

Quarterly Report

(English summary with full translation of consolidated financial information)

(The Second Quarter of 67th Business Term)

From July 1, 2020 to September 30, 2020

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 2021” refers to the year ending March 31, 2021, 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 six months ended September 30, 2019	For the six months ended September 30, 2020	For the year ended March 31, 2020
Sales revenue	799,050	696,037	1,599,053
Profit before income taxes	85,213	48,249	148,826
Profit attributable to owners of the parent	59,614	34,360	107,721
Comprehensive income attributable to owners of the parent	135,520	(86,642)	262,750
Equity attributable to owners of the parent	2,377,059	2,316,191	2,432,134
Total assets	3,158,298	3,078,759	3,250,175
Earnings per share attributable to owners of the parent - Basic (Yen)	164.64	94.80	297.36
Earnings per share attributable to owners of the parent - Diluted (Yen)	164.58	94.80	297.36
Ratio of equity attributable to owners of the parent to total assets (%)	75.2	75.2	74.8
Cash flows from operating activities	109,962	86,259	214,630
Cash flows from investing activities	(99,875)	(69,208)	(145,551)
Cash flows from financing activities	(67,370)	(45,964)	(157,126)
Cash and cash equivalents at the end of the period	449,116	387,826	419,620

	For the three months ended September 30, 2019	For the three months ended September 30, 2020
Sales revenue	414,113	378,943
Profit attributable to owners of the parent	27,577	11,980
Earnings per share attributable to owners of the parent - Basic (Yen)	76.09	33.05

- (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. Sales revenue does not include consumption taxes.
 3. Earnings per share attributable to owners of the parent - Diluted for the year ended March 31, 2020 and for the six months ended September 30, 2020 equals earnings per share attributable to owners of the parent -Basic, as there is no potential share.
 4. 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 six months ended September 30, 2020 (hereinafter, “the first half”). A change in the organization of major subsidiary is as follow:

Absorption-type Merger of Subsidiary

On April 1, 2020, a consolidated subsidiary Kyocera Communication Systems Co., Ltd., absorbed and merged with a consolidated subsidiary Kyocera Solar Corporation. Kyocera Communication Systems Co., Ltd. is included in “Communications Group” and Kyocera Solar Corporation was included in “Life & Environment Group” for the reporting segment.

As of March 31, 2020

Name	Address	Capital	Principle lines of Business	Ownership Ratio of Voting Rights (%)	Relationship with Kyocera Corporation			
					Interlocking Directorate	Funding Support	Business Transaction	Lease of property, plant and equipment
Kyocera Solar Corporation	Fushimi-ku, Kyoto, Japan	Yen 310 million	Construction of Solar Power Generating System Related Products	100.00	Yes	—	Construction in Japan with finished goods supply from Kyocera Corporation	Leasing offices

II. Business Overview

1. Risk Factors

There were no new risk factors recognized for the first half. There were no significant changes in risk factors stated in the Annual Report for the year ended March 31, 2020 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 six months ended September 30, 2019		For the six months ended September 30, 2020		Change	
	Amount	%*	Amount	%*	Amount	%
Sales revenue	799,050	100.0	696,037	100.0	(103,013)	(12.9)
Operating profit	60,320	7.5	24,065	3.5	(36,255)	(60.1)
Profit before income taxes	85,213	10.7	48,249	6.9	(36,964)	(43.4)
Profit attributable to owners of the parent	59,614	7.5	34,360	4.9	(25,254)	(42.4)
Average U.S. dollar exchange rate (yen)	109	—	107	—	—	—
Average Euro exchange rate (yen)	121	—	121	—	—	—

* % represents the percentage to sales revenue.

During the first half, the business environment remained severe despite gradual easing of the effects of economic deterioration caused by the spread of COVID-19 infections.

In the Components Business, sales revenue particularly in the Electronic Devices Group decreased because production activities in automotive-related markets did not reach the level of the six months ended September 30, 2019 ("the previous first half") despite an improving trend. In the Equipment & Systems Business, a decline in demand for equipment, such as printers and MFPs, and consumables in the Document Solutions Group, as well as a decline in sales of mobile phone handsets and environment and energy engineering business in the Communications Group were major factors behind lower sales revenue.

As a result, sales revenue for the first half decreased by 103,013 million yen, or 12.9%, to 696,037 million yen, compared with the previous first half.

Profit declined compared with the previous first half due mainly to lower sales revenue. Operating profit decreased by 36,255 million yen, or 60.1%, to 24,065 million yen, profit before income taxes decreased by 36,964 million yen, or 43.4%, to 48,249 million yen, and profit attributable to owners of the parent decreased by 25,254 million yen, or 42.4%, to 34,360 million yen, compared with the previous first half.

Average exchange rates for the first half were 107 yen to the U.S. dollar, marking appreciation of 2 yen, or 1.8%, and 121 yen to the Euro, unchanged from the previous first half. As a result, sales revenue and profit before income taxes after translation into yen for the first half were pushed down by approximately 6 billion yen and approximately 1 billion yen, respectively, compared with the previous first half.

Results by Reporting Segment

Sales Revenue by Reporting Segment

(Yen in millions)

	For the six months ended September 30, 2019		For the six months ended September 30, 2020		Change	
	Amount	%*	Amount	%*	Amount	%
Industrial & Automotive Components Group	167,152	20.9	167,187	24.0	35	0.0
Semiconductor Components Group	123,095	15.4	122,509	17.6	(586)	(0.5)
Electronic Devices Group	167,551	21.0	138,964	20.0	(28,587)	(17.1)
Total Components Business	457,798	57.3	428,660	61.6	(29,138)	(6.4)
Communications Group	134,287	16.8	107,462	15.4	(26,825)	(20.0)
Document Solutions Group	177,884	22.3	138,140	19.9	(39,744)	(22.3)
Life & Environment Group	37,829	4.7	28,336	4.1	(9,493)	(25.1)
Total Equipment & Systems Business	350,000	43.8	273,938	39.4	(76,062)	(21.7)
Others	7,801	1.0	7,937	1.1	136	1.7
Adjustments and eliminations	(16,549)	(2.1)	(14,498)	(2.1)	2,051	—
Sales revenue	799,050	100.0	696,037	100.0	(103,013)	(12.9)

* % represents the component ratio.

