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, 2019 [IFRS]

August 1, 2019

Company name:	**KDDI CORPORATION** URL https://www.kddi.com
Stock listing:	Tokyo Stock Exchange - First Section
Code number:	9433
Representative:	Makoto Takahashi, President
Scheduled date of quarterly report filing:	August 6, 2019
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 three-month period ended June 30, 2019 (April 1, 2019 - June 30, 2019)

(1) Consolidated Operating Results

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

	Operating revenue		Operating income		Profit for the period before income tax		Profit for the period		Profit for the period attributable to owners of the parent		Total comprehensive income for the period	
		%		%		%		%		%		%
Three-month period ended June 30, 2019	1,246,101	2.0	255,800	(11.4)	254,419	(11.8)	176,253	(11.9)	162,553	(9.0)	165,664	(16.6)
Three-month period ended June 30, 2018	1,221,716	1.9	288,862	2.6	288,562	2.8	199,995	3.2	178,666	3.0	198,741	1.3

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three-month period ended June 30, 2019	69.25	69.23
Three-month period ended June 30, 2018	74.29	74.27

(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, 2019	8,976,729	4,617,510	4,183,766	46.6
As of March 31, 2019	7,330,416	4,612,932	4,183,492	57.1

2. Dividends

	Dividends per share				
	1st Quarter End	2nd Quarter End	3rd Quarter End	Fiscal Year End	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	−	50.00	−	55.00	105.00
Year ending March 31, 2020	−				
Year ending March 31, 2020 (forecast)		55.00	−	55.00	110.00

Note: Changes in the latest forecasts released : No

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

(Percentage represents comparison to previous fiscal year)

	Operating revenue		Operating income		Profit for the year attributable to owners of the parent		Basic earnings per share
		%		%		%	Yen
Entire fiscal year	5,200,000	2.4	1,020,000	0.6	620,000	0.4	264.63

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 three-month period ended June 30, 2019 : Yes

Addition: 1 Company name: Jibun Bank Corporation

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

(2) Changes in accounting policies and estimates

1) Changes in accounting policies required under IFRSs:	Yes
2) Other changes in accounting policies:	None
3) Changes in accounting estimates:	None

(3) Numbers of outstanding shares (Common Stock)

1) Number of shares outstanding (inclusive of treasury stock)	As of June 30, 2019	2,355,373,600
	As of March 31, 2019	2,532,004,445
2) Number of treasury stock	As of June 30, 2019	12,505,610
	As of March 31, 2019	180,953,773
3) Number of weighted average common stock outstanding	For the three-month period ended June 30, 2019	2,347,392,501
(cumulative for all quarters)	For the three-month period ended June 30, 2018	2,405,049,972

Note: The 4,290,260 shares as of June 30, 2019 and the 4,322,928 shares as of March 31, 2019 of KDDI's stock owned by the executive compensation BIP Trust account and the stock-granting ESOP Trust account are included in the total number of treasury stock.

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

Explanation for appropriate use of forecasts and other notes

1. The forward-looking statements such as operational forecasts contained in this statements summary are based on the information currently available to KDDI and certain assumptions which are regarded as legitimate. Actual results may differ significantly from these forecasts due to various factors. Please refer to P.8 "1. Qualitative Information / Consolidated Financial Statements, etc (3) Explanation Regarding Future Forecast Information of Consolidated Financial Results" under [the Attachment] for the assumptions used and other notes.

2. On August 1, 2019, KDDI will hold a financial result briefing for the institutional investors and analysts. Presentation materials will be webcasted on the same time as the release of this earnings report, and the live presentation and Q&A summary will be also posted on our website immediately after the commencement of the financial result briefing. In addition to the above, KDDI holds the briefing and the presentations on our business for the individual investors timely. For the schedule and details, please check our website.

