

Tomorrow, Together



Fiscal Year Ending March 2025 Q1 Financial Results

(April – June 2024)

August 2, 2024
KDDI Corporation

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



Direct communication between Starlink and smartphones



Robot programming class that opens eyes and minds



Supporting artists for their exciting journey

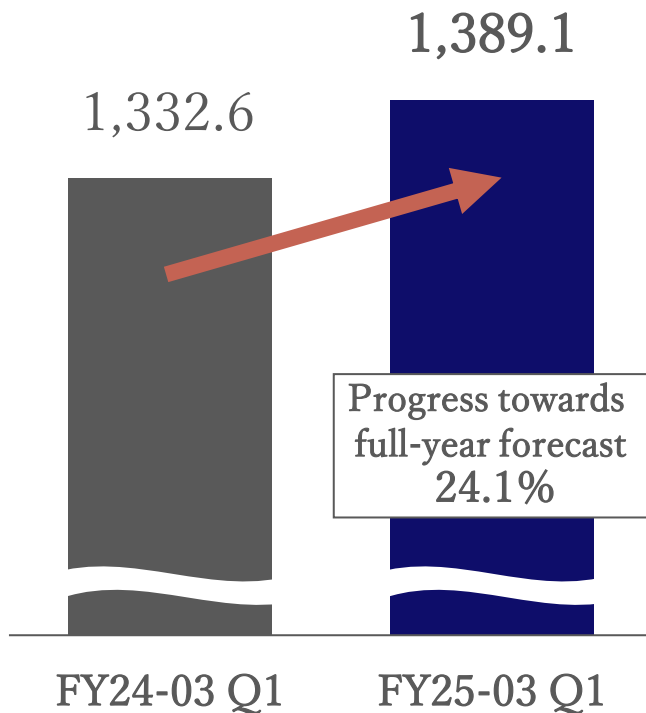
1. Consolidated Results: FY2025-03 Q1

Financial Highlights

Revenue and income increased. In line with full-year forecasts

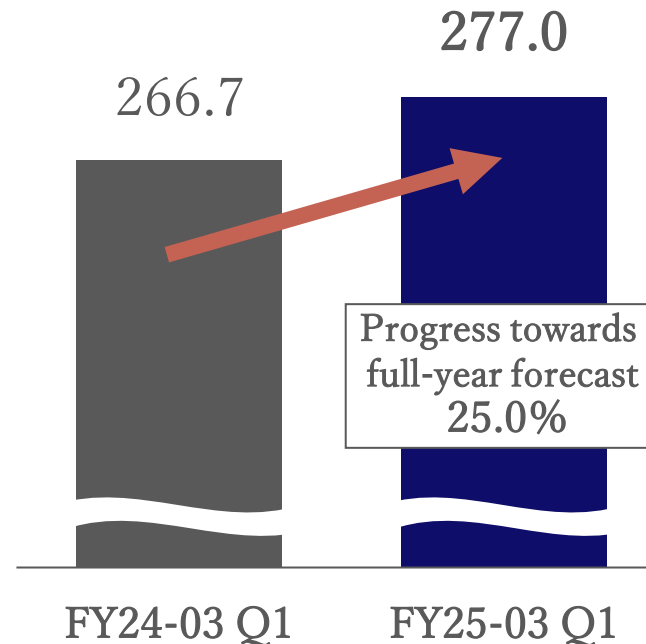
Operating revenue

(Unit: billions of yen)



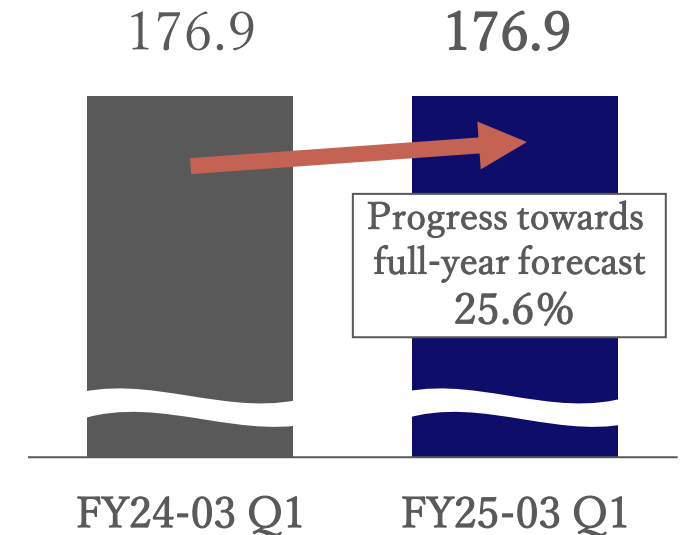
Operating income

(Unit: billions of yen)



Profit for the period*

(Unit: billions of yen)

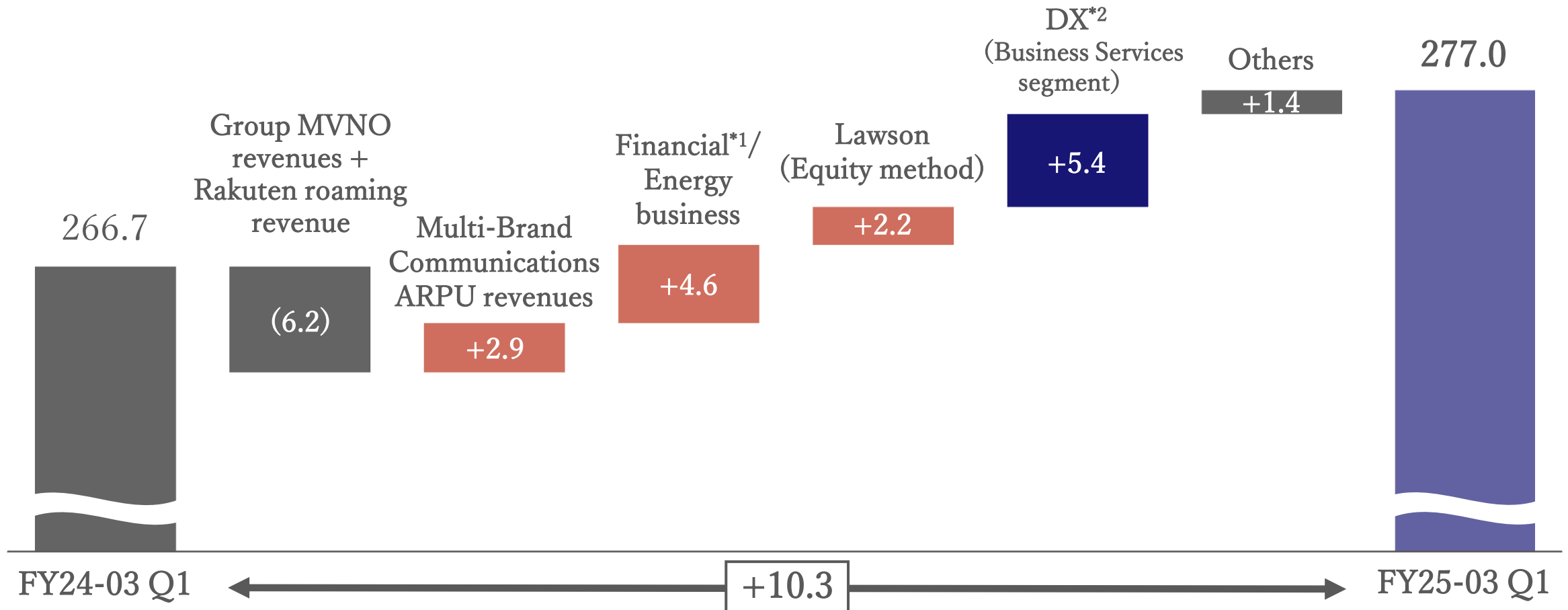


* Profit for the period attributable to owners of the parent

Operating Income - Factors for Change

Communications ARPU revenues increased
Focus areas such as DX are driving growth

(Unit: billions of yen)



*1 au Financial Holdings (IFRS basis) *2 From FY25-03, due to changes in some divisions, the figures for FY24-03 reflect reclassification. From now on, the figures for Business service segments are presented based on the revised figures.

