

Quarterly Report

(English summary with full translation of consolidated financial information)

(The First Quarter of 69th Business Term)

From April 1, 2022 to June 30, 2022

KYOCERA CORPORATION

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

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

The term “fiscal 2023” refers to the year ending March 31, 2023, with other fiscal years referred to in a corresponding manner.

Part I. Information on Kyocera

I. Overview of Kyocera

1. Selected Financial Data

(Yen in millions unless otherwise stated)

	For the three months ended June 30,		For the year ended March 31, 2022
	2021	2022	
Sales revenue	420,712	491,954	1,838,938
Profit before income taxes	54,476	68,711	198,947
Profit attributable to owners of the parent	40,760	49,974	148,414
Comprehensive income attributable to owners of the parent	54,690	195,049	365,805
Equity attributable to owners of the parent	2,617,099	3,034,024	2,871,554
Total assets	3,529,719	4,113,028	3,917,265
Earnings per share attributable to owners of the parent - Basic (Yen)	112.46	139.24	411.15
Earnings per share attributable to owners of the parent - Diluted (Yen)	—	—	—
Ratio of equity attributable to owners of the parent to total assets (%)	74.1	73.8	73.3
Cash flows from operating activities	69,131	29,222	201,957
Cash flows from investing activities	(27,131)	(37,185)	(79,457)
Cash flows from financing activities	(35,342)	(40,399)	(111,473)
Cash and cash equivalents at the end of the period	392,398	384,384	414,129

(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, 2022 (hereinafter, “the first quarter”). There were no changes in the organizations of major subsidiaries and associates.

II. Business Overview

1. Risk Factors

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

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

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

(1) Summary of Operating Results

(Yen in millions)

	For the three months ended June 30,				Change	
	2021		2022			
	Amount	%*	Amount	%*	Amount	%
Sales revenue	420,712	100.0	491,954	100.0	71,242	16.9
Operating profit	32,376	7.7	41,428	8.4	9,052	28.0
Profit before income taxes	54,476	12.9	68,711	14.0	14,235	26.1
Profit attributable to owners of the parent	40,760	9.7	49,974	10.2	9,214	22.6
Average US\$ exchange rate (Yen)	109	—	130	—	—	—
Average Euro exchange rate (Yen)	132	—	138	—	—	—

* % represents the percentage to sales revenue.

During the first quarter, reflecting concerns about a resurgence of COVID-19 and unstable global situations, supply chain disruptions and price increases in raw materials, etc., continued. In addition, exchange rates for the yen fell sharply, affected by factors such as an interest rate hike in the United States. On the other hand, 5G and the semiconductor-related markets, our principal markets, continued to show strong demand and proactive capital investment.

At Kyocera, due to the contribution of investments in expanding component production to meet robust demand and to an increase in sales by the Industrial Tools Unit, sales revenue for the first quarter increased by 71,242 million yen, or 16.9%, to 491,954 million yen, as compared with the three months ended June 30, 2021 (“the previous first quarter”), marking a record high for a quarterly period.

Profit also increased as compared with the previous first quarter, due to the increase in sales revenue and impact of the weaker yen, as well as the efforts to improve productivity in each business. As compared with the previous first quarter, operating profit increased by 9,052 million yen, or 28.0%, to 41,428 million yen, profit before income taxes increased by 14,235 million yen, or 26.1%, to 68,711 million yen, and profit attributable to owners of the parent increased by 9,214 million yen, or 22.6%, to 49,974 million yen.

