

February 1, 2021

Conference Call Material

(Nine Months Ended December 31, 2020)

Hideo Tanimoto
President and Representative Director

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

1. Financial Results for the Nine Months Ended December 31, 2020

Financial Results for the Nine Months Ended December 31, 2020

(Unit: Yen in millions)

	For the nine months ended December 31,				Change	
	2019		2020			
	Amount	% to sales revenue	Amount	% to sales revenue	Amount	%
Sales revenue	1,196,885	100.0%	1,100,534	100.0%	-96,351	-8.1%
Operating profit	94,860	7.9%	42,983	3.9%	-51,877	-54.7%
Profit before income taxes	141,629	11.8%	87,216	7.9%	-54,413	-38.4%
Profit attributable to owners of the parent	101,265	8.5%	63,931	5.8%	-37,334	-36.9%
Capital expenditures	83,027	6.9%	89,123	8.1%	6,096	7.3%
Depreciation charge of property, plant and equipment	45,313	3.8%	54,011	4.9%	8,698	19.2%
R&D expenses	58,908	4.9%	54,242	4.9%	-4,666	-7.9%
Average exchange rate	US\$	109 yen	106 yen			
	Euro	121 yen	122 yen			

(Reference) Foreign currency fluctuation effect on sales revenue and profit before income taxes for the nine months ended December 31, 2020 compared with the previous same period.

Sales revenue: Approx. -10 billion yen / Profit before income taxes: Approx. -1 billion yen

Summary of Financial Results for the Nine Months Ended December 31, 2020

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

- ✓ Demand in document markets and automotive-related markets decreased for the nine months ended December 31, 2020 year-on-year despite a recovery trend after bottoming out in Q1 (the three months ended June 30, 2020)

2. Recorded an impairment loss of 11.5 billion yen in the Life & Environment Group

- ✓ An impairment loss relating to machinery, equipment and goodwill as well as intangible assets recorded in the smart energy business

3. Increased demand for semiconductor and 5G-related components

- ✓ Industrial & Automotive Components Group:
Demand for fine ceramic components for semiconductor processing equipment increased
- ✓ Semiconductor Components Group:
Demand increased for ceramic packages for image sensors and crystal and SAW devices for 5G capable devices

Sales Revenue by Reporting Segment for the Nine Months Ended December 31, 2020 - Compared with the Nine Months Ended December 31, 2019 -

(Unit: Yen in millions)

	For the nine months ended December 31,				Change	
	2019		2020			
	Amount	% of sales revenue	Amount	% of sales revenue	Amount	%
Industrial & Automotive Components Group	253,754	21.2%	258,502	23.5%	4,748	1.9%
Semiconductor Components Group	187,090	15.6%	193,305	17.6%	6,215	3.3%
Electronic Devices Group	248,780	20.8%	221,672	20.1%	-27,108	-10.9%
Total Components Business	689,624	57.6%	673,479	61.2%	-16,145	-2.3%
Communications Group	※ 198,128	16.6%	164,926	15.0%	-33,202	-16.8%
Document Solutions Group	267,524	22.3%	226,081	20.5%	-41,443	-15.5%
Life & Environment Group	※ 54,220	4.5%	45,823	4.2%	-8,397	-15.5%
Total Equipment & Systems Business	519,872	43.4%	436,830	39.7%	-83,042	-16.0%
Others	12,510	1.1%	12,746	1.2%	236	1.9%
Adjustments and eliminations	※ -25,121	-2.1%	-22,521	-2.1%	2,600	—
Sales revenue	1,196,885	100.0%	1,100,534	100.0%	-96,351	-8.1%

※ On April 1, 2020, a domestic subsidiary Kyocera Communication Systems Co., Ltd., which is included in “Communications Group,” absorbed and merged with a domestic subsidiary Kyocera Solar Corporation, which was included in “Life & Environment Group.”
As a result, “Nine months ended December 31, 2019” in the above table is presented in the reporting segment after the merger.

