

Quarterly Report

(English summary with full translation of consolidated financial information)

(The First Quarter of 70th Business Term)

From April 1, 2023 to June 30, 2023

KYOCERA CORPORATION

Table of Contents

	Page
[Cover]	
Part I. Information on Kyocera.....	1
I. Overview of Kyocera.....	1
1. Selected Financial Data.....	1
2. Description of Business.....	1
II. Business Overview.....	2
1. Risk Factors.....	2
2. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows...	2
3. Material Agreements.....	6
III. Corporate Information.....	7
1. Information on Kyocera’s Shares and Others.....	7
2. Changes in Directors and Audit & Supervisory Board Members.....	8
IV. Condensed Quarterly Consolidated Financial Statements and Other Information.....	9
1. Condensed Quarterly Consolidated Financial Statements.....	9
(1) Condensed Quarterly Consolidated Statement of Financial Position.....	9
(2) Condensed Quarterly Consolidated Statement of Profit or Loss.....	11
(3) Condensed Quarterly Consolidated Statement of Comprehensive Income.....	12
(4) Condensed Quarterly Consolidated Statement of Changes in Equity.....	13
(5) Condensed Quarterly Consolidated Statement of Cash Flows.....	14
2. Others.....	27
Part II. Corporate Information on Guarantors and Others.....	27

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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 2024” refers to the year ending March 31, 2024, 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 three months ended June 30,		For the year ended March 31, 2023
	2022	2023	
Sales revenue	491,954	479,420	2,025,332
Profit before income taxes	68,711	50,477	176,192
Profit attributable to owners of the parent	49,974	37,392	127,988
Comprehensive income attributable to owners of the parent	195,049	198,814	223,978
Equity attributable to owners of the parent	3,034,024	3,143,321	3,023,777
Total assets	4,113,028	4,323,712	4,093,928
Earnings per share attributable to owners of the parent - Basic (Yen)	139.24	105.32	356.60
Earnings per share attributable to owners of the parent - Diluted (Yen)	—	—	—
Ratio of equity attributable to owners of the parent to total assets (%)	73.8	72.7	73.9
Cash flows from operating activities	29,222	76,858	179,212
Cash flows from investing activities	(37,185)	(41,859)	(168,833)
Cash flows from financing activities	(40,399)	(25,803)	(61,257)
Cash and cash equivalents at the end of the period	384,384	399,472	373,500

(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 three months ended June 30, 2023 (hereinafter, “the first quarter”). There were no changes in the organizations of major subsidiaries and associates.

II. Business Overview

1. Risk Factors

There were no new risk factors recognized for the first quarter. There were no significant changes in risk factors stated in the Annual Report for the year ended March 31, 2023 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 three months ended June 30,				Change	
	2022		2023			
	Amount	%*	Amount	%*	Amount	%
Sales revenue	491,954	100.0	479,420	100.0	(12,534)	(2.5)
Operating profit	41,428	8.4	25,677	5.4	(15,751)	(38.0)
Profit before income taxes	68,711	14.0	50,477	10.5	(18,234)	(26.5)
Profit attributable to owners of the parent	49,974	10.2	37,392	7.8	(12,582)	(25.2)
Average US\$ exchange rate (Yen)	130	—	137	—	—	—
Average Euro exchange rate (Yen)	138	—	149	—	—	—

* % represents the percentage to sales revenue.

During the first quarter, in addition to continuing uncertainty in the global situation, inflation progressed worldwide, resulting in unstable financial and foreign exchange markets. Demand adjustments have continued in the semiconductor-related and information and communications markets, which are our principal markets. As a result, due mainly to the decrease in demand for our principal products, sales revenue for the first quarter decreased by 12,534 million yen, or 2.5%, to 479,420 million yen, as compared with the three months ended June 30, 2022 (“the previous first quarter”), which more than off-set a positive impact from the weaker yen in pushing up sales revenue.

Profit decreased as compared with the previous first quarter, due mainly to factors such as increases in the prices of raw materials and energy costs, etc., caused by inflation, as well as the decrease in sales revenue. Operating profit decreased by 15,751 million yen, or 38.0%, to 25,677 million yen, profit before income taxes decreased by 18,234 million yen, or 26.5%, to 50,477 million yen, and profit attributable to owners of the parent decreased by 12,582 million yen, or 25.2%, to 37,392 million yen.

