NOTICE OF THE 41ST 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) 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

- 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.

In addition to the above excluded items, Supplementary Explanation of "Audit & Supervisory Board's Report" and other information are posted on each website.

MESSAGE FROM THE PRESIDENT

The creation of a society in which anyone can make their dreams a reality, by enhancing the power to connect.
KDDI VISION 2030

Makoto Takahashi
Chairperson, Representative Director

Hiromichi 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 41st Annual Shareholders Meeting.

In the 41st fiscal year (fiscal 2024), the third year of the medium-term management strategy, the Company attained record-high operating income. In addition, we plan to pay a year-end dividend of ¥75 per share for the 41st fiscal year, bringing the total dividend for the fiscal year to ¥145 per share, marking 23 consecutive years of dividend increases.
The constant support of all our shareholders made this possible, and I would like to express my deep appreciation for this.

We at the KDDI Group are committed to realizing our vision for the future society through the "KDDI VISION 2030." This vision aims to enhance "the power to connect" to create a society in which anyone can make their dreams a reality.
We believe that "Enhancing the power to connect" means connecting people's "Lives," "Day-to-Day Lives," and "Hearts and Minds." through the provision of diverse services based on high-quality network "communications."

We are now in an era where communications and AI are seamlessly integrated into every aspect of daily life. The Company aims to connect vast amounts of digital data and AI through communications, including 5G, to create new value and deliver new excitement to our customers.

The 42nd fiscal year (fiscal 2025) is the final year of the medium-term management strategy. To mark the start of the 42nd fiscal year, Hiromichi Matsuda assumed the position of President, Representative Director, CEO on April 1, 2025. Based on sustainability management, we will continue to promote our Satellite Growth Strategy, which is a business strategy, and aim to expand growth areas centered on partnering and technology-driven communications. At the same time, we will work to strengthen our management foundation to contribute to the sustainable growth of society and the company, and the entire company will work together to achieve the medium-term management strategy.

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: May 27, 2025
Start date of measures for electronic provision: May 20, 2025

To our shareholders:

KDDI Corporation
10-10, Iidabashi 3-chome, Chiyoda-ku, Tokyo
(Head office: 3-2, Nishi-Shinjuku 2-chome, Shinjuku-ku, Tokyo)
Hiromichi Matsuda,
President, Representative Director CEO

NOTICE OF THE 41ST ANNUAL SHAREHOLDERS MEETING

You are cordially notified of the 41st 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/20250618/

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 17, 2025 (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 18, 2025, at 10:00 a.m. Reception for attendees begins at 9:00 a.m.

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

3. Agenda:

Matters to be reported:

1. Business Report and Consolidated Financial Statements for the 41st fiscal year from April 1, 2024 to March 31, 2025 and Reports of Audit on the Consolidated Financial Statements by Accounting Auditors and the Audit & Supervisory Board
2. Non-Consolidated Financial Statements for the 41st fiscal year from April 1, 2024 to March 31, 2025

Matters to be resolved:

Proposal 1: Appropriation of Surplus
Proposal 2: Partial Changes to Articles of Incorporation
Proposal 3: Election of Twelve (12) Directors
Proposal 4: Continuation of and Partial Revision to the Performance-linked Stock Compensation Plan for Directors and Other Executives

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.

* 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 24.

By exercising voting rights via the Internet
Exercise due date: To be received no later than 5:30 p.m. on Tuesday, June 17, 2025

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 17, 2025

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 18, 2025**

   *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 10, 2025
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%.

   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

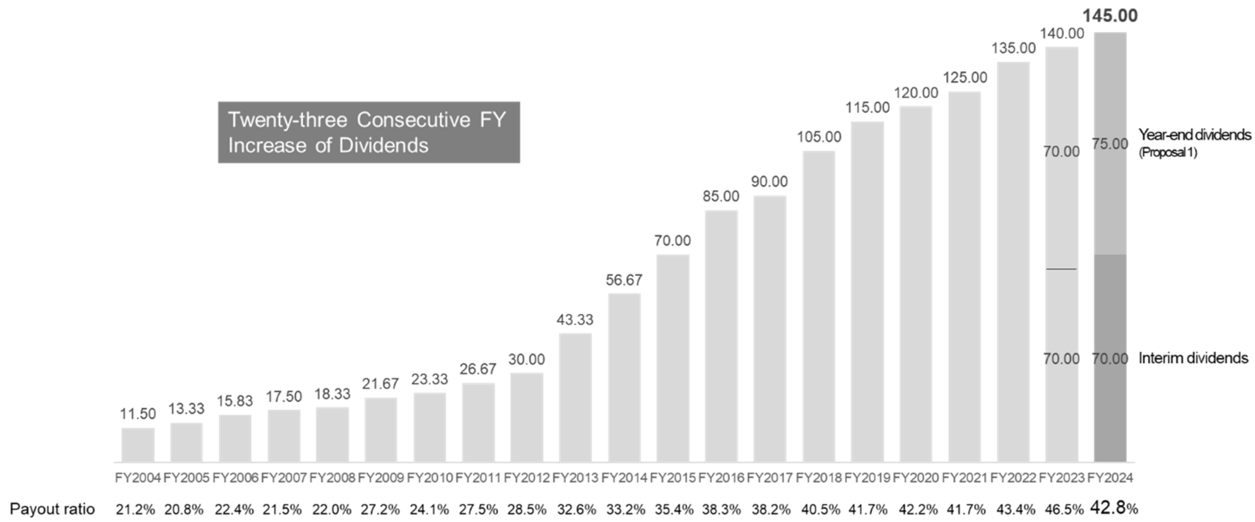
Per share of common stock ····· ¥75.00

Total dividends ··················· ¥149,262,393,525

(3) Effective date of dividends of surplus

June 19, 2025

(Reference) Development of Dividends per Share



Notes: 1. On April 1, 2025, the Company implemented a stock split at a ratio of 2 shares for each share of common stock. However, regarding the year-end dividend for the 41st fiscal year, the dividend record date was March 31, 2025, therefore the number of shares before the stock split will be the basis.

2. For convenience of viewing, annual dividends for the 21st to 31st fiscal years have been adjusted to reflect stock splits.
   - Ratio of 100 shares for every one share of common stock, as of October 1, 2012
   - Ratio of two shares for every one share of common stock, as of April 1, 2013
   - Ratio of three shares for every one share of common stock, as of April 1, 2015
3. Values for the 21st to 31st fiscal years are based on the Japanese GAAP standards. Values for the 32nd fiscal year onward are based on International Financial Reporting Standards (IFRS).
4. The values for the dividend payout ratio are on a non-consolidated basis for the 21st to 22nd fiscal years, and on a consolidated basis from the 23rd fiscal year onward.
5. 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.
6. Values for dividend per share and dividend payout ratio for the 41st fiscal year are based on the assumption that Proposal 1 will be approved as proposed.

2. Other matters relating to appropriation of surplus

The general reserve (¥3,645,434 million) in the Company's balance sheet for the 41st fiscal year includes the amount accumulated in the past for the purpose of strengthening business infrastructure in preparation for proactive business expansion in the future. However, "Other matters relating to appropriation of surplus" were not included in the Proposal 1 (Appropriation of Surplus) in the Reference Documents for the Shareholders Meeting for each of those fiscal years. Therefore, the Company would like to request approval in this proposal as follows.

	37th fiscal year	38th fiscal year	39th fiscal year
Item and amount of decreased surplus: Retained earnings brought forward	¥259,200,000,000	¥233,600,000,000	¥157,000,000,000
Item and amount of increased surplus: General reserve	¥259,200,000,000	¥233,600,000,000	¥157,000,000,000

Proposal 2: Partial Changes to Articles of Incorporation

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

1. Reason for Proposal
   In preparation for future expansion of our business areas, KDDI will add and amend its business purpose listed in Article 2 in the current Articles of Incorporation of KDDI.

2. Description of Changes
   The changes are as follows.

(Changes are underlined.)

Present	Proposed articles
Article 2. (Purpose) The purpose of the Company shall be to engage in the following businesses: (1) - (8) (Details omitted) (9) <u>Information processing service business and information provision service business;</u> (10) - (17) (Details omitted) (18) <u>Personnel-dispatching business;</u> (19) - (35) (Details omitted)	Article 2. (Purpose) The purpose of the Company shall be to engage in the following businesses: (1) - (8) (Details omitted) (9) <u>Information processing service business, information provision service business and planning, development and provision of other services using information and communication technology;</u> (10) - (17) (Details omitted) (18) <u>Fee-charging employment placement business and Personnel-dispatching business;</u> (19) - (35) (Details omitted)

Proposal 3: 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		Attribute	Nomination Advisory Committee	Remuneration Advisory Committee	Attendance of Board of Directors' meetings	Gender	Main duties
1	Makoto Takahashi	Reappointment	Executive	●	●	12/12 (100%)	Male	Chairperson of Board of Directors
2	Hiromichi Matsuda	Reappointment	Executive	●	●	12/12 (100%)	Male	President, Representative Director CEO
3	Yasuaki Kuwahara	Reappointment	Executive			12/12 (100%)	Male	Executive Director, Business Solution Sector
4	Nanae Saishoji	Reappointment	Executive			10/10 (100%)	Female	CFO, Executive Director, Corporate Sector
5	Hiroshi Takezawa	Reappointment	Executive			10/10 (100%)-	Male	Executive Director, Personal Business Sector
6	Tomohiko Katsuki	New appointment	Executive			-	Male	CSO, CDO, Executive Director, Corporate Strategy Planning Division and Open Innovation Division
Candidates for Outside Director				Nomination Advisory Committee	Remuneration Advisory Committee	Attendance of Board of Directors' meetings	Gender	Term of office as Director (at the conclusion of this Annual Shareholders Meeting)
7	Goro Yamaguchi	Reappointment	Outside			12/12 (100%)	Male	8 years
8	Keiji Yamamoto	Reappointment	Outside			12/12 (100%)	Male	6 years
9	Tsutomu Tannowa	Reappointment	Outside Independent	● (Chairperson)	●	12/12 (100%)	Male	3 years
10	Junko Okawa	Reappointment	Outside Independent	●	● (Chairperson)	12/12 (100%)	Female	3 years
11	Kyoko Okumiya	Reappointment	Outside Independent	●	●	12/12 (100%)	Female	2 years
12	Makoto Ando	Reappointment	Outside Independent	●	●	10/10 (100%)	Male	1 year

* 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 41st Annual Shareholders Meeting.

* The attendance record of Board of Directors' meetings of Directors Nanae Saishoji, Hiroshi Takezawa, and Makoto Ando began after their appointment as new Director at the 40th Annual Shareholders Meeting held on June 19, 2024.

Notes: 1. On April 1, 2025, the Company implemented a stock split at a ratio of 2 shares for each share of common stock. The number of the Company's shares held by each Director candidate, which is presented on the following pages, is the number before the stock split.

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, 2025.

2. 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.
3. Goro Yamaguchi, Keiji Yamamoto, Tsutomu Tannowa, Junko Okawa, Kyoko Okumiya and Makoto Ando 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.
4. Tsutomu Tannowa, Junko Okawa, Kyoko Okumiya and Makoto Ando fall under the definition of independent director as specified in Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.
5. KYOCERA Corporation, where Goro Yamaguchi serves as Chairperson of the Board and Representative Director, announced in January 2021 that there was improper response regarding the certification by Underwriters Laboratories, a third-party safety science organization in the United States, of some chemical products that were manufactured and sold by KYOCERA. It is identified that some of the chemical products KYOCERA manufactured and sold had violated the Act on the Regulation of Manufacture and Evaluation of Chemical Substances, and it failed to register for MITI number, and it disclosed the fact publicly in September 2022.
6. The Company has entered into agreements for Limitation of Liability with Goro Yamaguchi, Keiji Yamamoto, 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.
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.

Candidate No. 1	Makoto Takahashi	Date of birth October 24, 1961	Number of the Company’s shares held (Number of potential shares) 40,900 (117,902)

Reappointment

Years served as Director 18

Board of Directors’ meetings attended 12 of 12 meetings (100%)

Reason for nominating the candidate for Director

Makoto Takahashi has served as President and Representative Director of the Company since April 2018, demonstrating strong leadership as a driving force for sustainable growth of the Group, including formulating and implementing the medium-term management strategy. He has extensive experience as a manager, and accordingly he has again been selected as a candidate for Director.

Summary of Career, Position and Responsibilities in the Company and Important Concurrent Positions

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)

Special Interests

There are no special interests between Makoto Takahashi and the Company.

Candidate No. 2	Hiromichi Matsuda	Date of birth November 30, 1971	Number of the Company’s shares held (Number of potential shares) 11,100 (14,465)

Reappointment

Years served as Director 2

Board of Directors’ meetings attended 12 of 12 meetings (100%)

Reason for nominating the candidate for Director

Hiromichi Matsuda has extensive experience in the area of Life Transformation (LX), which is positioned as Orbit2 in the Company’s Satellite Growth Strategy. He has been leading the promotion of the current medium-term management strategy and the formulation of the next 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.

Summary of Career, Position and Responsibilities in the Company and Important Concurrent Positions

April 2020:	Executive Officer
June 2023:	Executive Officer, Director
April 2024:	Managing Executive Officer, Director CDO (Chief Digital Officer)
April 2025:	President, Representative Director CEO (Current position) Executive Director, Corporate & Marketing Communications Sector (Current position)

Special Interests

There are no special interests between Hiromichi Matsuda and the Company.

Candidate No. 3	Yasuaki Kuwahara	Date of birth October 25, 1962	Number of the Company's shares held (Number of potential shares) 11,600 (29,442)

Reappointment

Years served as Director
2

Board of Directors' meetings attended
12 of 12 meetings
(100%)

Reason for nominating the candidate for Director

Yasuaki Kuwahara has abundant experience in solution services for corporate customers, such as promoting DX (Digital Transformation). He is the officer in charge of the Business Services segment identified as a growth field, and has the superior knowledge in operation of the overall business for corporate customers. For these reasons, he has again been selected as a candidate for Director.

Summary of Career, Position and Responsibilities in the Company and Important Concurrent Positions

April 2018:	Executive Officer
April 2022:	Managing Executive Officer
June 2023:	Senior Managing Executive Officer, Director
April 2024:	Executive Director, Business Solution Sector (Current position)
June 2024:	Executive Vice President, Representative Director (Current position)

Special Interests

There are no special interests between Yasuaki Kuwahara and the Company.

Candidate No. 4	Nanae Saishoji	Date of birth May 12, 1964	Number of the Company's shares held (Number of potential shares) 11,000 (21,137)

Reappointment

Years served as Director
1

Board of Directors' meetings attended
10 of 10 meetings
(100%)

Reason for nominating the candidate for Director

Nanae Saishoji has extensive experience in corporate divisions such as business administration and sustainability. She uses her experience in these areas to promote sustainability management 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.

