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

Financial Statements Summary for the nine-month period ended December 31, 2019 [IFRS]

January 31, 2020

Company name:	**KDDI CORPORATION** URL https://www.kddi.com
Stock listing:	Tokyo Stock Exchange - First Section
Code number:	9433
Representative:	Makoto Takahashi, President
Scheduled date of quarterly report filing:	February 5, 2020
Scheduled date of dividend payment:	−
Supplemental materials of quarterly results:	Yes
Presentation for quarterly results:	Yes (for institutional investors and analysts)

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

(Amounts are rounded off to nearest million yen)

1. Consolidated Financial Results for the nine-month period ended December 31, 2019 (April 1, 2019 - December 31, 2019)

(1) Consolidated Operating Results

(Percentage represents comparison change to the corresponding previous quarterly period)

	Operating revenue		Operating income		Profit for the period before income tax		Profit for the period		Profit for the period attributable to owners of the parent		Total comprehensive income for the period	
		%		%		%		%		%		%
Nine-month period ended December 31, 2019	3,902,576	3.5	843,869	2.6	840,544	2.3	577,000	1.6	530,876	5.0	584,185	5.8
Nine-month period ended December 31, 2018	3,771,659	0.3	822,481	1.1	821,318	1.3	568,044	1.4	505,771	3.1	552,114	(4.8)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine-month period ended December 31, 2019	228.09	228.02
Nine-month period ended December 31, 2018	211.34	211.31

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
				%
As of December 31, 2019	9,397,360	4,783,083	4,314,483	45.9
As of March 31, 2019	7,330,416	4,612,932	4,183,492	57.1

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, 2019	−	50.00	−	55.00	105.00
Year ending March 31, 2020	−	55.00	−		
Year ending March 31, 2020 (forecast)				60.00	115.00

Note: Changes in the latest forecasts released : Yes

3. Consolidated Financial Results Forecast for Year ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(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	5,200,000	2.4	1,020,000	0.6	620,000	0.4	267.17

Note: Changes in the latest forecasts released : No

Notes

(1) Changes in significant consolidated subsidiaries (which resulted in changes in scope of consolidation) during the nine-month period ended December 31, 2019 : Yes

Addition: 1 Company name: Jibun Bank Corporation

Exclusion: 1 Company name: J:COM East Co., Ltd.

(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

(3) Numbers of outstanding shares (Common Stock)

1) Number of shares outstanding (inclusive of treasury stock)	As of December 31, 2019	2,355,373,600
	As of March 31, 2019	2,532,004,445
2) Number of treasury stock	As of December 31, 2019	55,465,438
	As of March 31, 2019	180,953,773
3) Number of weighted average common stock outstanding	For the nine-month period ended December 31, 2019	2,327,526,040
(cumulative for all quarters)	For the nine-month period ended December 31, 2018	2,393,149,067

Note: The 4,271,388 shares as of December 31, 2019 and the 4,322,928 shares as of March 31, 2019 of KDDI's stock owned by the executive compensation BIP Trust account and the stock-granting ESOP Trust account are included in the total number of treasury stock.

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

Explanation for appropriate use of forecasts and other notes

1. The forward-looking statements such as operational forecasts contained in this statements summary are based on the information currently available to KDDI and certain assumptions which are regarded as legitimate. Actual results may differ significantly from these forecasts due to various factors. Please refer to P.9 "1. Qualitative Information / Consolidated Financial Statements, etc (3) Explanation Regarding Future Forecast Information of Consolidated Financial Results" under [the Attachment] for the assumptions used and other notes.

2. On January 31, 2020, KDDI will hold a financial result briefing for the institutional investors and analysts. Presentation materials will be webcasted on the same time as the release of this earnings report, and the live presentation and Q&A summary will be also posted on our website immediately after the commencement of the financial result briefing. In addition to the above, KDDI holds the briefing and the presentations on our business for the individual investors timely. For the schedule and details, please check our website.

[the Attachment]

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

A major transformation is taking place around the world due to the advance of fifth-generation wireless (5G), IoT, AI, big data and other technologies that are driving full-fledged digitization. We are transforming into a data-driven society, one that places a higher value on data than ever before. In addition, the government of Japan is aiming to realize Society 5.0,*[1] where these technologies will be used in industry and daily life to spur economic development and solve social issues. Amid these circumstances, the telecommunications industry is seeing the competitive environment heating up with the entrance of new telecom providers into the market and an amendment of the Telecommunications Business Law. Right now, a digital transformation (DX) is under way that will see all industry transformed through the use of telecommunications and the internet. In these ways and more, the business environment is changing drastically. Moreover, full-scale 5G and IoT will create a wide range of services using various advanced technologies to accommodate the demands of a new world. We are doing our best to prepare for this new era.

