



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, 2020 [IFRS]

July 31, 2020

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: August 5, 2020
 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, 2020 (April 1, 2020 - June 30, 2020)

(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, 2020	1,242,679	(0.3)	290,718	13.7	289,927	14.0	198,850	12.8	182,324	12.2	203,253	22.7
Three-month period ended June 30, 2019	1,246,101	2.0	255,800	(11.4)	254,419	(11.8)	176,253	(11.9)	162,553	(9.0)	165,664	(16.6)

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three-month period ended June 30, 2020	79.27		79.22	
Three-month period ended June 30, 2019	69.25		69.23	

(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, 2020	9,649,450	4,894,116	4,434,235	46.0%
As of March 31, 2020	9,580,149	4,859,108	4,384,424	45.8%

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, 2020	–	55.00	–	60.00	115.00
Year ending March 31, 2021	–	–	–	–	–
Year ending March 31, 2021 (forecast)	–	60.00	–	60.00	120.00

Note: Changes in the latest forecasts released : No

3. Consolidated Financial Results Forecast for Year ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(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	5,250,000	0.2	1,030,000	0.5	640,000	0.0	278.27

Note: Changes in the latest forecasts released : No

*The above forecasts reflects the impact of the novel coronavirus 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, 2020 : 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, 2020 2,304,179,550

As of March 31, 2020 2,355,373,600

2) Number of treasury stock As of June 30, 2020 4,166,710

As of March 31, 2020 55,464,960

3) Number of weighted average common stock outstanding For the three-month period ended June 30, 2020 2,299,951,273

(cumulative for all quarters) For the three-month period ended June 30, 2019 2,347,392,501

Note: The 4,166,710 shares as of June 30, 2020 and the 4,270,910 shares as of March 31, 2020 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.8 "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 31, 2020, 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 recent advances in 5G, IoT, AI, big data, and other technologies that are driving full-fledged digitization, we are transforming into a data-driven society, one that places a higher value on data than ever before. With the wider acceptance of these technologies, all industries are accelerating toward a digital transformation (DX), and expectations are that this will realize Society 5.0*1 for SDGs,*2 a development that will simultaneously spur economic development and solve social issues. In addition, due to the impact of the recent novel coronavirus pandemic, all facets of life and industry have settled into a new normal, and people are clamoring for an accelerated DX that will facilitate the building of a resilient social foundation that can help prevent the spread of the virus while supporting economic growth.

Amid these circumstances, in March 2020, we began offering fifth-generation wireless service under the name “au 5G.” For individual customers, in June 2020, we began offering the au 5G pricing plans “Data MAX 5G ALL STAR Pack” and “Data MAX 5G Netflix Pack,” which combine unlimited data and popular entertainment options. We also began selling 5G smartphones optimized for entertainment. Users can now freely, easily, and instantaneously handle massive amounts of data. Under the concept of “UNLIMITED WORLD au 5G,” which frees customers from conventional restrictions, we joined with partners in various industries to offer new ways to experience entertainment, sports, art, and more in the new normal. For corporate customers, corporate DX is accelerating in various industries and business arenas, greatly changing business models. Focusing on KDDI DIGITAL GATE, which is a business development base for the 5G/IoT era that supports customers' DX, we are working with various partner companies to promote the creation of new experience value and businesses that are only possible in the 5G era as well as to help create strong corporate foundations resilient to environmental changes.

The entire Company is promoting sustainability activities aimed at achieving the SDGs. In line with our commitment to continue working to solve various social issues through business going forward, in May 2020 we established the new “KDDI Sustainable Action,” which focuses on 2030. We will continue contributing to the sustainable growth of society by connecting lives, connecting homes, and connecting hearts while using 5G, IoT, and other technologies.

Based on the policy of “KDDI Sustainable Action,” we announced KDDI's five basic policies related to the novel coronavirus pandemic. Meanwhile, we will maintain telecommunications services, which serve as the foundation and lifeline for society, and proactively cooperate on initiatives spearheaded by governments, municipalities, public organizations, and other groups. In these ways, we will continue unifying the capabilities of the Group and fulfilling our social responsibility to stably support industry and everyone's lives going forward.

