

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. Please also note that English versions are outside the scope of the audit performed by the Audit & Supervisory Board Members of the Company in accordance with the Companies Act.

NOTICE OF THE 42ND
ANNUAL SHAREHOLDERS MEETING

KDDI Corporation

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Items excluded in documents stating items subject to measures for electronic provision

In accordance with the provisions of laws and regulations and the Company's Articles of Incorporation, the following items are excluded from the paper-based documents delivered to shareholders who have made a request for delivery of such documents. The excluded items will be posted on each website listed on page 3. ((1) is part of the Business Report that was audited by Audit & Supervisory Board Members in preparing the Report of Audit. (2) and (3) 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.)

(1) Business Report	Offices of the Company, Principal Businesses of the Corporate Group, Outline of Contracts for Limitation of Liability, Summary of Contents of Directors' and Officers' Liability Insurance Policy, and An Overview of the Systems for Ensuring the Appropriate Business Operations of the Business Report and the Operating Status
(2) Consolidated Financial Statements	Consolidated Statement of Changes in Equity, Notes to Consolidated Financial Statements
(3) Non-Consolidated Financial Statements	Non-Consolidated Statements of Changes in Net Equity, Notes to Non-Consolidated Financial Statements

In addition to the above excluded items, "Analysis and Evaluation of the Board of Directors' Effectiveness" and other information are posted on each website.

- The figures for the 39th through 41st fiscal years presented in the Business Report, Consolidated Financial Statements, and Non-Consolidated Financial Statements reflect amendments made to the financial results of prior fiscal years due to the impact of inappropriate transactions at our consolidated subsidiaries.

MESSAGE FROM THE PRESIDENT

Spark Your Journey KDDI

Hikomichi Matsuda
President, Representative Director,
CEO

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 42nd Annual Shareholders Meeting.

First, with respect to the recently revealed fictitious circular transactions conducted by our consolidated subsidiaries, KDDI sincerely apologizes for the significant concerns and inconvenience this incident has caused. The entire Group is committed to thoroughly implementing measures to prevent recurrence and to strengthen its governance to ensure that similar misconduct never occurs again.

In the 42nd fiscal year (fiscal 2025), the final year of the Medium-Term Management Strategy, the Company achieved increases in both revenue and profit. We plan to pay a year-end dividend of ¥40 per share for the 42nd fiscal year, bringing the total dividend for the fiscal year to ¥80 per share, marking 24 consecutive years of dividend increases, while maintaining a dividend payout ratio of over 40%.

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

In May of this year, we announced the Medium-Term Management Strategy (FY2026 to FY2028) "Power-to-Connect 2028." In an "AI-Native Society" in which AI will be widespread as part of society's infrastructure, we will leverage our unique real-world assets that are difficult for AI to replace, including customer touchpoints, nationwide-developed infrastructure, and human resources with diverse skills, setting forth the adoption of a "Fusion" model that creates value through cross-domain fusion to strengthen and generate businesses.

We will focus on creating customer-centric value, striving to become the frontrunner in social implementation by creating new businesses that support "AI-Powered Productivity" that contributes to the growth of customers' businesses and "AI-Enhanced Lifestyles" that transform lives and experiences.

In addition, the KDDI Group has formulated its new brand message, "Spark Your Journey."

"Spark" refers to the tiny flicker of excitement that ignites deep within your heart the moment you encounter something that utterly captivates you, while "Your Journey" represents the unique "journey of life" that every customer embarks upon.

This message reflects our commitment to being a presence that walks alongside each person through their life, lighting the spark of excitement and challenges within them and encouraging them ever onward.

To those taking the first step, and to those diving into the unknown, KDDI will be the power that carries you forward.

We will continue to enhance the power to connect, with the entire Group working together as one in our endeavor to make the KDDI VISION 2030 a reality.

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

TSE Code: 9433

Date of sending by postal mail: June 2, 2026

Start date of measures for electronic provision: May 20, 2026

To our shareholders:

KDDI Corporation

21-1, Takanawa 2-chome, Minato-ku, Tokyo
(Head office: 3-2, Nishi-Shinjuku 2-chome,
Shinjuku-ku, Tokyo)

Hiromichi Matsuda,
President, Representative Director CEO

**NOTICE OF THE 42ND
ANNUAL SHAREHOLDERS MEETING**

You are cordially notified of the 42nd Annual Shareholders Meeting of KDDI Corporation (“the Company”) to be held as stated below.

Measures for providing information in electronic format, etc. are taken for information regarding reference documents for the Shareholders Meeting (excluding voting forms) (items subject to measures for electronic provision). Please access either of websites below for details.

The Company’s website:

<https://www.kddi.com/english/corporate/ir/stock-rating/meeting/20260617/>



TSE website:

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

- Enter “KDDI” in “Issue name (company name)” or “9433” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.”



Exercising Voting Rights

If you do not attend the meeting in person, please exercise your voting rights no later than 5:30 p.m. on Tuesday, June 16, 2026 (JST) via the Internet or by mail, after reviewing the Reference Documents for the Shareholders Meeting.

Live Streaming of Annual Shareholders Meeting and Acceptance of Questions in Advance

For shareholders who have difficulty attending this Annual Shareholders Meeting in person, the Company will broadcast a livestream via the Internet of the meeting and will accept questions in advance. For details, please refer to page 6.

- 1. Date and Time:** Wednesday, June 17, 2026, at 10:00 a.m. Reception for attendees begins at 9:00 a.m.
2. Place: THE LINKPILLAR 1 SOUTH, B2F, TAKANAWA GATEWAY Convention Center
21-2, Takanawa 2-chome, Minato-ku, Tokyo
(Please note that the venue is different from last year. Kindly make sure when attending.)

3. Agenda:

- Matters to be reported:**
1. Business Report and Consolidated Financial Statements for the 42nd fiscal year from April 1, 2025 to March 31, 2026 and Reports of Audit on the Consolidated Financial Statements by Accounting Auditors and the Audit & Supervisory Board
 2. Non-Consolidated Financial Statements for the 42nd fiscal year from April 1, 2025 to March 31, 2026

Matters to be resolved:

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

4. Other matters concerning the Meeting:

- 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.”
- If you exercise your voting rights both via the Internet and by mail, the vote exercised via the Internet will be treated as valid.
- If you have exercised your voting rights multiple times on the Internet, only the final vote will be taken as valid.
- Please refer the following pages for the details of how to exercise voting rights via the Internet or by mail.

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- * Attendees are kindly requested to submit their Exercise of Voting Rights form to the receptionist on the day of the meeting.
* Guidance regarding operations at the venue, etc. will be posted as necessary on the Company’s website indicated on page 3.
* In the event of any revisions to this paper-based documents or to the items subject to measures for electronic provision or other information posted on the websites, the details of revisions will be disclosed on the respective websites indicated on page 3.

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 27.

By exercising voting rights via the Internet

Exercise due date: To be received no later than 5:30 p.m. on Tuesday, June 16, 2026

1. Scanning QR code

Please use a smart phone, etc. to scan the QR code on the lower right corner of the Exercise of Voting Rights form and follow the instructions on the screen to indicate your approval or disapproval.

2. Entering login-ID and temporary password

Exercise of Voting Rights Web site

<https://evote.tr.mufg.jp/> (in Japanese)

Please access it on the above and use your “login-ID” and “temporary password” on the Exercise of Voting Rights form and follow the instructions on the screen to indicate your approval or disapproval:

- * The Exercise of Voting Rights Web site will be unavailable during the hours of 2:30 a.m. to 4:30 a.m. everyday due to maintenance and inspection.
- * 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.
- * If you wish to receive the Notice of the Shareholders Meeting by e-mail in the future, please visit the Exercise of Voting Rights Web site.
- * Please note that Internet access fees, communication expenses, and other costs incurred when accessing the Exercise of Voting Rights Web site and when viewing the livestream and sending questions in advance as explained on page 6 will be the responsibility of the shareholder.
- * If you lose the Exercise of Voting Rights form, you may request a reissue by contacting the contact for inquiries listed below. However, please note that we may not be able to reissue the voting form if, for example, the request is made less than one week before the date of the Annual Shareholders Meeting.

[Contact for inquiries]

Please contact Mitsubishi UFJ Trust and Banking Corporation if you have any questions regarding how to use your PC or smart phone to exercise your voting rights via the Internet.

Mitsubishi UFJ Trust and Banking Corporation, Stock Transfer Agency (Help Desk)

Tel: 0120-173-027 (Toll free only from Japan)

Time: From 9:00 a.m. to 9:00 p.m.

Exercising voting rights by mail

Exercise due date: To be received no later than 5:30 p.m. on Tuesday, June 16, 2026

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

Livestream of Annual Shareholders Meeting

1. Streaming Date and Time: From 10:00 a.m. to the close of the Annual Shareholders Meeting on Wednesday, June 17, 2026

*It will be accessible from approximately 9:30 a.m. on the day of the meeting, 30 minutes before the meeting starts. (Company videos will be shown until the Annual Shareholders Meeting starts.)

2. How to watch

Step 1: Access the “Engagement Portal,” an online site for the Annual Shareholders Meeting

Livestream URL for the day of the meeting: <https://engagement-portal.tr.mufg.jp/>
(in Japanese)

Step 2: Please enter your login-ID and password to login

* “Login-ID” and “Password” are shown on the backside of the Exercise of Voting Rights form.

* You can login directly by using a smartphone, etc. to scan the QR code written on the backside of the Exercise of Voting Rights form.

Step 3: Click the “Watch livestream on the day” button to view the livestream

- Viewing is limited to shareholders themselves. Viewing by proxies is not permitted.
- Viewing the livestream does not correspond to “attendance,” as designated by the Companies Act, and those who view the livestream will therefore not be able to participate in voting on the day of the meeting. We ask them to exercise their voting rights in advance.
Please note that it is not possible to ask questions or submit motions on the day of the meeting.
- Posting the livestream video of the proceedings of this Annual Shareholders Meeting using social networking services (SNS) and other secondary use are strictly prohibited.
- Though the Company takes possible measures to offer livestreaming, please note that there might be interruptions or a cancellation in the case of a bad communication environment or system trouble. (Please refer to the Company’s website for the latest information.)
- Subtitles will be available for verifying statements, etc., made at the meeting on the day. For details, please refer to the “Engagement Portal.”
- The recommended system requirements for this website are listed at the end of the document that can be accessed using the following URL (in Japanese): <https://www.tr.mufg.jp/daikou/pdf/faq.pdf> (in Japanese)

Submitting questions in advance

1. Period of submission: To be received no later than 5:00 p.m. on Tuesday, June 9, 2026

2. How to submit

Step 1 and 2: Same as livestream

Step 3: Click the “Submit a question beforehand” button and enter your question.

- Questions shall be about items regarding the agendas of the Shareholders Meeting.
- The Company accepts one question per shareholder. If multiple questions are submitted from the same shareholder, the Company shall consider the last one as valid.
- Of the questions received, the Company will answer questions at the Annual Shareholders Meeting that seem to be of particular interest to shareholders.
- The Company does not promise to answer all the questions submitted. Please understand that all the questions cannot be answered at the meeting, and the Company may not be able to respond to them on an individual basis.

[Contact for inquiries]

Please contact Mitsubishi UFJ Trust and Banking Corporation if you have any questions regarding the livestream of the Annual Shareholders Meeting or the submission of questions in advance.

Mitsubishi UFJ Trust and Banking Corporation

Tel: 0120-676-808 (Toll free only from Japan)

Time: Monday - Friday (excluding holidays), from 9:00 a.m. to 5:00 p.m. (From 9:00 a.m. to the close of the Shareholders Meeting on the day of the Annual Shareholders Meeting)

Reference Documents for the Shareholders Meeting

Proposals and References

Proposal 1: Appropriation of Surplus

Details pertaining to the appropriation of surplus are as follows.

1. 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% under the medium-term management strategy until fiscal 2025.

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

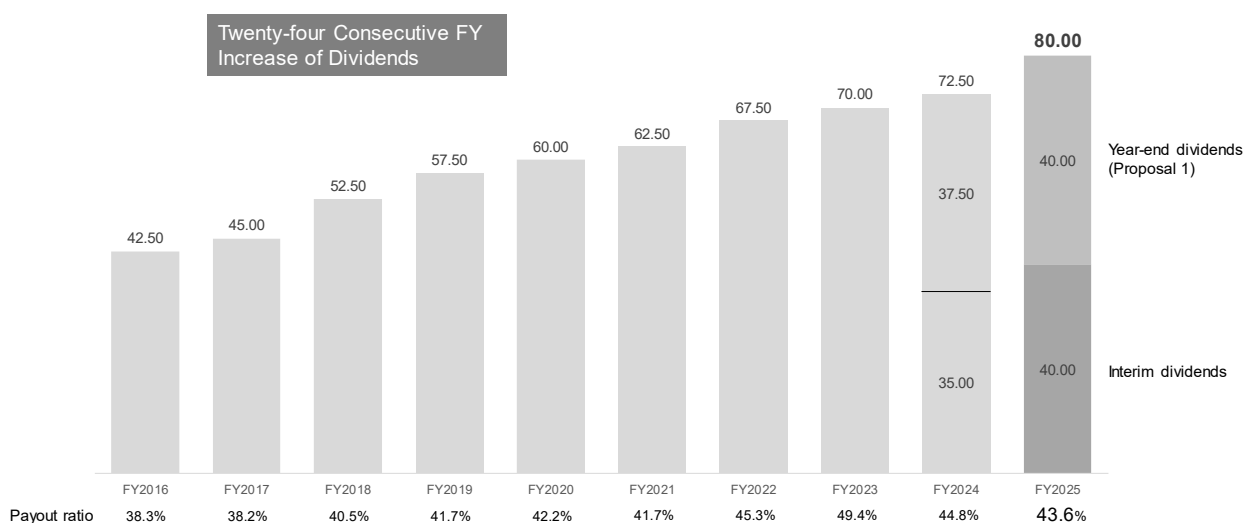
Per share of common stock ¥40.00

Total dividends ¥152,342,973,040

(3) Effective date of dividends of surplus

June 18, 2026

(Reference) Development of Dividends per Share for the last ten fiscal years



- Notes: 1. For convenience of viewing, annual dividends for the 33rd to 41st fiscal years have been adjusted to reflect stock splits.
- Ratio of two shares for every one share of common stock, as of April 1, 2025
2. IFRS 17 “Insurance Contracts” has been adopted from the 40th fiscal year. Accordingly, the value for the dividend payout ratio for the 39th fiscal year has been disclosed after applying the accounting standard retroactively.
3. Values for dividend per share and dividend payout ratio for the 42nd fiscal year are based on the assumption that Proposal 1 will be approved as proposed.
4. Figures for dividend payout ratio from the 39th fiscal year to 41st fiscal year reflect amendments made to the financial results of prior fiscal years due to the impact of inappropriate transactions at our subsidiaries.

2. Other matters relating to appropriation of surplus

The Company proposes to reverse part of the general reserves and transfer them to retained earnings brought forward, comprehensively taking into account the financial position, business results for the fiscal year under review, and the future business environment, etc.

Item and amount of decreased surplus: General reserve	¥331,400,000,000
Item and amount of increased surplus: Retained earnings brought forward	¥331,400,000,000

Proposal 2: Election of Twelve (12) Directors

The terms of office of all Twelve (12) 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	Gender	Attribute		Current Positions and responsibilities	Nomination Advisory Committee	Remuneration Advisory Committee	Years served as Director	Attendance of Board of Directors' meetings
1	Makoto Takahashi	Male	Reappointment	Executive	Chairperson, Representative Director	●	●	19 years	12/12 (100%)
2	Hiromichi Matsuda	Male	Reappointment	Executive	President, Representative Director CEO	●	●	3 years	12/12 (100%)
3	Nanae Saishoji	Female	Reappointment	Executive	Senior Managing Executive Officer, Director CFO			2 years	12/12 (100%)
4	Tomohiko Katsuki	Male	Reappointment	Executive	Managing Executive Officer, Director, CSO, CDO			1 year	10/10 (100%)
5	Hiroaki Hosoi	Male	New appointment	Executive	Managing Executive Officer, in charge of Business Solution Sector			-	-
6	Masami Sasaki	Male	New appointment	Executive	Executive Officer, in charge of Personal Business Sector			-	-
7	Norihiko Ina	Male	New appointment	Non-Executive	-			-	-
8	Tsutomu Tannowa	Male	Reappointment	Outside Independent	Director	● (Chairperson)	●	4 years	12/12 (100%)
9	Junko Okawa	Female	Reappointment	Outside Independent	Director	●	● (Chairperson)	4 years	12/12 (100%)
10	Kyoko Okumiya	Female	Reappointment	Outside Independent	Director	●	●	3 years	12/12 (100%)
11	Makoto Ando	Male	Reappointment	Outside Independent	Director		●	2 years	12/12 (100%)
12	Junichiro Ikeda	Male	New appointment	Outside Independent	-	●		-	-

Notes: 1. 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 42nd Annual Shareholders Meeting.

2. The attendance record of Board of Directors' meetings of Director Tomohiko Katsuki began after his appointment as new Director at the 41st Annual Shareholders Meeting held on June 18, 2025

3. The number of the Company's shares held by each Director candidate is the number as of March 31, 2026. 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, 2026.

4. The Board of Directors' meetings are chaired by the Chairperson of the Board of Directors in accordance with the Company's Board of Directors Rules.

5. Tsutomu Tannowa, Junko Okawa, Kyoko Okumiya, Makoto Ando and Junichiro Ikeda 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. They also fall under the definition of independent director as specified in Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.

6. The Company has entered into agreements for Limitation of Liability with Tsutomu Tannowa, Junko Okawa, Kyoko Okumiya and Makoto Ando 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 agreement with Norihiko Ina and Junichiro Ikeda if their elections are approved.

7. 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 for Director is approved, they will be included in the policy as an insured party.

8. Regarding the incident in which employees at our consolidated subsidiaries engaged in fictitious circular transactions during the terms of office of Tsutomu Tannowa, Junko Okawa, Kyoko Okumiya and Makoto Ando as Outside Directors of the Company, the Company established a Special Investigation Committee composed of external attorneys and certified public accountants on January 14, 2026, and announced the investigation report on March 31, 2026.


Furthermore, it formulated measures to prevent recurrence and strengthen governance across the KDDI Group, and announced them on the same day.


The Directors were not aware of such an incident in advance, yet they have consistently emphasized the importance of legal compliance and group governance at Board of Directors' meetings, etc. Furthermore, they are fulfilling their duties, including monitoring the progress of the investigation and the implementation of measures to prevent recurrence at Board of Directors' meetings, etc., after the revelation of the incident.


Candidate No. 1	Makoto Takahashi	Date of birth October 24, 1961	Number of the Company's shares held (Number of potential shares) 82,300 (258,000)
 <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Reappointment</div> Years served as Director 19 Board of Directors' meetings attended 12 of 12 meetings (100%)	<p>Reason for nominating the candidate for Director</p> <p>Makoto Takahashi has experience demonstrating strong leadership as a driving force for sustainable growth of the Group, including formulating and implementing the medium-term management strategy as President and Representative Director of the Company. Furthermore, since April 2025, he has been serving as Chairperson and Representative Director, engaging in external activities towards economic organizations, local communities, and government agencies, while also overseeing management as Chairperson, Board of Directors. He has extensive experience as a manager, 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 June 2016: Executive Vice President, Representative Director April 2018: President, Representative Director April 2023: CEO (Chief Executive Officer) April 2025: Chairperson, Representative Director (Current position)</p> <p>Special Interests</p> <p>There are no special interests between Makoto Takahashi and the Company.</p>		
Candidate No. 2	Hikomichi Matsuda	Date of birth November 30, 1971	Number of the Company's shares held (Number of potential shares) 30,000 (60,123)
 <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Reappointment</div> Years served as Director 3 Board of Directors' meetings attended 12 of 12 meetings (100%)	<p>Reason for nominating the candidate for Director</p> <p>Hiromichi Matsuda has extensive experience in the communications business for individual customers, domestic and overseas, and cutting-edge technologies. He has been working to enhance the Company's presence by formulating strategies in these areas and driving sustainable business growth through creating new business. He has been leading the promotion of the previous medium-term management strategy and the formulation of the current medium-term management strategy as President, Representative Director CEO since April 2025, and working to further increase the corporate value of the Group. 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 April 2023: Deputy Executive Director, Personal Business Sector June 2023: Executive Officer, Director April 2024: Managing Executive Officer, Director CDO (Chief Digital Officer) Executive Director, Advancing Business Technology Sector, and General Manager, Advancing Business Tech-Strategy Division April 2025: President, Representative Director CEO (Current position) Executive Director, Corporate & Marketing Communications Sector (Current position)</p> <p>Special Interests</p> <p>There are no special interests between Hiromichi Matsuda and the Company.</p>		


Candidate No. 3	Nanae Saishoji	Date of birth May 12, 1964	Number of the Company's shares held (Number of potential shares) 23,700 (52,153)
 <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Reappointment</div> Years served as Director 2 Board of Directors' meetings attended 12 of 12 meetings (100%)	<p>Reason for nominating the candidate for Director</p> <p>Nanae Saishoji has extensive experience in corporate divisions such as business administration and sustainability, and has been serving as CFO (Chief Financial Officer) since April 2023. She uses her experience in these areas to promote sustainability management Groupwide and strives to enhance the business infrastructure that supports the business strategy for the Company's sustainable growth. For these reasons, she 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 Manager, Corporate Management Division, Corporate Sector</p> <p>April 2022: Deputy Executive Director, Corporate Sector, and General Manager, Sustainability Management Division</p> <p>April 2023: Managing Executive Officer CFO (Current position) Executive Director, Corporate Sector (Current position)</p> <p>June 2023: Executive Officer of Sustainability (Current position)</p> <p>June 2024: Managing Executive Officer, Director</p> <p>June 2025: Senior Managing Executive Officer, Director (Current position)</p> <p>Special Interests</p> <p>There are no special interests between Nanae Saishoji and the Company.</p>		
Candidate No. 4	Tomohiko Katsuki	Date of birth February 22, 1967	Number of the Company's shares held (Number of potential shares) 15,400 (12,290)
 <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Reappointment</div> Years served as Director 1 Board of Directors' meetings attended 10 of 10 meetings (100%)	<p>Reason for nominating the candidate for Director</p> <p>Tomohiko Katsuki has extensive experience, mainly in strategy formulation and the promotion of various measures in the Group's financial business. In addition, he has served as CSO (Chief Strategy Officer) since April 2024 and as CDO since April 2025, leading the formulation and implementation of business strategies for the entire Group in the AI era, and promoting the Company's sustainable growth. 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 2019: President, Representative Director, au Financial Holdings Corporation</p> <p>April 2024: Managing Executive Officer CSO (Current position) Executive Director, Corporate Strategy Division (Current position)</p> <p>April 2025: CDO (Current position) Executive Director, Open Innovation Division (Current position)</p> <p>June 2025: Managing Executive Officer, Director (Current position)</p> <p>Special Interests</p> <p>There are no special interests between Tomohiko Katsuki and the Company.</p>		

Candidate No. 5	Hiroaki Hosoi	Date of birth November 18, 1966	Number of the Company's shares held (Number of potential shares) 12,000 (13,230)
 New Appointment	<p>Reason for nominating the candidate for Director</p> <p>Hiroaki Hosoi has extensive experience in domestic and overseas corporate business, focusing on DX and AI, as well as in the communications business for individual customers. He has been in charge of the Business Solution since April 2026, and strives to manage the overall corporate business operation and the Group's sustainable growth. For these reasons, he has 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 1989: Joined DDI CORPORATION (Currently KDDI CORPORATION)</p> <p>April 2010: Seconded to Global ICT Division, KDDI SINGAPORE PTE LTD.</p> <p>April 2013: General Manager, Sales Planning Division, Solution Sales Sector</p> <p>April 2024: Executive Officer Deputy General Manager, Personal Business Strategy Division, Personal Business Sector</p> <p>July 2024: Deputy Executive Director, Business Solution Sector</p> <p>April 2025: Managing Executive Officer (Current position)</p> <p>April 2026: Executive Director, Business Solution Core Sector, and General Manager, Business Planning Division (Current position)</p> <p>Special Interests</p> <p>There are no special interests between Hiroaki Hosoi and the Company.</p>		
Candidate No. 6	Masami Sasaki	Date of birth August 23, 1972	Number of the Company's shares held (Number of potential shares) 14,900 (17,563)
 New appointment	<p>Reason for nominating the candidate for Director</p> <p>Masami Sasaki has extensive experience mainly in strategy formulation and sales activities in the communications business for individual customers. He has been in charge of the Personal Business Sector since April 2026, and strives to manage the overall business operation for individual customers and the Group's sustainable growth. For these reasons, he has 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 1995: Joined HOKKAIDO CELLULAR TELEPHONE COMPANY (Currently KDDI CORPORATION)</p> <p>April 2022: Executive Officer (Current position) Deputy General Manager, Consumer Sales Division, Personal Business Sector, and General Manager, Consumer Sales Strategy Integrated Department, Consumer Sales Division, Personal Business Sector</p> <p>April 2024: Deputy Executive Director, Personal Business Sector</p> <p>June 2024: President, Representative Director of UQ Communications Inc. (Current position)</p> <p>April 2025: Executive Director, Personal Sales Division 1, Personal Business Sector</p> <p>April 2026: Executive Director, Personal Core Business Sector, and General Manager, Core Business Development Division (Current position)</p> <p>Special Interests</p> <p>There are no special interests between Masami Sasaki and the Company.</p>		

Candidate No. 7	Norihiko Ina	Date of birth September 16, 1963	Number of the Company's shares held (Number of potential shares) 0 (-)
Reason for nominating the candidate for Director			
Norihiko Ina has extensive experience in corporate management and excellent knowledge from a global perspective, cultivated as a director of a major electronic components and equipment manufacturer. We judge that he will contribute to improving the corporate value of the Group 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. For these reasons, he has been selected as a candidate for Director.			
Summary of Career, Position and Responsibilities in the Company and Important Concurrent Positions			
 <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">New Appointment</div>	April 1987:	Joined MITA Industrial Co., Ltd. (Currently KYOCERA Document Solutions Inc.)	
	August 2011:	President of KYOCERA MITA AMERICA, INC. (Currently KYOCERA DOCUMENT SOLUTIONS AMERICA, INC.)	
	June 2014:	Director and Managing Executive Officer of KYOCERA Document Solutions Inc.	
	April 2016:	Director and Senior General Manager of Corporate Sales Division of KYOCERA Document Solutions Inc.	
	April 2017:	Managing Executive Officer of KYOCERA Corporation President and Representative Director of KYOCERA Document Solutions Inc.	
	June 2017:	Director and Managing Executive Officer of KYOCERA Corporation	
	April 2021:	Executive General Manager of Solutions Business of KYOCERA Corporation	
	April 2025:	Director and Senior Managing Executive Officer of KYOCERA Corporation Senior Managing Executive Officer in charge of Strategic Business Transformation and Executive General Manager of Solutions Business of KYOCERA Corporation	
	April 2026:	Vice Chairman of the Board and Representative Director of KYOCERA Corporation In charge of Solutions Sector (Current position)	
	Special Interests		
Norihiko Ina is 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.			

Candidate No. 8	Tsutomu Tannowa	Date of birth October 26, 1951	Number of the Company's shares held (Number of potential shares) 4,000 (-)
Reason for nominating the candidate & overview of roles expected to fulfill if elected as Outside Director			
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. On the Board of Directors, the Company has received his contribution to strengthening the supervisory function of business execution and broad opinions related to business administration and operations from a medium- to long-term perspective and from a perspective independent of the management team based on his management experience at other companies, and he has contributed to improving the corporate value of the Group. 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. Therefore, he has again been selected as a candidate for Outside Director. Moreover, with this background we judge there to be no risk of a conflict of interest with general shareholders and accordingly he is scheduled to be nominated again as Independent Director.			
Summary of Career, Position and Responsibilities in the Company and Important Concurrent Positions			
 <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Independent Director</div> <p>Years served as Director 4</p> <p>Board of Directors' meetings attended 12 of 12 meetings (100%)</p>	April 2007:	Executive Officer of Mitsui Chemicals, Inc.	
	April 2010:	Managing Executive Officer of Mitsui Chemicals, Inc.	
	June 2012:	Director, Managing Executive Officer of Mitsui Chemicals, Inc.	
	April 2013:	Director, Senior Managing Executive Officer of Mitsui Chemicals, Inc.	
	April 2014:	President, Representative Director of Mitsui Chemicals, Inc.	
	April 2020:	Chairperson, Representative Director of Mitsui Chemicals, Inc.	
	June 2022:	Outside Director (Current position)	
	April 2023:	Director, Chairperson of Mitsui Chemicals, Inc.	
	June 2023:	Outside Director of TOKYO GAS CO., LTD. (Current position)	
	April 2026:	Director of Mitsui Chemicals, Inc. (Current position)	
Special Interests			
Tsutomu Tannowa is Director 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.			

Candidate No. 9	Junko Okawa	Date of birth August 31, 1954	Number of the Company's shares held (Number of potential shares) 6,400 (-)			
	Reason for nominating the candidate & overview of roles expected to fulfill if elected as Outside Director					
	<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. On the Board of Directors, the Company has received her broad opinions related to business administration and operations from 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 Group. 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 a wide-ranging managerial perspective. Therefore, she has again been selected as a candidate for Outside Director. Moreover, with this background we judge there to be no risk of a conflict of interest with general shareholders and accordingly she is scheduled to be nominated again as Independent Director.</p>					
<table border="1" style="width: 100%;"> <tr><td style="text-align: center;">Reappointment</td></tr> <tr><td style="text-align: center;">Outside Director</td></tr> <tr><td style="text-align: center;">Independent Director</td></tr> </table>	Reappointment	Outside Director	Independent Director	Summary of Career, Position and Responsibilities in the Company and Important Concurrent Positions		
Reappointment						
Outside Director						
Independent Director						
Years served as Director 4	February 2010: Executive Officer of Japan Airlines Co., Ltd.					
Board of Directors' meetings attended 12 of 12 meetings (100%)	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: Outside Director of The Shoko Chukin Bank, Ltd.					
June 2022: Outside Director (Current position) Outside Director of Asahi Broadcasting Group Holdings Corporation (Current position)						
June 2023: Outside Director of Tokyo Electric Power Company Holdings, Inc. (Current position)						
Special Interests						
There are no special interests between Junko Okawa and the Company.						

