



Consolidated Financial Results for the Six Months Ended September 30, 2020 (IFRS)

October 29, 2020

Company name: **KYOCERA CORPORATION**

Stock Listing: Tokyo Stock Exchange

Code number: 6971 URL: <https://global.kyocera.com/>

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Scheduled date of quarterly report filing: November 12, 2020

Scheduled date for commencement of dividend payments: December 4, 2020

Supplementary documents of the quarterly financial results: Yes

Holding quarterly financial results meeting: Yes (conference call for institutional investors and analysts)

(Amounts less than one million yen are rounded)

1. Consolidated Financial Results for the Six Months Ended September 30, 2020

(1) Consolidated operating results (% of change from the same period of the previous year)

	Sales revenue		Operating profit		Profit before income taxes		Profit attributable to owners of the parent		Comprehensive income for the period	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2020	696,037	(12.9)	24,065	(60.1)	48,249	(43.4)	34,360	(42.4)	(85,221)	—
September 30, 2019	799,050	(0.2)	60,320	(27.0)	85,213	(19.4)	59,614	(24.0)	136,642	(34.7)

	Earnings per share attributable to owners of the parent - Basic		Earnings per share attributable to owners of the parent - Diluted	
Six months ended	Yen		Yen	
September 30, 2020	94.80		94.80	
September 30, 2019	164.64		164.58	

(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	Million yen	Million yen	Million yen	%
September 30, 2020	3,078,759	2,339,520	2,316,191	75.2
March 31, 2020	3,250,175	2,454,242	2,432,134	74.8

2. Cash Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2020	—	80.00	—	80.00	160.00
Year ending March 31, 2021	—	60.00			
Year ending March 31, 2021 (forecast)			—	60.00	120.00

(Note) Revision of previously announced dividend targets during this reporting period: Yes

Please refer to “(3) Interim Dividend for the Year Ending March 31, 2021” for the detail of dividends information for the year ending March 31, 2021 on page 5.

3. Consolidated Financial Forecasts for the Year Ending March 31, 2021 (% of change from the previous year)

	Sales revenue		Operating profit		Profit before income taxes		Profit attributable to owners of the parent		Earnings per share attributable to owners of the parent - Basic
Year Ending	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
March 31, 2021	1,500,000	(6.2)	75,000	(25.1)	120,000	(19.4)	88,000	(18.3)	242.80

(Note) Revision of previously announced financial forecast during this reporting period: None

“Earnings per share attributable to owners of the parent - Basic” is calculated using the average number of shares outstanding for the six months ended September 30, 2020.

Notes

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries that caused a change in the scope of consolidation): None

(2) Changes in accounting policies and accounting estimates

(i) Changes in accounting policies required under IFRS: None

(ii) Changes in accounting policies due to reasons other than (i): None

(iii) Changes in accounting estimates: None

(3) Number of shares issued (common stock)

(i) Number of shares issued (including treasury stock):

As of September 30, 2020	377,618,580 shares
As of March 31, 2020	377,618,580 shares

(ii) Number of treasury stock:

As of September 30, 2020	15,176,543 shares
As of March 31, 2020	15,186,354 shares

(iii) Average number of shares outstanding:

For the six months ended September 30, 2020	362,437,255 shares
For the six months ended September 30, 2019	362,093,665 shares

Instruction for Forecasts and Other Notes

1. Cautionary statements with respect to forward-looking statements

Certain of the statements made in this document are forward-looking statements, which are based on our current assumptions and beliefs in light of the information currently available to us. These forward-looking statements involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors include, but are not limited to the following:

