

TSE Urgent Notice



Apr. 30, 2026
Listing Department
Tokyo Stock Exchange, Inc.

Request for Improvement Report and Imposition of Listing Agreement Violation Penalty

TSE has requested an Improvement Report and imposed a listing agreement violation penalty as follows.

* This decision is based on the results of the examination by Japan Exchange Regulation.

1. Company Name KDDI CORPORATION
(Code: 9433, Market Segment: Prime Market)
2. Improvement Report Submission Deadline Jun. 2, 2026 (Tue.)

Reason (Related Clause) Due to disclosed information containing false statements and improvements being deemed highly necessary
(Securities Listing Regulations, Rule 504, Paragraph 1, Item (1))
3. Listing Agreement Violation Penalty Total JPY 91.2 million

Reason (Related Clause) Due to falling under a case where TSE deems that the listed company has violated the provisions of timely disclosure and has undermined the confidence of shareholders and investors in the TSE market
(Securities Listing Regulations, Rule 509, Paragraph 1, Item (1))
4. Details of Reason

On Mar. 31, 2026, KDDI CORPORATION (hereinafter “the Company”) disclosed a special investigation committee’s report regarding suspected inappropriate transactions at subsidiaries of the Company, as well as corrections to its past earnings reports.

These disclosures revealed that fictitious transactions with no basis in actual operations had been conducted in the advertising agency business of the Company’s subsidiaries. Consequently, the Company was found to have made false disclosures in violation of the listing rules in its earnings reports and other disclosure documents covering the fiscal year ended Mar. 2023 to the second quarter (cumulative) of the

fiscal year ended Mar. 2026. As a result of the subsequent corrections to past earnings reports, it was found, among other matters, that sales, operating profit, and net income attributable to owners of the parent company were overstated by cumulative totals of JPY 225.6 billion, JPY 133.3 billion, and JPY 113.4 billion, respectively.

The following points were identified as the main factors behind these disclosures:

- Across the organization, the Company did not have sufficient knowledge of the advertising agency business, which had been positioned as a non-core and peripheral business. As a result, the Company failed to maintain an adequate level of risk awareness in its capacity as supervisor of its subsidiaries, for example in its inability to conduct sufficient organization-wide consideration of matters such as the reliability of explanations provided by its subsidiaries and the unusually high growth in their business performance.
- The Company did not have an adequate understanding of the division of duties at its subsidiaries, and, in managing its subsidiaries, mutual checks and complementary reviews from multiple perspectives were not conducted. As a result, the Company's management of its subsidiaries' businesses was inadequate.
- In the group financing scheme operated by the Company and its group companies, management was conducted mainly from the perspective of whether lending to each subsidiary exceeded its prescribed credit limit. This prevented the Company from sufficiently verifying the appropriateness of each subsidiary's funding needs. In addition, since functions for monitoring the financial condition of subsidiaries were dispersed across multiple departments within the Company, the Company was unable to conduct unified management.
- Although awareness of the risk of fraudulent transactions in the advertising agency business was growing within the Company, it failed to consider more specialized internal audits, including verification of the existence of transactions.
- The Company's subsidiaries remained dependent on specific individuals for operations relating to the advertising agency business, and, at the level of the subsidiary group, internal management systems to appropriately supervise and examine that business were not established.

As described above, this case involves false disclosures that can be considered to have a substantial impact on investors' investment decisions. These disclosures were made against a backdrop of the Company's lack of knowledge regarding the advertising agency business and arose from a lack of risk awareness in its role of supervising subsidiaries, inadequate management of subsidiary businesses including the failure to conduct specialized internal audits, and deficiencies in its subsidiaries' internal management systems. As such, improvements in the Company's system for timely disclosure are deemed highly necessary. While the Company disclosed recurrence prevention measures on Mar. 31, 2026, TSE has decided to require the Company to submit a report that includes the circumstances behind the incident and the Company's measures for improvement in order to encourage the Company to thoroughly implement recurrence prevention measures.

Moreover, this case involved the continued publication, over a long period, of incorrect information with regard to financial information that is highly important for investment decision-making. For example, despite being expected to have a high level of governance as a Prime-listed company, as a result of corrections to past earnings reports due to deficiencies in the Company's systems, revenue figures and the amount of profit at each stage have been significantly reduced, including a cumulative decrease over four periods of more than JPY 225.0 billion in revenue and more than JPY 133.0 billion in operating profit. As such, TSE deems that this case has undermined the confidence of shareholders and investors in the TSE market and, therefore, shall impose a listing agreement violation penalty on the Company.

(Note) After submission of the Improvement Report by the Company, it will be made available on the JPX website (<https://www.jpx.co.jp/listing/measures/improvement-reports/index.html>) and through the TDnet database service (both available only in Japanese).

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