



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

Financial Statements Summary for the three-month period ended June 30, 2024 [IFRS]

August 2, 2024

Company name: **KDDI CORPORATION** URL <https://www.kddi.com>
 Stock listing: Tokyo Stock Exchange - Prime Market
 Code number: 9433
 Representative: Makoto Takahashi, President and Chief Executive Officer
 Scheduled date of dividend payment: —
 Supplemental materials of quarterly results: Yes
 Presentation for quarterly results: Yes (for institutional investors and analysts)

(monetary amounts rounded to the nearest million)
 (yen in millions, unless otherwise stated)

1. Consolidated Financial Results for the three-month period ended June 30, 2024 (April 1, 2024 - June 30, 2024)

(1) Consolidated Operating Results

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

	Operating revenue		Operating income		Profit for the period before income tax		Profit for the period		Profit for the period attributable to owners of the parent		Total comprehensive income for the period
	%		%		%		%		%		%
Three-month period ended June 30, 2024	1,389,138	4.2	276,988	3.9	287,005	3.7	196,200	2.6	176,949	0.0	185,654 (22.2)
Three-month period ended June 30, 2023	1,332,576	(1.4)	266,668	(10.3)	276,838	(8.0)	191,284	(9.5)	176,943	(7.9)	238,584 4.9

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three-month period ended June 30, 2024	84.98		84.96	
Three-month period ended June 30, 2023	82.02		82.00	

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
As of June 30, 2024	15,636,018	5,792,851	5,272,269	33.7%
As of March 31, 2024	14,146,060	5,797,226	5,253,362	37.1%

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, 2024	—	70.00	—	70.00	140.00
Year ending March 31, 2025	—				
Year ending March 31, 2025 (forecast)		70.00	—	75.00	145.00

Note: Changes in the latest forecasts released : No

3. Consolidated Financial Results Forecast for Year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(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	5,770,000	0.3	1,110,000	15.4	690,000	8.2	340.01

Note: Changes in the latest forecasts released : No

Notes

(1) Significant changes in the scope of consolidation during the three-month period ended June 30, 2024 : 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 June 30, 2024 2,191,846,416

As of March 31, 2024 2,302,712,308

2) Number of treasury stock As of June 30, 2024 109,491,540

As of March 31, 2024 220,458,160

3) Number of weighted average common stock outstanding For the three-month period ended June 30, 2024 2,082,298,114

(cumulative for all quarters) For the three-month period ended June 30, 2023 2,157,206,289

Note: The 973,188 shares as of June 30, 2024 and the 1,074,019 shares as of March 31, 2024 of KDDI's stock owned by the executive compensation BIP Trust account are included in the total number of treasury stock.

Review of attached interim consolidated financial statements by a certified public accountant or auditing firm: Yes (voluntary)

Explanation for appropriate use of forecasts and other notes

1. The forward-looking statements such as operational forecasts contained in this statements summary are based on the information currently available to KDDI and certain assumptions which are regarded as legitimate. Actual results may differ significantly from these forecasts due to various factors. Please refer to P.11 "1. Overview of Operating Results and Financial Position (3) Explanation Regarding Future Forecast Information of Consolidated Financial Results" under [the Attachment] for the assumptions used and other notes.
2. On August 2, 2024, 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. Overview of Operating Results and Financial Position

(1) Overview of Operating Results

1) Results Overview

Industry Trends and KDDI's Position

With communication technologies being integrated into everything and playing an increasingly important role in modern society, we are entering an era in which a new type of value is being created across all of society, including in industry and people's everyday life. In addition, Japan can expect to see a transformation in the structure of industry with the progression of efforts to realize a sustainable society through improvements in productivity and decarbonization.

In May 2024, KDDI updated its business strategy, naming it the New Satellite Growth Strategy, and extended its current medium-term management strategy another year (making its span FY2022–2025) in response to rapid environmental changes sweeping through society, including the advance of digital social infrastructure driven by data and generative AI. Under the updated business strategy, we will strive to achieve “KDDI VISION 2030: Creating a society where everyone can realize their dreams by evolving the ‘power to connect.’” Going forward, the Company will maintain its mission of connecting and protecting lives, connecting day-to-day lives, and connecting hearts and minds. We continue aiming to enhance corporate value and promote the sustainable growth of society by fulfilling our important social role and delivering thrilling customer experiences that exceed expectations.

Under the New Satellite Growth Strategy, we are accelerating the evolution of the “power to connect” by creating new value with all our partners, centering our efforts in the core businesses on promoting the practical application of generative AI and the implementation of data-driven practices based on high-quality and highly reliable 5G telecommunications. Regarding the practical application of generative AI, we are striving to create value by leveraging the Group's computational infrastructure and network resources while collaborating with a startup that boasts Japan's best R&D capabilities for large language models (LLMs).

