



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 three-month period ended June 30, 2022 [IFRS]

July 29, 2022

Company name: **KDDI CORPORATION** URL <https://www.kddi.com>  
 Stock listing: Tokyo Stock Exchange - Prime Market  
 Code number: 9433  
 Representative: Makoto Takahashi, President  
 Scheduled date of quarterly report filing: August 3, 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 three-month period ended June 30, 2022 (April 1, 2022 - June 30, 2022)

#### (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	
		%		%		%		%		%		%
Three-month period ended June 30, 2022	1,351,676	4.0	296,935	(0.8)	300,545	0.1	211,100	1.4	191,797	1.0	226,888	5.5
Three-month period ended June 30, 2021	1,300,264	4.6	299,193	2.9	300,180	3.5	208,133	4.7	189,890	4.1	215,068	5.8

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three-month period ended June 30, 2022	87.01		86.95	
Three-month period ended June 30, 2021	84.04		83.97	

#### (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 June 30, 2022	11,150,462	5,508,068	4,978,979	44.7%
As of March 31, 2022	11,084,379	5,510,663	4,982,586	45.0%

### 2. Dividends

	Dividends per share				
	1 <sup>st</sup> Quarter End	2 <sup>nd</sup> Quarter End	3 <sup>rd</sup> Quarter End	Fiscal Year End	Total
Year ended March 31, 2022	—	60.00	—	65.00	125.00
Year ending March 31, 2023	—	—	—	—	—
Year ending March 31, 2023 (forecast)	—	65.00	—	70.00	135.00

Note: Changes in the latest forecasts released : No

### 3. Consolidated Financial Results Forecast for Year ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(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	5,560,000	2.1	1,100,000	3.7	688,000	2.3	314.92

Note: Changes in the latest forecasts released : No

\*The above forecasts reflect the impact of the 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 three-month period ended June 30, 2022 : 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 June 30, 2022 2,304,179,550

As of March 31, 2022 2,304,179,550

2) Number of treasury stock As of June 30, 2022 100,871,664

As of March 31, 2022 88,978,932

3) Number of weighted average common stock outstanding For the three-month period ended June 30, 2022 2,204,219,349

(cumulative for all quarters) For the three-month period ended June 30, 2021 2,259,552,413

Note: The 2,243,523 shares as of June 30, 2022 and the 3,920,592 shares as of March 31, 2022 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.10 "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 July 29, 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.**

### **Regarding the Service Disruption on July 2, 2022**

We would like to offer our sincere apologies to our customers for the serious inconvenience they experienced for an extended period of time when the Company's telecommunication equipment malfunctioned in July 2022.

We take this matter very seriously, and have established a "Countermeasures Council for Strengthening Telecommunication Infrastructure and Customer Service," headed by the President and CEO, to prevent recurrence, verify prompt restoration measures, and implement other overall checks and measures, as well as to review information disclosure from the customer's perspective. The contents of the report were also reported to the Ministry of Internal Affairs and Communications on July 28 of this year.

As an information and telecommunications carrier responsible for social infrastructure, we will continue to do our utmost to ensure the stable operation of our services and strengthen our customer support by thoroughly implementing measures to prevent recurrence.

## **(1) Explanation of Financial Results**

### **1) Results Overview**

#### **Industry Trends and KDDI's Position**

Due to the COVID-19 pandemic, amid an ongoing rapid digital shift affecting every aspect of society, telecommunications have taken on an increasingly important role. The Japanese government has outlined its Vision for a Digital Garden City Nation that promotes regional revitalization through the practical application of digital society, and every day the pace of digitalization in people's lives and businesses is accelerating.

In order to achieve sustainable growth while responding swiftly to changes in the business environment, in May 2022 KDDI newly established "KDDI VISION 2030: Creating a society where everyone can realize their dreams by evolving the 'power to connect'" and formulated new materiality that comprehensively cover social issues and the importance of the KDDI Group's management from a long-term perspective.

Announced at the same time, our medium-term management strategy (FY2022-2024) was formulated with sustainability management as its cornerstone with the aim of achieving the sustainable growth of society and enhancing corporate value together with our partners. We aim to realize an era that creates new value by leveraging the unique characteristics of 5G to evolve the power of connection and integrate telecommunications into every facet of life. In addition, we will promote the evolution of the telecommunications business through 5G, expand focus areas centered on telecommunications, and reinforce the management foundation that supports these efforts.

