



Consolidated Financial Results for the Year Ended March 31, 2022 (IFRS)

April 28, 2022

Company name: **KYOCERA CORPORATION** Stock Listing: Tokyo Stock Exchange
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Scheduled date of Ordinary General Meeting of Shareholders: June 28, 2022
 Scheduled date of Annual report filing: June 28, 2022
 Scheduled date for commencement of dividend payment: June 29, 2022
 Supplementary documents of the financial results: Yes
 Holding financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded)

1. Consolidated Financial Results for the Year Ended March 31, 2022

(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, 2022	1,838,938	20.4	148,910	110.8	198,947	69.2	148,414	64.5	370,604	72.5
March 31, 2021	1,526,897	(4.5)	70,644	(29.5)	117,559	(21.0)	90,214	(16.3)	214,809	(18.8)

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, 2022	411.15	—	5.4	5.4	8.1
March 31, 2021	248.91	—	3.6	3.5	4.6

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

For the year ended March 31, 2022 (807) million yen For the year ended March 31, 2021 261 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, 2022	3,917,265	2,898,273	2,871,554	73.3	8,000.97
March 31, 2021	3,493,470	2,616,110	2,591,415	74.2	7,149.91

(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, 2022	201,957	(79,457)	(111,473)	414,129
March 31, 2021	220,821	(183,792)	(80,968)	386,727

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, 2021	—	60.00	—	80.00	140.00	50,742	56.2	2.0
March 31, 2022	—	90.00	—	90.00	180.00	64,922	43.8	2.4
Year ending March 31, 2023 (forecast)	—	—	—	—	200.00		46.9	

(Note) Dividends per share for the year ending March 31, 2023 are forecasted to be 200 yen on an annual basis.

3. Consolidated Financial Forecasts for the Year Ending March 31, 2023

(% 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, 2023	2,000,000	8.8	174,000	16.8	220,000	10.6	154,000	3.8	426.63

(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, 2022.

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

(3) Number of shares issued (common stock)

- (i) Number of shares issued (including treasury stock):
 - As of March 31, 2022 377,618,580 shares
 - As of March 31, 2021 377,618,580 shares
- (ii) Number of treasury stock:
 - As of March 31, 2022 18,717,679 shares
 - As of March 31, 2021 15,178,204 shares
- (iii) Average number of shares outstanding:
 - Year ended March 31, 2022 360,969,460 shares
 - Year ended March 31, 2021 362,439,184 shares

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

Non-consolidated Financial Results for the Year Ended March 31, 2022

(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, 2022	848,253	19.8	46,169	290.3	147,160	42.5	132,442	42.0
March 31, 2021	708,177	(3.0)	11,830	—	103,245	5.0	93,269	5.4

Year ended	Net income per share -Basic	Net income per share -Diluted
	Yen	Yen
March 31, 2022	366.91	—
March 31, 2021	257.34	—

(2) Non-consolidated financial condition

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2022	2,998,363	2,309,953	77.0	6,436.19
March 31, 2021	2,685,137	2,124,257	79.1	5,860.98

(Reference) Owned capital As of March 31, 2022: 2,309,953 million yen, As of March 31, 2021: 2,124,257 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 28, 2022.

4. English translation

This is an English translation of the Japanese original of “Consolidated Financial Results for the Year Ended March 31, 2022.” 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)

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1. Overview of Operating Results and Other Information

(1) Overview of Operating Results

a. Consolidated Financial Results

During the year ended March 31, 2022 (“fiscal 2022”), despite the impact of a shortage of semiconductors and price increases for raw materials, the world economy showed recovery from the year ended March 31, 2021 (“fiscal 2021”) due to the progress of the COVID-19 vaccination program in many countries.

Sales revenue and profit increased in all reporting segments, as compared with fiscal 2021, due to the improved business environment as well as an increase in demand for components, mainly in the 5G and semiconductor-related markets.

As a result, sales revenue in fiscal 2022 increased by 312,041 million yen, or 20.4%, to 1,838,938 million yen, marking a record high. Profit increased compared to fiscal 2021, due to the increase in sales revenue and efforts to improve productivity and reduce costs in each business, as well as the absence of the impact of an impairment loss of approximately 11.5 billion yen in the smart energy business recorded in fiscal 2021. Operating profit increased by 78,266 million yen, or 110.8%, to 148,910 million yen, profit before income taxes increased by 81,388 million yen, or 69.2%, to 198,947 million yen, and profit attributable to owners of the parent increased by 58,200 million yen, or 64.5%, to 148,414 million yen.

