

Quarterly Report

(English summary with full translation of consolidated financial information)

(The Third Quarter of 68th Business Term)

From October 1, 2021 to December 31, 2021

KYOCERA CORPORATION

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This is an English translation of the Quarterly 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 2022" refers to the year ending March 31, 2022, 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 nine months ended December 31,		For the year ended March 31, 2021
	2020	2021	
Sales revenue	1,100,534	1,355,665	1,526,897
Profit before income taxes	87,216	163,103	117,559
Profit attributable to owners of the parent	63,931	119,833	90,214
Comprehensive income attributable to owners of the parent	46,469	138,283	210,784
Equity attributable to owners of the parent	2,427,540	2,644,049	2,591,415
Total assets	3,229,081	3,574,203	3,493,470
Earnings per share attributable to owners of the parent - Basic (Yen)	176.39	331.34	248.91
Earnings per share attributable to owners of the parent - Diluted (Yen)	—	—	—
Ratio of equity attributable to owners of the parent to total assets (%)	75.2	74.0	74.2
Cash flows from operating activities	153,306	157,425	220,821
Cash flows from investing activities	(133,145)	(57,019)	(183,792)
Cash flows from financing activities	(72,557)	(104,345)	(80,968)
Cash and cash equivalents at the end of the period	365,266	388,285	386,727

	For the three months ended December 31,	
	2020	2021
Sales revenue	404,497	479,328
Profit attributable to owners of the parent	29,571	46,614
Earnings per share attributable to owners of the parent - Basic (Yen)	81.59	129.45

- (Notes) 1. Kyocera prepared its condensed quarterly 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. As Kyocera prepares the condensed quarterly 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 nine months ended December 31, 2021 (hereinafter, “the nine months”). There were no changes in the organizations of major subsidiaries and associates. AVX Corporation changed its name to KYOCERA AVX Components Corporation on October 1, 2021.

Kyocera has changed the classification of its reporting segments from the year ending March 31, 2022. For detailed information, please refer to Note “5. Segment Information” under “IV. Condensed Quarterly Consolidated Financial Statements and Other Information 1. Condensed Quarterly Consolidated Financial Statements.”

II. Business Overview

1. Risk Factors

There were no new risk factors recognized for the nine months. There were no significant changes in risk factors stated in the Annual Report for the year ended March 31, 2021 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 Quarterly Report.

(1) Summary of Operating Results

(Yen in millions)

	For the nine months ended December 31,				Change	
	2020		2021			
	Amount	%*	Amount	%*	Amount	%
Sales revenue	1,100,534	100.0	1,355,665	100.0	255,131	23.2
Operating profit	42,983	3.9	118,458	8.7	75,475	175.6
Profit before income taxes	87,216	7.9	163,103	12.0	75,887	87.0
Profit attributable to owners of the parent	63,931	5.8	119,833	8.8	55,902	87.4
Average US\$ exchange rate (Yen)	106	—	111	—	—	—
Average Euro exchange rate (Yen)	122	—	131	—	—	—

* % represents the percentage to sales revenue.

During the nine months ended December 31, 2021, despite the impact of supply chain disruptions including semiconductor supply shortages, economic activity has recovered concomitantly with the progress of COVID-19 vaccinations. In addition to this improved business environment, we have been able to increase production in a timely manner to meet robust demand for components, principally in the 5G and semiconductor-related markets, through strategic capital investments implemented from the fiscal year ended March 31, 2019. As a result, sales revenue and profit increased in all reporting segments compared with the nine months ended December 31, 2020 ("the previous nine months").

Sales revenue for the nine months increased by 255,131 million yen, or 23.2%, to 1,355,665 million yen, compared with the previous nine months, marking a record high for this nine-month period. In addition to the effects of increased sales revenue and our efforts to improve productivity and reduce costs in each business, the absence of an impairment loss of approximately 11.5 billion yen in the smart energy business, which was recorded in the previous nine months, also contributed to a profit increase. Operating profit increased by 75,475 million yen, or 175.6%, to 118,458 million yen, profit before income taxes increased by 75,887 million yen, or 87.0%, to 163,103 million yen, and profit attributable to owners of the parent increased by 55,902 million yen, or 87.4%, to 119,833 million yen, compared with the previous nine months.

The average exchange rates for the nine months were 111 yen to the U.S. dollar and 131 yen to the euro, marking depreciation of 5 yen, or 4.7%, and 9 yen, or 7.4%, respectively, compared with the previous nine months. As a result, sales revenue and profit before income taxes after translation into yen for the nine months were pushed up by approximately 47 billion yen and approximately 15 billion yen, respectively, compared with the previous nine months.

Results by Reporting Segment

Sales Revenue by Reporting Segment

(Yen in millions)

	For the nine months ended December 31,				Change	
	2020		2021			
	Amount	%*	Amount	%*	Amount	%
Core Components Business	309,214	28.1	384,331	28.4	75,117	24.3
Industrial & Automotive Components Unit	97,461	8.8	127,534	9.4	30,073	30.9
Semiconductor Components Unit	193,305	17.6	236,479	17.5	43,174	22.3
Others	18,448	1.7	20,318	1.5	1,870	10.1
Electronic Components Business	198,903	18.1	249,558	18.4	50,655	25.5
Solutions Business	596,841	54.2	722,658	53.3	125,817	21.1
Industrial Tools Unit	139,249	12.7	184,586	13.6	45,337	32.6
Document Solutions Unit	226,081	20.5	270,152	19.9	44,071	19.5
Communications Unit	164,926	15.0	191,006	14.1	26,080	15.8
Others	66,585	6.0	76,914	5.7	10,329	15.5
Others	12,746	1.2	20,600	1.5	7,854	61.6
Adjustments and eliminations	(17,170)	(1.6)	(21,482)	(1.6)	(4,312)	—
Sales revenue	1,100,534	100.0	1,355,665	100.0	255,131	23.2

* % represents the component ratio.

