



Consolidated Financial Results for the Year Ended March 31, 2020 (IFRS)

April 27, 2020

Company name: **KYOCERA CORPORATION** Stock Listing: Tokyo Stock Exchange
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 Scheduled date of Ordinary General Meeting of Shareholders: June 25, 2020
 Scheduled date of Annual report filing: June 25, 2020
 Scheduled date for commencement of dividend payment: June 26, 2020
 Supplementary documents of the financial results: Yes
 Holding financial results meeting: Yes (conference call for institutional investors and analysts)

(Amounts less than one million yen are rounded)

1. Consolidated Financial Results for the Year Ended March 31, 2020

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

Year ended	Sales revenue		Operating profit		Profit before income taxes		Profit attributable to owners of the parent		Comprehensive income for the year	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2020	1,599,053	(1.5)	100,193	5.7	148,826	5.8	107,721	4.4	264,596	675.5
March 31, 2019	1,623,710	3.0	94,823	4.5	140,610	8.2	103,210	30.4	34,118	(23.6)

Year ended	Earnings per share attributable to owners of the parent - Basic	Earnings per share attributable to owners of the parent - Diluted	Ratio of profit to equity attributable to owners of the parent	Ratio of profit before income taxes to total assets	Ratio of operating profit to sales revenue
	Yen	Yen	%	%	%
March 31, 2020	297.36	—	4.6	4.8	6.3
March 31, 2019	284.94	284.70	4.5	4.6	5.8

(Reference) Share of net profit (loss) of investments accounted for using the equity method:

For the year ended March 31, 2020 124 million yen For the year ended March 31, 2019 379 million yen

(2) Consolidated financial position

As of	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity per share attributable to owners of the parent
	Million yen	Million yen	Million yen	%	Yen
March 31, 2020	3,250,175	2,454,242	2,432,134	74.8	6,710.59
March 31, 2019	2,968,475	2,362,260	2,265,919	76.3	6,263.71

(3) Consolidated cash flows

Year ended	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the year
	Million yen	Million yen	Million yen	Million yen
March 31, 2020	214,630	(145,551)	(157,126)	419,620
March 31, 2019	220,025	(47,121)	(89,056)	512,814

2. Cash Dividends

Year ended	Annual dividends per share					Annual dividends (Total)	Dividend payout ratio (Consolidated)	Dividends on equity attributable to owners of the parent
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
March 31, 2019	—	60.00	—	80.00	140.00	50,646	49.1	2.2
March 31, 2020	—	80.00	—	80.00	160.00	57,989	53.8	2.5
Year ending March 31, 2021 (forecast)	—	—	—	—	120.00		49.4	

(Note 1) Annual dividends per share for the year ended March 31, 2019 include 60th commemoration dividends of 20.00 yen.

(Note 2) Dividends per share for the year ending March 31, 2021 are forecasted to be 120.00 yen on an annual basis.

3. Consolidated Financial Forecasts for the Year Ending March 31, 2021

(% of change from the previous year)

Year Ending	Sales revenue		Operating profit		Profit before income taxes		Profit attributable to owners of the parent		Earnings per share attributable to owners of the parent - Basic
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
March 31, 2021	1,500,000	(6.2)	75,000	(25.1)	120,000	(19.4)	88,000	(18.3)	242.92

(Note) "Earnings per share attributable to owners of the parent - Basic" is calculated using the average number of shares outstanding for the year ended March 31, 2020.

Notes

(1) Changes in significant subsidiaries during the period

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

(2) Changes in accounting policies and accounting estimates

- (i) Changes in accounting policies required under IFRS: Yes
- (ii) Changes in accounting policies due to reasons other than (i): None
- (iii) Changes in accounting estimates: None

For details, please refer to page 16 “(6) Changes in Accounting Policies.”

(3) Number of shares issued (common stock)

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

As of March 31, 2020 377,618,580 shares

As of March 31, 2019 377,618,580 shares

(ii) Number of treasury stock:

As of March 31, 2020 15,186,354 shares

As of March 31, 2019 15,864,921 shares

(iii) Average number of shares outstanding:

Year ended March 31, 2020 362,263,336 shares

Year ended March 31, 2019 362,215,901 shares

(Reference) Outline of Non-Consolidated Results for Kyocera Corporation

Non-consolidated Financial Results for the Year Ended March 31, 2020

(1) Non-consolidated operating results

(% of change from the previous year)

Year ended	Net sales		Profit from operations		Recurring profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2020	730,388	(0.8)	(698)	—	98,356	(18.0)	88,466	60.5
March 31, 2019	736,263	(0.8)	17,853	—	119,978	44.7	55,129	(29.8)

Year ended	Net income per share -Basic	Net income per share -Diluted
	Yen	Yen
March 31, 2020	244.20	—
March 31, 2019	152.20	—

(2) Non-consolidated financial condition

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2020	2,520,096	2,015,786	80.0	5,561.83
March 31, 2019	2,181,058	1,805,568	82.8	4,991.15

(Reference) Owned capital As of March 31, 2020: 2,015,786 million yen, As of March 31, 2019: 1,805,568 million yen

*Explanation for appropriate use of forecast and other notes

1. Cautionary statements with respect to forward-looking statements

With regard to forecasts set forth above, please refer to the accompanying “Cautionary statements with respect to forward-looking statements” on page 7.

