

Annual Report

(English translation of consolidated financial information)

(The 68th Business Term)

From April 1, 2021 to March 31, 2022

KYOCERA CORPORATION

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Independent Auditor’s Report (Translation)

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This is an English translation of the Annual 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,” “the 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 ended 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

(1) Consolidated Financial Data

(Yen in millions unless otherwise stated)

	64th	65th	66th	67th	68th
Year ended	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
Sales revenue	1,577,039	1,623,710	1,599,053	1,526,897	1,838,938
Profit before income taxes	129,992	140,610	148,826	117,559	198,947
Profit attributable to owners of the parent	79,137	103,210	107,721	90,214	148,414
Comprehensive income attributable to owners of the parent	43,131	21,514	262,750	210,784	365,805
Equity attributable to owners of the parent	2,325,791	2,265,919	2,432,134	2,591,415	2,871,554
Total assets	3,128,813	2,968,475	3,250,175	3,493,470	3,917,265
Equity per share attributable to owners of the parent (Yen)	6,325.11	6,263.71	6,710.59	7,149.91	8,000.97
Earnings per share attributable to owners of the parent- Basic (Yen)	215.22	284.94	297.36	248.91	411.15
Earnings per share attributable to owners of the parent- Diluted (Yen)	215.20	284.70	—	—	—
Ratio of equity attributable to owners of the parent to total assets (%)	74.3	76.3	74.8	74.2	73.3
Profit ratio of equity attributable to owners of the parent (%)	3.4	4.5	4.6	3.6	5.4
Price earnings ratio (Times)	27.90	22.81	21.55	28.22	16.74
Cash flows from operating activities	158,905	220,025	214,630	220,821	201,957
Cash flows from investing activities	(53,128)	(47,121)	(145,551)	(183,792)	(79,457)
Cash flows from financing activities	(51,572)	(89,056)	(157,126)	(80,968)	(111,473)
Cash and cash equivalents at the end of the year	424,938	512,814	419,620	386,727	414,129
Number of employees	75,940	76,863	75,505	78,490	83,001

(Notes) 1. Kyocera prepared its 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 from the 66th business terms are not described in the above table, as there is no potential share.

(2) Financial Data of Kyocera Corporation

(Yen in millions unless otherwise stated)

	64th	65th	66th	67th	68th
Year ended	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
Net sales	742,066	736,263	730,388	708,177	848,253
Recurring profit	82,901	119,978	98,356	103,245	147,160
Net income	78,536	55,129	88,466	93,269	132,442
Common stock	115,703	115,703	115,703	115,703	115,703
Number of shares issued (Shares)	377,618,580	377,618,580	377,618,580	377,618,580	377,618,580
Net assets	1,917,101	1,805,568	2,015,786	2,124,257	2,309,953
Total assets	2,389,403	2,181,058	2,520,096	2,685,137	2,998,363
Net assets per share (Yen)	5,213.65	4,991.15	5,561.83	5,860.98	6,436.19
Annual dividends per share (Yen)	120.00	140.00	160.00	140.00	180.00
Interim dividends per share (Yen)	60.00	60.00	80.00	60.00	90.00
Net income per share - Basic (Yen)	213.58	152.20	244.20	257.34	366.91
Net income per share - Diluted (Yen)	—	—	—	—	—
Net assets to total assets (%)	80.2	82.8	80.0	79.1	77.0
Return on equity (%)	4.1	3.0	4.6	4.5	6.0
Price earnings ratio (Times)	28.11	42.71	26.24	27.30	18.76
Dividends payout ratio (%)	56.2	92.0	65.5	54.4	49.1
Number of employees	18,451	19,268	19,352	19,865	20,560
Total shareholder return (%)	98.7	109.0	110.1	122.3	122.9
Comparative indicator : Dividend-included TOPIX (%)	115.9	110.0	99.6	141.5	144.3
Highest share price (Yen)	8,345	7,042	7,764	7,610	7,408
Lowest share price (Yen)	5,613	5,127	5,320	5,456	6,055

- (Notes) 1. The figures in financial statements are presented in Japanese yen and amounts less than one million yen are rounded.
2. Dividends per share for the year ended March 31, 2019 include 60th commemoration dividends of 20.00 yen.
3. Net income per share - Diluted is not described in the above table, as there is no potential share.
4. Highest and lowest share prices are quoted on the first section of the Tokyo Stock Exchange.
5. “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan Statement No. 29, March 31, 2020) and other standard have been applied from the beginning of the year ended March 31, 2022, and the financial data for the year ended March 31, 2022 has been prepared in accordance with these accounting standards.

2. History

Kyocera Corporation was founded as “Kyoto Ceramic Co., Ltd.” in April 1, 1959. In order to change its face value of stock from 500 yen to 50 yen, Shikoku Shokkin Kagaku Kenkyusho (renamed as Kyoto Ceramitsuku Kabushiki Kaisha on May 12, 1970), established on November 6, 1946, was incorporated as a surviving company in a form of an absorption-type merger on October 1, 1970, and the merger was carried out as a due date.

Therefore, prior to this merger, the history of the Kyoto Ceramic Co., Ltd., the merged company, is described.

April	1959	Established headquarter and factory with a capital of 3 million yen in 101 Nishinokyoharamachi, Nakagyo-ku, Kyoto Founded as “Kyoto Ceramic Co., Ltd.” a specialized manufacturer in fine ceramics
April	1960	Opened Tokyo Office
May	1963	Established Shiga Gamo Plant
July	1969	Established Kagoshima Sendai Plant Established Kyocera International, Inc. in the U.S. as a sales company
October	1969	Established Kyocera Sho-Ji Kabushiki Kaisha as a domestic sales company
October	1970	Kyoto Ceramic Co., Ltd. and Kyocera Sho-Ji Kabushiki Kaisha merged into Kyoto Ceramitsuku Kabushiki Kaisha.
January	1971	Established Kyocera Fineceramics GmbH in Germany (currently Kyocera Europe GmbH)
October	1971	Listed its stock on the Second Section of Osaka Stock Exchange (listed on the First Section in February 1974)
September	1972	Listed its stock on the Second Section of Tokyo Stock Exchange (listed on the First Section in February 1974, moved to the Prime Market in April 2022)
October	1972	Established Kagoshima Kokubu Plant
February	1976	Issued American Depository Receipts (hereinafter “ADRs”) in the U.S.
October	1979	Established Central Research Laboratory in Kagoshima Kokubu Plant (currently Monozukuri R&D Laboratory)
May	1980	Listed its stock on the New York Stock Exchange (hereinafter “NYSE”) (delisted from NYSE in June 2018), Issued ADRs in the U.S. for the second time
October	1982	4 companies, Cybernet Electronics Corporation, Crescent Vert Co., Ltd., Japan Cast Corporation and New Medical Co., Ltd. merged into Kyoto Ceramic Co., Ltd., and changed its name to Kyocera Corporation
June	1984	Established Daini Denden Kikaku Co., Ltd. (currently KDDI Corporation)
August	1989	Made Elco International Corporation, connector business, as a consolidated subsidiary (later, changed its name to Kyocera Connector Products Corporation and merged into Kyocera Corporation in April 2017)
January	1990	Issued ADRs in the U.S. for the third time Made AVX Corporation (currently Kyocera AVX Components Corporation) as a consolidated subsidiary through shares exchange, delisted its stock from NYSE (relisted its stock on NYSE in August 1995, delisted its stock from NYSE due to become a wholly owned subsidiary of Kyocera Corporation in March 2020)
March	1995	Established Kyocera R&D Center (currently Yokohama Office)
August	1995	Established Kyocera R&D Center, Keihanna in Kyoto, Japan (currently Keihanna Research Center) Established Dongguan Shilong Kyocera Optics Co., Ltd. (currently Dongguan Shilong Kyocera Co., Ltd.) in Dongguan, China as a manufacturing company
September	1995	Established Kyocera Communication Systems Co., Ltd.
August	1998	Established new headquarter in Fushimi-ku, Kyoto
February	2000	Succeeded Qualcomm, Inc.’s mobile phone business
April	2000	Invested in Kyocera Mita Corporation (currently Kyocera Document Solutions Inc.), and made as a consolidated subsidiary
December	2001	Established Kyocera Mita Office Equipment (Dongguan) Co., Ltd. (currently Kyocera Document Technology (Dongguan) Co., Ltd.) in Dongguan, China as a manufacturing company of printer and multifunctional products
April	2002	Kyocera Document Solutions Inc. succeeded Kyocera Corporation’s printer business

August	2002	Made Toshiba Chemical Corporation, semiconductor related materials business, as a consolidated subsidiary through shares exchange, and changed its name to Kyocera Chemical Corporation (later, merged into Kyocera Corporation in April 2016)
August	2003	Made Kinseki, Limited, crystal devices business, as a consolidated subsidiary through shares exchange (later, changed its name to Kyocera Crystal Device Corporation and merged into Kyocera Corporation in April 2017) Established Kyocera SLC Technologies Corporation (later, changed its name to Kyocera Circuit Solutions Inc. and merged into Kyocera Corporation in April 2016) as a manufacturing and sales company of build-up substrates
September	2004	Established Japan Medical Materials Corporation (later, changed its name to Kyocera Medical Inc. and merged into Kyocera Corporation in April 2017) by Kyocera Corporation and Kobe Steel, Ltd. transferring their medical materials business to Japan Medical Materials Corporation through company split
April	2008	Succeeded Sanyo Electric Co., Ltd.'s mobile phone business
January	2009	Made TA Triumph-Adler AG, sales company of printers and multifunctional products in Germany, as a consolidated subsidiary (later, changed its name to TA Triumph-Adler GmbH)
July	2011	Made Unimerco Group A/S, manufacturing and sales company of industrial tools in Denmark, as a consolidated subsidiary, and changed its name to Kyocera Unimerco A/S Established Kyocera Mita Vietnam Technology Co., Ltd. (currently Kyocera Document Technology Vietnam Co., Ltd.) as a manufacturing company of printers and multifunctional products in Vietnam
August	2011	Established Kyocera Vietnam Management Co., Ltd. (currently Kyocera Vietnam Co., Ltd.) as a manufacturing company in Vietnam
February	2012	Made Optrex Corporation, specialized manufacturer related in liquid crystal displays, as a consolidated subsidiary (later, changed its name to Kyocera Display Corporation and merged into Kyocera Corporation in October 2018)
October	2013	Made NEC Toppan Circuit Solutions, Inc., manufacturer of printed wiring board, as a consolidated subsidiary (later, changed its name to Kyocera Circuit Solutions, Inc.)
October	2014	Integrated Kyocera Circuit Solutions, Inc. into Kyocera SLC Technologies Corporation to form Kyocera Circuit Solutions, Inc. (later, merged into Kyocera Corporation in April 2016)
September	2015	Made Nihon Inter Electronics Corporation, manufacturer of power semiconductors, as a consolidated subsidiary (later, merged into Kyocera Corporation in August 2016)
April	2016	Merged Kyocera Circuit Solutions, Inc. and Kyocera Chemical Corporation into Kyocera Corporation
August	2016	Merged Nihon Inter Corporation into Kyocera Corporation
April	2017	Merged Kyocera Medical Corporation, Kyocera Crystal Device Corporation and Kyocera Connector Products Corporation into Kyocera Corporation
August	2017	Made Senco Holdings, Inc., U.S. based pneumatic tools manufacturing company, as a consolidated subsidiary and changed its name to Kyocera Senco Industrial Tools, Inc.
January	2018	Made Kyocera Industrial Tools Corporation, which was established from the company split of Ryobi Limited's power tool business, as a consolidated subsidiary (became a wholly owned subsidiary of Kyocera Corporation in January 2020)
June	2018	Delisted from NYSE (deregistered from the U.S. Securities and Exchange Commission (SEC) in September 2018)
October	2018	Merged Kyocera Display Corporation and Kyocera Optec Co., Ltd. into Kyocera Corporation
May	2019	Established Minatomirai Research Center, Yokohama in Kanagawa, Japan
June	2019	Made Fastener Topco, Inc., the holding company of SouthernCarlson, Inc., U.S. based sales company of pneumatic power tool company, as a consolidated subsidiary and changed its name to Kyocera Industrial Tools, Inc.
March	2020	Acquired all non-controlling interests of AVX Corporation (currently Kyocera AVX Components Corporation) and made it a wholly owned subsidiary of Kyocera Corporation
June	2020	Made Showa Optronics Co., Ltd., manufacturer of optical components, as a consolidated subsidiary and changed its name to Kyocera SOC Corporation

January	2021	Made Soraal Laser Diode, Inc., U.S. based company commercializing gallium nitride (GaN) based laser products, as consolidated subsidiary and changed its name to Kyocera SLD Laser, Inc.
April	2022	Moved from the First Section to the Prime Market of the Tokyo Stock Exchange due to the market restructuring of the Tokyo Stock Exchange

3. Description of Business

Kyocera develops new technologies and new products and cultivates new markets based on fine ceramic technologies since establishment. Kyocera also promotes growth through diversification by leveraging various management resources from material and components technologies to electronic devices, equipment, systems and services. 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 consolidated financial statements have been prepared in accordance with IFRS. Also, subsidiaries and associates are disclosed based on the scope of the consolidation and investment accounted for using the equity method under IFRS. “II. Business Overview” and “III. Equipment and Facilities” are disclosed based on the same scope.

Kyocera reorganized its organization in April 2021, with the aim of further pursue synergies between businesses and strengthen growth potential, and the reporting segment classification has been changed to “Core Components Business”, “Electronic Components Business” and “Solutions Business” from fiscal 2022.

The specific contents of each reporting segment are as follows, and this reporting segment is the same as the classification of reporting segment information presented in Note “6. Segment Information” under “V. Financial Information 1. Consolidated Financial Statements and Other Information (1) Consolidated Financial Statements” in this annual report.

(1) Core Components Business

This reporting segment provides components, such as fine ceramic components for semiconductor processing equipment, automotive camera modules, ceramic packages as well as organic packages and boards to protect electronic components and ICs, to industrial machinery, automotive-related, and the information and communication-related markets.

(2) Electronic Components Business

This reporting segment provides a wide variety of electronic components and devices including capacitors, crystal devices and connectors for diverse fields that include information and communications, industrial equipment, automotive-related and consumer markets.

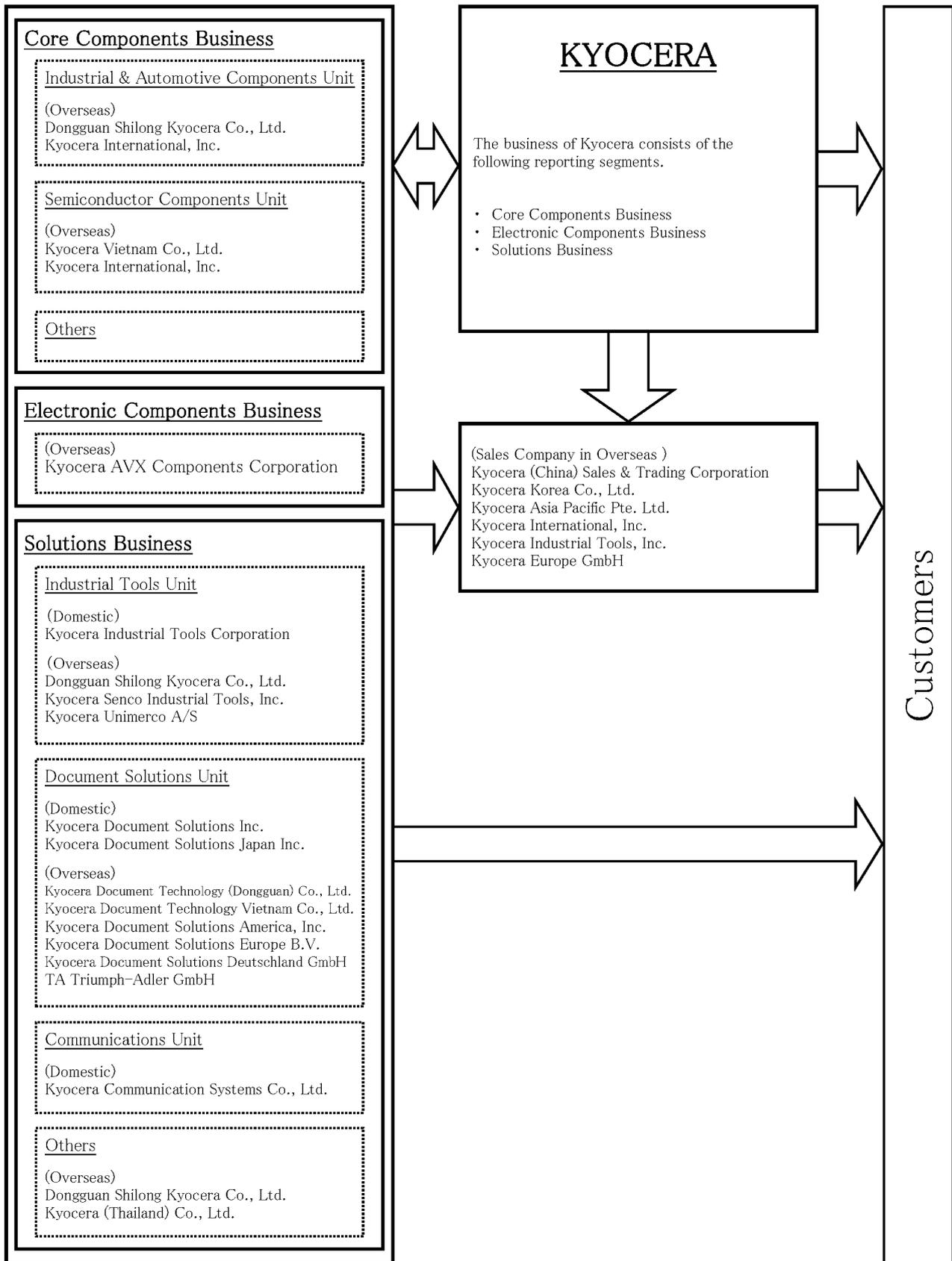
(3) Solutions Business

The Industrial Tools Unit provides cutting tools as well as pneumatic and power tools for automotive-related and general industrial and construction markets. The Document Solutions Unit provides printers for offices and commercial uses as well as solution services such as document management system. The Communications Unit provides communication terminals such as smartphones, as well as information systems and telecommunication services, etc.

Reporting Segment/Major Businesses or Products	Major Group Companies
(1) Core Components Business	
Industrial & Automotive Components Unit	
Fine Ceramic Components Automotive Components Optical Components	Kyocera Corporation Dongguan Shilong Kyocera Co., Ltd. Kyocera International, Inc. Kyocera Europe GmbH
Semiconductor Components Unit	
Ceramic Packages Organic Packages and Boards	Kyocera Corporation Kyocera (China) Sales & Trading Corporation Kyocera Korea Co., Ltd. Kyocera Asia Pacific Pte. Ltd. Kyocera Vietnam Co., Ltd. Kyocera International, Inc. Kyocera Europe GmbH
Others	
Medical Devices Jewelry & Applied Ceramic Related Products	Kyocera Corporation
(2) Electronic Components Business	
Capacitors Crystal Devices Connectors Sensors Control Components	Kyocera Corporation Kyocera (China) Sales & Trading Corporation Kyocera Korea Co., Ltd. Kyocera Asia Pacific Pte. Ltd. Kyocera AVX Components Corporation

Reporting Segment/Major Businesses or Products	Major Group Companies
(3) Solutions Business	
Industrial Tools Unit	
Cutting Tools Pneumatic & Power Tools	Kyocera Corporation Kyocera Industrial Tools Corporation Kyocera (China) Sales & Trading Corporation Dongguan Shilong Kyocera Co., Ltd. Kyocera Asia Pacific Pte. Ltd. Kyocera Senco Industrial Tools, Inc. Kyocera Industrial Tools, Inc. Kyocera Unimerco A/S
Document Solutions Unit	
Printers MFPs Commercial Inkjet Printers Document Solutions Services	Kyocera Document Solutions Inc. Kyocera Document Solutions Japan Inc. Kyocera Document Technology (Dongguan) Co., Ltd. Kyocera Document Technology Vietnam Co., Ltd. Kyocera Document Solutions America, Inc. Kyocera Document Solutions Europe B.V. Kyocera Document Solutions Deutschland GmbH TA Triumph-Adler GmbH
Communications Unit	
Smartphones Communication Modules Information Systems & Telecommunication Services	Kyocera Corporation Kyocera Communication Systems Co., Ltd. Kyocera International, Inc.
Others	
Displays Printing Devices Smart Energy-Related Products & Services	Kyocera Corporation Dongguan Shilong Kyocera Co., Ltd. Kyocera (Thailand) Co., Ltd. Kyocera Europe GmbH

The above is shown in the business diagram below.



4. Associates

As of March 31, 2022

Name	Address	Capital	Principle Lines of Business	Ownership Ratio of Voting Rights (%)	Relationship with Kyocera Corporation		
					Interlocking Directorate	Funding Support	Business Transaction
(Consolidated Subsidiaries)							
Kyocera Industrial Tools Corporation	Fukuyama-shi, Hiroshima, Japan	Yen 100 million	Development, manufacture and sale of Pneumatic & Power Tools	100.00	Yes	—	—
Kyocera Document Solutions Inc. *1	Chuo-ku, Osaka, Japan	Yen 12,000 million	Development, manufacture and sale of Printers and Multifunctional Products, and provision of Solution Services	100.00	Yes	Yes	Raw materials supply from Kyocera Corporation
Kyocera Document Solutions Japan Inc.	Chuo-ku Osaka, Japan	Yen 1,100 million	Sale of Printers and Multifunctional Products mainly in Japan	100.00 (100.00)	Yes	—	—
Kyocera Document Technology (Dongguan) Co., Ltd.	Dongguan, Guangdong, China	US\$ 56,700 thousand	Manufacture of Printers and Multifunctional Products	92.76 (92.76)	Yes	—	—
Kyocera Document Technology Vietnam Co., Ltd.	Hai Phong, Vietnam	US\$ 55,000 thousand	Manufacture of Printers and Multifunctional Products	100.00 (100.00)	Yes	—	—
Kyocera Document Solutions America, Inc.	Fairfield, New Jersey, the U.S.A.	US\$ 29,000 thousand	Sale of Printers and Multifunctional Products mainly in North America	100.00 (100.00)	Yes	—	—
Kyocera Document Solutions Europe B.V.	Hoofddorp, the Netherlands	Euro 6,807 thousand	Sale of Printers and Multifunctional Products mainly in Europe	100.00 (100.00)	Yes	—	—
Kyocera Document Solutions Deutschland GmbH	Meerbusch, Germany	Euro 920 thousand	Sale of Printers and Multifunctional Products mainly in Europe	100.00 (100.00)	—	—	—
TA Triumph-Adler GmbH	Nürnberg, Germany	Euro 80,303 thousand	Sale of Printers and Multifunctional Products mainly in Europe	100.00 (100.00)	Yes	—	—
Kyocera Communication Systems Co., Ltd.	Fushimi-ku, Kyoto, Japan	Yen 2,986 million	Information Systems and Telecommunication Services	76.64	Yes	—	Supporting Kyocera Corporation for system services
Kyocera Realty Development Co., Ltd.	Shibuya-ku, Tokyo, Japan	Yen 50 million	Ownership, management and rental of real estate	100.00	Yes	Yes	—

As of March 31, 2022

Name	Address	Capital	Principle Lines of Business	Ownership Ratio of Voting Rights (%)	Relationship with Kyocera Corporation		
					Interlocking Directorate	Funding Support	Business Transaction
Kyocera (China) Sales & Trading Corporation	Tianjin, China	US\$ 10,000 thousand	Sale of Ceramic Packages, Electronic Components and Cutting Tools	90.00	Yes	—	Sale in China with finished goods supply from Kyocera Corporation
Dongguan Shilong Kyocera Co., Ltd.	Dongguan, Guangdong, China	HKS 472,202 thousand	Manufacture of Automotive Components, Cutting Tools and Displays	90.00	Yes	Yes	Raw materials supply from Kyocera Corporation, and finished goods supply to Kyocera Corporation
Kyocera Korea Co., Ltd.	Seoul, Korea	Won 1,200,000 thousand	Sale of Semiconductor Components and Electronic Components	100.00	Yes	—	Sale in Korea with finished goods supply from Kyocera Corporation
Kyocera Asia Pacific Pte. Ltd.	Tiong Bahru Road, Singapore	US\$ 35,830 thousand	Sale of Semiconductor Components, Electronic Components and Cutting Tools	100.00	Yes	—	Sale in Asia with finished goods supply from Kyocera Corporation
Kyocera Vietnam Co., Ltd.	Hung Yen, Vietnam	US\$ 90,403 thousand	Manufacture of Ceramic Packages	100.00	Yes	Yes	Raw materials supply from Kyocera Corporation, and finished goods supply to Kyocera Corporation
Kyocera (Thailand) Co., Ltd.	Lamphun, Thailand	THB 500,000 thousand	Manufacture of Displays	100.00	Yes	Yes	Raw materials supply from Kyocera Corporation, and finished goods supply to Kyocera Corporation
Kyocera International, Inc. *1	San Diego, California, the U.S.A.	US\$ 34,850 thousand	Manufacture and sale of Fine Ceramic Components and Semiconductor Components, and sale of Mobile Phones	100.00	Yes	—	Manufacture and sale in North America with finished goods and raw materials supply from Kyocera Corporation
Kyocera AVX Components Corporation *4	Fountain Inn, South Carolina, the U.S.A.	US\$ 1,763 thousand	Development, manufacture and sale of Electronic Components	100.00	Yes	—	Sale in North America and Europe with finished goods supply from Kyocera Corporation
Kyocera Senco Industrial Tools, Inc.	Cincinnati, Ohio, the U.S.A.	US\$ 0.01	Development, manufacture and sale of Pneumatic & Power Tools	100.00	—	—	—

As of March 31, 2022

Name	Address	Capital	Principle Lines of Business	Ownership Ratio of Voting Rights (%)	Relationship with Kyocera Corporation		
					Interlocking Directorate	Funding Support	Business Transaction
Kyocera Industrial Tools, Inc.	Omaha, Nebraska, the U.S.A.	US\$ 1.00	Sale of Pneumatic & Power Tools	100.00	—	—	—
Kyocera Europe GmbH	Esslingen, Germany	Euro 1,687 thousand	Sale of Fine Ceramic Components, Semiconductor Components and Printing Devices	100.00	Yes	—	Sale in Europe with finished goods supply from Kyocera Corporation
Kyocera Unimerco A/S	Sunds, Denmark	DKK 153,000 thousand	Development, manufacture and sale of Cutting Tools	100.00 (100.00)	—	—	Sale in Europe with finished goods supply from Kyocera Corporation
Other 266 Companies							

- (Notes) 1. Companies that correspond to the specified subsidiaries or “Tokutei Kogaisha,” total amount of sales, purchase or common stock of which exceeds 10% of the amount of sales, purchase or common stock the parent company in the period that correspond to the recent fiscal year of the parent company, as defined in the Financial Instruments and Exchange Act of Japan.
2. A number in the parenthesis notation in the “Ownership Ratio of Voting Rights (%)” column shows the % of indirect voting rights, which is a part of the total voting rights.
3. As of March 31, 2022, Kyocera Corporation has 9 entities accounted for using the equity method. The description of those entities is omitted since they are immaterial.
4. On October 1, 2021, AVX Corporation changed its name to Kyocera AVX Components Corporation.

5. Employees

(1) Kyocera Corporation and its Subsidiaries

As of March 31, 2022

	Number of Employees
Core Components Business	17,001
Electronic Components Business	19,419
Solutions Business	41,969
Others	1,104
Corporate	3,508
Total	83,001

(Note) The number of employees indicates fulltime employees.

(2) Kyocera Corporation

As of March 31, 2022

Number of Employees	Average Age	Average Year of Service	Average Yearly Salary (Yen)
20,560	40.5	16.4	7,252,239

As of March 31, 2022

	Number of Employees
Core Components Business	11,002
Electronic Components Business	2,230
Solutions Business	4,260
Others	464
Corporate	2,604
Total	20,560

(Notes) 1. The number of employees indicates fulltime employees.

2. The average yearly salary includes bonuses and extra wages.

(3) Labor Union

There are no material items to report.

II. Business Overview

1. Management Policies, Operating Environment, and Management Issues

Future expectations included in this section are as of March 31, 2022.

(1) Basic Management Policies

Kyocera aims to achieve continuous sales growth and high profitability through the practice of “Kyocera Philosophy,” which is a corporate philosophy that is based on a concept included in Kyocera’s decision making “what is the right thing to do as a human being” and its own management system “Amoeba Management System” to pursue management rationale “To provide opportunities for the material and intellectual growth of all our employees, and through our joint efforts, contribute to the advancement of society and humankind.”

(2) Target Management Index

In order to realize high-growth and profitable company, Kyocera aims to achieve sustained double-digit growth in sales revenue and profit before income taxes.

(3) Business Environment and Major Management Challenges

Kyocera aims to become a high-growth and profitable company by strengthening utilization of the Group’s various management resources and alliances with external entities. The spread of 5G and AI has led to technological innovation in various fields, and the spread of COVID-19 has led to a further acceleration in digitalization. Under these circumstances, customer needs have shifted, and demand for smarter production sites utilizing IoT and AI, as well as technology and services to address various social issues including environmental issues such as decarbonization, is increasing. Under our new management structure, as reorganized in fiscal 2022, Kyocera strives to expand existing businesses and create new businesses, and to promote ESG (Environment, Social and Governance) management, in order to respond to these shifts as business opportunities to achieve our new target: sales revenue of 3 trillion yen.

a. Expansion of Existing Businesses and Creation of New Businesses

Due to the progress of digitalization, strong demand for components for the 5G, semiconductor-related, and ADAS (Advanced Driver-Assistance Systems)-related markets is expected to continue over the medium term. In order to meet the robust demand from those markets in a timely manner, Kyocera will strive to expand existing businesses by continuing aggressive capital expenditures, such as construction of new factory facilities worldwide.

Kyocera also strives to create new businesses which will contribute to the solution of social issues by enhancing our research and development structure, as well as promoting development of new products and technologies. We have reorganized our research and development structure into four areas of concentration: materials, devices, solutions, and production technologies. With this new structure, Kyocera aims to expand business domains by utilizing management resources within and outside the Group to enhance our capacity to accelerate development, as well as by developing human resources.

<Upcoming Major Capital Expenditures>

69 th fiscal year (Fiscal 2023)		70 th fiscal year (Fiscal 2024)	
<p>New KAVX Thailand Plant</p>  <p>Scheduled to commence production from Jul. 2022</p> <p>Production items: Tantalum capacitors Ceramic capacitors</p>	<p>New buildings in Kagoshima Kokubu Plant</p>  <p>Scheduled to commence production from Oct. 2022</p> <p>Production items: Fine ceramic components for semiconductor processing equipment</p>	<p>New building in Vietnam Plant</p>  <p>Scheduled to commence production from Apr. 2023</p> <p>Production items: Ceramic packages</p>	<p>New building in Kagoshima Sendai Plant</p>  <p>Scheduled to commence production from Oct. 2023</p> <p>Production items: Organic packages and boards Ceramic packages</p>

(Note) KAVX: Kyocera AVX Components Corporation

<Enhancement of Research and Development Structure>

Material R&D	Devices R&D	Solution-related R&D	Production Technology Development
 <p>Kirishima R&D Center</p> <p>Scheduled to commence operation from Sep. 2022</p>	 <p>Keihanna Research Center</p>	 <p>Minatomirai Research Center</p>	 <p>Shiga Yasu Plant</p>

b. Promotion of ESG Management

Kyocera is addressing social and environmental issues. Kyocera is also strengthening its corporate governance for sustainable corporate management.

With respect to environmental issues, Kyocera is striving to realize a decarbonized society. In addition to the use of renewable energy, including the installation of solar power generation systems at our own sites, Kyocera is working to establish and promote necessary infrastructure, such as self-wheeling energy systems and virtual power plants (VPPs), in order to reduce emission of greenhouse gases in our overall community and society.

Kyocera is also working to promote diversity and inclusion and to create a work environment and systems in which our human resources can play an active role in order to realize our management rationale “To provide opportunities for the material and intellectual growth of all our employees, and through our joint efforts, contribute to the advancement of society and humankind.” In addition to the arrangement of flexible work systems, Kyocera is promoting CSR (Corporate Social Responsibility) activities throughout our supply chain.

With regard to corporate governance, Kyocera is working to further enhance the diversity and effectiveness of the Board of Directors, and promote risk management, including business continuity planning (BCP) for the prompt recovery and continuation of business operations in the event of emergencies such as natural disasters.

<Promoting ESG Management>

E Environment	S Social	G Governance
<p>Realization of Decarbonized Society</p> <ul style="list-style-type: none"> ➢ Installation of solar power generation systems at own sites ➢ Promotion of necessary infrastructures such as self-wheeling energy systems and VPPs 	<p>Realization of Our Management Rationale</p> <ul style="list-style-type: none"> ➢ Creating a work environment and systems in which our human resources can play an active role ➢ Promotion of CSR activities throughout our supply chain 	<p>Strengthening Management Structures</p> <ul style="list-style-type: none"> ➢ Improving diversity and effectiveness of the Board of Directors ➢ Promoting risk management

(4) Major Management Challenges by Reporting Segment

a. Core Components Business

We aim for further growth by utilizing our strengths, such as core technologies including fine ceramics, production capability, and capability of developing technologies for cutting-edge areas.

<Major Initiatives> Improving production capacity of high value-added products worldwide.	Target markets	Major products
	Industrial machinery	Fine ceramic components for semiconductor processing equipment
	Information and communication-related	Ceramic packages, Organic packages and boards
	Automotive-related	Camera modules

b. Electronic Components Business

We will pursue the synergy effect in the research and development, manufacturing and sales with Corporate Electronic Components Group of Kyocera Corporation and Kyocera AVX Components Corporation (KAVX), which possess different strengths, and pursue larger market shares.

<Major Initiatives> Strengthen competitiveness by utilizing strong areas of both companies. <ul style="list-style-type: none"> • Integration of sales organization, realignment of developments, promoting development of new products by combining both companies' technologies. • Introducing Kyocera Corporation's automated production lines to KAVX plants. 	Sales of	Corporate Electronic Components Group of Kyocera Corporation	KAVX
	Major markets	Information and communications-related	Automotive-related
	Regions focused	Asia	Europe and the United States
	Sales channels	Direct sales	Distributors

c. Solutions Business

We will pursue to create new businesses which will contribute to solving social issues, by utilization of various assets and technologies we possess, as well as evolution of high-quality, high-value-added products and services of existing businesses.

<Major Initiatives> Providing new solutions by promoting the synergy effects between businesses. <ul style="list-style-type: none"> • Development and sales of digital textile printing machine by technological collaboration of Information Equipment and Printing Devices, which contributes to reduction of environmental burden by reducing water pollution of printing process and disposal of merchandise inventories. 	
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2. Risk Factors

In the matters described in business overview and financial information in this annual report, Kyocera's management recognizes the following major risks that may adversely affect Kyocera's financial position, operating results and cash flows, and are not an exhaustive list of all risks to Kyocera. This section is determined as of the filing date of this annual report.

Risks Related to Kyocera's Business

(1) Risks Related to Changes in the Japanese and Global Economy

Kyocera conducts business not only in Japan but also around the world and provides products and services for a variety of markets such as "information and communications," "automotive-related," "environment and energy" and "medical and healthcare." Changes in the Japanese and global economy may lead to a significant decrease in demand for our products. For the fiscal 2023, although favorable demand conditions for components for the 5G and semiconductor-related markets is expected to continue due to the further progress of digitalization, demand for our products may fall below the aforementioned expectations due to the unstable state of the world such as Russian invasion of Ukraine, and shortages and price increases of semiconductors and raw materials, etc., as well as concerns regarding the re-spread of COVID-19.

(Key measures)

Kyocera is working to expand existing businesses, create new businesses and double productivity aiming at securing business opportunities mainly in the aforementioned markets with the following initiatives:

- continue to actively make capital expenditures for the Semiconductor Components Unit such as ceramic packages and the Electronic Components Business such as capacitors and other components for which strong demand is expected in the future in order to expand existing businesses;
- strengthen cooperation both inside and outside the company in order to create new businesses such as the AI collaborative robot system business utilizing our unique AI technology and application systems for gallium nitride devices, a key material that will contribute to the achievement of a low-carbon emission society; and,
- promoting the introduction of automated production lines that utilize AI and robots across Kyocera Group to further improve productivity.

In addition, Kyocera continues to develop flexible work systems, including "working from home" in order to continue business activities even in a harsh business environment, such as the re-spread of COVID-19.

(2) Risks Related to International Business Activities

In addition to Japan, Kyocera is investing substantial amount in the United States, and Europe, as well as China, Vietnam and other Asian countries to expand its manufacturing and sales channels. In conducting business activities in these overseas markets, Kyocera may be exposed to unexpected changes in laws and regulations related to import-export controls, economic security policy, investment regulations, restriction on repatriation of profits, transfer pricing legislation and tax havens prevention legislations due to unfavorable political, geopolitical and economic factors such as Russian invasion of Ukraine.

In addition, human rights are increasingly being considered worldwide, and human rights issues in the supply chain as well as in the Kyocera itself are required to be taken into consideration. Therefore, we may face risks of unexpected changes in laws and regulations or reputation risks.

(Key measures)

In response to major laws and regulations in Japan and overseas such as the Competition Law, Anti-Bribery Law and Personal Data Protection Law which have been globally strengthening regulations, Kyocera regularly holds meeting with legal staffs from major subsidiaries around the world to discuss legal issues and measures at each company and develops necessary systems. In terms of import-export control, we conduct employee training on security trade management and disseminates information on important business-related regulations in a timely manner. In addition, we have launched an economic security measures project consisting mainly of risk management divisions and related divisions, and are aware of ever changing international situations and taking active risk avoidance measures. With regard to investment regulations and regulations on repatriation of profits, the company and each group company will strive to prevent and avoid such risks by promptly gathering information on regulatory changes at an early stage and taking appropriate measures such as evacuating our assets held in the relevant country. For overseas tax systems, we strive to reduce tax risks by establishing a relationship of trust with the tax authorities of each country through timely and appropriate submission of tax information, and conducting prior inquiries as necessary. In particular, international transactions within the group are carried out based on the arm's-length prices in accordance with the OECD Transfer Pricing Guidelines, and pay taxes appropriately by utilizing Advance Pricing Agreement with tax authorities. In addition, we prevent the transfer of tax sources to countries and regions with low tax rate (so called "tax havens") for the purpose of excessive tax avoidance, and we strive to make appropriate tax returns in accordance with each country's tax system. Kyocera established "Kyocera Group Human Rights Policy." Kyocera has made its stance on human rights issues clear and has been preparing to conduct due diligence on human rights including the supply chain.

