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

Financial Statements Summary for the nine-month period ended December 31, 2017 [IFRS]

January 31, 2018

Company name:	**KDDI CORPORATION**	URL	http://www.kddi.com
Stock listing:	Tokyo Stock Exchange - First Section		
Code number:	9433		
Representative:	Takashi Tanaka, President		
Scheduled date of quarterly report filing:	February 5, 2018		
Scheduled date of dividend payment:	—		
Supplemental materials of quarterly results:	Yes		
Presentation for quarterly results:	Yes (for institutional investors and analysts)		

(Amount Unit : Millions of yen, unless otherwise stated)
(Amounts are rounded off to nearest million yen)

1. Consolidated Financial Results for the nine-month period ended December 31, 2017 (April 1, 2017 - December 31, 2017)

(1) Consolidated Operating Results

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

	Operating revenue		Operating income		Profit for the period before income tax		Profit for the period		Profit for the period attributable to owners of the parent		Total comprehensive income for the period	
		%		%		%		%		%		%
Nine-month period ended December 31, 2017	3,760,072	6.8	813,771	4.9	810,539	5.8	560,282	1.6	490,558	4.1	579,920	9.5
Nine-month period ended December 31, 2016	3,522,219	6.8	775,737	15.4	766,293	15.7	551,252	20.9	471,398	15.4	529,681	17.9

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine-month period ended December 31, 2017	201.38	201.33
Nine-month period ended December 31, 2016	190.92	190.89

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
				%
As of December 31, 2017	6,402,144	4,081,511	3,745,109	58.5
As of March 31, 2017	6,263,826	3,849,133	3,554,423	56.7

2. Dividends

	Dividends per share				
	1st Quarter End	2nd Quarter End	3rd Quarter End	Fiscal Year End	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2017	-	40.00	-	45.00	85.00
Year ending March 31, 2018	-	45.00			
Year ending March 31, 2018 (forecast)			-	45.00	90.00

Note: Changes in the latest forecasts released : No

3. Consolidated Financial Results Forecast for Year ending March 31, 2018 (April 1, 2017 to March 31, 2018)

（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	4,950,000	4.2	950,000	4.1	565,000	3.4	233.05

Note: Changes in the latest forecasts released: No

Notes

(1) Changes in significant consolidated subsidiaries (which resulted in changes in scope of consolidation) during the nine-month period ended December 31, 2017 : 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 December 31, 2017	2,587,213,525
	As of March 31, 2017	2,620,494,257
2) Number of treasury stock	As of December 31, 2017	162,856,586
	As of March 31, 2017	162,641,408
3) Number of weighted average common stock outstanding (cumulative for all quarters)	For the nine-month period ended December 31, 2017	2,436,023,959
	For the nine-month period ended December 31, 2016	2,469,107,169

Note: The 1,673,086 shares 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 as of December 31, 2017.

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

Explanation for appropriate use of forecasts and other notes

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

2. On January 31, 2018, KDDI will hold a financial result briefing for the institutional investors and analysts. Presentation materials will be webcasted on the same time as the release of this earnings report, and the live presentation and Q&A summary will be also posted on our website immediately after the commencement of the financial result briefing. In addition to the above, KDDI holds the briefing and the presentations on our business for the individual investors timely. For the schedule and details, please check our website.

[the Attachment]

Index of the Attachment

1. Qualitative Information / Consolidated Financial Statements, etc.

(1) Explanation of Financial Results

1) Results Overview

Industry Trends and KDDI's Position

In the Japanese telecommunications market, the services mobile phone operators offer are growing more similar, and MVNO operators are increasingly promoting inexpensive SIM services. To secure new sources of earnings, telecommunications carriers are expanding their operations in domains other than telecommunications services, and their business strategies are entering an era of major change in which they are looking ahead to competition with non-telecommunications carriers. In addition, the development of technologies such as the Internet of Things (IoT) and artificial intelligence (AI) is ushering in a new era for the business environment in the telecommunications market.

In response to these changes in the business environment, KDDI is working to become the preferred choice of customers by accelerating its transformation into a business providing customer experience value which goes further than expected based on “Customer Perspective” and “Innovation.”

In Japan, KDDI aims to work in the telecommunications domain to expand au ARPA (Average Revenue per Account, the usage charges per customer) and value-added ARPA, as well as to maximize “number of au users × ARPA” by fully advancing our initiatives to promote smartphones and tablets and boost our response to the IoT, and intensify efforts to create new customer experience value in coordination with various devices, and other means. At the same time, we will promote the MVNO business with UQ Communications Inc., Jupiter Telecommunications Co., Ltd., and BIGLOBE Inc. and work to expand our number of “mobile IDs” as a combined measure of au and MVNO subscribers going forward.

During the current fiscal year, in July 2017 we started providing the “au Pitatto Plan” and “au Flat Plan” payment plans, which are tailored to customers’ data communication usage patterns to provide greater satisfaction to customers. These have been well received by many customers, with subscriber numbers surpassing 5 million in January 2018. In addition, in August 2017, we made SORACOM, INC. (SORACOM) a consolidated subsidiary. SORACOM is a leading company in the IoT field. We will leverage SORACOM’s accumulated knowledge and customer base in the field of IoT/M2M to create new a IoT business. With regard to the 5G next-generation mobile telecommunications system, in October 2017, we partnered with East Japan Railway Company in the world’s first successful experimental transmission of 8K and 4K images on a moving train using 5G. We will work with a wide range of partners to accelerate technology testing and drive the creation of new services leveraging 5G, aiming for commercialization in 2020.

