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, 2023 [IFRS]

July 28, 2023

Company name:	**KDDI CORPORATION** URL https://www.kddi.com
Stock listing:	Tokyo Stock Exchange - Prime Market
Code number:	9433
Representative:	Makoto Takahashi, President and Chief Executive Officer
Scheduled date of quarterly report filing:	August 2, 2023
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, 2023 (April 1, 2023 - June 30, 2023)

(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, 2023	1,332,576	(1.4)	266,668	(10.3)	276,838	(8.0)	191,284	(9.5)	176,943	(7.9)	238,584	4.9
Three-month period ended June 30, 2022	1,351,676	—	297,293	—	300,904	—	211,458	—	192,155	—	227,384	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three-month period ended June 30, 2023	82.02	82.00
Three-month period ended June 30, 2022	87.18	87.11

Note: IFRS 17 "Insurance Contracts" has been adopted from the beginning of the three-month period ended June 30, 2023, and the figures have been calculated retroactively to apply the accounting standard for the three-month period ended June 30, 2022. Therefore, the year-on-year change for the three-month period ended June 30, 2022 has not shown.

(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, 2023	12,173,341	5,731,372	5,195,275	42.7
As of March 31, 2023	11,923,522	5,670,659	5,128,288	43.0

Note: IFRS 17 "Insurance contracts" has been adopted from the beginning of the three-month period ended June 30, 2023, and the figures as of March 31, 2023 are calculated retroactively to apply the accounting standard.

2. Dividends

	Dividends per share				
	1st Quarter End	2nd Quarter End	3rd Quarter End	Fiscal Year End	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2023	—	65.00	—	70.00	135.00
Year ending March 31, 2024	—				
Year ending March 31, 2024 (forecast)		70.00	—	70.00	140.00

Note: Changes in the latest forecasts released : No

3. Consolidated Financial Results Forecast for Year ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(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	5,800,000	2.3	1,080,000	0.2	680,000	0.1	320.35

Note: Changes in the latest forecasts released : No

IFRS 17 "Insurance contracts" has been adopted from the beginning of the three-month period ended June 30, 2023, and the year-on-year change is presented by comparing the figures after retrospectively applying the accounting standard to the previous fiscal year.

Notes

(1) Changes in significant consolidated subsidiaries (which resulted in changes in scope of consolidation) during the three-month period ended June 30, 2023 : Yes

Addition: 1 Company name: KDDI Canada, Inc.

Exclusion: None

(2) Changes in accounting policies and estimates

1) Changes in accounting policies required under IFRSs: Yes

2) Other changes in accounting policies: None

3) Changes in accounting estimates: None

For the details, please refer to P.22 “Condensed Interim Consolidated Financial Statements” and “(7) Notes to Condensed Interim Consolidated Financial Statements 3. Material Accounting Policies”.

(3) Numbers of outstanding shares (Common Stock)

1) Number of shares outstanding (inclusive of treasury stock)	As of June 30, 2023	2,302,712,308
	As of March 31, 2023	2,302,712,308
2) Number of treasury stock	As of June 30, 2023	145,398,764
	As of March 31, 2023	145,590,929
3) Number of weighted average common stock outstanding	For the three-month period ended June 30, 2023	2,157,206,289
(cumulative for all quarters)	For the three-month period ended June 30, 2022	2,204,219,349

Note: The 1,127,219 shares as of June 30, 2023 and the 1,319,384 shares as of March 31, 2023 of KDDI’s stock owned by the executive compensation BIP 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.11 “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 28, 2023, 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]

Index of the Attachment

1. Qualitative Information / Consolidated Financial Statements, etc.

(1) Explanation of Financial Results

1) Results Overview

Industry Trends and KDDI's Position

In recent years, telecommunications functions have seeped into nearly every facet of society and become essential to everyone's way of life. The Japanese government has outlined its Vision for a Digital Garden City Nation, which promotes the application of digital technologies, especially in less populated regions, as DX becomes increasingly important to the solution of social issues and regional revitalization.

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'".
To realize "KDDI VISION 2030," we will further refine our core business of telecommunications and further develop the "power to connect." We announced "KDDI Digital Twin for All," which will help create new added value through the integration of physical and cyber spaces while securing the sustainable growth of society through business.

At the same time, we are promoting a "Mid-term Business Strategy (FY2022-2024)" that looks ahead to 2030. In the Mid-term Management Strategy, we aim to achieve the enhancement of corporate value and the sustainable growth of society together with our partners through the Satellite Growth Strategy as our business strategy, and Strengthening of Management which supports the strategy.

Under our satellite growth strategy, we work to enhance experience quality and build 5G areas closely aligned with locations where customers spend a lot of their time, namely in the vicinity of rail hubs and commercial districts. We are also evolving the telecommunications business and expanding our focus fields, centering on telecommunications.