Specifically, we will continue promoting satellite growth strategies centered on the five focus areas of digital transformation (DX), finance, energy, life transformation (LX), and regional co-creation (CATV, etc.). In particular, in the DX field, telecommunications are becoming seamlessly integrated with all classes of physical things (cars, industrial equipment, various meters, etc.) in the form of IoT, and we will establish environments where customers can utilize 5G naturally, provide a business platform adapted to the individual needs of many different industries, and support the business creation of our customers. With the added value newly created by these efforts, we aim to perpetuate a virtuous DX cycle that transforms people's lives.

In addition, KDDI is proactively addressing sustainability issues, starting with the major global issue of carbon neutrality. We aim to achieve net zero CO2 emissions by FY2030 for KDDI (non-consolidated) and by FY2050 for the entire group. To this end, we will continue to aggressively promote a shift toward renewable energy and greater power efficiency for our mobile phone base stations and telecommunications equipment. In April 2021, we announced our support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). Then, in September 2021, we made our first disclosure in line with the TCFD recommendations with the release of the *Sustainability Report 2021*. Going forward, we will continue to increase the transparency of our disclosures in line with the TCFD recommendations.

Furthermore, to continue sustainably growing amid a rapidly changing business environment, we need to promote innovation and transform into a company that puts human resources first, encouraging advanced autonomy and growth among employees and organizations. In promoting innovation, we will continue enhancing capital investment and R&D for 5G and Beyond 5G. We will accelerate initiatives based on these satellite growth strategies for business creation, research and development, AI, and advanced security technologies and further deepen our partnerships, including collaborations with start-ups. Regarding our

transformation into a company that puts human resources first, we will promote this across three pillars, namely: introducing the KDDI Version Job Style Personnel System, promoting Internal DX, and realizing the Declaration of KDDI New Work Styles. We will also shift crucial members to focus areas by training professional human resources and enhance the DX skills of all employees by utilizing KDDI DX University.

Since its founding, KDDI has worked hard to instill and practice the KDDI Group Philosophy as a shared policy and code of conduct for managers and employees. We will continue promoting unified Group management and enhancing our risk management and data security systems through synergy with corporate governance systems that respect this kind of corporate attitude and human rights and that ensure transparency and fairness.

## Financial Results

### For the three-month period ended June 30, 2022

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2022	Increase (Decrease)	Increase (Decrease)%
Operating revenue	1,300,264	1,351,676	51,412	4.0
Cost of sales	665,120	723,536	58,416	8.8
Gross profit	635,144	628,141	(7,003)	(1.1)
Selling, general and administrative expenses	339,758	334,552	(5,206)	(1.5)
Other income and expense (Net)	2,679	2,241	(438)	(16.3)
Share of profit(loss) of investments accounted for using the equity method	1,128	1,105	(24)	(2.1)
Operating income	299,193	296,935	(2,258)	(0.8)
Finance income and cost (Net)	989	3,581	2,592	262.2
Other non-operating profit and loss (Net)	(2)	30	32	—
Profit for the period before income tax	300,180	300,545	366	0.1
Income tax	92,046	89,445	(2,601)	(2.8)
Profit for the period	208,133	211,100	2,967	1.4
Attributable to owners of the parent	189,890	191,797	1,907	1.0
Attributable to non-controlling interests	18,244	19,303	1,060	5.8

During the three-month period ended June 30, 2022, operating revenue increased by 4.0% year on year to ¥1,351,676 million mainly due to an increase in revenue in energy business and financial business.

Operating income decreased by 0.8% year on year to ¥296,935 million mainly due to a decrease in revenue in mobile telecommunication fee including roaming fee.

Profit for the period attributable to owners of the parent increased by 1.0% year on year to ¥191,797 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 impacts on consolidated financial results for the three-month period ended June 30, 2022.

## 2) Results by Business Segment

### Personal Services

The Personal Services segment provides services to individual customers.

In Japan, we aim to provide new added value and value of experience by expanding 5G telecommunication services and other services such as finance, energy, and LX in a coordinated manner.

In mobile communication services, we provide a variety of services that meet diversifying customer needs through our multi-brands of “au,” “UQ mobile,” and “povo” that support 5G communications, and further improve engagement with customers through collaboration with Ponta points. In the financial business, we provide new added value by linking various services such as au Jibun Bank, au PAY, and au PAY Card. In the energy business, we offer the “eco plan” for au Denki, which allows users to easily contribute to environmental conservation, and in LX, we provide new experience value through virtual space metaverse such as Virtual City.

In addition, we are facing the challenges in local communities due to depopulation and aging, and are working with local partners to eliminate the digital divide and achieve regional co-creation.