The average exchange rates for fiscal 2022 were 112 yen to the U.S. dollar and 131 yen to the euro, marking depreciation of 6 yen, or 5.7%, and 7 yen, or 5.6%, respectively, compared with fiscal 2021. As a result, sales revenue and profit before income taxes after translation into yen for fiscal 2022 were pushed up by approximately 68 billion yen and approximately 20 billion yen, respectively, compared with fiscal 2021.

Consolidated Financial Results

(Yen in millions)

	For the year ended March 31, 2021		For the year ended March 31, 2022		Change	
	Amount	%*	Amount	%*	Amount	%
Sales revenue	1,526,897	100.0	1,838,938	100.0	312,041	20.4
Operating profit	70,644	4.6	148,910	8.1	78,266	110.8
Profit before income taxes	117,559	7.7	198,947	10.8	81,388	69.2
Profit attributable to owners of the parent	90,214	5.9	148,414	8.1	58,200	64.5
Average US\$ exchange rate (Yen)	106	—	112	—	—	—
Average Euro exchange rate (Yen)	124	—	131	—	—	—

Capital expenditures	117,106	7.7	151,771	8.3	34,665	29.6
Depreciation charge of property, plant and equipment	73,811	4.8	90,229	4.9	16,418	22.2
Research and development expenses	75,457	4.9	84,123	4.6	8,666	11.5

* % represents the percentage to sales revenue.

b. Consolidated Financial Results by Reporting Segment

1) Core Components Business

Sales revenue in fiscal 2022 increased by 96,026 million yen, or 22.2% to 527,933 million yen compared with 431,907 million yen in fiscal 2021. Sales rose due to increased demand for fine ceramic components for semiconductor processing equipment as well as ceramic packages and organic packages and boards for the information and communication-related markets including the 5G, and automotive-related markets.

Business profit increased by 31,091 million yen, or 101.8%, to 61,640 million yen compared with 30,549 million yen in fiscal 2021, due to increased sales of high-value-added products. The business profit ratio for fiscal 2022 improved from 7.1% for fiscal 2021 to 11.7%.

2) Electronic Components Business

Sales revenue in fiscal 2022 increased by 66,100 million yen, or 24.2%, to 339,102 million yen compared with 273,002 million yen in fiscal 2021. In addition to recovery in demand in the industrial and automotive-related markets, increased sales of components such as capacitors for the 5G and semiconductor-related markets resulted in an increase in sales.

Business profit increased by 24,896 million yen, or 108.2%, to 47,896 million yen compared with 23,000 million yen in fiscal 2021, due to increased sales of high-value-added products such as small sized and high capacitance capacitors and crystal devices, as well as our efforts to improve productivity. The business profit ratio for fiscal 2022 improved from 8.4% for fiscal 2021 to 14.1%.

3) Solutions Business

Sales revenue in fiscal 2022 increased by 148,428 million yen, or 17.8%, to 983,689 million yen compared with 835,261 million yen in fiscal 2021. In the Industrial Tools Unit, sales of both cutting tools and pneumatic and power tools increased. In the Document Solutions Unit, sales of equipment as well as consumables recovered.

Business profit increased by 31,224 million yen, or 83.3%, to 68,730 million yen compared with 37,506 million yen in fiscal 2021, due to increased sales as well as the absence of the impact of an impairment loss in the smart energy business recorded in fiscal 2021. The business profit ratio for fiscal 2022 improved from 4.5% for fiscal 2021 to 7.0%.

Sales Revenue by Reporting Segment

(Yen in millions)

	For the year ended March 31, 2021		For the year ended March 31, 2022		Change	
	Amount	%*	Amount	%*	Amount	%
Core Components Business	431,907	28.3	527,933	28.7	96,026	22.2
Industrial & Automotive Components Unit	136,062	8.9	172,908	9.4	36,846	27.1
Semiconductor Components Unit	270,656	17.7	327,746	17.8	57,090	21.1
Others	25,189	1.7	27,279	1.5	2,090	8.3
Electronic Components Business	273,002	17.9	339,102	18.4	66,100	24.2
Solutions Business	835,261	54.7	983,689	53.5	148,428	17.8
Industrial Tools Unit	193,066	12.6	251,062	13.7	57,996	30.0
Document Solutions Unit	316,226	20.7	366,691	19.9	50,465	16.0
Communications Unit	232,739	15.2	262,306	14.3	29,567	12.7
Others	93,230	6.2	103,630	5.6	10,400	11.2
Others	10,883	0.7	17,817	1.0	6,934	63.7
Adjustments and eliminations	(24,156)	(1.6)	(29,603)	(1.6)	(5,447)	—
Sales revenue	1,526,897	100.0	1,838,938	100.0	312,041	20.4

* % represents the component ratio.

