

Candidate No. 9	Riyo Kano	Date of birth May 11, 1966	Number of the Company's shares held (Number of potential shares) 900 (-)	Years served as Director 3	Board of Directors' meetings attended 12 of 12 meetings (100%)
Reason for nominating the candidate & overview of roles expected to fulfill if elected as Outside Director					
 <p>Riyo Kano has abundant experience and superior knowledge, cultivated as the partner at a law firm and a committee member of government committees. On the Board of Directors, the Company has received her expert opinions regarding legal risk management based on a medium- to long-term perspective and from a perspective independent of the management team, and she has contributed to improving the corporate value of the Company. Going forward, the Company expects that she will contribute to the strengthening of the supervisory function for the execution of business and provide advice from her expert perspective as an attorney at law. Therefore, she has again been selected as a candidate for Outside Director.</p> <p>Moreover, with this background we judge there to be no risk of a conflict of interest with general shareholders and accordingly she has again been nominated as Independent Director.</p> <p>Summary of Career, Position and Responsibilities in the Company and Important Concurrent Positions</p> <p>April 1993: Registered as attorney at law</p> <p>January 2005: Partner, Tanabe & Partners (Current position)</p> <p>August 2014: Member of Commission on Policy for Persons with Disabilities of Cabinet Office (Current position)</p> <p>June 2015: Outside Director of The Yamanashi Chuo Bank, Ltd. (Current position)</p> <p>February 2017: Member of Examination Committee for Relief Assistance of Ministry of Health, Labour and Welfare (Current position)</p> <p>June 2019: Outside Director (Current position)</p> <p>Special Interests</p> <p>Riyo Kano is a Partner of Tanabe & Partners, which has business transactions with the Company (it provides the Company with a whistleblower contact service), but these transactions account for less than 1% of operating revenues for both parties. Therefore, these transactions would not affect her independence as an Outside Director.</p>					
<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 2px;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 2px;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; width: fit-content;">Independent Director</div>					

Candidate No. 10	Shigeki Goto	Date of birth December 20, 1948	Number of the Company's shares held (Number of potential shares) 2,500 (-)	Years served as Director 2	Board of Directors' meetings attended 12 of 12 meetings (100%)
Reason for nominating the candidate & overview of roles expected to fulfill if elected as Outside Director					
 <p>Shigeki Goto has superior knowledge in telecommunications and network engineering, and information processing, which are directly relevant to the business of the Company, as well as in the field of cybersecurity that is crucial for its business operation. On the Board of Directors, the Company has received his expert opinions related to the management policy as a telecommunications operator that provides social infrastructure, from a medium- to long-term perspective independent of the management team, and he has contributed to improving the corporate value of the Company. Going forward, the Company expects that he will contribute to the strengthening of the supervisory function for the execution of business and provide advice from his expert perspective in the information and communications field, etc. Therefore, he has again been selected as a candidate for Outside Director.</p> <p>Moreover, with this background we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has again been nominated as Independent Director.</p> <p>Summary of Career, Position and Responsibilities in the Company and Important Concurrent Positions</p> <p>April 1996: Professor, Department of Computer Science and Engineering, School of Science and Engineering of Waseda University</p> <p>March 1997: Trustee of JNIC (Currently Japan Network Information Center (JPNIC)) (Current position)</p> <p>April 2015: Chairperson, Research and Development Strategy Special Committee, Cybersecurity Strategic Headquarters of Cabinet Secretariat</p> <p>April 2019: Professor Emeritus of Waseda University (Current position)</p> <p>June 2020: Outside Director (Current position)</p> <p>Special Interests</p> <p>There are no special interests between Shigeki Goto and the Company.</p>					
<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 2px;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 2px;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; width: fit-content;">Independent Director</div>					


Candidate No. 11	Tsutomu Tannowa	Date of birth October 26, 1951	Number of the Company's shares held (Number of potential shares) 2,000 (-)	Years served as Director -	Board of Directors' meetings attended -
 <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 2px;">New appointment</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 2px;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 2px;">Independent Director</div>	<p>Reason for nominating the candidate & overview of roles expected to fulfill if elected as Outside Director</p> <p>Tsutomu Tannowa has a wealth of corporate management experience cultivated as President & CEO of a major chemical manufacturer, as well as excellent knowledge from a global perspective. He has been selected as a candidate for Outside Director because we judge that he will contribute to improving the Company's corporate value by contributing to the strengthening of the supervisory function of business execution based on his management experience at other companies and by providing broad opinions from a medium- to long-term perspective. Moreover, with this background we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has been nominated as Independent Director.</p> <p>Summary of Career, Position and Responsibilities in the Company and Important Concurrent Positions</p> <p>April 2007: Executive Officer of Mitsui Chemicals, Inc. April 2010: Managing Executive Officer of Mitsui Chemicals, Inc. June 2012: Member of the Board, Managing Executive Officer of Mitsui Chemicals, Inc. April 2013: Member of the Board, Senior Managing Executive Officer of Mitsui Chemicals, Inc. June 2014: Representative Director, Member of the Board, President & CEO of Mitsui Chemicals, Inc. April 2020: Representative Director, Chairperson of the Board of Mitsui Chemicals, Inc. (Current position)</p> <p>Special Interests</p> <p>Tsutomu Tannowa is Representative Director and Chairperson of the Board of Mitsui Chemicals, Inc., which has business transactions with the Company, but these transactions account for less than 1% of operating revenues for both parties. Therefore, these transactions would not affect his independence as an Outside Director.</p>				
Candidate No. 12	Junko Okawa	Date of birth August 31, 1954	Number of the Company's shares held (Number of potential shares) 0 (-)	Years served as Director -	Board of Directors' meetings attended -
 <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 2px;">New appointment</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 2px;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 2px;">Independent Director</div>	<p>Reason for nominating the candidate & overview of roles expected to fulfill if elected as Outside Director</p> <p>Junko Okawa has a wealth of corporate management experience as a manager of a major airline company, in addition to excellent knowledge cultivated from her work experience at that airline company, especially in practical aspects such as customer service, corporate rehabilitation, and diversity promotion. She has been selected as a candidate for Outside Director because we judge that she will contribute to improving the Company's corporate value by contributing to the strengthening of the supervisory function of business execution based on her management experience at other companies and by providing broad opinions from a medium- to long-term perspective. Moreover, with this background we judge there to be no risk of a conflict of interest with general shareholders and accordingly she has been nominated as Independent Director.</p> <p>Summary of Career, Position and Responsibilities in the Company and Important Concurrent Positions</p> <p>February 2010: Executive Officer of Japan Airlines Co., Ltd. February 2012: Managing Executive Officer of Japan Airlines Co., Ltd. April 2013: Senior Managing Executive Officer of Japan Airlines Co., Ltd. June 2013: Director, Senior Managing Executive Officer of Japan Airlines Co., Ltd. April 2016: Representative Director, Senior Managing Executive Officer of Japan Airlines Co., Ltd. June 2018: Vice Chairperson of Japan Airlines Co., Ltd. April 2019: External Affairs Representative of Japan Airlines Co., Ltd. June 2020: Director of The Shoko Chukin Bank, Ltd. (Current position)</p> <p>Special Interests</p> <p>There are no special interests between Junko Okawa and the Company.</p>				

Proposal 4: Election of One (1) Audit & Supervisory Board Member

As the term of office of Audit & Supervisory Board Member Yasuhide Yamamoto will expire at the end of this Annual Shareholders Meeting. We therefore propose that one (1) Audit & Supervisory Board Member be elected.

Moreover, when selecting a candidate for Audit & Supervisory Board Member, our benchmark is a person who has the ability and the knowledge to conduct audits appropriately and independently of Director. The approval of the Audit & Supervisory Board for submitting this proposal has already been obtained.

The candidate for Audit & Supervisory Board Member is as follows.

	Noboru Edagawa	Date of birth February 23, 1959	Number of the Company's shares held (Number of potential shares) 4,300 (–)
	<p>Reason for nominating the candidate for Audit & Supervisory Board Member</p> <p>Noboru Edagawa has abundant experience and knowledge in various divisions and group companies, such as research and technological development divisions, and consumer products and business planning divisions of the Company, KDDI Engineering Corporation, and KDDI Summit Global Myanmar Co., Ltd. (KSGM). From the perspective of leveraging this experience and knowledge to monitor general management and to engage in appropriate audit activities, he has been selected as a candidate for Audit & Supervisory Board Member. Moreover, Noboru Edagawa is scheduled to be nominated as a full-time Audit & Supervisory Board Member.</p> <p>Summary of Career, Position in the Company and Important Concurrent Positions</p> <p>April 2014: Seconded to KDDI Engineering Corporation</p> <p>March 2017: Seconded to KSGM</p> <p>April 2018: Executive Officer</p> <p>April 2019: Managing Executive Officer and seconded to KSGM (CEO)</p> <p>April 2021: Adviser (Current position)</p>		

New appointment

Notes: 1. The number of the Company's shares held by Noboru Edagawa is the number as of March 31, 2022.

Furthermore, with regard to potential shares, the number indicated is equivalent to the number of vested points in the stock compensation plan utilizing the trust as of March 31, 2022. In addition to the Company's shares held under his name, he also holds 3,938 shares through the Company's stock ownership as of the end of March 2022.

2. If Noboru Edagawa is elected, the Company plans to enter into an agreement for Limitation of Liability with him to the effect that the extent of liability for damage as provided for in Article 423, paragraph (1) of the Companies Act shall be limited to the amount prescribed in laws and regulations pursuant to Article 427, paragraph (1) of the Act.
3. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The policy covers losses incurred by an insured that may arise from the insured's assumption of liability incurred in the course of the performance of duties or receipt of claims pertaining to the pursuit of such liability. In the event that the election of Noboru Edagawa is approved, he will be an insured.

Proposal 5: Continuation of and Partial Revision to the Performance-linked Stock Compensation Plan for Directors and Other Executives

The Company, based on the advice of the Nomination Advisory Committee (the meeting held in March 2022), would like to revise and continue the performance-linked stock compensation plan introduced in fiscal 2015 in order to clarify that the remuneration of directors and other executives is linked to performance and stock value and to raise awareness of contributing to improving the operating performance and increasing corporate value over the medium and long term. Details of the plan are provided below.

1. Reason for Proposal and the reason such compensation is considered appropriate

The performance-linked stock compensation plan (hereinafter, referred to as the “Plan”) for directors, executive officers and administrative officers of the Company (excluding those residing overseas, outside directors and part-time directors) has been implemented upon the approval of its introduction by shareholders at the 31st Annual Shareholders Meeting held on June 17, 2015, and upon the approval of its continuation and partial revision by shareholders at the 34th Annual Shareholders Meeting held on June 20, 2018.

Since the Plan period, which is the four fiscal years from fiscal 2018 to fiscal 2021, has ended, we would like to ask your approval for this proposal, to continue the Plan with some revisions from fiscal 2022 onwards.

This proposal is separate from the maximum amount of remuneration for directors approved at the 30th Annual Shareholders Meeting held on June 18, 2014 (not exceeding ¥50 million per month), and provides for the payment of stock compensation to directors and other executives.

After the revision, the beneficiaries of the Plan shall be directors, executive officers, administrative officers, and senior directors (excluding those residing overseas, outside directors and part-time directors; hereinafter referred to collectively as “Directors and Other Executives”).

We believe that continuing the Plan is appropriate considering the purpose of the Plan being to clarify that the compensation of Directors and Other Executives is linked to operating performance and stock value of the Company and to raise awareness of contributing to improving the operating performance and increasing corporate value over the medium and long term. In addition, at the meeting of the Board of Directors held on January 14, 2021, it was resolved to adopt a policy for determining the content of individual remuneration, etc. for directors at the Company, a summary of which is set forth on page 46 of the Notice of this Annual Shareholders Meeting, and this proposal is necessary and reasonable to grant individual remuneration, etc. to Directors in line with that policy.

If Proposal 3, Election of Twelve (12) Directors, is approved as proposed, six directors will be eligible for the Plan. In addition, 38 executive officers not concurrently serving as directors, 16 administrative officers, and 34 senior directors will be eligible for the Plan.

2. Amount and details of compensation, etc. for the Plan

We would like to revise some aspects of the Plan previously adopted. The details of the revised plan are indicated below.

(1) Plan summary

The Plan is a performance-linked stock compensation plan under which Company’s shares are acquired through a trust using underlying fund of compensation to Directors and Other Executives contributed by the Company and, in proportion to various factors, including the degree of achievement of operating targets and their position, the Company’s shares and cash in the amount equivalent to the converted monetary value of the amount of the Company’s shares (hereinafter, referred to as the “Company’s Shares Etc.”) are delivered and paid (hereinafter, referred to as the “delivery and payment”) to Directors

and Other Executives. As a general rule, the timing at which Directors and Other Executives receive delivery and payment of the Company's Shares Etc. shall be upon their retirement.

The Plan, which is to be continued this year, applies to a total of three fiscal years (hereinafter, referred to as the "Plan Period") that includes fiscal 2022 to fiscal 2024, which are the period for the current medium-term management strategy. The existing trust, which will terminate on the last day of August 2022 (hereinafter, referred to as the "Existing Trust"), shall be extended for three years until the planned date of the last day of August 2025 (hereinafter, the trust that is continued until to this date shall be referred to as the "Continued Trust").

(2) Ceiling on the compensation for the Plan

The Company shall contribute money at a maximum of ¥3,750 million in total for three years to the Continued Trust as compensation to Directors and Other Executives during the Plan Period. The funds contributed to the Continued Trust shall be used to acquire Company's shares from the Company (disposal of treasury shares) or in the market, in accordance with instructions of the trust administrator.

However, when making such a contribution, if there are Company's shares remaining in the trust assets (excluding the Company's shares that are scheduled to be delivered and paid to Directors and Other Executives) or money (hereinafter, referred to collectively as "Remaining Shares Etc.") on the last day of the trust period of the Existing Trust, the Remaining Shares Etc. shall be carried over to the Continued Trust and the total of the Remaining Shares Etc. and additional trust money contributed shall be within ¥3,750 million.