[the Attachment]

Index of the Attachment

1. Qualitative Information / Consolidated Financial Statements, etc.

(1) Explanation of Financial Results

1) Results Overview

Industry Trends and KDDI's Position

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

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

In addition, we are promoting Company-wide activities that will help ensure the sustainable growth of society and, under the medium-term management plan (fiscal 2019–2021), we outlined the SDGs*[2] that KDDI is aiming for. We will continue aiming for sustainable growth alongside society by striving to solve social issues in pursuit of achieving targets linked to our business strategy, including those related to telecommunications, global business, regional revitalization, education, and finance, as well as targets linked to corporate activities, including human resources training, promoting the advancement of women, human rights, diversity and inclusion (D&I), and the global environment. In May 2019, KDDI and independent venture capital company Global Brain Corporation jointly established the KDDI Regional Initiatives Fund No. 1 with the purpose of funding homegrown businesses and startups to promote regional revitalization that unites communities. Through alliances with local companies, academic organizations, and municipal governments across Japan, we will continue working to realize a society where local communities and businesses can sustainably grow and develop together.

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

*1. One of the medium- to long-term growth strategies of Japan, which refers to an ideal human-centric society achieved by using systems that highly integrate cyberspace with physical space.

*2. Sustainable Development Goals: international goals that were adopted at the United Nations summit in September 2015

Financial Results

For the three-month period ended June 30, 2019

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2018	Three-month period ended June 30, 2019	Increase (Decrease)	Increase (Decrease)%
Operating revenue	1,221,716	1,246,101	24,385	2.0
Cost of sales	643,898	680,334	36,436	5.7
Gross profit	577,818	565,767	(12,051)	(2.1)
Selling, general and administrative expenses	291,103	311,980	20,877	7.2
Other income and expense (Net)	1,722	1,248	(474)	(27.5)
Share of profit(loss) of investments accounted for using the equity method	425	765	340	79.9
Operating income	288,862	255,800	(33,062)	(11.4)
Finance income and cost (Net)	(299)	(2,729)	(2,430)	−
Other non-operating profit and loss (Net)	−	1,347	1,347	−
Profit for the period before income tax	288,562	254,419	(34,144)	(11.8)
Income tax	88,567	78,166	(10,401)	(11.7)
Profit for the period	199,995	176,253	(23,743)	(11.9)
Attributable to owners of the parent	178,666	162,553	(16,114)	(9.0)
Attributable to non-controlling interests	21,329	13,700	(7,629)	(35.8)

During the three-month period ended June 30, 2019, operating revenue rose by 2.0% to ¥1,246,101 million. This reflected increases in revenue due to the expansion of mobile telecommunication fees, the energy business to maximize the "au Economic Zone", commerce business, the settlement business, and the finance business after making Jibun Bank Corporation (* 1) a consolidated subsidiary. The increase was achieved despite a decline in handset sale revenues.
Operating income decreased by 11.4% to ¥255,800 million, mainly due to an increase in selling, general and administrative costs and a decrease in gross profit from handset sales, despite an increase in sales.
Profit for the period attributable to owners of the parent fell by 9.0% to ¥162,553 million mainly due to the decrease in operating income.

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

2) Results by Business Segment

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

Personal Services

The Personal Services segment provides services to individual customers.

