

Quarterly Report

(English summary with full translation of consolidated financial information)

(The Third Quarter of 69th Business Term)

From October 1, 2022 to December 31, 2022

KYOCERA CORPORATION

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This is an English translation of the Quarterly Report filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors' NETwork (“EDINET”) pursuant to the Financial Instruments and Exchange Act of Japan. In this document, the terms “we,” “us,” “our,” “Kyocera Group” and “Kyocera” refer to Kyocera Corporation and consolidated subsidiaries or, as the context may require, Kyocera Corporation on a non-consolidated basis and the “Company” refers to Kyocera Corporation on a non-consolidated basis. The term “fiscal 2023” refers to the year ending March 31, 2023, with other fiscal years referred to in a corresponding manner.

Part I. Information on Kyocera

I. Overview of Kyocera

1. Selected Financial Data

(Yen in millions unless otherwise stated)

	For the nine months ended December 31,		For the year ended March 31, 2022
	2021	2022	
Sales revenue	1,355,665	1,526,497	1,838,938
Profit before income taxes	163,103	162,756	198,947
Profit attributable to owners of the parent	119,833	118,783	148,414
Comprehensive income attributable to owners of the parent	138,283	165,931	365,805
Equity attributable to owners of the parent	2,644,049	2,969,108	2,871,554
Total assets	3,574,203	3,991,890	3,917,265
Earnings per share attributable to owners of the parent - Basic (Yen)	331.34	330.96	411.15
Earnings per share attributable to owners of the parent - Diluted (Yen)	—	—	—
Ratio of equity attributable to owners of the parent to total assets (%)	74.0	74.4	73.3
Cash flows from operating activities	157,425	101,336	201,957
Cash flows from investing activities	(57,019)	(121,178)	(79,457)
Cash flows from financing activities	(104,345)	(59,702)	(111,473)
Cash and cash equivalents at the end of the period	388,285	335,109	414,129

	For the three months ended December 31,	
	2021	2022
Sales revenue	479,328	514,325
Profit attributable to owners of the parent	46,614	43,197
Earnings per share attributable to owners of the parent - Basic (Yen)	129.45	120.35

- (Notes) 1. Kyocera prepared its condensed quarterly consolidated financial statements and consolidated financial statements in accordance with International Financial Reporting Standards (hereinafter, “IFRS”), and the figures are presented in Japanese yen and amounts less than one million yen are rounded.
2. Earnings per share attributable to owners of the parent - Diluted are not described in the above table, as there is no potential share.
3. As Kyocera prepares the condensed quarterly consolidated financial statements, the selected non-consolidated financial data is not set forth in this document.

2. Description of Business

There were no significant changes in the business and operations of Kyocera and its associates during the nine months ended December 31, 2022 (hereinafter, “the nine months”). There were no changes in the organizations of major subsidiaries and associates.

II. Business Overview

1. Risk Factors

There were no new risk factors recognized for the nine months. There were no significant changes in risk factors stated in the Annual Report for the year ended March 31, 2022 pursuant to the Financial Instruments and Exchange Act of Japan.

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

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

(1) Summary of Operating Results

(Yen in millions)

	For the nine months ended December 31,				Change	
	2021		2022			
	Amount	%*	Amount	%*	Amount	%
Sales revenue	1,355,665	100.0	1,526,497	100.0	170,832	12.6
Operating profit	118,458	8.7	113,884	7.5	(4,574)	(3.9)
Profit before income taxes	163,103	12.0	162,756	10.7	(347)	(0.2)
Profit attributable to owners of the parent	119,833	8.8	118,783	7.8	(1,050)	(0.9)
Average US\$ exchange rate (Yen)	111	—	137	—	—	—
Average Euro exchange rate (Yen)	131	—	141	—	—	—

* % represents the percentage to sales revenue.

During the nine months, economic growth slowed due to factors such as interest rate hikes in global economies and the substantial depreciation of the yen, in addition to rising uncertainty regarding the global situation and continuing inflation. As to our major markets, while demand in semiconductor-related markets remained robust, demand in the smartphone market weakened.

At Kyocera, due mainly to the contribution of investment in expanding our component production for semiconductor-related markets and also to the impact of the weaker yen, sales revenue for the nine months increased by 170,832 million yen, or 12.6%, to 1,526,497 million yen, as compared with the nine months ended December 31, 2021 (“the previous nine months”), marking a record high for a nine-month period.

On the other hand, despite the impacts of this sales revenue increase and the weaker yen, profit decreased as compared with the previous nine months, due to factors such as increases in costs for raw materials and logistics, etc., as well as a sharp decrease in sales revenue in the Communications Unit and a slowdown in demand for smartphone components during the three months ended December 31, 2022 (“the third quarter”). In addition, two one-time costs totaling approximately 10 billion yen were recorded during the nine months, namely, a litigation cost in the amount of approximately 7 billion yen recorded during the three months ended September 30, 2022 and the additional cost in connection with pension obligations in the amount of approximately 3 billion yen recorded during the third quarter.

As a result, operating profit decreased by 4,574 million yen, or 3.9%, to 113,884 million yen, profit before income taxes decreased by 347 million yen, or 0.2%, to 162,756 million yen, and profit attributable to owners of the parent decreased by 1,050 million yen, or 0.9%, to 118,783 million yen, as compared with the previous nine months.

