

Tomorrow, Together



New Mid-Term Management Strategy (FY23.3-FY25.3)

May 13, 2022

KDDI Corporation

President

Makoto Takahashi



Major Environmental Changes



Diversification of values and work styles

Creating new business through DX

Increasing importance of sustainability

Progress in Beyond 5G/6G research
as well as next-generation technologies

Toward KDDI VISION 2030



Mid-Term Management Strategy

Defining new materiality and promoting the mid-term management strategy



EKDDI VISION 2030

Video
(About 4 minutes)

The creation of a society in which anyone can make their dreams a reality, by enhancing the power to connect.

KDDI VISION 2030



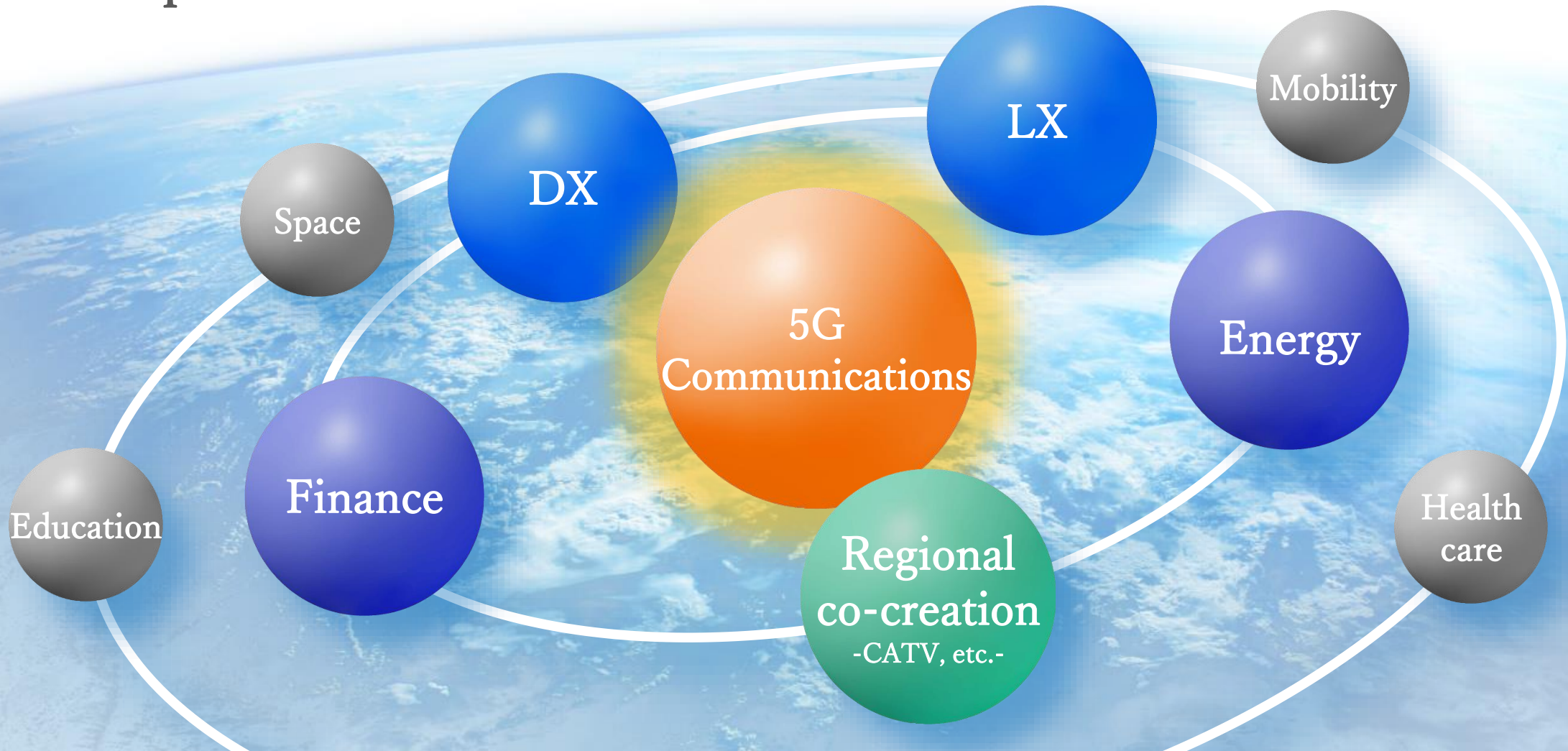
Sustainability Management

Working with partners to achieve sustainable growth
and enhance corporate value



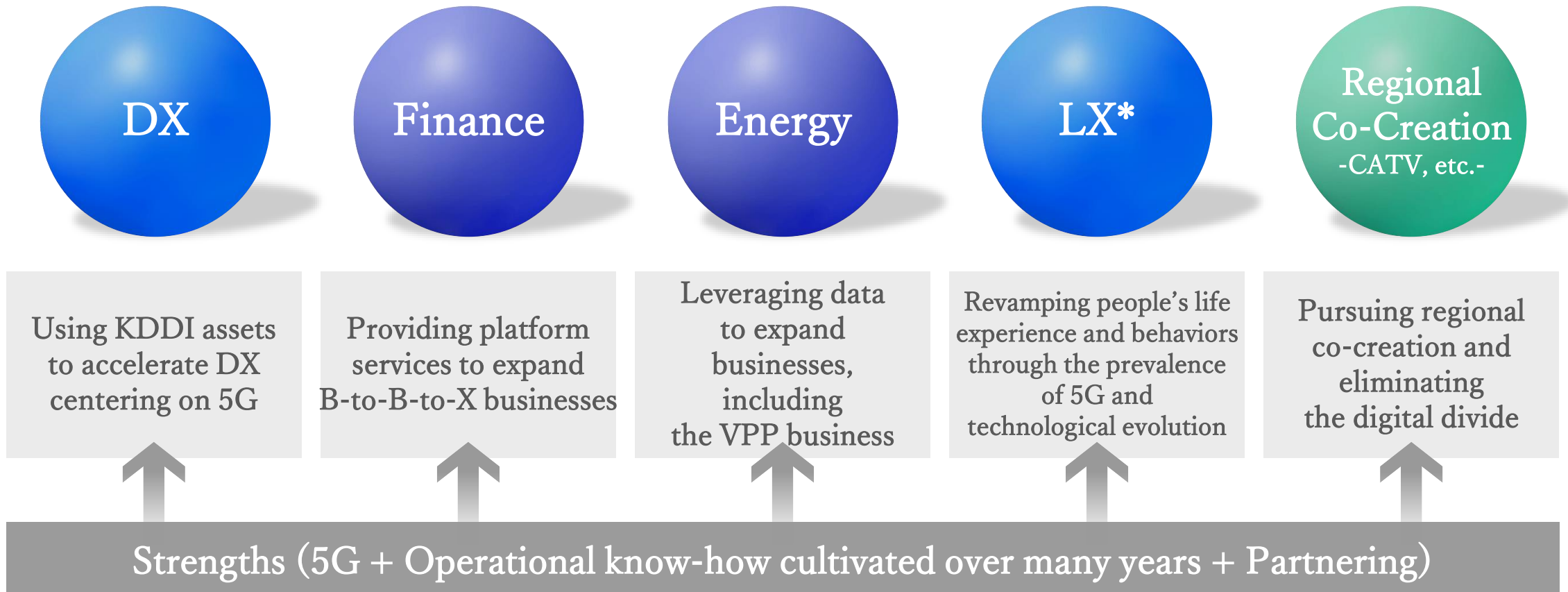
Satellite Growth Strategy

5G-driven evolution of the telecommunications business and expansion of focus areas with telecommunications at the core



Focus Areas

In the era of blending telecommunications, evolve businesses in each area by leveraging our strengths



*LX: Life Transformation (a business model that transforms diversifying consumption, life experience and behaviors with an eye to the future)

With 5G penetration, telecommunications will "blend in" with every scene. Era of New Value Creation

5G

High speed high capacity
low latency and
guaranteed bandwidth

Smoothplay

Automobile Management

Immersive,
realistic experience

Medical diagnoses

5G Area Construction

Reinforcing customers' lifeline and nationwide coverage also contributes to government targets

Areas along the customer's life line

Areas with high data traffic:
analyze, predict and build efficiently



Commercial districts



Railroads Shinkansen



Expressways

Nationwide coverage

Contributing to the 5G population coverage target (95% by FY2024.3) under the Vision for a Digital Garden City Nation