Furthermore, points shall not be granted to Directors and Other Executives, from the termination of the trust period of the Continued Trust, but the trust period of the Continued Trust may be extended for a maximum of 15 years until Directors and Other Executives who satisfy beneficiary requirements retire and delivery and payment of the Company's Shares Etc. to Directors and Other Executives is complete.

If the further continuation of the Continued Trust is proposed and approved at the Annual Shareholders Meeting in three years' time, the Plan Period and trust period may be extended within the range approved at the Annual Shareholders Meeting and points may continue to be granted to Directors and Other Executives during the extended trust period.

(3) Method for calculating the Company's Shares Etc. that Directors and Other Executives acquire and ceiling on the number thereof

For each fiscal year during the Plan Period, each Director and Other Executive, is granted a certain number of points, and when Directors and Other Executives retire, a number of the Company's Shares Etc. proportional to the total number of points they have accumulated are delivered and paid.

The number of points for each fiscal year during the Plan Period is decided upon taking into consideration various factors including the degree of achievement of operating performance targets for each fiscal year and the person's position. The points are granted by the first June after the end of that fiscal year.

One share is delivered for each point, and in the case of a share split, reverse share split, etc., adjustments of the number of points shall be made in accordance with such factors as the share split or reverse share split ratio.

The number of points granted to each Director and Other Executive shall be decided upon as given below based on their point grant percentage calculated taking into consideration the (a) Company performance targets and the (b) degree of achievement determined on the basis of Remuneration Advisory Committee report, and their positions.

(a) The Company performance targets: operating revenue, operating income, profit for the year, etc.

(b) Remuneration Advisory Committee reporting targets:

KPI numerical targets tied to growth of the Company's operations and increases in operating

performance

Furthermore, targets for operating performance and KPI numerical targets for each fiscal year during the Plan Period are set at the beginning of that particular fiscal year.

Calculation method:

Point grant percentage calculated taking into consideration the operating performance attainment level x position-based points

The annual number of points given to each Director and Other Executive through the Plan shall not exceed 400,000 points in total. Furthermore, the maximum number of the Company's shares acquired to deliver and pay to Directors and Other Executives during the Plan Period shall be 1,200,000 shares, corresponding to the total number of annual points (400,000 points) multiplied by the number of years for the trust period, which is three years.

(4) Delivery and Payment to Directors and Other Executives

Directors and Other Executives who retire and satisfy the beneficiary requirements shall, by completing the designated beneficiary confirmation procedures, have a number of the Company's shares corresponding to a determined percentage of the number of accumulated points (including points already granted) delivered to them together with payment of cash in the amount equivalent to the converted monetary value of the amount of the Company's shares equivalent to the number of remaining points.

(5) Clawback system, etc.

A system has been established for a case where a Director or Other Executive commits acts in serious violation of laws or regulations to enable the Company to claim against such Director or Other Executive for loss or forfeiture of their rights to receive delivery and payment of the Company's Shares Etc. under the Plan and for the return of a cash amount corresponding to the amount of the Company's Shares Etc. already delivered (clawback).

(6) Payment of dividends of surplus for the Company's shares held in the Existing Trust and Continued Trust

Dividends paid to the Company's shares held in the Existing Trust and Continued Trust shall be received by the respective trusts and used for trust fees and trust expenses, and dividends corresponding to the total number of points held by the Directors and Other Executives on each dividend record date shall be paid to the corresponding Directors and Other Executives after their retirement. If there remain some dividends when the trust is terminated, they shall be paid to Directors and Other Executives, and then donated to an organization with no interest in the Company or Directors and Other Executives.

Proposal 6: Revision of Remuneration Amount for Audit & Supervisory Board Members

The maximum remuneration for Audit & Supervisory Board Members of the Company was set at no more than ¥130 million annually by a resolution of the 32nd Annual Shareholders Meeting held on June 22, 2016, and has remained the same since then. However, taking into consideration the increased roles required of Audit & Supervisory Board Members due to the expansion of business domains accompanying the promotion of the Satellite Growth Strategy, along with the levels of remuneration of officers at similarly sized companies, the Company proposes to revise this amount to no more than ¥160 million annually. This proposal has passed through the deliberation process of the Remuneration Advisory Committee which is composed of mainly Outside Directors.

If Proposal 4 is approved as proposed, the number of Audit & Supervisory Board Members will be five, the same number as at present.

(Reference) Message from an Outside Director

Formulation of the Medium-Term Management Strategy (FY2022-24)
Riyo Kano, Independent Outside Director
<p>FY2021 is the final year of the Medium-Term Management Plan that began in FY2019, and the formulation of the next medium-term management strategy has been underway looking to the future.</p> <p>In formulating the Medium-Term Management Strategy (FY2022-24), several opportunities for discussion have been provided since last year, and careful discussions have been held from the framework of the strategy. The discussions have involved lively exchanges of opinions, drawing on the diverse experience and knowledge of each Director and Audit & Supervisory Board Member. As a member of the Board who is an Outside Director, I participated in discussions on a wide range of important topics, including the future goals of the KDDI Group, medium- to long-term business strategies, and strengthening the management infrastructure for sustainable corporate value enhancement, and I feel that I was able to gain a deeper understanding of our management strategy and to be appropriately involved in the formulation process.</p> <p>The key feature of this Medium-Term Management Strategy is that it places “sustainability management” at the core of the strategy, which is a further evolution of the various sustainability-related initiatives KDDI has been undertaking. The strategy clearly shows that sustainability is the first axis of the strategy, and that the Company will consider what it should be and what it should do from there. Nowadays, companies are expected to enhance not only economic value such as sales and profits, but also non-economic value (social value) such as carbon neutrality, human rights, and diversity. In this social environment, I am confident that KDDI will be able to achieve further growth through the implementation of this Medium-Term Management Strategy, which is aimed at solving social issues and further enhancing corporate value.</p> <p>As an au user, I also look forward to a more convenient and exciting future through the promotion of the “Satellite Growth Strategy,” which aims to expand growth areas with telecommunications at its core.</p>

(Reference) Information on the Guiding Principles of the Corporate Governance Code

Basic Views and Guidelines on Corporate Governance

As a telecommunications operator that provides social infrastructure, the Company has the important social mission of providing stable communications services on an ongoing basis, 24 hours a day and 365 days a year, regardless of conditions. Furthermore, as a telecommunications operator our business derives from utilizing radio waves—an important asset shared by all citizens. Accordingly, we recognize that we have the social responsibility to address the issues society faces and seek to resolve them through telecommunications.

Attaining sustainable growth and increased corporate value over the medium to long term is essential to achieving this social mission and social responsibility. Furthermore, we strive to engage in dialogue with all our stakeholders, including customers, shareholders, business partners, employees, and local communities and work in cooperation to proactively address societal issues. In this manner, we aim to contribute to the development of a safe, secure, and bountiful communications-oriented society.

We recognize reinforcing corporate governance as important to achieving sustainable growth and increased corporate value over the medium to long term. Accordingly, we are in accordance with the tenets of the “Corporate Governance Code” defined by the financial instruments exchange. While maintaining transparency and fairness, we endeavor to enhance our structures for ensuring timely and decisive decision-making. In addition to our corporate credo and KDDI Group Mission Statement, we have formulated the “KDDI Group Philosophy,” which defines perspectives and values that officers and employees should share. We conduct activities to promote awareness of this philosophy throughout the Company.

By proactively adhering to Japan’s Corporate Governance Code and practicing the “KDDI Group Philosophy,” which we consider foundation of corporate management, we will endeavor to enhance corporate governance throughout the KDDI Group, including its subsidiaries, to achieve sustainable growth and increased corporate value over the medium to long term.

The KDDI Group Mission Statement and KDDI Group Philosophy can be viewed from the following address (the Company’s website).	
https://www.kddi.com/english/corporate/kddi/philosophy/	



Policy and Procedure for the nomination of Director and Audit & Supervisory Board member candidates by the Board of Directors

In order to ensure the Board of Directors as a whole has a high degree of expertise and diverse perspectives in making decisions that include important management matters and in providing oversight as required by law, the Company selects individuals who meet the following standards without distinction as to gender, age, nationality, race or ethnicity.

Standards of Nomination and Election

All Candidates: People who have no selfish and highly ethical view and personality appropriate to an executive member

Director Candidates: Meeting one or more of the following standards

People with specialized knowledge and experience in various fields of business

People who have management knowledge appropriate to a supervisor or possess specialized knowledge

People who are highly independent

Audit & Supervisory Candidates: People who are able to supervise overall management from a perspective independent from directors and who have the extensive experience and broad ranging insight to enhance audit appropriateness.

Procedure for the nomination and the election of Director

1. Selection of candidates based on the above standards
2. Deliberation by the Nomination Advisory Committee
3. Approval by the Board of Directors
4. Election by the Shareholders Meeting

Procedure for the nomination and the election of Audit & Supervisory Board Member

1. Selection of candidates based on the above standards
2. Deliberation by the Nomination Advisory Committee
3. Deliberation and approval by the Audit & Supervisory Board
4. Approval by the Board of Directors
5. Election by the Shareholders Meeting

Criteria for Independence of Outside Directors/Audit & Supervisory Board Members

In addition to the outside directors/audit & supervisory board members requirements in the Companies Act and the independence standards provided by the financial instruments exchange, these standards state that people belong to business partners making up 1% or more of the Company's consolidated net sales or orders placed are not independent.

Policy on Transactions Between Related Parties

In accordance with the Companies Act, the Company requires competitive or conflict-of-interest transactions by directors to be approved by and reported to the Board of Directors.

Individual transactions with major shareholders are conducted in accordance with one of the basic principles of the “KDDI Code of Business Conduct,” specifically, “IX. Appropriate Accounting and Adherence to Agreements.” In line with this principle, such transactions are decided upon in the same manner as other standard transactions, through internal requests for decision, rather than by setting special standards. In addition, internal requests for decision are checked by Audit & Supervisory Board members.

Director of KYOCERA Corporation, which is a major shareholder of the Company, serve as outside director of the Company. Accordingly, we strike a balance between comprehensive approval by and report to the Board of Directors, and internal requests for decisions on individual transactions.

Analysis and Evaluation of the Board of Directors’ Effectiveness

■ Purpose of conducting

The Company conducts a self-evaluation of the Board of Directors in order to correctly understand the situation of the Board of Directors and promote its consecutive improvement.

■ Process of evaluation

The Company confirms the effectiveness of the Board of Directors based on evaluation by all of the directors and Audit & Supervisory Board members. The evaluation takes the form of a questionnaire and aims to verify the effectiveness of the board’s initiatives and discover where improvements can be made from two perspectives, quantitative evaluation and qualitative evaluation, through a combination of four-grade evaluation and free writing.

The evaluation covers the most recent one-year period and is conducted annually. The results of the evaluation are reported to the Board of Directors and future measures are considered.

The main evaluation items are as follows.

- Operation of the Board of Directors

 - (composition of members, documents and explanations, provision of information, etc.)

- Supervision of Executives

 - (conflict of interest, risk management, management of subsidiaries, etc.)

- Medium- and long-term discussions

 - (participation in medium-term management strategy, monitoring of plan enforcement, etc.)

■ Evaluation results

[Summary]

The evaluation confirmed that the Company’s Board is operating appropriately and functioning effectively.

The following matters were rated highly in particular.

- The Board of Directors is managed by leveraging the knowledge of outside directors/Audit & Supervisory Board members.

- The Company has fostered a culture in which outside directors/Audit & Supervisory Board members can actively speak up at Board meetings. In addition, the executive side responds sincerely to the opinions and questions of outside directors/Audit & Supervisory Board members, and the Board of Directors is managed in a manner that takes advantage of the knowledge of outside directors/Audit & Supervisory Board members with various backgrounds.

- Discussions focused on sustainable growth and medium- to long-term improvement of corporate value

 - Discussions are being held from a medium- to long-term perspective on themes such as sustainable growth of the mainstay domestic telecommunications business, full-scale deployment of 5G, and value creation through the integration of telecommunications and life design.

[Improvements since previous evaluation]

As the issue raised in the previous evaluation, directors and Audit & Supervisory Board members suggested various topics that should be discussed to achieve the Company’s sustainable growth even amid the radically changing operating environment. Thus, we decided to incorporate such topics in the process of formulating the next medium-term management strategy and have active discussions drawing on diverse experiences and knowledge of directors and Audit & Supervisory Board members.

Based on this theme, in 2021, we reserved time for active and constructive exchanges of opinions among the directors and Audit & Supervisory Board members and sufficient time for deliberation, and discussed various

issues, including the proposed themes, in order to formulate a new Medium-Term Management Strategy.

[Future issues]

Our proactive efforts based on the “Satellite Growth Strategy,” which orbits around communications, are enabling us to diversify our business domains and expand the scale of our operations through the growth of our group companies.

In this environment, the KDDI Group believes that in order to fulfill its social responsibilities and achieve sustainable growth while appropriately responding to various risks, it is important to further strengthen corporate governance, which is the foundation of the KDDI Group’s operations.

The Group as a whole will further promote the “KDDI Group Philosophy” as the basis of its corporate activities and strengthen its governance system, including risk management, while the Board of Directors will provide appropriate supervision as appropriate to strengthen the effectiveness of risk management.

System for Supporting/Linking Outside Directors and Outside Audit & Supervisory Board Members

Board of Directors meeting dates and agenda items are provided in advance to outside directors and outside Audit & Supervisory Board members. In addition, agenda materials are distributed ahead of time to foster understanding of the items in question and invigorate deliberations at Board of Directors meetings.

In addition, the Company is working to make deliberations more substantial by accepting questions in advance and providing more extensive explanations at Board of Directors meetings based on such questions.

Furthermore, the Company is working to invigorate deliberations in Board of Directors meetings by providing opportunities for outside directors and outside Audit & Supervisory Board members to undergo training by responsible persons in each field concerning industry trends, an overview of the Company’s organization and its various businesses and technologies and future strategies, and improve their understanding of the Company.

Moreover, the Company holds meetings in a timely manner focused on outside directors/Audit & Supervisory Board members, such as outside director-only meetings and outside director and outside Audit & Supervisory Board member meetings, to promote the sharing of information and smooth linking of management, Audit & Supervisory Board members, and outside directors.

