

Quarterly Report

(English summary with full translation of consolidated financial information)

(The Third Quarter of 66th Business Term)

From October 1, 2019 to December 31, 2019

KYOCERA CORPORATION

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[Company Name in English]	KYOCERA CORPORATION
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Part I. Information on Kyocera

I. Overview of Kyocera

1. Selected Financial Data

(Yen in millions unless otherwise stated)

	For the nine months ended December 31, 2018	For the nine months ended December 31, 2019	For the year ended March 31, 2019
Sales revenue	1,214,417	1,196,885	1,623,710
Profit before income taxes	104,100	141,629	140,610
Profit attributable to owners of the parent	79,419	101,265	103,210
Comprehensive income attributable to owners of the parent	53,306	299,420	21,514
Equity attributable to owners of the parent	2,297,620	2,512,012	2,265,919
Total assets	3,020,821	3,327,398	2,968,475
Earnings per share attributable to owners of the parent - Basic (Yen)	219.17	279.58	284.94
Earnings per share attributable to owners of the parent - Diluted (Yen)	219.00	279.51	284.70
Ratio of equity attributable to owners of the parent to total assets (%)	76.1	75.5	76.3
Cash flows from operating activities	158,551	149,268	220,025
Cash flows from investing activities	(84,606)	(132,071)	(47,121)
Cash flows from financing activities	(86,378)	(101,306)	(89,056)
Cash and cash equivalents at the end of the period	416,250	428,460	512,814

	For the three months ended December 31, 2018	For the three months ended December 31, 2019
Sales revenue	413,779	397,835
Profit attributable to owners of the parent	1,025	41,651
Earnings per share attributable to owners of the parent - Basic (Yen)	2.83	114.92

- (Notes) 1. Kyocera Corporation and its consolidated subsidiaries (hereinafter, “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 do not include consumption taxes.
3. As Kyocera prepares the condensed quarterly consolidated financial statements, the selected non-consolidated financial data is not set forth in this document.

2. Description of Business

There were no significant changes in the business and operations of Kyocera and its associates during the nine months ended December 31, 2019 (hereinafter, “the nine months”). A change in the organization of major subsidiary is as follow:

(1) A Resolution for a Liquidation of Significant Subsidiary

<Semiconductor Components Group>

Kyocera Corporation made a resolution for a liquidation of Shanghai Kyocera Electronics Co., Ltd. at the meeting of the Board of Directors held on May 29, 2019. The liquidation is scheduled to be conducted as soon as necessary legal procedures required in the local laws and regulations are completed after the production operation is continued by the end of June 2020.

As of June 30, 2019

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
Shanghai Kyocera Electronics Co., Ltd.	Shanghai, China	Yen 17,321 million	Manufacture of Ceramic Packages	100.00	Yes	-	Semi-finished goods and raw materials supply from Kyocera Corporation, and finished goods supply to Kyocera Corporation	-

(2) Stock Purchase

<Industrial & Automotive Components Group>

On June 3, 2019, Kyocera Corporation acquired all of the common stocks of Fastener Topco, Inc., the holding company of SouthernCarlson, Inc., a U.S. based distributor of pneumatic power tool in order to expand the pneumatic power tool business in the U.S., and made it consolidated subsidiary and changed its name to Kyocera Industrial Tools, Inc.

As of June 30, 2019

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 Industrial Tools, Inc.	Omaha, Nebraska, the U.S.A	US\$ 1.00	Sale of Industrial Tools	100.00	Yes	-	-	-

(3) Proposal to Acquire Shares Kyocera Does not Own of AVX

<Electronic Devices Group>

On November 27, 2019, Kyocera has made a proposal to a special committee of the board of directors of AVX Corporation (“AVX”) to acquire all outstanding shares of common stock of AVX not owned by Kyocera for \$19.50 per share in cash. Nothing has been decided in this matter as of February 13, 2020, the filing date of this quarterly report.

II. Business Overview

1. Risk Factors

There were no new risk factors recognized for nine months ended December 31, 2019. There were no significant changes in risk factors stated in the Annual Report for the year ended March 31, 2019 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 nine months ended December 31, 2018		For the nine months ended December 31, 2019		Change	
	Amount	%*	Amount	%*	Amount	%
Sales revenue	1,214,417	100.0	1,196,885	100.0	(17,532)	(1.4)
Operating profit	60,576	5.0	94,860	7.9	34,284	56.6
Profit before income taxes	104,100	8.6	141,629	11.8	37,529	36.1
Profit attributable to owners of the parent	79,419	6.5	101,265	8.5	21,846	27.5
Average U.S. dollar exchange rate (yen)	111	—	109	—	—	—
Average Euro exchange rate (yen)	129	—	121	—	—	—

* % represents the percentage to sales revenue.

Sales revenue of the Electronic Devices Group decreased due to the impact of the economic slowdown in China and inventory adjustments, which more than offset the increase in sales revenue from, among others, the contribution of M&A in the Industrial & Automotive Components Group.

As a result, sales revenue in the nine months ended December 31, 2019 (“the nine months”) decreased by 17,532 million yen, or 1.4%, to 1,196,885 million yen, compared with the nine months ended December 31, 2018 (hereinafter, “the previous nine months”).

On the other hand, despite the impact of lower sales, profit increased compared with the previous nine months due mainly to the absence of settlement expenses and write-down in total 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, goodwill and intangible asset in the organic materials business in the amount of 16,184 million yen, recorded in the previous nine months.

As a result, operating profit increased by 34,284 million yen, or 56.6%, to 94,860 million yen, profit before income taxes increased by 37,529 million yen, or 36.1%, to 141,629 million yen, and profit attributable to owners of the parent increased by 21,846 million yen, or 27.5%, to 101,265 million yen, compared with the previous nine months.

Average exchange rates for the nine months were 109 yen to the U.S. dollar, marking appreciation of 2 yen or 1.8%, and 121 yen to the Euro, marking appreciation of 8 yen or 6.2%, compared with the previous nine months.

As a result, sales revenue and profit before income taxes after translation into yen for the nine months were pushed down by approximately 30 billion yen and 10.5 billion yen, respectively, compared with the previous nine months.

Results by Reporting Segment

Sales Revenue by Reporting Segment

(Yen in millions)

	For the nine months ended December 31, 2018		For the nine months ended December 31, 2019		Change	
	Amount	%*	Amount	%*	Amount	%
Industrial & Automotive Components Group	238,394	19.6	253,754	21.2	15,360	6.4
Semiconductor Components Group	193,507	16.0	187,090	15.6	(6,417)	(3.3)
Electronic Devices Group	278,091	22.9	248,780	20.8	(29,311)	(10.5)
Total Components Business	709,992	58.5	689,624	57.6	(20,368)	(2.9)
Communications Group	180,632	14.9	186,100	15.5	5,468	3.0
Document Solutions Group	273,835	22.5	267,524	22.4	(6,311)	(2.3)
Life & Environment Group	58,512	4.8	61,980	5.2	3,468	5.9
Total Equipment & Systems Business	512,979	42.2	515,604	43.1	2,625	0.5
Others	13,355	1.1	12,510	1.0	(845)	(6.3)
Adjustments and eliminations	(21,909)	(1.8)	(20,853)	(1.7)	1,056	—
Sales revenue	1,214,417	100.0	1,196,885	100.0	(17,532)	(1.4)

* % represents the component ratio.