Candidate No. 10	Kyoko Okumiya	Date of birth June 2, 1956	Number of the Company's shares held (Number of potential shares) 2,000 (-)			
	Reason for nominating the candidate & overview of roles expected to fulfill if elected as Outside Director					
	<p>Kyoko Okumiya has abundant experience and superior knowledge, cultivated as the partner at a law firm and a committee member, etc. of committees. Although she does not have prior experience of direct involvement in corporate management other than as an Outside Director, the Company has received technical opinions related to legal risk management, etc. from 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 Group. 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 a specialist perspective as an attorney at law. Therefore, she has again been selected as a candidate for Outside Director. Moreover, with this background we judge there to be no risk of a conflict of interest with general shareholders and accordingly she is scheduled to be nominated again as Independent Director.</p>					
<table border="1" style="width: 100%;"> <tr><td style="text-align: center;">Reappointment</td></tr> <tr><td style="text-align: center;">Outside Director</td></tr> <tr><td style="text-align: center;">Independent Director</td></tr> </table>	Reappointment	Outside Director	Independent Director	Summary of Career, Position and Responsibilities in the Company and Important Concurrent Positions		
Reappointment						
Outside Director						
Independent Director						
Years served as Director 3	April 1984: Registered as attorney at law					
Board of Directors' meetings attended 12 of 12 meetings (100%)	September 2000: Partner, Tanabe & Partners (Current position)					
	June 2014: Outside Audit & Supervisory Board Member of NEC Corporation Outside Director of MORINAGA MILK INDUSTRY CO., LTD.					
	July 2017: Chairperson of The Labour Policy Council Equal Employment Opportunity Subcommittee					
	June 2018: Outside Director of The Bank of Yokohama, Ltd.					
	June 2023: Outside Director (Current position) Outside Director of ASAHI KOGYOSHA CO., LTD. (Current position)					
	August 2023: Director of Japan Corporate Governance Network (Current position)					
	Special Interests					
Kyoko Okumiya 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.						

Candidate No. 11	Makoto Ando	Date of birth February 16, 1952	Number of the Company's shares held (Number of potential shares) 1,500 (-)
 <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Independent Director</div> <p>Years served as Director 2</p> <p>Board of Directors' meetings attended 12 of 12 meetings (100%)</p>	<p>Reason for nominating the candidate & overview of roles expected to fulfill if elected as Outside Director</p> <p>Makoto Ando has superior knowledge in the field of telecommunications and information technology, which is directly relevant to the business of the Company. Although he does not have prior experience of direct involvement in corporate management other than as an Outside Director, he has contributed to improving the corporate value of the Group by providing technical opinions related to strategy formulation and business operations as an information and telecommunications operator that plays a role in social infrastructure, from a medium- to long-term perspective and from a perspective independent of the management team. 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 specialist perspective in the information and telecommunications field. Therefore, he has again been selected as a candidate for Outside Director. Moreover, with this background we judge there to be no risk of a conflict of interest with general shareholders and accordingly he is scheduled to be nominated again as Independent Director.</p> <p>Summary of Career, Position and Responsibilities in the Company and Important Concurrent Positions</p> <p>April 1995: Professor, Department of Electrical and Electronic Engineering, School of Engineering of National University Corporation Tokyo Institute of Technology (Currently Institute of Science Tokyo)</p> <p>April 2015: Director, Executive Vice President for Research Tokyo Institute of Technology</p> <p>April 2017: Emeritus Professor of Tokyo Institute of Technology (Current position)</p> <p>April 2018: Director (research, information) of Independent Administrative Agency National College of Technology</p> <p>June 2020: Programme Director, Strategic Information and Communications R&D Promotion Programme of Ministry of Internal Affairs and Communications (Current position)</p> <p>January 2022: Chairperson of Japan Coordinating Council for Wireless Power Transfer (Current position)</p> <p>April 2024: Programme Director, Fundamental Technologies for Sustainable Efficient Radio Wave Use R&D Project of Ministry of Internal Affairs and Communications (Current position)</p> <p>June 2024: Outside Director (Current position)</p> <p>Special Interests</p> <p>There are no special interests between Makoto Ando and the Company.</p>		
Candidate No. 12	Junichiro Ikeda	Date of birth July 16, 1956	Number of the Company's shares held (Number of potential shares) 0 (-)
 <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">New Appointment</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Independent Director</div>	<p>Reason for nominating the candidate & overview of roles expected to fulfill if elected as Outside Director</p> <p>Junichiro Ikeda has extensive experience in corporate management and excellent knowledge from a global perspective, cultivated as a representative director, president of a major shipping company. We judge that he will contribute to improving the corporate value of the Group 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, all from a perspective independent of the management team. Therefore, he has been selected as a candidate for Outside Director. Moreover, with this background we judge there to be no risk of a conflict of interest with general shareholders and accordingly he is scheduled to be nominated as Independent Director.</p> <p>Summary of Career, Position and Responsibilities in the Company and Important Concurrent Positions</p> <p>April 1979: Joined Osaka Mitsui O.S.K. Lines, Ltd. (Currently Mitsui O.S.K. Lines, Ltd.)</p> <p>June 2004: General Manager of Human Resources Division of Mitsui O.S.K. Lines, Ltd.</p> <p>June 2007: General Manager of Liner Division of Mitsui O.S.K. Lines, Ltd.</p> <p>June 2008: Executive Officer of Mitsui O.S.K. Lines, Ltd.</p> <p>June 2010: Managing Executive Officer of Mitsui O.S.K. Lines, Ltd.</p> <p>June 2013: Director and Senior Managing Executive Officer of Mitsui O.S.K. Lines, Ltd.</p> <p>June 2015: Representative Director, President, and Chief Executive Officer of Mitsui O.S.K. Lines, Ltd.</p> <p>April 2021: Representative Director, Chairman Executive Officer of Mitsui O.S.K. Lines, Ltd.</p> <p>April 2023: Director, Chairman of the Board of Mitsui O.S.K. Lines, Ltd.</p> <p>June 2024: Outside Director of YAMATO HOLDINGS CO., LTD. (Current position)</p> <p>April 2026: Director of Mitsui O.S.K. Lines, Ltd. (Current position)</p> <p>Special Interests</p> <p>Junichiro Ikeda is Director of Mitsui O.S.K. Lines, Ltd., 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>		



Proposal 3: Election of Two (2) Audit & Supervisory Board Members

The term of office of Audit & Supervisory Board Member Noboru Edagawa will expire at the end of this Annual Shareholders Meeting, and we therefore propose that One (1) Audit & Supervisory Board Member be elected as his successor.

In addition, we propose that One (1) Audit & Supervisory Board Member be newly elected to strengthen and enhance the Company's audit structure.

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

The candidates for Audit & Supervisory Board Members are as follows.

Candidate No. 1	Kazuhiko Masuda	Date of birth November 25, 1963	Number of the Company's shares held (Number of potential shares) 109,700 (4,707)
 New Appointment	<p>Reason for nominating the candidate for Audit & Supervisory Board Member</p> <p>Kazuhiko Masuda has extensive experience and knowledge in various divisions and Group companies, including the Group's engineering and personal business divisions, and as CEO of an overseas subsidiary. From the perspective of leveraging these experiences 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, he 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 1987: Joined DDI CORPORATION (Currently KDDI CORPORATION)</p> <p>April 2015: Administrative Officer</p> <p>April 2017: Managing Executive Officer, General Manager of Engineering Division of Jupiter Telecommunications Co., Ltd. (Currently JCOM Co., Ltd.)</p> <p>April 2019: General Manager, Global Consumer Business Division</p> <p>April 2022: Executive Officer, seconded to KDDI Summit Global Myanmar Co., Ltd. (CEO)</p> <p>April 2024: Managing Executive Officer</p> <p>April 2025: Deputy Executive Director, Personal Business Sector</p> <p>January 2026: Corporate Management Division, Corporate Sector</p> <p>April 2026: Full-time Adviser (Current position)</p> <p>Special Interests</p> <p>There are no special interests between Kazuhiko Masuda and the Company.</p>		
Candidate No. 2	Kenichi Ogasawara	Date of birth May 8, 1966	Number of the Company's shares held (Number of potential shares) 0 (-)
 New Appointment Outside Audit & Supervisory Board member Independent Director	<p>Reason for nominating the candidate for Outside Audit & Supervisory Board Member</p> <p>Kenichi Ogasawara has abundant experience and superior knowledge cultivated from many years of practical experience in the public sphere and involvement in the execution of business at various organizations. Although he does not have prior experience of direct involvement in corporate management, 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 Outside Audit & Supervisory Board Member. Moreover, he is scheduled to be nominated as a full-time Audit & Supervisory Board Member. Furthermore, with his background we judge there to be no risk of a conflict of interest with general shareholders and accordingly, he is scheduled to be nominated as Independent Auditor.</p> <p>Summary of Career, Position in the Company and Important Concurrent Positions</p> <p>April 1991: Joined Ministry of Construction (Currently Ministry of Land, Infrastructure, Transport and Tourism (MLIT))</p> <p>July 2005: Senior Deputy Director of Minister's Secretariat Budget and Accounts Division of MLIT</p> <p>July 2007: Director for Water Administration Policy Planning of River Bureau of MLIT</p> <p>April 2012: Chief of City Planning Bureau of Kyoto City</p> <p>April 2014: Deputy Mayor of Kyoto City</p> <p>April 2017: Minister's Secretariat and Counsellor for Accounting of MLIT</p> <p>July 2018: Director of Construction Market Division, Land and Construction Industry Bureau of MLIT</p> <p>June 2020: Director of Overseas Project Promotion, Policy Bureau of MLIT</p> <p>April 2021: Director of Japan Housing Finance Agency</p> <p>July 2023: Deputy Director-General, Water Management and Land Conservation Bureau of MLIT</p> <p>July 2024: Deputy Director-General of Overseas Projects, Minister's Secretariat of MLIT</p> <p>Special Interests</p> <p>There are no special interests between Kenichi Ogasawara and the Company.</p>		

Notes: 1. The number of Company's shares held by each candidate is the number as of March 31, 2026.

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, 2026.

2. Kenichi Ogasawara is a candidate for Outside Audit & Supervisory Board Member as specified in Article 2, paragraph (3), item (viii) of the Regulations for Enforcement of the Companies Act. He is also a candidate for Independent Auditor as specified in Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.

3. If election of candidates for Audit & Supervisory Board Member is approved, the Company plans to enter into an agreement for Limitation of Liability with them 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.
4. 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 candidate for Audit & Supervisory Board Members is approved, they will be an insured.

Proposal 4: 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 2026), 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 business performance and stock value and to raise awareness of contributing to improving business performance and increasing corporate value over the medium and long term.

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

The performance-linked stock compensation plan (hereinafter, referred to as the “Plan”) 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, the 38th Annual Shareholders Meeting held on June 22, 2022, and the 41st Annual Shareholders Meeting held on June 18, 2025.

Since the latest continuous period of four fiscal years from fiscal 2022 to fiscal 2025 has ended, we would like to ask your approval for its continuation and partial revisions from fiscal 2026 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, Executive Officers, and Senior Directors of the Company (excluding those residing overseas, Outside Directors and Part-time Directors; hereinafter, collectively referred to as “Directors and Other Executives”).

The purpose of the Plan is to clarify that the compensation of Directors and Other Executives is linked to business performance and stock value of the Company and to raise awareness of contributing to improving business performance and increasing corporate value over the medium and long term. From this partial revision, the timing of granting of shares shall be changed from the time of retirement to during the term of office, and transfer restrictions shall be applied until retirement, thereby allowing the Company to encourage the holding of shares during the term of office and further strengthen the sharing of values with all shareholders. In light of this, we believe that the continuation and partial revision of the Plan is appropriate.

In addition, the adoption of a policy for determining the content of remuneration for individual Directors (please refer to page 39 of the Notice of this Annual Shareholders Meeting) was resolved at the meeting of the Board of Directors held on January 14, 2021. Details of this proposal are necessary, reasonable, and in line with the policy.

If Proposal 2, Election of Twelve (12) Directors, is approved as proposed, six Directors will be eligible for the Plan. In addition, 28 Executive Officers not concurrently serving as Directors and 36 Senior Directors will be eligible for the Plan.

2. Partial revision to the Plan

In continuing the Plan, except for the matters described below, the details of the Plan as revised in fiscal 2025 will basically remain unchanged.

(Changes are underlined.)

	Before revision	After revision
Maximum amount of money to be contributed to the Trust	The amount shall be an amount obtained by multiplying <u>¥1,250</u> million per year by the number of years in the eligible period.	The amount shall be an amount obtained by multiplying <u>¥1,600</u> million per year by the number of years in the eligible period.
Maximum number of KDDI shares to be acquired for granting to Directors and Other Executives	The number of shares is calculated by multiplying the upper limit of <u>800,000</u> points (equivalent to <u>800,000</u> shares) per fiscal year by the number of years in the eligible period.	The number of shares shall be a number equivalent to the number calculated by multiplying the upper limit of <u>1,000,000</u> variable points (equivalent to <u>1,000,000</u> shares) per fiscal year by the number of years in the eligible period.*

	Before revision	After revision
Method for calculating KDDI shares, etc. to be granted to Directors and Other Executives	<u>The number of points shall be granted annually in accordance with the position of each Director and Other Executive and the degree of achievement of evaluation metrics (operating revenue, operating income, profit for the period, etc.) for each fiscal year. The points shall be accumulated until the retirement of the relevant Directors and Other Executives.</u>	<u>The number of basic points shall be granted annually in accordance with the position of each Director and Other Executive. After the end of the fiscal year that falls in the Medium-Term Management Strategy, the number of variable points shall be calculated from the basic point accumulated by then in accordance with the degree of achievement of evaluation metrics (Relative TSR (to TOPIX, to peer groups) and ROIC spread).</u>
Method and timing of granting to Directors and Other Executives	<ul style="list-style-type: none"> • <u>A certain portion of points accumulated until the retirement of each Director and Other Executive shall be granted as KDDI shares, and the remaining shall be converted into cash within the Trust and paid as an amount equivalent to the proceeds from such conversion.</u> • <u>The timing of granting shall be at the time of retirement of the Directors and Other Executives.</u> 	<ul style="list-style-type: none"> • <u>After the end of the eligible period, KDDI shares equivalent to the number of variable points shall be granted to each Director and Other Executive.</u> • <u>The timing of granting shall be after the end of the fiscal year covered by the Medium-Term Management Strategy (provided, however, that transfer restrictions shall be imposed on the KDDI shares after granting until the retirement of the Directors and Other Executives).</u>
Treatment of dividends of surplus on KDDI shares, etc. held in the Trust	Dividends shall be used to pay the Trust's trust fees and expenses and an amount equivalent to the dividends corresponding to the cumulative number of points held by the Directors and Other Executives as of each dividend record date arriving during the trust period shall be paid to each of the Director and Other Executive at the time of their retirement.	Dividends shall be used to pay the Trust's trust fees and expenses and an amount equivalent to the dividends corresponding to the cumulative number of <u>basic</u> points held by the Directors and Other Executives as of each dividend record date arriving during the trust period shall be paid to each of the Director and Other Executive at the time of their retirement.

* The ratio of the number of shares equivalent to the maximum number of variable points per fiscal year to the total number of issued shares (as of March 31, 2026, excluding treasury stock) is approximately 0.02%.

(Reference) Details of the Plan

(1) Outline of the Plan

The Plan is a performance-linked stock compensation plan under which KDDI shares are acquired through a trust using funds contributed by KDDI as compensation for Directors and Other Executives (hereinafter the "Trust"), and KDDI shares and cash equivalent to the converted amount of KDDI shares (hereinafter "KDDI shares, etc.") shall be granted to Directors and Other Executives in accordance with their degree of achievement of evaluation metrics and their positions, etc. KDDI shares, etc., shall, in principle, be granted to Directors and Other Executives each eligible period, and shall be subject to transfer restrictions until their respective retirement.

The fiscal years covered by KDDI's Medium-Term Management Strategy shall, in principle, be eligible for the Plan. The eligible period after the revision of the Plan shall be three fiscal years from FY2026 to 2028.

(2) Trust period after the extension

The extended trust period of the Trust shall be from September 1, 2026 (scheduled) to August 31, 2029 (scheduled).

Upon the expiration of the trust period of the Trust, the Trust may be continued by amending the trust agreement, in which case the period covered by the Medium-Term Management Strategy as of that day shall become the new eligible period of the Trust, and the trust period of the Trust shall be extended for the same period as the new eligible period. Furthermore, if there is a change in the upper limit of the remuneration amount or other elements under the Plan that requires approval at the shareholders meeting, a proposal regarding the continuation and partial revision of the Plan will be submitted to the shareholders meeting. In other cases, the Board of Directors shall resolve to continue the Plan, amend the trust agreement and extend the trust period of the Trust. If no amendments are made to the trust agreement at the end of the trust period (or at the end of the trust period after extension in the case that the Trust is continued), no points shall be granted to Directors and Other Executives thereafter. However, the trust period may be extended for up to 15 years until the Directors and Other Executives who may meet the beneficiary requirements retire and granting of KDDI shares, etc. to such Directors and Other Executives is complete.

(3) Total amount of trust money contributed to the Trust
KDDI shall contribute money to the Trust as compensation for Directors and Other Executives for every eligible period, up to an amount equal to ¥1,600 million multiplied by the number of years in the eligible period (for the three fiscal years which constitute the eligible period after the revision of the Plan, the amount shall be ¥4,800 million). In accordance with the instructions of the trust administrator, the Trust shall acquire KDDI shares from KDDI (through the disposal of treasury shares) or from the stock market using the money entrusted to the Trust as funds. In addition, in the event that the period of the Trust is extended, any KDDI shares (excluding KDDI shares to be granted to Directors and Other Executives) and cash remaining in the Trust as of the last day of the period of the Trust prior to the extension (hereinafter the “remaining shares, etc.”) shall be transferred to the extended Trust. The total amount of the remaining shares, etc. and trust money to be additionally contributed shall be limited to the amount calculated by multiplying ¥1,600 million by the number of years in the eligible period newly set.

(4) Maximum number of points to be granted to Directors and Other Executives and total number of shares to be acquired by the Trust
The total number of variable points to be granted to Directors and Other Executives under the Plan per fiscal year (the number of variable points specified in (5) below divided by the number of years in the eligible period) shall not exceed 1,000,000 points. In the eligible period, the number of shares of KDDI stock to be acquired for the purpose of granting shares to the Directors and Other Executives shall be limited to the number of shares calculated by multiplying 1,000,000 points, which is the maximum number of variable points per fiscal year, by the number of years in the eligible period. (For the three fiscal years which constitute the eligible period after the revision of the Plan, the amount shall be 3,000,000 shares.)

(5) Method for calculating KDDI shares, etc. to be granted to Directors and Other Executives
The number of basic points shall be granted annually to Directors and Other Executives in accordance with their positions. After the end of the eligible period, the number of variable points shall be calculated by multiplying the number of basic points accumulated over the eligible period by a grant rate according to the degree of achievement of the evaluation metrics. As evaluation metrics will serve as an incentive to improve the quality of management, as set forth in the Medium-Term Management Strategy, and to further share value with shareholders, relative TSR (to TOPIX, to peer groups) and ROIC spread shall be set.
One point shall be equivalent to one share of KDDI stock, and in the event that a stock split, stock consolidation, or other similar event occurs during the trust period, the value of one point shall be adjusted in accordance with the relevant split ratio, consolidation ratio, and so forth.

(6) Method and timing of granting to Directors and Other Executives
Directors and other Executives shall be granted a number of KDDI shares equivalent to the number of variable points calculated for a certain period by following the designated beneficiary confirmation procedures. Furthermore, if a Director and Other Executive decease during the trust period, all KDDI shares equivalent to the number of points granted as of that time shall be converted into cash within the Trust, and an amount of cash equivalent to the proceeds from the conversion shall be granted to the inheritor of the Director and Other Executive concerned.

However, the granting of KDDI shares under this Plan shall be subject to transfer restrictions, including the following:

- (a) Directors and Other Executives shall not transfer, create security interests, or otherwise dispose of KDDI shares during the period from the date of the granting of KDDI shares until the date of their retirement.
- (b) Transfer restrictions shall be lifted upon the retirement of the Directors and Other Executives.
- (c) For cases in which Directors and Other Executives commit certain illegal acts, etc., such as serious improper or illegal conduct etc., during the transfer restriction period, the transfer restrictions on the KDDI shares granted to the Directors and Other Executives concerned shall not be lifted, and the Company shall acquire the KDDI shares without compensation.

During the transfer restriction period, the Company plans to manage the KDDI shares subject to transfer restrictions in a dedicated account opened by Directors and Other Executives with a security company to prevent transfers, the creation of security interests, or other dispositions during such transfer restriction period.

As a transitional measure from the pre-revised Plan, with respect to the number of points already granted under the pre-revised Plan (that is, the number of points planned to be used to grant KDDI shares, etc. equivalent to such points at the time of the retirement of Directors and Other Executives), subject to the approval at this Annual Shareholders Meeting, KDDI shares equivalent to the number of points shall be

granted at a certain timing following the conclusion of this Annual Shareholders Meeting, with transfer restrictions imposed until the retirement of the Directors and Other Executives.

(7) Clawback system, etc.

For cases in which Directors and Other Executives commit serious improper or illegal conduct, etc., KDDI has established a system that allows it to revoke the rights of such Directors and Other Executives to receive KDDI shares, etc. under the Plan, acquire the shares without consideration during the transfer restriction period as specified in (6) above, or to request that they return an amount of money equivalent to the KDDI shares, etc. already granted to such Directors and Other Executives (clawback).

(8) Treatment of dividends of surplus for KDDI shares held in the Trust

Dividends paid on KDDI shares held in the Trust shall be used to pay the Trust's trust fees and expenses after receipt by the Trust, and an amount equivalent to the dividends corresponding to the cumulative number of basic points held by the Directors and Other Executives as of each dividend record date arriving during the trust period shall be paid to each of the Directors and Other Executives at the time of their retirement. If any residual assets exist at the time of termination of the Trust, such assets shall be granted to the Directors and Other Executives and then donated to organizations in which KDDI and its Directors and Other Executives have no interest.

Proposal 5: 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 ¥160 million annually by a resolution of the 38th Annual Shareholders Meeting held on June 22, 2022, 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 of the Group, along with the levels of remuneration of officers at similarly sized companies, the Company proposes to revise this amount to no more than ¥200 million annually. This proposal has passed through the deliberation process of the Remuneration Advisory Committee which is composed of mainly Outside Directors.

If Proposal 3 is approved as proposed, the number of Audit & Supervisory Board Members will be five, the same number as at present.

(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 No. 2 and No. 3 are approved as proposed at this Annual Shareholders Meeting are as follows.

“Sustainability/ESG” skill is included in each of the following six skills, and should be possessed by each Director and Audit & Supervisory Board Member for them to demonstrate their skills in the Company, which is promoting sustainability management.

Director's name		Corporate management	Sales/Marketing	Global	Digital/Technology	Finance/Accounting	Legal affairs/Risk management	
Directors	Makoto Takahashi	•	•	•	•	•	•	
	Hikomichi Matsuda	•	•	•	•	•	•	
	Nanae Saishoji	•				•	•	
	Tomohiko Katsuki	•	•		•	•	•	
	Hiroaki Hosoi	•	•	•				
	Masami Sasaki	•	•					
	Norihiko Ina	•	•	•				
	Tsutomu Tannowa	Independent Outside	•	•	•			•
	Junko Okawa	Independent Outside	•	•				
	Kyoko Okumiya	Independent Outside						•
	Makoto Ando	Independent Outside			•	•		
Junichiro Ikeda	Independent Outside	•	•	•			•	
Audit & Supervisory Board Members	Kazuhiko Masuda	•	•	•	•	•	•	
	Kazuyasu Yamashita			•		•	•	
	Kenichi Ogasawara	Independent Outside			•		•	
	Kazutoshi Kogure	Independent Outside				•	•	
	Koji Arima	Independent Outside	•	•	•	•	•	

Formulation of the Medium-Term Management Strategy (FY2026-2028) and Group governance

Kyoko Okumiya, Independent Outside Director

The 41st fiscal year (fiscal 2025) was the final year of the previous Medium-Term Management Strategy, and the year in which we formulated our new Medium-Term Management Strategy (FY2026-FY2028) with our eyes set on further growth.

In formulating this strategy, we created multiple opportunities for all officers, including Outside Directors and Audit & Supervisory Board Members, to discuss topics such as our environmental predictions, KDDI's vision, growth strategies for individual businesses, and the approach to use in strengthening our management base. Outside Directors and Audit & Supervisory Board Members shared their opinions, from diverse perspectives, and we took our time in refining and improving this strategy. As a result of these efforts, I believe that we have been able to formulate a highly effective strategy that clearly lays out what we should do over the next three years, carrying on the philosophy that KDDI has held since its inception (dedication to connect and taking on the challenges of sustainable growth) while taking into consideration the rapidly changing environment that surrounds KDDI.

Since my appointment in 2023, as a member of the Board of Directors, I have taken part in active discussions with members with diverse backgrounds. When discussing proposals, I have leveraged my insights as an attorney to examine legal risks, but I have also consistently tried to apply the perspectives of whether or not the businesses we discuss match the needs of society and whether they can one day contribute to the solving of social issues. I also kept these perspectives in mind as we created the new Medium-Term Management Strategy.

The new Medium-Term Management Strategy looks to a future society in which using AI is a second nature in our everyday lives, and outlines how we will work to achieve AI growth. What I want to emphasize here is that, as a company responsible for communications, a key part of society's infrastructure, it is important that we firmly maintain and evolve the brand we have built up in the communications industry through our many years of hard work, and that we continue to meet the expectations of our diverse stakeholders. Placing this as the foundation, I hope that KDDI creates unique services, as only it can, that expand fields such as AI and data centers and meet the needs of customers.

For KDDI, group governance is growing in importance as our business domains expand. We are implementing new governance measures such as establishing a Risk Management Committee in April 2025 to centrally identify and deliberate material management risks. To make our group governance even stronger, we must further expand initiatives such as these within the Group. To accomplish this, we must use AI and IT to create mechanisms for analyzing, predicting, and identifying risks in each of our business segments. Above all else, I believe it is vital that we foster a culture of mutual support and collaboration throughout the Group, and that we further create an environment in which each and every employee embodies the KDDI philosophy and feels pride as they diligently handle their daily duties, taking on new challenges without fearing failure. I think that continuously implementing initiatives such as these, without interruption, will help increase our corporate value.

I will continue to fulfill my duties as an Outside Director so that we can enhance the "power to connect" under the new Medium-Term Management Strategy and remain a company society seeks.

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

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 Board Member 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. Agreement 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 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, the content of internal requests for decision are checked by Audit & Supervisory Board members.

BUSINESS REPORT (April 1, 2025 to March 31, 2026)

1. Current Status of the Corporate Group

(1) Business Developments and Results

1) Overall Conditions

Financial Highlights

(Millions of yen)

Overall			
	41st fiscal year (FY2025.3)	42nd fiscal year (FY2026.3)	YOY
Operating revenue	5,835,525	6,071,915	Up 4.1%
Operating Income	1,087,468	1,099,125	Up 1.1%
Profit for the period attributable to owners of the parent	655,416	707,112	Up 7.9%

Personal Services			
	41st fiscal year (FY2025.3)	42nd fiscal year (FY2026.3)	YOY
Operating revenue	4,709,292	4,812,737	Up 2.2%
Operating Income	846,317	828,337	Down 2.1%

Business Services			
	41st fiscal year (FY2025.3)	42nd fiscal year (FY2026.3)	YOY
Operating revenue	1,405,762	1,527,914	Up 8.7%
Operating Income	235,253	263,884	Up 12.2%

Note: As a result of changes to the reportable segments for some businesses, figures for the previous fiscal year have been restated.

[Regarding inappropriate transactions at our consolidated subsidiaries]

The Company has determined that it is necessary to conduct an investigation with higher level of expertise and objectivity to clarify the facts and underlying causes related to the suspicions regarding inappropriate transactions, which have been identified at our consolidated subsidiaries, BIGLOBE Inc., and its subsidiary, G-PLAN INC. Accordingly, on January 14, 2026, we established a Special Investigation Committee composed of external attorneys and certified public accountants, and have been proceeding with the investigation.