Business Profit by Reporting Segment for the Nine Months Ended December 31, 2020 - Compared with the Nine Months Ended December 31, 2019 -

(Unit: Yen in millions)

	For the nine months ended December 31,				Change	
	2019		2020			
	Amount	% to sales revenue	Amount	% to sales revenue	Amount	%
Industrial & Automotive Components Group	12,444	4.9%	9,500	3.7%	-2,944	-23.7%
Semiconductor Components Group	22,998	12.3%	19,491	10.1%	-3,507	-15.2%
Electronic Devices Group	36,474	14.7%	16,686	7.5%	-19,788	-54.3%
Total Components Business	71,916	10.4%	45,677	6.8%	-26,239	-36.5%
Communications Group	※ 7,066	3.6%	6,906	4.2%	-160	-2.3%
Document Solutions Group	27,498	10.3%	18,351	8.1%	-9,147	-33.3%
Life & Environment Group	※ -7,417	—	-20,874	—	-13,457	—
Total Equipment & Systems Business	27,147	5.2%	4,383	1.0%	-22,764	-83.9%
Others	-3,133	—	-1,700	—	1,433	—
Total business profit	95,930	8.0%	48,360	4.4%	-47,570	-49.6%
Corporate and others	※ 45,699	—	38,856	—	-6,843	-15.0%
Profit before income taxes	141,629	11.8%	87,216	7.9%	-54,413	-38.4%

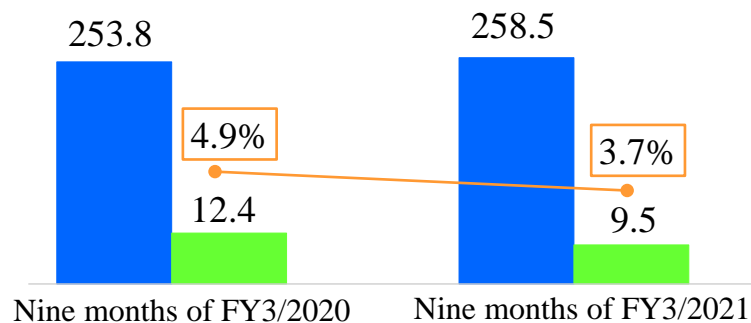
※ On April 1, 2020, a domestic subsidiary Kyocera Communication Systems Co., Ltd., which is included in “Communications Group,” absorbed and merged with a domestic subsidiary Kyocera Solar Corporation, which was included in “Life & Environment Group.”
As a result, “Nine months ended December 31, 2019” in the above table is presented in the reporting segment after the merger.

Financial Results by Reporting Segment for the Nine Months Ended December 31, 2020