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

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

Quarterly Highlights

- We will steadily roll out new payment plans that meet various customer needs, for example, the low data volume "New au Pitatto Plan"; the "au Data Max Plan," Japan's first*[1] with unlimited data in anticipation of the 5G era; and the "Family Discount Plus," a new discount service that applies to customers' original plans was announced in May 2019.
- In the settlement business, we initiated the "au PAY" smartphone settlement service in April 2019, and, by June 2019, the number of registered users exceeded 3 million, with the number of places it can be used surpassing 1 million. In the finance business, to enhance our smartphone-centric financial services, we made Jibun Bank a subsidiary in April 2019 and transferred our other financial subsidiaries to au Financial Holdings. In June 2019, KDDI acquired kabu.com Securities Co., Ltd.'s shares on a voting rights basis, making the company an equity-method affiliate.
- In April 2019, we launched a campaign awarding "au Smart Premium" members with three times the normal number of "au PAY" points and, on Santaro Day, awarded them a further 20%. Moreover, in June 2019 we began a campaign to block unwanted spam messages and phone calls.*[2]
- In the commerce business, KDDI Commerce Forward CORPORATION which operates the Wowma! (* 3) business, and LUXA Co, Inc., (the surviving company) which operates the LUXA business, merged in April 2019. The company name has been changed to " au Commerce & Life, Inc." In addition, through a strategic alliance with Rakuten, Inc. in the logistics field, we began providing Rakuten's comprehensive logistics service called Rakuten Super Logistics to Wowma! storefronts. In June 2019, we integrated Wowma!'s IDs and points into "au ID" and "au WALLET Points," respectively, thereby improving customer convenience. In the energy business, KDDI announced that the number of "au Denki" contracts broke 2 million in May and completed the steps needed to make ENERES Co., Ltd. a subsidiary.
- In June 2019, we used VR technology to provide a new viewing experience for fans of Japan's soccer team at the Kirin Challenge Cup 2019 with the purpose of adding value to the entire soccer supporter experience in the 5G era.
- In the Myanmar telecommunications business, the mobile game company FUNCREATE MYANMAR LTD., which was jointly established with Sumitomo Corporation, began distributing mobile games from April 2019. In May 2019, the Mongolia-based MobiCom received the Corporate Social Responsibility Award at the Forbes Mongolia Awards 2019. The award is given to companies that contribute to social development.
- In May 2019, the consolidated subsidiary AEON Holdings Corporation of Japan introduced AEON NOTE*[4] at all AEON schools nationwide. This was the second initiative after AEON Digital Transformation AEON DX to promote EdTech,*[5] which is one of the measures for the "integration of telecommunications and life design." In addition, in May 2019 UQ Communications was awarded first place in customer satisfaction in J.D. Power's 2019 Budget Smartphone Service and Budget SIM Card Service Customer Satisfaction Survey.

*1. Mobile price plan for MNO and 4G LTE smartphone. Survey from KDDI, as of May 13, 2019
*2. "au Smart Pass" members can also use the services.
*3. The name was changed in July 2019 to "au Wowma!"
*4. An application for tablet devices that creates a database of a student's studying habits at home and progress made in lessons at school. The acquired data is then analyzed and the results are used to optimize lessons and guidance counseling for each individual student.
*5. EdTech is a portmanteau of education and technology referring to the use of technology to spur innovation in education.

*6. According to J.D. Power Asia Pacific's 2019 Budget Smartphone Service and Budget SIM Card Service Customer Satisfaction Survey

Operating performance in the Personal Services segment for the three-month period ended June 30, 2019 is described below.

Results

For the three-month period ended June 30, 2019

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2018	Three-month period ended June 30, 2019	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	1,059,127	1,089,860	30,733	2.9
Operating Income	256,429	217,871	(38,558)	(15.0)

During the three-month period ended June 30, 2019, operating revenue rose by 2.9% to ¥1,089,860 million, mainly due to increases in revenue from the energy business, mobile telecommunication fees, and the finance business after making Jibun Bank a consolidated subsidiary, despite a decline in revenue from handset sales.

Operating income declined by 15.0% to ¥217,871 million, mainly due to a decrease in gross profit from handset sales and an increase in sales promotion costs.

Business Services

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

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

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

Quarterly Highlights

- In April 2019, KDDI partnered with Toshiba Corporation and Toshiba Digital Solutions Corporation to form an alliance between KDDI IoT World Architecture and Toshiba SPINEX™. In April 2019, we announced that we provide one-stop solutions encompassing telecommunication connections to IoT devices, data collection, and the storage visualization, analysis, and use of said data. In this way, KDDI and its two partners will support companies' business transformations and continue enhancing competitiveness in the global IoT business.
- In April 2019, KDDI reached a basic agreement on a strategic alliance with Iret, Inc. and Rackspace Hosting, Inc. with the purpose of providing management services in multi-cloud environments in the Japanese market. Going forward, we will continue to discuss providing the highest quality cloud services.
- In June 2019, KDDI announced that it will begin providing corporate customers with past, present, and future au demographic data from late August 2019. Because the big data is generated from the location data of au smartphone users*1, the service makes it possible to see the population and flows of people in certain areas at certain times. This can be used to create new experience value and develop new business models by combining KDDI's data with the data of au demographic, corporate clients or other external data.