Results by Reporting Segment

Sales Revenue by Reporting Segment

(Yen in millions)

	For the nine months ended December 31,				Change	
	2021		2022		Amount	%
	Amount	%*	Amount	%*		
Core Components Business	392,159	28.9	453,238	29.7	61,079	15.6
Industrial & Automotive Components Unit	127,728	9.4	147,163	9.6	19,435	15.2
Semiconductor Components Unit	244,112	18.0	284,764	18.7	40,652	16.7
Others	20,319	1.5	21,311	1.4	992	4.9
Electronic Components Business	249,558	18.4	290,538	19.1	40,980	16.4
Solutions Business	722,669	53.3	792,643	51.9	69,974	9.7
Industrial Tools Unit	184,586	13.6	238,368	15.6	53,782	29.1
Document Solutions Unit	270,152	19.9	318,476	20.9	48,324	17.9
Communications Unit	191,006	14.1	147,155	9.6	(43,851)	(23.0)
Others	76,925	5.7	88,644	5.8	11,719	15.2
Others	12,761	1.0	17,091	1.1	4,330	33.9
Adjustments and eliminations	(21,482)	(1.6)	(27,013)	(1.8)	(5,531)	—
Sales revenue	1,355,665	100.0	1,526,497	100.0	170,832	12.6

* % represents the component ratio.

Business Profit (Loss) by Reporting Segment

(Yen in millions)

	For the nine months ended December 31,				Change	
	2021		2022		Amount	%
	Amount	%*	Amount	%*		
Core Components Business	45,356	11.6	71,148	15.7	25,792	56.9
Industrial & Automotive Components Unit	15,096	11.8	17,685	12.0	2,589	17.2
Semiconductor Components Unit	31,544	12.9	56,296	19.8	24,752	78.5
Others	(1,284)	—	(2,833)	—	(1,549)	—
Electronic Components Business	39,832	16.0	39,572	13.6	(260)	(0.7)
Solutions Business	53,851	7.5	36,480	4.6	(17,371)	(32.3)
Industrial Tools Unit	21,019	11.4	20,097	8.4	(922)	(4.4)
Document Solutions Unit	25,304	9.4	21,981	6.9	(3,323)	(13.1)
Communications Unit	11,358	5.9	(5,553)	—	(16,911)	—
Others	(3,830)	—	(45)	—	3,785	—
Others	(10,551)	—	(20,016)	—	(9,465)	—
Total business profit	128,488	9.5	127,184	8.3	(1,304)	(1.0)
Corporate gains and others	34,615	—	35,572	—	957	2.8
Profit before income taxes	163,103	12.0	162,756	10.7	(347)	(0.2)

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

(Note) 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.

Business results for the previous nine months have been reclassified in line with the above change.

The analysis of Reporting Segment is as follows:

a. Core Components Business

Sales revenue for the nine months increased by 61,079 million yen, or 15.6%, to 453,238 million yen as compared with the previous nine months. Business profit increased by 25,792 million yen, or 56.9%, to 71,148 million yen as compared with the previous nine months. The business profit ratio for the nine months improved to 15.7%.

Sales revenue increased due mainly to a rise in demand for high-value-added products, such as ceramic packages and organic packages and boards in the Semiconductor Components Unit for the information and communication-related markets, including the 5G market, as well as fine ceramic components for semiconductor processing equipment in the Industrial & Automotive Components Unit. Business profit increased significantly due to increased sales, as well as the impact of the weaker yen.

b. Electronic Components Business

Sales revenue for the nine months increased by 40,980 million yen, or 16.4%, to 290,538 million yen as compared with the previous nine months. However, business profit decreased by 260 million yen, or 0.7%, to 39,572 million yen as compared with the previous nine months. The business profit ratio for the nine months declined to 13.6%.

Sales revenue increased due to growing demand for components such as capacitors mainly for the industrial and the automotive-related markets, and due also to the weaker yen. However, despite the impact of increased sales and the weaker yen, business profit remained almost flat, due to increases in costs for raw materials, etc. and weakening demand for smartphone components, as well as the recording of the additional cost in connection with pension obligations at a subsidiary in the amount of approximately 3 billion yen.

c. Solutions Business

Sales revenue for the nine months increased by 69,974 million yen, or 9.7%, to 792,643 million yen as compared with the previous nine months. However, business profit decreased by 17,371 million yen, or 32.3%, to 36,480 million yen as compared with the previous nine months. The business profit ratio for the nine months declined to 4.6%.

Sales revenue increased due to increased sales of major products as well as the impact of the weaker yen in the Industrial Tools Unit and the Document Solutions Unit. Business profit, however, decreased due to a loss recorded in the Communications Unit caused by a substantial decrease in mobile phone sales volume, as well as increases in costs for raw materials and logistics, etc. in each business.

(2) Summary of Cash Flows

(Yen in millions)

	For the nine months ended December 31,		Change
	2021	2022	
Cash flows from operating activities	157,425	101,336	(56,089)
Cash flows from investing activities	(57,019)	(121,178)	(64,159)
Cash flows from financing activities	(104,345)	(59,702)	44,643
Effect of exchange rate changes on cash and cash equivalents	5,497	524	(4,973)
Increase (decrease) in cash and cash equivalents	1,558	(79,020)	(80,578)
Cash and cash equivalents at the beginning of the year	386,727	414,129	27,402
Cash and cash equivalents at the end of the period	388,285	335,109	(53,176)

The balance of cash and cash equivalents at December 31, 2022 decreased by 79,020 million yen, or 19.1%, to 335,109 million yen from 414,129 million yen at March 31, 2022.

a. Cash Flows from Operating Activities

Net cash provided by operating activities for the nine months decreased by 56,089 million yen, or 35.6%, to 101,336 million yen from 157,425 million yen for the previous nine months. This was due mainly to an increase in cash outflows with increased production and purchases as well as income tax paid, and a transfer of retirement benefit liabilities of TA Triumph-Adler GmbH, a consolidated subsidiary of Kyocera Document Solutions Inc., to a third party in cash and other consideration.

b. Cash Flows from Investing Activities

Net cash used in investing activities for the nine months increased by 64,159 million yen, or 112.5%, to 121,178 million yen from 57,019 million yen for the previous nine months. This was due mainly to an increase in capital expenditures as well as a decrease in proceeds from maturities of securities.

c. Cash Flows from Financing Activities

Net cash used in financing activities for the nine months decreased by 44,643 million yen, or 42.8%, to 59,702 million yen from 104,345 million yen for the previous nine months. This was due mainly to an increase in proceeds from borrowings and a decrease in payments for purchase of treasury stock, despite an increase in dividends paid.