KDDI has formulated a medium-term management plan covering the three years from fiscal 2019 through 2021 that aims to ensure sustainable growth while allowing for swift response to the changing business environment. As for individual customers, we are fostering closer engagement by encouraging them to use telecommunications and various life design services in tandem. We will then leverage this to maximize their life time value, which is the total of ID × Engagement × ARPA. As for corporate customers, we are helping them develop and expand their businesses, using our IoT- and ICT-related technologies and know-how to support their digital transformation. Looking to the future, we will create new businesses through open innovation with partner companies and promote a business model that enables partner companies to continue growing together. By expanding growth businesses, especially those related to telecommunications services, we will further promote the "integration of telecommunications and life design," the core of our business strategy. We will continue realizing new value creation in the 5G/IoT era not only in Japan but globally.

In addition, we are promoting Company-wide activities that will help ensure the sustainable growth of society and, under the medium-term management plan (fiscal 2019–2021), we outlined the SDGs*[2] that KDDI is aiming for. We will continue aiming for sustainable growth alongside society by striving to solve social issues in pursuit of achieving targets linked to our business strategy, including those related to telecommunications, global business, regional revitalization, education, and finance, as well as targets linked to corporate activities, including human resources training, promoting the advancement of women, human rights, diversity and inclusion (D&I), and the global environment.

For more details about the medium-term management plan, see our webpage below.
https://www.kddi.com/corporate/kddi/ management-plan/

*1. One of the medium- to long-term growth strategies of Japan, which refers to an ideal human-centric society achieved by using systems that highly integrate cyberspace with physical space.
*2. Sustainable Development Goals: international goals that were adopted at the United Nations summit in September 2015

Financial Results

For the nine-month period ended December 31, 2019

(Amount unit: Millions of yen)

	Nine-month period ended December 31, 2018	Nine-month period ended December 31, 2019	Increase (Decrease)	Increase (Decrease)%
Operating revenue	3,771,659	3,902,576	130,916	3.5
Cost of sales	2,078,796	2,120,834	42,038	2.0
Gross profit	1,692,863	1,781,742	88,879	5.3
Selling, general and administrative expenses	878,738	947,124	68,386	7.8
Other income and expense (Net)	5,063	6,070	1,008	19.9
Share of profit(loss) of investments accounted for using the equity method	3,294	3,181	(113)	(3.4)
Operating income	822,481	843,869	21,388	2.6
Finance income and cost (Net)	(4,240)	(4,827)	(587)	–
Other non-operating profit and loss (Net)	3,077	1,502	(1,575)	(51.2)
Profit for the period before income tax	821,318	840,544	19,226	2.3
Income tax	253,275	263,544	10,269	4.1
Profit for the period	568,044	577,000	8,957	1.6
Attributable to owners of the parent	505,771	530,876	25,105	5.0
Attributable to non-controlling interests	62,273	46,124	(16,148)	(25.9)

During the nine-month period ended December 31, 2019, operating revenue increased by 3.5% year on year to ¥3,902,576 million mainly attributable to an increase of revenue in Life design domain coming from an increase revenue of the energy business and expanding the finance business by making Jibun Bank Corporation (*) a consolidated subsidiary, despite a decrease of handset sale revenues.

Operating income increased by 2.6% year on year to ¥843,869 million mainly arributable to an increase of operating revenue.

Profit for the period attributable to owners of the parent increased by 5.0% year on year to ¥530,876 million.

* "Jibun Bank Corporation" will change corporate name to "au Jibun Bank Corporation" in February 9, 2020.

2) Results by Business Segment

From this year, to promote the "integration of telecommunications and life design," we have integrated our four original segments into two: the Personal Services segment focusing on individual customers and the Business Services segment focusing on corporate customers.

Personal Services

The Personal Services segment provides services to individual customers.

In Japan, KDDI aims to provide new experience value by expanding and coordinating various life design services, including those related to commerce, finance, energy, entertainment, and education, while focusing on conventional telecommunications services, chiefly under the "au" brand, such as those related to smartphones, cell phones, FTTH, and CATV.

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

Quarterly Highlights

- In December 2019, we began offering new pricing plans, including one for Wi-Fi routers with no monthly data limit*1 for ¥4,292 per month (tax not included) alongside plans for 4G LTE cell phones and junior cell phones.
- In November 2019, we launched the au Student Discount, which offers a lower price for customers under 25 years of age for one year. In December, we began offering a plan that enables customers 15 years old or younger to use 2GB of data for ¥980 per month (tax not included) for up to a maximum of 12 months.
- With the aim of creating new experience value for the 5G era, in November 2019, we greatly expanded the entertainment content available to users of au Smart Pass Premium. In December 2019, we established a start-up for new video streaming services with TV Asahi Corporation. In addition, between October and December 2019, we participated in the Shibuya Entertainment Tech Promotion Project,*2 offering new augmented experiences using XR and audio AR technologies.
- To increase engagement with customers, we concluded a capital and business alliance agreement with Lawson, Inc. and Loyalty Marketing, Inc. in December 2019 and began offering au Smart Pass Premium to customers not using other au services. In addition, to further promote the concept of smart money, we completed the reorganization of financial businesses*3 within the Group in December 2019.
- In the Myanmar telecommunications business, we are striving to improve the experience value of customers' digital lives, to this end becoming an official partner with the popular national contest *Myanmar Idol* and offering data bundle packs and value-added services (VAS) like videos and games. Furthermore, our Mongolian subsidiary MobiCom Corporation LLC received the top prize, "The best player of ICT EXPO 2019," at the ICT EXPO 2019, which was jointly hosted by Mongolia's Communications and Information Technology Authority and the Telecommunication Regulation Committee.
- The consolidated subsidiary UQ Communications Inc. launched a smartphone plan with an option for unlimited domestic phone calls*4 under the UQ mobile brand in December 2019.

