

Quarterly Report

(English summary with full translation of consolidated financial information)

(The First Quarter of 67th Business Term)

From April 1, 2020 to June 30, 2020

KYOCERA CORPORATION

Table of Contents

	Page
[Cover]	
Part I . Information on Kyocera.....	1
I . Overview of Kyocera.....	1
1. Selected Financial Data.....	1
2. Description of Business.....	2
II . Business Overview.....	3
1. Risk Factors.....	3
2. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows...	3
3. Material Agreements.....	7
III. Corporate Information.....	8
1. Information on Kyocera’s Shares and Others.....	8
2. Changes in Directors and Senior Management.....	9
IV. Condensed Quarterly Consolidated Financial Statements and Other Information.....	10
1. Condensed Quarterly Consolidated Financial Statements.....	10
(1) Condensed Quarterly Consolidated Statement of Financial Position.....	10
(2) Condensed Quarterly Consolidated Statement of Profit or Loss.....	12
(3) Condensed Quarterly Consolidated Statement of Comprehensive Income.....	13
(4) Condensed Quarterly Consolidated Statement of Changes in Equity.....	14
(5) Condensed Quarterly Consolidated Statement of Cash Flows.....	15
2. Others.....	30
Part II . Corporate Information on Guarantors and Others.....	30

[Cover]

[Document Filed]	Quarterly Report (“Shihanki Hokokusho”)
[Applicable Law]	Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed with]	Director, Kanto Local Finance Bureau
[Filing Date]	August 7, 2020
[Fiscal Period]	The First Quarter of 67th Business Term (from April 1, 2020 to June 30, 2020)
[Company Name]	Kyocera Kabushiki Kaisha
[Company Name in English]	KYOCERA CORPORATION
[Title and Name of Representative]	Hideo Tanimoto, Director and President
[Address of Head Office]	6, Takeda Tobadono-cho, Fushimi-ku, Kyoto
[Phone Number]	+81-75-604-3500
[Contact Person]	Shoichi Aoki, Director, Managing Executive Officer and General Manager of Corporate Management Control Group
[Contact Address]	6, Takeda Tobadono-cho, Fushimi-ku, Kyoto
[Phone Number]	+81-75-604-3500
[Contact Person]	Shoichi Aoki, Director, Managing Executive Officer and General Manager of Corporate Management Control Group
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

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 three months ended June 30, 2019	For the three months ended June 30, 2020	For the year ended March 31, 2020
Sales revenue	384,937	317,094	1,599,053
Profit before income taxes	45,486	30,411	148,826
Profit attributable to owners of the parent	32,037	22,380	107,721
Comprehensive income attributable to owners of the parent	97,936	35,574	262,750
Equity attributable to owners of the parent	2,334,659	2,438,705	2,432,134
Total assets	3,104,854	3,265,449	3,250,175
Earnings per share attributable to owners of the parent - Basic (Yen)	88.56	61.75	297.36
Earnings per share attributable to owners of the parent - Diluted (Yen)	88.51	61.75	297.36
Ratio of equity attributable to owners of the parent to total assets (%)	75.2	74.7	74.8
Cash flows from operating activities	54,771	37,099	214,630
Cash flows from investing activities	(77,822)	(37,473)	(145,551)
Cash flows from financing activities	(66,647)	(35,135)	(157,126)
Cash and cash equivalents at the end of the period	418,572	382,238	419,620

- (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 three months ended June 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 three months ended June 30, 2020 (hereinafter, “the first quarter”). 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 quarter. 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 three months ended June 30, 2019		For the three months ended June 30, 2020		Change	
	Amount	%*	Amount	%*	Amount	%
Sales revenue	384,937	100.0	317,094	100.0	(67,843)	(17.6)
Operating profit	22,629	5.9	7,574	2.4	(15,055)	(66.5)
Profit before income taxes	45,486	11.8	30,411	9.6	(15,075)	(33.1)
Profit attributable to owners of the parent	32,037	8.3	22,380	7.1	(9,657)	(30.1)
Average U.S. dollar exchange rate (yen)	110	—	108	—	—	—
Average Euro exchange rate (yen)	123	—	118	—	—	—

* % represents the percentage to sales revenue.

During the first quarter, both sales revenue and profits were below those for the three months ended June 30, 2019 (“the previous first quarter”), due mainly to stagnation in major markets as a result of global economic deterioration caused by the spread of the COVID-19 epidemic.

