Please note that the following is an English translation of the original Japanese version, prepared only for the convenience of shareholders residing outside Japan. In the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

NOTICE OF THE 35TH ANNUAL SHAREHOLDERS MEETING

KDDI Corporation

TABLE OF CONTENTS

NOTICE OF ANNUAL SHAREHOLDERS MEETING

-A collection of detailed information regarding the shareholders meeting

NOTICE OF THE 35TH ANNUAL SHAREHOLDERS MEETING..... 3

Guide to the Exercise of Voting Rights in Case of Absence 4

Reference Documents for the Shareholders Meeting

- Matters to be resolved at the shareholders meeting

Proposal 1: Appropriation of Surplus..... 6

Proposal 2: Election of Fourteen (14) Directors..... 8

(Reference) Information on the Guiding Principles of the Corporate Governance Code 14

(Attached Documents)

BUSINESS REPORT

- An overview of initiatives for the current period

1. Current Status of the Corporate Group..... 19
2. Shares 33
3. Directors and Audit & Supervisory Board Members 34
4. Accounting Auditor..... 39

Consolidated Financial Statements

Consolidated Statement of Financial Position... 40

Consolidated Statement of Income..... 41

Consolidated Statement of Changes in Equity ... 42

(Reference) Consolidated Statement of Cash Flows (Summary)..... 44

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheets 45

Non-Consolidated Statements of Income..... 47

Non-Consolidated Statements of Changes in Net Equity 49

Audit Report

Independent Auditor's Report (Consolidated)..... 51

Independent Auditor's Report (Non-Consolidated)..... 53

Audit & Supervisory Board's Report..... 54

"An Overview of the Systems for Ensuring the Appropriate Business Operations of the Business Report and the Operating Status," the "Notes to Consolidated Financial Statements" and the "Notes to Non-Consolidated Financial Statements" are provided to shareholders on the Company's Web site, pursuant to the provisions of laws and regulations as well as Article 17 of the Company's Articles of Incorporation.

https://www.kddi.com/english/corporate/ir/stock-rating/meeting/20190619/

"An Overview of the Systems for Ensuring the Appropriate Business Operations of the Business Report and the Operating Status," is part of the Business Report that was audited by Audit & Supervisory Board Members in preparing the Report of Audit. The "Notes to Consolidated Financial Statements" and the "Notes to Non-Consolidated Financial Statements" 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.

MESSAGE FROM THE PRESIDENT

Tomorrow, Together
In addition to realizing the "integration of telecommunications and life design," we endeavor to provide solutions to social issues and help achieve a truly connected society.

Makoto Takahashi
President, Representative Director

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 35th Annual Shareholders Meeting.

We aimed at enhancing the corporate value through "sustainable earning growth and the enhancement of shareholder returns" under the banner of "transform into business that provides customer experience value" as the medium-term management plan targets until the 35th fiscal year (fiscal 2018).
In our earnings for the 35th fiscal year, the operating income was ¥1,013.7 billion, while the dividend payout ratio surpassed 35%.
The constant support of all our shareholders made this possible, and I would like to express my deep appreciation for this.

Under the KDDI Group Mission Statement of contributing to the development of a bountiful communications-oriented society, and our mission as a telecommunications operator that provides vital life lines, we have strived to maintain robust, high quality telecommunications 24 hours a day and 365 days a year, and to propose new experience values to our customers in collaboration with various partner companies.

In 2019, we will start trial services of the 5G next-generation mobile communications system (5G) and the year will be one of momentous change for society overall as it moves into the full-fledged use of 5G/IoT. With the start of the medium-term management plan (FY2019 - FY2021) for the next 3 years, KDDI Corporation rebranded our slogan to "Tomorrow, Together," capturing the concept of "Moving forward to the future with partners and continuing to grow and develop."

The 36th fiscal year will be the first year of the new medium-term management plan. This year we will further advance the "Integration of Telecommunications and Life Design" at the heart of our business strategy by expanding our growth businesses, primarily our existing telecommunications services. As we do so, we will realize the creation of new value in the 5G/IoT era, both in Japan and global businesses.
Furthermore, we will determine the SDGs that we will engage with through our overall businesses and corporate activities, aiming to grow sustainably with society and increase our corporate value even further by promoting companywide efforts on sustainability.

Once again, we would like to thank all our shareholders for the continuous support and confidence in our company.

TSE Code: 9433
May 28, 2019

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

NOTICE OF THE 35TH ANNUAL SHAREHOLDERS MEETING

You are cordially invited to attend the 35th Annual Shareholders Meeting of KDDI Corporation ("the Company") to be held as stated below.

If you are unable to attend the meeting, you may exercise your voting rights by mail or via the Internet. After reviewing the attached Reference Documents for the Shareholders Meeting, indicate your approval or disapproval of the proposals on the enclosed Exercise of Voting Rights form and return it to the Company to arrive **no later than 5:30 p.m. on Tuesday, June 18, 2019 (JST),** or vote at the Exercise of Voting Rights Web site (https://evote.tr.mufg.jp/).

By submitting Exercise of Voting Rights form by mail

Please indicate your approval or disapproval for each proposal on the enclosed Exercise of Voting Rights form and return the form to us to arrive no later than 5:30 p.m. on Tuesday, June 18, 2019.

By exercising voting rights via the Internet

Please read the detailed instructions on page 5 and input your approval or disapproval for each proposal by 5:30 p.m. on Tuesday, June 18, 2019.

1. Date and Time: Wednesday, June 19, 2019, 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 35th fiscal year from April 1, 2018 to March 31, 2019 and Reports of Audit on the Consolidated Financial Statements by Accounting Auditors and the Audit & Supervisory Board
2. Non-Consolidated Financial Statements for the 35th fiscal year from April 1, 2018 to March 31, 2019

Matters to be resolved:
Proposal 1: Appropriation of Surplus
Proposal 2: Election of Fourteen (14) Directors

4. Other matters concerning the Meeting:
Please refer to the Guide to the Exercise of Voting Rights in Case of Absence on the following pages.

- Attendees are kindly requested to submit their Exercise of Voting Rights form to the receptionist on the day of the meeting.

Disclosure via the Internet
The following documents attached to the Notice of the 35th Annual Shareholders Meeting, are provided to shareholders on the Company's Web site pursuant to the provisions of laws and regulations as well as Article 17 of the Company's Articles of Incorporation.
1) An Overview of the Systems for Ensuring the Appropriate Business Operations of the Business Report and the Operating Status
2) Notes to Consolidated Financial Statements
3) Notes to Non-Consolidated Financial Statements
(https://www.kddi.com/english/corporate/ir/stock-rating/meeting/20190619/)
"An Overview of the Systems for Ensuring the Appropriate Business Operations of the Business Report and the Operating Status" is part of the Business Report that was audited by Audit & Supervisory Board Members in preparing the Report of Audit. The "Notes to Consolidated Financial Statements" and the "Notes to Non-Consolidated Financial Statements" 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.

- Any amendments to the Reference Documents for the Shareholders Meeting, the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements will be disclosed on the Company's Web site (https://www.kddi.com/english/index.html).

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 6 through 18.

Exercising voting rights by mail

Please indicate your approval or disapproval to each of the proposals and post it to the Company without postage stamp.
Exercise due date: To be received no later than 5:30 p.m. on Tuesday, June 18, 2019

< Guide to filling in the voting form >

Please indicate your approval or disapproval to each proposal.

Proposal 1

If you approve:	Mark a ○ in the box marked “賛”
If you disapprove:	Mark a ○ in the box marked “否”

Proposal 2

If you approve all candidates:	Mark a ○ in the box marked “賛”
If you disapprove all candidates:	Mark a ○ in the box marked “否”
If you selectively veto certain candidates:	Mark a ○ in the box marked “賛” and write the number of each candidate you choose to veto.

[Handling of voting rights]
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.”

By exercising voting rights via the Internet

Please read the detailed instructions under “How to exercise voting rights via the Internet” on the following page.
Exercise due date: To be received no later than 5:30 p.m. on Tuesday, June 18, 2019

For institutional investors

Provided that an application to use the platform has been submitted beforehand, institutional investors may use the electronic platform for exercising voting rights operated by ICJ, Inc.

How to exercise voting rights via the Internet

Exercise due date: No later than 5:30 p.m. on Tuesday, June 18, 2019 (JST)

Scanning QR code

You can simply login to the Exercise of Voting Rights Web site without entering your log-in ID and temporary password printed on the Voting Instructions form.

1. Scan the QR code printed on the Voting Instructions form on the right side.
   * "QR code" is a registered trademark of DENSO WAVE INCORPORATED.
2. Indicate your approval or disapproval by following the instructions on the screen.

Note that you can login to the website only once by using QR code.

If you wish to redo your vote or exercise your voting rights without using QR code, please refer to the "Entering login ID and temporary password" on the right.

Entering login-ID and temporary password

Exercise of Voting Rights Web site
https://evote.tr.mufg.jp/

1. Access the Exercise of Voting Rights Web site.
2. Enter your log-in ID and temporary password printed on the Exercise of Voting Rights form and click "Log-in."
3. Register a new password. Enter your new password and click "Send."
4. Indicate your approval or disapproval by following the instructions on the screen.

* The Exercise of Voting Rights Web site will be unavailable during the hours of 2:00 to 5:00 a.m. due to maintenance and inspection.
* If you have exercised your voting rights both by submitting the Exercise of Voting Rights form by mail and via the Internet, those exercised via the Internet will be taken as valid.
* If you have exercised your voting rights multiple times on the Internet, only the final vote will be taken as valid.
* 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.
* The costs incurred when accessing the Exercise of Voting Rights Web site, including Internet access fees and communication expenses, will be the responsibility of the shareholder.
* If you wish to receive the Notice of the Shareholders Meeting by e-mail, beginning with the next meeting, please visit the Exercise of Voting Rights Web site using either a personal computer or a smartphone and following the instructions that the Web site provides. (Mobile phone address for text messages cannot be designated as the e-mail address for receiving the notice.)

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. As the medium-term management plan targets until the 35th fiscal year (fiscal 2018), while considering investment for sustainable growth, the Company has intended to maintain a consolidated payout ratio of more than 35%.

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 ····· ¥55.00

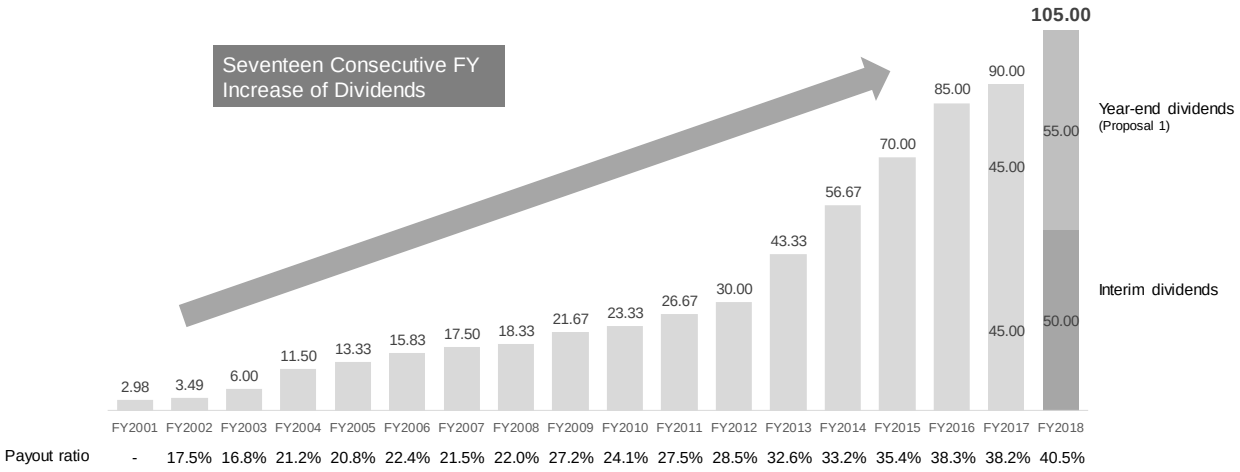
Total dividends ····· ¥129,545,548,000

(3) Effective date of dividends of surplus

June 20, 2019

(Reference) Development of Dividends per Share

(Unit: Yen)



Notes: 1. For convenience of viewing, annual dividends for the 18th 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 18th 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. A dividend payout ratio is not noted for the 18th fiscal year, as a net loss was recorded.
4. The values for the dividend payout ratio are on a non-consolidated basis for the 19th to 22nd fiscal years, and on a consolidated basis from the 23rd fiscal year onward.
5. Values for dividend per share and dividend payout ratio for the 35th fiscal year are based on the assumption that Proposal 1 will be approved as proposed.

Proposal 2: Election of Fourteen (14) Directors

The terms of office of all Fourteen (14) Directors will expire at the conclusion of this Annual Shareholders Meeting and we therefore propose that Fourteen (14) Directors be elected.
The candidates for Directors are as follows.

