

Semiannual Securities Report

(English summary with full translation of consolidated financial information)

(The First Half of the 71st Business Term)

From April 1, 2024 to September 30, 2024

KYOCERA CORPORATION

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[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

This is an English translation of the Semiannual Securities Report filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors’ NETwork (“EDINET”) pursuant to the Financial Instruments and Exchange Act of Japan. In this document, the terms “we,” “us,” “our,” “Kyocera Group” and “Kyocera” refer to Kyocera Corporation and consolidated subsidiaries or, as the context may require, Kyocera Corporation on a non-consolidated basis and the “Company” refers to Kyocera Corporation on a non-consolidated basis.

The term “fiscal 2025” refers to the year ending March 31, 2025, with other fiscal years referred to in a corresponding manner.

Part I. Information on Kyocera

I. Overview of Kyocera

1. Selected Financial Data

(Yen in millions unless otherwise stated)

	For the six months ended September 30,		For the year ended March 31, 2024
	2023	2024	
Sales revenue	985,290	998,588	2,004,221
Profit before income taxes	77,867	51,820	136,143
Profit attributable to owners of the parent	56,487	36,078	101,074
Comprehensive income attributable to owners of the parent	266,145	18,505	323,000
Equity attributable to owners of the parent	3,206,947	3,208,945	3,225,595
Total assets	4,415,351	4,408,426	4,465,376
Earnings per share attributable to owners of the parent - Basic (Yen)	39.90	25.61	71.58
Earnings per share attributable to owners of the parent - Diluted (Yen)	—	—	—
Ratio of equity attributable to owners of the parent to total assets (%)	72.6	72.8	72.2
Cash flows from operating activities	111,268	125,949	269,069
Cash flows from investing activities	(81,568)	(102,836)	(158,413)
Cash flows from financing activities	(28,679)	(51,094)	(82,596)
Cash and cash equivalents at the end of the period	394,649	386,862	424,792

(Notes) 1. Kyocera prepared its condensed interim consolidated financial statements and consolidated financial statements in accordance with International Financial Reporting Standards (hereinafter, “IFRS”), and the figures are presented in Japanese yen and amounts less than one million yen are rounded.

2. Earnings per share attributable to owners of the parent - Diluted are not described in the above table, as there is no potential share.
3. Kyocera Corporation implemented the stock split at the ratio of 4 for 1 of all common stocks, with the effective date of January 1, 2024. Earnings per share attributable to owners of the parent- Basic are calculated based on the assumption that the stock split was implemented at the beginning of the previous fiscal year.
4. As Kyocera prepares the condensed interim consolidated financial statements, the selected non-consolidated financial data is not set forth in this document.

2. Description of Business

There were no significant changes in the business and operations of Kyocera and its associates during the six months ended September 30, 2024 (“the first half”). There were no changes in the organizations of major subsidiaries and associates.

Kyocera decided to change the classification of reporting segments from the six months ended September 30, 2024. For detailed information, please refer to Note “5. Segment Information” under “IV. Condensed Interim Consolidated Financial Statements and Other Information 1. Condensed Interim Consolidated Financial Statements.”

II. Business Overview

1. Risk Factors

There were no new risk factors recognized for the first half. There were no significant changes in risk factors stated in the Annual Report for the year ended March 31, 2024 pursuant to the Financial Instruments and Exchange Act of Japan.

2. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows

The future matter written in this document is determined at the date of submission of this Semiannual Securities Report.

(1) Summary of Operating Results

(Yen in millions)

	For the six months ended September 30,				Change	
	2023		2024			
	Amount	%*	Amount	%*	Amount	%
Sales revenue	985,290	100.0	998,588	100.0	13,298	1.3
Operating profit	54,002	5.5	37,876	3.8	(16,126)	(29.9)
Profit before income taxes	77,867	7.9	51,820	5.2	(26,047)	(33.5)
Profit attributable to owners of the parent	56,487	5.7	36,078	3.6	(20,409)	(36.1)
Average US\$ exchange rate (Yen)	141	—	153	—	—	—
Average Euro exchange rate (Yen)	153	—	166	—	—	—

* % represents the percentage to sales revenue.

During the first half, the global economy grew moderately, partly due to lower inflation rates in various countries. In our principal markets, comprised of the semiconductor-related markets and the information and communication-related markets, demand increased mainly for AI-related products, but the markets as a whole did not achieve a full-fledged recovery.

Sales revenue for the first half increased by 13,298 million yen, or 1.3%, to 998,588 million yen, as compared with the six months ended September 30, 2023 (“the previous first half”), as sales revenue of the Electronic Components Business and the Solutions Business increased partly due to the impact of a weaker yen, while sales revenue of the Core Components Business remained flat.

Profit decreased due mainly to a lower utilization ratio of production facilities caused by sluggish orders for components and an increase in labor and other costs. By reporting segment, profits of the Solutions Business increased due mainly to the impact of a weaker yen, while profits of the Core Components Business and the Electronic Components Business decreased due to the significant decline in demand from the Organic Packages and Boards Business and Kyocera AVX Components Corporation Group (“KAVX”). As a result, for the first half operating profit decreased by 16,126 million yen, or 29.9%, to 37,876 million yen, profit before income taxes decreased by 26,047 million yen, or 33.5%, to 51,820 million yen, and profit attributable to owners of the parent decreased by 20,409 million yen, or 36.1%, to 36,078 million yen.

Results by Reporting Segment

Sales Revenue by Reporting Segment

(Yen in millions)

	For the six months ended September 30,				Change	
	2023		2024			
	Amount	%*	Amount	%*	Amount	%
Core Components Business	282,402	28.7	281,678	28.2	(724)	(0.3)
Industrial & Automotive Components Unit	109,165	11.1	113,857	11.4	4,692	4.3
Semiconductor Components Unit	158,916	16.1	151,741	15.2	(7,175)	(4.5)
Others	14,321	1.5	16,080	1.6	1,759	12.3
Electronic Components Business	174,758	17.7	180,923	18.1	6,165	3.5
Solutions Business	537,094	54.5	546,187	54.7	9,093	1.7
Industrial Tools Unit	159,622	16.2	160,810	16.1	1,188	0.7
Document Solutions Unit	212,891	21.6	232,222	23.2	19,331	9.1
Communications Unit	105,045	10.7	105,480	10.6	435	0.4
Others	59,536	6.0	47,675	4.8	(11,861)	(19.9)
Others	9,749	1.0	8,079	0.8	(1,670)	(17.1)
Adjustments and eliminations	(18,713)	(1.9)	(18,279)	(1.8)	434	—
Sales revenue	985,290	100.0	998,588	100.0	13,298	1.3

* % represents the component ratio.

