

Annual Report

(English translation of consolidated financial information)

(The 70th Business Term)

From April 1, 2023 to March 31, 2024

KYOCERA CORPORATION

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[Company Name in English]	KYOCERA CORPORATION
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[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

This is an English translation of the Annual Report filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors’ NETwork (“EDINET”) pursuant to the Financial Instruments and Exchange Act of Japan.

In this document, the terms “we,” “us,” “our,” “Kyocera Group,” “the Group” and “Kyocera” refer to Kyocera Corporation and consolidated subsidiaries or, as the context may require, Kyocera Corporation on a non-consolidated basis and the “Company” refers to Kyocera Corporation on a non-consolidated basis.

The term “fiscal 2024” refers to the year ended March 31, 2024, with other fiscal years referred to in a corresponding manner.

Part I. Information on Kyocera

I. Overview of Kyocera

1. Selected Financial Data

(1) Consolidated Financial Data

(Yen in millions unless otherwise stated)

	66th	67th	68th	69th	70th
Year ended	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
Sales revenue	1,599,053	1,526,897	1,838,938	2,025,332	2,004,221
Profit before income taxes	148,826	117,559	198,947	176,192	136,143
Profit attributable to owners of the parent	107,721	90,214	148,414	127,988	101,074
Comprehensive income attributable to owners of the parent	262,750	210,784	365,805	223,978	323,000
Equity attributable to owners of the parent	2,432,134	2,591,415	2,871,554	3,023,777	3,225,595
Total assets	3,250,175	3,493,470	3,917,265	4,093,928	4,465,376
Equity per share attributable to owners of the parent (Yen)	1,677.65	1,787.48	2,000.24	2,106.20	2,289.86
Earnings per share attributable to owners of the parent- Basic (Yen)	74.34	62.23	102.79	89.15	71.58
Earnings per share attributable to owners of the parent- Diluted (Yen)	—	—	—	—	—
Ratio of equity attributable to owners of the parent to total assets (%)	74.8	74.2	73.3	73.9	72.2
Profit ratio of equity attributable to owners of the parent (%)	4.6	3.6	5.4	4.3	3.2
Price earnings ratio (Times)	21.55	28.22	16.74	19.32	28.26
Cash flows from operating activities	214,630	220,821	201,957	179,212	269,069
Cash flows from investing activities	(145,551)	(183,792)	(79,457)	(168,833)	(158,413)
Cash flows from financing activities	(157,126)	(80,968)	(111,473)	(61,257)	(82,596)
Cash and cash equivalents at the end of the year	419,620	386,727	414,129	373,500	424,792
Number of employees	75,505	78,490	83,001	81,209	79,185

(Notes) 1. Kyocera prepared its consolidated financial statements in accordance with International Financial Reporting Standards (hereinafter, “IFRS”), and the figures are presented in Japanese yen and amounts less than one million yen are rounded.

2. Earnings per share attributable to owners of the parent - Diluted is not described in the above table, as there is no potential share.

3. Kyocera Corporation implemented the stock split at the ratio of 4 for 1 of all common stocks, with the effective date of January 1, 2024. Equity per share attributable to owners of the parent and Earnings per share attributable to owners of the parent- Basic are calculated based on the assumption that the stock split was implemented at the beginning of the 66th business terms.

(2) Financial Data of Kyocera Corporation

(Yen in millions unless otherwise stated)

	66th	67th	68th	69th	70th
Year ended	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
Net sales	730,388	708,177	848,253	856,866	799,055
Recurring profit	98,356	103,245	147,160	136,878	91,203
Net income	88,466	93,269	132,442	113,321	91,204
Common stock	115,703	115,703	115,703	115,703	115,703
Number of shares issued (Shares)	377,618,580	377,618,580	377,618,580	377,618,580	1,510,474,320
Net assets	2,015,786	2,124,257	2,309,953	2,379,161	2,439,833
Total assets	2,520,096	2,685,137	2,998,363	3,080,630	3,273,602
Net assets per share (Yen)	1,390.46	1,465.25	1,609.05	1,657.20	1,732.04
Annual dividends per share (Yen)	160.00	140.00	180.00	200.00	125.00
Interim dividends per share (Yen)	80.00	60.00	90.00	100.00	100.00
Net income per share - Basic (Yen)	61.05	64.33	91.73	78.93	64.59
Net income per share - Diluted (Yen)	—	—	—	—	—
Net assets to total assets (%)	80.0	79.1	77.0	77.2	74.5
Return on equity (%)	4.6	4.5	6.0	4.8	3.8
Price earnings ratio (Times)	26.24	27.30	18.76	21.82	31.31
Dividends payout ratio (%)	65.5	54.4	49.1	63.3	77.4
Number of employees	19,352	19,865	20,560	21,010	21,156
[Separately, number of temporary employees]	[4,854]	[4,984]	[5,050]	[5,120]	[5,114]
Total shareholder return (%)	101.0	112.7	113.3	116.4	138.0
Comparative indicator : Dividend-included TOPIX (%)	90.5	128.6	131.2	138.8	196.2
Highest share price (Yen)	7,764	7,610	7,408	8,211	2,333.5 [8,377]
Lowest share price (Yen)	5,320	5,456	6,055	6,355	1,995.5 [6,773]

- (Notes) 1. The figures in financial statements are presented in Japanese yen and amounts less than one million yen are rounded.
2. “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan Statement No. 29, March 31, 2020) and other standard have been applied from the beginning of the year ended March 31, 2022, and the financial data after the year ended March 31, 2022 has been prepared in accordance with these accounting standards.
3. Net income per share - Diluted is not described in the above table, as there is no potential share.
4. Kyocera Corporation implemented the stock split at the ratio of 4 for 1 of all common stocks, with the effective date of January 1, 2024. Net assets per share and Net income per share - Basic are calculated based on the assumption that the stock split was implemented at the beginning of the 66th business terms. Annual dividends per share of the 70th business terms is shown as 125 yen, consisting of the interim dividends per share of 100 yen before the stock split and the year-end dividends per share of 25 yen after the stock split.
5. The highest and lowest share prices are those on the First Section of Tokyo Stock Exchange on or before April 3, 2022, and those on the Prime Market of Tokyo Stock Exchange on or after April 4, 2022.
6. Kyocera Corporation implemented the stock split at the ratio of 4 for 1 of all common stocks, with the effective date of January 1, 2024. The highest and lowest share prices of the 70th business terms are those after the stock split, and the highest and lowest stock prices before the stock split are stated in [].

2. History

Kyocera Corporation was founded as “Kyoto Ceramic Co., Ltd.” on April 1, 1959. In order to change its face value of stock from 500 yen to 50 yen, Shikoku Shokkin Kagaku Kenkyusho (renamed as Kyoto Ceramitsuku Kabushiki Kaisha on May 12, 1970), established on November 6, 1946, was incorporated as a surviving company in a form of an absorption-type merger on October 1, 1970, and the merger was carried out as a due date.

Therefore, prior to this merger, the history of the Kyoto Ceramic Co., Ltd., the merged company, is described.

April	1959	Established headquarters and factory with a capital of 3 million yen in 101 Nishinokyoharamachi, Nakagyo-ku, Kyoto Founded as “Kyoto Ceramic Co., Ltd.” a specialized manufacturer in fine ceramics
April	1960	Opened Tokyo Office
May	1963	Established Shiga Gamo Plant (currently Shiga Higashiomi Plant)
July	1969	Established Kagoshima Sendai Plant Established Kyocera International, Inc. in the U.S. as a sales company
October	1969	Established Kyocera Sho-Ji Kabushiki Kaisha as a domestic sales company
October	1970	Kyoto Ceramic Co., Ltd. and Kyocera Sho-Ji Kabushiki Kaisha merged into Kyoto Ceramitsuku Kabushiki Kaisha.
January	1971	Established Kyocera Fineceramics GmbH in Germany (currently Kyocera Europe GmbH)
October	1971	Listed its stock on the Second Section of Osaka Stock Exchange (listed on the First Section in February 1974)
September	1972	Listed its stock on the Second Section of Tokyo Stock Exchange (listed on the First Section in February 1974, moved to the Prime Market in April 2022)
October	1972	Established Kagoshima Kokubu Plant
February	1976	Issued American Depository Receipts (hereinafter “ADRs”) in the U.S.
October	1979	Established Central Research Laboratory in Kagoshima Kokubu Plant (currently Kirishima R&D Center)
May	1980	Listed its stock on the New York Stock Exchange (hereinafter “NYSE”) (delisted from NYSE in June 2018), Issued ADRs in the U.S. for the second time
August	1980	Established Shiga Yohkaichi Plant (currently Shiga Higashiomi Plant)
October	1982	4 companies, Cybernet Electronics Corporation, Crescent Vert Co., Ltd., Japan Cast Corporation and New Medical Co., Ltd. merged into Kyoto Ceramic Co., Ltd., and changed its name to Kyocera Corporation
June	1984	Established Daini Denden Kikaku Co., Ltd. (currently KDDI Corporation)
August	1989	Made Elco International Corporation, connector business, as a consolidated subsidiary (later, changed its name to Kyocera Connector Products Corporation and merged into Kyocera Corporation in April 2017)
January	1990	Issued ADRs in the U.S. for the third time Made AVX Corporation (currently Kyocera AVX Components Corporation) as a consolidated subsidiary through shares exchange, delisted its stock from NYSE (relisted its stock on NYSE in August 1995, delisted its stock from NYSE as it became a wholly owned subsidiary of Kyocera Corporation in March 2020)
March	1995	Established Kyocera R&D Center (currently Yokohama Office)
August	1995	Established Kyocera R&D Center, Keihanna in Kyoto, Japan (currently Keihanna Research Center) Established Dongguan Shilong Kyocera Optics Co., Ltd. (currently Dongguan Shilong Kyocera Co., Ltd.) in Dongguan, China as a manufacturing company
September	1995	Established Kyocera Communication Systems Co., Ltd.
August	1998	Established new headquarters in Fushimi-ku, Kyoto
February	2000	Succeeded Qualcomm, Inc.’s mobile phone business
April	2000	Invested in Kyocera Mita Corporation (currently Kyocera Document Solutions Inc.), and made as a consolidated subsidiary
December	2001	Established Kyocera Mita Office Equipment (Dongguan) Co., Ltd. (currently Kyocera Document Technology (Dongguan) Co., Ltd.) in Dongguan, China as a manufacturing company of printer and multifunctional products

