

Tomorrow, Together



Financial Results for 3rd Quarter of Fiscal Year Ending March 2023 (From April to December 2022)

February 2, 2023

KDDI Corporation



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

 KDDI VISION 2030

Index

1. Consolidated Financial Results
2. Progress Towards a Rebound in Communications ARPU Revenues
3. Sustainability Management and Focus Areas

Appendix

1. Consolidated Financial Results

Consolidated Financial Results Highlights

Q3 YOY income decreased due to the impact of fuel price hikes, etc.

Aim for full-year profit increase by promoting focus areas and cost efficiency in Q4

(Unit : yen billion)

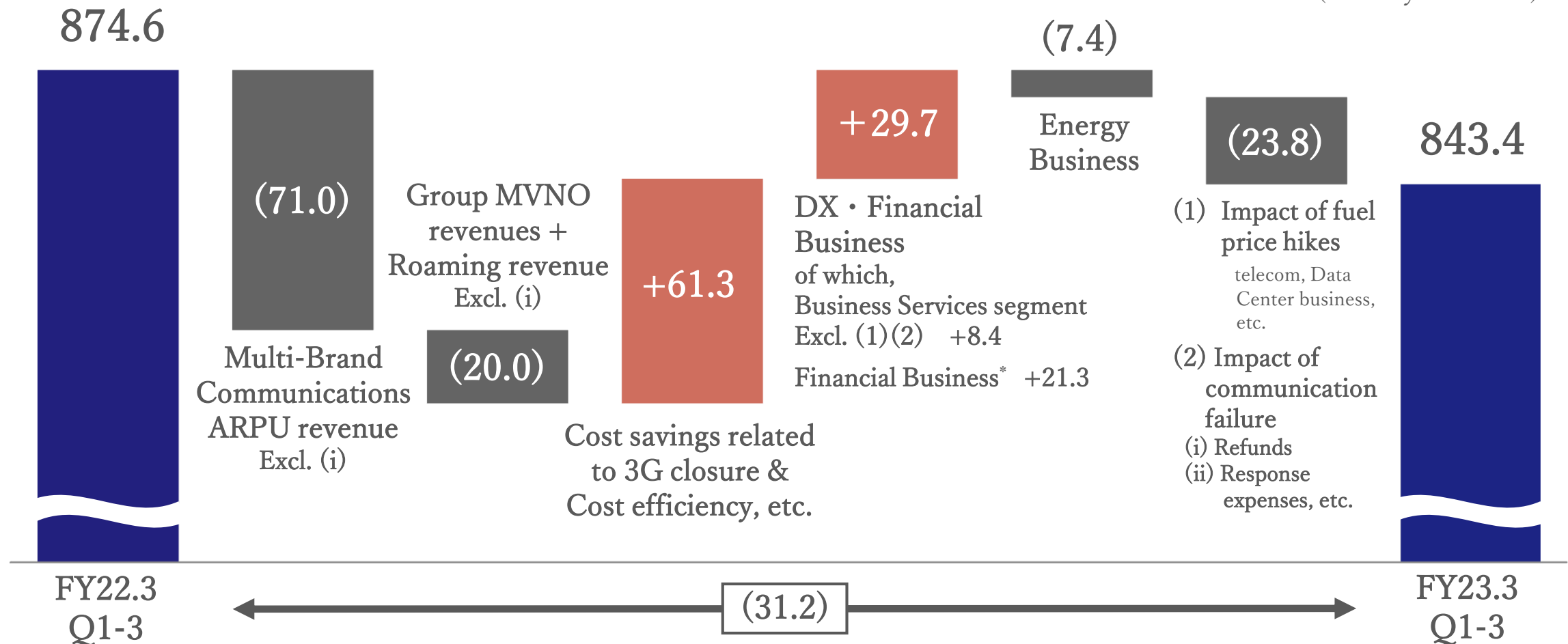
Consolidated	FY22.3 Q1-3	FY23.3 Q1-3	YOY	
Operating Revenue	4,013.8	4,182.9	+4.2%	+169.1
Operating Income	874.6	843.4	(3.6%)	(31.2)
Impact of fuel price hikes and communication failure				(23.8)
Focus Areas	FY22.3 Q1-3	FY23.3 Q1-3	YOY	
NEXT Core Business (DX) Operating Revenue	241	283	+17.4%	+42.0
Financial Business Revenue* ¹	124.6	162.7* ²	+30.6%	+38.1
Financial Business Operating Income* ¹	9.6	30.9* ²	+220.8%	+21.3

*1 au Financial Holdings, IFRS basis *2 Includes temporary accounting effects in FY23.3 Q1

Q1-3 Consolidated Operating Income: Factors for Change

Largely in line with expectations, excluding impact of fuel price hikes, etc.

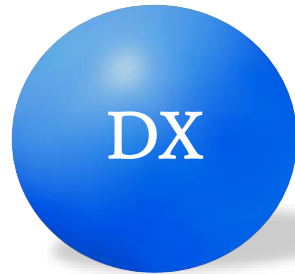
(Unit : yen billion)



* Financial Business (au Financial Holdings, IFRS basis) includes temporary accounting effects in FY23.3 Q1.

Focus Areas

DX and Financial business performed steadily.
Energy business aims for stable performance



FY23.3
Initial
Forecast

Operating income YOY +¥50.0 billion (E)

YOY approx.
+¥18.0 billion*(E)

YOY approx.
+¥18.0 billion (E)

YOY increase

Q1 - 3
Results

YOY +¥8.4 billion*
(Excl. Impact of fuel price hikes
and communication failure)

YOY +¥21.3 billion

YOY ¥(7.4) billion

- NEXT Core business drives profit growth
- Aiming to achieve initial forecasts

- Steady profit growth

- Lower than initial forecast
- Aiming for stable performance

* From FY23.3, the segment of some departments has been transferred to "Others" from "Personal Services segment" and "Business Services segment." Stated YOY amounts are calculated using figures for FY22.3 reflected the reclassification of segment.

Forecasts for FY23.3 and after

Negative impact of fuel price hikes, etc. is expected to ease in the next fiscal year and after

FY23.3 compared to initial forecast (E)

Changes for FY24.3 and after

Plus(+) Factors

- Strong performance
 - Mild reduction of roaming revenues
- Steady growth
 - Multi-brand Communications ARPU revenues
 - Focus areas (DX, Finance)
 - Cost efficiency

- Multi-Brand Communications ARPU revenues (Elimination of refunds impact, ARPU rebound)
- Stable growth in focus areas (DX, Finance)
- Realization of cost efficiency planned in mid-term strategy
- Stabilization of energy business performance

Minus(-) Factors

- Lower than initial forecasts
 - Energy business
- Unexpected
 - Impact of fuel price hikes
approx. -¥20.0 billion (full-year)
 - Impact of communication failure
approx. -¥15.0 billion (full-year)

- Negative impacts of fuel price hikes continue but expected to ease.*
- Decrease in roaming revenues

* The fuel cost adjustment unit price after FY24.3 is estimated by the Company, based on the market forecast as of December 2022.

