

Findings of Investigation by the Special Investigation Committee

March 31, 2026

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Outline of Investigation (1)

The Special Investigation Committee (the “Committee”) was retained by KDDI on January 14, 2026 to investigate the circular transactions lacking substance at BIGLOBE and G-PLAN (the “Fictitious Circular Transactions”).

■ Purposes of investigation

- i. Conduct a fact-finding investigation into the Fictitious Circular Transactions
- ii. Examine whether there was any impact by the Fictitious Circular Transactions on the consolidated financial statements of KDDI and, if so, the amount of the impact
- iii. Identify whether there were any incidents similar to the Fictitious Circular Transactions (the “Similar Cases”)
- iv. Analyze the root causes for the occurrence of the Fictitious Circular Transactions and recommend recurrence prevention measures
- v. Other matters deemed necessary by the Committee

■ Composition of the Committee

Chairperson: Toshiya Natori (Attorney-at-Law, SHIN MARUNOUCHI LAW FIRM, Former Public Prosecutor, Supreme Public Prosecutors Office)

Member: Tomohiro Hen (Attorney-at-law, Nagashima Ohno & Tsunematsu)

Member: Yasunori Sato (Certified Public Accountant, Deloitte Tohmatsu LLC)

Outline of Investigation (2)

■ Method of Investigation

From January 14, 2026 to March 31, 2026, the Committee conducted an investigation into the Fictitious Circular Transactions and the Similar Cases.

- **Method of investigation into the Fictitious Circular Transactions**
 - i. **Review of relevant documents**
 - ii. **Digital forensic investigation (the Committee collected approximately 3.37 million electronic records, including emails and chats, and reviewed 123,485 electronic records)**
 - iii. **Interviews with 80 relevant persons (totaling 98 interviews)**
- **Investigation into the Similar Cases**
 - i. **Investigation into the Similar Cases at KDDI and all of its consolidated subsidiaries (as of December 2025)***
 - ii. **Written survey sent to 778 executives and employees of BIGLOBE and G-PLAN (768 individuals responded to the survey)**

■ Limitations

- **The Investigation was conducted on a voluntary basis and was limited to the extent of the voluntary cooperation obtained from the parties involved.**
- **Since BIGLOBE and G-PLAN did not retain materials or documents regarding parties other than their direct business partners and dealt with a large number of advertisers and advertisement placement agencies, the actual circumstances relating to all advertisement placements have not been verified. Instead, the verification has been limited to confirming the existence of any evidence indicating the authenticity of certain randomly selected transactions.**

* 96 companies (Since consolidated subsidiaries and sub-subsidiaries may be aggregated, this figure differs from the 189 consolidated companies stated in the Annual Securities Report for the fiscal year ended March 2025 of KDDI; however, those 189 companies are included in the 96 companies mentioned above. BIGLOBE is included in the 96 companies, but it has been excluded from the scope of the investigation into the Similar Cases that is described in this report because the Committee conducted separate investigations and reviews in relation to BIGLOBE.)