Business Profit (Loss) by Reporting Segment

(Yen in millions)

	For the nine months ended December 31,				Change	
	2020		2021			
	Amount	%*	Amount	%*	Amount	%
Core Components Business	19,384	6.3	45,356	11.8	25,972	134.0
Industrial & Automotive Components Unit	1,155	1.2	15,096	11.8	13,941	—
Semiconductor Components Unit	19,491	10.1	31,544	13.3	12,053	61.8
Others	(1,262)	—	(1,284)	—	(22)	—
Electronic Components Business	15,979	8.0	39,832	16.0	23,853	149.3
Solutions Business	14,709	2.5	53,851	7.5	39,142	266.1
Industrial Tools Unit	9,791	7.0	21,019	11.4	11,228	114.7
Document Solutions Unit	18,351	8.1	25,304	9.4	6,953	37.9
Communications Unit	6,906	4.2	11,358	5.9	4,452	64.5
Others	(20,339)	—	(3,830)	—	16,509	—
Others	(1,700)	—	(10,551)	—	(8,851)	—
Total business profit	48,372	4.4	128,488	9.5	80,116	165.6
Corporate gains and others	38,844	—	34,615	—	(4,229)	(10.9)
Profit before income taxes	87,216	7.9	163,103	12.0	75,887	87.0

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

(Note) Kyocera has changed the classification of its reporting segments from the year ending March 31, 2022.

Business results for the nine months ended December 31, 2020 have been reclassified in line with the change to reporting segment classifications. For detailed information, please refer to Note "5. Segment Information" under "IV. Condensed Quarterly Consolidated Financial Statements and Other Information 1. Condensed Quarterly Consolidated Financial Statements."

The analysis of Reporting Segment is as follows:

a. Core Components Business

Sales revenue for the nine months increased by 75,117 million yen, or 24.3%, to 384,331 million yen compared with 309,214 million yen for the previous nine months. Business profit increased by 25,972 million yen, or 134.0%, from 19,384 million yen to 45,356 million yen, and the business profit ratio improved from 6.3% to 11.8%, compared with the previous nine months.

Both sales and profit rose due to increased demand for high-value-added products such as fine ceramic components for semiconductor processing equipment as well as ceramic packages and organic packages and boards for the 5G and automotive-related markets.

b. Electronic Components Business

Sales revenue for the nine months increased by 50,655 million yen, or 25.5%, to 249,558 million yen compared with 198,903 million yen for the previous nine months. Business profit increased by 23,853 million yen, or 149.3%, from 15,979 million yen to 39,832 million yen, and the business profit ratio improved from 8.0% to 16.0%, compared with the previous nine months.

In addition to a recovery in demand from the automotive-related market and the industrial market, increased demand for high-value-added products such as small sized and high capacitance capacitors and crystal devices for the 5G and semiconductor-related markets resulted in an increase in both sales and profit.

c. Solutions Business

Sales revenue for the nine months increased by 125,817 million yen, or 21.1%, to 722,658 million yen compared with 596,841 million yen for the previous nine months. Business profit increased by 39,142 million yen, or 266.1%, from 14,709 million yen to 53,851 million yen, and the business profit ratio improved from 2.5% to 7.5%, compared with the previous nine months.

In the Industrial Tools Unit, sales increased for cutting tools as well as for pneumatic and power tools. In the Document Solutions Unit, sales of equipment and consumables recovered mainly in the U.S. market.

Business profit increased due to higher sales and the absence of impairment loss of approximately 11.5 billion yen in the smart energy business.

(2) Summary of Cash Flows

(Yen in millions)

	For the nine months ended December 31,		Change
	2020	2021	
Cash flows from operating activities	153,306	157,425	4,119
Cash flows from investing activities	(133,145)	(57,019)	76,126
Cash flows from financing activities	(72,557)	(104,345)	(31,788)
Effect of exchange rate changes on cash and cash equivalents	(1,958)	5,497	7,455
Increase (decrease) in cash and cash equivalents	(54,354)	1,558	55,912
Cash and cash equivalents at the beginning of the year	419,620	386,727	(32,893)
Cash and cash equivalents at the end of the period	365,266	388,285	23,019

The balance of cash and cash equivalents at December 31, 2021 increased by 1,558 million yen, or 0.4%, to 388,285 million yen from 386,727 million yen at March 31, 2021.

a. Cash Flows from Operating Activities

Net cash provided by operating activities for the nine months increased by 4,119 million yen, or 2.7%, to 157,425 million yen from 153,306 million yen for the previous nine months. This was due mainly to an increase in profit for the period despite an increase in inventories.

b. Cash Flows from Investing Activities

Net cash used in investing activities for the nine months decreased by 76,126 million yen, or 57.2%, to 57,019 million yen from 133,145 million yen for the previous nine months. This was due mainly to increases in withdrawal of time deposits and proceeds from maturities of securities as well as a decrease in payments for acquisitions of business.

c. Cash Flows from Financing Activities

Net cash used in financing activities for the nine months increased by 31,788 million yen, or 43.8%, to 104,345 million yen from 72,557 million yen for the previous nine months. This was due mainly to increases in payments for purchase of treasury stock and dividends paid.

(3) Liquidity and Capital Resources

Kyocera's primary source of fund is cash generated by operations. As of December 31, 2021, its cash and cash equivalents were 388,285 million yen and the balance of borrowings was 95,569 million yen. The borrowings for Kyocera are mainly denominated in yen, and certain overseas subsidiaries have borrowings denominated in U.S. dollars, Euros or other currencies.

Kyocera's cash requirements for the year ending March 31, 2022 are funds for capital expenditures, R&D activities, dividend payments and repurchases of its own shares in addition to working capital of operating activities and Kyocera believes cash on hand will be sufficient to fund these cash requirements.