(1) Industrial & Automotive Components Group

For the Nine Months Ended December 31, 2020

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

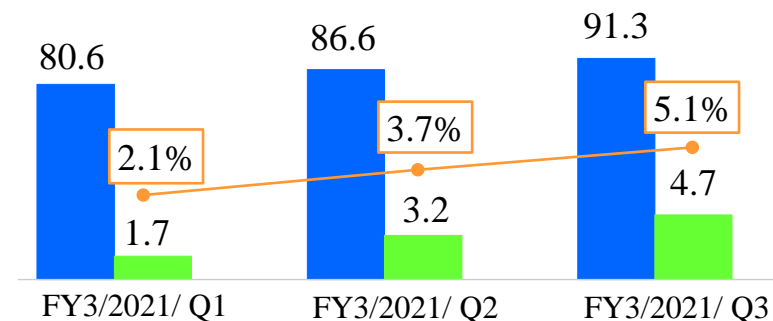


<Major reasons for change>

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

Quarterly Trends of FY3/2021

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



<Background of Quarterly Trends of FY3/2021>

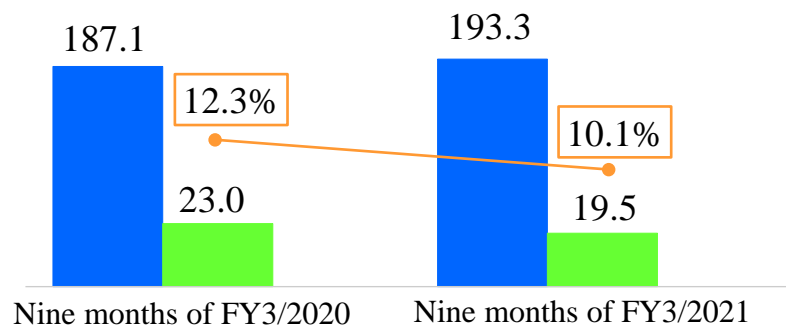
- ⊕ Demand for products for automotive-related markets such as automotive cameras and cutting tools continues to recover after bottoming out in Q1
- ⊕ Demand for semiconductor processing equipment components trended at a high level
- ⊕ Both business profit and the business profit margin improved along with the increase in sales revenue

Financial Results by Reporting Segment for the Nine Months Ended December 31, 2020

(2) Semiconductor Components Group

For the Nine Months Ended December 31, 2020

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

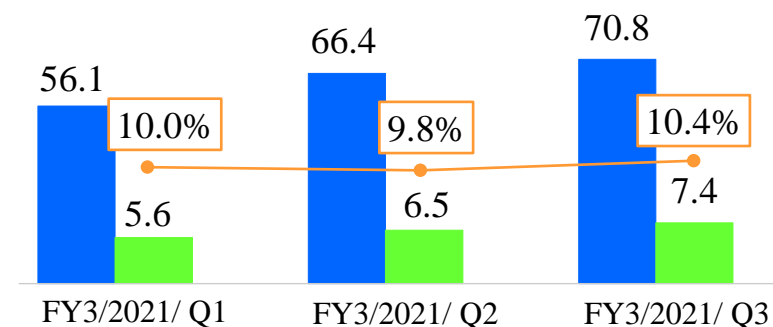


<Major reasons for change>

- + Demand for ceramic packages for use in 5G capable smartphones increased
- Decreased demand for organic multi-layer boards for automotive use
- Business profit decreased due to increase in costs particularly in depreciation charge

Quarterly Trends of FY3/2021

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



<Background of Quarterly Trends of FY3/2021>

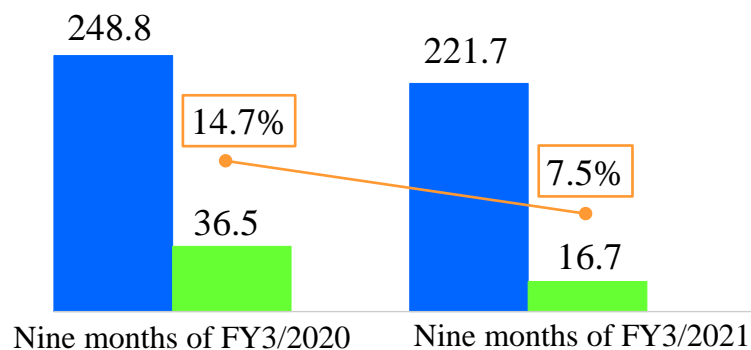
- + Demand trended firmly for ceramic packages, mainly for 5G capable smartphones
- + Business profit improved along with an increase in sales revenue

Financial Results by Reporting Segment for the Nine Months Ended December 31, 2020

