

April 27, 2021

# Financial Presentation

(Year Ended March 31, 2021)

Hideo Tanimoto  
President and Representative Director

This is an English translation of the Japanese original. This translation is prepared for the reference and convenience solely for those who do not use Japanese. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

# **1. Financial Results for the Year Ended March 31, 2021**

## Financial Results for the Year Ended March 31, 2021

(Unit: Yen in millions)

		For the year ended March 31,				Change	
		2020		2021			
		Amount	% to sales revenue	Amount	% to sales revenue	Amount	%
Sales revenue		1,599,053	100.0%	1,526,897	100.0%	-72,156	-4.5%
Operating profit		100,193	6.3%	70,644	4.6%	-29,549	-29.5%
Profit before income taxes		148,826	9.3%	117,559	7.7%	-31,267	-21.0%
Profit attributable to owners of the parent		107,721	6.7%	90,214	5.9%	-17,507	-16.3%
EPS (Basic-yen)		297.36	—	248.91	—	-48.45	—
Capital expenditures		106,003	6.6%	117,106	7.7%	11,103	10.5%
Depreciation charge of property, plant and equipment		62,413	3.9%	73,811	4.8%	11,398	18.3%
R&D expenses		79,241	5.0%	75,457	4.9%	-3,784	-4.8%
Average exchange rate	US\$	109 yen		106 yen			
	Euro	121 yen		124 yen			

(Reference) Foreign currency fluctuation effect on sales revenue and profit before income taxes for the year ended March 31, 2021 compared with the previous fiscal year. **Sales revenue: Approx. -9 billion yen (No significant effect on profit)**

## Sales Revenue by Reporting Segment for the Year Ended March 31, 2021

(Unit: Yen in millions)

		For the year ended March 31,				Change	
		2020		2021			
		Amount	% of sales revenue	Amount	% of sales revenue	Amount	%
Industrial & Automotive Components Group		341,093	21.3%	359,044	23.5%	17,951	5.3%
Semiconductor Components Group		247,228	15.5%	263,595	17.3%	16,367	6.6%
Electronic Devices Group		324,113	20.3%	305,170	20.0%	-18,943	-5.8%
Total Components Business		912,434	57.1%	927,809	60.8%	15,375	1.7%
Communications Group		※ 270,818	17.0%	232,739	15.2%	-38,079	-14.1%
Document Solutions Group		359,915	22.5%	316,226	20.7%	-43,689	-12.1%
Life & Environment Group		※ 73,747	4.6%	63,898	4.2%	-9,849	-13.4%
Total Equipment & Systems Business		704,480	44.1%	612,863	40.1%	-91,617	-13.0%
Others		16,737	1.0%	18,169	1.2%	1,432	8.6%
Adjustments and eliminations		※ -34,598	-2.2%	-31,944	-2.1%	2,654	—
Sales revenue		1,599,053	100.0%	1,526,897	100.0%	-72,156	-4.5%

※ 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, “For the year ended March 31, 2020” in the above table is presented in the reporting segment after the merger.

# Business Profit by Reporting Segment for the Year Ended March 31, 2021

(Unit: Yen in millions)

		For the year ended March 31,				Change	
		2020		2021			
		Amount	% to sales revenue	Amount	% to sales revenue	Amount	%
	Industrial & Automotive Components Group	15,813	4.6%	18,142	5.1%	2,329	14.7%
	Semiconductor Components Group	30,511	12.3%	28,260	10.7%	-2,251	-7.4%
	Electronic Devices Group	31,744	9.8%	25,268	8.3%	-6,476	-20.4%
Total Components Business		78,068	8.6%	71,670	7.7%	-6,398	-8.2%
	Communications Group	※ 11,259	4.2%	14,597	6.3%	3,338	29.6%
	Document Solutions Group	34,489	9.6%	28,759	9.1%	-5,730	-16.6%
	Life & Environment Group	※ -10,965	—	-23,952	—	-12,987	—
	Total Equipment & Systems Business	34,783	4.9%	19,404	3.2%	-15,379	-44.2%
Others		-4,484	—	-3,102	—	1,382	—
Total business profit		108,367	6.8%	87,972	5.8%	-20,395	-18.8%
Corporate and others		※ 40,459	—	29,587	—	-10,872	-26.9%
Profit before income taxes		148,826	9.3%	117,559	7.7%	-31,267	-21.0%

※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, “For the year ended March 31, 2020” in the above table is presented in the reporting segment after the merger.

## Summary of Financial Results for the Year Ended March 31, 2021

**Despite the impact of COVID-19 infection, active investments for growth centered on the Components Business were continued**

### **Components Business** **(Increase in sales revenue and decrease in profits)**

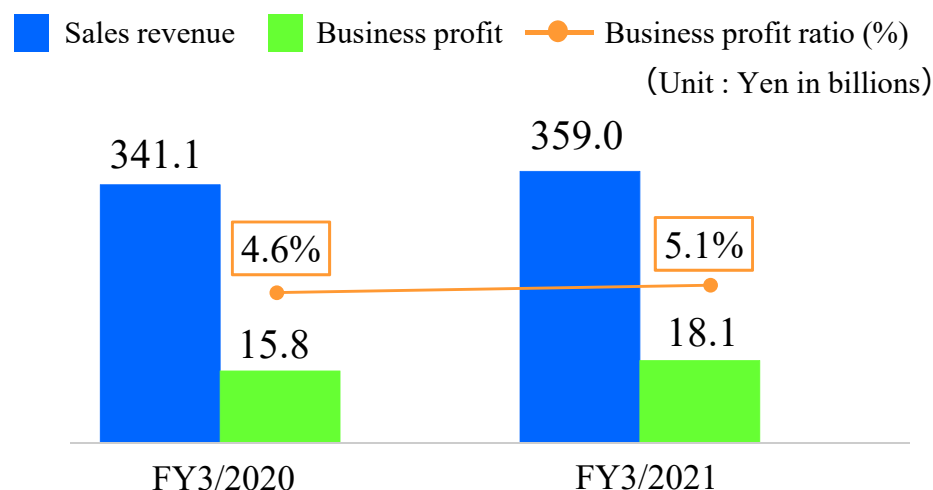
- (1) Demand was sluggish until Q1 but has been on a recovery track since Q2**
- (2) Increased demand for semiconductor and 5G-related components**
  - Fine ceramic components for semiconductor processing equipment (Industrial & Automotive Components Group)
  - Ceramic packages for use in 5G capable devices (Semiconductor Components Group)
- (3) Increase in depreciation expenses of approximately 10 billion yen**  
Continued active investments in anticipation of an increase in medium-term demand

