

## Consolidated Financial Results for the Six Months Ended September 30, 2019 (IFRS)

October 31, 2019

Company name: **KYOCERA CORPORATION** Stock Listing: Tokyo Stock Exchange  
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 Scheduled date of quarterly report filing: November 8, 2019  
 Scheduled date for commencement of dividend payments: December 5, 2019  
 Supplementary documents of the quarterly financial results: Yes  
 Holding quarterly financial results meeting: Yes (financial results meeting for institutional investors and analysts)

(Amounts less than one million yen are rounded)

### 1. Consolidated Financial Results for the Six Months Ended September 30, 2019

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

|                                     | Sales revenue |       | Operating profit |        | Profit before income taxes |        | Profit attributable to owners of the parent |        | Comprehensive income for the period |        |
|-------------------------------------|---------------|-------|------------------|--------|----------------------------|--------|---|--------|-------------------------------------|--------|
|                                     | Million yen   | %     | Million yen      | %      | Million yen                | %      | Million yen                                 | %      | Million yen                         | %      |
| Six months ended September 30, 2019 | 799,050       | (0.2) | 60,320           | (27.0) | 85,213                     | (19.4) | 59,614                                      | (24.0) | 136,642                             | (34.7) |
| September 30, 2018                  | 800,638       | 8.4   | 82,601           | 19.2   | 105,689                    | 16.4   | 78,394                                      | 23.6   | 209,378                             | 111.3  |

|                                     | Earnings per share attributable to owners of the parent - Basic |  | Earnings per share attributable to owners of the parent - Diluted |  |
|-------------------------------------|---|--|---|--|
|                                     | Yen   |  | Yen   |  |
| Six months ended September 30, 2019 | 164.64  |  | 164.58  |  |
| September 30, 2018                  | 216.15  |  | 216.04  |  |

#### (2) Consolidated financial position

|                          | Total assets | Total equity | Equity attributable to owners of the parent | Ratio of equity attributable to owners of the parent to total assets |
|--------------------------|--------------|--------------|---|--|
|                          | Million yen  | Million yen  | Million yen                                 | %  |
| As of September 30, 2019 | 3,158,298    | 2,473,891    | 2,377,059                                   | 75.2   |
| March 31, 2019           | 2,968,475    | 2,362,260    | 2,265,919                                   | 76.3   |

### 2. Cash Dividends

|                                       | Annual dividends  |                    |                   |          |        |
|---------------------------------------|-------------------|--------------------|-------------------|----------|--------|
|                                       | First quarter-end | Second quarter-end | Third quarter-end | Year-end | Total  |
|                                       | Yen               | Yen                | Yen               | Yen      | Yen    |
| Year ended March 31, 2019             | —                 | 60.00              | —                 | 80.00    | 140.00 |
| Year ending March 31, 2020            | —                 | 80.00              |                   |          |        |
| Year ending March 31, 2020 (forecast) |                   |                    | —                 | 80.00    | 160.00 |

(Note) Revision of previously announced dividend targets during this reporting period: Yes

Dividends per share for the year ended March 31, 2019 includes 60th commemoration dividends of 20.00 yen.

Please refer to “(3) Interim Dividend for the Year Ending March 31, 2020” for the detail of dividends information for the year ending March 31, 2020 on page 5.

### 3. Consolidated Financial Forecasts for the Year Ending March 31, 2020 (% of change from the previous year)

|                            | 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   |
| Year Ending March 31, 2020 | 1,700,000     | 4.7 | 140,000          | 47.6 | 180,000                    | 28.0 | 125,000                                     | 21.1 | 345.21  |

(Note) Revision of previously announced financial forecast during this reporting period: None

“Earnings per share attributable to owners of the parent - Basic” is calculated using the average number of shares outstanding for the six months ended September 30, 2019.

## 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

Please refer to page 13 “(4) Notes to Condensed Quarterly Consolidated Financial Statements b. Changes in Accounting Policies” under “2. Condensed Quarterly Consolidated Financial Statements and Primary Notes” for details.

### (3) Number of shares issued (common stock)

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

As of September 30, 2019 377,618,580 shares

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

(ii) Number of treasury stock:

As of September 30, 2019 15,184,453 shares

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

(iii) Average number of shares outstanding:

For the six months ended September 30, 2019 362,093,665 shares

For the six months ended September 30, 2018 362,677,479 shares

## Instruction for Forecasts and Other Notes

### 1. 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 terrorism, plague, 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 financial instruments held by us;
- (21) Impairment losses on property, plant and equipment, goodwill and intangible assets;
- (22) Uncertainty over income tax and deferred tax assets; 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. This quarterly consolidated financial report is not subject to quarterly review 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 October 31, 2019.

