

Tomorrow, Together



Financial Results for 1st Half of Fiscal Year Ending March 2024

November 2, 2023

KDDI Corporation

Makoto Takahashi

President, Representative Director, CEO

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



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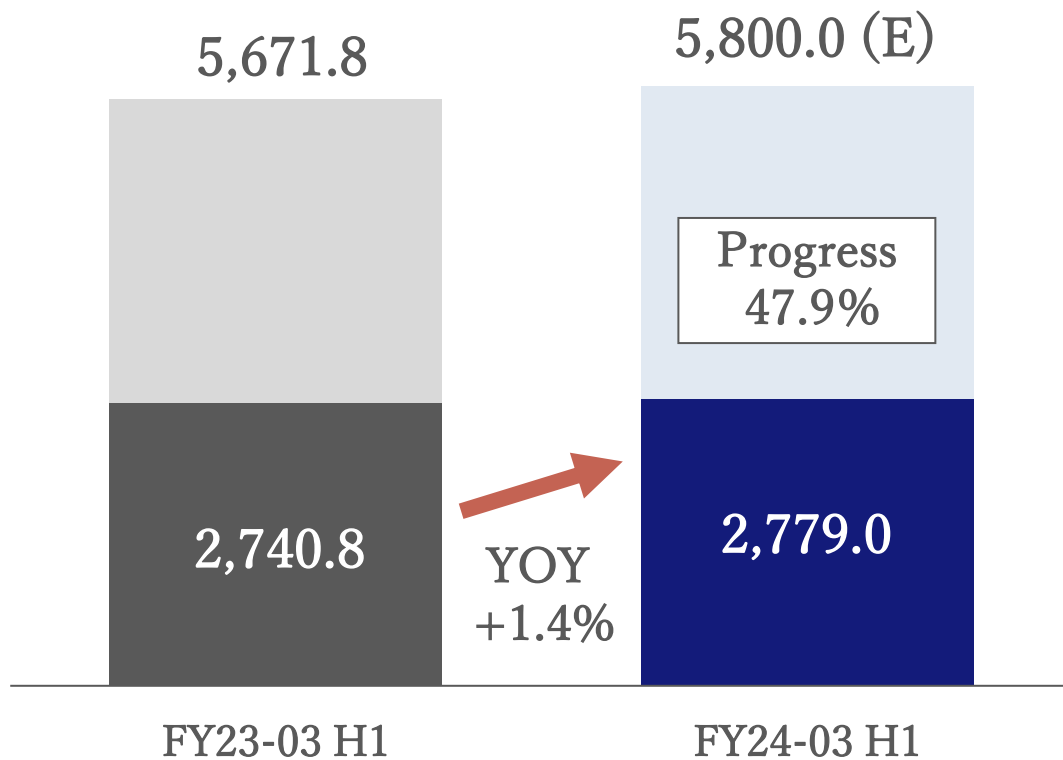
1. Consolidated Financial Results

H1 Consolidated Financial Highlights

Revenues and income increased – inline with full-year forecasts

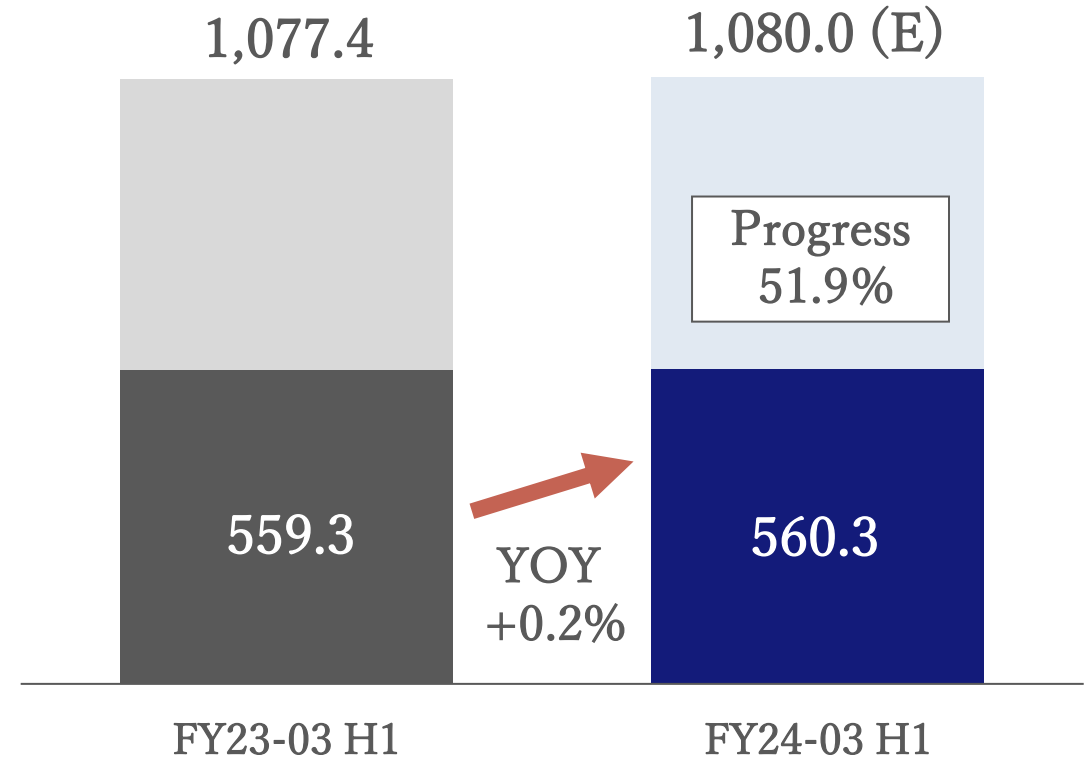
Operating revenue

(Unit: billions of yen)



Operating income

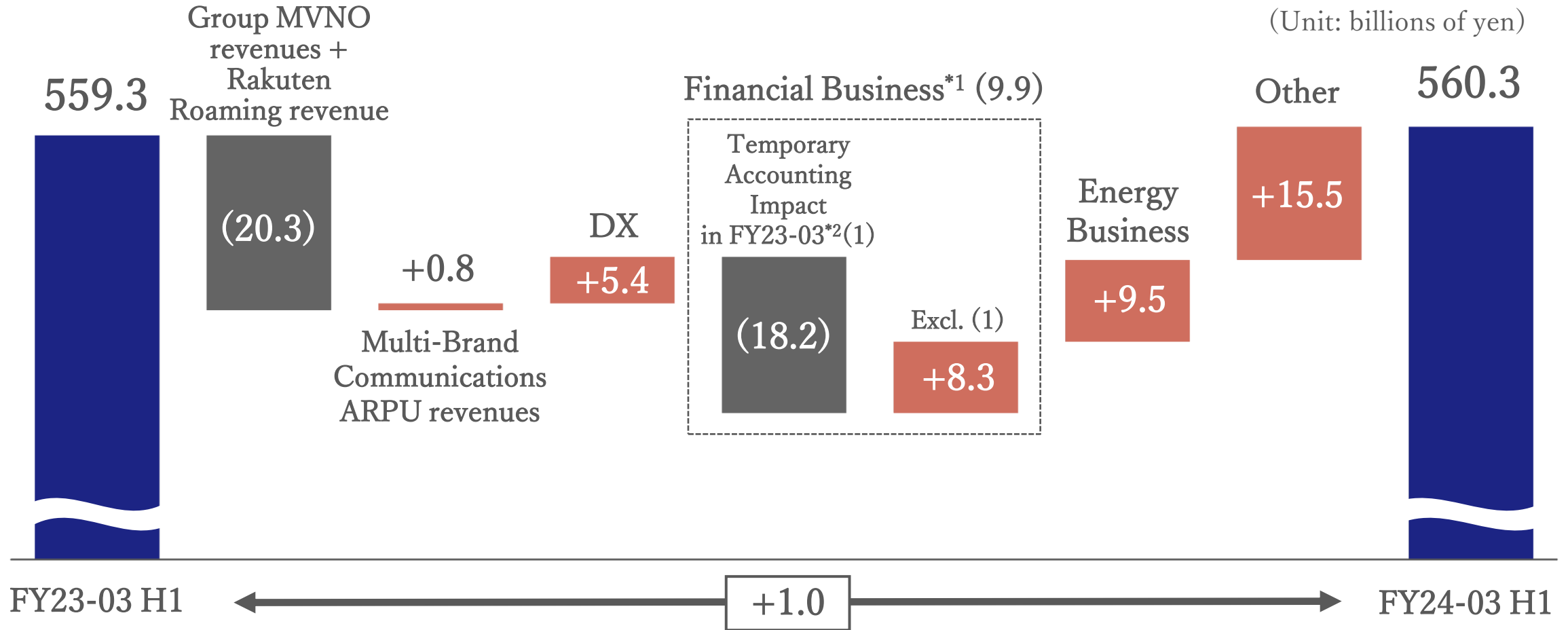
(Unit: billions of yen)



Note) Figures for FY23-03 have been revised due to the adoption of IFRS 17 from FY24-03

H1 Consolidated Operating Income-Factors for Change

Profit increase by growth in communications ARPU revenues and focus areas, despite decrease in Rakuten roaming revenue



*1 au Financial Holdings (IFRS basis)