*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. Sustainable Development Goals: international goals that were adopted at the United Nations summit in September 2015

Financial Results

For the three-month period ended June 30, 2020

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2019	Three-month period ended June 30, 2020	Increase (Decrease)	Increase (Decrease)%
Operating revenue	1,246,101	1,242,679	(3,422)	(0.3)
Cost of sales	680,334	640,316	(40,018)	(5.9)
Gross profit	565,767	602,364	36,596	6.5
Selling, general and administrative expenses	311,980	316,076	4,096	1.3
Other income and expense (Net)	1,248	4,111	2,863	229.4
Share of profit(loss) of investments accounted for using the equity method	765	319	(446)	(58.3)
Operating income	255,800	290,718	34,918	13.7
Finance income and cost (Net)	(2,729)	(831)	1,898	—
Other non-operating profit and loss (Net)	1,347	40	(1,308)	(97.1)
Profit for the period before income tax	254,419	289,927	35,508	14.0
Income tax	78,166	91,077	12,911	16.5
Profit for the period	176,253	198,850	22,598	12.8
Attributable to owners of the parent	162,553	182,324	19,771	12.2
Attributable to non-controlling interests	13,700	16,526	2,826	20.6

During the three-month period ended June 30, 2020, operating revenue decreased by 0.3% year on year to ¥1,242,679 million mainly due to a decrease of handset sales revenues despite of an increase of revenue in Life design domain.

Operating income increased by 13.7% year on year to ¥290,718 million mainly due to a decrease expenses for handset sales and an increase in gross profit of electric power business.

Profit for the period attributable to owners of the parent increased by 12.2% year on year to ¥182,324 million mainly due to an increase of operating income.

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 three-month period ended June 30, 2020.

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, entertainment, and education, while focusing on conventional telecommunications services, chiefly under the "au" brand, such as those related to smartphones, cell phones, FTTH, and CATV.

Overseas, we use know-how cultivated in Japan to actively engage in business with individual customers, especially those in Myanmar, Mongolia, and other Asian regions.

Quarterly Highlights

- In May 2020, KDDI announced that it would be taking over*1 the UQ mobile business of its consolidated subsidiary UQ Communications Inc. through a corporate split on October 1, 2020. By consolidating Group management resources, we will work to strengthen its sales systems and service competitiveness as well as make the business structure more efficient. We are also working to offer dynamic systems suited to the market environment and customer needs and will continue offering the two telecommunications service brands "au" and "UQ mobile" through KDDI.
- As for au telecommunications services, we began offering the "Data MAX 5G ALL STAR Pack" in June 2020. This bargain pricing plan features unlimited data usage*2 and subscriptions to the popular video streaming services Netflix (Basic Plan), YouTube Premium and TELASA as well as the music streaming service Apple Music (monthly total price: equivalent to around ¥3,300*3) for ¥5,460 per month (¥3,980 if 2GB or less is used*4). In addition, up to 80 GB can be used each month for tethering, data sharing, and international roaming.*5
- In May 2020, UQ Communications Inc.'s UQ WiMAX service was awarded first place in overall customer satisfaction in J.D. Power Japan's 2020 Wireless Home Router Service Satisfaction Study and its UQ mobile service was awarded first place in overall customer satisfaction in the 2020 Budget SIM Card Service Satisfaction Survey. Both services achieved first place for the second consecutive year.
- In June 2020, UQ Communications Inc. began offering Smartphone Plan R, which offers 10 GB of data usage per month for ¥2,980 (¥2,480 when applying the UQ family discount)*6 and has a maximum of 1 Mbps*7 even if the customer uses up all their allotted data.
Smartphone Plan R also allows users a maximum of 1 Mbps when the data conservation mode is activated.
- On May 21, 2020, we integrated au WALLEET points with Ponta points, creating Japan's largest membership base at over 100 million people. Since April, we have been working to promote use of au PAY and strengthen alliances by offering a 4% boost in points when using au PAY at 14,500 Lawson stores across the country as a lifestyle support campaign (and further increasing points on Santaro Day). In addition, we are carrying out a campaign to boost earned points by 50% and enable their use at au PAY Market as we strive to expand use of e-commerce and make points more attractive.
- Our "Anybody! Can Get ¥1 Billion! Weekly Campaign" rolled out in February 2020 has greatly helped raise awareness of au PAY code payments and expanded their use. We are aiming to further expand our user base by offering those applying for My Number points from July bonus points equivalent to ¥1,000 to be added to their au PAY balance. In addition, in May we allowed non-au-customers to apply for the au PAY Card (credit card), and are working to acquire more open IDs and expand the "au Economic Zone."
- KDDI Summit Global Myanmar Co., Ltd. and Myanma Posts & Telecommunications (MPT) jointly operate the Myanmar telecommunications business and are working together to promote the point service MPT Club and the money transfer and settlement service MPT Money. In April 2020, the Mongolia-based MobiCom Corporation LLC launched VOO a video service with a wide range of international content. In addition, in response to the novel coronavirus pandemic in both countries, we are support society in across a wide range of fields, for example, we have donated to medical organizations, improving the Internet environment, and offering free Internet access to educational organizations providing remote classes.

