Tomorrow, Together
KDDI

Fiscal Year Ending March 2024

（April 2023-March 2024）

May 10, 2024

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.

KDDI VISION 2030

Starlink satellite communications
Eliminate the unconnected, connecting the everyday, the extraordinary, all of Japan.

Bridging the digital divide
Bringing the joy of connecting hearts to ever more people.
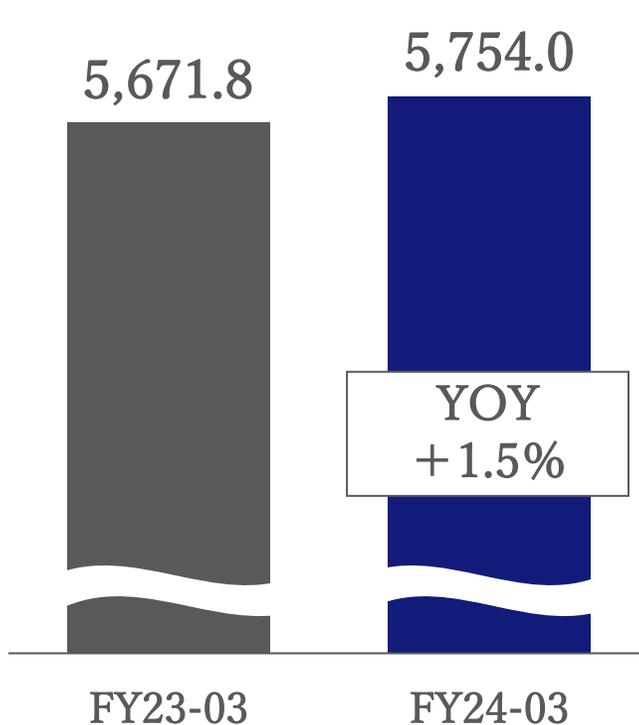
Index

1. Consolidated Financial Results for Fiscal Year Ending March 2024

FY24-03 Consolidated Financial Results
Revenue increased and income decreased
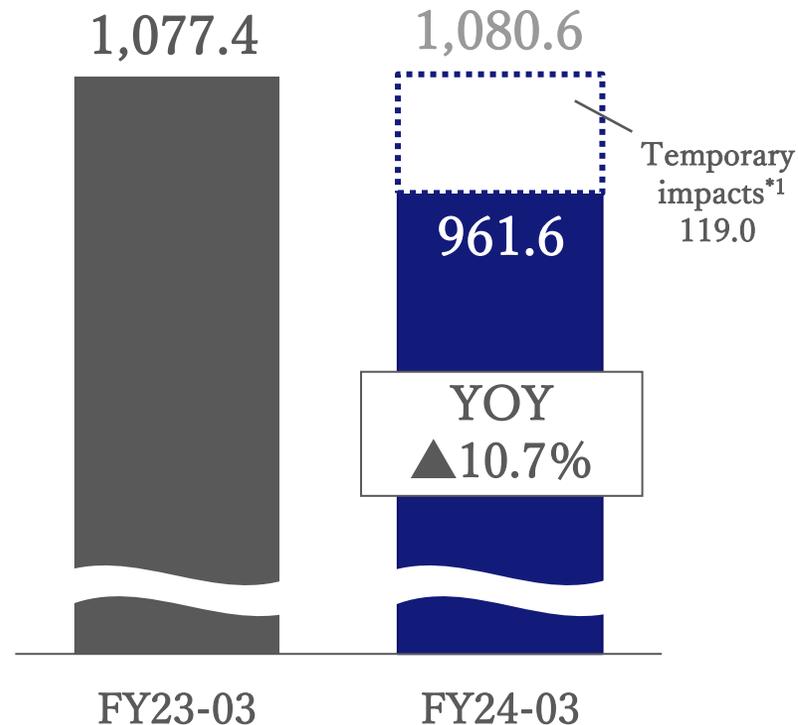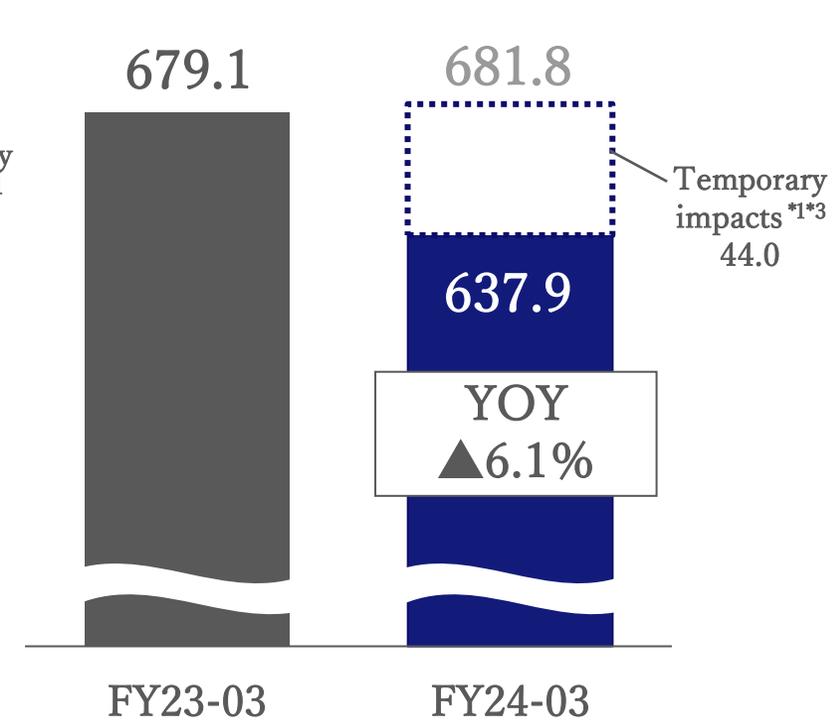## Despite temporary impacts, other businesses progress smoothly

Operating revenue	Operating income	Profit for the year[2]
(Unit: billions of yen)	(Unit: billions of yen)	(Unit: billions of yen)

Operating revenue
- FY23-03: 5,671.8
- FY24-03: 5,754.0
- YOY +1.5%

Operating income
- FY23-03: 1,077.4
- FY24-03: 1,080.6 (961.6 + Temporary impacts[1] 119.0)
- YOY ▲10.7%

Profit for the year
- FY23-03: 679.1
- FY24-03: 681.8 (637.9 + Temporary impacts[1][3] 44.0)
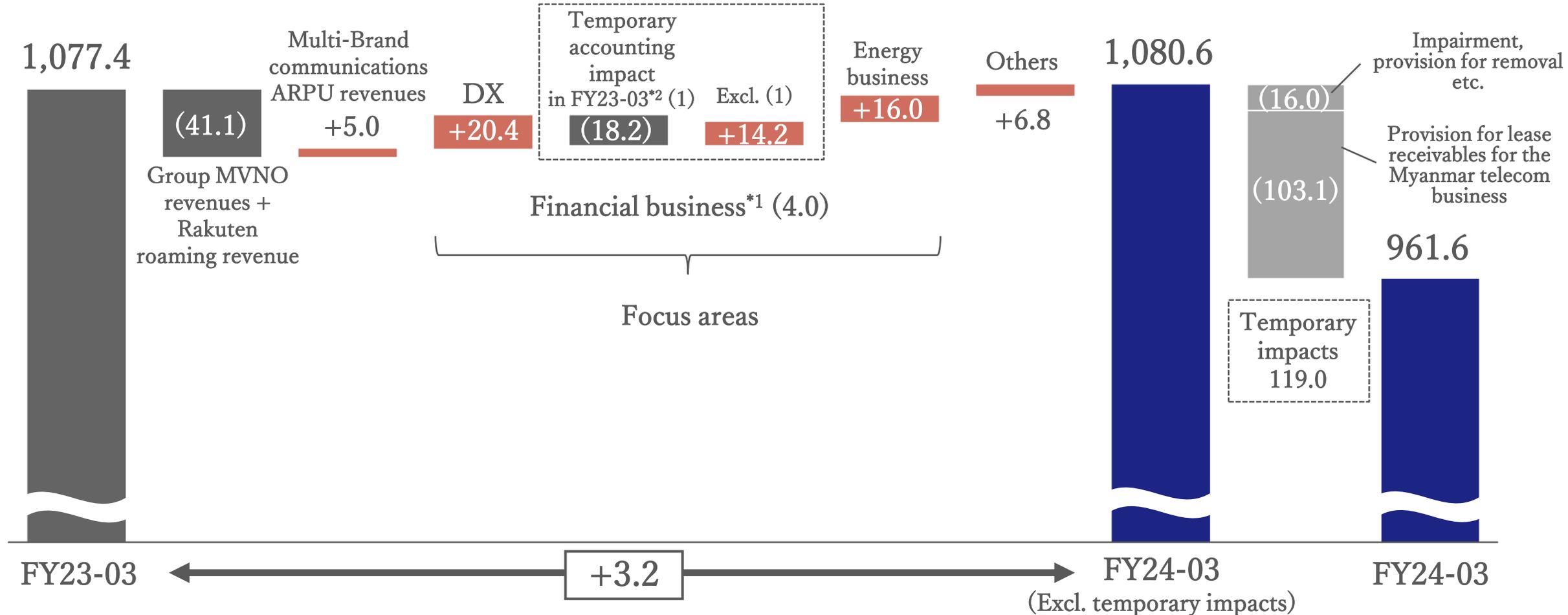- YOY ▲6.1%

*1 Temporary impacts of provision for lease receivables for the Myanmar telecom business and impairment and provision for removal of low-utilized telecom equipment
*2 Profit for the period attributable to owners of the parent *3 Temporary effect of reorganization for subsidiaries/related companies

Consolidated Operating Income Factors for Change

Communications ARPU revenues rebound. Steady growth in focus areas

(Unit: billions of yen)

1,077.4

Multi-Brand communications ARPU revenues +5.0

(41.1)
Group MVNO revenues + Rakuten roaming revenue

DX +20.4

Temporary accounting impact in FY23-03*2 (1)
(18.2)   Excl. (1) +14.2

Financial business*1 (4.0)

Energy business +16.0

Others +6.8

Focus areas

1,080.6

Impairment, provision for removal etc.
(16.0)

Provision for lease receivables for the Myanmar telecom business
(103.1)

Temporary impacts 119.0

961.6

FY23-03   +3.2   FY24-03
(Excl. temporary impacts)   FY24-03

*1 au Financial Holdings (IFRS basis) *2 Temporary impact from change in accounting treatment of housing loans
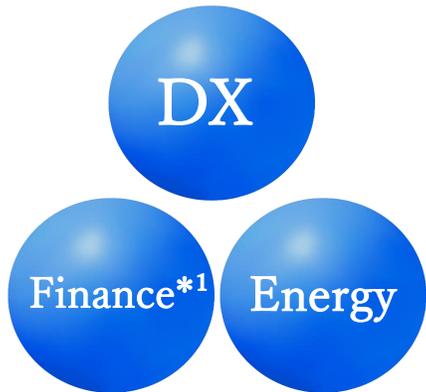
FY24-03 Topics

Completed growth of major businesses and 5G rollout plan
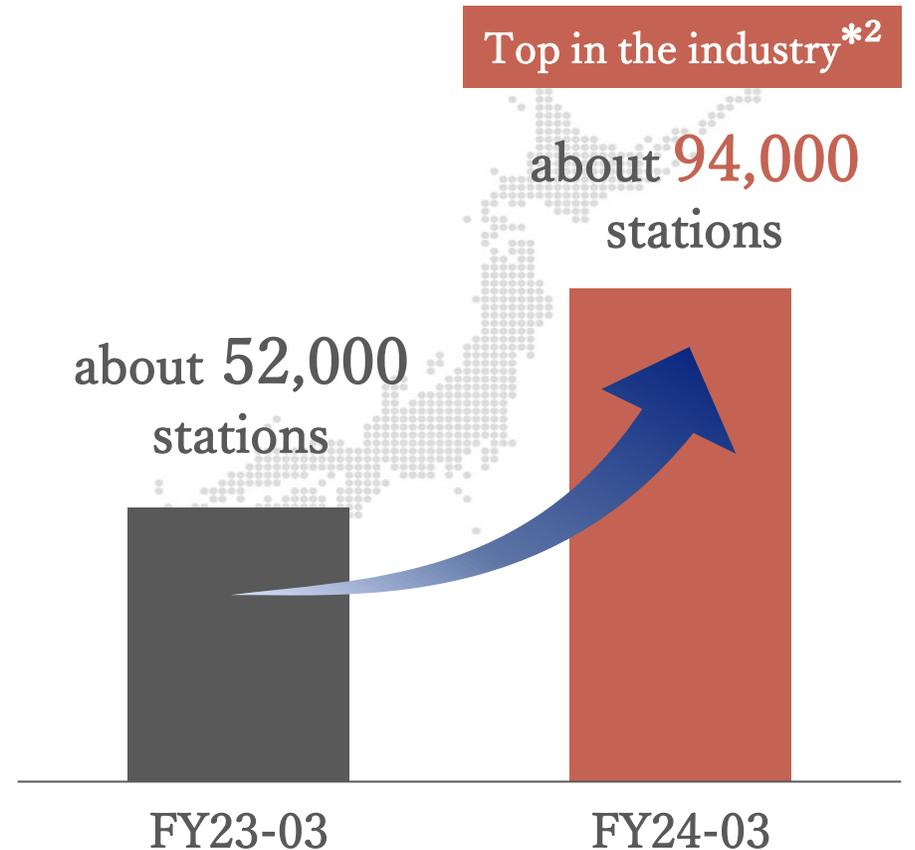## Steady progress toward sustainable growth

Growth of major businesses	Completion of 5G rollout

5G Communications → Communications ARPU revenues rebound

DX, **Finance[1]**, **Energy** → Focus areas YOY double-digit profit growth

Top in the industry[2]

about **94,000** stations

about **52,000** stations

FY23-03   FY24-03

*1 au Financial Holdings (IFRS basis) excluding the impact of accounting treatment changes in FY23-03
*2 Comparison of 4 MNOs in Japan. The browsable license number by Ministry of Internal Affairs and Communications radiocommunication search as of April 12, 2024.

Mid-Term Management Strategy
- Progress of Key Measures-
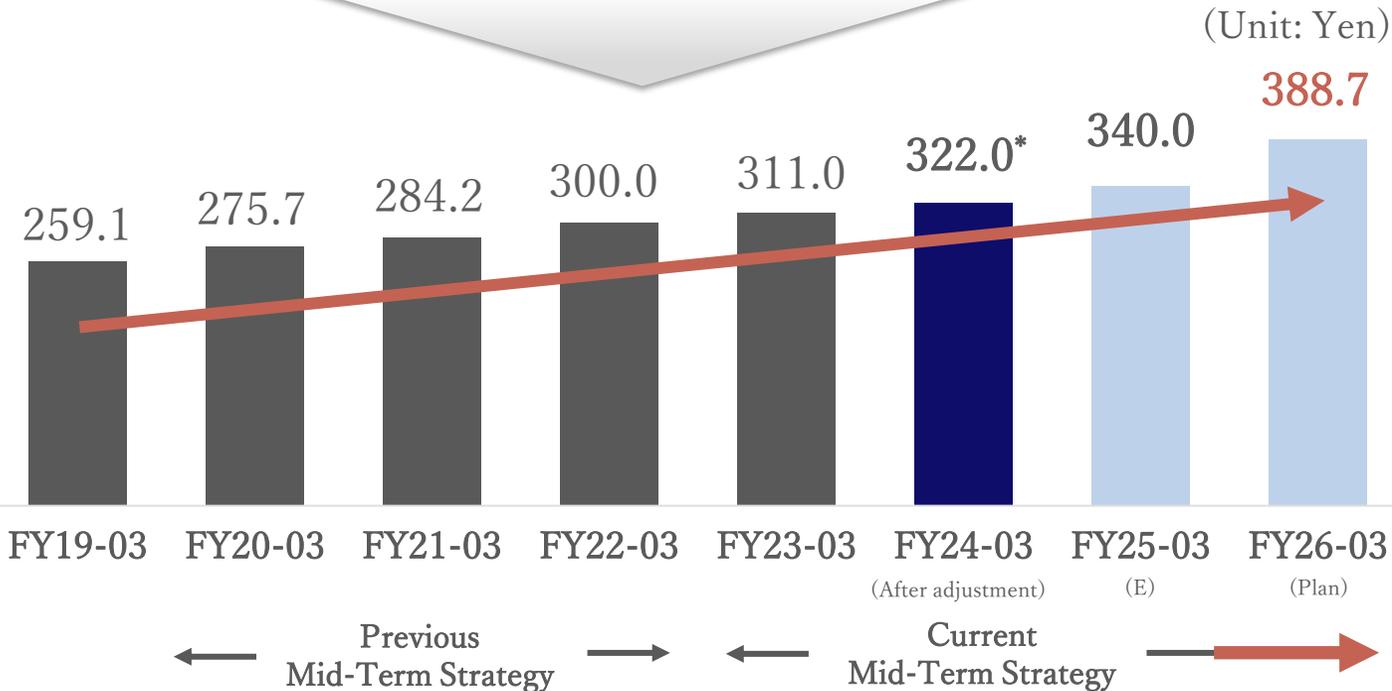## Steady progress despite telecom price reduction, fuel market impact, etc.