Overseas, we are leveraging our business know-how cultivated in Japan to provide telecommunication services and financial and entertainment services such as video and games to individual customers in Myanmar, Mongolia and other Asia regions.

### **Quarterly Highlights**

- We provide pricing plans that are 5G-ready and meet the needs of every customer through toward an interesting future “au,” simple for everyone “UQ mobile,” and to the freedom that’s right for you together “povo.” Through au, we offer unique 5G services utilizing the high-speed, high-volume telecommunications enabled by 5G, such as the “Unlimited-Use MAX 5G ALL STAR Pack,”\*1 which is an unlimited-use pricing plan that includes access to entertainment streaming services offering video and music content. Through UQ mobile, we offer the “Home Set Discount,”\*2 which starts from just ¥990 per month (tax included) for all family members and makes the “Rollover Plan +5G” an even better-value package plan. In this and other ways, we listen to customer opinions and provide new experience value. In addition, as an online-only brand, we provide povo2.0, which offers 11 types of free-to-choose toppings (unlimited phone calls, data, and video streaming, etc.) starting with a base plan with a basic fee of ¥0 in line with customers’ usage styles. Through our multi-brand strategy that encompasses “au,” “UQ mobile,” and “povo,” we are promoting initiatives that enable each customer to use pricing plans that align with their individual lifestyle. Furthermore, we expanded the number of “au Style” and “au Shop” locations that provide lessons related to executing official procedures on smartphones (smart phone classes) from 400 stores last year to 1,677 stores from June 2022. The smart phone classes include lessons on how to apply for and use a My Number Card and how to get a proof of COVID-19 vaccination card issued. With these classes, we are striving to eliminate the digital divide and dispel the uneasiness felt by many senior citizens and others when using digital devices.
- We aim to realize an era that creates new value with diverse partners through 5G, which is the core of our satellite growth strategies, by seamlessly integrating telecommunications into every facet of life. When constructing service areas as our foundation under the slogan Zutto, Motto, Tsunagu Zo, au (Connecting more and always with au), we aim to provide telecommunications services to continuously connect people. In order for many more customers to comfortably use 5G, we concentrate especially in commercial districts and along train lines, locations where customers spend a lot of their time and we are working on the construction of a 5G communications network in stations and on platforms and in inter-station areas for JR and private train companies.
- In the financial business, which is a focus area in our satellite growth strategies, we added Petit Kabu®, which buys and sells odd-lot shares, to the au PAY App point investment option, in April 2022. This enables users to use their Ponta Points to make purchases as small as one share. In addition, we aim to expand the number of users mainly by promoting a campaign in which users can win 100 million yen in au Pay through the accumulation of MyNu Points” in response to the second round of MyNu Points from June 2022. We are enhancing the convenience of settlement and financial services in everyday life in part by beginning to handle national pension payments at au Jibun Bank from June 2022. In the energy business, in April 2022 we established the intermediary holding company au Energy Holdings Co., Ltd. and au Energy & Life Co., Ltd. In addition to further strengthening our retail electric power services, we will continue contributing to carbon neutrality through such efforts as renewable energy power generation and virtual power plants (VPP).
- KDDI entered into a capital and business alliance with menu, inc. in June 2021. Under this alliance, in June 2022, we launched a free delivery service for menu orders regardless of order value or frequency as an au Smart Pass Premium perk. In addition, we are further strengthening this alliance by, for example, adding au PAY as a method to receive compensation paid to menu

delivery personnel.

- In Myanmar,\*3 since the political change in February 2021, we have been striving to maintain our telecommunications services, which are indispensable to people's lives, 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 conducts proactive social contribution activities, such as participating in the public-private Smart Education project in collaboration with Mongolia's Ministry of Education and Science and supporting online learning during the pandemic. MobiCom helps enhance the nation's economic development and people's lives as the country's No. 1 telecommunications operator.

\*1. An unlimited data pricing plan that is bundled with entertainment services, such as video and music streaming. For tethering, data sharing, and international roaming (fixed global data price), there is a limit of 80GB of data per month. When using large volumes of data, transmission speed could be restricted during peak hours. When watching videos, the transmission speed is restricted.

\*2. This service discounts the monthly fee of UQ mobile by offering eligible services (internet or electric power) in a bundled set.

\*3. KDDI Summit Global Myanmar Co., Ltd., a consolidated subsidiary, supports the telecommunications business operations of Myanma Posts & Telecommunications (MPT).

Operating performance in the Personal Services segment for the three-month period ended June 30, 2022 is described below.