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

*1. Only applies to customers who have consented to having their data used

Operating performance in the Business Services segment for the three-month period ended June 30, 2019, is described below.

Results

For the three-month period ended June 30, 2019

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2018	Three-month period ended June 30, 2019	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	213,372	217,052	3,679	1.7
Operating Income	31,113	36,979	5,866	18.9

During the three-month period ended June 30, 2019, operating revenue increased by 1.7% to ¥217,052 million, mainly due to increases in energy business revenues and mobile telecommunication revenues, despite a decrease in revenue due to the reorganization of low-profit businesses.

Operating income rose by 18.9% to ¥36,979 million, mainly due to decreases in telecommunication equipment usage fees, access charges, cost of sales for solution devices, and cost of sales for handsets in addition to an increase in operating revenues.

(2) Explanation of Financial Position

1. Financial Position

(Amount unit: Millions of yen)

	As of March 31, 2019	As of June 30, 2019	Increase (Decrease)
Total assets	7,330,416	8,976,729	1,646,314
Total liabilities	2,717,484	4,359,219	1,641,735
Total equity	4,612,932	4,617,510	4,578
Equity attributable to owners of the parent	4,183,492	4,183,766	274
Ratio of equity attributable to owners of the parent to total assets	% 57.1	% 46.6	% (10.5)

(Assets)

Total assets amounted to ¥8,976,729 million as of June 30, 2019, up from ¥1,646,314 million on March 31, 2019. Although trade and other receivables and inventories decreased, finance business loans, finance business securities, and property, plant and equipment increased.

(Liabilities)

Total liabilities amounted to ¥4,359,219 million as of June 30, 2019, up from ¥1,641,735 million on March 31, 2019. Although trade and other payables decreased, finance business deposits and borrowings and bonds payable increased.

(Equity)

Total equity amounted to ¥4,617,510 million, mainly due to an increase in equity attributable to owners of the parent. As a result, the ratio of equity attributable to owners of the parent to total assets decreased from 57.1% as of March 31, 2019, to 46.6% as of June 30, 2019.

2. Consolidated Cash Flows

(Amount unit: Millions of yen)

	Three-month period ended June 30, 2018	Three-month period ended June 30, 2019	Increase (Decrease)
Net cash provided by (used in) operating activities	195,945	134,557	(61,388)
Net cash provided by (used in) investing activities	(173,215)	(159,995)	13,220
Free cash flows (Note)	22,730	(25,439)	(48,168)
Net cash provided by (used in) financing activities	(54,774)	97,797	152,571
Effect of exchange rate changes on cash and cash equivalents	(206)	(1,133)	(927)
Net increase (decrease) in cash and cash equivalents	(32,251)	71,225	103,476
Cash and cash equivalents at the beginning of the period	200,834	204,597	3,763
Cash and cash equivalents at the end of period	168,583	275,822	107,239

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 ¥134,557 million. This includes ¥254,419 million in profit for the period before income tax, ¥169,899 million in depreciation and amortization, ¥157,767 million in income tax paid, ¥86,745 million in finance business loans and a ¥67,209 million decrease in trade and other payables.
Investing activities used net cash of ¥159,995 million. This includes ¥107,662 million in purchases of property, plant and equipment and ¥78,817 million in purchases of intangible assets.
Financial provided net cash of ¥97,797 million. This includes a ¥251,500 million increased in short-term borrowings, ¥100,000 million in income from issuance of bonds and long-term borrowings and ¥128,159 million in cash dividends paid.
As a result, the total amount of cash and cash equivalents as of June 30, 2019, increased by ¥71,225 million from March 31, 2019 to ¥275,822 million.