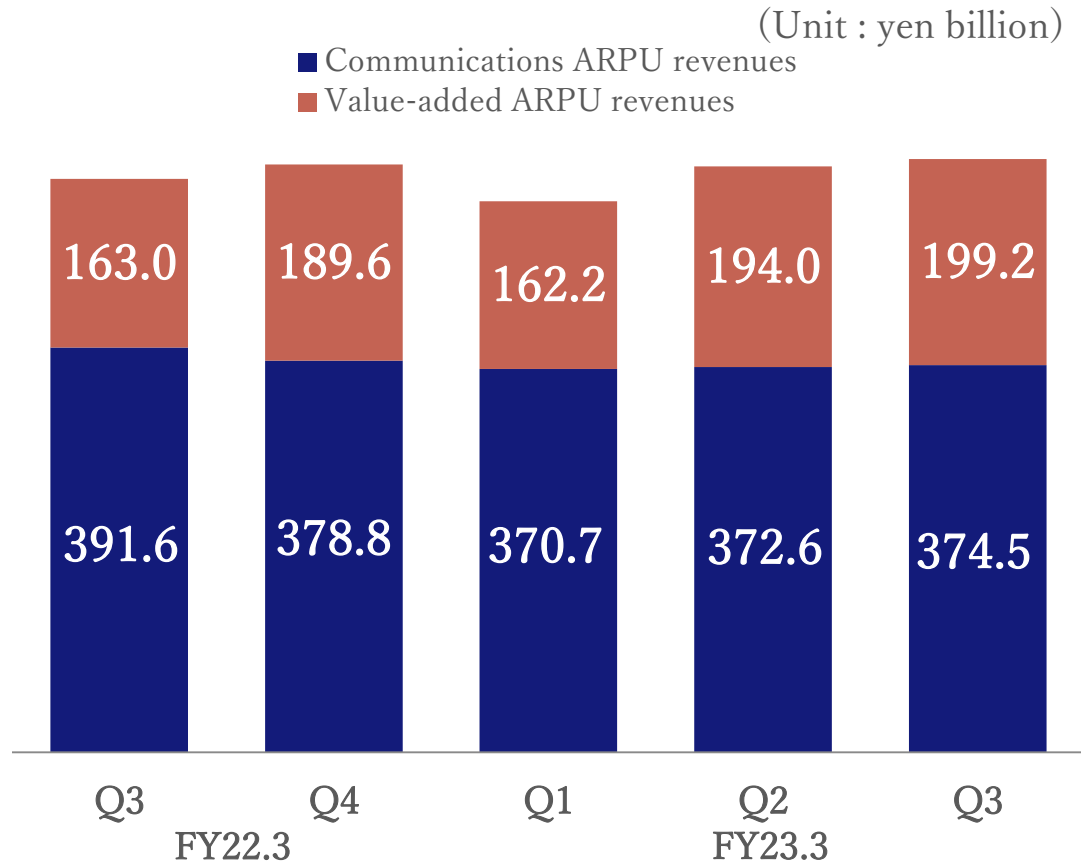
2. Progress Towards a Rebound in Communications ARPU Revenues

Multi-Brand Total ARPU Revenues

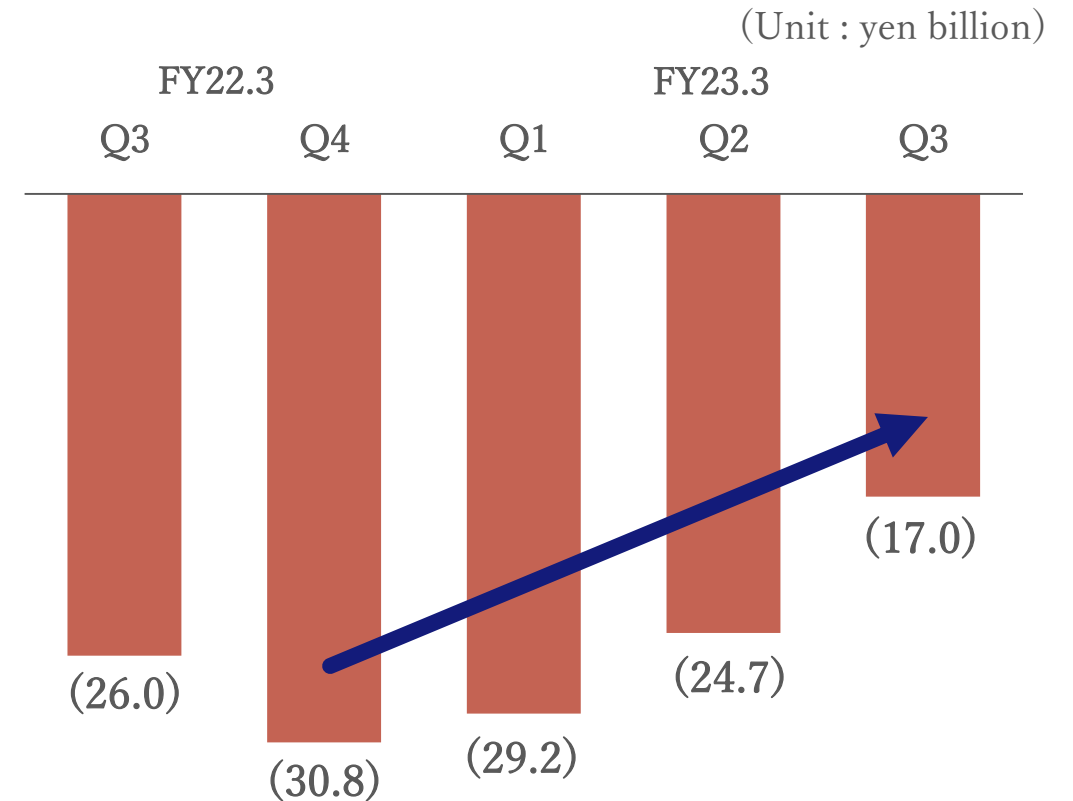
Q3 results were within expectations.

Aiming for growth in communications ARPU revenues towards the medium term

Multi-Brand total ARPU revenues



Multi-Brand communications ARPU revenues (YOY)



Note) Figures for FY23.3 Q2 exclude the impact of refunds (5.9 billion yen).

Towards Communications ARPU Revenues Rebound

Gradually easing the impact of price reduction;
Data usage growth gains momentum with 5G penetration

FY23.3 Q3

(1) Net Adds of IDs performed well

- Increase in new contracts, especially with UQ mobile
- au to UQ mobile migration ratio declined

(2) Communications ARPU increased in QOQ

- Increase in au unlimited-use plan subscriptions
- Negative impact of discounts reduced

Strong momentum

Increase in unlimited-use plan subscriptions

Toward Medium-Term Growth

au

Promote the use of 5G services through unlimited-use plans and plans with content services

UQ mobile

Promote data usage by making medium- and large-capacity plans more attractive (volume increase options and parent-child discounts)

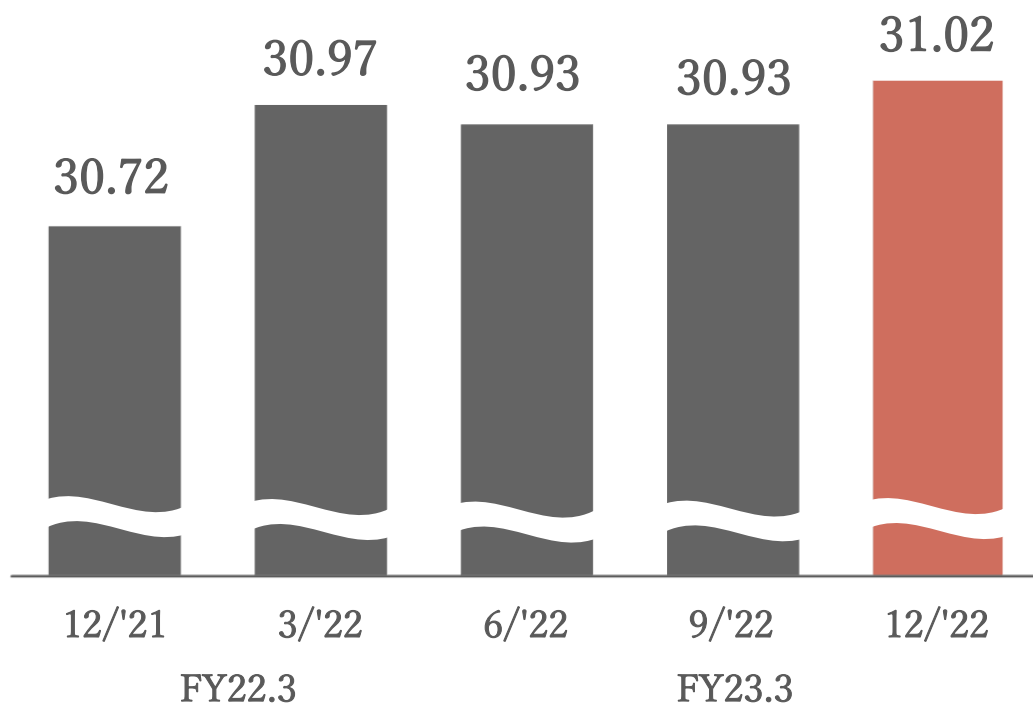
By making medium- and large-capacity plans more attractive, aiming to further increase in data usage

