



This translation is to be used solely as a reference and the consolidated financial statements in this release are unaudited.

Financial Statements Summary for the nine-month period ended December 31, 2021 [IFRS]

January 28, 2022

Company name: **KDDI CORPORATION** URL <https://www.kddi.com>
 Stock listing: Tokyo Stock Exchange - First Section
 Code number: 9433
 Representative: Makoto Takahashi, President
 Scheduled date of quarterly report filing: February 2, 2022
 Scheduled date of dividend payment: —
 Supplemental materials of quarterly results: Yes
 Presentation for quarterly results: Yes (for institutional investors and analysts)

(Amount Unit : Millions of yen, unless otherwise stated)

(Amounts are rounded off to nearest million yen)

1. Consolidated Financial Results for the nine-month period ended December 31, 2021 (April 1, 2021 - December 31, 2021)

(1) Consolidated Operating Results (Percentage represents comparison change to the corresponding previous quarterly period)

	Operating revenue		Operating income		Profit for the period before income tax		Profit for the period		Profit for the period attributable to owners of the parent		Total comprehensive income for the period	
		%		%		%		%		%		%
Nine-month period ended December 31, 2021	4,013,826	2.3	874,571	0.4	877,779	0.8	600,332	0.2	554,221	1.0	620,881	0.6
Nine-month period ended December 31, 2020	3,923,775	0.5	871,042	3.2	870,766	3.6	599,039	3.8	548,726	3.4	617,066	5.6

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine-month period ended December 31, 2021	246.46		246.26	
Nine-month period ended December 31, 2020	238.97		238.81	

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
As of December 31, 2021	10,840,116	5,421,867	4,904,349	45.2 %
As of March 31, 2021	10,535,326	5,259,469	4,759,720	45.2 %

2. Dividends

	Dividends per share				
	1 st Quarter End	2 nd Quarter End	3 rd Quarter End	Fiscal Year End	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2021	—	60.00	—	60.00	120.00
Year ending March 31, 2022	—	60.00	—		
Year ending March 31, 2022 (forecast)				65.00	125.00

Note: Changes in the latest forecasts released : No

3. Consolidated Financial Results Forecast for Year ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(Percentage represents comparison to previous fiscal year)

	Operating revenue		Operating income		Profit for the year attributable to owners of the parent		Basic earnings per share	
		%		%		%	Yen	
Entire fiscal year	5,350,000	0.7	1,050,000	1.2	655,000	0.5	292.68	

Note: Changes in the latest forecasts released : No

*The above forecasts reflect the impact of COVID-19 pandemic based on the information currently available. The update for forecast will be disclosed promptly if the situation is changed.

Notes

(1) Changes in significant consolidated subsidiaries (which resulted in changes in scope of consolidation) during the nine-month period ended December 31, 2021 : None

Addition: None

Exclusion: None

(2) Changes in accounting policies and estimates

1) Changes in accounting policies required under IFRSs: None

2) Other changes in accounting policies: None

3) Changes in accounting estimates: None

(3) Numbers of outstanding shares (Common Stock)

1) Number of shares outstanding (inclusive of treasury stock) As of December 31, 2021 2,304,179,550

As of March 31, 2021 2,304,179,550

2) Number of treasury stock As of December 31, 2021 74,251,895

As of March 31, 2021 28,782,253

3) Number of weighted average common stock outstanding For the nine-month period ended December 31, 2021 2,248,732,720

(cumulative for all quarters) For the nine-month period ended December 31, 2020 2,296,201,793

Note: The 3,924,287 shares as of December 31, 2021 and the 4,114,964 shares as of March 31, 2021 of KDDI's stock owned by the executive compensation BIP Trust account and the stock-granting ESOP Trust account are included in the total number of treasury stock.

This quarterly earnings report is not subject to quarterly review procedure.

Explanation for appropriate use of forecasts and other notes

1. The forward-looking statements such as operational forecasts contained in this statements summary are based on the information currently available to KDDI and certain assumptions which are regarded as legitimate. Actual results may differ significantly from these forecasts due to various factors. Please refer to P.9 "1. Qualitative Information / Consolidated Financial Statements, etc (3) Explanation Regarding Future Forecast Information of Consolidated Financial Results" under [the Attachment] for the assumptions used and other notes.
2. On January 28, 2022, KDDI will hold a financial result briefing for the institutional investors and analysts. Presentation materials will be webcasted on the same time as the release of this earnings report, and the live presentation and Q&A summary will be also posted on our website immediately after the commencement of the financial result briefing. In addition to the above, KDDI holds the briefing and the presentations on our business for the individual investors timely. For the schedule and details, please check our website.

[the Attachment]

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1. Qualitative Information / Consolidated Financial Statements, etc.

(1) Explanation of Financial Results

1) Results Overview

Industry Trends and KDDI's Position

Due to the COVID-19 pandemic, the structure of day-to-day life as we know it has been completely upended and, amid an ongoing rapid digital shift affecting every aspect of society, telecommunications have taken on an increasingly important role. In addition, with new telecommunications providers entering the market and competition heating up, services and pricing plans are diversifying and the telecommunications industry itself is undergoing major changes.

In 2020, KDDI and KDDI Research, Inc. announced KDDI Accelerate 5.0, which aims to build a society for the next generation by 2030 and accelerate the realization of Society 5.0*1 through 5G as promoted by the government. We are launching measures to establish new lifestyles for consumers and build a resilient future society that supports Japan's economic development and provides solutions to social issues. To this end, we will utilize other technologies*2 in seven fields and orchestration*3 that support the evolution of the network layer, platform layer, and business layer, including 5G networks.

To ensure its ability to promptly adapt to the changes of this era and promote its medium- to long-term vision, KDDI aims to achieve overall growth through sustainable growth in existing businesses as well as new innovations under its Medium-Term management plan spanning the period of April 1, 2019 to March 31, 2022 (FY2020.3–FY2022.3) and now in its final fiscal year.

