



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, 2022 [IFRS]

November 2, 2022

Company name: **KDDI CORPORATION** URL <https://www.kddi.com>  
 Stock listing: Tokyo Stock Exchange - Prime Market  
 Code number: 9433  
 Representative: Makoto Takahashi, President  
 Scheduled date of quarterly report filing: November 8, 2022  
 Scheduled date of dividend payment: December 5, 2022  
 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, 2022 (April 1, 2022 - September 30, 2022)

#### (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, 2022	2,740,836 4.4	558,527 (2.5)	559,957 (2.5)	385,606 (2.1)	354,378 (2.0)	403,357 (0.4)
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)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six-month period ended September 30, 2022	161.12	161.04
Six-month period ended September 30, 2021	160.26	160.13

#### (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, 2022	11,411,514	5,626,380	5,088,441	44.6
As of March 31, 2022	11,084,379	5,510,663	4,982,586	45.0

### 2. Dividends

	Dividends per share				
	1 <sup>st</sup> Quarter End	2 <sup>nd</sup> Quarter End	3 <sup>rd</sup> Quarter End	Fiscal Year End	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2022	—	60.00	—	65.00	125.00
Year ending March 31, 2023	—	65.00			
Year ending March 31, 2023 (forecast)			—	70.00	135.00

Note: Changes in the latest forecasts released : No

### 3. Consolidated Financial Results Forecast for Year ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(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	5,560,000 2.1	1,100,000 3.7	688,000 2.3	314.92

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, 2022 : 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, 2022	2,302,712,308
	As of March 31, 2022	2,304,179,550

2) Number of treasury stock	As of September 30, 2022	110,459,429
	As of March 31, 2022	88,978,932

3) Number of weighted average common stock outstanding (cumulative for all quarters)	For the six-month period ended September 30, 2022	2,199,525,115
	For the six-month period ended September 30, 2021	2,255,517,925

Note: The 1,319,384 shares as of September 30, 2022 of KDDI's stock owned by the executive compensation BIP Trust account are included in the total number of treasury stock. The 3,920,592 shares as of March 31, 2022 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 November 2, 2022, 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**

We would like to offer our sincere apologies to our customers for the serious inconvenience they experienced when service was disrupted on July 2, 2022. We take this incident seriously as a telecommunications carrier who supports social infrastructure and must provide stable service.

After the disruption, the Company thoroughly reviewed our telecommunication network and are working on a company-wide fundamental reform to improve the quality of the network. Furthermore, the Company is working to enhance our methods for disclosing information from the customer's perspective and delivering appropriate information in a timely manner.

Going forward, we will ensure our ability to meet ever increasing data traffic in the 5G and Beyond 5G era and continue to provide a telecommunications network that customers can more reliably and easily use.

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Due to the COVID-19 pandemic, amid an ongoing rapid digital shift affecting every aspect of society, telecommunications have taken on an increasingly important role. The Japanese government has outlined its Vision for a Digital Garden City Nation that promotes regional revitalization through the practical application of digital society, and every day the pace of digitalization in people's lives and businesses is accelerating.

In order to achieve sustainable growth while responding swiftly to changes in the business environment, in May 2022 KDDI newly established "KDDI VISION 2030: Creating a society where everyone can realize their dreams by evolving the 'power to connect'" and formulated new materiality that comprehensively cover social issues and the importance of the KDDI Group's management from a long-term perspective.

Announced at the same time, our medium-term management strategy (FY2022-2024) was formulated with sustainability management as its cornerstone with the aim of achieving the sustainable growth of society and enhancing corporate value together with our partners. We aim to realize an era that creates new value by leveraging the unique characteristics of 5G to evolve the power of connection and integrate telecommunications into every facet of life. In addition, we will promote the evolution of the telecommunications business through 5G, expand focus areas centered on telecommunications, and reinforce the management foundation that supports these efforts.

Specifically, we will continue promoting satellite growth strategies centered on the five focus areas of digital transformation (DX), finance, energy, life transformation (LX), and regional co-creation (CATV, etc.). In particular, in the DX field, telecommunications are becoming seamlessly integrated with all classes of physical things (cars, industrial equipment, various meters, etc.) in the form of IoT, and we will establish environments where customers can utilize 5G naturally, provide a business platform adapted to the individual needs of many different industries, and support the business creation of our customers. With the added value newly created by these efforts, we aim to perpetuate a virtuous DX cycle that transforms people's lives.

