

**Financial Results for the
3rd Quarter of the Fiscal
Year Ending March 2022**
(From April to December 2021)

January 28, 2022
KDDI Corporation



1. Consolidated Financial Results and KPIs for 1-3Q

Highlights of Consolidated Financial Results for 1-3Q

Steady progress towards full-year forecast

Operating Revenue

(Unit : Billions of yen)

5,312.6



FY21.3 1-3Q

5,350.0 (E)

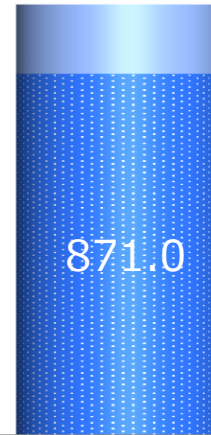


FY22.3 1-3Q

Operating Income

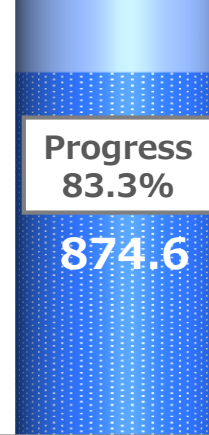
(Unit : Billions of yen)

1,037.4



FY21.3 1-3Q

1,050.0 (E)

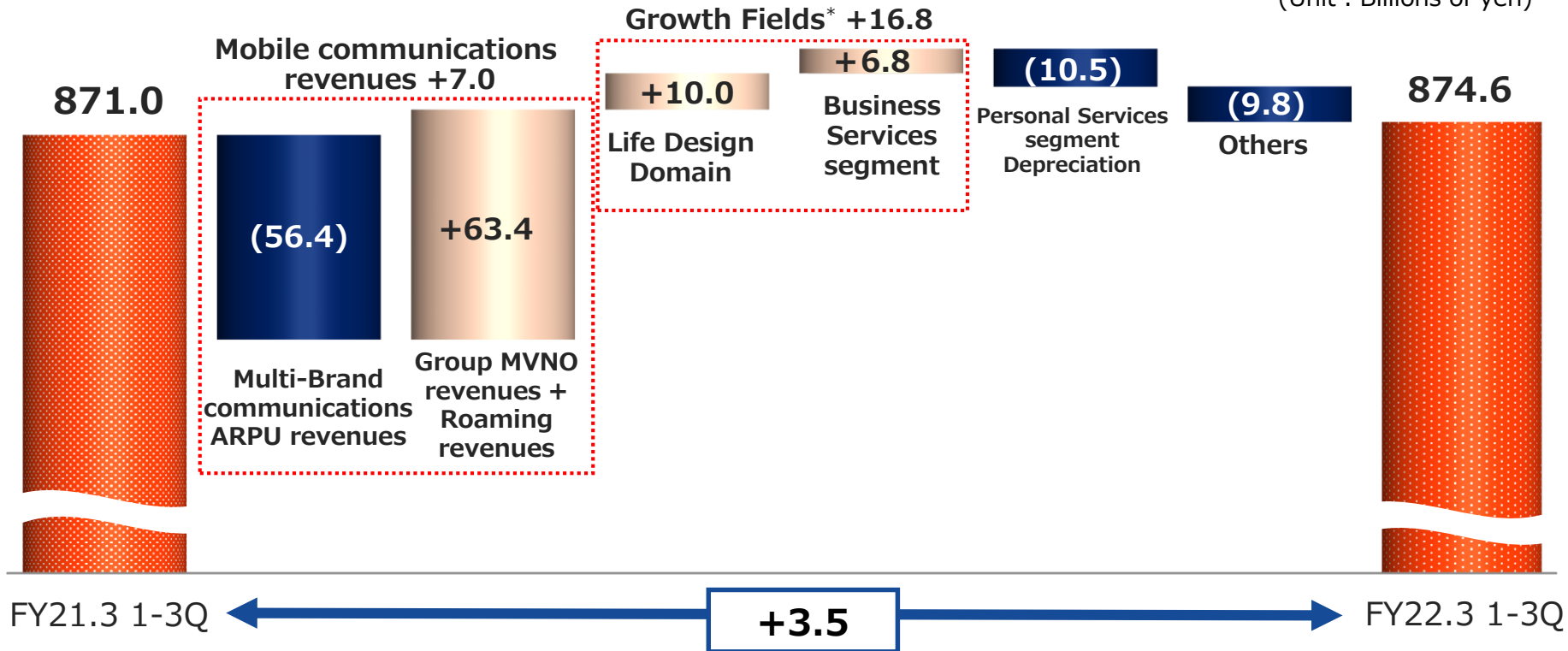


FY22.3 1-3Q

Operating Income: 1-3Q Factors for Change YoY