Under the slogan Zutto, Motto, Tsunagu Zo, au (Connecting more and always with au), we strive to provide pricing plans aligned with diverse needs and lifestyles to individual customers over a wide telecommunications area via a high-quality network by offering the reliable and unlimited-use “au,” simple for everyone “UQ mobile,” and the all topping “povo” starting from a base fee of ¥0. In addition, we provide an experience value only possible with 5G by collaborating with partners to provide a metaverse (virtual reality) that includes a virtual city that integrates virtual and physical space. We will continue to deliver new experience value to customers by steadily promoting the “integration of telecommunications and life design” through the wider adoption of “au PAY” as a contact point with customers.

For corporate customers, companies' digital transformation (DX) is accelerating across a wide range of industries and uses, and corporate business models are changing profoundly. KDDI is undertaking DX with customers, aiming to grow our businesses in tandem. By fully leveraging KDDI DIGITAL GATE, which is a new business development center, DXGoGo Inc., a new company founded in May 2021, and various Group company assets, we will promote the creation of new experience value and businesses with the aim of becoming a digital integrator for this era, in which telecommunications are becoming seamlessly integrated with all kinds of physical things.

In addition, KDDI considers human resources its most important resource. With the aim of transforming into a company that puts human resources first and has made their development and enhancement the foundation of management, we are working on this across three pillars: introducing the KDDI Version Job Style Personnel System, realizing the Declaration of KDDI New Work Styles, and promoting Internal DX.

Furthermore, to achieve KDDI's SDGs for 2030 we formulated the KDDI Sustainable Action initiatives. These initiatives target sustainable growth with society by “connecting and protecting lives,” “connecting day-to-day lives,” and “connecting hearts and minds” through the pursuit of business partnerships that utilize 5G, IoT, and other technologies. Every year, the effects of global warming grow more severe, and the resulting climate-driven disasters are increasing in Japan and around the world. In April 2021, KDDI announced its agreement with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. In July 2021, we set new targets to reduce our CO2 emissions by 50% by fiscal year 2030 compared with fiscal year 2019 to help achieve net zero CO2 emissions by 2050. In addition, with the Sustainability Report 2021 released in September, we made our first disclosure in line with the TCFD recommendations. Going forward, we will enhance our non-financial disclosures and continue promoting a shift toward renewable energy and conserving energy, including in our mobile phone base stations and telecommunications equipment, with the aim of reducing CO2 emissions.

In addition, in November 2021 we entered into a partnership with SBI Investment Co., Ltd. to establish KDDI Green Partners Fund to invest in startups that address a wide range of climate change-related issues. We will promote the “integration of telecommunications and life design” and, as a company contributing to the sustainable growth of society, continue further contributing to global environmental conservation with various partners while connecting people, companies, and society.

*1. One of the medium- to long-term growth strategies of Japan, which refers to an ideal human-centric society achieved by

using systems that highly integrate cyberspace with physical space.

*2. Particularly networks, security, IoT, platforms, AI, XR, and robotics

*3. Technologies that enable data to automatically flow between and to be employed by multiple systems

Financial Results

For the nine-month period ended December 31, 2021

(Amount unit: Millions of yen)

	Nine-month period ended December 31, 2020	Nine-month period ended December 31, 2021	Increase (Decrease)	Increase (Decrease)%
Operating revenue	3,923,775	4,013,826	90,051	2.3
Cost of sales	2,077,973	2,117,468	39,495	1.9
Gross profit	1,845,802	1,896,358	50,556	2.7
Selling, general and administrative expenses	988,173	1,032,032	43,858	4.4
Other income and expense (Net)	10,027	6,243	(3,784)	(37.7)
Share of profit(loss) of investments accounted for using the equity method	3,386	4,001	616	18.2
Operating income	871,042	874,571	3,529	0.4
Finance income and cost (Net)	(3,019)	1,751	4,770	—
Other non-operating profit and loss (Net)	2,743	1,457	(1,286)	(46.9)
Profit for the period before income tax	870,766	877,779	7,013	0.8
Income tax	271,727	277,447	5,719	2.1
Profit for the period	599,039	600,332	1,294	0.2
Attributable to owners of the parent	548,726	554,221	5,495	1.0
Attributable to non-controlling interests	50,313	46,112	(4,201)	(8.4)

During the nine-month period ended December 31, 2021, operating revenue increased by 2.3% year on year to ¥4,013,826 million mainly due to an increase in handset sales revenues and revenue in solution business.

Operating income increased by 0.4% year on year to ¥874,571 million mainly due to an increase in operating revenue despite of an increase in advertising expense and sales promotion expense.

Profit for the period attributable to owners of the parent increased by 1.0% year on year to ¥554,221 million.

The business environment surrounding the KDDI group is affected by COVID-19. However, the KDDI group continues working on implementation of business strategy and enhancement of management base and there are no significant impact on consolidated financial results for the nine-month period ended December 31, 2021.

2) Results by Business Segment

Personal Services

The Personal Services segment provides services to individual customers.

In Japan, KDDI aims to provide new experience value by expanding and coordinating various life design services, including those related to commerce, finance, energy, entertainment, education, and healthcare, while focusing on conventional telecommunications services, such as those related to smartphones, cell phones, FTTH, and CATV. We dynamically provide services attuned to customer needs and market conditions through a multi-brand strategy that encompasses “au,” “UQ mobile,” and “povo.” In the life design domain, we provide financial, energy and commerce services focused on the customer contact points of “au PAY” and “au Smart Pass.” We aim to expand the “au Economic Zone” going forward by enhancing these customer points and circulating reward points.

Overseas, we use know-how cultivated in Japan to actively provide telecommunications and life design services to individual customers, especially those in Myanmar, Mongolia, and other Asian regions.