Results by Reporting Segment

Sales Revenue by Reporting Segment

(Yen in millions)

	For the three months ended June 30,				Change	
	2022		2023			
	Amount	%*	Amount	%*	Amount	%
Core Components Business	141,521	28.8	134,065	28.0	(7,456)	(5.3)
Industrial & Automotive Components Unit	46,938	9.5	52,864	11.0	5,926	12.6
Semiconductor Components Unit	87,909	17.9	74,307	15.5	(13,602)	(15.5)
Others	6,674	1.4	6,894	1.5	220	3.3
Electronic Components Business	95,401	19.4	84,565	17.6	(10,836)	(11.4)
Solutions Business	258,003	52.4	264,605	55.2	6,602	2.6
Industrial Tools Unit	81,897	16.6	80,448	16.8	(1,449)	(1.8)
Document Solutions Unit	101,177	20.6	103,574	21.6	2,397	2.4
Communications Unit	47,501	9.6	49,954	10.4	2,453	5.2
Others	27,428	5.6	30,629	6.4	3,201	11.7
Others	5,884	1.2	5,330	1.1	(554)	(9.4)
Adjustments and eliminations	(8,855)	(1.8)	(9,145)	(1.9)	(290)	—
Sales revenue	491,954	100.0	479,420	100.0	(12,534)	(2.5)

* % represents the component ratio.

Business Profit (Loss) by Reporting Segment

(Yen in millions)

	For the three months ended June 30,				Change	
	2022		2023			
	Amount	%*	Amount	%*	Amount	%
Core Components Business	20,754	14.7	13,835	10.3	(6,919)	(33.3)
Industrial & Automotive Components Unit	4,502	9.6	6,218	11.8	1,716	38.1
Semiconductor Components Unit	17,074	19.4	7,903	10.6	(9,171)	(53.7)
Others	(822)	—	(286)	—	536	—
Electronic Components Business	16,007	16.8	4,062	4.8	(11,945)	(74.6)
Solutions Business	14,721	5.7	15,681	5.9	960	6.5
Industrial Tools Unit	8,812	10.8	5,024	6.2	(3,788)	(43.0)
Document Solutions Unit	6,870	6.8	9,022	8.7	2,152	31.3
Communications Unit	(746)	—	(543)	—	203	—
Others	(215)	—	2,178	7.1	2,393	—
Others	(6,159)	—	(9,922)	—	(3,763)	—
Total business profit	45,323	9.2	23,656	4.9	(21,667)	(47.8)
Corporate gains and others	23,388	—	26,821	—	3,433	14.7
Profit before income taxes	68,711	14.0	50,477	10.5	(18,234)	(26.5)

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

The analysis of Reporting Segment is as follows:

a. Core Components Business

Sales revenue for the first quarter decreased by 7,456 million yen, or 5.3%, to 134,065 million yen as compared with the previous first quarter. Business profit decreased by 6,919 million yen, or 33.3%, to 13,835 million yen as compared with the previous first quarter. The business profit ratio for the first quarter declined to 10.3%.

Sales revenue decreased due mainly to weaker demand for ceramic packages for smartphone markets as well as weaker demand for organic packages and boards for the information and communication infrastructure-related markets, both in the Semiconductor Components Unit. Business profit decreased due to decreased sales, as well as an increase in depreciation charge of property, plant and equipment, etc.

b. Electronic Components Business

Sales revenue for the first quarter decreased by 10,836 million yen, or 11.4%, to 84,565 million yen as compared with the previous first quarter. Business profit decreased by 11,945 million yen, or 74.6%, to 4,062 million yen as compared with the previous first quarter. The business profit ratio for the first quarter declined to 4.8%.

Both sales revenue and business profit decreased due mainly to decreased sales of high-value-added components such as capacitors and crystal devices for information and communication-related markets caused by continuing inventory adjustments in the market.

c. Solutions Business

Sales revenue for the first quarter increased by 6,602 million yen, or 2.6%, to 264,605 million yen as compared with the previous first quarter. Business profit increased by 960 million yen, or 6.5%, to 15,681 million yen as compared with the previous first quarter. The business profit ratio for the first quarter improved to 5.9%.

