

Tomorrow, Together



# Fiscal Year Ending March 2023

(April 2022 - March 2023)

May 11, 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.



Space / STARLINK



Smart Drone



Smart Fisheries



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1. Consolidated Financial Results for Fiscal Year Ending March 2023
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5. Consolidated Financial Forecast for Fiscal Year Ending March 2024

Appendix

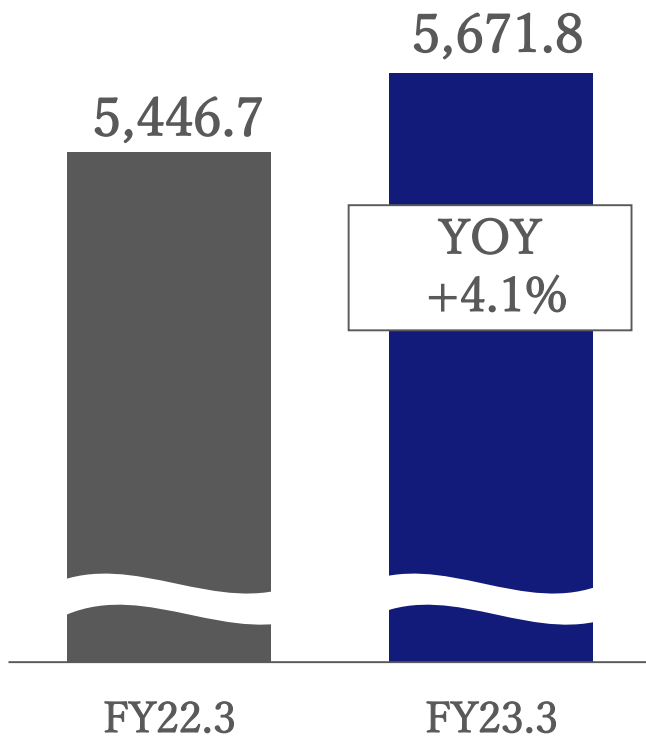
- 1. Consolidated Financial Results for  
Fiscal Year Ending March 2023**

# Consolidated Financial Results Highlights

Record-high profits, despite temporary impact of fuel price hikes, etc.

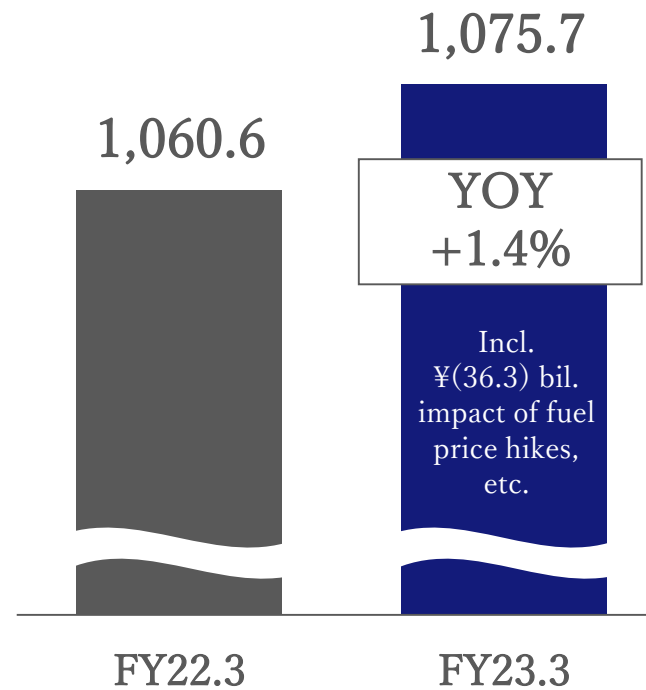
## Operating revenue

(Unit: yen billion)



## Operating income

(Unit: yen billion)



## Focus areas Operating income

### Business Services segment

(Excl. impacts of fuel price hikes and communication failure)

**FY23.3 199.4 billion yen**  
(YOY+6.6%)

### Financial Business\*

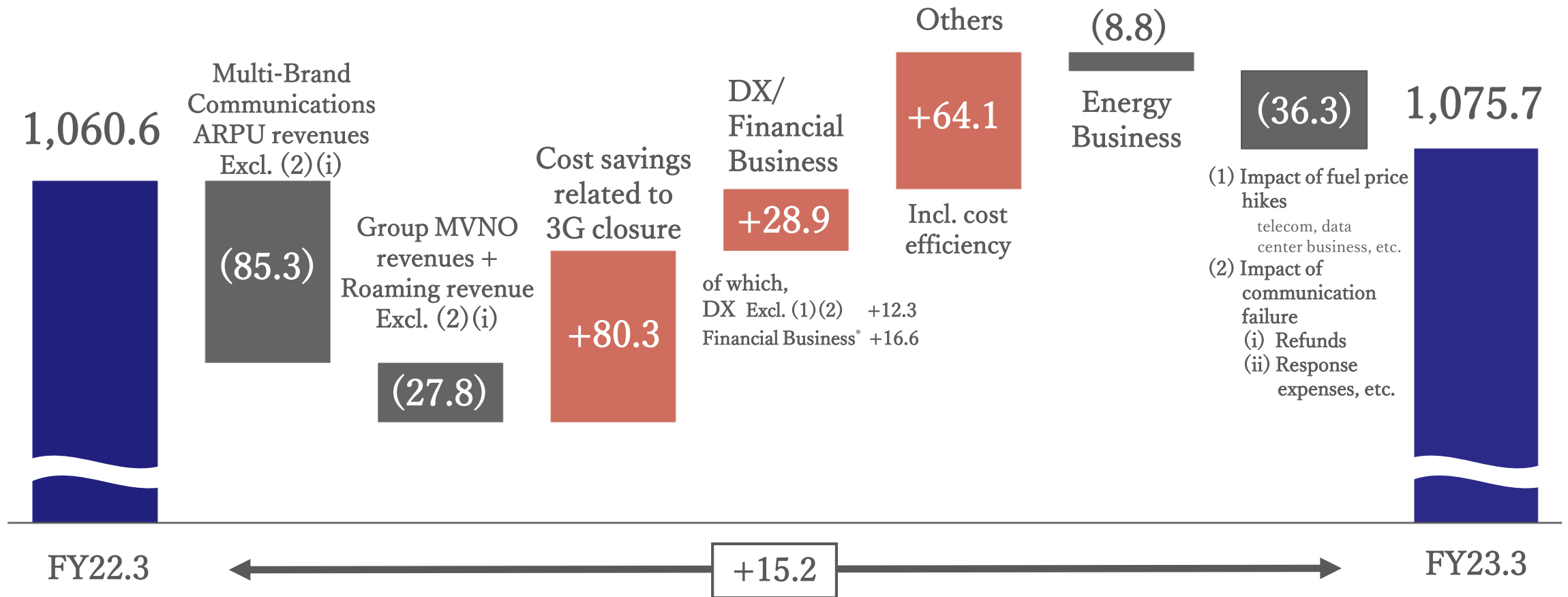
**FY23.3 36.0 billion yen**  
(YOY+85.6%)

\*au Financial Holdings, IFRS basis, including one-time accounting impact in FY23.3 Q1

# Consolidated Operating Income Factors for Change

Increases from focus areas, cost efficiencies, despite price reduction, fuel price hikes, etc.

(Unit: yen billion)



\*au Financial Holdings, IFRS basis, including one-time accounting impact in FY23.3 Q1

## 2. Enhancing the “Power to Connect” and Sustainability Management

# KDDI VISION 2030

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

## Connecting and Protecting Lives



- ✓ Building a resilient infrastructure for communication and disaster response
- ✓ Conserving the environment

## Connecting Day-to-day Lives



- ✓ Sustainable development for cities and communities
- ✓ Building the infrastructure for developing countries
- ✓ Developing human resources for the next generation

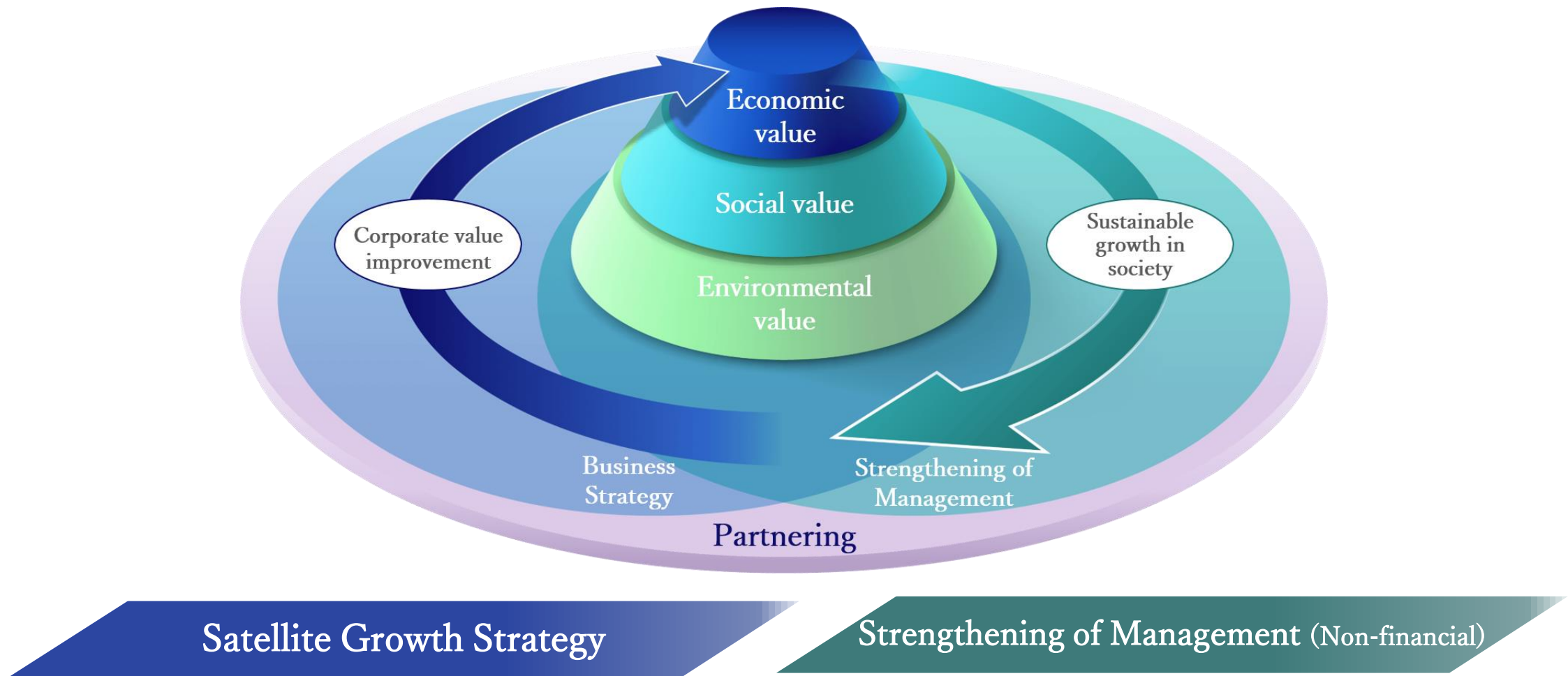
## Connecting Hearts and Minds



- ✓ Creating a digital society for affluence and peace of mind
- ✓ Promotion of diversity and inclusion
- ✓ Fostering health and a purpose in life

