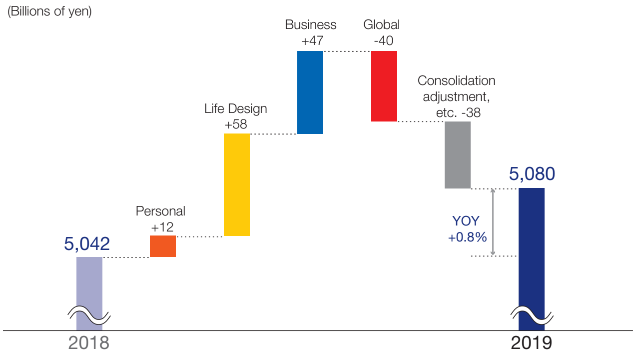
Analysis of the Consolidated Statement of Income

Operating Revenue

(Years ended March 31)

YOY Up 0.8% ¥5,080.4 billion

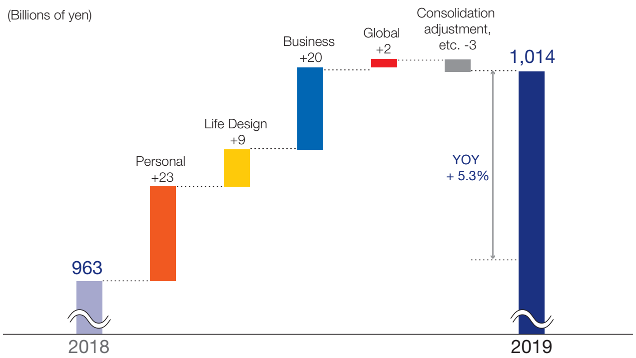
Although mobile communications revenues declined in the Personal Services segment, revenues were boosted by the consolidation of subsidiaries. In addition revenues increased in the energy business, value-added ARPA revenues grew, revenues rose on expansion in the life design business, and they also grew in the Business Services segment. As a result, operating revenue rose 0.8% year on year to ¥5,080.4 billion.



Operating Income

YOY Up 5.3% ¥1,013.7 billion

Value-added ARPA revenues increased on expansion in the life design business, and profits also grew in the Business Services segment, offsetting the decline in mobile communications revenues in the Personal Services segment, the accelerated depreciation of 3G equipment and the costs of disaster response. As a result, operating income grew 5.3% to ¥1,013.7 billion.



Profit for the Year Attributable to Owners of the Parent

YOY Up 7.9% ¥617.7 billion

Profit for the year attributable to owners of the parent increased 7.9% year on year to ¥617.7 billion, reflecting growth in operating income and a decline in non-controlling interests, despite an increase in income tax due to increase in profit for the period before income tax.

Dividends per Share

YOY Up ¥15 ¥105

KDDI distributed an annual dividend of ¥105 per share, an increase of ¥15 compared with the previous year, for a consolidated dividend payout ratio of 40.5%. Our dividend policy for the fiscal year ending March 31, 2020 through the fiscal year ending March 31, 2022 is to maintain the consolidated dividend payout ratio at a level above 40% while taking into consideration the investments necessary to achieve growth and ensure stable business operations. We aim to continue raising dividends through synergy with growth in earnings per share in line with higher operating income.

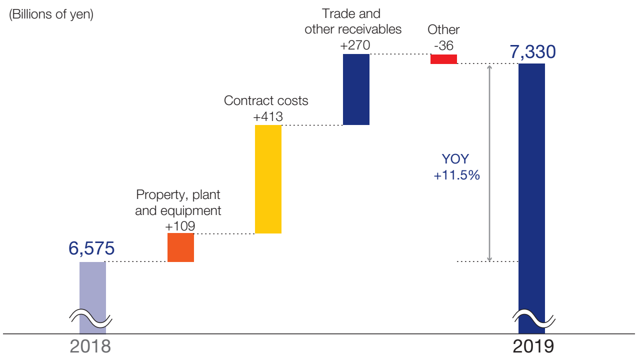
Analysis of the Consolidated Statement of Financial Position

Total Assets

(Years ended March 31)

YOY Up¥755.9 billion ¥7,330.4 billion

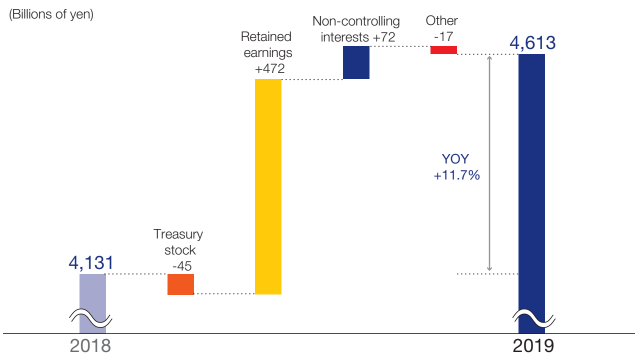
Total assets were ¥7,330.4 billion, an increase of ¥755.9 billion from the previous fiscal year-end. The increase reflects higher contract costs in accordance with the adoption of IFRS No. 15, expansion of the "au WALLET Credit card" business and growth in receivables due to the diversification of installment sales methods for au mobile phone handsets.