	Target (FY23-03 - FY25-03)		Review of results (FY23-03 - FY24-03)
Business Growth	● ARPU revenue increase due to 5G promotion (FY22-03 vs. FY25-03)	△	Slightly behind mid-term target YOY rebound achieved in FY24-03
	● Profit growth of 100+ billion yen in focus areas (DX/Finance/Energy)	△	About 47 billion yen; DX/Finance doing well Energy business behind due to fuel price hikes
	● Cost efficiency 100 billion yen scale	◯	About 80 billion yen (including 3G closure)
Financial Policy	● Prioritize CAPEX and strategic business investments in 5G and focus areas	◯	Strategic business investment: about 700 billion yen
	● Dividend payout ratio over 40%	◯	FY23-03: 43.4% FY24-03: 46.5% (plan)
	● Flexiblele share buybacks	◯	FY23-03-FY24-03: 500 billion yen

Revision of Mid-Term Strategy

Continued growth despite unexpected factors
Extend deadline by one year to reach EPS target

EPS target: 1.5x compared to FY19-03

Telecom price reduction

Fuel market impact

Myanmar political upheavals

(Unit: Yen)

					322.0*	340.0	388.7
259.1	275.7	284.2	300.0	311.0			
FY19-03	FY20-03	FY21-03	FY22-03	FY23-03	FY24-03 (After adjustment)	FY25-03 (E)	FY26-03 (Plan)

← Previous Mid-Term Strategy → ← Current Mid-Term Strategy →

Initiatives through FY24-03

Sustainable growth and shareholder returns

- Increased profits every year
  （excluding temporary impacts*）

- Flexible share buybacks
  FY20-03 to FY22-03: 550 billion yen
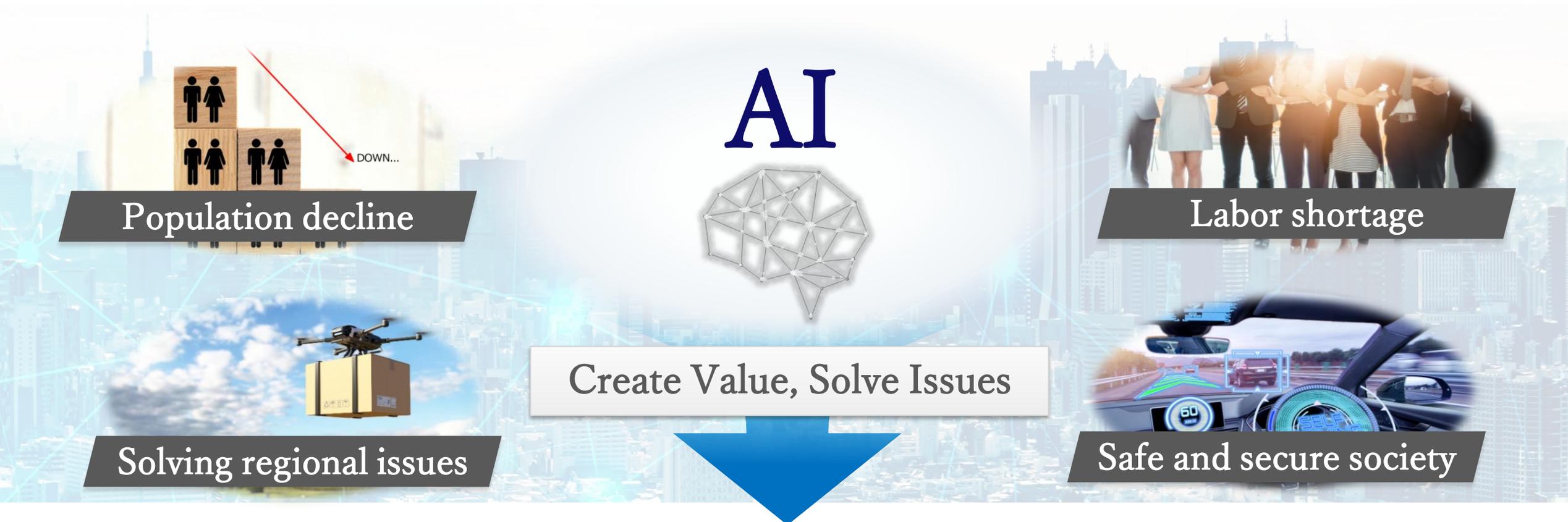 FY23-03 to FY24-03: 500 billion yen

Mid-Term Strategy period extended one year & Strategy updated

*Excluding temporary impacts such as provision for lease receivables in Myanmar telecom business and impairment and provision for removal of low-utilized telecom equipment.

2. "Power to Connect" × AI

Extended 1 year

Mid-Term
Management
Strategy
FY2022-2025

KDDI VISION
2030
Realization

Society where communications are integrated into every scene AI will be integrated to create new value for the next era

AI

Population decline

Labor shortage

Solving regional issues

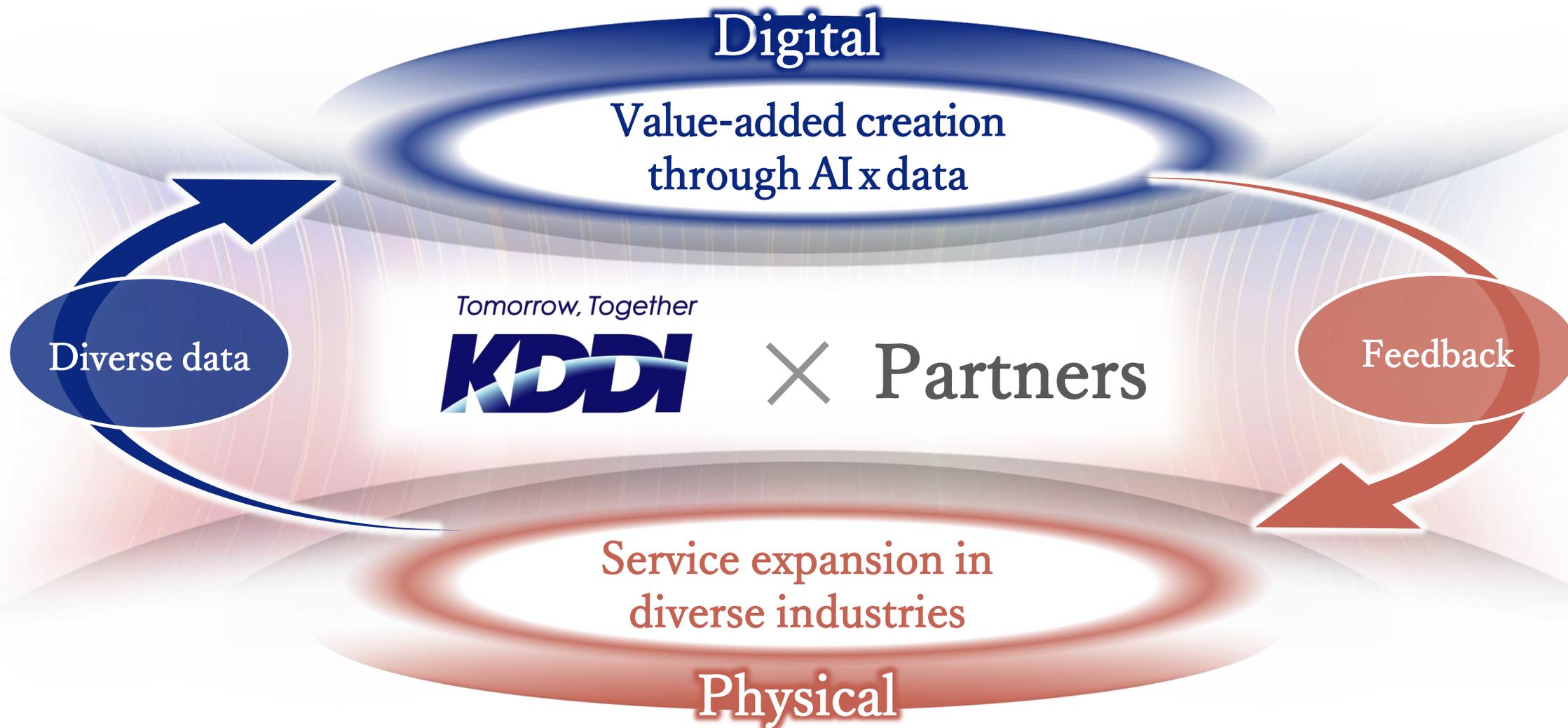Create Value, Solve Issues

Safe and secure society

E KDDI VISION 2030

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

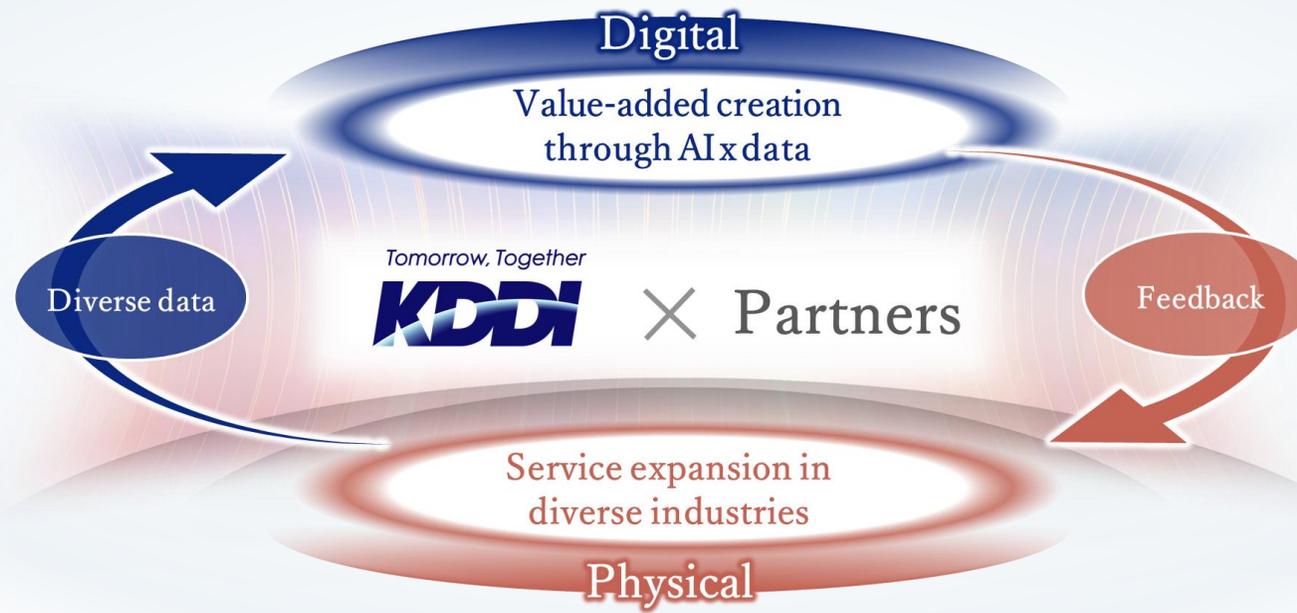# Evolution of Power to Connect through AI

Creating value by driving digital twin with partners

Digital

Value-added creation
through AI x data

Tomorrow, Together

KDDI × Partners

Diverse data

Feedback

Service expansion in
diverse industries

Physical

Digital Initiatives
~Building Infrastructure for AI Era~

Generative AI Platform Development

Accelerate development by leveraging telecom infrastructure and start-up technologies

Development platform

Application platform

Develop large-scale computing infrastructure
Speedy model building through startup collaboration

Develop computing
environment close to customers

Multimodal Generative AI
(Open model utilization)

Fine Tuning

Model development
ELYZA

Data formatting
FLYWHEEL

Domain-specific models
(Industry AI)

Low-latency, distributed
computing infrastructure
(5G MEC* × computing resources)

KDDI

Customers

Large-scale computing infrastructure **KDDI**
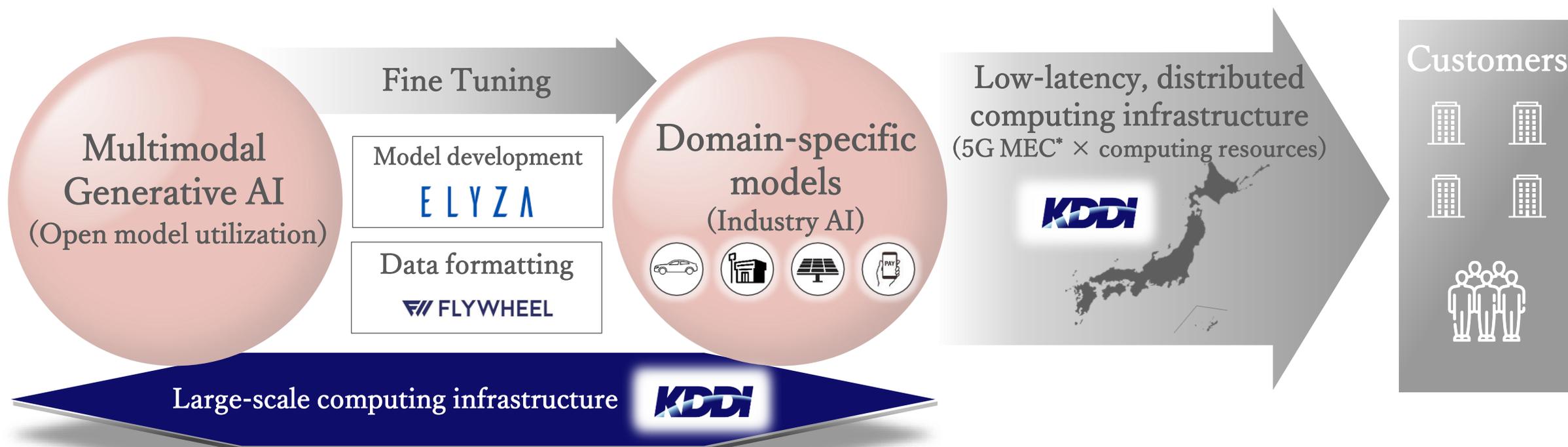
* Multi-access Edge Computing

Computing Infrastructure Supporting AI

In addition to building DC for LLM*1 development
low-latency environment will help expand AI services

Large-scale computing infrastructure	Low-latency, distributed computing infrastructure

Integrated GPUs to support large-volume computation for AI learning

Mid- to long-term CAPEX
about 100 billion yen
（about 10.2 billion yen in grants）

image

Resource sharing and collaboration

Accelerate business and service co-creation
using generative AI

In-house | Industry partners | Startups | Research Institutes *2 & Municipalities

Uses 8 telecom centers nationwide for low-latency AI processing

5G MEC
×
Computational resources

Providing a comfortable environment for using AI services

*1 LLM（Large Language Model）　*2 Plan to collaborate with the National Institute of Information and Communications Technology (NICT), supervised by the Ministry of Internal Affairs and Communications, in utilizing language data necessary for the learning of LLM.

DX Expansion with AI

Accelerate use of internal DX and implementation in toC/toB services

Large-scale computing infrastructure	Multimodal generative AI domain-specific models	Low-latency, distributed computing infrastructure

Telco AI* (in-house DX)

NW operation sophistication and business efficiency

Anomaly detection and analysis	Sales and inquiry support

AI for personal use

Improved smartphone functionality and CX

AI agent	AI filtering

AI for business

Industry solution advancement

Mobility AI	Smart City AI

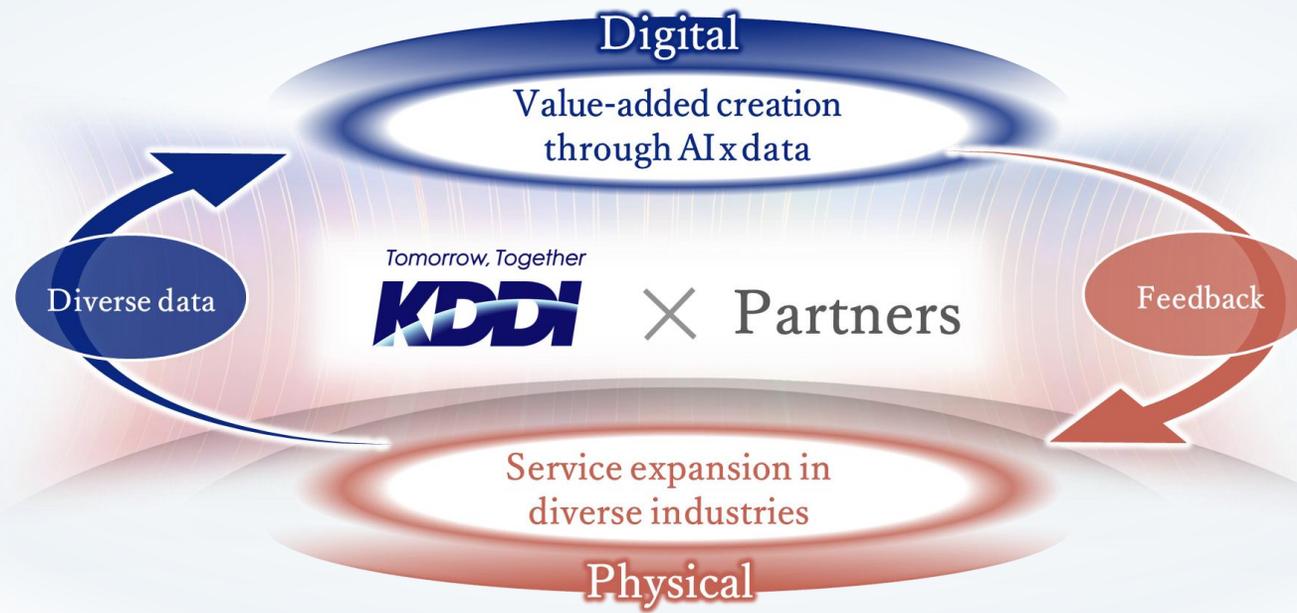**Create new value and increase efficiency**

* AI applications in the telecom industry based on data from telecom carriers.

