

# Financial Results for the Fiscal Year Ended March 2021

(from April 2020 to March 2021)

**May 14, 2021**  
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**President**  
**KDDI Corporation**



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- 1. Financial Results for FY21.3**
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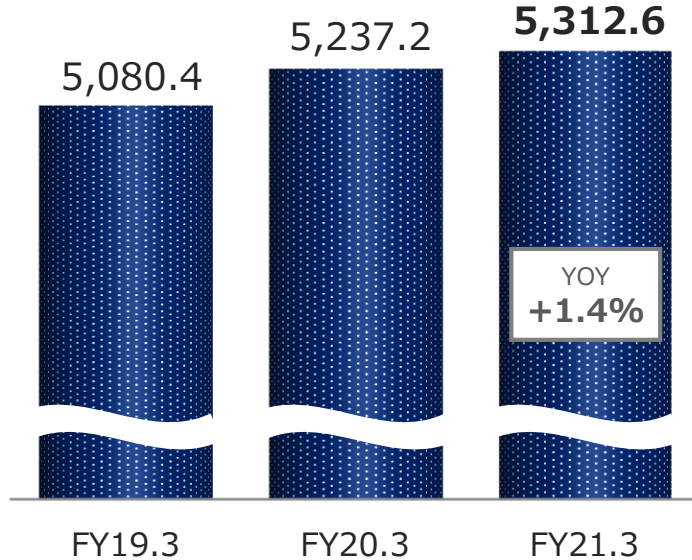
# **1. Financial Results for FY21.3**

# Financial Results for FY21.3

Growth fields drove higher operating revenue and operating income in FY21.3 amid a rapidly changing environment

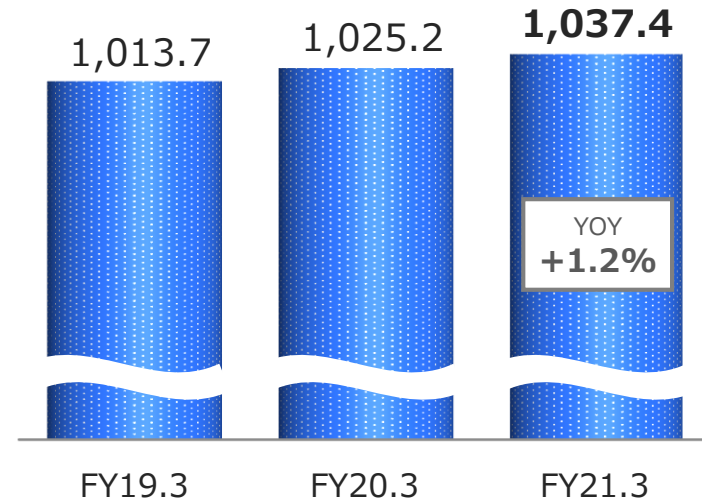
## Operating Revenue

(Unit : Billions of yen)



## Operating Income

(Unit : Billions of yen)

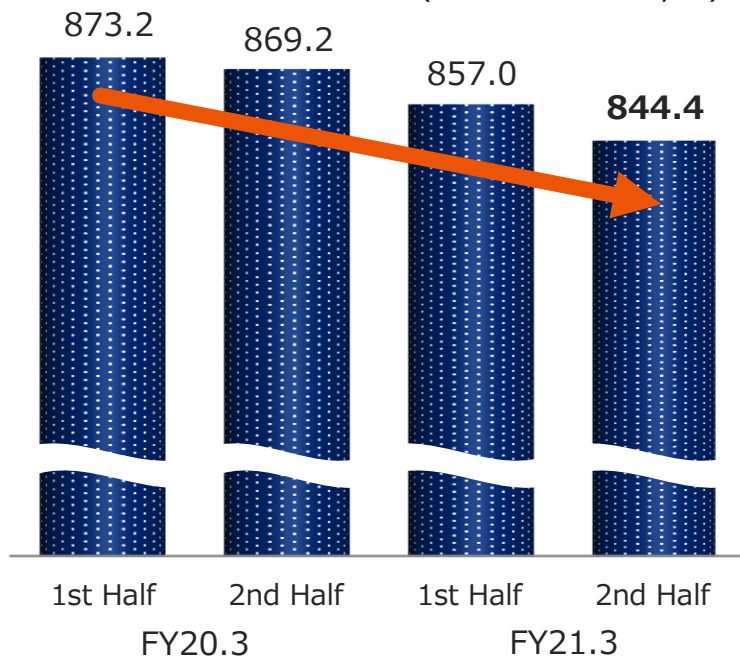


# Operating Revenue

Despite telecommunication revenue declined, overall revenue increased, especially in growth fields

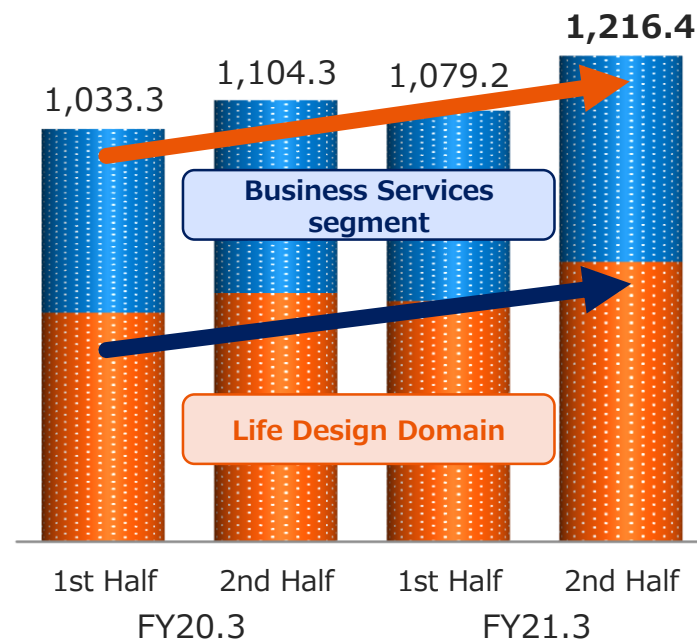
## au communications ARPA Revenues

(Unit : Billions of yen)



## Growth Fields

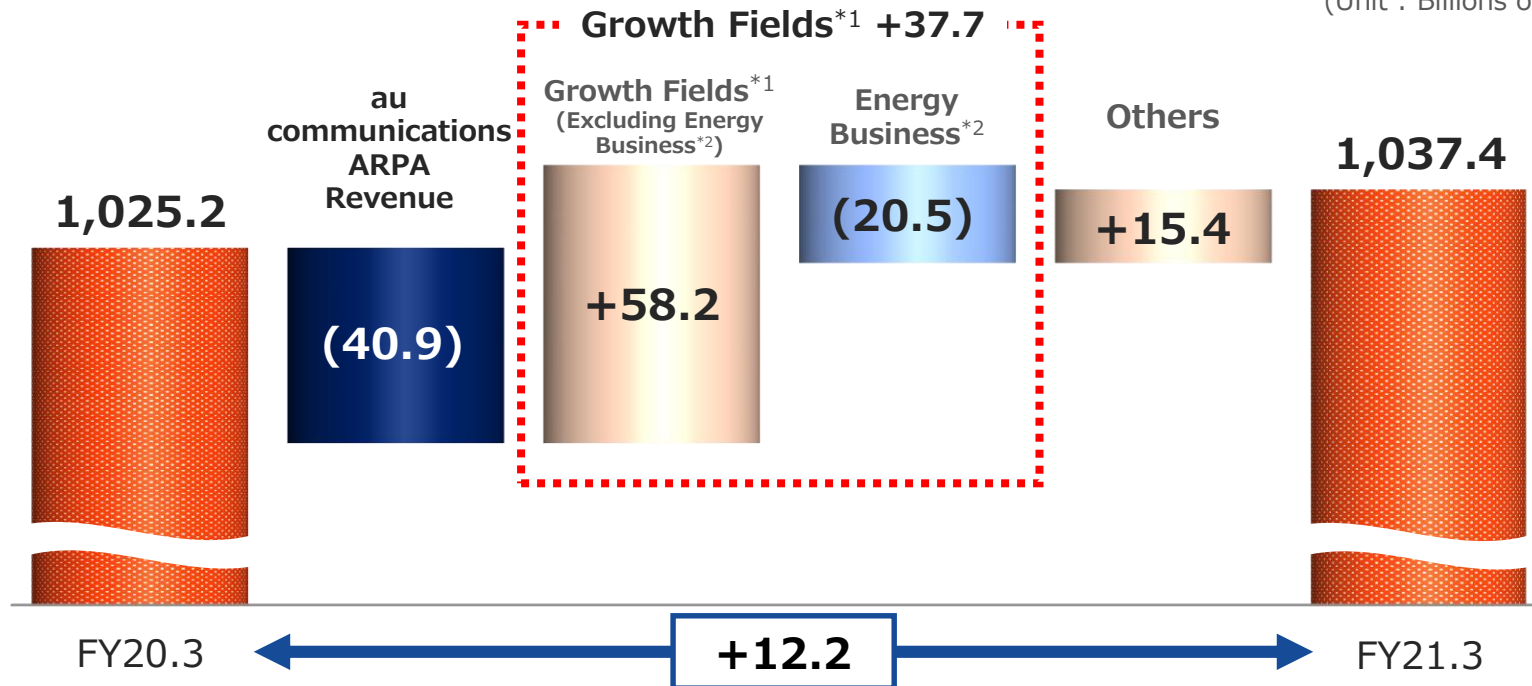
(Unit : Billions of yen)