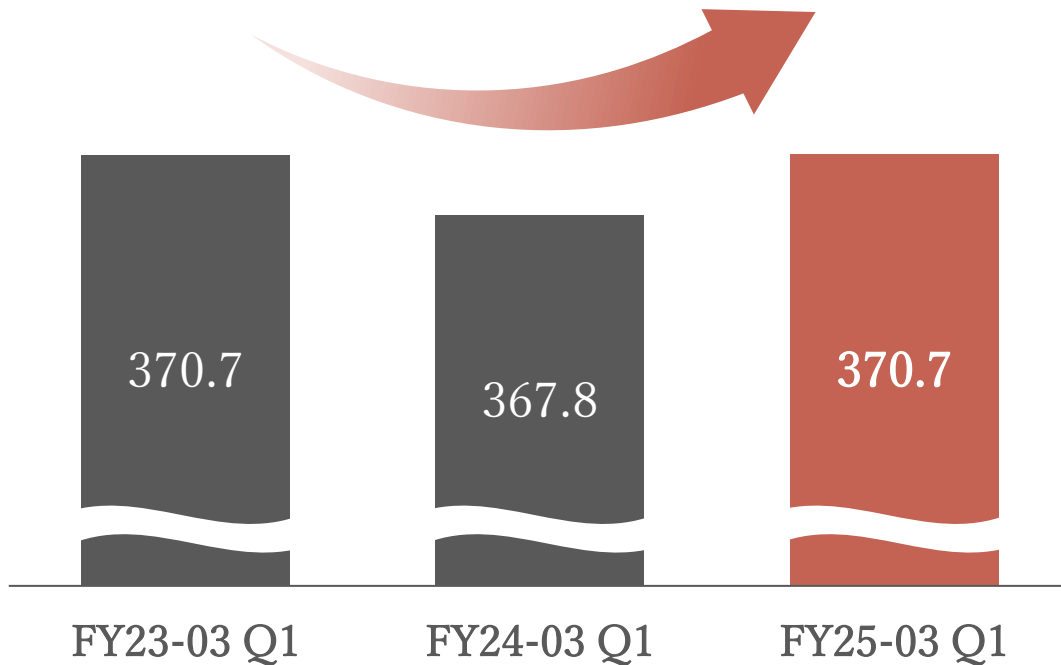
Consolidated Financial Results

Steady progress in Communications ARPU revenues and Business Services segment

Communications ARPU revenues

Exceed FY23-03 Q1 level

(Unit: billions of yen)

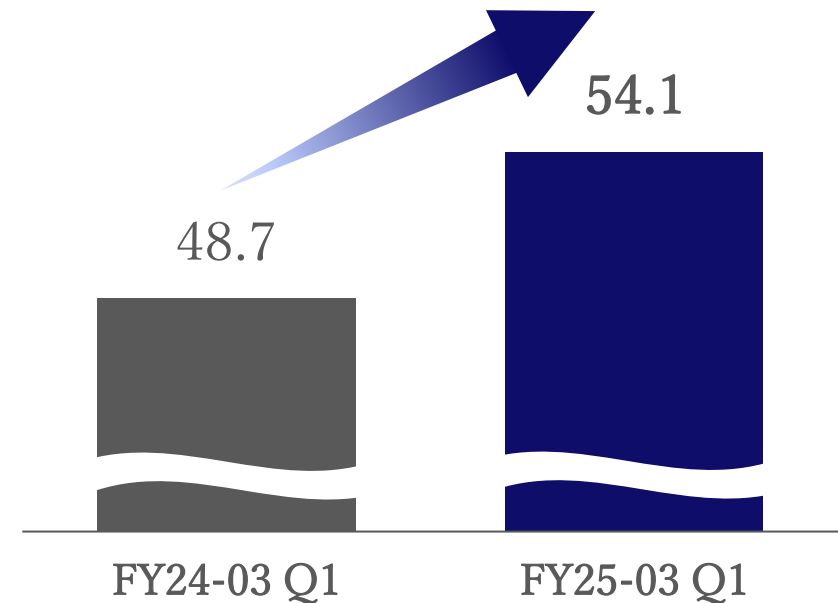


Operating income of Business Services segment

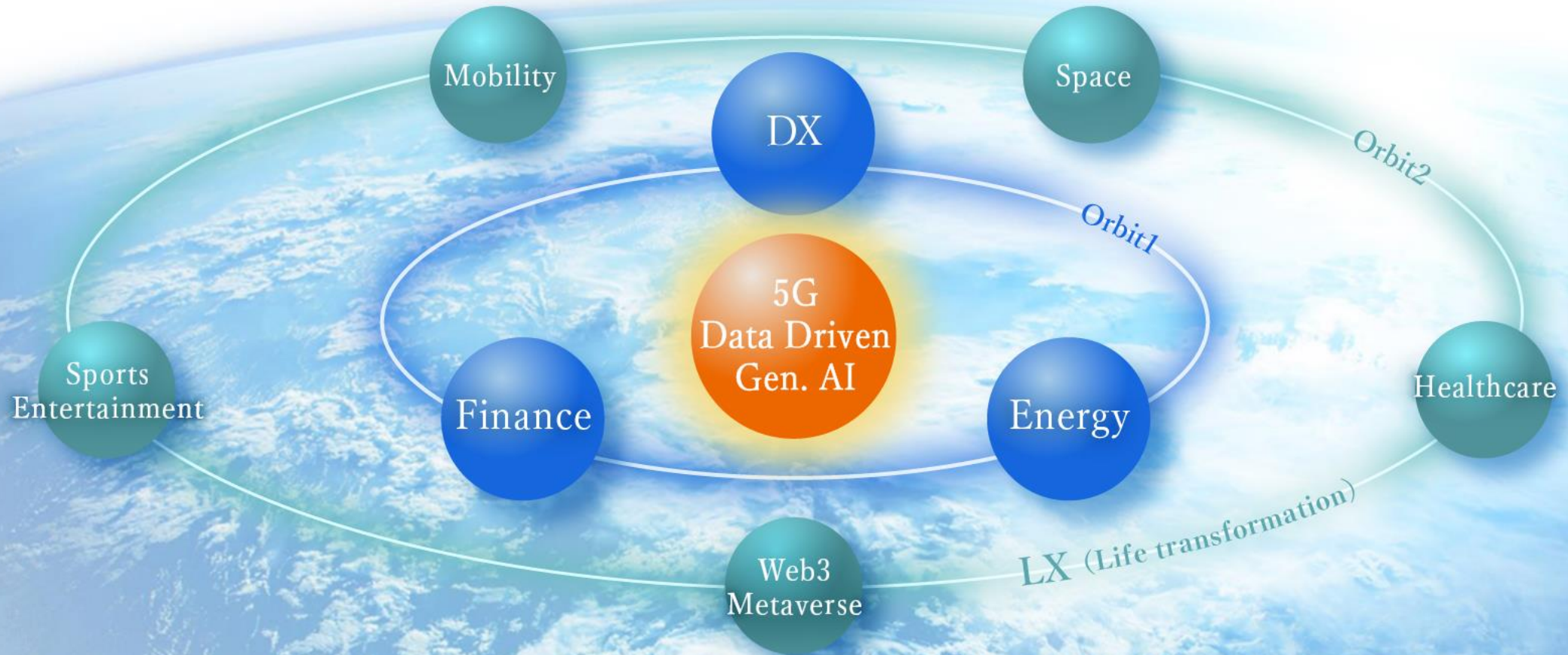
Progress as expected toward
full year double-digit growth

(Unit: billions of yen)