Factual Findings and Overview of the Fictitious Circular Transactions

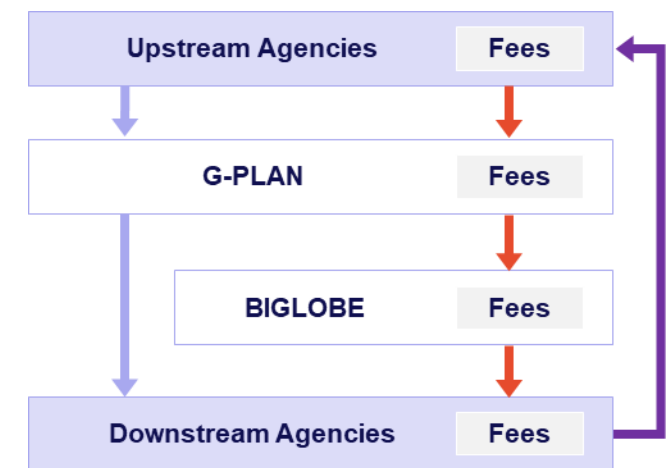
■ Factual Findings of the Investigation

- It was found that during the period from August 2018 at the latest to December 2025, the Fictitious Circular Transactions had been carried out on an ongoing basis under the leadership of Person A (concurrently seconded to BIGLOBE since January 2023 while remaining employed at G-PLAN), and with the cooperation of Person B.
- Approximately 99.7% of the sales of advertising agency business of G-PLAN and BIGLOBE was recorded through the Fictitious Circular Transactions.
- No Similar Cases have been identified with respect to the consolidated subsidiaries.
- It was confirmed that the Fictitious Circular Transactions did not involve any organized scheme by G-PLAN, BIGLOBE and KDDI.

■ Overview of the Fictitious Circular Transactions

- The advertising agency business involved in the Fictitious Circular Transactions is a business in which G-PLAN or BIGLOBE intermediated web advertising transactions between upstream advertising agencies (the “Upstream Agencies”) and downstream advertising agencies (the “Downstream Agencies”) and received commission revenue based on the number of successful transactions.
- Circular transactions in which they made it appear as though they received and accepted advertisement placement orders from advertisers (the orders did not actually exist), subcontracted those orders and made payments to the Downstream Agencies (see figure on the right).
- The Fictitious Circular Transactions were conducted with 21 of the total 218 business partners* of BIGLOBE and G-PLAN in the advertising agency business.

Business Flow of the Fictitious Circular Transaction



* Number of business partners during period from April 2017 (the 34th fiscal year) to December 2025 (the third quarter of the 42nd fiscal year), which is the evaluation period for the accounting impact amount.

Background of the Fictitious Circular Transactions

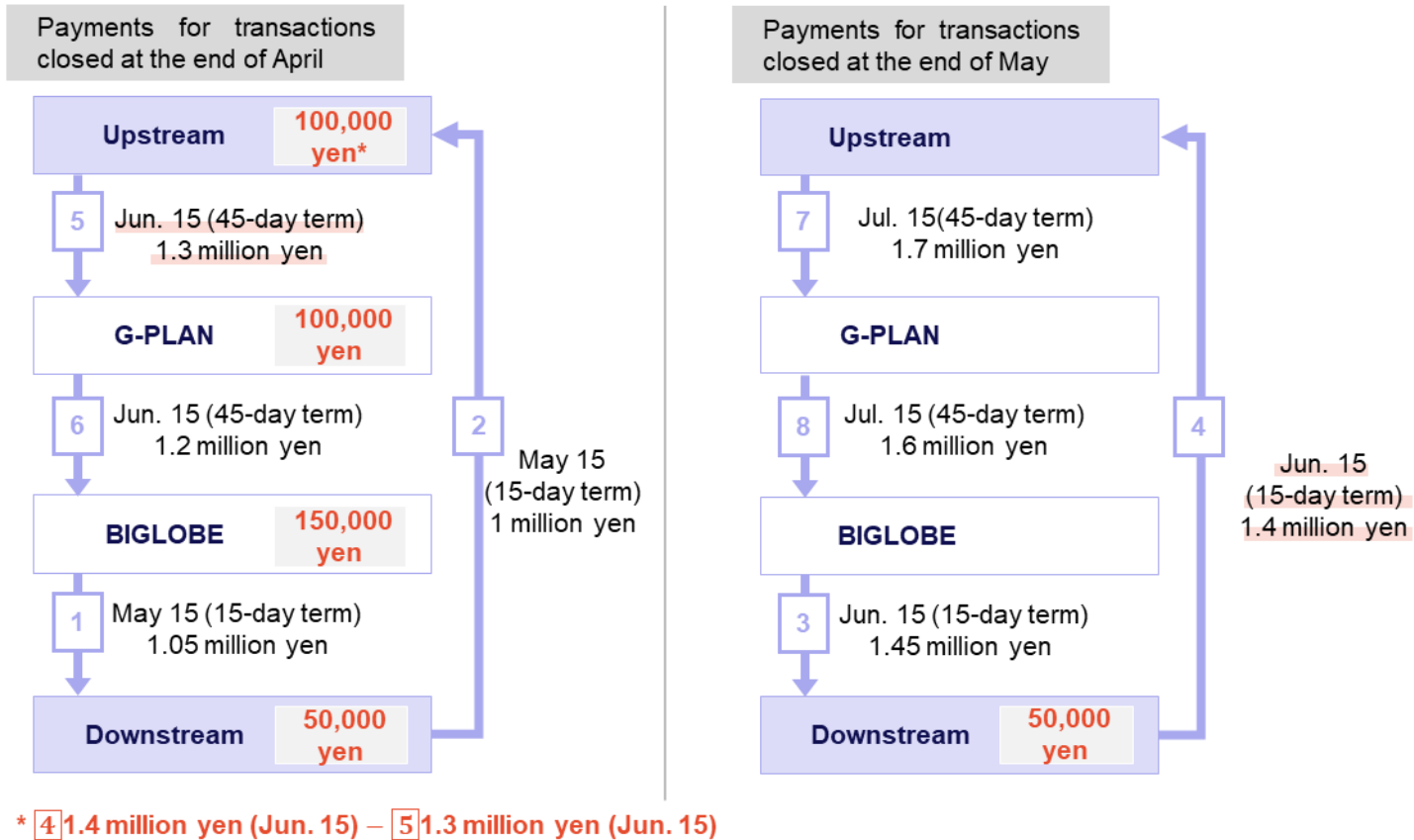
■ Background of the Fictitious Circular Transactions