Summary of Career, Position and Responsibilities in the Company and Important Concurrent Positions

April 2020:	Executive Officer
April 2023:	Managing Executive Officer CFO (Chief Financial Officer) (Current position) Executive Director, Corporate Sector (Current position)
June 2024:	Managing Executive Officer, Director (Current position)

Special Interests

There are no special interests between Nanae Saishoji and the Company.

Candidate No. 5	Hiroshi Takezawa	Date of birth December 18, 1964	Number of the Company's shares held (Number of potential shares) 8,200 (23,556)

Reappointment

Years served as Director
1

Board of Directors' meetings attended
10 of 10 meetings
(100%)

Reason for nominating the candidate for Director

Hiroshi Takezawa has extensive experience in marketing and promoting and creating service measures in the communications business. Serving as Executive Director of Personal Business Sector, he uses his experience in these areas to promote sustainable growth in the Company's communications business for individual customers. For these reasons, he has again been selected as a candidate for Director.

Summary of Career, Position and Responsibilities in the Company and Important Concurrent Positions

April 2018:	Executive Officer
April 2022:	Managing Executive Officer
April 2024:	Executive Director, Personal Business Sector (Current position)
June 2024:	Managing Executive Officer, Director (Current position)

Special Interests

There are no special interests between Hiroshi Takezawa and the Company.

Candidate No. 6	Tomohiko Katsuki	Date of birth February 22, 1967	Number of the Company's shares held (Number of potential shares) 5,000 (2,845)

New appointment

Reason for nominating the candidate for Director

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) and Executive Director of corporate strategy planning division since April 2024, leading the formulation and implementation of business strategies for the entire Group and promoting the Company's sustainable growth. 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

April 2019:	President, Representative Director, au Financial Holdings Corporation
April 2024:	Managing Executive Officer CSO (Current position) Executive Director, Corporate Strategy Planning Division (Current position)
April 2025:	CDO (Current position) Executive Director, Open Innovation Division (Current position)

Special Interests

There are no special interests between Tomohiko Katsuki and the Company.

Candidate No. 7

Goro Yamaguchi

Date of birth
January 21, 1956

Number of the Company's shares held
(Number of potential shares)
17,200 (–)

Reappointment

Outside Director

Years served as Director

8

Board of Directors' meetings attended
12 of 12 meetings
(100%)

Reason for nominating the candidate & overview of roles expected to fulfill if elected as Outside Director

Goro Yamaguchi has a wealth of corporate management experience and excellent knowledge cultivated as the President and Representative Director of a major electronic components and equipment manufacturer. On the Board of Directors, the Company has received his broad opinions related to business administration and operations from a medium- to long-term perspective, and he has contributed to improving the corporate value of the Company. Going forward, the Company expects that he will contribute to the strengthening of the supervisory function for the execution of business and provide advice from a wide-ranging managerial perspective. Therefore, he has again been selected as a candidate for Outside Director.

Summary of Career, Position and Responsibilities in the Company and Important Concurrent Positions

June 2009:	Director and Managing Executive Officer of KYOCERA Corporation
April 2013:	President and Representative Director, President and Executive Officer of KYOCERA Corporation
April 2017:	Chairperson of the Board and Representative Director of KYOCERA Corporation (Current position)
June 2017:	Outside Director (Current position)
June 2024:	Outside Director of Toyota Tsusho Corporation (Current position)

Special Interests

Goro Yamaguchi is Chairperson of the Board and Representative Director of KYOCERA Corporation, which has business transactions with the Company, but these transactions account for less than 5% of operating revenues for both parties.

Candidate No. 8

Keiji Yamamoto

Date of birth
March 28, 1961

Number of the Company's shares held
(Number of potential shares)
1,700 (–)

Reappointment

Outside Director

Years served as Director
6

Board of Directors' meetings attended
12 of 12 meetings
(100%)

Reason for nominating the candidate & overview of roles expected to fulfill if elected as Outside Director

Keiji Yamamoto has excellent knowledge cultivated in IT development and electronics engineering divisions and abundant corporate management experience as a corporate manager at a major automobile manufacturer. On the Board of Directors, the Company has received his broad opinions on promoting 5G/IoT strategy, etc. from a medium- to long-term perspective, and he has contributed to improving the corporate value of the Company. Going forward, the Company expects that he will contribute to the strengthening of the supervisory function for the execution of business and provide advice from a technical perspective in the field of information and communications, etc. Therefore, he has again been selected as a candidate for Outside Director.

Summary of Career, Position and Responsibilities in the Company and Important Concurrent Positions

April 2016:	Executive General Manager of TOYOTA MOTOR CORPORATION
April 2017:	Managing Officer of TOYOTA MOTOR CORPORATION
June 2019:	Outside Director (Current position)
July 2019:	Operating Officer, President, Connected Company of TOYOTA MOTOR CORPORATION
January 2021:	Operating Officer of TOYOTA MOTOR CORPORATION Chief Information & Security Officer of TOYOTA MOTOR CORPORATION (Current position)
April 2023:	Senior Fellow of TOYOTA MOTOR CORPORATION
April 2025:	Chief Officer, Digital Information and Communication Group of TOYOTA MOTOR CORPORATION (Current position)

Special Interests

Keiji Yamamoto is an executive officer of TOYOTA MOTOR CORPORATION, which has business transactions with the Company, but these transactions account for less than 5% of operating revenues for both parties.

Candidate No. 9

Tsutomu Tannowa

Date of birth
October 26, 1951

Number of the Company's shares held
(Number of potential shares)
2,000 (–)

Reappointment

Outside Director

Independent Director

Years served as Director
3

Board of Directors' meetings attended
12 of 12 meetings
(100%)

Reason for nominating the candidate & overview of roles expected to fulfill if elected as Outside Director

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 Company. Going forward, the Company expects that he will contribute to the strengthening of the supervisory function for the execution of business and provide advice from a wide-ranging managerial perspective. 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 has again been nominated as Independent Director.

Summary of Career, Position and Responsibilities in the Company and Important Concurrent Positions

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:	Chairperson, Director of Mitsui Chemicals, Inc. (Current position)
June 2023:	Outside Director of TOKYO GAS CO., LTD. (Current position)

Special Interests

Tsutomu Tannowa is Chairperson, 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. 10

Junko Okawa

Date of birth
August 31, 1954

Number of the Company's shares held
(Number of potential shares)
2,000 (–)

Reappointment

Outside Director

Independent Director

Years served as Director
3

Board of Directors' meetings attended
12 of 12 meetings
(100%)

Reason for nominating the candidate & overview of roles expected to fulfill if elected as Outside Director

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 Company. Going forward, the Company expects that she will contribute to the strengthening of the supervisory function for the execution of business and provide advice from 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 has again been nominated as Independent Director.

Summary of Career, Position and Responsibilities in the Company and Important Concurrent Positions

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 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. 11	Kyoko Okumiya	Date of birth June 2, 1956	Number of the Company's shares held (Number of potential shares) 500 (–)

Reappointment

Outside Director

Independent Director

Years served as Director 2

Board of Directors' meetings attended 12 of 12 meetings (100%)

Reason for nominating the candidate & overview of roles expected to fulfill if elected as Outside Director

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 Company. Going forward, the Company expects that she will contribute to the strengthening of the supervisory function for the execution of business and provide advice from 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 has again been nominated as Independent Director.

Summary of Career, Position and Responsibilities in the Company and Important Concurrent Positions

April 1984:	Registered as attorney at law
September 2000:	Partner, Tanabe & Partners (Current position)
July 2017:	Chairperson of The Labour Policy Council Equal Employment Opportunity Subcommittee
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. 12	Makoto Ando	Date of birth February 16, 1952	Number of the Company's shares held (Number of potential shares) 200 (–)

Reappointment

Outside Director

Independent Director

Years served as Director 1

Board of Directors' meetings attended 10 of 10 meetings (100%)

Reason for nominating the candidate & overview of roles expected to fulfill if elected as Outside Director

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 Company 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 has been nominated as Independent Director.

Summary of Career, Position and Responsibilities in the Company and Important Concurrent Positions

April 2017:	Emeritus Professor of Tokyo Institute of Technology (Currently Institute of Science Tokyo) (Current position)
June 2020:	Programme Director, Strategic Information and Communications R&D Promotion Programme of Ministry of Internal Affairs and Communications (Current position)
January 2022:	Chairperson of Japan Coordinating Council for Wireless Power Transfer (Current position)
April 2024:	Programme Director, Fundamental Technologies for Sustainable Efficient Radio Wave Use R&D Project of Ministry of Internal Affairs and Communications (Current position)
June 2024:	Outside Director (Current position)

Special Interests

There are no special interests between Makoto Ando and the Company.

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 May 2025), 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 and the 38th Annual Shareholders Meeting held on June 22, 2022.

Since the Plan period, which was the three fiscal years from fiscal 2022 to fiscal 2024, has ended, we would like to ask your approval to continue the Plan with some revisions, in order to further strengthen motivation to achieve the targets of the medium-term management strategy by aligning the period covered by the Plan from fiscal 2025 onwards with the periods covered by the Company's current medium-term management strategy (fiscal 2022 to fiscal 2025) (hereinafter, referred to as the "Medium-Term Management Strategy") and any medium-term management strategies that the Company formulates in the future.

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").

We believe that continuing the Plan is appropriate considering 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. In addition, at the meeting of the Board of Directors held on January 14, 2021, it was resolved to adopt a policy for determining the content of individual remuneration, etc. for Directors at the Company, a summary of which is set forth on pages 38 through 42 of the Notice of this Annual Shareholders Meeting, and this proposal is necessary and reasonable to grant individual remuneration, etc. to Directors in line with that policy.

If Proposal 3, Election of Twelve (12) Directors, is approved as proposed, six Directors will be eligible for the Plan. In addition, 33 Executive Officers not concurrently serving as Directors and 41 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 introduced in fiscal 2015 will basically remain unchanged.

(Changes are underlined.)

	Before revision	After revision
Target Audience	KDDI's Directors, Executive Officers, Administrative Officers, and Senior Directors (excluding those residing overseas, Outside Directors, and Part-time Directors)	KDDI's Directors, Executive Officers, and Senior Directors (excluding those residing overseas, Outside Directors, and Part-time Directors)*1
Target period	FY2022-2024	FY2022-2025 From FY2026, the period will be linked to our Medium-Term Management Strategy.
Total amount of money to be contributed to the Trust	¥3,750 million (total for the three years from FY2022 to 2024)	¥5,000 million (total for the four years from FY2022 to 2025 (¥1,250 million for FY2025, the difference from before revision)) From FY2026, the amount will be ¥1,250 million per year multiplied by the number of years in the target period.

	Before revision	After revision
Maximum number of points to be granted to Directors and Other Executives and total number of shares to be acquired by the Trust	The number of shares is calculated by multiplying the number of years in the target period by the upper limit of 400,000 points (equivalent to 400,000 shares) per fiscal year.	The number of shares is calculated by multiplying the number of years in the target period by the upper limit of 800,000 points (equivalent to 800,000 shares) per fiscal year.*2
Decision-making body for continuation and revision	Resolution at the Shareholders Meeting	If there is a change in the upper limit of the number of Company shares to be granted to Directors, etc., and approval at the General Meeting of Shareholders is required, the change will be resolved at the General Meeting of Shareholders. In all other cases, the change will be resolved at the Board of Directors meeting.

*1. If Proposal 3, Election of Twelve (12) Directors, is approved as proposed, six Directors will be eligible for the Plan. In addition, 33 Executive Officers not concurrently serving as Directors and 41 Senior Directors will be eligible for the Plan.

*2. This is based on the stock split ratio implemented on of April 1, 2025 (1 common share split at a ratio of 2 shares). The ratio of the number of shares equivalent to the maximum number of points per fiscal year to the total number of issued shares (as of April 1, 2025, 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 performance targets and their positions, etc. The timing of granting of KDDI shares, etc. to Directors and Other Executives shall, in principle, be after their retirement.

The fiscal years covered by KDDI’s Medium-Term Management Strategy shall, in principle, be eligible for the Plan (hereinafter the “Eligible Period”). The Eligible Period after the revision of the Plan shall be four fiscal years from FY2022 to 2025, which is the period covered by the Medium-Term Management Strategy.

(2) Trust period after the extension

The current trust period of the Trust is until the end of August 2025 (scheduled), but it shall be extended by approximately one year to correspond to the Eligible Period, and will be until the end of August 2026 (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. 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 ¥1,250 million multiplied by the number of years in the Eligible Period (for the four fiscal years from FY2022 to 2025, which constitute the Eligible Period after the revision of the Plan, the amount shall be ¥5,000 million; and for FY2025, the amount shall be ¥1,250 million, which is the difference from the maximum amount before revision of ¥3,750 million applicable to the three fiscal years from FY2022 to 2024). 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. (Note that no additional shares of KDDI stock shall be acquired upon the continuation of the Plan for the current fiscal year.) 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 ¥1,250 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 points to be granted to Directors and Other Executives under the Plan per fiscal year shall not exceed 800,000 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 800,000 points, which is the maximum number of points per fiscal year, by the number of years in the Eligible Period. (Note that no additional shares of KDDI stock shall be acquired upon the continuation of the Plan this year.)

(5) KDDI shares, etc. to be granted to Directors and Other Executives

A certain number of points shall be granted to the Directors and Other Executives each year during the trust period in accordance with their degree of achievement of performance targets and their positions, etc. After the retirement of the Directors and Other Executives, KDDI shares equivalent to a certain percentage of the cumulative total number of points (including points already awarded) shall be granted; the remaining KDDI shares shall be converted into cash within the Trust in accordance with the provisions of the Share Grant Regulations; and an amount of cash equivalent to the proceeds from such conversion shall be granted.

While the Trust continues, by each June, the number of points to be awarded to the Directors and Other Executives for the fiscal year ended March 31 of the preceding fiscal year shall be determined based on their degree of achievement of performance targets and their positions, etc. in the relevant fiscal year. 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.

The number of points to be granted to each of the Directors and Other Executives shall be determined as follows based on the grant rate calculated according to their degree of achievement of (i) KDDI performance targets and (ii) other indicators determined based on the Remuneration Advisory Committee report, as well as their positions, etc.

(i) [KDDI performance targets] Operating revenue, operating income, profit for the period, etc.
(ii) [Remuneration Advisory Committee reporting targets] KPI numerical targets tied to the growth of KDDI's operations and increases in operating performance

Note that targets for operating performance and KPI numerical targets for each fiscal year during the Eligible Period are set at the beginning of the relevant fiscal year.