- (1) General conditions in the Japanese or global economy;
- (2) Unexpected changes in economic, political and legal conditions in countries where we operate or export;
- (3) The effect of foreign exchange fluctuations on our results of operations;
- (4) Intense competitive pressures to which our products are subject;
- (5) Fluctuations in the price and ability of suppliers to provide the required quantity of raw materials for use in our production activities;
- (6) Manufacturing delays or defects resulting from outsourcing or internal manufacturing processes;
- (7) The possibility that future initiatives and in-process research and development may not produce the desired results;
- (8) Companies or assets acquired by us not produce the returns or benefits, or bring in business opportunities;
- (9) Inability to secure skilled employees;
- (10) Damages on our information security systems from cyberattacks, etc. and significant costs in order to recover and maintain the systems;
- (11) Insufficient protection of our trade secrets and intellectual property rights including patents;
- (12) Expenses associated with licenses we require to continue to manufacture and sell products;
- (13) Unintentional conflict with laws and regulations or newly enacted laws and regulations;
- (14) Environmental liability and compliance obligations by tightening of environmental laws and regulations;
- (15) Inability to respond to global climate change problems or delay in such response, which may lead to increased costs and negatively impact our corporate brands;
- (16) Our market or supply chains being affected by plague, infectious diseases, terrorism, wars or similar events;
- (17) Earthquakes and other natural disasters affecting our headquarters and major facilities as well as our suppliers and customers;
- (18) Credit risk on trade receivables;
- (19) Fluctuations in the value of financial instruments held by us;
- (20) Impairment losses on property, plant and equipment, goodwill and intangible assets;
- (21) Uncertainty over income tax and deferred tax assets; and
- (22) Changes in accounting standards.

Due to such risks, uncertainties and other factors, our actual results, performance, achievements or financial condition may be substantially different from any future results, performance, achievements or financial condition expressed or implied by these forward-looking statements. We undertake no obligation to publicly update any forward-looking statements included in this document.

2. This consolidated financial report is not subject to quarterly review procedures by certified public accountants or auditing firms.

3. Method of obtaining supplementary materials on the financial results

The supplementary documents will be posted on the corporate website on October 29, 2020.

4. English translation

This is an English translation of the Japanese original of “Consolidated Financial Results for the Six Months Ended September 30, 2020.” The translation is prepared for the reference and convenience solely for those who do not use Japanese. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

(Attachment)

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1. Qualitative Information related to Consolidated Financial Results

(1) Explanation of Consolidated Financial Results

a. Consolidated Financial Results

During the six months ended September 30, 2020 (“the first half”), the business environment remained severe despite gradual easing of the effects of economic deterioration caused by the spread of COVID-19 infections.

In the Components Business, sales revenue particularly in the Electronic Devices Group decreased because production activities in automotive-related markets did not reach the level of the six months ended September 30, 2019 (“the previous first half”) despite an improving trend. In the Equipment & Systems Business, a decline in demand for equipment, such as printers and MFPs, and consumables in the Document Solutions Group, as well as a decline in sales of mobile phone handsets and environment and energy engineering business in the Communications Group were major factors behind lower sales revenue. As a result, sales revenue for the first half decreased by 103,013 million yen, or 12.9%, to 696,037 million yen, compared with the previous first half.

Profit declined compared with the previous first half due mainly to lower sales revenue. Operating profit decreased by 36,255 million yen, or 60.1%, to 24,065 million yen, profit before income taxes decreased by 36,964 million yen, or 43.4%, to 48,249 million yen, and profit attributable to owners of the parent decreased by 25,254 million yen, or 42.4%, to 34,360 million yen, compared with the previous first half.

Average exchange rates for the first half were 107 yen to the U.S. dollar, marking appreciation of 2 yen, or 1.8%, and 121 yen to the Euro, unchanged from the previous first half. As a result, sales revenue and profit before income taxes after translation into yen for the first half were pushed down by approximately 6 billion yen and approximately 1 billion yen, respectively, compared with the previous first half.

Consolidated Financial Results

(Yen in millions)

	For the six months ended September 30, 2019		For the six months ended September 30, 2020		Change	
	Amount	%*	Amount	%*	Amount	%
Sales revenue	799,050	100.0	696,037	100.0	(103,013)	(12.9)
Operating profit	60,320	7.5	24,065	3.5	(36,255)	(60.1)
Profit before income taxes	85,213	10.7	48,249	6.9	(36,964)	(43.4)
Profit attributable to owners of the parent	59,614	7.5	34,360	4.9	(25,254)	(42.4)
Average US\$ exchange rate (yen)	109	—	107	—	—	—
Average Euro exchange rate (yen)	121	—	121	—	—	—

Capital expenditures	56,183	7.0	57,067	8.2	884	1.6
Depreciation charge of property, plant and equipment	29,134	3.6	35,031	5.0	5,897	20.2
Research and development expenses	38,583	4.8	35,126	5.0	(3,457)	(9.0)

* % represents the percentage to sales revenue.

b. Consolidated Financial Results by Reporting Segment

1) Industrial & Automotive Components Group

Sales revenue for the first half was 167,187 million yen, flat from 167,152 million yen in the previous first half. Sales of products for automotive-related markets such as displays and ceramic components for automotive use decreased, while sales of fine ceramic components for semiconductor processing equipment increased. M&A activities conducted in the year ended March 31, 2020 (“the previous fiscal year”) also contributed.