Business Profit (Loss) by Reporting Segment

(Yen in millions)

	For the year ended March 31, 2021		For the year ended March 31, 2022		Change	
	Amount	%*	Amount	%*	Amount	%
Core Components Business	30,549	7.1	61,640	11.7	31,091	101.8
Industrial & Automotive Components Unit	4,241	3.1	19,872	11.5	15,631	368.6
Semiconductor Components Unit	28,260	10.4	44,239	13.5	15,979	56.5
Others	(1,952)	—	(2,471)	—	(519)	—
Electronic Components Business	23,000	8.4	47,896	14.1	24,896	108.2
Solutions Business	37,506	4.5	68,730	7.0	31,224	83.3
Industrial Tools Unit	15,721	8.1	27,211	10.8	11,490	73.1
Document Solutions Unit	28,759	9.1	33,334	9.1	4,575	15.9
Communications Unit	14,597	6.3	15,288	5.8	691	4.7
Others	(21,571)	—	(7,103)	—	14,468	—
Others	(3,102)	—	(14,649)	—	(11,547)	—
Total business profit	87,953	5.8	163,617	8.9	75,664	86.0
Corporate gains and others	29,606	—	35,330	—	5,724	19.3
Profit before income taxes	117,559	7.7	198,947	10.8	81,388	69.2

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

(Note) Kyocera has changed the classification of its reporting segments from the year ended March 31, 2022.

In addition, effective from the three months ended March 31, 2022, certain sales of by-products generated by each reporting segment, which was included in “Others,” has been recorded into respective reporting segments due to their materiality in terms of amount. This change has been applied to sales revenue by reporting segment for the year ended March 31, 2022.

Business results for the year ended March 31, 2021 have been reclassified in line with the above changes.

[Consolidated Financial Forecasts for the Year Ending March 31, 2023]

The business environment for the year ending March 31, 2023 (“fiscal 2023”) is still uncertain due to the unstable state of the world, and shortages and price increases of semiconductors and raw materials, etc., as well as concerns regarding the resurgence of COVID-19. However, favorable demand for components for the 5G and semiconductor-related markets is expected to continue.

In addition to capital expenditures to increase production capacity for these components, Kyocera will accelerate the release of new products and the development of new businesses, aiming to achieve 2 trillion yen in sales revenue, which has been set as a medium-term target, as well as to further improve profitability.

As for anticipated exchange rates, we expect the exchange rates for fiscal 2023 to be 115 yen to the U.S. dollar and 125 yen to the euro.

Forecasts of Consolidated Financial Results

(Yen in millions)

	Results for the year ended March 31, 2022		Forecasts for the year ending March 31, 2023		Change	
	Amount	%*	Amount	%*	Amount	%
Sales revenue	1,838,938	100.0	2,000,000	100.0	161,062	8.8
Operating profit	148,910	8.1	174,000	8.7	25,090	16.8
Profit before income taxes	198,947	10.8	220,000	11.0	21,053	10.6
Profit attributable to owners of the parent	148,414	8.1	154,000	7.7	5,586	3.8
Average US\$ exchange rate (Yen)	112	—	115	—	—	—
Average Euro exchange rate (Yen)	131	—	125	—	—	—
Capital expenditures	151,771	8.3	200,000	10.0	48,229	31.8
Depreciation charge of property, plant and equipment	90,229	4.9	120,000	6.0	29,771	33.0
Research and development expenses	84,123	4.6	95,000	4.8	10,877	12.9

* % represents the percentage to sales revenue.