Specifically, the five focus areas are (1) digital transformation (DX), (2) finance, (3) energy, (4) life transformation (LX), and (5) Regional Co-Creation (such as CATV). In particular, DX integrates communication into everything in the form of IoT, and creates an environment where customers can utilize 5G without being aware of it.
To that end, we will provide business platforms that meet the individual needs of various industries and accelerate our customers' DX. We are aiming for a virtuous cycle of DX, where people's lives are transformed by the newly created added value.

In addition, we are developing various finance businesses with the aim of maximizing synergy with telecommunications. Businesses that connect mobile telecommunication services with various financial services, include the internet-only au Jibun Bank, cashless settlement service au PAY, and the credit card au PAY Card. We are also expanding services that ensure customers can easily access many financial services using only their smartphone. Moreover, regarding LX, in March 2023, we launched the metaverse Web3 service αU (alpha U). We will create an abundant future society connecting real and virtual spaces where people can enjoy music events, art exhibits, conversations with friends, shopping, and more at any time and in any place.
In addition, we are working to construct a system that can promote the utilization of first-party data in business and data-driven management in the Company. Based on this vision of the Company and recent rapid changes in the environment involving creative AI, we launched KDDI AI-Chat for 10,000 employees. We first promoted its use for in-house tasks to enhance employees' AI skills and make tasks more efficient. As we accumulate specific use cases, we will continue proactively promoting its use so that it can be deployed into businesses.

KDDI is proactively addressing sustainability issues, starting with the major global issue of carbon neutrality.
From April 2023, au Renewable Energy Co., Ltd. launched operations supplying renewable energy, especially solar power, to less populated regions, municipalities, and partner companies.

We aim to achieve net zero CO2 emissions by FY2030 for KDDI (non-consolidated), by FY2026 for all data centers worldwide oprated under the TELEHOUSE brand, and by FY2050 for the entire group and we will continue to actively promote a shift toward renewable energy and greater power efficiency for our mobile phone base stations and telecommunications equipment.

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, Web3/AI, and advanced security technologies and further deepen our partnerships, including collaborations with start-ups. Moreover, we will keep collaborating with competitors, for example, sharing 5G equipment with SoftBank Corp. and promoting a global standard for optic network technologies alongside Nippon Telegraph and Telephone Corporation. 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.

We will work to strengthen our risk management and information security systems and promote unified group management through the synergistic effect of the KDDI Philosophy, which serves as a common policy and code of conduct for both management and employees, and a corporate governance system that respects human rights and ensures transparency and fairness.

Financial Results

For the three-month period ended June 30, 2023

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2023	Increase (Decrease)	Increase (Decrease)%
Operating revenue	1,351,676	1,332,576	(19,101)	(1.4)
Cost of sales	723,536	736,981	13,446	1.9
Gross profit	628,141	595,594	(32,547)	(5.2)
Selling, general and administrative expenses	334,552	340,870	6,318	1.9
Other income and expense (Net)	2,241	10,821	8,580	382.8
Share of profit(loss) of investments accounted for using the equity method	1,463	1,123	(340)	(23.2)
Operating income	297,293	266,668	(30,625)	(10.3)
Finance income and cost (Net)	3,581	7,982	4,401	122.9
Other non-operating profit and loss (Net)	30	2,188	2,158	—
Profit for the period before income tax	300,904	276,838	(24,065)	(8.0)
Income tax	89,445	85,554	(3,891)	(4.4)
Profit for the period	211,458	191,284	(20,174)	(9.5)
Attributable to owners of the parent	192,155	176,943	(15,212)	(7.9)
Attributable to non-controlling interests	19,303	14,341	(4,962)	(25.7)

(Note) As the fluctuations in other non-operating profit and loss are over 1000%, they are indicated as " - ".

Since the three-month period ended June 30, 2023, we have reassessed certain operating segments of our company, consolidated subsidiaries, and associated companies based on organizational changes. Accordingly, we have disclosed segment information for the three-month period ended June 30, 2022 based on the revised segment classification.
In addition, we have applied IFRS 17 "Insurance Contracts" from the three-month period ended June 30, 2023. As a result, for the three-month period ended June 30, 2022 and as of March 31, 2023, we disclose the figures after applying the accounting standard retrospectively.

During the three-month period ended June 30, 2023, operating revenue decreased by1.4% year on year to ¥1,332,576 million mainly due to a decrease in revenue in mobile telecommunication fee including roaming fee and due to a temporary increase in finance income in the Three-month period ended June 30, 2022.
Operating income decreased by 10.3% year on year to ¥266,668 million mainly due to a decrease in operating revenue.
Profit for the period attributable to owners of the parent decreased by 7.9% year on year to ¥176,943 million.

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 experience value by expanding 5G telecommunication services and other services such as finance, energy, and LX in a coordinated manner through our multi-brands “au,” “UQ mobile,” and “povo.”

In addition, we are addressing 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 Asian regions.

Quarterly Highlights

● We provide pricing plans that are 5G-ready and meet the needs of every customer through three brands that are based on distinct brand slogans. We are promoting measures that leverage the unique characteristics of each brand in our multi-brand strategy that encompasses “au” with “toward an interesting future,” “UQ mobile” with “simple for everyone,” and “povo” with “to the freedom that’s right for you together.”