April	2002	Kyocera Document Solutions Inc. succeeded Kyocera Corporation's printer business
August	2002	Made Toshiba Chemical Corporation, semiconductor related materials business, as a consolidated subsidiary through shares exchange, and changed its name to Kyocera Chemical Corporation (later, merged into Kyocera Corporation in April 2016)
August	2003	Made Kinseki, Limited, crystal devices business, as a consolidated subsidiary through shares exchange (later, changed its name to Kyocera Crystal Device Corporation and merged into Kyocera Corporation in April 2017) Established Kyocera SLC Technologies Corporation (later, changed its name to Kyocera Circuit Solutions Inc. and merged into Kyocera Corporation in April 2016) as a manufacturing and sales company of build-up substrates
September	2004	Established Japan Medical Materials Corporation (later, changed its name to Kyocera Medical Inc. and merged into Kyocera Corporation in April 2017) by Kyocera Corporation and Kobe Steel, Ltd. transferring their medical materials business to Japan Medical Materials Corporation through company split
April	2008	Succeeded Sanyo Electric Co., Ltd.'s mobile phone business
January	2009	Made TA Triumph-Adler AG, sales company of printers and multifunctional products in Germany, as a consolidated subsidiary (later, changed its name to TA Triumph-Adler GmbH)
July	2011	Made Unimerco Group A/S, manufacturing and sales company of industrial tools in Denmark, as a consolidated subsidiary, and changed its name to Kyocera Unimerco A/S Established Kyocera Mita Vietnam Technology Co., Ltd. (currently Kyocera Document Technology Vietnam Co., Ltd.) as a manufacturing company of printers and multifunctional products in Vietnam
August	2011	Established Kyocera Vietnam Management Co., Ltd. (currently Kyocera Vietnam Co., Ltd.) as a manufacturing company in Vietnam
February	2012	Made Optrex Corporation, specialized manufacturer related in liquid crystal displays, as a consolidated subsidiary (later, changed its name to Kyocera Display Corporation and merged into Kyocera Corporation in October 2018)
October	2013	Made NEC Toppan Circuit Solutions, Inc., manufacturer of printed wiring board, as a consolidated subsidiary (later, changed its name to Kyocera Circuit Solutions, Inc.)
October	2014	Integrated Kyocera Circuit Solutions, Inc. into Kyocera SLC Technologies Corporation to form Kyocera Circuit Solutions, Inc. (later, merged into Kyocera Corporation in April 2016)
September	2015	Made Nihon Inter Electronics Corporation, manufacturer of power semiconductors, as a consolidated subsidiary (later, merged into Kyocera Corporation in August 2016)
April	2016	Merged Kyocera Circuit Solutions, Inc. and Kyocera Chemical Corporation into Kyocera Corporation
August	2016	Merged Nihon Inter Corporation into Kyocera Corporation
April	2017	Merged Kyocera Medical Corporation, Kyocera Crystal Device Corporation and Kyocera Connector Products Corporation into Kyocera Corporation
August	2017	Made Senco Holdings, Inc., U.S. based pneumatic tools manufacturing company, as a consolidated subsidiary and changed its name to Kyocera Senco Industrial Tools, Inc.
January	2018	Made Kyocera Industrial Tools Corporation, which was established from the company split of Ryobi Limited's power tool business, as a consolidated subsidiary (became a wholly owned subsidiary of Kyocera Corporation in January 2020)
June	2018	Delisted from NYSE (deregistered from the U.S. Securities and Exchange Commission (SEC) in September 2018)
October	2018	Merged Kyocera Display Corporation and Kyocera Optec Co., Ltd. into Kyocera Corporation
May	2019	Established Minatomirai Research Center, Yokohama in Kanagawa, Japan
June	2019	Made Fastener Topco, Inc., the holding company of SouthernCarlson, Inc., U.S. based sales company of pneumatic power tool company, as a consolidated subsidiary and changed its name to Kyocera Industrial Tools, Inc.
March	2020	Acquired all non-controlling interests of AVX Corporation (currently Kyocera AVX Components Corporation) and made it a wholly owned subsidiary of Kyocera Corporation
June	2020	Made Showa Optronics Co., Ltd., manufacturer of optical components, as a consolidated subsidiary and changed its name to Kyocera SOC Corporation

January	2021	Made Soraa Laser Diode, Inc., U.S. based company commercializing gallium nitride (GaN) based laser products, as consolidated subsidiary and changed its name to Kyocera SLD Laser, Inc.
April	2022	Moved from the First Section to the Prime Market of the Tokyo Stock Exchange due to the market restructuring of the Tokyo Stock Exchange
September	2022	Research, Production Technology, and Analysis divisions at the Kagoshima Kokubu Plant were centralized at the newly established Kirishima R&D Center
April	2024	Integrated Shiga Gamo Plant and Shiga Yokkaichi Plant to form Shiga Higashiomi Plant

3. Description of Business

Kyocera develops new technologies and new products and cultivates new markets based on fine ceramic technologies since establishment. Kyocera also promotes growth through diversification by leveraging various management resources from material and components technologies to electronic devices, equipment, systems and services. Kyocera develops, produces and distributes worldwide various kinds of products primarily for the following markets: semiconductor, information and communications, industrial machinery, automotive-related and environment and energy.

The consolidated financial statements have been prepared in accordance with IFRS. Also, subsidiaries and associates are disclosed based on the scope of the consolidation and investment accounted for using the equity method under IFRS. “II. Business Overview” and “III. Equipment and Facilities” are disclosed based on the same scope.

The specific contents of each reporting segment are as follows, and this reporting segment is the same as the classification of reporting segment information presented in Note “6. Segment Information” under “V. Financial Information 1. Consolidated Financial Statements and Other Information (1) Consolidated Financial Statements” in this annual report.

(1) Core Components Business

This reporting segment provides components, such as fine ceramic components for semiconductor processing equipment, automotive camera modules, ceramic packages as well as organic packages and boards to protect electronic components and ICs, to the semiconductor, the industrial machinery, the automotive, and the information and communication-related markets.

(2) Electronic Components Business

This reporting segment provides a wide variety of electronic components and devices including capacitors, crystal devices, connectors and power semiconductor devices for diverse fields that include the information and communications, the industrial equipment, the automotive and the consumer-related markets.

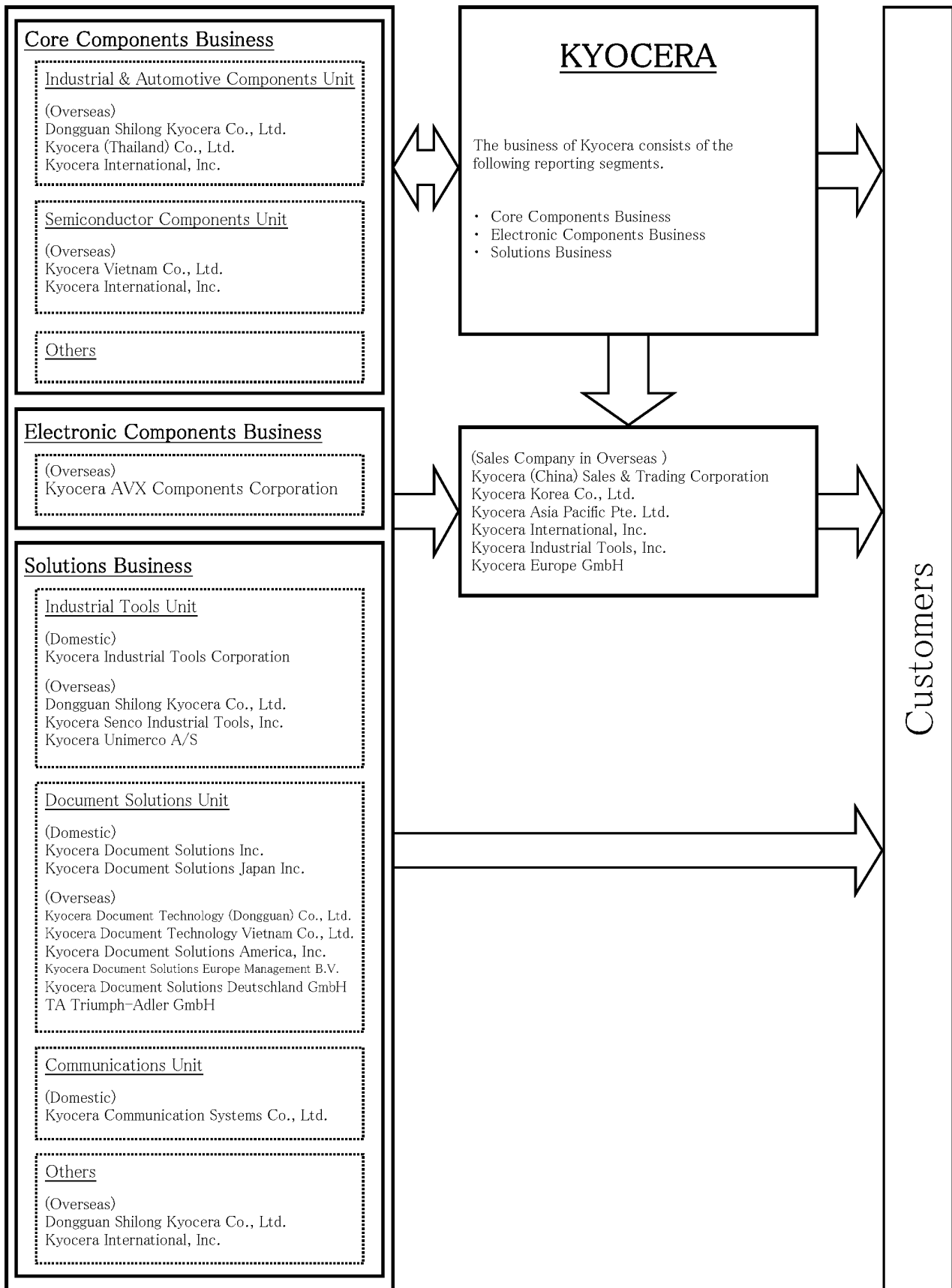
(3) Solutions Business

The Industrial Tools Unit provides cutting tools as well as pneumatic and power tools for automotive-related and general industrial and construction markets. The Document Solutions Unit provides printers for offices and industries as well as solution services such as document management system and commercial uses. The Communications Unit provides communication terminals such as mobile phones for corporate customers, as well as solution services, ICT solution and engineering services. The Others provides smart energy-related products and services, etc.

