Who determines the future? And where does it start?

The future isn’t a mystery someone conjures up somewhere. It’s not something long-awaited that comes from afar. The future exists inside each and every one of us. That’s why KDDI wants to connect the people of the world, linking ideas and businesses as closely as possible and connecting possibilities like dots across a page to transcend borders, defy convention, and overcome limitations.

We know that encounters spark inspiration and nurture creativity. That’s why we want to keep connecting. By combining communications with life design, we will help the world grow in a powerful, sustainable way.

No one knows what the future holds, but that’s exactly what makes life interesting. With a reliable partner like KDDI at your side, every obstacle becomes a welcome challenge. The future is more exciting when you create it yourself. So let’s move forward, together, and explore the extraordinary.
In accordance with the KDDI Group Mission Statement, which calls for contribution to the development of an affluent communications-oriented society, our mission as a telecommunications operator in charge of a critical lifeline has been to maintain strong and high-quality communications. At the same time, we collaborate with a variety of partner companies to offer proposals with new experience value to customers.

The business and social environment around the world is in a period of major change. With the progress in full-scale digitization through the development of technologies such as 5G (5th generation mobile communications systems), IoT, AI, and big data, we are transforming into a data-driven society that places even greater value on data. In addition, governments are aiming to realize Society 5.0* by incorporating these advanced technologies into a variety of industries and aspects of social life, both for economic development and for solutions to social issues. Against this backdrop, the telecommunications business environment is undergoing major changes, as competition grows increasingly intense due to factors such as the entry of new telecommunications providers, and we embark on an era of digital transformation (DX) that spurs innovation in all industries through the use of telecommunications and the Internet.

To achieve sustainable growth while quickly responding to such changes in the business environment, KDDI established the medium-term management plan (FY2019 - FY2021) for the next three years. With regard to individual customers, we will strive to deepen customer engagement by using telecommunications together with a variety of life design services, thereby leading to the maximization of lifetime value, which is calculated as the number of customers (IDs) including those in the group companies x total ARPA x usage period (retention rate).

With regard to corporate customers, we will support the DX of customers by leveraging KDDI’s IoT and ICT related technology and expertise, thereby contributing to the customers’ core businesses. At the same time, we will also create new business through open innovation with partner companies and develop business models that we can grow together with the partner companies. By expanding the growth businesses with a focus on telecommunications services, we will make further progress in the integration of telecommunications and life design, which is central to the business strategies, and we will achieve new value creation in the 5G/IoT era, both in Japan and around the globe.

Furthermore, in conjunction with the establishment of the medium-term management plan, KDDI has re-examined the question of how best to exist in this new era with respect to customers and society and created the revamped brand message “Tomorrow, Together.”

The entire company is pursuing sustainability activities to contribute to the sustainable growth of society. In addition, we have established KDDI’s target SDGs* in the medium-term management plan (FY2019 - FY2021). KDDI aims to achieve sustainable growth together with society by engaging in the resolution of social issues for the purpose of achieving targets related to the business strategies as well as the Company’s business activities.

I wish to express my sincere appreciation for your continued guidance and support of the KDDI Group going forward.

May 2019

Makoto Takahashi
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.

Takashi Tanaka
Chairman

Makoto Takahashi
President

*1 Society 5.0 is one of Japan’s medium-to-long term growth strategies to achieve a human-centered society through a system which integrates cyberspace (virtual spaces) and physical space (real-world spaces) to a high degree.

*2 SDGs (an abbreviation of “Sustainable Development Goals”) are a collection of global goals that were adopted at the United Nations Summit in September 2015.
Thus far, KDDI has emphasized sustainable profit growth and the strengthening of shareholder returns, established a robust customer base, and achieved steady growth by promoting the Company’s transformation into a business which provides “customer experience value” that exceeds the expectations of customers.

Going forward, significant changes in the competitive environment are expected in addition to the advances in full-scale digitization through the development of technologies such as 5G. In order to rapidly respond to changes in such an era and realize the “integration of telecommunications and life design” that the Company is targeting, we formulated the medium-term management plan (FY2019–FY2021) for the next three years.

**Company Vision**

1. The company that customers can feel closest to
2. The company that continues to produce excitement
3. Contributing to the sustainable growth of society

**Strategies**

KDDI will further promote the “integration of telecommunications and life design” to expand its businesses around telecommunications and aims to achieve sustainable growth in accordance with the seven business strategies on the following page to realize new value creation in the 5G/IoT era in Japan and around the world.
KDDI will launch services for the fifth generation mobile communication system (hereinafter, “5G”) in March 2020. These services will fully utilize the characteristics of the new 5G communication method to deliver forms of experience value that excite customers through integration with life design services.