Business Profit (Loss) by Reporting Segment

(Yen in millions)

	For the nine months ended December 31, 2018		For the nine months ended December 31, 2019		Change	
	Amount	%*	Amount	%*	Amount	%
Industrial & Automotive Components Group	31,213	13.1	12,444	4.9	(18,769)	(60.1)
Semiconductor Components Group	4,836	2.5	22,998	12.3	18,162	375.6
Electronic Devices Group	52,920	19.0	36,474	14.7	(16,446)	(31.1)
Total Components Business	88,969	12.5	71,916	10.4	(17,053)	(19.2)
Communications Group	5,677	3.1	6,937	3.7	1,260	22.2
Document Solutions Group	30,081	11.0	27,498	10.3	(2,583)	(8.6)
Life & Environment Group	(63,894)	—	(7,340)	—	56,554	—
Total Equipment & Systems Business	(28,136)	—	27,095	5.3	55,231	—
Others	1,564	11.7	(3,133)	—	(4,697)	—
Total business profit	62,397	5.1	95,878	8.0	33,481	53.7
Corporate gains and share of net profit of investments accounted for using the equity method	42,971	—	46,297	—	3,326	7.7
Adjustments and eliminations	(1,268)	—	(546)	—	722	—
Profit before income taxes	104,100	8.6	141,629	11.8	37,529	36.1

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

The analysis of Reporting Segment is as follows:

a. Industrial & Automotive Components Group

Sales revenue for the nine months increased by 15,360 million yen, or 6.4%, to 253,754 million yen, compared with 238,394 million yen in the previous nine months. Although sales of automotive parts, such as displays, and fine ceramic parts for semiconductor processing equipment decreased, sales of industrial tools increased as a result of the contribution of sales from SouthernCarlson, Inc. a U.S. based company, which joined Kyocera Group in June 2019.

Business profit decreased by 18,769 million yen, or 60.1%, to 12,444 million yen, compared with 31,213 million yen in the previous nine months due to decreased sales in the industrial machinery and automotive-related markets as well as an increase in depreciation charge resulting from capital expenditures in the year ended March 31, 2019 (“the previous fiscal year”). The business profit ratio for the nine months was 4.9%.

b. Semiconductor Components Group

Sales revenue for the nine months decreased by 6,417 million yen, or 3.3%, to 187,090 million yen compared with 193,507 million yen in the previous nine months. Sales of ceramic packages for crystal components and SAW devices as well as sales of organic packages for telecommunications infrastructure decreased due to the economic slowdown in China, etc.

Business profit increased by 18,162 million yen, or 375.6%, to 22,998 million yen, compared with 4,836 million yen in the previous nine months due to the absence of an impairment loss in the amount of 16,184 million yen recorded in the previous nine months as well as the achievement of profitability in the organic materials business. The business profit ratio for the nine months improved to 12.3%.

c. Electronic Devices Group

Sales revenue for the nine months decreased by 29,311 million yen, or 10.5%, to 248,780 million yen compared with 278,091 million yen in the previous nine months. Sales at AVX Corporation, a U.S. subsidiary, decreased due mainly to continued inventory adjustments in the market caused by the weaker global economy as well as sluggish demand in the automotive-related industry.

Business profit decreased by 16,446 million yen, or 31.1%, to 36,474 million yen, compared with 52,920 million yen in the previous nine months due mainly to the decrease in sales at AVX Corporation. The business profit ratio for the nine months was 14.7%.

d. Communications Group

Sales revenue for the nine months increased by 5,468 million yen, or 3.0%, to 186,100 million yen compared with 180,632 million yen in the previous nine months. This increase was due mainly to increased sales of engineering services in the information system and telecommunication services business.

Business profit increased by 1,260 million yen, or 22.2%, to 6,937 million yen, compared with 5,677 million yen in the previous nine months due to improved profitability in the telecommunications equipment business resulting mainly from cost reductions. The business profit ratio for the nine months was 3.7%.

e. Document Solutions Group

Sales revenue for the nine months decreased by 6,311 million yen, or 2.3%, to 267,524 million yen compared with 273,835 million yen in the previous nine months due to the effect of appreciation of the yen, which more than offset the contribution from M&A conducted in the previous fiscal year.

Business profit decreased by 2,583 million yen, or 8.6%, to 27,498 million yen, compared with 30,081 million yen in the previous nine months due mainly to the effect of foreign currency fluctuations. Despite this decrease, a double-digit business profit ratio was maintained on the back of improved productivity and cost reductions.

f. Life & Environment Group

Sales revenue for the nine months increased by 3,468 million yen, or 5.9%, to 61,980 million yen compared with 58,512 million yen in the previous nine months due to a sales increase in the solar energy business.

Business loss decreased by 56,554 million yen to 7,340 million yen, compared with 63,894 million yen in the previous nine months. This was due to the absence of settlement expenses and write-down in total amount of 52,313 million yen recorded in the previous nine months relating to long-term purchase agreements for procurement of polysilicon material, in addition to improved profitability in the solar energy business.

(2) Summary of Cash Flows

(Yen in millions)

	For the nine months ended December 31, 2018	For the nine months ended December 31, 2019	Change
Cash flows from operating activities	158,551	149,268	(9,283)
Cash flows from investing activities	(84,606)	(132,071)	(47,465)
Cash flows from financing activities	(86,378)	(101,306)	(14,928)
Effect of exchange rate changes on cash and cash equivalents	3,745	(245)	(3,990)
Increase (decrease) in cash and cash equivalents	(8,688)	(84,354)	(75,666)
Cash and cash equivalents at the beginning of the year	424,938	512,814	87,876
Cash and cash equivalents at the end of the period	416,250	428,460	12,210

Cash and cash equivalents at December 31, 2019 decreased by 84,354 million yen, or 16.4%, to 428,460 million yen from 512,814 million yen at March 31, 2019.

a. Cash Flows from Operating Activities

Net cash provided by operating activities for the nine months decreased by 9,283 million yen, or 5.9%, to 149,268 million yen from 158,551 million yen for the previous nine months. This was due mainly to an increase in inventory for the nine months, which decreased for the previous nine months.

b. Cash Flows from Investing Activities

Net cash used in investing activities for the nine months increased by 47,465 million yen, or 56.1%, to 132,071 million yen from 84,606 million yen for the previous nine months. This was due mainly to an increase in payments for acquisitions of business and a decrease in withdrawal of time deposits, which were partly offset by decreases in acquisitions of time deposits and purchases of securities.

c. Cash Flows from Financing Activities

Net cash used in financing activities for the nine months increased by 14,928 million yen, or 17.3%, to 101,306 million yen from 86,378 million yen for the previous nine months. This was due mainly to increases in repayments of borrowings and dividends paid, which exceeded a decrease in the purchase of treasury stock.

(3) Liquidity and Capital Resources

In the short term, Kyocera expects cash demands for funds for capital expenditures, R&D activities, merger and acquisition and payments of dividends to shareholders in addition to working capital of operational activities. Kyocera's primary source of short-term liquidity is cash generated by operations. Borrowings were mainly denominated in the U.S. dollars and Euro, but certain borrowings were denominated in other currencies.

Based on the resolution of the ordinary general meeting of shareholders held on June 25, 2019, Kyocera paid a year-end dividend totaling 28,940 million yen, or 80 yen per share including 60 yen per share of ordinary year-end dividend and 20 yen per share of commemoration dividend, on June 26, 2019, to all shareholders as of March 31, 2019.