*1. Approval must be acquired from the relevant authorities.

*2. When using for tethering, data sharing and international roaming (World Data Flat), the maximum limit is 30GB/month for Data MAX 5G, 60GB/month for the Data MAX 5G Netflix Pack and 80GB/month for the Data MAX 5G ALL STAR Pack. Data speed will be restricted when you use services that require significant data communication or long sessions, such as video sharing and streaming services. Services subject to the restriction are chosen according to their impact on KDDI's network. Internet service, however, will not be disrupted. If you use a significant amount of data over a specified period, the data speed will be restricted during peak times.

*3. We calculated the tax excluded prices of Apple Music (¥980, tax incl.) and YouTube Premium (¥1,180, tax incl.) and added that total to the total for Netflix (Basic Plan, ¥800, tax excl.) and TELASA (¥562, tax excl.).

*4. ¥1,480 is discounted when data use is 2 GB or less. The discount is applied to the following month's portion.

- *5. When using World Data Flat.
- *6. A separate unit replacement fee, SIM package fee (¥3,000), telephone fee (¥20 per 30 seconds), universal service fee, and other fees apply.
- *7. This is a best-effort service. The listed speed is the maximum based on technical standards and does not represent the actual speed. It could be much lower depending on the customers' usage environment, level of connectivity, and other variables.

Operating performance in the Personal Services segment for the three-month period ended June 30, 2020 is described below.

Results

For the three-month period ended June 30, 2020

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2019	Three-month period ended June 30, 2020	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	1,085,325	1,073,881	(11,444)	(1.1)
Operating Income	217,821	243,170	25,349	11.6

During the three-month period ended June 30, 2020, operating revenue decreased by 1.1% year on year to ¥1,073,881 million mainly due to decrease of handset sales revenues despite of increase of revenue in finance business.

Operating income increased by 11.6% year on year to ¥243,170 million mainly due to a decrease expenses for handset sales.

Business Services

The Business Services segment mainly provides a wide range of corporate customers in Japan and overseas with TELEHOUSE brand data center services and a variety of solutions encompassing network and cloud services, smartphones and other devices, and the KDDI IoT Worldwide Architecture, which supports customers' IoT businesses.

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 has partnered with AICOM Co., Ltd. with the purpose of preventing spread of the novel coronavirus and spurring economic activity. On June 11, 2020, we began freely lending IP500H IP transceivers to medical organization, municipalities, and corporate customers on the frontlines of novel coronavirus treatments (until December 31, 2020).
- Through KDDI DIGITAL GATE, a business development base for the 5G/IoT era, we launched new virtual tours of facilities in May 2020. In addition, from July 1, 2020, we began offering new business creation special programs at no charge. These programs aim to create new businesses, supporting companies and their DX as well as quickly returning social and economic activities to normal in this coronavirus era (until September 30, 2020).
- KDDI and Mitsui Fudosan Co., Ltd. signed a basic memorandum of agreement in April 2020 with the aim of using 5G to achieve the DX of office buildings. In this business, we began with practical tests at the KDDI Head Office and KDDI DIGITAL GATE and moved on to create a 5G network environment at Offices by Mitsui Fudosan developments, beginning with the Nihonbashi Muromachi Mitsui Tower around April 2021.
- KDDI, Japan Railroad Cargo Co., Ltd. (JR Cargo), and JR East Japan Consulting announced in June 2020 the joint development of a handbrake detection system using IoT with the purpose of improving the safety of cargo cars. JR Cargo has been steadily rolling this system out to all its approximately 7,200 container cars from the second half of 2020. The three companies aim to realize a sustainable society going forward and will continue promoting more initiatives with the aim of ensuring the safety the railroad industry's largest foundation.