### 4. English translation

This is an English translation of the Japanese original of “Consolidated Financial Results for the Six Months Ended September 30, 2019.” 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. Qualitative Information related to Consolidated Financial Results .....                      | 2  |
| (1) Explanation of Consolidated Financial Results .....   | 2  |
| (2) Explanation of Consolidated Financial Position .....  | 5  |
| (3) Interim Dividend for the Year Ending March 31, 2020 .....                                   | 5  |
| (4) Explanation Regarding Future Projection Including Consolidated Financial Forecasts .....    | 6  |
| 2. Condensed Quarterly Consolidated Financial Statements and Primary Notes .....                | 8  |
| (1) Condensed Quarterly Consolidated Statement of Financial Position .....                      | 8  |
| (2) Condensed Quarterly Consolidated Statement of Profit or Loss and Comprehensive Income ..... | 10 |
| a. Condensed Quarterly Consolidated Statement of Profit or Loss .....                           | 10 |
| b. Condensed Quarterly Consolidated Statement of Comprehensive Income .....                     | 11 |
| (3) Condensed Quarterly Consolidated Statement of Changes in Equity .....                       | 12 |
| (4) Notes to Condensed Quarterly Consolidated Financial Statements .....                        | 13 |
| a. Notes to Going Concern Assumption .....  | 13 |
| b. Changes in Accounting Policies .....   | 13 |

## 1. Qualitative Information related to Consolidated Financial Results

### (1) Explanation of Consolidated Financial Results

#### a. Consolidated Financial Results

Sales revenue in the six months ended September 30, 2019 (“the first half”) was roughly on the same level as in the six months ended September 30, 2018 (“the previous first half”). Despite this, profits in the first half decreased compared with the previous first half due to a decline in sales in the Component Business, which has a higher margin profile.

Sales revenue in the Equipment & Systems Business increased due mainly to increased sales of mobile phones in the Japanese market. On the other hand, sales revenue in the Components Business decreased due to a slowdown in demand in the industrial machinery and automobile-related markets caused by trade friction between the U.S. and China as well as economic slowdown in China, which more than offset the contribution from M&A.

As a result, sales revenue for the first half decreased by 1,588 million yen, or 0.2%, to 799,050 million yen, compared with the previous first half.

Profits decreased compared with the previous first half due to the impact of the decline in sales revenue in the Components Business and the effect of currency fluctuations, as well as an increase in depreciation charge, despite the contribution from structural reforms implemented through the year ended March 31, 2019 (“fiscal 2019”).

For these reasons, operating profit decreased by 22,281 million yen, or 27.0%, to 60,320 million yen, profit before income taxes decreased by 20,476 million yen, or 19.4%, to 85,213 million yen, and profit attributable to owners of the parent decreased by 18,780 million yen, or 24.0%, to 59,614 million yen, compared with the previous first half.

Average exchange rates for the first half were 109 yen to the U.S. dollar, marking appreciation of 1 yen, or 0.9%, and 121 yen to the Euro, marking appreciation of 9 yen, or 6.9%, compared with the previous first half. As a result, sales revenue and profit before income taxes after translation into yen for the first half were pushed down by approximately 18.5 billion yen and approximately 6.5 billion yen, respectively, compared with the previous first half.

#### Consolidated Financial Results

(Yen in millions)

|   | For the six months ended September 30, 2018 |       | For the six months ended September 30, 2019 |       | Change   |        |
|---|---|-------|---|-------|----------|--------|
|   | Amount                                      | %*    | Amount                                      | %*    | Amount   | %      |
| Sales revenue                               | 800,638                                     | 100.0 | 799,050                                     | 100.0 | (1,588)  | (0.2)  |
| Operating profit                            | 82,601                                      | 10.3  | 60,320                                      | 7.5   | (22,281) | (27.0) |
| Profit before income taxes                  | 105,689                                     | 13.2  | 85,213                                      | 10.7  | (20,476) | (19.4) |
| Profit attributable to owners of the parent | 78,394                                      | 9.8   | 59,614                                      | 7.5   | (18,780) | (24.0) |
| Average US\$ exchange rate (yen)            | 110   | —     | 109   | —     | —        | —      |
| Average Euro exchange rate (yen)            | 130   | —     | 121   | —     | —        | —      |

|  |        |     |        |     |       |       |
|--|--------|-----|--------|-----|-------|-------|
| Capital expenditures                                 | 57,021 | 7.1 | 56,183 | 7.0 | (838) | (1.5) |
| Depreciation charge of property, plant and equipment | 24,295 | 3.0 | 29,134 | 3.6 | 4,839 | 19.9  |
| Research and development expenses                    | 35,256 | 4.4 | 38,583 | 4.8 | 3,327 | 9.4   |

\* % represents the percentage to sales revenue.

## b. Consolidated Financial Results by Reporting Segment

### 1) Industrial & Automotive Components Group

Sales revenue for the first half increased by 6,345 million yen or 3.9%, to 167,152 million yen, compared with 160,807 million yen in the previous first half. Although sales of automotive parts, such as displays, and fine ceramic parts for semiconductor processing equipment decreased, sales of industrial tools increased as a result of the contribution of sales from SouthernCarlson, Inc., a U.S. based distributor of tools, which became a consolidated subsidiary in June 2019.