In addition, based on the resolution of the meeting of Board of Directors held on October 31, 2019, Kyocera paid an interim dividend, totaling 28,995 million yen, or 80 yen per share, on December 5, 2019, to all shareholders as of September 30, 2019.

Since Kyocera has 428,460 million yen in cash and cash equivalents at December 31, 2019, Kyocera does not expect to face any liquidity issue in the foreseeable future. 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 Kyocera's financial position and operating results, possibly resulting in reduced liquidity.

(4) Business and Financial Tasks to be Addressed

There were no new business and financial tasks to be addressed during the nine months. There were no significant changes from the content in the Annual Report for the year ended March 31, 2019 pursuant to the Financial Instruments and Exchange Act of Japan.

(5) Research and Development Activities

Research and development expenses in the nine months increased by 6,392 million yen, or 12.2%, to 58,908 million yen from 52,516 million yen for the previous nine months. This increase was due mainly to the establishment of Minatomirai Research Center in Yokohama with the aim of strengthening research and development organization for software and others. There were no significant changes in the status of research and development activities from the Annual Report for the year ended March 31, 2019 pursuant to the Financial Instruments and Exchange Act of Japan.

(6) Summary of Production, Orders and Sales

Orders by Reporting Segment

(Yen in millions)

	For the nine months ended December 31, 2018		For the nine months ended December 31, 2019		Change
	Amount	%*	Amount	%*	%
Industrial & Automotive Components Group	241,429	19.8	251,902	21.8	4.3
Semiconductor Components Group	192,496	15.8	183,791	15.9	(4.5)
Electronic Devices Group	290,296	23.9	243,675	21.1	(16.1)
Total Components Business	724,221	59.5	679,368	58.8	(6.2)
Communications Group	178,651	14.7	161,435	14.0	(9.6)
Document Solutions Group	272,430	22.4	266,954	23.1	(2.0)
Life & Environment Group	52,451	4.3	58,491	5.0	11.5
Total Equipment & Systems Business	503,532	41.4	486,880	42.1	(3.3)
Others	8,993	0.8	8,326	0.7	(7.4)
Adjustments and eliminations	(20,276)	(1.7)	(18,853)	(1.6)	—
Orders	1,216,470	100.0	1,155,721	100.0	(5.0)

* % represents the component ratio.

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

3. Material Agreements

Stock Purchase Agreement

On December 27, 2019, Kyocera Document Solutions, Inc., a Japanese based subsidiary, entered into a stock purchase agreement to acquire 97% of the common stocks from the shareholders of OPTIMAL SYSTEMS GmbH, a German based company in order to expand the ECM (Enterprise Contents Management) business in Germany. The transaction is expected to be made in February, 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 December 31, 2019 (shares)	Number of shares issued as of the filing date (shares) (February 13, 2020)	Stock exchange on which Kyocera is listed or authorized financial instruments firms association where Kyocera is registered	Description
Common stock	377,618,580	377,618,580	Tokyo Stock Exchange (the first section)	This is Kyocera's standard stock. There is no restriction on contents of the right of the stock. The number of shares per one unit of shares is 100 shares.
Total	377,618,580	377,618,580	—	—

(2) Information on the Stock Acquisition Rights and Others

a. Details of Stock Option Plans

Not applicable

b. Other Information about Stock Acquisition Rights

Not applicable

(3) Information on Moving Strike Convertible Bonds

Not applicable

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

Date	Change in the total number of shares issued (shares)	Balance of the total number of shares issued (shares)	Changes in common stock (Yen in millions)	Balance of common stock (Yen in millions)	Changes in additional paid-in capital (Yen in millions)	Balance of additional paid-in capital (Yen in millions)
From October 1, 2019 to December 31, 2019	—	377,618,580	—	115,703	—	192,555

(5) Major Shareholders

Not applicable

(6) Information on Voting Rights

Information on voting rights as of September 30, 2019 is stated in this item because Kyocera does not identify the number of voting rights as of December 31, 2019 due to the lack of information on the details entered in the shareholders registry as of December 31, 2019.

a. Shares Issued

As of September 30, 2019

Classification	Number of shares (shares)	Number of voting rights	Description
Shares without voting right	—	—	—
Shares with restricted voting rights (treasury stock)	—	—	—
Shares with restricted voting rights (others)	—	—	—
Shares with full voting right (treasury stock)	(Number of treasury stock) Common stock 15,184,400	—	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 right (others)	Common stock 362,093,000	3,620,930	Same as above
Shares less than one unit	Common stock 341,180	—	—
Number of shares issued	377,618,580	—	—
Total number of voting rights	—	3,620,930	—

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

b. Treasury Stock and Others

As of September 30, 2019

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	15,184,400	—	15,184,400	4.02
Total	—	15,184,400	—	15,184,400	4.02

(Note) Kyocera Corporation held 15,185,400 shares of treasury stock as of December 31, 2019.

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, 2019	As of December 31, 2019
Assets			
Current assets			
Cash and cash equivalents		512,814	428,460
Short-term investments	12	99,210	87,393
Trade and other receivables	9	357,352	330,191
Other financial assets	3, 12	9,871	8,488
Inventories		343,880	372,526
Other current assets		34,637	26,890
Total current assets		1,357,764	1,253,948
Non-current assets			
Equity and debt instruments	12	963,651	1,246,901
Investments accounted for using the equity method	14	4,159	5,049
Other financial assets	3, 12	17,869	26,512
Property, plant and equipment	15	341,855	379,605
Right-of-use assets	3	—	31,156
Goodwill	6, 15	149,499	208,387
Intangible assets	6, 15	80,001	120,484
Deferred tax assets		38,558	39,339
Other non-current assets		15,119	16,017
Total non-current assets		1,610,711	2,073,450
Total assets		2,968,475	3,327,398

The accompanying notes are an integral part of these statements.

(Yen in millions)

	Note	As of March 31, 2019	As of December 31, 2019
Liabilities and Equity			
Liabilities			
Current liabilities			
Trade and other payables		186,281	180,271
Lease liabilities	3	—	12,216
Other financial liabilities	12	6,621	8,349
Income tax payables		12,672	13,751
Accrued expenses	9	120,903	98,115
Provisions	14	11,166	9,366
Other current liabilities	9	37,105	38,243
Total current liabilities		374,748	360,311
Non-current liabilities			
Lease liabilities	3	—	28,639
Other financial liabilities	12	7,800	5,706
Retirement benefit liabilities		25,479	26,068
Deferred tax liabilities		174,823	273,160
Provisions	14	7,892	8,031
Other non-current liabilities		15,473	13,224
Total non-current liabilities		231,467	354,828
Total liabilities		606,215	715,139
Equity			
Common stock		115,703	115,703
Capital surplus		165,225	166,740
Retained earnings		1,638,709	1,680,880
Other components of equity		418,643	617,957
Treasury stock	8	(72,361)	(69,268)
Total equity attributable to owners of the parent		2,265,919	2,512,012
Non-controlling interests		96,341	100,247
Total equity		2,362,260	2,612,259
Total liabilities and equity		2,968,475	3,327,398

The accompanying notes are an integral part of these statements.