In the Components Business, sales revenue of the Electronic Devices Group decreased due mainly to a sales decline at AVX Corporation, a U.S. subsidiary, as production activities stagnated particularly in the automotive-related market. In the Equipment & Systems Business, sales revenue of the Document Solutions Group decreased due to lower demand for equipment and consumables as a result of restrictions on office attendance. As a result, sales revenue decreased by 67,843 million yen, or 17.6%, to 317,094 million yen, compared with the previous first quarter.

Profit declined compared with the previous first quarter due mainly to lower sales revenue in most of the business groups. Operating profit decreased by 15,055 million yen, or 66.5%, to 7,574 million yen, profit before income taxes decreased by 15,075 million yen, or 33.1%, to 30,411 million yen, and profit attributable to owners of the parent decreased by 9,657 million yen, or 30.1%, to 22,380 million yen, compared with the previous first quarter. Average exchange rates for the first quarter were 108 yen to the U.S. dollar, marking appreciation of 2 yen, or 1.8%, and 118 yen to the Euro, marking appreciation of 5 yen, or 4.1%, 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 down by approximately 6 billion yen and approximately 1.5 billion yen, respectively, compared with the previous first quarter.

Results by Reporting Segment

Sales Revenue by Reporting Segment

(Yen in millions)

	For the three months ended June 30, 2019		For the three months ended June 30, 2020		Change	
	Amount	%*	Amount	%*	Amount	%
Industrial & Automotive Components Group	79,330	20.6	80,596	25.4	1,266	1.6
Semiconductor Components Group	57,973	15.1	56,124	17.7	(1,849)	(3.2)
Electronic Devices Group	83,203	21.6	61,440	19.4	(21,763)	(26.2)
Total Components Business	220,506	57.3	198,160	62.5	(22,346)	(10.1)
Communications Group	64,781	16.8	49,737	15.7	(15,044)	(23.2)
Document Solutions Group	87,130	22.6	60,058	18.9	(27,072)	(31.1)
Life & Environment Group	16,866	4.4	12,362	3.9	(4,504)	(26.7)
Total Equipment & Systems Business	168,777	43.8	122,157	38.5	(46,620)	(27.6)
Others	4,110	1.1	3,757	1.2	(353)	(8.6)
Adjustments and eliminations	(8,456)	(2.2)	(6,980)	(2.2)	1,476	—
Sales revenue	384,937	100.0	317,094	100.0	(67,843)	(17.6)

* % represents the component ratio.

Business Profit (Loss) by Reporting Segment

(Yen in millions)

	For the three months ended June 30, 2019		For the three months ended June 30, 2020		Change	
	Amount	%*	Amount	%*	Amount	%
Industrial & Automotive Components Group	4,798	6.0	1,666	2.1	(3,132)	(65.3)
Semiconductor Components Group	5,082	8.8	5,623	10.0	541	10.6
Electronic Devices Group	13,418	16.1	2,407	3.9	(11,011)	(82.1)
Total Components Business	23,298	10.6	9,696	4.9	(13,602)	(58.4)
Communications Group	2,012	3.1	1,697	3.4	(315)	(15.7)
Document Solutions Group	8,966	10.3	1,809	3.0	(7,157)	(79.8)
Life & Environment Group	(2,555)	—	(3,834)	—	(1,279)	—
Total Equipment & Systems Business	8,423	5.0	(328)	—	(8,751)	—
Others	(910)	—	(633)	—	277	—
Total business profit	30,811	8.0	8,735	2.8	(22,076)	(71.6)
Corporate gains and share of net profit (loss) of investments accounted for using the equity method	14,938	—	22,197	—	7,259	48.6
Adjustments and eliminations	(263)	—	(521)	—	(258)	—
Profit before income taxes	45,486	11.8	30,411	9.6	(15,075)	(33.1)

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

(Note) As Kyocera Communication System Co., Ltd. absorbed and merged with Kyocera Solar Corporation described in “ I . Overview of Kyocera 2. Description of Business,” the results “For the three months ended June 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 quarter increased by 1,266 million yen, or 1.6%, to 80,596 million yen compared with 79,330 million yen in the previous first quarter. Sales increased due to contributions from M&A activities in the year ended March 31, 2020, which more than offset the decrease in sales of products for the automotive-related market, such as cutting tools and automotive cameras.