[Calculation formula] Point grant percentage calculated according to the degree of achievement of performance × position-based points

(6) 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, 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).

(7) 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 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 after 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.

(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. 3 is 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
Inside Director	Makoto Takahashi	●	●	●	●	●	●
	Hiromichi Matsuda	●	●	●	●		
	Yasuaki Kuwahara	●	●		●		
	Nanae Saishoji	●				●	●
	Hiroshi Takezawa	●	●				
	Tomohiko Katsuki	●	●		●	●	●
Outside Director	Goro Yamaguchi	●	●	●			●
	Keiji Yamamoto	●		●	●		
	Tsutomu Tannowa	●	●	●			●
	Junko Okawa	●	●				
	Kyoko Okumiya						●
	Makoto Ando			●	●		
Audit & Supervisory Board Member	Noboru Edagawa	●		●	●		
	Kazuyasu Yamashita			●		●	●
	Naoki Fukushima						●
	Kazutoshi Kogure					●	●
	Koji Arima	●	●	●	●		●

(Reference) Message from an Outside Director

Hopes for the future envisioned by KDDI
Junko Okawa, Independent Outside Director Recently, many companies have been working to ensure diversity in terms of gender, age, background, etc. in an effort to achieve sustainable growth. In order to further accelerate this movement, I believe it is important for management to understand the essence of said movement and take the lead in promoting it. “Making the most of diversity” in chapter 1 “Vision” of the “KDDI Group Philosophy” clearly states that a mutual respect and understanding of diverse personalities and values is essential for the sustainable growth of the company, and promotes DE&I (Diversity, Equity & Inclusion). In addition, one of the themes of KDDI’s medium-term management strategy is “diverse human resources.” In fact, the Board of Directors is composed of Directors with a variety of backgrounds, and an atmosphere in which each Director feels comfortable speaking their mind has been fostered. At Board of Directors meetings, various issues are discussed from multiple perspectives. Regarding themes such as sustainability and human capital, the status of initiatives is regularly shared, and lively discussions are held regarding policies and responses to issues. I believe that an important challenge going forward is figuring out how to, based on the aforementioned discussions, make policies and initiatives that we are currently promoting more effective, and how to achieve results toward the targets we have set. KDDI is a leading company in the communications industry, and my hope is that it will also become a more advanced company in terms of DE&I. I will also work to fulfill my role as a member of the Board of Directors. As is the case in the aviation industry, which lies at the foundation of my own career, KDDI’s stakeholders are extremely diverse, both in terms of individuals and corporations. Accordingly, diverse personalities, experiences, and ideas are necessary in order to accurately grasp diverse needs and provide creative value that meets these needs. This is something that I have believed for a long time. On the other hand, despite KDDI’s diversity, there is one important mindset that should be shared by each and every employee, and that is the “KDDI Group Philosophy.” Nowadays, communications have become one of the indispensable utilities in people’s lives, just like electricity, water, and gas. As KDDI operates a business with such a highly public nature, the KDDI Group Philosophy, which expresses a mindset, values, and behavior that all employees should embody, represents a major strength of the Company. I believe that by sharing and practicing this philosophy, we can elevate people’s minds and create better day-to-day lives alongside customers as a company that has true social value. communications, which can be integrated into all kinds of things, holds infinite potential when it comes to solving social issues in Japan, such as the declining birthrate and aging population, as well as the country’s successive natural disasters. KDDI has taken on a variety of bold challenges to date, and through our philosophy and DE&I initiatives, I will devote my efforts to helping all employees demonstrate their individuality and capabilities, enhancing “the power to connect” as set forth in KDDI VISION 2030, and creating a society in which anyone can make their dreams a reality. Please look forward to the future of KDDI.

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

Analysis and Evaluation of the Board of Directors' Effectiveness

■ **Purpose of conducting**

The Company conducts a self-evaluation of the Board of Directors 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.

- Improving the effectiveness of the Board of Directors through off-site meetings
  By discussing important new projects and the progress of medium-term plans in advance at "off-site meetings" attended by all members of the Board of Directors, and then presenting said topics to the Board of Directors, the reliability of the decision-making process and content is ensured, and sufficient opportunities for discussion are created.
- Agenda design and provision of materials for Board of Directors meetings
  The Board of Directors strives to be flexible in its approach to the agenda and themes to be discussed at Board of Directors meetings, by, for example, appropriately reflecting the opinions of outside directors and audit & supervisory board members. In addition, the materials clearly and precisely describe the facts, issues, and other points to be discussed, which helps to ensure an accurate understanding of the matters under consideration.

■ **Future issues**

- Further strengthening monitoring and supervision of progress of implementation plans
  We aim to further strengthen the monitoring and supervisory functions of the Board of Directors by more clearly sharing the company's current status and issues in annual plans and quarterly progress reports, and by discussing measures based on them.
- Recognition and discussion of management issues from a long-term perspective
  Toward the realization of the Company's "KDDI VISION 2030," we will further enhance discussions on the Group's management issues and human resources strategies based on our long-term outlook for the external environment, and strive to make the Board of Directors even more conducive to sustainability management.

BUSINESS REPORT
(April 1, 2024 to March 31, 2025)

1. Current Status of the Corporate Group

(1) Business Developments and Results

1) Overall Conditions

Financial Highlights

(Millions of yen)

Overall				
	40th fiscal year (FY2024.3)	41st fiscal year (FY2025.3)	YOY	
Operating revenue	5,754,047	5,917,953	Up 2.8%	Operating revenues increased mainly due to an increase in revenue from mobile handset sales and the finance business as well as an increase in revenue attributable to an expansion in growth fields comprising IoT-related services, data centers, and digital BPO, despite decreases in energy business revenue due to the impact of changing certain transactions of subsidiaries from gross accounting to net accounting for an alteration in distribution channels.
Operating Income	961,584	1,118,674	Up 16.3%	Operating income increased mainly due to a loss allowance for lease receivables in the Myanmar communications business in the previous fiscal year as well as an increase in communication ARPU Income, net energy business profit, share of profit of investments accounted for using the equity method by the Company's acquisition of Lawson's shares, and revenue attributable to an expansion in growth fields.
Profit for the period attributable to owners of the parent	637,874	685,677	Up 7.5%	Profit for the period attributable to owners of the parent increased mainly due to increased operating income.

Personal Services		Please see P. 27 for topics		
	40th fiscal year (FY2024.3)	41st fiscal year (FY2025.3)	YOY	
Operating revenue	4,747,034	4,795,618	Up 1.0%	Operating revenues increased mainly due to an increase in revenue from mobile handset sales and the finance business, despite decreases in energy business revenue due to the impact of changing certain transactions of subsidiaries from gross accounting to net accounting for an alteration in distribution channels.
Operating Income	737,260	877,144	Up 19.0%	Operating income increased mainly due to a loss allowance for lease receivables in the Myanmar communications business in the previous fiscal year as well as an increase in communication ARPU Income, net energy business profit and share of profit of investments accounted for using the equity method by the Company's acquisition of Lawson's shares.

Business Services		Please see P. 29 for topics		
	40th fiscal year (FY2024.3)	41st fiscal year (FY2025.3)	YOY	
Operating revenue	1,289,552	1,399,787	Up 8.5%	Operating revenues increased mainly due to an increase in revenue attributable to an expansion in growth fields comprising IoT-related services, data centers, and digital BPO.
Operating Income	216,952	233,048	Up 7.4%	Operating income increased mainly due to an increase in operating revenue.

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

2) Business Conditions by Segment

Personal Services: Highlights

Multi-brand service offerings and "No. 1 connection experience in the world[*1]" initiatives

The Company offers mobile communication services with multiple brands, such as "au," "UQ mobile," and the online exclusive brand "povo" to pay close attention to customers' unique needs and strive to meet them accordingly.

Through au, we provide the "au Money Activity Plan+," a fee plan that provides extra benefits when using financial services, to support money management activities in which customers can easily create assets.

Through UQ mobile, we will continue to meet a wide range of needs through the "Komi-Komi Plan+," the "UQ Parent-Child Support Discount" that offers great deals for families, the "Raku Raku Smartphone Lite," and more.

povo offers a variety of services, including a plan where users can add options including data capacities, as well as “collaboration toppings” that allow users to enjoy various services in combination with data.

Furthermore, in the Global Mobile Network Experience Awards 2025 released by the global analytics company, Opensignal, we achieved the number one position in the world in three of the six categories*2.

Going forward, we will continue to expand our service area and constantly improve quality, providing high-quality communications services that our customers can use with confidence.

*1 The “No. 1 connection experience in the world” 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 reliable experience in the Global Mobile Network Experience Report from Opensignal.

*2 The evaluation covered all mobile network operators in countries with areas of 200,000 km^2 or greater for which sufficient data could be collected (41 countries, 142 MNOs), and comparisons were conducted in each country using common evaluation criteria recognized by Opensignal. Data provision period: July 1 to December 27, 2024. The “Global Mobile Network Experience Awards 2025” announced on February 27, 2025 ©Opensignal Limited. (For details, please visit the Opensignal website.)

Transformation into the convenience store of the future

As part of our real-world initiatives under our Satellite Growth Strategy, Lawson, Inc. (hereinafter “Lawson”) began a business under a joint management structure with Mitsubishi Corporation and the Company in September 2024, each holding 50% of the shares of Lawson. Aiming to transform Lawson into the convenience store of the future, Mitsubishi Corporation and the Company will utilize their business foundations and AI and DX technologies to promote the expansion of Real × Tech Convenience. They will also collaborate with local municipalities with the aim of solving social issues faced by communities and work on further enhancing the role of Lawson stores as local relaxation stations.

In addition, with the renewal of Ponta Pass in October 2024, we began offering Ponta Pass Boost, which increases the number of Ponta Points awarded when paying with au PAY (QR code payment) together with Weekly LAWSON discount coupons, and in November 2024 we launched “povo Data Oasis,” which enables customers to add data to their plans when visiting Lawson stores.

Furthermore, in TAKANAWA GATEWAY CITY, which is where the Company will relocate its headquarters, we will open Lawson stores as experimental labs with the aim of creating the convenience stores of the future. We will utilize data to enhance marketing, promote the expansion and vitalization of the Ponta Point economic zone, and collaborate in transforming stores into the convenience stores of the future.

Growing our finance business and achieving “connective finance”

In our financial business, the Company is steadily expanding the customer base: the number of au PAY Card members reached 10 million, and au Jibun Bank Corporation’s (hereinafter “au Jibun Bank”) mortgage loans exceeded 5 trillion yen, recording the fastest rate of expansion among Internet-specialized banks (*). au Financial Service Corporation received the highest rating of three stars at all five customer centers in the HDI Rating Benchmark (request rating survey) for 2024 organized by HDI-Japan.

In November 2024, we concluded an agreement with the Mitsubishi UFJ Financial Group, Inc. regarding focus areas and the structure of our collaboration to advance to a new stage, with the aim of strengthening more flexible strategies and accelerating decision-making. As part of these efforts, in January 2025, au Financial Holdings Corp. made au Jibun Bank a wholly owned subsidiary, and transferred all shares of au Kabucom Securities Co., Ltd. (currently Mitsubishi UFJ eSmart Securities Co., Ltd.) to MUFG Bank, Ltd. In March 2025, we updated the au Jibun Bank app. Accounts can be opened as quickly as on the “same day” by using a My Number Card, providing customers with even greater convenience.

Going forward, we will continue to realize connective finances that make finances more personal for all people while working closely with customers to effect fun changes in their lives by creating connections between communications and financial services.

* As of October 16, 2024, according to au Jibun Bank. Internet-specialized banks include SBI Sumishin Net Bank, Sony Bank, PayPay Bank, Daiwa Next Bank, Rakuten Bank, GMO Aozora Net Bank, and Minna-no Ginko.

Expansion of global business (Mongolia, Myanmar)

In Mongolia, MobiCom Corporation LLC, a Mongolian general communication carrier, expanded its Smart Usage (smartphone classes) initiative, which it launched in fiscal 2022, to all of Mongolia to support safe and secure Internet usage by elementary, junior high, and senior high school students. We will continue helping to enhance the nation's economic development and improvement of people's lives.

In Myanmar, KDDI Summit Global Myanmar Co., Ltd. supports the communications operations of Myanmar Posts and Telecommunications (MPT). We wish to express our profound condolences to all those who suffered losses or were forced to evacuate by the earthquake in March 2025. We will continue working to restore and maintain the country's communications services, which are essential for the lives of the people of Myanmar.

Business Services: Highlights

A new business platform for the AI era

Corporate customers are faced with increasingly complex social and business issues. Data and AI are essential to solving them. In May 2024, we launched WAKONX, a brand born from the concept of accelerating digitalization in Japan. This is a new business platform for the AI era that contributes to the business growth of corporate customers and the solving of social issues. Together with partners in various industries, we utilize assets such as the Company's customer base, AI, the cloud, large-scale computational platforms, and various networks to collaboratively create and supply AI services and solutions optimized for different industries.

TAKANAWA GATEWAY CITY, which opened in March 2025, uses WAKONX SmartCity to create a smart city* utilizing town data and au data. A platform has been created to collect and analyze data from the facilities and people in the area and to utilize that data to create a smart city, such as through a city app that provides timely information based on users' personal interests and situationally-tailored autonomous robot services. In the future, this will be expanded to other cities and contribute to resolution of urban planning issues commonly faced by business operators, such as population decline and labor shortages, liveliness of areas, and regional revitalization.

For the retail industry, WAKONX Retail will help solve store operation problems related to diversifying needs, securing human resources, and cost increases caused by rising wages, along with store development problems such as plans to select candidate sites for stores based on data concerning the flow of people and purchase. Solutions will be provided as separate packages. For example, the Inventory Visualization and Optimization Pack is used to support improvement of operation by analyzing and visualizing data regarding inventory turnover rates for individual products. The Store Development Support Pack analyzes data of product interest, overlap with competing business zones, and the like when opening new stores and uses generative AI to propose candidate locations.

The logistics industry faces various problems, such as the 2024 distribution problems and the shrinkage of the working-age population. These problems require the use of automation and digitalization to improve the efficiency of distribution warehouse operations. Nexa Ware Co. Ltd., a joint venture between Tsubakimoto Chain and the Company, has begun providing the Nexa Warehouse-Optimizer data analysis service for distribution warehouses. This service analyzes and utilizes warehouse data to optimize operational processes. It also automatically creates worker shifts that give due consideration to people, workloads, and time. Through digitalization using the web dashboard, we visualize and propose shifts that will ensure more efficient warehouse operations. The service has already been in use in the Company's distribution centers and has succeeded in improving work efficiency 1.4-fold. We will roll out this asset as WAKONX Logistics to assist with initiatives for digitalizing logistics.