In the non-telecommunications domain, KDDI aims to transform into a “Life Design Company” to establish new avenues for growth. In addition to the traditional telecommunication services, we will offer comprehensive “Life design” services including energy, commerce, financing, settlement, and content. Our aim is to expand the “au Economic Zone” as a new economic zone in the non-telecommunications domain, building based on our au customer base. On January 22, 2018, KDDI made leading foreign language education company AEON Holdings Corporation of Japan (AEON HD) a consolidated subsidiary. KDDI and AEON HD are aiming to combine the information and communications technologies (“ICT”) cultivated by KDDI with the “highly experienced instructors, original educational materials, and study abroad services” developed and accumulated by AEON HD over many years to jointly offer learning content that is tailored to each individual customer and provide new forms of value and services to customers.

Overseas, in our telecommunications business in emerging countries, KDDI’s consolidated subsidiary, KDDI Summit Global Myanmar Co., Ltd. is jointly working with Myanma Posts & Telecommunications (MPT), the country’s nationally operated telecommunications partner, in the Myanmar telecommunications business. We will make a focused effort to build this operation into a pillar of our global business. In addition, we will seek further growth in MobiCom Corporation LLC, which has the largest share of mobile phone subscribers in Mongolia, with its introduction of 4G LTE services. Furthermore, in addition to its emerging markets business, in data center and other ICT businesses for corporate customers, mainly in Europe, KDDI will continue to reinforce its infrastructure to expand its global business.

*As of December 1, 2017. Research by Samsung Electronics Co., Ltd.

Financial Results

For the nine-month period ended December 31, 2017

(Amount unit: Millions of yen)

	Nine-month period ended December 31, 2016	Nine-month period ended December 31, 2017	Increase (Decrease)	Increase (Decrease)%
Operating revenue	3,522,219	3,760,072	237,853	6.8
Cost of sales	1,913,810	2,040,879	127,069	6.6
Gross profit	1,608,410	1,719,194	110,784	6.9
Selling, general and administrative expenses	838,540	917,029	78,488	9.4
Other income and expense (Net)	3,107	7,658	4,551	146.5
Share of profit(loss) of investments accounted for using the equity method	2,760	3,948	1,188	43.0
Operating income	775,737	813,771	38,034	4.9
Finance income and cost (Net)	(7,013)	(3,459)	3,555	―
Other non-operating profit and loss (Net)	(2,431)	226	2,657	―
Profit for the period before income tax	766,293	810,539	44,246	5.8
Income tax	215,041	250,257	35,216	16.4
Profit for the period	551,252	560,282	9,030	1.6
Attributable to owners of the parent	471,398	490,558	19,160	4.1
Attributable to non-controlling interests	79,854	69,724	(10,130)	(12.7)

During the nine-month period ended December 31, 2017, operating revenue rose by 6.8% to ¥3,760,072 million, reflecting an increase in mobile communications revenues, as well as increases in revenue due to expansion of the Life Design Business including the energy, commerce and settlement businesses to maximize the “au economic zone,” as well as increased revenue in the Myanmar business.

Operating income increased by 4.9% to ¥813,771 million mainly due to an increase in sales despite increased costs in the commerce and settlements business and increased marketing expenses.

Profit for the period attributable to owners of the parent rose by 4.1% to ¥490,558 million due to the increase in operating income.

2) Results by Business Segment

Personal Services

The Personal Services segment mainly provides mobile and fixed-line communications services for individual customers in Japan, chiefly under the “au” brand, and sells multi-devices such as various smartphones and tablets. In addition, in fixed-line communications, our services include convenient “au HIKARI” brand FTTH services such as in-home Internet, telephone, and TV services. We also provide CATV and other services. Moreover, the KDDI Group organically links Wi-Fi into its multi-network to efficiently create a high quality social infrastructure and provide a seamless communication environment.

In the telecommunications domain, in the current fiscal year we will continue working to expand sales by enhancing the “au Smart Value” set discount for customers who subscribe to au mobile phone/smartphone services as well as fixed-line communications services. In addition, we will promote the MVNO business with UQ Communications Inc., Jupiter Telecommunications Co., Ltd., and BIGLOBE Inc. and work to expand our number of “mobile IDs” as a combined measure of au and MVNO subscribers. Furthermore, we started the “Santaro Day” program, which provides various benefits to customers who use au, as well as new payment plans, “au Pitatto Plan” and “au Flat Plan,” and a new handset purchase program, “Upgrade Program EX,” for subscribers of those plans. We are working to increase customer experience value through measures such as provision of “au HOME,” which supports rich customer lifestyles through the IoT.

In the non-telecommunications domain, where we aim to transform into a “Life Design Company,” we are taking steps to maximize the “au Economic Zone.” These include promoting the “au WALLET Market,” which maximizes the potential of au shops to serve as customer contact points. Furthermore, on January 22, 2018, KDDI made leading foreign language education company AEON HD a consolidated subsidiary. Looking ahead, we will provide services using ICT in the education market as well.

