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 six-month period ended September 30, 2023 [IFRS]

November 2, 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:	November 8, 2023
Scheduled date of dividend payment:	December 5, 2023
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 six-month period ended September 30, 2023 (April 1, 2023 - September 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	
		%		%		%		%		%		%
Six-month period ended September 30, 2023	2,778,967	1.4	560,319	0.2	583,258	4.0	407,093	5.4	368,695	3.8	456,443	12.9
Six-month period ended September 30, 2022	2,740,836	—	559,284	—	560,715	—	386,364	—	355,136	—	404,376	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six-month period ended September 30, 2023	171.76	171.72
Six-month period ended September 30, 2022	161.46	161.39

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 six-month period ended September 30, 2022. Therefore, the year-on-year change for the six-month period ended September 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 September 30, 2023	12,858,776	5,756,675	5,164,714	40.2
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	—	70.00			
Year ending March 31, 2024 (forecast)			—	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 six-month period ended September 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.24 “2. 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 September 30, 2023	2,302,712,308
	As of March 31, 2023	2,302,712,308
2) Number of treasury stock	As of September 30, 2023	209,476,568
	As of March 31, 2023	145,590,929
3) Number of weighted average common stock outstanding	For the six-month period ended September 30, 2023	2,146,598,015
(cumulative for all quarters)	For the six-month period ended September 30, 2022	2,199,525,115

Note: The 1,074,019 shares as of September 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.10 “1. Qualitative Information / Consolidated Financial Statements, etc (3) Explanation Regarding Future Forecast Information of Consolidated Financial Results” under [the Attachment] for the assumptions used and other notes.
2. On November 2, 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’”. The Company’s mission is to connect and protect lives, connect day-to-day lives, and connect hearts and minds. 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.

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 operated 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: engraining the new personnel system, developing professional human resources through the KDDI Version Job Style Personnel System, and enhancing employee engagement. 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 six-month period ended September 30, 2023

(Amount unit: Millions of yen)

	Six-month period ended September 30, 2022	Six-month period ended September 30, 2023	Increase (Decrease)	Increase (Decrease)%
Operating revenue	2,740,836	2,778,967	38,131	1.4
Cost of sales	1,516,817	1,556,562	39,746	2.6
Gross profit	1,224,019	1,222,405	(1,614)	(0.1)
Selling, general and administrative expenses	693,882	685,148	(8,734)	(1.3)
Other income and expense (Net)	26,098	19,775	(6,323)	(24.2)
Share of profit(loss) of investments accounted for using the equity method	3,050	3,288	238	7.8
Operating income	559,284	560,319	1,035	0.2
Finance income and cost (Net)	1,398	11,720	10,322	738.4
Other non-operating profit and loss (Net)	33	11,219	11,186	—
Profit for the period before income tax	560,715	583,258	22,542	4.0
Income tax	174,351	176,165	1,814	1.0
Profit for the period	386,364	407,093	20,729	5.4
Attributable to owners of the parent	355,136	368,695	13,559	3.8
Attributable to non-controlling interests	31,228	38,397	7,170	23.0

(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 six-month period ended September 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 six-month period ended September 30, 2022 and as of March 31, 2023, we disclose the figures after applying the accounting standard retrospectively.