# Sustainability Management

Working with partners to achieve sustainable social growth and enhance corporate value





# Power to Connect

Era of increasingly integrated communications  
Strengthening telecom infrastructure that creates “Connect”

Expansion to all industries

**IoT connections**



Domestic and overseas  
Over **37 million**  
(incl. SORACOM)

High quality and resilient  
telecom infrastructure

**4G/5G network**

Quality improvement through  
additional 50 bil. yen  
investment in the mid-term

Technical expansion

**Starlink**



Eliminating areas  
with no connections

Expansion through partnering

# Enhancing Power to Connect

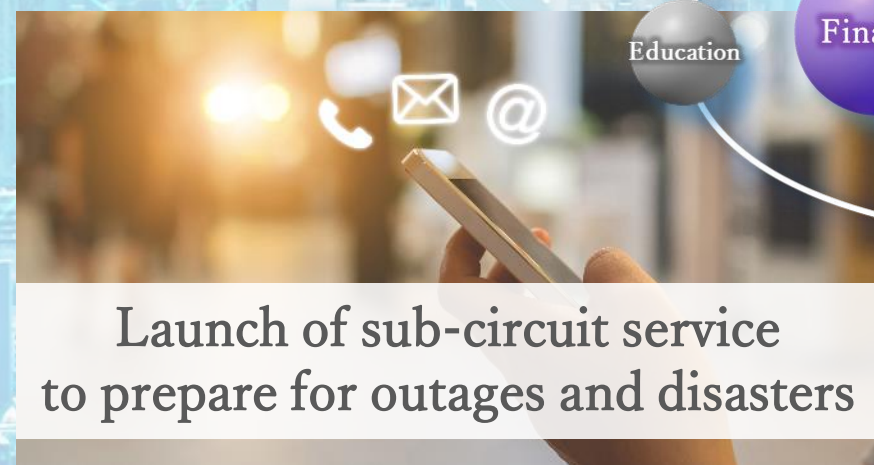
Contribute to the sustainable growth of society through business



Drone supplies delivery  
at landslide aftermath



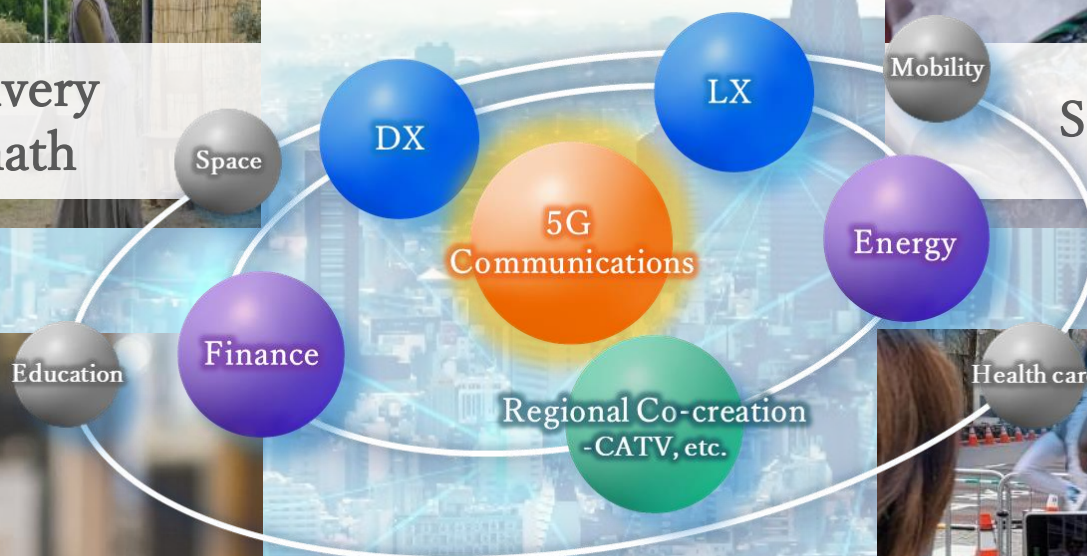
Smart fisheries using IoT



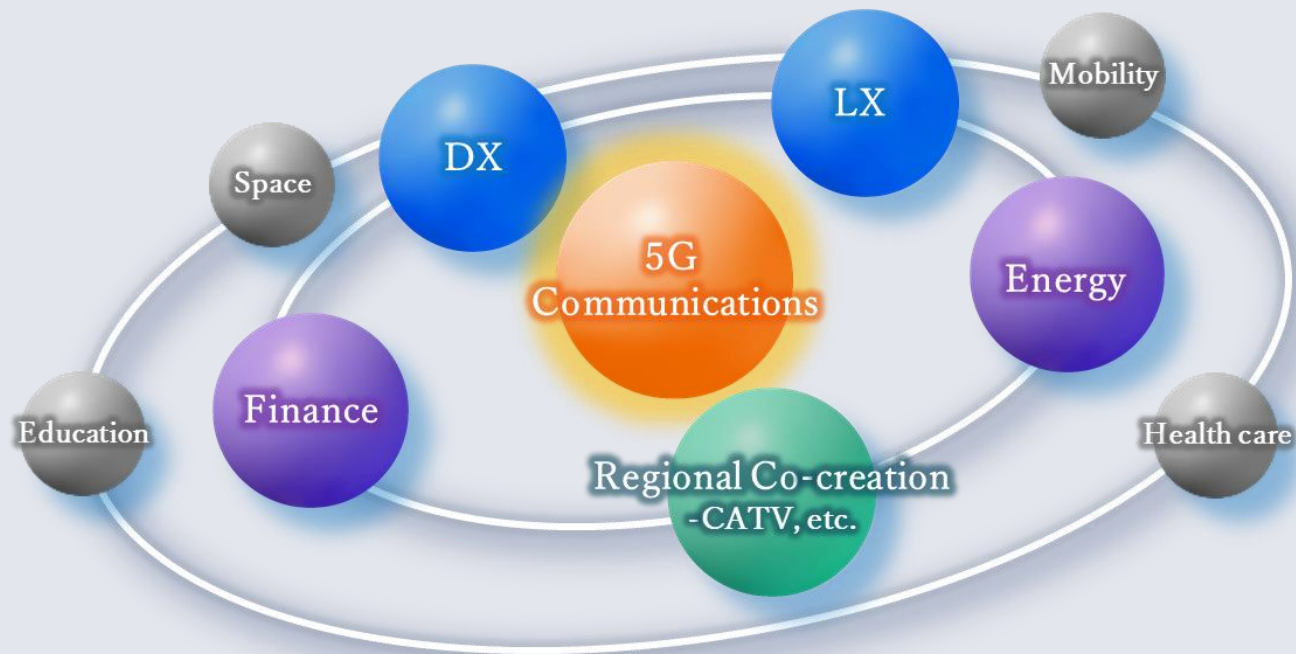
Launch of sub-circuit service  
to prepare for outages and disasters



Utilizing 5G SA  
Tokyo Marathon program production



# 3. Satellite Growth Strategy



# 5G Communications



5G  
Communications

Rebound in  
Communications ARPU  
Revenues

# 5G Area Construction

## Strengthening along customer's life line, expanding nationwide coverage

### Areas along the customer's life line

Connected areas expanded along railroads, commercial districts etc.