### **Equipment & Systems Business** **(Decreases in sales revenue and profits)**

- (1) Demand decreased for mobile phone handsets and office equipment**
- (2) An impairment loss of 11.5 billion yen was recorded in the smart energy business**
- (3) Due to cost reduction efforts, profits increased in the Communications Group and profit margin maintained at virtually the same level as in the previous fiscal year in the Document Solutions Group**

## Financial Results for FY3/2021 by Reporting Segment (1)

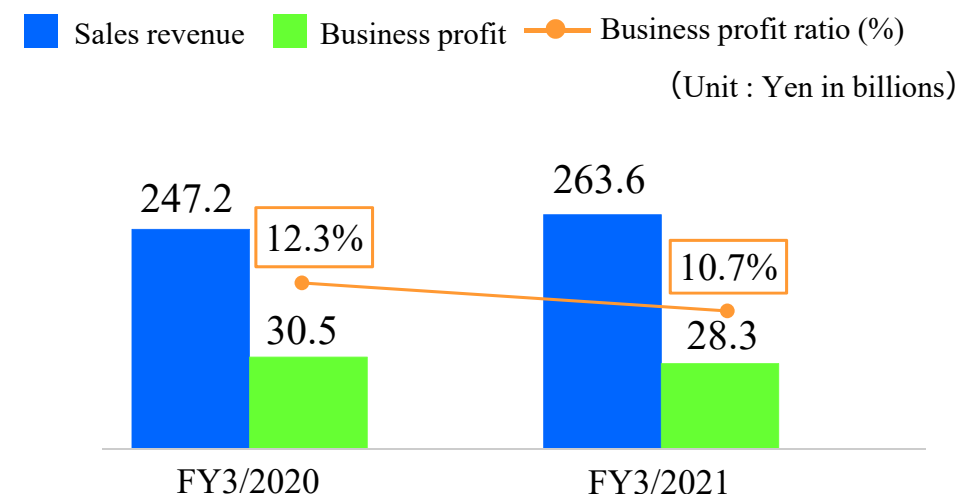
### Industrial & Automotive Components Group



#### <Major reasons for change>

- ⊕ Increased sales in pneumatic/power tools due to the contribution of M&A and components for semiconductor processing equipment
- ⊕ Despite the impact of higher depreciation charge, business profit rose due to increased sales and cost reduction efforts

### Semiconductor Components Group

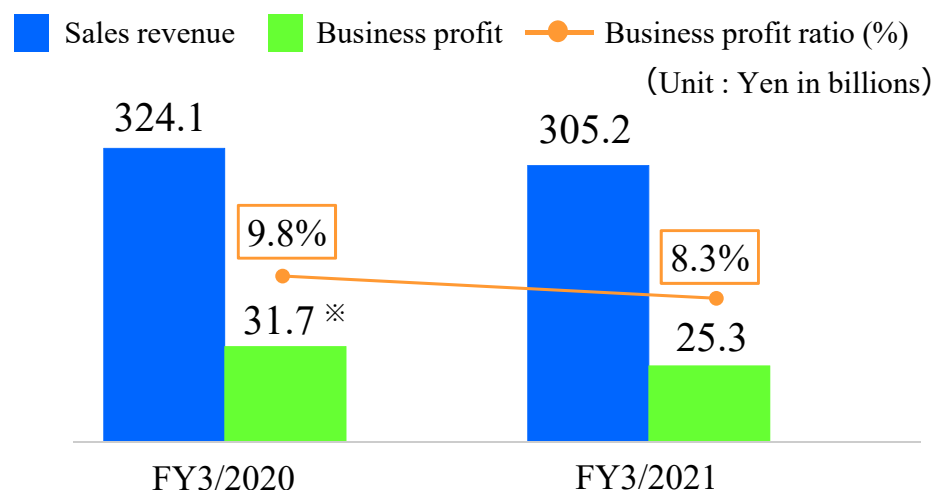


#### <Major reasons for change>

- ⊕ Demand for ceramic packages for use in 5G capable smartphones increased
- ⊖ Business profit decreased due to increase in costs particularly in depreciation charge

## Financial Results for FY3/2021 by Reporting Segment (2)

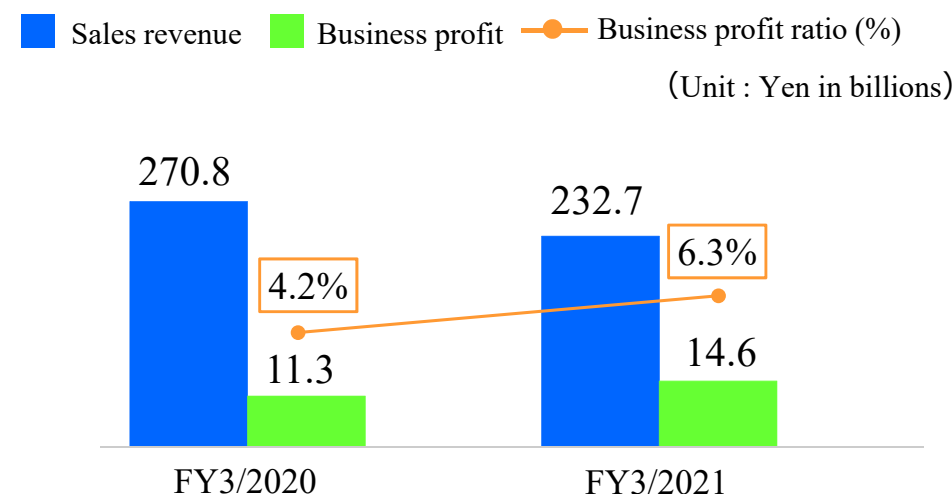
### Electronic Devices Group



#### <Major reasons for change>

- ⊕ Demand increased for ceramic capacitors, crystal devices and SAW devices for 5G capable smartphones
- Sales of AVX Corporation and of printing devices decreased due to lower demand in industrial markets
- Profits decreased due to a decline in sales revenue and an increase in depreciation charge