(3) Risks Related to Currency Exchange Rate Fluctuations

As Kyocera operates business in Japan and overseas, it is subject to exchange rate fluctuations. Since exchange rate fluctuations always affect the results of Kyocera's business activities and the value of overseas assets and production costs, they may affect our financial position, operating results and cash flows, and may make it difficult to compare the results of business activities over time.

Changes in exchange rates may also adversely affect price competition between Kyocera and its foreign competitors for products sold in the same market as well as on the cost of imported products required for our business activities.

(Key measures)

In accordance with Kyocera's foreign exchange risk management policy, we mainly use short-term forward contracts to mitigate the impact of exchange rate fluctuations. We are also working to reduce exchange rate risks at purchase prices by promoting local procurement of raw materials at overseas production sites.

(4) Risks Related to the Competitive Environment of Kyocera's Products

Kyocera sells a wide variety of products and, therefore, faces a broad range of competitors from large international companies to relatively small, rapidly growing and highly specialized companies. The competitive environment in Kyocera is not limited to these areas. It is possible that the competitive environment will constantly change due to emergence of competitors that pose new threats, including emerging economies that have competitive advantages in terms of cost structure and other factors. Unlike many of our competitors specialize in a particular business area, Kyocera operates in a diverse range of businesses and may not be able to invest as much in individual business areas as our competitors. These competitors may have more financial, technical and marketing resources available than our individual businesses. Competitive factors vary by business segment, but prices and delivery are key factors that affect all Kyocera's business segments. Depending on demand competitive conditions, price pressure is generally constant, and therefore, product prices are expected to decline in the future, and may consequently affect our financial position, operating results and cash flows.

(Key measures)

Kyocera has management resources from materials technology to components, devices and equipment, and systems and services. In order to make effective use of these management resources, we are working to secure a competitive advantage by strengthening cooperation within the group and providing high value-added products. In addition, in the business where Kyocera develops, produces and distributes specialized parts for its customers' products, we are working to strengthen our competitiveness by quickly developing new products that meet customer requirements. Moreover, in response to price decline, Kyocera is implementing to reduce costs and achieve high competitiveness by thoroughly managing profitability for each division through the practice of its own management system "Amoeba Management System."

(5) Risks Related to Fluctuations in the Price of Raw Material Used in Production Activities and the Supply Capacity of Suppliers

Raw materials used in the Kyocera's production activities are constantly subject to price fluctuations, and as such, higher raw material prices and higher transportation costs due to higher crude oil prices may lead to higher manufacturing costs. Such increases in the manufacturing costs may not be passed on to the sales price of products and may reduce our profitability. When a cost of raw material exceeds net realizable value, the raw materials are written down to net realizable value, which is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale, and there is a possibility of writing down in the future.

In addition, Kyocera relies on certain suppliers for some of the raw materials consumes in its production activities. Excessive demand for these suppliers could cause delays or disruptions to our production activities, if supply to our company is insufficient. In the event of a significant delay in the supply of such materials, our company may not be able to immediately secure a source of supply on behalf of a particular supplier or to secure materials at a reasonable price. An increase in the price and raw material shortages may reduce demand for Kyocera's products.

(Key measures)

In purchasing activities, Kyocera has established "Basic Policy on Purchasing," which selects reliable suppliers through various surveys related to the company's general situation and CSR. It also makes purchasing from multiple companies, and we strive to ensure stable procurement at appropriate prices.

As Kyocera operates diverse range of businesses, we are working to improve our ability to negotiate prices through intra-group cooperation in the procurement of raw materials and other materials.

Furthermore, we are working to absorb rising raw material prices through internal improvements such as cost reductions. We also procure some of raw materials and components within the group for use in its businesses, which range from materials and components to devices, equipment, systems and services. This allows us to consider measures such as switching to procurement within the group if we are unable secure materials and components procured externally.

(6) Risks Related to Manufacturing Delays or Defects Resulting from Outsourcing or Internal Manufacturing Processes

Kyocera outsources the fabrication of certain components and sub-assemblies of its products, often to a single or limited number of suppliers. Several suppliers require very complex manufacturing processes or long lead-times, which can delay the supply of components and sub-assemblies. Failure to deliver these components and assemblies in a timely manner or in poor quality or reliability could have material impact on the production of the products involved and could delay or disrupt Kyocera's production.

Furthermore, in the manufacturing process, there are cases where products cannot be delivered due to contamination with minute impurities or problems in production process or where other products are out of specification. These factors can result in lower than expected production yields, which delay product shipments and cause a claim for damages may materially and adversely affect Kyocera's operating results. Moreover, in certain operations where is high ratio of fixed costs to manufacturing costs, decreases in production volume or capacity utilization may adversely affect Kyocera's financial position, operating results and cash flows.

(Key measures)

In selecting outsourcing contractors, Kyocera has established "Basic Policy on Purchasing" and selects outsourcing contractors after careful consideration. Kyocera supplies raw materials and components, and leases equipment and manufacturing specifications to subcontractors for manufacturing processes established in-house. These processes meet delivery dates and quality requirements of customers under the same production and quality management systems as Kyocera. We are also working to reduce risk by continuously implementing quality improvement activities using data science and productivity improvement activities using AI and robots.

(7) Risks Related to Future Initiatives and In-process Research and Development May not Produce the Desired Results

Kyocera is constantly expanding its production and development capabilities to meet growing demand and customer requirements. If we cannot expand our production and development capabilities as planned due to unexpected technical delays or changes in customer policies, we may not be able to achieve the expected results from newly produced products or developed technologies. In addition, products resulting from in-process research and development activities in Kyocera may not receive the expected evaluation in the market.

(Key measures)

Kyocera is strengthening its R&D activities to respond to the rapidly changing market environment by carefully monitoring customer and market trends and globally expanding its development, manufacturing, sales and marketing activities. We have reorganized our research and development structure into four areas of concentration, materials, devices, solutions, and production technologies. With this new structure, Kyocera aims to expand business domains by utilizing management resources within and outside the Group to enhance our capacity to accelerate development, as well as by developing human resources.

(8) Risks Related to Companies or Assets Acquired by Kyocera May not Produce Returns or Benefits, or Bring in Anticipated Business Opportunities

Kyocera considers and may acquire companies or assets through merger and acquisitions to develop its business. However, there is a possibility that Kyocera will not be able to integrate the operations, products and personnel of the acquired companies with its own in an efficient manner. Nor can there be any assurance that Kyocera will be able to achieve operational and financial returns or benefits, or bring in new business opportunities, which it expects from the acquisition. In addition, Kyocera may not be able to efficiently manufacture products or provide services as planned by Kyocera, and the demand for such products or services may not be at the levels that Kyocera anticipates. As a result, the inability to use the companies and assets acquired through acquisitions as expected could have a material adverse effect on Kyocera's business. In case the above assets are considered to be impaired, a loss on impairment is recognized based on the amount by which the carrying value exceeds the recoverable amount of these assets. Such losses on impairment may materially affect Kyocera's consolidated financial position and operating results. In addition, collaboration with other companies, academic institutions, governmental organizations, etc., may be affected in the same way as above.

(Key measures)

Kyocera carefully deliberates business plans that reasonably and conservatively estimate the effects of corporate acquisitions, the acquisition of the assets, collaboration, and other investment decisions at the stage of institutional decisions, based on reviews of business value by outside experts. Subsequent to acquisition, we promote Post Merger Integration (PMI), monitor the degree of achievement of our business plans, and implement appropriate measures to avoid the risk of loss.

(9) Risks of Difficulties in Securing Superior Human Resources

In order for Kyocera to develop in the future, it is necessary to secure key personnel in the areas of engineering, operational and management personnel. Kyocera believes that it will need to hire additional talented personnel across all areas of its business. In recent years, competition for these talented personnel in various fields has become increasingly fierce, and there may not be able to maintain its human resources or increase in number of capable human resources in the future.

In addition, if we do not enhance work-life balance and promote diversity and inclusion, such as by introducing a work system that supports balancing work with childcare and nursing care, Kyocera may not be able to maintain existing human resources.

(Key measures)

Kyocera recruits new graduates with high potential and who desire to take on new challenges to support the future of Kyocera. We also actively hire a wide range of human resources with advanced professional skill and excellent management skills as experienced employees throughout the year. Kyocera also provides human resource education to its employees with aim of improving their abilities to understand and practice "Kyocera Philosophy," which uses "what is the right thing to do as a human being" as the standard for making decision, and to acquire the specialized knowledge and skills for the performance of business. By developing training for employee based on a system of education for each purpose, we are striving to develop human resources who can contribute to the realization of our management rationale.

In addition, by introducing of flexible work systems such as working from home and flextime system, we are working to enhance work-life balance, promote diversity and inclusion, and create a work environment in which diverse human resources can play an active role with a sense of job satisfaction.

(10) Risk Related to Information Security

Kyocera holds important business information, personal and confidential information obtained from our customers. With respect to this information, there is a risk of information leakage, falsification, loss or system shutdown due to information equipment failure, software malfunction, malware intrusion or advanced cyberattacks, etc. In the event of such situation, Kyocera's financial position, operating results and cash flow may be affected by additional security countermeasures and expenses such as compensation for damages. In addition, to prevent unauthorized access to Kyocera's systems, we may incur additional costs associated with maintaining information security to support future technological innovations, which may affect our financial position and business activities. In addition, the risk of information leakage may incur a decline in business competitiveness.

(Key measures)

Based on the recognition of management strategy, product development, various types of know-how, and technologies as important assets of Kyocera, we have established "Information Security Management Policy" for the entire Kyocera Group and have established a management system for information security. In addition, in order to maintain and ensure information security, we have established a variety of rules that define the items employees must comply with and provide education to employees. Kyocera works to take measures for security of networks and IT assets and to formulate Business Continuity Plan (BCP) to strengthen information security. In the case of external malware intrusion and cyber attacks, we take measures against system vulnerabilities, intrusion prevention measures through system monitoring, and early recovery measures in the event of an incident.

Risks Related to Legal Restrictions and Litigations

(11) Risk Related to Trade Secrets, Intellectual Property and Brand Value in Kyocera

Kyocera's trade secrets and other intellectual property must be protected in order for Kyocera to develop in the future and to establish and maintain its dominant position in the marketplace. Kyocera's financial position, operating results and cash flows may be affected by the improper disclosure of our trade secrets by employees, partners such as joint ventures, customers, external contractors who hold Kyocera's trade secrets, or by the infringement of Kyocera's proprietary products or processes which Kyocera holds intellectual property rights by other companies, or sales for counterfeit products that damage Kyocera's brand value. Kyocera also strategically files for intellectual property applications, which may not be registered, may be invalidated, or may circumvent Kyocera's intellectual property rights.

(Key measures)

To protect trade secrets, Kyocera has confidentiality agreements with employees, partners such as joint ventures, customers, external contractors, etc. Products and processes developed by Kyocera are acquired intellectual property in Japan and overseas to eliminate infringers. Kyocera increases the possibility of patent registration by filing several patent applications for intellectual property after previous research. Kyocera also obtains several strong intellectual property rights that strategically cover its relevant business areas and products from various perspectives, and contributes to our business by utilizing these intellectual property. Furthermore, in order to maintain and improve the value of Kyocera's brand, we prosecute counterfeit products.

(12) Licensing Risks Required to Continue Manufacturing and Selling Kyocera's Products

From time to time, Kyocera has received, and may receive in the future, notice of claims of infringement of other parties' proprietary rights and has received requests for compensation for licenses. Similar cases may occur in the future. Especially for products related to telecommunications technology, Kyocera may be required to pay high licensing fees for third party standard essential patents. Accordingly, Kyocera cannot assure that:

- infringement claims (or claims for indemnification resulting from infringement claims) will not be asserted against Kyocera,
- future assertions against Kyocera will not result in an injunction against the sale of infringing or allegedly infringing products or otherwise significantly impair its business and results of operations; or
- Kyocera will not be required to obtain licenses, the expense of which may adversely affect its results of operations.

(Key measures)

When developing new technologies and products, Kyocera investigates intellectual property rights owned by other companies in advance and works to identify and resolve the risks of intellectual property before launching business. If other companies still assert infringements, Kyocera will deal with it in good faith and aim to solve it by paying the appropriate license fee if necessary.

(13) Risks Related to Compliance

Kyocera strives to ensure thorough compliance based on its corporate philosophy “Kyocera Philosophy” that is based on a concept included in Kyocera’s decision making “what is the right thing to do as a human being.” However, if the compliance is not thoroughly implemented sufficiently and a violation of laws or social norms occurs, it may affect Kyocera’s consolidated financial position, operating results and cash flows by suspension of transactions from customers due to a loss of credibility, payment of penalties and claims for damages.

(Key measures)

Kyocera understands that compliance is an important activity as an extension of its corporate rationale and corporate philosophy “Kyocera Philosophy,” and that compliance with related laws and regulations of each country is an extremely important activity that leads to the trust of stakeholders. Kyocera is actively engaged in compliance activities, such as the establishment of specialized department of “Global Compliance Division” and the “Kyocera Compliance Statement.” In addition, Kyocera ensures thorough compliance with the law by taking measures including management by each division in charge of a specific law or regulation, the establishment of an in-house communication system for notification of the enactment or revision of a law or regulation, the establishment of whistleblower reporting system, the implementation of regular legal compliance audits, establishment of compliance month and the provision of compliance training to employees. Kyocera also regularly holds the “Global Meeting,” in which legal and compliance affairs personnel of major subsidiaries participate in order to detect and share their risks globally. The participants share their compliance activities and discuss on various legal issues affecting Kyocera Group at the meeting.

(14) Risks Related to Incur Environmental Penalty Costs and Liability

Kyocera is subject to various environmental laws and regulations in Japan and the other countries, including the greenhouse gas mitigation, air emissions, soil contamination, wastewater discharges, the handling, disposal and remediation of hazardous substances, wastes and certain chemicals, product recycling, health, safety and property preservations of employees and community residents, and labeling of substances used in its products. As well as our current operations, these laws and regulations can be applied to our past operations and may be applicable to the past operations of businesses acquired from other companies even if such operations occurred before our acquisitions. Kyocera establishes reserves for specifically identified potential environmental liabilities when such liabilities are probable and can be reasonably estimated. In case we fail to comply with such laws and regulations, we could be required by the relevant governmental organizations to pay penalty costs or remediation compensation. Furthermore, we may make voluntary payments to compensate for environmental problems if we deem such compensation to be necessary. The cost obligations noted above may adversely affect Kyocera’s financial position, operating results and cash flows.

(Key measures)

Kyocera has established “Kyocera Group Environmental Safety Policy,” which includes reduction in environmental loads through product life cycle and control of greenhouse gas emissions throughout the value chain, to promote comprehensive measures for environmental safety based on its management rationale in business activities. In addition, Kyocera strives to thoroughly comply with environment-related laws and to appropriately understand and respond to changes in regulations.

(15) Risks Related to Global Climate Change

The environmental laws and regulations applicable to Kyocera may be more stringent or the scope of the laws and regulations can be broadened in the future due to factors including global climate change. Lack or delay in responding to the unexpected rapid transition to a decarbonized society may result in increased cost and a decline in the corporate brand.

With regard to risks of transition to a decarbonized society, if updated emission reduction targets in each country are higher than our targets, or if a carbon tax is introduced, our manufacturing costs may increase temporarily. Also, if customers demand more carbon-free products, our manufacturing costs may increase. On the other hand, social decarbonization can be seen as an opportunity that leads to the growth of our energy-related businesses.

In terms of physical risks, in the event of severe extreme weather, there is a possibility that costs related to suspension of operations, decrease in production, and restoration of facilities due to natural disasters, as well as expenses for natural disaster countermeasures and insurance premiums may increase. In addition, there is a possibility that production may decrease due to water shortage.

(Key measures)

Kyocera regards climate change as one of its important management issues. The “CSR Committee” in Kyocera, chaired by Representative Director and President, determines long-term environmental targets and deliberates on measures to achieve them. Kyocera set the long-term environmental target “GHG emissions (Scope 1, 2 as well as Scope 1, 2, 3): Reduce 46% by fiscal 2031 compared to fiscal 2020 levels (1.5 °C level) .” The long-term environmental target received Science Based Targets (SBT) certification. Kyocera is also actively promoting activities aimed at achieving “Carbon neutral by fiscal 2051.”

Kyocera strives to promote the spread of renewable energy by implementation of demonstration tests and expanding its energy solutions business. Kyocera aims to increase the ratio of renewable energy and to reduce greenhouse gas emissions through the introduction of its solar power generation system and storage batteries. In addition, Kyocera works to reduce energy consumption by promoting energy saving in the manufacturing process.

(Notes)

Scope 1: Direct emission associated with fuel consumption and production processes

Scope 2: Indirect emission associated with consumption of power or heat purchased from outside

Scope 3: Indirect emission other than Scope 1 or 2 (Including procurement of raw materials, transport, use and disposal of products, as well as employee commuting and business trips)

Risks Related to Disasters or Unpredictable Events

(16) Risks Related to Outbreaks of Disease, Terrorism, Wars or Similar Events

As Kyocera expands its business globally, Kyocera is exposed to risks from outbreaks of disease, terrorism, war and other similar events. In the case that those events occur, Kyocera's operating activities such as R&D, manufacturing, sales and services may be interrupted, disrupted or postponed. It may also disrupt markets and supply chains in which Kyocera is involved. If such situation continues for a long period of time, Kyocera's financial position, operating results and cash flows may be adversely affected.

(Key measures)

With regard to respond to COVID-19, Kyocera places top priority to maintaining the health of its customers, business partners, employees and their families, and is striving to supply products based on prevention of the infections and prevention of the spread of the infections. Specifically, Kyocera is placing priority on production of products with high supply responsibilities, reducing and ceasing non-urgent production, and encouraging employees to work from home. At the same time, Kyocera is taking such measures as providing special leave to employees who have difficulty in commuting or working from home due to the temporary closure of their children's schools. Kyocera has been able to respond rapidly to the spread of COVID-19 by promoting digitalization in administrative departments, realizing laborsaving operations and encouraging working from home, as well as automation in manufacturing departments through the use of AI and robots, which Kyocera has been working. In addition, Kyocera established a task force in headquarter to deal with the risks associated with Russian invasion of Ukraine. The task force has been closely monitoring the ever-changing situation, centralizing important information on Kyocera Group, and discussing issues that require response.

(17) Risks Related to Suffering the Devastating Effects of Earthquakes and Other Disasters

Kyocera's has numerous developments, manufacturing and business facilities in Japan and overseas. In Japan and other areas where such facilities are located, there may be impacts on the business due to unavoidable natural disasters such as earthquakes, typhoons, tsunamis, heavy rains, floods, heavy snow or large-scale disasters that affect the facilities of Kyocera due to equipment failure and human errors. For instance, in the event of strong earthquake, Kyocera's employees, development and manufacturing facilities could be devastated and operations would be suspended and manufacturing and shipment would be delayed. Kyocera may also incur a great amount of expenses for restoration of damaged facilities. In addition, if there is significant damage to social and economic infrastructure, it may cause traffic disturbance and electric power outages and may affect Kyocera's supply chains or manufacturing operations. Furthermore, Kyocera may be unable to obtain raw materials if our suppliers sustain damage and Kyocera may also face difficulties shipping its products if its customers sustain damage. Those damages set forth above, as well as any resulting general economic slowdown and lower consumption levels, may have a material adverse effect on Kyocera's consolidated financial position, operating results and cash flows.

(Key measures)

Kyocera has established a BCP system to deal with natural disasters, such as earthquakes, or large-scale disasters due to equipment failure and human error, and continues its activities. In addition to measures to minimize damage of important resources such as personnel, equipment, materials, and information, we have formulated early recovery plans and alternative supply measures in the event of a disaster, and implemented education and training to avoid business interruptions and enable early resumption of operation.

Risks Related to Financial and Accounting

(18) Credit Risk on Trade Receivables Due to Its Customers' Worsening Financial Condition

Kyocera maintains allowance for credit losses related to trade receivables for estimated losses resulting from customers' inability to make timely payments. However, trade receivables in the ordinary operating activity are not entirely covered by collateral or credit insurance. Therefore, if it becomes difficult to collect a large amount of receivables from customers due to the deterioration of the economic environment, and the occurrence of a large amount of unsecured receivables may affect our financial position, operating results and cash flows.

(Key measures)

Kyocera sets collection terms and credit limits for each obligor in accordance with its credit management rules, and periodically reviews each obligor's credit. The deadline for collection is also managed daily. In the event of collection delays or credit concerns, Kyocera works to reduce credit risk by measures of credit protection on a case-by-case basis, such as collection of claims, modification of loan terms, and procurement of collateral and guarantees.

(19) Risks Related to Investments in Equity Securities and Other Investments that Kyocera Holds

Kyocera holds investments in equity securities other than those of our subsidiaries and affiliates for the purpose of maintaining and improving its business relationship. A substantial portion of Kyocera's investment is in shares of KDDI Corporation, a Japanese telecommunication service provider. As of March 31, 2022, Kyocera held 14.54% of outstanding shares of KDDI Corporation. As the investment in shares of KDDI Corporation accounts for approximately 30% of Kyocera's total assets, fluctuations in the market value of the shares of KDDI Corporation may have significant impact on Kyocera's financial position.

(Key measures)

Kyocera continues to hold shares of KDDI Corporation due to an economic rationality and an important business partner for future business opportunities. For equity securities including strategic investments in its portfolio, Kyocera periodically reviews the economic rationality of holding significance of those shares and, in principle, Kyocera sells those that it determines are not worth holding. Kyocera also monitors stock prices on regular basis to detect the possibility that fluctuations in stock prices may have a material impact on its financial position.

(20) Risks Related to Impairment Losses on Property, Plant and Equipment, Goodwill and Intangible Assets

Kyocera has many properties, plants and equipment, goodwill and intangible assets. Property, plant and equipment and intangible assets with definite useful lives are tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Goodwill and intangible assets with indefinite useful lives, rather than being amortized, are tested for impairment annually, and also following any events and changes in circumstances that might lead to impairment. In case the above assets are considered to be impaired, a loss on impairment is recognized based on the amount by which the carrying value exceeds the recoverable amount of these assets. Such losses on impairment may materially affect Kyocera's consolidated financial position and operating results.

(Key measures)

As mentioned in "(8) Risks Related to Companies or Assets Acquired by Kyocera May not Produce Returns or Benefits, or Bring in Anticipated Business Opportunities," in making decisions on investment such as corporate acquisitions, asset purchase, and business collaborations, Kyocera carefully deliberates on business plans that reasonably and conservatively estimate their effects at institutional meetings with external expert reviews. After acquisition, Kyocera promotes Post Merger Integration (PMI) and monitors the degree of achievement against the initial business plan and accordingly implements appropriate measures to avoid the risk of making a loss.

(21) Risks Related to Uncertainty of Deferred Tax Assets and Income Taxes

Kyocera recognizes deferred tax assets only when it is probable to be available for future taxable profit. If future taxable profit is lower than expected due to future market conditions or poor operating results, significant adjustments to deferred tax assets may be required. Kyocera records liabilities for uncertain tax positions based on the premise of being subject to income tax examination by tax authorities, when it is probable that uncertain tax positions will not be sustained. Actual results, such as settlements with tax authorities, may differ from Kyocera's recognition.

(Key measures)

Kyocera strives to avoid changes in the collectability of deferred tax assets by checking the degree of achievement in the annual business plans of its subsidiaries in a timely manner and taking appropriate measures on a case-by-case basis. In addition, Kyocera uses outside experts to minimize risks associated with tax changes and audits in each country.

(22) Changes in Accounting Standards May Adversely Impact Kyocera's Financial Position and Operating Results

Adoptions of new accounting standards, or changes in accounting standards may have an effect on Kyocera's consolidated financial position and operating results. In addition, if Kyocera modifies its accounting software or information systems to introduce changes in accounting standards, certain investments or expenses may be required.

(Key measures)

Since the consolidated financial statements of Kyocera have been prepared in accordance with IFRS, a division has been established to appropriately respond to IFRS, and a system has been put in place to respond to the new accounting standards by obtaining standards and interpretations issued by the International Accounting Standards Board as needed. Changes in accounting standards are disclosed appropriately after ascertaining its impact on the Kyocera's financial position and operating results. Furthermore, although a certain amount of investment is required in order to establish effective internal control over financial reporting in the event of a change in accounting standards, the necessity of investment is determined based on an appropriate understanding of the changes.

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

(1) Summary of Performance

During fiscal 2022, despite the impact of a shortage of semiconductors and price increases for raw materials, the world economy showed recovery from fiscal 2021 due to the progress of the COVID-19 vaccination program in many countries.

Sales revenue and profit increased in all reporting segments, as compared with fiscal 2021, due to the improved business environment as well as an increase in demand for components, mainly in the 5G and semiconductor-related markets.

As a result, sales revenue marked a record high. As for profits, operating profit, profit before income taxes and profit attributable to owners of the parent all increased as compared with fiscal 2021 due to the increase in sales revenue and efforts to improve productivity and reduce costs in each business, as well as the absence of the impact of an impairment loss of approximately 11.5 billion yen in the smart energy business recorded in fiscal 2021.

(Yen in millions)

	For the year ended March 31,				Change	
	2021		2022			
	Amount	%*	Amount	%*	Amount	%
Sales revenue	1,526,897	100.0	1,838,938	100.0	312,041	20.4
Operating profit	70,644	4.6	148,910	8.1	78,266	110.8
Profit before income taxes	117,559	7.7	198,947	10.8	81,388	69.2
Profit attributable to owners of the parent	90,214	5.9	148,414	8.1	58,200	64.5
Average US\$ exchange rate (Yen)	106	—	112	—	—	—
Average Euro exchange rate (Yen)	124	—	131	—	—	—

* % represents the percentage to sales revenue.

(2) Financial Position and Operating Results

a. Sales Revenue

Sales revenue in fiscal 2022 increased by 312,041 million yen, or 20.4%, to 1,838,938 million yen, compared with 1,526,897 million yen in fiscal 2021.

Sales revenue increased in all reporting segments, as compared with fiscal 2021, due to the improved business environment as well as an increase in demand for components, mainly in the 5G and semiconductor-related markets. Due mainly to the impact of the yen's depreciation against the U.S. dollar and Euro, sales revenue after translating into the yen in fiscal 2022 were pushed up by approximately 68 billion yen, compared with fiscal 2021.

b. Cost of Sales and Gross Profit

In fiscal 2022, cost of sales increased by 205,345 million yen, or 18.3%, to 1,325,295 million yen from 1,119,950 million yen in fiscal 2021.

Raw material costs of 490,831 million yen accounted for 37.0% of total cost of sales in fiscal 2022, which increased by 97,801 million yen, or 24.9%, from 393,030 million yen in fiscal 2021. Labor costs of 278,422 million yen accounted for 21.0% of total cost of sales in fiscal 2022, which increased by 36,446 million yen, or 15.1%, from 241,976 million yen in fiscal 2021. Depreciation charge of 80,256 million yen accounted for 6.1% of total cost of sales in fiscal 2022, which increased by 15,127 million yen, or 23.2%, from 65,129 million yen in fiscal 2021.

As a result, gross profit in fiscal 2022 increased by 106,696 million yen, or 26.2%, to 513,643 million yen from 406,947 million yen in fiscal 2021. The gross profit ratio to sales revenue increased by 1.2 percentage points from 26.7% to 27.9%.

c. Selling, General and Administrative Expenses and Operating Profit

In fiscal 2022, selling, general and administrative expenses increased by 28,430 million yen, or 8.5%, to 364,733 million yen from 336,303 million yen in fiscal 2021. This was due mainly to an increase in expenses related to R&D and the promotion of digital transformation to improve productivity through the utilization of AI and IoT recorded in fiscal 2022, despite the absence of the impact of an impairment loss of 11,518 million yen in the smart energy business recorded in fiscal 2021.

Labor costs of 207,411 million yen accounted for 56.9% of total selling, general and administrative expenses in fiscal 2022, which increased by 22,497 million yen, or 12.2%, from 184,914 million yen in fiscal 2021. Sales promotion and advertising costs of 42,554 million yen, accounted for 11.7% of total selling, general and administrative expenses in fiscal 2022, which increased by 3,485 million yen, or 8.9%, from 39,069 million yen in fiscal 2021. Depreciation charge of 37,420 million yen, accounted for 10.3% of total selling, general and administrative expenses in fiscal 2022, which increased by 3,577 million yen, or 10.6% from 33,843 million yen in fiscal 2021.

As a result, operating profit in fiscal 2022 increased by 78,266 million yen, or 110.8%, to 148,910 million yen, compared with 70,644 million yen in fiscal 2021. The operating profit ratio to sales revenue increased 3.5 percentage points to 8.1% in fiscal 2022, compared with 4.6% in fiscal 2021.

d. Finance Income

Finance income in fiscal 2022 decreased by 442 million yen, or 1.0%, to 45,208 million yen, compared with 45,650 million yen in fiscal 2021.

e. Finance Expenses

Finance expenses in fiscal 2022 increased by 556 million yen, or 25.3%, to 2,750 million yen, compared with 2,194 million yen in fiscal 2021.

f. Foreign Exchange Gains (Losses)

The average exchange rates for fiscal 2022 were 112 yen to the U.S. dollar, marking depreciation of 6 yen, or 5.7%, and 131 yen to the Euro, marking depreciation of 7 yen, or 5.6%, from fiscal 2021. The exchange rates at the end of fiscal 2022 were 122 yen to the U.S. dollar, marking depreciation of 11 yen, or 9.9%, and 137 yen to the Euro, marking depreciation of 7 yen, or 5.4%, from the end of fiscal 2021. Kyocera recorded foreign exchange gains of 2,748 million yen in fiscal 2022.

Kyocera typically enters into forward exchange contracts to reduce currency exchange risks on foreign currency denominated receivables and payables. Kyocera confines its use of forward exchange contracts for hedging its foreign exchange rate exposures, and does not utilize forward exchange contracts for trading purposes.

g. Profit or Loss of Investments Accounted for Using the Equity Method

Loss of investment accounted for using the equity method in fiscal 2022 was 807 million yen, a decrease of 1,068 million yen compare to a profit of 261 million yen in fiscal 2021.

h. Profit Before Income Taxes

Profit before income taxes in fiscal 2022 increased by 81,388 million yen, or 69.2%, to 198,947 million yen compared with 117,559 million yen in fiscal 2021. The ratio of profit before income taxes to sales revenue increased by 3.1 percentage points to 10.8% compared with 7.7% in fiscal 2021.

Profit increased compared to fiscal 2021, due to the increase in sales revenue and efforts to improve productivity and reduce costs in each business, as well as the absence of the impact of an impairment loss of 11,518 million yen in the smart energy business recorded in fiscal 2021.

Due mainly to the impact of the yen's depreciation against the U.S. dollar and Euro, profit before income taxes after translating into the yen in fiscal 2022 were pushed up by approximately 20 billion yen, compared with fiscal 2021.

i. Income Taxes

Income taxes in fiscal 2022 increased by 22,702 million yen, or 93.8% to 46,911 million yen, of which the effective tax rate was 23.6%, compared with 24,209 million yen in fiscal 2021, of which the effective tax rate was 20.6%. This was due mainly to an increase in profit before income taxes and recognition of deferred tax assets for temporary differences associated with investments in certain subsidiaries and associates in fiscal 2021.

j. Profit Attributable to Non-controlling Interests

Profit attributable to non-controlling interests in fiscal 2022 increased by 486 million yen, or 15.5%, to 3,622 million yen compared with 3,136 million yen in fiscal 2021.

k. Business Performance Overview by Reporting Segment

Core Components Business

Sales revenue in fiscal 2022 increased by 96,026 million yen, or 22.2%, to 527,933 million yen compared with 431,907 million yen in fiscal 2021. Sales rose due to increased demand for fine ceramic components for semiconductor processing equipment as well as ceramic packages and organic packages and boards for the information and communication-related markets including the 5G, and automotive-related markets. Furthermore, there was also the impact of the yen's depreciation, which pushed up sales revenue by approximately 17 billion yen compared with fiscal 2021.

Business profit increased by 31,091 million yen, or 101.8%, to 61,640 million yen compared with 30,549 million yen in fiscal 2021. The business profit ratio for fiscal 2022 was 11.7%. This was due to increased sales of high-value-added products and the positive impact of the yen's depreciation of approximately 11 billion yen, which more than offset the impact of an increase in depreciation charge of property, plant and equipment of 8,307 million yen resulting from an increase in capital expenditures to increase production capacity of ceramic and organic packages and boards.

Electronic Components Business

Sales revenue in fiscal 2022 increased by 66,100 million yen, or 24.2%, to 339,102 million yen compared with 273,002 million yen in fiscal 2021. In addition to recovery in demand in the industrial and automotive-related markets, increased sales of components such as capacitors for the 5G and semiconductor-related markets resulted in an increase in sales. Furthermore, there was also the impact of the yen's depreciation, which pushed up sales revenue by approximately 15 billion yen compared with fiscal 2021.

Business profit increased by 24,896 million yen, or 108.2%, to 47,896 million yen compared with 23,000 million yen in fiscal 2021. The business profit ratio for fiscal 2022 was 14.1%. This was due to increased sales of high-value-added products such as small sized and high capacitance capacitors and crystal devices, as well as our efforts to improve productivity. The yen's depreciation also pushed up business profit by approximately 4 billion yen.

Solutions Business

Sales revenue in fiscal 2022 increased by 148,428 million yen, or 17.8%, to 983,689 million yen compared with 835,261 million yen in fiscal 2021. In the Industrial Tools Unit, sales of both cutting tools and pneumatic and power tools increased. In the Document Solutions Unit, sales of equipment as well as consumables recovered. Furthermore, there was also the impact of the yen's depreciation, which pushed up sales by approximately 36 billion yen compared with fiscal 2021.

Business profit increased by 31,224 million yen, or 83.3%, to 68,730 million yen compared with 37,506 million yen in fiscal 2021. The business profit ratio for fiscal 2022 was 7.0%. Despite an increase in R&D expenses of 3,813 million yen from fiscal 2021, business profit increased due to increased sales revenue, the absence of the impact of an impairment loss in amount of 11,518 million yen in the smart energy business recorded in fiscal 2021. The business profit also increased due to the positive impact of the yen's depreciation of approximately 5 billion yen.

Sales Revenue by Reporting Segment

(Yen in millions)

	For the year ended March 31,				Change	
	2021		2022			
	Amount	%*	Amount	%*	Amount	%
Core Components Business	431,907	28.3	527,933	28.7	96,026	22.2
Industrial & Automotive Components Unit	136,062	8.9	172,908	9.4	36,846	27.1
Semiconductor Components Unit	270,656	17.7	327,746	17.8	57,090	21.1
Others	25,189	1.7	27,279	1.5	2,090	8.3
Electronic Components Business	273,002	17.9	339,102	18.4	66,100	24.2
Solutions Business	835,261	54.7	983,689	53.5	148,428	17.8
Industrial Tools Unit	193,066	12.6	251,062	13.7	57,996	30.0
Document Solutions Unit	316,226	20.7	366,691	19.9	50,465	16.0
Communications Unit	232,739	15.2	262,306	14.3	29,567	12.7
Others	93,230	6.2	103,630	5.6	10,400	11.2
Others	10,883	0.7	17,817	1.0	6,934	63.7
Adjustments and eliminations	(24,156)	(1.6)	(29,603)	(1.6)	(5,447)	—
Sales revenue	1,526,897	100.0	1,838,938	100.0	312,041	20.4

* % represents the component ratio.

Business Profit (Loss) by Reporting Segment

(Yen in millions)

	For the year ended March 31,				Change	
	2021		2022			
	Amount	%*	Amount	%*	Amount	%
Core Components Business	30,549	7.1	61,640	11.7	31,091	101.8
Industrial & Automotive Components Unit	4,241	3.1	19,872	11.5	15,631	368.6
Semiconductor Components Unit	28,260	10.4	44,239	13.5	15,979	56.5
Others	(1,952)	—	(2,471)	—	(519)	—
Electronic Components Business	23,000	8.4	47,896	14.1	24,896	108.2
Solutions Business	37,506	4.5	68,730	7.0	31,224	83.3
Industrial Tools Unit	15,721	8.1	27,211	10.8	11,490	73.1
Document Solutions Unit	28,759	9.1	33,334	9.1	4,575	15.9
Communications Unit	14,597	6.3	15,288	5.8	691	4.7
Others	(21,571)	—	(7,103)	—	14,468	—
Others	(3,102)	—	(14,649)	—	(11,547)	—
Total business profit	87,953	5.8	163,617	8.9	75,664	86.0
Corporate gains and others	29,606	—	35,330	—	5,724	19.3
Profit before income taxes	117,559	7.7	198,947	10.8	81,388	69.2

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

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

In addition, effective from the three months ended March 31, 2022, certain sales of by-products, which was included in “Others,” has been recorded into respective reporting segments in terms of amount. This change has been applied to sales revenue by reporting segment for the year ended March 31, 2022.

Business results for the year ended March 31, 2021 have been reclassified in line with the above changes.

For detailed information, please refer to Note “6. Segment Information” under “V. Financial Information 1. Consolidated Financial Statements and Other Information (1) Consolidated Financial Statements.”

l. Corporate Gains and Others

Corporate gains and losses mainly constitute gains or losses related to financial assets and income related to management supporting service provided by Kyocera's head office to each reporting segment. Such income in fiscal 2022 increased by 5,724 million yen, or 19.3%, to 35,330 million yen, compared with 29,606 million yen in fiscal 2021. This was due mainly to gain from liquidation of a consolidated subsidiary of Kyocera, despite increase in expenses related to the promotion of digital transformation to improve productivity through the utilization of AI and IoT.

m. Summary of Production, Orders Received and Sales

Orders Received by Reporting Segment

(Yen in millions)

	For the year ended March 31,				Change
	2021		2022		
	Amount	%*	Amount	%*	%
Core Components Business	425,962	27.8	529,418	28.4	24.3
Industrial & Automotive Components Unit	134,035	8.7	181,780	9.8	35.6
Semiconductor Components Unit	266,775	17.4	320,360	17.2	20.1
Others	25,152	1.7	27,278	1.4	8.5
Electronic Components Business	271,526	17.7	360,848	19.4	32.9
Solutions Business	852,612	55.5	981,608	52.8	15.1
Industrial Tools Unit	196,668	12.8	254,068	13.7	29.2
Document Solutions Unit	318,009	20.7	365,986	19.7	15.1
Communications Unit	245,989	16.0	253,880	13.6	3.2
Others	91,946	6.0	107,674	5.8	17.1
Others	11,269	0.7	18,638	1.0	65.4
Adjustments and eliminations	(26,046)	(1.7)	(30,214)	(1.6)	—
Orders Received	1,535,323	100.0	1,860,298	100.0	21.2

* % 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 "k. Business Overview by Reporting Segment."
2. Kyocera has changed the classification of its reporting segments from the year ended March 31, 2022. Orders received for the year ended March 31, 2021 have been reclassified in line with the change to reporting segment classifications. For detailed information, please refer to Note "6. Segment Information" under "V. Financial Information 1. Consolidated Financial Statements and Other Information (1) Consolidated Financial Statements."