Connecting more and always with au



Mountainous regions

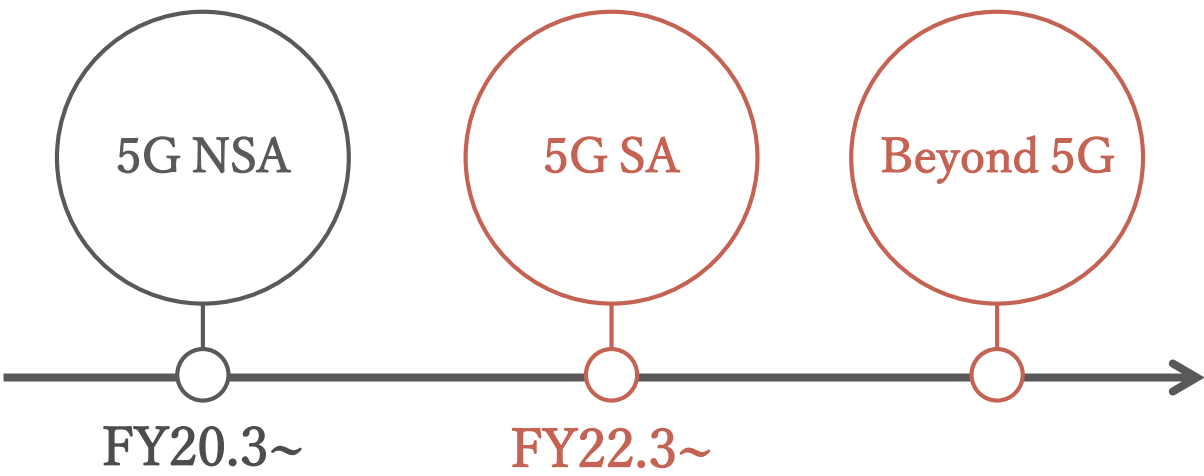


Isolated island areas

Partnering with SpaceX
Promoting measures to prevent blind spots

Evolution of 5G Technology

New value opportunities expand with full-scale 5G SA



Network slicing

Openness and Virtualization

5G SA Application Examples



Participate in events from satellite sites

Event VR viewing at home

Live transmission
Dedicated slices

Live transmission
Dedicated slices

93.1 Mbps

Video Streaming
Dedicated slices

Game Streaming
Dedicated slices

Video streaming anywhere

Game streaming on the go

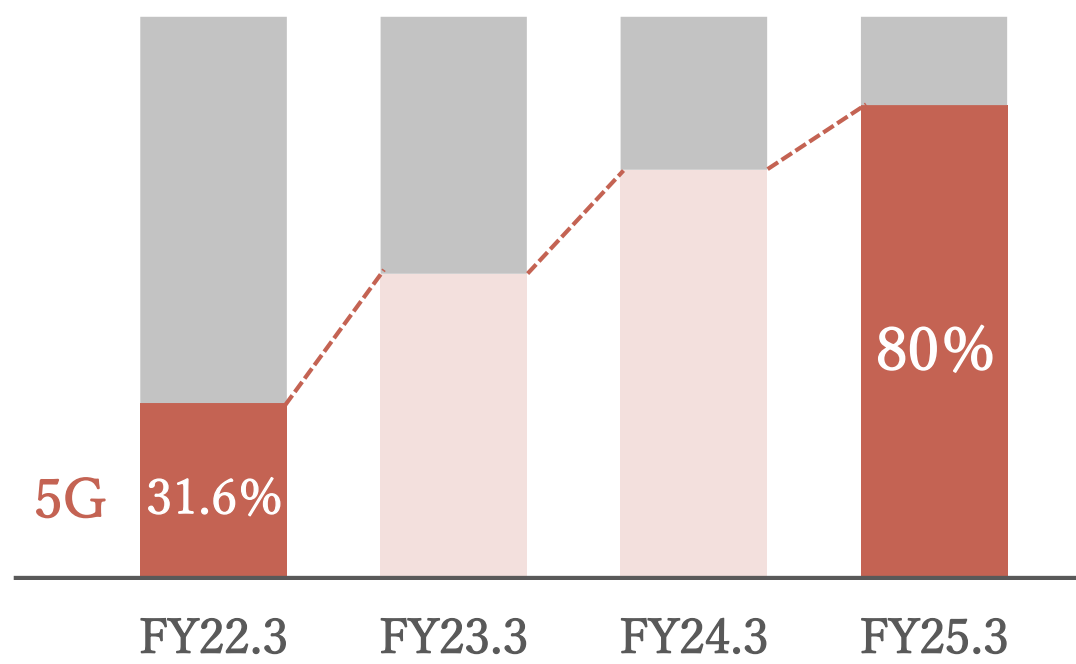
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“Entertainment experiences everywhere”
Co-creating through network slicing

NSA: Non-Standalone, SA: Standalone

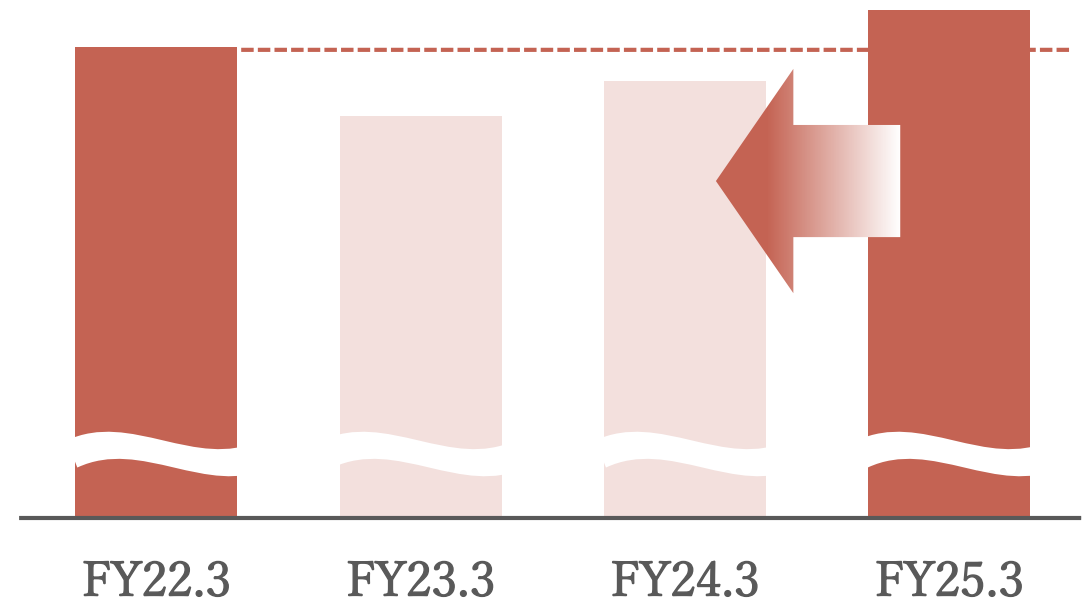
5G Penetration / Communications ARPU Revenues

5G Penetration



Goal: 80% by FY25.3

Multi-Brand Communications ARPU Revenues



Plan to increase by FY25.3 versus FY22.3
Moreover, aiming faster rebound

Note) Personal Services segment
Note) After that, mid-term target is stated for FY25.3 notation

Maximize ARPU

Expand services to provide unique 5G experiences through partnering



High-definition video experience



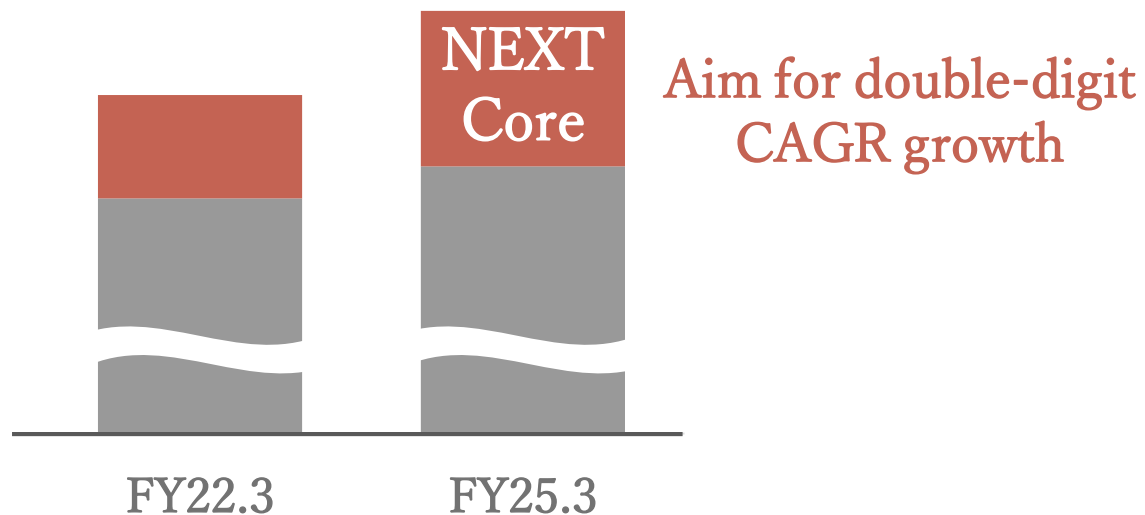
Real-time service experience

Corporate Business

Aim for double-digit operating income CAGR through growth in NEXT Core businesses

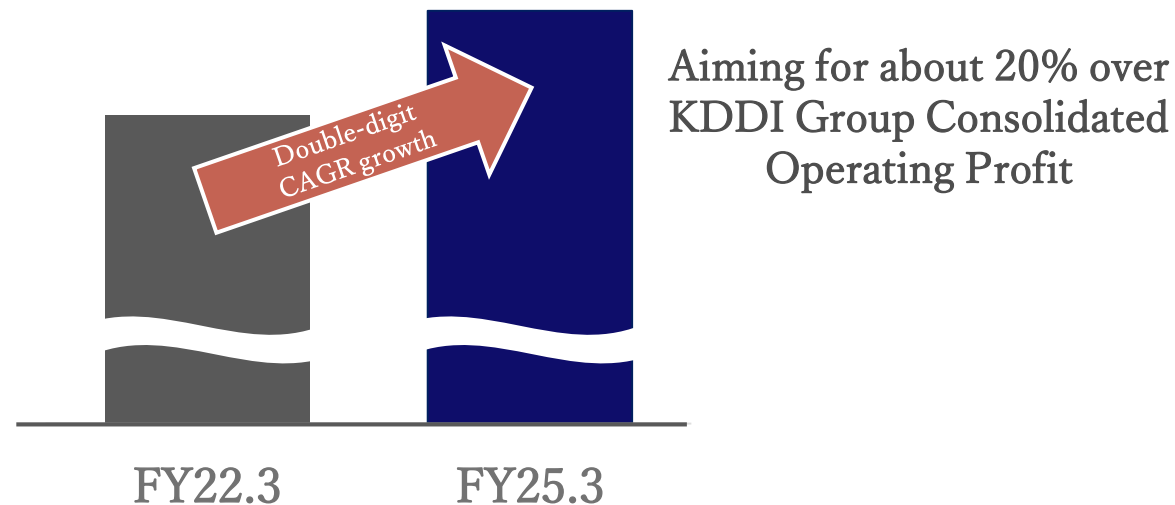
Operating Revenue

DX Promotion
NEXT Core business drives business growth



Operating Income

Overall Business Services segment
Double-digit CAGR growth

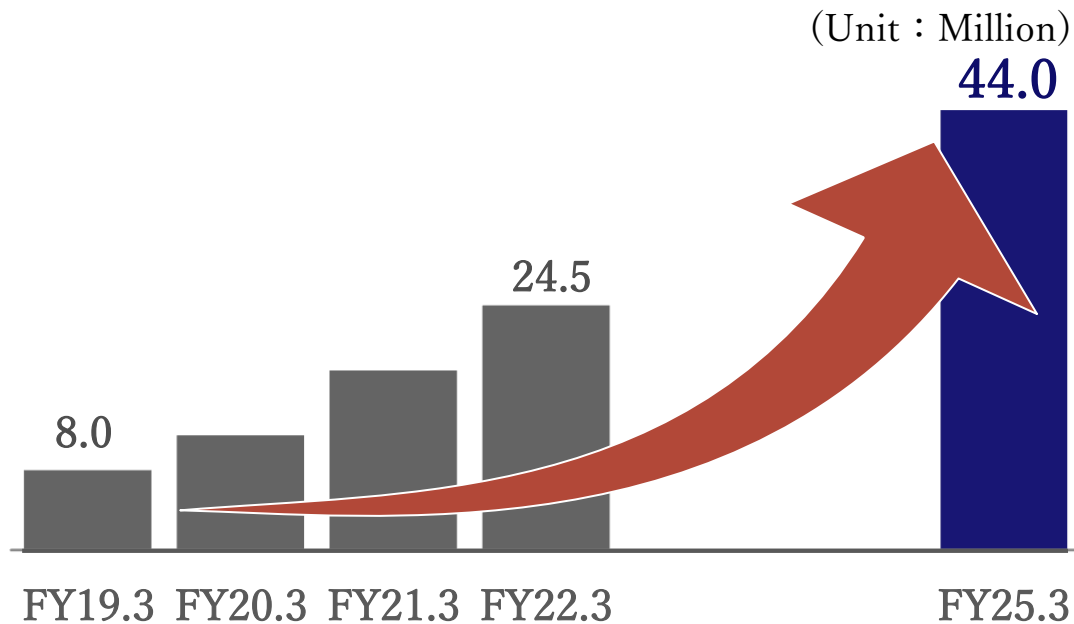


Outlook of DX leveraging our strengths

Further evolution of operational management know-how optimized for era of blended communications

