

July 29, 2021

Financial Presentation

(For the Three Months Ended June 30, 2021)

Hideo Tanimoto
President and Representative Director

Notes: 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.

Kyocera has changed the classification of its reporting segments from the year ending March 31, 2022. Business results for quarterly and annual periods of the year ended March 31, 2021 have been reclassified in line with the change to reporting segment classifications.

Financial Results for Q1 of FY3/2022

(Unit: Yen in millions)

	Three months ended June 30,				Change	
	2020		2021			
	Amount	% to sales revenue	Amount	% to sales revenue	Amount	%
Sales revenue	317,094	100.0%	420,712	100.0%	103,618	32.7%
Operating profit	7,574	2.4%	32,376	7.7%	24,802	327.5%
Profit before income taxes	30,411	9.6%	54,476	12.9%	24,065	79.1%
Profit attributable to owners of the parent	22,380	7.1%	40,760	9.7%	18,380	82.1%
Capital expenditures	26,458	8.3%	34,199	8.1%	7,741	29.3%
Depreciation charge of property, plant and equipment	17,065	5.4%	20,510	4.9%	3,445	20.2%
R&D expenses	17,355	5.5%	20,106	4.8%	2,751	15.9%
Average exchange rate	US\$	108 yen	109 yen			
	Euro	118 yen	132 yen			

(Reference) Foreign currency fluctuation effect on sales revenue and profit before income taxes for Q1 of FY3/2022 compared with the previous same period. **Sales revenue: Approx. +13 billion yen / Profit before income taxes: Approx. +4.5 billion yen**

Sales revenue increased sharply against a background of rising demand in main markets such as the semiconductor-related market and achieved a new record high for Q1

Sales Revenue by Reporting Segment for Q1 of FY3/2022 -Compared with Q1 of FY3/2021-

(Unit: Yen in millions)

	Three months ended June 30,				Change	
	2020		2021			
	Amount	% of sales revenue	Amount	% of sales revenue	Amount	%
Core Components Business	90,921	28.7%	116,576	27.7%	25,655	28.2%
Industrial & Automotive Components Unit	29,617	9.4%	40,531	9.6%	10,914	36.9%
Semiconductor Components Unit	56,124	17.7%	69,724	16.6%	13,600	24.2%
Others	5,180	1.6%	6,321	1.5%	1,141	22.0%
Electronic Components Business	54,398	17.1%	76,779	18.3%	22,381	41.1%
Solutions Business	173,411	54.7%	228,017	54.2%	54,606	31.5%
Industrial Tools Unit	44,254	14.0%	61,882	14.7%	17,628	39.8%
Document Solutions Unit	60,058	18.9%	86,036	20.5%	25,978	43.3%
Communications Unit	49,737	15.7%	55,257	13.1%	5,520	11.1%
Others	19,362	6.1%	24,842	5.9%	5,480	28.3%
Others	3,757	1.2%	6,044	1.4%	2,287	60.9%
Adjustments and eliminations	-5,393	-1.7%	-6,704	-1.6%	-1,311	-
Sales revenue	317,094	100.0%	420,712	100.0%	103,618	32.7%

Business Profit (Loss) by Reporting Segment for Q1 of FY3/2022 -Compared with Q1 of FY3/2021-

(Unit: Yen in millions)

	Three months ended June 30,				Change	
	2020		2021			
	Amount	% to sales revenue	Amount	% to sales revenue	Amount	%
Core Components Business	4,551	5.0%	11,006	9.4%	6,455	141.8%
Industrial & Automotive Components Unit	-90	-	4,229	10.4%	4,319	-
Semiconductor Components Unit	5,623	10.0%	7,351	10.5%	1,728	30.7%
Others	-982	-	-574	-	408	-
Electronic Components Business	2,177	4.0%	11,456	14.9%	9,279	426.2%
Solutions Business	2,636	1.5%	15,324	6.7%	12,688	481.3%
Industrial Tools Unit	2,631	5.9%	7,833	12.7%	5,202	197.7%
Document Solutions Unit	1,809	3.0%	6,637	7.7%	4,828	266.9%
Communications Unit	1,697	3.4%	2,100	3.8%	403	23.7%
Others	-3,501	-	-1,246	-	2,255	-
Others	-633	-	-3,473	-	-2,840	-
Total business profit	8,731	2.8%	34,313	8.2%	25,582	293.0%
Corporate gains and others	21,680	-	20,163	-	-1,517	-7.0%
Profit before income taxes	30,411	9.6%	54,476	12.9%	24,065	79.1%