Sales Revenue by Reporting Segment

(Yen in millions)

	Results for the year ended March 31, 2022		Forecasts for the year ending March 31, 2023		Change	
	Amount	%*	Amount	%*	Amount	%
Core Components Business	527,933	28.7	582,000	29.1	54,067	10.2
Industrial & Automotive Components Unit	172,908	9.4	201,000	10.1	28,092	16.2
Semiconductor Components Unit	327,746	17.8	351,000	17.6	23,254	7.1
Others	27,279	1.5	30,000	1.4	2,721	10.0
Electronic Components Business	339,102	18.4	370,000	18.5	30,898	9.1
Solutions Business	983,689	53.5	1,061,000	53.1	77,311	7.9
Industrial Tools Unit	251,062	13.7	265,000	13.3	13,938	5.6
Document Solutions Unit	366,691	19.9	400,000	20.0	33,309	9.1
Communications Unit	262,306	14.3	271,000	13.6	8,694	3.3
Others	103,630	5.6	125,000	6.2	21,370	20.6
Others	17,817	1.0	24,000	1.2	6,183	34.7
Adjustments and eliminations	(29,603)	(1.6)	(37,000)	(1.9)	(7,397)	—
Sales revenue	1,838,938	100.0	2,000,000	100.0	161,062	8.8

* % represents the component ratio.

Business Profit (Loss) by Reporting Segment

(Yen in millions)

	Results for the year ended March 31, 2022		Forecasts for the year ending March 31, 2023		Change	
	Amount	%*	Amount	%*	Amount	%
Core Components Business	61,640	11.7	82,000	14.1	20,360	33.0
Industrial & Automotive Components Unit	19,872	11.5	29,000	14.4	9,128	45.9
Semiconductor Components Unit	44,239	13.5	54,000	15.4	9,761	22.1
Others	(2,471)	—	(1,000)	—	1,471	—
Electronic Components Business	47,896	14.1	55,500	15.0	7,604	15.9
Solutions Business	68,730	7.0	87,000	8.2	18,270	26.6
Industrial Tools Unit	27,211	10.8	31,000	11.7	3,789	13.9
Document Solutions Unit	33,334	9.1	42,000	10.5	8,666	26.0
Communications Unit	15,288	5.8	11,000	4.1	(4,288)	(28.0)
Others	(7,103)	—	3,000	2.4	10,103	—
Others	(14,649)	—	(24,500)	—	(9,851)	—
Total business profit	163,617	8.9	200,000	10.0	36,383	22.2
Corporate gains and others	35,330	—	20,000	—	(15,330)	(43.4)
Profit before income taxes	198,947	10.8	220,000	11.0	21,053	10.6

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

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 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.

(2) Overview of Financial Position

<Consolidated Cash Flows>

Cash and cash equivalents at March 31, 2022 increased by 27,402 million yen to 414,129 million yen from 386,727 million yen at March 31, 2021.

1) Cash flows from operating activities

Net cash provided by operating activities for fiscal 2022 decreased by 18,864 million yen to 201,957 million yen from 220,821 million yen for fiscal 2021. This was due mainly to an increase in cash outflows with an increase in production resulting from higher orders despite an increase in profit for the year.

2) Cash flows from investing activities

Net cash used in investing activities for fiscal 2022 decreased by 104,335 million yen to 79,457 million yen from 183,792 million yen for fiscal 2021. This was due mainly to increases in withdrawal of time deposits and proceeds from maturities of securities as well as a decrease in payments for acquisitions of business.

3) Cash flows from financing activities

Net cash used in financing activities for fiscal 2022 increased by 30,505 million yen to 111,473 million yen from 80,968 million yen for fiscal 2021. This was due mainly to increases in payments for purchase of treasury stock and dividends paid.

Consolidated Cash Flows

(Yen in millions)

	For the year ended March 31, 2021	For the year ended March 31, 2022	Change
Cash flows from operating activities	220,821	201,957	(18,864)
Cash flows from investing activities	(183,792)	(79,457)	104,335
Cash flows from financing activities	(80,968)	(111,473)	(30,505)
Effect of exchange rate changes on cash and cash equivalents	11,046	16,375	5,329
Increase (decrease) in cash and cash equivalents	(32,893)	27,402	60,295
Cash and cash equivalents at the beginning of the year	419,620	386,727	(32,893)
Cash and cash equivalents at the end of the year	386,727	414,129	27,402

2. Basic Profit Distribution Policy and Dividends for Fiscal 2022 and for Fiscal 2023

(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.

Therefore, Kyocera Corporation 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 when appropriate, as a powerful mechanism for enhancing shareholder returns.

