



Financial Presentation for the Year Ended March 31, 2022

(Held on April 28, 2022)

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President and Representative Director

<1. (Cover) Financial Results for the Year Ended March 31, 2022>

<2. Financial Results for the Year Ended March 31, 2022 (1)>

Sales revenue in the year ended March 31, 2022 (“fiscal 2022”) increased 20% to 1,838.9 billion yen, compared with the year ended March 31, 2021 (“fiscal 2021”), reaching a record high for the first time in three fiscal years. Operating profit increased significantly, about approximately 2.1 times to 148.9 billion yen. Profit before income taxes increased 69% to 198.9 billion yen, and profit attributable to owners of the parent increased 65% to 148.4 billion yen.

The average exchange rates were 112 yen to the U.S. dollar, marking depreciation of 6 yen, and 131 yen to the euro, marking depreciation of 7 yen from fiscal 2021, respectively. As a result, sales revenue and profit before income taxes were lifted by approximately 68 billion yen and approximately 20 billion yen, respectively.

<3. Financial Results for the Year Ended March 31, 2022 (2)>

Capital expenditures, depreciation of property, plant and equipment, and research and development expenses each increased due to increased production of components for which demand was strong and aggressive efforts to develop new products.

<4. Summary for the Year Ended March 31, 2022>

Sales revenue reached a record high thanks to an improvement in the business environment, coupled with contributions from investments made in the past to increase production of components for the 5G and semiconductor-related markets.

Profit ratio before income taxes improved to the double digits due to an increase in sales revenue and improvement of productivity, despite the effects of shortages and price hikes in semiconductors and raw materials.

<5. Sales Revenue by Reporting Segment for the Year Ended March 31, 2022>

In fiscal 2022, sales revenue in all segments increased approximately 20% compared to fiscal 2021.

<6. Business Profit (Loss) by Reporting Segment for the Year Ended March 31, 2022>

Business profit also increased significantly in all segments, with the Core Components Business and Electronic Components Business posting double-digit profit margins.

Next, I will explain business results by segment.

<7. Financial Results by Reporting Segment for the Year Ended March 31, 2022

(1) Core Components Business>

The graphs in the upper half of the page shows the full-year sales revenue and business profit trend since the year ended March 31, 2020, before the effects of the pandemic were fully manifested. The major reasons for changes shown in the bottom half compares the results for fiscal 2022 with fiscal 2021.

This first slide shows the Core Components Business.

Sales revenue increased due to the following factors: in the Industrial & Automotive Components Unit, demand for fine ceramic components for semiconductor processing equipment increased; and, in the Semiconductor Components Unit, sales revenue increased due to higher demand for ceramic packages and organic packages and boards for the information and communication-related markets including the 5G, and automotive-related markets.

Business profit doubled from fiscal 2021, mainly due to increased sales of high value-added products resulting from aggressive capital investment, and the profit margin improved to 12%.

<8. Financial Results by Reporting Segment for the Year Ended March 31, 2022

(2) Electronic Components Business>

Sales revenue increased due to recovery in industrial equipment and automotive-related markets, as well as increased demand for products such as small-sized high capacitance capacitors and crystal devices for the 5G and semiconductor-related markets.

Business profit increased 2.1 times from fiscal 2021 with the profit margin improving to 14%, mainly due to increased sales of high value-added products as well as improved productivity.

<9. Financial Results by Reporting Segment for the Year Ended March 31, 2022

(3) Solutions Business>

Sales revenue increased due to higher sales of cutting tools as well as pneumatic and power tools in the Industrial Tools Unit, coupled with recovery of sales for equipment and supplies in the Document Solutions Unit.

Business profit increased 83% compared to fiscal 2021, with the profit margin improving to 7%, by virtue of higher sales revenue combined with the absence of approximately 11.5 billion yen in impairment loss recorded in the smart energy business in fiscal 2021.

This concludes my summary of financial results for fiscal 2022. Next, I will explain financial forecasts for the year ending March 31, 2023 (“fiscal 2023”).