### Communications Group



#### <Major reasons for change>

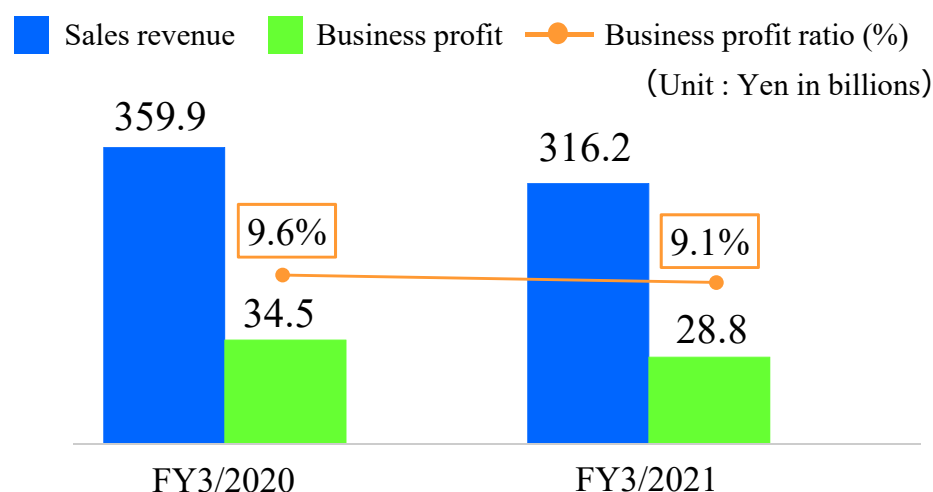
- Decrease in the number of mobile phone handsets sold in the telecommunications equipment business
- Decreased sales of the engineering business in the information system and telecommunication services business
- ⊕ Business profit increased as a result of cost reduction efforts

※ Costs related to litigation of approximately 10 billion yen was recorded at AVX Corporation



## Financial Results for FY3/2021 by Reporting Segment (3)

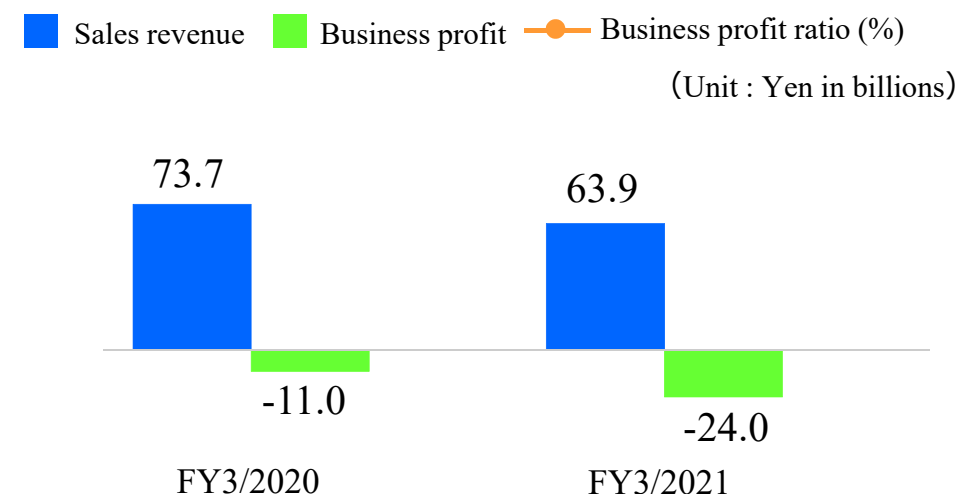
### Document Solutions Group



#### <Major reasons for change>

- Although demand has been in a recovery trend after bottoming out in Q1 FY3/2021, it has not reached the level of FY3/2020 and demand for printers, MFPs and consumables decreased
- + Business profit margin remained at virtually the same level thanks to productivity improvements and cost reduction efforts

### Life & Environment Group



#### <Major reasons for change>

- Decreased sales of solar power generation systems in the smart energy business
- Recorded an impairment loss of 11.5 billion yen relating to machinery, equipment and goodwill as well as intangible assets in the smart energy business in FY3/2021

## **2. Change of Business Segment**

# Change of Business Segment

## FY3/2018 to FY3/2021

Business segment	Major businesses and subsidiaries
Industrial & Automotive Components Group	Fine Ceramic Components
	Automotive Components
	Liquid Crystal Displays
	Industrial Tools
	Optical Components
Semiconductor Components Group	Ceramic Packages Organic Packages and Boards
Electronic Devices Group	Electronic Components
	AVX Corporation
	Printing Devices
Communications Group	Telecommunications Equipment
	Information systems and
	Telecommunication Services (KCCS <sup>※1</sup> )
Document Solutions Group	Information Equipment (KDC <sup>※2</sup> )
Life & Environment Group	Smart Energy Business
	Medical Devices
	Jewelry and Applied Ceramic Related Products

※1 Kyocera Communication Systems Co., Ltd.

※2 Kyocera Document Solutions Inc.

## FY3/2022 onward

Business segment	Major businesses and subsidiaries
<b>Core Components Business</b>	Industrial & Automotive Components Unit
	Fine Ceramic Components
	Automotive Components
	Optical Components
	Semiconductor Components Unit
	Ceramic Packages
	Organic Packages and Boards
	Others
	Medical Devices
	Jewelry and Applied Ceramic Related Products
<b>Electronic Components Business</b>	Electronic Components
	AVX Corporation
<b>Solutions Business</b>	Industrial Tools Unit
	Industrial Tools
	Document Solutions Unit
	Information Equipment (KDC <sup>※2</sup> )
	Communications Unit
	Telecommunications Equipment
	Information systems and
	Telecommunication Services (KCCS <sup>※1</sup> )
	Others
	Liquid Crystal Displays
	Printing Devices
	Smart Energy Business

# Aim of reorganization of business structure and priority measures for new business segments

## 1. Aim of reorganization of business structure

Strategic planning and execution across business divisions

Greater mobility of human resources and vitalization of organizations

Enhance efficiency and promote effective use of management resources

**Implement speedier and dynamic management decisions that transcend the existing organization framework by delegating substantial authority of top management to the directors in charge of each segment**

## 2. Priority measures for each business segment

### Core Components Business

Realize sales growth and improvements in profitability by focusing on growth fields such as 5G and semiconductors and strengthening technology development

### Electronic Components Business

Expand sales and profits by enhancing sales capabilities through the consolidation of global sales forces and maximizing synergy through a combination of manufacture and development resources