# Operating Income : Factor for Change, YOY for FY21.3

Although telecommunication revenues declined,  
overall operating income increased, especially in growth fields

(Unit : Billions of yen)



\*1) Life Design Domain and Business Services segment

\*2) "au Denki," etc. and the energy business operated by other Group companies in Life Design Domain

## **2. Growth Strategies**



# Growth Strategies

Aiming for stable growth in existing businesses  
and expansion in growth fields

## Life Design Domain

Expanding the "au Economic Zone"  
through customer contact and  
broader point circulation

## Business Services segment

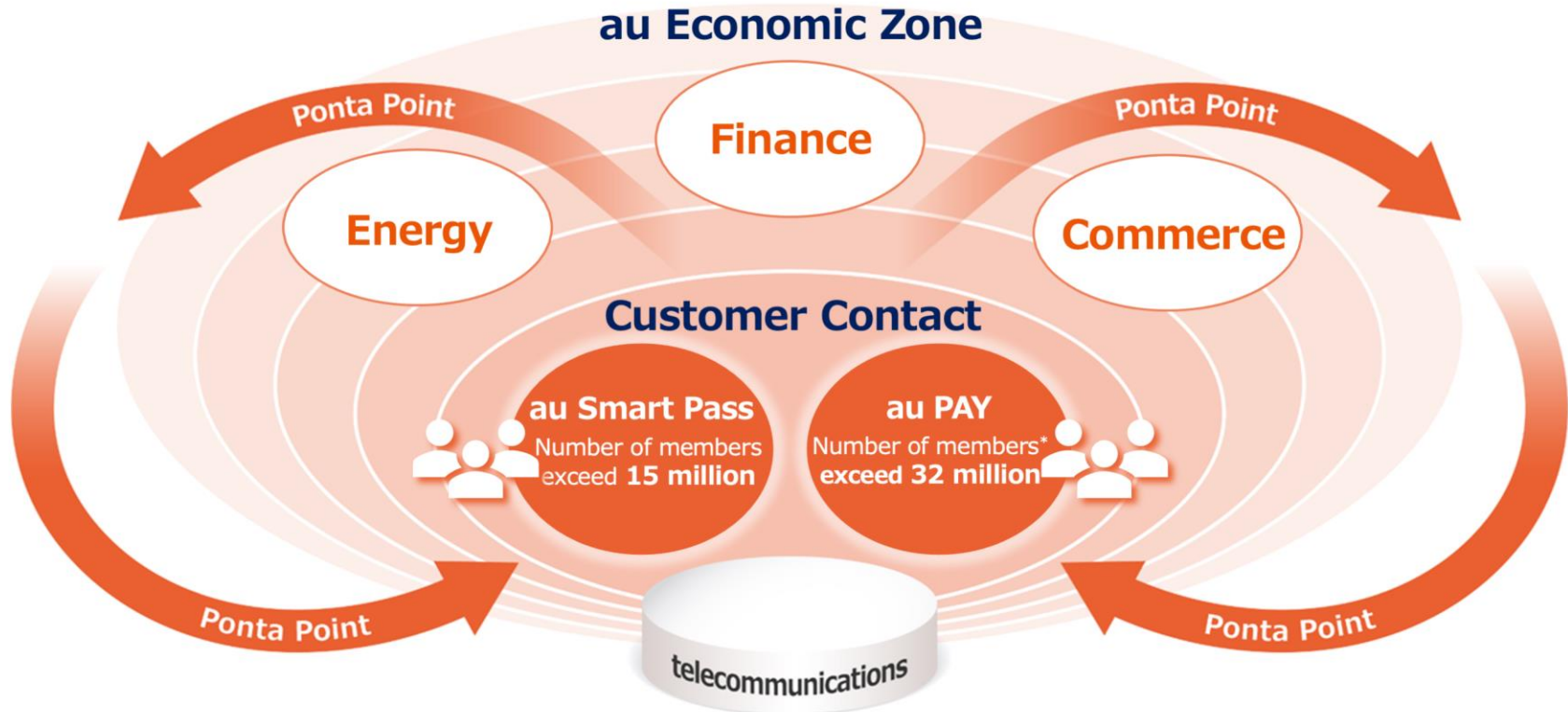
Expanding our business domains,  
focusing on telecommunications  
and IoT





# Life Design Domain - Growth Strategies

Expanding the “au Economic Zone” through customer contact and broader point circulation



Note) The figures shown are as of the end of March 2021

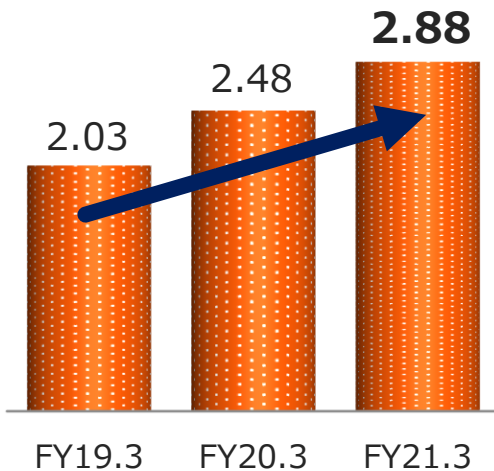
\* au PAY members and au PAY Card members

# Life Design Domain KPI

Each of our core services grew steadily

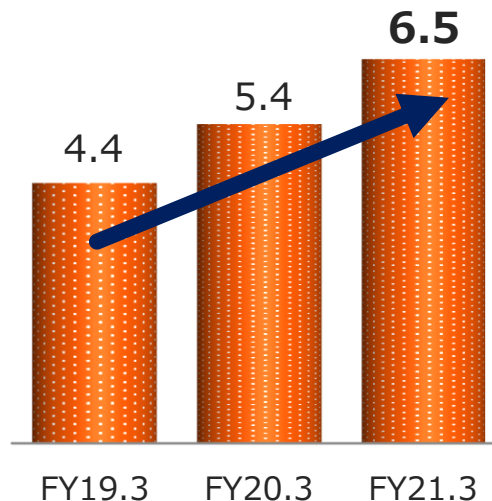
au Denki, etc. subscriptions

(Unit : Million)



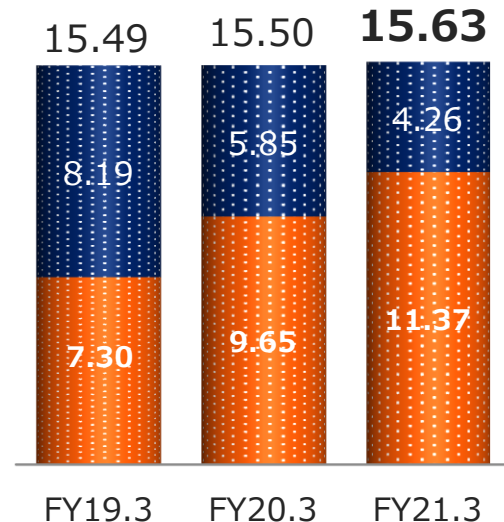
The member of au PAY Card

(Unit : Million)



The member of au Smart Pass

(Unit : Million)  
■ au Smart Pass  
■ au Smart Pass Premium



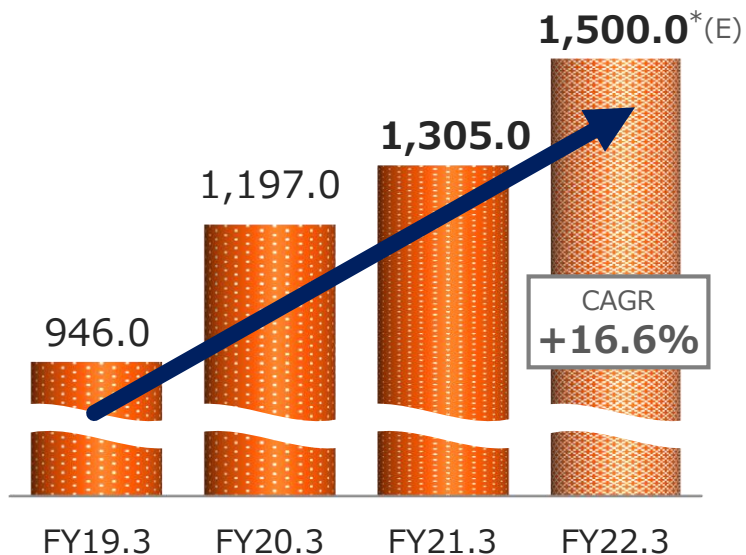
# Life Design Domain - Financial Results