## **Results**

### **For the three-month period ended June 30, 2022**

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2022	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	1,120,025	1,160,903	40,878	3.6
Operating Income	250,983	249,970	(1,013)	(0.4)

During the three-month period ended June 30, 2022, operating revenue increased by 3.6% year on year to ¥1,160,903 million mainly due to an increase in revenue in energy business and financial business.

Operating income decreased by 0.4% year on year to ¥249,970 million mainly due to a decrease in revenue in mobile telecommunication fee including roaming fee.



## **Business Services**

The Business Services segment mainly provides a wide range of corporate customers in Japan and overseas with a variety of solutions encompassing smartphones and other devices, network and cloud services, and TELEHOUSE brand data center services.

Furthermore, in our mid-term management strategy, we announced a business strategy called “Satellite Growth Strategy.”

We provide global one-stop solutions that contribute to the development and expansion of our customers' businesses through IoT and DX centered on 5G communications, in collaboration with our partners.

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**

- In April 2022, we announced that we aim to realize net zero CO2 emissions by FY2026 from data centers worldwide operated under the TELEHOUSE brand.\*1 KDDI emits around 1 million tons of CO2 through the consumption of energy, including electric power, and 98% of those emissions are from electricity used in mobile phone base stations, communication stations, and data centers. We therefore significantly moved up our original plans for using renewable energy\*2 and making equipment more efficient to realize carbon neutrality. In addition, we are continuing to work to reduce the KDDI Group's CO2 emissions, to this end installing shipping container data centers that use liquid immersion cooling devices to cool IT equipment.
- In May 2022, KDDI established the intermediary holding company KDDI Digital Divergence Holdings Co., Ltd. (KDH) and KDDI Agile Development Center Co., Ltd. (KAG), which operates an agile technology development business. This was followed in July with the transfer of the subsidiaries Iret Inc., KDDI Web Communications Inc., Scrum Inc. JapanCo., Ltd., and the newly founded KAG to KDH. KDH's mission is to strengthen DX support and development by connecting businesses that have the capabilities needed to promote DX, including cloud and agile technologies. In addition, to further evolve as a DX specialty company, we remain open to mergers, acquisitions and business alliances with companies that have the capabilities needed for DX. KAG leverages its experience utilizing agile development methods in KDDI's service development to continue supporting DX development for corporate clients.
- In June 2022, KDDI was selected as a Digital Transformation (DX) Stock 2022 by the Ministry of the Economy, Trade and Industry and the Tokyo Stock Exchange. These two organizations select DX Stocks in each industrial category from companies listed on the Tokyo Stock Exchange, seeking out those with track records of constructing internal mechanisms to promote DX and thereby enhance corporate value and with excellent digital utilization. KDDI is co-creating businesses with customers mainly through IoT, cloud technologies, and agile development in addition to expanding DX-related businesses based on the telecommunications business. As a company that puts human resources first, we started the KDDI DX University with the intention of swiftly training in-house DX human resources, and these efforts to promote DX have received high praise.
- In June 2022, KDDI and Mitsui & Co., Ltd. established GEOTRA Inc., which provides a data platform that employs AI to analyze and visualize geospatial data and promote urban DX. The AI location data and AI that GEOTRA uses was developed in March of 2022 by KDDI and Mitsui & Co, and, since its founding in June 2022, the new company has begun providing platforms and analysis services that enable the assessment and forecast of people's travel methods, times, purposes, and more as the GEOTRA geospatial analysis platform.

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. This refers to data centers where the buildings and equipment are owned by the KDDI Group but excludes the services that the Group provides using data center facilities and equipment rented from other companies.

\*2. Overseas, we aim to achieve carbon neutrality mainly by utilizing local offset systems in light of the renewable energy supply situations in each country with the switch to renewable energy being our main tool. We also utilize various offset methods to reduce direct emissions.

Operating performance in the Business Services segment for the three-month period ended June 30, 2022, is described below.

## **Results**

### **For the three-month period ended June 30, 2022**

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2022	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	245,180	258,620	13,440	5.5
Operating Income	44,641	45,788	1,146	2.6

During the three-month period ended June 30, 2022, operating revenue increased by 5.5% year on year to ¥258,620 million mainly due to an increase in revenue in solution business from growth in the NEXT Core Business which comprises corporate DX, business DX, and business base services.