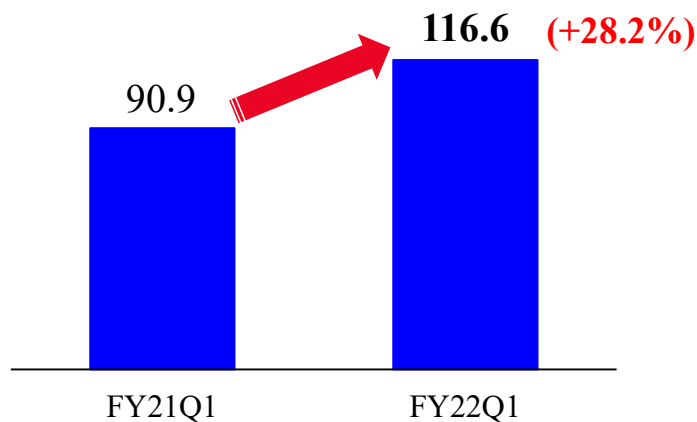
Financial Results for Q1 of FY3/2022 by Reporting Segment

(1) Core Components Business

Sales revenue

() Change from the previous same period

(Unit : Yen in billions)

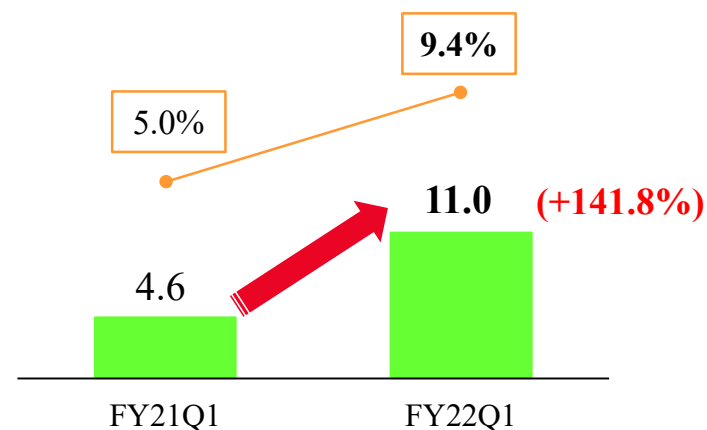


Business profit

● Business profit ratio

() Change from the previous same period

(Unit : Yen in billions)



<Major reasons for change>

- Increased demand for fine ceramics components for semiconductor processing equipment and automotive cameras in the Industrial & Automotive Components Unit
- Increased demand for ceramic packages and organic packages and boards for 5G and automotive-related markets in the Semiconductor Components Unit

- Despite a rise in depreciation charge accompanying capital expenditures to increase production capacity of strategic products, business profit increased due to a rise in sales revenue

Notes: Business profit represents profit before income taxes of each reporting segment.

Change from the previous same period and business profit ratio are calculated based on millions of yen.

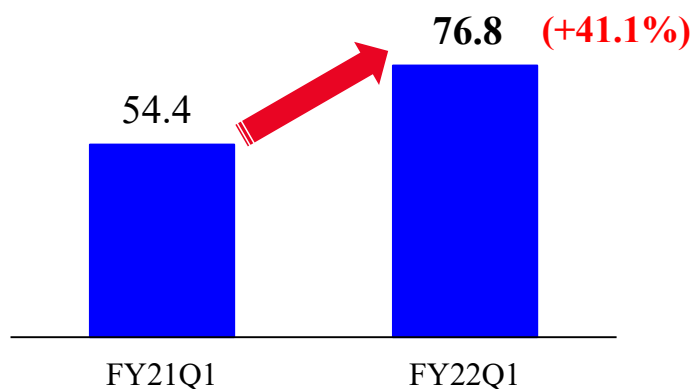
Financial Results for Q1 of FY3/2022 by Reporting Segment

(2) Electronic Components Business

Sales revenue

() Change from the previous same period

(Unit : Yen in billions)