(3) Liquidity and Capital Resources

a. Capital Resources

< Status of funds at March 31, 2022 >

Kyocera's primary source of fund is cash provided by operating activities. Cash flows from operating activities in fiscal 2022 is 201,957 million yen. At the end of fiscal 2022, Kyocera holds 414,129 million yen in cash and cash equivalents and 25,460 million yen in highly-liquid financial assets such as time deposits.

The total amount of cash and cash equivalents and highly-liquid financial assets held by foreign consolidated subsidiaries at the end of fiscal 2022 is 219,958 million yen. At present, Kyocera does not anticipate that these will be returned back for the purpose of use in Japan.

At the end of fiscal 2022, working capital, which is current assets less current liabilities, is 789,774 million yen, and the ratio of equity attributable to owners of the parent to total assets is 73.3% and Kyocera continues to maintain a strong financial.

This strong financial position enables Kyocera to raise funds from borrowings at relatively low cost. The balance of short-term borrowings and long-term borrowings including current portion at the end of fiscal 2022 is 96,545 million yen, and continue to represent a low dependence on total assets at 2.5%.

The borrowings for Kyocera Corporation are mainly denominated in yen, and certain overseas subsidiaries have borrowings denominated in U.S. dollars, Euros or other currencies.

< Cash demands in fiscal 2022 >

Cash demands of Kyocera for funds was for capital expenditures and funds for R&D activities, dividend payments to shareholders and repurchase of treasury stock, in addition to working capital of operating activities.

Capital expenditures in fiscal 2022 increased by 34,665 million yen, or 29.6%, to 151,771 million yen, compared with 117,106 million yen in fiscal 2021. Capital expenditure mainly in Core Components Business increased from fiscal 2021 due to that Kyocera proceeded aggressive capital expenditure in order to meet strong demand in markets such as information and communications, and automotive-related. R&D expenses in fiscal 2022 increased 8,666 million yen, or 11.5%, to 84,123 million yen, compared with 75,457 million yen in fiscal 2021.

In fiscal 2022, Kyocera Corporation paid cash dividends of 170 yen per share, totaling 61,616 million yen.

In addition, Kyocera resolved at a meeting of its Board of Directors held on November 1, 2021, to repurchase treasury stock as part of its shareholder return initiatives and to facilitate flexible capital strategies in the future. And Kyocera repurchased treasury stock for a total amount of 24,096 million yen in fiscal 2022.

During fiscal 2022, Kyocera used its own funds mainly for capital expenditures, R&D activities, dividend payments and repurchase of treasury stock.

< Expected cash demands in fiscal 2023 >

In the fiscal 2023, Kyocera expects to meet its principal cash demands, which include working capital for operating activities, capital expenditures, R&D activities and dividend payments to shareholders.

In the fiscal 2023, Kyocera expects total capital expenditures to be 200,000 million yen and R&D expenses to be 95,000 million yen, and the ratio of these items to sales revenue is expected to increase from fiscal 2022. Capital expenditures are expected to increase from fiscal 2022 mainly in order to increase the capacity of high-demand components, such as the 5G and semiconductor-related markets. In addition, R&D expenses are expected to increase compared to fiscal 2022, intend to continue strengthening the development of new technologies and products in order to expand the business. The details of contractual obligations including the commitment for the acquisition of property, plant and equipment are described in "d. Tabular Disclosure of Contractual Obligations."

Kyocera Corporation has received the approval by the general meeting of shareholders held on June 28, 2022 for the payment of year-end dividends of 90 yen per share, totaling 32,301 million yen.

In addition to working capital of operating activities, Kyocera plan to meet these cash demands for funds for capital expenditures, R&D activities and dividend payments to shareholders with cash on hand 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.

Kyocera has the basic policy to use cash on hand obtained through business activities for cash demand. However, in event of a large demand for funds for investment to expand existing businesses and create new businesses, Kyocera has additional borrowings from financial institutions and other financing instruments such as issuance of corporate bonds and stocks.

If demand trends in Kyocera's major markets deteriorate or if product prices decline significantly beyond our expectations, Kyocera's financial position and operating results may be affected, and consequently, liquidity may be adversely affected.

b. Summary of Cash Flows

(Yen in millions)

	For the year ended March 31,		Change
	2021	2022	
Cash flows from operating activities	220,821	201,957	(18,864)
Cash flows from investing activities	(183,792)	(79,457)	104,335
Cash flows from financing activities	(80,968)	(111,473)	(30,505)
Effect of exchange rate changes on cash and cash equivalents	11,046	16,375	5,329
Increase (decrease) in cash and cash equivalents	(32,893)	27,402	60,295
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 year	386,727	414,129	27,402

Cash flows from operating activities

Net cash provided by operating activities for the year ended March 31, 2022 decreased by 18,864 million yen, or 8.5%, to 201,957 million yen from 220,821 million yen for the year ended March 31, 2021. This was due mainly to an increase in cash outflows with an increase in production resulting from higher orders despite an increase in profit for the year.

Cash flows from investing activities

Net cash used in investing activities for the year ended March 31, 2022 decreased by 104,335 million yen, or 56.8%, to 79,457 million yen from 183,792 million yen for the year ended March 31, 2021. 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.

Cash flows from financing activities

Net cash used in financing activities for the year ended March 31, 2022 increased by 30,505 million yen, or 37.7%, to 111,473 million yen from 80,968 million yen for the year ended March 31, 2021. This was due mainly to increases in payments for purchase of treasury stock and dividends paid.

Cash and cash equivalents increased by 16,375 million yen by exchange rate changes for the year ended March 31, 2022. This was mainly the result of yen's depreciation against the Euro and the U.S. dollar at March 31, 2022 compared to March 31, 2021.

Cash and cash equivalents at March 31, 2022 totaled 414,129 million yen, an increase of 27,402 million yen, or 7.1%, from 386,727 million yen at March 31, 2021. Most of Kyocera's cash and cash equivalents were mainly denominated in the yen. On the other hands, cash and cash equivalents were mainly denominated in foreign currencies, such as the U.S. dollar in oversea subsidiaries.

c. Assets, Liabilities and Equity

Kyocera's total assets at the end of fiscal 2022 increased by 423,795 million yen, or 12.1%, to 3,917,265 million yen, compared with 3,493,470 million yen at the end of fiscal 2021.

Cash and cash equivalents increased by 27,402 million yen, or 7.1%, to 414,129 million yen compared to the end of fiscal 2021 mainly due to proceeds from business profit and depreciation charge exceeding capital expenditures, dividend payments and purchase of treasury stock.

Short-term investments decreased by 54,392 million yen, or 68.1%, to 25,460 million yen compared to the end of fiscal 2021 mainly due to withdrawal from maturities of time deposits.

Both trade and other receivables and inventories increased mainly due to the strong sales at the end of fiscal 2022.

Trade and other receivables increased by 39,445 million yen, or 11.6%, to 379,066 million yen compared to the end of fiscal 2021. Inventories increased by 107,152 million yen, or 31.0%, to 452,506 million yen compared to the end of fiscal 2021.

Equity and debt instruments increased by 204,680 million yen, or 16.2%, to 1,469,133 million yen compared to the end of fiscal 2021 due to an increase in the total market value of shares held, including shares of KDDI Corporation. Property, plant and equipment increased by 73,066 million yen, or 16.6%, to 512,175 million yen compared to the end of fiscal 2021. Capital expenditure was 151,771 million yen and depreciation charge was 90,229 million yen in fiscal 2022.

Other non-current assets increased by 12,471 million yen, or 26.5%, to 59,449 million yen compared to the end of fiscal 2021 mainly due to an increase in assets related to retirement benefits.

Kyocera's total liabilities at the end of fiscal 2022 increased by 141,632 million yen, or 16.1%, to 1,018,992 million yen, compared with 877,360 million yen at the end of fiscal 2021.

Borrowing in current liabilities increased by 39,362 million yen, or 98.4%, to 79,382 million yen compared to the end of fiscal 2021 mainly due to transfers from borrowing in non-current liabilities.

Trade and other payables increased by 39,817 million yen, or 21.7%, to 222,962 million yen compared to the end of fiscal 2021 mainly due to an increase in purchases accompanying the growth of orders.

Borrowing in non-current liabilities decreased by 40,725 million yen, or 70.4%, to 17,163 million yen compared to the end of fiscal 2021 mainly due to transfers to borrowing in current liabilities.

Deferred tax liabilities increased by 74,562 million yen, or 24.1%, to 384,513 million yen compared to the end of fiscal 2021 mainly due to an increase in the total market value of shares held, including shares of KDDI Corporation.

Total equity at the end of fiscal 2022 increased by 282,163 million yen, or 10.8%, to 2,898,273 million yen, compared with 2,616,110 million yen at the end of fiscal 2021.

Retained earnings at the end of fiscal 2022 increased by 95,843 million yen, or 5.5%, to 1,846,102 million yen, compared with 1,750,259 million yen at the end of fiscal 2021 mainly due to recording 148,414 million yen in profit attributable to owners of the parent and 61,616 million yen for dividend payment as well as recognizing such as gains and losses on the fair value of pension assets of 9,045 million yen.

Other components of equity increased by 208,346 million yen, or 31.0%, to 880,297 million yen compared to the end of fiscal 2021 mainly due to the rise in share prices of shares held, including shares of KDDI Corporation.

Ratio of equity attributable to owners of the parent to total assets at the end of fiscal 2022 was 73.3%, decreased by 0.9 percentage points compared with 74.2% at the end of fiscal 2021.

d. Tabular Disclosure of Contractual Obligations

The following table provides information of Kyocera's contractual obligations at each scheduled date for the next several years.

(Yen in millions)

	Fiscal 2023	Between fiscal 2024 and 2025	Between fiscal 2026 and 2027	After fiscal 2028	Total
Short-term borrowings	30,000	—	—	—	30,000
Interest expenses for short-term borrowings*	3	—	—	—	3
Long-term borrowings (including due within one year)	49,382	12,040	4,235	888	66,545
Interest expenses for long-term borrowings* (including due within one year)	920	899	214	217	2,250
Lease liabilities	18,453	17,224	7,373	13,285	56,335
Commitment for the acquisition of property, plant and equipment	93,719	2,595	—	—	96,314
Total	192,477	32,758	11,822	14,390	251,447

(Note) Future interest expenses on borrowings with variable interest rates are calculated using the actual interest rate as of March 31, 2022.

In addition to contractual obligations shown in the above table, Kyocera forecasts to contribute 10,341 million yen to its defined benefit plans in fiscal 2023. Kyocera recorded liabilities of 931 million yen for gross uncertain tax positions at the end of fiscal 2022, which are not included in the above table because we are unable to make reasonable estimates of the period of settlements.

(4) Significant Accounting Estimates and Judgments Involving Estimations

Kyocera's consolidated financial statements are prepared in accordance with IFRS. The preparation of these consolidated financial statements requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of consolidated financial statements and the reported amounts of revenues and expenses during the periods presented. Actual results may differ from these estimates, judgments and assumptions.

An accounting estimate in Kyocera's consolidated financial statements is a critical accounting estimate if it requires Kyocera to make assumptions about matters that are highly uncertain at the time the accounting estimate is made and if either different estimates that Kyocera reasonably could have used in the current period or changes in the accounting estimate that are reasonably likely to occur from period to period would have a material impact on the presentation of Kyocera's financial condition, changes in financial condition or results of operations. In disclosing accounting information, Kyocera recognizes the following items as significant accounting estimates. For detailed information, please refer to Note "4. Significant Accounting Estimates and Judgements Involving Estimations" under "V. Financial Information 1. Consolidated Financial Statements and Other Information (1) Consolidated Financial Statements."

Given the limited impact on our financial position and results of operations of uncertainties such as deterioration of economic conditions caused by the spread of COVID-19, Kyocera has made accounting estimates for the year ended March 31, 2022 on the assumption that the impact will not be material to the consolidated financial statements as a whole.

However, in the event that the spread of COVID-19 causes a deterioration in economic conditions or other effects beyond our estimates, it may affect Kyocera's significant accounting estimates and judgement in year ending March 31, 2023.

a. Evaluation of Inventories

Kyocera estimates the amount of write-downs to ensure that inventories are properly valued. Inventories aged over certain holding periods are considered to be slow-moving or obsolete, for which write-downs are accrued as well as valuation losses required to adjust recorded cost to its net realizable value. Kyocera also records inventory write-downs based on its projections of future demand, market conditions and related management's judgment even though the age of corresponding inventory is shorter than certain holding periods. If the market conditions or demand for the products are less favorable than Kyocera's projections, additional write-downs may be required.

b. Useful Lives of Property, Plant and Equipment and Intangible Assets

Property, plant and equipment are depreciated using the straight-line method over their useful lives or estimated payback periods in accordance with the actual conditions of each business.

Amortizable intangible assets are amortized using the straight-line method over their useful lives in which the asset's future economic benefits are expected to be consumed.

In the future, changes in useful lives as a result of obsolescence and changes in usage of facilities due to technological innovation and changes in the business environment may have significant impact on the consolidated financial position and operating results from the following year ending March 31, 2023.

c. Impairment of Property, Plant & Equipment, Goodwill and Intangible Assets

Kyocera reviews its property, plant and equipment and intangible assets with definite useful lives for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Goodwill and intangible assets with indefinite useful lives, rather than being amortized, are tested for impairment at least annually, and also following any events and changes in circumstances that might lead to impairment. The impairment loss is recognized when the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount.

The recoverable amount of an asset or cash generating unit is the higher of fair value less costs to sell, or value in use. In calculating the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset.

As the value in use is calculated based on various assumptions, an impairment loss may be recognized in the event of an unpredictable change in the business environment that would reduce the value in use.

d. Impairment of Financial Assets Measured at Amortized Cost

Kyocera recognizes an allowance for credit losses for trade receivables and other financial assets measured at amortized cost by estimating expected credit losses in consideration of the possibility of collection and significant increases in credit risk. However actual losses may be greater or less than expected credit losses.

e. Fair Value of Financial Instruments

When Kyocera evaluates the fair value of certain financial instruments, it uses valuation techniques that use inputs that are not observable in the market. These unobservable inputs could be affected by the result of fluctuations in uncertain future economic conditions, and if a revision becomes necessary, it could have a significant impact on the consolidated financial position and operating results.

f. Income Taxes

Kyocera recognizes only deferred tax assets that are likely to be available for future taxable profit. The valuation of deferred tax assets principally depends on the estimation of future taxable profit and feasible tax planning strategies. If future taxable profit is lower than expected due to future market conditions or poor operating results, significant adjustments to deferred tax assets may be required. Kyocera recognized deferred tax assets of 110,516 million yen as of March 31, 2022. Kyocera considers the reasonableness of the recoverability of the deferred tax assets in the future, considering the comparison between the amounts of profit before income taxes and income taxes for the year ended March 31, 2022.

Kyocera records liabilities for uncertain tax positions based on the premise of being subject to income tax examination by tax authorities, when it is probable that uncertain tax positions will not be sustained.

Actual results, such as settlements with tax authorities, may differ from Kyocera's recognition.

As of March 31, 2022, gross uncertain tax positions amounted to 931 million yen. Kyocera does not anticipate the final resolution of procedures to have a material impact on the consolidated statements of profit or loss in the future.

g. Defined Benefit Plans

In the defined benefit plans, net defined benefit liability or asset is calculated by the present value of the defined benefit obligation less the fair value of plan assets.

The present value of the defined benefit obligations is calculated based on actuarial assumptions. These actuarial assumptions require estimates and judgments on variables, such as the discount rates, the rate of increase in compensation levels and other assumptions.

Kyocera determines the discount rate by referencing the yield on high quality corporate bonds and others. The rate of increase in compensation levels is determined based mainly on results and forecasts of operations, inflation and others. Kyocera annually reviews the assumptions underlying its actuarial calculations, making adjustments based on current market conditions, if necessary.

If Kyocera is required to decrease its assumptions of the discount rate because of a stagnation of Japanese and global economies, defined benefit obligations and the related service costs and others will be increased.

h. Provisions and Contingencies

Kyocera is subject to various lawsuits and claims which arise in the ordinary course of business. Kyocera consults with legal counsel and assesses the likelihood of adverse outcomes of these contingencies. Kyocera records liabilities for these contingencies when the likelihood of an adverse outcome is probable and the amount can be reasonably estimated. In making these estimates, Kyocera considers the progress of the lawsuits, the situations of other companies that are subject to similar lawsuits and other relevant factors. The amounts of liabilities accrued are based on estimates and may be significantly affected by further developments or the resolution of these contingencies in the future.

i. Revenue Recognition

Kyocera generates revenue principally through the sale of the following markets: information and communications, automotive-related. Kyocera’s operations consist of the following reporting segments: “Core Components Business,” “Electronic Components Business” and “Solutions Business.”

Kyocera’s business unit, main businesses and subsidiaries are as follows:

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

Sales to customers in Kyocera are based on the specific terms and conditions contained in basic contracts with customers and firm customer orders which detail the price, quantity and timing of the transfer of ownership of the products.

(a) Sales Incentives

In the “Electronic Components Business,” sales to independent electronic component distributors may be subject to various sale programs for which a provision for incentive programs is recorded as a reduction of revenue at the time of sale. Revenue is measured at the consideration promised in a contract with a customer, less sales incentive.

i. Distributor Stock Rotation Program

Stock rotation is a program whereby distributors are allowed to return, for credit, qualified inventory, semiannually, equal to a certain percentage of the previous six months net sales. An estimated right of return liability for stock rotation is recorded at the time of sale based on a percentage of distributor sales using historical trends, current pricing and volume information, other market specific information and input from sales, marketing and other key management personnel. An asset is recorded for the estimated value of returned product. These procedures require the exercise of significant judgments. Kyocera believes that these procedures enable Kyocera to make reliable estimates of future returns under the stock rotation program. Kyocera’s actual results have historically approximated its estimates. When the products are returned and verified, the distributor is given credit against their accounts receivables.

ii. Distributor Ship-From-Stock and Debit Program

Ship-from-Stock and Debit (ship and debit) is a program designed to assist distributor customers in meeting competitive prices in the marketplace on sales to their end customers. Ship and debit programs require a request from the distributor for a pricing adjustment for a specific part for a sale to the distributor's end customers from the distributor's stock. Ship and debit authorizations may cover current and future distributor activity for a specific part for sale to their customers. In accordance with IFRS 15, at the time Kyocera records sales to the distributors, Kyocera estimate the variable consideration of the estimated future distributor activity related to such sales since it is probable that such sales to distributors will result in ship and debit activity. Kyocera records an estimated variable consideration based on sales during the period, credits issued to distributors, distributor inventory levels, historical trends, market conditions, pricing trends noted in direct sales activity with original equipment manufacturers and other customers, and input from sales, marketing and other key management personnel. These procedures require the exercise of significant judgments. Kyocera believes that these procedures enable Kyocera to make reliable estimates of the future variable consideration under the ship and debit program. Kyocera's actual results have historically approximated its estimates.

(b) Sales Rebates

In the case of sales to distributors in the Industrial Tools Unit and Document Solutions Unit, Kyocera provides cash rebates when predetermined sales targets are achieved during a certain period. Provisions for sales rebates are recorded as a reduction of revenue at the time of revenue recognition based on the best estimate of forecasted sales to each distributor.

(c) Sales Returns

Kyocera records an estimated right of return liability for returns at the time of sale based on historical return experience. Revenue is measured at the consideration promised in a contract with a customer, less right of return liability.

(d) Products Warranty

In the Document Solutions Unit, Kyocera provides a standard one-year manufacturer's warranty on its products. For sales directly to end users, Kyocera offers extended warranty plans that may be purchased and that are renewable in one-year incremental periods at the end of the warranty term. Service revenues are recognized over the term of the related service maintenance contracts.

In the case of revenue relating to hybrid transactions in which Kyocera provides multiple goods or services, such as selling products and providing maintenance services, Kyocera identifies performance obligations in the contract and if it is necessary to allocate the consideration under the contract to separate performance obligations, Kyocera usually allocates the transaction price based on the estimated standalone sale price through the approach of adding a margin to the expected cost.

4. Material Agreements

(1) License Permitted to Produce Products

Name	Counterparty	Country	Contents	Period
Kyocera Corporation	Qualcomm Incorporated	United States	License under patent rights for mobile phone	From August 31, 1996 to patent expiration

(2) License—Cross Agreements

Name	Counterparty	Country	Contents	Period
Kyocera Document Solutions Inc.	Canon Inc.	Japan	License under patents regarding electrophotographic technology	From April 1, 2012 to patent expiration

5. Research and Development

Kyocera works to develop new technologies and new products by strengthening ties between insiders and outsiders for capturing business opportunities amid the emergence of 5G, IoT, ADAS, energy management, digital healthcare and other trends. Specifically, we reorganize our development facilities dispersed on a segment-by-segment basis by subject and place facilities at good locations, aiming to build up our technical capabilities, secure engineers and to carry out open innovation.

Moreover, our segments were revised in April 2021. Kyocera has since been bolstering collaboration within the Group for further accelerating development.

An outline of R&D activities in the reporting segments are as follows.

(1) Core Components Business

In this reporting segment, Kyocera takes advantage of its core technologies in materials, process, design and processing, especially in fine ceramics, which we have cultivated since foundation, in an effort to create high value-added products for industrial machinery, automotive-related, 5G, semiconductor and many other markets. We also undertake cross-departmental projects to facilitate the development of new products and businesses based on our collective strengths.

Major R&D activities in each business unit of this reporting segment are as follows.

a. Industrial & Automotive Components Unit

Kyocera is working on the development of components and materials for next-generation equipment, which is characterized by advanced integration that includes micro wiring and 3D structures, for the expanding semiconductor processing equipment market. Kyocera also actively utilizes external resources for development of nitride ceramics boasting exceptional heat conductivity and mechanical properties enabling the use in higher temperatures, in conjunction with external companies, as well as within the Kyocera Group.

In the automotive-related markets, we are developing vehicle cameras that realize advanced image sensing technology to contribute to the improvement of automobile safety.

Further, Kyocera is working to enhance the efficiency of cell stacks for SOFC systems where there are expectations for proliferation as new clean energy supply systems in the environment and energy market, by leveraging fine ceramics technology.

b. Semiconductor Components Unit

In the information and communications market, which is typified by smartphones and tablet terminals, needs are growing for equipment that is more sophisticated as well as smaller and thinner. In line with this, electronic components used in such equipment are getting smaller while semiconductors are becoming more refined. Further, there is demand for the creation of fast, large-capacity communications infrastructure for 5G service partly spurred by progress in the IoT. In the automotive-related market, there is a need to further respond to advancements in electrifications and lower power consumption based on developments in ADAS. Demand for various sensors is also increasing, for use in these core markets.

In the ceramic package business, Kyocera is working on the development of high-strength, high-rigidity, ultra small and thin ceramic packages that employ micro wiring for electronic devices and sensor as well as ceramic packages for optical communications that are capable of even higher frequency such as 5G and ceramic packages for LEDs boasting thermal dissipation and exceptional durability for high-brightness automotive headlights.

In the organic substrate business, Kyocera endeavors to develop flip chip packages and module substrates that meet the needs in various markets. For the information and communications market, we work chiefly to develop large-sized multilayer packages suited for high-speed signals and wideband memory connections in order to support high-speed and large-capacity data transmission, and for ADAS, high-reliability packages for integrated electronic control units (ECUs) and substrates for millimeter-wave radars.

c. Others

In the medical devices business that deals mainly in prosthetic joints and dental implants, Kyocera develops products that will help improve patients' quality of life (QOL). Specifically, we endeavor to develop 3D additive manufacturing technologies that control the loosening of prosthetic joints to prolong their service life as well as products with antibacterial properties. Aiming to apply these technologies to other fields, we collaborate in research and development with outside research institutions. To expand its regenerative medicine business with less burden on the body, Kyocera is also actively promoting initiatives in new medical fields, such as concluding a technical alliance and license agreement for cell preparation with Regeneus Ltd, of Australia.

(2) Electronic Components Business

In this reporting segment, we are stepping up new product development through technological integration of the electronic components business in Kyocera Corporation and Kyocera AVX Components Corporation.

Along with diffusion of 5G and IoT related products, it is necessary to make components smaller and more reliable for the shift to multi-bands as well as high functionality for communications terminals such as smartphones and base stations. To meet these market needs, Kyocera is developing such products as small, high-capacitance ceramic capacitors with enhanced reliability relative to temperature and humidity, as well as small, low-loss and highly reliable SAW devices, small, low-profile and high-frequency crystal devices, silicon micro electro-mechanical systems (MEMS) resonators, fine-pitch and low-profile connectors enabling highspeed transmission, and high-efficiency active and passive antennas.

In the automotive and industrial equipment markets, Kyocera is developing ceramic capacitors and connectors with enhanced high-temperature reliability and pressure resistance, power semiconductors including small and high-heat dissipation discrete products and power modules, and various control devices.

(3) Solutions Business

In this reporting segment, Kyocera takes advantage of its characteristic, namely that it has a wide variety of businesses and aims to maximize synergy by sharing business models and development models. We carry out research and development aimed at creating innovation in IoT, local 5G, mobility, energy-related and other areas with the use of technologies nurtured in separate businesses.

Major R&D activities in each business unit of this reporting segment are as follows.

a. Industrial Tools Unit

Kyocera is striving to expand its business domains to the industrial machinery and construction markets. Kyocera is developing high-quality and high-precision cutting tools used for metal processing in a broad range of markets, such as automotive, energy-related, infrastructure, and aircraft fields, which contribute to increased productivity for users by strengthening materials technologies. Kyocera is developing new products in pneumatic and power tools by leveraging various technologies held within the Kyocera Group.

b. Document Solutions Unit

Kyocera is developing products that have exceptional environmental performance and economic efficiency, which are key features of Kyocera, in order to ensure differentiation from competitors. In office products such as printers, multifunctional products, etc., Kyocera is working to develop long-lasting equipment and consumable components that minimize the disposal of waste in order to achieve both low running costs and high environmental performance. Moreover, Kyocera is working to develop high-quality toner and thus increasing added value.

In the commercial inkjet business, Kyocera is working to provide new value to the market by developing products that offer high-resolution, high-durability and high-productivity as well as variable data and customized printing capabilities in response to the increasing demand for large-volume printing of multi product output. In addition to printhead technologies developed in the inkjet printhead business and ink technologies from the document solution business, we use the know-how we have cultivated through the development of commercial inkjet printers to develop digital textile printing machine to be introduced to markets.

In terms of document solution services, Kyocera is pushing ahead with the development of products including application software that contributes to information sharing and business efficiency by connecting with mobile equipment, the cloud environment and document management systems owned by customers. Kyocera is also strengthening its ECM business that computerizes a company's data so that it can be managed and run in a more comprehensive and efficient manner. In addition, Kyocera is striving to develop new services by integrating these businesses with existing businesses.

c. Communications Unit

In its telecommunications equipment business, Kyocera is strengthening development such as for 5G smartphones in consumer market that utilize unique functions such as waterproof, dustproof, and impact resistant functions, etc. We are developing dedicated tablet terminals and 5G smart routers for various industries. Furthermore, Kyocera is utilizing its components, devices, system technologies, and wireless communications technologies cultivated in the telecommunications equipment business as we are developing new technologies that encompass collaboration with external organizations. Kyocera is also working on the development of in-vehicle communication equipment that is expected to increase in demand as ADAS and autonomous driving system increase.

In the information system and telecommunication services business, Kyocera is responding to the increasing complexity and sophistication of customer needs by promoting DX such as developing platforms related to the collection, management and use of data taken from diverse terminals and networks and security-related products and services. Kyocera is also strengthening the development of technologies and services for the field of AI, which is increasingly being used in business particularly in corporations.

d. Others

In the smart energy business, Kyocera is making efforts to develop products and systems that efficiently use energy to respond to needs for inhouse consumption of renewable energy such as solar power generation. In the development of products, Kyocera is working to improve quality of solar modules. In addition, Kyocera is focusing on developing the power storage systems that realize high safety, long life, and low costs as well as downsizing and high-power generation performance in SOFC systems. Kyocera is also striving to develop energy management systems that realize efficient use of energy. Furthermore, Kyocera is working to develop technologies to expand its business domain, such as demand response, distributed power supply systems and VPP control accompanying the liberalization of electric power market, in order to build a total energy solution business.

In the communication and transportation infrastructure system business, Kyocera is conducting demonstration trials of Vehicle to Infrastructure (V2I) roadside machines with long-cultivated communication infrastructure technologies and a 5G millimeter-wave backhaul system that can be deployed quickly at low cost in regions where it is difficult to spread 5G services and where high installation costs would be incurred. We also endeavor to develop transmissive metasurface refractors that will contribute to the expansion of 5G millimeter-wave and 6G coverage areas.

In addition to the above initiatives in each reporting segment, in order to achieve medium- to long-term growth, we strive to create new business, which will help to solve social issues, such as the AI collaborative robot system business utilizing our unique AI technology that contribute to solving the issues arising from shortages of human resources, and the development of application for gallium nitride (GaN) devices, a key materials that will contribute to the achievement of a low-carbon society in the Others.

Research and Development expenses by reporting segment

(Yen in millions)

	For the year ended March 31,		Change (%)
	2021	2022	
Core Components Business	15,611	16,426	5.2
Electronic Components Business	15,456	13,499	(12.7)
Solutions Business	38,799	42,612	9.8
Others	5,591	11,586	107.2
Total Research and Development expenses	75,457	84,123	11.5
Ratio to sales revenue	4.9%	4.6%	—

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

Research and Development expenses for the year ended March 31, 2021 have been reclassified in line with the change to reporting segment classifications. For detailed information, please refer to Note “6. Segment Information” under “V. Financial Information 1. Consolidated Financial Statements and Other Information (1) Consolidated Financial Statements.”

III. Equipment and Facilities

1. Overview of Capital Expenditures

During fiscal 2022, Kyocera made capital expenditures to enhance production capacity, mainly in Core Components Business in order to cope with increasing demand for components for the 5G and semiconductor-related markets. As a result, capital expenditures for fiscal 2022 increased by 34,665 million yen, or 29.6%, to 151,771 million yen, compared with fiscal 2021. Required funds were mainly financed from cash on hand.

Capital expenditures by reporting segment (for property, plant and equipment)

(Yen in millions)

	For the year ended March 31,		Change (%)
	2021	2022	
Core Components Business	34,931	71,041	103.4
Electronic Components Business	46,112	37,140	(19.5)
Solutions Business	27,387	26,348	(3.8)
Others	2,023	5,330	163.5
Corporate	6,653	11,912	79.0
Total capital expenditures	117,106	151,771	29.6

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

Capital expenditures for the year ended March 31, 2021 have been reclassified in line with the change to reporting segment classifications. For detailed information, please refer to Note “6. Segment Information” under “V. Financial Information 1. Consolidated Financial Statements and Other Information (1) Consolidated Financial Statements.”

2. Major Equipment and Facilities

Major equipment and facilities for year ended March 31, 2022 are as follows:

(1) Kyocera Corporation

As of March 31, 2022

Office name	Location	Reporting Segment	Type of equipment and facilities	Carrying amount (Yen in millions)					Number of employees
				Building & Structures	Machinery & Equipment	Land (Area: m ²)	Others	Total	
Nagano Okaya Plant	Okaya, Nagano	Core Components Business, Electronic Components Business and Solutions Business	Manufacturing Equipment for Fine Ceramic Components, Electronic Components, Industrial Tools, Printing Devices	1,144	1,466	96 (84,528)	3,177	5,883	482
Shiga Gamo Plant	Higashi-Ohmi, Shiga	Core Components Business	Manufacturing Equipment for Fine Ceramic Components, Ceramic Packages	1,429	4,276	364 (131,630)	1,548	7,617	967
Shiga Yohkaichi Plant	Higashi-Ohmi, Shiga	Core Components Business, Electronic Components Business and Solutions Business	Manufacturing Equipment for Fine Ceramic Components, Electronic Components, Industrial Tools, Printing Devices	6,394	10,695	3,096 (308,985)	12,425	32,610	1,550
Shiga Yasu Plant	Yasu, Shiga	Core Components Business and Solutions Business	Manufacturing Equipment for Medical Devices, Displays, Smart-Energy-Related Products	10,843	10,622	1,052 (198,196)	9,085	31,602	1,668
Kyoto Ayabe Plant	Ayabe, Kyoto	Core Components Business	Manufacturing Equipment for Organic Multilayer Substrates	9,943	9,017	1,588 (152,061)	404	20,952	706
Kagoshima Sendai Plant	Satsuma-Sendai, Kagoshima	Core Components Business and Solutions Business	Manufacturing Equipment for Fine Ceramic Components, Ceramic Packages, Organic Multilayer Substrates, Ceramic Knives, Industrial Tools	17,184	36,281	1,525 (215,525)	3,104	58,094	3,316
Kagoshima Kokubu Plant	Kirishima, Kagoshima	Core Components Business, Electronic Components Business and Solutions Business	Manufacturing Equipment for Fine Ceramic Components, Automotive Components, Ceramic Packages, Electronic Components, Printing Devices	28,353	30,130	3,064 (418,569)	7,139	68,686	3,803

(2) Domestic Subsidiaries

As of March 31, 2022

Office name	Location	Reporting Segment	Type of equipment and facilities	Carrying amount (Yen in millions)					Number of employees
				Building & Structures	Machinery & Equipment	Land (Area: m ²)	Others	Total	
Kyocera Document Solutions Inc.	Chuo, Osaka	Solutions Business	Manufacturing Equipment for Supplies for Printers and Multifunctional Products	5,792	1,249	4,987 (331,682)	663	12,691	2,047
Kyocera Realty Development Co., Ltd.	Shibuya, Tokyo	Others	Hotel and Building for rent	4,818	29	5,331 (40,628)	168	10,346	280

(3) Oversea Subsidiaries

As of March 31, 2022

Office name	Location	Reporting Segment	Type of equipment and facilities	Carrying amount (Yen in millions)					Number of employees
				Building & Structures	Machinery & Equipment	Land (Area: m ²)	Others	Total	
Dongguan Shilong Kyocera Co., Ltd.	Dongguan Guangdong, China	Core Components Business and Solutions Business	Manufacturing Equipment for Automotive Components, Industrial Tools, Displays	778	4,033	—	1,032	5,843	2,826
Kyocera Document Technology (Dongguan) Co., Ltd.	Dongguan Guangdong, China	Solutions Business	Manufacturing Equipment for Printers and Multifunctional Products	1,359	1,114	—	3,069	5,542	7,140
Kyocera Vietnam Co., Ltd.	Hung Yen Vietnam	Core Components Business	Manufacturing Equipment for Ceramic Packages	5,767	5,745	—	2,005	13,517	2,716
Kyocera Document Technology Vietnam Co., Ltd.	Hai Phong, Vietnam	Solutions Business	Manufacturing Equipment for Printers and Multifunctional Products	9,912	926	—	2,130	12,968	6,066
Kyocera International, Inc.	San Diego California, U.S.A.	Core Components Business	Manufacturing Equipment for Fine Ceramic Components, Ceramic Packages	5,619	4,051	1,233 (571,795)	848	11,751	1,104
Kyocera AVX Components Corporation	Fountain Inn, South Carolina, U.S.A.	Electronic Components	Manufacturing Equipment for Electronic Components	4,172	701	610 (536,329)	903	6,386	1,059
Kyocera AVX Components (Penang) Sdn. Bhd.	Penang, Malaysia	Electronic Components	Manufacturing Equipment for Electronic Components	4,171	5,572	70 (45,453)	5,222	15,035	1,449
Kyocera AVX Components Bangkok Ltd.	Thailand Bangkok	Electronic Components	Manufacturing Equipment for Electronic Components	—	—	837 (44,129)	20,265	21,102	200
Kyocera AVX Components S.R.O.	Lanskroun, Czech Republic	Electronic Components	Manufacturing Equipment for Electronic Components	3,878	1,779	168 (135,618)	1,125	6,950	1,802
Kyocera Fineceramics Precision GmbH	Selb, Bavaria, Germany	Core Components Business	Manufacturing Equipment for Fine Ceramic Components	1,157	3,336	269 (56,558)	942	5,704	262

(Notes) 1. The “Others” in carrying amount is an amount total of tools, furniture, construction in progress, and right-of-use assets.

2. Currently there is no major idle equipment and facilities.

3. Plans for New Additions or Disposals

(1) Significant New Additions

For fiscal 2023, Kyocera expects total capital expenditures to be 200,000 million yen, increasing 48,229 million yen, or 31.8%, compared with fiscal 2022. Since Kyocera does not plan capital expenditures by each project, main purpose of capital expenditure and financing method by each reporting segment are described as follows:

	Main purpose of capital expenditure	Financing Method
Core Components Business	Introduction equipment to increase production and productivity	Cash on hand
Electronic Components Business	Same as above	Same as above
Solutions Business	Same as above	Same as above

(2) Significant Disposals

There is no sales and disposal plan which affect significant impact to productive capacity except sales and disposal for replacement to retain production capacity.

IV. 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 March 31, 2022 (shares)	Number of shares issued as of the filing date (shares) (June 28, 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 First section (as of March 31, 2022) Prime market (as of the filing date)	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. Rights Plans

Not Applicable.

c. 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, 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)
February 12, 2014	(5,000,000)	377,618,580	—	115,703	—	192,555

(Note) Decrease due to retirement of treasury stock.

(5) Status of Shareholders

As of March 31, 2022

Classification	Status of shares (one unit of shares is 100 shares)							Shares less than one unit (shares)	
	National and local governments	Financial institutions	Securities companies	Other corporation	Foreign shareholders		Individuals and other		Total
					Other than individuals	Individuals			
Number of shareholders	2	132	48	570	799	47	43,148	44,746	—
Shares held (shares)	1,100	1,507,574	126,243	224,825	1,236,951	200	676,190	3,773,083	310,280
Ratio (%)	0.03	39.96	3.35	5.96	32.78	0.00	17.92	100.00	—

(Notes) 1. The “Other corporation” and “Shares less than one unit” column includes 11 unit and 8 shares registered in the name of Japan Securities Depository Center (“JASDEC”).

2. The “Individuals and other” and “Shares less than one unit” column includes 187,176 unit and 79 shares of treasury stock.