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

The estimated consolidated financial results for the year ending March 31, 2019 for full-year basis disclosed in the Financial Statements Summary for the year ended March 31, 2019 (disclosed on May 15, 2019) were as follows;
Operating Revenue: ¥5,200,000 million, Operating Income: ¥1,020,000 million, Profit for the year attributable to owners of the parent: ¥620,000 million. 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, 2019	As of June 30, 2019
Assets		
Non-current assets :		
Property, plant and equipment	2,546,181	2,790,190
Goodwill	539,694	551,910
Intangible assets	946,837	1,021,407
Investments accounted for using the equity method	174,000	209,632
Long-term loans for financial business	—	624,442
Securities for financial business	—	253,296
Other long-term financial assets	253,025	291,464
Deferred tax assets	15,227	9,460
Contract costs	412,838	422,156
Other non-current assets	10,117	11,319
Total non-current assets	4,897,918	6,185,276
Current assets :		
Inventories	90,588	80,230
Trade and other receivables	1,965,554	1,927,453
Short-term loans for financial business	—	195,685
Call loan and bills bought	—	72,695
Other short-term financial assets	41,963	50,024
Income tax receivables	4,633	13,358
Other current assets	125,162	176,188
Cash and cash equivalents	204,597	275,822
Total current assets	2,432,498	2,791,454
Total assets	7,330,416	8,976,729

(Unit: Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities and Equity		
Liabilities		
Non-current liabilities :		
Borrowings and bonds payable	1,040,978	1,090,688
Long-term deposits for financial business	—	28,574
Other long-term financial liabilities	66,493	291,541
Retirement benefit liabilities	13,356	14,557
Deferred tax liabilities	100,680	109,736
Provisions	33,996	34,041
Contract liabilities	77,435	76,282
Other non-current liabilities	6,746	6,821
Total non-current liabilities	1,339,683	1,652,240
Current liabilities :		
Borrowings and bonds payable	150,574	426,955
Trade and other payables	671,969	552,795
Short-term deposits for financial business	—	1,048,676
Call money and bills sold	—	66,300
Other short-term financial liabilities	26,773	140,803
Income taxes payables	152,195	59,091
Provisions	34,403	37,667
Contract liabilities	116,076	110,830
Other current liabilities	225,810	263,861
Total current liabilities	1,377,801	2,706,979
Total liabilities	2,717,484	4,359,219
Equity		
Equity attributable to owners of the parent		
Common stock	141,852	141,852
Capital surplus	284,409	282,185
Treasury stock	(383,728)	(29,231)
Retained earnings	4,144,133	3,800,091
Accumulated other comprehensive income	(3,174)	(11,131)
Total equity attributable to owners of the parent	4,183,492	4,183,766
Non-controlling interests	429,440	433,744
Total equity	4,612,932	4,617,510
Total liabilities and equity	7,330,416	8,976,729

(2) Condensed Interim Consolidated Statement of Income

(Unit: Millions of yen)

	For the three-month period ended June 30, 2018	For the three-month period ended June 30, 2019
Operating revenue	1,221,716	1,246,101
Cost of sales	643,898	680,334
Gross profit	577,818	565,767
Selling, general and administrative expenses	291,103	311,980
Other income	2,140	1,912
Other expense	418	664
Share of profit of investments accounted for using the equity method	425	765
Operating income	288,862	255,800
Finance income	2,309	1,535
Finance cost	2,609	4,264
Other non-operating profit and loss	―	1,347
Profit for the period before income tax	288,562	254,419
Income tax	88,567	78,166
Profit for the period	199,995	176,253
Profit for the period attributable to:		
Owners of the parent	178,666	162,553
Non-controlling interests	21,329	13,700
Profit for the period	199,995	176,253
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	74.29	69.25
Diluted earnings per share (yen)	74.27	69.23