(3) Electronic Devices Group

For the Nine Months Ended December 31, 2020

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

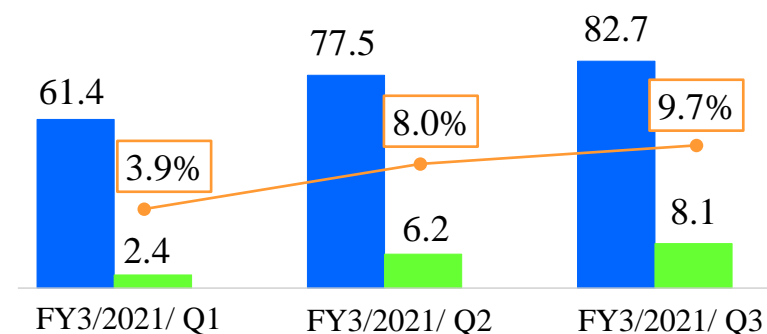


<Major reasons for change>

- Decreased sales of AVX Corporation due to lower demand particularly in industrial machinery market and automotive-related markets
- Business profit decreased due mainly to lower sales

Quarterly Trends of FY3/2021

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



<Background of Quarterly Trends of FY3/2021>

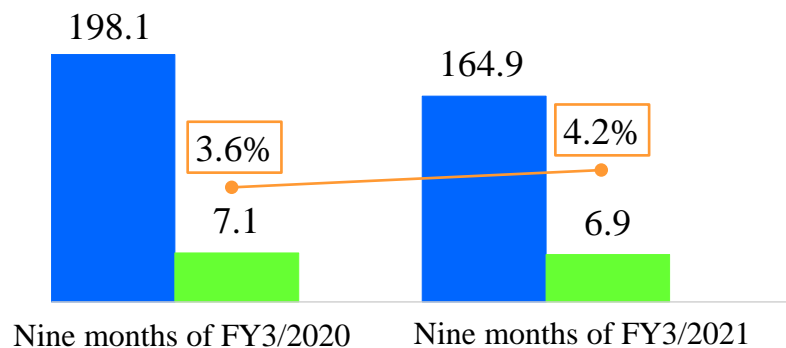
- + Increase in sales of AVX Corporation, crystal devices, and connectors due to the recovery of automotive-related markets
- + Demand for ceramic capacitors and crystal devices for 5G capable smartphones has trended firmly since Q2 due to a recovery of demand from main customers
- + Demand for printing devices for the textiles market recovered

Financial Results by Reporting Segment for the Nine Months Ended December 31, 2020

(4) Communications Group

For the Nine Months Ended December 31, 2020

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

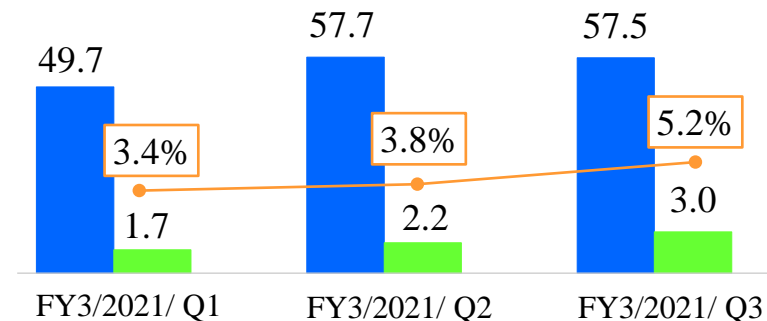


<Major reasons for change>

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

Quarterly Trends of FY3/2021

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



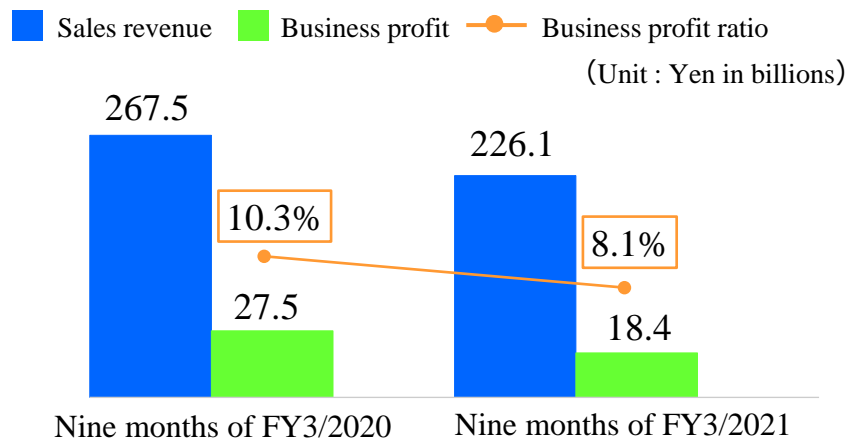
<Background of Quarterly Trends of FY3/2021>

