



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, 2021 [IFRS]

October 29, 2021

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: November 4, 2021
 Scheduled date of dividend payment: December 1, 2021
 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, 2021 (April 1, 2021 - September 30, 2021)

(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, 2021	2,625,161	3.5	573,075	(2.7)	574,471	(2.4)	393,713	(2.6)	361,469	(3.1)	404,812	(1.8)
Six-month period ended September 30, 2020	2,537,196	(1.1)	588,763	6.4	588,385	6.9	404,342	7.1	372,899	7.3	412,200	9.6

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six-month period ended September 30, 2021	160.26		160.13	
Six-month period ended September 30, 2020	162.13		162.02	

(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, 2021	10,577,467	5,402,436	4,900,253	46.3%
As of March 31, 2021	10,535,326	5,259,469	4,759,720	45.2%

2. Dividends

	Dividends per share				
	1 st Quarter End	2 nd Quarter End	3 rd Quarter End	Fiscal Year End	Total
	Yen				
Year ended March 31, 2021	—	60.00	—	60.00	120.00
Year ending March 31, 2022	—	60.00	—	—	—
Year ending March 31, 2022 (forecast)	—	—	—	65.00	125.00

Note: Changes in the latest forecasts released : No

3. Consolidated Financial Results Forecast for Year ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(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	5,350,000	0.7	1,050,000	1.2	655,000	0.5	292.68	

Note: Changes in the latest forecasts released : No

*The above forecasts reflect the impact of COVID-19 pandemic based on the information currently available. The update for forecast will be disclosed promptly if the situation is changed.

Notes

(1) Changes in significant consolidated subsidiaries (which resulted in changes in scope of consolidation) during the six-month period ended September 30, 2021 : None

Addition: None

Exclusion: None

(2) Changes in accounting policies and estimates

1) Changes in accounting policies required under IFRSs: None

2) Other changes in accounting policies: None

3) Changes in accounting estimates: None

(3) Numbers of outstanding shares (Common Stock)

1) Number of shares outstanding (inclusive of treasury stock)	As of September 30, 2021	2,304,179,550
	As of March 31, 2021	2,304,179,550

2) Number of treasury stock	As of September 30, 2021	57,131,933
	As of March 31, 2021	28,782,253

3) Number of weighted average common stock outstanding (cumulative for all quarters)	For the six-month period ended September 30, 2021	2,255,517,925
	For the six-month period ended September 30, 2020	2,300,006,599

Note: The 3,930,835 shares as of September 30, 2021 and the 4,114,964 shares as of March 31, 2021 of KDDI's stock owned by the executive compensation BIP Trust account and the stock-granting ESOP Trust account are included in the total number of treasury stock.

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

Explanation for appropriate use of forecasts and other notes

1. The forward-looking statements such as operational forecasts contained in this statements summary are based on the information currently available to KDDI and certain assumptions which are regarded as legitimate. Actual results may differ significantly from these forecasts due to various factors. Please refer to P.8 "1. Qualitative Information / Consolidated Financial Statements, etc (3) Explanation Regarding Future Forecast Information of Consolidated Financial Results" under [the Attachment] for the assumptions used and other notes.
2. On October 29, 2021, KDDI will hold a financial result briefing for the institutional investors and analysts. Presentation materials will be webcasted on the same time as the release of this earnings report, and the live presentation and Q&A summary will be also posted on our website immediately after the commencement of the financial result briefing. In addition to the above, KDDI holds the briefing and the presentations on our business for the individual investors timely. For the schedule and details, please check our website.

[the Attachment]

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1. Qualitative Information / Consolidated Financial Statements, etc.

(1) Explanation of Financial Results

1) Results Overview

Industry Trends and KDDI's Position

Due to the COVID-19 pandemic, the structure of day-to-day life as we know it has been completely upended and, amid an ongoing rapid digital shift affecting every aspect of society, telecommunications have taken on an increasingly important role. In addition, with new telecommunications providers entering the market and competition heating up, services and pricing plans are diversifying and the telecommunications industry itself is undergoing major changes.

In 2020, KDDI and KDDI Research, Inc. announced KDDI Accelerate 5.0, which aims to build a society for the next generation by 2030 and accelerate the realization of Society 5.0*1 through 5G as promoted by the government. We are launching measures to establish new lifestyles for consumers and build a resilient future society that supports Japan's economic development and provides solutions to social issues. To this end, we will utilize orchestration*2 and other technologies*3 in seven fields that support the evolution of the network layer, platform layer, and business layer, including 5G networks.

To ensure its ability to promptly adapt to the changes of this era and promote its medium- to long-term vision, KDDI aims to achieve overall growth through sustainable growth in existing businesses as well as new innovations under its Medium-Term management plan spanning the period of April 1, 2019 to March 31, 2022 (FY2020.3–FY2022.3) and now in its final fiscal year.