**47 routes**

Hokkaido 1 route • Kanto 29 routes  
Chubu 3 routes • Kansai 14 routes

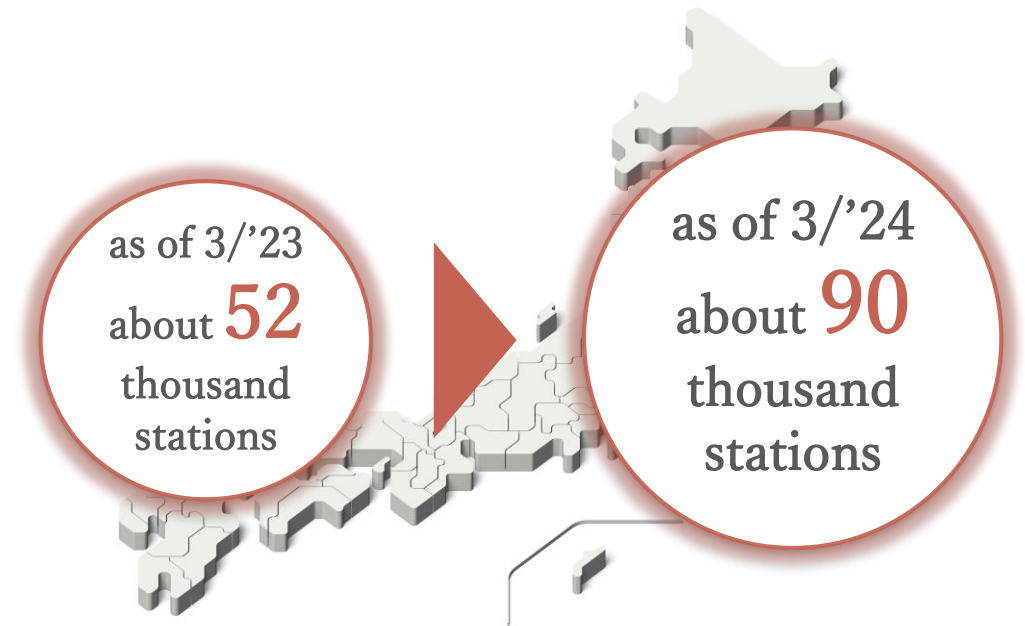
End of  
**4/'23**

**323 areas**

Commercial districts  
around stations on major routes

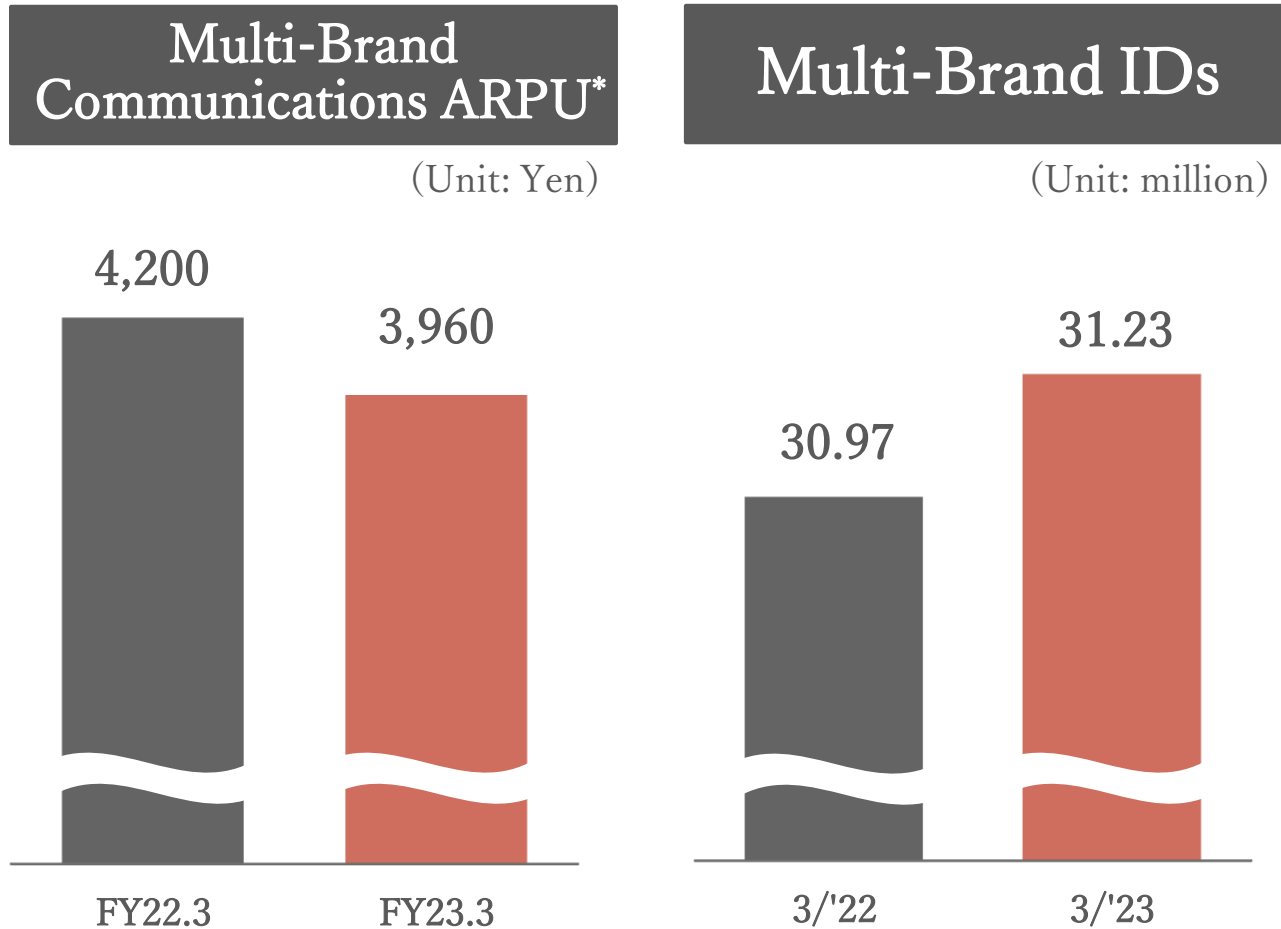
### Nationwide Coverage

Further accelerating nationwide deployment of 5G



# Communications ARPU / IDs

Strong momentum, migration from UQ mobile to au also increased



## Communications ARPU

- Rise in UQ mobile composition ratio
- Increase in au Unlimited Use Plan subscriptions

## IDs

- UQ mobile strong
- Increased migration from UQ mobile to au

**FY23.3 Q4 YOY about 1.6 X**

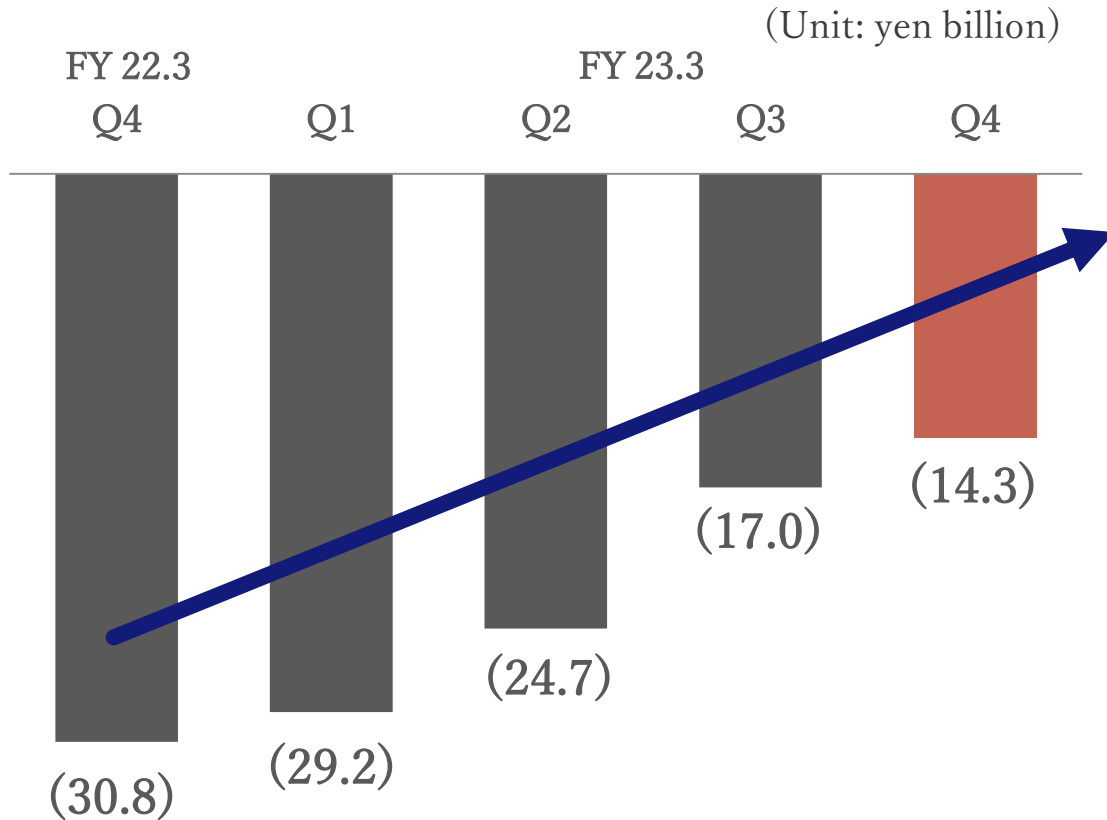
Note) Personal segment. au, UQ mobile, povo

\* Figure for FY23.3 excludes refund impact

# Communications ARPU Revenue

Range of YOY fall steadily decreased, aiming for rebound in FY24.3 H1

## Multi-Brand communications ARPU revenue (YOY)



## Key to Communications ARPU revenue rebound

- Toward au service chosen by customers
- Promoting data use
  - Attractive medium and large usage plans
  - povo topping suggestions

Cultivating rise in data demand  
Promoting au attractiveness and data usage

Note: Figure for FY23.3 Q2 exclude the impact of refunds (5.9 billion yen)

Promoting attractiveness of 5G and unlimited usage plan  
Aiming for further ARPU growth

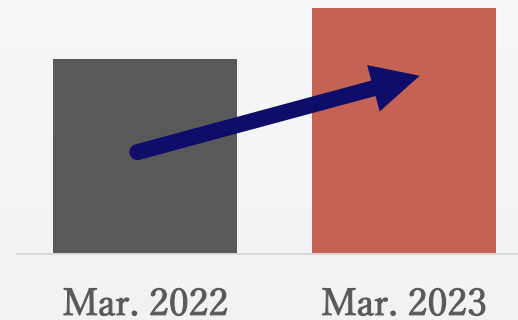
Attractive content  
5G + unlimited use



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au monthly data usage

YOY +26.0%

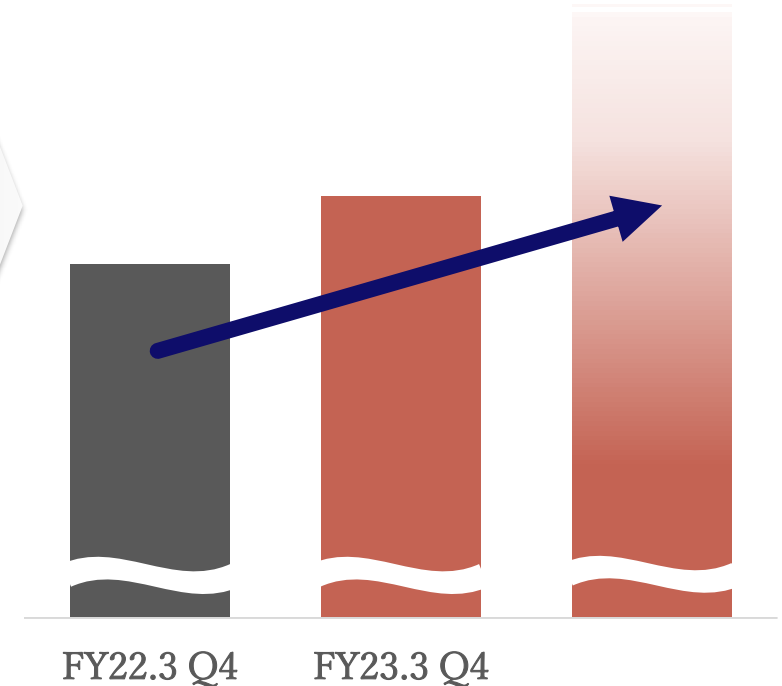


Unlimited usage plan  
subscribers

3/'23 YOY +12.8%

au Communications ARPU

Aiming for further growth



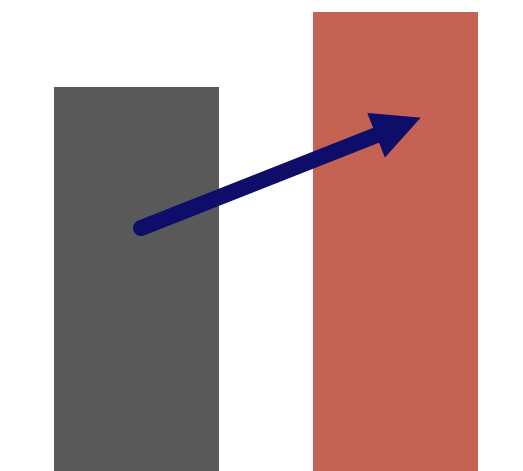


# Promoting data use through suggestions tailored to customer needs

## Medium and large usage plans

### Monthly data usage

YOY +19.3 %



Mar. 2022

Mar. 2023

### Attractive medium and large usage plans

- Incremental Option II
- UQ Parent-child Discounts



## Toppings suggestions

### Optimal toppings

Unlimited use of social media data for Gen. Z in collaboration with YouTubers



### Optimal timing

Data + content tailored to sporting events



# Focus Areas



DX

Finance

LX

Demonstrate  
competitive advantage  
through synergy with  
telecommunications

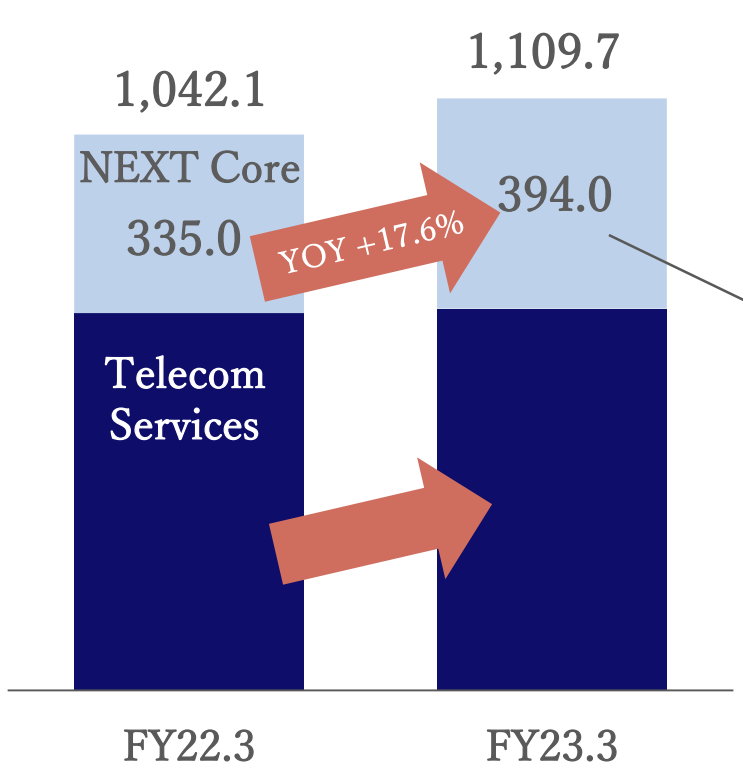


# Business Services Segment Performance

## NEXT Core led growth. Operating income increased steadily

### Operating revenue

(Unit: yen billion)