The average exchange rates for the first quarter were 130 yen to the U.S. dollar and 138 yen to the euro, marking depreciation of 21 yen, or 19.3%, and 6 yen, or 4.5%, respectively, as 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 44 billion yen and approximately 11.5 billion yen, respectively, as 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	
	2021		2022			
	Amount	%*	Amount	%*	Amount	%
Core Components Business	118,980	28.3	141,521	28.8	22,541	18.9
Industrial & Automotive Components Unit	40,590	9.7	46,938	9.5	6,348	15.6
Semiconductor Components Unit	72,068	17.1	87,909	17.9	15,841	22.0
Others	6,322	1.5	6,674	1.4	352	5.6
Electronic Components Business	76,779	18.3	95,401	19.4	18,622	24.3
Solutions Business	228,019	54.2	258,003	52.4	29,984	13.1
Industrial Tools Unit	61,882	14.7	81,897	16.6	20,015	32.3
Document Solutions Unit	86,036	20.5	101,177	20.6	15,141	17.6
Communications Unit	55,257	13.1	47,501	9.6	(7,756)	(14.0)
Others	24,844	5.9	27,428	5.6	2,584	10.4
Others	3,637	0.8	5,884	1.2	2,247	61.8
Adjustments and eliminations	(6,703)	(1.6)	(8,855)	(1.8)	(2,152)	—
Sales revenue	420,712	100.0	491,954	100.0	71,242	16.9

* % represents the component ratio.

Business Profit (Loss) by Reporting Segment

(Yen in millions)

	For the three months ended June 30,				Change	
	2021		2022			
	Amount	%*	Amount	%*	Amount	%
Core Components Business	11,006	9.3	20,754	14.7	9,748	88.6
Industrial & Automotive Components Unit	4,229	10.4	4,502	9.6	273	6.5
Semiconductor Components Unit	7,351	10.2	17,074	19.4	9,723	132.3
Others	(574)	—	(822)	—	(248)	—
Electronic Components Business	11,456	14.9	16,007	16.8	4,551	39.7
Solutions Business	15,324	6.7	14,721	5.7	(603)	(3.9)
Industrial Tools Unit	7,833	12.7	8,812	10.8	979	12.5
Document Solutions Unit	6,637	7.7	6,870	6.8	233	3.5
Communications Unit	2,100	3.8	(746)	—	(2,846)	—
Others	(1,246)	—	(215)	—	1,031	—
Others	(3,473)	—	(6,159)	—	(2,686)	—
Total business profit	34,313	8.2	45,323	9.2	11,010	32.1
Corporate gains and others	20,163	—	23,388	—	3,225	16.0
Profit before income taxes	54,476	12.9	68,711	14.0	14,235	26.1

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

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

Business results for the previous first quarter have been reclassified in line with the above change.

The analysis of Reporting Segment is as follows:

a. Core Components Business

Sales revenue for the first quarter increased by 22,541 million yen, or 18.9%, to 141,521 million yen as compared with 118,980 million yen for the previous first quarter. Business profit increased by 9,748 million yen, or 88.6%, to 20,754 million yen as compared with 11,006 million yen for the previous first quarter, and the business profit ratio for the first quarter improved from 9.3% for the previous first quarter to 14.7%.

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

b. Electronic Components Business

Sales revenue for the first quarter increased by 18,622 million yen, or 24.3%, to 95,401 million yen as compared with 76,779 million yen for the previous first quarter. Business profit increased by 4,551 million yen, or 39.7%, to 16,007 million yen as compared with 11,456 million yen for the previous first quarter. The business profit ratio for the first quarter improved from 14.9% for the previous first quarter to 16.8%.

In addition to the impact of the weaker yen, an increase in sales of components such as capacitors mainly in the industrial market as well as 5G and the semiconductor-related markets contributed to higher sales and profit.

c. Solutions Business

Sales revenue for the first quarter increased by 29,984 million yen, or 13.1%, to 258,003 million yen as compared with 228,019 million yen for the previous first quarter. On the other hand, business profit decreased by 603 million yen, or 3.9%, to 14,721 million yen as compared with 15,324 million yen for the previous first quarter. The business profit ratio for the first quarter fell from 6.7% for the previous first quarter to 5.7%.

Sales increased due to increased sales of major products and the impact of the weaker yen in the Industrial Tools Unit and the Document Solutions Unit. Business profit decreased mainly due to a drop in mobile phone sales volume in Japan in the Communications Unit.

