

Satellite Growth Strategy and Strengthening of Management (Non-Financial)

Framework Organization for the New Mid-Term Management Strategy and Key Themes

Key Theme 1 Satellite Growth Strategy Centered on 5G

In the new mid-term strategy, we named business strategies "Satellite Growth Strategy." Putting 5G, which is set to expand full-scale, at the center of the strategies, we will advance our telecommunication business and focus areas with telecommunication at the center.

For 5G that will drive growth, we will aim to "blend in" telecommunications to every scene to bring about an era that provides new value with diverse partners. Defining the following five domains as focus areas— (1) DX (digital transformation), (2) Finance, (3) Energy, (4) LX (life transformation), and (5) Regional co-creation (CATV, etc) —we will accelerate the growth of the new domains, generating synergies with telecommunication at the center.

Key Theme 2 Expanding Growth Areas Centered on Telecommunications through Partnering and Technology

In the era of blended telecommunications, KDDI aims to achieve new growth by leveraging our strengths in the field of 5G as well as the know-how and partnering we have cultivated over the years to deepen our existing businesses and maximize synergies in related businesses. In DX, we will utilize group assets mainly through 5G, aiming for a positive cycle of our businesses transforming people's lives.

In finance, we will launch B-to-B-to-X businesses by providing platform services, and in energy, VPP* businesses and so forth based on data utilization. In LX, with the hope of transforming lifestyles as the next step of Life Design, we will transform people's experiences and activities in daily life by promoting 5G penetration and advancing technologies, while for regional co-creation, we will work on solving the digital divide problem.

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

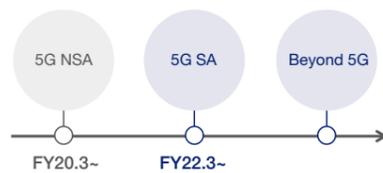
5G Communications

Expanding the Areas and Providing New Value

To develop areas that will serve 5G, we will expand in areas where people are likely to go to on a daily basis to enable more customers to enjoy 5G comfortably. By improving area coverage across Japan, we will also contribute to targets by the government's Vision for a Digital Garden City Nation. In 5G, arenas to bring about new value will expand with full-scale of Stand-Alone (SA) development. Network slicing will bring steady communication for each use case and openness and virtualization will also advance network operations. We have been behind other nations in terms of 5G deployment, but now we will proactively introduce 5G as well as its usage scenes with an eye to the times beyond 5G.