Quarterly Highlights

- We provide pricing plans that are 5G-ready and meet the needs of every customer through reliable and unlimited-use “au,” simple for everyone “UQ mobile,” and the all toppings selectable from zero “povo.” Through UQ mobile, we offer the “Home Set Discount,”*1 which starts from just ¥990 per month (tax included) for all family members and makes the “Rollover Plan” an even better value. With regard to the online-only povo, we launched povo2.0, which offers 11 types of free-to-choose toppings (unlimited phone call and data, etc.) starting with a base plan with a basic fee of ¥0. Through our multi-brand strategy, we are promoting initiatives that enable each customer to use pricing plans that align with their individual lifestyle. In addition, since October 2021, we have offered the Connection Support Program through “au” and “UQ mobile.” We are working to enable customers to live better by connecting each customer and the broader society by providing various bonuses that utilize telecommunications and life design services. At all “au Style” and “au Shop” locations, we deal with both the “au” and “UQ mobile” brands.*2 In December 2021, we have introduced Quick Procedures, which enable swift and simple processes for new contracts and changing handset models at storefronts, to 250 “au Style” and “au Store” locations. We provide new experience value by achieving the dual benefits of the ease of online options and the polite interactions and security of in-store options.
- Under the slogan Zutto, Motto, Tsunagu Zo, au (Connecting more and always with au), we aim to provide telecommunications services that continue to connect people, and the entire Company is working to construct 5G-capable service areas. These efforts are concentrated especially in commercial districts and along train lines, locations where people spend a lot of their time. With regard to train lines, we finished establishing 5G areas on platforms and in inter-station areas along the Yamanote Line in Tokyo and the Osaka Loop Line in Osaka as well as on 47 station platforms of four train lines in the Kanto region.*2 In addition, we finished establishing 5G areas in 80 commercial districts nationwide, including Sapporo’s Odori district, Tokyo’s Shinjuku district, and Fukuoka’s Tenjin district.*3 We will continue providing 5G experience value to customers through a multi-brand strategy encompassing “au,” “UQ mobile,” and “povo” by swiftly establishing 5G areas in places that are integral to customers’ lives.
- In the life design domain, since December 2021 it is possible to charge au PAY balances through accounts at a total of 118 financial institutions, including Mitsubishi UFJ Bank, Mizuho Bank, and Sumitomo Mitsui Bank. In email services, with the aim of enhancing customer convenience, we began offering the au Mail Portability service for ¥330 per month (including tax) from December 2021 to enable the use of au email addresses even after users switch over to UQ mobile or povo or even another telecommunications operator. In the travel business field, we collaborated with Club Tourism International Inc. to begin offering the Club Tourism Pass (¥550 per month (tax included)) from October 2021 to enable customers to discover fun everyday hobbies and offer rich and colorful experiences in their day-to-day lives. In the education business field, as the COVID-19 pandemic stretches on, to support the educational experience opportunities of children, who have endured repeated event cancellations and scaled down after-school activities, KDDI has offered free invitations to KidZania Tokyo and Koshien (to a total of 140,000 children from December 2021) under the KDDI Child Learning Support Program and received many applications.
- In Myanmar,*4 since the political change in February 2021, we have been striving to maintain our telecommunications services, which are indispensable to the lives of Myanmar’s people, while prioritizing the safety of our associated personnel in accordance with the KDDI Group Human Rights Policy. In Mongolia, our consolidated subsidiary MobiCom Corporation LLC issued monpay bond, Mongolia’s first digital corporate bond, through a subsidiary.*5 monpay bond is a service where all transactions, from purchases to interest receipts and reimbursements, are conducted with electronic money. The bonds were sold out 30 minutes after issuance began, receiving good reviews from many customers.

- *1. This service discounts the monthly fee of UQ mobile by offering eligible services (internet or electric power) in a bundled set.
- *2. Survey method: Measurements taken on platforms and in inter-station areas where the on-screen display of the 5G icon has been confirmed. Based on KDDI's own research. Adapted for the New Radio (NR) changes to existing frequency bands.
- *3. Survey method: Measurements taken in relevant areas where the on-screen display of the 5G icon has been confirmed. Based on KDDI's own research.
- *4. The Myanmar telecommunications business is jointly operated by KDDI Summit Global Myanmar Co., Ltd., a consolidated subsidiary, and Myanma Posts & Telecommunications (MPT).
- *5. Mobifinance NBFI LLC

Operating performance in the Personal Services segment for the nine-month period ended December 31, 2021 is described below.

Results

For the nine-month period ended December 31, 2021

(Amount unit: Millions of yen)

	Nine-month period ended December 31, 2020	Nine-month period ended December 31, 2021	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	3,400,145	3,454,335	54,190	1.6
Operating Income	730,160	724,142	(6,018)	(0.8)

During the nine-month period ended December 31, 2021, operating revenue increased by 1.6% year on year to ¥3,454,335 million mainly due to an increase in handset sales revenues and revenue in finance business.

Operating income decreased by 0.8% year on year to ¥724,142 million mainly due to an increase in advertising expense and sales promotion expense despite of an increase in operating revenue .

Business Services

The Business Services segment aims to achieve sustainable growth by creating double-digit growth in the NEXT Core Business, which comprises corporate DX, business DX, and business base services, firmly supported by the stable growth of the Core Business, which mainly comprises mobile and fixed-line telecommunications.

In collaboration with partner companies and using 5G, IoT, and other technology, we support customers' digital transformation by providing one-stop services and solutions that help customers develop and expand their businesses on a global scale.

For small and medium-sized corporate customers in Japan, our consolidated subsidiary, the KDDI MATOMETE OFFICE GROUP is building a regional support network offering close contact throughout Japan.