(3) Liquidity and Capital Resources

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

As of December 31, 2022, its cash and cash equivalents were 335,109 million yen and the balance of borrowings was 125,188 million yen. The borrowings of Kyocera are mainly denominated in yen.

Kyocera's cash requirements for the year ending March 31, 2023 are funds for capital expenditures, R&D activities and dividend payments in addition to working capital of operating activities.

Kyocera plans to meet these cash demands 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.

In events of a large demand for funds for investment to expand existing businesses and create new businesses, Kyocera has several means of financing such as additional borrowings from financial institutions and issuance of corporate bonds and stocks.

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

(4) Significant Accounting Estimates and Judgments Involving Estimations

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

(5) Major Management Challenges

There were no new management challenges to be addressed with priority during the nine months. There were no significant changes from the content in the Annual Report for the year ended March 31, 2022.

(6) Research and Development Activities

Research and development expenses for the nine months increased by 8,056 million yen, or 13.1%, to 69,530 million yen from 61,474 million yen for the previous nine months.

There were no significant changes in the status of research and development activities from the Annual Report for the year ended March 31, 2022.

(7) Summary of Production, Orders Received and Sales

Orders Received by Reporting Segment

(Yen in millions)

	For the nine months ended December 31,				Change
	2021		2022		
	Amount	%*	Amount	%*	%
Core Components Business	398,502	28.6	446,532	29.4	12.1
Industrial & Automotive Components Unit	134,802	9.7	153,082	10.1	13.6
Semiconductor Components Unit	243,349	17.5	272,100	17.9	11.8
Others	20,351	1.4	21,350	1.4	4.9
Electronic Components Business	273,407	19.6	289,074	19.0	5.7
Solutions Business	726,916	52.2	794,692	52.2	9.3
Industrial Tools Unit	186,880	13.4	239,435	15.7	28.1
Document Solutions Unit	269,744	19.4	317,891	20.9	17.8
Communications Unit	188,054	13.5	149,021	9.8	(20.8)
Others	82,238	5.9	88,345	5.8	7.4
Others	12,987	0.9	14,247	0.9	9.7
Adjustments and eliminations	(18,281)	(1.3)	(23,030)	(1.5)	—
Orders Received	1,393,531	100.0	1,521,515	100.0	9.2

* % represents the component ratio.

(Note) Kyocera flexibly produces in accordance with growing demands, customer's request and market changes.

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

3. Material Agreements

There were no material agreements which were approved for conclusion or concluded during the three months ended December 31, 2022.

III. Corporate Information

1. Information on Kyocera's Shares and Others

(1) Total Number of Shares and Others

a. Total Number of Shares

Class	Total number of shares authorized to be issued (shares)
Common stock	600,000,000
Total	600,000,000

b. Shares Issued

Class	Number of shares issued as of December 31, 2022 (shares)	Number of shares issued as of the filing date (shares) (February 10, 2023)	Stock exchange on which Kyocera is listed or authorized financial instruments firm's association where Kyocera is registered	Description
Common stock	377,618,580	377,618,580	Tokyo Stock Exchange Prime market	This is Kyocera's standard stock. There is no restriction on contents of the right of the stock. The number of shares per one unit of shares is 100 shares.
Total	377,618,580	377,618,580	—	—

(2) Information on the Stock Acquisition Rights and Others

a. Details of Stock Option Plans

Not Applicable.

b. Other Information about Stock Acquisition Rights

Not Applicable.

(3) Information on Moving Strike Convertible Bonds

Not Applicable.

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

Date	Change in the total number of shares issued (shares)	Balance of the total number of shares issued (shares)	Changes in common stock (Yen in millions)	Balance of common stock (Yen in millions)	Changes in additional paid-in capital (Yen in millions)	Balance of additional paid-in capital (Yen in millions)
From October 1, 2022 to December 31, 2022	—	377,618,580	—	115,703	—	192,555

(5) Major Shareholders

Not Applicable.

(6) Information on Voting Rights

Information on voting rights as of September 30, 2022 is stated in this item because Kyocera does not identify the number of voting rights as of December 31, 2022 due to the lack of information on the details entered in the shareholders registry as of December 31, 2022.

a. Shares Issued

As of September 30, 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 18,704,900	—	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 358,606,300	3,586,063	Same as above
Shares less than one unit	Common stock 307,380	—	—
Number of shares issued	377,618,580	—	—
Total number of voting rights	—	3,586,063	—

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

b. Treasury Stock and Others

As of September 30, 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	18,704,900	—	18,704,900	4.95
Total	—	18,704,900	—	18,704,900	4.95

(Note) Kyocera Corporation held 18,705,300 shares of treasury stock as of December 31, 2022.

2. Changes in Directors and Audit & Supervisory Board Members

Not Applicable.