(2) Dividends for Fiscal 2022

For fiscal 2022, the amount of the year-end dividend will be 90 yen per share. The amount of the annual dividend will be 180 yen per share when aggregated with the interim dividend, which was in the amount of 90 yen per share. This amount will represent an increase of 40 yen per share as compared with the amount of the annual dividend for fiscal 2021.

(3) Dividends for Fiscal 2023

Kyocera Corporation expects the annual dividend for fiscal 2023 to be 200 yen per share. This amount will represent an increase of 20 yen per share as compared with the amount of the annual dividend for fiscal 2022.

3. Management Policy, Management Strategy and Issues to be Addressed, etc.

(1) Basic Management Policies

Kyocera aims to achieve continuous sales growth and high profitability through the practice of "Kyocera Philosophy," which is a corporate philosophy that is based on a concept included in Kyocera's decision making "what is right as a human being" and its own management system "Amoeba Management System" to pursue management rationale "To provide opportunities for the material and intellectual growth of all our employees, and through our joint efforts, contribute to the advancement of society and humankind."

(2) Target Management Index

In order to realize high-growth and profitable company, Kyocera aims to achieve sustained double-digit growth in sales revenue and profit before income taxes.

(3) Medium and Long-term Management Strategy

Kyocera aims to become a high-growth and profitable company by strengthening utilization of the Group's various management resources and alliances with external entities. The spread of 5G and AI has led to technological innovation in various fields, and the spread of COVID-19 has led to a further acceleration in digitalization. Under these circumstances, customer needs have shifted, and demand for smarter production sites utilizing IoT and AI, as well as technology and services to address various social issues including environmental issues such as decarbonization, is increasing. Under our new management structure, as reorganized in fiscal 2022, Kyocera strives to expand existing businesses and create new businesses, and to promote ESG (environment, social and governance) management, in order to respond to these shifts as business opportunities to achieve our new target: sales revenue of 3 trillion yen.

a. Expansion of existing businesses and creation of new businesses

Due to the progress of digitalization, strong demand for components for the 5G, semiconductor-related, and ADAS (advanced driver-assistance systems)-related markets is expected to continue over the medium term. In order to meet the robust demand from those markets in a timely manner, Kyocera will strive to expand existing businesses by continuing aggressive capital expenditures, such as construction of new factory facilities worldwide.

Kyocera also strives to create new businesses which will contribute to the solution of social issues by enhancing our research and development structure, as well as promoting development of new products and technologies. We have reorganized our research and development structure into four areas of concentration: materials, devices, solutions, and production technologies. With this new structure, Kyocera aims to expand business domains by utilizing management resources within and outside the Group to enhance our capacity to accelerate development, as well as by developing human resources.

b. Promotion of ESG Management

Kyocera is addressing social and environmental issues. Kyocera is also strengthening its corporate governance for sustainable corporate management.

With respect to environmental issues, Kyocera is striving to realize a decarbonized society. In addition to the use of renewable energy, including the installation of solar power generation systems at our own sites, Kyocera is working to establish and promote necessary infrastructure, such as self-wheeling energy systems and virtual power plants (VPP), in order to reduce emission of greenhouse gases in our overall community and society.

Kyocera is also working to promote diversity and inclusion and to create a work environment and systems in which our human resources can play an active role in order to realize our management rationale “To provide opportunities for the material and intellectual growth of all our employees, and through our joint efforts, contribute to the advancement of society and humankind.” In addition to the arrangement of flexible work systems, Kyocera is promoting CSR (corporate social responsibility) activities throughout our supply chain.

With regard to corporate governance, Kyocera is working to further enhance the diversity and effectiveness of the board of directors, and promote risk management, including business continuity planning (BCP) for the prompt recovery and continuation of business operations in the event of emergencies such as natural disasters.

4. Basic Rationale for Selection of Accounting Standards

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.