Business profit decreased by 12,016 million yen or 56.5%, to 9,234 million yen, compared with 21,250 million yen in the previous first half, due to decreased sales in the industrial machinery and automobile-related markets as well as an increase in depreciation charge. The business profit ratio for the first half was 5.5%.

### 2) Semiconductor Components Group

Sales revenue for the first half decreased by 4,374 million yen or 3.4%, to 123,095 million yen, compared with 127,469 million yen in the previous first half. Sales of ceramic packages for use in optical communications increased, however, sales of ceramic packages for crystal components and SAW devices decreased caused by economic slowdown in China.

On the other hand, business profit increased by 1,333 million yen or 10.1%, to 14,490 million yen, compared with 13,157 million yen in the previous first half. The organic materials business became profitable due to structural reforms implemented in fiscal 2019. The business profit ratio for the first half improved to 11.8% from 10.3% in the previous first half.

### 3) Electronic Devices Group

Sales revenue for the first half decreased by 16,252 million yen or 8.8%, to 167,551 million yen, compared with 183,803 million yen in the previous first half. Sales in AVX Corporation, a U.S. subsidiary, decreased due mainly to continued inventory adjustments in the market and lower demand caused by a weaker global economy led by trade friction between the U.S. and China.

Business profit decreased by 8,839 million yen or 26.1%, to 24,978 million yen, compared with 33,817 million yen in the previous first half due mainly to the decrease in sales at AVX Corporation. The business profit ratio for the first half was 14.9%.

### 4) Communications Group

Sales revenue for the first half increased by 12,106 million yen or 10.5%, to 126,977 million yen, compared with 114,871 million yen in the previous first half. This was due mainly to increased sales of mobile phones for the Japanese market in the telecommunications equipment business.

Business profit increased by 4,343 million yen or 662.0%, to 4,999 million yen, compared with 656 million yen in the previous first half, due to the increase in sales revenue and cost reductions in the telecommunications equipment business. The business profit ratio for the first half improved to 3.9% from 0.6% in the previous first half.

### 5) Document Solutions Group

Sales revenue for the first half decreased by 885 million yen or 0.5%, to 177,884 million yen, compared with 178,769 million yen in the previous first half. Despite the contribution from M&A conducted in fiscal 2019, sales revenue remained roughly unchanged due to the effect of the yen's appreciation against the Euro.

Business profit decreased by 1,095 million yen or 5.5%, to 18,883 million yen, compared with 19,978 million yen in the previous first half, due mainly to the effect of foreign currency fluctuations. Despite this, a double-digit business profit ratio was maintained on the back of efforts to improve productivity and reduce costs.

### 6) Life & Environment Group

Sales revenue for the first half increased by 1,315 million yen or 3.2%, to 42,120 million yen, compared with 40,805 million yen in the previous first half, due to increased sales in the medical devices business.

Business loss decreased by 1,402 million yen to 4,996 million yen, compared with the previous first half. The profitability of the solar energy business improved due to structural reforms implemented in fiscal 2019, which more than offset an increase in R&D expenses for storage batteries.

## Sales Revenue by Reporting Segment

(Yen in millions)

|  | For the six months ended<br>September 30, 2018 |       | For the six months ended<br>September 30, 2019 |       | Change   |        |
|--|--|-------|--|-------|----------|--------|
|  | Amount   | %*    | Amount   | %*    | Amount   | %      |
| Industrial & Automotive Components Group | 160,807  | 20.1  | 167,152  | 20.9  | 6,345    | 3.9    |
| Semiconductor Components Group           | 127,469  | 15.9  | 123,095  | 15.4  | (4,374)  | (3.4)  |
| Electronic Devices Group                 | 183,803  | 22.9  | 167,551  | 21.0  | (16,252) | (8.8)  |
| Total Components Business                | 472,079  | 58.9  | 457,798  | 57.3  | (14,281) | (3.0)  |
| Communications Group                     | 114,871  | 14.4  | 126,977  | 15.9  | 12,106   | 10.5   |
| Document Solutions Group                 | 178,769  | 22.3  | 177,884  | 22.2  | (885)    | (0.5)  |
| Life & Environment Group                 | 40,805   | 5.1   | 42,120   | 5.3   | 1,315    | 3.2    |
| Total Equipment & Systems Business       | 334,445  | 41.8  | 346,981  | 43.4  | 12,536   | 3.7    |
| Others                                   | 9,332  | 1.2   | 7,801  | 1.0   | (1,531)  | (16.4) |
| Adjustments and eliminations             | (15,218)                                       | (1.9) | (13,530)                                       | (1.7) | 1,688    | —      |
| Sales revenue                            | 800,638  | 100.0 | 799,050  | 100.0 | (1,588)  | (0.2)  |

\* % represents the component ratio.