Multi-Brand IDs

Favorable performance compared to initial forecast;
migration ratio from au to UQ mobile declined

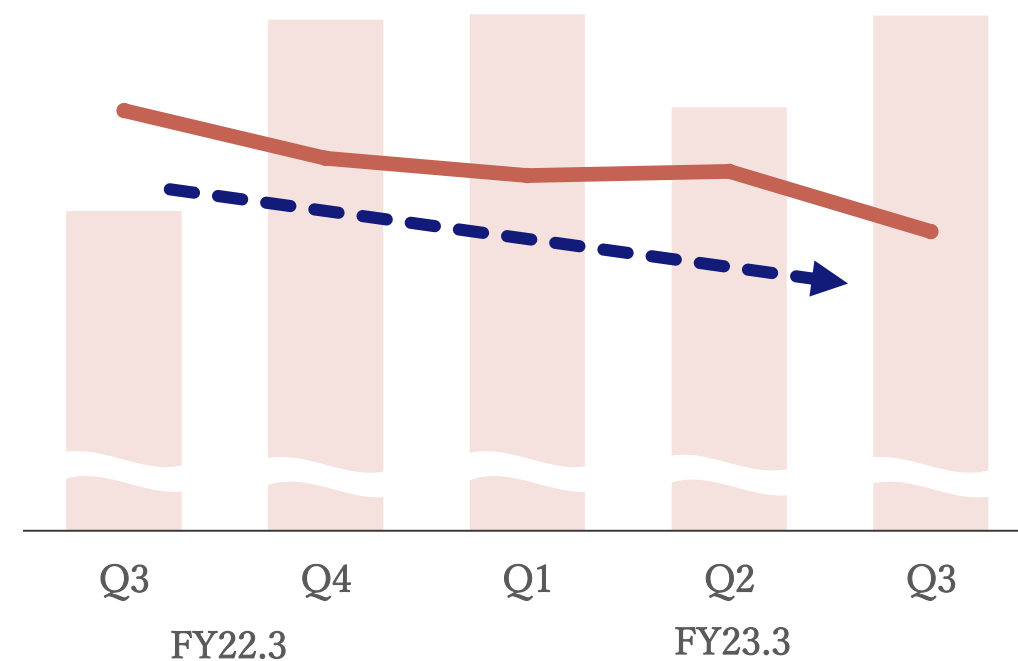
Multi-Brand IDs

(Unit : million)



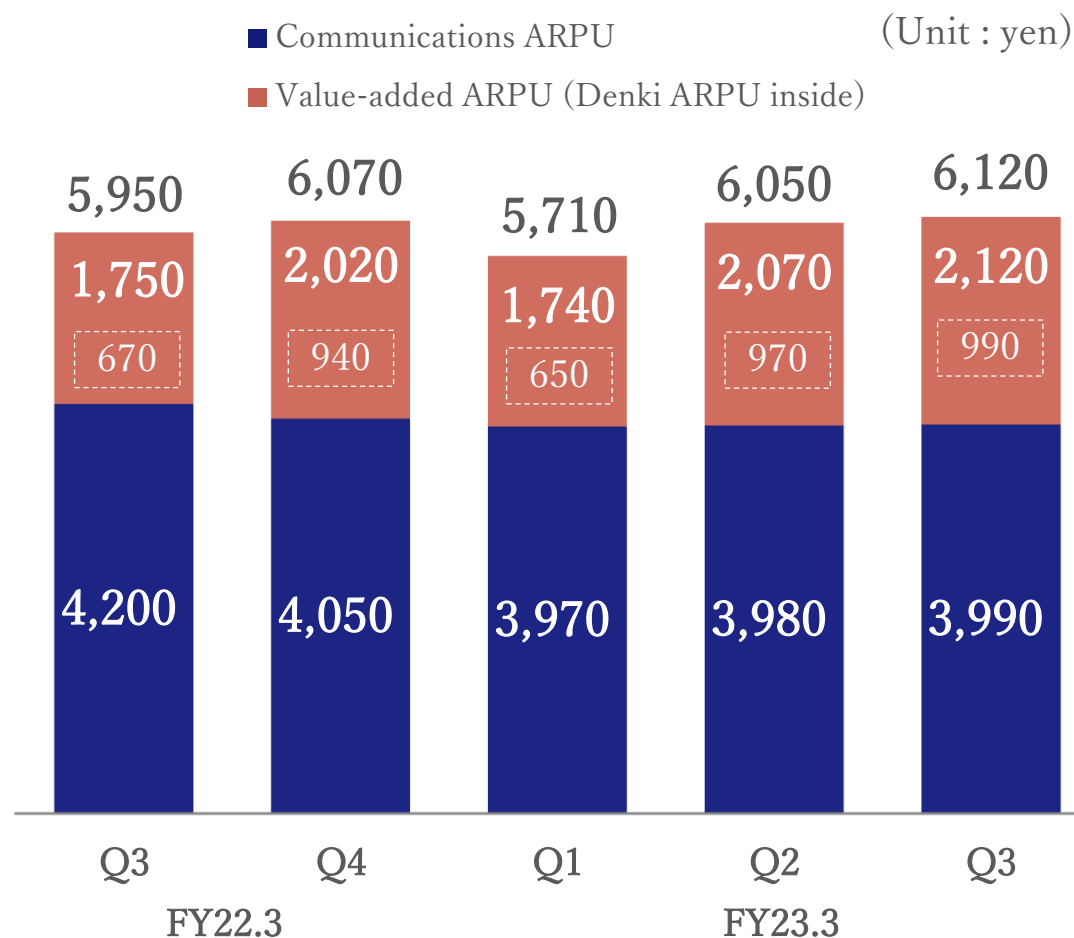
au ratio in new UQ mobile subscriptions

new UQ mobile subs of which, au ratio



Multi-Brand Total ARPU

Value-added ARPU drives Total ARPU growth.
Communications ARPU also increased QOQ



Factors for Change (YOY) +170 yen

- | | | |
|-----|---|-----------|
| (+) | • Value-added ARPU | + 370 yen |
| | of which, Electricity ARPU | + 320 yen |
| | Other, increase of settlement, product supports, contents | |
| (-) | • Communications ARPU | -210 yen |
| | (Brand mix, etc.) | |