*1. If the total data used through WiMAX2+ and 4G LTE over the most recent three-day period equals or exceeds 10GB, the transfer speed will generally be restricted to 1Mbps during high-traffic hours (18:00–02:00), after which the restriction will be lifted.
*2. This project was launched in August 2019 to enable people to discover and share new attractions in the Shibuya area of Tokyo, particularly in the realms of music and art.
*3. The Company's shares in au kabu.com Securities Co., Ltd., au Insurance Co., Ltd., and LifeNet Insurance Company were transferred to au Financial Holdings Co., Ltd.
*4. Some calls are not covered by this plan.

Operating performance in the Personal Services segment for the nine-month period ended December 31, 2019 is described below.

Results

For the nine-month period ended December 31, 2019

(Amount unit: Millions of yen)

	Nine-month period ended December 31, 2018	Nine-month period ended December 31, 2019	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	3,284,848	3,412,300	127,452	3.9
Operating Income	721,548	720,228	(1,319)	(0.2)

During the nine-month period ended December 31, 2019, operating revenue increased by 3.9% year on year to ¥3,412,300 million mainly attributable to an increase in revenue from the energy business and the finance business after making Jibun Bank a consolidated subsidiary, despite decrease of handset sales revenue.

Operating income decreased by 0.2% year on year to ¥720,228 million, mainly due to a decrease in gross profit from handset sales and an increase in depreciation and sales promotion costs.

Business Services

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

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

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

Quarterly Highlights

● In J.D. Power's 2019 Business Network Service Satisfaction Study, we were awarded first place in overall customer satisfaction. This was the third first place ranking we achieved in 2019, having secured first place in the Large Corporations / Medium-Sized Enterprises Market Segment of the Business Mobile Phone Service Satisfaction Study and the Business IP Phone & Direct Line Phone Service Satisfaction Study.

● In October 2019, we began offering corporate customers Cisco Webex Calling, a cloud-based phone system provided in cooperation with a Cisco Systems joint venture. This system enables customers to use a smartphone, PC, or other smart device to make and receive calls using a fixed telephone line number when visiting a client or when telecommuting. KDDI strongly supports customers' digital transformations and efforts to reform working styles by offering secure and flexible communications infrastructure and new value experience through the evolution of the Cisco Webex platform.

● In December 2019, KDDI and Amazon Web Services, Inc. (AWS) announced the construction of edge computing* environments using AWS's new computing storage service AWS Wavelength with the aim of realizing low-latency 5G services. By combining 5G technology with AWS Wavelength, we will provide a platform where AWS users can develop low-latency applications as we aim to provide customers with unprecedented experience value.

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

* This method reduces bandwidth traffic and achieves lower latency than cloud-based applications by processing data at server, storage, and other devices located closer to the user.

Operating performance in the Business Services segment for the nine-month period ended December 31, 2019, is described below.

Results

For the nine-month period ended December 31, 2019

(Amount unit: Millions of yen)

	Nine-month period ended December 31, 2018	Nine-month period ended December 31, 2019	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	649,839	679,943	30,104	4.6
Operating Income	96,118	118,628	22,510	23.4

During the nine-month period ended December 31, 2019, operating revenue increased by 4.6% year on year to ¥679,943 million mainly attributable to an increase of revenue from solution business and energy business, despite decrease of revenue coming from the reorganization of low-profit businesses.

Operating income increased by 23.4% year on year to ¥118,628 million mainly attributable to an increase of operating revenues and a decrease of telecommunication equipment usage fees, access charges and cost of sales for handsets.

(2) Explanation of Financial Position

1. Financial Position

(Amount unit: Millions of yen)

	As of March 31, 2019	As of December 31, 2019	Increase (Decrease)
Total assets	7,330,416	9,397,360	2,066,944
Total liabilities	2,717,484	4,614,277	1,896,793
Total equity	4,612,932	4,783,083	170,151
Equity attributable to owners of the parent	4,183,492	4,314,483	130,991
Ratio of equity attributable to owners of the parent to total assets	% 57.1	% 45.9	% (11.2)

(Assets)

Total assets increased by ¥2,066,944 million from March 31 to ¥9,397,360 million as of December 31, 2019 mainly attributable to an increase of loans and securities for finance business and property, plant and equipment despite a decrease of inventories.

(Liabilities)

Total liabilities increased by ¥1,896,793 million from March 31, 2019 to ¥4,614,277 million as of December 31, 2019 mainly attributable to an increase of depoists for finance business and borrowings and bonds payable despite a decrease of trade and other payables.

(Equity)

Total equity amounted to ¥4,783,083 million mainly attributable to an increase in equity attributable to owners of the parent. As a result, the ratio of equity attributable to owners of the parent to total assets as of December 31, 2019 decreased to 45.9% from 57.1% of March 31, 2019.