Mobile communications revenues and Growth Fields contribute to profit

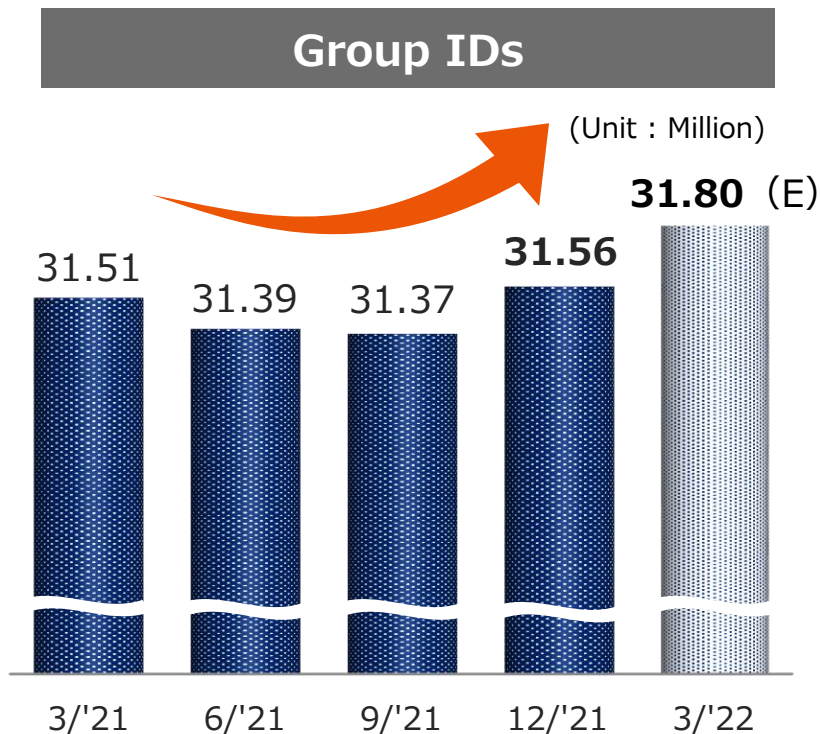
(Unit : Billions of yen)



*Life Design Domain and Business Services segment

Group IDs

Rebound: net increase in 3Q
due to success of multi-brand strategy



au

- ✓ With expansion of 5G areas, 5G unit sales is steadily increasing

UQ mobile

- ✓ Positive impact from discount with Denki (electricity) / Internet and handling at all "au" stores

povo Online only

- ✓ "From zero, in your own way"
Full-scale start of povo2.0

5G Unit

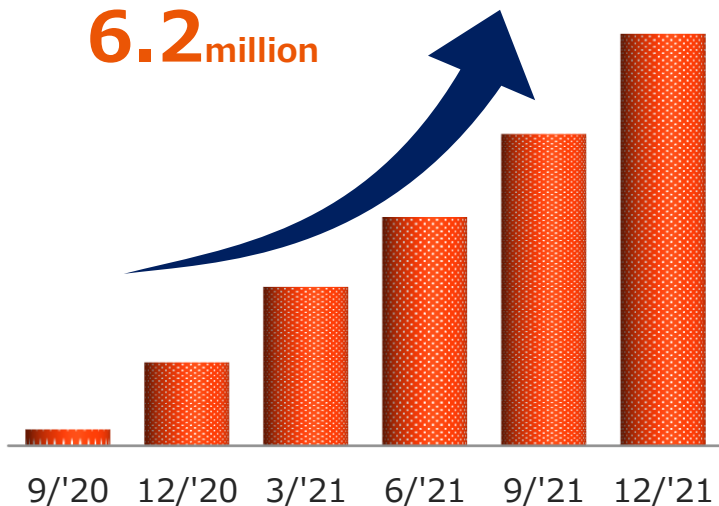
5G unit sales steadily increasing,
and data demand also expanding