Physical Initiatives
~KDDI's Concept of "Convenience Stores x AI" ~

Digital

Value-added creation
through AI x data

Diverse data

Tomorrow, Together
KDDI ✕ Partners

Feedback

Service expansion in
diverse industries

Physical

LAWSON Business Growth

Utilize AI and DX to drive LAWSON growth

Toward next stage of growth

Problem solving with AI and DX

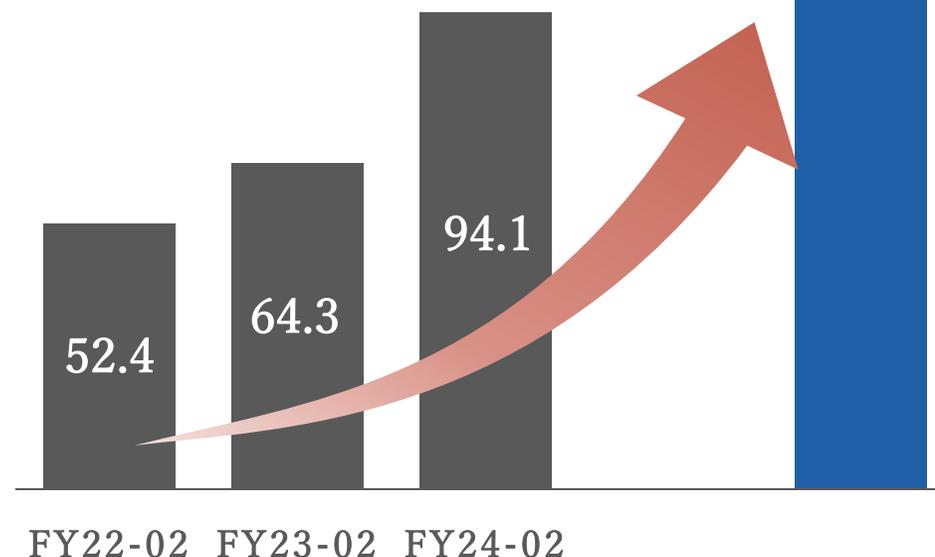Data ✕ AI/DX

Challenges in retail industry

| Diverse customer needs | Labor shortage | Society & environment |

LAWSON business profit

(Unit: billions of yen)

Further growth with AI and DX

| FY22-02 | FY23-02 | FY24-02 |
| 52.4 | 64.3 | 94.1 |

The World Aiming with LAWSON

Support a sustainable society centered on Real x Tech Convenience Stores

From LAWSON financial results announcement FY24-02

Digital × **LAWSON** × **Real** **Green**

KDDI × LAWSON × 三菱商事 Mitsubishi Corporation

New Value Co-Creation

LAWSON

Utilizing AI and DX
Real × Tech convenience

Convenience store
as starting point
Creation of new value-added

Ponta economic zone further expansion

Mitsubishi Corporation

Real Tech Convenience

Toward "Frictionless" Convenience Stores utilizing AI and DX

LAWSON

Convenience stores
Small trade area data

AI

Data enhancement

KDDI

Specialized team formation

Telecom operators
Location/preference data

DX

Facilitate "Customer" purchases

Tailored purchase experience for customers

Frictionless payment

Optimal recommendations

Reduce workload of "Store Staff"

Concentrate resources on customer services by reducing manpower

Self checkout fraud prevention

AMR (Inventory check/Display)

Contribute to sales expansion and profitability improvement per store

Creation of New Value-Added

Expanding "customer contact points" and "value-added" with Real×Tech Convenience Stores

Value-added Expansion

| Telecom + value-added |
| Product support |
| Finance/ Settlement |
| Electricity |
| Content |
| Telecommunication |

+

Remote customer service
- Contract procedures
- Repairs
- Medication instruction / Receiving medicine
- Financial & insurance consultation
- Quick commerce

+

PF business utilizing location
- Base Station / Edge AI
- Drone base
- Crime prevention & disaster prevention center
- EV stations
- Green energy

Store ▸ Digital ▸ **Multi-contact points (LAWSON)**

Contact point Expansion

about 2,000 stores → au pass about 15 million members / au PAY about 35 million members → about 14,600 stores → Remote customer service — Value provided by KDDI

Further Expansion of Ponta Economic Zone

Maximize by utilizing multi-contact points

Economic zone based on Ponta

Strengthen value-added services with LAWSON
as a starting point

Education / Healthcare
Finance
Settlement
Smart Pass
Energy
Device supports
Commerce
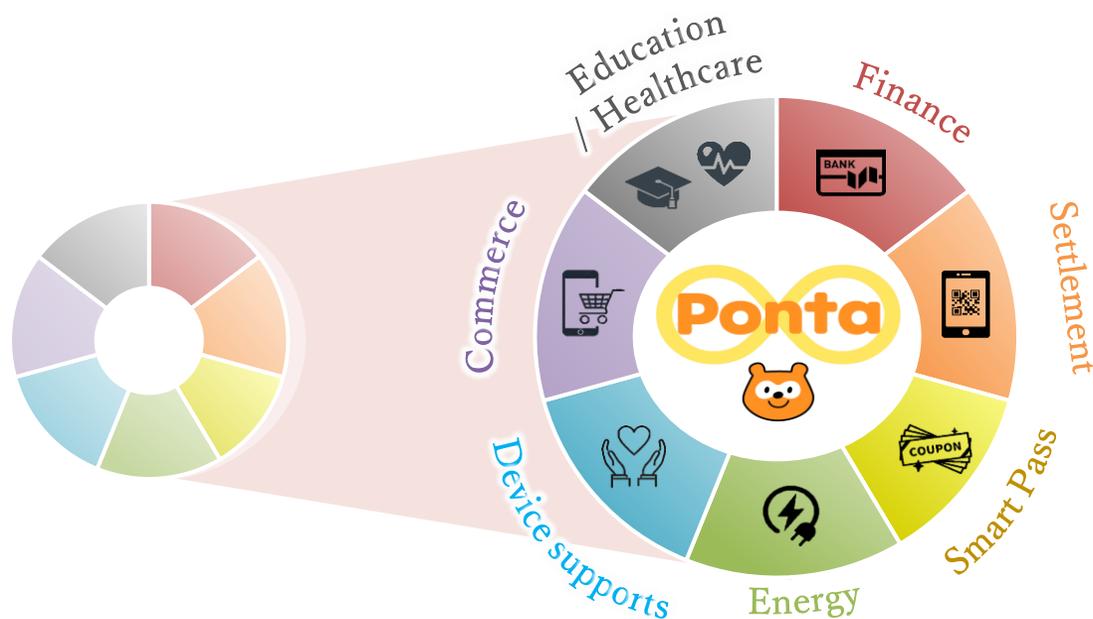
Strengthen ties with Loyalty Marketing (LM)
LM × KDDI × Mitsubishi Corporation × Partners

Ponta Pass

Rebrand "au Smart Pass Premium"
Expand economic zone
through point circulation

Rebrand

Towards 20 mil. members

Enhanced points/rewards

Convenient delivery

Product recommendation

Point circulation

Point use activation

Ponta affiliated companies

Customer referrals to LAWSON

Business Synergies

Maximize corporate value through "New value co-creation"

Maximize corporate value
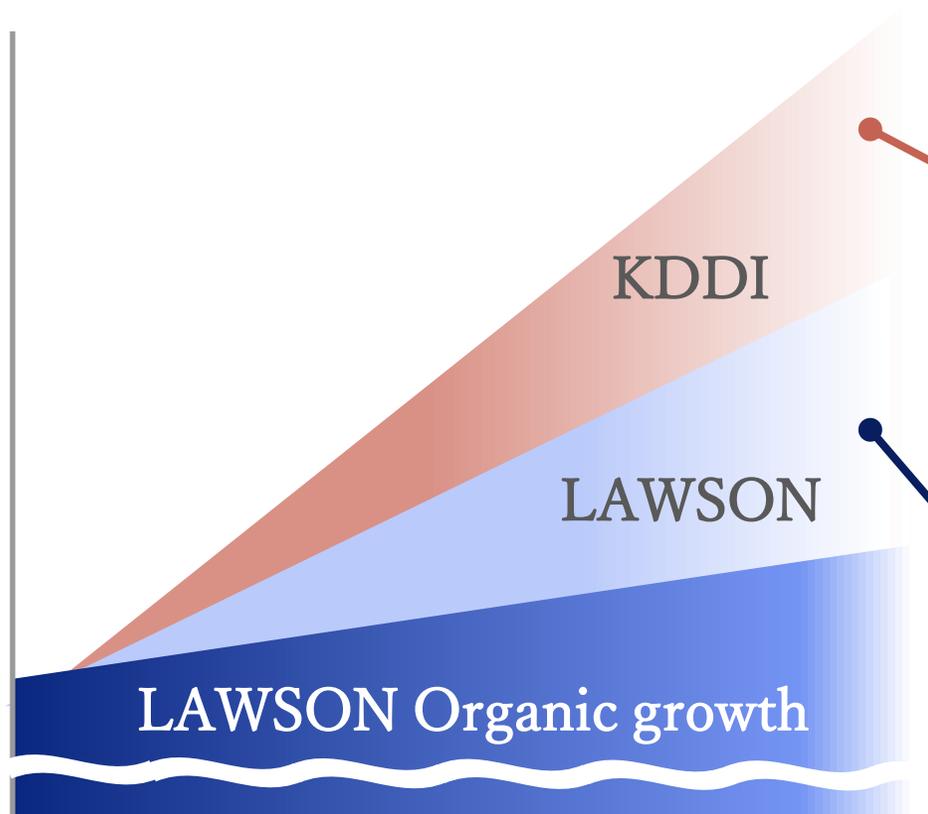
Synergies

Value-added revenue / DX growth + Retention enhancement + Cost efficiencies	Multi-contact points
	Ponta Pass growth to 20 million members
	Value-added services / DX expansion

Increase sales + Efficiency	Launching "Real×Tech" Convenience Stores
	Quick commerce evolution
	Accelerate overseas expansion

KDDI

LAWSON

LAWSON Organic growth

Shin-Takanawa Concept

Plan to open a new store of the Future Convenience at KDDI's new office

Robotic operational efficiency

・Backyard/store display, cleaning, cooking
・Cooking and assortment of products tailored to the customer's needs

Advanced inventory management through DX

Sensor-based suspicious person detection and stay analysis

Signage appeal tailored to customers

Displays recommended products according to time of day

From LAWSON financial results announcement FY24-02

Next generation remote customer service

・Customer service by avatar crews
・Sales/consultation for OTC drugs and KDDI products

Smartphone-centric experience

・Improved convenience in walk-through payment
・Recommendations based on time of day

Automatic delivery scheme

・Delivery robots
・Order on phone and pick up in-store
・Drone delivery

Co-Creation with LAWSON

au Wellness

Healthcare
Medication instruction
Receiving medicine

Ponta Pass

Sports Entertainment
Ticket sales

auFG

Finance
Financial cooperation
Household support

Energy
EV station
Green energy

au Renewable Energy

au UQ mobile povo

5G Data Driven Gen. AI
Smartphone support

DX
Retail Tech

KDDI BUSINESS

Web3 Metaverse αU
Shopping via XR

Mobility menu mobi Community Mobility
Quick commerce MaaS

Space
Starlink

LAWSON

Medium/long-term efforts –The Ultimate "Lawson Town" Concept-

Build a convenient living community
for senior citizens, young people and Children called "Lawson Town"

Generate enough electricity to supply Lawson Town through solar and wind power

Concentrated Lawson expertise amassed through the development of 16 farms nationwide

Build Lawson farms together

Clean energy

Social Issues Lawson is tackling

| Regional vitalization | Declining birthrate, aging population | Medical and nursing care | SDGs |

- Technology-driven smart agriculture
- Promote local production for local consumption
- Farm experiences for children
- Cooking in Lawson stores

Lawson

Commercial facilities

Medical facilities
- Provide hospitals and clinics
- Remote medical treatment
- Build rest homes

Store-to-door grocery delivery by drone to the houses of single people and young people

Food donations and goods exchange to reduce food loss

Children's cafeteria

Apartment block renovation

Community square

- Experience Lawson workplaces
- Children's cafeteria
- Nurseries/kindergartens
- Event spaces

Building communities where neighbors help each other by gathering in the square and delivering groceries to elderly people's homes

Work Experience for Children

Facilities for Children

Self-driving bus

Deliveries by drone within Lawson Town

Automated community bus route around Lawson Town

Copyright (c) 2024 Lawson, Inc. All rights reserved.
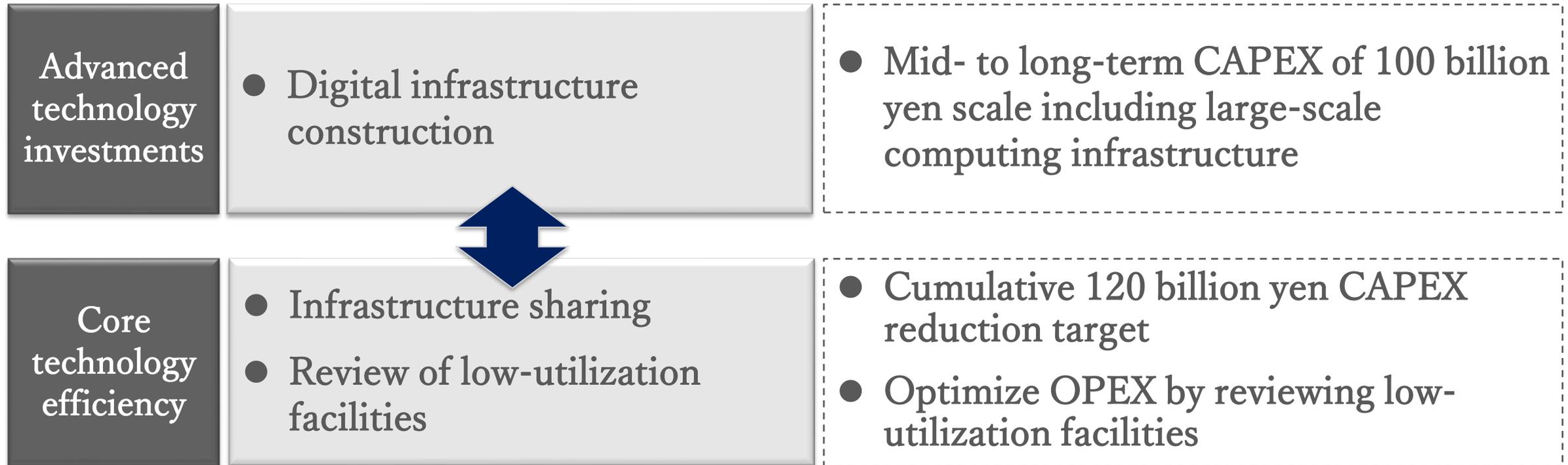
21

From LAWSON financial results announcement FY24-02

Profit Structure Reform for Technology

Promote optimization of balance between investment and cost levels with a view to the mid- to long-term

Advanced technology investments	• Digital infrastructure construction	• Mid- to long-term CAPEX of 100 billion yen scale including large-scale computing infrastructure
Core technology efficiency	• Infrastructure sharing • Review of low-utilization facilities	• Cumulative 120 billion yen CAPEX reduction target • Optimize OPEX by reviewing low-utilization facilities

Controlling CAPEX and OPEX levels to build a lean and mean profit structure

Infrastructure Sharing

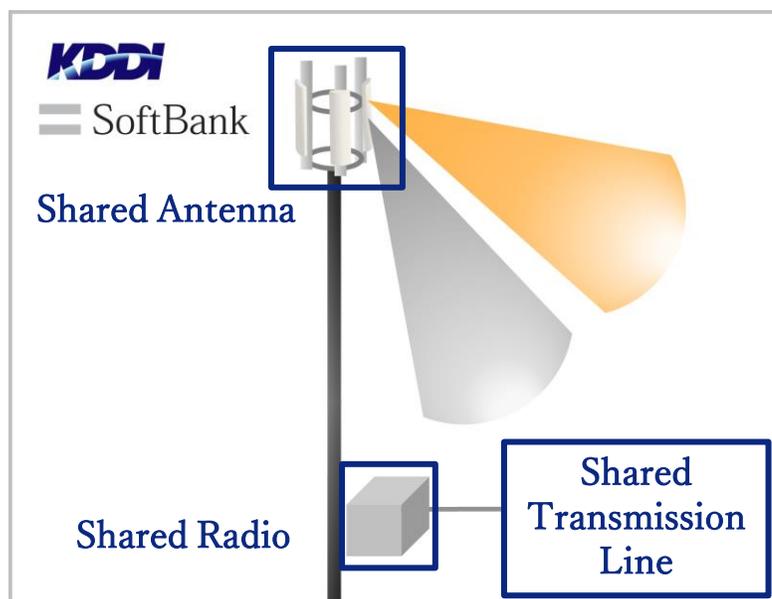## Expand collaboration with SoftBank for cost-efficient network deployment

KDDI
SoftBank

Shared Antenna

Shared Radio

Shared Transmission Line

Image of Joint Construction

| Rural areas only | → | Nationwide*1 |
| 5G only | → | 5G + 4G |

Build 100,000 base stations by FY2030, aim to reduce CAPEX by 120 billion yen *2

*1 Excluding Okinawa Cellular   *2 Cumulative total from FY2020 to FY2030 for KDDI only

3. New Satellite Growth Strategy

Mid-Term Management Strategy FY2022-2024

Strategy updated

Extended 1 year

Mid-Term Management Strategy **FY2022-2025**

KDDI VISION 2030 Realization

Telecom Business for AI Era

Provide value-added services based on smartphones and IoT as a data origin
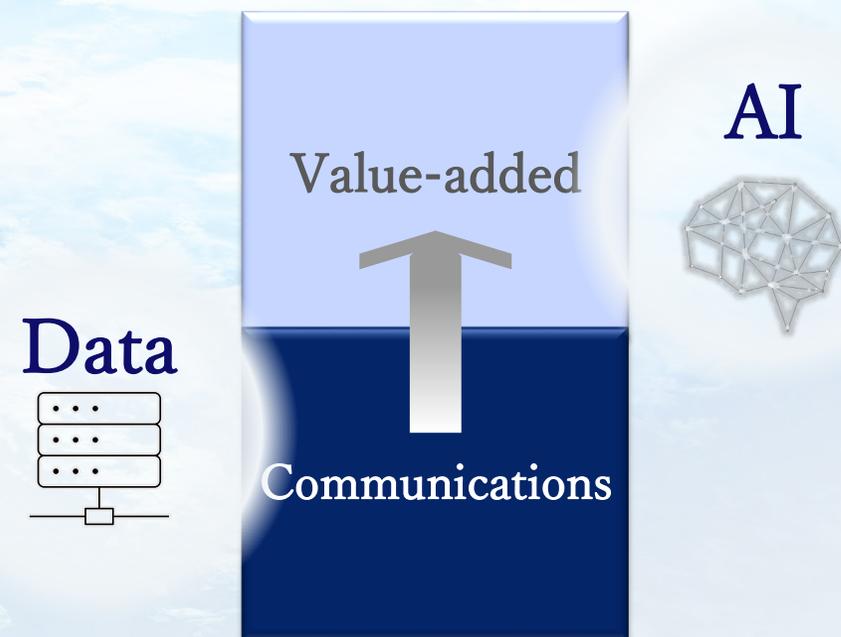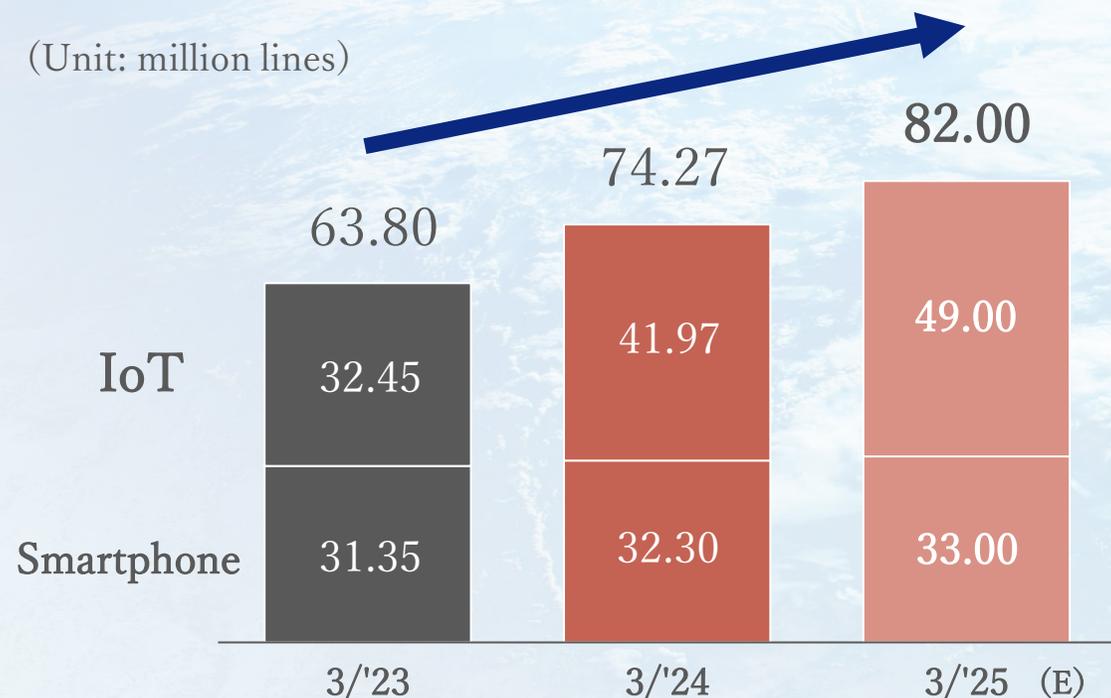
Number of main subscriptions (Smartphone + IoT)
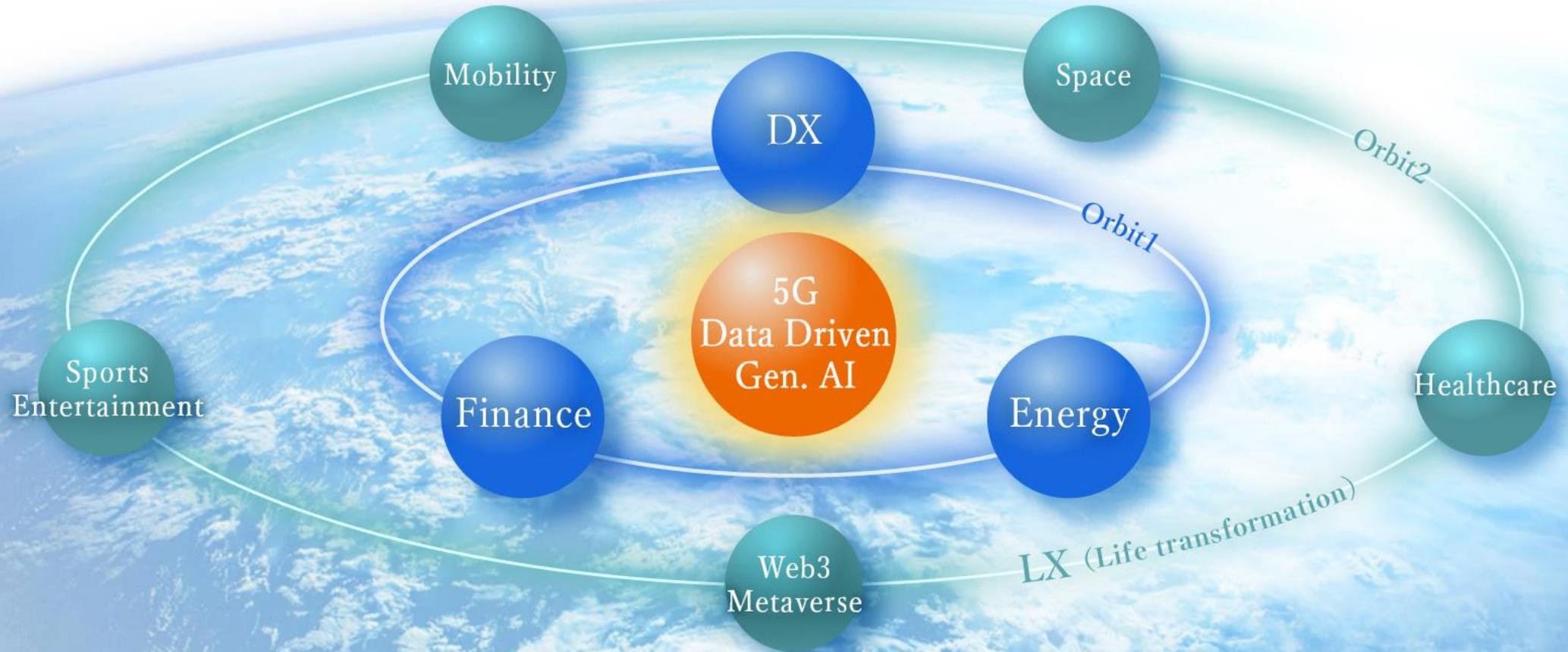Expand platform towards KDDI VISION 2030
Aiming **over 82 million** by 3/'25