(2) Summary of Cash Flows

(Yen in millions)

	For the three months ended June 30,		Change
	2021	2022	
Cash flows from operating activities	69,131	29,222	(39,909)
Cash flows from investing activities	(27,131)	(37,185)	(10,054)
Cash flows from financing activities	(35,342)	(40,399)	(5,057)
Effect of exchange rate changes on cash and cash equivalents	(987)	18,617	19,604
Increase (decrease) in cash and cash equivalents	5,671	(29,745)	(35,416)
Cash and cash equivalents at the beginning of the year	386,727	414,129	27,402
Cash and cash equivalents at the end of the period	392,398	384,384	(8,014)

The balance of cash and cash equivalents at June 30, 2022 decreased by 29,745 million yen, or 7.2%, to 384,384 million yen from 414,129 million yen at March 31, 2022.

a. Cash Flows from Operating Activities

Net cash provided by operating activities for the first quarter decreased by 39,909 million yen, or 57.7%, to 29,222 million yen from 69,131 million yen for the previous first quarter. This was due mainly to an increase in cash outflows with an increase in production resulting from higher orders, and a transfer of retirement benefit liabilities of TA Triumph-Adler GmbH, a consolidated subsidiary of Kyocera Document Solutions Inc., to a third party in cash and other consideration.

b. Cash Flows from Investing Activities

Net cash used in investing activities for the first quarter increased by 10,054 million yen, or 37.1%, to 37,185 million yen from 27,131 million yen for the previous first quarter. This was due mainly to an increase in capital expenditures.

c. Cash Flows from Financing Activities

Net cash used in financing activities for the first quarter increased by 5,057 million yen, or 14.3%, to 40,399 million yen from 35,342 million yen for the previous first quarter. This was due mainly to an increase in dividends paid.

(3) Liquidity and Capital Resources

Kyocera's primary source of fund is cash generated by operations. As of June 30, 2022, its cash and cash equivalents were 384,384 million yen and the balance of borrowings was 96,345 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 cash requirements for the year ending March 31, 2023 are funds for capital expenditures, R&D activities and dividend payments in addition to working capital of operating activities.

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

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

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

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

(5) Major Management Challenges

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

(6) Research and Development Activities

Research and development expenses for the first quarter increased by 2,319 million yen, or 11.5%, to 22,425 million yen from 20,106 million yen for the previous first quarter.

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

(7) Summary of Production, Orders Received and Sales

Orders Received by Reporting Segment

(Yen in millions)

	For the three months ended June 30,				Change
	2021		2022		
	Amount	%*	Amount	%*	%
Core Components Business	125,363	28.3	143,043	28.6	14.1
Industrial & Automotive Components Unit	43,316	9.8	49,027	9.8	13.2
Semiconductor Components Unit	75,632	17.1	87,161	17.4	15.2
Others	6,415	1.4	6,855	1.4	6.9
Electronic Components Business	89,284	20.2	98,139	19.6	9.9
Solutions Business	230,514	52.0	261,288	52.3	13.4
Industrial Tools Unit	62,767	14.2	82,181	16.4	30.9
Document Solutions Unit	85,621	19.3	100,834	20.2	17.8
Communications Unit	56,201	12.7	49,839	10.0	(11.3)
Others	25,925	5.8	28,434	5.7	9.7
Others	3,829	0.9	5,024	1.0	31.2
Adjustments and eliminations	(6,124)	(1.4)	(7,765)	(1.5)	—
Orders Received	442,866	100.0	499,729	100.0	12.8

* % represents the component ratio.

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

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

3. Material Agreements

Agreement for Pension Buyout

On April 27, 2022, TA Triumph-Adler GmbH, a consolidated subsidiary of Kyocera Document Solutions Inc., entered into an agreement with a third party for a pension buyout of a defined benefit pension plan established for certain employees in Germany for future risk transfer and other purposes.

On April 28, 2022, under the terms of the agreement, the company's defined benefit pension plan obligations have delivered to the third party in the amount of 14,255 million yen in cash and other consideration. For detailed information, please refer to Note "7. Employee Benefits" under "IV. Condensed Quarterly Consolidated Financial Statements and Other Information 1. Condensed Quarterly Consolidated Financial Statements."