Both sales revenue and business profit increased as the reporting segment overall due to robust sales of core products in the Document Solutions Unit as well as the impact of the weaker yen etc., which more than offset the effect of decreased sales of cutting tools in the Industrial Tools Unit due to inventory adjustments mainly in the Asian market.

(2) Summary of Cash Flows

(Yen in millions)

	For the three months ended June 30,		Change
	2022	2023	
Cash flows from operating activities	29,222	76,858	47,636
Cash flows from investing activities	(37,185)	(41,859)	(4,674)
Cash flows from financing activities	(40,399)	(25,803)	14,596
Effect of exchange rate changes on cash and cash equivalents	18,617	16,776	(1,841)
Increase (decrease) in cash and cash equivalents	(29,745)	25,972	55,717
Cash and cash equivalents at the beginning of the year	414,129	373,500	(40,629)
Cash and cash equivalents at the end of the period	384,384	399,472	15,088

The balance of cash and cash equivalents at June 30, 2023 increased by 25,972 million yen, or 7.0%, to 399,472 million yen from 373,500 million yen at March 31, 2023.

a. Cash Flows from Operating Activities

Net cash provided by operating activities for the first quarter increased by 47,636 million yen, or 163.0%, to 76,858 million yen from 29,222 million yen for the previous first quarter. This was due mainly to reduction in inventory growth by reason of lower orders as well as the absence of a transfer of retirement benefit liabilities of TA Triumph-Adler GmbH, a consolidated subsidiary of Kyocera Document Solutions Inc., to a third party in cash and other consideration which was carried out in the previous first quarter despite a decrease in profit for the period.

b. Cash Flows from Investing Activities

Net cash used in investing activities for the first quarter increased by 4,674 million yen, or 12.6%, to 41,859 million yen from 37,185 million yen for the previous first quarter. This was due mainly to a decrease in withdrawal of time deposits despite a decrease in capital expenditures.

c. Cash Flows from Financing Activities

Net cash used in financing activities for the first quarter decreased by 14,596 million yen, or 36.1%, to 25,803 million yen from 40,399 million yen for the previous first quarter. This was due mainly to an increase in proceeds from borrowings despite an increase in payments for purchase of treasury stock.

(3) Liquidity and Capital Resources

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

As of June 30, 2023, its cash and cash equivalents were 399,472 million yen and the balance of borrowings was 199,154 million yen. The borrowings of Kyocera are mainly denominated in yen.

Kyocera's cash requirements for fiscal 2024 are funds for capital expenditures, R&D activities, dividend payments to shareholders and purchase of treasury stock, in addition to working capital of operating activities.

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

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

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

(4) Significant Accounting Estimates and Judgments Involving Estimations

Kyocera's significant accounting estimates and judgements by management in the condensed quarterly consolidated financial statements are as described in Note "4. Significant Accounting Estimates and Judgments Involving Estimations" under "IV. Condensed Quarterly Consolidated Financial Statements and Other Information 1. Condensed Quarterly Consolidated Financial Statements."

(5) Major Management Challenges

There were no new management challenges to be addressed with priority during the first quarter. There were no significant changes from the content in the Annual Report for the year ended March 31, 2023.

(6) Research and Development Activities

Research and development expenses for the first quarter increased by 2,559 million yen, or 11.4%, to 24,984 million yen from 22,425 million yen for the previous first quarter.

There were no significant changes in the status of research and development activities from the Annual Report for the year ended March 31, 2023.

(7) Summary of Production, Orders Received and Sales

Orders Received by Reporting Segment (Yen in millions)

	For the three months ended June 30,				Change
	2022		2023		
	Amount	%*	Amount	%*	%
Core Components Business	143,043	28.6	134,620	27.6	(5.9)
Industrial & Automotive Components Unit	49,027	9.8	57,939	11.9	18.2
Semiconductor Components Unit	87,161	17.4	69,615	14.3	(20.1)
Others	6,855	1.4	7,066	1.4	3.1
Electronic Components Business	98,139	19.6	85,552	17.6	(12.8)
Solutions Business	261,288	52.3	270,175	55.5	3.4
Industrial Tools Unit	82,181	16.4	80,723	16.6	(1.8)
Document Solutions Unit	100,834	20.2	102,899	21.1	2.0
Communications Unit	49,839	10.0	57,090	11.7	14.5
Others	28,434	5.7	29,463	6.1	3.6
Others	5,024	1.0	4,744	1.0	(5.6)
Adjustments and eliminations	(7,765)	(1.5)	(8,321)	(1.7)	—
Orders Received	499,729	100.0	486,770	100.0	(2.6)

* % represents the component ratio.