During the six-month period ended September 30, 2023, operating revenue increased by 1.4% year on year to ¥2,778,967 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 although a decrease in revenue in mobile telecommunication fee including roaming fee and due to the absence of temporary finance income in the six-month period ended September 30, 2022.
Operating income increased by 0.2% year on year to ¥560,319 million mainly due to an increase in operating revenue.
Profit for the period attributable to owners of the parent increased by 3.8% year on year to ¥368,695 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, from September 2023, we began providing “au Money Management Plan,” a smartphone pricing plan that offers awards for using financial services, the first of its kind in the mobile phone industry.*1 We expect an increase in financial awareness among all generations, including younger ones, due in part to the government’s policy of shifting the public’s focus from savings to investment, the mandating of finance classes in high school, and the start of the new NISA system in January 2024. In line with this expectation, we will continue to support financial management by enabling customers to easily use their smartphones to create assets, in such forms as money and points, by saving for and investing in the future.
Through UQ mobile, from June 2023, we began providing three new plans: the “Komi Komi Plan,” the “Toku Toku Plan,” and the “Mini Mini Plan.” These plans are all suited to the 5G era, which is expected to see data traffic increase, but the “Komi Komi Plan” and “Toku Toku Plan” in particular have received praise from many customers since the start of service, with the number of customers under contract surpassing expectations.
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 new initiatives to begin providing +α (plus alpha) toppings, which comprise a set of various services and products, such as ice cream and apps, in August 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.
From July 2023, to broadly support the extraordinary experiences of customers, we have expanded the Starlink to vehicle-mounted and mobile base stations with a focus on supporting safe and comfortable hiking activities by improving the telecommunications environment of mountain cabins, enabling cashless payments and reducing telecommunication disruptions at events such as music festivals where users are highly concentrated, and facilitating the swift establishment of service areas during disasters.
Furthermore, we formed a new operational alliance with Space Exploration Technologies Corp. in August 2023 to provide direct satellite telecommunications services for au smartphones. Through this alliance, we will expand our service areas to enable customers to connect anywhere in Japan where they can see the sky, a difficult feat for telecommunication operators relying on 5G and 4G LTE alone. This service is slated to begin sometime in 2024.*2

●As for points and payment, we offer a prize awarding a maximum of 5%*3 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. From August 2023, we replaced the awards offered on Santaro Day (the 3rd, 13th, and 23rd of each month) with even better deals. Going forward, we will continue to enhance customer relations by offering great deals on services that make every day more enjoyable.

In addition, as an initiative for the "au Economic Zone," we opened the online-only au Pharmacy in July 2023. With this service, patients use the au Wellness app to register prescriptions issued by licensed medical providers. They can then get instructions on how to take the medicine online from pharmacists and the medicine is directly shipped to their residence. Once a patient has been examined by their medical provider, whether online or in person, they do not need to leave home to visit a pharmacy or waste time waiting for their prescriptions to be filled as we will continue providing them with a smooth online pharmacy experience.

●The financial business remained steady as the number of au PAY card members exceeded 9 million in October 2023. In the 2023 Oricon Customer Satisfaction® Survey Home Loans, presented by Oricon ME inc., au Jibun Bank Corporation clinched No. 1 rating for three consecutive years since 2021 in categories such as "interest rates". Moreover, the number of checking accounts exceeded 5,450,000 in September 2023. In addition, in August 2023, a preferential interest rate service was announced that lowers the interest rate of home loans when customers use the services of KDDI's subsidiary JCOM Co., Ltd. (J:COM) and Chubu Telecommunications Co., Inc. (ctc) as a set. J:COM began offering the service from September 2023, and ctc began from November 2023. Going forward, we will continue aiming to provide more attractive services and enhance customer service quality.

●In the energy business, KDDI and au Renewable Energy Co., Ltd. concluded an alliance agreement with Gunma Prefecture in June 2023, aiming to realize an independent decentralized society through the promotion of a green transformation (GX). Under this agreement, we will conduct on-site surveys of candidate locations for constructing solar power plants within the prefecture with the aim of expanding renewable energy. And in the same month, the KDDI subsidiaries au Energy & Life Co., Ltd. and ENERES Co., Ltd. were selected by the Ministry of the Economy, Trade and Industry as the operators of a pilot project aimed at further utilizing decentralized energy resources in fiscal 2023. Through this project, we will consider designs for pilot systems and promote system development with the aim of enabling the efficient utilization of electricity generated through solar power generation and other means and then stored in home battery systems. Going forward, we will continue strengthening initiatives aimed at realizing carbon neutrality.

●In Myanmar,*4 we are continuing our activities that resonate with the people. 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 August 2023 our consolidated subsidiary MobiCom Corporation LLC introduced a pension fund, the first for that country's telecommunications industry, with the aim of providing an environment in which employees can work with peace of mind. MobiCom will continue helping to enhance the nation's economic development and people's lives as the country's No. 1 telecommunications operator.

*1. Compared with four carriers and 20 major MVNO brands (over the past 10 years), regarding the service characteristics of increasing the checking usage rate of banks and the point rewards rate of investment trusts for securities when signing up for the pricing plan, according to MMD Laboratory's research as of August 2023.