- Feb. 2018** Person A, driven by a sense of urgency arising from incurring a loss in the order of several hundred thousand yen and failure to meet the sales target by tens of millions of yen in the advertising agency business initiated under his own leadership, conceived the idea of recording fictitious sales to cover the loss and achieve the sales target.*
- Aug. 2018** Person A initiated the Fictitious Circular Transactions from August 2018 at the latest.
- Apr. 2020** In order to increase the staff for the advertising agency business, Person B joined G-PLAN.
Subsequently, at Person A's instructions, Person B began became involved in implementing the Fictitious Circular Transactions.
- Around Dec. 2022** To expand the advertising agency business by leveraging BIGLOBE's financial resources and creditworthiness, BIGLOBE entered the commercial flow of the advertising agency business and also utilized KDDI's group finance. The Fictitious Circular Transactions were initiated at BIGLOBE by substantial involvement of Person A and Person B.
- Jan. 2023** Person A and Person B, while remaining employees of G-PLAN, were also concurrently seconded to BIGLOBE.
- After Feb. 2025** The President and Representative Director of KDDI at the time, expressed concerns during KDDI's management strategy meeting about potential compliance risk with respect to the BIGLOBE's advertising agency business.
Subsequently, the Statutory Auditors of KDDI consulted with the Internal Audit Division and the accounting auditors and, working in collaboration with them, continued a preliminary investigation in preparation for the subsidiary audit of BIGLOBE to be implemented by the Statutory Auditors in the fall of the same year.
- Oct. 2025** The accounting auditors pointed out the possibility of the Fictitious Circular Transactions. An internal investigation team led by the KDDI's Statutory Auditors was formed.
- Nov. 2025** In response to the internal investigation, Person A colluded with certain advertising agencies to avoid detection.
KDDI instructed BIGLOBE to reduce the transaction amounts of its advertising agency business.
- Dec. 2025** Following delays in payments from an Upstream Agency, Person A acknowledged the existence of the Fictitious Circular Transactions.

* Although a payment of approximate 23 million yen received in February 2018 from an Upstream Agency was suspected of being based on fictitious sales, the Investigation was not able to conclusively determine that it was a fictitious circular transaction; the Investigation was also not able to determine the source of those funds and the scheme of the circulation thereof.

Scheme of the Fictitious Circular Transactions

■ Illustration of Transaction Continuity Utilizing Differences in Payment Terms



* It meant that a company made payments before receiving payments.

- By having certain Downstream Agencies and BIGLOBE make advance payments* on short payment terms (15-day terms), the funds needed to keep the cash flow circulating were secured.
- Since the amount of funds circulating needed to be sufficient to cover the payments made in the previous payment cycle and the fees for relevant agencies, the scale of the amounts involved was structured to grow larger.

