



Outline of Q&A on Financial Presentation for the Three Months Ended June 30, 2021

(Held on July 29, 2021)

* Fiscal year ended March 31, 2021: fiscal 2021

Fiscal year ending March 31, 2022: fiscal 2022

Fiscal year ending March 31, 2023: fiscal 2023

1st quarter: 1Q, 2nd quarter: 2Q, 3rd quarter: 3Q, 4th quarter: 4Q

1. Business results for fiscal 2022

Q: Was financial result for 1Q in line with your expectations? Also, could you tell me about your outlook for the 2Q compared with 1Q.

A: Results in 1Q were slightly above our plans in all segments but the Electronic Components Business showed the biggest upswing. As AVX Corporation ("AVX") uses a sales network of distributors, and because there is some delay in both the fall and rise due to inventory situation in the distribution channel. 1Q coincided with the uptrend. As the Electronic Components Business and ceramic packages in the Core Components Business are expected to increase slightly in 2Q compared with 1Q, we expect that the overall results of 2Q will also rise slightly compared with 1Q.

Q: Are there any constrains on the customer side such as the shortage of semiconductors, or something on your side, which is preventing your shipping?

A: Currently, almost all industries are troubled with the shortage of semiconductors. It is often reported that the automotive industry will be the most affected by the shortage. So far, we are not in a situation to stop our delivering, however, there may be some risks in the future. We use various semiconductors in our products such as copiers, mobile phones, and displays. Although the supply situation of the semiconductors is quite tight right now, we have not yet reached the point where we need to adjust production. I think that production will increase smoothly in 2Q, but at present, we don't know at all which parts we will lack, and I assume that would be the biggest risk for us right now.

Q: I think that because the production level in 1Q was already higher than you expected.

So, do you think production will rise rather moderately in 2Q from 1Q?

A: That's right. Our capacity utilization rate has already been at quite high level.

Q: What are your 2Q forecasts for the Document Solutions Unit, Communications Unit and smart energy business?

A: The Document Solutions Unit has returned to the pre-COVID-19 levels in Japan and China, and it is now recovering at a rapid pace in US, while it is still a little behind in Europe. So, I would say that the Document Solutions Unit has returned to over 90% of the pre-COVID-19 level as a whole. As for smart energy business, large-scale projects are almost back on track, but we are not yet able to visit households, so we believe that it will recover to the level before COVID-19 around 3Q. As for the Communications Unit, our mobile phones are mainly sold in Japan and it depends on the infection situation in Japan. As the number of COVID-19 infected people increases recently, we assume that business situation would be little difficult for the business in 2Q.

Q: How did the results of each segment change in 1Q of fiscal 2022 compared with 4Q of fiscal 2021?

A: Sales revenue increased slightly in both the Core Components Business and the Electronic Components Business. On the other hand, it decreased slightly in the Solutions Business. In the Core Components Business, components for semiconductor processing equipment and automotive cameras went well. Packages for mobile phones were almost flat in Q1 of fiscal 2022 from Q4 of fiscal 2021, but they are expected to rise toward 2Q. In the Electronic Components Business, recovery of AVX made a significant contribution. We assume that components for mobile phones will rise rapidly toward 2Q in the Electronic Components Business. Also, the Solutions Business is usually a little weak in 1Q because sales of copiers increase seasonally in 4Q, however, I think it will go up toward 2Q.

Q: Did sales for automotive-related component increase from 4Q of fiscal 2021 to 1Q of fiscal 2022?

A: It was a slight increase.

Q: Was there any impact from the production adjustment of Chinese smartphones in 1Q? Also, please tell us the outlook for 2Q and beyond.

A: The share of our component in Chinese smartphones is not high. There were minor effects, but no major impact. After 2Q, there will be some impact of the shortage of semiconductors.

Q: I would like you to tell me about the stock situation at the customer. Automobile manufacturers are collecting inventory from the viewpoint of BCP, and it seems that the uptake of component is ahead of actual demand. Do you think there will be a major inventory adjustment toward next year?

A: The component that Kyocera sells underwent major adjustments in last year. So, it seems current inventory level is not enough. There won't be any major adjustments in the immediate future.