Candidate No.	Name	Attribute	Nomination Advisory Committee	Remuneration Advisory Committee	Gender	(Other reference)
1	Takashi Tanaka Reappointment	Internal Executive	●	●	Male	Chairman of Board of Directors
2	Hirofumi Morozumi Reappointment	Internal Executive			Male	
3	Makoto Takahashi Reappointment	Internal Executive	●	●	Male	
4	Yoshiaki Uchida Reappointment	Internal Executive			Male	
5	Takashi Shoji Reappointment	Internal Executive			Male	
6	Shinichi Muramoto Reappointment	Internal Executive			Male	
7	Keiichi Mori Reappointment	Internal Executive			Male	
8	Kei Morita Reappointment	Internal Executive			Male	
9	Toshitake Amamiya New Appointment	Internal Executive			Male	

Candidates for Outside Director			Nomination Advisory Committee	Remuneration Advisory Committee	Gender	Term of office as Director (at the conclusion of this Annual Shareholders Meeting)	Attendance of Board of Directors' meetings
10	Goro Yamaguchi Reappointment	Outside	●	● (Chairman)	Male	2 years	12/12 (100%)
11	Keiji Yamamoto New Appointment	Outside	● (Chairman)	●	Male	–	–
12	Yoshiaki Nemoto Reappointment	Outside Independent	●	●	Male	3 years	12/12 (100%)
13	Shigeo Ohyagi Reappointment	Outside Independent	●	●	Male	1 year	9/10 (90%)
14	Riyo Kano New Appointment	Outside Independent	●	●	Female	–	–

Notes: 1. In the above table, the status of the candidates for reappointment is shown as of the date of posting, while for the new candidates for election their scheduled status is shown, as approved.

2. The Company has entered into agreements for Limitation of Liability with Goro Yamaguchi, Yoshiaki Nemoto and Shigeo Ohyagi 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. The Company also plans to enter into the same agreement with Keiji Yamamoto and Riyo Kano.

3. Candidates with Independent Director status fall under the definition of independent director as specified in Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.

4. Candidates with Outside Director status fall under the definition of outside director as specified in Article 2, Paragraph 3, item 7 of the Regulation for Enforcement of the Companies Act.

Candidate No. 1

Takashi Tanaka

Date of birth
February 26, 1957

Number of the Company's shares held
(Number of potential shares)
62,500 (20,381)

Reappointment

Reason for nominating the candidate for Director

Since assuming the role of President and Representative Director of the Company in 2010, Takashi Tanaka has carried out the mandate of shareholders and taken responsibility for steering the Company's management, as well as worked to enhance corporate value of the KDDI Group. Since 2018, he has primarily engaged in outward-facing activities involving political and business circles, industry, academia, and government as Chairman of the Company, and has served as Chairman of the Board of Directors. He has extensive experience as the management, and accordingly he has again been selected as a candidate for Director.

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

April 2003:	Executive Officer
June 2007:	Managing Executive Officer, Director
June 2010:	Senior Managing Executive Officer, Representative Director
December 2010:	President, Representative Director
April 2018:	Chairman, Representative Director (Current position)

Special Interests

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

Candidate No. 2

Hirofumi Morozumi

Date of birth
May 2, 1956

Number of the Company's shares held
(Number of potential shares)
28,800 (12,737)

Reappointment

Reason for nominating the candidate for Director

Hirofumi Morozumi has abundant experience primarily in business administration in the corporate divisions, but also has much experience in business divisions and since 2010 had served as Executive Vice President and Representative Director. He worked on general management and investor relations activities as CFO. Since 2018, he has primarily engaged in outward-facing activities involving political and business circles, industry, academia, and government as Vice Chairman. He has extensive experience as the management, and accordingly he has again been selected as a candidate for Director.

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

June 1995:	Director
June 2001:	Executive Officer
April 2003:	Managing Executive Officer
June 2003:	Managing Executive Officer, Director
June 2007:	Senior Managing Executive Officer, Director
June 2010:	Executive Vice President, Representative Director
April 2018:	Vice Chairman, Representative Director (Current position)

Special Interests

There are no special interests between Hirofumi Morozumi and the Company.

Candidate No. 3

Makoto Takahashi

Date of birth
October 24, 1961

Number of the Company's shares held
(Number of potential shares)
27,300 (12,010)

Reappointment

Reason for nominating the candidate for Director

Makoto Takahashi has abundant experience in business development, such as leading the development of new businesses and services through cooperation with various industries and M&A. Since 2016 he has served as Executive Vice President and Representative Director, and has worked towards business development and expansion of the au economic zone to create new growth in the Company. As President and Representative Director of the Company from April 2018, he has been formulating the medium-term management plan (FY2019 - FY2021) and promoting our business expansion, and accordingly he has again been selected as a candidate for Director.

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

April 2003:	Executive Officer
June 2007:	Managing Executive Officer, Director
June 2010:	Senior Managing Executive Officer, Representative Director
June 2016:	Executive Vice President, Representative Director
April 2018:	President, Representative Director (Current position)
April 2019:	Executive Director, Corporate and Marketing Communications Sector (Current position)

Special Interests

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

Candidate No. 4

Yoshiaki Uchida

Date of birth
September 14, 1956

Number of the Company's shares held
(Number of potential shares)
16,700 (9,887)

Reappointment

Reason for nominating the candidate for Director

Yoshiaki Uchida has abundant experience in all areas of technology, including the construction and operation of networks, which is the foundation of the communications business, as well as in the careful implementation of various other operations related to technology. His knowledge is crucial for the secure management of the telecommunications business and sophistication of networks, and 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 2013:	Executive Officer
April 2014:	Managing Executive Officer
June 2014:	Managing Executive Officer, Director
April 2016:	Executive Director, Technology Sector (Current position)
June 2016:	Senior Managing Executive Officer, Director
June 2018:	Executive Vice President, Representative Director (Current position)

Special Interests

There are no special interests between Yoshiaki Uchida and the Company.

Candidate No. 5

Takashi Shoji

Date of birth
September 26, 1958

Number of the Company's shares held
(Number of potential shares)
11,400 (7,791)

Reappointment

Reason for nominating the candidate for Director

Takashi Shoji has abundant experience in business for corporate customers. Serving as Executive Director of the Solution Business Sector, he has achieved results in bringing about service expansion and organizational reforms in accordance with the business environment. In addition, he assumed the position of Executive Director of Consumer Business Sector in April 2019. As such, he has the superior knowledge needed to create sustainable growth in the telecommunication business, and 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

October 2010:	Executive Officer
April 2014:	Managing Executive Officer
June 2016:	Managing Executive Officer, Director
June 2018:	Senior Managing Executive Officer, Director (Current position)
April 2019:	Executive Director, Consumer Business, Global Consumer Business, and Product & Customer Service Sector (Current position)

Special Interests

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

Candidate No. 6

Shinichi Muramoto

Date of birth
March 2, 1960

Number of the Company's shares held
(Number of potential shares)
9,100 (7,396)

Reappointment

Reason for nominating the candidate for Director

Shinichi Muramoto has abundant experience in the corporate divisions. He has achieved results in pursuing the KDDI Group Mission Statement, promoting diversity, and enhancing the corporate governance system. He has the outstanding knowledge of promoting strategies for human resources and finance, etc. which form the basis of sustainable growth of the Company, and 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

October 2010:	Executive Officer
April 2016:	Managing Executive Officer
June 2016:	Managing Executive Officer, Director
April 2018:	Executive Director, Corporate Sector (Current position)
June 2018:	Senior Managing Executive Officer, Director (Current position)

Special Interests

There are no special interests between Shinichi Muramoto and the Company.

Candidate No. 7

Keiichi Mori

Date of birth
February 2, 1960

Number of the Company's shares held
(Number of potential shares)
11,100 (4,576)

Reappointment

Reason for nominating the candidate for Director

Keiichi Mori has abundant experience in development and sales of IoT services for corporate customers, such as automotive communication modules and smart meters for electricity. He assumed the position of Executive Director of the Solution Business Sector in April 2019, and has superior knowledge in the overall operations—inside and outside Japan—of the Solution Business, which is expected to expand further in the future. 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

October 2014:	Executive Officer
April 2017:	Managing Executive Officer
June 2017:	Managing Executive Officer, Director (Current position)
April 2019:	Executive Director, Solution Business Sector (Current position)

Special Interests

There are no special interests between Keiichi Mori and the Company.

Candidate No. 8

Kei Morita

Date of birth
November 15, 1961

Number of the Company's shares held
(Number of potential shares)
11,800 (5,299)

Reappointment

Reason for nominating the candidate for Director

Kei Morita has abundant experience in operating divisions and corporate strategy planning divisions. As Executive Director of Life Design Business Sector, he has the superior knowledge to promote business expansion in the field of life design, which is important for new growth of the Company, and accordingly he has again been selected as a candidate for Director.

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

April 2015:	Executive Officer
April 2017:	General Manager, Life Design Business Sector (Current position)
April 2018:	Managing Executive Officer
June 2018:	Managing Executive Officer, Director (Current position)

Special Interests

There are no special interests between Kei Morita and the Company.

Candidate No. 9

Toshitake Amamiya

Date of birth
June 26, 1960

Number of the Company's shares held
(Number of potential shares)
36,800 (0)

New appointment

Reason for nominating the candidate for Director

Toshitake Amamiya leads the development of new businesses and services connected to the current field of life design and has abundant experience in the Global Business, including experience as CEO of KDDI Summit Global Myanmar Co., Ltd. Since April 2019, as Deputy General Manager of the Company's mainstay telecommunications business for consumers, he has promoted sustainable growth in the Company's telecommunications business. 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 2012:	Executive Officer
April 2019:	Managing Executive Officer (Current position)
	Deputy General Manager, Consumer Business Sector and General Manager, Consumer Business Strategy Division (Current position)

Special Interests

There are no special interests between Toshitake Amamiya and the Company.

Candidate No. 10	Goro Yamaguchi	Date of birth January 21, 1956	Number of the Company's shares held (Number of potential shares) 4,500 (–)	Years served as Director 2	Board of Directors' meetings attended 12 of 12 meetings (100%)

Reappointment

Outside Director

Reason for nominating the candidate for Director

Goro Yamaguchi has a wealth of corporate management experience and excellent knowledge cultivated as the President and Representative Director of one of the world's leading electronic components and equipment manufacturers. On the Board of Directors, the Company has received a large number of broad opinions related to business administration and operations from a medium- to long-term perspective, and has determined that he can contribute to improving the corporate value of the Company. 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:	Chairman of the Board and Representative Director of KYOCERA Corporation (Current position)
June 2017:	Outside Director (Current position)

Special Interests

Goro Yamaguchi is Chairman of the Board and Representative Director of KYOCERA Corporation, which has business transactions with the Company. The transaction amount accounts for less than 5% of operating revenues and operating expenses for the Company on a non-consolidated basis.

Candidate No. 11	Keiji Yamamoto	Date of birth March 28, 1961	Number of the Company's shares held (Number of potential shares) 0 (–)

New appointment

Outside Director

Reason for nominating the candidate for Director

Keiji Yamamoto has excellent knowledge cultivated in IT development and electronics engineering divisions and abundant management experience as a corporate manager at the one of the world's leading automobile manufacturers. The Company has determined that he can contribute to improving the corporate value of the Company by giving broad opinions on promoting 5G/IoT strategy, etc. from a medium- to long-term perspective, and for these reasons he has 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, Executive Vice President, Connected Company of TOYOTA MOTOR CORPORATION (Current position)

Special Interests

Keiji Yamamoto is Executive Vice President of Connected Company of TOYOTA MOTOR CORPORATION, which has business transactions with the Company. The transaction amount accounts for less than 5% of operating revenues and operating expenses for the Company on a non-consolidated basis.

Candidate No. 12	Yoshiaki Nemoto	Date of birth December 2, 1945	Number of the Company's shares held (Number of potential shares) 1,500 (–)	Years served as Director 3	Board of Directors' meetings attended 12 of 12 meetings (100%)

Reappointment

Outside Director

Independent Director

Reason for nominating the candidate for Director

Yoshiaki Nemoto has a superior knowledge in information processing, telecommunications and network engineering, which is directly relevant to the business of the Company, as well as disaster prevention that is valuable for the operation of our business. On the Board of Directors, the Company has received a large number of technical opinions from him related to management policy as a telecommunications operator that provides social infrastructure, based on a medium- to long-term perspective independent of the management team, and has determined that he can contribute to improving the corporate value of the Company. Therefore, he has again been selected as a candidate for Outside Director. Moreover, with this background we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has been nominated as Independent Director.

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

April 1995:	Professor, Graduate School of Information Sciences, Tohoku University
April 2000:	Head of Information Synergy Center, Tohoku University
April 2004:	Councillor of Educational Research Board, Tohoku University
April 2008:	Director, Tohoku University
April 2012:	Director General of Resilient ICT Research Center, the National Institute of Information and Communications Technology (NICT)
June 2016:	Outside Director (Current position)

Special Interests

There are no special interests between Yoshiaki Nemoto and the Company.

Candidate No. 13	Shigeo Ohyagi	Date of birth May 17, 1947	Number of the Company's shares held (Number of potential shares) 700 (–)	Years served as Director 1	Board of Directors' meetings attended 9 of 10 meetings (90%)

Reappointment

Outside Director

Independent Director

Reason for nominating the candidate for Director

Shigeo Ohyagi has a wealth of corporate management experience and excellent knowledge cultivated as the President and CEO of one of the world's leading companies in the fields of synthetic fibers, chemical products, medicines and medical treatment, and distribution and retail. The Company has received a large number of opinions from a medium- to long-term perspective especially focusing on the field of life design business that the Company will promote in the future, global strategy and M&A, and has determined that he can continue to contribute to improving the corporate value of the Company, and for these reasons he has again been selected as a candidate for Outside Director. Moreover, with this background we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has been nominated as Independent Director.