Cumulative 5G unit sales

Aim for **8** million units for the full year

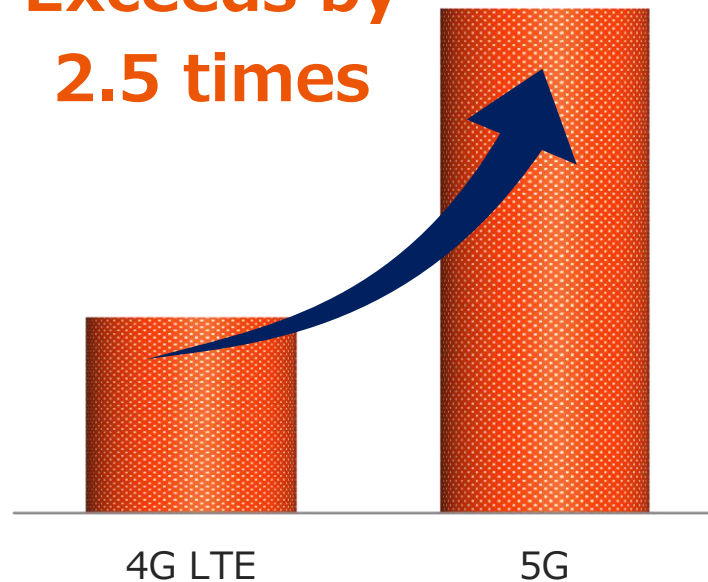
The end of December, 2021

6.2 million



Mobile data traffic per person*1

Exceeds by
2.5 times

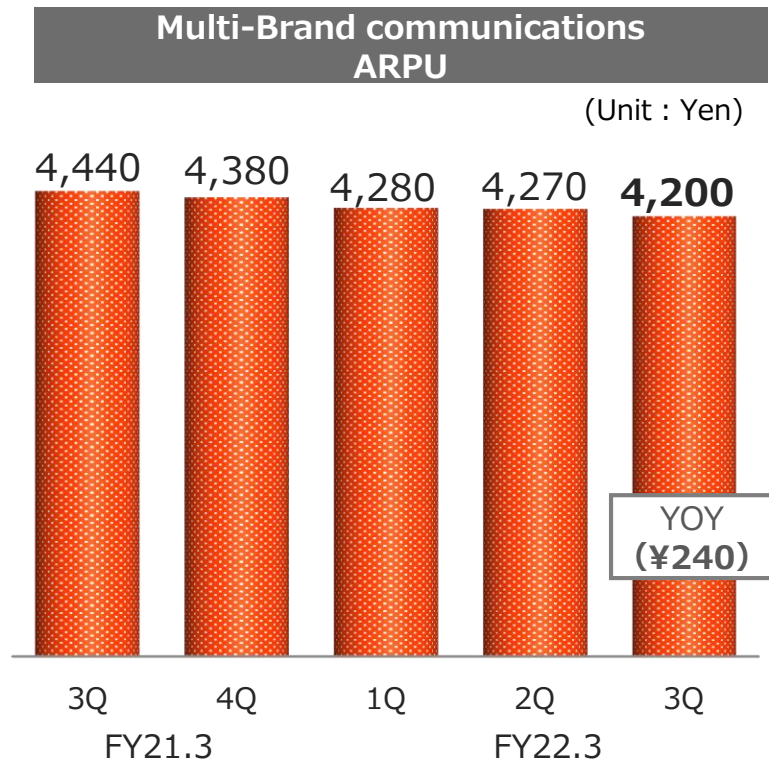


*1 Actual results of au smartphone users in FY22.3 3Q

Note) Personal Services segment

Multi-Brand Communications ARPU

Moving within the range initially expected,
due to 5G promotion and changes in brand composition