Business Profit (Loss) by Reporting Segment

(Yen in millions)

	For the six months ended September 30,				Change	
	2023		2024			
	Amount	%*	Amount	%*	Amount	%
Core Components Business	30,466	10.8	17,295	6.1	(13,171)	(43.2)
Industrial & Automotive Components Unit	11,737	10.8	10,983	9.6	(754)	(6.4)
Semiconductor Components Unit	18,767	11.8	5,634	3.7	(13,133)	(70.0)
Others	(38)	—	678	4.2	716	—
Electronic Components Business	9,860	5.6	47	0.0	(9,813)	(99.5)
Solutions Business	31,377	5.8	33,299	6.1	1,922	6.1
Industrial Tools Unit	9,212	5.8	9,434	5.9	222	2.4
Document Solutions Unit	19,352	9.1	21,491	9.3	2,139	11.1
Communications Unit	593	0.6	1,119	1.1	526	88.7
Others	2,220	3.7	1,255	2.6	(965)	(43.5)
Others	(20,130)	—	(23,023)	—	(2,893)	—
Total business profit	51,573	5.2	27,618	2.8	(23,955)	(46.4)
Corporate gains and others	26,294	—	24,202	—	(2,092)	(8.0)
Profit before income taxes	77,867	7.9	51,820	5.2	(26,047)	(33.5)

* % represents the percentage to sales revenue of each corresponding segment.

(Note) Kyocera decided to change the classification of Energy Solutions Business, which was included in “Others,” and share of net profit (loss) of investments accounted for using the equity method regarding investments in energy businesses, which was included in “Corporate gains and others,” to “Others” under “Solutions Business” from the six months ended September 30, 2024. With respect to this change, the business results for the six months ended September 30, 2023 have been reclassified in the same manner.

The analysis of Reporting Segment is as follows:

a. Core Components Business

Sales revenue for the first half decreased by 724 million yen, or 0.3%, to 281,678 million yen, as compared with the previous first half. Business profit decreased by 13,171 million yen, or 43.2%, to 17,295 million yen, as compared with the previous first half. The business profit ratio for the first half declined to 6.1%.

Sales revenue remained flat. Sales of fine ceramic components for semiconductor processing equipment increased but were offset by a decrease in sales of organic packages and boards for the information and communications infrastructure markets. Business profit decreased due mainly to a decrease in sales of organic packages and boards, as well as an increase in fixed costs, such as depreciation charges for property, plant and equipment.

b. Electronic Components Business

Sales revenue for the first half increased by 6,165 million yen, or 3.5%, to 180,923 million yen, as compared with the previous first half. Business profit decreased by 9,813 million yen, or 99.5%, to 47 million yen, as compared with the previous first half.

Sales revenue for the first half increased due to an increase in sales of components such as capacitors and crystal devices in the information and communication markets and the industrial equipment markets, partly due to the impact of a weaker yen. Business profit significantly decreased due to a higher cost of sales ratio, which resulted from the lower utilization ratio of a new plant and an increase in labor and other costs in KAVX, as well as losses incurred from an earthquake that occurred under the Hyuga-Nada, a zone of the Pacific Ocean off the coast of Miyazaki Prefecture, Japan.

c. Solutions Business

Sales revenue for the first half increased by 9,093 million yen, or 1.7%, to 546,187 million yen, as compared with the previous first half. Business profit increased by 1,922 million yen, or 6.1%, to 33,299 million yen, as compared with the previous first half. The business profit ratio for the first half improved to 6.1%.

Sales revenue and business profit both increased for the reporting segment overall due mainly to an increase in sales of the Document Solutions Unit and to the impact of a weaker yen.

(2) Summary of Financial Position

(Yen in millions)

	As of		Change
	March 31, 2024	September 30, 2024	
Total assets	4,465,376	4,408,426	(56,950)
Total liabilities	1,212,518	1,174,658	(37,860)
Total equity	3,252,858	3,233,768	(19,090)

Total assets as of September 30, 2024 decreased by 56,950 million yen, or 1.3%, to 4,408,426 million yen from total assets as of March 31, 2024. This was primarily due to a decrease in cash and cash equivalents and trade and other receivables despite an increase in equity and debt instruments. Total liabilities decreased by 37,860 million yen, or 3.1%, to 1,174,658 million yen from total liabilities as of March 31, 2024, mainly due to a decrease in trade and other payables. Total equity decreased by 19,090 million yen, or 0.6%, to 3,233,768 million yen from total equity as of March 31, 2024, primarily due to a decrease in other components of equity.

(3) Summary of Cash Flows

(Yen in millions)

	For the six months ended September 30,		Change
	2023	2024	
Cash flows from operating activities	111,268	125,949	14,681
Cash flows from investing activities	(81,568)	(102,836)	(21,268)
Cash flows from financing activities	(28,679)	(51,094)	(22,415)
Effect of exchange rate changes on cash and cash equivalents	20,128	(9,949)	(30,077)
Increase (decrease) in cash and cash equivalents	21,149	(37,930)	(59,079)
Cash and cash equivalents at the beginning of the year	373,500	424,792	51,292
Cash and cash equivalents at the end of the period	394,649	386,862	(7,787)

The balance of cash and cash equivalents as of September 30, 2024 decreased by 37,930 million yen, or 8.9%, to 386,862 million yen from 424,792 million yen as of March 31, 2024.

a. Cash Flows from Operating Activities

Net cash provided by operating activities for the first half increased by 14,681 million yen, or 13.2%, to 125,949 million yen from 111,268 million yen for the previous first half. This was due mainly to a turnaround from decrease to increase in trade payables despite a decrease in profit for the period.

b. Cash Flows from Investing Activities

Net cash used in investing activities for the first half increased by 21,268 million yen, or 26.1%, to 102,836 million yen from 81,568 million yen for the previous first half. This was due mainly to an increase in payments for purchases of property, plant and equipment, and purchases of securities.

c. Cash Flows from Financing Activities

Net cash used in financing activities for the first half increased by 22,415 million yen, or 78.2%, to 51,094 million yen from 28,679 million yen for the previous first half. This was due mainly to a decrease in proceeds from borrowings despite a decrease in the payments for purchase of treasury stock.

(4) Liquidity and Capital Resources

Kyocera's primary source of fund is cash generated by operations. In addition, Kyocera conducts borrowings from financial institutions aiming at investment for further growth. Part of shares of KDDI Corporation held by Kyocera are pledged as collateral for some of borrowings in order to lower financing costs. For detailed information, please refer to Note "7. Borrowings" under "IV. Condensed Interim Consolidated Financial Statements and Other Information 1. Condensed Interim Consolidated Financial Statements."

As of September 30, 2024, our cash and cash equivalents were 386,862 million yen and the balance of borrowings was 210,357 million yen. The borrowings of Kyocera are mainly denominated in yen.