The Company also shares the settlement of accounts review of the accounting auditor with outside directors and Audit & Supervisory Board members and provides an opportunity for the exchange of opinions. This promotes links between the outside directors, Audit & Supervisory Board members, and accounting auditor, parties that are independent from company management, which we believe greatly contributes to the collective capabilities of governance.


On April 1, 2006, the Company established the Audit & Supervisory Board Members’ Office to support Audit & Supervisory Board members, including outside members.

Basic Policy of IR Activities

The Company considers our shareholders and investors to be particularly important stakeholders who fully understand and strongly support our ongoing business. Accordingly, we promise to make the building of trust-based relationships with shareholders and investors a top management priority and strive for value-oriented corporate management, active information disclosure, and enhanced communication.

For example, the Company convenes earnings presentation meetings for analysts and institutional investors quarterly, coinciding with its disclosure of financial statements. These meetings can be observed via live and on-demand video distribution.

Each quarter, the Company’s directors and other personnel visit our institutional investors in Europe, the US, and Asia to provide explanations of the Company’s financial condition and future strategies. In fiscal 2021, however, due to the impact of COVID-19, we had conference calls and video meetings on an individual basis. In fiscal 2021, the Company held Five hundred and seventy (570) conference calls and video meetings including participation in Eleven (11) conferences hosted by securities companies in Japan and abroad.

Information for individual investors can be viewed from the following address (the Company’s website).	
https://www.kddi.com/english/corporate/ir/	



(Documents Appended to the Notice of the 38th Annual Shareholders Meeting)
BUSINESS REPORT
(April 1, 2021 to March 31, 2022)

(Reference)

Financial Highlights	
Operating Revenues	¥5,446,708 million
(increased 2.5% year on year)	
Operating revenues increased mainly due to an increase in revenues from handset sales and the energy business.	
Operating Income	¥1,060,592 million
(increased 2.2% year on year)	
Operating income rose mainly due to an increase in operating revenues.	
Profit for the year attributable to owners of the parent	¥672,486 million
(increased 3.2% year on year)	
Profit for the year attributable to owners of the parent rose mainly due to increased operating income.	

1. Current Status of the Corporate Group

(1) Business Developments and Results

1) Overall Conditions

[Industry Trends and KDDI's Position]

Due to the COVID-19 pandemic, the structure of day-to-day life as we know it has been completely upended and, amid an ongoing rapid digital shift affecting every aspect of society, telecommunications have taken on an increasingly important role.

To ensure its ability to promptly adapt to the changes of this era and promote its medium- to long-term vision, KDDI aimed to achieve overall growth through sustainable growth in existing businesses as well as new innovation endeavors under its medium-term management plan spanning the period of April 1, 2019 to March 31, 2022 (FY2019-21).

Under the slogan Zutto, Motto, Tsunagu Zo, au (Connecting more and always with au), we strive to provide pricing plans aligned with diverse needs and lifestyles to individual customers over a wide telecommunications area via a high-quality network by offering the “reliable and unlimited-use” with “au,” “simple for everyone” services with “UQ mobile,” and “povo” with the slogan “From zero, in your own way.” In addition, we provide an experience value only possible with 5G by collaborating with partners to provide a metaverse (virtual reality) that includes a virtual city that integrates virtual and physical space. We deliver new experience value to customers by steadily promoting the “integration of telecommunications and life design” through the wider adoption of “au PAY” as a contact point with customers.

For corporate customers, companies’ digital transformation (DX) is accelerating across a wide range of industries and uses, and corporate business models are changing profoundly. KDDI is undertaking DX with customers, aiming to grow our businesses in tandem. By fully leveraging KDDI DIGITAL GATE, which is a new business development center, DXGoGo Inc., a new company founded in May 2021, and various Group company assets, we promote the creation of new experience value and businesses with the aim of becoming a digital integrator for this era, in which telecommunications are becoming seamlessly integrated with all kinds of physical things.

In addition, KDDI considers human resources its most important resource. With the aim of transforming into a company that puts human resources first and has made their development and enhancement the foundation of management, we are working on this across three pillars: introducing the KDDI Version Job Style Personnel System, promoting Internal DX, and realizing the Declaration of KDDI New Work Styles.

Furthermore, to achieve KDDI's SDGs for 2030 we formulated the KDDI Sustainable Action initiatives. These initiatives target sustainable growth with society by “connecting and protecting lives,” “connecting day-to-day lives,” and “connecting hearts and minds” through the pursuit of business partnerships that utilize 5G, IoT, and other technologies.

Every year, the effects of global warming grow more severe, and the resulting climate-driven disasters are increasing in Japan and around the world. In April 2021, KDDI announced its agreement with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. With the release of our Sustainability Report 2021 in September, we made our first disclosure in line with the TCFD recommendations. In addition, in April 2022, we decided to move up our target of achieving net zero CO₂ emissions by 2050 (non-consolidated), which was announced in July 2021, to fiscal 2030. Furthermore, for its CO₂ emissions reduction targets, the KDDI Group acquired SBT certification from the international climate change-focused Science Based Targets initiative (SBTi).* Going forward, we will enhance non-financial disclosures while continuing to work to reduce CO₂ emissions by facilitating the transition to renewable energy and making mobile phone base stations and telecommunication equipment more energy efficient.

In addition, in November 2021 we entered into a partnership with SBI Investment Co., Ltd. to establish KDDI Green Partners Fund to invest in startups that address a wide range of climate change-related issues. In March 2022, as its first project, the fund invested in EneCoat Technologies Co., Ltd., which is developing perovskite solar cells, which are expected to be the next generation of solar cells.

In order to achieve sustainable growth while responding swiftly to changes in the business environment, KDDI has newly established “KDDI VISION 2030: The creation of a society in which anyone can make their dreams a reality, by enhancing the power to connect.” and formulated new materiality that comprehensively cover social issues and the importance of our management from a long-term perspective. Based on the above, we will promote the medium-term management strategy (FY2022-24) for the next three years.

* March 9, 2022: Sustainability News (Japanese only), “Acquired SBT Certification of an International Climate Change Initiative”
(<https://news.kddi.com/kddi/corporate/csr-topic/2022/03/09/5933.html>)

2) Business Conditions by Segment

Personal Services

Provision of telecommunication services (mobile, fixed-line, etc.) and life design services (commerce, finance, energy, entertainment, education, etc.) for individual customers in Japan and overseas

Operating Revenues	¥4,669,993 million
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(increased 1.9% year on year)

Operating revenues increased mainly due to an increase in revenues from handset sales and the energy business.

Operating Income	¥865,476 million
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(increased 0.3% year on year)

Operating income rose mainly due to an increase in operating revenues.

TOPICS

Multi-brand service offerings and 5G area expansion

KDDI offers “reliable and unlimited-use” with “au,” “simple for everyone” services with “UQ mobile,” and “povo” with the slogan “From zero, in your own way,” all with 5G compatibility.

In February of this year, au expanded its “Unlimited-Use MAX 5G ALL STAR Pack”^{*1} service with no change in rates. UQ mobile offers a Home Set Discount,^{*2} which allows the whole family to use Kurikoshi (Carryover) Plan +5G at a discount, starting at ¥990 (tax included) per month. We are providing multi-brand mobile communication services finely tailored to meet the diverse needs and lifestyles of our customers. These include povo2.0, an all-topping online-only brand that allows customers to freely choose from 11 different toppings (data capacity, unlimited calls, etc.) to suit their usage styles on a base plan with a ¥0 basic fee.

Under the slogan “Zutto, Motto, Tsunagu Zo, au (Connecting more and always with au),” we are also making company-wide efforts to build 5G areas with the aim of providing communications services with continuous connection. And we are expanding these areas with a focus on the railway lines and commercial districts that are central to lifestyle activities.

*1. This is an unlimited data use rate plan that includes access to entertainment services such as video and music streaming. Tethering, data sharing, and international roaming communications (flat-rate global data) have a total monthly data capacity limit of 80GB. Transmission speed may be limited when high volumes of data are used, or during periods of congested communications traffic. Transmission speed is limited when viewing videos, etc.

*2. A discount on UQ mobile’s monthly fee is provided when it is used in combination with a qualifying service (Internet or electric power).

Expansion of life design areas (au PAY, finance, energy)

In addition to expanding the number of financial institutions that accept au PAY balance recharging to 126, including megabanks, au PAY is further improving customer convenience, such as when we enabled new Suica issuance and recharging via the au PAY app in March of this year. We also held “Big Tanuki Repayment (Summer, Winter, Spring),” a promotional campaign in which Ponta points were given back for paying with au PAY at participating merchants, and many customers took advantage of the reward.

In financial services, in September of last year, au Jibun Bank launched the au Matomete Preferred Interest accounts, offering an annual interest rate of 0.20% (0.15% after tax) on yen-denominated ordinary deposits accounts for customers who have linked their au PAY, au PAY Card and au Kabu.com Securities accounts at au Jibun Bank. In March of this year, au Kabu.com Securities began accepting au PAY card payments for the accumulation of reserves in investment trusts through au Kabu.com Securities as part of

a further enhancement of service linkage.

The number of contracts for electric service exceeded 3 million in August of last year. In September of last year, we began offering the au Denki eco Plan with an effective renewable energy ratio of 100%, and in February of this year, the service area was expanded to cover all of Japan.

Providing new experience value in the 5G era (Virtual)

In the domain of creating new 5G experience value, the Virtual Shibuya au 5G Halloween Festival 2021 event held in October of last year was attended by approximately 550,000 customers from around the world. “Virtual Shibuya au 5G Shibuharu Festival 2022” was held from February to March of this year, connecting “Virtual Osaka” and “Virtual Shibuya,” which opened in February of this year as a new city-linked metaverse. In March of this year, we launched sales of “Nreal Air” smart glasses by “Nreal Ltd.,” a device that provides a new augmented experience.

Expansion of global business

In the Myanmar telecommunications business conducted by KDDI Summit Global Myanmar Co., Ltd. in cooperation with Myanmar Posts and Telecommunications (MPT), KDDI Summit Global Myanmar Co., Ltd. has been working to maintain the telecommunications services essential to the lives of the people of Myanmar. Even after the political change in February last year, they have done so in accordance with the KDDI Group Human Rights Policy, and with the safety of all secured in mind.

In addition, MobiCom Corporation LLC, a comprehensive telecommunications operator in Mongolia, has been renewing its brand on the occasion of its 25th anniversary, while also promoting advanced initiatives such as providing the country’s first digital corporate bond service. They are thereby contributing to the country’s economic development and enhancement of people’s lives. As Mongolia’s premier telecommunications operator, MobiCom is thus contributing to the country’s economic development and the enhancement of the people’s lives.

Business Services

Providing communications services (mobile, fixed-line communication, etc.) and ICT solution, data center services, etc. for companies in Japan and overseas.

Operating Revenues	¥1,042,644 million
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(increased 4.6% year on year)

Operating revenues increased mainly due to an increase in Solutions revenues resulting from growth in the NEXT core business comprising Corporate DX, Business DX, and business base services.

Operating Income	¥186,049 million
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(increased 11.1% year on year)

Operating income rose mainly due to an increase in operating revenues.

* As a result of changes to the reportable segments for some subsidiary companies, figures for the previous fiscal year have been restated.

TOPICS

Strengthening digital transformation (DX) business

In February of this year, we began co-creation work with LAC Co., Ltd. and Nomura Research Institute to advance cloud-native security and zero-trust security in order to support diversified corporate activities utilizing cloud computing and teleworking. Through co-creation, the three companies will help develop Japan as a digital society. To do so, they will develop and pioneer security solutions in new technological fields to help resolve societal issues. This will include cybersecurity measures in the introduction/utilization of cloud services by enterprise, and authentication for the use of multiple communication devices, which is key to achieving diversity in work styles such as teleworking. They will also support rapidly evolving corporate DX with cybersecurity.

In February of this year, KDDI began offering our corporate customers 5G standalone (SA), which combines dedicated 5G core equipment and 5G base stations. In addition to high-speed, high-capacity communications, 5G SA will be able to provide new functions such as network slicing by configuring facilities exclusively with 5G-specific technology. In February of this year, we conducted Japan's first live video broadcast using 5G SA in collaboration with ABEMA, a new future TV service operated by AbemaTV Inc. KDDI will continue to advance efforts to create new services and business use cases in the coming era of 5G SA, while supporting DX in video broadcasting and the realization of new video experiences.

Expansion of global business

In the data center business, a designated growth field, we strengthened connectivity in London during fiscal 2021, and also began operations at TELEHOUSE South, which is working toward carbon neutrality. Moreover, we will establish TELEHOUSE Bangkok in the spring of 2023 under the TELEHOUSE brand, which has a track record of more than 30 years, mainly in Europe, in order to expand business in Southeast Asia.

We will continue to support the realization of a comfortable digital life by connecting domestic and international content providers, telecommunications carriers, and end users.

Initiatives to increase customer satisfaction

J.D. Power Japan's 2021 Business Mobile Phone Service Satisfaction Study, KDDI was awarded first place in overall customer satisfaction in the Large Corporations/Medium-Sized Enterprises Market Segment for the sixth consecutive year as well as first place in the Small/Medium Corporations Market Segment for the second time. Moreover, KDDI was awarded first place in overall customer satisfaction by J.D. Power Japan in its 2021 Business Network Service Satisfaction Study in the Large Corporations

Market Segment for the third consecutive year and first place in overall customer satisfaction in the Business IP Phone & Direct Line Phone Service Satisfaction Study for the ninth consecutive year.

Going forward, we will work to provide even higher-quality products and services to further satisfy our customers.

J.D. Power 2016-2021 Business Mobile Phone Service Satisfaction Study <Market for large and mid-sized companies>

The 2021 study saw answers received from 2,482 companies with 100 or more employees.

J.D. Power 2020-2021 Business Mobile Phone Service Satisfaction Study <Market for small and mid-sized companies>

The 2021 study saw answers received from 1,719 companies with at least 50 but less than 100 employees.