(6) Major Shareholders

As of March 31, 2022

Name	Address	Number of shares held (thousands of shares)	Ownership percentage to the total number of shares issued (Excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo	79,895	22.26
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	26,483	7.38
The Bank of Kyoto, Ltd.	700, Yakushimae-cho, Karasumadori, Matsubara-Agaru, Shimogyo-ku, Kyoto	14,436	4.02
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited)	ONE LINCOLN STREET, BOSTON MA USA 02111 (3-11-1, Nihonbashi, Chuo-ku, Tokyo)	12,377	3.45
Kazuo Inamori	Fushimi-ku, Kyoto	10,212	2.85
Inamori Foundation	620 Suiginya-cho, Shimogyo-ku, Kyoto	9,360	2.61
Stock Purchase Plan for Kyocera Group Employees	6, Takeda Tobadono-cho, Fushimi-ku, Kyoto	6,585	1.83
Custody Bank of Japan, Ltd. (Stock Investment Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	5,994	1.67
State Street Bank West Client - Treaty 505234 (Standing proxy: Mizuho Bank, Ltd. Settlement & Clearing Services Department)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (SHINAGAWA INTERCITY Bldg.A 2-15-1, Konan, Minato-ku, Tokyo)	5,707	1.59
MUFG Bank, Ltd.	2-7-1, Marunouchi, Chiyoda-ku, Tokyo	5,077	1.41
Total	—	176,127	49.07

(Note) According to the amended report filed with EDINET system on July 8, 2021, Mitsubishi UFJ Financial Group, Inc. and its related partners held shares as of June 8, 2020, as shown in the following table. Despite this report, they are not included except MUFG Bank, Ltd. in the above list of major shareholders because Kyocera is not able to confirm the number of shares beneficially owned by them from Kyocera's shareholders records as of March 31, 2022.

Name	Address	Number of shares held (thousands of shares)	Ownership percentage to the total number of shares issued (%)
MUFG Bank, Ltd.	2-7-1, Marunouchi, Chiyoda-ku, Tokyo	5,077	1.34
Mitsubishi UFJ Trust and Banking Corporation	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	6,841	1.81
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	1-12-1, Yurakucho, Chiyoda-ku, Tokyo	6,871	1.82
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	1-9-2, Otemachi, Chiyoda-ku, Tokyo	937	0.25
Total	—	19,725	5.22

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

As of March 31, 2022

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 18,717,600	—	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 358,590,700	3,585,907	Same as above
Shares less than one unit	Common stock 310,280	—	—
Number of shares issued	377,618,580	—	—
Total number of voting rights	—	3,585,907	—

(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, 2022

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	18,717,600	—	18,717,600	4.96
Total	—	18,717,600	—	18,717,600	4.96

2. Acquisition of Treasury Stock and Other Related Status

【Class of shares】 Acquisition of shares of common stock falling under Article 155, Items 3 and 7 of the Companies Act of Japan.

(1) Acquisition of Treasury Stock Based on a Resolution Approved at the Ordinary General Meeting of Shareholders

Not Applicable.

(2) Acquisition of Treasury Stock Based on a Resolution Approved by the Board of Directors

Classification	Number of shares (shares)	Total amount (Yen)
Details of resolution at the meeting of Board of Directors (November 1, 2021) (Acquisition date: November 2, 2021)	4,000,000	27,156,000,000
Treasury stock acquired before the year ended March 31, 2022	—	—
Treasury stock acquired during the year ended March 31, 2022	3,549,300	24,096,197,700
Number of shares and total amount of outstanding shares of resolution	450,700	3,059,802,300
Ratio of non-exercised portion as of March 31, 2022 (%) *	11.3	11.3
Treasury stock acquired during the year ending March 31, 2023	—	—
Ratio of non-exercised portion as of the filing date of this Annual Report (%) *	11.3	11.3

(Note) The repurchase of its own shares as resolved at the meeting of its Board of Directors held on November 1, 2021 has been completed on November 2, 2021.

(3) Acquisition of Treasury Stock not Based on a Resolution Approved at the Ordinary General Meeting of Shareholders or a Resolution Approved by the Board of Directors

Classification	Number of shares (shares)	Total amount (Yen)
Treasury stock acquired during the year ended March 31, 2022	2,250	15,497,715
Treasury stock acquired during the year ending March 31, 2023	307	2,210,119

(Note) Stocks less than a unit is not included in Treasury stock acquired during the year ending March 31, 2023, from June 10, 2022 to the filing date of this Annual Report.

(4) Current Status of the Disposition and Holding of Acquired Treasury Stock

Classification	For the year ended March 31, 2022		For the year ending March 31, 2023	
	Number of shares (shares)	Total disposition amount (Yen)	Number of shares (shares)	Total disposition amount (Yen)
Acquired treasury stock for which subscribers has been solicited	—	—	—	—
Acquired treasury stock that has been disposed	—	—	—	—
Acquired treasury stock for which transfer of shares has been conducted in association with merger/stock exchange/issuance/corporate separation	—	—	—	—
Other *1	12,075	55,094,476	—	—
Number of shares of treasury stock held *2	18,717,679	—	18,717,986	—

(Notes) 1. The breakdown for the year ended March 31, 2022 are disposal of treasury stock as restricted stock compensation* and sale of stocks less than one unit due to a demand for sale. Treasury stocks to be disposed of during the year ending March 31, 2023 do not include stocks resulting from the sale of stocks constituting less than one unit from June 10, 2022 to the filing date of this Annual Report.

* Disposal of Treasury Stock for Restricted Stock Compensation

Kyocera resolved at a meeting of its Board of Directors held on June 25, 2021, to dispose of treasury stocks as the restricted stock compensation to the Directors of Kyocera, excluding Outside Directors, and Executive Officers, and it disposed of treasury stocks on July 21, 2021. Its summary is as follows:

Class and number of shares to be disposed of	Common stock 12,007
Disposal price	6,820 yen per share
Total disposition amount	81,887,740 yen
Allottees and number thereof, and number of shares to be disposed of	6 Directors (excluding Outside Directors) 7,915 shares 22 Executive Officers 4,092 shares

Treasury stock decreased by 55 million yen as the result of this disposal.

2. Sales of treasury stock less than a unit are not included in treasury stock acquired during the year ending March 31, 2023, from June 10, 2022 to the filing date of this Annual Report.

3. Dividend Policy

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

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

In addition to the above-mentioned basic policy, within a certain range based on cash flow, Kyocera Corporation will implement acquisitions of its own shares when appropriate, as a powerful mechanism for enhancing shareholder returns.

The Articles of Incorporation of Kyocera Corporation provide that an interim dividend may be paid as stipulated in Article 454, Paragraph 5 of the Companies Act in Japan, and its basic policy is to pay a year-end dividend and an interim dividend. These dividends are determined by the Ordinary General Meeting of Shareholders for the year-end dividends and by the Board of Directors for the interim dividends.

For fiscal 2022, the amount of the year-end dividend is 90 yen per share, reflecting our performance for fiscal 2022 and complying with the above-mentioned basic policy. As a result, the annual dividend is 180 yen per share when aggregated with the interim dividend, which was in the amount of 90 yen per share. This amount represents an increase of 40 yen per share as compared with the amount of the annual dividend for fiscal 2021, which was 140 yen per share.

The proposed appropriation of surplus are as follows:

Date of Resolution	Aggregate Amount	Per Share Amount
The Board of Directors Meeting held on November 1, 2021	32,621 million yen	90 yen
The Ordinary General Meeting of Shareholders held on June 28, 2022	32,301 million yen	90 yen

4. Information of Corporate Governance

(1) Corporate Governance

a. Basic Views on Corporate Governance

Kyocera Corporation has adopted through its Board of Directors Meeting the “Kyocera Group Basic Policy for Corporate Governance and Internal Control” as follows:

[Detail of Board of Directors Meeting]

September 21, 2018

KYOCERA CORPORATION

Board of Directors Meeting

Kyocera Group

Basic Policy for Corporate Governance and Internal Control

The Kyocera Group has made “Respect the Divine and Love People” its corporate motto and “to provide opportunities for the material and intellectual growth of all our employees, and through our joint efforts, contribute to the advancement of society and humankind” as its management rationale.

The Kyocera Group always strives to maintain equity and fairness and faces all situations with courage and conscience, as well as intends to realize transparent systems for corporate governance and internal control.

Under such corporate motto and management rationale, the Board of Directors is implementing a basic policy for corporate governance and internal control as described below.

This statement of basic policy sets forth such basic policy in accordance with Article 362, paragraph (5) and paragraph (4), item (vi) of the Companies Act, and Article 100, paragraphs (1) and (3) of the Regulation for Enforcement of the Companies Act, which require the establishment of a system to ensure that the conduct of business by the Directors will be in compliance with all applicable laws and regulations and the Articles of Incorporation and to ensure the proper conduct of business by Kyocera Corporation (the “Company”) and the Kyocera Group as a whole.

I. Corporate Governance

1. Basic Policy for Corporate Governance

The Board of Directors of the Company defines the corporate governance of Kyocera Group to mean “structures to ensure that Directors conducting the business manage the corporations in a fair and correct manner.”

The purpose of corporate governance is to maintain soundness and transparency of management and to achieve fair and efficient corporate management through which the management rationale of the Kyocera Group can be realized.

The Board of Directors shall permeate the “Kyocera Philosophy,” which is the basis of the management policy of the Kyocera Group, in all Directors and employees working in the Kyocera Group, and establish a sound corporate culture. The Board of Directors shall establish proper corporate governance through the exercise of the Kyocera Philosophy (Note).

Note: The “Kyocera Philosophy” is a corporate philosophy and life philosophy created through integration of the thoughts of the founder of the Company regarding management and life. The “Kyocera Philosophy” incorporates a wide range of matters relating to basic thoughts on management and methods of undertaking day-to-day work, based on the core criterion of “what is the right thing to do as a human being.”

2. System for Corporate Governance

The Board of Directors of the Company determines, pursuant to the basic policy described in 1 above, the below-outlined system for corporate governance of the Company, which is the core company within the Kyocera Group, to ensure that the conduct of business by the Directors is in compliance with all applicable laws and regulations and the Articles of Incorporation. The Board of Directors will constantly seek the ideal system for corporate governance and always evolve and develop its existing corporate governance system.

(1) Organs of Corporate Governance

The Board of Directors shall establish a corporate structure in which the Audit & Supervisory Board Members and the Audit & Supervisory Board will serve as organs of corporate governance pursuant to the provisions of the Articles of Incorporation, as approved by the General Meeting of Shareholders of the Company. Directors of the Company shall strictly observe the following, to ensure the effective audit by the Audit & Supervisory Board Members and the Audit & Supervisory Board:

(i) Matters relating to employees to facilitate the tasks of Audit & Supervisory Board Members (including matters relating to the independence of such employees from the Directors and matters to ensure effectiveness of instructions from the Audit & Supervisory Board Members to such employees)

Representative Directors shall allocate certain employees upon the request of the Audit & Supervisory Board Members, through prior discussion with the Audit & Supervisory Board Members, to assist in their tasks and the Audit & Supervisory Board. Such employees, while still subject to the work rules of the Company, shall be under each of the Audit & Supervisory Board Members' instruction and supervision relating to their tasks. Representative Directors shall not set a limit unfairly to such instruction and supervision. The personnel matters such as transfer, treatment (including evaluation) and disciplinary action relating to such employees shall be made through prior discussion with the Audit & Supervisory Board Members.

(ii) System for reporting to the Audit & Supervisory Board Members by Directors and employees and other related parties (including the system to ensure that the reporting party shall not be treated adversely due to such report)

In the event that any Director becomes aware of any matter that breaches or may breach any law or regulation or the Articles of Incorporation, or in the event that any Director becomes aware of any matter that may cause substantial damage to the Kyocera Group, he or she shall immediately report thereon to the Audit & Supervisory Board. In addition, in the event that any of the Audit & Supervisory Board Members or the Audit & Supervisory Board requests a report from any Director pursuant to the Regulations of the Audit & Supervisory Board, such Director shall comply with such request.

Representative Directors shall cause the internal audit department to report regularly the status of the internal audit to the Audit & Supervisory Board Members. In addition, upon request from the Audit & Supervisory Board Members, Representative Directors shall cause any specified department(s) to report the status of their conduct of business directly to the Audit & Supervisory Board Members. Representative Directors shall also maintain a "Kyocera whistleblower system (to the Audit & Supervisory Board)," established by the Audit & Supervisory Board, under which all related parties including Directors, employees, suppliers and customers of the Kyocera Group may submit complaints directly to the Audit & Supervisory Board.

Representative Directors shall not treat adversely the party who submitted the report to the Audit & Supervisory Board such as transfer or disciplinary action, because of such report.

(iii) Matters relating to the policy for handling of costs and claims which may incur in the course of the execution of the tasks of the Audit & Supervisory Board Members

Representative Directors shall accept request from Audit & Supervisory Board Members for reimbursement of costs in accordance with the Regulations of the Audit & Supervisory Board and shall make payment thereof accordingly.

(iv) Other systems to ensure the effective audit by the Audit & Supervisory Board Members

In the event that Representative Directors are requested by any of the Audit & Supervisory Board Members to effectuate any of the following matters, as necessary to establish a system to ensure the effective audit by the Audit & Supervisory Board Members, Representative Directors shall comply with such requests:

- a. Attendance at important meetings;
- b. Inspection of minutes of important meetings, important internally approved documents and important agreements, etc.; and
- c. Meetings with Representative Directors to exchange opinions regarding management of the Company in general.

(2) Kyocera Philosophy Education

Representative Directors of the Company shall undertake “Kyocera Philosophy Education” from time to time in order to permeate the “Kyocera Philosophy” into the Directors (including themselves) and employees of the Kyocera Group.

II. Internal Controls

1. Basic Policy for Internal Controls

The Board of Directors of the Company defines the internal controls of the Kyocera Group to mean “systems to be established within the corporate organization to achieve management rationale, in order for the Directors undertaking management of the Company to effectuate management policy and master plans in a fair manner.” The Board of Directors of the Company will establish internal controls through practice of the “Kyocera Philosophy.”

2. System for Internal Controls

Under the policy as described in 1 above, the Board of Directors shall cause Representative Directors to establish the systems described below. In addition, the Board of Directors shall constantly evolve and develop such systems, seeking an ideal system of internal controls.

(1) Management and maintenance of information relating to conduct of business by Directors

Representative Directors shall establish the “Kyocera Disclosure Committee” as a system for making timely and appropriate disclosure of information and for properly maintaining information relating to the conduct of business by the Directors in accordance with applicable laws and regulations and the internal rules of the Company.

(2) Internal rules and systems relating to management of risk of loss of the Kyocera Group, and systems to ensure that conduct of business by all employees of the Kyocera Group and Directors of the Company’s subsidiaries is in compliance with applicable laws and regulations and the Articles of Incorporation.

Representative Directors shall create a risk management department in order to establish a risk management system for the Kyocera Group. Representative Directors shall also establish systems to undertake necessary actions from time to time.

Representative Directors shall establish “Employee Consultation Corners” as an internal complaint reporting system within the Kyocera Group, so that employees who become aware of any matter that breaches or may breach laws or regulations or the Articles of Incorporation or other internal rules can report thereon. The employee consultation corners will take appropriate action in respect of reports received thereby, which shall be treated in accordance with the Law for Protection of Reporters in the Public Interest. Besides, Representative Directors shall establish the system to take actions as necessary.

(3) Systems to ensure efficient conduct of business by Directors

Representative Directors shall clearly delegate authority and related responsibility by establishing an Executive Officer system to achieve efficient and effective conduct of business. Representative Directors shall cause the Executive Officers to report the status of their conduct of business to the Board of Directors, etc. and, accordingly, a system shall be maintained under which Representative Directors can verify whether business is conducted efficiently.

(4) Other system to ensure appropriate conduct of business at the Kyocera Group

In addition to the matters described in (1) through (3) above, as a system to ensure the appropriate conduct of business at the Kyocera Group and for efficient operation of the Kyocera Group, Representative Directors shall establish the Kyocera Group Management Committee. Such Committee shall discuss important matters relating to the Kyocera Group and receive reports relating thereto. Representative Directors shall also establish departments to support appropriate and efficient execution of business of each of the companies in the Kyocera Group, and an internal audit department in order to conduct audits regularly to evaluate the appropriateness of the conduct of business at the Kyocera Group.

b. Summary of Corporate Governance and Reason for Adoption

The Corporate Governance Structures which Kyocera established in accordance with “a. Basic Views on Corporate Governance” are as follows:

(a) Board of Directors

The Board of Directors of Kyocera is an organization to decide the important matters and to supervise the execution of businesses of Kyocera Group as a whole. It consists of nine Directors including three Outside Directors. The Directors are nominated by the General Shareholders Meeting based on the proposal of candidates who have enough understanding of Kyocera Group and with outstanding “personality,” “capability” and “insight” to engage in the management of Kyocera.

Besides, Kyocera adopts the Executive Officer system to facilitate the efficiency of the management of Kyocera. The execution of the businesses of Kyocera is undertaken by the Executive Officers under the instruction of the Representative Director and President of Kyocera. Representative Director and President is nominated by the Board of Directors, which undertakes the management decision and supervision of the execution of businesses. Representative Directors direct the Executive Officers to report the status of the execution of the businesses to the Board of Directors, and the Board of Directors makes sure that the businesses are efficiently executed. As such, Kyocera clarifies the responsibility and authority to achieve efficient management of Kyocera, and to realize the efficient functionality of appropriate corporate governance and internal control of Kyocera.

(b) Audit and Supervisory Board

Kyocera has Audit & Supervisory Board Members and Audit & Supervisory Board based on the corporate governance policy and the provision of its Articles of Incorporation which was approved by the General Shareholders Meeting. Audit & Supervisory Board Members include two full-time Audit & Supervisory Board Member originally an employee of Kyocera, as well as two Outside Audit & Supervisory Board Members, who have plenty of knowledge and experience as an attorney-at-law or CPA. The Audit & Supervisory Board Members are conducting audit of Kyocera as a whole based on the accurate information about Kyocera gathered from inside and utilizing variety of viewpoints as outsider of Kyocera.

(c) Nominating and Remuneration Committee

As consulting organization of the Board of Directors, Kyocera has established Nominating and Remuneration Committee, the majority of which consists of Outside Directors. The Board of Directors examine nomination of Directors and Managing Executive Officers and remuneration of Directors after consulting in advance the Nomination and Remuneration Committee so that the decision relating thereto shall be made in a fair manner and appropriately.

(d) Kyocera Group Management Committee

Kyocera has established “Kyocera Group Management Committee” consisting of Representative Director and Chairman, Representative Director and President and Managing Executive Officers who live in Japan and Kyocera holds meetings every month regularly. Such Committee examines not only the agenda of the meetings of the Board of Directors but also other important matters relating to the execution of the businesses of Kyocera Group as a whole to secure the sound management of Kyocera Group.

(e) Kyocera Disclosure Committee

Kyocera has established an organ known as the “Kyocera Disclosure Committee” for disclosure of corporate information. This Committee investigates all disclosure documents for the purpose of assuring the appropriateness of disclosures of corporate information, reporting the results of its investigations to the Representative Director and President which educates Group companies concerning rules relating to disclosure and promotes appropriate disclosure of information for the entire Group.

(f) Kyocera Group Philosophy Committee

Kyocera has established “Kyocera Group Philosophy Committee” to educate and permeate “Kyocera Philosophy,” which is our corporate philosophy setting forth importance of conducting business of management in a fair and honest way, basing its fundamental judgments on a precept that “what is the right thing to do as a human being.” The committee has set education policy of “Kyocera Philosophy” of each entity in Kyocera Group, and discusses and decides the measures to promote an understanding of “Kyocera Philosophy” and practice it.

Members of each organization and committee are as set forth.

(◎: chairperson, ○: member, □: attendance other than member)

Position	Name	Board of Directors	Audit and Supervisory Board	Nominating and Remuneration Committee	Kyocera Group Management Committee	Kyocera Disclosure Committee	Kyocera Group Philosophy Committee
Representative Director and Chairman	Goro Yamaguchi	◎		○	◎		◎
Representative Director and President	Hideo Tanimoto	○			○		○
Director	Hiroshi Fure	○			○		○
Director	Norihiko Ina	○			○		○
Director	Koichi Kano	○			○		○
Director	Shoichi Aoki	○			○		○
Outside director (Independent Director)	Atsushi Aoyama	○		○			
Outside director (Independent Director)	Akiko Koyano	○		○			
Outside director (Independent Director)	Eiji Kakiuchi	○		○			
Full-time Auditor & Supervisory Board Member	Shigeru Koyama	□	◎		□	□	□
Full-time Auditor & Supervisory Board Member	Yushi Nishimura	□	○		□	□	□
Outside audit & supervisory board member (Independent Director)	Hitoshi Sakata	□	○				
Outside audit & supervisory board member (Independent Director)	Masaaki Akiyama	□	○				
—	Other				○*1 □*2	○*3	○*4

(Notes) 1. Managing Executive Officers who live in Japan are included.

2. General managers of corporate management control group, legal and intellectual and Managing Executive Officers who live abroad are included.

3. Divisional managers of general affairs human resources division, legal and intellectual property division, corporate development division, management strategies division, internal audit division, information security division, accounting division, finance division, investor relations division and management control division are included. The chairperson is general manager of corporate management control group.

4. Executive Officers who live in Japan, general managers of domestic divisions, business managers directly under the segment and President of domestic subsidiaries are included.

[Summary of Agreements Regarding the Limitation of Liability]

Kyocera Corporation has entered into agreements with all of the Outside Directors and Outside Audit & Supervisory Board Members regarding the limitation of their liability for damages caused by negligence in the performance of their duties, in accordance with Article 427, paragraph (1) of the Companies Act and Articles 28 and 36 of the Articles of Incorporation of the Company. The amount of liability to which they are subject, as set under such agreements, is limited to the minimum amount of liability provided under applicable laws and regulations.

[Summary of Contents of the Directors and Officers Liability Insurance Policy]

Kyocera Corporation has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The policy will cover damages incurred by the insured, such as compensation for damages and litigation expenses when they are subject to claims arising from actions (including inaction) conducted based on their position as a director or officer of the Company. However, damages, etc. incurred by an insured due to criminal acts or illegal acts intentionally committed by the insured are not covered by the policy as a measure to ensure the properness of the performance of duties by directors or officers is not impaired.

The scope of insured persons is Directors, Audit & Supervisory Board Members, Executive Officers and managerial employees of Kyocera Corporation, and the insurance premiums are all paid by Kyocera Corporation.

c. Preparedness of Systems Relating to Corporate Governance and Internal Control

The current status of the preparedness of systems relating to corporate governance and internal control are as follows:

- (a) The “Kyocera Code of Conduct” was established in June 2000.
- (b) The “Risk Management Division” was established in September 2000 in order to create a thorough system to ensure compliance with laws and regulations and internal rules.
- (c) The “Kyocera Management Committee,” which was renamed the “Kyocera Group Management Committee” in August 2002, was established in January 2001.
- (d) The “Kyocera Disclosure Committee” was established in April 2003.
- (e) The “Employee Consultation Corners” was established in April 2003 as a function of the whistleblower reporting system.
- (f) The Executive Officer System was introduced in June 2003 to improve management efficiency.
- (g) The “Global Audit Division,” which was reorganized by the merger of “Risk Management Division” and renamed the “Corporate Global Audit Division” later in April 2010, was established in May 2005 to undertake internal audits, and it regularly conducts audits of Kyocera’s businesses, and reports the results of such audits to the Directors and Audit & Supervisory Board Members of Kyocera Corporation.
- (h) The “Kyocera Group Philosophy Committee” was established in May 2013.
- (i) The functions of risk management were transferred from the Corporate Global Audit Division to the Corporate General Affairs Group (currently Corporate General Affairs Human Resources Group). The “Risk Management Department” was established within the Group in January 2014 in order to restructure the risk management system.
- (j) The “Kyocera Group Basic Policy for Risk Management” was established in June 2016.
- (k) The “Global Compliance Division” was established in October 2018.
- (l) The “Nomination and Remuneration Committee,” a majority of whose members are Outside Directors, was established in December 2018.
- (m) The “Risk Management Department” was integrated into the “Global Compliance Division” in April 2020 and risk management functions were transferred to the “Global Compliance Division.”
- (n) The third-party consultation service (law firm) was added to the “Employee Consultation Corners” in December 2021.

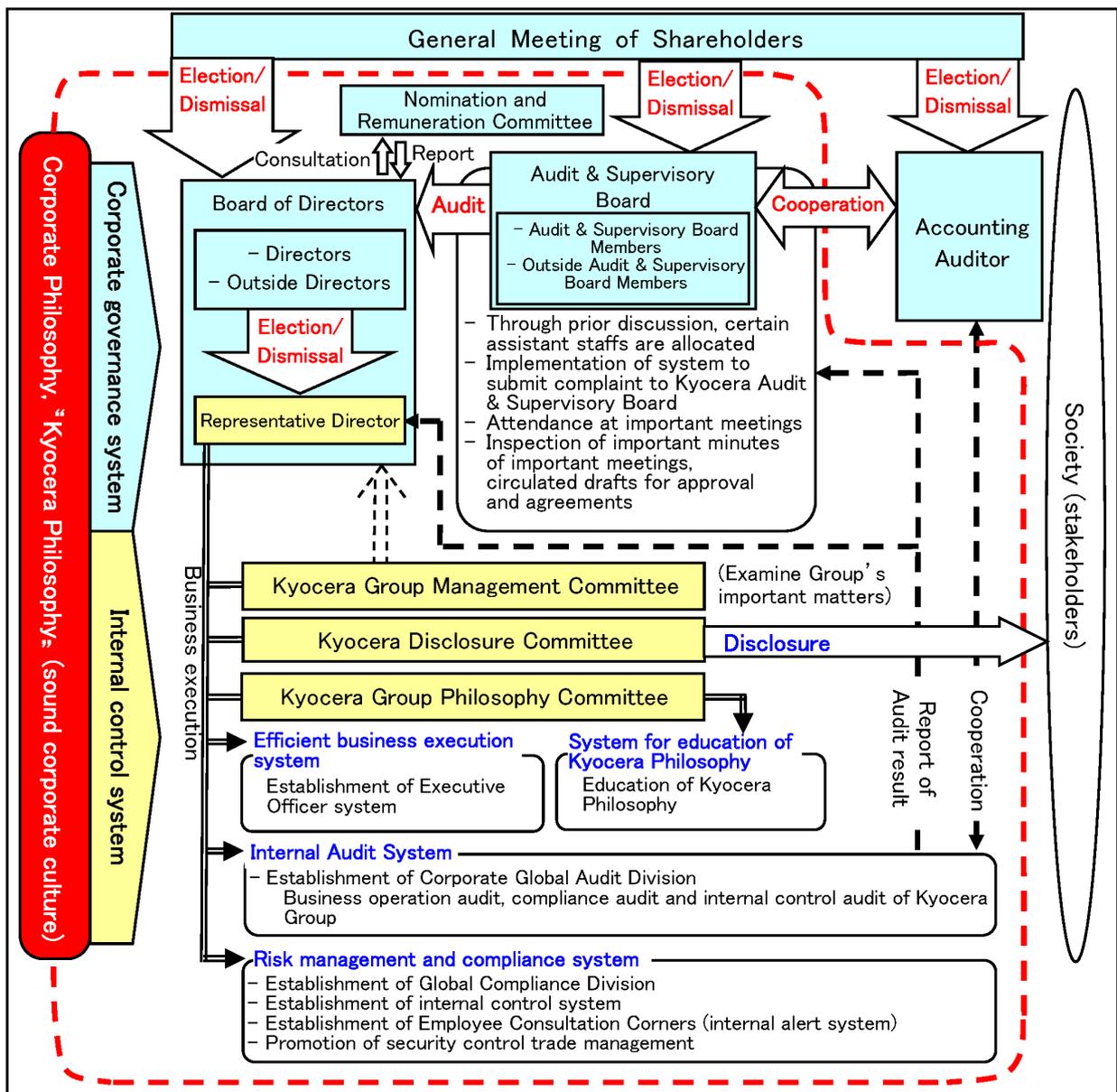
Kyocera supports and educates to each section for risk management with Kyocera risk assessment in Global Compliance Division. Kyocera prepares the global reporting system for significant risk factor.

d. Corporate Governance Chart of Kyocera

The view on Corporate Governance of Kyocera is as set forth.



Corporate Governance System of Kyocera is as set forth.



e. Acquisition of Treasury Stocks

In order to enable the execution of a flexible and swift capital policy for the purpose of responding to changes in the management environment, the Articles of Incorporation set forth that Kyocera may acquire its own shares by means of a market transaction upon a resolution of the Board of Director based on Article 165, paragraph (2) of the Companies Act of Japan.

f. Requirement for Special Resolutions of the General Meeting of Shareholder

For smooth management of the General Meeting of the Shareholders by relaxing the quorum of special resolutions, the Articles of Incorporation set forth that a resolution of the General Meeting of Shareholders as specified by Article 309, paragraph (2) of the Companies Act of Japan is valid if the shareholders who have at least one-third of the total voting rights attend the meeting and of which two-thirds of the votes support such resolution.

g. Number of Board and Director

The Articles of Incorporation set forth that the Number of Board and Director is less than 20 people.

h. Resolution Requirements for Appointment of Director

Regarding resolutions for the appointment of Directors, our Articles of Incorporation set forth that attendance of shareholders who hold one-third or more of the voting rights of the shareholders who can exercise voting rights is necessary. The Articles of Incorporation also set forth that resolutions for the appointment of Directors may not be made with cumulative voting.

i. Decision Institute of Interim Dividend

In order to enable profits to be returned to shareholders in a flexible and swift manner, the Articles of Incorporation set forth that Kyocera may pay interim dividends, upon a resolution by the Board of Directors based on Article 454, paragraph (5) of the Companies Act of Japan, with September 30 set as the record date each year.

(2) Directors and Audit & Supervisory Board Members

a. List of Directors and Audit & Supervisory Board Members

Male 12 people, Female one person

(The ratio of the female member in Directors and Audit & Supervisory Board Members 8%)

Position	Name	Date of Birth	Career Summary	Term of Office	Shareholdings *1
Representative Director and Chairman	Goro Yamaguchi	January 21, 1956	Mar. 1978 Joined Kyocera Corporation Jun. 2003 Executive Officer of Kyocera Corporation Jun. 2005 Senior Executive Officer of Kyocera Corporation Apr. 2009 Managing Executive Officer of Kyocera Corporation Jun. 2009 Director and Managing Executive Officer of Kyocera Corporation Apr. 2013 Representative Director and President, Executive Officer and President of Kyocera Corporation Mar. 2017 Representative Director and Chairman of the Kyoto Purple Sanga Co., Ltd. [Present] Apr. 2017 Representative Director and Chairman of Kyocera Corporation [Present] Representative Director and Chairman of Kyocera Communication Systems Co., Ltd. [Present] Representative Director and Chairman of Kyocera Document Solutions Inc. [Present] Representative Director and Chairman of Kyocera Realty Development Co., Ltd. [Present] Apr. 2019 Representative Director and Chairman of Kyocera Industrial Tools Corporation [Present] Jun. 2020 Representative Director and Chairman of Kyocera SOC Corporation [Present]	*5	53,087
Representative Director and President Executive Officer and President	Hideo Tanimoto	March 18, 1960	Mar. 1982 Joined Kyocera Corporation Apr. 2015 Executive Officer of Kyocera Corporation Apr. 2016 Managing Executive Officer of Kyocera Corporation Jun. 2016 Director and Managing Executive Officer of Kyocera Corporation Apr. 2017 Representative Director and President, Executive Officer and President of Kyocera Corporation [Present] Chairman of the Board of Directors of Kyocera (China) Sales & Trading Corporation [Present] Chairman of the Board of Directors of Dongguan Shilong Kyocera Co., Ltd. [Present] Authorized Representative and Chairman of Kyocera Vietnam Co., Ltd. [Present]	*5	20,329
Director Managing Executive Officer	Hiroshi Fure	February 24, 1960	Mar. 1984 Joined Kyocera Corporation Apr. 2011 Executive Officer of Kyocera Corporation Apr. 2013 Managing Executive Officer of Kyocera Corporation Jun. 2013 Director and Managing Executive Officer of Kyocera Corporation Apr. 2015 Director and Senior Managing Executive Officer of Kyocera Corporation Sep. 2016 General Manager of Corporate Organic Materials Semiconductor Components Group of Kyocera Corporation Apr. 2021 Director and Managing Executive Officer of Kyocera Corporation [Present] Executive General Manager of Core Components Business [Present]	*5	8,557

Position	Name	Date of Birth	Career Summary	Term of Office	Shareholdings *1
Director Managing Executive Officer	Norihiko Ina	September 16, 1963	Apr. 1987 Joined Mita Industrial Co., Ltd. (currently Kyocera Document Solutions Inc.) Apr. 2017 Executive Officer of Kyocera Corporation Representative Director and President of Kyocera Document Solutions Inc. Jun. 2017 Director and Managing Executive Officer of Kyocera Corporation [Present] Apr. 2021 Executive General Manager of Solutions Business [Present]	*5	7,744
Director Managing Executive Officer	Koichi Kano	September 21, 1961	Mar. 1985 Joined Kyocera Corporation Apr. 2012 General Manager of Corporate Development Group of Kyocera Corporation Apr. 2013 Executive Officer of Kyocera Corporation Apr. 2015 Senior Executive Officer of Kyocera Corporation Apr. 2016 Managing Executive Officer of Kyocera Corporation Jun. 2016 Director and Managing Executive Officer of Kyocera Corporation [Present] Apr. 2021 Deputy Executive General Manager of Electronic Components Business [Present] Chairman of the Board of Directors of Kyocera Connector Products (Dongguan) Co., Ltd. [Present] Chairman of the Board of Directors of Kyocera International Electronics Co., Ltd. [Present]	*5	6,938
Director Managing Executive Officer	Shoichi Aoki	September 19, 1959	Mar. 1983 Joined Kyocera Corporation Jun. 2005 Executive Officer of Kyocera Corporation Apr. 2009 Managing Executive Officer of Kyocera Corporation Jun. 2009 Director and Managing Executive Officer of Kyocera Corporation [Present] Apr. 2018 General Manager of Corporate Management Control Group of Kyocera Corporation Dec. 2019 Chairman of the Board of Directors of Kyocera Management (Shanghai) Co., Ltd. [Present] Apr. 2021 Executive General Manager of Headquarters [Present]	*5	16,159
Director	Atsushi Aoyama	August 2, 1960	Apr. 1985 Joined Mitsubishi Research Institute, Inc. May. 1995 Researcher of Imperial College London Oct. 1999 Associate Professor of Chemical Resources Laboratory, Tokyo Institute of Technology Apr. 2005 Professor of Graduate School of Technology Management, Ritsumeikan University [Present] Jun. 2016 Outside Director of Kyocera Corporation [Present]	*5	1,068
Director	Akiko Koyano	April 23, 1974	Dec. 2008 Registration as Attorney Belonging to Kyoto Bar Association [Present] Joined Koyano & Aoki Law Office Jul. 2009 Transferred to Koyano LPC Feb. 2018 Partner Attorney-at-law of Koyano LPC [Present] Jun. 2019 Outside Director of Kyocera Corporation [Present]	*5	292
Director	Eiji Kakiuchi	April 3, 1954	Apr. 1981 Joined Dainippon Screen Mfg. Co., Ltd. (currently SCREEN Holdings Co., Ltd.) Apr. 2005 Executive Officer of Dainippon Screen Mfg. Co., Ltd. Apr. 2006 Senior Executive Officer of Dainippon Screen Mfg. Co., Ltd. Apr. 2007 Managing Executive Officer of Dainippon Screen Mfg. Co., Ltd. Jun. 2011 Director of Dainippon Screen Mfg. Co., Ltd. Apr. 2014 Representative Director and President of Dainippon Screen Mfg. Co., Ltd. Apr. 2016 Chief Executive Officer of SCREEN Holdings Co., Ltd. Jun. 2019 Representative Director and Chairman of SCREEN Holdings Co., Ltd. [Present] Jun. 2021 Outside Director of Kyocera Corporation [Present]	*5	1,074

Position	Name	Date of Birth	Career Summary	Term of Office	Shareholdings *1
Full-time Audit & Supervisory Board Member	Shigeru Koyama	October 6, 1956	Mar. 1980 Joined Kyocera Corporation Apr. 2011 President and Representative Director of Kyocera Fineceramics GmbH (currently Kyocera Europe GmbH) Apr. 2013 Executive Officer of Kyocera Corporation Apr. 2015 Senior Executive Officer of Kyocera Corporation Jun. 2020 Full-time Audit & Supervisory Board Member of Kyocera Corporation [Present]	*6	6,865
Full-time Audit & Supervisory Board Member	Yushi Nishimura	December 24, 1961	Mar. 1985 Joined Kyocera Corporation Feb. 2013 General Manager of Corporate Management Control Division of Kyocera Vietnam Co., Ltd. Jul. 2016 General Manager of Corporate Global Audit Division of the Company Apr. 2022 Assistant to General Manager of Corporate Global Audit Division of the Company Jun. 2022 Full-time Audit & Supervisory Board Member of Kyocera Corporation [Present]	*7	1,220
Audit & Supervisory Board Member	Hitoshi Sakata	January 22, 1953	Apr. 1985 Registration as Attorney Belonging to Kyoto Bar Association [Present] Jul. 1995 Partner Attorney-at-law of Oike Law Office [Present] Feb. 2010 Researcher of University of Cambridge Apr. 2011 Professor of Graduate School of Law Department, Doshisha University (Doshisha Law School) Jun. 2013 Outside Director of Nippon Shinyaku Co., Ltd. Jun. 2016 Audit & Supervisory Board Member of Kyocera Corporation [Present]	*6	1,068
Audit & Supervisory Board Member	Masaaki Akiyama	January 4, 1945	Oct. 1968 Joined Tomishima Audit Corporation (currently Ernst & Young ShinNihon LLC) Mar. 1973 Registration as certified public accountant Sep. 2010 Outside Audit & Supervisory Board Member of Joyful Honda Co., Ltd. Jun. 2016 Audit & Supervisory Board Member of Kyocera Corporation [Present] Jan. 2020 Representative of Masaaki Akiyama Certified Public Accountant Office [Present]	*6	1,168
Total					125,569

- (Notes) 1. The shareholdings are the information as of March 31, 2022.
2. Mr. Atsushi Aoyama, Ms. Akiko Koyano and Mr. Eiji Kakiuchi are outside directors.
3. Messrs. Hitoshi Sakata and Masaaki Akiyama are outside audit & supervisory board members.
4. Kyocera adopts an “executive officer system,” which aims to establish corporate governance appropriate for a global corporation together with a decision-making system responsive to the business environment and to train the next generation of senior executives.
5. This is from the closing of the Ordinary General Meeting of Shareholders related to the year ended March 31, 2021 to the closing of the Ordinary General Meeting of Shareholders related to the year ending March 31, 2023.
6. This is from the closing of the Ordinary General Meeting of Shareholders related to the year ended March 31, 2020 to the closing of the Ordinary General Meeting of Shareholders related to the year ending March 31, 2024.
7. This is from the closing of the Ordinary General Meeting of Shareholders related to the year ended March 31, 2022 to the closing of the Ordinary General Meeting of Shareholders related to the year ending March 31, 2026.
8. Kyocera elects a substitute Audit & Supervisory Board Member prescribed by Article 329, paragraph (3) of the Corporation Act to be ready to fill a vacant position should be the number of Audit & Supervisory Board Members fall below the number required by laws and regulations. The career summary of substitute Audit & Supervisory Board Member is as follows:

Name	Date of Birth	Career Summary	Share holdings
Minoru Kida	July 30, 1970	Oct. 1993	—
		Jan. 2004	
		Dec. 2006	
		Mar. 2019	
		Joined Showa Ota & Co. (currently Ernst & Young ShinNihon LLC)	
		Head of Kida CPA Office [Present]	
		Representative Partner of Gravitas Audit Corporation [Present]	
		Outside Director (Audit and Supervisory Committee Member) of OPTEX GROUP CO., LTD. [Present]	

b. Outside Director and Audit & Supervisory Board Member

(a) The number of Outside Directors and Audit & Supervisory Board Members

Outside Directors: three people

Outside Audit & Supervisory Board Members: two people

(b) Important Concurrent Posts Undertaken by Outside Director and Audit & Supervisory Board Members, and their Relations with Kyocera

Outside Directors, Mr. Atsushi Aoyama, Ms. Akiko Koyano and Mr. Eiji Kakiuchi and Outside Audit & Supervisory Board Members, Messrs. Hitoshi Sakata and Masaaki Akiyama, own Kyocera's shares.