- + Demand is recovering in both the telecommunication equipment business and the information system and telecommunication services business
- + Business profit margin improved due also to cost reductions

Financial Results by Reporting Segment for the Nine Months Ended December 31, 2020

(5) Document Solutions Group

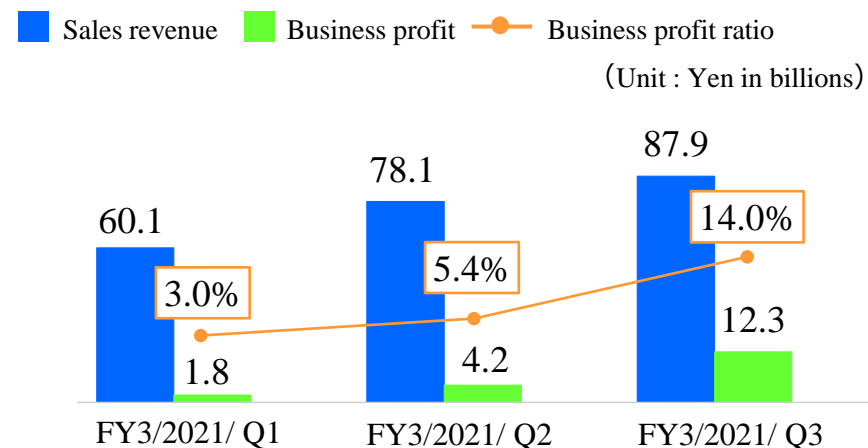
For the Nine Months Ended December 31, 2020



<Major reasons for change>

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

Quarterly Trends of FY3/2021



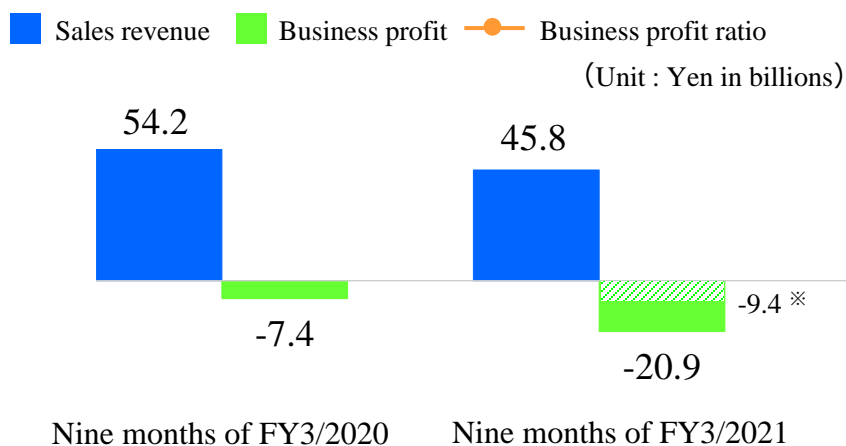
<Background of Quarterly Trends of FY3/2021>

- + Global demand for equipment, consumables and services recovered
- + Business profit improved significantly in Q3 due to increased demand along with the relaxation of restrictions on office attendance, cost reductions, and the impact of exchange rates

Financial Results by Reporting Segment for the Nine Months Ended December 31, 2020