Operating income increased by 2.6% year on year to ¥45,788 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, 2022	As of June 30, 2022	Increase (Decrease)
Total assets	11,084,379	11,150,462	66,083
Total liabilities	5,573,715	5,642,394	68,679
Total equity	5,510,663	5,508,068	(2,595)
Equity attributable to owners of the parent	4,982,586	4,978,979	(3,608)
Ratio of equity attributable to owners of the parent to total assets	% 45.0	% 44.7	% (0.3)

#### (Assets)

Total assets increased by ¥66,083 million from the previous fiscal year-end to ¥11,150,462 million as of June 30, 2022 mainly due to an increase in loans for financial business and call loan despite of a decrease in cash and cash equivalents.

#### (Liabilities)

Total liabilities increased by ¥68,679 million from the previous fiscal year-end to ¥5,642,394 million as of June 30, 2022 mainly due to an increase in deposits for financial business and borrowings and bonds payable despite of a decrease in trade and other payables.

#### (Equity)

Total equity amounted to ¥5,508,068 million mainly due to a decrease 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 increased from 45.0% as of March 31, 2022, to 44.7% as of June 30, 2022.

## 2. Consolidated Cash Flows

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2021	Three-month period ended June 30, 2022	Increase (Decrease)
Net cash provided by (used in) operating activities	15,698	96,635	80,938
Net cash provided by (used in) investing activities	(200,296)	(213,979)	(13,683)
Free cash flows (Note)	(184,599)	(117,344)	67,255
Net cash provided by (used in) financing activities	(185,446)	(124,731)	60,715
Effect of exchange rate changes on cash and cash equivalents	58	7,816	7,759
Net increase (decrease) in cash and cash equivalents	(369,987)	(234,259)	135,728
Cash and cash equivalents at the beginning of the period	809,802	796,613	(13,189)
Cash and cash equivalents at the end of the period	439,815	562,354	122,539

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 increased ¥80,938 million year on year to ¥96,635 million mainly due to a wider range of increase in deposits for financial business.

Net cash used in investing activities increased ¥13,683 million year on year to ¥213,979 million mainly due to an increase in purchases of securities for financial business.

Net cash used in financing activities decreased ¥60,715 million year on year to ¥124,731 million mainly due to an increase in net increase of short-term borrowings.

Reflecting these factors and an increase in ¥7,816 million in the effect of exchange rate changes on cash and cash equivalents, the total amount of cash and cash equivalents as of June 30, 2022, decreased by ¥234,259 million from March 31, 2022 to ¥562,354 million.

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

For the fiscal year ending March 31, 2023, the Group forecasts operating revenue of ¥5,560,000 million, operating income of ¥1,100,000 million and profit for the year attributable to owners of the parent of ¥688,000 million. No changes have been made from the details stated in the Summary of Financial Results for the fiscal year ended March 31, 2022 (disclosed on May 13, 2022).

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

### (4) Business Risks

In the first quarter of the fiscal year ending March 31, 2023 and as of the date of submission of the consolidated financial statements for the first quarter of the fiscal year ending March 31, 2023, KDDI considers it a following business risk that must be changed in business risks described in its Annual Securities Report, which was released in the previous fiscal year. In addition, forward-looking statements included in the following discussion are based on the KDDI Group’s judgments at the date of submission of the consolidated financial statements for the first quarter of the fiscal year ending March 31, 2023.

The item numbers under the following headings correspond to those in “Section One, Corporate Data, Section Two, Business Status, 2. Business Risks” in the previous fiscal year’s Annual Securities Report. Certain portions of this report have been omitted where no changes have been made.

(3) Communication failure, natural disasters, accidents, etc.

The KDDI Group relies on domestic and overseas telecommunications network systems and telecommunications equipment to provide voice, data and other services. In the event of service outages due to network system or telecommunications equipment failures, the KDDI Group's brand image and credibility could be damaged, and customer satisfaction could decline, which could affect business results.

The same impact could also occur in the event of large scale erroneous billing or misbilling, loss of opportunities to provide products and services due to the closure of sales agents or suspension of logistics, or reputational damage through social networking and other media.

In order to reduce as much as possible the risk of service outages or interruptions due to communication failures, natural disasters, accidents, etc., the KDDI Group is working to improve network reliability and take measures to prevent service outages. Specifically, the KDDI Group has established a policy for implementing disaster prevention operations to ensure that telecommunications services can be maintained even in the event of a disaster, and is taking measures to prepare for disasters, coordinating closely with related organizations in domestic and overseas. In the event of a disaster, the KDDI Group maximizes the functions of each company organization and works 24 hours a day, 365 days a year to ensure communication and the early restoration of facilities.