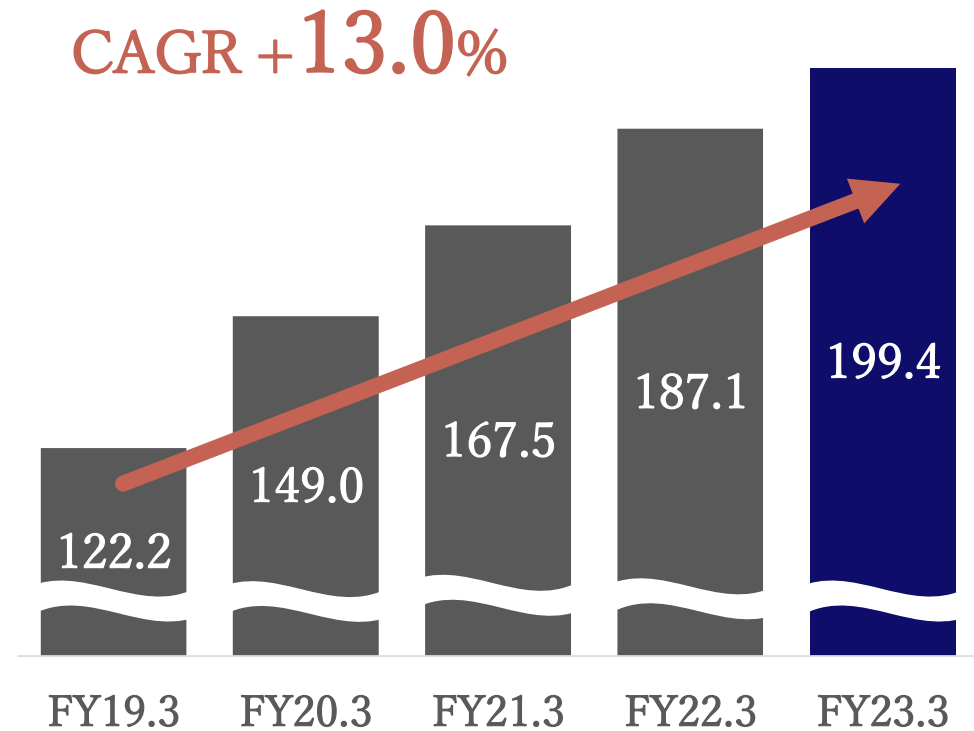


Each category  
YOY double-digit  
growth

- Corporate DX  
100 billion yen
- Business DX  
150 billion yen
- Business Infrastructure  
Services  
150 billion yen

### Operating income

(Unit: yen billion)



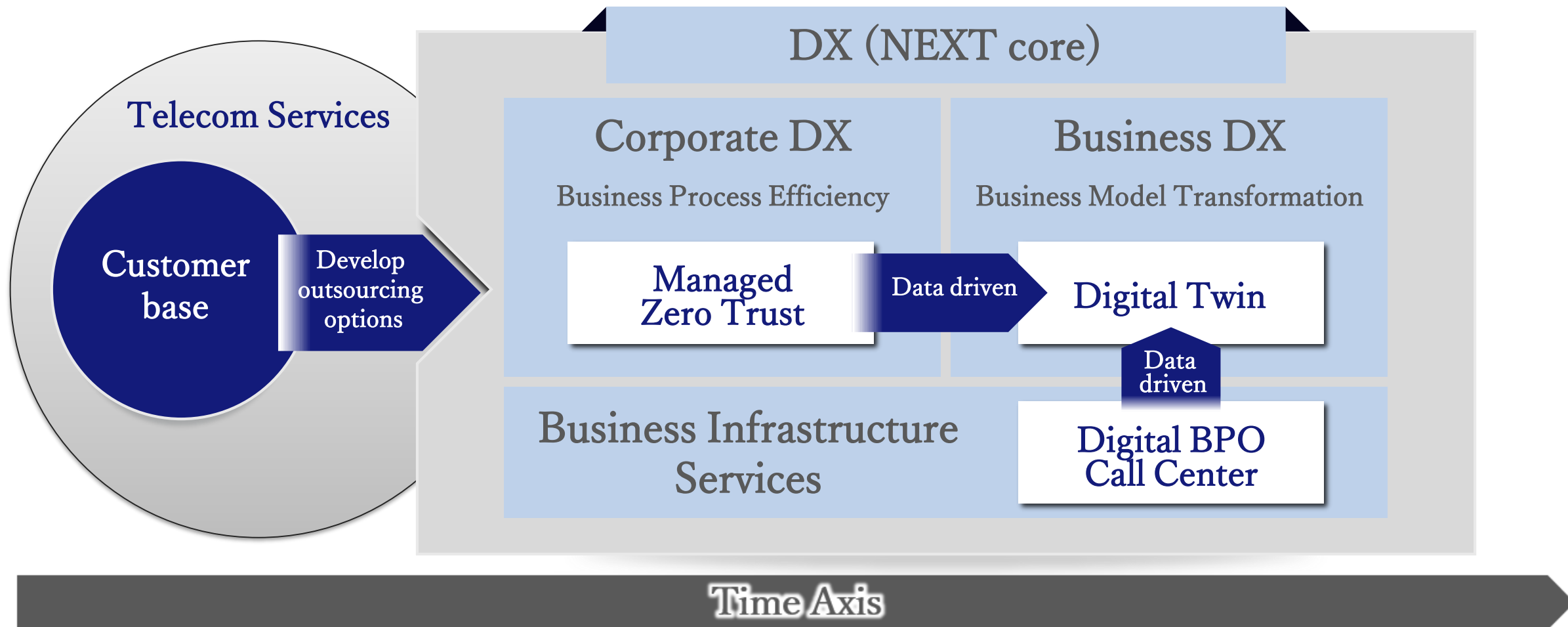
CAGR +13.0%

Note) In FY23.3, operating revenue excludes the impact of communications failure, while operating income excludes impacts of fuel price hikes and communications failure

DX

# Business Services Segment Growth Strategy

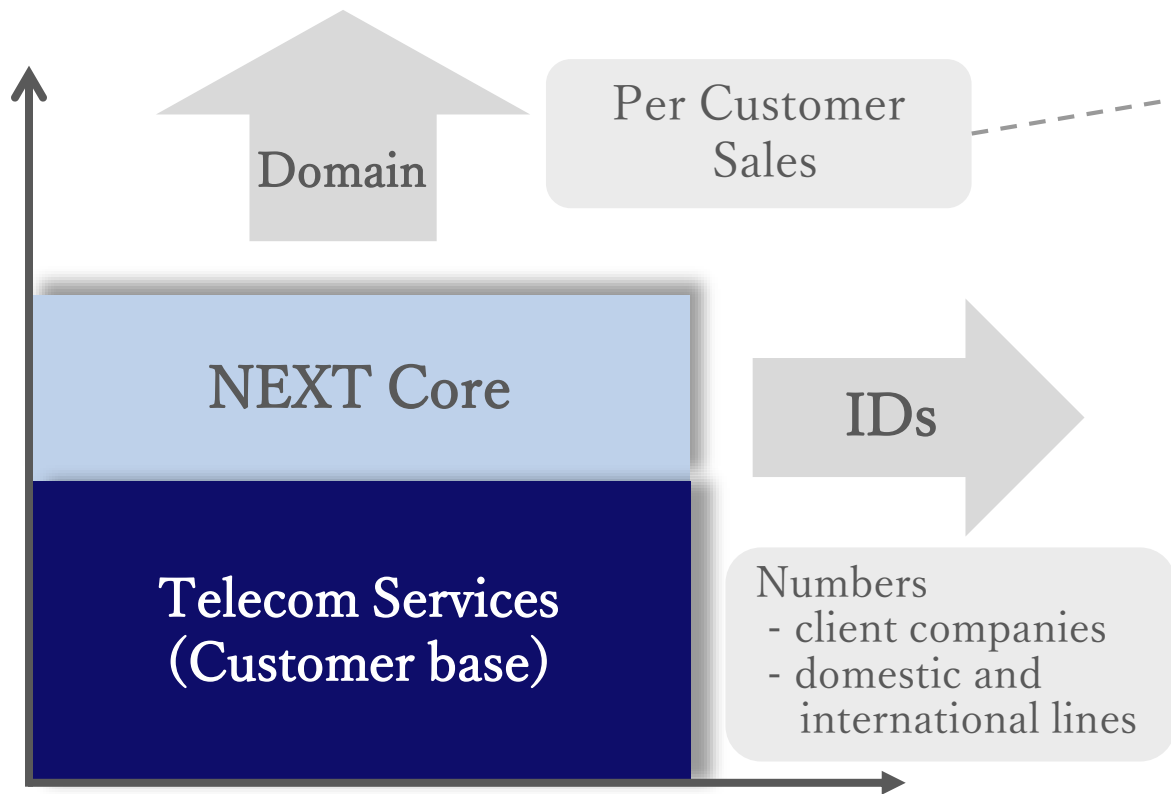
Promote NEXT Core, deliver solutions for business transformation



# Propulsion Effects of the NEXT Core

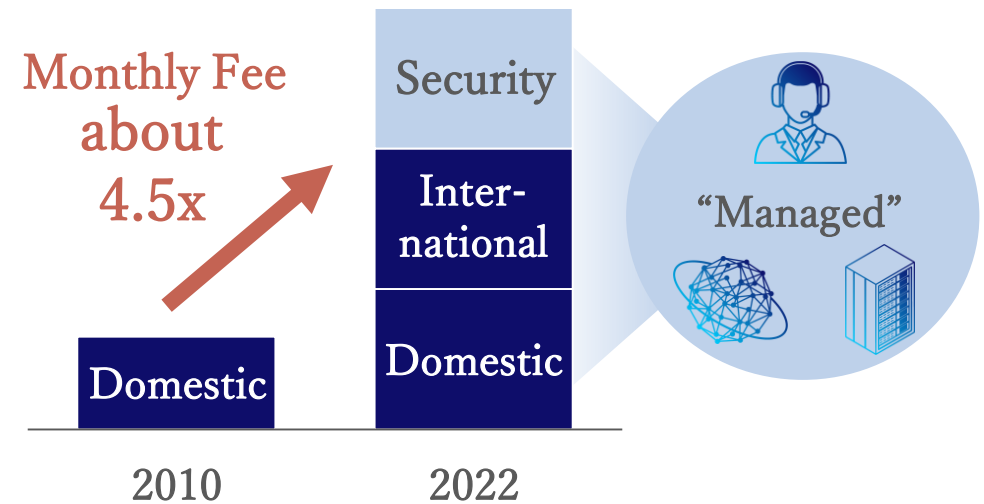
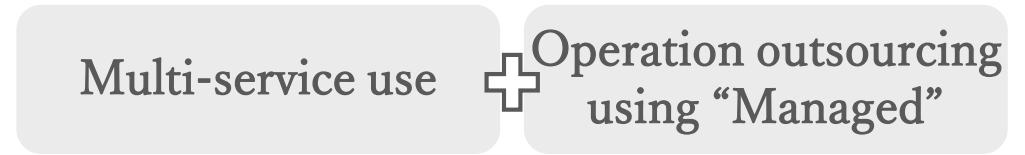
Expand business domain and ID, based on telecom business customer base

