

Tomorrow, Together



Financial Results for 1st Half of Fiscal Year Ending March 2023

November 2, 2022

KDDI Corporation

President

Makoto Takahashi



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

 KDDI VISION 2030

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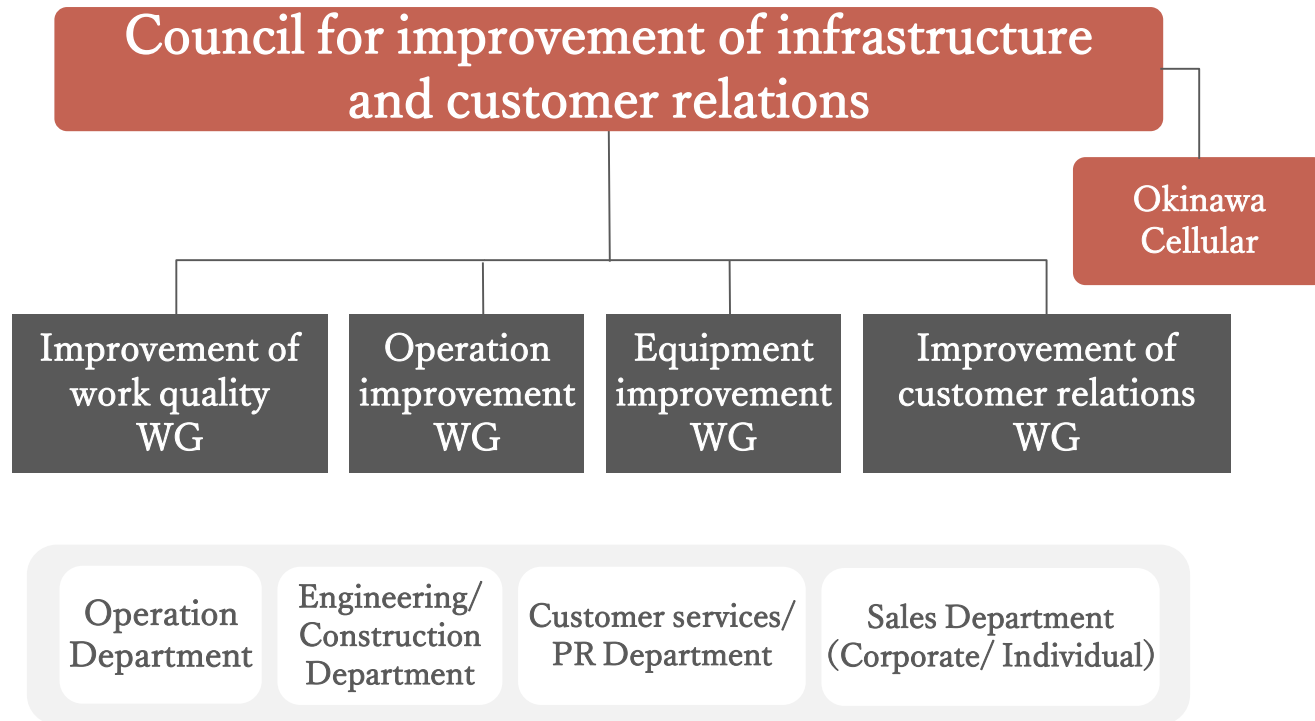
Appendix

1. Progressing Towards a Resilient Telecommunications Infrastructure

Efforts to Prevent Recurrence of Communication Failure

Company-wide verification and response as a top priority issue

Promotion System for Quality and Service Improvement



Company-wide training and safety conference



Efforts to Prevent Recurrence of Communication Failure

Based on discussions at the Ministry of Internal Affairs and Communications' Telecommunications Accident Verification Conference

Submit a report on prevention of recurrence

(1) Review of work procedures and standards	→ Conduct thorough risk assessment, pre-confirmation and review work standards
(2) Design review of congestion detection and control	→ Developed congestion detection tools, and changed configuration to separate regions
(3) Establish procedures for early recovery from congestion	→ Developed and introduced VoLTE nodes congestion relief tool
(4) Improvement of PR content and methods	→ Establish an easy-to-understand information dissemination from the customer's perspective
(5) Secure alternative means	→ Consider measures to secure emergency calls and critical communications in the event of a disaster or service outage
(6) Conduct training and strengthen quality control system	→ Sep. 23 Conducted company-wide large-scale accident drill Sep. 29 Conducted company-wide safety convention Establishment of Quality Control Office as of Oct. 1

Public information and roaming support will continue to be discussed at the MIC WG

Meeting customer expectations

Additional investment of 50 billion yen in the medium term,
mainly in virtualization technology, to improve quality

Front-loading Investment

Accelerated implementation of virtualized infrastructure

- ✓ Core facilities early migration to virtualized infrastructure; improved fully automated operations and service reliability
- ✓ Fully automated congestion control functionality will implement network measures in the event of failures

Operational sophistication

Accelerated response using smart monitoring and AI

- ✓ Smart monitoring capabilities have been expanded to implement rapid restoration response
- ✓ Developed failure detection system using AI to speed up abnormality detection

2. Consolidated Financial Results

1H Financial Results Highlights

Progress of consolidated operating income is 50.8%.

Aiming to continue to increase profit and expand Focus Areas

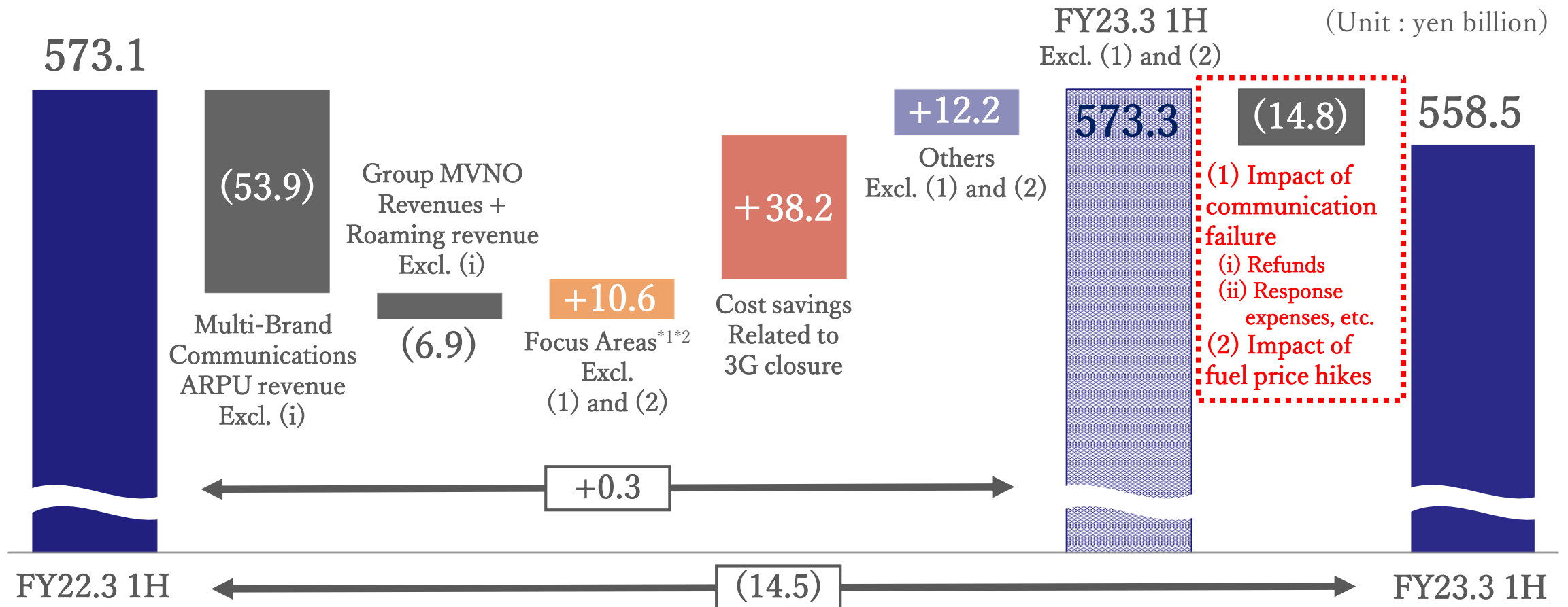
(Unit : yen billion)