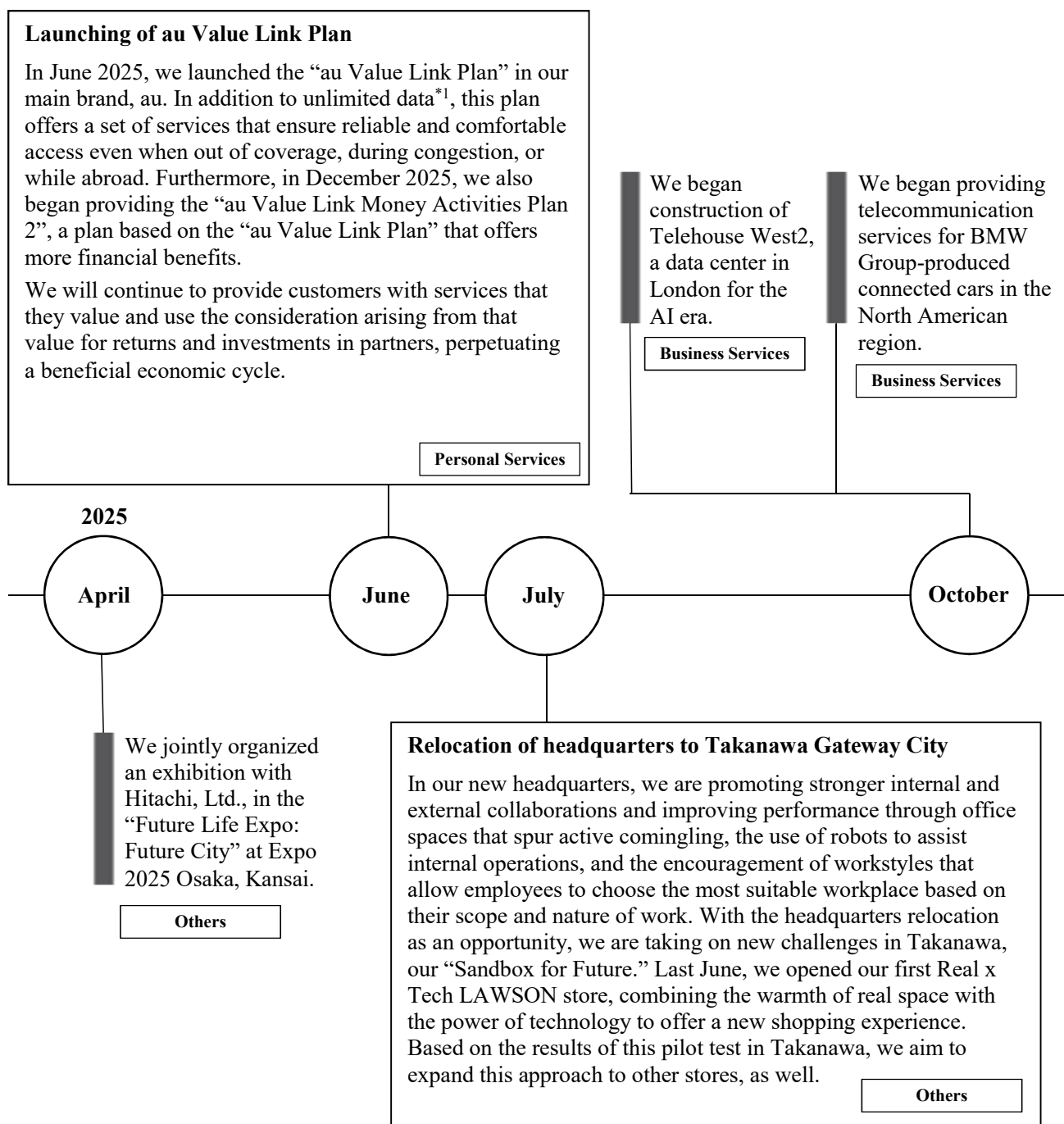
Subsequently, on March 31, 2026, we received the investigation report from the Special Investigation Committee and made it public. The investigation revealed that two employees of the abovementioned consolidated subsidiaries engaged in certain fictitious circular transactions that did not correspond to substantive advertising operations in the advertising agency business. In light of the seriousness of the situation, the Company formulated recurrence prevention measures to strengthen governance across the Group, and announced them on the same day.

We sincerely apologize to all our shareholders for the significant concerns and inconvenience this incident has caused. We take very seriously the facts revealed, the root cause analysis, and the recommendations regarding measures to prevent recurrence by the Special Investigation Committee. The entire KDDI Group is committed to thoroughly implementing measures to prevent recurrence and to strengthen its governance to ensure that similar misconduct never occurs again.

* For further details regarding the above matters, please refer to our website, including the "Receipt of the Investigation Report by the Special Investigation Committee on Suspicions Regarding Inappropriate Transactions at Our Consolidated Subsidiaries and Our Future Response Measures," dated March 31, 2026.

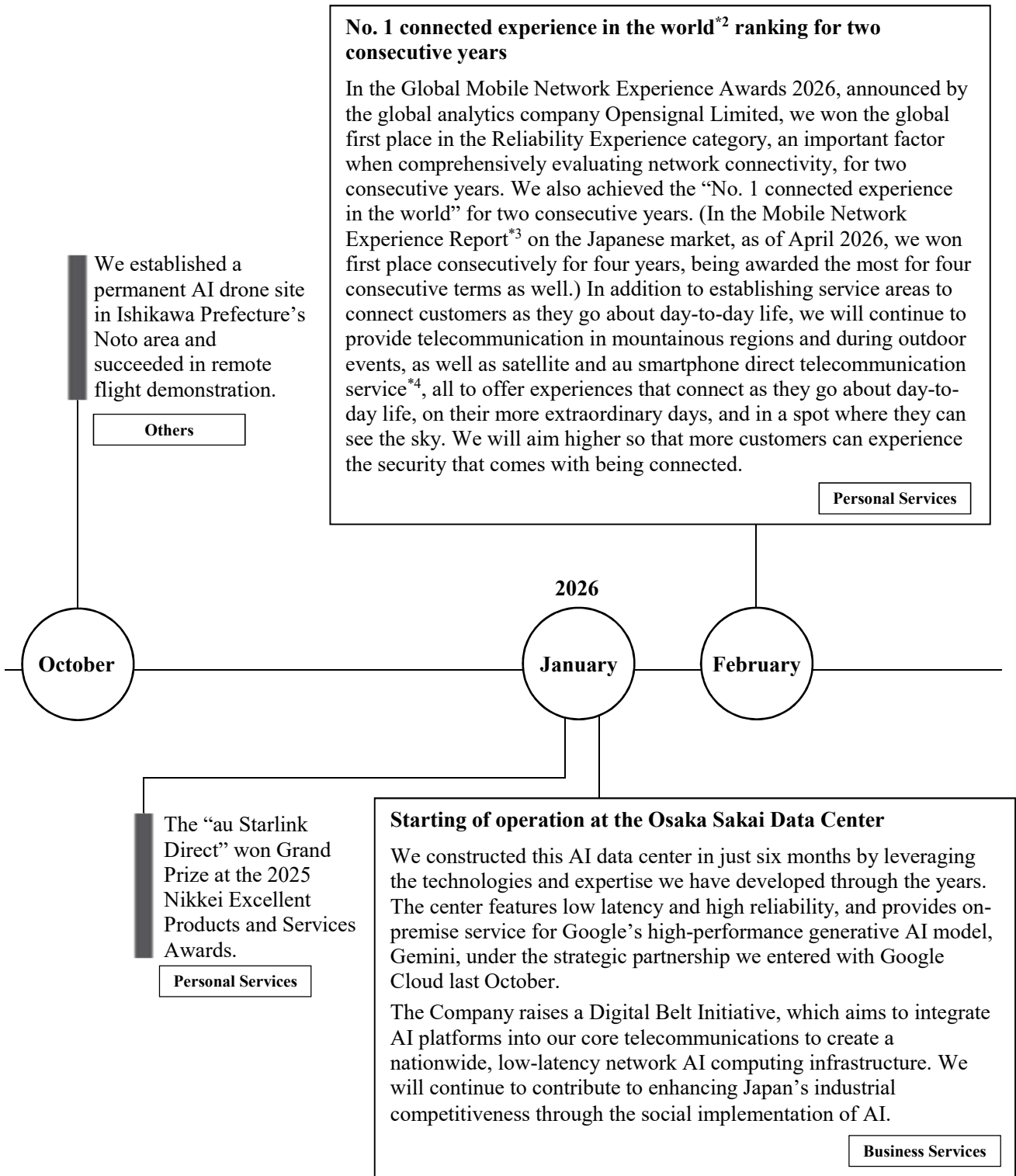
https://newsroom.kddi.com/english/ir-news/assets/2026/kddi_ir-1111_4393/kddi_ir-1111_4393_pdf_A.pdf

2) Highlights



*1 Tethering and data sharing are capped. If more than 200 GB are used in a month, data speed up to the end of the month will be restricted to a range that does not impact normal use (5 Mbps at most). Moreover, depending on the status of the Company’s equipment and other factors, the restrictions may be delayed or not imposed at all. During busy times, speeds may be restricted.

*2 Based on the No. 1 rating in the Reliability Experience category of the Global Mobile Network Experience Report from Opensignal Limited. KDDI has received a No. 1 rating in the last two consecutive reports. Connected experience refers to realizing easier and more stable support for customers when connected to a network through au connections based on such evaluations as those of Opensignal, which measure for “Consistent Quality” and “Reliability Experience.”



*3 Opensignal’s most recent three reports comparing Japan’s four major MNOs, dated October 2025 (data provision period: July 11–October 8, 2025), April 2025 (data provision period: January 1–March 31, 2025), and October 2024 (data provision period: July 1–September 28, 2024), grant au a No. 1 rating in categories such as “Consistent Quality” (not included in the April 2025 report) and “Reliability Experience.”

*4 Service area: Areas outside of au (5G/4G LTE) coverage in Japan (including territorial seas, contiguous zones, and ferry routes). Data communication in certain apps is available on eligible models. Voice calls are not supported (as of May 2026). Voicemail, call forwarding, and Number Share (for smartwatches) functions cannot be used while the satellite signal is being acquired. Connectivity may be restricted depending on the environment used. Some unsupported ferry routes are also included.

(2) Issues Facing the Corporate Group

1) KDDI Management Framework and Medium-Term Management Strategy “Power-to-Connect 2028”

■ 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

New brand message: Spark Your Journey

■ KDDI VISION 2030

The creation of a society where everyone can realize their dreams by enhancing the power to connect.

■ Company Vision

We aspire to be a company that inspires passionate challenges

Challenge 1: Connecting with partners to create the future

Challenge 2: Spreading the power to connect across the world

Challenge 3: Connecting with customer’s present, customer’s future

■ Medium-Term Management Strategy “Power-to-Connect 2028”

In an “AI-Native Society” where AI has become a widespread and commonplace part of society’s infrastructure, AI itself rapidly becomes homogenized. In such an environment, the value that is AI-resistant and difficult to replace is the very value that leads to differentiation. The real-world assets we possess, such as our nationwide network of au Style and au Shops, our customer touchpoints at Lawson and other stores, our nationwide-developed infrastructure such as base stations, and our human resources with diverse skills and experience, are major strengths that are difficult for AI to replace.

Leveraging these strengths for further differentiation, we set forth the adoption of a “Fusion” model, a model that creates value through cross-domain fusion as a new growth framework to strengthen and generate businesses.

(1) Real-Tech Fusion (Fusion of technology and the real world in customer experience)

We will fuse our real-world customer contact points with communications and AI technologies. Through this fusion, we will provide “AI-Powered Productivity” that contribute to business growth for corporate customers, and “AI-Enhanced Lifestyles” that transform lives and experiences for individual customers.

(2) Infrastructure Fusion (Fusion of communications platforms and AI platforms)

We will concentrate our investment in next-generation digital infrastructure that combines communications platforms with AI platforms. We will leverage Japan’s geographical advantages to work to build a nationwide low-latency network and an AI computational resource platform that covers land, sea, and air.

(3) HR Fusion (Fusion of diverse skills and experience)

By creating opportunities to gain diverse experience beyond Group, region, and global boundaries, and developing human resources equipped with specialized skills, such as AI, data science, and security, we will foster a corporate culture that produces innovation.

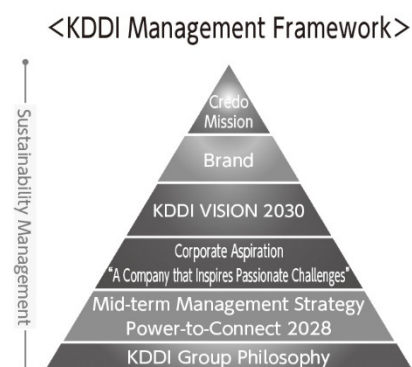
We will focus on creating customer-centric value, striving to become the frontrunner in social implementation by creating new businesses that support “AI-Powered Productivity” and “AI-Enhanced Lifestyles.”

■ Sustainability Management

Having positioned sustainability management as the core axis running through all aspects of our business, we have established six new material issues.

We will continue to strive to create a virtuous cycle of business growth and value creation for society from a long-term perspective.

Please refer here for details on the Medium-Term Management Strategy.



2) Forecast for next fiscal year

Forecast for the 43rd fiscal year (April 1, 2026 to March 31, 2027)

Consolidated Financial Forecast

	Operating revenue	Adjusted operating income	Adjusted profit attributable to owners of the parent
Full year	Millions of yen 6,410,000	Millions of yen 1,210,000	Millions of yen 731,000

Note: Adjusted profit is calculated by excluding extraordinary and large-scale costs, as well as one-time gains and losses resulting from portfolio restructuring.

Strengthening shareholder returns

Dividends

	2nd quarter-end	Year-end	Annual dividend	Total dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of the parent (Consolidated)
	Yen	Yen	Yen	Millions of yen	%	%
41st fiscal year	70.00	75.00	145.00	290,296	44.8	5.8
42nd fiscal year	40.00	40.00	80.00	304,566	43.6	6.2
43rd fiscal year (Forecast)	42.00	42.00	84.00		42.8	

Notes: 1. Values for the 42nd fiscal year are based on the assumption that Proposal 1 will be approved as proposed.
2. Effective as of April 1, 2025, the Company conducted a stock split at a ratio of two shares for each share of common stock. For the 41st fiscal year, the actual dividend amounts before the stock split are presented. For the 42nd and 43rd fiscal year (forecast), the figures after the stock split are presented.
3. For the three years from the 43rd fiscal year onwards, the Company plans to maintain a consolidated dividend payout ratio of over 40% of the adjusted operating income.

(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)

	39th fiscal year (FY2023.3)	40th fiscal year (FY2024.3)	41st fiscal year (FY2025.3)	42nd fiscal year (FY2026.3)
	IFRS			
Operating revenues	5,630,024	5,699,724	5,835,525	6,071,915
Operating income	1,046,991	912,031	1,087,468	1,099,125
Profit attributable to owners of the parent	651,391	600,281	655,416	707,112
Basic earnings per share (yen)	149.15	141.75	161.86	183.59
Total assets	11,855,594	14,054,762	16,714,708	19,063,364
Total liabilities	6,249,357	8,322,850	11,159,713	13,470,674
Total equity	5,606,237	5,731,912	5,554,995	5,592,690

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 weighted average common stocks outstanding during the year.

3. IFRS 17 "Insurance Contracts" has been applied effective from the 40th fiscal year. As a result, figures for the 39th fiscal year have been calculated retroactively to apply the accounting standard.

4. Effective as of April 1, 2025, the Company conducted a stock split at a ratio of two shares for each share of common stock. Basic earnings per share have been calculated assuming that the stock split took place at the beginning of the 39th fiscal year.

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

(millions of yen unless otherwise indicated)

	39th fiscal year (FY2023.3)	40th fiscal year (FY2024.3)	41st fiscal year (FY2025.3)	42nd fiscal year (FY2026.3)
	Japan GAAP			
Operating revenues	3,780,778	3,683,130	3,797,652	3,908,479
Telecommunications business	2,461,576	2,413,845	2,400,847	2,406,334
Incidental business	1,319,202	1,269,284	1,396,804	1,502,145
Operating income	618,752	649,434	640,384	655,817
Ordinary income	756,946	781,171	722,917	821,707
Profit	544,628	531,481	508,455	591,019
Earnings per share (yen)	124.71	125.51	125.56	153.45
Total assets	5,998,093	6,430,897	7,250,062	7,543,011
Liabilities	1,963,235	2,403,215	3,445,237	3,833,393
Net assets	4,034,858	4,027,683	3,804,825	3,709,618

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 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 weighted average common stocks outstanding during the year.

3. Effective as of April 1, 2025, the Company conducted a stock split at a ratio of two shares for each share of common stock. Earnings per share have been calculated assuming that the stock split took place at the beginning of the 39th fiscal year.

(4) Principal Subsidiaries, Etc. (As of March 31, 2026)**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	54.5 %	Telecommunications business in Okinawa Prefecture (au mobile communication services)
JCOM Co., Ltd.	Tokyo	45,550	50.0	Operation and management of cable TV companies and program distribution companies
UQ Communications Inc.	Tokyo	71,425	32.3	Telecommunications business (WiMAX service, MVNO business)
BIGLOBE Inc.	Tokyo	2,630	100.0	Telecommunications business (MVNO business, ISP 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	80.9	Telecommunications services in Chubu region (fixed-line communication service)
au Financial Holdings Corporation	Tokyo	43,400	100.0	Financial holding company
Jupiter Shop Channel Co., Ltd.	Tokyo	4,400	(55.0)	Television shopping business
au Energy Holdings Corporation	Tokyo	100	100.0	Business administration of subsidiary companies involved in energy
ENERES Co., Ltd.	Tokyo	100	(59.0)	Energy information business
KDDI MATOMETE OFFICE CORPORATION	Tokyo	1,000	100.0	Sale of “KDDI MATOMETE Office” support service for SMEs
Altius Link, Inc.	Tokyo	100	51.0	Call center operations, temporary staffing service
KDDI Sonic-Falcon CORPORATION	Tokyo	50	100.0	Store sales support business
KDDI Digital Divergence Holdings Corporation	Tokyo	100	100.0	Management business, functions for the business planning, etc. of subsidiary companies in DX business
Iret, Inc.	Tokyo	70	(100.0)	Implementation consulting, system development, system maintenance and operation on cloud services
KDDI Engineering Corporation	Tokyo	1,500	100.0	Construction, maintenance and operation support for communications facilities

Company name	Location	Capital	Ratio of capital contribution	Principal business
LAC Co., Ltd.	Tokyo	2,648	100.0	Security solution service business, system integration service business
KDDI America, Inc.	USA	Thousand US\$ 84,400	100.0	System integration and telecommunication services in the US
Telehouse Canada, Inc.	Canada	Thousand C\$ 1,100,000	100.0	Data center services in Canada
KDDI Europe Limited	UK	Thousand STG£ 42,512	(100.0)	System integration and telecommunication services in Europe
KDDI China Corporation	China	Thousand RMB 13,446	85.1	System integration services in China
KDDI Asia Pacific Pte Ltd	Singapore	Thousand S\$ 10,255	100.0	System integration and telecommunication services in Singapore
Telehouse International Corporation of America	USA	Thousand US\$ 4.5	(73.1)	Data center services in the US
Telehouse Holdings Limited	UK	Thousand STG£ 100,091	100.0	Holding company
Telehouse International Corporation of Europe Ltd	UK	Thousand STG£ 47,167	(93.4)	Data center services in Europe
KDDI Summit Global Singapore Pte. Ltd.	Singapore	Thousand US\$ 51	50.1	Holding company
KDDI Summit Global Myanmar Co., Ltd.	Myanmar	Thousand US\$ 405,600	(100.0)	Support for communication business at Myanmar Posts and Telecommunications (MPT)
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 combinations, etc. in the fiscal year under review

Not applicable.

(5) Financing Activities of the Corporate Group

In the current fiscal year, the Company borrowed ¥340,000 million in long-term loans from financial institutions and issued ¥300,000 million in bonds.

(6) 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 ¥683,749 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 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, cable television and data centers.

(7) Employees (As of March 31, 2026)

1) Employees of the Corporate Group

Business segment	No. of employees
Personal Services	29,753
Business Services	39,707
Others	3,738
Total	73,198

2) Employees of the Company

No. of employees	Year-on-year increase	Average age	Average length of service
9,891	94	42.3	16.4 years

Notes: 1. No. of employees does not include 3,641 employees seconded to subsidiaries, etc.
2. The tabulation method for the number of employees has changed from the fiscal year under review. Therefore, the year-on-year change compares the previous fiscal year's figure after reclassifying the number of employees under the new tabulation method. The resulting number of employees for the previous fiscal year has increased by 314.

(8) Principal Lenders (As of March 31, 2026)

Creditor	Loans outstanding
	Millions of yen
MUFG Bank, Ltd.	564,750
Sumitomo Mitsui Banking Corporation	304,250
Mizuho Bank, Ltd.	167,580
Shinkin Central Bank	60,000
The Norinchukin Bank	55,000

2. Shares (As of March 31, 2026)

- (1) **Total Number of Authorized Shares** 8,400,000,000 shares
- (2) **Total Number of Issued Shares** 4,187,847,474 shares
(including 379,273,148 shares of treasury stock)
- (3) **Number of Shareholders** 636,342
(increase of 101,015 from the previous year-end)

(4) Shareholder Composition

National and Local Governments	3,000 shares	0.00%
Financial Institutions	985,029,308 shares	23.52%
Other Companies	1,067,109,805 shares	25.48%
Securities Firms	172,426,575 shares	4.12%
Individuals and Others	662,230,212 shares (including treasury stock)	15.81%
Foreign Companies, etc.	1,301,048,574 shares	31.07%

(5) Principal Shareholders

Name	Number of shares held	Shareholding ratio
	shares	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	600,856,400	15.77
KYOCERA Corporation	562,133,600	14.75
TOYOTA MOTOR CORPORATION	363,365,900	9.54
Custody Bank of Japan, Ltd. (Trust Account)	252,667,900	6.63
STATE STREET BANK AND TRUST COMPANY 505001	64,640,884	1.69
JP MORGAN CHASE BANK 385642	44,731,303	1.17
JP MORGAN CHASE BANK 385781	41,224,324	1.08
STATE STREET BANK AND TRUST COMPANY 505103	34,949,208	0.91
CITIBANK, N.A.-NY, AS DEPOSITARY BANK FOR DEPOSITARY SHARE HOLDERS	33,240,611	0.87
GOLDMAN SACHS JAPAN CO., LTD. BNYM	32,036,981	0.84

Note: KDDI holds 379,273,148 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 do not include the Company's shares owned in the Board Incentive Plan trust account (1,495,908 shares). The shareholding ratio (the ratio of voting) is calculated by rounding down to the third decimal place.

(6) Status of Shares Delivered to Executives of the Company as Consideration for Execution of Duties During the Fiscal Year Under Review

	Number of shares	Number of recipients
Directors (excluding Outside Directors)	116,100 shares	1

3. Directors and Audit & Supervisory Board Members

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

(As of March 31, 2026)

Position	Name	Responsibilities in the Company and important concurrent positions
Chairperson, Representative Director	Makoto Takahashi	
President, Representative Director	Hikomichi Matsuda	CEO, Executive Director, Corporate & Marketing Communications Sector
Executive Vice President, Representative Director	Yasuaki Kuwahara	Executive Director, Business Solution Sector
Senior Managing Executive Officer, Director	Nanae Saishoji	CFO, Executive Director, Corporate Sector
Senior Managing Executive Officer, Director	Hiroshi Takezawa	Executive Director, Personal Business Sector
* Managing Executive Officer, Director	Tomohiko Katsuki	CSO, CDO, Executive Director, Corporate Strategy Division, and Executive Director, Open Innovation Division
Director	Goro Yamaguchi	Chairperson of the Board and Representative Director of KYOCERA Corporation Outside Director of Toyota Tsusho Corporation
Director	Keiji Yamamoto	Chief Officer, Digital Information and Communication Group of TOYOTA MOTOR CORPORATION
Director	Tsutomu Tannowa	Director, Chairperson of Mitsui Chemicals, Inc. Outside Director of TOKYO GAS CO., LTD.
Director	Junko Okawa	Outside Director of Asahi Broadcasting Group Holdings Corporation Outside Director of Tokyo Electric Power Company Holdings, Inc.
Director	Kyoko Okumiya	Partner, Tanabe & Partners Outside Director of ASAHI KOGYOSHA CO., LTD.
Director	Makoto Ando	Emeritus Professor of Institute of Science Tokyo
Full-time Audit & Supervisory Board Member	Noboru Edagawa	
Full-time Audit & Supervisory Board Member	Kazuyasu Yamashita	
Audit & Supervisory Board Member	Kazutoshi Kogure	Representative of Kazutoshi Kogure CPA Office
Audit & Supervisory Board Member	Koji Arima	Director, Chairman of DENSO CORPORATION Outside Director of AGC Inc.

- Notes: 1. A Director with * is a new Director who was elected at the 41st Annual Shareholders Meeting held on June 18, 2025.
2. Each of Directors Goro Yamaguchi, Keiji Yamamoto, Tsutomu Tannowa, Junko Okawa, Kyoko Okumiya and Makoto Ando is an Outside Director.
3. Each of Audit & Supervisory Board Members Kazutoshi Kogure and Koji Arima is an Outside Audit & Supervisory Board Member.
4. Audit & Supervisory Board Member Kazutoshi Kogure has a wealth of experience as a Certified Public Accountant, and has extensive knowledge and insight into finance and accounting.
5. Each of Directors Tsutomu Tannowa, Junko Okawa, Kyoko Okumiya and Makoto Ando, Audit & Supervisory Board Members Kazutoshi Kogure and Koji Arima is an Independent Director/Auditor pursuant to Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.
6. The number of concurrent positions held by Directors and Audit & Supervisory Board Members at other listed companies is limited to no more than four (not including the Company).
7. Full-time Audit & Supervisory Board Member Naoki Fukushima resigned on December 31, 2025 for personal reasons.

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

1) 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	126	6	126	–	–
	Others	887	7	370	347	170
	Total	1,014	13	496	347	170
Audit & Supervisory Board Members	Outside Audit & Supervisory Board Members	47	3	47	–	–
	Others	82	2	82	–	–
	Total	129	5	129	–	–

- Notes: 1. The above-stated number of Directors to be paid remuneration and the amount thereof include those for one Director who retired at the conclusion of the 41st Annual Shareholders Meeting held on June 18, 2025. The number of Directors to be paid executive bonuses is six, excluding said retired Director.
2. The above-stated number of Audit & Supervisory Board Members to be paid remuneration and the amount thereof include those for one Outside Audit & Supervisory Board Member who retired as of December 31, 2025.
3. 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. Based on this resolution, the Company paid an executive retirement bonus (¥4 million) to Takashi Tanaka who retired at the conclusion of the 41st Annual Shareholders Meeting held on June 18, 2025.

2) Policy for Determining the 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 Independent Outside Directors.
- 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.

3) 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	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 “company performance,” such as operating revenue, operating income and profit, for the Group during each fiscal year, and the “KPI achievement ratios” of individual businesses, which are linked to medium-term management strategy targets	(Applicable to Directors, Executive Officers and Senior Directors) The number of points to be granted to each eligible person per fiscal year shall not exceed 800,000 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, the 38th Annual Shareholders Meeting held on June 22, 2022, the 41st Annual Shareholders Meeting held on June 18, 2025	6 Directors, 33 Executive Officers and 41 Senior Directors (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 ¥160 million per fiscal year	The 38th Annual Shareholders Meeting held on June 22, 2022	5 Audit & Supervisory Board Members

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 1. (3) Changes in Assets and Profit and Loss
- 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

In consideration of their importance, we increased the percentage of ESG-related items to approximately 30% of the total KPIs from FY2022.

ESG-related KPIs include indicators for carbon neutrality, employee engagement, and enhancement of our group governance.

- 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):
 $(\text{Fiscal year-end stock price} / \text{Previous fiscal year-end stock price}) / (\text{Fiscal year-end TOPIX} / \text{Previous fiscal year-end TOPIX})$

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: 1.13
- 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: 0.88

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 Directors has determined that the content is in line with the determination policy.

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

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

Category	Name	Important concurrent positions at other entities and the relationship between the Company and those entities
Director	Goro Yamaguchi	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 revenue for both parties. He is also Outside Director of Toyota Tsusho Corporation, which has business transactions with the Company, but these transactions account for less than 1% of operating revenue for both parties.
Director	Keiji Yamamoto	Keiji Yamamoto is Chief Officer of the Digital Information and Communication Group of TOYOTA MOTOR CORPORATION, which has business transactions with the Company, but these transactions account for less than 5% of operating revenue for both parties.
Director	Tsutomu Tannowa	Tsutomu Tannowa is Director, Chairperson of Mitsui Chemicals, Inc. and Outside Director of TOKYO GAS CO., LTD., which have business transactions with the Company, but these transactions account for less than 1% of operating revenue for both parties.
Director	Junko Okawa	Junko Okawa is Outside Director of Asahi Broadcasting Group Holdings Corporation and Outside Director of Tokyo Electric Power Company Holdings, Inc., which both have business transactions with the Company, but these transactions account for less than 1% of operating revenue for both parties.
Director	Kyoko Okumiya	Kyoko Okumiya is Partner of Tanabe & Partners and Outside Director of ASAHI KOGYOSHA CO., LTD., which have business transactions with the Company, but these transactions account for less than 1% of operating revenue for both parties.
Director	Makoto Ando	Makoto Ando is Emeritus Professor of Institute of Science Tokyo, which has business transactions with the Company, but these transactions account for less than 1% of operating revenue for both parties.
Audit & Supervisory Board Member	Kazutoshi Kogure	Kazutoshi Kogure is Representative of Kazutoshi Kogure CPA Office, which has business transactions with the Company, but these transactions account for less than 1% of operating revenue for both parties.
Audit & Supervisory Board Member	Koji Arima	Koji Arima is Director, Chairman of DENSO CORPORATION and Outside Director of AGC Inc., which have business transactions with the Company, but these transactions account for less than 1% of operating revenue for both parties.

2) Principal Activities during the Fiscal Year Under Review

i. Outside Directors

Category	Name	Board of Directors' meetings attended	Summary of principal activities and duties performed regarding the role expected of an Outside Director
Director	Goro Yamaguchi	12 of 12 meetings (100%)	He has provided broad opinions related to business administration and operations from a medium- to long-term perspective.
Director	Keiji Yamamoto	12 of 12 meetings (100%)	He has provided broad opinions on promoting 5G/IoT strategy, etc. in the Company from a medium- to long-term perspective.
Director	Tsutomu Tannowa	12 of 12 meetings (100%)	From a standpoint independent of the Company's management, he has provided broad opinions related to business administration and operations from a medium- to long-term perspective.
Director	Junko Okawa	12 of 12 meetings (100%)	From a standpoint independent of the Company's management, she has provided broad opinions related to business administration and operations from a medium- to long-term perspective.
Director	Kyoko Okumiya	12 of 12 meetings (100%)	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	Makoto Ando	12 of 12 meetings (100%)	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.

ii. Outside 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.

Category	Name	Board of Directors' meetings attended	Board of Audit & Supervisory Board Member s' meetings attended
Audit & Supervisory Board Member	Naoki Fukushima	5 of 9 meetings (56%)	5 of 9 meetings (56%)
Audit & Supervisory Board Member	Kazutoshi Kogure	12 of 12 meetings (100%)	13 of 13 meetings (100%)
Audit & Supervisory Board Member	Koji Arima	10 of 12 meetings (83%)	10 of 13 meetings (77%)

Notes 1: As Audit & Supervisory Board Member Naoki Fukushima resigned on December 31, 2025 due to personal reasons, his attendance record states his attendance up to that date.