We will provide new services together with all kinds of partners to drive support for the digital transformation of our customers while also actively undertaking the application of 5G to regional revitalization as an important issue.

**au UNLIMITED WORLD**

**Toward a data free world**
In July 2019, KDDI began offering the “au Data MAX Plan” which is the first unlimited data plan in Japan. We are offering this plan in advance on 4G instead of waiting for the start of 5G services in anticipation of lifestyles in an era when users are constantly connected to the network and are able to use various services without worrying about the rates.

**Toward a world of excitement**
Removing data restrictions will lead to an expanding world that unleashes the possibilities of AR, VR, free viewpoints, video, and various other technologies. KDDI will combine such technologies to deliver more exciting experiences in various locations and offer thrilling possibilities to customers.

For corporate customers

The 5G era will continuously connect all kinds of devices to the network and transition to a stage in which telecommunications blend into the fabric of society. Data obtained from sensing devices and IoT will be utilized in AI and personalization to continuously provide better services and develop deeper relationships with customers. “Trust and innovation” are the keys to realizing such an era.

**Innovation**
KDDI is investigating cutting-edge technologies together with SORACOM, a KDDI Group company. Together we built a mobile core network on top of the Amazon Web Services (AWS) cloud, and 1.5 million companies are now using our IoT services.

**5G spectrum and area deployment plans**
In April 2019, the Ministry of Internal Affairs and Communications assigned 5G frequency spectrum to four mobile operators. KDDI obtained two slots in the 3.7 GHz band and one slot in the 28 GHz band which are already being used in early 5G launches in North America and South Korea. This spectrum, which is already in use around the world, will enable KDDI to provide 5G experiences to many customers earlier than expected. Furthermore, we plan to install 42,863 outdoor 5G base stations by FY2024 to actively expand our service area with an industry-leading infrastructure deployment rate of 93.2%.

**5G spectrum and area deployment plans**

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KDDI has been providing telecommunications services to Toyota Motor Corporation since 2002.
Pursuing a More Enjoyable Future Together with Customers

Making customer lifestyles more enjoyable and convenient through the integration of telecommunications and life design

With au, you can enjoy all types of content in various locations at any time through a network that is comfortable to use. We deliver pleasant experiences to customers by enhancing the life design services which make the daily lives of customers more enjoyable and convenient with a focus on telecommunications services.

Delivering excitement to the lifestyles of each individual

To individual customers, we provide smartphone, mobile phone, and other mobile communication services as well as fixed-line services including “au HIKARI.” Furthermore, we are also providing MVNO services within group companies such as UQ Communications in addition to mobile services under the au brand.

Going forward, we will further expand and integrate telecommunications services with life design services such as commerce, finance, energy, entertainment, and education to provide new forms of experience value for the enjoyment and convenience of our customers. In order to do so, our goal is to understand customers’ needs by analyzing various types of data, offering appealing proposals, and becoming an important part of our customers’ lives.

Rate plans that match customer usage patterns and thorough, reassuring customer support. A network that always connects. au is packed with “affordable” and “reliable” services.

Rate plans chosen by customers

In 2017, we separated the smartphone and other mobile device charges from the communications charges and introduced the well-received “au Adjust Plan” and “au Flat Plan” which are the industry’s first affordable rate plans that can be selected based on the volume of data used. Starting in 2018, we expanded our rate plans optimized according to usage patterns to offer an affordable rate plan which includes Netflix as a set for users who wish to enjoy video content and a partnership with Apple Music for users who wish to enjoy music-oriented content. au has continued to lead other companies in offering rate plans which change according to customer usage such as the introduction of the Student Discount plan in 2000 and the flat packet rate plan in 2003, and that approach continues today.

Full-fledged support

au naturally receives inquiries by telephone and email, provides full-time advisers to help paying subscribers use devices and services through “au Smart Support,” and operates an official Twitter account to advise users on how to solve problems. Moreover, “My au,” which allows subscribers to check usage charges and contract conditions on the web, has also expanded the app features for smartphones and can send inquiries 24 hours a day from the app using the messaging features. Furthermore, compensation services have been prepared with the expectation of device loss, theft, and failure to enable subscribers to use their devices with a sense of reassurance at all times.

High-quality network

The 4G LTE network that supports au’s mobile communications provides a service area with a population coverage ratio of over 99%* in the 800 MHz platinum band. In addition, we have implemented separate measures to ensure that the network is easy to connect to and provide a highly reliable network quality in areas where large numbers of people gather such as around city train stations, tourist sites, sporting events, and live concerts. Using this high-quality network as a foundation, we will build a network based on the 5G next-generation communication standard to provide customers with new, more enjoyable experiences that are unique to 5G in a communication environment that is always easy to use.