<10. (Cover) Financial Forecasts for the Year Ending March 31, 2023>

<11. Financial Forecast for the Year Ending March 31, 2023 (1)>

For fiscal 2023, we forecast sales revenue and profit growth for the second consecutive year following fiscal 2022.

In addition to the unstable global situation, there is a sense of uncertainty about the future due to shortages and rising prices of semiconductors and raw materials, and concerns about the resurgence of the spread of COVID-19. However, given the expected continued demand for 5G and semiconductor-related components, we will steadily seize this business opportunity and aim to achieve our medium-term target of 2 trillion yen in sales revenue.

<12. Financial Forecast for the Year Ending March 31, 2023 (2)>

We expect capital expenditures, depreciation of property, plant and equipment, and research and development expenses to each increase significantly in fiscal 2023 as we plan to continue to make aggressive investments for growth.

<13. Sales Revenue Forecast by Reporting Segment for FY Mar. 2023>

We expect sales revenue to increase across all segments.

<14. Business Profit (Loss) Forecast by Reporting Segment for FY Mar. 2023>

We also expect business profit to increase across all segments, mainly due to higher sales revenue.

<15. Major Initiatives to Achieve Forecast of FY Mar. 2023>

The following are two major initiatives to achieve our forecast for fiscal 2023.

The first initiative is to increase production capacity of components for the 5G and semiconductor-related markets.

In fiscal 2023, we will be making aggressive investments to increase production in the Core Components Business and the Electronic Components Business, particularly the components shown here.

Our second initiative is to expand sales in the Solutions Business.

In addition to expanding sales of products such as industrial tools and printers for offices, we plan to commence sales of industrial inkjet printers.

This concludes my presentation for fiscal 2023 financial forecasts. Next, I will explain initiatives for medium- to long-term growth.

<16. Medium- to Long-term Financial Target>

While we expect to achieve sales revenue of 2 trillion yen in fiscal 2023, we will continue to make aggressive capital investments and develop new businesses toward reaching our next target of 3 trillion yen in sales revenue.

<17. Major Initiatives for Medium- to Long-Term Growth

(1) Continuing Capital Expenditure to Increase the Capacity of High-demand Components>

Our first initiative is to continue making capital investments to increase the capacity of high-demand components.

The current business environment has been uncertain. However, the full-scale launch of the 5G and further progress in digitalization are expected to increase demand for components and other products for the semiconductor-related market over the medium to long term.

We are expanding our production bases to take advantage of this business opportunity for a further leap forward in growth. In fiscal 2023, a new plant in KAVX Thailand and a new building at the Kagoshima Kokubu Plant are scheduled to begin operations.

We also plan to expand our plants in Japan and overseas in the year ending March 31, 2024. In addition to the Vietnam Plant, we have decided to construct a new building at the Kagoshima Sendai Plant, which will be the largest of its kind among our factories in Japan.

<18. Major Initiatives for Medium- to Long-Term Growth

(2) Accelerating Development of New Businesses >

The second initiative is to accelerate development of new businesses.

When achieving our sales revenue target of 3 trillion yen, we aim for about 250 billion yen of the sales revenue to be related to new businesses. In the Gallium Nitride (GaN) systems business, the number of applications has been expanding and we expect to launch new products in fiscal 2023. In the robotics and digital textile printing machine businesses, we expect to commence business in the second half of fiscal 2023.

We will continue to work on realizing the early contribution of these businesses to sales revenue and development activities to create even more new businesses.

<19. Shareholder Returns >

For fiscal 2022, we will pay an annual dividend of 180 yen per share, which is unchanged from our latest dividend forecast, in light of our business performance and dividend policy.

For fiscal 2023, we forecast an annual dividend of 200 yen per share, up 20 yen from 180 yen per share in fiscal 2022.

While the outlook on the global economy remains uncertain, we are continuing to make business investments aimed at improving our financial performance as I explained today. Through these efforts, we also aim to further enhance our shareholder returns.

Cautionary statement

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

Except for historical information contained herein, the matters set forth in this document are forward-looking statements that involve risks and uncertainties including, but not limited to, product demand, competition, regulatory approvals, the effect of economic conditions and technological difficulties, and other risks detailed in the cautionary statements with respect to forward-looking statements on the company's website.

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