Under the slogan Zutto, Motto, Tsunagu Zo, au (Connecting more and always with au), we strive to provide pricing plans aligned with diverse needs and lifestyles to individual customers over a wide telecommunications area via a high-quality network by offering the reliable and unlimited-use “au,” simple for everyone “UQ mobile,” and the all topping “povo” starting from a base fee of ¥0. In addition, we provide an experience value only possible with 5G by collaborating with partners to provide a metaverse (virtual reality) that includes a virtual city that integrates virtual and physical space. We will continue to deliver new experience value to customers by steadily promoting the “integration of telecommunications and life design” through the wider adoption of “au PAY” as a contact point with customers.

For corporate customers, companies' digital transformation (DX) is accelerating across a wide range of industries and uses, and corporate business models are changing profoundly. KDDI is undertaking DX with customers, aiming to grow our businesses in tandem. By fully leveraging KDDI DIGITAL GATE, which is a new business development center, DXGoGo Inc., a new company founded in May 2021, and various Group company assets, we will promote the creation of new experience value and businesses with the aim of becoming a digital integrator for this era, in which telecommunications are becoming seamlessly integrated with all kinds of physical things.

In addition, KDDI considers human resources its most important resource. With the aim of transforming into a company that puts human resources first and has made their development and enhancement the foundation of management, we are working on this across three pillars: introducing the KDDI Version Job Style Personnel System, realizing the Declaration of KDDI New Work Styles, and promoting Internal DX.

Furthermore, to achieve KDDI's SDGs for 2030 we formulated the KDDI Sustainable Action initiatives. These initiatives target sustainable growth with society by “connecting and protecting lives,” “connecting day-to-day lives,” and “connecting hearts and minds” through the pursuit of business partnerships that utilize 5G, IoT, and other technologies. Every year, the effects of global warming grow more severe, and the resulting climate-driven disasters are increasing in Japan and around the world. In April 2021, KDDI announced its agreement with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. In July 2021, we set new targets to reduce our CO2 emissions by 50% by fiscal year 2030 compared with fiscal year 2019 to help achieve net zero CO2 emissions by 2050. In addition, with the Sustainability Report 2021 released in September, we made our first disclosure in line with the TCFD recommendations. Going forward, we will enhance our non-financial disclosures and continue promoting a shift toward renewable energy and conserving energy, including in our mobile phone base stations and telecommunications equipment, with the aim of reducing CO2 emissions.

*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. Technologies that enable data to automatically flow between and to be employed by multiple systems

*3. Particularly networks, security, IoT, platforms, AI, XR, and robotics

Financial Results

For the six-month period ended September 30, 2021

(Amount unit: Millions of yen)

	Six-month period ended September 30, 2020	Six-month period ended September 30, 2021	Increase (Decrease)	Increase (Decrease)%
Operating revenue	2,537,196	2,625,161	87,965	3.5
Cost of sales	1,314,086	1,371,492	57,405	4.4
Gross profit	1,223,109	1,253,669	30,560	2.5
Selling, general and administrative expenses	642,997	687,156	44,159	6.9
Other income and expense (Net)	7,019	4,000	(3,019)	(43.0)
Share of profit(loss) of investments accounted for using the equity method	1,632	2,562	930	57.0
Operating income	588,763	573,075	(15,689)	(2.7)
Finance income and cost (Net)	(2,290)	315	2,606	—
Other non-operating profit and loss (Net)	1,913	1,082	(831)	(43.5)
Profit for the period before income tax	588,385	574,471	(13,914)	(2.4)
Income tax	184,043	180,758	(3,285)	(1.8)
Profit for the period	404,342	393,713	(10,629)	(2.6)
Attributable to owners of the parent	372,899	361,469	(11,430)	(3.1)
Attributable to non-controlling interests	31,443	32,244	801	2.5

During the six-month period ended September 30, 2021, operating revenue increased by 3.5% year on year to ¥2,625,161 million mainly due to an increase in handset sales revenues and revenue in mobile telecommunication fee including roaming fee.

Operating income decreased by 2.7% year on year to ¥573,075 million mainly due to an increase in depreciation, sales promotion expense and advertising expense despite of an increase in operating revenue.

Profit for the period attributable to owners of the parent decreased by 3.1% year on year to ¥361,469 million income.

The business environment surrounding the KDDI group is affected by COVID-19. However, the KDDI group continues working on implementation of business strategy and enhancement of management base and there are no significant impact on consolidated financial results for the six-month period ended September 30, 2021.

2) Results by Business Segment

Personal Services

The Personal Services segment provides services to individual customers.