* Cities or regions that are managed in various fields (planning, improvements, management and operation, etc.) by effectively using the latest technologies, such as ICT, and data from the public and private sectors, and provide people (residents, companies, and visitors) with better services and a higher quality of life, both in the present and into the future, in the social, economic, and environmental arenas. The goals of these efforts are to solve global issues and the local issues faced by cities and regions and to create new value.

Enhancing digital security efforts

In January 2025, we completed our common stock tender offer for LAC Co., Ltd. (hereinafter "LAC"), a leading cyber security company, making it a wholly owned subsidiary. In recent years, the importance of cyber security has been increasing in line with the changing times, which are bringing a rapid proliferation of teleworking and the widespread use of generative AI, IoT, and cloud services. We will build a system that can provide customers with more optimal solutions by consolidating LAC's wealth of knowledge related to cyber security and the Company's management resources, such as network services. In addition, we will work to make cyber security services even more advanced and contribute to the enhancement and development of cyber security across Japan.

Expansion of connected business

The number of the Company's IoT connections reached a cumulative total of over 5,052 million in March 2025, giving the Company the top market share in Japan. Our strength lies in having a security and maintenance system and a solid operational track record spanning roughly 20 years. Our share has expanded significantly in the realms of social infrastructure (including cars, smart electricity and gas meters, etc.) and the global market. Going forward, we will continue contributing to the realization of sustainable industries and infrastructure environments, aiming to reach 100 million connections in FY2030. In the area of connected cars in particular, KDDI Spherience, LLC*, a new company dedicated to the connected business with the aim of further global expansion, began operations in North America in April 2024. It has also opened an operations site in Sweden, and we will enhance coordination between its three sites in the Americas, Europe, and Asia to assist Japanese automobile manufacturers in their overseas expansion and support the introduction of connected technologies by overseas automobile manufacturers, and eventually, outside the field of automobile industry.

In January 2025, we began supplying ConnectIN, which embeds and integrates IoT communications in products and services. With this business model, manufacturers sell products with pre-paid communication fees for a fixed period, thus customers who purchase the products are not billed by the Company for communication fees. The products have built-in communications functions, and customers can enjoy added value, such as automatic content updates.

Our aim is to continue to provide connected services for various manufacturers and support DX acceleration at corporate clients to generate fresh value.

* "Spherience" is made up of "sphere" and "experience." The concept behind it is to provide new experiential value around the globe.

3) Efforts toward Continued Enhancement of Corporate Value

Initiatives toward AI utilization and platform creation

One of the core businesses of our business strategy (our Satellite Growth Strategy) is the practical application of generative AI. We are striving to create value by leveraging the Group's computational platforms and network resources while collaborating with a startup that boasts Japan's best R&D capabilities for large language models (LLMs).

We have been utilizing generative AI in our own business, such as by embedding generative AI functions in our services and using for the customer service operation support offered by our group company, Altius Link, Inc. Furthermore, in March 2024, we introduced au Support AI Advisor, which integrates generative AI and digital humans* in our customer center's support desk. Through initiatives such as this, we are expanding the range of services that offer added value to customers, both consumers and corporate customers.

Furthermore, to meet the rising demand for generative AI throughout society, we have announced investment of around ¥100,000 million over the medium and long term in the creation of large-scale computational platforms that will support generative AI development. We stroke a basic agreement with Sharp Corporation on construction of AI data center at the former site of the company's Sakai factory in December 2024, and plan to go into full-scale operation in FY2025. We will continue to work to build a sustainable society together with business partners in every industry and contribute to the revitalization of Japan as a whole by building AI infrastructure.

* A collective term for technologies used to create or utilize 3D models with human-like features and appearances.

Building new communications infrastructure with Starlink

The Company is working to create new experiential value for our customers by building an environment where people can "stay connected anywhere where they can see the sky" using Starlink, a satellite broadband service developed by Space Exploration Technologies Corp. (hereinafter "SpaceX"). These include locations where base station installation is unfeasible due to geographic factors, such as mountainous areas, remote islands, and on ships. To deal with the tide of natural disasters, we are also using Starlink to ensure connectivity in disaster areas and evacuation sites, assisting with rapid disaster recovery and relief activities.

From April 2025, smartphones became able to directly connect to Starlink communications satellites, and we launched au Starlink Direct, which enables users to send and receive text messages anywhere the sky is visible, even outside coverage areas. This is Japan's first* service that allows smartphones to directly communicate with satellite. We will continue to deepen our partnership with SpaceX so that users can "stay connected anywhere where they see the sky."

* The first service for direct communications between satellites and smartphones that allows individual people to send and receive text messages.

(2) Issues Facing the Corporate Group

Amidst a rapidly changing business environment, including unstable global conditions and diversifying customer needs, the KDDI Group will promote high-quality 5G network construction, generative AI and data-driven approaches, sustainable growth of ARPU revenue, growth in focused areas consisting of DX, finance, and energy, as well as cost structure reforms.

Forecast for the 42nd fiscal year (April 1, 2025 to March 31, 2026)

Consolidated Financial Forecast

	Operating revenue	Operating income	Profit attributable to owners of the parent
	Millions of yen	Millions of yen	Millions of yen
Full year	6,330,000	1,178,000	748,000

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	%	%
40th fiscal year	70.00	70.00	140.00	292,284	46.5	5.7
41st fiscal year	70.00	75.00	145.00	290,296	42.8	5.7
42nd fiscal year (Forecast)	40.00	40.00	80.00		41.2	

Notes: 1. Values for the 41st 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 40th and 41st fiscal years, the actual dividend amounts before the stock split are presented. For the 42nd fiscal year (forecast), the figures after the stock split are presented.

(3) **Principal Subsidiaries, Etc.** (As of March 31, 2025)

1) Businesses in Principal Subsidiaries

Company name	Location	Capital	Ratio of capital contribution	Principal business
		Millions of yen	%	
Okinawa Cellular Telephone Company	Okinawa	1,415	53.4	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	35,000	100.0	Financial holding company
Supership Holdings Co., Ltd.	Tokyo	4,057	84.1	Holding company of an Internet services 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
KDDI Digital Divergence Holdings Corporation	Tokyo	100	100.0	Management business, functions for the business planning, etc. of subsidiary companies in DX 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
LAC Co., Ltd.	Tokyo	2,648	100.0	Security solution service business, system integration service business
KDDI Engineering Corporation	Tokyo	1,500	100.0	Construction, maintenance and operation support for communications facilities
KDDI Research, Inc.	Saitama	2,283	91.7	Information and communications related policy and market research, technology research, and product development
KDDI America, Inc.	USA	Thousand US$ 84,400	100.0	System integration and telecommunication services in the US

Company name	Location	Capital	Ratio of capital contribution	Principal business
KDDI Europe Limited	UK	Thousand STG£ 42,512	(100.0)	System integration and telecommunication services in Europe
Telehouse International Corporation of America	USA	Thousand US$ 4.5	(73.1)	Data center services in the US
Telehouse International Corporation of Europe Ltd	UK	Thousand STG£ 47,167	(93.4)	Data center services in Europe
Telehouse Canada, Inc.	Canada	Thousand C$ 1,100,000	100.0	Data center services in Canada
KDDI China Corporation	China	Thousand RMB 13,446	85.1	System integration services in China
KDDI Summit Global Myanmar Co., Ltd.	Myanmar	Thousand US$ 405,600	(100.0)	Support for communication business at Myanmar Posts and Telecommunications (MPT)
KDDI Asia Pacific Pte Ltd	Singapore	Thousand S$ 10,255	100.0	System integration and telecommunication services in Singapore
MobiCom Corporation LLC	Mongolia	Thousand TG 6,134,199	(98.8)	Mobile communication services in Mongolia

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

2) Progress with business combinations, etc. in the fiscal year under review

On January 22, 2025, the Company acquired common stock of LAC through a tender offer under the Financial Instruments and Exchange Act. As a result, the Company now holds 28,624,091 shares (92.4%) of LAC’s stock, making LAC a consolidated subsidiary of the Company. As a result of subsequent demand for sale of shares procedures, etc., the Company’s ratio of capital contribution in LAC as of March 31, 2025 is 100%.

In addition, in February 2024, the Company entered into a capital and business alliance agreement with Mitsubishi Corporation and Lawson, and subsequently, through a tender offer for Lawson shares, the Company’s ownership interest in Lawson has become 50% as of March 31, 2025, making Lawson jointly managed by Mitsubishi Corporation and the Company.

(4) 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)

		38th fiscal year (FY2022.3)	39th fiscal year (FY2023.3)	40th fiscal year (FY2024.3)	**41st fiscal year (FY2025.3)**
		IFRS			
Operating revenues		5,446,708	5,671,762	5,754,047	**5,917,953**
Operating income		1,060,592	1,077,393	961,584	**1,118,674**
Profit attributable to owners of the parent		672,486	679,113	637,874	**685,677**
Basic earnings per share (yen)		150.01	155.50	150.63	**169.33**
Total assets		11,084,379	11,923,522	14,146,060	**16,876,219**
	Total liabilities	5,573,715	6,252,863	8,348,833	**11,225,648**
	Total equity	5,510,663	5,670,659	5,797,226	**5,650,572**

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 38th fiscal year.

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

(millions of yen unless otherwise indicated)

		38th fiscal year (FY2022.3)	39th fiscal year (FY2023.3)	40th fiscal year (FY2024.3)	**41st fiscal year (FY2025.3)**
		Japan GAAP			
Operating revenues		4,037,023	3,780,778	3,683,130	**3,797,652**
	Telecommunications business	2,596,243	2,461,576	2,413,845	**2,400,847**
	Incidental business	1,440,779	1,319,202	1,269,284	**1,396,804**
Operating income		721,146	622,824	649,240	**640,201**
Ordinary income		790,544	761,018	780,977	**722,734**
Profit		561,015	547,454	562,607	**524,594**
Earnings per share (yen)		125.15	125.36	132.86	**129.55**
Total assets		5,966,580	5,998,484	6,466,605	**7,298,136**
	Liabilities	1,852,940	1,960,800	2,404,970	**3,443,221**
	Net assets	4,113,639	4,037,684	4,061,634	**3,854,915**

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 38th fiscal year.

(5) Financing Activities of the Corporate Group

In the current fiscal year, the Company borrowed ¥442,500 million in long-term loans from financial institutions.

(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 ¥ 678,907 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, 2025)

1) Employees of the Corporate Group

Business segment	No. of employees
Personal Services	28,740
Business Services	32,281
Others	3,615
Total	64,636

2) Employees of the Company

No. of employees	Year-on-year increase	Average age	Average length of service
9,483	74	42.0	16.4 years

Note: No. of employees does not include 3,690 employees seconded to subsidiaries, etc.

(8) Principal Lenders (As of March 31, 2025)

Creditor	Loans outstanding
	Millions of yen
MUFG Bank, Ltd.	359,500
Sumitomo Mitsui Banking Corporation	315,500
Mizuho Bank, Ltd.	115,000
The Norinchukin Bank	65,000
Sumitomo Mitsui Trust Bank, Limited	64,000
Shinkin Central Bank	55,000

2. **Shares** (As of March 31, 2025)

(1) Total Number of Authorized Shares 4,200,000,000 shares

(2) Total Number of Issued Shares

2,191,846,416 shares
(including 201,681,169 shares of treasury stock)

(3) Number of Shareholders

535,327
(decrease of 18,612 from the previous year-end)

(4) Shareholder Composition

National and Local Governments	1,500 shares	0.00%
Financial Institutions	555,378,847 shares	25.34%
Other Companies	612,665,641 shares	27.95%
Securities Firms	91,671,447 shares	4.18%
Individuals and Others	338,762,117 shares (including treasury stock)	15.46%
Foreign Companies, etc.	593,366,864 shares	27.07%

(5) Principal Shareholders

Name	Number of shares held	Shareholding ratio
	shares	%
KYOCERA Corporation	335,096,000	16.83
The Master Trust Bank of Japan, Ltd. (Trust Account)	329,451,800	16.55
TOYOTA MOTOR CORPORATION	203,294,600	10.21
Custody Bank of Japan, Ltd. (Trust Account)	144,706,550	7.27
STATE STREET BANK WEST CLIENT – TREATY 505234	36,190,275	1.81
STATE STREET BANK AND TRUST COMPANY 505001	26,748,607	1.34
JP MORGAN CHASE BANK 385781	21,402,114	1.07
STATE STREET BANK AND TRUST COMPANY 505103	21,363,316	1.07
JPMorgan Securities Japan Co., Ltd.	20,489,733	1.02
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	17,027,386	0.85

Note: KDDI holds 201,681,169 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 (937,697 shares).

(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)	19,700 shares	1

(7) Other Significant Matters regarding Shares

At the Board of Directors meeting held on November 1, 2024, the Company resolved to conduct a two-for-one stock split of the common stock effective April 1, 2025, and amended the Articles of Incorporation regarding the total number of authorized shares. As a result, the total number of authorized shares is 8,400,000,000 shares, and the total number of issued shares is 4,383,692,832 shares.

3. Directors and Audit & Supervisory Board Members

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

(As of March 31, 2025)

Position	Name	Responsibilities in the Company and important concurrent positions
Chairperson, Director	Takashi Tanaka	Outside Director of Astellas Pharma Inc.
President, Representative Director	Makoto Takahashi	CEO, Executive Director, Corporate & Marketing Communications Sector and Global Consumer Business Sector
Executive Vice President, Representative Director	Yasuaki Kuwahara	Executive Director, Business Solution Sector
Managing Executive Officer, Director	Hiromichi Matsuda	CDO, Executive Director, Advancing Business Technology Sector, and General Manager, Advancing Business Tech-Strategy Division
* Managing Executive Officer, Director	Nanae Saishoji	CFO, Executive Director, Corporate Sector
* Managing Executive Officer, Director	Hiroshi Takezawa	Executive Director, Personal Business Sector
Director	Goro Yamaguchi	Chairperson of the Board and Representative Director of KYOCERA Corporation Director, Outside Member of the Board of Toyota Tsusho Corporation
Director	Keiji Yamamoto	Senior Fellow of TOYOTA MOTOR CORPORATION
Director	Tsutomu Tannowa	Chairperson, Director 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 Tokyo Institute of Technology (currently Institute of Science Tokyo)
Full-time Audit & Supervisory Board Member	Noboru Edagawa	
* Full-time Audit & Supervisory Board Member	Kazuyasu Yamashita	
* Full-time Audit & Supervisory Board Member	Naoki Fukushima	
* Audit & Supervisory Board Member	Kazutoshi Kogure	Representative of Kazutoshi Kogure CPA Office Senior Advisor of The Japanese Institute of Certified Public Accountants
* Audit & Supervisory Board Member	Koji Arima	Representative Member of the board, Chairman of DENSO CORPORATION Independent Director of AGC Inc.