Establish New Brand

### Solutions Business

Build a new business model by utilizing communication technologies and software

### **3. Financial Forecasts for the Year Ending March 31, 2022**

# Financial Forecasts for the Year Ending March 31, 2022

(Unit: Yen in millions)

	Year ended March 31, 2021		Year ending March 31, 2022		Change	
	Amount	% to sales revenue	Amount	% to sales revenue	Amount	%
Sales revenue	1,526,897	100.0%	<b>1,730,000</b>	<b>100.0%</b>	203,103	13.3%
Operating profit	70,644	4.6%	<b>117,000</b>	<b>6.8%</b>	46,356	65.6%
Profit before income taxes	117,559	7.7%	<b>160,000</b>	<b>9.2%</b>	42,441	36.1%
Profit attributable to owners of the parent	90,214	5.9%	<b>113,000</b>	<b>6.5%</b>	22,786	25.3%
EPS (Basic-yen)	248.91	—	<b>311.78</b>	—	62.87	—
Capital expenditures	117,106	7.7%	<b>170,000</b>	<b>9.8%</b>	52,894	45.2%
Depreciation charge of property, plant and equipment	73,811	4.8%	<b>100,000</b>	<b>5.8%</b>	26,189	35.5%
R&D expenses	75,457	4.9%	<b>90,000</b>	<b>5.2%</b>	14,543	19.3%
Average exchange rate	US\$	106 yen	<b>105 yen</b>			
	Euro	124 yen	<b>125 yen</b>			

(Reference) Estimated foreign currency fluctuation effect on sales revenue and profit before income taxes for the year ending March 31, 2022 compared with the previous fiscal year.

**Sales revenue: Approx. -6 billion yen / (No significant effect on profit)**

Note: Forecast of EPS (Basic-yen) is calculated using the average number of shares outstanding for the year ended March 31, 2021.

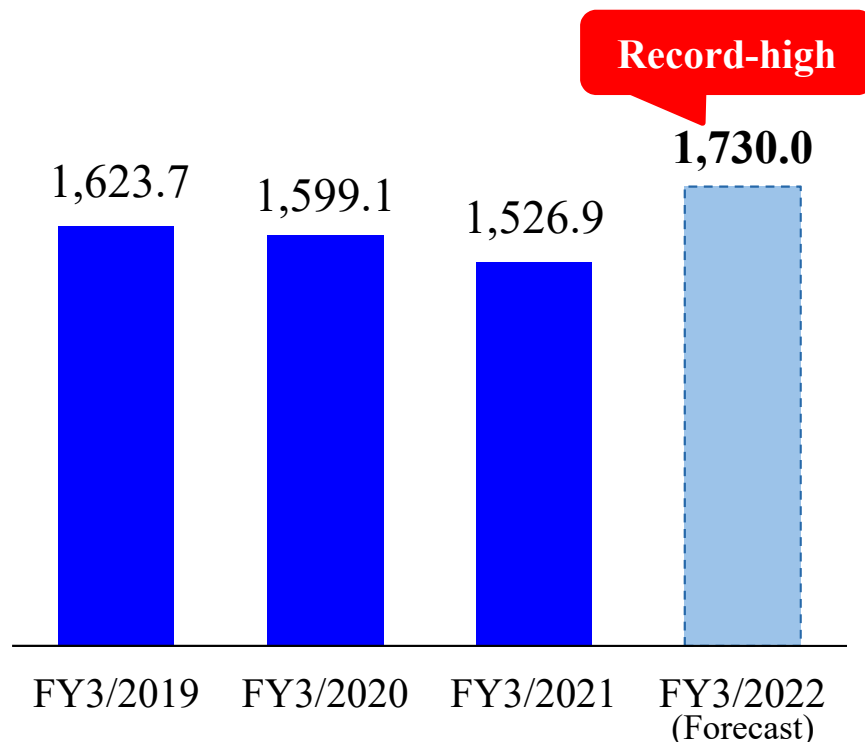
Please refer to “Cautionary Statements with respect to Forward-Looking Statements” on the last page.

# Summary of Financial Forecast for the Year Ending March 31, 2022

## (1) Planning for record-high sales revenue

- Increase in demand for components in main markets
  - Components for 5G and semiconductor markets
  - ADAS-related components

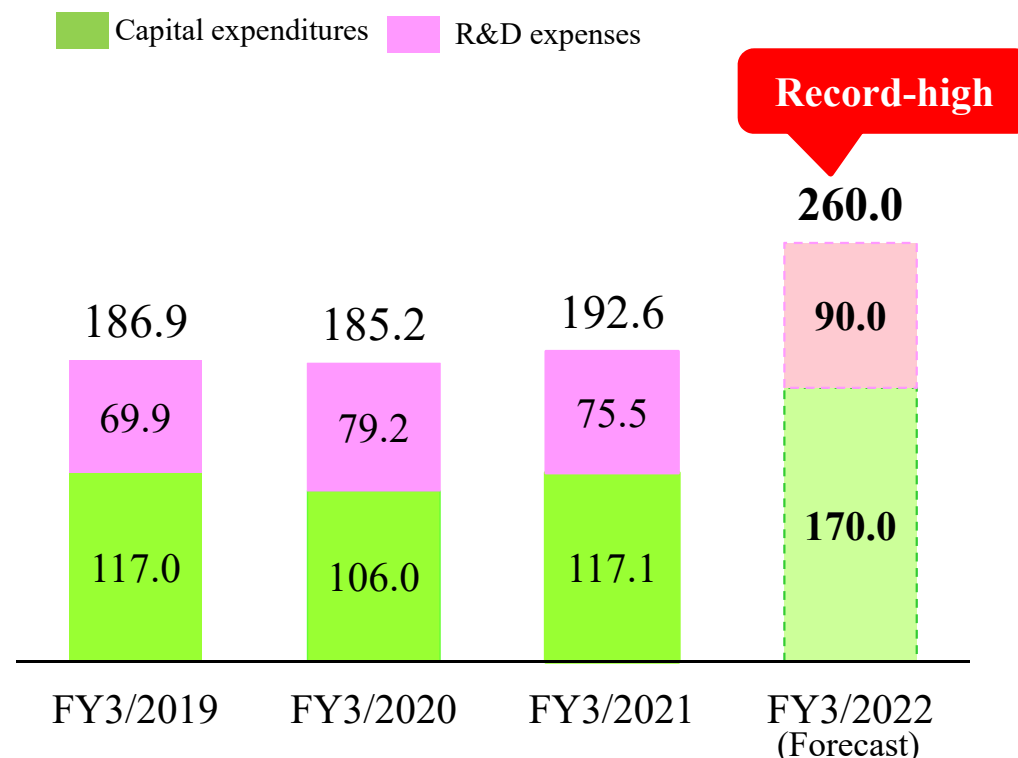
< Trend of Sales Revenue (Yen in billions) >