(Note) 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 "Results by Reporting Segment" in "(1) Summary of Operating Results."

3. Material Agreements

There were no material agreements which were approved for conclusion or concluded during the three months ended June 30, 2023.

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 June 30, 2023 (shares)	Number of shares issued as of the filing date (shares) (August 10, 2023)	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 Prime market	This is Kyocera's standard stock. There is no restriction on contents of the right of the stock. The number of shares per one unit of shares is 100 shares.
Total	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 April 1, 2023 to June 30, 2023	—	377,618,580	—	115,703	—	192,555

(5) Major Shareholders

Not Applicable.

(6) Information on Voting Rights

Information on voting rights as of March 31, 2023 is stated in this item because Kyocera does not identify the number of voting rights as of June 30, 2023 due to the lack of information on the details entered in the shareholders registry as of June 30, 2023.

a. Shares Issued

As of March 31, 2023

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 18,705,500	—	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 358,598,000	3,585,980	Same as above
Shares less than one unit	Common stock 315,080	—	—
Number of shares issued	377,618,580	—	—
Total number of voting rights	—	3,585,980	—

(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 March 31, 2023

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	18,705,500	—	18,705,500	4.95
Total	—	18,705,500	—	18,705,500	4.95

(Note) Kyocera Corporation held 24,512,000 shares of treasury stock as of June 30, 2023.

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, 2023	June 30, 2023
Assets			
Current assets			
Cash and cash equivalents		373,500	399,472
Trade and other receivables	10	380,972	352,633
Other financial assets	12	23,402	24,998
Inventories		539,441	575,592
Other current assets		39,997	46,818
Total current assets		1,357,312	1,399,513
Non-current assets			
Equity and debt instruments	7, 12	1,508,258	1,644,201
Investments accounted for using the equity method		16,752	16,823
Other financial assets	12	42,567	44,838
Property, plant and equipment		587,478	607,206
Right-of-use assets		62,620	73,855
Goodwill		271,156	279,459
Intangible assets		147,782	154,163
Deferred tax assets		39,759	42,557
Other non-current assets		60,244	61,097
Total non-current assets		2,736,616	2,924,199
Total assets		4,093,928	4,323,712

The accompanying notes are an integral part of these statements.

(Yen in millions)

	Note	As of	
		March 31, 2023	June 30, 2023
Liabilities and Equity			
Liabilities			
Current liabilities			
Borrowings	7, 12	29,060	79,706
Trade and other payables	10	203,864	191,793
Lease liabilities		20,351	22,532
Other financial liabilities	12	4,741	13,895
Income tax payables		17,224	14,033
Accrued expenses	10	135,836	122,680
Provisions		8,014	8,186
Other current liabilities	10	41,984	54,827
Total current liabilities		461,074	507,652
Non-current liabilities			
Borrowings	7, 12	107,726	119,448
Lease liabilities		52,664	62,131
Retirement benefit liabilities		8,621	9,045
Deferred tax liabilities		393,961	435,655
Provisions		10,239	10,627
Other non-current liabilities		10,808	10,717
Total non-current liabilities		584,019	647,623
Total liabilities		1,045,093	1,155,275
Equity			
Common stock		115,703	115,703
Capital surplus		119,144	118,708
Retained earnings		1,912,372	1,913,887
Other components of equity		969,801	1,131,223
Treasury stock	8	(93,243)	(136,200)
Total equity attributable to owners of the parent		3,023,777	3,143,321
Non-controlling interests		25,058	25,116
Total equity		3,048,835	3,168,437
Total liabilities and equity		4,093,928	4,323,712

The accompanying notes are an integral part of these statements.