Evolution of 5G Technology

New value opportunities expand with full-scale 5G SA



Network slicing
Openness and Virtualization

5G SA Application Examples



"Entertainment experiences everywhere"
Co-creating through network slicing

5G Area Construction

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

Areas along the customer's lifeline

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



Commercial districts, Bullet train, Expressways

Nationwide coverage

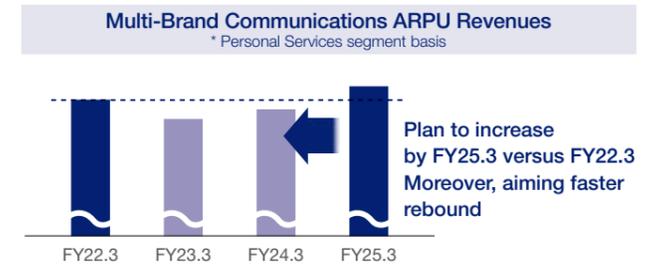
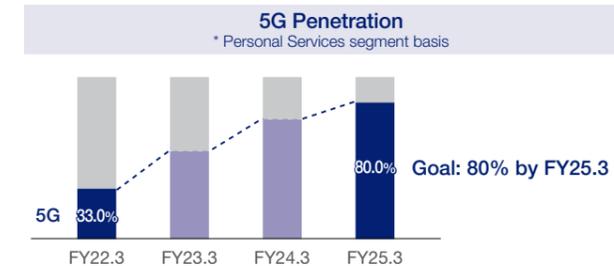
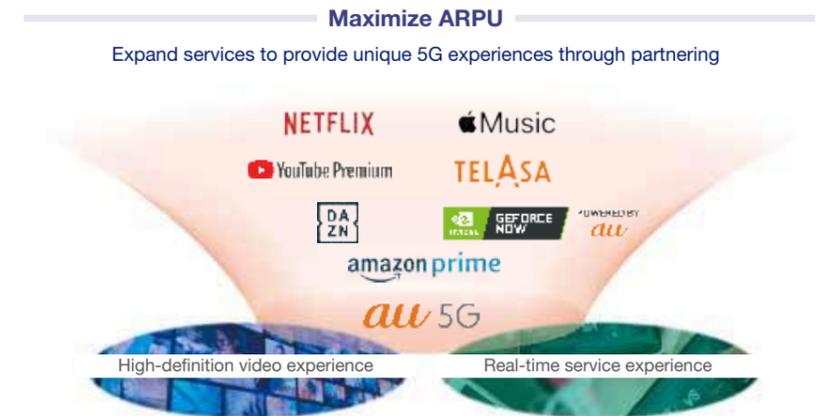
Contributing to the 5G population coverage target (95% by FY24.3) under the Vision for a Digital Garden City Nation



Partnering with SpaceX promoting measures to prevent blind spots

Increase of Multi-Brand Communications ARPU Revenues

Regarding 5G penetration, we aim to achieve a mid-term target of 80%, and multi-brand communications ARPU revenues are expected to increase in FY25.3 compared to FY22.3. To maximize ARPU, we will also expand services through partnering, which is our strength, and provide experiences that are unique to 5G. We will provide leading entertainment services with worry-free unlimited data usage without anxiety super-definition videos and real-time services.

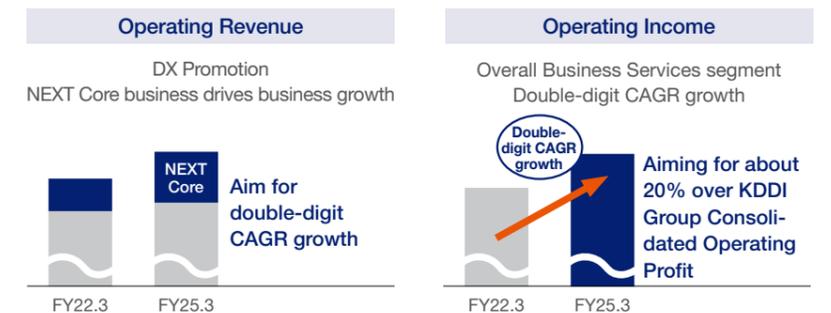


Targets in Focus Areas (DX, Finance, Energy, Life Transformation, and Regional Co-Creation) and Initiatives in Each Area

DX

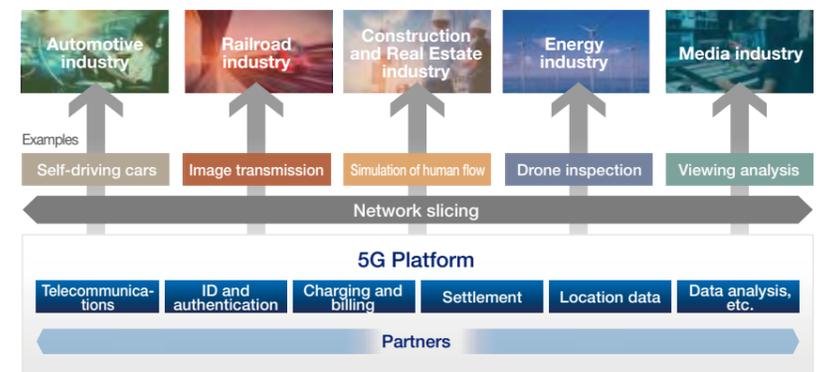
The center of the growth for the focus areas is the Corporate Business of DX. In the NEXT Core business, we will aim for double-digit growth in sales CAGR, making the Business Services segment the second pillar of growth after telecommunication, raising its operating income CAGR by double digits and making it account to about 20% of our group's consolidated operating income. To do that, we will capitalize on our strengths and advance the optimized operational and maintenance management developed over the years with our global partners when telecommunication will reach every corner of society, and will provide new value with our partners through 5G and DX.

