NOTICE OF THE 40TH 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" is 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
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 40th Annual Shareholders Meeting.

In the 40th fiscal year (fiscal 2023), the second year of the medium-term management strategy, we worked to achieve sustainable growth of society and enhancement of corporate value, and our major businesses made steady progress. However, profit for the full year declined due to factors such as the impact of a loss allowance for lease receivables in the Myanmar telecommunications business and impairment losses/removal allowance for telecommunications equipment with low utilization rates. We apologize for any concern this may have caused to our shareholders.

Although our business performance has deteriorated temporarily, we see this as an opportunity to respond flexibly to changes in our environment so that we can ensure steady sustainable growth from fiscal 2024. We will work as one team throughout the entire Group to restore our business performance and pursue sustainable growth.

Since its establishment, we have made realizing a truly connected society part of the KDDI Group Mission Statement. Our business is strongly intertwined with society and directly connects to customers' lives.

Telecommunications have become deeply integrated into today's society. As the social role of telecommunications is becoming even more important, the advent of AI technology has ushered in an era of new value creation encompassing all aspects of society, including daily life and industry. In Japan, industrial structure reforms are expected in preparation for the realization of a sustainable society, leading to productivity improvements and decarbonization.

Against this backdrop, in order to respond to the rapid changes in the social environment, such as the development of digital social infrastructure through data and generative AI, the Company has extended the period of its mid-term business strategy by one year (FY2022-25) and has updated its business strategy to the "New Satellite Growth Strategy." To realize "KDDI VISION 2030," which we formulated in May 2022, under the updated business strategy, we will continue working to achieve sustainable growth of society and enhancement of corporate value. Guided by our mission, which is to connect and protect lives, connect day-to-day lives, and connect hearts and minds, we will fulfill our key roles in society, delivering a thrilling customer experience by always going further than expected.

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 28, 2024
Start date of measures for electronic provision: May 21, 2024

To our shareholders:

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

NOTICE OF THE 40TH ANNUAL SHAREHOLDERS MEETING

You are cordially notified of the 40th 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/20240619/

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 18, 2024 (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 19, 2024, 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 40th fiscal year from April 1, 2023 to March 31, 2024 and Reports of Audit on the Consolidated Financial Statements by Accounting Auditors and the Audit & Supervisory Board
2. Non-Consolidated Financial Statements for the 40th fiscal year from April 1, 2023 to March 31, 2024

Matters to be resolved:

Proposal 1: Appropriation of Surplus
Proposal 2: Election of Twelve (12) Directors
Proposal 3: Election of four (4) Audit & Supervisory Board Members

4. Other matters concerning the Meeting:

· If you indicate neither your approval or disapproval to each proposal on the Exercise of Voting Rights form, your answer will be deemed to be “approval.”
· If you exercise your voting rights both via the Internet and by mail, the vote exercised via the Internet will be treated as valid.
· If you have exercised your voting rights multiple times on the Internet, only the final vote will be taken as valid.
· Please refer the following pages for the details of how to exercise voting rights via the Internet or by mail.

* 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 22.

By exercising voting rights via the Internet

Exercise due date: To be received no later than 5:30 p.m. on Tuesday, June 18, 2024

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 left 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 5 will be the responsibility of the shareholder.

[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 18, 2024

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 19, 2024**

   *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."

Submitting questions in advance

1. **Period of submission:** To be received no later than 5:00 p.m. on Tuesday, June 11, 2024
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.

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 ····· ¥70.00

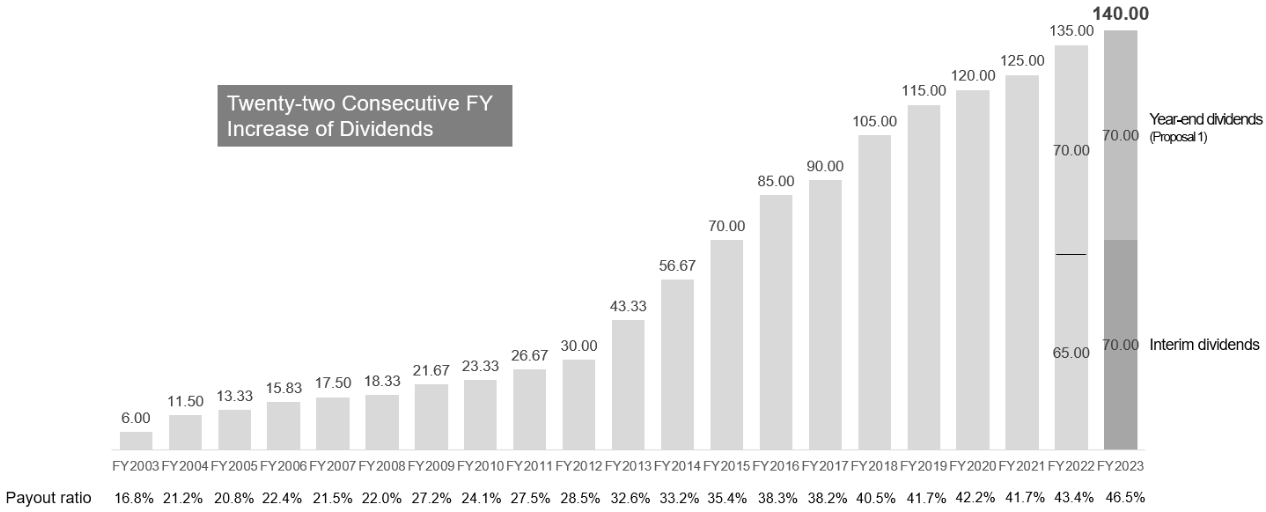
Total dividends ··················· ¥145,832,971,690

(3) Effective date of dividends of surplus

June 20, 2024

(Reference) Development of Dividends per Share

(Unit: Yen)



Notes:
1. For convenience of viewing, annual dividends for the 20th to 31st fiscal years have been adjusted to reflect stock splits.
    - Ratio of 100 shares for every one share of common stock, as of October 1, 2012
    - Ratio of two shares for every one share of common stock, as of April 1, 2013
    - Ratio of three shares for every one share of common stock, as of April 1, 2015
2. Values for the 20th to 31st fiscal years are based on the Japanese GAAP standards. Values for the 32nd fiscal year onward are based on International Financial Reporting Standards (IFRS).
3. The values for the dividend payout ratio are on a non-consolidated basis for the 20th to 22nd fiscal years, and on a consolidated basis from the 23rd fiscal year onward.
4. 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.
5. Values for dividend per share and dividend payout ratio for the 40th fiscal year are based on the assumption that Proposal 1 will be approved as proposed.

Proposal 2: Election of Twelve (12) Directors

The terms of office of all Twelve (12) Directors will expire at the conclusion of this Annual Shareholders Meeting and we therefore propose that Twelve (12) Directors be elected.
The candidates for Directors are as follows.

Candidate No.	Name		Attribute	Nomination Advisory Committee	Remuneration Advisory Committee	Attendance of Board of Directors' meetings	Gender	Main duties
1	Takashi Tanaka	Reappointment		●	●	12/12 (100%)	Male	Chairperson of Board of Directors
2	Makoto Takahashi	Reappointment	Executive	●	●	12/12 (100%)	Male	President, Representative Director CEO
3	Yasuaki Kuwahara	Reappointment	Executive			10/10 (100%)	Male	Executive Director, Business Solution Sector
4	Hiromichi Matsuda	Reappointment	Executive			10/10 (100%)	Male	CDO, Executive Director, Advancing Business Technology Sector
5	Nanae Saishoji	New appointment	Executive			-	Female	CFO, Executive Director, Corporate Sector
6	Hiroshi Takezawa	New appointment	Executive			-	Male	Executive Director, Personal Business Sector
Candidates for Outside Director				Nomination Advisory Committee	Remuneration Advisory Committee	Attendance of Board of Directors' meetings	Gender	Term of office as Director (at the conclusion of this Annual Shareholders Meeting)
7	Goro Yamaguchi	Reappointment	Outside			12/12 (100%)	Male	7 years
8	Keiji Yamamoto	Reappointment	Outside			12/12 (100%)	Male	5 years
9	Tsutomu Tannowa	Reappointment	Outside Independent	● (Chairperson)	●	12/12 (100%)	Male	2 years
10	Junko Okawa	Reappointment	Outside Independent	●	● (Chairperson)	12/12 (100%)	Female	2 years
11	Kyoko Okumiya	Reappointment	Outside Independent	●	●	10/10 (100%)	Female	1 year
12	Makoto Ando	New appointment	Outside Independent	●	●	-	Male	-

* 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 40th Annual Shareholders Meeting.

* The attendance record of Board of Directors' meetings of Directors Yasuaki Kuwahara, Hiromichi Matsuda, and Kyoko Okumiya began after their appointment as new Director at the 39th Annual Shareholders Meeting held on June 21, 2023.

Notes: 1. The number of the Company's shares held by each Director candidate, which is presented on the following pages, is the number as of March 31, 2024.
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, 2024.

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 Director and Managing Executive Officer, announced in January 2021 that there was improper response regarding the certification by Underwriters Laboratories, a third-party safety science organization in the United States, of 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 and Kyoko Okumiya to the effect that the extent of liability for damage as provided for in Article 423, paragraph (1) of the Companies Act shall be limited to the amount prescribed in laws and regulations pursuant to Article 427, paragraph (1) of the Act. In the event that their reelections are approved, the Company plans to continue these agreements. In addition, the Company plans to enter into similar agreement with Makoto Ando if him election is approved.
7. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The policy covers losses incurred by an insured that may arise from the insured's assumption of liability incurred in the course of the performance of duties or receipt of claims pertaining to the pursuit of such liability. In the event that the election of each candidate for Director is approved, they will be included in the policy as an insured party.

Candidate No. 1	Takashi Tanaka	Date of birth February 26, 1957	Number of the Company's shares held (Number of potential shares) 62,500 (71,311)

Reappointment

Years served as Director
17

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

Reason for nominating the candidate for Director

Since assuming the role of President and Representative Director of the Company in 2010, Takashi Tanaka has taken responsibility for steering the Company's management, as well as worked to enhance corporate value of the KDDI Group. Furthermore, since 2018, he has primarily engaged in outward-facing activities involving political and business circles, industry, academia, and government as Chairperson and Representative Director of the Company, and has served as Chairperson of the Board of Directors. He has extensive experience as the management, and accordingly he has again been selected as a candidate for Director. After his appointment, as Chairperson of the Board of Directors, he will not be directly responsible for business execution, and will focus on monitoring and supervising management.

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
December 2010:	President, Representative Director
April 2018:	Chairperson, Representative Director (Current position)
June 2021:	Outside Director of Astellas Pharma Inc. (Current position)

Special Interests

There are no special interests between Takashi Tanaka and the Company.

Candidate No. 2	Makoto Takahashi	Date of birth October 24, 1961	Number of the Company's shares held (Number of potential shares) 40,000 (102,181)

Reappointment

Years served as Director
17

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

Reason for nominating the candidate for Director

Makoto Takahashi has abundant experience in leading the development of new businesses and services linked to the Company's present business operations through cooperation with various industries and M&A. He has been demonstrating strong leadership as a driving force for sustainable growth of the Group, such as leading the medium-term management strategy. 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 2003:	Executive Officer
June 2007:	Managing Executive Officer, Director
June 2010:	Senior Managing Executive Officer, Representative Director
June 2016:	Executive Vice President, Representative Director
April 2018:	President, Representative Director (Current position)
April 2023:	CEO (Chief Executive Officer) (Current position)
April 2024:	Executive Director, Corporate & Marketing Communications Sector and Global Consumer Business Sector (Current position)

Special Interests

There are no special interests between Makoto Takahashi 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) 9,200 (22,098)

Reappointment

Years served as Director
1

Board of Directors' meetings attended
10 of 10 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 (Current position)
April 2024:	Executive Director, Business Solution Sector (Current position)

Special Interests

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

Candidate No. 4	Hiromichi Matsuda	Date of birth November 30, 1971	Number of the Company's shares held (Number of potential shares) 9,000 (10,645)

Reappointment

Years served as Director
1

Board of Directors' meetings attended
10 of 10 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 New Satellite Growth Strategy. He is working to enhance the Company's presence through the formulation of strategies using cutting-edge technologies and drives sustainable business growth of the business, including creating new business. 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 (Current position) CDO (Chief Digital Officer) (Current position) Executive Director, Advancing Business Technology Sector, and General Manager, Advancing Business Tech-Strategy Division (Current position)

Special Interests

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

Candidate No. 5	Nanae Saishoji	Date of birth May 12, 1964	Number of the Company's shares held (Number of potential shares) 10,900 (17,317)

New appointment

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 (achieving carbon neutrality, transforming into a human resources-first company, and strengthening the corporate governance system) that supports the business strategy for the Company's sustainable growth.
For these reasons, she has been selected as a candidate for Director.

