

## Our Future 2: “au PAY” Targets

### Leading the Way on Going Cashless

By offering “au PAY” smartphone payments, KDDI expands contact with customers and is working to build robust, long-term engagement with customers by using various life design services.

In addition, we aim to continue evolving our services mainly by integrating au WALLET Points into Ponta Points and collaborating with various financial services.



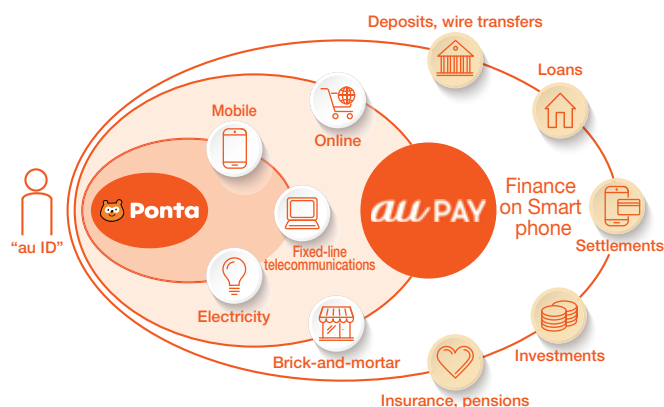
### KDDI's Initiatives in the Settlement and Financial Fields

Smartphones have become an essential tool in people's lives now. In today's “smartphone-centric” world, people can conduct and manage settlement and financial services with their smartphone.

KDDI has spearheaded initiatives in the settlement and finance fields ahead of industry peers. Examples include starting Jibun Bank for internet banking specialized for mobile phones in 2008 and developing “au WALLET” as a new settlement function that earns points and can be used at brick-and-mortar stores in addition to online stores thanks to the electronic money card connected with “au ID” in 2014.

Then in 2019, we launched the Smart Money Concept to comprehensively provide “smartphone-centric” settlement and financial experiences to customers with the “au PAY” app serving as an entry point to various services, namely deposits, settlements, investments, loans, and insurance. In addition, to realize this concept, we founded au Financial Holdings.

#### Smart Money Concept Centered on “au PAY”



### KDDI's “au PAY” Smartphone Payments

In Japan, the government is promoting cashless payments with a 2025 goal of having 40% of settlements being cashless. In line with this, the market for smartphone payments is significantly expanding due in part to ad campaigns rolled out by telecommunication companies.

In April 2019, we started smartphone payments using bar-codes and QR codes under the name “au PAY.” As of March 31, 2020, membership rose to 23.5 million with 1.9 million locations where customers can use points and smartphone payments. Our number of members, payment users, participating retailers, and transaction volume are steadily expanding.

### Helping Enhance “au” Engagement

One reason KDDI focuses on “au PAY” is to help enhance customer engagement.

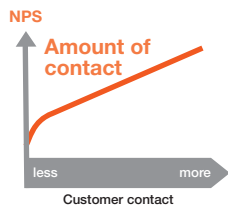
Analyzing the last few years, we see a correlation: the more contact we have with customers, the higher NPS\*<sup>1</sup> rises. In addition, we discovered that of the numerous life design services we have, “au PAY,” which is used daily by customers, had a particularly large effect.

At au shops, contact with customers is limited to the handset purchase cycle, which is usually once every two or three years. But by expanding services, including the “au PAY” app, “au PAY” card, and “au PAY” market (online shopping mall), we are able to have daily contact with customers.

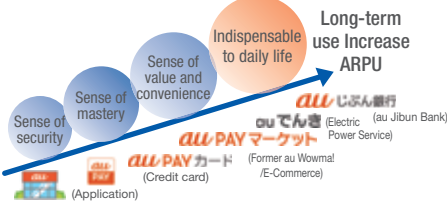
Furthermore, we aim to build robust, long-term engagement with customers by using tie-up services with long-term contracts, such as “au Denki” and financial services, becoming an indispensable part of customers' lives.