*2 Temporary impact of accounting changes in mortgage loans

Key Points of Consolidated Financial Results

Steady growth in key areas creating medium-term earnings base



H1 Rebound



Steady expansion
of profit increase



Double-digit growth



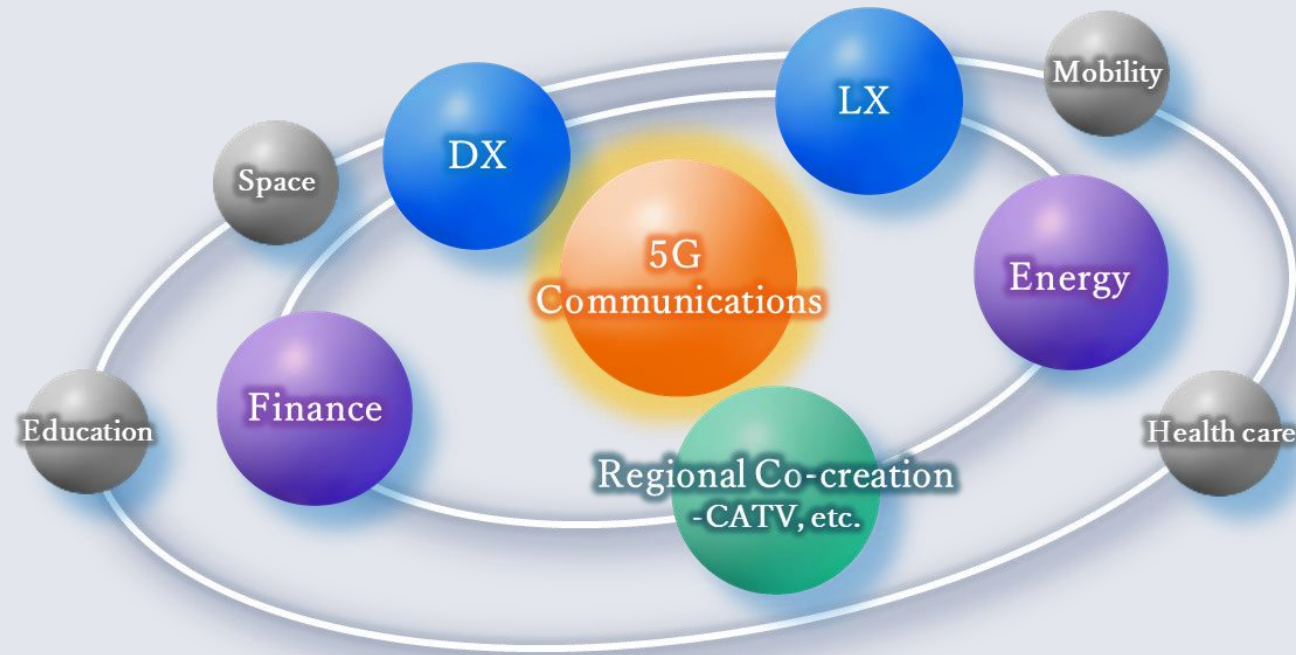
Profit increase in Q2

(Unit: billions of yen)

| H1 Operating income YOY results | H1 Rebound | | Steady expansion of profit increase | | Double-digit growth | | Profit increase in Q2 | |
|--|------------|------|--|------|---------------------|------|-----------------------|-------|
| | Q1 | Q2 | Q1 | Q2 | Q1 | Q2 | Q1 | Q2 |
| | (2.9) | +3.7 | +1.7 | +3.8 | +5.2 | +3.0 | (3.9) | +13.4 |
| | +0.8 | | +5.4 | | +8.3 | | +9.5 | |

* au Financial Holdings (IFRS basis), excluding the impact of accounting change in FY23-03

2. Rebound in Communications ARPU revenues and growth



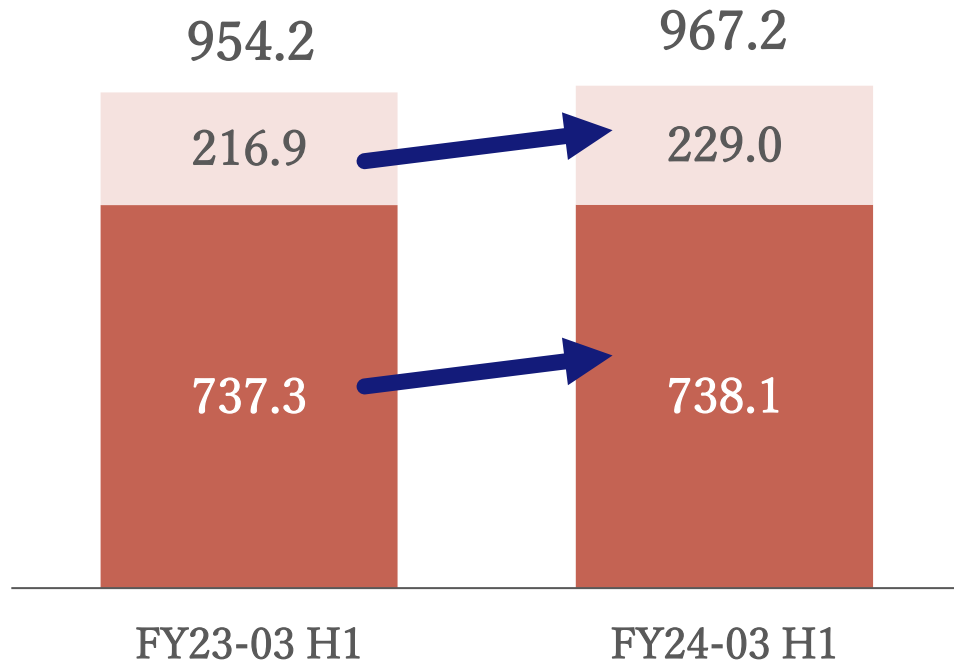
ARPU Revenue

Communications ARPU revenues rebound,
Value-added ARPU revenues growing

Multi-Brand Total ARPU revenues

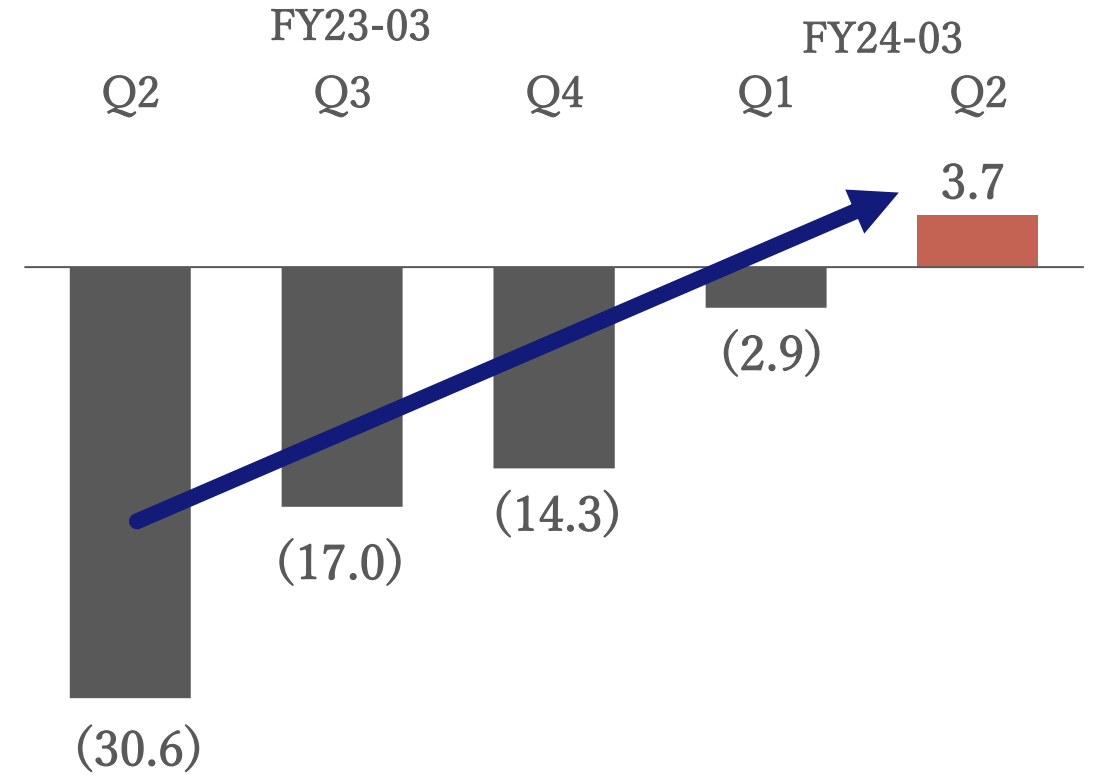
(Unit: billions of yen)

- Value-added ARPU revenues
- Communications ARPU revenues



Multi-Brand Communications ARPU revenues (YOY)

(Unit: billions of yen)

