



Consolidated Financial Results
for the Nine Months Ended December 31, 2018 (IFRS)

February 1, 2019

Company name: **KYOCERA CORPORATION** Stock Listing: Tokyo Stock Exchange
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 Scheduled date of quarterly report filing: February 13, 2019
 Scheduled date for commencement of dividend payment: –
 Supplementary documents of the quarterly financial results: Yes
 Holding quarterly financial results meeting: Yes (conference call for institutional investors and analysts)

(Amounts less than one million yen are rounded)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2018

(1) Consolidated operating results (% of change from the same period of the previous year)

| | Sales revenue | | Operating profit | | Profit before income taxes | | Profit attributable to owners of the parent | | Comprehensive income for the period | |
|-------------------|---------------|-----|------------------|--------|----------------------------|--------|---|--------|-------------------------------------|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Nine months ended | | | | | | | | | | |
| December 31, 2018 | 1,214,417 | 6.1 | 60,576 | (44.1) | 104,100 | (29.3) | 79,419 | (14.7) | 63,278 | (36.7) |
| December 31, 2017 | 1,145,016 | – | 108,322 | – | 147,262 | – | 93,088 | – | 99,974 | – |

| | Earnings per share attributable to owners of the parent - Basic | | Earnings per share attributable to owners of the parent - Diluted | |
|-------------------|---|--|---|--|
| | Yen | | Yen | |
| Nine months ended | | | | |
| December 31, 2018 | 219.17 | | 219.00 | |
| December 31, 2017 | 253.16 | | 253.16 | |

(2) Consolidated financial position

| | Total assets | Total equity | Equity attributable to owners of the parent | Ratio of equity attributable to owners of the parent to total assets |
|-------------------|--------------|--------------|---|--|
| | Million yen | Million yen | Million yen | % |
| As of | | | | |
| December 31, 2018 | 3,020,821 | 2,392,694 | 2,297,620 | 76.1 |
| March 31, 2018 | 3,128,813 | 2,413,299 | 2,325,791 | 74.3 |

2. Cash Dividends

| | Annual dividends | | | | |
|---------------------------|-------------------|--------------------|-------------------|----------|--------|
| | First quarter-end | Second quarter-end | Third quarter-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Year ended | | | | | |
| March 31, 2018 | – | 60.00 | – | 60.00 | 120.00 |
| Year ending | | | | | |
| March 31, 2019 | – | 60.00 | – | | |
| Year ending | | | | | |
| March 31, 2019 (forecast) | | | | 60.00 | 120.00 |

(Note) Revision of previously announced dividend targets during this reporting period: None

3. Consolidated Financial Forecasts for the Year Ending March 31, 2019 (% of change from the previous year)

| | Sales revenue | | Operating profit | | Profit before income taxes | | Profit attributable to owners of the parent | | Earnings per share attributable to owners of the parent - Basic |
|-----------|---------------|-----|------------------|--------|----------------------------|-------|---|------|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full year | 1,600,000 | 1.5 | 76,000 | (16.2) | 120,000 | (7.7) | 90,000 | 13.7 | 248.36 |

(Note) Revision of previously announced financial forecast during this reporting period: Yes

% of change from the previous year are calculated by rearranging the consolidated results for the year ended March 31, 2018 to IFRS. "Earnings per share attributable to owners of the parent - Basic" is calculated using the average number of shares outstanding for the nine months ended December 31, 2018.

Notes

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries that caused a change in the scope of consolidation): None

(2) Changes in accounting policies and accounting estimates

(i) Changes in accounting policies required under IFRS: Yes

(ii) Changes in accounting policies due to reasons other than (i): None

(iii) Changes in accounting estimates: Yes

Please refer to page 13 “(4) Notes to Condensed Quarterly Consolidated Financial Statements b. Changes in Accounting Policies” and “c. Changes in Accounting Estimates” under “2. Condensed Quarterly Consolidated Financial Statements and Primary Notes” for details.

(3) Number of shares issued (common stock)

(i) Number of shares issued (including treasury stock):

As of December 31, 2018 377,618,580 shares

As of March 31, 2018 377,618,580 shares

(ii) Number of treasury stock:

As of December 31, 2018 15,864,095 shares

As of March 31, 2018 9,910,822 shares

(iii) Average number of shares outstanding:

For the nine months ended December 31, 2018 362,369,908 shares

For the nine months ended December 31, 2017 367,710,007 shares

Instruction for Forecasts and Other Notes

1. Adopting IFRS

Kyocera Corporation and its consolidated subsidiaries (“Kyocera”) has adopted IFRS for its consolidated financial statements from the year ending March 31, 2019. Accordingly, the consolidated financial statements for the nine months ended December 31, 2017 and those for the year ended March 31, 2018 are also presented in accordance with IFRS.

2. Cautionary statements with respect to forward-looking statements

Certain of the statements made in this document are forward-looking statements, which are based on our current assumptions and beliefs in light of the information currently available to us. These forward-looking statements involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors include, but are not limited to the following:

- (1) General conditions in the Japanese or global economy;
- (2) Unexpected changes in economic, political and legal conditions in countries where we operate;
- (3) Various export risks which may affect the significant percentage of our revenues derived from overseas sales;
- (4) The effect of foreign exchange fluctuations on our results of operations;
- (5) Intense competitive pressures to which our products are subject;
- (6) Fluctuations in the price and ability of suppliers to provide the required quantity of raw materials for use in our production activities;
- (7) Manufacturing delays or defects resulting from outsourcing or internal manufacturing processes;
- (8) Shortages and rising costs of electricity affecting our production and sales activities;
- (9) The possibility that future initiatives and in-process research and development may not produce the desired results;
- (10) Companies or assets acquired by us not produce the returns or benefits, or bring in business opportunities;
- (11) Inability to secure skilled employees, particularly engineering and technical personnel;
- (12) Damages on our information security systems from cyberattacks, etc. and significant costs in order to recover and maintain the systems;
- (13) Insufficient protection of our trade secrets and intellectual property rights including patents;
- (14) Expenses associated with licenses we require to continue to manufacture and sell products;
- (15) Environmental liability and compliance obligations by tightening of environmental laws and regulations;
- (16) Unintentional conflict with laws and regulations or newly enacted laws and regulations;
- (17) Our market or supply chains being affected by terrorism, plague, wars or similar events;
- (18) Earthquakes and other natural disasters affecting our headquarters and major facilities as well as our suppliers and customers;
- (19) Credit risk on trade receivables;
- (20) Fluctuations in the value of, and impairment losses on, securities and other assets held by us;
- (21) Impairment losses on property, plant and equipment, goodwill and intangible assets;
- (22) Unrealized deferred tax assets and additional liabilities for unrecognized tax benefits; and
- (23) Changes in accounting principles.

Due to such risks, uncertainties and other factors, our actual results, performance, achievements or financial condition may be substantially different from any future results, performance, achievements or financial condition expressed or implied by these forward-looking statements. We undertake no obligation to publicly update any forward-looking statements included in this document.

3. Method of obtaining supplementary materials on the financial results

The supplementary material will be published on our website on February 1, 2019.

4. This consolidated financial report is not subject to quarterly review procedure.

(Attachment)

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1. Qualitative Information related to Consolidated Financial Results

Commencing from the beginning of the fiscal year ending March 31, 2019 (“fiscal 2019”), Kyocera has adopted the International Financial Reporting Standards (“IFRS”) in lieu of the Generally Accepted Accounting Principles of the United States of America (“U.S. GAAP”). In addition, financial figures appearing herein for the nine months ended December 31, 2017 (“the previous nine months”) and the year ended March 31, 2018 (“fiscal 2018”) have been reclassified in accordance with IFRS for the purpose of comparative analysis.

(1) Explanation of Consolidated Financial Results

a. Consolidated Financial Results

Sales revenue for the nine months ended December 31, 2018 (“the nine months”) increased by 69,401 million yen, or 6.1%, to 1,214,417 million yen, compared with the previous nine months, marking record highs in sales for this nine-month period for two consecutive years. Sales increased in the Electronic Devices Group and the Industrial & Automotive Components Group as well as the Document Solutions Group due in part to contributions from aggressive merger and acquisition activities conducted from fiscal 2018.

Profits decreased as compared with the previous nine months, due to the recording of settlement expenses in the amount of 52,313 million yen relating to long-term purchase agreements for procurement of polysilicon material in the solar energy business and to the recording of impairment loss relating to machinery, equipment and goodwill in the organic materials business in the amount of 16,184 million yen, which more than offset the effects of increased sales revenue and cost reductions efforts in each division.

For this reason, operating profit decreased by 47,746 million yen, or 44.1%, to 60,576 million yen, profit before income taxes decreased by 43,162 million yen, or 29.3%, to 104,100 million yen, and profit attributable to owners of the parent decreased by 13,669 million yen, or 14.7%, to 79,419 million yen, compared with the previous nine months.