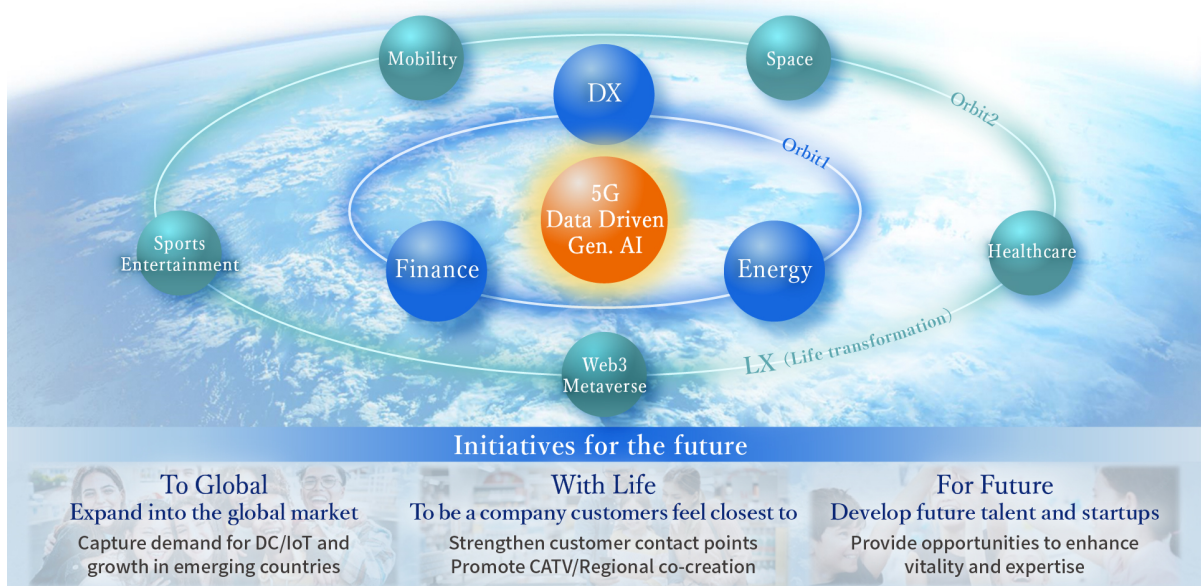
In addition to pursuing collaboration in core business areas, we will focus on the three fields of digital transformation (DX), finance, and energy as business fields that drive the Company's growth (Orbit 1). We will continue accelerating growth mainly by working hard to maximize synergy with the telecommunications business and collaborating with partners. In the DX field in particular, we launched WAKONX in May 2024 as a new business platform for this era of AI-integration.

WAKONX is accelerating the business growth of Japanese companies and the resolution of social and industrial issues by providing one-stop services encompassing AI, databases, networks, operations, and maintenance, all of which are indispensable to accelerating DX in society.

In addition, as for business fields in which we are striving to achieve new growth (Orbit 2), we established the five fields of mobility, space, healthcare, Web3 and metaverse, and sports and entertainment. We aim to further expand business by leveraging the Company's strengths of telecommunications and new technologies while striving to transform customer lifestyles through partnerships.

In addition, KDDI concluded a capital and business alliance agreement with Lawson, Inc. and Mitsubishi Corporation (MC) in February 2024 to forcefully promote the New Satellite Growth Strategy in real consumer life situations. Regarding co-creation with these two companies, we aim to enhance the sustainable growth of society and corporate value by promoting the expansion of the Ponta point economic zone and increasingly sophisticated data-driven marketing while accelerating retail tech using AI and DX in order to realize real tech convenience rooted in local communities. Currently, Lawson, MC, and KDDI have established multiple working groups that are discussing the business framework that will be in place after closing on the acquisition of Lawson shares slated for early September 2024.

Furthermore, KDDI aims to create a society where everyone can realize their dreams as “the company the customer can feel closest to” by promoting future-oriented initiatives with the themes of “To Global,” “With Life,” and “For Future” in tandem with the New Satellite Growth Strategy.



KDDI has announced “realizing carbon neutrality” as one of its material issues and is proactively undertaking initiatives aimed at achieving this goal. Regarding the realization of carbon neutrality, which is one of the Company’s material issues, we formulated new targets in May 2024 and aim to achieve net-zero CO2 emissions throughout the supply chain, including Scope 3 emissions, by FY2040. To achieve this target, we aim to achieve net-zero CO2 emissions throughout the entire Group by FY2030 and actively promote a shift toward renewable energy and greater power efficiency for our mobile phone base stations and telecommunications equipment.

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 conducting R&D for advanced technologies focused on Beyond 5G and 6G while promoting collaboration with external partners and open innovation through alliances with industry, academia, and government. Moreover, we will keep collaborating with competitors, for example, sharing 5G equipment with SoftBank Corp.

Regarding our transformation into a company that puts human resources first, we promote this across three pillars, namely: engraining the new personnel system, developing professional human resources through the KDDI Version Job Style Personnel System, and enhancing employee engagement. We have also shifted crucial members to focus areas by training professional human resources and enhance the DX skills of all employees by utilizing KDDI DX University.

