

Quarterly Report

(English summary with full translation of consolidated financial information)

(The First Quarter of 68th Business Term)

From April 1, 2021 to June 30, 2021

KYOCERA CORPORATION

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This is an English translation of the Quarterly Report filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors’ NETwork (“EDINET”) pursuant to the Financial Instruments and Exchange Act of Japan.

In this document, the terms “we,” “us,” “our,” “Kyocera Group” and “Kyocera” refer to Kyocera Corporation and consolidated subsidiaries or, as the context may require, Kyocera Corporation on a non-consolidated basis and the “Company” refers to Kyocera Corporation on a non-consolidated basis.

The term “fiscal 2022” refers to the year ending March 31, 2022, with other fiscal years referred to in a corresponding manner.

Part I. Information on Kyocera

I. Overview of Kyocera

1. Selected Financial Data

(Yen in millions unless otherwise stated)

| | For the three months ended June 30, | | For the year ended March 31, 2021 |
|--|-------------------------------------|-----------|--------------------------------------|
| | 2020 | 2021 | |
| Sales revenue | 317,094 | 420,712 | 1,526,897 |
| Profit before income taxes | 30,411 | 54,476 | 117,559 |
| Profit attributable to owners of the parent | 22,380 | 40,760 | 90,214 |
| Comprehensive income attributable to owners of the parent | 35,574 | 54,690 | 210,784 |
| Equity attributable to owners of the parent | 2,438,705 | 2,617,099 | 2,591,415 |
| Total assets | 3,265,449 | 3,529,719 | 3,493,470 |
| Earnings per share attributable to owners of the parent - Basic (Yen) | 61.75 | 112.46 | 248.91 |
| Earnings per share attributable to owners of the parent - Diluted (Yen) | — | — | — |
| Ratio of equity attributable to owners of the parent to total assets (%) | 74.7 | 74.1 | 74.2 |
| Cash flows from operating activities | 37,099 | 69,131 | 220,821 |
| Cash flows from investing activities | (37,473) | (27,131) | (183,792) |
| Cash flows from financing activities | (35,135) | (35,342) | (80,968) |
| Cash and cash equivalents at the end of the period | 382,238 | 392,398 | 386,727 |

(Notes) 1. Kyocera prepared its condensed quarterly consolidated financial statements and consolidated financial statements in accordance with International Financial Reporting Standards (hereinafter, “IFRS”), and the figures are presented in Japanese yen and amounts less than one million yen are rounded.

2. Earnings per share attributable to owners of the parent - Diluted are not described in the above table, as there is no potential share.

3. As Kyocera prepares the condensed quarterly consolidated financial statements, the selected non-consolidated financial data is not set forth in this document.

2. Description of Business

There were no significant changes in the business and operations of Kyocera and its associates during the three months ended June 30, 2021 (hereinafter, “the first quarter”). There were no changes in the organizations of major subsidiaries and associates.

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

II. Business Overview

1. Risk Factors

There were no new risk factors recognized for the first quarter. There were no significant changes in risk factors stated in the Annual Report for the year ended March 31, 2021 pursuant to the Financial Instruments and Exchange Act of Japan.

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

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

(1) Summary of Operating Results

(Yen in millions)

| | For the three months ended June 30, | | | | Change | |
|---|-------------------------------------|-------|---------|-------|---------|-------|
| | 2020 | | 2021 | | | |
| | Amount | %* | Amount | %* | Amount | % |
| Sales revenue | 317,094 | 100.0 | 420,712 | 100.0 | 103,618 | 32.7 |
| Operating profit | 7,574 | 2.4 | 32,376 | 7.7 | 24,802 | 327.5 |
| Profit before income taxes | 30,411 | 9.6 | 54,476 | 12.9 | 24,065 | 79.1 |
| Profit attributable to owners of the parent | 22,380 | 7.1 | 40,760 | 9.7 | 18,380 | 82.1 |
| Average US\$ exchange rate (Yen) | 108 | — | 109 | — | — | — |
| Average Euro exchange rate (Yen) | 118 | — | 132 | — | — | — |

* % represents the percentage to sales revenue.

During the first quarter, demand increased in our major markets, mainly in the semiconductor-related market, as compared with the three months ended June 30, 2020 (“the previous first quarter”), which saw sluggish demand due to the impact of COVID-19. In this business environment, we strove to increase orders at our various businesses. Our program for strategic production capacity expansion, in which we have been engaged since the year ended March 31, 2019, principally in components, has also contributed to higher sales revenue. Furthermore, we have made efforts to reduce costs and improve productivity in each business. As a result, sales revenue and profit increased significantly in all reporting segments.

Sales revenue increased by 103,618 million yen, or 32.7%, to 420,712 million yen, compared with the previous first quarter, marking a record high for a first quarter period. Operating profit increased by 24,802 million yen, or 327.5%, to 32,376 million yen, profit before income taxes increased by 24,065 million yen, or 79.1%, to 54,476 million yen, and profit attributable to owners of the parent increased by 18,380 million yen, or 82.1%, to 40,760 million yen, compared with the previous first quarter.

The average exchange rates for the first quarter were 109 yen to the U.S. dollar and 132 yen to the Euro, marking depreciation of 1 yen, or 0.9% and 14 yen or 11.9%, respectively, compared with the previous first quarter. As a result, sales revenue and profit before income taxes after translation into yen for the first quarter were pushed up by approximately 13 billion yen and approximately 4.5 billion yen, respectively, compared with the previous first quarter.