2. Consolidated Cash Flows

(Amount unit: Millions of yen)

	Nine-month period ended December 31, 2018	Nine-month period ended December 31, 2019	Increase (Decrease)
Net cash provided by (used in) operating activities	719,384	855,443	136,059
Net cash provided by (used in) investing activities	(571,354)	(424,351)	147,003
Free cash flows (Note)	148,030	431,091	283,062
Net cash provided by (used in) financing activities	(156,683)	(285,499)	(128,817)
Effect of exchange rate changes on cash and cash equivalents	(547)	(352)	194
Net increase (decrease) in cash and cash equivalents	(9,200)	145,240	154,439
Cash and cash equivalents at the beginning of the period	200,834	204,597	3,763
Cash and cash equivalents at the end of period	191,634	349,837	158,202

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 ¥136,059 million year on year to ¥855,443 million mainly attributable to an increase in depreciation and amortization.

Net cash used in investing activities decreased ¥147,003 million year on year to ¥424,351 million mainly due to an increase in proceeds from acquisitions of subsidiaries.

Net cash used in financing activities increased ¥128,817 million year on year to ¥285,499 million mainly due to a decrease in income from the issuance of bonds and long-term borrowings.

Reflecting these factors and a decrease of ¥352 million in the effect of exchange rate changes on cash and cash equivalents, the total amount of cash and cash equivalents as of December 31, 2019, increased ¥145,240 million from March 31, 2019 to ¥349,837 million.

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

Full-Year Results Estimation

KDDI disclosed the full-year consolidated financial estimatin for the year ending March 31, 2020 in the Financial Statements Summary for the year ended March 31, 2019 (disclosed on May 15, 2019) as follows;
Operating Revenue: ¥5,200,000 million, Operating Income: ¥1,020,000 million, Profit for the year attributable to owners of the parent: ¥620,000 million. KDDI doesn't plan to revise these estimation at this moment.

Revision of Dividend Estimation

KDDI recognizes returnning profits to shareholders as one of its most important management objectives. Accordingly, we follow a fundamental policy of maintaining stable dividends, while remaining financially robust.
To express our appreciation for the ongoing support of our shareholders and taking into overall consideration business developments aimed at increaseing operating results going forward, we plan to increase the year-end diveidend as follows.

(Amount unit: Yen)

	2nd Quarter End	Fiscal Year End	Total
Year ending March 31, 2020 (forecast) as of November 1, 2019	−	55	110
Revised estimation	−	60	115
Year ending March 31, 2020	55	−	−
(Ref.) Year ended March 31, 2019	50	55	105

2. Condensed Interim Consolidated Financial Statements

(1) Condensed Interim Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Non-current assets :		
Property, plant and equipment	2,546,181	2,765,485
Goodwill	539,694	551,812
Intangible assets	946,837	1,015,958
Investments accounted for using the equity method	174,000	230,974
Long-term loans for financial business	−	809,287
Securities for financial business	−	244,427
Other long-term financial assets	253,025	303,652
Deferred tax assets	15,227	6,841
Contract costs	412,838	430,665
Other non-current assets	10,117	16,980
Total non-current assets	4,897,918	6,376,081
Current assets :		
Inventories	90,588	86,171
Trade and other receivables	1,965,554	2,110,821
Short-term loans for financial business	−	206,701
Call loans	−	71,266
Other short-term financial assets	41,963	52,745
Income tax receivables	4,633	7,309
Other current assets	125,162	136,429
Cash and cash equivalents	204,597	349,837
Total current assets	2,432,498	3,021,279
Total assets	7,330,416	9,397,360

(Unit: Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities and Equity		
Liabilities		
Non-current liabilities :		
Borrowings and bonds payable	1,040,978	1,129,082
Long-term deposits for financial business	−	24,441
Other long-term financial liabilities	66,493	277,827
Retirement benefit liabilities	13,356	16,461
Deferred tax liabilities	100,680	118,392
Provisions	33,996	35,003
Contract liabilities	77,435	73,549
Other non-current liabilities	6,746	7,114
Total non-current liabilities	1,339,683	1,681,869
Current liabilities :		
Borrowings and bonds payable	150,574	376,831
Trade and other payables	671,969	573,712
Short-term deposits for financial business	−	1,300,461
Call money	−	68,500
Other short-term financial liabilities	26,773	111,741
Income taxes payables	152,195	98,875
Provisions	34,403	31,897
Contract liabilities	116,076	105,966
Other current liabilities	225,810	264,424
Total current liabilities	1,377,801	2,932,408
Total liabilities	2,717,484	4,614,277
Equity		
Equity attributable to owners of the parent		
Common stock	141,852	141,852
Capital surplus	284,409	283,688
Treasury stock	(383,728)	(156,551)
Retained earnings	4,144,133	4,044,125
Accumulated other comprehensive income	(3,174)	1,369
Total equity attributable to owners of the parent	4,183,492	4,314,483
Non-controlling interests	429,440	468,600
Total equity	4,612,932	4,783,083
Total liabilities and equity	7,330,416	9,397,360

(2) Condensed Interim Consolidated Statement of Income

(Unit: Millions of yen)