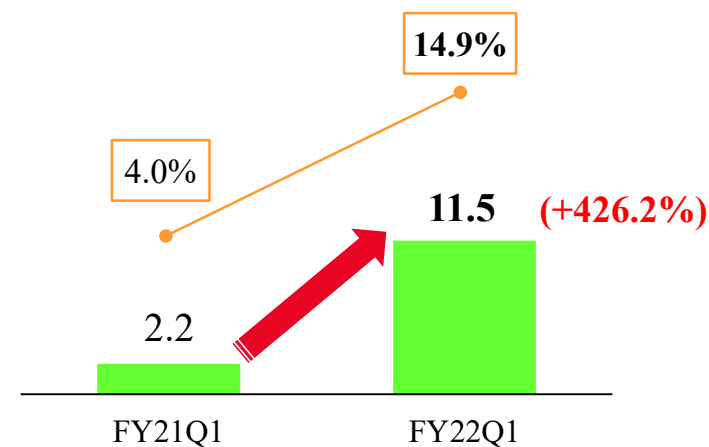


Business profit

—●— Business profit ratio

() Change from the previous same period

(Unit : Yen in billions)



<Major reasons for change>

➤ Sales of various capacitors, sensing and control devices and crystal devices increased thanks to favorable demand in the 5G and semiconductor-related markets in addition to a recovery in the automotive-related market and industrial market

➤ Business profit increased sharply due to growth in sales revenue, cost reductions and an improved product mix

Notes: Business profit represents profit before income taxes of each reporting segment.

Change from the previous same period and business profit ratio are calculated based on millions of yen.

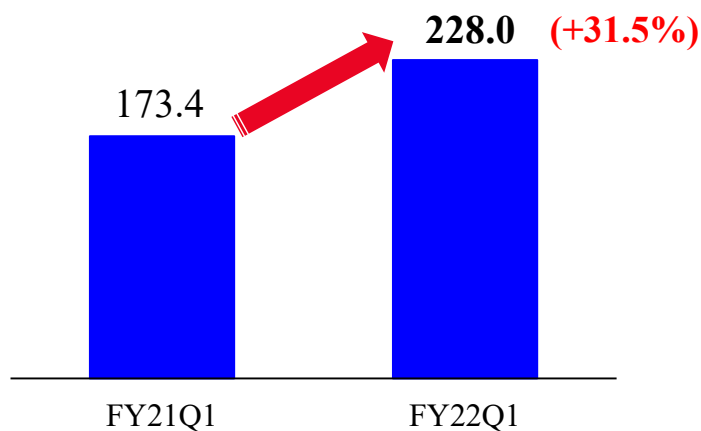
Financial Results for Q1 of FY3/2022 by Reporting Segment

(3) Solutions Business

Sales revenue

() Change from the previous same period

(Unit : Yen in billions)

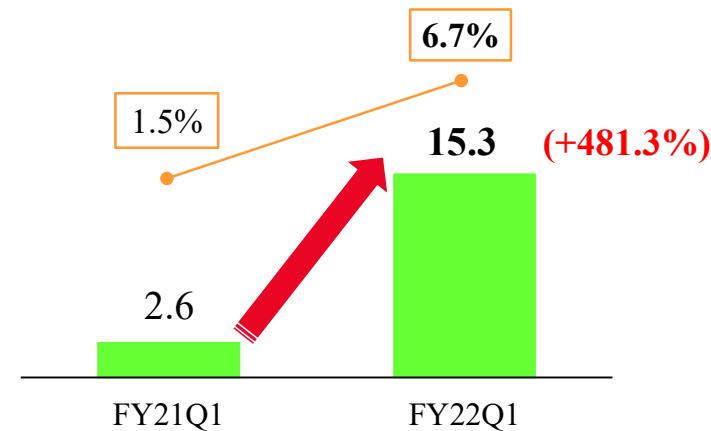


Business profit

● Business profit ratio

() Change from the previous same period

(Unit : Yen in billions)



<Major reasons for change>

- Recovery of demand for cutting tools and pneumatic/power tools in the Industrial Tools Unit
- Recovery of demand for printers, MFPs and consumables in the Document Solutions Unit

- Substantial increase in business profit due to an increase in sales revenue and improved productivity accompanying the promotion of automation

Notes: Business profit represents profit before income taxes of each reporting segment.
Change from the previous same period and business profit ratio are calculated based on millions of yen.