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

(2) Information on the Stock Acquisition Rights and Others

a. Details of Stock Option Plans

Not Applicable.

b. Other Information about Stock Acquisition Rights

Not Applicable.

(3) Information on Moving Strike Convertible Bonds

Not Applicable.

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

Date	Change in the total number of shares issued (shares)	Balance of the total number of shares issued (shares)	Changes in common stock (Yen in millions)	Balance of common stock (Yen in millions)	Changes in additional paid-in capital (Yen in millions)	Balance of additional paid-in capital (Yen in millions)
From April 1, 2022 to June 30, 2022	—	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, 2022 is stated in this item because Kyocera does not identify the number of voting rights as of June 30, 2022 due to the lack of information on the details entered in the shareholders registry as of June 30, 2022.

a. Shares Issued

As of March 31, 2022

Classification	Number of shares (shares)	Number of voting rights	Description
Shares without voting rights	—	—	—
Shares with restricted voting rights (treasury stock)	—	—	—
Shares with restricted voting rights (others)	—	—	—
Shares with full voting rights (treasury stock)	(Number of treasury stock) Common stock 18,717,600	—	This is Kyocera's standard stock. There is no restriction on contents of the right of the stock. The number of shares per one unit of shares is 100 shares.
Shares with full voting rights (others)	Common stock 358,590,700	3,585,907	Same as above
Shares less than one unit	Common stock 310,280	—	—
Number of shares issued	377,618,580	—	—
Total number of voting rights	—	3,585,907	—

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

b. Treasury Stock and Others

As of March 31, 2022

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the name of others (shares)	Total shares held (shares)	Ownership percentage to the total number of shares issued (%)
Kyocera Corporation	6, Takeda Tobadono-cho, Fushimi-ku, Kyoto	18,717,600	—	18,717,600	4.96
Total	—	18,717,600	—	18,717,600	4.96

(Note) Kyocera Corporation held 18,718,000 shares of treasury stock as of June 30, 2022.

2. Changes in Directors and Audit & Supervisory Board Members

Not Applicable.

IV. Condensed Quarterly Consolidated Financial Statements and Other Information

1. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Yen in millions)

	Note	As of	
		March 31, 2022	June 30, 2022
Assets			
Current assets			
Cash and cash equivalents		414,129	384,384
Short-term investments	11	25,460	20,642
Trade and other receivables	9	379,066	368,695
Other financial assets	11	18,623	18,411
Inventories		452,506	527,207
Other current assets		39,339	44,973
Total current assets		1,329,123	1,364,312
Non-current assets			
Equity and debt instruments	11	1,469,133	1,566,205
Investments accounted for using the equity method		15,795	15,587
Other financial assets	11	41,540	42,451
Property, plant and equipment		512,175	557,094
Right-of-use assets		40,703	46,010
Goodwill		262,985	270,958
Intangible assets		149,879	158,039
Deferred tax assets		36,483	38,144
Other non-current assets		59,449	54,228
Total non-current assets		2,588,142	2,748,716
Total assets		3,917,265	4,113,028

The accompanying notes are an integral part of these statements.

(Yen in millions)

	Note	As of	
		March 31, 2022	June 30, 2022
Liabilities and Equity			
Liabilities			
Current liabilities			
Borrowings	11	79,382	79,045
Trade and other payables		222,962	228,232
Lease liabilities		17,326	18,493
Other financial liabilities	11	16,552	18,799
Income tax payables		20,390	19,211
Accrued expenses	9, 11	134,282	123,893
Provisions		7,010	9,340
Other current liabilities	9	41,445	54,826
Total current liabilities		539,349	551,839
Non-current liabilities			
Borrowings	11	17,163	17,300
Lease liabilities		35,390	39,585
Retirement benefit liabilities	7	23,129	9,347
Deferred tax liabilities		384,513	413,189
Provisions		9,631	10,667
Other non-current liabilities		9,817	9,854
Total non-current liabilities		479,643	499,942
Total liabilities		1,018,992	1,051,781
Equity			
Common stock		115,703	115,703
Capital surplus		122,751	122,490
Retained earnings		1,846,102	1,863,330
Other components of equity		880,297	1,025,803
Treasury stock		(93,299)	(93,302)
Total equity attributable to owners of the parent		2,871,554	3,034,024
Non-controlling interests		26,719	27,223
Total equity		2,898,273	3,061,247
Total liabilities and equity		3,917,265	4,113,028