2: Regarding the incident in which employees at our consolidated subsidiaries engaged in fictitious circular transactions during the terms of office of the Outside Directors and Audit & Supervisory Board Members of the Company, the Company established a Special Investigation Committee composed of external attorneys and certified public accountants on January 14, 2026, and announced the investigation report on March 31, 2026. Furthermore, it formulated measures to prevent recurrence and strengthen governance across the KDDI Group, and announced them on the same day. The Outside Directors and Audit & Supervisory Board Members were not aware of such an incident in advance, yet they have consistently emphasized the importance of legal compliance and group governance at Board of Directors' meetings, etc. Furthermore, they are fulfilling their duties, including monitoring the progress of the investigation and the implementation of measures to prevent recurrence at Board of Directors' meetings, etc., after the revelation of the incident.

4. Accounting Auditor

(1) Name of Accounting Auditor

Category	Name
Accounting auditor	PricewaterhouseCoopers Japan LLC

(2) Remuneration Paid to Accounting Auditor

	Amount of remuneration
1) Amount of remuneration to be paid to accounting auditor for the fiscal year under review	691 Millions of yen
2) Total amount of money and other economic benefits to be paid by the Company and its subsidiaries	1,800 Millions of yen

- Notes: 1. In the audit agreement between the Company and accounting auditor, the amount of remuneration for audit under the Companies Act is not clearly distinguished from remuneration 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, the Audit & Supervisory Board consents to the remuneration to be paid to the accounting auditor as provided for in Article 399 of the Companies Act.

(3) Non-audit Services

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

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

When the Audit & Supervisory Board determines that the accounting auditor falls under any of the items of Article 340, paragraph (1) of the Companies Act and dismissal is appropriate, the Audit & Supervisory Board shall dismiss the accounting auditor based on the unanimous consent of all Audit & Supervisory Board Members. In addition, when it is recognized that the conduct of proper audits is difficult because of the occurrence of events, etc. that damage the eligibility or independence of accounting auditor, the Audit & Supervisory Board shall determine the content of a proposal to be submitted to a shareholders meeting regarding the dismissal or non-reappointment of the accounting auditor.

(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,	(Reference)	Account item	As of March 31,	(Reference)
	2026	As of March 31, 2025		2026	As of March 31, 2025
Assets			Liabilities		
Non-current assets:	13,484,936	12,008,201	Non-current liabilities:	3,532,699	3,152,365
Property, plant and equipment	2,999,321	2,875,257	Borrowings and bonds payable	2,588,058	2,297,564
Right-of-use assets	521,939	416,862	Long-term deposits for financial business	120,583	155,913
Goodwill	580,269	581,757	Lease liabilities	382,914	292,893
Intangible assets	1,058,151	1,028,463	Other long-term financial liabilities	24,974	20,864
Investments accounted for using the equity method	715,022	731,949	Retirement benefit liabilities	12,509	11,191
Long-term loans for financial business	5,534,048	4,734,825	Deferred tax liabilities	250,231	229,187
Securities for financial business	708,845	442,499	Provisions	39,684	41,873
Other long-term financial assets	543,633	405,161	Contract liabilities	98,567	87,463
Retirement benefit assets	8,112	6,179	Other non-current liabilities	15,180	15,417
Deferred tax assets	26,261	25,723	Current liabilities:	9,937,974	8,007,348
Contract costs	732,510	716,415	Borrowings and bonds payable	2,279,998	1,734,528
Other non-current assets	56,826	43,111	Trade and other payables	973,109	943,333
Current assets:	5,578,428	4,706,507	Short-term deposits for financial business	5,546,369	4,407,474
Inventories	140,295	132,743	Call money	2,718	879
Trade and other receivables	3,227,074	2,944,729	Cash collateral received for securities lent	430,286	256,679
Short-term loans for financial business	864,429	412,619	Lease liabilities	124,381	112,577
Call loans	33,372	101,516	Other short-term financial liabilities	2,942	1,625
Other short-term financial assets	40,055	30,467	Income taxes payables	174,022	167,755
Income tax receivables	4,225	373	Provisions	49,970	40,887
Other current assets	190,171	162,885	Contract liabilities	102,966	93,864
Cash and cash equivalents	1,078,807	921,175	Other current liabilities	251,213	247,747
			Total liabilities	13,470,674	11,159,713
			Equity		
			Equity attributable to owners of the parent		
			Common stock	141,852	141,852
			Capital surplus	257,627	259,047
			Treasury stock	(822,073)	(819,072)
			Retained earnings	5,406,985	5,400,113
			Accumulated other comprehensive income	92,347	50,556
			Total equity attributable to owners of the parent	5,076,738	5,032,495
			Non-controlling interests	515,952	522,500
			Total equity	5,592,690	5,554,995
Total assets	19,063,364	16,714,708	Total liabilities and equity	19,063,364	16,714,708

(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, 2026	(Reference) For the fiscal year ended March 31, 2025
Operating revenue	6,071,915	5,835,525
Cost of sales	3,481,279	3,343,655
Gross profit	2,590,636	2,491,870
Selling, general and administrative expenses	1,529,370	1,429,465
Other income	18,156	12,763
Other expense	20,188	15,202
Share of profit (loss) of investments accounted for using the equity method	39,890	27,501
Operating income	1,099,125	1,087,468
Finance income	28,269	10,112
Finance cost	33,754	29,625
Other non-operating profit and loss	24,264	5,464
Profit for the period before income tax	1,117,904	1,073,418
Income tax	337,243	337,573
Profit for the period	780,661	735,846
Profit for the period attributable to:		
Owners of the parent	707,112	655,416
Non-controlling interests	73,549	80,430
Profit for the period	780,661	735,846

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

Non-Consolidated Financial Statements (Japan GAAP)

Non-Consolidated Balance Sheets

(Unit: Millions of yen)

Account item	As of March 31, 2026		(Reference) As of March 31, 2025		Account item	As of March 31, 2026		(Reference) As of March 31, 2025	
	(Assets)						(Liabilities)		
I Noncurrent assets		4,729,340		4,636,337	I Noncurrent liabilities	1,958,830		1,591,516	
A Noncurrent assets-telecommunications business		1,939,068		1,893,402	1 Bonds payable	940,000		710,000	
(1) Property, plant and equipment*		1,586,480		1,564,908	2 Long-term loans payable	934,000		796,000	
1 Machinery	2,705,537		2,670,472		3 Provision for retirement benefits	2,526		3,072	
Accumulated depreciation	2,259,059	446,477	2,181,183	489,290	4 Provision for point service program	16,094		14,187	
2 Antenna facilities	977,256		967,217		5 Provision for warranties for completed construction	4,745		5,612	
Accumulated depreciation	727,940	249,316	698,036	269,181	6 Asset retirement obligations	20,248		23,932	
3 Terminal facilities	8,105		7,934		7 Provision for officers' stock compensation	2,645		2,895	
Accumulated depreciation	6,985	1,120	6,745	1,189	8 Other noncurrent liabilities	38,572		35,818	
4 Local line facilities	241,124		235,673		II Current liabilities	1,874,563		1,853,721	
Accumulated depreciation	208,327	32,797	204,346	31,326	1 Current portion of noncurrent liabilities	329,879		198,000	
5 Long-distance line facilities	94,495		94,686		2 Accounts payable-trade	102,983		66,996	
Accumulated depreciation	90,536	3,959	90,910	3,777	3 Short-term loans payable	670,640		826,949	
6 Engineering facilities	69,293		65,976		4 Accounts payable-other	514,502		529,709	
Accumulated depreciation	55,108	14,185	54,159	11,817	5 Accrued expenses	10,203		7,831	
7 Submarine line facilities	43,370		46,884		6 Income taxes payable	113,191		101,865	
Accumulated depreciation	40,738	2,632	44,381	2,503	7 Contract liabilities	36,951		32,538	
8 Buildings	448,318		412,449		8 Advances received	25,529		21,502	
Accumulated depreciation	296,178	152,140	288,802	123,647	9 Deposits received	21,309		22,805	
9 Structures	95,699		93,888		10 Provision for bonuses	17,133		16,717	
Accumulated depreciation	79,020	16,679	77,221	16,667	11 Provision for directors' bonuses	345		324	
10 Machinery and equipment	2,754		3,039		12 Asset retirement obligations	893		518	
Accumulated depreciation	2,428	326	2,763	276	13 Provision for loss on contract	27,686		20,931	
11 Vehicles	3,346		3,300		14 Provision for loss on disaster	443		1,149	
Accumulated depreciation	3,171	175	2,994	306	15 Other current liabilities	2,878		5,887	
12 Tools, furniture and fixtures	100,898		92,137		Total liabilities	3,833,393		3,445,237	
Accumulated depreciation	79,067	21,831	77,674	14,463					
13 Land		269,583		267,365					
14 Construction in progress		375,259		333,101					
(2) Intangible assets		352,588		328,494					
1 Right of using submarine line facilities		206		286					
2 Right of using facilities		48,643		33,108					
3 Software		291,235		281,855					
4 Leasehold right		1,429		1,429					
5 Goodwill		10,995		11,753					
6 Other intangible assets		80		62					

(Unit: Millions of yen)

Account item	As of March 31, 2026		(Reference) As of March 31, 2025		Account item	As of March 31, 2026		(Reference) As of March 31, 2025	
	B Incidental business facilities		73,614			60,765	(Net assets)		
(1) Property, plant and equipment*	43,099		34,832						
Accumulated depreciation	26,865	16,233	25,672	9,160					
(2) Intangible assets		57,381		51,605	I Shareholders' equity		3,649,733		3,759,626
C Investments and other assets	2,716,657		2,682,170		1 Capital stock		141,852		141,852
1 Investment securities		257,369		236,433	2 Capital surplus		305,676		305,676
2 Stocks of subsidiaries and affiliates		1,806,556		1,799,909	(1) Legal capital surplus	305,676		305,676	
3 Investments in capital		14		14	(2) Other capital surplus	–		–	
4 Investments in capital of subsidiaries and affiliates		5,742		5,742	3 Retained earnings		4,025,105		4,132,206
5 Long-term loans receivable		3		3	(1) Legal retained earnings	11,752		11,752	
6 Long-term loans receivable from subsidiaries and affiliates		125,167		109,860	(2) Other retained earnings				
7 Long-term prepaid expenses		372,170		380,534	Reserve for advanced depreciation of noncurrent assets	668		677	
8 Deferred tax assets		111,054		109,342	Reserve for special investments in capital	3,712		4,425	
9 Other investment and other assets		52,624		53,488	General reserve	3,645,434		3,645,434	
Allowance for doubtful accounts		(14,042)		(13,155)	Retained earnings brought forward	363,539		469,918	
II Current assets	2,813,671		2,613,725		4 Treasury stock		(822,900)		(820,107)
1 Cash and deposits		111,329		115,038					
2 Accounts receivable-trade		1,992,977		1,896,982	II Valuation and translation adjustments		59,885		45,198
3 Accounts receivable-other		327,885		268,607	1 Valuation difference on available-for-sale securities		59,885		45,198
4 Supplies		105,851		101,266					
5 Advance payments - trade		1,694		4,996					
6 Prepaid expenses		70,984		61,313					
7 Short-term loans receivable from subsidiaries and affiliates		194,692		130,488					
8 Other current assets		87,073		83,237					
Allowance for doubtful accounts		(78,814)		(48,203)					
Total assets		7,543,011		7,250,062	Total net assets		3,709,618		3,804,825
					Total liabilities and net assets		7,543,011		7,250,062

* 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, 2026	(Reference) The fiscal year ended March 31, 2025
I Operating income and loss from telecommunications		
(1) Operating revenue	2,406,334	2,400,847
(2) Operating expenses	1,702,763	1,731,266
1 Business expenses	463,939	455,745
2 Operating expenses	9	9
3 Facilities maintenance expenses	321,061	315,895
4 Common expenses	1,970	2,023
5 Administrative expenses	98,248	120,078
6 Experiment and research expenses	24,224	3,642
7 Depreciation	363,493	371,114
8 Noncurrent assets retirement cost	11,580	28,892
9 Communication facility fee	372,665	388,509
10 Taxes and dues	45,573	45,359
Net operating income from telecommunications	703,571	669,581
II Operating income and loss from incidental business		
(1) Operating revenue	1,502,145	1,396,804
(2) Operating expenses	1,549,900	1,426,002
Net operating loss from incidental business	47,754	29,197
Operating profit	655,817	640,384
III Non-operating income	190,839	101,549
1 Interest income	7,627	5,949
2 Dividends income	144,704	81,358
3 Foreign exchange gains	14,953	-
4 Miscellaneous income	23,555	14,242
IV Non-operating expenses	24,948	19,017
1 Interest expenses	13,064	7,737
2 Interest on bonds	8,395	3,817
3 Foreign exchange losses	-	2,362
4 Miscellaneous expenses	3,489	5,100
Ordinary profit	821,707	722,917
V Extraordinary income	15,742	4,476
1 Gain on sales of investment securities	4,633	1,953
2 Gain on sale of stocks of related companies	7,918	2,523
3 Subsidy income	2,754	-
4 Other	437	-

(Unit: Millions of yen)

Account item	The fiscal year ended March 31, 2026	(Reference) The fiscal year ended March 31, 2025
VI Extraordinary loss	47,598	28,142
1 Impairment loss	–	138
2 Loss on sale of investment securities	1,744	33
3 Loss on valuation of investment securities	2,817	3,091
4 Loss on valuation of stocks of subsidiaries and affiliates	10,165	495
5 Provision of allowance for doubtful accounts	29,998	24,386
6 Loss on tax purpose reduction entry of non-current assets	2,754	–
7 Other	120	–
Profit before income taxes	789,852	699,250
Income taxes-current	207,294	193,465
Income taxes-deferred	(8,461)	(2,670)
Profit	591,019	508,455

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

Independent Auditor's Report (Consolidated)

(English Translation) Independent Auditors' Report

May 15, 2026

To the Board of Directors of
KDDI CORPORATION

PricewaterhouseCoopers Japan LLC
Tokyo Office
Tetsuro Iwase
Designated and Engagement Partner
Certified Public Accountant
Takahiro Nomura
Designated and Engagement Partner
Certified Public Accountant
Shinichi Shimabukuro
Designated and Engagement Partner
Certified Public Accountant
Kaikou Suzuki
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, 2026, 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 in accordance with accounting standards with omission of a part of disclosure items required under the designated IFRSs, as stipulated by 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, 2026, 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 (including the ethical requirements that are applicable to audits of financial statements of entities with significant social impact), 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 in accordance with accounting standards with omission of a part of disclosure items required under the designated IFRSs, as stipulated by the provisions of the latter part of Article 120, Paragraph (1) of the Regulation on Corporate Accounting. 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 for disclosing, as necessary, matters related to going concern in accordance with accounting standards with omission of a part of disclosure items required under the designated IFRSs, as stipulated by the provisions of the latter part of Article 120, Paragraph (1) of the Regulation on Corporate Accounting.

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 accounting standards with omission of a part of disclosure items required under the designated IFRSs, as stipulated by the provisions of the latter part of Article 120, Paragraph (1) of the Regulation on Corporate Accounting, 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.
- Plan and implement audits of the consolidated financial statements to obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries, which serves as a basis for expressing an opinion on the consolidated financial statements. We are responsible for the direction, supervision and inspection 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 measures to eliminate obstruction factors or related safeguards to reduce obstruction factors to an acceptable level.

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 15, 2026

To the Board of Directors of
KDDI CORPORATION

PricewaterhouseCoopers Japan LLC

Tokyo Office

Tetsuro Iwase

Designated and Engagement Partner

Certified Public Accountant

Takahiro Nomura

Designated and Engagement Partner

Certified Public Accountant

Shinichi Shimabukuro

Designated and Engagement Partner

Certified Public Accountant

Kaikou Suzuki

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, 2026, 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, 2026, 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 (including the ethical requirements that are applicable to audits of financial statements of entities with significant social impact), 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 measures to eliminate obstruction factors or related safeguards to reduce obstruction factors to an acceptable level.

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 42nd fiscal year from April 1, 2025 to March 31, 2026, 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 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 principal 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, 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 Japan LLC 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 maintained their independence and performed appropriate audits, by receiving reports from them on the status of execution of their duties and requesting them to provide detailed explanation regarding accounting matters. 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.

Furthermore, as described in the Business Report, due to inappropriate transactions at a subsidiary that were revealed during the fiscal year under review, deficiencies in internal controls over financial reporting were identified, and the Company has thus formulated measures to prevent recurrence. The Audit & Supervisory Board will closely monitor the implementation status of these recurrence prevention measures, etc.

(2) Audit results regarding the non-consolidated financial statements

In our opinion, the audit method employed and the results reported by PricewaterhouseCoopers Japan LLC 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 Japan LLC are fair and reasonable.

May 18, 2026

Full-time Audit & Supervisory Board Member,	Noboru Edagawa
Full-time Audit & Supervisory Board Member,	Kazuyasu Yamashita
Outside Audit & Supervisory Board Member,	Kazutoshi Kogure
Outside Audit & Supervisory Board Member,	Koji Arima

(Note) Full-time Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) Naoki Fukushima resigned on December 31, 2025 for personal reasons and will therefore not sign and seal the Audit & Supervisory Board's Report.

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.

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. Please also note that English versions are outside the scope of the audit performed by the Audit & Supervisory Board Members of the Company in accordance with the Companies Act.

To Shareholders

INFORMATIONAL MATERIALS FOR THE 42ND ANNUAL SHAREHOLDERS MEETING

**Items excluded in accordance with laws and
regulations and the Company's Articles of
Incorporation from paper-based documents
delivered in response to a request for delivery of
documents stating items subject to measures for
electronic provision**

BUSINESS REPORT

Current Status of the Corporate Group

Offices of the Company

Principal Businesses of the Corporate Group

Directors and Audit & Supervisory Board Members

Outline of Contracts for Limitation of Liability

Summary of Contents of Directors' and Officers' Liability Insurance Policy

An Overview of the Systems for Ensuring the Appropriate Business Operations of
the Business Report and the Operating Status

Consolidated Financial Statements

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Notes to Consolidated Financial Statements

Non-Consolidated Financial Statements

Non-Consolidated Statements of Changes in Net Equity

Notes to Non-Consolidated Financial Statements

Other

(Reference) Analysis and Evaluation of the Board of Directors' Effectiveness

(Reference) Supplementary Explanation of "Audit & Supervisory Board's Report"

(Reference) Health Management Initiatives

KDDI Corporation

Current Status of the Corporate Group

Offices of the Company (As of March 31, 2026)

(Principal office)	Head office and headquarters (Tokyo)
(Regional offices)	Hokkaido (Hokkaido), Tohoku (Miyagi), Kanto area (Saitama, Kanagawa), Chubu - Hokuriku (Aichi, Ishikawa), Kansai (Osaka), Chugoku - Shikoku (Hiroshima, Kagawa), Kyushu (Fukuoka)

Principal Businesses of the Corporate Group (As of March 31, 2026)

The Group comprises the Company, 193 consolidated subsidiaries (133 companies in Japan and 60 companies overseas) and 46 equity-method affiliates and jointly controlled companies (36 in Japan and 10 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	<p>The Personal Services segment provides services to individual customers. In Japan, we aim to provide new added value and experience value by expanding 5G telecommunication services and other services such as finance, energy, and LX in a coordinated manner through our multi-brands “au,” “UQ mobile,” and “povo,” and are working with local partners to eliminate the digital divide and achieve regional co-creation. Overseas, we are leveraging business know-how cultivated in Japan to provide telecommunication, financial, and entertainment services, such as videos, to individual customers in Mongolia and to support local telecommunication operators in Myanmar.</p> <p>In addition, we are working hard to enhance the convenience of telecommunication services for customers traveling abroad from Japan as well as customers coming to Japan from abroad.</p>
Business Services	<p>The Business Services segment mainly provide a wide range of corporate customers in Japan and overseas with a variety of solutions encompassing smartphones and other devices, network and cloud services, and Telehouse brand data center services.</p> <p>In addition to this, we established the new business platform WAKONX for the AI era. We are working to solve industry-specific problems faced by corporate customers and contributing to customers’ business growth and social issue solutions.</p> <p>We continue to provide global one-stop solutions that contribute to the development and expansion of our customers’ businesses through IoT, DX, generative AI, and other technology centered on 5G communications in collaboration with our partners.</p>

Directors and Audit & Supervisory Board Members

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.

The Company had also concluded a similar contract for Limitation of Liability with Naoki Fukushima who resigned as Audit & Supervisory Board Member as of December 31, 2025.

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.

An Overview of the Systems for Ensuring the Appropriate Business Operations of the Business Report and the Operating Status

Systems for Ensuring the Appropriate Business Operations

Based on the provisions of Article 362, Paragraph 5 of the Companies Act, the Board of Directors of KDDI has resolved and publicly announced a Basic Policy for Constructing an Internal Control System. The Company works to develop an effective internal control system with the aim of ensuring fairness, transparency, and efficiency in the execution of its corporate duties, as well as improving corporate quality.

1. Corporate Governance

(1) The Board of Directors

The Board of Directors is composed of both internal and outside Directors, who determine important legal matters and business plans, etc. as stipulated by laws and regulations based on the Board of Directors Rules and agenda standards. In addition, the Board of Directors oversees the competent execution of business duties by the Directors themselves.

Information pertaining to the execution of business duties by the Directors must be stored and managed appropriately in accordance with internal rules.

(2) System for executing business operations

1) The Executive Officers' System aims to clarify both the delegation of authority and responsibility system, as well as ensure that operations are executed effectively and efficiently.

2) The Corporate Management Committee, which is composed of Directors and Executive Officers, shall discuss and determine important matters pertaining to the execution of operations, as well as discussing and determining the Board of Directors agenda items, based on the Corporate Management Committee rules.

(3) System for ensuring the effective execution of business duties by Audit & Supervisory Board Members

1) Audit & Supervisory Board Members shall attend the meetings of the Board of Directors and key internal meetings of the Company. In addition, measures shall be taken to enable Audit & Supervisory Board Members to view meeting minutes of important meetings, circulated documents, contracts, etc.

2) Directors and employees, the Directors of subsidiaries, and the Internal Control Division shall perform timely and appropriate reporting to Audit & Supervisory Board Members to provide the information required by said Members for the execution of their business duties, and, when discovering facts that may cause considerable losses to the Company and its subsidiaries, shall promptly report these to Audit & Supervisory Board Members. In addition, Directors and employees, the Directors of subsidiaries, and the Internal Control Division shall carry out exchanges of ideas with, and collaborate with, Audit & Supervisory Board Members.

3) The Company shall establish an Audit & Supervisory Board Members' Office, staffed by full-time employees, to assist the duties of the Audit & Supervisory Board Members. The authority to direct these employees shall reside with the Audit & Supervisory Board Members. The Company shall obtain the prior consent of the Audit & Supervisory Board, or Full-time Audit & Supervisory Board Members specified by the Audit & Supervisory Board, with regard to personnel matters of the Audit & Supervisory Board Members' Office.

4) Measures shall be taken to ensure that persons making reports to Audit & Supervisory Board Members are not given disadvantageous treatment due to making such reports.

5) The Company shall comply with the payment of expenses necessary to enable the execution of duties by Audit & Supervisory Board Members, including prepayments.

2. Compliance

(1) All Directors and employees should continuously maintain high ethical standards in accordance with the basic principles set forth in the "KDDI Action Guideline," which should be complied with, and aim to execute their business duties properly.

(2) Firm measures should be taken against antisocial forces, and efforts should be made to sever all such relationships.

(3) Each KDDI Group company shall make efforts to promptly identify and resolve any serious violation of laws and regulations or other compliance-related matters or incidents, at KDDI Group company meetings pertaining to business ethics.

- (4) The Company shall aim to appropriately operate a compliance-related internal reporting system established both internally and externally to the company.
- (5) The Company shall strive to improve the understanding and awareness of compliance through both internal and external training and internal enhancement activities.

3. Risk Management for Achieving Business Objectives Fairly and Efficiently

- (1) The Company shall stringently conduct business risk analyses and business activity prioritization and appropriately formulate business strategies and business plans at meetings pertaining to business strategy participated in by Directors, with the objective of continuous growth for the KDDI Group. To achieve this, business risk should be monitored monthly at meetings pertaining to performance management, and this performance should be managed thoroughly.
- (2) In each Division a person shall be appointed as the person responsible for internal control, and this person shall autonomously promote the following initiatives so that business objectives may be achieved fairly and efficiently.
 - 1) All Divisions, their Directors and employees shall work in cooperation with the Risk Management Division, which regularly identifies and uniformly manages risk information. The KDDI Group's risks shall be managed appropriately and in accordance with internal regulations, and efforts shall be made to achieve business objectives fairly and efficiently.
 - 2) The Company shall examine and formulate measures for minimizing the risk to business as much as possible, in order to respond to events which could have serious and long-term effects on corporate business.
 - 3) In accordance with the internal control reporting system based on the Financial Instruments and Exchange Act, the Company shall implement documentation, assessment and improvement of the state of company-wide internal control and of important business processes on a consolidated basis, with the aim of further improving the reliability of financial reporting.
 - 4) The Company shall aim to maintain and enhance the systems necessary to improve the quality of the business operations of the KDDI Group, including enhancement of the effectiveness and efficiency of business operations and appropriate acquisition, safekeeping and disposal of assets.
- (3) As a telecommunications carrier, the Company shall implement the following initiatives:
 - 1) Protecting the privacy of communications
Protecting the privacy of communications is at the very root of the KDDI Group's corporate management, and the Group will abide by this.
 - 2) Information security
The Company aims to manage the company's total information assets, including preventing leaks of customer information and cyber-terrorism of networks for telecommunications services, by formulating measures at meetings pertaining to information security to ensure this security in cooperation with the Directors and employees.
 - 3) Recovering networks and services in times of disaster
In order to minimize as much as possible the risk of a termination or interruption to telecommunications services in the event that a major accident, obstruction or large-scale disaster occurs, the Company shall formulate a Business Continuity Plan (BCP) and implement measures to improve network reliability and prevent the halting of services.
In order to facilitate a prompt recovery in times of emergency or disaster, a Disaster Response Headquarters shall be established as expeditiously as possible.

4. Initiatives relating to working together with stakeholders

- (1) The whole company shall make efforts to gain support and trust for all KDDI Group activities, improve customer satisfaction, and strengthen and expand the company's customer base.
 - 1) Through the prompt and appropriate response to customer needs and complaints, the Company shall undertake CX (Customer Experience) activities that aim to improve customers' experience value.
 - 2) In addition to providing customers with safe, secure, high-quality products and services in compliance with the pertinent laws and regulations, information about products and services should be provided in an easy-to-understand format and indicated appropriately, so that customers can select and use the most appropriate product and/or service.
- (2) In order to gain the understanding and trust of all stakeholders, transparency of KDDI Group management shall be ensured, and efforts shall be made to further enhance the PR and IR activities of the KDDI Group.

- (3) The KDDI Group's business risk shall be fairly identified and disclosed in a timely and appropriate manner at meetings pertaining to information disclosure. In addition, sustainability integrated reports shall be created and disclosed, centering on those departments promoting sustainability, for matters pertaining to the KDDI Group's social responsibilities, including its environmental efforts and contributions to society.

5. Systems for Ensuring Appropriate Business Operations of the Corporate Group

- (1) To ensure the appropriateness of work by subsidiaries, the Company has set forth rules concerning the management of subsidiaries, and has developed a system as follows.
 - 1) The Company shall establish a department to supervise the management of each subsidiary, and will also establish a department with jurisdiction across all subsidiaries, to establish a management and support system for subsidiaries.
 - 2) The Company shall set forth roles for the management of subsidiaries, involving Directors, Audit & Supervisory Board Members, and other employees dispatched to the subsidiaries, and shall ensure efficacy in the governance of subsidiaries.
 - 3) With regard to important decision-making matters within subsidiaries, the Company shall set forth procedures and items for approval in Board of Directors meetings, Corporate Management Committee meetings, etc., and shall establish a management structure for subsidiaries.
 - 4) The Company shall set forth items and procedures for reporting to subsidiaries, and shall establish a collaborative system with subsidiaries.
- (2) In each subsidiary, the Company shall appoint a person responsible for internal control as the KDDI Group, shall secure the appropriateness of the work of subsidiaries and appropriately manage risks and engage in measures for risk reduction, and shall strive for the appropriateness and the effective achievement of management targets.
- (3) Through a structure for corporate ethics meetings in each subsidiary, the Company shall strive for the early detection and handling of major legal infractions in subsidiaries and of problems and incidents related to compliance, and shall introduce and appropriately operate an internal reporting system for each subsidiary.

In addition, the Directors and all employees of subsidiaries shall continuously maintain high ethical standards under the KDDI Code of Business Conduct, and shall ensure systems for the proper execution of duties.

6. Internal Audits

Internal audits are conducted for all aspects of business of the KDDI Group, and the adequacy and effectiveness of the internal control system is verified regularly. The results of internal audits are reported to the President, Representative Director with added suggestions for points that can be improved or revised, and a report is also made to the Audit & Supervisory Board Members.

An Overview of the Operating Status of Systems for Ensuring the Appropriate Business Operations

In accordance with the provisions of Article 362, Paragraph 5 of the Companies Act, the Company passed a resolution approving the Basic Policy for Constructing an Internal Control System at a meeting of the Board of Directors and issued a public announcement. Based on this, the Company strives to ensure fair, transparent and efficient execution of its corporate duties and to increase corporate quality.

1. Corporate Governance

(1) The Board of Directors

The Company holds meetings of the Board of Directors based on the Board of Directors Rules and agenda standards of the Board of Directors.

In fiscal 2025 the Board of Directors met 12 times to discuss important matters and business plans, etc. as set down by laws and regulations, in addition to which it worked to supervise and ensure the appropriate execution of duties by Directors.

Information pertaining to the execution of duties by the Directors is stored and managed appropriately in accordance with Board of Directors Rules.