In Japan, KDDI aims to provide new experience value by expanding and coordinating various life design services, including those related to commerce, finance, energy, entertainment, education, and healthcare, while focusing on conventional telecommunications services, such as those related to smartphones, cell phones, FTTH, and CATV. We dynamically provide services attuned to customer needs and market conditions through a multi-brand strategy that encompasses “au,” “UQ mobile,” and “povo.” In the life design domain, we provide financial, energy and commerce services focused on the customer contact points of “au PAY” and “au Smart Pass.” We aim to expand the “au Economic Zone” going forward by enhancing these customer points and circulating reward points.

Overseas, we use know-how cultivated in Japan to actively provide telecommunications and life design services to individual customers, especially those 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 reliable and unlimited-use “au,” simple for everyone “UQ mobile,” and the online-only brand “povo.” Through UQ mobile, we provide additional new experience value in response to customer feedback, such as, from September 2021, offering the “Home Set Discount,”*1 which starts from just ¥990 per month (tax included) for all family members and makes the “Rollover Plan” an even better value. In addition, at all “au Style” and “au Shop” locations, we have launched new offerings under both the “au” and “UQ mobile” brands.*2 In this way, we promote initiatives that enable every family member to continue living life their own way through not only in-person support services surpassing the boundaries of both brands but also the various life design services offered by KDDI. With regard to the online-only povo, from September 2021, we launched povo2.0, which offers ten types of free-to-choose toppings (unlimited phone call and data, etc.) starting with a base plan with a basic fee of ¥0. We are promoting initiatives that enable each customer to use pricing plans that align with their individual lifestyle.
- Under the slogan Zutto, Motto, Tsunagu Zo, au (Connecting more and always with au), we aim to provide telecommunications services that continue to connect people, and the entire Company is working to construct 5G-capable service areas. These efforts are concentrated especially in commercial districts and along train lines, locations where people spend a lot of their time. With regard to train lines, in September 2021 we finished establishing 5G areas on platforms and in inter-station areas along the Yamanote Line in Tokyo and the Osaka Loop Line in Osaka. In addition, we finished establishing 5G areas in 80 commercial districts nationwide, including Sapporo’s Odori district, Tokyo’s Shinjuku district, and Fukuoka’s Tenjin district.*3 We will continue providing 5G experience value to customers through a multi-brand strategy encompassing “au,” “UQ mobile,” and “povo” by swiftly establishing 5G areas in places that are integral to customers’ lives.
- In the life design domain, in the financial business, we linked such financial services as au PAY, au PAY Card, and the securities accounts of au Kabucom Securities with au Jibun Bank through unique designation methods. In addition, we launched au Matomete Preferred Interest accounts in September 2021 with the maximum annual interest rate for yen-denominated ordinary deposits set at 0.20% (0.15% after taxes), which is 200 times the normal level. Thanks to the success of various initiatives in the financial business, au Jibun Bank’s deposit balance exceeded ¥2.0 trillion as of August 31, 2021, and the number of effective members of au PAY Card topped seven million in September. In addition, in the energy business, the number of contracts for KDDI’s electric power services, such as au Denki and UQ Denki, exceeded three million in August 2021. From September, we began offering electricity with net zero CO2 emissions and a net 100% renewable energy as well as the “au Denki eco Plan,” which contributes to environmental conservation activities through donations. Furthermore, as initiatives to integrate physical and virtual spaces, we supported “Sony presents DinoScience” held from July to September 2021, offering content using 5G service and Nreal Light smart glasses and sending visitors off with an original commemorative movie to drum up demand for au 5G.
- In Myanmar,*4 since the political change in February 2021, we have been striving to maintain our telecommunications services, which are indispensable to the lives of Myanmar’s people, while prioritizing the safety of our associated personnel in accordance with the KDDI Group Human Rights Policy. In Mongolia, our consolidated subsidiary MobiCom Corporation LLC refreshed its brand in September 2021 as it marked the 25th anniversary of its founding. Under the new brand concept of “simple, reliable, human-centric,” the company changed its corporate logo and will continue to develop services to better suit its customers’ needs while promoting initiatives to engrain its brand internally and externally.

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

*2. Some au Shops are excluded due to, for example, their tenant agreements.

- *3. Survey method: Measurements taken in relevant areas where the on-screen display of the 5G icon has been confirmed.
Based on KDDI's own research.
- *4. The Myanmar telecommunications business is jointly operated by KDDI Summit Global Myanmar Co., Ltd., a consolidated subsidiary, and Myanma Posts & Telecommunications (MPT).

Operating performance in the Personal Services segment for the six-month period ended September 30, 2021 is described below.

Results

For the six-month period ended September 30, 2021

(Amount unit: Millions of yen)

	Six-month period ended September 30, 2020	Six-month period ended September 30, 2021	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	2,192,845	2,257,698	64,853	3.0
Operating Income	495,074	475,043	(20,031)	(4.0)

During the six-month period ended September 30, 2021, operating revenue increased by 3.0% year on year to ¥2,257,698 million mainly due to an increase in handset sales revenues and revenue in finance business.