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

For the nine months ended December 31, 2018 and 2019

(Yen in millions except per share amounts)

	Note	For the nine months ended December 31, 2018	For the nine months ended December 31, 2019
Sales revenue	5, 9	1,214,417	1,196,885
Cost of sales	7	863,417	858,297
Gross profit		351,000	338,588
Selling, general and administrative expenses	6, 7, 15	290,424	243,728
Operating profit		60,576	94,860
Finance income	12	41,576	46,590
Finance expenses		996	1,135
Foreign exchange gains (losses)		619	(882)
Share of net profit (loss) of investments accounted for using the equity method		555	363
Other, net		1,770	1,833
Profit before income taxes	5	104,100	141,629
Income taxes	10	15,799	34,263
Profit for the period		88,301	107,366

Profit attributable to:			
Owners of the parent		79,419	101,265
Non-controlling interests		8,882	6,101
Profit for the period		88,301	107,366

Per share information:	11		
Earnings per share attributable to owners of the parent			
Basic		219.17 yen	279.58 yen
Diluted		219.00 yen	279.51 yen

The accompanying notes are an integral part of these statements.

For the three months ended December 31, 2018 and 2019

(Yen in millions except per share amounts)

	Note	For the three months ended December 31, 2018	For the three months ended December 31, 2019
Sales revenue	5, 9	413,779	397,835
Cost of sales	7	292,080	285,881
Gross profit		121,699	111,954
Selling, general and administrative expenses	6, 7, 15	143,724	77,414
Operating profit (loss)		(22,025)	34,540
Finance income	12	20,201	21,209
Finance expenses		590	346
Foreign exchange gains (losses)		290	297
Share of net profit (loss) of investments accounted for using the equity method		(58)	(157)
Other, net		593	873
Profit (loss) before income taxes	5	(1,589)	56,416
Income taxes	10	(5,782)	12,786
Profit for the period		4,193	43,630

Profit attributable to:			
Owners of the parent		1,025	41,651
Non-controlling interests		3,168	1,979
Profit for the period		4,193	43,630

Per share information:	11		
Earnings per share attributable to owners of the parent			
Basic		2.83 yen	114.92 yen
Diluted		2.78 yen	114.90 yen

The accompanying notes are an integral part of these statements.

(3) Condensed Quarterly Consolidated Statement of Comprehensive Income

For the nine months ended December 31, 2018 and 2019

(Yen in millions)

	Note	For the nine months ended December 31, 2018	For the nine months ended December 31, 2019
Profit for the period		88,301	107,366
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)	206,405
Re-measurement of defined benefit plans		—	—
Total items that will not be reclassified to profit or loss		(29,691)	206,405
Items that may be reclassified subsequently to profit or loss:			
Net changes in fair value of cash flow hedge		17	(11)
Exchange differences on translating foreign operations		4,595	(9,321)
Share of other comprehensive income of investments accounted for using the equity method		56	12
Total items that may be reclassified subsequently to profit or loss		4,668	(9,320)
Total other comprehensive income		(25,023)	197,085
Comprehensive income for the period		63,278	304,451
Comprehensive income attributable to:			
Owners of the parent		53,306	299,420
Non-controlling interests		9,972	5,031
Comprehensive income for the period		63,278	304,451

The accompanying notes are an integral part of these statements.

For the three months ended December 31, 2018 and 2019

(Yen in millions)

	Note	For the three months ended December 31, 2018	For the three months ended December 31, 2019
Profit for the period		4,193	43,630
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		(130,861)	105,174
Re-measurement of defined benefit plans		—	—
Total items that will not be reclassified to profit or loss		(130,861)	105,174
Items that may be reclassified subsequently to profit or loss:			
Net changes in fair value of cash flow hedge		(3)	(3)
Exchange differences on translating foreign operations		(19,290)	18,983
Share of other comprehensive income of investments accounted for using the equity method		(139)	25
Total items that may be reclassified subsequently to profit or loss		(19,432)	19,005
Total other comprehensive income		(150,293)	124,179
Comprehensive income for the period		(146,100)	167,809
Comprehensive income attributable to:			
Owners of the parent		(146,575)	163,900
Non-controlling interests		475	3,909
Comprehensive income for the period		(146,100)	167,809

The accompanying notes are an integral part of these statements.

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

For the nine months ended December 31, 2018

(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, 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	8			(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

The accompanying notes are an integral part of these statements.

For the nine months ended December 31, 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				101,265			101,265	6,101	107,366
Other comprehensive income					198,155		198,155	(1,070)	197,085
Total comprehensive income for the period		—	—	101,265	198,155	—	299,420	5,031	304,451
Cash dividends	8			(57,935)			(57,935)	(2,705)	(60,640)
Purchase of treasury stock						(19)	(19)		(19)
Reissuance of treasury stock	8		1,700			3,112	4,812		4,812
Transactions with non-controlling interests and other			(185)		0		(185)	1,580	1,395
Transfer to retained earnings				(1,159)	1,159		—		—
Balance as of December 31, 2019		115,703	166,740	1,680,880	617,957	(69,268)	2,512,012	100,247	2,612,259

The accompanying notes are an integral part of these statements.

(5) Condensed Quarterly Consolidated Statement of Cash Flows

(Yen in millions)

	Note	For the nine months ended December 31, 2018	For the nine months ended December 31, 2019
Cash flows from operating activities:			
Profit for the period		88,301	107,366
Depreciation and amortization		47,394	66,729
Finance expenses (income)		(40,580)	(45,455)
Share of net profit of investments accounted for using the equity method		(555)	(363)
Impairment loss	15	16,184	297
(Gains) losses from sales or disposal of property, plant and equipment		(641)	(8,038)
Income taxes		15,799	34,263
(Increase) decrease in trade and other receivables		14,644	19,156
(Increase) decrease in inventories		18,791	(17,997)
(Increase) decrease in other assets		(2,896)	10,216
Increase (decrease) in trade and other payables		(5,034)	(8,794)
Increase (decrease) in income tax payables		12,008	(3,679)
Increase (decrease) in other liabilities		(7,607)	(30,980)
Other, net		(1,193)	(6,953)
Subtotal		154,615	115,768
Interests and dividends received		41,900	47,383
Interests paid		(468)	(1,016)
Income taxes refund (paid)		(37,496)	(12,867)
Net cash provided by operating activities		158,551	149,268
Cash flows from investing activities:			
Payments for purchases of property, plant and equipment		(83,603)	(81,365)
Payments for purchases of intangible assets		(6,641)	(9,785)
Proceeds from sales of property, plant and equipment		2,664	11,500
Acquisitions of business, net of cash acquired	6	(6,975)	(78,177)
Acquisition of time deposits and certificate of deposits		(287,771)	(159,629)
Withdrawal of time deposits and certificate of deposits		334,818	157,733
Payments for purchases of securities		(63,578)	(2,283)
Proceeds from sales and maturities of securities		27,142	26,392
Other, net		(662)	3,543
Net cash used in investing activities		(84,606)	(132,071)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings		(356)	(1,187)
Proceeds from long-term borrowings		3,334	4,647
Repayments of long-term borrowings		(2,254)	(39,905)
Repayments of lease liabilities		—	(10,249)
Dividends paid		(46,482)	(60,121)
Purchase of treasury stock		(40,015)	(19)
Reissuance of treasury stock	8	1	4,745
Other, net		(606)	783
Net cash used in financing activities		(86,378)	(101,306)
Effect of exchange rate changes on cash and cash equivalents		3,745	(245)
Increase (decrease) in cash and cash equivalents		(8,688)	(84,354)
Cash and cash equivalents at the beginning of the year		424,938	512,814
Cash and cash equivalents at the end of the period		416,250	428,460

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 nine months ended December 31, 2019 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 quarterly consolidated financial statements do not include all the information that required in the annual consolidated financial statements, therefore, condensed quarterly consolidated financial statements should be used with the consolidated financial statements for the year ended March 31, 2019.