Business Profit (Loss) by Reporting Segment

(Yen in millions)

	For the six months ended September 30, 2019		For the six months ended September 30, 2020		Change	
	Amount	%*	Amount	%*	Amount	%
Industrial & Automotive Components Group	9,234	5.5	4,830	2.9	(4,404)	(47.7)
Semiconductor Components Group	14,490	11.8	12,103	9.9	(2,387)	(16.5)
Electronic Devices Group	24,978	14.9	8,624	6.2	(16,354)	(65.5)
Total Components Business	48,702	10.6	25,557	6.0	(23,145)	(47.5)
Communications Group	5,117	3.8	3,910	3.6	(1,207)	(23.6)
Document Solutions Group	18,883	10.6	6,050	4.4	(12,833)	(68.0)
Life & Environment Group	(5,058)	—	(7,410)	—	(2,352)	—
Total Equipment & Systems Business	18,942	5.4	2,550	0.9	(16,392)	(86.5)
Others	(1,920)	—	(1,276)	—	644	—
Total business profit	65,724	8.2	26,831	3.9	(38,893)	(59.2)
Corporate gains and share of net profit (loss) of investments accounted for using the equity method	20,075	—	22,437	—	2,362	11.8
Adjustments and eliminations	(586)	—	(1,019)	—	(433)	—
Profit before income taxes	85,213	10.7	48,249	6.9	(36,964)	(43.4)

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

(Note) As Kyocera Communication Systems Co., Ltd. absorbed and merged with Kyocera Solar Corporation described in “ I . Overview of Kyocera 2. Description of Business,” the results “For the six months ended September 30, 2019” have been reclassified to the reporting segment following the merger.

The analysis of Reporting Segment is as follows:

a. Industrial & Automotive Components Group

Sales revenue for the first half was 167,187 million yen, flat from 167,152 million yen in the previous first half. Sales of products for automotive-related markets such as displays and ceramic components for automotive use decreased, while sales of fine ceramic components for semiconductor processing equipment increased. M&A activities conducted in the year ended March 31, 2020 (“the previous fiscal year”) also contributed.

Business profit, on the other hand, decreased by 4,404 million yen, or 47.7%, to 4,830 million yen compared with 9,234 million yen in the previous first half as a result of a decreased sales from automotive-related markets and an increase in costs such as depreciation charges.

b. Semiconductor Components Group

Sales revenue for the first half was 122,509 million yen, almost flat as compared with 123,095 million yen in the previous first half. While demand for organic multi-layer substrates for automotive use declined, demand for ceramic packages for 5G capable smartphones and communications infrastructure remained strong.

Business profit, on the other hand, decreased by 2,387 million yen, or 16.5%, to 12,103 million yen compared with 14,490 million yen from the previous first half due to a decrease in sales in the organic materials business and an increase in costs such as depreciation charges.

c. Electronic Devices Group

Sales revenue for the first half decreased by 28,587 million yen, or 17.1%, to 138,964 million yen compared with 167,551 million yen in the previous first half. Sales at AVX Corporation decreased due to sluggish demand in major markets, including automotive-related markets.

Business profit decreased by 16,354 million yen, or 65.5%, to 8,624 million yen compared with 24,978 million yen in the previous first half due mainly to the decrease in sales revenue.

d. Communications Group

Sales revenue for the first half decreased by 26,825 million yen, or 20.0%, to 107,462 million yen compared with 134,287 million yen in the previous first half due to a decrease in the number of mobile phone handsets sold and a decrease in sales in the environment and energy engineering business.

Business profit decreased by 1,207 million yen, or 23.6%, to 3,910 million yen compared with 5,117 million yen in the previous first half due mainly to the decrease in sales revenue. Business profit margin, however, remained almost at the same level as in the previous first half as a result of cost reduction efforts.

e. Document Solutions Group

Sales revenue for the first half decreased by 39,744 million yen, or 22.3%, to 138,140 million yen compared with 177,884 million yen in the previous first half. As a result of relaxation of restrictions on office attendance, there was a recovery in demand from the market toward the end of the first half. Sales of equipment and consumables, however, fell short of the level in the previous first half.

Business profit decreased by 12,833 million yen, or 68.0%, to 6,050 million yen compared with 18,883 million yen in the previous first half due mainly to the decrease in sales revenue.

f. Life & Environment Group

Sales revenue for the first half decreased by 9,493 million yen, or 25.1%, to 28,336 million yen compared with 37,829 million yen in the previous first half due mainly to lower sales of solar power generation systems in the smart energy business*.

Business loss increased by 2,352 million yen to 7,410 million yen compared with 5,058 million yen in the previous first half as a result of lower sales revenue.

* On April 1, 2020, the “solar energy business” was renamed the “smart energy business.”

(2) Summary of Cash Flows

(Yen in millions)

	For the six months ended September 30, 2019	For the six months ended September 30, 2020	Change
Cash flows from operating activities	109,962	86,259	(23,703)
Cash flows from investing activities	(99,875)	(69,208)	30,667
Cash flows from financing activities	(67,370)	(45,964)	21,406
Effect of exchange rate changes on cash and cash equivalents	(6,415)	(2,881)	3,534
Increase (decrease) in cash and cash equivalents	(63,698)	(31,794)	31,904
Cash and cash equivalents at the beginning of the year	512,814	419,620	(93,194)
Cash and cash equivalents at the end of the period	449,116	387,826	(61,290)

The balance of cash and cash equivalents at September 30, 2020 decreased by 31,794 million yen, or 7.6%, to 387,826 million yen from 419,620 million yen at March 31, 2020.

a. Cash Flows from Operating Activities

Net cash provided by operating activities for the first half decreased by 23,703 million yen, or 21.6%, to 86,259 million yen from 109,962 million yen for the previous first half. This was due mainly to a decrease in profit for the period.

b. Cash Flows from Investing Activities

Net cash used in investing activities for the first half decreased by 30,667 million yen, or 30.7%, to 69,208 million yen from 99,875 million yen for the previous first half. This was due mainly to a decrease in payments for acquisitions of business.

c. Cash Flows from Financing Activities

Net cash used in financing activities for the first half decreased by 21,406 million yen, or 31.8%, to 45,964 million yen from 67,370 million yen for the previous first half. This was due mainly to a decrease in repayments of borrowings.

(3) Liquidity and Capital Resources

Kyocera's primary source of fund is cash generated by operations. As of September 30, 2020, its cash and cash equivalents were 387,826 million yen and the balance of borrowings is 88,922 million yen. The borrowings at Kyocera Corporation were mainly denominated in yen, and those at certain overseas subsidiaries were denominated in U.S. dollars, Euros or other currencies.

Kyocera's expected cash requirements in fiscal 2021 are funds for capital expenditures, M&As and R&D activities, repayments of borrowings 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 short-term borrowings or long-term 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.

Although the demand for certain products in major markets for Kyocera was sluggish in the first half caused by the COVID-19 pandemic adversely affected Kyocera's financial position and operating results, there was no material impact on the liquidity.

However, future deterioration in market demand, or a significant fall on product prices may be adversely affect Kyocera's liquidity.

(4) Significant Accounting Estimates and Judgments Involving Estimations

There has been no material changes in significant accounting estimates and judgments described in “Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows” of the Annual Report for the year ended March 31, 2020.

Kyocera assumed that the negative impacts by staginations of production activities or large decreases in demand caused by the COVID-19 pandemic would continue, but that major markets would gradually recover toward the end of March 2021. Kyocera’s accounting estimates and judgments as of March 31, 2020 was made such assumption, and during the first half, Kyocera has not recognized any events that would have significant impacts on its estimates and judgments although the future impacts by the COVID-19 are still uncertain.