Business profit, on the other hand, decreased by 3,132 million yen, or 65.3%, to 1,666 million yen compared with 4,798 million yen in the previous first quarter as a result of a decrease in sales in automotive-related market and an increase in costs particularly in depreciation charge.

b. Semiconductor Components Group

Sales revenue for the first quarter decreased by 1,849 million yen, or 3.2%, to 56,124 million yen compared with 57,973 million yen in the previous first quarter. This was due mainly to a decrease in demand for organic multi-layer substrates for automotive use, while demand for ceramic packages for use in 5G capable smartphones and communications infrastructure remained solid.

Business profit, on the other hand, increased by 541 million yen, or 10.6%, to 5,623 million yen compared with 5,082 million yen for the previous first quarter as a result of an increase in sales revenue in the ceramic package business and cost reductions.

c. Electronic Devices Group

Sales revenue for the first quarter decreased by 21,763 million yen, or 26.2%, to 61,440 million yen compared with 83,203 million yen for the previous first quarter. Sales at AVX Corporation decreased due to sluggish conditions in major markets, including the automotive-related market.

Business profit decreased by 11,011 million yen, or 82.1%, to 2,407 million yen compared with 13,418 million yen in the previous first quarter due mainly to a decrease in sales revenue.

d. Communications Group

Sales revenue for the first quarter decreased by 15,044 million yen, or 23.2%, to 49,737 million yen compared with 64,781 million yen in the previous first quarter due to lower sales of mobile phones and by the engineering business.

Business profit decreased by 315 million yen, or 15.7%, to 1,697 million yen compared with 2,012 million yen in the previous first quarter due to the impact of lower sales revenue. Business profit margin, however, remained at the same level as in the previous first quarter as a result of cost reduction efforts.

e. Document Solutions Group

Sales revenue for the first quarter decreased by 27,072 million yen, or 31.1%, to 60,058 million yen compared with 87,130 million yen in the previous first quarter. Although demand for document solution services increased, demand for equipment and consumables declined significantly due to restrictions on office attendance.

Business profit decreased by 7,157 million yen, or 79.8%, to 1,809 million yen compared with 8,966 million yen in the previous first quarter as a result of lower sales revenue.

f. Life & Environment Group

Sales revenue for the first quarter decreased by 4,504 million yen, or 26.7%, to 12,362 million yen compared with 16,866 million yen in the previous first quarter due mainly to lower sales of solar power generation systems in the smart energy business*.

Business loss increased by 1,279 million yen to 3,834 million yen compared with 2,555 million yen as a result of lower sales revenue.

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

(2) Summary of Cash Flows

(Yen in millions)

	For the three months ended June 30, 2019	For the three months ended June 30, 2020	Change
Cash flows from operating activities	54,771	37,099	(17,672)
Cash flows from investing activities	(77,822)	(37,473)	40,349
Cash flows from financing activities	(66,647)	(35,135)	31,512
Effect of exchange rate changes on cash and cash equivalents	(4,544)	(1,873)	2,671
Increase (decrease) in cash and cash equivalents	(94,242)	(37,382)	56,860
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	418,572	382,238	(36,334)

Cash and cash equivalents at June 30, 2020 decreased by 37,382 million yen, or 8.9%, to 382,238 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 quarter decreased by 17,672 million yen, or 32.3%, to 37,099 million yen from 54,771 million yen for the previous first quarter. 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 quarter decreased by 40,349 million yen, or 51.8%, to 37,473 million yen from 77,822 million yen for the previous first quarter. 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 quarter decreased by 31,512 million yen, or 47.3%, to 35,135 million yen from 66,647 million yen for the previous first quarter. 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 June 30, 2020, its cash and cash equivalents were 382,238 million yen and the balance of borrowings is 91,938 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 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.

Any future significant deterioration in market demand for Kyocera's products, or a slump in product prices to levels substantially below those projected by Kyocera, could adversely affect its financial position and operating results, possibly resulting in reduced 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 in the three months from April 1 to June 30, 2020, 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 three months ended June 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) Priority Business Challenges

There were no new business 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, 2020 pursuant to the Financial Instruments and Exchange Act of Japan.