## (2) Continue active business investment

- Capital investment for further increasing production of strategic products
- Accelerate development of new businesses

< Trend of Capital Expenditures and R&D Expenses (Yen in billions) >



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

## Main Business Investments in FY3/2022

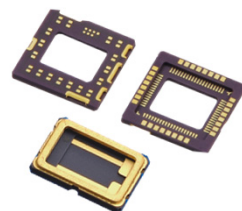
### Capital Expenditures: Increase production capacity of strategic products

#### Expand production capacity mainly for 5G related components

##### Ceramic packages



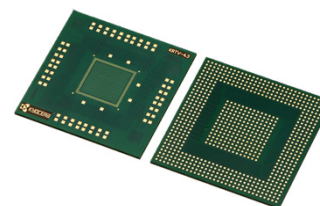
Kagoshima Sendai Plant



##### Organic packages



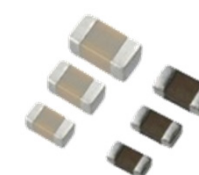
Kyoto Ayabe Plant



##### Ceramic Capacitors



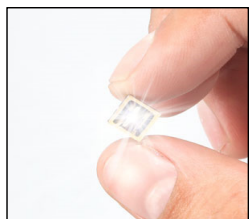
Kagoshima Kokubu Plant



### R&D: Accelerate new business and new product development

#### Strengthen commercialization of development themes and new product development for medium- to-long-term growth

##### GaN(Gallium Nitride) Systems Business



Organize as a new business department from FY3/2022

##### AI Collaborative Robot System Business



##### 5G Smart Routers



Full-scale deployment in May 2021

##### Local 5G System



Promote verification testing toward launch

##### Inkjet Printer



Promote development for new product

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



## Sales Revenue Forecast by Reporting Segment for the Year Ending March 31, 2022

(Unit: Yen in millions)

	Year ended March 31, 2021		Year ending March 31, 2022		Change	
	Amount	% of sales revenue	Amount	% of sales revenue	Amount	%
Core Components Business	424,669	27.8%	455,000	26.3%	30,331	7.1%
Industrial & Automotive Components Unit	135,884	8.9%	145,000	8.4%	9,116	6.7%
Semiconductor Components Unit	263,595	17.3%	280,000	16.2%	16,405	6.2%
Others	25,190	1.6%	30,000	1.7%	4,810	19.1%
Electronic Components Business	273,002	17.9%	320,000	18.5%	46,998	17.2%
Solutions Business	835,213	54.7%	957,000	55.3%	121,787	14.6%
Industrial Tools Unit	193,066	12.6%	209,000	12.1%	15,934	8.3%
Document Solutions Unit	316,226	20.7%	370,000	21.4%	53,774	17.0%
Communications Unit	232,739	15.2%	270,000	15.6%	37,261	16.0%
Others	93,182	6.2%	108,000	6.2%	14,818	15.9%
Others	18,169	1.2%	28,000	1.6%	9,831	54.1%
Adjustments and eliminations	-24,156	-1.6%	-30,000	-1.7%	-5,844	—
Sales revenue	1,526,897	100.0%	1,730,000	100.0%	203,103	13.3%

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

## Business Profit (Loss) Forecast by Reporting Segment for the Year Ending March 31, 2022

(Unit: Yen in millions)

	Year ended March 31, 2021		Year ending March 31, 2022		Change	
	Amount	% to sales revenue	Amount	% to sales revenue	Amount	%
Core Components Business	30,549	7.2%	41,000	9.0%	10,451	34.2%
Industrial & Automotive Components Unit	4,241	3.1%	12,000	8.3%	7,759	183.0%
Semiconductor Components Unit	28,260	10.7%	29,000	10.4%	740	2.6%
Others	-1,952	—	0	0.0%	1,952	—
Electronic Components Business	23,000	8.4%	40,000	12.5%	17,000	73.9%
Solutions Business	37,506	4.5%	74,000	7.7%	36,494	97.3%
Industrial Tools Unit	15,721	8.1%	22,000	10.5%	6,279	39.9%
Document Solutions Unit	28,759	9.1%	42,000	11.4%	13,241	46.0%
Communications Unit	14,597	6.3%	12,000	4.4%	-2,597	-17.8%
Others	-21,571	—	-2,000	—	19,571	—
Others	-3,102	—	-15,000	—	-11,898	—
Total business profit	87,953	5.8%	140,000	8.1%	52,047	59.2%
Corporate and others	29,606	—	20,000	—	-9,606	-32.4%
Profit before income taxes	117,559	7.7%	160,000	9.2%	42,441	36.1%

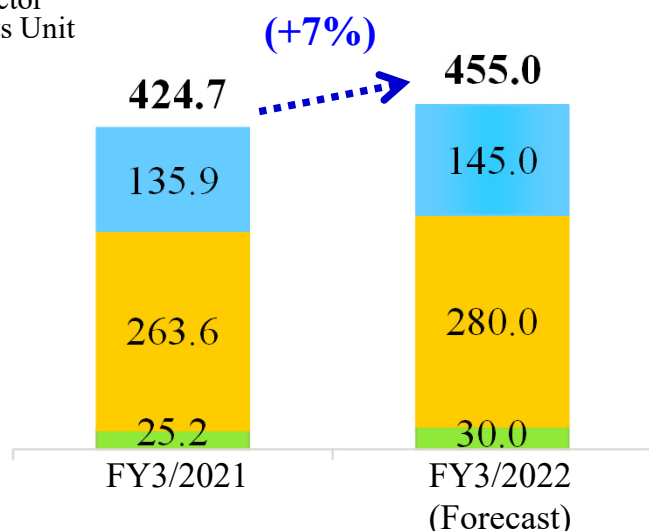
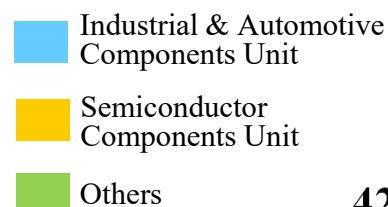
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# Financial Forecasts for FY3/2022 by Reporting Segment