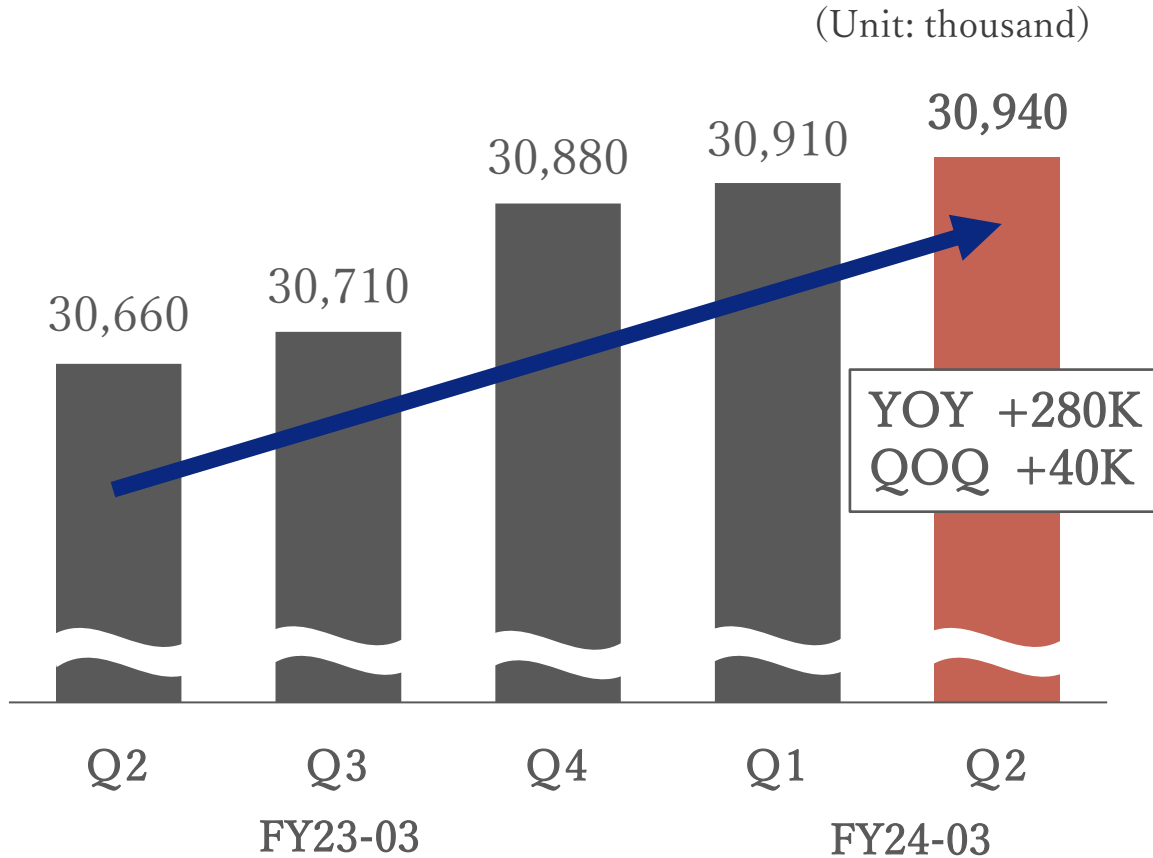


IDs / Communications ARPU

IDs grew continuously, Communications ARPU increased QOQ

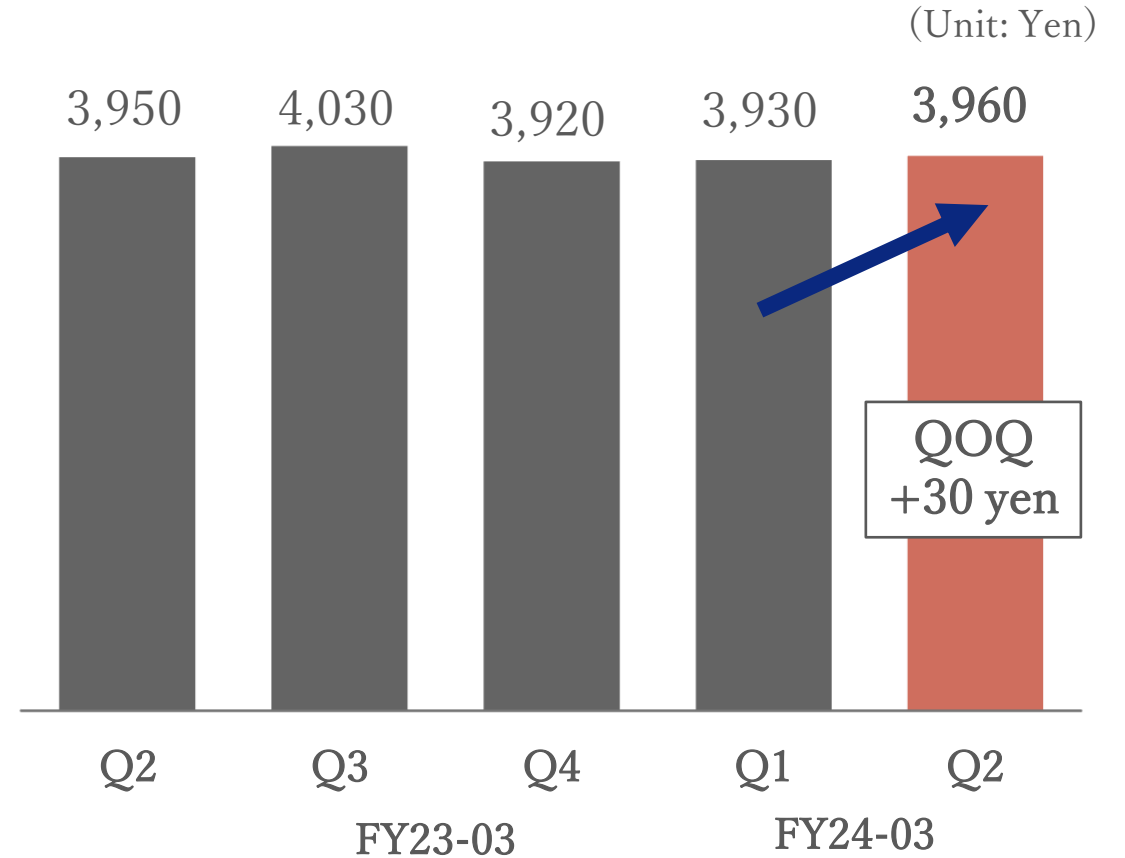
Multi-Brand IDs*

(Unit: thousand)



Multi-Brand communications ARPU

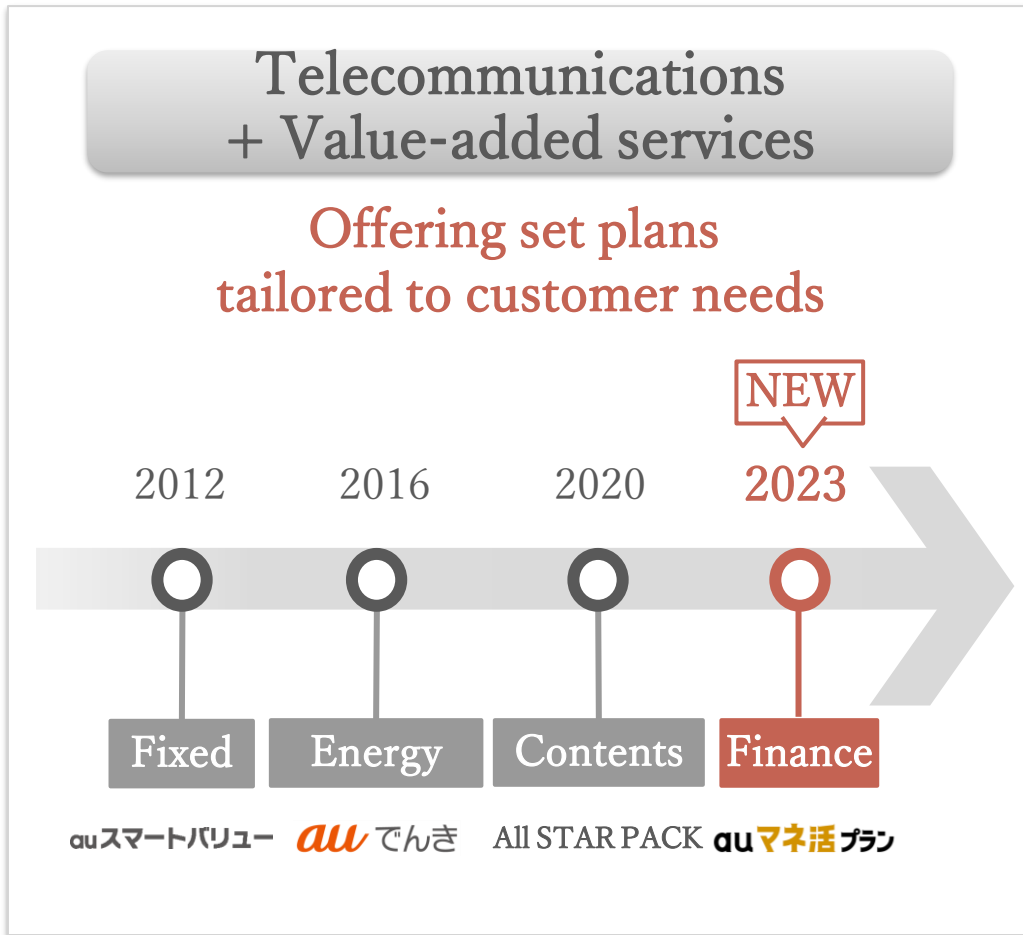
(Unit: Yen)



Note) Personal segment * au, UQ mobile, povo (charged users only)

Attractiveness of au (1)

“au Money Activity Plan” off to a good start



Telecommunications + Finance
“au Money Activity Plan”

Unlimited MAX

+

Benefit #1: Settlement
Additional redemption rate

Benefit #2: Asset Formation
Preferential interest rates and additional redemption rate

Total maximum 800 yen/month
au PAY balance redemption

Launched in September. 1 in 3 unlimited MAX subscribers has chosen au Money Activity Plan*

* Actual results for new subscriptions and hand-set model changes in Sep. 2023

Attractiveness of au (2)

As smartphone viewing needs increase, expanding and enhancing worry-free unlimited plan and contents

Worry-free unlimited plan

Increased online content cultivates smartphone viewing



Worry-free unlimited data plan for growing data needs

Expansion of sports content

Enhancing free sports distribution by partnering



High School Baseball
Record number of viewers



High School Soccer, Spring High School Volleyball - Start distribution Oct. 2023

SPORTS BULL.
RESPECT YOU, *au*

Toward an "Exciting Future" for everyone through sports

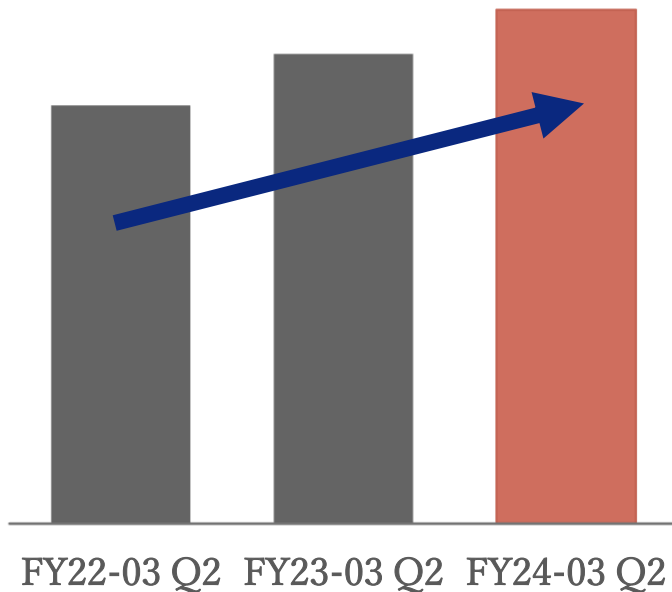
UQ mobile

Many choose medium and large capacity plans as data usage increases

Monthly data usage

Selection ratio for medium and large capacity plans

CAGR 10.8%



Three new plans
launched June 2023

Komikomi plan

20GB 3,278 yen/month
Inc. 10min. call flat rate

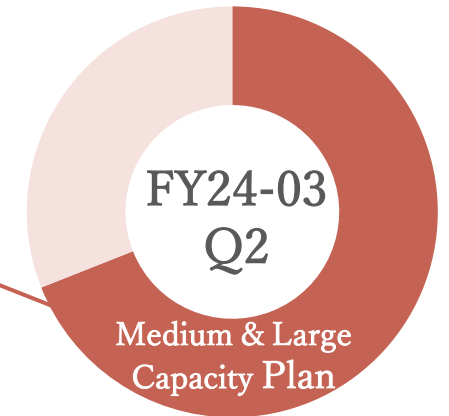
Tokutoku Plan*1

~1GB 990 yen/month,
~15GB 2,178 yen/month

Minimini plan*1

4GB 1,078 yen/month

Selection Ratio
at the time of
new contract



About 70%*2

*1 When "Home Set Discount"+ "au PAY Card Payment Discount" are applied *2 Actual results from June to September 2023



5G Network

Promote area development along customer's life line and refinement of communications quality