*2. We plan to provide the service based on the establishment of laws and regulations related to frequency band allocation and use.

*3. 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.

*4. 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 six-month period ended September 30, 2023 is described below.

<u>Results</u>

For the six-month period ended September 30, 2023

(Amount unit: Millions of yen)

	Six-month period ended September 30, 2022	Six-month period ended September 30, 2023	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	2,339,979	2,325,912	(14,067)	(0.6)
Operating Income	460,577	457,366	(3,211)	(0.7)

During the six-month period ended September 30, 2023, operating revenue decreased by 0.6% year on year to ¥2,325,912 million mainly due to a decrease in revenue in mobile telecommunication fee including roaming fee and due to the absence of temporary finance income in the six-month period ended September 30, 2022.

Operating income decreased by 0.7% year on year to ¥457,366 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 September 2023, Microsoft Corporation began offering its generative Azure OpenAI Service. From May 2023, KDDI began allowing around 10,000 employees to use KDDI AI-Chat, which uses generative AI, in their actual work. Going forward, we will utilize the experience of operating KDDI AI-Chat to provide total support to customers installing this service, from consultations when introducing this service to its design and configuration. In this way, we will help customers improve business efficiency and solve problems through generative AI.

Furthermore, we will collaborate with Amazon Web Services Japan G.K. to continue wholly supporting the use of generative AI by companies and local governments to accelerate the implementation of the service in society. Through this collaboration, we will continue providing AI solutions and support for the use of generative AI developed by startups as well as to companies and local governments looking to use open-source generative AI to address such issues as labor shortages and the need to improve business efficiency.

Going forward, we will collaborate with various partners who provide generative AI in order to provide environments that enable customers to choose their optimal generative AI service. In addition, we will continue providing AI services that utilize consultations and cloud systems by leveraging the capabilities of the KDDI Group, such as KDDI AGILE DEVELOPMENT CENTER CORPORATION, Iret Inc., and FLYWHEEL, Inc.

●Since October 2022, we have provided Starlink BUSINESS to companies and local governments as an authorized Starlink integrator. Starlink has come to be used in a wide variety of ways, such as for the remote monitoring of construction sites and outdoor facilities in addition to as an emergency countermeasure. In July 2023, we began providing the Starlink service for maritime use. Originally, we used geostationary-orbit satellites to provide telecommunications services at sea, but this service was unable to keep up with the higher speed transmissions of modern digital devices, such as PCs and smartphones. And, because weather and ocean data is now managed over the internet, it has become difficult to collect and send data in real time when at sea. Using Starlink's high-speed transmission capability, it is now possible to support the safe passage of vessels at sea through the real time acquisition and provision of weather and ocean data, to facilitate the DX of ocean research handling massive amounts of data, and to automate the steering of vessels. In addition, this will help alleviate the difficulty of maintaining contact during emergencies while enhancing the satisfaction of the crew working under the unique environment of long-term voyages.

Moreover, we are expanding the solutions and services we provide to meet customer needs, such as Satellite Mobile Link, which is a solution for building an au service area using Starlink, and Event Wi-Fi, which combines Starlink with public Wi-Fi services.

●In September 2023, we formed business alliances with Asuene Inc., which provides the cloud service Asuene to support companies' reporting to evaluation institutions as well as the visualization and reduction of the CO2 emissions; KPMG AZSA LLC, which is a consulting firm that supports the transition to and transformation of existing systems into sustainability management; and Globe-ing Inc., which provides consulting that realizes tangible results by combining strategies with digital technology. In addition, from October 2023, we began providing KDDI Green Digital Solution to support corporate customers in their efforts to achieve carbon neutrality in a one-stop manner. This solution will enable customers to visualize CO2 emissions, create reports for disclosure, and create strategies to help reduce CO2 emissions, and, through the alliances with our partners, we will provide support to the processes needed to realize carbon neutrality in line with the particular issues and situations of each customer.

●In September 2023, Altius Link, Inc. was founded through the business integration of KDDI Evolva, Inc., which handled the BPO business, centered on the contact center, as a member of the KDDI Group, and Relia, Inc., which was a method-equity affiliate of Mitsui & Co.