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,	
		2021	2022
Sales revenue	5, 9	420,712	491,954
Cost of sales		301,502	349,218
Gross profit		119,210	142,736
Selling, general and administrative expenses		86,834	101,308
Operating profit		32,376	41,428
Finance income	11	22,058	24,676
Finance expenses	11	663	847
Foreign exchange gains (losses)		264	2,732
Share of net profit (loss) of investments accounted for using the equity method		4	329
Other, net		437	393
Profit before income taxes	5	54,476	68,711
Income taxes		13,031	17,959
Profit for the period		41,445	50,752

Profit attributable to:			
Owners of the parent		40,760	49,974
Non-controlling interests		685	778
Profit for the period		41,445	50,752

Per share information:	10		
Earnings per share attributable to owners of the parent			
Basic and diluted (Yen)		112.46	139.24

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,	
		2021	2022
Profit for the period		41,445	50,752
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	11	10,977	67,540
Re-measurement of defined benefit plans		—	(65)
Total items that will not be reclassified to profit or loss		10,977	67,475
Items that may be reclassified subsequently to profit or loss:			
Net changes in fair value of cash flow hedge		23	(43)
Exchange differences on translating foreign operations		3,035	78,421
Share of other comprehensive income of investments accounted for using the equity method		(63)	(129)
Total items that may be reclassified subsequently to profit or loss		2,995	78,249
Total other comprehensive income		13,972	145,724
Comprehensive income for the period		55,417	196,476
Comprehensive income attributable to:			
Owners of the parent		54,690	195,049
Non-controlling interests		727	1,427
Comprehensive income for the period		55,417	196,476

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, 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	8			(28,995)			(28,995)	(772)	(29,767)
Purchase of treasury stock						(3)	(3)		(3)
Transactions with non-controlling interests							—		—
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

For the three months ended June 30, 2022

(Yen in millions)

	Note	Total equity attributable to owners of the parent						Non-controlling interests	Total equity
		Common Stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total		
Balance as of April 1, 2022		115,703	122,751	1,846,102	880,297	(93,299)	2,871,554	26,719	2,898,273
Profit for the period				49,974			49,974	778	50,752
Other comprehensive income					145,075		145,075	649	145,724
Total comprehensive income for the period		—	—	49,974	145,075	—	195,049	1,427	196,476
Cash dividends	8			(32,301)			(32,301)	(871)	(33,172)
Purchase of treasury stock						(3)	(3)		(3)
Transactions with non-controlling interests			(261)				(261)	(52)	(313)
Transfer to retained earnings	7			(431)	431		—		—
Others				(14)			(14)		(14)
Balance as of June 30, 2022		115,703	122,490	1,863,330	1,025,803	(93,302)	3,034,024	27,223	3,061,247