Average exchange rates for the nine months were 111 yen to the U.S. dollar, marking appreciation of 1 yen (0.9%), and 129 yen to the Euro, unchanged from the previous nine months. As a result, sales revenue in the nine months was pushed down by approximately 3 billion yen compared with the previous nine months.

Consolidated Financial Results

(Yen in millions)

| | For the nine months ended December 31, 2017 | | For the nine months ended December 31, 2018 | | Change | |
|---|--|-------|--|-------|----------|--------|
| | Amount | %* | Amount | %* | Amount | % |
| Sales revenue | 1,145,016 | 100.0 | 1,214,417 | 100.0 | 69,401 | 6.1 |
| Operating profit | 108,322 | 9.5 | 60,576 | 5.0 | (47,746) | (44.1) |
| Profit before income taxes | 147,262 | 12.9 | 104,100 | 8.6 | (43,162) | (29.3) |
| Profit attributable to owners of the parent | 93,088 | 8.1 | 79,419 | 6.5 | (13,669) | (14.7) |
| Average US\$ exchange rate (yen) | 112 | — | 111 | — | — | — |
| Average Euro exchange rate (yen) | 129 | — | 129 | — | — | — |

| | | | | | | |
|--------------------------|--------|-----|--------|-----|----------|--------|
| Capital expenditures | 59,054 | 5.2 | 85,109 | 7.0 | 26,055 | 44.1 |
| Depreciation | 49,271 | 4.3 | 38,019 | 3.1 | (11,252) | (22.8) |
| Research and development | 42,350 | 3.7 | 52,516 | 4.3 | 10,166 | 24.0 |

* % represents the percentage to sales revenue.

b. Consolidated Financial Results by Reporting Segment

1) Industrial & Automotive Components Group

Sales revenue in the nine months increased by 32,938 million yen, or 16.0%, to 238,394 million yen, compared with 205,456 million yen in the previous nine months. In addition to sales of industrial tools increased as a result of merger and acquisition activities conducted during fiscal 2018, sales of fine ceramic parts for industrial equipment and automotive camera modules were also solid.

Business profit in the nine months increased by 7,990 million yen, or 34.4%, to 31,213 million yen compared with 23,223 million yen in the previous nine months, due to the sales growth and cost reductions efforts. The business profit ratio improved from 11.3% for the previous nine months to 13.1% for the nine months.

2) Semiconductor Components Group

Sales revenue in the nine months decreased by 2,719 million yen, or 1.4%, to 193,507 million yen, compared with 196,226 million yen in the previous nine months. This was due primarily to a decline in sales of ceramic packages for use in smartphones and optical communications.

Business profit in the nine months decreased by 21,355 million yen, or 81.5%, to 4,836 million yen compared with 26,191 million yen in the previous nine months, due to the impact of lower sales of ceramic packages and recording of impairment loss in the amount of 16,184 million yen in the organic materials business. As a result, the business profit ratio declined from 13.3% for the previous nine months to 2.5% for the nine months.

3) Electronic Devices Group

Sales revenue in the nine months increased by 54,640 million yen, or 24.5%, to 278,091 million yen, compared with 223,451 million yen in the previous nine months. In addition to contributions from merger and acquisition activities by AVX Corporation (“AVX”), a U.S. subsidiary, during fiscal 2018, demand for printing devices for industrial equipment was strong.

Business profit in the nine months increased by 17,085 million yen, or 47.7%, to 52,920 million yen compared with 35,835 million yen in the previous nine months, due to the sales growth and enhanced profitability at AVX. The business profit ratio improved from 16.0% for the previous nine months to 19.0% for the nine months.

4) Communications Group

Sales revenue in the nine months decreased by 689 million yen, or 0.4%, to 180,632 million yen, compared with 181,321 million yen in the previous nine months. Sales in the information and communications services business, particularly in engineering services, increased. On the other hand, sales decreased in the telecommunications equipment business due to a decline in sales volume of mobile phone handsets as a result of a re-examination of the model line-up for market release.

In contrast, business profit in the nine months increased by 3,855 million yen, or 211.6%, to 5,677 million yen compared with 1,822 million yen in the previous nine months, due mainly to enhanced profitability in the telecommunications equipment business. The business profit ratio improved from 1.0% for the previous nine months to 3.1% for the nine months.

5) Document Solutions Group

Sales revenue in the nine months increased by 6,933 million yen, or 2.6%, to 273,835 million yen, compared with 266,902 million yen in the previous nine months. This was due primarily to an increase in sales volume of multifunctional products in Japan and overseas as well as contributions from merger and acquisition activities.

Business profit in the nine months increased by 993 million yen, or 3.4%, to 30,081 million yen compared with 29,088 million yen in the previous nine months, due to the sales growth and cost reductions. The business profit ratio for the nine months was 11.0%, which was almost level with the 10.9% recorded for the previous nine months.

6) Life & Environment Group

Sales revenue in the nine months decreased by 21,235 million yen, or 26.6%, to 58,512 million yen, compared with 79,747 million yen in the previous nine months, due to a decline in sales from the solar energy business.

Business loss in the nine months expanded by 61,297 million yen to 63,894 million yen compared with 2,597 million yen in the previous nine months due to the decline in sales and the recording of settlement expenses in the amount of 52,313 million yen relating to long-term purchase agreements for procurement of polysilicon material in the solar energy business.

Sales Revenue by Reporting Segment

(Yen in millions)

| | For the nine months ended December 31, 2017 | | For the nine months ended December 31, 2018 | | Change | |
|------------------------------------|--|---------|--|---------|----------|--------|
| | Amount | %* | Amount | %* | Amount | % |
| | Industrial & Automotive Components Group | 205,456 | 18.0 | 238,394 | 19.6 | 32,938 |
| Semiconductor Components Group | 196,226 | 17.1 | 193,507 | 16.0 | (2,719) | (1.4) |
| Electronic Devices Group | 223,451 | 19.5 | 278,091 | 22.9 | 54,640 | 24.5 |
| Total Components Business | 625,133 | 54.6 | 709,992 | 58.5 | 84,859 | 13.6 |
| Communications Group | 181,321 | 15.8 | 180,632 | 14.9 | (689) | (0.4) |
| Document Solutions Group | 266,902 | 23.3 | 273,835 | 22.5 | 6,933 | 2.6 |
| Life & Environment Group | 79,747 | 7.0 | 58,512 | 4.8 | (21,235) | (26.6) |
| Total Equipment & Systems Business | 527,970 | 46.1 | 512,979 | 42.2 | (14,991) | (2.8) |
| Others | 14,068 | 1.2 | 13,355 | 1.1 | (713) | (5.1) |
| Adjustments and eliminations | (22,155) | (1.9) | (21,909) | (1.8) | 246 | — |
| Sales revenue | 1,145,016 | 100.0 | 1,214,417 | 100.0 | 69,401 | 6.1 |

* % represents the component ratio.

Business Profit (Loss) by Reporting Segment

(Yen in millions)

| | For the nine months ended December 31, 2017 | | For the nine months ended December 31, 2018 | | Change | |
|---|--|--------|--|--------|----------|--------|
| | Amount | %* | Amount | %* | Amount | % |
| | Industrial & Automotive Components Group | 23,223 | 11.3 | 31,213 | 13.1 | 7,990 |
| Semiconductor Components Group | 26,191 | 13.3 | 4,836 | 2.5 | (21,355) | (81.5) |
| Electronic Devices Group | 35,835 | 16.0 | 52,920 | 19.0 | 17,085 | 47.7 |
| Total Components Business | 85,249 | 13.6 | 88,969 | 12.5 | 3,720 | 4.4 |
| Communications Group | 1,822 | 1.0 | 5,677 | 3.1 | 3,855 | 211.6 |
| Document Solutions Group | 29,088 | 10.9 | 30,081 | 11.0 | 993 | 3.4 |
| Life & Environment Group | (2,597) | — | (63,894) | — | (61,297) | — |
| Total Equipment & Systems Business | 28,313 | 5.4 | (28,136) | — | (56,449) | — |
| Others | 922 | 6.6 | 1,564 | 11.7 | 642 | 69.6 |
| Total business profit | 114,484 | 10.0 | 62,397 | 5.1 | (52,087) | (45.5) |
| Corporate gains and share of net profit of investments accounted for using the equity method | 34,050 | — | 42,971 | — | 8,921 | 26.2 |
| Adjustments and eliminations | (1,272) | — | (1,268) | — | 4 | — |
| Profit before income taxes | 147,262 | 12.9 | 104,100 | 8.6 | (43,162) | (29.3) |

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

(2) Explanation of Consolidated Financial Position

Consolidated Cash Flows

Cash and cash equivalents at December 31, 2018 decreased by 8,688 million yen to 416,250 million yen from 424,938 million yen at March 31, 2018.