J.D. Power 2019-2021 Business Network Service Satisfaction Study <Large corporate market department>

The 2021 study saw answers received from 396 companies with 1,000 or more employees.

J.D. Power 2013-2021 Business IP Phone & Direct Line Phone Service Satisfaction Study.

The 2021 study saw answers received from 1,097 companies with 100 or more employees.

*See jdpower-japan.com for details on the survey.

3) Efforts for Sustainability toward Continued Enhancement of Corporate Value

Sustainability

With our aim of realizing a sustainable society, the KDDI Group is advancing initiatives toward carbon neutrality. In February of this year, the KDDI Group received SBT certification*1 for our CO₂ emissions reduction targets.

Furthermore, in April of this year, KDDI announced that we aim to achieve net zero CO₂ emissions by fiscal 2030 in our own business activities, and by fiscal 2026 at our data centers worldwide*2, which the KDDI Group operates under the TELEHOUSE brand. The KDDI Group as a whole aims to achieve net-zero CO₂ emissions by fiscal 2050.

In November of last year, we established the KDDI Green Partners Fund, which invests in venture companies that address environmental issues such as decarbonization, and in March of this year, we invested in EneCoat Technologies Co., Ltd., which develops perovskite solar cells.

*1 SBTi is an international climate change initiative jointly operated by the UN Global Compact, CDP (an international NGO working to combat climate change), the World Resources Institute (WRI) and the World Wildlife Fund for Nature (WWF). If a company's stated greenhouse gas emissions reduction targets comply with the standards required by the Paris Agreement, then the company can receive SBT certification.

*2 Referring to data centers for which buildings and equipment are owned by the KDDI Group and excluding instances in which services are provided by renting parts of other companies' data center facilities or equipment.

Initiatives for regional revitalization

We are engaged in community co-creation activities aimed at continuously increasing corporate value.

We have been conducting various experimental and demonstration efforts. In fiscal 2021, in addition to administrative DX efforts such as the Tokyo Metropolitan Government's procedural digitalization support project, we provided DX human resource education programs to local public-sector entities. We also conducted human resource development activities that lead to regional DX, such as DX and ICT-related courses at universities and technical colleges.

We have been working to bridge the digital divide through efforts that include holding smartphone classes throughout Japan, and in Hidaka Village, Kochi Prefecture, we have been aiming for 100% smartphone use as part of our "Digitalization of the Entire Village Project," intended to solve local issues through digitalization.

Solving social issues and providing new mobility experiences

In January of this year, we came together with WILLER, Inc. to begin jointly offering "mobi," a transportation service with a flat rate for unlimited intra-area rides.

Many people in the childrearing generation find it a challenge to pick up and drop off their children, and the demand for short-distance travel has also increased as people spend more time around their homes due to the COVID-19 pandemic. As elderly people voluntarily return their drivers licenses in increasing numbers, and regional cities discontinue bus routes, there is increasing concern, primarily among the elderly, about the loss of means of transportation, making it important to resolve transportation issues in order to realize sustainable urban development.

WILLER, Inc. has been creating new transportation value by introducing IT marketing systems to bus, railway, and other transportation services. KDDI has been working to co-create local communities using digital technology as a telecommunications carrier. Together, we will work together to provide stress-free transportation through this service that will not only solve issues in local transportation networks, but also increase opportunities to go out, interact with family and community, revitalize towns, and enrich people's lives.

The service area has been expanding sequentially since April of this year, and we will continue our efforts to make this service available to as many people as possible.

Opening a new operational base for integrated operation of services to provide more stable telecommunication services

We opened a new operational base last July that provides more stable telecommunications services by incorporating efficient and integrated operation of various services, as well as service monitoring using automated operational functions. The entire company will work together to deploy 5G networks and maintain stable telecommunication services and prompt recovery in the event of large-scale natural disasters.

New operational base activities

Up to now, we have conducted operation and monitoring mainly for facilities, but we have now built a system that can operate and monitor various services in an integrated manner, making it possible to respond quickly with a one-stop service from fault detection to recovery.

Diverse information necessary for operation and monitoring is displayed on a big-screen monitor, approximately 2 m long by 20 m wide, located at the front of the monitoring room, enabling all members in the monitoring room to grasp important information in real time.

When a problem occurs, the system automatically makes determinations from locating the origin of the fault to the method of recovery. It builds an operational automation infrastructure that enables one-touch fault recovery, making it possible to perform the recovery work quickly and with a high degree of accuracy.

* Company names and product names are the trademarks or registered trademarks of their respective companies.

(2) Issues Facing the Corporate Group

1) Medium- to Long-Term Management Strategies

Due to the COVID-19 pandemic, telecommunications have taken on an increasingly important role amid an ongoing rapid digital shift affecting every aspect of society. The government's "Vision for a Digital Garden City Nation" promotes regional revitalization through digital availability, and is speeding up digital transformation of people's lives and businesses. KDDI supports the new lifestyles of consumers and promotes initiatives to build a resilient future society that allows both economic advancement and the solution of social issues.

In order to achieve our ideal future society while responding to such changes in the business environment, KDDI has newly established "KDDI VISION 2030: The creation of a society in which anyone can make their dreams a reality, by enhancing the power to connect." and formulated new materialities that comprehensively cover social issues and the importance to the KDDI Group's management from a long-term perspective. Based on the above, we will promote the medium-term management strategy (FY2022-24) as follows.

< Medium-Term Management Strategy (FY2022-24) >

■ The KDDI Group Mission Statement

The KDDI Group values and cares about the material and emotional well-being of all its employees, and delivers a thrilling customer experience by always going further than expected with the ultimate goal of achieving a truly connected society.

■ Brand message

Tomorrow, Together KDDI/Explore the extraordinary. au

■ Our vision

- (1) Be a company that customers can feel closest to
- (2) Be a company that continues to produce excitement
- (3) Be a company that contributes to the sustainable growth of society

■ KDDI VISION 2030

The creation of a society in which anyone can make their dreams a reality, by enhancing the power to connect.

■ Financial targets

We will continue to enhance growth investment and shareholder returns for sustainable growth, while aiming to achieve a 1.5x increase in EPS* (vs. FY2018). Regarding shareholder returns, we will continue to pay stable dividends with a dividend payout ratio over 40%. We will also maintain a flexible position with regard to repurchase of our treasury stock, keeping in mind the status of growth investments, etc.

* Earnings Per Share

2) Issues to Be Addressed (Medium-Term Management Strategy —Sustainability Management—)

The medium-term management strategy (FY2022-24) focuses on sustainability management, which aims for sustainable growth of society and increased corporate value in conjunction with our partners. We aim to realize an age in which new value is created by evolving the "power to connect" by leveraging the features of 5G and seamlessly integrating telecommunications into all aspects of life. We will evolve the telecommunications business through 5G, expand focus areas with telecommunications at their core, and reinforce the management foundation to support these efforts.

< **Business Strategy -Satellite Growth Strategy-** >

We will strengthen the 5G-driven evolution of its telecommunications business, the expansion of focus areas centered around telecommunications. We will aim to maximize the KDDI Group's corporate value especially in the five focus areas below.

(1) Digital Transformation (DX)

We will bring telecommunication into everything (cars, industrial equipment, and various meters, etc.) through IoT to organize an environment in which customers can enjoy using 5G without being aware of its presence. To do that, we will provide business platforms that satisfy individual needs by industry, supporting customers in creating businesses. We will look to a healthy DX cycle in which newly arising added values transform people's living.

(2) Finance

We will drive an increase of users' Financial Cross-Use, contributing to improving engagement through telecommunication and finance. We will also scale up various finance features to grow KDDI Group's finance companies.

(3) Energy

We will continue to enhance our power retail business and enter businesses related to carbon neutrality to contribute to carbon neutrality.

(4) Life Transformation (LX)

We will create new businesses that will give rise to innovation in diversifying consumption and experiences, as seen in mobility, space and metaverse, through KDDI's technology strategy "Life Transformation Technology" ("LX Technology").

(5) Regional co-creation -CATV, etc.-

Dealing with issues unique to regional areas such as depopulation and aging population, we will eradicate digital divide and create together with the areas. We will also offer management support to regional CATV stations and companies supporting regional areas across Japan, to drive regional business co-creation efforts.

< **Enhancing business infrastructure** >

KDDI group will especially enhance the three areas below to contribute to the sustainable growth of ourselves and society.

(1) Achieving carbon neutrality

KDDI is aiming to achieve net-zero CO2 emissions by 2030 and the Group as a whole by 2050. In order to achieve these targets, by promoting energy efficiency and shift to renewable energy.

(2) Transforming into a Human resources first company

In order to transform into a company that puts human resources first and considers their development and enhancement to be the foundation of management, we are working on this across three pillars; introducing the KDDI Version Job Style Personnel System, realizing Declaration of KDDI New Work Styles, and promoting Internal DX. By utilizing "KDDI DX University" to advance DX skills of all employees and develop professional human resources, we will also shift personnel to focus areas.

(3) Promoting the KDDI group management and strengthening the corporate governance system

For KDDI Group's sustainable corporate management, we will ensure respect for human rights in our business activities, enhance our risk management and information security system, and strengthen governance, with consideration to increasing our group companies and diversifying our businesses in association with the advancement of the Satellite Growth Strategy.

(3) Changes in Assets and Profit and Loss

1) Changes in Assets and Profit and Loss of the Corporate Group

(millions of yen unless otherwise indicated)

	35th fiscal year (FY2019.3)	36th fiscal year (FY2020.3)	37th fiscal year (FY2021.3)	38th fiscal year (FY2022.3)
	IFRS			
Operating revenues	5,080,353	5,237,221	5,312,599	5,446,708
Operating income	1,013,729	1,025,237	1,037,395	1,060,592
Profit attributable to owners of the parent	617,669	639,767	651,496	672,486
Basic earnings per share (yen)	259.10	275.69	284.16	300.03
Total assets	7,330,416	9,580,149	10,535,326	11,084,379
Total liabilities	2,717,484	4,721,041	5,275,857	5,573,715
Total equity	4,612,932	4,859,108	5,259,469	5,510,663

Notes: 1. Figures were rounded up or down to the nearest million yen.

2. Concerning the calculation of basic earnings per share, the Company's stocks owned by the executive compensation BIP (Board Incentive Plan) and a stock-granting ESOP (Employee Stock Ownership Plan) trust are included in treasury stock. Therefore, the number of those stocks are deducted in calculating the number of common stocks outstanding at the end of the year and weighted average common stocks outstanding during the year.

2) Changes in Assets and Profit and Loss of the Company

(millions of yen unless otherwise indicated)

	35th fiscal year (FY2019.3)	36th fiscal year (FY2020.3)	37th fiscal year (FY2021.3)	38th fiscal year (FY2022.3)
	Japan GAAP			
Operating revenues	4,061,712	4,070,873	4,062,750	4,037,023
Telecommunications business	2,604,826	2,640,235	2,664,575	2,596,243
Incidental business	1,456,887	1,430,638	1,398,175	1,440,779
Operating income	675,688	750,355	757,146	721,146
Ordinary income	723,323	800,209	814,445	790,544
Profit	505,146	567,962	578,634	561,015
Earnings per share (yen)	211.90	244.75	252.38	250.29
Total assets	5,427,230	5,681,462	5,956,659	5,966,580
Liabilities	1,720,350	1,861,707	1,895,892	1,852,940
Net assets	3,706,880	3,819,755	4,060,767	4,113,639

Notes: 1. Figures were rounded up or down to the nearest million yen.

2. Concerning the calculation of earnings per share, the Company's stocks owned by the Board Incentive Plan and a stock-granting ESOP trust are included in treasury stock. Therefore, the number of those stocks are deducted in calculating the number of common stocks outstanding at the end of the year and weighted average common stocks outstanding during the year.

(4) Financing Activities of the Corporate Group

During the fiscal year under review, we borrowed short-term loans from financial institutions totaling ¥19,534 million for the purpose of allocation as a portion of our working capital.

(5) Capital Investments of the Corporate Group

During the fiscal year under review, the Group efficiently carried out capital investments for the purpose of providing services that satisfy customers and improving reliability.

As a result, the Group invested ¥676,461 million in telecommunications equipment and other facilities during the fiscal year under review.

The capital investments do not include joint capital investments (amounts borne by other business operators) with other business operators.

Our principal capital investments are as follows:

1) Mobile-related facilities

The Group carried out capital investments in construction of new and additional wireless base stations and switching equipment due to the expansion of 4G/5G service areas and the increase in data traffic.

2) Fixed-line-related facilities

We expanded the fixed-line communication network in response to the increase in mobile communications data traffic and installed new facilities/expanded existing facilities related to FTTH and cable television.

(6) Principal Businesses of the Corporate Group (As of March 31, 2022)

The Group comprises the Company, 159 consolidated subsidiaries (102 companies in Japan and 57 companies overseas) and 38 equity-method affiliates (31 in Japan and 7 overseas).

The businesses of the Group are classified into segments in accordance with the type of service and the customer attributes. The principal services of each segment are presented below.

Business segment	Principal service
Personal Services	Providing communications services (mobile, fixed-line communication, etc.) and life design services (commerce, finance, energy, entertainment and education services, etc.) for individuals in Japan and overseas.
Business Services	Providing communications services (mobile, fixed-line communication, etc.) and ICT solution, data center services, etc. for companies in Japan and overseas.