YOY+11.2%



2. Satellite Growth Strategy



Initiatives for the future

To Global

Expand into the global market

Capture demand for DC/IoT and growth in emerging countries

With Life

To be a company customers feel closest to

Strengthen customer contact points
Promote CATV/Regional co-creation

For Future

Develop future talent and startups

Provide opportunities to enhance vitality and expertise

Connecting the Everyday

No.1 Sub6 base stations - au customer's choice for connectivity quality

Sub6 deployment status

Deployed high-speed 5G Sub6 areas in high-density

No.1 Sub6
base stations

5G speeds

高速5G
専用ネットワーク
Sub6 基地局数

No.1^{*1}

39,000
base stations deployed

Sub6
vs
4G conversion

about 3 times
faster^{*2}

Dominant frequency bands

KDDI
Only

Two frequency allocations in
close proximity^{*3}

×

First in
Japan^{*4}

Dual-frequency Massive MIMO
introduced^{*5}

Contribute to connectivity improvement
and area expansion
Sub6 enters full-scale use phase

*1 Comparison of four domestic MNOs. End of FY24-03 Q2, "Plan for Establishment of Specified Base Stations for Introduction of 5th Generation Mobile Communications Systems" by MIC

*2 Downlink communication speed. Comparison between 5G(4G conversion) and 5G (Sub6) at typical effective speeds. End of May 2024, according to our research *3 Only KDDI owns two blocks of 100MHz in the 3.7GHz band. *4 End of July 2024, according to our research *5 Dual Band Massive MIMO (3.7GHz and 4.0GHz) to be launched in FY2024. Massive MIMO enables multiple terminals to communicate simultaneously by precisely estimating propagation path conditions at base station side and using beamforming.

Connecting the Extraordinary

Promote area deployment tailored to customer usage scenes



Festival Wi-Fi



Mt. Fuji 5G/4G coverage



Mobile base stations for events



Maritime

Photo credit: Yusen Cruise Co., Ltd.

Support the extraordinary scenes of customers safely and securely
by providing more comfortable communication environment

Generative AI

Accelerate corporate use of Gen AI to drive business transformation,
leveraging partnering as a strength



METI

- Mid- to long-term CAPEX about 100 billion yen (incl. grants)

ELYZA

- Development of Japanese LLM, using open model

Altius Link

- Next-generation contact center

Former Sakai Plant (Sharp)

- Discussion about construction of AI data center

NICT*

- Joint research on LLM-related technologies

NRI (Nomura Research Institute)

- Promote use of highly secure AI

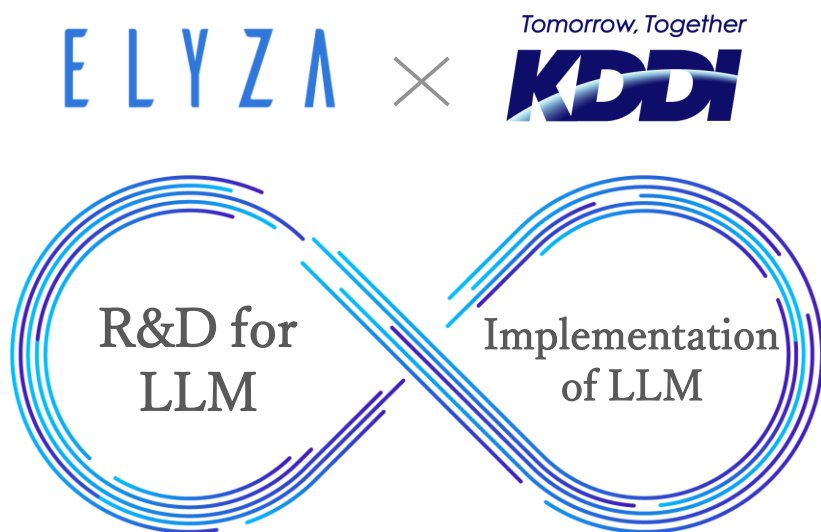
Promoting collaboration with partners in each field

Cooperation with ELYZA

Streamlining LLM development resources and time for speedy value delivery

Co-creation new value

Save computational resources and time using open model

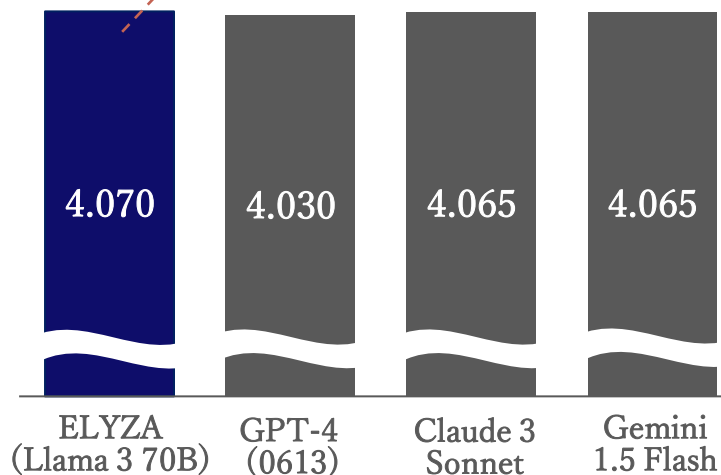


Business partnership from Mar. 2024

ELYZA's strengths

Rapid development of high-quality Japanese LLMs

Equivalent to global models
Highest accuracy Japanese LLMs*



Developing models based on Meta's Llama3

* Performance comparison using "ELYZA Tasks 100." 100 tasks are rated on a 5-point scale, with the average value being used.

Implementation of Generative AI

Accelerate use of Gen AI in companies through co-creating new value with partners

Next generation contact center

ELYZA

Introduction results

明治安田



SMBC 三井住友カード

au CS know-how

Use of AI to improve efficiency of customer service by 50%.

Contact center upgrading
by strengthening Group cooperation



Solutions for enterprise

Combining the strengths of three companies to accelerate corporate use of Gen AI

NRI

×

ELYZA

×

Tomorrow, Together
KDDI

Business application
& system
implementation

Domestic
LLM platform

large-scale
computing
infrastructure

- Providing a domestically developed LLM with high security and effectiveness
- Development and provision of Gen AI related services