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

April 2020:	Executive Officer Executive Manager, Corporate Management Division, Corporate Sector
April 2022:	Deputy Executive Director, Corporate Sector, and General Manager, Sustainability Management Division
April 2023:	Managing Executive Officer (Current position) CFO (Chief Financial Officer) (Current position) Executive Director, Corporate Sector (Current position)

Special Interests

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

Candidate No. 6	Hiroshi Takezawa	Date of birth December 18, 1964	Number of the Company's shares held (Number of potential shares) 7,700 (19,736)

New appointment

Reason for nominating the candidate for Director

Hiroshi Takezawa has extensive experience in marketing and promoting and creating service measures in the telecommunications business. Serving as Executive Director of Personal Business Sector, he uses his experience in these areas to promote sustainable growth in the Company's telecommunications business for individual customers.
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 2018:	Executive Officer Deputy General Manager, Consumer Sales Division, Consumer Business Sector
April 2020:	President, UQ Communications Inc. (Current position)
April 2021:	Executive Manager, Marketing Division, Personal Business Sector
April 2022:	Managing Executive Officer (Current position)
April 2023:	Executive Manager, Business & Services Development Division, Personal Business Sector
April 2024:	Executive Director, Personal Business Sector (Current position)

Special Interests

There are no special interests between Hiroshi Takezawa 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)
15,500 (–)

Reappointment

Outside Director

Years served as Director
7

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)

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)
1,500 (–)

Reappointment

Outside Director

Years served as Director
5

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 (Current position)

Special Interests

Keiji Yamamoto is a Senior Fellow 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
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

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

April 2007:	Executive Officer of Mitsui Chemicals, Inc.
April 2010:	Managing Executive Officer of Mitsui Chemicals, Inc.
June 2012:	Member of the Board, Managing Executive Officer of Mitsui Chemicals, Inc.
April 2013:	Member of the Board, Senior Managing Executive Officer of Mitsui Chemicals, Inc.
April 2014:	Representative Director, Member of the Board, President & CEO of Mitsui Chemicals, Inc.
April 2020:	Representative Director, Chairperson of the Board of Mitsui Chemicals, Inc.
June 2022:	Outside Director (Current position)
April 2023:	Director, Chairperson of the Board of Mitsui Chemicals, Inc. (Current position)
June 2023:	Outside Director of TOKYO GAS CO., LTD. (Current position)

Special Interests

Tsutomu Tannowa is Chairperson of the Board of Mitsui Chemicals, Inc., which has business transactions with the Company, but these transactions account for less than 1% of operating revenues for both parties. Therefore, these transactions would not affect his independence as an Outside Director.

Candidate No. 10	Junko Okawa	Date of birth August 31, 1954	Number of the Company's shares held (Number of potential shares) 700 (–)

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

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

February 2010:	Executive Officer of Japan Airlines Co., Ltd.
February 2012:	Managing Executive Officer of Japan Airlines Co., Ltd.
April 2013:	Senior Managing Executive Officer of Japan Airlines Co., Ltd.
June 2013:	Director, Senior Managing Executive Officer of Japan Airlines Co., Ltd.
April 2016:	Representative Director, Senior Managing Executive Officer of Japan Airlines Co., Ltd.
June 2018:	Vice Chairperson of Japan Airlines Co., Ltd.
April 2019:	External Affairs Representative of Japan Airlines Co., Ltd.
June 2020:	Outside Director of The Shoko Chukin Bank, Ltd. (Current position)
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)
100 (–)

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

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, 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)
August 2003:	Member of Audit Committee of Kawasaki City
June 2014:	Outside Audit & Supervisory Board Member of NEC Corporation Outside Director of MORINAGA MILK INDUSTRY CO., LTD.
July 2017:	Chairperson of The Labour Policy Council Equal Employment Opportunity Subcommittee (Current position)
April 2018:	Member of Administrative Advisory Council, School of Legal and Political Studies of The University of Tokyo
June 2018:	Outside Director of The Bank of Yokohama, Ltd.
June 2023:	Outside Director (Current position) Outside Director of ASAHI KOGYOSHA CO., LTD. (Current position)

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)
0 (–)

New appointment

Outside Director

Independent Director

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, the Company has determined that he can contribute 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. Therefore, he has been selected as a candidate for Outside Director. Moreover, with this background we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has been nominated as Independent Director.

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

April 1995:	Professor, Department of Electrical and Electronic Engineering, School of Engineering of Tokyo Institute of Technology
April 2015:	Director, Executive Vice President for Research Tokyo Institute of Technology
April 2017:	Emeritus Professor of Tokyo Institute of Technology (Current position)
April 2018:	Director (research, information) of Independent Administrative Agency National College of Technology
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)

Special Interests

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

Proposal 3: Election of four (4) Audit & Supervisory Board Members

As the terms of office of Audit & Supervisory Board Members Kenichiro Takagi, Yukihiro Asahina, Toshihiko Matsumiya and Jun Karube will expire at the end of this Annual Shareholders Meeting, and we therefore propose that Four (4) Audit & Supervisory Board Members be elected.
Moreover, when selecting candidates for Audit & Supervisory Board Members, our benchmark is a person who has the ability and the knowledge to conduct audits appropriately and independently of Directors. The approval of the Audit & Supervisory Board for the submission of this proposal has already been obtained.
The candidates for Audit & Supervisory Board Members are as follows.

Candidate No. 1	Kazuyasu Yamashita	Date of birth January 12, 1965	Number of the Company's shares held (Number of potential shares) 4,000 (1,823)

New appointment

Reason for nominating the candidate for Audit & Supervisory Board Member

Kazuyasu Yamashita has abundant experience in global business and corporate divisions such as business administration, legal affairs, intellectual property, and sustainability. From the perspective of leveraging this experience to monitor general management and to engage in appropriate audit activities, he has been selected as a candidate for Audit & Supervisory Board Member. Moreover, he is scheduled to be nominated as a full-time Audit & Supervisory Board Member.

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

April 2010:	General Manager, Intellectual Property Office, Network Technology Division
April 2018:	General Manager, Global Corporate Management Department, Global Business Planning Division
April 2022:	Deputy General Manager, Sustainability Management Division, Corporate Sector
April 2023:	General Manager, Sustainability Management Division, Corporate Sector
January 2024:	With headquarters, Corporate Management Division, Corporate Sector (Current position)

Special Interests

There are no special interests between Kazuyasu Yamashita and the Company.

Candidate No. 2	Naoki Fukushima	Date of birth June 30, 1960	Number of the Company's shares held (Number of potential shares) 0 (–)

New appointment

Outside Audit & Supervisory Board Member

Independent Auditor

Reason for nominating the candidate for Audit & Supervisory Board Member

Naoki Fukushima has abundant experience and superior knowledge cultivated from many years of practical experience in the public sphere and involvement in the execution of business at various organizations. From the perspective of leveraging this experience and knowledge to monitor general management and to engage in appropriate audit activities, he has been selected as a candidate for Outside Audit & Supervisory Board Member. Moreover, he is scheduled to be nominated as a full-time Audit & Supervisory Board Member.
Furthermore, with his background we judge there to be no risk of a conflict of interest with general shareholders and accordingly he is scheduled to be nominated as Independent Auditor.

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

August 2007:	General Manager of Land Acquisition Department, Kinki Regional Development Bureau of Ministry of Land, Infrastructure, Transport and Tourism
September 2012:	Director, Housing policy Division, Housing Bureau of Ministry of Land, Infrastructure, Transport and Tourism
June 2013:	Deputy Director General, Regional Revitalization Integration Secretariat of Cabinet Secretariat
July 2014:	Director of Incorporated Administrative Agency Japan Housing Finance Agency
July 2018:	Professor of College of Land, Infrastructure, Transport and Tourism
October 2020:	Director and President of REAL ESTATE RESEARCH INSTITUTE, INC. (Current position)

Special Interests

There are no special interests between Naoki Fukushima and the Company.

Candidate No. 3	Kazutoshi Kogure	Date of birth January 17, 1959	Number of the Company's shares held (Number of potential shares) 0 (–)

New appointment

Outside Audit & Supervisory Board Member

Independent Auditor

Reason for nominating the candidate for Audit & Supervisory Board Member

Kazutoshi Kogure has abundant experience and superior knowledge cultivated as a Certified Public Accountant, as a partner of an audit corporation, as the representative of an accountancy firm, etc. From the perspective of leveraging this primarily accounting-related experience and knowledge to monitor general management and to engage in appropriate audit activities, he has been selected as a candidate for Outside Audit & Supervisory Board Member. Furthermore, with his background we judge there to be no risk of a conflict of interest with general shareholders and accordingly he is scheduled to be nominated as Independent Auditor.

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

March 1982:	Joined Tohmatsu Aoki & Co. (Currently Deloitte Touche Tohmatsu LLC)
April 1985:	Registered as a Certified Public Accountant
June 1996:	Partner of Tohmatsu & Co. (Currently Deloitte Touche Tohmatsu LLC)
July 2013:	Executive Board Member of The Japanese Institute of Certified Public Accountants
July 2019	Deputy President of The Japanese Institute of Certified Public Accountants
July 2022:	Senior Advisor of The Japanese Institute of Certified Public Accountants (Current position)
October 2022:	Established Kazutoshi Kogure CPA Office (Representative) (Current position)
December 2023:	Audit Committee Member, Sumida Ward, Tokyo (Current position)

Special Interests

There are no special interests between Kazutoshi Kogure and the Company.

Candidate No. 4	Koji Arima	Date of birth February 23, 1958	Number of the Company's shares held (Number of potential shares) 0 (–)

New appointment

Outside Audit & Supervisory Board Member

Independent Auditor

Reason for nominating the candidate for Audit & Supervisory Board Member

Koji Arima has abundant experience and excellent knowledge cultivated as the president and CEO of a major automotive parts manufacturer. From the perspective of leveraging this experience and knowledge to monitor general management and to engage in appropriate audit activities, he has been selected as a candidate for Outside Audit & Supervisory Board Member. Furthermore, with his background we judge there to be no risk of a conflict of interest with general shareholders and accordingly he is scheduled to be nominated as Independent Auditor.

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

June 2008:	Executive Director of DENSO CORPORATION
June 2014:	Senior Executive Director of DENSO CORPORATION
June 2015:	Representative Member of the board, President of DENSO CORPORATION
May 2022:	Chairman of Japan Auto Parts Industries Association (Scheduled to retire in May 2024)
June 2023:	Representative Member of the board, Chairman of DENSO CORPORATION (Current position)

Special Interests

Koji Arima is Representative Member of the board, Chairman of DENSO CORPORATION, which has business transactions with the Company, but these transactions account for less than 1% of operating revenue for both parties, and thus do not affect the independence of the Audit & Supervisory Board Member.

Notes: 1. The number of Company's shares held by each candidate is the number as of March 31, 2024.
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, 2024.

2. Naoki Fukushima, Kazutoshi Kogure and Koji Arima fall under the definition of Outside Audit & Supervisory Board Member as specified in Article 2, paragraph (3), item (viii) of the Regulation for Enforcement of the Companies Act.
3. Naoki Fukushima, Kazutoshi Kogure and Koji Arima fall under the definition of Independent Auditor as specified in Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.
4. If election of candidates for Audit & Supervisory Board Member is approved, the Company plans to enter into an agreement for Limitation of Liability with them to the effect that the extent of liability for damage as provided for in Article 423, paragraph (1) of the Companies Act shall be limited to the amount prescribed in laws and regulations pursuant to Article 427, paragraph (1) of the Act.
5. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The policy covers losses incurred by an insured that may arise from the insured's assumption of liability incurred in the course of the performance of duties or receipt of claims pertaining to the pursuit of such liability. In the event that the election of candidate for Audit & Supervisory Board Members are approved, them will be an insured.

(Reference)
Diversity and expertise of the Company’s Directors and Audit & Supervisory Board Members

From the perspective of achieving sustainable growth for the KDDI Group, we have defined six skills in terms of areas of expertise and experience that are considered important for the Company’s Directors and Audit & Supervisory Board Members.
The skills possessed by each Director and Audit & Supervisory Board Member in the event that Proposal No. 2 and No. 3 are approved as proposed at this Annual Shareholders Meeting are as follows.
“Sustainability/ESG” skill is included in each of the following six skills, and should be possessed by each Director and Audit & Supervisory Board Member for them to demonstrate their skills in the Company, which is promoting sustainability management.

Director’s name		Corporate management	Sales/ Marketing	Global	Digital/ Technology	Finance/ Accounting	Legal affairs/ Risk management
Inside Director	Takashi Tanaka	●	●	●	●	●	●
	Makoto Takahashi	●	●	●	●	●	●
	Yasuaki Kuwahara	●	●		●		
	Hiromichi Matsuda		●	●	●		
	Nanae Saishoji					●	●
	Hiroshi Takezawa	●	●				
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

Toward enhancing KDDI's corporate value

Tsutomu Tannowa, Independent Outside Director

About two years have passed since I took up my role as an independent outside director in June 2022. During that time, the image I had of KDDI before my appointment has changed a lot. The following two points really stood out to me.

The first is the highly public nature of KDDI. Shortly after I was appointed, there was a large-scale communication failure. In January of this year, there was an earthquake in the Noto Peninsula. In situations like those, where communication is not possible, I saw the huge impact on Japanese society, which reminded me of the Company's mission and its importance. To determine the Company's response to these events, reports and discussions were carried out as appropriate at the Board of Directors meetings and other settings. I was moved by the dedication of the employees as they rallied together in a rapid response.

The second point is that the business areas are extremely diversified. Before taking office, my image of the business was that it was focused on telecommunications. But after taking office and deepening my understanding of the business, I was surprised that, while there is of course the telecommunications business, KDDI is also pursuing sustainable growth through a wide range of businesses across various fields in Japan and overseas, targeting focus areas such as finance, energy, space, and healthcare.

The sheer range of KDDI's business areas in Japan and overseas presents a challenge in itself in terms of applying governance. KDDI has a greater social responsibility to uphold, given the highly public nature of its business. As an independent outside director, I draw from my corporate management experience and work to ensure that the monitoring and supervision of the Board of Directors is effective. One point I would like to make is that risk management seems to be closely related to the distance between KDDI and its group companies. We should not only establish a uniform group governance structure, but also firmly establish measures for how we should look at and manage those areas where the distance is greater. In this way, I believe that the entire group will be able to build a more solid management foundation.