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

(Yen in millions)

	Note	For the three months ended June 30,	
		2022	2023
Sales revenue	5, 10	491,954	479,420
Cost of sales		349,218	343,967
Gross profit		142,736	135,453
Selling, general and administrative expenses	12	101,308	109,776
Operating profit		41,428	25,677
Finance income	12	24,676	27,355
Finance expenses	12	847	1,034
Foreign exchange gains (losses)		2,732	(2,600)
Share of net profit (loss) of investments accounted for using the equity method		329	344
Other, net		393	735
Profit before income taxes	5	68,711	50,477
Income taxes		17,959	12,393
Profit for the period		50,752	38,084
Profit attributable to:			
Owners of the parent		49,974	37,392
Non-controlling interests		778	692
Profit for the period		50,752	38,084
Per share information:	11		
Earnings per share attributable to owners of the parent			
Basic and diluted (Yen)		139.24	105.32

The accompanying notes are an integral part of these statements.

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

(Yen in millions)

	Note	For the three months ended June 30,	
		2022	2023
Profit for the period		50,752	38,084
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	67,540	95,002
Re-measurement of defined benefit plans		(65)	—
Total items that will not be reclassified to profit or loss		67,475	95,002
Items that may be reclassified subsequently to profit or loss:			
Net changes in fair value of cash flow hedge		(43)	(36)
Exchange differences on translating foreign operations		78,421	66,646
Share of other comprehensive income of investments accounted for using the equity method		(129)	98
Total items that may be reclassified subsequently to profit or loss		78,249	66,708
Total other comprehensive income		145,724	161,710
Comprehensive income for the period		196,476	199,794
Comprehensive income attributable to:			
Owners of the parent		195,049	198,814
Non-controlling interests		1,427	980
Comprehensive income for the period		196,476	199,794

The accompanying notes are an integral part of these statements.

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

For the three months ended June 30, 2022

(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, 2022		115,703	122,751	1,846,102	880,297	(93,299)	2,871,554	26,719	2,898,273
Profit for the period				49,974			49,974	778	50,752
Other comprehensive income					145,075		145,075	649	145,724
Total comprehensive income for the period		—	—	49,974	145,075	—	195,049	1,427	196,476
Cash dividends	9			(32,301)			(32,301)	(871)	(33,172)
Purchase of treasury stock						(3)	(3)		(3)
Transactions with non-controlling interests			(261)				(261)	(52)	(313)
Transfer to retained earnings				(431)	431		—		—
Others				(14)			(14)		(14)
Balance as of June 30, 2022		115,703	122,490	1,863,330	1,025,803	(93,302)	3,034,024	27,223	3,061,247

For the three months ended June 30, 2023

(Yen in millions)

	Note	Total equity attributable to owners of the parent						Non-controlling interests	Total equity
		Common Stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total		
Balance as of April 1, 2023		115,703	119,144	1,912,372	969,801	(93,243)	3,023,777	25,058	3,048,835
Profit for the period				37,392			37,392	692	38,084
Other comprehensive income					161,422		161,422	288	161,710
Total comprehensive income for the period		—	—	37,392	161,422	—	198,814	980	199,794
Cash dividends	9			(35,891)			(35,891)	(762)	(36,653)
Purchase of treasury stock	8					(42,957)	(42,957)		(42,957)
Transactions with non-controlling interests			(436)				(436)	(160)	(596)
Transfer to retained earnings							—		—
Others				14			14		14
Balance as of June 30, 2023		115,703	118,708	1,913,887	1,131,223	(136,200)	3,143,321	25,116	3,168,437

The accompanying notes are an integral part of these statements.

(5) Condensed Quarterly Consolidated Statement of Cash Flows

(Yen in millions)