## Business Profit (Loss) by Reporting Segment

(Yen in millions)

|  | For the six months ended<br>September 30, 2018 |      | For the six months ended<br>September 30, 2019 |      | Change   |        |
|--|--|------|--|------|----------|--------|
|  | Amount   | %*   | Amount   | %*   | Amount   | %      |
| Industrial & Automotive Components Group   | 21,250   | 13.2 | 9,234  | 5.5  | (12,016) | (56.5) |
| Semiconductor Components Group   | 13,157   | 10.3 | 14,490   | 11.8 | 1,333    | 10.1   |
| Electronic Devices Group   | 33,817   | 18.4 | 24,978   | 14.9 | (8,839)  | (26.1) |
| Total Components Business  | 68,224   | 14.5 | 48,702   | 10.6 | (19,522) | (28.6) |
| Communications Group   | 656  | 0.6  | 4,999  | 3.9  | 4,343    | 662.0  |
| Document Solutions Group   | 19,978   | 11.2 | 18,883   | 10.6 | (1,095)  | (5.5)  |
| Life & Environment Group   | (6,398)  | —    | (4,996)  | —    | 1,402    | —      |
| Total Equipment & Systems Business   | 14,236   | 4.3  | 18,886   | 5.4  | 4,650    | 32.7   |
| Others   | 967  | 10.4 | (1,920)  | —    | (2,887)  | —      |
| Total business profit  | 83,427   | 10.4 | 65,668   | 8.2  | (17,759) | (21.3) |
| Corporate gains and share of<br>net profit of investments accounted for<br>using the equity method | 23,083   | —    | 20,075   | —    | (3,008)  | (13.0) |
| Adjustments and eliminations   | (821)  | —    | (530)  | —    | 291      | —      |
| Profit before income taxes   | 105,689  | 13.2 | 85,213   | 10.7 | (20,476) | (19.4) |

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

## (2) Explanation of Consolidated Financial Position

### Consolidated Cash Flows

Cash and cash equivalents at September 30, 2019 decreased by 63,698 million yen to 449,116 million yen from 512,814 million yen at March 31, 2019.

#### 1) Cash flows from operating activities

Net cash provided by operating activities for the first half decreased by 15,990 million yen to 109,962 million yen from 125,952 million yen for the previous first half. This was due mainly to a decrease in profit for the period.

#### 2) Cash flows from investing activities

Net cash used in investing activities for the first half increased by 710 million yen to 99,875 million yen from 99,165 million yen for the previous first half. This was due mainly to an increase in payments for acquisitions of business and a decrease in withdrawal of time deposits, which were mostly offset by decreases in acquisitions of time deposits and purchases of securities.

#### 3) Cash flows from financing activities

Net cash used in financing activities for the first half increased by 3,737 million yen to 67,370 million yen from 63,633 million yen for the previous first half. This was due mainly to increases in repayments of borrowings and dividends paid, which exceeded a decrease in the purchase of treasury stock.

### Consolidated Cash Flows

(Yen in millions)

|   | For the six months ended<br>September 30, 2018 | For the six months ended<br>September 30, 2019 | Change   |
|---|--|--|----------|
| Cash flows from operating activities                            | 125,952  | 109,962  | (15,990) |
| Cash flows from investing activities                            | (99,165)                                       | (99,875)                                       | (710)    |
| Cash flows from financing activities                            | (63,633)                                       | (67,370)                                       | (3,737)  |
| Effect of exchange rate changes<br>on cash and cash equivalents | 10,344   | (6,415)  | (16,759) |
| Increase (decrease) in cash and cash equivalents                | (26,502)                                       | (63,698)                                       | (37,196) |
| 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 period              | 398,436  | 449,116  | 50,680   |

### (3) Interim Dividend for the Year Ending March 31, 2020

Kyocera Corporation has adopted the principal guideline that dividend amounts be 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 consolidated profit attributable to owners of the parent. In addition, Kyocera Corporation determines dividend amounts based on an overall assessment, taking into account various factors including the amount of capital expenditures necessary for the medium to long-term corporate growth. Kyocera Corporation has resolved that its interim dividend for the year ending March 31, 2020 (“fiscal 2020”) will be 80 yen per share based on the principal guideline.

Kyocera Corporation forecasts payment of its year-end for fiscal 2020 in the amount of 80 yen per share, and therefore has not changed its annual dividend forecast of 160 yen per share as previously announced.



#### (4) Explanation Regarding Future Projection Including Consolidated Financial Forecasts

Performance of Kyocera Corporation and its consolidated subsidiaries (“Kyocera”) in the first half met its projections made at the beginning of fiscal 2020, although demand for components fell short of our expectations. For the third quarter (the period from October 1, 2019 to December 31, 2019) and fourth quarter (the period from January 1, 2020 to March 31, 2020), expectations regarding the global economy remain uncertain. On the other hand, there are signs of recovery in demand for some products in the information and communications market. Furthermore, Kyocera still expects improved profitability to continue mainly as a result of the structural reforms implemented in fiscal 2019.