2. This consolidated financial results report is not subject to audit by certified public accountants or audit firms.

3. Method of obtaining supplementary materials on the financial results

The supplementary documents will be posted on the website of Kyocera Corporation on April 27, 2020.

4. English translation

This is an English translation of the Japanese original of “Consolidated Financial Results for the Year Ended March 31, 2020.” The 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.

(Attachment)

Table of Contents

1. Overview of Operating Results and Other Information	2
(1) Overview of Operating Results	2
(2) Overview of Financial Position	8
2. Basic Profit Distribution Policy and Dividends for Fiscal 2020 and for Fiscal 2021	9
3. Basic Rationale for Selection of Accounting Standards	9
4. Consolidated Financial Statements and Primary Notes	10
(1) Consolidated Statement of Financial Position	10
(2) Consolidated Statement of Profit or Loss and Comprehensive Income	12
a. Consolidated Statement of Profit or Loss	12
b. Consolidated Statement of Comprehensive Income	13
(3) Consolidated Statement of Changes in Equity	14
(4) Consolidated Statement of Cash Flows	15
(5) Basis of Preparation of Consolidated Financial Statements	16
(6) Changes in Accounting Policies	16
(7) Segment Information	18
(8) Earnings per Share	19
(9) Material Subsequent Event	19
(10) Notes to Going Concern Assumption	19

1. Overview of Operating Results and Other Information

(1) Overview of Operating Results

a. Consolidated Financial Results

Sales revenue for the year ended March 31, 2020 (“fiscal 2020”) was 1,599,053 million yen, a slight decrease from the year ended March 31, 2019 (“fiscal 2019”). Sales revenue of the Electronic Devices Group and the Document Solutions Group decreased due to a prolonged inventory adjustment and the slowdown of the global economy resulted from the spread of Covid-19, and this decrease was more than offset an increase in sales revenue in the Industrial & Automotive Components Group reflecting a contribution from M&A activity.

On the other hand, despite the impact of an increase in depreciation charge, profit increased from fiscal 2019 due mainly to the absence of a one-time charge recorded in fiscal 2019 in the aggregate amount of approximately 68.5 billion yen resulting from, among others, structural reforms in the solar energy business and the organic materials business. As a result, operating profit increased by 5,370 million yen, or 5.7%, to 100,193 million yen, profit before income taxes increased by 8,216 million yen, or 5.8%, to 148,826 million yen, and profit attributable to owners of the parent increased by 4,511 million yen, or 4.4%, to 107,721 million yen compared with fiscal 2019.

Average exchange rates for fiscal 2020 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 7 yen, or 5.5%, compared with fiscal 2019. As a result, sales revenue and profit before income taxes after translation into yen for fiscal 2020 were pushed down by approximately 36 billion yen and 11.5 billion yen, respectively, compared with fiscal 2019.

Consolidated Financial Results

(Yen in millions)

	For the year ended March 31, 2019		For the year ended March 31, 2020		Change	
	Amount	%*	Amount	%*	Amount	%
Sales revenue	1,623,710	100.0	1,599,053	100.0	(24,657)	(1.5)
Operating profit	94,823	5.8	100,193	6.3	5,370	5.7
Profit before income taxes	140,610	8.7	148,826	9.3	8,216	5.8
Profit attributable to owners of the parent	103,210	6.4	107,721	6.7	4,511	4.4
Average US\$ exchange rate (yen)	111	—	109	—	—	—
Average Euro exchange rate (yen)	128	—	121	—	—	—

Capital expenditures	117,049	7.2	106,003	6.6	(11,046)	(9.4)
Depreciation charge of property, plant and equipment	51,524	3.2	62,413	3.9	10,889	21.1
Research and development expenses	69,927	4.3	79,241	5.0	9,314	13.3

* % represents the percentage to sales revenue.

b. Consolidated Financial Results by Reporting Segment

1) Industrial & Automotive Components Group

Sales revenue for fiscal 2020 increased by 26,754 million yen, or 8.5%, to 341,093 million yen, compared with 314,339 million yen for fiscal 2019. Although sales of automotive parts, such as displays, decreased, sales of industrial tools increased as a result of the contribution of sales in SouthernCarlson, Inc., a U.S. based company, which joined Kyocera Group in June 2019.

Business profit decreased by 22,637 million yen, or 58.9%, to 15,813 million yen, compared with 38,450 million yen for fiscal 2019 due to decreased sales in the industrial machinery and automotive-related markets as well as an increased depreciation charge resulting from capital expenditures for fiscal 2019. The business profit ratio for fiscal 2020 was 4.6%.