Operating income decreased by 4.0% year on year to ¥475,043 million mainly due to an increase in depreciation, sales promotion expense and advertising expense despite of an increase in operating revenue .

Business Services

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

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

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

Quarterly Highlights

- KDDI was awarded first place in overall customer satisfaction in the Large Corporations / Medium-Sized Enterprises Market Segment, for the sixth consecutive year, in J.D. Power Japan's 2021 Business Mobile Phone Service Satisfaction Study. We were also awarded first place in overall customer satisfaction in the Medium-Sized Enterprises / Small Companies Market Segment for the second consecutive year. In addition, we were awarded first place in overall customer satisfaction for the ninth consecutive year in J.D. Power's 2021 Japan Business IP Phone & Direct Line Phone Service Satisfaction Study. Going forward, KDDI will continue to promote the "integration of telecommunications and life design" and create new experience value by contributing to the businesses of our corporate customers as a company contributing to the sustainable growth of society.
- In September 2021, Shibuya Ward and KDDI launched a pilot test business lending out smartphones for free to the approximately 1,700 Shibuya Ward residents who are 65 years old or above and do not own a smartphone with the aim of enhancing the quality of their lives by eliminating the digital divide for seniors. The launch debut is being accompanied by support through workshops, and we will encourage use based on analysis results of the smartphone use of pilot test participants. By supporting seniors from the time they begin using smartphones until they become proficient, we aim to improve the smartphone usage rate of seniors in Shibuya Ward and enhance their quality of life through the use of information and telecommunications technologies, such as the internet.
- Fujitsu Limited and KDDI Corporation today announced an agreement to collaborate on creating new services that enrich the customer experience and contribute to the resolution of social issues by utilizing Fujitsu's private 5G and KDDI's au 5G technologies, with the ultimate aim of realizing a new digital society and co-creating businesses based on 5G. As the first major steps of this partnership, Fujitsu and KDDI implemented the following initiatives from September 2021: the demonstration of technology toward the realization of a "5G Service Platform" that interconnects private 5G with au 5G; the co-creation of B to B to X services that combine the real and the virtual worlds; and efforts to build an ecosystem with partners through mutual participation in the 5G Alliance operated by the two companies.

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

Operating performance in the Business Services segment for the six-month period ended September 30, 2021, is described below.

Results

For the six-month period ended September 30, 2021

(Amount unit: Millions of yen)

	Six-month period ended September 30, 2020	Six-month period ended September 30, 2021	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	478,770	499,787	21,017	4.4
Operating Income	90,461	92,272	1,811	2.0

During the six-month period ended September 30, 2021, operating revenue increased by 4.4% year on year to ¥499,787 million mainly due to an increase in revenue in mobile telecommunication fee and revenue in solution business.

Operating income increased by 2.0% year on year to ¥92,272 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, 2021	As of September 30, 2021	Increase (Decrease)
Total assets	10,535,326	10,577,467	42,141
Total liabilities	5,275,857	5,175,031	(100,826)
Total equity	5,259,469	5,402,436	142,966
Equity attributable to owners of the parent	4,759,720	4,900,253	140,533
Ratio of equity attributable to owners of the parent to total assets	% 45.2	% 46.3	% 1.1

(Assets)

Total assets increased by ¥42,141 million from the previous fiscal year-end to ¥10,577,467 million as of September 30, 2021 mainly due to an increase in loans for financial business and contract costs despite of a decrease in cash and cash equivalents.

(Liabilities)

Total liabilities decreased by ¥100,826 million from the previous fiscal year-end to ¥5,175,031 million as of September 30, 2021 mainly due to a decrease in trade and other payables and income taxes payables despite of an increase in deposits for financial business.

(Equity)

Total equity amounted to ¥5,402,436 million mainly due to an increase in equity attributable to owners of the parent from the previous fiscal year-end. As a result, ratio of equity attributable to owners of the parent to total assets increased from 45.2% as of March 31, 2021, to 46.3% as of September 30, 2021.

2. Consolidated Cash Flows

(Amount unit: Millions of yen)

	Six-month period ended September 30, 2020	Six-month period ended September 30, 2021	Increase (Decrease)
Net cash provided by (used in) operating activities	702,664	464,304	(238,360)
Net cash provided by (used in) investing activities	(327,300)	(375,074)	(47,774)
Free cash flows (Note)	375,364	89,230	(286,134)
Net cash provided by (used in) financing activities	(283,480)	(339,586)	(56,106)
Effect of exchange rate changes on cash and cash equivalents	(460)	445	905
Net increase (decrease) in cash and cash equivalents	91,424	(249,912)	(341,335)
Cash and cash equivalents at the beginning of the period	369,202	809,802	440,600
Cash and cash equivalents at the end of period	460,626	559,891	99,265

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 decreased ¥238,360 million year on year to ¥464,304 million mainly due to a smaller range of increase in deposits for financial business.

