Performance Highlights and Q&A for the First Half of the Fiscal Year Ending March 2026

Date	November 6, 2025 (Thu), 4:00–4:30 PM (Financial highlights) 6:00–6:45 PM (Q&A for analysts and investors)
Location	Online streaming from KDDI Headquarter
Respondents	Hiromichi Matsuda, President, Representative Director, CEO Yasuaki Kuwahara, Executive Vice President, Representative Director, Executive Director, Business Solution Sector Nanae Saishoji, Senior Managing Executive Officer, Director, CFO, Executive Director, Corporate Sector Hiroshi Takezawa, Senior Managing Executive Officer, Director, Executive Director, Personal Business Sector Tomohiko Katsuki, Managing Executive Officer, Director, CSO and CDO, Executive Director, Corporate Strategy Division Kenji Aketa, Executive Officer, Corporate Management Division, Corporate Sector

Highlights of the Financial Results

The Presentation of the Financial Results

In the presentation, President Matsuda explained the consolidated Financial Results for FY26-03 H1.

1. Consolidated Financial Results for FY26-03 H1

●Revenue and profit increased in FY26-03 H1. Progress toward achieving the EPS target is proceeding as expected.

●Operating revenue 2,963.2 billion yen, YOY+3.8%, 46.8% of the full-year forecast.

●Operating income 577.2 billion yen, YOY+0.7%, 49.0% of the full-year forecast.

●Profit for the period 377.7 billion yen, YOY+7.6%, 50.5% of the full-year forecast.

2. Progress in Mobile Structural Transformation

●A structural transformation focused on lifetime value has succeeded. ARPU has grown, and the churn rate has improved.

●Brand migration improvement and longer contract durations have led to a shift towards Lean and Mean Operational Base.

●Aim for over 30 billion yen in full-year profit gains (Personal Services segment basis).

3. Towards Achieving the Full-Year Targets

●In H2, aim to achieve an increase in profit of approximately 55 billion yen towards the targets of FY26-03.

・Mobile(Personal Services segment basis)　+ approximately 19 billion yen～

・Focus areas（DX, Finance, Energy and Lawson）　+ approximately 30 billion yen

・Technological structural reform　+ approximately 13 billion yen

●In Finance and DX, changes in the business environment have occurred since the beginning of the period and are recognized as challenges.

・Finance is shifting to a strategy that places more emphasis on loan-to-deposit ratio, promote initiatives for sustainable growth

・DX accelerates growth in H2 including the turnaround of factors that caused profit decrease in H1 such as BPO business.

※DX: Business Services segment

4. Initiatives for Next Growth

●Progress in infrastructure sophistication and collaboration with partner for service rollout.

●Aiming for sustainable growth in the AI era and enhancement of corporate value in the next mid-term management strategy.

Q&A

Questioner 1

Q. Please provide insights into the mobile competitive landscape for October and the second half of the year. While the telecom carriers pursuing divergent strategies, how did KDDI compete in October, and how will you approach the second half? Additionally, can we expect the improvement in churn rates to continue into the second half?

A. We are currently implementing structural reforms, and their effects are becoming clearly

evident: increased ARPU, reduced churn rates, a reversal in brand migration, and improved handset bundle rates. We are gaining confidence as the pieces fall into place. While the ID figures themselves aren't exceptionally strong, this was anticipated. Our company has been implementing initiatives for the past six months to strengthen and streamline our business structure. We are not directly competing head-on with other companies' somewhat excessive promotional spending. Instead, we have created an environment where we compete by communicating the value of our product strength to customers, rather than through promotional expenses. We will continue this approach in the second half.
While churn rates may show seasonal fluctuations, we prioritize long-term contract duration and will continue working to reduce churn and increase ARPU.

Q. Regarding the next mid-term management strategy, you mentioned capital allocation. When reviewing the business portfolio, what KPIs or criteria will be used to make decisions? Also, concerning flexible share buybacks, given KDDI's shareholder situation, I believe it would be difficult to act flexibly. How do you plan to address this?

A. Regarding metrics for measuring capital efficiency, we believe establishing clear rules can also promote investment in growth areas. While discussions are ongoing internally and we ask for your patience, deciding on metrics and acting on them send a clear message.
Regarding flexible share buybacks, we have already implemented a total of 400 billion yen in buybacks this fiscal year: 350 billion yen through a tender offer and 50 billion yen through open market purchases. Based on business growth, our confidence in achieving the EPS target is increasing heading into the second half, and we will pay the interim dividend as planned. We are not considering additional share buybacks for this fiscal year at this stage. For the next fiscal year and beyond, we intend to consider this flexibly, based on the growth strategy of the next mid-term management strategy, while also taking into account the movements of major shareholders and the relative merits of investment returns.