## **2. Condensed Interim Consolidated Financial Statements**

### **(1) Condensed Interim Consolidated Statement of Financial Position**

(Unit: Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Non-current assets :		
Property, plant and equipment	2,585,481	2,590,481
Right-of-use assets	387,669	390,857
Goodwill	540,962	541,482
Intangible assets	1,025,223	1,043,856
Investments accounted for using the equity method	244,515	249,908
Long-term loans for financial business	1,335,111	1,350,422
Securities for financial business	338,285	316,512
Other long-term financial assets	329,268	320,731
Retirement benefit assets	44,720	44,586
Deferred tax assets	12,330	10,236
Contract costs	548,704	569,183
Other non-current assets	25,083	28,091
Total non-current assets	<u>7,417,350</u>	<u>7,456,345</u>
Current assets :		
Inventories	74,511	80,861
Trade and other receivables	2,311,694	2,208,589
Short-term loans for financial business	255,266	450,496
Call loans	45,064	147,379
Other short-term financial assets	67,154	72,970
Income tax receivables	2,904	9,017
Other current assets	113,822	162,450
Cash and cash equivalents	796,613	562,354
Total current assets	<u>3,667,028</u>	<u>3,694,117</u>
Total assets	<u><u>11,084,379</u></u>	<u><u>11,150,462</u></u>

	(Unit: Millions of yen)	
	As of March 31, 2022	As of June 30, 2022
Liabilities and Equity		
Liabilities		
Non-current liabilities :		
Borrowings and bonds payable	921,616	899,712
Long-term deposits for financial business	33,240	33,236
Lease liabilities	279,265	273,070
Other long-term financial liabilities	14,198	11,641
Retirement benefit liabilities	12,496	11,500
Deferred tax liabilities	144,776	165,989
Provisions	70,073	68,103
Contract liabilities	71,083	70,676
Other non-current liabilities	11,015	11,213
Total non-current liabilities	1,557,762	1,545,141
Current liabilities :		
Borrowings and bonds payable	286,505	458,512
Trade and other payables	834,496	641,582
Short-term deposits for financial business	2,184,264	2,335,170
Call money	141,348	139,175
Lease liabilities	112,719	109,037
Other short-term financial liabilities	2,620	3,991
Income taxes payables	126,874	50,386
Provisions	25,641	23,930
Contract liabilities	86,091	88,785
Other current liabilities	215,397	246,685
Total current liabilities	4,015,953	4,097,253
Total liabilities	5,573,715	5,642,394
Equity		
Equity attributable to owners of the parent		
Common stock	141,852	141,852
Capital surplus	279,371	278,429
Treasury stock	(299,827)	(356,042)
Retained earnings	4,818,117	4,865,463
Accumulated other comprehensive income	43,074	49,277
Total equity attributable to owners of the parent	4,982,586	4,978,979
Non-controlling interests	528,077	529,089
Total equity	5,510,663	5,508,068
Total liabilities and equity	11,084,379	11,150,462

## (2) Condensed Interim Consolidated Statement of Income

(Unit: Millions of yen)

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2022
Operating revenue	1,300,264	1,351,676
Cost of sales	665,120	723,536
Gross profit	635,144	628,141
Selling, general and administrative expenses	339,758	334,552
Other income	4,597	2,779
Other expense	1,918	537
Share of profit of investments accounted for using the equity method	1,128	1,105
Operating income	299,193	296,935
Finance income	3,032	5,703
Finance cost	2,043	2,122
Other non-operating profit and loss	(2)	30
Profit for the period before income tax	300,180	300,545
Income tax	92,046	89,445
Profit for the period	208,133	211,100
Profit for the period attributable to:		
Owners of the parent	189,890	191,797
Non-controlling interests	18,244	19,303
Profit for the period	208,133	211,100
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	84.04	87.01
Diluted earnings per share (yen)	83.97	86.95



### (3) Condensed Interim Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2022
Profit for the period	208,133	211,100
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	5,518	(12,424)
Share of other comprehensive income of investments accounted for using the equity method	124	(314)
Total	5,642	(12,738)
Items that may be subsequently reclassified to profit or loss		
Changes in fair value of cash flow hedge	(41)	2,268
Translation differences on foreign operations	733	25,386
Share of other comprehensive income of investments accounted for using the equity method	601	872
Total	1,293	28,526
Total other comprehensive income	6,935	15,788
Total comprehensive income for the period	215,068	226,888
Total comprehensive income for the period attributable to:		
Owners of the parent	197,328	197,919
Non-controlling interests	17,740	28,969
Total	215,068	226,888