Consolidated	FY22.3 1H	FY23.3 1H	Progress	FY23.3(E)
Operating Revenue	2,625.2	2,740.8	49.3%	5,560
Operating Income	573.1	558.5	50.8%	1,100
Profit for the Period attributable to owners of the parent	361.5	354.4	51.5%	688
Focus Areas	FY22.3 1H	FY23.3 1H	YOY	FY23.3(E)
NEXT Core Business (DX) Operating Revenue	157	185	+17.8%	--
Financial Business Revenue ^{*1}	81.4	113.8 ^{*2}	+39.8%	210
Financial Business Operating Income ^{*1}	6.3	26.3 ^{*2}	+315.8%	38
au Energy HD Operating Revenue ^{*3}	--	139 ^{*3}	--	--

*1 au Financial Holdings, IFRS basis *2 Includes temporary accounting effects in FY23.3 1Q *3 au Energy Holdings is disclosed from FY23.3 2Q. Figures shown are actual results for 2Q.

1H Consolidated Operating Income: Factors for Change

1H: Decrease due to (1) response to communication failure and (2) impact of fuel price hikes



*1 Business Services segment, Financial Business (au Financial Holdings, IFRS basis) and Energy Business, etc.

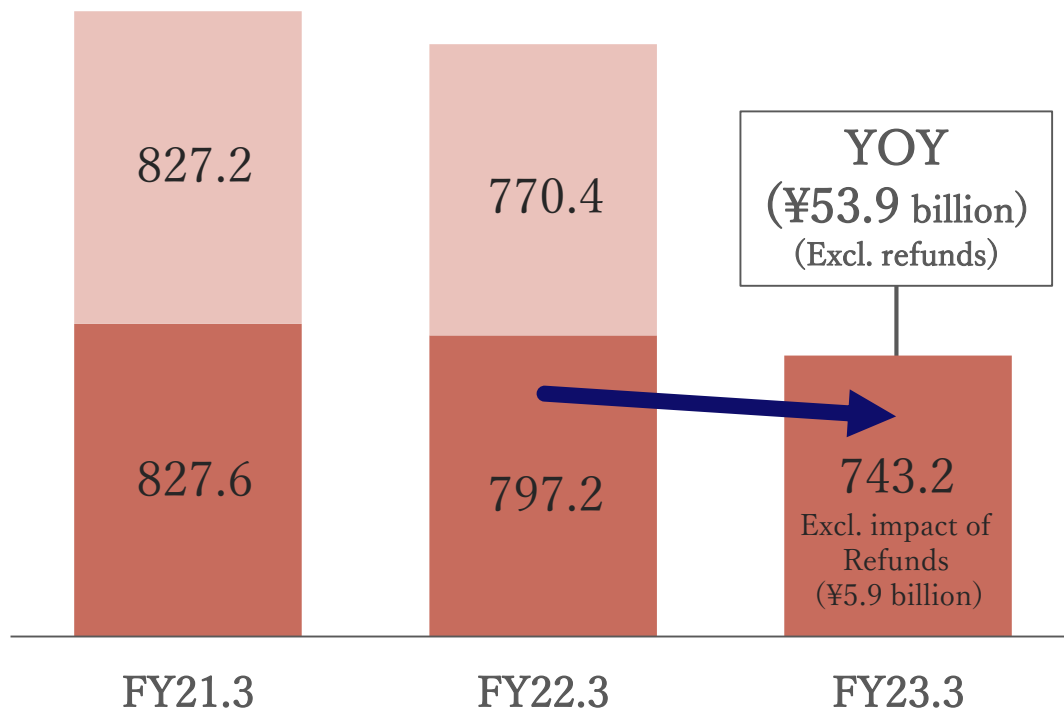
*2 Includes temporary accounting effects in FY23.3 1Q

Multi-Brand ARPU Revenues

Value-added ARPU revenues increased steadily while communications ARPU revenues declined

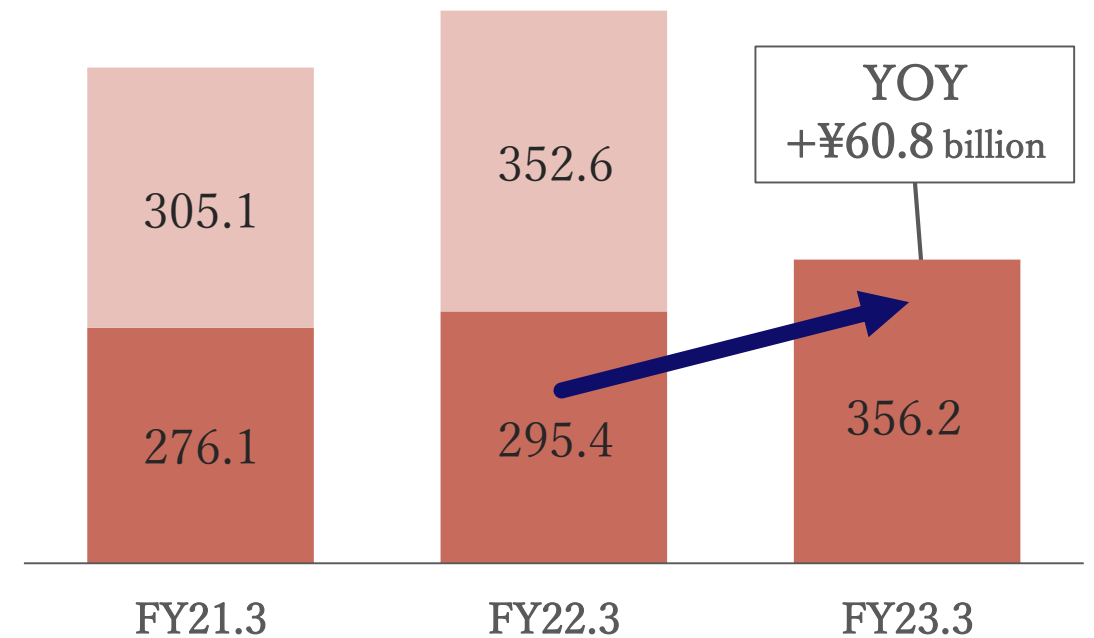
Multi-Brand communication ARPU revenues

■ 1H ■ 2H (Unit : yen billion)



Multi-Brand value-added ARPU revenues

■ 1H ■ 2H (Unit : yen billion)