\*1 Net Promoter Score (customer recommendation score)

## Correlation between customer contact and NPS



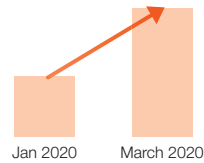
## Enhancing engagement through increased contact



**au PAY**

## Number of Payments

More than double following the campaign<sup>\*3</sup>



Integrated with Ponta points  
Full-scale partnership with Lawson  
(Started from the end of May 2020)



Among Japan's largest member bases with over 100 million  
Expansion of affiliated stores accepting points and payments

Number of payments greatly increased.

Promoted initiatives to increase contact

<sup>\*3</sup> Campaign that anyone can participate in and get 1 billion yen every week (Feb 2020 to March 2020)

## Helping Expand the "au Economic Zone"

Ponta Points (formerly "au WALLET" Points) are given to customers when they pay "au" telecommunications fees and use "au" services, such as "au PAY" or "au PAY" card.

KDDI is building an ecosystem where points circulate within the "au Economic Zone" by setting up the "au PAY" market as a place to use saved up points.

Going forward, we aim to create a more virtuous cycle for points and maximize the "au Economic Zone" by focusing on "au PAY" to promote the use and charging of "au PAY" card and giving bargains to customers who use saved up points at "au PAY" market.



## Synergy with the Financial Business Expecting Future Profit Growth

We will continue connecting "au PAY" to the various settlement and financial services held by the KDDI Group.

For the fiscal year ended March 31, 2020, transaction volume of settlement and loan<sup>\*4</sup> exceeded ¥6.5 trillion. Going forward, we aim to expand earnings and expand circulation between financial services in part by connecting "au PAY" to the use of securities services from banks and banking services from credit cards.

<sup>\*4</sup> "au PAY" settlement amount + "au PAY" card settlement amount + "au Carrier Billing" settlement amount + au Jibun Bank settlement amount + loan execution amount



## Two Initiatives to Expand "au PAY" Contact Points

### Carrying Out the "Anybody! Can Get ¥1 Billion Per Week! Campaign"

To raise awareness of "au PAY," over a seven-week period from February 2020, we carried out a campaign to award "au WALLET" Points equivalent to a maximum of 20% of settlement amounts. That had a significant effect, greatly helping to enhance the presence of "au PAY," such as by significantly raising awareness and getting many non-"au" customers to sign up.

### Creating New Contact Points by Integrating Ponta Points

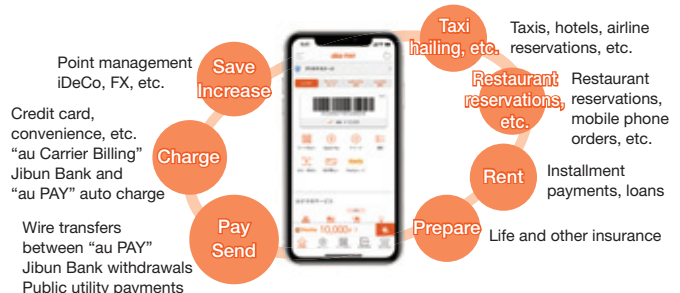
In May 2020, we integrated "au WALLET" Points into Ponta Points, creating a point member base of over 100 million, one of the largest in Japan.

With this member base as a foundation, we combined both groups' assets, such as KDDI's advanced technologies and around 14,500 Lawson stores,<sup>\*2</sup> to continue providing new experience value to customers. In addition, with a foothold in the Ponta open platform alliance, we aim to expand contact with non-"au" customers and further expand transaction volume of settlement and loan.

<sup>\*2</sup> As of May 2020

## Aiming to Make "au PAY" a Super App

The super app that KDDI aims for is one that will be the most used by customers and serve as a launchpad for their daily lives. Going forward, we aim to further evolve as a super app by further expanding the function of "au PAY" and connecting it with daily life services, such as hailing taxis and making restaurant reservations.



## Summary of Characteristics of KDDI's Settlement and Financial Fields

1. Launch of the Smart Money Concept, centered on "au PAY"
2. Point member base of over 100 million
3. Further earnings expansion with an over ¥6.5 trillion transaction volume of settlement and loan