Questioner 2

Q. Regarding the second half profit plan, I understand mobile is targeting an additional 19 billion yen in profits. Is there potential for this figure to exceed expectations? Also, the 30 billion-yen profit increase target for the focus areas in the second half requires an additional 13 yen billion compared to the first half. Is this truly achievable? Please share your perspective on the feasibility of the second half plan.

A. To achieve the 55 billion yen profit increase in the second half, we will generate 30 billion yen of that growth in our focus areas. Beyond Finance and Energy, we have already identified all challenges in the Business Services segment during the first half and aim to turn it around for growth. While we express mobile as "19 billion yen or more," our mission is not to compensate with mobile but to grow our focus areas.

Q. Is it acceptable for the next mid-term management strategy to focus on both optimizing the balance sheet and growing the profit and loss statement? Also, please provide specific details regarding value-added and growth areas.

A. At this point, we would like you to take this as a message regarding our next mid-term management strategy. We will incorporate the concept of capital allocation. We intend to provide not only communication infrastructure, but also the underlying infrastructure such as data centers and AI, not merely as infrastructure, but including value-added. While we expressed this as "Transforming into Next-Generation Infrastructure for the AI Era," we aim to apply the responsibility and resolve we have demonstrated in providing infrastructure thus far to AI as well. Regarding specifics, including value-added and growth areas, please await the announcement of the next mid-term plan.

Questioner 3

Q. The increase in mobile revenue is a positive trend, and I'm very excited about the future. On the other hand, shouldn't you also change the KPIs for mobile? Will LTV become the KPI? Could you tell me what definition and metrics you should aim for? Also, even if the number of IDs decreases in the future, will the focus on LTV remain unchanged?

A. We have gained significant confidence in mobile revenue growth. It is precisely because we are increasing revenue that we can invest in growth elsewhere. Since this is structural reform, we must track KPIs and sub-KPIs to monitor how the underlying structure changes. During service revisions, we needed to explain changes to customers, and it is true that some customers who were not using the service canceled their subscriptions when we informed them. We will internally analyze factors like how many customers are not using the data. We aim to create a cycle where customers use our services long-term, advancing structural reform while monitoring detailed metrics.
We have no intention of changing our approach, but IDs are also crucial for expanding the area

for future growth. We will focus on acquiring IDs from customers who use our services more frequently and for longer periods, rather than those who cancel quickly.

Q. The next mid-term management strategy will be announced in six months, but by then the environment may have drastically changed. Business Services segment hasn't been strengthened under the current mid-term strategy—shouldn't they be reinforced further? There are various directions like IT services, data centers, solutions, and AI—please clarify what direction we are aiming for.

A. The Personal Services segment forms a very large foundation. Furthermore, the Business Services segment has been achieving double-digit growth, and I have no doubt it will continue to be a growth driver in the next mid-term management strategy; we intend to ensure that happens. The specifics of where and how we will proceed will be explained in the next mid-term management strategy. I believe the model of delivering value-added communications services to customers on top of our telecommunications infrastructure, having them use those services, and receiving compensation for them will be an indispensable piece for AI as well.
We see AI integrating into both our Base areas and Growth areas, ultimately translating into revenue. While we expect AI to accelerate growth more significantly in the Growth areas, we are also calculating how building the AI infrastructure will extend connectivity and security capabilities into our current Base and Growth areas. We aim to enhance the likelihood of this and approach the next mid-term management strategy with confidence.

Questioner 4

Q. Regarding other factors affecting the change in first-half profits, the decline in profits appears smaller than initially anticipated when looking solely at Q2, suggesting it contributed to profit growth. Could you explain if there were any special factors in Q2?

A. Other factors include reduced revenue from MVNO and Rakuten Roaming, as well as stakeholder returns. MVNO and Rakuten Roaming revenue is projected to decrease by approximately 1.9 billion yen year-over-year, though the decline is designed to gradually diminish. Furthermore, costs for stakeholder returns necessary to continue providing value to customers are projected to be approximately 20 to 30 billion yen for the full year. Other factors include various items, including positive elements not mentioned. The second quarter saw some impact from these positive elements.

Q. Regarding the change in profits for the second half of the fiscal year, were there any unexpected developments compared to the initial projections?

A. There are no changes to the absolute values from the initial guidance. There are also no major changes to the elements.

Questioner 5

Q. The fact that stock price performance and valuation remain unchanged compared to competitors suggests the market doesn't understand what we plan to grow next. I believe it's not about the quality of our communication networks, but rather a lack of bold strategy and catalysts. What are your thoughts?

A. As a result of our service revisions, we expect absolute values to accumulate over this and next fiscal year, enabling us to redirect resources toward growth investments. Meanwhile, our next mid-term management strategy will focus on identifying catalysts for business growth based on capital allocation. Amidst a turbulent business environment, including AI, we will clearly define our strengths, chart a growth path, and present a highly probable explanation.