There is no special interest between Mr. Atsushi Aoyama, an Outside Director, and Kyocera Corporation nor is there any special interest between Kyocera Corporation and Ritsumeikan University where Mr. Aoyama serves as a Professor of Graduate School.

There is no special interest between Ms. Akiko Koyano, an Outside Director, and Kyocera Corporation nor is there any special interest between Kyocera Corporation and Koyano LPC where Ms. Akiko Koyano serves as a Partner Attorney-at-law.

There is no special interest between Mr. Eiji Kakiuchi, an Outside Director, and Kyocera Corporation. Although Kyocera Corporation engages in transactions relating to the sales and purchases of products with SCREEN Holdings Co., Ltd. where Mr. Eiji Kakiuchi serves as a Representative Director, Chairman, Member of the Board, and transactions relating to the sales and purchases of products with various subsidiaries of the said company, the amounts of the applicable business transactions represent less than 1% of the consolidated net sales of either Kyocera Group or the SCREEN Group, therefore, Kyocera deems that this does not affect his independence.

There is no special interest between Mr. Hitoshi Sakata, an Outside Audit & Supervisory Board Member, and Kyocera Corporation nor is there any special interest between Kyocera Corporation and Oike Law Office where Mr. Hitoshi Sakata serves as a Partner Attorney-at-law. In addition, Kyocera Corporation has no special interest with Nippon Shinyaku Co., Ltd. where he served as an Outside Director until June 29, 2021.

There is no special interest between Mr. Masaaki Akiyama, an Outside Audit & Supervisory Board Member, and Kyocera Corporation nor is there any special interest between Kyocera Corporation and Masaaki Akiyama Certified Public Accountant Office where Mr. Masaaki Akiyama serves as a Representative. In addition, Kyocera Corporation has no special interest with Joyful Honda Co., Ltd. where he served as an Outside Audit & Supervisory Board Member until September 16, 2021.

(c) Function and Role of Outside Director and Audit & Supervisory Board Member for Corporate Governance

Kyocera Corporation has strengthened the supervisory function of the Board of Directors and audit function of Directors by appointing three Outside Directors with extensive knowledge and experience as a scholar, attorney-at-law, or top management of a corporate group and two Outside Audit & Supervisory Board Members with extensive knowledge and experience as an attorney-at-law or certified public accountant and having the Directors provide sufficient explanations to the Outside Directors and Outside Audit & Supervisory Board Members at meetings of the Board of Directors and other meetings. In addition, Directors make decisions with an external perspective by exchanging opinions with Outside Directors and Audit & Supervisory Board Members on overall management. Furthermore, Kyocera Corporation has established a sound corporate culture pursuant to the “Kyocera Philosophy,” which is the corporate philosophy based on the general criteria in making judgment, namely “what is the right thing to do as human being.” Kyocera establishes its corporate governance system through practicing the Kyocera Philosophy. Such system is supplemented by the function to check the management by the Outside Directors and Audit & Supervisory Board Members.

The role of each Outside Director and Outside Audit & Supervisory Board Member which Kyocera Corporation expects is as below:

Kyocera Corporation expects that Mr. Atsushi Aoyama will be continuously capable of providing advice on and undertaking supervision of general corporate activities as an Outside Director of Kyocera Corporation, based on his abundant experience and exceptional insight relating to the area of technology management, which creates technological developments and innovation, and carries out research related to research and development and product development processes.

Kyocera Corporation expects that Ms. Akiko Koyano will be continuously capable of providing advice on and undertaking supervision of general corporate activities as an Outside Director of Kyocera Corporation, based on her abundant experience and exceptional insight as an attorney at law specializing in corporate law and wide-ranging insight into social issues, such as gender equality, etc.

Kyocera Corporation expects that Mr. Eiji Kakiuchi will be continuously capable of providing advice on and undertaking supervision of general corporate activities as an Outside Director of Kyocera Corporation, based on his abundant experience and exceptional insight in corporate management as he serves as a top management of a corporate group that operates business globally.

Kyocera Corporation expects that Mr. Hitoshi Sakata will be capable of conducting a general audit of the Kyocera’s global corporate activities as an Outside Audit & Supervisory Board Member based on his abundant experience and exceptional insight as an attorney at law and his familiarity with the field of company legal affairs including Companies Act and overseas intellectual property.

Kyocera Corporation expects that Mr. Masaaki Akiyama will be capable of conducting a general audit of Kyocera’s corporate activities as an Outside Audit & Supervisory Board Member based on his abundant knowledge relating to finance and accounting as a certified public accountant and his abundant experience and exceptional insight.

(d) Thoughts of Kyocera with Respect to the Independence of Outside Director of Kyocera and Reason for Nomination as Independent Director

Kyocera thinks that it is important to retain a person, who has outstanding “personality,” “capability” and “insight” as an Outside Director and an Outside Audit & Supervisory Board Member of Kyocera and to have such person supervise Kyocera’s management from an objective point of view. Kyocera nominates the persons who satisfy the above-mentioned criteria to Outside Director and Outside Audit & Supervisory Board Members. The Outside Directors of Kyocera are selected as independent directors in compliance with the following “Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members,” which Kyocera established, in addition to the requirements concerning the Outside Directors prescribed by the Companies Act and the independence standards prescribed by the financial instruments exchanges. Kyocera judges that an Outside Director and an Outside Audit & Supervisory Board Member who is not fallen under any of the following items is independent of the company.

1. An executive of the Group (notes 1, 2).
2. A person who has been an executive (including a non-executive Director when judging the independence of an Outside Audit & Supervisory Board Member) of the Group in the past 10 years (note 3).
3. A major business partner of the Group (a business partner whose payments to the Group or payments received from the Group in the most recent fiscal year represent 2% or more of the consolidated net sales of either the Company or the business partner) or an executive thereof.
4. A person who is a consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property (10 million yen or more per year in the case of individuals, and 2% or more of the total income per year in the case of a body) from the Group, besides remuneration as a Director or an Audit & Supervisory Board Member.
5. A person who belongs to audit firms which are the Accounting Auditors of the Group.
6. A person who receives a large donation or subsidy (donation or subsidy of an amount equal to or more than 10 million yen or 2% of the total income of the person per year, whichever is greater) from the Group or an executive thereof.
7. A major shareholder (a shareholder who holds shares with 5% or more of total voting rights at the end of the most recent fiscal year) of the Company or an executive thereof.
8. An executive of the company which accept Directors or Audit & Supervisory Board Members (both full-time and part-time) from the Group, its parent companies or subsidiaries (except when the company, its parent companies or subsidiaries belong to the Group).
9. A person who has fallen under any of items 3. through 8. above in the past three years.
10. A spouse or relative within the second degree of kinship, of a person who falls under any of items 1. through 9. above (limited to the person in an important position (note 4)).
11. Any other person who is likely to have serious conflicts of interest with general shareholders.

(Notes) 1. “The Group” means the Company or its subsidiaries.

2. An “executive” means an Executive Director, Operating Officer, Executive Officer or other person or employee similar thereto.
3. When judging the independence of an Outside Director who was a non-executive Director or an Audit & Supervisory Board Member of the Group (in the case of an Outside Audit & Supervisory Board Member who was an Audit & Supervisory Board Member of the Group) at any time in the past 10 years, “the past 10 years” means the 10 years prior to his or her appointment to those positions.
4. An “important position” means a Director, Audit & Supervisory Board Member, Executive Officer, Operating Officer, other person similar thereto, or an employee who executes important operations, such as a general manager.

On the basis of this standards, Kyocera has three Independent Outside Directors and two Independent Outside Audit & Supervisory Board Members who will not have any conflicts of interest with the shareholders in general of Kyocera. Kyocera thinks there is a system for adequate supervision and auditing of Kyocera from an objective point view at this point. Kyocera, therefore, nominated all of these five people as independent Directors of Kyocera set by the Tokyo Stock Exchange.

c. Supervision and Internal Audit by Outside Audit & Supervisory Board Members, Cooperation between Audit by Audit & Supervisory Board Members and Accounting Audit and Relationship with the Internal Control Division

Outside Audit & Supervisory Board Members receive reports from internal audit and control division and discuss the status of the audit every first half and second half. They receive reports from accounting auditors and discuss audit plan and results of the audit every quarter. Besides, they receive reports from full-time audit and supervisory board member and discuss the status of the audit. In addition, they have meetings to discuss about the substance of the audit and share information from time to time.

(3) Status of Audit

a. Audit by Audit & Supervisory Board Members

Kyocera's Audit & Supervisory Board consists of four Audit & Supervisory Board Members, including two outside Audit & Supervisory Board Members. Their career and their attendance for the Audit & Supervisory Board meetings held during the fiscal year are as follows:

Position	Name	Career etc.	Attendances at the meeting of the Audit & Supervisory Board held during the fiscal year
Full-time Audit & Supervisory Board Member	Itsuki Harada	He has long experience in the accounting department and the global audit department of Kyocera and has substantial knowledge of finance and accounting.	100% (9 out of 9)
Full-time Audit & Supervisory Board Member	Shigeru Koyama	He has been served as president and director of one of Kyocera's overseas subsidiaries, and has extensive experience and deep insight regarding its overseas business activities.	100% (9 out of 9)
Outside Audit & Supervisory Board Member	Hitoshi Sakata	He has extensive experience and deep insight as an attorney, as well as great familiarity with corporate legal practice and overseas intellectual property rights.	100% (9 out of 9)
Outside Audit & Supervisory Board Member	Masaaki Akiyama	He has extensive experience and deep insight as a certified public accountant and has substantial knowledge of finance and accounting.	100% (9 out of 9)

The items to be audited based on the audit policy and plan decided by the Audit & Supervisory Board in the fiscal year are as follows:

Items	Details of the audit
Permeation status of corporate ethics	<ul style="list-style-type: none"> • Permeation status of Kyocera Philosophy • Motivation of employees to work
Current initiatives for key management issues	<ul style="list-style-type: none"> • Achievement status of management policy and key directive • Progress status of management plan • Status of grasping and responding to management issues • Confirmation of the impact of the spread of COVID-19 and the status of countermeasures
Compliance with laws and Articles of Incorporation	<ul style="list-style-type: none"> • Confirmation of the legality of management decision • Compliance with fiduciary duty of director • The appropriateness of disclosures under the Companies Act as well as the Financial Instrument and Exchange Act of Japan • Compliance with and operation of laws
The effectiveness of internal control system	<ul style="list-style-type: none"> • Status of the design and operation of company regulations • Status of the design and operation of the framework for information management • Operation status of consultation desks of inside and outside the company • Status of organization and operation of quality management systems, environmental conservation and others • Status of improvement in response to indications from internal audits
Status of the design of risk management system	<ul style="list-style-type: none"> • Status of risk management organization and risk management operation • Status of risk assessment in each division • Status of risk countermeasures and the dissemination
Grasping the status of the management in subsidiaries	<ul style="list-style-type: none"> • System to grasp the status of the management in subsidiaries • Status of the design and operation of the internal control system in subsidiaries
Timely disclosure of business results	<ul style="list-style-type: none"> • Announcement of the financial results • Timely and appropriate disclosure of corporate information

The main activities of each Audit & Supervisory Board Members in relation to audit items are as follows. The results of audits conducted by Full-time Audit & Supervisory Board Member are reported to other Audit & Supervisory Board Member as appropriate.

Main activities	Person in charge
Confirming the management decision-making process and internal control environment by the attendance of the Board of Directors	All Audit & Supervisory Board Member
Attendance at important meetings such as the Kyocera Group Management Committee to confirm the status of initiatives for key management issues	Only Full-time Audit & Supervisory Board Member
Ascertaining the status of business activities by holding hearings with each division, plant and office of Kyocera Head Office	Only Full-time Audit & Supervisory Board Member
Confirming the status of audit and internal control based on the regular meetings with their Corporate Auditors of the subsidiary	All Audit & Supervisory Board Member
Confirming the status of internal control and asset management by visiting audit affiliated based on a certain rotation	Only Full-time Audit & Supervisory Board Member
Sharing issues of internal control and business operation based on audit results of Corporate Global Audit Division	Only Full-time Audit & Supervisory Board Member
Exchange of opinion on audit plan and Key Audit Matters (KAM) with audit firms	All Audit & Supervisory Board Member
Holding regular meetings with audit firm to discuss about the audit results and confirm financial results	All Audit & Supervisory Board Member
Review of independence of audit firms and appropriateness of audit	All Audit & Supervisory Board Member
Confirming business results through financial reporting meetings	All Audit & Supervisory Board Member
Investigation based on the system for internal complaint reporting to the Audit & Supervisory Board	Only Full-time Audit & Supervisory Board Member
Inspection of minutes of Kyocera Board of Directors Meeting, reporting documents of each business group and document related to financial results, etc.	Only Full-time Audit & Supervisory Board Member
Meetings with Representative Directors to exchange opinions regarding management of the company in general	All Audit & Supervisory Board Member
Regular meetings with Outside Directors to communicate and share a common perception	All Audit & Supervisory Board Member

It was difficult for the Audit & Supervisory Board to conduct on-site audits overseas during the fiscal year due to the continued strict movement restrictions by the impact of the spread of COVID-19. Instead, the Audit & Supervisory Board interviewed with head of each division, and exchanged information with the Corporate Global Audit Division which was established as internal audit division, internal audit division of the associates, Corporate Auditors of the associates and others.

b. Internal Audit

The “Corporate Global Audit Division” which was established as internal audit division to conduct regularly audits of Kyocera and its consolidated subsidiaries and to report the results of such audits to the Directors and Audit & Supervisory Board Members of Kyocera. The number of members of “Corporate Global Audit Division” is 87 people at the date of submission.

The internal audit division and the Audit & Supervisory Board Members report with each other and discuss the status and result of the audit in a timely manner. Besides, they meet from time to time to discuss the substance of audit and exchange information.

The internal audit division and accounting auditors discuss the status and result of the audit in a timely manner. Besides, they meet from time to time to discuss the substance of audit and exchange information.

The internal audit division, accounting auditors and internal control division hold meetings regarding status in establishment of internal control as necessary from time to time.

c. Summary of Certified Public Accountants Who Execute Audit

(a) The Name of Audit Firm

PricewaterhouseCoopers Kyoto

(b) The Year of Service Served by the Accounting Auditor

From the year ended March 31, 1970.

Kyocera engaged Kyoto Audit Corporation, currently PricewaterhouseCoopers Kyoto, since the year ended March 31, 2008. Kyocera engaged Kyoto office of Chuo Accounting Office, substantial predecessor of PricewaterhouseCoopers Kyoto, in the year ended March 31, 1970. Therefore, the year of service served by the accounting auditor is described from the year ended March 31, 1970.

(c) Name and Term of Certified Public Accountants Who Execute the Audit

Engagement partner from PricewaterhouseCoopers Kyoto

Yukihiro Matsunaga (Number of years of continuous service: 1 year)

Hiroyuki Yano (Number of years of continuous service: 6 years)

Toru Tamura (Number of years of continuous service: 1 year)

The number of years of continuous service for Hiroyuki Yano includes the term which was involved in the audit of a consolidated subsidiary and the deemed involvement period.

(d) Structure of Supporter Related to Audit

Certified public accountants: 5 people

Associate from the Japanese Institute of Certified Public Accountants: 5 people

Others: 15 people

(e) Policy and Reason for Electing the Audit Firm

Audit and Supervisory Board of Kyocera selects audit firm taking into account the policy of specialists, view, independence, specialized knowledge, size, number of people, capability and proficiency of audit-related service, quality management system of audit, the results and remuneration provision.

Besides, should anything occur to negatively impact the qualifications or independence of the Accounting Auditor, making it unlikely that such Accounting Auditor will be able to properly perform an audit, the Audit & Supervisory Board shall determine the resolution to be proposed to the General Meeting of Shareholders to terminate or not to reappoint such Accounting Auditor.

Audit and Supervisory Board of Kyocera selects the audit firm, taking into account that PricewaterhouseCoopers Kyoto has adequate capability, system and credential to conduct appropriate audit and not fit into policy of decision to terminate or not to reappoint Accounting Auditor.

(f) The Assessment of Audit Firm by Audit & Supervisory Board

Audit and Supervisory Board of Kyocera assesses the audit firm. The assessment is conducted by confirming the status through audit plan, quarterly reports of the result of audit and meetings from time to time.

d. Details of Audit Fees and Other Matters

(a) Details of Fees Paid to the Certified Public Accountant Auditor

(Yen in millions)

Classification	For the year ended March 31,			
	2021		2022	
	Audit Fees	Not Audit Fees	Audit Fees	Not Audit Fees
Kyocera Corporation	218	22	199	13
Consolidated subsidiaries	192	6	190	12
Total	410	28	389	25

Details of Non-Auditing Work Performed by the Certified Public Accountant Auditor of Kyocera

(For the year ended March 31, 2021)

Kyocera Corporation and its consolidated subsidiaries paid consideration to PricewaterhouseCoopers Kyoto for the advisory service relating to financial report.

(For the year ended March 31, 2022)

Kyocera Corporation and its consolidated subsidiaries paid consideration to PricewaterhouseCoopers Kyoto for the advisory service relating to financial report.

(b) Details of Fees Paid to PricewaterhouseCoopers, which Belongs to the Same Network as the Certified Public Accountant Auditor (Excluding (a))

(Yen in millions)

Classification	For the year ended March 31,			
	2021		2022	
	Audit Fees	Not Audit Fees	Audit Fees	Not Audit Fees
Kyocera Corporation	—	152	—	45
Consolidated subsidiaries	1,492	329	1,589	324
Total	1,492	481	1,589	369

Details of Non-Auditing Work Performed by PricewaterhouseCoopers, which Belongs to the Same Network as the Certified Public Accountant Auditor

(For the year ended March 31, 2021)

Kyocera Group paid consideration to PricewaterhouseCoopers for the tax services.

(For the year ended March 31, 2022)

Kyocera Group paid consideration to PricewaterhouseCoopers for the tax services.

(c) Details of Other Significant Audit Fees

Not Applicable.

(d) Policy for Determining Audit Fees

Kyocera enters into an audit contract, which includes an audit fee, after examining the appropriateness of the amount and the independence of the audit firm, based on the size and nature of Kyocera's business.

(e) The Reason for Audit & Supervisory Board Members Agreed to Audit Fees

Audit & Supervisory Board agrees to the fee of Accounting Auditor based on Article 399, paragraph (1) the Companies Act through following measures. Audit & Supervisory Board obtains the necessary materials from Directors, relevant internal company divisions and Accounting Auditor and receives the reports. And Audit & Supervisory Board confirms audit content, hours and details and trend of its fee in the previous fiscal year, and considers estimates of audit fee in the fiscal year.

(4) Remuneration of Directors

a. Amount of Remuneration by Classification, Components and Number of Directors

(Yen in millions)

Classification	Total amount of remuneration	Basic remuneration		Performance-linked remuneration (Bonuses to Directors)		Non-monetary remuneration (Restricted Stock Compensation)	
		Total amount	Number of persons paid	Total amount	Number of persons paid	Total amount	Number of persons paid
Directors (excluding Outside Directors)	390	145	12	191	6	54	6
Outside Directors	39	39	4	—	—	—	—
Auditors (excluding Outside Auditors)	48	48	2	—	—	—	—
Outside Auditors	22	22	2	—	—	—	—
Total	499	254	20	191	6	54	6

- (Notes) 1. Aside from the remuneration in the above table, the aggregate amount of remuneration to Directors (excluding Outside Directors) was 295 million yen in remuneration for services as employees or Executive Officers for those Directors who serve as such.
2. Bonuses to Directors are paid to Directors as performance-linked remuneration. The performance indicator for bonuses to Directors is profit attributable to owners of the parent and this amounted to 148,414 million yen. This was selected as a performance indicator to clarify its linkage with dividends and to ensure conformance with the interests of shareholders. The amount of bonuses to Directors is calculated by multiplying a prescribed numerical value determined based on the performance indicator by a prescribed coefficient based on the position of the Director and a coefficient for individual assessments based on the degree of contribution to performance.
3. Restricted Stock Compensation is issued to Directors as non-monetary remuneration. Restricted Stock Compensation consists of Kyocera Corporation's common stock (restricted stock) and the delivery conditions and circumstances are as described in "c. The Contents of Policies of Calculating the Amount of Remuneration to the Directors and Procedures in Determining of Remuneration (b) Decision Policy Regarding the Details of Individual Remuneration for Directors ii. Outline of the Details of the Decision Policy" and "2 Acquisition of Treasury Stock and Other Related Status (4) Current Status of the Disposition and Holding of Acquired Treasury Stock."
4. Regarding basic remuneration and restricted stock compensation for fiscal 2022, the Board of Directors has consulted with the Nomination and Remuneration Committee in advance about the payment criteria and stock granting criteria for each position and obtained a report. Messrs. Goro Yamaguchi, Chairman and Representative Director, and Hideo Tanimoto, President and Representative Director, who have been delegated authority by the Board of Directors, determined the amounts of individual compensation according to details of the report. This delegated authority consists of determining the payment amounts and the number of allotted shares, etc. This authority was delegated because the Chairman of the Board and Representative Director and the President and Representative Director are the most suitable persons for evaluating the roles and responsibilities of each Director while having an overall view of the business results of the entire Kyocera Group. Regarding director bonuses for fiscal 2022, following the 68th Ordinary General Meeting of Shareholders, details of individual remuneration were determined using in the same process.

b. Remuneration of Directors Who Earned or Earned More Than a Total of 100 Million Yen on Consolidated Basis

(Yen in millions)

Name	Company and Post	Components			Amount
		Basic remuneration	Performance-linked remuneration	Non-monetary remuneration	
Goro Yamaguchi	Kyocera Corporation (Submit company) Chairman of the Board and Representative Director	60	72	18	150
Hideo Tanimoto	Kyocera Corporation (Submit company) President and Representative Director	67	80	20	167

(Note) The positions of Goro Yamaguchi and Hideo Tanimoto represent their positions as of March 31, 2022.

c. The Contents of Policies of Calculating the Amount of Remuneration to the Directors and Procedures in Determining of Remuneration

(a) Contents of the Resolution on the General Meeting of Shareholders

Regarding basic remuneration and bonuses for Directors, at the 55th Ordinary General Meeting of Shareholders held on June 25, 2009, it was resolved that the amount of basic remuneration payable to Directors shall be no more than 400 million yen per year (not including salaries for services as employees or Executive Officers for those Directors who serve as such), and the aggregate amount of bonuses payable to Directors shall not exceed 0.2% of the consolidated net income* of Kyocera for the relevant fiscal year, provided that such amount of bonuses shall in no case exceed 300 million yen annually. The number of Directors stood at 12 at the end of this Ordinary General Meeting of Shareholders.

(Note) As of June 25, 2009, “No more than 0.2% of the Consolidated Net Income of Kyocera” was determined based on U.S. GAAP. The account is presented based on IFRS from the 65th business term.

Regarding restricted stock compensation for Directors, at the 65th Ordinary General Meeting of Shareholders held on June 25, 2019, separate from basic remuneration and bonuses to Directors, it was resolved that their total compensation amounts shall be no more than 100 million yen per year as well as no more than 0.1% of the profit attributable to owners of the parent as the reasonable amounts and that the number of shares shall be no more than 25,000 shares per year (Outside Directors are not eligible for share grants). The number of Directors stood at 13 (excluding Outside Directors) at the end of this Ordinary General Meeting of Shareholders.

The amount of basic remuneration for Audit & Supervisory Board Members was determined by a resolution adopted at the 55th General Meeting of Shareholders, which was held on June 25, 2009, and shall be no more than 100 million yen per year. The number of Audit & Supervisory Board Members stood at five at the conclusion of the Ordinary General Meeting of Shareholders.

(b) Decision Policy Regarding the Details of Individual Remuneration for Directors (hereafter referred to as “Decision Policy”)

i. Method for determining the Decision Policy

Kyocera Corporation resolved the Decision Policy at the Board of Directors meeting convened on February 26, 2021. At the time of the resolution of the Board of Directors meeting, consultation on the details of the resolution was conducted with the Nomination and Remuneration Committee in advance and a report was obtained.

ii. Outline of the Details of the Decision Policy

[Basic policy]

- The remuneration system for Directors is designed to be a mechanism that effectively encourages Directors to thoroughly demonstrate their abilities and fulfill their roles and responsibilities toward the healthy and sustainable growth of the Kyocera Group.
- The remuneration level of Directors shall be set at an appropriate level by referring to objective data from external specialist organizations while giving consideration to securing and maintaining excellent human resources necessary for realizing the management rationale.
- Regarding the remuneration system and remuneration level of Directors, high objectivity and transparency in the process for determining remuneration for Directors shall be assured by making decisions according to a resolution by the Board of Directors based on the deliberations with and reports from the Nomination and Remuneration Committee, which consists of a majority of Outside Directors.

[Remuneration Composition and Proportion]

<Representative Directors/Executive Directors>

- Compensation for Representative Directors and Executive Directors consists of “basic remuneration,” “bonuses to Directors,” and “restricted stock compensation.”
- Based on the belief that a system for the healthy and sustainable growth of the Kyocera Group is important, the proportion of basic remuneration and restricted stock compensation is determined placing emphasis on the level and stability of basic remuneration as well as giving consideration to the pursuit of shareholder interests. Moreover, the higher the position of the Director, the higher the proportion of the restricted stock compensation to basic remuneration.
- For bonuses to Directors, to ensure maximize incentives for growing business results, no limit shall be established for proportions of basic remuneration or restricted stock compensation.

<Outside Directors>

- The remuneration of Outside Directors with duties independent of business execution shall consist only of “basic remuneration.”

[Details of Each Type Remuneration]

<Basic Remuneration>

- This is monetary remuneration paid monthly according to the responsibilities of the Directors, and for individual payment levels of the payment amount will be determined according to each respective role upon taking into consideration the payment levels of other companies in the same industry.
- The annual amount shall be paid monthly in 12 equal portions.

<Bonuses to Directors>

- This is monetary remuneration paid according to the degree of contribution of each Director to business results in the relevant fiscal year. The performance indicator is “profit attributable to owners of the parent,” which represents the result of the Kyocera Group’s annual corporate activities. This is calculated by multiplying the numerical value determined based on this performance indicator by a prescribed coefficient according to the position of the Director and a coefficient for individual assessment according to the degree of contribution to performance.
- Provided once per year following the end of the business year.

<Restricted Stock Compensation>

- This is remuneration that provides Kyocera Corporation’s common stock (restricted stock) for the purpose of further sharing value with shareholders while granting incentives to continuously improve medium- to-long-term corporate value of Kyocera and shareholder value. Specifically, monetary compensation claims are paid to Directors, and Directors receiving this payment are paid entirely with assets contributed in-kind for the issue or disposal of Kyocera Corporation’s common stock (restricted stock). The amount to be paid to each Director shall be determined by position.
- Granted once a year in each business year.

[Process for Determining Remuneration]

- The Nomination and Remuneration Committee composed of a majority of Outside Directors shall be established as an advisory body to the Board of Directors. This committee receives inquiries from the Board of Directors and also upon referring to objective data such as benchmark results of executive compensation provided by external specialist organizations the committee validates the appropriateness of the Director remuneration system that encompasses the basic remuneration payment standard, the bonuses to Directors calculation standard, and restricted stock compensation grant standard, and the results shall be reported to the Board of Directors.
- The Chairman of the Board and Representative Director and the President and Representative Director shall be delegated with the authority to determine specific details for the amounts of individual remuneration for Directors based on a resolution of the Board of Directors. The details of their authority shall be as follows.

Basic remuneration	Determine the payment amount by position
Bonuses for Directors	Assess individuals and determine payment amount according to the degree of contribution to business results
Restricted stock compensation	Determine the amount of payment and the number of shares to be allotted by position

- To ensure that such authority is properly exercised by the Chairman of the Board and Representative Director and the President and Representative Director, the Board of Directors shall consult with and obtain a report from the Nomination and Remuneration Committee on the payment standards, calculation method and grant standards for each type of remuneration by position and the Chairman of the Board and Representative Director and the President and Representative Director who have been delegated authority as mentioned above shall make their determinations in accordance with the contents of the relevant report, and shall report the results of the determined payment amount and the number of shares to be allotted to the Nomination and Remuneration Committee.

iii. Reasons the Board of Directors determined that individual remuneration for Directors for the current fiscal year is in accordance with the Decision Policy

Regarding the details of individual remuneration for Directors for fiscal 2022, the Nomination and Remuneration Committee has made a report in advance after undertaking a multifaceted examination that includes consistency with details prescribed in the Decision Policy regarding the payment standard, calculation method and grant standard for each type of remuneration. The Board of Directors judged that this is in accordance with the Decision Policy because the Chairman of the Board and Representative Director and the President and Representative Director, who have been delegated authority by the Board of Directors, have determined remuneration is in accordance with the details of the aforementioned report.

(5) Status of Shareholdings

a. Standard and Views on Stocks for Investment

Kyocera does not hold shares for pure investment purposes whose purpose is to earn profits from fluctuations in the value of shares. Kyocera holds shares with the objective of enhancement and maintenance of business relationships and improving corporate value over the medium to long-term, and classifies all of shares as investment other than pure investment purposes.

b. Stocks for Investment Held for Purposes Other than Pure Investment

(a) Policy of Shareholdings and Methods to Assess the Rationale of Shareholdings and Verification of Appropriateness of Each Shareholding at the Meetings of the Board of Directors

Kyocera Group Management Committee and our Board of Directors conduct an annual review of all crossholdings of shares to assess whether continued holding of the relevant shares is appropriate, taking into account business needs, such as maintenance and/or enhancement of business relationships and efficiency in use of assets, including capital costs, with respect to individual shares. For any shares as to which a justifiable reason for holding them cannot be identified, we decrease our holdings of such shares through discussions with the issuing companies.

(b) Number of Shares and Amount Recorded on the Balance Sheet

	Number of Issuers	Amount on Balance Sheet (Yen in millions)
Unlisted stock	50	36,408
Other than unlisted stock	20	1,414,813

(The number of stocks increased during this year end)

	Number of Issuers	Acquisition Amount (Yen in millions)	Reason for Increase in the Number
Unlisted stock	3	1,246	Acquiring of management resources for business expansion and research and development.
Other than unlisted stock	3	2	Enhancing and maintaining of business relationships. Changes in classification due to listing.

(The number of stocks decreased during this year end)

	Number of Issuers	Sold Amount (Yen in millions)
Unlisted stock	7	1,527
Other than unlisted stock	—	—

(c) Information of Number and Amount Recorded on the Balance Sheet of Specified Investment Shares and Deemed Stockholdings

Specified Investment Shares

Stock name	As of March 31, 2022	As of March 31, 2021	Purpose and quantitative effect of holding, and reason for increase in number of shares held	Holding of Kyocera's shares
	Number of shares	Number of shares		
	Amount on balance sheet (Yen in millions)	Amount on balance sheet (Yen in millions)		
KDDI CORPORATION	335,096,000	335,096,000	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining business relationships and shareholdings as well as the social significance of the company.	No
	1,342,059	1,137,651	Kyocera established Daini Denden Co., Ltd. (currently KDDI Corporation) under the corporate philosophy of "To contribute to the advancement of society and humankind." Kyocera intends to maintain holding shares to pursue a strategic alliance with this company with the aim of increasing corporate value over the medium to long term.	
DAIKIN INDUSTRIES, LTD.	1,131,600	1,131,600	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining cooperative and business relationships, and shareholdings.	Yes
	25,359	25,257		
Japan Airlines Co., Ltd.	7,638,400	7,638,400	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining business relationships and shareholdings.	No
	17,492	18,867		
The Bank of Kyoto, Ltd.	1,596,059	1,596,059	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining cooperative relationships, facilitation of financial transactions and shareholdings.	Yes
	8,539	10,869		
Murata Manufacturing Co., Ltd.	725,400	725,400	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining cooperative and business relationships, and shareholdings.	Yes
	5,888	6,414		
SPCG Public Company Limited	63,500,000	63,500,000	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining business relationships and shareholdings.	No
	3,955	4,284		
NIDEC CORPORATION	381,700	381,700	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining cooperative and business relationships, and shareholdings.	Yes
	3,721	5,128		
ROHM Co., Ltd.	260,000	260,000	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining cooperative and business relationships, and shareholdings.	Yes
	2,493	2,811		

Stock name	As of March 31, 2022	As of March 31, 2021	Purpose and quantitative effect of holding, and reason for increase in number of shares held	Holding of Kyocera's shares
	Number of shares	Number of shares		
	Amount on balance sheet (Yen in millions)	Amount on balance sheet (Yen in millions)		
Daiwa Securities Group Inc.	2,151,366	2,151,366	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining cooperative and business relationships, facilitation of financial transactions and shareholdings.	Yes
	1,490	1,231		
Mitsubishi UFJ Financial Group, Inc.	1,576,060	1,576,060	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining cooperative and business relationships, facilitation of financial transactions and shareholdings.	Yes *1
	1,198	933		
Wacoal Holdings Corp.	478,500	478,500	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining cooperative and business relationships, and shareholdings.	Yes *1
	881	1,175		
Naito & Co., Ltd.	3,080,000	3,080,000	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining business relationships and shareholdings.	No
	533	533		
NAKAYAMA FUKU CO., LTD.	922,038	920,277	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by strengthening and maintaining business relationships and shareholdings. <The reason for increase in number of shares held> In order to enhance transactions, shares were acquired through the client stock ownership plan.	No
	328	453		
TOKYO SEIMITSU CO., LTD.	55,000	55,000	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining cooperative and business relationships, and shareholdings.	Yes
	268	277		
Shinko Shoji Co., Ltd.	240,000	240,000	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining cooperative and business relationships, and shareholdings.	Yes
	219	192		
Transphorm, Inc.	215,220	—	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining business relationships and shareholdings. <The reason for increase in number of shares held> Investee's listing on the Nasdaq Capital Market in February 2022	No
	185	—		
Sumitomo Mitsui Financial Group, Inc.	26,318	26,318	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining cooperative and business relationships, facilitation of financial transactions and shareholdings.	Yes *1
	103	105		

Stock name	As of March 31, 2022	As of March 31, 2021	Purpose and quantitative effect of holding, and reason for increase in number of shares held	Holding of Kyocera's shares
	Number of shares	Number of shares		
	Amount on balance sheet (Yen in millions)	Amount on balance sheet (Yen in millions)		
Kyushu Financial Group, Inc.	192,712	192,712	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining cooperative and business relationships, facilitation of financial transactions and shareholdings.	Yes *1
	77	92		
YONDOSHI HOLDINGS INC.	13,219	12,534	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by strengthening and maintaining business relationships and shareholdings. <The reason for increase in number of shares held> In order to enhance transactions, shares were acquired through the client stock ownership plan.	No
	22	24		
Mizuho Financial Group, Inc	2,000	2,000	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining cooperative and business relationships, facilitation of financial transactions and shareholdings.	Yes *1
	3	3		

(Notes) 1. Major subsidiaries of issuers hold shares of Kyocera.

2. Quantitative holding effects are not included for business reasons, but Kyocera verifies the method described in “b. Stocks for Investment Held for Purposes Other than Pure Investment (a) Policy of Shareholdings and Methods to Assess the Rationale of Shareholdings and Verification of Appropriateness of Each Shareholding at the Meetings of the Board of Directors” and considers that there is sufficient holding rationality.

Deemed Stockholdings

Not Applicable.

c. Stocks for Investment Held for Pure Investment Purposes

Not Applicable.

V. Financial Information

1. Consolidated Financial Statements and Other Information

(1) Consolidated Financial Statements

a. Consolidated Statement of Financial Position

(Yen in millions)

	Note	As of March 31,	
		2021	2022
Assets			
Current assets			
Cash and cash equivalents	8	386,727	414,129
Short-term investments	10, 32	79,852	25,460
Trade and other receivables	9, 26, 32	339,621	379,066
Other financial assets	10, 20, 32	17,504	18,623
Inventories	11	345,354	452,506
Other current assets	12	30,706	39,339
Total current assets		1,199,764	1,329,123
Non-current assets			
Equity and debt instruments	10, 32	1,264,453	1,469,133
Investments accounted for using the equity method	13, 36	16,975	15,795
Other financial assets	10, 20, 32	43,101	41,540
Property, plant and equipment	14, 16, 19	439,109	512,175
Right-of-use assets	16, 20	38,639	40,703
Goodwill	7, 15, 16	256,532	262,985
Intangible assets	15, 16	151,295	149,879
Deferred tax assets	17	36,624	36,483
Other non-current assets	12, 21	46,978	59,449
Total non-current assets		2,293,706	2,588,142
Total assets		3,493,470	3,917,265

The accompanying notes are an integral part of these statements.