(6) Life & Environment Group

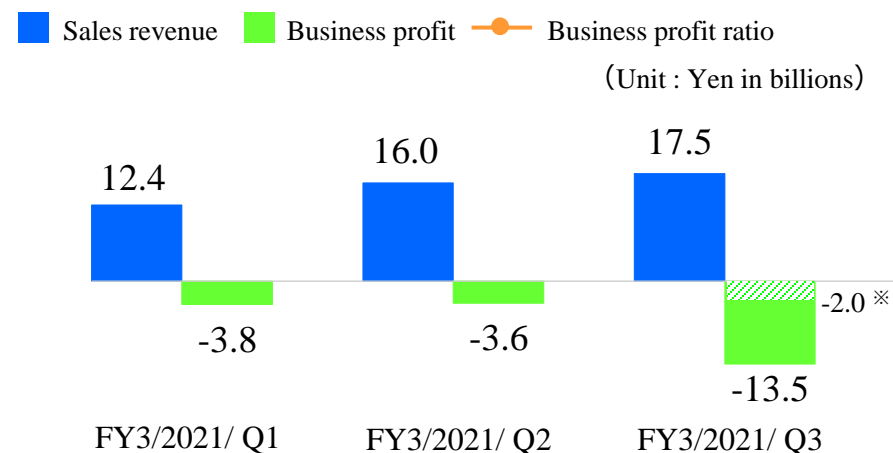
For the Nine Months Ended December 31, 2020



<Major reasons for change>

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

Quarterly Trends of FY3/2021



<Background of Quarterly Trends of FY3/2021>

- + In the smart energy business, sales of solar power generation systems increased due to the gradual resumption of sales activities in the domestic market
- Although an impairment loss was recorded in Q3, improvements in profitability progressed when excluding the impact of the impairment loss

* Business profit when excluding the impairment loss in the amount of 11.5 billion yen relating to machinery, equipment and goodwill as well as intangible assets.

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

Financial Forecasts for FY3/2021

(Unit: Yen in millions)

	Year ended March 31, 2020		Year ending March 31, 2021		Change	
	Amount	% to sales revenue	Amount	% to sales revenue	Amount	%
Sales revenue	1,599,053	100.0%	1,500,000	100.0%	-99,053	-6.2%
Operating profit	100,193	6.3%	75,000	5.0%	-25,193	-25.1%
Profit before income taxes	148,826	9.3%	120,000	8.0%	-28,826	-19.4%
Profit attributable to owners of the parent	107,721	6.7%	88,000	5.9%	-19,721	-18.3%
EPS (Basic-yen)	297.36	—	※1 242.80	—	-54.56	—
Capital expenditures	106,003	6.6%	※2 110,000	7.3%	3,997	3.8%
Depreciation charge of property, plant and equipment	62,413	3.9%	75,000	5.0%	12,587	20.2%
R&D expenses	79,241	5.0%	※2 75,000	5.0%	-4,241	-5.4%
Average exchange rate	US\$	109 yen	105 yen			
	Euro	121 yen	※2 123 yen			

(Reference) Estimated foreign currency fluctuation effect on sales revenue and profit before income taxes for the year ending March 31, 2021 compared with the previous fiscal year. **Sales revenue: Approx. -17 billion yen / Profit before income taxes: Approx. -1.5 billion yen**

※1 EPS (Basic-yen) is calculated using the average number of shares outstanding for the nine months ended December 31, 2020.

※2 Revised from the financial forecast announced on April 27, 2020 (previous forecast)

Previous forecast : Capital expenditures 100,000 million yen, R&D expenses 80,000 million yen, Average exchange rate to the Euro 115 yen

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

Sales Revenue Forecasts by Reporting Segment for FY3/2021

(Unit: Yen in millions)