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,	
		2021	2022
Cash flows from operating activities:			
Profit for the period		41,445	50,752
Depreciation and amortization		30,447	35,285
Finance expenses (income)		(21,395)	(23,829)
Share of net profit of investments accounted for using the equity method		(4)	(329)
(Gains) losses from sales or disposal of property, plant and equipment		144	(831)
Income taxes		13,031	17,959
(Increase) decrease in trade and other receivables		16,587	38,455
(Increase) decrease in inventories		(22,916)	(47,306)
(Increase) decrease in other assets		5,084	639
Increase (decrease) in trade and other payables		5,324	(20,507)
Increase (decrease) in accrued expenses		997	(6,385)
Increase (decrease) in provisions		(110)	2,357
Increase (decrease) in other liabilities	7	(12,864)	(22,064)
Other, net		2,887	(3,585)
Subtotal		58,657	20,611
Interests and dividends received		21,921	24,490
Interests paid		(601)	(625)
Income taxes refund (paid)		(10,846)	(15,254)
Net cash provided by operating activities		69,131	29,222
Cash flows from investing activities:			
Payments for purchases of property, plant and equipment		(30,689)	(41,841)
Payments for purchases of intangible assets		(4,865)	(2,598)
Proceeds from sales of property, plant and equipment		222	1,408
Acquisitions of business, net of cash acquired		57	(202)
Acquisition of time deposits and certificate of deposits		(34,955)	(11,305)
Withdrawal of time deposits and certificate of deposits		42,988	17,948
Payments for purchases of securities		(216)	(412)
Proceeds from sales and maturities of securities		44	67
Other, net		283	(250)
Net cash used in investing activities		(27,131)	(37,185)
Cash flows from financing activities:			
Proceeds from long-term borrowings		2,574	1,500
Repayments of long-term borrowings		(3,504)	(2,817)
Repayments of lease liabilities		(5,340)	(5,866)
Dividends paid		(28,934)	(32,898)
Other, net		(138)	(318)
Net cash used in financing activities		(35,342)	(40,399)
Effect of exchange rate changes on cash and cash equivalents		(987)	18,617
Increase (decrease) in cash and cash equivalents		5,671	(29,745)
Cash and cash equivalents at the beginning of the year		386,727	414,129
Cash and cash equivalents at the end of the period		392,398	384,384

The accompanying notes are an integral part of these statements.

Notes to Condensed Quarterly Consolidated Financial Statements

1. Reporting Entity

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

The condensed quarterly consolidated financial statements as of and for the three months ended June 30, 2022 consist of Kyocera Corporation and its consolidated subsidiaries and shares of associates of Kyocera.

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

2. Basis of Preparation

(1) Compliance with IFRS

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

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

(2) Basis of Measurement

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

(3) Functional Currency and Presentation Currency

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

3. Significant Accounting Policies

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

For the three months ended June 30, 2022, income tax expenses are accrued using the tax rate calculated based on the estimated average annual effective income tax rate.

<Hyperinflationary accounting adjustments>

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

4. Significant Accounting Estimates and Judgments Involving Estimations

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

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

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

<Changes in the useful lives of intangible assets>

Kyocera has changed the useful lives of some software from two years to five years for the three months ended June 30, 2022, and the change is applied prospectively. This was due to better estimates based on recent software usage. As a result of the change, operating profit and profit before income taxes for the three months ended June 30, 2022 increased by 543 million yen compared to the previous estimates.

Kyocera's estimates and judgements as of the year ended March 31, 2022 are based on the assumption that the impact will not be material to the consolidated financial statements as a whole, given the limited impact on our financial position and results of operations of uncertainties such as deterioration of economic conditions caused by the spread of COVID-19.

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

5. Segment Information

(1) Overview of Reporting Segment

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

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

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

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

Effective from the three months ended March 31, 2022, certain sales of by-products generated by each reporting segment, which was included in "Others," has been recorded into respective reporting segments due to their materiality in terms of amount. This change has been applied to sales revenue by reporting segment for the three months ended June 30, 2021.

In line with the change in the reporting segments of such sales of by-product, sales for the three months ended June 30, 2021 of "Core Components Business" increased by 2,405 million yen, "Solutions Business" increased by 2 million yen and "Others" decreased by 2,407 million yen compared with those before the change of the presentation. There is no impact on consolidated sales revenue and business profit.

(2) Information on Reporting Segment

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

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

For the 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	118,815	76,590	223,018	2,289	420,712	—	420,712
Intersegment sales and transfers	165	189	5,001	1,348	6,703	(6,703)	—
Total	118,980	76,779	228,019	3,637	427,415	(6,703)	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 and mainly includes the GaN device business and research and development expenses, which do not belong to each segment.