	Note	For the three months ended June 30,	
		2022	2023
Cash flows from operating activities:			
Profit for the period		50,752	38,084
Depreciation and amortization		35,285	36,476
Finance expenses (income)		(23,829)	(26,321)
Share of net profit of investments accounted for using the equity method		(329)	(344)
(Gains) losses from sales or disposal of property, plant and equipment		(831)	(1,084)
Income taxes		17,959	12,393
(Increase) decrease in trade and other receivables		38,455	49,808
(Increase) decrease in inventories		(47,306)	(11,189)
(Increase) decrease in other assets		639	(2,336)
Increase (decrease) in trade and other payables		(20,507)	(21,589)
Increase (decrease) in accrued expenses		(19,609)	(15,554)
Increase (decrease) in other liabilities		(8,839)	19,384
Other, net		(1,229)	(7,534)
Subtotal		20,611	70,194
Interests and dividends received		24,490	27,213
Interests paid		(625)	(949)
Income taxes refund (paid)		(15,254)	(19,600)
Net cash provided by operating activities		29,222	76,858
Cash flows from investing activities:			
Payments for purchases of property, plant and equipment		(41,841)	(39,790)
Payments for purchases of intangible assets		(2,598)	(2,243)
Proceeds from sales of property, plant and equipment		1,408	1,736
Acquisitions of business, net of cash acquired		(202)	(623)
Acquisition of time deposits and certificate of deposits		(11,305)	(1,744)
Withdrawal of time deposits and certificate of deposits		17,948	857
Payments for purchases of securities		(412)	(135)
Proceeds from sales and maturities of securities		67	59
Other, net		(250)	24
Net cash used in investing activities		(37,185)	(41,859)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings		—	50,000
Proceeds from long-term borrowings		1,500	11,516
Repayments of long-term borrowings		(2,817)	(1,167)
Repayments of lease liabilities		(5,866)	(6,432)
Dividends paid		(32,898)	(36,169)
Purchase of treasury stock	8	(3)	(42,957)
Other, net		(315)	(594)
Net cash used in financing activities		(40,399)	(25,803)
Effect of exchange rate changes on cash and cash equivalents		18,617	16,776
Increase (decrease) in cash and cash equivalents		(29,745)	25,972
Cash and cash equivalents at the beginning of the year		414,129	373,500
Cash and cash equivalents at the end of the period		384,384	399,472

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/>).

The condensed quarterly consolidated financial statements as of and for the three months ended June 30, 2023 consist of Kyocera Corporation and its consolidated subsidiaries and shares of associates of Kyocera.

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

2. Basis of Preparation

(1) Compliance with IFRS

The condensed 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, 2023.

(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 and hyperinflationary accounting adjustments to subsidiaries whose functional currency is Turkish Lira.

(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 amounts less than one million yen are rounded.

3. Material Accounting Policies

Material 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, 2023, except for the following.

For the three months ended June 30, 2023, income tax expenses are accrued using the tax rate calculated based on the estimated average annual effective income tax rate.

<Income Taxes>

Kyocera has applied an amendment to IAS 12 "Income Taxes" (Clarified of accounting for deferred tax related to assets and liabilities arising from a single transaction) from the three months ended June 30, 2023. This adoption had no material impact on Kyocera's condensed quarterly consolidated financial statements.

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.

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, 2023.

5. Segment Information

(1) Overview of Reporting Segment

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

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

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

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

(2) Information on Reporting Segment

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

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

For the three months ended June 30, 2022

(Yen in millions)

	Reporting Segment			Others * 1	Total	Adjustment * 2	Consolidated
	Core Components Business	Electronic Components Business	Solutions Business				
Sales revenue							
External customers	141,327	95,217	252,414	2,996	491,954	—	491,954
Intersegment sales and transfers	194	184	5,589	2,888	8,855	(8,855)	—
Total	141,521	95,401	258,003	5,884	500,809	(8,855)	491,954
Business profit (loss)	20,754	16,007	14,721	(6,159)	45,323	—	45,323
Corporate gains and others * 3	—	—	—	—	—	—	23,059
Share of net profit (loss) of investments accounted for using the equity method	—	—	—	—	—	—	329
Profit before income taxes	—	—	—	—	—	—	68,711
Other items							
Depreciation and amortization charge	10,526	8,060	12,973	1,719	33,278	2,007	35,285
Capital expenditures (for property, plant and equipment)	12,941	12,497	4,726	9,345	39,509	4,858	44,367

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

2. Adjustment represents as follows:

- (1) The adjustment of intersegment sales and transfers are elimination of intersegment transactions.
- (2) The adjustment of 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 consist of finance income and expenses.

For the three months ended June 30, 2023

(Yen in millions)

	Reporting Segment			Others * 1	Total	Adjustment * 2	Consolidated
	Core Components Business	Electronic Components Business	Solutions Business				
Sales revenue							
External customers	133,869	84,333	257,882	3,336	479,420	—	479,420
Intersegment sales and transfers	196	232	6,723	1,994	9,145	(9,145)	—
Total	134,065	84,565	264,605	5,330	488,565	(9,145)	479,420
Business profit (loss)	13,835	4,062	15,681	(9,922)	23,656	—	23,656
Corporate gains and others * 3	—	—	—	—	—	—	26,477
Share of net profit (loss) of investments accounted for using the equity method	—	—	—	—	—	—	344
Profit before income taxes	—	—	—	—	—	—	50,477
Other items							
Depreciation and amortization charge	11,693	7,612	12,429	2,098	33,832	2,644	36,476
Capital expenditures (for property, plant and equipment)	9,854	9,097	5,627	1,237	25,815	4,146	29,961

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

2. Adjustment represents as follows:

- (1) The adjustment of intersegment sales and transfers are elimination of intersegment transactions.
- (2) The adjustment of 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 consist of finance income and expenses.