Through au, we provide unique 5G services that leverage high-speed and large-capacity communication, such as the "Unlimited Data MAX Plan 5G" that offers unlimited data usage*1, and in June 2023, we began offering the "Unlimited Data MAX Plan 5G ALL STAR Pack2," which includes the electronic manga and novel service "Piccoma," in addition to videos and music streaming services.

In addition, customers who do not use much of their data allotment can choose the “Smartphone Mini Plan,” which automatically adjusts the monthly fee based on the amount of data used.

Through UQ mobile, we strive to enable the more secure and safe use of smartphones and have begun offering the “Komi Komi Plan,” which combines 20GB of data with unlimited domestic phone calls of 10 minutes or less, the “Toku Toku Plan,” which allows customers to use up to 15GB of data but automatically applies a discount when the data use for one month is 1GB or under, and the “Mini Mini Plan,” which is for customers who do not use much data. Through povo, we offer our usual lineup of toppings that customers can choose from to fit their usage style along with toppings for unlimited data for social media and popular video services, and, for a limited time, we offer an ultra-large data topping for 365 days, which is the longest effective period we have had to date. In addition, we are promoting initiatives to enhance convenience, for example we introduced auto-charge functions that enable automatic data purchasing in April 2023.

● Accordingly, under the slogan Zutto, Motto, Tsunagu Zo, au (Connecting more and always with au), we are concentrating on the construction of a 5G communications network in commercial districts and along train lines—locations where customers spend a lot of their time—ensuring that many more customers are able to comfortably use 5G.

By using Starlink’s satellite broadband internet as the backhaul line for au’s telecommunication network, we are expanding service to cover around 1,200 locations across Japan, including mountainous and remote island regions where it has been difficult to offer services.

In May 2023, we collaborated with Yamap Inc. to improve the telecommunications environment of mountain cabins where signals have trouble reaching and began offering Mountain Cabin Wi-Fi using Starlink. We will continue steadily expanding the number of mountain cabins where they can be used, starting with Hakuba Happo-ike Mountain Lodge.

Furthermore, we are steadily installing portable and vehicle-mounted base stations that use Starlink at locations throughout Japan. By rolling out these base stations for use in areas not covered by regular services when an earthquake, typhoon, or other natural disaster strikes, we aim to realize the swift restoration of telecommunications.

● As for points and payment, we offer a prize awarding a maximum of 5%*2 in au PAY Points at participating stores for au and UQ mobile customers every month on days ending in 5 (5th, 15th, 25th) and on the 8th of the month as Lucky Tanuki Days. For au Smart Pass Premium customers, we began offering coupons on a monthly and weekly basis that can be used with au Pay. Going forward, we will continue to enhance customer relations by offering great deals on services that make every day more enjoyable.

In addition, in June 2023, we took measures to enable the more convenient use of au PAY. For example, the au PAY app is now able to use the MyNumber card public personal authentication service to verify the identity of individuals. Also, customers can now use certain convenience store ATMS to withdraw from their au PAY balances.

● The financial business remained steady as the number of au PAY card members reached 8.8 million in June 2023. At au Jibun Bank, the number of checking accounts reached 5.30 million in the same month, and the amount of home loans provided reached a cumulative total of ¥3 trillion in June 2023, in just seven years and six months, the fastest pace of growth among internet-only banks.*3 Moreover, in the HDI Benchmarking Assessment, all our call centers that provide customer support received top marks, garnering six top rankings for two consecutive years, a first for an internet bank.*4 Going forward, we will continue aiming to provide more attractive services and enhance customer service quality.

● In the energy business, au Energy Holdings Co., Ltd. and au Renewable Energy Co., Ltd. entered into a capital and business alliance with Kyocera Corp. aimed at strengthening the promotion of the renewable energy business in April 2023. Leveraging both of these companies' expertise and capabilities in the renewable energy business, we are working to stabilize the balance of electric power supply and demand while accelerating the realization of a decarbonized society. In addition, KDDI and au Energy & Life Co., Ltd. are promoting initiatives to realize carbon neutrality and began operating net zero CO2 emission sustainable base stations that independently secure energy from solar power sources from May 2023.

● Regarding Life transformation (LX), we have offered metaverse and Web3 services designed to realize a world where anyone can become a creator and tailored to a new generation of users who casually switch between the virtual and real worlds. In line with the concept of "another world," with αU (alpha U) as the prefix, we are expanding customer experiences in the metaverse and Web3. For example, we are providing the commercial services αU metaverse, in which people can enjoy entertainment and conversations with friends in the metaverse; αU market, which enables the purchase of NFTs and other digital artwork; and αU wallet, which enables the management of NFTs and encrypted assets. We are also providing such services as αU live, which enables users to enjoy high-definition live music performances with a 360-degree range of view, and αU place, which offers the experience of shopping in virtual stores that are linked with physical stores.