Business profit, on the other hand, decreased by 4,404 million yen, or 47.7%, to 4,830 million yen compared with 9,234 million yen in the previous first half as a result of a decreased sales from automotive-related markets and an increase in costs such as depreciation charges.

2) Semiconductor Components Group

Sales revenue for the first half was 122,509 million yen, almost flat as compared with 123,095 million yen in the previous first half. While demand for organic multi-layer substrates for automotive use declined, demand for ceramic packages for 5G capable smartphones and communications infrastructure remained strong.

Business profit, on the other hand, decreased by 2,387 million yen, or 16.5%, to 12,103 million yen compared with 14,490 million yen from the previous first half due to a decrease in sales in the organic materials business and an increase in costs such as depreciation charges.

3) Electronic Devices Group

Sales revenue for the first half decreased by 28,587 million yen, or 17.1%, to 138,964 million yen compared with 167,551 million yen in the previous first half. Sales at AVX Corporation decreased due to sluggish demand in major markets, including automotive-related markets.

Business profit decreased by 16,354 million yen, or 65.5%, to 8,624 million yen compared with 24,978 million yen in the previous first half due mainly to the decrease in sales revenue.

4) Communications Group

Sales revenue for the first half decreased by 26,825 million yen, or 20.0%, to 107,462 million yen compared with 134,287 million yen in the previous first half due to a decrease in the number of mobile phone handsets sold and a decrease in sales in the environment and energy engineering business.

Business profit decreased by 1,207 million yen, or 23.6%, to 3,910 million yen compared with 5,117 million yen in the previous first half due mainly to the decrease in sales revenue. Business profit margin, however, remained almost at the same level as in the previous first half as a result of cost reduction efforts.

5) Document Solutions Group

Sales revenue for the first half decreased by 39,744 million yen, or 22.3%, to 138,140 million yen compared with 177,884 million yen in the previous first half. As a result of relaxation of restrictions on office attendance, there was a recovery in demand from the market toward the end of the first half. Sales of equipment and consumables, however, fell short of the level in the previous first half.

Business profit decreased by 12,833 million yen, or 68.0%, to 6,050 million yen compared with 18,883 million yen in the previous first half due mainly to the decrease in sales revenue.

6) Life & Environment Group

Sales revenue for the first half decreased by 9,493 million yen, or 25.1%, to 28,336 million yen compared with 37,829 million yen in the previous first half due mainly to lower sales of solar power generation systems in the smart energy business*.

Business loss increased by 2,352 million yen to 7,410 million yen compared with 5,058 million yen in the previous first half as a result of lower sales revenue.

* On April 1, 2020, the “solar energy business” was renamed the “smart energy business.”

Sales Revenue by Reporting Segment

(Yen in millions)

		For the six months ended September 30, 2019		For the six months ended September 30, 2020		Change	
		Amount	%*	Amount	%*	Amount	%
	Industrial & Automotive Components Group	167,152	20.9	167,187	24.0	35	0.0
	Semiconductor Components Group	123,095	15.4	122,509	17.6	(586)	(0.5)
	Electronic Devices Group	167,551	21.0	138,964	20.0	(28,587)	(17.1)
	Total Components Business	457,798	57.3	428,660	61.6	(29,138)	(6.4)
	Communications Group	134,287	16.8	107,462	15.4	(26,825)	(20.0)
	Document Solutions Group	177,884	22.3	138,140	19.9	(39,744)	(22.3)
	Life & Environment Group	37,829	4.7	28,336	4.1	(9,493)	(25.1)
	Total Equipment & Systems Business	350,000	43.8	273,938	39.4	(76,062)	(21.7)
	Others	7,801	1.0	7,937	1.1	136	1.7
	Adjustments and eliminations	(16,549)	(2.1)	(14,498)	(2.1)	2,051	—
	Sales revenue	799,050	100.0	696,037	100.0	(103,013)	(12.9)

* % represents the component ratio.