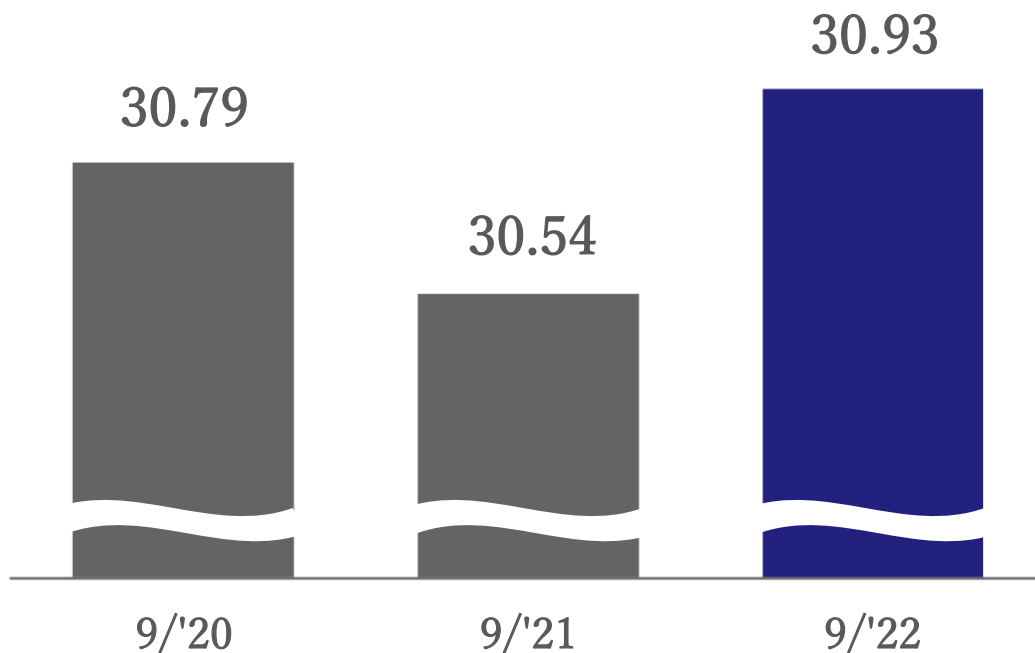


Multi-Brand IDs

Although pace slowed in July, recovery trend centered on UQ mobile

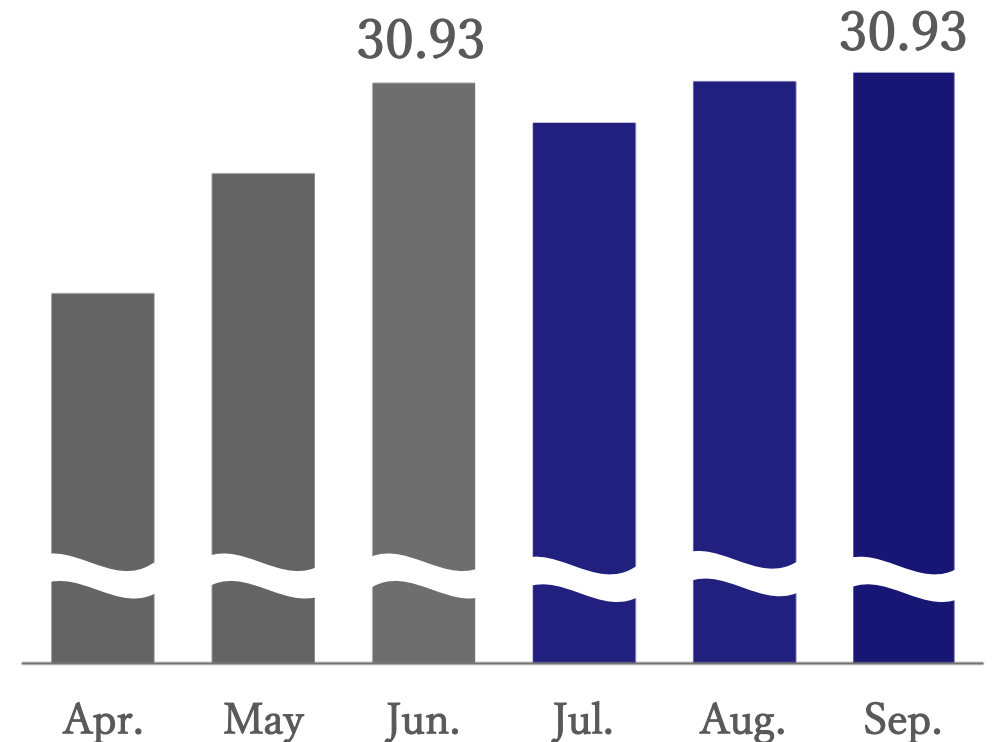
Multi-Brand IDs

(Unit : million)



Monthly Multi-Brand IDs

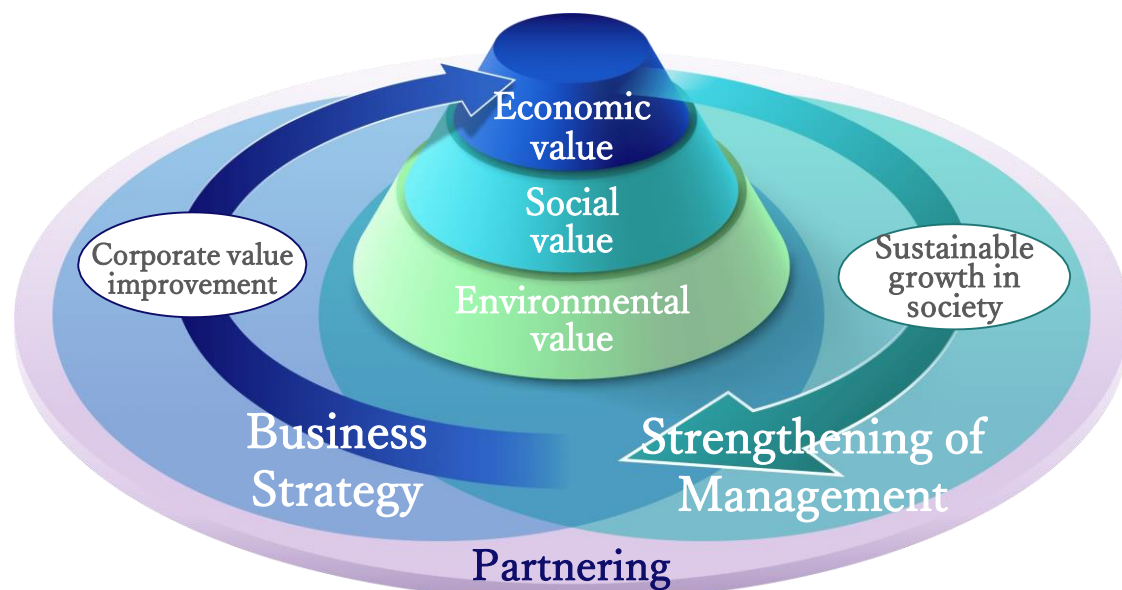
(Unit : million)



3. Progress on Mid-term Management Strategy

Sustainability Management

Pursuing social impact through our business



Number of solving
disparity in regions*

2.75 millions
(Mid-term goals
15 millions)

Human capital

KDDI DX University

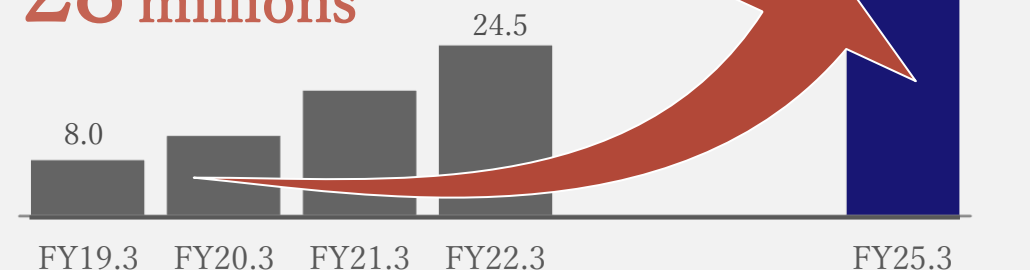
DX Basic Skills

**Employee enrollment
begins in earnest**

Sustainable industrial/ infrastructure environment

IoT Connections

28 millions



Note) Each figure is as of September 30, 2022 * Cumulative number of users and providers through various efforts to solve disparity such as smartphone and mobile phone classes, customer supports and offering digitization support solutions in regions, etc.