Notes:
1. Directors and Audit & Supervisory Board Members with * are new Directors who were elected at the 40th Annual Shareholders Meeting held on June 19, 2024.
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 Naoki Fukushima, 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 Naoki Fukushima, 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. As of April 1, 2025, Chairperson, Director Takashi Tanaka has become Senior Advisor, Director; President, Representative Director Makoto Takahashi has become Chairperson, Representative Director; and Director Hiromichi Matsuda has become President, Representative Director.

(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	123	7	123	–	–
	Others	832	8	338	345	149
	Total	955	15	461	345	149
Audit & Supervisory Board Members	Outside Audit & Supervisory Board Members	73	6	73	–	–
	Others	79	3	79	–	–
	Total	152	9	152	–	–

Notes: 1. The above-stated number of Directors to be paid remuneration and the amount thereof include those for two Directors and one Outside Director who retired at the conclusion of the 40th Annual Shareholders Meeting held on June 19, 2024. The number of Directors to be paid executive bonuses is six, excluding said retired Directors.

2. The above-stated number of Audit & Supervisory Board Members to be paid remuneration and the amount thereof include those for one Audit & Supervisory Board Member and three Outside Audit & Supervisory Board Members who retired at the conclusion of the 40th Annual Shareholders Meeting held on June 19, 2024.

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.

2) Policy for Determining Content of Remuneration for Individual Directors

a. Method for deciding on the policy for such determination

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

b. Outline of content of Determination Policy

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

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

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

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

<table>
<tr><th></th><th>Type of remuneration</th><th>Method of determination</th><th>Remuneration limit</th><th>Shareholders Meetings when resolutions were made</th><th>Number of executives at the time of resolution</th></tr>
<tr><td rowspan="4">Director</td><td>Basic remuneration</td><td>・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</td><td>Up to ¥50 million per month</td><td>The 30th Annual Shareholders Meeting held on June 18, 2014</td><td>13 Directors (including 3 Outside Directors)</td></tr>
<tr><td>Stock price-linked bonus</td><td>Set the levels to link to “EPS growth rate” and “stock price fluctuation rate” for each fiscal year</td><td rowspan="2">Within 0.1% of consolidated profit (under IFRS, profit attributable to owners of the parent) for each fiscal year</td><td rowspan="2">The 27th Annual Shareholders Meeting held on June 16, 2011</td><td rowspan="2">10 Directors (excluding Outside Directors)</td></tr>
<tr><td>Performance-linked bonus</td><td rowspan="2">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</td></tr>
<tr><td>Performance-linked stock compensation</td><td>(Applicable to Directors, Executive Officers, Administrative Officers and Senior Directors)
The number of points to be granted to each eligible person per fiscal year shall not exceed 400,000 points in total. (Converted at ratio of one share = one point.)</td><td>(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</td><td>6 Directors,
38 Executive Officers and
16 Administrative Officers
34 senior directors (excluding those living overseas, Outside Directors and part-time Directors)</td></tr>
<tr><td>Audit & Supervisory Board Member</td><td>Fixed remuneration only</td><td>Pay only fixed-amount remuneration that does not vary with the Company’s business performance.</td><td>Up to ¥160 million per fiscal year</td><td>The 38th Annual Shareholders Meeting held on June 22, 2022</td><td>5 Audit & Supervisory Board Members</td></tr>
</table>

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. (4) 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 as of 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: (EPS growth rate x 50%) + (Stock price fluctuation rate x 50%)
EPS growth rate: EPS as of the end of the current fiscal year divided by EPS as of the end of the previous fiscal year
Stock price fluctuation rate (vs. TOPIX growth rate):
(Fiscal year-end stock price / Previous fiscal year-end stock price) / (Fiscal year-end TOPIX / 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: 1.12
- Stock price fluctuation rate:
  Reason for selection: This indicator is directly linked to changes in shareholder value, and is adopted to enhance the linkage between executive remuneration and shareholder value.
  Actual figures: 1.10

5) Matters Concerning Non-Monetary Remuneration

With regard to remuneration for Directors involved in the execution of business, the Company introduced the performance-linked stock compensation (Board Incentive Plan) ("BIP Trust") in fiscal 2015, with the aim of motivating them to contribute to the improvement of medium- to long-term business performance and the enhancement of corporate value.
The BIP Trust is an incentive plan for officers with reference to the Performance Share System and Restricted Stock System in the U.S. Under the BIP Trust, the Company's shares acquired through the BIP Trust are delivered to directors and other officers as officer remuneration upon their retirement in accordance with their position and the degree of achievement of performance targets.

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

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

(3) 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 Director, Outside Member of the Board 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 Senior Fellow 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 Chairperson of the Board 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 Representative Member of the board, Chairman of DENSO CORPORATION and Independent 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.

Note: There are no applicable matters regarding Audit & Supervisory Board Member Naoki Fukushima.

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	10 of 10 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.

Note: The attendance record of Director Makoto Ando began after his appointment as Director at the 40th Annual Shareholders Meeting held on June 19, 2024.

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	10 of 10 meetings (100%)	10 of 10 meetings (100%)
Audit & Supervisory Board Member	Kazutoshi Kogure	10 of 10 meetings (100%)	10 of 10 meetings (100%)
Audit & Supervisory Board Member	Koji Arima	10 of 10 meetings (100%)	10 of 10 meetings (100%)

Note: This is each Audit & Supervisory Board Member's attendance record of meetings of Board of Directors and Audit & Supervisory Board since their appointment as new Audit & Supervisory Board Member at the 40th Annual Shareholders Meeting held on June 19, 2024.

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	424 Millions of yen
2) Total amount of money and other economic benefits to be paid by the Company and its subsidiaries	1,307 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, paragraph (1) 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, 2025	(Reference) As of March 31, 2024	Account item	As of March 31, 2025	(Reference) As of March 31, 2024
Assets			Liabilities		
Non-current assets:	12,073,443	9,894,271	Non-current liabilities:	3,165,318	2,381,071
Property, plant and equipment	2,878,516	2,786,933	Borrowings and bonds payable	2,297,564	1,577,370
Right-of-use assets	416,862	425,173	Long-term deposits for financial business	155,913	112,730
Goodwill	595,829	568,134	Lease liabilities	292,893	292,003
Intangible assets	1,076,984	1,062,683	Other long-term financial liabilities	20,864	10,166
Investments accounted for using the equity method	731,949	301,037	Retirement benefit liabilities	11,191	11,801
Long-term loans for financial business	4,734,825	3,200,059	Deferred tax liabilities	244,156	235,723
Securities for financial business	442,499	413,767	Provisions	39,856	47,800
Other long-term financial assets	405,161	391,453	Contract liabilities	87,463	81,674
Retirement benefit assets	6,179	5,096	Other non-current liabilities	15,417	11,804
Deferred tax assets	25,106	17,948			
Contract costs	716,415	685,310	Current liabilities:	8,060,329	5,967,762
Other non-current assets	43,118	36,678	Borrowings and bonds payable	1,734,528	407,013
			Trade and other payables	996,315	899,125
Current assets:	4,802,776	4,251,789	Short-term deposits for financial business	4,407,474	3,713,407
Inventories	132,743	91,290			
Trade and other receivables	3,040,998	2,702,152	Call money	879	37,972
			Cash collateral received for securities lent	256,679	263,157
Short-term loans for financial business	412,619	367,593	Lease liabilities	112,577	118,016
Call loans	101,516	28,237			
Other short-term financial assets	30,467	30,662	Other short-term financial liabilities	1,625	7,762
Income tax receivables	373	2,384	Income taxes payables	167,755	161,152
Other current assets	162,885	142,263	Provisions	40,887	21,953
Cash and cash equivalents	921,175	887,207	Contract liabilities	93,864	84,947
			Other current liabilities	247,747	253,257
			Total liabilities	11,225,648	8,348,833
			Equity		
			Equity attributable to owners of the parent		
			Common stock	141,852	141,852
			Capital surplus	259,047	310,587
			Treasury stock	(819,072)	(845,093)
			Retained earnings	5,495,689	5,522,578
			Accumulated other comprehensive income	50,556	123,438
			Total equity attributable to owners of the parent	5,128,072	5,253,362
			Non-controlling interests	522,500	543,864
			Total equity	5,650,572	5,797,226
Total assets	16,876,219	14,146,060	**Total liabilities and equity**	16,876,219	14,146,060

(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, 2025	(Reference) For the fiscal year ended March 31, 2024
Operating revenue	5,917,953	5,754,047
Cost of sales	3,409,577	3,323,514
Gross profit	2,508,376	2,430,533
Selling, general and administrative expenses	1,426,974	1,503,680
Other income	12,763	32,951
Other expense	2,993	8,165
Share of profit (loss) of investments accounted for using the equity method	27,501	9,945
Operating income	1,118,674	961,584
Finance income	10,112	21,866
Finance cost	29,625	10,215
Other non-operating profit and loss	5,464	19,490
Profit for the period before income tax	1,104,625	992,725
Income tax	338,517	336,621
Profit for the period	766,107	656,104
Profit for the period attributable to:		
Owners of the parent	685,677	637,874
Non-controlling interests	80,430	18,230
Profit for the period	766,107	656,104

(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, 2025		(Reference) As of March 31, 2024	
(Assets)				
I Noncurrent assets		4,653,163		4,063,416
A Noncurrent assets-telecommunications business		1,895,082		1,832,494
(1) Property, plant and equipment*		1,566,588		1,516,176
1 Machinery	2,668,500		2,812,009	
Accumulated depreciation	(2,181,183)	487,317	(2,288,113)	523,896
2 Antenna facilities	967,217		952,856	
Accumulated depreciation	(694,340)	272,877	(665,891)	286,965
3 Terminal facilities	7,934		8,983	
Accumulated depreciation	(6,745)	1,189	(7,672)	1,311
4 Local line facilities	235,639		231,290	
Accumulated depreciation	(204,346)	31,293	(200,588)	30,702
5 Long-distance line facilities	94,676		94,958	
Accumulated depreciation	(90,910)	3,766	(91,175)	3,783
6 Engineering facilities	65,976		62,866	
Accumulated depreciation	(54,159)	11,817	(53,051)	9,815
7 Submarine line facilities	46,884		46,892	
Accumulated depreciation	(44,381)	2,503	(43,888)	3,004
8 Buildings	412,449		416,753	
Accumulated depreciation	(288,802)	123,647	(285,362)	131,391
9 Structures	93,888		91,951	
Accumulated depreciation	(77,221)	16,667	(75,354)	16,597
10 Machinery and equipment	3,039		4,023	
Accumulated depreciation	(2,763)	276	(3,766)	257
11 Vehicles	3,300		3,195	
Accumulated depreciation	(2,994)	306	(2,691)	504
12 Tools, furniture and fixtures	92,137		99,849	
Accumulated depreciation	(77,674)	14,463	(85,429)	14,420
13 Land		267,365		260,602
14 Construction in progress		333,101		232,929
(2) Intangible assets		328,494		316,319
1 Right of using submarine line facilities		286		352
2 Right of using facilities		33,108		14,028
3 Software		281,855		287,915
4 Leasehold right		1,429		1,429
5 Goodwill		11,753		12,511
6 Other intangible assets		62		83

Account item	As of March 31, 2025		(Reference) As of March 31, 2024	
(Liabilities)				
I Noncurrent liabilities		1,589,500		877,454
1 Bonds payable		710,000		250,000
2 Long-term loans payable		796,000		544,000
3 Lease obligations		–		0
4 Provision for retirement benefits		3,072		3,809
5 Provision for point service program		14,187		12,826
6 Provision for warranties for completed construction		5,612		5,477
7 Asset retirement obligations		21,916		30,728
8 Provision for officers' stock compensation		2,895		2,850
9 Other noncurrent liabilities		35,818		27,764
II Current liabilities		1,853,721		1,527,516
1 Current portion of noncurrent liabilities		198,000		108,000
2 Accounts payable-trade		66,996		52,368
3 Short-term loans payable		826,949		609,265
4 Lease obligations		–		10
5 Accounts payable-other		529,709		525,679
6 Accrued expenses		7,831		5,330
7 Income taxes payable		101,865		105,535
8 Contract liabilities		32,538		35,557
9 Advances received		21,502		17,089
10 Deposits received		22,805		37,561
11 Provision for bonuses		16,717		17,525
12 Provision for directors' bonuses		324		266
13 Asset retirement obligations		518		2
14 Provision for loss on contract		20,931		6,992
15 Provision for loss on disaster		1,149		2,099
16 Other current liabilities		5,887		4,238
Total liabilities		3,443,221		2,404,970

(Unit: Millions of yen)

Account item	As of March 31, 2025		(Reference) As of March 31, 2024		Account item	As of March 31, 2025		(Reference) As of March 31, 2024	
B Incidental business facilities		60,764		56,941	(Net assets)				
(1) Property, plant and equipment*	34,832		40,265						
Accumulated depreciation	(25,672)	9,160	(29,150)	11,115					
(2) Intangible assets		51,605		45,826	I Shareholders' equity		3,809,717		3,971,627
C Investments and other assets		2,697,317		2,173,980	1 Capital stock		141,852		141,852
1 Investment securities		236,433		305,080	2 Capital surplus		305,676		305,676
					(1) Legal capital surplus	305,676		305,676	
					(2) Other capital surplus	–		0	
2 Stocks of subsidiaries and affiliates		1,838,091		1,271,862	3 Retained earnings		4,182,297		4,370,378
3 Investments in capital		14		12	(1) Legal retained earnings	11,752		11,752	
					(2) Other retained earnings				
4 Investments in capital of subsidiaries and affiliates		5,742		5,742					
5 Long-term loans receivable		3		3					
					Reserve for advanced depreciation of noncurrent assets	677		677	
6 Long-term loans receivable from subsidiaries and affiliates		109,860		112,627	Reserve for special investments in capital	4,425		2,355	
7 Long-term prepaid expenses		380,534		379,396					
8 Deferred tax assets		86,307		72,800	General reserve	3,645,434		3,645,434	
					Retained earnings brought forward	520,009		710,161	
9 Other investment and other assets		53,488		39,273	4 Treasury stock		(820,107)		(846,280)
Allowance for doubtful accounts		(13,155)		(12,815)					
II Current assets		2,644,973		2,403,189					
1 Cash and deposits		115,038		82,333					
2 Notes receivable - trade		–		3					
3 Accounts receivable-trade		1,896,982		1,715,034					
4 Accounts receivable-other		268,607		321,358					
5 Supplies		101,266		65,260					
6 Advance payments - trade		4,996		243	II Valuation and translation adjustments		45,198		90,008
7 Prepaid expenses		61,313		44,241					
					1 Valuation difference on available-for-sale securities		45,198		90,008
8 Short-term loans receivable from subsidiaries and affiliates		130,488		107,733					
9 Other current assets		83,237		82,852					
Allowance for doubtful accounts		(16,955)		(15,867)					
					Total net assets		3,854,915		4,061,634
Total assets		7,298,136		6,466,605	**Total liabilities and net assets**		7,298,136		6,466,605