Operating performance in the Personal Services segment for the nine-month period ended December 31, 2017 is described below.

Results

For the nine-month period ended December 31, 2017

(Amount unit: Millions of yen)

	Nine-month period ended December 31, 2016	Nine-month period ended December 31, 2017	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	2,704,909	2,915,565	210,656	7.8
Operating Income	606,867	625,883	19,016	3.1

During the nine-month period ended December 31, 2017, operating revenue rose by 7.8% to ¥2,915,565 million, mainly due to increases in mobile communications revenues and revenues from the energy business.

Operating income rose by 3.1% year on year to ¥625,883 million due to an increase in expenses from the energy business and marketing expenses for customer acquisitions.

Value Services

In the Value Services segment, KDDI is providing commerce, financing, settlement, content, and other value-added services and taking various steps to maximize the “au Economic Zone” and expand business in new business domains with the aim of transforming into a “Life Design Company.”
During the current fiscal year, KDDI will continue working to increase value-added ARPA and transaction volumes by strengthening “au Smart Pass Premium,” as well as its commerce and settlement businesses. The “au Smart Pass Premium” service is seeing a steady increase in membership, which surpassed 3 million in December 2017, due to the provision of exclusive member benefits in the “Santaro Day” program and other initiatives. In the commerce business, we are working to expand the number of products for sale on “Wowma!” by advancing initiatives to strengthen support for participating stores, including the launches of a new management system, “Wow! manager" for increasing store operation efficiency, and “New search advertising.” In an effort to further expand our business, we concluded a capital and business alliance with Inagora, Inc., which operates a cross-border e-commerce business in China. In the settlements business, the number of “au WALLET Cards” issued increased steadily, with the number of active au WALLET Credit Card members exceeding 3 million on December 8, 2017. We are also taking steps to expand transaction volumes, such as introducing “au Simple Payment” as a payment method for “Amazon Prime” and “Prime Student” membership fees on November 9, 2017.
Operating performance in the Value Services segment for the nine-month period ended December 31, 2017 is described below.

Results

For the nine-month period ended December 31, 2017

(Amount unit: Millions of yen)

	Nine-month period ended December 31, 2016	Nine-month period ended December 31, 2017	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	329,804	387,400	57,596	17.5
Operating Income	80,597	82,029	1,432	1.8

During the nine-month period ended December 31, 2017, operating revenue rose by 17.5% to ¥387,400 million, mainly reflecting an increase revenues of “au Smart Pass” and “au Smart Pass Premium”, increase revenues in the commerce business and the settlement business resulting from “au WALLET prepaid credit card.”

Due to the operating revenue increase, operating income grew by 1.8% year on year to ¥82,029 million, even though expenses increased in the commerce and the settlement business.

Business Services

In the Business Services segment, we provide smartphones, tablets and other mobile devices as well as diverse solutions such as networks, applications and cloud services, to customers ranging from small and medium-sized to large companies. For small and medium-sized corporate customers, our consolidated subsidiary, the KDDI MATOMETE OFFICE GROUP is building a regional support network offering close contact throughout Japan.

In the current fiscal year, in October 2017 KDDI announced the provision of the "KDDI SD-Network Platform" using SD (Software Defined) technology*1 in 37 countries and regions including Japan. The corporate network solution is designed to cope with various changes among corporate customers, enabling flexible control and visualization of networks without installing new lines and optimizing communication routes by also using the Internet. Furthermore, in November 2017 KDDI announced provision of the new IoT communication technology, "KDDI IoT Telecommunication Service LPWA*2 (LTE-M)," the cellular LPWA-compliant ultra-compact LTE-M communication module "KYW01," and "KDDI IoT Cloud Device Management" tool for remotely managing IoT devices and communication modules. We will continue to realize power-efficient, wide-area, low-cost IoT communication in order to provide the optimal IoT solutions for customers' needs.

Furthermore, KDDI and Nomura Research Institute, Ltd. established KDDI Digital Design Co., Ltd. on December 15, 2017 as a joint venture to support digital innovation. The new company will utilize the strengths of both its parent companies to provide a full-line of support for customer's digital innovation, from strategy proposal to commercialization testing, system integration, and implementation.

Looking ahead, we will contribute even more to the development and expansion of our corporate customers' businesses, and we will work on business innovation with the goal of being our customers preferred choice as a true business partner.

Operating performance in the Business Services segment for the nine-month period ended December 31, 2017, is described below.

*1 Software Defined technology is a general term for virtualization and abstraction technologies using software.

*2 Abbreviation for "Low Power Wide Area." A general term for low-power wireless communication technologies covering a wide area.

Results

For the nine-month period ended December 31, 2017

(Amount unit: Millions of yen)

	Nine-month period ended December 31, 2016	Nine-month period ended December 31, 2017	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	519,675	543,622	23,947	4.6
Operating Income	64,274	72,073	7,799	12.1

During the nine-month period ended December 31, 2017, operating revenue increased by 4.6% to ¥543,622 million, mainly due to higher revenues from increases in solution sales and handset sales, despite lower telecommunications service revenue.

Operating income rose by 12.1% year on year to ¥72,073 million, mainly due to an increase in operating revenues, despite increases in telecommunications facility fees and handset procurement costs.