Strengthening of Management

Working with partners to promote a virtuous circle between society and business

Sustainability Bonds Issuance

A total of 100 billion yen
KDDI Tsunagu Chikara Bonds
Issued

Solving social issues and
the global environment
Promote projects that
support conservation



Investment in startups

Through Partnerships
Promoting Carbon Neutrality

KDDI  **Green
Partners Fund**



March 2022



September 2022



AmicaTerra
October 2022

Revision of Human Rights Policy

Further strengthen efforts
to Respect for Human Rights in
Mid-term Management Strategy

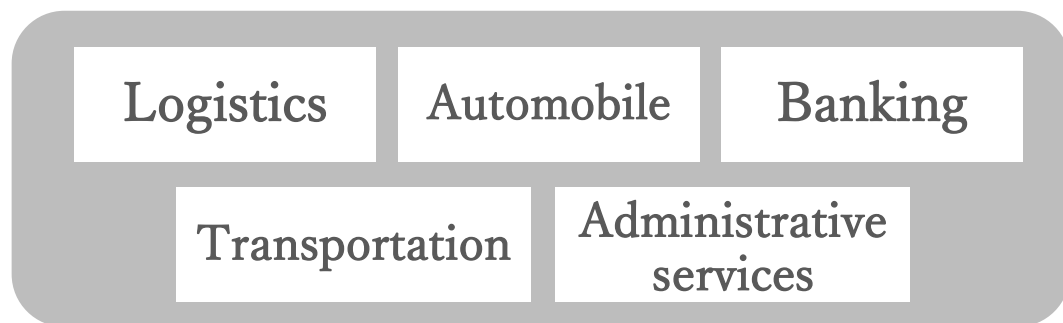
Establish key human rights issues
and conduct human rights
due diligence for
Group business and supply chain

Toward Strengthening the Foundation as Social Infrastructure

Leveraging Lessons Learned to Build a Strong Foundation for Creating New Value

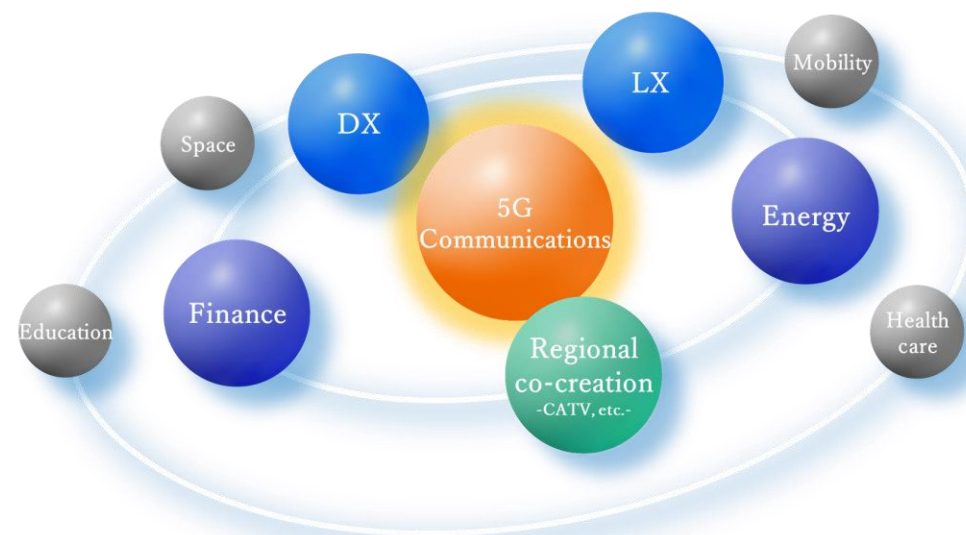
Lessons learned from Communication failure

Impacts on various industries
and living infrastructures



In addition to understanding
the customer's business,
even the impacts on customers beyond that.
Shift in mindset to more in-depth analysis and
deep investigation

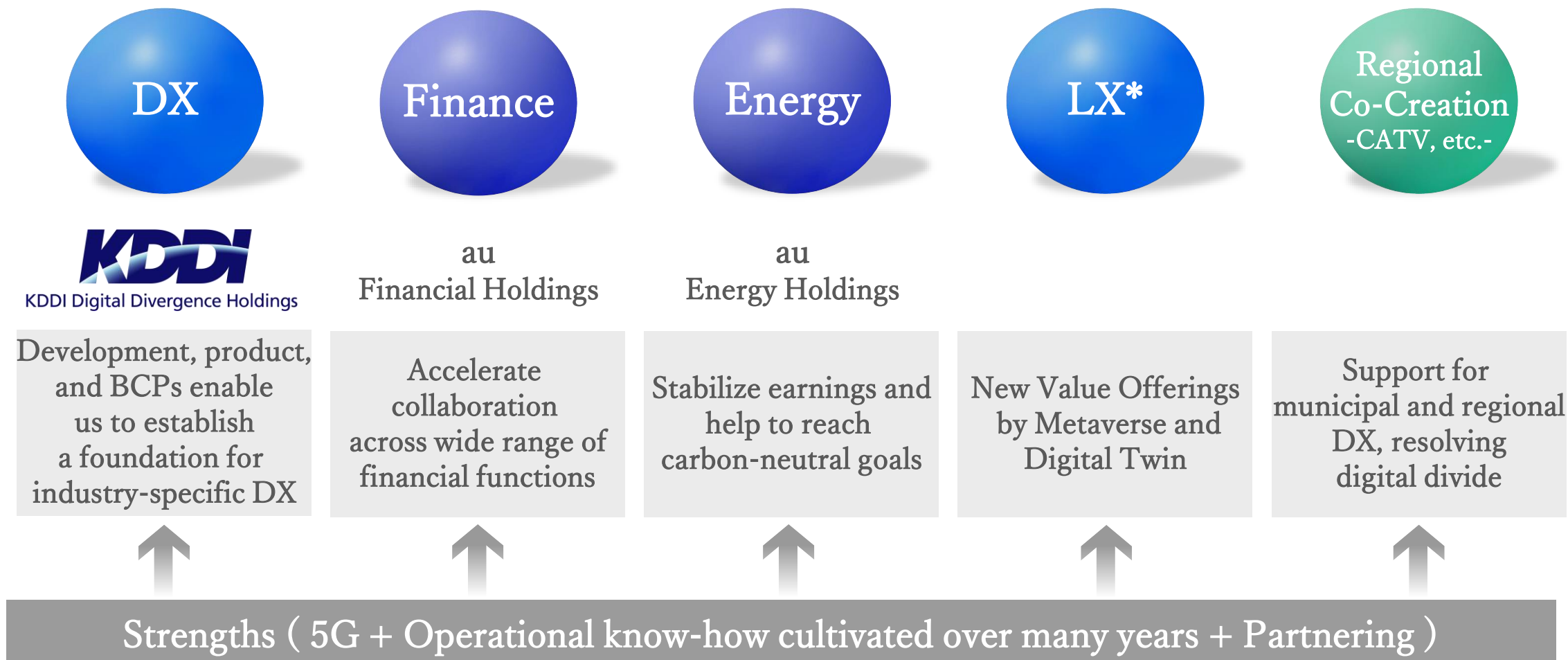
Satellite Growth Strategy



Resilience of telecommunication networks
+
Providing solutions to further improve society