In addition, KDDI is proactively addressing sustainability issues, starting with the major global issue of carbon neutrality. We aim to achieve net zero CO2 emissions by FY2030 for KDDI (non-consolidated) and by FY2050 for the entire group. To this end, we will continue to aggressively promote a shift toward renewable energy and greater power efficiency for our mobile phone base stations and telecommunications equipment. In April 2021, we announced our support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

In October of this year, we published the Integrated Sustainability and Financial Report 2022, combining the Integrated Report, which previously included financial and non-financial areas, and the Sustainability Report, which mainly included information on sustainability.

Furthermore, to continue sustainably growing amid a rapidly changing business environment, we need to promote innovation and transform into a company that puts human resources first, encouraging advanced autonomy and growth among employees and organizations. In promoting innovation, we will continue enhancing capital investment and R&D for 5G and Beyond 5G. We will accelerate initiatives based on these satellite growth strategies for business creation, research and development, AI, and advanced security technologies and further deepen our partnerships, including collaborations with start-ups. Regarding our transformation into a company that puts human resources first, we will promote this across three pillars, namely: introducing the KDDI Version Job Style Personnel System, promoting Internal DX, and realizing the Declaration of KDDI New Work Styles. We will also shift crucial members to focus areas by training professional human resources and enhance the DX skills of all employees by utilizing KDDI DX University.

Since its founding, KDDI has worked hard to instill and practice the KDDI Group Philosophy as a shared policy and code of conduct for managers and employees. We will continue promoting unified Group management and enhancing our risk management and data security systems through synergy with corporate governance systems that respect this kind of corporate attitude and human rights and that ensure transparency and fairness.

## **Financial Results**

### **For the six-month period ended September 30, 2022**

(Amount unit: Millions of yen)

	Six-month period ended September 30, 2021	Six-month period ended September 30, 2022	Increase (Decrease)	Increase (Decrease)%
Operating revenue	2,625,161	2,740,836	115,675	4.4
Cost of sales	1,371,492	1,516,817	145,325	10.6
Gross profit	1,253,669	1,224,019	(29,650)	(2.4)
Selling, general and administrative expenses	687,156	693,882	6,727	1.0
Other income and expense (Net)	4,000	26,098	22,098	552.5
Share of profit(loss) of investments accounted for using the equity method	2,562	2,292	(270)	(10.5)
Operating income	573,075	558,527	(14,548)	(2.5)
Finance income and cost (Net)	315	1,398	1,083	343.5
Other non-operating profit and loss (Net)	1,082	33	(1,049)	(96.9)
Profit for the period before income tax	574,471	559,957	(14,514)	(2.5)
Income tax	180,758	174,351	(6,407)	(3.5)
Profit for the period	393,713	385,606	(8,107)	(2.1)
Attributable to owners of the parent	361,469	354,378	(7,091)	(2.0)
Attributable to non-controlling interests	32,244	31,228	(1,016)	(3.2)

During the six-month period ended September 30, 2022, operating revenue increased by 4.4% year on year to ¥2,740,836 million mainly due to an increase in revenue in energy business and financial business.

Operating income decreased by 2.5% year on year to ¥558,527 million mainly due to a decrease in revenue in mobile telecommunication fee including roaming fee.

Profit for the period attributable to owners of the parent decreased by 2.0% year on year to ¥354,378 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, 2022.

## 2) Results by Business Segment

### Personal Services

The Personal Services segment provides services to individual customers.

In Japan, we aim to provide new added value and experience value by expanding 5G telecommunication services and other services such as finance, energy, and LX in a coordinated manner.

In mobile communication services, we provide a variety of services that meet diversifying customer needs through our multi-brands “au,” “UQ mobile,” and “povo” that support 5G communications and are further improving engagement with customers through collaboration with Ponta points. In the financial business, we provide new added value by linking various services such as au Jibun Bank, au PAY, and au PAY Card. In the energy business, we offer the “eco plan” for au Denki, which allows users to easily contribute to environmental conservation, and in LX, we provide new experience value through virtual space metaverses such as Virtual City.

In addition, we are addressing challenges in local communities due to depopulation and aging, and are working with local partners to eliminate the digital divide and achieve regional co-creation.

Overseas, we are leveraging our business know-how cultivated in Japan to provide telecommunication services and financial and entertainment services such as video and games to individual customers in Myanmar, Mongolia, and other Asian regions.