(3) Information by Geographic Segments

The breakdown of sales revenue to external customers by destination for the three months ended June 30, 2022 and 2023 is as follows:

Sales Revenue to External Customers	(Yen in millions)	
	For the three months ended June 30,	
	2022	2023
Japan	137,532	142,416
Asia	131,319	115,570
United States	113,548	107,279
Europe	91,446	94,835
Other Areas	18,109	19,320
Total	491,954	479,420

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

6. Business Combination

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

7. Borrowings

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

	(Yen in millions)	
	As of	
	March 31, 2023	June 30, 2023
Short-term borrowings	20,000	70,000
Long-term borrowings	90,000	100,000
Total	110,000	170,000

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

	(Yen in millions)	
	As of	
	March 31, 2023	June 30, 2023
Equity and debt instruments	162,648	186,884

(Note) Equity and debt instruments as of March 31, 2023 are pledged as collateral for overdraft facilities (balance of unexecuted loans) of 50,000 million yen with financial institutions except for above borrowings.

8. Equity and Other Equity

Treasury stock

Kyocera Corporation has resolved, at a meeting of its Board of Directors held on May 15, 2023, to repurchase its own shares pursuant to Article 156, as applied through 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.

(1) Details of the resolution relating to the repurchase

Type of shares to be repurchased	Common stock
Total number of shares to be repurchased	Up to 8,066,000 shares (2.25% of the total number of shares outstanding, excluding treasury shares)
Total amount of repurchase price	Up to 50,000 million yen
Repurchase period	From May 16, 2023 to March 22, 2024
Methods of repurchase	Purchases through market (i) Purchases through Off-Auction Own Share Repurchase Trading System of the Tokyo Stock Exchange (ToSTNeT-3) (ii) Purchases through market under a consignment agreement for repurchase of its own shares

(2) Status of repurchase

The status of repurchase during the three months ended June 30, 2023 is as follows:

Total number of shares repurchased	5,806,000 shares
Total amount of repurchase price	42,953 million yen

9. Dividends

Dividends paid are as follows:

For the three months ended June 30, 2022

	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 28, 2022	Common stock	32,301	90	March 31, 2022	June 29, 2022	Retained earnings

For the three months ended June 30, 2023

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

10. Sales Revenue

(1) Breakdown of Revenue

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

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

For the three months ended June 30, 2022

(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	46,665	87,908	6,754	95,217	81,865	98,153	41,783	27,627	2,984	488,956
Revenue recognized from other sources	—	—	—	—	28	2,958	—	—	12	2,998
Total	46,665	87,908	6,754	95,217	81,893	101,111	41,783	27,627	2,996	491,954

For the three months ended June 30, 2023

(Yen in millions)

	Reporting Segment								Others	Total
	Core Components Business			Electronic Components Business	Solutions Business					
	Industrial & Automotive Components Unit	Semi-conductor Components Unit	Others		Industrial Tools Unit	Document Solutions Unit	Communications Unit	Others		
Sales revenue										
Revenue recognized from contracts with customers	52,696	74,301	6,872	84,333	80,403	100,225	43,027	30,941	3,254	476,052
Revenue recognized from other sources	—	—	—	—	5	3,276	5	—	82	3,368
Total	52,696	74,301	6,872	84,333	80,408	103,501	43,032	30,941	3,336	479,420

(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 “Trade and other payables,” “Accrued expenses” and “Other current liabilities,” respectively.