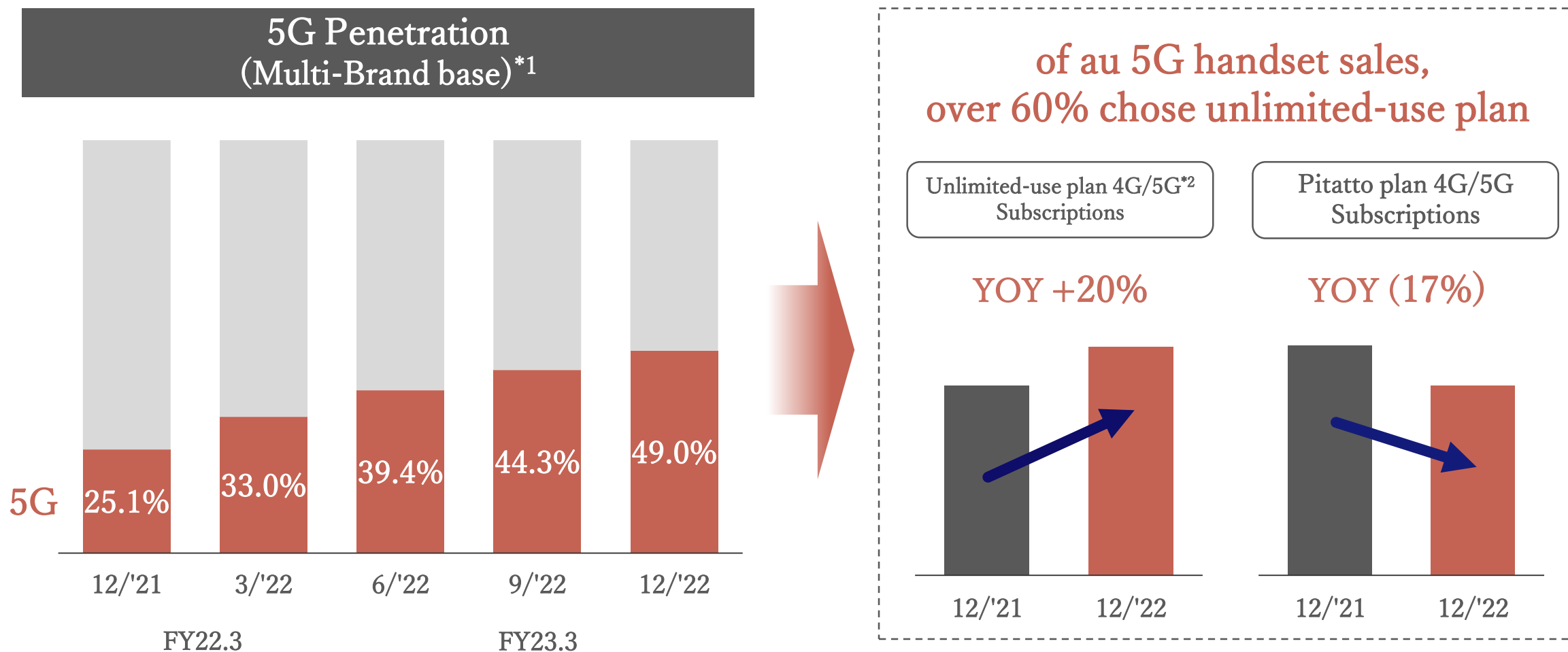
Factors for Change (QOQ) +70 yen

- | | | |
|-----|--|---------|
| (+) | • Value-added ARPU | +50 yen |
| | of which, Electricity ARPU | +20 yen |
| | Other, increase of settlement, product supports, contents | |
| | • Communications ARPU | +10 yen |
| | (increase of unlimited-use plans, decrease in discounts, etc.) | |

Note) Personal Services segment. au, UQ mobile, povo. Figures for FY23.3 Q2 exclude impact of refunds (60 yen).

Explore the extraordinary *au*

Number of unlimited-use plan subscriptions grows along with 5G penetration



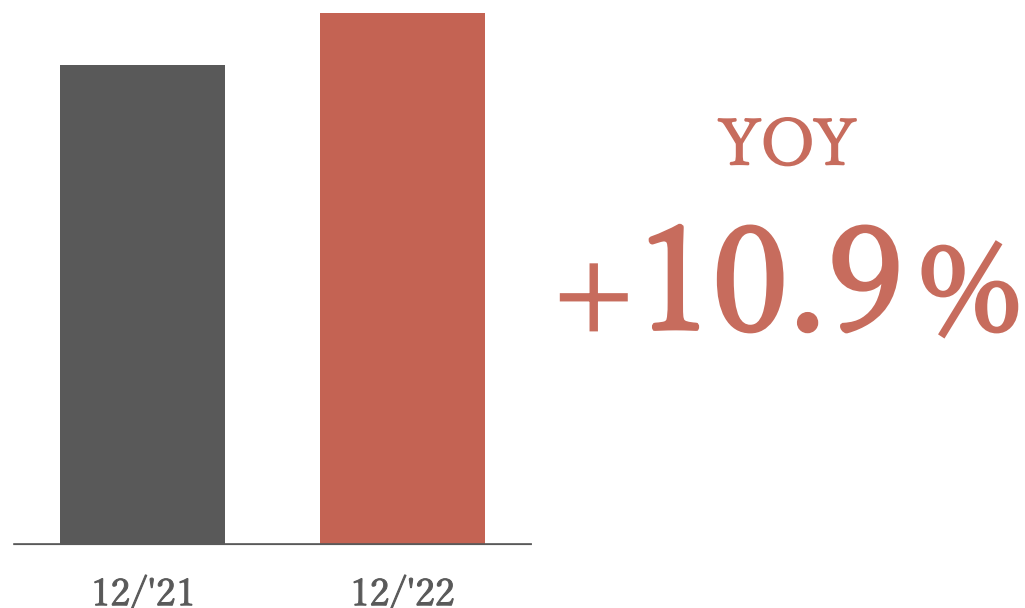
Note) Personal Services segment

*1 au, UQ mobile, povo. 5G is available in some areas.

*2 Includes plans with content services

Attractive medium and large-capacity plans to further increase data usage

Monthly data usage



Attractiveness of medium and large capacity plans

Volume
increase
option II

- Discounted additional Gigabytes than Pay-as-you-go
- Free for up to 7 months

UQ
Parent-child
discounts



Discount on monthly fee of Carry-over plan M/L +5G for 1 year for customers 18 years old and under and their families.

3. Sustainability Management and Focus Areas

Sustainability Management

Providing new value to society by enhancing the “power to connect”



Promotion of innovation centered on telecommunications

- Value creation by Digital Twin
- Utilization Starlink

Carbon neutral

Aiming to operationalize renewable energy



Realization of safe, secure, and prosperous society

- “Dual SIM service” with SoftBank Corp. to be launched after late March in preparation for service outage and natural disasters*
- Investments for resilient NW implementing as planned