(6) Research and Development Activities

Research and development expenses for the first quarter decreased by 1,511 million yen, or 8.0%, to 17,355 million yen from 18,866 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, 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 three months ended June 30, 2019		For the three months ended June 30, 2020		Change
	Amount	%*	Amount	%*	%
Industrial & Automotive Components Group	77,940	20.6	79,159	23.3	1.6
Semiconductor Components Group	58,118	15.4	61,213	18.0	5.3
Electronic Devices Group	85,360	22.6	62,767	18.5	(26.5)
Total Components Business	221,418	58.6	203,139	59.8	(8.3)
Communications Group	59,796	15.8	69,775	20.5	16.7
Document Solutions Group	87,050	23.1	59,917	17.6	(31.2)
Life & Environment Group	14,776	3.9	12,679	3.8	(14.2)
Total Equipment & Systems Business	161,622	42.8	142,371	41.9	(11.9)
Others	2,841	0.8	2,546	0.7	(10.4)
Adjustments and eliminations	(8,272)	(2.2)	(8,174)	(2.4)	—
Orders	377,609	100.0	339,882	100.0	(10.0)

* % represents the component ratio.

(Note) 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 System Co., Ltd. absorbed and merged with Kyocera Solar Corporation described in “ I . Overview of Kyocera 2. Description of Business,” the results “For the three months ended June 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 for the three months ended June 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 June 30, 2020 (shares)	Number of shares issued as of the filing date (shares) (August 7, 2020)	Stock exchange on which Kyocera is listed or authorized financial instruments firm's association where Kyocera is registered	Description
Common stock	377,618,580	377,618,580	Tokyo Stock Exchange (the first section)	This is Kyocera's standard stock. There is no restriction on contents of the right of the stock. The number of shares per one unit of shares is 100 shares.
Total	377,618,580	377,618,580	—	—

(2) Information on the Stock Acquisition Rights and Others

a. Details of Stock Option Plans

Not Applicable.

b. Other Information about Stock Acquisition Rights

Not Applicable.

(3) Information on Moving Strike Convertible Bonds

Not Applicable.

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

Date	Change in the total number of shares issued (shares)	Balance of the total number of shares issued (shares)	Changes in common stock (Yen in millions)	Balance of common stock (Yen in millions)	Changes in additional paid-in capital (Yen in millions)	Balance of additional paid-in capital (Yen in millions)
From April 1, 2020 to June 30, 2020	—	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, 2020 is stated in this item because Kyocera does not identify the number of voting rights as of June 30, 2020 due to the lack of information on the details entered in the shareholders registry as of June 30, 2020.

a. Shares Issued

As of March 31, 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 15,186,300	—	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 362,102,300	3,621,023	Same as above
Shares less than one unit	Common stock 329,980	—	—
Number of shares issued	377,618,580	—	—
Total number of voting rights	—	3,621,023	—

(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, 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	15,186,300	—	15,186,300	4.02
Total	—	15,186,300	—	15,186,300	4.02

(Note) Kyocera Corporation held 15,186,400 shares of treasury stock as of June 30, 2020.

2. Changes in Directors and Senior Management

Not Applicable.

IV. Condensed Quarterly Consolidated Financial Statements and Other Information

1. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Yen in millions)

	Note	As of March 31, 2020	As of June 30, 2020
Assets			
Current assets			
Cash and cash equivalents		419,620	382,238
Short-term investments	10	62,999	56,529
Trade and other receivables	8	336,294	285,962
Other financial assets	10	11,035	12,860
Inventories		344,304	375,365
Other current assets		28,455	33,217
Total current assets		1,202,707	1,146,171
Non-current assets			
Equity and debt instruments	10	1,196,634	1,217,917
Investments accounted for using the equity method	12	17,422	17,485
Other financial assets	10	27,179	34,627
Property, plant and equipment		383,271	396,306
Right-of-use assets		34,921	35,141
Goodwill	6	212,207	230,552
Intangible assets	6	118,533	126,141
Deferred tax assets		40,434	40,429
Other non-current assets		16,867	20,680
Total non-current assets		2,047,468	2,119,278
Total assets		3,250,175	3,265,449

The accompanying notes are an integral part of these statements.