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Aiming for double-digit growth  
under current medium-term management plan

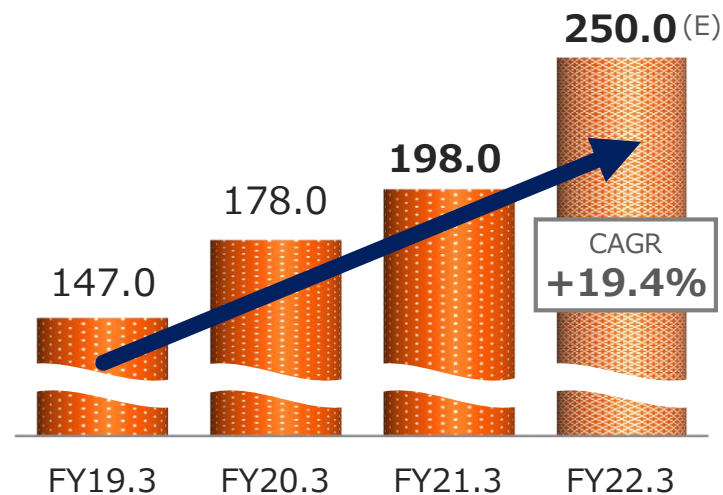
## Operating Revenue

(Unit : Billions of yen)



## Operating Income

(Unit : Billions of yen)

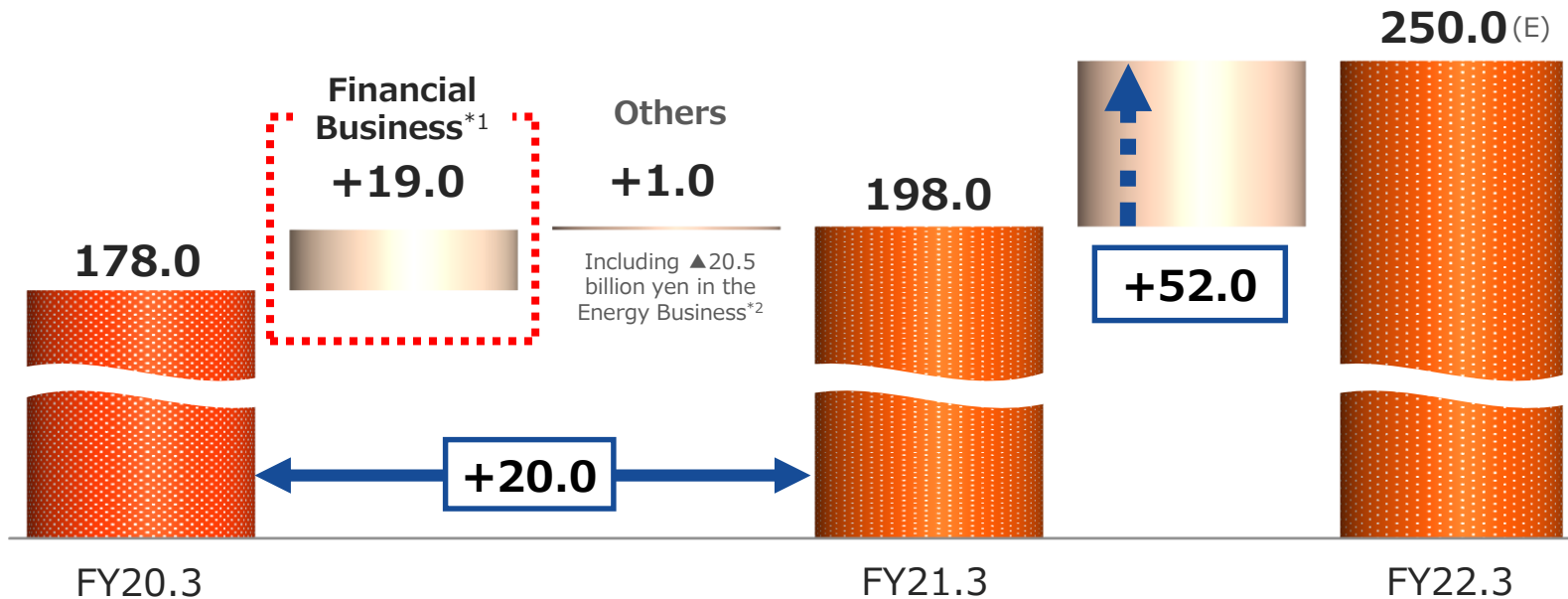


\* The expected approximately ¥60.0 billion deduction owing to a change in accounting procedures in the energy business is not included

# Life Design Domain - Growth Drivers

Profit contributions from financial business became clear.  
And we aim for further growth

(Unit : Billions of yen)



\*1) KDDI Group base and including au Financial Holdings \*2) "au Denki," etc. and the energy business operated by other Group companies in Life Design Domain

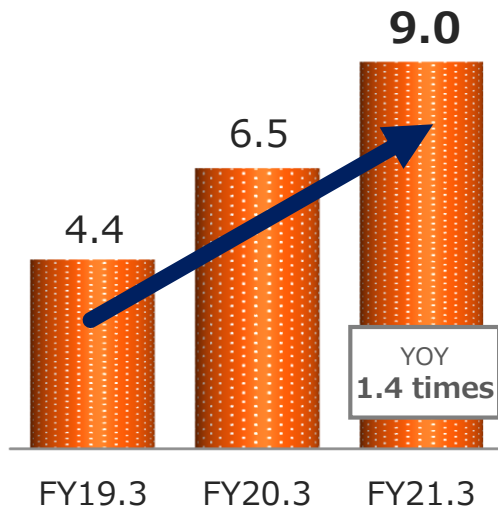
# Financial Business

## Achieved higher operating income as well as growth in transaction volume of settlement / loan



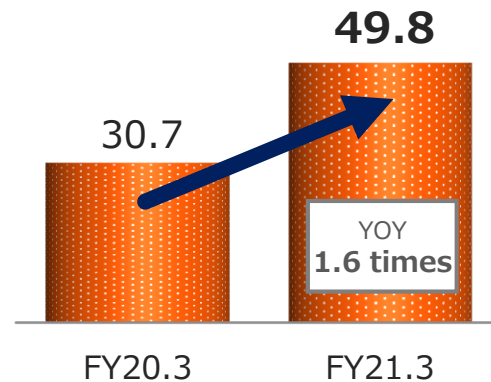
**Transaction Volume of Settlement / Loan**

(Unit : Trillion yen)



**Operating Income\***

(Unit : Billions of yen)



Settlement amounts

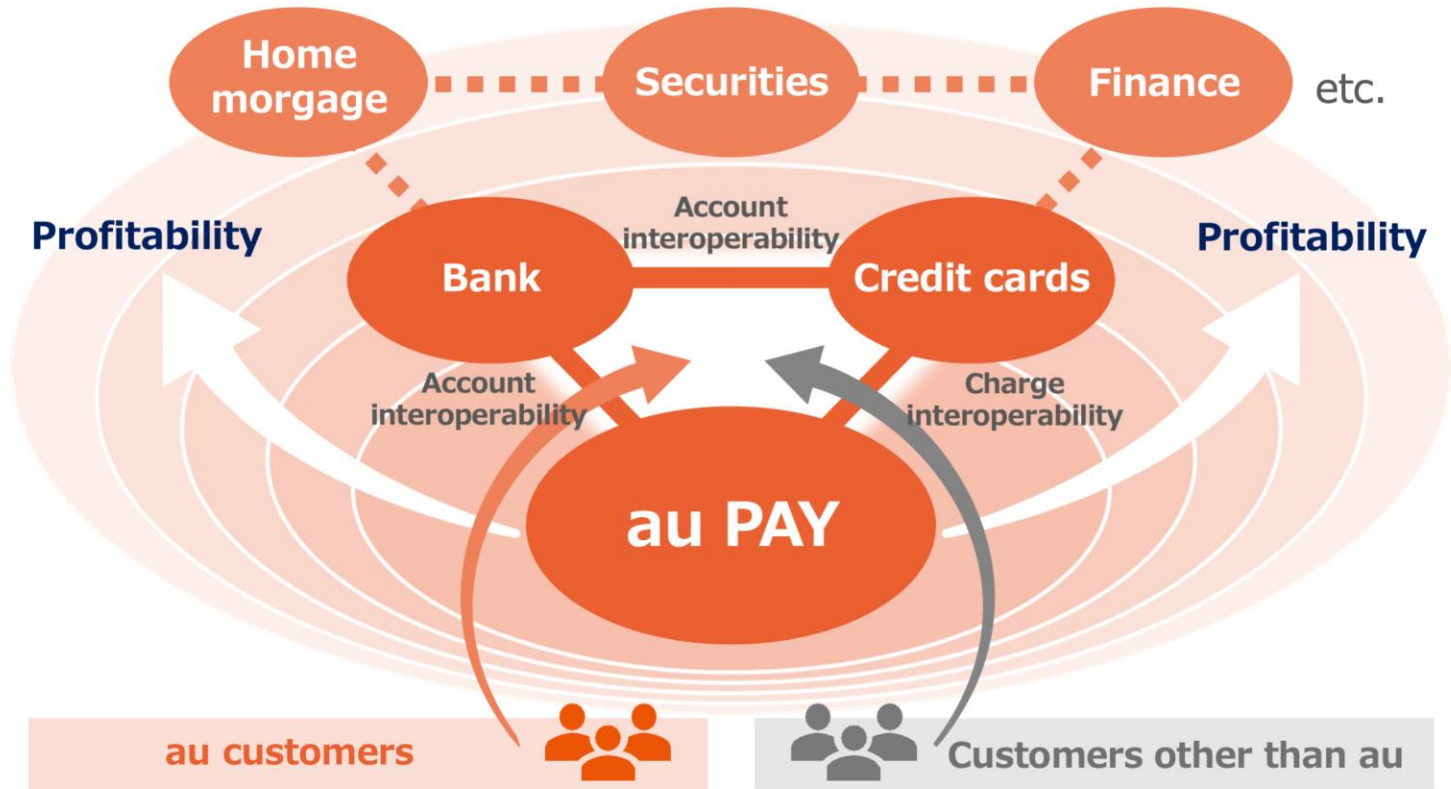
- au PAY
- au PAY Card
- au Carrier billing
- au Jibun Bank
- the transaction amount of loan from au Jibun Bank