● In Myanmar,*5 we are continuing our activities that resonate with the people, such as starting to provide free e-learning programs in May 2023 with the aim of providing equal learning opportunities. We have been striving to maintain our telecommunications services, which are indispensable to people's lives, while prioritizing the safety of our associated personnel as we continue to carefully monitor the local situation.
In addition, in Mongolia, in May 2023 our consolidated subsidiary MobiCom Corporation LLC achieved a ranking of 9th on the Mongol Top 100 Companies List, which the Mongolian government fully assesses companies' net sales, profit, income tax, number of employees, and total assets, the first time the company entered the top 10. MobiCom will continue helping to enhance the nation's economic development and people's lives as the country's No. 1 telecommunications operator.

*1. For tethering, data sharing, and international roaming (fixed global data price), there is a limit to 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. In combination with a base point return of 0.5%, au customers get a maximum of 5% return and UQ mobile customers get a maximum of 3% return. The prize is for customers who enter every month.
*3. As of May 30th, 2023, according to au Jibun Bank's research.
*4. As of April 26th, 2023, according to au Jibun Bank's research.
*5. 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, 2023 is described below.

Results

For the three-month period ended June 30, 2023

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2023	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	1,157,300	1,118,794	(38,506)	(3.3)
Operating Income	249,006	218,069	(30,937)	(12.4)

During the three-month period ended June 30, 2023, operating revenue decreased by 3.3% year on year to ¥1,118,794 million mainly due to a decrease in revenue in mobile telecommunication fee including roaming fee and due to a temporary increase in finance income in the Three-month period ended June 30, 2022.

Operating income decreased by 12.4% year on year to ¥218,069 million mainly due to a decrease in operating revenue.

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.
We continue to 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 May 2023, KDDI and East Japan Railway Company announced that they will promote urban development enabling the creation of new services. To this end, we will build data infrastructure in TAKANAWA GATEWAY CITY, which lays out a vision of functioning as a testing ground for development that will enable fulfilling lives 100 years from now. The city's infrastructure will collect and analyze a wide range of data, including on the city's facilities and people (residents, workers, visitors).
Combining data acquired from the city and proprietary data supplied by the two companies, we run digital simulations and promote digital twins of real-world cities that said cities can use to garner feedback. We aim to disseminate the new services created therein throughout Japan and the world and realize a decentralized smart city that provides answers to such various social issues as population decline and environmental problems.
In addition, to more swiftly realize a decentralized smart city, KDDI will move its headquarters to TAKANAWA GATE CITY sometime around the spring of 2025.

●In May 2023, KDDI concluded a capital and business alliance (the "Alliance") with Internet Initiative Japan, Inc. (IIJ) to mutually enhance the two companies' corporate value by leveraging the business assets of each.
We purchased 18,707,000 common shares, or 10%, of IIJ's total outstanding shares for a total of ¥51.2 billion (¥2,739 per share) from Nippon Telegraph and Telephone Corporation, resulting in a 10.90% ownership stake. IIJ was founded in December 1992 as Japan's first domestic internet provider. In addition to the various network services, it has developed in the security, cloud and other fields, IIJ possesses advanced technologies, making it capable of complex proposals along with system integration. Through the Alliance, KDDI aims to pursue personnel exchanges, various collaborations, and the joint development of corporate products with the aim of expanding the Core Business, including fixed-line and mobile phone services through DX, and the NEXT Core Business, including cloud and IoT services. Going forward, with DX as a pillar of business, we will continue working to contribute to society and solve customer issues for companies and other customers further downstream.

●In May 2023, KDDI's overseas subsidiary TELEHOUSE (Thailand) Ltd. opened TELEHOUSE Bangkok, which is a data center in the Thai capital of Bangkok. The data center is first in the country to have net zero CO2 emissions thanks to its use of 100% renewable energy.*1 In addition, due to its location in downtown Bangkok, more than 10 domestic and foreign service providers, cloud operators, telecommunications carriers, and other companies have indicated that they plan to use the center. As the largest data center in Southeast Asia, the company aims for it to be a connectivity data center*2 realizing an optimally mutual connectivity environment with countries around the world by enticing ever more service providers moving forward. The company strives to further expand the data center business, which is presently positioned as a growth field in the Business Services Segment.

●In June 2023, KDDI had signed a contract to acquire assets, including land, buildings and facilities in Canada from Allied Properties Real Estate Investment Trust, which operates a data center business in Canada, for 144.6 billion yen*3. KDDI has established a new subsidiary "KDDI Canada, Inc." in Canada in the same month. In addition to "Telehouse London," which has the world's largest number of connections*4, and "Telehouse Paris, which has the largest number in France, KDDI also established a new data center in Bangkok, Thailand in May 2023, expanding not only in Europe, but also in Southeast Asia. Through this contract, the company will acquire Canada's top interconnection DC*4 and strengthen its data center business in North America to promote its business on a global scale.