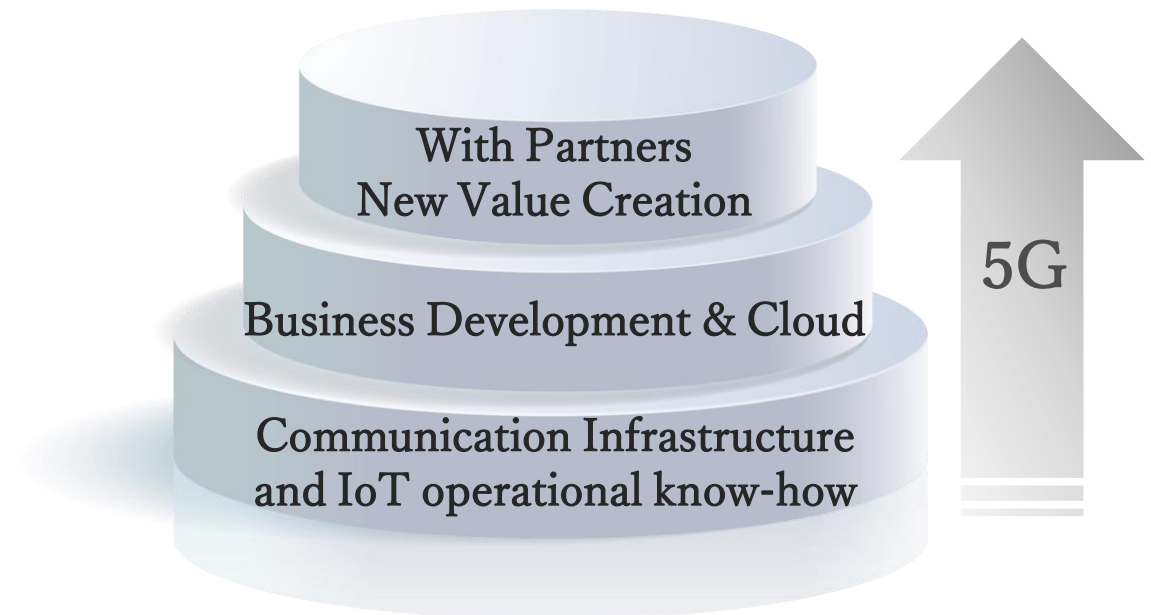
IoT Connections

Reliable operation and maintenance system cultivated with global partners



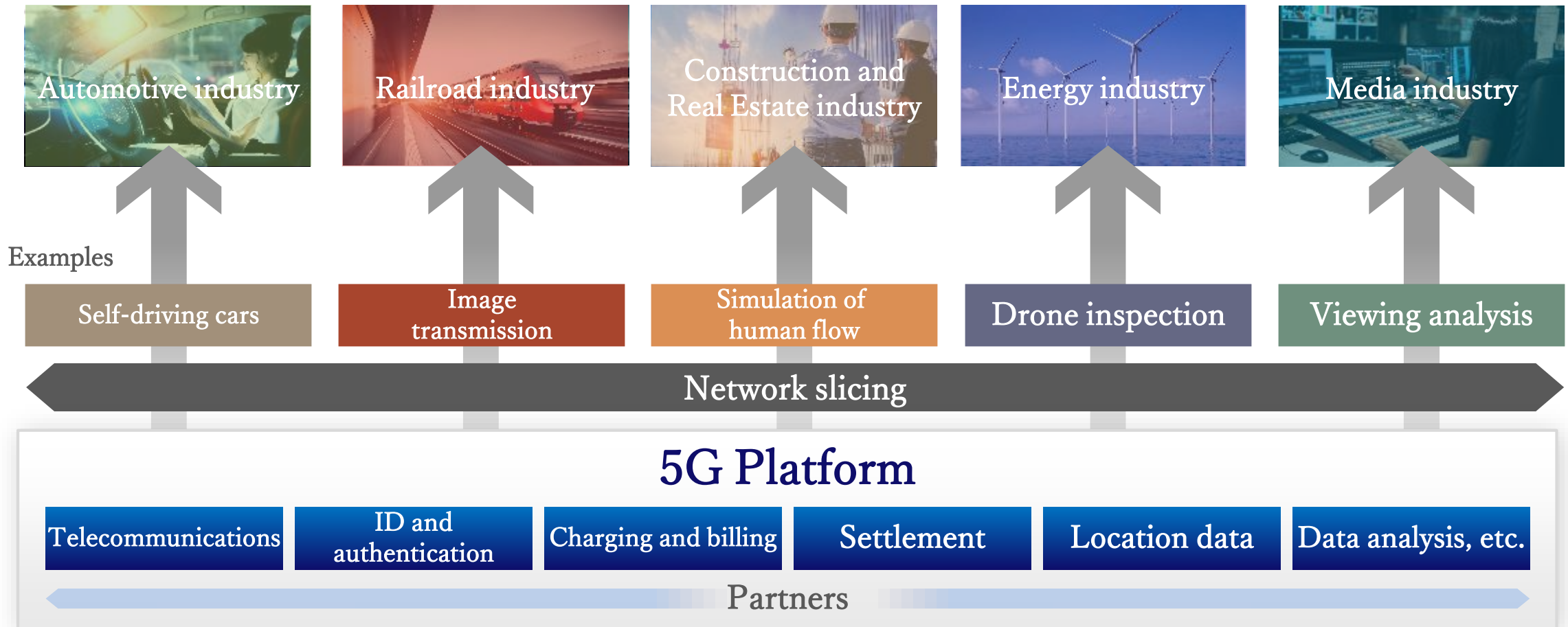
New Value Creation

Co-creating new value through DX in addition to the sense of security provided by constant connection



Accelerate DX of Customer Companies

Aiming to provide industry-specific platforms that support business creation



Business Co-Creation Case Studies

Promote business development with partners and co-create through DX

Image transmission, etc.



Decentralize urban development to create work and lifestyles not restricted by location or time

Simulation of human flow, etc.



Predicting the future through analyzing data on people and cities with proprietary algorithms

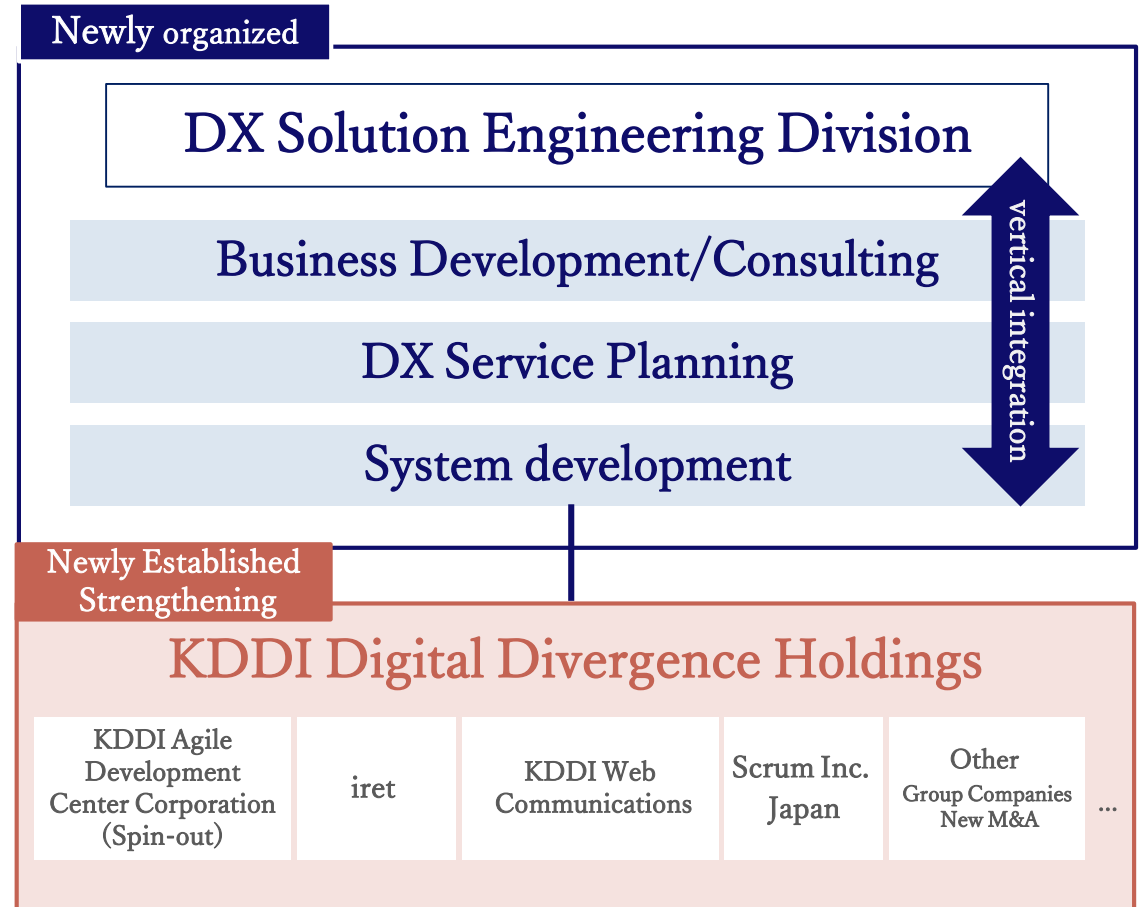
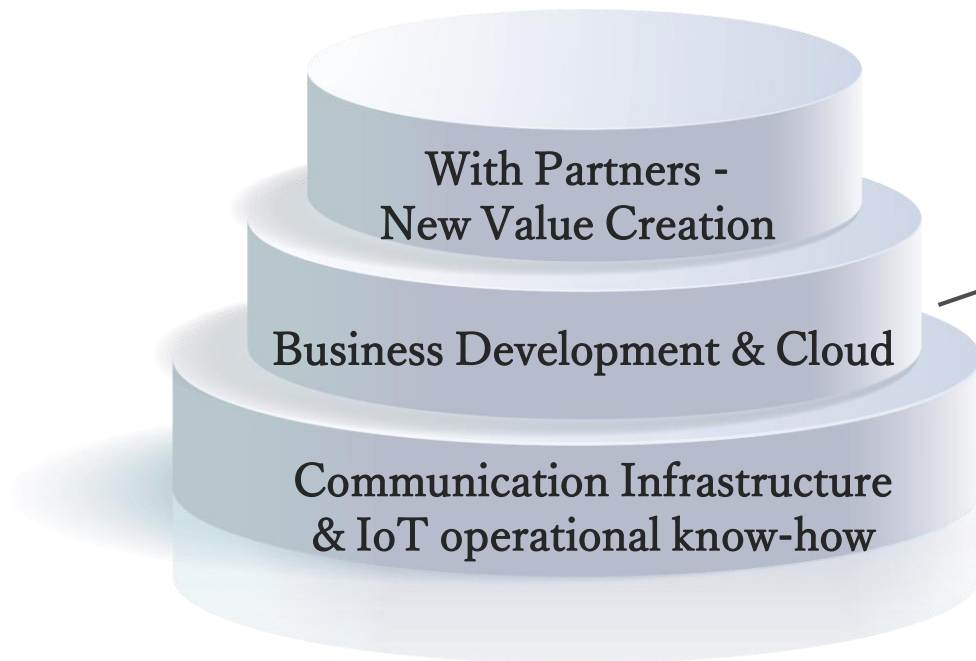
Drone inspection, etc.