Global Services

The Global Services segment is working aggressively to expand the consumer businesses in Myanmar and other overseas countries, and to provide one-stop ICT solutions to corporate customers, centered on our high connectivity “TELEHOUSE” data centers. Furthermore, we provide voice and data business to more than 600 telecommunications carriers around the world.

During the current fiscal year, we made aggressive capital investments in the consumer business aimed at expanding our coverage area and increasing speeds. By the end of December 2017, our population coverage in the Myanmar mobile telecommunications business had reached 98%. Moreover, the 1.8 GHz band LTE services that we rolled out in Myanmar’s three main urban centers in May 2017 had been expanded to 32 cities by the end of December 2017.

In our Mongolian telecommunications business, we introduced Mongolia’s first carrier aggregation*[1]technology in November 2017 and launched high-speed data communication services with downlink speeds of up to 225 Mbps*[2], twice as fast as before, in the capital city of Ulaanbaatar and in the second largest city, Erdenet.

Operating performance in the Global Services segment for the nine-month period ended December 31, 2017 is described below.

*1. Carrier aggregation makes simultaneous use of multiple bandwidths, aggregating them to conduct data communication, thereby increasing the maximum downlink communication speed. Using multiple frequency ranges in different propagation environments has the benefits of augmenting communications quality and dispersing the load efficiently across multiple frequencies.

*2. This is a best-effort service. The speed listed is the maximum value for the technology standard, and does not represent the actual speed in use. Telecommunication speed may be reduced even within the coverage area by the customer’s usage environment, the condition of lines, and other factors.

Results

For the nine-month period ended December 31, 2017

(Amount unit: Millions of yen)

	Nine-month period ended December 31, 2016	Nine-month period ended December 31, 2017	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	203,878	191,721	(12,157)	(6.0)
Operating Income	20,505	25,108	4,603	22.4

During the nine-month period ended December 31, 2017, operating revenue decreased by 6.0% year on year to ¥191,721 million. This reflected the impact of decreased revenue resulting from restructured unprofitable businesses made in previous year, meanwhile revenue in the Myanmar and “TELEHOUSE” data center businesses increased.

Operating income increased by 22.4% year on year to ¥25,108 million, reflecting the solid increase in operating revenue in the Myanmar and “TELEHOUSE” data center businesses.

* Company and product names mentioned in (1) Explanation of Financial Results are registered trademarks or trademarks of their respective companies.

(2) Explanation of Financial Position

1. Financial Position

(Amount unit: Millions of yen)

	As of March 31, 2017	As of December 31, 2017	Increase (Decrease)	Increase (Decrease)%
Non-current assets	4,297,800	4,311,710	13,910	0.3
Current assets	1,966,025	2,090,434	124,408	6.3
Total assets	6,263,826	6,402,144	138,318	2.2
Non-current liabilities	1,333,201	1,010,654	(322,547)	(24.2)
Current liabilities	1,081,491	1,309,978	228,487	21.1
Total liabilities	2,414,692	2,320,632	(94,060)	(3.9)
Total equity	3,849,133	4,081,511	232,378	6.0

(Assets)

Total assets amounted to ¥6,402,144 million as of December 31, 2017, up ¥138,318 million from their level on March 31, 2017. Although cash and cash equivalents and deferred tax assets decreased, trade and other receivables and other long-term financial assets increased.

(Liabilities)

Total liabilities amounted to ¥2,320,632 million as of December 31, 2017, down ¥94,060 million from March 31, 2017. Although borrowings and bonds payable increased, other long-term financial liabilities and Income taxes payables decreased.

(Equity)

Total equity amounted to ¥4,081,511 million, mainly due to an increase in retained earnings. As a result, the ratio of equity attributable to owners of the parent to total assets increased from 56.7% as of March 31, 2017, to 58.5% as of December 31, 2017.

2. Consolidated Cash Flows

(Amount unit: Millions of yen)

	Nine-month period ended December 31, 2016	Nine-month period ended December 31, 2017	Increase (Decrease)
Net cash provided by (used in) operating activities	880,576	760,159	(120,417)
Net cash provided by (used in) investing activities	(385,221)	(404,140)	(18,919)
Free cash flows (Note)	495,355	356,019	(139,336)
Net cash provided by (used in) financing activities	(417,438)	(401,399)	16,039
Effect of exchange rate changes on cash and cash equivalents	(5,635)	495	6,130
Net increase (decrease) in cash and cash equivalents	72,282	(44,885)	(117,167)
Cash and cash equivalents at the beginning of the period	192,087	226,607	34,520
Cash and cash equivalents at the end of period	264,369	181,722	(82,647)

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."

Operating activities provided net cash of ¥760,159 million. This includes ¥810,539 million of profit for the period before income tax, ¥411,266 million of depreciation and amortization, ¥286,341 million of income tax paid and ¥142,024 million of increase in trade and other receivables.

Investing activities used net cash of ¥404,140 million. This includes ¥256,762 million of purchases of property, plant and equipment and ¥129,278 million of purchases of intangible assets.

Financial activities used net cash of ¥401,399 million. This includes ¥218,878 million of cash dividends paid, ¥100,000 million of payments from purchase of treasury stock, ¥95,000 million of proceeds from issuance of bonds and long-term borrowings and ¥95,000 million of purchase of debt instruments.