	Results for the year ended March 31, 2020		Forecasts for the year ending March 31, 2021				Change in amount compared with	
			Previous (October 2020)		Revised (February 2021)		Year ended March 31, 2020	Previous forecast
	Amount	% of sales revenue	Amount	% of sales revenue	Amount	% of sales revenue		
Industrial & Automotive Components Group	341,093	21.3%	330,000	22.0%	350,000	23.3%	8,907	20,000
Semiconductor Components Group	247,228	15.5%	245,000	16.3%	255,000	17.0%	7,772	10,000
Electronic Devices Group	324,113	20.3%	316,000	21.1%	300,000	20.0%	-24,113	-16,000
Total Components Business	912,434	57.1%	891,000	59.4%	905,000	60.3%	-7,434	14,000
Communications Group	※ 270,818	17.0%	241,000	16.1%	234,000	15.6%	-36,818	-7,000
Document Solutions Group	359,915	22.5%	313,000	20.8%	316,000	21.0%	-43,915	3,000
Life & Environment Group	※ 73,747	4.6%	67,000	4.5%	64,000	4.3%	-9,747	-3,000
Total Equipment & Systems Business	704,480	44.1%	621,000	41.4%	614,000	40.9%	-90,480	-7,000
Others	16,737	1.0%	19,000	1.3%	16,000	1.1%	-737	-3,000
Adjustments and eliminations	※ -34,598	-2.2%	-31,000	-2.1%	-35,000	-2.3%	-402	-4,000
Sales revenue	1,599,053	100.0%	1,500,000	100.0%	1,500,000	100.0%	-99,053	0

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

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

(Unit: Yen in millions)

	Results for the year ended March 31, 2020		Forecasts for the year ending March 31, 2021				Change in amount compared with	
			Previous (October 2020)		Revised (February 2021)		Year ended March 31, 2020	Previous forecast
	Amount	% to sales revenue	Amount	% to sales revenue	Amount	% to sales revenue		
Industrial & Automotive Components Group	15,813	4.6%	13,000	3.9%	17,000	4.9%	1,187	4,000
Semiconductor Components Group	30,511	12.3%	30,000	12.2%	28,000	11.0%	-2,511	-2,000
Electronic Devices Group	31,744	9.8%	30,000	9.5%	28,000	9.3%	-3,744	-2,000
Total Components Business	78,068	8.6%	73,000	8.2%	73,000	8.1%	-5,068	0
Communications Group	※ 11,259	4.2%	11,000	4.6%	12,000	5.1%	741	1,000
Document Solutions Group	34,489	9.6%	20,000	6.4%	30,000	9.5%	-4,489	10,000
Life & Environment Group	※ -10,965	—	-14,000	—	-24,000	—	-13,035	-10,000
Total Equipment & Systems Business	34,783	4.9%	17,000	2.7%	18,000	2.9%	-16,783	1,000
Others	-4,484	—	-4,000	—	-5,000	—	-516	-1,000
Total business profit	108,367	6.8%	86,000	5.7%	86,000	5.7%	-22,367	0
Corporate and others	※ 40,459	—	34,000	—	34,000	—	-6,459	0
Profit before income taxes	148,826	9.3%	120,000	8.0%	120,000	8.0%	-28,826	0

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

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Strengthening Business Foundations for Growth

(1) Entering the Gallium Nitride (GaN) Business

GaN : A core material that contributes to the realization of a low-carbon society

A leading company in the commercialization of GaN technology based laser light sources

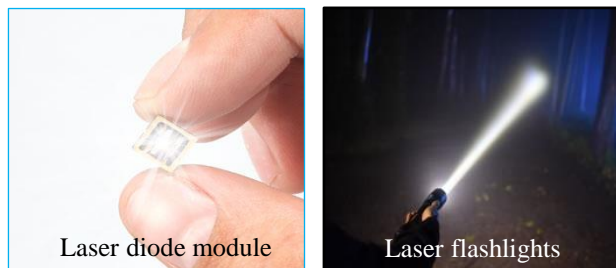
Acquisition of Sora Laser Diode, Inc. (SLD Laser)

(implemented in January 2021, acquisition amount : Approximately 50 billion yen)



- (1) Details of Business: Manufacture and sale of GaN based laser diode products for mobility, specialty lighting, consumer, and industrial applications
- (2) Technology strengths: High-efficiency, high-luminance laser technology using GaN with safety that prevents damage to the eyes or skin