(5) Priority Business Challenges

There were no new business challenges to be addressed with priority during the first half. There were no significant changes from the content in the Annual Report for the year ended March 31, 2020 pursuant to the Financial Instruments and Exchange Act of Japan.

(6) Research and Development Activities

Research and development expenses for the first half decreased by 3,457 million yen, or 9.0%, to 35,126 million yen from 38,583 million yen for the previous first half. There were no significant changes in the status of research and development activities from the Annual Report for the year ended March 31, 2020 pursuant to the Financial Instruments and Exchange Act of Japan.

(7) Summary of Production, Orders and Sales

Orders by Reporting Segment

(Yen in millions)

	For the six months ended September 30, 2019		For the six months ended September 30, 2020		Change
	Amount	%*	Amount	%*	%
Industrial & Automotive Components Group	165,753	21.6	165,762	23.2	0.0
Semiconductor Components Group	122,513	15.9	128,724	18.0	5.1
Electronic Devices Group	165,532	21.6	141,823	19.8	(14.3)
Total Components Business	453,798	59.1	436,309	61.0	(3.9)
Communications Group	116,017	15.1	122,612	17.1	5.7
Document Solutions Group	177,387	23.1	137,816	19.3	(22.3)
Life & Environment Group	30,188	4.0	28,272	4.0	(6.3)
Total Equipment & Systems Business	323,592	42.2	288,700	40.4	(10.8)
Others	5,390	0.7	4,872	0.7	(9.6)
Adjustments and eliminations	(15,302)	(2.0)	(14,974)	(2.1)	—
Orders	767,478	100.0	714,907	100.0	(6.8)

* % represents the component ratio.

(Notes) 1. Kyocera flexibly produces in accordance with growing demands, customer’s request and market changes. Therefore, results of production are similar to results of sales. Summary of production and sales is correlated to the description on “(1) Summary of Operating Results Results by Reporting Segment.”

2. As Kyocera Communication Systems Co., Ltd. absorbed and merged with Kyocera Solar Corporation described in “I . Overview of Kyocera 2. Description of Business,” the results “For the six months ended September 30, 2019” have been reclassified to the reporting segment following the merger.

3. Material Agreements

There were no material agreements which were approved for conclusion or concluded during the three months ended September 30, 2020.

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 September 30, 2020 (shares)	Number of shares issued as of the filing date (shares) (November 12, 2020)	Stock exchange on which Kyocera is listed or authorized financial instruments firms 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 July 1, 2020 to September 30, 2020	—	377,618,580	—	115,703	—	192,555

(5) Major Shareholders

As of September 30, 2020

Name	Address	Number of shares held (thousands of shares)	Ownership percentage to the total number of shares issued (Excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo	58,599	16.17
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	25,229	6.96
The Bank of Kyoto, Ltd.	700, Yakushima-cho, Karasuma-dori, Matsubara-Agaru, Shimogyo-ku, Kyoto	14,436	3.98
SSBTC Client Omnibus Account (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited)	One Lincoln Street, Boston Massachusetts 02111 USA (3-11-1, Nihonbashi, Chuo-ku, Tokyo)	13,750	3.79
Kazuo Inamori	Fushimi-ku, Kyoto	10,212	2.82
Inamori Foundation	620 Suiginya-cho, Shimogyo-ku, Kyoto	9,360	2.58
KI Enterprise Co., Ltd.	88, Kankoboko-cho, Shijodori-Muromachi-Higashiiru, Shimogyo-ku, Kyoto	7,099	1.96
Stock Purchase Plan for Kyocera Group Employees	6, Takeda Tobadono-cho, Fushimi-ku, Kyoto	6,491	1.79
Custody Bank of Japan, Ltd. (Trust Account 5)	1-8-12, Harumi, Chuo-ku, Tokyo	5,871	1.62
Custody Bank of Japan, Ltd. (Stock Investment Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	5,385	1.49
Total	—	156,432	43.16

(Notes) 1. According to the report filed with EDINET system on June 15, 2020, Mitsubishi UFJ Financial Group, Inc. and its related partners held shares as of June 8, 2020, as shown in the following table. Despite this report, they are not included in the above list of major shareholders because Kyocera is not able to confirm the number of shares beneficially owned by them from Kyocera's shareholders records as of September 30, 2020.

Name	Address	Number of shares held (thousands of shares)	Ownership percentage to the total number of shares issued (%)
MUFG Bank, Ltd.	2-7-1 Marunouchi, Chiyoda-ku, Tokyo	5,077	1.34
Mitsubishi UFJ Trust and Banking Corporation	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	6,841	1.81
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	1-12-1, Yurakucho, Chiyoda-ku, Tokyo	7,286	1.93
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	2-5-2, Marunouchi, Chiyoda-ku, Tokyo	937	0.25
Total	—	20,140	5.33

2. According to the report filed with EDINET system on July 20, 2020, Nomura Securities Co., Ltd. and its related partners held shares as of July 15, 2020, as shown in the following table. Despite this report, they are not included in the above list of major shareholders because Kyocera is not able to confirm the number of shares beneficially owned by them from Kyocera's shareholders records as of September 30, 2020.

Name	Address	Number of shares held (thousands of shares)	Ownership percentage to the total number of shares issued (%)
Nomura International PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	520	0.14
Nomura Asset Management Co., Ltd.	2-2-1, Toyosu, Koto-ku, Tokyo	31,463	8.33
Total	—	31,984	8.47

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

As of September 30, 2020

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 15,176,500	—	This is Kyocera's standard stock. There is no restriction on contents of the right of the stock. The number of shares per one unit of shares is 100 shares.
Shares with full voting rights (others)	Common stock 362,114,400	3,621,144	Same as above
Shares less than one unit	Common stock 327,680	—	—
Number of shares issued	377,618,580	—	—
Total number of voting rights	—	3,621,144	—

(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, 2020

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	15,176,500	—	15,176,500	4.02
Total	—	15,176,500	—	15,176,500	4.02

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)

	Notes	As of March 31, 2020	As of September 30, 2020
Assets			
Current assets			
Cash and cash equivalents		419,620	387,826
Short-term investments	10	62,999	73,747
Trade and other receivables	8	336,294	299,571
Other financial assets	10	11,035	13,823
Inventories		344,304	349,110
Other current assets		28,455	31,475
Total current assets		1,202,707	1,155,552
Non-current assets			
Equity and debt instruments	10	1,196,634	1,010,771
Investments accounted for using the equity method	12	17,422	17,639
Other financial assets	10	27,179	34,851
Property, plant and equipment		383,271	408,187
Right-of-use assets		34,921	35,183
Goodwill	6	212,207	231,011
Intangible assets	6	118,533	124,627
Deferred tax assets		40,434	40,345
Other non-current assets		16,867	20,593
Total non-current assets		2,047,468	1,923,207
Total assets		3,250,175	3,078,759

The accompanying notes are an integral part of these statements.