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.

Operating performance in the Business Services segment for the three-month period ended June 30, 2020, is described below.

Results

For the three-month period ended June 30, 2020

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2019	Three-month period ended June 30, 2020	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	221,133	233,948	12,815	5.8
Operating Income	37,099	45,716	8,618	23.2

During the three-month period ended June 30, 2020, operating revenue increased by 5.8% year on year to ¥233,948 million mainly due to increase of revenues from solution services and mobile telecommunication fees.

Operating income increased by 23.2% year on year to ¥45,716 million mainly due to increase of operating revenue and decrease of telecommunication equipment usage fees.

(2) Explanation of Financial Position

1. Financial Position

(Amount unit: Millions of yen)

	As of March 31, 2020	As of June 30, 2020	Increase (Decrease)
Total assets	9,580,149	9,649,450	69,301
Total liabilities	4,721,041	4,755,334	34,292
Total equity	4,859,108	4,894,116	35,008
Equity attributable to owners of the parent	4,384,424	4,434,235	49,811
Ratio of equity attributable to owners of the parent to total assets	% 45.8	% 46.0	% 0.2

(Assets)

Total assets increased by ¥69,301 million year on year to ¥9,649,450 million as of June 30, 2020 mainly due to an increase of loans for financial business and other current assets despite a decrease of trade and other receivables.

(Liabilities)

Total liabilities increased by ¥34,292 million year on year to ¥4,755,334 million as of June 30, 2020 mainly due to an increase of borrowings and bonds payable and call money despite a decrease of trade and other payables.

(Equity)

Total equity increased to ¥4,894,116 million mainly due to an increase in equity attributable to owners of the parent. As a result, ratio of equity attributable to owners of the parent to total assets increased from 45.8% as of March 31, 2020, to 46.0% as of June 30, 2020.

2. Consolidated Cash Flows

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2019	Three-month period ended June 30, 2020	Increase (Decrease)
Net cash provided by (used in) operating activities	134,557	234,939	100,383
Net cash provided by (used in) investing activities	(159,995)	(182,120)	(22,124)
Free cash flows (Note)	(25,439)	52,820	78,258
Net cash provided by (used in) financing activities	97,797	(45,353)	(143,150)
Effect of exchange rate changes on cash and cash equivalents	(1,133)	(139)	994
Net increase (decrease) in cash and cash equivalents	71,225	7,328	(63,897)
Cash and cash equivalents at the beginning of the period	204,597	369,202	164,605
Cash and cash equivalents at the end of period	275,822	376,530	100,708

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 ¥100,383 million year on year to ¥234,939 million mainly due to deposits for financial business.

Net cash used in investing activities increased ¥22,124 million year on year to ¥182,120 million mainly due to an increase in purchases of securities for financial business.

Net cash used in financing activities increased ¥143,150 million year on year to ¥45,353 million mainly due to a decrease in proceeds from the issuance of bonds and long-term borrowings.

Reflecting these factors and a decrease of ¥139 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, 2020, increased by ¥7,328 million from March 31, 2020 to ¥376,530 million.

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

KDDI disclosed the full-year consolidated financial estimation for the year ending March 31, 2021 in the Financial Statements Summary for the year ended March 31, 2020 (disclosed on May 14, 2020) were as follows;

Operating Revenue: ¥5,250,000 million, Operating Income: ¥1,030,000 million, Profit for the year attributable to owners of the parent: ¥640,000 million.

There are no change from above estimation. The update for forecast will be disclosed promptly if the situation is changed.