[SLD Laser Product Image]



[Examples of use in main applications]



- Accelerate device and system development utilizing SLD's products and technologies
- Improve productivity and profitability by introducing Kyocera's production technologies

Strengthening Business Foundation for Growth (2) Strengthen Research & Development System

- Speed up product and technology development by strengthening collaboration among R&D departments
- Promote open innovation and human resources development

Kagoshima Kokubu Plant: Consolidation of Research & Development Department into new R&D center

**Monozukuri R&D Laboratory
(Materials technologies)**

**Production Engineering Department
(Process technologies)**

**Analysis Department
(Analysis evaluation technologies)**



- (1) <Total investment> Approximately 10 billion yen
(2) <Construction plan> Construction begins: January 2021
Facility opens: September 2022

Main R&D themes

Information and communication
(components for 5G and IoT)

Environment/energy
(cell stacks for SOFCs, others)

New fields
(aviation/space, medical/healthcare)

Business Environment Outlook and Initiatives for FY3/2022

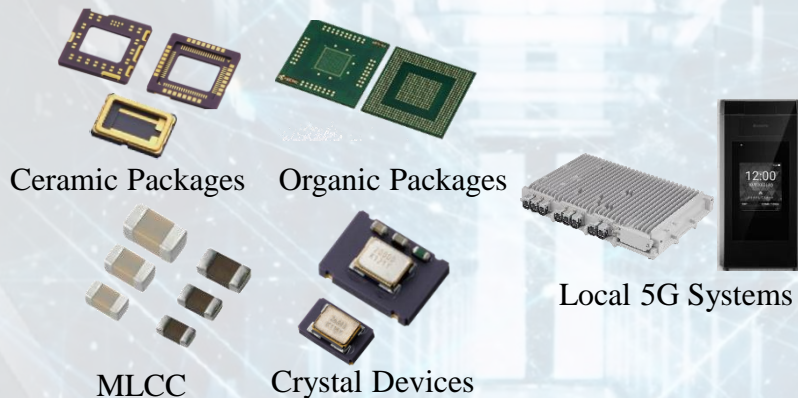
Despite concerns about the continuation of COVID-19, we expect further advances in digitization and ADAS

Increase production and accelerate development of strategic products

5G and semiconductor-related markets

Period for reaping results of investments for increased production and trial introductions

5G-related products



Components for semiconductor processing equipment



Various fine ceramic parts

Mobility market

Product development utilizing the comprehensive strengths of the group

In-vehicle components and devices



V2I solution-related products



3. Reorganization of Business Structure

(1) Reorganization of Business Structure to Strengthen Management Foundation

(From April 2021)

Integrate the current 16 main businesses and subsidiaries into new three business segments and management divisions into Headquarters



【Vitalization of the organization toward growth】

Execute dynamic and speedy management decision-making that transcends the framework of the existing organization

Strategy planning and execution across business divisions

Further mobilization of human resources and vitalize the organization

Efficiently and effectively utilize management resources

(2) Change of Business Segment

FY3/2018 to FY3/2021

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

FY3/2022 onward

Business segment	Major businesses and subsidiaries
Core Components Business	Fine Ceramic Components
	Automotive Components
	Ceramic Packages
	Organic Multilayer Substrates and Boards
	Optical Components
	Medical Devices
	Jewelry and Applied Ceramic Related Products
Electronic Components Business	Electronic Components
	AVX Corporation
Solutions Business	Industrial Tools
	Liquid Crystal Displays
	Printing Devices
	Information Equipment (KDC ^{※2})
	Telecommunications Equipment
	Information systems and Telecommunication Services (KCCS ^{※1})
Smart Energy Business	

※1 Kyocera Communication Systems Co., Ltd.

※2 Kyocera Document Solutions Inc.

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

Cautionary Statements with respect to Forward-Looking Statements

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

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

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

THE NEW VALUE FRONTIER



KYOCERA Corporation