Results by Reporting Segment

Sales Revenue by Reporting Segment

(Yen in millions)

| | For the three months ended June 30, | | | | Change | |
|---|-------------------------------------|-------|---------|-------|---------|------|
| | 2020 | | 2021 | | | |
| | Amount | %* | Amount | %* | Amount | % |
| Core Components Business | 90,921 | 28.7 | 116,576 | 27.7 | 25,655 | 28.2 |
| Industrial & Automotive Components Unit | 29,617 | 9.4 | 40,531 | 9.6 | 10,914 | 36.9 |
| Semiconductor Components Unit | 56,124 | 17.7 | 69,724 | 16.6 | 13,600 | 24.2 |
| Others | 5,180 | 1.6 | 6,321 | 1.5 | 1,141 | 22.0 |
| Electronic Components Business | 54,398 | 17.1 | 76,779 | 18.3 | 22,381 | 41.1 |
| Solutions Business | 173,411 | 54.7 | 228,017 | 54.2 | 54,606 | 31.5 |
| Industrial Tools Unit | 44,254 | 14.0 | 61,882 | 14.7 | 17,628 | 39.8 |
| Document Solutions Unit | 60,058 | 18.9 | 86,036 | 20.5 | 25,978 | 43.3 |
| Communications Unit | 49,737 | 15.7 | 55,257 | 13.1 | 5,520 | 11.1 |
| Others | 19,362 | 6.1 | 24,842 | 5.9 | 5,480 | 28.3 |
| Others | 3,757 | 1.2 | 6,044 | 1.4 | 2,287 | 60.9 |
| Adjustments and eliminations | (5,393) | (1.7) | (6,704) | (1.6) | (1,311) | — |
| Sales revenue | 317,094 | 100.0 | 420,712 | 100.0 | 103,618 | 32.7 |

* % represents the component ratio.

Business Profit (Loss) by Reporting Segment

(Yen in millions)

| | For the three months ended June 30, | | | | Change | |
|---|-------------------------------------|------|---------|------|---------|-------|
| | 2020 | | 2021 | | | |
| | Amount | %* | Amount | %* | Amount | % |
| Core Components Business | 4,551 | 5.0 | 11,006 | 9.4 | 6,455 | 141.8 |
| Industrial & Automotive Components Unit | (90) | — | 4,229 | 10.4 | 4,319 | — |
| Semiconductor Components Unit | 5,623 | 10.0 | 7,351 | 10.5 | 1,728 | 30.7 |
| Others | (982) | — | (574) | — | 408 | — |
| Electronic Components Business | 2,177 | 4.0 | 11,456 | 14.9 | 9,279 | 426.2 |
| Solutions Business | 2,636 | 1.5 | 15,324 | 6.7 | 12,688 | 481.3 |
| Industrial Tools Unit | 2,631 | 5.9 | 7,833 | 12.7 | 5,202 | 197.7 |
| Document Solutions Unit | 1,809 | 3.0 | 6,637 | 7.7 | 4,828 | 266.9 |
| Communications Unit | 1,697 | 3.4 | 2,100 | 3.8 | 403 | 23.7 |
| Others | (3,501) | — | (1,246) | — | 2,255 | — |
| Others | (633) | — | (3,473) | — | (2,840) | — |
| Total business profit | 8,731 | 2.8 | 34,313 | 8.2 | 25,582 | 293.0 |
| Corporate gains and others | 21,680 | — | 20,163 | — | (1,517) | (7.0) |
| Profit before income taxes | 30,411 | 9.6 | 54,476 | 12.9 | 24,065 | 79.1 |

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

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

Business results for the three months ended June 30, 2020 have been reclassified in line with the change to reporting segment classifications. For detailed information, please refer to Note “5. Segment Information” under “IV. Condensed Quarterly Consolidated Financial Statements and Other Information 1. Condensed Quarterly Consolidated Financial Statements.”

The analysis of Reporting Segment is as follows:

a. Core Components Business

Sales revenue for the first quarter increased by 25,655 million yen, or 28.2%, to 116,576 million yen compared with 90,921 million yen for the previous first quarter. Business profit increased by 6,455 million yen, or 141.8%, from 4,551 million yen to 11,006 million yen, and the business profit ratio improved from 5.0% to 9.4%, compared with the previous first quarter.

Sales in the Industrial & Automotive Components Unit for the first quarter increased as a result of increased demand for fine ceramic components for semiconductor processing equipment and automotive cameras. Business profit increased substantially from the previous first quarter when a loss was recorded. The business profit ratio in the first quarter improved to 10% level.

In the Semiconductor Components Unit, sales and profit increased due to increased demand for ceramic packages and organic packages and boards for the 5G and automotive-related markets.

b. Electronic Components Business

Sales revenue for the first quarter increased by 22,381 million yen, or 41.1%, to 76,779 million yen compared with 54,398 million yen for the previous first quarter. Business profit increased by 9,279 million yen, or 426.2%, from 2,177 million yen to 11,456 million yen, and the business profit ratio improved significantly from 4.0% to 14.9%, compared with the previous first quarter.

In addition to a recovery in demand for the automotive-related market and the industrial market, where demand was sluggish during the previous first quarter due to the impact of COVID-19, strong demand in the 5G and semiconductor-related markets led to an increase in sales of capacitors, sensing and control devices and crystal devices.

c. Solutions Business

Sales revenue for the first quarter increased by 54,606 million yen, or 31.5%, to 228,017 million yen compared with 173,411 million yen for the previous first quarter. Business profit increased by 12,688 million yen, or 481.3%, from 2,636 million yen to 15,324 million yen, and the business profit ratio improved from 1.5% to 6.7%, compared with the previous first quarter.

This was mainly driven by higher sales and profits in the Industrial Tools Unit and the Document Solutions Unit, where demand was sluggish during the previous first quarter due to the impact of COVID-19. Demand for cutting tools as well as pneumatic and power tools in the Industrial Tools Unit and demand for equipment and consumables in the Document Solutions Unit were on a recovery trend.

(2) Summary of Cash Flows

(Yen in millions)

| | For the three months ended June 30, | | Change |
|--|-------------------------------------|----------|----------|
| | 2020 | 2021 | |
| Cash flows from operating activities | 37,099 | 69,131 | 32,032 |
| Cash flows from investing activities | (37,473) | (27,131) | 10,342 |
| Cash flows from financing activities | (35,135) | (35,342) | (207) |
| Effect of exchange rate changes on cash and cash equivalents | (1,873) | (987) | 886 |
| Increase (decrease) in cash and cash equivalents | (37,382) | 5,671 | 43,053 |
| Cash and cash equivalents at the beginning of the year | 419,620 | 386,727 | (32,893) |
| Cash and cash equivalents at the end of the period | 382,238 | 392,398 | 10,160 |

Cash and cash equivalents at June 30, 2021 increased by 5,671 million yen, or 1.5%, to 392,398 million yen from 386,727 million yen at March 31, 2021.

a. Cash Flows from Operating Activities

Net cash provided by operating activities for the first quarter increased by 32,032 million yen, or 86.3%, to 69,131 million yen from 37,099 million yen for the previous first quarter. This was due mainly to an increase in profit for the period.

b. Cash Flows from Investing Activities

Net cash used in investing activities for the first quarter decreased by 10,342 million yen, or 27.6%, to 27,131 million yen from 37,473 million yen for the previous first quarter. This was due mainly to a decrease in payments for acquisitions of business despite an increase in capital expenditures.

c. Cash Flows from Financing Activities

Net cash used in financing activities for the first quarter increased by 207 million yen, or 0.6%, to 35,342 million yen from 35,135 million yen for the previous first quarter. There was no significant change in financing activities compared to the previous first quarter.