1) Cash flows from operating activities

Net cash provided by operating activities for the nine months increased by 45,808 million yen to 158,551 million yen from 112,743 million yen for the previous nine months. This was due mainly to a decrease in inventory for the nine months, which increased for the previous nine months.

2) Cash flows from investing activities

Net cash used in investing activities for the nine months decreased by 10,719 million yen to 84,606 million yen from 95,325 million yen for the previous nine months. This was due mainly to decreases in payments for acquisitions of business, which were partly offset by increases in payments for purchases of property, plant and equipment.

3) Cash flows from financing activities

Net cash used in financing activities for the nine months increased by 35,556 million yen to 86,378 million yen from 50,822 million yen for the previous nine months. This was due mainly to the purchase of treasury stock.

Consolidated Cash Flows

(Yen in millions)

| | For the nine months ended December 31, 2017 | For the nine months ended December 31, 2018 | Change |
|---|--|--|----------|
| Cash flows from operating activities | 112,743 | 158,551 | 45,808 |
| Cash flows from investing activities | (95,325) | (84,606) | 10,719 |
| Cash flows from financing activities | (50,822) | (86,378) | (35,556) |
| Effect of exchange rate changes on cash and cash equivalents | 6,893 | 3,745 | (3,148) |
| Increase (decrease) in cash and cash equivalents | (26,511) | (8,688) | 17,823 |
| Cash and cash equivalents at the beginning of the year | 376,195 | 424,938 | 48,743 |
| Cash and cash equivalents at the end of the period | 349,684 | 416,250 | 66,566 |

(3) Explanation Regarding Future Projection Including Consolidated Financial Forecasts

Kyocera has revised its consolidated financial forecasts for fiscal 2019 as shown in the table below in light of the results for the nine months and its forecast for the three-month period from January 1 to March 31, 2019 (the "fourth quarter").

Demand for components in the Components Business during the fourth quarter is expected to slow due to production adjustments in the smartphone market and to the impact of restrained capital investment in the industrial equipment market. Kyocera has also revised down its forecast sales revenue for the Equipment & Systems Business for fiscal 2019 because sales in the Document Solutions Group and the solar energy business in the Life & Environment Group for the three-month period from October 1 to December 31, 2018 (the "third quarter") and for the fourth quarter will not achieve that forecast in its previous projections.

Given these conditions, Kyocera also forecasts profits to fall below previous projections due to the recording of impairment loss in the organic materials business in the third quarter despite efforts to reduce costs and to maintain profitability in each division.

Kyocera has also revised its forecasts each reporting segment as shown on the following page.

Please refer to "Cautionary statements with respect to forward-looking statements" in "Instruction for Forecasts and Other Notes."

Consolidated Financial Forecasts

(Yen in millions)

| | Results for the year ended March 31, 2018 | | Forecasts for the year ending March 31, 2019 announced on | | | | Change |
|---|---|-------|---|-------|----------------------------|-------|--------|
| | | | November 28, 2018 (Previous) | | February 1, 2019 (Revised) | | |
| | Amount | %*1 | Amount | %*1 | Amount | %*1 | % |
| Sales revenue | 1,577,039 | 100.0 | 1,650,000 | 100.0 | 1,600,000 | 100.0 | 1.5 |
| Operating profit | 90,699 | 5.8 | 99,000 | 6.0 | 76,000 | 4.8 | (16.2) |
| Profit before income taxes | 129,992 | 8.2 | 135,000 | 8.2 | 120,000 | 7.5 | (7.7) |
| Profit attributable to owners of the parent | 79,137 | 5.0 | 95,500 | 5.8 | 90,000 | 5.6 | 13.7 |
| Average US\$ exchange rate (yen) | 111 | — | 105 | — | 110 | — | — |
| Average Euro exchange rate (yen) | 130 | — | 130 | — | 128 | — | — |

| | | | | | | | |
|--------------------------|--------|-----|---------|-----|---------|-----|--------|
| Capital expenditures | 86,519 | 5.5 | 110,000 | 6.7 | 110,000 | 6.9 | 27.1 |
| Depreciation | 69,703 | 4.4 | 65,000 | 3.9 | 55,000 | 3.4 | (21.1) |
| Research and development | 58,273 | 3.7 | 70,000 | 4.2 | 70,000 | 4.4 | 20.1 |

*1 % represents the percentage to sales revenue.

Sales Revenue by Reporting Segment

(Yen in millions)

| | Results for the year ended March 31, 2018 | | Forecasts for the year ending March 31, 2019 announced on | | | | Change |
|--|---|-------|---|-------|----------------------------|-------|--------|
| | | | November 28, 2018 (Previous) | | February 1, 2019 (Revised) | | |
| | Amount | %* | Amount | %* | Amount | %* | % |
| Industrial & Automotive Components Group | 287,620 | 18.2 | 320,000 | 19.4 | 313,000 | 19.6 | 8.8 |
| Semiconductor Components Group | 257,237 | 16.3 | 250,000 | 15.1 | 240,000 | 15.0 | (6.7) |
| Electronic Devices Group | 305,145 | 19.4 | 376,000 | 22.8 | 364,000 | 22.7 | 19.3 |
| Total Components Business | 850,002 | 53.9 | 946,000 | 57.3 | 917,000 | 57.3 | 7.9 |
| Communications Group | 255,535 | 16.2 | 245,000 | 14.9 | 250,000 | 15.6 | (2.2) |
| Document Solutions Group | 371,058 | 23.5 | 385,000 | 23.3 | 375,000 | 23.5 | 1.1 |
| Life & Environment Group | 112,212 | 7.1 | 84,000 | 5.1 | 69,000 | 4.3 | (38.5) |
| Total Equipment & Systems Business | 738,805 | 46.8 | 714,000 | 43.3 | 694,000 | 43.4 | (6.1) |
| Others | 18,827 | 1.2 | 17,000 | 1.0 | 17,000 | 1.1 | (9.7) |
| Adjustments and eliminations | (30,595) | (1.9) | (27,000) | (1.6) | (28,000) | (1.8) | — |
| Sales revenue | 1,577,039 | 100.0 | 1,650,000 | 100.0 | 1,600,000 | 100.0 | 1.5 |

* % represents the component ratio.

Business Profit (Loss) by Reporting Segment

(Yen in millions)

| | Results for the year ended March 31, 2018 | | Forecast for the year ending March 31, 2019 announced on | | | | Change |
|--|---|------|--|------|----------------------------|------|--------|
| | | | November 28, 2018 (Previous) | | February 1, 2019 (Revised) | | |
| | Amount | %* | Amount | %* | Amount | %* | % |
| Industrial & Automotive Components Group | 31,400 | 10.9 | 39,000 | 12.2 | 38,000 | 12.1 | 21.0 |
| Semiconductor Components Group | 31,049 | 12.1 | 27,000 | 10.8 | 6,000 | 2.5 | (80.7) |
| Electronic Devices Group | 46,632 | 15.3 | 62,500 | 16.6 | 65,000 | 17.9 | 39.4 |
| Total Components Business | 109,081 | 12.8 | 128,500 | 13.6 | 109,000 | 11.9 | (0.1) |
| Communications Group | 4,440 | 1.7 | 5,200 | 2.1 | 8,000 | 3.2 | 80.2 |
| Document Solutions Group | 40,851 | 11.0 | 41,500 | 10.8 | 38,000 | 10.1 | (7.0) |
| Life & Environment Group | (55,492) | — | (72,000) | — | (72,000) | — | — |
| Total Equipment & Systems Business | (10,201) | — | (25,300) | — | (26,000) | — | — |
| Others | 1,393 | 7.4 | 0 | 0.0 | 1,000 | 5.9 | (28.2) |
| Total business profit | 100,273 | 6.4 | 103,200 | 6.3 | 84,000 | 5.3 | (16.2) |
| Corporate and others | 29,719 | — | 31,800 | — | 36,000 | — | 21.1 |
| Profit before income taxes | 129,992 | 8.2 | 135,000 | 8.2 | 120,000 | 7.5 | (7.7) |