\* KDDI Group base and including au Financial Holdings

# Striving for Continued Growth (Financial Business)

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## Promoting online financial services through au PAY



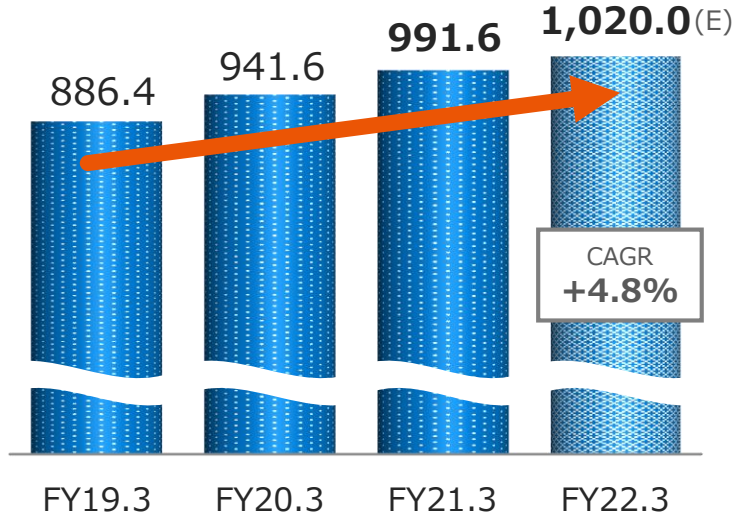


# Business Services segment - Financial Results

Aiming for double-digit growth of operating income under the current medium-term management plan

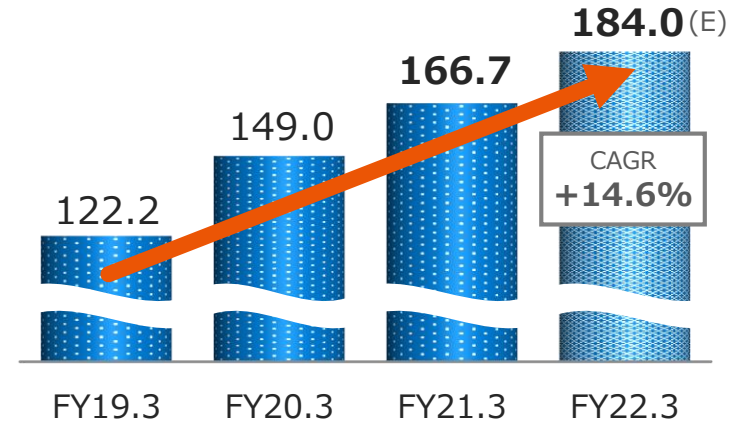
## Operating Revenue

(Unit : Billions of yen)



## Operating Income

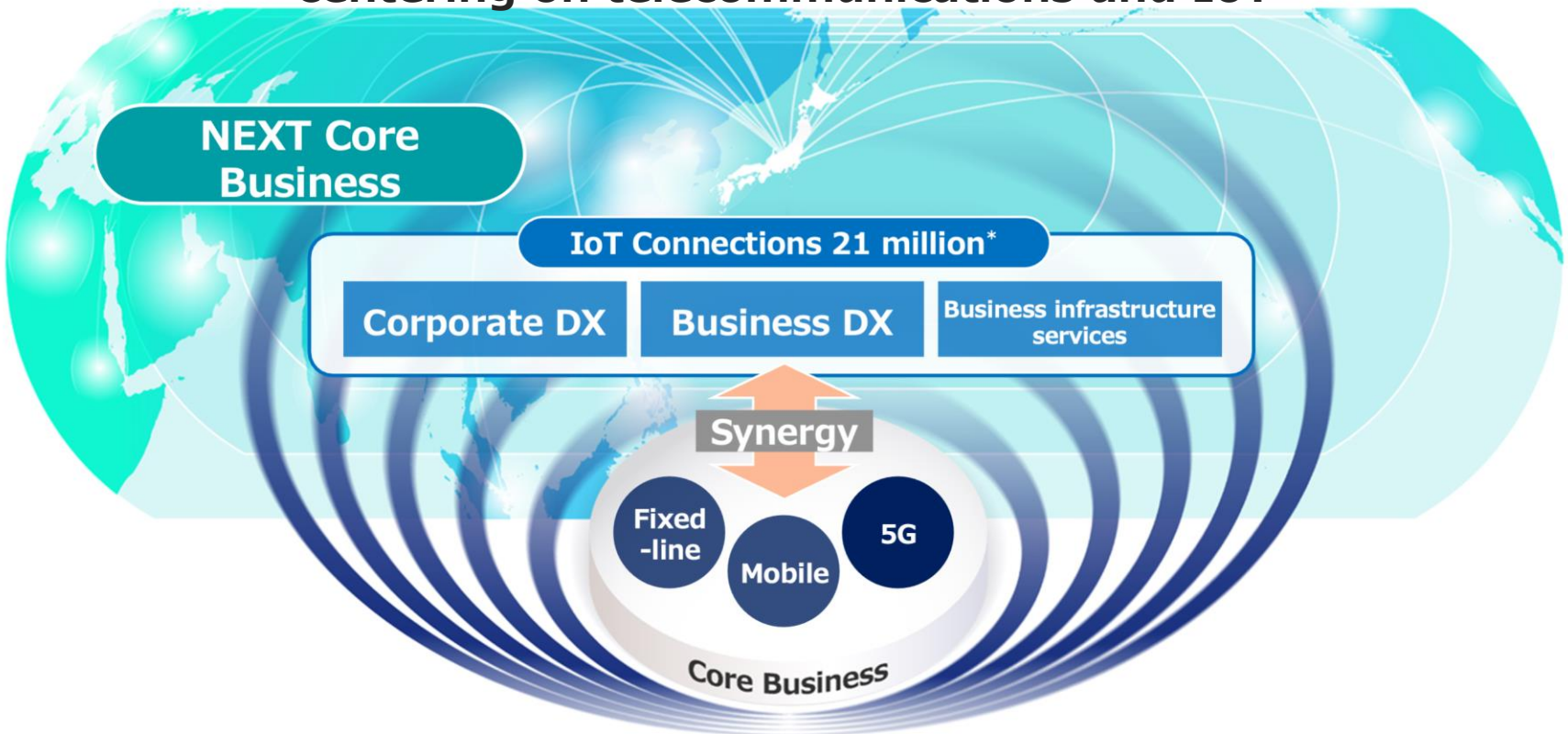
(Unit : Billions of yen)





# Business Services segment - Growth Strategies

Expanding our business domains to create our NEXT Core, centering on telecommunications and IoT



\* As of the end of March 2021, total amount with SORACOM

# Business Structure Geared Toward Growth

## Promoting NEXT Core Business to achieve growth in the whole segments

### NEXT Core Business (DX)

- ① **Corporate DX** (Remote work and zero-trust\*, etc.)
- ② **Business DX** (IoT and cloud, etc.)
- ③ **Business infrastructure services**  
(Data Centers and Call Centers, etc.)