*The population coverage ratio is calculated based on areas where communication is available in more than 50% of locations in the approximately 500m sections used for the national census.

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*All information as of the end of August 2019. Includes services and plans which are no longer available to new subscribers. Please see the au website for the latest information.
Making smartphone-centric financial services the core of life design—Toward a more convenient and secure cashless society—

Smart money concept
KDDI is promoting the “smart money concept” to comprehensively provide “smartphone-centric” payment, financial, and other services around the smartphone. The “smart money concept” will make smartphone finance a more familiar practice and further enhance engagement with the customer by providing one-stop financial services including “saving,” “payments,” “investment,” “borrowing,” “preparations,” and “planning” centered around the “au WALLET.” KDDI aims to use the au WALLET points, which automatically accrue according to the use of communication and life design services, as an advantage to further expand the au Economic Zone.

“au WALLET app” as the gateway
The au WALLET app will become the gateway to all financial services and expand our financial business. In addition to conventional features which let you charge the au WALLET and check the remaining point balance from the app, all financial services will be available from the app including features to directly charge the saved points, payments via au PAY, and the ability to transfer and pay funds from your own bank account. Going forward, KDDI plans to continue using the au WALLET app as a gateway to provide financial services to customers.

Realizing the smart money concept
KDDI has been actively involved in financial services for a long time. The “Jibun Bank” established in 2008 and the “au Kantan Kessai (Easy Payment)” introduced in 2010 made it possible to combine and pay charges for digital content and shopping together with the au communications charges. We further enhanced our service offerings by launching “au WALLET” in 2014, “au Insurance & Loans” in 2016, and “au iDeCO” in 2018. In April 2019, we commenced operations of the “au Financial Holdings” intermediate financial holding company for the purpose of further enhancing our payment and financial business, placed “Jibun Bank,” “KDDI Financial Service,” “WebMoney,” “au Asset Management,” and “au Reinsurance” under the control of KDDI, and created an organization to realize the smart money concept. Furthermore, our objective going forward will be to further promote the smart money concept by integrating each of these subsidiaries’ company names into the au brand.

Expanding entertainment services
Since November 2019, “au Smart Pass Premium” has significantly expanded its selection of videos, music, books, and other digital contents as well as exclusive member benefits such as advance concert ticket reservations to evolve into an “unlimited entertainment” service. In addition, au announced the new “au Data MAX Plan Net flix Pack” which has no upper limit on the volume of data used and allows you to enjoy the Netflix “Basic Plan” as a combined set. Going forward, we will continue to launch various services and experiences that make customer lifestyles even more enjoyable.

au Smart Home enriches lifestyles
IoT technologies which make daily life more convenient are starting to penetrate into the home. “au HOME” is an IoT service that watches over pets using sensors and cameras and makes daily life safe and convenient through smartphone app based operation of household appliances. Furthermore, “au Denki” not only reduces monthly electric bills but also allows users to use a smartphone to view their electricity usage at a glance and receive advice on how to conserve energy. au is realizing the smart home using technologies which connect various devices to the Internet.

Deploying au services and technologies around the world
au is deploying its business experience, know-how, and highly trusted technical capabilities cultivated through the operation of au services in Japan to delight overseas customers as well. Through a joint enterprise with Myanmar Posts and Telecommunications (MPT) and Sumitomo Corporation in Myanmar as well as an investment to establish MobiCom Corporation in Mongolia, au is improving its services and expanding its service area as the leading general telecommunications carrier in terms of revenue and market share.

Education x 5G, IoT
au’s life design services are also expanding into the field of education. The company created a comprehensive partnership with KCJ Group, which operates the “KidZania” facilities that allow children to role-play occupations and experience how society works, to integrate learning spaces for the cultivation of children’s physical and intellectual vitality with 5G, IoT, and other cutting-edge technologies. In addition, the English conversation school AEON is applying ICT and data analysis technologies from au (KDDI) to promote “EdTech” for the purpose of maximizing learning efficiency and creating spaces for comfortable English language study.
ALL KDDI Contributes to Customers’ Business

KDDI has proposed cutting-edge, optimal solutions based on our resilient and high-quality telecommunications infrastructure. It is said that in the coming 5G/IoT era, the relationships between customers and companies will be reconfigured due to the advances in telecommunications and sensor technology. This is because the application of data obtained from sensors and telecommunications to AI and personalization will make it possible to continuously provide even better services and trigger a change to a recurring model (cyclical business). The KDDI Group will mobilize AI, IoT, security, data analysis, and other group resources on top of our highly reliable network to continue helping our customers transform their businesses to the best of our ability.