To run a wide variety of businesses, a wide variety of human resources are needed. The KDDI Group Mission states that "The KDDI Group values and cares about the material and emotional well-being of all its employees, and delivers a thrilling customer experience by always going further than expected with the ultimate goal of achieving a truly connected society," and we have the KDDI Group Philosophy, which expresses a mindset, values, and behavior needed to carry out that mission. As a company that puts human resources first, KDDI has excellent human capital management. We hope that each of our executives and employees will practice sustainability management based on the KDDI Group Philosophy so that we can continue to grow sustainably and be an indispensable part of society.

(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 from this year 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.

- Composition and operation of the Board of Directors
  The Board of Directors is composed of members who share an awareness of the roles and functions that the Board of Directors should fulfill, and who have the knowledge, skills, experience, and diversity necessary to fulfill those roles and functions.
  In addition, at the Board of Directors' meetings, necessary agenda items are fully discussed, including regular agenda items, and timely and appropriate reports are made on the sharing of situations and responses to natural disasters and other unexpected events.
- Efforts for the sustainable enhancement of corporate value
  At Board of Directors' meetings, members engage in lively exchanges of opinions, as well as questions and answers, regarding strategic issues such as medium-term management strategies and business investments in particular, and engage in efforts to contribute to the realization of sustainable corporate value enhancement.

■ **Future issues**

- Further enhance business infrastructure through the establishment of a strong corporate governance system
  As our business domain expands in line with the promotion of the new Satellite Growth Strategy, we will further strengthen the corporate governance system by promoting awareness of the KDDI Group Philosophy and other corporate missions throughout the Group, strengthening collaboration between outside directors and Audit & Supervisory Board members, and further enhancing the system of monitoring by the Board of Directors.
- Further expand discussions on sustainability
  We are proactively working on ESG issues based on "sustainability management." We will further enhance our corporate value and improve the effectiveness of the Board of Directors by further expanding discussions on specific measures, etc. linked to our business strategy.

BUSINESS REPORT
(April 1, 2023 to March 31, 2024)

1. Current Status of the Corporate Group

(1) Business Developments and Results

1) Overall Conditions

Since its establishment, we have made realizing a truly connected society part of the KDDI Group Mission Statement.
As IoT is adopted in various areas of daily life and business nowadays, the role of telecommunications is becoming increasingly important. Furthermore, the business environment is changing dramatically, with diversifying values, the growing importance of sustainability, and the development of next-generation technologies.

In May 2022, the Company established a new vision for 2030 called “KDDI VISION 2030: The creation of a society in which anyone can make their dreams a reality, by enhancing the power to connect,” in order to adapt to changes in the business environment and achieve an ideal future society. As telecommunication continues to become increasingly important in our daily lives, we aim to evolve our “power to connect” and become a platformer that supports society and adds value to all industries and aspects of life by 2030.

Looking forward to 2030, the Company launched the medium-term management plan in 2022, focusing on “sustainability management.” We aim to achieve a positive spiral with our partners, where sustainable growth for society brings our corporate value improvement.

Under “sustainability management,” we are driving “business strategy (satellite growth strategy),” in addition to “enhancing business infrastructure (achieving carbon neutrality, transforming into a human resources first company, and strengthening the corporate governance system)” that supports the business strategy.

Financial Highlights

(Millions of yen)

Overall				
	39th fiscal year (FY2023.3)	40th fiscal year (FY2024.3)	YOY	
Operating revenue	5,671,762	5,754,047	Up 1.5%	Operating revenues increased mainly due to an increase in revenues resulting from growth in the NEXT core business comprising Corporate DX, Business DX, and business base services despite a decrease in revenues from energy business and mobile telecommunication fees (including roaming fees, etc.).
Operating Income	1,077,393	961,584	Down 10.7%	Despite an increase in revenues resulting from growth in the NEXT core business, operating income decreased mainly due to a loss allowance for lease receivables in the Myanmar telecommunications business, impairment losses/removal allowance for telecommunications equipment with low utilization rates, and a decrease in revenues from mobile telecommunication fees (including roaming fees, etc.).
Profit for the year attributable to owners of the parent	679,113	637,874	Down 6.1%	Profit for the year attributable to owners of the parent decreased mainly due to decreased operating income.

Note: 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.

Personal Services			Please see P. 25 for topics	
	39th fiscal year (FY2023.3)	40th fiscal year (FY2024.3)	YOY	
Operating revenue	4,820,612	4,747,221	Down 1.5%	Operating revenues decreased mainly due to a decrease in revenues from energy business and mobile telecommunication fees (including roaming fees, etc.).
Operating Income	878,963	740,360	Down 15.8%	Operating income decreased mainly due to a loss allowance for lease receivables in the Myanmar telecommunications business, impairment losses/removal allowance for telecommunications equipment with low utilization rates, and a decrease in revenues from mobile telecommunication fees (including roaming fees, etc.).

Business Services	Please see P. 26 for topics			
	39th fiscal year (FY2023.3)	40th fiscal year (FY2024.3)	YOY	
Operating revenue	1,132,180	1,264,739	Up 11.7%	Operating revenues increased mainly due to an increase in revenues resulting from growth in the NEXT core business comprising Corporate DX, Business DX, and business base services.
Operating Income	191,502	211,912	Up 10.7%	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 area expansion

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 monetary and other assets such as points by saving for and investing in the future through their smartphones.

Through UQ mobile, we provide three new plans: the “Komi Plan,” the “Toku Plan,” and the “Mini Plan,” which have been well received by many customers.

Through povo, we suggest various use cases by offering services, including a plan where users can customize by adding options including data capacities, and “#Giga Katsu,” where users can virtually save up data capacity in exchange for purchasing goods or services at designated stores.

As for communication areas, we are concentrating on expanding the 5G network along major railroads and commercial districts, focusing on traffic lines in daily lives, to ensure that many more customers are able to comfortably use 5G. Furthermore, by using “Starlink” as the backhaul line for au’s telecommunication network, we are adding base stations in mountainous and remote island regions.

Development of financial and payment business

In our financial business, the Company is steadily expanding the customer base: the number of au PAY Card members reached 9.44 million in March 2024, and au Jibun Bank Corporation’s mortgage loans exceeded 4 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 2023 organized by HDI-Japan.

Going forward, the au Financial Group will continue to offer a full range of financial services to achieve “Connected Finance,” that makes finance more accessible to everyone.

* As of March 12, 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 energy business

In the energy business, in June 2023, the Company and au Renewable Energy Co., Ltd. concluded an alliance agreement with Gunma Prefecture, aiming to realize an independent decentralized society through the promotion of a green transformation (GX). In December 2023, commercial operation of a solar power plant by au Renewable Energy Corporation started in Kumagaya City, Saitama Prefecture.

Going forward, we will continue accelerating initiatives aimed at realizing carbon neutrality by expanding the use of renewable energy sources such as solar power.

Expansion of global business

In February 2024, MobiCom Corporation LLC, a Mongolian general telecommunications carrier, began pilot testing of the country's first traffic simulation and analysis services in collaboration with GEOTRA Co., Ltd., aiming to solve social issues such as traffic congestion. We will continue helping to enhance the nation's economic development and people's lives.

KDDI Summit Global Myanmar Co., Ltd., which supports Myanmar Posts and Telecommunications (MPT) telecommunications operations, continued to maintain telecommunications services essential to the lives of the people of Myanmar, ensuring we put our people's security first.

Business Services: Highlights

Efforts to strengthen DX support by utilizing data

In April 2023, we made FLYWHEEL Inc., a startup specializing in data engineering, a consolidated subsidiary. We are accelerating the promotion of corporate DX and inter-company data collaboration through the use of data, aiming to solve social issues, support improvements to customer experience value, and transform industrial structures.

In September 2023, KDDI Evolva, Inc., a consolidated subsidiary of the Company, and Relia, Inc., an equity method affiliate of Mitsui & Co., Ltd. conducted a business combination, launching Altius Link, Inc. We will continue to promote the sophistication of our services in the contact center industry, including using generative AI to digitalize consumer contact points, and contribute to the growth of our customer companies through the digital BPO (*1) business we are developing in Japan and overseas.

*1 BPO method that does not just outsource operations with human resources but also outsources some operations utilizing AI and other digital technology to make operations more efficient.

Efforts to support startups

We are actively promoting initiatives to create a new future together by investing in startups and supporting their business in Japan and overseas. In March 2024, SORACOM, Inc., a startup company that joined the KDDI Group in August 2017, newly listed on the Tokyo Stock Exchange's Growth Market through a "swing-by IPO (*2)." In addition, in April 2024, we invested in ELYZA, Inc., a company which promotes the social implementation of LLM (Large Language Models). Going forward, we will continue to aim to create new business through partnerships with startups.

*2 "Swing-by IPOs" occur when startups grow and list with the support of a large company. "Swing-by" is a term that describes the acceleration of a space probe using the gravity of a planet.

Expansion of connected business

The number of the Company's IoT connections reached a cumulative total of over 41.97 million in March 2024, 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 connected cars, smart electricity and gas meters, etc.) and the global market, and we will continue contributing to the realization of sustainable industries and infrastructure environments, aiming to reach 54 million connections in FY2025.

In particular, in the area of connected cars, which is driving the expansion of the connected business, we provide communication services for connected cars to overseas automobile manufacturers, and we also provide platforms for various products other than cars and a wide range of industries. Furthermore, in anticipation of the further expansion of the connected business, in November 2023, we established a new company, KDDI Spherience, LLC, dedicated to the connected business in North America and opened an operational subsidiary in Sweden.

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

Expanding the data center business on a global scale

To meet the strong demand for connectivity data centers around the world, Telehouse Bangkok opened in May 2023, followed in October by an expanded fourth building at the Telehouse Paris Magny Campus in France and the fifth building at the Telehouse Frankfurt Campus in Germany. In addition, in June 2023, we concluded a business transfer agreement with Allied Properties REIT (Canada) to transfer the data center business and operations commenced as Telehouse Canada in April 2024. Our data centers in Europe and Thailand are powered entirely by renewable energy.

In over 10 countries around the world for over 30 years, the Company is operating the data center business under the Telehouse brand. Aiming to be "the most interconnected and high-quality connectivity data center," we will promote and expand the business on a global scale while taking into consideration the environment in each region, and will continue to support the global business of corporate customers.

3) Efforts toward Continued Enhancement of Corporate Value

Connectivity anywhere using Starlink

The Company is working to create new experiential value for our customers by building a "connected" environment in a variety of settings using Starlink, a satellite broadband developed by Space Exploration Technologies Corp ("SpaceX"). In addition, following the Noto Peninsula earthquake in January 2024, we collaborated with Starlink Japan G.K., the Japanese subsidiary of SpaceX, to provide approximately 550 Starlinks to evacuation centers and medical support teams. We supported those staying in the evacuation centers in information gathering and communicating with the families, as well as the day-to-day activities of those engaged in relief activities.

We will deepen our partnership with SpaceX by leveraging the knowledge and know-how we have accumulated to date, to further expand the introduction of Starlink in FY2024. We will also aim to realize the "elimination of areas without connectivity wherever you are in Japan" by connecting smartphones directly to Starlink satellites (*).

* Scheduled to be provided based on the introduction of radio wave-related laws and regulations.

Initiatives toward the social implementation of generative AI

In May 2023, the Company began allowing around 10,000 employees to use KDDI AI-Chat, an AI chat service that uses generative AI, in their actual work as an in-house DX. Uses of KDDI AI-Chat include use in research and to generate ideas in planning work, to assist coding work, and to assist document creation. In addition, in March 2024, we started using generative AI to respond to inquiries by chatbots in our "au Support" LINE account. We are proactively promoting the introduction of AI into our customer services based on the knowledge we have gained through internal use.

Furthermore, in April 2024, we made ELYZA, Inc., which promotes social implementation of LLM (Large Language Models), a consolidated subsidiary. We will further accelerate social implementation of generative AI by combining ELYZA's top-class domestic R&D capabilities with the Group's assets, including our computational platforms and network resources.

(2) Issues Facing the Corporate Group

i. New Satellite Growth Strategy

In order to respond to the rapid changes in the social environment, such as the development of digital social infrastructure through data and generative AI, the Company has extended the period of its mid-term business strategy by one year (FY2022-25) and has updated its business strategy to the "New Satellite Growth Strategy."

Under the New Satellite Growth Strategy, based on high-quality, highly reliable 5G communications and focusing on our core business, which promotes data-driven practices and social implementation of generative AI, we will accelerate the evolution of the power to connect by creating new value together with our partners. In conjunction with our core business, we will collaborate with our partners and work to maximize synergies with our telecommunications business by focusing on three business areas, "DX," "finance," and "energy," that will drive our growth (Orbit 1). In addition, we have established five new business areas, "mobility," "space," "healthcare," "sports/entertainment," and "web3/metaverse" which we will work to grow (Orbit 2), and we will aim to further expand our business, taking on the challenge of transforming our customers' lifestyles by drawing on our strengths, namely telecommunications and new technologies and through partnerships.

ii. Enhancing business infrastructure

We will further enhance our business infrastructure that supports our business strategy for sustainable growth, continuing to focus on the three pillars of "achieving carbon neutrality," "transforming into a human resources first company," and "strengthening the corporate governance system."

In terms of the achievement of carbon neutrality, having reviewed our targets, we are aiming to achieve CO_2 net zero emissions from the entire supply chain, including Scope 3, by FY2040. To achieve this goal, we will proactively promote energy efficiency and shift to renewable energy for base stations and telecommunication equipment, aiming to achieve CO_2 net zero emissions by FY2030 throughout the entire KDDI Group.

In terms of transforming into a human resources first company, we are spearheading three key initiatives: penetration of new personnel system, development of professional human resources through KDDI Version Job Style Personnel System, and enhancement of employee engagement. In order to keep our employees happy and to remain a vibrant company, we regard the "health" of our employees to be an important management issue, and we will continue to take on challenges for a prosperous future by promoting health management that supports the health of each and every employee in the organization.