(Yen in millions)

	Notes	As of March 31, 2020	As of September 30, 2020
Liabilities and Equity			
Liabilities			
Current liabilities			
Borrowings	10	35,025	38,066
Trade and other payables		173,300	160,389
Lease liabilities		15,477	15,456
Other financial liabilities	10	1,544	2,346
Income tax payables		11,396	8,900
Accrued expenses	8,10	114,983	113,256
Provisions	12	14,411	6,654
Other current liabilities	8	31,373	31,583
Total current liabilities		397,509	376,650
Non-current liabilities			
Borrowings	10	44,970	50,856
Lease liabilities		31,847	31,024
Retirement benefit liabilities		28,406	28,975
Deferred tax liabilities		271,317	223,023
Provisions	12	8,760	9,094
Other non-current liabilities		13,124	19,617
Total non-current liabilities		398,424	362,589
Total liabilities		795,933	739,239
Equity			
Common stock		115,703	115,703
Capital surplus		123,539	123,190
Retained earnings		1,686,672	1,692,037
Other components of equity		575,495	454,493
Treasury stock	7	(69,275)	(69,232)
Total equity attributable to owners of the parent		2,432,134	2,316,191
Non-controlling interests		22,108	23,329
Total equity		2,454,242	2,339,520
Total liabilities and equity		3,250,175	3,078,759

The accompanying notes are an integral part of these statements.

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

For the six months ended September 30, 2019 and 2020

(Yen in millions except per share amounts)

	Notes	For the six months ended September 30, 2019	For the six months ended September 30, 2020
Sales revenue	5, 8	799,050	696,037
Cost of sales		572,416	515,336
Gross profit		226,634	180,701
Selling, general and administrative expenses	6	166,314	156,636
Operating profit		60,320	24,065
Finance income	10	25,381	23,092
Finance expenses		789	923
Foreign exchange gains (losses)		(1,179)	93
Share of net profit (loss) of investments accounted for using the equity method		520	516
Other, net		960	1,406
Profit before income taxes	5	85,213	48,249
Income taxes		21,477	12,611
Profit for the period		63,736	35,638

Profit attributable to:			
Owners of the parent		59,614	34,360
Non-controlling interests		4,122	1,278
Profit for the period		63,736	35,638

Per share information:	9		
Earnings per share attributable to owners of the parent			
Basic		164.64 yen	94.80 yen
Diluted		164.58 yen	94.80 yen

The accompanying notes are an integral part of these statements.

For the three months ended September 30, 2019 and 2020

(Yen in millions except per share amounts)

	Notes	For the three months ended September 30, 2019	For the three months ended September 30, 2020
Sales revenue	5, 8	414,113	378,943
Cost of sales		297,502	281,844
Gross profit		116,611	97,099
Selling, general and administrative expenses	6	78,920	80,608
Operating profit		37,691	16,491
Finance income		2,317	899
Finance expenses		445	544
Foreign exchange gains (losses)		(1,067)	(16)
Share of net profit (loss) of investments accounted for using the equity method		253	167
Other, net		978	841
Profit before income taxes	5	39,727	17,838
Income taxes		10,330	5,060
Profit for the period		29,397	12,778

Profit attributable to:			
Owners of the parent		27,577	11,980
Non-controlling interests		1,820	798
Profit for the period		29,397	12,778

Per share information:	9		
Earnings per share attributable to owners of the parent			
Basic		76.09 yen	33.05 yen
Diluted		76.07 yen	33.05 yen

The accompanying notes are an integral part of these statements.

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

For the six months ended September 30, 2019 and 2020

(Yen in millions)

	Notes	For the six months ended September 30, 2019	For the six months ended September 30, 2020
Profit for the period		63,736	35,638
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		101,231	(116,277)
Re-measurement of defined benefit plans		—	—
Total items that will not be reclassified to profit or loss		101,231	(116,277)
Items that may be reclassified subsequently to profit or loss:			
Net changes in fair value of cash flow hedge		(8)	28
Exchange differences on translating foreign operations		(28,304)	(4,611)
Share of other comprehensive income of investments accounted for using the equity method		(13)	1
Total items that may be reclassified subsequently to profit or loss		(28,325)	(4,582)
Total other comprehensive income		72,906	(120,859)
Comprehensive income for the period		136,642	(85,221)
Comprehensive income attributable to:			
Owners of the parent		135,520	(86,642)
Non-controlling interests		1,122	1,421
Comprehensive income for the period		136,642	(85,221)

The accompanying notes are an integral part of these statements.

For the three months ended September 30, 2019 and 2020

(Yen in millions)

	Notes	For the three months ended September 30, 2019	For the three months ended September 30, 2020
Profit for the period		29,397	12,778
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		18,730	(131,069)
Re-measurement of defined benefit plans		—	—
Total items that will not be reclassified to profit or loss		18,730	(131,069)
Items that may be reclassified subsequently to profit or loss:			
Net changes in fair value of cash flow hedge		13	(113)
Exchange differences on translating foreign operations		(9,582)	(2,926)
Share of other comprehensive income of investments accounted for using the equity method		23	2
Total items that may be reclassified subsequently to profit or loss		(9,546)	(3,037)
Total other comprehensive income		9,184	(134,106)
Comprehensive income for the period		38,581	(121,328)
Comprehensive income attributable to:			
Owners of the parent		37,584	(122,216)
Non-controlling interests		997	888
Comprehensive income for the period		38,581	(121,328)

The accompanying notes are an integral part of these statements.

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

For the six months ended September 30, 2019

(Yen in millions)

	Notes	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, 2019		115,703	165,225	1,638,709	418,643	(72,361)	2,265,919	96,341	2,362,260
Profit for the period				59,614			59,614	4,122	63,736
Other comprehensive income					75,906		75,906	(3,000)	72,906
Total comprehensive income for the period		—	—	59,614	75,906	—	135,520	1,122	136,642
Cash dividends	7			(28,940)			(28,940)	(1,773)	(30,713)
Purchase of treasury stock						(12)	(12)		(12)
Reissuance of treasury stock	7		1,700			3,112	4,812		4,812
Transactions with non-controlling interests and other			(240)		0		(240)	1,142	902
Balance as of September 30, 2019		115,703	166,685	1,669,383	494,549	(69,261)	2,377,059	96,832	2,473,891

For the six months ended September 30, 2020

(Yen in millions)

	Notes	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				34,360			34,360	1,278	35,638
Other comprehensive income					(121,002)		(121,002)	143	(120,859)
Total comprehensive income for the period		—	—	34,360	(121,002)	—	(86,642)	1,421	(85,221)
Cash dividends	7			(28,995)			(28,995)	(462)	(29,457)
Purchase of treasury stock						(7)	(7)		(7)
Reissuance of treasury stock	7		17			50	67		67
Transactions with non-controlling interests and other	6		(366)		—		(366)	262	(104)
Balance as of September 30, 2020		115,703	123,190	1,692,037	454,493	(69,232)	2,316,191	23,329	2,339,520

The accompanying notes are an integral part of these statements.

