

October 29, 2020

Conference Call Material

(For the Six Months Ended September 30, 2020)

Hideo Tanimoto
President and Representative Director

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1. Financial Results for the Six Months Ended September 30, 2020

Financial Results for H1 of FY3/2021

(Unit: Yen in millions)

		Six months ended September 30,				Change	
		2019		2020			
		Amount	% to sales revenue	Amount	% to sales revenue	Amount	%
Sales revenue		799,050	100.0%	696,037	100.0%	-103,013	-12.9%
Operating profit		60,320	7.5%	24,065	3.5%	-36,255	-60.1%
Profit before income taxes		85,213	10.7%	48,249	6.9%	-36,964	-43.4%
Profit attributable to owners of the parent		59,614	7.5%	34,360	4.9%	-25,254	-42.4%
Capital expenditures		56,183	7.0%	57,067	8.2%	884	1.6%
Depreciation charge of property, plant and equipment		29,134	3.6%	35,031	5.0%	5,897	20.2%
R&D expenses		38,583	4.8%	35,126	5.0%	-3,457	-9.0%
Average exchange rate	US\$	109 yen		107 yen			
	Euro	121 yen		121 yen			

(Reference) Foreign currency fluctuation effect on sales revenue and profit before income taxes for the six months ended September 30, 2020 compared with the previous same period.

Sales revenue: Approx. -6 billion yen / Profit before income taxes: Approx. -1 billion yen

Decrease in sales revenue and profit mainly due to the impact of COVID-19

Summary of Financial Results for H1 of FY3/2021

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1. Demand declined in main markets due to COVID-19

- ✓ Automotive-related markets: Demand for components decreased mainly in Electronic Devices Group due to sluggish automobile production activities
- ✓ Document market: Demand for equipment and consumables decreased along with restrictions on office attendance

+

2. Increased demand for 5G and communication infrastructure related components

- ✓ Semiconductor Components Group: Increased demand for ceramic packages for crystal and SAW devices for 5G compatible devices and base stations and for optical communication for communication infrastructure

+

3. Contribution to sales by M&A: approximately+ 14 billion yen for Industrial & Automotive Components

- ✓ June 2019 : SouthernCarlson, Inc. (pneumatic/power tool sales company)
- ✓ September 2019 : Friatec GmbH ceramics business
(ceramic components manufacturing and sales company)
- ✓ June 2020 : Showa Optronics Co., Ltd. (optical components manufacturing and sales company)

Sales Revenue by Reporting Segment for H1 of FY3/2021

- Compared with H1 of FY3/2020 -

(Unit: Yen in millions)

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

※ On April 1, 2020, a domestic subsidiary Kyocera Communication Systems Co., Ltd., which is included in “Communications Group,” absorbed and merged with a domestic subsidiary Kyocera Solar Corporation, which was included in “Life & Environment Group.” As a result, “Six months ended September 30, 2019” in the above table is presented in the reporting segment after the merger.

Business Profit (Loss) by Reporting Segment for H1 of FY3/2021

- Compared with H1 of FY3/2020 -

(Unit: Yen in millions)

		Six months ended September 30,				Change	
		2019		2020			
		Amount	% to sales revenue	Amount	% to sales revenue	Amount	%
	Industrial & Automotive Components Group	9,234	5.5%	4,830	2.9%	-4,404	-47.7%
	Semiconductor Components Group	14,490	11.8%	12,103	9.9%	-2,387	-16.5%
	Electronic Devices Group	24,978	14.9%	8,624	6.2%	-16,354	-65.5%
	Total Components Business	48,702	10.6%	25,557	6.0%	-23,145	-47.5%
	Communications Group	※ 5,117	3.8%	3,910	3.6%	-1,207	-23.6%
	Document Solutions Group	18,883	10.6%	6,050	4.4%	-12,833	-68.0%
	Life & Environment Group	※ -5,058	—	-7,410	—	-2,352	—
	Total Equipment & Systems Business	18,942	5.4%	2,550	0.9%	-16,392	-86.5%
	Others	-1,920	—	-1,276	—	644	—
Total business profit		65,724	8.2%	26,831	3.9%	-38,893	-59.2%
Corporate and others		※ 19,489	—	21,418	—	1,929	9.9%
Profit before income taxes		85,213	10.7%	48,249	6.9%	-36,964	-43.4%

※ On April 1, 2020, a domestic subsidiary Kyocera Communication Systems Co., Ltd., which is included in “Communications Group,” absorbed and merged with a domestic subsidiary Kyocera Solar Corporation, which was included in “Life & Environment Group.” As a result, “Six months ended September 30, 2019” in the above table is presented in the reporting segment after the merger.