Financial Forecasts for the Year Ending March 31, 2022

(Unit: Yen in millions)

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

(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 three months ended June 30, 2021.

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

Sales Revenue Forecast by Reporting Segment for FY3/2022

(Unit: Yen in millions)

Forecasts unchanged	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%

Business Profit (Loss) Forecast by Reporting Segment for FY3/2022

(Unit: Yen in millions)

Forecasts unchanged	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 gains 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%

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

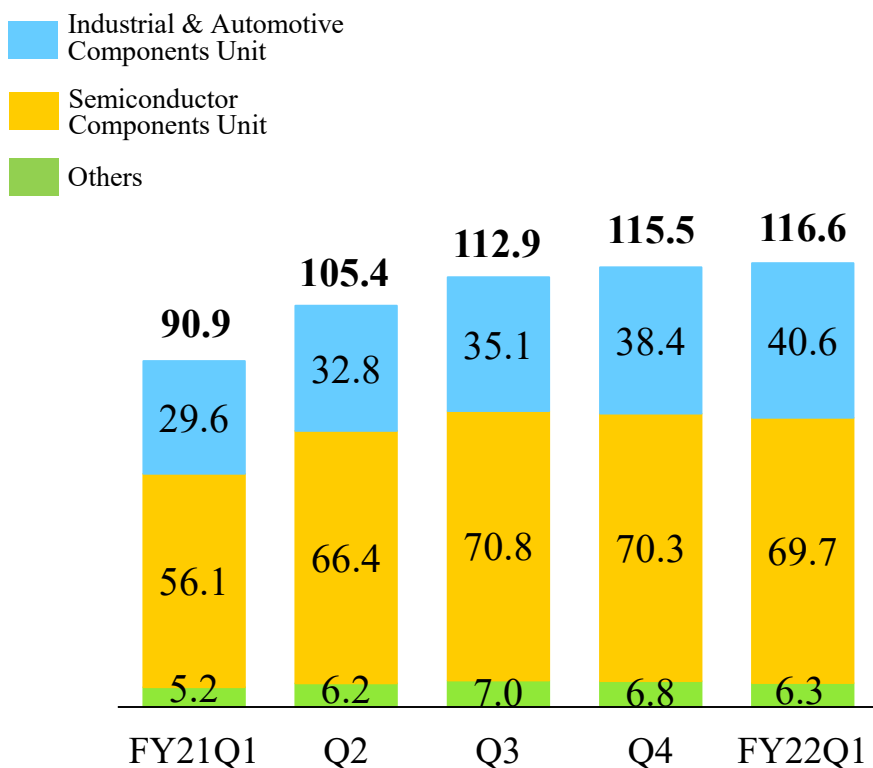
Appendix: Quarterly Trends of Financial Results by Reporting Segment