2) Semiconductor Components Group

Sales revenue for fiscal 2020 was 247,228 million yen, remaining almost flat compared with 249,217 million yen for fiscal 2019. Business profit increased by 19,579 million yen, or 179.1%, to 30,511 million yen, compared with 10,932 million yen for fiscal 2019. The business profit ratio for fiscal 2020 improved to 12.3%. This was due to improved profitability in the organic materials business, which became profitable, in addition to the absence of an impairment loss in the amount of approximately 16.2 billion yen recorded in fiscal 2019.

3) Electronic Devices Group

Sales revenue for fiscal 2020 decreased by 40,714 million yen, or 11.2%, to 324,113 million yen, compared with 364,827 million yen for fiscal 2019. Sales in AVX Corporation, a U.S. subsidiary, decreased due to continued inventory adjustments at the distributor and sluggish demand in the automotive related industry as well as the slowdown of the global economy resulting from the spread of Covid-19.

Business profit decreased by 35,182 million yen, or 52.6%, to 31,744 million yen, compared with 66,926 million yen for fiscal 2019 due to the decrease in sales as well as the recording of a one-time charge in the amount of approximately 10 billion yen mainly relating to litigation at AVX Corporation. The business profit ratio for fiscal 2020 was 9.8%.

4) Communications Group

Sales revenue for fiscal 2020 was 252,062 million yen, remaining flat compared with 252,067 million yen for fiscal 2019. Despite a slight increase in sales in the information system and telecommunication services business due mainly to higher sales in the ICT solutions business, sales in the telecommunications equipment business decreased slightly due to a re-examination of the line-up of handset models for overseas markets.

Business profit increased by 1,057 million yen, or 10.2%, to 11,450 million yen, compared with 10,393 million yen for fiscal 2019 due to improved margins in the telecommunications equipment business resulting from cost reductions. The business profit ratio for fiscal 2020 was 4.5%.

5) Document Solutions Group

Sales revenue for fiscal 2020 decreased by 15,232 million yen, or 4.1%, to 359,915 million yen, compared with 375,147 million yen for fiscal 2019. Business profit decreased by 9,039 million yen, or 20.8%, to 34,489 million yen, compared with 43,528 million yen for fiscal 2019. The business profit ratio for fiscal 2020 was 9.6%. These were due to the effect of foreign currency fluctuation as well as lower demand caused by the slowdown of the global economy resulting from the spread of Covid-19.

6) Life & Environment Group

Sales revenue for fiscal 2020 increased by 6,577 million yen, or 8.2%, to 86,691 million yen, compared with 80,114 million yen for fiscal 2019 due mainly to increased sales in the solar energy business.

Business loss decreased by 55,818 million yen to 11,198 million yen, compared with 67,016 million yen for fiscal 2019. This was due to improved profitability resulting from cost reductions achieved through the progress of structural reforms, in addition to the absence of settlement expenses recorded in fiscal 2019 in the amount of approximately 52.3 billion yen relating to long-term purchase agreements for procurement of polysilicon material in the solar energy business.

Sales Revenue by Reporting Segment

(Yen in millions)

	For the year ended March 31, 2019		For the year ended March 31, 2020		Change	
	Amount	%*	Amount	%*	Amount	%
Industrial & Automotive Components Group	314,339	19.4	341,093	21.3	26,754	8.5
Semiconductor Components Group	249,217	15.3	247,228	15.5	(1,989)	(0.8)
Electronic Devices Group	364,827	22.5	324,113	20.3	(40,714)	(11.2)
Total Components Business	928,383	57.2	912,434	57.1	(15,949)	(1.7)
Communications Group	252,067	15.5	252,062	15.8	(5)	(0.0)
Document Solutions Group	375,147	23.1	359,915	22.5	(15,232)	(4.1)
Life & Environment Group	80,114	5.0	86,691	5.4	6,577	8.2
Total Equipment & Systems Business	707,328	43.6	698,668	43.7	(8,660)	(1.2)
Others	17,190	1.0	16,737	1.0	(453)	(2.6)
Adjustments and eliminations	(29,191)	(1.8)	(28,786)	(1.8)	405	—
Sales revenue	1,623,710	100.0	1,599,053	100.0	(24,657)	(1.5)

* % represents the component ratio.