Focus Areas

Maximize corporate value by building a holdings structure



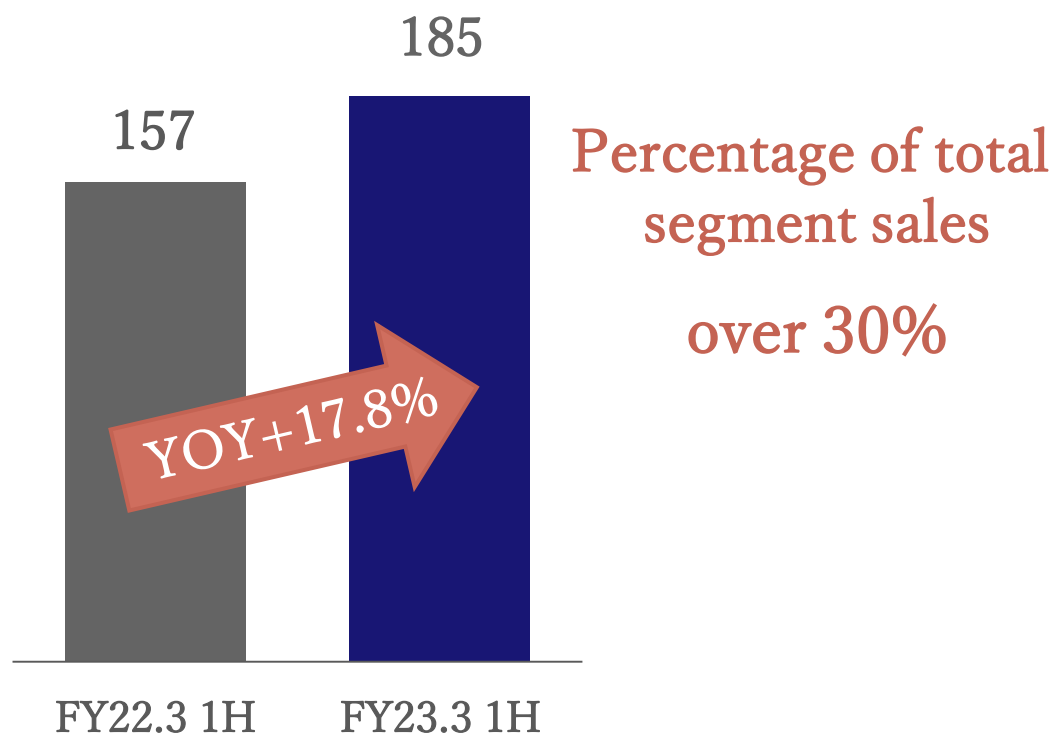
*LX: Life Transformation (a business model that transforms diversifying consumption, life experience and behaviors with an eye to the future)

Business Services Segment

NEXT Core Business (DX) led growth with increased revenue and profit

NEXT Core Business Operating Revenue

(Unit : yen billion)



Business Services segment Operating Income

**NEXT Core Business
drives profit growth**

Operating Income Factors for Change (YOY)

(+) Increase in NEXT Core Business

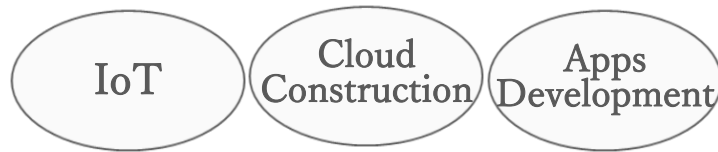
- | | |
|------------------------------------|---------------------------|
| ① Corporate DX | } all increased in profit |
| ② Business DX | |
| ③ Business Infrastructure Services | |

(-) Impact of contract terminations due to 3G termination and communication failure response

Helping Customers Achieve DX

Development, product, and BCPs lay the groundwork for industry-specific DX

Strengthen DX
development system



DX Promotion Division



Enhancement of DX Products
through partnering

KDDI Video
Management Service

空間 自在 Space Freedom
Work Place

GEOTRA
and more...

Reinforcement of
BCP response

BCP for IoT being offered

auSIM and SORACOM SIM
Combined redundancy

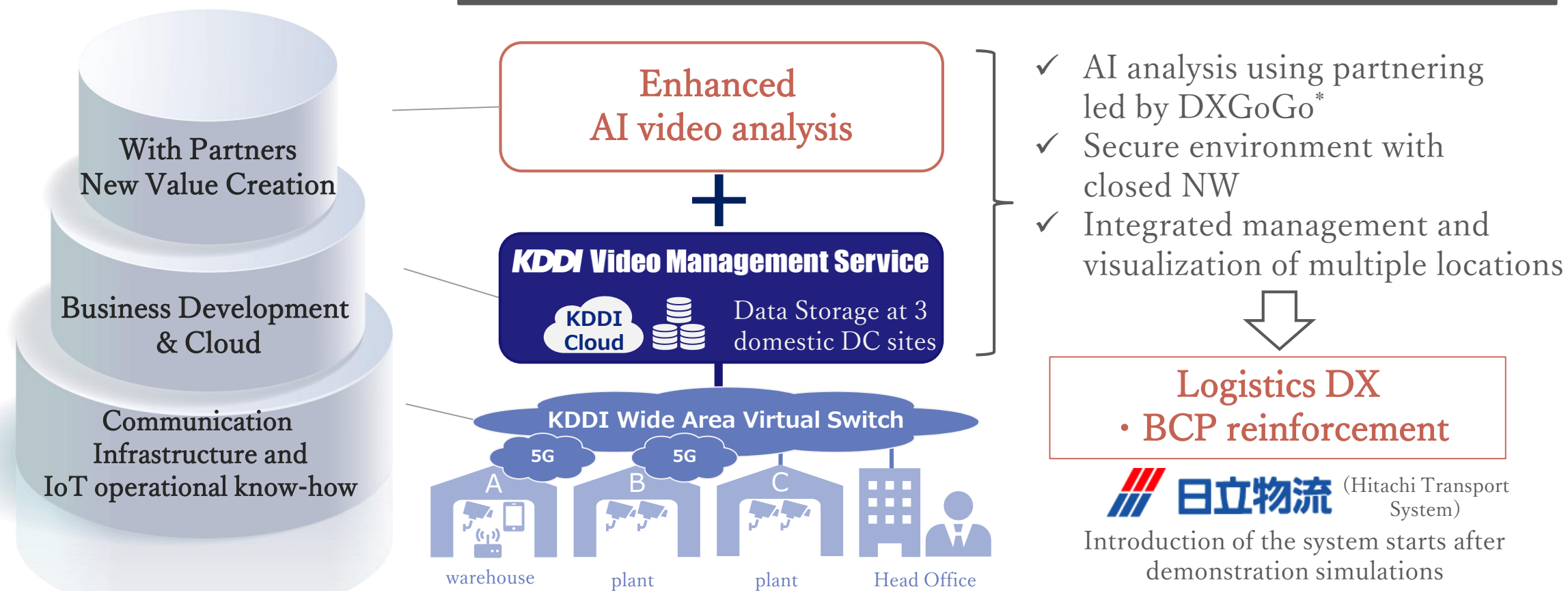
 SORACOM

Further reinforcement of
BCP in the future
Backup line solutions, etc.