## Business Domain and ID Expansion



Deepen understanding of customers and provide communications + additional value

### Example of a Japanese Maker



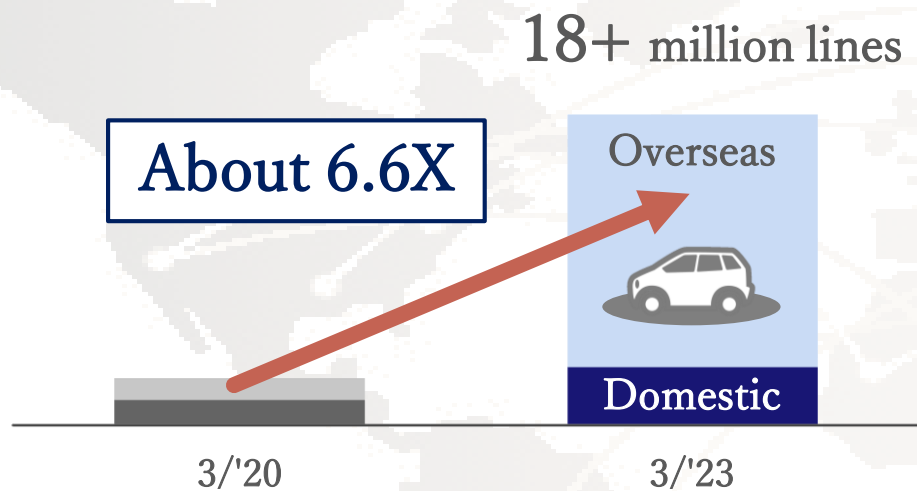


# Global Expansion

Expand business areas and IDs on a global basis by leveraging strengths

## Connected Car

## Data Center (DC)



**TOYOTA**



SUBARU



MAZDA



SUZUKI

Expand to 7 regions  
 Japan, North America, China  
 Europe, Australia, Middle  
 East and India

World No.1\*  
Connectivity

London

Expanded in Mar. 2022

France No. 1\*  
Connectivity

Paris

Expanded in May 2022

Bangkok

Scheduled to open in May 2023



Connectivity DC  
 expand to Southeast Asia

\* Source: peeringdb.com as of March 2023

# Data Center Business

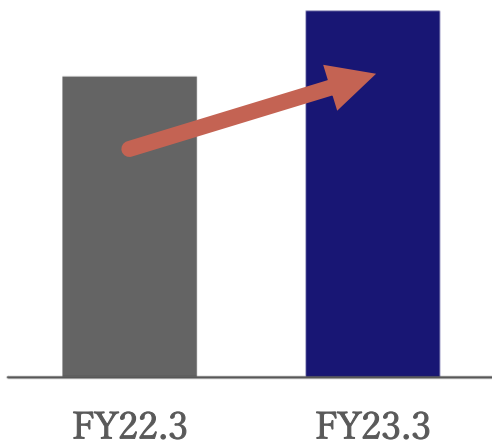
## High value-added connectivity DCs drive growth

### Business Growth

Steady growth mainly in Connectivity DCs

DC Business Revenues  
(Domestic + Overseas)

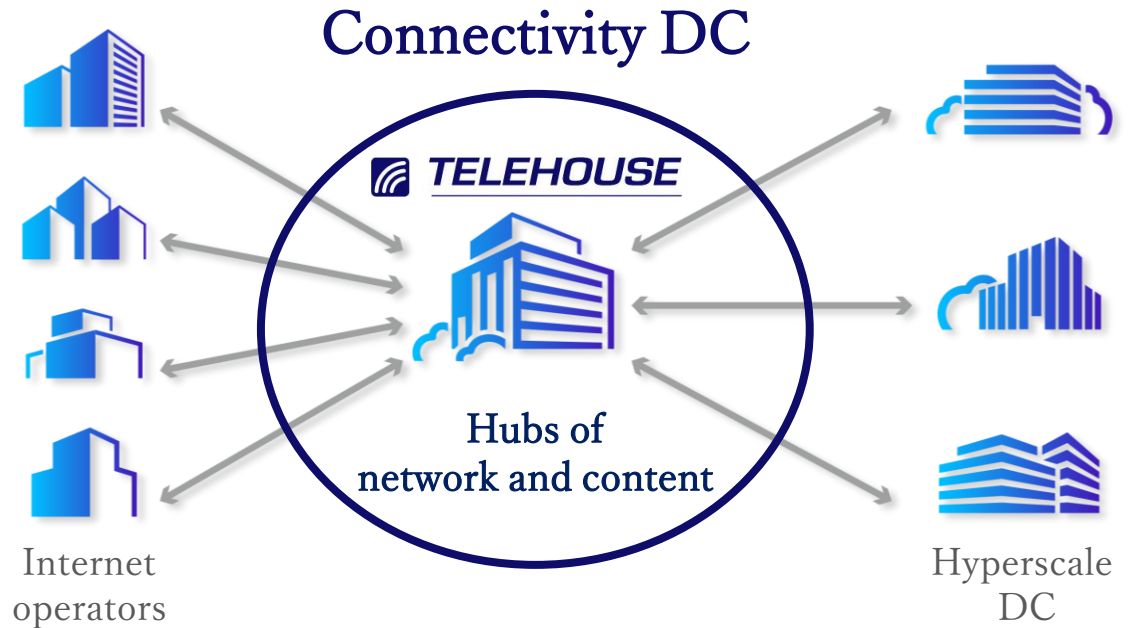
**FY 23.3**  
**100+ billion yen**



Operating margin  
more than 20%

### High Value-added DC

High connectivity through concentration of users is a source of high profit margin

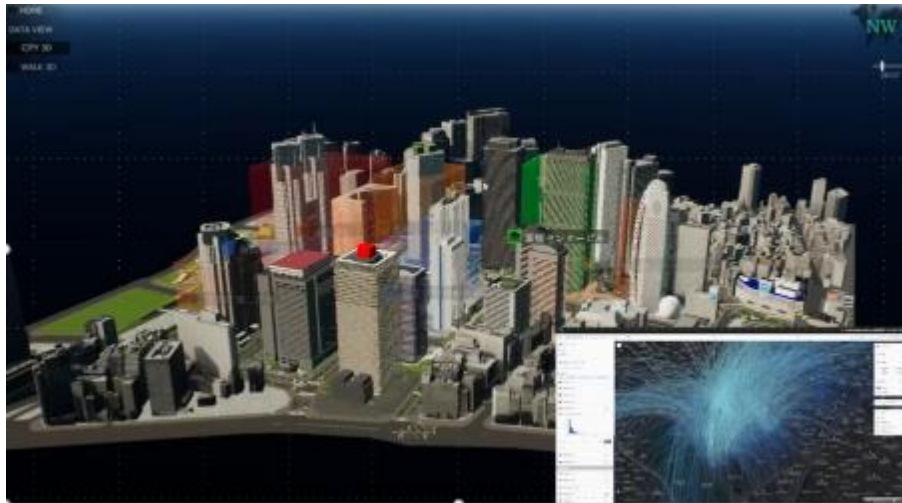


# Digital Twin

## Strengthen value creation functions using data

### Tapping human flow data

Combining human flow data with 3D urban models, various simulations and studies are possible



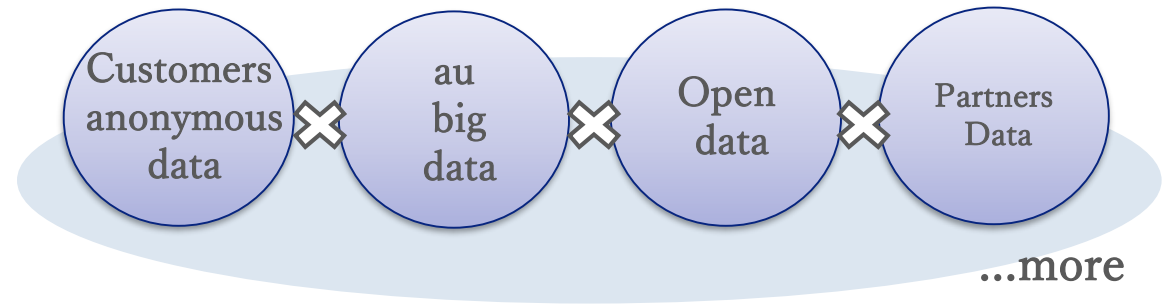
Source: Tokyo Metropolitan Government

### Data-driven enhancement

Data engineering specialist FLYWHEEL became a consolidated subsidiary



Wealth of human resources, technology and experience, including people from GAFAM



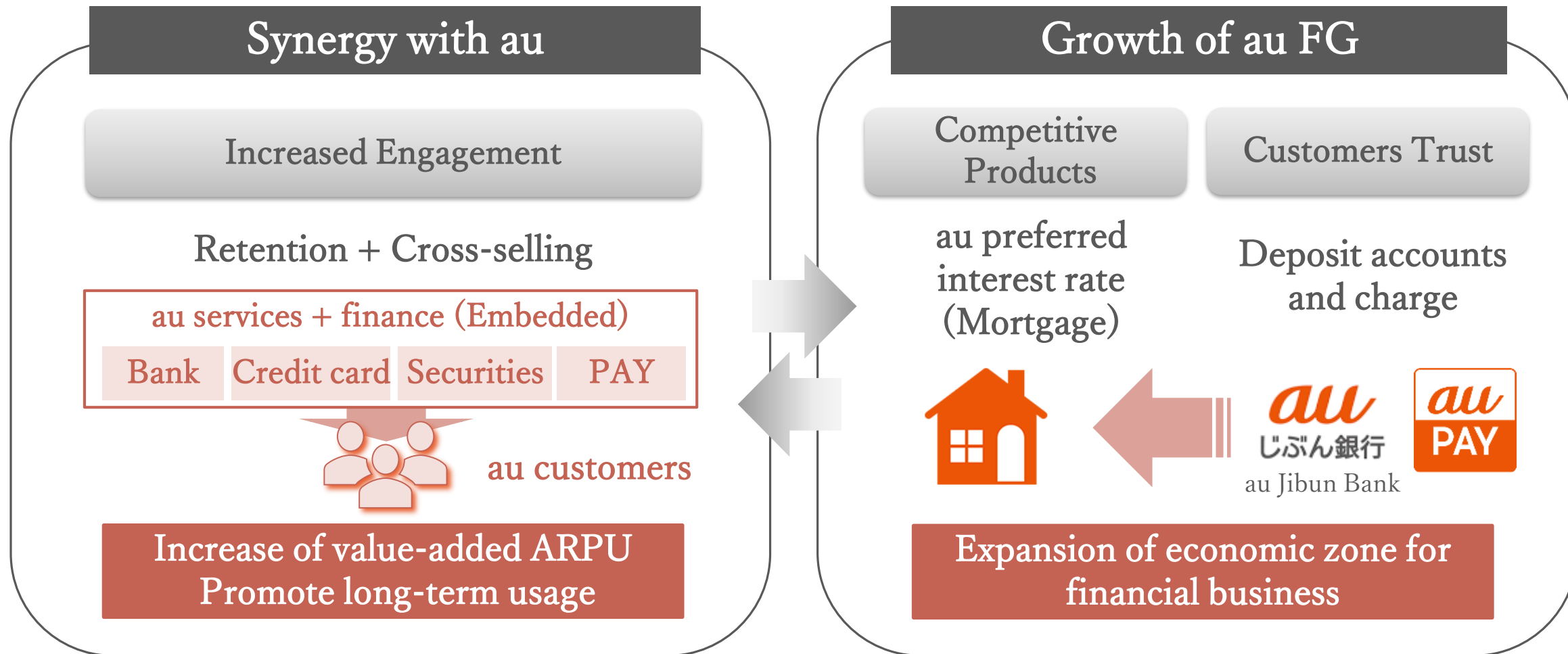
Using human flow data for urban planning in Tokyo