Business Profit (Loss) by Reporting Segment

(Yen in millions)

	For the year ended March 31, 2019		For the year ended March 31, 2020		Change	
	Amount	%*	Amount	%*	Amount	%
Industrial & Automotive Components Group	38,450	12.2	15,813	4.6	(22,637)	(58.9)
Semiconductor Components Group	10,932	4.4	30,511	12.3	19,579	179.1
Electronic Devices Group	66,926	18.3	31,744	9.8	(35,182)	(52.6)
Total Components Business	116,308	12.5	78,068	8.6	(38,240)	(32.9)
Communications Group	10,393	4.1	11,450	4.5	1,057	10.2
Document Solutions Group	43,528	11.6	34,489	9.6	(9,039)	(20.8)
Life & Environment Group	(67,016)	—	(11,198)	—	55,818	—
Total Equipment & Systems Business	(13,095)	—	34,741	5.0	47,836	—
Others	660	3.8	(4,484)	—	(5,144)	—
Total business profit	103,873	6.4	108,325	6.8	4,452	4.3
Corporate gains and share of net profit of investments accounted for using the equity method	38,954	—	41,977	—	3,023	7.8
Adjustments and eliminations	(2,217)	—	(1,476)	—	741	—
Profit before income taxes	140,610	8.7	148,826	9.3	8,216	5.8

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

[Consolidated Financial Forecasts for the Year Ending March 31, 2021]

For the fiscal year ending March 31, 2021 (“fiscal 2021”), although diffusion of 5G services and recovery of the semiconductor market are expected, a global economic downturn is also expected to continue due to the spread of Covid-19. As a result, demand in automotive-related parts and document solutions businesses is expected to decline. Even in such an uncertain economic environment, Kyocera will strive to achieve its financial forecasts for fiscal 2021 through the pursuit of business opportunities and will make efforts to improve productivity through the utilization of artificial intelligence (AI) and robots and to reduce costs. Details of the financial forecasts for fiscal 2021 are shown in the table below.

For the purpose of this forecast, we have assumed that the global economy will continue to be unstable through the end of the three month period from April 1 to June 30, 2020, due to the impact of the spread of Covid-19, but that it will gradually recover toward the ending of fiscal 2021 commencing from the three month period from July 1 to September 30, 2020.

Assumed exchange rates for fiscal 2021 are 105 yen to the U.S. dollar, and 115 yen to the Euro.

Forecasts of Consolidated Financial Results

(Yen in millions)

	Results for the year ended March 31, 2020		Forecasts for the year ending March 31, 2021		Change	
	Amount	%*	Amount	%*	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)
Average US\$ exchange rate (yen)	109	—	105	—	—	—
Average Euro exchange rate (yen)	121	—	115	—	—	—
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
Research and development expenses	79,241	5.0	80,000	5.3	759	1.0

* % represents the percentage to sales revenue.

Sales Revenue by Reporting Segment

(Yen in millions)

	Results for the year ended March 31, 2020		Forecasts for the year ending March 31, 2021		Change	
	Amount	%*	Amount	%*	Amount	%
Industrial & Automotive Components Group	341,093	21.3	300,000	20.0	(41,093)	(12.0)
Semiconductor Components Group	247,228	15.5	239,000	15.9	(8,228)	(3.3)
Electronic Devices Group	324,113	20.3	328,000	21.9	3,887	1.2
Total Components Business	912,434	57.1	867,000	57.8	(45,434)	(5.0)
Communications Group	270,818	17.0	259,000	17.3	(11,818)	(4.4)
Document Solutions Group	359,915	22.5	320,000	21.3	(39,915)	(11.1)
Life & Environment Group	73,747	4.6	67,000	4.5	(6,747)	(9.1)
Total Equipment & Systems Business	704,480	44.1	646,000	43.1	(58,480)	(8.3)
Others	16,737	1.0	22,000	1.5	5,263	31.4
Adjustments and eliminations	(34,598)	(2.2)	(35,000)	(2.4)	(402)	—
Sales revenue	1,599,053	100.0	1,500,000	100.0	(99,053)	(6.2)

* % represents the component ratio.

Business Profit (Loss) by Reporting Segment

(Yen in millions)

	Results for the year ended March 31, 2020		Forecasts for the year ending March 31, 2021		Change	
	Amount	%*	Amount	%*	Amount	%
Industrial & Automotive Components Group	15,813	4.6	13,000	4.3	(2,813)	(17.8)
Semiconductor Components Group	30,511	12.3	30,000	12.6	(511)	(1.7)
Electronic Devices Group	31,744	9.8	34,000	10.4	2,256	7.1
Total Components Business	78,068	8.6	77,000	8.9	(1,068)	(1.4)
Communications Group	11,259	4.2	9,000	3.5	(2,259)	(20.1)
Document Solutions Group	34,489	9.6	30,000	9.4	(4,489)	(13.0)
Life & Environment Group	(10,965)	—	(14,000)	—	(3,035)	—
Total Equipment & Systems Business	34,783	4.9	25,000	3.9	(9,783)	(28.1)
Others	(4,484)	—	(6,000)	—	(1,516)	—
Total business profit	108,367	6.8	96,000	6.4	(12,367)	(11.4)
Corporate and others	40,459	—	24,000	—	(16,459)	(40.7)
Profit before income taxes	148,826	9.3	120,000	8.0	(28,826)	(19.4)

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

(Note) On April 1, 2020, the domestic subsidiary Kyocera Communication Systems Co., Ltd., which is included in “Communications Group”, absorbed and merged with the domestic subsidiary Kyocera Solar Corporation, which is included in “Life & Environment Group.” As a result, “Results for the year ended March 31, 2020” and “Forecast for the year ending March 31, 2021” in the above table are presented in the reporting segment after the merger.