	For the nine-month period ended December 31, 2018	For the nine-month period ended December 31, 2019
Operating revenue	3,771,659	3,902,576
Cost of sales	2,078,796	2,120,834
Gross profit	1,692,863	1,781,742
Selling, general and administrative expenses	878,738	947,124
Other income	6,805	7,940
Other expense	1,743	1,869
Share of profit of investments accounted for using the equity method	3,294	3,181
Operating income	822,481	843,869
Finance income	3,274	3,480
Finance cost	7,514	8,307
Other non-operating profit and loss	3,077	1,502
Profit for the period before income tax	821,318	840,544
Income tax	253,275	263,544
Profit for the period	568,044	577,000
Profit for the period attributable to:		
Owners of the parent	505,771	530,876
Non-controlling interests	62,273	46,124
Profit for the period	568,044	577,000
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	211.34	228.09
Diluted earnings per share (yen)	211.31	228.02

(Unit: Millions of yen)

	For the three-month period ended December 31, 2018	For the three-month period ended December 31, 2019
Operating revenue	1,309,390	1,338,118
Cost of sales	758,704	729,386
Gross profit	550,686	608,732
Selling, general and administrative expenses	292,697	321,779
Other income	2,312	3,258
Other expense	719	624
Share of profit of investments accounted for using the equity method	1,708	874
Operating income	261,289	290,462
Finance income	1,221	2,119
Finance cost	4,558	2,232
Other non-operating profit and loss	2,999	–
Profit for the period before income tax	260,951	290,349
Income tax	79,474	90,927
Profit for the period	181,477	199,422
Profit for the period attributable to:		
Owners of the parent	160,295	183,331
Non-controlling interests	21,182	16,090
Profit for the period	181,477	199,422
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	67.42	79.46
Diluted earnings per share (yen)	67.41	79.44

(3) Condensed Interim Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	For the nine-month period ended December 31, 2018	For the nine-month period ended December 31, 2019
Profit for the period	568,044	577,000
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	(7,516)	13,513
Share of other comprehensive income of investments accounted for using the equity method	(1,478)	(3,157)
Total	(8,994)	10,356
Items that may be subsequently reclassified to profit or loss		
Changes in fair value of cash flow hedge	112	804
Translation differences on foreign operations	(7,114)	(4,091)
Share of other comprehensive income of investments accounted for using the equity method	67	116
Total	(6,936)	(3,171)
Total other comprehensive income	(15,929)	7,185
Total comprehensive income for the period	552,114	584,185
Total comprehensive income for the period attributable to:		
Owners of the parent	490,737	538,625
Non-controlling interests	61,378	45,560
Total	552,114	584,185

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

(Unit: Millions of yen)

	For the three-month period ended December 31, 2018	For the three-month period ended December 31, 2019
Profit for the period	181,477	199,422
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	(10,868)	456
Share of other comprehensive income of investments accounted for using the equity method	(458)	(23)
Total	(11,327)	434
Items that may be subsequently reclassified to profit or loss		
Changes in fair value of cash flow hedge	(754)	985
Translation differences on foreign operations	(8,036)	7,232
Share of other comprehensive income of investments accounted for using the equity method	236	36
Total	(8,554)	8,254
Total other comprehensive income	(19,881)	8,687
Total comprehensive income for the period	161,596	208,109
Total comprehensive income for the period attributable to:		
Owners of the parent	142,652	190,382
Non-controlling interests	18,944	17,727
Total	161,596	208,109

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

(4) Condensed Interim Consolidated Statement of Changes in Equity

For the nine-month period ended December 31, 2018

(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, 2018	141,852	289,578	(338,254)	3,672,344	8,183	3,773,703	357,554	4,131,257
Cumulative effects of changes in accounting policies	−	−	−	187,468	−	187,468	29,302	216,770
Restated balance	141,852	289,578	(338,254)	3,859,812	8,183	3,961,171	386,856	4,348,027
Comprehensive income								
Profit for the period	−	−	−	505,771	−	505,771	62,273	568,044
Other comprehensive income	−	−	−	−	(15,035)	(15,035)	(895)	(15,929)
Total comprehensive income	−	−	−	505,771	(15,035)	490,737	61,378	552,114
Transactions with owners and other transactions								
Cash dividends	−	−	−	(227,937)	−	(227,937)	(33,679)	(261,616)
Transfer of accumulated other comprehensive income to retained earnings	−	−	−	304	(304)	−	−	−
Purchase and disposal of treasury stock	−	(60)	(110,680)	−	−	(110,741)	−	(110,741)
Retirement of treasury stock	−	−	103,235	(103,235)	−	−	−	−
Changes due to business combination	−	−	−	−	−	−	2,514	2,514
Changes in interests in subsidiaries	−	(4,903)	−	−	−	(4,903)	(6,038)	(10,941)
Other	−	(403)	1,291	−	−	888	−	888
Total transactions with owners and other transactions	−	(5,367)	(6,155)	(330,868)	(304)	(342,694)	(37,203)	(379,896)
As of December 31, 2018	141,852	284,212	(344,408)	4,034,715	(7,156)	4,109,214	411,031	4,520,245