Reporting Segment / Major Businesses or Products	Major Group Companies
(1) Core Components Business	
Industrial & Automotive Components Unit	
Fine Ceramic Components Automotive Components Optical Components	Kyocera Corporation Dongguan Shilong Kyocera Co., Ltd. Kyocera (Thailand) Co., Ltd. Kyocera International, Inc. Kyocera Europe GmbH
Semiconductor Components Unit	
Ceramic Packages Organic Packages and Boards	Kyocera Corporation Kyocera (China) Sales & Trading Corporation Kyocera Korea Co., Ltd. Kyocera Asia Pacific Pte. Ltd. Kyocera Vietnam Co., Ltd. Kyocera International, Inc. Kyocera Europe GmbH
Others	
Medical Devices Jewelry & Applied Ceramic Related Products	Kyocera Corporation
(2) Electronic Components Business	
Capacitors Crystal Devices Connectors Power Semiconductor Devices Sensors and Control Components	Kyocera Corporation Kyocera (China) Sales & Trading Corporation Kyocera Korea Co., Ltd. Kyocera Asia Pacific Pte. Ltd. Kyocera AVX Components Corporation

Reporting Segment/Major Businesses or Products	Major Group Companies
(3) Solutions Business	
Industrial Tools Unit	
Cutting Tools Pneumatic & Power Tools	Kyocera Corporation Kyocera Industrial Tools Corporation Kyocera (China) Sales & Trading Corporation Dongguan Shilong Kyocera Co., Ltd. Kyocera Asia Pacific Pte. Ltd. Kyocera Senco Industrial Tools, Inc. Kyocera Industrial Tools, Inc. Kyocera Unimerco A/S
Document Solutions Unit	
Printers MFPs Commercial and Industrial Inkjet Printers Document Solutions Services	Kyocera Document Solutions Inc. Kyocera Document Solutions Japan Inc. Kyocera Document Technology (Dongguan) Co., Ltd. Kyocera Document Technology Vietnam Co., Ltd. Kyocera Document Solutions America, Inc. Kyocera Document Solutions Europe Management B.V. Kyocera Document Solutions Deutschland GmbH TA Triumph-Adler GmbH
Communications Unit	
Mobile Phones for Corporate Customers Communication Modules ICT Solutions Engineering Services	Kyocera Corporation Kyocera Communication Systems Co., Ltd.
Others	
Smart Energy-Related Products & Services Displays Printing Devices	Kyocera Corporation Dongguan Shilong Kyocera Co., Ltd. Kyocera International, Inc. Kyocera Europe GmbH

The above is shown in the business diagram below.



4. Associates

As of March 31, 2024

Name	Location	Capital	Principal Lines of Business	Ownership Ratio of Voting Rights (%)	Relationship with Kyocera Corporation		
					Interlocking Directorate	Funding Support	Business Transaction
(Consolidated Subsidiaries)							
Kyocera Industrial Tools Corporation	Fukuyama-shi, Hiroshima, Japan	Yen 100 million	Development, manufacture and sale of Power Tools	100.00	Yes	Yes	—
Kyocera Document Solutions Inc. *1	Chuo-ku, Osaka, Japan	Yen 12,000 million	Development, manufacture and sale of Printers and Multifunctional Products, and provision of Solution Services	100.00	Yes	Yes	Raw materials supply from Kyocera Corporation
Kyocera Document Solutions Japan Inc.	Chuo-ku Osaka, Japan	Yen 1,100 million	Sale of Printers and Multifunctional Products mainly in Japan	100.00 (100.00)	Yes	—	—
Kyocera Document Technology (Dongguan) Co., Ltd.	Dongguan, Guangdong, China	US\$ 56,700 thousand	Manufacture of Printers and Multifunctional Products	92.76 (92.76)	Yes	Yes	—
Kyocera Document Technology Vietnam Co., Ltd.	Hai Phong, Vietnam	US\$ 55,000 thousand	Manufacture of Printers and Multifunctional Products	100.00 (100.00)	Yes	—	—
Kyocera Document Solutions America, Inc.	Fairfield, New Jersey, U.S.A.	US\$ 29,000 thousand	Sale of Printers and Multifunctional Products mainly in North America	100.00 (100.00)	Yes	—	—
Kyocera Document Solutions Europe Management B.V. *4	Hoofddorp, the Netherlands	Euro 6,807 thousand	Sale of Printers and Multifunctional Products mainly in Europe	100.00 (100.00)	Yes	—	—
Kyocera Document Solutions Deutschland GmbH	Meerbusch, Germany	Euro 920 thousand	Sale of Printers and Multifunctional Products mainly in Europe	100.00 (100.00)	—	—	—
TA Triumph-Adler GmbH	Nurnberg, Germany	Euro 80,303 thousand	Sale of Printers and Multifunctional Products mainly in Europe	100.00 (100.00)	Yes	—	—
Kyocera Communication Systems Co., Ltd.	Fushimi-ku, Kyoto, Japan	Yen 2,986 million	Information Systems and Telecommunication Services	76.64	Yes	—	Supporting Kyocera Corporation for system services
Kyocera Realty Development Co., Ltd.	Shibuya-ku, Tokyo, Japan	Yen 50 million	Ownership, management and rental of real estate	100.00	Yes	Yes	—

As of March 31, 2024

Name	Location	Capital	Principal Lines of Business	Ownership Ratio of Voting Rights (%)	Relationship with Kyocera Corporation		
					Interlocking Directorate	Funding Support	Business Transaction
Kyocera (China) Sales & Trading Corporation	Tianjin, China	US\$ 10,000 thousand	Sale of Ceramic Packages, Electronic Components and Cutting Tools	90.00	Yes	—	Sale in China with finished goods supply from Kyocera Corporation
Dongguan Shilong Kyocera Co., Ltd.	Dongguan, Guangdong, China	HKS 472,202 thousand	Manufacture of Automotive Components, Cutting Tools and Displays	90.00	Yes	Yes	Raw materials supply from Kyocera Corporation, and finished goods supply to Kyocera Corporation
Kyocera Korea Co., Ltd.	Seoul, Korea	Won 1,200,000 thousand	Sale of Semiconductor Components and Electronic Components	100.00	Yes	—	Sale in Korea with finished goods supply from Kyocera Corporation
Kyocera Asia Pacific Pte. Ltd.	Tiong Bahru Road, Singapore	US\$ 35,830 thousand	Sale of Semiconductor Components, Electronic Components and Cutting Tools	100.00	Yes	—	Sale in Asia with finished goods supply from Kyocera Corporation
Kyocera Vietnam Co., Ltd.	Hung Yen, Vietnam	US\$ 90,403 thousand	Manufacture of Ceramic Packages	100.00	Yes	Yes	Raw materials supply from Kyocera Corporation, and finished goods supply to Kyocera Corporation
Kyocera (Thailand) Co., Ltd.	Lamphun, Thailand	THB 500,000 thousand	Manufacture of Automotive Components	100.00	Yes	Yes	Raw materials supply from Kyocera Corporation, and finished goods supply to Kyocera Corporation
Kyocera International, Inc.	San Diego, California, U.S.A.	US\$ 34,850 thousand	Manufacture and sale of Fine Ceramic Components, Semiconductor Components and Displays	100.00	Yes	—	Sale of finished goods in North America with finished goods and raw materials supply from Kyocera Corporation
Kyocera AVX Components Corporation	Fountain Inn, South Carolina, U.S.A.	US\$ 1,763 thousand	Development, manufacture and sale of Electronic Components	100.00	Yes	Yes	Sale in North America and Europe with finished goods supply from Kyocera Corporation and finished goods supply to Kyocera Corporation
Kyocera Senco Industrial Tools, Inc.	Cincinnati, Ohio, U.S.A.	US\$ 0.01	Development, manufacture and sale of Pneumatic & Power Tool-related products	100.00	—	—	—

As of March 31, 2024

Name	Location	Capital	Principal Lines of Business	Ownership Ratio of Voting Rights (%)	Relationship with Kyocera Corporation		
					Interlocking Directorate	Funding Support	Business Transaction
Kyocera Industrial Tools, Inc.	Omaha, Nebraska, U.S.A.	US\$ 1.00	Sale of Pneumatic & Power Tool-related products	100.00	—	Yes	—
Kyocera Europe GmbH	Esslingen, Germany	Euro 1,687 thousand	Sale of Fine Ceramic Components, Semiconductor Components and Printing Devices	100.00	Yes	—	Sale in Europe with finished goods supply from Kyocera Corporation
Kyocera Unimerco A/S	Sunds, Denmark	DKK 153,000 thousand	Development, manufacture and sale of Cutting Tools	100.00 (100.00)	—	—	Sale in Europe with finished goods supply from Kyocera Corporation
Other 260 Companies							

- (Notes) 1. Companies that correspond to the specified subsidiaries or “Tokutei Kogaisha,” total amount of sales, purchase or common stock of which exceeds 10% of the amount of sales, purchase or common stock the parent company in the period that correspond to the recent fiscal year of the parent company, as defined in the Financial Instruments and Exchange Act of Japan.
2. A number in the parenthesis notation in the “Ownership Ratio of Voting Rights (%)” column shows the % of indirect voting rights, which is a part of the total voting rights.
3. As of March 31, 2024, Kyocera Corporation has 9 entities accounted for using the equity method. The description of those entities is omitted since they are immaterial.
4. On March 1, 2024, Kyocera Document Solutions Europe B.V. changed its name to Kyocera Document Solutions Europe Management B.V.

5. Employees

(1) Kyocera Corporation and its Subsidiaries

As of March 31, 2024

	Number of Employees
Core Components Business	17,537
Electronic Components Business	17,757
Solutions Business	38,696
Others	1,461
Corporate	3,734
Total	79,185

(Notes) 1. The number of employees indicates fulltime employees (including contract employees).

The number of part-timers and re-employed after retirement is not shown since they are less than 10/100 of the number of employees.

2. Employees engaged in back-office operations and fundamental research that do not belong to any segments are classified as “Corporate.”

(2) Kyocera Corporation

As of March 31, 2024

Number of Employees	Average Age	Average Years of Service	Average Annual Salary (Yen)
21,156 [5,114]	40.0	15.6	6,922,862

As of March 31, 2024

	Number of Employees	
Core Components Business	11,520	[3,278]
Electronic Components Business	2,147	[553]
Solutions Business	3,811	[982]
Others	858	[62]
Corporate	2,820	[239]
Total	21,156	[5,114]

(Notes) 1. The number of employees indicates fulltime employees (including contract employees).

2. The total number of part-timers and re-employed after retirement is shown in the square brackets and is not included in the number of fulltime employees.

3. The average annual salary includes bonuses and extra wages.

4. Employees engaged in back-office operations and fundamental research that do not belong to any segments are classified as “Corporate.”

(3) Labor Union

There are no material items to report.

(4) Ratio of Female Employees in Managerial Positions, Ratio of Male Employees Taking Childcare Leave, and Gender Wage Gap

The status of Kyocera Corporation on a non-consolidated basis during the fiscal year is as follows.