In case the significant amount of cash is temporarily required, Kyocera has other financing options, such as additional borrowings from financial institutions as well as issuance of corporate bonds and stocks. However, Kyocera does not currently intend to use any other external financing sources that might affect its credit agency ratings.

There was no material impact on the liquidity for the nine months. However, future deterioration in market demand, or a significant fall on product prices may adversely affect Kyocera's liquidity.

(4) Significant Accounting Estimates and Judgments Involving Estimations

Although the impact of COVID-19 on the economy still remains a concern, Kyocera's estimates and judgement as of the year ended March 31, 2021 are based on the assumption that the global economy is expected to recover compared with the year ended March 31, 2021 as a result of the implementation of various infection prevention and economic stimulus measures adopted by countries around the world.

At present, Kyocera has not recognized any events that would have significant impacts on its estimates and judgments as of the year ended March 31, 2021 although the future impacts by the COVID-19 are still uncertain. Therefore, there have been no material changes in significant accounting estimates and judgments described in the Annual Report for the year ended March 31, 2021.

(5) Major Management Challenges

There were no new management challenges to be addressed with priority during the nine months. There were no significant changes from the content in the Annual Report for the year ended March 31, 2021.

(6) Research and Development Activities

Research and development expenses for the nine months increased by 7,232 million yen, or 13.3%, to 61,474 million yen from 54,242 million yen for the previous nine months. There were no significant changes in the status of research and development activities from the Quarterly Report for the first quarter ended June 30, 2021.

(7) Summary of Production, Orders Received and Sales

Orders Received by Reporting Segment

(Yen in millions)

	For the nine months ended December 31,				Change	
	2020		2021			
	Amount	%*	Amount	%*		
Core Components Business	312,569	27.8	398,502	28.6	27.5	
Industrial & Automotive Components Unit	95,784	8.5	134,802	9.7	40.7	
Semiconductor Components Unit	198,309	17.6	243,349	17.5	22.7	
Others	18,476	1.7	20,351	1.4	10.1	
Electronic Components Business	207,729	18.4	273,407	19.6	31.6	
Solutions Business	613,629	54.5	726,916	52.2	18.5	
Industrial Tools Unit	141,499	12.6	186,880	13.4	32.1	
Document Solutions Unit	226,946	20.2	269,744	19.4	18.9	
Communications Unit	180,244	16.0	188,054	13.5	4.3	
Others	64,940	5.7	82,238	5.9	26.6	
Others	7,728	0.7	12,987	0.9	68.1	
Adjustments and eliminations	(16,082)	(1.4)	(18,281)	(1.3)	—	
Orders Received	1,125,573	100.0	1,393,531	100.0	23.8	

* % represents the component ratio.

- (Notes) 1. Kyocera flexibly produces in accordance with growing demands, customer's request and market changes. Therefore, results of production are similar to results of sales. Summary of production and sales is correlated to the description on "(1) Summary of Operating Results Results by Reporting Segment."
2. Kyocera has changed the classification of its reporting segments from the year ending March 31, 2022. Orders received for the nine months ended December 31, 2020 have been reclassified in line with the change to reporting segment classifications. For detailed information, please refer to Note "5. Segment Information" under "IV. Condensed Quarterly Consolidated Financial Statements and Other Information 1. Condensed Quarterly Consolidated Financial Statements."

3. Material Agreements

There were no material agreements which were approved for conclusion or concluded during the three months ended December 31, 2021.

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	600,000,000
Total	600,000,000

b. Shares Issued

Class	Number of shares issued as of December 31, 2021 (shares)	Number of shares issued as of the filing date (shares) (February 10, 2022)	Stock exchange on which Kyocera is listed or authorized financial instruments firm's association where Kyocera is registered	Description
Common stock	377,618,580	377,618,580	Tokyo Stock Exchange (the first section)	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	377,618,580	377,618,580	—	—

(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 October 1, 2021 to December 31, 2021	—	377,618,580	—	115,703	—	192,555

(5) Major Shareholders

Not Applicable.

(6) Information on Voting Rights

Information on voting rights as of September 30, 2021 is stated in this item because Kyocera does not identify the number of voting rights as of December 31, 2021 due to the lack of information on the details entered in the shareholders registry as of December 31, 2021.

a. Shares Issued

As of September 30, 2021

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 15,167,100	—	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 362,138,200	3,621,382	Same as above
Shares less than one unit	Common stock 313,280	—	—
Number of shares issued	377,618,580	—	—
Total number of voting rights	—	3,621,382	—

(Note) The “Shares with full voting rights (others)” column includes 1,100 shares registered in the name of JASDEC and the “Number of voting rights” column includes 11 voting rights for those shares.

b. Treasury Stock and Others

As of September 30, 2021

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	15,167,100	—	15,167,100	4.02
Total	—	15,167,100	—	15,167,100	4.02

(Note) Kyocera Corporation held 18,717,000 shares of treasury stock as of December 31, 2021.

2. Changes in Directors and Audit & Supervisory Board Members

Not Applicable.

IV. Condensed Quarterly Consolidated Financial Statements and Other Information

1. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Yen in millions)

	Note	As of	
		March 31, 2021	December 31, 2021
Assets			
Current assets			
Cash and cash equivalents		386,727	388,285
Short-term investments	11	79,852	30,172
Trade and other receivables	9	339,621	359,824
Other financial assets	11	17,504	16,955
Inventories		345,354	422,216
Other current assets		30,706	35,679
Total current assets		1,199,764	1,253,131
Non-current assets			
Equity and debt instruments	11	1,264,453	1,257,475
Investments accounted for using the equity method		16,975	15,957
Other financial assets	11	43,101	41,342
Property, plant and equipment		439,109	482,640
Right-of-use assets		38,639	39,326
Goodwill	6	256,532	258,823
Intangible assets		151,295	145,913
Deferred tax assets		36,624	35,131
Other non-current assets		46,978	44,465
Total non-current assets		2,293,706	2,321,072
Total assets		3,493,470	3,574,203

The accompanying notes are an integral part of these statements.