In light of these conditions, Kyocera has not made any changes to its consolidated financial forecasts for fiscal 2020, as announced on April 25, 2019, however, has revised its forecasts for individual reporting segments as shown on the next page.

Please refer to “Cautionary statements with respect to forward-looking statements” in “Instruction for Forecasts and Other Notes” for information of future prospective.

#### Forecasts of Consolidated Financial Results

(Yen in millions)

|   | Results for the year ended<br>March 31, 2019 |       | Forecasts for the year ending<br>March 31, 2020 |       | Change |      |
|---|--|-------|---|-------|--------|------|
|   | Amount                                       | %*    | Amount  | %*    | Amount | %    |
| Sales revenue   | 1,623,710                                    | 100.0 | 1,700,000                                       | 100.0 | 76,290 | 4.7  |
| Operating profit  | 94,823                                       | 5.8   | 140,000   | 8.2   | 45,177 | 47.6 |
| Profit before income taxes                              | 140,610                                      | 8.7   | 180,000   | 10.6  | 39,390 | 28.0 |
| Profit attributable to owners of the parent             | 103,210                                      | 6.4   | 125,000   | 7.4   | 21,790 | 21.1 |
| Average US\$ exchange rate (yen)                        | 111  | —     | 105   | —     | —      | —    |
| Average Euro exchange rate (yen)                        | 128  | —     | 120   | —     | —      | —    |
| Capital expenditures                                    | 117,049                                      | 7.2   | 120,000   | 7.1   | 2,951  | 2.5  |
| Depreciation charge of<br>property, plant and equipment | 51,524                                       | 3.2   | 65,000  | 3.8   | 13,476 | 26.2 |
| Research and development expenses                       | 69,927                                       | 4.3   | 80,000  | 4.7   | 10,073 | 14.4 |

\* % represents the percentage to sales revenue.

## Sales Revenue by Reporting Segment

(Yen in millions)

|  | Results for the year ended March 31, 2019 |       | Forecasts for the year ending March 31, 2020 announced on |       |                            |       | Change |
|--|---|-------|---|-------|----------------------------|-------|--------|
|  |   |       | April 25, 2019 (Previous)                                 |       | October 31, 2019 (Revised) |       |        |
|  | Amount                                    | %*    | Amount  | %*    | Amount                     | %*    | %      |
| Industrial & Automotive Components Group | 314,339                                   | 19.4  | 324,600   | 19.1  | 362,000                    | 21.3  | 15.2   |
| Semiconductor Components Group           | 249,217                                   | 15.3  | 251,100   | 14.8  | 248,000                    | 14.6  | (0.5)  |
| Electronic Devices Group                 | 364,827                                   | 22.5  | 381,600   | 22.4  | 338,000                    | 19.9  | (7.4)  |
| Total Components Business                | 928,383                                   | 57.2  | 957,300   | 56.3  | 948,000                    | 55.8  | 2.1    |
| Communications Group                     | 252,067                                   | 15.5  | 257,600   | 15.2  | 266,000                    | 15.6  | 5.5    |
| Document Solutions Group                 | 375,147                                   | 23.1  | 400,000   | 23.5  | 397,000                    | 23.4  | 5.8    |
| Life & Environment Group                 | 80,114                                    | 5.0   | 94,300  | 5.5   | 98,000                     | 5.8   | 22.3   |
| Total Equipment & Systems Business       | 707,328                                   | 43.6  | 751,900   | 44.2  | 761,000                    | 44.8  | 7.6    |
| Others                                   | 17,190                                    | 1.0   | 15,600  | 0.9   | 15,600                     | 0.9   | (9.2)  |
| Adjustments and eliminations             | (29,191)                                  | (1.8) | (24,800)  | (1.4) | (24,600)                   | (1.5) | —      |
| Sales revenue                            | 1,623,710                                 | 100.0 | 1,700,000   | 100.0 | 1,700,000                  | 100.0 | 4.7    |

\* % represents the component ratio.

## Business Profit (Loss) by Reporting Segment

(Yen in millions)