(7) Offices of the Company (As of March 31, 2022)

(Head office)	Headquarters (Tokyo)
(Regional offices)	Hokkaido (Hokkaido), Tohoku (Miyagi), Kita-Kanto (Saitama), Minami-Kanto (Kanagawa), Chubu (Aichi), Hokuriku (Ishikawa), Kansai (Osaka), Chugoku (Hiroshima), Shikoku (Kagawa), Kyushu (Fukuoka)
(Branch offices, etc.)	16 branch offices, 63 branches, 7 customer service centers, etc.
(Technical centers, etc.)	8 technical centers 3 technology maintenance centers, 1 transmitting station
(Overseas offices)	Geneva, Beijing, Shanghai

(8) Principal Subsidiaries (As of March 31, 2022)**1) Businesses in Principal Subsidiaries**

Company name	Location	Capital	Ratio of capital contribution	Principal business
Okinawa Cellular Telephone Company	Okinawa	Millions of yen 1,415	52.5 %	au mobile communication services
JCOM Co., Ltd.	Tokyo	37,550	50.0	Operation and management of cable TV companies and program distribution companies
UQ Communications Inc.	Tokyo	71,425	32.3	Wireless broadband services
BIGLOBE Inc.	Tokyo	2,630	100.0	Internet service business
AEON Holdings Corporation of Japan	Tokyo	100	100.0	Holding company of a language-related company specializing in English conversation
Chubu Telecommunications Co., Inc.	Aichi	38,816	80.5	Telecommunications services in Chubu region
au Financial Holdings Corporation	Tokyo	20,000	100.0	Financial holding company
Supership Holdings Co., Ltd.	Tokyo	4,057	83.6	Holding company of an Internet services company
Jupiter Shop Channel Co., Ltd.	Tokyo	4,400	(55.0)	Television shopping business
ENERES Co., Ltd.	Tokyo	100	59.0	Energy-related business
KDDI MATOMETE OFFICE CORPORATION	Tokyo	1,000	95.0	Supporting IT environment for small and medium-sized companies
KDDI Evolva Inc.	Tokyo	100	100.0	Business Process Outsourcing (BPO) centered on Contact Center Services
KDDI Engineering Corporation	Tokyo	1,500	100.0	Construction, maintenance and operation support for communications facilities
KDDI Research, Inc.	Saitama	2,283	91.7	Technological research and product development relating to information communications
KDDI America, Inc.	USA	Thousand US\$ 84,400	100.0	Telecommunications services in the US
KDDI Europe Limited	UK	Thousand STG£ 42,512	(100.0)	Telecommunications services in Europe
TELEHOUSE International Corporation of America	USA	Thousand US\$ 4.5	(70.8)	Data center services in the US
TELEHOUSE International Corporation of Europe Ltd	UK	Thousand STG£ 47,167	(92.8)	Data center services in Europe
KDDI China Corporation	China	Thousand RMB 13,446	85.1	Sales, maintenance and operation of telecommunications equipment in China

Company name	Location	Capital	Ratio of capital contribution	Principal business
KDDI Summit Global Myanmar Co., Ltd.	Myanmar	Thousand US\$ 405,600	(100.0)	Telecommunications services in partnership with a state-run postal and telecommunications business entity in Myanmar (MPT)
KDDI Asia Pacific Pte Ltd	Singapore	Thousand S\$ 10,255	100.0	Telecommunications services in Singapore
MobiCom Corporation LLC	Mongolia	Thousand TG 6,134,199	(98.8)	Mobile communication services in Mongolia

Note: The figures in brackets indicate the ratios of capital contribution that include the ownership by subsidiaries.

2) Progress with business combination

No relevant items.

(9) Employees (As of March 31, 2022)

1) Employees of the Corporate Group

Business segment	No. of employees
Personal Services	29,193
Business Services	16,709
Others	2,927
Total	48,829

2) Employees of the Company

No. of employees	Year-on-year decrease	Average age	Average length of service
10,455	898	42.5	17.2 years

Note: No. of employees does not include 3,187 employees seconded to subsidiaries, etc.

(10) Principal Lenders (As of March 31, 2022)

Creditor	Loans outstanding
	Millions of yen
MUFG Bank, Ltd.	161,000
Sumitomo Mitsui Banking Corporation	84,500
Mizuho Bank, Ltd.	55,000
Development Bank of Japan, Inc.	42,000
Sumitomo Mitsui Trust Bank, Limited	27,500

2. Shares (As of March 31, 2022)

- (1) **Total Number of Authorized Shares** 4,200,000,000 shares
- (2) **Total Number of Issued Shares** 2,304,179,550 shares
(including 85,058,340 shares of treasury stock)
- (3) **Number of Shareholders** 341,622
(increase of 27,849 from the previous year-end)

(4) Shareholder Composition

Financial Institutions	610,907,142 shares	26.51%
Other Companies	749,026,313 shares	32.51%
Securities Firms	131,072,398 shares	5.69%
Individuals and Others	197,521,239 shares (including treasury stock)	8.57%
Foreign Companies, etc.	615,652,458 shares	26.72%

(5) Principal Shareholders

Name	Number of shares held	Shareholding ratio
	shares	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	357,949,400	16.13
KYOCERA Corporation	335,096,000	15.10
TOYOTA MOTOR CORPORATION	316,794,400	14.28
Custody Bank of Japan, Ltd. (Trust Account)	130,021,300	5.86
STATE STREET BANK WEST CLIENT – TREATY 505234	31,085,775	1.40
Barclays Securities Japan Limited	28,453,600	1.28
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	24,555,562	1.11
JPMorgan Securities Japan Co., Ltd.	23,590,296	1.06
STATE STREET BANK AND TRUST COMPANY 505103	22,595,124	1.02
JP MORGAN CHASE BANK 385781	21,868,304	0.99

Note: KDDI holds 85,058,340 shares of treasury shares but is excluded from the major shareholders listed above. The shareholding ratio is calculated after deducting the shares of treasury stock.
The shares of treasury stock does not include the Company's shares owned in the Board Incentive Plan trust account and the stock-granting ESOP trust account (3,920,592 shares).

3. Directors and Audit & Supervisory Board Members

(1) Names and Other Details of Directors and Audit & Supervisory Board Members

(As of March 31, 2022)

Position	Name	Responsibilities in the Company and important concurrent positions
Chairperson, Representative Director	Takashi Tanaka	Outside Director of Astellas Pharma Inc.
President, Representative Director	Makoto Takahashi	
Executive Vice President, Representative Director	Takashi Shoji	Executive Director, Personal Business Sector and Global Consumer Business Sector
Executive Vice President, Representative Director	Shinichi Muramoto	Executive Director, Corporate Sector
Senior Managing Executive Officer, Director	Keiichi Mori	Executive Director, Solution Business Sector
Managing Executive Officer, Director	Kei Morita	General Manager, Business & Services Development Division
Managing Executive Officer, Director	Toshitake Amamiya	General Manager, Personal Business Planning Division
Managing Executive Officer, Director	Hirokuni Takeyama	General Manager, Consumer Sales Division
Managing Executive Officer, Director	Kazuyuki Yoshimura	Executive Director, Technology Sector
Director	Goro Yamaguchi	Chairperson of the Board and Representative Director of KYOCERA Corporation
Director	Keiji Yamamoto	Operating Officer of TOYOTA MOTOR CORPORATION
Director	Shigeo Ohyagi	Senior Advisor of TEIJIN LIMITED Outside Audit & Supervisory Board Member of JFE Holdings, Inc. Member of the Board of Directors (Outside), Member of the Audit & Supervisory Committee of MUFG Bank, Ltd. Member of the Board of Directors (Outside) of Tokyo Electric Power Company Holdings, Inc. Outside Audit & Supervisory Board Member of Asahi Group Holdings, Ltd.
Director	Riyo Kano	Partner of Tanabe & Partners Outside Director of The Yamanashi Chuo Bank, Ltd.
Director	Shigeki Goto	Professor Emeritus of Waseda University Trustee of JNIC (Currently Japan Network Information Center (JPNIC))
Full-time Audit & Supervisory Board Member	Yasuhide Yamamoto	
Full-time Audit & Supervisory Board Member	Kenichiro Takagi	
* Full-time Audit & Supervisory Board Member	Yukihiro Asahina	

Position	Name	Responsibilities in the Company and important concurrent positions
Audit & Supervisory Board Member	Toshihiko Matsumiya	Representative of Toshihiko Matsumiya Certified Public Accountancy Office Outside Audit & Supervisory Board Member of DAIICHI JITSUGYO CO., LTD.
Audit & Supervisory Board Member	Jun Karube	Chairperson of the Board of Toyota Tsusho Corporation Outside Audit & Supervisory Board Member of Sanyo Chemical Industries, Ltd. Outside Director of MEIKO TRANS CO., LTD.

- Notes: 1. Audit & Supervisory Board Member with * is a new Audit & Supervisory Board Member who was elected at the 37th Annual Shareholders Meeting held on June 23, 2021.
2. Each of Directors Goro Yamaguchi, Keiji Yamamoto, Shigeo Ohyagi, Riyo Kano and Shigeki Goto is an Outside Director.
3. Each of Audit & Supervisory Board Members Yukihiro Asahina, Toshihiko Matsumiya and Jun Karube is an Outside Audit & Supervisory Board Member.
4. Audit & Supervisory Board Member Toshihiko Matsumiya has a wealth of experience as a Certified Public Accountant, and has extensive knowledge and insight into finance and accounting.
5. Each of Directors Shigeo Ohyagi, Riyo Kano and Shigeki Goto, Audit & Supervisory Board Members Yukihiro Asahina, Toshihiko Matsumiya and Jun Karube is an Independent Director/Auditor pursuant to Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.

(2) Remunerations to Directors and Audit & Supervisory Board Members

1) Policy for Determining Content of Remuneration for Individual Directors

a. Method for deciding on the policy for such determination

At the meeting of the Board of Directors held on January 14, 2021, it was resolved to adopt a policy for determining the content of remuneration, etc. for individual Directors (hereinafter the “Determination Policy”), considering what remuneration system would best work to achieve the sustainable enhancement of corporate value over the medium to long term.

b. Outline of content of Determination Policy

■ The remuneration of Directors engaged in business execution is based on the Group’s business performance for each fiscal year, progress toward the targets of the medium-term management strategy, and a remuneration system linked to shareholder value in order to increase the motivation to contribute to the improvement of corporate value over the medium to long term. Specifically, it consists of four types: (1) basic remuneration, (2) performance-linked bonus, (3) performance-linked stock compensation, and (4) stock price-linked bonus.

Outside Directors who perform management supervising functions receive only fixed-amount remuneration that does not vary with the Company’s business performance.

■ According to the responsibilities expected of each position, the remuneration composition of directors engaged in business execution has been set the remuneration portion linked to business performance (above (2) to (4)) in the range of 45% to 65%. For the president, the same portion will be 60% or more based on the standard amount.

■ The Company has established a Remuneration Advisory Committee to ensure transparency and objectivity in the process for determining systems and levels for executive remuneration, along with the remuneration amounts based on these. The Chairperson, Vice Chairperson, and a majority of the members of this committee are Outside Directors.

Chairperson: Goro Yamaguchi (Outside Director)

Vice Chairperson: Keiji Yamamoto (Outside Director)

Members of the Committee: Shigeo Ohyagi (Outside Director), Riyo Kano (Outside Director), Shigeki Goto (Outside Director), Takashi Tanaka, Makoto Takahashi

■ The amount of basic remuneration, performance-linked bonus, performance-linked stock compensation, and stock price-linked bonus are not entrusted to the Representative Director, but rather are decided by resolution of the Board of Directors based on the advice of this committee.

■ The Company’s executive remuneration levels are decided through comparison with sector peer companies, or with other companies of the same scale, in Japan, and by taking into account factors that include the business environment of the Company. The appropriateness of the remuneration levels is also validated by the Remuneration Advisory Committee every year, with reference to objective survey data from an external specialized organization.

2) Matters concerning Resolutions of Shareholders Meetings Regarding Remuneration of Directors and Audit & Supervisory Board Members

Details are as follows.

(Dates and details of the resolutions of the Shareholders Meetings regarding executive remuneration)

	Type of remuneration	Method of determination	Remuneration limit	Shareholders Meetings when resolutions were made	Number of executives at the time of resolution
Director	Basic remuneration	<ul style="list-style-type: none"> • Determine remuneration according to the position of each director, taking into consideration the business environment and other factors. • Determine basic amounts after validating appropriateness of the remuneration levels utilizing an external specialized organization 	Up to ¥50 million per month	The 30th Annual Shareholders Meeting held on June 18, 2014	13 Directors (including 3 Outside Directors)
	Stock price-linked bonus	Set the levels to link to “EPS growth rate” and “stock price fluctuation rate” for each fiscal year	Within 0.1% of consolidated profit (under IFRS, profit attributable to owners of the parent) for each fiscal year	The 27th Annual Shareholders Meeting held on June 16, 2011	10 Directors (excluding Outside Directors)
	Performance-linked bonus	Determine the levels based on the degree of achievement of the Group’s consolidated operating revenue, operating income, and profit during each fiscal year, along with the KPI achievement rate linked to performance targets for each fiscal year.	(Applicable to Directors, Executive Officers and Administrative Officers) The number of points to be granted to each eligible person per fiscal year shall not exceed 357,000 points in total. (Converted at ratio of one share = one point.)	(Introduction) The 31st Annual Shareholders Meeting held on June 17, 2015 (Revision) The 34th Annual Shareholders Meeting held on June 20, 2018	9 Directors, 21 Executive Officers and 50 Administrative Officers (excluding those living overseas, Outside Directors and part-time Directors)
Audit & Supervisory Board Member	Fixed remuneration only	Pay only fixed-amount remuneration that does not vary with the Company’s business performance.	Up to ¥130 million per fiscal year	The 32nd Annual Shareholders Meeting held on June 22, 2016	5 Audit & Supervisory Board Members

3) Total Amount of Executive Salaries for the Fiscal Year Under Review

Category		Total amount of Executive Salaries (Millions of yen)	Number to be paid	Total amount of Executive Salaries by type (Millions of yen)		
				Executive Salaries	Executive Bonuses	Stock Remuneration
Directors	Outside Directors	84	5	84	–	–
	Others	939	9	378	375	186
	Total	1,023	14	462	375	186
Audit & Supervisory Board Members	Outside Audit & Supervisory Board Members	53	4	53	–	–
	Others	63	2	63	–	–
	Total	116	6	116	–	–

Notes: 1. The number of Audit & Supervisory Board Members and payment amounts listed include one Outside Audit & Supervisory Board Member who passed away on April 28, 2021.
2. In addition to the above, the settlement payment of retirement allowance to Directors in connection with the abolishment of the executive retirement bonus system was determined at the 20th Annual Shareholders Meeting held on June 24, 2004.