Financial Results for Q2 of FY3/2021 - Compared with Q1 of FY3/2021 -

(Unit: Yen in millions)

		Three months ended				Change	
		June 30, 2020		September 30, 2020			
		Amount	% to sales revenue	Amount	% to sales revenue	Amount	%
Sales revenue		317,094	100.0%	378,943	100.0%	61,849	19.5%
Operating profit		7,574	2.4%	16,491	4.4%	8,917	117.7%
Profit before income taxes		30,411	9.6%	17,838	4.7%	-12,573	-41.3%
Profit attributable to owners of the parent		22,380	7.1%	11,980	3.2%	-10,400	-46.5%
Capital expenditures		26,458	8.3%	30,609	8.1%	4,151	15.7%
Depreciation charge of property, plant and equipment		17,065	5.4%	17,966	4.7%	901	5.3%
R&D expenses		17,355	5.5%	17,771	4.7%	416	2.4%
Average exchange rate	US\$	108 yen		106 yen			
	Euro	118 yen		124 yen			

Summary of Financial Results for Q2 of FY3/2021

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1. Demand in main markets recovering after bottoming out in Q1

- ✓ Automotive-related markets: Demand for components increased mainly in Electronic Devices Group along with a recovery in automobile production activities
- ✓ Document market: Demand for equipment and consumables increased from Q1 in regions where markets are recovering

+

2. Increased demand for components for smartphones

- ✓ Sales of ceramic packages for image sensors, ceramic capacitors, crystal devices for new smartphone models increased

Sales Revenue by Reporting Segment for Q2 of FY3/2021

- Compared with Q1 of FY3/2021 -

(Unit: Yen in millions)

		Three months ended				Change	
		June 30, 2020		September 30, 2020			
		Amount	% of sales revenue	Amount	% of sales revenue	Amount	%
Industrial & Automotive Components Group		80,596	25.4%	86,591	22.8%	5,995	7.4%
Semiconductor Components Group		56,124	17.7%	66,385	17.5%	10,261	18.3%
Electronic Devices Group		61,440	19.4%	77,524	20.5%	16,084	26.2%
Total Components Business		198,160	62.5%	230,500	60.8%	32,340	16.3%
Communications Group		49,737	15.7%	57,725	15.3%	7,988	16.1%
Document Solutions Group		60,058	18.9%	78,082	20.6%	18,024	30.0%
Life & Environment Group		12,362	3.9%	15,974	4.2%	3,612	29.2%
Total Equipment & Systems Business		122,157	38.5%	151,781	40.1%	29,624	24.3%
Others		3,757	1.2%	4,180	1.1%	423	11.3%
Adjustments and eliminations		-6,980	-2.2%	-7,518	-2.0%	-538	—
Sales revenue		317,094	100.0%	378,943	100.0%	61,849	19.5%

Business Profit (Loss) by Reporting Segment for Q2 of FY3/2021

- Compared with Q1 of FY3/2021 -

(Unit: Yen in millions)