## (1) Core Components Business

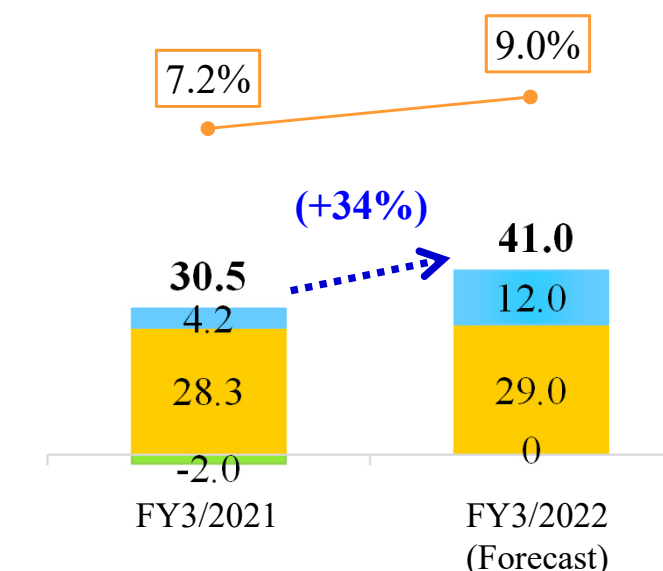
### Sales revenue

(Unit : Yen in billions)



### Business profit

Business profit ratio (%) (Unit : Yen in billions)



### <Major reasons for change>

#### Industrial & Automotive Components Unit

- Increase in demand for fine ceramic components for semiconductor processing equipment and automotive cameras along with the advance of ADAS

#### Semiconductor Components Unit

- Increase in demand for ceramic packages and organic packages for 5G capable smartphones and communication infrastructure

- Increase in profits due to higher sales revenue and cost reduction efforts such as a doubling of productivity in the Industrial & Automotive Components Unit

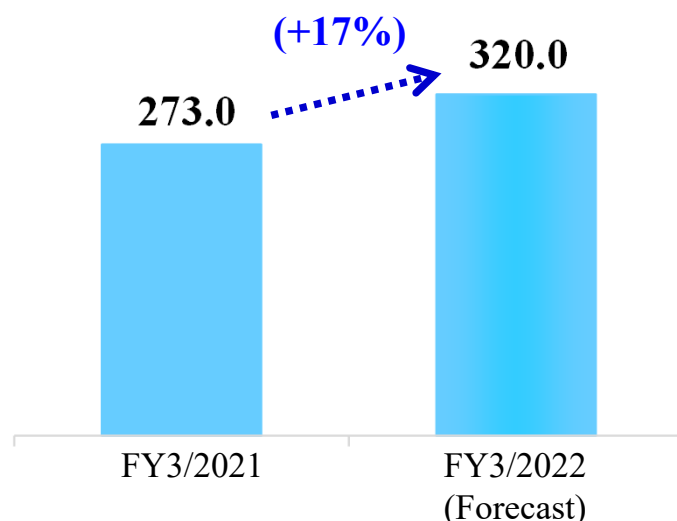
Please refer to "Cautionary Statements with respect to Forward-Looking Statements" on the last page.

# Financial Forecasts for FY3/2022 by Reporting Segment

## (2) Electronic Components Business

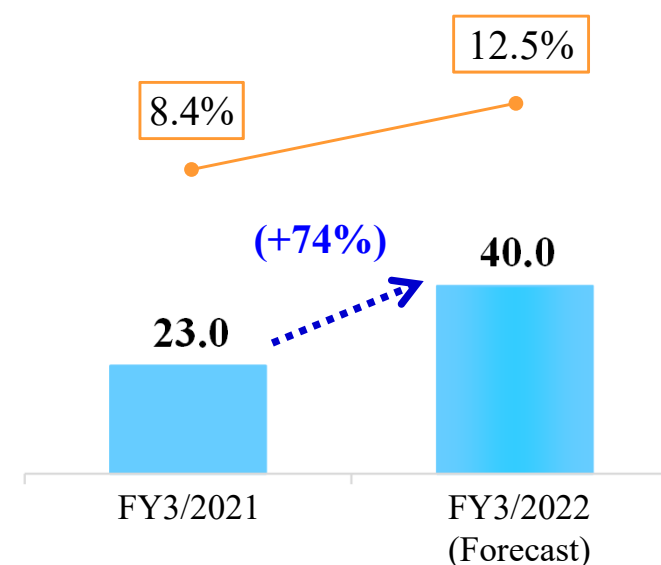
### Sales revenue

(Unit : Yen in billions)



### Business profit

—●— Business profit ratio (%) (Unit : Yen in billions)



### <Major reasons for change>

- Sales increase at AVX Corporation along with a recovery of demand in industrial markets and the automotive-related market
- Increase in demand for 5G-related and in-vehicle electronic components
- Sales increase due to further collaboration between Kyocera and AVX Corporation

- Increase in profits due to a rise in sales of high-profit products and cost reduction efforts

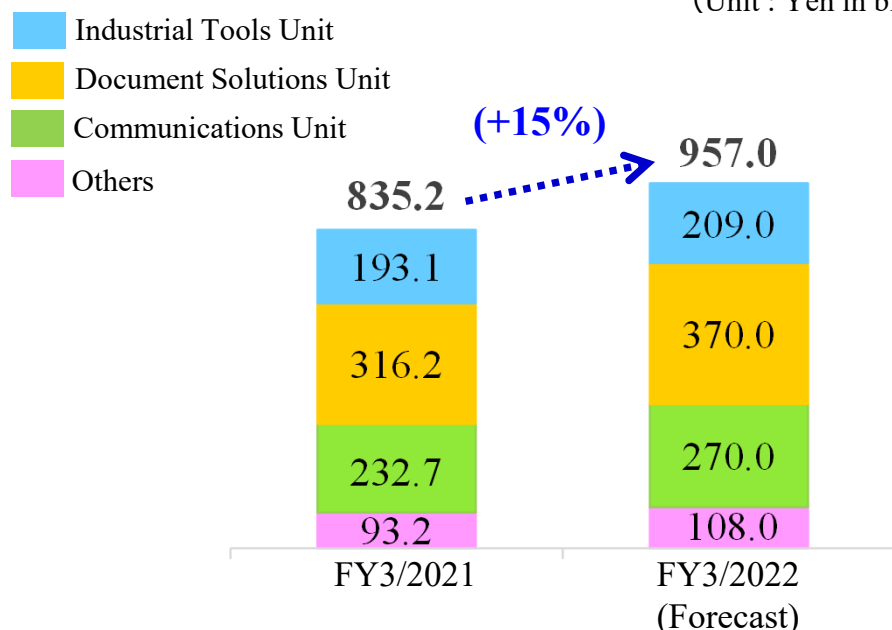
Please refer to “Cautionary Statements with respect to Forward-Looking Statements” on the last page.