Due to a labor shortage accompanying the decline in the working age population and the accelerating digitalization of companies amid the COVID-19 pandemic, the business environment of the contact center industry is on the cusp of a major turning point as exemplified by the replacement of human guidance in existing operations with AI guidance and the shift from voice calls to texting and online services as consumer engagement becomes more digital. It can be very difficult for a company to pursue digitalization by itself, Altius Link utilizes the customer bases of both its original companies as it works to make its services more sophisticated in part by using generative AI and contributes to the growth of its corporate customers by expanding the digital BPO*1 business, including contact centers and back offices, in Japan and overseas.

●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. 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*2, and "Telehouse Paris, which has the largest number of connections in France*2, 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*2 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. BPO method that does not just contract operations with human resources but also outsources some operations by utilizing AI and other digital technology to make contracted operations more efficient.

*2 The number of customer interconnections in data centers. As of June 21, 2023. Source: PeeringDB.

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

Results

For the six-month period ended September 30, 2023

(Amount unit: Millions of yen)

	Six-month period ended September 30, 2022	Six-month period ended September 30, 2023	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	544,046	584,668	40,622	7.5
Operating Income	96,221	101,664	5,443	5.7

During the six-month period ended September 30, 2023, operating revenue increased by 7.5% year on year to ¥584,668 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 5.7% year on year to ¥101,664 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 September 30, 2023	Increase (Decrease)
Total assets	11,923,522	12,858,776	935,254
Total liabilities	6,252,863	7,102,101	849,238
Total equity	5,670,659	5,756,675	86,016
Equity attributable to owners of the parent	5,128,288	5,164,714	36,425
Ratio of equity attributable to owners of the parent to total assets	% 43.0	% 40.2	% (2.8)

(Assets)
Total assets increased by ¥935,254 million from the previous fiscal year-end to ¥12,858,776 million as of September 30, 2023 mainly due to an increase in loans for financial business and property, plant and equipment despite of a decrease in other short-term financial assets.

(Liabilities)
Total liabilities increased by ¥849,238 million from the previous fiscal year-end to ¥7,102,101 million as of September 30, 2023 mainly due to an increase in borrowings and bonds payable and deposits for financial business despite of a decrease in provisions.

(Equity)
Total equity amounted to ¥5,756,675 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 decreased from 43.0% as of March 31, 2023, to 40.2% as of September 30, 2023.

2. Consolidated Cash Flows

(Amount unit: Millions of yen)

	Six-month period ended September 30, 2022	Six-month period ended September 30, 2023	Increase (Decrease)
Net cash provided by (used in) operating activities	594,202	706,657	112,455
Net cash provided by (used in) investing activities	(447,735)	(475,897)	(28,162)
Free cash flows (Note)	146,467	230,760	84,293
Net cash provided by (used in) financing activities	(403,624)	(218,467)	185,158
Effect of exchange rate changes on cash and cash equivalents	11,547	7,434	(4,112)
Net increase (decrease) in cash and cash equivalents	(245,611)	19,728	265,338
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	551,002	499,979	(51,023)

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 ¥112,455 million year on year to ¥706,657 million mainly due to the turnaround from a decrease to an increase in call money.

Net cash used in investing activities increased ¥28,162 million year on year to ¥475,897 million mainly due to an increase in used in the purchases of property, plant and equipment and the purchases of securities in financial business despite of proceeds from sales and redemption of securities for financial business.

Net cash used in financing activities decreased ¥185,158 million year on year to ¥218,467 million mainly due to an increase in proceeds from issuance of bonds and long-term borrowings.

Reflecting these factors and an increase of ¥7,434 million in the effect of exchange rate changes on cash and cash equivalents, the total amount of cash and cash equivalents as of September 30, 2023, increased by ¥19,728 million from March 31, 2023 to ¥499,979 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.

(4) Business Risks

For the six-month period ended September 30, 2023 and as of the submission date of the summary of financial statements for the six-month period ended September 30, 2023, KDDI considers it a following business risk that must be changed in business risks described in its Annual Securities Report, which was released in the previous fiscal year. In addition, forward-looking statements included in the following discussion are based on the KDDI Group's judgments at the date of submission of the consolidated financial statements for the six-month period ended September 30, 2023.
The item numbers under the following headings correspond to those in "Section One, Corporate Data, Section Two, Business Status, 3. Business Risks" in the previous fiscal year's Annual Securities Report. We have omitted some parts where there were no changes in the relevant matter.