Collaboration commenced in Jul. 2024

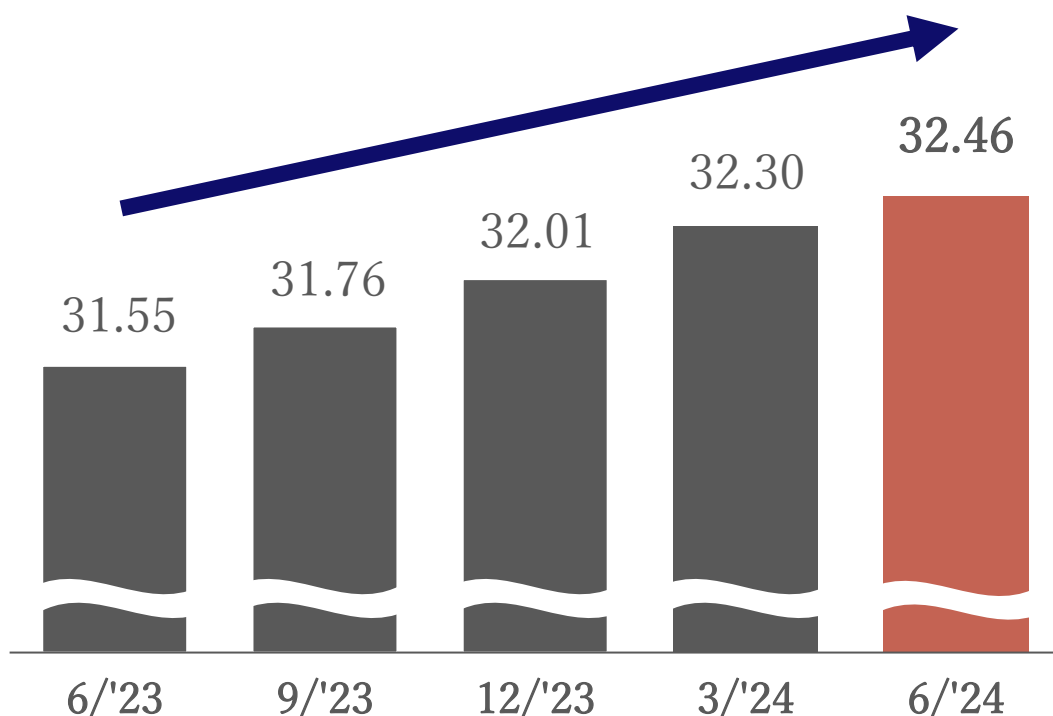
Personal Services segment

Momentum

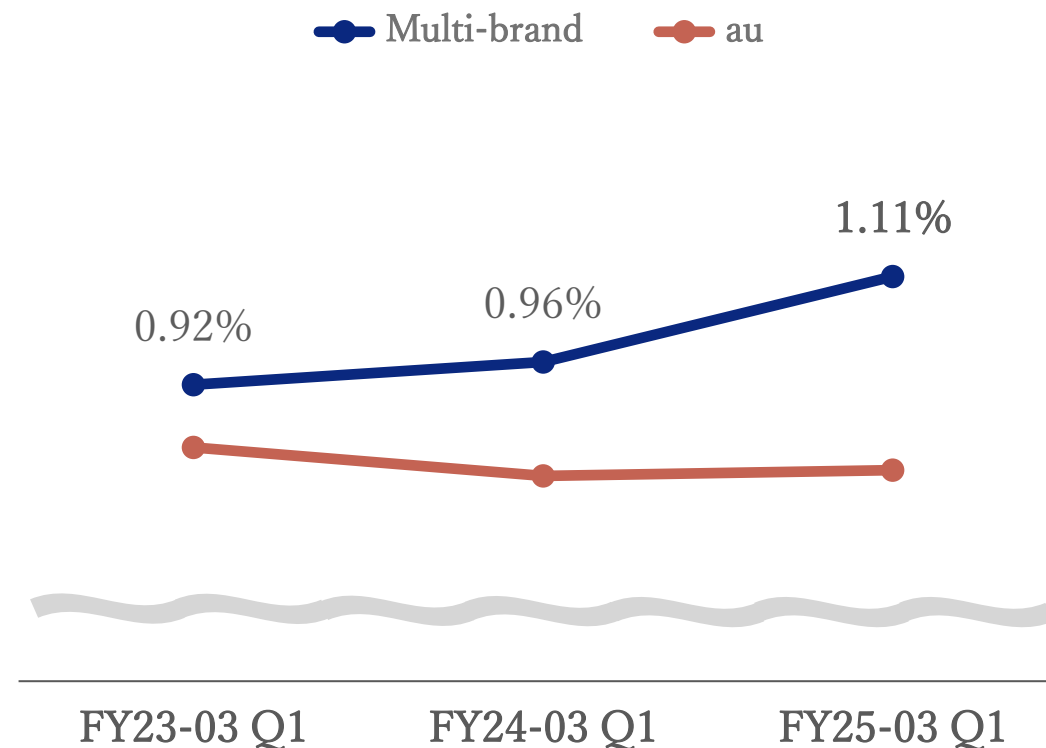
Smartphone subscriptions, which is foundation of growth, increased
au churn rate remained low

Smartphone subscriptions*

(Unit: Millions)



Churn rate (Personal Services segment)

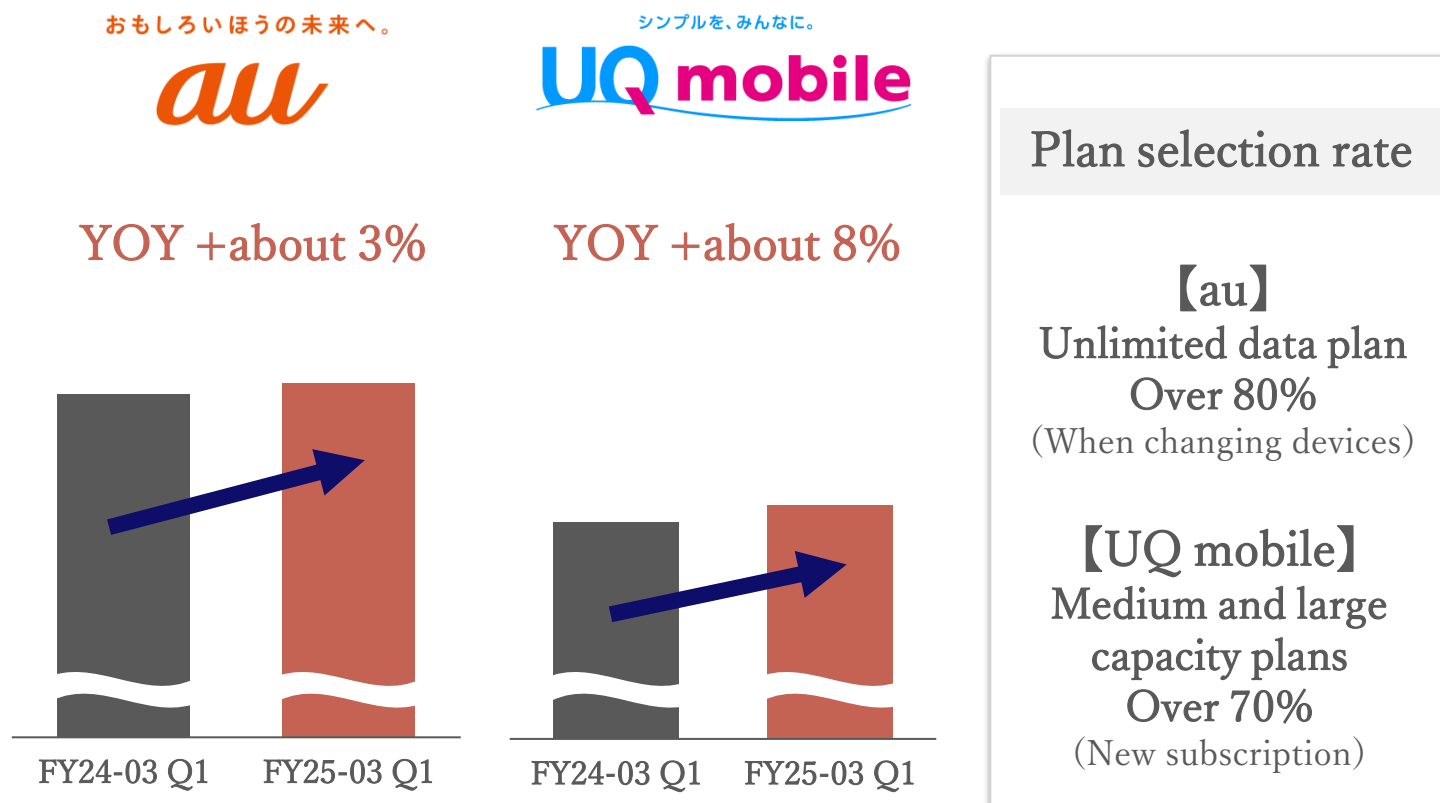


* Including corporate contracts

Towards Communications ARPU Growth

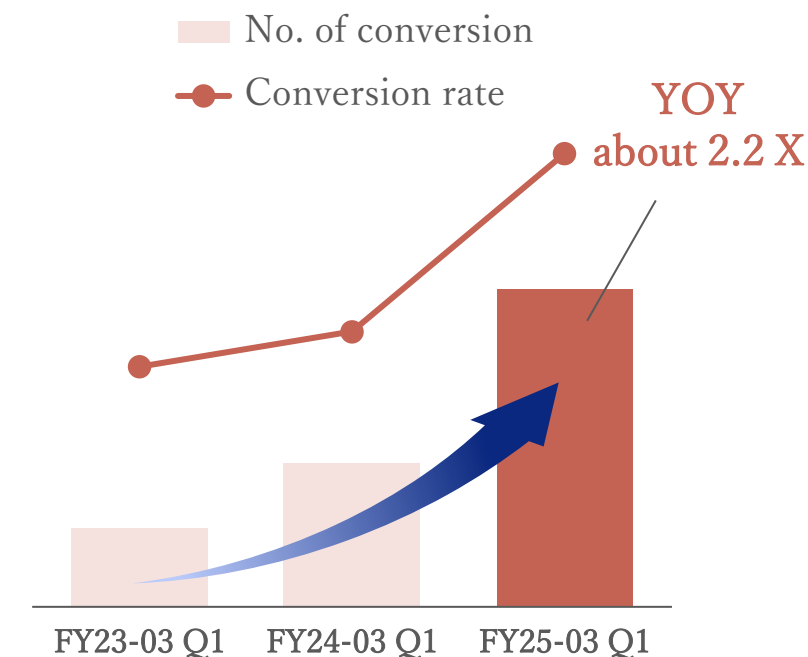
ARPU by brand grows. UQ mobile to au conversion also on the rise