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

#### (4) Condensed Interim Consolidated Statement of Changes in Equity

For the three-month period ended June 30, 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	—	—	—	189,890	—	189,890	18,244	208,133
Other comprehensive income	—	—	—	—	7,438	7,438	(504)	6,935
Total comprehensive income	—	—	—	189,890	7,438	197,328	17,740	215,068
Transactions with owners and other transactions								
Cash dividends	—	—	—	(136,564)	—	(136,564)	(30,575)	(167,139)
Transfer from accumulated other comprehensive income to retained earnings	—	—	—	1,214	(1,214)	—	—	—
Purchase and disposal of treasury stock	—	(59)	(63,913)	—	—	(63,973)	—	(63,973)
Changes in ownership interests in subsidiaries	—	4,636	—	—	—	4,636	375	5,011
Other	—	118	610	—	—	728	—	728
Total transactions with owners and other transactions	—	4,694	(63,303)	(135,349)	(1,214)	(195,172)	(30,200)	(225,372)
As of June 30, 2021	141,852	283,370	(150,022)	4,463,541	23,136	4,761,876	487,289	5,249,165

For the three-month period ended June 30, 2022

(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, 2022	141,852	279,371	(299,827)	4,818,117	43,074	4,982,586	528,077	5,510,663
Comprehensive income								
Profit for the period	—	—	—	191,797	—	191,797	19,303	211,100
Other comprehensive income	—	—	—	—	6,122	6,122	9,666	15,788
Total comprehensive income	—	—	—	191,797	6,122	197,919	28,969	226,888
Transactions with owners and other transactions								
Cash dividends	—	—	—	(144,370)	—	(144,370)	(27,356)	(171,726)
Transfer from accumulated other comprehensive income to retained earnings	—	—	—	(80)	80	—	—	—
Purchase and disposal of treasury stock	—	(4)	(57,233)	—	—	(57,237)	—	(57,237)
Changes in ownership interests in subsidiaries	—	(13)	—	—	—	(13)	(601)	(614)
Other	—	(925)	1,019	—	—	93	—	93
Total transactions with owners and other transactions	—	(942)	(56,214)	(144,450)	80	(201,527)	(27,957)	(229,484)
As of June 30, 2022	141,852	278,429	(356,042)	4,865,463	49,277	4,978,979	529,089	5,508,068

**(5) Condensed Interim Consolidated Statement of Cash Flows**

(Unit: Millions of yen)

	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2022
Cash flows from operating activities		
Profit for the period before income tax	300,180	300,545
Depreciation and amortization	185,123	173,266
Impairment losses	15	5
Share of (profit) loss of investments accounted for using the equity method	(1,128)	(1,105)
Loss (gain) on sales of non-current assets	(1,556)	15
Interest and dividends income	(2,944)	(2,112)
Interest expenses	1,674	1,682
(Increase) decrease in trade and other receivables	93,116	106,837
Increase (decrease) in trade and other payables	(147,698)	(119,847)
(Increase) decrease in loans for financial business	(162,445)	(210,541)
Increase (decrease) in deposits for financial business	30,631	150,901
(Increase) decrease in Call loans	(2,625)	(102,315)
Increase (decrease) in Call money	(25,207)	(2,173)
(Increase) decrease in inventories	(2,729)	(6,165)
(Increase) decrease in retirement benefit assets	138	134
Increase (decrease) in retirement benefit liabilities	428	(996)
Other	(46,407)	(56,844)
Cash generated from operations	218,564	231,289
Interest and dividends received	5,070	4,167
Interest paid	(1,716)	(1,726)
Income tax paid	(206,220)	(137,095)
Net cash provided by (used in) operating activities	15,698	96,635

	(Unit: Millions of yen)	
	For the three-month period ended June 30, 2021	For the three-month period ended June 30, 2022
Cash flows from investing activities		
Purchases of property, plant and equipment	(128,745)	(144,911)
Proceeds from sales of property, plant and equipment	1,866	85
Purchases of intangible assets	(72,843)	(63,775)
Purchases of securities for financial business	(55,999)	(80,172)
Proceeds from sales and redemption of securities for financial business	68,268	83,388
Purchases of other financial assets	(5,991)	(3,181)
Proceeds from sales and redemption of other financial assets	2,479	50
Purchases of stocks of associates	(8,890)	(7,363)
Other	(441)	1,899
Net cash provided by (used in) investing activities	(200,296)	(213,979)
Cash flows from financing activities		
Net increase (decrease) of short-term borrowings	84,000	150,000
Payments from redemption of bonds and repayments of long-term borrowings	(69)	—
Repayments of lease obligations	(46,110)	(46,257)
Payments from purchase of subsidiaries' equity from non-controlling interests	(214)	(624)
Proceeds from the partial sales of shares of subsidiaries to non-controlling interests	6,750	—
Proceeds from stock issuance to non-controlling interests	103	2
Payments from purchase of treasury stock	(63,913)	(57,233)
Cash dividends paid	(135,507)	(143,344)
Cash dividends paid to non-controlling interests	(30,486)	(27,275)
Other	(1)	(0)
Net cash provided by (used in) financing activities	(185,446)	(124,731)
Effect of exchange rate changes on cash and cash equivalents	58	7,816
Net increase (decrease) in cash and cash equivalents	(369,987)	(234,259)
Cash and cash equivalents at the beginning of the period	809,802	796,613
Cash and cash equivalents at the end of the period	439,815	562,354

