

Announcement Regarding the Company Split (Simplified Absorption-Type Company Split) Creating a Consolidated Subsidiary

At the Board of Directors meeting held on December 9, 2021, KDDI decided to split off its Store Sales Support Business (the “Business”) into a wholly owned consolidated subsidiary named KDDI Sonic-Falcon Co., Ltd. (“KDDI Sonic-Falcon”) through an absorption-type corporate split (the “Company Split”) with a planned effective date of June 1, 2022. Plans call for an absorption-type corporate split agreement creating KDDI Sonic-Falcon to be concluded on February 25, 2022.

Furthermore, a portion of the disclosure-related matters and content have been omitted because it is a simplified absorption-type company split where the Business will be split off into a wholly owned subsidiary of KDDI.

1. Purpose of the Company Split

The telecommunications market is changing at a speed and on a scale that is unprecedented due in part to evolving technologies, growing customer needs, and emerging competitors. Amid this environment, the KDDI Group aims to further enhance corporate value by promoting the “integration of telecommunications and life design.”

As a part of these efforts, KDDI has decided to establish KDDI Sonic-Falcon and to transfer the Business to this company through the Company Split.

After Company Split, the sales functions of both KDDI and KDDI Sonic-Falcon will be developed with professional staff with deep expertise in specific fields who can propose lifestyle as well as telecommunications to customers. In addition, as a company rooted in the region, KDDI Sonic-Falcon will strengthen the recruitment of talented human resources with a desire to work in the region and realize long-term stable employment.

In this way, we will continue to ensure the sustainable growth of the domestic telecommunications business and strengthen the Group’s growth base.

2. Summary of the Company Split

(1) Schedule of the Company Split

Date of resolution by the board of directors of the Company:	December 9, 2021
Date of resolution by the board of directors of KDDI Sonic-Falcon:	February 25, 2022 (to be decided)
Date of execution of the Company Split agreement:	February 25, 2022 (to be decided)
Date of Company Split (effective date):	June 1, 2022 (to be decided)

Note: Because the Company Split consists of both a simplified company split as provided in Article 784, paragraph (2) of the Companies Act for the Company, which is the splitting company, and a simplified company split as provided in Article 796, paragraph (1) of the Companies Act for KDDI Sonic-Falcon, which is the succeeding company, the Company and KDDI Sonic-Falcon will not hold a shareholders’ meeting to obtain approval for the company split agreement.

(2) Method of the Company Split

This is an absorption-type split with KDDI as the company to be split and KDDI Sonic-Falcon as the company absorbing the operations to be split off.

(3) Details of the Allocation relating to the Company Split

No allocation of shares or other payment will be made for the Company Split.

(4) Treatment regarding Share Options and Bonds with Share Options Associated with the Company Split

KDDI has not issued any share options or bonds with share options.

(5) Stated Capital Increased or Decreased due to the Company Split

There will be no increase or decrease in the Company's stated capital due to the Company Split.

(6) Rights and Obligations Succeeded to by the Succeeding Company

In conjunction with the Company Split, among the rights and obligations from contracts that the Company holds in relation to the Business as of the time immediately before the Company Split becomes effective, KDDI will succeed to those provided in the Absorption-type Company Split Agreement. However, KDDI will not succeed to the assets and liabilities that it now holds in relation to the Business.

(7) Prospect of Fulfillment of Obligations

We have determined that there will be no impediment to the fulfillment of obligations payable by KDDI Sonic-Falcon, on or after the effective date of the Company Split.

3. Outline of the Companies Involved in the Company Split (Splitting Company is as of end of March 2021)

	Splitting Company	Succeeding Company
(1) Name	KDDI Corporation	KDDI Sonic-Falcon Corporation
(2) Location of the Head Office	2-3-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo	3-10-10, Idabashi, Chiyoda-ku, Tokyo
(3) Name and Title of the Representative	Makoto Takahashi, President	Hitoshi Oda, President
(4) Summary of Business	Telecommunications business	Store sales support business
(5) Stated Capital	141,852 million yen	50 million yen
(6) Date of Establishment	June 1, 1984	December 8, 2021
(7) Number of Issued Shares	2,304,179,550 shares	2,000 shares
(8) Fiscal Year-End	March 31	March 31
(9) Major Shareholders and Shareholding Ratio	KYOCERA Corporation 14.70% Toyota Motor Corporation 13.90% The Master Trust Bank of Japan, Ltd. (trust account) 10.79% Custody Bank of Japan, Ltd. (trust account) 6.02%	KDDI Corporation 100%

(10) Financial Condition and Business Results for the Latest Year

KDDI Corporation (International Financial Reporting Standards) (consolidated)	
Fiscal Term	Fiscal year ended March 2021
Equity attributable to owners of the parent (million yen)	4,759,720
Total assets (million yen)	10,535,326
Equity per share attributable to owners of the parent (yen)	2,091.82
Operating revenue (million yen)	5,312,599
Operating income (million yen)	1,037,395
Profit for the year before income tax (million yen)	1,038,056
Profit for the year attributable to owners of the parent (million yen)	651,496
Basic earnings per share (yen)	284.16

KDDI Sonic-Falcon Corporation (Japanese GAAP) (non-consolidated)	As of December 9,2021
Total equity (million yen)	100
Total assets (million yen)	100
Equity per share (yen)	50,000

Note: Due to its newly founded status, no results for operating revenue or other items are provided for KDDI Sonic-Falcon.

4. Outline of the Splitting Business Sectors

(1) Details of Business of the Splitting Sectors

KDDI's Store Sales Support Business

(2) Business Results of the Splitting Sectors

KDDI's business assets and customer agreements are not related to the Business and will not be succeeded to KDDI Sonic-Falcon through the Company Split. There are therefore no items to list related to the business results of the business to be split off. Furthermore, the operating revenue of KDDI Sonic-Falcon is expected to be recorded mainly based on the outsourcing expenses related to the outsourcing agreement slated to be concluded with KDDI.

(3) Items and Book Values of the Splitting Assets and Liabilities

There are no relevant items because the status under contracts that the Company holds in relation to the Business will be succeeded.

5. Status after the Company Split

There will be no change in the name, location, position or name of the representative, business, stated capital, or fiscal term of either the Company or KDDI Sonic-Falcon following the Company Split.

6. Future Outlook

The impact of the Company Split on KDDI's consolidated operating results will be minor because it is a corporate split in which KDDI and its wholly owned subsidiary form a business company.

(note) Forecast of consolidated financial results for the current fiscal year and consolidated financial results for the previous fiscal year (million yen)

	Operating revenue	Operating income	Profit for the year attributable to owners of the parent	Basic earnings per share (yen)
Forecast of consolidated financial results for the current fiscal year (FY2022.3)	5,350,000	1,050,000	655,000	292.68
Consolidated financial results for the previous fiscal year (FY2021.3)	5,312,599	1,037,395	651,496	284.16

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