In the future, we will combine our extensive assets such as ID management, payment, and data analysis developed through our telecommunication operations and consumer businesses, with guaranteed bandwidth based on 5G network slicing, proposing solution cases that tailored to each industry, to accelerate the DX of our corporate customers. We will also launch successful domestic DX models worldwide, based on our sales structure that unites our domestic and global sales prowess.



Accelerate DX of Customer Companies

Aiming to provide industry-specific platforms that support business creation



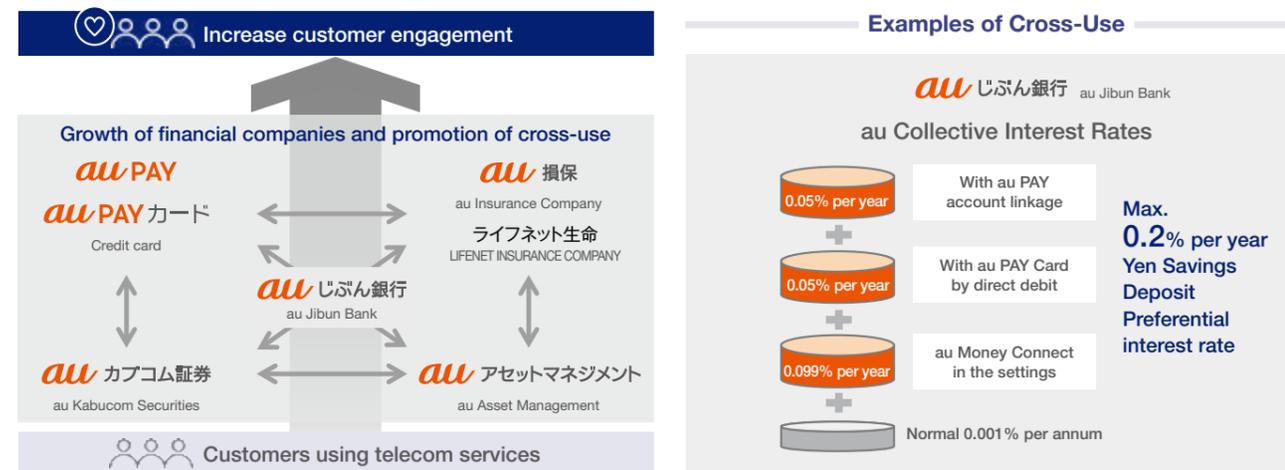
Satellite Growth Strategy and Strengthening of Management (Non-Financial)

Finance

In the finance business, we will achieve double-digit growth in operating revenue and operating income CAGR, mostly through growth drivers including home mortgages and the number of credit card members, while interlinking wide-ranging features and services from the finance group, and encourage customers' use of these services and functions across different channels. In the future, we will launch B-to-B-to-X services by providing platforms for au Financial Group's Banking as a Service (BaaS) to non-financial business operators, to make BaaS accessible for customers, employees and store operators beyond, expanding our business domains. Just as in telecommunication, we will aim to provide new added value by integrating financial services into all types of services.