Business Development through IoT

KDDI provides a one-stop destination indispensable for promoting IoT from sensors to network infrastructure, data accumulation, visualization and analysis. In addition to preparing a menu of IoT solutions according to the needs of our customers, we will jointly resolve issues and promote transformation in our customers’ businesses by combining data which uses smartphone location information with customer data. In addition to mackerel cultivation management, AI-based watering and fertilization systems, child protection services which link IoT with the backpacks of schoolchildren, and the detection of failure indicators in plant equipment, we are also carrying out tests in airports and maintenance facilities aimed at the practical application of such solutions. Going forward, we hope to live up to our customers’ expectations by accumulating solutions to various problems.

KDDI “IoT Worldwide Architecture” supporting global business

KDDI “IoT Worldwide Architecture” is a business platform for supporting the global expansion of our customers which combines the assets of various partner companies with a focus on “data services” that accumulate and analyze data gathered through IoT devices, “connectivity services” that provide telecommunication lines and line management environments according to customer needs, and “professional services” that survey the frequencies and relevant legal regulations in each country to help customers obtain certifications for IoT devices.

Since 2016, KDDI and Toyota Motor Corporation have been jointly promoting the construction of a global telecommunications platform to provide high-quality and stable telecommunications between the cloud and the on-board equipment needed for connected cars. After applying and developing this global telecommunications platform, KDDI began accepting trial applications for the KDDI “IoT Worldwide Architecture” from May 2019. The KDDI “IoT Worldwide Architecture” helps customers in various industries utilize IoT worldwide by selecting and providing the optimal network including roaming, data storage and analysis features offered in cooperation with Hitachi and Toshiba, and support for relevant laws and device certifications. In addition, we will vigorously support the corporate transition to a recurring model (cyclical business) by combining 5G and other cutting-edge technologies with various industries.

Furthermore, we will also coordinate with KDDI Group’s SORACOM to enable the use of IoT in over 120 countries and regions with the goal of using this advantage to further expand global business.
Creating innovation together with diverse partner companies

KDDI is actively engaged in open innovation. Through collaboration with a diverse range of partners including large companies, startup companies, and local governments, we are aiming for sustainable growth together with our customers by envisioning new business strategies and models for the 5G/IoT era and creating a series of new businesses and services.

KDDI DIGITAL GATE

“KDDI DIGITAL GATE” is a base of business development in the 5G/IoT era which builds teams together with corporate customers to achieve digital transformation, discovers latent end user issues through agile development, and uses cutting-edge digital technologies to rapidly build and verify solutions to problems. KDDI DIGITAL GATE is equipped with a space that allows customers to experience various solutions implemented using 5G, IoT, AR, VR, AI and other digital technologies, a dedicated space for holding co-creation development rooms where agile development teams can focus on development full time. It mobilizes all of the assets which have been built up by the entire KDDI Group to date, utilizing these advantages to rapidly build new services that integrate business with digital technology, and has been used by over 200 corporate customers* since it opened in September 2018. KDDI DIGITAL GATE expanded to Osaka and Okinawa in September 2019 and developed an organization to vigorously support new business creation by local companies.

As of the end of June 2019

JAL × KDDI DIGITAL GATE

Japan Airlines and KDDI DIGITAL GATE designed a new service for employees and also developed and tested a prototype in three months. During the initial two months, the partners designed the service to be developed through workshops and user interviews. Next, they used agile development methods to develop a prototype through four iterations (iterative development) over a one-month period. As a result of this experience, the two companies agreed in June 2019 to strengthen their partnership to jointly develop aviation-related services utilizing 5G/IoT technologies. Going forward, both parties will jointly promote the verification of new businesses aimed at the practical application of 5G in airports and maintenance facilities as well as the research and development of new services which integrate 5G with other technologies.

Business creation through partnerships with startup companies

Together with startup companies promoting new services, KDDI started “KDDI = Labo” in 2011 as a business co-creation platform aimed at the creation of new businesses with a social impact and has partnered with 66 companies* to date. In addition to creating businesses with KDDI, the KDDI = Labo has connected startup companies with 33 major companies in diverse areas such as railways, finance, and real estate to produce over 50 partnership examples so far.