4) Matters Concerning Performance-Linked Remuneration

- a. Performance-linked bonuses and the performance-linked stock compensation use operating revenue, operating income, profit, and other measures of “company performance” for the Group during each fiscal year, along with the “KPI achievement ratio” of individual businesses, which is linked to medium-term management strategy targets, as evaluation metrics, and are calculated from the formulas below.

Performance-linked bonus: Basic amount by position multiplied by the Group’s operating performance and KPI achievement ratio
Performance-linked stock compensation: Basic points by position multiplied by the Group’s operating performance and KPI achievement ratio

The reasons for selecting each indicator and the actual figures are as follows.

- Company performance:

Reason for selection: Since these are basic figures that clearly show the performance of a company

Actual figures: As described on page 39 of this Notice of Annual Shareholders Meeting

- KPI achievement rate:

Reason for selection: Since this indicator measures the degree of achievement of each business strategy in the medium-term management strategy, and is linked to the Company’s business expansion and performance improvement.

Actual figures: Not disclosed for business reasons

- b. Stock price-linked bonuses use “EPS growth rate” and “stock price fluctuation rate” as evaluation metrics, and are calculated from the formulas below.

- Stock price-linked bonus: Basic amount by position multiplied by coefficient

Coefficient: $(\text{EPS growth rate} \times 50\%) + (\text{Stock price fluctuation rate} \times 50\%)$

EPS growth rate: $\text{EPS as of the end of the current fiscal year} / \text{EPS as of the end of the previous fiscal year}$

Stock price fluctuation rate (vs. TOPIX growth rate):

$(\text{Fiscal year-end stock price of the Company} / \text{Previous fiscal year-end stock price of the Company}) / (\text{fiscal year-end TOPIX} / \text{previous fiscal year-end TOPIX})$

The reasons for selecting each indicator and the actual figures are as follows.

- EPS growth rate:
Reason for selection: Since this is an indicator set as a target figure for the medium-term management strategy, and is used to provide a strong incentive to achieve medium-term management strategy targets.
Actual figures: 1.06
- Stock price fluctuation rate:
Reason for selection: This indicator is directly linked to changes in shareholder value, and is adopted to enhance the linkage between executive remuneration and shareholder value
Actual figures: 1.18

5) Matters Concerning Non-monetary Remuneration

With regard to remuneration for Directors involved in the execution of business, the Company introduced the performance-linked stock compensation (Board Incentive Plan) (“BIP Trust”) in fiscal 2015, with the aim of motivating them to contribute to the improvement of medium- to long-term business performance and the enhancement of corporate value.

The BIP Trust is an incentive plan for officers with reference to the Performance Share System and Restricted Stock System in the U.S. Under the BIP Trust, the Company’s shares acquired through the BIP Trust are delivered to directors and other officers as officer remuneration upon their retirement in accordance with their position and the degree of achievement of performance targets.

6) Reason Why the Board of Directors Has Determined That Content of Remuneration for Individual Directors for the Fiscal Year Under Review Complies With Determination Policy

In determining the content of remuneration for individual Directors, the Remuneration Advisory Committee comprehensively reviewed the draft proposal, including its consistency with the determination policy. With emphasis on the report from the Committee, the Board of Director has determined that the content is in line with the determination policy.

(3) Outline of Contracts for Limitation of Liability

Under the provisions of Article 427, Paragraph (1) of the Companies Act, the Company has concluded contracts for Limitation of Liability between ten persons including each of the Outside Directors and Outside Audit & Supervisory Board Members as provided for in Article 423, Paragraph (1) of the Companies Act. The maximum amount of the liability for damage based on said contracts is the amount prescribed in applicable laws and regulations.

(4) Summary of Contents of Directors’ and Officers’ Liability Insurance Policy

The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company.

The scope of insured persons includes Directors, Audit & Supervisory Board Members, and Executive Officers of the Company and its subsidiaries, and the policy is intended to cover losses incurred by an insured that may arise from the insured’s assumption of liability incurred in the course of the performance of duties or receipt of claims pertaining to the pursuit of such liability. The premiums for such insurance premiums are borne entirely by the Company and its subsidiaries.

(5) Outside Directors and Outside Audit & Supervisory Board Members

1) Important Concurrent Positions at Other Entities and the Relationship between the Company and Those Entities

- Director Goro Yamaguchi is the Chairperson of the Board and Representative Director of KYOCERA Corporation. KYOCERA Corporation has business transactions with the Company. These transactions account for less than 5% of operating revenue for both parties.
- Director Keiji Yamamoto is Operating Officer of TOYOTA MOTOR CORPORATION, which has business transactions with the Company. These transactions account for less than 5% of operating revenue for both parties.
- Director Shigeo Ohyagi is Senior Advisor of TEIJIN LIMITED, Outside Audit & Supervisory Board Member of JFE Holdings, Inc. Member of the Board of Directors (Outside), Member of the Audit &

Supervisory Committee of MUFG Bank, Ltd., and Member of the Board of Directors (Outside) of Tokyo Electric Power Company Holdings, Inc., and an Outside Audit & Supervisory Board Member of Asahi Group Holdings, Ltd. Each of the aforementioned companies has business transactions with the Company, but in each case, the respective transactions account for less than 1% of operating revenue for both parties. Note that MUFG Bank, Ltd. is one of the Company's principal lenders.

- Director Riyo Kano is Partner of Tanabe & Partners and Outside Director of The Yamanashi Chuo Bank, Ltd., which have business transactions with the Company, but these transactions account for less than 1% of operating revenue for both parties.
- Director Shigeki Goto is Professor Emeritus of Waseda University and Trustee of Japan Network Information Center, which have business transactions with the Company, but these transactions account for less than 1% of operating revenue for both parties.
- Audit & Supervisory Board Member Toshihiko Matsumiya is the Representative of Toshihiko Matsumiya Certified Public Accountancy Office and Outside Audit & Supervisory Board Member of DAIICHI JITSUGYO CO., LTD., which have business transactions with the Company, but these transactions account for less than 1% of operating revenue for both parties.
- Audit & Supervisory Board Member Jun Karube is the Chairperson of the Board of Toyota Tsusho Corporation, Outside Audit & Supervisory Board Member of Sanyo Chemical Industries, Ltd., and Outside Director of MEIKO TRANS CO., LTD. Each of the aforementioned companies has business transactions with the Company, but in each case, the respective transactions account for less than 1% of operating revenue for both parties.

2) Principal Activities during the Fiscal Year Under Review

(Directors)

- Director Goro Yamaguchi attended twelve of the twelve meetings of the Board of Directors. He has provided broad opinions related to business administration and operations from a medium- to long-term perspective.
- Director Keiji Yamamoto attended twelve of the twelve meetings of the Board of Directors. He has provided broad opinions on promoting 5G/IoT strategy, etc. in the Company from a medium- to long-term perspective.
- Director Shigeo Ohyagi attended twelve of the twelve meetings of the Board of Directors. From a standpoint independent of the Company's management, he has provided broad opinions from a medium- to long-term perspective, especially focusing on the life design domain that the Company is promoting, global strategy and M&A.
- Director Riyo Kano attended twelve of the twelve meeting of the Board of Directors. From a standpoint independent of the Company's management, she has provided technical opinions related to legal risk management from a medium- to long-term perspective.
- Director Shigeki Goto attended twelve of the twelve meetings of the Board of Directors. From a standpoint independent of the Company's management, he has provided technical opinions related to the management policy as a telecommunications operator that provides social infrastructure, from a medium- to long-term perspective.

(Audit & Supervisory Board Members)

The Outside Audit & Supervisory Board Members attended meetings of the Board of Directors and the Audit & Supervisory Board as indicated below. At these meetings, they provided their viewpoints by voicing opinions based on their expertise and experience, asking questions to clarify points, etc.

- Audit & Supervisory Board Member Yukihiro Asahina attended ten of the ten meetings of the Board of Directors and ten of the ten meetings of the Audit & Supervisory Board.
- Audit & Supervisory Board Member Toshihiko Matsumiya attended twelve of the twelve meetings of the Board of Directors and twelve of the twelve meetings of the Audit & Supervisory Board.
- Audit & Supervisory Board Member Jun Karube attended twelve of the twelve meetings of the Board of Directors and twelve of the twelve meetings of the Audit & Supervisory Board.
- Audit & Supervisory Board Member Shin Honto attended one of the one meetings of the Board of Directors and one of the one meetings of the Audit & Supervisory Board.
- * The attendance record of Audit & Supervisory Board Member Yukihiro Asahina began after his appointment as Audit & Supervisory Board Member at the 37th Annual Shareholders Meeting held on June 23, 2021.

In addition, Audit & Supervisory Board Member Shin Honto passed away on April 28, 2021, and thus retired from office. Therefore, his attendance record is up until his retirement.

4. Accounting Auditor

(1) Name of Accounting Auditor

Category	Name	Remarks
Accounting auditor	PricewaterhouseCoopers Kyoto	Appointed on June 20, 2007

(2) Remunerations Paid to Accounting Auditor

Name	1) Amount of remunerations to be paid to accounting auditor for the fiscal year under review	2) Total amount of money and other economic benefits to be paid by the Company and its subsidiaries
	Millions of yen	Millions of yen
PricewaterhouseCoopers Kyoto	393	982

- Notes:
1. In the audit agreement between the Company and accounting auditor, the amount of remunerations for audit under the Companies Act is not clearly distinguished from remunerations under the Financial Instruments and Exchange Act. Therefore, the amount described in 1) above is the total of these two kinds of amounts.
 2. The Audit & Supervisory Board has checked the audit plan, audit details, the number of man-hours required to conduct the audit and the price per man-hour as well as having compared previous historical figures to planned figures in order to consider the reasonableness of the remuneration. As a result, it has determined that the decision of Representative Directors with regard to the remuneration of the accounting auditor was reasonable and approves the same.

(3) Non-audit Services

The Company commissions and pays compensation for financial surveys, etc. to PricewaterhouseCoopers Kyoto.

(4) Policy on Decision to Dismiss or not Reappoint Accounting Auditor

When the Audit & Supervisory Board of the Company has judged that there are reasons for dismissal as provided for in Article 340, Paragraph (1) of the Companies Act, and recognized that the conduct of proper audits is difficult because of the occurrence of events, etc. that damage the eligibility and independence of accounting auditor, the Audit & Supervisory Board, based on the Audit & Supervisory Board's Rules, shall submit a supplementary proposal for the "Dismissal of Accounting Auditor" or "Non-reappointment of Accounting Auditor" to a shareholders meeting.

(5) Outline of Contracts for Limitation of Liability

The Company has not concluded the contract between the accounting auditor under the provisions of Article 427, Paragraph (1) of the Companies Act.

(6) Audits of Financial Statements of the Company's Subsidiaries by Certified Public Accountants or Audit Corporations Other than the Accounting Auditor of the Company

Some of the Company's principal subsidiaries are audited by audit corporations or certified public accountants other than the accounting auditor of the Company.

Consolidated Financial Statements (IFRS)

Consolidated Statement of Financial Position

(Unit: Millions of yen)

Account item	As of March 31, 2022	(Reference)	Account item	As of March 31, 2022	(Reference)
		As of March 31, 2021			As of March 31, 2021
Assets			Liabilities		
Non-current assets:	7,417,350	6,976,398	Non-current liabilities:	1,557,762	1,759,474
Property, plant and equipment	2,585,481	2,492,985	Borrowings and bonds payable	921,616	1,151,664
Right-of-use assets	387,669	396,772	Long-term deposits for financial business	33,240	32,850
Goodwill	540,962	540,420	Lease liabilities	279,265	288,650
Intangible assets	1,025,223	1,024,831	Other long-term financial liabilities	14,198	14,172
Investments accounted for using the equity method	244,515	233,921	Retirement benefit liabilities	12,496	12,109
Long-term loans for financial business	1,335,111	1,148,805	Deferred tax liabilities	144,776	100,071
Securities for financial business	338,285	276,065	Provisions	70,073	77,476
Other long-term financial assets	329,268	325,201	Contract liabilities	71,083	71,669
Retirement benefit assets	44,720	38,364	Other non-current liabilities	11,015	10,813
Deferred tax assets	12,330	11,396			
Contract costs	548,704	466,316	Current liabilities:	4,015,953	3,516,383
Other non-current assets	25,083	21,321	Borrowings and bonds payable	286,505	92,892
			Trade and other payables	834,496	754,345
Current assets:	3,667,028	3,558,928	Short-term deposits for financial business	2,184,264	1,817,240
Inventories	74,511	69,821	Call money	141,348	115,815
Trade and other receivables	2,311,694	2,229,435	Lease liabilities	112,719	112,275
Short-term loans for financial business	255,266	233,605	Other short-term financial liabilities	2,620	1,655
Call loans	45,064	33,846	Income taxes payables	126,874	200,886
Other short-term financial assets	67,154	69,955	Provisions	25,641	38,925
Income tax receivables	2,904	7,969	Contract liabilities	86,091	100,889
Other current assets	113,822	104,496	Other current liabilities	215,397	281,461
Cash and cash equivalents	796,613	809,802	Total liabilities	5,573,715	5,275,857
			Equity		
			Equity attributable to owners of the parent		
			Common stock	141,852	141,852
			Capital surplus	279,371	278,675
			Treasury stock	(299,827)	(86,719)
			Retained earnings	4,818,117	4,409,000
			Accumulated other comprehensive income	43,074	16,912
			Total equity attributable to owners of the parent	4,982,586	4,759,720
			Non-controlling interests	528,077	499,749
			Total equity	5,510,663	5,259,469
Total assets	11,084,379	10,535,326	Total liabilities and equity	11,084,379	10,535,326

(Note) Amounts of items are rounded to the nearest million yen.