Going forward, we will continue to expand 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 As of May 2023, based on our company's research.
*2 A collective term for data centers equipped with various cloud services, communication services, and excellent access to domestic and overseas bases.
*3 1.35 billion Canadian dollars. Converted using TTM (1 Canadian dollar = 107.12 yen) as of June 21, 2023.
*4 The number of customer interconnections in data centers. As of June 21, 2023. Source: PeeringDB.

Operating performance in the Business Services segment for the three-month period ended June 30, 2023, is described below.

Results

For the three-month period ended June 30, 2023

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2023	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	264,681	281,317	16,636	6.3
Operating Income	46,334	47,993	1,659	3.6

During the three-month period ended June 30, 2023, operating revenue increased by 6.3% year on year to ¥281,317 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 3.6% year on year to ¥47,993 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, 2023	As of June 30, 2023	Increase (Decrease)
Total assets	11,923,522	12,173,341	249,819
Total liabilities	6,252,863	6,441,969	189,106
Total equity	5,670,659	5,731,372	60,713
Equity attributable to owners of the parent	5,128,288	5,195,275	66,987
Ratio of equity attributable to owners of the parent to total assets	% 43.0	% 42.7	% (0.3)

(Assets)
Total assets increased by ¥249,819 million from the previous fiscal year-end to ¥12,173,341 million as of June 30, 2023 mainly due to an increase in loans for financial business and other long-term financial assets despite of a decrease in trade and other receivables.

(Liabilities)
Total liabilities increased by ¥189,106 million from the previous fiscal year-end to ¥6,441,969 million as of June 30, 2023 mainly due to an increase in deposits for financial business and borrowings and bonds payable despite of a decrease in trade and other payable.

(Equity)
Total equity amounted to ¥5,731,372 million mainly due to an increase in equity attributable to owners of the parent from the previous fiscal year-end. As a result, ratio of equity attributable to owners of the parent to total assets increased from 43.0% as of March 31, 2023, to 42.7% as of June 30, 2023.

2. Consolidated Cash Flows

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2023	Increase (Decrease)
Net cash provided by (used in) operating activities	96,635	185,706	89,070
Net cash provided by (used in) investing activities	(213,979)	(133,858)	80,121
Free cash flows (Note)	(117,344)	51,847	169,191
Net cash provided by (used in) financing activities	(124,731)	(85,453)	39,278
Effect of exchange rate changes on cash and cash equivalents	7,816	5,259	(2,557)
Net increase (decrease) in cash and cash equivalents	(234,259)	(28,347)	205,912
Cash and cash equivalents at the beginning of the period	796,613	480,252	(316,361)
Cash and cash equivalents at the end of the period	562,354	451,905	(110,449)

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 by ¥89,070 million year on year to ¥185,706 million mainly due to an increase in long-term deposits for financial business.

Net cash used in investing activities decreased by ¥80,121 million year on year to ¥133,858 million mainly due to an increase in proceeds from sales and redemption of securities for financial business.

Net cash used in financing activities decreased by ¥39,278 million year on year to ¥85,453 million mainly due to an increase in proceeds from issuance of bonds and long-term borrowings.

Reflecting these factors and an increase in ¥5,259 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, 2023, decreased by ¥28,347 million from March 31, 2023 to ¥451,905 million.

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

For the fiscal year ending March 31, 2024, the Group forecasts operating revenue of ¥5,800,000 million, operating income of ¥1,080,000 million and profit for the year attributable to owners of the parent of ¥680,000 million. No changes have been made from the details stated in the Summary of Financial Results for the fiscal year ended March 31, 2023 (disclosed on May 11, 2023).

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

2. Condensed Interim Consolidated Financial Statements

(1) Condensed Interim Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Non-current assets :		
Property, plant and equipment	2,595,721	2,578,972
Right-of-use assets	393,935	389,201
Goodwill	541,058	563,066
Intangible assets	1,048,396	1,062,392
Investments accounted for using the equity method	261,169	253,126
Long-term loans for financial business	2,038,403	2,223,128
Securities for financial business	411,063	350,058
Other long-term financial assets	304,106	387,796
Retirement benefit assets	62,911	63,606
Deferred tax assets	12,203	12,856
Contract costs	637,534	645,209
Other non-current assets	29,924	30,962
Total non-current assets	8,336,424	8,560,372
Current assets :		
Inventories	99,038	99,390
Trade and other receivables	2,445,250	2,346,119
Short-term loans for financial business	304,557	337,165
Call loans	53,944	111,444
Other short-term financial assets	60,158	64,031
Income tax receivables	2,663	11,965
Other current assets	141,236	190,951
Cash and cash equivalents	480,252	451,905
Total current assets	3,587,098	3,612,970
Total assets	11,923,522	12,173,341