(3) Liquidity and Capital Resources

Kyocera's primary source of fund is cash generated by operations. As of June 30, 2021, its cash and cash equivalents were 392,398 million yen and the balance of borrowings was 97,221 million yen. The borrowings for Kyocera are mainly denominated in yen, and certain overseas subsidiaries have borrowings denominated in U.S. dollars, Euros or other currencies.

Kyocera's expected cash requirements for the year ending March 31, 2022 are funds for capital expenditures, R&D activities and dividend payments in addition to working capital of operational activities.

Kyocera believes cash on hand will be sufficient to fund these cash requirements and there are little concerns to face any liquidity issue in the foreseeable future.

In case the significant amount of cash is temporarily required, Kyocera can retain other financing options, including external sources, such as borrowings, as well as financing directly in the capital markets through issuances of debt or equity securities, however, it does not currently intend to use any other external financing sources that might affect its credit agency ratings.

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

(4) Significant Accounting Estimates and Judgments Involving Estimations

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

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

(5) Major Management Challenges

There were no new management challenges to be addressed with priority during the first quarter. There were no significant changes from the content in the Annual Report for the year ended March 31, 2021 pursuant to the Financial Instruments and Exchange Act of Japan.

(6) Research and Development Activities

Research and development expenses for the first quarter increased by 2,751 million yen, or 15.9%, to 20,106 million yen from 17,355 million yen for the previous first quarter.

| | For the three months ended June 30, | | Change (%) |
|---|-------------------------------------|--------|------------|
| | 2020 | 2021 | |
| Core Components Business | 3,329 | 3,916 | 17.6 |
| Electronic Components Business | 3,343 | 3,309 | (1.0) |
| Solutions Business | 9,576 | 10,170 | 6.2 |
| Others | 1,107 | 2,711 | 144.9 |
| Total Research and Development expenses | 17,355 | 20,106 | 15.9 |
| Ratio to Sales Revenue | 5.5% | 4.8% | — |

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

Research and Development expenses for the three months ended June 30, 2020 have been reclassified in line with the change to reporting segment classifications. For detailed information, please refer to Note "5. Segment Information" under "IV. Condensed Quarterly Consolidated Financial Statements and Other Information 1. Condensed Quarterly Consolidated Financial Statements."

There were no significant changes in the status of research and development activities from the Annual Report for the year ended March 31, 2021 pursuant to the Financial Instruments and Exchange Act of Japan.

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

a. Core Components Business

In the Industrial & Automotive Components Unit, Kyocera is engaged in the R&D of various products mainly for the industrial machinery and automotive-related markets. Kyocera is engaged in fundamental research to further enhance its fine ceramic materials technology, processing technology and design technology that Kyocera has accumulated since our earliest days. Kyocera is working to develop new products in a wide range of markets by leveraging these core technologies. In addition, 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.

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.

In automotive-related markets, business opportunity is expected to increase along with the progress in areas such as ADAS. To realize advanced image sensing technology, Kyocera is developing value-added products such as in-vehicle cameras.

In the Semiconductor Components Unit, in order to respond to market trends and expand the business, Kyocera is working to develop new high-value-added products that leverage our own unique material, design and processing technologies. In the digital consumer equipment 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. In the information and communications network market, 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.

In the organic packages business, Kyocera is working on the development of flip chip packages and module substrates that meet the needs of various markets. For the information and telecommunications network market, as support for high-speed, large-capacity data transmission, Kyocera is developing narrow-pitch, thin, and highly precise products suitable for high-speed signals and wideband memory connections while for ADAS it is focusing efforts on developing compact and highly reliable products.

In the medical devices business, Kyocera mainly deals with prosthetic joints and dental implants and is developing products that can contribute to improving the quality of life (QOL) of patients. Specifically, Kyocera is working on the development of products using original 3D laminating technology, as well as products with enhanced antibacterial properties. To deploy these technologies in other fields, Kyocera is proceeding with research and development in collaboration with external research institutions. To expand its regenerative medicine business, 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.

b. Electronic Components Business

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 and high-performance crystal devices, 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 discrete products and power modules, and various control devices. By strengthening collaboration with AVX Corporation, Kyocera will further improve the characteristics of these components in addition to developing high-value-added modules that combine these components.

c. Solutions Business

In the 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 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.

In the 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-productivity and high-durability as well as variable and customized printing capabilities in response to the increasing demand for large-volume printing of multi product output.

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.

In the telecommunications equipment business in the Communications Unit, Kyocera is strengthening development such as for 5G capable devices that utilize unique functions such as waterproof, dustproof, and impact resistant functions, etc. for consumer market. Kyocera also develops specialized tablet terminals as well as 5G connecting devices for various industries.

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 software. Kyocera is also strengthening the development of services for the field of AI, which is increasingly being used in business particularly in corporations.

Furthermore, Kyocera is utilizing its components, devices, system technologies, and wireless communications technologies cultivated in the telecommunications equipment business as it works on the development of in-vehicle communication equipment and V2I (Vehicle to Infrastructure) roadside equipment, etc., for which demand is expected to increase along with the rise of ADAS and autonomous driving systems. In addition, Kyocera is making active efforts that encompass collaboration with external organizations to promote the solution business that includes building private local 5G network systems.

In the display business, Kyocera is developing TFT liquid crystal displays that are distinct from the competition in terms of high luminance and other features and products that apply TFT membrane technology for various industrial markets in addition to developing TFT liquid crystal displays for heads up display systems for automotive-related markets.