In terms of strengthening the corporate governance system, we are striving to promote integrated group management by strengthening our risk management and information security systems in synergy with a corporate governance framework that respects human rights and ensures transparency and fairness, based on the KDDI Group Philosophy, which states a common mindset and code of conduct for management and employees.

iii. Forecast for next fiscal year

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 41st fiscal year (April 1, 2024 to March 31, 2025)
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	5,770,000	1,110,000	690,000

Strengthening shareholder returns

Dividends

	Second 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	%	%
39th fiscal year	65.00	70.00	135.00	293,495	43.4	5.8
40th fiscal year	70.00	70.00	140.00	292,284	46.5	5.7
41st fiscal year (Forecast)	70.00	75.00	145.00		42.6	

Notes: 1. Values for the 40th fiscal year are based on the assumption that Proposal 1 will be approved as proposed.

2. IFRS 17 "Insurance Contracts" has been applied effective from the 40th fiscal year. As a result, value of dividend payout ratio for the 39th fiscal year have been calculated retroactively to apply the accounting standard.

(3) **Principal Subsidiaries** (As of March 31, 2024)

1) Businesses in Principal Subsidiaries

Company name	Location	Capital	Ratio of capital contribution	Principal business
Okinawa Cellular Telephone Company	Okinawa	Millions of yen 1,415	% 51.9	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	25,000	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	95.0	Sale of “KDDI MATOMETE Office” support service for SMEs
Altius Link, Inc.	Tokyo	100	51.0	Call center operations, temporary staffing service
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
KDDI Europe Limited	UK	Thousand STG£ 42,512	(100.0)	System integration and telecommunication services in Europe

Company name	Location	Capital	Ratio of capital contribution	Principal business
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
KDDI 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 telecommunication 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 combination

On September 1, 2023, KDDI Evolva, Inc., a wholly owned subsidiary of the Company, and Relia, Inc., an equity method affiliate of Mitsui & Co., Ltd. conducted a business combination based on the spirit of equality, launching Altius Link, Inc.

(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)

		37th fiscal year (FY2021.3)	38th fiscal year (FY2022.3)	39th fiscal year (FY2023.3)	**40th fiscal year (FY2024.3)**
		IFRS			
Operating revenues		5,312,599	5,446,708	5,671,762	**5,754,047**
Operating income		1,037,395	1,060,592	1,077,393	**961,584**
Profit attributable to owners of the parent		651,496	672,486	679,113	**637,874**
Basic earnings per share (yen)		284.16	300.03	311.01	**301.26**
Total assets		10,535,326	11,084,379	11,923,522	**14,146,060**
	Total liabilities	5,275,857	5,573,715	6,252,863	**8,348,833**
	Total equity	5,259,469	5,510,663	5,670,659	**5,797,226**

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.

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

(millions of yen unless otherwise indicated)

		37th fiscal year (FY2021.3)	38th fiscal year (FY2022.3)	39th fiscal year (FY2023.3)	**40th fiscal year (FY2024.3)**
		Japan GAAP			
Operating revenues		4,062,750	4,037,023	3,780,778	**3,683,130**
	Telecommunications business	2,664,575	2,596,243	2,461,576	**2,413,845**
	Incidental business	1,398,175	1,440,779	1,319,202	**1,269,284**
Operating income		757,146	721,146	622,824	**649,240**
Ordinary income		814,445	790,544	761,018	**780,977**
Profit		578,634	561,015	547,454	**562,607**
Earnings per share (yen)		252.38	250.29	250.71	**265.72**
Total assets		5,956,659	5,966,580	5,998,484	**6,466,605**
	Liabilities	1,895,892	1,852,940	1,960,800	**2,404,970**
	Net assets	4,060,767	4,113,639	4,037,684	**4,061,634**

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.

(5) Financing Activities of the Corporate Group

In the current fiscal year, the Company borrowed ¥816,000 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 ¥749,297 million in telecommunications equipment and other facilities during the fiscal year under review.

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

Our principal capital investments are as follows:

1) Mobile-related facilities

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

2) Fixed-line-related facilities

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

(7) Employees (As of March 31, 2024)

1) Employees of the Corporate Group

Business segment	No. of employees
Personal Services	28,445
Business Services	29,400
Others	3,443
Total	61,288

2) Employees of the Company

No. of employees	Year-on-year increase	Average age	Average length of service
9,409	32	42.2	16.7 years

Note: No. of employees does not include 3,975 employees seconded to subsidiaries, etc.

(8) Principal Lenders (As of March 31, 2024)

Creditor	Loans outstanding
	Millions of yen
MUFG Bank, Ltd.	235,000
Sumitomo Mitsui Banking Corporation	140,500
Sumitomo Mitsui Trust Bank, Limited	67,500
Shinkin Central Bank	47,000
Development Bank of Japan, Inc.	45,000
Mizuho Bank, Ltd.	45,000

2. **Shares** (As of March 31, 2024)

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

(2) Total Number of Issued Shares
2,302,712,308 shares
(including 219,384,141 shares of treasury stock)

(3) Number of Shareholders
553,939
(increase of 133,331 from the previous year-end)

(4) Shareholder Composition

National and Local Governments	1,500 shares	0.00%
Financial Institutions	569,821,269 shares	24.74%
Other Companies	666,536,082 shares	28.95%
Securities Firms	124,534,519 shares	5.41%
Individuals and Others	364,947,904 shares (including treasury stock)	15.85%
Foreign Companies, etc.	576,871,034 shares	25.05%

(5) Principal Shareholders

Name	Number of shares held	Shareholding ratio
	shares	%
KYOCERA Corporation	335,096,000	16.08
The Master Trust Bank of Japan, Ltd. (Trust Account)	334,088,600	16.03
TOYOTA MOTOR CORPORATION	253,094,600	12.14
Custody Bank of Japan, Ltd. (Trust Account)	144,545,100	6.93
STATE STREET BANK WEST CLIENT – TREATY 505234	33,822,275	1.62
JPMorgan Securities Japan Co., Ltd.	28,969,873	1.39
SSBTC CLIENT OMNIBUS ACCOUNT	22,193,078	1.06
JP MORGAN CHASE BANK 385781	21,562,519	1.03
SMBC Nikko Securities Inc.	20,148,850	0.96
STATE STREET BANK AND TRUST COMPANY 505103	18,439,375	0.88

Note: KDDI holds 219,384,141 shares of treasury shares but is excluded from the major shareholders listed above. The shareholding ratio is calculated after deducting the shares of treasury stock.
The shares of treasury stock do not include the Company’s shares owned in the Board Incentive Plan trust account (1,074,019 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)	53,200 shares	2

3. Directors and Audit & Supervisory Board Members

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

(As of March 31, 2024)

Position	Name	Responsibilities in the Company and important concurrent positions
Chairperson, Representative Director	Takashi Tanaka	Outside Director of Astellas Pharma Inc.
President, Representative Director	Makoto Takahashi	CEO
Executive Vice President, Representative Director	Toshitake Amamiya	Executive Director, Personal Business Sector and Global Consumer Business Sector
Senior Managing Executive Officer, Director	Kazuyuki Yoshimura	Executive Director, CTO, Executive Director, Technology Sector
* Senior Managing Executive Officer, Director	Yasuaki Kuwahara	Executive Director, Solution Business Sector, KDDI Group Strategy Division
* Executive Officer, Director	Hiromichi Matsuda	Deputy Executive Director, Personal Business Sector, Executive Director, Business Expansion & Development Division
Director	Goro Yamaguchi	Chairperson of the Board and Representative Director of KYOCERA Corporation
Director	Keiji Yamamoto	Senior Fellow of TOYOTA MOTOR CORPORATION
Director	Shigeki Goto	Professor Emeritus of Waseda University Trustee of JNIC (Currently Japan Network Information Center (JPNIC))
Director	Tsutomu Tannowa	Director, Chairperson of the Board of Mitsui Chemicals, Inc. Outside Director of TOKYO GAS CO., LTD.
Director	Junko Okawa	Outside Director of The Shoko Chukin Bank, Ltd. 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.
Full-time Audit & Supervisory Board Member	Kenichiro Takagi	
Full-time Audit & Supervisory Board Member	Noboru Edagawa	
Full-time Audit & Supervisory Board Member	Yukihiro Asahina	
Audit & Supervisory Board Member	Toshihiko Matsumiya	Representative of Toshihiko Matsumiya CPA Office Outside Audit & Supervisory Board Member of DAIICHI JITSUGYO CO., LTD.
Audit & Supervisory Board Member	Jun Karube	Senior Executive Advisor of Toyota Tsusho Corporation Outside Audit & Supervisory Board Member of Sanyo Chemical Industries, Ltd. Outside Director of MEIKO TRANS CO., LTD.

Notes: 1. Directors and Audit & Supervisory Board Members with * are new Directors who were elected at the 39th Annual Shareholders Meeting held on June 21, 2023.

2. Each of Directors Goro Yamaguchi, Keiji Yamamoto, Shigeki Goto, Tsutomu Tannowa, Junko Okawa and Kyoko Okumiya is an Outside Director.

3. Each of Audit & Supervisory Board Members Yukihiro Asahina, Toshihiko Matsumiya and Jun Karube is an Outside Audit & Supervisory Board Member.

4. Audit & Supervisory Board Member Toshihiko Matsumiya has a wealth of experience as a Certified Public Accountant, and has extensive knowledge and insight into finance and accounting.

5. Each of Directors Shigeki Goto, Tsutomu Tannowa, Junko Okawa and Kyoko Okumiya, Audit & Supervisory Board Members Yukihiro Asahina, Toshihiko Matsumiya and Jun Karube is an Independent Director/Auditor pursuant to Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.

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).

(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	112	7	112	–	–
	Others	711	8	311	247	153
	Total	823	15	424	247	153
Audit & Supervisory Board Members	Outside Audit & Supervisory Board Members	67	3	67	–	–
	Others	71	2	71	–	–
	Total	137	5	137	–	–

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 39th Annual Shareholders Meeting held on June 21, 2023. The number of Directors to be paid executive bonuses is six, excluding said retired Directors.

2. In addition to the above, the settlement payment of retirement allowance to Directors in connection with the abolishment of the executive retirement bonus system was determined at the 20th Annual Shareholders Meeting held on June 24, 2004.

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.
  - Chairperson: Shigeki Goto (Independent Outside Director)
  - Vice Chairperson: Tsutomu Tannowa (Independent Outside Director)
  - Members of the Committee: Junko Okawa (Independent Outside Director), Kyoko Okumiya (Independent Outside Director), Takashi Tanaka, Makoto Takahashi

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

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

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

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: 0.97
- Stock price fluctuation rate:
  - Reason for selection: This indicator is directly linked to changes in shareholder value, and is adopted to enhance the linkage between executive remuneration and shareholder value
  - Actual figures: 0.79

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.
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	Shigeki Goto	Shigeki Goto is Professor Emeritus of Waseda University and Trustee of Japan Network Information Center, which have business transactions with the Company, but these transactions account for less than 1% of operating revenue for both parties.
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 The Shoko Chukin Bank, Ltd., Outside Director of Asahi Broadcasting Group Holdings Corporation and Outside Director of Tokyo Electric Power Company Holdings, Inc., which 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.
Audit & Supervisory Board Member	Toshihiko Matsumiya	Toshihiko Matsumiya is Representative of Toshihiko Matsumiya CPA Office and Outside Audit & Supervisory Board Member of DAIICHI JITSUGYO CO., LTD., which have business transactions with the Company, but these transactions account for less than 1% of operating revenue for both parties.
Audit & Supervisory Board Member	Jun Karube	Jun Karube is Senior Executive Advisor of Toyota Tsusho Corporation, Outside Audit & Supervisory Board Member of Sanyo Chemical Industries, Ltd., and Outside Director of MEIKO TRANS CO., LTD., which have business transactions with the Company, but these transactions account for less than 1% of operating revenue for both parties.

2) Principal Activities during the Fiscal Year Under Review

i. Outside Directors

Category	Name	Board of Directors' meetings attended	Principal activities
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	Shigeki Goto	12 of 12 meetings (100%)	From a standpoint independent of the Company's management, he has provided technical opinions related to the management policy as a telecommunications operator that provides social infrastructure, from a medium- to long-term perspective.
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	10 of 10 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.

Note: The attendance record of Director Kyoko Okumiya began after her appointment as Director at the 39th Annual Shareholders Meeting held on June 21, 2023.

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	Yukihiro Asahina	12 of 12 meetings (100%)	12 of 12 meetings (100%)
Audit & Supervisory Board Member	Toshihiko Matsumiya	12 of 12 meetings (100%)	12 of 12 meetings (100%)
Audit & Supervisory Board Member	Jun Karube	11 of 12 meetings (92%)	11 of 12 meetings (92%)

4. Accounting Auditor

(1) Name of Accounting Auditor

Category	Name
Accounting auditor	PricewaterhouseCoopers Japan LLC

Note: PricewaterhouseCoopers Kyoto, which was the Company's accounting auditor, merged with PricewaterhouseCoopers Arata LLC on December 1, 2023, and changed its name to PricewaterhouseCoopers Japan LLC on the same date.