For the nine-month period ended December 31, 2019

(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, 2019	141,852	284,409	(383,728)	4,144,133	(3,174)	4,183,492	429,440	4,612,932
Cumulative effects of changes in accounting policies	−	−	−	(181)	−	(181)	(149)	(329)
Restated balance	141,852	284,409	(383,728)	4,143,952	(3,174)	4,183,311	429,291	4,612,603
Comprehensive income								
Profit for the period	−	−	−	530,876	−	530,876	46,124	577,000
Other comprehensive income	−	−	−	−	7,749	7,749	(564)	7,185
Total comprehensive income	−	−	−	530,876	7,749	538,625	45,560	584,185
Transactions with owners and other transactions								
Cash dividends	−	−	−	(256,876)	−	(256,876)	(33,066)	(289,941)
Transfer from accumulated other comprehensive income to retained earnings	−	−	−	3,206	(3,206)	−	−	−
Purchase and disposal of treasury stock	−	(75)	(150,000)	−	−	(150,075)	−	(150,075)
Retirement of treasury stock	−	(377,034)	377,034	−	−	−	−	−
Transfer from retained earnings to capital surplus	−	377,034	−	(377,034)	−	−	−	−
Increase (decrease) by business combination	−	−	−	−	−	−	26,574	26,574
Changes in interests in subsidiaries	−	(1,924)	−	−	−	(1,924)	240	(1,684)
Other	−	1,279	143	−	−	1,421	−	1,421
Total transactions with owners and other transactions	−	(721)	227,177	(630,703)	(3,206)	(407,453)	(6,251)	(413,704)
As of December 31, 2019	141,852	283,688	(156,551)	4,044,125	1,369	4,314,483	468,600	4,783,083

(5) Condensed Interim Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	For the nine-month period ended December 31, 2018	For the nine-month period ended December 31, 2019
Cash flows from operating activities		
Profit for the period before income tax	821,318	840,544
Depreciation and amortization	420,625	514,893
Share of (profit) loss of investments accounted for using the equity method	(3,294)	(3,181)
Loss (gain) on sales of non-current assets	273	13
Interest and dividends income	(3,273)	(3,444)
Interest expenses	6,761	6,254
(Increase) decrease in trade and other receivables	(175,816)	(146,074)
Increase (decrease) in trade and other payables	(18,888)	(44,172)
(Increase) decrease in loans for financial business	−	(282,568)
Increase (decrease) in deposits for financial business	−	283,366
(Increase) decrease in Call loans	−	(11,052)
Increase (decrease) in Call money	−	8,500
(Increase) decrease in inventories	(19,446)	4,340
Increase (decrease) in retirement benefit liabilities	(2,292)	3,105
Other	(18,704)	(14,514)
Cash generated from operations	1,007,264	1,156,012
Interest and dividends received	5,896	6,585
Interest paid	(7,641)	(6,600)
Income tax paid	(286,136)	(300,555)
Net cash provided by (used in) operating activities	719,384	855,443
Cash flows from investing activities		
Purchases of property, plant and equipment	(295,819)	(284,236)
Proceeds from sales of property, plant and equipment	727	581
Purchases of intangible assets	(166,710)	(163,619)
Payment-purchases of securities for financial business	−	(22,801)
Proceed-sales and proceed-redemption of securities for financial business	−	54,462
Purchases of other financial assets	(10,093)	(5,981)
Proceed-sales and proceed-redemption of other financial assets	545	5,560
Acquisitions of control over subsidiaries	(13,274)	−
Proceeds from acquisition of subsidiaries	−	86,219
Purchases of stocks of associates	(82,491)	(92,228)
Proceeds from sales of stocks of subsidiaries and associates	102	16
Other	(4,341)	(2,323)
Net cash provided by (used in) investing activities	(571,354)	(424,351)

(Unit: Millions of yen)

	For the nine-month period ended December 31, 2018	For the nine-month period ended December 31, 2019
Cash flows from financing activities		
Net increase (decrease) of short-term borrowings	237,391	191,500
Proceeds from issuance of bonds and long-term borrowings	310,000	180,000
Payments from redemption of bonds and repayments of long-term borrowings	(300,640)	(116,954)
Repayments of lease liabilities	(21,029)	(98,835)
Payments from purchase of subsidiaries' equity from non-controlling interests	(10,903)	(3,097)
Proceeds from stock issuance to non-controlling interests	84	1,126
Payments from purchase of treasury stock	(110,680)	(150,000)
Cash dividends paid	(226,734)	(255,960)
Cash dividends paid to non-controlling interests	(34,171)	(33,275)
Other	(0)	(4)
Net cash provided by (used in) financing activities	(156,683)	(285,499)
Effect of exchange rate changes on cash and cash equivalents	(547)	(352)
Net increase (decrease) in cash and cash equivalents	(9,200)	145,240
Cash and cash equivalents at the beginning of the period	200,834	204,597
Cash and cash equivalents at the end of the period	191,634	349,837

(6) Going Concern Assumption

None

(7) Notes to Condensed Interim Consolidated Financial Statements

1. Reporting entity

KDDI Corporation ("the Company") was established as a limited company in accordance with Japanese Company Act. The location of the Company is Japan and the registered address of its headquarter is 2-3-2, Nishishinjuku, Shinjuku-ku, Tokyo, Japan. The Company's condensed interim consolidated financial statements as of and for the nine-month period ended December 31, 2019 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". Beginning in the three-month period ended June 30, 2019, the four reporting segments of Personal Services, Life Design Services, Business Services, and Global Services were reorganized into the two reporting segments of Personal Services and Business Services based on their management approach, consolidating them based on the allocation of management resources and their performance evaluations.