Equipment inspection automation of wind power facility inspections with autoflight and AI analysis

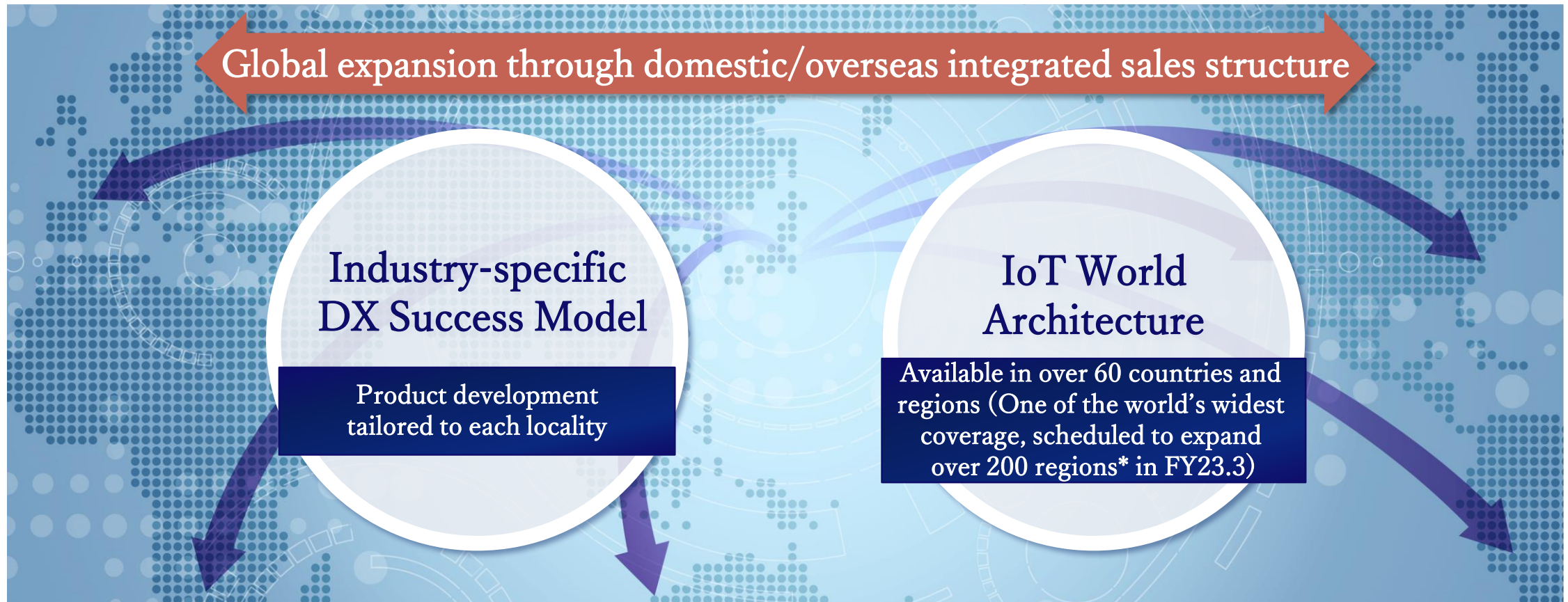
DX Development System

Strengthening systems and expanding resources to create new value



Global Expansion of DX

Promoting global DX on strength of our worldwide IoT infrastructure



*More than 200 roaming partners have been agreed in principle, and services are scheduled to be launched by September 2022

Financial Business

Aim for double-digit operating revenue and income CAGR growth along with expansion of key indicators

Results from previous mid-term (FY20.3-FY22.3)

Operating Revenue

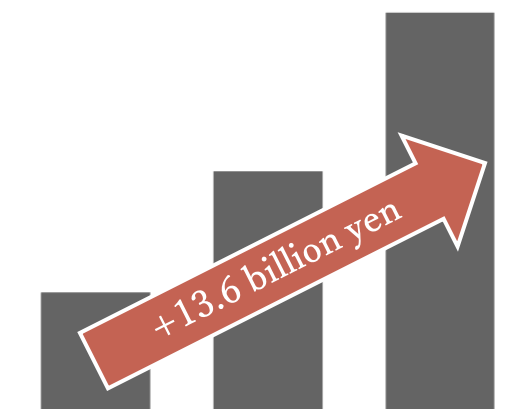
177.8 billion yen



FY20.3 FY21.3 FY22.3

Operating Income

19.4 billion yen



FY20.3 FY21.3 FY22.3

New mid-term targets (FY23.3-FY25.3)

Mortgage loans as a growth driver and expansion mainly in credit card membership

Operating Revenue
& Operating Income

Bank accounts

Number of
credit card members

Mortgage Loan Balance

Mid-term
Double-digit
CAGR growth

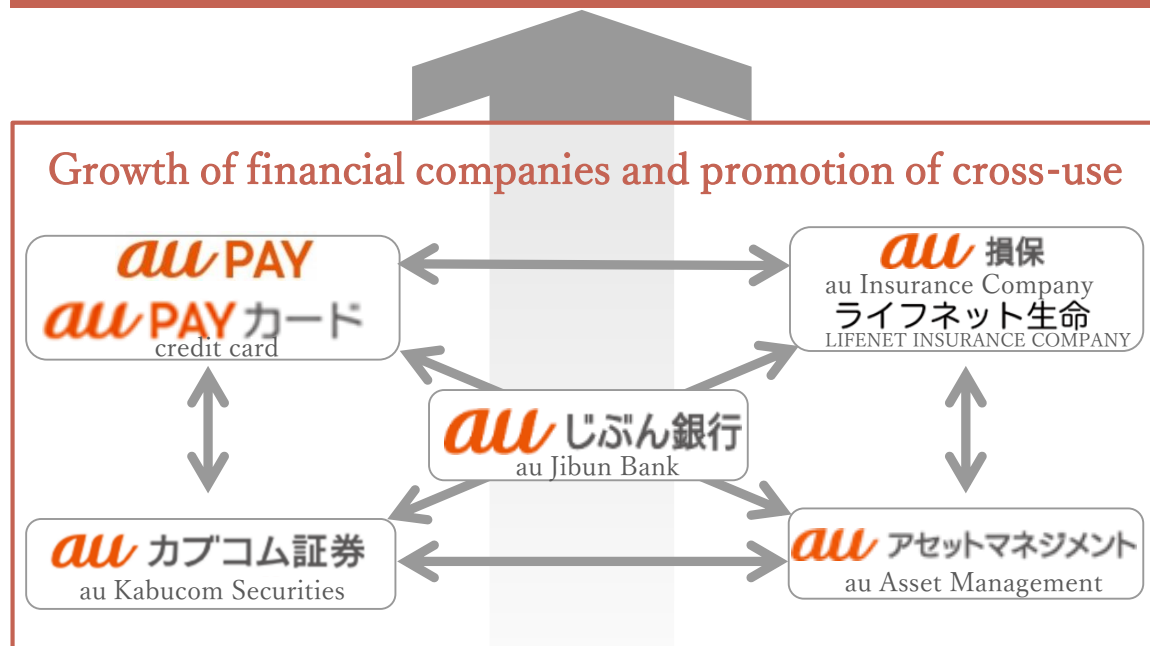
FY25.3
Over 3 trillion yen

Financial Cross-Use

Accelerate collaboration across wide range of financial functions within financial group



Increase customer engagement

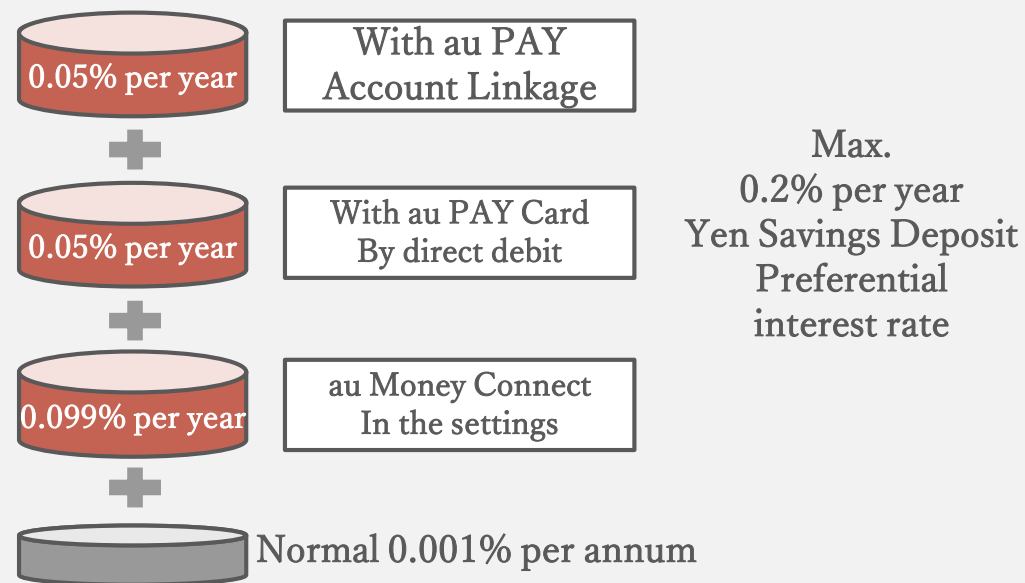


Customers using telecom services

Examples of Cross-Use

au じぶん銀行 au Jibun Bank

au Collective Interest Rates



Providing Platform Services

Expand business domain by developing B-to-B-to-X services in the future

Contribute to improving customer & employee satisfaction/engagement at client companies

B-to-B-to-C

Improved convenience of settlement and financing ,etc.

B-to-B-to-E (Employee)

Loans, asset building, and other benefits

Store owners

Support for opening new stores through settlement and financing ,etc.