au

- ✓ Increased selection of data unlimited plans due to steady sales of 5G units

UQ mobile

povo Online only

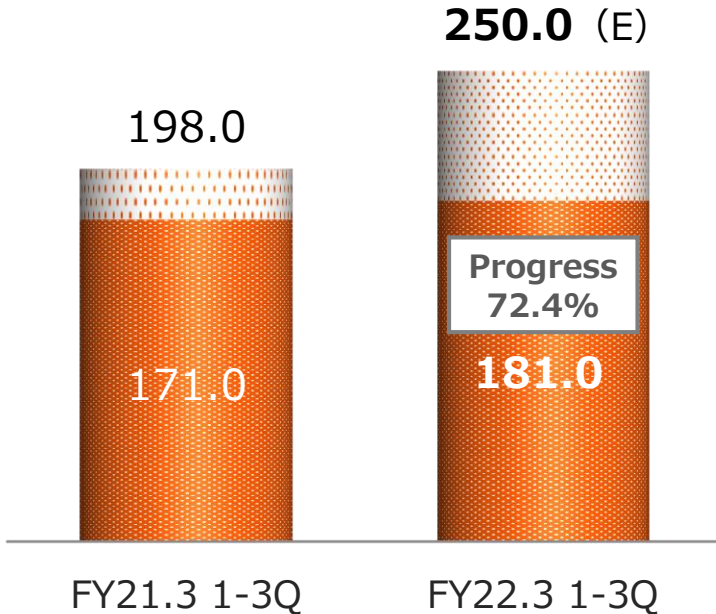
- ✓ Increase in UQ mobile and povo subscribers

Growth Fields – 1-3Q Performance

Profit expected to increase significantly in 4Q,
making steady progress towards full-year forecast

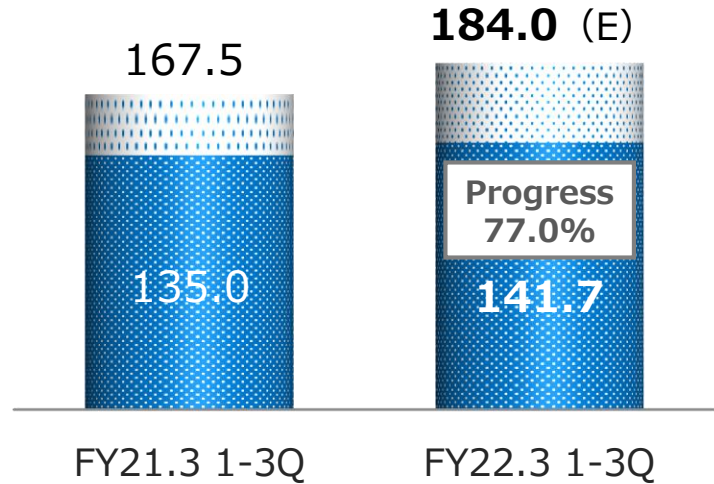
Life Design Domain Operating Income

(Unit : Billions of yen)



Business Services segment Operating Income

(Unit : Billions of yen)



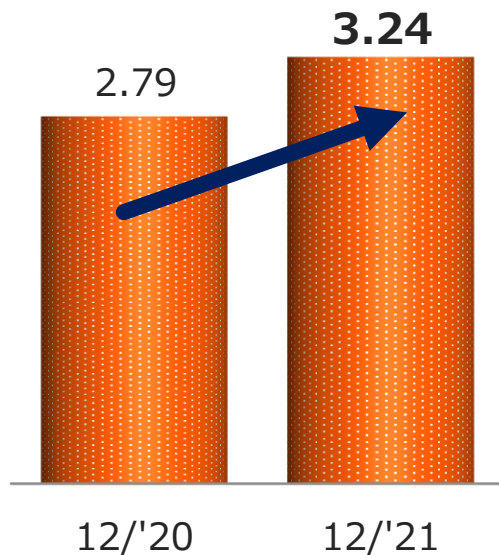
Life Design Domain KPI

Customer base of core services steadily expanding

au Denki, etc. subscriptions

(Unit : Million)

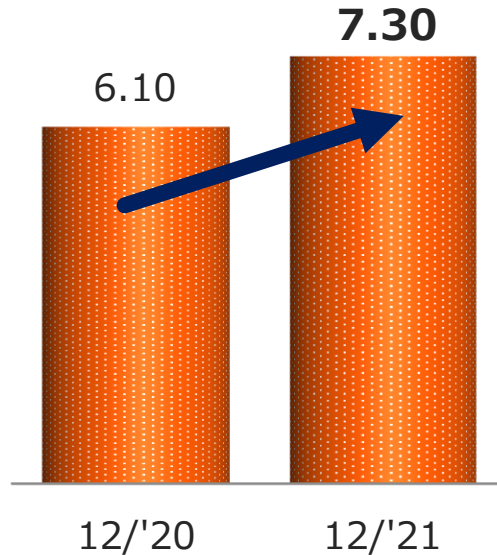
YOY **+0.45 million**



au PAY Card members

(Unit : Million)