Fast PDCA cycle and enhancing data analysis





# Maximize Group's value by growing financial business

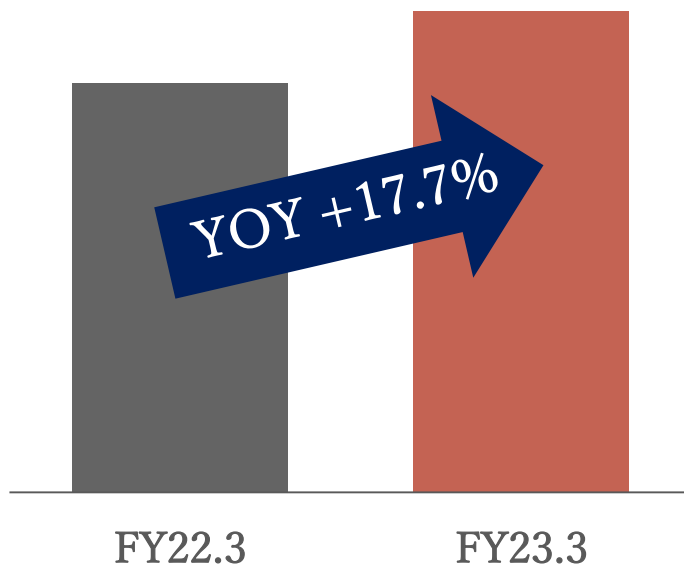


# Financial Business

Operating income and customer base of au FG expanded along with synergies with au

## Synergy with au

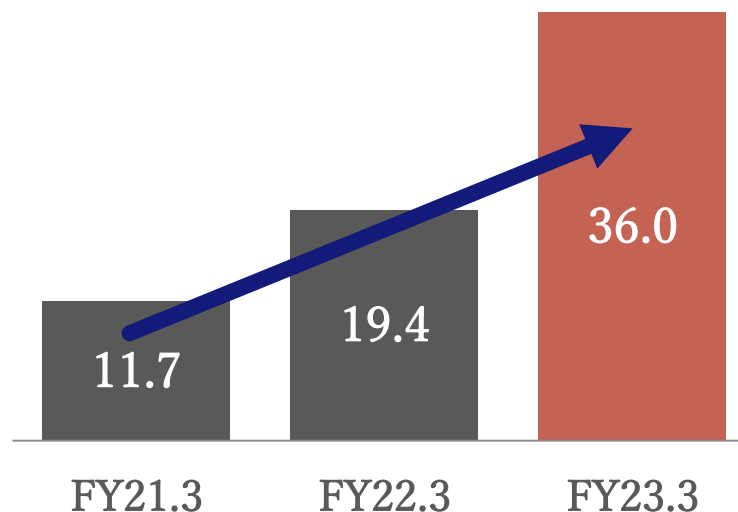
Finance-related value-added  
ARPU revenues\*1



## Growth of au FG

au Financial Holdings Corporation  
Operating income\*2

(Unit: yen billion)



Transaction volume of  
settlement/loan

**FY23.3 14.3 trillion yen**  
(YOY +22.9%)

Number of au PAY Card members

**8.6 million**  
(YOY +1 million)

au Jibun Bank Loan Products'  
Balance

**2.3 trillion yen**  
(YOY +0.7 trillion yen)

\*1 Major items: commission fee from carrier billing and au PAY card, au Jibun Bank loan interest and administration fees etc. (au ID basis). Definition of value-added ARPU is changed from FY24.3

\*2 Including one-time accounting impact in FY23.3 Q1

LX

# LX (Life Transformation)

Transforming value of experiences through new technologies to mold future society

Satellite communication "Starlink"  
and Drone

Ensure telecom environment,  
deliver convenient life

Starlink



Smart drone

αU

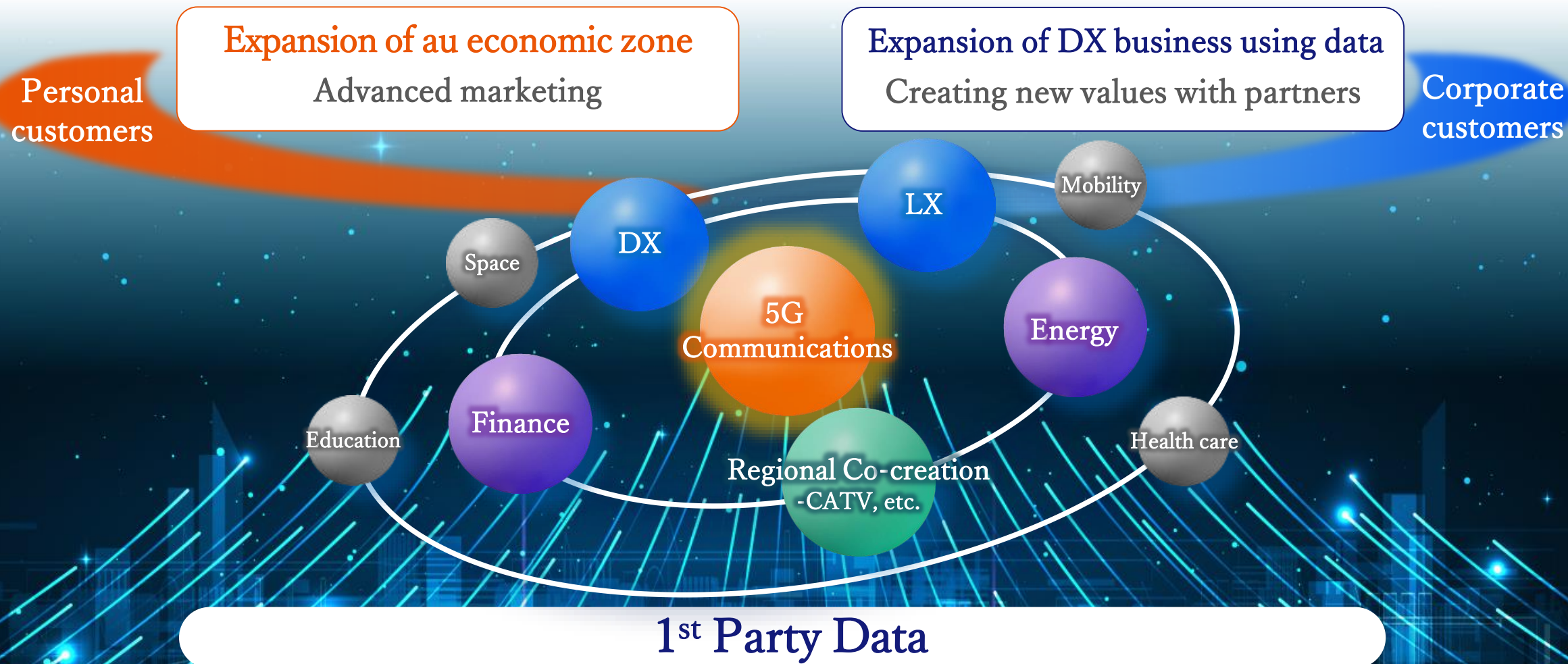
Focusing on Metaverse  
building "Another World"



Web3 services in all dimensions

# Accelerating growth through data-driven initiatives

Utilize 1st party data accumulated in telecom business for marketing



# 4. Strengthening of Management

# Realization of Carbon Neutrality

Aim for Carbon neutrality in FY2030  
through energy saving measures and renewable energy

## Contribution through business

Commercialization of renewable energy generation

au Energy Holdings

au Energy & Life

**ENERES**

au Renewable Energy

Solar Power

Supply and demand adjustment  
using storage batteries

Apr. 2023 Capital and business alliance  
with Kyocera Corporation 

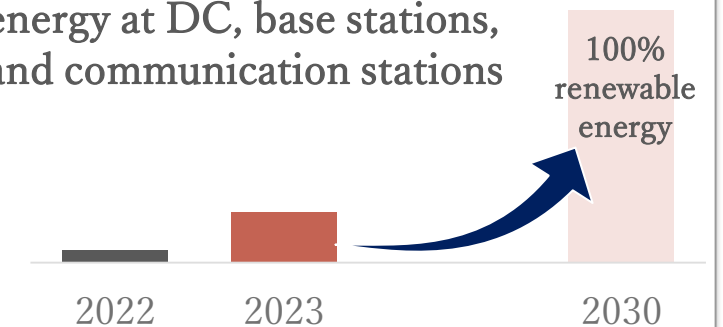
## Energy saving and Renewable energy

Energy  
saving  
measures

- 3G shutdown completed
- Share base stations with other companies
- Traffic dependent base station sleep control

Switching  
to  
Renewable  
Energy

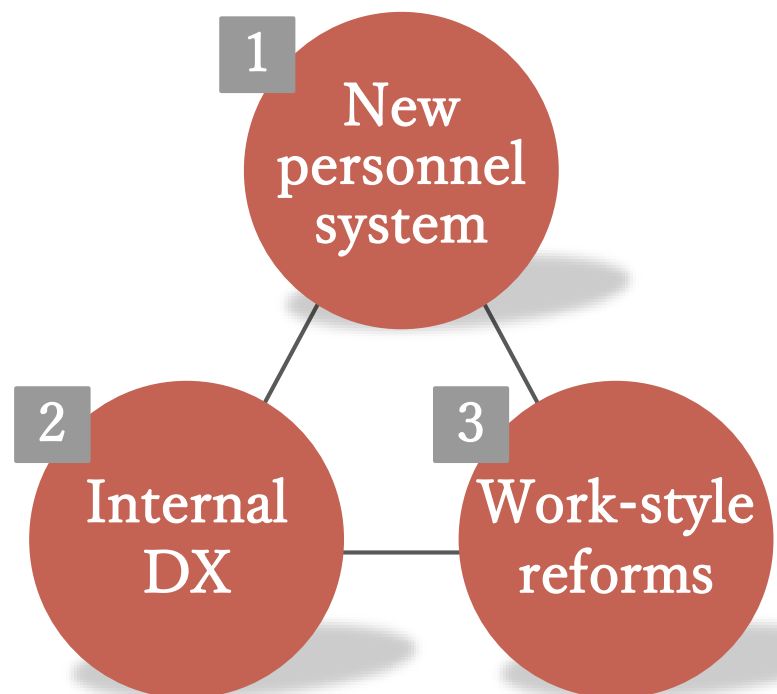
- Accelerate switching to renewable energy at DC, base stations, and communication stations



# Transformation into Human Resources First Company

Promote three-part reform as a human resources strategy  
to support sustainable growth