Note: Cautionary statements with respect to forward-looking statements

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

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

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

(2) Overview of Financial Position

<Consolidated Cash Flows>

Cash and cash equivalents at March 31, 2020 decreased by 93,194 million yen to 419,620 million yen from 512,814 million yen at March 31, 2019.

1) Cash flows from operating activities

Net cash provided by operating activities for fiscal 2020 decreased by 5,395 million yen to 214,630 million yen from 220,025 million yen for fiscal 2019. This was due mainly to decreases in cash inflows related to decreases in trade receivables and inventories, which was partly offset by a decrease in income tax paid.

2) Cash flows from investing activities

Net cash used in investing activities for fiscal 2020 increased by 98,430 million yen to 145,551 million yen from 47,121 million yen for fiscal 2019. This was due mainly to a decrease in withdrawal of deposits and increases in payments for acquisitions of business.

3) Cash flows from financing activities

Net cash used in financing activities for fiscal 2020 increased by 68,070 million yen to 157,126 million yen from 89,056 million yen for the fiscal 2019. This mainly reflected that dividends paid increased and purchases of non-controlling interests significantly increased as Kyocera made AVX Corporation a wholly-owned subsidiary although proceeds from borrowings exceeded repayments and a purchase of treasury stock decreased.

Consolidated Cash Flows

(Yen in millions)

	For the year ended March 31, 2019	For the year ended March 31, 2020	Change
Cash flows from operating activities	220,025	214,630	(5,395)
Cash flows from investing activities	(47,121)	(145,551)	(98,430)
Cash flows from financing activities	(89,056)	(157,126)	(68,070)
Effect of exchange rate changes on cash and cash equivalents	4,028	(5,147)	(9,175)
Increase (decrease) in cash and cash equivalents	87,876	(93,194)	(181,070)
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 year	512,814	419,620	(93,194)

2. Basic Profit Distribution Policy and Dividends for Fiscal 2020 and for Fiscal 2021

(1) Basic Profit Distribution Policy

Kyocera Corporation believes that the best way to increase corporate value and meet shareholders' expectations is to improve future consolidated performance on an ongoing basis.

Kyocera Corporation therefore has adopted a principal guideline that dividend amounts shall fall within a range based on profit attributable to owners of the parent on a consolidated basis, and has set its dividend policy to maintain a payout ratio of around 50% of profit attributable to owners of the parent. In addition, Kyocera Corporation determines dividend amounts based on a comprehensive assessment, taking into account various factors including the amount of capital expenditures necessary for medium-to-long-term corporate growth.

Kyocera Corporation also has adopted policies to ensure a sound financial basis, and, for such purpose it sets aside other general reserves in preparation for the creation of new businesses, cultivation of new markets, development of new technologies and acquisition, as necessary, of outside management resources to achieve sustainable corporate growth.

In addition to the above-mentioned basic policy, within a certain range based on cash flow, Kyocera Corporation will implement acquisitions of its own shares as a powerful mechanism for enhancing shareholder returns.

(2) Dividends for Fiscal 2020

For fiscal 2020, the amount of the year-end dividend will be 80 yen per share in light of the performance for the consolidated fiscal year and accordance with the above-mentioned basic policy. As a result, the annual dividend will be 160 yen per share when aggregated with the interim dividend in the amount of 80 yen per share. This amount will represent an increase of 20 yen per share as compared with the amount of the annual dividend in fiscal 2019, which was 140 yen per share.

(3) Dividends for Fiscal 2021

Kyocera Corporation will determine the amount of its annual dividend for fiscal 2021 in accordance with the above-mentioned basic policy. Kyocera Corporation currently expects the annual dividend for fiscal 2021 to be 120 yen per share based on its forecast of performance for fiscal 2021.

3. Basic Rationale for Selection of Accounting Standards

Kyocera Corporation and its consolidated subsidiaries ("Kyocera") has adopted International Financial Reporting Standards ("IFRS") to its consolidated financial statements from the year ended March 31, 2019 in order to further enhance its management control on a global basis.

4. Consolidated Financial Statements and Primary Notes

(1) Consolidated Statement of Financial Position

(Yen in millions)

	As of March 31, 2019		As of March 31, 2020		Change
	Amount	%*	Amount	%*	
Assets					
Current assets					
Cash and cash equivalents	512,814		419,620		(93,194)
Short-term investments	99,210		62,999		(36,211)
Trade and other receivables	357,352		336,294		(21,058)
Other financial assets	9,871		11,035		1,164
Inventories	343,880		344,304		424
Other current assets	34,637		28,455		(6,182)
Total current assets	1,357,764	45.7	1,202,707	37.0	(155,057)
Non-current assets					
Equity and debt instruments	963,651		1,196,634		232,983
Investments accounted for using the equity method	4,159		17,422		13,263
Other financial assets	17,869		27,179		9,310
Property, plant and equipment	341,855		383,271		41,416
Right-of-use assets	—		34,921		34,921
Goodwill	149,499		212,207		62,708
Intangible assets	80,001		118,533		38,532
Deferred tax assets	38,558		40,434		1,876
Other non-current assets	15,119		16,867		1,748
Total non-current assets	1,610,711	54.3	2,047,468	63.0	436,757
Total assets	2,968,475	100.0	3,250,175	100.0	281,700

* % represents the component ratio.