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

June 2005:	Executive Officer, Member of the Board of TEIJIN LIMITED
June 2006:	Senior Executive Officer, Member of the Board of TEIJIN LIMITED
June 2008:	President and CEO, Representative Director of the Board of TEIJIN LIMITED
April 2014:	Chairman, Member of the Board of TEIJIN LIMITED
June 2014:	Outside Audit & Supervisory Board Member of JFE Holdings, Inc. (Current position)
April 2018:	Senior Advisor, Member of the Board of TEIJIN LIMITED
June 2018:	Senior Advisor of TEIJIN LIMITED (Current position) Outside Director (Current position) Member of the Board of Directors (Outside), Member of the Audit & Supervisory Committee of MUFG Bank, Ltd. (Current position)

Special Interests

Shigeo Ohyagi is a Senior Advisor of TEIJIN LIMITED, which has business transactions with the Company such as service provision in the telecommunications business, but these transactions account for less than 0.1% of operating revenues for the Company on a non-consolidated basis. Furthermore, the ratio that these transactions account for in operating revenues on a consolidated basis does not differ greatly from the ratio that they account for in the operating revenues on a non-consolidated basis, considering the ratio that the operating revenues of the Company on a non-consolidated basis accounts for that on a consolidated basis and the relevance of the business of TEIJIN LIMITED to that of the Company, etc. Therefore, these transactions would not affect his independence as an Outside Director.

Candidate No. 14	Riyo Kano	Date of birth May 11, 1966	Number of the Company's shares held (Number of potential shares) 0 (–)

New appointment

Outside Director

Independent Director

Reason for nominating the candidate for Director

Riyo Kano has abundant experience and superior knowledge, cultivated as the partner at a law firm and a committee member of government committees. The Company has determined that she can contribute to improving the corporate value of the Company by giving technical opinions related to legal risk management from her based on a medium- to long-term perspective independent of the management team, and for these reasons she 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 she has been nominated as Independent Director.

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

April 1993:	Registered as attorney at law
January 2005:	Partner, Tanabe & Partners (Current position)
August 2014:	Member of Commission on Policy for Persons with Disabilities of Cabinet Office (Current position)
June 2015:	Outside Director of The Yamanashi Chuo Bank, Ltd. (Current position)
February 2017:	Member of Examination Committee for Relief Assistance of Ministry of Health, Labour and Welfare (Current position)

Special Interests

Riyo Kano is a Partner of Tanabe & Partners, which has business transactions with the Company, but these transactions account for less than ¥10 million and would not affect her independence as an Outside Director.

Note: The number of Company's shares held by each candidate is the number as of March 31, 2019.
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, 2019.

(Reference) Information on the Guiding Principles of the Corporate Governance Code

Formulation of the Medium-Term Management Plan (FY2019 - FY2021)
Kuniko Tanabe, Independent Outside Director In the 35th fiscal year (fiscal 2018), the final year of the medium-term management plan that began in the 33rd fiscal year (fiscal 2016), KDDI formulated a medium-term management plan. In the process of doing so, careful discussions took place with the involvement of Outside Directors and Outside Audit & Supervisory Board members. I would like to give shareholders an overview of the involvement of Outside Directors/Audit and Supervisory Board members in formulating the plan. In formulating the medium-term management plan (FY2019 - FY2021), all Directors and Outside Audit & Supervisory Board members engaged in free exchanges of ideas. Discussions were held four times over the year. Each time, points of discussion were narrowed down by theme and explained in clear terms, and active discussion of ideas took place from diverse perspectives. The first of the in-depth discussions focused on environmental assumptions and human resource development, the second on the directions for business strategies based on environmental analysis, the third on specific business strategies, and the fourth on overall frameworks. Through these, I feel that Outside Directors/Audit and Supervisory Board members were able to appropriately take part in discussions on medium- to long-term management strategy and corporate culture, including questions of what sort of issues are recognized by the management team and under what environmental assumptions, what sort of strategies management will use to resolve these, and what vision KDDI seeks to achieve. In past effectiveness evaluation of the Board of Directors, the further enhancement of discussion of medium- and long-term management strategy had been noted as an issue to pursue. I believe that sufficient discussion of strategies has subsequently taken place. Despite a severely competitive environment, I am convinced that KDDI will achieve sustainable growth by making use of the wide-ranging knowledge of the management team and Outside Directors/Audit and Supervisory Board members who have diverse expertise and knowledge, and by working unitedly to carry out the medium-term management plan.

Basic Views and Guidelines on Corporate Governance

As a telecommunications operator that provides social infrastructure, the Company has the important social mission of providing stable communications services on an ongoing basis, 24 hours a day and 365 days a year, regardless of conditions. Furthermore, as a telecommunications operator our business derives from utilizing radio waves—an important asset shared by all citizens. Accordingly, we recognize that we have the social responsibility to address the issues society faces and seek to resolve them through telecommunications. Attaining sustainable growth and increased corporate value over the medium to long term is essential to achieving this social mission and social responsibility. Furthermore, we strive to engage in dialogue with all our stakeholders, including customers, shareholders, business partners, employees, and local communities and work in cooperation to proactively address societal issues. In this manner, we aim to contribute to the development of a safe, secure, and bountiful communications-oriented society.

We recognize reinforcing corporate governance as important to achieving sustainable growth and increased corporate value over the medium to long term. Accordingly, we are in accordance with the tenets of the "Corporate Governance Code" defined by the financial instruments exchange. While maintaining transparency and fairness, we endeavor to enhance our structures for ensuring timely and decisive decision-making. In addition to our corporate credo and KDDI Group Mission Statement, we have formulated the "KDDI Group Philosophy," which defines perspectives and values that officers and employees should share. We conduct activities to promote awareness of this philosophy throughout the Company.

By proactively adhering to Japan's Corporate Governance Code and practicing the "KDDI Group Philosophy," which we consider foundation of corporate management, we will endeavor to enhance corporate governance throughout the KDDI Group, including its subsidiaries, to achieve sustainable growth and increased corporate value over the medium to long term.

The KDDI Group Mission Statement and KDDI Group Philosophy can be viewed from the following address (the Company's website).	
https://www.kddi.com/english/corporate/kddi/philosophy/	

Policy and Procedure for the nomination of Director and Audit & Supervisory Board member candidates by the Board of Directors

Policy regarding the balance of knowledge, experience and ability of the Board of Directors as well as its diversity and scale

Accepting the diversity of human resources and utilizing the diverse knowledge, experiences, and skills of each employee are important drivers of growth for the Company that aims for the "Integration of Telecommunications and Life Design," and we believe that ensuring diversity in the Board of Directors will also lead to good management decisions.
In order to secure advanced specialized knowledge and diverse perspectives when making decisions on matters that are important from a management perspective and matters that legally require supervision, the Company will elect members of the Board of Directors who meet the following criteria, without discrimination based on gender, age, or nationality.

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 and approval by the Audit & Supervisory Board
3. Deliberation by the Nomination Advisory Committee
4. Approval by the Board of Directors
5. Election by the Shareholders Meeting

Nomination Advisory Committee composition

Chairman: Tatsuro Ueda (Outside Director)
Vice Chairman: Goro Yamaguchi (Outside Director)
Members of the Committee: Kuniko Tanabe (Outside Director), Yoshiaki Nemoto (Outside Director), Shigeo Ohyagi (Outside Director), Takashi Tanaka, Makoto Takahashi

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 consolidated net sales or orders placed are not independent.

Policies and Procedures for Determining Remuneration for Directors and Audit & Supervisory Board Members

The Company has introduced the performance-linked stock compensation plan from 2015 in order to clarify the link between compensation for the management team, operating performance and share value, and to increase their awareness of contributing to increases in operating performance and corporate value over the medium to long term.
The Company partially revised the plan at the 34th Annual Shareholders Meeting held in June 2018 and the ratio of performance-linked stock compensation as a percentage of overall remuneration was 45%. *

* The ratio of the basic compensation, a fixed compensation, and the bonus and stock compensation, which fluctuate according to performance, is calculated based on the case where the performance achievement is 100%.

In addition, in order to provide incentives for the achievement of the medium-term management plan, the period covered by stock compensation and the period for the medium-term management plan have been combined.

Note: Formula for calculating bonus and stock compensation is as follows.

Bonus: Basic amount by position multiplied by the Company operating performance and KPI evaluation

Stock compensation: Basic points by position multiplied by the Company operating performance and KPI evaluation

Notes: Company operating performance: the Group's consolidated revenues, operating income, profit for the year, etc.

KPI evaluation: net increase in mobile IDs, total ARPA, etc.

Remuneration of Audit & Supervisory Board members is decided by consensus of the Audit & Supervisory Board members. These members receive fixed-amount salaries that is not affected by fluctuations of the Company's operating performance.
To ensure the transparency and fairness of remuneration systems and levels for directors/Audit & Supervisory Board members, the Company has established a Remuneration Advisory Committee to conduct deliberations and provide advice to the Board of Directors in accordance with the request thereof. Chairman, Vice Chairman and more than half of the members of this committee are outside directors.

Remuneration Advisory Committee composition

Chairman: Goro Yamaguchi (Outside Director)
Vice Chairman: Tatsuro Ueda (Outside Director)
Members of the Committee: Kuniko Tanabe (Outside Director), Yoshiaki Nemoto (Outside Director), Shigeo Ohyagi (Outside Director), Takashi Tanaka, Makoto Takahashi

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, 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 directors 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 four-grade evaluation and free writing.

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
  (composition of members, documents and explanations, provision of information, etc.)
- Supervision of Executives
  (conflict of interest, risk management, management of subsidiaries, etc.)
- Medium- and long-term discussions
  (review of medium-term business planning, monitoring of plan enforcement, etc.)

■ **Evaluation results**

[Summary]

The Company's Board of Directors was found to be managed appropriately and functioning effectively.

The following two points were found to be rated particularly highly.

- Meaningful questions and opinions are actively expressed by outside directors and Audit & Supervisory Board members with diverse backgrounds, including a management executive, attorney at law, certified public accountant and expert in information engineering, thereby achieving due consideration of each agenda item.
- In order to fulfil their role as outside directors/outside Audit & Supervisory Board members, the outside directors, Audit & Supervisory Board members and accounting auditors cooperate and share information on company issues, etc. as well as providing information from the Company

[Improvements since previous evaluation]

Themed discussions of the next medium-term management plan were held four times in fiscal 2018. On each occasion, opinions were vigorously exchanged from various angles, so that awareness of issues and in-depth discussion of key strategies were further enhanced. Thus, it was confirmed that an issue raised in the previous evaluation, "further enhancement of discussion of medium- and long-term management strategy," had been accomplished.

[Future issues]

We will work toward continued improvement of the following two key issues, aimed at sustainable growth of corporate value.

- While pursuing expansion into different industries and fields centered on the telecommunications business, we will discuss the Company's social mission and management strategy and what kind of company we want to be from various perspectives.
- In order to grow the business of Group companies and reinforce corporate governance, we will monitor the management status and operating structure of subsidiaries in Board of Directors meetings in a timely manner.

System for Supporting/Linking Outside Directors and Outside Audit & Supervisory Board Members

Board of Directors meeting dates and agenda items are provided in advance to outside directors and outside Audit & Supervisory Board members. In addition, agenda materials are distributed ahead of time to foster understanding of the items in question and invigorate deliberations at Board of Directors meetings.
In addition, the Company is working to make deliberations more substantial by accepting questions in advance and providing more extensive explanations at Board of Directors meetings based on such questions.
Furthermore, the Company is working to invigorate deliberations in Board of Directors meetings by providing opportunities for outside directors and outside Audit & Supervisory Board members to undergo training by responsible persons in each field concerning industry trends, an overview of the Company's organization and its various businesses and technologies and future strategies, and improve their understanding of the Company.
Moreover, the Company holds meetings focused on outside directors/Audit & Supervisory Board members every month, such as outside director-only meetings and outside director and outside Audit & Supervisory Board member meetings, to promote the sharing of information and smooth linking of management, Audit & Supervisory Board members, and outside directors.
The Company also shares the settlement of accounts review of the accounting auditor with outside directors and Audit & Supervisory Board members and provides an opportunity for the exchange of opinions. This promotes links between the outside directors, Audit & Supervisory Board members, and accounting auditor, parties that are independent from company management, which we believe greatly contributes to the collective capabilities of governance.
On April 1, 2006, the Company established the Auditing Office to support Audit & Supervisory Board members, including outside members.

Basic Policy of IR Activities

The Company considers our shareholders and investors to be particularly important stakeholders who fully understand and strongly support our ongoing business. Accordingly, we promise to make the building of trust-based relationships with shareholders and investors a top management priority and strive for value-oriented corporate management, active information disclosure, and enhanced communication.
For example, the company convenes earnings presentation meetings for analysts and institutional investors quarterly, coinciding with its disclosure of financial statements. These meetings can be observed via live and on-demand video distribution.
In addition, each quarter the Company's directors and other personnel visit our institutional investors in Japan, Europe, the US, and Asia to provide explanations of the Company's financial condition and future strategies. In the fiscal year ended March 31, 2019, the Company held approximately Eight hundred (800) interviews with institutional investors in Japan and overseas, including Twelve (12) overseas road shows, in which Five (5) conferences overseas participation hosted by securities companies.
The Company also proactively holds and participates in briefings for individual investors and strives to increase opportunities to make contact. In fiscal 2018, the Company held briefings by the managers and online briefings, and these briefings were joined and heard by approximately One thousand two hundred (1,200) investors. Materials and the video on the briefings are posted on the Company's website.

