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Company name KDDI Corporation
Representative Hiromichi Matsuda, President, Representative Director, CEO
(Code: 9433 Tokyo Stock Exchange; Prime Market)
Contact: Keita Horii,
General Manager of General Administration Division, Corporate Sector
(Tel: +81-3-3347-0077)

Notice Regarding the Continuation of and Partial Revision to the Performance-linked Stock Compensation Plan for Directors and Other Executives

KDDI Corporation (hereinafter “KDDI”), at the meeting of the Board of Directors held today, resolved to submit a proposal (hereinafter the “Proposal”) regarding the continuation of and partial revision to the performance-linked stock compensation plan (hereinafter the “Plan”) for KDDI’s Directors, Executive Officers, Administrative Officers, and Senior Directors (excluding those residing overseas, Outside Directors, and Part-time Directors; hereinafter collectively “Directors and Other Executives” and “Director or Other Executive” in the singular), which was introduced in fiscal 2015, to the Annual Shareholders Meeting scheduled to be held on June 17, 2026 (hereinafter the “Annual Shareholders Meeting”).

1. Continuation of the Plan

- (1) The Plan has been in place since fiscal year 2015 with the objective of clarifying the linkage between the compensation of Directors and Other Executives and the Company’s business performance and share value, thereby enhancing incentives to contribute to medium- to long-term performance improvement and corporate value enhancement.

At the meeting of the Board of Directors held today, KDDI resolved to submit the proposal for a partial revision of the Plan to the Annual Shareholders Meeting. Through this partial revision, the Plan will be changed from the previous structure under which KDDI shares corresponding to cumulative points granted under the Plan were granted to Directors and Other Executives upon retirement, to a structure under which such granting takes place during their term of office, with transfer restrictions imposed on such shares until the retirement of the relevant Directors and Other Executives. This revision is intended to encourage the holding of actual KDDI shares by Directors and Other Executives during their term of office and to further enable the sharing of value with shareholders.

If the Proposal is approved, the compensation system for Directors will continue to consist of fixed compensation, performance-linked bonuses, performance-linked stock compensation, and stock price-linked bonuses.

- (2) The continuation of and partial revision to the Plan is contingent upon its approval at the Annual Shareholders Meeting.
- (3) The Plan is based on the Board Incentive Plan (BIP) trust (hereinafter the “BIP trust”). The BIP trust is an incentive plan for Officers based on the U.S.-performance-based share compensation (Performance Share) plan and the restricted stock compensation (Restricted Stock) plan, under which KDDI shares acquired by the BIP trust are granted to Directors and Other Executives in accordance with their degree of achievement of performance targets and their positions in the company.

2. Partial revision to the Plan

Continuation of the Plan is contingent upon its approval at the Annual Shareholders Meeting. Except for the matters described below, the details of the Plan as revised in fiscal 2025 will basically remain unchanged.

(Changes are underlined.)

| | Before Revision | After Revision |
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| Maximum trust contribution | The maximum amount of money to be contributed to the Trust shall be an amount calculated by multiplying JPY <u>1,250</u> million per fiscal year by the number of years in the target period. | The maximum amount of money to be contributed to the Trust shall be an amount calculated by multiplying JPY <u>1,600</u> million per fiscal year by the number of years in the target period. |
| Maximum number of KDDI shares to be acquired for granting to Directors and Other Executives | The maximum number of KDDI shares to be acquired shall be a number equivalent to the number calculated by multiplying the annual upper limit of <u>800,000</u> points per fiscal year (equivalent to <u>800,000</u> shares) by the number of years in the target period. | The maximum number of KDDI shares to be acquired shall be a number equivalent to the number calculated by multiplying the annual upper limit of <u>1,000,000</u> <u>variable</u> points per fiscal year (equivalent to <u>1,000,000</u> shares) by the number of years in the target period. |
| Method for calculating KDDI shares, etc. to be granted to Directors and Other Executives | <u>Points determined based on the position of each Director or Other Executive and the degree of achievement of the valuation indicators for each fiscal year (including operating revenue, operating income, profit for the year, etc.) are granted annually, and such points are accumulated until the retirement of the relevant</u> | <u>Base points determined based on the position of each Director or Other Executive shall be granted annually. After the end of the fiscal year covered by the Medium-Term Management Strategy, variable points shall be calculated from the cumulative amount of base points in accordance with the degree of</u> |