(%)	
Ratio of female employees in managerial positions *1	Ratio of male employees taking childcare leave *2
5.3	30.7

(Notes) 1. It is calculated pursuant to “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No.64 of 2015).

2. It is calculated based on the ratio of male employees taking childcare leave defined in Article 71-4, Item 1 “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991), pursuant to “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No.76 of 1991).

(%)		
Gender Wage Gap *1, 2		
a. Fulltime employees	b. Part-time and fixed-term employees *3	c. All employees
72.4	46.6	54.3

(Notes) 1. It is calculated pursuant to “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No.64 of 2015).

2. It shows the percentage of female wages based on male wages of 100.

3. Part-time and fixed-term employees include part-timers, re-employed after retirement and contract employees.

[Explanation of Gender Wage Gap]

a. For fulltime employees, the grading system, position system, and wage system are uniform, so there are no regional or occupational differences. Therefore, although there is no gender wage gap at the same grade or position, the higher ratio of male employees in managerial positions compared to female employees and the difference in working hours between male and female employees contribute to the wage gap. The regular employment even in the manufacturing department is the principal rule in Kyocera Corporation, and the number of employees in the manufacturing department accounts for more than half of all fulltime employees. We recognize that the higher ratio of male employees in managerial positions compared to female employees and the higher number of male employees who work night shifts in the manufacturing department contribute to the above wage gap. We will continue to implement measures to support diverse human resources and promote more female employees in the future. There is no gender wage gap in managerial positions.

b. The gender wage gap for part-time and fixed-term employees is attributable to a higher ratio of female part-timers (*1 in the table below) and a higher number of male fixed-term employees than females (*2 in the table below).

c. The gender wage gap for all employees is attributable to a higher ratio of part-time employees in all female employees (*1 in the table below).

Number and Ratio of Employees by Gender

As of March 31, 2024

		Male employees		Female employees	
		Number of employees	Personnel ratio (%)	Number of employees	Personnel ratio (%)
Fulltime employees		16,947	89.1	4,104	56.5
Part-time and fixed-term employees	Part-timers	396	2.1	3,039	*1 41.9
	Fixed-term employees	*2 1,669	8.8	115	1.6
Total		19,012	100.0	7,258	100.0

The status of domestic consolidated subsidiaries during the fiscal year is as follows.

(%)

Fiscal 2024					
Name	Ratio of female employees in managerial positions *1	Ratio of male employees taking childcare leave *2	Gender Wage Gap *1, 3		
			a. Fulltime employees	b. Part-time and fixed-term employees	c. All employees
Kyocera SOC Corporation	6.6	100.0	66.6	40.0	61.9
Kyocera Industrial Tools Corporation	0.0	11.1	62.9	60.5	63.5
Kyocera Document Solutions Inc.	7.2	26.8	69.4	69.7	73.1
Kyocera Document Solutions Japan Inc.	2.2	12.5	59.1	64.5	61.6
Kyocera Communication Systems Co., Ltd.	11.7	62.3	74.2	73.2	74.8
AltX Inc.	10.7	57.9	89.7	72.0	86.7
Motex Inc.	15.3	70.0	80.3	25.0	79.4
Kyocera Mirai Envision Co., Ltd.	9.7	83.3	67.3	66.2	66.4
Hotel Kyocera Co., Ltd.	14.7	0.0	—	—	—
Hotel Princess Kyoto Co., Ltd.	11.9	33.3	—	—	—

(Notes) 1. It is calculated pursuant to “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No.64 of 2015).

2. It is calculated based on the ratio of male employees taking childcare leave defined in Article 71-4, Item 1 “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991), pursuant to “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No.76 of 1991).
3. It shows the percentage of female wages based on male wages of 100. In addition, in accordance with “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No.64 of 2015), if there is no obligation to disclose the information, it is indicated as “—.”

[Explanation of Gender Wage Gap on Domestic Consolidated Subsidiaries]

- a. There are no companies that have differences based on the grading system, position system, wage system, region and occupation for fulltime employees. Therefore, although there is no gender wage gap at the same grade or position, the higher ratio of male employees in managerial positions compared to female employees and the difference in working hours between male and female employees contribute to the wage gap. We will continue to implement measures to support diverse human resources and promote more female employees in Kyocera Group in the future. There is no gender wage gap in managerial positions.
- b. The gender wage gap for part-time and fixed-term employees is attributable to a higher ratio of female part-timers and a higher number of male re-employed after retirement than that of females in fixed-term employees as a whole. In addition, Motex Inc. employs highly specialized human resources as fixed-term employees, and the ratio of males in the highly specialized employees is higher than that of females, which is a factor in the gender wage gap.
- c. The gender wage gap for all employees is based on the reasons of “a” and “b” above.

II. Business Overview

1. Management Policies, Operating Environment, and Management Issues

Future expectations included in this section are as of March 31, 2024.

(1) Basic Management Policies

Kyocera aims to achieve continuous sales growth and high profitability through the practice of “Kyocera Philosophy,” which is a corporate philosophy that is based on a concept included in Kyocera’s decision making “what is right as a human being” and its own management system “Amoeba Management System” to pursuit management rationale “To provide opportunities for the material and intellectual growth of all our employees, and through our joint efforts, contribute to the advancement of society and humankind.”

(2) Medium-term Management Target

Kyocera has set medium-term management targets. In order to clarify the initiatives necessary to achieve these targets, Kyocera has also adopted and strives to implement a medium-term management plan for fiscal 2024 through fiscal 2026.

Major initiatives in the medium-term management plan are as follows:

- Implement intensive preparatory investment in focus areas based upon long-term outlook;
- Combine and/or assemble Group management resources in areas of competitive advantage to achieve high rates of growth;
- Proactively promote selection and concentration of businesses as well as structural reform of low growth and/or low profitability areas; and
- Strengthen R&D in order to create new businesses that address social issues.

(Medium-term management plan)

Targets for fiscal 2026

Sales revenue	2.5 trillion yen
Profit before income taxes	350.0 billion yen
Profit ratio before income taxes	14.0%
ROE	7.0% or more

In order to achieve the medium-term management plan, Kyocera will further expand capital expenditures for existing businesses and R&D activities to create new businesses. Kyocera plans to utilize operating cash flow and investment funds to be procured by using its financial assets.

Details are described in the capital allocation below.

(Capital allocation including investment plans from fiscal 2024 through fiscal 2026)

(Unit: Yen in billions)

Operating cash flow 1,400.0-1,500.0 (Before deducting R&D expenses)	Capital expenditures Maximum of 850.0	<u>Proactive Investment for Business Growth</u> <ul style="list-style-type: none"> • Focus on investments to increase production capacity and improve productivity of the Semiconductor Components Unit and the Electronic Components Business
	R&D expenses Maximum of 350.0	<u>Proactive Investment in R&D Activities</u> <ul style="list-style-type: none"> • Continue investments necessary for expansion of the Solution Business and the creation of new businesses
	Dividends Approx. 300.0	<u>Shareholder Return Policy</u> <ul style="list-style-type: none"> • Maintain current dividend policy
Raise capital using KDDI stock, etc. Maximum of 500.0	M&A and share repurchases etc. 400.0-500.0	<u>Other Policies</u> <ul style="list-style-type: none"> • Consider M&A with an emphasis on synergy • Conduct share repurchases when appropriate

(3) Medium and Long-term Management Environment and Issues to be Addressed

As the comprehensive digitalization of society is accelerating with the advancement of AI and 5G communication technologies, further expansion of the semiconductor-related and electronic component industries is expected going forward. In addition, along with technological advances, there is a growing need for technologies and services that address various social issues such as environmental concerns including decarbonization, and introduction of smart factories in response to a shrinking working population.

Kyocera recognizes these changes in the business environment as a business opportunity and will seek to expand its business by taking advantage of its strengths, such as its broad range of business areas, diverse technologies and strong financial base, and strive to develop products and solutions that address social issues.

a. Strengthen Investment for Expansion of Existing Businesses and Creation of New Businesses

Accompanying the broadening applicability of AI, demand for various components for the 5G/6G, semiconductor and mobility-related markets is expected to increase in the medium-to-long term. Delivery of higher definition, higher performance and higher quality components is required for these markets. On the other hand, demand fluctuations and the acceleration of technological innovation call for not only production capacity, but also a supply system that can respond to changing needs in a timely manner. Kyocera will continue to build new plants in Japan as well as overseas, mainly for products with high market share, and will strive to expand existing businesses by making aggressive capital investments, such as the introduction of smart factories at production sites utilizing digital technologies.

Furthermore, to promote development of new products and technologies, Kyocera will strive to strengthen and accelerate our development capabilities by further utilizing management resources within the Group and outside resources, as well as to develop human resources to expand business areas.

In addition, Kyocera is aggressively investing in R&D activities to create new businesses that will support its long-term business growth. Pursuing development of new products in various markets through the development of applications for new materials, etc., Kyocera will seek to create unique new businesses that address social issues by combining our strengths, particularly our wide range of technological assets.

b. Selection and Concentration of Business to Improve Profitability

In order to further improve the profitability of our high profitability businesses and to improve the profitability of challenging businesses, Kyocera will promote selection and concentration of businesses by strengthening management-led business monitoring and reviewing business structures, business areas, and product development, etc.

In order to enhance the profitability of our business structure, the Core Components Business and the Electronic Components Business will concentrate on areas of competitive advantage, such as products with high added value, introduce smart factories to increase productivity, and promote streamlining by utilizing digital technologies in production control.

The Solutions Business will create new business models by combining various technologies and products possessed by Kyocera, and will implement structural reforms to improve profitability.

c. Promotion of Sustainable Management

Kyocera is addressing environmental and social issues, and is also strengthening its corporate governance for sustainable corporate management.

With respect to environmental issues, Kyocera is striving to realize a decarbonized society and is making efforts to expand the use of renewable energy. In addition to the installation of solar power generation systems at our own sites, Kyocera is working on new electric power services that utilize solar power generation systems, fuel cells and storage batteries, in order to reduce greenhouse gas emissions in our communities and society overall.

With respect to social issues, Kyocera is also working to create a work environment and systems in which our human resources can play an active role and actively promoting DEI (Diversity, Equity & Inclusion) as well as improvement of employee engagement, in order to realize our management rationale, “To provide opportunities for the material and intellectual growth of all our employees, and through our joint efforts, contribute to the advancement of society and humankind.” With regard to human rights issues, which become prominent public concern globally, Kyocera is taking measures such as conducting due diligence not only within Kyocera but also in its supply chain.