Connecting the Everyday

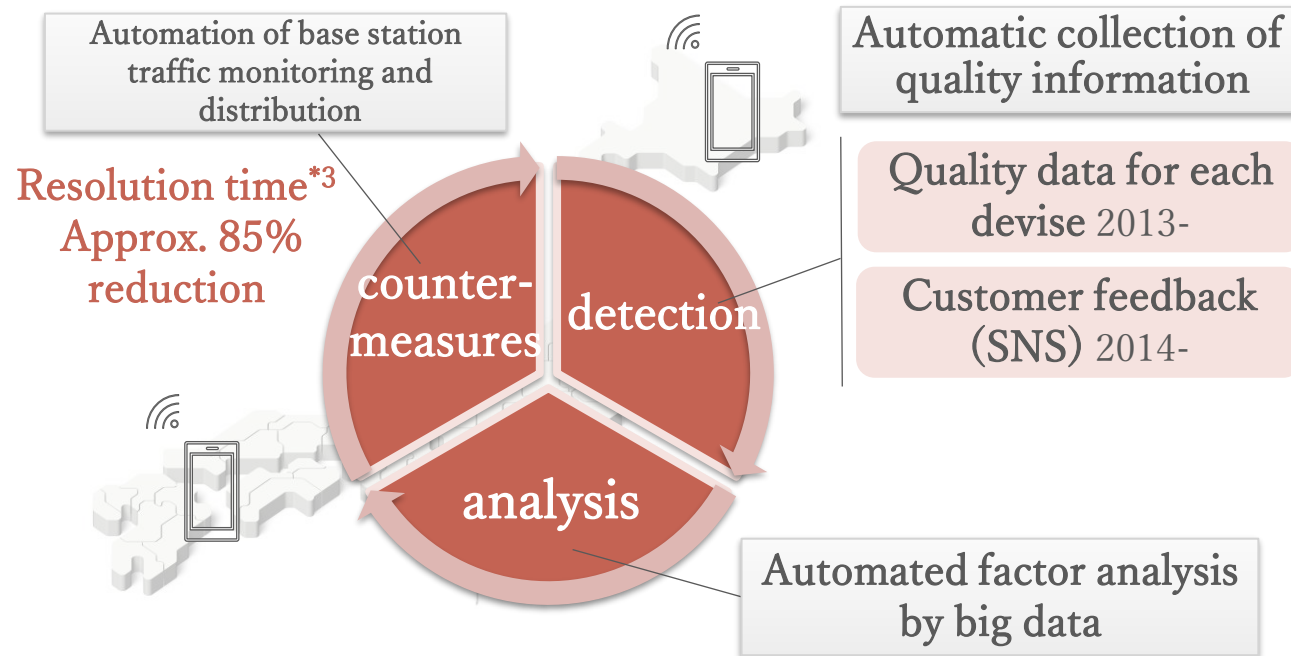
Area expansion along customer's life line



5G available at all Yamanote Line stations
Communication speed No.1 (uplink/downlink)*1

Quality Improvement Initiatives

Rapid quality improvement
using a variety of data and automation*2



*1 Source: ICT Research Institute "July 2023 Yamanote Line 5G and 4G Communication Speed Measurement Survey" <https://ictr.co.jp/report/20230727.html/>

*2 Various automations are partially implemented

*3 Time required to detect, analyze, and take measures against temporary NW quality deterioration, happening such as at event sites



Satellite Communication “Starlink”

Connecting the unconnected, leveraging Starlink

Connecting the extraordinary

Utilizing Starlink for au base stations
Creating an area focused on special places



Mountains



Festivals



Disaster

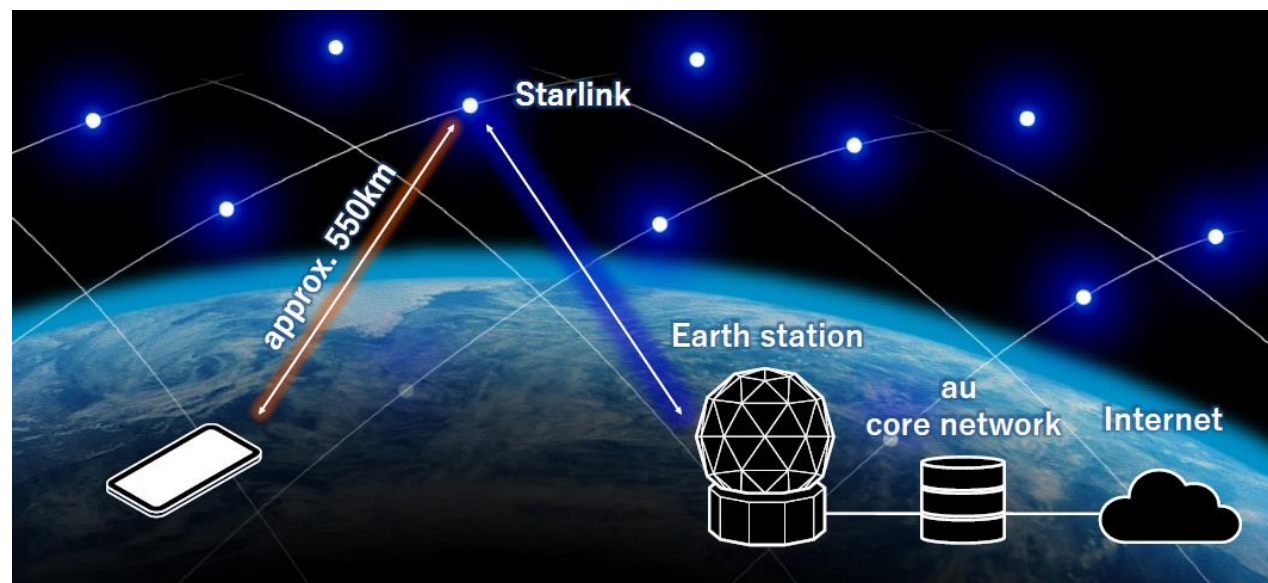


Maritime



Connecting wherever you see the sky

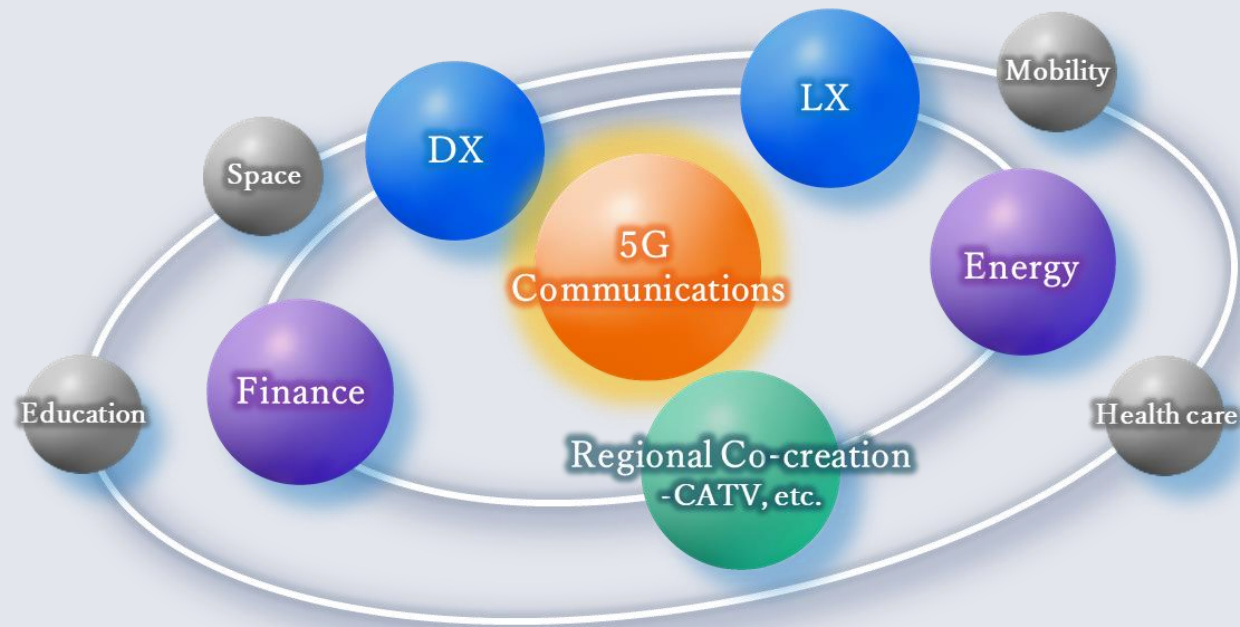
New business alliance for satellite and smartphone
direct communication service development*



Aim to begin sending and receiving messages in 2024

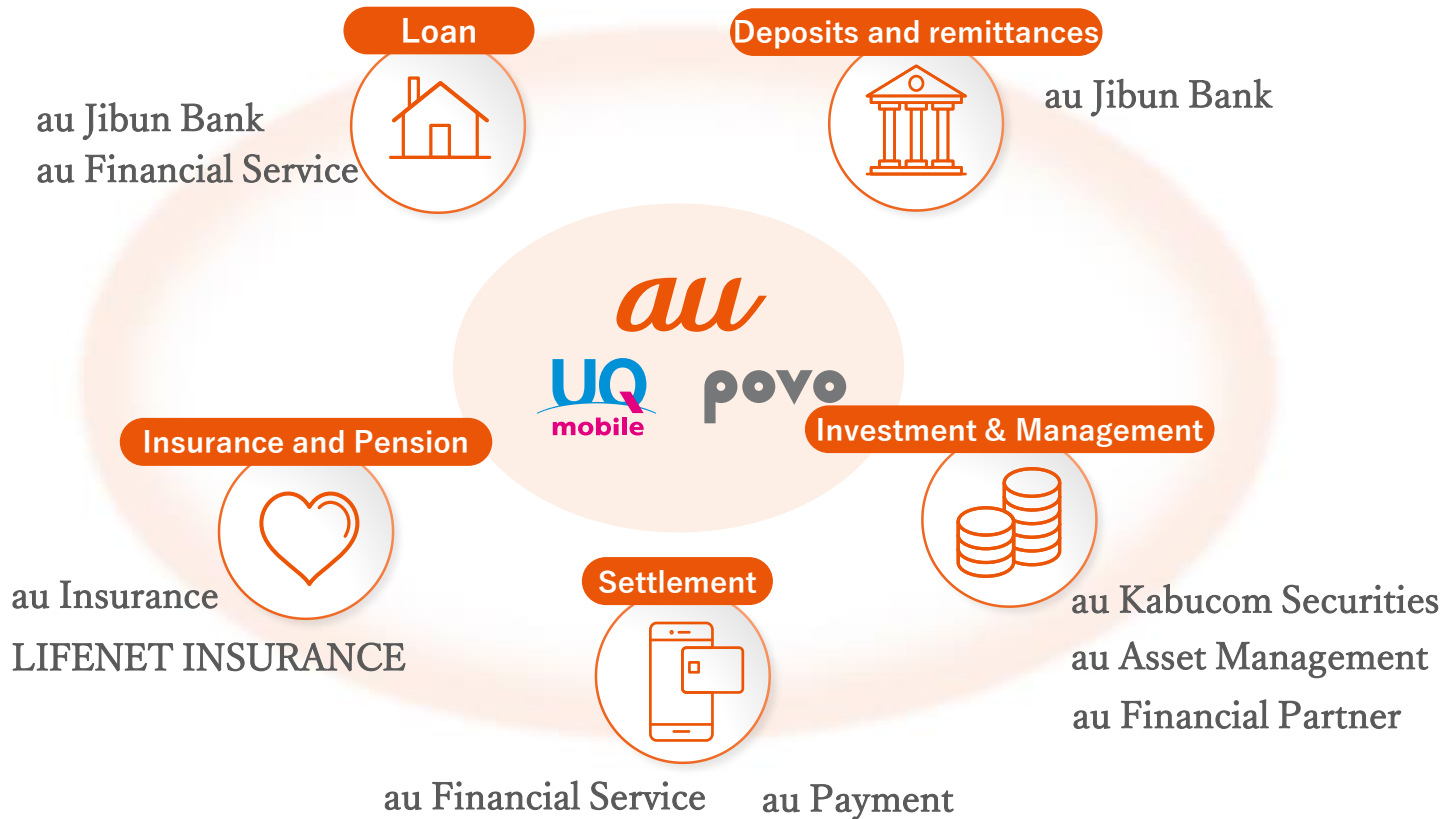
* Scheduled to be provided based on the development of radio related laws and regulations. Service launch date to be announced as soon as details are finalized.