Business Co-Creation

Integrated management of surveillance camera systems
in the cloud and advanced operations through AI

KDDI Video Management Service (scheduled to start in November 2022)



* DXGoGo Corporation is a joint venture between KDDI and OPTiM Corporation. Businesses include product planning and business development related to DX, AI and IoT

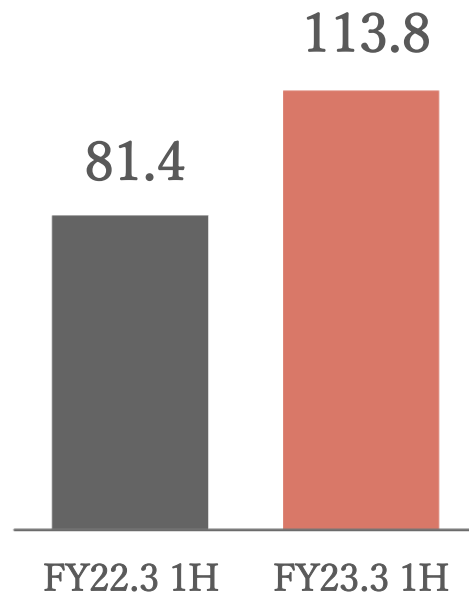
Financial Business

Business performance progress steadily. Each KPI also expanded

Financial Business Performances

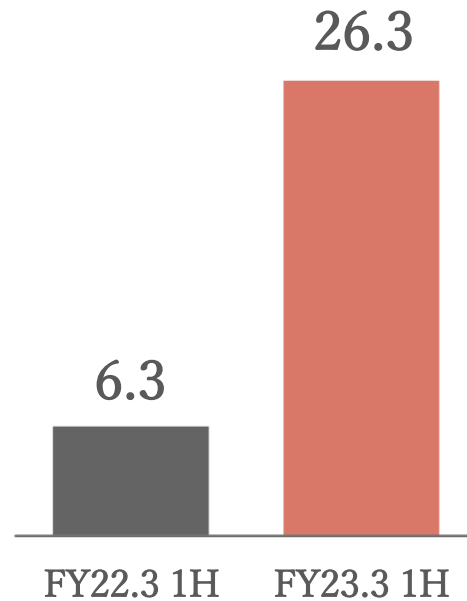
Operating Revenue*1

(Unit : yen billion)



Operating Income*1

(Unit : yen billion)



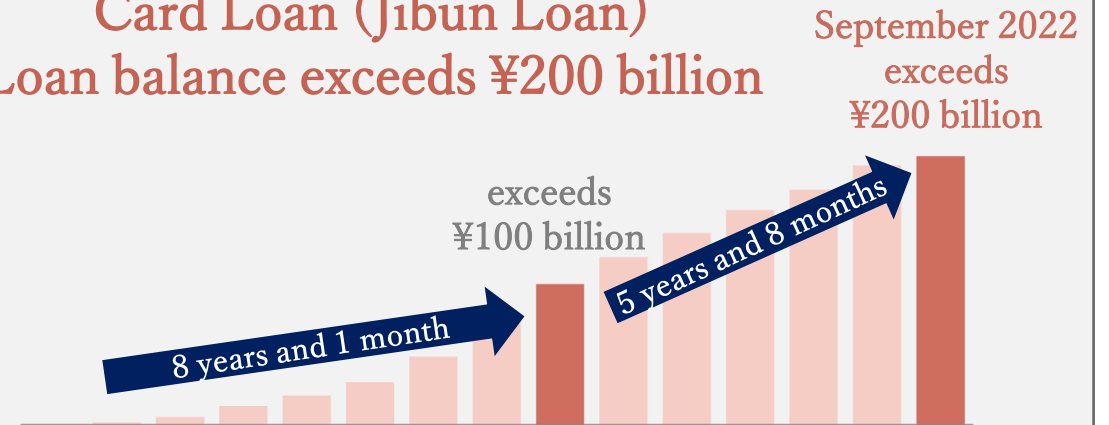
Transaction volume of Settlement/ Loan (1H)

6.8 trillion yen
(YOY +31.4%)

au Jibun Bank Loan product's balance*2

1.9 trillion yen
(YOY +0.2 trillion yen)

Card Loan (Jibun Loan)
Loan balance exceeds ¥200 billion



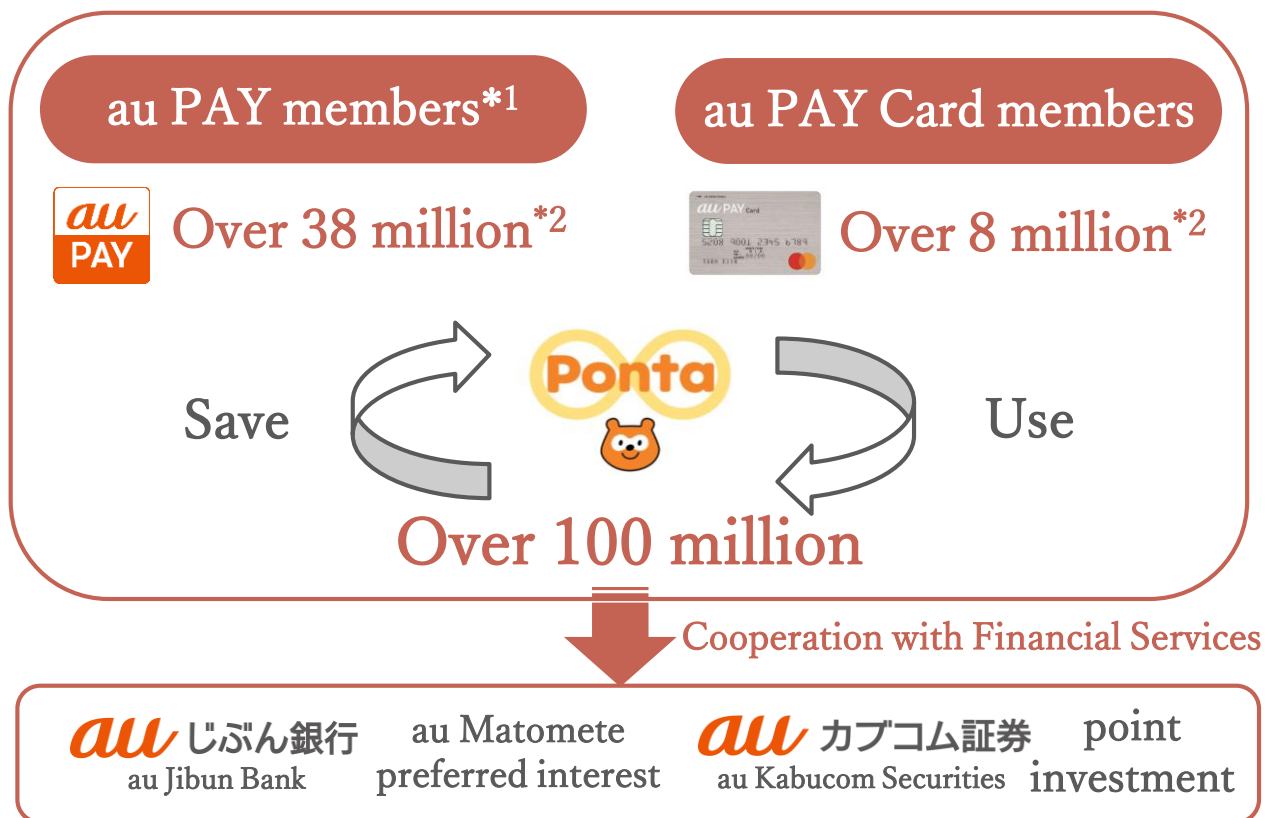
*1 au Financial Holdings, IFRS basis. Operating income includes temporary accounting effects in FY23.3 1Q