Communications ARPU by brand



UQ mobile to au

Both number of conversion and conversion rate increase



* Percentage of contracts converted in current quarter out of the total number of UQ mobile contracts at the end of previous quarter

Communications + Value-added synergy (1)

Expand value-added services to contribute to the growth of communications



Electricity



auでんき
au Denki

Fixed-line



Settlement/Loan



au
じぶん銀行

au Jibun Bank

Product support



Content

Ponta パス

Ponta Pass

Convenience store etc.



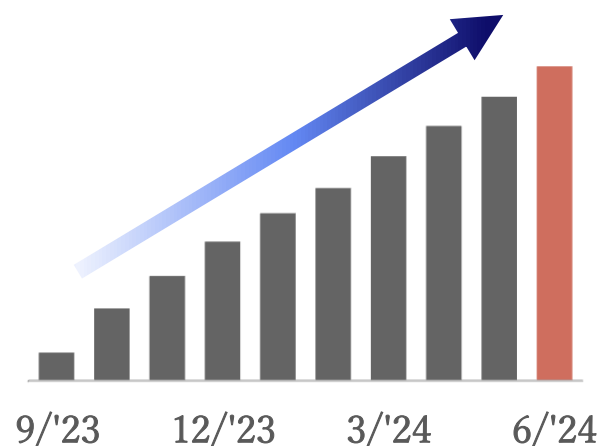
Synergy effect (1) Growth of Communication

au マネ活 プラン

au Money Activity Plan

Jul. 2024

Exceeded 1 mil. contracts



Churn Rate*1

au Money Activity Plan
vs

Other unlimited data plans
about 20% improvement

Communications
ARPU*2

after joining
au Money Activity Plan

about 10% increase

*1 Comparing churn rate of au Money Activity Plan subscribers joining Sep. 2023 and other unlimited MAX plan subscribers through Jun. 2024.

*2 Analyzing ARPU before and after subscription based on the track records of au Money Activity Plan subscribers as of Jun. 2024.

Communications + Value-added synergy (2)

Synergy leads to increased use of financial services
Contribute to expanding bank's base

Synergy effect (2)

Increased use of financial services

au マネ活プラン

au Money Activity Plan

au Jibun Bank saving account
ownership rate

au Money Activity Plan vs All au

about 4.8 X*

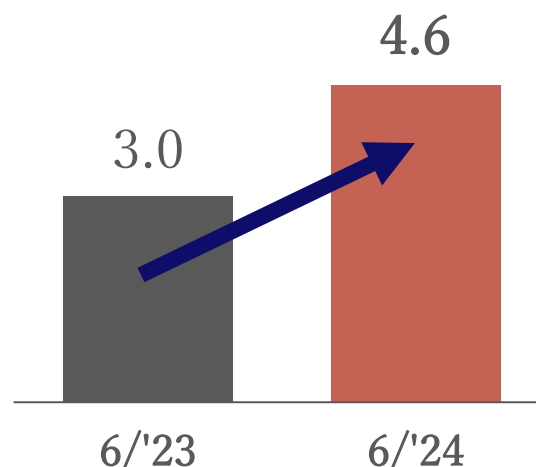
Also contribute to expanding
bank's base

Asset growth of au Jibun Bank

Deposit balance

(Unit: trillion yen)

YOY+53.3%

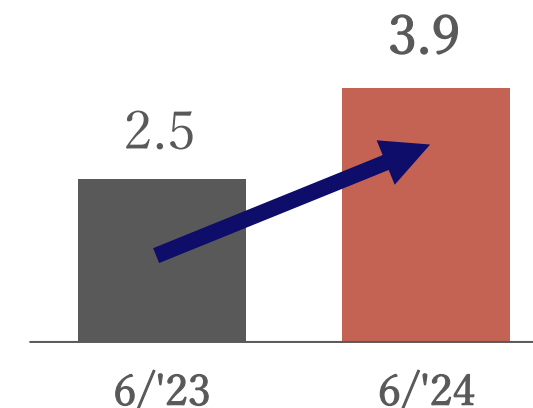


Loan balance

(Unit: trillion yen)

Accumulative amount of
housing loans disbursed
Exceeded **4.5 trillion yen** (Jun. 2024)

YOY+56.0%



* Comparing the proportion of au ID linking account numbers at the end of Jun. 2024.