(Unit: Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities and Equity		
Liabilities		
Non-current liabilities :		
Borrowings and bonds payable	914,233	1,015,083
Long-term deposits for financial business	64,829	93,652
Lease liabilities	286,437	274,269
Other long-term financial liabilities	10,309	10,583
Retirement benefit liabilities	11,739	12,210
Deferred tax liabilities	188,101	221,353
Provisions	52,414	49,479
Contract liabilities	76,258	77,279
Other non-current liabilities	12,366	12,659
Total non-current liabilities	1,616,687	1,766,567
Current liabilities :		
Borrowings and bonds payable	337,961	381,000
Trade and other payables	801,927	664,771
Short-term deposits for financial business	2,652,723	2,887,274
Cash collateral received for securities lent	244,111	201,260
Lease liabilities	112,805	106,308
Other short-term financial liabilities	6,894	6,015
Income taxes payables	129,404	57,943
Provisions	25,398	23,452
Contract liabilities	82,242	93,744
Other current liabilities	242,712	253,635
Total current liabilities	4,636,176	4,675,402
Total liabilities	6,252,863	6,441,969
Equity		
Equity attributable to owners of the parent		
Common stock	141,852	141,852
Capital surplus	279,371	280,978
Treasury stock	(545,833)	(545,230)
Retained earnings	5,220,504	5,246,507
Accumulated other comprehensive income	32,394	71,168
Total equity attributable to owners of the parent	5,128,288	5,195,275
Non-controlling interests	542,370	536,097
Total equity	5,670,659	5,731,372
Total liabilities and equity	11,923,522	12,173,341

(2) Condensed Interim Consolidated Statement of Income

(Unit: Millions of yen)

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2023
Operating revenue	1,351,676	1,332,576
Cost of sales	723,536	736,981
Gross profit	628,141	595,594
Selling, general and administrative expenses	334,552	340,870
Other income	2,779	11,344
Other expense	537	523
Share of profit of investments accounted for using the equity method	1,463	1,123
Operating income	297,293	266,668
Finance income	5,703	10,016
Finance cost	2,122	2,034
Other non-operating profit and loss	30	2,188
Profit for the period before income tax	300,904	276,838
Income tax	89,445	85,554
Profit for the period	211,458	191,284
Profit for the period attributable to:		
Owners of the parent	192,155	176,943
Non-controlling interests	19,303	14,341
Profit for the period	211,458	191,284
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	87.18	82.02
Diluted earnings per share (yen)	87.11	82.00

(3) Condensed Interim Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2023
Profit for the period	211,458	191,284
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	(12,424)	17,173
Share of other comprehensive income of investments accounted for using the equity method	(314)	182
Total	(12,738)	17,355
Items that may be subsequently reclassified to profit or loss		
Changes in fair value of cash flow hedge	2,268	1,827
Translation differences on foreign operations	25,386	27,925
Share of other comprehensive income of investments accounted for using the equity method	1,010	193
Total	28,664	29,945
Total other comprehensive income	15,926	47,300
Total comprehensive income for the period	227,384	238,584
Total comprehensive income for the period attributable to:		
Owners of the parent	198,415	215,833
Non-controlling interests	28,969	22,751
Total	227,384	238,584

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, 2022

(Unit: Millions of yen)

	Equity attributable to owners of the parent							
	Common stock	Capital surplus	Treasury stock	Retained earnings	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
As of April 1, 2022	141,852	279,371	(299,827)	4,818,117	43,074	4,982,586	528,077	5,510,663
Cumulative effects of changes in accounting policies	―	―	―	3,682	348	4,030	―	4,030
Restated balance	141,852	279,371	(299,827)	4,821,799	43,422	4,986,617	528,077	5,514,694
Comprehensive income								
Profit for the period	―	―	―	192,155	―	192,155	19,303	211,458
Other comprehensive income	―	―	―	―	6,260	6,260	9,666	15,926
Total comprehensive income	―	―	―	192,155	6,260	198,415	28,969	227,384
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)	4,869,504	49,763	4,983,505	529,089	5,512,594

For the three-month period ended June 30, 2023

(Unit: Millions of yen)

	Equity attributable to owners of the parent							
	Common stock	Capital surplus	Treasury stock	Retained earnings	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
As of April 1, 2023	141,852	279,371	(545,833)	5,220,504	32,394	5,128,288	542,370	5,670,659
Comprehensive income								
Profit for the period	—	—	—	176,943	—	176,943	14,341	191,284
Other comprehensive income	—	—	—	—	38,891	38,891	8,409	47,300
Total comprehensive income	—	—	—	176,943	38,891	215,833	22,751	238,584
Transactions with owners and other transactions								
Cash dividends	—	—	—	(151,056)	—	(151,056)	(31,555)	(182,611)
Transfer from accumulated other comprehensive income to retained earnings	—	—	—	116	(116)	—	—	—
Changes due to business combination	—	—	—	—	—	—	4,747	4,747
Changes in ownership interests in subsidiaries	—	1,981	—	—	—	1,981	(2,216)	(235)
Other	—	(374)	602	—	—	228	—	228
Total transactions with owners and other transactions	—	1,606	602	(150,939)	(116)	(148,847)	(29,024)	(177,871)
As of June 30, 2023	141,852	280,978	(545,230)	5,246,507	71,168	5,195,275	536,097	5,731,372