In inkjet printheads of the printing device business, mainly for the commercial printing market, Kyocera is working on the development of products that assure durability on top of enabling higher speed and higher image quality required in digital printing.

In the smart energy business, Kyocera is making efforts to develop products and systems that efficiently use energy to respond to changing needs for usage of photovoltaic electricity with the shift from selling electricity to self-consumption. In the development of products, Kyocera is working to improve quality of crystalline silicon solar modules as a core power generator. 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 to efficiently utilize the electricity stored in these batteries. Furthermore, Kyocera is working to develop technologies to expand its business domain, such as demand response and distributed power supply systems accompanying the liberalization of electric power market, in order to build a total energy solution business.

(7) Summary of Production, Orders Received and Sales

Orders Received by Reporting Segment

(Yen in millions)

| | For the three months ended June 30, | | | | Change |
|---|-------------------------------------|-------|---------|-------|--------|
| | 2020 | | 2021 | | |
| | Amount | %* | Amount | %* | % |
| Core Components Business | 95,289 | 28.1 | 125,363 | 28.3 | 31.6 |
| Industrial & Automotive Components Unit | 28,828 | 8.5 | 43,316 | 9.8 | 50.3 |
| Semiconductor Components Unit | 61,213 | 18.0 | 75,632 | 17.1 | 23.6 |
| Others | 5,248 | 1.6 | 6,415 | 1.4 | 22.2 |
| Electronic Components Business | 56,640 | 16.7 | 89,284 | 20.2 | 57.6 |
| Solutions Business | 191,444 | 56.3 | 230,514 | 52.0 | 20.4 |
| Industrial Tools Unit | 43,699 | 12.9 | 62,767 | 14.2 | 43.6 |
| Document Solutions Unit | 59,917 | 17.6 | 85,621 | 19.3 | 42.9 |
| Communications Unit | 69,775 | 20.5 | 56,201 | 12.7 | (19.5) |
| Others | 18,053 | 5.3 | 25,925 | 5.8 | 43.6 |
| Others | 2,546 | 0.7 | 3,829 | 0.9 | 50.4 |
| Adjustments and eliminations | (6,037) | (1.8) | (6,124) | (1.4) | — |
| Orders Received | 339,882 | 100.0 | 442,866 | 100.0 | 30.3 |

* % represents the component ratio.

- (Notes) 1. Kyocera flexibly produces in accordance with growing demands, customer's request and market changes. Therefore, results of production are similar to results of sales. Summary of production and sales is correlated to the description on "(1) Summary of Operating Results Results by Reporting Segment."
2. Kyocera has changed the classification of its reporting segments from the year ending March 31, 2022. Orders received for the three months ended June 30, 2020 have been reclassified in line with the change to reporting segment classifications. For detailed information, please refer to Note "5. Segment Information" under "IV. Condensed Quarterly Consolidated Financial Statements and Other Information 1. Condensed Quarterly Consolidated Financial Statements."

3. Material Agreements

There were no material agreements which were approved for conclusion or concluded for the three months ended June 30, 2021.

III. Corporate Information

1. Information on Kyocera's Shares and Others

(1) Total Number of Shares and Others

a. Total Number of Shares

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

b. Shares Issued

| Class | Number of shares issued as of June 30, 2021 (shares) | Number of shares issued as of the filing date (shares) (August 11, 2021) | Stock exchange on which Kyocera is listed or authorized financial instruments firm's association where Kyocera is registered | Description |
|--------------|--|--|--|---|
| Common stock | 377,618,580 | 377,618,580 | Tokyo Stock Exchange (the first section) | This is Kyocera's standard stock. There is no restriction on contents of the right of the stock. The number of shares per one unit of shares is 100 shares. |
| Total | 377,618,580 | 377,618,580 | — | — |

(2) Information on the Stock Acquisition Rights and Others

a. Details of Stock Option Plans

Not Applicable.

b. Other Information about Stock Acquisition Rights

Not Applicable.

(3) Information on Moving Strike Convertible Bonds

Not Applicable.

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

| Date | Change in the total number of shares issued (shares) | Balance of the total number of shares issued (shares) | Changes in common stock (Yen in millions) | Balance of common stock (Yen in millions) | Changes in additional paid-in capital (Yen in millions) | Balance of additional paid-in capital (Yen in millions) |
|-------------------------------------|--|---|---|---|---|---|
| From April 1, 2021 to June 30, 2021 | — | 377,618,580 | — | 115,703 | — | 192,555 |

(5) Major Shareholders

Not Applicable.

(6) Information on Voting Rights

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

a. Shares Issued

As of March 31, 2021

| Classification | Number of shares (shares) | Number of voting rights | Description |
|---|---|-------------------------|--|
| Shares without voting rights | — | — | — |
| Shares with restricted voting rights (treasury stock) | — | — | — |
| Shares with restricted voting rights (others) | — | — | — |
| Shares with full voting rights (treasury stock) | (Number of treasury stock) Common stock 15,178,200 | — | This is Kyocera's standard stock. There is no restriction on contents of the right of the stock. The number of shares per one unit of shares is 100 shares. |
| Shares with full voting rights (others) | Common stock 362,122,700 | 3,621,227 | Same as above |
| Shares less than one unit | Common stock 317,680 | — | — |
| Number of shares issued | 377,618,580 | — | — |
| Total number of voting rights | — | 3,621,227 | — |

(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, 2021

| Name of shareholder | Address | Number of shares held under own name (shares) | Number of shares held under the name of others (shares) | Total shares held (shares) | Ownership percentage to the total number of shares issued (%) |
|---------------------|--|---|---|----------------------------|---|
| Kyocera Corporation | 6, Takeda Tobadonocho, Fushimi-ku, Kyoto | 15,178,200 | — | 15,178,200 | 4.02 |
| Total | — | 15,178,200 | — | 15,178,200 | 4.02 |

(Note) Kyocera Corporation held 15,178,600 shares of treasury stock as of June 30, 2021.

2. Changes in Directors and Senior Management

Not Applicable.