Kyocera's cash requirements for fiscal 2025 are funds for capital expenditures, R&D activities and dividend payments to shareholders, in addition to working capital of operating activities.

Kyocera plans to meet these cash demands with cash on hand acquired through operating activities and borrowings from financial institutions. However, Kyocera does not currently intend to use any other external financing sources that might affect our credit agency ratings. Kyocera has established good relationships with major financial institutions and recognizes that there will be no problem with respect to future business financing.

In the event of a large demand for funds for M&A to expand existing businesses and create new businesses, Kyocera has several means to finance such as issuance of corporate bonds and stocks, in addition to borrowings from financial institutions.

There was no material impact on the liquidity of funds for the first half. However, if demand trends in Kyocera's major markets deteriorate or if product prices decline significantly beyond our expectations, Kyocera's liquidity may be adversely affected.

(5) Material Accounting Estimates and Judgments Involving Estimations

Kyocera's material accounting estimates and judgments by management in the condensed interim consolidated financial statements are as described in Note "4. Material Accounting Estimates and Judgments Involving Estimations" under "IV. Condensed Interim Consolidated Financial Statements and Other Information 1. Condensed Interim Consolidated Financial Statements."

(6) Management Policies, Operating Environment, and Management Issues

As explained in the annual report for the year ended March 31, 2024, the company is striving to achieve the medium-term management plan.

In the six months ended September 30, 2024, in addition to reviewing initiatives of each reporting segment in light of the progress towards the medium-term management plan, the company has considered the change in policy regarding "cross-shareholdings" and management reforms to enhance its future corporate value, and has announced its details in the financial presentation for the six months ended September 30, 2024.

For details, please refer to the documents on our website from the link below:

https://global.kyocera.com/ir/library/pdf/presentation/FY25_2Q_p_e.pdf

(7) Research and Development Activities

Research and development expenses for the first half increased by 7,175 million yen, or 14.1%, to 57,932 million yen from 50,757 million yen for the previous first half.

There were no significant changes in the status of research and development activities from the Annual Report for the year ended March 31, 2024.

(8) Summary of Production, Orders Received and Sales

Orders Received by Reporting Segment

(Yen in millions)

	For the six months ended September 30,				Change
	2023		2024		
	Amount	%*	Amount	%*	%
Core Components Business	277,875	28.2	288,712	28.3	3.9
Industrial & Automotive Components Unit	113,819	11.6	126,434	12.4	11.1
Semiconductor Components Unit	149,287	15.1	145,847	14.3	(2.3)
Others	14,769	1.5	16,431	1.6	11.3
Electronic Components Business	175,445	17.8	181,400	17.8	3.4
Solutions Business	540,253	54.8	559,806	54.8	3.6
Industrial Tools Unit	160,717	16.3	161,275	15.8	0.3
Document Solutions Unit	211,517	21.4	232,331	22.7	9.8
Communications Unit	110,753	11.2	112,013	11.0	1.1
Others	57,266	5.9	54,187	5.3	(5.4)
Others	10,489	1.0	5,602	0.5	(46.6)
Adjustments and eliminations	(17,943)	(1.8)	(14,663)	(1.4)	—
Orders Received	986,119	100.0	1,020,857	100.0	3.5

* % represents the component ratio.

(Note) 1. Kyocera flexibly produces in response to growing demands, customer's requirement and market changes.

Therefore, results of production are similar to results of sales. Summary of production and sales is correlated to the description on "Results by Reporting Segment" in "(1) Summary of Operating results."

2. Kyocera decided to change the classification of Energy Solutions Business, which was included in "Others," to "Others" under "Solutions Business" from the six months ended September 30, 2024. With respect to this change, orders received for the six months ended September 30, 2023 have been reclassified in the same manner.

3. Material Agreements

There were no material agreements which were approved for conclusion or concluded during the six months ended September 30, 2024.

III. Corporate Information

1. Information on Kyocera's Shares and Others

(1) Total Number of Shares and Others

a. Total Number of Shares

Class	Total number of shares authorized to be issued (shares)
Common stock	2,400,000,000
Total	2,400,000,000

b. Shares Issued

Class	Number of shares issued as of September 30, 2024 (shares)	Number of shares issued as of the filing date (shares) (November 13, 2024)	Stock exchange on which Kyocera is listed or authorized financial instruments firm's association where Kyocera is registered	Description
Common stock	1,510,474,320	1,510,474,320	Tokyo Stock Exchange Prime market	This is Kyocera's standard stock. There is no restriction on contents of the right of the stock. The number of shares per one unit of shares is 100 shares.
Total	1,510,474,320	1,510,474,320	—	—

(2) Information on the Stock Acquisition Rights and Others

a. Details of Stock Option Plans

Not Applicable.

b. Other Information about Stock Acquisition Rights

Not Applicable.

(3) Information on Moving Strike Convertible Bonds

Not Applicable.

(4) Changes in the Total Number of Shares Issued, the Amount of Common Stock and Others

Date	Change in the total number of shares issued (shares)	Balance of the total number of shares issued (shares)	Changes in common stock (Yen in millions)	Balance of common stock (Yen in millions)	Changes in additional paid-in capital (Yen in millions)	Balance of additional paid-in capital (Yen in millions)
From April 1, 2024 to September 30, 2024	—	1,510,474,320	—	115,703	—	192,555

(5) Major Shareholders

As of September 30, 2024

Name	Address	Number of shares held (thousands of shares)	Ownership percentage to the total number of shares issued (Excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	Akasaka Intercity AIR, 1-8-1, Akasaka, Minato-ku, Tokyo	318,791	22.63
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	128,966	9.15
The Bank of Kyoto, Ltd.	700, Yakushimae-cho, Karasuma- dori, Matsubara-Agaru, Shimogyo-ku, Kyoto	57,745	4.10
State Street Bank And Trust Company 505001 (Standing proxy: Mizuho Bank, Ltd.)	One Congress Street, Suite 1, Boston, Massachusetts (SHINAGAWA INTERCITY Bldg.A 2-15-1, Konan, Minato-ku, Tokyo)	53,055	3.77
Inamori Foundation	620 Suiginya-cho, Shimogyo-ku, Kyoto	37,440	2.66
State Street Bank West Client - Treaty 505234 (Standing proxy: Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171, U.S.A. (SHINAGAWA INTERCITY Bldg.A 2-15-1, Konan, Minato-ku, Tokyo)	27,260	1.94
Stock Purchase Plan for Kyocera Group Employees	6, Takeda Tobadono-cho, Fushimi-ku, Kyoto	24,013	1.70
JP Morgan Chase Bank 385632 (Standing proxy: Mizuho Bank, Ltd.)	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom (SHINAGAWA INTERCITY Bldg.A 2-15-1, Konan, Minato-ku, Tokyo)	23,160	1.64
MUFG Bank, Ltd.	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	20,307	1.44
HSBC Hong Kong - Treasury Services A/C Asian Equities Derivatives (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited)	1 Queen's Road Central, Hong Kong (3-11-1, Nihonbashi, Chuo-ku, Tokyo)	18,417	1.31
Total	—	709,154	50.34

(Note) According to the report filed with EDINET system on July 29, 2024, Mitsubishi UFJ Financial Group, Inc. and its related partners held shares as of July 22, 2024, as shown in the following table. Despite this report, they are not included except MUFG Bank, Ltd. in the above list of major shareholders because Kyocera is not able to confirm the number of shares beneficially owned by them from Kyocera's shareholders records as of September 30, 2024.