Financial Cross-Use

Collaboration of a wide range of financial functions within the Group

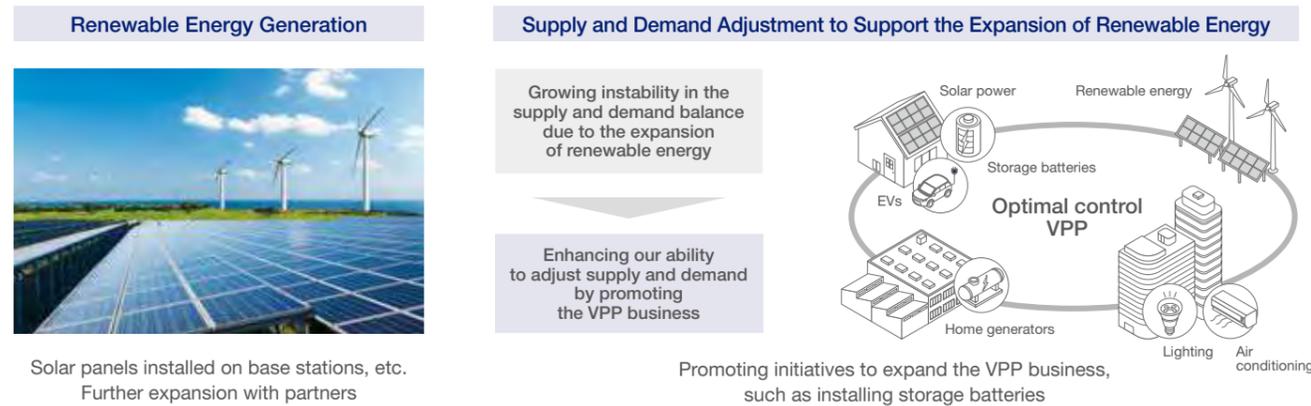


Energy

In the energy business, we will aim for double-digit growth of operating revenue CAGR in mid-term through steady income and expanding the customer base. We will also launch new carbon-neutrality-related businesses. We will look to providing renewable energy, strengthening our prowess to adjust supply-demand to address the fluctuations in the supply-demand balance arising out of the growth of renewable energy, advancing our VPP business.

Carbon Neutral-Related Business

Contributing to society's carbon neutrality through business



LX

In order to create future-oriented business models, we will focus on LX Technologies from the consumer's perspective, and we will bring innovation to diversifying consumption and experience behavior and create the exciting future society in LX.

For the metaverse, towards the Web3.0 era in which users can directly own and share contents with each other, we aim to revitalize local communities and economies and will create spaces where everyone can express themselves through virtual cities, which are urban-linked metaverse in collaboration with local governments. For the satellite telecommunications, SpaceX's Starlink satellite telecommunication service will provide high-speed telecommunications quality even in mountainous areas and isolated islands. For the drones, we will develop smart drones equipped with mobile telecommunications and operation management systems, and we will contribute to the creation of new experiences for the future society by accumulating advanced demonstration experiments and introduction cases.