(4) Regulations and policy decisions related to telecommunications businesses, etc.
Since August 2023, discussions have taken place within the LDP's Project Team and at the Ministry of Internal Affairs and Communications' Special Committee on Telecommunications Policy ("Special Committee"), under the Information and Communications Council, regarding the possibility of completely privatizing NTT, including the abolition of the NTT Law.

Ensuring a fair and competitive environment in Japan's telecommunications industry requires a combination of the Telecommunications Business Act, which sets out fair competition rules, and the NTT Law, which imposes responsibilities for the public good on NTT, as well as its group companies Nippon Telegraph and Telephone East Corporation and Nippon Telegraph and Telephone West Corporation, as the inheritors of assets and facilities from the former Nippon Telegraph and Telephone Public Corporation. While it is necessary to consider reviewing telecommunications policy, including the NTT Law, we believe that careful consideration is necessary for the outright abolition of the NTT Law. If the NTT Law is abolished, which could jeopardize the public interest, there are the following concerns, which could potentially affect the business performance of our group.

・Concerns that further integration of the NTT Group may hinder fair competition environment in Japan, cause higher user fees and stagnant innovation.
・Concerns that if NTT no longer assumes the last-resort public duty, it may become difficult to achieve a secure, safe, resilient, high-speed, and high-capacity telecommunications environment regardless of location.
・Concerns that the overwhelming market dominance of the NTT Group may lead to the exclusion of regional operators and the decline of regional services.

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 September 30, 2023
Assets		
Non-current assets :		
Property, plant and equipment	2,595,721	2,714,907
Right-of-use assets	393,935	424,334
Goodwill	541,058	583,036
Intangible assets	1,048,396	1,052,745
Investments accounted for using the equity method	261,169	280,565
Long-term loans for financial business	2,038,403	2,487,351
Securities for financial business	411,063	437,237
Other long-term financial assets	304,106	369,639
Retirement benefit assets	62,911	64,640
Deferred tax assets	12,203	13,677
Contract costs	637,534	654,828
Other non-current assets	29,924	31,260
Total non-current assets	8,336,424	9,114,219
Current assets :		
Inventories	99,038	102,357
Trade and other receivables	2,445,250	2,502,205
Short-term loans for financial business	304,557	352,674
Call loans	53,944	54,316
Other short-term financial assets	60,158	55,836
Income tax receivables	2,663	4,638
Other current assets	141,236	172,550
Cash and cash equivalents	480,252	499,979
Total current assets	3,587,098	3,744,556
Total assets	11,923,522	12,858,776

(Unit: Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities and Equity		
Liabilities		
Non-current liabilities :		
Borrowings and bonds payable	914,233	1,108,375
Long-term deposits for financial business	64,829	101,544
Lease liabilities	286,437	288,183
Other long-term financial liabilities	10,309	10,465
Retirement benefit liabilities	11,739	13,217
Deferred tax liabilities	188,101	223,081
Provisions	52,414	47,947
Contract liabilities	76,258	78,768
Other non-current liabilities	12,366	12,613
Total non-current liabilities	1,616,687	1,884,194
Current liabilities :		
Borrowings and bonds payable	337,961	474,853
Trade and other payables	801,927	809,852
Short-term deposits for financial business	2,652,723	2,942,140
Call money	—	120,000
Cash collateral received for securities lent	244,111	247,660
Lease liabilities	112,805	111,412
Other short-term financial liabilities	6,894	9,419
Income taxes payables	129,404	146,019
Provisions	25,398	23,140
Contract liabilities	82,242	92,236
Other current liabilities	242,712	241,177
Total current liabilities	4,636,176	5,217,907
Total liabilities	6,252,863	7,102,101
Equity		
Equity attributable to owners of the parent		
Common stock	141,852	141,852
Capital surplus	279,371	307,145
Treasury stock	(545,833)	(795,227)
Retained earnings	5,220,504	5,439,057
Accumulated other comprehensive income	32,394	71,887
Total equity attributable to owners of the parent	5,128,288	5,164,714
Non-controlling interests	542,370	591,961
Total equity	5,670,659	5,756,675
Total liabilities and equity	11,923,522	12,858,776