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| | <u>Directors and Other Executives.</u> | <u>achievement of evaluation indicators, including the relative Total Shareholder Return (TSR) (against TOPIX and peer groups) and the ROIC spread.</u> |
| Method and timing of granting KDDI shares, etc. to Directors and Other Executives | <u>Upon the retirement of each Director or Other Executive, a certain portion of the points accumulated up to that time is granted in the form of KDDI shares, and the remaining portion is converted into cash within the Trust and paid as an amount equivalent to the proceeds from such conversion.</u> The timing of granting or payment is at the retirement of the <u>relevant Directors and Other Executives.</u> | <u>After the end of the target period, KDDI shares corresponding to the calculated number of variable points shall be granted to each Director or Other Executive.</u> The timing of such granting shall be after the end of the fiscal years covered by the Medium-Term Management Strategy; provided, <u>however, that transfer restrictions shall be imposed on the KDDI shares after their granting until the retirement of the relevant Directors and Other Executives.</u> |
| Treatment of dividends on KDDI shares held in the Trust | Dividends paid on KDDI shares held in the Trust shall, after being received by the Trust, be used to cover trust fees and trust-related expenses, and an amount equivalent to the dividends corresponding to the cumulative number of points as of each dividend record date occurring during the trust period shall be paid to the relevant Directors and Other Executives upon their retirement. | Dividends paid on KDDI shares held in the Trust shall, after being received by the Trust, be used to cover trust fees and trust-related expenses, and an amount equivalent to the dividends corresponding to the cumulative amount of <u>base</u> points as of each dividend record date occurring during the trust period shall be paid to the relevant Directors and Other Executives upon their retirement. |

For further details, please see the Appendix.

[Appendix]

(1) Outline of the Plan

The Plan is a performance-linked stock compensation plan under which KDDI shares are acquired through a trust (hereinafter the “Trust”) using compensation funds contributed by the Company, and KDDI shares or cash equivalent to the value of such shares are granted or paid to Directors and Other Executives based on the degree of achievement of evaluation indicators and the position of each Director or Other Executive. In principle, KDDI shares are granted for each target period, and transfer restrictions are imposed until the retirement of the relevant Directors and Other Executives.

In principle, the Plan applies to fiscal years covered by the Company’s Medium-Term Management Strategy. Following the revision, the applicable target period will be the three fiscal years from fiscal year 2026 to fiscal year 2028.

(2) Trust period after the extension

The trust period after the extension shall be approximately three years from September 1, 2026 (scheduled) to the end of August 2029 (scheduled).

Upon the expiration of the trust period of the Trust, the Trust may be continued by amending the trust agreement, in which case the period covered by the Medium-Term Management Strategy as of that day shall become the new eligible period of the Trust, and the trust period of the Trust shall be extended for the same period as the new eligible period. If no amendments are made to the trust agreement at the end of the trust period (or at the end of the trust period after extension in the case that the Trust is continued), no points shall be granted to Directors and Other Executives thereafter. However, the trust period may be extended for up to 15 years until the Directors and Other Executives who may meet the beneficiary requirements retire and granting of KDDI shares, etc. to such Directors and Other Executives is complete.