* 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, 2025	(Reference) The fiscal year ended March 31, 2024
I Operating income and loss from telecommunications		
(1) Operating revenue	2,400,847	2,413,845
(2) Operating expenses	1,731,448	1,727,922
1 Business expenses	455,745	456,392
2 Operating expenses	9	9
3 Facilities maintenance expenses	315,895	305,049
4 Common expenses	2,023	1,970
5 Administrative expenses	120,078	114,378
6 Experiment and research expenses	3,642	4,806
7 Depreciation	371,296	379,532
8 Noncurrent assets retirement cost	28,892	22,608
9 Communication facility fee	388,509	398,221
10 Taxes and dues	45,359	44,958
Net operating income from telecommunications	669,399	685,924
II Operating income and loss from incidental business		
(1) Operating revenue	1,396,804	1,269,284
(2) Operating expenses	1,426,002	1,305,968
Net operating loss from incidental business	29,198	36,683
Operating profit	640,201	649,240
III Non-operating income	101,549	138,355
1 Interest income	5,949	4,114
2 Dividends income	81,358	95,004
3 Foreign exchange gains	–	11,183
4 Miscellaneous income	14,242	28,054
IV Non-operating expenses	19,017	6,618
1 Interest expenses	7,737	1,944
2 Interest on bonds	3,817	1,221
3 Foreign exchange losses	2,362	–
4 Miscellaneous expenses	5,100	3,453
Ordinary profit	722,734	780,977
V Extraordinary income	4,476	17,289
1 Gain on sales of investment securities	1,953	4,155
2 Gain on sale of stocks of related companies	2,523	12,349
3 Gain on sale of noncurrent assets	–	785

(Unit: Millions of yen)

Account item	The fiscal year ended March 31, 2025	(Reference) The fiscal year ended March 31, 2024
VI Extraordinary loss	3,756	33,796
1 Impairment loss	138	5,279
2 Loss on sale of investment securities	33	139
3 Loss on valuation of investment securities	3,091	3,061
4 Loss on valuation of stocks of subsidiaries and affiliates	495	22,458
5 other	–	2,859
Profit before income taxes	723,454	764,470
Income taxes-current	193,465	193,323
Income taxes-deferred	5,395	8,540
Profit	524,594	562,607

(Notes) 1. Amounts of items are rounded to the nearest million yen.

2. Certain expenses related to colocation (¥15,459 million) that were included in "Communication facility fee" in the fiscal year ended March 31, 2024 have been reclassified and included in "Facilities maintenance expenses" from the fiscal year ended March 31, 2025 onwards, in accordance with revisions to guidelines, etc. regarding the application of the Telecommunications Business Act and the Radio Act to MVNO operations.

Independent Auditor’s Report (Consolidated)

(English Translation)
Independent Auditors’ Report

May 9, 2025

To the Board of Directors of
KDDI CORPORATION

PricewaterhouseCoopers Japan LLC
Tokyo Office
Tetsuro Iwase
Designated and Engagement Partner
Certified Public Accountant
Ryoichi Iwasaki
Designated and Engagement Partner
Certified Public Accountant
Takahiro Nomura
Designated and Engagement Partner
Certified Public Accountant
Shinichi Shimabukuro
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, 2025, 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, 2025, and their financial performance for the year then ended.

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

Other Content
Other content is the business report and the supplementary schedules thereof. It is the responsibility of the management to draft and disclose other content. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the execution of directors’ duties throughout the development and operation of the reporting process of the other content.
Other content is not subject to our audit opinion on consolidated financial statements, and we have expressed no opinion on other content. Our responsibility when auditing consolidated financial statements, is to read through the other content, and to consider whether there is a major disparity between the other content and the consolidated financial statements, or the knowledge gained in the course of our audit, and pay attention to whether there are any indications of significant errors in the other content, in the process of reading through.
If we determine that there is a significant error in the other content, it is required to report such.
There is nothing in the other content that we are required to report.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements 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 9, 2025

To the Board of Directors of
KDDI CORPORATION

PricewaterhouseCoopers Japan LLC
Tokyo Office
Tetsuro Iwase
Designated and Engagement Partner
Certified Public Accountant
Ryoichi Iwasaki
Designated and Engagement Partner
Certified Public Accountant
Takahiro Nomura
Designated and Engagement Partner
Certified Public Accountant
Shinichi Shimabukuro
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, 2025, 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, 2025, and their financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

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

Other Content
Other content is the business report and the supplementary schedules thereof. It is the responsibility of the management to draft and disclose other content. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the execution of directors' duties throughout the development and operation of the reporting process of the other content.
Other content is not subject to our audit opinion on financial statements, and we have expressed no opinion on other content.
Our responsibility when auditing financial statements, is to read through the other content, and to consider whether there is a major disparity between the other content and the financial statements, or the knowledge gained in the course of our audit, and pay attention to whether there are any indications of significant errors in the other content, in the process of reading through.
If we determine that there is a significant error in the other content, it is required to report such.
There is nothing in the other content that we are required to report.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Financial statements
Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with accounting principles generally accepted in Japan. This responsibility includes implementing and maintaining internal control deemed necessary by management relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, management is responsible for assessing whether it is appropriate to prepare the financial statements. with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.
Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial statements
Our responsibilities are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these financial statements.
In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional

skepticism throughout the audit process to perform the following:

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

We report to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.
We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and to communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related 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 41st fiscal year from April 1, 2024 to March 31, 2025, 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.
   (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 14, 2025

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

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.

To Shareholders

INFORMATIONAL MATERIALS FOR THE 41ST 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

KDDI Corporation

Current Status of the Corporate Group

Offices of the Company (As of March 31, 2025)

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

Principal Businesses of the Corporate Group (As of March 31, 2025)

The Group comprises the Company, 189 consolidated subsidiaries (129 companies in Japan and 60 companies overseas) and 47 equity-method affiliates and jointly controlled companies (38 in Japan and 9 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	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 our business know-how cultivated in Japan to provide telecommunication services and financial and entertainment services such as video and games to customers in Myanmar, Mongolia, and other Asian regions. 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.
Business Services	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 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. 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.

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 eleven 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.

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 2024 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 Administrative Officer / 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 2024, the Corporate Management Committee met 12 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 it provides opportunities, such as giving access to the Code through the Company's smartphones, so that they understand it thoroughly.

Also, the Company conducts corporate ethics seminars for management personnels of not only KDDI Corporation but also of KDDI Group companies to improve compliance awareness throughout the Group.

(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 of the system to employees using questionnaires. The Company continues to improve the effectiveness of the system by offering opportunities, including e-learning sessions relating to the whistle-blower system.

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 managers of the Company and its subsidiaries, newly-appointed officers of KDDI Group companies, administrators and general employees.

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.

In fiscal 2024, we held a total of eight monthly profitability review meetings and a total of 13 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 Corporate 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 with the aim of improved resolution of improprieties.

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 Committee 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 2024, as well as renewing the BCP for the whole company and the Basic Manual for Overseas Crisis Management, 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.
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 four domestic subsidiary to the system in fiscal 2024.
    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 Committee 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.

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 2024, a total of 28 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, 2025

(Unit: Millions of yen)

	Equity attributable to owners of the parent							
	Common stock	Capital surplus	Treasury stock	Retained earnings	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
As of April 1, 2024	141,852	310,587	(845,093)	5,522,578	123,438	5,253,362	543,864	5,797,226
Comprehensive income								
Profit for the period	–	–	–	685,677	–	685,677	80,430	766,107
Other comprehensive income	–	–	–	–	(73,100)	(73,100)	4,317	(68,783)
Total comprehensive income	–	–	–	685,677	(73,100)	612,577	84,747	697,324
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)	5,495,689	50,556	5,128,072	522,500	5,650,572

(Reference) For the fiscal year ended March 31, 2024

(Unit: Millions of yen)

	Equity attributable to owners of the parent							
	Common stock	Capital surplus	Treasury stock	Retained earnings	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
As of April 1, 2023	141,852	279,371	(545,833)	5,220,504	32,394	5,128,288	542,370	5,670,659
Comprehensive income								
Profit for the period	–	–	–	637,874	–	637,874	18,230	656,104
Other comprehensive income	–	–	–	–	52,852	52,852	10,216	63,068
Total comprehensive income	–	–	–	637,874	52,852	690,726	28,446	719,172
Transactions with owners and other transactions								
Cash dividends	–	–	–	(297,607)	–	(297,607)	(71,450)	(369,057)
Transfer of accumulated other comprehensive income to retained earnings	–	–	–	(38,192)	38,192	–	–	–
Purchase and disposal of treasury stock	–	(66)	(300,000)	–	–	(300,066)	–	(300,066)
Changes due to business combination	–	46,544	–	–	–	46,544	30,333	76,877
Changes in interests in subsidiaries	–	(15,098)	–	–	–	(15,098)	14,055	(1,043)
Other	–	(164)	739	–	–	575	110	685
Total transactions with owners and other transactions	–	31,216	(299,261)	(335,799)	38,192	(565,652)	(26,953)	(592,605)
March 31, 2024	141,852	310,587	(845,093)	5,522,578	123,438	5,253,362	543,864	5,797,226

(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: 189
   - 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, Supership Inc., Jupiter Shop Channel Co., Ltd., au Energy Holdings Corporation, KDDI MATOMETE OFFICE CORPORATION, KDDI Engineering Corporation, Altius Link, Inc., LAC Co., Ltd., KDDI Research, Inc., KDDI Sonic-Falcon CORPORATION, KDDI Digital Divergence Holdings Corporation, KDDI America, Inc., KDDI Europe Limited, TELEHOUSE International Corporation of America, TELEHOUSE International Corporation of Europe Ltd, Telehouse Canada, Inc., KDDI CHINA CORPORATION, KDDI Summit Global Myanmar Co., Ltd., KDDI Asia Pacific Pte Ltd, MobiCom Corporation LLC

   Names of principal companies newly made consolidated subsidiaries and reasons for new consolidation
   - LAC Co., Ltd.: 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: 47
   - Principal affiliates and jointly controlled companies:
     Lawson, Inc., Kyocera Communication Systems Co., Ltd., KKCompany Technologies Inc., and Kakaku.com, Inc.

   LAC Co., Ltd., which was an affiliate accounted for by the equity method in the previous fiscal year, has been excluded from the scope of the equity method from the fiscal year under review due to the additional purchase of shares.

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	6 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	4 to 30 years
Assets related to program supply	22 years
Spectrum migration costs	9 to 17 years
Others	5 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 of 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 contact and the performance obligation is fulfilled. Installation fee revenue is recognized over the estimated average contract period based on the percentage remaining.

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 doesn't have material standards and interpretations applied from the fiscal year under review.

(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 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 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.
   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, 2024 to March 31, 2025)

   (Unit: Millions of yen)

Business Category	Amount
Personal	4,733,192
Business	1,160,933
Others	23,828
Total	5,917,953
Revenue from contracts with customers	5,728,446
Revenue from other sources	189,507

   (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, 2024 to March 31, 2025)

   (Unit: Millions of yen)

	As of April 1, 2024	As of March 31, 2025
Receivables from contracts with customers	2,320,661	2,624,052
Contract liabilities	166,621	181,327

   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.

   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 ¥81,413 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 ¥175,002 million. The performance obligation 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 six 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 ¥595,829 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 ¥716,415 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.
   Assets recognized from 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 assets recognized from contract costs by recognizing impairment losses on those assets in profit or loss, the Group considers that these estimates to be important.
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 ¥19,967 million.
   (2) Other information
   For the previous fiscal year, after estimating the entire period's expected credit loss related to the recovery of lease receivables for Myanma Posts & Telecommunications (MPT) held by the consolidated subsidiary KDDI Summit Global Myanmar Co., Ltd. (hereinafter KSGM), KDDI recognized a loss allowance for a portion of these lease receivables.
   At the end of the fiscal year under review, the Group revised the contract with MPT regarding operational support for telecommunications business, and changed the terms of payment to MPT for lease receivables. Due to changes to the payment terms in the contract, the Group derecognized ¥112,211 million of non-credit-impaired financial asset and recognized ¥19,967 million of credit-impaired financial asset that is purchased or incorporated as new financial asset.
   For new 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	¥14,902 million
Trade and other receivables	¥19,000 million
Total	¥33,903 million

2. Accumulated depreciation of property, plant and equipment

¥5,352,230 million

3. Assets pledged as collateral and secured liabilities

Assets pledged as collateral:

Other long-term financial assets	¥19,401 million
Stocks of subsidiaries and affiliates (Note) 1	¥768 million
Securities for financial business	¥370,268 million
Loans for financial business	¥2,723,483 million
Other non-current assets	¥9,197 million
Total	¥3,123,116 million

Corresponding liabilities:

Long-term borrowings (Note) 1, 2	¥1,621,100 million
Cash collateral received for securities lent	¥256,679 million
Total	¥1,877,779 million

Note 1: Shares in equity-method affiliate Kagoshima Mega Solar Power Corporation was provided as collateral on bank borrowings. The balance of these borrowings as of March 31, 2025 was ¥6,717 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, 2025 was ¥335,593 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.

(Consolidated Statement of Changes in Equity)

1. Class and number of shares outstanding as of March 31, 2025

   Common stock 2,191,846,416 shares

   Note: On April 1, 2025, the Company split shares at a ratio of 2 shares to 1 common share. The number presented above is the number of shares before this share split.

2. Dividends

   (1) Cash dividends paid, etc.

Resolution	Class of shares	Total dividends	Dividends per share	Record date	Effective date
June 19, 2024 Annual shareholders meeting (Note)	Common stock	¥145,758 million	¥70	March 31, 2024	June 20, 2024
November 1, 2024 Meeting of the Board of Directors (Note)	Common stock	¥141,104 million	¥70	September 30, 2024	December 3, 2024

Note: The total amount of dividends does not include the dividend for the Company's shares owned by the executive compensation BIP trust.

(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 18, 2025 Annual shareholders meeting (Note) 1, 2, 3, 4	Common stock	¥149,192 million	Retained earnings	¥75	March 31, 2025	June 19, 2025

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 does not include the dividend for the Company's shares owned by the executive compensation BIP trust.