Net cash used in investing activities increased ¥47,774 million year on year to ¥375,074 million mainly due to an increase in purchases of securities for financial business.

Net cash used in financing activities increased ¥56,106 million year on year to ¥339,586 million mainly due to an increase in payments from purchase of treasury stock.

Reflecting these factors and an increase of ¥445 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, 2021, decreased by ¥249,912 million from March 31, 2021 to ¥559,891 million.

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

For the fiscal year ending March 31, 2022, the Group forecasts operating revenue of ¥5,350,000 million, operating income of ¥1,050,000 million, and profit for the year attributable to owners of the parent of ¥655,000 million. No changes have been made from the details stated in the Summary of Financial Results for the fiscal year ended March 31, 2021 (disclosed on May 14, 2021).

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

2. Condensed Interim Consolidated Financial Statements

(1) Condensed Interim Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Non-current assets :		
Property, plant and equipment	2,492,985	2,505,954
Right-of-use assets	396,772	400,102
Goodwill	540,420	540,469
Intangible assets	1,024,831	1,015,139
Investments accounted for using the equity method	233,921	241,520
Long-term loans for financial business	1,148,805	1,404,996
Securities for financial business	276,065	280,315
Other long-term financial assets	325,201	334,358
Retirement benefit assets	38,364	37,921
Deferred tax assets	11,396	9,812
Contract costs	466,316	504,058
Other non-current assets	21,321	21,835
Total non-current assets	6,976,398	7,296,480
Current assets :		
Inventories	69,821	83,889
Trade and other receivables	2,229,435	2,174,150
Short-term loans for financial business	233,605	249,851
Call loans	33,846	35,964
Other short-term financial assets	69,955	61,253
Income tax receivables	7,969	5,642
Other current assets	104,496	110,346
Cash and cash equivalents	809,802	559,891
Total current assets	3,558,928	3,280,987
Total assets	10,535,326	10,577,467

(Unit: Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities and Equity		
Liabilities		
Non-current liabilities :		
Borrowings and bonds payable	1,151,664	1,107,888
Long-term deposits for financial business	32,850	37,481
Lease liabilities	288,650	286,211
Other long-term financial liabilities	14,172	13,229
Retirement benefit liabilities	12,109	12,470
Deferred tax liabilities	100,071	127,160
Provisions	77,476	76,112
Contract liabilities	71,669	71,206
Other non-current liabilities	10,813	11,218
Total non-current liabilities	<u>1,759,474</u>	<u>1,742,975</u>
Current liabilities :		
Borrowings and bonds payable	92,892	162,259
Trade and other payables	754,345	613,804
Short-term deposits for financial business	1,817,240	1,947,357
Call money	115,815	82,121
Lease liabilities	112,275	110,749
Other short-term financial liabilities	1,655	2,090
Income taxes payables	200,886	150,225
Provisions	38,925	31,706
Contract liabilities	100,889	87,229
Other current liabilities	281,461	244,517
Total current liabilities	<u>3,516,383</u>	<u>3,432,056</u>
Total liabilities	<u>5,275,857</u>	<u>5,175,031</u>
Equity		
Equity attributable to owners of the parent		
Common stock	141,852	141,852
Capital surplus	278,675	283,048
Treasury stock	(86,719)	(185,579)
Retained earnings	4,409,000	4,635,444
Accumulated other comprehensive income	16,912	25,488
Total equity attributable to owners of the parent	<u>4,759,720</u>	<u>4,900,253</u>
Non-controlling interests	499,749	502,182
Total equity	<u>5,259,469</u>	<u>5,402,436</u>
Total liabilities and equity	<u><u>10,535,326</u></u>	<u><u>10,577,467</u></u>

(2) Condensed Interim Consolidated Statement of Income

(Unit: Millions of yen)

	For the six-month period ended September 30, 2020	For the six-month period ended September 30, 2021
Operating revenue	2,537,196	2,625,161
Cost of sales	1,314,086	1,371,492
Gross profit	1,223,109	1,253,669
Selling, general and administrative expenses	642,997	687,156
Other income	8,511	7,612
Other expense	1,492	3,612
Share of profit of investments accounted for using the equity method	1,632	2,562
Operating income	588,763	573,075
Finance income	2,125	5,464
Finance cost	4,416	5,149
Other non-operating profit and loss	1,913	1,082
Profit for the period before income tax	588,385	574,471
Income tax	184,043	180,758
Profit for the period	404,342	393,713
Profit for the period attributable to:		
Owners of the parent	372,899	361,469
Non-controlling interests	31,443	32,244
Profit for the period	404,342	393,713
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	162.13	160.26
Diluted earnings per share (yen)	162.02	160.13