(2) Condensed Interim Consolidated Statement of Income

(Unit: Millions of yen)

	For the six-month period ended September 30, 2022	For the six-month period ended September 30, 2023
Operating revenue	2,740,836	2,778,967
Cost of sales	1,516,817	1,556,562
Gross profit	1,224,019	1,222,405
Selling, general and administrative expenses	693,882	685,148
Other income	27,262	25,751
Other expense	1,165	5,977
Share of profit of investments accounted for using the equity method	3,050	3,288
Operating income	559,284	560,319
Finance income	5,663	16,470
Finance cost	4,265	4,750
Other non-operating profit and loss	33	11,219
Profit for the period before income tax	560,715	583,258
Income tax	174,351	176,165
Profit for the period	386,364	407,093
Profit for the period attributable to:		
Owners of the parent	355,136	368,695
Non-controlling interests	31,228	38,397
Profit for the period	386,364	407,093
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	161.46	171.76
Diluted earnings per share (yen)	161.39	171.72

(Unit: Millions of yen)

	For the three-month period ended September 30, 2022	For the three-month period ended September 30, 2023
Operating revenue	1,389,159	1,446,392
Cost of sales	793,281	819,581
Gross profit	595,878	626,811
Selling, general and administrative expenses	359,330	344,279
Other income	24,483	14,408
Other expense	627	5,454
Share of profit of investments accounted for using the equity method	1,587	2,165
Operating income	261,991	293,651
Finance income	657	6,454
Finance cost	2,839	2,716
Other non-operating profit and loss	3	9,031
Profit for the period before income tax	259,812	306,419
Income tax	84,906	90,611
Profit for the period	174,905	215,808
Profit for the period attributable to:		
Owners of the parent	162,981	191,753
Non-controlling interests	11,924	24,056
Profit for the period	174,905	215,808
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	74.26	89.77
Diluted earnings per share (yen)	74.24	89.76

(3) Condensed Interim Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	For the six-month period ended September 30, 2022	For the six-month period ended September 30, 2023
Profit for the period	386,364	407,093
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	(20,766)	12,232
Share of other comprehensive income of investments accounted for using the equity method	(488)	148
Total	(21,254)	12,379
Items that may be subsequently reclassified to profit or loss		
Changes in fair value of cash flow hedge	2,599	2,280
Translation differences on foreign operations	34,234	33,477
Share of other comprehensive income of investments accounted for using the equity method	2,433	1,214
Total	39,266	36,971
Total other comprehensive income	18,012	49,351
Total comprehensive income for the period	404,376	456,443
Total comprehensive income for the period attributable to:		
Owners of the parent	358,705	409,127
Non-controlling interests	45,671	47,317
Total	404,376	456,443

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

(Unit: Millions of yen)

	For the three-month period ended September 30, 2022	For the three-month period ended September 30, 2023
Profit for the period	174,905	215,808
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	(8,342)	(4,941)
Share of other comprehensive income of investments accounted for using the equity method	(174)	(35)
Total	(8,516)	(4,976)
Items that may be subsequently reclassified to profit or loss		
Changes in fair value of cash flow hedge	331	454
Translation differences on foreign operations	8,847	5,552
Share of other comprehensive income of investments accounted for using the equity method	1,424	1,021
Total	10,602	7,027
Total other comprehensive income	2,087	2,051
Total comprehensive income for the period	176,992	217,859
Total comprehensive income for the period attributable to:		
Owners of the parent	160,290	193,293
Non-controlling interests	16,702	24,566
Total	176,992	217,859