Total Equity

YOY Up¥481.7 billion ¥4,612.9 billion

Total equity was ¥4,612.9 billion, up ¥481.7 billion, mainly due to an increase in retained earnings associated with the increase in profit and an increase in non-controlling interests, which outweighed a decline in equity due to the acquisition of treasury stock.



Interest-Bearing Debt

YOY Up¥157.1 billion ¥1,275.7 billion

Interest-bearing debt expanded ¥157.1 billion year on year to ¥1,275.7 billion, mainly because of more borrowings and an increase in bonds from the issuance of bonds.

D/E Ratio

YOY ±0.00 point 0.30 times

The D/E ratio was unchanged at 0.30 times as equity attributable to owners of the parent increased along with the increase in retained earnings, but interest-bearing debt also grew.

Analysis of Capital Expenditures and Cash Flows

Capital Expenditures (Payment Basis)

(Years ended March 31)

Consolidated capital expenditures increased ¥40.9 billion compared with the fiscal year ended March 31, 2018, to ¥601.8 billion.

Mobile

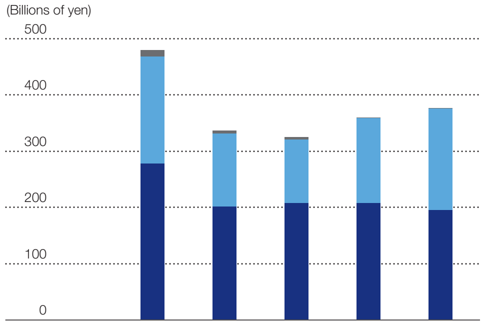
YOY Up¥17.1 billion ¥377.2 billion

In the mobile business, capital expenditures were up ¥17.1 billion to ¥377.2 billion, mainly due to efforts to enhance quality and expand service areas for 4G LTE ahead of the launch of 5G, increase telecommunication speeds through carrier aggregation, and advance construction work on the 700MHz and 3.5GHz bands.

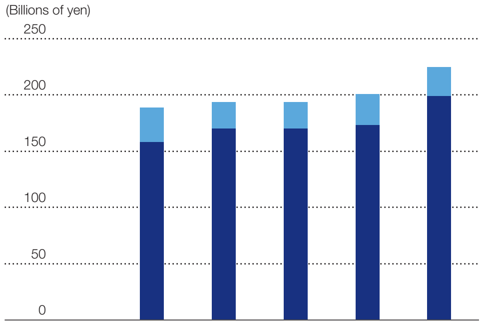
Fixed-Line and Others

YOY Up¥23.9 billion ¥224.6 billion

In the fixed-line businesses and others, capital expenditures increased ¥23.9 billion year on year to ¥224.6 billion. Despite a decrease in FTTH-related investment, spending on domestic communications centers increased and on investments in consolidated subsidiaries rose.



	2015	2016	2017	2018	2019
3G	11	5	4	1	**1**
LTE	191	131	114	152	**181**
Common equipment	278	201	207	207	**195**
Total	479	338	325	360	**377**



	2015	2016	2017	2018	2019
FTTH	31	24	24	28	**26**
Other	158	170	170	173	**199**
Total	189	193	194	201	**225**

Cash Flows

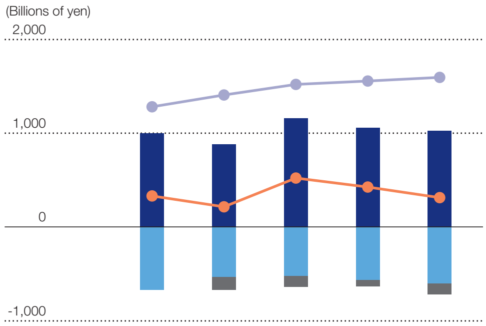
Free Cash Flows

YOY Down¥112.5 billion ¥315.0 billion

Net cash provided by operating activities was ¥1,029.6 billion, ¥31.8 billion less than in the previous fiscal year. The decrease mainly reflects an increase in trade and other receivables, despite growth in EBITDA.

Meanwhile, net cash used in investing activities was ¥714.6 billion, ¥80.7 billion higher than in the previous fiscal year. The increase mainly reflects expansion in capital expenditures and greater spending on investments and acquisitions in subsidiaries and affiliated companies.

As a result, free cash flows—the total of operating and investing cash flows—amounted to ¥315.0 billion, down ¥112.5 billion from the previous fiscal year.



	2015	2016	2017	2018	2019
Free Cash Flows	333	217	524	428	**315**
Net Cash Provided by (Used in) Operating Activities	969	885	1,161	1,061	**1,030**
Capital Expenditures	-668	-531	-519	-561	**-602**
Other, Net Cash Provided by (Used in) Investing Activities	32	-136	-118	-73	**-113**
EBITDA	1,285	1,411	1,524	1,560	**1,599**