(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	412 Millions of yen
2) Total amount of money and other economic benefits to be paid by the Company and its subsidiaries	1,268 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, 2024	(Reference) As of March 31, 2023
Assets		
Non-current assets:	9,894,271	8,336,424
Property, plant and equipment	2,786,933	2,595,721
Right-of-use assets	425,173	393,935
Goodwill	568,134	541,058
Intangible assets	1,062,683	1,048,396
Investments accounted for using the equity method	301,037	261,169
Long-term loans for financial business	3,200,059	2,038,403
Securities for financial business	413,767	411,063
Other long-term financial assets	391,453	304,106
Retirement benefit assets	5,096	62,911
Deferred tax assets	17,948	12,203
Contract costs	685,310	637,534
Other non-current assets	36,678	29,924
Current assets:	4,251,789	3,587,098
Inventories	91,290	99,038
Trade and other receivables	2,702,152	2,445,250
Short-term loans for financial business	367,593	304,557
Call loans	28,237	53,944
Other short-term financial assets	30,662	60,158
Income tax receivables	2,384	2,663
Other current assets	142,263	141,236
Cash and cash equivalents	887,207	480,252
Total assets	14,146,060	11,923,522

Account item	As of March 31, 2024	(Reference) As of March 31, 2023
Liabilities		
Non-current liabilities:	2,381,071	1,616,687
Borrowings and bonds payable	1,577,370	914,233
Long-term deposits for financial business	112,730	64,829
Lease liabilities	292,003	286,437
Other long-term financial liabilities	10,166	10,309
Retirement benefit liabilities	11,801	11,739
Deferred tax liabilities	235,723	188,101
Provisions	47,800	52,414
Contract liabilities	81,674	76,258
Other non-current liabilities	11,804	12,366
Current liabilities:	5,967,762	4,636,176
Borrowings and bonds payable	407,013	337,961
Trade and other payables	899,125	801,927
Short-term deposits for financial business	3,713,407	2,652,723
Call money	37,972	–
Cash collateral received for securities lent	263,157	244,111
Lease liabilities	118,016	112,805
Other short-term financial liabilities	7,762	6,894
Income taxes payables	161,152	129,404
Provisions	21,953	25,398
Contract liabilities	84,947	82,242
Other current liabilities	253,257	242,712
Total liabilities	8,348,833	6,252,863
Equity		
Equity attributable to owners of the parent		
Common stock	141,852	141,852
Capital surplus	310,587	279,371
Treasury stock	(845,093)	(545,833)
Retained earnings	5,522,578	5,220,504
Accumulated other comprehensive income	123,438	32,394
Total equity attributable to owners of the parent	5,253,362	5,128,288
Non-controlling interests	543,864	542,370
Total equity	5,797,226	5,670,659
Total liabilities and equity	14,146,060	11,923,522

(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, 2024	(Reference) For the fiscal year ended March 31, 2023
Operating revenue	5,754,047	5,671,762
Cost of sales	3,323,514	3,260,030
Gross profit	2,430,533	2,411,731
Selling, general and administrative expenses	1,503,680	1,408,391
Other income	32,951	71,629
Other expense	8,165	3,790
Share of profit of investments accounted for using the equity method	9,945	6,213
Operating income	961,584	1,077,393
Finance income	21,866	10,175
Finance cost	10,215	8,658
Other non-operating profit and loss	19,490	612
Profit for the year before income tax	992,725	1,079,523
Income tax	336,621	339,484
Profit for the year	656,104	740,039
Profit for the year attributable to:		
Owners of the parent	637,874	679,113
Non-controlling interests	18,230	60,926
Profit for the year	656,104	740,039

(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, 2024		(Reference) As of March 31, 2023	
(Assets)				
I Noncurrent assets		4,063,416		3,792,222
A Noncurrent assets-telecommunications business		1,832,494		1,850,702
(1) Property, plant and equipment*		1,516,176		1,543,542
1 Machinery	2,812,009		2,917,998	
Accumulated depreciation	(2,288,113)	523,896	(2,403,684)	514,315
2 Antenna facilities	952,856		930,689	
Accumulated depreciation	(665,891)	286,965	(643,027)	287,661
3 Terminal facilities	8,983		8,820	
Accumulated depreciation	(7,672)	1,311	(7,421)	1,400
4 Local line facilities	231,290		225,988	
Accumulated depreciation	(200,588)	30,702	(195,621)	30,366
5 Long-distance line facilities	94,958		95,884	
Accumulated depreciation	(91,175)	3,783	(91,818)	4,067
6 Engineering facilities	62,866		62,736	
Accumulated depreciation	(53,051)	9,815	(52,673)	10,063
7 Submarine line facilities	46,892		47,192	
Accumulated depreciation	(43,888)	3,004	(45,171)	2,020
8 Buildings	416,753		426,534	
Accumulated depreciation	(285,362)	131,391	(287,967)	138,567
9 Structures	91,951		91,616	
Accumulated depreciation	(75,354)	16,597	(73,547)	18,069
10 Machinery and equipment	4,023		4,711	
Accumulated depreciation	(3,766)	257	(4,442)	269
11 Vehicles	3,195		3,134	
Accumulated depreciation	(2,691)	504	(2,314)	820
12 Tools, furniture and fixtures	99,849		102,987	
Accumulated depreciation	(85,429)	14,420	(86,311)	16,675
13 Land		260,602		260,677
14 Construction in progress		232,929		258,571
(2) Intangible assets		316,319		307,161
1 Right of using submarine line facilities		352		897
2 Right of using facilities		14,028		12,676
3 Software		287,915		278,795
4 Leasehold right		1,429		1,429
5 Goodwill		12,511		13,270
6 Other intangible assets		83		94

Account item	As of March 31, 2024		(Reference) As of March 31, 2023	
(Liabilities)				
I Noncurrent liabilities		877,454		637,846
1 Bonds payable		250,000		310,000
2 Long-term loans payable		544,000		242,000
3 Lease obligations		0		31
4 Provision for retirement benefits		3,809		4,471
5 Provision for point service program		12,826		15,499
6 Provision for warranties for completed construction		5,477		5,145
7 Asset retirement obligations		30,728		38,528
8 Provision for officers' stock compensation		2,850		3,135
9 Other noncurrent liabilities		27,764		19,037
II Current liabilities		1,527,516		1,322,954
1 Current portion of noncurrent liabilities		108,000		121,500
2 Accounts payable-trade		52,368		47,493
3 Short-term loans payable		609,265		450,716
4 Lease obligations		10		4
5 Accounts payable-other		525,679		499,945
6 Accrued expenses		5,330		5,028
7 Income taxes payable		105,535		80,200
8 Contract liabilities		35,557		41,789
9 Advances received		17,089		13,700
10 Deposits received		37,561		31,964
11 Provision for bonuses		17,525		17,512
12 Provision for directors' bonuses		266		307
13 Asset retirement obligations		2		–
14 Provision for loss on contract		6,992		6,854
15 Provision for loss on disaster		2,099		365
16 Other current liabilities		4,238		5,577
Total liabilities		2,404,970		1,960,800

(Unit: Millions of yen)

Account item	As of March 31, 2024		(Reference) As of March 31, 2023		Account item	As of March 31, 2024		(Reference) As of March 31, 2023	
B Incidental business facilities		56,941		54,223	(Net assets)				
(1) Property, plant and equipment*	40,265		40,608						
Accumulated depreciation	(29,150)	11,115	(28,000)	12,607					
(2) Intangible assets		45,826		41,615	I Shareholders' equity		3,971,627		4,005,810
C Investments and other assets		2,173,980		1,887,297	1 Capital stock		141,852		141,852
1 Investment securities		305,080		170,438	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		1,271,862		1,170,883	3 Retained earnings		4,370,378		4,105,464
3 Investments in capital		12		63	(1) Legal retained earnings	11,752		11,752	
4 Investments in capital of subsidiaries and affiliates		5,742		5,742	(2) Other retained earnings				
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		112,627		61,900	Reserve for special investments in capital	2,355		1,744	
7 Long-term prepaid expenses		379,396		343,980					
8 Deferred tax assets		72,800		106,972	General reserve	3,645,434		3,488,434	
					Retained earnings brought forward	710,161		602,857	
9 Other investment and other assets		39,273		42,447	4 Treasury stock		(846,280)		(547,182)
Allowance for doubtful accounts		(12,815)		(15,130)					
II Current assets		2,403,189		2,206,262					
1 Cash and deposits		82,333		72,602					
2 Notes receivable - trade		3		11					
3 Accounts receivable-trade		1,715,034		1,619,822					
4 Accounts receivable-other		321,358		222,814					
5 Supplies		65,260		74,749	II Valuation and translation adjustments				
6 Advance payments - trade		243		58			90,008		31,874
7 Prepaid expenses		44,241		53,821	1 Valuation difference on available-for-sale securities		90,008		31,874
8 Short-term loans receivable from subsidiaries and affiliates		107,733		113,941					
9 Other current assets		82,852		62,860					
Allowance for doubtful accounts		(15,867)		(14,416)					
					Total net assets		4,061,634		4,037,684
Total assets		6,466,605		5,998,484	**Total liabilities and net assets**		6,466,605		5,998,484

* 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, 2024	(Reference) The fiscal year ended March 31, 2023
I Operating income and loss from telecommunications		
(1) Operating revenue	2,413,845	2,461,576
(2) Operating expenses	1,727,922	1,746,162
1 Business expenses	456,392	493,277
2 Operating expenses	9	11
3 Facilities maintenance expenses	289,590	289,581
4 Common expenses	1,970	2,058
5 Administrative expenses	114,378	109,489
6 Experiment and research expenses	4,806	5,180
7 Depreciation	379,532	371,204
8 Noncurrent assets retirement cost	22,608	15,885
9 Communication facility fee	413,679	414,882
10 Taxes and dues	44,958	44,595
Net operating income from telecommunications	685,924	715,414
II Operating income and loss from incidental business		
(1) Operating revenue	1,269,284	1,319,202
(2) Operating expenses	1,305,968	1,411,792
Net operating loss from incidental business	36,683	92,590
Operating profit	649,240	622,824
III Non-operating income	138,355	143,714
1 Interest income	4,114	1,609
2 Dividends income	95,004	65,881
3 Foreign exchange gains	11,183	4,187
4 Miscellaneous income	28,054	72,037
IV Non-operating expenses	6,618	5,520
1 Interest expenses	1,944	1,091
2 Interest on bonds	1,221	1,125
3 Miscellaneous expenses	3,453	3,303
Ordinary profit	780,977	761,018
V Extraordinary income	17,289	917
1 Gain on sale of stocks of related companies	12,349	–
2 Gain on sales of investment securities	4,155	801
3 Gain on sale of noncurrent assets	785	–
4 Gain on valuation of investment securities	–	115

(Unit: Millions of yen)

Account item	The fiscal year ended March 31, 2024	(Reference) The fiscal year ended March 31, 2023
VI Extraordinary loss	33,796	3,028
1 Impairment loss	5,279	1,077
2 Loss on sale of investment securities	139	–
3 Loss on valuation of investment securities	3,061	1,669
4 Loss on valuation of stocks of subsidiaries and affiliates	22,458	282
5 other	2,859	–
Profit before income taxes	764,470	758,906
Income taxes-current	193,323	193,280
Income taxes-deferred	8,540	18,173
Profit	562,607	547,454

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

Independent Auditor's Report (Consolidated)

(English Translation)
Independent Auditors' Report

May 7, 2024

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, 2024, 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, 2024, 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

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

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and to communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related 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 7, 2024

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, 2024, 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, 2024, 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 40th fiscal year from April 1, 2023 to March 31, 2024, 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 principle offices. Furthermore, the Audit & Supervisory Board has closely communicated and exchanged information with the Directors and Audit & Supervisory Board Members of the Company's subsidiaries, 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 10, 2024

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

Notice to Readers:

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

To Shareholders

INFORMATIONAL MATERIALS FOR THE 40TH 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, 2024)

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

Principal Businesses of the Corporate Group (As of March 31, 2024)

The Group comprises the Company, 185 consolidated subsidiaries (123 companies in Japan and 62 companies overseas) and 44 equity-method affiliates (35 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,” 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 and financial and entertainment services such as video and games to individual customers in Myanmar, Mongolia, and other Asian regions.
Business Services	The Business Services segment mainly provides 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. We will continue to support the development and expansion of our customers’ businesses by providing global one-stop solutions that leverage IoT and DX, centering on 5G communications, in collaboration with our partners. For small and medium-sized corporate customers in Japan, our consolidated subsidiary, the KDDI MATOMETE OFFICE GROUP is building a regional support network offering close contact throughout Japan.

Directors and Audit & Supervisory Board Members

Outline of Contracts for Limitation of Liability

Under the provisions of Article 427, paragraph (1) of the Companies Act, the Company has concluded contracts for Limitation of Liability between 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 2023 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 2023, the Corporate Management Committee met 13 times to discuss and determine important matters for management.

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

1) The Company has developed a system that allows Audit & Supervisory Board Members to attend the meetings of the Board of Directors and key internal meetings. In addition, the Company has taken measures to enable them to view minutes of important meetings, circulated documents, etc.
2) Important matters to be reported to management shall be reported to Audit & Supervisory Board Members in a timely and appropriate manner, and, when discovering facts that may cause considerable losses to the Company and its subsidiaries, these shall be promptly reported to Audit & Supervisory Board Members. Moreover, collaboration with Audit & Supervisory Board Members is ensured through the exchange of opinions between them and the Internal Control Division, the Directors of subsidiaries in Japan and abroad, etc., in addition to regular meetings between them and the representative directors, etc.
3) The Company has established an Audit & Supervisory Board Members’ Office to assist the duties of the Audit & Supervisory Board Members, and obtains the consent of Audit & Supervisory Board Members with regard to personnel matters concerning the employees of the Audit & Supervisory Board Members’ Office.
4) In the rules for processing internal reports, it is clearly stated that persons making a report, including reports to Audit & Supervisory Board Members, would not be penalized for doing so.
5) Expenses incurred by Audit & Supervisory Board Members in the execution of their duties are borne by the Company as appropriate.