## Three-part reform



1  
Diverse human resources  
activities and DE&I

2  
Improvement of DX skills  
for all employees, and  
professional human  
resources development

3  
Enhanced engagement  
by new work-style



HR Transformation  
of The Year 2022  
Grand Prize Winner

DX Basic Skills Training  
FY23.3 **6,000** employees  
completed

Engagement scores  
steadily improved  
Data-driven measures implemented

# **5. Consolidated Financial Forecast for Fiscal Year Ending March 2024**

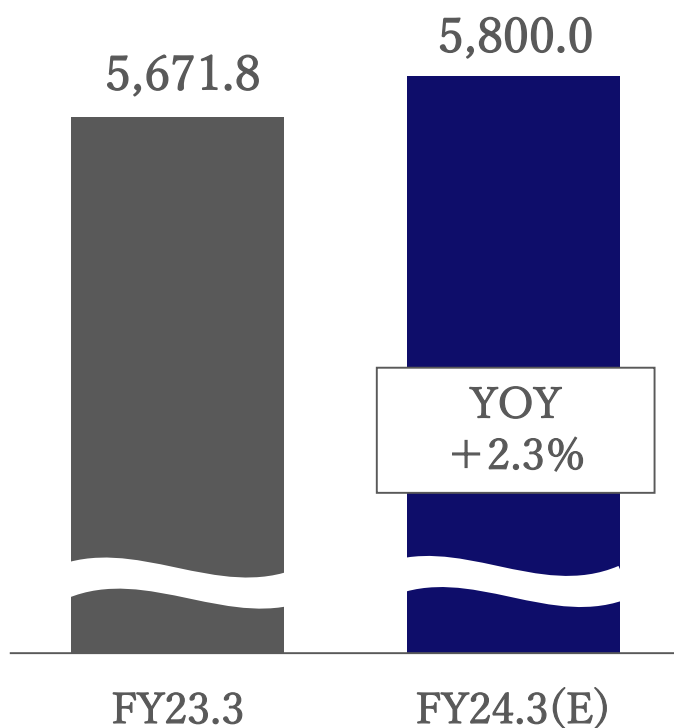


# Consolidated Financial Forecast for FY24.3

Business Services segment drives growth. Aiming to increase revenues and profits

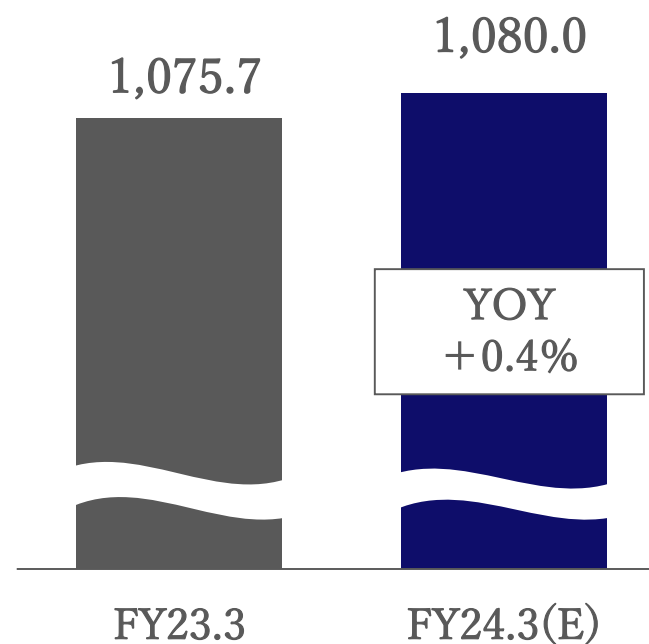
## Consolidated operating revenue

(Unit: yen billion)



## Consolidated operating income

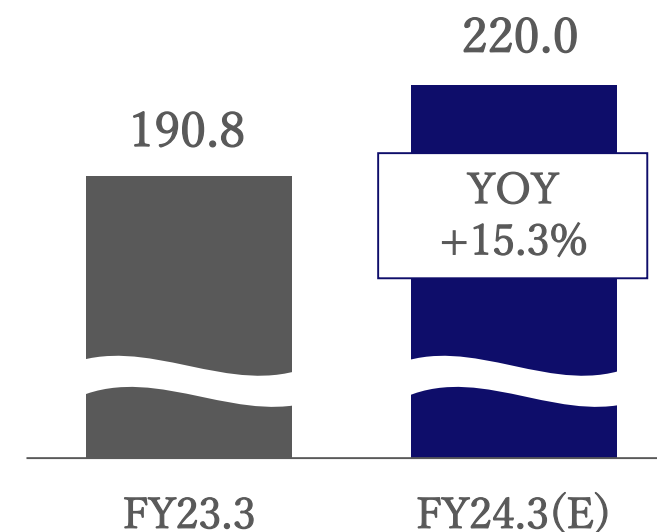
(Unit: yen billion)



## Business Services segment Operating income

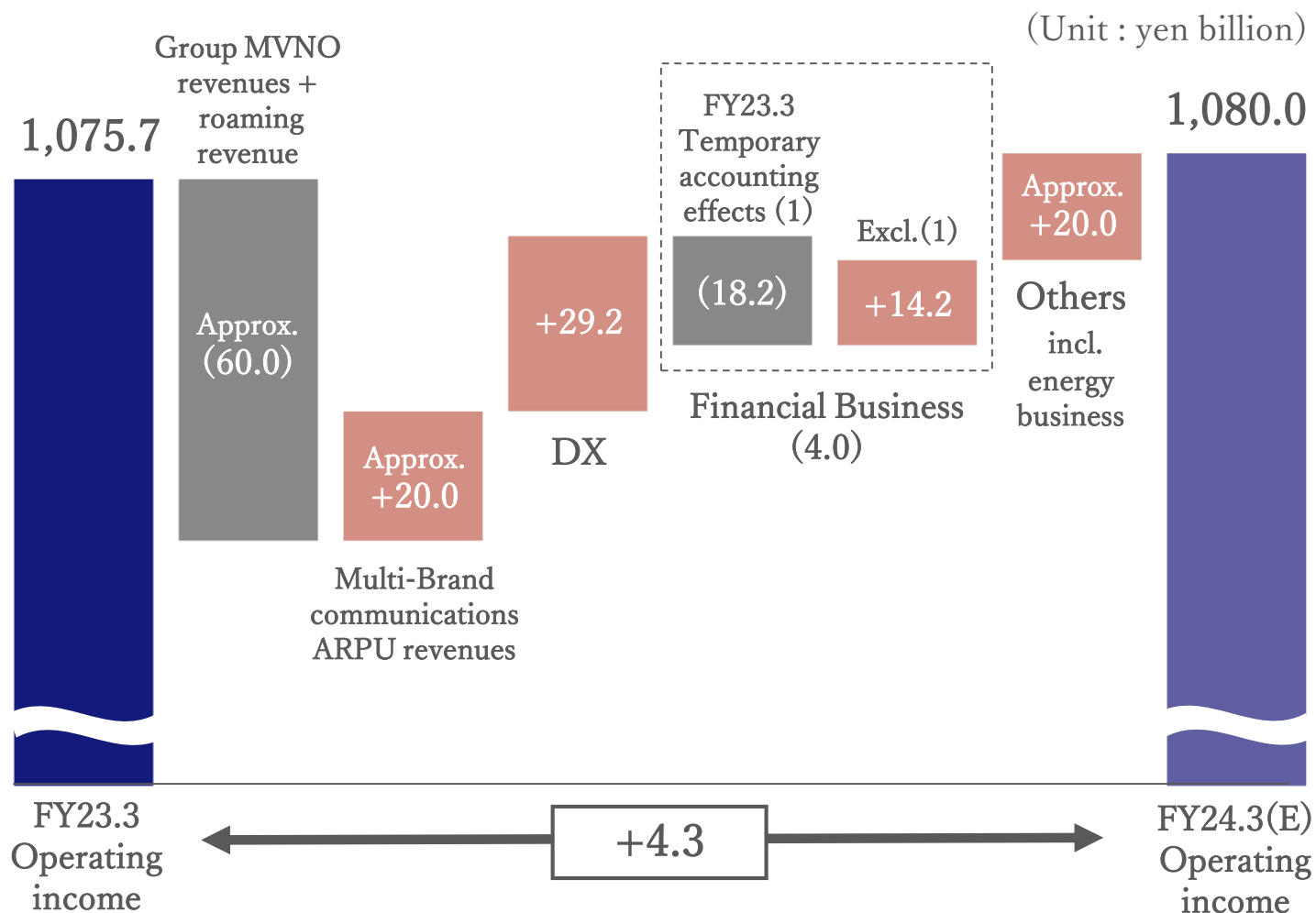
(Unit: yen billion)

Aim for 20%+ of  
consolidated operating income



# Consolidated Financial Highlights Forecast for FY24.3

Communications ARPU revenues rebound and growth in focus areas offset decline in roaming revenue



## Positive factors (+)

- Multi-Brand communications ARPU revenues
- Focus areas (DX, Finance)

## Negative factors (-)

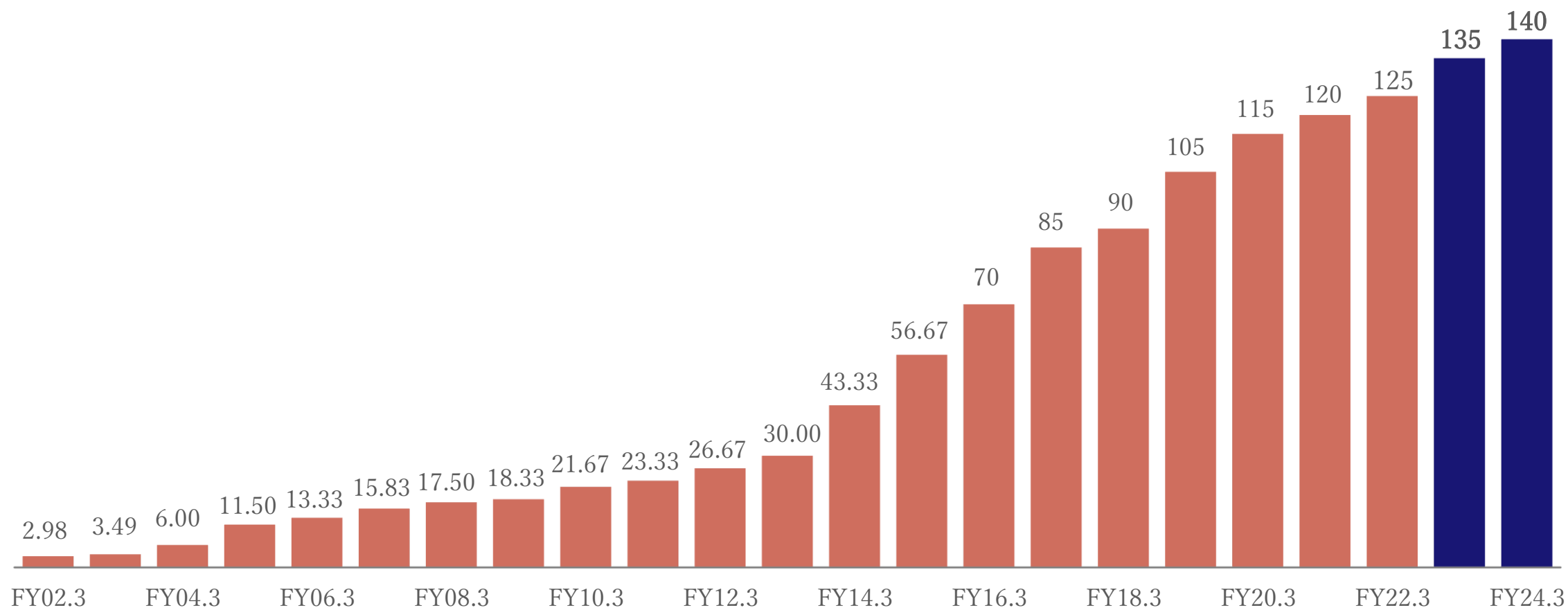
- Decrease in roaming revenue
- FY23.3 Temporary accounting effects in financial business