(2) System for executing business operations

1) Regarding the execution of business operations, the Company has adopted an executive officer system with the aim of clarifying both the delegation of authority and responsibility system, based on Executive Officer Rules.

2) The Corporate Management Committee shall discuss and determine important matters pertaining to the execution of business operations, based on the Corporate Management Committee rules. In fiscal 2025, the Corporate Management Committee met 13 times to discuss and determine important matters for management.

(3) System for ensuring the effective execution of business duties by Audit & Supervisory Board Members

1) The Company has developed a system that allows Audit & Supervisory Board Members to attend the meetings of the Board of Directors and key internal meetings. In addition, the Company has taken measures to enable them to view minutes of important meetings, circulated documents, etc.

2) Important matters to be reported to management shall be reported to Audit & Supervisory Board Members in a timely and appropriate manner, and, when discovering facts that may cause considerable losses to the Company and its subsidiaries, these shall be promptly reported to Audit & Supervisory Board Members. Moreover, collaboration with Audit & Supervisory Board Members is ensured through the exchange of opinions between them and the Internal Control Division, the Directors of subsidiaries in Japan and abroad, etc., in addition to regular meetings between them and the representative directors, etc.

3) The Company has established an Audit & Supervisory Board Members' Office to assist the duties of the Audit & Supervisory Board Members, and obtains the consent of Audit & Supervisory Board Members with regard to personnel matters concerning the employees of the Audit & Supervisory Board Members' Office.

4) In the rules for processing internal reports, it is clearly stated that persons making a report, including reports to Audit & Supervisory Board Members, would not be penalized for doing so.

5) Expenses incurred by Audit & Supervisory Board Members in the execution of their duties are borne by the Company as appropriate.

2. Compliance

(1) KDDI Action Guideline formulation and awareness

The Company has established the "KDDI Code of Business Conduct," which states the basic principles that all directors and employees must comply with in the execution of their duties, and strives to ensure that they understand it thoroughly.

Also, the Company produces and delivers e-learning content on corporate ethics and compliance, and works to ensure the understanding and awareness of these principles.

(2) Dealing with antisocial forces

With regard to initiatives to break off relations with antisocial forces, the Company has established a self-directed division and checks the operating status at investigation meetings held by the division.

(3) KDDI's business ethics activities

In order that each KDDI Group company may promptly identify and resolve any serious violation of laws and regulations or misconduct, etc., KDDI Group companies hold regular Business Ethics Committee meetings (twice a year).

(4) Internal Reporting System

For the appropriate operation of the internal reporting system, the Company conducts activities to raise awareness, such as by distributing whistle-blowing cards to employees and subsidiaries, and performing a survey on recognition and willingness to use the internal reporting system to employees using questionnaires. The Company continues to improve the effectiveness of the system by offering opportunities, including training programs relating to the whistle-blower system to new graduates, mid-career recruits, as well as to directors and audit & supervisory board members of KDDI Group companies.

Moreover, the Company has established a reporting route to the Audit & Supervisory Board Members as an independent internal reporting route, and will respond in an appropriate and timely manner to internal reports that are made solely to the full-time Audit & Supervisory Board Members.

(5) Internal and external training and internal enhancement activities related to compliance

In order to raise the awareness of compliance, various training programs are implemented for general employees, newly-appointed officers such as directors and audit & supervisory board members of KDDI Group companies.

3. Risk Management for Achieving Business Objectives Fairly and Efficiently

(1) Monitoring for business risk and thoroughly managing results

The Company deliberates and decides on important matters pertaining to the execution of operations, after clarifying the business risk for each case, at meetings, such as the Corporate Management Committee.

Since fiscal 2025, the Company has established a Risk Management Committee under which material business risks are centralized and deliberated at the directors' level (twice a year). The committee is chaired by the President, Representative Director, with full-time members composed of Directors and key Executive Officers. The committee is responsible for identifying material risks, designating persons responsible for addressing such risks, and formulating response policies.

In fiscal 2025, we held a total of nine monthly profitability review meetings and a total of 18 management strategy meetings, and have been managing business results and monitoring business risk.

(2) Constructing and operating a “persons responsible for internal control” structure

The Company has nominated a person responsible for internal control in each division and each subsidiary, who autonomously promote risk management to allow the reasonable and efficient achievement of management targets.

1) Drawing up and implementing risk management activity policies

The risk management activity policies and operational status are regularly (twice a year) reported to the Risk Management Subcommittee established under the Risk Management Committee.

2) Risk inspection

Under the supervision of the Corporate Sector, each division and subsidiaries implement risk inspections three times a year, at the beginning of the year, at the end of the first half and the end of the second half in order to monitor important risk issues and the status of responses to the same.

3) Securing the reliability of financial reporting

In order to ensure the reliability of financial reporting, internal control assessments are conducted on a consolidated basis in accordance with the internal control reporting system based on the Financial Instruments and Exchange Act. Under the system, the Company will work to improve and resolve matters identified as deficient in internal control, following the founding of fictitious circular transactions at our consolidated subsidiaries in fiscal 2025.

4) Activities to improve quality of business operations

In order to improve productivity of the KDDI Group, such as increasing the effectiveness and efficiency of business operations, each headquarters establishes themes and initiatives that are appropriate for the respective headquarters' actual work and the entire KDDI Group autonomously works together to improve business processes.

(3) Initiatives as a Telecommunications Carrier:

1) Protecting the privacy of communications

With regard to “privacy of communications,” which is the cornerstone of telecommunications business, the Company approaches the issue of protecting privacy from a variety of angles, such as

structures, frameworks, business processes and systems. The Company also has a response system in place in case problems occur.

2) Information security

The Information Security Subcommittee meets regularly (six times a year), and the KDDI group as a whole plans and promotes measures for the prevention of leaks of customer data and the protection of telecommunication service networks against cyber-attacks, as well as responding to laws and ordinances related to information security in Japan and overseas.

3) Recovering networks and services in times of disaster

In order to minimize as much as possible the risk of a termination or interruption to telecommunications services in the event that a major accident, obstruction or large-scale disaster occurs, the Company has formulated a Business Continuity Plan (BCP). In fiscal 2025, as well as renewing the BCP for the whole company, the Company also carried out various drills assuming emergency situations periodically to prepare for the occurrence of a disaster and others.

4. Initiatives relating to working together with stakeholders

(1) Initiatives to gain support and trust for all KDDI Group activities, improve customer satisfaction, and strengthen and expand the company's customer base

1) CX activities

The Company has engaged in CX (Customer Experience) activities aimed at improving the value of customers' experiences by responding promptly and appropriately to customers' needs and suggestions. The Company has established meeting systems for engaging in activities for improving customer experience value within the work of each division, and implements ongoing activities.

2) Provision of appropriate information to customers

In order to provide customers with the appropriate information for them to be able to appropriately choose and use products and services, in addition to having a Creative Administration Office within the Company to manage marketing and novelty goods for consumers, in cases where there is a risk that the Act against Unjustifiable Premiums and Misleading Representations has been infringed, the Company prepares and operates the internal structure and the flow of reports. To raise internal awareness of the above Act, the Company conducts awareness enhancement initiatives through e-learning and other means.

Also, the Company has put in place a corporate organizational system to promptly take proper measures against issues from customers' perspective in the area of consumer protection policies and issues that have materialized in the area of competition rule policies, related to telecommunications business.

(2) Enhancing the KDDI Group's PR and IR

The Company's "basic IR Policy," which provides the direction to the Company's IR activities, has been set out by the Board of Directors and is available on the corporate website.

We will strive to further improve the KDDI Group's PR and IR activities by providing investment meetings for individual investors, analysts and institutional investors in Japan and overseas and by providing various IR materials on the corporate website.

Moreover, we will work to ensure that everyone understands our business operations by familiarizing everyone with KDDI's corporate history and facilities, our social mission and our latest services through operating the KDDI MUSEUM, the KDDI Parabola Pavilion and other facilities.

(3) Disclosure of information related to the business risks and CSR initiatives of the KDDI Group

The Company holds regular meetings of its Disclosure Committee (four times a year), and deliberates on matters concerning information disclosure. It also holds extraordinary Disclosure Committee meetings as appropriate.

In addition, the Company strives to disclose information in a proactive manner, such as by disclosing financial and non-financial matters in a "Sustainability Integrated Report," and posting environment, society, and governance (ESG) related information on the Company's Sustainability website.

5. Systems for Ensuring Appropriate Business Operations of the Corporate Group

(1) Preparation of a system to secure the appropriateness of work by subsidiaries

To ensure the appropriateness of work by subsidiaries, the Company has set forth rules concerning the management of subsidiaries, and has developed a system as follows.

1) The Company has established a department to supervise the management of each subsidiary and a department with jurisdiction across all subsidiaries, to establish a management and support system

for subsidiaries. The both departments work together to manage subsidiaries, and conduct activities to support development of the operating base mainly for new subsidiaries and others.

- 2) To ensure efficacy in the governance of subsidiaries, the Company dispatches Directors, Audit & Supervisory Board Members, and other employees to subsidiaries and has also established roles for each of these in the management of subsidiaries, and provides education and training.
- 3) With regard to important decision-making matters within subsidiaries, the Company has set forth items and procedures within its internal rules, and has established a management structure for subsidiaries.
- 4) With regard to important reporting matters concerning subsidiaries, the Company has similarly set forth procedures and items within its internal rules, and communicates information on reporting standards and liaison desks for risk information.

- (2) System to appropriately manage risks in subsidiaries and undertake the appropriate and effective achievement of management targets

The Company has developed a system of persons responsible for internal control, targeting domestic companies and key supervising locations overseas, and added new one domestic subsidiary to the system in fiscal 2025.

Persons responsible for internal control within each company identify issues and manage response status by carrying out inspections of key risks in each company, and share information with the Company. In turn, the Company performs confirmation of the issues in the companies and provides support for the investigation and implementation of countermeasures.

In addition, the Company holds Risk Management Liaison Meetings, which all KDDI Group companies attend, regularly (twice a year) to share risk information, policies and initiatives.

- (3) KDDI Group Business Ethics Activities

The Company holds regular Business Ethics Subcommittee meetings with each subsidiary (twice a year with domestic subsidiaries and once a year with overseas subsidiaries), to share information on subsidiaries' problems involving compliance, the status of incident occurrence, its countermeasures and other matters. In cooperation with subsidiaries, the Company also strives to improve each subsidiary's business ethics.

The Company also conducts ongoing activities to broadly communicate information about the internal reporting system in domestic and overseas subsidiaries by delivering internal reporting cards, conducting a survey of the recognition level of the internal report window, and other activities.

- (4) Inappropriate transactions at our consolidated subsidiaries

Notwithstanding the foregoing initiatives, with respect to the fictitious circular transactions identified in fiscal 2025 at the Company's consolidated subsidiaries, the Company recognizes these as serious matters and will not only thoroughly implement recurrence prevention measures for the issues that have surfaced, but will also regard these matters as an opportunity for the Group as a whole to further strengthen its unity, and will work to strengthen governance across the KDDI Group with the aim of building a more resilient and cohesive corporate group.

6. Internal Audits

The Corporate Management Committee decides the internal audit plan for the whole operations of the KDDI Group and internal audits are implemented based on this plan.

In fiscal 2025, a total of 26 internal audits were implemented, focusing around audits of domestic subsidiaries and overseas subsidiaries, and audits of the operating status of business processes concerning material risks at specified departments.

The results of internal audits are reported to the President, Representative Director and shared with Directors and Audit & Supervisory Board Members.

Consolidated Statement of Changes in Equity

For the fiscal year ended March 31, 2026

(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, 2025	141,852	259,047	(819,072)	5,495,689	50,556	5,128,072	522,500	5,650,572
Cumulative effect of error corrections	–	–	–	(95,576)	–	(95,576)	–	(95,576)
Balance at the beginning of the fiscal year after retrospective application	141,852	259,047	(819,072)	5,400,113	50,556	5,032,495	522,500	5,554,995
Comprehensive income								
Profit for the period	–	–	–	707,112	–	707,112	73,549	780,661
Other comprehensive income	–	–	–	–	41,688	41,688	2,117	43,805
Total comprehensive income	–	–	–	707,112	41,688	748,800	75,666	824,466
Transactions with owners and other transactions								
Cash dividends	–	–	–	(301,566)	–	(301,566)	(54,260)	(355,826)
Transfer of accumulated other comprehensive income to retained earnings	–	–	–	(104)	104	–	–	–
Purchase and disposal of treasury stock	–	(64)	(400,004)	–	–	(400,068)	–	(400,068)
Retirement of treasury stock	–	(396,515)	396,515	–	–	–	–	–
Transfer from retained earnings to capital surplus	–	396,515	–	(396,515)	–	–	–	–
Changes due to business combination	–	–	–	–	–	–	(1,487)	(1,487)
Changes in interests in subsidiaries	–	(1,438)	–	–	–	(1,438)	(26,620)	(28,058)
Other	–	83	488	(2,055)	–	(1,484)	154	(1,330)
Total transactions with owners and other transactions	–	(1,420)	(3,002)	(700,240)	104	(704,558)	(82,213)	(786,771)
As of March 31, 2026	141,852	257,627	(822,073)	5,406,985	92,347	5,076,738	515,952	5,592,690

(Reference) For the fiscal year ended March 31, 2025

(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, 2024	141,852	310,587	(845,093)	5,457,264	123,438	5,188,048	543,864	5,731,912
Comprehensive income								
Profit for the period	–	–	–	655,416	–	655,416	80,430	735,846
Other comprehensive income	–	–	–	–	(73,100)	(73,100)	4,317	(68,783)
Total comprehensive income	–	–	–	655,416	(73,100)	582,316	84,747	667,062
Transactions with owners and other transactions								
Cash dividends	–	–	–	(286,908)	–	(286,908)	(55,262)	(342,169)
Transfer of accumulated other comprehensive income to retained earnings	–	–	–	(217)	217	–	–	–
Purchase and disposal of treasury stock	–	(166)	(400,001)	–	–	(400,167)	–	(400,167)
Retirement of treasury stock	–	(425,672)	425,672	–	–	–	–	–
Transfer from retained earnings to capital surplus	–	425,672	–	(425,672)	–	–	–	–
Changes due to business combination	–	613	–	–	–	613	5,510	6,123
Changes in interests in subsidiaries	–	(52,259)	–	–	–	(52,259)	(56,501)	(108,760)
Other	–	272	351	231	–	853	142	995
Total transactions with owners and other transactions	–	(51,540)	26,022	(712,566)	217	(737,868)	(106,111)	(843,979)
As of March 31, 2025	141,852	259,047	(819,072)	5,400,113	50,556	5,032,495	522,500	5,554,995

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

Notes to Consolidated Financial Statements

(Important Items That Form the Basis of Preparing Consolidated Financial Statements)

1. Standard for preparation of consolidated financial statements

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (hereinafter “IFRS”) pursuant to the provisions of Article 120, Paragraph 1 of the Rules of Corporate Accounting. These consolidated financial statements omit part of the disclosure items required under IFRS, in compliance with the latter sentence of the aforementioned paragraph.

2. Scope of consolidation

- Number of consolidated subsidiaries: 193
- Principal consolidated subsidiaries:
Okinawa Cellular Telephone Company, JCOM Co., Ltd., UQ Communications Inc. (Note), BIGLOBE Inc., AEON Holdings Corporation of Japan, Chubu Telecommunications Co., Inc., au Financial Holdings Corporation, Jupiter Shop Channel Co., Ltd., au Energy Holdings Corporation, ENERES Co., Ltd., KDDI MATOMETE OFFICE CORPORATION, Altius Link, Inc., KDDI Sonic-Falcon CORPORATION, KDDI Digital Divergence Holdings Corporation, irect, Inc., KDDI Engineering Corporation, LAC Co., Ltd., KDDI America, Inc., Telehouse Canada, Inc., KDDI Europe Limited, KDDI CHINA CORPORATION, KDDI Asia Pacific Pte Ltd., TELEHOUSE International Corporation of America, TELEHOUSE Holdings Limited, TELEHOUSE International Corporation of Europe Ltd, KDDI SUMMIT GLOBAL SINGAPORE PTE. LTD., KDDI Summit Global Myanmar Co., Ltd., MobiCom Corporation LLC

Names of principal companies newly made consolidated subsidiaries and reasons for new consolidation

- Medical Engineering Institute, Inc.: Due to additional purchase of shares

Note: UQ Communications Inc. is accounted for by the equity method under Japanese GAAP. Under IFRS, however, the Company is deemed to have substantial control over that company. As a result, that company is included as a consolidated subsidiary under IFRS.

3. Application of equity method

- Number of affiliates and jointly controlled companies accounted for by the equity method: 46
- Principal affiliates and jointly controlled companies:
Lawson, Inc., Kyocera Communication Systems Co., Ltd., KKCompany Technologies Inc., and Kakaku.com, Inc.

4. Fiscal years of consolidated subsidiaries

The consolidated financial statements include the financial statements of subsidiaries whose closing dates are different from that of the Company. For the preparation of the consolidated financial statements, such subsidiaries prepare financial statements based on the provisional accounts as of the Company’s closing date.

5. Accounting policies

(1) Valuation standards and methods for financial assets and financial liabilities

1) Financial assets

(a) Recognition and measurement of financial assets

The Group recognizes a financial asset when it becomes a party to the contractual provisions of the instrument. The Group initially recognizes trade and other receivables on the date of transaction. At initial recognition, the Group measures a financial asset at its fair value, in the case of a financial asset not at fair value through profit or loss, calculating transaction costs that are directly attributable to the acquisition of the financial asset. Transaction cost of a financial asset at fair value through profit or loss is recognized as profit or loss.

(b) Classification of non-derivative financial assets

Classification and measurement model of non-derivative financial assets are summarized as follows. The Group classifies financial assets at initial recognition as financial assets at amortized cost, equity financial assets at fair value through other comprehensive income or financial assets at fair value through profit or loss.

(i) Financial assets at amortized cost

A financial asset that meets both the following conditions is classified as a financial asset at amortized cost.

- The financial asset is held within the Group’s business model whose objective is to hold assets in order to collect contractual cash flows.

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
A financial asset at amortized cost is initially recognized at fair value plus transaction cost directly attributable to the asset. After initial recognition, carrying amount of the financial asset at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.
 - (ii) Equity financial assets at fair value through other comprehensive income
The Group makes an irrevocable election to recognize changes in fair value of equity financial assets through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss.
Equity financial assets at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as “financial assets at fair value through other comprehensive income” in other comprehensive income. Cumulative gains or losses recognized through other comprehensive income are directly transferred to retained earnings when equity financial assets are derecognized.
Also, dividends from equity financial assets at fair value through other comprehensive income are recognized in profit or loss.
 - (iii) Debt financial assets at fair value through other comprehensive income
A financial asset that meets both the following conditions is classified as a debt financial asset at fair value through other comprehensive income.
 - The financial asset is held within the Group’s business model whose objective is to hold assets in order to both collect and sell contractual cash flows.
 - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
 Debt financial assets at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as “financial assets at fair value through other comprehensive income” in other comprehensive income. Cumulative gains or losses recognized through other comprehensive income are transferred to profit or loss when debt financial assets are derecognized.
 - (iv) Financial assets at fair value through profit or loss
When any of the above-mentioned classification is not applicable, a financial asset is classified as financial assets at fair value through profit or loss.
A financial asset at fair value through profit or loss is recognized initially at fair value and its transaction cost is recognized in profit or loss when incurred. A gain or loss on a financial asset at fair value through profit or loss is recognized in profit or loss.
The Group does not designate any financial assets as at fair value through profit or loss to remove or significantly reduce an accounting mismatch.
 - (c) Derecognition of financial assets
The Group derecognizes a financial asset if the contractual rights to the cash flows expire or the Group transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or continuously retained by the Group are continuously recognized as assets.
- 2) Non-derivative financial liabilities
- (a) Recognition and measurement of financial liabilities
The Group recognizes financial liabilities when the Group becomes a party to the contractual provisions of the instruments. The measurement of financial liabilities is stated in the following (b) Classification of financial liabilities.
 - (b) Classification of financial liabilities
Financial liabilities at amortized cost
A financial liability at amortized cost is initially measured by subtracting transaction cost directly attributable to the issuance of the financial liability from fair value. After initial recognition, the financial liability is measured at amortized cost based on the effective interest rate method.
 - (c) Derecognition of financial liabilities
The Group derecognizes a financial liability when the financial liability is extinguished, i.e. when the contractual obligation is discharged or cancelled or expired.

3) Presentation of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position only when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4) Impairment of financial assets

When there is no significant increase in the credit risk since initial recognition for a financial asset, a value equal to expected credit losses for 12 months is measured as a loss allowance for that financial asset. When there is a significant increase in credit risk since initial recognition for a financial asset, a value equal to expected credit losses for the remaining life of that financial asset is measured as a loss allowance. Whether credit risk is significantly increased or not is determined based on the changes in default risk. To determine if there is a change in default risk, following factors are considered.

However, expected credit losses of trade receivables not containing any material financial component are recognized over their remaining lives since inception.

- External credit rating of the financial asset
- Downgrade of internal credit rating
- Deterioration of borrower's operating results, such as decrease in sales
- Reduced financial support from the parent company or associated companies
- Delinquencies (Date exceeding information)

Expected credit losses are measured based on the discounted present value of the differences between the contractual cash flows and the cash flows expected to be received.

5) Derivatives and hedge accounting

Derivatives are initially recognized at fair value as of the date in which the derivative contracts are entered into. After initial recognition, derivatives are remeasured at fair value at the end of each fiscal year.

The Group utilizes derivatives consisting of exchange contracts, currency swaps and interest swaps to reduce foreign currency risk, interest rate risk, fair value fluctuation risk, etc.

The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates derivatives as cash flow hedge (hedges to the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction), and as fair value hedge (hedges to the exposure to variability in fair value that is attributable to particular risks associated with recognized asset or liability or unrecognized firm commitment).

At the inception of the transaction, the Group documents the relationship between the hedging instrument and the hedged item, along with their risk management objectives and strategies to conduct various hedge transactions.

At the inception of the hedge and on an ongoing basis, the Group assesses whether the derivative financial asset used in hedging transaction is highly effective in offsetting changes in cash flows and fair values of the hedged items. Specifically, the Group assesses that the hedge is effective in case where all of the following requirements are met:

- (i) there is an economic relationship between the hedged item and the hedging instrument;
- (ii) the effect of credit risk does not dominate the value changes that result from that economic relationship;
- (iii) "the hedge ratio" of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item. It is the requirements for qualification under hedge accounting.

The hedge effectiveness is assessed by whether the hedge is expected to be effective for future designated hedging periods.

In changes in the fair value after initial recognition, the effective portion of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The ineffective portion is recognized in profit or loss. Cumulative gain or loss recognized through other comprehensive income is transferred to profit or loss on the same period that the cash flows of hedged items affect gain or loss.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, an entity should adjust the hedge ratio of the hedging relationship so that it meets the qualifying criteria again (hereinafter "rebalancing").

After rebalancing, in cases where cash flow hedges are no longer meet the requirements of hedge accounting or hedging instruments are expired, sold, terminated or exercised, hedge accounting will be discontinued. In the case that the hedge accounting is discontinued, the cumulative gain or loss on the cash flow hedges that has been recognized in other comprehensive income will remain in other comprehensive income until the forecast transaction occurs. When forecast transactions are no longer expected to arise, the cumulative gains or losses on the cash flow hedges are recognized in profit or loss.

For derivatives that are designated and qualify as fair value hedge, their profits and losses measured afterward by fair value are recognized in profit or loss. Profit or loss of a hedged item attributable to the hedged risks is recognized in profit or loss, and the book value of the hedged item is corrected. However, if the hedged item is an equity instrument whose variability is measured by other comprehensive income, profit or loss measured afterward by fair value of the derivative that is the hedging instrument is recognized in other comprehensive income.

After rebalancing, in cases where no longer meet the requirements of hedge accounting or hedging instruments are expired, sold, terminated or exercised, hedge accounting will be discontinued. The Group starts writing off value changes of a hedged item as soon as its hedge accounting is discontinued.

Aggregated fair values of hedging instrument derivatives whose maturities are over 12 months are classified as non-current assets or liabilities, and those whose maturities are less than 12 months are classified as current assets or liabilities.

(2) Valuation standards and methods for inventories

Inventories mainly consist of merchandise such as mobile handsets and work in progress related to construction.

Inventories are measured at the lower of cost and net realizable value. The cost is generally calculated using the moving average method and comprise all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price in the ordinary course of business less any estimated cost to sell.

(3) Valuation standards and methods for property, plant and equipment, intangible assets and right-of-use assets and methods of depreciation and amortization thereof

1) Property, plant and equipment

(a) Recognition and measurement

Property, plant, and equipment of the Group is recorded on a historical cost basis and is stated at acquisition cost less accumulated depreciation and impairment losses. The acquisition cost includes costs directly attributable to the acquisition of the asset and the initial estimated costs related to disassembly, retirement and site restoration, as well as borrowing costs eligible for assets.

In cases where components of property, plant, and equipment have different useful lives, each component is recorded as a separate property, plant and equipment item.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the acquisition cost of the item can be measured reliably. All other repairs and maintenance are recognized as expenses when they are incurred.

(b) Depreciation and useful lives

Property, plant and equipment is depreciated mainly using the straight-line method over the estimated useful lives of each component. The depreciable amount is calculated as the acquisition cost of an asset less its residual value. Land and construction in progress are not depreciated. In cases where components of property, plant and equipment have different useful lives, each component is recorded as a separate property, plant and equipment item.

The estimated useful lives of major components of property, plant and equipment are as follows:

Communication equipment

Machinery	9 to 15 years
Antenna equipment	10 to 42 years
Toll and local line equipment	10 to 27 years
Other equipment	9 to 27 years
Buildings and structures	10 to 38 years
Others	5 to 22 years

The depreciation methods, estimated useful lives and residual values are reviewed at the end of each reporting period, and if there are any changes made, those changes are applied prospectively as a change in an accounting estimate.

(c) Derecognition

Property, plant, and equipment is derecognized on disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognized.

2) Intangible assets

(a) Recognition and measurement

The intangible assets of the Group are recorded on a historical cost basis, excluding goodwill and is stated at acquisition cost less accumulated depreciation and impairment losses.

Intangible assets acquired separately are measured at acquisition cost at initial recognition.

Intangible assets acquired in a business combination are recognized separately from goodwill and are recognized at fair value at the acquisition date in case where such assets meet the definition of intangible asset and are identifiable, and their fair values can be measured reliably.

Expenditure on research activities to obtain new science technology or technical knowledge and understanding is recognized as an expense when it is incurred.

Expenditure on development is recognized as intangible asset only in the case where the expenditure is able to be measured reliably, product or production process has technical and commercial feasibility, the expenditure probably generates future economic benefits, the Group has intention to complete the development and use or sell the asset, and has enough resources for their activities. In other cases, the expenditure is recognized as expense when it is incurred.

(b) Amortization and useful lives

Intangible assets are amortized using the straight-line method over their estimated useful lives.

Estimated useful lives of major components of intangible assets are as follows. Intangible assets with indefinite useful lives are not amortized.

Software	5 to 10 years
Customer relationships	8 to 30 years
Assets related to program supply	22 years
Spectrum migration costs	9 to 17 years
Others	6 to 20 years

The amortization methods and estimated useful lives are reviewed at the end of each reporting period, and if there are any changes made, those changes are applied prospectively as a change in an accounting estimate.

3) Goodwill

Goodwill is the excess of the acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquiree on the date of acquisition.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of units, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill is measured at acquisition cost less any accumulated impairment losses. Goodwill is not amortized. Instead, it is tested for impairment annually and if events or changes in circumstances indicate a potential impairment.

4) Leases

At the inception of the lease contract, the Group assesses whether an arrangement is a lease or contains a lease based on the substance of the agreement. Assets are subject to lease if the right to control the use of identified assets is conveyed for a certain period of time in exchange for consideration.

If the agreement is a lease agreement or contains a lease, a right-of-use asset is initially recognized at the amount after adding or deducting initial direct costs, etc. to or from the amount of an initially measured lease liability. A lease liability is initially recognized at current discounted price of the unpaid portion of the total lease amount on the start date of the lease.

Right-of-use assets are depreciated using straight-line method over the period beginning from the inception of the agreement to either the end of the useful lives of the right-of-use assets, or the end of the lease term, whichever is shorter.

Lease liabilities are subsequently measured at the amount that reflects interest on lease liabilities, amounts of lease payments made, and where applicable, the amount that reflects reassessment of lease liabilities or lease modifications.

- 5) Impairment of property, plant and equipment, goodwill, intangible assets and right-of-use assets
At the end of each reporting period, the Group determines whether there is any indication that carrying amounts of property, plant and equipment, intangible assets and right-of-use assets may be impaired. If any indication exists, the recoverable amount of the asset or the cash-generating unit or group of units to which the asset belongs is estimated. For goodwill and intangible assets with indefinite useful lives, the impairment test is undertaken when there is any indication of impairment, and at a certain timing within the fiscal year regardless of whether there is any indication of impairment. A cash-generating unit or group of units is the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.
The recoverable amount is the higher of fair value less costs to sell or disposal or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects the time value of money and the risks specific to the asset.
When the impairment test shows that the recoverable amount of the cash-generating unit or group of units is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit or group of units, and then to each asset pro rata on the basis of the carrying amount of the other assets in the unit or group of units. Any impairment loss for goodwill is recognized in profit or loss and is not reversed in subsequent periods. For property, plant and equipment, intangible assets and right-of-use assets recognizing an impairment loss other than goodwill, the Group determines at the end of each reporting period whether there is any indication that an impairment loss recognized in prior years has decreased or extinguished. An impairment loss is reversed when there is an indication that the impairment loss may be reversed and there has been a change in the estimates used to determine an asset's recoverable amount. When an impairment loss recognized is reversed, carrying amount of the asset or cash-generating unit is increased to its updated estimated recoverable amount. A reversal of an impairment loss is recognized, to the extent the asset or cash-generating unit at the time of a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognized. A reversal of an impairment loss is recognized as other income.