Quarterly Highlights

- KDDI was awarded first place in overall customer satisfaction in the Large Corporations Market Segment, for the third consecutive year, in J.D. Power Japan's 2021 Business Network Service Satisfaction Study*1. This is the third time KDDI has been awarded first place in the Business Customer Satisfaction Study, having previously been awarded first place in the Business Mobile Phone Service Satisfaction Study*2 and Business IP Phone & Direct Line Phone Service Satisfaction Study*3. In addition, the Group company Chubu Telecommunications Co., Inc. was awarded first place in overall customer satisfaction in the SMB Market Segment of the same study*4 for the 16th consecutive year. Going forward, KDDI will continue to promote the "integration of telecommunications and life design" and create new experience value by contributing to the businesses of our corporate customers as a company contributing to the sustainable growth of society.
- Electric Power Development Co., Ltd. (J-POWER) and KDDI conducted drone inspection pilot tests of J-POWER-owned facilities located across Japan, beginning with wind power generation facilities in September 2020 and extending to around 40 water power generation facilities from November 2021. Covering operational efficiency, the comparable accuracy of existing inspection equipment and possible need for replacements, our examinations employed the latest technologies, including drones used to photograph dams, electrical wires, buildings, and other electric power-related facilities; creation of 3D models; the automated inspection of equipment malfunctions; and the analysis of facility deterioration due to aging. Combining J-POWER's electric power inspection technologies with KDDI's drone flight and operation technologies, the two companies will continue promoting drone inspections of electric power equipment, particularly that providing renewable energy (wind turbines and dams), and thereby contribute to carbon neutrality.
- In November 2021, the KDDI consolidated subsidiary KDDI Vietnam signed a business collaboration memorandum with DEEP C Management Co., Ltd., which manages development in Vietnam's industrial zones, regarding the promotion of smart eco-solutions for a low-carbon society in the DEEP C Industrial Zones, which are located in Hải Phòng city and Quảng Ninh province in northern Vietnam. Aiming to help these industrial zones realize their smart and eco-friendly vision, KDDI Vietnam will conduct various IoT-related evaluations, build IoT environments, and provide operational maintenance while supporting the rise in added value in the industrial zones. In addition, the two companies will work to resolve issues faced by tenants, using digital technology to improve the efficiency of production and logistics operations and reduce CO2 emissions.

Going forward, we will continue to transform our business with the aim of being customers' true first choice of business partner and helping develop and expand the business of corporate customers.

*1. Source: J.D. Power Japan's 2021 Business Network Service Satisfaction StudySM (Based on responses from 396 customers in the Large Corporations Market Segment.jdpower-japan.com)

*2. Source: J.D. Power Japan's 2021 Business Mobile Phone Service Satisfaction StudySM (Based on responses from 2,482 customers in the Large Corporations and Medium-Sized Enterprises Market Segment and 1,719 customers in the Medium-Sized Enterprises and Small Companies Market Segment.jdpower-japan.com)

*3. Source: J.D. Power Japan's 2021 Business IP Phone & Direct Line Phone Service Satisfaction StudySM (Based on responses from 1,097 customers.jdpower-japan.com)

*4. Source: J.D. Power Japan's 2021 Business Network Service Satisfaction StudySM (Based on responses from 5,295 customers in the SMB Market Segment.jdpower-japan.com)

Operating performance in the Business Services segment for the nine-month period ended December 31, 2021, is described below.

Results

For the nine-month period ended December 31, 2021

(Amount unit: Millions of yen)

	Nine-month period ended December 31, 2020	Nine-month period ended December 31, 2021	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	725,925	757,121	31,196	4.3
Operating Income	134,958	141,722	6,764	5.0

During the nine-month period ended December 31, 2021, operating revenue increased by 4.3% year on year to ¥757,121 million mainly due to an increase in revenue in mobile telecommunication fee and revenue in solution business from growth in the NEXT Core Business.

Operating income increased by 5.0% year on year to ¥141,722 million mainly due to an increase in operating revenue.

(2) Explanation of Financial Position

1. Financial Position

(Amount unit: Millions of yen)

	As of March 31, 2021	As of December 31, 2021	Increase (Decrease)
Total assets	10,535,326	10,840,116	304,790
Total liabilities	5,275,857	5,418,249	142,392
Total equity	5,259,469	5,421,867	162,398
Equity attributable to owners of the parent	4,759,720	4,904,349	144,629
Ratio of equity attributable to owners of the parent to total assets	% 45.2	% 45.2	% 0.1

(Assets)

Total assets increased by ¥304,790 million from the previous fiscal year-end to ¥10,840,116 million as of December 31, 2021 mainly due to an increase in loans for financial business and contract costs despite of a decrease in cash and cash equivalents.

(Liabilities)

Total liabilities increased by ¥142,392 million from the previous fiscal year-end to ¥5,418,249 million as of December 31, 2021 mainly due to an increase in deposits for financial business and borrowings and bonds payable despite of a decrease in income taxes payables.

(Equity)

Total equity amounted to ¥5,421,867 million mainly due to an increase in equity attributable to owners of the parent from the previous fiscal year-end. As a result, ratio of equity attributable to owners of the parent to total assets was 45.2% as of December 31, 2021, the same as the ratio as of March 31, 2021.

2. Consolidated Cash Flows

(Amount unit: Millions of yen)

	Nine-month period ended December 31, 2020	Nine-month period ended December 31, 2021	Increase (Decrease)
Net cash provided by (used in) operating activities	1,050,227	737,610	(312,617)
Net cash provided by (used in) investing activities	(486,974)	(573,815)	(86,841)
Free cash flows (Note)	563,253	163,795	(399,459)
Net cash provided by (used in) financing activities	(504,355)	(453,977)	50,378
Effect of exchange rate changes on cash and cash equivalents	(888)	2,534	3,422
Net increase (decrease) in cash and cash equivalents	58,011	(287,648)	(345,659)
Cash and cash equivalents at the beginning of the period	369,202	809,802	440,600
Cash and cash equivalents at the end of period	427,213	522,154	94,941

Note: Free cash flows are calculated as the sum of “net cash provided by (used in) operating activities” and “net cash provided by (used in) investing activities.”

Net cash provided by operating activities decreased ¥312,617 million year on year to ¥737,610 million mainly due to a smaller range of increase in deposits for financial business.

Net cash used in investing activities increased ¥86,841 million year on year to ¥573,815 million mainly due to an increase in purchases of securities for financial business.