|  | Results for the year ended March 31, 2019 |      | Forecasts for the year ending March 31, 2020 announced on |      |                            |      | Change |
|--|---|------|---|------|----------------------------|------|--------|
|  |   |      | April 25, 2019 (Previous)                                 |      | October 31, 2019 (Revised) |      |        |
|  | Amount                                    | %*   | Amount  | %*   | Amount                     | %*   | %      |
| Industrial & Automotive Components Group | 38,450                                    | 12.2 | 34,700  | 10.7 | 21,000                     | 5.8  | (45.4) |
| Semiconductor Components Group           | 10,932                                    | 4.4  | 30,900  | 12.3 | 30,900                     | 12.5 | 182.7  |
| Electronic Devices Group                 | 66,926                                    | 18.3 | 65,500  | 17.2 | 50,000                     | 14.8 | (25.3) |
| Total Components Business                | 116,308                                   | 12.5 | 131,100   | 13.7 | 101,900                    | 10.7 | (12.4) |
| Communications Group                     | 10,393                                    | 4.1  | 8,300   | 3.2  | 10,000                     | 3.8  | (3.8)  |
| Document Solutions Group                 | 43,528                                    | 11.6 | 41,300  | 10.3 | 41,300                     | 10.4 | (5.1)  |
| Life & Environment Group                 | (67,016)                                  | —    | (6,400)   | —    | (6,400)                    | —    | —      |
| Total Equipment & Systems Business       | (13,095)                                  | —    | 43,200  | 5.7  | 44,900                     | 5.9  | —      |
| Others                                   | 660                                       | 3.8  | (5,500)   | —    | (5,500)                    | —    | —      |
| Total business profit                    | 103,873                                   | 6.4  | 168,800   | 9.9  | 141,300                    | 8.3  | 36.0   |
| Corporate and others                     | 36,737                                    | —    | 11,200  | —    | 38,700                     | —    | 5.3    |
| Profit before income taxes               | 140,610                                   | 8.7  | 180,000   | 10.6 | 180,000                    | 10.6 | 28.0   |

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

## 2. Condensed Quarterly Consolidated Financial Statements and Primary Notes

### (1) Condensed Quarterly Consolidated Statement of Financial Position

(Yen in millions)

|   | As of<br>March 31, 2019 |              | As of<br>September 30, 2019 |              | Change         |
|---|-------------------------|--------------|-----------------------------|--------------|----------------|
|   | Amount                  | %*           | Amount                      | %*           |                |
| <b>Assets</b>                                     |                         |              |                             |              |                |
| <b>Current assets</b>                             |                         |              |                             |              |                |
| Cash and cash equivalents                         | 512,814                 |              | 449,116                     |              | (63,698)       |
| Short-term investments                            | 99,210                  |              | 74,703                      |              | (24,507)       |
| Trade and other receivables                       | 357,352                 |              | 320,906                     |              | (36,446)       |
| Other financial assets                            | 9,871                   |              | 10,185                      |              | 314            |
| Inventories                                       | 343,880                 |              | 368,996                     |              | 25,116         |
| Other current assets                              | 34,637                  |              | 33,135                      |              | (1,502)        |
| Total current assets                              | 1,357,764               | 45.7         | 1,257,041                   | 39.8         | (100,723)      |
| <b>Non-current assets</b>                         |                         |              |                             |              |                |
| Equity and debt instruments                       | 963,651                 |              | 1,098,865                   |              | 135,214        |
| Investments accounted for using the equity method | 4,159                   |              | 3,795                       |              | (364)          |
| Other financial assets                            | 17,869                  |              | 25,928                      |              | 8,059          |
| Property, plant and equipment                     | 341,855                 |              | 365,860                     |              | 24,005         |
| Right-of-use assets                               | —                       |              | 26,334                      |              | 26,334         |
| Goodwill  | 149,499                 |              | 207,943                     |              | 58,444         |
| Intangible assets                                 | 80,001                  |              | 118,023                     |              | 38,022         |
| Deferred tax assets                               | 38,558                  |              | 39,807                      |              | 1,249          |
| Other non-current assets                          | 15,119                  |              | 14,702                      |              | (417)          |
| Total non-current assets                          | 1,610,711               | 54.3         | 1,901,257                   | 60.2         | 290,546        |
| <b>Total assets</b>                               | <b>2,968,475</b>        | <b>100.0</b> | <b>3,158,298</b>            | <b>100.0</b> | <b>189,823</b> |

\* % represents the component ratio.

(Yen in millions)