(Yen in millions)

	Note	As of March 31, 2020	As of June 30, 2020
Liabilities and Equity			
Liabilities			
Current liabilities			
Borrowings	10	35,025	41,293
Trade and other payables		173,300	166,948
Lease liabilities		15,477	15,902
Other financial liabilities	10	1,544	1,566
Income tax payables		11,396	8,820
Accrued expenses	8,10	114,983	103,727
Provisions	12	14,411	6,486
Other current liabilities	8	31,373	39,909
Total current liabilities		397,509	384,651
Non-current liabilities			
Borrowings	10	44,970	50,645
Lease liabilities		31,847	31,440
Retirement benefit liabilities		28,406	28,961
Deferred tax liabilities		271,317	279,520
Provisions	12	8,760	8,768
Other non-current liabilities		13,124	20,017
Total non-current liabilities		398,424	419,351
Total liabilities		795,933	804,002
Equity			
Common stock		115,703	115,703
Capital surplus		123,539	123,532
Retained earnings		1,686,672	1,680,057
Other components of equity		575,495	588,689
Treasury stock		(69,275)	(69,276)
Total equity attributable to owners of the parent		2,432,134	2,438,705
Non-controlling interests		22,108	22,742
Total equity		2,454,242	2,461,447
Total liabilities and equity		3,250,175	3,265,449

The accompanying notes are an integral part of these statements.

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

(Yen in millions except per share amounts)

	Note	For the three months ended June 30, 2019	For the three months ended June 30, 2020
Sales revenue	5, 8	384,937	317,094
Cost of sales		274,914	233,492
Gross profit		110,023	83,602
Selling, general and administrative expenses	6	87,394	76,028
Operating profit		22,629	7,574
Finance income	10	23,064	22,193
Finance expenses		344	379
Foreign exchange gains (losses)		(112)	109
Share of net profit (loss) of investments accounted for using the equity method		267	349
Other, net		(18)	565
Profit before income taxes	5	45,486	30,411
Income taxes		11,147	7,551
Profit for the period		34,339	22,860

Profit attributable to:			
Owners of the parent		32,037	22,380
Non-controlling interests		2,302	480
Profit for the period		34,339	22,860

Per share information:	9		
Earnings per share attributable to owners of the parent			
Basic		88.56 yen	61.75 yen
Diluted		88.51 yen	61.75 yen

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, 2019	For the three months ended June 30, 2020
Profit for the period		34,339	22,860
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		82,501	14,792
Re-measurement of defined benefit plans		—	—
Total items that will not be reclassified to profit or loss		82,501	14,792
Items that may be reclassified subsequently to profit or loss:			
Net changes in fair value of cash flow hedge		(21)	141
Exchange differences on translating foreign operations		(18,722)	(1,685)
Share of other comprehensive income of investments accounted for using the equity method		(36)	(1)
Total items that may be reclassified subsequently to profit or loss		(18,779)	(1,545)
Total other comprehensive income		63,722	13,247
Comprehensive income for the period		98,061	36,107
Comprehensive income attributable to:			
Owners of the parent		97,936	35,574
Non-controlling interests		125	533
Comprehensive income for the period		98,061	36,107

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, 2019

(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, 2019		115,703	165,225	1,638,709	418,643	(72,361)	2,265,919	96,341	2,362,260
Profit for the period				32,037			32,037	2,302	34,339
Other comprehensive income					65,899		65,899	(2,177)	63,722
Total comprehensive income for the period		—	—	32,037	65,899	—	97,936	125	98,061
Cash dividends	7			(28,940)			(28,940)	(1,190)	(30,130)
Purchase of treasury stock						(6)	(6)		(6)
Reissuance of treasury stock			—			—	—		—
Transactions with non-controlling interests and other			(273)		23		(250)	327	77
Balance as of June 30, 2019		115,703	164,952	1,641,806	484,565	(72,367)	2,334,659	95,603	2,430,262

For the three months ended June 30, 2020

(Yen in millions)