Provide value-added via data-driven leveraging communications platform at customer contact points

(Unit: million lines)

63.80

IoT 32.45

Smartphone 31.35

74.27

41.97

32.30

82.00

49.00

33.00

3/'23   3/'24   3/'25 (E)

Data

AI

Value-added

Communications

New Satellite Growth Strategy

Mobility · **DX** · **Space**

5G Data Driven Gen. AI

Orbit1 · Orbit2

Sports Entertainment · **Finance** · **Energy** · **Healthcare**

Web3 Metaverse

LX (Life transformation)

Initiatives for the future

To Global
Expand into the global market
Capture demand for DC/IoT and growth in emerging countries

With Life
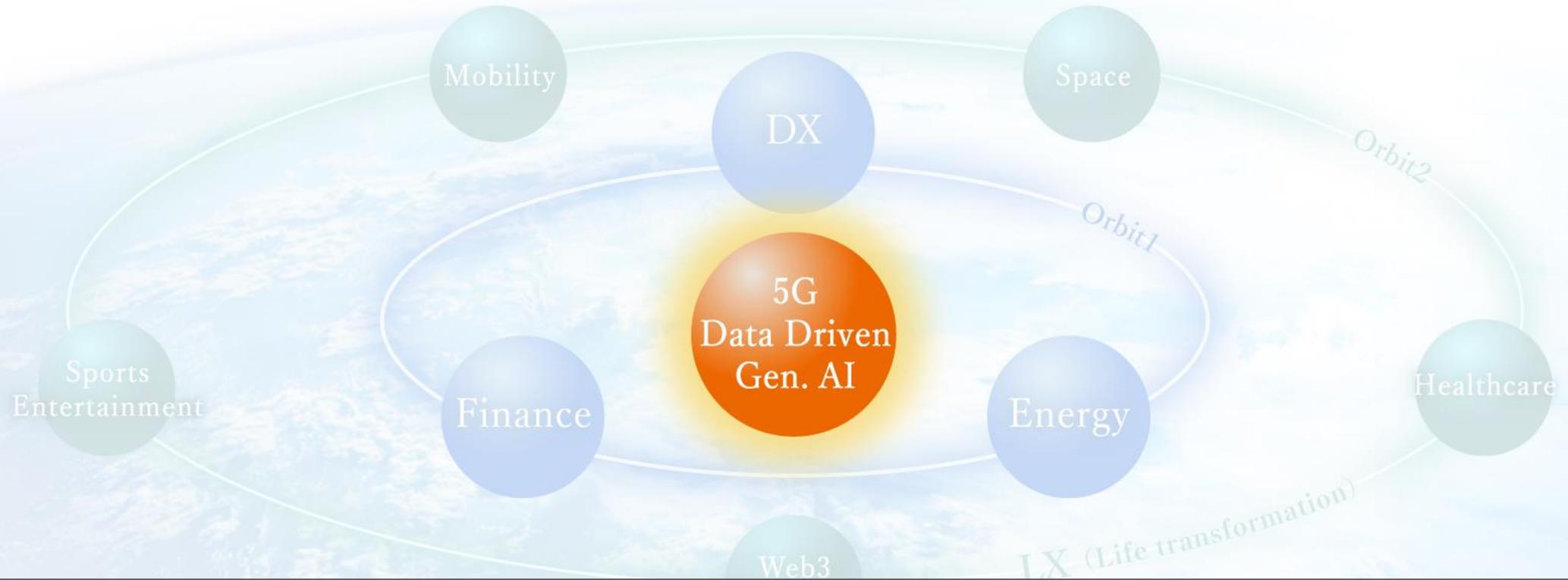To be a company customers feel closest to
Strengthen customer contact points
Promote CATV/Regional co-creation

For Future
Develop future talent and startups
Provide opportunities to enhance vitality and expertise

Core

Promotion of creating Value-added and expanding customer contact points

+

Full-scale 5G
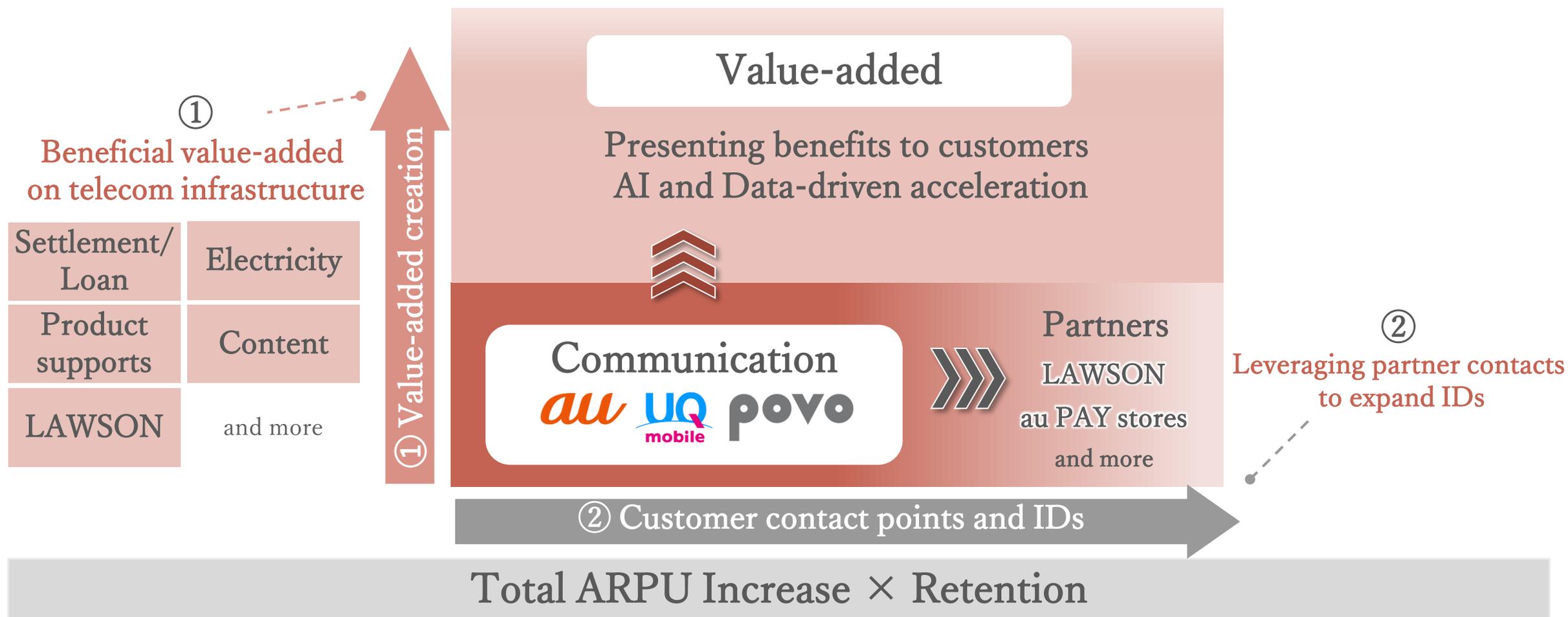
Personal Business Growth Strategy

Focus on value-added creation and expansion of contact points
Strengthen proposals via AI and Data-driven

5G
Data Driven
Generative AI

① Beneficial value-added on telecom infrastructure

Settlement/Loan	Electricity
Product supports	Content
LAWSON	and more

① Value-added creation

Value-added

Presenting benefits to customers
AI and Data-driven acceleration

Communication
au UQ mobile povo

Partners
LAWSON
au PAY stores
and more

② Leveraging partner contacts to expand IDs

② Customer contact points and IDs

Total ARPU Increase × Retention

5G
Data Driven
Generative AI

Multi-Brand ARPU revenues

For sustainable growth of ARPU revenues, focus on creation of value-added

ARPU revenues	Value-added ARPU + Electricity ARPU

Increase ARPU revenues by creating value-added and expanding contact points

Aim for double-digit CAGR growth of value-added ARPU & sustainable growth of electricity ARPU

Communication

(Unit: billions of yen)

1,481.4

FY24-03   FY25-03   FY26-03

Value-added

(Unit: billions of yen)

467.7

FY24-03   FY25-03   FY26-03

(Unit: yen)

Electricity
880 yen

Settlement/Loan
440 yen

Product supports
400 yen

Content etc.
410 yen

Electricity
ARPU

Value-added
ARPU
(excl. Electricity)

FY24-03   FY26-03

Sustainable
growth

Double-digit
CAGR growth

Accelerate growth
through LAWSON
synergies

Note) Personal Services segment

Value-Added Creation

5G
Data Driven
Generative AI

Strengthen set plan proposals and partnering efforts

Proposal of set plan

Contribute to higher engagement and ARPU

au マネ活 プラン
au Money Activity Plan

Unlimited MAX **+** Financial benefits

over 700,000 contracts signed[*1]
within 7 months of launch

Churn rate[*2]

au Money Activity Plan vs.
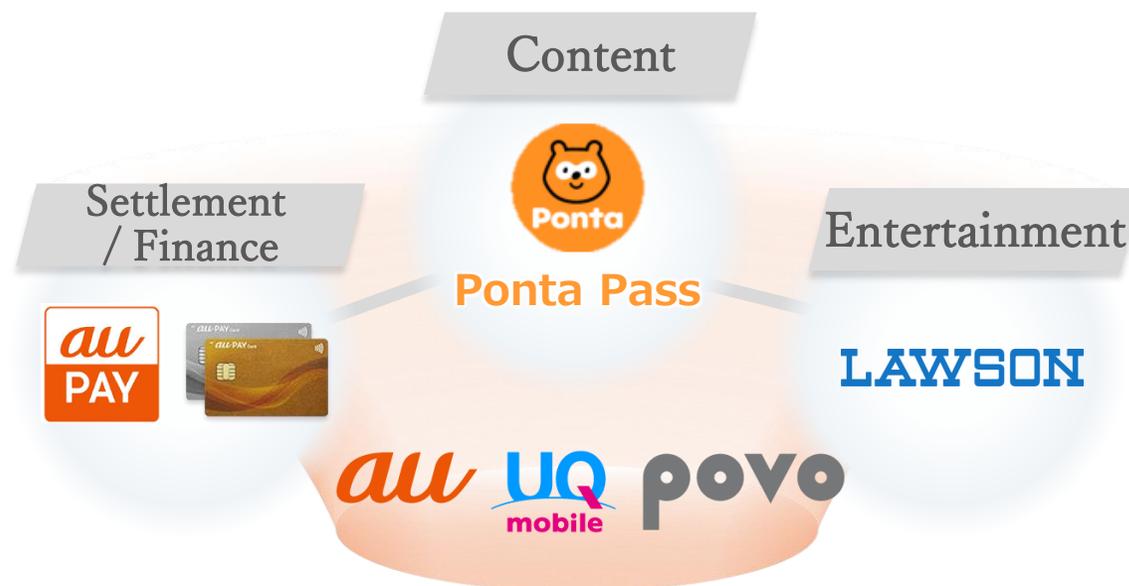other unlimited MAX plan

About **25** % improvement

Communication ARPU[*3]

after au Money Activity Plan
subscription

About **10** % increase

Partner collaboration

Strengthen provision of value-added services
with LAWSON

Content

Settlement
/ Finance

Ponta Pass

Entertainment

au PAY

LAWSON

au   UQ mobile   povo

Something "good" with LAWSON

*1 At the end of March 2024   *2 Comparison of churn rates between au Money Activity Plan subscribers in Sept. 2023 and other MAX plan subscribers through February 2024
*3 Analysis of ARPU before and after subscription based au January 2024 Money Activity Plansubscriber data

Utilization of New 5G Frequencies

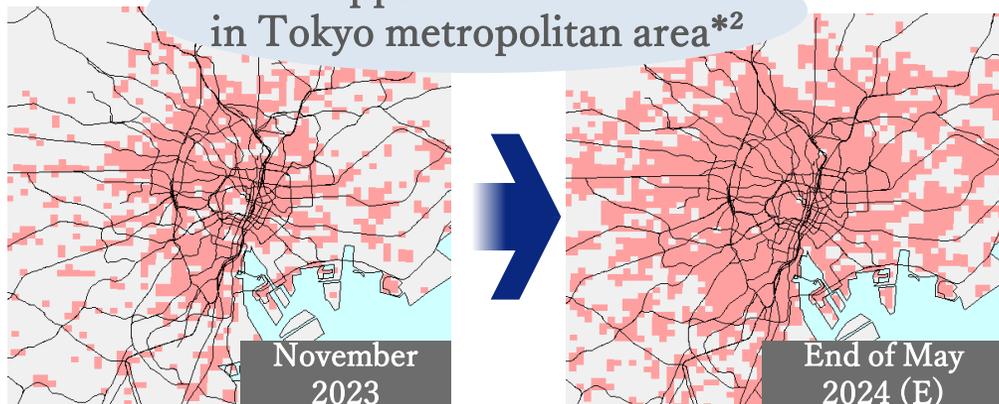Expanding Sub6 area to provide high-speed, large-capacity 5G service

Sub6 area expansion

Plan to deploy the most in industry &
Expand due to mitigation of satellite interference conditions

Top in industry[1]

Sub6 base stations deployed
(including indoors):
39,000 end of FY24-03

Approx. **double**
in Tokyo metropolitan area[2]

November 2023

End of May 2024 (E)

5G full-scale utilization

Contribute to increased data usage and improved experience quality

Sub6 data traffic[3]

about+20%

Before easing   After easing
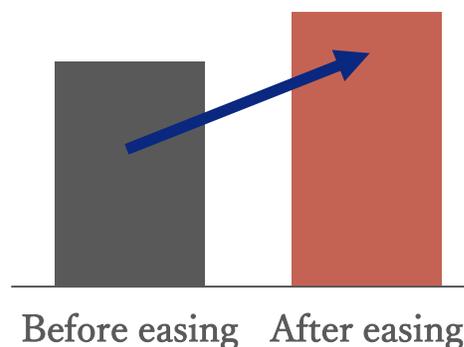
5GSA Slicing

Using slicing technology, build NW for each service

Contribute to higher telecommunication and value-added ARPU

[1] Comparison with 4 MNO carriers in Japan [2] Tokyo and Kanagawa Prefecture
[3] Calculated based on actual results in Tokyo and Kanagawa Prefecture from February to April 2024