Information for individual investors can be viewed from the following address (the Company's website).	
https://www.kddi.com/english/corporate/ir/	

(Documents Appended to the Notice of the 35th Annual Shareholders Meeting)
BUSINESS REPORT
(April 1, 2018 to March 31, 2019)

(Reference)

Financial Highlights

Operating Revenues	¥5,080,353 million
(increased 0.8% year on year)	
Operating revenues rose mainly because of increases in revenue due to the expansion of the energy business to maximize the "au Economic Zone," inclusion of AEON Holdings Corporation of Japan ("AEON HD") in the Group, expansion of "Wowma!" and "au WALLET Market" and expansion of the Life Design Business such as settlement business, as well as making ENERES Co., Ltd. ("ENERES") a consolidated subsidiary and increased revenue in the Myanmar business. The increase was achieved despite a decline in mobile communications revenues and handset sale revenues.	
Operating Income	¥1,013,729 million
(increased 5.3% year on year)	
Operating income increased mainly due to an increase in sales, despite increases in expenses for the energy business, "Wowma!," "au WALLET Market," and the settlement business.	
Profit for the year attributable to owners of the parent	¥617,669 million
(increased 7.9% year on year)	
Profit for the year attributable to owners of the parent increased mainly due to increased operating income.	

1. Current Status of the Corporate Group

(1) Business Developments and Results

1) Overall Conditions

[Industry Trends and Position of the Company]

In the Japanese telecommunications market, the competitive environment is becoming more intense, with the services mobile phone operators offer growing more similar, MVNO*[1] operators increasingly promoting inexpensive SIM services, and new telecommunications carriers deciding to enter the market. Meanwhile, telecommunications carriers are expanding their operations in domains other than telecommunications services to secure new sources of earnings. In addition, the development of technologies such as the Internet of Things (IoT)*[2] and artificial intelligence (AI) is ushering in major changes in the business environment in the telecommunications market.

In this environment, KDDI is promoting its transformation into a business that provides customer experience value under the medium-term management plan targets until the 35th fiscal year (fiscal 2018), and with a focus on telecommunications services, it is actively advancing new value proposals through the "Integration of Telecommunications and Life Design" by expanding and coordinating various life design services.

In Japan, KDDI is working in the telecommunications domain to promote smartphones and tablets and boost its response to IoT while aiming to create new customer experience value through the coordination of various devices. In addition, we have striven to realize sustainable growth in the domestic telecommunications business by maximizing "ID by ARPA"*[3] through the payment plans, which are tailored to customers' data communications usage patterns, and expanding the "au Smart Value" set discount for customers who subscribe to au mobile phone/smartphone services as well as fixed-line communications services. Moreover, we are promoting "au" and the MVNO business through Group companies and working to expand the number of "mobile IDs."

In addition, we provide a wide range of corporate clients, from small and mid-sized companies to large corporations, with mobile handsets and a large variety of solutions, including network-, application-, and cloud-based services. We help our corporate customers develop and expand their businesses with the aim of being our customers' first choice of a true partner.

At the same time, we will actively utilize various types of technologies, including the 5G next-generation mobile communications system (5G), IoT, AI, and big data, which are to be fully implemented going forward, and concentrate on proposing new scenarios for using them. In particular, with regard to 5G, we will work with a wide range of partners to accelerate technology testing and to drive the creation of new services leveraging 5G as we gear up for the start of trial services in September 2019.
In the non-telecommunications domain, we are actively promoting initiatives aimed at providing new value to customers and expanding the transaction volume of the "au Economic Zone" by expanding our life design services, including commerce, finance, energy, entertainment and education.
Overseas, KDDI is aiming for further growth in its telecommunications business with the full rollout of LTE services by the Myanmar telecommunications business, which is jointly operated by consolidated subsidiary KDDI Summit Global Myanmar Co., Ltd. and Myanma Posts & Telecommunications (MPT), the country's nationally operated telecommunications partner. LTE services have also been rolled out by MobiCom Corporation LLC, a telecommunications subsidiary in Mongolia. In addition to these businesses, KDDI is continuing to reinforce its infrastructure with the aim of expanding its global business centered on data center and other ICT businesses for corporate customers, mainly in Europe.
Through these efforts, operating income exceeded ¥1 trillion and the gross merchandise value in the "au Economic Zone" exceeded ¥2.5 trillion.

*1. An abbreviation for Mobile Virtual Network Operator, which is a wireless communications service provider using wireless communications infrastructure leased from other mobile service providers, etc.

*2. An abbreviation for Internet of Things. It refers to all manner of things possessing communication functions and being connected to the Internet, the sending of data collected by sensors, the use of data on a cloud platform, and automatic control based on this data.

*3. An abbreviation for Average Revenue Per Account. Monthly revenue per mobile subscriber (excluding prepaid services and MVNOs).

2) Business Conditions by Segment

Personal Services	
For individuals and households communications services (au mobile phone, FTTH, CATV), energy, education and others	
Operating Revenues	¥3,911,229 million
(increased 0.3% year on year)	
Operating revenues rose mainly due to increases in revenue from the energy business and the inclusion of AEON in the Group, despite a decline in revenue from mobile telecommunication fees and handset sales.	
Operating Income	¥756,298 million
(increased 3.2% year on year)	
Operating income rose mainly due to an increase in gross profit from the energy business despite a decline in mobile telecommunication fee revenues and gross profit from handset sales.	

TOPICS

New rates and services to meet our customers' needs

In August 2018, we began offering the popular "au Flat Plan 25 Netflix Pack" payment plan, which combines content use fees and au smartphone telecommunication fees. This new plan joins our existing "au Pitatto Plan" and "au Flat Plan" payment plans, which are pegged to mobile data use methods. In addition, in an effort to expand our customer base, we are working to increase the number of IDs through the "au Smart Value" discount service for combined mobile and fixed line service as well as through alliances between Group companies and MVNO businesses. The number of subscribers to "au Pitatto Plan" and "au Flat Plan" surpassed 13 million in March 2019.

Initiatives to increase customer satisfaction

In the "2018 Japan Mobile Phone Service Satisfaction Study"* conducted by J.D. Power Asia Pacific, Inc. in September 2018, KDDI achieved first place for overall satisfaction for a third consecutive year. We will strive to further improve the value of the customer experience so that more customers will be satisfied by our special rates and au services.

* Source: J.D. Power 2016–2018 Japan Mobile Phone Service Satisfaction Study
japan.jdpower.com

Life Design Services	
For individuals commerce, finance, settlement, entertainment services, and others	
Operating Revenues	¥579,374 million
(increased 11.0% year on year)	
Operating revenues rose largely due to the inclusion of ENERES Co., Ltd. as a consolidated subsidiary as well as an increase in revenue from “Wowma!,” “au WALLET Market,” and the settlement business including “au WALLET prepaid card” and “au WALLET credit card,” in addition to increased revenue from “au Smart Pass Premium.”	
Operating Income	¥112,832 million
(increased 8.4% year on year)	
Operating income grew due to the operating revenue increase, although expenses increased in “Wowma!” and “au WALLET Market” as well as the settlement business.	

*From fiscal 2019 (36th fiscal year), the Life Design segment will be integrated with the Personal Services segment.

TOPICS

Promoting the “integration of telecommunications and life design”

In the commerce business, in January 2019 we launched a service that discounts communications fees for purchases made on the EC site “Wowma!.” In addition, through an alliance with Rakuten, Inc. announced in October 2018, we are promoting the provision of logistics services for “Wowma!” and the rollout of affiliated merchants for our new settlement service “au PAY.”

In the financial business, in February 2019 we announced the establishment of a financial holding company*[1] and the launch of our “Smart Money Concept.” In addition, we are working to improve our services and media businesses through a capital and business alliance with Kakaku.com, Inc., and to strengthen our energy business by having made ENERES a consolidated subsidiary.

Providing new experience value for the 5G era

In order to create new experience value in the 5G (5th-generation mobile communication system) era, we provided a new sports viewing experience using xR technology*[2].

In addition, we constructed a comprehensive partnership with KCJ GROUP Inc., the operator of KidZania, to fuse advanced technologies like 5G/IoT with learning opportunities that nurture the power of children in order to co-create new experience value in children’s growth.

*1 The name of the company was changed to au Financial Holdings Corporation on April 1, 2019.

*2 xR technology is catch-all phrase encompassing augmented reality (AR), mixed reality (MR), virtual reality (VR) and so on.

Business Services	
For companies communications services, and ICT solution, data center and others	
Operating Revenues	¥796,863 million
(increased 6.3% year on year)	
Operating revenues increased mainly due to higher revenues from solution sales and the energy business.	
Operating Income	¥103,992 million
(increased 23.1% year on year)	
Operating income rose mainly due to an increase in operating revenues, despite increases in solution equipment costs and telecommunication equipment usage fees.	

TOPICS

Promoting the KDDI IoT World Architecture and contributing to the business transformation of global companies

In March 2019, KDDI announced that from May 2019 it would begin accepting applications for commercial trials of KDDI IoT Worldwide Architecture*1, a comprehensive base that will provide support for everything from services related to IoT device telecommunication connections and data usage to processes related to laws and restrictions in different countries. Through this, we will leverage the abundant variety of use case solutions built up by Lumada*2, which is provided by Hitachi, Ltd. to accelerate digital innovation, and will thereby support customers' efforts to turn IoT data into value. We plan to further expand our circle of partners, solve issues faced by companies in the global expansion of IoT businesses, and provide powerful support for customers' business transformation and expansion.

*1 A platform to globally harmonize IoT communication connections for automobiles, industrial machinery, and other objects for which specifications differ by country, and to provide support that ranges from IoT communication connections to service development and data analysis.

*2 A general term for solutions, services, and technologies that utilize the advanced digital technology of Hitachi, Ltd. to create value from customers' data and accelerate digital innovation.

Initiatives to increase customer satisfaction

As a result of focusing on contributing to the development of our customers' core businesses through our services, we achieved first place in the 2018 Japan Business Mobile Phone and PHS Service Satisfaction Study*3 (large and medium-sized market segment), conducted by J.D. Power Asia Pacific, Inc., for a third consecutive year, and first place in the 2018 Japan Business IP Phone & Direct Line Phone Service Satisfaction Study*4 for a sixth consecutive year. We will work to provide higher-quality products and services to satisfy our customers even more.

*3 Source: J.D. Power 2016-2018 Japan Business Mobile Phone and PHS Service Satisfaction Study

*4 Source: J.D. Power 2013-2018 Japan Business IP Phone & Direct Line Phone Service Satisfaction Study
japan.jdpower.com

Global Services	
For individuals and companies overseas communications services, and ICT solution, data center and others	
Operating Revenues	¥208,790 million
(decreased 16.0% year on year)	
Operating revenues decreased mainly reflecting the impact of decreased revenue resulting from restructured unprofitable businesses, meanwhile revenue in the Myanmar and "TELEHOUSE" data center businesses increased.	
Operating Income	¥34,368 million
(increased 7.7% year on year)	
Operating income increased mainly due to the solid increase in operating revenue in the Myanmar and "TELEHOUSE" data center businesses and decrease in the costs of restructured unprofitable businesses.	

*From fiscal 2019 (36th fiscal year), the business for individuals will be integrated with the Personal Services segment, and the business for corporate customers will be integrated with the Business Services segment.

TOPICS

Expansion of business for individual customers overseas

In Myanmar, in May 2018 we launched "MPT Club," a program awarding points shared with partner companies, as a way of strengthening retention. In addition, we promoted the provision of video, music, games, electronic books, and other entertainment services, and actively worked to improve value-added ARPU*.

In Mongolia, in October 2018 we began issuing VISA debit cards tied to MobiCom's Candy e-money loyalty program. MobiCom is focusing on fintech, including the provision of "Candy Pay," which enables payment by QR code. We also worked to meet varied demand for data communication, including new provision of charge-type prepaid cards with added data capacity, and fee packages offering unlimited access to social media, games, videos, and music.

*An abbreviation for Average Revenue Per Unit, a value expressing monthly revenue per line.

Expansion of the ICT solutions business

In May 2018, we signed a resale contract for a robotic process automation (RPA) platform with leading RPA software firm UiPath, and prepared a system to provide the platform globally. Through this, we are contributing to business efficiency in many companies active overseas.

In January 2019, KDDI Singapore launched "KDDI GX Platform," which provides centralized support across a range of solutions, such as network, security, RPA, IoT to corporate customers in Southeast Asia.

3) New Technology Initiatives

Verification trial of first-in-Japan autonomous driving remote monitoring system using 5G

In February 2019, the Company launched Japan's first verification autonomous driving trial on public roads using the 5G next-generation mobile communications system (5G) for remote monitoring.

Many social issues are emerging with the increase in elderly drivers and the decrease in transportation options from drivers giving up their licenses. Through the utilization of autonomous driving and ICT to provide future means of transportation, it is hoped that it will be possible to secure transportation for citizens, thereby addressing difficulties in making shopping trips and the insufficiency of bus and taxi drivers, while also helping promote tourism and the automotive industry.