*2 Each figure is as of September 30, 2022



Aiming to provide attractive financial services
centered on au customers and Ponta member base

Service attractiveness centered on points



*1 au PAY members and au PAY Card members

*2 Each figure is as of September 30, 2022

Satisfaction Survey

Acquire support of customers through
bargain and convenient services



2022 Oricon
Customer Satisfaction® Survey
Home Loans No.1



Internet Bank Savings
Selected by Women
Interest Satisfaction 2022*3
No.1

*3 Silmir Institute (March 2022) Survey on Internet banking

Payment Services *au* PAY

Credit card business grows along with expansion of au PAY platform

Expansion of au PAY base

Initiatives to Expand au PAY

au PAY Growth Pack



Customers



Coupons are delivered to nearby customers through au PAY apps



Merchants

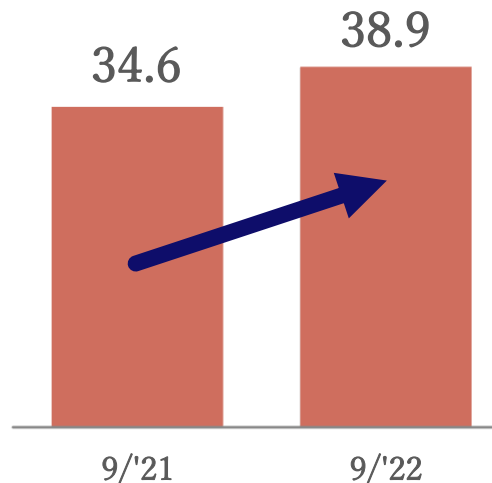
au PAY transaction volume of settlement

YOY **+53%** (1H)

au PAY members*

(Unit : million)

YOY **+4.3 million**



Growth of credit card business

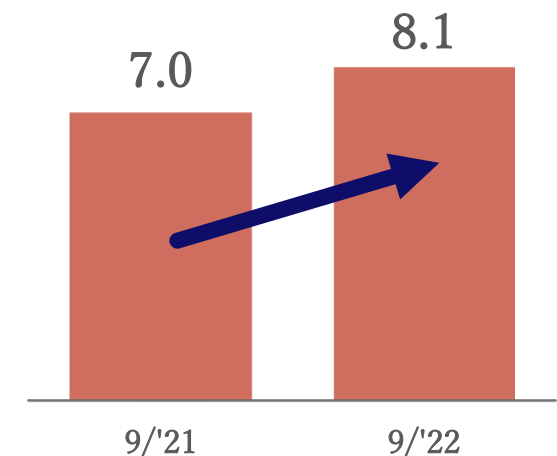
Credit card transaction volume of settlement

YOY **+27%** (1H)

au PAY Card members

(Unit : million)

YOY **+1.1 million**



* au PAY members + au PAY Card members

Metaverse / Digital Twin

Expansion of real world that leverage strengths of partnering

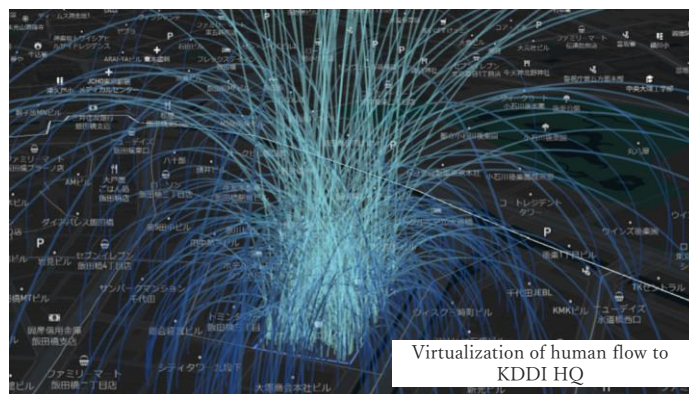
Metaverse



Virtual Halloween festival
in collaboration with
government and startups

Digital Twin

Urban areas



Reconstruction of urban space
in three dimensions
Enables precise monitoring and
simulation of urban activities

Extension of one's life



New buying experiences through
leveraging Google Cloud Technology
high-definition real-time XR
of garments

Regional Co-Creation

In addition to supporting local government and regional DX,
promote erasing the digital divide

Cabinet Office Super City Project

Promoting Regional DX with Tsukuba City

“Skyway” visualization



PCR specimen
transportation



Web3.0 Education Program



Automated delivery robot



Regional Mobile Shops

MIC Projects
Digital Utilization Support Course

More than 1,600 nationwide
expanded to au stores
(400 stores in the previous period)



おもいでケータイ再起動

Mobile phone Reboot

A total of 9,500+ people
nationwide
have experienced



Leveraging Satellite Telecommunications "Starlink"

Aiming society that can live in peace by erasing the digital divide

Introduce to au base stations

Start
within
2022

Offering to Enterprise and
Civil Government

Start
within
2022

Towards more "connected" society



Introduced to backhaul lines of
au base stations
at over 1,200 locations



As the only "authorized Starlink integrator"
in Japan, contributing to communications
in mountainous areas, maritime, and
at the time of disaster



Earth stations at multiple locations
nationwide that supports
3,000+ satellites

Together with the community, Explore the extraordinary

With “Suzume no Tojimari” directed by Makoto Shinkai
Tie-up commercial arising (From Oct. 28)