Orbit1・2

Mobility

Space

DX

Orbit2

Orbit1

5G
Data Driven
Gen. AI

Sports
Entertainment

Finance

Energy

Healthcare

Web3
Metaverse

LX (Life transformation)
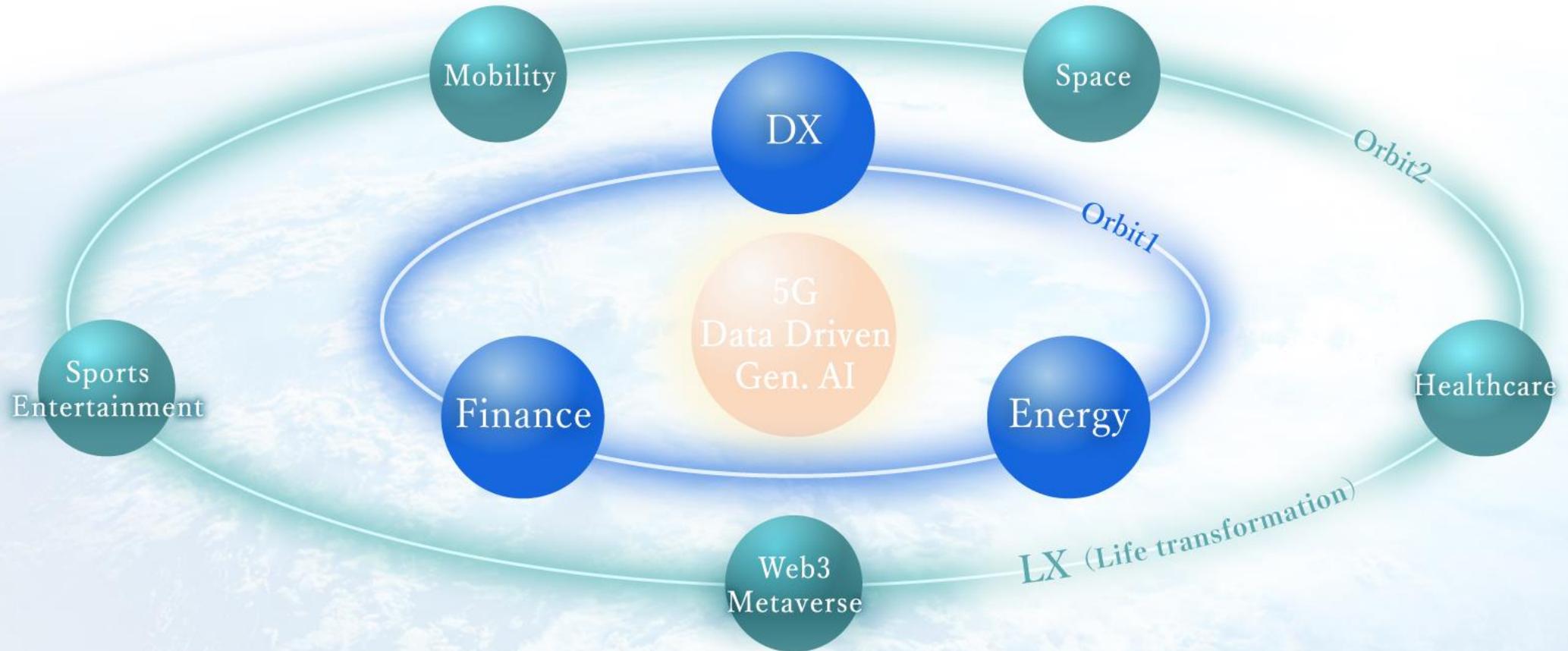
Orbit1：Aim for DX/Finance/Energy double-digit CAGR growth

Orbit2：Redefine LX as growth area for future

Corporate Business Growth Strategy
Strengthen AI and data utilization
Expand business domain and customer contact points

① AI and digital value-added set on telecommunication infrastructure

IoT	Data Center
Digital BPO	Managed
Industry DX	and more

① Business Domain

Growth (value-added)

Data-driven AI and digital services

Base (telecommunication)

Network Infrastructure

SME & Municipalities

② Customer contact points and ID
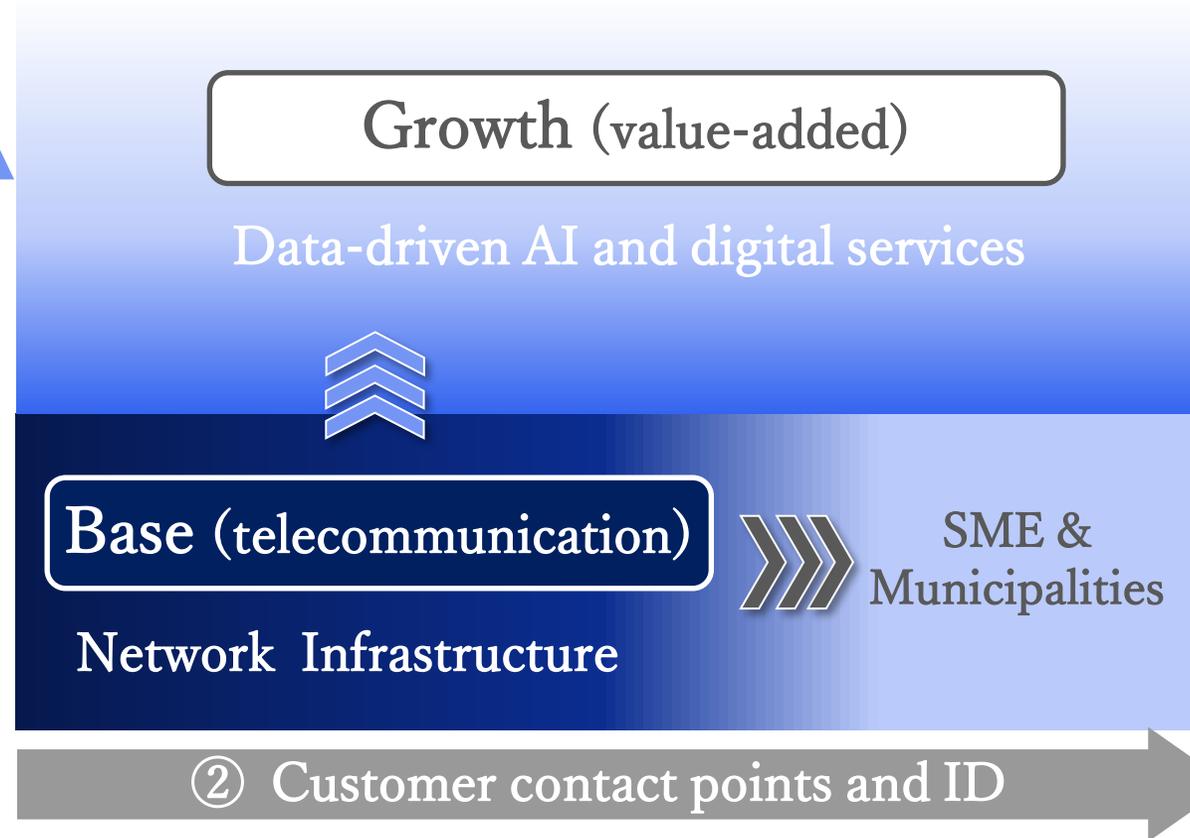
② Expanding the SME segment based on mobile

Building high-margin model of telecommunication + value-added

DX

Tomorrow, Together
KDDI BUSINESS

Growth of Corporate Business

Promote telecommunication + value-added model
Aim for double-digit CAGR growth of operating income

Operating revenue

Redefine business segments, based on growth strategy
Double-digit growth in growth areas, focusing on strengths

（Unit: billions of yen）

1,289.0

Growth
628.3

Double-digit
CAGR growth

Base
660.7

FY24-03   FY26-03

Strengths of growth areas

IoT-related services
FY24-03: 155 billion yen

Data Center
FY24-03: 121 billion yen

Digital BPO
FY24-03 : 191 billion yen
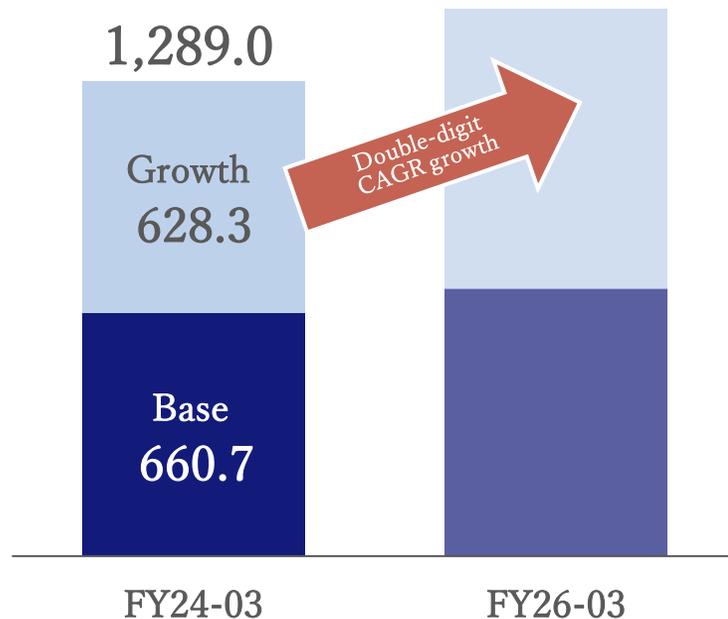
Operating income

Double-digit CAGR growth
Driving consolidated operating income

（Unit: billions of yen）

216.9

Double-digit CAGR growth

Over 20% of
KDDI Group
consolidated
operating income

FY24-03   FY26-03
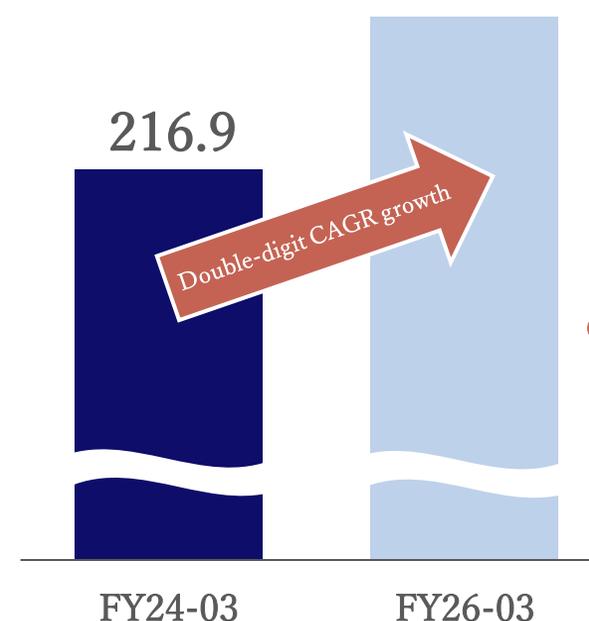
Note) From FY25-03, due to changes in some divisions, the figures for FY24-03 reflect reclassification.

Growth Areas

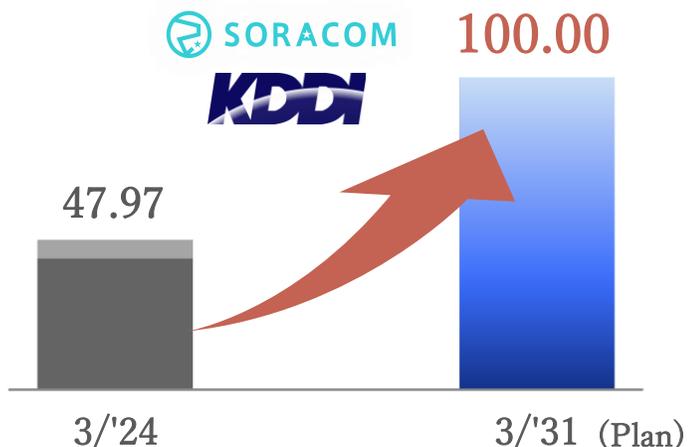## Leverage Customer Base and Telecom Strengths for AI Era

IoT Connections (incl. SORACOM)

Aim for 100+ million connections with partners

KDDI Spherience — Connected specialized company established in North America

(Unit: million)

SORACOM / KDDI

47.97 — 3/'24

100.00 — 3/'31 (Plan)

Data Center

Expand business by capturing demand in AI Era

Aim for operating revenue 200 bil. yen by FY31-03

(Unit: billions of yen)

121.0 — FY24-03

200.0 — FY31-03 (Plan)

FY23-03 FY24-03 FY25-03 FY31-03 (Plan)
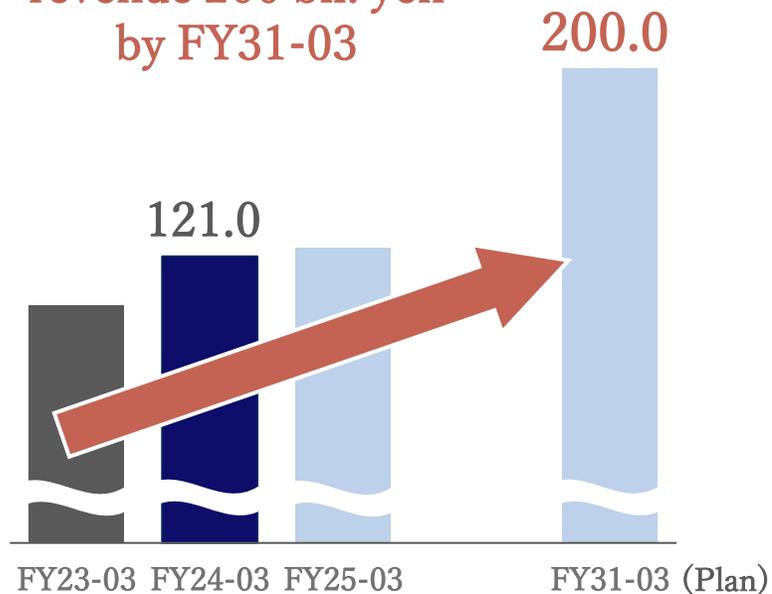
Digital BPO*

AI and data utilization for high value-added

Altius Link アルティウスリンク株式会社

Digital BPO Platform "Altius ONE"

Customer service data | On Cloud | AI/Analysis

Utilize group assets
Resolve customer issues

* BPO method that outsources a series of operations by utilizing AI and other digital technologies to improve the efficiency of outsourced operations, rather than outsourcing operations using only human resources.

WAKONX
(WAKON-CROSS)
Start business platform of AI Era

DX

Tomorrow, Together
KDDI BUSINESS

| WAKONX Mobility | WAKONX Retail | WAKONX Logistics | WAKONX Broadcast | WAKONX SmartCity | WAKONX BPO (Altius ONE *) |

AI enabled

Industrial DX solution	Industrial software/API	LLM specialized in domain
Secure data accumulation/analyzation	Large-scale Computing Infrastructure	Data clean room
Optimize industry network	Security	Operation and maintenance 24/365

WAKONX

Through co-creation with partners, support growth of customer business and solving social issues

| mobile | drone | IoT | au users | Customer contact points | LAWSON | Starlink | Fixed-line | VOC |

* Name of Digital BPO platform provided by Altius Link, Inc announced on May 8, 2024

Financial Business

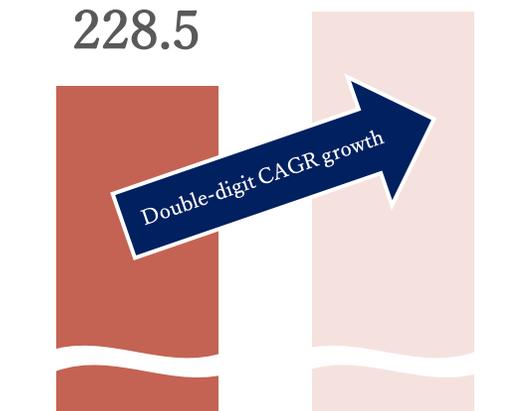## Double-digit CAGR growth by expanding business platform centered on Bank and Credit card

Performance	au Jibun Bank

Double-digit CAGR growth centering on Bank and Credit card

Expand business balancing loan and deposit

Operating revenue
(Unit: billions of yen)

228.5

Double-digit CAGR growth

FY24-03 — FY26-03

Operating income
(Unit: billions of yen)

33.7

Double-digit CAGR growth

FY24-03 — FY26-03

Deposit balance
(Unit: trillion yen)

3.9

Double-digit CAGR growth
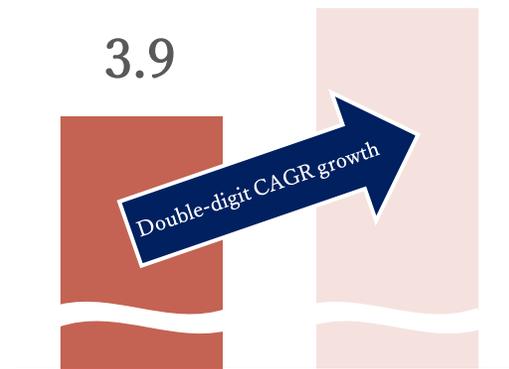
3/'24 — 3/'26

Loan balance
(Unit: trillion yen)

3.5

Double-digit CAGR growth

3/'24 — 3/'26

Exceed the number of Credit card members over 9.5 million* and Bank saving accounts over 6.0 million*

Note) au Financial Holdings (IFRS basis)   * End of April 2024

Energy

Energy Business

Maximize synergies with telecom through au Denki and expand decarbonization-related businesses

Communication × Energy	Decarbonization-related business

Aiming for double-digit growth in operating income centered on au Denki
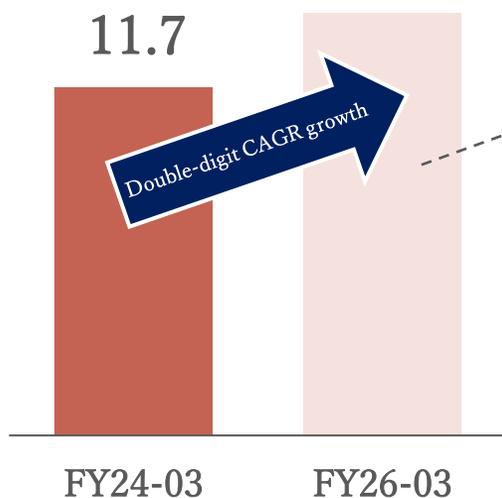
Carbon neutral contribution with growth

Operating income

(Unit: billions of yen)

11.7

Double-digit CAGR growth

FY24-03   FY26-03

au でんき
au Denki

Re-expansion through business stabilization
Strengthen telecom synergies

3.51mil.

Aiming to increase number of contracts

3/'24   3/'25   3/'26

au リニューアブルエナジー
au Renewable Energy

Focus on solar power accelerating development of renewable energy

ENERES

Growth through decarbonization support projects

LX

KDDI and partners assets to scale businesses

Space

Deepening SpaceX partnership

| Direct communication | Expand adoption | Ground stations |

Expansion of satellite communications offerings

| Mountains Remote Islands | Festivals | Autonomous -driving | Maritime |

Supporting a society where communications are integrated

Photo: Yusen Cruise Co., Ltd.

