

March 31, 2026

Company name: KDDI CORPORATION
Name of representative: Hiromichi Matsuda
Representative Director and President
CEO
(Securities code:9433; Prime Market)
Inquiries: Yasuo Nakazato, General Manager,
General Administration Division
(Telephone: +81-03-3347-0077)

Notice Regarding Submission of a Correction Report for the Internal Control Reports of Prior Fiscal Years and Material Weaknesses in Internal Control Over Financial Reporting

Today, in accordance with Article 24-4-5, Paragraph 1 of the Financial Instruments and Exchange Act, KDDI CORPORATION (hereinafter referred to as "KDDI") submitted a correction report to the Kanto Local Finance Bureau for the internal control reports of prior fiscal years, which states that there were material weaknesses in the internal control reports, as detailed below.

1. Content of Material Weaknesses

KDDI conducted an investigation through its Full-time Audit & Supervisory Board members and Internal Audit Division regarding the appropriateness of transactions in the advertising agency business of its consolidated subsidiaries, BIGLOBE Inc., and its subsidiary, G-PLAN INC. (hereinafter collectively referred to as "the Subsidiaries"). Following indications from KDDI's independent auditor regarding the appropriateness of these transactions, an investigation led by the Full-time Audit & Supervisory Board members was conducted with the participation of external certified public accountants. Subsequently, in mid-December 2025, delayed payments from certain advertising agencies triggered the discovery that sales and other financial data may have been overstated. Consequently, KDDI established an internal investigation team, including external lawyers and certified public accountants, to conduct a further investigation. In early January 2026, suspicions of inappropriate transactions by employees of the Subsidiaries were confirmed in a portion of the advertising agency business. Therefore, KDDI determined it necessary to conduct an investigation with a higher level of expertise and objectivity and established a Special Investigation Committee to clarify the facts and underlying causes. KDDI received the investigation report from the Special Investigation Committee today. Based on the findings set forth in the report, it was discovered that fictitious circular transactions with no underlying business substance had been conducted since prior fiscal years. Accordingly, KDDI determined that it is necessary to reverse the sales, costs of sales, and other accounts related to the advertising agency business of the Subsidiaries and to restate the financial statements retroactively for the fiscal years from the year ended March 31, 2023 through the year ended March 31, 2025.

KDDI recognizes that the causes of the prolonged occurrence of such fictitious circular transactions and the related deficiencies in internal control include the insufficiency of entity-level internal controls (control activities) related to the segregation of duties at the Subsidiaries, as well as insufficient design and operation of internal controls that consider fraud risks in the business processes, from placing orders with vendors to inspection and acceptance, in the Subsidiaries' advertising agency business. KDDI has determined that these deficiencies have a material impact on financial reporting and constitute material weaknesses.

2. Reason Why the Control Weaknesses Were Not Remediated by the End of the Current Fiscal Year

Because the aforementioned material weaknesses in internal control over financial reporting were discovered after the end of each fiscal year subject to correction, KDDI was not able to remediate them by the end of each fiscal year.

3. Remediation Policy for Material Weaknesses

KDDI recognizes the importance of the design and operation of internal control over financial reporting. Based on the recommendation of the Special Investigation Committee, KDDI will implement the following initiatives to remediate the material weaknesses and establish and operate appropriate internal controls.

Recurrence Prevention Measures:

1. Strengthening business partners management across the Group
2. Segregation of procurement authorities and enhancement of inspection and acceptance processes across the Group
3. Strengthening risk and cash flow management for new businesses within the Group

4. Strengthening checks and balances and audit functions across Group companies, and financial management of Group finance recipients
5. Ensuring Group-wide permeation and sustained implementation of recurrence prevention measures
6. Cultivating high ethical standards and a healthy corporate culture
7. Reviewing the Group management strategy to enhance Group governance

4. Internal Control Reports Subject to Correction

39th Fiscal Year Internal Control Report (April 1, 2022 – March 31, 2023)

40th Fiscal Year Internal Control Report (April 1, 2023 – March 31, 2024)

41st Fiscal Year Internal Control Report (April 1, 2024 – March 31, 2025)

5. Contents of Correction

Regarding the items described in the internal control reports above, "3. Matters relating to the results of the assessment" will be corrected as follows. Corrections are indicated by underlines.

3. Matters relating to the results of the assessment

(Before Correction)

As a result of the assessment described above, as of the end of the current fiscal year, we concluded that the Group's internal control over financial reporting was effectively maintained.