### **Quarterly Highlights**

- We provide pricing plans that are 5G-ready and meet the needs of every customer through: toward an interesting future “au,” simple for everyone “UQ mobile,” and to the freedom that’s right for you together “povo.” Through our multi-brand strategy that encompasses “au,” “UQ mobile,” and “povo,” we are promoting initiatives that enable each customer to use pricing plans that align with their individual lifestyle. Through au, we offer unique 5G services utilizing the high-speed, high-volume telecommunications enabled by 5G, such as the unlimited-use\*1 pricing plan “Unlimited-Use MAX 5G/4G” and the “Unlimited-Use MAX 5G ALL STAR Pack,” which includes access to entertainment streaming services offering video and music content. Through UQ mobile, we offer the “Home Set Discount,”\*2 which starts from just ¥990 per month (tax included) for all family members and makes the “Rollover Plan +5G” an even better-value package plan. In this and other ways, we listen to customer opinions and provide new experience value. In addition, as an online-only brand, we provide povo2.0, which offers 11 types of free-to-choose toppings (unlimited phone calls, data, and video streaming, etc.) starting with a base plan with a basic fee of ¥0 in line with customers’ usage styles. Since July 2022, we implemented an initiative to enable customers to casually use data, such as providing 1 GB (30 days) for ¥499 as a limited-time topping and holding a late summer gratitude campaign that gave customers a 25% increase in their data amount and a 24-hour period of unlimited data. Furthermore, we expanded the number of “au Style” and “au Shop” locations that provide lessons related to executing official procedures on smartphones (smart phone classes) from 400 stores last year to 1,677 stores from June 2022. In July 2022, we were commissioned by Japan’s Ministry of Internal Affairs and Communications to manage an application support project related to the My Number Card. By offering support on how to apply for and use a My Number Card and how to get a proof of COVID-19 vaccination card issued, we are striving to eliminate the digital divide and dispel the uneasiness felt by many senior citizens and others when using digital devices.
- We aim to realize an era that creates new value with diverse partners through 5G, which is the core of our satellite growth strategies, by seamlessly integrating telecommunications into every facet of life. When constructing service areas as our foundation under the slogan Zutto, Motto, Tsunagu Zo, au (Connecting more and always with au), we aim to provide telecommunications services to continuously connect people. In order for many more customers to comfortably use 5G, we concentrate especially in commercial districts and along train lines, locations where customers spend a lot of their time and we are working on the construction of a 5G communications network in stations and on platforms and in inter-station areas for JR and private train companies.
- As for points and payment, from July 2022 we began offering the “au Ponta Portal,” which allows users to check such details about their saved points as the amounts, expiration dates, and places to use them, and changed the name of the points program to the “au Ponta Points Program.” And, from August, we launched the Tanuki Raffle, in which customers are guaranteed to earn points if they spend ¥200 (tax included) or more using au PAY (code-based payment) every month on days ending in 5 (5th, 15th, 25th) and on Ponta Day (8th). In these and other ways, we are making customers’ points more involved in their lives and creating new experience value.
- In the financial business, the number of au PAY Card members exceeded 8 million in August 2022. In the 2022 Oricon

Customer Satisfaction Survey® Home Loans, presented by oricon ME inc., au Jibun Bank Corporation clinched its first overall No. 1 rating for its home loans. We will continue promoting initiatives that enable us to provide attractive services to more customers. au Jibun Bank donates the equivalent of 0.01% of the amount saved in Blue Yen Automatic Savings and Green Automatic Yen Savings accounts to coral and forest conservation organizations. In August, the total savings balances exceeded ¥10 billion, and we expanded our efforts to contribute to the sustainable growth of society. In the energy business, through business succession from KDDI, au Energy Holdings Co., Ltd. and au Energy & Life Co., Ltd. commenced operations in July 2022. From September, we began the Energy-Saving Challenge Program (advanced entry required), which awards Ponta points depending on the amount of energy saved to customers using au Denki and other electric power services. Through the program, we and our customers are thus contributing to the stable supply of power together. In addition, in the education field, KidZania, which is run by KCJ Group Inc., opened its third location in Japan in July 2022: KidZania Fukuoka. Through work experience in such careers as stop motion animator and astronaut, the company is providing experiential opportunities that nurture the life skills needed to live among the children who will lead the next generation.

- In Myanmar,\*3 since the political change in February 2021, we have been striving to maintain our telecommunications services, which are indispensable to people's lives, while prioritizing the safety of our associated personnel as we continue to carefully monitor the local situation. In Mongolia, in September 2022, our consolidated subsidiary MobiCom Corporation LLC opened its newly renovated directly operated shop, which is the largest in the country and is located in the downtown area of the capital Ulaanbaatar. The renovation was aimed at enhancing customer satisfaction and improving the work environment for employees. Going forward, MobiCom will continue helping to enhance the nation's economic development and people's lives as the country's No. 1 telecommunications operator.

\*1. For tethering, data sharing, and international roaming (fixed global data price), there is a limit of 80GB of data per month. When using large volumes of data, transmission speed could be restricted during peak hours. When watching videos, the transmission speed is restricted.