5. Consolidated Financial Statements and Primary Notes

(1) Consolidated Statement of Financial Position

(Yen in millions)

	As of March 31, 2021		As of March 31, 2022		Change
	Amount	%*	Amount	%*	
Assets					
Current assets					
Cash and cash equivalents	386,727		414,129		27,402
Short-term investments	79,852		25,460		(54,392)
Trade and other receivables	339,621		379,066		39,445
Other financial assets	17,504		18,623		1,119
Inventories	345,354		452,506		107,152
Other current assets	30,706		39,339		8,633
Total current assets	1,199,764	34.3	1,329,123	33.9	129,359
Non-current assets					
Equity and debt instruments	1,264,453		1,469,133		204,680
Investments accounted for using the equity method	16,975		15,795		(1,180)
Other financial assets	43,101		41,540		(1,561)
Property, plant and equipment	439,109		512,175		73,066
Right-of-use assets	38,639		40,703		2,064
Goodwill	256,532		262,985		6,453
Intangible assets	151,295		149,879		(1,416)
Deferred tax assets	36,624		36,483		(141)
Other non-current assets	46,978		59,449		12,471
Total non-current assets	2,293,706	65.7	2,588,142	66.1	294,436
Total assets	3,493,470	100.0	3,917,265	100.0	423,795

* % represents the component ratio.

(Yen in millions)

	As of March 31, 2021		As of March 31, 2022		Change
	Amount	%*	Amount	%*	
Liabilities and Equity					
Liabilities					
Current liabilities					
Borrowings	40,020		79,382		39,362
Trade and other payables	183,145		222,962		39,817
Lease liabilities	15,863		17,326		1,463
Other financial liabilities	7,669		16,552		8,883
Income tax payables	15,584		20,390		4,806
Accrued expenses	120,165		134,282		14,117
Provisions	6,403		7,010		607
Other current liabilities	34,004		41,445		7,441
Total current liabilities	422,853	12.1	539,349	13.8	116,496
Non-current liabilities					
Borrowings	57,888		17,163		(40,725)
Lease liabilities	34,051		35,390		1,339
Retirement benefit liabilities	23,624		23,129		(495)
Deferred tax liabilities	309,951		384,513		74,562
Provisions	8,432		9,631		1,199
Other non-current liabilities	20,561		9,817		(10,744)
Total non-current liabilities	454,507	13.0	479,643	12.2	25,136
Total liabilities	877,360	25.1	1,018,992	26.0	141,632
Equity					
Common stock	115,703		115,703		—
Capital surplus	122,745		122,751		6
Retained earnings	1,750,259		1,846,102		95,843
Other components of equity	671,951		880,297		208,346
Treasury stock	(69,243)		(93,299)		(24,056)
Total equity attributable to owners of the parent	2,591,415	74.2	2,871,554	73.3	280,139
Non-controlling interests	24,695	0.7	26,719	0.7	2,024
Total equity	2,616,110	74.9	2,898,273	74.0	282,163
Total liabilities and equity	3,493,470	100.0	3,917,265	100.0	423,795

* % 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, 2021		For the year ended March 31, 2022		Change	
	Amount	%*	Amount	%*	Amount	%
Sales revenue	1,526,897	100.0	1,838,938	100.0	312,041	20.4
Cost of sales	1,119,950	73.3	1,325,295	72.1	205,345	18.3
Gross profit	406,947	26.7	513,643	27.9	106,696	26.2
Selling, general and administrative expenses	336,303	22.1	364,733	19.8	28,430	8.5
Operating profit	70,644	4.6	148,910	8.1	78,266	110.8
Finance income	45,650	3.0	45,208	2.5	(442)	(1.0)
Finance expenses	2,194	0.1	2,750	0.2	556	25.3
Foreign exchange gains (losses)	375	0.0	2,748	0.1	2,373	632.8
Share of net profit (loss) of investments accounted for using the equity method	261	0.0	(807)	(0.0)	(1,068)	—
Other, net	2,823	0.2	5,638	0.3	2,815	99.7
Profit before income taxes	117,559	7.7	198,947	10.8	81,388	69.2
Income taxes	24,209	1.6	46,911	2.5	22,702	93.8
Profit for the year	93,350	6.1	152,036	8.3	58,686	62.9

Profit attributable to:						
Owners of the parent	90,214	5.9	148,414	8.1	58,200	64.5
Non-controlling interests	3,136	0.2	3,622	0.2	486	15.5
Profit for the year	93,350	6.1	152,036	8.3	58,686	62.9

Per share information:			
Earnings per share attributable to owners of the parent			
Basic and diluted (Yen)	248.91	411.15	

* % represents the percentage to sales revenue.

b. Consolidated Statement of Comprehensive Income

(Yen in millions)