# Financial Forecasts for FY3/2022 by Reporting Segment

## (3) Solutions Business

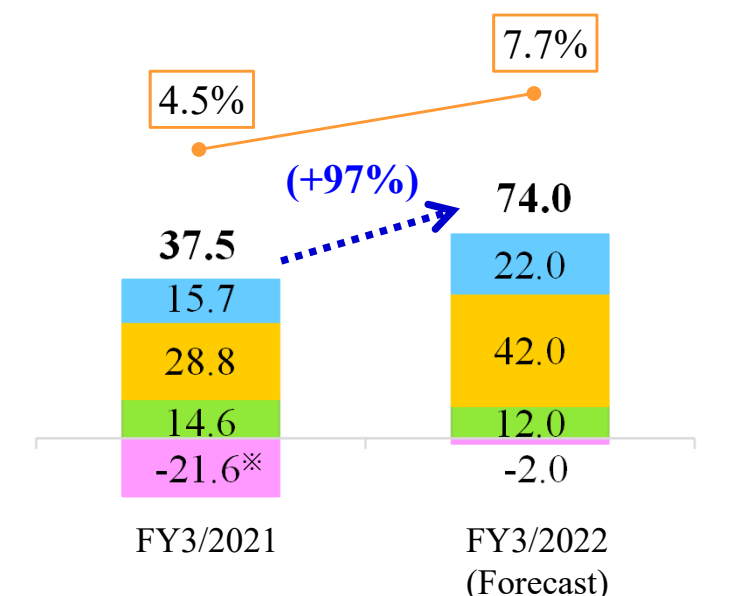
### Sales revenue

(Unit : Yen in billions)



### Business profit

Business profit ratio (%) (Unit : Yen in billions)



### <Major reasons for change>

#### Document Solutions Unit

- Recovery in demand for printers, MFPs and consumables and an increase in sales of the solution business and the inkjet printing business

#### Communications Unit

- Increase in sales of communications equipment for companies and 5G capable devices

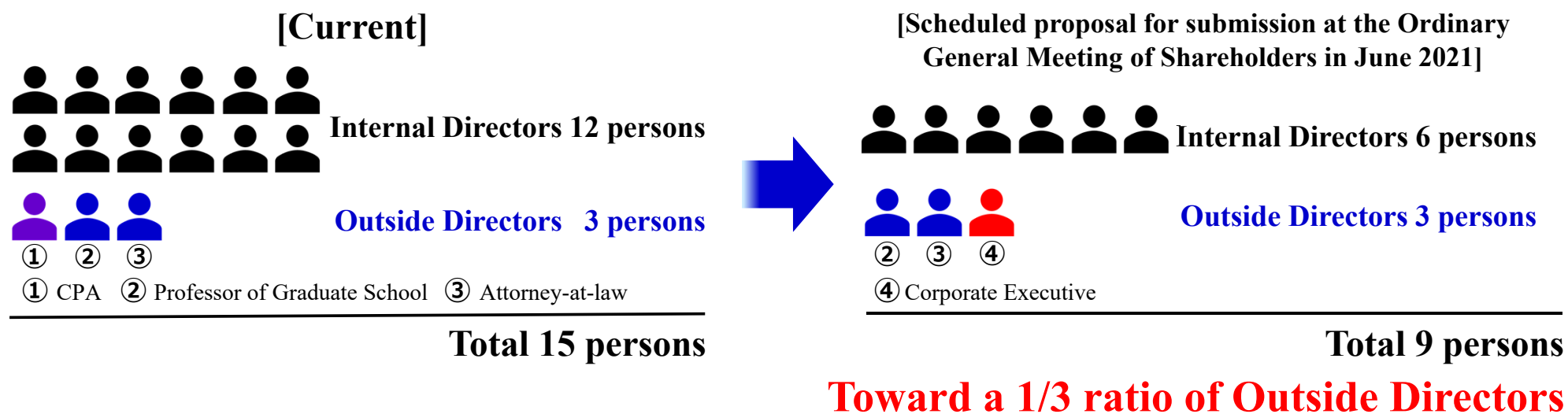
- Increase in profits due to higher sales revenue and cost reduction efforts such as review of production system in each business

\* An impairment loss of 11.5 billion yen was recorded in the smart energy business