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

Financial Results

For the three-month period ended June 30, 2024

(yen in millions)

	Three Months Ended			
	June 30, 2023	June 30, 2024	Change	Percentage Change
Operating revenue	1,332,576	1,389,138	56,563	4.2%
Cost of sales	736,981	765,352	28,371	3.8%
Gross profit	595,594	623,786	28,192	4.7%
Selling, general and administrative expenses	340,870	353,184	12,314	3.6%
Other income and expense (Net)	10,821	2,039	(8,782)	(81.2)%
Share of profit (loss) of investments accounted for using the equity method	1,123	4,347	3,224	287.1%
Operating income	266,668	276,988	10,320	3.9%
Finance income and cost (Net)	7,982	8,083	101	1.3%
Other non-operating profit and loss (Net)	2,188	1,934	(254)	(11.6)%
Profit for the period before income tax	276,838	287,005	10,166	3.7%
Income tax	85,554	90,805	5,251	6.1%
Profit for the period	191,284	196,200	4,915	2.6%
Attributable to owners of the parent	176,943	176,949	7	0.0%
Attributable to non-controlling interests	14,341	19,250	4,909	34.2%

Beginning in the three-month period ended June 30, 2024, we have reassessed certain operating segments of our company, consolidated subsidiaries, and associated companies based on organizational changes. Accordingly, the segment information for the fiscal year ended March 31, 2024 is presented based on the segment classification after this change.

During the three-month period ended June 30, 2024, operating revenue increased by 4.2% year on year to ¥1,389,138 million mainly due to an increase in revenue from mobile handset sales and the finance business as well as an increase in revenue attributable to an expansion in growth fields comprising IoT-related services, data centers, digital BPO, and other similar businesses.

Operating income increased by 3.9% year on year to ¥276,988 million mainly due to an increase in gross handset sale profit, net energy business profit, and communication ARPU income as well as an increase in revenue attributable to an expansion in growth fields.

Profit for the period attributable to owners of the parent increased by 0.0% year on year to ¥176,949 million.

2) Results by Business Segment

Personal Services

The Personal Services segment provides services to individual customers.

In Japan, we aim to provide new added value and experience value by expanding 5G telecommunication services and other services such as finance, energy, and LX(Life Transformation) in a coordinated manner through our multi-brands “au,” “UQ mobile,” and “povo,” and are also working with local partners to eliminate the digital divide and achieve sustainable regional co-creation.

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

Quarterly Highlights

- We provide pricing plans that are 5G-ready and meet the needs of every customer through three brands that are based on distinct brand slogans. We are promoting measures that leverage the unique characteristics of each brand in our multi-brand strategy that encompasses “au” with “toward an interesting future,” “UQ mobile” with “simple for everyone,” and “povo” with “to the freedom that’s right for you together.”
The “au Money Activity Plan,” which was launched by au in September 2023, has performed strongly, with the number of contracts surpassing 1 million in July 2024. Due in part to an increase in financial awareness following the announcement of the new NISA, in November of last year, we launched au Money Seminars which are securities support seminars that make it easy for customers to learn about asset management. These seminars support money management activities in which customers accumulate monetary and other assets such as points through savings and investments at the 332 au Style*1 locations nationwide and online.
Through UQ mobile, from June 2024, we began providing the Smartphone Talk Program, which had previously only been available to au smartphones, with UQ mobile smartphones. This program reduces monthly payments and allows customers to purchase smartphones at a discount by deferring a portion of the handset replacement cost to the final payment. If the customer returns the handset, this portion is then eliminated. Customers can now also use this program for handsets that had not been available to au customers.
Through povo, in addition to our usual lineup of toppings that customers can choose from to fit their usage style, from April 2024 we began providing Unlimited Data (7-day period) 12 Times, *2 which can be used flexibly, and the Data Addition 300GB (90-day period), which provides 100GB of data use for three 30-day periods, for ¥9,834 (tax included). Both plans are a bargain at ¥3,278 (tax included) for about one month, and customers can use data without having to worry about how much they’re using. Combined with the call-forwarding and voicemail services launched in May 2024, we are enhancing functions to enable customers to securely use their mobile phones as their main lines.
- The Company is developing the most 5G base stations in the industry in order to establish an area that will serve as the foundation for future telecommunications. As of May 2024, the Sub6 area (3.7GHz/4.0GHz), which enables high-volume and high-speed 5G telecommunications, expanded 2.8 times in the Kanto region and 1.5 times across Japan (compared with January 31, 2024). With the cooperation of satellite telecommunications operators, satellite static has eased, and it is now possible to optimize antenna angles and enhance the output of base stations. In Sub6 areas, we approximately tripled telecommunication speeds compared with conventional 5G,*3 and customers can now enjoy more a convenient telecommunication environment, including for watching high-quality videos and playing games. Through these efforts, we expect an improvement in packet compiling, an enhancement of the quality of the customer experience, and an expansion in data telecommunication revenue.
- As we enter an era in which AI is an integral part of all manner of situations, yielding new value, KDDI became the first major company in Japan to use generative AI*4 to respond to inquiries using a chatbot provided by au, introducing this service in March 2024. Customers can quickly solve their inquiries without stress, and, as a measure to help improve the efficiency of operations and management costs, we will continue expanding the included services and contact points.
- In au Smart Pass Premium, we held a campaign to return a up to 37% points used for purchases in au PAY Market in June 2024. We also provided menu Smart Pass, which provides customers who use the delivery service “menu” with unlimited free delivery. In these ways, we are strengthening the special offers that customers can conveniently use in various life scenes. In addition, in April 2024, the total healthcare app au Wellness saw the number of members of surpass 1 million and is steadily growing as a foundation for health activities for customers highly concerned about health and beauty. In addition, a large number of customers have signed up for lifestyle support services like au Bicycle Support, which provides aid for

everything from flat tires to accidents, and au Wan Nyan Support for managing the health of beloved pets and protection in the event of unexpected incidents.