For non-financial businesses

BaaS Service Delivery Platform

Product Service

Financing and transfers

Yen savings

Mortgage

Settlement

Foreign currency savings

Card loans

Apps

Asset management

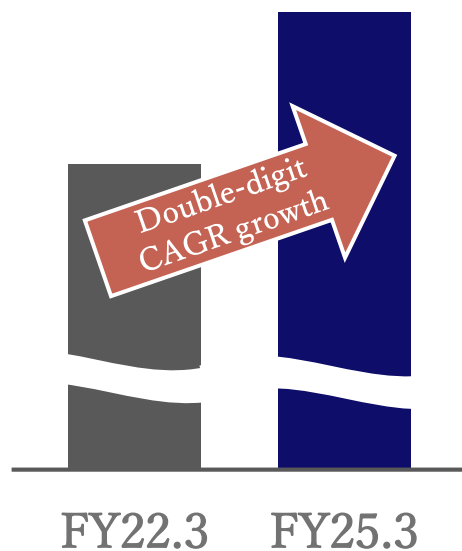
Sports betting

Energy Business

Aim for steady business growth by stabilizing earnings and expanding customer base

Business growth

Operating Revenue



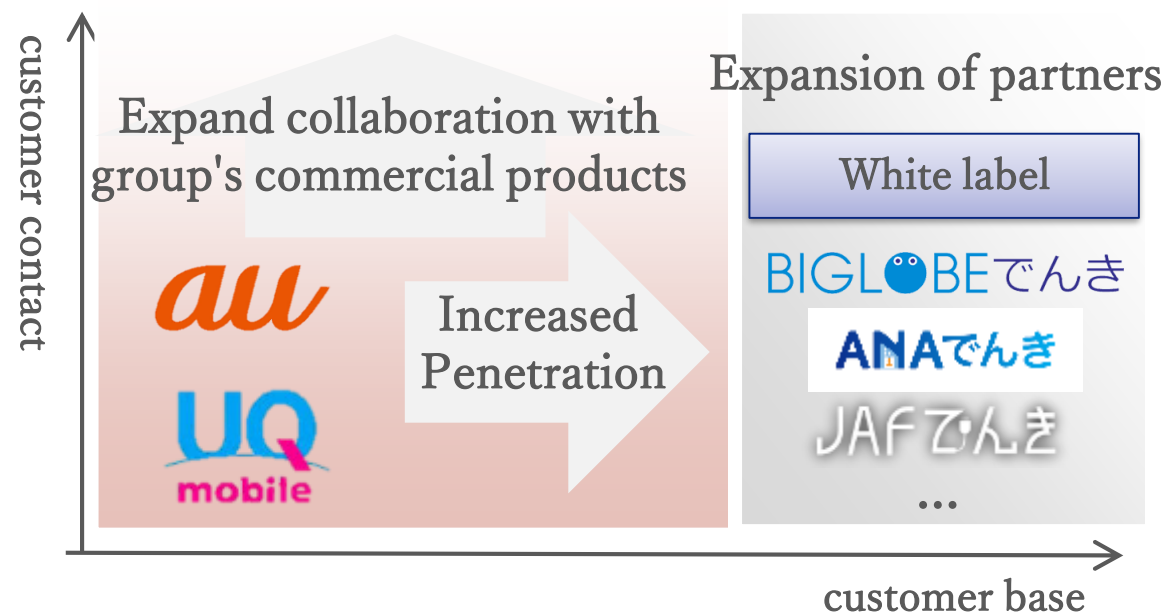
Stabilization of earnings

Price spikes in wholesale power trading market

Ensure stable power supply

Electricity retail business customer base

Collaboration with telecommunications, financial businesses, etc. and expansion of alliances



Carbon Neutral-Related Business

Contributing to society's carbon neutrality through business

Renewable Energy Generation

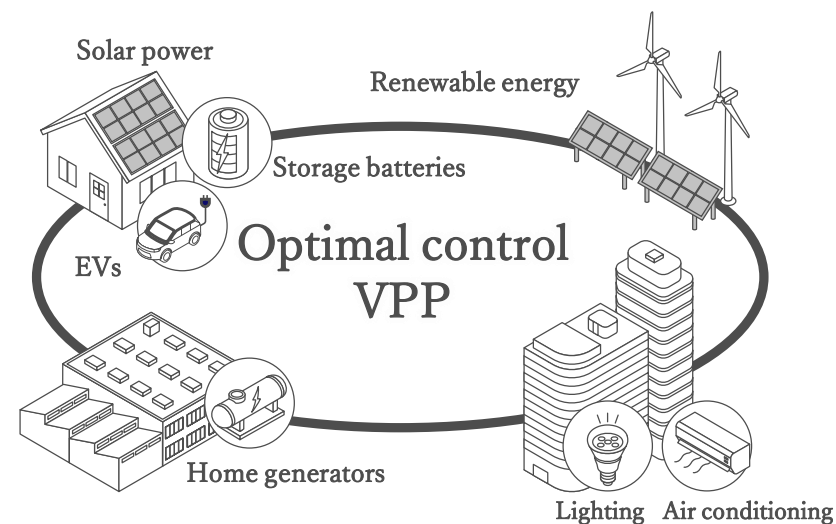


Solar panels installed on base stations, etc.
Further expansion with partners

Supply and Demand Adjustment to Support the Expansion of Renewable Energy

Growing instability in the supply and demand balance due to the expansion of renewable energy

Enhancing our ability to adjust supply and demand by promoting the VPP* business



Promoting initiatives to expand the VPP business, such as installing storage batteries

*VPP (Virtual Power Plant) : Using IT and other technologies to control decentralized solar power, storage batteries and other energy sources like they are one power plant

Life Transformation (LX)

Promoting research of technological areas centered on consumer perspectives to create future-oriented business models

Life Transformation (LX)

Offering diverse value

Promoting digitalization

Using the latest technologies



LX Technologies

A technological area that offers new life styles geared toward 2030



Advanced technologies of the Beyond-5G/6G era

Network

Ultra high-speed,
ultra multi-connection,
ultra low-latency
telecommunications environment

Security

Safety and security through
robust and ultra high-speed
encrypted technologies

Spatial recognition and visual analysis

Ultra realistic experiences

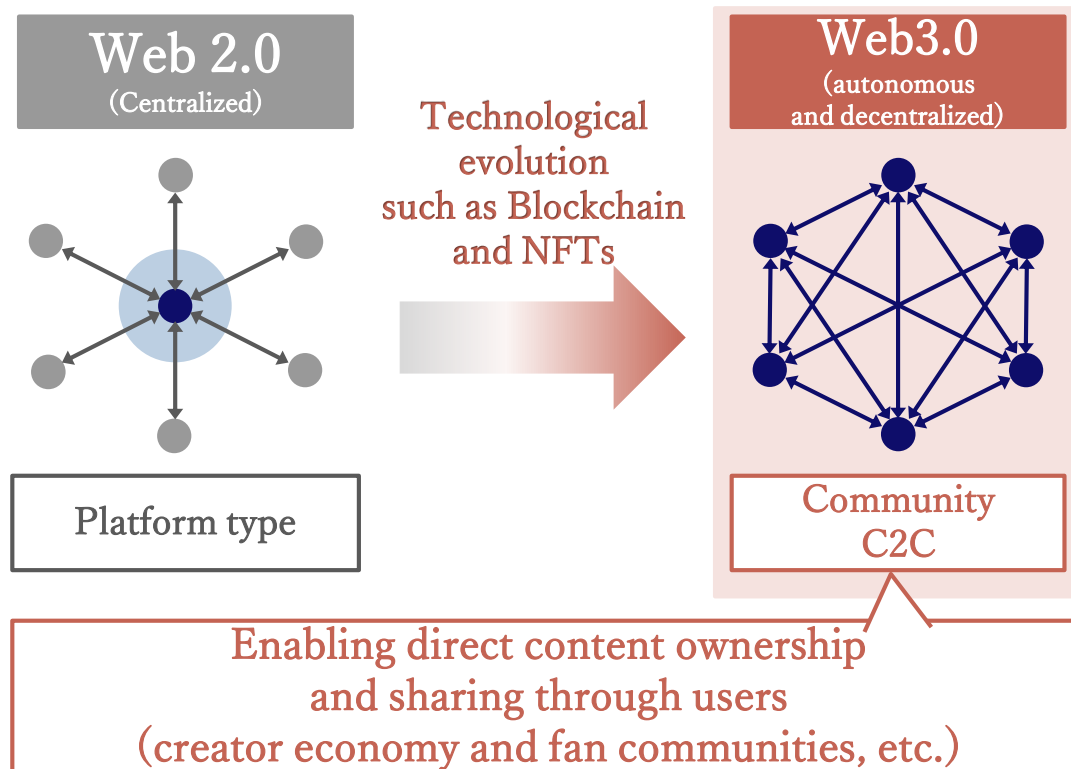
AI

Trust through
ultra sophisticated
AI technologies

Value Creation by LX (1)

Web3.0/NFT

Accelerating initiatives aimed at the autonomous and decentralized Web 3.0 era

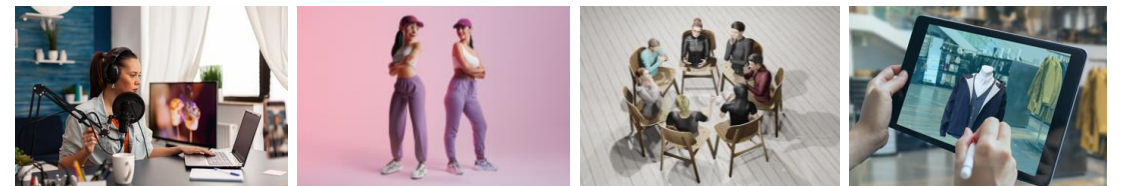


Metaverse

Develop platform services to provide new value of Web 3.0 era



Creating spaces where anyone can express themselves



Value Creation by LX (2)

Drones

Expanding services that vitalize regions and enrich lives

Helping enhance the sophistication of distribution by realizing unmanned delivery anywhere



Unmanned delivery

Realizing new experiences by expanding spaces where videos can be taken



Expanding video experiences

Satellite telecommunications

Offering an urban level of telecommunications quality to every corner of the country
Helping create new experiences

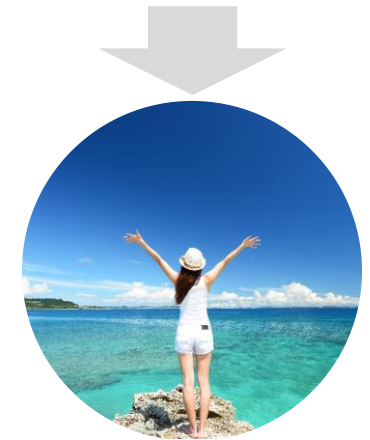
Partnering with SpaceX to offer high-speed satellite telecommunications



Mountains



Camps



Isolated islands

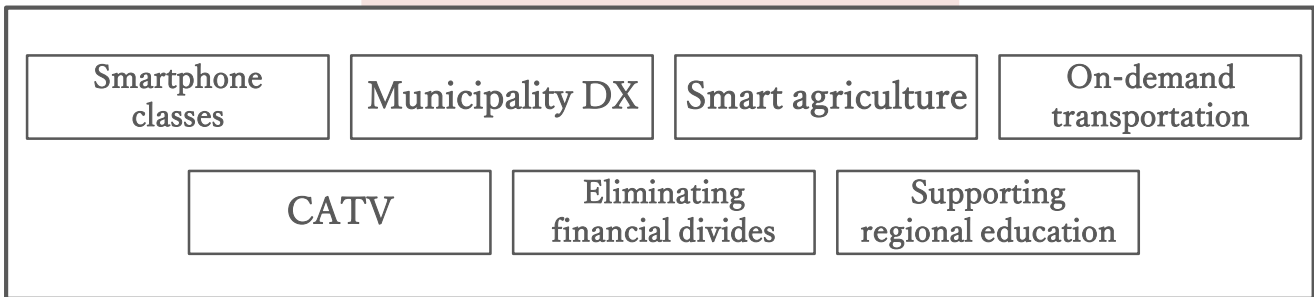


Regional Co-Creation

Addressing the challenges faced by local communities and realizing regional co-creation