(Unit: Millions of yen)

	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2021
Operating revenue	1,294,516	1,324,896
Cost of sales	673,771	706,372
Gross profit	620,745	618,525
Selling, general and administrative expenses	326,921	347,397
Other income	3,797	3,015
Other expense	889	1,694
Share of profit of investments accounted for using the equity method	1,313	1,433
Operating income	298,045	273,882
Finance income	620	2,432
Finance cost	2,080	3,106
Other non-operating profit and loss	1,873	1,084
Profit for the period before income tax	298,458	274,292
Income tax	92,966	88,712
Profit for the period	205,492	185,580
Profit for the period attributable to:		
Owners of the parent	190,575	171,580
Non-controlling interests	14,917	14,000
Profit for the period	205,492	185,580
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	82.86	76.21
Diluted earnings per share (yen)	82.80	76.15

(3) Condensed Interim Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	For the six-month period ended September 30, 2020	For the six-month period ended September 30, 2021
Profit for the period	404,342	393,713
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	9,843	8,929
Share of other comprehensive income of investments accounted for using the equity method	121	(23)
Total	9,964	8,905
Items that may be subsequently reclassified to profit or loss		
Changes in fair value of cash flow hedge	130	126
Translation differences on foreign operations	(2,125)	1,456
Share of other comprehensive income of investments accounted for using the equity method	(112)	612
Total	(2,107)	2,193
Total other comprehensive income	7,858	11,099
Total comprehensive income for the period	412,200	404,812
Total comprehensive income for the period attributable to:		
Owners of the parent	382,395	371,584
Non-controlling interests	29,805	33,228
Total	412,200	404,812

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

	(Unit: Millions of yen)	
	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2021
Profit for the period	205,492	185,580
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	3,640	3,411
Share of other comprehensive income of investments accounted for using the equity method	(0)	(147)
Total	3,639	3,264
Items that may be subsequently reclassified to profit or loss		
Changes in fair value of cash flow hedge	(105)	167
Translation differences on foreign operations	(62)	723
Share of other comprehensive income of investments accounted for using the equity method	(18)	11
Total	(185)	900
Total other comprehensive income	3,455	4,164
Total comprehensive income for the period	208,947	189,744
Total comprehensive income for the period attributable to:		
Owners of the parent	195,081	174,256
Non-controlling interests	13,866	15,488
Total	208,947	189,744

(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, 2020

(Unit: Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Capital surplus	Treasury stock	Retained earnings	Accumulated other comprehensive income	Total		
As of April 1, 2020	141,852	280,591	(156,550)	4,138,195	(19,665)	4,384,424	474,684	4,859,108
Comprehensive income								
Profit for the period	—	—	—	372,899	—	372,899	31,443	404,342
Other comprehensive income	—	—	—	—	9,495	9,495	(1,638)	7,858
Total comprehensive income	—	—	—	372,899	9,495	382,395	29,805	412,200
Transactions with owners and other transactions								
Cash dividends	—	—	—	(138,036)	—	(138,036)	(30,326)	(168,362)
Transfer from accumulated other comprehensive income to retained earnings	—	—	—	1,487	(1,487)	—	—	—
Purchase and disposal of treasury stock	—	—	(0)	—	—	(0)	—	(0)
Retirement of treasury stock	—	(150,000)	150,000	—	—	—	—	—
Transfer from retained earnings to capital surplus	—	150,000	—	(150,000)	—	—	—	—
Changes in interests in subsidiaries	—	(704)	—	—	—	(704)	(1,655)	(2,359)
Other	—	736	454	—	—	1,190	—	1,190
Total transactions with owners and other transactions	—	32	150,454	(286,548)	(1,487)	(137,550)	(31,981)	(169,531)
As of September 30, 2020	141,852	280,623	(6,096)	4,224,547	(11,656)	4,629,269	472,508	5,101,777

For the six-month period ended September 30, 2021

(Unit: Millions of yen)

	Equity attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Common stock	Capital surplus	Treasury stock	Retained earnings	Accumulated other comprehensive income			
As of April 1, 2021	141,852	278,675	(86,719)	4,409,000	16,912	4,759,720	499,749	5,259,469
Comprehensive income								
Profit for the period	—	—	—	361,469	—	361,469	32,244	393,713
Other comprehensive income	—	—	—	—	10,114	10,114	984	11,099
Total comprehensive income	—	—	—	361,469	10,114	371,584	33,228	404,812
Transactions with owners and other transactions								
Cash dividends	—	—	—	(136,564)	—	(136,564)	(30,575)	(167,139)
Transfer from accumulated other comprehensive income to retained earnings	—	—	—	1,538	(1,538)	—	—	—
Purchase and disposal of treasury stock	—	(4)	(99,479)	—	—	(99,483)	—	(99,483)
Changes in interests in subsidiaries	—	3,619	—	—	—	3,619	(220)	3,400
Other	—	758	620	—	—	1,378	—	1,378
Total transactions with owners and other transactions	—	4,373	(98,859)	(135,026)	(1,538)	(231,050)	(30,795)	(261,845)
As of September 30, 2021	141,852	283,048	(185,579)	4,635,444	25,488	4,900,253	502,182	5,402,436