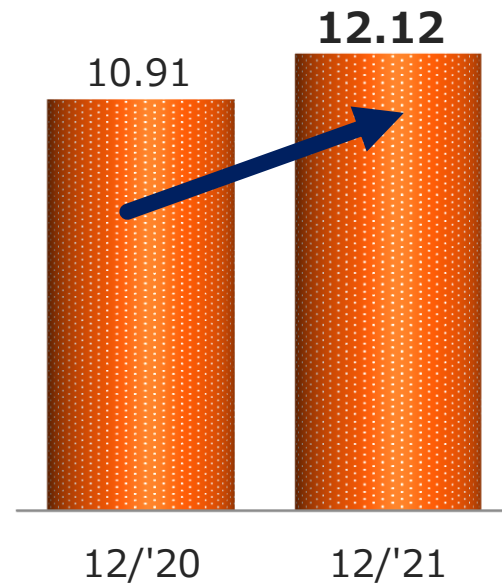
YOY **+1.20 million**



au Smart Pass Premium members

(Unit : Million)

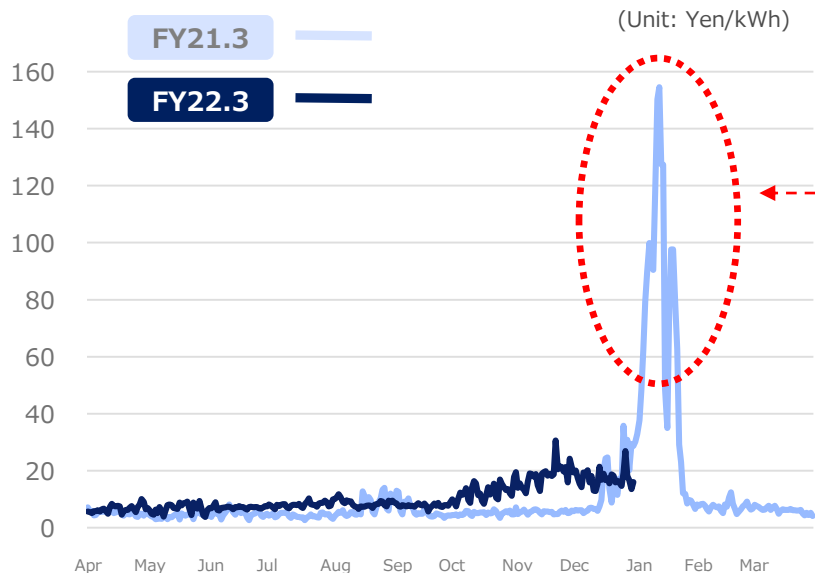
YOY **+1.21 million**



Energy Business

Raise private power source procurement ratio to control costs

Wholesale Electricity Market (JEPX*) Prices



JEPX trading information source: Spot Market

*Japan Electric Power Exchange

FY21.3 4Q

- ✓ Increase in procurement costs due to rising JEPX prices

Raise the ratio of private and stable procurement from local energy companies, etc.

FY22.3 4Q

- ✓ Income expected to increase due to avoidance of volatility

Business Services Segment Operating Revenue 10

NEXT Core Business drives the growth of Business Services segment

NEXT Core Business (DX)

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

Synergy

Expand ID and enhancing engagement, etc.