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

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, 2019	For the three months ended June 30, 2020
Cash flows from operating activities:			
Profit for the period		34,339	22,860
Depreciation and amortization		20,893	25,525
Finance expenses (income)		(22,720)	(21,814)
Share of net profit of investments accounted for using the equity method		(267)	(349)
(Gains) losses from sales or disposal of property, plant and equipment		(56)	37
Income taxes		11,147	7,551
(Increase) decrease in trade and other receivables		28,354	53,036
(Increase) decrease in inventories		(17,312)	(30,230)
(Increase) decrease in other assets		741	(4,564)
Increase (decrease) in trade and other payables		3,344	(12,310)
Increase (decrease) in accrued expenses		(8,000)	(789)
Increase (decrease) in provisions		222	(1,200)
Increase (decrease) in other liabilities		(7,448)	(15,094)
Other, net		191	753
Subtotal		43,428	23,412
Interests and dividends received		22,760	22,072
Interests paid		(306)	(403)
Income taxes refund (paid)		(11,111)	(7,982)
Net cash provided by operating activities		54,771	37,099
Cash flows from investing activities:			
Payments for purchases of property, plant and equipment		(27,887)	(22,620)
Payments for purchases of intangible assets		(2,820)	(2,888)
Proceeds from sales of property, plant and equipment		170	136
Acquisitions of business, net of cash acquired	6	(62,757)	(18,071)
Acquisition of time deposits and certificate of deposits		(60,423)	(21,133)
Withdrawal of time deposits and certificate of deposits		61,500	29,878
Payments for purchases of securities		(311)	(2,918)
Proceeds from sales and maturities of securities		17,147	143
Other, net		(2,441)	0
Net cash used in investing activities		(77,822)	(37,473)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings		(684)	(584)
Proceeds from long-term borrowings		3,566	2,026
Repayments of long-term borrowings		(37,238)	(2,508)
Repayments of lease liabilities		(3,006)	(5,561)
Dividends paid		(29,120)	(28,516)
Other, net		(165)	8
Net cash used in financing activities		(66,647)	(35,135)
Effect of exchange rate changes on cash and cash equivalents		(4,544)	(1,873)
Increase (decrease) in cash and cash equivalents		(94,242)	(37,382)
Cash and cash equivalents at the beginning of the year		512,814	419,620
Cash and cash equivalents at the end of the period		418,572	382,238

The accompanying notes are an integral part of these statements.

Notes to Condensed Quarterly Consolidated Financial Statements

1. Reporting Entity

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

Condensed quarterly consolidated financial statements as of and for the three months ended June 30, 2020 consist of Kyocera Corporation and its consolidated subsidiaries (hereinafter, "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 consolidated financial statements do not include all the information that required in the annual consolidated financial statements, therefore, condensed consolidated financial statements should be used with the consolidated financial statements for the year ended March 31, 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 three months ended June 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 in the three months from April 1 to June 30, 2020, 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 three months ended June 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 ended June 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 "Adjustment & eliminations" and not shown separately due to immateriality. "Adjustment & 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.

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

Information by reporting segment

Sales revenue

(Yen in millions)

	For the three months ended June 30, 2019	For the three months ended June 30, 2020
Industrial & Automotive Components Group	79,330	80,596
Semiconductor Components Group	57,973	56,124
Electronic Devices Group	83,203	61,440
Communications Group	64,781	49,737
Document Solutions Group	87,130	60,058
Life & Environment Group	16,866	12,362
Other	4,110	3,757
Adjustments and eliminations	(8,456)	(6,980)
Total	384,937	317,094

Profit (loss) before income taxes

(Yen in millions)

	For the three months ended June 30, 2019	For the three months ended June 30, 2020
Industrial & Automotive Components Group	4,798	1,666
Semiconductor Components Group	5,082	5,623
Electronic Devices Group	13,418	2,407
Communications Group	2,012	1,697
Document Solutions Group	8,966	1,809
Life & Environment Group	(2,555)	(3,834)
Other	(910)	(633)
Total business profit	30,811	8,735
Corporate gains and share of net profit (loss) of investments accounted for using the equity method	14,938	22,197
Adjustments and eliminations	(263)	(521)
Total	45,486	30,411

Depreciation and amortization charge

(Yen in millions)

	For the three months ended June 30, 2019	For the three months ended June 30, 2020
Industrial & Automotive Components Group	4,936	6,851
Semiconductor Components Group	2,161	2,915
Electronic Devices Group	5,520	6,016
Communications Group	1,794	2,285
Document Solutions Group	3,729	4,031
Life & Environment Group	1,146	1,245
Other	617	879
Corporate	990	1,303
Total	20,893	25,525

Capital expenditures (for property, plant and equipment)

(Yen in millions)