(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, 2019 except for the following.

For the nine months ended December 31, 2019, income tax expenses are accrued using the tax rate calculated based on the estimated average annual effective income tax rate.

Kyocera has applied IFRS 16 "Leases" (published in January 2016, hereinafter "IFRS 16") from the three months ended June 30, 2019. Upon applying IFRS 16, Kyocera has recognized the cumulative effect of the standard's application at the date of the initial application (April 1, 2019) as a transitional measurement permitted under the standard.

On transition to IFRS 16, Kyocera has chosen the practical expedient permitted in IFRS 16 paragraph C3 and carry forward its assessments of whether a contract is, or contains, a lease based on IAS 17 "Leases" (hereinafter "IAS 17") and IFRIC 4 "Determining whether an Arrangement contains a Lease." After the date of application, this assessment is determined based on the provisions of IFRS 16.

(1) Lease as a Lessee

At the commencement date, Kyocera recognizes a right-of-use asset and a lease liability. Kyocera measures the right-of-use asset in the amount of the initial measurement of the lease liability adjusting any lease payments made at or before the commencement date and other costs permitted under IFRS 16. After the commencement date, Kyocera measures the right-of-use asset applying a cost model, and less any accumulated depreciation and any accumulated impairment losses. The right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of right-of-use asset or the end of the lease term. At the commencement date, Kyocera measures the lease liability at the present value of the lease payments that are not paid at that date using lessee's incremental borrowing rate. After the commencement date, Kyocera measured the lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

Kyocera elects not to recognize the right-of-use asset and the lease liability for the short-term leases that has a lease term of 12 months or less and leases for which the underlying asset is of low value. Lease payments associated with those leases are recognized as an expense on straight-line basis over the lease term.

(2) Lease as a Lessor

Leases are classified as either operating leases or finance leases. If the lease transfers substantially all the risks and rewards of the ownership of the underlying asset, it is classified as a finance lease; otherwise, it is classified as an operating lease. The classification of a lease as either a finance lease or operating lease is made based on actual content of the transaction, not on the form of the lease agreement.

a. Finance Leases

At the commencement of the lease, assets held under finance leases are recorded as receivables in an amount equal to the net uncollected investment in the lease.

b. Operating Leases

Kyocera recognizes lease payments from operating leases as profit on a straight-line basis over the lease term.

In cases where Kyocera is an intermediate lessor, the head lease and the sublease are accounted separately. The classification of a sublease is determined upon referring to the right-of-use asset that arise from the head lease.

As the result of transition to IFRS 16, Kyocera has additionally recognized 22,828 million yen of right-of-use assets, 8,892 million yen of other financial assets and 33,095 million yen of lease liabilities.

The book value of right-of-use assets and lease liabilities as of the date of initial application for leases classified as finance leases under IAS 17 are the book values of the lease assets and lease liabilities immediately before that date measured applying IAS 17. As such, 3,578 million yen of property, plant and equipment has been reclassified as right-of-use assets and 3,173 million yen of other financial liabilities has been reclassified as lease liabilities.

For leases classified as operating leases under IAS 17 at the year ended March 31, 2019 are recognized as a right-of-use asset and lease liabilities at the date of initial application.

The reconciliation between non-cancellable operating lease agreements as of March 31, 2019 under IAS 17 and the lease liabilities recognized in the condensed quarterly consolidated statement of financial position at the date of initial application are as follows.

(Yen in millions)

	Amount
Non-cancellable operating lease agreements as of March 31, 2019	19,125
Non-cancellable operating lease agreements (Discounted using incremental borrowing rate)	18,593
Finance lease obligations (As of March 31, 2019)	3,173
Short-term leases	(439)
Leases for which the underlying asset is of low value	(986)
Cancellable operating lease agreements	15,747
Others	180
Lease liabilities as of April 1, 2019	36,268

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.

The estimates and judgements that have a material effect on Kyocera's condensed quarterly consolidated financial statements, are consistent with those used in the preparation of Kyocera's consolidated financial statements for the year ended March 31, 2019.

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 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
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	Mobile Phones, Communication Modules (Telematics, IoT) Information Systems and Telecommunication Service
Document Solutions Group	Printers, Multifunctional Products, Document Solutions, Supplies
Life & Environment Group	Solar Power Generating System related Products, Medical Devices, Jewelry and Ceramic Knives

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.

Information by reporting segment

The segment information for the nine months ended December 31, 2018 and 2019 are as follows:

Sales revenue

(Yen in millions)

	For the nine months ended December 31, 2018	For the nine months ended December 31, 2019
Industrial & Automotive Components Group	238,394	253,754
Semiconductor Components Group	193,507	187,090
Electronic Devices Group	278,091	248,780
Communications Group	180,632	186,100
Document Solutions Group	273,835	267,524
Life & Environment Group	58,512	61,980
Other	13,355	12,510
Adjustments and eliminations	(21,909)	(20,853)
Total	1,214,417	1,196,885

Profit (loss) before income taxes

(Yen in millions)

	For the nine months ended December 31, 2018	For the nine months ended December 31, 2019
Industrial & Automotive Components Group	31,213	12,444
Semiconductor Components Group	4,836	22,998
Electronic Devices Group	52,920	36,474
Communications Group	5,677	6,937
Document Solutions Group	30,081	27,498
Life & Environment Group	(63,894)	(7,340)
Other	1,564	(3,133)
Total business profit	62,397	95,878
Corporate gains and share of net profit of investments accounted for using the equity method	42,971	46,297
Adjustments and eliminations	(1,268)	(546)
Total	104,100	141,629

Depreciation and amortization charge

(Yen in millions)

	For the nine months ended December 31, 2018	For the nine months ended December 31, 2019
Industrial & Automotive Components Group	9,985	17,487
Semiconductor Components Group	7,400	6,983
Electronic Devices Group	13,795	17,203
Communications Group	3,913	5,604
Document Solutions Group	7,336	10,803
Life & Environment Group	2,290	3,408
Other	992	2,551
Corporate	1,683	2,690
Total	47,394	66,729

From the three months ended June 30, 2019, depreciation and amortization charge includes the depreciation charge of right-of-use assets.