Name	Address	Number of shares held (thousands of shares)	Ownership percentage to the total number of shares issued (%)
MUFG Bank, Ltd.	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	20,307	1.34
Mitsubishi UFJ Trust and Banking Corporation	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	28,142	1.86
Mitsubishi UFJ Asset Management Co., Ltd.	1-9-1, Higashishinbashi, Minato-ku, Tokyo	30,581	2.02
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	1-9-2, Otemachi, Chiyoda-ku, Tokyo	2,401	0.16
MUFG Securities((Canada), Ltd.)	Royal Bank Plaza, South Tower, Suite 2940, 200 Bay Street, Toronto, Ontario M5J 2J1, CANADA	3,600	0.24
Total	—	85,032	5.63

(6) Information on Voting Rights**a. Shares Issued**

As of September 30, 2024

Classification	Number of shares (shares)	Number of voting rights	Description
Shares without voting rights	—	—	—
Shares with restricted voting rights (treasury stock)	—	—	—
Shares with restricted voting rights (others)	—	—	—
Shares with full voting rights (treasury stock)	(Number of treasury stock) Common stock 101,725,200	—	This is Kyocera's standard stock. There is no restriction on contents of the right of the stock. The number of shares per one unit of shares is 100 shares.
Shares with full voting rights (others)	Common stock 1,408,269,600	14,082,696	Same as above
Shares less than one unit	Common stock 479,520	—	—
Number of shares issued	1,510,474,320	—	—
Total number of voting rights	—	14,082,696	—

(Note) The “Shares with full voting rights (others)” row includes 4,400 shares registered in the name of JASDEC and the “Number of voting rights” column includes 44 voting rights for those shares.

b. Treasury Stock and Others

As of September 30, 2024

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the name of others (shares)	Total shares held (shares)	Ownership percentage to the total number of shares issued (%)
Kyocera Corporation	6, Takeda Tobadono-cho, Fushimi-ku, Kyoto	101,725,200	—	101,725,200	6.73
Total	—	101,725,200	—	101,725,200	6.73

2. Changes in Directors and Audit & Supervisory Board Members

Not Applicable.

IV. Condensed Interim Consolidated Financial Statements and Other Information

1. Condensed Interim Consolidated Financial Statements

(1) Condensed Interim Consolidated Statement of Financial Position

(Yen in millions)

	Note	As of	
		March 31, 2024	September 30, 2024
Assets			
Current assets			
Cash and cash equivalents		424,792	386,862
Trade and other receivables	9	392,212	358,747
Other financial assets	11	35,541	42,395
Inventories		540,225	525,767
Other current assets		46,584	49,168
Total current assets		1,439,354	1,362,939
Non-current assets			
Equity and debt instruments	7, 11	1,640,038	1,676,401
Investments accounted for using the equity method		15,979	15,978
Other financial assets	11	46,539	47,719
Property, plant and equipment		665,990	664,209
Right-of-use assets		82,642	79,566
Goodwill		282,879	278,720
Intangible assets		152,171	144,109
Deferred tax assets		50,774	50,623
Other non-current assets		89,010	88,162
Total non-current assets		3,026,022	3,045,487
Total assets		4,465,376	4,408,426

The accompanying notes are an integral part of these statements.

(Yen in millions)

	Note	As of	
		March 31, 2024	September 30, 2024
Liabilities and Equity			
Liabilities			
Current liabilities			
Borrowings	11	9,394	9,266
Trade and other payables	9	212,133	185,519
Lease liabilities		24,378	25,030
Other financial liabilities	11	5,934	852
Income tax payables		22,530	11,285
Accrued expenses	9	142,338	140,972
Provisions		8,474	7,589
Other current liabilities	9	45,008	45,122
Total current liabilities		470,189	425,635
Non-current liabilities			
Borrowings	7, 11	199,760	201,091
Lease liabilities		70,659	68,084
Retirement benefit liabilities		9,138	8,945
Deferred tax liabilities		441,345	448,459
Provisions		11,594	12,155
Other non-current liabilities		9,833	10,289
Total non-current liabilities		742,329	749,023
Total liabilities		1,212,518	1,174,658
Equity			
Common stock		115,703	115,703
Capital surplus		118,754	118,800
Retained earnings		1,967,527	1,968,598
Other components of equity		1,166,752	1,148,837
Treasury stock		(143,141)	(142,993)
Total equity attributable to owners of the parent		3,225,595	3,208,945
Non-controlling interests		27,263	24,823
Total equity		3,252,858	3,233,768
Total liabilities and equity		4,465,376	4,408,426

The accompanying notes are an integral part of these statements.

(2) Condensed Interim Consolidated Statement of Profit or Loss

For the six months ended September 30, 2023 and 2024

(Yen in millions)

	Note	For the six months ended September 30,	
		2023	2024
Sales revenue	5, 9	985,290	998,588
Cost of sales		705,671	716,122
Gross profit		279,619	282,466
Selling, general and administrative expenses		225,617	244,590
Operating profit		54,002	37,876
Finance income	11	30,407	31,231
Finance expenses	11	8,055	19,177
Share of net profit (loss) of investments accounted for using the equity method		248	412
Other, net		1,265	1,478
Profit before income taxes	5	77,867	51,820
Income taxes		19,834	14,150
Profit for the period		58,033	37,670

Profit attributable to:			
Owners of the parent		56,487	36,078
Non-controlling interests		1,546	1,592
Profit for the period		58,033	37,670

Per share information:	10		
Earnings per share attributable to owners of the parent			
Basic and diluted (Yen)		39.90	25.61

The accompanying notes are an integral part of these statements.