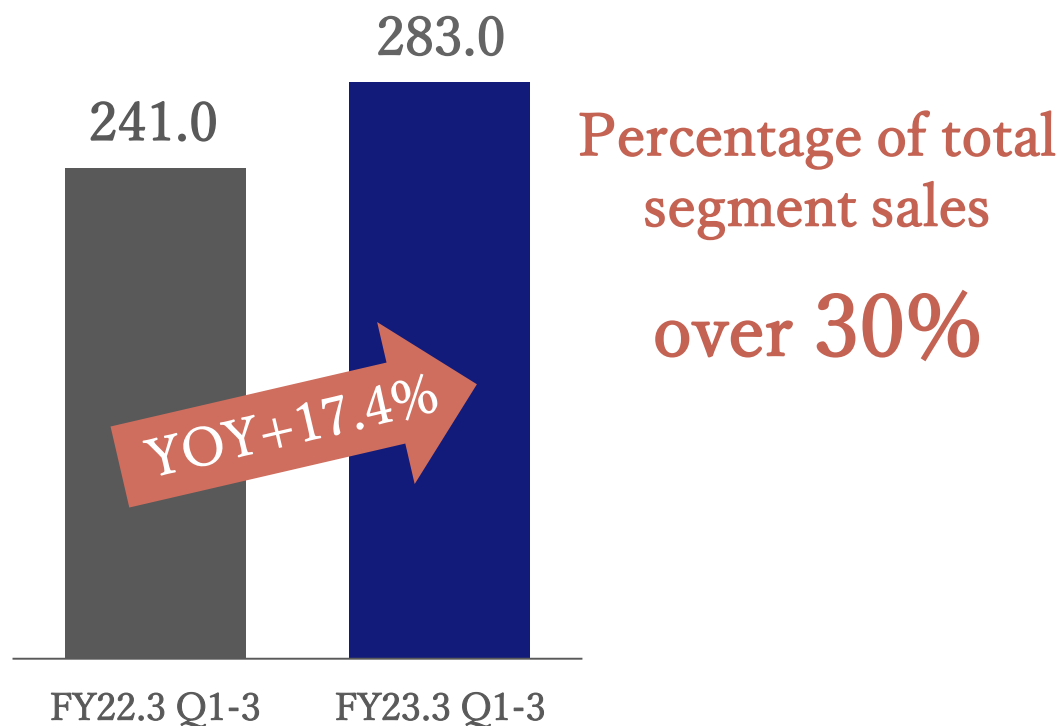
* Specific service details, fees and application procedures will be announced separately.

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

(2) Business DX

(3) Business Infrastructure
Services

} all
increased
in profit

(+) Increase in Core Business

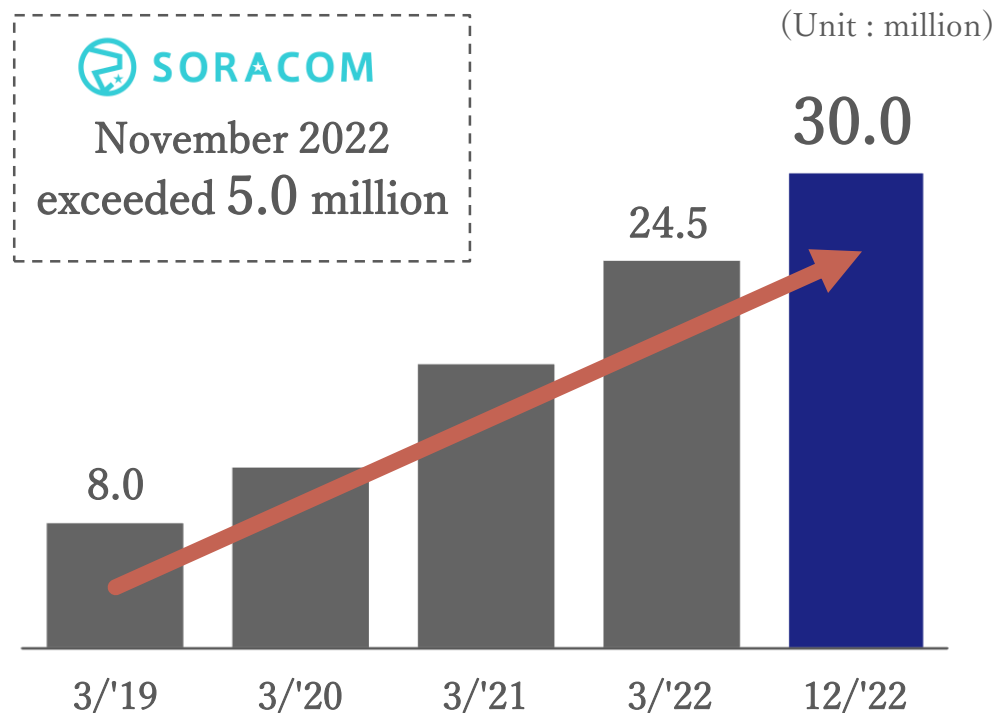
(-) Impact of contract terminations due to
3G termination is mitigated in Q3

Business DX

Steady expansion in IoT connections:
foundation for new value co-creation

IoT Connections

Exceeded 35 million combined with SORACOM



Foundation for new value co-creation

Contribute to transformation and sustainable growth of customers' businesses

AI

Data analytics

...

×

New value creation
with partners

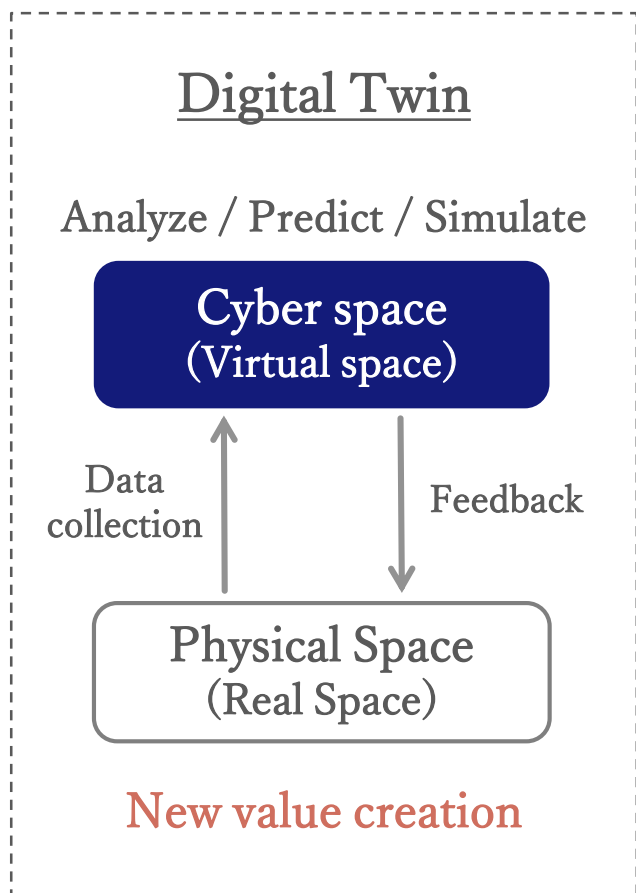
Business development &
Cloud

Communication infrastructures &
IoT operational know-how

5G

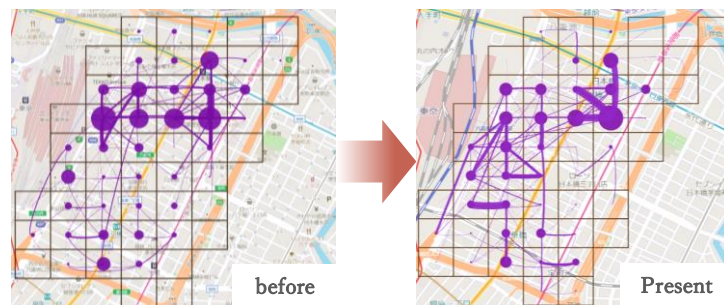
Digital Twin

Linking physical and cyber space to generate new value



Human flow data + AI

Together with Real estate and Municipalities utilized for post pandemic urban development