(5) Condensed Quarterly Consolidated Statement of Cash Flows

(Yen in millions)

	Notes	For the six months ended September 30, 2019	For the six months ended September 30, 2020
Cash flows from operating activities:			
Profit for the period		63,736	35,638
Depreciation and amortization		42,433	52,205
Finance expenses (income)		(24,592)	(22,169)
Share of net profit of investments accounted for using the equity method		(520)	(516)
(Gains) losses from sales or disposal of property, plant and equipment		(3,387)	(141)
Income taxes		21,477	12,611
(Increase) decrease in trade and other receivables		17,975	24,792
(Increase) decrease in inventories		(19,867)	(4,755)
(Increase) decrease in other assets		920	489
Increase (decrease) in trade and other payables		3,116	(20,145)
Increase (decrease) in accrued expenses		(4,509)	(3,561)
Increase (decrease) in provisions		129	(7,407)
Increase (decrease) in other liabilities		(9,218)	(5,263)
Other, net		239	2,790
Subtotal		87,932	64,568
Interests and dividends received		26,203	23,977
Interests paid		(631)	(955)
Income taxes refund (paid)		(3,542)	(1,331)
Net cash provided by operating activities		109,962	86,259
Cash flows from investing activities:			
Payments for purchases of property, plant and equipment		(54,915)	(53,545)
Payments for purchases of intangible assets		(4,301)	(4,834)
Proceeds from sales of property, plant and equipment		5,677	713
Acquisitions of business, net of cash acquired	6	(78,358)	(19,739)
Acquisition of time deposits and certificate of deposits		(108,011)	(48,699)
Withdrawal of time deposits and certificate of deposits		115,753	51,923
Payments for purchases of securities		(961)	(5,555)
Proceeds from sales and maturities of securities		25,232	10,525
Other, net		9	3
Net cash used in investing activities		(99,875)	(69,208)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings		(833)	(3,382)
Proceeds from long-term borrowings		4,037	2,942
Repayments of long-term borrowings		(38,276)	(3,928)
Repayments of lease liabilities		(6,106)	(10,777)
Dividends paid		(31,522)	(30,233)
Reissuance of treasury stock	7	4,744	1
Other, net		586	(587)
Net cash used in financing activities		(67,370)	(45,964)
Effect of exchange rate changes on cash and cash equivalents		(6,415)	(2,881)
Increase (decrease) in cash and cash equivalents		(63,698)	(31,794)
Cash and cash equivalents at the beginning of the year		512,814	419,620
Cash and cash equivalents at the end of the period		449,116	387,826

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 six months ended September 30, 2020 consist of Kyocera and shares of associates of Kyocera.

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

2. Basis of Preparation

(1) Compliance with IFRS

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

Condensed quarterly consolidated financial statements do not include all the information that required in the annual consolidated financial statements, therefore, condensed quarterly consolidated financial statements should be used with the consolidated financial statements for the year ended March 31, 2020.

(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, 2020.

For the six months ended September 30, 2020, 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.

There has been no material changes in significant accounting estimates and judgments described in the Annual Report for the year ended March 31, 2020.

Kyocera assumed that the negative impacts by stagnations of production activities or large decreases in demand caused by the COVID-19 pandemic would continue, but that major markets would gradually recover toward the end of March 2021. Kyocera's accounting estimates and judgments as of March 31, 2020 was made such assumption, and during the six months ended September 30, 2020, Kyocera has not recognized any events that would have significant impacts on its estimates and judgments although the future impacts by the COVID-19 are still uncertain.

5. Segment Information

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 segment are reclassified taking similarity of target market and economic characteristics into consideration.

Kyocera's reporting segments and main products or businesses of each reporting segment are as follows:

Reporting segment	Main products or businesses
Industrial & Automotive Components Group	Fine Ceramic Components, Automotive Components, Liquid Crystal Displays, Industrial Tools, Optical Components
Semiconductor Components Group	Ceramic Packages, Organic Multilayer Substrates and Boards
Electronic Devices Group	Electronic Components (Capacitors, Crystal Devices, Connectors, Power Semiconductor Devices, etc.), Printing Devices
Communications Group	Smartphones, Mobile Phones, Communication Modules (Telematics, IoT), Information Systems and Telecommunication Services
Document Solutions Group	Printers/Multifunctional Products, Commercial Inkjet Printers, Document Solution Services, Supplies
Life & Environment Group	Solar Power Generating System Related Products, Medical Devices, Jewelry and Ceramic Knives

On April 1, 2020, a consolidated subsidiary Kyocera Communication Systems Co., Ltd., which is included in "Communications Group," absorbed and merged with a consolidated subsidiary Kyocera Solar Corporation, which was included in "Life & Environment Group." Accordingly, results for the three months and six months ended September 30, 2019 are presented in the reporting segment after the merger.

Inter-segment sales and transfers are made with reference to prevailing market prices. Transactions between reporting segments are disclosed as "Adjustments & eliminations" and not shown separately due to immateriality. "Adjustments & eliminations" also includes adjustment of unrealized profit regarding inter-company transaction between each reporting segment.

Business profit for each reporting segment represents sales revenue, less related costs and operating expenses, excluding corporate gains (losses) and share of net profit (loss) of investments accounted for using the equity method and income taxes. Corporate gains (losses) includes income and expenses which do not belong to any reporting segments and mainly consists of finance income and expenses.

Information by reporting segment

The segment information for the six months ended September 30, 2019 and 2020 are as follows:

Sales revenue

(Yen in millions)

	For the six months ended September 30, 2019	For the six months ended September 30, 2020
Industrial & Automotive Components Group	167,152	167,187
Semiconductor Components Group	123,095	122,509
Electronic Devices Group	167,551	138,964
Communications Group	134,287	107,462
Document Solutions Group	177,884	138,140
Life & Environment Group	37,829	28,336
Other	7,801	7,937
Adjustments and eliminations	(16,549)	(14,498)
Total	799,050	696,037

Profit (loss) before income taxes

(Yen in millions)

	For the six months ended September 30, 2019	For the six months ended September 30, 2020
Industrial & Automotive Components Group	9,234	4,830
Semiconductor Components Group	14,490	12,103
Electronic Devices Group	24,978	8,624
Communications Group	5,117	3,910
Document Solutions Group	18,883	6,050
Life & Environment Group	(5,058)	(7,410)
Other	(1,920)	(1,276)
Total business profit	65,724	26,831
Corporate gains and share of net profit (loss) of investments accounted for using the equity method	20,075	22,437
Adjustments and eliminations	(586)	(1,019)
Total	85,213	48,249

Depreciation and amortization charge

(Yen in millions)