Net cash used in financing activities decreased ¥50,378 million year on year to ¥453,977 million mainly due to an increase in net increase of short-term borrowings.

Reflecting these factors and an increase of ¥2,534 million in the effect of exchange rate changes on cash and cash equivalents, the total amount of cash and cash equivalents as of December 31, 2021, decreased by ¥287,648 million from March 31, 2021 to ¥522,154 million.

(3) Explanation Regarding Future Forecast Information of Consolidated Financial Results

For the fiscal year ending March 31, 2022, the Group forecasts operating revenue of ¥5,350,000 million, operating income of ¥1,050,000 million, and profit for the year attributable to owners of the parent: ¥655,000 million. No change have been made from the details stated in the Summary of Financial Results for the fiscal year ended March 31, 2021 (disclosed on May 14, 2021)

If it becomes necessary to revise the forecast due to future changes in circumstances, we will disclose the revision as soon as possible.

2. Condensed Interim Consolidated Financial Statements

(1) Condensed Interim Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Non-current assets :		
Property, plant and equipment	2,492,985	2,544,276
Right-of-use assets	396,772	387,124
Goodwill	540,420	540,605
Intangible assets	1,024,831	1,006,931
Investments accounted for using the equity method	233,921	242,339
Long-term loans for financial business	1,148,805	1,531,563
Securities for financial business	276,065	311,049
Other long-term financial assets	325,201	330,270
Retirement benefit assets	38,364	38,081
Deferred tax assets	11,396	9,098
Contract costs	466,316	524,991
Other non-current assets	21,321	21,732
Total non-current assets	<u>6,976,398</u>	<u>7,488,057</u>
Current assets :		
Inventories	69,821	89,214
Trade and other receivables	2,229,435	2,255,173
Short-term loans for financial business	233,605	256,351
Call loans	33,846	32,942
Other short-term financial assets	69,955	65,843
Income tax receivables	7,969	5,923
Other current assets	104,496	124,459
Cash and cash equivalents	809,802	522,154
Total current assets	<u>3,558,928</u>	<u>3,352,059</u>
Total assets	<u><u>10,535,326</u></u>	<u><u>10,840,116</u></u>

(Unit: Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities and Equity		
Liabilities		
Non-current liabilities :		
Borrowings and bonds payable	1,151,664	1,058,019
Long-term deposits for financial business	32,850	35,700
Lease liabilities	288,650	279,127
Other long-term financial liabilities	14,172	12,547
Retirement benefit liabilities	12,109	13,187
Deferred tax liabilities	100,071	145,022
Provisions	77,476	72,339
Contract liabilities	71,669	71,078
Other non-current liabilities	10,813	11,410
Total non-current liabilities	<u>1,759,474</u>	<u>1,698,430</u>
Current liabilities :		
Borrowings and bonds payable	92,892	324,166
Trade and other payables	754,345	685,369
Short-term deposits for financial business	1,817,240	2,082,647
Call money	115,815	105,413
Lease liabilities	112,275	108,933
Other short-term financial liabilities	1,655	1,816
Income taxes payables	200,886	67,902
Provisions	38,925	30,062
Contract liabilities	100,889	86,952
Other current liabilities	281,461	226,560
Total current liabilities	<u>3,516,383</u>	<u>3,719,820</u>
Total liabilities	<u>5,275,857</u>	<u>5,418,249</u>
Equity		
Equity attributable to owners of the parent		
Common stock	141,852	141,852
Capital surplus	278,675	281,307
Treasury stock	(86,719)	(244,991)
Retained earnings	4,409,000	4,694,370
Accumulated other comprehensive income	16,912	31,812
Total equity attributable to owners of the parent	<u>4,759,720</u>	<u>4,904,349</u>
Non-controlling interests	499,749	517,518
Total equity	<u>5,259,469</u>	<u>5,421,867</u>
Total liabilities and equity	<u><u>10,535,326</u></u>	<u><u>10,840,116</u></u>

(2) Condensed Interim Consolidated Statement of Income

(Unit: Millions of yen)

	For the nine-month period ended December 31, 2020	For the nine-month period ended December 31, 2021
Operating revenue	3,923,775	4,013,826
Cost of sales	2,077,973	2,117,468
Gross profit	1,845,802	1,896,358
Selling, general and administrative expenses	988,173	1,032,032
Other income	12,303	10,671
Other expense	2,276	4,428
Share of profit of investments accounted for using the equity method	3,386	4,001
Operating income	871,042	874,571
Finance income	3,580	7,546
Finance cost	6,599	5,796
Other non-operating profit and loss	2,743	1,457
Profit for the period before income tax	870,766	877,779
Income tax	271,727	277,447
Profit for the period	599,039	600,332
Profit for the period attributable to:		
Owners of the parent	548,726	554,221
Non-controlling interests	50,313	46,112
Profit for the period	599,039	600,332
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	238.97	246.46
Diluted earnings per share (yen)	238.81	246.26

(Unit: Millions of yen)

	For the three-month period ended December 31, 2020	For the three-month period ended December 31, 2021
Operating revenue	1,386,579	1,388,666
Cost of sales	763,886	745,976
Gross profit	622,693	642,689
Selling, general and administrative expenses	345,176	344,876
Other income	3,793	3,059
Other expense	784	816
Share of profit of investments accounted for using the equity method	1,754	1,440
Operating income	282,279	301,496
Finance income	1,455	3,074
Finance cost	2,183	1,639
Other non-operating profit and loss	831	376
Profit for the period before income tax	282,381	303,308
Income tax	87,684	96,688
Profit for the period	194,696	206,619
Profit for the period attributable to:		
Owners of the parent	175,826	192,751
Non-controlling interests	18,870	13,868
Profit for the period	194,696	206,619
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	76.83	86.24
Diluted earnings per share (yen)	76.78	86.17

(3) Condensed Interim Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	For the nine-month period ended December 31, 2020	For the nine-month period ended December 31, 2021
Profit for the period	599,039	600,332
Other comprehensive income		
Items that will not be transferred subsequently to profit or loss		
Changes measured in fair value of financial assets through other comprehensive income	21,255	11,301
Share of other comprehensive income of investments accounted for using the equity method	148	321
Total	21,403	11,622
Items that may be subsequently reclassified to profit or loss		
Changes in fair value of cash flow hedge	212	647
Translation differences on foreign operations	(3,375)	7,492
Share of other comprehensive income of investments accounted for using the equity method	(213)	788
Total	(3,375)	8,927
Total other comprehensive income	18,027	20,549
Total comprehensive income for the period	617,066	620,881
Total comprehensive income for the period attributable to:		
Owners of the parent	569,067	571,657
Non-controlling interests	47,999	49,224
Total	617,066	620,881

(Note) Items in the statement above are presented net of tax.