Quarterly Trends of Financial Results by Reporting Segment

(1) Core Components Business

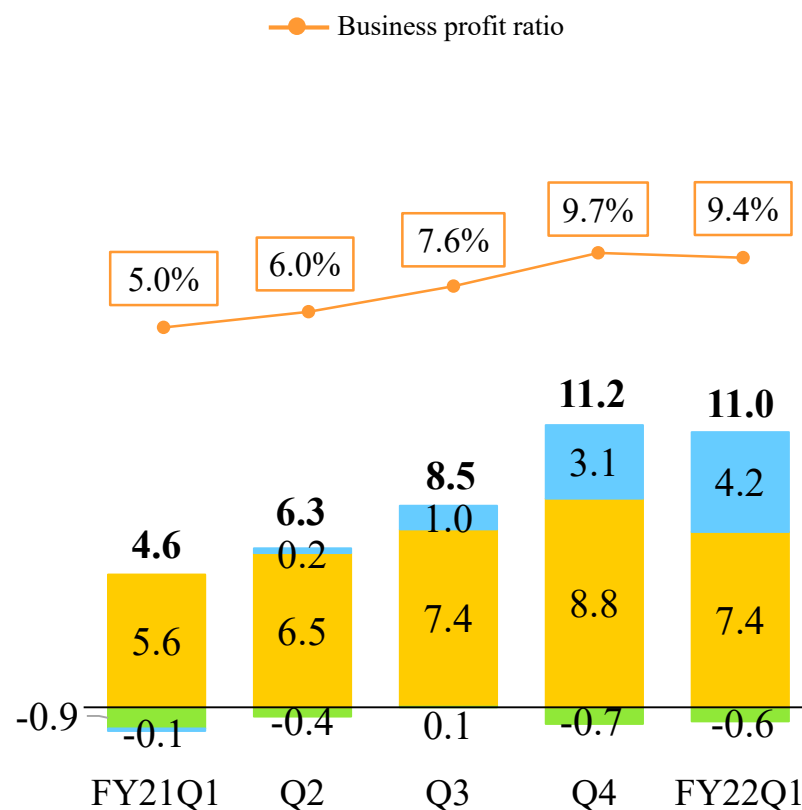
Sales revenue

(Unit : Yen in billions)



Business profit

(Unit : Yen in billions)



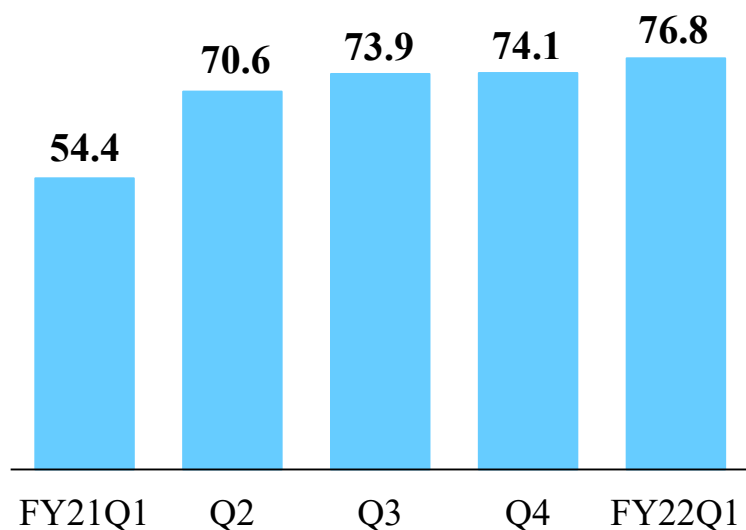
Notes: Business profit represents profit before income taxes of each reporting segment.
Business profit ratio is calculated based on millions of yen.

Quarterly Trends of Financial Results by Reporting Segment

(2) Electronic Components Business

Sales revenue

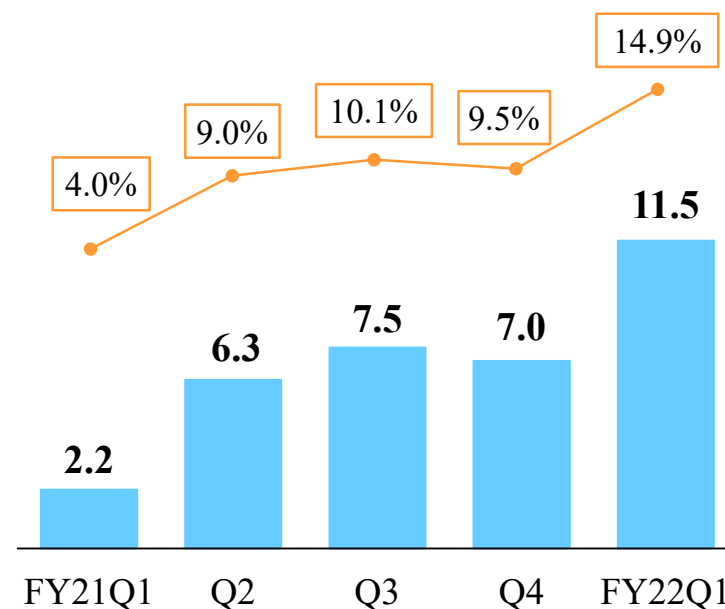
(Unit : Yen in billions)



Business profit

(Unit : Yen in billions)