2. Adjustment represents as follows:

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

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

For the three months ended June 30, 2022

(Yen in millions)

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

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

2. Adjustment represents as follows:

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

3. Corporate gains and others include income and expenses which do not belong to any segments and mainly 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, 2021 and 2022 is as follows:

Sales revenue to external customers	(Yen in millions)	
	For the three months ended June 30,	
	2021	2022
Japan	143,175	137,532
Asia	106,583	131,319
United States	77,115	113,548
Europe	80,015	91,446
Other Areas	13,824	18,109
Total	420,712	491,954

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

6. Business Combination

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

7. Employee Benefits

On April 27, 2022, TA Triumph-Adler GmbH, a consolidated subsidiary of Kyocera Document Solutions Inc., entered into an agreement with a third party for a pension buyout of a defined benefit pension plan established for certain employees in Germany for future risk transfer and other purposes.

On April 28, 2022, under the terms of the agreement, the company’s defined benefit pension plan obligations in amount of 13,902 million yen have delivered to the third party in the amount of 14,255 million yen in cash and other consideration. The transfer difference in amount of 353 million yen arising from the transaction was recognized in other comprehensive income and transferred to retained earnings immediately.

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

8. Dividends

Dividends paid are as follows:

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

For the three months ended June 30, 2022

	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
The resolution of the Ordinary General Meeting of Shareholders held on June 28, 2022	Common stock	32,301	90	March 31, 2022	June 29, 2022	Retained earnings

9. Sales Revenue

(1) Breakdown of Revenue

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

In addition, effective from the three months ended March 31, 2022, certain sales, which was included in “Others,” has been recorded into respective reporting segments due to their materiality in terms of amount. Due to this change, breakdown of revenue for the three months ended June 30, 2021, has been reclassified in line with this change. For detailed information, please refer to Note “5. Segment Information.”

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

For the 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	40,467	72,058	6,290	76,590	61,855	81,926	50,079	25,028	2,289	416,582
Revenue recognized from other sources	—	—	—	—	11	4,044	71	4	—	4,130
Total	40,467	72,058	6,290	76,590	61,866	85,970	50,150	25,032	2,289	420,712

For the three months ended June 30, 2022

(Yen in millions)

	Reporting Segment								Others	Total
	Core Components Business			Electronic Components Business	Solutions Business					
	Industrial & Automotive Components Unit	Semi-conductor Components Unit	Others		Industrial Tools Unit	Document Solutions Unit	Communications Unit	Others		
Sales revenue										
Revenue recognized from contracts with customers	46,665	87,908	6,754	95,217	81,865	98,153	41,783	27,627	2,984	488,956
Revenue recognized from other sources	—	—	—	—	28	2,958	—	—	12	2,998
Total	46,665	87,908	6,754	95,217	81,893	101,111	41,783	27,627	2,996	491,954

(2) Contract Balance

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

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

(Yen in millions)

	As of	
	March 31, 2022	June 30, 2022
Receivables from contracts with customers	328,062	332,794
Contract assets	8,701	6,500
Contract liabilities	36,878	38,614

10. Earnings Per Share

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

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

	For the three months ended June 30,	
	2021	2022
Profit attributable to owners of the parent (Yen in millions)	40,760	49,974
Weighted average number of ordinary shares (Thousands of shares)	362,440	358,901
Earnings per share attributable to owners of the parent- Basic (Yen)	112.46	139.24

11. Financial Instruments

(1) Fair Values of Financial Instruments

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

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

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

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

a. Financial Instruments Measured at Amortized Cost

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

(Yen in millions)

	As of			
	March 31, 2022		June 30, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Short-term investments	25,412	25,393	20,590	20,576
Debt instruments	12	12	13	13
Other financial assets	58,544	58,544	59,699	59,699
Total	83,968	83,949	80,302	80,288
Liabilities:				
Borrowings	96,545	96,507	96,345	96,318
Total	96,545	96,507	96,345	96,318

Carrying amounts of Cash and cash equivalents, Trade and other receivables, and Trade and other payables approximate fair values because of the short maturity of these instruments.