2. Compliance

(1) KDDI Action Guideline formulation and awareness

The Company has established the “KDDI Code of Business Conduct,” which states the basic principles that all directors and employees must comply with in the execution of their duties, and it provides opportunities, such as giving access to the Code through the Company’s smartphones, so that they understand it thoroughly.

(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, administrators and general employees of the Company and its subsidiaries.

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 2023, we held a total of seven monthly profitability review meetings and a total of 15 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 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, 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 2023, as well as renewing the BCP for the whole company and formulating 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.

(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 one domestic subsidiary to the system in fiscal 2023.
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.

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 2023, 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, 2024

(Unit: Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Capital surplus	Treasury stock	Retained earnings	Accumulated other comprehensive income	Total		
As of April 1, 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 year	–	–	–	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)
As of March 31, 2024	141,852	310,587	(845,093)	5,522,578	123,438	5,253,362	543,864	5,797,226

(Reference) For the fiscal year ended March 31, 2023

(Unit: Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Capital surplus	Treasury stock	Retained earnings	Accumulated other comprehensive income	Total		
As of April 1, 2022	141,852	279,371	(299,827)	4,818,117	43,074	4,982,586	528,077	5,510,663
Cumulative effects of changes in accounting policies	–	–	–	3,682	348	4,030	–	4,030
Restated balance	141,852	279,371	(299,827)	4,821,799	43,422	4,986,617	528,077	5,514,694
Comprehensive income								
Profit for the year	–	–	–	679,113	–	679,113	60,926	740,039
Other comprehensive income	–	–	–	–	971	971	6,729	7,700
Total comprehensive income	–	–	–	679,113	971	680,084	67,655	747,738
Transactions with owners and other transactions								
Cash dividends	–	–	–	(288,394)	–	(288,394)	(46,225)	(334,618)
Transfer of accumulated other comprehensive income to retained earnings	–	–	–	11,999	(11,999)	–	–	–
Purchase and disposal of treasury stock	–	(41)	(250,152)	–	–	(250,192)	–	(250,192)
Retirement of treasury stock	–	(5,313)	5,313	–	–	–	–	–
Transfer from retained earnings to capital surplus	–	4,014	–	(4,014)	–	–	–	–
Changes in interests in subsidiaries	–	(445)	–	–	–	(445)	(7,137)	(7,582)
Other	–	1,786	(1,167)	–	–	619	–	619
Total transactions with owners and other transactions	–	1	(246,005)	(280,408)	(11,999)	(538,412)	(53,361)	(591,773)
March 31, 2023	141,852	279,371	(545,833)	5,220,504	32,394	5,128,288	542,370	5,670,659

(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 designated international accounting 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: 185
   - 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 Holdings Inc., Jupiter Shop Channel Co., Ltd., au Energy Holdings Corporation, KDDI MATOMETE OFFICE CORPORATION, KDDI Engineering Corporation, Altius Link, Inc., 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, KDDI 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
   - KDDI Canada, Inc.: Due to its new establishment.

   Names of principal companies excluded from consolidated subsidiaries and reasons for exclusion
   - SORACOM, INC.: Due to loss of control

   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 accounted for by the equity method: 44
   - Principal affiliates:
     Kyocera Communication Systems Co., Ltd., KKCompany Technologies Inc., LAC Co., Ltd., Kakaku.com, Inc., au Kabucom Securities Co., Ltd.

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 conditions for classification of financial assets is not met, 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 from the investment expire, or assigning such investments, 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 recognized as a separate asset or liability.

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, expected credit losses for 12 months are recognized as a loss allowance. When there is a significant increase in credit risk since initial recognition, expected credit losses for the remaining life of the financial assets are recognized 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 and interest rate 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).

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 of the hedged item. 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 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.
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 year. The Group considers itself to be an agent for commission on transfer of receivable, advertisement services and certain content services described above because it earns only commission income based on pre-determined rates, does not have the authority to set prices and solely provides a platform for its customers to perform content-related services. The Group thus does not control the service before control is transferred to the customer. Therefore, revenue from these services is presented on a net basis.

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

4) Solution services

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

Payment for any performance obligation is received within approximately one month of the billing date.

5) Global services

Global services mainly comprise solution services, data center services and mobile telephone services. Revenue from data center services comprise the service charges the Group receives for using space, electricity, networks or other amenities at its self-operated data centers in locations around the world. In general, contracts cover more than one year, and revenue is recognized for the period over which the services are provided.

The consideration for these transactions is basically billed before the performance obligation is fulfilled and is received approximately one month after billing.

Revenue from mobile telephone services comprises revenue from mobile handsets and mobile telecommunication services. Revenue from the sale of mobile handsets is recognized at the time of sale of the handsets, when the performance obligation is determined to have been fulfilled. Revenue from mobile telecommunication services is recognized at the time the services are provided to the customer, when the performance obligation is determined to have been fulfilled.

(7) Translation of major assets and liabilities denominated in foreign currencies into Japanese yen

1) Functional currency and presentation currency

Foreign currency transactions of each group company have been translated into their functional currencies at the exchange rate prevailing at the dates of transactions upon preparation of their financial statements. The consolidated financial statements of the Group are presented in Japanese yen, which is the functional currency of the Company.

2) Foreign currency transactions

Foreign currency transactions are translated at the spot exchange rate of the date of transaction or the rate that approximates such exchange rate. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the fiscal year end date. Non-monetary items at fair value denominated in foreign currencies are translated at an exchange rate of the date when their fair values are measured.

Exchange differences arising from the translation and settlement of monetary assets and liabilities denominated in foreign currencies are recognized as profit or loss. However, exchange differences arising from the translation of equity financial assets measured through other comprehensive income and cash flow hedges are recognized as other comprehensive income.

3) Foreign operations

For the purpose of the presentation of the consolidated financial statements, the assets and liabilities of the Group's foreign operations, including goodwill, identified assets and liabilities, and their fair value adjustments resulting from the acquisition of the foreign operations, are translated into presentation currency at the exchange rate prevailing at the fiscal year end date. Income and expenses of foreign operations are translated into Japanese yen, the presentation currency, at the average exchange rate for the period, unless there is significant change in the exchange rate during the period.

Exchange differences arising from translation of foreign operations' financial statements are recognized as other comprehensive income. In cases of disposition of whole interests of foreign operations, and certain interests involving loss of control or significant influence, exchange differences are accounted for profit or loss as certain disposal profit or loss of foreign operations.

(8) Insurance contracts

In IFRS 17, the Group classifies contracts that involve significant insurance risks as insurance contracts.

The Group has applied the premium allocation approach for insurance contracts issued and reinsurance contracts held in the non-life insurance business.

The Group has applied the general measurement model for insurance contracts issued and reinsurance contracts held in the life insurance business.

Regarding insurance finance income or expenses, the amount calculated by regularly allocating the total expected finance income or expenses over the duration of group of insurance contracts is included in profit or loss, and the difference between the amount measured when applying the book value of group of insurance contracts and the regular allocation is recorded as other comprehensive income.

(Notes to Changes in Accounting Policies)

The Group has adopted the following standard since the fiscal year under review.

IRFS		New or revised content
IRFS17	Insurance Contracts	Revision of insurance contracts

The Group retrospectively applied IFRS 17 “Insurance Contracts” (hereafter “IFRS 17”) on the date of transition (April 1, 2022) in accordance with the following transitional requirements.

- Identify, recognize and measure each group of insurance contracts as if IFRS 17 had always been applied.
- Derecognize any existing balances that would not exist had IFRS 17 always been applied.
- Recognize any resulting net difference in equity.

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.

The Group has applied transitional requirements for IFRS 17 and has not disclosed the impact of IFRS 17 on each financial statement item and earnings per share.

(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 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 and financial and entertainment services such as video and games to individual customers in Myanmar, Mongolia, and other Asian regions.

   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.
   We will continue to support the development and expansion of our customers’ businesses by providing global one-stop solutions that leverage IoT and DX, centering on 5G communications, in collaboration with our partners.
   For small and medium-sized corporate customers in Japan, our consolidated subsidiary, the KDDI MATOMETE OFFICE GROUP is building a regional support network offering close contact throughout Japan.

   For the fiscal year under review (from April 1, 2023 to March 31, 2024)

   (Unit: Millions of yen)

Business Category	Amount
Personal	4,675,796
Business	1,033,486
Others	44,765
Total	5,754,047
Revenue from contracts with customers	5,570,136
Revenue from other sources	183,911

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, 2023 to March 31, 2024)

   (Unit: Millions of yen)

	As of April 1, 2023	As of March 31, 2024
Receivables from contracts with customers	2,106,035	2,320,661
Contract liabilities	158,500	166,621

   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 ¥77,383 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 ¥158,371 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 ¥568,134 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 ¥685,310 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. Loss allowance
   (1) The amount recorded on the consolidated statement of financial position for the fiscal year under review is ¥139,784 million.
   (2) Other information
   The Group estimates the collectability of trade and other receivables based on their credit risk. Future changes in the credit risk of receivables from customers could have a significant impact on the amount of loss allowance recognized in the consolidated financial statements in subsequent fiscal years.

(Consolidated Statement of Financial Position)

1. Loss allowance directly deducted from assets

Other long-term financial assets	¥45,915 million
Trade and other receivables	¥58,439 million
Other short-term financial assets	¥23,281 million
Other current assets	¥12,149 million
Total	¥139,784 million

For the fiscal year under review, after estimating the entire period's expected credit loss related to the recovery of lease receivables 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.

KSGM supports the telecommunications business operations of Myanma Posts & Telecommunications (MPT), an organization under Myanmar's Ministry of Transport and Communications. KSGM also provides MPT with leases categorized as finance leases for telecommunications equipment and other purposes. Through these lease transactions, KSGM owns U.S. dollar-denominated lease receivables with MPT. The Myanmar telecommunications business continues to operate at a loss. Following the regulation of foreign exchange controls by the Myanmar Central Bank and the Foreign Exchange Regulatory Commission (FERC), which began in April 2022, approval from the Myanmar Central Bank is required for the conversion of Myanmar kyat, the local currency, to foreign currencies, resulting in restrictions on the collection of lease receivables denominated in U.S. dollars. As a result of comprehensive consideration of these circumstances, the Company determined that there was a significant increase in credit risk as of the end of the current fiscal year, and recognized ¥107,413 million as a loss allowance for lease receivables related to this business activity.
The main assumption used in the calculation of the cash flows expected to be received by KSGM is the dollar conversion amount. The amount convertible into U.S. dollars is estimated using the actual amount approved for conversion into U.S. dollars in the Myanmar telecommunications business since the start of foreign exchange control regulations in April 2022. The Company compares Kyat-denominated amount of cash flows that is expected to be paid by MPT in each fiscal year and its convertible U.S. dollar amount, and adopts whichever smaller as estimated future cash flows. In addition, in order to reflect uncertainty when calculating the allowance, the Company sets multiple scenarios that have varying convertible amounts, which is the key assumption, and calculates weighted average, by using occurrence probability of each scenario as weight factor, of the present values of the estimated future cash flows based on each scenario after discounting by using the effective interest rate originally applied to the lease receivables.

If the key assumption changes in the future due to deterioration of the U.S. dollar convertibility regulations, etc., all or part of the ¥23,016 million in lease receivables, etc. may be additionally recorded as a loss allowance.

2. Accumulated depreciation of property, plant and equipment
   ¥5,316,310 million

3. Assets pledged as collateral and secured liabilities

Assets pledged as collateral:

Property, plant and equipment	¥519 million
Other long-term financial assets	¥7,129 million
Stocks of subsidiaries and affiliates (Note) 1	¥768 million
Securities for financial business	¥359,283 million
Loans for financial business	¥780,591 million
Other non-current assets	¥4,160 million
Total	¥1,152,450 million

Corresponding liabilities:

Long-term borrowings (Note) 1, 2	¥521,100 million
Cash collateral received for securities lent	¥229,635 million
Total	¥750,735 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, 2024 was ¥8,235 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, 2024 was ¥368,071 million.
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, 2024
   Common stock 2,302,712,308 shares

2. Dividends
   (1) Cash dividends paid, etc.

Resolution	Class of shares	Total dividends	Dividends per share	Record date	Effective date
June 21, 2023 Annual shareholders meeting (Note)	Common stock	¥150,998 million	¥70	March 31, 2023	June 22, 2023
November 2, 2023 Meeting of the Board of Directors (Note)	Common stock	¥146,527 million	¥70	September 30, 2023	December 5, 2023

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 19, 2024 Annual shareholders meeting (Note) 1, 2	Common stock	¥145,758 million	Retained earnings	¥70	March 31, 2024	June 20, 2024

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.

(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 interval of 99%; historical observation period of 250 working days) and the amount of total market risk as of March 31, 2024 was ¥3,524 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 control 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, 2024)

(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	270,795	23,134	–	293,929
Other financial assets				
Investment securities	257,227	–	59,386	316,613
Other	998	–	–	998
Financial assets at fair value through profit or loss				
Loans for financial business	–	3,290,001	–	3,290,001
Other financial assets				
Derivatives				
Currency related	–	5,491	–	5,491
Interest related	–	5,353	–	5,353
Investment funds	–	5,577	–	5,577
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Other financial liabilities				
Derivatives				
Currency related	–	2,372	–	2,372
Interest related	–	5,798	–	5,798

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.

The Company used to manage its consolidated subsidiary au Jibun Bank Corporation's mortgage loan receivables for the purpose of debt collection alone. It, however, made an amendment to the purpose from the fiscal year ended March 31, 2022, and now manages the receivables for developing a sustainable business and securing a stable revenue base through debt collection. This resulted in the changes in its business model.