	For the six months ended September 30, 2019	For the six months ended September 30, 2020
Industrial & Automotive Components Group	10,516	14,083
Semiconductor Components Group	4,433	6,054
Electronic Devices Group	11,113	12,501
Communications Group	3,676	4,246
Document Solutions Group	7,191	8,419
Life & Environment Group	2,287	2,541
Other	1,534	1,814
Corporate	1,683	2,547
Total	42,433	52,205

Capital expenditures (for property, plant and equipment)

(Yen in millions)

	For the six months ended September 30, 2019	For the six months ended September 30, 2020
Industrial & Automotive Components Group	11,378	8,017
Semiconductor Components Group	5,744	9,847
Electronic Devices Group	18,660	22,966
Communications Group	2,432	3,244
Document Solutions Group	3,763	4,377
Life & Environment Group	2,811	4,279
Other	2,241	1,246
Corporate	9,154	3,091
Total	56,183	57,067

The segment information for the three months ended September 30, 2019 and 2020 are as follows:

Sales revenue

(Yen in millions)

	For the three months ended September 30, 2019	For the three months ended September 30, 2020
Industrial & Automotive Components Group	87,822	86,591
Semiconductor Components Group	65,122	66,385
Electronic Devices Group	84,348	77,524
Communications Group	69,506	57,725
Document Solutions Group	90,754	78,082
Life & Environment Group	20,963	15,974
Other	3,691	4,180
Adjustments and eliminations	(8,093)	(7,518)
Total	414,113	378,943

Profit (loss) before income taxes

(Yen in millions)

	For the three months ended September 30, 2019	For the three months ended September 30, 2020
Industrial & Automotive Components Group	4,436	3,164
Semiconductor Components Group	9,408	6,480
Electronic Devices Group	11,560	6,217
Communications Group	3,105	2,213
Document Solutions Group	9,917	4,241
Life & Environment Group	(2,503)	(3,576)
Other	(1,010)	(643)
Total business profit	34,913	18,096
Corporate gains and share of net profit (loss) of investments accounted for using the equity method	5,137	240
Adjustments and eliminations	(323)	(498)
Total	39,727	17,838

Depreciation and amortization

(Yen in millions)

	For the three months ended September 30, 2019	For the three months ended September 30, 2020
Industrial & Automotive Components Group	5,580	7,232
Semiconductor Components Group	2,272	3,139
Electronic Devices Group	5,593	6,485
Communications Group	1,882	1,961
Document Solutions Group	3,462	4,388
Life & Environment Group	1,141	1,296
Other	917	935
Corporate	693	1,244
Total	21,540	26,680

Capital expenditures

(Yen in millions)

	For the three months ended September 30, 2019	For the three months ended September 30, 2020
Industrial & Automotive Components Group	6,183	5,064
Semiconductor Components Group	3,560	5,423
Electronic Devices Group	8,988	12,325
Communications Group	1,295	1,434
Document Solutions Group	2,104	2,464
Life & Environment Group	1,242	1,489
Other	1,220	849
Corporate	5,770	1,561
Total	30,362	30,609

Information by geographic segments

The segment information for the six months ended September 30, 2019 and 2020 are as follows:

Sales revenue

(Yen in millions)

	For the six months ended September 30, 2019	For the six months ended September 30, 2020
Japan	298,104	256,450
Asia	180,241	179,572
United States of America	138,931	121,762
Europe	151,915	118,655
Others	29,859	19,598
Total	799,050	696,037

There are no individually material countries with respect to revenue from external customers in Asia, Europe and Others for the six months ended September 30, 2019 and 2020.

The segment information for the three months ended September 30, 2019 and 2020 are as follows:

Sales revenue

(Yen in millions)

	For the three months ended September 30, 2019	For the three months ended September 30, 2020
Japan	154,751	133,643
Asia	93,964	99,957
United States of America	75,288	65,572
Europe	75,204	68,193
Others	14,906	11,578
Total	414,113	378,943

There are no individually material countries with respect to revenue from external customers in Asia, Europe and Others for the three months ended September 30, 2019 and 2020.

6. Business Combination

On April 15, 2020, Kyocera Document Solutions Inc., a domestic consolidated subsidiary, acquired 97% of the common stocks of OPTIMAL SYSTEMS GmbH, a Germany based company which conducts enterprise content management business, in order to expand the document solutions business in Europe, and made it consolidated subsidiary.

The purchase price was 16,148 million yen, which consisted of 12,656 million yen in cash and 3,492 million yen of the fair value of the future performance-linked payment (hereinafter, “contingent consideration”) at the acquisition date. Regarding the levels of the fair value hierarchy of contingent consideration, please refer to “Note 10. Financial Instruments.”

Kyocera has used the acquisition method of accounting to record assets acquired and liabilities assumed, and the purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair values. Non-controlling interests were measured as non-controlling interest’s proportionate share of the acquirer’s net identifiable assets. Factors that contributed to the recognition of goodwill include those expected synergies and the trained workforce.

As of September 30, 2020, the allocation of the purchase price is shown in the following table. However, 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 of assets acquired and liabilities assumed as of the acquisition date (Yen in millions)

	Provisional fair value
Assets:	
Cash and cash equivalents	814
Trade and other receivables	1,319
Inventories	54
Others	163
Total current assets	2,350
Property, plant and equipment	125
Right-of-use assets	1,106
Intangible assets	6,645
Others	62
Total non-current assets	7,938
Total	10,288
Liabilities:	
Borrowings	837
Trade and other payables	375
Lease liabilities	290
Others	1,684
Total current liabilities	3,186
Lease liabilities	816
Deferred tax liabilities	2,123
Total non-current liabilities	2,939
Total	6,125
Non-controlling interests	264
Total identified equity attributable to owners of the parent	3,899
Purchase price	16,148
Goodwill *	12,249

(Note) The total amount of goodwill is not expected to be deductible for tax purposes.

Intangible assets that Kyocera recorded due to this acquisition are summarized as follows:

(Yen in millions)

	Provisional fair value
Intangible assets subject to amortization:	
Customer relationships	4,644
Non-patent technology	1,404
Trademarks	588
Others	9
Total	6,645

Acquisition-related costs of 584 million yen were included in selling, general and administrative expenses in the condensed quarterly consolidated statement of profit or loss. The result of operation of the acquired business is included into Kyocera's condensed quarterly consolidated financial statements since the acquisition date. For segment reporting, it is reported in "Document Solutions Group."

The information on sales revenue and profit for the period of this business combination, as though the acquisition date had been as of the beginning of the annual reporting period, is immaterial.

On June 1, 2020, Kyocera Corporation acquired 93.53% of the common stocks of Showa Optronics Co., Ltd., a Japanese based manufacturer of optical components, from NEC Corporation for 8,476 million yen in cash in order to expand the optical components business, and made it consolidated subsidiary.

Kyocera has used the acquisition method of accounting to record assets acquired and liabilities assumed, and the purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair values. Non-controlling interests is measured as non-controlling interests' proportionate share of the acquirer's net identifiable assets. Factors that contributed to the recognition of goodwill include those expected synergies and the trained workforce.