\*2. This service discounts the monthly fee of UQ mobile by offering eligible services (internet or electric power) in a bundled set.

\*3. KDDI Summit Global Myanmar Co., Ltd., a consolidated subsidiary, supports the telecommunications business operations of Myanma Posts & Telecommunications (MPT).

Operating performance in the Personal Services segment for the six-month period ended September 30, 2022 is described below.

## **Results**

### **For the six-month period ended September 30, 2022**

(Amount unit: Millions of yen)

	Six-month period ended September 30, 2021	Six-month period ended September 30, 2022	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	2,257,437	2,345,774	88,337	3.9
Operating Income	475,750	461,759	(13,991)	(2.9)

During the six-month period ended September 30, 2022, operating revenue increased by 3.9% year on year to ¥2,345,774 million mainly due to an increase in revenue in energy business and financial business.

Operating income decreased by 2.9% year on year to ¥461,759 million mainly due to a decrease in revenue in mobile telecommunication fee including roaming fee.

## **Business Services**

The Business Services segment mainly provides a wide range of corporate customers in Japan and overseas with a variety of solutions encompassing smartphones and other devices, network and cloud services, and TELEHOUSE brand data center services.

Furthermore, in our mid-term management strategy (FY2022–2024), we announced the “Satellite Growth Strategy,” which strives to evolve the telecommunications business through 5G and expand business in focus fields, centering on telecommunications. We provide global one-stop solutions that contribute to the development and expansion of our customers’ businesses through IoT and DX centered on 5G communications in collaboration with our partners.

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

### **Quarterly Highlights**

- The intermediary holding company KDDI Digital Divergence Holdings Co., Ltd. (KDH), which was established in May 2022, commenced operations from July. Operating as the KDDI Digital Divergence Group, Iret Inc., KDDI Agile Development Center Co., Ltd., KDDI Web Communications Inc., and Scrum Inc. Japan Co., Ltd., which are held by KDH, support the DX of corporate clients. Ongoing, swift adaptation, to change is important for promoting DX, which is one of the focus fields in the Satellite Growth Strategy. To further evolve as a DX specialty company, KDH remains open to mergers, acquisitions, and business alliances with companies that have the capabilities needed for DX, including cloud and agile technologies.
- From August 2022, KDDI and Motivation Works Inc. began providing a cloud-based school support service that digitizes the workstyles of school staff. This service combines BLEND, which is a fully cloud-based comprehensive school support system provided by Motivation Works, with KDDI’s managed zero-trust services to enable school staff to securely access attendance records, grades, guidance report files, and other documents regardless of their location. Going forward, we will expand this service to educational sites in Japan (including public and private preschools, kindergartens, elementary schools, middle schools, high schools, technical colleges, community colleges, and universities) and thereby continue to ensure security while improving school staff’s efficiency at work.
- In September 2022, KDDI was awarded first place in overall customer satisfaction in J.D. Power Japan’s 2022 Business IP Phone & Direct Line Phone Service Satisfaction Study for the tenth consecutive year. The survey targeted 1,789 companies in Japan with 100 or more employees, ranking the total customer satisfaction level of business IP phone and direct-line phone services\*1 through an evaluation based on the four factors of service content and quality; cost; operations and installation; and response to disruptions and problems. KDDI earned the highest evaluation in all of the four aforementioned factors.

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.

\*1. Telephone services provided using KDDI’s phone lines through phone services provided by telecommunication operators other than NTT East Corporation and NTT West Corporation and telephone services provided using borrowed NTT East Corporation and NTT West Corporation unused metal lines.



Operating performance in the Business Services segment for the six-month period ended September 30, 2022, is described below.

## **Results**

### **For the six-month period ended September 30, 2022**

(Amount unit: Millions of yen)

	Six-month period ended September 30, 2021	Six-month period ended September 30, 2022	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	499,624	532,057	32,433	6.5
Operating Income	92,734	95,185	2,451	2.6

During the six-month period ended September 30, 2022, operating revenue increased by 6.5% year on year to ¥532,057 million mainly due to an increase in revenue in solution business from growth in the NEXT Core Business which comprises corporate DX, business DX, and business base services.

Operating income increased by 2.6% year on year to ¥95,185 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, 2022	As of September 30, 2022	Increase (Decrease)
Total assets	11,084,379	11,411,514	327,136
Total liabilities	5,573,715	5,785,134	211,419
Total equity	5,510,663	5,626,380	115,717
Equity attributable to owners of the parent	4,982,586	5,088,441	105,854
Ratio of equity attributable to owners of the parent to total assets	% 45.0	% 44.6	% (0.4)

#### (Assets)

Total assets increased by ¥327,136 million from the previous fiscal year-end to ¥11,411,514 million as of September 30, 2022 mainly due to an increase in loans for financial business and call loan despite of a decrease in cash and cash equivalents.