With regard to corporate governance, in order to maximize corporate value, Kyocera is working to further enhance the diversity and effectiveness of the Board of Directors and to promote discussion of medium-to-long-term management and capital strategies. In addition, Kyocera will strive to practice sustainable management by promoting risk management and compliance practices, etc.

(4) Issues to be Addressed by Reporting Segment
Medium-Term Management Plan by Reporting Segment

a. Core Components Business

(a) Management Strategy

- Focus on components for semiconductor-related markets.
- Make aggressive capital investment to increase productivity.

(b) Medium-Term Target (Fiscal 2026)

- Sales Revenue: 780.0 billion yen
- Business Profit: 140.4 billion yen
- Business Profit Ratio: 18.0%

(c) Business Environment and Main Business Strategy

In the semiconductor market, the main market for this reporting segment, we expect significant demand growth in the medium to long-term particularly in cutting-edge products, with CAGR of 11% for logic and 5% for memory from 2022 to 2030.

In the semiconductor market, we supply organic packages for network servers, ceramic packages for semiconductors, and fine ceramic components for semiconductor processing equipment. In addition to a high market share among strategic customers for those package products, we have manufacturing technologies that enable us to handle larger sizes and advanced multi-layering for organic packages, and higher supply capability as well as materials and process technologies for ceramic packages. For fine ceramic components for semiconductor processing equipment for cutting edge areas, we have the advanced technologies such as precision processing and temperature uniformity, and quality control and production capabilities, as well as a strong, long-standing relationship of trust with leading equipment manufacturers. Utilizing these strengths, we aim to expand and maintain a high market share by promptly and accurately responding to customer needs, particularly for cutting-edge semiconductors.

To realize this business growth, it requires an increase in production capacity. We will further strengthen preparatory investment based on close cooperation with customers and accelerate construction of new plants and new buildings considering prolonged procurement of building materials and construction period. To this end, we plan a record level capital expenditures of 400.0 billion yen over the three years from fiscal 2024 to fiscal 2026. In addition to launching new buildings in anticipation of long-term demand growth, we will expand the production capacity of our main products at existing facilities by implementing “scrap and build” approach.

b. Electronic Components Business

(a) Management Strategy

- Increase market share by maximizing synergies between Kyocera and Kyocera AVX Components Corporation (KAVX)
- Focus on capacitors and timing devices

(b) Medium-Term Target (Fiscal 2026)

- Sales Revenue: 500.0 billion yen
- Business Profit: 100.0 billion yen
- Business Profit Ratio: 20.0%

(c) Business Environment and Main Business Strategy

Our main products in this reporting segment are expected to expand further with the advancement of the electronics industry. Specifically, connectors are expected to grow at a CAGR of 4%, Multilayer Ceramic Capacitors (MLCCs) at 10%, timing devices at 5%, and polymer tantalum capacitors at 7%. Our strengths lie in our small-design and high-precision technologies that contribute to higher density ICs, and KAVX’s broad distributor sales channels and logistics network, which make us capable of dealing with various industries such as the industrial equipment, automotive, medical, and aerospace markets. While we take advantage of these strengths to maintain a high market share in tantalum capacitors and timing devices, we aim to boost market share in MLCCs and connectors.

We plan to build a global production structure for future expansion of production capacity and to proactively adopt digital technologies necessary for automation and labor-saving, totaling 210.0 billion yen in capital investments over the three years from fiscal 2024 to fiscal 2026. Specifically, in addition to construction of a new plant in Thailand and a new building at the Kagoshima Kokubu Plant, we will promote the introduction of automated lines to existing KAVX facilities. Through such measures to make synergies between Kyocera and KAVX, we aim to expand our market share and achieve faster-than-market growth.

c. Solutions Business

(a) Management Strategy

- Strive for sustainable expansion and growth of existing businesses.
- Enhance profitability through structural reforms in Communications Unit and energy business.

(b) Medium-Term Target (Fiscal 2026)

- Sales Revenue: 1,250.0 billion yen
- Business Profit: 125.0 billion yen
- Business Profit Ratio: 10.0%

(c) Business Environment and Main Business Strategy

The business strategies for this reporting segment are the expansion of existing businesses and the promotion of structural reforms.

As for the expansion of existing businesses, we focus on the Industrial Tools Unit and the Document Solutions Unit. As for the cutting tools market, the main market of the Industrial Tools Unit, it is expected to expand at CAGR of 4% from 2023 to 2025, and the pneumatic and power tools market is expected to expand at the similar rate. In the cutting tools business, we strive to expand the business by finding new customers in growth industries and strengthening sales in Asia and Europe, by leveraging expertise in developing high-value-added custom tools and new manufacturing methods. In the pneumatic and power tools business, we strive to expand global share by leveraging advantages of an integrated system of development, production, sales and services, and create added value through standardizing charging platforms and other technology collaborations within the business. In addition, we will strive to improve profitability of the Industrial Tools Unit by effectively making the most of the resources within the business segment, such as utilizing the manufacturing plant of the Document Solutions Unit in Vietnam, and expanding the business by enhancement of new businesses such as commercial construction business in the United States and MRO business which supply subsidiary materials.

In the Document Solutions Unit, as offices shift towards paperless, the market for MFPs and printers is expected to shrink at CAGR of -4% from 2023 to 2025. On the other hand, commercial inkjet printers and ECM (Enterprise Contents Management) are forecasted to increase to 8% and 5%, respectively. Under these circumstances, in MFPs and printers business, we will work on expanding our market share by actively introducing new eco-friendly products that have a quality to last long. In commercial inkjet printers business, we aim to expand business by introducing new products capable of printing on various types of paper and digital textile printer FOREARTH which addresses water pollution and mass disposal, the social issue in the apparel industry. In ECM and Document BPO (Business Process Outsourcing) services business, we will work on expanding the lineup of ECM software developed in-house and expand services globally. As one of the strengths of the Document Solutions Unit, we aim to contribute to the realization of a sustainable society with eco-friendly products and solutions.

As for the promotion of structural reforms, we focus on the Communications Unit and the energy business aimed at improvement in profitability.

In the Communications Unit, we will transform the business structure fundamentally, with a focus on selection and concentration of products and categories with our focus area being corporate solutions business. Specifically, we will discontinue the consumer smartphone business and concentrate our development resources on infrastructure-related business such as millimeter-wave 5G communication as well as on profitable products and related telecommunication solutions services for corporate customers. In addition, we will expand ICT services and engineering, main businesses of Kyocera Communication Systems Co., Ltd.

In the energy business, we will expand renewable energy power sales business for corporate customers that address the demand for renewable energy and rising energy costs. As for solar cells, we will expand our business by promoting the brand value of long-term reliability. For storage batteries, we will improve profitability by reducing costs and expand sales by introducing new products. At the same time, we aim to shift from traditional “product” sales to “service” business by promoting the “renewable energy power supply business,” in which we procure renewable energy from a variety of power sources, manage supply and demand in-house, and sell electricity to corporate customers.

Through the above measures, we assess each business in terms of both marketability and profitability, and will focus and integrate resources on areas of future growth aiming for business growth and improvement in profitability.

2. Views and Initiatives on Sustainability

Our views and initiatives on sustainability are as follows.

Future expectations included in this section are as of March 31, 2024.

Since its founding, Kyocera has adhered to its management rationale of “To provide opportunities for the material and intellectual growth of all our employees, and through our joint efforts, contribute to the advancement of society and humankind.” and has worked to resolve social issues through its business so that both society and Kyocera Group can achieve sustainable development. Based on our management philosophy of “Living Together. To coexist harmoniously with our society, our global community and nature. Harmonious coexistence is the underlying foundation of all our business activities as we work to create a world of prosperity and peace,” we are also promoting sustainable management with the aim of creating a sustainable society. For more information on our sustainability initiatives, please refer to Kyocera Corporation’s website and integrated report.

Sustainability website: <https://global.kyocera.com/sustainability/index.html>

Integrated Report: <https://global.kyocera.com/sustainability/catalog/index.html>

(1) Initiative of Climate Change

a. Governance

Kyocera regards climate change as one of the most important management issues. Kyocera has declared its support for TCFD (Task Force on Climate-Related Financial Disclosures) since March 2020, established a governance system, implemented risk management, set up strategies, metrics and targets, and promoted measures to respond climate change. The “Kyocera Group Sustainability Committee,” which is attended by top management, discusses, and decides on targets and measures related to climate change. The measures against climate change are reported to the Board of Directors and are shared at international management meeting attended by the executives of Kyocera Group. Kyocera has also established the “Task Force for Promoting Long-term Environmental Targets” as a sub-organization of the “Kyocera Group Sustainability Committee,” which is working to achieve Kyocera Group’s long-term environmental targets.



b. Risk Management

Kyocera regularly conducts scenario analysis to identify, assess and manage risks and opportunities related to climate change. As a risk assessment method, risks and opportunities related to climate change are extracted for the value chain and classified into transition risks and physical risks, and the importance is assessed by considering the impact on social conditions and our businesses.

c. Strategy

Based on information of the IPCC (Intergovernmental Panel on Climate Change) and other sources, Kyocera analyzes the risks and opportunities related to climate change while understanding the impact on our operations and changes in the industries of our customers in 2030, using the 1.5 °C Scenario (Note 1) and the 2.6 °C Scenario (Note 2). In particular, with regard to the renewable energy-related businesses that Kyocera has developed, due to the importance of the trend toward decarbonization, we have set the diffusion patterns of various types of energy under the 1.5 °C scenario, and have evaluated and analyzed the financial impact of each risk and opportunity. Based on the results of the analysis, Kyocera aims to achieve its GHG (Greenhouse Gas) emission reduction targets by fiscal 2031 and achieve carbon neutral by fiscal 2051.

(Notes) 1. Scenario that the global average temperature will increase by 1.0~1.8 °C in 2100 compared to pre-industrial revolution levels

2. Scenario that the global average temperature will increase by 2.1~3.5 °C in 2100 compared to pre-industrial revolution levels

d. Metrics and Targets

Kyocera Group’s long-term environmental targets are as follows. Our GHG emissions reduction targets have been certified by Science Based Targets (SBT).