(Yen in millions)

	Note	As of	
		March 31, 2021	December 31, 2021
Liabilities and Equity			
Liabilities			
Current liabilities			
Borrowings	11	40,020	38,936
Trade and other payables		183,145	212,694
Lease liabilities		15,863	16,722
Other financial liabilities	11	7,669	4,754
Income tax payables		15,584	25,011
Accrued expenses	9,11	120,165	111,577
Provisions		6,403	6,073
Other current liabilities	9	34,004	49,128
Total current liabilities		422,853	464,895
Non-current liabilities			
Borrowings	11	57,888	56,633
Lease liabilities		34,051	34,033
Retirement benefit liabilities		23,624	23,477
Deferred tax liabilities		309,951	307,342
Provisions		8,432	8,026
Other non-current liabilities		20,561	9,617
Total non-current liabilities		454,507	439,128
Total liabilities		877,360	904,023
Equity			
Common stock		115,703	115,703
Capital surplus		122,745	122,764
Retained earnings		1,750,259	1,808,479
Other components of equity		671,951	690,398
Treasury stock	7	(69,243)	(93,295)
Total equity attributable to owners of the parent		2,591,415	2,644,049
Non-controlling interests		24,695	26,131
Total equity		2,616,110	2,670,180
Total liabilities and equity		3,493,470	3,574,203

The accompanying notes are an integral part of these statements.

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

For the nine months ended December 31, 2020 and 2021

(Yen in millions)

	Note	For the nine months ended December 31,	
		2020	2021
Sales revenue	5, 9	1,100,534	1,355,665
Cost of sales		808,576	970,501
Gross profit		291,958	385,164
Selling, general and administrative expenses		248,975	266,706
Operating profit		42,983	118,458
Finance income		44,706	44,367
Finance expenses		1,355	2,011
Foreign exchange gains (losses)		(1,025)	1,605
Share of net profit (loss) of investments accounted for using the equity method		123	(491)
Other, net		1,784	1,175
Profit before income taxes	5	87,216	163,103
Income taxes		21,286	40,717
Profit for the period		65,930	122,386
Profit attributable to:			
Owners of the parent		63,931	119,833
Non-controlling interests		1,999	2,553
Profit for the period		65,930	122,386
Per share information:	10		
Earnings per share attributable to owners of the parent			
Basic and diluted (Yen)		176.39	331.34

The accompanying notes are an integral part of these statements.

For the three months ended December 31, 2020 and 2021

(Yen in millions)

	Note	For the three months ended December 31,	
		2020	2021
Sales revenue	5, 9	404,497	479,328
Cost of sales		293,240	344,313
Gross profit		111,257	135,015
Selling, general and administrative expenses		92,339	92,236
Operating profit		18,918	42,779
Finance income	11	21,614	21,240
Finance expenses		432	681
Foreign exchange gains (losses)		(1,118)	395
Share of net profit (loss) of investments accounted for using the equity method		(393)	(305)
Other, net		378	324
Profit before income taxes	5	38,967	63,752
Income taxes		8,675	16,295
Profit for the period		30,292	47,457

Profit attributable to:			
Owners of the parent		29,571	46,614
Non-controlling interests		721	843
Profit for the period		30,292	47,457

Per share information:	10		
Earnings per share attributable to owners of the parent			
Basic and diluted (Yen)		81.59	129.45

The accompanying notes are an integral part of these statements.

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

For the nine months ended December 31, 2020 and 2021

(Yen in millions)

	Note	For the nine months ended December 31,	
		2020	2021
Profit for the period		65,930	122,386
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		(12,427)	(4,476)
Re-measurement of defined benefit plans		—	—
Total items that will not be reclassified to profit or loss		(12,427)	(4,476)
Items that may be reclassified subsequently to profit or loss:			
Net changes in fair value of cash flow hedge		160	51
Exchange differences on translating foreign operations		(4,844)	23,193
Share of other comprehensive income of investments accounted for using the equity method		(21)	73
Total items that may be reclassified subsequently to profit or loss		(4,705)	23,317
Total other comprehensive income		(17,132)	18,841
Comprehensive income for the period		48,798	141,227

Comprehensive income attributable to:			
Owners of the parent		46,469	138,283
Non-controlling interests		2,329	2,944
Comprehensive income for the period		48,798	141,227

The accompanying notes are an integral part of these statements.

For the three months ended December 31, 2020 and 2021

(Yen in millions)

	Note	For the three months ended December 31,	
		2020	2021
Profit for the period		30,292	47,457
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		103,850	(73,715)
Re-measurement of defined benefit plans		—	—
Total items that will not be reclassified to profit or loss		103,850	(73,715)
Items that may be reclassified subsequently to profit or loss:			
Net changes in fair value of cash flow hedge		132	54
Exchange differences on translating foreign operations		(233)	18,242
Share of other comprehensive income of investments accounted for using the equity method		(22)	138
Total items that may be reclassified subsequently to profit or loss		(123)	18,434
Total other comprehensive income		103,727	(55,281)
Comprehensive income for the period		134,019	(7,824)

Comprehensive income attributable to:			
Owners of the parent		133,111	(9,012)
Non-controlling interests		908	1,188
Comprehensive income for the period		134,019	(7,824)

The accompanying notes are an integral part of these statements.