- The financial business remained steady as the number of au PAY card members exceeded 9.64 million in June 2024. Regarding au Jibun Bank, in April 2024 the total deposit balance *5 surpassed exceeded ¥4 trillion and in June 2024 the number of checking accounts exceeded 6.19 million. As for lending, in June 2024 there was a major increase in the amount of housing loan financing provided, with the cumulative total exceeding ¥4.5 trillion. As for the quality of responses to customers, in the HDI credit benchmark (request credit survey), all of au Jibun Bank's call centers that handle customer support secured the highest ranking, and the bank became the first online-only bank*6 to secure six top placements three years in a row. In addition, in April 2024 amid rising interest in asset management, au Payment renewed au PAY Point Management, which enables customers to use Ponta Points to casually experience investing. Thus au Payment customers are able to experience asset management through something akin to real-world investment. Going forward, through the au Financial Group's full lineup of financial services and Smart phone centric user experience value, we will realize connective finances that make finances more personal for all people.
- In the energy business, we established the new "au Denki" pricing plan in April 2024 in the Tohoku and Shikoku power areas and again began accepting new applications, which we had temporarily suspended. In addition, in November 2023 au Renewable Energy began generating renewable energy, a portion of which is supplied to KDDI base stations. In May 2024, we concluded a comprehensive alliance agreement related to realizing sustainable communities and expanding use of renewable energy with the town of Kawashima in Saitama Prefecture and Kyocera Communication System. Going forward, we will continue promoting efforts to encourage use of renewable energy, create a sustainable society, conserve the environment, and solve local issues.
- In Mongolia, the consolidated subsidiary MobiCom Corporation LLC is maintaining the position as No.1 in domestic market share*7, and the business is progressing smoothly and working to raise its presence in the youth market. From May 2024, the subsidiary began collaborating on an ongoing basis with the United Nations Children's Fund (UNICEF) and the international NGO World Vision to hold smartphone classes teaching students about correct usage and how to prevent cyber-bullying. In addition, in Myanmar*8, we are still paying careful attention to local conditions and are striving to maintain the telecommunication services that are indispensable to the citizens' lives while being careful to protect the safety of relevant parties.

*1. Except for au Style NAHA, which is directly managed by Okinawa Seller, and the au Styles in the Okinawa area.

*2. Data speeds may be throttled in such situations as when the network is busy or when customers engage in data-heavy activities like watching videos or playing cloud-based games.

*3. A comparison of 5G (4G transfer) and 5G (Sub6) in terms of general real-world speeds. As of May 2024. KDDI's own research.

*4. As of February 29, 2024. First used in the field of customer support to respond to customer inquiries regarding procedures and how to use products and services. KDDI conducted its own research of 225 Nikkei companies regarding whether they offer chat bots for customers and whether they have generative AI.

*5. Calculated from the total balances of yen-denominated checking deposits, yen-denominated regular deposits, system deposits, and foreign currency-denominated deposits.

*6. As of May 9, 2024, according to au Jibun Bank. Net banks include SBI Sumishin Net Bank, Sony Bank, PayPay Bank, Daiwa Next Bank, Rakuten Bank, GMO Aozora Net Bank, and Minna-no Ginko.

*7. As of June 30, 2024. Source: GSMA Intelligence

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

Operating performance in the Personal Services segment for the three-month period ended June 30, 2024 is described below.

Results

For the three-month period ended June 30, 2024

(yen in millions)

	Three Months Ended			
	June 30, 2023	June 30, 2024	Change	Percentage Change
Operating Revenue	1,118,729	1,125,247	6,518	0.6%
Operating Income	217,119	220,052	2,933	1.4%

During the three-month period ended June 30, 2024, operating revenue increased by 0.6% year on year to ¥1,125,247 million mainly due to an increase in revenue from handset sales and the finance business.

Operating income increased by 1.4% year on year to ¥220,052 million mainly due to an increase in gross handset sale profit, net energy business profit, and communication ARPU income.

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.

In addition to this, to encourage digitalization in Japan, we established the new business platform WAKONX.

We continue to provide global one-stop solutions that contribute to the development and expansion of our customers' businesses through IoT and DX centered on 5G communications in collaboration with our partners.