— Business profit ratio



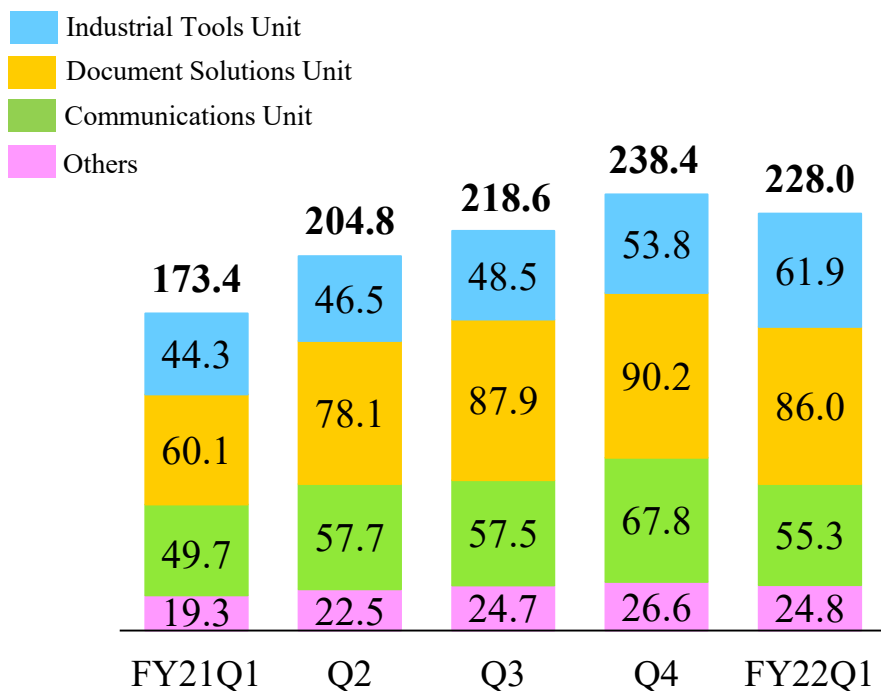
Notes: Business profit represents profit before income taxes of each reporting segment.
Business profit ratio is calculated based on millions of yen.

Quarterly Trends of Financial Results by Reporting Segment

(3) Solutions Business

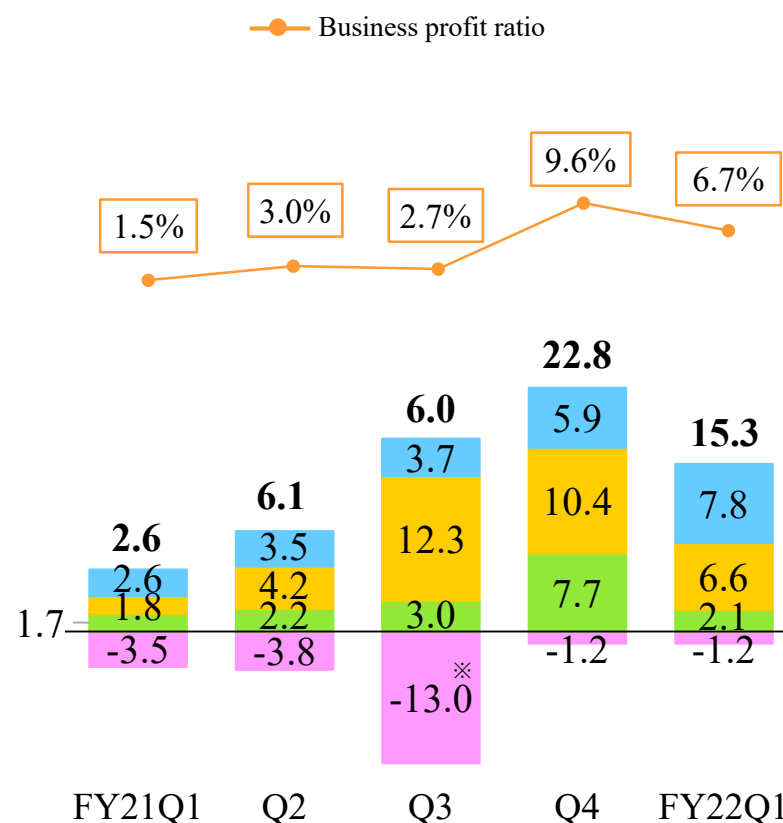
Sales revenue

(Unit : Yen in billions)



Business profit

(Unit : Yen in billions)



* Recorded an impairment loss of 11.5 billion yen in the smart energy business

Notes: Business profit represents profit before income taxes of each reporting segment.
Business profit ratio is calculated based on millions of yen.

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.

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KYOCERA Corporation