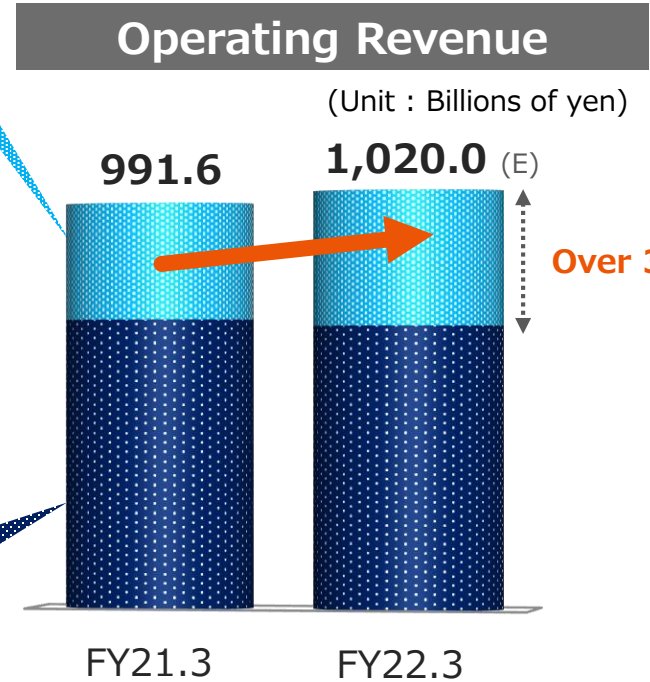


Expand ID and enhancing engagement, etc.

### Core Business (Telecommunications)

#### Communication services

(Mobile, fixed-line and traditional solutions, etc.)



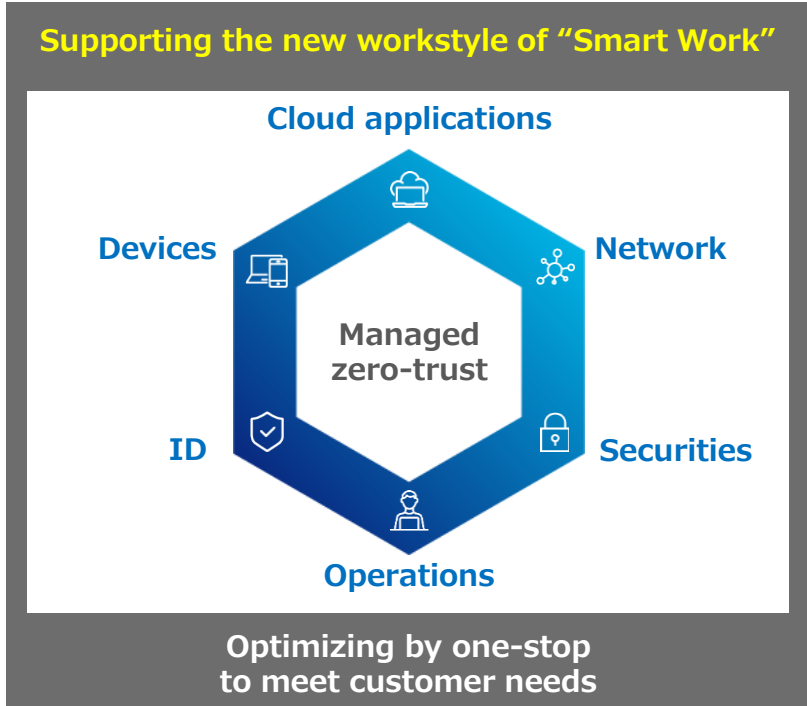
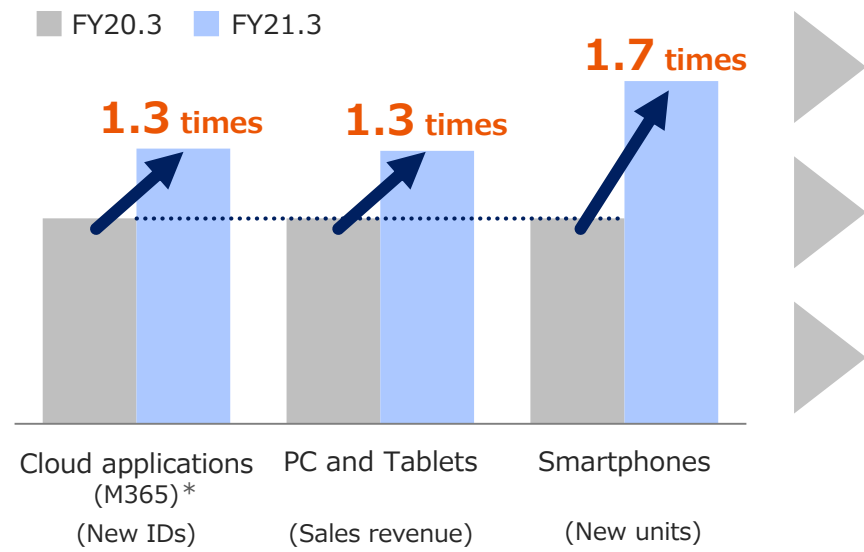
\* A concept of not trusting any internal or external traffic, inspecting each device when accessing services, and acquiring logs to strengthen security

# Corporate DX

## Supporting the evolution from environmental improvements to "Smart Work"

### KDDI Matomete Office Performance

Supporting remote working as it becomes more common among small and mid-size companies



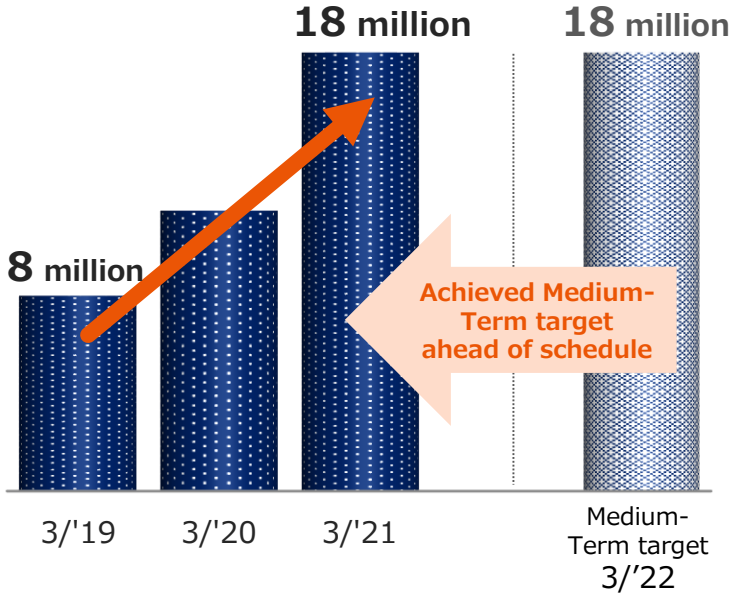
\* Microsoft 365 with KDDI

# Business DX

## IoT Growth accelerating. Creating business across the entire KDDI Group

### IoT Connections

Exceeded 21 million total with SORACOM\*



### KDDI Group's Capabilities

Partners expanding customer businesses



\* As of the end of March, 2021

# Business Infrastructure Services

## Growing with customers globally and in Japan

### Data Centers (KDDI and TELEHOUSE)

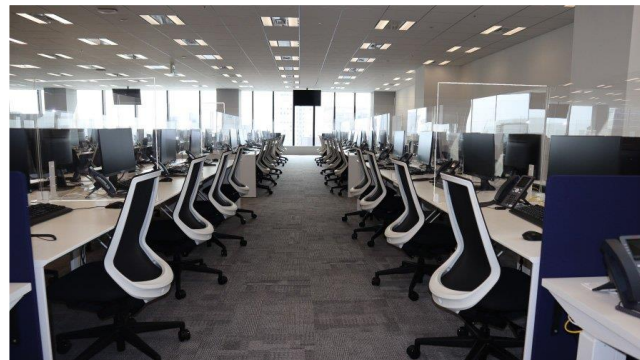
Expanding European data centers that have high connectivity



Expanded to over 40 sites in 10 cities worldwide\*1

### BPO\*2 and Contact Centers (KDDI Evolva, Inc.)

Over ¥100 billion operating revenue in FY21.3  
Operating income expanded +29% YOY



Opened the 5th contact center in the JR Sendai East Gate Building (March 2021)

Now 14,700 seats at 37 sites nationwide\*1

\*1) As of the end of March, 2021

\*2) Business Process Outsourcing

## **3. Personal Services segment**

# Constructing 5G Areas

Focus on people's lives and activities places.  
Accelerating nationwide rollout

Area expansion focus on people's lives and activities places

Enabling 5G use around all stations on the Osaka Loop Line and Yamanote Line\*1



Osaka Loop Line  
(Started from March)

Yamanote Line  
(Scheduled for the end of May)

Scheduled to be gradually expanded to major railway lines in the future

5G Area Nationwide Rollout

The end of March, 2022

Base Stations Approx. **50,000** stations(E)