Realization of regional co-creation

Mid-term cumulative total of 15 million people eliminated disparity



On-demand transportation

Co-creating optimal mobility with local residents



Assistance in returning driver's license



Elimination of mobility anxiety



Childcare Support

Smartphone Classes



Case Study Hidaka Village Kochi Prefecture

Creating a foundation for regional DX "Digitizing the Entire Village"

Summary of Efforts in Focus Areas

DX

Business Services segment to become **second largest business** after domestic telecommunications, aiming for about 20% of consolidated operating income
Aim for **double-digit mid-term CAGR growth** in sales in DX

Finance

Accelerate business growth through expansion of customer base and new initiatives aim for **double-digit mid-term CAGR growth** in sales

Energy

LX

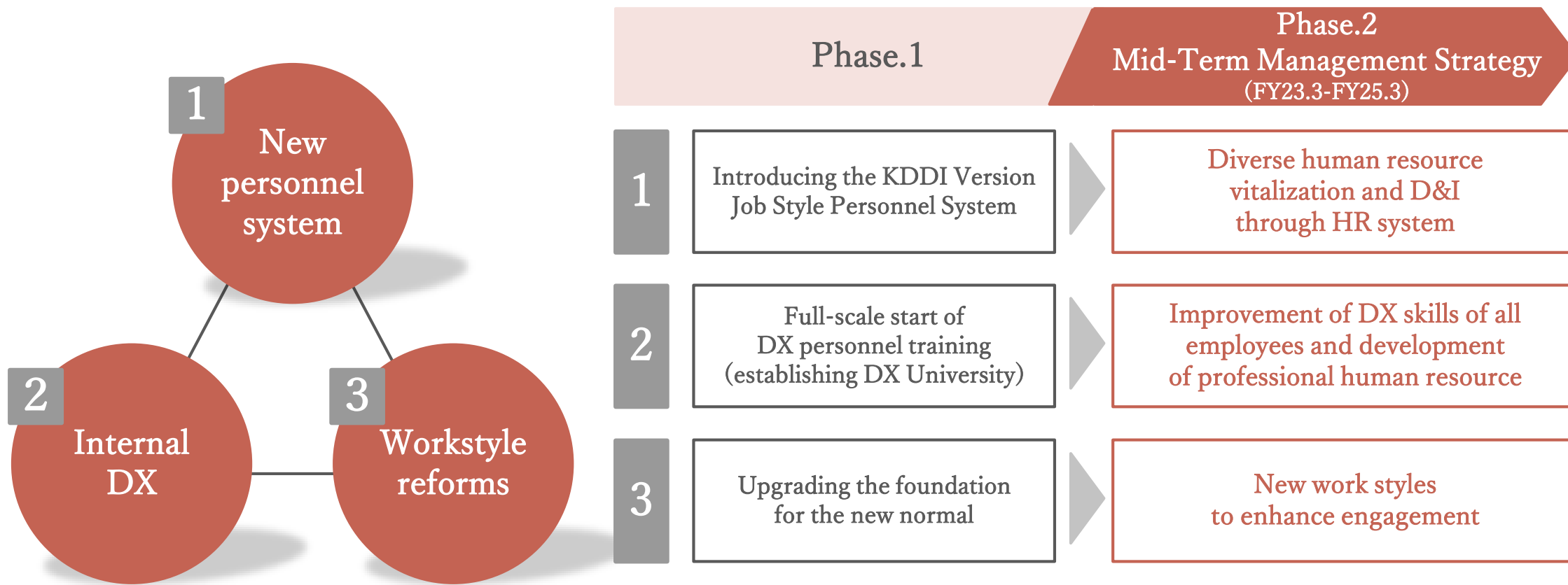
Creating new businesses that transform the living experience with an eye on the future

Regional
Co-Creation
-CATV, etc.-

Contribute to solving social issues facing local communities

Transforming into a Company that Puts Human Resources First

Evolving our unified three-part reform initiatives into Phase 2



Human Resource Development

Maximizing organizational strengths
to drive business strategy centered on DX

KDDI DX University*

Professional Human Resources

Penetration of KDDI Version
Job Style Personnel System



In all specialized fields
Professional human resources ratio 30%

DX Human Resources

DX basic skill acquisition
All employees over 11,000



Expand to KDDI Group

Shifting essential personnel into focus areas

Carbon-Neutral

Aim to achieve carbon neutrality in FY2030*

Carbon Neutral Goal

Energy Conservation Efforts

Switching to
renewable energy



Obtained SBT certification by
KDDI Group (February 2022)

Acceleration

Data centers
carbon
neutral

KDDI
carbon
neutral

KDDI Group
carbon
neutral

FY2026

FY2030

FY2050

Energy Conservation Efforts

3G suspension
→ 5G transition

Base station
AI control

Efficient 5G area
construction

AI-based
Power Consumption Control

Equipment sharing

Submerged liquid cooling
for data centers

Promotion of
infrastructure sharing

Reduced power consumption
by technology

Respect for Human Rights

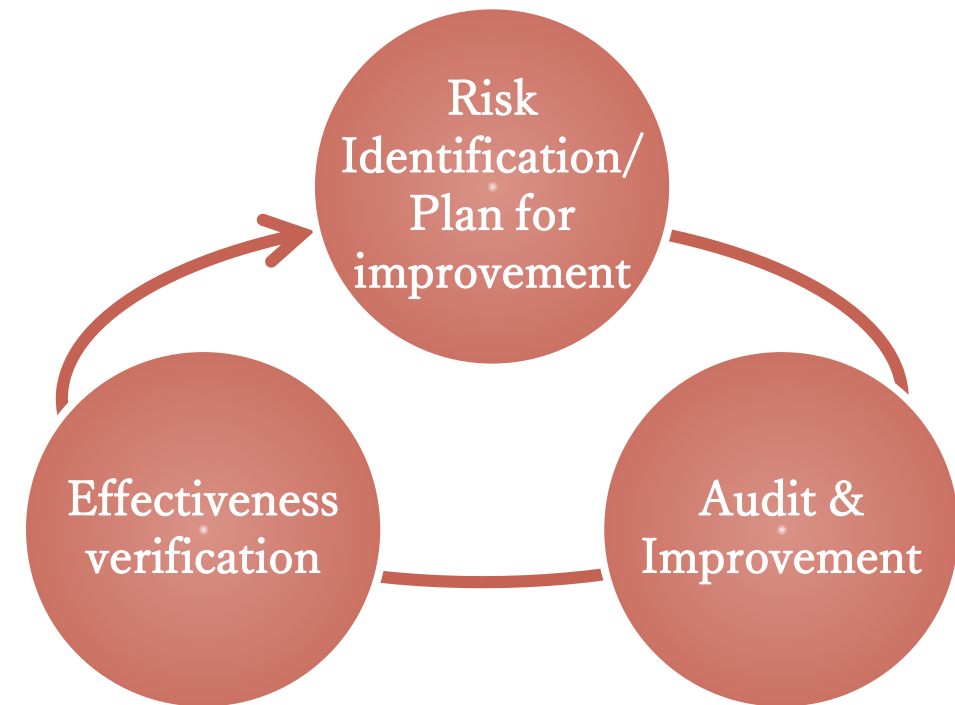
Thoroughly engraining respect for human rights
in KDDI Group business activities

Observing the KDDI Group Human Rights Policy

- Respect for human rights in all business activities
- Avoid or reduce any negative impacts on human rights
- Avoid involvement in infringement of human rights
- Promote human rights enlightenment activities for all KDDI Group officers and employees ,etc.



Global Human Rights Due Diligence



Cost Efficiency

Technology

Promotion of
infrastructure
sharing

Efficiency
through
advanced
technology

Appropriate control of investment

Sales

Sales system
transformation

Sales channels
improving
efficiency

Marketing efficiency

**Goal: achieve cost efficiencies of
100 billion yen in mid-term**

Group Governance

Strengthened risk management and information security systems

Increase in the number of group companies and diversification of business in line with the promotion of the satellite growth strategy