## **4. Enhance Corporate Value**

# Initiatives for Strengthening Corporate Governance

## 1. Strengthening the supervisory functions of the Board of Directors



## 2. Appointment of Independent Outside Director

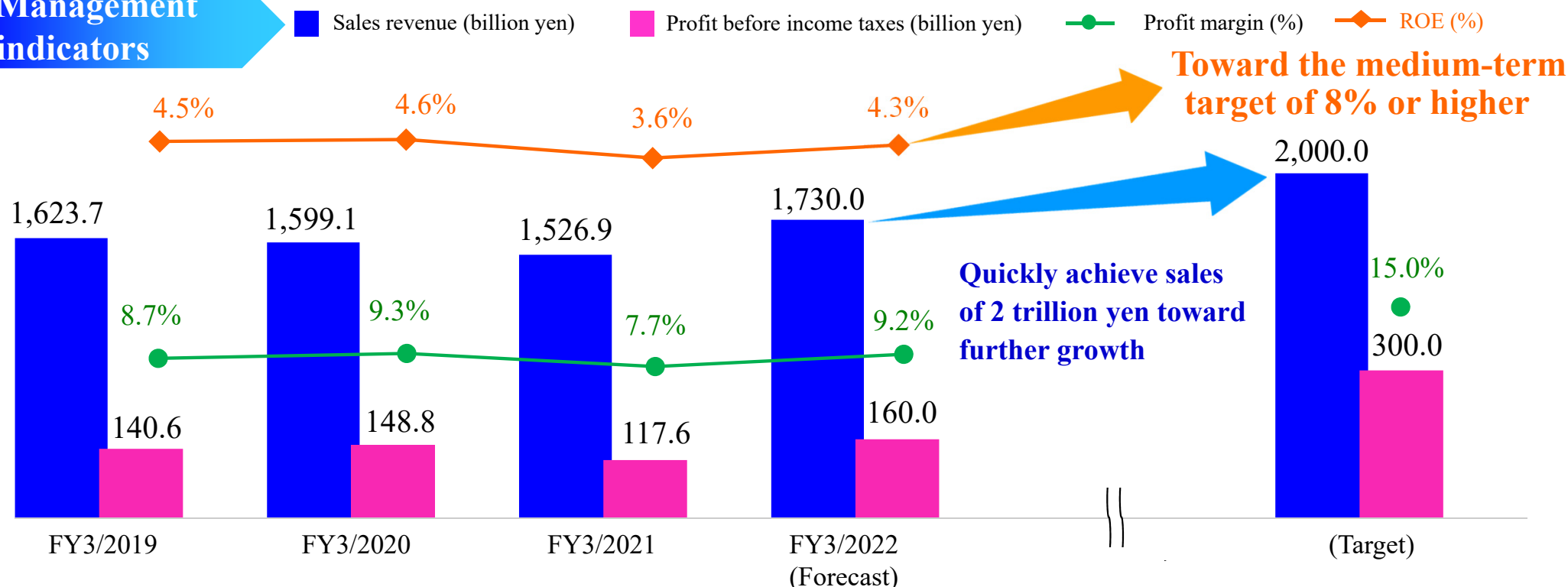
### New Candidate for Director

(Scheduled proposal for submission at the Ordinary General Meeting of Shareholders in June 2021)

Name	New Title
<b>Eiji Kakiuchi</b>	<b>Outside Director</b> [Representative Director, Chairman, Member of the Board of SCREEN Holdings Co., Ltd.]

# Aiming for Sustainable Growth in Corporate Value

## Management indicators



## Management measures

- Set ROE target
- Announce the appropriate implementation of share buybacks
- Raise the dividend payout ratio
- Appoint female officers
- Introduce restricted stock compensation system
- Establish nomination and remuneration committees

## Consider initiatives for further strengthening our management base

- Implement organizational restructuring
- Strengthen the supervisory functions of the Board of Directors (aim for a 1/3 ratio of outside directors)※
- Appoint corporate manager as an Outside Director※

※ Scheduled proposal for submission at the Ordinary General Meeting of Shareholders in June 2021

FY3/2019

FY3/2020

FY3/2021

FY3/2022

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



# Shareholder Return

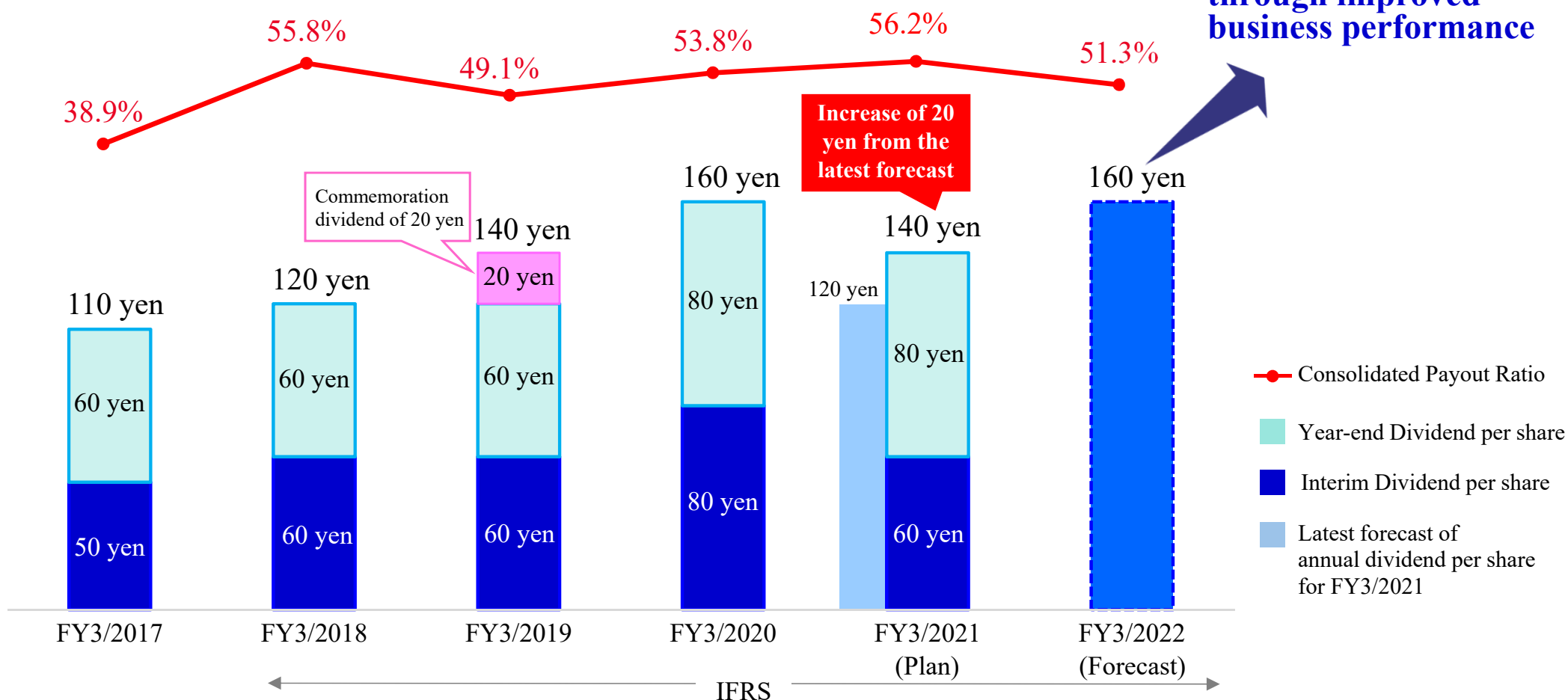
## <Trends in cash dividends per share and the payout ratio>

Dividend Policy (Based on consolidated payout ratio)

Around 40% from FY3/2017

Around 50% from FY3/2020

Aim to further improve shareholder return through improved business performance



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

## 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