(5) Condensed Interim Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	For the six-month period ended September 30, 2020	For the six-month period ended September 30, 2021
Cash flows from operating activities		
Profit for the period before income tax	588,385	574,471
Depreciation and amortization	351,118	370,691
Impairment losses	1,480	15
Share of (profit) loss of investments accounted for using the equity method	(1,632)	(2,562)
Loss (gain) on sales of non-current assets	(1,940)	(1,549)
Interest and dividends income	(1,959)	(5,346)
Interest expenses	3,588	3,594
(Increase) decrease in trade and other receivables	54,350	71,354
Increase (decrease) in trade and other payables	(106,571)	(118,320)
(Increase) decrease in loans for financial business	(249,236)	(272,436)
Increase (decrease) in deposits for financial business	244,266	134,747
(Increase) decrease in Call loans	13,785	(2,118)
Increase (decrease) in Call money	40,068	(33,694)
(Increase) decrease in inventories	5,535	(14,104)
Increase (decrease) in retirement benefit assets	—	442
Increase (decrease) in retirement benefit liabilities	2,304	361
Other	(51,433)	(39,546)
Cash generated from operations	892,107	666,000
Interest and dividends received	3,713	7,473
Interest paid	(3,639)	(3,528)
Income tax paid	(189,517)	(205,641)
Net cash provided by (used in) operating activities	702,664	464,304
Cash flows from investing activities		
Purchases of property, plant and equipment	(210,080)	(226,183)
Proceeds from sales of property, plant and equipment	3,203	1,880
Purchases of intangible assets	(86,220)	(131,304)
Purchases of securities for financial business	(65,928)	(215,934)
Proceeds from sales and redemption of securities for financial business	38,887	214,618
Purchases of other financial assets	(12,023)	(10,156)
Proceeds from sales and redemption of other financial assets	3,090	2,916
Purchases of stocks of associates	(500)	(8,907)
Proceeds from sales of stocks of subsidiaries and associates	3,000	—
Other	(730)	(2,003)
Net cash provided by (used in) investing activities	(327,300)	(375,074)

	(Unit: Millions of yen)	
	For the six-month period ended September 30, 2020	For the six-month period ended September 30, 2021
Cash flows from financing activities		
Net increase (decrease) of short-term borrowings	7,500	7,017
Payments from redemption of bonds and repayments of long-term borrowings	(51,664)	(11,638)
Repayments of lease obligations	(68,869)	(73,456)
Payments from purchase of subsidiaries' equity from non-controlling interests	(2,191)	(1,826)
Proceeds from the partial sales of shares of subsidiaries to non-controlling interests	—	6,750
Proceeds from stock issuance to non-controlling interests	7	103
Payments from purchase of treasury stock	(0)	(99,479)
Cash dividends paid	(138,004)	(136,542)
Cash dividends paid to non-controlling interests	(30,257)	(30,516)
Other	(1)	(1)
Net cash provided by (used in) financing activities	(283,480)	(339,586)
Effect of exchange rate changes on cash and cash equivalents	(460)	445
Net increase (decrease) in cash and cash equivalents	91,424	(249,912)
Cash and cash equivalents at the beginning of the period	369,202	809,802
Cash and cash equivalents at the end of the period	460,626	559,891

(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, 2021 comprise the Company and its consolidated subsidiaries (“the Group”) and the Group’s interests in associates and joint ventures. The Company is the ultimate parent company of the Group.

The Group’s major business and activities are “Personal Services” and “Business Services”.

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

2. Basis of preparation

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

The Group’s condensed interim consolidated financial statements have been prepared in accordance with IAS 34 of IFRSs as prescribed in Article 93 of Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No.64 of 2007), hereinafter referred to as “Ordinance on Quarterly Consolidated Financial Statements” as they satisfy the requirement of a “specific company” set forth in Article 1-2 of Ordinance on Quarterly Consolidated Financial Statements. The condensed interim consolidated financial statements, which do not contain all the information required in annual consolidated financial statements, should be read in conjunction with the annual consolidated financial statements for the previous fiscal year ended March 31, 2021.

(2) Basis of measurement

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

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

(3) Presentation currency and unit of currency

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

(4) Use of estimates and judgement

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

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

The judgments, estimates and assumptions that have significant impact on the amount in the condensed interim consolidated financial statements are consistent with those described in the annual consolidated financial statements for the previous fiscal year in principle. No significant changes have been made in the accounting estimates and assumptions affected by COVID-19 from those in the consolidated financial statements for the previous fiscal year.