(Yen in millions)

	Note	As of March 31,	
		2021	2022
Liabilities and Equity			
Liabilities			
Current liabilities			
Borrowings	19, 32	40,020	79,382
Trade and other payables	18, 32	183,145	222,962
Lease liabilities	32	15,863	17,326
Other financial liabilities	32	7,669	16,552
Income tax payables		15,584	20,390
Accrued expenses	26, 32	120,165	134,282
Provisions	22	6,403	7,010
Other current liabilities	19, 23, 26	34,004	41,445
Total current liabilities		422,853	539,349
Non-current liabilities			
Borrowings	19, 32	57,888	17,163
Lease liabilities	32	34,051	35,390
Retirement benefit liabilities	21	23,624	23,129
Deferred tax liabilities	17	309,951	384,513
Provisions	22	8,432	9,631
Other non-current liabilities	23	20,561	9,817
Total non-current liabilities		454,507	479,643
Total liabilities		877,360	1,018,992
Equity			
Common stock	24	115,703	115,703
Capital surplus		122,745	122,751
Retained earnings		1,750,259	1,846,102
Other components of equity	24	671,951	880,297
Treasury stock	24	(69,243)	(93,299)
Total equity attributable to owners of the parent		2,591,415	2,871,554
Non-controlling interests	33	24,695	26,719
Total equity		2,616,110	2,898,273
Total liabilities and equity		3,493,470	3,917,265

The accompanying notes are an integral part of these statements.

b. Consolidated Statement of Profit or Loss

(Yen in millions)

	Note	For the year ended March 31,	
		2021	2022
Sales revenue	6, 26	1,526,897	1,838,938
Cost of sales	11, 14, 15, 21, 27	1,119,950	1,325,295
Gross profit		406,947	513,643
Selling, general and administrative expenses	14, 15, 16, 21, 27, 28	336,303	364,733
Operating profit		70,644	148,910
Finance income	10, 29	45,650	45,208
Finance expenses	29	2,194	2,750
Foreign exchange gains (losses)	32	375	2,748
Share of net profit (loss) of investments accounted for using the equity method	13	261	(807)
Other, net		2,823	5,638
Profit before income taxes	6	117,559	198,947
Income taxes	17	24,209	46,911
Profit for the year		93,350	152,036

Profit attributable to:			
Owners of the parent		90,214	148,414
Non-controlling interests		3,136	3,622
Profit for the year		93,350	152,036

Per share information:			
Earnings per share attributable to owners of the parent	30		
Basic and diluted (Yen)		248.91	411.15

The accompanying notes are an integral part of these statements.

c. Consolidated Statement of Comprehensive Income

(Yen in millions)

	Note	For the year ended March 31,	
		2021	2022
Profit for the year		93,350	152,036
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	24	66,730	144,547
Re-measurement of defined benefit plans	21, 24	21,146	9,502
Total items that will not be reclassified to profit or loss		87,876	154,049
Items that may be reclassified subsequently to profit or loss:			
Net changes in fair value of cash flow hedge	24	144	34
Exchange differences on translating foreign operations	24	33,331	64,218
Share of other comprehensive income of investments accounted for using the equity method	13, 24	108	267
Total items that may be reclassified subsequently to profit or loss:		33,583	64,519
Total other comprehensive income		121,459	218,568
Comprehensive income for the year		214,809	370,604

Comprehensive income attributable to:			
Owners of the parent		210,784	365,805
Non-controlling interests		4,025	4,799
Comprehensive income for the year		214,809	370,604

The accompanying notes are an integral part of these statements.

d. Consolidated Statement of Changes in Equity

For the year ended March 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, 2020		115,703	123,539	1,686,672	575,495	(69,275)	2,432,134	22,108	2,454,242
Profit for the year				90,214			90,214	3,136	93,350
Other comprehensive income					120,570		120,570	889	121,459
Total comprehensive income for the year		—	—	90,214	120,570	—	210,784	4,025	214,809
Cash dividends	25			(50,741)			(50,741)	(1,757)	(52,498)
Purchase of treasury stock						(17)	(17)		(17)
Reissuance of treasury stock			17			49	66		66
Transactions with non-controlling interests	33		(811)				(811)	319	(492)
Transfer to retained earnings	24			24,114	(24,114)		—		—
Others							—		—
Balance as of March 31, 2021		115,703	122,745	1,750,259	671,951	(69,243)	2,591,415	24,695	2,616,110

For the year ended March 31, 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, 2021		115,703	122,745	1,750,259	671,951	(69,243)	2,591,415	24,695	2,616,110
Profit for the year				148,414			148,414	3,622	152,036
Other comprehensive income					217,391		217,391	1,177	218,568
Total comprehensive income for the year		—	—	148,414	217,391	—	365,805	4,799	370,604
Cash dividends	25			(61,616)			(61,616)	(2,756)	(64,372)
Purchase of treasury stock	24					(24,111)	(24,111)		(24,111)
Reissuance of treasury stock			27			55	82		82
Transactions with non-controlling interests							—		—
Transfer to retained earnings	24			9,045	(9,045)		—		—
Others			(21)				(21)	(19)	(40)
Balance as of March 31, 2022		115,703	122,751	1,846,102	880,297	(93,299)	2,871,554	26,719	2,898,273

The accompanying notes are an integral part of these statements.

e. Consolidated Statement of Cash Flows

(Yen in millions)

	Note	For the year ended March 31,	
		2021	2022
Cash flows from operating activities:			
Profit for the year		93,350	152,036
Depreciation and amortization		109,058	128,960
Finance expenses (income)	29	(43,456)	(42,458)
Share of net profit (loss) of investments accounted for using the equity method	13	(261)	807
Impairment loss	16	11,666	2,400
(Gains) losses from sales or disposal of property, plant and equipment		149	(8,052)
Income taxes	17	24,209	46,911
(Increase) decrease in trade and other receivables		(6,968)	(29,147)
(Increase) decrease in inventories		10,156	(85,344)
(Increase) decrease in other assets		8,593	12,784
Increase (decrease) in trade and other payables		(11,753)	(3,821)
Increase (decrease) in accrued expenses		(2,748)	4,162
Increase (decrease) in provisions	22	(9,258)	1,056
Increase (decrease) in other liabilities		3,765	114
Other, net		(1,845)	(2,122)
Subtotal		184,657	178,286
Interests and dividends received		49,314	45,479
Interests paid		(1,944)	(2,297)
Income taxes refund (paid)		(11,206)	(19,511)
Net cash provided by operating activities		220,821	201,957
Cash flows from investing activities:			
Payments for purchases of property, plant and equipment		(122,838)	(134,490)
Payments for purchases of intangible assets		(9,288)	(12,412)
Proceeds from sales of property, plant and equipment		952	11,059
Acquisitions of business, net of cash acquired	7, 31	(59,877)	(1,680)
Acquisition of time deposits and certificate of deposits		(114,616)	(90,530)
Withdrawal of time deposits and certificate of deposits		105,719	121,332
Payments for purchases of securities		(13,960)	(2,801)
Proceeds from sales and maturities of securities		31,478	30,279
Other, net		(1,362)	(214)
Net cash used in investing activities		(183,792)	(79,457)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings	31	(4,406)	(135)
Proceeds from long-term borrowings	31	7,273	11,739
Repayments of long-term borrowings	31	(9,489)	(14,363)
Repayments of lease liabilities	20, 31	(20,992)	(20,829)
Dividends paid		(52,351)	(63,774)
Purchase of treasury stock	24	(17)	(24,111)
Other, net		(986)	0
Net cash used in financing activities		(80,968)	(111,473)
Effect of exchange rate changes on cash and cash equivalents		11,046	16,375
Increase (decrease) in cash and cash equivalents		(32,893)	27,402
Cash and cash equivalents at the beginning of the year		419,620	386,727
Cash and cash equivalents at the end of the year	8	386,727	414,129

The accompanying notes are an integral part of these statements.

Notes to 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 consolidated financial statements as of and for the year ended March 31, 2022 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 materials and 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 "6. Segment Information."

2. Basis of Preparation

(1) Compliance with IFRS

The consolidated financial statements of Kyocera have been prepared in accordance with International Financial Reporting Standards (hereinafter, "IFRS") issued by International Accounting Standards Board pursuant to the provision of Article 93 of Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements under Japanese Law, as Kyocera meets the criteria of a "specified company complying with designated international accounting standards" defined under Article 1-2.

(2) Basis of Measurement

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

(4) Change in Accounting Policy

Kyocera has adopted the mandatory standards and interpretations from the year ended March 31, 2022. This change had no material impact on the Kyocera's consolidated financial statements.

(5) Change in Presentation

Statement of Consolidated Cash Flows

"Purchase of treasury stock" which was included in "other, net" of cash flows from financing activities for the year ended March 31, 2021 has been separately presented for the year ended March 31, 2022 due to an increase in its quantitative significance.

"Reissuance of treasury stock" and "purchase of non-controlling interests" which were separately presented in cash flows from financing activities for the year ended March 31, 2021 has been included in "other, net" for the year ended March 31, 2022 due to a decrease in those quantitative significance.

To reflect these changes in presentation, Kyocera has reclassified the consolidated statement of cash flows for the year ended March 31, 2021.

As a result, 1 million yen of "reissuance of treasury stock," (1,036) million yen of "purchase of non-controlling interests" and 32 million yen of "other, net," which were previously presented as cash flows from financing activities were reclassified as (17) million yen of "purchase of treasury stock" and (986) million yen of "other, net."

3. Significant Accounting Policies

(1) Basis of Consolidation

a. Subsidiaries

A subsidiary is an entity that is controlled by Kyocera. Kyocera controls an entity when Kyocera is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are consolidated from the date on which Kyocera first obtains control until the date on which the control is lost.

If any accounting policies applied by subsidiaries are different from those applied by Kyocera, adjustments are made to the subsidiary's financial statements, as needed. All intragroup balances, transactions and unrealized gains or losses arising from intragroup transactions are eliminated on consolidation.

Any changes in Kyocera's ownership interest that do not result in a loss of control of subsidiaries are accounted for as equity transactions. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the parent. When Kyocera loses control of a subsidiary, gains and losses arising from the loss of control are recognized in profit or loss.

b. Associates

An associate is an entity over which Kyocera has significant influence over their financial and operating policies but does not have control. Associates are accounted for using the equity method from the date on which Kyocera has significant influence until the date on which Kyocera ceases to have significant influence.

(2) Business Combination

Business combinations are accounted for using the acquisition method and acquisition-related costs are expensed as incurred. Each identifiable asset acquired, liability and contingent liability assumed in a business combination is measured at fair value at its acquisition date.

The excess of the consideration transferred, the amount of non-controlling interests in the acquiree and the fair value of the equity interest in the acquiree previously held by the acquirer over the fair value of identifiable net assets acquired at the acquisition date is recognized as goodwill. If the total is less than the fair value of the identifiable net assets, the difference is recognized in profit or loss. Consideration transferred is calculated as the total of the fair value of the assets transferred, liabilities assumed and equity interest issued, and includes fair value of assets or liabilities arising from the contingent consideration arrangement.

Kyocera recognizes non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

(3) Foreign Currency Translation

a. Functional Currency

Each entity in Kyocera determines its own functional currency and measures transactions based on its own functional currency.

b. Foreign Currency Transactions

Foreign currency transactions are translated at the spot exchange rate at the date of transaction, or an exchange rate that approximates the spot exchange rate.

Monetary items denominated in foreign currencies are translated into the functional currency at the current exchange rates prevailing at the end of the reporting period. Non-monetary items that are measured at fair value that are denominated in foreign currencies are translated into the functional currency at the rates prevailing at the date when the fair value was measured. Non-monetary items that are measured at cost in foreign currencies are translated at the exchange rate at the transaction date. Exchange differences arising from the translation and settlement are recognized in profit or loss, except for those deferred in equity as effective cash flow hedges.

c. Foreign Operations

A foreign operation is an entity that is a subsidiary or an associate of Kyocera, the activities of which are based or conducted in a country outside of Japan. Assets and liabilities of foreign operations are translated into Japanese yen using exchange rates prevailing at the end of reporting period, while income, expenses and cash flows are translated into Japanese yen using the average exchange rates for the period. Exchange differences arising from translating the foreign operations' financial statements are recognized in other comprehensive income. These cumulative differences are reclassified to profit or loss when Kyocera loses control or significant influence over the foreign operations by its disposal.

(4) Cash and Cash Equivalents

Cash and cash equivalents consist of cash, demand deposits and highly liquid investments with maturity of three months or less from the acquisition date.

(5) Inventories

Inventories are measured at the lower of cost and net realizable value.

For finished goods and merchandise and work in process, cost is determined mainly using the weighted average method. For raw materials and supplies, cost is determined mainly using the first-in, first-out method.

Net realizable value is the estimated selling price in the ordinary course of business less any estimated costs of completion and estimated costs necessary to make the sale.

(6) Property, Plant and Equipment

Property, plant and equipment are measured by using the cost model and are stated at cost less accumulated depreciation and accumulated impairment losses. The cost includes expenses directly attributable to the acquisition of the assets, and the costs of dismantling, removing and restoring. Property, plant and equipment are depreciated using the straight-line method over their useful lives. The useful lives of major components of property, plant and equipment are as follows:

Building and structures	2 to 50 years
Machinery and equipment	2 to 20 years

The residual values, the useful lives and the depreciation methods of the assets are reviewed at the end of each reporting period and any changes are applied prospectively as a change in accounting estimate. Subsequent costs, major renewals and betterments are capitalized as property, plant and equipment and depreciated based on their useful lives. All other repairs and maintenance are recognized as expenses during the period in which they are incurred.

(7) Goodwill and Intangible Assets

a. Goodwill

Goodwill acquired in the business combination is stated at the amount of cost less accumulated impairment losses. Goodwill is not amortized, and is tested for impairment when there is an indication of impairment in cash generating unit to which goodwill has been allocated by expectation of benefits from business combination, and annually, regardless of any indication of impairment.

b. Intangible Assets

Intangible assets are measured by using the cost model and intangible assets with finite useful lives are stated at cost less accumulated amortization and accumulated impairment losses. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.

Expenditures in development activities are recognized as an expense in period in which it is incurred, unless all of the following requirements can be demonstrated.

- (a) Technical feasibility of completing the intangible asset so that it will be available for use or sale
- (b) Intention to complete the intangible asset and use or sell it
- (c) Ability to use or sell the intangible asset
- (d) How the intangible asset will generate probable future economic benefits
- (e) Availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- (f) Ability to measure reliably the expenditure attributable to the intangible asset during its development

Intangible assets with finite useful lives are amortized using the straight-line method over their useful lives. The major components of intangible assets are customer relationships, non-patent technology, software and trademark rights and their useful lives are as follows:

Customer relationships	2 to 20 years
Non-patent technology	5 to 25 years
Software	2 to 15 years
Trademark rights	2 to 21 years
Others	2 to 50 years

The useful lives and amortization method for intangible assets with finite useful lives are reviewed at the end of each reporting period and any changes are applied prospectively as a change in accounting estimates.

Intangible assets with finite useful lives are tested for impairment when there is an indication that may be impaired. Intangible assets with indefinite useful life and intangible assets that are not yet available for use are not amortized, and are tested for impairment annually and at the time when there is an indication that may be impaired, or situation is changed.

(8) Lease

a. Lease as a Lessee

At the commencement date, Kyocera recognizes a right-of-use asset and a lease liability. Kyocera measures the right-of-use asset in the amount of the initial measurement of the lease liability adjusting any lease payments made at or before the commencement date and other costs. After the commencement date, Kyocera measures the right-of-use asset applying a cost model, and less any accumulated depreciation and any accumulated impairment losses. The right-of-use asset is depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of right-of-use asset or the end of the lease term. At the commencement date, Kyocera measures the lease liability at the present value of the lease payments that are not paid at that date using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, lessee's incremental borrowing rate is used. After the commencement date, Kyocera measured the lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

Kyocera elects not to recognize the right-of-use asset and the lease liability for the short-term leases that has a lease term of 12 months or less and leases for which the underlying asset is of low value. Lease payments associated with those leases are recognized as an expense on straight-line basis over the lease term.

b. Lease as a Lessor

Leases are classified as either operating leases or finance leases. If the lease transfers substantially all the risks and rewards of the ownership of the underlying asset, it is classified as a finance lease; otherwise, it is classified as an operating lease. The classification of a lease as either a finance lease or operating lease is made based on actual content of the transaction, not on the form of the lease agreement.

(a) Finance Leases

At the commencement of the lease, assets held under finance leases are recorded as receivables in an amount equal to the net uncollected investment in the lease.

(b) Operating Leases

Kyocera recognizes lease payments from operating leases as profit on a straight-line basis over the lease term.

In cases where Kyocera is an intermediate lessor, the head lease and the sublease are accounted separately. The classification of a sublease is determined upon referring to the right-of-use asset that arise from the head lease.

(9) Impairment of Non-Financial Assets

At the end of each fiscal year, Kyocera reviews each non-financial asset, excluding inventories and deferred tax assets, to assess whether there is an indication that it may be impaired. If any such indication exists, the recoverable amount of the asset is estimated and tested for impairment. Regardless of whether or not there are indications of impairment, goodwill and intangible assets with indefinite useful lives are tested for impairment annually. The impairment loss is recognized when the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount.

The recoverable amount of an asset or cash generating unit is the higher of fair value less costs to sell, or value in use. In calculating the value in use, the estimated future cash flows based on business plan approved by the management are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset.

Kyocera assesses whether there is any indication that an impairment loss recognized in prior years for an asset excluding goodwill may no longer exist or may have decreased, such as any changes in assumptions used for the determination of the recoverable amount. If any such indication exists, the recoverable amount of the asset or cash generating unit is estimated, and if the recoverable amount exceeds the carrying amount of the asset or cash generating unit, impairment losses are reversed up to the lower of the estimated recoverable amount or the carrying amount (net of depreciation) that would have been determined if no impairment losses had been recognized in prior years.

(10) Financial Instruments

Financial assets and financial liabilities are recognized when Kyocera becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured at fair value at the time of initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets and issuance of financial liabilities other than financial assets and liabilities measured at fair value through profit or loss are added to the fair value of the financial assets or deducted from the fair value of financial liabilities at the time of initial recognition. Transaction costs that are directly attributable to the acquisition or issuance of the financial assets or liabilities measured at fair value through profit or loss are recognized in profit or loss.

a. Non-Derivative Financial Assets

Non-derivative financial assets are classified as financial assets measured at amortized cost, debt financial assets measured at fair value through other comprehensive income, equity financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss. The classification depends on the nature and purpose of the financial assets and is determined upon initial recognition.

Financial assets, such as stocks and bonds, purchased and sold in a regular way are recognized and derecognized on a contract date. Purchases and sales made in regular way refer to acquiring or disposing financial assets under a contract that requires the delivery of assets within a timeframe established by regulation or convention in the marketplace. All other financial assets are initially recognized on the trade date.

(a) Financial Assets Measured at Amortized Cost

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

- The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost using the effective interest method, less any impairment. Interest income based on the effective interest rate is recognized in profit or loss.

(b) Debt Financial Assets Measured at Fair Value Through Other Comprehensive Income

Financial assets are classified as debt financial assets at fair value through other comprehensive income if both of the following conditions are met:

- The financial assets are held within a business model for which the objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, debt financial assets at fair value through other comprehensive income are measured at fair value, and gains or losses arising from changes in fair value are recognized in other comprehensive income. Any cumulative amounts recognized in other comprehensive income are reclassified to profit or loss upon derecognition. Foreign exchange gains and losses arising on debt financial assets at fair value through other comprehensive income and interest income calculated using the effective interest method relating to debt financial assets at fair value through other comprehensive income are recognized in profit or loss.

(c) Equity Financial Assets at Fair Value Through Other Comprehensive Income

At initial recognition, Kyocera has made an irrevocable election for equity financial assets that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income and classifies such investments as equity financial assets at fair value through other comprehensive income. Subsequent to initial recognition, equity financial assets at fair value through other comprehensive income are measured at fair value, and gains or losses arising from changes in fair value are recognized in other comprehensive income.

When these financial assets are derecognized, cumulative gains and losses recognized in other comprehensive income are directly transferred to retained earnings. Dividends received on equity financial assets at fair value through other comprehensive income are recognized in profit or loss.

(d) Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss, if they are classified as neither financial assets at amortized cost, debt financial assets at fair value through other comprehensive income, nor equity financial assets at fair value through other comprehensive income.

Neither financial assets are designated as measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value and gains or losses arising from changes in fair value, dividend income and interest income are recognized in profit or loss.

(e) Derecognition

Financial assets are derecognized when, and only when the contractual rights to receive the cash flows from the financial assets expired or have been transferred and has transferred substantially all the risks and rewards of ownership.

(f) Impairment

Kyocera assesses the expected credit losses associated with its financial assets measured at amortized cost, debt financial assets measured at fair value through other comprehensive income and loss allowance is recognized at each reporting date.

Kyocera measures the loss allowance for financial instruments at an amount equal to the full lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition, after considering all reasonable and supportable information that is available including forward-looking information. Otherwise, when credit risk has not increased significantly since initial recognition, Kyocera measures the loss allowance at an amount equal to 12-month expected credit losses.

However, with respect to trade receivables and lease receivables, notwithstanding the aforementioned, loss allowance is always measured at an amount equal to full lifetime expected credit losses. The amount of expected credit losses or reversal that is required to adjust the loss allowance is recognized in profit or loss.

b. Non-Derivative Financial Liabilities

Non-derivative financial liabilities are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost at initial recognition.

Non-derivative financial liabilities are classified as financial liabilities at fair value through profit or loss when the entire hybrid contract, including more than one embedded derivative, is designated as a financial liability at fair value through profit or loss. Subsequent to initial recognition, liabilities at fair value through profit or loss are measured at fair value and gains or losses arising from changes in fair value and interest costs are recognized in profit or loss.

Any changes in fair value of these financial liabilities that are attributable to a change in own credit risk of the liabilities are included in other components of equity.

Financial liabilities measured at amortized cost are measured using the effective interest method, subsequent to initial recognition.

Kyocera derecognizes financial liabilities when Kyocera's obligations are met, or debt is discharged or cancelled or expires.

c. Derivatives and Hedge Accounting

(a) Derivatives

Kyocera utilizes derivatives consisting of exchange contracts to reduce foreign currency risk. Derivatives are initially recognized at fair value on the date a derivative contract is entered into, and they are subsequently re-measured to their fair value at the end of each reporting period.

Changes in the fair value of derivatives are recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument. Derivative financial assets not designated as hedging instruments are classified as financial assets at fair value through profit or loss, and derivative financial liabilities not designated as hedging instruments are classified as financial liabilities at fair value through profit or loss.

(b) Hedge Accounting

Kyocera designates certain derivative transactions as hedging instruments and accounts for them as cash flow hedges.

At inception of the hedging relationship, Kyocera documents the economic relationship between hedging instruments and hedged items, risk management objectives, strategy for undertaking the hedge, methods for assessing whether a hedging relationship meets the hedge effectiveness requirements and methods for measuring hedge effectiveness and hedge ineffectiveness. A hedge is determined to be effective when all of the following criteria are met:

- There is an economic relationship between the hedged item and hedging instrument
- The effect of credit risk does not dominate the value changes that result from that economic relationship
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

This process includes linking all derivatives designated as cash flow hedges to specific assets and liabilities on the financial position or forecasted transactions. Kyocera's associate utilizes interest rate swaps mainly with applying hedge accounting to convert a variable-rate debt into fixed rate for the purpose of fixing cash flows for funds procured at variable interest rates.

Kyocera discontinues hedge accounting prospectively only when the hedging relationship ceases to meet the qualifying criteria after taking into account any adjustment to the hedge ratio of hedging relationship.

Cash flow hedge is accounted for as follows:

At the inception of the hedge and on an ongoing basis, Kyocera evaluates whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the relevant hedged item during the underlying period. Of changes in fair value of hedging instruments, the effective portion is recognized in other comprehensive income, while the ineffective portion is recognized in profit or loss. The amounts of hedging instruments recorded in other comprehensive income are reclassified to profit or loss when the hedged transactions affect profit or loss. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a liability, the gains and losses previously deferred in equity are transferred from equity and included directly in the initial cost or other carrying amount of the asset or liability.

When it is determined that a hedge is not effective or that it has ceased to be effective, Kyocera discontinues hedge accounting prospectively. Unrealized gains or losses arising from the discontinuance of hedge accounting are deferred as other comprehensive income. When a forecasted transaction is no longer expected to occur, any related income included in accumulated other comprehensive income is reclassified immediately to profit or loss.

(11) Income Taxes

Income taxes are composed of current and deferred taxes, and recognized in profit or loss, except for taxes related to business combinations and items that are recognized in other comprehensive income or directly in equity.

Current taxes are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are recognized on temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts used for taxation purposes, unused net operating loss carryforward and unused tax credit carryforward. Deferred tax assets and liabilities are not recognized for temporary differences from initial recognition of assets and liabilities that do not arise from business combinations and that do not impact accounting profit or taxable income. Deferred tax liabilities are also not recognized for taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are not recognized for taxable temporary differences associated with investments in subsidiaries and associates when Kyocera is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences associated with investments in subsidiaries and associates when it is probable that the temporary difference will reverse in the foreseeable future and when there will be sufficient taxable profits against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when they are reversed, based on tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if Kyocera has a legally enforceable right to set off current tax assets against current tax liabilities, and income taxes are levied by the same taxation authority on the same taxable entity. Deferred tax liabilities are basically recognized for all taxable temporary differences, deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused net operating loss carryforward and unused tax credit carryforward can be utilized. Deferred tax assets are reassessed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Kyocera records the effect of unrecognized tax benefits based on the premise of being subject to income tax examination by tax authorities, when it is probable that tax benefits associated with tax positions will not be sustained. Benefits related to tax positions are measured at the amount that is expected to be probable of occurrence upon settlement with tax authorities.

(12) Government Grants

Government grants are recognized at fair value when there is a reasonable assurance that Kyocera receives the grants and complies with the terms and conditions attached to the grants. Government grants that are intended to compensate for specific costs are recognized as income in the period in which Kyocera recognizes the corresponding expenses. Government grants related to assets are directly deducted from acquisition cost of the assets.

(13) Employee Benefits

a. Post-Employment Benefits

Kyocera primarily adopts defined benefit plans.

In the defined benefit plans, net defined benefit liability or asset is calculated by the present value of the defined benefit obligation less the fair value of plan assets. The ceiling of the amount recorded as assets based on this calculation is the present value of any future economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The defined benefit obligation is determined using the projected unit credit method, and its present value is determined by applying a discount rate based on the yield curve of high quality corporate bonds over the approximate period of the benefit payments.

Service cost and net interest on the net defined benefit liability or asset are recognized as profit or loss.

Past service cost is immediately recognized in profit or loss.

Re-measurements of net defined benefit liability or asset including actuarial gains and losses are recognized in other comprehensive income when they incurred, and transferred to retained earnings immediately from other components of equity.

b. Short-Term Employee Benefits

Short-term employee benefits such as wages, salaries and social security contributions are recognized as an expense when the service is rendered.

Bonus are recognized as a liability in the amount estimated to be paid under these plans, when Kyocera has legal or constructive obligations to pay them and reliable estimates of the obligation can be made.

Unused annual leave, which employees have earned but have not yet used, are recognized as accrued liabilities.

(14) Provisions

Provisions are recognized when Kyocera has present legal or constructive obligations as a result of past events, it is probable that outflow of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of obligations.

(15) Equity

a. Common Stock

Proceeds from the issuance of common stocks by Kyocera are recognized in common stock and capital surplus and its transaction costs, net of taxation, are deducted from capital surplus.

b. Treasury Stock

When Kyocera acquires treasury stock, the consideration paid including transaction costs is deducted from equity. No gain or loss will be recognized on the purchase, sale, issue or cancellation of treasury stock. The difference between the carrying amount and the consideration on sale is recognized as capital surplus.

(16) Revenue Recognition

Kyocera recognizes revenue in accordance with IFRS 15 “Revenue from contracts with customers” (hereinafter, “IFRS 15”), excluding interest and dividend income and such other income from financial instruments recognized in accordance with IFRS 9 “Financial instruments” and excluding lease arrangement recognized in accordance with IFRS 16 “Leases” (hereinafter, “IFRS 16”) by applying the following steps:

- Step 1: Identify the contracts with customers
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Kyocera’s main revenue sources are sales in markets such as information and communications and automotive-related. Kyocera’s operations consist of the following reporting segments: “Core Components Business,” “Electronic Components Business” and “Solutions Business.”

Kyocera’s business unit, main businesses and subsidiaries are as follows:

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

Sales to customers in Kyocera are based on the specific terms and conditions contained in basic contracts with customers and firm customer orders which detail the price, quantity and timing of the transfer of ownership of the products.

a. Sale of Products

Kyocera mainly recognize revenue of products at the time of receipt of the products by the customer or shipping date because the customer obtains control over the products upon receipt or shipment, the performance obligation is judged to have been satisfied.

Sale of printers and multifunctional products in the “Document Solutions Unit” for which sales are made to end users together with installation services. The revenue recognition in these cases occur at the completion of installation and customer acceptance because the performance obligation is judged to have been satisfied, as Kyocera have no further obligations under the contracts.

b. Sales of Services

In the “Document Solutions Unit,” revenues from maintenance contracts in which the customer typically pays a variable amount based on usage and a stated fixed fee or a stated base fee plus a variable amount are recognized. Revenue from the maintenance contract is recognized over a certain period of time as the relevant performance obligation is satisfied since Kyocera judges the performance obligation of the maintenance contract as making the machine always available for the customers. For the maintenance contract in which the customer pays a stated fixed fee, revenue is recognized ratably over the contract period.

For all sales in the above segments, product returns are only accepted if the products are determined to be defective. There are no price protections, stock rotation or returns provisions, except for certain programs in the “Electronic Components Business” as noted below.

c. Sales Incentives

In the “Electronic Components Business,” sales to independent electronic component distributors may be subject to various sale programs below for which a provision for incentive programs is recorded as a reduction of revenue at the time of sale. Revenue is measured at the consideration promised in a contract with a customer, less sales incentives.

(a) Distributor Stock Rotation Program

Stock rotation is a program whereby on a semiannual basis, distributors are allowed to return, for credit, qualified inventory equal to a certain percentage of the previous six months’ net sales, for credit. An estimated right of return liability for stock rotation is recorded at the time of sale based on a percentage of distributor sales using historical trends, current pricing and volume information, other market specific information and input from sales, marketing and other key management personnel. An asset is recorded for the estimated value of returned product. These procedures require the exercise of significant judgments. Kyocera believes that these procedures enable Kyocera to make reliable estimates of future returns under the stock rotation program. Kyocera’s actual results have historically approximated its estimates. When the products are returned and verified, the distributor is given credit against their accounts receivables.

(b) Distributor Ship-From-Stock and Debit Program

Ship-from-Stock and Debit (ship and debit) is a program designed to assist distributor customers in meeting competitive prices in the marketplace on sales to their end customers. Ship and debit programs require a request from the distributor for a pricing adjustment for a specific part for a sale to the distributor’s end customers from the distributor’s stock. Ship and debit authorizations may cover current and future distributor activity for a specific part for sale to their customers. In accordance with IFRS 15, at the time Kyocera records sales to the distributors, Kyocera estimates the variable consideration of the estimated future distributor activity related to such sales since it is probable that such sales to distributors will result in ship and debit activity. Kyocera records an estimated variable consideration based on sales during the period, credits issued to distributors, distributor inventory levels, historical trends, market conditions, pricing trends noted in direct sales activity with original equipment manufacturers and other customers, and input from sales, marketing and other key management personnel. These procedures require the exercise of significant judgments. Kyocera believes that these procedures enable Kyocera to make reliable estimates of the future variable consideration under the ship and debit program. Kyocera’s actual results have historically approximated its estimates.

d. Sales Rebates

In the case of sales to distributors in the “Industrial Tools Unit” and “Document Solutions Unit,” Kyocera provides cash rebates when predetermined sales targets are achieved during a certain period. Provisions for sales rebates are recorded as a reduction of revenue at the time of revenue recognition based on the best estimate of forecasted sales to each distributor.

e. Sales Returns

Kyocera records an estimated right of return liability for returns at the time of sale based on historical return experience. Revenue is measured at the consideration promised in a contract with a customer, less right of return liability.

f. Products Warranty

In the “Document Solutions Unit,” Kyocera provides a standard one-year manufacturer’s warranty on its products. For sales directly to end users, Kyocera offers extended warranty plans that may be purchased and that are renewable in one-year incremental periods at the end of the warranty term. Service revenues are recognized over the term of the related service maintenance contracts.

In the case of revenue relating to hybrid transactions in which Kyocera provides multiple goods or services, for example, selling products and warranties, Kyocera identifies performance obligations in the contract and if it is necessary to allocate the consideration under the contract to separate performance obligations, Kyocera usually allocates the transaction price based on the estimated standalone sale price through the approach of adding a margin to the expected cost.

(17) Earnings Per Share Attributable to Owners of the Parent

Earnings per share attributable to owners of the parent - Basic is calculated by dividing profit attributable to owners of the parent by the average number of ordinary shares outstanding after adjusting for treasury stock during the period.

4. Significant Accounting Estimates and Judgments Involving Estimations

In preparing the consolidated financial statements under IFRS, 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.

Significant judgements and estimates that affect the amounts recognized in Kyocera's consolidated financial statements are as follows:

Given the limited impact on our financial position and results of operations of uncertainties such as deterioration of economic conditions caused by the spread of COVID-19, Kyocera has made accounting estimates for the year ended March 31, 2022 on the assumption that the impact will not be material to the consolidated financial statements as a whole.

However, in the event that the spread of COVID-19 causes a deterioration in economic conditions or other effects beyond our estimates, it may affect Kyocera's significant accounting estimates and judgement in year ending March 31, 2023.

- Evaluation of inventories
(Note "3. Significant Accounting Policies (5) Inventories" and "11. Inventories")
- Estimates for residual value and useful life of property, plant and equipment and intangible assets
(Note "3. Significant Accounting Policies (6) Property, Plant and Equipment," "3. Significant Accounting Policies (7) Goodwill and Intangible Assets," "14. Property, Plant and Equipment," and "15. Goodwill and Intangible Assets")
- Estimates for impairment of property, plant and equipment, goodwill and intangible assets
(Note "3. Significant Accounting Policies (9) Impairment of Non-Financial Assets," and "16. Impairment of Non-Financial Assets")
- Fair value measurement of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income
(Note "3. Significant Accounting Policies (10) Financial Instruments," "10. Short-Term Investments, Equity, Debt Instruments and Other Financial Assets" and "32. Financial Instruments")
- Estimates for impairment of financial assets measured at amortize cost
(Note "3. Significant Accounting Policies (10) Financial Instruments" and "32. Financial Instruments")
- Estimates on recoverability of deferred tax assets and uncertainty on tax position
(Note "3. Significant Accounting Policies (11) Income Taxes" and "17. Income Taxes")
- Estimates on defined benefit liability
(Note "3. Significant Accounting Policies (13) Employee Benefits" and "21. Employee Benefits")
- Judgments and estimates for recognition and measurement on provisions and recognition of liabilities and expenses related to contingencies
(Note "3. Significant Accounting Policies (14) Provisions," "22. Provisions" and "36. Contingency")
- Judgments and estimates for revenue recognition and measurement
(Note "3. Significant Accounting Policies (16) Revenue Recognition" and "26. Sales Revenue")

5. New Standards and Interpretations not yet Adopted

There is no new or revised standard or interpretation issued by the date of approval of the consolidated financial statements that has a material impact on the consolidated financial statements.

6. 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 ended 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.”

In addition, effective from the three months ended March 31, 2022, certain sales of by-products generated by each reporting segment, which was included in “Others,” has been recorded into respective reporting segments due to their materiality in terms of amount. This change has been applied to sales revenue by reporting segment for the year ended March 31, 2022.

Segment information for the year ended March 31, 2021 have been reclassified in line with the above changes. In line with the change in the reporting segments of such sales of by-product, sales for the year ended March 31, 2021 of “Core Components Business” increased by 7,239 million yen, “Solutions Business” increased by 47 million yen and “Others” decreased by 7,286 million yen compared with those before the change of the presentation. There is no impact on consolidated sales revenue and business profit.

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.), Displays, Printing Devices, Smart Energy

(Note) On October 1, 2021, AVX Corporation changed its name to Kyocera AVX Components Corporation

(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 year ended March 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	431,331	272,246	815,656	7,664	1,526,897	—	1,526,897
Intersegment sales and transfers	576	756	19,605	3,219	24,156	(24,156)	—
Total	431,907	273,002	835,261	10,883	1,551,053	(24,156)	1,526,897
Business profit (loss)	30,549	23,000	37,506	(3,102)	87,953	—	87,953
Corporate gains and others * 3	—	—	—	—	—	—	29,345
Share of net profit (loss) of investments accounted for using the equity method	—	—	—	—	—	—	261
Profit before income taxes	—	—	—	—	—	—	117,559
Other items							
Depreciation and amortization charge	29,239	24,450	45,987	4,235	103,911	5,147	109,058
Capital expenditures (for property, plant and equipment)	34,931	46,112	27,387	2,023	110,453	6,653	117,106
Assets * 4	449,925	462,909	967,286	114,926	1,995,046	1,498,424	3,493,470

(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.
- (4) The adjustment of assets consists primarily of cash and cash equivalents, equity and debt instruments, and various other investments and assets that are not specific each segment, as well as elimination of intersegment transactions.

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

4. Assets represent the individual assets for specific segment.

For the year ended March 31, 2022

(Yen in millions)

	Reporting Segment			Others * 1	Total	Adjustment * 2	Consolidated
	Core Components Business	Electronic Components Business	Solutions Business				
Sales revenue							
External customers	527,243	338,391	962,553	10,751	1,838,938	—	1,838,938
Intersegment sales and transfers	690	711	21,136	7,066	29,603	(29,603)	—
Total	527,933	339,102	983,689	17,817	1,868,541	(29,603)	1,838,938
Business profit (loss)	61,640	47,896	68,730	(14,649)	163,617	—	163,617
Corporate gains and others * 3	—	—	—	—	—	—	36,137
Share of net profit (loss) of investments accounted for using the equity method	—	—	—	—	—	—	(807)
Profit before income taxes	—	—	—	—	—	—	198,947
Other items							
Depreciation and amortization charge	37,032	28,055	48,594	5,706	119,387	9,573	128,960
Capital expenditures (for property, plant and equipment)	71,041	37,140	26,348	5,330	139,859	11,912	151,771
Assets * 4	569,021	513,720	1,052,090	122,118	2,256,949	1,660,316	3,917,265

(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.
- (4) The adjustment of assets consists primarily of cash and cash equivalents, equity and debt instruments, and various other investments and assets that are not specific each segment, as well as elimination of intersegment transactions.