IV. Condensed Quarterly Consolidated Financial Statements and Other Information

1. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Yen in millions)

| | Note | As of | |
|---|------|------------------|------------------|
| | | March 31, 2021 | June 30, 2021 |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 386,727 | 392,398 |
| Short-term investments | 10 | 79,852 | 71,703 |
| Trade and other receivables | 8 | 339,621 | 320,117 |
| Other financial assets | 10 | 17,504 | 17,614 |
| Inventories | | 345,354 | 368,543 |
| Other current assets | | 30,706 | 29,622 |
| Total current assets | | 1,199,764 | 1,199,997 |
| Non-current assets | | | |
| Equity and debt instruments | 10 | 1,264,453 | 1,280,242 |
| Investments accounted for using the equity method | | 16,975 | 16,450 |
| Other financial assets | 10 | 43,101 | 42,802 |
| Property, plant and equipment | | 439,109 | 458,356 |
| Right-of-use assets | | 38,639 | 38,665 |
| Goodwill | 6 | 256,532 | 256,878 |
| Intangible assets | | 151,295 | 150,851 |
| Deferred tax assets | | 36,624 | 37,287 |
| Other non-current assets | | 46,978 | 48,191 |
| Total non-current assets | | 2,293,706 | 2,329,722 |
| Total assets | | 3,493,470 | 3,529,719 |

The accompanying notes are an integral part of these statements.

(Yen in millions)

| | Note | As of | |
|---|------|----------------|---------------|
| | | March 31, 2021 | June 30, 2021 |
| Liabilities and Equity | | | |
| Liabilities | | | |
| Current liabilities | | | |
| Borrowings | 10 | 40,020 | 39,572 |
| Trade and other payables | | 183,145 | 199,001 |
| Lease liabilities | | 15,863 | 15,986 |
| Other financial liabilities | 10 | 7,669 | 2,806 |
| Income tax payables | | 15,584 | 16,250 |
| Accrued expenses | 8,10 | 120,165 | 107,267 |
| Provisions | | 6,403 | 6,468 |
| Other current liabilities | 8 | 34,004 | 46,018 |
| Total current liabilities | | 422,853 | 433,368 |
| Non-current liabilities | | | |
| Borrowings | 10 | 57,888 | 57,649 |
| Lease liabilities | | 34,051 | 33,899 |
| Retirement benefit liabilities | | 23,624 | 23,706 |
| Deferred tax liabilities | | 309,951 | 314,395 |
| Provisions | | 8,432 | 8,391 |
| Other non-current liabilities | | 20,561 | 16,562 |
| Total non-current liabilities | | 454,507 | 454,602 |
| Total liabilities | | 877,360 | 887,970 |
| Equity | | | |
| Common stock | | 115,703 | 115,703 |
| Capital surplus | | 122,745 | 122,737 |
| Retained earnings | | 1,750,259 | 1,762,027 |
| Other components of equity | | 671,951 | 685,878 |
| Treasury stock | | (69,243) | (69,246) |
| Total equity attributable to owners of the parent | | 2,591,415 | 2,617,099 |
| Non-controlling interests | | 24,695 | 24,650 |
| Total equity | | 2,616,110 | 2,641,749 |
| Total liabilities and equity | | 3,493,470 | 3,529,719 |

The accompanying notes are an integral part of these statements.

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

(Yen in millions)

| | Note | For the three months ended June 30, | |
|---|------|-------------------------------------|---------|
| | | 2020 | 2021 |
| Sales revenue | 5, 8 | 317,094 | 420,712 |
| Cost of sales | | 233,492 | 301,502 |
| Gross profit | | 83,602 | 119,210 |
| Selling, general and administrative expenses | | 76,028 | 86,834 |
| Operating profit | | 7,574 | 32,376 |
| Finance income | 10 | 22,193 | 22,058 |
| Finance expenses | | 379 | 663 |
| Foreign exchange gains (losses) | | 109 | 264 |
| Share of net profit (loss) of investments accounted for using the equity method | | 349 | 4 |
| Other, net | | 565 | 437 |
| Profit before income taxes | 5 | 30,411 | 54,476 |
| Income taxes | | 7,551 | 13,031 |
| Profit for the period | | 22,860 | 41,445 |
| Profit attributable to: | | | |
| Owners of the parent | | 22,380 | 40,760 |
| Non-controlling interests | | 480 | 685 |
| Profit for the period | | 22,860 | 41,445 |
| Per share information: | 9 | | |
| Earnings per share attributable to owners of the parent | | | |
| Basic and diluted (Yen) | | 61.75 | 112.46 |

The accompanying notes are an integral part of these statements.

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

(Yen in millions)

| | Note | For the three months ended June 30, | |
|--|------|-------------------------------------|--------|
| | | 2020 | 2021 |
| Profit for the period | | 22,860 | 41,445 |
| 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 | | 14,792 | 10,977 |
| Re-measurement of defined benefit plans | | — | — |
| Total items that will not be reclassified to profit or loss | | 14,792 | 10,977 |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Net changes in fair value of cash flow hedge | | 141 | 23 |
| Exchange differences on translating foreign operations | | (1,685) | 3,035 |
| Share of other comprehensive income of investments accounted for using the equity method | | (1) | (63) |
| Total items that may be reclassified subsequently to profit or loss | | (1,545) | 2,995 |
| Total other comprehensive income | | 13,247 | 13,972 |
| Comprehensive income for the period | | 36,107 | 55,417 |

| | | | |
|--|--|--------|--------|
| Comprehensive income attributable to: | | | |
| Owners of the parent | | 35,574 | 54,690 |
| Non-controlling interests | | 533 | 727 |
| Comprehensive income for the period | | 36,107 | 55,417 |

The accompanying notes are an integral part of these statements.