(3) Condensed Interim Consolidated Statement of Comprehensive Income

For the six months ended September 30, 2023 and 2024

(Yen in millions)

	Note	For the six months ended September 30,	
		2023	2024
Profit for the period		58,033	37,670
Other comprehensive income, net of taxation			
Items that will not be reclassified to profit or loss:			
Financial assets measured at fair value through other comprehensive income	11	121,042	22,218
Re-measurement of defined benefit plans		142	(1)
Total items that will not be reclassified to profit or loss		121,184	22,217
Items that may be reclassified subsequently to profit or loss:			
Net changes in fair value of cash flow hedge		(86)	36
Exchange differences on translating foreign operations		88,949	(39,927)
Share of other comprehensive income of investments accounted for using the equity method		154	(22)
Total items that may be reclassified subsequently to profit or loss		89,017	(39,913)
Total other comprehensive income		210,201	(17,696)
Comprehensive income for the period		268,234	19,974
Comprehensive income attributable to:			
Owners of the parent		266,145	18,505
Non-controlling interests		2,089	1,469
Comprehensive income for the period		268,234	19,974

The accompanying notes are an integral part of these statements.

(4) Condensed Interim Consolidated Statement of Changes in Equity

For the six months ended September 30, 2023

(Yen in millions)

	Note	Total equity attributable to owners of the parent						Non-controlling interests	Total equity
		Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total		
Balance as of April 1, 2023		115,703	119,144	1,912,372	969,801	(93,243)	3,023,777	25,058	3,048,835
Profit for the period				56,487			56,487	1,546	58,033
Other comprehensive income					209,658		209,658	543	210,201
Total comprehensive income for the period		—	—	56,487	209,658	—	266,145	2,089	268,234
Cash dividends	8			(35,891)			(35,891)	(967)	(36,858)
Purchase of treasury stock						(46,943)	(46,943)		(46,943)
Reissuance of treasury stock			48			118	166		166
Transactions with non-controlling interests			(438)				(438)	(157)	(595)
Transfer to retained earnings				148	(148)		—		—
Others				131			131		131
Balance as of September 30, 2023		115,703	118,754	1,933,247	1,179,311	(140,068)	3,206,947	26,023	3,232,970

For the six months ended September 30, 2024

(Yen in millions)

	Note	Total equity attributable to owners of the parent						Non-controlling interests	Total equity
		Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total		
Balance as of April 1, 2024		115,703	118,754	1,967,527	1,166,752	(143,141)	3,225,595	27,263	3,252,858
Profit for the period				36,078			36,078	1,592	37,670
Other comprehensive income					(17,573)		(17,573)	(123)	(17,696)
Total comprehensive income for the period		—	—	36,078	(17,573)	—	18,505	1,469	19,974
Cash dividends	8			(35,216)			(35,216)	(1,592)	(36,808)
Purchase of treasury stock						(2)	(2)		(2)
Reissuance of treasury stock			49			150	199		199
Transactions with non-controlling interests			(5)				(5)	(2,317)	(2,322)
Transfer to retained earnings				342	(342)		—		—
Others			2	(133)			(131)		(131)
Balance as of September 30, 2024		115,703	118,800	1,968,598	1,148,837	(142,993)	3,208,945	24,823	3,233,768

The accompanying notes are an integral part of these statements.

(5) Condensed Interim Consolidated Statement of Cash Flows

(Yen in millions)

	Note	For the six months ended September 30,	
		2023	2024
Cash flows from operating activities:			
Profit for the period		58,033	37,670
Depreciation and amortization		75,361	81,209
Finance expenses (income)		(22,352)	(12,054)
Share of net (profit) loss of investments accounted for using the equity method		(248)	(412)
(Gains) losses from sales or disposal of property, plant and equipment		(886)	(203)
Income taxes		19,834	14,150
(Increase) decrease in trade and other receivables		32,839	16,140
(Increase) decrease in inventories		(9,370)	(225)
(Increase) decrease in other assets		1,588	(5,583)
Increase (decrease) in trade and other payables		(26,339)	7,607
Increase (decrease) in accrued expenses		(6,966)	(1,990)
Increase (decrease) in other liabilities		3,300	(6,366)
Other, net		(15,299)	(11,230)
Subtotal		109,495	118,713
Interests and dividends received		30,318	31,340
Interests paid		(1,942)	(2,163)
Income taxes refund (paid)		(26,603)	(21,941)
Net cash provided by operating activities		111,268	125,949
Cash flows from investing activities:			
Payments for purchases of property, plant and equipment		(75,097)	(91,354)
Payments for purchases of intangible assets		(6,163)	(6,208)
Proceeds from sales of property, plant and equipment		1,914	2,749
Acquisitions of business, net of cash acquired		(623)	—
Acquisition of time deposits and certificate of deposits		(4,097)	(6,904)
Withdrawal of time deposits and certificate of deposits		3,112	4,700
Payments for purchases of securities		(931)	(6,257)
Proceeds from sales and maturities of securities		325	1,368
Other, net		(8)	(930)
Net cash used in investing activities		(81,568)	(102,836)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings		(20,000)	—
Proceeds from long-term borrowings		94,680	7,257
Repayments of long-term borrowings		(3,964)	(5,409)
Repayments of lease liabilities		(12,484)	(15,066)
Dividends paid		(38,360)	(37,872)
Purchase of treasury stock		(46,943)	(2)
Other, net		(1,608)	(2)
Net cash used in financing activities		(28,679)	(51,094)
Effect of exchange rate changes on cash and cash equivalents		20,128	(9,949)
Increase (decrease) in cash and cash equivalents		21,149	(37,930)
Cash and cash equivalents at the beginning of the year		373,500	424,792
Cash and cash equivalents at the end of the period		394,649	386,862

The accompanying notes are an integral part of these statements.

Notes to Condensed Interim Consolidated Financial Statements

1. Reporting Entity

Kyocera Corporation is a corporation domiciled in Japan, whose shares are listed on the Tokyo Stock Exchange. The registered address of headquarter and principal business offices are available on the Kyocera Corporation's website (<https://global.kyocera.com/>).

The condensed interim consolidated financial statements as of and for the six months ended September 30, 2024 consist of Kyocera Corporation and its consolidated subsidiaries and shares of associates of Kyocera.

Kyocera develops, produces and distributes worldwide various kinds of products primarily for the following markets: information and communications, semiconductor, industrial machinery, automotive-related and environment and energy. The details are described in Note "5. Segment Information."

2. Basis of Preparation

(1) Compliance with IFRS

The condensed interim consolidated financial statements of Kyocera have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" pursuant to the provision of Article 312 of Regulations for Consolidated Financial Statements, as Kyocera meets the criteria of a "Designated IFRS Specified Company" defined under Article 1-2 of the regulations.

Condensed interim consolidated financial statements do not include all the information that required in the annual consolidated financial statements, therefore, condensed interim consolidated financial statements should be used with the consolidated financial statements for the year ended March 31, 2024.

(2) Basis of Measurement

These condensed interim consolidated financial statements have been prepared under the historical cost basis, except for certain items, such as financial instruments that are measured at fair value and hyperinflationary accounting adjustments to subsidiaries whose functional currency is Turkish Lira.

(3) Functional Currency and Presentation Currency

These condensed interim consolidated financial statements are presented in Japanese yen, which is the functional currency of Kyocera, and amounts less than one million yen are rounded.