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

2. Basis of preparation

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

The Group's condensed interim consolidated financial statements have been prepared in accordance with IAS 34 of IFRSs as prescribed in Article 93 of Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No.64 of 2007), hereinafter referred to as "Ordinance on Quarterly Consolidated Financial Statements" as they satisfy the requirement of a "specific company" set forth in Article 1-2 of Ordinance on Quarterly Consolidated Financial Statements.

The condensed interim consolidated financial statements, which do not contain all the information required in annual consolidated financial statements, should be read in conjunction with the annual consolidated financial statements for the previous fiscal year ended March 31, 2019.

(2) Basis of measurement

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

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

(3) Presentation currency and unit of currency

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

(4) Use of estimates and judgement

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

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

The judgments, estimates and assumptions that have significant impact on the amount in the condensed interim consolidated financial statements as of and for the nine-month period ended December 31, 2019 are consistent with those described in the annual consolidated financial statements for the previous fiscal year ended March 31, 2019 in principle, with the exception of changes due to the adoption of IFRS 16 as described in "3. Significant accounting policies."

(5) Application of new standards and interpretations

The Group has applied IFRS 16 “Leases.” In line with the transitional measures for IFRS 16, the new standards are applied retroactively and the cumulative impact from the start of application is recognized as an adjustment to the balance of retained earnings at the start of the fiscal year ending March 31, 2020. Details regarding the impact of this change in accounting policy are presented in “3. Significant accounting policies.”

(6) Standards not yet adopted

The following new standards and amendments announced by the approval date of the condensed interim consolidated financial statements are not mandatory as of December 31, 2019. They have not been early adopted by the Group.

Standard	The title of Standard	Mandatory adoption (from the fiscal year beginning)	To be adopted by the Group from	Outline of new standards and amendments
IFRS 17	Insurance contracts	January 1, 2021	fiscal year ending March 31, 2022	IFRS 17 will replace IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

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

3. Significant accounting policies

With the exception of the following, the significant accounting policies applied in this condensed interim consolidated financial statements for the nine-month period ended December 31, 2019, are consistent with those of the annual financial statements, as described in the consolidated financial statements for the previous fiscal year ended March 31, 2019, except that income tax expenses on condensed interim consolidated statement of income are calculated based on the estimated average annual effective income tax rate.

(1) Application of IFRS 16

Impact of applying new accounting standard

The Group has applied the following standard from the three-month period ended June 30, 2019.

IFRS		Newly established contents
IFRS 16	Leases (Newly established in January 2016)	An amendment to the existing accounting standards and presentation methods related to leases

The Group has applied IFRS 16 in accordance with the transition elections available, and therefore retrospectively recognized the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings as of April 1, 2019.

With the application of IFRS 16 from the first quarter of the fiscal year ended March 31, 2020, the accounting policies related to leases will be changed in the following ways.

As a Lessee

Lease liabilities in lease transactions are measured as the current discounted price of the unpaid portion of the total lease amount on the start date of the lease. Right-of-use assets are initially measured as the initially measured lease liability amount adjusted mainly for initial direct costs and prepaid lease fees. Right-of-use assets are consistently depreciated and amortized over the period of the lease.

Lease fees are allocated to finance costs and the repaid portion of remaining lease liabilities in order to ensure interest rate stays at a certain level of for the remaining lease liabilities. Finance costs are presented separately from depreciation costs related to right-of-use assets in the consolidated statement of income.

In determining whether or not a contract is a lease or whether or not a contract contains a lease, the actual content of the contract is the deciding factor, even if the contract does not take the legal form of a lease.

Furthermore, regarding leases that end in 12 months or less and leases that include a small amount of underlying assets, the related lease fees are recognized as an expense by either the straight line method over the period of the lease or another consistent basis.

As a Lessor

For leases that transfer the risk associated with owning an asset and most of the economic value, the Group categorizes these kinds of leases as finance leases. For finance leases transactions, we suspend the recognition of the underlying assets categorized as leases on the start date of the leases. Instead, in the consolidated statement of financial position, we recognize the assets whose ownership was acquired through finance leases as accounts receivable in an amount equal to the net unrecovered amount of the lease investment.

In addition, for leases that do not transfer the risk associated with owning an asset and most of the economic value, the Group categorizes these kinds of leases as operating leases. For operating leases transactions, the Group records the leased assets in the consolidated statement of financial position and recognize the received lease fees as revenue in the consolidated statement of income using the straight line method over the period of the lease.