(3) Condensed Interim Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	For the three-month period ended June 30, 2018	For the three-month period ended June 30, 2019
Profit for the period	199,995	176,253
Other comprehensive income		
Items that will not be transferred subsequently to profit or loss		
Changes measured in fair value of financial assets through other comprehensive income	3,400	2,049
Share of other comprehensive income of investments accounted for using the equity method	(67)	(3,175)
Total	3,333	(1,126)
Items that may be subsequently reclassified to profit or loss		
Changes in fair value of cash flow hedge	318	(334)
Translation differences on foreign operations	(4,423)	(9,482)
Share of other comprehensive income of investments accounted for using the equity method	(483)	353
Total	(4,587)	(9,463)
Total other comprehensive income	(1,255)	(10,589)
Total comprehensive income for the period	198,741	165,664
Total comprehensive income for the period attributable to:		
Owners of the parent	178,384	154,355
Non-controlling interests	20,357	11,308
Total	198,741	165,664

(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, 2018

(Unit: Millions of yen)

	Equity attributable to owners of the parent							
	Common stock	Capital surplus	Treasury stock	Retained earnings	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
As of April 1, 2018	141,852	289,578	(338,254)	3,672,344	8,183	3,773,703	357,554	4,131,257
Cumulative effects of changes in accounting policies	−	−	−	187,468	−	187,468	29,302	216,770
Restated balance	141,852	289,578	(338,254)	3,859,812	8,183	3,961,171	386,856	4,348,027
Comprehensive income								
Profit for the period	−	−	−	178,666	−	178,666	21,329	199,995
Other comprehensive income	−	−	−	−	(282)	(282)	(973)	(1,255)
Total comprehensive income	−	−	−	178,666	(282)	178,384	20,357	198,741
Transactions with owners and other transactions								
Cash dividends	−	−	−	(108,312)	−	(108,312)	(33,262)	(141,574)
Transfer of accumulated other comprehensive income to retained earnings	−	−	−	137	(137)	−	−	−
Purchase and disposal of treasury stock	−	−	(3,595)	−	−	(3,595)	−	(3,595)
Retirement of treasury stock	−	−	103,235	(103,235)	−	−	−	−
Changes due to business combination	−	−	−	−	−	−	12	12
Changes in interests in subsidiaries	−	(866)	−	−	−	(866)	(318)	(1,184)
Other	−	(1,427)	1,261	−	−	(166)	−	(166)
Total transactions with owners and other transactions	−	(2,293)	100,901	(211,409)	(137)	(112,938)	(33,569)	(146,507)
As of June 30, 2018	141,852	287,286	(237,353)	3,827,069	7,763	4,026,618	373,644	4,400,261

For the three-month period ended June 30, 2019

(Unit: Millions of yen)

	Equity attributable to owners of the parent							
	Common stock	Capital surplus	Treasury stock	Retained earnings	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
As of April 1, 2019	141,852	284,409	(383,728)	4,144,133	(3,174)	4,183,492	429,440	4,612,932
Cumulative effects of changes in accounting policies	−	−	−	(181)	−	(181)	(149)	(329)
Restated balance	141,852	284,409	(383,728)	4,143,952	(3,174)	4,183,311	429,291	4,612,603
Comprehensive income								
Profit for the period	−	−	−	162,553	−	162,553	13,700	176,253
Other comprehensive income	−	−	−	−	(8,197)	(8,197)	(2,392)	(10,589)
Total comprehensive income	−	−	−	162,553	(8,197)	154,355	11,308	165,664
Transactions with owners and other transactions								
Cash dividends	−	−	−	(129,140)	−	(129,140)	(32,291)	(161,431)
Transfer from accumulated other comprehensive income to retained earnings	−	−	−	(240)	240	−	−	−
Purchase and disposal of treasury stock	−	−	(22,627)	−	−	(22,627)	−	(22,627)
Retirement of treasury stock	−	(377,034)	377,034	−	−	−	−	−
Transfer from retained earnings to capital surplus	−	377,034	−	(377,034)	−	−	−	−
Increase (decrease) by business combination	−	−	−	−	−	−	24,936	24,936
Changes in interests in subsidiaries	−	(2,618)	−	−	−	(2,618)	499	(2,119)
Other	−	394	90	−	−	484	−	484
Total transactions with owners and other transactions	−	(2,224)	354,497	(506,414)	240	(153,901)	(6,855)	(160,756)
As of June 30, 2019	141,852	282,185	(29,231)	3,800,091	(11,131)	4,183,766	433,744	4,617,510