Business Profit (Loss) by Reporting Segment

(Yen in millions)

		For the six months ended September 30, 2019		For the six months ended September 30, 2020		Change	
		Amount	%*	Amount	%*	Amount	%
	Industrial & Automotive Components Group	9,234	5.5	4,830	2.9	(4,404)	(47.7)
	Semiconductor Components Group	14,490	11.8	12,103	9.9	(2,387)	(16.5)
	Electronic Devices Group	24,978	14.9	8,624	6.2	(16,354)	(65.5)
	Total Components Business	48,702	10.6	25,557	6.0	(23,145)	(47.5)
	Communications Group	5,117	3.8	3,910	3.6	(1,207)	(23.6)
	Document Solutions Group	18,883	10.6	6,050	4.4	(12,833)	(68.0)
	Life & Environment Group	(5,058)	—	(7,410)	—	(2,352)	—
	Total Equipment & Systems Business	18,942	5.4	2,550	0.9	(16,392)	(86.5)
	Others	(1,920)	—	(1,276)	—	644	—
	Total business profit	65,724	8.2	26,831	3.9	(38,893)	(59.2)
	Corporate gains and share of net profit of investments accounted for using the equity method	20,075	—	22,437	—	2,362	11.8
	Adjustments and eliminations	(586)	—	(1,019)	—	(433)	—
	Profit before income taxes	85,213	10.7	48,249	6.9	(36,964)	(43.4)

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

(Note) On April 1, 2020, a domestic subsidiary Kyocera Communication Systems Co., Ltd., which is included in “Communications Group,” absorbed and merged with a domestic subsidiary Kyocera Solar Corporation, which was included in “Life & Environment Group.” As a result, “For the six months ended September 30, 2019” in the above tables are presented in the reporting segment after the merger.

(2) Explanation of Consolidated Financial Position

Consolidated Cash Flows

Cash and cash equivalents at September 30, 2020 decreased by 31,794 million yen to 387,826 million yen from 419,620 million yen at March 31, 2020.

1) Cash flows from operating activities

Net cash provided by operating activities for the first half decreased by 23,703 million yen to 86,259 million yen from 109,962 million yen for the previous first half. This was due mainly to a decrease in profit for the period.

2) Cash flows from investing activities

Net cash used in investing activities for the first half decreased by 30,667 million yen to 69,208 million yen from 99,875 million yen for the previous first half. This was due mainly to decreases in payments for acquisitions of business.

3) Cash flows from financing activities

Net cash used in financing activities for the first half decreased by 21,406 million yen to 45,964 million yen from 67,370 million yen for the previous first half. This was due mainly to decreases in repayments of borrowings.

Consolidated Cash Flows

(Yen in millions)

	For the six months ended September 30, 2019	For the six months ended September 30, 2020	Change
Cash flows from operating activities	109,962	86,259	(23,703)
Cash flows from investing activities	(99,875)	(69,208)	30,667
Cash flows from financing activities	(67,370)	(45,964)	21,406
Effect of exchange rate changes on cash and cash equivalents	(6,415)	(2,881)	3,534
Increase (decrease) in cash and cash equivalents	(63,698)	(31,794)	31,904
Cash and cash equivalents at the beginning of the year	512,814	419,620	(93,194)
Cash and cash equivalents at the end of the period	449,116	387,826	(61,290)

(3) Interim Dividend for the Year Ending March 31, 2021

Kyocera Corporation believes that the best way to increase corporate value and meet shareholders' expectations is to improve future consolidated performance on an ongoing basis. Kyocera Corporation therefore has adopted a principal guideline that dividend amounts shall fall within a range based on profit attributable to owners of the parent on a consolidated basis, and has set its dividend policy to maintain a payout ratio of around 50% of profit attributable to owners of the parent on a consolidated basis. In addition, Kyocera Corporation determines dividend amounts based on a comprehensive assessment, taking into account various factors including the amount of capital expenditures necessary for medium-to-long-term corporate growth.

Kyocera Corporation also has adopted policies to ensure a sound financial basis, and, for such purpose it sets aside other general reserves in preparation for the creation of new businesses, cultivation of new markets, development of new technologies and acquisition, as necessary, of outside management resources to achieve sustainable corporate growth.

Kyocera Corporation has adopted a resolution that its interim dividend for the year ending March 31, 2021 ("fiscal 2021") will be 60 yen per share based on the above-mentioned guideline and policy.

Kyocera Corporation forecasts its year-end dividend for fiscal 2021 in the amount of 60 yen per share and has not changed its annual dividend forecast of 120 yen per share from the forecast announced in April 2020.