2. Condensed Interim Consolidated Financial Statements

(1) Condensed Interim Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Non-current assets :		
Property, plant and equipment	2,406,231	2,390,179
Right-of-use assets	378,870	387,366
Goodwill	540,886	539,486
Intangible assets	1,035,399	1,026,550
Investments accounted for using the equity method	233,225	232,412
Long-term loans for financial business	952,070	1,054,034
Securities for financial business	248,025	260,870
Other long-term financial assets	285,879	295,610
Deferred tax assets	23,783	12,455
Contract costs	436,675	438,246
Other non-current assets	15,975	19,093
Total non-current assets	<u>6,557,018</u>	<u>6,656,302</u>
Current assets :		
Inventories	75,366	92,783
Trade and other receivables	2,168,355	2,088,367
Short-term loans for financial business	216,601	219,180
Call loan	50,937	27,589
Other short-term financial assets	53,358	62,706
Income tax receivables	4,712	13,892
Other current assets	84,600	112,101
Cash and cash equivalents	369,202	376,530
Total current assets	<u>3,023,131</u>	<u>2,993,148</u>
Total assets	<u><u>9,580,149</u></u>	<u><u>9,649,450</u></u>

(Unit: Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities and Equity		
Liabilities		
Non-current liabilities :		
Borrowings and bonds payable	1,147,551	1,147,574
Long-term deposits for financial business	25,728	26,962
Lease liabilities	268,648	267,084
Other long-term financial liabilities	13,342	13,566
Retirement benefit liabilities	37,230	38,520
Deferred tax liabilities	98,570	100,002
Provisions	36,770	36,755
Contract liabilities	72,053	75,047
Other non-current liabilities	7,411	7,486
Total non-current liabilities	<u>1,707,303</u>	<u>1,712,995</u>
Current liabilities :		
Borrowings and bonds payable	153,262	321,777
Trade and other payables	657,298	483,735
Short-term deposits for financial business	1,401,691	1,514,578
Call money	72,100	97,359
Lease liabilities	110,906	108,835
Other short-term financial liabilities	3,496	1,993
Income taxes payables	179,915	76,293
Provisions	44,966	43,292
Contract liabilities	107,897	104,434
Other current liabilities	282,209	290,044
Total current liabilities	<u>3,013,738</u>	<u>3,042,339</u>
Total liabilities	<u>4,721,041</u>	<u>4,755,334</u>
Equity		
Equity attributable to owners of the parent		
Common stock	141,852	141,852
Capital surplus	280,591	280,810
Treasury stock	(156,550)	(6,245)
Retained earnings	4,138,195	4,033,966
Accumulated other comprehensive income	(19,665)	(16,147)
Total equity attributable to owners of the parent	<u>4,384,424</u>	<u>4,434,235</u>
Non-controlling interests	474,684	459,881
Total equity	<u>4,859,108</u>	<u>4,894,116</u>
Total liabilities and equity	<u>9,580,149</u>	<u>9,649,450</u>

(2) Condensed Interim Consolidated Statement of Income

(Unit: Millions of yen)

	For the three-month period ended June 30, 2019	For the three-month period ended June 30, 2020
Operating revenue	1,246,101	1,242,679
Cost of sales	680,334	640,316
Gross profit	565,767	602,364
Selling, general and administrative expenses	311,980	316,076
Other income	1,912	4,714
Other expense	664	603
Share of profit of investments accounted for using the equity method	765	319
Operating income	255,800	290,718
Finance income	1,535	1,568
Finance cost	4,264	2,399
Other non-operating profit and loss	1,347	40
Profit for the period before income tax	254,419	289,927
Income tax	78,166	91,077
Profit for the period	176,253	198,850
Profit for the period attributable to:		
Owners of the parent	162,553	182,324
Non-controlling interests	13,700	16,526
Profit for the period	176,253	198,850
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	69.25	79.27
Diluted earnings per share (yen)	69.23	79.22

(3) Condensed Interim Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	For the three-month period ended June 30, 2019	For the three-month period ended June 30, 2020
Profit for the period	176,253	198,850
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	2,049	6,203
Share of other comprehensive income of investments accounted for using the equity method	(3,175)	121
Total	(1,126)	6,325
Items that may be subsequently reclassified to profit or loss		
Changes in fair value of cash flow hedge	(334)	235
Translation differences on foreign operations	(9,482)	(2,063)
Share of other comprehensive income of investments accounted for using the equity method	353	(94)
Total	(9,463)	(1,922)
Total other comprehensive income	(10,589)	4,403
Total comprehensive income for the period	165,664	203,253
Total comprehensive income for the period attributable to:		
Owners of the parent	154,355	187,313
Non-controlling interests	11,308	15,940
Total	165,664	203,253