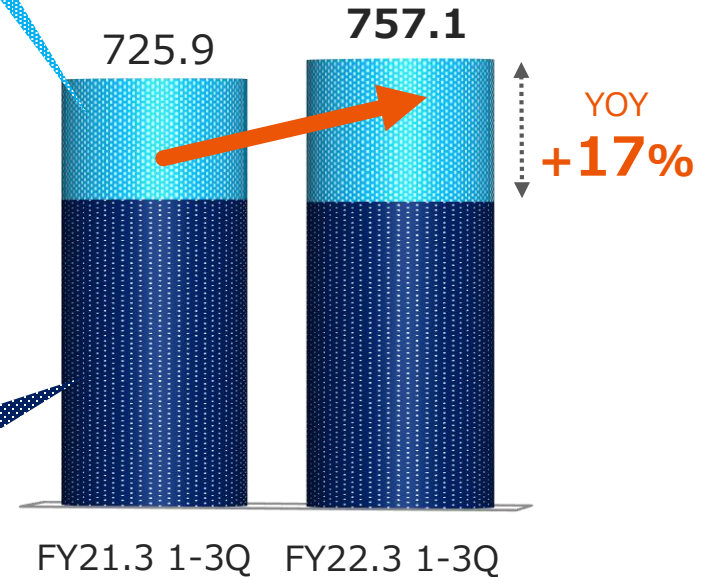
Core Business (Telecommunications)

Communication services

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

Operating Revenue

(Unit : Billions of yen)



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

2. Topics

Connecting More and Always with au

Aiming to create a secure and reliable network that covers areas of high customer concentration

5G Network

Promote and advertise 5G network expansion with partners



End of March 2022
Kanto **21** routes(E)
Kansai **5** routes(E)

30 Artists x 30 Yamanote Line stations
Connecting people and places

Note: 5G provided in some areas

Enhance DX at Operation Center

Automated monitoring at two locations (east and west) for peace of mind even in times of disaster



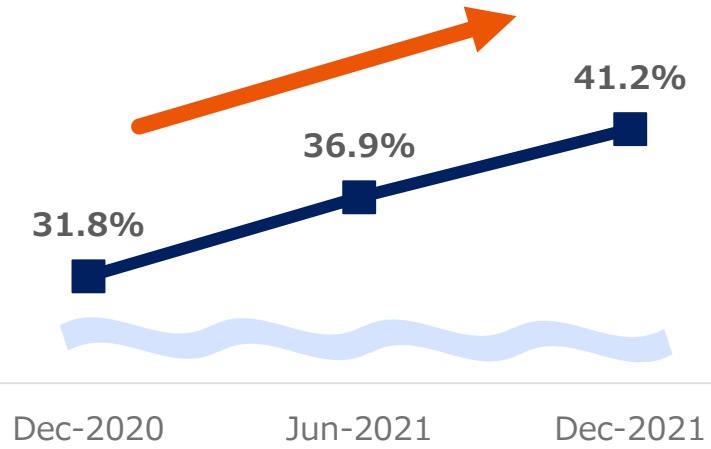
- July 2021 : Opened new operation center in Tokyo
- November 2021 : Revamped operation center in Osaka to have the same functions as Tokyo

Collaboration with OTT Partners

Expanding video services that will increase usage intentions with 5G

Intention to use video content*

Steady increase in intention to use video content in 5G



Further expansion of OTT partner services leading in entertainment

Unlimited MAX 5G ALL STAR Pack

NETFLIX **Apple Music**

YouTube Premium **TELASA**

amazon prime

DAZN **GEFORCE NOW** **POWERED BY au**

Expanding target services in February 2022

*KDDI survey: Percentage of domestic 5G users (including other carriers) who intend to use Amazon Prime/Netflix/DAZN/TELASA
December 2020: 421 respondents, June 2021: 1,272 respondents, December 2021: 1,703 respondents Note: 5G provided in some areas

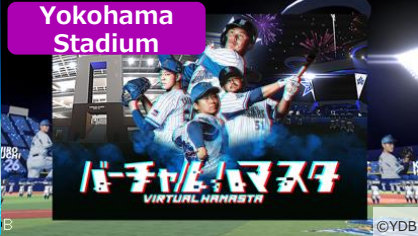
Metaverse

Leading the real city-linked Metaverse

Buildup of use cases

Launch of "Virtual City Consortium"

More than 500,000 people came to HalloweenFes in Virtual Shibuya



Collaborate with local governments and authorities to develop guidelines for secure use of Metaverse



New Mobility Business

移動を、
感動に
変えてゆく。

Together with our partners, we will connect people, products and things in “cities” and “rural areas” to solve social issues

“Transforming mobility into exciting experiences.”