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

2. Condensed Quarterly Consolidated Financial Statements and Primary Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Yen in millions)

| | The date of transition to IFRS (April 1, 2017) | | As of March 31, 2018 | | As of December 31, 2018 | | Change |
|---|--|--------------|----------------------|--------------|-------------------------|--------------|------------------|
| | Amount | %* | Amount | %* | Amount | %* | |
| Assets | | | | | | | |
| Current assets | | | | | | | |
| Cash and cash equivalents | 376,195 | | 424,938 | | 416,250 | | (8,688) |
| Short-term investments | 297,371 | | 196,802 | | 179,139 | | (17,663) |
| Trade and other receivables | 337,371 | | 382,659 | | 368,289 | | (14,370) |
| Other financial assets | 7,778 | | 12,996 | | 11,546 | | (1,450) |
| Inventories | 331,155 | | 364,875 | | 345,589 | | (19,286) |
| Other current assets | 79,755 | | 83,629 | | 32,335 | | (51,294) |
| Total current assets | 1,429,625 | 46.3 | 1,465,899 | 46.9 | 1,353,148 | 44.8 | (112,751) |
| Non-current assets | | | | | | | |
| Debt and equity instruments | 1,146,608 | | 1,071,990 | | 1,043,072 | | (28,918) |
| Investments accounted for using the equity method | 5,863 | | 3,874 | | 4,328 | | 454 |
| Other financial assets | 13,429 | | 15,681 | | 16,853 | | 1,172 |
| Property, plant and equipment | 254,341 | | 288,898 | | 323,386 | | 34,488 |
| Goodwill | 110,470 | | 144,268 | | 143,384 | | (884) |
| Intangible assets | 61,235 | | 80,186 | | 79,476 | | (710) |
| Deferred tax assets | 56,614 | | 41,370 | | 40,056 | | (1,314) |
| Other non-current assets | 6,452 | | 16,647 | | 17,118 | | 471 |
| Total non-current assets | 1,655,012 | 53.7 | 1,662,914 | 53.1 | 1,667,673 | 55.2 | 4,759 |
| Total assets | 3,084,637 | 100.0 | 3,128,813 | 100.0 | 3,020,821 | 100.0 | (107,992) |

* % represents the component ratio.

(Yen in millions)

| | The date of transition to IFRS (April 1, 2017) | | As of March 31, 2018 | | As of December 31, 2018 | | Change |
|---|--|-------|----------------------|-------|-------------------------|-------|-----------|
| | Amount | %* | Amount | %* | Amount | %* | |
| Liabilities and Equity | | | | | | | |
| Liabilities | | | | | | | |
| Current liabilities | | | | | | | |
| Trade and other payables | 190,292 | | 216,685 | | 186,768 | | (29,917) |
| Other financial liabilities | 8,735 | | 5,039 | | 5,753 | | 714 |
| Income tax payables | 15,707 | | 19,436 | | 14,769 | | (4,667) |
| Accrued expenses | 108,367 | | 114,049 | | 102,797 | | (11,252) |
| Provisions | 14,225 | | 32,302 | | 11,196 | | (21,106) |
| Other current liabilities | 27,492 | | 31,876 | | 43,907 | | 12,031 |
| Total current liabilities | 364,818 | 11.8 | 419,387 | 13.4 | 365,190 | 12.1 | (54,197) |
| Non-current liabilities | | | | | | | |
| Long-term financial liabilities | 5,292 | | 7,370 | | 8,136 | | 766 |
| Retirement benefit liabilities | 28,794 | | 29,112 | | 27,848 | | (1,264) |
| Deferred tax liabilities | 255,281 | | 220,950 | | 202,376 | | (18,574) |
| Provisions | 6,488 | | 19,914 | | 8,244 | | (11,670) |
| Other non-current liabilities | 12,286 | | 18,781 | | 16,333 | | (2,448) |
| Total non-current liabilities | 308,141 | 10.0 | 296,127 | 9.5 | 262,937 | 8.7 | (33,190) |
| Total liabilities | 672,959 | 21.8 | 715,514 | 22.9 | 628,127 | 20.8 | (87,387) |
| Equity | | | | | | | |
| Common stock | 115,703 | | 115,703 | | 115,703 | | — |
| Capital surplus | 165,172 | | 165,079 | | 165,130 | | 51 |
| Retained earnings | 1,532,866 | | 1,577,641 | | 1,616,265 | | 38,624 |
| Other components of equity | 545,452 | | 499,710 | | 472,878 | | (26,832) |
| Treasury stock | (32,309) | | (32,342) | | (72,356) | | (40,014) |
| Total equity attributable to owners of the parent | 2,326,884 | 75.4 | 2,325,791 | 74.3 | 2,297,620 | 76.1 | (28,171) |
| Non-controlling interests | 84,794 | 2.8 | 87,508 | 2.8 | 95,074 | 3.1 | 7,566 |
| Total equity | 2,411,678 | 78.2 | 2,413,299 | 77.1 | 2,392,694 | 79.2 | (20,605) |
| Total liabilities and equity | 3,084,637 | 100.0 | 3,128,813 | 100.0 | 3,020,821 | 100.0 | (107,992) |

* % represents the component ratio.

(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Comprehensive Income

a. Condensed Quarterly Consolidated Statement of Profit or Loss

(Yen in millions except per share amounts)

| | For the nine months ended December 31, 2017 | | For the nine months ended December 31, 2018 | | Change | |
|--|--|-------|--|-------|----------|--------|
| | Amount | %* | Amount | %* | Amount | % |
| Sales revenue | 1,145,016 | 100.0 | 1,214,417 | 100.0 | 69,401 | 6.1 |
| Cost of sales | 829,230 | 72.4 | 863,417 | 71.1 | 34,187 | 4.1 |
| Gross profit | 315,786 | 27.6 | 351,000 | 28.9 | 35,214 | 11.2 |
| Selling, general and administrative expenses | 207,464 | 18.1 | 290,424 | 23.9 | 82,960 | 40.0 |
| Operating profit | 108,322 | 9.5 | 60,576 | 5.0 | (47,746) | (44.1) |
| Finance income | 38,589 | 3.4 | 41,576 | 3.4 | 2,987 | 7.7 |
| Finance expenses | 508 | 0.1 | 996 | 0.1 | 488 | 96.1 |
| Foreign exchange gains (losses) | 111 | 0.0 | 619 | 0.1 | 508 | 457.7 |
| Share of net profit (loss) of investments accounted for using the equity method | (249) | (0.0) | 555 | 0.0 | 804 | — |
| Other, net | 997 | 0.1 | 1,770 | 0.2 | 773 | 77.5 |
| Profit before income taxes | 147,262 | 12.9 | 104,100 | 8.6 | (43,162) | (29.3) |
| Income taxes | 52,810 | 4.7 | 15,799 | 1.3 | (37,011) | (70.1) |
| Profit for the period | 94,452 | 8.2 | 88,301 | 7.3 | (6,151) | (6.5) |

| | | | | | | |
|--------------------------------|--------|-----|--------|-----|----------|--------|
| Profit attributable to: | | | | | | |
| Owners of the parent | 93,088 | 8.1 | 79,419 | 6.5 | (13,669) | (14.7) |
| Non-controlling interests | 1,364 | 0.1 | 8,882 | 0.8 | 7,518 | 551.2 |
| Profit for the period | 94,452 | 8.2 | 88,301 | 7.3 | (6,151) | (6.5) |

| | | | |
|--|------------|------------|--|
| Per share information: | | | |
| Earnings per share attributable to owners of the parent | | | |
| Basic | 253.16 yen | 219.17 yen | |
| Diluted | 253.16 yen | 219.00 yen | |

* % represents the percentage to sales revenue.

b. Condensed Quarterly Consolidated Statement of Comprehensive Income

(Yen in millions)

| | For the nine months ended December 31, 2017 | For the nine months ended December 31, 2018 | Change |
|--|--|--|----------|
| | Amount | Amount | |
| Profit for the period | 94,452 | 88,301 | (6,151) |
| 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 | — | (29,691) | (29,691) |
| Re-measurement of defined benefit plans | — | — | — |
| Total items that will not be reclassified to profit or loss | — | (29,691) | (29,691) |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Net unrealized gains (losses) on securities | (15,555) | — | 15,555 |
| Net changes in fair value of cash flow hedge | (106) | 17 | 123 |
| Exchange differences on translating foreign operations | 21,111 | 4,595 | (16,516) |
| Share of other comprehensive income of investments accounted for using the equity method | 72 | 56 | (16) |
| Total items that may be reclassified subsequently to profit or loss | 5,522 | 4,668 | (854) |
| Total other comprehensive income | 5,522 | (25,023) | (30,545) |
| Comprehensive income for the period | 99,974 | 63,278 | (36,696) |

| | | | |
|--|--------|--------|----------|
| Comprehensive income attributable to: | | | |
| Owners of the parent | 96,240 | 53,306 | (42,934) |
| Non-controlling interests | 3,734 | 9,972 | 6,238 |
| Comprehensive income for the period | 99,974 | 63,278 | (36,696) |