(5) Application of new standards and interpretations

The Group doesn't have significant standards and interpretations applied from the three-month period ended June 30, 2021.

(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 September 30, 2021. They have not been early adopted by the Group.

Standard	The title of Standard	Mandatory adoption (from the fiscal year beginning)	To be adopted by the Group from	Outline of new standards and amendments
IFRS 17	Insurance contracts	January 1, 2023	fiscal year ending March 31, 2024	IFRS 17 will replace IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. Under the IFRS 17 model, entities are required to estimate total fulfillment cash flows for insurance contracts and contractual service margin at initial recognition. Fulfillment cash flows comprise estimates of future cash flows, adjustments reflecting the time value of money, and risk adjustments for non-financial risk. At the time of reporting, fulfillment cash flows are remeasured using the latest basis for measurement. Unearned income (contractual service margin) is recognized over the coverage period.

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

3. Significant accounting policies

The significant accounting policies applied in this condensed interim consolidated financial statements are consistent with those of the annual financial statements, as described in the consolidated financial statements for the previous fiscal year ended. Also, income tax expenses on condensed interim consolidated statement of income are calculated based on the estimated average annual effective income tax rate.

4. Segment information

(1) Outline of 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, KDDI aims to provide new experience value by expanding and coordinating various life design services, including those related to commerce, finance, energy, entertainment, education, and healthcare, while focusing on conventional telecommunications services, such as those related to smartphones, cell phones, FTTH, and CATV. We dynamically provide services attuned to customer needs and market conditions through a multi-brand strategy that encompasses “au,” “UQ mobile,” and “povo.” In the life design domain, we provide financial, energy and commerce services focused on the customer contact points of “au PAY” and “au Smart Pass.” We aim to expand the “au Economic Zone” going forward by enhancing these customer points and circulating reward points.

Overseas, we use know-how cultivated in Japan to actively provide telecommunications and life design services to 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.

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.

Beginning in the three-month period ended June 30, 2021, the reportable segments for some subsidiary companies were changed due to organization change. Accordingly, the segment information for the six-month period ended September 30, 2020 and the three-month period ended September 30, 2020 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.

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

Inter segment transaction price is determined based on the price by arm’s length transactions or gross costs after price negotiation.

Assets and liabilities are not allocated to reportable segments.

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

The Group's segment information is as follows:

For the six-month period ended September 30, 2020

(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	2,153,496	374,909	2,528,405	8,791	2,537,196	—	2,537,196
Inter-segment revenue or transfers	39,348	103,862	143,210	24,241	167,451	(167,451)	—
Total	2,192,845	478,770	2,671,615	33,032	2,704,647	(167,451)	2,537,196
Segment income	495,074	90,461	585,535	3,527	589,062	(299)	588,763
Finance income and finance cost (Net)							(2,290)
Other non-operating profit and loss (Net)							1,913
Profit for the period before income tax							588,385

For the six-month period ended September 30, 2021

(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	2,223,005	393,421	2,616,427	8,734	2,625,161	—	2,625,161
Inter-segment revenue or transfers	34,693	106,366	141,058	29,324	170,382	(170,382)	—
Total	2,257,698	499,787	2,757,485	38,057	2,795,542	(170,382)	2,625,161
Segment income	475,043	92,272	567,315	6,876	574,191	(1,116)	573,075
Finance income and finance cost (Net)							315
Other non-operating profit and loss (Net)							1,082
Profit for the period before income tax							574,471

(Note 1) "Other" is a segment not included 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, 2020

(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	1,098,337	191,389	1,289,727	4,790	1,294,516	—	1,294,516
Inter-segment revenue or transfers	20,627	52,223	72,850	12,758	85,608	(85,608)	—
Total	1,118,964	243,613	1,362,577	17,547	1,380,124	(85,608)	1,294,516
Segment income	251,904	44,576	296,480	1,795	298,275	(230)	298,045
Finance income and finance cost (Net)							(1,460)
Other non-operating profit and loss (Net)							1,873
Profit for the period before income tax							298,458

For the three-month period ended September 30, 2021

(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	1,119,019	200,781	1,319,800	5,096	1,324,896	—	1,324,896
Inter-segment revenue or transfers	18,510	53,735	72,245	14,606	86,851	(86,851)	—
Total	1,137,529	254,516	1,392,045	19,703	1,411,748	(86,851)	1,324,896
Segment income	224,421	47,881	272,302	1,773	274,075	(194)	273,882
Finance income and finance cost (Net)							(673)
Other non-operating profit and loss (Net)							1,084
Profit for the period before income tax							274,292

(Note 1) “Other” is a segment not included 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.