3. Material Accounting Policies

Material accounting policies applied in the condensed interim consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended March 31, 2024.

For the six months ended September 30, 2024, income tax expenses are accrued using the tax rate calculated based on the estimated average annual effective income tax rate.

4. Material Accounting Estimates and Judgments Involving Estimations

In preparing condensed interim consolidated financial statements, the management is required to make judgments, estimates and assumptions that affect the application of accounting policies and carrying amounts of assets, liabilities, revenue and expenses. However, actual results in the future may differ from those estimates and assumptions.

The estimates and underlying assumptions are continuously reviewed. Revision to accounting estimates are recognized in the period in which the estimates are revised as well as in the future periods.

The estimates and judgments that have material impact in condensed interim consolidated financial statements are the same as the consolidated financial statements for the year ended March 31, 2024.

5. Segment Information

(1) Overview of Reporting Segment

Kyocera's reporting segments are components of business activities for which discrete financial information is available, and such information is regularly reviewed by management in order to make decisions regarding the allocation of resources and assess its performance.

Kyocera's reporting segments are the same as the operating segments.

Main businesses and subsidiaries of each reporting segment are as follows.

Reporting Segment	Main Businesses and Subsidiaries
Core Components Business	Fine Ceramic Components, Automotive Components, Optical Components, Ceramic Packages, Organic Packages and Boards, Medical Devices, Jewelry & Applied Ceramic Related Products
Electronic Components Business	Electronic Components, Kyocera AVX Components Corporation
Solutions Business	Industrial Tools, Information Equipment (Kyocera Document Solutions Inc.), Telecommunications Equipment, Information Systems and Telecommunication Services (Kyocera Communication Systems Co., Ltd.), Smart Energy, Energy Solutions, Displays, Printing Devices

Kyocera decided to change the classification of Energy Solutions Business, which was included in "Others," and share of net profit (loss) of investments accounted for using the equity method regarding investments in energy businesses, which was included in "Corporate gains and others," to "Solutions Business" from the six months ended September 30, 2024. With respect to this change, information on reporting segment for the six months ended September 30, 2023 has been reclassified in the same manner.

(2) Information on Reporting Segment

The accounting policies of the reporting segments are the same as those described in the Note "3. Material Accounting Policies."

Intersegment sales and transfers are made with reference to prevailing market prices. Business profit (loss) for each reporting segment represents sales revenue, less related costs and operating expenses, excluding corporate gains, share of net profit (loss) of investments accounted for using the equity method and income taxes.

Information on reporting segment for the six months ended September 30, 2023 and 2024 are as follows:

For the six months ended September 30, 2023

(Yen in millions)

	Reporting Segment			Others * 1	Total	Adjustment * 2	Consolidated
	Core Components Business	Electronic Components Business	Solutions Business				
Sales revenue							
External customers	281,946	174,233	523,156	5,955	985,290	—	985,290
Intersegment sales and transfers	456	525	13,938	3,794	18,713	(18,713)	—
Total	282,402	174,758	537,094	9,749	1,004,003	(18,713)	985,290
Business profit (loss)	30,466	9,860	31,377	(20,130)	51,573	—	51,573
Corporate gains and others * 3	—	—	—	—	—	—	26,294
Profit before income taxes	—	—	—	—	—	—	77,867
Other items							
Capital expenditures (for property, plant and equipment)	22,867	17,123	12,902	3,705	56,597	9,366	65,963
Depreciation and amortization charge	23,963	15,827	26,170	4,382	70,342	5,019	75,361
Research and development expenses	8,858	6,815	20,416	14,668	50,757	—	50,757
Share of net profit (loss) of investments accounted for using the equity method	—	—	219	—	219	29	248

(Notes) 1. The “Others” is an operating segment that is not included in the reporting segment and mainly includes the GaN Device Business and research and development expenses, which does not belong to each segment.

2. Adjustment represents as follows:

- (1) The adjustment of intersegment sales and transfers are elimination of intersegment transactions.
- (2) The adjustment of capital expenditures (for property, plant and equipment) represents capital expenditures for corporate, which does not belong to each segment.
- (3) The adjustment of depreciation and amortization charge represents the depreciation and amortization charge for corporate, which does not belong to each segment.
- (4) The adjustment of share of net profit (loss) of investments accounted for using the equity method represents share of net profit (loss) of investments accounted for using the equity method for corporate, which does not belong to each segment.

3. Corporate gains and others include income and expenses which do not belong to each segment and mainly consist of finance income and expenses.

For the six months ended September 30, 2024

(Yen in millions)

	Reporting Segment			Others * 1	Total	Adjustment * 2	Consolidated
	Core Components Business	Electronic Components Business	Solutions Business				
Sales revenue							
External customers	281,263	180,398	531,691	5,236	998,588	—	998,588
Intersegment sales and transfers	415	525	14,496	2,843	18,279	(18,279)	—
Total	281,678	180,923	546,187	8,079	1,016,867	(18,279)	998,588
Business profit (loss)	17,295	47	33,299	(23,023)	27,618	—	27,618
Corporate gains and others * 3	—	—	—	—	—	—	24,202
Profit before income taxes	—	—	—	—	—	—	51,820
Other items							
Capital expenditures (for property, plant and equipment)	24,644	19,679	12,814	1,975	59,112	9,821	68,933
Depreciation and amortization charge	25,478	17,277	28,147	4,949	75,851	5,358	81,209
Research and development expenses	10,584	7,688	19,986	19,674	57,932	—	57,932
Share of net profit (loss) of investments accounted for using the equity method	—	—	274	—	274	138	412

(Notes) 1. The “Others” is an operating segment that is not included in the reporting segment and mainly includes the GaN Device Business and research and development expenses, which does not belong to each segment.

2. Adjustment represents as follows:

- (1) The adjustment of intersegment sales and transfers are elimination of intersegment transactions.
- (2) The adjustment of capital expenditures (for property, plant and equipment) represents capital expenditures for corporate, which does not belong to each segment.
- (3) The adjustment of depreciation and amortization charge represents the depreciation and amortization charge for corporate, which does not belong to each segment.
- (4) The adjustment of share of net profit (loss) of investments accounted for using the equity method represents share of net profit (loss) of investments accounted for using the equity method for corporate, which does not belong to each segment.

3. Corporate gains and others include income and expenses which do not belong to each segment and mainly consist of finance income and expenses.

(3) Information by Geographic Segments

The breakdown of sales revenue to external customers by destination for the six months ended September 30, 2023 and 2024 are as follows:

Sales revenue to external customers (Yen in millions)

	For the six months ended September 30,	
	2023	2024
Japan	285,067	280,360
Asia	246,875	261,467
United States	223,643	217,577
Europe	192,594	199,423
Other Areas	37,111	39,761
Total	985,290	998,588

Of the countries included in “Asia,” “Europe” and “Other Areas,” there are no individual material countries in which the ratio of sales to external customers to the consolidated total is significant.