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

For the nine months ended December 31, 2020

(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, 2020		115,703	123,539	1,686,672	575,495	(69,275)	2,432,134	22,108	2,454,242
Profit for the period	8			63,931			63,931	1,999	65,930
Other comprehensive income					(17,462)		(17,462)	330	(17,132)
Total comprehensive income for the period		—	—	63,931	(17,462)	—	46,469	2,329	48,798
Cash dividends				(50,741)			(50,741)	(843)	(51,584)
Purchase of treasury stock						(11)	(11)		(11)
Reissuance of treasury stock			17			50	67		67
Transfer to retained earnings				698	(698)		—		—
Others			(378)				(378)	292	(86)
Balance as of December 31, 2020		115,703	123,178	1,700,560	557,335	(69,236)	2,427,540	23,886	2,451,426

For the nine months ended December 31, 2021

(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, 2021		115,703	122,745	1,750,259	671,951	(69,243)	2,591,415	24,695	2,616,110
Profit for the period	8			119,833			119,833	2,553	122,386
Other comprehensive income					18,450		18,450	391	18,841
Total comprehensive income for the period		—	—	119,833	18,450	—	138,283	2,944	141,227
Cash dividends				(61,616)			(61,616)	(1,508)	(63,124)
Purchase of treasury stock						(24,107)	(24,107)		(24,107)
Reissuance of treasury stock			27			55	82		82
Transfer to retained earnings				3	(3)		—		—
Others			(8)				(8)		(8)
Balance as of December 31, 2021		115,703	122,764	1,808,479	690,398	(93,295)	2,644,049	26,131	2,670,180

The accompanying notes are an integral part of these statements.

(5) Condensed Quarterly Consolidated Statement of Cash Flows

(Yen in millions)

	Note	For the nine months ended December 31,	
		2020	2021
Cash flows from operating activities:			
Profit for the period		65,930	122,386
Depreciation and amortization		79,767	94,646
Finance expenses (income)		(43,351)	(42,356)
Share of net profit of investments accounted for using the equity method		(123)	491
Impairment loss		11,518	223
(Gains) losses from sales or disposal of property, plant and equipment		(519)	(1,286)
Income taxes		21,286	40,717
(Increase) decrease in trade and other receivables		11,084	(24,983)
(Increase) decrease in inventories		2,941	(69,777)
(Increase) decrease in other assets		1,757	11,028
Increase (decrease) in trade and other payables		(8,203)	16,943
Increase (decrease) in accrued expenses		(5,448)	(1,476)
Increase (decrease) in provisions		(9,663)	(1,037)
Increase (decrease) in other liabilities		(13,768)	(16,983)
Other, net		2,089	1,918
Subtotal		115,297	130,454
Interests and dividends received		48,236	44,621
Interests paid		(1,434)	(1,745)
Income taxes refund (paid)		(8,793)	(15,905)
Net cash provided by operating activities		153,306	157,425
Cash flows from investing activities:			
Payments for purchases of property, plant and equipment		(92,632)	(99,417)
Payments for purchases of intangible assets		(7,154)	(9,390)
Proceeds from sales of property, plant and equipment		1,350	2,528
Acquisitions of business, net of cash acquired	6	(21,872)	(1,705)
Acquisition of time deposits and certificate of deposits		(85,103)	(74,493)
Withdrawal of time deposits and certificate of deposits		71,831	99,329
Payments for purchases of securities		(12,401)	(1,822)
Proceeds from sales and maturities of securities		13,779	27,771
Other, net		(943)	180
Net cash used in investing activities		(133,145)	(57,019)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings		(3,266)	(135)
Proceeds from long-term borrowings		4,488	8,549
Repayments of long-term borrowings		(6,513)	(10,985)
Repayments of lease liabilities		(15,334)	(15,268)
Dividends paid		(51,337)	(62,399)
Purchase of treasury stock	7	(11)	(24,107)
Other, net		(584)	0
Net cash used in financing activities		(72,557)	(104,345)
Effect of exchange rate changes on cash and cash equivalents			
Increase (decrease) in cash and cash equivalents		(1,958)	5,497
Cash and cash equivalents at the beginning of the year		(54,354)	1,558
Cash and cash equivalents at the end of the period		419,620	386,727
		365,266	388,285

The accompanying notes are an integral part of these statements.

Notes to Condensed Quarterly 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/>).

Condensed quarterly consolidated financial statements as of and for the nine months ended December 31, 2021 consist of Kyocera Corporation and its consolidated subsidiaries and shares of associates of Kyocera.

Kyocera globally operates various kinds of businesses, which include productions and distributions of material components, electronic devices and equipment as well as provisions of systems and services, in the markets primarily related to information and communications, automotive-related, environment and energy and medical and healthcare. The details are described in Note "5. Segment Information."

2. Basis of Preparation

(1) Compliance with IFRS

The condensed quarterly consolidated financial statements of Kyocera have been prepared in accordance with International Accounting Standard (hereinafter, "IAS") 34 "Interim Financial Reporting" pursuant to the provision of Article 93 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 quarterly consolidated financial statements do not include all the information that required in the annual consolidated financial statements, therefore, condensed quarterly consolidated financial statements should be used with the consolidated financial statements for the year ended March 31, 2021.

(2) Basis of Measurement

These condensed quarterly 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.

(3) Functional Currency and Presentation Currency

These condensed quarterly consolidated financial statements are presented in Japanese yen, which is the functional currency of Kyocera, and are rounded to the nearest million yen.

3. Significant Accounting Policies

Significant accounting policies applied in the condensed quarterly consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended March 31, 2021.

For the nine months ended December 31, 2021, income tax expenses are accrued using the tax rate calculated based on the estimated average annual effective income tax rate.

4. Significant Accounting Estimates and Judgments Involving Estimations

In preparing condensed quarterly 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. By the nature of the estimates or assumptions, 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.

Although the impact of COVID-19 on the economy still remains a concern, Kyocera's estimates and judgements as of the year ended March 31, 2021 are based on the assumption that the global economy is expected to recover compared with the year ended March 31, 2021 as a result of the implementation of various infection prevention and economic stimulus measures adopted by countries around the world.