Capital expenditures (for property, plant and equipment)

(Yen in millions)

	For the nine months ended December 31, 2018	For the nine months ended December 31, 2019
Industrial & Automotive Components Group	24,998	18,625
Semiconductor Components Group	14,006	8,125
Electronic Devices Group	25,724	24,132
Communications Group	3,891	2,900
Document Solutions Group	5,994	6,808
Life & Environment Group	3,395	5,299
Other	672	2,724
Corporate	6,429	14,414
Total	85,109	83,027

The segment information for the three months ended December 31, 2018 and 2019 are as follows:

Sales revenue

(Yen in millions)

	For the three months ended December 31, 2018	For the three months ended December 31, 2019
Industrial & Automotive Components Group	77,587	86,602
Semiconductor Components Group	66,038	63,995
Electronic Devices Group	94,288	81,229
Communications Group	65,761	59,123
Document Solutions Group	95,066	89,640
Life & Environment Group	17,707	19,860
Other	4,023	4,709
Adjustments and eliminations	(6,691)	(7,323)
Total	413,779	397,835

Profit (loss) before income taxes

(Yen in millions)

	For the three months ended December 31, 2018	For the three months ended December 31, 2019
Industrial & Automotive Components Group	9,963	3,210
Semiconductor Components Group	(8,321)	8,508
Electronic Devices Group	19,103	11,496
Communications Group	5,021	1,938
Document Solutions Group	10,103	8,615
Life & Environment Group	(57,496)	(2,344)
Other	597	(1,213)
Total business profit (loss)	(21,030)	30,210
Corporate gains and share of net profit of investments accounted for using the equity method	19,888	26,222
Adjustments and eliminations	(447)	(16)
Total	(1,589)	56,416

Depreciation and amortization

(Yen in millions)

	For the three months ended December 31, 2018	For the three months ended December 31, 2019
Industrial & Automotive Components Group	3,682	6,971
Semiconductor Components Group	2,657	2,550
Electronic Devices Group	5,002	6,090
Communications Group	1,269	1,943
Document Solutions Group	2,578	3,612
Life & Environment Group	773	1,106
Other	340	1,017
Corporate	609	1,007
Total	16,910	24,296

From the three months ended June 30, 2019, depreciation and amortization charge includes the depreciation charge of right-of-use assets.

Capital expenditures (for property, plant and equipment)

(Yen in millions)

	For the three months ended December 31, 2018	For the three months ended December 31, 2019
Industrial & Automotive Components Group	7,666	7,247
Semiconductor Components Group	5,503	2,381
Electronic Devices Group	8,412	5,472
Communications Group	1,164	900
Document Solutions Group	1,418	3,045
Life & Environment Group	1,253	2,056
Other	258	483
Corporate	2,414	5,260
Total	28,088	26,844

Information by geographic segments

The segment information for the nine months ended December 31, 2018 and 2019 are as follows:

Sales revenue

(Yen in millions)

	For the nine months ended December 31, 2018	For the nine months ended December 31, 2019
Japan	437,899	442,648
Asia	299,225	277,396
Europe	241,867	224,853
United States of America	188,989	207,803
Others	46,437	44,185
Total	1,214,417	1,196,885

There are no individually material countries with respect to revenue from external customers in Asia, Europe and Others for the nine months ended December 31, 2018 and 2019.

The segment information for the three months ended December 31, 2018 and 2019 are as follows:

Sales revenue

(Yen in millions)

	For the three months ended December 31, 2018	For the three months ended December 31, 2019
Japan	150,014	144,544
Asia	102,405	97,155
Europe	81,031	72,938
United States of America	65,331	68,872
Others	14,998	14,326
Total	413,779	397,835

There are no individually material countries with respect to revenue from external customers in Asia, Europe and Others for the three months ended December 31, 2018 and 2019.

6. Business Combination

On March 1, 2019, Kyocera International, Inc., a U.S. based subsidiary, acquired major assets of orthopedic implants business from Renovis Surgical Technologies, Inc., a U.S. based company, for 10,375 million yen in cash in order to expand its medical equipment business in the U.S. Kyocera International, Inc. established a new company, Kyocera Medical Technologies, Inc. on January 18, 2019, and the assets were transferred to this new company on March 1, 2019.

The fair values of the assets acquired and the liabilities assumed, as of March 31, 2019, were provisional and subject to change. Kyocera performed additional analysis and further facts came to light for the nine months ended December 31, 2019. Accordingly, the provisional fair values for certain assets acquired and the liabilities assumed, as of December 31, 2019, were adjusted as follows:

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)

	Initial provisional fair value	Adjustments	Provisional fair value after adjustments
Assets:			
Inventories	2,536	54	2,590
Other current assets	3	—	3
Total current assets	2,539	54	2,593
Property, plant and equipment	723	—	723
Intangible assets	2,239	595	2,834
Other non-current assets	4	—	4
Total non-current assets	2,966	595	3,561
Total	5,505	649	6,154
Liabilities:			
Accrued expenses	211	—	211
Total current liabilities	211	—	211
Total	211	—	211
Total identified assets and liabilities at fair value (net amount)	5,294	649	5,943
Purchase price (cash)	10,385	(10)	10,375
Goodwill *	5,091	(659)	4,432

* The amount of goodwill is expected to be deductible for tax purposes.

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

(Yen in millions)

	Initial provisional fair value	Adjustments	Provisional fair value after adjustments
Intangible assets subject to amortization:			
Patents	2,239	17	2,256
Others	—	578	578
Total	2,239	595	2,834

On March 1, 2019, Kyocera Senco Industrial Tools, Inc., a U.S. based subsidiary, acquired 100% of the common stock of Van Aerden Group BV, a European pneumatic tool manufacturing and sales company, for 5,300 million yen in cash, made it consolidated subsidiary and changed its name as Kyocera Aerfast Europe BV in order to strengthen Kyocera's pneumatic tool business in Europe.

The fair values of the assets acquired and the liabilities assumed, as of March 31, 2019, were provisional and subject to change. Kyocera performed additional analysis and further facts came to light for the nine months ended December 31, 2019. Accordingly, the provisional fair values for certain assets acquired and the liabilities assumed, as of December 31, 2019, were adjusted as follows:

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)

	Initial provisional fair value	Adjustments	Provisional fair value after adjustments
Assets:			
Cash and cash equivalents	1,295	42	1,337
Trade and other receivables	1,513	(305)	1,208
Inventories	2,008	100	2,108
Other current assets	56	(34)	22
Total current assets	4,872	(197)	4,675
Property, plant and equipment	1,020	(18)	1,002
Intangible assets	584	—	584
Other non-current assets	101	—	101
Total non-current assets	1,705	(18)	1,687
Total	6,577	(215)	6,362
Liabilities:			
Trade and other payables	943	(147)	796
Other financial liabilities	118	22	140
Income tax payables	167	(23)	144
Accrued expenses	228	(6)	222
Other current liabilities	66	(61)	5
Total current liabilities	1,522	(215)	1,307
Other financial liabilities	403	—	403
Deferred tax liabilities	252	—	252
Other non-current liabilities	228	—	228
Total non-current liabilities	883	—	883
Total	2,405	(215)	2,190
Total identified assets and liabilities at fair value (net amount)	4,172	—	4,172
Purchase price (cash)	5,300	—	5,300
Goodwill *	1,128	—	1,128

* The 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)

	Initial provisional fair value	Adjustments	Provisional fair value after adjustments
Intangible assets subject to amortization:			
Customer relationships	501	—	501
Trademarks	83	—	83
Total	584	—	584

On April 12, 2019, Kyocera Fineceramics GmbH, a Germany based subsidiary, acquired all of the common stocks of H.C. Starck Ceramics GmbH, which operates ceramics business, for 12,914 million yen in order to expand the Fine Ceramics business in Europe, and made it consolidated subsidiary and changed its name to Kyocera Fineceramics Precision GmbH.

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. By making consolidated subsidiary, Kyocera is expecting to acquire the fine ceramic manufacturing assets in Europe, production line up, and to further expand its fine ceramic business. Factors that contributed to the recognition of goodwill include those expected synergies and the trained workforce.