3. KDDI Group's Financial Business



KDDI Group's Financial Services

Supporting customers with a full range of financial services



Financial customer base

Steady growth in key services



au PAY Card members
Oct. 2023 **9 million** surpassed



au PAY members*
33.73 million (YOY +2.93 million)



au Jibun Bank accounts
5.45 million (YOY +0.56 million)



au Kabucom securities accounts
1.61 million (YOY +0.13 million)

Note) As of September 30, 2023 * Prepaid, Code payment, Online payment

Financial Business

Contributed to an increase in value-added ARPU revenues.
Steady business growth

Finance-related value-added ARPU revenue

Operating income*

Transaction volume of settlement/ loan

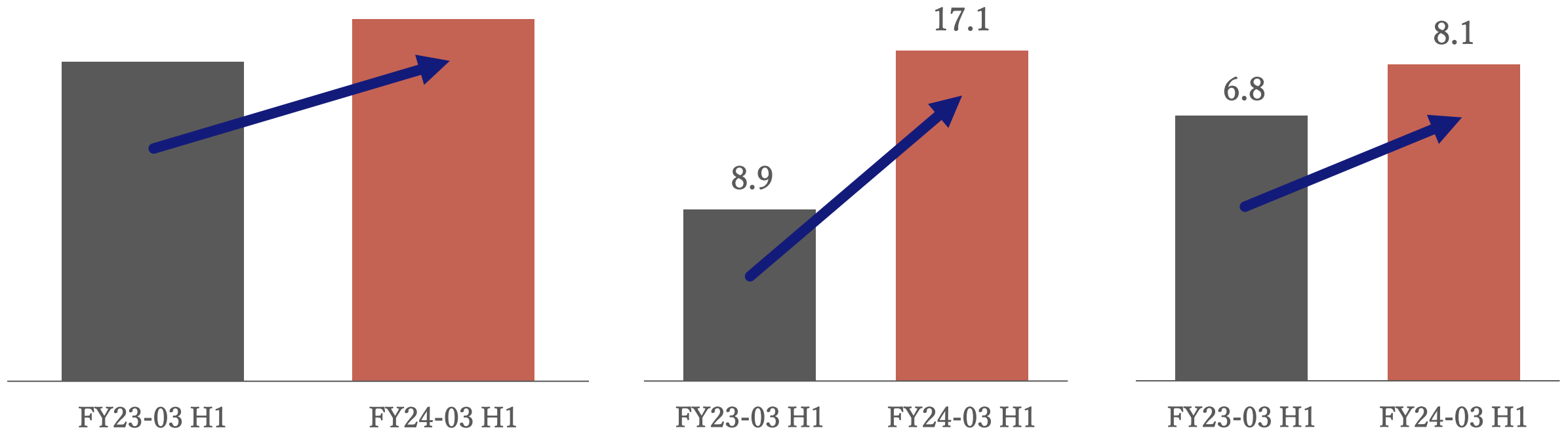
(Unit: billions of yen)

(Unit: trillion yen)

YOY +13.4%

YOY +92.9%

YOY +19.3%



* au Financial Holdings (IFRS basis) excluding the impact of accounting changes in FY23-03

Credit card / Bank

Significant growth in focused services

au Financial Service

au Jibun Bank

au PAY Gold Card members

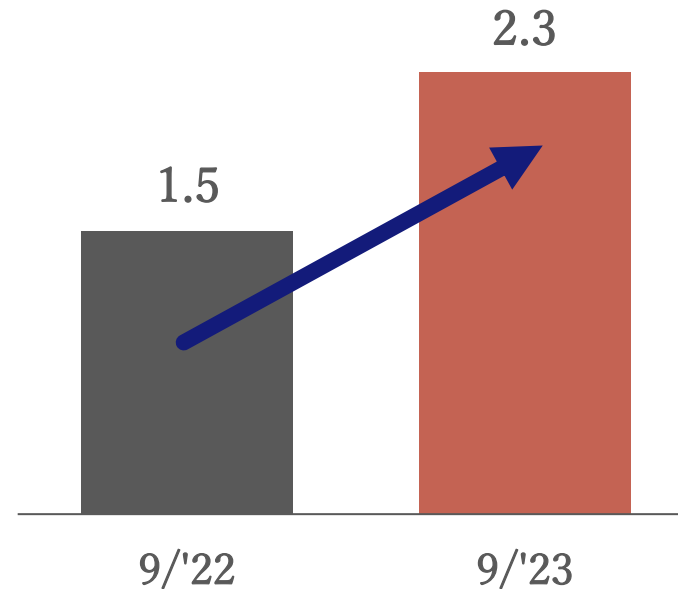
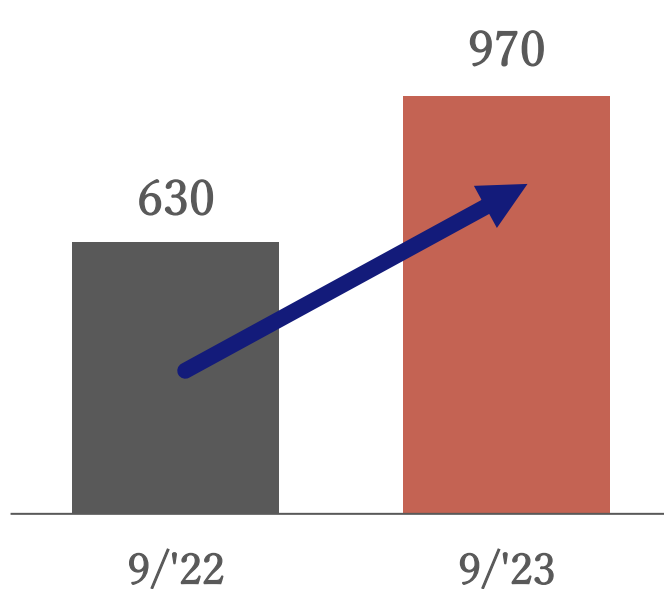
Mortgage Loan Balance

(Unit: thousand)

(Unit: trillion yen)

YOY +54.0%

YOY +56.2%



High satisfaction with mortgages



2023 Oricon Customer Satisfaction® Survey
Mortgage "interest rate" No. 1 (three consecutive years)

Preferential interest rate discount eligibility also expanded

J:COM

ctc

J:COM NET
J:COM TV

Commufa HIKARI

(From Nov. 2023)

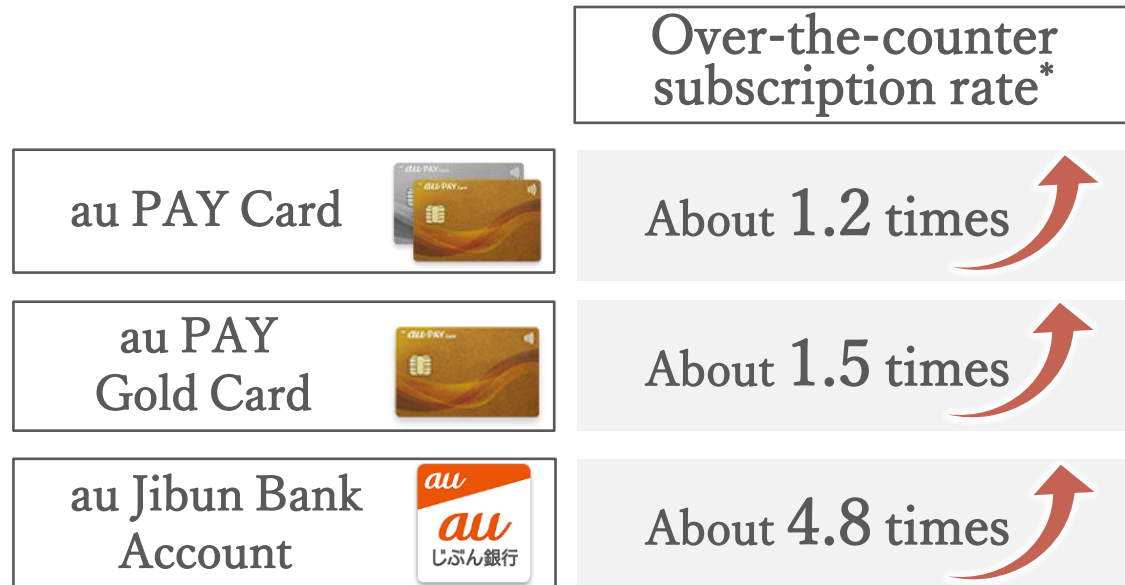
Preferential interest rates
when combined with internet or TV