Quarterly Highlights

- In May 2024, we launched the new business platform WAKONX under the corporate business brand KDDI BUSINESS. WAKONX is a brand born from the concept of accelerating digitalization in Japan with the aim of realizing KDDI VISION 2030. This business platform has been configured for an era when AI is incorporated throughout society and enables the accumulation, integration, and analysis of data exchanged by companies. It uses large-scale computational bases and allows for the design and construction of networks optimized for individual industries using AI based on mobile and fixed network telecommunications and IOT, for which we aim to achieve more than 100 million lines by FY2030. KDDI uses the three functions of the WAKONX business platform model (network layer, data layer, vertical layer) to construct service-based platforms that meet the needs of specific industries with regard to such factors as mobility, logistics, warehouses, and broadcasting. Corporate customers, including governments and local municipalities, can use such industry-specific platforms to set up the equipment and digital infrastructure needed for business growth and enable a shift of investment to competitive fields that generate more added value. Through WAKONX, we will continue contributing to the business growth of corporate customers and the solution of social issues.
- In April 2024, we launched a connected data center business under the Telehouse brand in Canada. Telehouse is a data center brand with operations in more than 45 locations in over 10 countries worldwide and is widely renowned for its excellent connectivity. Telehouse London boasts the most connections in the world for a connected data center*1, Telehouse Paris is the largest in France, and Telehouse Bangkok is one of the top centers in Thailand. With the launch of Telehouse Canada, which boasts the most connections in that country, KDDI is accelerating its business expansion in North America and supporting the global business of corporate customers by promoting and expanding business around the world while being conscious of the environment of each region.
- KDDI's subsidiary Altius Link announced the new service brand Altius ONE in May 2024 to contribute to the data-driven business transformation (BX)*2 of corporations. In line with the digitalization society, data handled by corporations is rapidly increasing and diversifying. Amid calls for changes in the business environment, we are promoting a digital BPO*3 under this brand and aim to solve customers' business issues by strategically utilizing accumulated data. Altius ONE for Support, which was announced as the first service of this brand, is a one-stop service that analyzes data accumulated from contact centers and provides everything from issue identification to the drafting of improvement measures and operations. To respond to diversifying needs, we will continue creating new customer experience value with corporate customers while steadily expanding services.
- KDDI, ITOCHU Corporation, Toyota Motor Corporation, Mitsui Fudosan Co., Ltd., and Mitsubishi Estate Co., Ltd. concluded a memorandum in May 2024 agreeing to jointly study the commercialization of the physical internet*4 during the current fiscal year. Although distribution is the backbone supporting Japan's economy, the environment surrounding the industry is growing harsher every day due to the effects of such conditions as a shortage of workers amid a declining population and new labor regulations governing overtime for truck drivers (distribution 2024 problem). We are promoting a transformation of distribution with five partner companies across different industries and aim to realize sustainable distribution, including a solution to the distribution 2024 problem in Japan.

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

*1. Data centers' mutual connections with customers as of April 11, 2024. Source: Peering DB.

*2. We improve operations by wholly revising the operations of companies through strategies that promote digitalization.

Activities that transform and create business models.

- *3. BPO method that does not just outsource operations with human resources but also outsources some operations utilizing AI and other digital technology to make operations more efficient.
- *4. A system for sharing data on deliveries, warehouses, and vehicle loads with companies across industries and for selecting optimal transportation routes while engaging in the efficient joint delivery of cargo.

Operating performance in the Business Services segment for the three-month period ended June 30, 2024, is described below.

Results

For the three-month period ended June 30, 2024

(yen in millions)

	Three Months Ended			
	June 30, 2023	June 30, 2024	Change	Percentage Change
Operating Revenue	286,560	333,400	46,840	16.3%
Operating Income	48,675	54,114	5,439	11.2%

During the three-month period ended June 30, 2024, operating revenue increased by 16.3% year on year to ¥333,400 million mainly due to an increase in revenue attributable to an expansion in growth fields comprising IoT-related services, data centers, digital BPO, and other similar businesses.

Operating income increased by 11.2% year on year to ¥54,114 million mainly due to an increase in operating revenue.

(2) Overview of Financial Position

1. Financial Position

	March 31, 2024	June 30, 2024	Change
Total assets	14,146,060	15,636,018	1,489,959
Total liabilities	8,348,833	9,843,167	1,494,334
Total equity	5,797,226	5,792,851	(4,375)
Equity attributable to owners of the parent	5,253,362	5,272,269	18,907
Ratio of equity attributable to owners of the parent to total assets	37.1%	33.7%	(3.4)%

(Assets)

Total assets increased by ¥1,489,959 million from the previous fiscal year-end to ¥15,636,018 million as of June 30, 2024 mainly due to an increase in loans for financial business and investments accounted for using the equity method despite a decrease in accounts receivable and other receivables.

(Liabilities)

Total liabilities increased by ¥1,494,334 million from the previous fiscal year-end to ¥9,843,167 million as of June 30, 2024 mainly due to an increase in deposits for financial business and borrowings and bonds payable despite a decrease in income taxes payables.

(Equity)

Total equity amounted to ¥5,792,851 million mainly due to a decrease in non-controlling interests despite 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 37.1% as of March 31, 2024, to 33.7% as of June 30, 2024.