Strengthen risk management system

Strengthening the training and support systems for CFO human resources

Utilizing shared services

Establishment of a monitoring system



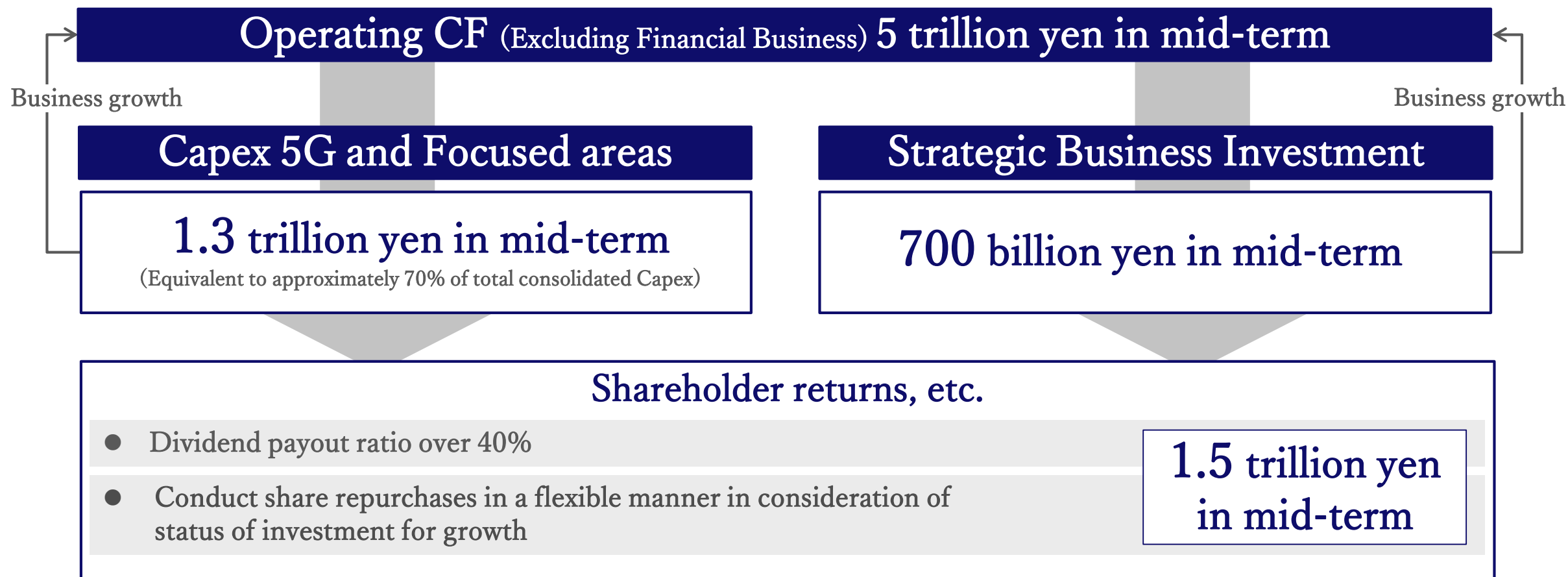
Strengthening information security

Upgrading systems for inter-Group data connections

Upgrading the privacy governance system

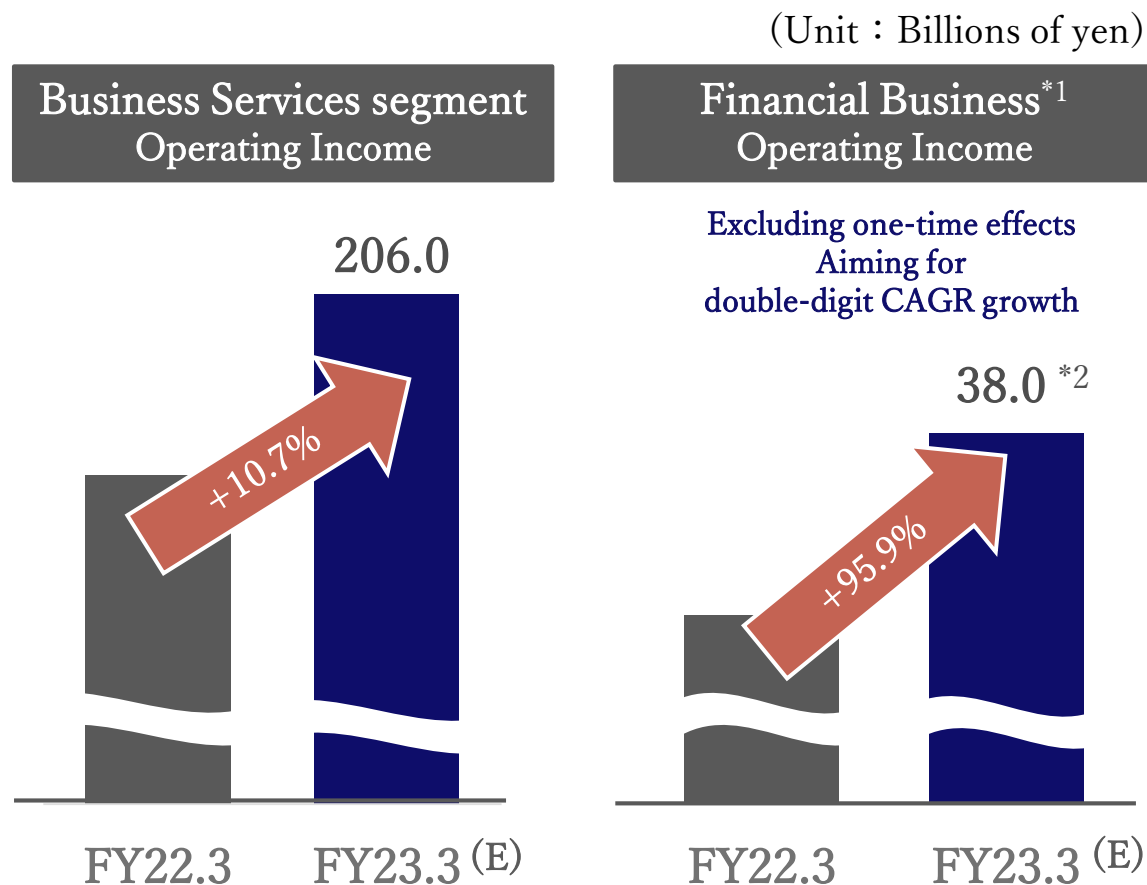
Cash Allocation Policy

Continue to strengthen investment in growth and shareholder returns for sustainable growth



Consolidated Financial Forecast for FY23.3

Business Services segment and Financial Business to drive profit growth



(Unit : Billions of yen)

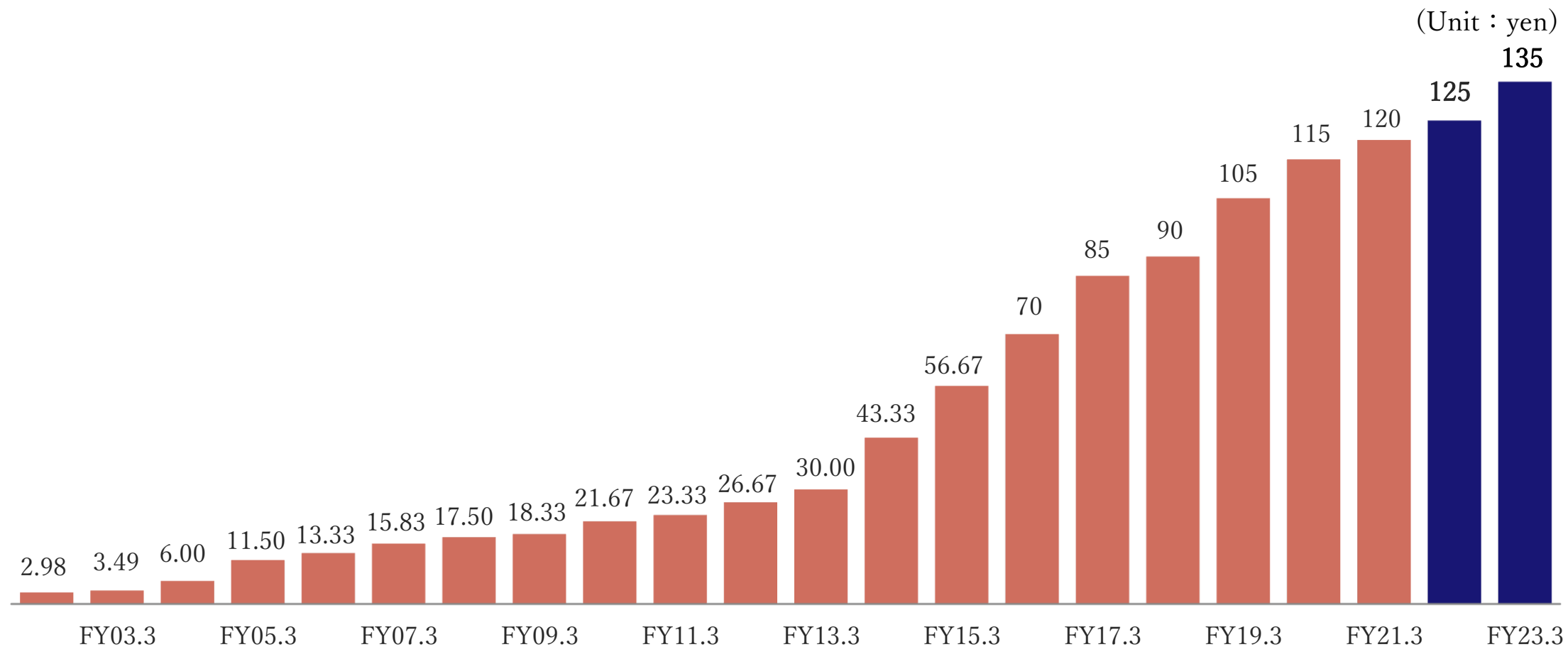
	FY23.3	YOY
Operating Revenue	5,560.0	+ 2.1%
Business Services segment	1,130.0	+ 8.4%
Financial Business	210.0	+18.1%
Operating Income	1,100.0	+ 3.7%
Business Services segment	206.0	+10.7%
Financial Business	38.0	+95.9%

【Shareholder Return】

- Aiming for 21st consecutive DPS growth
- Resolved to repurchase its own shares
– Up to ¥200 billion

DPS

Aiming for 21st consecutive DPS growth



Note) DPS for FY22.3 and FY23.3 are expected figures

Mid-Term Management Strategy Summary

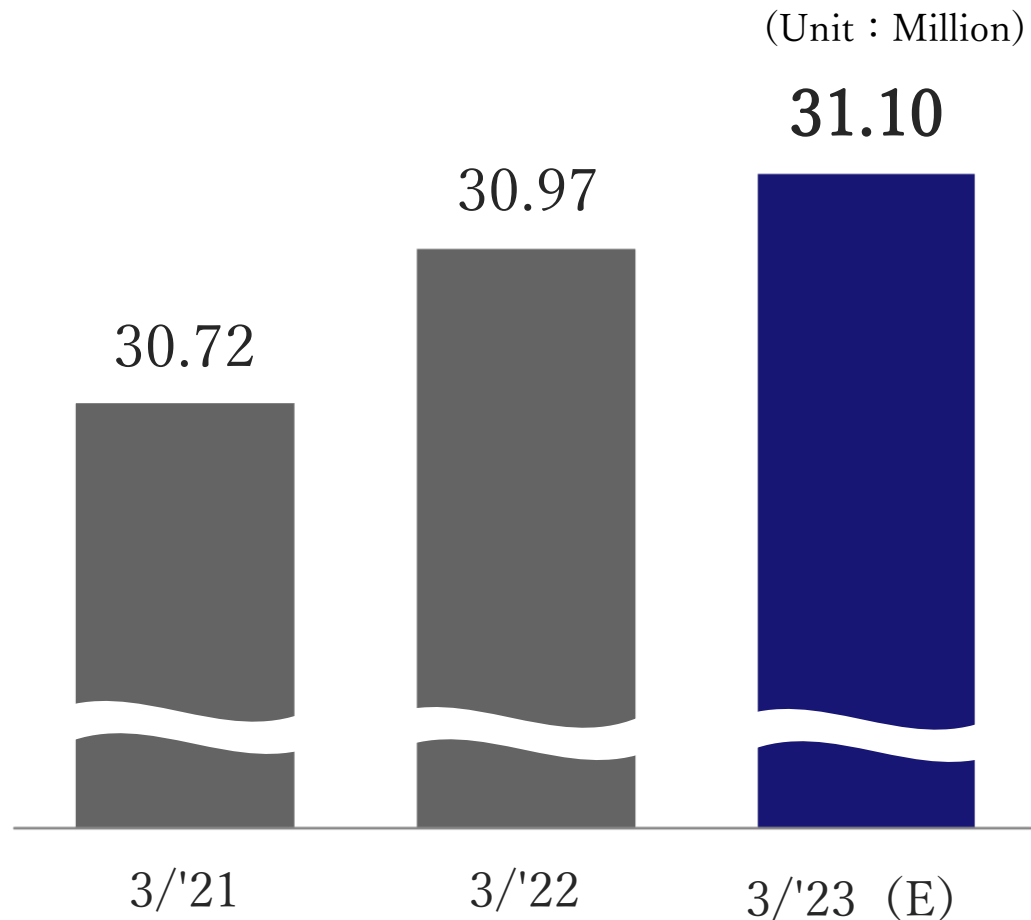
Sustainability	Aiming for sustainable growth of society and enhancement of corporate value with partners through promoting satellite growth strategy and strengthening management base to support it	
Business Growth	ARPU revenue increase due to 5G promotion (FY22.3 vs. FY25.3)	
	Profit growth in focus areas	100 billion yen or more
Financial Policy	<ul style="list-style-type: none"> ● Prioritize capital expenditures and strategic business investments in 5G and focus areas ● Dividend payout ratio over 40% ● Flexible share repurchases 	100 billion yen target
	EPS Growth	Continue to aim for 1.5x growth versus FY19.3