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

4. Assets represent the individual assets for specific segment.

(3) Information by Geographic Segments

The breakdown of sales revenue to external customers and non-current assets are as follows:

Sales revenue to external customers

(Yen in millions)

	For the year ended March 31,	
	2021	2022
Japan	550,161	613,752
Asia	390,659	485,207
United States	256,056	341,522
Europe	282,422	339,082
Other Areas	47,599	59,375
Total	1,526,897	1,838,938

(Note) The sales revenue to external customers is classified by destination.

Non-current assets

(Yen in millions)

	As of March 31,	
	2021	2022
Japan	358,292	409,891
Asia	95,586	117,690
United States	269,902	274,673
Europe	149,721	151,031
Other Areas	12,074	12,457
Total	885,575	965,742

(Note) Non-current assets are the total of “Property, plant and equipment,” “Right-of-use assets,” “Goodwill” and “Intangible assets,” and it is based on physical locations.

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 and the balance of non-current assets to the consolidated total is significant.

(4) Information on Major Customers

This information has been omitted because no external customers account for more than 10% of sales revenue.

7. 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 year ended March 31, 2022. Accordingly, the purchase price and goodwill decreased by 57 million yen. The allocation of the purchase price was completed during the year ended March 31, 2022.

Kyocera has performed other business combinations during the year ended March 31, 2022. These business combinations do not have a material impact on Kyocera's financial position, operating results and cash flows.

8. Cash and Cash Equivalents

The components of cash and cash equivalents are as follows:

(Yen in millions)

	As of March 31,	
	2021	2022
Cash on hand and demand deposits	285,077	303,331
Time deposits (Within 3 months to original maturity)	101,650	110,798
Total	386,727	414,129

9. Trade and Other Receivables

The components of trade and other receivables are as follows:

(Yen in millions)

	As of March 31,	
	2021	2022
Trade notes receivable	21,006	23,067
Trade accounts receivable	281,328	309,901
Contract assets	4,636	8,701
Others	35,786	40,345
Allowance for credit losses	(3,135)	(2,948)
Total	339,621	379,066

Trade notes receivable and trade accounts receivable are classified as financial asset measured at amortized cost. The details are described in Note "32. Financial Instruments" for financial asset measured at amortized cost.

10. Short-Term Investments, Equity, Debt Instruments and Other Financial Assets

(1) The Components of Short-Term Investments, Equity, Debt Instruments and Other Financial Assets

The components of short-term investments, equity, debt instruments and other financial assets are as follows:

(Yen in millions)

	As of March 31,	
	2021	2022
Derivative assets	535	1,619
Stocks	1,258,043	1,463,690
Bonds	31,689	3,121
Time deposits (Over three months to original maturity)	51,238	22,302
Lease receivable	53,233	51,620
Others	11,982	14,222
Allowance for credit losses	(1,810)	(1,818)
Total	1,404,910	1,554,756

(Yen in millions)

	As of March 31,	
	2021	2022
Current assets	97,356	44,083
Non-current assets	1,307,554	1,510,673
Total	1,404,910	1,554,756

(Note) Classification is as follows:

Derivative assets: Financial assets measured at fair value through profit or loss (except for hedge instruments)

Stocks: Financial assets measured at fair value through other comprehensive income

Bonds, Time deposits (Over three months to original maturity): Financial assets measured at amortized cost

(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	2022
KDDI Corporation	1,137,651	1,342,059

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 included them in “Finance income” in the consolidated statements of profit or loss. The amount of dividend is as follows:

(Yen in millions)

	For the year ended March 31,	
	2021	2022
Dividends from KDDI Corporation	40,212	40,212

(3) Derecognition of Financial Assets Measured at Fair Value through Other Comprehensive Income

Kyocera disposed of certain financial assets measured at fair value through other comprehensive income and derecognized principally to improve efficiency of asset holdings.

The fair value at the disposals date and the accumulated gains or losses recognized in other comprehensive income are as follows:

(Yen in millions)

For the year ended March 31,			
2021		2022	
Fair value	Accumulated gains or losses	Fair value	Accumulated gains or losses
13,246	4,553	98	(526)

(Note) When Kyocera derecognized the financial assets measured at fair value through other comprehensive income, the amount of accumulated gain or loss recognized in other comprehensive income was transferred to retained earnings. The accumulated gains or losses of other comprehensive income, net of taxation, transferred to retained earnings is 3,185 million yen for the year ended March 31, 2021, and (368) million yen for the year ended March 31, 2022.

11. Inventories

The components of inventories are as follows:

(Yen in millions)

	As of March 31,	
	2021	2022
Finished goods and merchandise	145,040	198,604
Work in process	90,021	105,629
Raw materials and supplies	110,293	148,273
Total	345,354	452,506

Inventories are stated at the lower of cost and net realizable value. When the net realizable value is lower than its carrying amount due to a decline in profitability, the difference is recorded as a write-down in the “Cost of sales” on the consolidated statement of profit or loss and as a deduction of “Inventories” in the consolidated statement of financial position.

Kyocera recognized inventory write-downs of 5,166 million yen for the year ended March 31, 2021 and 7,376 million yen for the year ended March 31, 2022, respectively.

12. Other Assets

The components of other assets are as follows:

Other current assets

(Yen in millions)

	As of March 31,	
	2021	2022
Prepaid expenses	13,664	18,700
Advance payments	5,387	7,740
Others	11,655	12,899
Total	30,706	39,339

Other non-current assets

(Yen in millions)

	As of March 31,	
	2021	2022
Retirement benefit assets	32,932	44,811
Others	14,046	14,638
Total	46,978	59,449

13. Investments Accounted for Using the Equity Method

There are no associates that are individually material to Kyocera. The carrying amounts of investments in individually immaterial associates and their share of comprehensive income for the year are as follows:

(Yen in millions)

	As of March 31,	
	2021	2022
Carrying amounts of investments	16,975	15,795

(Yen in millions)

	For the year ended March 31,	
	2021	2022
Net profit (loss)	261	(807)
Other comprehensive income	108	267
Comprehensive income (loss)	369	(540)

14. Property, Plant and Equipment

Changes in the carrying amount, acquisition cost, accumulated depreciation and accumulated impairment loss of property, plant and equipment are as follows. The depreciation of property, plant and equipment is included in “Cost of sales” and “Selling, general and administrative expenses” on consolidated statement of profit or loss.

Carrying amounts

(Yen in millions)

	Land	Buildings and structures	Machinery and equipment	Construction in progress	Total
As of April 1, 2020	50,347	132,062	173,977	26,885	383,271
Purchase	1,175	18,251	42,098	55,582	117,106
Business combinations	689	1,022	3,973	187	5,871
Depreciation	—	(13,393)	(60,418)	—	(73,811)
Impairment loss	—	(206)	(6,634)	(728)	(7,568)
Sales or disposal	(6)	(194)	(814)	(89)	(1,103)
Reclassification	—	8,462	36,056	(44,518)	—
Exchange differences	509	2,632	3,464	1,521	8,126
Others	(437)	(281)	890	7,045	7,217
As of March 31, 2021	52,277	148,355	192,592	45,885	439,109
Purchase	213	28,840	55,229	67,489	151,771
Business combinations	—	21	16	—	37
Depreciation	—	(15,189)	(75,040)	—	(90,229)
Impairment loss	(57)	(1,262)	(169)	(6)	(1,494)
Sales or disposal	(1,739)	(630)	(627)	(10)	(3,006)
Reclassification	—	3,601	53,578	(57,179)	—
Exchange differences	885	5,328	6,725	3,655	16,593
Others	80	409	360	(1,455)	(606)
As of March 31, 2022	51,659	169,473	232,664	58,379	512,175

Acquisition costs

(Yen in millions)

	Land	Buildings and structures	Machinery and equipment	Construction in progress	Total
As of April 1, 2020	50,752	397,630	936,159	26,885	1,411,426
As of March 31, 2021	52,682	429,857	996,709	45,885	1,525,133
As of March 31, 2022	52,120	469,778	1,103,331	58,384	1,683,613

Accumulated depreciation and accumulated impairment losses

(Yen in millions)

	Land	Buildings and structures	Machinery and equipment	Construction in progress	Total
As of April 1, 2020	405	265,568	762,182	—	1,028,155
As of March 31, 2021	405	281,502	804,117	0	1,086,024
As of March 31, 2022	461	300,305	870,667	5	1,171,438

15. Goodwill and Intangible Assets

Changes in carrying amounts, acquisition costs, accumulated amortization and accumulated impairment losses of goodwill and intangible assets are as follows. The amortization of intangible asset is included in “Cost of sales” or “Selling, general and administrative expenses” on consolidated statement of profit or loss.

Carrying amounts

(Yen in millions)

	Goodwill	Intangible assets					
		Customer relationships	Non-patent technology	Software	Trademark rights	Others	Total
As of April 1, 2020	212,207	63,603	7,094	13,317	13,610	20,909	118,533
Purchase	—	—	2	7,670	0	1,453	9,125
Business combinations	43,637	10,379	26,026	49	612	1,431	38,497
Amortization	—	(7,436)	(1,572)	(6,623)	(1,630)	(2,854)	(20,115)
Impairment loss	(3,470)	—	—	(218)	—	(231)	(449)
Sales or disposal	—	(0)	—	(36)	—	(12)	(48)
Exchange differences	4,761	2,709	2,041	264	794	330	6,138
Other	(603)	(331)	(61)	175	(72)	(97)	(386)
As of March 31, 2021	256,532	68,924	33,530	14,598	13,314	20,929	151,295
Purchase	—	18	—	7,061	1	5,708	12,788
Business combinations	858	(410)	—	1	—	—	(409)
Amortization	—	(7,758)	(2,388)	(7,488)	(2,408)	(3,374)	(23,416)
Impairment loss	(850)	—	—	(56)	—	—	(56)
Sales or disposal	—	—	—	(154)	—	(11)	(165)
Exchange differences	6,445	4,799	2,829	313	743	1,137	9,821
Other	—	—	—	(130)	(0)	151	21
As of March 31, 2022	262,985	65,573	33,971	14,145	11,650	24,540	149,879

Acquisition costs

(Yen in millions)

	Goodwill	Intangible assets					
		Customer relationships	Non-patent technology	Software	Trademark rights	Others	Total
As of April 1, 2020	259,210	94,508	11,984	43,868	19,856	39,076	209,292
As of March 31, 2021	307,010	98,129	40,231	51,099	21,192	38,042	248,693
As of March 31, 2022	312,828	103,970	43,209	55,568	22,636	45,538	270,921

Accumulated amortization and accumulated impairment losses

(Yen in millions)

	Goodwill	Intangible assets					
		Customer relationships	Non-patent technology	Software	Trademark rights	Others	Total
As of April 1, 2020	47,003	30,905	4,890	30,551	6,246	18,167	90,759
As of March 31, 2021	50,478	29,205	6,701	36,501	7,878	17,113	97,398
As of March 31, 2022	49,843	38,397	9,238	41,423	10,986	20,998	121,042

16. Impairment of Non-Financial Assets

(1) Impairment Losses

For the purpose of measuring an impairment loss, Kyocera groups assets based on the smallest identifiable group of assets that generates cash inflows that are largely independent of other cash flows, and a business is a main cash-generating unit.

The breakdown of impairment loss of property, plant and equipment in each segment is as follows:

(Yen in millions)

	For the year ended March 31,	
	2021	2022
Core Components Business	47	234
Solutions Business	7,521	98
Others	—	1,162
Total	7,568	1,494

The breakdown of impairment loss of right-of-use assets in each segment is as follows:

(Yen in millions)

	For the year ended March 31,	
	2021	2022
Solutions Business	179	—
Total	179	—

The breakdown of impairment loss of goodwill and intangible assets in each segment is as follows:

(Yen in millions)

	For the year ended March 31,	
	2021	2022
Core Components Business	—	2
Electronic Components Business	—	54
Solutions Business	3,919	—
Others	—	850
Total	3,919	906

Kyocera recognized an impairment loss of 11,518 million yen due to the deterioration of profitability in the Smart Energy business included in the Solutions Business during the year ended March 31, 2021. The carrying amounts of assets were written down to their recoverable amount.

The recoverable amount is measured at value in use. The value in use was calculated by discounting future cash flows based on the five-year business plan approved by the management to present value using the pre-tax discount rate (13.5%). The pre-tax discount rate is based on the weighted average cost of capital of the smart energy business. The growth rate applied to the estimation of future cash flow beyond the period covered by the business plan is assumed to be zero in consideration of future uncertainties. Impairment losses were included in “Selling, general and administrative expenses” on the consolidated statements of profit or loss.

(2) Impairment of Goodwill

Goodwill acquired as a part of business combinations is allocated to cash-generating units or cash-generating unit groups that are expected to benefit from the synergies of the combination. Amounts of goodwill allocated to cash-generating units or cash-generating unit groups are as follows:

(Yen in millions)

	As of March 31,	
	2021	2022
Fine Ceramic Components	11,535	12,156
Electronics Components	20,173	20,173
KAVX	39,200	42,932
Industrial Tool	84,551	85,361
Information Equipment	51,626	53,277
GaN Devices	—	26,667
Others	49,447	22,419
Total	256,532	262,985

(Note) Individually immaterial goodwill that are allocated to cash-generating units or cash-generating unit groups are included in “Others.”

“Others” for the year ended March 31, 2021 includes 26,724 million yen of goodwill acquired in a business combination and has not been allocated to cash-generating unit or cash-generating unit groups at the end of reporting period because the initial accounting for business combination has not been completed. The goodwill is included in “GaN Devices” for the year ended March 31, 2022.

Goodwill and intangible assets that have indefinite useful lives are tested annually for impairment, or more frequently if events or changes in circumstances indicate that an impairment may occur. Kyocera groups assets based on the smallest cash-generating unit that generates cash inflows that are largely independent, and a business is a main cash-generating unit. The recoverable amount of the impairment test is determined based on value in use calculations.

With the exception of the GaN Devices business, the calculations use cash flow projections based on business plan within five years approved by management, and discounting to the present value by using pre-tax discount rate of cash-generating units or groups of cash-generating units. The business plan reflects past experience and is consistent with external information. The growth rate is determined in view of long-term average growth rate of markets or countries to which each cash generating units belongs.

With the exception of the GaN Devices business, the pre-tax discount rate is determined at 11.5% to 15.0% for the year ended March 31, 2021 and 11.6% to 14.2% for the year ended March 31, 2022 based on weighted average capital cost of the cash-generating units or groups of cash-generating units. Taking into account expected future inflation, the growth rate applied to estimate future cash flows beyond the period covered by the business plan is estimated to be between 0.0% and 2.0%.

Intangible assets are grouped on the basis of the smallest group of assets that generates cash inflows that are largely independent.

As a result of the impairment test carried in the year ended March 31, 2022, the recoverable amount of the GaN Devices business has exceeded the carrying amount by 3,538 million yen, or 6.2%. The carrying amount of the GaN Devices business is 56,852 million yen. However, there is a risk of impairment in the event of a change in the key assumptions underlying the value in use. The value in use of the business was calculated by discounting to present value the estimated cash flows based on the 10 years business plan approved by management at the pre-tax discount rate (21.1%) for the cash-generating unit in consideration of the business plan at the time of acquisition. The projection includes assumptions the recovery of demand following the global economic recovery from the COVID-19 pandemic and the launch of new products and others. In setting these assumptions, Kyocera considers past experience, external sources of information, knowledge of competitor activity, and industry trends.

The management determined that for cash-generating units or cash-generating unit groups to which the goodwill and intangible assets with indefinite useful lives are allocated, the recoverable amount is unlikely to fall below the carrying amount, even if key assumptions used in the impairment test change to a reasonably foreseeable extent.

17. Income Taxes

(1) Deferred Tax Assets and Deferred Tax Liabilities

The main components of and the movement of deferred tax assets and deferred tax liabilities are as follows:

For the year ended March 31, 2021

(Yen in millions)

	As of April 1, 2020	Recognized in profit or loss	Recognized in other comprehensive income	Other*	As of March 31, 2021
Deferred tax assets					
Enterprise tax	707	255	—	45	1,007
Inventories	13,615	(1,249)	—	518	12,884
Allowance for credit losses	1,707	47	—	119	1,873
Accrued expenses	11,745	(440)	(14)	(493)	10,798
Net defined benefit liabilities and accrued payroll	17,336	(116)	(1,690)	876	16,406
Depreciation and amortization	33,653	446	—	668	34,767
Securities	2,583	(633)	(1,558)	(1)	391
Net operating loss carryforward and tax credit carryforward	28,712	(6,432)	—	2,152	24,432
Temporary differences associated with investments in subsidiaries and associates	400	7,584	(400)	—	7,584
Other	9,544	1,148	(18)	226	10,900
Total	120,002	610	(3,680)	4,110	121,042
Deferred tax liabilities					
Depreciation and amortization	21,303	(1,471)	—	11,854	31,686
Securities	320,872	(2,416)	27,300	(8)	345,748
Net defined benefit assets	2,369	(326)	6,473	310	8,826
Other	6,341	1,063	373	332	8,109
Total	350,885	(3,150)	34,146	12,488	394,369

(Note) Other consists mainly of business combinations and foreign currency translation adjustments.

For the year ended March 31, 2022

(Yen in millions)

	As of April 1, 2021	Recognized in profit or loss	Recognized in other comprehensive income	Other*	As of March 31, 2022
Deferred tax assets					
Enterprise tax	1,007	472	—	—	1,479
Inventories	12,884	694	—	896	14,474
Allowance for credit losses	1,873	37	—	121	2,031
Accrued expenses	10,798	(840)	15	604	10,577
Net defined benefit liabilities and accrued payroll	16,406	1,093	(527)	123	17,095
Depreciation and amortization	34,767	(943)	—	191	34,015
Securities	391	147	(109)	3	432
Net operating loss carryforward and tax credit carryforward	24,432	(9,916)	—	858	15,374
Temporary differences associated with investments in subsidiaries and associates	7,584	(4,897)	—	—	2,687
Other	10,900	1,143	15	294	12,352
Total	121,042	(13,010)	(606)	3,090	110,516
Deferred tax liabilities					
Depreciation and amortization	31,686	(2,841)	—	3,105	31,950
Securities	345,748	35	61,982	1	407,766
Net defined benefit assets	8,826	(477)	3,060	130	11,539
Other	8,109	(887)	(26)	95	7,291
Total	394,369	(4,170)	65,016	3,331	458,546

(Note) Other consists mainly of foreign currency translation adjustments.

Net operating loss carryforward and tax credit carryforward as well as future deductible temporary differences for which no deferred tax assets are recognized are as follows:

(Yen in millions)

	As of March 31,	
	2021	2022
Net operating loss carryforward and tax credit carryforward	94,715	107,322
Future deductible temporary differences	29,896	29,697
Total	124,611	137,019

Expiration of net operating loss carryforward and tax credit carryforward unaccompanied by recognition of deferred tax assets is as follows:

(Yen in millions)

	As of March 31,	
	2021	2022
1st year	701	663
2nd year	400	582
3rd year	341	560
4th year	366	526
5th year and thereafter	25,702	27,619
No expiry date	67,205	77,372
Total	94,715	107,322

The total amount of future deductible temporary differences associated with investments in subsidiaries and associates for which no deferred tax assets are recognized are 49,990 million yen as of March 31, 2021 and 51,151 million yen as of March 31, 2022.

The total amount of future taxable temporary differences associated with investments in subsidiaries and associates for which no deferred tax liabilities are recognized are 420,218 million yen as of March 31, 2021 and 509,497 million yen as of March 31, 2022. These deferred tax liabilities are not recognized if Kyocera is able to control the timing of the reversal of the temporary differences and it is probable that the taxable temporary differences will not reverse in the foreseeable future.

(2) Income Tax Expenses

The components of income tax expenses are as follows:

	(Yen in millions)	
	For the year ended March 31,	
	2021	2022
Current tax expenses	27,969	38,071
Deferred tax expenses		
Temporary differences originated and reversed	(3,767)	8,723
Changes of effective tax rate	7	117
Total	24,209	46,911

Reconciliation of the Japanese statutory effective tax rate and effective tax rate of income tax expense on consolidated statement of profit or loss is as follows:

	(%)	
	For the year ended March 31,	
	2021	2022
Statutory effective tax rate	30.0	30.0
Difference on tax rates of foreign subsidiaries	(3.1)	(3.6)
Change in unrecognized deferred tax assets	0.6	0.4
Tax credit for research and development	(1.9)	(2.0)
Impairment of goodwill	0.9	0.4
Temporary differences associated with investments in subsidiaries and associates	(5.8)	(0.3)
Refund of income taxes	(0.0)	(3.1)
Others	(0.1)	1.8
Effective tax rate of income tax expense	20.6	23.6

Kyocera is subject mainly to corporate tax, inhabitant tax and enterprise tax, and the combined statutory tax rates calculated based on these taxes were 30.0% for the year ended March 31, 2021 and 2022. Foreign subsidiaries are subject to income taxes at their locations.

18. Trade and Other Payables

The components of trade and other payables are as follows:

(Yen in millions)

	As of March 31,	
	2021	2022
Trade notes payable	23,911	28,176
Accounts payable	115,872	131,720
Other notes and accounts payable	43,362	63,066
Total	183,145	222,962

19. Borrowings

(1) Components of Borrowings

The components of borrowings are as follows:

(Yen in millions)

	As of March 31,		Average interest rate*	Maturity
	2021	2022		
Short-term borrowings	30,135	30,000	0.02%	—
Current portion of long-term borrowings	9,885	49,382	0.79%	—
Long-term borrowings	57,888	17,163	4.25%	year 2023 to year 2042
Total	97,908	96,545	—	—
Current liabilities	40,020	79,382	—	—
Non-current liabilities	57,888	17,163	—	—
Total	97,908	96,545	—	—

(Note) Average interest rate is the weighted average interest rate of borrowings as of March 31, 2022.

(2) Assets Pledged as Collateral

The assets pledged as collateral for liabilities are as follows:

(Yen in millions)

	As of March 31,	
	2021	2022
Property, plant and equipment, net	1,565	1,639

The liabilities related to these assets pledged as collateral are as follows:

(Yen in millions)

	As of March 31,	
	2021	2022
Short-term borrowings	95	—
Current portion of long-term borrowings	2	—
Other current liabilities	1,456	1,593
Long-term borrowings	22	—
Total	1,575	1,593

20. Leases

(1) Lease as Lessee

As a lessee, Kyocera leases immovable property, such as land and offices, and movable property, such as manufacturing equipment. Certain lease contracts are subject to options to extend or terminate. There are no material purchase options, escalation clauses or restrictions imposed by the lease agreements, including restrictions on additional debt or leases.

Profit or loss relating to leases consist of the following:

(Yen in millions)

	For the year ended March 31,	
	2021	2022
Depreciation charge of right-of-use assets		
Land and buildings	12,802	13,024
Machinery and others	2,330	2,291
Total	15,132	15,315
Interest expense on lease liabilities	597	930
Expense relating to short-term leases	645	769
Expense relating to leases of low-value assets	734	749
Expense relating to variable lease payments*	739	837
Total expenses relating to leases	17,847	18,600
Income from sub-leasing right-of-use assets	(110)	(38)
Total	17,737	18,562

(Note) Expense relating to variable lease payment not included in the measurement of lease liabilities

The components of the carrying amounts of right-of-use assets are as follows:

(Yen in millions)

	As of March 31,	
	2021	2022
Right-of-use assets		
Land and buildings	33,706	35,842
Machinery and others	4,933	4,861
Total	38,639	40,703

The total additions to right-of-use assets are 17,952 million yen for the year ended March 31, 2021, and 21,367 million yen for the year ended March 31, 2022.

The total cash out flow for leases is 23,110 million yen for the year ended March 31, 2021, and 23,184 million yen for the year ended March 31, 2022.

The details of maturity of lease liabilities are described in Note “32. Financial Instruments (4) Liquidity Risk Management.”

(2) Lease as Lessor

Kyocera, as lessor, mainly leases multifunctional products.

Maturity analysis of undiscounted lease payments receivable are as follows:

(Yen in millions)

	Lease payments receivable	
	As of March 31,	
	2021	2022
Within 1 year	16,786	17,293
Between 1 and 2 years	13,395	13,441
Between 2 and 3 years	9,722	9,235
Between 3 and 4 years	6,206	5,562
Between 4 and 5 years	3,453	3,190
After 5 years	6,516	6,084
Total	56,078	54,805
Unearned finance income	(3,726)	(4,116)
Unguaranteed residual value	881	931
Net investment in the lease	53,233	51,620

21. Employee Benefits

(1) Reconciliation of the Defined Benefit Obligations and Plan Assets

Kyocera Corporation and its major domestic subsidiaries sponsor funded defined benefit pension plans or unfunded retirement and severance plans for their employees. They use a “point system” whereby benefits under the plan are calculated according to (i) accumulated “points” that are earned based on employees’ position, extent of contribution and length of service period during employment, and (ii) conditions at the time of retirement. In addition, employees were provided an option to select how benefit payments will be made. Employees may elect to receive up to 50% of the accumulated points balance as an annuity payment over the employees’ lifetime with the remainder of the accumulated points being distributed in installments over a fixed period of up to 20 years.

Kyocera International, Inc. and its consolidated subsidiaries (KII), consolidated U.S. subsidiaries of Kyocera Corporation, maintain a non-contributory defined benefit pension plan in the U.S. The KII plan covers substantially certain full-time employees in the U.S., of which benefits are based on years of service and the employees’ average compensation.

Kyocera AVX Components Corporation and its consolidated subsidiaries (KAVX), consolidated U.S. subsidiaries of Kyocera Corporation, maintain noncontributory defined benefit pension plans in the U.S. and contributory defined benefit pension plans inside the U.S. Pension benefits provided to certain U.S. employees covered under collective bargaining agreements are based on a flat benefit formula. Effective December 31, 1995, KAVX froze benefit accruals under its domestic non-contributory defined benefit pension plan for a significant portion of the employees covered under collective bargaining agreements. Effective December 1, 2018, the plan was amended to freeze benefit accruals for the remainder of employees covered under collective bargaining agreements. KAVX’s pension plans for certain European employees provide for benefits based on a percentage of final pay. KAVX’s funding policy is to contribute amounts sufficient to meet minimum funding requirements as set forth in employee benefit and tax laws.

TA Triumph-Adler GmbH (TA), a German subsidiary of Kyocera Document Solutions Inc., maintains a defined benefit pension plan, which covers certain employees in Germany. The defined benefit obligation is subjected to the actuarial risks of changes in cost, interest rate and life expectancy. TA does not maintain an external fund for this benefit pension plan.

The defined benefit obligations recognized in the consolidated statements of financial position are as follows:

Domestic

(Yen in millions)

	As of March 31,	
	2021	2022
Present value of defined benefit obligations	218,073	215,992
Fair value of plan assets	243,449	248,991
Fund status	(25,376)	(32,999)
Net defined benefit liability (asset)	(25,376)	(32,999)
Amounts in the consolidated statements of financial position:		
Retirement benefit liabilities	2,553	2,382
Other non-current assets	(27,929)	(35,381)
Net defined benefit liability (asset) recognized in the consolidated statements of financial position	(25,376)	(32,999)

Foreign

(Yen in millions)

	As of March 31,	
	2021	2022
Present value of defined benefit obligations	61,160	60,477
Fair value of plan assets	48,587	52,478
Fund status	12,573	7,999
Net defined benefit liability (asset)	12,573	7,999
Amounts in the consolidated statements of financial position:		
Retirement benefit liabilities	17,576	17,334
Other non-current assets	(5,003)	(9,335)
Net defined benefit liability (asset) recognized in the consolidated statements of financial position	12,573	7,999

The amount of “Cost of sales” and “Selling, general and administrative expenses” recognized related to defined benefit plans in the consolidated statement of profit or loss are as follows:

Domestic

(Yen in millions)

	For the year ended March 31,	
	2021	2022
Service cost	12,129	11,965
Net interest cost	(43)	(162)
Total	12,086	11,803

Foreign

(Yen in millions)

	For the year ended March 31,	
	2021	2022
Service cost	722	777
Net interest cost	383	81
Total	1,105	858

(2) Changes in the Present Value of Defined Benefit Obligations

Changes in the present value of defined benefit obligations are as follows:

Domestic

(Yen in millions)

	For the year ended March 31,	
	2021	2022
Present value of defined benefit obligations at the beginning of the year	216,723	218,073
Service cost	12,129	11,965
Interest cost	1,140	1,324
Remeasurements		
Actuarial gains (losses) arising from changes in demographic assumptions	459	(48)
Actuarial gains (losses) arising from changes in financial assumptions	(3,066)	(3,434)
Experience adjustments	26	307
Benefits paid	(10,832)	(12,110)
Acquisitions of business	1,494	—
Other	—	(85)
Present value of defined benefit obligations at the end of the year	218,073	215,992

The weighted-average duration of the defined benefit obligation as of March 31, 2021 and March 31, 2022 are both 14 years.

Foreign

(Yen in millions)

	For the year ended March 31,	
	2021	2022
Present value of defined benefit obligations at the beginning of the year	54,631	61,160
Service cost	722	777
Interest cost	1,350	1,371
Re-measurements		
Actuarial gains (losses) arising from changes in demographic assumptions	(47)	(95)
Actuarial gains (losses) arising from changes in financial assumptions	2,497	(3,577)
Experience adjustments	95	(398)
Benefits paid	(2,561)	(2,667)
Exchange differences on translating foreign operations	3,725	3,966
Other	748	(60)
Present value of defined benefit obligations at the end of the year	61,160	60,477

The weighted-average duration of the defined benefit obligation as of March 31, 2021 and March 31, 2022 are both 13 years.

(3) Changes in the Fair Value of Plan Assets

Changes in the fair value of plan assets are as follows:

Domestic

(Yen in millions)

	For the year ended March 31,	
	2021	2022
Fair value of plan assets at the beginning of the year	224,090	243,449
Interest income	1,183	1,486
Re-measurements		
Return on plan assets	17,827	5,782
Employer contribution	10,332	10,234
Benefits paid	(10,705)	(11,960)
Acquisitions of business	722	—
Fair value of plan assets at the end of the year	243,449	248,991

Kyocera Corporation and its major domestic subsidiaries expect to contribute to the plan approximately 9,607 million yen for the year ending March 31, 2023.

Foreign

(Yen in millions)

	For the year ended March 31,	
	2021	2022
Fair value of plan assets at the beginning of the year	35,613	48,587
Interest income	967	1,290
Re-measurements		
Return on plan assets	7,607	(56)
Employer contribution	2,862	742
Benefits paid	(1,545)	(1,686)
Exchange differences on translating foreign operations	3,124	3,661
Other	(41)	(60)
Fair value of plan assets at the end of the year	48,587	52,478

KII and KAVX expect to contribute to the plan approximately 734 million yen for the year ending March 31, 2023.

(4) The Components of Plan Assets

The components of plan assets are as follows:

Domestic

(Yen in millions)

	As of March 31, 2021			As of March 31, 2022		
	Plan assets with quoted prices in active markets	Plan assets without quoted prices in active markets	Total	Plan assets with quoted prices in active markets	Plan assets without quoted prices in active markets	Total
Life insurance company general account	—	102,825	102,825	—	62,460	62,460
Equity financial instruments						
Pooled funds*1	—	39,299	39,299	—	49,869	49,869
Debt financial instruments						
Corporate bonds	4,408	—	4,408	4,226	—	4,226
Pooled funds*2	—	7,763	7,763	—	7,992	7,992
Other types of investments						
Real estate funds*3	—	29,999	29,999	—	43,886	43,886
Large scale solar power generation business funds	—	14,041	14,041	—	13,683	13,683
Other	—	12,517	12,517	—	15,371	15,371
Cash and cash equivalents	32,597	—	32,597	51,504	—	51,504
Total	37,005	206,444	243,449	55,730	193,261	248,991

(Notes) 1. This category includes pooled funds that mainly invest in domestic and international equity securities that are listed on securities exchanges.

2. This category includes pooled funds that mainly invest in domestic and international government bonds, municipal bonds and corporate bonds.

3. This category includes private open-ended real estate funds.

Kyocera Corporation and its major domestic subsidiaries manage and operate their plan assets with a target of obtaining better performance more than earnings from the expected rate of return on plan assets to ensure the sources of funds sufficient to cover the pension benefits paid to participants and beneficiaries in the future. In terms of the plan assets management, Kyocera Corporation and its major domestic subsidiaries make appropriate investment choices and optimal portfolios with a consideration of its performances, expected returns and risks, and entrusts their plan assets to the fund trustees which can be expected to be the most appropriate to accomplish Kyocera's objective. Kyocera Corporation and its major domestic subsidiaries also make an effort to maintain their portfolios within reasonable allocations of plan assets. Kyocera Corporation and its major domestic subsidiaries evaluate their categories of plan assets allocations and can change their portfolios when it is needed. Kyocera Corporation and its major domestic subsidiaries' long-term strategy is for target allocations of approximately 45% investment in long-term operation assets such as real estate funds, approximately 25% investment in life insurance company general accounts, approximately 30% main investment in equity securities that are listed on securities exchanges and in debt securities such as governments bonds.

Foreign

(Yen in millions)

	As of March 31, 2021			As of March 31, 2022		
	Plan assets with quoted prices in active markets	Plan assets without quoted prices in active markets	Total	Plan assets with quoted prices in active markets	Plan assets without quoted prices in active markets	Total
Equity instruments						
International	6,551	—	6,551	6,885	—	6,885
Pooled funds*1	10,421	—	10,421	12,757	—	12,757
Debt instruments						
Government bonds and Government agency bonds	811	2,102	2,913	1,368	1,861	3,229
Corporate bonds	4,133	2,045	6,178	4,211	1,953	6,164
Pooled separate accounts*2	—	21,916	21,916	—	22,760	22,760
Other	—	455	455	—	650	650
Cash and cash equivalents	153	—	153	33	—	33
Total	22,069	26,518	48,587	25,254	27,224	52,478

(Notes) 1. This category includes pooled funds that mainly invest in U.S. equity financial instruments that are listed on securities exchanges.

2. This category includes pooled separate accounts held by KAVX that mainly invest in equity financial instruments and debt financial instrument.

KII's long-term strategy is for target allocation of 70%-80% equity securities and 20%-30% debt securities for its defined benefit plans. KAVX's long-term strategy is for target allocation of 50% equity and 50% fixed income for its U.S. defined benefit plans and 45% equity and 55% fixed income for its European defined benefit plans.

(5) Actuarial Assumptions

The significant actuarial assumptions are as follows:

Domestic

(%)

	As of March 31,	
	2021	2022
Discount rate	0.27 to 0.61	0.27 to 0.76

Foreign

(%)

	As of March 31,	
	2021	2022
Discount rate	1.10 to 3.20	2.00 to 3.81
Rate of increase in compensation levels	2.50 to 3.25	2.50 to 3.25

(6) Sensitivity Analysis

The effect in the present value of defined benefit obligations due to changes in discount rates by 0.5% for the benefit plan at Kyocera Corporation and its major domestic subsidiaries which accounts for a significant portion of Kyocera's defined benefit plan. This sensitivity analysis assumes that actuarial assumptions other than those subject to the analysis are constant, but in fact, the movement of other actuarial assumptions may change.

(Yen in millions)

	As of March 31,	
	2021	2022
0.5% increase in discount rate	(11,056)	(10,790)
0.5% decrease in discount rate	12,288	11,982

22. Provisions

The main components of and changes in the provisions are as follows:

(Yen in millions)

	Provision for product warranties	Provision for loss on litigation	Provision for environmental loss	Asset retirement obligations	Other provisions	Total
As of April 1, 2021	3,367	993	4,658	4,115	1,702	14,835
Increase during the year	1,456	46	1,056	147	1,607	4,312
Decrease during the year (intended use)	(182)	—	(1,183)	(21)	(85)	(1,471)
Decrease during the year (reversal)	(1,315)	(14)	(80)	(75)	(301)	(1,785)
Others *	82	50	200	284	134	750
As of March 31, 2022	3,408	1,075	4,651	4,450	3,057	16,641

(Note) Others consist mainly of translation differences of foreign operations.

Provision for product warranties

In preparation for repair expenses expected to be incurred during the warranty period of a specific product, Kyocera estimates the amount of product warranty which is calculated based on the past results and prospects for the future. The majority of these expenses are expected to be incurred in the year ending March 31, 2023.

Provision for loss on litigation

The details regarding the provision for loss on litigation are described in Note “36. Contingency (2) Patent Lawsuits.”

Provision for environmental loss

The details regarding the provision for environmental loss are described in Note “36. Contingency (3) Environmental Matters.”

Asset retirement obligations

In preparation for the obligation to restore leased offices and buildings used by Kyocera to their original state, asset retirement obligations include the amount that is expected to be paid in the future based on the past results of restoration to the original state. These expenses are expected to be paid after the expected period of use of the office, but will be affected by future business plans.

Other provisions

The increase in other provisions during the year includes estimated costs related to future closures that are expected to be incurred, primarily for the plant that have been decided to be closed. These costs are expected to be paid within the next one to two years, but are affected by future changes in circumstances and other factors.

23. Other Liabilities

The main components of other liabilities are as follows:

(Yen in millions)

	As of March 31,	
	2021	2022
Contract liability	24,034	30,292
Long-term payable*	4,703	722
Others	25,828	20,248
Total	54,565	51,262

(Note) For the year ended March 31, 2018, Kyocera AVX Components Corporation, U.S. subsidiary, recorded a one-time tax expense related to the lump-sum taxation of foreign earnings under the Tax Cuts and Jobs Act enacted in the United States on December 22, 2017. For the year ended March 31, 2022, Kyocera reversed the long-term payable as it became more likely than not that Kyocera would receive a refund of this tax expense.

(Yen in millions)

	As of March 31,	
	2021	2022
Other current liabilities	34,004	41,445
Other non-current liabilities	20,561	9,817
Total	54,565	51,262

24. Common Stock and Other Equity Items

(1) Common Stock

The number of authorized and issued shares are as follows:

(shares)

	As of March 31,	
	2021	2022
Total number of authorized shares	600,000,000	600,000,000
Total number of issued shares		
Balance at the beginning of the year	377,618,580	377,618,580
Increase (decrease) during the year	—	—
Balance at the end of the year	377,618,580	377,618,580

(Notes) 1. Shares issued by Kyocera is common stock with no par value and no restriction on contents of the rights.