	For the year ended March 31, 2021	For the year ended March 31, 2022	Change
	Amount	Amount	
Profit for the year	93,350	152,036	58,686
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	66,730	144,547	77,817
Re-measurement of defined benefit plans	21,146	9,502	(11,644)
Total items that will not be reclassified to profit or loss	87,876	154,049	66,173
Items that may be reclassified subsequently to profit or loss:			
Net changes in fair value of cash flow hedge	144	34	(110)
Exchange differences on translating foreign operations	33,331	64,218	30,887
Share of other comprehensive income of investments accounted for using the equity method	108	267	159
Total items that may be reclassified subsequently to profit or loss	33,583	64,519	30,936
Total other comprehensive income	121,459	218,568	97,109
Comprehensive income for the year	214,809	370,604	155,795

Comprehensive income attributable to:			
Owners of the parent	210,784	365,805	155,021
Non-controlling interests	4,025	4,799	774
Comprehensive income for the year	214,809	370,604	155,795

(3) Consolidated Statement of Changes in Equity

For the year ended March 31, 2021

(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, 2020	115,703	123,539	1,686,672	575,495	(69,275)	2,432,134	22,108	2,454,242
Profit for the year			90,214			90,214	3,136	93,350
Other comprehensive income				120,570		120,570	889	121,459
Total comprehensive income for the year	—	—	90,214	120,570	—	210,784	4,025	214,809
Cash dividends			(50,741)			(50,741)	(1,757)	(52,498)
Purchase of treasury stock					(17)	(17)		(17)
Reissuance of treasury stock		17			49	66		66
Transactions with non-controlling interests		(811)				(811)	319	(492)
Transfer to retained earnings			24,114	(24,114)		—		—
Others						—		—
Balance as of March 31, 2021	115,703	122,745	1,750,259	671,951	(69,243)	2,591,415	24,695	2,616,110

For the year ended March 31, 2022

(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, 2021	115,703	122,745	1,750,259	671,951	(69,243)	2,591,415	24,695	2,616,110
Profit for the year			148,414			148,414	3,622	152,036
Other comprehensive income				217,391		217,391	1,177	218,568
Total comprehensive income for the year	—	—	148,414	217,391	—	365,805	4,799	370,604
Cash dividends			(61,616)			(61,616)	(2,756)	(64,372)
Purchase of treasury stock					(24,111)	(24,111)		(24,111)
Reissuance of treasury stock		27			55	82		82
Transactions with non-controlling interests						—		—
Transfer to retained earnings			9,045	(9,045)		—		—
Others		(21)				(21)	(19)	(40)
Balance as of March 31, 2022	115,703	122,751	1,846,102	880,297	(93,299)	2,871,554	26,719	2,898,273

(4) Consolidated Statement of Cash Flows

(Yen in millions)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Cash flows from operating activities:		
Profit for the year	93,350	152,036
Depreciation and amortization	109,058	128,960
Finance expenses (income)	(43,456)	(42,458)
Share of net profit of investments accounted for using the equity method	(261)	807
Impairment loss	11,666	2,400
(Gains) losses from sales or disposal of property, plant and equipment	149	(8,052)
Income taxes	24,209	46,911
(Increase) decrease in trade and other receivables	(6,968)	(29,147)
(Increase) decrease in inventories	10,156	(85,344)
(Increase) decrease in other assets	8,593	12,784
Increase (decrease) in trade and other payables	(11,753)	(3,821)
Increase (decrease) in accrued expenses	(2,748)	4,162
Increase (decrease) in provisions	(9,258)	1,056
Increase (decrease) in other liabilities	3,765	114
Other, net	(1,845)	(2,122)
Subtotal	184,657	178,286
Interests and dividends received	49,314	45,479
Interests paid	(1,944)	(2,297)
Income taxes refund (paid)	(11,206)	(19,511)
Net cash provided by operating activities	220,821	201,957
Cash flows from investing activities:		
Payments for purchases of property, plant and equipment	(122,838)	(134,490)
Payments for purchases of intangible assets	(9,288)	(12,412)
Proceeds from sales of property, plant and equipment	952	11,059
Acquisitions of business, net of cash acquired	(59,877)	(1,680)
Acquisition of time deposits and certificate of deposits	(114,616)	(90,530)
Withdrawal of time deposits and certificate of deposits	105,719	121,332
Payments for purchases of securities	(13,960)	(2,801)
Proceeds from sales and maturities of securities	31,478	30,279
Other, net	(1,362)	(214)
Net cash used in investing activities	(183,792)	(79,457)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	(4,406)	(135)
Proceeds from long-term borrowings	7,273	11,739
Repayments of long-term borrowings	(9,489)	(14,363)
Repayments of lease liabilities	(20,992)	(20,829)
Dividends paid	(52,351)	(63,774)
Purchase of treasury stock	(17)	(24,111)
Other, net	(986)	0
Net cash used in financing activities	(80,968)	(111,473)
Effect of exchange rate changes on cash and cash equivalents	11,046	16,375
Increase (decrease) in cash and cash equivalents	(32,893)	27,402
Cash and cash equivalents at the beginning of the year	419,620	386,727
Cash and cash equivalents at the end of the year	386,727	414,129