Using 5G to successfully control construction machinery remotely in a cooperative project

In December 2018, KDDI, Obayashi Corporation, and NEC Corporation successfully carried out an operation in which the 5G was used to remotely and control two construction machines and have them work together in part of the construction area of Aigawa Dam, in Ibaraki City, Osaka.

While there is an urgent need for the rapid recovery of social infrastructure during times of disaster, there is also the risk of secondary hazards from landslides, etc. Consequently, there are high hopes for remote operation systems that operate construction machinery at a distance to ensure the safety of construction sites.

Business co-creation with venture companies

Through the KDDI Open Innovation Fund[*1], KDDI is investing in promising venture companies inside and outside Japan. The KDDI Open Innovation Fund 3 was established to target the coming era of 5G. In June 2018, we invested in Resin.io Limited (currently Balena Limited), which provides an IoT device management platform, and in September 2018, we invested in Cluster, Inc., which provides a virtual event platform that can accommodate up to 5,000 simultaneous connections. Additionally, in December 2018, we invested in GeoSpock Ltd., which is developing a large-scale data integration and analysis platform, and in March 2019, we invested in KidsDiary, Inc. which supports child care facilities moving to incorporate ICT, and Synamon Inc., which provides VR collaboration services, such as VR meetings. In addition to combining the wide variety of network, marketing skills, and diverse services that KDDI has with many companies, we are using the operational support of Global Brain Corporation, which has a wealth of experience supporting venture businesses, to vigorously promote as a partner, the growth of companies receiving investments.

*1 A corporate venture capital fund investing in venture companies run by KDDI and Global Brain Corporation.

4) Efforts toward Continued Enhancement of Corporate Value

Sustainability initiatives

The Company's initiatives in ESG (environment, society and government) including corporate governance, health and safety, pollution prevention, and climate change, have been well received, and it has been selected as part of the globally representative social responsibility investment indexes "FTSE4Good Index Series" and "MSCI ESG Leaders indexes" (as of June 2018).

Moreover, KDDI has been included in all four ESG indices[*2] that the Government Pension Investment Fund (GPIF) uses for Japanese stocks.

Also, in the medium-term management plan (FY2019 - FY2021) for the next 3 years, KDDI has set concrete targets for achieving the United Nation's Sustainable Development Goals (SDGs). By promoting company-wide sustainability activities, we will continue aiming to further boost corporate value alongside sustainable growth with society.

*2 Two broad ESG indices ("FTSE Blossom Japan Index" and "MSCI Japan ESG Select Leaders Index") and two specific thematic indices ("MSCI Japan Empowering Women Index (WIN)" and "S&P/JPX Carbon Efficient Index").

Contributing to regional revitalization

Through “Shimamono Project” supporting the revitalization of remote islands, as well as our collaboration with regional municipalities and businesses across Japan, we are implementing initiatives to solve social issues and boost the economies of regions by effectively utilizing the resources of both sides, starting with ICT leading to 5G. In December 2018, we signed an agreement with Hirado City in Nagasaki Prefecture, to aim for regional revitalization by holding a work experience event for children. Following this agreement, in March 2019, KDDI’s Group company KCJ Group Inc. supervised a program called “Kids Job Challenge 2019 in Hirado: Out of KidZania.” In this program, which pursues a more realistic experience, children were able to learn about actual occupations out of the bounds of the KidZania town, such as agriculture, forestry, outdoor experiences, and product development. Going forward, the entire KDDI Group will work toward regional revitalization.

(2) Issues Facing the Corporate Group

1) Medium- to Long-Term Management Strategies

We are in a period of momentous transformation for the environment surrounding society. As the full-fledged digital evolution progresses with technologies such as the 5G next-generation mobile communications system, the IoT, AI, and big data, we are shifting to a data-driven society where new value is being discovered in data. Furthermore, the Japanese government is aiming to realize a new society, called "Society 5.0,"*1 in which the dual challenges of economic growth and social problems are solved as these cutting-edge technologies are introduced into every industry and social life. Also, in the telecommunications industry, the entry of new companies and other factors are intensifying competition. Combined with the progress of new technologies, this is bringing us to an age of digital transformation (DX) in which the use of telecommunications and the internet will change every industry and greatly affect the business environment.

In order to sustainably grow while swiftly responding to these environmental changes, and also to contribute to the development of a bountiful communications-oriented society as expressed in the KDDI Group Mission Statement, we formulated the medium-term management plan (FY2019 - FY2021) as follows.

*1 One of Japan's medium- to long-term growth strategies in which a human-centric society is achieved through systems that intricately fuse cyber space (virtual space) and physical space (real space).

<The Medium-Term Management Plan (FY2019 - FY2021)>

■ **Brand message**

Tomorrow, Together KDDI/Explore the extraordinary. au

■ **Our vision**

(1) Be a company that customers can feel closest to

(2) Be a company that continues to produce excitement

(3) Be a company that contributes to the sustainable growth of society

■ **Business strategy**

We will realize sustainable growth through seven business strategies (see below), expanding our peripheral businesses centered on telecommunications under the key theme of "Integration of Telecommunications and Life Design."

■ **Financial targets**

We will aim for sustainable growth in operating income while aiming to achieve a 1.5x increase in EPS*2 (vs. FY2018) in FY2024.

Regarding shareholder returns, we will continue to pay stable dividends, boosting our consolidated dividend payout ratio from the previous over 35% to over 40%. We will also maintain a flexible position with regard to repurchase of shares, keeping in mind the balance with growth investments, and retire all of our treasury stock*3.

*2 Earnings Per Share

*3 Excluding Company shares held in the executive compensation BIP (Board Incentive Plan) trust account and the stock-granting ESOP (Employee Stock Ownership Plan) trust account.

2) Issues to Be Addressed (Business Strategies)

■ **Creating innovation toward the 5G era**

We will generate new experience value and also proactively use 5G in regional revitalization projects by actively building out 5G, the next-generation social infrastructure platform, developing business in co-creating with various partner companies, and engaging in open innovation that includes the novel ideas of start-up firms alongside cutting-edge technology.

■ **Integration of telecommunications and life design**

In our business for individual customers (consumer business), along with boosting engagement with customers Group-wide and maximizing lifetime value (number of customers (IDs) x total ARPA x retention rate), we will work for sustainable business growth by actively dedicating effort to new life design domain, focusing on our core service of telecommunications. In our business for corporate customers (corporate business), we will aim to grow sustainably with customers by supporting their DX and by achieving the "Integration of Telecommunications and Life Design" for corporate customers inside and outside Japan.

■ **Further expansion of global business**

We will take the insight and expertise we have cultivated in the consumer business in Japan and apply it in the overseas consumer business, aiming to expand our market in Asia. Additionally, in corporate business, leveraging our global IoT platform and data center business, we will further expand our global ICT business by integrating global and domestic endeavors.

■ **Utilizing big data**

By utilizing data, we will endeavor to thoroughly understand our customers and maximize experience value through helpful proposals made with the customer's perspective in mind. Furthermore, as the digitalization and networking of things rapidly advances through on-going 5G/IoT developments, we will promote DX for corporate customers by utilizing big data in various industries.

■ **Expanding the finance business**

We will aim for stronger engagement and profit growth by making smartphone-centric financing proposals that bring settlement and finance services closer to people's daily lives, thanks to the very central role that smartphones have taken.

■ **Growing as the Group**

We will make full use of the Company's assets to support the growth of Group companies, thereby aiming to maximize mutual synergies as we expand and strengthen a new foundation for the growth of the entire Group.

■ **Sustainability**

We have set SDG[*4] targets in our business and corporation overall, and will promote sustainability activities Company-wide. We will aim for sustainable growth with society, as well as greater corporate value, by achieving goals linked to our business strategies around telecommunications, global businesses, regional revitalization, education, and finance, while also achieving goals linked to our corporate activities including developing human resources, supporting women's advancement in the workplace, respecting human rights, promoting diversity and inclusion, and conserving the environment.

*4 An abbreviation for Sustainable Development Goals, an international development goals which were adopted at the United Nations summit in September 2015.

(3) 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)

	32nd fiscal year (FY2016.3)	33rd fiscal year (FY2017.3)	34th fiscal year (FY2018.3)	35th fiscal year (FY2019.3)
	IFRS			
Operating revenues	4,466,135	4,748,259	5,041,978	5,080,353
Operating income	832,583	912,976	962,793	1,013,729
Profit for the year attributable to owners of the parent	494,878	546,658	572,528	617,669
Basic earnings per share (yen)	197.73	221.65	235.54	259.10
Total assets	5,880,623	6,263,826	6,574,555	7,330,416
Total liabilities	2,333,767	2,414,692	2,443,298	2,717,484
Total equity	3,546,856	3,849,133	4,131,257	4,612,932

Notes: 1. Figures were rounded up or down to the nearest million yen.

2. Concerning the calculation of basic earnings per share from the 32nd fiscal year to the 35th fiscal year, the Company's stocks owned by the Board Incentive Plan and a stock-granting ESOP trust are included in treasury stock. Therefore, the number of those stocks are deducted in calculating the number of common stocks outstanding at the end of the year and weighted average common stocks outstanding during the year.

3. During the 33rd fiscal year, the Company finalized the provisional accounting treatment for business combinations. As a result, figures for the 32nd fiscal year, reflect the revision of the initially allocated amounts of acquisition price.

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

(millions of yen unless otherwise indicated)

		32nd fiscal year (FY2016.3)	33rd fiscal year (FY2017.3)	34th fiscal year (FY2018.3)	35th fiscal year (FY2019.3)
		Japan GAAP			
Operating revenues		3,827,164	3,864,093	4,028,524	4,061,712
	Telecommunications business	2,598,729	2,628,903	2,627,982	2,604,826
	Incidental business	1,228,435	1,235,190	1,400,542	1,456,887
Operating income		613,950	694,468	685,046	675,688
Ordinary income		649,714	736,308	740,023	723,323
Profit		445,681	524,208	525,389	505,146
Earnings per share (yen)		178.07	212.55	216.15	211.90
Total assets		4,379,181	4,662,777	5,031,392	5,427,230
Liabilities		1,196,533	1,243,578	1,450,968	1,720,350
Net assets		3,182,649	3,419,199	3,580,425	3,706,880

Notes: 1 Figures were rounded up or down to the nearest million yen.

2. Concerning the calculation of earnings per share from the 32nd fiscal year to the 35th fiscal year, the Company's stocks owned by the Board Incentive Plan and a stock-granting ESOP trust are included in treasury stock. Therefore, the number of those stocks are deducted in calculating the number of common stocks outstanding at the end of the year and weighted average common stocks outstanding during the year.

(4) Financing Activities of the Corporate Group

During the fiscal year under review, we issued the 22nd unsecured bonds of ¥30,000 million in July 2018 and the 23rd unsecured bonds of ¥40,000 million, the 24th unsecured bonds of ¥30,000 million, and the 25th unsecured bonds of ¥20,000 million in November 2018. We also borrowed long- and short-term loans from financial institutions totaling ¥368,000 million, with all of the above to be used as part of funds for the redemption of bonds, loan repayments, and capital investments.

(5) 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.

The total amount of capital investments in telecommunications facilities completed and used for businesses of the Group during the fiscal year under review was ¥560,586 million.

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 LTE services 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 and cable television.

(6) Principal Businesses of the Corporate Group (As of March 31, 2019)

The Group comprises the Company, 175 consolidated subsidiaries (Japan: 116 companies, overseas: 59 companies) and 39 equity-method affiliates (32 in Japan and 7 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	Providing communications services (au and MVNO mobile phone, FTTH, CATV), energy, education services, etc. for individuals
Life Design Services*	Providing commerce, finance, payment, entertainment services, etc. for individuals
Business Services	Providing communications services, ICT solution, data center services, etc. for companies
Global Services	Providing communications services, ICT solution, data center services, etc. for companies and individuals overseas

*The segment name of "Value Services" was changed to "Life Design Services" from the fiscal year under review.