Nationwide population coverage ratio Approx. **90**%\*2(E)

In addition to the new frequencies 3.7/4.0/28GHz, 5G conversion of existing frequencies is also underway

Promoting 5G network in preparation for the SA (Standalone) era

\*1) This does not guarantee use of 5G services inside train stations \*2) Nationwide population coverage ratio is calculated based on the area where communication is possible in 50% or more of the approximately 500m section used for the national census. 700MHz is the target for this coverage ratio

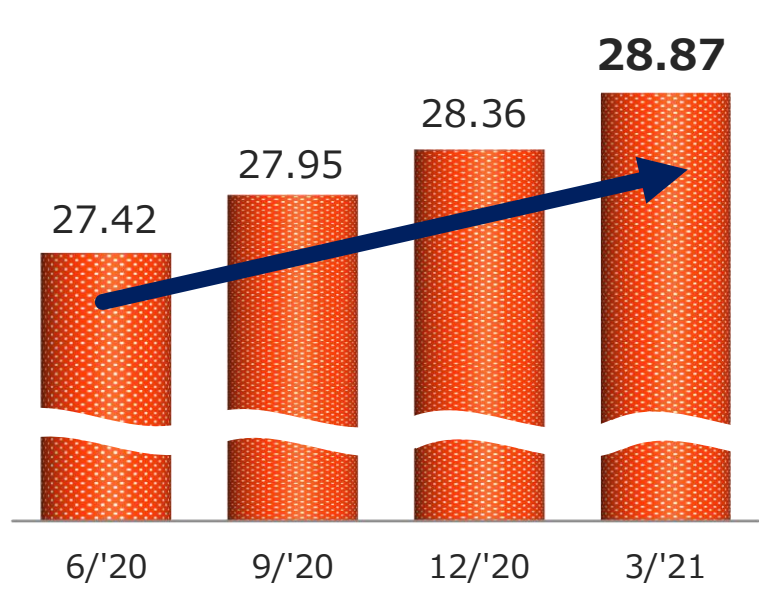


# The Number of Smartphone contracts

The number of contracts is steadily rising.  
Actively promoting 5G

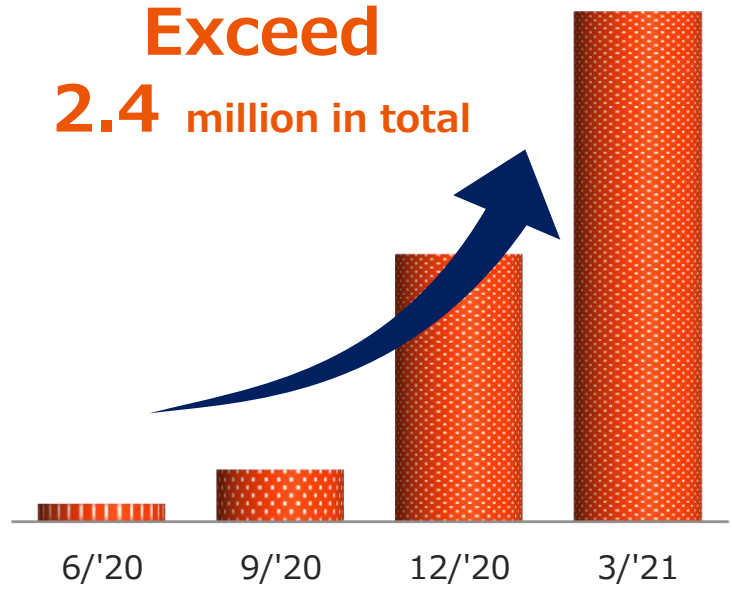
## 4G LTE+5G total subscriptions

(Unit : Million)



## Cumulative 5G unit sales\*

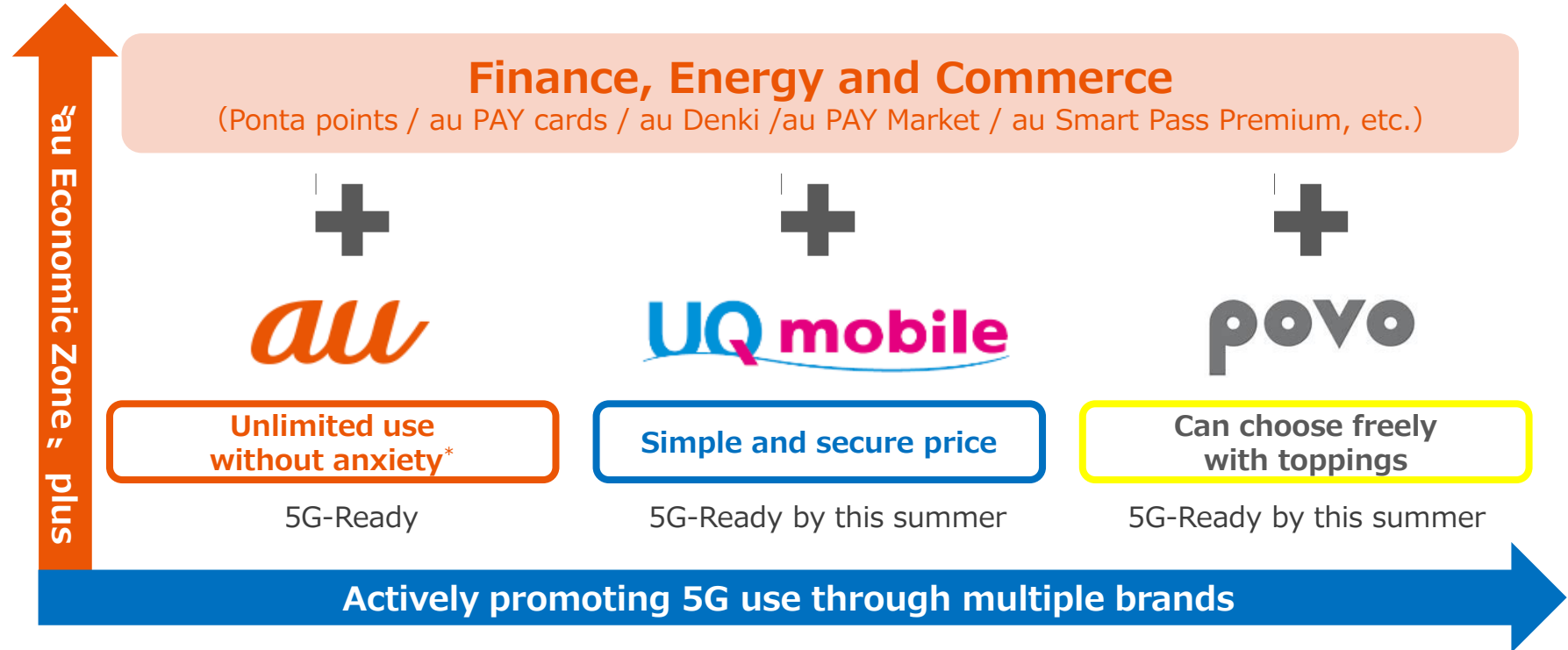
The end of March, 2021



\* Personal Services segment

# Multi-Brand Strategy

## Aiming to achieve growth in total ARPU through 5G x the "au Economic Zone"



Note) A separate call charge is required due to the pay-as-you-go system. 5G is provided in some areas  
 \*) There is a limit to the amount of data such as tethering. Control during congestion and communication with videos

# Providing unique value that we call “toppings”

What you want, only what you want, when you want it !

|   |  |   |                                 |
|---|--|---|---------------------------------|
| <p><b>5 Mins Voice</b><sup>*1*2</sup></p> | <p><b>Unlimited Voice</b><sup>*1</sup></p> | <p><b>Unlimited Data 24h</b><sup>*3</sup></p> | <p><b>1GB Data Addition</b></p> |
|---|--|---|---------------------------------|