(5) Basis of Preparation of Consolidated Financial Statements

a. Summary of significant accounting policies

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

b. Scope of consolidation:

Number of consolidated subsidiaries	289	Kyocera Document Solutions Inc. Kyocera AVX Components Corporation and others
Number of associates accounted for using the equity method	9	

c. Changes in scope of consolidation:

Consolidated subsidiaries:

Number of increase	6
Number of decrease	11

Associate accounted for using the equity method:

Number of decrease	4
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(Note) AVX Corporation changed its name to Kyocera AVX Components Corporation on October 1, 2021.

(6) Segment Information

a. Reporting segments

(Yen in millions)

	For the year ended March 31, 2021	For the year ended March 31, 2022	Change	
	Amount	Amount	Amount	%
Capital expenditures				
Core Components Business	34,931	71,041	36,110	103.4
Electronic Components Business	46,112	37,140	(8,972)	(19.5)
Solutions Business	27,387	26,348	(1,039)	(3.8)
Others	2,023	5,330	3,307	163.5
Corporate	6,653	11,912	5,259	79.0
Total	117,106	151,771	34,665	29.6
Depreciation and amortization				
Core Components Business	29,239	37,032	7,793	26.7
Electronic Components Business	24,450	28,055	3,605	14.7
Solutions Business	45,987	48,594	2,607	5.7
Others	4,235	5,706	1,471	34.7
Corporate	5,147	9,573	4,426	86.0
Total	109,058	128,960	19,902	18.2
Research and development expenses				
Core Components Business	15,611	16,426	815	5.2
Electronic Components Business	15,456	13,499	(1,957)	(12.7)
Solutions Business	38,799	42,612	3,813	9.8
Others	5,591	11,586	5,995	107.2
Total	75,457	84,123	8,666	11.5

(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) Kyocera has changed the classification of its reporting segments from the year ended March 31, 2022. Segment information for the year ended March 31, 2021 has been reclassified in line with the change to reporting segment classifications.

b. Geographic segments

(Yen in millions)

	For the year ended March 31, 2021		For the year ended March 31, 2022		Change	
	Amount	%*	Amount	%*	Amount	%
Sales revenue by geographic area						
Japan	550,161	36.0	613,752	33.4	63,591	11.6
Asia	390,659	25.6	485,207	26.4	94,548	24.2
United States of America	256,056	16.8	341,522	18.6	85,466	33.4
Europe	282,422	18.5	339,082	18.4	56,660	20.1
Others	47,599	3.1	59,375	3.2	11,776	24.7
Total	1,526,897	100.0	1,838,938	100.0	312,041	20.4

* % represents the component ratio.

(7) Earnings per Share

With regard to earnings per share, please refer to the cover page “Consolidated Financial Results for the Year Ended March 31, 2022” and “(2) Consolidated Statements of Profit or Loss and Comprehensive Income” under “5.

Consolidated Financial Statements and Primary Notes” on page 13.

Earnings per share attributable to owners of the parent - Diluted is not stated, as there is no potential share.

(8) Material Subsequent Event

On April 27, 2022, TA Triumph-Adler GmbH, a consolidated subsidiary of Kyocera Document Solutions Inc., entered into an agreement with a third party for a pension buyout of a defined benefit pension plan established for certain employees in Germany for future risk transfer and other purposes.

Under the terms of the agreement, the company’s defined benefit pension plan obligations will be delivered to the third party in the amount of 14,152 million yen in cash and other consideration. This transaction will have no material impact on the Kyocera’s operating results.

(9) Notes to Going Concern Assumption

Not Applicable.