• GHG emissions (Scope 1, 2):	Reduce 46% by fiscal 2031 compared to fiscal 2020 (1.5 °C level)
• GHG emissions (Scope 1, 2, 3):	Reduce 46% by fiscal 2031 compared to fiscal 2020 (1.5 °C level)
• Renewable energy adoption:	Increase 20 times by fiscal 2031 compared to fiscal 2014
• Carbon neutral by fiscal 2051	

(Notes)

Scope 1: Direct emission associated with fuel consumption and production processes

Scope 2: Indirect emission associated with consumption of power or heat purchased from outside

Scope 3: Indirect emission other than Scope 1 or 2 (Including procurement of raw materials, transport, use and disposal of products, as well as employee commuting and business trips)

(2) Initiatives on Human Capital and Diversity

The growth of Kyocera has been supported by a corporate culture and employees that have always set high goals and continue to take on challenges. The core element is “Kyocera Philosophy,” a management philosophy based on the criteria in making judgement, namely “What is the right thing to do as a human being.” In addition to permeating our management rationale through the succession and practice of “Kyocera Philosophy,” a common philosophy, Kyocera focuses on developing the skills of its employees by acquiring the expertise and skills necessary to carry out business. Kyocera also believes it is important to develop a work environment in which diverse human resources can work with satisfaction.

a. Governance and Risk Management

Kyocera has positioned risks related to securing and developing human resources as corporate risks and has determined policies and reviewed the progress of measures at the “Risk Management Committee.”

b. Strategy

(a) Human Resource Development Through Understanding and Practicing “Kyocera Philosophy,” a Management Philosophy

Kyocera has established the “Kyocera Group Philosophy Committee,” chaired by Chairman and Representative Director, to educate and permeate “Kyocera Philosophy.” The committee has set education policy of “Kyocera Philosophy” of each entity in Kyocera Group, and discusses and decides the measures to promote an understanding of “Kyocera Philosophy” and practice it. In addition, Kyocera has appointed members to promote the permeation of Philosophy in each division to foster and success on a corporate culture in which our management philosophy thrives. Kyocera is developing “Kyocera Philosophy Education” globally in accordance with the policies of the “Kyocera Group Philosophy Committee.” For executives, sessions are held with Chairman and Representative Director on the theme of the Philosophy to develop the next generation of corporate leaders who also possess “Kyocera Philosophy.” In addition, we strive to develop human resources who can contribute to the realization of our management philosophy by promoting the spread of the philosophy through such activities as holding training for different levels of employees, distributing the Philosophy Pocketbooks, and awarding excellent essays of the Philosophy hands-on experience.



Global Philosophy Seminar
(Chairman and Representative Director and executives)



Kyocera Philosophy Pocketbooks
(Multilingual translated pocketbooks are also distributed to overseas employees)

(b) Securing and Developing Human Resources

Amid the expected population decline and labor shortage in the future, Kyocera regards the securement and development of talented human resources as an important issue, and is actively working to strengthen the recruitment of engineers and other personnel, as well as to develop local managers in overseas subsidiaries. To develop global human resources, we provide a one-year trainee program to exchange human resources with overseas subsidiaries. In addition to dispatching employees from parent company to overseas subsidiaries, we also accept engineers and specialized staff from overseas subsidiaries.

Kyocera provides various training in a structured way, including management, professional technologies and skills, Digital Transformation (DX), and language to respond to a wide range of work diversifying. In addition, Kyocera has also implemented various human resource development measures, such as introducing a “Job Trainee System” in which employees experience work in other divisions for a certain period of time to gain new perspectives and form personal connections.

(c) Active participation of diverse human resources and create pleasant working environment

It is important to respect the individuality and values of each employee and allow diverse human resources to work with job satisfaction. Based on this idea, Kyocera is promoting the improvement of employee engagement, the introduction of flexible working systems such as working from home and flextime system, and support for balancing work with childcare and nursing. In addition, in order to increase the ratio of female employees in managerial positions and the ratio of male employees taking childcare leave, we have provided training to promote understanding among managers, and also held training sessions for female management candidates, role-model discussions, and seminars for male taking childcare leave.

c. Metrics and Targets

With regard to its policy on human resource development including ensuring diversity of human resources and its policy on internal environment improvement described in “b. Strategy” above, the metrics and targets in Kyocera Group are “Further promote the permeation and practice of Kyocera Philosophy.”

In addition, since each company within Kyocera Group operates different businesses, Kyocera Group’s metrics and targets are not uniform except for the above and are set by each company. The metrics, targets and results of Kyocera Corporation on a non-consolidated basis and major domestic consolidated subsidiaries are as follows.

Kyocera Corporation on a non-consolidated basis

Metrics and Targets	Results (Fiscal 2024)
• Ratio of female employees in managerial positions: 8% by the end of March 2026	5.3%
• Ratio of male employees taking childcare leave: 50% by the end of March 2026	30.7%

Kyocera Document Solutions on a non-consolidated basis

Metrics and Targets	Results (Fiscal 2024)
• Ratio of female employees among new hires (Note): Maintain 20% or higher	23.4%
• Ratio of a paid leave utilization: 75% or higher by the end of March 2025	71.4%

(Note) Kyocera Document Solutions Japan Inc. is included.

Kyocera Communication Systems on a non-consolidated basis

Metrics and Targets	Results (Fiscal 2024)
• Ratio of female employees in managerial positions: 15% or higher by the end of March 2026	11.7%
• Ratio of male employees taking childcare leave for one month or more: 60% or higher by the end of March 2026	42.6%

(3) Initiatives on Human Rights

a. Governance and Risk Management

Human rights are increasingly being considered worldwide, and human rights issues in supply chain as well as in Kyocera are required to be taken into consideration. Kyocera has positioned human rights risks as corporate risks and has determined policies and reviewed the progress of measures at the “Risk Management Committee.”

b. Strategy, Metrics and Targets

Kyocera respects the human rights of all stakeholders involved in Kyocera Group including employees, customers, shareholders, investors and business partners, and promotes the reduction of human rights risks. To mitigate human rights risks and ensure a high level of transparency in the supply chain, Kyocera complies with laws and regulations such as the EU Conflict Minerals Regulation, investigates whether the minerals we procure are at risk of conflict, human rights violations, and other risks, and implements risk assessments and corrective measures. In addition, we also execute due diligence of human rights in cooperation with specialized agencies to facilitate identification of human rights risks, investigation for actual situation, corrective and mitigative measures. Moreover, as a part of our effort to respect human rights, we are affiliated with the Responsible Business Alliance (RBA), and we provide education to prohibit harassment and discrimination for ourselves and our supply chain.

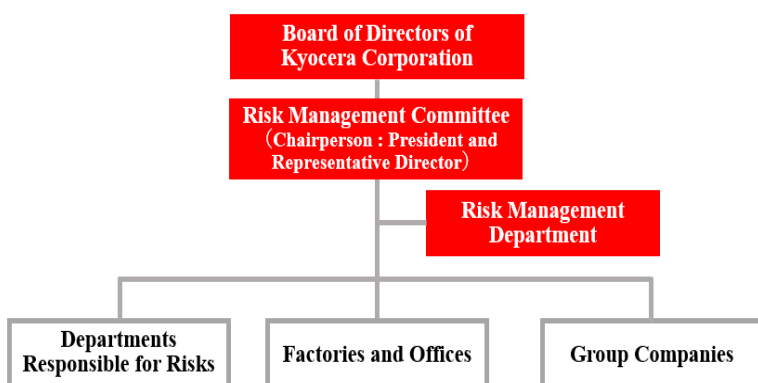
3. Risk Factors

Kyocera has established a risk management system and corporate risk management process to respond to global risks and strengthened risk management activities in Kyocera Group. In the matters described in business overview and financial information in this annual report, Kyocera’s management recognizes the following major risks that may adversely affect Kyocera’s financial position, operating results and cash flows, and are not an exhaustive list of all the risks to Kyocera. This section is determined as of the filing date of this annual report.

(1) Risk Management System

Kyocera regularly holds the “Risk Management Committee,” chaired by Representative Director and President, to determine our risk management policy, corporate risks and risk owners, and to review the progress of measures. Proposals discussed by the committee are reported to the Board of Directors, and policies are shared among the responsible departments, factories and offices, and group companies. In addition, the Risk Management Department, a specialized department, was established in April 2023 to strengthen the risk management system.

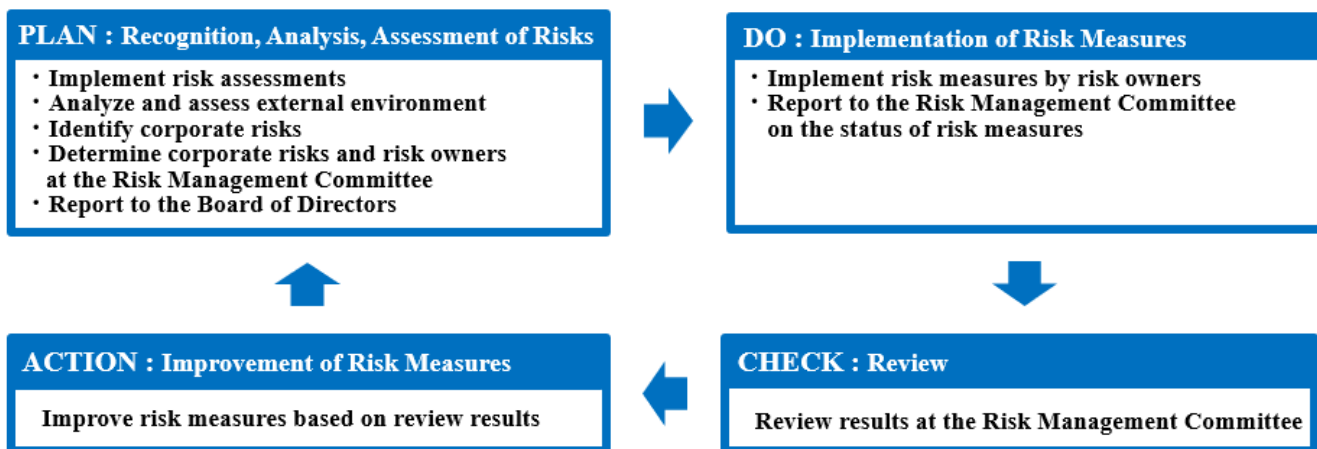
Organization Chart of Risk Management



(2) Management Process of Corporate Risks

Kyocera implements risk assessments to recognize, analyze and evaluate major risks. In addition, Kyocera also analyzes and evaluates risks that have been paid attention in reports by external experts, etc. Among the major risks within Kyocera Group and the risks that have been paid attention in the external environment, we identify corporate risks that have a particularly significant impact on management and need to be addressed and promote the following PDCA cycle by implementing risk measures, reviewing and improving risk measures.

Management Process Chart of Corporate Risks



(3) Risk Factors

The corporate risks identified by the above risk management process and the measures to be taken are as follows.

[Corporate Risks]

a. Risks related to International Business Activities

In addition to Japan, Kyocera is investing a substantial amount in the United States and Europe, as well as Asia to expand its manufacturing and sales channels. In conducting business activities in these overseas markets, Kyocera may be exposed to unexpected changes in laws and regulations related to economic security policies, investment regulations, restrictions on imports and exports of products and raw materials and restrictions on repatriation of profits, due to unfavorable political, geopolitical and economic factors.