2. Shares issued have been fully paid.

(2) Treasury Stocks

The number and the amount of treasury stocks are as follows:

	Number of shares	Amount (Yen in millions)
Balance as of April 1, 2020	15,186,354	69,275
Increase (decrease) during the year	(8,150)	(32)
Balance as of March 31, 2021	15,178,204	69,243
Increase (decrease) during the year *	3,539,475	24,056
Balance as of March 31, 2022	18,717,679	93,299

(Note) 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)

(3) Capital Surplus and Retained Earnings

The Companies Act of Japan provides that an amount equal to 10% of dividends must be appropriated as legal reserves until the total of aggregate amount of the legal reserves equals 25% of the common stock.

(4) Other Components of Equity

a. Financial Assets Measured at Fair Value through Other Comprehensive Income

The change in fair value of financial assets at fair value through other comprehensive income.

b. Re-measurements of Defined Benefit Plans

Actuarial gains and losses related to defined benefit plan obligations, earnings on plan assets (excluding amounts included in interest income).

c. Net Changes in Fair Value of Cash Flow Hedge

Kyocera enters into hedges to reduce exposure to variability in future cash flows, which is the effective portion of the change in fair value of derivative instruments designated as cash flow hedges.

d. Exchange Differences on Translating Foreign Operations

Translation differences arising from the consolidation of financial statements of foreign operating entities prepared in foreign currencies.

e. Share of Other Comprehensive Income (Loss) of Investments Accounted for Using the Equity Method

Share of other comprehensive income (loss) of investments accounted for using the equity method includes translation differences of foreign operations.

Breakdown of other components of equity and details of changes are as follows.

(Yen in millions)

	Items that will not be reclassified to profit or loss		Items that may be reclassified to profit or loss			Total
	Financial assets measured at fair value through other comprehensive income	Re-measurements of defined benefit plans	Net changes in fair value of cash flow hedge	Exchange differences on translating foreign operations	Share of other comprehensive income (loss) of investments accounted for using the equity method	
As of April 1, 2020	599,595	—	(106)	(23,701)	(293)	575,495
Arising during the period:						
Pre-tax amount	95,495	29,358	204	33,712	112	158,881
Income tax (expense) benefit	(28,765)	(8,212)	(39)	(322)	(33)	(37,371)
Net-of-tax amount	66,730	21,146	165	33,390	79	121,510
Reclassification to profit or loss:						
Pre-tax amount	—	—	(26)	(84)	41	(69)
Income tax (expense) benefit	—	—	5	25	(12)	18
Net-of-tax amount	—	—	(21)	(59)	29	(51)
Other comprehensive income (loss), net of tax	66,730	21,146	144	33,331	108	121,459
Transfer to retained earning	(3,185)	(20,929)	—	—	—	(24,114)
Other comprehensive income (loss) attributable to non-controlling interest, net-of-taxation	31	(217)	—	(703)	—	(889)
As of March 31, 2021	663,171	—	38	8,927	(185)	671,951
Arising during the period:						
Pre-tax amount	206,510	13,097	250	68,615	320	288,792
Income tax (expense) benefit	(61,963)	(3,595)	(62)	(1,501)	(94)	(67,215)
Net-of-tax amount	144,547	9,502	188	67,114	226	221,577
Reclassification to profit or loss:						
Pre-tax amount	—	—	(204)	(4,137)	58	(4,283)
Income tax (expense) benefit	—	—	50	1,241	(17)	1,274
Net-of-tax amount	—	—	(154)	(2,896)	41	(3,009)
Other comprehensive income (loss), net of tax	144,547	9,502	34	64,218	267	218,568
Transfer to retained earning	368	(9,413)	—	—	—	(9,045)
Other comprehensive income (loss) attributable to non-controlling interest, net-of-taxation	(93)	(89)	—	(995)	—	(1,177)
As of March 31, 2022	807,993	—	72	72,150	82	880,297

25. Dividends

(1) Dividends Paid

For the year ended March 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, 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 year ended March 31, 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 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

(2) Dividends for which the Record Date Fall in the Year Ended March 31, 2021 and 2022 with an Effective Date in the Subsequent Period

For the year ended March 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

For the year ended March 31, 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

26. 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 ended March 31, 2022, the classification of revenue breakdown has been changed.

In addition, from the year ended March 31, 2022, certain sales, which was included in “Others,” has been recorded into respective reporting segments due to their materiality in terms of amount. This change has been applied to sales revenue by reporting segment for the year ended March 31, 2022.

Due to these changes, breakdown of revenue for the year ended March 31, 2021, has been reclassified in line with this change. For detailed information, please refer to Note “6. Segment Information.”

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

For the year ended March 31, 2021

(Yen in millions)

	Reporting Segment								Others	Total
	Core Components Business			Electronic Components Business	Solutions Business					
	Industrial & Automotive Components Unit	Semiconductor Components Unit	Others		Industrial Tools Unit	Document Solutions Unit	Communications Unit	Others		
Sales revenue										
Revenue recognized from contracts with customers	135,650	270,611	25,070	272,246	193,003	300,628	212,158	94,175	7,664	1,511,205
Revenue recognized from other sources	—	—	—	—	33	15,157	499	3	—	15,692
Total	135,650	270,611	25,070	272,246	193,036	315,785	212,657	94,178	7,664	1,526,897

For the year ended March 31, 2022

(Yen in millions)

	Reporting Segment								Others	Total
	Core Components Business			Electronic Components Business	Solutions Business					
	Industrial & Automotive Components Unit	Semiconductor Components Unit	Others		Industrial Tools Unit	Document Solutions Unit	Communications Unit	Others		
Sales revenue										
Revenue recognized from contracts with customers	172,406	327,709	27,128	338,391	250,910	352,062	240,300	104,409	10,751	1,824,066
Revenue recognized from other sources	—	—	—	—	80	14,341	280	171	—	14,872
Total	172,406	327,709	27,128	338,391	250,990	366,403	240,580	104,580	10,751	1,838,938

(2) Contract Balance

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

On the 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	2022
Receivables from contracts with customers	297,407	328,062
Contract assets	4,636	8,701
Contract liabilities	30,136	36,878

Contract assets relate mainly to Kyocera’s right to consideration in exchange for goods or services for which Kyocera has satisfied or partially satisfied the performance obligations but has not claimed yet as of the fiscal year end with respect to contracts for photovoltaic system related products in the Communications Unit. Contract assets are reclassified to trade receivables when the right to consideration becomes unconditional.

For contracts in which the period between the delivery of products to customers and the receipt of consideration is expected to be one year or less, Kyocera does not make an adjustment for significant financing components, as a practical expedient.

The components of contract liabilities are as follows:

(Yen in millions)

	As of March 31,	
	2021	2022
Advance received	21,811	27,925
Refund liabilities	8,325	8,953
Total	30,136	36,878

The balance of advance received as of April 1, 2020 was recognized as revenue for the year ended March 31, 2021. The balance of advance received as of March 31, 2021 was recognized as revenue for the year ended March 31, 2022. The amount of revenue from performance obligation satisfied within previous period was immaterial. The disclosure of remained performance obligation is omitted due to that there are no significant transactions with individual expected contractual terms exceeds over a year.

27. Expenses by Nature

The components of cost of sales and selling, general and administrative expenses by nature are as follows:

(Yen in millions)

	For the year ended March 31,	
	2021	2022
Raw materials	393,030	490,831
Subcontract expenses	120,046	138,664
Direct expenses for sale	34,541	36,770
Labor cost	426,890	485,833
Depreciation and amortization	109,058	128,960
General expenses	372,688	408,970
Total	1,456,253	1,690,028

Impairment loss of 11,518 million yen in the smart energy business are included in general expenses for the year ended March 31, 2021.

28. Research and Development Expenses

The amount of research and development expenses for the year ended March 31, 2021 and 2022 are as follows.

These research and development expenses are mainly recorded in “Labor cost” and “General expenses” of “Selling, general and administrative expenses.”

(Yen in millions)

	For the year ended March 31,	
	2021	2022
Research and Development expenses	75,457	84,123

29. Finance Income and Expenses

(1) Finance Income

The components of finance income are as follows:

(Yen in millions)

	For the year ended March 31,	
	2021	2022
Interest income		
Financial assets measured at amortized cost	3,626	3,427
Dividend income		
Financial assets measured at fair value through other comprehensive income	42,010	41,755
Other	14	26
Total	45,650	45,208

(2) Finance Expenses

The components of finance expenses are as follows:

(Yen in millions)

	For the year ended March 31,	
	2021	2022
Interest expenses		
Financial liabilities measured at amortized cost	1,466	1,719
Lease liabilities	597	930
Other	131	101
Total	2,194	2,750

30. 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 year ended March 31,	
	2021	2022
Profit attributable to owners of the parent (Yen in millions)	90,214	148,414
Weighted average number of ordinary shares (Thousands of shares)	362,439	360,969
Earnings per share attributable to owners of the parent -Basic (Yen)	248.91	411.15

31. Cash Flow Information

The supplemental information associated with consolidated statement of cash flows are as follows:

Non-cash investing and financing activities (Yen in millions)

	For the year ended March 31,	
	2021	2022
Accounts payable for purchase of property, plant and equipment	23,501	41,306
Accounts payable for purchase of intangible assets	509	893
Acquisition of right-of-use assets from lease transaction	17,952	21,367

Acquisitions of businesses (Yen in millions)

	For the year ended March 31,	
	2021	2022
Acquired assets at fair value	103,911	622
Assumed liabilities at fair value	(31,563)	(311)
Cash acquired	(5,458)	(45)
Others	(7,013)	1,414
Total	59,877	1,680

The changes in liabilities arising from financing activities (Yen in millions)

	Short-term borrowings	Long-term borrowings	Lease liabilities	Total
As of April 1, 2020	30,208	49,787	47,324	127,319
Changes from financing cash flows	(4,406)	(2,216)	(20,992)	(27,614)
Changes from lease contracts	—	—	18,351	18,351
Changes arising from obtaining or losing control of subsidiaries or other businesses	4,283	70	3,924	8,277
Exchange differences on translating foreign operations	54	1,561	1,712	3,327
Others	(4)	18,571	(405)	18,162
As of March 31, 2021	30,135	67,773	49,914	147,822
Changes from financing cash flows	(135)	(2,624)	(20,829)	(23,588)
Changes from lease contracts	—	—	21,942	21,942
Changes arising from obtaining or losing control of subsidiaries or other businesses	—	—	2	2
Exchange differences on translating foreign operations	—	1,396	2,578	3,974
Others	—	—	(891)	(891)
As of March 31, 2022	30,000	66,545	52,716	149,261

32. Financial Instruments

(1) Capital Management

In order to realize high-growth and profitable company, Kyocera aims to achieve sustained double-digit growth in sales revenue and profit before income taxes. In addition, Kyocera considers the profit ratio of equity attributable to owners of the parent (ROE) as an important indicator and are working to improve it.

Kyocera utilizes management resources for sustainable corporate growth such as capital investment, research and development and M&A. If Kyocera has cash on hand in excess of the required investment funds, Kyocera will implement acquisitions of its own shares within a certain range based on cash flow for enhancing shareholder returns.

Kyocera's profit ratio of equity attributable to owners of the parent (ROE) are as follow:

(%)

	For the year ended March 31,	
	2021	2022
Profit ratio of equity attributable to owners of the parent (ROE)	3.6	5.4

(2) Financial Risk Management

Kyocera's activities are exposed to varieties of market risks, including the effects of changes in foreign currency exchange rates, interest rates and stock prices. In order to hedge against these risks, Kyocera uses derivative financial instruments but does not hold or issue derivative financial instruments for trading purposes. Kyocera regularly assesses these market risks based on policies and procedures established to protect against the adverse effects of these risks and other potential exposures, primarily by reference to the market value of financial instruments.

(3) Credit Risk Management

Kyocera is principally exposed to credit risk of customers on trade receivables and credit risk of counterparties of derivatives.

Kyocera defines default on trade receivables as "customer's failure to discharge its obligation without reasonable grounds" and presume as default when it is three months past due. With regard to trade receivables, in accordance with the credits management policies, Kyocera sets the credit limit for the business partner, and in order to ensure early identification and mitigate concerns about collection due to deterioration in the financial condition of Kyocera's customers, Kyocera conducts due date management and balance management for each customer, taking into consideration of a variety of factors, including the collection period of past due receivables, historical experience, and the current business environment.

With regard to derivative transactions, Kyocera minimizes the credit risk by entering into transactions with creditworthy counterparties, limiting the amount of exposure to each counterparty, and monitoring the financial condition of its counterparties.

No significant concentration of credit risk is present in a particular customer. Kyocera's maximum exposure to credit risks is financial assets on the consolidated statement of financial position.

Changes in allowance for credit losses are as follows:

(Yen in millions)

	For the year ended March 31,	
	2021	2022
Opening balance	4,995	4,945
Increase	948	1,182
Decrease (intended use)	(133)	(232)
Decrease (reversal)	(1,032)	(1,350)
Exchange differences on translating foreign operations	167	221
Closing balance	4,945	4,766

There was no significant increase or decrease in the gross carrying amount that could affect a change in allowance for credit losses for the year ended March 31, 2021 and 2022.

Total carrying amount of financial instruments subject to allowance for credit losses are as follows:

a. Trade Receivables

(Yen in millions)

	As of March 31,	
	2021	2022
Not past due	279,269	309,705
Due within 3 months	19,462	19,857
Due over 3 months to 1 year	2,051	2,081
Due over 1 year	1,552	1,325
Total	302,334	332,968

The contract balance of financial assets that were directly written off during the reporting period but still subject to recovery activities as of March 31, 2021 and 2022 were not material.

b. Receivables Other than Trade Receivables, etc.

The information of receivables other than trade receivables has been omitted since there are no assets of which credit risk was considered to significantly increase and credit risk of the carrying amount were not material.

(4) Liquidity Risk Management

Liquidity risks are Kyocera's risks of nonfulfillment of repayment obligations for financial liabilities due. Kyocera held sufficient cash and cash equivalents as of March 31, 2022, and also held highly-liquid financial assets. Kyocera has established good relationships with major financial institutions and does not expect to face any liquidity issue in the foreseeable future.

In the short term, Kyocera expects cash demands for funds for capital expenditures, R&D activities and payments of dividends to shareholders in addition to working capital of operational activities. Kyocera plan to meet these cash demand with cash on hand and borrowings from financial institutions. However, Kyocera does not currently intend to use any other financing sources that might affect its credit agency rating. Kyocera has the basic policy to use cash on hand obtained through business activities for cash demand. However, in event of a large demand for funds for investment to expand existing businesses and create new businesses, Kyocera has borrowings from financial institutions and other financing instruments such as issuance of corporate bonds and stocks.

The balance of major financial liabilities by contractual maturities as of March 31, 2021 and 2022 are as follows:

As of March 31, 2021

(Yen in millions)

	Carrying amount	Contract amount	Due within 1 year	Due over 1 year to 5 years	Over 5 years
Non-derivative liabilities:					
Borrowings	97,908	100,286	41,091	58,735	460
Trade and other payables	183,145	183,145	183,145	—	—
Lease liabilities	49,914	52,672	16,326	23,508	12,838
Total	330,967	336,103	240,562	82,243	13,298
Derivative liabilities:					
Other financial liabilities	7,669	7,669	7,669	—	—

As of March 31, 2022

(Yen in millions)

	Carrying amount	Contract amount	Due within 1 year	Due over 1 year to 5 years	Over 5 years
Non-derivative liabilities:					
Borrowings	96,545	98,798	80,305	17,388	1,105
Trade and other payables	222,962	222,962	222,962	—	—
Lease liabilities	52,716	56,335	18,453	24,597	13,285
Total	372,223	378,095	321,720	41,985	14,390
Derivative liabilities:					
Other financial liabilities	16,552	16,552	16,552	—	—

(5) Currency Risks Management

Kyocera conducts business in countries outside Japan, which exposes it to fluctuations in foreign currency exchange rates. Kyocera may enter into mainly short-term forward contract transaction to hedge this risk. Nevertheless, fluctuations in foreign currency exchange rates could have an adverse effect on its business. Fluctuations in foreign currency exchange rates may affect Kyocera's consolidated results of operations, financial condition, cash flows, the value of its foreign assets and production costs, which in turn may adversely affect reported earnings and the comparability of period-to-period results of operations.

Changes in currency exchange rates may affect the relative prices at which Kyocera and foreign competitors sell products in the same market. In addition, changes in the value of the relevant currencies may affect the cost of imported items required in its operations.

In case appreciation of 1 yen against U.S. dollar and Euro, the impact on profit before income taxes for the year ended March 31, 2021 and 2022 are as follows:

(Yen in millions)

	For the year ended March 31,	
	2021	2022
U.S. dollar	(917)	(1,354)
Euro	(886)	(999)

(6) Interest Rate Risk Management

Kyocera recorded "Borrowings" and "Lease liabilities" in the consolidated statement of financial position. As interest rate risk relating to these interest-bearing liabilities upon Kyocera's result of operation or cash flow is immaterial, sensitivity analysis is omitted.

(7) Market Price Fluctuation Risks

Kyocera holds investments in equity securities of companies not affiliated with us, which we generally hold on a long-term position for business relationship purposes. A substantial portion of Kyocera's investments in equity securities consists of an investment in shares of KDDI Corporation, a Japanese telecommunication service provider. Kyocera's investment in shares of KDDI Corporation accounts for approximately 30% of Kyocera's total assets. Accordingly, fluctuations in the market value of the shares of KDDI Corporation may materially affect Kyocera's financial condition.

For equity securities held by Kyocera as of end of fiscal year, the impact of a 10% change in market price on other comprehensive income as of March 31, 2021 and 2022 are 113,765 million yen and 134,206 million yen, respectively. This analysis is based on the assumption that all other variables are constant.

From the perspective of enhancing the corporate value of Kyocera on a medium-to-long-term basis, Kyocera intends to keep its ownership of some of the equity securities as strategic investments including KDDI shares in light of attaining growth of business through strengthening, maintaining trade relationship and securing profits from shareholding and consideration for the social significance of Kyocera. For equity securities including strategic investments in its portfolio, with periodical checks for the economic rationality, Kyocera may dispose of some securities, which lack merit for Kyocera, although market conditions may not permit us to do so at the time, speed or price we may wish.

(8) Derivatives and Hedging

Kyocera maintains a foreign currency risk management strategy that uses derivative financial instruments, such as foreign currency forward contracts to minimize the volatility in its cash flows caused by changes in foreign currency exchange rates. Movements in foreign currency exchange rates pose a risk to Kyocera's operations and competitive position, since exchange rates changes may affect the profitability, cash flows, and business and/or pricing strategies of non-Japan-based competitors. These movements affect cross-border transactions that involve, but not limited to, direct export sales made in foreign currencies and raw material purchases incurred in foreign currencies.

By using derivative financial instruments to hedge exposures to changes in exchange rates, Kyocera became exposed to credit risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contracts. When the fair value of a derivative contract is positive, the counterparty owes Kyocera, which creates repayment risk for Kyocera. When the fair value of a derivative contract is negative, Kyocera owes the counterparty and, therefore, it does not possess repayment risk. Kyocera minimizes the credit (or repayment) risk in derivative financial instruments by (a) entering into transactions with creditworthy counterparties, (b) limiting the amount of exposure to each counterparty, and (c) monitoring the financial condition of its counterparties.

Kyocera does not hold or issue such derivative financial instruments for trading purposes.

Kyocera's associate utilizes interest rate swaps to minimize significant, unanticipated cash flow fluctuations caused by interest rate volatility. The affiliate also reduces credit risks by entering into transactions with certain creditworthy counterparty and limiting the amount of exposure to the counterparty.

a. Cash Flow Hedges

Kyocera uses certain foreign currency forward contracts with terms normally lasting for less than four months designated as cash flow hedges to protect against foreign currency exchange rate risks inherent in its forecasted transactions related to purchase commitments and sales. Kyocera's associate utilizes interest rate swaps mainly to convert a portion of its variable rates debt to fixed rates debt.

b. Other Derivatives

Kyocera's main direct foreign export sales and some import purchases are denominated in the customers and suppliers' transaction currencies, principally the U.S. dollar and the Euro. Kyocera purchases foreign currency forward contracts to protect against the adverse effects that exchange rate fluctuations may have on foreign-currency-denominated trade receivables and payables. The gains and losses on both the derivatives and the foreign-currency-denominated trade receivables and payables are recorded as profit or loss. Kyocera does not adopt hedge accounting for such derivatives.

The aggregate contractual amounts of derivative financial instruments as of March 31, 2021 and 2022 are as follows:

The aggregate contractual amounts (Yen in millions)

	As of March 31,	
	2021	2022
Derivatives designated as hedging instruments:		
Foreign currency forward contracts	6,135	8,037
Derivatives not designated as hedging instruments:		
Foreign currency forward contracts	237,007	322,763
Total	243,142	330,800

The fair value and presentation (Yen in millions)

	As of March 31,	
	2021	2022
Derivative assets		
Derivatives designated as hedging instruments:		
Foreign currency forward contracts Other financial assets	69	103
Derivatives not designated as hedging instruments:		
Foreign currency forward contracts Other financial assets	466	1,516
Total	535	1,619
Derivative liabilities		
Derivatives designated as hedging instruments:		
Foreign currency forward contracts Other financial liabilities	54	41
Derivatives not designated as hedging instruments:		
Foreign currency forward contracts Other financial liabilities	7,615	16,511
Total	7,669	16,552

Changes in the fair value of derivative financial instruments not designated as hedging instruments for the year ended March 31, 2021 and 2022 are as follows. Realized gain and losses on derivatives designated as hedging instruments are not disclosed since it is immaterial.

Type of derivatives (Yen in millions)

	For the year ended March 31,	
	2021	2022
Foreign currency forward contracts	(7,462)	(7,846)

(9) 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		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets:				
Short-term investments	79,807	79,784	25,412	25,393
Debt instruments	3,119	3,070	12	12
Other financial assets	60,070	60,070	58,544	58,544
Total	142,996	142,924	83,968	83,949
Liabilities:				
Borrowings	97,908	97,870	96,545	96,507
Total	97,908	97,870	96,545	96,507

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:

(Yen in millions)

	As of March 31, 2021			
	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

(Yen in millions)

	As of March 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Short-term investments	—	—	48	48
Equity and debt instruments				
Financial assets measured at fair value through other comprehensive income	1,415,515	—	48,175	1,463,690
Financial assets measured at fair value through profit or loss	—	—	5,431	5,431
Other financial assets	—	1,619	—	1,619
Total	1,415,515	1,619	53,654	1,470,788
Liabilities				
Other financial liabilities	—	16,552	—	16,552
Contingent consideration	—	—	2,108	2,108
Total	—	16,552	2,108	18,660

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, 2021 and 2022.

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 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 consolidated statement of financial position.

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 March 31, 2022

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.

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 year ended March 31,					
	2021			2022		
	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	3,068	37,576	—	3,336	40,859	2,581
Profit or loss *1	154	—	198	781	—	480
Other comprehensive income *2	—	(4,645)	—	—	8,047	—
Purchase and assume	6,111	7,846	—	1,447	1,404	118
Sales and settlements	(147)	(1,310)	(11)	(142)	(2,055)	(1,073)
Transfer into or out Level 3 *3	—	—	—	—	(80)	—
Changes in the scope of consolidation	(5,852)	1,392	2,392	—	—	—
Others	2	0	2	57	0	2
Closing balance	3,336	40,859	2,581	5,479	48,175	2,108
Change in unrealized gains or losses included in profit or loss	166	—	—	791	—	—

- (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 consolidated statement of profit or loss.
2. Included in “Financial assets measured at fair value through other comprehensive income” in the consolidated statement of comprehensive income.
3. The transfer out of Level 3 recognized for the year ended March 31, 2022 resulted from the investee’s listing on the stock exchange.

33. Major Subsidiaries

(1) Organizational Structure

Major subsidiaries of Kyocera as of March 31, 2022 are as follows:

Name	Location	Reporting segment	Ownership ratio of voting rights (%)
Kyocera Industrial Tools Corporation	Japan	Solutions Business	100.00
Kyocera Document Solutions Inc.	Japan	Solutions Business	100.00
Kyocera Communication Systems Co., Ltd.	Japan	Solutions Business	76.64
Kyocera (China) Sales & Trading Corporation	China	Core Components Business Electronic Components Business Solutions Business	90.00
Dongguan Shilong Kyocera Co., Ltd.	China	Core Components Business Solutions Business	90.00
Kyocera Korea Co., Ltd.	Korea	Core Components Business Electronic Components Business	100.00
Kyocera Asia Pacific Pte. Ltd.	Singapore	Core Components Business Electronic Components Business Solutions Business	100.00
Kyocera Vietnam Co., Ltd.	Vietnam	Core Components Business	100.00
Kyocera (Thailand) Co., Ltd.	Thailand	Solutions Business	100.00
Kyocera International, Inc.	U.S.A	Core Components Business Solutions Business	100.00
Kyocera AVX Components Corporation	U.S.A	Electronic Components Business	100.00
Kyocera Senco Industrial Tools, Inc.	U.S.A	Solutions Business	100.00
Kyocera Industrial Tools, Inc.	U.S.A	Solutions Business	100.00
Kyocera Europe GmbH	Germany	Core Components Business Solutions Business	100.00

(2) Change in the Parent's Ownership Interest in a Subsidiary

The effect of capital surplus on changes in the parent's ownership interests in subsidiaries is as follows:

(Yen in millions)

	For the year ended March 31,	
	2021	2022
The effect of transaction with non-controlling interests	(811)	—

There is no significant changes in the parent's ownership interests in subsidiaries for the year ended March 31, 2021.

34. Related Party**(1) Transaction with Related Party**

There are no significant related party transactions and balances to be disclosed for the year ended March 31, 2021 and 2022.

(2) Remuneration of Major Executives

Remuneration of major executives are as follows:

(Yen in millions)

	For the year ended March 31,	
	2021	2022
Basic remuneration	272	254
Performance-linked remuneration (Bonuses to Directors)	116	191
Non-monetary remuneration (Restricted Stock Compensation)	46	54
Total	434	499

(Note) In addition to the total amount of compensation shown in the above table, compensation of 366 million yen for the year ended March 31, 2021 and 295 million yen for the year ended March 31, 2022 is paid to Directors (excluding Outside Directors) as compensation and others for those employees who serve concurrently as employees and Directors.

35. Commitments

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

(Yen in millions)

	As of March 31,	
	2021	2022
Acquisition of property, plant and equipment	78,931	96,314

36. Contingency

(1) Assets Pledged as Collateral

Shares of Kagoshima Mega Solar Power Corporation held by Kyocera are pledged as collateral for its borrowings of 11,192 million yen from financial institutions as of March 31, 2022.

Shares are accounted for by the equity method and their book value is 2,273 million yen and 2,294 million yen as of March 31, 2021 and 2022, respectively.

(2) Patent Lawsuits

Kyocera is subject to various lawsuits and claims which arise in the ordinary course of business. Kyocera consults with legal counsel and assesses the likelihood of adverse outcome of these contingencies. Kyocera records liabilities for these contingencies when the likelihood of an adverse outcome is probable and the amount can be reasonably estimated. Based on the information available, management believes that damages, if any, resulting from these actions will not have a significant impact on Kyocera's financial position, operating results and cash flows.

(3) Environmental Matters

Kyocera is involved in various environmental matters and Kyocera currently has certain amount of reserves related to such environmental matters. The amount recorded for identified contingent liabilities is based on estimates. Amounts recorded are reviewed periodically and adjusted to reflect additional legal and technical information that becomes available. The uncertainties about the status of laws, regulations, regulatory actions, technology and information related to individual matters make it difficult to develop an estimate of the reasonably possible aggregate environmental remediation exposure; therefore, these costs could differ from Kyocera's current estimates.

37. Subsequent Events

On April 27, 2022, TA Triumph-Adler GmbH, a consolidated subsidiary of Kyocera Document Solutions Inc., entered into an agreement with a third party for a pension buyout of a defined benefit pension plan established for certain employees in Germany for future risk transfer and other purposes.

On April 28, 2022, under the terms of the agreement, the company's defined benefit pension plan obligations have delivered to the third party in the amount of 14,152 million yen in cash and other consideration. This transaction will have no material impact on the Kyocera's operating results.

38. Approval of Consolidated Financial Statements

The consolidated financial statements have been approved by Hideo Tanimoto, President and Representative Director, and Shoichi Aoki, Director and Managing Executive Officer, on June 28, 2022.

(2) Others**Quarterly Information for the Year Ended March 31, 2022**

(Yen in millions, unless otherwise stated)

	For the three months ended June 30, 2021	For the six months ended September 30, 2021	For the nine months ended December 31, 2021	For the year ended March 31, 2022
Sales revenue	420,712	876,337	1,355,665	1,838,938
Profit before income taxes	54,476	99,351	163,103	198,947
Profit attributable to owners of the parent for the period (year)	40,760	73,219	119,833	148,414
Earnings per share attributable to owners of the parent (Yen)	112.46	202.01	331.34	411.15

	For the three months ended June 30, 2021	For the three months ended September 30, 2021	For the three months ended December 31, 2021	For the three months ended March 31, 2022
Earnings per share attributable to owners of the parent (Yen)	112.46	89.56	129.45	79.63

VI. Outline Regarding the Administration of Kyocera's Stock

Year Ended	April 1 - March 31
Annual General Meeting of Shareholders	During June
Record date	March 31
Record dates for dividends of retained earnings	September 30 March 31
Number of shares in one trading unit	100 shares
Buyback in holdings of shares less than one unit	
Place of handling	Mitsubishi UFJ Trust and Banking Corporation Osaka Securities Agency Department 6-3, Fushimi-cho, 3-chome, Chuo-ku, Osaka
Administrator of shareholder registry	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Forwarding office	—
Fees for buyback in holdings	Free
Method of giving public notice	Public notifications by means of electronic public notice (https://global.kyocera.com/) However, in the event of an accident which makes electronic notice not possible, or the occurrence of similar circumstances which cannot be controlled, public notification shall be posted in the Nihon Keizai Shimbun (the Nikkei Newspaper).
Shareholders privileges	Not applicable

VII. Other Reference Information

1. Information on Parent Company

Kyocera Corporation has no parent company pursuant to first paragraph of Article 24-7, of Financial Instruments and Exchange Act of Japan.

2. Other Reference Information

Kyocera Corporation filed the following documents with Director of the Kanto Local Finance Bureau during the period from the commencing date of the year ended March 31, 2022 to the filing date of this Annual Report.

(1) Annual Report, documents attached, and Confirmation Letter	Business Term (67th)	From April 1, 2020 To March 31, 2021	Filed on June 25, 2021
(2) Internal Control Report and documents attached	Business Term (67th)	From April 1, 2020 To March 31, 2021	Filed on June 25, 2021
(3) Quarterly Report and Confirmation Letter	(68th First Quarter)	From April 1, 2021 To June 30, 2021	Filed on August 11, 2021
	(68th Second Quarter)	From July 1, 2021 To September 30, 2021	Filed on November 12, 2021
	(68th Third Quarter)	From October 1, 2021 To December 31, 2021	Filed on February 10, 2022
(4) Extraordinary Report	Pursuant to Article 19, Paragraph 2, Item 9-2 of Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.		Filed on June 29, 2021
(5) Status Report of Acquisition of Treasury Stock	Reporting Term	From November 1, 2021 To November 30, 2021	Filed on December 3, 2021

Part II. Corporate Information on Guarantors and Others
Not Applicable.

TRANSLATION

Following is an English translation of the Independent Auditors' Report filed under the Financial Instrument and Exchange Act of Japan. This report is presented merely as supplemental information.

Independent Auditors' Report

(filed under the Financial Instruments and Exchange Act of Japan)

June 28, 2022

To the Board of Directors of
Kyocera Corporation (Kyocera Kabushiki Kaisha):

PricewaterhouseCoopers Kyoto
Kyoto Office

Designated and Engagement Partner,
Certified Public Accountant:

Yukihiro Matsunaga

Designated and Engagement Partner,
Certified Public Accountant:

Hiroyuki Yano

Designated and Engagement Partner,
Certified Public Accountant:

Toru Tamura

Audit of Financial Statements

Audit Opinion

Pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements included in the "Financial Information," namely, the consolidated statements of financial position as of March 31, 2022 of Kyocera Corporation (the "Company") and its consolidated subsidiaries, and the consolidated statement of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, including notes to consolidated financial statements.

In our opinion, the consolidated financial statements, prepared in accordance with International Financial Reporting Standards pursuant to the provisions of Article 93 of Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements under Japanese Law, present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of March 31, 2022 and the consolidated results and its consolidated cash flows for the year then ended.

Basis for opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities in auditing standards are stated in "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions of the Code of Professional Ethics in our country, and fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of impairment of property, plant and equipment, goodwill and intangible assets (Consolidated Financial Statements Note 3 “Significant Accounting Policies (9) Impairment of Non-Financial Assets,” Note 16 “Impairment of Non-Financial Assets”)	
Details of Key Audit Matter and Reasons for Decisions	How Our Audit Addressed
<p>As of March 31, 2022, the Company has property, plant and equipment of 512,175 million yen, right-of-use assets of 40,703 million yen, goodwill of 262,985 million yen, and intangible assets of 149,879 million yen. Per its policy, the Company defines the cash-generating units to which goodwill is allocated based on the business. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually and whenever events or changes in circumstances indicate that they may be impaired. As a result of the impairment test, the recoverable amount of the GaN device business (carrying amount: 56,852 million yen) exceeded its carrying amount by 3,538 million yen (6.2%).</p> <p>In testing for impairment, the Company determined the recoverable amount based on the value in use. The value in use is calculated by discounting the estimated future cash flows based on the business plan approved by management within 10 years and the estimated future cash flows beyond the period covered by the business plan calculated using growth rates to the present value using the discount rate of the cash-generating unit or group of cash-generating units. The growth rate applied to estimate future cash flows beyond the period covered by the business plan is 0.0% to 2.0%, taking into account expected future inflation rates.</p> <p>In estimating the value in use used for impairment testing, the business plan and discount rate approved by management are used as significant assumptions. If these significant assumptions change, an impairment loss may need to be recorded in the GaN device business. Considering that estimating value in use is subject to uncertainty so management judgment is significant, and the significance of the carrying amount of non-financial assets attributable to the GaN device business, we determined that the assessment of impairment of property, plant and equipment, goodwill and intangible assets of the GaN device business as a Key Audit Matter.</p>	<p>We have performed the following procedures over the impairment assessment of property, plant and equipment, goodwill and intangible assets of the GaN Devices business conducted by management:</p> <ul style="list-style-type: none"> • We assessed the effectiveness of the design and operation of internal controls over the impairment assessment, including internal controls related to the determination of significant assumptions used in estimating value in use and underlying data. • We considered whether the valuation methods used in the value-in-use calculations are appropriate in light of the applicable financial reporting framework. • Reviewed the business plan for consistency with the figures approved by management. • Business plans were discussed with management and compared to available external data. In addition, deviations from actual results were analyzed for business plans from previous years. • We verified the basis for the after-tax cost of debt and cost of capital used as the basis for calculating the discount rate with the external information we had available to us. We also reviewed the appropriateness of comparable companies used in the calculation of the debt-equity ratio. • We conducted a sensitivity analysis of the business plan and discount rate.

Other Information

Other information included in the annual report is information other than the consolidated financial statements and the audited reports thereon. Management is responsible for the preparation and disclosure of the other information. In addition, the Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the reporting process of the other information. Our audit opinion on the consolidated financial statements does not cover the other information, and we do not provide an opinion on the other information.

In connection with our audit of the consolidated financial statements, our responsibilities are to read the other information carefully and in the course of reading, consider whether the other information is materially different from the consolidated financial statements or the knowledge we have obtained during the audit, and to pay attention to whether there are any indications of material errors in the other information other than such material differences. If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact.

We have no matters to report with respect to the other information.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards. This includes implementing and maintaining internal control deemed necessary by management for the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements on the basis of the going concern assumption and for disclosing any matters relating to going concern, if necessary, in accordance with International Financial Reporting Standards.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operation of the financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to express an opinion on these consolidated financial statements in the audit report from an independent position based on our audit, with obtaining reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement due to fraud or error. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these consolidated financial statements. As part of an audit in accordance with the auditing standards generally accepted in our country, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risk of material misstatement due to fraud or error, design and perform audit procedures responsive to material misstatement risks. The audit procedures are selected and applied depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies adopted by management and the application thereof, as well as the reasonableness of accounting estimates and the validity of related disclosure made by management.
- conclude on the appropriateness of management's use of the going concern assumption and, based on the audit evidence obtained, whether material uncertainties exist related to events or circumstances that may cast significant doubt on the Company's ability to continue as a going concern assumption. If material uncertainties regarding the going concern assumption are identified, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inappropriate, we are required to express an opinion with exceptive items to the consolidated financial statements. Our conclusions are based on audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with International Financial Reporting Standard, as well as the presentation, structure and content of the consolidated financial statements, including the related disclosures, and whether the consolidated financial statements properly present the underlying transactions and accounting events.
- obtain sufficient appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the directions, supervision and implementation of the audit of the consolidated financial statements. We are solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified in the process of the audit and other matters required by the audit standards.

We provide to Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence and on matters reasonably considered to affect the independence of the auditors and the content of safeguards, if any, to remove or reduce impediments to their independence.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be reported in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such reporting.

Audit of Internal Control

Audit Opinion

Pursuant to the Article 193-2, paragraph 2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of the Company as of March 31, 2022. In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of the Company as of March 31, 2022 is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for opinion

We conducted our audit of internal control in accordance with an audit standard of internal control over financial reporting that is generally considered acceptable in Japan. Our responsibilities under the auditing standards of internal control over financial reporting are further described in the "Auditor's Responsibilities for the Audit of the internal control." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions of the Code of Professional Ethics in our country, and fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Report on Internal Control

The Company's management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

The Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing and verify the design and operation of internal control over financial reporting.

There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditors' Responsibility for the Audit of the Internal Control

Our responsibility is to express an opinion on management's report on internal control based on our internal control audit from independent position obtaining reasonable assurance about whether the management's report on internal control as a whole are free from material misstatement.

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan exercising professional judgment and maintain professional skepticism throughout the audit.

- Perform audit procedures for obtaining audit evidence regarding the evaluation results of internal control over financial reporting in the report on internal control. Audit procedures for internal control audits are selected and applied depend on the auditor's judgement, based on the significance of impact on the reliability of financial reporting.
- Consider presentation of the report on internal control as a whole, including the description made by the management regarding the scope of evaluation of internal control over financial reporting, the procedures for evaluation, and the results of the evaluation.
- Obtain sufficient and appropriate audit evidence regarding the evaluation results of internal control over financial reporting in the report on internal control. We are responsible for the direction, supervision and performance of the audit of the report on internal control. We are solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding the planned scope and timing of the audit, the results of internal control audits, any material weakness in internal control identified, the results of their corrections, and other matters required in internal control auditing.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest

Our firm and its designated engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act of Japan.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.