(3) Total amount of money to be contributed to the Trust

KDDI shall contribute money to the Trust as compensation for Directors and Other Executives for every eligible period, up to an amount equal to 1,600 million yen multiplied by the number of years in the eligible period (for the three-year period from fiscal year 2026 to fiscal year 2028, 4,800 million yen). In accordance with the instructions of the trust administrator, the Trust shall acquire KDDI shares from KDDI (through the disposal of treasury shares) or from the stock market using the money entrusted to the Trust as funds. In addition, in the event that the period of the Trust is extended, any KDDI shares (excluding KDDI shares to be granted to Directors and Other Executives) and cash remaining in the Trust as of the last day of the period of the Trust prior to the extension (hereinafter the “remaining shares, etc.”) shall be transferred to the extended Trust. The total amount of the remaining shares, etc. and trust money to be additionally contributed shall be limited to the amount calculated by multiplying 1,600 million yen by the number of years in the eligible period newly set.

- (4) Maximum number of points to be granted to Directors and Other Executives and total number of shares to be acquired by the Trust

Under the Plan, the total number of variable points granted per fiscal year (which is calculated by dividing the total number of variable points as described in item (5) below by the number of years in the target period) shall not exceed 1,000,000 points.

In addition, during the target period, the total number of KDDI shares to be acquired for the purpose of the granting, etc. of shares to Directors and Other Executives shall not exceed a number of shares calculated by multiplying the annual cap of 1,000,000 variable points by the number of years in the target period (3,000,000 shares for the three-year target period).

- (5) KDDI shares, etc. to be granted to Directors and Other Executives

Directors and Other Executives shall be granted base points annually based on their respective positions. After the end of the target period, the number of variable points shall be calculated by multiplying the cumulative number of base points accrued up to that time by a grant rate, which varies depending on the degree of achievement of the evaluation indicators.

The evaluation indicators are set as relative total shareholder return (TSR) (against TOPIX and peer groups) and the ROIC spread, with the aim of providing incentives for achieving the “enhancement of management quality” set forth in KDDI’s Medium-Term Management Strategy and for further sharing value with shareholders.

The number of points to be granted to each of the Directors and Other Executives shall be determined as follows based on the grant rate calculated according to their degree of achievement of (i) KDDI performance targets and (ii) other indicators determined based on the Remuneration Advisory Committee report, as well as their positions, etc.

- (6) Method and Timing of Granting and Transfer Restrictions

Upon the completion of the prescribed procedures for the determination of the beneficiaries, Directors and Other Executives shall receive, at a designated time after the calculation of the variable points, a number of KDDI shares corresponding to such variable points from the Trust.

If a Director or Other Executive dies during the trust period, all KDDI shares corresponding to the number of points granted to him or her as of that time shall be converted into cash within the Trust, and cash equivalent to the proceeds from such conversion shall be paid from the Trust to the heirs of such Director or Other Executive.

The KDDI shares granted under the Plan shall be subject to transfer restrictions that shall include the following:

(a) Directors and Other Executives shall not transfer, create any security interest over, or otherwise dispose of such shares from the date on which the KDDI shares are granted until the date of retirement of such Director or Other Executive.

(b) The transfer restrictions on the share granted to a Director or Other Executive shall be lifted on his or her retirement.

(c) If certain serious misconduct or violations, etc. occur involving a Director or Other Executive during the transfer restriction period, KDDI shall acquire, without compensation, the KDDI shares granted to such Director or Other Executive without the transfer restrictions being lifted.

It is expected that KDDI shares subject to the transfer restrictions will be managed during the transfer restriction period in a dedicated securities account opened by each Director or Other Executive with a securities company, so as to prevent the transfer of such shares, the creation of any security interest thereon, or other disposition involving such shares during such period.