As of September 30, 2020, the allocation of the purchase price is shown in the following table. However, 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 of assets acquired and liabilities assumed as of the acquisition date (Yen in millions)

	Provisional fair value
Assets:	
Cash and cash equivalents	2,365
Trade and other receivables	1,264
Inventories	1,664
Other current assets	28
Total current assets	5,321
Property, plant and equipment	2,045
Intangible assets	3,744
Others	348
Total non-current assets	6,137
Total	11,458
Liabilities:	
Borrowings	3,000
Trade and other payables	1,405
Accrued expenses	472
Others	1,559
Total current liabilities	6,436
Deferred tax liabilities	820
Others	759
Total non-current liabilities	1,579
Total	8,015
Non-controlling interests	223
Total identified equity attributable to owners of the parent	3,220
Purchase price	8,476
Goodwill*	5,256

(Note) The total amount of goodwill is not expected to be deductible for tax purposes.

Intangible assets that Kyocera recorded due to this acquisition are summarized as follows:

(Yen in millions)

	Provisional fair value
Intangible assets subject to amortization :	
Customer relationships	2,970
Non-patent technology	740
Others	34
Total	3,744

Acquisition-related costs of 65 million yen is included in selling, general and administrative expenses in the condensed quarterly consolidated statement of profit or loss. The result of operation of the acquired business is included into Kyocera's condensed quarterly consolidated financial statements since the acquisition date. For segment reporting, it is reported in "Industrial & Automotive Components Group."

The information on sales revenue and profit for the period of this business combination, as though the acquisition date had been as of the beginning of the annual reporting period, is immaterial.

On September 15, 2020, Kyocera Corporation additionally acquired all the outstanding shares of common stock of Showa Optronics Co., Ltd., a consolidated subsidiary, held by non-controlling interest in cash. As a result, Kyocera Corporation made Showa Optronics Co., Ltd., as a wholly owned subsidiary.

Since this transaction is consider as equity transaction, the difference between the consideration paid of 587 million yen and decreased non-controlling interest of 228 million yen, which is 359 million yen, is accounted for as a decrease in additional paid in capital.

On October 1, 2020, Showa Optronics Co., Ltd., changed its name to Kyocera SOC Corporation.

Kyocera has performed other business combination during the six month ended September 30, 2020. These business combinations do not have a material impact on Kyocera's financial position, operating results and cash flows.

7. Equity and Other Equity

(1) Dividends

a. Dividends Paid

For the six months ended September 30, 2019

	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, 2019	Common stock	28,940	80	March 31, 2019	June 26, 2019	Retained earnings

(Note) Dividends per share includes 60th commemoration dividends of 20 yen.

For the six months ended September 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

b. Dividends for which the Record Date Fall in the Six Months Ended September 30, 2019 and 2020 with an Effective Date in the Subsequent Period

For the six months ended September 30, 2019

	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 Board of Directors Meeting held on October 31, 2019	Common stock	28,995	80	September 30, 2019	December 5, 2019	Retained earnings

For the six months ended September 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 Board of Directors Meeting held on October 29, 2020	Common stock	21,746	60	September 30, 2020	December 4, 2020	Retained earnings

(2) Disposal of Treasury Stock

Disposal of treasury stock for the six months ended September 30, 2019 is as follows.

a. Disposal of Treasury Stock Through Third-party Allotment to Employees Shareholding Association

Kyocera resolved at meetings of its Board of Directors held on March 29, 2019 and June 25, 2019, to dispose of treasury stocks through the third-party allotment to Employees Shareholding Association and it granted common stocks to the employees who participate in the association on July 11, 2019. Its summary is as follows:

Class and number of shares to be disposed of	Common stock 672,600
Disposal price	7,053 yen per share
Total amount to be paid	4,743,847,800 yen
Disposal method	Third-party allotment
Subscriber	Stock Purchase Plan for Kyocera Group Employees

b. Disposal of Treasury Stock for Restricted Stock Compensation

Kyocera resolved at a meeting of its Board of Directors held on June 25, 2019, to dispose of treasury stocks as the restricted stock compensation to the Directors of Kyocera, excluding Outside Directors, and Executive Officers (hereinafter, "Eligible Officers"), and it allotted the restricted stock compensation and disposed of treasury stocks on July 25, 2019. Its summary is as follows:

Class and number of shares to be disposed of	Common stock 9,552
Disposal price	7,053 yen per share
Total amount to be paid	67,370,256 yen
Allottees and number thereof, and number of shares to be disposed of	11 Directors (excluding Outside Directors) 6,942 shares 17 Executive Officers 2,610 shares

Treasury stock decreased by 3,111 million yen as the result of this disposal of treasury stock.

Disposal of treasury stock for the six months ended September 30, 2020 is as follows.

Disposal of Treasury Stock for Restricted Stock Compensation

Kyocera resolved at a meeting of its Board of Directors held on June 25, 2020, to dispose of treasury stocks as the restricted stock compensation to the Eligible Officers, and it allotted the restricted stock compensation and disposed of treasury stocks on July 22, 2020. Its summary is as follows:

Class and number of shares to be disposed of	Common stock 10,798
Disposal price	6,148 yen per share
Total amount to be paid	66,386,104 yen
Allottees and number thereof, and number of shares to be disposed of	10 Directors (excluding Outside Directors) 7,477 shares 19 Executive Officers 3,321 shares

Treasury stock decreased by 49 million yen as the result of this disposal of treasury stock.

8. Sales Revenue

(1) Breakdown of Revenue

Regarding to the breakdown of revenue, please refer to “Note 5. Segment Information.”

Revenues recognized in accordance with IFRS 15 “Revenue from contracts with customers” as well as revenues from leases recognized in accordance with IFRS 16 “Leases” are included in “Sales revenue.”

(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, 2020	As of September 30, 2020
Receivables from contracts with customers	285,975	268,507
Contract assets	11,395	5,769
Contract liabilities	27,050	27,657

9. Earnings Per Share

Basic and diluted profit attributable to owners of the parent per share are as follows:

Earnings per share attributable to owners of the parent - Diluted for the six months ended September 30, 2020 and the three months ended September 30, 2020 equals earnings per share attributable to owners of the parent - Basic, as there is no potential share.

	For the six months ended September 30, 2019	For the six months ended September 30, 2020
Profit attributable to owners of the parent (Yen in millions)	59,614	34,360
Adjustment related to dilutive potential stocks of consolidated subsidiaries (Yen in millions)	(21)	—
Diluted profit attributable to owners of the parent (Yen in millions)	59,593	34,360
Weighted average shares (Thousands of shares)	362,094	362,437
Earnings per share attributable to owners of the parent:		
- Basic (Yen)	164.64	94.80
- Diluted (Yen)	164.58	94.80

	For the three months ended September 30, 2019	For the three months ended September 30, 2020
Profit attributable to owners of the parent (Yen in millions)	27,577	11,980
Adjustment related to dilutive potential stocks of consolidated subsidiaries (Yen in millions)	(5)	—
Diluted profit attributable to owners of the parent (Yen in millions)	27,572	11,980
Weighted average shares (Thousands of shares)	362,434	362,442
Earnings per share attributable to owners of the parent:		
- Basic (Yen)	76.09	33.05
- Diluted (Yen)	76.07	33.05

10. Financial Instruments

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.