#### (Liabilities)

Total liabilities increased by ¥211,419 million from the previous fiscal year-end to ¥5,785,134 million as of September 30, 2022 mainly due to an increase in deposits for financial business and Cash collateral provided for securities lent despite of a decrease in trade and other payables.

#### (Equity)

Total equity amounted to ¥5,626,380 million mainly due to an increase in equity attributable to owners of the parent from the previous fiscal year-end. As a result, ratio of equity attributable to owners of the parent to total assets decreased from 45.0% as of March 31, 2022, to 44.6% as of September 30, 2022.

## 2. Consolidated Cash Flows

(Amount unit: Millions of yen)

	Six-month period ended September 30, 2021	Six-month period ended September 30, 2022	Increase (Decrease)
Net cash provided by (used in) operating activities	464,304	594,202	129,898
Net cash provided by (used in) investing activities	(375,074)	(447,735)	(72,661)
Free cash flows (Note)	89,230	146,467	57,237
Net cash provided by (used in) financing activities	(339,586)	(403,624)	(64,038)
Effect of exchange rate changes on cash and cash equivalents	445	11,547	11,102
Net increase (decrease) in cash and cash equivalents	(249,912)	(245,611)	4,301
Cash and cash equivalents at the beginning of the period	809,802	796,613	(13,189)
Cash and cash equivalents at the end of the period	559,891	551,002	(8,888)

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 ¥129,898 million year on year to ¥594,202 million mainly due to a increase in cash collateral received for securities lent.

Net cash used in investing activities increased ¥72,661 million year on year to ¥447,735 million mainly due to a decrease in proceeds from sales and redemption of securities for financial business.

Net cash used in financing activities increased ¥64,038 million year on year to ¥403,624 million mainly due to an increase in payments from redemption of bonds and repayments of long-term borrowings.

Reflecting these factors and an increase of ¥11,547 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, 2022, decreased by ¥245,611 million from March 31, 2022 to ¥551,002 million.

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

For the fiscal year ending March 31, 2023, the Group forecasts operating revenue of ¥5,560,000 million, operating income of ¥1,100,000 million, and profit for the year attributable to owners of the parent of ¥688,000 million. No changes have been made from the details stated in the Summary of Financial Results for the fiscal year ended March 31, 2022 (disclosed on May 13, 2022).

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, 2022	As of September 30, 2022
Assets		
Non-current assets :		
Property, plant and equipment	2,585,481	2,573,903
Right-of-use assets	387,669	387,652
Goodwill	540,962	541,592
Intangible assets	1,025,223	1,036,417
Investments accounted for using the equity method	244,515	252,216
Long-term loans for financial business	1,335,111	1,640,965
Securities for financial business	338,285	440,448
Other long-term financial assets	329,268	315,116
Retirement benefit assets	44,720	44,648
Deferred tax assets	12,330	10,868
Contract costs	548,704	580,437
Other non-current assets	25,083	27,939
Total non-current assets	7,417,350	7,852,199
Current assets :		
Inventories	74,511	98,044
Trade and other receivables	2,311,694	2,272,751
Short-term loans for financial business	255,266	277,894
Call loans	45,064	152,201
Other short-term financial assets	67,154	65,733
Income tax receivables	2,904	4,785
Other current assets	113,822	136,905
Cash and cash equivalents	796,613	551,002
Total current assets	3,667,028	3,559,315
Total assets	11,084,379	11,411,514

(Unit: Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities and Equity		
Liabilities		
Non-current liabilities :		
Borrowings and bonds payable	921,616	847,814
Long-term deposits for financial business	33,240	44,474
Lease liabilities	279,265	273,849
Other long-term financial liabilities	14,198	11,493
Retirement benefit liabilities	12,496	11,722
Deferred tax liabilities	144,776	164,993
Provisions	70,073	62,929
Contract liabilities	71,083	70,532
Other non-current liabilities	11,015	11,321
Total non-current liabilities	<u>1,557,762</u>	<u>1,499,127</u>
Current liabilities :		
Borrowings and bonds payable	286,505	280,013
Trade and other payables	834,496	705,338
Short-term deposits for financial business	2,184,264	2,463,488
Call money	141,348	14,589
Cash collateral received for securities lent	—	230,607
Lease liabilities	112,719	110,375
Other short-term financial liabilities	2,620	5,031
Income taxes payables	126,874	130,356
Provisions	25,641	22,811
Contract liabilities	86,091	90,094
Other current liabilities	215,397	233,306
Total current liabilities	<u>4,015,953</u>	<u>4,286,007</u>
Total liabilities	<u>5,573,715</u>	<u>5,785,134</u>
Equity		
Equity attributable to owners of the parent		
Common stock	141,852	141,852
Capital surplus	279,371	278,868
Treasury stock	(299,827)	(401,246)
Retained earnings	4,818,117	5,022,504
Accumulated other comprehensive income	43,074	46,461
Total equity attributable to owners of the parent	<u>4,982,586</u>	<u>5,088,441</u>
Non-controlling interests	528,077	537,940
Total equity	<u>5,510,663</u>	<u>5,626,380</u>
Total liabilities and equity	<u>11,084,379</u>	<u>11,411,514</u>