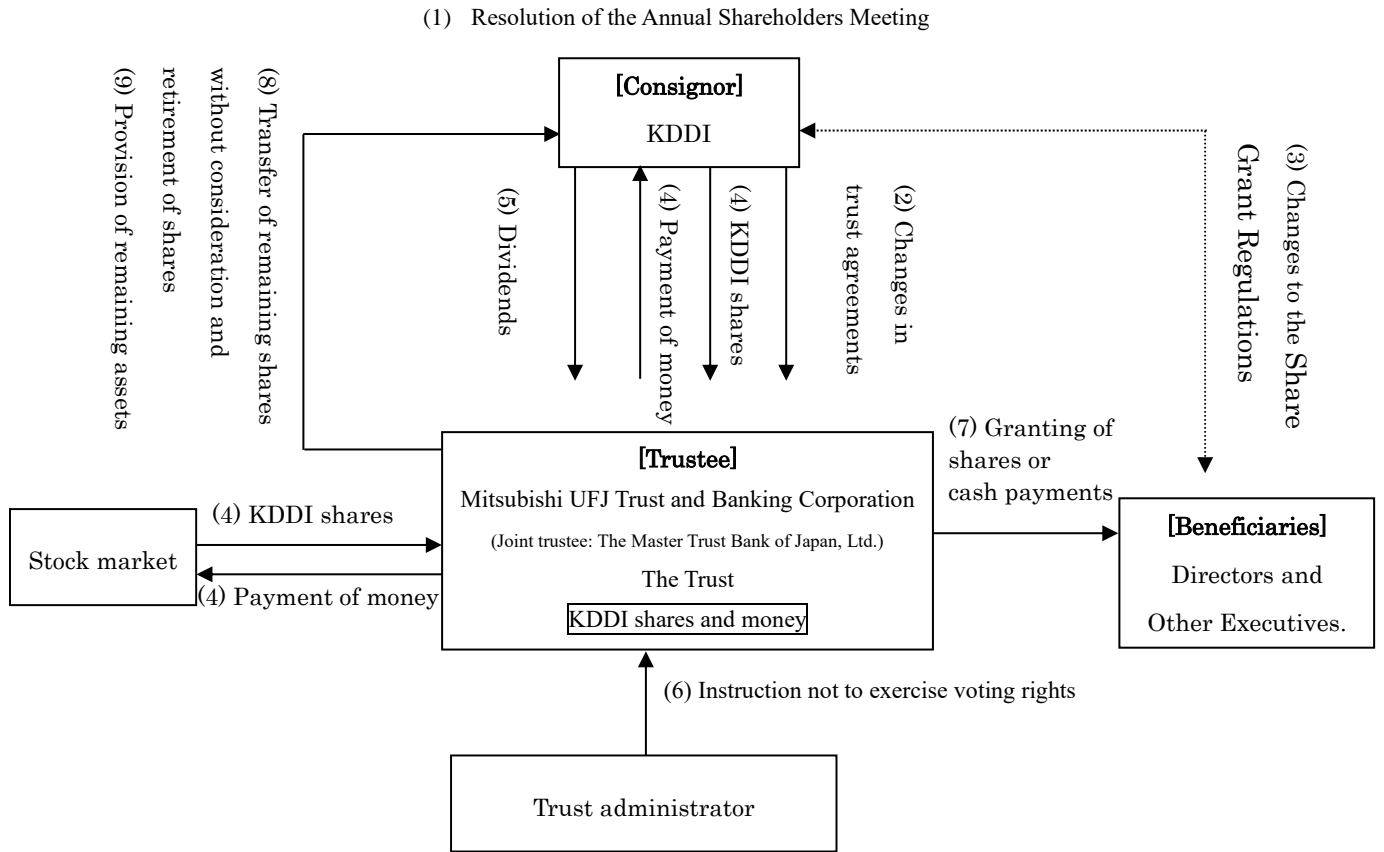
(7) Clawback system, etc.

In the event that serious improper or illegal conduct, or other misconduct, etc. occurs involving a Director or Other Executive, KDDI has established a system under which it may cause such Director or Other Executive to forfeit or lose his or her rights to receive KDDI shares or cash equivalent thereto under the Plan, acquire without compensation the KDDI shares already granted during the transfer restriction period as set forth in item (6) above, and request the return of cash equivalent to the value of KDDI shares or other benefits already granted (this is referred to as a “clawback”).