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

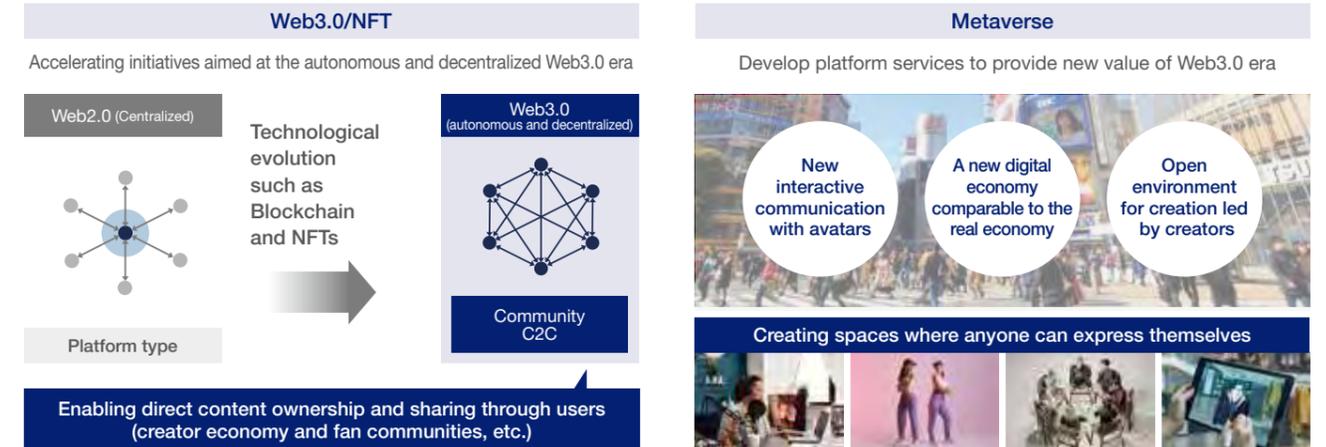
LX Technologies

A technological area that offers new lifestyles geared toward 2030

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

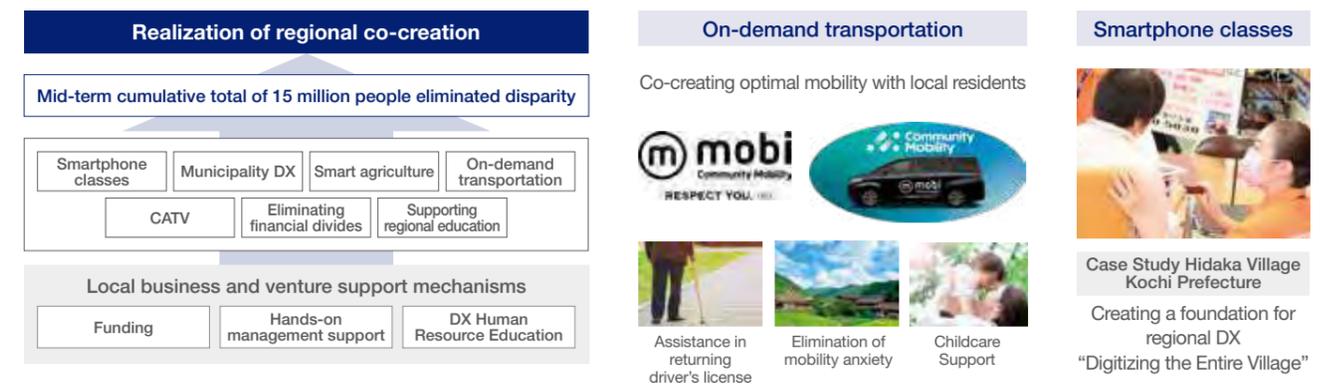
Network	Security	Spatial recognition and visual analysis	AI
Ultra high-speed, ultra multi-connection, ultra low-latency telecommunications environment	Safety and security through robust and ultra high-speed encrypted technologies	Ultra realistic experiences	Trust through ultra sophisticated AI technologies

Value Creation by LX



Regional co-creation

We will deal with problems in regional communities and create together with the communities. We will work on eliminating a total of 15 million digital-divide cases in mid-term.



Satellite Growth Strategy and Strengthening of Management (Non-Financial)

Strengthen our management base

We will aim for the continuous growth of society and advance corporate value together with our partners by driving our business strategies and strengthening our management base to support them. Here we introduce our efforts to strengthen our management base.