As a result, the total amount of cash and cash equivalents as of December 31, 2017 decreased by ¥44,885 million from March 31, 2017 to ¥181,722 million.

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

The estimated consolidated financial results for the year ending March 31, 2018 for full-year basis disclosed in the Financial Statements Summary for the year ended March 31, 2017 (disclosed on May 11, 2017) were as follows;

Operating Revenue: ¥4,950,000 million, Operating Income: ¥950,000 million, Profit for the year attributable to owners of the parent: ¥565,000 million. There is no change to these figures.

2. Condensed Interim Consolidated Financial Statements

(1) Condensed Interim Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Non-current assets :		
Property, plant and equipment	2,428,445	2,423,645
Goodwill	477,873	491,299
Intangible assets	922,478	912,412
Investments accounted for using the equity method	92,371	94,326
Other long-term financial assets	183,081	236,416
Deferred tax assets	124,467	89,152
Other non-current assets	69,085	64,460
Total non-current assets	4,297,800	4,311,710
Current assets :		
Inventories	77,656	105,152
Trade and other receivables	1,518,070	1,624,471
Other short-term financial assets	16,968	23,743
Income tax receivables	10,715	3,446
Other current assets	116,009	151,900
Cash and cash equivalents	226,607	181,722
Total current assets	1,966,025	2,090,434
Total assets	6,263,826	6,402,144

(Unit: Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Liabilities and Equity		
Liabilities		
Non-current liabilities:		
Borrowings and bonds payable	909,673	704,291
Other long-term financial liabilities	176,794	68,901
Retirement benefit liabilities	21,800	20,182
Deferred tax liabilities	75,919	78,343
Provisions	7,725	7,659
Other non-current liabilities	141,290	131,279
Total non-current liabilities	1,333,201	1,010,654
Current liabilities:		
Borrowings and bonds payable	57,805	325,685
Trade and other payables	537,830	579,307
Other short-term financial liabilities	24,373	24,351
Income taxes payables	153,950	80,762
Provisions	26,887	30,001
Other current liabilities	280,646	269,872
Total current liabilities	1,081,491	1,309,978
Total liabilities	2,414,692	2,320,632
Equity		
Equity attributable to owners of the parent		
Common stock	141,852	141,852
Capital surplus	298,046	288,810
Treasury stock	(237,014)	(288,255)
Retained earnings	3,354,140	3,585,574
Accumulated other comprehensive income	(2,601)	17,127
Total equity attributable to owners of the parent	3,554,423	3,745,109
Non-controlling interests	294,710	336,403
Total equity	3,849,133	4,081,511
Total liabilities and equity	6,263,826	6,402,144

(2) Condensed Interim Consolidated Statement of Income

(Unit: Millions of yen)

	For the nine-month period ended December 31, 2016	For the nine-month period ended December 31, 2017
Operating revenue	3,522,219	3,760,072
Cost of sales	1,913,810	2,040,879
Gross profit	1,608,410	1,719,194
Selling, general and administrative expenses	838,540	917,029
Other income	7,638	8,986
Other expense	4,531	1,328
Share of profit of investments accounted for using the equity method	2,760	3,948
Operating income	775,737	813,771
Finance income	1,366	4,207
Finance cost	8,379	7,666
Other non-operating profit and loss	(2,431)	226
Profit for the period before income tax	766,293	810,539
Income tax	215,041	250,257
Profit for the period	551,252	560,282
Profit for the period attributable to:		
Owners of the parent	471,398	490,558
Non-controlling interests	79,854	69,724
Profit for the period	551,252	560,282
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	190.92	201.38
Diluted earnings per share (yen)	190.89	201.33

(Unit: Millions of yen)

	For the three-month period ended December 31, 2016	For the three-month period ended December 31, 2017
Operating revenue	1,220,638	1,344,003
Cost of sales	690,837	759,641
Gross profit	529,800	584,362
Selling, general and administrative expenses	285,873	316,850
Other income	1,920	2,794
Other expense	3,775	393
Share of profit of investments accounted for using the equity method	1,028	1,322
Operating income	243,101	271,235
Finance income	7,282	1,018
Finance cost	2,860	2,496
Other non-operating profit and loss	(2,384)	226
Profit for the period before income tax	245,139	269,984
Income tax	73,745	83,343
Profit for the period	171,394	186,641
Profit for the period attributable to:		
Owners of the parent	145,250	161,114
Non-controlling interests	26,144	25,527
Profit for the period	171,394	186,641
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	59.10	66.46
Diluted earnings per share (yen)	59.09	66.44

(3) Condensed Interim Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	For the nine-month period ended December 31, 2016	For the nine-month period ended December 31, 2017
Profit for the period	551,252	560,282
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	1,371	13,783
Share of other comprehensive income of investments accounted for using the equity method	(1,349)	(375)
Total	21	13,407
Items that may be subsequently reclassified to profit or loss		
Changes in fair value of cash flow hedge	1,237	1,049
Translation differences on foreign operations	(21,318)	5,268
Share of other comprehensive income of investments accounted for using the equity method	(1,511)	(86)
Total	(21,592)	6,230
Total other comprehensive income	(21,571)	19,638
Total comprehensive income for the period	529,681	579,920
Total comprehensive income for the period attributable to:		
Owners of the parent	456,197	510,499
Non-controlling interests	73,483	69,421
Total	529,681	579,920