|   | As of<br>March 31, 2019 |       | As of<br>September 30, 2019 |       | Change  |
|---|-------------------------|-------|-----------------------------|-------|---------|
|   | Amount                  | %*    | Amount                      | %*    |         |
| <b>Liabilities and Equity</b>                     |                         |       |                             |       |         |
| <b>Liabilities</b>                                |                         |       |                             |       |         |
| <b>Current liabilities</b>                        |                         |       |                             |       |         |
| Trade and other payables                          | 186,281                 |       | 182,249                     |       | (4,032) |
| Lease liabilities                                 | –                       |       | 10,488                      |       | 10,488  |
| Other financial liabilities                       | 6,621                   |       | 6,699                       |       | 78      |
| Income tax payables                               | 12,672                  |       | 13,016                      |       | 344     |
| Accrued expenses                                  | 120,903                 |       | 120,278                     |       | (625)   |
| Provisions  | 11,166                  |       | 10,787                      |       | (379)   |
| Other current liabilities                         | 37,105                  |       | 32,665                      |       | (4,440) |
| Total current liabilities                         | 374,748                 | 12.6  | 376,182                     | 11.9  | 1,434   |
| <b>Non-current liabilities</b>                    |                         |       |                             |       |         |
| Lease liabilities                                 | –                       |       | 25,666                      |       | 25,666  |
| Other financial liabilities                       | 7,800                   |       | 6,440                       |       | (1,360) |
| Retirement benefit liabilities                    | 25,479                  |       | 25,545                      |       | 66      |
| Deferred tax liabilities                          | 174,823                 |       | 228,084                     |       | 53,261  |
| Provisions  | 7,892                   |       | 7,923                       |       | 31      |
| Other non-current liabilities                     | 15,473                  |       | 14,567                      |       | (906)   |
| Total non-current liabilities                     | 231,467                 | 7.8   | 308,225                     | 9.8   | 76,758  |
| <b>Total liabilities</b>                          | 606,215                 | 20.4  | 684,407                     | 21.7  | 78,192  |
| <b>Equity</b>                                     |                         |       |                             |       |         |
| Common stock                                      | 115,703                 |       | 115,703                     |       | –       |
| Capital surplus                                   | 165,225                 |       | 166,685                     |       | 1,460   |
| Retained earnings                                 | 1,638,709               |       | 1,669,383                   |       | 30,674  |
| Other components of equity                        | 418,643                 |       | 494,549                     |       | 75,906  |
| Treasury stock                                    | (72,361)                |       | (69,261)                    |       | 3,100   |
| Total equity attributable to owners of the parent | 2,265,919               | 76.3  | 2,377,059                   | 75.2  | 111,140 |
| Non-controlling interests                         | 96,341                  | 3.3   | 96,832                      | 3.1   | 491     |
| <b>Total equity</b>                               | 2,362,260               | 79.6  | 2,473,891                   | 78.3  | 111,631 |
| <b>Total liabilities and equity</b>               | 2,968,475               | 100.0 | 3,158,298                   | 100.0 | 189,823 |

\* % represents the component ratio.

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

## a. Condensed Quarterly Consolidated Statement of Profit or Loss

(Yen in millions except per share amounts)

|  | For the six months ended<br>September 30, 2018 |       | For the six months ended<br>September 30, 2019 |       | Change   |        |
|--|--|-------|--|-------|----------|--------|
|  | Amount   | %*    | Amount   | %*    | Amount   | %      |
| <b>Sales revenue</b>   | 800,638  | 100.0 | 799,050  | 100.0 | (1,588)  | (0.2)  |
| Cost of sales  | 571,337  | 71.4  | 572,416  | 71.6  | 1,079    | 0.2    |
| <b>Gross profit</b>  | 229,301  | 28.6  | 226,634  | 28.4  | (2,667)  | (1.2)  |
| Selling, general and administrative expenses                                       | 146,700  | 18.3  | 166,314  | 20.9  | 19,614   | 13.4   |
| <b>Operating profit</b>  | 82,601   | 10.3  | 60,320   | 7.5   | (22,281) | (27.0) |
| Finance income   | 21,375   | 2.7   | 25,381   | 3.2   | 4,006    | 18.7   |
| Finance expenses   | 406  | 0.0   | 789  | 0.1   | 383      | 94.3   |
| Foreign exchange gains (losses)  | 329  | 0.0   | (1,179)  | (0.1) | (1,508)  | —      |
| Share of net profit (loss) of investments<br>accounted for using the equity method | 613  | 0.1   | 520  | 0.1   | (93)     | (15.2) |
| Other, net   | 1,177  | 0.1   | 960  | 0.1   | (217)    | (18.4) |
| <b>Profit before income taxes</b>  | 105,689  | 13.2  | 85,213   | 10.7  | (20,476) | (19.4) |
| Income taxes   | 21,581   | 2.7   | 21,477   | 2.7   | (104)    | (0.5)  |
| <b>Profit for the period</b>   | 84,108   | 10.5  | 63,736   | 8.0   | (20,372) | (24.2) |

|                                |        |      |        |     |          |        |
|--------------------------------|--------|------|--------|-----|----------|--------|
| <b>Profit attributable to:</b> |        |      |        |     |          |        |
| Owners of the parent           | 78,394 | 9.8  | 59,614 | 7.5 | (18,780) | (24.0) |
| Non-controlling interests      | 5,714  | 0.7  | 4,122  | 0.5 | (1,592)  | (27.9) |
| <b>Profit for the period</b>   | 84,108 | 10.5 | 63,736 | 8.0 | (20,372) | (24.2) |

|  |            |            |  |
|--|------------|------------|--|
| <b>Per share information:</b>                                  |            |            |  |
| <b>Earnings per share attributable to owners of the parent</b> |            |            |  |
| Basic  | 216.15 yen | 164.64 yen |  |
| Diluted  | 216.04 yen | 164.58 yen |  |

\* % represents the percentage to sales revenue.