Measures Taken to Avoid Detection of the Fictitious Circular Transactions

■ Measures taken when initiating or executing transactions

- Person A ensured that, as much as possible, the Downstream Agencies and the Upstream Agencies did not come into contact in a manner that did not involve G-PLAN (Person A or Person B).
- Contracts and invoices with each agency were prepared to create the appearance of legitimate transactions with evidence of such contracts and invoices.
- Products with high unit prices were selected to justify the large transaction amounts.

■ Responses to officers and employees of G-PLAN and BIGLOBE

- Person A and Person B exclusively engaged in communication in respect of the Fictitious Circular Transactions with each advertising agency, preventing other executives and employees from becoming involved.
- In response to questions or concerns raised by other officers and employees, Person A and Person B provided explanations with supporting reasons to resolve doubts or prevented such questions from arising.

[Example]

Preventing the entire business flow from becoming known by providing explanations that the identities of each advertising agency's clients constituted such advertising agency's proprietary know-how, and if this information were disclosed, direct transactions without going through such advertising agencies would become possible; therefore, it was standard industry practice not to verify the upstream and downstream business flow of each advertising agency.

- When preparing performance reports containing false information, Person A and Person B took measures to make the reports appear realistic; for instance, rather than showing a simple upward trend in the number of successful transactions, they included periods of decline and provided explanations for why results were not achieved during those periods.

Parties Involved in the Fictitious Circular Transactions

■ Persons who carried out the Fictitious Circular Transactions and their motives

• G-PLAN – Former employee, Person A (concurrently seconded to BIGLOBE since January 2023):

Around fiscal year 2017, Person A launched an advertising agency business at G-PLAN. Person A led the Fictitious Circular Transactions.

<Motives>

- Person A felt a sense of urgency that the performance of the advertising agency business Person A had launched was falling short of initial expectations, and that if he was not able to improve revenue and profit, G-PLAN would instruct person A to withdraw from the business. Under these circumstances, Person A initiated the Fictitious Circular Transactions to cover the losses incurred by the business and to meet sales targets; however, as the amounts involved became significantly larger, Person A was placed in a situation where Person A was unable to suspend the Fictitious Circular Transactions.
- Person A stated that Person A did not engage in the Fictitious Circular Transactions for Person A's personal benefit or that of those involved in such Fictitious Circular Transactions. On the other hand, it was confirmed in the Investigation that a representative of an Upstream Agency had been providing Person A with cash payments corresponding to expenses such as meals over the past two years (approximately 30 million yen from September 2023 to December 2025). It may be argued that this exchange of money shows the provision of personal benefits in connection with the continuation of the Fictitious Circular Transactions. It is difficult to deny the possibility that the receipt of such benefits was one of the factors in Person A's failure to discontinue the Fictitious Circular Transactions.

• G-PLAN– Former employee, Person B (concurrently seconded to BIGLOBE since January 2023):

In April 2020, Person B joined G-PLAN. Person B was in charge of the advertising agency business and, as instructed by Person A, was also involved in the Fictitious Circular Transactions. While it cannot be said that Person B led the Fictitious Circular Transactions, Person B played a significant role as a collaborator contributing to their continuation.

<Motives>

- Person B, feeling indebted to Person A for giving him the chance to work at G-PLAN – a workplace that suited Person B's family circumstances, while not fully understanding the overall nature of the Fictitious Circular Transactions, began to get involved in the Fictitious Circular Transactions at Person A's instructions.
 - With regard to Person B, no circumstances were confirmed that would suggest Person B derived personal benefit from the Fictitious Circular Transactions.
- **It has been confirmed that no one other than the two individuals mentioned above was involved in G-PLAN, BIGLOBE, or KDDI, and that this was not an organized incident.**

Accounting Impact

Unit: billions of yen

Fiscal Year	Operating Revenue to be Restated	Gross Profit to be Restated	Amounts of External Outflow
Before Fiscal Year Ended March 2023	(41.7)	(2.4)	(1.7)
Fiscal Year Ended March 2024	(54.3)	(5.6)	(3.7)
Fiscal Year Ended March 2025	(82.4)	(16.9)	(10.5)
Accumulated for the Third Quarter of the Fiscal Year Ending March 2026	(67.6)	(25.0)	(17.1)
Total	(246.1)	(49.9)	(32.9)