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

(Yen in millions)

	As of March 31, 2020		As of September 30, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Short-term investments	62,323	62,164	70,498	70,476
Long-term instruments in debt securities	31,689	31,214	9,118	8,858
Other financial assets	36,544	36,544	47,482	47,482
Total	130,556	129,922	127,098	126,816
Liabilities:				
Borrowings	79,995	79,995	88,922	88,922
Total	79,995	79,995	88,922	88,922

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.

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

(Yen in millions)

	As of March 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets:				
Short-term investments	–	–	676	676
Equity and debt instruments				
Financial assets measured at fair value through other comprehensive income	1,124,977	–	37,576	1,162,553
Financial assets measured at fair value through profit or loss	–	–	2,392	2,392
Other financial assets	–	1,670	–	1,670
Total	1,124,977	1,670	40,644	1,167,291
Liabilities				
Other financial liabilities	–	1,544	–	1,544
Total	–	1,544	–	1,544

(Yen in millions)

	As of September 30, 2020			
	Level 1	Level 2	Level 3	Total
Assets:				
Short-term investments	–	–	3,249	3,249
Equity and debt instruments				
Financial assets measured at fair value through other comprehensive income	960,422	–	38,603	999,025
Financial assets measured at fair value through profit or loss	–	–	2,628	2,628
Other financial assets	–	1,192	–	1,192
Total	960,422	1,192	44,480	1,006,094
Liabilities:				
Other financial liabilities	–	2,346	–	2,346
Contingent consideration	–	–	3,492	3,492
Total	–	2,346	3,492	5,838

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

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

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

Equity securities classified Level 3 are mainly unlisted stocks, and their fair values are measured by discounted cash flows method and the comparable company valuation multiples technique. 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. 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.

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 for the year ended March 31, 2020 and for the six months ended September 30, 2020.

There were no significant changes in financial instruments classified as Level 3 for the six months ended September 30, 2019 and 2020.

Kyocera received dividends from KDDI Corporation, and recognized as “Finance income” in the condensed quarterly consolidated statement of profit or loss for the six months ended September 30, 2019 and 2020. The amounts of dividends are as follows:

(Yen in millions)

	For the six months ended September 30, 2019	For the six months ended September 30, 2020
Dividends from KDDI Corporation	18,430	20,106

11. Commitments

Acquisition of property, plant and equipment

Commitments for acquisition of property, plant and equipment after the closing date was 50,132 million yen at March 31, 2020 and 37,449 million yen at September 30, 2020, respectively.

12. Contingency

(1) Assets Pledged as Collateral

Kyocera’s investment in Kagoshima Mega Solar Power Corporation was pledged as collateral for its debts from financial institutions in the amount of 13,281 million yen at September 30, 2020.

The investment is accounted for using the equity method, and its book value was 2,064 million yen at March 31, 2020 and 2,049 million yen at September 30, 2020, respectively.

(2) Patent Lawsuits

On April 25, 2013, AVX Corporation was named as a defendant in a patent infringement case filed in the United States District Court for the District of Delaware captioned Greatbatch, Inc. v. AVX Corporation. This case alleged that certain AVX products infringe on one or more of six Greatbatch patents. On January 26, 2016, the jury returned a verdict in favor of the plaintiff in the first phase of a segmented trial and a mixed verdict in the second phase of a segmental trial, and found damages to Greatbatch in the amount of 3,975 million yen (37.5 million dollars), which was recorded in the year ended March 31, 2016. That verdict was later vacated by the court on March 30, 2018, which resulted in a favorable accrual adjustment of 162 million yen (1.5 million dollars). In a new trial, the amount of damages (excluding interest) was determined by a jury to be 2,343 million yen (22.1 million dollars) on January 15, 2019 resulting in a favorable accrual adjustment of 1,571 million yen (13.9 million dollars) for the year ended in March 31, 2019. During the year ended March 31, 2019 AVX Corporation made a payment of 2,343 million yen (22.1 million dollars) to an escrow account. Additionally, during the year ended March 31, 2020, AVX Corporation made a payment of 594 million yen (5.6 million dollars), representing pre-judgement interest, to an escrow account. In October 13, 2020, AVX Corporation paid the settlement amount of 2,937 million yen (27.7 million dollars).

Kyocera is also subject to various lawsuits and claims which arise in the ordinary course of business. Kyocera consults with legal counsel and assesses the likelihood of adverse outcome of these contingencies. Kyocera records liabilities for these contingencies when the likelihood of an adverse outcome is probable and the amount can be reasonably estimated. Based on the information available, management believes that damages, if any, resulting from these actions will not have a significant impact on Kyocera’s consolidated results of operations, financial condition and cash flows.

(3) Environmental Matters

Kyocera is involved in various environmental matters and Kyocera currently has certain amount of reserves related to such environmental matters. The amount recorded for identified contingent liabilities is based on estimates. Amounts recorded are reviewed periodically and adjusted to reflect additional legal and technical information that becomes available. The uncertainties about the status of laws, regulations, regulatory actions, technology and information related to individual matters make it difficult to develop an estimate of the reasonably possible aggregate environmental remediation exposure; therefore, these costs could differ from Kyocera’s current estimates.

13. Subsequent Events

On October 30, 2020, Kyocera Corporation entered into an agreement with Soraa Laser Diode, Inc., US sales and manufacturer of gallium nitride (GaN) based laser products, to make Soraa Laser Diode, Inc. a wholly-owned subsidiary. Based on this agreement, Kyocera Corporation is planning to make Soraa Laser Diode, Inc. a wholly-owned subsidiary in the three months ending March 31, 2021, and the consideration will be 47,700 million yen (450 million dollars) adjusting cash and other balances. Kyocera Corporation intends to expand its business through making Soraa Laser Diode, Inc. a wholly-owned subsidiary by creating new products and cultivating new markets pursuing synergies between the technological capabilities of Soraa Laser Diode, Inc. and the production technologies and R&D capabilities cultivated in Kyocera's existing businesses.

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, Managing Executive Officer and General Manager of Corporate Management Control Group, on November 12, 2020.

2. Others

(1) Interim Dividend

For detailed information about interim dividend, please refer to “Note 7. Equity and Other Equity (1) Dividends.”

(2) Lawsuits

For detailed information about lawsuits, please refer to “Note 12. Contingency (2) Patent Lawsuits.”

Part II. Corporate Information on Guarantors and Others

Not Applicable.