Note 3: The Company effected split share on April 1, 2025 at a rate of 2 shares to 1 common share. The numbers presented above are the actual dividends before the share split.

Note 4: The above numbers are subject to the resolution of the regular general meeting of shareholders that will be held on June 18, 2025.

(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.

(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, 2025 was ¥3,612 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, 2025)

(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	282,110	24,674	–	306,783
Other financial assets				
Investment securities	175,522	–	61,311	236,832
Financial assets at fair value through profit or loss				
Loans for financial business	–	4,837,093	–	4,837,093
Other financial assets				
Investment securities	–	–	12,560	12,560
Derivatives				
Currency related	–	3,445	–	3,445
Interest related	–	9,939	–	9,939
Investment funds	–	8,730	–	8,730
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Other financial liabilities				
Derivatives				
Currency related	–	1,624	–	1,624
Interest related	–	12,454	–	12,454

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, 2025)

(Unit: Millions of yen)

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Loans for financial business	36,353	–	36,330	–	36,330
Securities for financial business	135,715	98,897	16,396	14,503	129,795
Other financial assets					
Security deposits	70,489	–	65,601	–	65,601
Monetary claims bought	35,161	–	34,433	–	34,433
Financial liabilities:					
Borrowings and bonds payable					
Borrowings payable	1,766,726	–	1,719,117	–	1,719,117
Bonds payable	788,781	744,328	28,914	–	773,242
Deposits for financial business	4,563,387	–	4,572,049	–	4,572,049

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	¥1,288.96
2. Basic earnings per share	¥169.33

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 1,875,394 shares and 1,937,840 shares, respectively.

Note 2: The Company effected split share on April 1, 2025 at a rate of 2 shares to 1 common share. Equity attributable to owners of the parent per share and basic earnings per share are calculated based on the assumption that share split was effected at the beginning of the fiscal year under review.

(Significant Subsequent Events)

Stock Split

KDDI's Board of Directors met on November 1, 2024 and resolved to conduct a stock split and to amend part of the Articles of Incorporation following the stock split.

1. Stock Split

(1) Purpose of the Stock Split

The Company recognizes returning profit to shareholders as a key matter for management and has striven to enhance shareholder returns through stable and continuous dividend payouts and flexible share buybacks, while considering investments for sustainable growth. As a result, KDDI shareholders currently encompass a wide range of generations. On the other hand, due to the new NISA system (tax-exempt, small-figure investment system) coming into effect in 2024, as part of long-term asset formation, we expect the expansion in investors to continue going forward.

In light of these conditions, we reduced the amount required per investment unit to make it easier and more attractive to invest in KDDI's stock. We conducted a stock split with the aim of further expanding the pool of investors who support the Company's sustainable growth.

(2) Overview of the Stock Split

1) Method of the Split

Effective March 31, 2025, the Company conducted a two-for-one stock split of the common shares held by shareholders recorded in the shareholder registry at the end of day on the effective date.

2) Increase in the Number of Shares Due to the Split

Total number of shares issued before the stock split	2,191,846,416
Increase in the number of shares due to the stock split	2,191,846,416
Total number of shares issued after the stock split	4,383,692,832
Total number of issuable shares after the stock split	8,400,000,000

(3) Schedule of the Stock Split

Public notice of the record date	Friday, March 14, 2025
Record date	Monday, March 31, 2025
Effective date	Tuesday, April 1, 2025

2. Effects on the Per-Share Information

Effects on the per-share information are described in "(Per Share Information)."

3. Change to Part of the Articles of Incorporation

(1) Reason for the Change

Following this stock split, based on the rules laid out in Article 184, Paragraph 2 of the Companies Act, on April 1, 2025 the Company changed the total number of issuable shares as stated in Article 6 of KDDI's Articles of Incorporation.

(2) Content of the Change

The content of the change is as follows.

Before change	After change
Article 6 (Total number of issuable shares) The number of total issuable shares of the Company is 4,200,000,000.	Article 6 (Total number of issuable shares) The number of total issuable shares of the Company is 8,400,000,000.

(3) Schedule

Effective date of the change to the Articles of Incorporation: April 1, 2025 (Tuesday)

4. Others

(1) Change to the amount of shareholders' capital

When the stock split is conducted, there will be no change in the amount of shareholders' capital.

(2) Dividends

Because the effective date of the stock split is April 1, 2025, the year-end dividend for the fiscal year ending March 2025, for which the base date is March 31, 2025, will be paid for the total number of shares before the stock split.

(Other Notes)

(Notes concerning Business Combinations)

Additional purchase of shares of LAC Co., Ltd.

(1) Overview of business combination

The Company acquired common shares of LAC Co., Ltd., (LAC, hereafter) through a tender offer (this tender offer, hereafter) on January 22, 2025 based on the Financial Instruments and Exchange Act. With this acquisition, the Company now owns 28,624,091 shares (92.43%) of LAC, making LAC a consolidated subsidiary.

(2) Main objectives of business combination

With this business combination, the Company aims for the maximization of LAC's corporate value, accelerates the growth of the Group as a whole, and achieves further growth and improved corporate value of both companies, through the consolidation of management resources of both companies to achieve a structure capable of quicker responses to market changes. The Company also aims for adapting itself to the times, in which telecommunication and AI are disseminating into every industry and people's lives, further advancing cybersecurity services through the integration of the Company's network and LAC's competence in the security field, and contributing to the evolution of the cybersecurity industry in Japan.

The Company and LAC entered into a business alliance in 2007. Since then, the companies have been deepening relationships through the provision of cybersecurity solutions in many collaborative projects such as new service development tailored to changes of customer needs and business expansion to cloud and IoT fields. Through this tender offer, the Company consolidates LAC's abundant expertise in cybersecurity and the Company's business resources such as network services, and build a structure capable of offering solutions optimized to customers.

(3) Name and business description of the acquiree (as of January 22, 2025)

Company name	LAC Co., Ltd.
Establishment date	October, 2007
Head office	Hirakawacho Mori Tower, 2-16-1, Hirakawacho, Chiyoda-ku, Tokyo
Title and name of representative	President & Representative Director, Itsuro Nishimoto
Description of business	Security solution service and system integration service
Paid-in capital	¥2,648 million

(4) The proportion of acquired equity interest with voting rights

Share of voting rights just before acquisition: 31.59%

Share of voting rights acquired on the combination date: 60.84%

Share of voting rights after acquisition: 92.43%

(5) Acquisition date

January 22, 2025

(6) Consideration transferred and its components

(Unit: millions of yen)

		As of acquisition date (January 22, 2025)
Fair value of equity interest held before acquisition		11,349
Cash paid		21,855
Total consideration transferred	A	33,204

¥282 million of acquisition-related costs for the business combination is recognized as selling, general and administrative expenses in the consolidated statement of income.

(7) Fair value of assets and liabilities, non-controlling interests and goodwill on the acquisition date

(Unit: millions of yen)

		As of acquisition date (January 22, 2025)
Non-current assets		
Property, plant and equipment (Note 1)		6,553
Intangible assets (Note 1)		9,702
Other long-term financial assets		3,257
Other		635
Total non-current assets		20,147
Current assets		
Trade and other receivables (Note 2)		8,042
Cash and cash equivalents		3,777
Other		5,797
Total current assets		17,616
Total assets		37,763
Non-current liabilities		
Other long-term financial liabilities		3,462
Other		5,213
Total non-current liabilities		8,675
Current liabilities		
Trade and other payables		8,343
Other		2,913
Total current liabilities		11,255
Total liabilities		19,930
Net assets	B	17,833
Non-controlling interests (Note 3)	C	1,034
Goodwill (Note 4)	A - (B-C)	16,405

(Note 1) The analysis of property, plant and equipment and intangible assets
The main components of property, plant and equipment are buildings and equipment.
The main components of intangible assets are customer-related intangible assets and software.

(Note 2) Estimation of fair values of acquired receivables, contractual amounts receivables and amounts not expected to be collected.
As for the fair value of ¥8,042 million of acquired trade and other receivables (mainly accounts receivable - trade), the total amount of contracts is ¥8,042 million and the estimate of the contractual cash flows not expected to be collected at the acquisition date is none.

(Note 3) Non-controlling interests
Non-controlling interests are measured by multiplying the net assets of the acquiree that can be identified on the acquisition date by the ratio of non-controlling interests after the business combination.

(Note 4) Goodwill
Goodwill reflects excess earning power expected from the collective human resources related to the future business development and its synergy with the existing businesses.
There is no item deductible from the taxable income related to the recognized goodwill.

(8) Expenditures for the acquisition of control over the subsidiary

(Unit: millions of yen)

	As of acquisition date (January 22, 2025)
Cash and cash equivalents held by the acquiree at the acquisition of control	3,777
Consideration transferred	21,855
Expenditures for the acquisition of control over the subsidiary	18,078

(9) Operating revenue and profit for the period of the acquiree

Operating revenue and profit for the period of the acquiree after the acquisition date, which are recorded on the consolidated statement of income for the year ended March 31, 2025 are ¥11,744 million and ¥1,637 million, respectively.

(10) Consolidated operating revenue and consolidated profit for the period assuming that the business combination was completed at the beginning of the fiscal year (Pro forma information)

Operating revenue and profit on the consolidated statement of income for the fiscal year under review in pro forma information (unaudited), assuming that the acquisition of control by business combination was effective on April 1, 2024, are ¥5,963,188 million and ¥766,432 million, respectively.

Non-Consolidated Statements of Changes in Net Equity

The fiscal year ended March 31, 2025

(Unit: Millions of yen)

	Shareholders' equity										Valuation and translation adjust-ments	Total net assets
	Capital stock	Capital surplus		Retained earnings					Treasury stock	Total share-holders' equity	Valuation differ-ence on available-for-sale securities	
					Other retained earnings							
		Legal capital surplus	Other capital surplus	Legal retained earnings	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	0	11,752	677	2,355	3,645,434	710,161	(846,280)	3,971,627	90,008	4,061,634
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	–	–	–	–	–	–	–	524,594	–	524,594	–	524,594
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	–	(190,152)	26,172	(161,910)	(44,810)	(206,719)
Balance at the end 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

(Reference) The fiscal year ended March 31, 2024

(Unit: Millions of yen)

	Shareholders' equity										Valuation and translation adjust-ments	Total net assets
	Capital stock	Capital surplus		Retained earnings					Treasury stock	Total share-holders' equity	Valuation differ-ence on available-for-sale securities	
					Other retained earnings							
		Legal capital surplus	Other capital surplus	Legal retained earnings	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	1,744	3,488,434	602,857	(547,182)	4,005,810	31,874	4,037,684
Changes of items during the fiscal year												
Dividends from surplus	–	–	–	–	–	–	–	(297,693)	–	(297,693)	–	(297,693)
Provision of reserve for special investments in capital	–	–	–	–	–	611	–	(611)	–	–	–	–
Provision of general reserve	–	–	–	–	–	–	157,000	(157,000)	–	–	–	–
Profit	–	–	–	–	–	–	–	562,607	–	562,607	–	562,607
Purchase of treasury stock	–	–	–	–	–	–	–	–	(300,000)	(300,000)	–	(300,000)
Disposal of treasury stock	–	–	0	–	–	–	–	–	0	0	–	0
Retirement of treasury stock	–	–	–	–	–	–	–	–	–	–	–	–
Transfer from retained earnings to capital surplus	–	–	–	–	–	–	–	–	–	–	–	–
Net changes of items other than shareholders' equity	–	–	–	–	–	–	–	–	902	902	58,133	59,036
Total changes of items during the fiscal year	–	–	0	–	–	611	157,000	107,303	(299,098)	(34,183)	58,133	23,950
Balance at the end of current period	141,852	305,676	0	11,752	677	2,355	3,645,434	710,161	(846,280)	3,971,627	90,008	4,061,634

(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: 10 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, 2025 based on projected benefit obligations and estimated value of plan assets as of March 31, 2025.

   When calculating retirement benefit obligations, the benefit formula basis is used for attributing expected retirement benefits to periods through March 31, 2025.

   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 percentage remaining.

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 Changes in Presentation)

Non-consolidated statement of income

Some of the cost items related to collocation (¥15,459 million in the previous fiscal year), which were listed as part of "communication facility fee" in the previous fiscal year are listed as part of "facilities maintenance expenses" from the fiscal year under review due to the revision of the guidelines, etc. for the application of the Telecommunications Business Act and Radio Act concerning MVNO.

(Notes to Accounting Estimates)

Valuation of stocks of 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 ¥1,838,091 million.

(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.

(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 was provided as collateral on the balance of bank borrowings of ¥6,717 million by that company as of March 31, 2025.

2. Contingent liabilities, etc.

(1) Guarantee for wholesale power purchase contract	¥7,422 million
(2) Guarantor for office lease contract	¥728 million
(3) Joint and several guarantees for bank guarantees, etc.	¥849 million

3. Monetary claims and monetary liabilities to subsidiaries and affiliates

Long-term monetary claims	¥109,890 million
Short-term monetary claims	¥409,090 million
Long-term monetary liabilities	¥213 million
Short-term monetary liabilities	¥645,207 million

4. Reduction entry amount of non-current assets

Reduction entry amount attributable to aid for construction cost (cumulative total)	¥14,596 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	¥351,531 million
Loans receivables outstanding	¥122,493 million
Remaining portion of credit line	¥229,037 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	¥364,723 million
Operating expenses to subsidiaries and affiliates	¥598,578 million
Non-operating transactions with subsidiaries and affiliates	¥155,249 million

2. Impairment loss amount ¥138 million

In the year ended March 31, 2025, the Company mainly recognized impairment loss for the following assets and asset group.
The Company calculates impairment losses by grouping assets based on minimum units that have identifiable cash flows essentially independent from the cash flows of other assets or groups of assets.

(Unit: Millions of yen)

Location	Usage for	Type	Impairment loss amount
Communication facilities, idle assets, etc. (Tokyo, etc.)	Mainly telecommunications business	Local line facilities	138

In the year ended March 31, 2025, for assets with declining utilization rates, including some communications facilities, and idle assets, the book value has been reduced to recoverable amount. The said reduction is recognized as an impairment loss of ¥138 million, as an extraordinary loss.

Further, the recoverable amount of these assets is estimated based on the net selling price. The calculation of market value is based on reasonable estimate, with the value of assets that are difficult to sell or convert to other uses set at ¥0.