**(2) Condensed Interim Consolidated Statement of Income**

(Unit: Millions of yen)

	For the six-month period ended September 30, 2021	For the six-month period ended September 30, 2022
Operating revenue	2,625,161	2,740,836
Cost of sales	1,371,492	1,516,817
Gross profit	1,253,669	1,224,019
Selling, general and administrative expenses	687,156	693,882
Other income	7,612	27,262
Other expense	3,612	1,165
Share of profit of investments accounted for using the equity method	2,562	2,292
Operating income	573,075	558,527
Finance income	5,464	5,663
Finance cost	5,149	4,265
Other non-operating profit and loss	1,082	33
Profit for the period before income tax	574,471	559,957
Income tax	180,758	174,351
Profit for the period	393,713	385,606
Profit for the period attributable to:		
Owners of the parent	361,469	354,378
Non-controlling interests	32,244	31,228
Profit for the period	393,713	385,606
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	160.26	161.12
Diluted earnings per share (yen)	160.13	161.04

(Unit: Millions of yen)

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2022
Operating revenue	1,324,896	1,389,159
Cost of sales	706,372	793,281
Gross profit	618,525	595,878
Selling, general and administrative expenses	347,397	359,330
Other income	3,015	24,483
Other expense	1,694	627
Share of profit of investments accounted for using the equity method	1,433	1,187
Operating income	273,882	261,592
Finance income	2,432	657
Finance cost	3,106	2,839
Other non-operating profit and loss	1,084	3
Profit for the period before income tax	274,292	259,412
Income tax	88,712	84,906
Profit for the period	185,580	174,506
Profit for the period attributable to:		
Owners of the parent	171,580	162,582
Non-controlling interests	14,000	11,924
Profit for the period	185,580	174,506
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	76.21	74.07
Diluted earnings per share (yen)	76.15	74.06

### (3) Condensed Interim Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	For the six-month period ended September 30, 2021	For the six-month period ended September 30, 2022
Profit for the period	393,713	385,606
Other comprehensive income		
Items that will not be transferred subsequently to profit or loss		
Changes measured in fair value of financial assets through other comprehensive income	8,929	(20,766)
Share of other comprehensive income of investments accounted for using the equity method	(23)	(488)
Total	8,905	(21,254)
Items that may be subsequently reclassified to profit or loss		
Changes in fair value of cash flow hedge	126	2,599
Translation differences on foreign operations	1,456	34,234
Share of other comprehensive income of investments accounted for using the equity method	612	2,172
Total	2,193	39,005
Total other comprehensive income	11,099	17,751
Total comprehensive income for the period	404,812	403,357
Total comprehensive income for the period attributable to:		
Owners of the parent	371,584	357,686
Non-controlling interests	33,228	45,671
Total	404,812	403,357

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



(Unit: Millions of yen)

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2022
Profit for the period	185,580	174,506
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	3,411	(8,342)
Share of other comprehensive income of investments accounted for using the equity method	(147)	(174)
Total	3,264	(8,516)
Items that may be subsequently reclassified to profit or loss		
Changes in fair value of cash flow hedge	167	331
Translation differences on foreign operations	723	8,847
Share of other comprehensive income of investments accounted for using the equity method	11	1,300
Total	900	10,478
Total other comprehensive income	4,164	1,963
Total comprehensive income for the period	189,744	176,468
Total comprehensive income for the period attributable to:		
Owners of the parent	174,256	159,767
Non-controlling interests	15,488	16,702
Total	189,744	176,468

(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, 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 ownership 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