IV. Condensed Quarterly Consolidated Financial Statements and Other Information

1. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Yen in millions)

	Note	As of	
		March 31, 2022	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents		414,129	335,109
Short-term investments	12	25,460	4,491
Trade and other receivables	10	379,066	374,743
Other financial assets	12	18,623	30,315
Inventories		452,506	556,399
Other current assets		39,339	44,443
Total current assets		1,329,123	1,345,500
Non-current assets			
Equity and debt instruments	7, 12	1,469,133	1,463,373
Investments accounted for using the equity method		15,795	15,442
Other financial assets	12	41,540	41,201
Property, plant and equipment		512,175	572,721
Right-of-use assets		40,703	46,523
Goodwill		262,985	268,526
Intangible assets		149,879	148,561
Deferred tax assets		36,483	38,861
Other non-current assets		59,449	51,182
Total non-current assets		2,588,142	2,646,390
Total assets		3,917,265	3,991,890

The accompanying notes are an integral part of these statements.

(Yen in millions)

	Note	As of	
		March 31, 2022	December 31, 2022
Liabilities and Equity			
Liabilities			
Current liabilities			
Borrowings	7, 12	79,382	108,773
Trade and other payables		222,962	205,015
Lease liabilities		17,326	17,789
Other financial liabilities	12	16,552	2,855
Income tax payables		20,390	19,023
Accrued expenses	10	134,282	117,503
Provisions		7,010	8,004
Other current liabilities	10	41,445	49,283
Total current liabilities		539,349	528,245
Non-current liabilities			
Borrowings	12	17,163	16,415
Lease liabilities		35,390	40,056
Retirement benefit liabilities	8	23,129	9,415
Deferred tax liabilities		384,513	380,550
Provisions		9,631	9,796
Other non-current liabilities		9,817	10,972
Total non-current liabilities		479,643	467,204
Total liabilities		1,018,992	995,449
Equity			
Common stock		115,703	115,703
Capital surplus		122,751	122,523
Retained earnings		1,846,102	1,896,322
Other components of equity		880,297	927,802
Treasury stock		(93,299)	(93,242)
Total equity attributable to owners of the parent		2,871,554	2,969,108
Non-controlling interests		26,719	27,333
Total equity		2,898,273	2,996,441
Total liabilities and equity		3,917,265	3,991,890

The accompanying notes are an integral part of these statements.

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

For the nine months ended December 31, 2021 and 2022

(Yen in millions)

	Note	For the nine months ended December 31,	
		2021	2022
Sales revenue	5, 10	1,355,665	1,526,497
Cost of sales		970,501	1,086,375
Gross profit		385,164	440,122
Selling, general and administrative expenses	12	266,706	326,238
Operating profit		118,458	113,884
Finance income	12	44,367	50,451
Finance expenses	12	2,011	2,604
Foreign exchange gains (losses)		1,605	(1,662)
Share of net profit (loss) of investments accounted for using the equity method		(491)	135
Other, net		1,175	2,552
Profit before income taxes	5	163,103	162,756
Income taxes		40,717	41,902
Profit for the period		122,386	120,854
Profit attributable to:			
Owners of the parent		119,833	118,783
Non-controlling interests		2,553	2,071
Profit for the period		122,386	120,854
Per share information:	11		
Earnings per share attributable to owners of the parent			
Basic and diluted (Yen)		331.34	330.96

The accompanying notes are an integral part of these statements.

For the three months ended December 31, 2021 and 2022

(Yen in millions)

	Note	For the three months ended December 31,	
		2021	2022
Sales revenue	5, 10	479,328	514,325
Cost of sales		344,313	365,057
Gross profit		135,015	149,268
Selling, general and administrative expenses	12	92,236	111,872
Operating profit		42,779	37,396
Finance income	12	21,240	24,141
Finance expenses	12	681	920
Foreign exchange gains (losses)		395	(3,615)
Share of net profit (loss) of investments accounted for using the equity method		(305)	(185)
Other, net		324	1,628
Profit before income taxes	5	63,752	58,445
Income taxes		16,295	14,816
Profit for the period		47,457	43,629
Profit attributable to:			
Owners of the parent		46,614	43,197
Non-controlling interests		843	432
Profit for the period		47,457	43,629
Per share information:	11		
Earnings per share attributable to owners of the parent			
Basic and diluted (Yen)		129.45	120.35

The accompanying notes are an integral part of these statements.

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

For the nine months ended December 31, 2021 and 2022

(Yen in millions)

	Note	For the nine months ended December 31,	
		2021	2022
Profit for the period		122,386	120,854
Other comprehensive income, net of taxation			
Items that will not be reclassified to profit or loss:			
Financial assets measured at fair value through other comprehensive income	12	(4,476)	(4,871)
Re-measurement of defined benefit plans		—	(37)
Total items that will not be reclassified to profit or loss		(4,476)	(4,908)
Items that may be reclassified subsequently to profit or loss:			
Net changes in fair value of cash flow hedge		51	(21)
Exchange differences on translating foreign operations		23,193	52,173
Share of other comprehensive income of investments accounted for using the equity method		73	(86)
Total items that may be reclassified subsequently to profit or loss		23,317	52,066
Total other comprehensive income		18,841	47,158
Comprehensive income for the period		141,227	168,012
Comprehensive income attributable to:			
Owners of the parent		138,283	165,931
Non-controlling interests		2,944	2,081
Comprehensive income for the period		141,227	168,012

The accompanying notes are an integral part of these statements.