b. Condensed Quarterly Consolidated Statement of Comprehensive Income

(Yen in millions)

|  | For the six months ended<br>September 30, 2018 | For the six months ended<br>September 30, 2019 | Change   |
|--|--|--|----------|
|  | Amount   | Amount   |          |
| <b>Profit for the period</b>   | 84,108   | 63,736   | (20,372) |
| <b>Other comprehensive income, net of taxation</b>                                       |  |  |          |
| Items that will not be reclassified to profit or loss:                                   |  |  |          |
| Financial assets measured at fair value through other comprehensive income               | 101,170  | 101,231  | 61       |
| Re-measurement of defined benefit plans  | —  | —  | —        |
| Total items that will not be reclassified to profit or loss                              | 101,170  | 101,231  | 61       |
| Items that may be reclassified subsequently to profit or loss:                           |  |  |          |
| Net changes in fair value of cash flow hedge   | 20   | (8)  | (28)     |
| Exchange differences on translating foreign operations                                   | 23,885   | (28,304)                                       | (52,189) |
| Share of other comprehensive income of investments accounted for using the equity method | 195  | (13)   | (208)    |
| Total items that may be reclassified subsequently to profit or loss                      | 24,100   | (28,325)                                       | (52,425) |
| <b>Total other comprehensive income</b>  | 125,270  | 72,906   | (52,364) |
| <b>Comprehensive income for the period</b>   | 209,378  | 136,642  | (72,736) |

|  |         |         |          |
|--|---------|---------|----------|
| <b>Comprehensive income attributable to:</b> |         |         |          |
| Owners of the parent                         | 199,881 | 135,520 | (64,361) |
| Non-controlling interests                    | 9,497   | 1,122   | (8,375)  |
| <b>Comprehensive income for the period</b>   | 209,378 | 136,642 | (72,736) |

## (3) Condensed Quarterly Consolidated Statement of Changes in Equity

For the six months ended September 30, 2018

(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     |                           |              |
| <b>Balance as of April 1, 2018<br/>(Before applying new accounting standard)</b> | 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        |
| <b>Balance as of April 1, 2018<br/>(After applying new accounting standard)</b>  | 115,703   | 165,079         | 1,580,614         | 498,981                    | (32,342)       | 2,328,035 | 87,508                    | 2,415,543    |
| Profit for the period  |   |                 | 78,394            |                            |                | 78,394    | 5,714                     | 84,108       |
| Other comprehensive income   |   |                 |                   | 121,487                    |                | 121,487   | 3,783                     | 125,270      |
| Total comprehensive income for the period  | —   | —               | 78,394            | 121,487                    | —              | 199,881   | 9,497                     | 209,378      |
| Cash dividends   |   |                 | (22,062)          |                            |                | (22,062)  | (1,826)                   | (23,888)     |
| Purchase of treasury stock   |   |                 |                   |                            | (40,011)       | (40,011)  |                           | (40,011)     |
| Reissuance of treasury stock   |   | —               |                   |                            | —              | —         |                           | —            |
| Transactions with non-controlling interests and other                            |   | (52)            |                   | 10                         |                | (42)      | 518                       | 476          |
| <b>Balance as of September 30, 2018</b>  | 115,703   | 165,027         | 1,636,946         | 620,478                    | (72,353)       | 2,465,801 | 95,697                    | 2,561,498    |

For the six months ended September 30, 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     |                           |              |
| <b>Balance as of April 1, 2019</b>                    | 115,703   | 165,225         | 1,638,709         | 418,643                    | (72,361)       | 2,265,919 | 96,341                    | 2,362,260    |
| Profit for the period                                 |   |                 | 59,614            |                            |                | 59,614    | 4,122                     | 63,736       |
| Other comprehensive income                            |   |                 |                   | 75,906                     |                | 75,906    | (3,000)                   | 72,906       |
| Total comprehensive income for the period             | —   | —               | 59,614            | 75,906                     | —              | 135,520   | 1,122                     | 136,642      |
| Cash dividends  |   |                 | (28,940)          |                            |                | (28,940)  | (1,773)                   | (30,713)     |
| Purchase of treasury stock                            |   |                 |                   |                            | (12)           | (12)      |                           | (12)         |
| Reissuance of treasury stock                          |   | 1,700           |                   |                            | 3,112          | 4,812     |                           | 4,812        |
| Transactions with non-controlling interests and other |   | (240)           |                   | 0                          |                | (240)     | 1,142                     | 902          |
| <b>Balance as of September 30, 2019</b>               | 115,703   | 166,685         | 1,669,383         | 494,549                    | (69,261)       | 2,377,059 | 96,832                    | 2,473,891    |

#### (4) Notes to Condensed Quarterly Consolidated Financial Statements

##### a. Notes to Going Concern Assumption

Not Applicable

##### b. Changes in Accounting Policies

###### <Newly Applied Accounting Standard>

###### Adoption of IFRS 16 “Leases”

Kyocera has applied IFRS 16 “Leases” (published in January 2016, hereinafter “IFRS 16”) from the three months ended June 30, 2019. 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 condensed quarterly 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<br>(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            |