Roaming revenue decrease is expected to ease from FY25.3

# DPS

Aiming for 22nd consecutive DPS growth

(Unit : Yen)



Note) DPS for FY23.3 and FY24.3 are expected figures

# Summary

Goals: sustainable growth of society and enhancement of corporate value

## Performance

- Record-high profits in FY23.3 despite temporary impact of fuel price hikes, etc.
- In FY24.3, aim to increase in revenue and profit augmented by a rebound in communications ARPU revenues and growth in focus areas

## Sustainability Management

Satellite Growth Strategy  
Strengthening of Management

- Promote sustainability management and enhancing the “Power to connect”
- 5G communications; promote initiatives for ARPU revenue rebound
- Focus areas; demonstrate competitive advantage through synergies with telecommunications
- Promote initiatives, including HR, to strengthen management to support sustainable growth

## Shareholder Returns

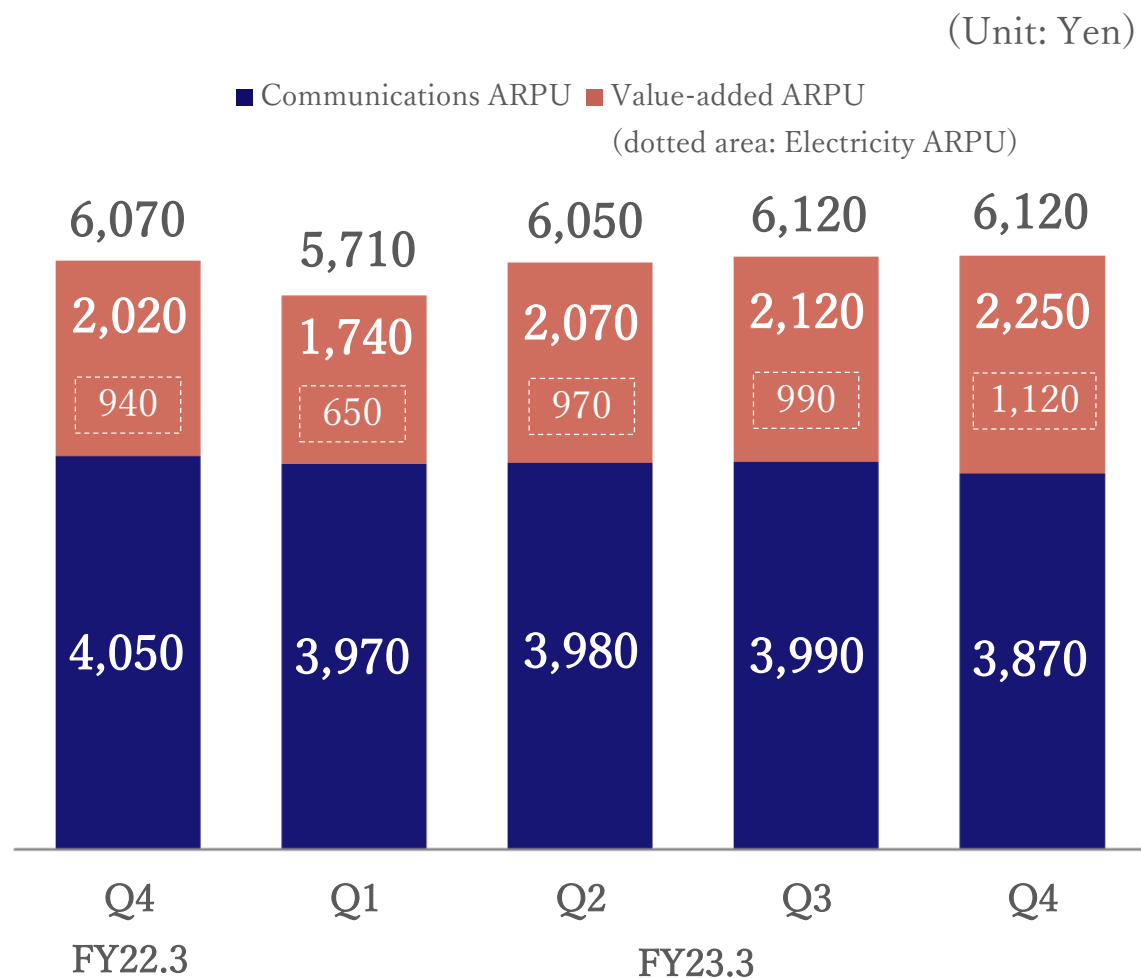
- DPS for FY24.3 is expected to increase by 5 yen to 140 yen. Aiming for 22nd consecutive DPS growth
- Setting share repurchases parameters of 300 billion yen

# Appendix

# Progress of Mid-term Management Strategy

	Target	Results for FY23.3
Business Growth	<ul style="list-style-type: none"> <li>● ARPU revenue increase due to 5G promotion (FY22.3 vs. FY25.3)</li> </ul>	<ul style="list-style-type: none"> <li>● Largely in line with expectations</li> </ul>
	<ul style="list-style-type: none"> <li>● Profit growth of 100 billion yen or more in focus areas</li> </ul>	<ul style="list-style-type: none"> <li>● DX and Financial Business increased by approx. 29 billion yen. Energy business is behind</li> </ul>
	<ul style="list-style-type: none"> <li>● Cost efficiency 100 billion yen scale</li> </ul>	<ul style="list-style-type: none"> <li>● 3G shutdown realized about 50 billion yen in savings</li> </ul>
Financial Policy	<ul style="list-style-type: none"> <li>● Prioritize capital expenditures and strategic business investments in 5G and focus areas</li> <li>● Dividend payout ratio over 40%</li> <li>● Flexible share repurchases</li> </ul>	<ul style="list-style-type: none"> <li>● Capital expenditures remained within expectations</li> <li>● Dividend payout ratio: 43.5% (E)</li> <li>● Share repurchases : 200 billion yen (resolved in FY22.3)</li> </ul>
EPS Growth	<ul style="list-style-type: none"> <li>● Aiming for 1.5x growth over FY19.3</li> </ul>	<ul style="list-style-type: none"> <li>● Continue to aim for goal</li> </ul>

# Multi-Brand Total ARPU



## Factors for change (YOY) +50 yen

- (+) • Value-added ARPU + 230 yen  
of which Electricity ARPU + 180 yen  
Others are settlement, compensation and content increase
- (-) • Communications ARPU -180 yen  
(Brand mix, etc.)

## Factors for change (QOQ) ±0 yen

- (+) • Value-added ARPU +130 yen  
of which Electricity ARPU +130 yen
- (-) • Communications ARPU -120 yen  
(Brand mix, access charge, etc.)

Note: Personal Services segment. au, UQ mobile, povo. Figures for FY23.3 Q2 exclude the impact of refunds -60 yen

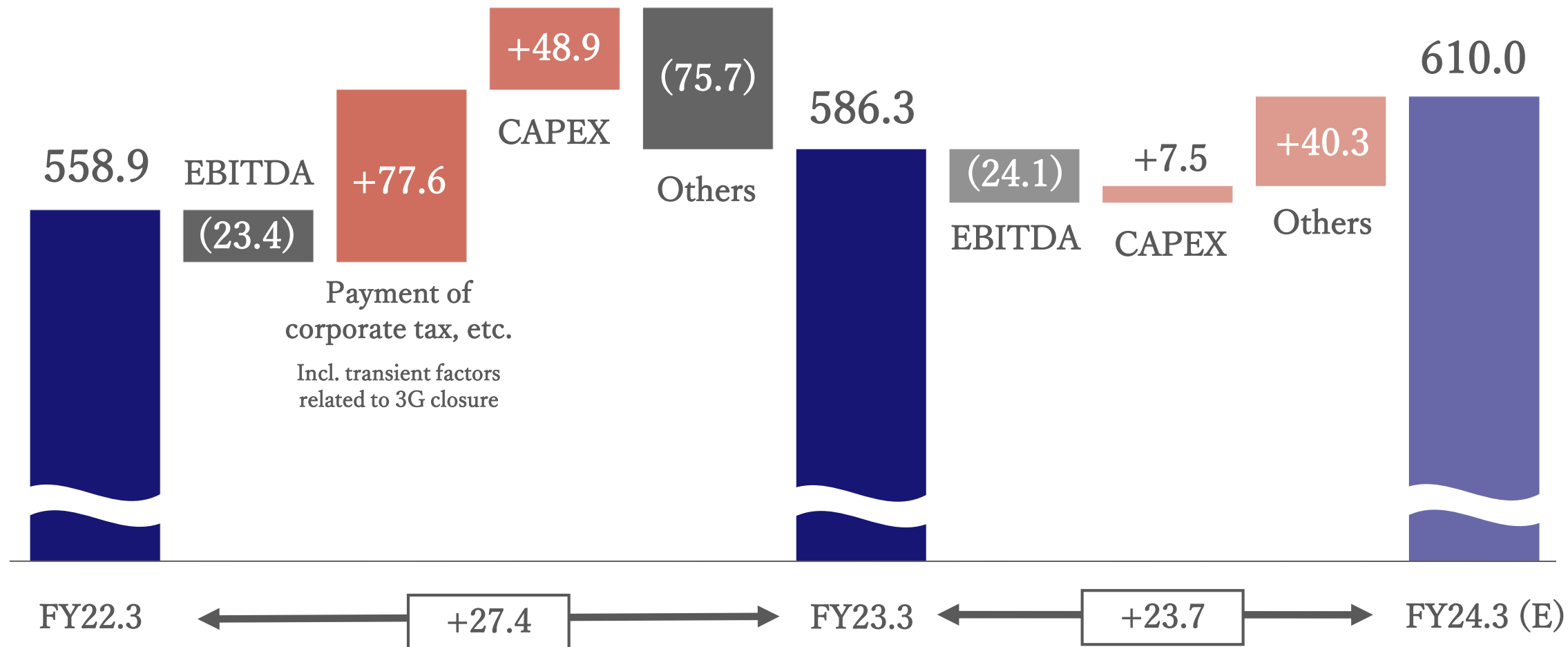
# Changes in Multi-Brand Value-added ARPU Definition

Definition		Changes (from FY24.3)
Multi-Brand Value-added ARPU revenues	Value-added ARPU revenues	<p>[Addition] Interest on mortgage and card loan, administrative fee on mortgage, etc. (au ID-based) of au Financial Holdings Corporation</p> <p>[Exclusion] Advertising related</p>
	Product supports ARPU revenues	(No change)
	Electricity ARPU revenues	Exclusion



# Consolidated FCF (Excluding Financial Business) Factors for Change

(Unit : Billions of Yen)



Note) Financial business is au Financial Holdings Corporation

# Consolidated / Financial Business Balance sheet

(as of the end of March 2023)

Total Assets 11.92 trillion yen

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

KDDI(Consolidated)

Total Assets 3.90 trillion yen

Cash and cash equivalents	Deposits
Securities	
Loans	Others
Others	

au Financial Holdings (Consolidated)

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

*Tomorrow, Together*



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