(5) Condensed Interim Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	For the three-month period ended June 30, 2018	For the three-month period ended June 30, 2019
Cash flows from operating activities		
Profit for the period before income tax	288,562	254,419
Depreciation and amortization	139,536	169,899
Share of (profit) loss of investments accounted for using the equity method	(425)	(765)
Loss (gain) on sales of non-current assets	71	55
Interest and dividends income	(1,628)	(1,532)
Interest expenses	2,373	2,099
(Increase) decrease in trade and other receivables	(910)	32,035
Increase (decrease) in trade and other payables	(65,312)	(67,209)
(Increase) decrease in loans for financial business	−	(86,745)
Increase (decrease) in deposits for financial business	−	35,219
(Increase) decrease Call loan and bills bought	−	(12,480)
Increase (decrease) in Call money and bills bought	−	6,300
(Increase) decrease in inventories	4,382	10,352
Increase (decrease) in retirement benefit liabilities	(939)	1,202
Other	(23,948)	(51,087)
Cash generated from operations	341,762	291,762
Interest and dividends received	3,320	3,534
Interest paid	(2,474)	(2,972)
Income tax paid	(146,663)	(157,767)
Net cash provided by (used in) operating activities	195,945	134,557

(Unit: Millions of yen)

	For the three-month period ended June 30, 2018	For the three-month period ended June 30, 2019
Cash flows from investing activities		
Purchases of property, plant and equipment	(112,487)	(107,662)
Proceeds from sales of property, plant and equipment	456	236
Purchases of intangible assets	(58,129)	(78,817)
Payment of securities business	−	(4,004)
Proceeds from sales of securities for financial business	−	24,084
Proceeds from redemption of securities for financial business	−	1,369
Purchases of other financial assets	(1,097)	(2,718)
Proceeds from sales/redemption of other financial assets	54	17
Acquisitions of control over subsidiaries	(1,327)	−
Proceeds from acquisition of subsidiaries	−	79,823
Purchases of stocks of associates	(1,206)	(71,314)
Proceeds from sales of stocks of subsidiaries and associates	−	22
Other	521	(1,032)
Net cash provided by (used in) investing activities	(173,215)	(159,995)
Cash flows from financing activities		
Net increase (decrease) of short-term borrowings	123,512	251,500
Proceeds from issuance of bonds and long-term borrowings	30,000	100,000
Payments from redemption of bonds and repayments of long-term borrowings	(55,203)	(25,176)
Repayments of lease obligations	(6,784)	(43,402)
Payments from purchase of subsidiaries' equity from non-controlling interests	(1,249)	(3,081)
Proceeds from stock issuance to non-controlling interests	3	864
Payments from purchase of treasury stock	(3,595)	(22,627)
Cash dividends paid	(107,221)	(128,159)
Cash dividends paid to non-controlling interests	(34,238)	(32,123)
Net cash provided by (used in) financing activities	(54,774)	97,797
Effect of exchange rate changes on cash and cash equivalents	(206)	(1,133)
Net increase (decrease) in cash and cash equivalents	(32,251)	71,225
Cash and cash equivalents at the beginning of the period	200,834	204,597
Cash and cash equivalents at the end of the period	168,583	275,822

(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, 2019 comprise the Company and its consolidated subsidiaries (“the Group”) and the Group’s interests in associates and joint ventures. The Company is the ultimate parent company of the Group.