(Key measures)

We actively take risk avoidance measures such as staying abreast of rapidly changing international situations and conducting monitoring of country risks in as part of the economic security measures project. With regard to investment regulations and regulations on repatriation of profits, the company and each group company will strive to prevent and avoid such risks by promptly gathering information on regulatory changes at an early stage and taking appropriate measures such as evacuating our assets held in the relevant country.

b. Risks related to Human Rights

Human rights are increasingly being considered worldwide, and human rights issues in supply chain as well as in Kyocera are required to be taken into consideration. Therefore, we may face risks of unexpected changes in laws and regulations or reputation risks.

(Key measures)

Kyocera respects the human rights of all stakeholders involved in Kyocera Group including employees, customers, shareholders, investors and business partners, and promotes the reduction of human rights risks. To mitigate human rights risks and ensure a high level of transparency in the supply chain, Kyocera complies with laws and regulations such as the EU Conflict Minerals Regulation, investigates whether the minerals we procure are at risk of conflict, human rights violations, and other risks, and implements risk assessments and corrective measures. In addition, we also execute due diligence of human rights in cooperation with specialized agencies to facilitate identification of human rights risks, investigation for actual situation, corrective and mitigative measures. Moreover, as a part of our effort to respect human rights, we are affiliated with the Responsible Business Alliance (RBA), and we provide education to prohibit harassment and discrimination for ourselves and our supply chain.

c. Risks Related to Information Security

Kyocera holds important business information, personal and confidential information obtained from our customers. With respect to such information, there is a risk of information leakage, falsification, loss or access failures due to information equipment failure, software malfunction, malware intrusion, advanced cyberattacks, etc. In the event of such a situation, Kyocera's financial position, operating results and cash flows may be affected by expenses related to additional security countermeasures and compensation for damages. In addition, to prevent unauthorized access to Kyocera's systems, it is necessary to respond to future technological innovations and the latest security requirements from customers. If measures taken to address these issues are inadequate, our financial position and business activities may be affected and may incur a decline in business competitiveness and social credit. Moreover, to improve operational efficiency and productivity, and promote innovation, we are actively introducing AI technologies such as generative AI. However, regarding generative AI, there are concerns about information leakage of confidential and personal information, generation of incorrect information, infringement of intellectual property rights, ethical issues, etc. If measures taken to address these issues are inadequate, significant costs to restore trust may be incurred and business operations may be affected.

(Key measures)

Kyocera established the "Basic Information Security Policy," which defines objectives, security measures and guidelines for action, to strengthen the understanding of the importance of information assets, to use and manage them appropriately, and to respond to the trust of society. In accordance with the policy, Kyocera continuously strives to prevent and reduce information security risks.

Based on the recognition of management strategy, product development, various types of know-how, and technologies as important assets of Kyocera, we have established "Information Security Management Policy" for Kyocera Group and have developed a management system for information security. In addition, in order to maintain and ensure information security, we have established a variety of rules which define the items employees must comply with, and review them timely and provide education to employees. We have developed security measures for networks and IT assets and formulated Business Continuity Plan (BCP) to strengthen information security. In the case of external malware intrusion and cyber attacks, we take measures against system vulnerabilities, intrusion prevention measures through system monitoring, and early detection, response, and recovery measures in the event of incident. Regarding generative AI, we are promoting the use of generative AI that is on the internal cloud isolated from external networks, and are also working on establishing a governance system, formulating guidelines, and educating employees for the proper use of generative AI.

d. Risks of Difficulties in Securing Superior Human Resources

In order for Kyocera to develop in the future, it is necessary to secure key personnel in the areas of engineering, sales and management. Kyocera believes that it is necessary to hire more talented personnel across all areas of its business. In recent years, competition for securing these talented personnel in various fields has become increasingly fierce, and we may not be able to maintain our current human resources or increase the number of capable human resources in the future. In addition, if we do not enhance work-life balance and promote Diversity, Equity, and Inclusion (DEI), such as by introducing a work system that supports balancing work with childcare and nursing care, Kyocera may not be able to maintain existing human resources.

(Key measures)

We are taking measures to secure human resources with a view to the future, such as setting salary levels considering inflation and the labor market and promoting further localization of overseas business.

In addition, by introducing flexible work systems such as working from home and flextime system, we are working to enhance work-life balance, promote DEI, and create a work environment in which diverse human resources can play an active role with a sense of job satisfaction.

e. Risks Related of Earthquakes and Other Disasters

Kyocera has numerous development, manufacturing and business facilities in Japan and overseas. In Japan and other areas where such facilities are located, there may be impacts on the business due to unavoidable natural disasters such as earthquakes, typhoons, tsunamis, heavy rains, floods, heavy snow, eruption, or large-scale disasters that affect the facilities of Kyocera and due to equipment failure and human errors. For instance, in the event of a strong earthquake, Kyocera's employees, development and manufacturing facilities could be devastated, operations would be suspended and manufacturing and shipment would be delayed. Kyocera may also incur a great amount of expenses for restoration of damaged facilities. In addition, if there is significant damage to social and economic infrastructure, it may cause traffic disturbance and electric power outages and may affect Kyocera's supply chains or manufacturing operations. Furthermore, Kyocera may be unable to obtain raw materials if our suppliers sustain damage and Kyocera may also face difficulties shipping its products if its customers sustain damage. Those damages set forth above, as well as any resulting general economic slowdown and lower consumption levels, may have a material adverse effect on Kyocera's consolidated financial position, operating results and cash flows.

(Key measures)

Kyocera has established a BCP system to deal with natural disasters such as earthquakes, or large-scale disasters due to equipment failure and human error, and continues its activities. In addition to measures to minimize damage to important resources such as personnel, equipment, materials, and information, we have formulated early recovery plans and alternative supply measures in the event of a disaster, and implemented education and training to avoid business interruptions and enable early resumption of operation.

Other major risks are as follows.

[Risks Related to Kyocera's Business]

f. Risks Related to Changes in the Japanese and Global Economy

Our products and services are manufactured and sold not only in Japan but also in other countries around the world, which may be significantly affected by economic conditions in those countries and regions.

The outlook for fiscal 2025, there are risks that global economic growth may slow down due to concerns about geopolitical risks, political and financial risks in countries around the world, and other factors.

In this business environment, the semiconductor, information and communications, and automotive-related markets, which are our main markets, are expected to continue to expand with the further spread of AI, IoT, DX, etc. However, if the above risks materialize and have a more negative impact than predicted, our financial position and operating results may fall short of our expectations.

(Key measures)

We are expanding our capital investments and optimizing our production activity sites in Japan and Southeast Asia in order to ensure a stable supply of our products and services and to minimize the impact of changes in national and regional economic conditions. In addition, we are strengthening our marketing function to keep track the latest demand trends in order to realize timely and appropriate decision making. Furthermore, we are borrowing from banks by effectively utilizing the financial assets we hold in order to reduce borrowing costs in the face of rising global interest rates and to build a structure that enables us to make strategic investments in a timely manner.

g. Risks Related to Currency Exchange Rate Fluctuations

As Kyocera operates business in Japan and overseas, it is subject to exchange rate fluctuations. Since exchange rate fluctuations always affect the results of Kyocera's business activities and the value of overseas assets and production costs, they may affect our financial position, operating results and cash flows, and may make it difficult to compare the results of business activities over time.

Changes in exchange rates may also adversely affect price competition between Kyocera and its foreign competitors for products sold in the same market as well as on the cost of imported products required for our business activities.

(Key measures)

In accordance with Kyocera's foreign exchange risk management policy, we mainly use short-term forward contracts to mitigate the impact of exchange rate fluctuations. We are also working to reduce exchange rate risks at purchase prices by promoting local procurement of raw materials at overseas production sites.

h. Risks Related to the Competitive Environment of Kyocera's Products

Kyocera sells a wide variety of products and, therefore, faces a broad range of competitors from large international companies to relatively small, rapidly growing and highly specialized companies. The competitive environment in Kyocera is not limited to these areas. It is possible that the competitive environment will constantly change due to emergence of competitors that pose new threats, including emerging economies that have competitive advantages in terms of cost structure and other factors. Unlike many of our competitors specialize in a particular business area, Kyocera operates in a diverse range of businesses and may not be able to invest as much in individual business areas as our competitors. These competitors may have more financial, technical and marketing resources available than our individual businesses. Competitive factors vary by business segment, but prices and delivery dates are key factors that affect all Kyocera's business segments. Depending on demand competitive conditions, price pressure is generally constant, and therefore, product prices are expected to decline in the future, and may consequently affect our financial position, operating results and cash flows.

(Key measures)

Kyocera has management resources from materials technology to components, devices and equipment, and systems and services. In order to make effective use of these management resources, we are working to secure a competitive advantage by strengthening cooperation within the group and providing high value-added products. In addition, in the business where Kyocera develops, produces and distributes specialized parts for its customers' products, we are working to strengthen our competitiveness by quickly developing new products that meet customer requirements. Moreover, in response to price decline, Kyocera is working to reduce costs and achieve high competitiveness by thoroughly managing profitability for each division through the practice of its own management system "Amoeba Management System."

i. Risks Related to Fluctuations in the Price of Raw Material Used in Production Activities and the Supply Capacity of Suppliers

Raw materials used in Kyocera's production activities are constantly subject to price fluctuations, and as such, higher raw material prices and higher transportation costs due to higher crude oil prices may lead to higher manufacturing costs. Such increases in the manufacturing costs may not be passed on to the sales price of products and may reduce our profitability. When a cost of raw material exceeds net realizable value, the raw materials are written down to net realizable value, which is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale, and there is a possibility of writing down in the future.

In addition, Kyocera relies on certain suppliers for some of the raw materials consumes in its production activities. Excessive demand for these suppliers could cause delays or disruptions to our production activities, if supply to our company is insufficient. In the event of a significant delay in the supply of such materials, our company may not be able to immediately secure a source of supply on behalf of a particular supplier or to secure materials at a reasonable price. An increase in the price and raw material shortages may reduce demand for Kyocera's products.

(Key measures)

In purchasing activities, Kyocera has established "Basic Policy on Purchasing," which selects reliable suppliers through various surveys related to the company's general situation and sustainability. It also makes purchasing from multiple companies, and we strive to ensure stable procurement at appropriate prices.