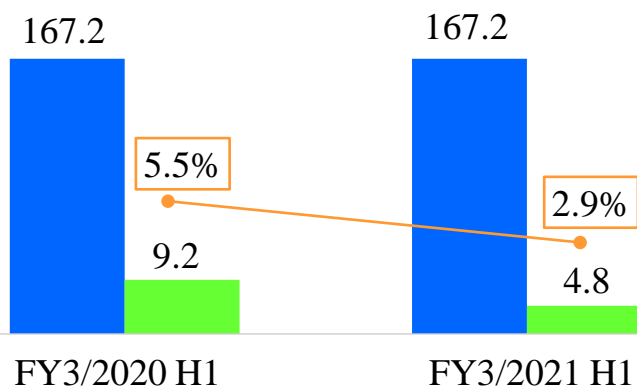
		Three months ended				Change	
		June 30, 2020		September 30, 2020			
		Amount	% to sales revenue	Amount	% to sales revenue	Amount	%
Industrial & Automotive Components Group		1,666	2.1%	3,164	3.7%	1,498	89.9%
Semiconductor Components Group		5,623	10.0%	6,480	9.8%	857	15.2%
Electronic Devices Group		2,407	3.9%	6,217	8.0%	3,810	158.3%
Total Components Business		9,696	4.9%	15,861	6.9%	6,165	63.6%
Communications Group		1,697	3.4%	2,213	3.8%	516	30.4%
Document Solutions Group		1,809	3.0%	4,241	5.4%	2,432	134.4%
Life & Environment Group		-3,834	—	-3,576	—	258	—
Total Equipment & Systems Business		-328	—	2,878	1.9%	3,206	—
Others		-633	—	-643	—	-10	—
Total business profit		8,735	2.8%	18,096	4.8%	9,361	107.2%
Corporate and others		21,676	—	-258	—	-21,934	—
Profit before income taxes		30,411	9.6%	17,838	4.7%	-12,573	-41.3%

Financial Results for H1 of FY3/2021 by Reporting Segment

(1) Industrial & Automotive Components Group

FY21H1 (Compared with FY20H1)

■ Sales revenue ■ Business profit — Business profit ratio
(Unit : Yen in billions)

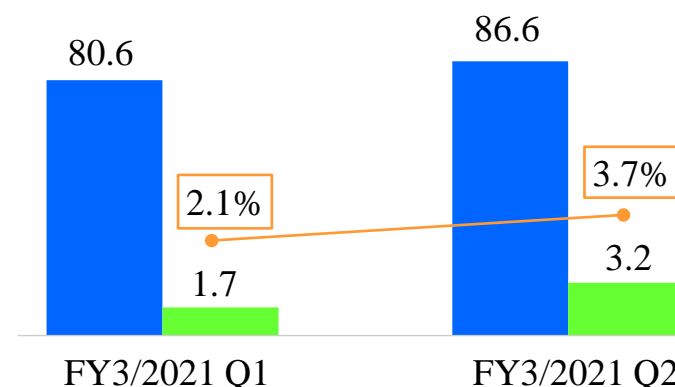


<Major reasons for change>

- ⊕ Increased sales in pneumatic/power tools due to the contribution of M&A and components for semiconductor processing equipment
- ⊖ Decreased sales of automotive-related components such as displays
- ⊖ Decreased business profit due to lower sales of automotive-related components and increase in costs particularly in depreciation charge

FY21Q2 (Compared with FY21Q1)

■ Sales revenue ■ Business profit — Business profit ratio
(Unit : Yen in billions)



<Major reasons for change>

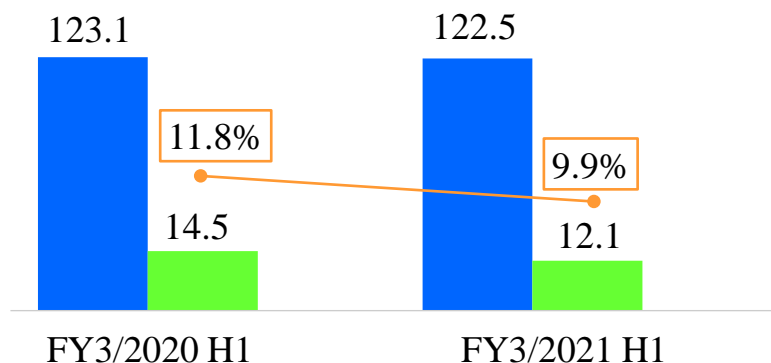
- ⊕ Recovery of demand for products in automotive-related markets such as automotive cameras and cutting tools
- ⊕ Increased sales of optical components thanks to the contribution of M&A activities

Financial Results for H1 of FY3/2021 by Reporting Segment

(2) Semiconductor Components Group

FY21H1 (Compared with FY20H1)

■ Sales revenue ■ Business profit — Business profit ratio
(Unit : Yen in billions)