(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, 2019

(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, 2019	141,852	284,409	(383,728)	4,144,133	(3,174)	4,183,492	429,440	4,612,932
Cumulative effects of changes in accounting policies	—	—	—	(181)	—	(181)	(149)	(329)
Restated balance	141,852	284,409	(383,728)	4,143,952	(3,174)	4,183,311	429,291	4,612,603
Comprehensive income								
Profit for the period	—	—	—	162,553	—	162,553	13,700	176,253
Other comprehensive income	—	—	—	—	(8,197)	(8,197)	(2,392)	(10,589)
Total comprehensive income	—	—	—	162,553	(8,197)	154,355	11,308	165,664
Transactions with owners and other transactions								
Cash dividends	—	—	—	(129,140)	—	(129,140)	(32,291)	(161,431)
Transfer from accumulated other comprehensive income to retained earnings	—	—	—	(240)	240	—	—	—
Purchase and disposal of treasury stock	—	—	(22,627)	—	—	(22,627)	—	(22,627)
Retirement of treasury stock	—	(377,034)	377,034	—	—	—	—	—
Transfer from retained earnings to capital surplus	—	377,034	—	(377,034)	—	—	—	—
Increase (decrease) by business combination	—	—	—	—	—	—	24,936	24,936
Changes in interests in subsidiaries	—	(2,618)	—	—	—	(2,618)	499	(2,119)
Other	—	394	90	—	—	484	—	484
Total transactions with owners and other transactions	—	(2,224)	354,497	(506,414)	240	(153,901)	(6,855)	(160,756)
As of June 30, 2019	141,852	282,185	(29,231)	3,800,091	(11,131)	4,183,766	433,744	4,617,510

For the three-month period ended June 30, 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	—	—	—	182,324	—	182,324	16,526	198,850
Other comprehensive income	—	—	—	—	4,989	4,989	(587)	4,403
Total comprehensive income	—	—	—	182,324	4,989	187,313	15,940	203,253
Transactions with owners and other transactions								
Cash dividends	—	—	—	(138,026)	—	(138,026)	(30,248)	(168,274)
Transfer from accumulated other comprehensive income to retained earnings	—	—	—	1,472	(1,472)	—	—	—
Retirement of treasury stock	—	(150,000)	150,000	—	—	—	—	—
Transfer from retained earnings to capital surplus	—	150,000	—	(150,000)	—	—	—	—
Changes in interests in subsidiaries	—	(29)	—	—	—	(29)	(494)	(523)
Other	—	248	305	—	—	553	—	553
Total transactions with owners and other transactions	—	219	150,305	(286,554)	(1,472)	(137,502)	(30,742)	(168,245)
As of June 30, 2020	141,852	280,810	(6,245)	4,033,966	(16,147)	4,434,235	459,881	4,894,116

(5) Condensed Interim Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	For the three-month period ended June 30, 2019	For the three-month period ended June 30, 2020
Cash flows from operating activities		
Profit for the period before income tax	254,419	289,927
Depreciation and amortization	169,899	174,833
Impairment losses	—	1,441
Share of (profit) loss of investments accounted for using the equity method	(765)	(319)
Loss (gain) on sales of non-current assets	55	(1,923)
Interest and dividends income	(1,532)	(1,488)
Interest expenses	2,099	1,876
(Increase) decrease in trade and other receivables	32,035	81,243
Increase (decrease) in trade and other payables	(67,209)	(135,621)
(Increase) decrease in loans for financial business	(86,745)	(103,977)
Increase (decrease) in deposits for financial business	35,219	114,123
(Increase) decrease Call loans	(12,480)	23,348
Increase (decrease) in Call money	6,300	25,259
(Increase) decrease in inventories	10,352	(17,426)
Increase (decrease) in retirement benefit liabilities	1,202	1,290
Other	(51,087)	(37,909)
Cash generated from operations	291,762	414,675
Interest and dividends received	3,534	3,233
Interest paid	(2,972)	(2,002)
Income tax paid	(157,767)	(180,967)
Net cash provided by (used in) operating activities	134,557	234,939

(Unit: Millions of yen)