Announced in December



RESPECT YOU, au



More flexible mobility will contribute to regional vitalization



- ✓ Established a joint venture company with WILLER
- ✓ Short ride service within a 2km radius
- ✓ Working with local communities to expand nationwide

Details will be announced in February

New drone company
“KDDI SmartDrone Inc.”



Spin-off venture from KDDI

Extension of Connected Services

Expanded supply to major Japanese automobile manufactures

TOYOTA



SUZUKI

and others



Tomorrow. Together



Global Telecommunication Platform

Integrated management of different communication lines in each country to provide high-quality telecommunications

Expand in 5 regions* Europe · China · Australia · Japan · North America

* Regions where KDDI offers the services. Expansion regions are different from each companies.

Global Data Center

Leveraging the strength of high connectivity, expanding into Southeast Asia

TELEHOUSE strengths

Deploy interconnection Data Centers

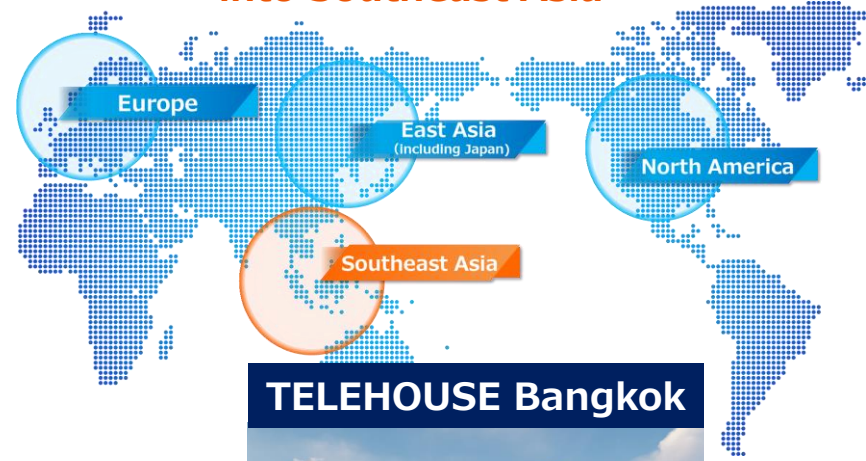
No.1 in connectivity in the world* **London**



No.1 in connectivity in France* **Paris**



Expand success cases in Europe into Southeast Asia



TELEHOUSE Bangkok



Achieve resilient and high-quality Internet connection with telecom carriers and mega-cloud operators

*Source: Peering DB as of December 2021

Summary

Promote new initiatives in addition to multi-brand strategy

Financial Results • KPIs

- ✓ 1-3Q results show steady progress
- ✓ Promotion of 5G and multi-brand strategy resulted in net increase of Group ID
- ✓ Growth fields is progressing steadily, profit expected to increase significantly in 4Q

Topics

- ✓ Driving forward entertainment in the 5G era with video content and Metaverse
- ✓ Contributing to the resolution of social issues through new initiatives in the mobility field
- ✓ Promote NEXT Core Business (DX) by leveraging the strengths of global businesses, including connected cars and data centers
- ✓ Expand buyback facility by 50 billion yen

Appendix

Consolidated·Financial Business Balance sheet (as of the end of December 2021)