For the six-month period ended September 30, 2022

(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, 2022	141,852	279,371	(299,827)	4,818,117	43,074	4,982,586	528,077	5,510,663
Comprehensive income								
Profit for the period	—	—	—	354,378	—	354,378	31,228	385,606
Other comprehensive income	—	—	—	—	3,307	3,307	14,443	17,751
Total comprehensive income	—	—	—	354,378	3,307	357,686	45,671	403,357
Transactions with owners and other transactions								
Cash dividends	—	—	—	(145,897)	—	(145,897)	(33,562)	(179,459)
Transfer from accumulated other comprehensive income to retained earnings	—	—	—	(80)	80	—	—	—
Purchase and disposal of treasury stock	—	(14)	(105,580)	—	—	(105,594)	—	(105,594)
Retirement of treasury stock	—	(5,313)	5,313	—	—	—	—	—
Transfer from retained earnings to capital surplus	—	4,014	—	(4,014)	—	—	—	—
Changes in ownership interests in subsidiaries	—	(606)	—	—	—	(606)	(2,246)	(2,852)
Other	—	1,418	(1,152)	—	—	266	—	266
Total transactions with owners and other transactions	—	(502)	(101,418)	(149,991)	80	(251,832)	(35,808)	(287,640)
As of September 30, 2022	141,852	278,868	(401,246)	5,022,504	46,461	5,088,441	537,940	5,626,380

## (5) Condensed Interim Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	For the six-month period ended September 30, 2021	For the six-month period ended September 30, 2022
Cash flows from operating activities		
Profit for the period before income tax	574,471	559,957
Depreciation and amortization	370,691	347,838
Impairment losses	15	199
Share of (profit) loss of investments accounted for using the equity method	(2,562)	(2,292)
Loss (gain) on sales of non-current assets	(1,549)	7
Interest and dividends income	(5,346)	(2,769)
Interest expenses	3,594	3,467
(Increase) decrease in trade and other receivables	71,354	59,947
Increase (decrease) in trade and other payables	(118,320)	(60,706)
(Increase) decrease in loans for financial business	(272,436)	(328,482)
Increase (decrease) in deposits for financial business	134,747	290,458
(Increase) decrease in Call loans	(2,118)	(107,137)
Increase (decrease) in Call money	(33,694)	(126,759)
Increase (decrease) in cash collateral received for securities lent	—	230,607
(Increase) decrease in inventories	(14,104)	(23,327)
(Increase) decrease in retirement benefit assets	442	72
Increase (decrease) in retirement benefit liabilities	361	(774)
Other	(39,546)	(104,098)
Cash generated from operations	666,000	736,207
Interest and dividends received	7,473	4,814
Interest paid	(3,528)	(3,445)
Income tax paid	(205,641)	(143,375)
Net cash provided by (used in) operating activities	464,304	594,202
Cash flows from investing activities		
Purchases of property, plant and equipment	(226,183)	(212,568)
Proceeds from sales of property, plant and equipment	1,880	265
Purchases of intangible assets	(131,304)	(118,482)
Purchases of securities for financial business	(215,934)	(238,936)
Proceeds from sales and redemption of securities for financial business	214,618	135,491
Purchases of other financial assets	(10,156)	(5,683)
Proceeds from sales and redemption of other financial assets	2,916	50
Purchases of stocks of associates	(8,907)	(7,363)
Other	(2,003)	(509)
Net cash provided by (used in) investing activities	(375,074)	(447,735)

	(Unit: Millions of yen)	
	For the six-month period ended September 30, 2021	For the six-month period ended September 30, 2022
Cash flows from financing activities		
Net increase (decrease) of short-term borrowings	7,017	—
Payments from redemption of bonds and repayments of long-term borrowings	(11,638)	(44,000)
Repayments of lease obligations	(73,456)	(73,027)
Payments from purchase of subsidiaries' equity from non-controlling interests	(1,826)	(2,857)
Proceeds from the partial sales of shares of subsidiaries to non-controlling interests	6,750	—
Proceeds from stock issuance to non-controlling interests	103	5
Payments from purchase of treasury stock	(99,479)	(105,580)
Cash dividends paid	(136,542)	(144,625)
Cash dividends paid to non-controlling interests	(30,516)	(33,541)
Other	(1)	(0)
Net cash provided by (used in) financing activities	(339,586)	(403,624)
Effect of exchange rate changes on cash and cash equivalents	445	11,547
Net increase (decrease) in cash and cash equivalents	(249,912)	(245,611)
Cash and cash equivalents at the beginning of the period	809,802	796,613
Cash and cash equivalents at the end of the period	559,891	551,002

## **(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, 2022 comprise the Company and its consolidated subsidiaries (“the Group”) and the Group’s interests in associates and joint ventures. The Company is the ultimate parent company of the Group.