Toward Further Growth

Leveraging synergies with telecom to expand financial customer base

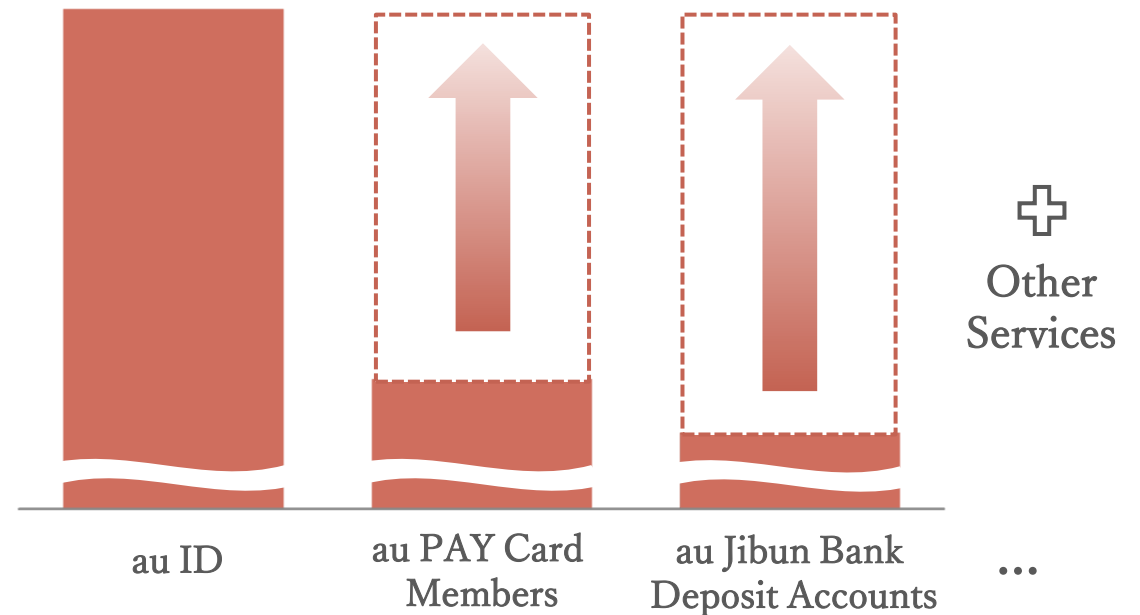
Effectiveness of the au Money Activity Plan

Facilitate financial services collaboration



Room to expand financial customer base

Leveraging synergies with telecom to further expand



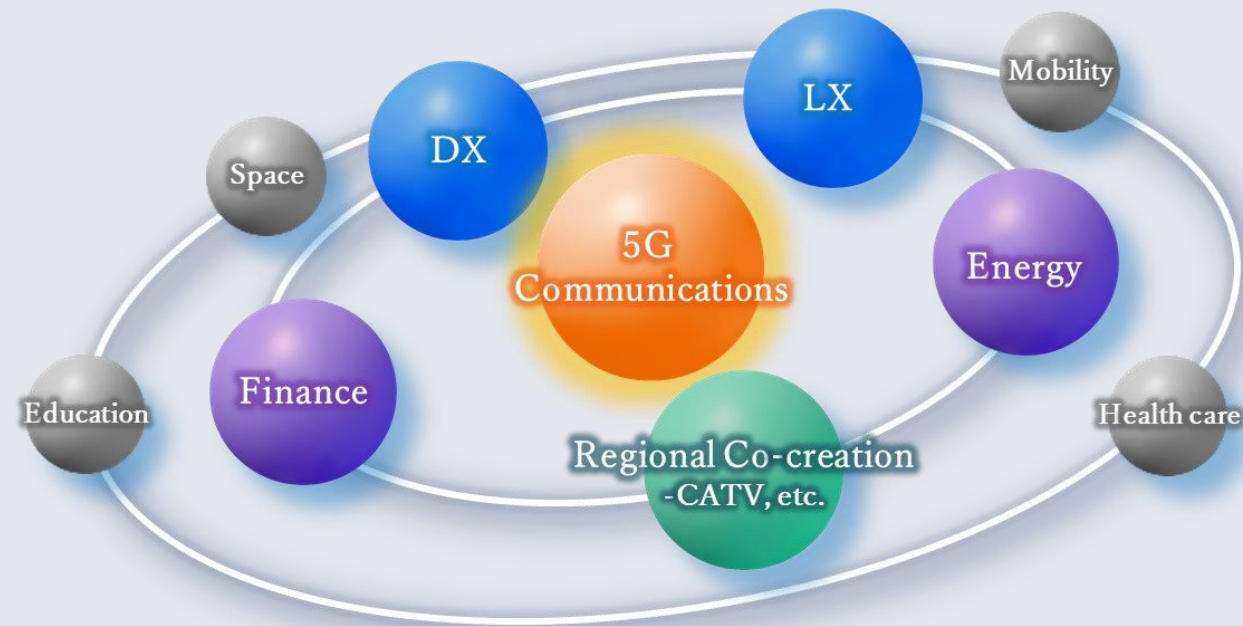
* Comparison of new au subscriptions and hand-set model changes at au stores, au Style, and UQ Spot in Aug. and Sep. 2023.

Virtuous Circle of Telecom and Finance

From growth in telecom to expansion of financial services
by making au more attractive



4. DX/LX (Transformation)



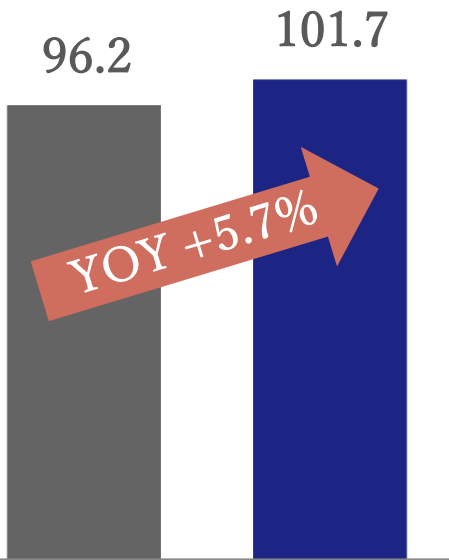
Business Segment Results

H1 progress as expected. Aiming for full year double-digit YOY growth

Operating income

Profit increased by 5.7% YOY in H1

(Unit: billions of yen)

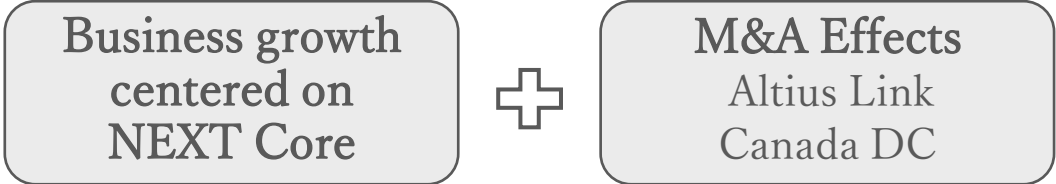


FY23-03 H1 FY24-03 H1

- (+) Increase in NEXT core
 - ✓ IoT drives profit growth
- (+) Increase in existing telecom business
 - ✓ Increase in mobile communications revenues
- (-) Impact of fuel price hikes
 - ✓ Partially affected only in H1

Full-year forecast

Aiming for double-digit YOY growth



| | |
|-----------|---|
| favorable | IoT expansion / Business DX DC growth / Business infrastructure services |
| downside | Decrease in M&A effect - implementation timing delay - increased integration costs Increase in investment in human resources |

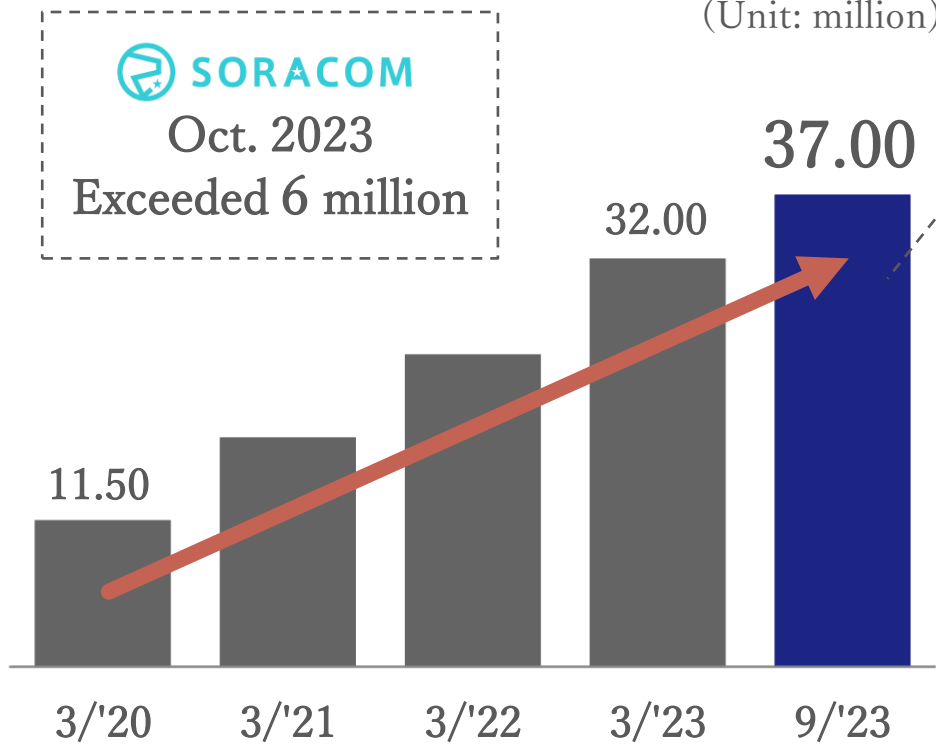
IoT

Strengthening connected car initiatives to drive IoT expansion

IoT connections

Exceeded 43 million including SORACOM

(Unit: million)



Expansion of connected cars

Strengthening organizational structure for further growth



In addition to Japanese automakers, newly expanded to overseas makers

Market growth 2021-30 CAGR 17%*

Overseas connected business
Establishment of new company
(Q3 of FY24-03 (planned))

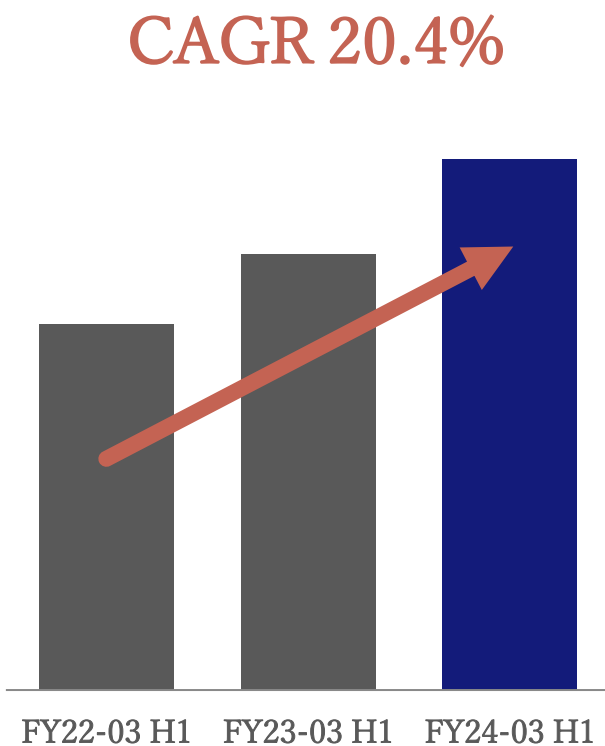
* Source: Connected car fleet worldwide by region | Statista Connected Car Market Growth Trends and Competitive Analysis 2030 (straitresearch.com)



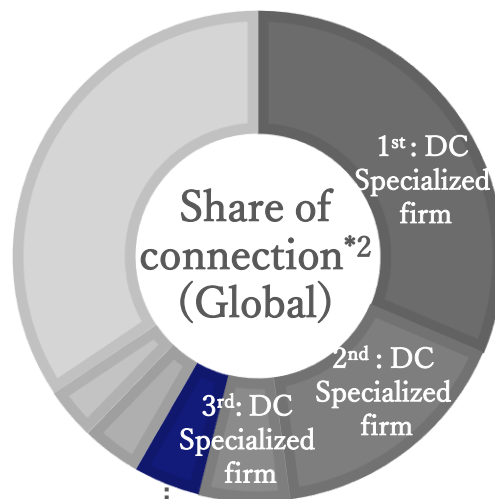
Data Centers (DC)

Our strength in Connectivity DCs performing well.
Further expansion in Europe

DC business revenues



Connectivity DC*1 global deployment



No. 1 in telecom carriers

North America

Canada No. 1*3
Connectivity DC
Acquisition completed



Europe

New facilities to meet growing demand

Frankfurt



5th building opened

Paris (Magny)



4th building opened

*1 Connectivity DC is a DC with high added value through interconnection among resident companies (wiring within the DC premises).