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

(Unit: Millions of yen)

	For the three-month period ended December 31, 2016	For the three-month period ended December 31, 2017
Profit for the period	171,394	186,641
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	4,922	6,712
Share of other comprehensive income of investments accounted for using the equity method	(1,537)	(41)
Total	3,384	6,672
Items that may be subsequently reclassified to profit or loss		
Changes in fair value of cash flow hedge	2,294	222
Translation differences on foreign operations	7,655	1,979
Share of other comprehensive income of investments accounted for using the equity method	40	130
Total	9,989	2,331
Total other comprehensive income	13,373	9,002
Total comprehensive income for the period	184,768	195,643
Total comprehensive income for the period attributable to:		
Owners of the parent	157,401	169,730
Non-controlling interests	27,367	25,914
Total	184,768	195,643

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

(4) Condensed Interim Consolidated Statement of Changes in Equity

For the nine-month period ended December 31, 2016

(Unit: Millions of yen)

	Equity attributable to owners of the parent							
	Common stock	Capital surplus	Treasury stock	Retained earnings	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
As of April 1, 2016	141,852	368,245	(210,861)	2,995,836	13,570	3,308,642	238,214	3,546,856
Comprehensive income								
Profit for the period	–	–	–	471,398	–	471,398	79,854	551,252
Other comprehensive income	–	–	–	–	(15,201)	(15,201)	(6,370)	(21,571)
Total comprehensive income	–	–	–	471,398	(15,201)	456,197	73,483	529,681
Transactions with owners and other transactions								
Cash dividends	–	–	–	(185,446)	–	(185,446)	(40,201)	(225,648)
Transfer of accumulated other comprehensive income to retained earnings	–	–	–	98	(98)	–	–	–
Purchase and disposal of treasury stock	–	(57)	(100,000)	–	–	(100,056)	–	(100,056)
Retirement of treasury stock	–	(73,804)	73,804	–	–	–	–	–
Changes in interests in subsidiaries	–	2,905	–	–	–	2,905	1,019	3,923
Other	–	479	42	–	–	521	1,222	1,743
Total transactions with owners and other transactions	–	(70,478)	(26,153)	(185,349)	(98)	(282,077)	(37,961)	(320,038)
As of December 31, 2016	141,852	297,768	(237,015)	3,281,885	(1,728)	3,482,762	273,737	3,756,499

For the nine-month period ended December 31, 2017

(Unit: Millions of yen)

	Equity attributable to owners of the parent							
	Common stock	Capital surplus	Treasury stock	Retained earnings	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
As of April 1, 2017	141,852	298,046	(237,014)	3,354,140	(2,601)	3,554,423	294,710	3,849,133
Comprehensive income								
Profit for the period	－	－	－	490,558	－	490,558	69,724	560,282
Other comprehensive income	－	－	－	－	19,941	19,941	(303)	19,638
Total comprehensive income	－	－	－	490,558	19,941	510,499	69,421	579,920
Transactions with owners and other transactions								
Cash dividends	－	－	－	(219,703)	－	(219,703)	(47,359)	(267,062)
Transfer of accumulated other comprehensive income to retained earnings	－	－	－	213	(213)	－	－	－
Purchase and disposal of treasury stock	－	(29)	(100,000)	－	－	(100,029)	－	(100,029)
Retirement of treasury stock	－	(9,074)	48,709	(39,635)	－	－	－	－
Changes due to business combination	－	－	－	－	－	－	4,706	4,706
Changes in interests in subsidiaries	－	(638)	－	－	－	(638)	15,427	14,790
Other	－	505	50	－	－	556	(502)	53
Total transactions with owners and other transactions	－	(9,235)	(51,240)	(259,124)	(213)	(319,813)	(27,728)	(347,542)
As of December 31, 2017	141,852	288,810	(288,255)	3,585,574	17,127	3,745,109	336,403	4,081,511

(5) Condensed Interim Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	For the nine-month period ended December 31, 2016	For the nine-month period ended December 31, 2017
Cash flows from operating activities		
Profit for the period before income tax	766,293	810,539
Depreciation and amortization	410,321	411,266
Share of (profit) loss of investments accounted for using the equity method	(2,760)	(3,948)
Loss (gain) on sales of non-current assets	57	(147)
Interest and dividends income	(1,085)	(3,233)
Interest expenses	8,141	7,423
(Increase) decrease in trade and other receivables	(142,875)	(142,024)
Increase (decrease) in trade and other payables	97,540	36,940
(Increase) decrease in inventories	2,526	(28,751)
Increase (decrease) in retirement benefit liabilities	(1,556)	(1,618)
Other	(14,255)	(31,028)
Cash generated from operations	1,122,345	1,055,418
Interest and dividends received	3,380	5,996
Interest paid	(7,765)	(14,914)
Income tax paid	(237,385)	(286,341)
Net cash provided by (used in) operating activities	880,576	760,159

(Unit: Millions of yen)