(Non-Consolidated Statement of Changes in Net Assets)

Class and number of shares of treasury stock

(Unit: Shares)

	As of April 1, 2024	Increase during the fiscal year ended March 31, 2025	Decrease during the fiscal year ended March 31, 2025	As of March 31, 2025
Treasury stock				
Common stock	220,458,160	93,162,920	111,002,214	202,618,866
Total	220,458,160	93,162,920	111,002,214	202,618,866

(The reason of the above changes)

1. The increase of 93,162,920 shares in the number of common stocks in treasury stock is due to a share buyback of 72,755,248 shares based on resolutions at the Board of Directors meeting dated May 10, 2024, a share buyback of 20,407,400 shares based on resolutions at the Board of Directors meeting dated November 1, 2024, and purchases of shares less than one unit of 272 shares.
2. The decrease of 111,002,214 shares in the number of common stocks in treasury stock is due to retirement of treasury stock of 110,865,892 shares based on resolutions at the Board of Directors meeting dated May 10, 2024 and the issuance, etc. of 136,322 shares to the executive compensation BIP trust.
3. Included in the number of common stocks in treasury stock displayed above are 937,697 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	5,793
	Excess amount of allowance for doubtful accounts	7,525
	Provision for point service program	4,877
	Denial of accrued expenses	427
	Excess amount of depreciation and amortization	31,346
	Asset retirement obligations	5,469
	Denial of loss on retirement of non-current assets	2,197
	Denial of loss on valuation of inventories	1,876
	Accrued enterprise taxes	5,048
	Denial of impairment loss	10,266
	Denial of advances received	1,718
	Loss on valuation of stocks of subsidiaries and affiliates	28,073
	Other	24,542
Total deferred tax assets		129,157
Deferred tax liabilities:	Provision for retirement benefits	(19,739)
	Valuation difference on available-for-sale securities	(20,785)
	Gain on exchange from business combination	(1,497)
	Other	(829)
Total deferred tax liabilities		(42,850)
Net deferred tax assets		86,307

Notes

1. 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).
2. Due to the Diet enactment of the Act for Partial Amendment of the Income Tax Act, etc. (Article 13) on March 31, 2025, the normal effective statutory tax rate used for the calculation of deferred income tax assets and liabilities will be changed from current 30.6% to 31.5% for temporary differences, which are expected to be resolved from the fiscal year starting on April 1, 2026. Due to this tax rate change, the deferred income tax assets (with the deferred income tax liabilities deducted) increase by ¥2,121 million, and the corporate tax, etc. adjustments decrease by the same amount.

(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. 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, 2025 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 have been omitted here. In regard to deposits, as the settlement periods are short and their market values are almost the same as their book values, notes have been omitted.

(Unit: Millions of yen)

	Book value	Market value	Difference
1) Investment securities			
Available-for-sale securities	167,901	167,901	–
2) Stocks of subsidiaries and affiliates	95,744	203,776	108,032
3) Long-term loans receivable from subsidiaries and affiliates *1	117,855	119,332	1,478
4) Securities	8,730	8,730	–
5) Security deposits	39,730	34,992	(4,737)
6) Accounts receivable-trade	1,896,982		
Allowance for doubtful accounts *2	(14,096)		
	1,882,887	1,882,887	–
7) Accounts receivable-other	268,607	268,607	–
8) Short-term loans receivable from subsidiaries and affiliates *3	122,493		
Allowance for doubtful accounts *2	(2,859)		
	119,634	119,634	–
Total assets	2,701,087	2,805,860	104,773
9) Bonds payable *4	790,000	773,242	(16,758)
10) Long-term loans payable *4	914,000	878,878	(35,122)
11) Accounts payable-trade	66,996	66,996	–
12) Short-term loans payable	826,949	826,949	–
13) Accounts payable-other	529,709	529,709	–
14) Income taxes payable	101,865	101,865	–
15) Deposits received	22,805	22,805	–
Total liabilities	3,252,324	3,200,443	(51,880)

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

*2. Allowance for doubtful accounts relating to accounts receivable-trade and short-term loans receivable from subsidiaries and affiliates are deducted, respectively.

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

*4. 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 are 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

Because the settlement periods of the above items are short and their market values are almost the same as their book values, the book values are used. Further, because the credit risk is extremely difficult to determine on an individual basis for accounts receivable-trade, 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.

11) Accounts payable-trade, 12) Short-term loans payable, 13) Accounts payable-other, 14) Income taxes payable, and 15) Deposits received

Because the settlement periods of the above items are short and their market values are almost the same as their book values, 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	68,532
Stocks of subsidiaries and affiliates Unlisted equity securities	1,742,347
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	7,995	53,007	56,853

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	80,000	510,000	200,000
Long-term loans payable	118,000	485,000	311,000
Total	198,000	995,000	511,000

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

Amount of investments in affiliates, etc.	¥620,915 million
Amount of investments in affiliates based on the equity method	¥731,949 million
Amount of equity in net income of affiliates based on the equity method	¥27,501 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.)	TOYOTA MOTOR CORPORATION	Toyota-shi, Aichi	635,402	Manufacture and sale of automobiles	Possessed Direct 10.2%

Relationship with Related Party	Contents of Transaction	Amounts of Transaction	Title of Account	Balance as of March 31, 2025
Business and capital alliance	Acquisition of treasury stock (Note 1)	194,450	–	–

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, 2025
Financial support Sharing of concurrent positions by board members	Borrowing of funds (Note 2) Payment of interests	1,104 381	Long-term loans payable to subsidiaries and associates Short-term loans payable to subsidiaries and associates	– 95,702

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, 2025
Financial support Sharing of concurrent positions by board members	Lending of funds (Note 2) Receipt of interests	21,854 1,683	Long-term loans receivable from subsidiaries and affiliates Short-term loans receivable from subsidiaries and affiliates	54,915 26,414

Type	Company Name or Name	Location	Capital/ Investments in Capital	Business or Occupation	Percentage of Possession of Voting Rights
Subsidiary	au Energy & Life, Inc.	Chiyoda-ku, Tokyo	100	Operation of electric power retail business including au Denki	Possession Indirect 100%

Relationship with Related Party	Contents of Transaction	Amounts of Transaction	Title of Account	Balance as of March 31, 2025
Financial support Sharing of concurrent positions by board members	Entrustment of fee collection	– (Note 3)	Accounts payable-other	79,769

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%

Relationship with Related Party	Contents of Transaction	Amounts of Transaction	Title of Account	Balance as of March 31, 2025
Financial support Sharing of concurrent positions by board members	Outsourcing settlement agency business	– (Note 4)	Accounts receivable-other	108,556

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%

Relationship with Related Party	Contents of Transaction	Amounts of Transaction	Title of Account	Balance as of March 31, 2025
Sharing of concurrent positions by board members	Outsourcing of administrative tasks	– (Note 4)	Accounts receivable-other	98,236

Type	Company Name or Name	Location	Capital/ Investments in Capital	Business or Occupation	Percentage of Possession of Voting Rights
Affiliate	UQ Communications Inc.	Chiyoda-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, 2025
Financial support Sharing of concurrent positions by board members	Borrowing of funds (Note 2)	14,699	Long-term loans payable to subsidiaries and associates	–
			Short-term loans payable to subsidiaries and associates	147,131
	Payment of interests	553		

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 ¥3,896 per share, based on the resolution at the Board of Directors meeting held on May 10, 2024.

Note 2: 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, 2024.

Note 3: The accounts payable-other refers to end-user fees and since that is not something that is attributable to au Energy & Life, Inc., the amount of transactions is not stated.

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	¥968.95
2. Net income per share	¥129.55

Notes 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 1,875,394 shares and 1,937,840 shares, respectively.

2. The Company effected split share on April 1, 2025 at a rate of 2 shares to 1 common share. Net assets per share and net income per share are calculated based on the assumption that share split was effected at the beginning of the fiscal year under review.

(Significant Subsequent Events)

Stock Split

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)

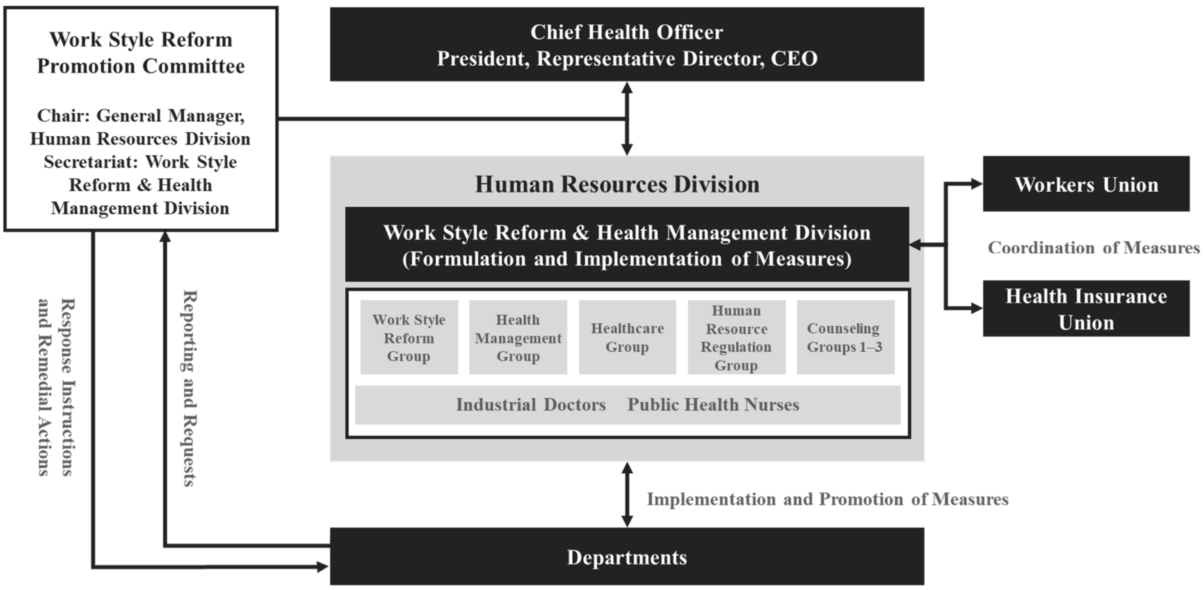
The Company is subject to "Company to Which Consolidated Dividend Regulations Apply."

Note: Amounts are rounded to the nearest million yen.

(Reference) 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



(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) and two Audit & Supervisory Board Members (both of whom are independent Outside Audit & Supervisory Board Members)*, 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.

*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 41st 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. The Audit & Supervisory Board also closely monitored the impact of the consolidation of the Accounting Auditor during the previous fiscal year. 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	• Attended Board of Directors meetings, state opinions, etc. as appropriate	○
	• Attended other important internal meetings (Corporate Management Committee, Information Security Committee, Sustainability Committee, KDDI Group Business Ethics Committee, 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 41st Annual Shareholders Meeting*	○
Accounting audit	• 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)	○
Communication with Directors, etc.	• 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, 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	○
Communication and information sharing among Audit & Supervisory Board Members	• Held full-time Audit & Supervisory Board Members' liaison meetings weekly to facilitate audit activities	
	• Exchanged opinions with Audit & Supervisory Board Members at important subsidiaries to promote understanding among part-time Audit & Supervisory Board Members	○
Other	• Held quarterly opinion exchange meetings from October with the Accounting Auditor and the Internal Audit Department to promote cooperation in the three-party audit	
	• Held study sessions to enhance the skills of KDDI Group Audit & Supervisory Board Members	○

* Regarding the omission of "Other matters relating to appropriation of surplus" from Proposal 1 (Appropriation of Surplus) in the Reference Documents for the Shareholders Meetings of the 37th to 39th fiscal year, we will closely monitor the situation to ensure that similar occurrences do not arise in the future.

4. Priority Audit Items for the 41st Fiscal Year

The 41st fiscal year was also the third year of the medium-term management strategy, which started in the 39th fiscal year, and five 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 40th fiscal year. The priority audit items and the main audit details are as follows.

(1) Strengthen the corporate governance system
As the expansion of subsidiaries accelerated due to the promotion of the "Satellite Growth Strategy" in the medium-term management strategy, the Audit & Supervisory Board audited the internal controls at subsidiaries and the management and support system at the parent company, taking into consideration the special characteristics of overseas subsidiaries and intermediary holding companies.

(2) Maintain and improve reliability of facility systems and steadily improve work efficiency
The Audit & Supervisory Board audited the status of management of equipment resources and progress in preventing the recurrence of failures and accidents, and measures to deter their occurrence with respect to the Group's core business, telecommunications and other various facility systems. The Audit & Supervisory Board also audited the status of business process improvement aimed for greater productivity.

(3) Enhance effectiveness of information security management and protection of personal information
Given the highly public nature of telecommunications and other businesses of the Group, the Audit & Supervisory Board audited the status of the strengthening of Group-wide governance related to the protection of personal information and the Company-wide security system, which focuses on measures against unauthorized access and specific measures following cyberattacks and ransomware infection. The Audit & Supervisory Board also audited the status of AI governance.

(4) Initiatives for the new personnel system, "Working Style" evolution, and the enhancement of human assets
Concerning "transformation toward a company that gives first priority to human resources," which is an essential challenge under the medium-term management strategy, the Audit & Supervisory Board audited the effect of raising employee motivation and improving work efficiency brought through the evolution of "New Personnel System" and the update of "Work Style Transformation." The Audit & Supervisory Board also audited the status of securing human resources throughout the KDDI Group.

(5) Steady deepening and penetration of sustainability management
The Audit & Supervisory Board conducted an audit to determine whether "sustainability management" promoted by the Company is being promoted as an initiative by all employees, including employees at Group companies, as well as the preparation status of adopting the SSBJ standard of forcibly enforcing the obligation of sustainability information disclosure.

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.

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 41st fiscal year, self-evaluation was made by all Auditors and Outside Directors as it was in the 40th fiscal year, and we commissioned a third-party institution to conduct questionnaire survey that ensured anonymity and object viewpoints and to analyze collected answers. 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 is generally ensured. Especially, improvement was found in "collaboration with Outside Directors" and "reporting of audit activities by full-time Audit & Supervisory Board Members," which were pointed out as issues in the questionnaire survey result of the last fiscal year. There were some suggestions for improvement from Part-time Audit & Supervisory Board Members or

Outside Directors regarding “Audit & Supervisory Board operation” and “the environmental arrangement for Audit & Supervisory Board audits.”

<Issues and Improvements>

As points needing improvement, it was pointed out that the time secured for questions and opinion exchange was insufficient in the monthly Audit & Supervisory Board meetings. Thus, we improved this point during this period by changing the method of information sharing and enhancing time frames for Audit & Supervisory Board meetings so that more time can be spent for questions and opinion exchange. Also, to respond to request for more active opinion exchange in the communication meetings with Outside Directors, we will improve the operation of communication meetings in the 42nd fiscal year so as to provide more opportunities for active bidirectional opinion exchange.

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 when formulating the audit policy and audit plan for the next fiscal year.