Plus services topping **Sequentially added**

Feel free

Quick and easy set-up

Customers customize their user experience

Co-creating toppings with customers through povo Lab

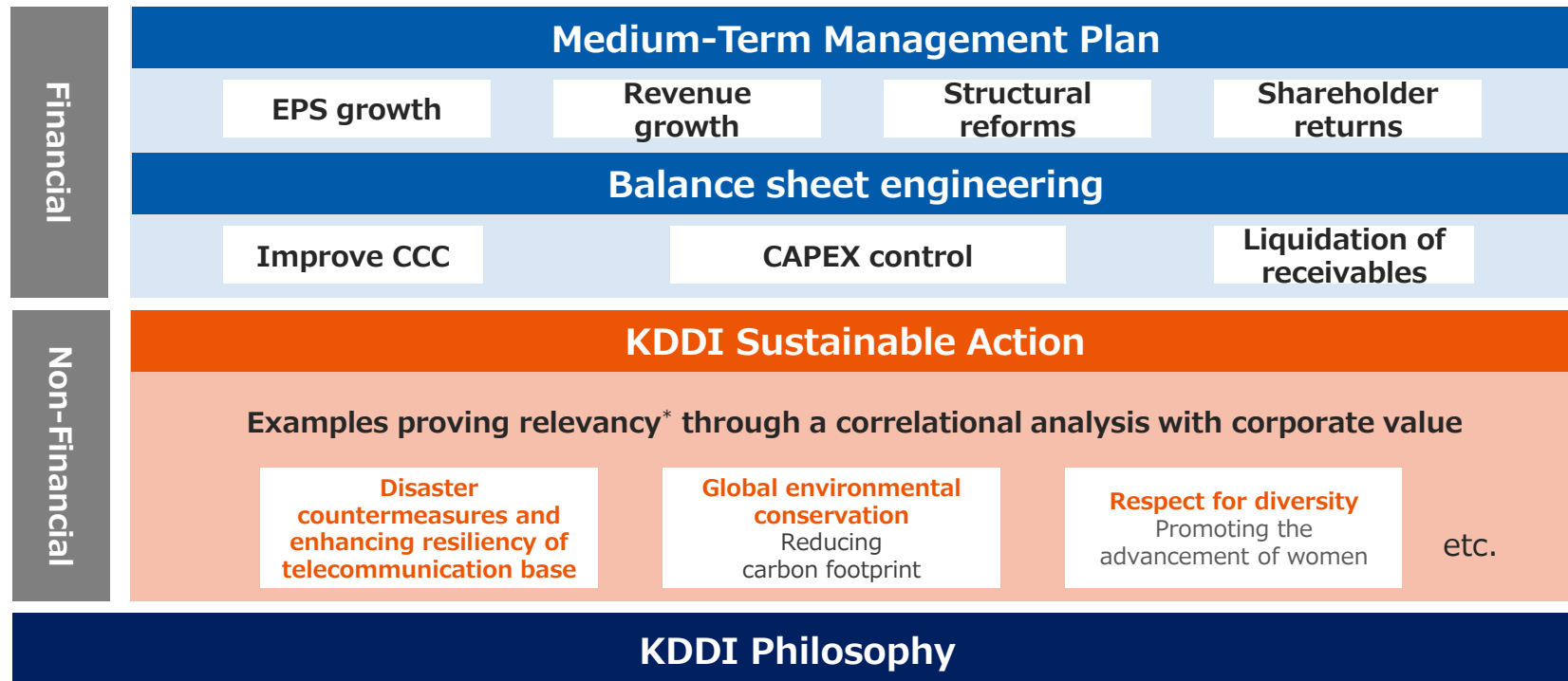


Note) povo is the online-only plan \*1) Some calls are not applicable \*2) A separate call charge is required for over 5 minutes \*3) Control during congestion and communication with videos, etc.

## **4. Corporate Value and SDGs**

# Enhancing Corporate Value

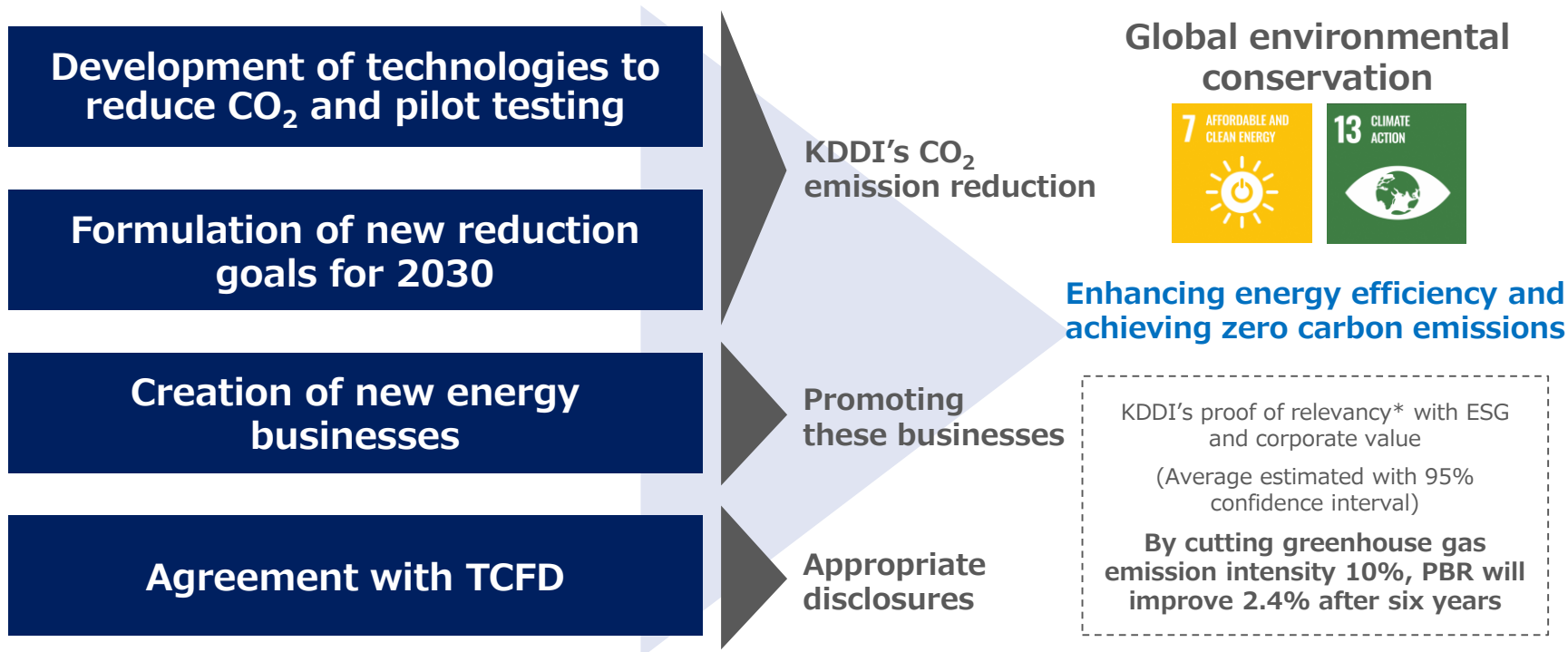
## Strengthening both financial and non-financial results



\* Analyzed by ABeam Consulting's Digital ESG Platform based on the model developed by Mr. Ryohei Yanagi under the "CFO Policy (Chuokezai-sha Holdings, Inc. 2020)" (January 2021)

# Global Environmental Conservation

## Promoting initiatives aimed at decarbonization across the KDDI Group

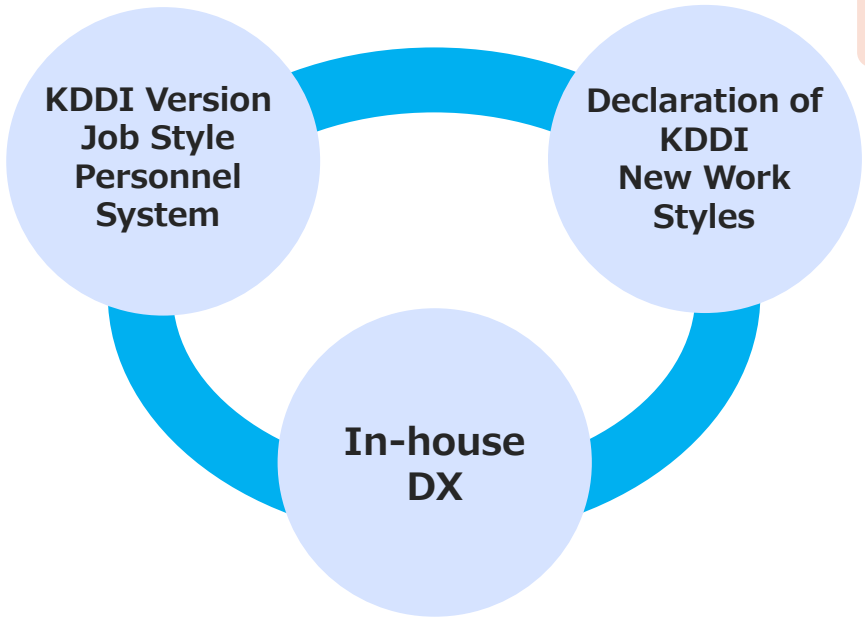


\* Analyzed by ABeam Consulting's Digital ESG Platform based on the model developed by Mr. Ryohei Yanagi under the "CFO Policy (Chuokezai-sha Holdings, Inc. 2020)" (January 2021)

# Transforming into a Company that Puts Human Resources First

Contributing to society by practicing this ourselves and promoting it as a business

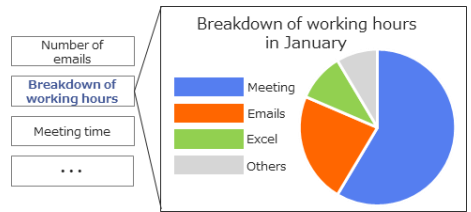
Promoting through 3 pillars



Improving the work environment to support new workstyles as a form of in-house DX