	For the nine-month period ended December 31, 2016	For the nine-month period ended December 31, 2017
Cash flows from investing activities		
Purchases of property, plant and equipment	(192,016)	(256,762)
Proceeds from sales of property, plant and equipment	338	926
Purchases of intangible assets	(104,291)	(129,278)
Purchases of other financial assets	(54,015)	(5,240)
Proceeds from sales/redemption of other financial assets	77	1,243
Acquisitions of control over subsidiaries	(14,101)	(14,754)
Purchases of stocks of associates	(23,073)	(1,682)
Proceeds from sales of stocks of subsidiaries and associates	—	1,896
Other	1,861	(489)
Net cash provided by (used in) investing activities	(385,221)	(404,140)
Cash flows from financing activities		
Net increase (decrease) of short-term borrowings	(19,890)	23,575
Proceeds from issuance of bonds and long-term borrowings	7,000	95,000
Payments from redemption of bonds and repayments of long-term borrowings	(60,590)	(55,911)
Repayments of lease obligations	(21,881)	(20,444)
Payments from purchase of subsidiaries’equity from non-controlling interests	(1,154)	(70)
Proceeds from stock issuance to non-controlling interests	4,852	19,006
Payments from purchase of treasury stock	(100,000)	(100,000)
Cash dividends paid	(184,763)	(218,878)
Cash dividends paid to non-controlling interests	(41,044)	(48,550)
Purchase of debt instruments (Note)	−	(95,000)
Other	31	(127)
Net cash provided by (used in) financing activities	(417,438)	(401,399)
Effect of exchange rate changes on cash and cash equivalents	(5,635)	495
Net increase (decrease) in cash and cash equivalents	72,282	(44,885)
Cash and cash equivalents at the beginning of the period	192,087	226,607
Cash and cash equivalents at the end of the period	264,369	181,722

(Note) During the nine-month period ended December 31, 2017, KDDI purchased the beneficiary right to preferred shares issued by a subsidiary of the KDDI Group (These shares are treated as financial liabilities because the issuer has an obligation to deliver cash to holders of preference shares).

(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, Sinjuku-ku, Tokyo, Japan. The Company's condensed interim consolidated financial statements as of and for the nine-month period ended December 31, 2017 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", "Value Services", "Business Services" and "Global Services." For the details, please refer to "(1) Outline of reporting segments" of "Note 4. Segment information."

2. Basis of preparation

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

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

The condensed interim consolidated financial statements, which do not contain all the information required in annual consolidated financial statements, should be read in conjunction with the annual consolidated financial statements for the previous fiscal year ended March 31, 2017.

(2) Basis of measurement

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

- Derivative assets and derivative liabilities (measured at fair value)
- Financial assets or financial liabilities at fair value through profit or loss
- Financial assets at fair value through other comprehensive income

- Assets and liabilities related to defined benefit plan (measured at the present value of the defined benefit obligations, net of the fair value of the plan asset)

(3) Presentation currency and unit of currency

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

(4) Use of estimates and judgement

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

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

The judgments, estimates and assumptions that have significant impact on the amount in the condensed interim consolidated financial statements as of and for the nine-month period ended December 31, 2017 are consistent with those described in the annual consolidated financial statements for the previous fiscal year ended March 31, 2017 in principle.

(5) Application of new standards and interpretations

The Group newly adopted the following standards from the three-month period ended June 30, 2017.

- IAS7 (Revised) : Statement of cash flows
- IAS12 (Revised) : Income taxes

The Group has early adopted IFRS 9 "Financial Instruments" (issued in November 2009 and amended in July 2014).

(6) Standards not yet adopted

The following new standards and amendments announced by the approval date of the condensed interim consolidated financial statements are not mandatory as of December 31, 2017. 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
IFRS15	Revenue from contracts with customers	January 1, 2018	fiscal year ending March 31, 2019	IFRS15 describes that revision of current accounting standard for revenue recognition and disclosure. Specifically, IFRS15 requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.
IFRS16	Lease	January 1, 2019	fiscal year ending March 31, 2020	IFRS16 describes that revision of current accounting standard for lease and disclosure. Specifically, IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments for all leases with a term of more than 12 months as principal.

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 for the nine-month period ended December 31, 2017 are consistent with those of the annual financial statements, as described in the consolidated financial statements for the previous fiscal year ended March 31, 2017, except that 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 reporting segments of the Group are units of the Group of which separate financial information is available, and which are periodically monitored for the board of directors to determine the allocation of the business resource and evaluate the performance results.

The Group has four reportable segments: Personal Services segment, Value Services segment, Business Services segment and Global Services segment. The Group's reportable segments are the same as its business segments.

"Personal" provides services for individual customers in Japan. These include mobile communications services, device sales such as smartphones and tablets, FTTH services, and CATV services, as well as non-telecommunications services including product sales and energy services.

"Value" includes the commerce business, financing business, settlement services, and contents services such as video, music, and information distribution.

"Business" provides services for corporate customers in Japan. These include mobile and fixed-line communications services and device sales, as well as the solutions business, such as network, application, and cloud services.

"Global" provides services for customers overseas. These include mobile communications services for individual customers and ICT solution services for corporate customers, such as data centers.

In the three-month period ended June 30, 2017, the reporting segment for the business operations of the consolidated subsidiary KDDI Evolva Inc. was transferred from "Others" to "Business." This change reflects that KDDI Evolva Inc.'s core business process outsourcing (BPO) business and dispatch business are being expanded targeting corporate customers. The KDDI Group aims to further expand its solutions business for corporate customers and bolster its competitive edge by realizing mutual customer referrals leveraging its customer base.