(7) Offices of the Company (As of March 31, 2019)

(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)
(Branch offices, etc.)	17 branch offices, 74 branches, 6 customer service centers, etc.
(Technical centers, etc.)	14 technical/engineering support centers 3 technology maintenance centers, 1 transmitting station
(Overseas offices)	Geneva, Beijing, Shanghai

(8) Principal Subsidiaries (As of March 31, 2019)

1) Businesses in Principal Subsidiaries

Company name	Location	Capital	Ratio of capital contribution	Principal business
Okinawa Cellular Telephone Company	Okinawa	Million yen 1,415	% 51.6	au mobile communication services
Jupiter Telecommunications Co., Ltd.	Tokyo	37,550	50.0	Operation and management of cable TV companies and program distribution companies
UQ Communications Inc.	Tokyo	71,425	32.3	Wireless broadband services
BIGLOBE Inc.	Tokyo	2,630	100.0	Internet service business
AEON Holdings Corporation of Japan	Okayama	100	100.0	Holding company of a language-related company specializing in English conversation
Chubu Telecommunications Co., Inc.	Aichi	38,816	80.5	Telecommunications services in Chubu region
KDDI FINANCIAL SERVICE CORPORATION	Tokyo	5,245	90.0	Credit card business, settlement agency business
Supership Holdings Co., Ltd.	Tokyo	4,057	82.3	Holding company of an Internet services company
Jupiter Shop Channel Co., Ltd.	Tokyo	4,400	(55.0)	Television shopping business
ENERES Co., Ltd.	Tokyo	2,893	50.1	Energy-related business
KDDI MATOMETE OFFICE CORPORATION	Tokyo	1,000	95.0	Supporting IT environment for small and medium-sized companies
KDDI Engineering Corporation	Tokyo	1,500	100.0	Construction, maintenance and operation support for communications facilities
KDDI Evolva Inc.	Tokyo	100	100.0	Call center service and temporary staff service
KDDI Research, Inc.	Saitama	2,283	91.7	Technological research and product development relating to information communications
KDDI America, Inc.	USA	Thousand US$ 84,400	100.0	Telecommunications services in the US
KDDI Europe Limited	UK	Thousand STG£ 42,512	(100.0)	Telecommunications services in Europe
TELEHOUSE International Corporation of America	USA	Thousand US$ 5	(70.8)	Data center services in the US
TELEHOUSE International Corporation of Europe Ltd	UK	Thousand STG£ 47,167	(92.8)	Data center services in Europe
KDDI China Corporation	China	Thousand RMB 13,446	85.1	Sales, maintenance and operation of telecommunications equipment in China
KDDI Summit Global Myanmar Co., Ltd.	Myanmar	Thousand US$ 405,600	(100.0)	Telecommunications services in partnership with a state-run postal and telecommunications business entity in Myanmar (MPT)

Company name	Location	Capital	Ratio of capital contribution	Principal business
KDDI Singapore Pte Ltd	Singapore	Thousand S$ 10,255	100.0	Telecommunications 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) Changes in Business Combinations

In December 2018, KDDI acquired additional shares of ENERES Co., Ltd. through a public tender offer, making the company and its six subsidiaries consolidated subsidiaries.

(9) Employees (As of March 31, 2019)

1) Employees of the Corporate Group

Business segment	No. of employees
Personal Services	20,842
Life Design Services	4,061
Business Services	9,986
Global Services	4,916
Others	2,191
Total	41,996

2) Employees of the Company

No. of employees	Year-on-year decrease	Average age	Average length of service
10,968	69	42.5	17.7 years

Note: No. of employees does not include 2,547 employees seconded to subsidiaries, etc.

(10) Principal Lenders (As of March 31, 2019)

Creditor	Loans outstanding
	Millions of yen
MUFG Bank, Ltd.	158,500
Development Bank of Japan, Inc.	74,000
Sumitomo Mitsui Banking Corporation	70,000
Mizuho Bank, Ltd.	63,000
Sumitomo Mitsui Trust Bank, Limited	22,500

2. Shares (As of March 31, 2019)

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

(2) Total Number of Issued Shares 2,532,004,445 shares (including 176,630,845 shares of treasury stock)

Note: The total number of issued shares has declined by 55,209,080 in accordance with the retirement of treasury stocks dated May 16, 2018.

(3) Number of Shareholders 229,439 (increase of 24,045 from the previous year-end)

(4) Shareholder composition

Financial institutions	642,632,682 shares	25.38 %
Other institutions	748,355,185 shares	29.55 %
Financial instrument firms	128,582,435 shares	5.08 %
Individuals and others	285,343,705 shares (including treasury stock)	11.27 %
Foreign institutions and others	727,090,438 shares	28.72 %

(5) Principal Shareholders

Name	Number of shares held	Shareholding ratio
	shares	%
KYOCERA Corporation	335,096,000	14.22
Toyota Motor Corporation	298,492,800	12.67
The Master Trust Bank of Japan, Ltd. (Trust Account)	217,873,800	9.25
Japan Trustee Services Bank, Ltd. (Trust Account)	128,821,400	5.46
JP MORGAN CHASE BANK 380055	40,664,620	1.72
JPMorgan Securities Japan Co., Ltd.	37,066,776	1.57
Japan Trustee Services Bank, Ltd. (Trust Account 7)	34,294,300	1.45
Japan Trustee Services Bank, Ltd. (Trust Account 5)	33,936,100	1.44
State Street Bank West Client-Treaty 505234	29,209,675	1.24
JP MORGAN CHASE BANK 385151	27,073,419	1.14

Note: Although the Company holds 176,630,845 shares of treasury stock, it is excluded from the list of principal shareholders presented above. The shareholding ratio is calculated after deducting the shares of treasury stock. The shares of treasury stock does not include the Company's shares owned by the Board Incentive Plan and the Stock Grant ESOP Trust (4,322,928 shares).

3. Directors and Audit & Supervisory Board Members

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

(As of March 31, 2019)

Position	Name	Responsibilities in the Company and important concurrent positions
Chairman, Representative Director	Takashi Tanaka	
Vice Chairman, Representative Director	Hirofumi Morozumi	
President, Representative Director	Makoto Takahashi	Executive Director, Corporate Strategy Planning Division and Corporate and Marketing Communications Sector
Executive Vice President, Representative Director	Yuzo Ishikawa	Executive Director, Consumer Business Sector, Media and CATV Business Division, and Product & Customer Service Sector
Executive Vice President, Representative Director	Yoshiaki Uchida	Executive Director, Technology Sector
Senior Managing Executive Officer, Director	Takashi Shoji	Executive Director, Solution Business Sector and Global Business Sector
Senior Managing Executive Officer, Director	Shinichi Muramoto	Executive Director, Corporate Sector
Managing Executive Officer, Director	Keiichi Mori	Deputy Executive Director, Solution Business Sector and Executive Director, IoT Business Development Division
* Managing Executive Officer, Director	Kei Morita	Executive Director, Life Design Business Sector
Director	Goro Yamaguchi	Chairman of the Board and Representative Director of KYOCERA Corporation
* Director	Tatsuro Ueda	Operating Officer of TOYOTA MOTOR CORPORATION
Director	Kuniko Tanabe	Partner of Tanabe & Partners Outside Audit & Supervisory Board Member of DAIDO METAL CO., LTD.
Director	Yoshiaki Nemoto	
* Director	Shigeo Ohyagi	Senior Advisor of TEIJIN LIMITED Outside Audit & Supervisory Board Member of JFE Holdings, Inc. Member of the Board of Directors (Outside), Member of the Audit & Supervisory Committee of MUFG Bank, Ltd.
Full-time Audit & Supervisory Board Member	Koichi Ishizu	
Full-time Audit & Supervisory Board Member	Akira Yamashita	
* Full-time Audit & Supervisory Board Member	Yasuhide Yamamoto	
Audit & Supervisory Board Member	Kakuji Takano	Senior representative of Takano Sogo Accounting Firm and Takano Sogo Group Outside Auditor of Sourcenext Co., Ltd.
Audit & Supervisory Board Member	Nobuaki Katoh	Advisor of Denso Corporation Outside Director of Toyota Boshoku Corporation External Corporate Auditor of Chubu Electric Power Co., Inc.

Notes: 1. Directors and Audit & Supervisory Board Members with * are new Directors and Audit & Supervisory Board Members who were elected at the 34th Annual Shareholders Meeting held on June 20, 2018.

2. In regard to Directors Tadashi Onodera, Nobuyori Kodaira and Shinji Fukukawa along with Audit & Supervisory Board Member Hiroshi Kobayashi, each of their terms of office expired as of the conclusion of the 34th Annual Shareholders Meeting held on June 20, 2018.

3. Each of Directors Goro Yamaguchi, Tatsuro Ueda, Kuniko Tanabe, Yoshiaki Nemoto and Shigeo Ohyagi is an Outside Director.

4. Each of full-time Audit & Supervisory Board Member Akira Yamashita, Audit & Supervisory Board Members Kakuji Takano and Nobuaki Katoh is an Outside Audit & Supervisory Board Member.

5. Audit & Supervisory Board Member Kakuji Takano has a wealth of experience as a Certified Public Accountant and Senior Representative of an accounting firm, and has extensive knowledge and insight into finance and accounting.

6. Each of Directors Kuniko Tanabe, Yoshiaki Nemoto and Shigeo Ohyagi, full-time Audit & Supervisory Board Member Akira Yamashita, Audit & Supervisory Board Members Kakuji Takano and Nobuaki Katoh is an Independent Director/Auditor pursuant to Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.

(2) Remunerations to Directors and Audit & Supervisory Board Members

1) Amounts of Executive Salaries to Directors and Audit & Supervisory Board Members

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	75	7	75	–	–
	Others	710	10	390	136	184
	Total	785	17	465	136	184
Audit & Supervisory Board Members	Outside Audit & Supervisory Board Members	50	3	50	–	–
	Others	52	3	52	–	–
	Total	102	6	102	–	–

Notes:
1. The above-stated number of Directors to be paid remuneration and the amount thereof include those for one Director and two Outside Directors who retired at the conclusion of the 34th Annual Shareholders Meeting held on June 20, 2018. The number of Directors to be paid executive bonuses is nine, excluding said retired Directors.
2. The above-stated remuneration for Audit & Supervisory Board Members includes amounts for one Audit & Supervisory Board Member (and no Outside Audit & Supervisory Board Members) who retired at the conclusion of the 34th Annual Shareholders Meeting held on June 20, 2018.
3. The maximum executive salaries for Directors was set at ¥50 million by a resolution of the 30th Annual Shareholders Meeting held on June 18, 2014.
4. The maximum annual executive salaries for Audit & Supervisory Board Members was set at ¥130 million by a resolution of the 32nd Annual Shareholders Meeting held on June 22, 2016. This amount is calculated based on the Company's fiscal year.
5. Executive bonuses for Directors are variable performance-based bonuses up to 0.1% of consolidated net income for the fiscal year under review, as determined by a resolution of the 27th Annual Shareholders Meeting held on June 16, 2011.
6. The decision of continuation and partial revision to the performance-linked stock-type incentive program for Directors (Board Incentive Plan) was resolved at the 34th Annual Shareholders Meeting held on June 20, 2018. This is apart from the bonuses and is paid to Directors, etc., who serve during the four years covering fiscal year 2018 to 2021.
7. 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. The Company paid retirement bonus of ¥64 million to Tadashi Onodera, who retired at the conclusion of the 34th Annual Shareholders Meeting held on June 20, 2018.

2) Policy on Decision of Content of Remunerations

The Company has established policies on determining remuneration for Directors and Audit & Supervisory Board Members, as follows. The Company has also formed a Remuneration Advisory Committee which is to act as a body that, in response to the request of the Board of Directors, deliberates on matters of executive compensation schemes and levels, and provides advice in that regard, with the aim of ensuring transparency and objectivity regarding such matters. The Chairman of the Remuneration Advisory Committee and a majority of its members, are Outside Directors.

a. Policy on remuneration for Directors

Remuneration for directors consists of fixed-amount salaries and performance-linked executive bonuses and stock remuneration provided that they are responsible for improving business results every fiscal year, as well as medium- to long-term corporate value. Fixed-amount salaries are based on such factors as directors' professional ranking and the management environment. Executive bonuses and stock remuneration are based on the KDDI Group's level of achievement of its performance targets for each fiscal year, as well as on individual directors' roles. In addition, these bonuses are given under the variable performance based compensation scheme up to 0.1% of consolidated net income of the relevant fiscal year, in order to clarify the management responsibility of Directors and provide incentives to boost their motivation to achieve higher business performance. This variable range was determined taking into consideration their role and responsibility towards the Group's goal of achieving sustainable growth and leading a new era of telecommunications while promptly responding to changes in the operating environment.

b. Policy on remuneration for Audit & Supervisory Board Members
Remuneration for Audit & Supervisory Board Members is based on discussions within the Members and is only a fixed-amount salary that is not linked to the business results of the Company.

(3) 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 ten 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.

(4) Outside Directors and Outside Audit & Supervisory Board Members

1) Important Concurrent Positions at Other Entities and the Relationship between the Company and Those Entities

- Director Goro Yamaguchi is the Chairman of the Board and Representative Director of KYOCERA Corporation. KYOCERA Corporation has business transactions with the Company. These transactions account for less than 5% of operating revenue and operating expenses for the Company on a parent basis.
- Director Tatsuro Ueda is Operating Officer of TOYOTA MOTOR CORPORATION, which has business transactions with the Company. These transactions account for less than 5% of operating revenue and operating expenses for the Company on a parent basis.
- Director Kuniko Tanabe is Partner of Tanabe & Partners and Outside Audit & Supervisory Board Member of DAIDO METAL CO., LTD., which have business transactions with the Company, but these transactions account for less than 0.1% of sales and operating revenue for the Company on a parent basis. The transaction amount between Tanabe & Partners and the Company accounts for less than ¥10 million.
- Director Shigeo Ohyagi is Senior Advisor of Teijin Limited, Outside Audit & Supervisory Board Member of JFE Holdings, Inc. and Member of the Board of Directors (Outside), Member of the Audit & Supervisory Committee of MUFG Bank, Ltd. Each of the aforementioned companies have business transactions with the Company, but in each case, the respective transactions account for less than 0.1% of sales and operating revenue for the Company on a parent basis. Note that MUFG Bank, Ltd. is one of the Company's principal lenders.
- Audit & Supervisory Board Member Kakuji Takano is Senior representative of Takano Sogo Accounting Firm and Takano Sogo Group and Outside Auditor of Sourcenext Co., Ltd., which have business transactions with the Company, but these transactions account for less than 0.1% of sales and operating revenue for the Company on a parent basis.
- Audit & Supervisory Board Member Nobuaki Katoh is Advisor of Denso Corporation, Outside Director of Toyota Boshoku Corporation and External Corporate Auditor of Chubu Electric Power Co., Inc., which have business transactions with the Company, but these transactions account for less than 0.1% of sales and operating revenue for the Company on a parent basis.