(Yen in millions)

	As of March 31, 2019		As of March 31, 2020		Change
	Amount	%*	Amount	%*	
Liabilities and Equity					
Liabilities					
Current liabilities					
Borrowings	4,204		35,025		30,821
Trade and other payables	186,281		173,300		(12,981)
Lease liabilities	—		15,477		15,477
Other financial liabilities	2,417		1,544		(873)
Income tax payables	12,672		11,396		(1,276)
Accrued expenses	120,903		114,983		(5,920)
Provisions	11,166		14,411		3,245
Other current liabilities	37,105		31,373		(5,732)
Total current liabilities	374,748	12.6	397,509	12.2	22,761
Non-current liabilities					
Borrowings	5,656		44,970		39,314
Lease liabilities	—		31,847		31,847
Retirement benefit liabilities	25,479		28,406		2,927
Deferred tax liabilities	174,823		271,317		96,494
Provisions	7,892		8,760		868
Other non-current liabilities	17,617		13,124		(4,493)
Total non-current liabilities	231,467	7.8	398,424	12.3	166,957
Total liabilities	606,215	20.4	795,933	24.5	189,718
Equity					
Common stock	115,703		115,703		—
Capital surplus	165,225		123,539		(41,686)
Retained earnings	1,638,709		1,686,672		47,963
Other components of equity	418,643		575,495		156,852
Treasury stock	(72,361)		(69,275)		3,086
Total equity attributable to owners of the parent	2,265,919	76.3	2,432,134	74.8	166,215
Non-controlling interests	96,341	3.3	22,108	0.7	(74,233)
Total equity	2,362,260	79.6	2,454,242	75.5	91,982
Total liabilities and equity	2,968,475	100.0	3,250,175	100.0	281,700

* % represents the component ratio.

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

a. Consolidated Statement of Profit or Loss

(Yen in millions except per share amounts)

	For the year ended March 31, 2019		For the year ended March 31, 2020		Change	
	Amount	%*	Amount	%*	Amount	%
Sales revenue	1,623,710	100.0	1,599,053	100.0	(24,657)	(1.5)
Cost of sales	1,159,687	71.4	1,157,879	72.4	(1,808)	(0.2)
Gross profit	464,023	28.6	441,174	27.6	(22,849)	(4.9)
Selling, general and administrative expenses	369,200	22.8	340,981	21.3	(28,219)	(7.6)
Operating profit	94,823	5.8	100,193	6.3	5,370	5.7
Finance income	44,750	2.8	48,154	3.0	3,404	7.6
Finance expenses	1,241	0.1	1,553	0.1	312	25.1
Foreign exchange gains (losses)	53	0.0	(481)	(0.0)	(534)	—
Share of net profit (loss) of investments accounted for using the equity method	379	0.0	124	0.0	(255)	(67.3)
Other, net	1,846	0.2	2,389	0.1	543	29.4
Profit before income taxes	140,610	8.7	148,826	9.3	8,216	5.8
Income taxes	25,754	1.6	36,980	2.3	11,226	43.6
Profit for the year	114,856	7.1	111,846	7.0	(3,010)	(2.6)

Profit attributable to:						
Owners of the parent	103,210	6.4	107,721	6.7	4,511	4.4
Non-controlling interests	11,646	0.7	4,125	0.3	(7,521)	(64.6)
Profit for the year	114,856	7.1	111,846	7.0	(3,010)	(2.6)

Per share information:			
Earnings per share attributable to owners of the parent			
Basic	284.94 yen	297.36 yen	
Diluted	284.70 yen	—	

* % represents the percentage to sales revenue.

b. Consolidated Statement of Comprehensive Income

(Yen in millions)

	For the year ended March 31, 2019	For the year ended March 31, 2020	Change
	Amount	Amount	
Profit for the year	114,856	111,846	(3,010)
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	(84,165)	177,776	261,941
Re-measurement of defined benefit plans	(1,618)	(675)	943
Total items that will not be reclassified to profit or loss	(85,783)	177,101	262,884
Items that may be reclassified subsequently to profit or loss:			
Net changes in fair value of cash flow hedge	36	(154)	(190)
Exchange differences on translating foreign operations	4,943	(24,222)	(29,165)
Share of other comprehensive income of investments accounted for using the equity method	66	25	(41)
Total items that may be reclassified subsequently to profit or loss	5,045	(24,351)	(29,396)
Total other comprehensive income	(80,738)	152,750	233,488
Comprehensive income for the year	34,118	264,596	230,478