2. Consolidated Cash Flows

(yen in millions)

	Three Months Ended		
	June 30, 2023	June 30, 2024	Change
Net cash provided by (used in) operating activities	185,706	773,020	587,314
Net cash provided by (used in) investing activities	(133,858)	(591,052)	(457,193)
Free cash flows (Note)	51,847	181,968	130,121
Net cash provided by (used in) financing activities	(85,453)	396,989	482,442
Effect of exchange rate changes on cash and cash equivalents	5,259	4,962	(297)
Net increase (decrease) in cash and cash equivalents	(28,347)	583,919	612,266
Cash and cash equivalents at the beginning of the period	480,252	887,207	406,955
Cash and cash equivalents at the end of the period	451,905	1,471,126	1,019,221

Note: Free cash flows are calculated as the sum of “net cash provided by (used in) operating activities” and “net cash provided by (used in) investing activities.”

Net cash provided by operating activities increased by ¥587,314 million year on year to ¥773,020 million mainly due to a significant increase in deposits for financial business.

Net cash used in investing activities increased by ¥457,193 million year on year to ¥591,052 million mainly due to an increase in expenditures for the acquisition of shares in affiliated companies such as Lawson, Inc.

Net cash provided by financing activities increased by ¥482,442 million year on year to ¥396,989 million mainly due to an increase in proceeds from short-term borrowings.

Reflecting these factors and an increase in ¥4,962 million in the effect of exchange rate changes on cash and cash equivalents, the total amount of cash and cash equivalents as of June 30, 2024, increased by ¥583,919 million from March 31, 2024 to ¥1,471,126 million.

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

For the fiscal year ending March 31, 2025, the Group forecasts operating revenue of ¥5,770,000 million, operating income of ¥1,110,000 million and profit for the year attributable to owners of the parent of ¥690,000 million. No changes have been made from the details stated in the Summary of Financial Results for the fiscal year ended March 31, 2024 (disclosed on May 10, 2024).

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

	March 31, 2024	(yen in millions) June 30, 2024
ASSETS		
Non-current assets :		
Property, plant and equipment	2,786,933	2,814,396
Right-of-use assets	425,173	429,929
Goodwill	568,134	580,918
Intangible assets	1,062,683	1,047,872
Investments accounted for using the equity method	301,037	717,614
Long-term loans for financial business	3,200,059	3,585,990
Securities for financial business	413,767	451,161
Other long-term financial assets	391,453	353,592
Retirement benefit assets	5,096	5,461
Deferred tax assets	17,948	19,888
Contract costs	685,310	682,035
Other non-current assets	36,678	36,883
Total non-current assets	9,894,271	10,725,739
Current assets :		
Inventories	91,290	92,993
Trade and other receivables	2,702,152	2,643,559
Short-term loans for financial business	367,593	383,402
Call loans	28,237	74,838
Other short-term financial assets	30,662	40,162
Income tax receivables	2,384	3,226
Other current assets	142,263	200,974
Cash and cash equivalents	887,207	1,471,126
Total current assets	4,251,789	4,910,279
Total assets	14,146,060	15,636,018

(yen in millions)

	March 31, 2024	June 30, 2024
LIABILITIES AND EQUITY		
Liabilities		
Non-current liabilities :		
Borrowings and bonds payable	1,577,370	1,786,243
Long-term deposits for financial business	112,730	120,692
Lease liabilities	292,003	287,921
Other long-term financial liabilities	10,166	9,137
Retirement benefit liabilities	11,801	11,765
Deferred tax liabilities	235,723	241,270
Provisions	47,800	44,616
Contract liabilities	81,674	79,699
Other non-current liabilities	11,804	12,115
Total non-current liabilities	2,381,071	2,593,458
Current liabilities :		
Borrowings and bonds payable	407,013	1,156,573
Trade and other payables	899,125	843,534
Short-term deposits for financial business	3,713,407	4,382,646
Call money	37,972	42,255
Cash collateral received for securities lent	263,157	268,911
Lease liabilities	118,016	113,605
Other short-term financial liabilities	7,762	10,495
Income taxes payables	161,152	75,116
Provisions	21,953	23,473
Contract liabilities	84,947	100,581
Other current liabilities	253,257	232,521
Total current liabilities	5,967,762	7,249,709
Total liabilities	8,348,833	9,843,167
Equity		
Equity attributable to owners of the parent		
Common stock	141,852	141,852
Capital surplus	310,587	310,316
Treasury stock	(845,093)	(419,162)
Retained earnings	5,522,578	5,127,580
Accumulated other comprehensive income	123,438	111,683
Total equity attributable to owners of the parent	5,253,362	5,272,269
Non-controlling interests	543,864	520,582
Total equity	5,797,226	5,792,851
Total liabilities and equity	14,146,060	15,636,018

(2) Condensed Interim Consolidated Statement of Income

(yen in millions)

	Three Months Ended	
	June 30, 2023	June 30, 2024
Operating revenue	1,332,576	1,389,138
Cost of sales	736,981	765,352
Gross profit	595,594	623,786
Selling, general and administrative expenses	340,870	353,184
Other income	11,344	2,470
Other expense	523	432
Share of profit of investments accounted for using the equity method	1,123	4,347
Operating income	266,668	276,988
Finance income	10,016	11,403
Finance cost	2,034	3,321
Other non-operating profit (loss)	2,188	1,934
Profit for the period before income tax	276,838	287,005
Income tax	85,554	90,805
Profit for the period	191,284	196,200
Profit for the period attributable to:		
Owners of the parent	176,943	176,949
Non-controlling interests	14,341	19,250
Profit for the period	191,284	196,200
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	82.02	84.98
Diluted earnings per share (yen)	82.00	84.96