Accordingly, the segment information for the nine-month period ended December 31, 2016 has 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 "Significant accounting policies" stated in the annual consolidated financial statements for the previous fiscal year ended March 31, 2017.
Income of the reporting segments is based on the operating income.
Inter segment transaction price is determined based on the price by arm's length transactions or gross costs after price negotiation.

Assets and liabilities are not allocated to reporting segments.

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

The Group's segment information is as follows:

For the nine-month period ended December 31, 2016

(Unit: Millions of yen)

	Reporting segment					Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Value	Business	Global	Sub-total				
Revenue									
Revenue from external customers	2,629,377	272,365	425,113	183,140	3,509,996	12,223	3,522,219	—	3,522,219
Inter-segment revenue or transfers	75,531	57,439	94,562	20,738	248,270	52,731	301,001	(301,001)	—
Total	2,704,909	329,804	519,675	203,878	3,758,266	64,954	3,823,220	(301,001)	3,522,219
Segment income	606,867	80,597	64,274	20,505	772,243	4,434	776,677	(940)	775,737
Finance income and finance cost (Net)									(7,013)
Other non-operating profit and loss									(2,431)
Profit for the period before income tax									766,293

(Note1) Business segment "Other" does not constitute reporting segments, and includes construction and maintenance of facilities, and research and development of leading-edge technology.

(Note2) Adjustment of segment income shows the elimination of inter-segment transactions.

For the nine-month period ended December 31, 2017

(Unit: Millions of yen)

	Reporting segment					Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Value	Business	Global	Sub-total				
Revenue									
Revenue from external customers	2,837,891	300,494	426,063	170,569	3,735,016	25,056	3,760,072	—	3,760,072
Inter-segment revenue or transfers	77,674	86,906	117,559	21,152	303,291	49,554	352,846	(352,846)	—
Total	2,915,565	387,400	543,622	191,721	4,038,308	74,610	4,112,918	(352,846)	3,760,072
Segment income	625,883	82,029	72,073	25,108	805,093	9,078	814,171	(400)	813,771
Finance income and finance cost (Net)									(3,459)
Other non-operating profit and loss									226
Profit for the period before income tax									810,539

(Note1) Business segment “Other” does not constitute reporting segments, and includes construction and maintenance of facilities, and research and development of leading-edge technology.

(Note2) Adjustment of segment income shows the elimination of inter-segment transactions.

For the three-month period ended December 31, 2016

(Unit: Millions of yen)

	Reporting segment					Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Value	Business	Global	Sub-total				
Revenue									
Revenue from external customers	909,501	101,669	142,946	62,994	1,217,109	3,529	1,220,638	—	1,220,638
Inter-segment revenue or transfers	25,730	18,937	32,350	7,177	84,194	18,442	102,636	(102,636)	—
Total	935,231	120,605	175,296	70,171	1,301,303	21,971	1,323,274	(102,636)	1,220,638
Segment income	183,624	29,603	22,919	5,779	241,926	1,505	243,431	(330)	243,101
Finance income and finance cost (Net)									4,423
Other non-operating profit and loss									(2,384)
Profit for the period before income tax									245,139

(Note1) Business segment “Other” does not constitute reporting segments, and includes construction and maintenance of facilities, and research and development of leading-edge technology.

(Note2) Adjustment of segment income shows the elimination of inter-segment transactions.

For the three-month period ended December 31, 2017

(Unit: Millions of yen)

	Reporting segment					Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Value	Business	Global	Sub-total				
Revenue									
Revenue from external customers	1,025,622	108,943	145,109	53,431	1,333,105	10,898	1,344,003	—	1,344,003
Inter-segment revenue or transfers	26,768	31,639	39,476	7,277	105,160	17,066	122,226	(122,226)	—
Total	1,052,390	140,582	184,584	60,708	1,438,265	27,964	1,466,229	(122,226)	1,344,003
Segment income	203,792	31,032	23,692	9,101	267,617	3,574	271,190	45	271,235
Finance income and finance cost (Net)									(1,478)
Other non-operating profit and loss									226
Profit for the period before income tax									269,984

(Note1) Business segment "Other" does not constitute reporting segments, and includes construction and maintenance of facilities, and research and development of leading-edge technology.

(Note2) Adjustment of segment income shows the elimination of inter-segment transactions.

5. Subsequent events

A change in AEON Holdings Shareholders

On January 22, 2018, KDDI acquired all of the outstanding shares in AEON Holdings Corporation of Japan ("AEON HD") from the company shareholders.

As a result, AEON HD and its consolidated subsidiaries became KDDI's consolidated subsidiaries on the same date.

KDDI enters into the education market which is expected to continue to grow and expand. KDDI and AEON HD are aiming to combine the information and communications technologies ("ICT") cultivated by KDDI with the "highly experienced instructors, original educational materials, and study abroad services" developed and accumulated by AEON HD over many years to jointly offer learning content that is tailored to each individual customer and provide new forms of value and services to customers.

The consideration transferred for the acquisition is ¥86,173 million. Due to the short period of time from the acquisition date to the reporting date of the Company's Financial Statements Summary for the nine-month period ended December 31, 2017, the initial accounting for the share acquisition has not completed and therefore the detail information of this business combination is not disclosed.