At present, Kyocera has not recognized any events that would have significant impacts on its estimates and judgments as of the year ended March 31, 2021 although the future impacts by the COVID-19 are still uncertain. Therefore, the estimates and judgements that have material impact in condensed quarterly consolidated financial statements are the same as the consolidated financial statements for the year ended March 31, 2021.

5. Segment Information

(1) Overview of Reporting Segment

Kyocera reorganized its organization in April 2021, with the aim of further pursue synergies between businesses and strengthen growth potential. Accordingly, the reporting segment classification has been changed from the year ending March 31, 2022. Specifically, Kyocera changed previous "Industrial & Automotive Components Group," "Semiconductor Components Group," "Electronic Devices Group," "Communications Group," "Document Solutions Group" and "Life & Environment Group" to "Core Components Business," "Electronic Components Business," and "Solutions Business." Business results for the nine months and three months ended December 31, 2020 have been reclassified in line with the change to reporting segment classifications.

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.), Liquid Crystal Displays, Printing Devices, Smart Energy Business

(2) Information on Reporting Segment

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

For the nine months ended December 31, 2020

(Yen in millions)

	Reporting Segment			Others * 1	Total	Adjustment * 2	Consolidated
	Core Components Business	Electronic Components Business	Solutions Business				
Sales revenue							
External customers	308,808	198,353	582,741	10,632	1,100,534	—	1,100,534
Intersegment sales and transfers	406	550	14,100	2,114	17,170	(17,170)	—
Total	309,214	198,903	596,841	12,746	1,117,704	(17,170)	1,100,534
Business profit (loss)	19,384	15,979	14,709	(1,700)	48,372	—	48,372
Corporate gains and others * 3	—	—	—	—	—	—	38,721
Share of net profit (loss) of investments accounted for using the equity method	—	—	—	—	—	—	123
Profit before income taxes	—	—	—	—	—	—	87,216
Other items							
Depreciation and amortization charge	21,097	17,666	34,421	2,761	75,945	3,822	79,767
Capital expenditures (for property, plant and equipment)	25,983	35,607	21,202	1,644	84,436	4,687	89,123

(Notes) 1. The “Others” is an operating segment that is not included in the reporting segment.

2. Adjustment represents as follows:

- (1) The adjustment of intersegment sales and transfers are elimination of intersegment transactions.
- (2) The adjustment of depreciation and amortization charge represents the depreciation and amortization charge for corporate, which do not belong to each segment.
- (3) The adjustment of capital expenditures (for property, plant and equipment) includes capital expenditures for corporate, which do not belong to each segment.

3. Corporate gains and others include income and expenses which do not belong to any segments and mainly consists of finance income and expenses.

For the nine months ended December 31, 2021

(Yen in millions)

	Reporting Segment			Others * 1	Total	Adjustment * 2	Consolidated
	Core Components Business	Electronic Components Business	Solutions Business				
Sales revenue							
External customers	383,874	249,025	707,430	15,336	1,355,665	—	1,355,665
Intersegment sales and transfers	457	533	15,228	5,264	21,482	(21,482)	—
Total	384,331	249,558	722,658	20,600	1,377,147	(21,482)	1,355,665
Business profit (loss)	45,356	39,832	53,851	(10,551)	128,488	—	128,488
Corporate gains and others * 3	—	—	—	—	—	—	35,106
Share of net profit (loss) of investments accounted for using the equity method	—	—	—	—	—	—	(491)
Profit before income taxes	—	—	—	—	—	—	163,103
Other items							
Depreciation and amortization charge	26,668	20,493	36,121	4,234	87,516	7,130	94,646
Capital expenditures (for property, plant and equipment)	50,566	23,674	18,687	2,552	95,479	6,524	102,003

(Notes) 1. The “Others” is an operating segment that is not included in the reporting segment.

2. Adjustment represents as follows:

- (1) The adjustment of intersegment sales and transfers are elimination of intersegment transactions.
- (2) The adjustment of depreciation and amortization charge represents the depreciation and amortization charge for corporate, which do not belong to each segment.
- (3) The adjustment of capital expenditures (for property, plant and equipment) includes capital expenditures for corporate, which do not belong to each segment.

3. Corporate gains and others include income and expenses which do not belong to any segments and mainly consists of finance income and expenses.

For the three months ended December 31, 2020

(Yen in millions)

	Reporting Segment			Others * 1	Total	Adjustment * 2	Consolidated
	Core Components Business	Electronic Components Business	Solutions Business				
Sales revenue							
External customers	112,780	73,735	213,882	4,100	404,497	—	404,497
Intersegment sales and transfers	116	188	4,763	709	5,776	(5,776)	—
Total	112,896	73,923	218,645	4,809	410,273	(5,776)	404,497
Business profit (loss)	8,540	7,456	5,962	(424)	21,534	—	21,534
Corporate gains and others * 3	—	—	—	—	—	—	17,826
Share of net profit (loss) of investments accounted for using the equity method	—	—	—	—	—	—	(393)
Profit before income taxes	—	—	—	—	—	—	38,967
Other items							
Depreciation and amortization charge	7,495	6,229	11,616	947	26,287	1,275	27,562
Capital expenditures (for property, plant and equipment)	9,909	13,440	6,713	398	30,460	1,596	32,056

(Notes) 1. The “Others” is an operating segment that is not included in the reporting segment.

2. Adjustment represents as follows:

- (1) The adjustment of intersegment sales and transfers are elimination of intersegment transactions.
- (2) The adjustment of depreciation and amortization charge represents the depreciation and amortization charge for corporate, which do not belong to each segment.
- (3) The adjustment of capital expenditures (for property, plant and equipment) includes capital expenditures for corporate, which do not belong to each segment.