Short-term borrowings are stated at their carrying amount since they are settled in the short term and their fair value is nearly equal to their carrying amount.

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

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

b. Financial Instruments Measured at Fair Value

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

(Yen in millions)

	As of March 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Short-term investments	—	—	48	48
Equity and debt instruments				
Financial assets measured at fair value through other comprehensive income	1,415,515	—	48,175	1,463,690
Financial assets measured at fair value through profit or loss	—	—	5,431	5,431
Other financial assets	—	1,619	—	1,619
Total	1,415,515	1,619	53,654	1,470,788
Liabilities				
Other financial liabilities	—	16,552	—	16,552
Contingent consideration	—	—	2,108	2,108
Total	—	16,552	2,108	18,660

(Yen in millions)

	As of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Short-term investments	—	—	52	52
Equity and debt instruments				
Financial assets measured at fair value through other comprehensive income	1,509,866	—	49,982	1,559,848
Financial assets measured at fair value through profit or loss	—	—	6,344	6,344
Other financial assets	—	1,163	—	1,163
Total	1,509,866	1,163	56,378	1,567,407
Liabilities:				
Other financial liabilities	—	18,799	—	18,799
Contingent consideration	—	—	2,194	2,194
Total	—	18,799	2,194	20,993

Transfers between levels are recognized on the day when the event or change in circumstances that caused the transfer occurred. There were no significant transfers between Level 1 and Level 2 for the year ended March 31, 2022 and the three months ended June 30, 2022.

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

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

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

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

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

d. Evaluation Process

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

e. Quantitative Information Related to Assets Classified as Level 3

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

As of March 31, 2022

Classification	Valuation Technique	Unobservable Inputs	Range
Financial assets measured at fair value through other comprehensive income	Discounted cash flow method	Discount rate	3.4% to 4.3%

As of June 30, 2022

Classification	Valuation Technique	Unobservable Inputs	Range
Financial assets measured at fair value through other comprehensive income	Discounted cash flow method	Discount rate	3.4% to 4.3%

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

f. Reconciliation of Financial Instruments Classified as Level 3

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

(Yen in millions)

	For the three months ended June 30,					
	2021			2022		
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial liabilities measured at fair value through profit or loss	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial liabilities measured at fair value through profit or loss
Opening balance	3,336	40,859	2,581	5,479	48,175	2,108
Profit or loss *1	6	—	40	413	—	87
Other comprehensive income *2	—	(1,805)	—	—	1,797	—
Purchase and assume	15	200	—	362	8	—
Sales and settlements	—	(11)	—	(23)	(0)	—
Transfer into or out Level 3	—	—	—	—	—	—
Others	(1)	0	0	165	2	(1)
Closing balance	3,356	39,243	2,621	6,396	49,982	2,194
Change in unrealized gains or losses included in profit or loss	19	—	—	409	—	—

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

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

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

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

(Yen in millions)

	As of	
	March 31, 2022	June 30, 2022
KDDI Corporation	1,342,059	1,437,227

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, 2021 and 2022. The amounts of dividends are as follows:

(Yen in millions)

	For the three months ended June 30,	
	2021	2022
Dividends from KDDI Corporation	20,106	21,781

12. Commitments

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

(Yen in millions)

	As of	
	March 31, 2022	June 30, 2022
Acquisition of property, plant and equipment	96,314	104,791

13. Contingency

There were no significant changes in the contents stated in the Annual Report for the year ended March 31, 2022 pursuant to the Financial Instruments and Exchange Act of Japan during the three months ended June 30, 2022.

14. Subsequent Events

Not Applicable.

15. Approval of Condensed Quarterly Consolidated Financial Statements

The condensed quarterly consolidated financial statements have been approved by Hideo Tanimoto, President and Representative Director, and Shoichi Aoki, Director and Managing Executive Officer, on August 10, 2022.

2. Others

Not Applicable.

Part II. Corporate Information on Guarantors and Others

Not Applicable.