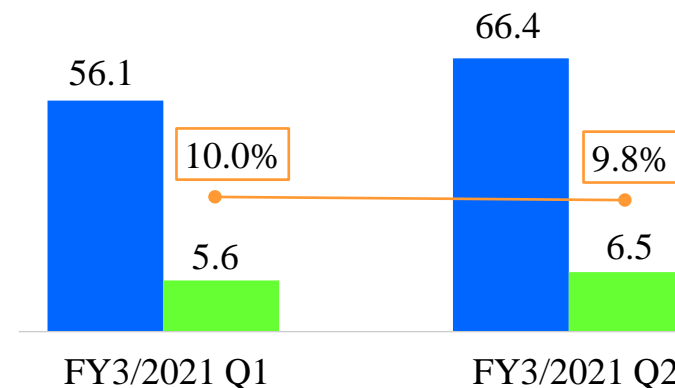


<Major reasons for change>

- ⊕ Demand for ceramic packages for use in 5G capable smartphones and communication infrastructure increased
- ⊖ Decreased sales of organic multi-layer boards for automotive
- ⊖ Business profit decreased due to increase in costs particularly in depreciation charge

FY21Q2 (Compared with FY21Q1)

■ Sales revenue ■ Business profit — Business profit ratio
(Unit : Yen in billions)



<Major reasons for change>

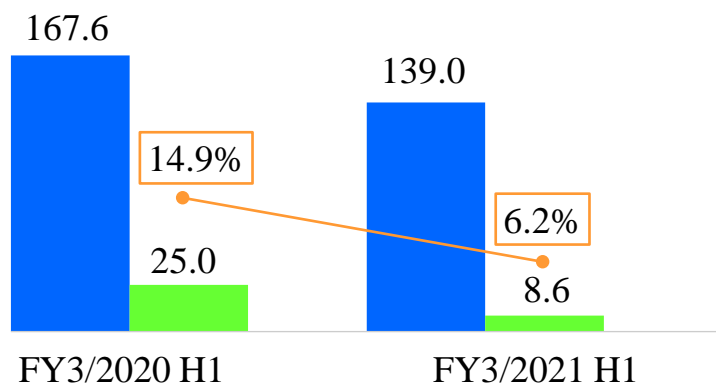
- ⊕ Increased demand for ceramic packages for smartphones
- ⊕ Increased demand for organic multi-layer substrates for communication infrastructure

Financial Results for H1 of FY3/2021 by Reporting Segment

(3) Electronic Devices Group

FY21H1 (Compared with FY20H1)

■ Sales revenue ■ Business profit — Business profit ratio
(Unit : Yen in billions)

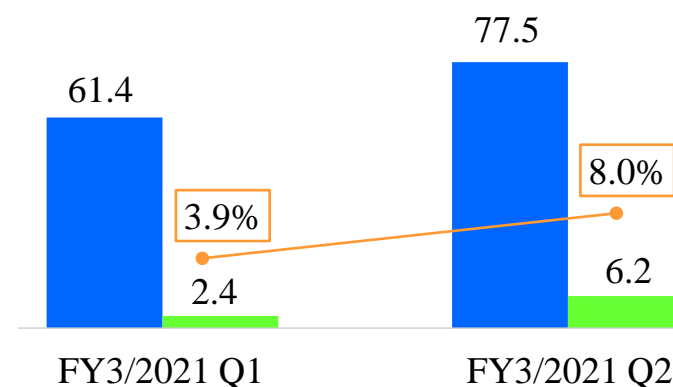


<Major reasons for change>

- Decreased sales of AVX Corporation due to lower demand in major markets such as automotive-related markets
- Decreased demand for printing devices for the textile market
- Business profit decreased due mainly to lower sales

FY21Q2 (Compared with FY21Q1)

■ Sales revenue ■ Business profit — Business profit ratio
(Unit : Yen in billions)