3. Corporate gains and others include income and expenses which do not belong to any segments and mainly consists of finance income and expenses.

For the three months ended December 31, 2021

(Yen in millions)

	Reporting Segment			Others * 1	Total	Adjustment * 2	Consolidated
	Core Components Business	Electronic Components Business	Solutions Business				
Sales revenue							
External customers	137,184	86,087	250,158	5,899	479,328	—	479,328
Intersegment sales and transfers	163	171	4,980	1,789	7,103	(7,103)	—
Total	137,347	86,258	255,138	7,688	486,431	(7,103)	479,328
Business profit (loss)	17,298	13,741	17,837	(3,370)	45,506	—	45,506
Corporate gains and others * 3	—	—	—	—	—	—	18,551
Share of net profit (loss) of investments accounted for using the equity method	—	—	—	—	—	—	(305)
Profit before income taxes	—	—	—	—	—	—	63,752
Other items							
Depreciation and amortization charge	9,603	7,628	12,136	1,457	30,824	2,492	33,316
Capital expenditures (for property, plant and equipment)	17,422	8,537	6,222	1,351	33,532	1,104	34,636

(Notes) 1. The “Others” is an operating segment that is not included in the reporting segment.

2. Adjustment represents as follows:

- (1) The adjustment of intersegment sales and transfers are elimination of intersegment transactions.
- (2) The adjustment of depreciation and amortization charge represents the depreciation and amortization charge for corporate, which do not belong to each segment.
- (3) The adjustment of capital expenditures (for property, plant and equipment) includes capital expenditures for corporate, which do not belong to each segment.

3. Corporate gains and others include income and expenses which do not belong to any segments and mainly consists of finance income and expenses.

(3) Information by Geographic Segments

The breakdown of sales revenue to external customers by destination for the nine months ended December 31, 2020 and 2021 is as follows:

Sales Revenue to External Customers	(Yen in millions)	
	For the nine months ended December 31,	
	2020	2021
Japan	396,238	455,344
Asia	286,966	360,650
The United States of America	187,298	249,759
Europe	196,735	246,185
Other Areas	33,297	43,727
Total	1,100,534	1,355,665

There are no individually material countries with respect to revenue to external customers in Asia, Europe and Other Areas for the nine months ended December 31, 2020 and 2021.

The breakdown of sales revenue to external customers by destination for the three months ended December 31, 2020 and 2021 is as follows:

Sales Revenue to External Customers	(Yen in millions)	
	For the three months ended December 31,	
	2020	2021
Japan	139,788	160,372
Asia	107,394	127,587
The United States of America	65,536	91,811
Europe	78,080	84,701
Other Areas	13,699	14,857
Total	404,497	479,328

There are no individually material countries with respect to revenue to external customers in Asia, Europe and Other Areas for the three months ended December 31, 2020 and 2021.

6. Business Combination

For the business combination that Kyocera Corporation acquired Soraa Laser Diode, Inc. and made it wholly owned subsidiary on January 8, 2021, the allocation of purchase price was provisionally calculated due to the allocation in progress for the year ended March 31, 2021. Kyocera performed the additional adjustment of purchase price based on the facts came to light for the nine months ended December 31, 2021. Accordingly, the purchase price and goodwill decreased by 57 million yen. The allocation of the purchase price was completed during the nine months ended December 31, 2021.

Kyocera has performed other business combinations during the nine months ended December 31, 2021. These business combinations do not have a material impact on Kyocera's financial position, operating results and cash flows.

7. Equity and Other Equity

Treasury stock

Kyocera Corporation has resolved at the meeting of its Board of Directors held on November 1, 2021 to undertake a repurchase of its own shares pursuant to Article 156 of the Companies Act of Japan, as applied to Paragraph 3 of Article 165 of the Companies Act of Japan. The repurchase of own shares is intended to be as part of its shareholder return initiatives and to facilitate flexible capital strategies in the future.

Type of shares repurchased	Common stock
Total number of shares repurchased	3,549,300 shares
Total amount of repurchase price	24,096 million yen
Date of repurchase	November 2, 2021
Method of repurchase	Through Off-Auction Own Share Repurchase Trading System of the Tokyo Stock Exchange (ToSTNeT-3) (Repurchase for 6,789 yen of closing price (including the final special quote) on November 1, 2021)

8. Dividends

Dividends paid are as follows:

For the nine months ended December 31, 2020

	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, 2020	Common stock	28,995	80	March 31, 2020	June 26, 2020	Retained earnings
The resolution of the Board of Directors Meeting held on October 29, 2020	Common stock	21,746	60	September 30, 2020	December 4, 2020	Retained earnings

For the nine months ended December 31, 2021

	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, 2021	Common stock	28,995	80	March 31, 2021	June 28, 2021	Retained earnings
The resolution of the Board of Directors Meeting held on November 1, 2021	Common stock	32,621	90	September 30, 2021	December 3, 2021	Retained earnings

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:

The classification of revenue breakdown was the same as that of the reporting segment until the year ended March 31, 2021. As Kyocera changed the classification of its reporting segment from the year ending March 31, 2022, the classification of revenue breakdown has been changed. Due to this change, breakdown of revenue for the nine months ended December 31, 2020 and the three months ended December 31, 2020 have been reclassified in line with this change.