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

For the nine months ended December 31, 2017

(Yen in millions)

| | 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, 2017 | 115,703 | 165,172 | 1,532,866 | 545,452 | (32,309) | 2,326,884 | 84,794 | 2,411,678 |
| Profit for the period | | | 93,088 | | | 93,088 | 1,364 | 94,452 |
| Other comprehensive income | | | | 3,152 | | 3,152 | 2,370 | 5,522 |
| Total comprehensive income for the period | — | — | 93,088 | 3,152 | — | 96,240 | 3,734 | 99,974 |
| Cash dividends | | | (44,125) | | | (44,125) | (2,648) | (46,773) |
| Purchase of treasury stock | | | | | (30) | (30) | | (30) |
| Reissuance of treasury stock | | 0 | | | 0 | 0 | | 0 |
| Transactions with non-controlling interests and other | | (220) | | 17 | | (203) | 492 | 289 |
| Balance as of December 31, 2017 | 115,703 | 164,952 | 1,581,829 | 548,621 | (32,339) | 2,378,766 | 86,372 | 2,465,138 |

For the nine months ended December 31, 2018

(Yen in millions)

| | 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, 2018 (Before applying new accounting standard) | 115,703 | 165,079 | 1,577,641 | 499,710 | (32,342) | 2,325,791 | 87,508 | 2,413,299 |
| Cumulative effects of new accounting standard applied | | | 2,973 | (729) | | 2,244 | | 2,244 |
| Balance as of April 1, 2018 (After applying new accounting standard) | 115,703 | 165,079 | 1,580,614 | 498,981 | (32,342) | 2,328,035 | 87,508 | 2,415,543 |
| Profit for the period | | | 79,419 | | | 79,419 | 8,882 | 88,301 |
| Other comprehensive income | | | | (26,113) | | (26,113) | 1,090 | (25,023) |
| Total comprehensive income for the period | — | — | 79,419 | (26,113) | — | 53,306 | 9,972 | 63,278 |
| Cash dividends | | | (43,768) | | | (43,768) | (2,967) | (46,735) |
| Purchase of treasury stock | | | | | (40,015) | (40,015) | | (40,015) |
| Reissuance of treasury stock | | 0 | | | 1 | 1 | | 1 |
| Transactions with non-controlling interests and other | | 51 | | 10 | | 61 | 561 | 622 |
| Balance as of December 31, 2018 | 115,703 | 165,130 | 1,616,265 | 472,878 | (72,356) | 2,297,620 | 95,074 | 2,392,694 |

(4) Notes to Condensed Quarterly Consolidated Financial Statements

a. Notes to Going Concern Assumption

Not Applicable

b. Changes in Accounting Policies

Kyocera has adopted IFRS 15 “Revenue from contracts with customers” (issued in May 2014 and amended in April 2016, hereinafter, “IFRS 15”) retrospectively from the year ended March 31, 2018. The effect to Kyocera’s financial position, operation results and cash flows by adopting IFRS 15 is described in “d. First-Time Adoption” under “(4) Notes to Condensed Quarterly Consolidated Financial Statements.”

Kyocera has adopted IFRS 9 “Financial instruments” (issued in November 2009 and amended in July 2014, hereinafter, “IFRS 9”) from the year ending March 31, 2019. Kyocera has adopted exemptions from retrospective application of IFRS 9 in accordance with IFRS 1 “First-Time Adoption of International Financing Reporting Standards” (hereinafter, “IFRS 1”), and Kyocera has adopted U.S. GAAP, the previous accounting standards, at the date of transition to IFRS and the year ended March 31, 2018.

At the beginning of the year ending March 31, 2019, Kyocera has changed the measurement method of unlisted-stocks which were measured at cost under U.S. GAAP. The amounts of these financial instruments were shown in below table. These financial instruments were included in “debt and equity instruments” on the condensed quarterly consolidated statement of financial position.

(Yen in millions)

| Classification based on U.S. GAAP | |
|-----------------------------------|--------|
| Cost method investments | 19,536 |

(Yen in millions)

| Classification based on IFRS 9 | |
|---|--------|
| Financial instruments measured at fair value through other comprehensive income | 22,747 |

IFRS 9 permits an entity to make an irrevocable election to present subsequent changes in the fair value in other comprehensive income for the investments in equity instruments. Kyocera chose to apply this option and classified listed stocks and unlisted stocks which meet the definition of equity instruments as financial instruments measured at fair value through other comprehensive income. As a result, Kyocera reclassified the amounts recorded in retained earnings under U.S. GAAP into other components of equity at the beginning of the year ending March 31, 2019.

As mentioned above, for adopting IFRS 9, retained earnings increased by 2,973 million yen, and other components of equity decreased by 729 million yen at the beginning of this fiscal year.

c. Changes in Accounting Estimates

Kyocera changed the depreciation method from the declining-balance method to the straight-line method from the year ending March 31, 2019.

Kyocera implemented capital expenditures in order to double its productivity at manufacturing facilities in Japan and overseas with the introduction of innovative technology to promote streamlining and automation of production processes. As a result, the operation of the property, plant and equipment is expected to be more consistently than before and future utilization of those assets will be consistent.

Accordingly, Kyocera believes that the change to the straight-line method will be preferable as it better reflects the consumption of future economic benefits of those assets.

In accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors,” a change in depreciation method is treated as a change in accounting estimate. Therefore, the effect of the change in depreciation method has been reflected on a prospective basis from April 1, 2018 and it was to increase profit before income taxes by 15,133 million yen due mainly to the decrease in depreciation expenses for the nine months ended December 31, 2018.

d. First-Time Adoption

Kyocera disclosed the condensed quarterly consolidated financial statements under IFRS from the three months ended June 30, 2018. The latest consolidated financial statements under U.S. GAAP were prepared for the year ended March 31, 2018, and the date of transition to IFRS was April 1, 2017.

(a) First-time adoption based on IFRS 1

IFRS 1 requires that a company adopting IFRS for the first-time (hereinafter, the “first-time adopters”) shall apply IFRS retrospectively. However, IFRS 1 provides certain exemptions that allow first-time adopters to choose not to apply certain standards retrospectively. Kyocera has adopted the following exemptions:

Business combinations

A first-time adopter may choose not to apply IFRS 3 “Business combinations” (hereinafter, “IFRS 3”) retrospectively to business combinations that occurred before the date of transition to IFRS. Kyocera has applied this exemption and chosen not to apply IFRS 3 retrospectively to business combinations that occurred before the date of transition to IFRS. Therefore, the carrying amounts of goodwill prior to the date of transition to IFRS were based on U.S. GAAP. Kyocera performed an impairment test on goodwill at the date of transition to IFRS regardless of whether there was any indications that the goodwill may be impaired.

Exchange differences on translating foreign operations

A first-time adopter may choose to deem the cumulative exchange differences on translating foreign operations as zero at the date of transition to IFRS. Kyocera has chosen to apply this exemption and deemed all cumulative exchange differences on translating foreign operations as zero at the date of transition to IFRS.

Deemed cost

For property, plant and equipment, a first-time adopter may use fair value as deemed cost at the date of transition to IFRS. Kyocera has applied this exemption and used fair value as the deemed cost at the date of transition to IFRS for certain items of property, plant and equipment.

Exemptions from retrospective application of IFRS 9

When a first-time adopter choose to adopt IFRS for the annual periods beginning before January 1, 2019 and apply IFRS 9, it may apply the previous accounting standards without restating comparative information in the first IFRS consolidated financial statements. Kyocera has applied this exemption, and recognized and measured target items included in the scope of IFRS 9 under U.S. GAAP, the previous accounting standards, at the date of transition to IFRS and the year ended March 31, 2018.

(b) Reconciliation

The reconciliations required to be disclosed in the first IFRS financial statements are described in the reconciliations as below. “Effect of change in line items” includes items that do not affect retained earnings and comprehensive income, while “Recognition and measurement differences” includes items that affect retained earnings and comprehensive income.