## **(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 three-month period ended June 30, 2022 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 “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, 2022.

#### **(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, 2022.

(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 June 30, 2022. 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	<p>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.</p> <p>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.</p>

All the standards and amendments above will be reflected in 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. 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 reportable 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, we aim to provide new added value and value of experience by expanding 5G telecommunication services and other services such as finance, energy, and LX in a coordinated manner.

In mobile communication services, we provide a variety of services that meet diversifying customer needs through our multi-brands of “au,” “UQ mobile,” and “povo” that support 5G communications, and further improve engagement with customers through collaboration with Ponta points. In the financial business, we provide new added value by linking various services such as au Jibun Bank, au PAY, and au PAY Card. In the energy business, we offer the “eco plan” for au Denki, which allows users to easily contribute to environmental conservation, and in LX, we provide new experience value through virtual space metaverse such as Virtual City.

In addition, we are facing the challenges in local communities due to depopulation and aging, and are working with local partners to eliminate the digital divide and achieve regional co-creation.

Overseas, we are leveraging our business know-how cultivated in Japan to provide telecommunication services and financial and entertainment services such as video and games to individual customers in Myanmar, Mongolia and other Asia regions.

The Business Services segment mainly provides a wide range of corporate customers in Japan and overseas with a variety of solutions encompassing smartphones and other devices, network and cloud services, and TELEHOUSE brand data center services.

Furthermore, in our mid-term management strategy, we announced a business strategy called “Satellite Growth Strategy.”

We provide global one-stop solutions that contribute to the development and expansion of our customers' businesses through IoT and DX centered on 5G communications, in collaboration with our partners.

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, 2022, the reportable segments for some businesses were changed due to organization change. Accordingly, the segment information for the first quarter of the fiscal year ended March 31, 2022 has been presented based on the segment classification after this change.

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

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

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

Inter segment transaction price is determined by taking into consideration the price by arm's length transactions or gross costs after price negotiation.

Assets and liabilities are not allocated to reporting segments.



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

The Group's segment information is as follows:

For the three-month period ended June 30, 2021

(Unit: Millions of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Business	Sub-total				
Revenue							
Revenue from external customers	1,103,842	192,550	1,296,392	3,872	1,300,264	—	1,300,264
Inter-segment revenue or transfers	16,183	52,630	68,813	14,718	83,531	(83,531)	—
Total	1,120,025	245,180	1,365,205	18,590	1,383,795	(83,531)	1,300,264
Segment income	250,983	44,641	295,624	4,492	300,116	(923)	299,193
Finance income and finance cost (Net)							989
Other non-operating profit and loss (Net)							(2)
Profit for the period before income tax							300,180

For the three-month period ended June 30, 2022

(Unit: Millions of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Business	Sub-total				
Revenue							
Revenue from external customers	1,141,841	205,961	1,347,802	3,875	1,351,676	—	1,351,676
Inter-segment revenue or transfers	19,062	52,659	71,721	15,065	86,787	(86,787)	—
Total	1,160,903	258,620	1,419,523	18,940	1,438,463	(86,787)	1,351,676
Segment income	249,970	45,788	295,757	1,259	297,016	(81)	296,935
Finance income and finance cost (Net)							3,581
Other non-operating profit and loss (Net)							30
Profit for the period before income tax							300,545

(Note 1) "Other" is a segment not included in reportable 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.

## **5. Subsequent events**

### **Regarding the Service Disruption on July 2, 2022**

Due to a communication equipment failure that occurred on July 2, 2022, our customers experienced difficulties in using our communication services for an extended period of time.

We take the seriousness of this matter and its impact on our customers very seriously and plan to make refunds, etc. The impact on our business performance for the current fiscal year is expected to be approximately ¥7.5 billion.