(4) Calculation of significant provisions

Provisions are recognized when the Group has legal or constructive obligations as a result of past events, it is highly probable that outflows of economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of the obligations. To determine the amount of a provision, the estimated future cash flows are discounted using a pretax discount rate that reflects the time value of money and the risks specific to the liability where necessary. Rebate of the discount over time is recognized in finance cost.

(5) Accounting for retirement benefits

1) Post-employment benefits

The Group has adopted a defined benefit plan and a defined contribution plan as post-employment benefit plans for its employees.

(a) Defined benefit plans

The asset or liability recognized on the consolidated statement of financial position in relation to the defined benefit pension plans (retirement benefit asset or liability) is the present value of the defined benefit obligation less fair value of the plan assets. This figure is recognized by adjusting the amount related to the maximum asset value as needed with consideration given to the usable economic benefits. The defined benefit obligation is determined annually by independent actuaries using the projected unit credit method. The discount rates are on the basis of the market yields of high-quality corporate bonds at the end of the reporting period, that are denominated in the currency in which the benefit will be paid, which is corresponding to the discount period established based on the period to the date when the future benefits are to be paid.

Defined benefit cost includes service cost, net interest on the net defined benefit liability (asset), and remeasurements of the net defined benefit liability (asset). Service cost and net interest are recognized in net profit or loss. Net interest is determined using the discount rate described above. The remeasurements comprise actuarial gains and losses, past service cost and the return on plan assets (excluding amounts included in net interest). Actuarial gains and losses are recognized immediately in other comprehensive income when incurred, and past service costs are recognized as profit or loss.

The Group instantly recognizes remeasurements of all the net defined benefit liability (asset) resulting from its defined benefit plans in other comprehensive income and reclassifies them immediately to retained earnings.

(b) Defined contribution plans

Contribution to the defined contribution plans is recognized as profit or loss for the period over which employees provide services.

In addition, certain subsidiaries of the Group participate in multi-employer pension plans, and recognize the payments made during the fiscal year as profit or loss and contribution payable as a liability.

(6) Revenue recognition

The Group's accounting policy for revenue recognition by major categories is as follows:

1) Mobile telecommunications services

The Group generates revenue mainly from its mobile telecommunications services (including UQ mobile and MVNO services) and sale of mobile handsets. The Group enters into mobile telecommunications service agreements directly with customers or indirectly through distributors, and also sells mobile handsets to its distributors.

Revenue from the mobile telecommunications services primarily consists of basic monthly charges and communication fees ("the mobile telecommunications service fees"), and commission fees such as activation fees. Revenue from the mobile telecommunication service fees and commission fees are recognized on a flat-rate basis and on a measured-rate basis when the services are provided to the customers, which is when the service is provided to the customer in accordance with contract and the performance obligation is fulfilled. Discounts of communication charges are deducted from the mobile telecommunications service fees on a monthly basis.

Furthermore, the consideration for transactions related to revenue from mobile telecommunications services is received between the billing date and approximately one month thereafter.

Revenue from the sale of mobile handsets comprises proceeds from the sale of mobile handsets and accessories to customers or distributors.

The business flows of the above transactions consist of "Indirect sales," wherein the Group sells mobile handsets to distributors and enters into communications service contracts with customers through those distributors, and "Direct sales," wherein the Group sells mobile handsets to customers and enters into communications service contracts directly with the customers. Revenue in each case is recognized as described below.

Revenue from the sale of mobile handsets is received within approximately one month following the sale to the distributor or other vendor.

(i) Indirect sales

As the distributor has the primary obligation and inventory risk for the mobile handsets, the Group sells to the distributors, the Group considers distributors as the principals in each transaction.

Revenue from the sale of mobile handsets is recognized when mobile handsets are delivered to distributors, which is when control over the mobile handsets is transferred to the distributor and the performance obligation is fulfilled. Certain commission fees paid to distributors are deducted from revenue from the sale of mobile handsets.

(ii) Direct sales

In direct sales transactions, revenue from the sale of mobile handsets and revenue from service fees, including mobile telecommunications service fees, are considered to be bundled. Therefore, contracts that are concluded for a bundled transaction are treated as a single contract for accounting purposes. The total amount of the transaction allocated to revenue from the sale of mobile handsets and mobile telecommunications service fees is based on the proportion of each component's independent sales value. The amount allocated to mobile handset sales is recognized as revenue at the time of sale, which is when the performance obligation is determined to have been fulfilled. The amount allocated to mobile telecommunications service fees is recognized as revenue when the service is provided to the customer, which is when the performance obligation is determined to have been fulfilled.

In both direct and indirect sales, activation fees and handset model exchange fees are deferred as contract liabilities upon entering into the contract. They are not recognized as a separate performance obligation, but combined with mobile telecommunications services. They are recognized as revenue over the period when material renewal options exist.

The consideration of these transactions is received in advance, when the contract is signed. Points granted to customers through the customer loyalty program are allocated to transaction prices based on the independent sales values of benefits to be exchanged based on the estimated point utilization rate, which reflects points that will expire due to future cancellation or other factors. The points are recognized as revenue when the customers utilize those points and take control of the goods or services, which is when the performance obligation is considered fulfilled.

- 2) Fixed-line telecommunications services (including the CATV business)
Revenue from fixed-line telecommunications services primarily consists of revenues from voice communications, data transmission, FTTH services, CATV services and related installation fees. The above revenue, excluding installation fee revenue, is recognized when the service is provided, which is when the service is provided to the customer in accordance with contract and the performance obligation is fulfilled. Installation fee revenue is recognized over the estimated average contract period based on the cancellation rate.
The consideration for these transactions is received between the billing date and approximately the following month.
- 3) Value-added services
Revenue from content services mainly comprises revenue from information fees, revenue from commission on transfer of receivables, revenue through advertising businesses, agency fees on content services, and revenue from the energy business, etc. Revenue from information fees comprises the revenue from membership fees for the content provided to customers on websites that the Group operates or that the Group jointly operates with other entities and the performance obligation is fulfilled over the period in which the service is provided. Revenue from commission on transfer of receivables comprises the revenue from fees for transferring the receivables of content providers from customers as the agent of content providers together with the telecommunication fees and the performance obligation is fulfilled when the receivables was transferred from content providers to the Group. Electric power revenue comprises the revenue generated from electric power retail services and the performance obligation is fulfilled when the Group provides the services. These revenues are recognized over the period in which the service is provided based on the nature of each contract since the performance obligations identified based on the contract with customer are fulfilled over time or when the Group provides the service.
The Group may act as an agent in a transaction. To report revenue from such transactions, the Group determines whether it should present the gross amount of the consideration received from customers, or the net amount of the consideration received from customers less payments paid to a third party. The Group evaluates whether the Group has the primary obligation for providing the goods and services under the arrangement or contract, the inventory risk, latitude in establishing prices, and the credit risk. However, the presentation being on a gross basis or a net basis does not impact gross sales or profit for the period. The Group considers itself to be an agent for commission on transfer of receivable, advertisement services and certain content services described above because it earns only commission income based on pre-determined rates, does not have the authority to set prices and solely provides a platform for its customers to perform content-related services. The Group thus does not control the service before control is transferred to the customer. Therefore, revenue from these services is presented on a net basis.
The consideration for these transactions is received within approximately one to three months after the performance obligation has been fulfilled.
- 4) Solution services
Revenue from solution services primarily consists of revenues from equipment sales, engineering and management services (“the solution service income”). The solution service income is recognized based on the consideration received from the customers when the goods or the services are provided to the customers and the performance obligation is fulfilled.
Payment for any performance obligation is received within approximately one month of the billing date.
- 5) Global services
Global services mainly comprise solution services, data center services and mobile telephone services. Revenue from data center services comprise the service charges the Group receives for using space, electricity, networks or other amenities at its self-operated data centers in locations around the world. In general, contracts cover more than one year, and revenue is recognized for the period over which the services are provided.
The consideration for these transactions is basically billed before the performance obligation is fulfilled and is received approximately one month after billing.
Revenue from mobile telephone services comprises revenue from mobile handsets and mobile telecommunication services. Revenue from the sale of mobile handsets is recognized at the time of sale of the handsets, when the performance obligation is determined to have been fulfilled. Revenue from mobile telecommunication services is recognized at the time the services are provided to the customer, when the performance obligation is determined to have been fulfilled.

- (7) Translation of major assets and liabilities denominated in foreign currencies into Japanese yen
- 1) Functional currency and presentation currency
Foreign currency transactions of each group company have been translated into their functional currencies at the exchange rate prevailing at the dates of transactions upon preparation of their financial statements. The consolidated financial statements of the Group are presented in Japanese yen, which is the functional currency of the Company.
 - 2) Foreign currency transactions
Foreign currency transactions are translated at the spot exchange rate of the date of transaction or the rate that approximates such exchange rate. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the fiscal year end date. Non-monetary items at fair value denominated in foreign currencies are translated at an exchange rate of the date when their fair values are measured.
Exchange differences arising from the translation and settlement of monetary assets and liabilities denominated in foreign currencies are recognized as profit or loss. However, exchange differences arising from the translation of equity financial assets measured through other comprehensive income and cash flow hedges are recognized as other comprehensive income.
 - 3) Foreign operations
For the purpose of the presentation of the consolidated financial statements, the assets and liabilities of the Group's foreign operations, including goodwill, identified assets and liabilities, and their fair value adjustments resulting from the acquisition of the foreign operations, are translated into presentation currency at the exchange rate prevailing at the fiscal year end date. Income and expenses of foreign operations are translated into Japanese yen, the presentation currency, at the average exchange rate for the period, unless there is significant change in the exchange rate during the period.
Exchange differences arising from translation of foreign operations' financial statements are recognized as other comprehensive income. In cases of disposition of whole interests of foreign operations, and certain interests involving loss of control or significant influence, exchange differences are accounted for profit or loss as certain disposal profit or loss of foreign operations.
- (8) Insurance contracts
In IFRS 17, the Group classifies contracts that involve significant insurance risks as insurance contracts. The Group has applied the premium allocation approach for insurance contracts issued and reinsurance contracts held in the non-life insurance business.
The Group has applied the general measurement model for insurance contracts issued and reinsurance contracts held in the life insurance business.
Regarding insurance finance income or expenses, the amount calculated by regularly allocating the total expected finance income or expenses over the duration of group of insurance contracts is included in profit or loss, and the difference between the amount measured when applying the book value of group of insurance contracts and the regular allocation is recorded as other comprehensive income.

(Notes to Changes in Accounting Policies)

The Group has adopted IAS 21, the Effects of Changes in Foreign Exchange Rates (amended and issued August 2023), from the fiscal year under review.

IFRS		New or amended content
IAS21	The Effects of Changes in Foreign Exchange Rates	Sets out accounting procedures and disclosures related to currencies that are not exchangeable into another currency

The amendment sets out a consistent approach for assessing whether a currency is exchangeable into another currency and, when it is not, for determining the exchange rate to use and the disclosures to provide for readers of financial statements.

In April 2022, the Central Bank of Myanmar put in place restrictions requiring that approval be obtained for all conversions to foreign currency from the Myanmar kyat.

In Myanmar, the Company's consolidated subsidiary KDDI Summit Global Myanmar Co., Ltd. provides support for the telecommunication business operations of Myanma Posts & Telecommunications (MPT). The subsidiary maintains Myanmar kyat-denominated deposits, accounts payable, and more.

Due to the restrictions, some limitations have been placed on the use of cash and cash equivalents, but the amendment has no significant effect on the Company's consolidated financial statements.

(Notes to Revenue Recognition)

1. Disaggregation of revenue

Based on contracts with our customers, the Group breaks down its revenue into three categories: Personal, Business, and Others.

The Personal Services provide services to individual customers.

In Japan, we aim to provide new added value and experience value by expanding 5G telecommunication services and other services such as finance, energy, and LX (Life Transformation) in a coordinated manner through our multi-brands “au,” “UQ mobile,” and “povo,” as well as work with local partners to eliminate the digital divide and achieve regional co-creation.

Overseas, we are leveraging our business know-how cultivated in Japan to provide telecommunication services, financial services, and entertainment services such as video and games to customers in Mongolia and to support local telecommunication operators in Myanmar. In addition, we are working to enhance the convenience of telecommunication services for customers going overseas from Japan and customers visiting Japan from overseas.

The Business Services mainly provide a wide range of corporate customers in Japan and overseas with a variety of solutions encompassing smartphones and other devices, network and cloud services, and “Telehouse” brand data center services.

In addition, we established the new business platform “WAKONX” for the AI era. We are working to solve industry-specific problems faced by corporate customers and contributing to customers’ business growth and social issue solutions.

We will continue to support the development and expansion of our customers’ businesses by providing global one-stop solutions that leverage IoT, DX, and generative AI centering on 5G communications, in collaboration with our partners.

For the fiscal year under review (from April 1, 2025 to March 31, 2026)

(Unit: Millions of yen)

Business Category	Amount
Personal	4,755,571
Business	1,292,298
Others	24,046
Total	6,071,915
Revenue from contracts with customers	5,861,276
Revenue from other sources	210,639

(Note) Revenue from other sources includes interest and other income in accordance with IFRS 9.

2. Basic information to understand revenue

Because the basic information to understand income is provided in “Important Items That Form the Basis of Preparing Consolidated Financial Statements 5. Accounting policies (6) Revenue recognition,” notes have been omitted here.

3. Information to understand the amount of revenue in the fiscal year under review and the next fiscal year onward.

(1) Contract balance

The receivables and contract liabilities arising from contracts with the Group’s customers are as follows.

For the fiscal year under review (from April 1, 2025 to March 31, 2026)

(Unit: Millions of yen)

	As of April 1, 2025	As of March 31, 2026
Receivables from contracts with customers	2,527,783	2,713,918
Contract liabilities	181,327	201,533

The main contract liabilities are advanced payments associated with our customer loyalty program that grants points to customers based on commission fee revenue such as activation fees for mobile telecommunications services and au HIKARI and the amount billed for mobile telecommunications services revenue. The main factor behind the increase in contract liabilities at the end of the fiscal year under review was the review of the deferral period for the initial installation fee revenue for au HIKARI.

Of the revenue recognized in the fiscal year under review, the amount included in the contract liability balance at the start of the period was ¥90,165 million.

Furthermore, in the fiscal year under review, the amount of revenue recognized from the fulfilment (or partial fulfilment) of performance obligations in past periods is insignificant.

(2) Amount of transactions allocated to performance obligations

The amount of transactions allocated to residual performance obligations at the end of the fiscal year under review was ¥195,397 million. The performance obligations in question were mainly commission fee revenue such as activation fees for mobile telecommunication services and au HIKARI, and at the end of the fiscal year under review, we expect to recognize revenue at the time services were provided that fulfilled performance obligations for roughly the past ten years. Of the amount of transactions allocated to residual performance obligations, we expect to recognize approximately 50% as revenue within one year. Furthermore, the Group has applied the operational shortcut methods based on IFRS 15.121, and the initial projected residual period does not include information on residual performance obligations within one year.

(Notes to Accounting Estimates)

1. Goodwill

(1) The amount recorded on the consolidated statement of financial position for the fiscal year under review is ¥580,269 million.

(2) Other information

The Group undertakes an impairment test for goodwill at least once a year, and also whenever there is any indication of impairment. The recoverable amount of goodwill allocated to a cash-generating unit or group of units is assessed based on value in use.

Value in use is calculated by discounting estimated future cash flows expected to be generated by the cash-generating unit or group of units to their present values. In assessing estimated future cash flows and their present values, the Group uses, as key indicators, business plans, growth rates, and pre-tax discount rates based on different types of revenue projection and projected changes in costs such as cost of sales and selling, general and administrative expenses.

The cash flow projections used as the basis for estimating future cash flows are based on the most recent business plan approved by management, with a maximum projection period of five years; after the fifth year, a constant growth rate is used, taking into account the long-term average growth rate of the market. While there is a risk of an impairment loss in case the key assumptions used in the impairment test change, the Group considers that even if the business plans, growth rates, and discount rates used in the impairment test change within a reasonable range, it is unlikely that a significant impairment loss will occur.

2. Contract costs

(1) The amount recorded on the consolidated statement of financial position for the fiscal year under review is ¥732,510 million.

(2) Other information

The Group recognizes as an asset the recoverable portion of the incremental costs of obtaining a contract with a customer and of costs to fulfill a contract that are related directly to a contract, and records such costs in “contract costs” on the consolidated statement of financial position. Incremental costs of obtaining a contract are those incurred to obtain a contract with a customer that would not have been incurred if the contract had not been obtained.

The incremental costs of obtaining a contract capitalized by the Group relate mainly to sales commissions paid to au shops and other sales agents upon customer acquisition. The costs to fulfill a contract relate mainly to fees required during the period between the application for the contract and the start of the service, as well as construction fees. These capitalized costs are incremental costs that would not have been incurred if the telecommunications contract had not been obtained. When capitalizing such costs, the Group recognizes as an asset only the amount that is expected to be recovered, taking into account the estimated contract period of the telecommunications contract. Such assets are amortized on a straight-line basis over the average estimated contract period of three to four years for the users of each service.

Contract costs are reviewed for recoverability at the time of recording and for each fiscal year. In reviewing an asset, an assessment is made as to whether the carrying amount of the asset exceeds the remaining consideration to be received under the related telecommunications contract over the estimated contract period, less any costs that are related directly to the provision of the service and have not yet been recognized as expenses. Since some changes in the assumed circumstances could have a significant impact on the amount of contract costs by recognizing impairment losses on those contract costs in profit or loss, the Group considers that these estimates to be important.

Recently, due to changes in the market environment, the Group has revised its sales strategy to focus on LTV (Life Time Value), and has decided to shift to a policy of minimizing selling commissions related to short-term cancellers, particularly for SIM-only subscribers. Based on this revision of its sales strategy, the Group reviewed the recoverability of contract costs related to short-term contracts. As a result, the recoverable amount of these assets fell below their carrying amount, which resulted in the recording of an impairment loss of ¥48,170 million.

3. Lease receivables for Myanmar telecommunications business

(1) The amount recorded on the consolidated statement of financial position for the fiscal year under review is ¥27,049 million.

(2) Other information

Regarding the lease receivables for Myanma Posts & Telecommunications (MPT) held by consolidated subsidiary, KDDI Summit Global Myanmar Co., Ltd. (hereinafter KSGM), the Group recognized ¥27,049 million of credit-impaired financial asset that is purchased or incorporated.

For the lease receivables, the cumulative changes of expected credit losses in the period after the first recognition of the lease receivables are recognized as the loss allowance for the lease receivables for each period, and changes of the expected credit losses in the period are recognized in profit or loss. The main

assumption in the estimation of expected credit losses in the whole period is that they are amounts convertible to U.S. dollars in the future. The assumption can impose a significant impact on the amortized cost of the lease receivables if preconditions change. Therefore, the Group deems the estimation important.

(Consolidated Statement of Financial Position)

1. Loss allowance directly deducted from assets	
Other long-term financial assets	¥17,634 million
Trade and other receivables	¥20,618 million
Total	¥38,252 million
2. Accumulated depreciation of property, plant and equipment	¥5,588,726 million
3. Assets pledged as collateral and secured liabilities	
Assets pledged as collateral:	
Other long-term financial assets	¥34,398 million
Stocks of subsidiaries and affiliates (Note) 1	¥768 million
Securities for financial business	¥513,987 million
Loans for financial business	¥3,765,464 million
Total	¥4,314,616 million
Corresponding liabilities:	
Long-term borrowings (Note) 1, 2	¥520,158 million
Short-term borrowings	¥1,538,800 million
Cash collateral received for securities lent	¥430,286 million
Total	¥2,489,244 million

Note 1: Shares in equity-method affiliate Kagoshima Mega Solar Power Corporation were provided as collateral on bank borrowings. The balance of these borrowings as of March 31, 2026 was ¥5,204 million. These borrowings are not included in the above long-term borrowings.

Note 2: The amount includes the current portion of long-term borrowings.

Borrowings from various financial institutions are carried out accompanying acquisitions, etc. in some subsidiaries of the Group. Such borrowings are in compliance with the financial covenants of maintenance of shareholder investment, maintenance of net assets and maintenance of surplus stipulated in each contract excluding certain contracts of small amount of borrowings. The balance payable on borrowings with financial covenants as of March 31, 2026 was ¥250,598 million. Also, at the end of the previous fiscal year and at the end of the fiscal year under review, these borrowings did not violate the finance covenants, and the Group deems the risk of violation low.

Apart from these, financial covenants that have significant effects on the financial activities of the Group are not attached to borrowings and bonds payable.

4. Contingent liabilities

Some subsidiaries within the Group provide guarantees for performance guarantee insurance contracts related to equity-method affiliates. Outstanding guarantee obligations as of March 31, 2026 were ¥1,637 million.

(Consolidated Statement of Changes in Equity)

1. Class and number of shares outstanding as of March 31, 2026

Common stock

4,187,847,474 shares

Note: On April 1, 2025, the Company split shares at a ratio of 2 shares to 1 common share.

2. Dividends

(1) Cash dividends paid, etc.

Resolution	Class of shares	Total dividends	Dividends per share	Record date	Effective date
June 18, 2025 Annual shareholders meeting (Note) 1, 2	Common stock	¥149,262 million	¥75	March 31, 2025	June 19, 2025
November 6, 2025 Meeting of the Board of Directors (Note) 3	Common stock	¥152,343 million	¥40	September 30, 2025	December 8, 2025

Note 1: The total amount of dividends includes the dividend for the Company's shares owned by the executive compensation BIP trust of ¥70 million.

Note 2: On April 1, 2025, the Company split shares at a ratio of 2 shares to 1 common share. The numbers presented above are the actual dividends before the share split.

Note 3: The total amount of dividends includes the dividend for the Company's shares owned by the executive compensation BIP trust of ¥60 million.

(2) Dividends payments whose record date is in the fiscal year under review but whose effective date is in the following fiscal year

Resolution	Class of shares	Total dividends	Source of dividends	Dividends per share	Record date	Effective date
June 17, 2026 Annual shareholders meeting (Note) 1, 2, 3	Common stock	¥152,343 million	Retained earnings	¥40	March 31, 2026	June 18, 2026

Note 1: This dividend is not recognized until it is approved at the annual shareholders meeting. It also does not have an effect on income taxes.

Note 2: The total amount of dividends includes the dividend for the Company's shares owned by the executive compensation BIP trust of ¥60 million.

Note 3: The above numbers are subject to the resolution of the regular general meeting of shareholders that will be held on June 17, 2026.

(Financial Instruments)

1. Status of financial instruments

The operating activities of the Group are subject to the effects of the business environment and the financial market environment. Financial instruments that are held or underwritten in the process of operating activities are exposed to unique risks. The risks include (1) credit risk, (2) liquidity risk, and (3) market risk. The Group constructs management systems inside the Group and conducts risk management to minimize the effects on the Group's financial position and operating results by using financial instruments. Specifically, the Group manages these risks using the following methods:

(1) Credit risk

Credit risks are the risk of financial losses arising in the Group when a counterparty of a financial asset held by the Group defaults on contractual obligations. Specifically, the Group is exposed to the following credit risks. Firstly, trade, lease and other receivables and loans for financial business are exposed to the credit risk of customers and trading partners. Secondly, the debt etc. that the Group holds mainly for surplus investment and the securities etc. that the Group holds for strategic purposes are exposed to the issuer's credit risk. Thirdly, derivative transactions that the Group conducts in order to hedge foreign exchange fluctuation risks and interest rate fluctuation risks are exposed to the credit risk of the financial institutions that are counterparties to these transactions.

Concerning trade receivables, the Group has established a system that manages the due dates and balances of each customer and trading partner and conducts analysis of their credit status, based on

the criteria of each of the Group's companies for managing credit exposure. Specifically, trade receivables that remain outstanding for a prescribed period from the time they were realized are considered to be in default and accordingly recognized as impairment losses.

Concerning lease and other receivables and loans for financial business, as a basic rule, the Group determines that there is a remarkably increased credit risk on financial instruments after the Group initially recognized, if the asset monetization (conversion into cash) of the financial asset is delayed beyond the contract date (including demand for late payment); provided, however, that the Group does not determine there is a remarkably increased credit risk in cases when, irrespective of whether there has been a payment delay or demand for late payment, the cause for such delay is due to an extraordinary demand for funds, the risk of nonfulfillment of obligations is low, and it is possible to judge based on objective data that the debtor has adequate capability of fulfilling the contractual cash flow obligations in the near future.

Concerning securities that are debt instruments, the Group determines that there is a remarkably increased credit risk on financial instruments after the Group initially recognized, when it determines that there is a high risk of non-fulfilment of obligations based on credit ratings information from a large ratings firm.

Concerning credit risk, the Group determines that there is small credit risk resulting from default of contracts by counterparties because the counterparties with which the Group conducts derivative transactions are financial institutions with high credit ratings. Moreover, with regard to cash-surplus investment and derivative transactions, to prevent the credit risk of counterparties from arising, the finance/accounting divisions conduct such transactions only with financial institutions with high credit ratings based on the internal rules and their supplemental provisions of each company of the Group, subject to obtaining approval for each transaction by authorized persons stipulated in the relevant authorization rules.

(2) Liquidity risk

The Group is exposed to the liquidity risk that it will have difficulty with fulfillment of the obligations of notes and accounts payable-trade.

The Group, primarily in accordance with its capital investment plan for carrying out telecommunications business, procures necessary funds through bank loans, issuance of corporate bonds and liquidation of receivables. When surplus funds are generated, the Group operates on short-term savings, etc.

With respect to trade and other payables, almost all of them have payment due dates within one year.

Those trade payables and other current liabilities are exposed to liquidity risk at the time of settlement.

However, the Group avoids that risk by having each company review monthly cash flow plans. In addition, as a way of controlling the Group's liquidity risks, the Group manages account activity schedules through such methods as monthly cash flow plans and works on managing a constantly stable financial position such as by ensuring a prescribed level of on-hand liquidity.

The finance/accounting divisions create annual funding plans, and after these have been approved at a Board of Directors meeting, long-term financing is carried out. In addition, the Group has concluded several unexecuted long-term and short-term commitment line agreements with major Japanese and global financial institutions, and it plans to utilize these in conjunction with borrowing limits not commitment based to reduce liquidity risks. As of March 31, 2026, the balance of unexecuted credit lines held by the Group was ¥613,000 million.

The Group's financial subsidiaries are exposed to the risk of being unable to secure the necessary funds on the settlement date, resulting in the inability to fulfill payment obligations, or incurring losses due to being forced to raise funds at significantly higher interest rates than usual. The Group thus strives to ensure sufficient liquidity by managing funding composition, funding gaps, and reserve assets for maintaining liquidity both in terms of yen and foreign currencies.

(3) Market risk

The following risks exist regarding market risk: (a) foreign exchange risk, (b) interest risk, and (c) price risk on equity instruments. For certain subsidiaries of the Group, the amount of market risk is identified and managed by using value at risk (VaR) on a daily basis.

When measuring VaR, the Company applies the historical simulation method (holding period of 21 working days; confidence level of 99%; historical observation period of 250 working days) and the amount of total market risk as of March 31, 2026 was ¥6,987 million. Note, however, that VaR measures the amount of market risk by using a statistically calculated probability of a certain level of occurrence based on historical market fluctuations, and in some cases, this measurement may not be sufficient to take into account risks in situations when the market undergoes dramatic change.

(a) Foreign exchange risk

The Group is exposed to the fluctuation risk of foreign exchange markets (hereinafter "foreign exchange risk") when exchanging foreign-currency denominated trade receivables, etc. that arise from transactions conducted in currencies other than the functional currency into the functional currency using the exchange rate of the date of the end of the reporting period.

The Group also carries out operating activities overseas, and currently, it is carrying out international business development through such activities as making investments and establishing joint ventures in Asian countries such as Singapore and China, the United States, and Europe. As a result of carrying out these international business activities, the Group is exposed to various foreign exchange risks, mainly arising in relation to the U.S. dollar.

The Group conducts hedges by utilizing forward exchange contracts for fluctuation risks on foreign exchange that are identified monthly for each currency. For derivative transactions, in the Company, execution plans are formulated on an individual transaction basis in accordance with internal company rules that have been approved at a Board of Directors meeting and then the derivative transactions are executed after approval is obtained for the derivative transaction by authorized persons stipulated in the relevant authorization rules. The Group makes sure there is a check function working as a system for execution and control by ensuring that within an organization, the place that executes the transaction is separate from the place that controls the transaction. In the consolidated subsidiaries, the execution of transactions will be subject to either decision at the Board of Directors meeting or decision by the president depending on the amount (maximum risk amount). The Group uses derivative transactions only for the purpose of avoiding risk and makes it a policy never to perform speculative transactions such as seeking to obtain a net gain on trading.

(b) Interest risk

Interest risk is defined as the risk of the fluctuation of either the fair value of financial instrument or future cash flows arising from the financial instrument due to the fluctuation of market interest rates. The Group's exposure to interest risk is mainly related to payables such as borrowings and bonds payable, or receivables such as interest bearing deposits. As the amounts of interest are subject to the effects of fluctuation in market interest rates, the Group is exposed to interest risk from the fluctuation of future cash flows.

The Group conducts financing by mainly issuing bonds at fixed interest rates to constrain the increase in the amount of future interest payable due to a rise in interest rates.

In addition, some consolidated subsidiaries work to stabilize cash flows by using interest rate swap transactions to constrain the fluctuation risk of interest on borrowings payable.

(c) Price risk on equity instruments

Price risk on equity instruments is the risk of fluctuation of the fair price or future cash flows of financial instruments by fluctuation of market price (excluding fluctuation caused by interest risk or foreign exchange risk). The Group holds equity instruments and is therefore exposed to the risk of their price fluctuation.

The finance/accounting divisions of Head Office maintain manuals describing the policy on investments in equity instruments in order to control the price risk arising from these equity instruments and these manuals are complied with throughout the entire Group. It is mandatory that reports and approvals are conducted at Board of Directors meetings for important matters relating to investments in a timely manner. The Group continuously reviews the status of holdings by regularly ascertaining the market price and financial position of the issuer (trading-partner company) and considering the market conditions and the relationship with the trading-partner company.