The Group’s major business and activities are “Personal Services” and “Business Services”. Beginning in the three-month period ended June 30, 2019, the four reporting segments of Personal Services, Life Design Services, Business Services, and Global Services were reorganized into the two reporting segments of Personal Services and Business Services based on their management approach, consolidating them based on the allocation of management resources and their performance evaluations.

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

2. Basis of preparation

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

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

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

(2) Basis of measurement

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

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

(3) Presentation currency and unit of currency

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

(4) Use of estimates and judgement

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

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

The judgments, estimates and assumptions that have significant impact on the amount in the condensed interim consolidated financial statements as of and for the three-month period ended June 30, 2019 are consistent with those described in the annual consolidated financial statements for the previous fiscal year ended March 31, 2019 in principle, with the exception of changes due to the adoption of IFRS 16 as described in “3. Significant accounting policies.”

(5) Application of new standards and interpretations

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

(6) Standards not yet adopted

The following new standards and amendments announced by the approval date of the condensed interim consolidated financial statements are not mandatory as of June 30, 2019. They have not been early adopted by the Group.

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

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

3. Significant accounting policies

With the exception of the following, the significant accounting policies applied in this condensed interim consolidated financial statements for the three-month period ended June 30, 2019, are consistent with those of the annual financial statements, as described in the consolidated financial statements for the previous fiscal year ended March 31, 2019, except that income tax expenses on condensed interim consolidated statement of income are calculated based on the estimated average annual effective income tax rate.

(1) Application of IFRS 16

Impact of applying new accounting standard

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

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

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

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

As a Lessee

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

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

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

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

As a Lessor

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

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

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

4. Segment information

(1) Outline of reporting segments

The reporting segments of the Group are units of the Group of which separate financial information is available, and which are periodically monitored for the board of directors to determine the allocation of the business resources and evaluate the performance results.
Beginning in the three-month period ended June 30, 2019, the Group reporting segments were reorganized into the two reporting segments of Personal Services and Business Services based on their management approach, consolidating them based on the allocation of management resources and their performance evaluations.

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

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

Accordingly, the segment information for the first quarter of the fiscal year ended March 31, 2019 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 "Note 3. Significant accounting policies" stated in the annual consolidated financial statements for the previous fiscal year ended March 31, 2019.
Income of the reporting segments is based on the operating income.
Inter segment transaction price is determined based on the price by arm's length transactions or gross costs after price negotiation.
Assets and liabilities are not allocated to reporting segments.

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

The Group's segment information is as follows:

For the three-month period ended June 30, 2018

(Unit: Millions of yen)

	Reporting segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Business	Sub-total				
Revenue							
Revenue from external customers	1,042,533	173,159	1,215,692	6,024	1,221,716	–	1,221,716
Inter-segment revenue or transfers	16,594	40,214	56,807	16,083	72,890	(72,890)	–
Total	1,059,127	213,372	1,272,500	22,107	1,294,607	(72,890)	1,221,716
Segment income	256,429	31,113	287,542	1,214	288,757	105	288,862
Finance income and finance cost (Net)							(299)
Other non-operating profit and loss (Net)							–
Profit for the period before income tax							288,562

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

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

For the three-month period ended June 30, 2019

(Unit: Millions of yen)

	Reporting segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts on the consolidated financial statements
	Personal	Business	Sub-total				
Revenue							
Revenue from external customers	1,070,592	170,777	1,241,370	4,731	1,246,101	–	1,246,101
Inter-segment revenue or transfers	19,268	46,274	65,542	13,635	79,177	(79,177)	–
Total	1,089,860	217,052	1,306,912	18,366	1,325,278	(79,177)	1,246,101
Segment income	217,871	36,979	254,850	703	255,553	247	255,800
Finance income and finance cost (Net)							(2,729)
Other non-operating profit and loss (Net)							1,347
Profit for the period before income tax							254,419

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

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