Corporate venture capital investments in startup companies through the “KDDI Open Innovation Fund KOF” have been made in 60 companies* since the fund was started in 2012. Established in 2018, “KOF 3” strengthens initiatives in fields which are becoming increasingly important in the 5G era such as AI, IoT, and big data, and the fund is creating a system for discovering promising venture companies.

Moreover, KDDI was selected two years in a row as the winner of the “Innovative Major Corporations Ranking” survey of startup companies. Our proactive stance toward open innovation has been well received by startup companies.

* As of the end of June 2019

Promoting regional revitalization through local partnerships

Solving local issues

Example 1

Ina City, Nagano Prefecture

Project to build a drone logistics business

Due to the population decrease and the decreasing birthrate and aging population in recent years, logistics and traffic functions have deteriorated in hilly and mountainous regions, and an increasing number of elderly people are finding it difficult to purchase daily necessities. To solve such problems, we were contracted by the city of Ina in Nagano Prefecture to build a new logistics system using drones under the “Flying Delivery Service Construction Business” project in FY2018.

Through this project, we are currently building a drone logistics business which uses the air space above rivers via a “smart drone platform” based on 4G LTE.

Example 2

“Kids Job Challenge 2019 in Hirado — Out of KidZania—“ booth exhibit

KDDI also setup an exhibition booth at the “Kids Job Challenge 2019 in Hirado — Out of KidZania—" supervised by the KCJ GROUP (KDDI Group) and hosted in Hirado City, Nagasaki Prefecture in March 2019. We exhibited a Future Job Experience Booth to nurture children who can create solutions to regional problems using cutting-edge technologies. The booth provided visitors with a place to Rediscover local occupations and attractions while also learning about the new possibilities of primary industries through drones programmed to check the growing conditions of strawberry fields and experiencing future tourism at sightseeing spots in Hirado City via self-propelled mobility systems.

Smart drones carrying daily necessities

Kids engaged in programming drones
Connecting the world through trusted networks

Since its founding as KOKUSAI DENSHIN DENWA, KDDI has connected Japan with over 190 countries around the world through telecommunications for more than 60 years as a pioneer of international telecommunications in Japan. Built from wireless technologies, satellites, and undersea cables, KDDI’s high-quality and high-reliability international telecommunications network supports the creation of a comfortable communication society in business and daily life.

Supporting business on a global scale with ICT

The KDDI Group supports companies that are expanding their business on a global scale through more than 100 bases in 62 overseas cities. In particular, our data centers deployed under the “Telehouse” brand have expanded to over 40 bases in 20 cities and 12 countries and regions around the world. As a result of operating data centers and earning the trust of customers over 30 years, the KDDI Group has established a strong reputation with the world’s leading Internet exchanges, telecommunications carriers, and cloud providers, and over 3,000 corporate customers use our data centers as the core of their business platforms. Telehouse London Docklands North Two, Europe’s largest data center.
Connecting customers and society through telecommunications and moving forward together into the future

KDDI aspires to become a company that is loved and trusted by all stakeholders through the utilization of resilient telecommunications infrastructure and cutting-edge technologies to support customer communications and by contributing to the resolution of various issues faced by society.

Contributing to the sustainable growth of society

In accordance with the KDDI Group Mission Statement, which calls for “achieving a truly connected society,” we have been engaged in resolving social issues as an infrastructure company which supports the information platform of society. In the medium-term management plan (FY2019–FY2021), we outlined “contributing to the sustainable growth of society” as the new vision of the type of company that we wish to become, established “KDDI’s target SDGs” in coordination with the business strategy and corporate activities, and announced that the entire company would continue working together over the medium to long-term to resolve social issues.

KDDI’s target SDGs

In order to steadily promote sustainability activities, we established “KDDI’s target SDGs” in the medium-term management plan (FY2019–FY2021). We set targets that are tied to business strategies, encompassing telecommunications, global business, regional revitalization, education, and finance, as well as corporate activities, including developing human resources, supporting women’s advancement in the workplace, respecting human rights, promoting diversity and inclusion, and conserving the environment. The entire company will continue working together over the medium to long-term to resolve social issues.

Steady promotion of sustainability activities

In addition to building telecommunication networks as a form of social infrastructure through our telecommunications business in Myanmar and Mongolia, KDDI is contributing to the development of local communities in countries with insufficient infrastructure development through the KDDI Foundation. In Cambodia, we opened 11 schools over a 14-year period from 2005 to 2018 including schools in which classes are held using PCs.

Moreover, in 2018 we constructed a broadband regional network in Dullu in the west of Nepal, combining Wi-Fi and optical fiber which was laid in accordance with ITU-T standards (L.1790 and L.110) which recommend “the use of robust cables with a very similar structure to underwater cables to deploy cables without using pipes at low cost.” This network can be expected to make telemedicine and other services a reality going forward.