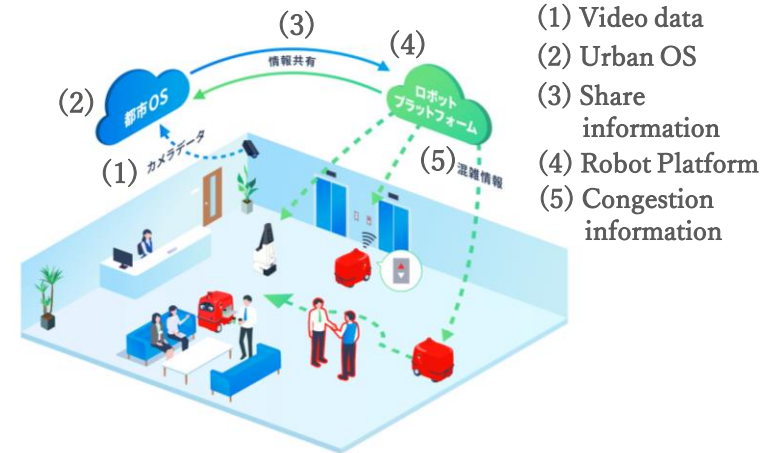


Utilize human flow data in Tokyo Sta. area for urban development



Video data + AI

Started verification of robot delivery service linked with data in urban areas



AI analysis video data and work with delivery robots



Satellite Communication “Starlink”

Expanding use in various cases for corporations and municipalities

Deployed for au base station backhaul

KDDI
over 60 years
knowledge of satellite
communications

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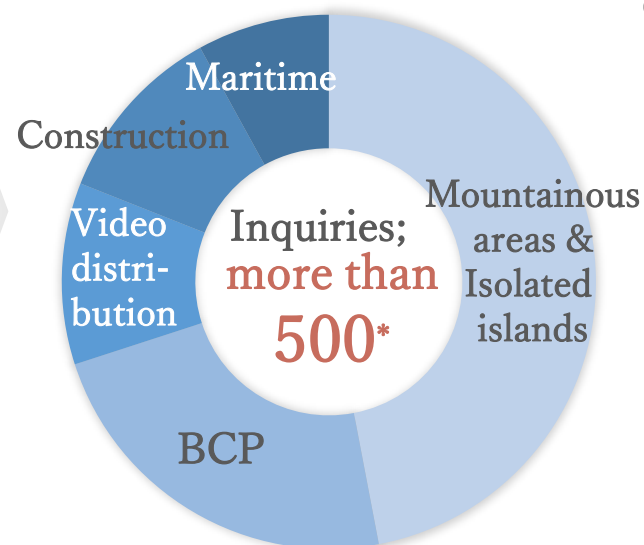
SpaceX
over 3,000
low earth orbit
satellites



Early introduction for corporate and municipal customers

High-speed, high-capacity communication available
anywhere, quickly, and over wide area

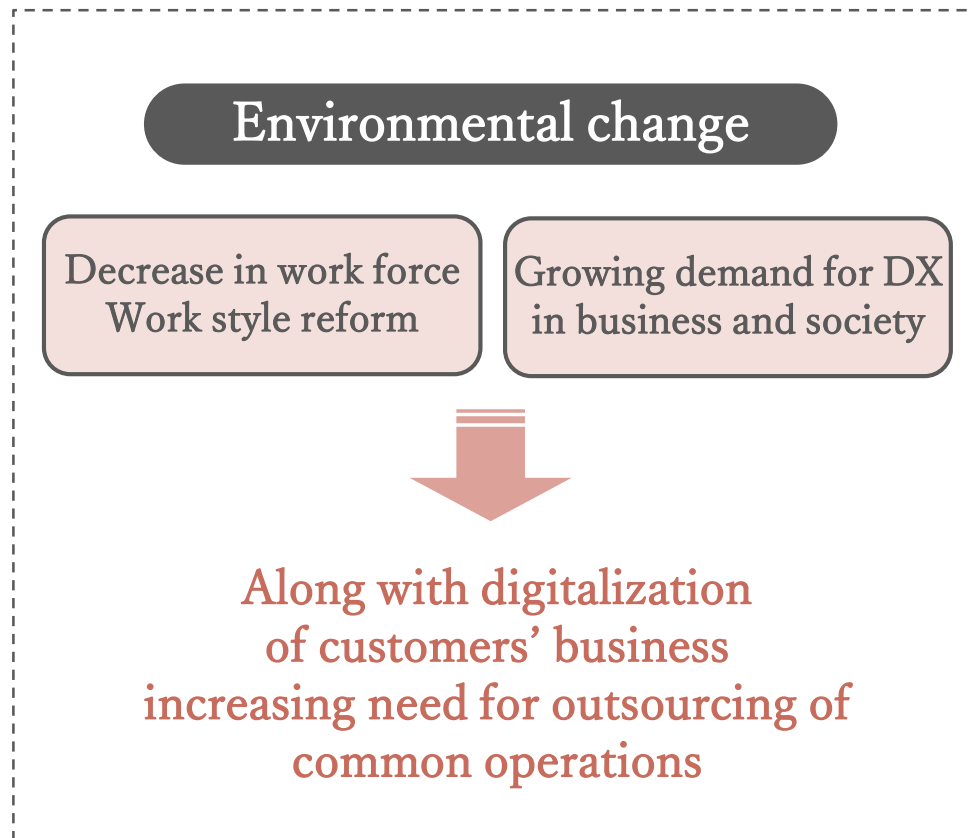
Operation started at the site of landslides
in Chichibu city (January 2023)



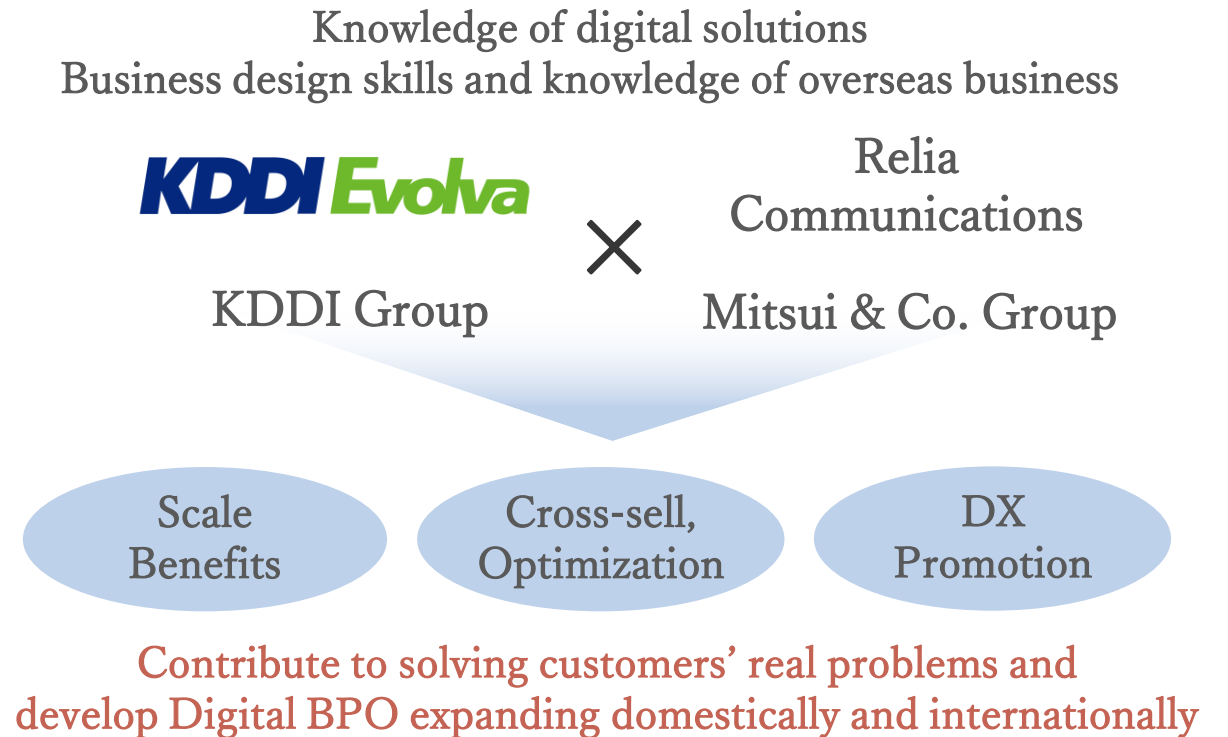
Secure the communication environment
in the disaster-stricken area and
deliver supplies using smart drones

Business Infrastructure Services

Aiming to develop digital BPO services supporting DX of customers' businesses



Aiming for business integration of BPO business*1
(TOB is scheduled to start)



*1 Subject to the completion of procedures required under each country's competition laws, the conclusion of the tender offer, and the completion of the squeeze-out procedure (if necessary).