As of December 31, 2019, 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:	
Trade and other receivables	542
Inventories	1,405
Other current assets	59
Total current assets	2,006
Property, plant and equipment	3,630
Intangible assets	8,570
Other non-current assets	18
Total non-current assets	12,218
Total	14,224
Liabilities:	
Trade and other payables	443
Other financial liabilities	714
Other current liabilities	1,188
Total current liabilities	2,345
Retirement benefit liabilities	1,421
Deferred tax liabilities	2,278
Total non-current liabilities	3,699
Total	6,044
Total identified assets and liabilities at fair value (net amount)	8,180
Purchase price (cash)	12,914
Goodwill *	4,734

* The 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	7,635
Non-patent technology	674
Others	261
Total	8,570

Acquisition-related costs of 246 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 Industrial & Automotive Components Group.

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

On April 25, 2019, Kyocera Corporation entered into a stock purchase agreement to acquire all of the common stocks from the shareholders of Fastener Topco, Inc., the holding company of SouthernCarlson, Inc., a U.S. based distributor of pneumatic power tool in order to expand the pneumatic power tool business in the U.S. On June 3, 2019, Kyocera Corporation acquired all of the common stocks of Fastener Topco, Inc. by cash, and made it consolidated subsidiary and changed its name to Kyocera Industrial Tools, Inc. Based on this stock purchase agreement, Kyocera payed 88,732 million yen in cash, which is the total of 48,176 million yen for acquisition consideration and repayment of Fastener Topco, Inc's borrowings of 40,556 million yen. The purchase price is provisionally calculated and the amount is subject to change reflecting the adjustment of working capital based on the stock purchase agreement.

Kyocera has used the acquisition method of accounting to record assets acquired and liabilities assumed. In accordance with the acquisition method, the purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair values. By making consolidated subsidiary, Kyocera is expecting to acquire sales channel and service bases, in U.S. for pneumatic power tool and its related business, and to expand pneumatic power tool business. Factors that contributed to the recognition of goodwill include expected synergies and the trained workforce.

As of December 31, 2019, 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	144
Trade and other receivables	6,977
Inventories	11,353
Other current assets	103
Total current assets	18,577
Property, plant and equipment	1,274
Right-of-use assets	5,443
Intangible assets	29,360
Other non-current assets	63
Total non-current assets	36,140
Total	54,717
Liabilities:	
Trade and other payables	5,852
Lease liabilities	1,276
Other financial liabilities	255
Accrued expenses	4,812
Total current liabilities	12,195
Lease liabilities	4,090
Other financial liabilities	35,384
Deferred tax liabilities	3,511
Other non-current liabilities	188
Total non-current liabilities	43,173
Total	55,368
Total identified assets and liabilities at fair value (net amount)	(651)
Purchase price (Cash)	48,176
Goodwill*	48,827

* The 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	28,818
Trademarks	542
Total	29,360

Acquisition-related costs of 1,188 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 the Industrial & Automotive Components Group.

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

On September 2, 2019, Kyocera Fineceramics GmbH, a Germany based subsidiary, acquired the ceramics business from Friatec GmbH, a European company, for 13,073 million yen to expand its fine ceramics business in Europe. Kyocera Fineceramics GmbH established a new company, Kyocera Fineceramics (Mannheim) GmbH on January 7, 2019, and the fine ceramics business was transferred to this new company on September 2, 2019, and changed its name to Kyocera Fineceramics Solutions GmbH.

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. By making consolidated subsidiary, Kyocera will be able to offer customers comprehensive service through local production and sales in Europe, and to further expand its fine ceramic business. Factors that contributed to the recognition of goodwill include those expected synergies and the trained workforce.

As of December 31, 2019, 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:	
Inventories	1,858
Total current assets	1,858
Property, plant and equipment	2,753
Right-of-use assets	28
Intangible assets	4,602
Total non-current assets	7,383
Total	9,241
Liabilities:	
Accrued expenses	336
Provisions	22
Total current liabilities	358
Lease liabilities	23
Retirement benefit liabilities	103
Total non-current liabilities	126
Total	484
Total identified assets and liabilities at fair value (net amount)	8,757
Purchase price (cash)	13,073
Goodwill *	4,316

* The amount of goodwill is 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	3,085
Non-patent technology	1,115
Trademarks	367
Others	35
Total	4,602

Acquisition-related costs of 454 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 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, was immaterial.

Kyocera performed several other business combinations during the nine months ended December 31, 2019. These business combinations do not have a material impact on Kyocera's financial position, operating results and cash flows.

7. Employee Benefits

The amount of “Cost of sales” and “Selling, general and administrative expenses” recognized related to defined benefit plans in the condensed quarterly consolidated statement of profit or loss are as follows:

Domestic (Yen in millions)

	For the nine months ended December 31, 2018	For the nine months ended December 31, 2019
Service cost	9,036	9,096
Net interest cost	(53)	(29)
Total	8,983	9,067

Foreign (Yen in millions)

	For the nine months ended December 31, 2018	For the nine months ended December 31, 2019
Service cost	576	556
Net interest cost	212	230
Total	788	786

Domestic (Yen in millions)

	For the three months ended December 31, 2018	For the three months ended December 31, 2019
Service cost	3,012	3,032
Net interest cost	(17)	(10)
Total	2,995	3,022

Foreign (Yen in millions)

	For the three months ended December 31, 2018	For the three months ended December 31, 2019
Service cost	195	186
Net interest cost	70	76
Total	265	262

8. Equity and Other Equity

(1) Dividends

Dividends paid are as follows:

For the nine months ended December 31, 2018

	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 26, 2018	Common stock	22,062	60	March 31, 2018	June 27, 2018	Retained earnings
The resolution of the Board of Directors Meeting held on October 30, 2018	Common stock	21,706	60	September 30, 2018	December 5, 2018	Retained earnings

For the nine months ended December 31, 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
The resolution of the Board of Directors Meeting held on October 31, 2019	Common stock	28,995	80	September 30, 2019	December 5, 2019	Retained earnings

(Note) Dividends per share resolved at the Ordinary General Meeting of Shareholders held on June 25, 2019 includes 60th commemoration dividends of 20 yen.

(2) Disposal of Treasury Stock

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

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

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

b. Disposal of Treasury Stock for Restricted Stock Compensation

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

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

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

9. Sales Revenue

(1) Breakdown of Revenue

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

Revenues recognized in accordance with IFRS 15 “Revenue from contracts with customers” as well as revenues from leases recognized in accordance with IFRS 16 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, 2019	As of December 31, 2019
Receivables from contracts with customers	314,829	288,170
Contract assets	8,586	14,816
Contract liabilities	36,148	24,852

10. Income Taxes

The effective tax rates for the nine months ended December 31, 2019 increased to 24.2%, compared with 15.2% for the nine months ended December 31, 2018. The income taxes for the three months ended December 31, 2019 increased by 18,568 million yen, compared with the income taxes for the three months ended December 31, 2018. This increase was due mainly to that Kyocera recognized deferred tax assets for the temporary differences and the carryforward of unused tax losses of Kyocera Display Corporation based on that Kyocera Corporation merged with Kyocera Display Corporation for the nine months ended December 31, 2018.