Example 1

Providing year-round stable telecommunications services

KDDI recognizes that as a telecommunications company providing social infrastructure, it has the responsibility of providing stable telecommunications services that are available around the clock, 365 days a year, regardless of conditions. In anticipation of every possible large-scale disaster scenario, we prepare and implement measures on a daily basis including the construction of disaster-resistant networks and the ongoing implementation of disaster response training. In the event that a disaster occurs, we have prepared “vehicle-mounted base stations” and other ways to temporarily ensure that people have access to means of communication. During the 2018 Hokkaido Eastern Iburi earthquake, we operated Japan’s first ship-mounted base station to provide coverage in the communications area from the sea. In addition, to prepare for situations in which land and sea routes are unavailable, “unmanned aircraft (drones) base stations” which use air routes are being developed and tested ahead of practical application.

Example 2

Solving the digital divide

To the medium to long-term to resolve social issues.

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Example 2

Solving the digital divide

In addition to building telecommunication networks as a form of social infrastructure through our telecommunications business in Myanmar and Mongolia, KDDI is contributing to the development of local communities in countries with insufficient infrastructure development through the KDDI Foundation. In Cambodia, we opened 11 schools over a 14-year period from 2005 to 2018 including schools in which classes are held using PCs.

Moreover, in 2018 we constructed a broadband regional network in Dullu in the west of Nepal, combining Wi-Fi and optical fiber which was laid in accordance with ITU-T standards (L.1790 and L.110) which recommend “the use of robust cables with a very similar structure to underwater cables to deploy cables without using pipes at low cost.” This network can be expected to make telemedicine and other services a reality going forward.
KDDI believes that cultivating local companies and human resources to continuously provide on-site support is the "key" to solving local issues in a sustainable manner.

KDDI is advancing the training of local companies and human resources by providing 5G, IoT, drones, and other technologies as well as business know-how in the digital transformation era through partnerships with local educational institutions. Furthermore, we are supporting local companies and venture companies which promote regional revitalization through funding provided by the “KDDI Regional Initiatives Fund.”

KDDI established and is steadily executing the “KDDI GREEN PLAN 2017-2030,” which is the Fourth Medium-term Environmental Conservation Plan covering the period from FY2017 to FY2030. This plan defines “climate action,” the creation of a recycling-oriented society, and “the conservation of biodiversity” as priority measures and sets specific targets such as “reducing the volume of CO2 emissions by KDDI (Japan, non-consolidated basis) in FY2030 by 7% compared to FY2013,” and "maintaining the 99.8% material recycling rate for used mobile telephones.” To attain these targets in addition to "maintaining the 99.8% material recycling rate for used mobile telephones.”

"The KDDI Group Declaration of Health-focused Management," we at KDDI believe that the “health” of our employees is an important management issue and promote health-focused management to support the health of each employee at an organizational level. We will cultivate a climate and culture in which employees can work in a healthy and lively manner, maximize the performance of individuals and the organization, and support the sustainable growth of the Company.

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Research & Development

Creating a prosperous future through the development and social implementation of new technologies

KDDI is taking on the challenge of new technology development and the advancement of communications technologies through research and development utilizing world-class technologies and cooperation with many partners while also helping to resolve social issues and realize a prosperous society that customers can feel excited about.

Research and development that aims to be the best in the world

Aiming for the realization of a new world and challenging high-level objectives

In June 2019, KDDI Research, Inc. joined “Team KUROSHIO,” Japan’s first undersea exploration team, to compete and win the runner-up prize in the “Shell Ocean Discovery XPRIZE,” a competition based on the mission to rapidly map the seabed across a wide area using exploration robots. KDDI has previously cultivated technologies for maintaining undersea cables such as autonomous underwater robots and underwater acoustic communication. During the competition, KDDI succeeded in rapidly mapping the seabed across a wide area by coordinating and operating multiple underwater robots utilizing these technologies with its own exploration technique.

Research and development to advance communications

Realization of a highly efficient network operation through the coexistence of 4G and 5G within the same spectrum

KDDI is promoting the research and development of communication technologies towards 5G and beyond. In September 2018, we successfully demonstrated a new technology to suppress inter-system interference for realizing the highly efficient 4G and 5G coexistence in the same spectrum. As a result, this technology will enable a high-efficient operation of cellular systems during the migration period from 4G to 5G and alleviate a degradation of spectral efficiency and communication quality caused by unbalanced user distribution such as a situation where the most of the users connect to either of one specific systems.