6. Business Combination

There were no business combinations that have a material impact on Kyocera’s financial position, operating results and cash flows.

7. Borrowings

Kyocera borrowed from financial institutions and pledged part of shares of KDDI Corporation held by Kyocera as collateral in order to lower financing costs. Those borrowings are as follows:

(Yen in millions)

	As of	
	March 31, 2024	September 30, 2024
Long-term borrowings	180,000	180,000

The assets pledged as collateral for above borrowings are as follows:

(Yen in millions)

	As of	
	March 31, 2024	September 30, 2024
Equity and debt instruments	272,854	279,672

(Note) “Equity and debt instruments” pledged as collateral are part of shares of KDDI Corporation held by Kyocera, and are also pledged as collateral for overdraft facilities (balance of unexecuted loans) with financial institutions except for above related liabilities. The balances of the overdraft facilities are 70,000 million yen as of March 31, 2024 and September 30, 2024.

8. Dividends

(1) Dividends Paid

For the six months ended September 30, 2023

	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
The resolution of the Ordinary General Meeting of Shareholders held on June 27, 2023	Common stock	35,891	100	March 31, 2023	June 28, 2023	Retained earnings

For the six months ended September 30, 2024

	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
The resolution of the Ordinary General Meeting of Shareholders held on June 25, 2024	Common stock	35,216	25	March 31, 2024	June 26, 2024	Retained earnings

(Note) Kyocera implemented the stock split at the ratio of 4 for 1 of all common stocks on January 1, 2024.

Dividend per shares on or before the effective date of December 31, 2023, are shown as actual amount of dividends before the stock split.

(2) Dividends for which the Record Date Fall in the Six Months Ended September 30, 2023 and 2024 with an Effective Date in the Subsequent Period

For the six months ended September 30, 2023

	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
The resolution of the Board of Directors Meeting held on November 1, 2023	Common stock	35,258	100	September 30, 2023	December 5, 2023	Retained earnings

For the six months ended September 30, 2024

	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
The resolution of the Board of Directors Meeting held on October 30, 2024	Common stock	35,219	25	September 30, 2024	December 5, 2024	Retained earnings

(Note) Kyocera implemented the stock split at the ratio of 4 for 1 of all common stocks on January 1, 2024.

Dividend per shares on or before the effective date of December 31, 2023, are shown as actual amount of dividends before the stock split.

9. Sales Revenue

(1) Breakdown of Revenue

The main businesses of Kyocera are “Industrial & Automotive Components Unit,” “Semiconductor Components Unit,” “Electronic Components Business,” “Industrial Tools Unit,” “Document Solutions Unit” and “Communications Unit.” Revenues are broken down by these businesses. The relationship between the revenue breakdown and the reporting segment is as follows:

Revenue recognized from other sources includes revenues from leases in accordance with IFRS 16 “Leases.”

As Kyocera decided to change the classification of Energy Solutions Business, which was included in “Others,” to “Solutions Business” from the six months ended September 30, 2024, breakdown of revenue for the six months ended September 30, 2024 has been classified in the same manner.

Due to this change, breakdown of revenue for the six months ended September 30, 2023 has been reclassified in line with this change.

For the six months ended September 30, 2023

(Yen in millions)

	Reporting Segment								Others	Total
	Core Components Business			Electronic Components Business	Solutions Business					
	Industrial & Automotive Components Unit	Semi-conductor Components Unit	Others		Industrial Tools Unit	Document Solutions Unit	Communications Unit	Others		
Sales revenue										
Revenue recognized from contracts with customers	108,783	158,877	14,286	174,233	159,499	204,372	90,602	60,060	5,955	976,667
Revenue recognized from other sources	—	—	—	—	22	8,380	108	113	—	8,623
Total	108,783	158,877	14,286	174,233	159,521	212,752	90,710	60,173	5,955	985,290

For the six months ended September 30, 2024

(Yen in millions)

	Reporting Segment								Others	Total
	Core Components Business			Electronic Components Business	Solutions Business					
	Industrial & Automotive Components Unit	Semi-conductor Components Unit	Others		Industrial Tools Unit	Document Solutions Unit	Communications Unit	Others		
Sales revenue										
Revenue recognized from contracts with customers	113,510	151,724	16,029	180,398	160,594	221,852	90,164	48,667	5,236	988,174
Revenue recognized from other sources	—	—	—	—	20	10,206	26	162	—	10,414
Total	113,510	151,724	16,029	180,398	160,614	232,058	90,190	48,829	5,236	998,588

(2) Contract Balance

The following table shows the components of receivables from contracts with customers, contract assets and contract liabilities.

In the condensed interim consolidated statement of financial position, contract assets are included in “Trade and other receivables,” and contract liabilities are included in “Trade and other payables,” “Accrued expenses” and “Other current liabilities,” respectively.

(Yen in millions)

	As of	
	March 31, 2024	September 30, 2024
Receivables from contracts with customers	338,334	313,247
Contract assets	4,010	4,644
Contract liabilities	38,511	38,646

10. Earnings Per Share

Earnings per share attributable to owners of the parent are as follows:

Earnings per share attributable to owners of the parent - Diluted is not stated, as there is no potential share.

	For the six months ended September 30,	
	2023	2024
Profit attributable to owners of the parent (Yen in millions)	56,487	36,078
Weighted average number of ordinary shares (Thousands of shares)	1,415,602	1,408,696
Earnings per share attributable to owners of the parent - Basic (Yen)	39.90	25.61

(Note) Kyocera Corporation implemented the stock split at the ratio of 4 for 1 of all common stocks, with the effective date of January 1, 2024. Weighted average number of ordinary shares and Earnings per share attributable to owners of the parent -Basic are calculated based on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

11. Financial Instruments

(1) Fair Values of Financial Instruments

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of inputs that may be used to measure fair value are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than those included in Level 1. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

a. Financial Instruments Measured at Amortized Cost

Carrying amount and fair value of financial instruments measured at amortized cost are as follows:

(Yen in millions)

	As of			
	March 31, 2024		September 30, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Debt instruments	14	14	13	13
Other financial assets	81,649	81,649	83,882	83,882
Total	81,663	81,663	83,895	83,895
Liabilities:				
Borrowings	209,154	206,566	210,357	207,772
Total	209,154	206,566	210,357	207,772

The carrying amounts of Cash and cash equivalents, Trade and other receivables, and Trade and other payables approximate their fair values because of the short maturity of these instruments.

Short-term borrowings are stated at their carrying amounts since they are settled in the short term and their fair value is nearly equal to their carrying amount.