2) Principal Activities during the Fiscal Year Under Review

a. Attendance at meetings of the Board of Directors and meetings of the Audit & Supervisory Board

(Directors)

- Director Goro Yamaguchi attended twelve of the twelve meetings of the Board of Directors.
- Director Tatsuro Ueda attended nine of the ten meetings of the Board of Directors.
- Director Kuniko Tanabe attended twelve of the twelve meetings of the Board of Directors.
- Director Yoshiaki Nemoto attended twelve of the twelve meetings of the Board of Directors.
- Director Shigeo Ohyagi attended nine of the ten meetings of the Board of Directors.

* The attendance record of Directors Tatsuro Ueda and Shigeo Ohyagi began after their appointment as new Director at the 34th Annual Shareholders Meeting held on June 20, 2018.

(Audit & Supervisory Board Members)

- Audit & Supervisory Board Member Akira Yamashita attended twelve of the twelve meetings of the Board of Directors and twelve of the twelve meetings of the Audit & Supervisory Board.
- Audit & Supervisory Board Member Kakuji Takano attended twelve of the twelve meetings of the Board of Directors and twelve of the twelve meetings of the Audit & Supervisory Board.
- Audit & Supervisory Board Member Nobuaki Katoh attended ten of the twelve meetings of the Board of Directors and ten of the twelve meetings of the Audit & Supervisory Board.

b. The Outside Directors attended meetings of the Board of Directors as indicated above. At these meetings, they provided their viewpoints by voicing opinions based on their expertise and experience, asking

questions to clarify points, etc.
The Outside Audit & Supervisory Board Members attended meetings of the Board of Directors and the Audit & Supervisory Board as indicated above. At these meetings, they provided their viewpoints by voicing opinions based on their expertise and experience, asking questions to clarify points, etc.

4. Accounting Auditor

(1) Name of Accounting Auditor

Category	Name	Remarks
Accounting auditor	PricewaterhouseCoopers Kyoto	Appointed on June 20, 2007

(2) Remunerations Paid to Accounting Auditor

Name	1) Amount of remunerations to be paid to accounting auditor for the fiscal year under review	2) Total amount of money and other economic benefits to be paid by the Company and its subsidiaries
	Millions of yen	Millions of yen
PricewaterhouseCoopers Kyoto	450	1,194

Notes: 1. In the audit agreement between the Company and accounting auditor, the amount of remunerations for audit under the Companies Act is not clearly distinguished from remunerations 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, it has determined that the decision of Representative Directors with regard to the remuneration of the accounting auditor was reasonable and approves the same.

(3) Non-audit Services

The Company commissions and pays compensation for financial surveys, etc. to PricewaterhouseCoopers Kyoto.

(4) Policy on Decision to Dismiss or not Reappoint Accounting Auditor

When the Audit & Supervisory Board of the Company has judged that there are reasons for dismissal as provided for in Article 340, Paragraph 1 of the Companies Act, and recognized that the conduct of proper audits is difficult because of the occurrence of events, etc. that damage the eligibility and independence of accounting auditor, the Audit & Supervisory Board, based on the Audit & Supervisory Board's Rules, shall submit a supplementary proposal for the "Dismissal of Accounting Auditor" or "Non-reappointment of Accounting Auditor" to a shareholders meeting.

(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

Overseas subsidiaries of the Company 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, 2019	(Reference) As of March 31, 2018	Account item	As of March 31, 2019	(Reference) As of March 31, 2018
Assets			Liabilities		
Non-current assets:	4,897,918	4,423,306	Non-current liabilities:	1,339,683	1,005,498
Property, plant and equipment	2,546,181	2,437,196	Borrowings and bonds payable	1,040,978	704,278
Goodwill	539,694	526,601	Other long-term financial liabilities	66,493	68,478
Intangible assets	946,837	953,106	Retirement benefit liabilities	13,356	12,010
Investments accounted for using the equity method	174,000	98,192	Deferred tax liabilities	100,680	80,298
Other long-term financial assets	253,025	236,684	Provisions	33,996	10,754
Deferred tax assets	15,227	106,050	Contract liabilities	77,435	–
Contract costs	412,838	–	Other non-current liabilities	6,746	129,679
Other non-current assets	10,117	65,477			
			Current liabilities:	1,377,801	1,437,800
Current assets:	2,432,498	2,151,249	Borrowings and bonds payable	150,574	329,559
Inventories	90,588	89,207	Trade and other payables	671,969	610,726
Trade and other receivables	1,965,554	1,695,403	Other short-term financial liabilities	26,773	24,717
Other short-term financial assets	41,963	30,173	Income taxes payables	152,195	143,635
Income tax receivables	4,633	2,101	Provisions	34,403	31,231
Other current assets	125,162	133,531	Contract liabilities	116,076	–
Cash and cash equivalents	204,597	200,834	Other current liabilities	225,810	297,932
			Total liabilities	2,717,484	2,443,298
			Equity		
			Equity attributable to owners of the parent		
			Common stock	141,852	141,852
			Capital surplus	284,409	289,578
			Treasury stock	(383,728)	(338,254)
			Retained earnings	4,144,133	3,672,344
			Accumulated other comprehensive income	(3,174)	8,183
			Total equity attributable to owners of the parent	4,183,492	3,773,703
			Non-controlling interests	429,440	357,554
			Total equity	4,612,932	4,131,257
Total assets	7,330,416	6,574,555	**Total liabilities and equity**	7,330,416	6,574,555

(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, 2019	(Reference) For the fiscal year ended March 31, 2018
Operating revenue	5,080,353	5,041,978
Cost of sales	2,867,413	2,821,803
Gross profit	2,212,940	2,220,175
Selling, general and administrative expenses	1,210,470	1,271,215
Other income	10,140	12,041
Other expense	3,661	2,801
Share of profit of investments accounted for using the equity method	4,780	4,592
Operating income	1,013,729	962,793
Finance income	3,582	4,035
Finance cost	10,012	11,985
Other non-operating profit and loss	2,975	305
Profit for the year before income tax	1,010,275	955,147
Income tax	309,149	293,951
Profit for the year	701,126	661,196
Profit for the year attributable to:		
Owners of the parent	617,669	572,528
Non-controlling interests	83,457	88,668
Profit for the year	701,126	661,196

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

Consolidated Statement of Changes in Equity

For the fiscal year ended March 31, 2019

(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, 2018	141,852	289,578	(338,254)	3,672,344	8,183	3,773,703	357,554	4,131,257
Cumulative effects of changes in accounting policies	–	–	–	187,468	–	187,468	29,302	216,770
Restated balance	141,852	289,578	(338,254)	3,859,812	8,183	3,961,171	386,856	4,348,027
Comprehensive income								
Profit for the year	–	–	–	617,669	–	617,669	83,457	701,126
Other comprehensive income	–	–	–	–	(13,533)	(13,533)	(1,219)	(14,751)
Total comprehensive income	–	–	–	617,669	(13,533)	604,136	82,238	686,375
Transactions with owners and other transactions								
Cash dividends	–	–	–	(227,937)	–	(227,937)	(34,277)	(262,214)
Transfer of accumulated other comprehensive income to retained earnings	–	–	–	(2,176)	2,176	–	–	–
Purchase and disposal of treasury stock	–	(94)	(150,000)	–	–	(150,094)	–	(150,094)
Retirement of treasury stock	–	–	103,235	(103,235)	–	–	–	–
Changes due to business combination	–	–	–	–	–	–	3,324	3,324
Changes in interests in subsidiaries	–	(4,802)	–	–	–	(4,802)	(8,701)	(13,503)
Other	–	(274)	1,291	–	–	1,017	–	1,017
Total transactions with owners and other transactions	–	(5,169)	(45,474)	(333,348)	2,176	(381,816)	(39,655)	(421,470)
As of March 31, 2019	141,852	284,409	(383,728)	4,144,133	(3,174)	4,183,492	429,440	4,612,932

(Reference) For the fiscal year ended March 31, 2018

(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, 2017	141,852	298,046	(237,014)	3,354,140	(2,601)	3,554,423	294,710	3,849,133
Comprehensive income								
Profit for the year	–	–	–	572,528	–	572,528	88,668	661,196
Other comprehensive income	–	–	–	–	15,795	15,795	(1,030)	14,766
Total comprehensive income	–	–	–	572,528	15,795	588,324	87,638	675,961
Transactions with owners and other transactions								
Cash dividends	–	–	–	(219,701)	–	(219,701)	(47,590)	(267,291)
Transfer of accumulated other comprehensive income to retained earnings	–	–	–	5,012	(5,012)	–	–	–
Purchase and disposal of treasury stock	–	(50)	(150,000)	–	–	(150,050)	–	(150,050)
Retirement of treasury stock	–	(9,074)	48,709	(39,635)	–	–	–	–
Changes due to business combination	–	–	–	–	–	–	5,376	5,376
Changes in interests in subsidiaries	–	(635)	–	–	–	(635)	17,924	17,289
Other	–	1,291	51	–	–	1,343	(503)	839
Total transactions with owners and other transactions	–	(8,467)	(101,239)	(254,324)	(5,012)	(369,043)	(24,794)	(393,837)
As of March 31, 2018	141,852	289,578	(338,254)	3,672,344	8,183	3,773,703	357,554	4,131,257

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

(Reference)

Consolidated Statement of Cash Flows (Summary)

(Unit: Millions of yen)

Item	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2018
Net cash provided by (used in) operating activities	1,029,607	1,061,405
Net cash provided by (used in) investing activities	(714,578)	(633,847)
Free cash flows *	315,028	427,558
Net cash provided by (used in) financing activities	(310,951)	(453,168)
Effect of exchange rate changes on cash and cash equivalents	(314)	(163)
Net increase (decrease) in cash and cash equivalents	3,763	(25,773)
Cash and cash equivalents at the beginning of the year	200,834	226,607
Cash and cash equivalents at the end of the year	204,597	200,834

* Free cash flows are calculated as the sum of "net cash provided by (used in) operating activities" and "net cash provided by (used in) investing activities."

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

Operating activities provided net cash of ¥1,029,607 million. This includes ¥1,010,275 million of profit for the year before income tax, ¥562,402 million of depreciation and amortization, ¥290,689 million of income tax paid and ¥271,723 million of increase in trade and other receivables.
Investing activities used net cash of ¥714,578 million. This includes ¥399,531 million of purchases of property, plant and equipment, ¥202,607 million of purchases of intangible assets and ¥83,799 million of purchases of stocks of associates.
Financial activities used net cash of ¥310,951 million. This includes ¥456,000 million of proceeds from issuance of bonds and long-term borrowings, ¥302,151 million of payments from redemption of bonds and repayments of long-term borrowings, ¥227,700 million of cash dividends paid and ¥150,000 million of payments from purchase of treasury stock.
As a result, the total amount of cash and cash equivalents as of March 31, 2019, increased by ¥3,763 million from March 31, 2018 to ¥204,597 million.

Non-Consolidated Financial Statements (Japan GAAP)

Non-Consolidated Balance Sheets

(Unit: Millions of yen)

Account item	As of March 31, 2019		(Reference) As of March 31, 2018		Account item	As of March 31, 2019		(Reference) As of March 31, 2018	
(Assets)					(Liabilities)				
I Noncurrent assets		3,447,142		3,263,028					
A Noncurrent assets-telecommunications business		1,731,048		1,697,727					
(1) Property, plant and equipment*		1,514,462		1,475,916	I Noncurrent liabilities		692,455		386,006
1 Machinery	2,412,676		2,294,043		1 Bonds payable		220,000		160,000
Accumulated depreciation	1,867,480	545,196	1,749,821	544,222	2 Long-term loans payable		365,000		147,000
2 Antenna facilities	786,209		737,539		3 Lease obligations		58		–
Accumulated depreciation	486,150	300,059	443,724	293,815	4 Provision for retirement benefits		8,247		9,190
3 Terminal facilities	8,964		8,911		5 Provision for point service program		56,285		49,165
Accumulated depreciation	7,345	1,619	7,256	1,655	6 Provision for warranties for completed construction		3,637		3,765
4 Local line facilities	207,090		202,575		7 Asset retirement obligations		26,088		3,446
Accumulated depreciation	175,367	31,723	169,585	32,990	8 Provision for officers' stock compensation		1,433		–
5 Long-distance line facilities	95,334		95,251		9 Provision for employees' stock compensation		824		–
Accumulated depreciation	90,863	4,472	90,121	5,131	10 Other noncurrent liabilities		10,883		13,440
6 Engineering facilities	60,099		59,657						
Accumulated depreciation	47,154	12,945	45,668	13,989					
7 Submarine line facilities	46,808		50,788						
Accumulated depreciation	42,991	3,816	46,249	4,539					
8 Buildings	365,238		365,725						
Accumulated depreciation	233,338	131,900	223,309	142,416					
9 Structures	84,443		82,271						
Accumulated depreciation	64,788	19,655	62,306	19,966	II Current liabilities		1,027,895		1,064,962
10 Machinery and equipment	4,363		4,274		1 Current portion of noncurrent liabilities		118,000		200,000
Accumulated depreciation	4,146	217	4,205	69	2 Accounts payable-trade		99,874		102,609
11 Vehicles	1,749		1,437		3 Short-term loans payable		221,165		246,040
Accumulated depreciation	1,199	550	1,127	310	4 Lease obligations		101		2
12 Tools, furniture and fixtures	92,922		88,668		5 Accounts payable-other		367,109		327,592
Accumulated depreciation	70,374	22,547	65,202	23,466	6 Accrued expenses		5,260		5,440
13 Land		260,520		260,518	7 Income taxes payable		110,313		99,956
14 Lease assets	–		43		8 Advances received		18,017		20,504
Accumulated depreciation	–	–	41	2	9 Deposits received		67,833		43,488
15 Construction in progress		179,242		132,827	10 Provision for bonuses		16,777		17,191
(2) Intangible assets		216,585		221,811	11 Provision for directors' bonuses		141		152
1 Right of using submarine line facilities		2,455		2,903	12 Asset retirement obligations		2,346		1,988
2 Right of using facilities		12,508		10,853	13 Provision for loss on disaster		959		–
3 Software		199,333		205,767					
4 Patent right		0		0					
5 Leasehold right		1,427		1,427					
6 Other intangible assets		863		861					
					Total liabilities		1,720,350		1,450,968