<Major reasons for change>

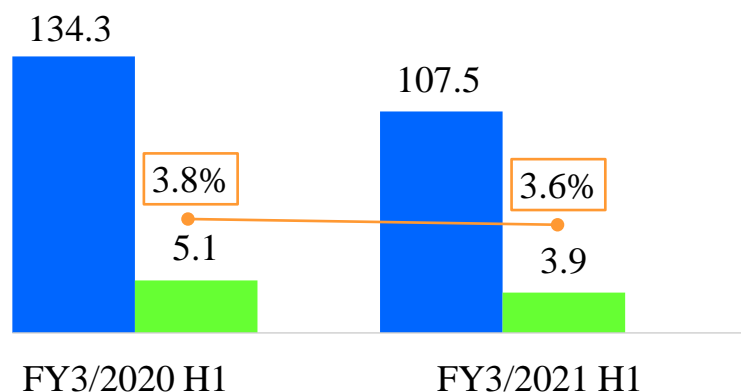
- + Increase in sales of AVX Corporation due to a recovery of automotive-related markets
- + Increased demand for components for smartphones such as ceramic capacitors and crystal devices

Financial Results for H1 of FY3/2021 by Reporting Segment

(4) Communications Group

FY21H1 (Compared with FY20H1)

■ Sales revenue ■ Business profit — Business profit ratio
(Unit : Yen in billions)

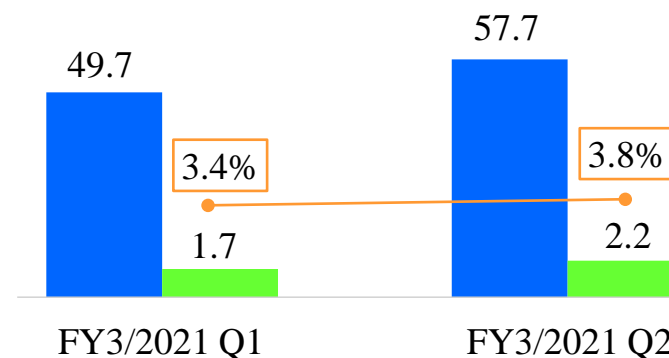


<Major reasons for change>

- Decrease in the number of mobile phone handsets sold in the telecommunications equipment business
- Decreased sales of the engineering business in the information system and telecommunication services business
- + Business profit margin remained almost at the same level as in the previous first half as a result of cost reduction efforts

FY21Q2 (Compared with FY21Q1)

■ Sales revenue ■ Business profit — Business profit ratio
(Unit : Yen in billions)



<Major reasons for change>

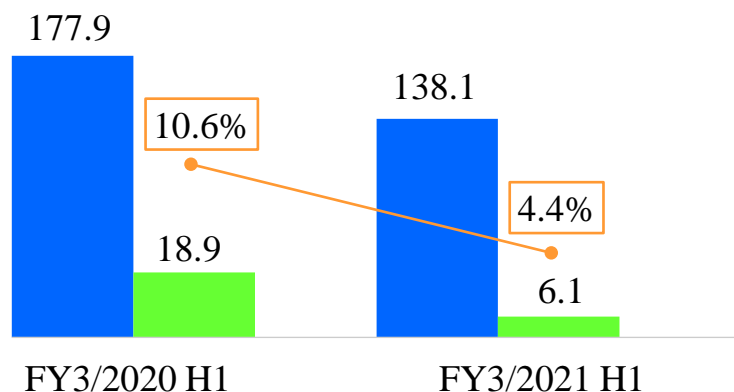
- + Increase in the number of mobile phone handsets sold due to the launch of new models
- + Increased sales in the engineering business

Financial Results for H1 of FY3/2021 by Reporting Segment

(5) Document Solutions Group

FY21H1 (Compared with FY20H1)

■ Sales revenue ■ Business profit — Business profit ratio
(Unit : Yen in billions)

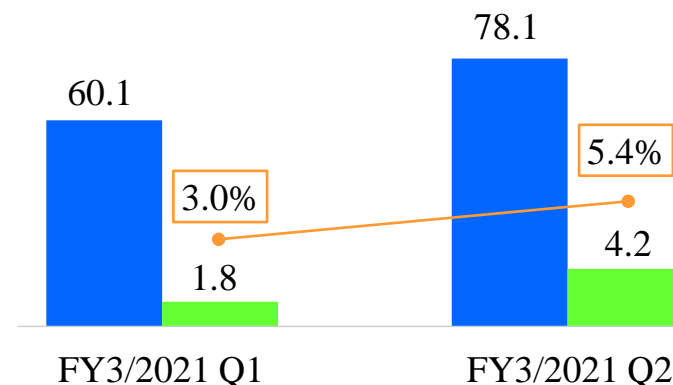


<Major reasons for change>

- Decreased demand for printers, MFPs and consumables resulting from restrictions on office attendance