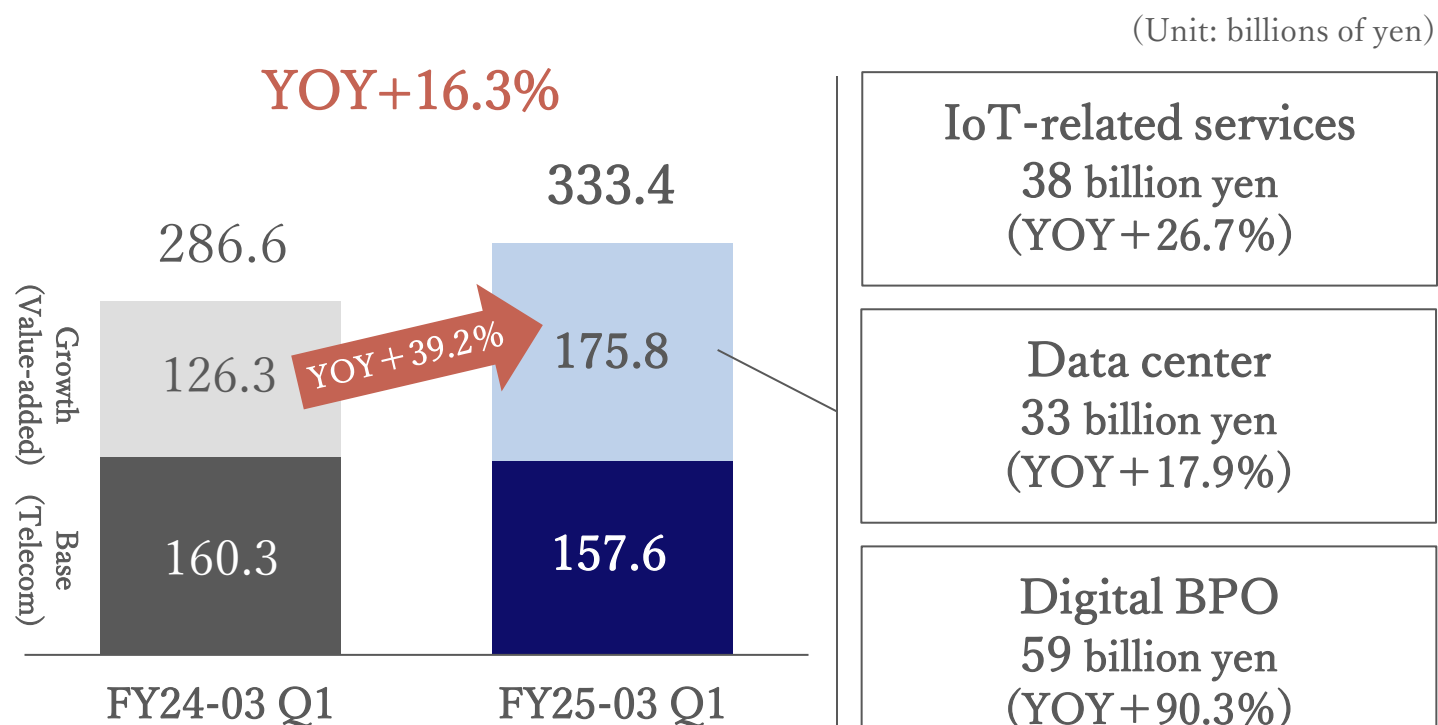
Business Services segment

Expanding our Business Base

By promoting Communication + Value-added strategy,
Growth area grows steadily

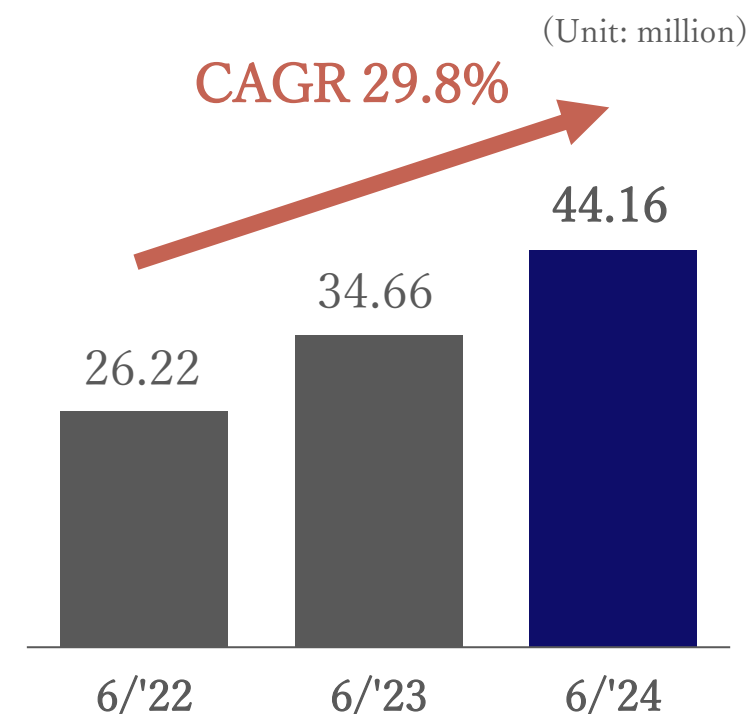
Operating revenue

Growth area drives double-digit growth



IoT Connections

Customer contact points for data collection and utilization expanded



WAKONX

(WAKON-CROSS)

Accelerate customers' DX with business platform for AI era



DX Solutions for common industry challenges

Digital investment load reduction



Use of data and AI

Value-added enhancement improves competitiveness

Logistics DX

Working with partners to create solutions for industry challenges

Joint delivery

Started consideration on open joint delivery
using digital technology



Addressing driver shortage/carbon neutrality

Warehouse automation

Warehouse operation and manpower optimization
Providing one-stop warehouse DX services



NEXAWARE



Resolving increased workload
caused by expansion of EC market

Digital BPO

Leveraging data and AI to solve customer needs
and improve customer experience

Digital BPO promotion “Altius ONE”

Data-driven to help customers BX*¹
Value co-creation platform services



CX design

Cloud

Voice recognition

Data base

AI

Advancement of data and AI utilization

 **Altius Link**



ELYZA

Dialogue analysis
Automatic creation of
response drafts

FLYWHEEL

Data integration and
visualization
Advanced analysis

Use of "Microsoft Copilot"

Industry's largest*² Microsoft 365
support unit owned

*1 BX (Business Transformation) is an overall review of a company's operations and improvement of business through a strategy that deploys digitalization. Activities that transform or create business models. *2 Comparison among companies offering Microsoft 365 support, based on our research.

Enhancing the Power to Connect

Become a “company that continues to produce excitement”
through Telecom and AI

KDDI SUMMIT 2024

Welcoming a diverse guests,
introducing latest case studies,
including telecommunications x AI

KDDI SUMMIT 2024 Tomorrow, Together
KDDI

オープニング基調講演

**通信とAIのトップが語る
新時代**

9/3(火) 10:05~11:20

高橋 誠 KDDI株式会社
代表取締役社長 CEO

OpenAI Japan合同会社 代表執行役社長

長崎 忠雄氏

会場・オンライン同時開催 **9.3 TUE - 4 WED 虎ノ門ヒルズフォーラム**

“TEAM JAPAN”

Supporting “TEAM JAPAN”, Japan’s national athletic
team for Paris 2024 Olympics
with the Power to Connect

FENGING MINOREKI YAMASU

ABE UTA JUDO

SHIMAZU AMA YUKI

FUJINAMI AKARI

ARTISTIC GYMNASTICS HASHIMOTO TAKAMI

VOLLEY BALL

応援が、世界を変える。

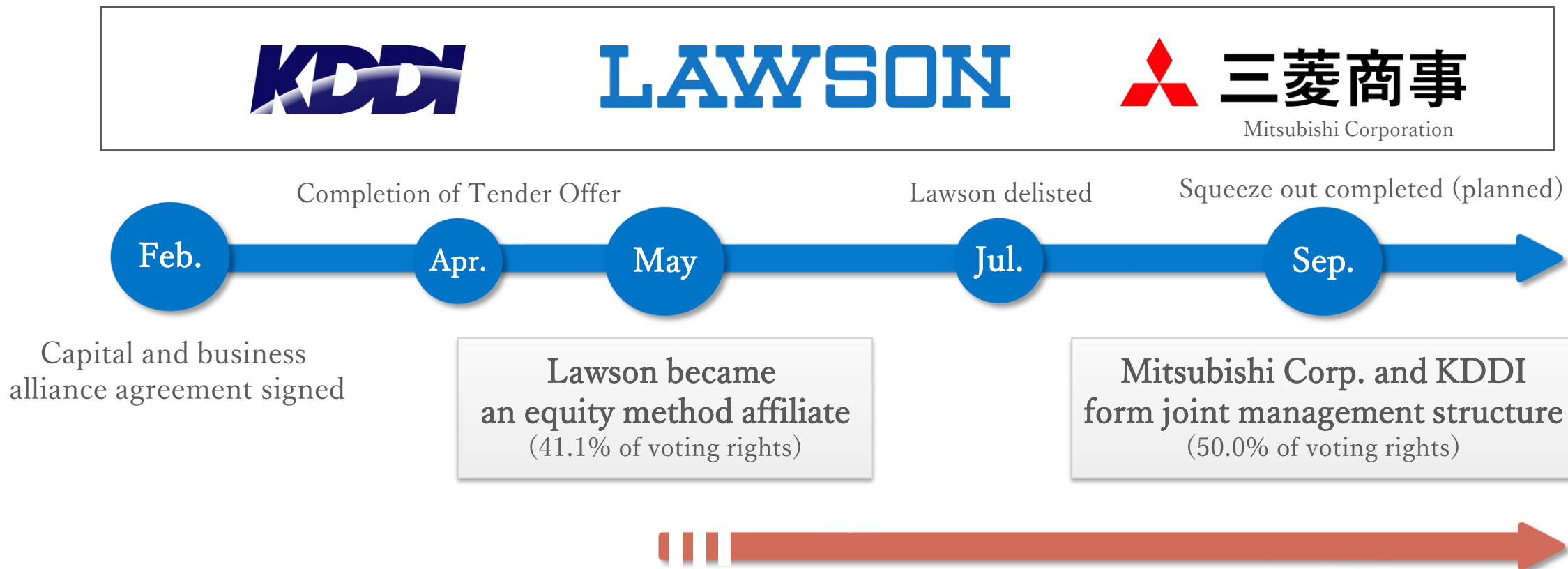
TEAM JAPAN ゴールドパートナー (通信サービス)

au

さあ何作る？夏

Lawson

Smooth progress toward closing on the acquisition of Lawson shares



The three companies are considering measures to realize Real × Tech Convenience Stores