	For the three months ended June 30, 2019	For the three months ended June 30, 2020
Industrial & Automotive Components Group	5,195	2,953
Semiconductor Components Group	2,184	4,424
Electronic Devices Group	9,672	10,641
Communications Group	1,137	1,810
Document Solutions Group	1,659	1,913
Life & Environment Group	1,569	2,790
Other	1,021	397
Corporate	3,384	1,530
Total	25,821	26,458

Information on sales revenue to external customers by geographic segments based on destination for the three months ended June 30, 2019 and 2020 are as follows:

Sales revenue

(Yen in millions)

	For the three months ended June 30, 2019	For the three months ended June 30, 2020
Japan	143,353	122,807
Asia	86,277	79,615
The United States of America	63,643	56,190
Europe	76,711	50,462
Other Areas	14,953	8,020
Total	384,937	317,094

There are no individually material countries with respect to revenue from external customers in Asia, Europe and Other Areas for the three months ended June 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 June 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 8,518 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 June 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	8,518
Goodwill*	5,298

(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 53 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.

Kyocera has performed other business combination during the year ended June 30, 2020. This business combination do not have a material impact on Kyocera's financial position, operating results and cash flows.

7. Equity and Other Equity

(1) Dividends

Dividends paid are as follows:

For the three months ended June 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 three months ended June 30, 2020

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

8. Sales Revenue

(1) Breakdown of Revenue

Regarding 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 June 30, 2020
Receivables from contracts with customers	285,975	240,958
Contract assets	11,395	7,876
Contract liabilities	27,050	26,187

9. Earnings Per Share

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

	For the three months ended June 30, 2019	For the three months ended June 30, 2020
Profit attributable to owners of the parent (Yen in millions)	32,037	22,380
Adjustment related to potential shares of consolidated subsidiaries (Yen in millions)	(17)	—
Diluted profit attributable to owners of the parent (Yen in millions)	32,020	22,380
Weighted average number of ordinary shares (Thousands of shares)	361,753	362,432
Earnings per share attributable to owners of the parent:		
- Basic (Yen)	88.56	61.75
- Diluted (Yen)	88.51	61.75

(Note) Earnings per share attributable to owners of the parent - Diluted for the three months ended June 30, 2020 equals earnings per share attributable to owners of the parent -Basic, as there is no potential share.

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 June 30, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Short-term investments	62,323	62,164	53,220	53,198
Long-term instruments in debt securities	31,689	31,214	31,688	31,467
Other financial assets	36,544	36,544	46,907	46,907
Total	130,556	129,922	131,815	131,572
Liabilities:				
Borrowings	79,995	79,995	91,938	91,938
Total	79,995	79,995	91,938	91,938

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 June 30, 2020			
	Level 1	Level 2	Level 3	Total
Assets:				
Short-term investments	–	–	3,309	3,309
Equity and debt instruments				
Financial assets measured at fair value through other comprehensive income	1,147,868	–	35,790	1,183,658
Financial assets measured at fair value through profit or loss	–	–	2,571	2,571
Other financial assets	–	580	–	580
Total	1,147,868	580	41,670	1,190,118
Liabilities:				
Other financial liabilities	–	1,566	–	1,566
Contingent consideration	–	–	3,492	3,492
Total	–	1,566	3,492	5,058

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 three months ended June 30, 2020.

For financial instruments classified Level 3, there were no significant changes for the three months ended June 30, 2020.

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, 2019 and 2020. The amounts of dividends are as follows:

(Yen in millions)

	For the three months ended June 30, 2019	For the three months ended June 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 49,753 million yen at June 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 14,033 million yen at June 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 1,929 million yen at June 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 Corporation 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 4,050 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 2,387 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 the company made a payment of 2,387 million yen (22.1 million dollars) to an escrow account. Additionally, during the year ended March 31, 2020, AVX Corporation made a payment of 605 million yen (5.6 million dollars), representing pre-judgment interest, to an escrow account. However, the matter is still subject to various post-trial proceedings and possible appeal which could result in a material impact to the accrual for this case in the future.

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

Not Applicable.

14. Approval of Condensed Quarterly Consolidated Financial Statements

The condensed quarterly consolidated financial statements have been approved by Hideo Tanimoto, President and Representative Director, and Shoichi Aoki, Director, Managing Executive Officer and General Manager of Corporate Management Control Group, on August 7, 2020.

2. Others

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.