Long-term borrowings with variable interest rates are stated at their carrying amount because they reflect market interest rates in a short period of time and their fair values are deemed to be close to their carrying amount.

Long-term borrowings with fixed interest rates are stated at the present value of future cash flows discounted at the interest rate that would be applied to a similar contract were newly executed.

b. Financial Instruments Measured at Fair Value

The levels of the fair value hierarchy of financial instruments measured at fair value are as follows:

(Yen in millions)

	As of March 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Equity and debt instruments				
Financial assets measured at fair value through other comprehensive income	1,575,744	—	52,935	1,628,679
Financial assets measured at fair value through profit or loss	—	—	11,345	11,345
Other financial assets	—	431	—	431
Total	1,575,744	431	64,280	1,640,455
Liabilities:				
Other financial liabilities	—	5,934	—	5,934
Contingent consideration	—	—	86	86
Total	—	5,934	86	6,020

(Yen in millions)

	As of September 30, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Equity and debt instruments				
Financial assets measured at fair value through other comprehensive income	1,603,215	572	61,657	1,665,444
Financial assets measured at fair value through profit or loss	—	—	10,944	10,944
Other financial assets	—	6,232	—	6,232
Total	1,603,215	6,804	72,601	1,682,620
Liabilities:				
Other financial liabilities	—	852	—	852
Contingent consideration	—	—	81	81
Total	—	852	81	933

Transfers between levels are recognized on the day when the event or change in circumstances that caused the transfer occurred. There were no significant transfers between Level 1 and Level 2 for the year ended March 31, 2024 and the six months ended September 30, 2024.

c. Measurement Method of Fair Value of Financial Assets and Financial Liabilities

The valuation techniques to measure fair value of financial instruments and input information are as follows:

The fair value of Level 1 investments is a quoted price in an active market with sufficient volume and frequency of transactions.

Other financial assets and other financial liabilities classified as Level 2 are derivatives, and their fair values are measured by discounting the value calculated using forward exchange rates on the date of condensed interim consolidated financial statements to the present value.

Equity securities classified as Level 3 are mainly unlisted stocks, and their fair values are measured by valuation technique such as discounted cash flows method. Contingent consideration recognized in a business combination is calculated based on expected payment by taking into account future business performances.

d. Evaluation Process

The fair value of unlisted stocks classified as level 3 is evaluated and the results of the evaluation are examined by external evaluation experts or appropriate persons in charge of evaluation in accordance with the evaluation policy and procedures approved by the management of finance division. The evaluation results are reviewed and approved by person in charge of management of finance division.

e. Quantitative Information Related to Assets Classified as Level 3

Information related to evaluation technique and significant unobservable inputs of assets measured at fair value on a recurring basis classified as level 3 is as follows:

As of March 31, 2024

Classification	Valuation Technique	Unobservable Inputs	Range
Financial assets measured at fair value through other comprehensive income	Discounted cash flow method	Discount rate	3.2% to 4.3%

As of September 30, 2024

Classification	Valuation Technique	Unobservable Inputs	Range
Financial assets measured at fair value through other comprehensive income	Discounted cash flow method	Discount rate	3.2% to 4.3%

The decline (rise) in the discount rate will increase (decrease) the fair value. For financial instruments classified as Level 3, material changes in fair value are not expected when unobservable inputs are changed to reasonably possible alternative assumptions.

f. Reconciliation of Financial Instruments Classified as Level 3

Reconciliation of financial instruments classified as Level 3 from the opening balance to the closing balance is as follows:

(Yen in millions)

	For the six months ended September 30,					
	2023			2024		
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial liabilities measured at fair value through profit or loss	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial liabilities measured at fair value through profit or loss
Opening balance	10,041	49,138	110	11,345	52,935	86
Profit or loss *1	554	—	—	(323)	—	—
Other comprehensive income *2	—	2,509	—	—	3,617	—
Purchase and assume	264	662	—	223	5,314	—
Sales and settlements	(58)	(48)	(31)	(213)	(195)	(4)
Transfer into or out Level 3	—	—	—	—	—	—
Others	143	60	8	(88)	(14)	(1)
Closing balance	10,944	52,321	87	10,944	61,657	81
Change in unrealized gains or losses included in profit or loss	520	—	—	(301)	—	—

(Notes) 1. Those related to financial assets are included in “Finance income” and “Finance expenses” in the condensed interim consolidated statement of profit or loss.

2. Included in “Financial assets measured at fair value through other comprehensive income” in the condensed interim consolidated statement of comprehensive income.

(2) Equity Financial Assets Measured at Fair Value through Other Comprehensive Income

The components of the equity financial assets measured at fair value through other comprehensive income are as follows:

(Yen in millions)

	As of	
	March 31, 2024	September 30, 2024
Marketable issuers * 1	1,575,744	1,603,215
Non-marketable issuers * 2	52,935	62,229
Total	1,628,679	1,665,444

(Notes) 1. The major marketable issuers and their fair values are as follows:

(Yen in millions)

	As of	
	March 31, 2024	September 30, 2024
KDDI CORPORATION	1,501,900	1,539,431
Japan Airlines Co., Ltd.	22,285	19,230
Kyoto Financial Group, Inc.	17,627	14,074
DAIKIN INDUSTRIES, LTD.	11,655	11,358

2. Non-marketable issuers mainly consist of investments in energy businesses. The total fair value as of March 31, 2024 is 31,096 million yen and the total fair value as of September 30, 2024 is 33,524 million yen.

Stocks held mainly for enhancing and maintaining business relationships with the issuers are classified as financial assets measured at fair value through other comprehensive income.

The components of dividend income from issuers measured at fair value through other comprehensive income, included in “Finance income” in the condensed interim consolidated statement of profit or loss, are as follows:

(Yen in millions)

For the six months ended September 30,			
2023		2024	
From issuers derecognized during the period	From issuers held at the end of the period	From issuers derecognized during the period	From issuers held at the end of the period
5	25,297	12	25,372

12. Commitments

Contractual commitments for acquisition of property, plant and equipment are as follows:

(Yen in millions)

	As of	
	March 31, 2024	September 30, 2024
Acquisition of property, plant and equipment	122,460	119,682

13. Contingency

As of September 30, 2024, there were no material changes compared to the contents stated in the Annual Report for the year ended March 31, 2024, pursuant to the Financial Instruments and Exchange Act of Japan.

14. Subsequent Events

Not Applicable.

15. Approval of Condensed Interim Consolidated Financial Statements

The condensed interim consolidated financial statements have been approved by Hideo Tanimoto, President and Representative Director, and Shoichi Aoki, Director and Managing Executive Officer, on November 13, 2024.

2. Others

Interim Dividend

For detailed information about interim dividend, please refer to Note “8. Dividends.”

Part II. Corporate Information on Guarantors and Others

Not Applicable.