(i) Reconciliation of equity at the date of transition to IFRS (April 1, 2017)

(Yen in millions)

| Accounts under U.S. GAAP | U.S. GAAP | Effect of change in line items | Recognition and measurement differences | IFRS | Note | Accounts under IFRS |
|---|------------------|--------------------------------|---|------------------|------|---|
| Assets | | | | | | Assets |
| Current assets | | | | | | Current assets |
| Cash and cash equivalents | 376,195 | — | — | 376,195 | | Cash and cash equivalents |
| Short-term investments in debt securities | 84,703 | 212,668 | — | 297,371 | | Short-term investments |
| Other short-term investments | 212,668 | (212,668) | — | — | | |
| Trade notes receivables | 28,370 | 309,001 | — | 337,371 | | Trade and other receivables |
| Trade accounts receivables | 291,485 | (291,485) | — | — | | |
| Less allowances for doubtful accounts and sales returns | (5,593) | 5,593 | — | — | F | |
| | — | 7,778 | — | 7,778 | | Other financial assets |
| Inventories | 331,155 | — | — | 331,155 | | Inventories |
| Other current assets | 119,714 | (33,952) | (6,007) | 79,755 | | Other current assets |
| Total current assets | 1,438,697 | (3,065) | (6,007) | 1,429,625 | | Total current assets |
| Non-current assets | | | | | | Non-current assets |
| Long-term investments in debt and equity securities | 1,130,756 | 15,852 | — | 1,146,608 | | Debt and equity instruments |
| | — | 5,863 | — | 5,863 | F | Investments accounted for using the equity method |
| Other long-term investments | 22,246 | (8,817) | — | 13,429 | | Other financial assets |
| Land | 59,963 | 206,641 | (12,263) | 254,341 | B | Property, plant and equipment |
| Buildings | 351,431 | (351,431) | — | — | | |
| Machinery and equipment | 841,973 | (841,973) | — | — | | |
| Construction in progress | 14,097 | (14,097) | — | — | | |
| Less accumulated depreciation | (1,000,860) | 1,000,860 | — | — | | |
| Goodwill | 110,470 | — | — | 110,470 | | Goodwill |
| Intangible assets | 61,235 | — | — | 61,235 | | Intangible assets |
| | — | 46,482 | 10,132 | 56,614 | D,F | Deferred tax assets |
| Other assets | 80,462 | (75,349) | 1,339 | 6,452 | | Other non-current assets |
| Total non-current assets | 1,671,773 | (15,969) | (792) | 1,655,012 | | Total non-current assets |
| Total assets | 3,110,470 | (19,034) | (6,799) | 3,084,637 | | Total assets |

(Yen in millions)

| Accounts under U.S. GAAP | U.S. GAAP | Effect of change in line items | Recognition and measurement differences | IFRS | Note | Accounts under IFRS |
|--|-----------|--------------------------------|---|-----------|--------------|---|
| Liabilities and Equity | | | | | | Liabilities and Equity |
| Liabilities | | | | | | Liabilities |
| Current liabilities | | | | | | Current liabilities |
| Short-term borrowings | 191 | (191) | — | — | | |
| Current portion of long-term debt | 8,235 | (8,235) | — | — | | |
| Trade notes and accounts payable | 129,460 | 60,832 | — | 190,292 | | Trade and other payables |
| Other notes and accounts payable | 60,881 | (60,881) | — | — | | |
| | — | 8,735 | — | 8,735 | | Other financial liabilities |
| Accrued payroll and bonus | 62,868 | (62,868) | — | — | | |
| Accrued income taxes | 15,707 | — | — | 15,707 | | Income taxes payables |
| Other accrued liabilities | 51,062 | 53,850 | 3,455 | 108,367 | E | Accrued expenses |
| | — | 14,225 | — | 14,225 | F | Provisions |
| Other current liabilities | 36,257 | (8,765) | — | 27,492 | F | Other current liabilities |
| Total current liabilities | 364,661 | (3,298) | 3,455 | 364,818 | | Total current liabilities |
| Non-current liabilities | | | | | | Non-current liabilities |
| Long-term debt | 16,409 | (11,117) | — | 5,292 | | Long-term financial liabilities |
| Accrued pension and severance liabilities | 31,720 | — | (2,926) | 28,794 | C | Retirement benefit liabilities |
| Deferred income taxes | 258,859 | (3,481) | (97) | 255,281 | D | Deferred tax liabilities |
| | — | 6,488 | — | 6,488 | F | Provisions |
| Other non-current liabilities | 19,912 | (7,626) | — | 12,286 | | Other non-current liabilities |
| Total non-current liabilities | 326,900 | (15,736) | (3,023) | 308,141 | | Total non-current liabilities |
| Total liabilities | 691,561 | (19,034) | 432 | 672,959 | | Total liabilities |
| Equity | | | | | | Equity |
| Common stock | 115,703 | — | — | 115,703 | | Common stock |
| Additional paid-in capital | 165,230 | — | (58) | 165,172 | | Capital surplus |
| Retained earnings | 1,638,116 | — | (105,250) | 1,532,866 | A,B,C D,E | Retained earnings |
| Accumulated other comprehensive income | 447,479 | — | 97,973 | 545,452 | A,C,D | Other components of equity |
| Common stock in treasury stock, at cost | (32,309) | — | — | (32,309) | | Treasury stock |
| Total Kyocera Corporation's shareholders' equity | 2,334,219 | — | (7,335) | 2,326,884 | | Total equity attributable to owners of the parent |
| Noncontrolling interests | 84,690 | — | 104 | 84,794 | | Non-controlling interests |
| Total equity | 2,418,909 | — | (7,231) | 2,411,678 | | Total equity |
| Total liabilities and equity | 3,110,470 | (19,034) | (6,799) | 3,084,637 | | Total liabilities and equity |

(ii) Reconciliation of equity as of December 31, 2017

(Yen in millions)

| Accounts under U.S. GAAP | U.S. GAAP | Effect of change in line items | Recognition and measurement differences | IFRS | Note | Accounts under IFRS |
|---|------------------|--------------------------------|---|------------------|------|---|
| Assets | | | | | | Assets |
| Current assets | | | | | | Current assets |
| Cash and cash equivalents | 349,684 | — | — | 349,684 | | Cash and cash equivalents |
| Short-term investments in debt securities | 55,530 | 234,898 | — | 290,428 | | Short-term investments |
| Other short-term investments | 234,898 | (234,898) | — | — | | |
| Trade notes receivables | 24,141 | 326,719 | — | 350,860 | | Trade and other receivables |
| Trade accounts receivables | 308,250 | (308,250) | — | — | | |
| Less allowances for doubtful accounts and sales returns | (5,477) | 5,477 | — | — | F | |
| | — | 6,403 | — | 6,403 | | Other financial assets |
| Inventories | 407,988 | — | — | 407,988 | | Inventories |
| Other current assets | 127,846 | (34,924) | (7,485) | 85,437 | | Other current assets |
| Total current assets | 1,502,860 | (4,575) | (7,485) | 1,490,800 | | Total current assets |
| Non-current assets | | | | | | Non-current assets |
| Long-term investments in debt and equity securities | 1,094,703 | 20,616 | — | 1,115,319 | | Debt and equity instruments |
| | — | 5,301 | — | 5,301 | F | Investments accounted for using the equity method |
| Other long-term investments | 26,492 | (10,786) | — | 15,706 | | Other financial assets |
| Land | 60,962 | 233,468 | (12,202) | 282,228 | B | Property, plant and equipment |
| Buildings | 363,324 | (363,324) | — | — | | |
| Machinery and equipment | 890,882 | (890,882) | — | — | | |
| Construction in progress | 22,592 | (22,592) | — | — | | |
| Less accumulated depreciation | (1,043,330) | 1,043,330 | — | — | | |
| Goodwill | 142,114 | — | — | 142,114 | | Goodwill |
| Intangible assets | 68,577 | — | — | 68,577 | | Intangible assets |
| | — | 34,950 | 9,739 | 44,689 | D,F | Deferred tax assets |
| Other assets | 72,407 | (66,371) | (450) | 5,586 | | Other non-current assets |
| Total non-current assets | 1,698,723 | (16,290) | (2,913) | 1,679,520 | | Total non-current assets |
| Total assets | 3,201,583 | (20,865) | (10,398) | 3,170,320 | | Total assets |

(Yen in millions)

| Accounts under U.S. GAAP | U.S. GAAP | Effect of change in line items | Recognition and measurement differences | IFRS | Note | Accounts under IFRS |
|--|------------------|--------------------------------|---|------------------|--------------|---|
| Liabilities and Equity | | | | | | Liabilities and Equity |
| Liabilities | | | | | | Liabilities |
| Current liabilities | | | | | | Current liabilities |
| Short-term borrowings | 155 | (155) | — | — | | |
| Current portion of long-term debt | 8,916 | (8,916) | — | — | | |
| Trade notes and accounts payable | 159,353 | 63,908 | — | 223,261 | | Trade and other payables |
| Other notes and accounts payable | 63,937 | (63,937) | — | — | | |
| | — | 10,632 | — | 10,632 | | Other financial liabilities |
| Accrued payroll and bonus | 55,691 | (55,691) | — | — | | |
| Accrued income taxes | 15,679 | — | (1,947) | 13,732 | | Income tax payables |
| Other accrued liabilities | 53,363 | 45,904 | 420 | 99,687 | E | Accrued expenses |
| | — | 14,709 | — | 14,709 | F | Provisions |
| Other current liabilities | 49,903 | (10,541) | — | 39,362 | F | Other current liabilities |
| Total current liabilities | 406,997 | (4,087) | (1,527) | 401,383 | | Total current liabilities |
| Non-current liabilities | | | | | | Non-current liabilities |
| Long-term debt | 18,046 | (13,053) | — | 4,993 | | Long-term financial liabilities |
| Accrued pension and severance liabilities | 32,165 | — | (1,889) | 30,276 | C | Retirement benefit liabilities |
| Deferred income taxes | 245,089 | (2,291) | (39) | 242,759 | D | Deferred tax liabilities |
| | — | 6,747 | — | 6,747 | F | Provisions |
| Other non-current liabilities | 27,205 | (8,181) | — | 19,024 | | Other non-current liabilities |
| Total non-current liabilities | 322,505 | (16,778) | (1,928) | 303,799 | | Total non-current liabilities |
| Total liabilities | 729,502 | (20,865) | (3,455) | 705,182 | | Total liabilities |
| Equity | | | | | | Equity |
| Common stock | 115,703 | — | — | 115,703 | | Common stock |
| Additional paid-in capital | 165,000 | — | (48) | 164,952 | | Capital surplus |
| Retained earnings | 1,684,258 | — | (102,429) | 1,581,829 | A,B,C D,E | Retained earnings |
| Accumulated other comprehensive income | 453,381 | — | 95,240 | 548,621 | A,C,D | Other components of equity |
| Common stock in treasury stock, at cost | (32,339) | — | — | (32,339) | | Treasury stock |
| Total Kyocera Corporation's shareholders' equity | 2,386,003 | — | (7,237) | 2,378,766 | | Total equity attributable to owners of the parent |
| Noncontrolling interests | 86,078 | — | 294 | 86,372 | | Non-controlling interests |
| Total equity | 2,472,081 | — | (6,943) | 2,465,138 | | Total equity |
| Total liabilities and equity | 3,201,583 | (20,865) | (10,398) | 3,170,320 | | Total liabilities and equity |