Installing all zero-trust, secure PCs

Visualizing workstyle data



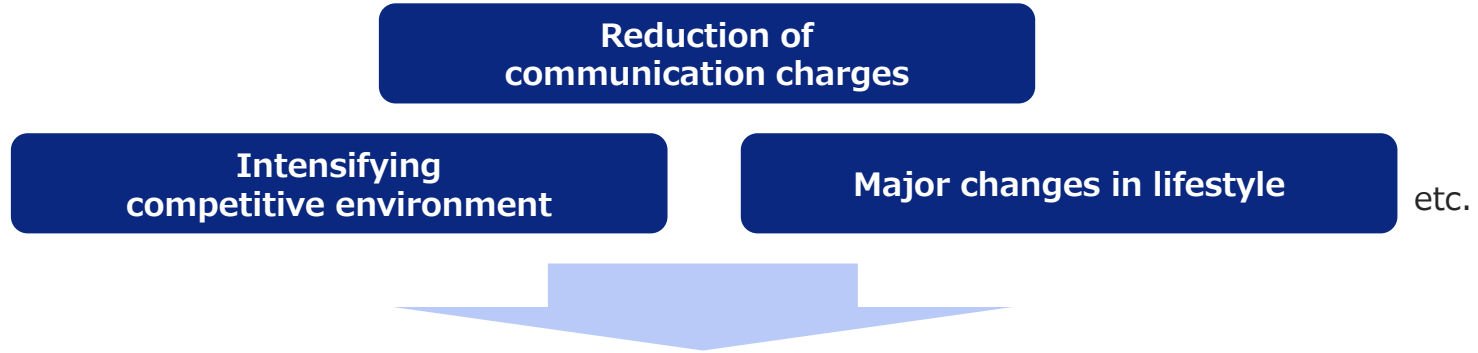
**“NEXT Core Business”**  
of Business Services segment  
Enhancing our offerings in Corporate DX



## **5. Financial Forecasts for FY22.3**

# Brief of Financial Forecast for FY22.3

Aiming for sustainable growth by regarding environmental changes as business opportunities



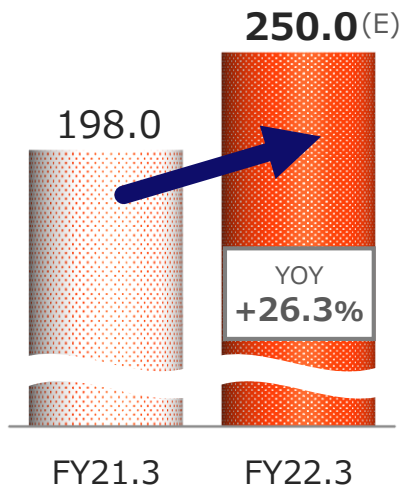
- Aiming for further expansion of growth fields
- Promoting cost reduction
- Strengthen shareholder returns by creating stable cashflow

# Financial Forecasts for FY22.3

## Growth fields drive higher operating revenue and operating income

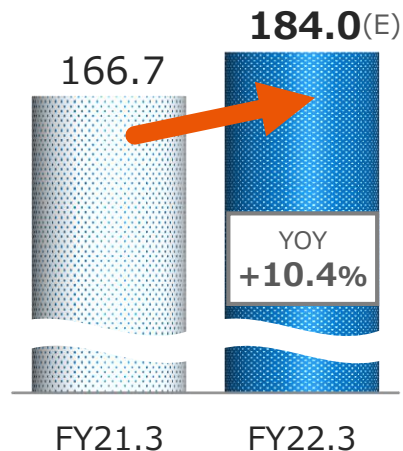
### Life Design Domain Operating Income

(Unit : Billons of yen)



### Business Services segment Operating Income

(Unit : Billons of yen)



(Unit : Billions of yen)

|                                | FY22.3                  | YOY    |
|--------------------------------|-------------------------|--------|
| <b>Operating Revenue</b>       | <b>5,350.0</b>          | +0.7%  |
| - Life Design Domain           | <b>1,500.0*</b>         | +14.9% |
| - Business Services segment    | <b>1,020.0</b>          | +2.9%  |
| <b>Operating Income Margin</b> | <b>1,050.0</b><br>19.6% | +1.2%  |
| - Life Design Domain           | <b>250.0</b>            | +26.3% |
| - Business Services segment    | <b>184.0</b>            | +10.4% |

\* The expected approximately ¥60.0 billion deduction owing to a change in accounting procedures in the energy business is not included

# Cost Reduction

## Enhancing efficiencies in three fields

**Marketing efficiency**



**Making networks more efficient and optimal**



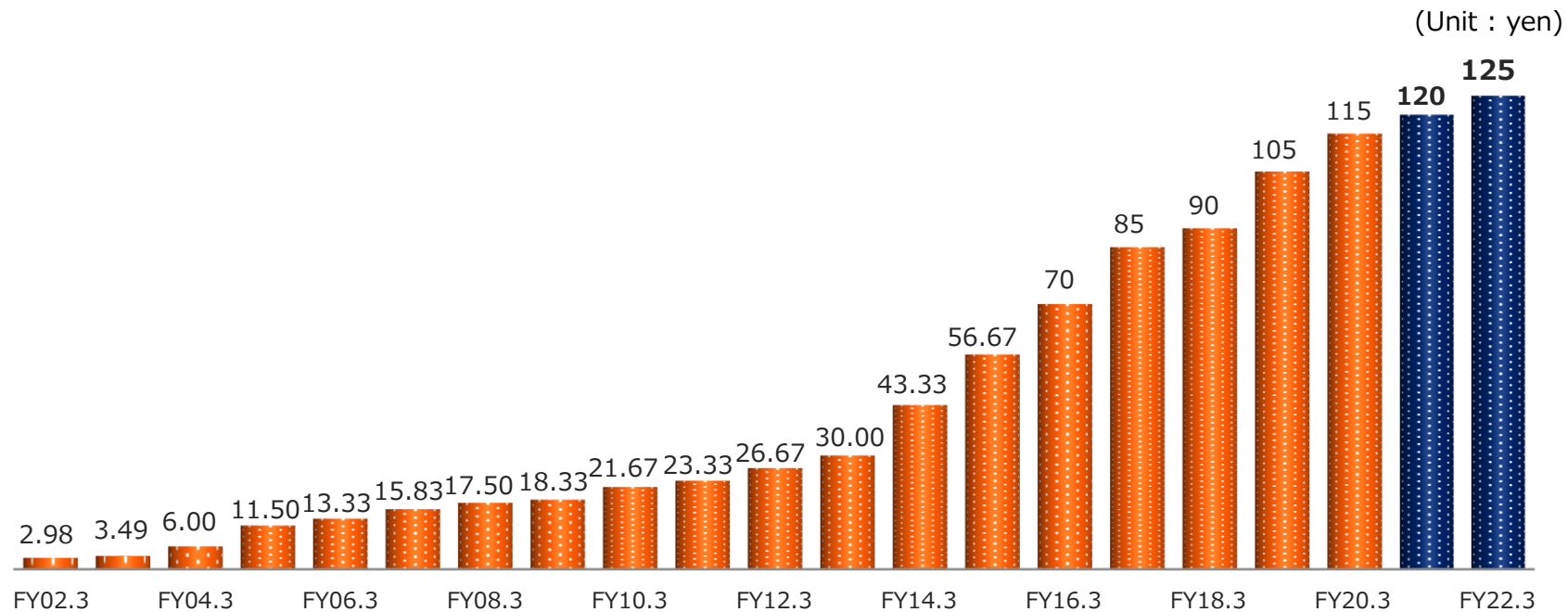
**Enhancing cost efficiency by promoting workstyle reforms**



**Leveraging all our strengths to achieve sustainable growth**

# DPS

## Aiming for 20<sup>th</sup> consecutive DPS growth



Note) DPS for FY21.3 and FY21.3 are expected figures

# Summary

**We are working hard to strengthen our financial and non-financial performance to achieve sustainable growth**

## Financial Results

- ✓ Growth fields drove higher operating revenue and operating income in FY21.3 amid a rapidly changing environment
- ✓ Promoting growth strategies and cost reduction to achieve sustainable growth in FY22.3
- ✓ Aiming to achieve double-digit growth in the growth fields in the final year of the Medium-Term management plan

## Growth strategies and SDGs

- ✓ Expanding the “au Economic Zone” through customer contact and broader point circulation in Life Design Domain
- ✓ Expanding our business domains to create our Next Core, centering on telecommunications and IoT in Business Services segment
- ✓ Promoting initiatives aimed at decarbonization across the KDDI Group

## Shareholder returns

- ✓ Aiming for 20<sup>th</sup> consecutive DPS growth
- ✓ Resolved to repurchase its own shares – Up to ¥150 billion

*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.