11. Earnings Per Share

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

	For the nine months ended December 31, 2018	For the nine months ended December 31, 2019
Profit attributable to owners of the parent (Yen in millions)	79,419	101,265
Adjustment related to dilutive potential stocks of consolidated subsidiaries (Yen in millions)	(61)	(25)
Diluted profit attributable to owners of the parent (Yen in millions)	79,358	101,240
Weighted average shares (Thousands of shares)	362,370	362,207
Earnings per share attributable to owners of the parent:		
- Basic (Yen)	219.17	279.58
- Diluted (Yen)	219.00	279.51

	For the three months ended December 31, 2018	For the three months ended December 31, 2019
Profit attributable to owners of the parent (Yen in millions)	1,025	41,651
Adjustment related to dilutive potential stocks of consolidated subsidiaries (Yen in millions)	(19)	(8)
Diluted profit attributable to owners of the parent (Yen in millions)	1,006	41,643
Weighted average shares (Thousands of shares)	361,755	362,434
Earnings per share attributable to owners of the parent:		
- Basic (Yen)	2.83	114.92
- Diluted (Yen)	2.78	114.90

12. 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, 2019		As of December 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Short-term investments (including short-term instruments in debt securities)	99,097	99,142	86,711	86,804
Long-term instruments in debt securities	53,842	53,792	41,688	41,638
Other financial assets (excluding derivatives)	25,255	25,255	34,823	34,823
Total	178,194	178,189	163,222	163,265
Liabilities:				
Other financial liabilities (excluding derivatives)	13,033	13,033	10,602	10,602
Total	13,033	13,033	10,602	10,602

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, 2019			
	Level 1	Level 2	Level 3	Total
Assets:				
Equity and debt instruments				
Financial assets measured at fair value through other comprehensive income	875,168	–	32,966	908,134
Financial assets measured at fair value through profit or loss	–	–	1,788	1,788
Derivatives	–	2,485	–	2,485
Total	875,168	2,485	34,754	912,407
Liabilities:				
Derivatives	–	1,388	–	1,388
Total	–	1,388	–	1,388

(Yen in millions)

	As of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets:				
Short-term investments	–	–	682	682
Equity and debt instruments				
Financial assets measured at fair value through other comprehensive income	1,168,424	–	34,511	1,202,935
Financial assets measured at fair value through profit or loss	–	–	2,278	2,278
Derivatives	–	177	–	177
Total	1,168,424	177	37,471	1,206,072
Liabilities:				
Derivatives	–	3,453	–	3,453
Total	–	3,453	–	3,453

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 derivatives is 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 even when unobservable inputs are changed to reasonably possible alternative assumptions.

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, 2019 and for the nine months ended December 31, 2019.

For financial instruments classified Level 3, there were no significant changes for the nine months ended December 31, 2019.

Kyocera received dividends from KDDI Corporation, and recognized as “Finance income” in the condensed quarterly consolidated statement of profit or loss for the nine months ended December 31, 2018 and 2019, and the three months ended December 31, 2018 and 2019. The amounts of dividends are as follows:

(Yen in millions)

	For the nine months ended December 31, 2018	For the nine months ended December 31, 2019
Dividends from KDDI Corporation	31,834	36,861

(Yen in millions)

	For the three months ended December 31, 2018	For the three months ended December 31, 2019
Dividends from KDDI Corporation	16,755	18,431

13. Commitments

Acquisition of property, plant and equipment

Commitments for acquisition of property, plant and equipment after the closing date was 42,658 million yen at March 31, 2019 and 45,196 million yen at December 31, 2019, respectively.

14. 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 14,677 million yen at December 31, 2019.

The investment was accounted for using the equity method, and its book value was 2,049 million yen at March 31, 2019 and 1,999 million yen at December 31, 2019, respectively.

(2) Patent Lawsuits

On April 25, 2013, AVX Corporation was named as a defendant in a patent infringement case filed in the United States District Court for the District of Delaware captioned Greatbatch, Inc. v. AVX Corporation. This case alleged that certain AVX products infringe on one or more of six Greatbatch patents. On January 26, 2016, the jury returned a verdict in favor of the plaintiff in the first phase of a segmented trial and a mixed verdict in the second phase of a segmental trial, and found damages to Greatbatch in the amount of 4,125 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 2,431 million yen (22.1 million dollars) on January 15, 2019 resulting in a favorable accrual adjustment of 1,571 million yen (13.9 million dollars) for the year ended in March 31, 2019. During the year ended March 31, 2019 AVX Corporation made a payment of 2,431 million yen (22.1 million dollars) to an escrow account. Additionally, during the nine months ended December 31, 2019, AVX Corporation made a payment of 616 million yen (5.6 million dollars), representing pre-judgement interest, to an escrow account. However, the matter is now on 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 financial position, operating results 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.

15. Other Information

For the nine months ended December 31, 2018

(1) Long-term Purchase Agreements for the Supply of Raw Materials

Between 2005 and 2008, Kyocera entered into long-term purchase agreements (hereinafter, the "LTAs") with Hemlock Semiconductor Operations LLC and its subsidiary Hemlock Semiconductor, LLC (hereinafter, "Hemlock") for the supply of polysilicon material for use in its solar energy business. After the LTAs were signed, the price of polysilicon material in the world market significantly declined, causing a significant divergence between the market price of polysilicon material and the fixed contract price in the LTAs. In light of these circumstances, Kyocera negotiated with Hemlock regarding a modification of the contract terms of the LTAs and reached to an agreement with Hemlock regarding the settlement of the LTAs on November 28, 2018.

Kyocera recorded a loss related to this settlement, which was partly offset by a reversal of provision for a write-down of the material purchase commitments under the LTAs evaluated by the lower of cost and net realizable value approach, in the total amount of 51,060 million yen at "Selling, general and administrative expenses" in the condensed quarterly consolidated statement of profit or loss for the nine months ended December 31, 2018.

As a result that Kyocera completed the settlement payments, etc. under this settlement from December 2018 to December 2019, Kyocera's material purchase commitments under the LTAs was terminated on December 20, 2019.

(2) Property, plant and equipment, Goodwill and Intangible assets

Kyocera recognized an impairment loss on property, plant and equipment, goodwill and intangible assets in the amount of 16,184 million yen in the organic materials business included in the Semiconductor Components Group for the nine months ended December 31, 2018, due to that the recoverable value of the organic materials business fell below its book value. The amount of impairment loss was recognized at "Selling, general and administrative expenses" in the condensed quarterly consolidated statement of profit or loss.

The impairment loss is summarized as follows:

	For the nine months ended December 31, 2018
Property, plant and equipment	10,548
Goodwill	5,548
Intangible assets	88
Total	16,184

The recoverable amount was measured at the value in use. The value in use was calculated by discounting estimated future cash flows at a pre-tax rate of 11.2%.

16. Subsequent Events

Acquisition of non-controlling interest

On January 10, 2020, Kyocera Corporation acquired additional common stocks of Kyocera Industrial Tools Corporation, a consolidated subsidiary, for 2,630 million yen. As a result, Kyocera's ownership of Kyocera Industrial Tools Corporation is 100%.

This transaction is accounted for an equity transaction with a non-controlling interest and has no impact on profit or loss.

17. 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 February 13, 2020.

2. Others

(1) Interim Dividend

For detailed information about interim dividend, please refer to “Note 8. Equity and Other Equity (1) Dividends.”

(2) Lawsuits

For detailed information about lawsuits, please refer to “Note 14. Contingency (2) Patent Lawsuits.”

Part II. Corporate Information on Guarantors and Others

Not Applicable