Appendix

Multi-Brand IDs / Communications ARPU

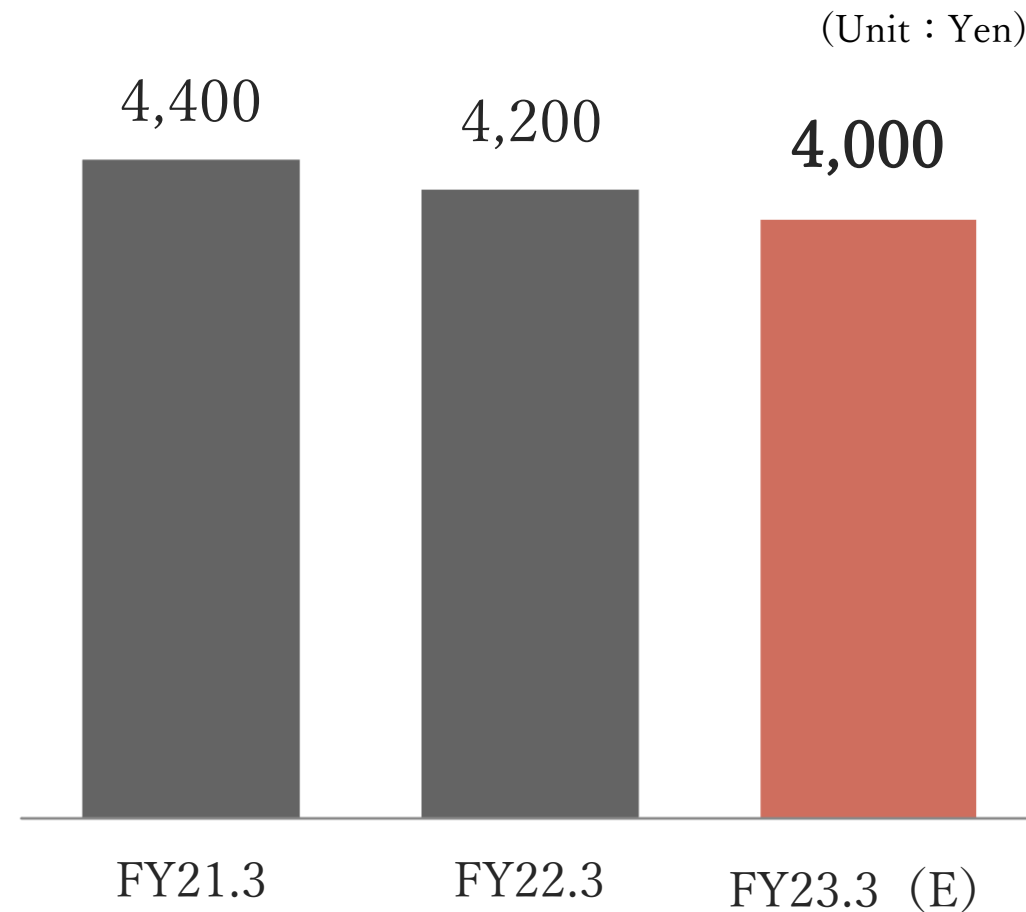
Multi-Brand IDs

(Unit : Million)



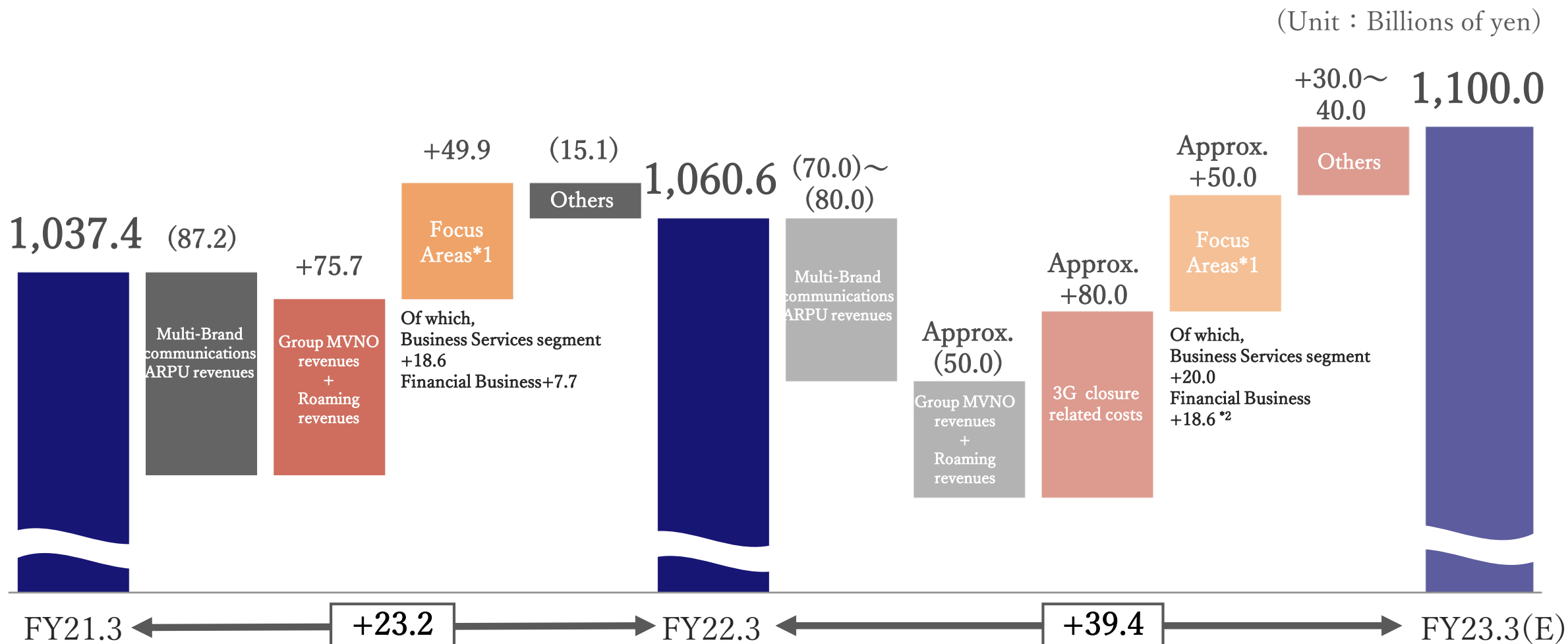
Multi-Brand Communications ARPU

(Unit : Yen)



Note) Personal Services segment. au, UQ mobile and povo

Operating Income : Factors for Change YoY

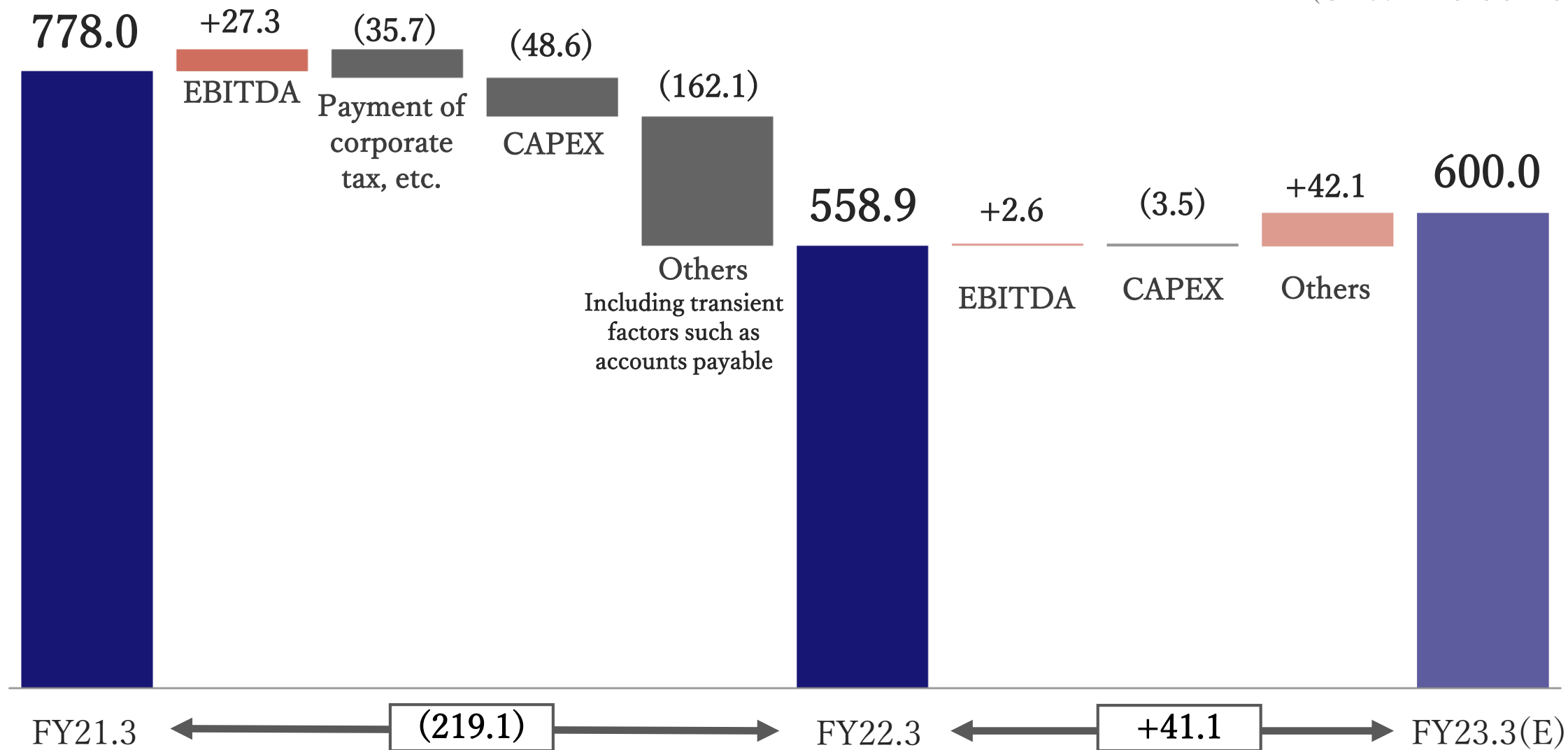


*1 Business Services segment , Financial Business (au Financial Holdings, IFRS basis) and Energy Business ,etc. *2 Includes temporary accounting effects

Consolidated FCF (Excluding Financial Business)

Factors for Change

(Unit : Billions of Yen)



Note) Financial business is au Financial Holdings Corporation

Tomorrow, Together



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