FY21Q2 (Compared with FY21Q1)

■ Sales revenue ■ Business profit — Business profit ratio
(Unit : Yen in billions)



<Major reasons for change>

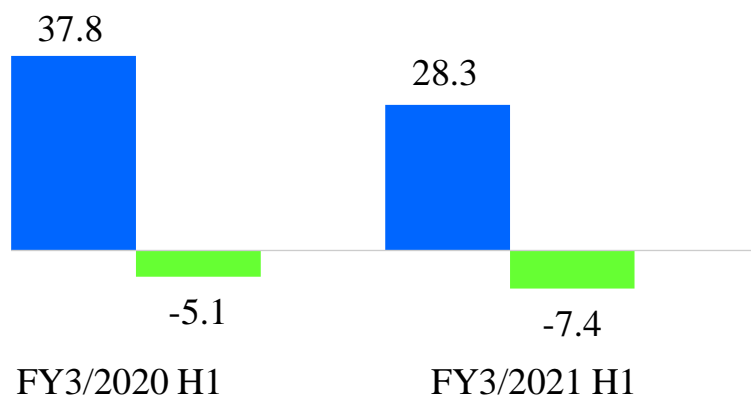
- + Increased unit sales of printers and MFPs and a recovery in demand for consumables in regions where markets are recovering

Financial Results for H1 of FY3/2021 by Reporting Segment

(6) Life & Environment Group

FY21H1 (Compared with FY20H1)

■ Sales revenue ■ Business profit — Business profit ratio
(Unit : Yen in billions)

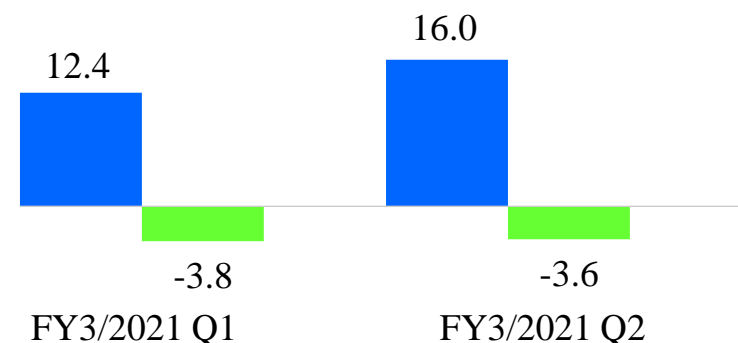


<Major reasons for change>

- Decreased sales of solar power generation systems in the smart energy business

FY21Q2 (Compared with FY21Q1)

■ Sales revenue ■ Business profit — Business profit ratio
(Unit : Yen in billions)



<Major reasons for change>

- + Increased sales of solar power generation systems in the smart energy business

2. Financial Forecasts for the Year Ending March 31, 2021

Outlook for Business Environment in H2 of FY3/2021



Recovery of main markets

➤ **Automotive-related markets**

Pace of recovery exceeding initial assumptions

➤ **Document market**

Recovery trend to continue toward the end of FY21



Impact of U.S.-China trade frictions

➤ Rising concerns about impact on some products



Although the economic environment remains unpredictable, demand in both the Components Business and Equipment & Systems Business is expected to recover further toward the end of FY21 in line with our assumptions at the start of FY21.

Financial Forecasts for FY3/2021

(Unit: Yen in millions)

Forecasts unchanged	Year ended March 31, 2020		Year ending March 31, 2021		Change	
	Amount	% to sales revenue	Amount	% to sales revenue	Amount	%
Sales revenue	1,599,053	100.0%	1,500,000	100.0%	-99,053	-6.2%
Operating profit	100,193	6.3%	75,000	5.0%	-25,193	-25.1%
Profit before income taxes	148,826	9.3%	120,000	8.0%	-28,826	-19.4%
Profit attributable to owners of the parent	107,721	6.7%	88,000	5.9%	-19,721	-18.3%
EPS (Basic-yen)	297.36	—	242.80	—	-54.56	—
Capital expenditures	106,003	6.6%	100,000	6.7%	-6,003	-5.7%
Depreciation charge of property, plant and equipment	62,413	3.9%	75,000	5.0%	12,587	20.2%
R&D expenses	79,241	5.0%	80,000	5.3%	759	1.0%
Average exchange rate	US\$	109 yen	105 yen			
	Euro	121 yen	115 yen			