(Yen in millions)

	As of	
	March 31, 2023	June 30, 2023
Receivables from contracts with customers	333,213	317,098
Contract assets	1,640	9,728
Contract liabilities	37,468	37,133

11. 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 three months ended June 30,	
	2022	2023
Profit attributable to owners of the parent (Yen in millions)	49,974	37,392
Weighted average number of ordinary shares (Thousands of shares)	358,901	355,042
Earnings per share attributable to owners of the parent - Basic (Yen)	139.24	105.32

12. 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, 2023		June 30, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Debt instruments	12	12	13	13
Other financial assets	64,820	64,820	69,155	69,155
Total	64,832	64,832	69,168	69,168
Liabilities:				
Borrowings	136,786	136,786	199,154	199,154
Total	136,786	136,786	199,154	199,154

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 amounts since they are settled in the short term and their fair values are nearly equal to their carrying amounts.

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

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

b. Financial Instruments Measured at Fair Value

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

(Yen in millions)

	As of March 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Equity and debt instruments				
Financial assets measured at fair value through other comprehensive income	1,449,067	—	49,138	1,498,205
Financial assets measured at fair value through profit or loss	—	—	10,041	10,041
Other financial assets	—	1,149	—	1,149
Total	1,449,067	1,149	59,179	1,509,395
Liabilities:				
Other financial liabilities	—	4,741	—	4,741
Contingent consideration	—	—	110	110
Total	—	4,741	110	4,851

(Yen in millions)

	As of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Equity and debt instruments				
Financial assets measured at fair value through other comprehensive income	1,582,620	—	51,012	1,633,632
Financial assets measured at fair value through profit or loss	—	—	10,556	10,556
Other financial assets	—	681	—	681
Total	1,582,620	681	61,568	1,644,869
Liabilities:				
Other financial liabilities	—	13,895	—	13,895
Contingent consideration	—	—	83	83
Total	—	13,895	83	13,978

Transfers between levels are recognized on the day when the event or change in circumstances that caused the transfer occurred. There were no significant transfers between Level 1 and Level 2 for the year ended March 31, 2023 and the three months ended June 30, 2023.

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

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

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

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

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

d. Evaluation Process

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

e. Quantitative Information Related to Assets Classified as Level 3

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

As of March 31, 2023

Classification	Valuation Technique	Unobservable Inputs	Range
Financial assets measured at fair value through other comprehensive income	Discounted cash flow method	Discount rate	3.3% to 4.3%

As of June 30, 2023

Classification	Valuation Technique	Unobservable Inputs	Range
Financial assets measured at fair value through other comprehensive income	Discounted cash flow method	Discount rate	3.3% 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.

f. Reconciliation of Financial Instruments Classified as Level 3

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

(Yen in millions)

	For the three months ended June 30,					
	2022			2023		
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial liabilities measured at fair value through profit or loss	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial liabilities measured at fair value through profit or loss
Opening balance	5,479	48,175	2,108	10,041	49,138	110
Profit or loss *1	413	—	87	350	—	—
Other comprehensive income *2	—	1,797	—	—	1,847	—
Purchase and assume	362	8	—	124	9	—
Sales and settlements	(23)	(0)	—	(58)	(0)	(31)
Transfer into or out Level 3	—	—	—	—	—	—
Others	165	2	(1)	99	18	4
Closing balance	6,396	49,982	2,194	10,556	51,012	83
Change in unrealized gains or losses included in profit or loss	409	—	—	333	—	—

(Notes) 1. Those related to financial assets are included in “Finance income” and “Finance expenses,” while those related to financial liabilities are included in “Selling, general and administrative expenses” in the condensed quarterly consolidated statement of profit or loss.

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

(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, 2023	June 30, 2023
KDDI Corporation	1,371,548	1,491,177

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 three months ended June 30, 2022 and 2023. The amounts of dividends are as follows:

(Yen in millions)

	For the three months ended June 30,	
	2022	2023
Dividends from KDDI Corporation	21,781	23,457

13. Commitments

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

(Yen in millions)

	As of	
	March 31, 2023	June 30, 2023
Acquisition of property, plant and equipment	120,747	118,868

14. Contingency

As of June 30, 2023, there were no significant changes compared to the contents stated in the Annual Report for the year ended March 31, 2023 pursuant to the Financial Instruments and Exchange Act of Japan.

15. Subsequent Events

On July 21, 2023, Kyocera borrowed 80,000 million yen in order to meet cash demands including capital investments and pledged 18,881,284 shares of KDDI Corporation held by Kyocera as collateral.

16. 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 August 10, 2023.

2. Others

Not Applicable.

Part II. Corporate Information on Guarantors and Others

Not Applicable.