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

For the three months ended June 30, 2020

(Yen in millions)

| | Note | Total equity attributable to owners of the parent | | | | | | Non-controlling interests | Total equity |
|---|------|---|-----------------|-------------------|----------------------------|----------------|-----------|---------------------------|--------------|
| | | Common Stock | Capital surplus | Retained earnings | Other components of equity | Treasury stock | Total | | |
| Balance as of April 1, 2020 | | 115,703 | 123,539 | 1,686,672 | 575,495 | (69,275) | 2,432,134 | 22,108 | 2,454,242 |
| Profit for the period | | | | 22,380 | | | 22,380 | 480 | 22,860 |
| Other comprehensive income | | | | | 13,194 | | 13,194 | 53 | 13,247 |
| Total comprehensive income for the period | | — | — | 22,380 | 13,194 | — | 35,574 | 533 | 36,107 |
| Cash dividends | 7 | | | (28,995) | | | (28,995) | (396) | (29,391) |
| Purchase of treasury stock | | | | | | (1) | (1) | | (1) |
| Reissuance of treasury stock | | | 0 | | | 0 | 0 | | 0 |
| Transfer to retained earnings | | | | | | | — | | — |
| Others | | | (7) | | | | (7) | 497 | 490 |
| Balance as of June 30, 2020 | | 115,703 | 123,532 | 1,680,057 | 588,689 | (69,276) | 2,438,705 | 22,742 | 2,461,447 |

For the three months ended June 30, 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 | | | | 40,760 | | | 40,760 | 685 | 41,445 |
| Other comprehensive income | | | | | 13,930 | | 13,930 | 42 | 13,972 |
| Total comprehensive income for the period | | — | — | 40,760 | 13,930 | — | 54,690 | 727 | 55,417 |
| Cash dividends | 7 | | | (28,995) | | | (28,995) | (772) | (29,767) |
| Purchase of treasury stock | | | | | | (3) | (3) | | (3) |
| Reissuance of treasury stock | | | | | | | — | | — |
| Transfer to retained earnings | | | | 3 | (3) | | — | | — |
| Others | | | (8) | | | | (8) | | (8) |
| Balance as of June 30, 2021 | | 115,703 | 122,737 | 1,762,027 | 685,878 | (69,246) | 2,617,099 | 24,650 | 2,641,749 |

The accompanying notes are an integral part of these statements.

(5) Condensed Quarterly Consolidated Statement of Cash Flows

(Yen in millions)

| | Note | For the three months ended June 30, | |
|--|------|-------------------------------------|----------|
| | | 2020 | 2021 |
| Cash flows from operating activities: | | | |
| Profit for the period | | 22,860 | 41,445 |
| Depreciation and amortization | | 25,525 | 30,447 |
| Finance expenses (income) | | (21,814) | (21,395) |
| Share of net profit of investments accounted for using the equity method | | (349) | (4) |
| Impairment loss | | — | 161 |
| (Gains) losses from sales or disposal of property, plant and equipment | | 37 | 144 |
| Income taxes | | 7,551 | 13,031 |
| (Increase) decrease in trade and other receivables | | 53,036 | 16,587 |
| (Increase) decrease in inventories | | (30,230) | (22,916) |
| (Increase) decrease in other assets | | (4,564) | 5,084 |
| Increase (decrease) in trade and other payables | | (12,310) | 5,324 |
| Increase (decrease) in accrued expenses | | (789) | 997 |
| Increase (decrease) in provisions | | (1,200) | (110) |
| Increase (decrease) in other liabilities | | (15,094) | (12,864) |
| Other, net | | 753 | 2,726 |
| Subtotal | | 23,412 | 58,657 |
| Interests and dividends received | | 22,072 | 21,921 |
| Interests paid | | (403) | (601) |
| Income taxes refund (paid) | | (7,982) | (10,846) |
| Net cash provided by operating activities | | 37,099 | 69,131 |
| Cash flows from investing activities: | | | |
| Payments for purchases of property, plant and equipment | | (22,620) | (30,689) |
| Payments for purchases of intangible assets | | (2,888) | (4,865) |
| Proceeds from sales of property, plant and equipment | | 136 | 222 |
| Acquisitions of business, net of cash acquired | 6 | (18,071) | 57 |
| Acquisition of time deposits and certificate of deposits | | (21,133) | (34,955) |
| Withdrawal of time deposits and certificate of deposits | | 29,878 | 42,988 |
| Payments for purchases of securities | | (2,918) | (216) |
| Proceeds from sales and maturities of securities | | 143 | 44 |
| Other, net | | 0 | 283 |
| Net cash used in investing activities | | (37,473) | (27,131) |
| Cash flows from financing activities: | | | |
| Increase (decrease) in short-term borrowings | | (584) | (135) |
| Proceeds from long-term borrowings | | 2,026 | 2,574 |
| Repayments of long-term borrowings | | (2,508) | (3,504) |
| Repayments of lease liabilities | | (5,561) | (5,340) |
| Dividends paid | | (28,516) | (28,934) |
| Other, net | | 8 | (3) |
| Net cash used in financing activities | | (35,135) | (35,342) |
| Effect of exchange rate changes on cash and cash equivalents | | (1,873) | (987) |
| Increase (decrease) in cash and cash equivalents | | (37,382) | 5,671 |
| Cash and cash equivalents at the beginning of the year | | 419,620 | 386,727 |
| Cash and cash equivalents at the end of the period | | 382,238 | 392,398 |

The accompanying notes are an integral part of these statements.

Notes to Condensed Quarterly Consolidated Financial Statements

1. Reporting Entity

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

Condensed quarterly consolidated financial statements as of and for the three months ended June 30, 2021 consist of Kyocera Corporation and its consolidated subsidiaries and shares of associates of Kyocera.

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

2. Basis of Preparation

(1) Compliance with IFRS

The condensed quarterly consolidated financial statements of Kyocera have been prepared in accordance with International Accounting Standard 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 consolidated financial statements do not include all the information that required in the annual consolidated financial statements, therefore, condensed consolidated financial statements should be used with the consolidated financial statements for the year ended March 31, 2021.

(2) Basis of Measurement

These condensed quarterly consolidated financial statements have been prepared under the historical cost basis, except for certain items, such as financial instruments that are measured at fair value.

(3) Functional Currency and Presentation Currency

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

3. Significant Accounting Policies

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

For the three months ended June 30, 2021, income tax expenses are accrued using the tax rate calculated based on the estimated average annual effective income tax rate.

4. Significant Accounting Estimates and Judgments Involving Estimations

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

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

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

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

5. Segment Information

(1) Overview of Reporting Segment

Kyocera reorganized its organization in April 2021, with the aim of further pursue synergies between businesses and strengthen growth potential. Accordingly, the reporting segment classification has been changed from the year ending March 31, 2022. Specifically, Kyocera changed previous "Industrial & Automotive Components Group," "Semiconductor Components Group," "Electronic Devices Group," "Communications Group," "Document Solutions Group" and "Life & Environment Group" to "Core Components Business," "Electronic Components Business," and "Solutions Business." Business results for the three months ended June 30, 2020 have been reclassified in line with the change to reporting segment classifications.