(After Correction)

We concluded that the deficiencies in internal control over financial reporting described below have a material impact on the properness of financial reporting and constitute material weaknesses.

Therefore, as of the end of the current fiscal year, we concluded that the Group's internal control over financial reporting was not effective.

Details of Correction

KDDI conducted an investigation through its Full-time Audit & Supervisory Board members and Internal Audit Division regarding the appropriateness of transactions in the advertising agency business of its consolidated subsidiaries, BIGLOBE Inc., and its subsidiary, G-PLAN INC. (hereinafter collectively referred to as "the Subsidiaries"). Following indications from KDDI's independent auditor regarding the appropriateness of these transactions, an investigation led by the Full-time Audit & Supervisory Board members was conducted with the participation of external certified public accountants. Subsequently, in mid-December 2025, delayed payments from certain advertising agencies triggered the discovery that sales and other financial data may have been overstated. Consequently, KDDI established an internal investigation team, including external lawyers and certified public accountants, to conduct a further investigation. In early January 2026, suspicions of inappropriate transactions by employees of the Subsidiaries were confirmed in a portion of the advertising agency business. Therefore, KDDI determined it necessary to conduct an investigation with a higher level of expertise and objectivity and established a Special Investigation Committee to clarify the facts and underlying causes.

KDDI received the investigation report from the Special Investigation Committee today. Based on the findings set forth in the report, it was discovered that fictitious circular transactions with no underlying business substance had been conducted since prior fiscal years. Accordingly, KDDI determined that it is necessary to reverse the sales, costs of sales, and other accounts related to the advertising agency business of the Subsidiaries and to restate the financial statements retroactively for prior fiscal years.

To correct these accounting records, KDDI restated financial results for prior fiscal years and submitted correction reports for the Annual Securities Reports from the fiscal year ended March 31, 2023 to the fiscal year ended March 31, 2025, Quarterly Reports from the first quarter of the fiscal year ended March 31, 2024 to the third quarter of the fiscal year ended March 31, 2024, and Semiannual Reports from the fiscal year ended March 31, 2025 to the fiscal year ending March 31, 2026.

KDDI recognizes the following as the causes of the prolonged occurrence of such fictitious circular transactions and the related deficiencies in internal control:

- Insufficient entity-level internal controls (control activities) related to the segregation of duties at the Subsidiaries.
- Insufficient design and operation of internal controls that account for fraud risks in the business processes, from placing orders with vendors to inspection and acceptance, in the Subsidiaries' advertising supporting business.

KDDI has determined that these deficiencies have a material impact on financial reporting and constitute material weaknesses.

Because the aforementioned material weaknesses in internal control over financial reporting were discovered after the end of the current fiscal year subject to correction, KDDI was not able to remediate them by the end of the current fiscal year.

All necessary corrections resulting from the aforementioned material weaknesses have been reflected in the consolidated financial statements, non-consolidated financial statements, condensed quarterly consolidated financial statements, and condensed interim consolidated financial statements related to the correction reports for the Annual Securities Reports, Quarterly Reports, and Semiannual Reports for each respective fiscal year.

KDDI recognizes the importance of the design and operation of internal control over financial reporting. To remediate the material weaknesses and establish and operate appropriate internal controls, KDDI will implement the following initiatives:

Recurrence Prevention Measures:

1. Strengthening business partners management across the Group
2. Segregation of procurement authorities and enhancement of inspection and acceptance processes across the Group
3. Strengthening risk and cash flow management for new businesses within the Group
4. Strengthening checks and balances and audit functions across Group companies, and financial management of Group finance recipients
5. Ensuring Group-wide permeation and sustained implementation of recurrence prevention measures
6. Cultivating high ethical standards and a healthy corporate culture
7. Reviewing the Group management strategy to enhance Group governance

6. Impact on Consolidated and Non-consolidated Financial Statements

All necessary corrections resulting from the aforementioned material weaknesses have been reflected in the consolidated financial statements, non-consolidated financial statements, condensed quarterly consolidated financial statements, and condensed interim consolidated financial statements related to the correction reports for the Annual Securities Reports, Quarterly Reports, and Semiannual Reports for each respective fiscal year.

7. Audit Opinions Expressed in Independent Auditor's Reports for Consolidated and Non-consolidated Financial Statements

The audit opinions expressed in the independent auditor's reports on the consolidated and non-consolidated financial statements for the fiscal years subject to correction are unqualified opinions.