Q: I had heard that you would record DX-related expenses in "corporate gain and others" in fiscal 2022, but it does not seem to have been recorded significantly in 1Q. Are you planning to use it as planned after 2Q?

A: DX and some project-related expenses are included in "corporate gain and others". Due to the shortage of semiconductors, there may be a delay in the arrival of equipment, which may cause a slight delay, but we won't curb expenses.

2. Business situation of each reporting segment

【Core Components Business】

Q: Demand for organic packages in the Semiconductor Components Unit is increasing sharply. I'd like to know about your plan to increase production. How do you perceive the risk of oversupply as other companies increase production?

A: In the FCBGA industry, specific customers and vendors are closely tied to each other and Kyocera is working with its users to increase production. Even if we have idle production capacity, we will not take a strategy of lowering prices to expand our business field without careful consideration.

【Electronic Components Business】

Q: What is the reason for the remarkable increase in profit compared to the increase in sales revenue in 1Q? Will profit increase if sales revenue increase 2Q onward?

A: That is largely due to the recovery of AVX. In the past, inventory sales have been sluggish, but they have recovered rapidly. As for crystal devices, profit margins improved on the back of brisk sales of high-profit small-size crystal oscillator. We expect profit will increase in 2Q as well.

Q: It's been more than 30 years since you acquired AVX. what kind of changes will occur from now? There has been no change so far, but why will it change in the future?

A: We have relationships for 30 years, but since AVX was not a wholly-owned subsidiary, we could not have been able to share customer information at all in relation to the Antitrust Law. For this reason, we decided to work together to integrate purchasing and sales

organization and exchange technologies each other.

Q: How much of a cost reduction can be achieved through the integration of purchasing organizations that has become possible by making AVX as a wholly-owned subsidiary?

A: It is not yet known as integration of purchasing organization is still underway.

3. M&A

Q: In the past, there have been many small M&A projects that have come from the business divisions, but will there be new projects that will strengthen your targeted fields in overall industry?

A: For example, we had M&A projects initiated by the business divisions, such as the one aimed at strengthening software in the Document Solution Unit and some specific fields in the Industrial Tools Unit, and projects initiated by the corporate side, such as Soraa Laser Diode, Inc. I think the number of technology-oriented projects may increase in the future, as in the case of Soraa Laser Diode, Inc.

4. Major initiatives by reporting segments

Q: In the Core Components Business, what are the important cross-sectional themes?

A: There are three main themes. The first is to respond to strong demand for semiconductors. The fine ceramics business provides high-performance components for semiconductor processing equipment and we can further strengthen its functions by cooperating with other divisions. We would like to actively promote this cooperation.

The second theme is to address ADAS-related challenges. In the future, various sensing components will be expanded. Currently, we have technologies such as camera modules and millimeter-wave radars, and by strengthening these technologies, we believe that they can be applied to 5G and beyond. So, we are actively strengthening research and development.

The third theme is SOFC (Solid Oxide Fuel Cells). Since we have been able to offer products that are unique to home use, we would like to make efforts to develop new products in the energy field from the viewpoint of global warming countermeasures.

Q: In the Electronic Components Business, as AVX and Kyocera have different cultures, so I think there will be something that are difficult to coordinate. What measures are you thinking of taking to cooperate well?

A: It has been 30 years since AVX joined Kyocera Group. Since then, about 60 to 70 people have been transferred from Kyocera to AVX. They are now managers and understand well each other. We believe that this is our greatest asset. I think the most important thing is to build a trust relationship among leaders of the next generation. As there is such a

foundation, we would like to maximize synergies by strengthening our relationship through various projects.

Q: In the Solution Business, various businesses are gathered in the segment. I think it is necessary to promote the mobility of human resources in the research division. Could you tell me about your human resources strategy?

A: We have been making various efforts since April 2021. In development divisions, for example, one division is primarily doing traditional waterfall development, not agile, or is familiar with front loading. Also, in the sales field, there are differences in the way of doing business between divisions, such as one is doing digital marketing, but others do not. So we would like to further promote exchange those resources between divisions, not only through providing opportunities for discussions among divisions but also through personnel transfer between divisions. I think we have a great chance here.

Cautionary statement

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. 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.