As a result, compared with the previously applied accounting standards, as of April 1, 2019, right-of-use assets included in property, plant and equipment increased ¥313,182 million, lease liabilities included in other long-term financial liabilities and other short-term financial liabilities increased ¥307,686 million, and retained earnings decreased ¥181 million.

4. Segment information

(1) Outline of reporting segments

The reporting 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.
Beginning in the three-month period ended June 30, 2019, the Group reporting segments were reorganized into the two reporting segments of Personal Services and Business Services based on their management approach, consolidating them based on the allocation of management resources and their performance evaluations.

The Personal Services segment provides services to individual customers.
In Japan, KDDI aims to provide new experience value by expanding and coordinating various life design services, including those related to commerce, finance, energy, entertainment, and education, while focusing on conventional telecommunications services, chiefly under the “au” brand, such as those related to smartphones, cell phones, FTTH, and CATV.
Overseas, we use know-how cultivated in Japan to actively engage in business with individual customers, especially those in Myanmar, Mongolia, and other Asian regions.

The Business Services segment mainly provides a wide range of corporate customers in Japan and overseas with "TELEHOUSE" brand data center services and a variety of solutions encompassing network and cloud services, smartphones and other devices, and the KDDI "IoT Worldwide Architecture", which supports customers’ IoT businesses. For small and medium-sized corporate customers in Japan, our consolidated subsidiary, the KDDI MATOMETE OFFICE GROUP is building a regional support network offering close contact throughout Japan.
In collaboration with partner companies and using 5G, IoT, and other technology, we support customers’ digital transformation by providing one-stop services and solutions that help customers develop and expand their businesses on a global scale.

Accordingly, the segment information for the nine-month period ended December 31, 2018 and the third quarter of the fiscal year ended March 31, 2019 have been presented based on the segment classification after this change.

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

Accounting treatment of reported business segments is consistent with “Note 3. Significant accounting policies” stated in the annual consolidated financial statements for the previous fiscal year ended March 31, 2019.
Income of the reporting segments is based on the operating income.
Inter segment transaction price is determined based on the price by arm’s length transactions or gross costs after price negotiation.
Assets and liabilities are not allocated to reporting segments.

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

The Group's segment information is as follows:

For the nine-month period ended December 31, 2018

(Unit: Millions of yen)

	Reporting segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Business	Sub-total				
Revenue							
Revenue from external customers	3,230,501	521,050	3,751,551	20,108	3,771,659	–	3,771,659
Inter-segment revenue or transfers	54,347	128,790	183,136	48,991	232,127	(232,127)	–
Total	3,284,848	649,839	3,934,687	69,099	4,003,786	(232,127)	3,771,659
Segment income	721,548	96,118	817,666	4,866	822,531	(50)	822,481
Finance income and finance cost (Net)							(4,240)
Other non-operating profit and loss (Net)							3,077
Profit for the period before income tax							821,318

(Note 1) Business segment "Other" does not constitute reporting segments, and includes construction and maintenance of facilities, and research and development of leading-edge technology.

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

For the nine-month period ended December 31, 2019

(Unit: Millions of yen)

	Reporting segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Business	Sub-total				
Revenue							
Revenue from external customers	3,349,545	536,774	3,886,319	16,256	3,902,576	–	3,902,576
Inter-segment revenue or transfers	62,755	143,169	205,924	42,561	248,485	(248,485)	–
Total	3,412,300	679,943	4,092,243	58,818	4,151,061	(248,485)	3,902,576
Segment income	720,228	118,628	838,856	4,406	843,262	607	843,869
Finance income and finance cost (Net)							(4,827)
Other non-operating profit and loss (Net)							1,502
Profit for the period before income tax							840,544

(Note 1) Business segment "Other" does not constitute reporting segments, and includes construction and maintenance of facilities, and research and development of leading-edge technology.

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

For the three-month period ended December 31, 2018

(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	1,131,260	171,123	1,302,383	7,007	1,309,390	–	1,309,390
Inter-segment revenue or transfers	18,885	46,271	65,156	16,941	82,097	(82,097)	–
Total	1,150,145	217,394	1,367,539	23,948	1,391,487	(82,097)	1,309,390
Segment income	227,140	32,296	259,436	1,939	261,376	(86)	261,289
Finance income and finance cost (Net)							(3,338)
Other non-operating profit and loss (Net)							2,999
Profit for the period before income tax							260,951

(Note 1) Business segment “Other” does not constitute reporting segments, and includes construction and maintenance of facilities, and research and development of leading-edge technology.

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

For the three-month period ended December 31, 2019

(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	1,151,668	180,392	1,332,059	6,059	1,338,118	–	1,338,118
Inter-segment revenue or transfers	21,760	48,581	70,341	15,414	85,756	(85,756)	–
Total	1,173,428	228,973	1,402,401	21,473	1,423,874	(85,756)	1,338,118
Segment income	251,738	36,003	287,741	2,567	290,308	154	290,462
Finance income and finance cost (Net)							(113)
Other non-operating profit and loss (Net)							–
Profit for the period before income tax							290,349

(Note 1) Business segment “Other” does not constitute reporting segments, and includes construction and maintenance of facilities, and research and development of leading-edge technology.

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