Consolidated

Total Assets 10.84 trillion yen

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

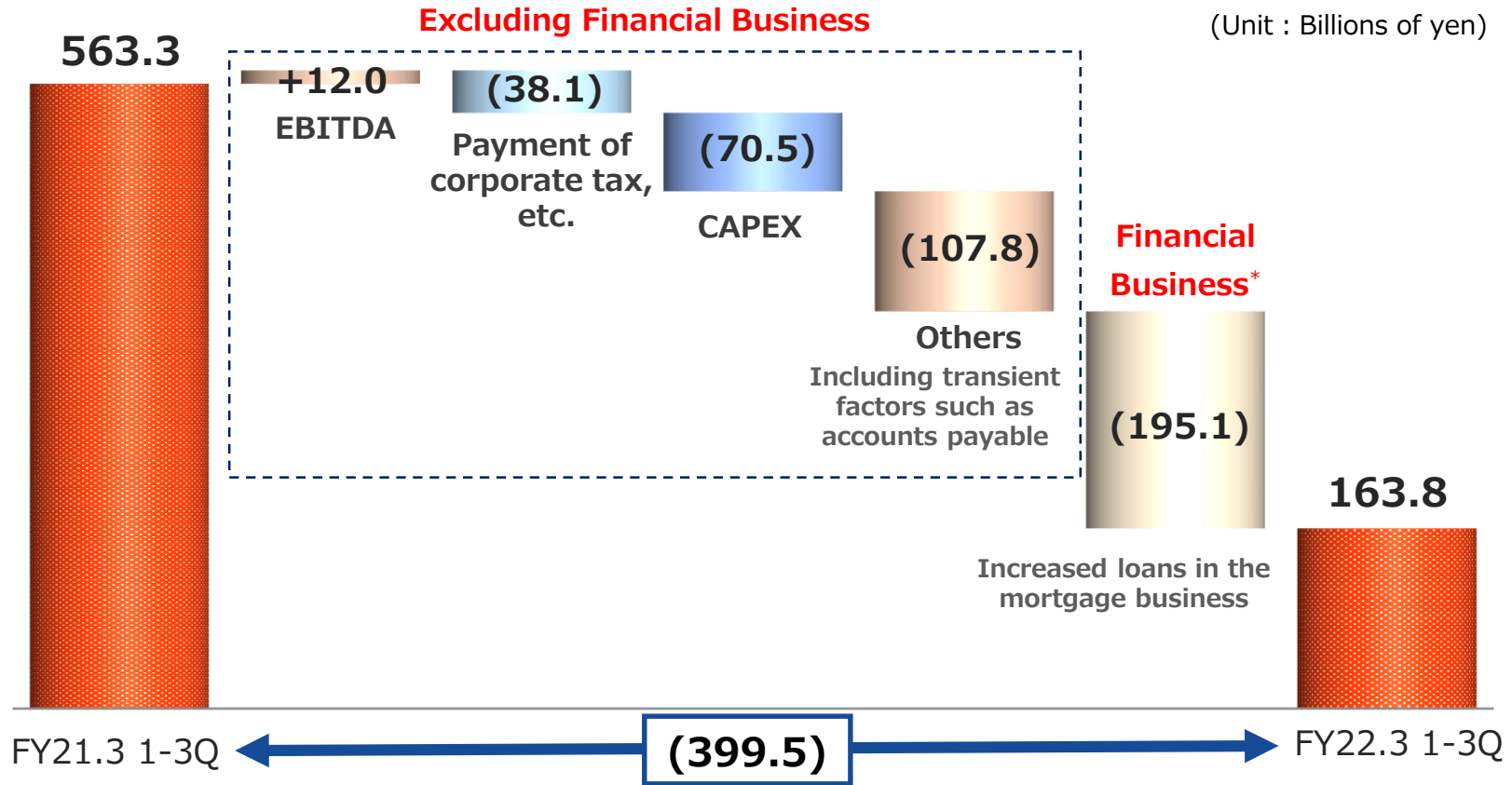
au Financial Holdings

Total Assets 3.17 trillion yen

Cash and cash equivalents	Securities	Deposits
	Loans	
	Others	Others

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

Free Cash Flow: 1-3Q Factors for Change YoY



* Cash flow related to financial business as described in the consolidated cash flow statement of financial statements

Overview of Consolidated Financial Results

Item	1-3Q results (YOY)	Overview
Operating income	¥874.6 billion +¥3.5 billion	<p>【Growth Fields*】</p> <ul style="list-style-type: none">✓ Steady progress towards full-year forecast✓ In Life Design Domain, Energy business decreased profit due to raise private power source procurement ratio to control costs. Profit expected to increase due to avoidance of volatility in 4Q <p>【Other factors for profit increase in 3Q (Oct-Dec)】</p> <ul style="list-style-type: none">✓ Decrease of depreciation✓ Decrease of allowance related to handset purchase support program
Free cash flow	¥163.8 billion (¥399.5 billion)	<p>【Excluding Financial business】</p> <ul style="list-style-type: none">✓ Increased cash out mainly due to transient factors such as accounts payable <p>【Financial business】</p> <ul style="list-style-type: none">✓ Increased cash out due to loans for mortgage business

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.