(Unit: Millions of yen)

Account item	As of March 31, 2019		(Reference) As of March 31, 2018		Account item	As of March 31, 2019		(Reference) As of March 31, 2018	
B Incidental business facilities		44,639		45,885	(Net assets)				
(1) Property, plant and equipment*	56,685		55,979						
Accumulated depreciation	36,541	20,144	31,883	24,096					
(2) Intangible assets		24,495		21,789					
C Investments and other assets		1,671,455		1,519,416	I Shareholders' equity		3,692,204		3,563,204
1 Investment securities		110,061		196,366	1 Capital stock		141,852		141,852
2 Stocks of subsidiaries and affiliates		1,049,878		864,891	2 Capital surplus		305,676		305,676
					(1) Legal capital surplus	305,676		305,676	
3 Investments in capital		63		63	(2) Other capital surplus	–		–	
4 Investments in capital of subsidiaries and affiliates		5,742		5,742	3 Retained earnings		3,634,953		3,457,422
					(1) Legal retained earnings	11,752		11,752	
5 Long-term loans receivable		3		3	(2) Other retained earnings				
6 Long-term loans receivable from subsidiaries and affiliates		164,032		175,697	Reserve for advanced depreciation of noncurrent assets	677		677	
7 Long-term prepaid expenses		208,882		172,716	Reserve for special depreciation	605		931	
8 Deferred tax assets		106,039		77,427	General reserve	2,995,634		2,809,234	
9 Other investment and other assets		36,660		36,616	Retained earnings brought forward	626,285		634,828	
Allowance for doubtful accounts		(9,904)		(10,104)					
II Current assets		1,980,088		1,768,364	4 Treasury stock		(390,276)		(341,746)
1 Cash and deposits		71,241		66,622					
2 Accounts receivable-trade		1,533,404		1,369,036					
3 Accounts receivable-other		73,562		62,530					
4 Supplies		71,143		77,414	II Valuation and translation adjustments		14,676		17,221
5 Prepaid expenses		34,837		33,339					
6 Deferred tax assets		–		23,889	1 Valuation difference on available-for-sale securities		14,676		17,221
7 Short-term loans receivable from subsidiaries and affiliates		199,994		145,293					
8 Other current assets		9,031		5,084					
Allowance for doubtful accounts		(13,123)		(14,843)					
					Total net assets		3,706,880		3,580,425
Total assets		5,427,230		5,031,392	**Total liabilities and net assets**		5,427,230		5,031,392

* 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, 2019	(Reference) The fiscal year ended March 31, 2018
I Operating income and loss from telecommunications		
(1) Operating revenue	2,604,826	2,627,982
(2) Operating expenses	1,928,824	1,930,068
1 Business expenses	633,571	617,394
2 Operating expenses	30	33
3 Facilities maintenance expenses	276,890	270,664
4 Common expenses	2,638	2,861
5 Administrative expenses	92,221	90,155
6 Experiment and research expenses	8,173	8,320
7 Depreciation	358,077	341,107
8 Noncurrent assets retirement cost	18,603	37,719
9 Communication facility fee	496,379	526,164
10 Taxes and dues	42,241	35,651
Net operating income from telecommunications	676,001	697,914
II Operating income and loss from incidental business		
(1) Operating revenue	1,456,887	1,400,542
(2) Operating expenses	1,457,200	1,413,410
Net operating loss from incidental business	314	12,868
Operating profit	675,688	685,046
III Non-operating income	55,720	63,393
1 Interest income	1,708	1,415
2 Dividends income	43,661	51,444
3 Foreign exchange gains	1,032	–
4 Miscellaneous income	9,319	10,534
IV Non-operating expenses	8,084	8,416
1 Interest expenses	2,066	2,832
2 Interest on bonds	2,210	2,178
3 Foreign exchange losses	–	1,903
4 Miscellaneous expenses	3,808	1,504
Ordinary profit	723,323	740,023
V Extraordinary income	1,081	2,201
1 Gain on sales of noncurrent assets	481	526
2 Gain on sales of investment securities	599	1,488
3 Gain on sale of stocks of related companies	–	155
4 Contribution for construction	–	32

(Unit: Millions of yen)

Account item	The fiscal year ended March 31, 2019	(Reference) The fiscal year ended March 31, 2018
VI Extraordinary loss	15,194	5,427
1 Loss on sales of noncurrent assets	426	613
2 Impairment loss	1,815	2,917
3 Loss on valuation of investment securities	281	509
4 Loss on valuation of stocks of subsidiaries and affiliates	12,673	1,357
5 Reduction entry of contribution for construction	–	32
Profit before income taxes	709,210	736,797
Income taxes-current	207,665	197,763
Income taxes-deferred	(3,601)	13,645
Profit	505,146	525,389

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

Non-Consolidated Statements of Changes in Net Equity

The fiscal year ended March 31, 2019

(Unit: Millions of yen)

	Shareholders' equity							
		Capital surplus		Retained earnings				
					Other retained earnings			
	Capital stock	Legal capital surplus	Other capital surplus	Legal retained earnings	Reserve for advanced depreciation of noncurrent assets	Reserve for special depreciation	General reserve	Retained earnings brought forward
Balance at the beginning of current period	141,852	305,676	–	11,752	677	931	2,809,234	634,828
Changes of items during the fiscal year								
Dividends from surplus	–	–	–	–	–	–	–	(228,159)
Reversal of reserve for special depreciation	–	–	–	–	–	(326)	–	326
Provision of general reserve	–	–	–	–	–	–	186,400	(186,400)
Profit	–	–	–	–	–	–	–	505,146
Purchase of treasury stock	–	–	–	–	–	–	–	–
Disposal of treasury stock	–	–	3,779	–	–	–	–	–
Retirement of treasury stock	–	–	–	–	–	–	–	(103,235)
Transfer from retained earnings to capital surplus	–	–	(3,779)	–	–	–	–	3,779
Net changes of items other than shareholders' equity	–	–	–	–	–	–	–	–
Total changes of items during the fiscal year	–	–	–	–	–	(326)	186,400	(8,543)
Balance at the end of current period	141,852	305,676	–	11,752	677	605	2,995,634	626,285

(Unit: Millions of yen)

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	
Balance at the beginning of current period	(341,746)	3,563,204	17,221	3,580,425
Changes of items during the fiscal year				
Dividends from surplus	–	(228,159)	–	(228,159)
Reversal of reserve for special depreciation	–	–	–	–
Provision of general reserve	–	–	–	–
Profit	–	505,146	–	505,146
Purchase of treasury stock	(160,345)	(160,345)	–	(160,345)
Disposal of treasury stock	8,580	12,358	–	12,358
Retirement of treasury stock	103,235	–	–	–
Transfer from retained earnings to capital surplus	–	–	–	–
Net changes of items other than shareholders' equity	–	–	(2,545)	(2,545)
Total changes of items during the fiscal year	(48,530)	129,001	(2,545)	126,455
Balance at the end of current period	(390,276)	3,692,204	14,676	3,706,880

(Reference) The fiscal year ended March 31, 2018

(Unit: Millions of yen)

	Shareholders' equity							
		Capital surplus		Retained earnings				
					Other retained earnings			
	Capital stock	Legal capital surplus	Other capital surplus	Legal retained earnings	Reserve for advanced depreciation of noncurrent assets	Reserve for special depreciation	General reserve	Retained earnings brought forward
Balance at the beginning of current period	141,852	305,676	9,074	11,752	677	1,281	2,554,734	623,075
Changes of items during the fiscal year								
Dividends from surplus								(219,851)
Reversal of reserve for special depreciation						(350)		350
Provision of general reserve							254,500	(254,500)
Profit								525,389
Purchase of treasury stock								
Disposal of treasury stock								
Retirement of treasury stock			(9,074)					(39,635)
Net changes of items other than shareholders' equity								
Total changes of items during the fiscal year	–	–	(9,074)	–	–	(350)	254,500	11,753
Balance at the end of current period	141,852	305,676	–	11,752	677	931	2,809,234	634,828

(Unit: Millions of yen)

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	
Balance at the beginning of current period	(240,547)	3,407,574	11,625	3,419,199
Changes of items during the fiscal year				
Dividends from surplus		(219,851)		(219,851)
Reversal of reserve for special depreciation		–		–
Provision of general reserve		–		–
Profit		525,389		525,389
Purchase of treasury stock	(150,000)	(150,000)		(150,000)
Disposal of treasury stock	92	92		92
Retirement of treasury stock	48,709	–		–
Net changes of items other than shareholders' equity		–	5,596	5,596
Total changes of items during the fiscal year	(101,199)	155,629	5,596	161,226
Balance at the end of current period	(341,746)	3,563,204	17,221	3,580,425

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

Independent Auditor's Report (Consolidated)

Independent Auditors' Report
(English Translation)

May 13, 2019

To the Board of Directors of
KDDI CORPORATION

PricewaterhouseCoopers Kyoto
Toshimitsu Wakayama, CPA
Designated and Engagement Partner
Ryoichi Iwasaki, CPA
Designated and Engagement Partner
Tetsuro Iwase, CPA
Designated and Engagement Partner

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, 2019, and the consolidated statement of income and statement of changes in equity for the year then ended, and the notes to consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements pursuant to the provisions of the latter part of Article 120, Paragraph 1 of the Rules of Corporate Accounting, which permits companies to omit a part of disclosure items required under the designated IFRSs in preparing the consolidated financial statements. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers the Company's internal control relevant to the preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statements audit is not to express an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements, which were prepared under the designated IFRSs with omission of a part of disclosure items pursuant to the provisions of the latter part of Article 120, Paragraph 1 of the Rules of Corporate Accounting, present fairly, in all material respects, the consolidated financial position of KDDI CORPORATION and its subsidiaries as of March 31, 2019, and their financial performance for the year then ended.

Emphasis of Matter
As described in the "5. Accounting policies," the Company is applying IFRS 15 Revenue from contracts with customers (newly established in May 2014) effective the fiscal year under review.
This matter does not have any impact on our opinion.

Other Matters
We 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 Readers:

The original consolidated financial statements, which consist of the consolidated statement of financial position, statement of income, statement of changes in equity and the important matters and notes are written in Japanese.

The Independent Auditor's Report is translated in English solely for convenience. The original report is written in Japanese.

Independent Auditor's Report (Non-Consolidated)

Independent Auditors' Report
(English Translation)

May 13, 2019

To the Board of Directors of
KDDI CORPORATION

PricewaterhouseCoopers Kyoto
Toshimitsu Wakayama, CPA
Designated and Engagement Partner
Ryoichi Iwasaki, CPA
Designated and Engagement Partner
Tetsuro Iwase, CPA
Designated and Engagement Partner

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, 2019, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the financial statements and annexed detailed statements thereof 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 and supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and annexed detailed statements thereof based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules thereof are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules thereof. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and annexed detailed statements thereof, whether due to fraud or error. In making those risk assessment, the auditor considers the Company's internal control relevant to the preparation of the financial statements and annexed detailed statements thereof that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statements audit is not to express an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and annexed detailed statements thereof.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements and supplementary schedules present fairly, in all material respects, the financial position of KDDI CORPORATION as of March 31, 2019, and their financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Other Matters
We 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 Readers:

The original financial statements, which consist of the balance sheet, statement of income, statement of changes in net equity and the explanatory notes to the financial statements and annexed detailed statements thereof are written in Japanese.

The Independent Auditor's Report is translated in English solely for convenience. The original report is written in Japanese.

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 35th fiscal year from April 1, 2018 to March 31, 2019, 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 Ordinance 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 Kyoto 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 maintain their independence and performed appropriate audits, by receiving reports from them on the status of execution of their duties and requesting them to provide explanation when needed. 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 Ordinance on Accounting of Companies) 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 Kyoto 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 Kyoto are fair and reasonable.

May 15, 2019

Full-time Audit & Supervisory Board Member,	Koichi Ishizu
Full-time Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member),	Akira Yamashita
Full-time Audit & Supervisory Board Member,	Yasuhide Yamamoto
Outside Audit & Supervisory Board Member,	Kakuji Takano
Outside Audit & Supervisory Board Member,	Nobuaki Katoh

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.