Comprehensive income attributable to:			
Owners of the parent	21,514	262,750	241,236
Non-controlling interests	12,604	1,846	(10,758)
Comprehensive income for the year	34,118	264,596	230,478

(3) Consolidated Statement of Changes in Equity

For the year ended March 31, 2019

(Yen in millions)

	Total equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common Stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total		
Balance as of April 1, 2018 (Before applying new accounting standard)	115,703	165,079	1,577,641	499,710	(32,342)	2,325,791	87,508	2,413,299
Cumulative effects of new accounting standard applied			2,973	(729)		2,244		2,244
Balance as of April 1, 2018 (After applying new accounting standard)	115,703	165,079	1,580,614	498,981	(32,342)	2,328,035	87,508	2,415,543
Profit for the year			103,210			103,210	11,646	114,856
Other comprehensive income				(81,696)		(81,696)	958	(80,738)
Total comprehensive income for the year	–	–	103,210	(81,696)	–	21,514	12,604	34,118
Cash dividends			(43,768)			(43,768)	(4,410)	(48,178)
Purchase of treasury stock					(40,020)	(40,020)		(40,020)
Reissuance of treasury stock		0			1	1		1
Transactions with non-controlling interests and other		146		11		157	639	796
Transfer to retained earnings			(1,347)	1,347		–		–
Balance as of March 31, 2019	115,703	165,225	1,638,709	418,643	(72,361)	2,265,919	96,341	2,362,260

For the year ended March 31, 2020

(Yen in millions)

	Total equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common Stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total		
Balance as of April 1, 2019	115,703	165,225	1,638,709	418,643	(72,361)	2,265,919	96,341	2,362,260
Profit for the year			107,721			107,721	4,125	111,846
Other comprehensive income				155,029		155,029	(2,279)	152,750
Total comprehensive income for the year	–	–	107,721	155,029	–	262,750	1,846	264,596
Cash dividends			(57,935)			(57,935)	(4,111)	(62,046)
Purchase of treasury stock					(26)	(26)		(26)
Reissuance of treasury stock		1,700			3,112	4,812		4,812
Transactions with non-controlling interests and other		(43,386)		0		(43,386)	(71,968)	(115,354)
Transfer to retained earnings			(1,823)	1,823		–		–
Balance as of March 31, 2020	115,703	123,539	1,686,672	575,495	(69,275)	2,432,134	22,108	2,454,242

(4) Consolidated Statement of Cash Flows

(Yen in millions)

	For the year ended March 31, 2019	For the year ended March 31, 2020
Cash flows from operating activities:		
Profit for the year	114,856	111,846
Depreciation and amortization	63,889	92,748
Finance expenses (income)	(43,509)	(46,601)
Share of net profit of investments accounted for using the equity method	(379)	(124)
Impairment loss	16,630	297
(Gains) losses from sales or disposal of property, plant and equipment	442	(6,938)
Income taxes	25,754	36,980
(Increase) decrease in trade and other receivables	25,016	7,170
(Increase) decrease in inventories	24,597	4,772
(Increase) decrease in other assets	31,022	8,811
Increase (decrease) in trade and other payables	(11,028)	(6,869)
Increase (decrease) in accrued expenses	(34)	(8,573)
Increase (decrease) in provisions	(33,276)	3,409
Increase (decrease) in other liabilities	3,751	(9,690)
Other, net	(289)	(3,702)
Subtotal	217,442	183,536
Interests and dividends received	45,192	48,978
Interests paid	(660)	(1,430)
Income taxes refund (paid)	(41,949)	(16,454)
Net cash provided by operating activities	220,025	214,630
Cash flows from investing activities:		
Payments for purchases of property, plant and equipment	(111,040)	(107,135)
Payments for purchases of intangible assets	(7,515)	(13,599)
Proceeds from sales of property, plant and equipment	2,782	11,537
Acquisitions of business, net of cash acquired	(22,165)	(83,522)
Acquisition of time deposits and certificate of deposits	(331,212)	(194,493)
Withdrawal of time deposits and certificate of deposits	428,810	218,218
Payments for purchases of securities	(71,143)	(3,920)
Proceeds from sales and maturities of securities	65,484	35,339
Other, net	(1,122)	(7,976)
Net cash used in investing activities	(47,121)	(145,551)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	(356)	28,947
Proceeds from long-term borrowings	3,676	45,059
Repayments of long-term borrowings	(3,394)	(41,055)
Repayments of lease liabilities	—	(17,610)
Dividends paid	(48,064)	(62,017)
Purchase of treasury stock	(40,020)	(26)
Reissuance of treasury stock	2	4,745
Purchase of non-controlling interests	(88)	(115,984)
Other, net	(812)	815
Net cash used in financing activities	(89,056)	(157,126)
Effect of exchange rate changes on cash and cash equivalents	4,028	(5,147)
Increase (decrease) in cash and cash equivalents	87,876	(93,194)
Cash and cash equivalents at the beginning of the year	424,938	512,814
Cash and cash equivalents at the end of the year	512,814	419,620

(5) Basis of Preparation of Consolidated Financial Statements

(i) Summary of significant accounting policies

Kyocera's consolidated financial statements are prepared in accordance with IFRS.