Consolidated Statement of Income

(Unit: Millions of yen)

Account item	For the fiscal year ended March 31, 2022	(Reference) For the fiscal year ended March 31, 2021
Operating revenue	5,446,708	5,312,599
Cost of sales	2,984,589	2,928,175
Gross profit	2,462,119	2,384,424
Selling, general and administrative expenses	1,422,539	1,364,234
Other income	21,001	17,136
Other expense	5,781	4,815
Share of profit of investments accounted for using the equity method	5,791	4,884
Operating income	1,060,592	1,037,395
Finance income	10,202	6,539
Finance cost	7,746	8,311
Other non-operating profit and loss	1,448	2,433
Profit for the year before income tax	1,064,497	1,038,056
Income tax	331,957	331,451
Profit for the year	732,540	706,605
Profit for the year attributable to:		
Owners of the parent	672,486	651,496
Non-controlling interests	60,054	55,109
Profit for the year	732,540	706,605

(Note) Amounts of items are rounded to the nearest million yen.

Consolidated Statement of Changes in Equity

For the fiscal year ended March 31, 2022

(Unit: Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Capital surplus	Treasury stock	Retained earnings	Accumulated other comprehensive income	Total		
As of April 1, 2021	141,852	278,675	(86,719)	4,409,000	16,912	4,759,720	499,749	5,259,469
Comprehensive income								
Profit for the year	–	–	–	672,486	–	672,486	60,054	732,540
Other comprehensive income	–	–	–	–	34,182	34,182	7,308	41,490
Total comprehensive income	–	–	–	672,486	34,182	706,668	67,362	774,029
Transactions with owners and other transactions								
Cash dividends	–	–	–	(271,389)	–	(271,389)	(31,864)	(303,253)
Transfer of accumulated other comprehensive income to retained earnings	–	–	–	8,020	(8,020)	–	–	–
Purchase and disposal of treasury stock	–	(60)	(213,763)	–	–	(213,822)	–	(213,822)
Changes in interests in subsidiaries	–	(229)	–	–	–	(229)	(7,170)	(7,399)
Other	–	984	655	–	–	1,639	–	1,639
Total transactions with owners and other transactions	–	696	(213,108)	(263,369)	(8,020)	(483,801)	(39,034)	(522,835)
As of March 31, 2022	141,852	279,371	(299,827)	4,818,117	43,074	4,982,586	528,077	5,510,663

(Reference) For the fiscal year ended March 31, 2021

(Unit: Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Capital surplus	Treasury stock	Retained earnings	Accumulated other comprehensive income	Total		
As of April 1, 2020	141,852	280,591	(156,550)	4,138,195	(19,665)	4,384,424	474,684	4,859,108
Comprehensive income								
Profit for the year	–	–	–	651,496	–	651,496	55,109	706,605
Other comprehensive income	–	–	–	–	85,213	85,213	3,520	88,733
Total comprehensive income	–	–	–	651,496	85,213	736,709	58,630	795,339
Transactions with owners and other transactions								
Cash dividends	–	–	–	(276,085)	–	(276,085)	(31,336)	(307,421)
Transfer of accumulated other comprehensive income to retained earnings	–	–	–	48,636	(48,636)	–	–	–
Purchase and disposal of treasury stock	–	(3,298)	(80,153)	–	–	(83,451)	–	(83,451)
Retirement of treasury stock	–	(150,000)	150,000	–	–	–	–	–
Transfer from retained earnings to capital surplus	–	153,242	–	(153,242)	–	–	–	–
Changes in interests in subsidiaries	–	(2,851)	–	–	–	(2,851)	(2,229)	(5,080)
Other	–	991	(17)	–	–	974	–	974
Total transactions with owners and other transactions	–	(1,916)	69,830	(380,691)	(48,636)	(361,413)	(33,564)	(394,977)
As of March 31, 2021	141,852	278,675	(86,719)	4,409,000	16,912	4,759,720	499,749	5,259,469

(Note) Amounts of items are rounded to the nearest million yen.

(Reference)

Consolidated Statement of Cash Flows (Summary)

(Unit: Millions of yen)

Item	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2021
Net cash provided by (used in) operating activities	1,468,648	1,682,166
Net cash provided by (used in) investing activities	(761,593)	(658,925)
Free cash flows *	707,056	1,023,241
Net cash provided by (used in) financing activities	(727,257)	(585,571)
Effect of exchange rate changes on cash and cash equivalents	7,012	2,930
Net increase (decrease) in cash and cash equivalents	(13,189)	440,600
Cash and cash equivalents at the beginning of the year	809,802	369,202
Cash and cash equivalents at the end of the year	796,613	809,802

* Free cash flows are calculated as the sum of “net cash provided by (used in) operating activities” and “net cash provided by (used in) investing activities.”

Net cash provided by operating activities decreased ¥213,518 million year on year to ¥1,468,648 million mainly attributable to smaller increases in trade and other payables and deposits for financial business.

Net cash used in investing activities increased ¥102,668 million year on year to ¥761,593 million mainly due to an increase in purchases of securities for financial business.

Net cash used in financing activities increased ¥141,686 million year on year to ¥727,257 million mainly due to an increase in payments from purchase of treasury stock.

Reflecting these factors and an increase of ¥7,012 million in the effect of exchange rate changes on cash and cash equivalents, the total amount of cash and cash equivalents as of March 31, 2022 decreased ¥13,189 million from March 31, 2021 to ¥796,613 million.

Non-Consolidated Financial Statements (Japan GAAP)

Non-Consolidated Balance Sheets

(Unit: Millions of yen)

Account item	As of March 31, 2022		(Reference) As of March 31, 2021		Account item	As of March 31, 2022		(Reference) As of March 31, 2021	
	(Assets)						(Liabilities)		
I Noncurrent assets		3,777,274		3,606,417	I Noncurrent liabilities		580,421		783,560
A Noncurrent assets-									
telecommunications business		1,885,646		1,787,227	1 Bonds payable		280,000		330,000
(1) Property, plant and equipment*		1,568,963		1,482,622	2 Long-term loans payable		193,500		309,000
1 Machinery	2,797,270		2,676,204		3 Lease obligations		51		103
Accumulated depreciation	2,291,059	506,211	2,164,013	512,191	4 Provision for retirement benefits		5,806		6,861
2 Antenna facilities	897,534		872,738		5 Provision for point service program		21,517		51,361
Accumulated depreciation	604,662	292,872	571,560	301,177	6 Provision for warranties for completed construction		6,247		5,657
3 Terminal facilities	8,595		8,356		7 Asset retirement obligations		54,731		63,932
Accumulated depreciation	7,234	1,361	6,927	1,429	8 Provision for officers' stock compensation		2,384		2,288
4 Local line facilities	221,233		217,442		9 Provision for employees' stock compensation		5,067		4,269
Accumulated depreciation	191,046	30,187	186,135	31,307	10 Other noncurrent liabilities		11,118		10,088
5 Long-distance line facilities	95,501		95,186						
Accumulated depreciation	91,132	4,369	90,925	4,261	II Current liabilities		1,272,519		1,112,332
6 Engineering facilities	62,186		61,595		1 Current portion of noncurrent liabilities		165,500		73,000
Accumulated depreciation	51,370	10,816	49,937	11,659	2 Accounts payable-trade		121,254		89,698
7 Submarine line facilities	47,191		47,191		3 Short-term loans payable		329,742		265,230
Accumulated depreciation	44,778	2,413	44,282	2,909	4 Lease obligations		50		96
8 Buildings	419,370		407,987		5 Accounts payable-other		434,329		416,250
Accumulated depreciation	277,469	141,901	261,566	146,421	6 Accrued expenses		5,200		5,129
9 Structures	90,674		89,602		7 Income taxes payable		85,820		143,841
Accumulated depreciation	71,405	19,269	69,224	20,378	8 Contract liabilities		55,936		-
10 Machinery and equipment	4,679		4,558		9 Advances received		10,633		14,708
Accumulated depreciation	4,383	295	4,290	268	10 Deposits received		44,619		75,090
11 Vehicles	3,168		3,047		11 Provision for bonuses		17,040		17,021
Accumulated depreciation	2,024	1,144	1,628	1,419	12 Provision for directors' bonuses		353		345
12 Tools, furniture and fixtures	101,735		99,095		13 Asset retirement obligations		45		45
Accumulated depreciation	83,612	18,122	79,094	20,001	14 Provision for loss on contract		836		10,959
13 Land		260,555		259,754	15 Provision for loss on disaster		571		742
14 Construction in progress		279,446		169,447	16 Other current liabilities		591		179
(2) Intangible assets		316,683		304,605	Total liabilities		1,852,940		1,895,892
1 Right of using submarine line facilities		1,153		1,561					
2 Right of using facilities		13,570		14,164					
3 Software		286,382		272,512					
4 Leasehold right		1,429		1,429					
5 Goodwill		14,028		14,786					
6 Other intangible assets		121		153					

(Unit: Millions of yen)

Account item	As of March 31, 2022		(Reference) As of March 31, 2021		Account item	As of March 31, 2022		(Reference) As of March 31, 2021	
	B Incidental business facilities		43,828			42,859	(Net assets)		
(1) Property, plant and equipment*	48,006		49,848						
Accumulated depreciation	35,325	12,681	36,526	13,322					
(2) Intangible assets		31,147		29,538	I Shareholders' equity	4,066,292			4,024,559
C Investments and other assets	1,847,800		1,776,330		1 Capital stock	141,852			141,852
1 Investment securities	188,036		163,113		2 Capital surplus	305,676			305,676
2 Stocks of subsidiaries and affiliates		1,185,093		1,172,273	Legal capital surplus	305,676	305,676		305,676
3 Investments in capital	63		63		3 Retained earnings	3,925,167			3,670,267
4 Investments in capital of subsidiaries and affiliates	5,742		5,742		(1) Legal retained earnings	11,752		11,752	
5 Long-term loans receivable	3		3		(2) Other retained earnings				
6 Long-term loans receivable from subsidiaries and affiliates		49,312		28,079	Reserve for advanced depreciation of noncurrent assets	677		677	
7 Long-term prepaid expenses	272,856		251,052		Reserve for special depreciation	—		3	
8 Deferred tax assets	118,323		126,471		Reserve for special investments in capital	896		447	
9 Other investment and other assets		40,931		41,143	General reserve	3,254,834	2,995,634		
Allowance for doubtful accounts		(12,560)		(11,608)	Retained earnings brought forward	657,008		661,754	
II Current assets	2,189,306		2,350,241		4 Treasury stock	(306,403)		(93,236)	
1 Cash and deposits	108,876		275,195						
2 Notes receivable - trade	1		2		II Valuation and translation adjustments	47,348		36,208	
3 Accounts receivable-trade	1,609,000		1,652,588		1 Valuation difference on available-for-sale securities	47,348		36,208	
4 Accounts receivable-other	172,679		150,248						
5 Supplies	55,647		50,340						
6 Advance payments - trade	200		3						
7 Prepaid expenses	53,209		42,087						
8 Short-term loans receivable from subsidiaries and affiliates		152,054		148,050					
9 Other current assets	51,317		44,698						
Allowance for doubtful accounts		(13,675)		(12,968)					
Total assets		5,966,580		5,956,659	Total net assets		4,113,639		4,060,767
					Total liabilities and net assets		5,966,580		5,956,659

* As for the depreciable items of property, plant and equipment, the figure in the accumulated depreciation row in the left column indicates the accumulated depreciation amount, and the same in the right column indicates the amount of each item after deducting the accumulated depreciation.

(Note) Amounts of items are rounded to the nearest million yen.

Non-Consolidated Statements of Income

(Unit: Millions of yen)

Account item	The fiscal year ended March 31, 2022	(Reference) The fiscal year ended March 31, 2021
I Operating income and loss from telecommunications		
(1) Operating revenue	2,596,243	2,664,575
(2) Operating expenses	1,816,305	1,889,013
1 Business expenses	568,872	575,645
2 Operating expenses	11	8
3 Facilities maintenance expenses	273,604	274,719
4 Common expenses	3,033	3,007
5 Administrative expenses	116,627	120,657
6 Experiment and research expenses	6,271	8,140
7 Depreciation	374,321	401,569
8 Noncurrent assets retirement cost	20,091	12,233
9 Communication facility fee	409,052	449,016
10 Taxes and dues	44,423	44,017
Net operating income from telecommunications	779,938	775,563
II Operating income and loss from incidental business		
(1) Operating revenue	1,440,779	1,398,175
(2) Operating expenses	1,499,572	1,416,592
Net operating loss from incidental business	58,792	18,417
Operating profit	721,146	757,146
III Non-operating income	74,211	62,450
1 Interest income	1,056	1,285
2 Dividends income	53,682	44,896
3 Foreign exchange gains	4,346	2,873
4 Miscellaneous income	15,126	13,397
IV Non-operating expenses	4,813	5,151
1 Interest expenses	1,149	1,133
2 Interest on bonds	993	1,092
3 Miscellaneous expenses	2,671	2,926
Ordinary profit	790,544	814,445
V Extraordinary income	3,768	5,614
1 Gain on sales of noncurrent assets	–	945
2 Gain on sales of investment securities	2,286	2,939
3 Gain on valuation of investment securities	–	131
4 Gain on sale of stocks of related companies	1,473	1,594
5 Contribution for construction	10	4

(Unit: Millions of yen)

Account item	The fiscal year ended March 31, 2022	(Reference) The fiscal year ended March 31, 2021
VI Extraordinary loss	8,440	5,126
1 Loss on sales of noncurrent assets	–	279
2 Impairment loss	1,879	2,157
3 Loss on sale of investment securities	761	–
4 Loss on valuation of investment securities	2,204	2,685
5 Loss on valuation of stocks of subsidiaries and affiliates	923	–
6 Loss on liquidation of subsidiaries and affiliates	2,663	–
7 Reduction entry of contribution for construction	10	4
Profit before income taxes	785,872	814,932
Income taxes-current	206,417	246,071
Income taxes-deferred	18,439	(9,772)
Profit	561,015	578,634

(Note) Amounts of items are rounded to the nearest million yen.