	For the three-month period ended June 30, 2019	For the three-month period ended June 30, 2020
Cash flows from investing activities		
Purchases of property, plant and equipment	(107,662)	(121,001)
Proceeds from sales of property, plant and equipment	236	2,977
Purchases of intangible assets	(78,817)	(45,670)
Purchases of securities for financial business	(4,004)	(29,835)
Proceeds from sales and redemption of securities for financial business	25,453	17,800
Purchases of other financial assets	(2,718)	(7,605)
Proceeds from sales and redemption of other financial assets	17	3,068
Proceeds from acquisition of subsidiaries	79,823	-
Purchases of stocks of associates	(71,314)	(500)
Proceeds from sales of stocks of subsidiaries and associates	22	-
Other	(1,032)	(1,354)
Net cash provided by (used in) investing activities	(159,995)	(182,120)
Cash flows from financing activities		
Net increase (decrease) of short-term borrowings	251,500	218,500
Proceeds from issuance of bonds and long-term borrowings	100,000	-
Payments from redemption of bonds and repayments of long-term borrowings	(25,176)	(50,069)
Repayments of lease obligations	(43,402)	(45,762)
Payments from purchase of subsidiaries' equity from non-controlling interests	(3,081)	(579)
Proceeds from stock issuance to non-controlling interests	864	10
Payments from purchase of treasury stock	(22,627)	-
Cash dividends paid	(128,159)	(137,257)
Cash dividends paid to non-controlling interests	(32,123)	(30,194)
Other	-	(1)
Net cash provided by (used in) financing activities	97,797	(45,353)
Effect of exchange rate changes on cash and cash equivalents	(1,133)	(139)
Net increase (decrease) in cash and cash equivalents	71,225	7,328
Cash and cash equivalents at the beginning of the period	204,597	369,202
Cash and cash equivalents at the end of the period	275,822	376,530

(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, 2020 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, 2020.

(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 as of and for the three-month period ended June 30, 2020 are consistent with those described in the annual consolidated financial statements for the previous fiscal year ended March 31, 2020 in principle. Also, the judgments, estimates and assumptions for the impact of COVID-19 haven’t been changed as well.

(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, 2020.

(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, 2020. 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.

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 for the three-month period ended June 30, 2020, are consistent with those of the annual financial statements, as described in the consolidated financial statements for the previous fiscal year ended March 31, 2020. 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, KDDI aims to provide new experience value by expanding and coordinating various life design services, including those related to commerce, finance, energy, entertainment, and education, while focusing on conventional telecommunications services, chiefly under the “au” brand, such as those related to smartphones, cell phones, FTTH, and CATV.

Overseas, we use know-how cultivated in Japan to actively engage in business with individual customers, especially those in Myanmar, Mongolia, and other Asian regions.

The Business Services segment mainly provides a wide range of corporate customers in Japan and overseas with "TELEHOUSE" brand data center services and a variety of solutions encompassing network and cloud services, smartphones and other devices, and the KDDI "IoT Worldwide Architecture", which supports customers' IoT businesses. 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.

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.

Beginning in the three-month period ended June 30, 2020, the reportable segments for some subsidiary companies were changed due to organization change. Accordingly, the segment information for the first quarter of the fiscal year ended March 31, 2019 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 “Note 3.

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 reportable segment

The Group's segment information is as follows:

For the three-month period ended June 30, 2019

(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	1,066,664	174,763	1,241,427	4,674	1,246,101	—	1,246,101
Inter-segment revenue or transfers	18,661	46,370	65,031	13,076	78,107	(78,107)	—
Total	1,085,325	221,133	1,306,458	17,750	1,324,208	(78,107)	1,246,101
Segment income	217,821	37,099	254,919	623	255,542	258	255,800
Finance income and finance cost (Net)							(2,729)
Other non-operating profit and loss (Net)							1,347
Profit for the period before income tax							254,419

For the three-month period ended June 30, 2020

(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	1,055,159	182,309	1,237,468	5,211	1,242,679	—	1,242,679
Inter-segment revenue or transfers	18,721	51,639	70,360	11,491	81,851	(81,851)	—
Total	1,073,881	233,948	1,307,829	16,702	1,324,531	(81,851)	1,242,679
Segment income	243,170	45,716	288,886	1,900	290,787	(69)	290,718
Finance income and finance cost (Net)							(831)
Other non-operating profit and loss (Net)							40
Profit for the period before income tax							289,927

(Note 1) Business segment "Other" does not constitute reporting segments, 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.