Realizing a stable network through operation automation using AI

KDDI is engaged in the research and development of operation automation technologies for communication networks to provide a stable communication infrastructure. In July 2018, the Company contracted with the Ministry of Internal Affairs and Communications in connection with the theme of “research and development of innovative AI network integration core technologies.” This project aims to establish network operation technologies which enable the provision of stable communication infrastructure while satisfying diverse service requirements by using machine learning and AI to design, control, and operate networks which are becoming increasingly complex in the 5G era.

Realizing a free and safe mobility society

KDDI is advancing the improvement of autonomous driving technologies to realize a free and safe mobility society. In February 2019, the Company successfully tested Japan’s first remotely-monitored autonomous driving of multiple vehicles using 5G on public roads. The use of low latency and high capacity 5G makes it possible to monitor and control self-driving cars in a safer manner. During the test, one supervisor simultaneously monitored two self-driving cars with an unmanned driver’s seat from a remote location and demonstrated that it was possible to switch to remote control and drive the vehicles in an emergency.

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Realization of safe and secure communication

KDDI is actively promoting the research and development of cryptography to ensure the safety of communication. In particular, the Company is engaged in researching next-generation public key cryptography which is safer and faster to cope with the advent of quantum computers that are able to decode existing public key cryptography in a realistic span of time and the spread of IoT devices with limited computing power. In addition to setting a world record in a lattice-based cryptography decoding contest, KDDI established its own lattice-based cryptography method which generates keys roughly 10,000 times faster and decodes around 200 times faster than conventional methods.

Realizing a highly efficient network operation through the coexistence of 4G and 5G within the same spectrum

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**Corporate Profile** (As of March 31, 2019)

**Organization Chart** (As of October 1, 2019)

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### Company Name

**KDDI CORPORATION**

**Date of Establishment**

June 1, 1984

**Main Business**

Telecommunications business

**Head Office**

3-10-10, Idabashi, Chiyoda-ku, Tokyo, Japan

**Registered Place of Business**

2-3-2, Nishishinjuku, Shinjuku-ku, Tokyo, Japan

**President**

Makoto Takahashi

**Capital**

141,852 million yen

**Total Employees**

41,996 (consolidated base)

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### Major Shareholders

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Shares Held (Shares)</th>
<th>Ratio of Shareholding (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>KYOCERA Corporation</td>
<td>335,892,000</td>
<td>14.22</td>
</tr>
<tr>
<td>Toyota Motor Corporation</td>
<td>238,812,000</td>
<td>12.67</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td>
<td>217,873,000</td>
<td>9.25</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account)</td>
<td>128,921,000</td>
<td>5.46</td>
</tr>
</tbody>
</table>

Note: KDDI excludes the treasury stocks (376,630,845 shares) that it holds from the list of major shareholders above. In addition, the ratio of shareholding is calculated by subtracting the treasury stock. Furthermore, the treasury stocks do not include the company shares (4,322,928 shares) held by the “Board Incentive Plan” (BIP) trust and the “Employee Stock Ownership Plan” (ESOP) trust.

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### Consolidated Statements (IFRS)

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Revenues (Millions of Yen)</th>
<th>Compared with Previous Year (Growth Rate)</th>
<th>Operating Income (Millions of Yen)</th>
<th>Compared with Previous Year (Growth Rate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year Ended March 31, 2017</td>
<td>4,748,259</td>
<td>+6.3%</td>
<td>922,576</td>
<td>+5.7%</td>
</tr>
<tr>
<td>Year Ended March 31, 2018</td>
<td>5,041,978</td>
<td>+6.2%</td>
<td>962,793</td>
<td>+5.5%</td>
</tr>
<tr>
<td>Year Ended March 31, 2019</td>
<td>5,080,353</td>
<td>+0.8%</td>
<td>1,013,729</td>
<td>+5.3%</td>
</tr>
</tbody>
</table>

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### Executive Members (As of June 19, 2019)