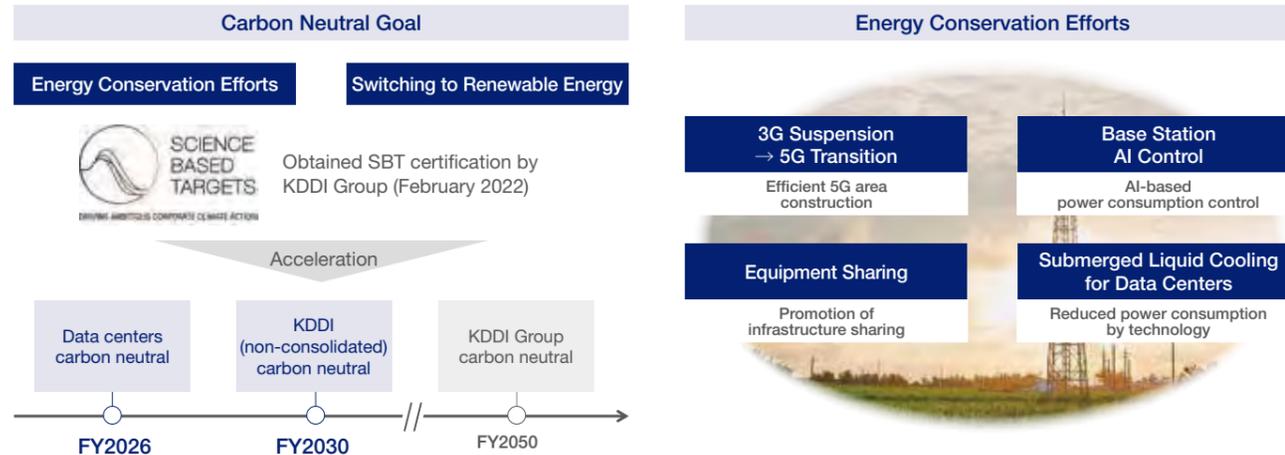
Carbon-Neutral

KDDI alone aims to achieve net-zero CO₂ emissions in our business activities by fiscal 2030. In addition, we aim to achieve net-zero CO₂ emissions at our data centers worldwide under the TELEHOUSE brand by fiscal 2026. Furthermore, the KDDI Group as a whole aims to achieve net-zero CO₂ emissions by fiscal 2050.

To achieve these goals, we will promote infrastructure sharing, efficiently construct 5G areas, and save energy by utilizing base station AI control, submerged liquid cooling for data centers, etc.

Also, KDDI has established an Energy Holdings Corporation as of July 1, 2022. We will work strategically and aggressively to switch to the use of renewable energy sources and contribute to the realization of domestic decarbonization throughout the KDDI Group as a whole.

To achieve the target



Human Resource

We will promote our transformation into a company that puts human resources first by advancing to the next phase of our unified three-part reform of work styles, the KDDI Version Job Style Personnel System and internal DX, and workstyle reforms.

To further promote the development of highly specialized human resources, we will develop professionals and improve all employees' DX skills through “KDDI DX University,” shifting personnel to focus areas.

By expanding DX human resources, we will create new businesses in collaboration with customers and partners, and promote our own business transformation.

KDDI will accelerate the resolution of social issues and business transformation by creating new businesses and strengthening non-telecommunications businesses by utilizing 5G and promoting DX, continuously connecting with customers and society and generating added value based on telecommunications.

Respect for Human Rights

The KDDI Group has established the “KDDI Group Human Rights Policy,” recognizing that all business activities are based on respect for human rights. In order to further accelerate our efforts to fulfill our responsibility to respect human rights, we revised the KDDI Group Human Rights Policy in October 2022.

Under the new materiality, we have set “Respect for Human Rights” as one of the values we embrace, and we respect human rights in all our business activities by complying with the KDDI Group Human Rights Policy. In accordance with the UN Guiding Principles on Business and Human Rights, we have also conducted human rights due diligence to identify the human rights issues that global companies are expected to address, and reflect them when considering measures.

Regarding our Myanmar operations, we believe it is important to support the people of Myanmar with telecommunication services, which are indispensable to their daily lives, stimulate economic activity and will have a positive impact in terms of respect for human life. To this end, we are also in the process of human rights due diligence through a third-party professional organization and address the issue in accordance with international human rights norms. We will continue to assess human rights risks in our business operations.

Cost Efficiency

We aim to save about 100 billion yen in cost efficiencies in the mid-term. Regarding technology-related areas, accelerating 5G roll-out to more areas, we will appropriately control our investment criteria, including by promoting the sharing of infrastructures and using advanced technologies. We will also work to transform our sales structure and improve the efficiency of our sales channels.

Group Governance

We welcome more group companies and will diversify our businesses through the advancement of the Satellite Growth Strategy. To achieve synergy and growth for the entire group, we will strengthen our CFO human resource development and support system. We will also strengthen our risk management system through shared services and the establishment of a monitoring system. Additionally, we will enhance information security by preparing for inter-group data linkage and a privacy governance system.