2. Fair value of financial instruments

Financial instruments that are measured at fair value are classified into three levels of a fair value hierarchy according to the observability and significance of the inputs used for measurement. The levels of the fair value hierarchy are defined as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities
- Level 2: Fair value measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Fair value measured using inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The Group determines the level of the fair value hierarchy used for measuring fair value based on the lowest level input that is significant to the fair value measurement.

(1) Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis.

1) The fair value hierarchy

The following table presents the classification by fair value hierarchy of the financial assets and financial liabilities recognized at fair value on the consolidated statement of financial position.

Consolidated fiscal year under review (March 31, 2026)

(Unit: Millions of yen)

	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets:				
Financial assets at fair value through other comprehensive income				
Securities for financial business	438,118	59,999	–	498,117
Other financial assets				
Investment securities	269,332	–	62,739	332,071
Financial assets at fair value through profit or loss				
Loans for financial business	–	5,969,413	–	5,969,413
Other financial assets				
Investment securities	–	–	19,465	19,465
Derivatives				
Currency related	–	5,546	–	5,546
Interest related	–	27,673	–	27,673
Investment funds	–	12,723	–	12,723
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Other financial liabilities				
Derivatives				
Currency related	–	2,942	–	2,942
Interest related	–	16,421	–	16,421

Any significant transfers of the financial instruments between levels are evaluated at each period end. There was no significant transfer of the financial instruments between levels for the fiscal year under review.

2) Methods of measuring fair value

(a) Securities for financial business

Fair value of securities for financial business is classified as level 1 of the fair value hierarchy in cases where the price on the securities exchanges of an active market is available. If the price on the securities exchange of an active market is not available, then fair value is measured primarily by using transaction price based on available information, such as quoted prices provided by brokers, or through valuation techniques based on discounted future cash flows using inputs such as risk-free rates or credit-spread adjusted discount rates. Such instruments are classified as level 2 based on observable inputs.

(b) Other financial assets and other financial liabilities

(i) Investment Securities

The fair value of listed securities is based on the price on the securities exchange, and such instruments are classified as level 1 of the fair value hierarchy.

Fair value of unlisted securities is calculated using valuation techniques based on a discounted value of future cash flows, valuation techniques based on the market price of a similar company, valuation techniques based on the value of net assets, or other valuation techniques. Such instruments are classified as level 3 of the fair value hierarchy. With the measurement of fair value of unlisted securities, inputs that are unobservable, such as discount rates or valuation multiples, may be used, and when necessary, prescribed non-liquid discounts may be taken into consideration.

(ii) Derivatives

Currency related

Currency related transactions are calculated by discounting the value calculated using forward exchange rates current as of the end of the period to the present value. The financial assets and financial liabilities related to currency related transactions are classified as level 2 of the fair value hierarchy.

Interest related

Interest related transactions are calculated at the present value of future cash flows that has been discounted by an interest rate that takes into consideration the period until the maturity date and the credit risk. The financial assets and financial liabilities related to interest related transactions are classified as the level 2 of the fair value hierarchy.

(iii) Investment funds

Fair value of investment funds is based on the market approach, using the market prices of identical assets in a market that is not active and are classified as level 2 of the fair value hierarchy.

(c) Loans for financial business

Fair value of loans for financial business is calculated at present value of future cash flows discounted by the rates that reflect the remaining period until maturity and credit risk.

Therefore, loans for financial business are classified as level 2 of the fair value hierarchy.

(2) Fair value of financial assets and financial liabilities that are not measured at fair value but are disclosed at fair value

1) Fair value hierarchy

The following are the financial assets and financial liabilities that are not measured at fair value but are disclosed at fair value classified by their fair value hierarchy. Financial assets and financial liabilities that are measured at amortized cost are included.

Consolidated fiscal year under review (March 31, 2026)

(Unit: Millions of yen)

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Loans for financial business	135,421	–	135,372	–	135,372
Securities for financial business	165,208	94,795	38,749	20,860	154,404
Other financial assets					
Security deposits	63,382	–	55,707	–	55,707
Monetary claims bought	86,267	–	84,836	–	84,836
Financial liabilities:					
Borrowings and bonds payable					
Borrowings payable	1,931,810	–	1,871,229	–	1,871,229
Bonds payable	1,008,482	947,926	27,660	–	975,586
Deposits for financial business	5,666,951	–	5,690,243	–	5,690,243

Note 1. Loans for financial business include the current portion.

Note 2. Borrowings payable and bonds payable include the current portion.

Note 3. Financial assets and financial liabilities with book values that approximate the respective fair values are not included in the above table.

2) Methods of measuring fair value

(a) Loans for financial business

Fair value of loans for financial business is calculated at present value of future cash flows discounted by the rates that reflect the remaining period until maturity and credit risk. Accordingly, the fair value hierarchy is classified as Level 2.

(b) Securities for financial business

Fair value of securities for financial business is based on the market price for those having market prices, and uses a price obtained from a third party for those having no market prices. Accordingly, for those having market prices, the fair value hierarchy is classified as Level 1 in cases where the price on an active market is available, and otherwise classified as level 2. For those having no market prices, the fair value hierarchy is classified as Level 3.

(c) Security deposits

Fair value of security deposits is calculated at present value of future cash flows discounted by bond yields, etc. corresponding to the remaining period, reflecting their recoverability. Accordingly, the fair value hierarchy is classified as Level 2.

(d) Monetary claims bought

Fair value of monetary claims bought is calculated based on the market approach using the market prices of identical assets in a market that is not active, or at present value of future cash flows discounted by the rates that reflect the remaining period until maturity and credit risk. Accordingly, the fair value hierarchy is classified as Level 2.

(e) Borrowings payable

For borrowings with floating interest rates, the book value is deemed to be the fair value since the interest rate takes into consideration the market interest rate over the short term and because there is deemed to be no significant fluctuation in the credit state of the group company after borrowing. For borrowings with fixed interest rates, the fair value is calculated using the method of discounting the sum of principal and interest by a rate that takes into consideration the remaining period and credit risk of those borrowings. Accordingly, the fair value hierarchy is classified as Level 2.

(f) Bonds payable

The fair value of bonds is based on the market price for those having market prices, and bonds having no market prices are calculated using the method of discounting the sum of principal and interest by a rate that takes into consideration the remaining period and credit risk of those bonds. Accordingly, for those having market prices, the fair value hierarchy is classified as Level 1 and for those having no market prices, the fair value hierarchy is classified as Level 2.

(g) Deposits for financial business

For demand deposits, the amount to be paid assuming that the demand is made on the closing date (i.e. the book value) is considered as the fair value. For time deposits, fair value is calculated at present value of discounted future cash flows after grouping them based on their term. Interest rates applied to when accepting new deposits are used as the discount rate. Accordingly, the fair value hierarchy is classified as Level 2.

(Per Share Information)

1. Equity attributable to owners of the parent per share	¥1,333.50
2. Basic earnings per share	¥183.59

Note 1: In the calculation of per share information, the Company's stocks owned by the executive compensation BIP trust are included in treasury stock. Therefore, the number of those stocks is deducted from the number of common stocks outstanding at the end of the year and average number of common stocks outstanding during the year.

For the fiscal year under review, the number of common stocks outstanding at the end of the year and average number of common stocks outstanding during the year owned by the trust is 1,495,908 shares and 1,560,840 shares, respectively.

(Significant Subsequent Events)

Retirement of Treasury Stock

At its meeting held on May 12, 2026, the Board of Directors resolved to retire treasury stock pursuant to Article 178 of the Companies Act. Details are as follows.

- (1) Class of shares to be retired: Common stock of the Company
- (2) Number of shares to be retired: 180,396,507
(Percentage of total issued shares before retirement: 4.31%)
- (3) Retirement date: May 29, 2026

Note: Following the retirement, treasury shares held by the Company will account for 5.00% of total issued shares

Total number of issued shares after retirement: 4,007,450,967

Number of treasury shares after retirement: 200,372,549

These figures include the 1,495,908 shares of the Company held by the executive compensation BIP trust. This excludes requests for the purchase or additional purchase of fractional shares that occurred on or after April 1, 2026.

Tender Offer and Market Purchases of Treasury Shares

At the Board of Directors' meeting held on May 12, 2026, the Company resolved to conduct a repurchase of treasury shares, and, as a specific method of repurchasing the treasury shares pursuant to the provisions of Article 156, Paragraph 1 of the Companies Act as applied mutatis mutandis pursuant to the provisions of Article 165, Paragraph 3 of the Companies Act and the Company's articles of incorporation, the Company resolved to conduct a tender offer of treasury shares (the "Tender Offer").

(1) Objective of the Tender Offer

The Company was informed by Toyota Motor Corporation ("Toyota Motors") on November 17, 2025, and by KYOCERA Corporation ("KYOCERA") on November 27, 2025, that they intended to sell a portion of the Company's common shares that they currently hold. As a result of deliberations, and in light of the number of shares held by KYOCERA and Toyota Motors, the Company concluded that it would be appropriate to repurchase shares in order to further strengthen shareholder returns, and among them, to repurchase 53,763,400 shares from KYOCERA and 53,763,400 shares from Toyota Motors. In addition, regarding the number of shares to be purchased in the Tender Offer, the maximum number has been set at 107,526,800 shares, which is the total number of shares to be tendered by KYOCERA and Toyota Motors in the Tender Offer.

Considering the above, at the Board of Directors' meeting held on May 12, 2026, the Company resolved to repurchase treasury stock and, as a specific method of repurchasing treasury stock, to conduct the Tender Offer and to conduct market purchases on Tokyo Stock Exchange within the total acquisition cost obtained by subtracting the total acquisition cost of the Company's common shares acquired by the Tender Offer from the upper limit of the total acquisition cost (¥300.0 billion) for the share repurchase based on the Board of Directors' resolution of May 12, 2026.

- (2) Details of the resolution of the Board of Directors on the acquisition of treasury stock
 - 1) Class of shares to be acquired: Common stock of the Company
 - 2) Number of shares to be acquired: 146,000,000 shares (upper limit)
 - 3) Total acquisition cost: ¥300.0 billion (upper limit)
 - 4) Acquisition period: From May 13, 2026 to January 31, 2027

- (3) Outline of the Tender Offer
 - 1) Class of shares to be purchased: Common stock of the Company
 - 2) Number of shares to be purchased: 107,526,800 shares (upper limit)
 - 3) Tender Offer Price: ¥2,325 per common share
 - 4) Total acquisition cost: ¥250.0 billion (upper limit)
 - 5) Acquisition period: From May 13, 2026 to June 9, 2026
 - 6) Public notice date for commencement of the Tender Offer: May 13, 2026
 - 7) Settlement commencement date: July 1, 2026

- (4) Outline of Market Purchases
 - 1) Class of shares to be acquired: Common stock of the Company
 - 2) Total acquisition cost: the cost obtained by subtracting the total acquisition cost of the Company's common shares acquired through the Tender Offer from ¥300.0 billion (upper limit)
 - 3) Acquisition period: From July 2, 2026 to January 31, 2027

(Note Concerning Correction of Errors)

Regarding the advertising agency business of the Company's consolidated subsidiary BIGLOBE Inc. and its subsidiary G-PLAN INC. (hereinafter collectively referred to as the "Subsidiaries"), suspicions were identified concerning inappropriate transactions conducted by employees of the Subsidiaries. The Company determined that it is necessary to conduct an investigation with a higher level of expertise and objectivity to clarify the facts and underlying causes of the matter. Accordingly, on January 14, 2026, the Company established a Special Investigation Committee composed of external attorneys and certified public accountants. The Company subsequently received the investigation report from the Special Investigation Committee, which confirmed that inappropriate transactions involving fictitious circular transactions had been conducted in relation to the advertising agency business of the Subsidiaries.

The cumulative impact of correcting this error has been reflected in the carrying amount of net assets at the beginning of the fiscal year under review. In addition to matters related to the fictitious circular transactions, this correction also includes corrections of matters affected as a result of reflecting the events that caused the correction in the consolidated financial statements, and matters that were not corrected in prior years due to their immateriality.

As a result, retained earnings at the beginning of the fiscal year under review decreased by ¥95,576 million. Furthermore, receivables from contracts with customers at the beginning of the fiscal year under review decreased by ¥96,269 million.

Non-Consolidated Statements of Changes in Net Equity

The fiscal year ended March 31, 2026

(Unit: Millions of yen)

	Shareholders' equity										Valuation and translation adjustments	Total net assets
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings				Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	
		Legal capital surplus	Other capital surplus		Reserve for advanced depreciation of noncurrent assets	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	4,425	3,645,434	520,009	(820,107)	3,809,717	45,198	3,854,915
Cumulative effect of error corrections	—	—	—	—	—	—	—	(50,091)	—	(50,091)	—	(50,091)
Balance at the beginning of the fiscal year after retrospective application	141,852	305,676	—	11,752	677	4,425	3,645,434	469,918	(820,107)	3,759,626	45,198	3,804,825
Changes of items during the fiscal year												
Dividends from surplus	—	—	—	—	—	—	—	(301,605)	—	(301,605)	—	(301,605)
Provision of reserve for special investments in capital	—	—	—	—	—	568	—	(568)	—	—	—	—
Reversal of reserve for special investments in capital	—	—	—	—	—	(1,281)	—	1,281	—	—	—	—
Provision of general reserve	—	—	—	—	—	—	—	—	—	—	—	—
Profit	—	—	—	—	—	—	—	591,019	—	591,019	—	591,019
Purchase of treasury stock	—	—	—	—	—	—	—	—	(400,004)	(400,004)	—	(400,004)
Disposal of treasury stock	—	—	—	—	—	—	—	—	—	—	—	—
Retirement of treasury stock	—	—	(396,515)	—	—	—	—	—	396,515	—	—	—
Transfer from retained earnings to capital surplus	—	—	396,515	—	—	—	—	(396,515)	—	—	—	—
Other	—	—	—	—	(9)	—	—	9	—	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—	—	698	698	14,687	15,384
Total changes of items during the fiscal year	—	—	—	—	(9)	(713)	—	(106,380)	(2,792)	(109,893)	14,687	(95,207)
Balance at the end of current period	141,852	305,676	—	11,752	668	3,712	3,645,434	363,539	(822,900)	3,649,733	59,885	3,709,618

(Reference) The fiscal year ended March 31, 2025

(Unit: Millions of yen)

	Shareholders' equity										Valuation and translation adjustments	Total net assets
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings				Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	
		Legal capital surplus	Other capital surplus		Reserve for advanced depreciation of noncurrent assets	Other retained earnings						
						Reserve for special investments in capital	General reserve	Retained earnings brought forward				
Balance at the beginning of current period	141,852	305,676	0	11,752	677	2,355	3,645,434	676,209	(846,280)	3,937,675	90,008	4,027,683
Changes of items during the fiscal year												
Dividends from surplus	-	-	-	-	-	-	-	(287,004)	-	(287,004)	-	(287,004)
Provision of reserve for special investments in capital	-	-	-	-	-	2,070	-	(2,070)	-	-	-	-
Provision of general reserve	-	-	-	-	-	-	-	-	-	-	-	-
Profit	-	-	-	-	-	-	-	508,455	-	508,455	-	508,455
Purchase of treasury stock	-	-	-	-	-	-	-	-	(400,001)	(400,001)	-	(400,001)
Disposal of treasury stock	-	-	-	-	-	-	-	-	-	-	-	-
Retirement of treasury stock	-	-	(425,672)	-	-	-	-	-	425,672	-	-	-
Transfer from retained earnings to capital surplus	-	-	425,672	-	-	-	-	(425,672)	-	-	-	-
Net changes of items other than shareholders' equity	-	-	-	-	-	-	-	-	501	501	(44,810)	(44,308)
Total changes of items during the fiscal year	-	-	(0)	-	-	2,070	-	(206,291)	26,172	(178,049)	(44,810)	(222,858)
Balance at the end of current period	141,852	305,676	-	11,752	677	4,425	3,645,434	469,918	(820,107)	3,759,626	45,198	3,804,825

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

Notes to Non-Consolidated Financial Statements

(Significant Accounting Policies)

1. Valuation standards and methods for major assets
 - (1) Securities
 - Stocks of subsidiaries and affiliates
 - Valued at cost determined by the moving-average method
 - Available-for-sale securities
 - Available-for-sale securities other than shares, etc. for which market quotations are not available are stated at fair value prevailing at the balance sheet date. Unrealized gains and losses are directly included in net assets. The cost of securities sold is determined by the moving-average method.
 - Shares, etc. for which market quotations are not available are mainly valued at cost determined by the moving-average method.
 - (2) Valuation standards and methods for inventories
 - Supplies
 - Stated at cost determined by the moving-average method (the method of write-downs based on the decrease in profitability is applied in order to calculate the inventory value on the balance sheet).
2. Depreciation and amortization of non-current assets
 - Property, plant and equipment other than lease assets
 - Machinery: mainly declining-balance method
 - Property, plant and equipment other than machinery: straight-line method
 - Useful lives of major assets are as follows:
 - Machinery: 9 years
 - Antenna facilities, buildings, local line facilities, structures, tools and furniture and fixtures: 5 to 42 years
 - Intangible assets: straight-line method
 - Software for internal use is amortized under the straight-line method over the expected useful lives (5 to 10 years).
 - Lease assets
 - Lease assets under financial lease transactions that do not transfer ownership rights of the assets to the lessees are depreciated and amortized under the straight-line method based on the lease term as the useful life and residual value of zero.
 - Long-term prepaid expenses: straight-line method
3. Principle for calculation of allowances
 - Allowance for doubtful accounts
 - To prepare for uncollectible credits, general allowance is recorded based on the actual bad debt ratio, and allowance for specific doubtful accounts is recorded based on the amount deemed to be uncollectible considering the individual collectability.
 - Provision for retirement benefits
 - To prepare for the payments of retirement benefits to employees, the Company records the amount to be accrued as of March 31, 2026 based on projected benefit obligations and estimated value of plan assets as of March 31, 2026.
 - When calculating retirement benefit obligations, the benefit formula basis is used for attributing expected retirement benefits to periods through March 31, 2026.
 - Regarding unrecognized actuarial differences, the amount prorated on a straight-line basis over the average remaining service period of employees (within 11 years) at the time when the difference arises in each fiscal year is recorded as an expense from the year following that in which it arises.
 - Provision for point service program
 - In order to prepare for the future cost generated from the utilization of points that customers have earned under some of the point services such as “au Ponta Point Program,” the Company records based on its past experience the amount considered to be appropriate to cover future utilization of the points during or after the next fiscal year.
 - Provision for warranties for completed construction
 - To prepare for the cost of a guarantee against defects pertaining to construction work for a submarine cable system for which delivery has been completed, a provision is recorded based on an estimate of a warranty without charge during the term of the guarantee.
 - Provision for officers' stock compensation
 - To allow for payment of the Company's stock, etc., to Directors, Executive Officers, and Administrative Officers, the Company records the estimated amount of stock payment obligations at the end of the fiscal year under review.

Provision for bonuses

To allow for the payment of bonuses to employees, the Company records the estimated amounts of bonuses to be paid.

Provision for directors' bonuses

To allow for the payment of bonuses to board members, the Company records the estimated amounts of bonuses to be paid.

Provision for loss on contract

To prepare for possible loss that may occur in the future when the contract is fulfilled, the Company records the estimated amounts of loss.

Provision for loss on disaster

The Company records the estimated amounts to be required for restoration of assets damaged by The 2024 Noto Peninsula Earthquake.

4. Standards for revenue recognition

The Company's accounting policy for revenue recognition by major categories is as follows.

(1) Mobile telecommunications services

The Company generates revenue mainly from its mobile telecommunications services and sale of mobile handsets. The Company enters into mobile telecommunications service agreements directly with customers or indirectly through distributors, and also sells mobile handsets to its distributors.

Revenue from the mobile telecommunications services primarily consists of basic monthly charges and communication fees ("the mobile telecommunications service fees"), and commission fees such as activation fees. The mobile telecommunications service fees and commission fees such as activation fees are recognized on a flat rate basis and on a measured rate basis when the services are provided to the customers, whereupon the performance obligation is deemed to be fulfilled by the provision of the service based on the contract with the customer. Discounts of communication charges are deducted from the mobile telecommunications service fees on a monthly basis.

The consideration for transactions related to revenue from mobile telecommunications services is received between the billing date and approximately one month thereafter.

Revenue from the sale of mobile handsets comprises proceeds from the sale of mobile handsets and accessories to customers or distributors. The business flows of the above transactions consist of "Indirect sales," wherein the Company sells mobile handsets to distributors and enters into communications service contracts with customers through those distributors, and "Direct sales," wherein the Company and certain subsidiaries of the Company sell mobile handsets to customers and enter into communications service contracts directly with the customers. Revenue in each case is recognized as described below.

Revenue from the sale of mobile handsets is received within approximately one month following the sale to the distributor or other vendor.

1) Indirect sales

As the distributor has the primary obligation and inventory risk for the mobile handsets, the Company sells to the distributors, the Company considers distributors as the principals in each transaction.

Revenue from the sale of mobile handsets is recognized when mobile handsets are delivered to distributors, which is when control over the mobile handsets is transferred to the distributor and the performance obligation is fulfilled. Certain commission fees paid to distributors are deducted from revenue from the sale of mobile handsets.

2) Direct sales

In direct sales transactions, revenue from the sale of mobile handsets and revenue from service fees, including mobile telecommunications service fees, are considered to be bundled. Therefore, contracts that are concluded for a bundled transaction are treated as a single contract for accounting purposes. The total amount of the transaction allocated to revenue from the sale of mobile handsets and mobile telecommunications service fees is based on the proportion of each component's independent sales value. The amount allocated to mobile handset revenue is recognized as revenue at the time of sale, which is when the performance obligation is determined to have been fulfilled. The amount allocated to mobile telecommunications service fees is recognized as revenue when the service is provided to the customer, which is when the performance obligation is determined to have been fulfilled.

In both direct and indirect sales, activation fees and handset model exchange fees are deferred as contract liabilities upon entering into the contract. They are not recognized as a separate performance obligation, but combined with mobile telecommunications services. They are recognized as revenue over the period when material renewal options exist.

The consideration of these transactions is received in advance, when the contract is signed.

Points granted to customers through the customer loyalty program are allocated to transaction prices based on the independent sales values of benefits to be exchanged based on the estimated point utilization rate, which reflects points that will expire due to future cancellation or other factors. The

points are recognized as revenue when the customers utilize those points and take control of the goods or services, which is when the performance obligation is considered fulfilled.

(2) Fixed-line telecommunications services

Revenue from fixed-line telecommunications services primarily consists of revenues from voice communications, data transmission, FTTH services, and related installation fees.

The above revenue, excluding installation fee revenue is recorded when the service is provided, whereupon the provision of the service based on the contract with the customer fulfills the performance obligation and the performance obligation is deemed to be fulfilled when the service is provided.

Installation fee revenue is recognized over the estimated average contract period based on the cancellation rate.

Payment for any performance obligation is received between the billing date and approximately one month later.

(3) Value-added services

Revenue from content services mainly comprises revenue from information fees, revenue arising from fees related to assignment of claims, revenue through advertising businesses, agency fees on content services, and revenue from the energy business, etc. Revenue from information fees is the revenue from membership fees for the content provided to customers on websites that the Company operates or that the Company jointly operates with other entities, and performance obligation is fulfilled proportionally to the elapsing of time over a certain consecutive period during which the content service is provided. Revenue arising from fees related to assignment of claims comprises the revenue from fees for the assignment of claims (customer account receivables) from the content provider (“CP”) for the purpose of collecting those account receivables from customers as the agent of the CP together with the telecommunication fees. Electric power revenue is the revenue generated from electric power retail services, whereupon the performance obligation is fulfilled when the electric power service is provided. For these revenues, since the performance obligation, which is identified based on the contract with the customer, is fulfilled proportionally over time or when the service is provided to the customer, revenues are recognized over the period of time the service is provided based on the terms of each individual contract.

The Company may act as an agent in a transaction. To report revenue from such transactions, the Company determines whether it should present the gross amount of the consideration received from customers, or the net amount of the consideration received from customers less payments paid to a third party. The Company evaluates whether the Company has the primary obligation for providing the goods and services under the arrangement or contract, the inventory risk, latitude in establishing prices, and the credit risk. However, the presentation being on a gross basis or a net basis does not impact operating profit or profit for the period. The Company considers itself to be an agent for revenue arising from fees related to assignment of claims, advertisement services and certain content services described above because it earns only commission income based on pre-determined rates, does not have the authority to set prices and solely provides a platform for its customers to perform content-related services. The Company thus does not control the service before control is transferred to the customer. Therefore, revenue from these services is presented on a net basis.

The consideration for these transactions is received within approximately one to three months after the performance obligation has been fulfilled.

(4) Solution services

Revenue from solution services primarily consists of revenues from equipment sales, engineering and management services (“the solution service income”). The solution service income is recognized based on the consideration received from the customers when the goods or the services are provided to the customers and the performance obligation is fulfilled.

Payment for any performance obligation is received between the billing date and approximately one month later.

5. Other important matters for the basis of preparing non-consolidated financial statements

Accounting method for deferred assets

Bond issuance expenses

Bond issuance expenses: recorded as expenses when incurred

(Notes to Accounting Estimates)

Valuation of stocks of subsidiaries and affiliates and loans receivable from subsidiaries and affiliates

(1) The amount recorded for the fiscal year under review

The amount recorded on the non-consolidated balance sheet for the fiscal year under review was as follows:

	(Unit: Millions of yen)
Stocks of subsidiaries and affiliates	1,806,556
Long-term loans receivable from subsidiaries and affiliates	125,167
Short-term loans receivable from subsidiaries and affiliates	194,692

(2) Other information

For stocks of subsidiaries and affiliates which do not have a market price, the acquisition cost was compared against the actual price, and the actual price of the stocks has dropped more than approximately 50% due to a deterioration in the financial position of the issuing company of the stocks of subsidiaries and affiliates, the actual price is deemed to have significantly deteriorated, and unless there are suitable grounds supporting a possibility of recovery within approximately five years, a loss on valuation of stocks of subsidiaries and affiliates is recorded.

In cases where the Company considers there is earning power in excess of the actual price, the Company makes a best estimate within the range that can be rationally forecasted in the future business environment, and considers about reduction of excess earning power based on a business plan approved by management. Consequently, a judgment is made as to whether the actual price has significantly dropped based on a reduction of excess earning power. In such process, the Company discounts the future cash flows into present value, to evaluate whether there was reduction in earning power in excess, and sets, as key assumptions, business plans, growth rates, and pre-tax discount rates based on different types of revenue projection and projected changes in costs, such as cost of sales and selling, general and administrative expenses.

In the event of alteration to the aforementioned main assumptions due to changes in circumstances in the future, it may have a material impact on the financial statements for the subsequent fiscal years.

In the fiscal year under review, the Company recorded a ¥10,165 million loss on valuation of stocks of subsidiaries and affiliates under extraordinary losses.

For loans to subsidiaries and affiliates, the Company individually examines their recoverability based on business plans and other factors, and records the estimated unrecoverable amount as an allowance for doubtful accounts.

If the performance of a subsidiary or affiliate deteriorates significantly due to various changes to the future of the environment surrounding them, this may have a significant impact on the financial statements of the following fiscal year.

In the fiscal year under review, given that BIGLOBE Inc. is in a state of negative net assets, the Company determined that it was necessary to record an allowance for doubtful accounts for short-term loans receivable from subsidiaries and affiliates of ¥98,308 million associated with said subsidiary, and recorded ¥26,548 million as provision of allowance for doubtful accounts under extraordinary losses, taking into consideration the extent of the negative net assets and other factors.

In addition to the above, ¥3,450 million was recorded as provision of allowance for doubtful accounts under extraordinary losses.

(Note concerning Correction of Errors)

Regarding the advertising agency business of the Company's consolidated subsidiary BIGLOBE Inc. and its subsidiary G-PLAN INC. (hereinafter collectively referred to as the "Subsidiaries"), suspicions were identified concerning inappropriate transactions conducted by employees of the Subsidiaries. The Company determined that it is necessary to conduct an investigation with higher level of expertise and objectivity to clarify the facts and underlying causes of the matter. Accordingly, on January 14, 2026, the Company established a Special Investigation Committee composed of external attorneys and certified public accountants. The Company subsequently received the investigation report from the Special Investigation Committee, which confirmed that inappropriate transactions involving fictitious circular transactions had been conducted in relation to the advertising agency business of the Subsidiaries.

The cumulative impact of correcting this error has been reflected in the carrying amount of net assets at the beginning of the fiscal year under review. In addition to matters related to the fictitious circular transactions, this correction also includes corrections of matters affected as a result of reflecting the events that caused the correction in the financial statements, and matters that were not corrected in prior years due to their immateriality.

As a result, retained earnings brought forward at the beginning of the fiscal year under review decreased by ¥50,091 million.

(Non-Consolidated Balance Sheet)

1. Assets pledged as collateral

Assets pledged as collateral are as follows:

Stocks of subsidiaries and affiliates ¥768 million

Note: Shares in equity-method affiliate Kagoshima Mega Solar Power Corporation were provided as collateral on the balance of bank borrowings of ¥5,204 million by that company as of March 31, 2026.

2. Contingent liabilities, etc.

(1) Guarantee for wholesale power purchase contract ¥6,506 million

(2) Guarantor for office lease contract ¥5,815 million

(3) Joint and several guarantees for bank guarantees, etc. ¥744 million

3. Monetary claims and monetary liabilities to subsidiaries and affiliates

Long-term monetary claims ¥125,198 million

Short-term monetary claims ¥517,711 million

Long-term monetary liabilities ¥191 million

Short-term monetary liabilities ¥663,246 million

4. Reduction entry amount of non-current assets

Reduction entry amount attributable to aid for construction cost (cumulative total) ¥17,253 million

5. Total committed lines of credit and loans receivables outstanding

The Company provides financial assistance to and deposits surplus funds among its subsidiaries and affiliates in order to carry out efficient financing and management of funds within the Group. The total committed lines of credit and loans receivables outstanding in these activities are as follows.