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

(4) Condensed Interim Consolidated Statement of Changes in Equity

For the six-month period ended September 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	—	—	—	355,136	—	355,136	31,228	386,364
Other comprehensive income	—	—	—	—	3,569	3,569	14,443	18,012
Total comprehensive income	—	—	—	355,136	3,569	358,705	45,671	404,376
Transactions with owners and other transactions								
Cash dividends	—	—	—	(145,897)	—	(145,897)	(33,562)	(179,459)
Transfer from accumulated other comprehensive income to retained earnings	—	—	—	(80)	80	—	—	—
Purchase and disposal of treasury stock	—	(14)	(105,580)	—	—	(105,594)	—	(105,594)
Retirement of treasury stock	—	(5,313)	5,313	—	—	—	—	—
Transfer from retained earnings to capital surplus	—	4,014	—	(4,014)	—	—	—	—
Changes in ownership interests in subsidiaries	—	(606)	—	—	—	(606)	(2,246)	(2,852)
Other	—	1,418	(1,152)	—	—	266	—	266
Total transactions with owners and other transactions	—	(502)	(101,418)	(149,991)	80	(251,832)	(35,808)	(287,640)
As of September 30, 2022	141,852	278,868	(401,246)	5,026,944	47,072	5,093,490	537,940	5,631,430

For the six-month period ended September 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	—	—	—	368,695	—	368,695	38,397	407,093
Other comprehensive income	—	—	—	—	40,431	40,431	8,919	49,351
Total comprehensive income	—	—	—	368,695	40,431	409,127	47,317	456,443
Transactions with owners and other transactions								
Cash dividends	—	—	—	(151,081)	—	(151,081)	(31,575)	(182,656)
Transfer from accumulated other comprehensive income to retained earnings	—	—	—	938	(938)	—	—	—
Purchase and disposal of treasury stock	—	(24)	(250,134)	—	—	(250,158)	—	(250,158)
Changes due to business combination	—	46,544	—	—	—	46,544	27,940	74,484
Changes in ownership interests in subsidiaries	—	(18,344)	—	—	—	(18,344)	5,909	(12,435)
Other	—	(402)	739	—	—	337	—	337
Total transactions with owners and other transactions	—	27,774	(249,395)	(150,142)	(938)	(372,702)	2,274	(370,428)
As of September 30, 2023	141,852	307,145	(795,227)	5,439,057	71,887	5,164,714	591,961	5,756,675

(5) Condensed Interim Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	For the six-month period ended September 30, 2022	For the six-month period ended September 30, 2023
Cash flows from operating activities		
Profit for the period before income tax	560,715	583,258
Depreciation and amortization	347,838	340,566
Impairment losses	199	5
Share of (profit) loss of investments accounted for using the equity method	(3,050)	(3,288)
Loss (gain) on sales of non-current assets	7	(45)
Interest and dividends income	(2,769)	(4,334)
Interest expenses	3,467	3,839
(Increase) decrease in trade and other receivables	59,947	(18,384)
Increase (decrease) in trade and other payables	(60,706)	7,678
(Increase) decrease in loans for financial business	(328,482)	(495,540)
Increase (decrease) in deposits for financial business	290,458	326,133
(Increase) decrease in Call loans	(107,137)	(372)
Increase (decrease) in Call money	(126,759)	120,000
Increase (decrease) in cash collateral received for securities lent	230,607	3,549
(Increase) decrease in inventories	(23,327)	(3,040)
(Increase) decrease in retirement benefit assets	72	(1,729)
Increase (decrease) in retirement benefit liabilities	(774)	683
Other	(104,098)	(14,791)
Cash generated from operations	736,207	844,188
Interest and dividends received	4,814	6,835
Interest paid	(3,445)	(3,765)
Income tax paid	(143,375)	(140,601)
Net cash provided by (used in) operating activities	594,202	706,657
Cash flows from investing activities		
Purchases of property, plant and equipment	(212,568)	(304,754)
Proceeds from sales of property, plant and equipment	265	441
Purchases of intangible assets	(118,482)	(100,888)
Purchases of securities for financial business	(238,936)	(298,852)
Proceeds from sales and redemption of securities for financial business	135,491	265,176
Purchases of other financial assets	(5,683)	(55,596)
Proceeds from sales and redemption of other financial assets	50	2,347
Payments for acquisition of subsidiaries	—	(6,659)
Proceeds from acquisition of subsidiaries	—	27,438
Purchases of stocks of associates	(7,363)	(1,847)
Other	(509)	(2,704)
Net cash provided by (used in) investing activities	(447,735)	(475,897)

(Unit: Millions of yen)