For the three months ended December 31, 2021 and 2022

(Yen in millions)

	Note	For the three months ended December 31,	
		2021	2022
Profit for the period		47,457	43,629
Other comprehensive income, net of taxation			
Items that will not be reclassified to profit or loss:			
Financial assets measured at fair value through other comprehensive income	12	(73,715)	(62,427)
Re-measurement of defined benefit plans		—	—
Total items that will not be reclassified to profit or loss		(73,715)	(62,427)
Items that may be reclassified subsequently to profit or loss:			
Net changes in fair value of cash flow hedge		54	35
Exchange differences on translating foreign operations		18,242	(55,742)
Share of other comprehensive income of investments accounted for using the equity method		138	(2)
Total items that may be reclassified subsequently to profit or loss		18,434	(55,709)
Total other comprehensive income		(55,281)	(118,136)
Comprehensive income for the period		(7,824)	(74,507)
Comprehensive income attributable to:			
Owners of the parent		(9,012)	(74,275)
Non-controlling interests		1,188	(232)
Comprehensive income for the period		(7,824)	(74,507)

The accompanying notes are an integral part of these statements.

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

For the nine months ended December 31, 2021

(Yen in millions)

	Note	Total equity attributable to owners of the parent						Non-controlling interests	Total equity
		Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total		
Balance as of April 1, 2021		115,703	122,745	1,750,259	671,951	(69,243)	2,591,415	24,695	2,616,110
Profit for the period				119,833			119,833	2,553	122,386
Other comprehensive income					18,450		18,450	391	18,841
Total comprehensive income for the period		—	—	119,833	18,450	—	138,283	2,944	141,227
Cash dividends	9			(61,616)			(61,616)	(1,508)	(63,124)
Purchase of treasury stock						(24,107)	(24,107)		(24,107)
Reissuance of treasury stock			27			55	82		82
Transactions with non-controlling interests							—		—
Transfer to retained earnings				3	(3)		—		—
Others			(8)				(8)		(8)
Balance as of December 31, 2021		115,703	122,764	1,808,479	690,398	(93,295)	2,644,049	26,131	2,670,180

For the nine months ended December 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, 2022		115,703	122,751	1,846,102	880,297	(93,299)	2,871,554	26,719	2,898,273
Profit for the period				118,783			118,783	2,071	120,854
Other comprehensive income					47,148		47,148	10	47,158
Total comprehensive income for the period		—	—	118,783	47,148	—	165,931	2,081	168,012
Cash dividends	9			(68,192)			(68,192)	(1,415)	(69,607)
Purchase of treasury stock						(12)	(12)		(12)
Reissuance of treasury stock			33			69	102		102
Transactions with non-controlling interests			(261)				(261)	(52)	(313)
Transfer to retained earnings	8			(357)	357		—		—
Others				(14)			(14)		(14)
Balance as of December 31, 2022		115,703	122,523	1,896,322	927,802	(93,242)	2,969,108	27,333	2,996,441

The accompanying notes are an integral part of these statements.

(5) Condensed Quarterly Consolidated Statement of Cash Flows

(Yen in millions)

	Note	For the nine months ended December 31,	
		2021	2022
Cash flows from operating activities:			
Profit for the period		122,386	120,854
Depreciation and amortization		94,646	111,019
Finance expenses (income)		(42,356)	(47,847)
Share of net profit of investments accounted for using the equity method		491	(135)
Impairment loss		223	648
(Gains) losses from sales or disposal of property, plant and equipment		(1,286)	(1,045)
Income taxes		40,717	41,902
(Increase) decrease in trade and other receivables		(24,983)	21,058
(Increase) decrease in inventories		(69,777)	(87,298)
(Increase) decrease in other assets		11,028	(6,133)
Increase (decrease) in trade and other payables		16,943	(18,918)
Increase (decrease) in accrued expenses		(8,863)	(17,883)
Increase (decrease) in provisions		(1,037)	1,872
Increase (decrease) in other liabilities	8	(9,596)	(36,061)
Other, net		1,918	8,272
Subtotal		130,454	90,305
Interests and dividends received		44,621	50,264
Interests paid		(1,745)	(1,840)
Income taxes refund (paid)		(15,905)	(37,393)
Net cash provided by operating activities		157,425	101,336
Cash flows from investing activities:			
Payments for purchases of property, plant and equipment		(99,417)	(134,369)
Payments for purchases of intangible assets		(9,390)	(7,461)
Proceeds from sales of property, plant and equipment		2,528	2,077
Acquisitions of business, net of cash acquired		(1,705)	(2,355)
Acquisition of time deposits and certificate of deposits		(74,493)	(12,827)
Withdrawal of time deposits and certificate of deposits		99,329	33,291
Payments for purchases of securities		(1,822)	(1,256)
Proceeds from sales and maturities of securities		27,771	2,385
Other, net		180	(663)
Net cash used in investing activities		(57,019)	(121,178)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings		(135)	30,000
Proceeds from long-term borrowings		8,549	5,129
Repayments of long-term borrowings		(10,985)	(7,216)
Repayments of lease liabilities		(15,268)	(17,848)
Dividends paid		(62,399)	(69,443)
Purchase of treasury stock		(24,107)	(12)
Other, net		0	(312)
Net cash used in financing activities		(104,345)	(59,702)
Effect of exchange rate changes on cash and cash equivalents		5,497	524
Increase (decrease) in cash and cash equivalents		1,558	(79,020)
Cash and cash equivalents at the beginning of the year		386,727	414,129
Cash and cash equivalents at the end of the period		388,285	335,109

The accompanying notes are an integral part of these statements.

Notes to Condensed Quarterly Consolidated Financial Statements

1. Reporting Entity

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

The condensed quarterly consolidated financial statements as of and for the nine months ended December 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 "5. Segment Information."