(iii) Reconciliation of equity as of March 31, 2018

(Yen in millions)

| Accounts under U.S. GAAP | U.S. GAAP | Effect of change in line items | Recognition and measurement differences | IFRS | Note | Accounts under IFRS |
|---|------------------|--------------------------------|---|------------------|------|---|
| Assets | | | | | | Assets |
| Current assets | | | | | | Current assets |
| Cash and cash equivalents | 424,938 | — | — | 424,938 | | Cash and cash equivalents |
| Short-term investments in debt securities | 38,023 | 158,779 | — | 196,802 | | Short-term investments |
| Other short-term investments | 158,779 | (158,779) | — | — | | |
| Trade notes receivables | 26,072 | 356,587 | — | 382,659 | | Trade and other receivables |
| Trade accounts receivables | 331,570 | (331,570) | — | — | | |
| Less allowances for doubtful accounts and sales returns | (5,490) | 5,490 | — | — | F | |
| | — | 12,996 | — | 12,996 | | Other financial assets |
| Inventories | 364,875 | — | — | 364,875 | | Inventories |
| Other current assets | 137,849 | (47,383) | (6,837) | 83,629 | | Other current assets |
| Total current assets | 1,476,616 | (3,880) | (6,837) | 1,465,899 | | Total current assets |
| Non-current assets | | | | | | Non-current assets |
| Long-term investments in debt and equity securities | 1,050,537 | 21,453 | — | 1,071,990 | | Debt and equity instruments |
| | — | 3,874 | — | 3,874 | F | Investments accounted for using the equity method |
| Other long-term investments | 25,858 | (10,177) | — | 15,681 | | Other financial assets |
| Land | 62,141 | 238,783 | (12,026) | 288,898 | B | Property, plant and equipment |
| Buildings | 363,714 | (363,714) | — | — | | |
| Machinery and equipment | 880,918 | (880,918) | — | — | | |
| Construction in progress | 23,996 | (23,996) | — | — | | |
| Less accumulated depreciation | (1,029,845) | 1,029,845 | — | — | | |
| Goodwill | 144,268 | — | — | 144,268 | | Goodwill |
| Intangible assets | 80,186 | — | — | 80,186 | | Intangible assets |
| | — | 32,071 | 9,299 | 41,370 | D,F | Deferred tax assets |
| Other assets | 78,688 | (65,040) | 2,999 | 16,647 | | Other non-current assets |
| Total non-current assets | 1,680,461 | (17,819) | 272 | 1,662,914 | | Total non-current assets |
| Total assets | 3,157,077 | (21,699) | (6,565) | 3,128,813 | | Total assets |

(Yen in millions)

| Accounts under U.S. GAAP | U.S. GAAP | Effect of change in line items | Recognition and measurement differences | IFRS | Note | Accounts under IFRS |
|--|-----------|--------------------------------|---|-----------|--------------|---|
| Liabilities and Equity | | | | | | Liabilities and Equity |
| Liabilities | | | | | | Liabilities |
| Current liabilities | | | | | | Current liabilities |
| Short-term borrowings | 145 | (145) | — | — | | |
| Current portion of long-term debt | 9,293 | (9,293) | — | — | | |
| Trade notes and accounts payable | 149,734 | 66,951 | — | 216,685 | | Trade and other payables |
| Other notes and accounts payable | 66,970 | (66,970) | — | — | | |
| | — | 5,039 | — | 5,039 | | Other financial liabilities |
| Accrued payroll and bonus | 68,664 | (68,664) | — | — | | |
| Accrued income taxes | 19,436 | — | — | 19,436 | | Income tax payables |
| Other accrued liabilities | 50,727 | 59,867 | 3,455 | 114,049 | E | Accrued expenses |
| | — | 32,302 | — | 32,302 | F | Provisions |
| Other current liabilities | 55,017 | (23,141) | — | 31,876 | F | Other current liabilities |
| Total current liabilities | 419,986 | (4,054) | 3,455 | 419,387 | | Total current liabilities |
| Non-current liabilities | | | | | | Non-current liabilities |
| Long-term debt | 20,237 | (12,867) | — | 7,370 | | Long-term financial liabilities |
| Accrued pension and severance liabilities | 28,723 | — | 389 | 29,112 | C | Retirement benefit liabilities |
| Deferred income taxes | 223,530 | (3,378) | 798 | 220,950 | D | Deferred tax liabilities |
| | — | 19,914 | — | 19,914 | F | Provisions |
| Other non-current liabilities | 40,095 | (21,314) | — | 18,781 | | Other non-current liabilities |
| Total non-current liabilities | 312,585 | (17,645) | 1,187 | 296,127 | | Total non-current liabilities |
| Total liabilities | 732,571 | (21,699) | 4,642 | 715,514 | | Total liabilities |
| Equity | | | | | | Equity |
| Common stock | 115,703 | — | — | 115,703 | | Common stock |
| Additional paid-in capital | 165,125 | — | (46) | 165,079 | | Capital surplus |
| Retained earnings | 1,675,780 | — | (98,139) | 1,577,641 | A,B,C D,E | Retained earnings |
| Accumulated other comprehensive income | 411,980 | — | 87,730 | 499,710 | A,C,D | Other components of equity |
| Common stock in treasury stock, at cost | (32,342) | — | — | (32,342) | | Treasury stock |
| Total Kyocera Corporation's shareholders' equity | 2,336,246 | — | (10,455) | 2,325,791 | | Total equity attributable to owners of the parent |
| Noncontrolling interests | 88,260 | — | (752) | 87,508 | | Non-controlling interests |
| Total equity | 2,424,506 | — | (11,207) | 2,413,299 | | Total equity |
| Total liabilities and equity | 3,157,077 | (21,699) | (6,565) | 3,128,813 | | Total liabilities and equity |

(iv) Reconciliation of profit or loss and other comprehensive income for nine month ended December 31, 2017

(Yen in millions)

| Accounts under U.S. GAAP | U.S. GAAP | Effect of change in line items | Recognition and measurement differences | IFRS | Note | Accounts under IFRS |
|---|-----------|--------------------------------|---|-----------|------|--|
| Net sales | 1,145,016 | — | — | 1,145,016 | | Sales revenue |
| Cost of sales | 829,709 | — | (479) | 829,230 | C,E | Cost of sales |
| Gross profit | 315,307 | — | 479 | 315,786 | | Gross profit |
| Selling, general and administrative expenses | 206,323 | — | 1,141 | 207,464 | C,E | Selling, general and administrative expenses |
| Profit from operations | 108,984 | — | (662) | 108,322 | | Operating profit |
| Other income (expenses) | | | | | | |
| Interest and dividend income | 38,625 | (36) | — | 38,589 | | Finance income |
| Interest expense | 983 | (475) | — | 508 | | Finance expenses |
| Foreign currency transaction gains (losses), net | 111 | — | — | 111 | | Foreign exchange gains (losses) |
| Gains on sales of securities, net | 400 | (400) | — | — | | |
| | — | (249) | — | (249) | G | Share of net loss of investments accounted for using the equity method |
| Other, net | (2,273) | 210 | 3,060 | 997 | | Other, net |
| Income before income taxes | 144,864 | — | 2,398 | 147,262 | | Profit before income taxes |
| Income taxes | 53,256 | — | (446) | 52,810 | | Income taxes |
| Net income | 91,608 | — | 2,844 | 94,452 | | Profit for the period |
| | | | | | | Profit attributable to: |
| Net income attributable to Kyocera Corporation's shareholders | 90,267 | — | 2,821 | 93,088 | | Owners of the parent |
| Net income attributable to noncontrolling interests | 1,341 | — | 23 | 1,364 | | Non-controlling interests |