Summary

Accelerating business growth and initiatives for AI era

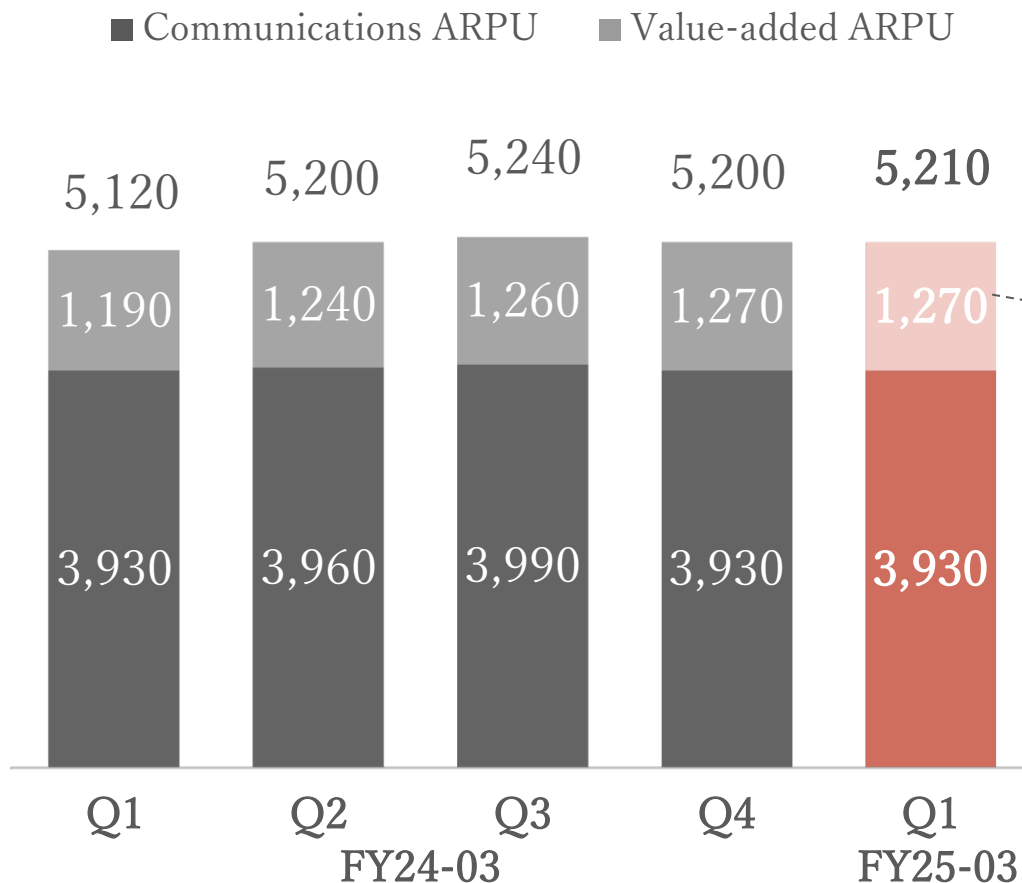
<p>Consolidated Results</p>	<ul style="list-style-type: none"> ● Revenue and income increased. In line with full-year forecasts. ● Communications ARPU revenue increased. Focus areas such as DX are driving growth.
<p>Satellite Growth Strategy</p>	<ul style="list-style-type: none"> ● No.1 in Sub6 base stations with high-speed 5G , making au the consumer's choice for connectivity quality. ● Through partnering as strengths, we promote the use of generative AI in companies and business transformation. ● Steady growth and positive momentum in each brand's ARPU. Aim for sustainable ARPU revenue growth through communications + value-added synergies. ● Growth areas drives the growth of Business Services segment. Accelerate initiatives of "WAKONX", business platform for AI era.

Appendix

Total ARPU

Total ARPU (Communications+Value-added*)

(Unit: yen)



Value-added ARPU

- Settlement/Loan
480 yen (YOY +80 yen, QOQ +10 yen)
- Product supports
410 yen (YOY +20 yen, QOQ +10 yen)
- Contents etc.
390 yen (YOY -10 yen, QOQ -10 yen)

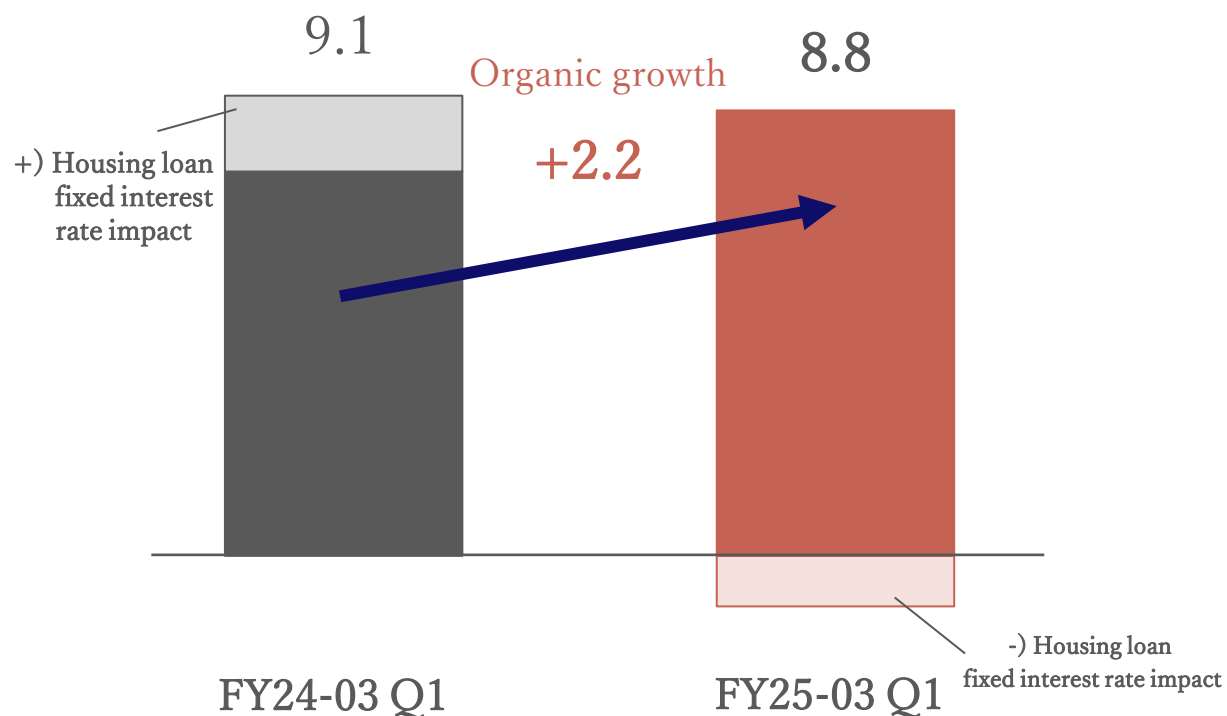
* From FY25-03, the segment of some departments is changed. In accordance with this change, the stated figures for FY24-03 retroactively reflect reclassification of segment.