(4) Explanation of Information on Future Outlook, Including Consolidated Financial Forecasts

The forecast for fiscal 2021 has not been changed from the forecast announced in April 2020.

Despite the impact of the COVID-19 epidemic, financial results in the first half were within our projections made at the beginning of fiscal 2021, which were based on the assumption that the global economy would gradually recover from the three months ended September 30, 2020 onward. Further recovery in automotive-related markets and the document equipment market, etc. is expected from the three months ending December 31, 2020, although negative impact on demand for some products remains a concern because of the resurgence of trade friction between the U.S. and China.

We aim to achieve our consolidated financial forecast for fiscal 2021 by continuing efforts to comprehensively reduce costs and further improve productivity.

In the meantime, we have revised forecasts by reporting segment as described on the following page, based on the first half results and future projections of each business.

Please refer to “1. Cautionary statements with respect to forward-looking statements” in “Instruction for Forecasts and Other Notes” for information of future prospective.

Forecasts of Consolidated Financial Results

(Yen in millions)

	Results for the year ended March 31, 2020		Forecasts for the year ending March 31, 2021		Change	
	Amount	%*	Amount	%*	Amount	%
Sales revenue	1,599,053	100.0	1,500,000	100.0	(99,053)	(6.2)
Operating profit	100,193	6.3	75,000	5.0	(25,193)	(25.1)
Profit before income taxes	148,826	9.3	120,000	8.0	(28,826)	(19.4)
Profit attributable to owners of the parent	107,721	6.7	88,000	5.9	(19,721)	(18.3)
Average US\$ exchange rate (yen)	109	—	105	—	—	—
Average Euro exchange rate (yen)	121	—	115	—	—	—

Capital expenditures	106,003	6.6	100,000	6.7	(6,003)	(5.7)
Depreciation charge of property, plant and equipment	62,413	3.9	75,000	5.0	12,587	20.2
Research and development expenses	79,241	5.0	80,000	5.3	759	1.0

* % represents the percentage to sales revenue.

Sales Revenue by Reporting Segment

(Yen in millions)

		Results for the year ended March 31, 2020		Forecasts for the year ending March 31, 2021 announced on				Change
				April 27, 2020 (Previous)		October 29, 2020 (Revised)		
		Amount	%*	Amount	%*	Amount	%*	%
	Industrial & Automotive Components Group	341,093	21.3	300,000	20.0	330,000	22.0	(3.3)
	Semiconductor Components Group	247,228	15.5	239,000	15.9	245,000	16.3	(0.9)
	Electronic Devices Group	324,113	20.3	328,000	21.9	316,000	21.1	(2.5)
Total Components Business		912,434	57.1	867,000	57.8	891,000	59.4	(2.3)
	Communications Group	270,818	17.0	259,000	17.3	241,000	16.1	(11.0)
	Document Solutions Group	359,915	22.5	320,000	21.3	313,000	20.8	(13.0)
	Life & Environment Group	73,747	4.6	67,000	4.5	67,000	4.5	(9.1)
Total Equipment & Systems Business		704,480	44.1	646,000	43.1	621,000	41.4	(11.8)
Others		16,737	1.0	22,000	1.5	19,000	1.3	13.5
Adjustments and eliminations		(34,598)	(2.2)	(35,000)	(2.4)	(31,000)	(2.1)	—
Sales revenue		1,599,053	100.0	1,500,000	100.0	1,500,000	100.0	(6.2)

* % represents the component ratio.

Business Profit (Loss) by Reporting Segment

(Yen in millions)

		Results for the year ended March 31, 2020		Forecasts for the year ending March 31, 2021 announced on				Change
				April 27, 2020 (Previous)		October 29, 2020 (Revised)		
		Amount	%*	Amount	%*	Amount	%*	%
	Industrial & Automotive Components Group	15,813	4.6	13,000	4.3	13,000	3.9	(17.8)
	Semiconductor Components Group	30,511	12.3	30,000	12.6	30,000	12.2	(1.7)
	Electronic Devices Group	31,744	9.8	34,000	10.4	30,000	9.5	(5.5)
Total Components Business		78,068	8.6	77,000	8.9	73,000	8.2	(6.5)
	Communications Group	11,259	4.2	9,000	3.5	11,000	4.6	(2.3)
	Document Solutions Group	34,489	9.6	30,000	9.4	20,000	6.4	(42.0)
	Life & Environment Group	(10,965)	—	(14,000)	—	(14,000)	—	—
Total Equipment & Systems Business		34,783	4.9	25,000	3.9	17,000	2.7	(51.1)
Others		(4,484)	—	(6,000)	—	(4,000)	—	—
Total business profit		108,367	6.8	96,000	6.4	86,000	5.7	(20.6)
Corporate and others		40,459	—	24,000	—	34,000	—	(16.0)
Profit before income taxes		148,826	9.3	120,000	8.0	120,000	8.0	(19.4)