(8) Treatment of dividends of surplus for KDDI shares held in the Trust

Dividends paid on KDDI shares held in the Trust shall be used to pay the Trust’s trust fees and expenses after receipt by the Trust, and an amount equivalent to the dividends corresponding to the cumulative number of base points held by the Directors and Other Executives as of each dividend record date arriving during the trust period shall be paid to each of the Directors and Other Executives after their retirement. If any residual assets exist at the time of termination of the Trust, such assets shall be paid to the Directors and Other Executives and, thereafter, donated to organizations in which KDDI and its Directors and Other Executives have no interest.

(9)The structure of the Plan



- (1) KDDI shall obtain approval at the Annual Shareholders Meeting for the partial revision to the Plan.
- (2) Based on the agreement to revise the trust agreement, KDDI shall entrust money within the scope approved by resolution at the Annual Shareholders Meeting as described in (1) and extend the trust period of the Trust, for which the beneficiaries are the Directors and Other Executives who satisfy the beneficiary requirements.
- (3) Upon the continuation of the Plan, KDDI shall partially revise the Share Grant Regulations.
- (4) The Trust shall, in accordance with the instructions of the trust administrator, acquire KDDI shares from KDDI (through the disposal of treasury shares) or from the stock market using as the source of funds the money remaining in the Trust at the time of revision of the trust agreement and the cash contributed as described in (2). The number of shares to be acquired by the Trust shall be within the scope approved by the Annual Shareholders Meeting as described in (1).
- (5) Dividends of surplus for KDDI shares within the Trust shall be paid in the same manner as dividends on other KDDI Shares.
- (6) KDDI shall not exercise voting rights for its shares held in the Trust throughout the trust period.
- (7) During the trust period, each fiscal year, base points shall be granted to Directors and Other Executives in accordance with KDDI's Share Grant Regulations, based on their degree of achievement of performance targets and their positions, etc. Directors and Other Executives who meet certain beneficiary requirements shall be granted KDDI shares equivalent to their base points; provided, however, that such shares shall be subject to transfer restrictions until the retirement of the relevant Director or Other Executive. In addition, with respect to the dividends paid on KDDI shares held in the Trust, an amount of cash equivalent to the relevant number of base points on each dividend record date in the trust period shall be paid to each Director or Other Executive after their retirement.
- (8) If, due to a failure to achieve targets during the trust period or other reason, residual shares exist at the end of the trust period, such residual shares shall be transferred from the Trust to KDDI without compensation consideration, and KDDI shall retire such shares by resolution of the Board of Directors.
- (9) The residual assets in the Trust at the time of termination shall belong to KDDI within the scope of the trust expense reserve, which is the amount of entrusted money minus the funds used to acquire shares. Any amount exceeding the trust expense reserve shall be granted to the beneficiaries and then donated to organizations in which KDDI and its Directors and Other Executives have no interest.

[Reference] Details of the trust agreement

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| (1) Type of trust | Money trust other than a money trust for specific individual management (Trust for the benefit of others) |
| (2) Purpose of trust | Granting of incentives to Directors and Other Executives |
| (3) Trustor | KDDI |
| (4) Trustee | Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.) |
| (5) Beneficiaries | Persons who have retired from positions as Directors and Other Executives and who meet the beneficiary requirements |
| (6) Trust administrator | Third party that has no interest in KDDI |
| (7) Trust agreement date | September 1, 2015 (Scheduled to be changed in August 2026) |
| (8) Trust period | September 1, 2015 to the end of August 2026 (Planned to be extended in August 2026 until the end of August 2029 in accordance with the changes to the trust agreement) |
| (9) Effective date of the Plan | September 1, 2015 |
| (10) Exercise of voting rights | Voting rights shall not be exercised. |
| (11) Type of shares to be acquired | KDDI common stock |
| (12) Maximum amount of entrusted money | 4,800 million yen (planned) (including trust fees and expenses) |
| (13) Reversionary beneficiary | KDDI |
| (14) Residual assets | The residual assets that KDDI, as the owner of the rights, can receive shall be limited to the amount of the trust expense reserve after deducting the funds used to acquire shares from the trust funds. |