Financial Business

Operating income

(Unit: billions of yen)

Progress as expected in Q1



Main KPI



au PAY card members
6/'24 9.64 mil. (YOY+890K)
of which, Gold card members
1.25 mil. (YOY+360K)



au Jibun Bank accounts
6/'24 6.19 mil. (YOY+890K)

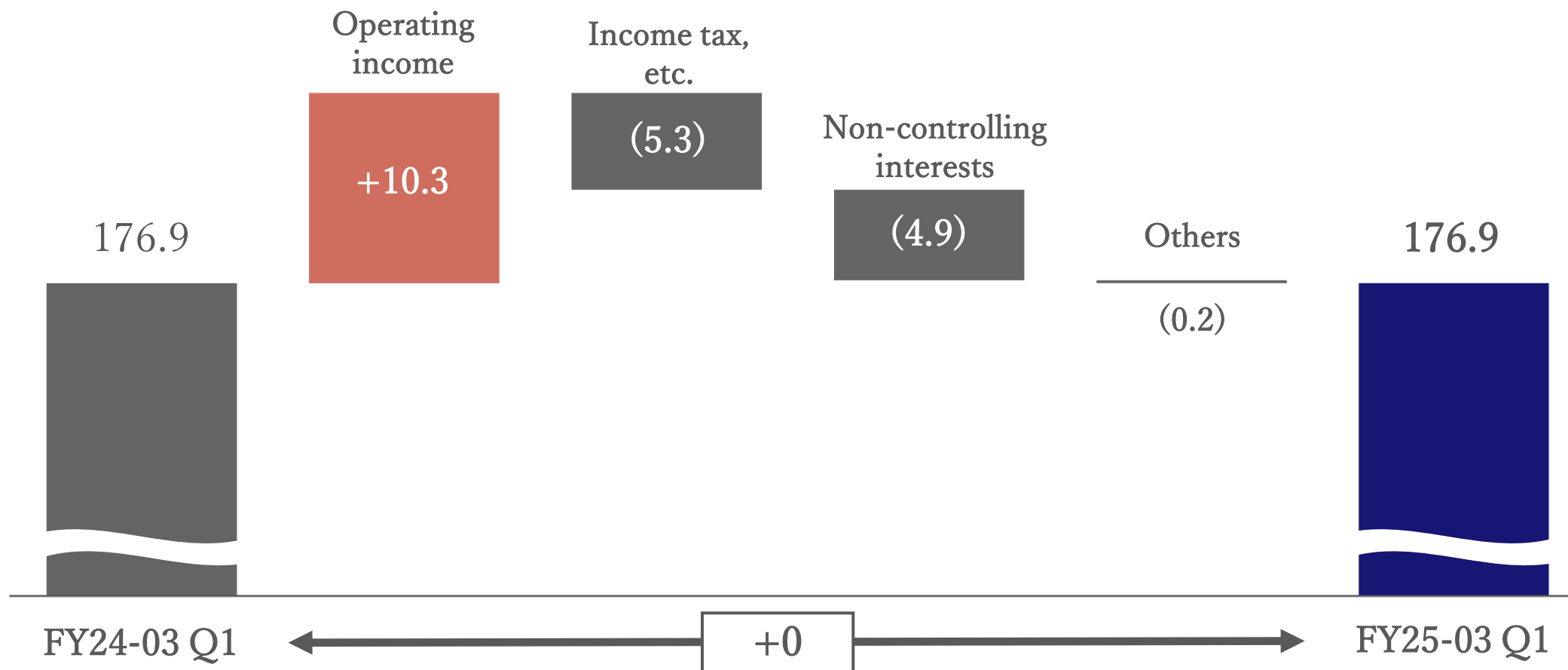


Transaction volume of Settlement/Loan
FY25-03 Q1 5.1 tril. yen (YOY+30.7%)

Note) au Financial Holdings (IFRS basis) Housing loan fixed interest impact comes from fixed interest portion of loan receivables assessed at market value.

FY25-03 Q1 Profit for the period – Factors for Change

(Unit: billions of yen)



Note) Profit for the period attributable to owners of the parent

Statement of Financial Position

(as of the end of June 2024)

(Unit: billions of yen)

Property, plant and equipment Intangible assets Rights-of-use assets 4,292.2	Interest-bearing debt 2,484.2
	Trade and other payables 843.5
	Borrowings for financial business*2*3 860.2
Goodwill 580.9	
Trade and other receivables 2,643.6	Deposits for financial business*3 4,503.3
Securities for financial business 451.2	
Loans for financial business*3*4 3,969.4	Other liabilities 1,152.0
Cash and cash equivalents 1,471.1	Equity 5,792.9
Other 2,227.7	

KDDI (Consolidated)*1
Total assets 15.64 trillion yen

(Unit: billions of yen)

Cash and cash equivalents 1,250.5	Borrowings for financial business*2 871.1
Securities 451.2	
Loans 3,966.6	Deposit 4,528.8
Other 1,055.9	Other 1,324.3

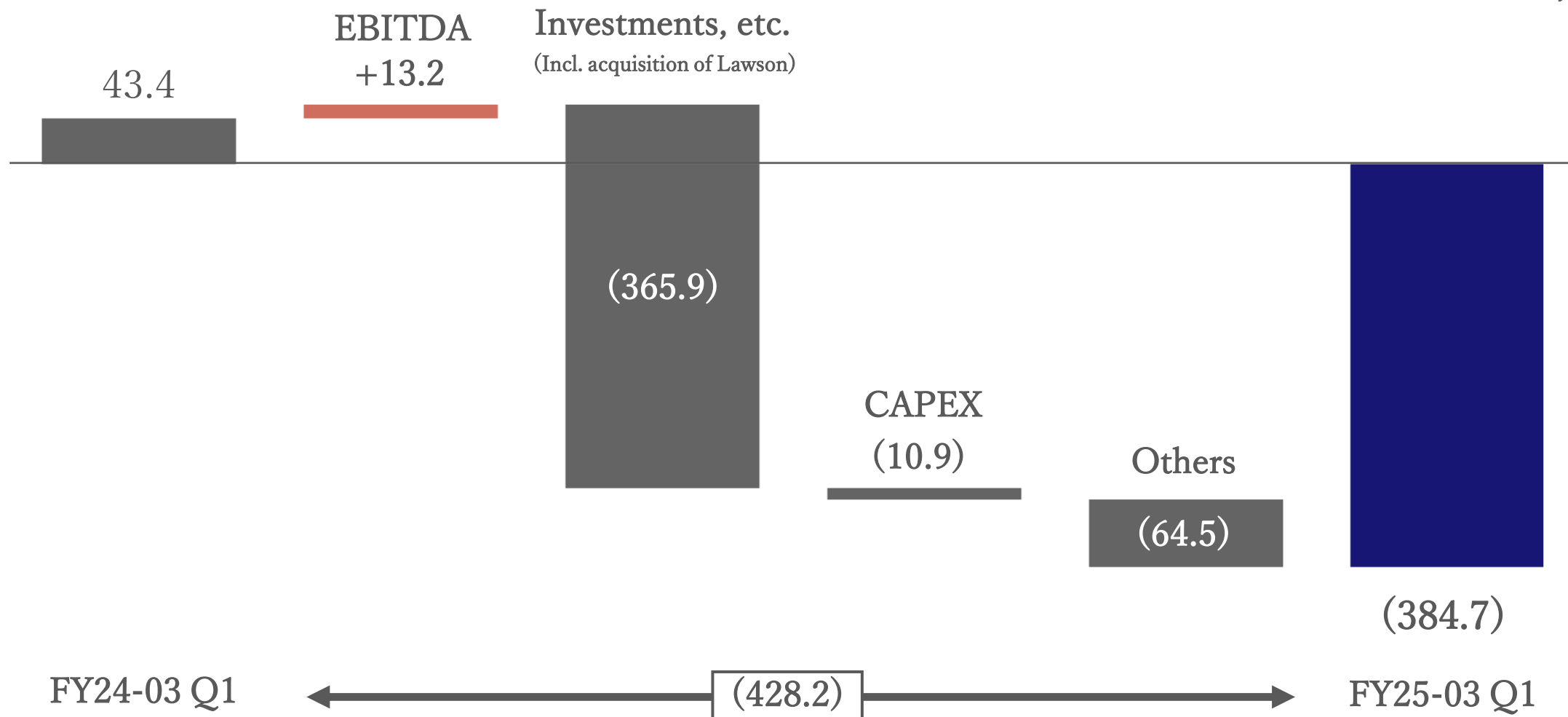
au Financial Holdings (Consolidated)*1
Total assets 6.72 trillion yen

*1 Figures for both KDDI(consolidated) and au Financial Holdings (consolidated) are based on IFRS. *2 Borrowings for financial business are mainly from Bank of Japan with qualified collateral.

*3 Excluding inter company transactions *4 Including loans of group companies other than au Financial Holdings

Consolidated FCF(excluding Financial Business) Factors for change

(Unit: billions of yen)



Note) Financial business is au Financial Holdings

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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.