Contribute to growth of KDDI BUSINESS

Scaling through partnering

Leveraging LAWSON assets
to drive business growth

| Entertainment | Mobility |

Linking e-ticket PF and entertainment services

Quick Commerce
Ride-hailing locations

livepocket × LAWSON / Ponta Pass

menu / mobi ×

mobi

Expand variety of events/ customer referrals

Convenient regional transportation/shopping

Note) LX : Life Transformation

Business Portfolio

Promote growth of Core and each Orbit and initiatives with partners for sustainable growth

5G
Data Driven
Generative AI

DX

Finance

Energy

LX

Core Value base to connect	**Orbit 1** Services essential in value provision, combined with telecom	**Orbit 2** Developing Next-Generation Services
ARPU Revenue Growth	Double-digit CAGR OP growth in each area	Foundation for future growth

Partnering

Accelerate growth of both companies through synergies with LAWSON
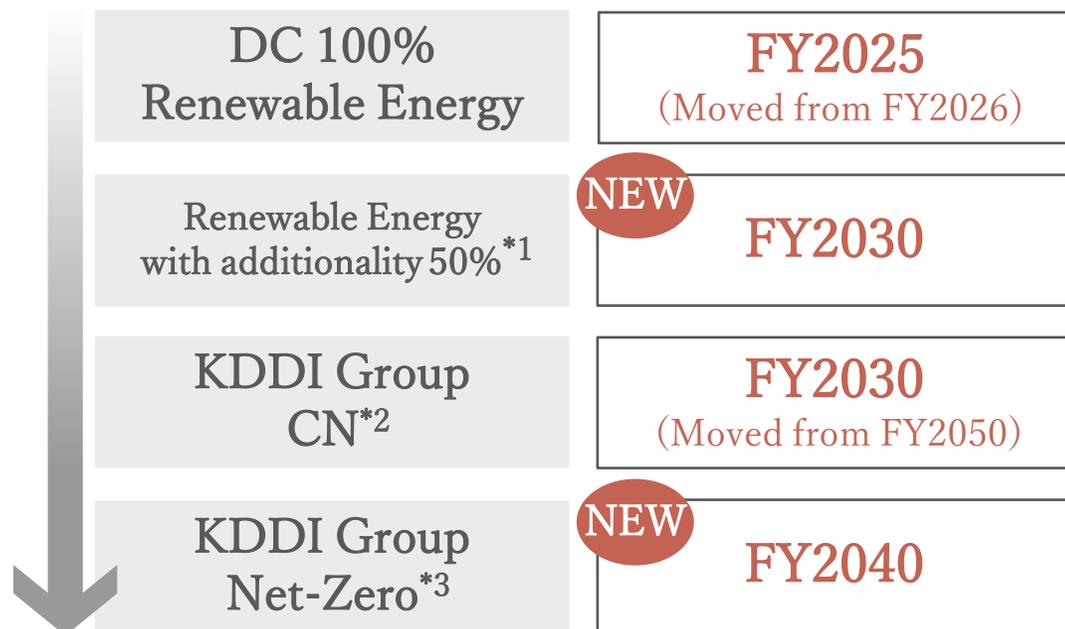
4. Strengthening of Management Base

Strengthening of Management Base

Further strengthen management to support New Satellite Growth Strategy

Realization of carbon neutrality	Human Resources First

Realization of carbon neutrality

Newly established Net-Zero targets including Scope 3
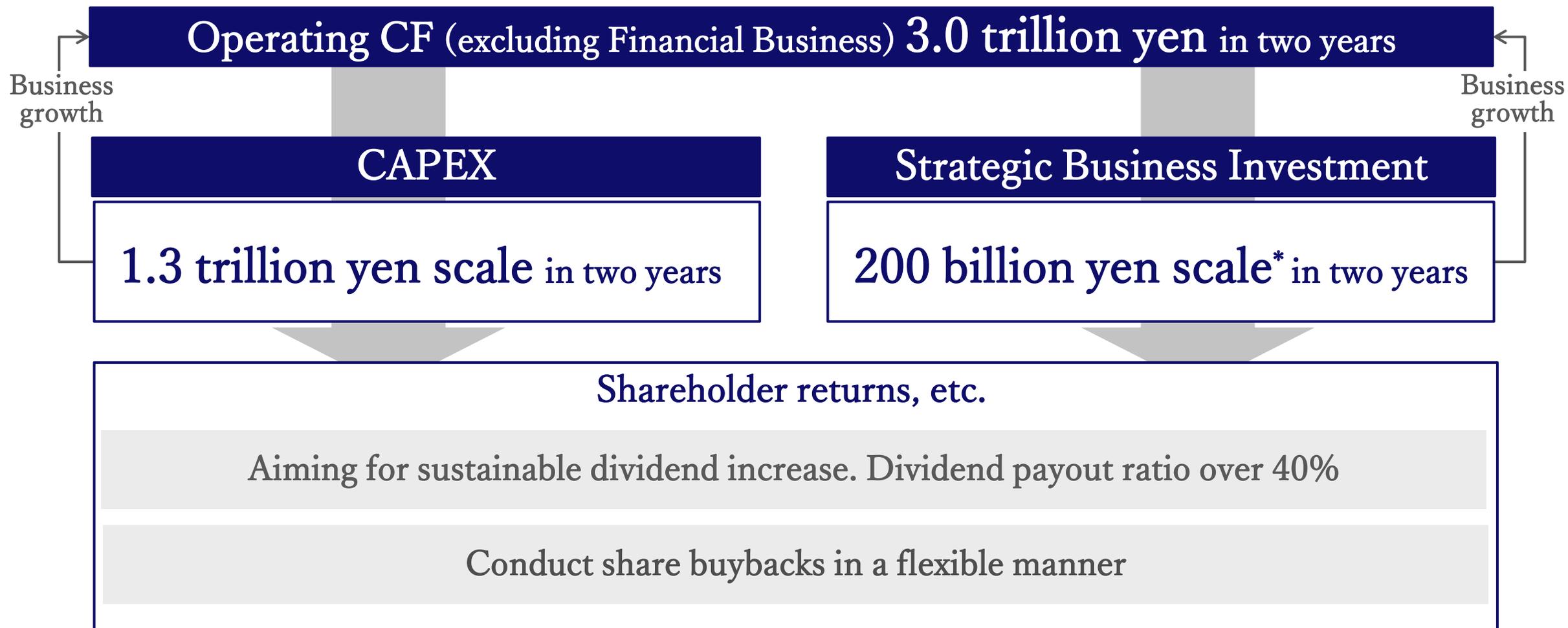Accelerate each initiative to achieve targets

DC 100% Renewable Energy	**FY2025** (Moved from FY2026)
Renewable Energy with additionality 50%*1 **NEW**	**FY2030**
KDDI Group CN*2	**FY2030** (Moved from FY2050)
KDDI Group Net-Zero*3 **NEW**	**FY2040**

Human Resources First

Move to new office in FY2025
Strengthen work-style reforms and
growth support to promote co-creation

Self-Growth Strengthening support

Time efficiency maximization

Encourage diverse workstyles

Connecting employees and partners,
to an office co-creating new ideas

*1 Non-consolidated basis *2 Consolidated basis; Scope1+Scope2+Scope3 CO_2 emission is practically zero *3 Consolidated basis; Scope1+Scope2+Scope3
(See https://www.kddi.com/corporate/sustainability/efforts-environment/carbon/)

Cash Allocation Policy (FY25-03-FY26-03)

Aim to balance expanding operating CF and shareholder returns through growth investments

Operating CF (excluding Financial Business) **3.0 trillion yen** in two years

Business growth

Business growth

CAPEX

1.3 trillion yen scale in two years

Strategic Business Investment

200 billion yen scale* in two years

Shareholder returns, etc.

Aiming for sustainable dividend increase. Dividend payout ratio over 40%

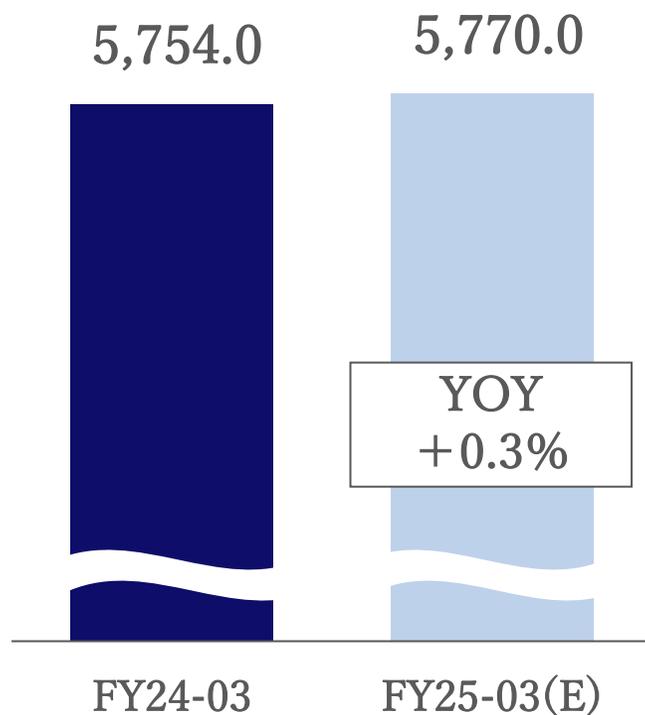Conduct share buybacks in a flexible manner

* Exclude the tender offer and squeeze-out transactions of Lawson Co., Ltd.

Consolidated Financial Forecast for FY25-03

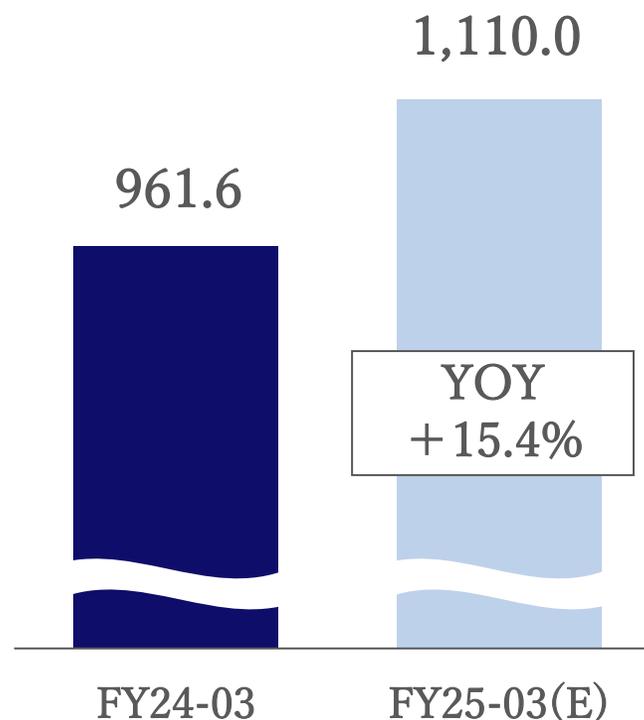## Aim sustainable business growth, promoting New Satellite Growth Strategy
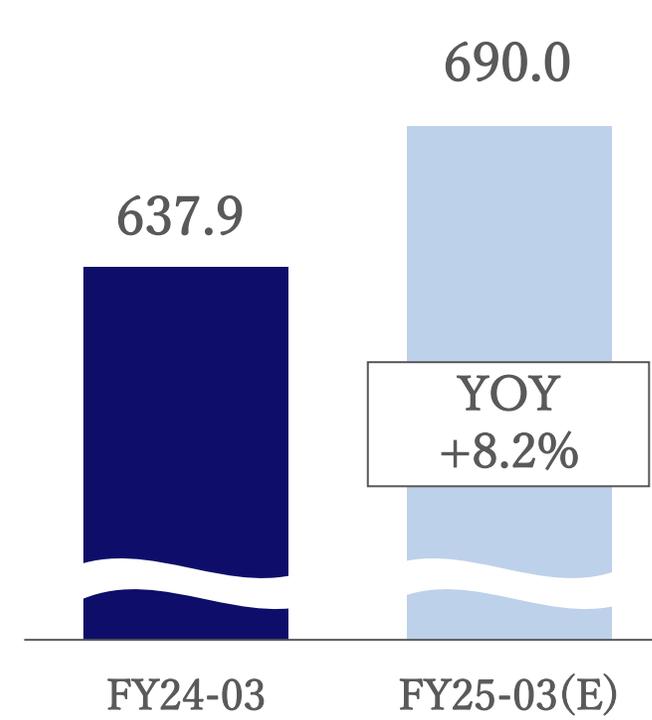
Operating revenue	**Operating income**	**Profit for the year***
(Unit: billions of yen)	(Unit: billions of yen)	(Unit: billions of yen)

Operating revenue

5,754.0 — FY24-03
5,770.0 — FY25-03(E)
YOY +0.3%

Operating income

961.6 — FY24-03
1,110.0 — FY25-03(E)
YOY +15.4%

Profit for the year*

637.9 — FY24-03
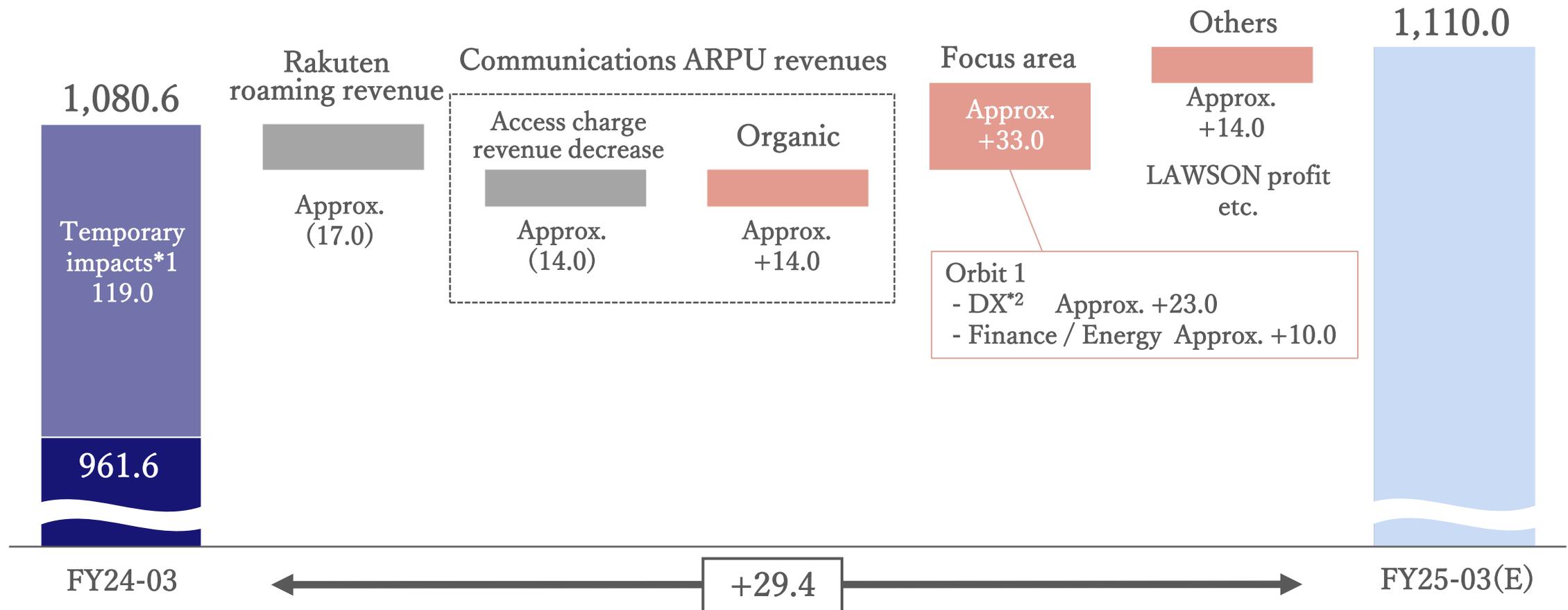690.0 — FY25-03(E)
YOY +8.2%

* Profit for the period attributable to owners of the parent

Consolidated Financial Highlights Forecast for FY25-03

Aiming to increase for income by increasing communications ARPU (Organic) revenues and double-digit growth in focus area

(Unit: billions of yen)

1,080.6

Temporary impacts*1 119.0

961.6

Rakuten roaming revenue
Approx. (17.0)

Communications ARPU revenues

Access charge revenue decrease
Approx. (14.0)

Organic
Approx. +14.0

Focus area
Approx. +33.0

Orbit 1
- DX*2 Approx. +23.0
- Finance / Energy Approx. +10.0

Others
Approx. +14.0
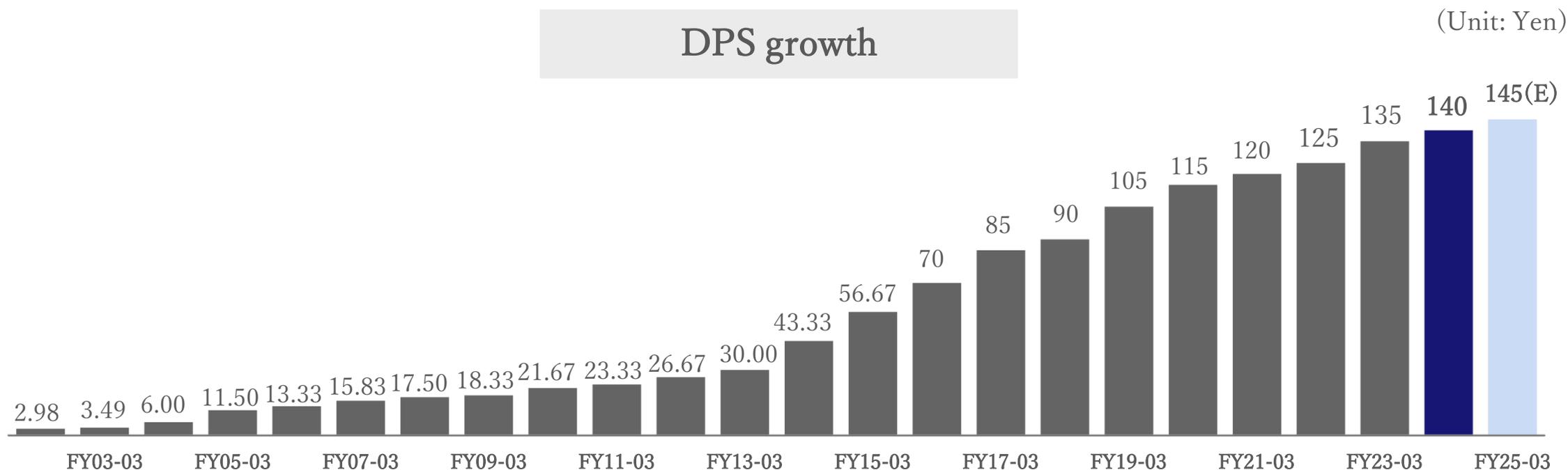
LAWSON profit etc.

1,110.0

FY24-03

+29.4

FY25-03(E)

*1 Provision for lease receivables in Myanmar telecom business and impairment and provisions for removal of low-utilized telecommunications equipment etc.

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

Shareholder Returns

- Aiming for 23rd consecutive DPS growth

- Cancel treasury shares over 5% of number of shares issued and outstanding was approved*

- Acquisition of treasury stock totaling 300 billion yen (upper limit).
  (Acquisition period: May 13, 2024 - October 31, 2024)
  Of this amount, a tender offer for 213.4 billion yen (upper limit) was approved.