Total committed lines of credit ¥359,243 million

Loans receivables outstanding ¥172,894 million

Remaining portion of credit line ¥186,349 million

The above activities are implemented taking into consideration the financial positions and fund raising status of the subsidiaries and affiliates.

(Non-Consolidated Statement of Income)

1. Transactions with subsidiaries and affiliates

Operating income from subsidiaries and affiliates ¥378,006 million

Operating expenses to subsidiaries and affiliates ¥602,777 million

Non-operating transactions with subsidiaries and affiliates ¥235,267 million

2. Provision of allowance for doubtful accounts ¥29,998 million

The Company recorded ¥26,548 million as provision of allowance for doubtful accounts in relation to the short-term loans receivable from subsidiaries and affiliates, including BIGLOBE Inc.

In addition to the above, ¥3,450 million was recorded as provision of allowance for doubtful accounts under extraordinary losses.

(Non-Consolidated Statement of Changes in Net Assets)

Class and number of shares of treasury stock

(Unit: Shares)

	As of April 1, 2025	Increase during the fiscal year ended March 31, 2026	Decrease during the fiscal year ended March 31, 2026	As of March 31, 2026
Treasury stock				
Common stock	202,618,866	374,375,034	196,224,844	380,769,056
Total	202,618,866	374,375,034	196,224,844	380,769,056

(The reason of the above changes)

1. The increase of 374,375,034 shares in the number of common stocks in treasury stock is due to a 2-for-1 stock split (effective date: April 1, 2025) of 202,618,866 shares, a share buyback of 171,754,264 shares based on a resolution at the Board of Directors meeting dated May 14, 2025, and purchases of shares less than one unit of 1,904 shares.
2. The decrease of 196,224,844 shares in the number of common stocks in treasury stock is due to retirement of treasury stock of 195,845,358 shares based on resolutions at the Board of Directors meeting dated May 14, 2025 and the issuance, etc. of 379,486 shares to the executive compensation BIP trust.
3. Included in the number of common stocks in treasury stock displayed above are 1,495,908 shares held by the executive compensation BIP trust.

(Tax Effect Accounting)

1. Significant components of deferred tax assets and liabilities

(Unit: Millions of yen)

Deferred tax assets:	Provision for bonuses	6,114
	Excess amount of allowance for doubtful accounts	27,530
	Provision for point service program	5,527
	Denial of accrued expenses	237
	Excess amount of depreciation and amortization	31,125
	Asset retirement obligations	6,659
	Denial of loss on retirement of non-current assets	1,298
	Denial of loss on valuation of inventories	1,346
	Accrued enterprise taxes	6,099
	Denial of impairment loss	9,016
	Denial of advances received	1,759
	Loss on valuation of stocks of subsidiaries and affiliates	41,087
	Other	27,553
Total deferred tax assets		165,352
Deferred tax liabilities:	Provision for retirement benefits	(21,062)
	Valuation difference on available-for-sale securities	(27,533)
	Removal costs related to asset retirement obligations	(2,073)
	Gain on exchange from business combination	(1,497)
	Other	(2,133)
Total deferred tax liabilities		(54,298)
Net deferred tax assets		111,054

Note: The Company adopts the Group Tax Sharing System. Accordingly, the Company conducts accounting and disclosure of tax effect accounting for corporate and local income taxes according to the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (Practical Solution No. 42, August 12, 2021).

(Financial Instruments)

1. Status of financial instruments

(1) Policy relating to financial instruments

In light of plans for capital investments primarily for conducting telecommunications business, the Company raises the funds it requires through bank loans and bonds issuance. The Company manages temporary fund surpluses through financial assets that have high levels of safety. Further, the Company raises short-term working capital through bank loans and commercial papers. Regarding derivatives policy, the Company adheres to the fundamental principle of limiting transactions to those actually required and never conducting speculative transactions for trading profit.

(2) Details of financial instruments, associated risk, and risk management system

Trade receivables such as accounts receivable-trade and accounts receivable-other are exposed to credit risk in relation to customers and trading partners. For such risk, the Company has established a system that manages the due dates and balances of each customer and trading partner as well as conducts analysis of their credit status, based on the Company's criteria for managing credit exposure.

The Company is exposed to market price fluctuation risk in relation to investment securities. However, those are primarily the shares of companies with which the Company has operational relationships, and periodic analysis of market values is reported to the Board of Directors.

Almost all trade payables such as accounts payable-trade, accounts payable-other, accrued expenses and income taxes payable have payment due dates within one year. Current liabilities such as those trade payables are exposed to liquidity risk at the time of settlement. However, the Company reduces that risk by reviewing fund-raising plans every month.

Among loans payable, short-term loans payable are primarily for fund raising related to sales transactions, and long-term loans payable are primarily for fund raising related to capital investments and other investments and financing. Moreover, except for fund raising related to sales transactions, the Company procures funds as long-term loans payable (with fixed interest rates) and manages this debt by preparing and updating financing plans on a timely basis.

(3) Supplementary explanation of items relating to the market value of financial instruments

The market values of financial instruments include prices based on market prices, or reasonably estimated prices if there are no market prices. Since the calculation of market values involves fluctuating factors, these values are subject to change when different assumptions are used.

2. Market value of financial instruments

Amounts recognized in the non-consolidated balance sheet, market values, and the differences between them as of March 31, 2026 are as shown below.

Shares, etc. that do not have a market price are not included in the following table (see Note 2).

Additionally, notes concerning cash and financial instruments whose market values are almost the same as their book values because the settlement periods are short have been omitted here.

(Unit: Millions of yen)

	Book value	Market value	Difference
1) Investment securities			
Available-for-sale securities	185,763	185,763	–
2) Stocks of subsidiaries and affiliates	94,910	267,207	172,297
3) Long-term loans receivable from subsidiaries and affiliates *1	146,966	146,818	(148)
4) Securities	12,723	12,723	–
5) Security deposits	38,022	31,979	(6,043)
6) Accounts receivable-trade	1,992,977		
7) Accounts receivable-other *2	341,927		
Allowance for doubtful accounts *3	(28,751)		
	2,306,153	2,306,153	–
8) Short-term loans receivable from subsidiaries and affiliates *4	172,894		
Allowance for doubtful accounts *5	(64,105)		
	108,788	108,788	–
Total assets	2,893,325	3,059,430	166,105
9) Bonds payable *6	1,010,000	975,586	(34,415)
10) Long-term loans payable *6	1,096,000	1,052,527	(43,473)
Total liabilities	2,106,000	2,028,113	(77,887)

*1. This includes the current portion of long-term loans receivable from subsidiaries and affiliates under current assets.

*2. This includes long-term accounts receivable-other under non-current assets.

*3. Allowance for doubtful accounts relating to accounts receivable-trade and accounts receivable-other are deducted.

*4. This excludes the current portion of long-term loans receivable from subsidiaries and affiliates under current assets.

*5. Allowance for doubtful accounts relating to short-term loans receivable from subsidiaries and affiliates is deducted.

*6. This includes the current portion of bonds payable and long-term loans payable under current liabilities.

Note 1: Method for calculation of the market value of financial instruments, and notes to securities

1) Investment securities, 2) Stocks of subsidiaries and affiliates, and 4) Securities

With respect to the market values, the net asset value per unit is used for securities (investment trusts) and the market prices at the stock exchanges are used for stocks.

3) Long-term loans receivable from subsidiaries and affiliates

The market value of long-term loans receivable from subsidiaries and affiliates is calculated by applying a discount rate based on the assumed interest rate if a new loan contract was entered into for the same amount as the total of principal and interest.

5) Security deposits

The market value of security deposits is calculated at present value of future cash flows discounted by bond yields, etc. corresponding to the remaining period, reflecting their recoverability.

6) Accounts receivable-trade, 7) Accounts receivable-other, and 8) Short-term loans receivable from subsidiaries and affiliates

As these items are expected to be settled within a short period of time, their market value is considered to approximate the book values; accordingly, the book values have been used as the fair value. For accounts receivable-trade, as it is extremely difficult to determine the credit risk on an individual basis, the allowance for doubtful accounts is regarded as credit risk and the market value is calculated accordingly.

9) Bonds payable and 10) Long-term loans payable

The market value of bonds payable is calculated based on a market price. The market value of long-term loans payable is calculated by applying a discount rate based on the assumed interest rate if a new loan contract was entered into for the same amount as the total of principal and interest. However, long-term loans payable with variable interest rates are based on the condition that interest rates are revised periodically and their market values are almost the same as their book values; therefore, the book values are used.

Note 2: Financial instruments that do not have a market price

(Unit: Millions of yen)	
	Book value
Investment securities	
Unlisted equity securities	71,606
Stocks of subsidiaries and affiliates	
Unlisted equity securities	1,711,646
Investments in capital of subsidiaries and affiliates	5,742

Note 3: Amount to be redeemed after the settlement date of monetary claims and securities with maturity dates

(Unit: Millions of yen)			
	Within one year	Over one and within five years	Over five and within 10 years
Long-term loans receivable from subsidiaries and affiliates	21,799	55,213	69,954

Note 4: Amount to be repaid after the settlement date of bonds payable, long-term loans payable, and other interest-bearing debt

(Unit: Millions of yen)			
	Within one year	Over one and within five years	Over five and within 10 years
Bonds payable	70,000	640,000	300,000
Long-term loans payable	162,000	581,000	353,000
Total	232,000	1,221,000	653,000

(Equity in Net Income (Losses) of Affiliates and Others)

Amount of investments in affiliates, etc.	¥621,027 million
Amount of investments in affiliates based on the equity method	¥715,022 million
Amount of equity in net income of affiliates based on the equity method	¥39,890 million

Note: Amount of investments in affiliates based on the equity method and amount of equity in net income of affiliates based on the equity method have been prepared in accordance with IFRS pursuant to the provisions of Article 120 of the Rules of Corporate Accounting.

(Transactions with Related Parties)

1. Parent company and major corporate shareholders, etc.

(Unit: Millions of yen)

Type	Company Name or Name	Location	Capital/ Investments in Capital	Business or Occupation	Percentage of Possession of Voting Rights/Voting Rights possessed
Major shareholder (company, etc.)	KYOCERA Corporation	Kyoto-shi, Kyoto	115,703	Manufacture and sale of electronic components and electrical equipment	Possessed Direct 14.8%

Relationship with Related Party	Contents of Transaction	Amounts of Transaction	Title of Account	Balance as of March 31, 2026
Business and capital alliance	Acquisition of treasury stock (Note 1)	249,291	–	–

Type	Company Name or Name	Location	Capital/ Investments in Capital	Business or Occupation	Percentage of Possession of Voting Rights/Voting Rights possessed
Major shareholder (company, etc.)	TOYOTA MOTOR CORPORATION	Toyota-shi, Aichi	635,402	Manufacture and sale of automobiles	Possessed Direct 9.5 %

Relationship with Related Party	Contents of Transaction	Amounts of Transaction	Title of Account	Balance as of March 31, 2026
Business and capital alliance	Acquisition of treasury stock (Note 1, 2)	99,716	–	–

2. Subsidiaries and affiliates, etc.

(Unit: Millions of yen)

Type	Company Name or Name	Location	Capital/ Investments in Capital	Business or Occupation	Percentage of Possession of Voting Rights
Subsidiary	Chubu Telecommunications Co., Inc.	Nagoya-shi, Aichi	38,816	Telecommunications (fixed-line telecommunications service) business in the Chubu region	Possession Direct 80.9 %

Relationship with Related Party	Contents of Transaction	Amounts of Transaction	Title of Account	Balance as of March 31, 2026
Financial support	Repayment of borrowings (Note 3)	9,818	Long-term loans payable to subsidiaries and associates	–
Sharing of concurrent positions by board members	Payment of interests	742	Short-term loans payable to subsidiaries and associates	85,884

Type	Company Name or Name	Location	Capital/ Investments in Capital	Business or Occupation	Percentage of Possession of Voting Rights
Subsidiary	BIGLOBE Inc.	Shinagawa-ku, Tokyo	2,630	Provision of internet services and related business	Possession Direct 100.0 %

Relationship with Related Party	Contents of Transaction	Amounts of Transaction	Title of Account	Balance as of March 31, 2026
Financial support	Lending of funds (Note 3)	40,413	Long-term loans receivable from subsidiaries and associates	–
Sharing of concurrent positions by board members	Receipt of interests	714	Short-term loans receivable from subsidiaries and associates	98,308

Type	Company Name or Name	Location	Capital/ Investments in Capital	Business or Occupation	Percentage of Possession of Voting Rights
Subsidiary	KDDI Europe Limited	London, U.K.	Thousands of STG€ 42,512	Various telecommunications service in Europe	Possession Direct 95.8 %

Relationship with Related Party	Contents of Transaction	Amounts of Transaction	Title of Account	Balance as of March 31, 2026
Financial support	Lending of funds (Note 3)	19,114	Long-term loans receivable from subsidiaries and affiliates	80,887
Sharing of concurrent positions by board members	Receipt of interests	2,543	Short-term loans receivable from subsidiaries and affiliates	19,556

Type	Company Name or Name	Location	Capital/ Investments in Capital	Business or Occupation	Percentage of Possession of Voting Rights
Subsidiary	au Financial Service Corporation	Minato-ku, Tokyo	7,370	Credit card business, settlement agency business	Possession Indirect 100.0 %

Relationship with Related Party	Contents of Transaction	Amounts of Transaction	Title of Account	Balance as of March 31, 2026
Financial support	Outsourcing settlement agency business	– (Note 4)	Accounts receivable-other	136,210
Sharing of concurrent positions by board members				

Type	Company Name or Name	Location	Capital/ Investments in Capital	Business or Occupation	Percentage of Possession of Voting Rights
Subsidiary	au Payment Corporation	Minato-ku, Tokyo	496	Issuance and sale of electronic money and provision of electronic settlement services	Possession Indirect 100.0 %

Relationship with Related Party	Contents of Transaction	Amounts of Transaction	Title of Account	Balance as of March 31, 2026
Sharing of concurrent positions by board members	Outsourcing of administrative tasks	– (Note 4)	Accounts receivable-other	110,634

Type	Company Name or Name	Location	Capital/ Investments in Capital	Business or Occupation	Percentage of Possession of Voting Rights
Affiliate	UQ Communications Inc.	Minato-ku, Tokyo	71,425	Telecommunications business (WiMAX service, MVNO business)	Possession Direct 32.3 %

Relationship with Related Party	Contents of Transaction	Amounts of Transaction	Title of Account	Balance as of March 31, 2026
Financial support	Borrowing of funds (Note 3)	5,875	Long-term loans payable to subsidiaries and associates	–
Sharing of concurrent positions by board members	Payment of interests	1,138	Short-term loans payable to subsidiaries and associates	153,006

Terms and conditions of transactions, and policies on such terms and conditions

Note 1: Treasury stock was repurchased through tender offer at a purchase price of ¥2,307 per share, based on the resolution at the Board of Directors meeting held on May 14, 2025.

Note 2: The transaction was conducted during the period in which TOYOTA MOTOR CORPORATION qualified as a major shareholder.

Note 3: Lending and borrowing periods are set to match the characteristics of the demand for funds, and interest rates are set in a rational manner taking into account market interest rates on lendings and borrowings for the corresponding period. As these transactions are performed in the interest of efficient funding within the group, no collateral is provided or received. The amount shown lending/borrowing of funds is the amount of change since April 1, 2025.

Note 4: The accounts receivable-other refers to sales to end users and since that is not something that is attributable to au Financial Service Corporation and au Payment Corporation, the amount of transaction is not stated.

(Notes to Revenue Recognition)

Basic information to understand revenue is described in “(Significant Accounting Policies) 4. Standards for revenue recognition.”

(Per Share Information)

1. Net assets per share	¥974.40
2. Net income per share	¥153.45

Note: In the calculation of per share information, the Company's stocks owned by the executive compensation BIP trust are included in treasury stock. Therefore, the number of those stocks is deducted from the number of common stocks outstanding at the end of the year and average number of common stocks outstanding during the year.
For the fiscal year under review, the number of common stocks outstanding at the end of the year and average number of common stocks outstanding during the year owned by the trust is 1,495,908 shares and 1,560,840 shares, respectively.

(Significant Subsequent Events)Retirement of Treasury StockTender Offer and Market Purchases of Treasury Shares

Because the same information is provided in "(Significant Subsequent Events) in Notes to Consolidated Financial Statements," notes have been omitted here.

(Company to Which Consolidated Dividend Regulations Apply)

The Company is subject to "Company to Which Consolidated Dividend Regulations Apply."

Note: Amounts are rounded to the nearest million yen.

(Reference) Analysis and Evaluation of the Board of Directors' Effectiveness

■ Purpose of conducting

The Company conducts a self-evaluation of the Board of Directors regularly every year 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 five-grade evaluation and free writing.
- To ensure objectivity and further improve effectiveness, a third-party organization is used once during the period of the medium-term management strategy (as a general rule, once every three years) to design questions, tabulate responses, and identify areas for improvement and remedial measures.
- 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
(frequency, number of matters discussed, composition of members, ease of understanding documents and explanations, provision of appropriate information, etc.)
 - Strengthening of governance
(initiatives to enhance the Group's business infrastructure, instill the corporate philosophy, etc.)
 - Medium- and long-term discussions
(efforts towards continued enhancement of corporate value, reviews of business portfolio, etc.)

■ Evaluation results

The evaluation confirmed that the Company's Board is operating appropriately and functioning effectively. The following matters were rated highly in particular.

- Discussions toward the formulation of the new medium-term management strategy
By discussing the overall policy and individual business strategies of the new medium-term management strategy in a planned manner from an early stage at off-site meetings attended by all members of the Board of Directors, multifaceted discussions were enabled, leading to the formulation of more effective management strategies.
- Utilization of diverse expertise of Outside Directors and Audit & Supervisory Board members
By providing advance explanations of important agenda items through the use of off-site meetings and other opportunities, and by continuously conducting training programs on the management and business conditions of the KDDI Group, the Outside Directors and Audit & Supervisory Board members deepened their understanding of the Group and provided proactive opinions and recommendations based on their respective areas of expertise.

■ Future issues

- Strengthening the monitoring of progress of the new medium-term management strategy
To ensure the effectiveness of the new medium-term management strategy, which will start in fiscal 2026, the Company will report on progress as appropriate at Board of Directors and off-site meetings. It will also provide appropriate updates annually throughout the period in which the management strategy is applied, with a focus on the key strategies.
- Strengthening Group governance
In response to inappropriate transactions that occurred at subsidiaries, the Company will strengthen monitoring of risk management at the Board of Directors and further enhance Group governance by regularly reporting to and deliberating at the Board of Directors on the formulation of recurrence prevention measures and the status of their dissemination across the KDDI Group.

- Strengthening the supervisory functions of the Board of Directors
By expanding training opportunities in areas such as AI and financial services aligned with the new medium-term management strategy and ensuring opportunities for communication with management of Group companies, the Company will enable Outside Directors and Audit & Supervisory Board members to gain a more multifaceted understanding of the KDDI Group's conditions and strengthen the supervisory functions of the Board of Directors.

(Reference) Supplementary Explanation of “Audit & Supervisory Board’s Report”

Purpose of this Supplementary Explanation

As an independent body entrusted by shareholders, Audit & Supervisory Board Members recognize that their mission is to establish a corporate governance system that is trusted by society by auditing the Directors’ execution of their duties in a fair and unbiased manner, and to realize the KDDI Group’s sound and sustainable growth and improve corporate value over the medium to long term.

The Audit & Supervisory Board has prepared this Supplementary Explanation in the belief that providing shareholders and other stakeholders with a clear explanation of the background and process leading up to the “Audit & Supervisory Board’s Report” will improve the transparency of the Audit & Supervisory Board, promote dialogue with stakeholders, and contribute to the establishment of a corporate governance system that can be trusted by society.

1. Composition of the Audit & Supervisory Board and System for Execution of Duties

The Audit & Supervisory Board is composed of three full-time Audit & Supervisory Board Members (one of whom is an independent Outside Audit & Supervisory Board Member)*¹ and two Audit & Supervisory Board Members (both of whom are independent Outside Audit & Supervisory Board Members)*², covering seven areas of expertise and experience that are considered important to the Company: corporate management, sales and marketing, global, digital and technology, finance and accounting, legal affairs and risk management, and sustainability and ESG.

In addition, an Audit & Supervisory Board Member’s Office has been established to assist the Audit & Supervisory Board Members in their duties, and is staffed by seven dedicated staff members whose independence from the executive side is ensured to a certain extent.

*¹ Naoki Fukushima, a full-time Audit & Supervisory Board Member (independent Outside Audit & Supervisory Board Member) resigned on December 31, 2025 for personal reasons.

*² In this Supplementary Explanation, the two Audit & Supervisory Board Members who are not full-time Audit & Supervisory Board Members are referred to as part-time Audit & Supervisory Board Members.

2. Overview of Audit Activities

The Audit & Supervisory Board carried out auditing activities by establishing an audit plan and auditing methods for the 42nd fiscal year with a focus on an “operational audit,” an “accounting audit,” “communication with Directors, etc.” and “communication and information sharing among Audit & Supervisory Board Members.” The table on the next page outlines the audit activities in each area and the activities in which part-time Audit & Supervisory Board Members are involved.

3. Cooperation with and Evaluation of Accounting Auditor

The Audit & Supervisory Board places importance on cooperation with the Accounting Auditor, and increases opportunities for communication and active exchanges of opinion while paying careful attention to maintaining appropriate tension in all audit activities in the area of “accounting audit.”

The evaluation of the Accounting Auditor was confirmed through audit activities in the areas of quality control, audit team, audit fees, etc., communication with Audit & Supervisory Board Members, etc., relationships with management, etc., Group audits, and fraud risks. In addition, the Audit & Supervisory Board carefully reviewed the audit quality and other aspects of the Accounting Auditor’s work related to the inappropriate transactions by the Company’s subsidiary that came to light during the fiscal year under review. As a result, the Audit & Supervisory Board determined that the reappointment of the Accounting Auditor is appropriate.

Area	Auditing Activities	Part-time Audit & Supervisory Board Members' involvement
Operational audit	<ul style="list-style-type: none"> • Attended Board of Directors meetings, state opinions, etc. as appropriate • Attended other important internal meetings (Corporate Management Committee, Risk Management Committee, Information Security Subcommittee, Sustainability Committee, KDDI Group Business Ethics Subcommittee, etc.), state opinions, etc. as appropriate • Reviewed documents and minutes of other major meetings (Investment Committee, Workplace Reform Committee, etc.) and confirmed details as appropriate • Reviewed important approval documents (documents requesting decisions, general ledgers, etc.) and confirmed details as appropriate • Conducted onsite audits at all KDDI headquarters and some subsidiaries in Japan and overseas • Heard audit plans and audit results from the Internal Audit Department • Conducted legality audit of documents related to the 42nd Annual Shareholders Meeting 	<p style="text-align: center;">○</p> <p style="text-align: center;">○</p> <p style="text-align: center;">○</p>
Accounting audit	<ul style="list-style-type: none"> • Received interim review results and year-end audit results reports and heard explanations • Confirmed audit policy, audit plan, review system, quality control system, etc. • Attended year-end inventory audits • Evaluated the Accounting Auditor's suitability for reappointment • Verified Key Audit Matters (KAM) • Held an opinion exchange meeting with the Accounting Auditor to deepen the understanding on the Company's status 	<p style="text-align: center;">○</p> <p style="text-align: center;">○</p> <p style="text-align: center;">○</p> <p style="text-align: center;">○</p> <p style="text-align: center;">○</p>
Communication with Directors, etc.	<ul style="list-style-type: none"> • Exchanged opinions with the Representative Director regarding recent corporate issues, medium-term management issues, etc. • Exchanged opinions with Outside Directors based on the results of onsite audits, etc. • Exchanged opinions with Directors, General Managers, etc. based on the results of onsite audits, etc. • Invited Outside Directors to attend interim review results briefing session (2Q) and year-end audit results briefing session for accounting audits 	<p style="text-align: center;">○</p> <p style="text-align: center;">○</p> <p style="text-align: center;">○</p> <p style="text-align: center;">○</p>
Communication and information sharing among Audit & Supervisory Board Members	<ul style="list-style-type: none"> • Held full-time Audit & Supervisory Board Members' liaison meetings weekly to facilitate audit activities • Held off-site meetings following meetings of the Audit & Supervisory Board to enhance information sharing among Audit & Supervisory Board Members. • To enhance Group governance, held semi-annual liaison meetings with Audit & Supervisory Board Members of Group companies and attended regular study sessions for Audit & Supervisory Board Members of Group companies 	<p style="text-align: center;">○</p> <p style="text-align: center;">○</p>
Other	<ul style="list-style-type: none"> • Held quarterly opinion exchange meetings with the Accounting Auditor and the Internal Audit Department to promote cooperation in the three-party audit 	

4. Priority Audit Items for the 42nd Fiscal Year

The 42nd fiscal year was also the fourth year of the medium-term management strategy, which started in the 39th fiscal year, and four priority audit items were set based on the Audit & Supervisory Board's awareness of issues in light of the audit results pertaining to priority audit items in the 41st fiscal year. The priority audit items and the main audit details are as follows.

- (1) Complete the current medium-term management strategy and prepare for the new medium-term management strategy
 - The Audit & Supervisory Board audited whether the targets of the current medium-term management strategy were achieved alongside the steady implementation of various transformations/preparations for future growth outlined in the KDDI Group Management Policy.
- (2) Strengthen the management foundation
 - The Audit & Supervisory Board audited the status of Group governance by confirming the evolution of the Group-wide internal control systems in accordance with the diversifying situations of Group companies and increasingly sophisticated social norms and laws/regulations.
 - The Audit & Supervisory Board audited the status of human resource development by confirming the progress with developing and securing human resources in each business area.
 - The Audit & Supervisory Board audited the status of "Working Style" evolution by confirming the penetration of "Working Style" updates and "Philosophy" updates.
 - The Audit & Supervisory Board audited the status of information security by confirming the appropriateness of various information security management measures.
 - The Audit & Supervisory Board audited the status of AI usage by confirming the operation status and evolution of AI governance.
 - The Audit & Supervisory Board audited the status of sustainability management by confirming the preparation status for SSBJ disclosure compliance.
- (3) Steady promotion of improved equipment system reliability and operational efficiency
 - The Audit & Supervisory Board audited the progress in improving the reliability of advanced network infrastructure and operational technologies through virtualization, automation, and AI utilization, as well as the preparation for large-scale failure countermeasures. The Audit & Supervisory Board also audited the progress in promoting business process transformation to streamline and improve the efficiency of network infrastructure construction/equipment replacement and removal in line with the coming era stemming from the declining birthrate and aging population.
- (4) Benefits of the new environment
 - The Audit & Supervisory Board audited the improvements resulting from major changes in the company environment that occurred during the fiscal year under review, such as the new management structure and the relocation of the head office.

The Audit & Supervisory Board collects information on priority audit items through audit activities in "operational audit" and reports the results to the Board of Directors. In addition, through exchanges of opinions with Directors, etc., Audit & Supervisory Board Members provide feedback as appropriate on issues specific to a particular department that a Member has identified in the course of his or her audit activities.

As described in the Business Report, due to inappropriate transactions at a subsidiary that were revealed during the fiscal year under review, deficiencies in internal controls over financial reporting were identified, and the Company has thus formulated recurrence prevention measures. The Audit & Supervisory Board will closely monitor the implementation status of recurrence prevention measures, etc.

5. Evaluations and Review of Effectiveness

The Audit & Supervisory Board conducts evaluations and review of the effectiveness of its audit activities in order to accurately understand the current status of Audit & Supervisory Board audits and Audit & Supervisory Board operations, and to make ongoing improvements based on issues recognized at that time. In the 42nd fiscal year, self-evaluation was made by all Auditors and Outside Directors as it was in the 41st fiscal year. Evaluation results are considered for future measures, etc. at the Audit & Supervisory Board. Evaluation results are also reported to the Board of Directors to provide feedback to Outside Directors who are the evaluators and share information with other Directors.

<Overview of Evaluation Implementation Process>

The effectiveness of Audit & Supervisory Board Member audit activities is verified based on self-evaluations by all Audit & Supervisory Board Members and evaluations by Outside Directors. The evaluation process involves a questionnaire, which combines a choice-type evaluation and open-ended questions to verify the

effectiveness of Audit & Supervisory Board Members' audit activities and identify issues from both quantitative and qualitative perspectives.

<Summary of Evaluation Results>

The results of the questionnaire were mostly positive, indicating that the effectiveness of the Audit & Supervisory Board Members' audit activities are generally ensured.

In light of the inappropriate transactions at subsidiaries that came to light in the 42nd fiscal year, various suggestions were made for further enhancing and improving operational audits (subsidiary audits).

<Issues and Improvements>

In the 43rd fiscal year, taking into account the findings of the Special Investigation Committee regarding the inappropriate transactions that came to light, we will review our approach to three-way audit collaboration, the scope of subsidiary audits, and audit methods including collaboration with the Audit & Supervisory Board Members of subsidiaries and the use of external experts, in order to enhance our ability to detect fraud early in an increasingly expanding organization and complex business. We will strive to achieve more advanced and effective Audit & Supervisory Board Member audits. Furthermore, we will closely monitor the expansion of internal controls and internal audits across the KDDI Group to strengthen the foundation of Group governance. The questionnaire also asked for opinions on topics such as the "future priority audit items when Audit & Supervisory Board Members conduct audits," and such opinions will be referred to in our audit policy and audit plan for the 43rd fiscal year.

(Reference) Health Management Initiatives

KDDI considers the vitalization of the organization by energizing employees and improving productivity to be an important management issue in order to increase our “social value” of delivering a thrilling customer experience by always going further than expected with the ultimate goal of achieving a truly connected society and our “corporate value” of valuing and caring about the material and emotional well-being of all our employees as we strive for a prosperous future.

By supporting the health of each and every employee at the organizational level, we aim to foster a corporate culture and climate in which employees can work in good health and energetically, maximize individual and organizational performance, and achieve sustainable growth as a corporation.

KDDI will work closely with the health insurance union and workers union to promote the physical and mental health of our employees, which is the foundation of health management.

Promotion Framework