*2 Source: Structure Research 2023. 2022 results, does not include Canada Connectivity DC, which signed a business transfer agreement in Jun.2023 *3 Source: peeringdb.com as of Sep. 2023

Utilization of Group Assets

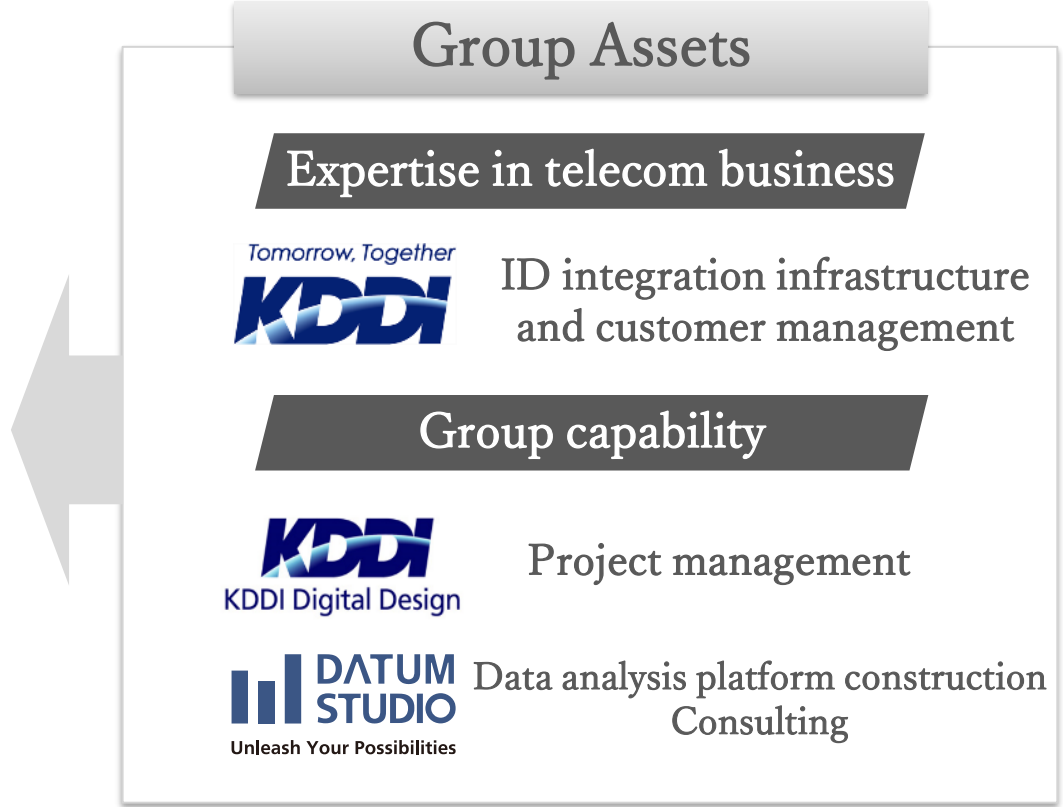
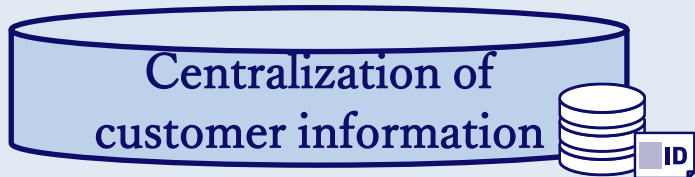
Building customer's data utilization platform with strength of assets cultivated in telecom operations

Case study of Company A in real estate industry

Customer's issue: different IDs for each business



Marketing sophistication through data linkage
Identification of new customer needs



In competition with Slers and other companies, receive recognition for strength of group collaboration

Carbon Neutral (CN)

Promote our Carbon Neutrality and that of our customers through business

KDDI's CN Promotion

Target: Achieve CN at all data centers by FY2026

3 bases in Europe switched to renewable energy*1



Switch to renewable energy

Promote gradual switchover at DCs in other regions as well

Energy conservation

Utilization of immersion cooling and air conditioning AI control

Customers' CN Support

One-stop support through partner collaboration

Customer Issue:
Disclose and reduce GHG*2 emissions

KDDI Green Digital Solution

Visualization and Analysis



Green Mobile



Electricity Greening



Emissions Visualization

Planning and implementation of reduction measures

*1 Scope 2 in the U.K., France, and Germany, completed by 2022.

*2 GHG stands for Green House Gas. It refers to greenhouse gases such as carbon dioxide and methane.



Expansion of Metaverse and Web3 services for to B and to C

Metaverse needs expansion

Developing Metaverse for each use case, mainly for corporations

to B

Sales stretched about 5 times scale in YOY*



to C

Over 1,000 distributors



αU Service Expansion

Alpha U in full swing to accelerate the creator economy



Virtual store that replicates a real store



αU place

Expansion to support creators



αU metaverse



αU live

* Size of orders received from companies and local governments for metaverse and XR-related projects in the first half of FY2023

Strengthening the Foundation for Growth

Promote internal use of generative AI
accelerating business development and human resources strategy

Promotion of Generative AI Utilization

Business streamlining
Operational enhancement



KDDI AI-Chat

KDDI Employees
10,000 user experience

Generative AI Business Development

Azure OpenAI Service

Cooperation with AWS

Total support
from implementation to utilization

In-house AI
utilization

data
linkage

data
infrastructure
development

Promote social implementation
of generative AI
through development support
and business matching

Accelerate Human Resources Strategy

Human resource portfolio

Shift of human resources to
DX/LX areas
linked to business strategy

KDDI DX University

Web3 and AI Program
Expansion

MWC Barcelona 2024

Exhibiting at MWC Barcelona 2024 to be held in February next year



Exhibition theme

Enhancing
“the Power to Connect”

Note) Specific exhibit contents will be announced in the future. The booth diagram above is for illustrative purpose only and may differ from the actual content/appearance at the time of exhibition.

Summary

Promote efforts to grow communication ARPU revenues and focus areas

Consolidated Results

- Revenues and income increased in H1, steady progress towards full-year forecast
- Growth in Communications ARPU revenues and focus areas, despite Rakuten roaming revenue decrease

Toward Sustainable Growth

- Rebound in Communications ARPU revenues, progressing efforts for growth, such as au Money Activity Plan
- Promoting 5G area development along customer's life line and further refinement of communication quality
- Expand financial customer base through synergy with telecom business and full lineup services
- DX/LX strengthens efforts to solve issues faced by customers and society
- Accelerate business development and human resource strategy by promoting the use of generative AI within the company

About the NTT Law

Our thoughts

Discussions on review the NTT Law

Discussions have taken place within LDP and MIC regarding the review of NTT Law now

LDP

Special Mission Committee on Financial Resources for Defense-Related Expense
Project Team on the Future of “the Act on Nippon Telegraph and
Telephone Corporation”

MIC

Information and Communications Council / Telecommunications Business
Policy Committee / Telecommunications Policy Special Committee
“How communications policy should respond to changes
in the market environment”

Our Opinion

Necessary to review NTT Law in line with the times
Oppose abolition of NTT Law which jeopardize the public interest

| | | | | |
|--------------------------|---|---|--|--|
| Acceptable to review to | Strengthen international competitiveness (Obligation to disclose research results authorization of company name change, director appointment etc.) | | We concerns as below if existing rules are not be ensured = Impact on national interests and people's lives | |
| Must retain unchanged to | Ensure fair competition between NTT Group and other operators (Prevention of further group integration) | ⇒ | | Higher user fees, stagnant enhancement and diversification of services would be caused |
| | Protect for existing 60 million users (Ensuring the obligation to provide nationwide) | ⇒ | | Rural area with unfavorable conditions would not be served |
| | Ensure the government control over communications that are high public interest (Protection by foreign investment regulations) | ⇒ | | Security of telecommunications infrastructure that is essential facilities for our country would be undermined |

180 Entities Submit Request

On October 19, 2023, **a total of 180 entities** including telecommunications operators (MNO, cable tv, ISP, Power company related) and local governments, etc. submitted a jointly-signed request to oppose the abolition of NTT Law

Where to submit

LDP (Chairperson of Policy Research Council / Chairperson of Project Team)
and Minister for Internal Affairs and Communications