(Yen in millions)

| Accounts under U.S. GAAP | U.S. GAAP | Effect of change in line items | Recognition and measurement differences | IFRS | Note | Accounts under IFRS |
|---|-----------|--------------------------------|---|----------|------|--|
| Net income | 91,608 | — | 2,844 | 94,452 | | Profit for the period |
| Other comprehensive income – net of taxes | | | | | | Other comprehensive income, net of taxation |
| Pension liability adjustment | (1,967) | — | 1,967 | — | C | Re-measurement of defined benefit plans |
| Net unrealized gains (losses) on securities | (15,547) | — | (8) | (15,555) | | Net unrealized gains (losses) on securities |
| Net unrealized gains (losses) on derivative financial instruments | (52) | (54) | — | (106) | | Net changes in fair value of cash flow hedge |
| Foreign currency translation adjustments | 25,645 | (18) | (4,516) | 21,111 | A | Exchange differences on translating foreign operations |
| | — | 72 | — | 72 | | Share of other comprehensive income of investments accounted for using the equity method |
| Total other comprehensive income | 8,079 | — | (2,557) | 5,522 | | Total other comprehensive income |
| Comprehensive income | 99,687 | — | 287 | 99,974 | | Comprehensive income for the period |

| | | | | | | |
|---|--------|---|-----|--------|--|--|
| | | | | | | Comprehensive income attributable to: |
| Comprehensive income attributable to Kyocera Corporation's shareholders | 96,143 | — | 97 | 96,240 | | Owners of the parent |
| Comprehensive income attributable to noncontrolling interests | 3,544 | — | 190 | 3,734 | | Non-controlling interests |

(v) Reconciliation of profit or loss and other comprehensive income for the year ended March 31, 2018

(Yen in millions)

| Accounts under U.S. GAAP | U.S. GAAP | Effect of change in line items | Recognition and measurement differences | IFRS | Note | Accounts under IFRS |
|---|-----------|--------------------------------|---|-----------|------|--|
| Net sales | 1,577,039 | — | — | 1,577,039 | | Sales revenue |
| Cost of sales | 1,200,911 | — | 3,300 | 1,204,211 | C,E | Cost of sales |
| Gross profit | 376,128 | — | (3,300) | 372,828 | | Gross profit |
| Selling, general and administrative expenses | 280,553 | — | 1,576 | 282,129 | C,E | Selling, general and administrative expenses |
| Profit from operations | 95,575 | — | (4,876) | 90,699 | | Operating profit |
| Other income (expenses) | | | | | | |
| Interest and dividend income | 40,498 | 985 | — | 41,483 | | Finance income |
| Interest expense | 1,395 | 165 | — | 1,560 | | Finance expenses |
| Foreign currency transaction gains (losses), net | (827) | — | — | (827) | | Foreign exchange gains (losses) |
| Gains on sales of securities, net | 1,629 | (1,629) | — | — | | |
| | — | (1,564) | — | (1,564) | G | Share of net loss of investments accounted for using the equity method |
| Other, net | (3,614) | 2,373 | 3,002 | 1,761 | | Other, net |
| Income before income taxes | 131,866 | — | (1,874) | 129,992 | | Profit before income taxes |
| Income taxes | 46,881 | — | 885 | 47,766 | | Income taxes |
| Net income | 84,985 | — | (2,759) | 82,226 | | Profit for the year |
| | | | | | | Profit attributable to: |
| Net income attributable to Kyocera Corporation's shareholders | 81,789 | — | (2,652) | 79,137 | | Owners of the parent |
| Net income attributable to noncontrolling interests | 3,196 | — | (107) | 3,089 | | Non-controlling interests |

(Yen in millions)

| Accounts under U.S. GAAP | U.S. GAAP | Effect of change in line items | Recognition and measurement differences | IFRS | Note | Accounts under IFRS |
|---|-----------|--------------------------------|---|----------|------|--|
| Net income | 84,985 | — | (2,759) | 82,226 | | Profit for the year |
| Other comprehensive income – net of taxes | | | | | | Other comprehensive income, net of taxation |
| Pension liability adjustment | 6,428 | — | 2,924 | 9,352 | C | Re-measurement of defined benefit plans |
| Net unrealized gains (losses) on securities | (40,087) | — | (51) | (40,138) | | Net unrealized gains (losses) on securities |
| Net unrealized gains (losses) on derivative financial instruments | 27 | (82) | — | (55) | | Net changes in fair value of cash flow hedge |
| Foreign currency translation adjustments | (2,703) | 125 | (4,092) | (6,670) | A | Exchange differences on translating foreign operations |
| | — | (43) | — | (43) | | Share of other comprehensive income of investments accounted for using the equity method |
| Total other comprehensive income | (36,335) | — | (1,219) | (37,554) | | Total other comprehensive income |
| Comprehensive income | 48,650 | — | (3,978) | 44,672 | | Comprehensive income for the year |

| | | | | | | |
|---|--------|---|---------|--------|--|--|
| Comprehensive income attributable to Kyocera Corporation's shareholders | 46,252 | — | (3,121) | 43,131 | | Comprehensive income attributable to: Owners of the parent |
| Comprehensive income attributable to noncontrolling interests | 2,398 | — | (857) | 1,541 | | Non-controlling interests |

Notes to reconciliation of equity, profit or loss and other comprehensive income

A. Exchange differences on translating of foreign operations

Under IFRS 1, a first-time adopter may choose to deem the cumulative exchange differences on translating foreign operations as zero at the date of transition to IFRS. Kyocera has chosen to apply this exemption and transferred all cumulative exchange differences on translating foreign operations into retained earnings at the date of transition to IFRS.

B. Deemed cost

Under IFRS 1, for property, plant and equipment, a first-time adopter may use fair value as deemed cost at the date of transition to IFRS. Kyocera has applied this exemption and used fair value as the deemed cost at the date of transition to IFRS for certain item of property, plant and equipment.

C. Retirement benefit

Under U.S. GAAP, the prior service costs and the actuarial gain and loss, resulted from defined benefit plan or unfunded retirement and severance plans which were incurred during the period but not recognized as the same periodic pension costs are recognized as accumulated other comprehensive income by the amount after tax. The amounts recognized in accumulated other comprehensive income are subsequently recognized in profit or loss as a component of retirement benefit expenses over a period of time in the future.

Under IFRS, the prior service costs are expensed as incurred. The actuarial gain and loss are recognized in other comprehensive income by the amount after tax and they are transferred from other components of equity to retained earnings directly without recording through profit or loss.

D. Income taxes

Under U.S. GAAP, all subsequent changes of deferred tax asset and liability due to a change in the tax rate, reassessment of recoverability are recognized in profit or loss. Under IFRS, changes of deferred tax assets and liabilities on other comprehensive income are recognized in other comprehensive income.

In addition, under U.S. GAAP, the temporary differences arising from the elimination of intercompany transaction are deferred as prepaid taxes using the sellers' tax rates. Under IFRS, above temporary differences are recognized as deferred tax assets using the purchasers' tax rates considering its recoverability.

E. Levies

Under U.S. GAAP, items qualified as levies such as property tax were recognized at the time of payment. Under IFRS, they were recognized on the date when an obligation to pay arises.

F. Reclassification on the consolidated statement of financial position

Under the presentation requirement on IFRS 15, refund liabilities included in "Less allowances for doubtful accounts and sales returns" were reclassified into "Other current liabilities."

Under the presentation requirement on IAS 1 "Presentation of financial statements" (hereinafter, "IAS 1"), "Investments accounted for using the equity method", "Deferred tax assets" and "Provisions" were presented separately.

G. Reclassifications on the consolidated statement of profit or loss

Under the presentation requirement on IAS 1, "Share of net profit of investments accounted for using the equity method" was presented separately.

As mentioned above, the effect of transition to IFRS on retained earnings at the date of transition to IFRS, December 31, 2017 and March 31, 2018 are as follows:

(Yen in millions)

| | The date of transition to IFRS (April 1, 2017) | As of December 31, 2017 | As of March 31, 2018 |
|--|--|----------------------------|-------------------------|
| Exchange differences on translating foreign operations | (16,360) | (14,036) | (14,124) |
| Deemed cost | (7,648) | (7,618) | (7,618) |
| Retirement benefit | (31,723) | (34,417) | (25,547) |
| Income taxes | (46,247) | (45,183) | (47,685) |
| Levies | (2,370) | (286) | (2,398) |
| Other | (902) | (889) | (767) |
| Total | (105,250) | (102,429) | (98,139) |