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

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

### **2. Basis of preparation**

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

The Group’s condensed interim consolidated financial statements have been prepared in accordance with IAS 34 of IFRSs as prescribed in Article 93 of Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No.64 of 2007), hereinafter referred to as “Ordinance on Quarterly Consolidated Financial Statements” as they satisfy the requirement of a “specific company” set forth in Article 1-2 of Ordinance on Quarterly Consolidated Financial Statements. The condensed interim consolidated financial statements, which do not contain all the information required in annual consolidated financial statements, should be read in conjunction with the annual consolidated financial statements for the previous fiscal year ended March 31, 2022.

#### **(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, 2022.

(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, 2022. 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	<p>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.</p> <p>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.</p>

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, we aim to provide new added value and experience value by expanding 5G telecommunication services and other services such as finance, energy, and LX in a coordinated manner.

In mobile communication services, we provide a variety of services that meet diversifying customer needs through our multi-brands “au,” “UQ mobile,” and “povo” that support 5G communications and are further improving engagement with customers through collaboration with Ponta points. In the financial business, we provide new added value by linking various services such as au Jibun Bank, au PAY, and au PAY Card. In the energy business, we offer the “eco plan” for au Denki, which allows users to easily contribute to environmental conservation, and in LX, we provide new experience value through virtual space metaverses such as Virtual City.

In addition, we are addressing challenges in local communities due to depopulation and aging, and are working with local partners to eliminate the digital divide and achieve regional co-creation.

Overseas, we are leveraging our business know-how cultivated in Japan to provide telecommunication services and financial and entertainment services such as video and games to individual customers in Myanmar, Mongolia, and other Asian regions.

The Business Services segment mainly provides a wide range of corporate customers in Japan and overseas with a variety of solutions encompassing smartphones and other devices, network and cloud services, and TELEHOUSE brand data center services.

Furthermore, in our mid-term management strategy (FY2022–2024), we announced the “Satellite Growth Strategy,” which strives to evolve the telecommunications business through 5G and expand business in focus fields, centering on telecommunications. We provide global one-stop solutions that contribute to the development and expansion of our customers’ businesses through IoT and DX centered on 5G communications in collaboration with our partners.

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

Beginning in the three-month period ended June 30, 2022, the reportable segments for some businesses were changed due to organization change. Accordingly, the segment information for the six-month period ended September 30, 2021 and the three-month period ended September 30, 2021 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 “3. Significant accounting policies.”

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

Inter segment transaction price is determined by taking into consideration the price by arm’s length transactions or gross costs after price negotiation.

Assets and liabilities are not allocated to reportable segments.

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

The Group's segment information is as follows:

For the six-month period ended September 30, 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	2,222,745	393,259	2,616,004	9,156	2,625,161	—	2,625,161
Inter-segment revenue or transfers	34,693	106,365	141,057	29,326	170,383	(170,383)	—
Total	2,257,437	499,624	2,757,061	38,483	2,795,544	(170,383)	2,625,161
Segment income	475,750	92,734	568,484	5,707	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

For the six-month period ended September 30, 2022

(Unit: Millions of yen)

	Reporting segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Business	Sub-total				
Revenue							
Revenue from external customers	2,308,188	425,124	2,733,312	7,524	2,740,836	—	2,740,836
Inter-segment revenue or transfers	37,586	106,934	144,519	30,843	175,363	(175,363)	—
Total	2,345,774	532,057	2,877,832	38,367	2,916,198	(175,363)	2,740,836
Segment income	461,759	95,185	556,944	1,689	558,632	(105)	558,527
Finance income and finance cost (Net)							1,398
Other non-operating profit and loss (Net)							33
Profit for the period before income tax							559,957

(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, 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	1,118,903	200,709	1,319,612	5,284	1,324,896	—	1,324,896
Inter-segment revenue or transfers	18,510	53,734	72,244	14,609	86,853	(86,853)	—
Total	1,137,413	254,444	1,391,856	19,893	1,411,749	(86,853)	1,324,896
Segment income	224,767	48,093	272,860	1,215	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

For the three-month period ended September 30, 2022

(Unit: Millions of yen)

	Reporting segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Business	Sub-total				
Revenue							
Revenue from external customers	1,166,348	219,163	1,385,511	3,649	1,389,159	—	1,389,159
Inter-segment revenue or transfers	18,524	54,274	72,798	15,778	88,576	(88,576)	—
Total	1,184,871	273,437	1,458,309	19,427	1,477,735	(88,576)	1,389,159
Segment income	211,789	49,397	261,187	429	261,616	(24)	261,592
Finance income and finance cost (Net)							(2,183)
Other non-operating profit and loss (Net)							3
Profit for the period before income tax							259,412

(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.