2. Basis of Preparation

(1) Compliance with IFRS

The condensed quarterly consolidated financial statements of Kyocera have been prepared in accordance with International Accounting Standard (hereinafter, "IAS") 34 "Interim Financial Reporting" pursuant to the provision of Article 93 of Regulations for Consolidated Financial Statements, as Kyocera meets the criteria of a "Designated IFRS Specified Company" defined under Article 1-2 of the regulations.

Condensed quarterly consolidated financial statements do not include all the information that required in the annual consolidated financial statements, therefore, condensed quarterly consolidated financial statements should be used with the consolidated financial statements for the year ended March 31, 2022.

(2) Basis of Measurement

These condensed quarterly consolidated financial statements have been prepared under the historical cost basis, except for certain items, such as financial instruments that are measured at fair value and accounting adjustments that are described on Note "3. Significant Accounting Policies <Hyperinflationary accounting adjustments>."

(3) Functional Currency and Presentation Currency

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

3. Significant Accounting Policies

Significant accounting policies applied in the condensed quarterly consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended March 31, 2022, except for the following.

For the nine months ended December 31, 2022, income tax expenses are accrued using the tax rate calculated based on the estimated average annual effective income tax rate.

<Hyperinflationary accounting adjustments>

From the three months ended June 30, 2022, Kyocera has applied hyperinflationary accounting adjustments to subsidiaries whose functional currency is Turkish Lira as required by IAS 29 "Financial Reporting in Hyperinflationary Economies." When a subsidiary's functional currency is the currency of a hyperinflationary economy, adjustments are made to its separate financial statements to reflect current price levels, and income, expenses and cash flow of the subsidiary are translated into Japanese yen at the exchange rate at the end of the reporting period.

4. Significant Accounting Estimates and Judgments Involving Estimations

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

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

The estimates and judgements that have material impact in condensed quarterly consolidated financial statements are the same as the consolidated financial statements for the year ended March 31, 2022, except for the following changes of accounting estimates.

<Changes in the useful lives of intangible assets>

Effective from the three months ended June 30, 2022, Kyocera has changed the useful lives of some software from two years to five years and the change is applied prospectively. This was due to better estimates based on recent software usage.

As a result of the change, operating profit and profit before income taxes for the nine months ended December 31, 2022 increased by 1,564 million yen compared to the previous estimates.

Kyocera's estimates and judgements as of the year ended March 31, 2022 are based on the assumption that the impact will not be material to the consolidated financial statements as a whole, 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.

At present, Kyocera has not recognized any events that would have significant impacts on its estimates and judgments as of the year ended March 31, 2022 although the future impacts by the COVID-19 are still uncertain.

5. Segment Information

(1) Overview of Reporting Segment

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

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

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

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

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 nine months ended December 31, 2021 and for the three months ended December 31, 2021.

In line with the change in the reporting segments of such sales of by-product, sales for the nine months ended December 31, 2021 of "Core Components Business" increased by 7,828 million yen, "Solutions Business" increased by 11 million yen and "Others" decreased by 7,839 million yen compared with those before the change of the presentation. Sales for the three months ended December 31, 2021 of "Core Components Business" increased by 2,834 million yen, "Solutions Business" increased by 6 million yen and "Others" decreased by 2,840 million yen compared with those before the change of the presentation. There is no impact on consolidated sales revenue and business profit.

(2) Information on Reporting Segment

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

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

For the nine months ended December 31, 2021

(Yen in millions)

	Reporting Segment			Others * 1	Total	Adjustment * 2	Consolidated
	Core Components Business	Electronic Components Business	Solutions Business				
Sales revenue							
External customers	391,702	249,025	707,441	7,497	1,355,665	—	1,355,665
Intersegment sales and transfers	457	533	15,228	5,264	21,482	(21,482)	—
Total	392,159	249,558	722,669	12,761	1,377,147	(21,482)	1,355,665
Business profit (loss)	45,356	39,832	53,851	(10,551)	128,488	—	128,488
Corporate gains and others * 3	—	—	—	—	—	—	35,106
Share of net profit (loss) of investments accounted for using the equity method	—	—	—	—	—	—	(491)
Profit before income taxes	—	—	—	—	—	—	163,103
Other items							
Depreciation and amortization charge	26,668	20,493	36,121	4,234	87,516	7,130	94,646
Capital expenditures (for property, plant and equipment)	50,566	23,674	18,687	2,552	95,479	6,524	102,003

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

2. Adjustment represents as follows:

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

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

For the nine months ended December 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	452,686	289,937	775,025	8,849	1,526,497	—	1,526,497
Intersegment sales and transfers	552	601	17,618	8,242	27,013	(27,013)	—
Total	453,238	290,538	792,643	17,091	1,553,510	(27,013)	1,526,497
Business profit (loss)	71,148	39,572	36,480	(20,016)	127,184	—	127,184
Corporate gains and others * 3	—	—	—	—	—	—	35,437
Share of net profit (loss) of investments accounted for using the equity method	—	—	—	—	—	—	135
Profit before income taxes	—	—	—	—	—	—	162,756
Other items							
Depreciation and amortization charge	33,572	25,546	39,798	5,623	104,539	6,480	111,019
Capital expenditures (for property, plant and equipment)	47,896	34,974	19,610	11,742	114,222	12,915	127,137

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

2. Adjustment represents as follows:

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

3. Corporate gains and others include income and expenses which do not belong to any segments and mainly consists of finance income and expenses and a one-time cost recorded in connection with a litigation.