(5) Condensed Interim Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2023
Cash flows from operating activities		
Profit for the period before income tax	300,904	276,838
Depreciation and amortization	173,266	169,874
Impairment losses	5	2
Share of (profit) loss of investments accounted for using the equity method	(1,463)	(1,123)
Loss (gain) on sales of non-current assets	15	(18)
Interest and dividends income	(2,112)	(2,670)
Interest expenses	1,682	1,714
(Increase) decrease in trade and other receivables	106,837	110,469
Increase (decrease) in trade and other payables	(119,847)	(110,553)
(Increase) decrease in loans for financial business	(210,541)	(217,333)
Increase (decrease) in deposits for financial business	150,901	263,374
(Increase) decrease in Call loans	(102,315)	(57,500)
Increase (decrease) in Call money	(2,173)	—
Increase (decrease) in cash collateral received for securities lent	—	(42,850)
(Increase) decrease in inventories	(6,165)	(107)
(Increase) decrease in retirement benefit assets	134	(695)
Increase (decrease) in retirement benefit liabilities	(996)	471
Other	(56,844)	(72,281)
Cash generated from operations	231,289	317,612
Interest and dividends received	4,167	5,109
Interest paid	(1,726)	(2,037)
Income tax paid	(137,095)	(134,979)
Net cash provided by (used in) operating activities	96,635	185,706

(Unit: Millions of yen)

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2023
Cash flows from investing activities		
Purchases of property, plant and equipment	(144,911)	(82,980)
Proceeds from sales of property, plant and equipment	85	686
Purchases of intangible assets	(63,775)	(57,889)
Purchases of securities for financial business	(80,172)	(173,850)
Proceeds from sales and redemption of securities for financial business	83,388	237,579
Purchases of other financial assets	(3,181)	(52,290)
Proceeds from sales and redemption of other financial assets	50	303
Acquisitions of control over subsidiaries	—	(6,659)
Purchases of stocks of associates	(7,363)	(9)
Other	1,899	1,251
Net cash provided by (used in) investing activities	(213,979)	(133,858)
Cash flows from financing activities		
Net increase (decrease) of short-term borrowings	150,000	34,589
Proceeds from issuance of bonds and long-term borrowings	—	130,000
Payments from redemption of bonds and repayments of long-term borrowings	—	(22,288)
Repayments of lease obligations	(46,257)	(45,858)
Payments from purchase of subsidiaries' equity from non-controlling interests	(624)	(257)
Proceeds from stock issuance to non-controlling interests	2	2
Payments from purchase of treasury stock	(57,233)	—
Cash dividends paid	(143,344)	(149,932)
Cash dividends paid to non-controlling interests	(27,275)	(31,709)
Other	(0)	(0)
Net cash provided by (used in) financing activities	(124,731)	(85,453)
Effect of exchange rate changes on cash and cash equivalents	7,816	5,259
Net increase (decrease) in cash and cash equivalents	(234,259)	(28,347)
Cash and cash equivalents at the beginning of the period	796,613	480,252
Cash and cash equivalents at the end of the period	562,354	451,905

(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, 2023 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, 2023.

(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.

Except for the impact of IFRS 17 "Insurance Contracts" as stated in “3. Material Accounting Policies”, 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.

(5) Application of new standards and interpretations

The Group has adopted IFRS 17 "Insurance Contracts" since three-month period ended June 30, 2023. In accordance with the transitional requirements of IFRS 17, we have applied the new provisions retrospectively and recognize the cumulative impact at the beginning balance of retained earnings of the previous fiscal year as an adjustment. For information on the impact of changes in accounting policies, please refer to "3. Material Accounting Policies".

(6) Standards not yet adopted

There are no new standards or amendments by the approval date of the condensed interim consolidated financial statements that have significant impact.

3. Material Accounting Policies

The material 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, except for the following. Also, income tax expenses on condensed interim consolidated statement of income are calculated based on the estimated average annual effective income tax rate.

Adoption of IFRS 17

Impact of adoption of a new accounting standard

The Group has adopted the following standard since three-month period ended June 30, 2023.

IFRS		New or revised content
IFRS17	Insurance Contracts	Revision of insurance contracts

The Group has adopted IFRS 17 "Insurance Contracts" (hereinafter referred to as "IFRS 17") from the three-month period ended June 30, 2023. The Group has retrospectively applied IFRS 17 in accordance with the following transitional requirements at the transition date:

・Identify, recognize and measure each group of insurance contracts as if IFRS 17 had always been applied

・Derecognize any existing balances that would not exist had IFRS 17 always been applied

・Recognize any resulting net difference in equity

In IFRS 17, the Group classifies contracts that involve significant insurance risks as insurance contracts. We have applied the premium allocation approach for insurance contracts issued and reinsurance contracts held in the non-life insurance business. We have applied the general measurement model for insurance contracts issued and reinsurance contracts held in the life insurance business.