In accordance with the business model revision, effective April 1, 2022, the Company switched the measurement category of a part of "Loans for financial business" under "Financial assets at amortized cost" to "Financial assets at fair value through profit or loss." With respect to the measurement method in the reclassified category, "Financial assets at fair value through profit or loss" are recognized initially at fair value and its transaction costs are recognized in profit or loss as incurred. A gain or loss on a financial asset at fair value through profit or loss is recognized in profit or loss. The reclassified carrying amount and fair value as of April 1, 2022, were ¥1,362,678 million and ¥1,381,184 million, respectively.

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, 2024)

(Unit: Millions of yen)

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Loans for financial business	26,396	–	26,375	–	26,375
Securities for financial business	119,838	103,702	5,108	9,993	118,803
Other financial assets					
Monetary claims bought	14,050	–	13,670	–	13,670
Financial liabilities:					
Borrowings and bonds payable					
Borrowings payable	1,481,176	–	1,471,120	–	1,471,120
Bonds payable	309,653	308,027	–	–	308,027
Deposits for financial business	3,826,137	–	3,829,405	–	3,829,405

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) 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.

(d) 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.

(e) 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.

(f) 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. Contractual principal and interest rate of time deposits subject to the separate accounting are those after the separate accounting. Accordingly, the fair value hierarchy is classified as Level 2.

(Per Share Information)

1. Equity attributable to owners of the parent per share	¥2,522.92
2. Basic earnings per share	¥301.26

Note: In the calculation of per share information, the Company's stocks owned by the executive compensation BIP trust are included in treasury stock. Therefore, the number of those stocks is deducted from the number of common stocks outstanding at the end of the year and average number of common stocks outstanding during the year.
For the fiscal year under review, the number of common stocks outstanding at the end of the year and average number of common stocks outstanding during the year owned by the trust is 1,074,019 shares and 1,114,133 shares, respectively.

(Significant Subsequent Events)

Change of Lawson, Inc. into an equity-method affiliate and borrowing of funds

On February 6, 2024, the Company announced that it entered into with Mitsubishi Corporation (hereinafter "Mitsubishi") a master agreement that set forth the acquisition of share certificates, etc. of Lawson, Inc. (hereinafter "Lawson") through a tender offer under the Financial Instruments and Exchange Act (hereinafter the "Tender Offer"), and commenced the Tender Offer on March 28, 2024.

The Tender Offer ended on April 25, 2024 and the Company filed a tender offer report on April 26, 2024. As a result of the Tender Offer, the Company owns 41.1% of the voting rights of Lawson shares. Accordingly, on May 7, 2024, the commencement date of settlement of the Tender Offer, Lawson became an equity-method affiliate of the Company.

Going forward, following a series of procedures to make Mitsubishi and the Company the sole shareholders of Lawson, Mitsubishi and the Company plan to each own 50.00% of the voting rights of Lawson shares. This will result in Lawson becoming a jointly controlled company subject to the equity method at the Company.

In order to secure the necessary funds for the Tender Offer, the following borrowing was executed.

(1) Use of funds: Necessary funds for the Tender Offer, funds for payment of incidental expenses, etc.
(2) Lender: MUFG Bank, Ltd.
(3) Borrowing amount: ¥405 billion
(4) Borrowing rate: Base rate + spread
(5) Borrowing date: May 2, 2024
(6) Borrowing period: 1 year or less
(7) Collateral: Unsecured

(Other Notes)

(Notes concerning Business Combinations)

Acquisition of Relia, Inc. and business integration of KDDI Evolva and Relia Group

(1) Overview of business combination

On September 1, 2023, KDDI Evolva, Inc. (hereinafter "KDDI Evolva"), a wholly owned subsidiary of the Company, and Relia, Inc. (hereinafter "Relia"), an equity method affiliate of Mitsui & Co. Ltd. (hereinafter "Mitsui") merged based on a spirit of equality (hereinafter the "Business Integration") to form Altius Link, Inc. (hereinafter "Altius Link").

1) Mitsui established Otemachi Holdings G.K. on January 6, 2023. Otemachi Holdings G.K. made a tender offer (hereinafter the "Tender Offer") for all shares of the common stock (Note 1) of Relia from May 30, 2023 in order to effect the Business Integration.
2) Upon completion of the Tender Offer, Otemachi Holdings G.K. and Mitsui implemented a squeeze-out procedure by demanding the sale of shares in order to own all of the shares of common stock of Relia (Note 2).
3) On August 31, 2023, after the completion of the squeeze-out procedure, an absorption-type merger (hereinafter the "Merger No. 1") was executed between Relia and Otemachi Holdings G.K., wherein Relia was the surviving company and Otemachi Holdings G.K. was the absorbed company.
4) After the entry into force of Merger No. 1 on September 1, 2023, an absorption-type merger wherein KDDI Evolva was the surviving company and Relia was the absorbed company (hereinafter "Merger No. 2") was executed with a merger ratio such that KDDI and Mitsui would own 51.0% and 49.0% of the voting rights, respectively.

Both KDDI and Mitsui will support the decision of new measures with the utmost respect for the corporate culture and management autonomy that KDDI Evolva and Relia have fostered, in order to enhance the corporate value of Altius Link.

(Note 1) Excluding the shares of Relia owned by Mitsui and the treasury shares owned by Relia (if any).
(Note 2) Excluding the treasury shares owned by Relia (if any).

(2) Main objectives of business combination

In recent years, the importance of BPO (Note 3) has been increasing due to a shortage of human resources caused by a decrease in the working population and work style reforms implemented by companies. In addition, the need for DX (digital transformation) is increasing in companies and society, and the further acceleration of digitalization is becoming notable, leading to the BPO industry itself entering a period of structural change. As a result, there is a need to upgrade services and expand business domains in response to the diversification of customer needs and changes in corporate activities. In response to this environment, KDDI and Mitsui decided to implement the Business Integration in order to strengthen contact center services, provide services to resolve customers' business issues, and achieve further customer success. Through the Business Integration, DX promotion service in the digital channel fields and operational design and operational capabilities owned by both KDDI Evolva and Relia, as well as the capabilities of the KDDI Group and the Mitsui Group in corporate customer contacts, IT, and overseas business expertise will be combined, and thereby KDDI and Mitsui will contribute to solving customers' real problems and aim to develop digital BPO (Note 4) services that expand both in Japan and overseas.

(Note 3) "BPO" stands for Business Process Outsourcing and means outsourcing of a part of business processes in corporate activities from the design to implementation and operation of business to a specialist.
(Note 4) "Digital BPO" means a BPO method whereby a series of outsourced operations are outsourced not only by human resources but also by utilizing digital technologies such as AI to achieve greater efficiency in outsourced operations.

(3) Name and business description of the acquiree (as of August 31, 2023)

Company name	Relia, Inc.
Establishment date	June, 1987
Head office	6-5, Yoyogi 2-chome, Shibuya -ku, Tokyo
Title and name of representative	President & CEO, Takashi Amino
Description of business	Contact center service and back office service
Paid-in capital	¥988 million

(4) Name and business description of the integrated company after the business integration (as of September 1, 2023)

Company name	Altius Link, Inc.
Establishment date	May, 1996 (established in September, 2023)
Head office	3-2, Nishi-Shinjuku 2-chome, Shinjuku-ku, Tokyo
Title and name of representative	President and Representative Director, Takashi Amino Vice President and Representative Director, Hajime Wakatsuki
Description of business	Contact center service, back office service, IT solution service, and other related service
Paid-in capital	¥100 million

(5) Details of the allotment in connection with the Business Integration

Following the Business Integration, KDDI Evolva has been allotted 49 shares of KDDI Evolva common stock for all the Relia shares held by Mitsui.

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

Share of voting rights acquired on the combination date: 51.0%

(7) Acquisition date

September 1, 2023

(8) Consideration transferred and its components

(Unit: millions of yen)

		As of acquisition date (September 1, 2023)
Fair value of common stock of KDDI Evolva allotted at time of acquisition of control		46,544
Total consideration transferred	A	46,544

¥605 million of acquisition-related costs for the business combination is recognized as selling, general and administrative expenses in the consolidated statement of income.

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

(Unit: millions of yen)

		As of acquisition date (September 1, 2023)
Non-current assets		
Property, plant and equipment (Note 1)		12,669
Intangible assets (Note 1)		8,355
Other long-term financial assets		4,396
Other		2,048
Total non-current assets		27,468
Current assets		
Trade and other receivables (Note 2)		19,305
Cash and cash equivalents		27,438
Other		2,113
Total current assets		48,856
Total assets		76,324
Non-current liabilities		
Other long-term financial liabilities		2,343
Other		5,370
Total non-current liabilities		7,713
Current liabilities		
Trade and other payables		9,814
Other		9,847
Total current liabilities		19,661
Total liabilities		27,374
Net assets	B	48,949
Non-controlling interests (Note 3)	C	23,987
Goodwill (Note 4)	A - (B-C)	21,582

(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 ¥19,305 million of acquired trade and other receivables (mainly accounts receivable - trade), the total amount of contracts is ¥19,305 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.

(10) Consideration for expenditures due to the acquisition of control over the subsidiary

(Unit: millions of yen)

	As of acquisition date (September 1, 2023)
Cash and cash equivalents held by the acquiree at the acquisition of control	27,438
Cash payment for the acquisition of control over subsidiary	27,438

(11) Operating revenue and profit for the year of the acquiree

Operating revenue and profit for the year of the acquiree after the acquisition date, which are recorded on the consolidated statement of income for the year ended March 31, 2024 are ¥69,092 million and ¥3,517 million, respectively.

(12) Consolidated operating revenue and consolidated profit for the year 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, 2023, are ¥5,801,580 million and ¥656,681 million, respectively.

Non-Consolidated Statements of Changes in Net Equity

The fiscal year ended March 31, 2024

(Unit: Millions of yen)

	Shareholders' equity										Valuation and translation adjustments	Total net assets
	Capital stock	Capital surplus		Retained earnings					Treasury stock	Total shareholders' equity	Valuation difference 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	–	–	–	–	–	–	–	–	–	–	–	–
Increase due to business combination or decrease by corporate division - split-off type	–	–	–	–	–	–	–	–	–	–	–	–
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

(Reference) The fiscal year ended March 31, 2023

(Unit: Millions of yen)

	Shareholders' equity										Valuation and translation adjustments	Total net assets
	Capital stock	Capital surplus		Retained earnings					Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	
		Legal capital surplus	Other capital surplus	Legal retained earnings	Other 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	896	3,254,834	657,008	(306,403)	4,066,292	47,348	4,113,639
Changes of items during the fiscal year												
Dividends from surplus	–	–	–	–	–	–	–	(286,825)	–	(286,825)	–	(286,825)
Provision of reserve for special investments in capital	–	–	–	–	–	848	–	(848)	–	–	–	–
Provision of general reserve	–	–	–	–	–	–	233,600	(233,600)	–	–	–	–
Profit	–	–	–	–	–	–	–	547,454	–	547,454	–	547,454
Purchase of treasury stock	–	–	–	–	–	–	–	–	(254,647)	(254,647)	–	(254,647)
Disposal of treasury stock	–	–	1,300	–	–	–	–	–	5,891	7,191	–	7,191
Retirement of treasury stock	–	–	(5,313)	–	–	–	–	–	5,313	–	–	–
Transfer from retained earnings to capital surplus	–	–	4,014	–	–	–	–	(4,014)	–	–	–	–
Increase due to business combination or decrease by corporate division - split-off type	–	–	–	–	–	–	–	(76,318)	–	(76,318)	(65)	(76,383)
Net changes of items other than shareholders' equity	–	–	–	–	–	–	–	–	2,663	2,663	(15,408)	(12,745)
Total changes of items during the fiscal year	–	–	–	–	–	848	233,600	(54,151)	(240,779)	(60,482)	(15,473)	(75,955)
Balance at the end 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

(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, 2024 based on projected benefit obligations and estimated value of plan assets as of March 31, 2024.

   When calculating retirement benefit obligations, the benefit formula basis is used for attributing expected retirement benefits to periods through March 31, 2024.

   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.

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 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 year.
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) Global services
Global services mainly comprise solution services and mobile telephone services.
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.

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

Accounting method for deferred assets

Bond issuance expenses

Bond issuance expenses: recorded as expenses when incurred

(Notes to Accounting Estimates)

Valuation of stocks of subsidiaries and affiliates

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

The amount recorded on the non-consolidated financial statements for the fiscal year under review was ¥1,271,862 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 ¥8,235 million by that company as of March 31, 2024.

2. Contingent liabilities, etc.

(1) Guarantee for wholesale power purchase contract	¥8,715 million
(2) Guarantor for office lease contract	¥1,651 million
(3) Joint and several guarantees for bank guarantees, etc.	¥564 million

3. Monetary claims and monetary liabilities to subsidiaries and affiliates

Long-term monetary claims	¥112,715 million
Short-term monetary claims	¥441,195 million
Long-term monetary liabilities	¥250 million
Short-term monetary liabilities	¥595,989 million

4. Reduction entry amount of non-current assets

Reduction entry amount attributable to aid for construction cost (cumulative total)	¥14,644 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	¥316,213 million
Loans receivables outstanding	¥94,014 million
Remaining portion of credit line	¥222,199 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	¥323,639 million
Operating expenses to subsidiaries and affiliates	¥584,843 million
Non-operating transactions with subsidiaries and affiliates	¥162,446 million

2. Impairment loss amount ¥5,279 million

In the year ended March 31, 2024, 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	Machinery, etc.	5,279

In the year ended March 31, 2024, 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 ¥5,279 million, as an extraordinary loss. This consists of ¥4,913 million for machinery, and ¥366 million for others.

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.