*2 BPO method whereby a series of outsourced operations are outsourced not only by human resources but also by utilizing digital technologies such as AI to achieve greater efficiency in outsourced operations.

Financial Business

Expanding customer base centered on au Jibun Bank and au PAY

au Jibun Bank deposit accounts

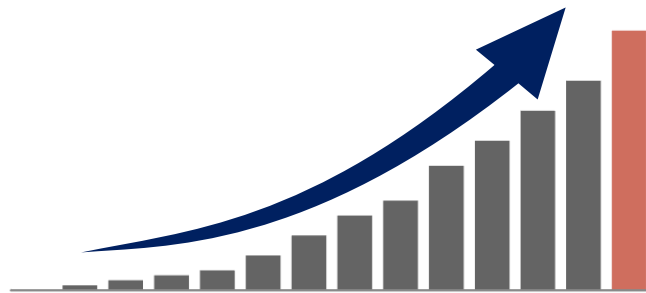
December 2022

Exceeded **5 million** accounts

Cumulative amount of home mortgage loans

November 2022

Exceeded **2.5 trillion yen**
Fastest* in internet specialized bank

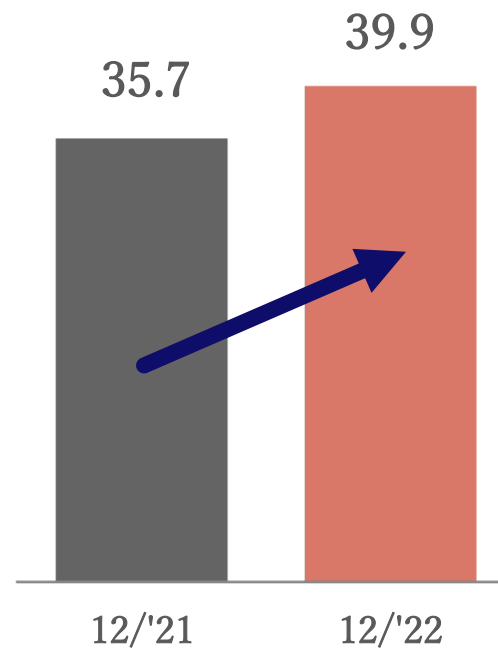


* as of October 21, 2022

au PAY members

(Unit : million)

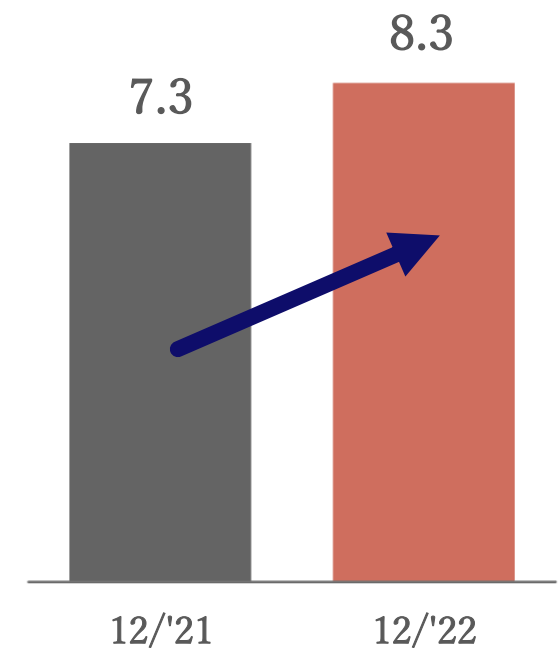
YOY **+4.2** million



of which, au PAY Card members

(Unit : million)

YOY **+1.0** million



Carbon Neutrality

Promoting efforts to address environmental issues through operationalization of renewable energy generation

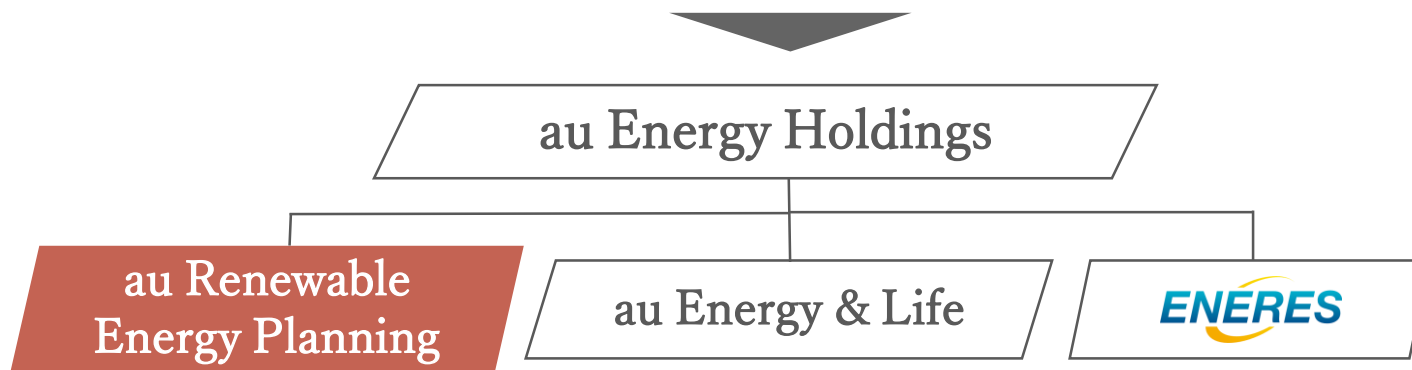
Operationalization of renewable energy generation

Environmentally advanced company

Back-ground

- Realization of carbon neutrality
- Increase in energy consumption due to penetration of 5G and increased communication volume
- Need for agile service provision, such as renewable energy

Received highest rating in CDP's climate change response



Newly established au Renewable Energy Planning business to be launched in FY24.3

Considering direct supply to own facilities such as base stations and data centers



CLIMATE

Summary

Despite the impacts of fuel price hikes and energy business, aiming to increase profit for full year.