For the three months ended December 31, 2021

(Yen in millions)

	Reporting Segment			Others * 1	Total	Adjustment * 2	Consolidated
	Core Components Business	Electronic Components Business	Solutions Business				
Sales revenue							
External customers	140,018	86,087	250,164	3,059	479,328	—	479,328
Intersegment sales and transfers	163	171	4,980	1,789	7,103	(7,103)	—
Total	140,181	86,258	255,144	4,848	486,431	(7,103)	479,328
Business profit (loss)	17,298	13,741	17,837	(3,370)	45,506	—	45,506
Corporate gains and others * 3	—	—	—	—	—	—	18,551
Share of net profit (loss) of investments accounted for using the equity method	—	—	—	—	—	—	(305)
Profit before income taxes	—	—	—	—	—	—	63,752
Other items							
Depreciation and amortization charge	9,603	7,628	12,136	1,457	30,824	2,492	33,316
Capital expenditures (for property, plant and equipment)	17,422	8,537	6,222	1,351	33,532	1,104	34,636

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

2. Adjustment represents as follows:

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

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

For the three months ended December 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	154,066	94,404	262,535	3,320	514,325	—	514,325
Intersegment sales and transfers	191	252	6,030	3,020	9,493	(9,493)	—
Total	154,257	94,656	268,565	6,340	523,818	(9,493)	514,325
Business profit (loss)	24,688	9,061	10,783	(7,057)	37,475	—	37,475
Corporate gains and others * 3	—	—	—	—	—	—	21,155
Share of net profit (loss) of investments accounted for using the equity method	—	—	—	—	—	—	(185)
Profit before income taxes	—	—	—	—	—	—	58,445
Other items							
Depreciation and amortization charge	11,794	8,847	13,343	2,018	36,002	2,344	38,346
Capital expenditures (for property, plant and equipment)	19,584	9,781	7,782	1,207	38,354	3,367	41,721

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

2. Adjustment represents as follows:

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

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

(3) Information by Geographic Segments

The breakdown of sales revenue to external customers by destination for the nine months ended December 31, 2021 and 2022 is as follows:

Sales Revenue to External Customers (Yen in millions)

	For the nine months ended December 31,	
	2021	2022
Japan	455,344	417,994
Asia	360,650	426,236
United States	249,759	345,684
Europe	246,185	277,397
Other Areas	43,727	59,186
Total	1,355,665	1,526,497

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

The breakdown of sales revenue to external customers by destination for the three months ended December 31, 2021 and 2022 is as follows:

Sales Revenue to External Customers (Yen in millions)

	For the three months ended December 31,	
	2021	2022
Japan	160,372	139,199
Asia	127,587	143,314
United States	91,811	114,730
Europe	84,701	96,229
Other Areas	14,857	20,853
Total	479,328	514,325

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

6. Business Combination

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

7. Borrowings

During the three months ended December 31, 2022, Kyocera borrowed 30,000 million yen. Part of shares of KDDI Corporation held by Kyocera are pledged as collateral for the borrowing. As of December 31, 2022, the carrying amount of these collateral assets was 30,083 million yen and is included in "Equity and debt instruments" in the condensed quarterly consolidated statement of financial position.

8. Employee Benefits

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 in amount of 13,902 million yen have delivered to the third party in the amount of 14,255 million yen in cash and other consideration. The transfer difference in amount of 353 million yen arising from the transaction was recognized in other comprehensive income and transferred to retained earnings immediately.

The transfer amount is included in "Increase (decrease) in other liabilities" in cash flows from operating activities in condensed quarterly consolidated statement of cash flows.

9. Dividends

Dividends paid are as follows:

For the nine months ended December 31, 2021

	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
The resolution of the Ordinary General Meeting of Shareholders held on June 25, 2021	Common stock	28,995	80	March 31, 2021	June 28, 2021	Retained earnings
The resolution of the Board of Directors Meeting held on November 1, 2021	Common stock	32,621	90	September 30, 2021	December 3, 2021	Retained earnings

For the nine months ended December 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
The resolution of the Board of Directors Meeting held on October 31, 2022	Common stock	35,891	100	September 30, 2022	December 5, 2022	Retained earnings

10. Sales Revenue

(1) Breakdown of Revenue

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

In addition, effective from the three months 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. Due to this change, breakdown of revenue for the nine months ended December 31, 2021, and the three months ended December 31, 2021, has been reclassified in line with this change. For detailed information, please refer to Note “5. Segment Information.”

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

For the nine months ended December 31, 2021

(Yen in millions)

	Reporting Segment								Others	Total
	Core Components Business			Electronic Components Business	Solutions Business					
	Industrial & Automotive Components Unit	Semi-conductor Components Unit	Others		Industrial Tools Unit	Document Solutions Unit	Communications Unit	Others		
Sales revenue										
Revenue recognized from contracts with customers	127,395	244,083	20,224	249,025	184,469	259,449	175,262	77,596	7,497	1,345,000
Revenue recognized from other sources	—	—	—	—	66	10,481	106	12	—	10,665
Total	127,395	244,083	20,224	249,025	184,535	269,930	175,368	77,608	7,497	1,355,665

For the nine months ended December 31, 2022

(Yen in millions)

	Reporting Segment								Others	Total
	Core Components Business			Electronic Components Business	Solutions Business					
	Industrial & Automotive Components Unit	Semi-conductor Components Unit	Others		Industrial Tools Unit	Document Solutions Unit	Communications Unit	Others		
Sales revenue										
Revenue recognized from contracts with customers	146,687	284,737	21,262	289,937	238,272	307,666	129,162	89,292	8,811	1,515,826
Revenue recognized from other sources	—	—	—	—	51	10,582	—	—	38	10,671
Total	146,687	284,737	21,262	289,937	238,323	318,248	129,162	89,292	8,849	1,526,497