	(Unit: Millions of yen)	
	For the three-month period ended December 31, 2020	For the three-month period ended December 31, 2021
Profit for the period	194,696	206,619
Other comprehensive income		
Items that will not be transferred subsequently to profit or loss		
Changes measured in fair value of financial assets through other comprehensive income	11,412	2,372
Share of other comprehensive income of investments accounted for using the equity method	27	345
Total	11,438	2,717
Items that may be subsequently reclassified to profit or loss		
Changes in fair value of cash flow hedge	82	521
Translation differences on foreign operations	(1,250)	6,036
Share of other comprehensive income of investments accounted for using the equity method	(101)	176
Total	(1,269)	6,734
Total other comprehensive income	10,170	9,450
Total comprehensive income for the period	204,866	216,070
Total comprehensive income for the period attributable to:		
Owners of the parent	186,672	200,074
Non-controlling interests	18,194	15,996
Total	204,866	216,070

(Note) Items in the statement above are presented net of tax.

(4) Condensed Interim Consolidated Statement of Changes in Equity

For the nine-month period ended December 31, 2020

(Unit: Millions of yen)

	Equity attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Common stock	Capital surplus	Treasury stock	Retained earnings	Accumulated other comprehensive income			
As of April 1, 2020	141,852	280,591	(156,550)	4,138,195	(19,665)	4,384,424	474,684	4,859,108
Comprehensive income								
Profit for the period	—	—	—	548,726	—	548,726	50,313	599,039
Other comprehensive income	—	—	—	—	20,341	20,341	(2,314)	18,027
Total comprehensive income	—	—	—	548,726	20,341	569,067	47,999	617,066
Transactions with owners and other transactions								
Cash dividends	—	—	—	(276,040)	—	(276,040)	(31,299)	(307,339)
Transfer from accumulated other comprehensive income to retained earnings	—	—	—	2,384	(2,384)	—	—	—
Purchase and disposal of treasury stock	—	(4)	(63,063)	—	—	(63,067)	—	(63,067)
Retirement of treasury stock	—	(150,000)	150,000	—	—	—	—	—
Transfer from retained earnings to capital surplus	—	150,000	—	(150,000)	—	—	—	—
Changes in interests in subsidiaries	—	(1,052)	—	—	—	(1,052)	(2,383)	(3,435)
Other	—	1,352	458	—	—	1,809	—	1,809
Total transactions with owners and other transactions	—	295	87,395	(423,655)	(2,384)	(338,349)	(33,683)	(372,032)
As of December 31, 2020	141,852	280,886	(69,155)	4,263,266	(1,708)	4,615,142	489,000	5,104,142

For the nine-month period ended December 31, 2021

(Unit: Millions of yen)

	Equity attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Common stock	Capital surplus	Treasury stock	Retained earnings	Accumulated other comprehensive income			
As of April 1, 2021	141,852	278,675	(86,719)	4,409,000	16,912	4,759,720	499,749	5,259,469
Comprehensive income								
Profit for the period	—	—	—	554,221	—	554,221	46,112	600,332
Other comprehensive income	—	—	—	—	17,437	17,437	3,112	20,549
Total comprehensive income	—	—	—	554,221	17,437	571,657	49,224	620,881
Transactions with owners and other transactions								
Cash dividends	—	—	—	(271,389)	—	(271,389)	(31,813)	(303,202)
Transfer from accumulated other comprehensive income to retained earnings	—	—	—	2,537	(2,537)	—	—	—
Purchase and disposal of treasury stock	—	(53)	(158,914)	—	—	(158,967)	—	(158,967)
Changes in interests in subsidiaries	—	1,250	—	—	—	1,250	358	1,608
Other	—	1,435	642	—	—	2,077	—	2,077
Total transactions with owners and other transactions	—	2,632	(158,272)	(268,851)	(2,537)	(427,028)	(31,455)	(458,483)
As of December 31, 2021	141,852	281,307	(244,991)	4,694,370	31,812	4,904,349	517,518	5,421,867

(5) Condensed Interim Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	For the nine-month period ended December 31, 2020	For the nine-month period ended December 31, 2021
Cash flows from operating activities		
Profit for the period before income tax	870,766	877,779
Depreciation and amortization	533,978	545,452
Impairment losses	1,516	41
Share of (profit) loss of investments accounted for using the equity method	(3,386)	(4,001)
Loss (gain) on sales of non-current assets	(2,061)	(1,448)
Interest and dividends income	(3,352)	(6,682)
Interest expenses	5,311	5,001
(Increase) decrease in trade and other receivables	(6,423)	(3,536)
Increase (decrease) in trade and other payables	6,255	(49,285)
(Increase) decrease in loans for financial business	(361,422)	(405,503)
Increase (decrease) in deposits for financial business	359,904	268,257
(Increase) decrease in Call loans	16,402	904
Increase (decrease) in Call money	31,742	(10,402)
(Increase) decrease in inventories	(7,782)	(19,416)
(Increase) decrease in retirement benefit assets	—	282
Increase (decrease) in retirement benefit liabilities	3,533	1,078
Other	(68,687)	(101,266)
Cash generated from operations	1,376,295	1,097,254
Interest and dividends received	6,297	9,957
Interest paid	(5,816)	(4,976)
Income tax paid	(326,548)	(364,625)
Net cash provided by (used in) operating activities	1,050,227	737,610
Cash flows from investing activities		
Purchases of property, plant and equipment	(312,645)	(336,830)
Proceeds from sales of property, plant and equipment	4,083	1,904
Purchases of intangible assets	(140,127)	(190,069)
Purchases of securities for financial business	(102,251)	(284,895)
Proceeds from sales and redemption of securities for financial business	72,585	253,487
Purchases of other financial assets	(13,817)	(11,337)
Proceeds from sales and redemption of other financial assets	4,403	6,853
Purchases of stocks of associates	(1,148)	(8,907)
Proceeds from sales of stocks of subsidiaries and associates	3,958	1,595
Other	(2,014)	(5,616)
Net cash provided by (used in) investing activities	(486,974)	(573,815)