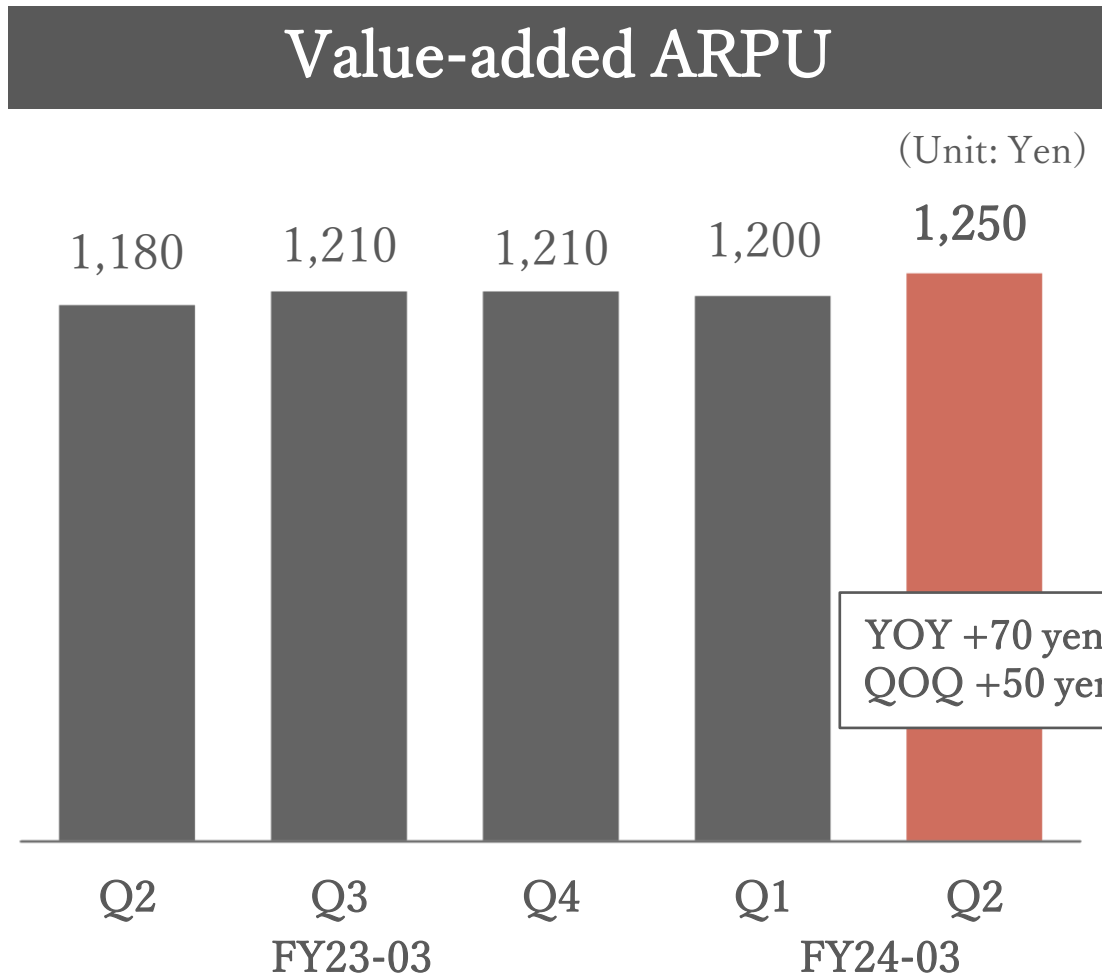
Overview of request

Agree with the review of NTT Law to improve people's lives
and revitalize the economy

Oppose abolition of NTT Law because the public interests will
be jeopardized, call for more careful policy discussions

Appendix

Value-added ARPU



YOY +70 yen

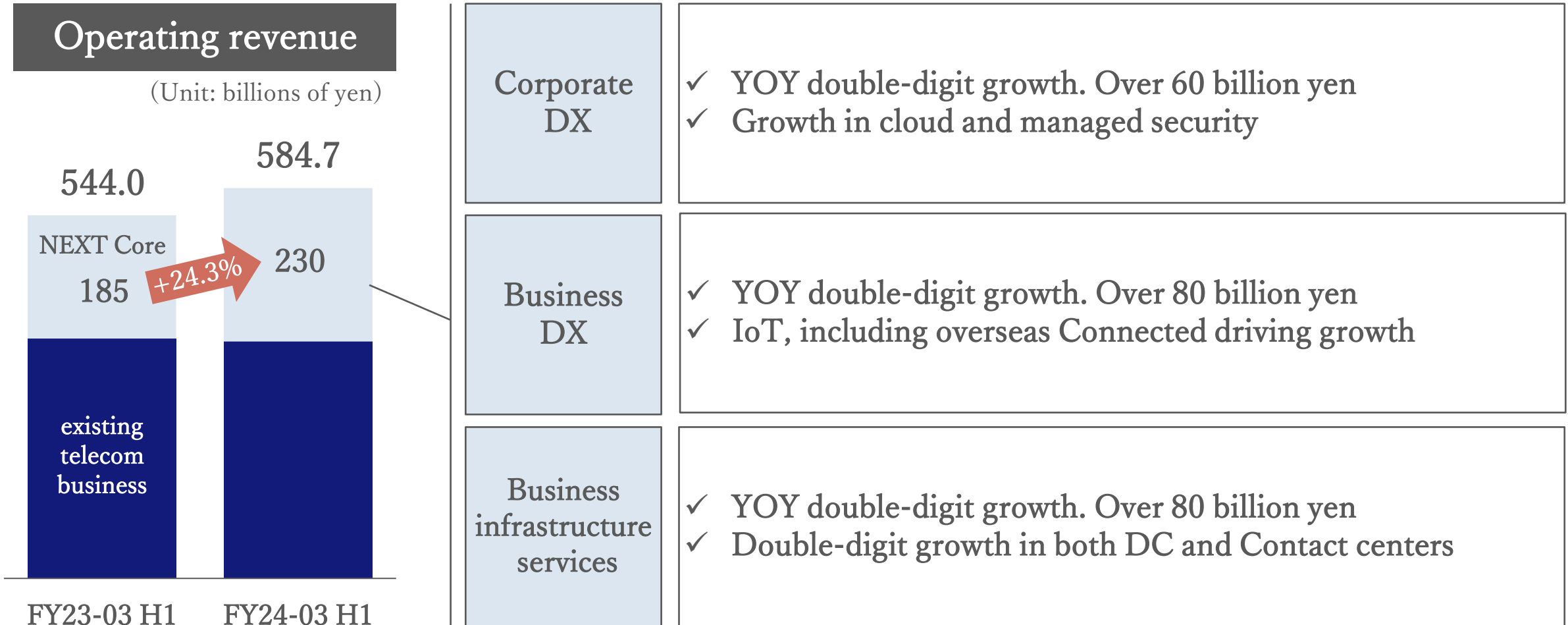
- ✓ Settlement / finance and products supports led the increase
- ✓ Decrease in commerce

QOQ +50 yen

- ✓ Settlement / finance and products supports led the increase

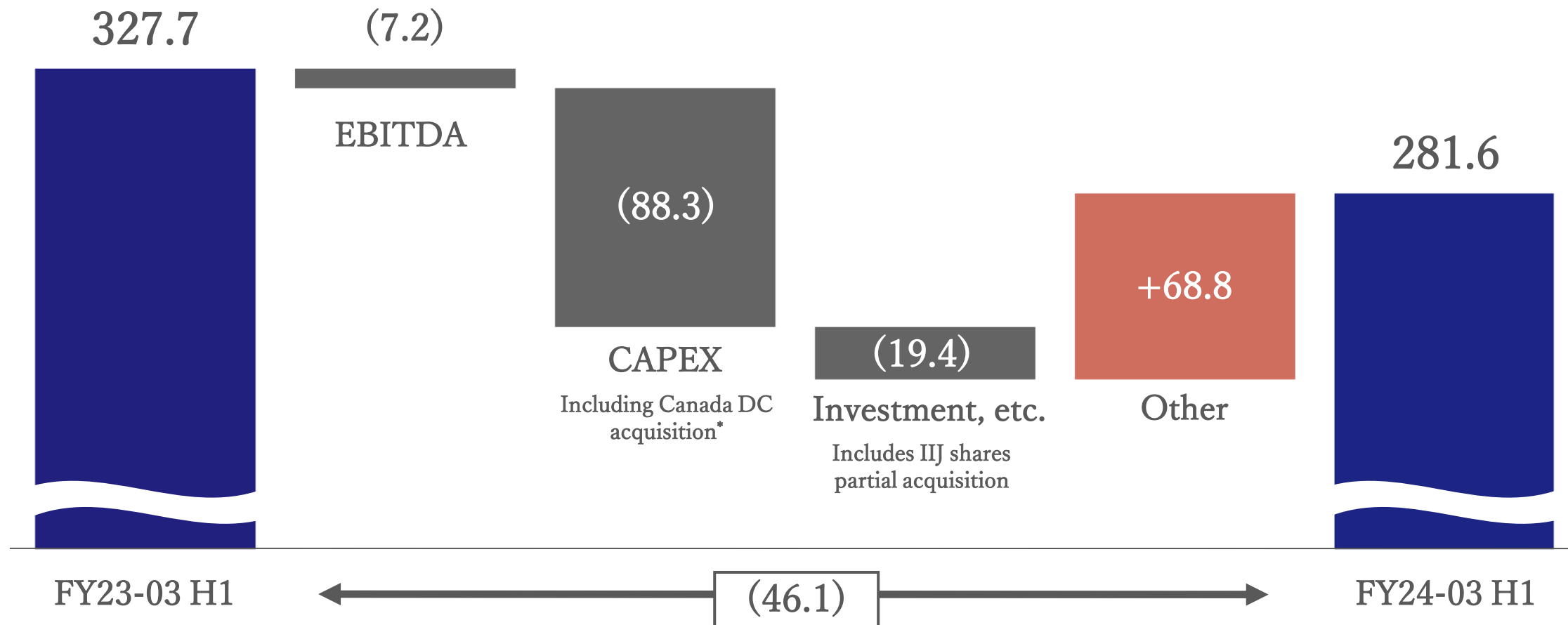
Note) Personal segment. au, UQ mobile, povo (billing users only)

NEXT Core Operating revenues



Consolidated FCF (excluding finance business) Factors for Change

(Unit: billions of yen)



* Full-year free cash flow forecast for FY24-03 has been changed due to the acquisition of data center business in Canada.

Note) Financial business is au Financial Holdings

Consolidated / Financial Business Balance Sheet (as of the end of September 2023)

Total assets 12.86 trillion yen

| | |
|--|--------------------------------|
| property, plant and equipment Intangible assets right-of-use asset | interest-bearing debt |
| | Trade and other payables |
| goodwill | Deposits in financial services |
| Trade receivables and Other receivables | Other liabilities |
| Securities of financial business | capital |
| Loans and bills discounted in the finance business | |
| Cash and cash equivalents | |
| Other | |

KDDI (Consolidated)

Total assets 4.46 trillion yen

| | |
|-----------------------|---------|
| cash on deposit | deposit |
| marketable securities | |
| money given as loan | Other |
| Other | |

au Financial Holdings (Consolidated)

Note: KDDI (consolidated) is prepared in accordance with IFRS, au Financial Holdings (consolidated) is prepared in accordance with Japanese GAAP.

Tomorrow, Together



Disclaimer

Statements made in these documents with respect to the KDDI Group's performance targets, projected subscriber numbers, future forecasts and strategies that are not historical facts are forward-looking statements about the future performance of the KDDI Group, based on company's assumptions and beliefs in light of the information available at the time they were made. They therefore include certain risks and uncertainties. Actual results can differ from these statements due to reasons including, but not limited to, domestic and overseas situation, economic, trends, competitive position, formulation, revision or abolition of laws and ordinances, regulations or systems, government actions or intervention and the success or lack thereof of new services.

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.