- * Since the transaction amounts with business partners for whom no Fictitious Circular Transactions were identified are extremely small and immaterial compared to the total transaction amounts for the advertising agency business as a whole, the calculation is based on all transactions within that business during the investigation period.
- * The amounts that flowed externally are the total sum of fees paid to each Upstream or Downstream agencies other than G-PLAN and BIGLOBE.

Root Cause Analysis and Recommendations regarding Prevention of Recurrence (1)

Issues as a Company that Operates Advertising Agency Business

	G-PLAN	BIGLOBE
Com pany- wide	Company-wide lack of expertise regarding the advertising agency business and insufficient risk awareness	
First Line	Concentration of work to specific personnel and failure of checks and balances: <ul style="list-style-type: none"> • Reliance on specific individuals for tasks • Insufficient separation of responsibilities in the ordering and payment processes for the Downstream Agencies 	
Second Line	Insufficient management of business divisions: <ul style="list-style-type: none"> • Insufficient credit management • Failure to verify the order-fulfillment capacity of Downstream Agencies • Insufficient verification of the existence of transactions 	
	-	Insufficient judgment regarding group financing
Third Line	Insufficient internal audit	

Recommendations regarding Prevention of Recurrence

	G-PLAN	BIGLOBE
Com pany- wide	Strengthening risk assessment for misconduct and risk management systems for new businesses	
First Line	Eliminating opportunities for misconduct by reviewing the structure of business divisions: <ul style="list-style-type: none"> • Eliminating reliance on specific individuals for tasks • Strict separation of responsibilities in the ordering and payment processes 	
Second Line	Strengthening business scrutiny and misconduct detection functions by corporate divisions: <ul style="list-style-type: none"> • Strengthening credit management • Establishment of procedures for verifying eligibility of suppliers • Verification of evidence in revenue recognition and payment processes 	
	-	Cash flow-focused accounting
Third Line	Strengthening of internal audit systems and methodologies	

Root Cause Analysis and Recommendations regarding Prevention of Recurrence (2)

Issues Related to the Management System for Subsidiaries

	BIGLOBE	KDDI
Company-wide	Company-wide lack of expertise regarding the advertising agency business and insufficient risk awareness	
Direct Management Divisions	*The same issues exist as those described in the "First Line" section in p.10.	<ul style="list-style-type: none"> Insufficient risk detection regarding the advertising agency business Insufficient understanding of the division of duties Insufficient management system for subsidiaries
Corporate Division	Insufficient credit management	<ul style="list-style-type: none"> Overreliance on credit limits in group finance management Fragmentation of management functions
Audit Division	Failure to conduct internal audits involving verification of the authenticity of transactions and the propriety of operations	Failure to conduct specialized internal audits that address the risk of misconduct in the business of advertising agencies

Recommendations regarding Prevention of Recurrence

	BIGLOBE	KDDI
Company-wide	Strengthening risk assessment for misconduct and risk management systems for new businesses	<ul style="list-style-type: none"> Promoting understanding of businesses where expertise is limited Strengthening and improving risk awareness
Direct Management Divisions	*The same recurrence prevention measures as those described in the "First Line" section apply.	<ul style="list-style-type: none"> Thorough review of details of business and arrangement of a risk detection system Strengthening understanding of internal controls and division of duties at subsidiaries Strengthening the human resources infrastructure for managing investee companies
Corporate Division	Supervision of credit management	<ul style="list-style-type: none"> Strengthening verification of the appropriateness of funding needs in group finance Strengthening of subsidiary management and centralization and integration of financial management functions
Audit Division	Review of audit methodologies for subsidiaries	Enhancement of internal audits in the Group

Conclusion

Expectations for KDDI

The Committee strongly expects the management team to take the lead, formulate effective recurrence prevention measures tailored to the management structures of each of the companies of the Group, and implement them thoroughly.