(ii) Scope of consolidation:

Number of consolidated subsidiaries	283	Kyocera Document Solutions Inc. AVX Corporation Kyocera International, Inc. and others
Number of associates accounted for using the equity method	14	

(iii) Changes in scope of consolidation:

Consolidated subsidiaries:

Number of increase	25
Number of decrease	13

Associate accounted for using the equity method

Number of increase	2
Number of decrease	2

(6) Changes in Accounting Policies

<Newly applied accounting standards>

Adoption of IFRS 16 “Leases”

Kyocera has applied IFRS 16 “Leases” (published in January 2016, hereinafter “IFRS 16”) from the year ended March 31, 2020. 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.

(a) 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.

(b) 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.

i. 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.

ii. Operating lease

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 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

(7) Segment Information**(i) Reporting segments:**

(Yen in millions)

	For the year ended March 31, 2019	For the year ended March 31, 2020	Change	
	Amount	Amount	Amount	%
Capital expenditures				
Industrial & Automotive Components Group	37,746	22,969	(14,777)	(39.1)
Semiconductor Components Group	17,737	11,958	(5,779)	(32.6)
Electronic Devices Group	33,275	29,558	(3,717)	(11.2)
Communications Group	4,945	4,330	(615)	(12.4)
Document Solutions Group	7,571	8,866	1,295	17.1
Life & Environment Group	5,548	7,578	2,030	36.6
Other	1,119	3,198	2,079	185.8
Corporate	9,108	17,546	8,438	92.6
Total	117,049	106,003	(11,046)	(9.4)
Depreciation and amortization				
Industrial & Automotive Components Group	13,934	24,128	10,194	73.2
Semiconductor Components Group	9,336	9,818	482	5.2
Electronic Devices Group	18,971	23,622	4,651	24.5
Communications Group	5,165	8,365	3,200	62.0
Document Solutions Group	9,717	14,640	4,923	50.7
Life & Environment Group	3,123	4,744	1,621	51.9
Other	1,347	3,528	2,181	161.9
Corporate	2,296	3,903	1,607	70.0
Total	63,889	92,748	28,859	45.2
Research and development expenses				
Industrial & Automotive Components Group	14,589	14,367	(222)	(1.5)
Semiconductor Components Group	3,389	4,486	1,097	32.4
Electronic Devices Group	13,877	16,445	2,568	18.5
Communications Group	5,238	6,550	1,312	25.0
Document Solutions Group	21,787	21,615	(172)	(0.8)
Life & Environment Group	8,145	9,049	904	11.1
Other	2,902	6,729	3,827	131.9
Total	69,927	79,241	9,314	13.3

(Note 1) With regard to Reporting segment information of Sales revenue and Profit before income taxes, please refer to “b. Consolidated Financial Results by Reporting Segment” under “1. Overview of Operating Results and Other Information” on page 4.

(Note 2) From fiscal 2020, depreciation and amortization charge include the depreciation charge of right-of-use assets.

(ii) Geographic segments

(Yen in millions)

	For the year ended March 31, 2019		For the year ended March 31, 2020		Change	
	Amount	%*	Amount	%*	Amount	%
Sales revenue by geographic area						
Japan	595,364	36.7	598,113	37.4	2,749	0.5
Asia	382,635	23.6	358,946	22.4	(23,689)	(6.2)
Europe	331,508	20.4	306,326	19.2	(25,182)	(7.6)
United States of America	248,947	15.3	276,002	17.3	27,055	10.9
Others	65,256	4.0	59,666	3.7	(5,590)	(8.6)
Total	1,623,710	100.0	1,599,053	100.0	(24,657)	(1.5)

* % represents the component ratio.

(8) Earnings per Share

With regard to earnings per share, please refer to the cover page “Consolidated Financial Results for the Year Ended March 31, 2020” and “(2) Consolidated Statements of Profit or Loss and Comprehensive Income” under “4. Consolidated Financial Statements and Primary Notes” on page 12.

Earnings per share attributable to owners of the parent - Diluted for the year ended March 31, 2020 is not stated, as there are no residual shares having possibilities of diluting stock value.

(9) Material Subsequent Event

On April 15, 2020, Kyocera Document Solutions Inc., a domestic consolidated subsidiary, acquired 97% of the common stocks of OPTIMAL SYSTEMS GmbH, a Germany based company, in order to expand the Enterprise Contents Management business in Europe, and made it consolidated subsidiary.

The purchase price consists of 12,656 million yen in cash and the fair value of the future performance-linked payment (contingent consideration) at the acquisition date, of which the maximum amount is 3,492 million yen.

The fair value of the assets acquired, the liabilities assumed and contingent consideration at the acquisition date are in the process of being calculated.

(10) Notes to Going Concern Assumption

Not Applicable