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

(Note) On April 1, 2020, a domestic subsidiary Kyocera Communication Systems Co., Ltd., which is included in “Communications Group,” absorbed and merged with a domestic subsidiary Kyocera Solar Corporation, which was included in “Life & Environment Group.” As a result, “Results for the year ended March 31, 2020” in the above tables are presented in the reporting segment after the merger.

2. Condensed Quarterly Consolidated Financial Statements and Primary Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Yen in millions)

	As of March 31, 2020		As of September 30, 2020		Change
	Amount	%*	Amount	%*	
Assets					
Current assets					
Cash and cash equivalents	419,620		387,826		(31,794)
Short-term investments	62,999		73,747		10,748
Trade and other receivables	336,294		299,571		(36,723)
Other financial assets	11,035		13,823		2,788
Inventories	344,304		349,110		4,806
Other current assets	28,455		31,475		3,020
Total current assets	1,202,707	37.0	1,155,552	37.5	(47,155)
Non-current assets					
Equity and debt instruments	1,196,634		1,010,771		(185,863)
Investments accounted for using the equity method	17,422		17,639		217
Other financial assets	27,179		34,851		7,672
Property, plant and equipment	383,271		408,187		24,916
Right-of-use assets	34,921		35,183		262
Goodwill	212,207		231,011		18,804
Intangible assets	118,533		124,627		6,094
Deferred tax assets	40,434		40,345		(89)
Other non-current assets	16,867		20,593		3,726
Total non-current assets	2,047,468	63.0	1,923,207	62.5	(124,261)
Total assets	3,250,175	100.0	3,078,759	100.0	(171,416)

* % represents the component ratio.

(Yen in millions)

	As of March 31, 2020		As of September 30, 2020		Change
	Amount	%*	Amount	%*	
Liabilities and Equity					
Liabilities					
Current liabilities					
Borrowings	35,025		38,066		3,041
Trade and other payables	173,300		160,389		(12,911)
Lease liabilities	15,477		15,456		(21)
Other financial liabilities	1,544		2,346		802
Income tax payables	11,396		8,900		(2,496)
Accrued expenses	114,983		113,256		(1,727)
Provisions	14,411		6,654		(7,757)
Other current liabilities	31,373		31,583		210
Total current liabilities	397,509	12.2	376,650	12.2	(20,859)
Non-current liabilities					
Borrowings	44,970		50,856		5,886
Lease liabilities	31,847		31,024		(823)
Retirement benefit liabilities	28,406		28,975		569
Deferred tax liabilities	271,317		223,023		(48,294)
Provisions	8,760		9,094		334
Other non-current liabilities	13,124		19,617		6,493
Total non-current liabilities	398,424	12.3	362,589	11.8	(35,835)
Total liabilities	795,933	24.5	739,239	24.0	(56,694)
Equity					
Common stock	115,703		115,703		—
Capital surplus	123,539		123,190		(349)
Retained earnings	1,686,672		1,692,037		5,365
Other components of equity	575,495		454,493		(121,002)
Treasury stock	(69,275)		(69,232)		43
Total equity attributable to owners of the parent	2,432,134	74.8	2,316,191	75.2	(115,943)
Non-controlling interests	22,108	0.7	23,329	0.8	1,221
Total equity	2,454,242	75.5	2,339,520	76.0	(114,722)
Total liabilities and equity	3,250,175	100.0	3,078,759	100.0	(171,416)

* % represents the component ratio.