	For the six-month period ended September 30, 2022	For the six-month period ended September 30, 2023
Cash flows from financing activities		
Net increase (decrease) of short-term borrowings	—	143,728
Proceeds from issuance of bonds and long-term borrowings	—	200,000
Payments from redemption of bonds and repayments of long-term borrowings	(44,000)	(44,288)
Repayments of lease obligations	(73,027)	(72,631)
Payments from purchase of subsidiaries' equity from non-controlling interests	(2,857)	(895)
Proceeds from stock issuance to non-controlling interests	5	2
Repayments to non-controlling interests	—	(11,434)
Payments from purchase of treasury stock	(105,580)	(250,134)
Cash dividends paid	(144,625)	(151,051)
Cash dividends paid to non-controlling interests	(33,541)	(31,765)
Other	(0)	(0)
Net cash provided by (used in) financing activities	(403,624)	(218,467)
Effect of exchange rate changes on cash and cash equivalents	11,547	7,434
Net increase (decrease) in cash and cash equivalents	(245,611)	19,728
Cash and cash equivalents at the beginning of the period	796,613	480,252
Cash and cash equivalents at the end of the period	551,002	499,979

(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 six-month period ended September 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 reporting segments

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

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

The Personal Services segment provides services to individual customers.

In Japan, 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 six-month period ended September 30, 2022 and the three-month period ended September 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 six-month period ended September 30, 2022 and the three-month period ended September 30, 2022.

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

Accounting treatment of reported business segments is consistent with “3. Material Accounting Policies.”

Income of the reportable 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 reportable segments.

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

The Group's segment information is as follows:

For the six-month period ended September 30, 2022

(Unit: Millions of yen)

	Reporting segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Business	Sub-total				
Revenue							
Revenue from external customers	2,296,121	428,414	2,724,535	16,301	2,740,836	―	2,740,836
Inter-segment revenue or transfers	43,859	115,632	159,491	45,033	204,524	(204,524)	―
Total	2,339,979	544,046	2,884,025	61,334	2,945,360	(204,524)	2,740,836
Segment income	460,577	96,221	556,798	2,696	559,494	(210)	559,284
Finance income and finance cost (Net)							1,398
Other non-operating profit and loss (Net)							33
Profit for the period before income tax							560,715

For the six-month period ended September 30, 2023

(Unit: Millions of yen)

	Reporting segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Business	Sub-total				
Revenue							
Revenue from external customers	2,287,151	473,507	2,760,658	18,309	2,778,967	―	2,778,967
Inter-segment revenue or transfers	38,761	111,161	149,922	43,517	193,439	(193,439)	―
Total	2,325,912	584,668	2,910,580	61,826	2,972,406	(193,439)	2,778,967
Segment income	457,366	101,664	559,030	1,542	560,572	(253)	560,319
Finance income and finance cost (Net)							11,720
Other non-operating profit and loss (Net)							11,219
Profit for the period before income tax							583,258

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

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

For the three-month period ended September 30, 2022

(Unit: Millions of yen)

	Reporting segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Business	Sub-total				
Revenue							
Revenue from external customers	1,161,005	220,807	1,381,812	7,348	1,389,159	—	1,389,159
Inter-segment revenue or transfers	21,674	58,558	80,232	22,825	103,058	(103,058)	—
Total	1,182,679	279,365	1,462,044	30,173	1,492,217	(103,058)	1,389,159
Segment income	211,571	49,887	261,458	627	262,085	(93)	261,991
Finance income and finance cost (Net)							(2,183)
Other non-operating profit and loss (Net)							3
Profit for the period before income tax							259,812

For the three-month period ended September 30, 2023

(Unit: Millions of yen)

	Reporting segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Business	Sub-total				
Revenue							
Revenue from external customers	1,187,869	248,915	1,436,784	9,607	1,446,392	—	1,446,392
Inter-segment revenue or transfers	19,249	54,435	73,684	22,526	96,209	(96,209)	—
Total	1,207,118	303,350	1,510,468	32,133	1,542,601	(96,209)	1,446,392
Segment income	239,298	53,671	292,968	762	293,730	(79)	293,651
Finance income and finance cost (Net)							3,738
Other non-operating profit and loss (Net)							9,031
Profit for the period before income tax							306,419

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

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