DPS growth

(Unit: Yen)

FY	DPS
FY03-03	2.98
	3.49
	6.00
FY05-03	11.50
	13.33
FY07-03	15.83
	17.50
FY09-03	18.33
	21.67
FY11-03	23.33
	26.67
FY13-03	30.00
	43.33
FY15-03	56.67
	70
FY17-03	85
	90
FY19-03	105
	115
FY21-03	120
	125
FY23-03	135
	140
FY25-03	145(E)

Note) DPS for FY24-03 and FY25-03 are expected figures.   * Canceled treasury shares so that ratio of treasury shares to be 5% after the cancellation
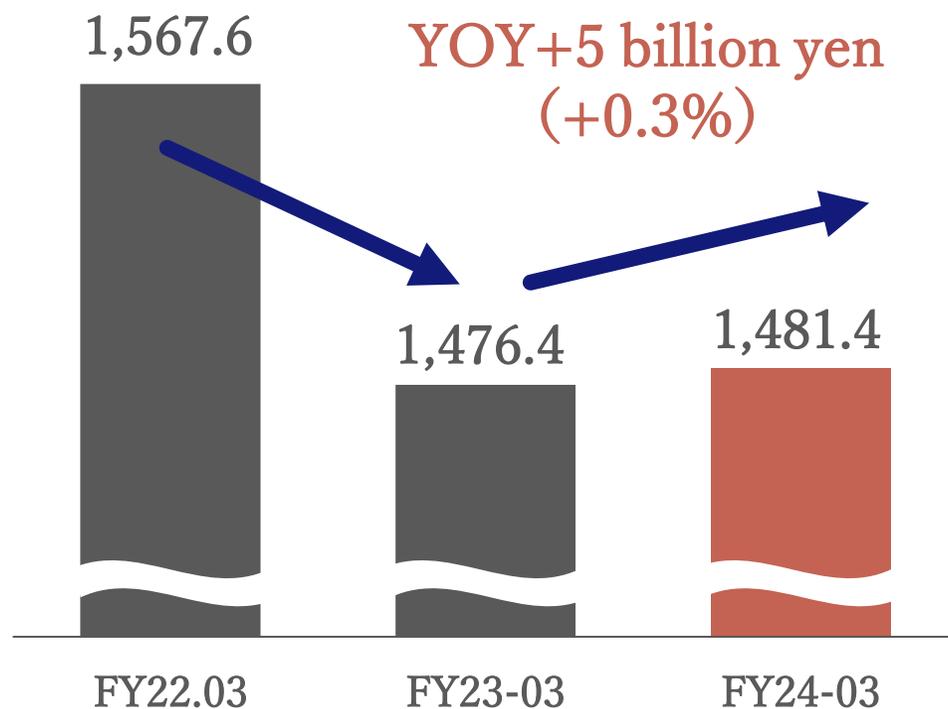
Summary

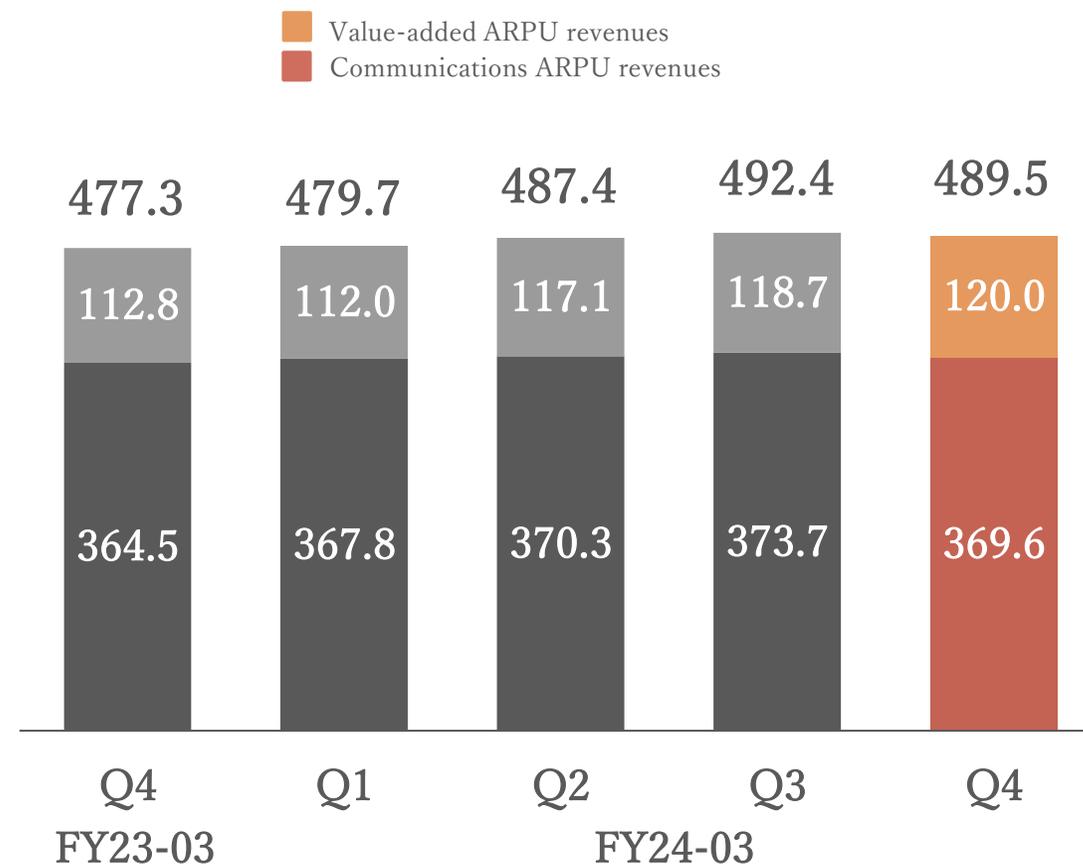|	
Towards KDDI VISION 2030	• Promote Digital Twin. Create new value using AI and data. • Promote a balance between CAPEX and OPEX levels through profit structure reform for technology
Update of Mid-Term Strategy New Satellite Growth Strategy	• Extended 1 year. Aim for EPS target for FY26-03, 1.5x compared to FY19-03 • Aim to balance expanding operating CF through growth investments and shareholder returns • Sustainable growth of ARPU revenues and double-digit growth of operating income in focus areas
Consolidated Performance	• Aim to increase operating income in FY25-03 by increase in communications ARPU revenue (excluding access charge impact), double-digit growth in focus areas, etc.
Shareholder Returns	• DPS for FY25-03 increased 5 yen to 145 yen (E). Aiming for 23rd consecutive DPS growth. • Acquisition of treasury stock totaling 300 billion yen (upper limit). (Acquisition period: May 13, 2024 - October 31, 2024) Of this amount, a tender offer for 213.4 billion yen (upper limit) was approved.

Appendix (1) FY24.3 Related

ARPU revenues

Multi-Brand Communications ARPU revenues

(Unit: billions of yen)

1,567.6

YOY+5 billion yen
(+0.3%)

1,476.4

1,481.4

FY22.03 FY23-03 FY24-03

Note) Personal Services segment

Multi-Brand Total ARPU revenues

(Unit: billions of yen)

- 🟧 Value-added ARPU revenues
- 🟥 Communications ARPU revenues

	Q4 FY23-03	Q1	Q2	Q3	Q4
Total	477.3	479.7	487.4	492.4	489.5
Value-added	112.8	112.0	117.1	118.7	120.0
Communications	364.5	367.8	370.3	373.7	369.6

FY24-03

ID・ARPU

Multi-Brand IDs

(Unit: thousand)

3/'23	6/'23	9/'23	12/'23	3/'24
30,880	30,910	30,940	31,060	31,150

YOY +270K
QOQ ＋90K

Multi-Brand Total ARPU

(Unit: yen)

■ Value-added ARPU
■ Communications ARPU

	Q4 FY23-03	Q1	Q2	Q3	Q4
Total	5,130	5,130	5,210	5,250	5,210
Value-added	1,210	1,200	1,250	1,270	1,280
Communications	3,920	3,930	3,960	3,990	3,930

FY24-03
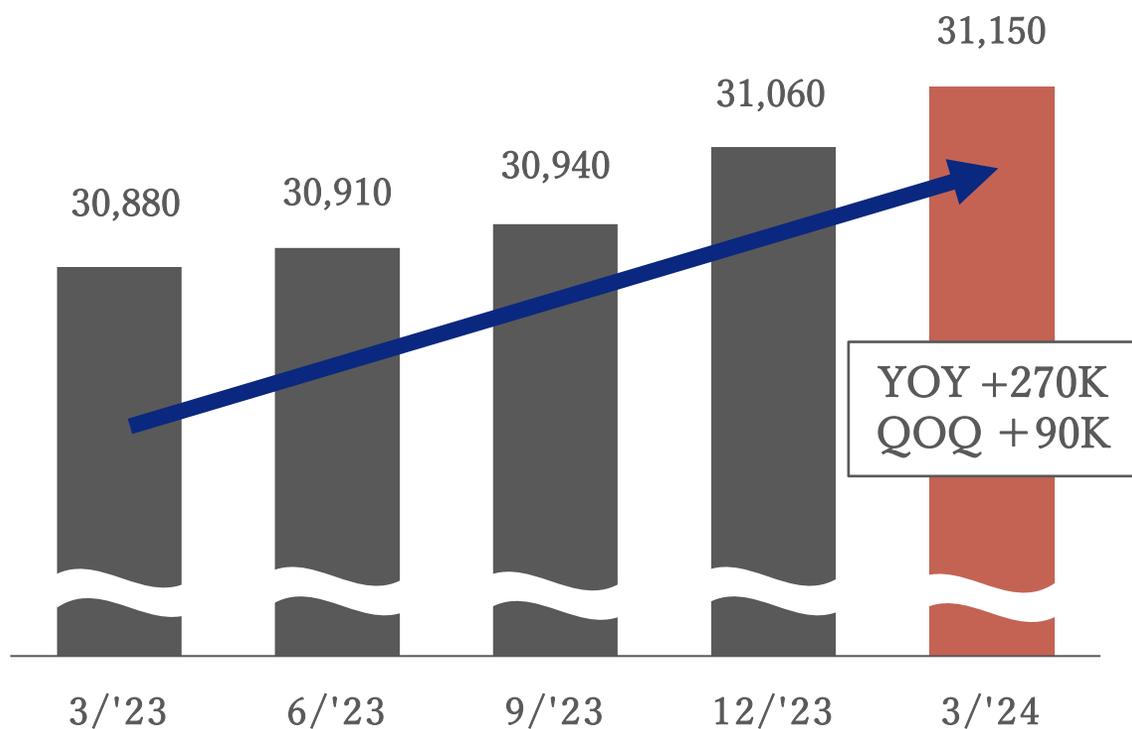
Note) Personal segment. au, UQ mobile, povo (charged users only)
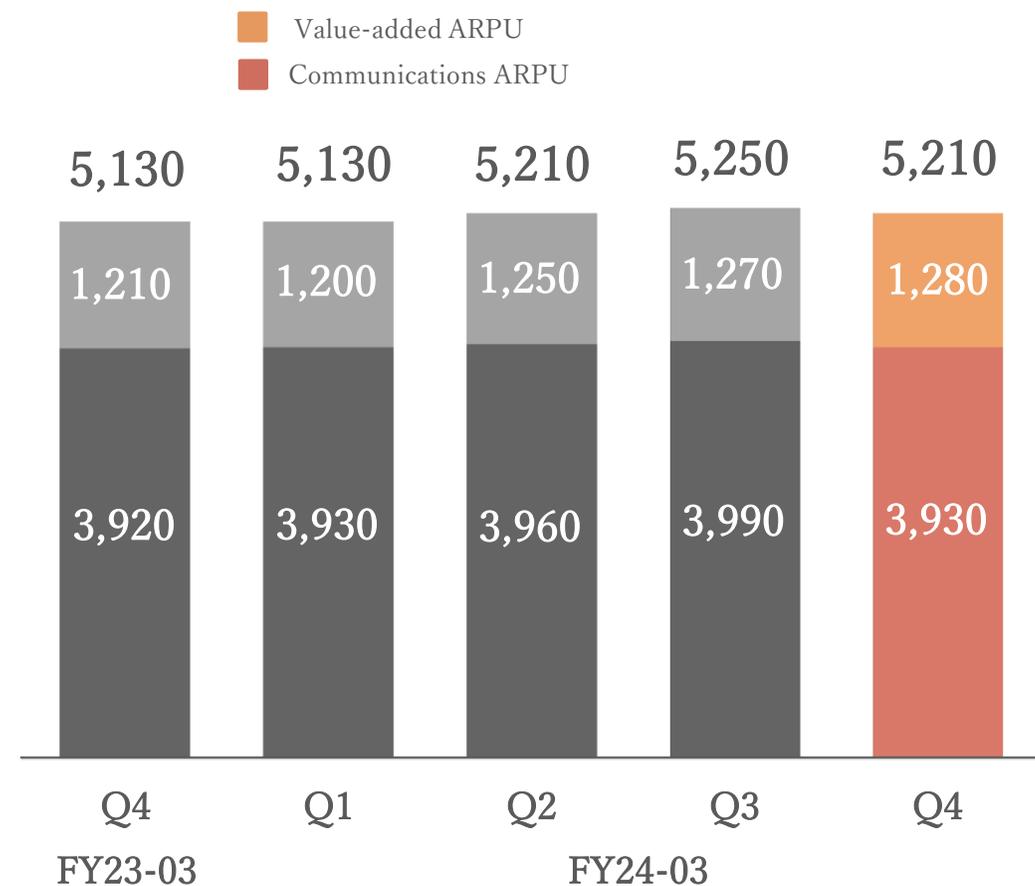
Financial Business

Operating income*1	Transaction volume of settlement/loan	Key KPIs

Operating income*1

(Unit: billions of yen)

YOY +**72.9**%

33.7

19.5

FY23-03   FY24-03
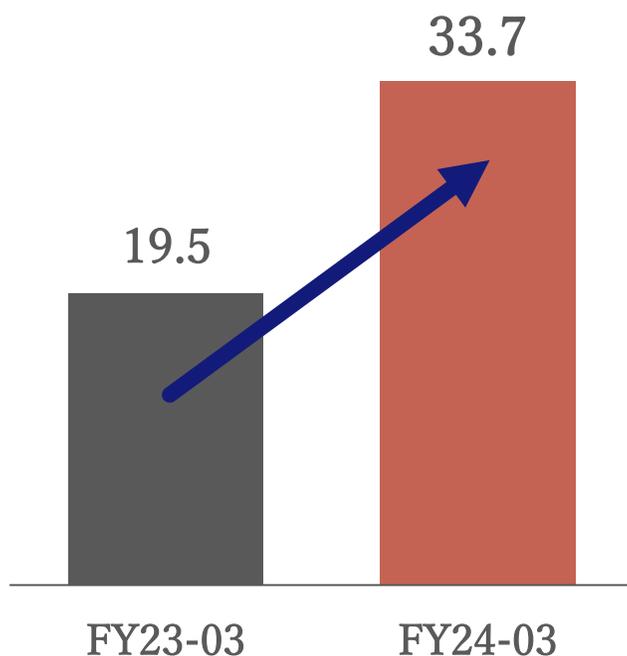
Transaction volume of settlement/loan

(Unit: trillion yen)

YOY +**25.8**%

18.0

14.3

FY23-03   FY24-03
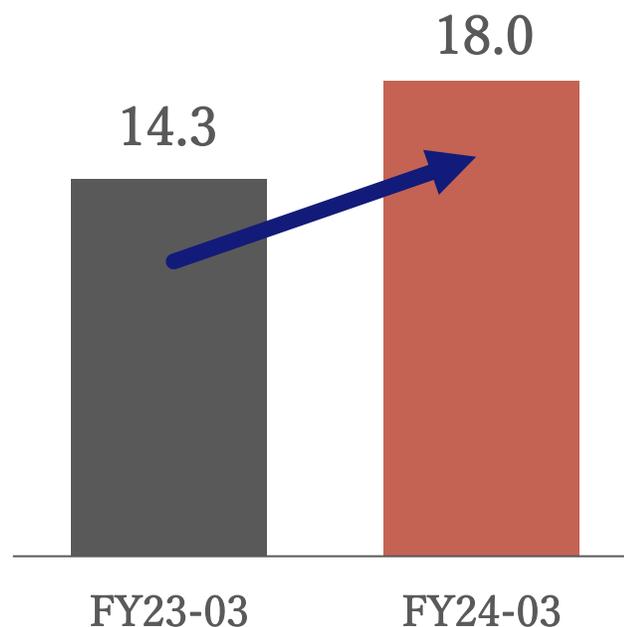
Key KPIs

au Jibun Bank accounts
6.0 mil. accounts exceeded in April 2024

au PAY card members*2
9.44 mil. (YOY+890K)
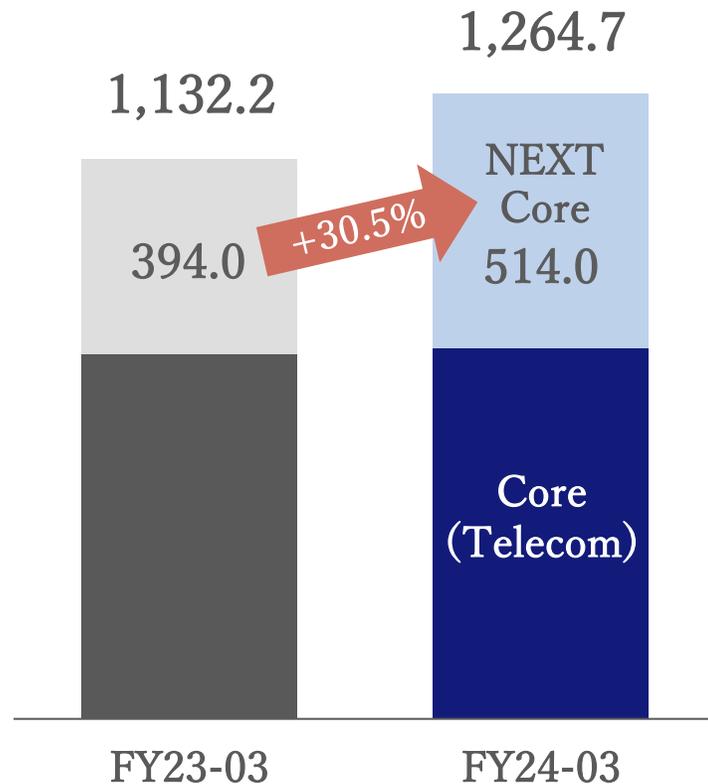of which Gold card members*2
1.15 mil. (YOY+330K)

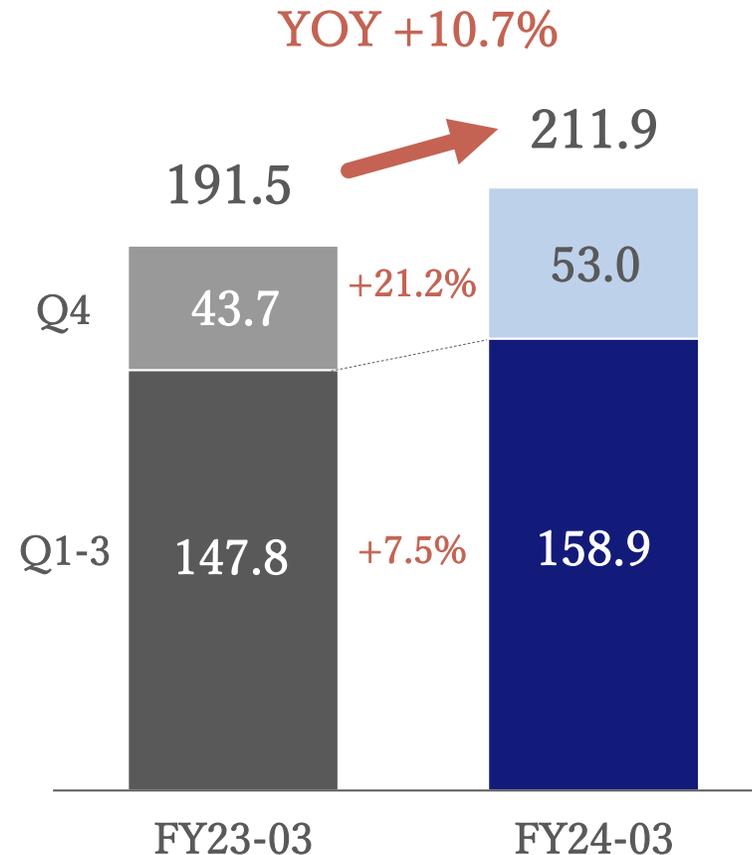au Kabucom securities accounts*2
1.7 mil. (YOY+160K)

*1 au Financial Holdings (IFRS basis) excluding the impact of accounting treatment changes in FY23-03   *2 As of end of March 2024

Business Segment

Operating revenue

(Unit; billions of yen)

1,132.2

1,264.7

394.0 → +30.5% → NEXT Core 514.0

Core (Telecom)

FY23-03   FY24-03

Operating income*

(Unit; billions of yen)

YOY +10.7%

191.5

211.9

Q4 43.7   +21.2%   53.0

Q1-3 147.8   +7.5%   158.9

FY23-03   FY24-03

- NEXT Core drives revenue growth with YOY+30.5%

- Profit increase expanded in Q4, achieved double-digit growth

  - Q4 alone YOY+21.2%

  - IoT and Data centers drive growth. Mobile communications revenue also increased

  - Integration of Altius Link also contributed to profit growth

* For the business combination implemented in Q2 of FY24-03, the stated figures for Q2 and Q3 are retroactively revised as the figures are finalized in Q4.