(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Comprehensive Income

a. Condensed Quarterly Consolidated Statement of Profit or Loss

(Yen in millions except per share amounts)

	For the six months ended September 30, 2019		For the six months ended September 30, 2020		Change	
	Amount	%*	Amount	%*	Amount	%
Sales revenue	799,050	100.0	696,037	100.0	(103,013)	(12.9)
Cost of sales	572,416	71.6	515,336	74.0	(57,080)	(10.0)
Gross profit	226,634	28.4	180,701	26.0	(45,933)	(20.3)
Selling, general and administrative expenses	166,314	20.9	156,636	22.5	(9,678)	(5.8)
Operating profit	60,320	7.5	24,065	3.5	(36,255)	(60.1)
Finance income	25,381	3.2	23,092	3.3	(2,289)	(9.0)
Finance expenses	789	0.1	923	0.2	134	17.0
Foreign exchange gains (losses)	(1,179)	(0.1)	93	0.0	1,272	—
Share of net profit (loss) of investments accounted for using the equity method	520	0.1	516	0.1	(4)	(0.8)
Other, net	960	0.1	1,406	0.2	446	46.5
Profit before income taxes	85,213	10.7	48,249	6.9	(36,964)	(43.4)
Income taxes	21,477	2.7	12,611	1.8	(8,866)	(41.3)
Profit for the period	63,736	8.0	35,638	5.1	(28,098)	(44.1)

Profit attributable to:						
Owners of the parent	59,614	7.5	34,360	4.9	(25,254)	(42.4)
Non-controlling interests	4,122	0.5	1,278	0.2	(2,844)	(69.0)
Profit for the period	63,736	8.0	35,638	5.1	(28,098)	(44.1)

Per share information:			
Earnings per share attributable to owners of the parent			
Basic	164.64 yen	94.80 yen	
Diluted	164.58 yen	94.80 yen	

* % represents the percentage to sales revenue.

b. Condensed Quarterly Consolidated Statement of Comprehensive Income

(Yen in millions)

	For the six months ended September 30, 2019	For the six months ended September 30, 2020	Change
	Amount	Amount	
Profit for the period	63,736	35,638	(28,098)
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	101,231	(116,277)	(217,508)
Re-measurement of defined benefit plans	—	—	—
Total items that will not be reclassified to profit or loss	101,231	(116,277)	(217,508)
Items that may be reclassified subsequently to profit or loss:			
Net changes in fair value of cash flow hedge	(8)	28	36
Exchange differences on translating foreign operations	(28,304)	(4,611)	23,693
Share of other comprehensive income of investments accounted for using the equity method	(13)	1	14
Total items that may be reclassified subsequently to profit or loss	(28,325)	(4,582)	23,743
Total other comprehensive income	72,906	(120,859)	(193,765)
Comprehensive income for the period	136,642	(85,221)	(221,863)

Comprehensive income attributable to:			
Owners of the parent	135,520	(86,642)	(222,162)
Non-controlling interests	1,122	1,421	299
Comprehensive income for the period	136,642	(85,221)	(221,863)

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

For the six months ended September 30, 2019

(Yen in millions)

	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, 2019	115,703	165,225	1,638,709	418,643	(72,361)	2,265,919	96,341	2,362,260
Profit for the period			59,614			59,614	4,122	63,736
Other comprehensive income				75,906		75,906	(3,000)	72,906
Total comprehensive income for the period	—	—	59,614	75,906	—	135,520	1,122	136,642
Cash dividends			(28,940)			(28,940)	(1,773)	(30,713)
Purchase of treasury stock					(12)	(12)		(12)
Reissuance of treasury stock		1,700			3,112	4,812		4,812
Transactions with non-controlling interests and other		(240)		0		(240)	1,142	902
Balance as of September 30, 2019	115,703	166,685	1,669,383	494,549	(69,261)	2,377,059	96,832	2,473,891

For the six months ended September 30, 2020

(Yen in millions)

	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, 2020	115,703	123,539	1,686,672	575,495	(69,275)	2,432,134	22,108	2,454,242
Profit for the period			34,360			34,360	1,278	35,638
Other comprehensive income				(121,002)		(121,002)	143	(120,859)
Total comprehensive income for the period	—	—	34,360	(121,002)	—	(86,642)	1,421	(85,221)
Cash dividends			(28,995)			(28,995)	(462)	(29,457)
Purchase of treasury stock					(7)	(7)		(7)
Reissuance of treasury stock		17			50	67		67
Transactions with non-controlling interests and other		(366)		—		(366)	262	(104)
Balance as of September 30, 2020	115,703	123,190	1,692,037	454,493	(69,232)	2,316,191	23,329	2,339,520

(4) Notes to Condensed Quarterly Consolidated Financial Statements

Notes to Going Concern Assumption

Not Applicable