	(Unit: Millions of yen)	
	For the nine-month period ended December 31, 2020	For the nine-month period ended December 31, 2021
Cash flows from financing activities		
Net increase (decrease) of short-term borrowings	47,500	149,017
Proceeds from issuance of bonds and long-term borrowings	77,500	—
Payments from redemption of bonds and repayments of long-term borrowings	(151,733)	(41,706)
Repayments of lease liabilities	(104,171)	(102,569)
Payments from purchase of subsidiaries' equity from non-controlling interests	(3,161)	(3,664)
Proceeds from the partial sales of shares of subsidiaries to non-controlling interests	—	6,750
Proceeds from stock issuance to non-controlling interests	8	104
Payments from purchase of treasury stock	(63,063)	(158,914)
Cash dividends paid	(275,858)	(271,249)
Cash dividends paid to non-controlling interests	(31,374)	(31,746)
Other	(2)	(1)
Net cash provided by (used in) financing activities	(504,355)	(453,977)
Effect of exchange rate changes on cash and cash equivalents	(888)	2,534
Net increase (decrease) in cash and cash equivalents	58,011	(287,648)
Cash and cash equivalents at the beginning of the period	369,202	809,802
Cash and cash equivalents at the end of the period	427,213	522,154

(6) Going Concern Assumption

None

(7) Notes to Condensed Interim Consolidated Financial Statements

1. Reporting entity

KDDI Corporation (“the Company”) was established as a limited company in accordance with Japanese Company Act. The location of the Company is Japan and the registered address of its headquarter is 2-3-2, Nishishinjuku, Shinjuku-ku, Tokyo, Japan. The Company’s condensed interim consolidated financial statements as of and for the nine-month period ended December 31, 2021 comprise the Company and its consolidated subsidiaries (“the Group”) and the Group’s interests in associates and joint ventures. The Company is the ultimate parent company of the Group.

The Group’s major business and activities are “Personal Services” and “Business Services”.

For the details, please refer to “(1) Outline of reporting segments” of “Note 4. Segment information.”

2. Basis of preparation

(1) Compliance of condensed interim consolidated financial statements with IFRSs

The Group’s condensed interim consolidated financial statements have been prepared in accordance with IAS 34 of IFRSs as prescribed in Article 93 of Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No.64 of 2007), hereinafter referred to as “Ordinance on Quarterly Consolidated Financial Statements” as they satisfy the requirement of a “specific company” set forth in Article 1-2 of Ordinance on Quarterly Consolidated Financial Statements. The condensed interim consolidated financial statements, which do not contain all the information required in annual consolidated financial statements, should be read in conjunction with the annual consolidated financial statements for the previous fiscal year ended March 31, 2021.

(2) Basis of measurement

The Group’s condensed interim consolidated financial statements have been prepared under the historical cost basis except for the following significant items on the condensed interim consolidated statement of financial position:

- Derivative assets and derivative liabilities (measured at fair value)
- Financial assets or financial liabilities at fair value through profit or loss
- Financial assets at fair value through other comprehensive income
- Assets and liabilities related to defined benefit plan (measured at the present value of the defined benefit obligations, net of the fair value of the plan asset)

(3) Presentation currency and unit of currency

The Group’s condensed interim consolidated financial statements are presented in Japanese yen, which is the currency of the primary economic environment of the Company’s business activities, and are rounded to the nearest million yen.

(4) Use of estimates and judgement

The preparation of condensed interim consolidated financial statements in accordance with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and assumptions are based on the management’s best judgments, through their evaluation of various factors that were considered reasonable as of the period-end, based on historical experience and by collecting available information. By the nature of the estimates or assumptions, however, actual results may differ from those estimates and assumptions.

The estimates and assumptions are reviewed on an ongoing basis. The effect of adjusting accounting estimates is recognized in the fiscal year in which the estimates are adjusted and in the subsequent fiscal years.

The judgments, estimates and assumptions that have significant impact on the amount in the condensed interim consolidated financial statements are consistent with those described in the annual consolidated financial statements for the previous fiscal year in principle. No significant changes have been made in the accounting estimates and assumptions affected by COVID-19 from those in the consolidated financial statements for the previous fiscal year.

(5) Application of new standards and interpretations

The Group doesn't have significant standards and interpretations applied from the three-month period ended June 30, 2021.

(6) Standards not yet adopted

The following new standards and amendments announced by the approval date of the condensed interim consolidated financial statements are not mandatory as of December 31, 2021. They have not been early adopted by the Group.

Standard	The title of Standard	Mandatory adoption (from the fiscal year beginning)	To be adopted by the Group from	Outline of new standards and amendments
IFRS 17	Insurance contracts	January 1, 2023	fiscal year ending March 31, 2024	IFRS 17 will replace IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. Under the IFRS 17 model, entities are required to estimate total fulfillment cash flows for insurance contracts and contractual service margin at initial recognition. Fulfillment cash flows comprise estimates of future cash flows, adjustments reflecting the time value of money, and risk adjustments for non-financial risk. At the time of reporting, fulfillment cash flows are remeasured using the latest basis for measurement. Unearned income (contractual service margin) is recognized over the coverage period.