(Reference) Estimated foreign currency fluctuation effect on sales revenue and profit before income taxes for the year ending March 31, 2021 compared with the previous fiscal year. **Sales revenue: Approx. -36 billion yen / Profit before income taxes: Approx. -11.5 billion yen**

Note: Forecast of EPS (Basic-yen) is calculated using the average number of shares outstanding for the six months ended September 30, 2020.

Please refer to “Cautionary Statements with respect to Forward-Looking Statements” on the last page.

Sales Revenue Forecasts by Reporting Segment for FY3/2021

(Unit: Yen in millions)

	Results for the year ended March 31, 2020		Forecasts for the year ending March 31, 2021				Change in amount compared with	
			Previous (April 2020)		Revised (October 2020)		Year ended March 31, 2020	Previous forecast
	Amount	% of sales revenue	Amount	% of sales revenue	Amount	% of sales revenue		
Industrial & Automotive Components Group	341,093	21.3%	300,000	20.0%	330,000	22.0%	-11,093	30,000
Semiconductor Components Group	247,228	15.5%	239,000	15.9%	245,000	16.3%	-2,228	6,000
Electronic Devices Group	324,113	20.3%	328,000	21.9%	316,000	21.1%	-8,113	-12,000
Total Components Business	912,434	57.1%	867,000	57.8%	891,000	59.4%	-21,434	24,000
Communications Group	※ 270,818	17.0%	259,000	17.3%	241,000	16.1%	-29,818	-18,000
Document Solutions Group	359,915	22.5%	320,000	21.3%	313,000	20.8%	-46,915	-7,000
Life & Environment Group	※ 73,747	4.6%	67,000	4.5%	67,000	4.5%	-6,747	0
Total Equipment & Systems Business	704,480	44.1%	646,000	43.1%	621,000	41.4%	-83,480	-25,000
Others	16,737	1.0%	22,000	1.5%	19,000	1.3%	2,263	-3,000
Adjustments and eliminations	※ -34,598	-2.2%	-35,000	-2.4%	-31,000	-2.1%	3,598	4,000
Sales revenue	1,599,053	100.0%	1,500,000	100.0%	1,500,000	100.0%	-99,053	0

※ On April 1, 2020, a domestic subsidiary Kyocera Communication Systems Co., Ltd., which is included in “Communications Group,” absorbed and merged with a domestic subsidiary Kyocera Solar Corporation, which was included in “Life & Environment Group.” As a result, “Results for the year ended March 31, 2020” in the above table is presented in the reporting segment after the merger.

Please refer to “Cautionary Statements with respect to Forward-Looking Statements” on the last page.

Business Profit (Loss) Forecasts by Reporting Segment for FY3/2021

(Unit: Yen in millions)

	Results for the year ended March 31, 2020		Forecasts for the year ending March 31, 2021				Change in amount compared with	
			Previous (April 2020)		Revised (October 2020)		Year ended March 31, 2020	Previous forecast
	Amount	% to sales revenue	Amount	% to sales revenue	Amount	% to sales revenue		
Industrial & Automotive Components Group	15,813	4.6%	13,000	4.3%	13,000	3.9%	-2,813	0
Semiconductor Components Group	30,511	12.3%	30,000	12.6%	30,000	12.2%	-511	0
Electronic Devices Group	31,744	9.8%	34,000	10.4%	30,000	9.5%	-1,744	-4,000
Total Components Business	78,068	8.6%	77,000	8.9%	73,000	8.2%	-5,068	-4,000
Communications Group	※ 11,259	4.2%	9,000	3.5%	11,000	4.6%	-259	2,000
Document Solutions Group	34,489	9.6%	30,000	9.4%	20,000	6.4%	-14,489	-10,000
Life & Environment Group	※ -10,965	—	-14,000	—	-14,000	—	-3,035	0
Total Equipment & Systems Business	34,783	4.9%	25,000	3.9%	17,000	2.7%	-17,783	-8,000
Others	-4,484	—	-6,000	—	-4,000	—	484	2,000
Total business profit	108,367	6.8%	96,000	6.4%	86,000	5.7%	-22,367	-10,000
Corporate and others	※ 40,459	—	24,000	—	34,000	—	-6,459	10,000
Profit before income taxes	148,826	9.3%	120,000	8.0%	120,000	8.0%	-28,826	0