3. Loss on valuation of stocks of subsidiaries and affiliates ¥22,458 million

In the year ended March 31, 2024, the collectability of lease receivables held by KDDI Summit Global Myanmar Co., Ltd. (hereinafter "KSGM"), a consolidated subsidiary, was assessed and as a result of recognizing a loss allowance for some of the lease receivables, a loss on valuation of stocks of subsidiaries and affiliates of ¥20,814 million was recorded as an extraordinary loss with regard to shares of KDDI SUMMIT GLOBAL SINGAPORE PTE. LTD. (KSGS), which holds KSGM shares, due to the actual price of KSGS shares significantly decreasing. If the collection of lease receivables deteriorates in the future, all or part of the ¥13,403 million of KSGS shares may be additionally recorded as a loss on valuation of stocks of subsidiaries and affiliates in the non-consolidated financial statements for the next fiscal year.
In addition, a loss on valuation of stocks of subsidiaries and affiliates of ¥1,644 million was recorded as an extraordinary loss.

(Non-Consolidated Statement of Changes in Net Assets)

1. Shares outstanding and treasury stock

(Unit: Shares)

	As of April 1, 2023	Increase during the fiscal year ended March 31, 2024	Decrease during the fiscal year ended March 31, 2024	As of March 31, 2024
Shares outstanding				
Common stock	2,302,712,308	–	–	2,302,712,308
Total	2,302,712,308	–	–	2,302,712,308
Treasury stock				
Common stock	145,590,929	75,112,630	245,399	220,458,160
Total	145,590,929	75,112,630	245,399	220,458,160

(The reason of the above changes)

1. The increase of 75,112,630 shares in the number of common stocks in treasury stock is due to a share buyback of 75,112,600 shares based on resolutions at the Board of Directors meeting dated May 11, 2023, and purchases of shares less than one unit of 30 shares.
2. The decrease of 245,399 shares in the number of common stocks in treasury stock is due to the issuance, etc. of 245,365 shares to the executive compensation BIP trust and sales of shares less than one unit of 34 shares.
3. Included in the number of common stocks in treasury stock displayed above are 1,074,019 shares held by the executive compensation BIP trust.

2. Dividends

(1) Cash dividends paid

Resolution	Class of shares	Total dividends	Dividends per share	Record date	Effective date
June 21, 2023 Annual shareholders meeting	Common stock	¥151,091 million	¥70	March 31, 2023	June 22, 2023
November 2, 2023 Meeting of the Board of Directors	Common stock	¥146,602 million	¥70	September 30, 2023	December 5, 2023
Total		¥297,693 million			

Note 1: The total amount of dividends decided by the Annual shareholders meeting on June 21, 2023 includes a dividend of ¥92 million for the Company’s shares owned by the executive compensation BIP trust.

Note 2: The total amount of dividends decided by the Board of Directors meeting on November 2, 2023 includes a dividend of ¥75 million 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

As a proposal of the annual shareholders meeting to be held on June 19, 2024, the Company plans to propose the following matters regarding dividends of common stock.

1) Total dividends	¥145,833 million
2) Dividends per share	¥70
3) Record date	March 31, 2024
4) Effective date	June 20, 2024

Notes 1: The dividends shall be paid from retained earnings.

2. The total amount of dividends includes a dividend of ¥75 million for the Company’s shares owned by the executive compensation BIP trust.

(Tax Effect Accounting)

1. Significant components of deferred tax assets and liabilities

(Unit: Millions of yen)

Deferred tax assets:	Provision for bonuses	6,029
	Excess amount of allowance for doubtful accounts	7,108
	Provision for point service program	4,854
	Denial of accrued expenses	1,399
	Excess amount of depreciation and amortization	32,380
	Asset retirement obligations	7,502
	Denial of loss on retirement of non-current assets	1,695
	Denial of loss on valuation of inventories	1,319
	Accrued enterprise taxes	5,562
	Denial of impairment loss	10,871
	Denial of advances received	935
	Loss on valuation of stocks of subsidiaries and affiliates	29,113
	Other	21,952
Total deferred tax assets		130,720
Deferred tax liabilities:	Provision for retirement benefits	(15,856)
	Valuation difference on available-for-sale securities	(39,686)
	Gain on exchange from business combination	(1,455)
	Other	(923)
Total deferred tax liabilities		(57,920)
Net deferred tax assets		72,800

The Company applied for approval of the Group Tax Sharing System during the fiscal year under review and received approval to apply the system from the following fiscal year. Accordingly, for accounting and disclosure related to tax effect accounting for corporate and local income taxes, the Company has applied the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Solution No. 42, August 12, 2021) from the end of the fiscal year under review, based on the premise that the Group Tax Sharing System will be applied.

(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, 2024 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) Accounts receivable-trade	1,715,034		
Allowance for doubtful accounts *1	(13,008)		
	1,702,026	1,702,026	–
2) Accounts receivable-other	321,358	321,358	–
3) Securities	5,577	5,577	–
4) Investment securities			
Available-for-sale securities	249,198	249,198	–
5) Short-term loans receivable from subsidiaries and affiliates *2	94,014		
Allowance for doubtful accounts *1	(2,859)		
	91,155	91,155	–
6) Stocks of subsidiaries and affiliates	98,371	209,884	111,513
7) Long-term loans receivable from subsidiaries and affiliates *3	126,346	125,436	(909)
Total assets	2,594,031	2,704,635	110,604
8) Accounts payable-trade	52,368	52,368	–
9) Short-term loans payable	609,265	609,265	–
10) Accounts payable-other	525,679	525,679	–
11) Income taxes payable	105,535	105,535	–
12) Deposits received	37,561	37,561	–
13) Bonds payable *4	310,000	308,027	(1,973)
14) Long-term loans payable *4	592,000	583,756	(8,244)
Total liabilities	2,232,409	2,222,192	(10,217)

*1. Allowance for doubtful accounts relating to 1) Accounts receivable-trade and 5) Short-term loans receivable from subsidiaries and affiliates are deducted respectively.
*2. This excludes the current portion of long-term loans receivable from subsidiaries and affiliates under non-current assets.
*3. This includes the current portion of long-term loans receivable from subsidiaries and affiliates under non-current assets.
*4. This includes the current portion of bonds payable and long-term loans payable under non-current liabilities.

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

1) Accounts receivable-trade, 2) Accounts receivable-other, and
5) 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.

3) Securities 4) Investment securities and 6) Stocks of subsidiaries and affiliates

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.

7) 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.

8) Accounts payable-trade, 9) Short-term loans payable, 10) Accounts payable-other, 11) Income

taxes payable, and 12) 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.

13) Bonds payable, and 14) Long-term loans payable

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

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

(Unit: Millions of yen)

	Book value
Investment securities Unlisted equity securities	55,882
Stocks of subsidiaries and affiliates Unlisted equity securities	1,173,491
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	13,719	45,785	66,841

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	60,000	210,000	40,000
Long-term loans payable	48,000	484,000	60,000
Total	108,000	694,000	100,000

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

Amount of investments in affiliates	¥116,851 million
Amount of investments in affiliates based on the equity method	¥301,037 million
Amount of equity in net income of affiliates based on the equity method	¥9,945 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 12.1%

Relationship with Related Party	Contents of Transaction	Amounts of Transaction	Title of Account	Balance as of March 31, 2024
Business and capital alliance	Acquisition of treasury stock (Note 1)	250,000	–	–

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 81.0 %

Relationship with Related Party	Contents of Transaction	Amounts of Transaction	Title of Account	Balance as of March 31, 2024
Financial support Sharing of concurrent positions by board members	Borrowing of funds (Note 2)	7,405	Long-term loans receivable from subsidiaries and associates	–
			Short-term loans receivable from subsidiaries and associates	94,597
	Payment of interests	104		

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, 2024
Financial support Sharing of concurrent positions by board members	Entrustment of fee collection	– (Note 3)	Accounts payable-other	69,659

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, 2024
Financial support Sharing of concurrent positions by board members	Outsourcing settlement agency business	– (Note 4)	Accounts receivable-other	96,402

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, 2024
Sharing of concurrent positions by board members	Outsourcing of administrative tasks	– (Note 4)	Accounts receivable-other	167,541

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, 2024
Financial support Sharing of concurrent positions by board members	Borrowing of funds (Note 2)	35,491	Long-term loans payable to subsidiaries and associates	–
			Short-term loans payable to subsidiaries and associates	132,432
	Payment of interests	127		

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 ¥3,900 per share, based on the resolution at the Board of Directors meeting held on July 28, 2023.

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, 2022.

Note 3: The accounts payable-trade 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 ¥1,950.59
2. Net income per share ¥265.72

Note: In the calculation of per share information, the Company's stocks owned by the executive compensation BIP trust are included in treasury stock. Therefore, the number of those stocks is deducted from the number of common stocks outstanding at the end of the year and average number of common stocks outstanding during the year. For the fiscal year under review, the number of common stocks outstanding at the end of the year and average number of common stocks outstanding during the year owned by the trust is 1,074,019 shares and 1,114,133 shares, respectively.

(Notes to Business Combinations, etc.)

Transaction under common control, etc.
(Company Split)

Transfer of Cable Television (hereinafter "CATV") related businesses to JCOM Co., Ltd.

1. Overview of transaction

(1) Name and business description of the company involved in combination
Name of company involved in combination JCOM Co., Ltd.
Description of business
- Cable TV operation and telecommunications business through the management of CATV operators
- Programming business for CATV operators and digital satellite broadcasters

(2) Date of the divestiture
January 1, 2024

(3) Legal form of the divestiture
An absorption-type split with the Company as the splitting company and JCOM Co., Ltd. as the succeeding company.

(4) Name of the successor
JCOM Co., Ltd. (hereinafter "JCOM")

(5) Items and amounts of divested assets and liabilities

Assets		Liabilities	
Item	Carrying amount (millions of yen)	Item	Carrying amount (millions of yen)
Current assets	7,774	Current liabilities	2,661
Noncurrent assets	454	Non-current liabilities	1
Total	8,228		2,661

(6) Other matters related to the overview of the transaction
In 2005, the Company began partnering with CATV operators, and provided telephone service to CATV customers in addition to furnishing CATV set-top boxes, thereby offering services that suit the needs of customers who use CATV.
As a result of this divestiture, the services and assets of JCOM's CATV business will be offered through the collaborative relationships the Company cultivated with nationwide CATV operators, and JCOM will offer the Company's corporate solution services to local governments and other entities in partnership with other CATV operators moving forward. This arrangement will contribute to the further development of the CATV industry and the co-creation of local communities with the aim of improving customer service rooted in these communities.

2. Overview of accounting procedures performed
In accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and the Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019), the transaction was treated as a transaction under common control.

(Significant Subsequent Events)

Acquisition of share certificates, etc. of Lawson, Inc. and borrowing of funds

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) 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 six areas of expertise and experience that are considered important to the Company: corporate management, sales and marketing, global, digital and technology, finance and accounting, and legal affairs and risk management.

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 40th 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 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, Sustainability Committee, Information Security 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 40th Annual Shareholders Meeting	○
Accounting audit	• Received quarterly 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 internal issues, etc.	
	• Exchanged opinions with the Representative Directors regarding medium-term business strategies, etc.	○
	• Exchanged opinions with Outside Directors on risk management, etc.	○
	• Exchanged opinions with Directors, etc. based on the results of onsite audits, etc.	
	• Invited Outside Directors to attend quarterly (2Q and 4Q) review results briefing sessions for accounting audits	○
Communication and information sharing among Audit & Supervisory Board Members	• Held full-time Audit & Supervisory Board Members' liaison meetings throughout the year 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 a liaison meeting 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	○

4. Priority Audit Items for the 40th Fiscal Year

The 40th fiscal year was also the second 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 39th 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

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 facility systems.

(3) Thorough information security measures 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.

(4) Firm establishment of the new personnel system and the "New Working Style Declaration"

The Audit & Supervisory Board audited the degree of understanding and penetration of the new personnel system and the effects of the "New Working Style Declaration" in raising employee motivation and improving work efficiency, etc. in preparation for the "Human Resources First," one of the items for "Strengthening of Management Base" under the medium-term management strategy.

(5) Progress toward the establishment of a system to promote 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, and audited the status of the development and operation of processes for disclosing the status of sustainability initiatives to the public and the appropriateness of the content disclosed.

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 of Effectiveness

The Audit & Supervisory Board conducts self-evaluations 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 33rd to the 39th fiscal years, self-evaluations were conducted every other year, but starting from the 40th fiscal year, we have decided to conduct the self-evaluations every year so that we can make improvements more in line with the current trends. In addition, evaluators were expanded to include Outside Directors based on the purport of the Corporate Governance Code. Furthermore, from the perspective of ensuring anonymity and introducing objective viewpoints, we have begun using a third-party organization to conduct the questionnaires and analyze the aggregate results. Evaluation results are considered for future measures, etc., and consensus is built 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 checked 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. However, "collaboration with Outside Directors," "reporting of audit activities by full-time Audit & Supervisory Board Members," and "judgment of the appropriateness of the Accounting Auditor's audits" were negatively evaluated by a part-time Audit & Supervisory Board Member or an Outside Director.

<Issues and Improvements>

Analysis of the items negatively evaluated identified issues with the way of providing information from full-time Audit & Supervisory Board Members to Outside Directors. The Audit & Supervisory Board therefore began sharing key audit results and other information as necessary during the 40th fiscal year. In the 41st fiscal year, the exchange of opinions between Audit & Supervisory Board Members and Outside Directors, which up until now has been held once every half year, will be held quarterly, and opportunities for full-time Audit & Supervisory Board Members to explain priority matters to Outside Directors will be increased.

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 developing the audit policy and audit plan for the 41st fiscal year.