NEXT Core Operating revenue

NEXT Core revenue

(Unit: billions of yen)

514.0

394.0

+30.5%

FY23-03　　FY24-03
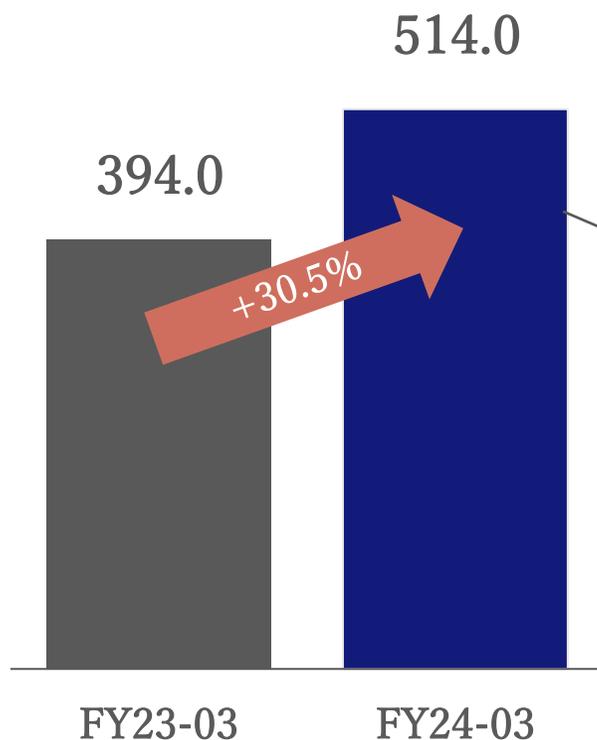
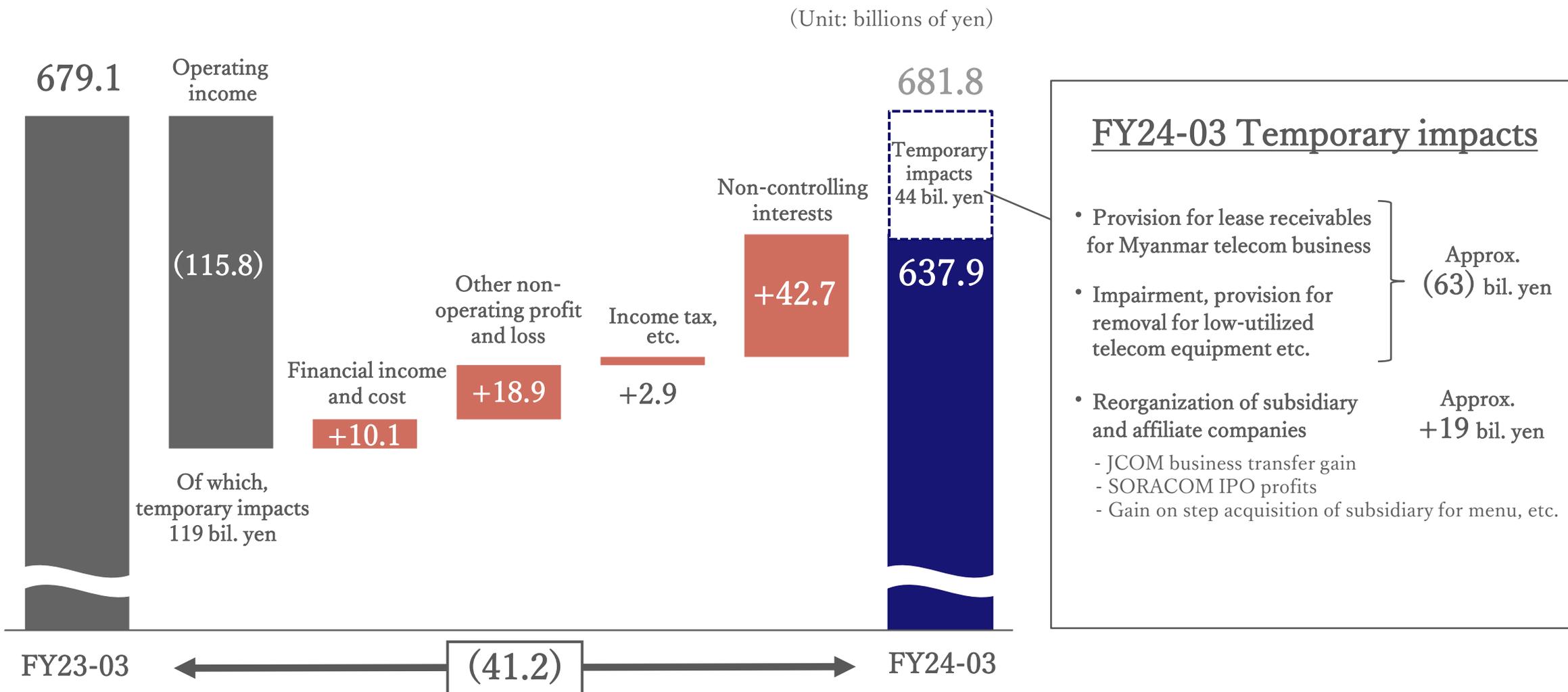| Corporate DX	• YOY double-digit growth. 130 billion yen scale • Growth in cloud and managed services
Business DX	• YOY double-digit growth. Over 170 billion yen • IoT, including overseas connected driving growth
Business infrastructure services	• YOY double-digit growth. Over 210 billion yen • Double-digit growth in both Data centers and Contact centers including the impact of business integration

FY24-03 Profit for the period – Factors for Change

(Unit: billions of yen)

679.1   Operating income

(115.8)

Of which, temporary impacts 119 bil. yen

Financial income and cost
+10.1

Other non-operating profit and loss
+18.9

Income tax, etc.
+2.9

Non-controlling interests
+42.7

681.8

Temporary impacts 44 bil. yen

637.9

FY23-03 ←——— (41.2) ———→ FY24-03

FY24-03 Temporary impacts

- Provision for lease receivables for Myanmar telecom business
- Impairment, provision for removal for low-utilized telecom equipment etc.

Approx. (63) bil. yen

- Reorganization of subsidiary and affiliate companies

Approx. +19 bil. yen

- JCOM business transfer gain
- SORACOM IPO profits
- Gain on step acquisition of subsidiary for menu, etc.

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

Statement of Financial Position

(as of the end of March 2024)

(Unit: billions of yen)

KDDI (Consolidated)*1

Assets	Liabilities and Equity
Property, plant and equipment Intangible assets Rights-of-use assets 4,274.8	Interest-bearing debt 1,873.3
	Trade and other payables 899.1
Goodwill 568.1	Borrowings for financial business*2*3 521.1
Trade and other receivables 2,702.2	Deposits for financial business*3 3,826.1
Securities for financial business 413.8	Other liabilities 1,229.2
Loans for financial business*3*4 3,567.7	Equity 5,797.2
Cash and cash equivalents 887.2	
Other 1,732.4	

KDDI (Consolidated)*1
Total assets 14.15 trillion yen

(Unit: billions of yen)

Au Financial Holdings (Consolidated)*1

Assets	Liabilities and Equity
Cash and cash equivalents 680.0	Borrowings for financial business*2 526.7
Securities 413.8	Deposits 3,851.3
Loans 3,565.3	
Other 987.5	Other 1,268.5

Au Financial Holdings (Consolidated)*1
Total assets 5.65 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

Appendix (2) FY25-03 Related

Business Services segment classification

Growth Areas (Value-added services)

Data driven AI & digital services

- IoT related services (Connected, etc.)
- Data centers
- Digital BPO (Altius Link)
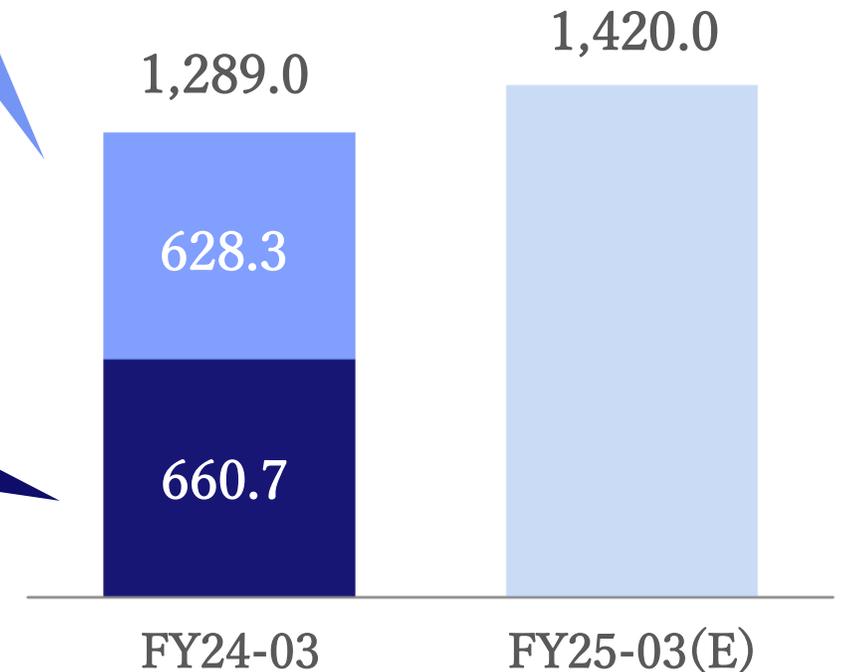- New business related (Starlink, drones, etc.) and more

Base (Telecommunications)

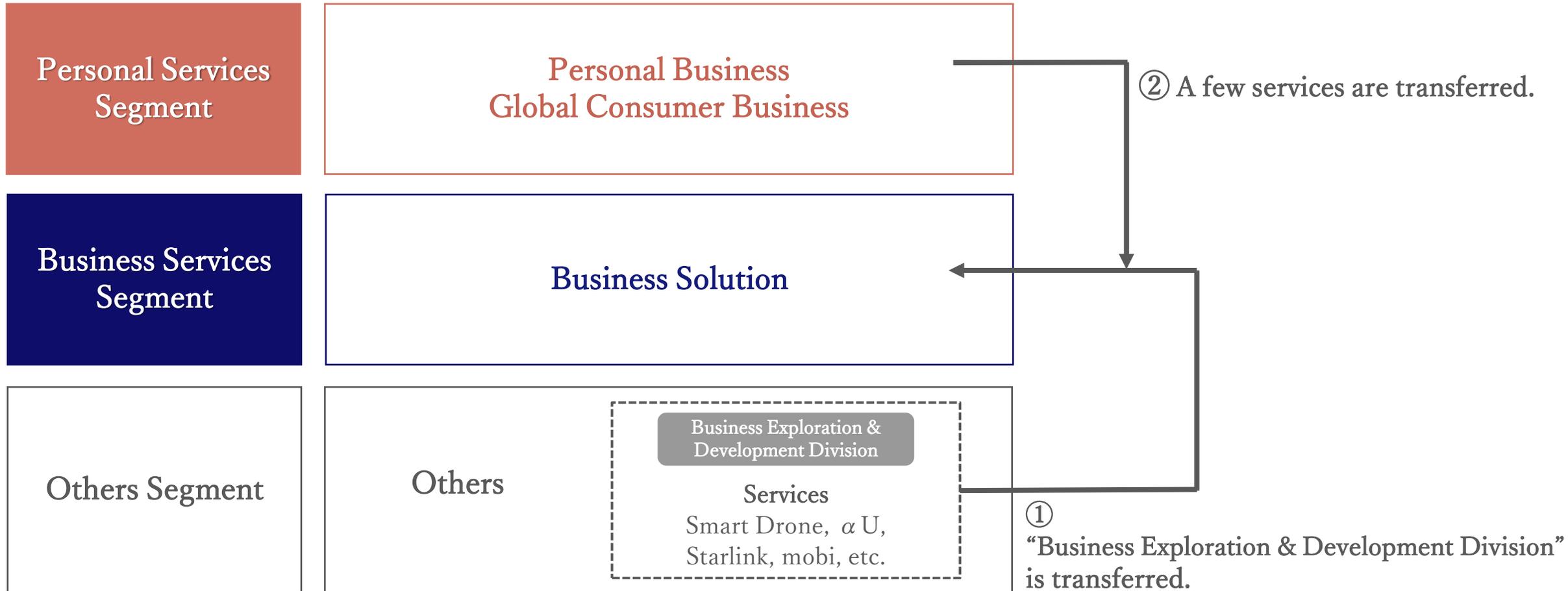Network Infrastructure

- Telecom services (Mobile & fixed-lines)

Operating revenues

(Unit: billions of yen)

1,289.0 | 1,420.0
628.3
660.7

FY24-03 | FY25-03(E)

✓ Redefinition to enhance Telecom + Value-added business model by utilizing AI and data
✓ For NEXT Core's definition of Corporate DX, Business DX and Business Infrastructure services, we consider the fact that the boundary between Corporate DX and Business DX has blurred.
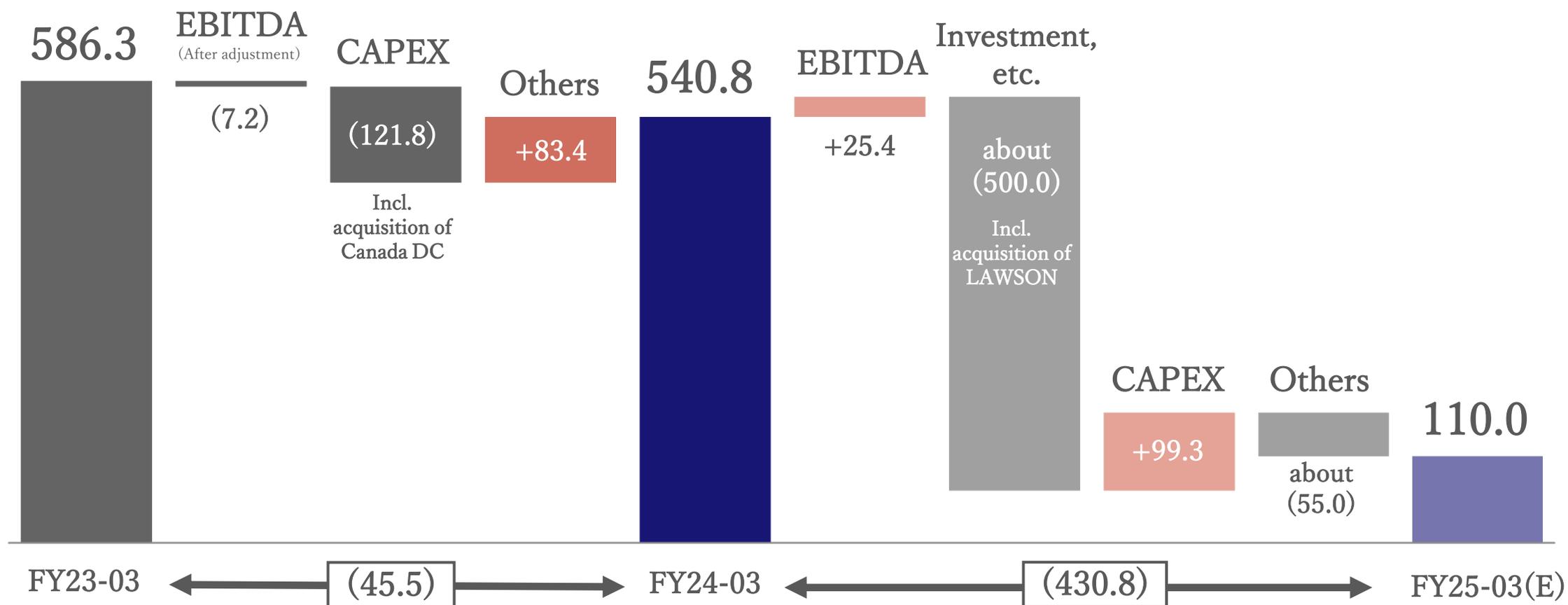
Segment change（FY25-03～）

Personal Services Segment	Personal Business Global Consumer Business

② A few services are transferred.

Business Services Segment	Business Solution

Others Segment	Others

Business Exploration & Development Division

Services
Smart Drone, αU,
Starlink, mobi, etc.

①
"Business Exploration & Development Division"
is transferred.

① From FY25-03, "Business Exploration & Development Division" (new business related) is transferred from
"Other segment" to "Business Services segment".
② In addition, a few services in "Personal Services segment" are also transferred to the said division.

Consolidated FCF (excluding financial business) Factors for Change

(Unit: billions of yen)

586.3
FY23-03

EBITDA
(After adjustment)
(7.2)

CAPEX
(121.8)
Incl. acquisition of Canada DC

Others
+83.4

540.8
FY24-03

EBITDA
+25.4

Investment, etc.
about
(500.0)
Incl. acquisition of LAWSON

CAPEX
+99.3

Others
about
(55.0)

110.0
FY25-03(E)

(45.5)

(430.8)

Note) Financial business is au Financial Holdings. Temporary impacts of provisions for lease receivables for the Myanmar telecom business and impairment and provisions for removal of low-utilized telecommunications equipment is excluded.

Tomorrow, Together

KDDI

Disclaimer