※ On April 1, 2020, a domestic subsidiary Kyocera Communication Systems Co., Ltd., which is included in “Communications Group,” absorbed and merged with a domestic subsidiary Kyocera Solar Corporation, which was included in “Life & Environment Group.” As a result, “Results for the year ended March 31, 2020” in the above table is presented in the reporting segment after the merger.

Please refer to “Cautionary Statements with respect to Forward-Looking Statements” on the last page.

Major Factors for Revisions to Financial Forecasts by Reporting Segment for FY3/2021 —Compared with the Previous Forecast—

Components Business

Sales Revenue : + 24 billion yen

Business Profit : - 4 billion yen

➤ Industrial & Automotive Components Group

Sales Revenue : +30 billion yen

Business Profit : Unchanged

- Automotive-related markets recovering at faster-than expected pace
- Business profit unchanged from previous forecast based on the level recorded in FY21H1

➤ Semiconductor Components Group

Sales Revenue : + 6 billion yen

Business Profit : Unchanged

- Robust demand for ceramic packages for 5G-related business and communication infrastructure
- Business profit unchanged from previous forecast based on the level recorded in FY21H1

➤ Electronic Devices Group

Sales Revenue : -12 billion yen

Business Profit : - 4 billion yen

- Automotive-related markets recovering at faster-than expected pace
- In contrast, both sales revenue and profit revised due to negative impact of U.S.-China trade frictions

Equipment & Systems Business

Sales Revenue : - 25 billion yen

Business Profit : - 8 billion yen

➤ Communications Group

Sales Revenue : -18 billion yen

Business Profit : +2 billion yen

- Both sales revenue and profit revised based on levels recorded in FY21H1

(Sales revenue)

In FY21H2, a recovery is expected in both mobile phone handsets and the information system and telecommunication services business

(Business profit)

Revised upward due to progress in FY21H1 and further cost reductions in FY21H2

➤ Document Solutions Group

Sales Revenue : -7 billion yen

Business Profit : -10 billion yen

- Demand is on a recovery track but both sales revenue and business profit revised based on progress up to FY21H1

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 or export;
- (3) The effect of foreign exchange fluctuations on our results of operations;
- (4) Intense competitive pressures to which our products are subject;
- (5) Fluctuations in the price and ability of suppliers to provide the required quantity of raw materials for use in our production activities;
- (6) Manufacturing delays or defects resulting from outsourcing or internal manufacturing processes;
- (7) The possibility that future initiatives and in-process research and development may not produce the desired results;
- (8) Companies or assets acquired by us not produce the returns or benefits, or bring in business opportunities;
- (9) Inability to secure skilled employees;
- (10) Damages on our information security systems from cyberattacks, etc. and significant costs in order to recover and maintain the systems;
- (11) Insufficient protection of our trade secrets and intellectual property rights including patents;
- (12) Expenses associated with licenses we require to continue to manufacture and sell products;
- (13) Unintentional conflict with laws and regulations or newly enacted laws and regulations;
- (14) Environmental liability and compliance obligations by tightening of environmental laws and regulations;
- (15) Inability to respond to global climate change problems or delay in such response, which may lead to increased costs and negatively impact our corporate brands;
- (16) Our market or supply chains being affected by plague, infectious diseases, terrorism, wars or similar events;
- (17) Earthquakes and other natural disasters affecting our headquarters and major facilities as well as our suppliers and customers;
- (18) Credit risk on trade receivables;
- (19) Fluctuations in the value of financial instruments held by us;
- (20) Impairment losses on property, plant and equipment, goodwill and intangible assets;
- (21) Uncertainty over income tax and deferred tax assets; and
- (22) Changes in accounting standards.

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.

THE NEW VALUE FRONTIER



KYOCERA Corporation