<table>
<thead>
<tr>
<th>Directors</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman, Representative Director</td>
<td>Takashi Tanaka</td>
</tr>
<tr>
<td>Vice Chairman, Representative Director</td>
<td>Hirofumi Morozumi</td>
</tr>
<tr>
<td>President, Representative Director</td>
<td>Makoto Takahashi</td>
</tr>
<tr>
<td>Executive Vice Presidents, Representative Directors</td>
<td>Yoshikazu Uchida</td>
</tr>
<tr>
<td>Senior Managing Executive Officers, Directors</td>
<td>Takashi Shoji</td>
</tr>
<tr>
<td>Managing Executive Officers, Directors</td>
<td>Kei Morita</td>
</tr>
<tr>
<td>Directors</td>
<td></td>
</tr>
<tr>
<td>Goro Yamaguchi*</td>
<td></td>
</tr>
<tr>
<td>Keiji Yamamoto*</td>
<td></td>
</tr>
<tr>
<td>Yoshikazu Nemoto**</td>
<td></td>
</tr>
<tr>
<td>Shigeo Ohyagi**</td>
<td></td>
</tr>
<tr>
<td>Riyo Kano**</td>
<td></td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Members</td>
<td></td>
</tr>
<tr>
<td>Koichi Iizumi</td>
<td></td>
</tr>
<tr>
<td>Akira Yamashita**</td>
<td></td>
</tr>
<tr>
<td>Yasuhide Yamamoto</td>
<td></td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Members</td>
<td></td>
</tr>
<tr>
<td>Kakuji Takano**</td>
<td></td>
</tr>
<tr>
<td>Nobuaki Kato**</td>
<td></td>
</tr>
</tbody>
</table>

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*1. Goro Yamaguchi, Keiji Yamamoto, Yoshikazu Nemoto, Shigeo Ohyagi, and Riyo Kano are outside directors.
*2. Akira Yamashita, Kakuji Takano, and Nobuaki Kato are outside Audit & Supervisory Board members.
*3. Directors Yoshikazu Nemoto, Shigeo Ohyagi, and Riyo Kano as well as Audit & Supervisory Board members Akira Yamashita, Kakuji Takano, and Nobuaki Kato are independent officers pursuant to Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.
Main Domestic Companies and Affiliates  
(As of July 1, 2019)

**Mobile Business**
- OKINAWA CELLULAR TELEPHONE COMPANY
- SORACOM, INC.
- UQ Communications Inc.
- Wire and Wireless Co., Ltd.

**Fixed-line Business**
- Chubu Telecommunications Co., Inc.

**Internet-related Business**
- BIGLOBE Inc.
- Ecomot Inc.
- Japan Internet Exchange Co., Ltd.
- Japan Network Enabler Corporation
- KDDI Web Communications Inc.

**Data Communications Engineering**
- ARISE analytics Inc.
- Datasection Inc.
- Dentsu’s K.K.
- D+FIVE CONSULTING Co., Ltd.
- IIM Inc.
- KDDI Digital Security Inc.
- KDDI Digital Design Inc.
- KYOCERA COMMUNICATION SYSTEMS Co., Ltd.
- LAC Co., Ltd.
- Scrum Inc. Japan

**Network Construction, Operation and Maintenance**
- Japan Telecommunication Engineering Service Co., Ltd.
- KDDI Engineering Corporation
- KOKUSAI CABLE SHIP Co., Ltd.
- K&M System Integrations Corporation
- TEPCO OPTICAL NETWORK ENGINEERING INC.

**Telemarketing Business & Human Resource Solutions**
- KDDI Evolva Inc.

**Research & Development of Cutting-edge Technology**
- KDDI Research, Inc.
- KDDI Technology Corporation

**Product Sales Business**
- KDDI Precede Corporation
- KDDI Challenged Corporation

**Community Antenna Television Business**
- Jupiter Telecommunications Co., Ltd.

**Theme Park Operation Business**
- KCJ GROUP INC.

**Energy-related Business**
- ENERES Co., Ltd.
- Kagoshima Mega Solar Power Corporation

**Education Business**
- AEON Holdings Corporation
- KDDI Learning Corporation

**Financial Business**
- au Financial Holdings Corporation
  - au Asset Management Company, Limited
  - Jhon Bank Corporation
  - KDDI Financial Service Inc.
  - WebMoney Corporation
  - au Insurance Co., Ltd.
  - LIFENET INSURANCE COMPANY

**Content & Media Business**
- A-Sketch Inc.
- hkototo Co., Ltd.
- Connehto Inc.
- every, Inc.
- Gunzoo, Inc.
- Jupiter Entertainment Co., Ltd.
- Kadokawa.com, Inc.
- media Inc.
- Natasha, Inc.
- Superwings Holdings Co., Ltd.
- TOLOT Inc.

**Sales & Marketing**
- KDDI Matomete Office Corporation

**Drone Business**
- Prodrone Co., Ltd.

**Network Construction, Operation and Maintenance**
- Jupiter Telecommunication Engineering Service Co., Ltd.
- KDDI Engineering Corporation
- KOKUSAI CABLE SHIP Co., Ltd.
- K&M System Integrations Corporation
- TEPCO OPTICAL NETWORK ENGINEERING INC.