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

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

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

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

(2) Information on Reporting Segment

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

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

For the three months ended June 30, 2020

(Yen in millions)

| | Reporting Segment | | | Others * 1 | Total | Adjustment * 2 | Consolidated |
|---|--------------------------------|--------------------------------------|-----------------------|---------------|---------|-------------------|--------------|
| | Core Components Business | Electronic Components Business | Solutions Business | | | | |
| Sales revenue | | | | | | | |
| External customers | 90,749 | 54,186 | 169,033 | 3,126 | 317,094 | — | 317,094 |
| Intersegment sales and transfers | 172 | 212 | 4,378 | 631 | 5,393 | (5,393) | — |
| Total | 90,921 | 54,398 | 173,411 | 3,757 | 322,487 | (5,393) | 317,094 |
| Business profit (loss) | 4,551 | 2,177 | 2,636 | (633) | 8,731 | — | 8,731 |
| Corporate gains and others * 3 | — | — | — | — | — | — | 21,331 |
| Share of net profit (loss) of investments accounted for using the equity method | — | — | — | — | — | — | 349 |
| Profit before income taxes | — | — | — | — | — | — | 30,411 |
| Other items | | | | | | | |
| Depreciation and amortization charge | 6,525 | 5,495 | 11,323 | 879 | 24,222 | 1,303 | 25,525 |
| Capital expenditures (for property, plant and equipment) | 6,643 | 10,197 | 7,691 | 397 | 24,928 | 1,530 | 26,458 |

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

2. Adjustment represents as follows:

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

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

For the three months ended June 30, 2021

(Yen in millions)

| | Reporting Segment | | | Others * 1 | Total | Adjustment * 2 | Consolidated |
|---|--------------------------------|--------------------------------------|-----------------------|---------------|---------|-------------------|--------------|
| | Core Components Business | Electronic Components Business | Solutions Business | | | | |
| Sales revenue | | | | | | | |
| External customers | 116,410 | 76,590 | 223,016 | 4,696 | 420,712 | — | 420,712 |
| Intersegment sales and transfers | 166 | 189 | 5,001 | 1,348 | 6,704 | (6,704) | — |
| Total | 116,576 | 76,779 | 228,017 | 6,044 | 427,416 | (6,704) | 420,712 |
| Business profit (loss) | 11,006 | 11,456 | 15,324 | (3,473) | 34,313 | — | 34,313 |
| Corporate gains and others * 3 | — | — | — | — | — | — | 20,159 |
| Share of net profit (loss) of investments accounted for using the equity method | — | — | — | — | — | — | 4 |
| Profit before income taxes | — | — | — | — | — | — | 54,476 |
| Other items | | | | | | | |
| Depreciation and amortization charge | 8,205 | 6,364 | 12,207 | 1,386 | 28,162 | 2,285 | 30,447 |
| Capital expenditures (for property, plant and equipment) | 16,771 | 7,632 | 5,331 | 425 | 30,159 | 4,040 | 34,199 |

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

2. Adjustment represents as follows:

(1) The adjustment of intersegment sales and transfers are elimination of intersegment transactions.

(2) The adjustment of depreciation and amortization charge represents the depreciation and amortization charge for corporate, which do not belong to each segment.

(3) The adjustment of capital expenditures (for property, plant and equipment) includes capital expenditures for corporate, which do not belong to each segment.

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

(3) Information by Geographic Segments

The breakdown of sales revenue to external customers by destination for the three months ended June 30, 2020 and 2021 is as follows:

Sales Revenue to External Customers

(Yen in millions)

| | For the three months ended June 30, | |
|------------------------------|-------------------------------------|---------|
| | 2020 | 2021 |
| Japan | 122,807 | 143,175 |
| Asia | 79,615 | 106,583 |
| Europe | 50,462 | 80,015 |
| The United States of America | 56,190 | 77,115 |
| Other Areas | 8,020 | 13,824 |
| Total | 317,094 | 420,712 |

There are no individually material countries with respect to revenue to external customers in Asia, Europe and Other Areas for the three months ended June 30, 2020 and 2021.

6. Business Combination

For the business combination that Kyocera Corporation acquired Soraa Laser Diode, Inc. and made it wholly owned subsidiary on January 8, 2021, the allocation of purchase price was provisionally calculated due to the allocation in progress for the year ended March 31, 2021. Kyocera performed the additional adjustment of purchase price based on the facts came to light for the three months ended June 30, 2021. Accordingly, the purchase price and goodwill decreased by 57 million yen.

The allocation of purchase price is provisionally calculated based on information available at this time, and the amounts are subject to change following an additional information relating to facts and circumstances that existed at the date of acquisition. Fair value estimates are based on a complex series of judgments about future events and uncertainties and rely heavily on estimates and assumptions. The judgments used to determine the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as expected useful lives, can materially impact Kyocera's financial position, operating results and cash flows.

7. Dividends

Dividends paid are as follows:

For the three months ended June 30, 2020

| | Class of shares | Total amount of dividends (Yen in millions) | Dividends per share (Yen) | Record date | Effective date | Source of dividends |
|--|-----------------|---|---------------------------|----------------|----------------|---------------------|
| The resolution of the Ordinary General Meeting of Shareholders held on June 25, 2020 | Common stock | 28,995 | 80 | March 31, 2020 | June 26, 2020 | Retained earnings |

For the three months ended June 30, 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 |

8. Sales Revenue

(1) Breakdown of Revenue

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

The classification of revenue breakdown was the same as that of the reporting segment until the year ended March 31, 2021.

As Kyocera changed the classification of its reporting segment from the year ending March 31, 2022, the classification of revenue breakdown has been changed. Due to this change, breakdown of revenue for the three months ended June 30, 2020 has been reclassified in line with this change.