Non-Consolidated Statements of Changes in Net Equity

The fiscal year ended March 31, 2022

(Unit: Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings			
		Legal capital surplus	Other capital surplus		Other retained earnings			
					Reserve for advanced depreciation of noncurrent assets	Reserve for special depreciation	General reserve	Retained earnings brought forward
Balance at the beginning of current period	141,852	305,676	11,752	677	3	447	2,995,634	661,754
Cumulative effects of changes in accounting policies	-	-	-	-	-	-	-	(34,286)
Restated balance	141,852	305,676	11,752	677	3	447	2,995,634	627,468
Changes of items during the fiscal year								
Dividends from surplus	-	-	-	-	-	-	-	(271,829)
Reversal of reserve for special depreciation	-	-	-	-	(3)	-	-	3
Provision of reserve for special investments in capital	-	-	-	-	-	449	-	(449)
Provision of general reserve	-	-	-	-	-	-	259,200	(259,200)
Profit	-	-	-	-	-	-	-	561,015
Purchase of treasury stock	-	-	-	-	-	-	-	-
Disposal of treasury stock	-	-	-	-	-	-	-	-
Retirement of treasury stock	-	-	-	-	-	-	-	-
Transfer from retained earnings to capital surplus	-	-	-	-	-	-	-	-
Net changes of items other than shareholders' equity	-	-	-	-	-	-	-	-
Total changes of items during the fiscal year	-	-	-	-	(3)	449	259,200	29,540
Balance at the end of current period	141,852	305,676	11,752	677	-	896	3,254,834	657,008

(Unit: Millions of yen)

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	
Balance at the beginning of current period	(93,236)	4,024,559	36,208	4,060,767
Cumulative effects of changes in accounting policies	-	(34,286)	-	(34,286)
Restated balance	(93,236)	3,990,273	36,208	4,026,481
Changes of items during the fiscal year				
Dividends from surplus	-	(271,829)	-	(271,829)
Reversal of reserve for special depreciation	-	-	-	-
Provision of reserve for special investments in capital	-	-	-	-
Provision of general reserve	-	-	-	-
Profit	-	561,015	-	561,015
Purchase of treasury stock	(213,763)	(213,763)	-	(213,763)
Disposal of treasury stock	-	-	-	-
Retirement of treasury stock	-	-	-	-
Transfer from retained earnings to capital surplus	-	-	-	-

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	
Net changes of items other than shareholders' equity	595	595	11,140	11,735
Total changes of items during the fiscal year	(213,167)	76,019	11,140	87,158
Balance at the end of current period	(306,403)	4,066,292	47,348	4,113,639

(Reference) The fiscal year ended March 31, 2021

(Unit: Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings				
		Legal capital surplus	Other capital surplus		Other retained earnings				
					Reserve for advanced depreciation of noncurrent assets	Reserve for special depreciation	Reserve for special investments in capital	General reserve	Retained earnings brought forward
Balance at the beginning of current period	141,852	305,676	-	11,752	677	301	-	2,995,634	513,013
Changes of items during the fiscal year									
Dividends from surplus	-	-	-	-	-	-	-	-	(276,502)
Reversal of reserve for special depreciation	-	-	-	-	-	(298)	-	-	298
Provision of reserve for special investments in capital	-	-	-	-	-	-	447	-	(447)
Provision of general reserve	-	-	-	-	-	-	-	-	-
Profit	-	-	-	-	-	-	-	-	578,634
Purchase of treasury stock	-	-	-	-	-	-	-	-	-
Disposal of treasury stock	-	-	(3,242)	-	-	-	-	-	-
Retirement of treasury stock	-	-	(150,000)	-	-	-	-	-	-
Transfer from retained earnings to capital surplus	-	-	153,242	-	-	-	-	-	(153,242)
Net changes of items other than shareholders' equity	-	-	-	-	-	-	-	-	-
Total changes of items during the fiscal year	-	-	-	-	-	(298)	447	-	148,741
Balance at the end of current period	141,852	305,676	-	11,752	677	3	447	2,995,634	661,754

(Unit: Millions of yen)

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	
Balance at the beginning of current period	(163,083)	3,805,822	13,934	3,819,755
Changes of items during the fiscal year				
Dividends from surplus	-	(276,502)	-	(276,502)
Reversal of reserve for special depreciation	-	-	-	-
Provision of reserve for special investments in capital	-	-	-	-
Provision of general reserve	-	-	-	-
Profit	-	578,634	-	578,634
Purchase of treasury stock	(136,087)	(136,087)	-	(136,087)
Disposal of treasury stock	55,934	52,692	-	52,692
Retirement of treasury stock	150,000	-	-	-
Transfer from retained earnings to capital surplus	-	-	-	-
Net changes of items other than shareholders' equity	-	-	22,274	22,274
Total changes of items during the fiscal year	69,847	218,737	22,274	241,011
Balance at the end of current period	(93,236)	4,024,559	36,208	4,060,767

(Note) Amounts of items are rounded to the nearest million yen.

Independent Auditor's Report (Consolidated)

(English Translation) Independent Auditors' Report

May 10, 2022

To the Board of Directors of
KDDI CORPORATION

PricewaterhouseCoopers Kyoto
Tokyo Office
Toru Tamura
Designated and Engagement Partner
Certified Public Accountant
Ryoichi Iwasaki,
Designated and Engagement Partner
Certified Public Accountant
Takahiro Nomura
Designated and Engagement Partner
Certified Public Accountant

Opinion

We have audited, pursuant to Article 444, Paragraph (4) of the Companies Act of Japan, the consolidated financial statements of KDDI CORPORATION and its subsidiaries which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statement of income and statement of changes in equity for the year then ended, and the notes to consolidated financial statements.

In our opinion, the consolidated financial statements referred to above, which were prepared under the designated IFRSs with omission of a part of disclosure items pursuant to the provisions of the latter part of Article 120, Paragraph (1) of the Regulation on Corporate Accounting, present fairly, in all material respects, the consolidated financial position of KDDI CORPORATION and its subsidiaries as of March 31, 2022, and their financial performance for the year then ended.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Content

Other content is the business report and the supplementary schedules thereof. It is the responsibility of the management to draft and disclose other content. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the execution of directors' duties throughout the development and operation of the reporting process of the other content.

Other content is not subject to our audit opinion on consolidated financial statements, and we have expressed no opinion on other content. Our responsibility when auditing consolidated financial statements, is to read through the other content, and to consider whether there is a major disparity between the other content and the consolidated financial statements, or the knowledge gained in the course of our audit, and pay attention to whether there are any indications of significant errors in the other content, in the process of reading through. If we determine that there is a significant error in the other content, it is required to report such.

There is nothing in the other content that we are required to report.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements pursuant to the provisions of the latter part of Article 120, Paragraph (1) of the Regulation on Corporate Accounting, which permits companies to omit a part of disclosure items required under the designated IFRSs in preparing the consolidated financial statements. This responsibility includes implementing and maintaining internal control deemed necessary by management relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of a going concern unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so, and in accordance with the provisions of the latter part of Article 120, Paragraph (1) of the Regulation on Corporate Accounting, which permits companies to omit a part of disclosure items required under the designated IFRSs, for disclosing, as necessary, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessment, the auditor considers the Group's internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statements audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of preparing the consolidated financial statements with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and notes to the consolidated financial statements are in accordance with the provisions of the latter part of Article 120, Paragraph (1) of the Regulation on Corporate Accounting, which permits companies to omit a part of disclosure items required under the designated IFRSs, as well as evaluate the presentation, structure, and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly present the underlying transactions and accounting events.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We report to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and to communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Interest

Our firm and the engagement partners have no interest in or relationship with KDDI CORPORATION and its subsidiaries which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notice to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Independent Auditor's Report (Non-Consolidated)

(English Translation) Independent Auditors' Report

May 10, 2022

To the Board of Directors of
KDDI CORPORATION

PricewaterhouseCoopers Kyoto
Tokyo Office

Toru Tamura
Designated and Engagement Partner
Certified Public Accountant
Ryoichi Iwasaki
Designated and Engagement Partner
Certified Public Accountant
Takahiro Nomura
Designated and Engagement Partner
Certified Public Accountant

Opinion

We have audited, pursuant to Article 436, Paragraph (2), Item 1 of the Companies Act of Japan, the financial statements of KDDI CORPORATION which comprise the balance sheet as at March 31, 2022, and the statement of income, statement of changes in equity for the year then ended, and the notes to non-consolidated financial statements and supplementary schedules (hereinafter the "financial statements").

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of KDDI CORPORATION as of March 31, 2022, and their financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other content

Other content is the business report and the supplementary schedules thereof. It is the responsibility of the management to draft and disclose other content. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the execution of directors' duties throughout the development and operation of the reporting process of the other content.

Other content is not subject to our audit opinion on financial statements, and we have expressed no opinion on other content.

Our responsibility when auditing financial statements, is to read through the other content, and to consider whether there is a major disparity between the other content and the financial statements, or the knowledge gained in the course of our audit, and pay attention to whether there are any indications of significant errors in the other content, in the process of reading through.

If we determine that there is a significant error in the other content, it is required to report such.

There is nothing in the other content that we are required to report.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with accounting principles generally accepted in Japan. This responsibility includes implementing and maintaining internal control deemed necessary by management relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing whether it is appropriate to prepare the financial statements with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial statements

Our responsibilities are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually

or in the aggregate, they could reasonably be expected to influence the decisions of users of these financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessment, the auditor considers the Company's internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the financial statements is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of preparing the financial statements with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the financial statements or, if the notes to the financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation of the financial statements, and notes to the financial statements are in accordance with accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the financial statements, including the related notes thereto, and whether the financial statements fairly present the underlying transactions and accounting events.

We report to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and to communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Interest

Our firm and the engagement partners have no interest in or relationship with KDDI CORPORATION which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notice to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Audit & Supervisory Board's Report

Audit & Supervisory Board's Report (English Translation)

The Audit & Supervisory Board of KDDI Corporation (“the Company”) hereby submits its audit report regarding the performance of duties of the Directors during the 38th fiscal year from April 1, 2021 to March 31, 2022, which has been prepared through discussions based on the audit reports prepared by each of the Audit & Supervisory Board Members.

1. Audit Method and Details by Audit & Supervisory Board Members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board has established audit policies, plans and other matters for the fiscal year under review, received reports from each Audit & Supervisory Board Member about the status of implementation and results of audits as well as reports from the Directors and Accounting Auditors about the status of execution of their duties, and requested them to provide explanation when needed.
- (2) In accordance with the “Internal Auditing Rules” established by the Audit & Supervisory Board as well as the audit policies and plans for the fiscal year under review, each Audit & Supervisory Board Member has closely communicated with Directors, relevant personnel of the Internal Audit Department and other employees by utilizing online tools as appropriate in order to collect necessary information and improve the auditing environment, and performed audits in the following manner:
 - a. The Audit & Supervisory Board Members have attended the Board of Directors meetings and other important meetings, received reports from the Directors and employees about the status of execution of their duties, and requested them to provide explanation when needed. The Audit & Supervisory Board Members have reviewed important authorized documents and examined the status of business operations and financial position of the Company and its principle offices. Furthermore, the Audit & Supervisory Board has closely communicated and exchanged information with the Directors and Audit & Supervisory Board Members of the Company’s subsidiaries by utilizing online tools as appropriate, and received reports from them about the status of their business operations.
 - b. With respect to the Company’s internal control system established in accordance with Article 100, Paragraphs (1) and (3) of the Regulation for Enforcement of the Companies Act as a system to “ensure the compliance of execution of duties by Directors with laws and regulations and the Articles of Incorporation” and to “ensure appropriate business operations by the corporate group consisting of the Company and its subsidiaries” as described in the Business Report, the Audit & Supervisory Board has received reports on a regular basis about the resolutions of the Board of Directors regarding the improvement of the internal control system as well as its structure and implementation status, and requested explanation and provided advice when needed.

Furthermore, the Audit & Supervisory Board has received reports from the Directors and the PricewaterhouseCoopers Kyoto about the evaluation and the status of audits of internal control over financial reporting, and requested them to provide explanation when needed.
 - c. The Audit & Supervisory Board has supervised and verified whether the Accounting Auditors maintain their independence and performed appropriate audits, by receiving reports from them on the status of execution of their duties and requesting them to provide explanation when needed. In addition, the Audit & Supervisory Board has received confirmation from the Accounting Auditors that the “systems necessary to ensure that duties are executed properly” (matters set forth in each item of Article 131 of the Regulation on Corporate Accounting) had been developed in accordance with the “Quality Control Standards for Auditing” (Business Accounting Council) and other standards, and requested them to provide explanation when needed.

Based on the above method, the Audit & Supervisory Board has examined the Business Report and the supplementary schedules, the non-consolidated financial statements (the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net equity and the notes to the non-consolidated financial statements) and the supplementary schedules, as well as the consolidated financial statements (the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of changes in equity and the notes to the consolidated financial statements) for the fiscal year under review.

2. Audit Results

- (1) Audit results regarding the Business Report and the supplementary schedules
 - a. In our opinion, the Business Report and the supplementary schedules fairly represent the Company's conditions in accordance with applicable laws and regulations and the Articles of Incorporation.
 - b. We found no evidence of wrongful action or material violation of laws and regulations or the Articles of Incorporation by any of Directors of the Company in executing their duties.
 - c. In our opinion, the resolutions of the Board of Directors regarding the Company's internal control system are fair and reasonable. We found no issues or concerns regarding the reports on the internal control system described in the Business Report as well as the status of execution of duties by the Directors.
- (2) Audit results regarding the non-consolidated financial statements
In our opinion, the audit method employed and the results reported by PricewaterhouseCoopers Kyoto are fair and reasonable.
- (3) Audit results regarding the consolidated financial statements
In our opinion, the audit method employed and the results reported by PricewaterhouseCoopers Kyoto are fair and reasonable.

May 13, 2022

Full-time Audit & Supervisory Board Member,	Yasuhide Yamamoto
Full-time Audit & Supervisory Board Member,	Kenichiro Takagi
Full-time Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member),	Yukihiro Asahina
Outside Audit & Supervisory Board Member,	Toshihiko Matsumiya
Outside Audit & Supervisory Board Member,	Jun Karube

Notice to Readers:

The original financial statements, which consist of the balance sheet, the statement of income, the statement of changes in net equity, the notes to the financial statements and the supplementary schedules, and the original consolidated financial statements, which consist of the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of changes in equity and the notes to the consolidated financial statements thereof are written in Japanese.