All the standards and amendments above will be reflected to the condensed interim consolidated financial statements for the relevant fiscal year described above. The Company is currently evaluating the impact of the application and estimate is currently not available.

3. Significant accounting policies

The significant accounting policies applied in this condensed interim consolidated financial statements are consistent with those of the annual financial statements, as described in the consolidated financial statements for the previous fiscal year ended. Also, income tax expenses on condensed interim consolidated statement of income are calculated based on the estimated average annual effective income tax rate.

4. Segment information

(1) Outline of reporting segments

The reportable segments of the Group are units of the Group of which separate financial information is available, and which are periodically monitored for the board of directors to determine the allocation of the business resources and evaluate the performance results.

The Group has the two reportable segments of Personal Services and Business Services as well as operating segments.

The Personal Services segment provides services to individual customers.

In Japan, KDDI aims to provide new experience value by expanding and coordinating various life design services, including those related to commerce, finance, energy, entertainment, education, and healthcare, while focusing on conventional telecommunications services, such as those related to smartphones, cell phones, FTTH, and CATV. We dynamically provide services attuned to customer needs and market conditions through a multi-brand strategy that encompasses “au,” “UQ mobile,” and “povo.” In the life design domain, we provide financial, energy and commerce services focused on the customer contact points of “au PAY” and “au Smart Pass.” We aim to expand the “au Economic Zone” going forward by enhancing these customer points and circulating reward points.

Overseas, we use know-how cultivated in Japan to actively provide telecommunications and life design services to individual customers, especially those in Myanmar, Mongolia, and other Asian regions.

The Business Services segment aims to achieve sustainable growth by creating double-digit growth in the NEXT Core Business, which comprises corporate DX, business DX, and business base services, firmly supported by the stable growth of the Core Business, which mainly comprises mobile and fixed-line telecommunications.

In collaboration with partner companies and using 5G, IoT, and other technology, we support customers’ digital transformation by providing one-stop services and solutions that help customers develop and expand their businesses on a global scale.

For small and medium-sized corporate customers in Japan, our consolidated subsidiary, the KDDI MATOMETE OFFICE GROUP is building a regional support network offering close contact throughout Japan.

Beginning in the three-month period ended June 30, 2021, the reportable segments for some subsidiary companies were changed due to organization change. Accordingly, the segment information for the nine-month period ended December 31, 2021 and the three-month period ended December 31, 2021 have been presented based on the segment classification after this change.

(2) Calculation method of revenue, income or loss, assets and other items by reporting segment

Accounting treatment of reported business segments is consistent with “Note 3. Significant accounting policies.”

Income of the reportable segments is based on the operating income.

Inter segment transaction price is determined based on the price by arm’s length transactions or gross costs after price negotiation.

Assets and liabilities are not allocated to reportable segments.

(3) Information related to the amount of revenue, income or loss and other items by reporting segment

The Group's segment information is as follows:

For the nine-month period ended December 31, 2020

(Unit: Millions of yen)

	Reporting segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Business	Sub-total				
Revenue							
Revenue from external customers	3,342,101	567,605	3,909,706	14,069	3,923,775	—	3,923,775
Inter-segment revenue or transfers	58,045	158,320	216,365	37,255	253,620	(253,620)	—
Total	3,400,145	725,925	4,126,071	51,324	4,177,395	(253,620)	3,923,775
Segment income	730,160	134,958	865,118	6,083	871,201	(159)	871,042
Finance income and finance cost (Net)							(3,019)
Other non-operating profit and loss (Net)							2,743
Profit for the period before income tax							870,766

For the nine-month period ended December 31, 2021

(Unit: Millions of yen)

	Reporting segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Business	Sub-total				
Revenue							
Revenue from external customers	3,402,106	596,439	3,998,545	15,281	4,013,826	—	4,013,826
Inter-segment revenue or transfers	52,229	160,682	212,911	44,424	257,336	(257,336)	—
Total	3,454,335	757,121	4,211,457	59,705	4,271,162	(257,336)	4,013,826
Segment income	724,142	141,722	865,864	9,925	875,789	(1,218)	874,571
Finance income and finance cost (Net)							1,751
Other non-operating profit and loss (Net)							1,457
Profit for the period before income tax							877,779

(Note 1) "Other" is a segment not included reporting segment, and includes construction and maintenance of facilities, and research and development of leading-edge technology.

(Note 2) Adjustment of segment income shows the elimination of inter-segment transactions.

For the three-month period ended December 31, 2020

(Unit: Millions of yen)

	Reporting segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Business	Sub-total				
Revenue							
Revenue from external customers	1,188,604	192,696	1,381,301	5,279	1,386,579	—	1,386,579
Inter-segment revenue or transfers	18,697	54,458	73,155	13,014	86,168	(86,168)	—
Total	1,207,301	247,155	1,454,456	18,292	1,472,748	(86,168)	1,386,579
Segment income	235,086	44,498	279,584	2,555	282,139	139	282,279
Finance income and finance cost (Net)							(729)
Other non-operating profit and loss (Net)							831
Profit for the period before income tax							282,381

For the three-month period ended December 31, 2021

(Unit: Millions of yen)

	Reporting segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Business	Sub-total				
Revenue							
Revenue from external customers	1,179,101	203,018	1,382,119	6,547	1,388,666	—	1,388,666
Inter-segment revenue or transfers	17,537	54,316	71,853	15,101	86,954	(86,954)	—
Total	1,196,637	257,334	1,453,972	21,648	1,475,620	(86,954)	1,388,666
Segment income	249,099	49,450	298,549	3,049	301,599	(102)	301,496
Finance income and finance cost (Net)							1,436
Other non-operating profit and loss (Net)							376
Profit for the period before income tax							303,308

(Note 1) “Other” is a segment not included reporting segment, and includes construction and maintenance of facilities, and research and development of leading-edge technology.

(Note 2) Adjustment of segment income shows the elimination of inter-segment transactions.