For the three months ended December 31, 2021

(Yen in millions)

	Reporting Segment								Others	Total
	Core Components Business			Electronic Components Business	Solutions Business					
	Industrial & Automotive Components Unit	Semi-conductor Components Unit	Others		Industrial Tools Unit	Document Solutions Unit	Communications Unit	Others		
Sales revenue										
Revenue recognized from contracts with customers	44,105	88,500	7,413	86,087	63,088	91,875	65,294	26,886	3,059	476,307
Revenue recognized from other sources	—	—	—	—	43	2,960	35	(17)	—	3,021
Total	44,105	88,500	7,413	86,087	63,131	94,835	65,329	26,869	3,059	479,328

For the three months ended December 31, 2022

(Yen in millions)

	Reporting Segment								Others	Total
	Core Components Business			Electronic Components Business	Solutions Business					
	Industrial & Automotive Components Unit	Semi-conductor Components Unit	Others		Industrial Tools Unit	Document Solutions Unit	Communications Unit	Others		
Sales revenue										
Revenue recognized from contracts with customers	50,454	96,079	7,533	94,404	76,101	108,250	42,491	31,600	3,307	510,219
Revenue recognized from other sources	—	—	—	—	5	4,088	—	—	13	4,106
Total	50,454	96,079	7,533	94,404	76,106	112,338	42,491	31,600	3,320	514,325

(2) Contract Balance

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

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

(Yen in millions)

	As of	
	March 31, 2022	December 31, 2022
Receivables from contracts with customers	328,062	325,248
Contract assets	8,701	4,682
Contract liabilities	36,878	34,071

11. Earnings Per Share

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

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

	For the nine months ended December 31,	
	2021	2022
Profit attributable to owners of the parent (Yen in millions)	119,833	118,783
Weighted average number of ordinary shares (Thousands of shares)	361,659	358,909
Earnings per share attributable to owners of the parent- Basic (Yen)	331.34	330.96

	For the three months ended December 31,	
	2021	2022
Profit attributable to owners of the parent (Yen in millions)	46,614	43,197
Weighted average number of ordinary shares (Thousands of shares)	360,085	358,913
Earnings per share attributable to owners of the parent - Basic (Yen)	129.45	120.35

12. Financial Instruments

(1) Fair Values of Financial Instruments

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

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

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

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

a. Financial Instruments Measured at Amortized Cost

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

(Yen in millions)

	As of			
	March 31, 2022		December 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Short-term investments	25,412	25,393	4,491	4,487
Debt instruments	12	12	12	12
Other financial assets	58,544	58,544	58,335	58,335
Total	83,968	83,949	62,838	62,834
Liabilities:				
Borrowings	96,545	96,507	125,188	125,183
Total	96,545	96,507	125,188	125,183

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, 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

(Yen in millions)

	As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Short-term investments	—	—	—	—
Equity and debt instruments				
Financial assets measured at fair value through other comprehensive income	1,406,668	—	50,519	1,457,187
Financial assets measured at fair value through profit or loss	—	—	6,174	6,174
Other financial assets	—	13,181	—	13,181
Total	1,406,668	13,181	56,693	1,476,542
Liabilities:				
Other financial liabilities	—	2,855	—	2,855
Contingent consideration	—	—	115	115
Total	—	2,855	115	2,970

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, 2022 and the nine months ended December 31, 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 condensed quarterly consolidated financial statements to the present value.

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

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, 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%

As of December 31, 2022

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

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

f. Reconciliation of Financial Instruments Classified as Level 3

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

(Yen in millions)

	For the nine months ended December 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	3,336	40,859	2,581	5,479	48,175	2,108
Profit or loss *1	84	—	5	293	—	65
Other comprehensive income *2	—	4,983	—	—	1,569	—
Purchase and assume	1,396	458	116	531	712	—
Sales and settlements	(86)	(72)	(1,073)	(153)	(24)	(2,054)
Transfer into or out Level 3	—	—	—	—	—	—
Others	9	(1)	(4)	24	87	(4)
Closing balance	4,739	46,227	1,625	6,174	50,519	115
Change in unrealized gains or losses included in profit or loss	107	—	—	298	—	—

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

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

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

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

(Yen in millions)

	As of	
	March 31, 2022	December 31, 2022
KDDI Corporation	1,342,059	1,334,352

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

Kyocera received dividends from KDDI Corporation and recognized as “Finance income” in the condensed quarterly consolidated statement of profit or loss for the nine months ended December 31, 2021 and 2022, and the three months ended December 31, 2021 and 2022. The amounts of dividends are as follows:

(Yen in millions)

	For the nine months ended December 31,	
	2021	2022
Dividends from KDDI Corporation	40,212	43,562

(Yen in millions)

	For the three months ended December 31,	
	2021	2022
Dividends from KDDI Corporation	20,106	21,781

13. Commitments

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

(Yen in millions)

	As of	
	March 31, 2022	December 31, 2022
Acquisition of property, plant and equipment	96,314	117,875

14. Contingency

There were no significant changes in the contents stated in the Annual Report for the year ended March 31, 2022 pursuant to the Financial Instruments and Exchange Act of Japan during the nine months ended December 31, 2022.

15. Subsequent Events

Not Applicable.

16. Approval of Condensed Quarterly Consolidated Financial Statements

The condensed quarterly consolidated financial statements have been approved by Hideo Tanimoto, President and Representative Director, and Shoichi Aoki, Director and Managing Executive Officer, on February 10, 2023.

2. Others

Interim Dividend

For detailed information about interim dividend, please refer to Note “9. Dividends.”

Part II. Corporate Information on Guarantors and Others

Not Applicable.