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

For the nine months ended December 31, 2020

(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	97,157	193,269	18,382	198,353	139,208	214,499	150,245	67,270	10,632	1,089,015		
Revenue recognized from other sources	—	—	—	—	21	11,236	262	—	—	11,519		
Total	97,157	193,269	18,382	198,353	139,229	225,735	150,507	67,270	10,632	1,100,534		

For the nine months ended December 31, 2021

(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	127,201	236,450	20,223	249,025	184,469	259,449	175,262	77,585	15,336	1,345,000		
Revenue recognized from other sources	—	—	—	—	66	10,481	106	12	—	10,665		
Total	127,201	236,450	20,223	249,025	184,535	269,930	175,368	77,597	15,336	1,355,665		

For the three months ended December 31, 2020

(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	34,981	70,786	7,013	73,735	48,467	84,118	52,528	24,954	4,100	400,682		
Revenue recognized from other sources	—	—	—	—	7	3,702	106	—	—	3,815		
Total	34,981	70,786	7,013	73,735	48,474	87,820	52,634	24,954	4,100	404,497		

For the three months ended December 31, 2021

(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	44,039	85,732	7,413	86,087	63,088	91,875	65,294	26,880	5,899	476,307		
Revenue recognized from other sources	—	—	—	—	43	2,960	35	(17)	—	3,021		
Total	44,039	85,732	7,413	86,087	63,131	94,835	65,329	26,863	5,899	479,328		

(2) Contract Balance

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

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

(Yen in millions)

	As of	
	March 31, 2021	December 31, 2021
Receivables from contracts with customers	297,407	320,912
Contract assets	4,636	5,746
Contract liabilities	30,136	35,156

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 nine months ended December 31,	
	2020	2021
Profit attributable to owners of the parent (Yen in millions)	63,931	119,833
Weighted average number of ordinary shares (Thousands of shares)	362,439	361,659
Earnings per share attributable to owners of the parent- Basic (Yen)	176.39	331.34

	For the three months ended December 31,	
	2020	2021
Profit attributable to owners of the parent (Yen in millions)	29,571	46,614
Weighted average number of ordinary shares (Thousands of shares)	362,442	360,085
Earnings per share attributable to owners of the parent- Basic (Yen)	81.59	129.45

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, 2021		December 31, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Short-term investments	79,807	79,784	30,126	30,127
Long-term instruments in debt securities	3,119	3,070	1,011	995
Other financial assets	60,070	60,070	57,455	57,455
Total	142,996	142,924	88,592	88,577
Liabilities:				
Borrowings	97,908	97,870	95,569	95,544
Total	97,908	97,870	95,569	95,544

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

Short-term borrowings are stated at their carrying amount 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:

	As of March 31, 2021				(Yen in millions)
	Level 1	Level 2	Level 3	Total	
Assets:					
Short-term investments	—	—	45	45	
Equity and debt instruments					
Financial assets measured at fair value through other comprehensive income	1,217,184	—	40,859	1,258,043	
Financial assets measured at fair value through profit or loss	—	—	3,291	3,291	
Other financial assets	—	535	—	535	
Total	1,217,184	535	44,195	1,261,914	
Liabilities					
Other financial liabilities	—	7,669	—	7,669	
Contingent consideration	—	—	2,581	2,581	
Total	—	7,669	2,581	10,250	

	As of December 31, 2021				(Yen in millions)
	Level 1	Level 2	Level 3	Total	
Assets:					
Short-term investments	—	—	46	46	
Equity and debt instruments					
Financial assets measured at fair value through other comprehensive income	1,205,544	—	46,227	1,251,771	
Financial assets measured at fair value through profit or loss	—	—	4,693	4,693	
Other financial assets	—	842	—	842	
Total	1,205,544	842	50,966	1,257,352	
Liabilities:					
Other financial liabilities	—	4,754	—	4,754	
Contingent consideration	—	—	1,625	1,625	
Total	—	4,754	1,625	6,379	

Transfers between levels are recognized on the day when the event or change in circumstances that caused the transfer occurred. Kyocera did not recognize any transfers between levels as of March 31, 2021 and December 31, 2021.

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 quoted price in an active market with sufficient volume and frequency of transactions.

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

Equity securities classified 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. Contingent consideration is included in “Accrued expenses” in the condensed quarterly consolidated statement of financial position.

There were no significant changes in financial instruments classified Level 3 for the nine months ended December 31, 2020 and 2021.

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 Corporate Management Control Group. The evaluation results are reviewed and approved by person in charge of management of Corporate Management Control Group.

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, 2021

Classification	Valuation Technique	Unobservable Inputs	Range
Financial assets measured at fair value through other comprehensive income	Discounted cash flow method	Discount rate	2.6% to 4.3%

As of December 31, 2021

Classification	Valuation Technique	Unobservable Inputs	Range
Financial assets measured at fair value through other comprehensive income	Discounted cash flow method	Discount rate	3.4% to 4.3%

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

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

The principal issuer of the equity financial assets measured at fair value through other comprehensive income and its fair values are as follows:

(Yen in millions)		
	As of	
	March 31, 2021	December 31, 2021
KDDI Corporation	1,137,651	1,126,593

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.

Kyocera received dividends from KDDI Corporation and recognized as “Finance income” in the condensed quarterly consolidated statement of profit or loss for the nine months ended December 31, 2020 and 2021, and the three months ended December 31, 2020 and 2021. The amounts of dividends are as follows:

(Yen in millions)		
	For the nine months ended December 31,	
	2020	2021
Dividends from KDDI Corporation	40,212	40,212

(Yen in millions)		
	For the three months ended December 31,	
	2020	2021
Dividends from KDDI Corporation	20,106	20,106

12. Commitments

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

(Yen in millions)		
	As of	
	March 31, 2021	December 31, 2021
Acquisition of property, plant and equipment	78,931	90,968

13. Contingency

There were no significant changes in the contents stated in the Annual Report for the year ended March 31, 2021 pursuant to the Financial Instruments and Exchange Act of Japan during the nine months ended December 31, 2021.

14. Subsequent Events

Not Applicable.

15. Approval of Condensed Quarterly Consolidated Financial Statements

The condensed quarterly consolidated financial statements have been approved by Hideo Tanimoto, President and Representative Director, and Shoichi Aoki, Director and Managing Executive Officer, on February 10, 2022.

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.