Promote digital twin and other future initiatives

Consolidated Financial Results

- Q3 cumulative results were generally in line with expectations, excluding the impact of fuel price hikes, etc.
- Aim to increase profit for full year by promoting focus areas and cost efficiency in Q4
- Negative impact of fuel price hikes, etc. is expected to ease in the next fiscal year and after

Progress Towards a Rebound in Communications ARPU Revenues

- Gradually easing the impact of price reduction. Data usage growth gains momentum with 5G penetration
- Aiming further increase data usage by making medium- and large-capacity plans more attractive

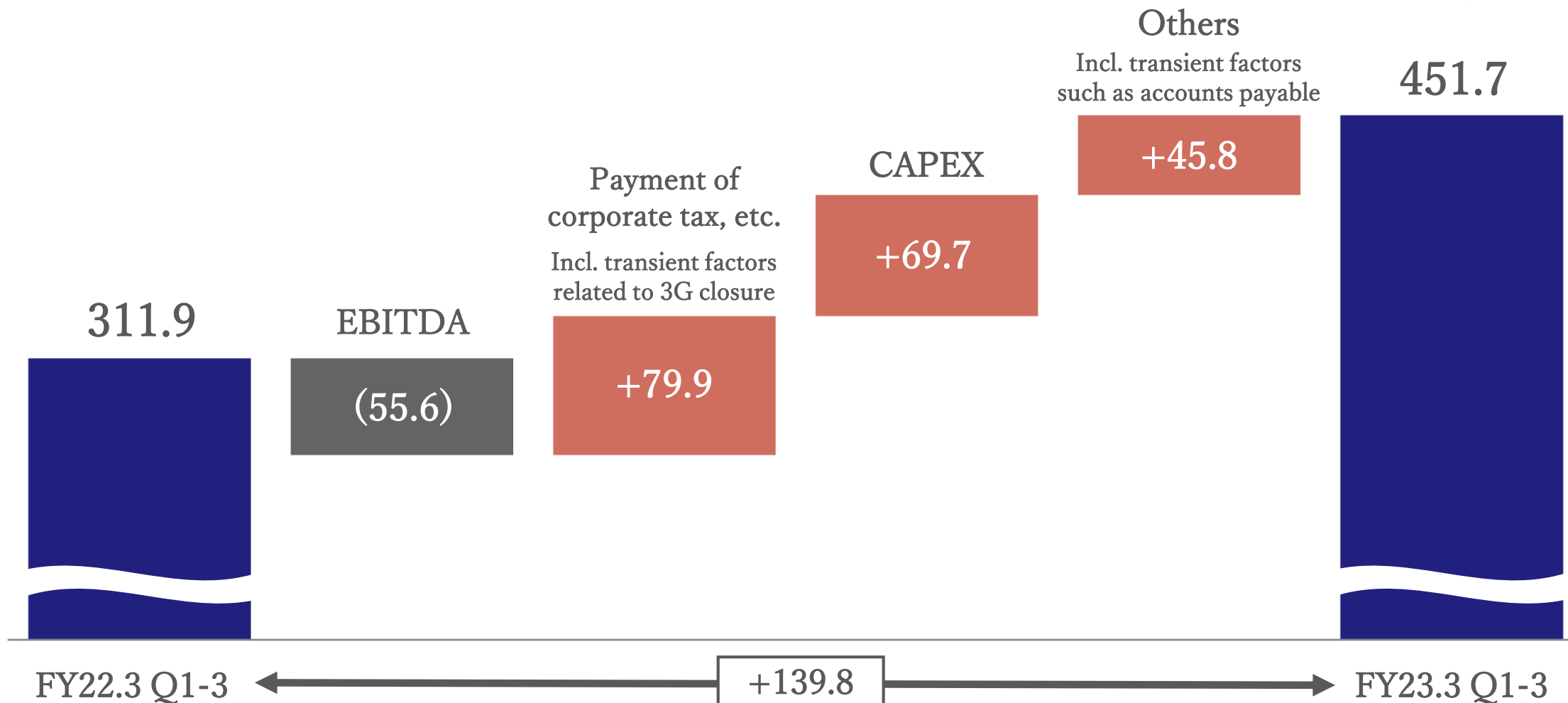
Sustainability Management and Focus Areas

- Business services Segment and Financial business performed steadily.
- Digital Twin, Starlink, renewable energy generation, etc. Promoting future initiatives that provide new value to society

Appendix

Q1-3 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 December 2022)

Total Assets 11.61 trillion yen

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

KDDI(Consolidated)

Total Assets 3.77 trillion yen

Cash and cash equivalents	Deposits
Securities	
Loans	Others
Others	

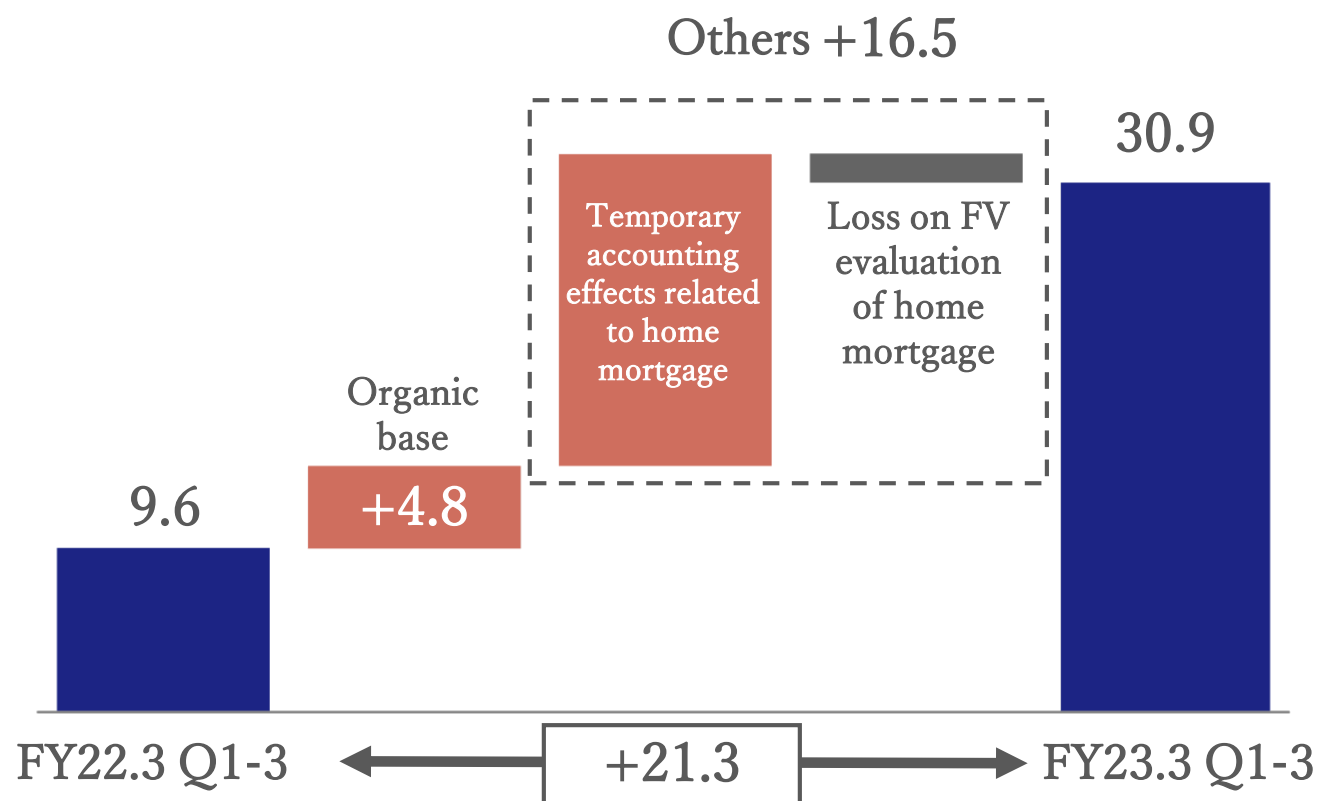
au Financial Holdings (Consolidated)

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

au Financial Holdings

Operating income (IFRS) Factors for Change

(Unit : yen billion)



Others + ¥16.5 billion

- (+) Temporary accounting change effects related to home mortgage
- (-) Loss on fair value evaluation of home mortgage
 - *FV evaluation of fixed-rate mortgage receivables due to interest rate fluctuations

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Disclaimer

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Consequently, please understand that there is a possibility that actual performance, subscriber numbers, strategies and other information may differ significantly from the forecast information contained in these materials or other envisaged situations.