(3) Condensed Interim Consolidated Statement of Comprehensive Income

(yen in millions)

	Three Months Ended	
	June 30, 2023	June 30, 2024
Profit for the period	191,284	196,200
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	17,173	(34,474)
Share of other comprehensive income of investments accounted for using the equity method	182	(83)
Total	17,355	(34,557)
Items that may be subsequently reclassified to profit or loss		
Changes in fair value of cash flow hedge	1,827	1,486
Translation differences on foreign operations	27,925	21,937
Share of other comprehensive income of investments accounted for using the equity method	193	587
Total	29,945	24,010
Total other comprehensive income	47,300	(10,546)
Total comprehensive income for the period	238,584	185,654
Total comprehensive income for the period attributable to:		
Owners of the parent	215,833	164,710
Non-controlling interests	22,751	20,944
Total	238,584	185,654

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

(4) Condensed Interim Consolidated Statement of Changes in Equity

For the three-month period ended June 30, 2023

(yen in millions)

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

For the three-month period ended June 30, 2024

(yen in millions)

	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		
Balance at April 1, 2024	141,852	310,587	(845,093)	5,522,578	123,438	5,253,362	543,864	5,797,226
Comprehensive income								
Profit for the period	—	—	—	176,949	—	176,949	19,250	196,200
Other comprehensive income	—	—	—	—	(12,239)	(12,239)	1,693	(10,546)
Total comprehensive income	—	—	—	176,949	(12,239)	164,710	20,944	185,654
Transactions with owners and other transactions								
Cash dividends	—	—	—	(145,791)	—	(145,791)	(47,326)	(193,117)
Transfer from accumulated other comprehensive income to retained earnings	—	—	—	(484)	484	—	—	—
Retirement of treasury stock	—	(425,672)	425,672	—	—	—	—	—
Transfer from retained earnings to capital surplus	—	425,672	—	(425,672)	—	—	—	—
Changes due to business combination	—	—	—	—	—	—	3,631	3,631
Changes in ownership interests in subsidiaries	—	(151)	—	—	—	(151)	(536)	(687)
Other	—	(120)	259	—	—	140	5	145
Total transactions with owners and other transactions	—	(271)	425,931	(571,948)	484	(145,803)	(44,225)	(190,029)
Balance at June 30, 2024	141,852	310,316	(419,162)	5,127,580	111,683	5,272,269	520,582	5,792,851

(5) Condensed Interim Consolidated Statement of Cash Flows

(yen in millions)

	Three Months Ended	
	June 30, 2023	June 30, 2024
Cash flows from operating activities		
Profit for the period before income tax	276,838	287,005
Depreciation and amortization	169,874	171,495
Impairment losses	2	321
Loss allowance	(1,654)	(3,323)
Share of (profit) loss of investments accounted for using the equity method	(1,123)	(4,347)
Loss (gain) on sales of non-current assets	(18)	(11)
Interest and dividends income	(2,670)	(3,417)
Interest expenses	1,714	2,998
(Increase) decrease in trade and other receivables	112,123	71,637
Increase (decrease) in trade and other payables	(110,553)	(49,257)
(Increase) decrease in loans for financial business	(217,333)	(401,422)
Increase (decrease) in deposits for financial business	263,374	677,200
Increase (decrease) in borrowings for financial business	—	340,000
(Increase) decrease in Call loans	(57,500)	(46,600)
Increase (decrease) in Call money	—	4,283
Increase (decrease) in cash collateral received for securities lent	(42,850)	5,753
(Increase) decrease in inventories	(107)	(1,513)
(Increase) decrease in retirement benefit assets	(695)	(365)
Increase (decrease) in retirement benefit liabilities	471	(36)
Other	(72,281)	(123,701)
Cash generated from operations	317,612	926,699
Interest and dividends received	5,109	6,144
Interest paid	(2,037)	(2,671)
Income tax paid	(134,979)	(157,152)
Net cash provided by (used in) operating activities	185,706	773,020

(yen in millions)