Summary

Promote operations with a view to the medium term

Mid-term
Management Strategy

Consolidated Results
for 1H

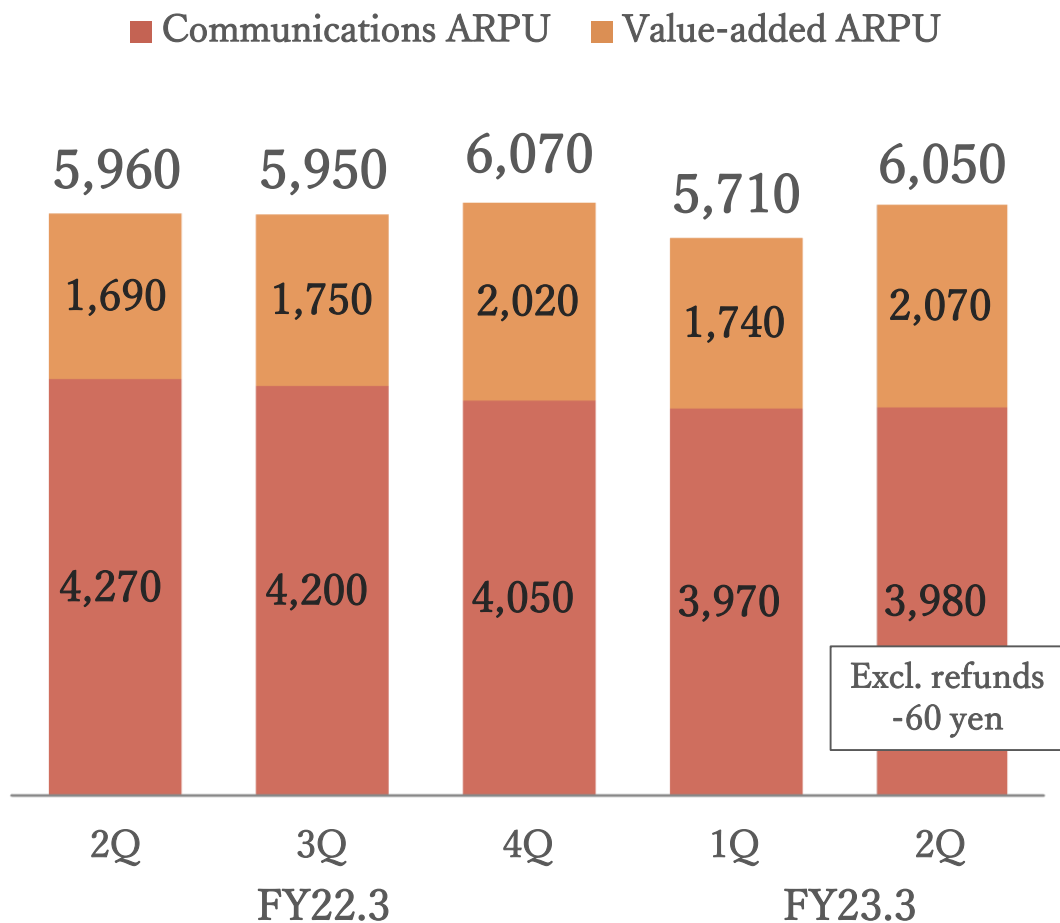
Strengthening the
Social Infrastructure

- Steady progress on KPIs in focus areas (DX and Financial Business)
- Continue to target telecom ARPU revenues to bottom out during FY23.3
- Profit decreased in 1H due to communication failure and fuel price hikes
- Expect to promote operations and invest in costs, prioritizing mid-term growth
- Strengthen "investment" and "customer service" to provide a strong foundation
- Aiming to create new value for the betterment of society

Appendix

Multi-Brand Total ARPU

(Unit : yen)



Factors for Change (YOY) +90 yen

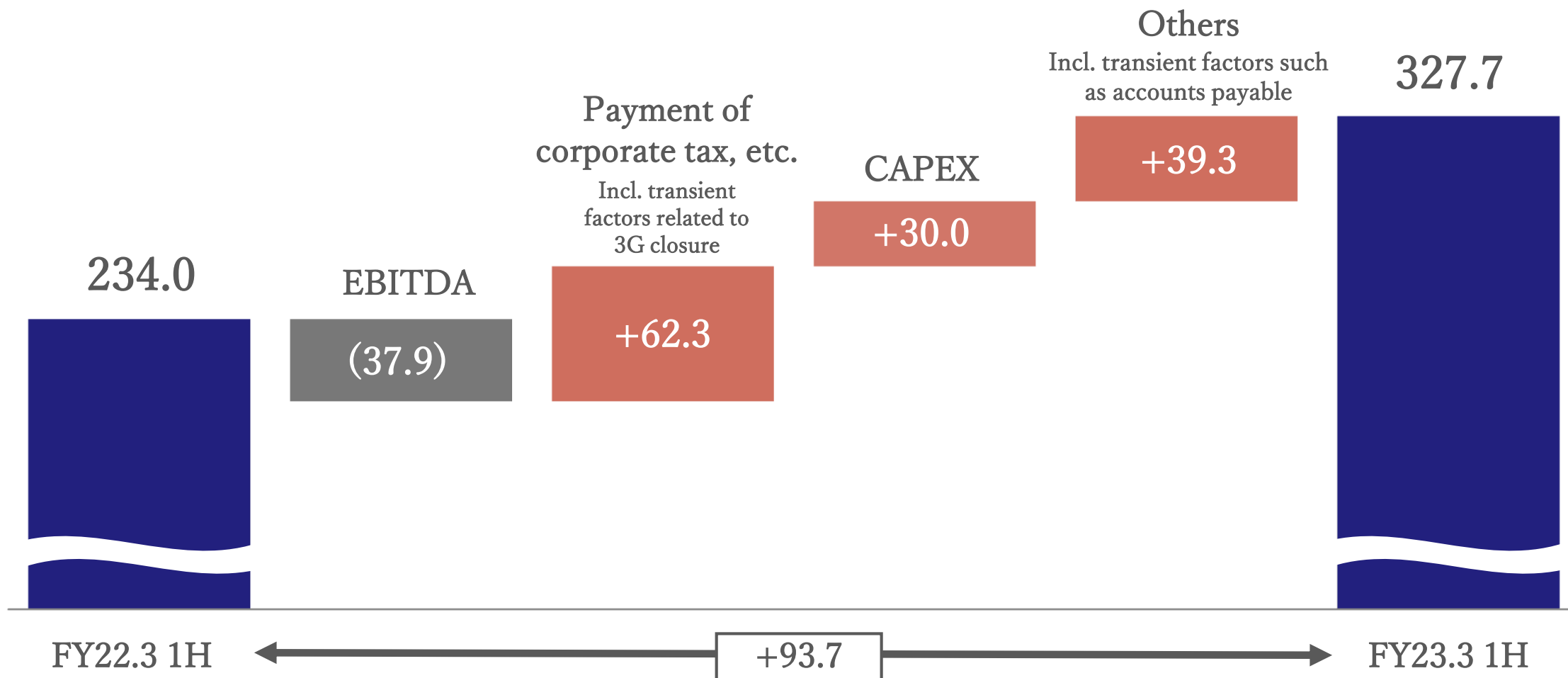
- (+) • Value-added ARPU +380 yen
of which, Electricity ARPU +320 yen
Others, increase of settlement, compensation,
and content
- (-) • Communications ARPU (excl. refunds) -290 yen
(Brand mix, discount impact, etc.)

Factors for Change (QOQ) +340 yen

- (+) • Value-added ARPU +330 yen
of which, Electricity ARPU +320 yen
Others, increase of settlement, compensation,
and content
- Communications ARPU (excl. refunds) +10 yen
(Seasonal factors, decrease in discounts, etc.)

1H Consolidated FCF(Excluding Financial Business) Factors for Change

(unit : yen billion)



Note) Financial business is au Financial Holdings Corporation.

Consolidated/ Financial Business Balance sheet

(as of the end of September 2022)

Total Assets 11.41 trillion yen

Property, Plant and equipment, Intangible assets and Right-of-use assets	Interest-bearing debt
	Trade and other payables
	Deposits for financial business
Goodwill	Equity
Trade and other receivables	
Securities for financial business	
Loans for financial business	
Cash and cash equivalents	
Others	

KDDI(Consolidated)

Total Assets 3.56 trillion yen

Cash and cash equivalents	Deposits
Securities	
Loans	
Others	
	Others

au Financial Holdings (Consolidated)

Note) "KDDI (consolidated)" is prepared in accordance with IFRS and "au Financial Holdings (consolidated)" is prepared in accordance with J-GAAP.

Tomorrow, Together



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