Regarding insurance finance income or expenses, we include the amount calculated by regularly allocating the total expected finance income or expenses over the duration of group of insurance contracts in the net profit or loss, and the difference between the amount measured when applying the book value of group of insurance contracts and the regular allocation is recorded as other comprehensive income.

The Group has applied the full retrospective approach to the group of insurance contracts issued in the non-life and life insurance businesses, recognizing and measuring them as if IFRS 17 had always been applied.

The Group has applied transitional requirements for IFRS 17 and has not disclosed the impact of IFRS 17 on each financial statement item and earnings per share. The impact of the adoption of IFRS 17 on condensed interim consolidated financial statements as of April 1, 2022 is shown in condensed interim consolidated statement of changes in equity.

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 experience value by expanding 5G telecommunication services and other services such as finance, energy, and LX in a coordinated manner through our multi-brands “au,” “UQ mobile,” and “povo.”

In addition, we are addressing 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 Asian 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.

We continue to 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..

Since the three-month period ended June 30, 2023, we have reassessed certain operating segments of our company, consolidated subsidiaries, and associated companies based on organizational changes. Accordingly, we have disclosed segment information for the three-month period ended June 30, 2022 based on the revised segment classification.

In addition, we have applied IFRS 17 "Insurance Contracts" from the three-month period ended June 30, 2023. As a result, we disclose the figures after applying the accounting standard retrospectively for the three-month period ended June 30, 2022.

(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. Material 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, 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	1,135,116	207,607	1,342,723	8,953	1,351,676	—	1,351,676
Inter-segment revenue or transfers	22,184	57,074	79,258	22,208	101,466	(101,466)	—
Total	1,157,300	264,681	1,421,981	31,161	1,453,142	(101,466)	1,351,676
Segment income	249,006	46,334	295,340	2,070	297,410	(117)	297,293
Finance income and finance cost (Net)							3,581
Other non-operating profit and loss (Net)							30
Profit for the period before income tax							300,904

For the three-month period ended June 30, 2023

(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	1,099,282	224,592	1,323,874	8,702	1,332,576	—	1,332,576
Inter-segment revenue or transfers	19,513	56,725	76,238	20,991	97,229	(97,229)	—
Total	1,118,794	281,317	1,400,112	29,693	1,429,805	(97,229)	1,332,576
Segment income	218,069	47,993	266,062	780	266,842	(173)	266,668
Finance income and finance cost (Net)							7,982
Other non-operating profit and loss (Net)							2,188
Profit for the period before income tax							276,838

Notes: 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.

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

5. Subsequent Events

(Tender Offer and market purchases of Treasury Shares)

At the board of directors' meeting held on July 28, 2023, as a specific method of repurchasing treasury shares pursuant to the provisions of Article 156, Paragraph 1 of the Companies Act as applied mutatis mutandis pursuant to the provisions of Article 165, Paragraph 3 of the Companies Act and the Company's articles of incorporation, the Company resolved to conduct a tender offer of treasury shares (the "Tender Offer").

(1)Objective of the Tender Offer

The Company has continued to repurchase treasury shares. However, as a result of the Company aiming for further increasing shareholder returns and conducting deliberations from early April to early May of 2023, on the topic of increase of its acquisition cost for repurchasing treasury shares, the board of directors resolved during its meeting held on May 11, 2023 to repurchase treasury shares from June 1, 2023 to May 31, 2024, with the upper limit of total shares being 92,000,000 shares and the upper limit of the total acquisition cost being 300 billion yen (the "Share Repurchase Based on BOD Resolution of May 11, 2023").

On the other hand, on April 10, 2023, Toyota Motor Corporation ("Toyota Motor") informed the Company of its intention to sell a portion of the Company's ordinary shares that it currently holds. As a result of deliberations, the Company concluded that it would be appropriate to repurchase shares of around 250 billion yen from Toyota Motors, while purchasing treasury shares of around 50 billion yen from the market, from the total acquisition cost (300 billion yen) for the Share Repurchase Based on the BOD Resolution of May 11, 2023.

Considering the above, at the board of directors' meeting held on July 28, 2023, the Company resolved to repurchase treasury shares by conducting a tender offer of treasury shares and to conduct market purchases on the market within the total acquisition cost obtained by subtracting the total acquisition cost of the Company's ordinary shares acquired by the Tender Offer from the total acquisition cost (300 billion yen) for the Share Repurchase Based on the BOD Resolution of May 11, 2023.

(2)Tender Offer outline

1)Type of share certificates：Ordinary shares
2)Number of share certificates planned for purchase：64,102,500 Shares
3)Tender Offer Price：3,900 yen per 1 (one) ordinary share
4)Total Acquisition Cost：250 billion yen（upper limit）
5)Period of the Tender Offer：From July 31, 2023 to August 28, 2023
6)Publication date for commencing the Tender Offer：July 31, 2023
7)Commencement Date of Settlement：September 20, 2023