	Three Months Ended	
	June 30, 2023	June 30, 2024
Cash flows from investing activities		
Purchases of property, plant and equipment	(82,980)	(98,655)
Proceeds from sales of property, plant and equipment	686	111
Purchases of intangible assets	(57,889)	(53,531)
Purchases of securities for financial business	(173,850)	(51,270)
Proceeds from sales and redemption of securities for financial business	237,579	40,672
Purchases of other financial assets	(52,290)	(14,917)
Proceeds from sales and redemption of other financial assets	303	1,104
Payments for acquisition of subsidiaries	(6,659)	(8,915)
Proceeds from acquisition of subsidiaries	—	4,069
Purchases of stocks of affiliates	(9)	(405,924)
Proceeds from sales of stocks of subsidiaries and affiliates	—	303
Other	1,251	(4,098)
Net cash provided by (used in) investing activities	(133,858)	(591,052)
Cash flows from financing activities		
Net increase (decrease) of short-term borrowings	34,589	400,031
Proceeds from issuance of bonds and long-term borrowings	130,000	250,000
Payments from redemption of bonds and repayments of long-term borrowings	(22,288)	(30,698)
Repayments of lease obligations	(45,858)	(44,837)
Payments from purchase of subsidiaries' equity from non-controlling interests	(257)	(687)
Proceeds from stock issuance to non-controlling interests	2	0
Payments from purchase of treasury stock	—	(0)
Cash dividends paid	(149,932)	(144,733)
Cash dividends paid to non-controlling interests	(31,709)	(32,088)
Other	(0)	(0)
Net cash provided by (used in) financing activities	(85,453)	396,989
Effect of exchange rate changes on cash and cash equivalents	5,259	4,962
Net increase (decrease) in cash and cash equivalents	(28,347)	583,919
Cash and cash equivalents at the beginning of the period	480,252	887,207
Cash and cash equivalents at the end of the period	451,905	1,471,126

(6) Going Concern Assumption

None

(7) Notes to Condensed Interim Consolidated Financial Statements

1. Reporting Entity

KDDI Corporation (“the Company”) was established as a limited company in accordance with Japanese Company Act. The location of the Company is Japan and the registered address of its headquarter is 2-3-2, Nishishinjuku, Shinjuku-ku, Tokyo, Japan. The Company’s condensed interim consolidated financial statements as of and for the three-month period ended June 30, 2024 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 reportable 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 Article 5, Paragraph 2 of the Standards for the Preparation of Interim Financial Statements of the Tokyo Stock Exchange (However, the omissions of statements defined in Article 5, Paragraph 5 of the Standards for the Preparation of Interim Financial Statements are applied.).

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, 2024.

(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 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.

(5) Application of new standards and interpretations

The Group doesn’t have material standards and interpretations applied from the three-month period ended June 30, 2024.

(6) Standards not yet adopted

The following is a list of newly established or revised standards and interpretations that have been disclosed prior to the approval date of the consolidated financial statements, but have not been early adopted by the Group. The impact on the consolidated financial statements of the Group is currently under evaluation.

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 18	Presentation and Disclosure in Financial Statements	January 1, 2027	fiscal year ending March 31, 2028	The new standard that replaces IAS 1 on Presentation of Financial Statements and Disclosure in the current accounting standards

3. Material Accounting Policies

The material accounting policies applied in this condensed interim consolidated financial statements are consistent with those of the annual financial statements, as described in the consolidated financial statements for the previous fiscal year ended. Also, income tax expenses on condensed interim consolidated statement of income are calculated based on the estimated average annual effective income tax rate. In addition, KDDI and some of its domestic consolidated subsidiaries have adopted the Group tax sharing system from the three-month period ended June 30, 2024.

4. Segment Information

(1) Outline of reportable segments

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

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

The Personal Services segment provides services to individual customers.

In Japan, we aim to provide new added value and experience value by expanding 5G telecommunication services and other services such as finance, energy, and LX in a coordinated manner through our multi-brands “au,” “UQ mobile,” and “povo,” and are also 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.

In addition to this, to encourage digitalization in Japan, we established the new business platform WAKONX.

We continue to provide global one-stop solutions that contribute to the development and expansion of our customers' businesses through IoT and DX centered on 5G communications in collaboration with our partners.

Beginning in the three-month period ended June 30, 2024, we have reassessed certain operating segments of our company, consolidated subsidiaries, and associated companies based on organizational changes. Accordingly, the segment information for the fiscal year ended March 31, 2024 is presented based on the segment classification after this change.

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

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

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

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

Assets and liabilities are not allocated to reporting segments.

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

The Group's segment information is as follows:

For the three-month period ended June 30, 2023

(yen in millions)

	Reportable segments			Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Business	Sub-total				
Revenue							
Revenue from external customers	1,099,243	229,203	1,328,446	4,130	1,332,576	—	1,332,576
Inter-segment revenue or transfers	19,486	57,358	76,844	20,713	97,557	(97,557)	—
Total	1,118,729	286,560	1,405,289	24,843	1,430,132	(97,557)	1,332,576
Segment income	217,119	48,675	265,794	1,047	266,842	(173)	266,668
Finance income and finance cost (Net)							7,982
Other non-operating profit and loss (Net)							2,188
Profit for the period before income tax							276,838

For the three-month period ended June 30, 2024

(yen in millions)

	Reportable segments			Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Business	Sub-total				
Revenue							
Revenue from external customers	1,109,617	274,144	1,383,761	5,378	1,389,138	—	1,389,138
Inter-segment revenue or transfers	15,630	59,256	74,886	22,936	97,823	(97,823)	—
Total	1,125,247	333,400	1,458,647	28,314	1,486,961	(97,823)	1,389,138
Segment income	220,052	54,114	274,166	3,029	277,195	(207)	276,988
Finance income and finance cost (Net)							8,083
Other non-operating profit and loss (Net)							1,934
Profit for the period before income tax							287,005

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

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