For the three months ended June 30, 2020

(Yen in millions)

| | Reporting Segment | | | | | | | | Others | Total |
|--|---|--------------------------------|--------|--------------------------------|-----------------------|-------------------------|---------------------|--------|--------|---------|
| | Core Components Business | | | Electronic Components Business | Solutions Business | | | | | |
| | Industrial & Automotive Components Unit | Semi-conductor Components Unit | Others | | Industrial Tools Unit | Document Solutions Unit | Communications Unit | Others | | |
| Sales revenue | | | | | | | | | | |
| Revenue recognized from contracts with customers | 29,480 | 56,105 | 5,164 | 54,186 | 44,242 | 55,549 | 45,058 | 19,621 | 3,126 | 312,531 |
| Revenue recognized from other sources* | — | — | — | — | 7 | 4,400 | 156 | — | — | 4,563 |
| Total | 29,480 | 56,105 | 5,164 | 54,186 | 44,249 | 59,949 | 45,214 | 19,621 | 3,126 | 317,094 |

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

For the three months ended June 30, 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 | 40,407 | 69,713 | 6,290 | 76,590 | 61,855 | 81,926 | 50,079 | 25,026 | 4,696 | 416,582 |
| Revenue recognized from other sources* | — | — | — | — | 11 | 4,044 | 71 | 4 | — | 4,130 |
| Total | 40,407 | 69,713 | 6,290 | 76,590 | 61,866 | 85,970 | 50,150 | 25,030 | 4,696 | 420,712 |

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

(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 | As of |
|---|----------------|---------------|
| | March 31, 2021 | June 30, 2021 |
| Receivables from contracts with customers | 297,407 | 288,092 |
| Contract assets | 4,636 | 3,733 |
| Contract liabilities | 30,136 | 30,096 |

9. Earnings Per Share

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

| | For the three months ended June 30, | |
|---|-------------------------------------|---------|
| | 2020 | 2021 |
| Profit attributable to owners of the parent (Yen in millions) | 22,380 | 40,760 |
| Weighted average number of ordinary shares (Thousands of shares) | 362,432 | 362,440 |
| Earnings per share attributable to owners of the parent - Basic (Yen) | 61.75 | 112.46 |

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

10. Financial Instruments

(1) Fair Values of Financial Instruments

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

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

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

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

a. Financial Instruments Measured at Amortized Cost

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

(Yen in millions)

| | As of | | | |
|--|-----------------|------------|-----------------|------------|
| | March 31, 2021 | | June 30, 2021 | |
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Assets: | | | | |
| Short-term investments | 79,807 | 79,784 | 71,643 | 71,626 |
| Long-term instruments in debt securities | 3,119 | 3,070 | 3,120 | 3,098 |
| Other financial assets | 60,070 | 60,070 | 59,631 | 59,631 |
| Total | 142,996 | 142,924 | 134,394 | 134,355 |
| Liabilities: | | | | |
| Borrowings | 97,908 | 97,870 | 97,221 | 97,189 |
| Total | 97,908 | 97,870 | 97,221 | 97,189 |

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 June 30, 2021 | | | |
|--|---------------------|--------------|---------------|------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | |
| Short-term investments | — | — | 60 | 60 |
| Equity and debt instruments | | | | |
| Financial assets measured at fair value through other comprehensive income | 1,234,583 | — | 39,243 | 1,273,826 |
| Financial assets measured at fair value through profit or loss | — | — | 3,296 | 3,296 |
| Other financial assets | — | 785 | — | 785 |
| Total | 1,234,583 | 785 | 42,599 | 1,277,967 |
| Liabilities: | | | | |
| Other financial liabilities | — | 2,806 | — | 2,806 |
| Contingent consideration | — | — | 2,621 | 2,621 |
| Total | — | 2,806 | 2,621 | 5,427 |

Transfers between levels are recognized on the day when the event or change in circumstances that caused the transfer occurred. Kyocera did not recognize any transfers between levels as of March 31, 2021 and June 30, 2021.

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

The valuation techniques to measure fair value of financial instruments and input information are as follows:
The fair value of Level 1 investments is quoted price in an active market with sufficient volume and frequency of transactions.

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

Equity securities classified Level 3 are mainly unlisted stocks, and their fair values are measured by valuation technique such as discounted cash flows method. Contingent consideration recognized in a business combination is calculated based on expected payment by taking into account future business performances. Contingent consideration is included in “Accrued expenses” in the condensed quarterly consolidated statement of financial position.

There were no significant changes in financial instruments classified Level 3 for the three months ended June 30, 2020 and 2021.

d. Evaluation Process

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

e. Quantitative Information Related to Assets Classified as Level 3

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

As of March 31, 2021

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

As of June 30, 2021

| Classification | Valuation Technique | Unobservable Inputs | Range |
|--|-----------------------------|---------------------|--------------|
| Financial assets measured at fair value through other comprehensive income | Discounted cash flow method | Discount rate | 3.5% to 4.3% |

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

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

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

(Yen in millions)

| | As of | |
|------------------|----------------|---------------|
| | March 31, 2021 | June 30, 2021 |
| KDDI Corporation | 1,137,651 | 1,161,108 |

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

Kyocera received dividends from KDDI Corporation and recognized as “Finance income” in the condensed quarterly consolidated statement of profit or loss for the three months ended June 30, 2020 and 2021. The amounts of dividends are as follows:

(Yen in millions)

| | For the three months ended June 30, | |
|---------------------------------|-------------------------------------|--------|
| | 2020 | 2021 |
| Dividends from KDDI Corporation | 20,106 | 20,106 |

11. Commitments

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

(Yen in millions)

| | As of | |
|--|----------------|---------------|
| | March 31, 2021 | June 30, 2021 |
| Acquisition of property, plant and equipment | 78,931 | 83,664 |

12. Contingency

There were no significant changes in the contents stated in the Annual Report for the year ended March 31, 2021 pursuant to the Financial Instruments and Exchange Act of Japan during the three months ended June 30, 2021.

13. Subsequent Events

Not Applicable.

14. Approval of Condensed Quarterly Consolidated Financial Statements

The condensed quarterly consolidated financial statements have been approved by Hideo Tanimoto, President and Representative Director, and Shoichi Aoki, Director and Managing Executive Officer, on August 11, 2021.

2. Others

Not Applicable.

Part II. Corporate Information on Guarantors and Others

Not Applicable.