In response to the recent rise in labor costs, raw materials, energy, etc., Kyocera has been discussing appropriate price pass-through from suppliers and negotiating appropriate price pass-through with customers. In addition, because we have a wide range of businesses, we are working to improve our ability to negotiate prices by taking advantage of economies of scale in the procurement of raw materials and components, and are also working to reduce costs in each business. In addition, we also procure some of raw materials and components within the group for use in its businesses, which range from materials and components to devices, equipment, systems and services. This allows us to consider measures such as switching to procurement within the group if we are unable secure materials and components procured externally.

j. Risks Related to Manufacturing Delays or Defects Resulting from Outsourcing or Internal Manufacturing Processes

Kyocera outsources the fabrication of certain components and sub-assemblies of its products, often to a single or limited number of suppliers. Several suppliers require very complex manufacturing processes or long lead-times, which can delay the supply of components and sub-assemblies. Failure to deliver these components and assemblies in a timely manner or in poor quality or reliability could have material impact on the production of the products involved and could delay or disrupt Kyocera's production.

Furthermore, in the manufacturing process, there are cases where products cannot be delivered due to contamination with minute impurities or problems in production process or where other products are out of specification. These factors can result in lower than expected production yields, which delay product shipments and cause a claim for damages may materially and adversely affect Kyocera's operating results. Moreover, there is a possibility to incur significant expenses and lose social credit in the event of recall or large-scale product accidents. In addition to these risks, in certain operations where is high ratio of fixed costs to manufacturing costs, decreases in production volume or capacity utilization may adversely affect Kyocera's financial position, operating results and cash flows.

(Key measures)

In selecting outsourcing contractors, Kyocera has established "Basic Policy on Purchasing" and selects outsourcing contractors after careful consideration. Kyocera supplies raw materials and components, and leases equipment and manufacturing specifications to subcontractors for manufacturing processes established in-house. These processes meet delivery dates and quality requirements of customers under the same production and quality management systems as Kyocera.

We supply products to customers under strict quality control based on the quality standards appropriate for each industry. We are also working to reduce risk by continuously implementing quality improvement activities using data science and productivity improvement activities using AI and robots.

k. Risks Related to Future Initiatives and In-process Research and Development May not Produce the Desired Results

Kyocera is constantly expanding its production and development capabilities to meet growing demand and customer requirements. In particular, demand for higher definition, higher performance and higher quality components for the 5G/6G, semiconductor and mobility-related markets is expected to increase in the medium-to-long term due to recent technological advances such as AI technology. If we cannot expand our production and development capabilities in response to these market trends and establish a supply system to respond to changes in needs in a timely manner due to unexpected technical delays or changes in customer policies, we may not be able to achieve the expected results from newly produced products or developed technologies. In addition, products resulting from in-process research and development activities in Kyocera may not receive the expected evaluation in the market.

(Key measures)

Kyocera will continue to build new plants in Japan as well as overseas, mainly for products with high market share, and will strive to expand existing businesses by making aggressive capital investments, such as the introduction of smart factories at production sites utilizing digital technologies. Furthermore, to promote development of new products and technologies, Kyocera will strive to strengthen and accelerate our development capabilities by further utilizing management resources within the Group and outside resources, as well as to develop human resources to expand business areas. In addition, Kyocera is aggressively investing in R&D activities to create new businesses that will support its long-term business growth. Kyocera is working to mitigate risks by developing new products in various markets through the development of applications for new materials, etc., and by creating unique new businesses that address social issues by combining our strength which is particularly our wide range of technological assets.

l. Risks Related to Companies or Assets Acquired by Kyocera May not Produce Returns or Benefits, or Bring in Anticipated Business Opportunities

Kyocera considers and may acquire companies or assets through merger and acquisitions to develop its business. However, there is a possibility that Kyocera will not be able to integrate the operations, products and personnel of the acquired companies with its own in an efficient manner. Nor can there be any assurance that Kyocera will be able to achieve operational and financial returns or benefits, or bring in new business opportunities, which it expects from the acquisition. In addition, Kyocera may not be able to efficiently manufacture products or provide services as planned, and the demand for such products or services may not be at the levels that Kyocera predicts. As a result, the inability to use the companies and assets acquired through acquisitions as expected could have a material adverse effect on Kyocera's business. In case the above assets are considered to be impaired, a loss on impairment is recognized based on the amount by which the carrying value exceeds the recoverable amount of these assets. Such losses on impairment may materially affect Kyocera's consolidated financial position and operating results. In addition, collaboration with other companies, academic institutions, governmental organizations, etc., may affect us in the same way as above.

(Key measures)

Kyocera carefully deliberates business plans that reasonably and conservatively estimate the effects of corporate acquisitions, the acquisition of the assets, collaboration, and other investment decisions at the stage of institutional decisions, based on reviews of business value by outside experts. Subsequent to acquisition, we promote Post Merger Integration (PMI), monitor the degree of achievement of our business plans, and implement appropriate measures to avoid the risk of loss.

m. Risks Related to Outbreaks of Infectious Disease, Terrorism, Wars or Similar Events

As Kyocera expands its business globally, Kyocera is exposed to risks from outbreaks of infectious disease, terrorism, war and other similar events. In the case that those events occur, Kyocera's operating activities such as R&D, manufacturing, sales and services may be interrupted, disrupted or postponed. It may also disrupt markets and supply chains in which Kyocera is involved. If such situation continues for a long period of time, Kyocera's financial position, operating results and cash flows may be adversely affected.

(Key measures)

For high-risk infectious diseases, Kyocera implements the measures based on government guidelines and our internal regulations to prevent the infection.

In addition, Kyocera established a task force in our headquarters to deal with the risks associated with the situation in Russia and Ukraine and the situation in Israel and Palestine. The task force has been closely monitoring the ever-changing situation, centralizing important information on Kyocera Group, and discussing issues that require response.

[Risks Related to Legal Restrictions and Litigations]

n. Risk Related to Trade Secrets, Intellectual Property and Brand Value in Kyocera

Kyocera's trade secrets and other intellectual property must be protected in order for Kyocera to develop in the future and to establish and maintain its dominant position in the marketplace. Kyocera's financial position, operating results and cash flows may be affected by the improper disclosure of our trade secrets by employees, former employees, partners such as joint ventures, customers, external contractors who hold Kyocera's trade secrets, by improper diversion of information from other companies to our business activities by employees who transferred to Kyocera from other companies, or by the infringement of Kyocera's proprietary products or processes which Kyocera holds intellectual property rights by other companies, or sales for counterfeit products that damage Kyocera's brand value. Kyocera also strategically files for intellectual property applications, which may not be registered, may be invalidated, or may circumvent Kyocera's intellectual property rights.

(Key measures)

To protect trade secrets, Kyocera has confidentiality agreements with employees, partners such as joint ventures, customers, external contractors, etc. In addition, for employees who transfer to Kyocera from other companies, we require them to pledge not to misappropriate any confidential information from their former company for use in our business, in accordance with the attributes of the former company. With respect to products and processes developed independently by Kyocera, we have acquired intellectual property rights both in Japan and overseas to eliminate infringers. Kyocera increases the possibility of patent registration by filing several patent applications for intellectual property after previous research. Kyocera also obtains several strong intellectual property rights that strategically cover its relevant business areas and products from various perspectives, and contributes to our business by utilizing these intellectual properties. Furthermore, in order to maintain and improve the value of Kyocera's brand, we prosecute counterfeit products.

o. Licensing Risks Required to Continue Manufacturing and Selling Kyocera's Products

From time to time, Kyocera has received notice of claims of infringement of other parties' proprietary rights and has received requests for compensation for licenses. Similar cases may occur in the future. Especially for products related to telecommunications technology, Kyocera may be required to pay high licensing fees for third party standard essential patents. Accordingly, Kyocera cannot assure that:

- infringement claims (or claims for indemnification resulting from infringement claims) will not be asserted against Kyocera,
- future assertions against Kyocera will not result in an injunction against the sale of infringing or allegedly infringing products or otherwise significantly impair its business and results of operations; or
- Kyocera will not be required to obtain licenses, the expense of which may adversely affect its results of operations.

(Key measures)

When developing new technologies and products, Kyocera investigates intellectual property rights owned by other companies in advance and works to mitigate the risks of intellectual property before launching business. If other companies still assert infringements, Kyocera will deal with them in good faith and aim to solve them by paying the settlement or the appropriate license fee if necessary.

p. Risks Related to Compliance

Kyocera strives to ensure thorough compliance based on its corporate philosophy "Kyocera Philosophy" that is based on a concept included in Kyocera's decision making "what is the right thing to do as a human being." However, if the compliance is not thoroughly implemented sufficiently and a violation of laws or social norms occurs, it may affect Kyocera's consolidated financial position, operating results and cash flows by suspension of transactions from customers due to a loss of credibility, payment of penalties and claims for damages.

(Key measures)

Kyocera understands that compliance is an important activity as an extension of its management rationale and corporate philosophy "Kyocera Philosophy," and that compliance with related laws and regulations of each country is an extremely important activity that leads to the trust of stakeholders. Kyocera is actively engaged in compliance activities, such as the establishment of specialized department of "Global Compliance Division" and the "Kyocera Compliance Statement." In addition, Kyocera ensures that its corporate activities are in compliance with laws and regulations and in accordance with social norms, by taking measures including management by each division in charge of a specific law or regulation, the establishment of an in-house communication system for notification of the enactment or revision of a law or regulation, the establishment of whistleblower reporting system, the implementation of regular legal compliance audits, establishment of compliance month focused on the measures to enhance the compliance conscious of all employees and the periodical provision of compliance training to officers and employees. Kyocera also regularly holds the "Global Legal, Compliance and Intellectual Properties Meeting," in which legal, compliance and intellectual properties affairs personnel of major domestics and oversea subsidiaries participate in order to detect and share compliance risks globally. The participants share their compliance activities and discuss on various legal issues affecting Kyocera Group at the meeting.

q. Risks Related to Incur Environmental Penalty Costs, Liability, etc.

Kyocera is subject to various environmental laws and regulations in Japan and other countries, including the greenhouse gas mitigation, air pollution, soil contamination, wastewater discharges, the handling, disposal and remediation of hazardous substances, wastes and certain chemicals, product recycling, health, safety and property preservations of employees and community residents, and labeling of substances used in its products. As well as our current operations, these laws and regulations can be applied to our past operations and may be applicable to the past operations of businesses acquired from other companies even if such operations occurred before our acquisitions. Kyocera establishes reserves for specifically identified potential environmental liabilities when such liabilities are probable and can be reasonably estimated. In case we fail to comply with such laws and regulations, we could be required by the relevant governmental organizations to pay penalty costs or remediation compensation. Furthermore, we may make voluntary payments to compensate for environmental problems if we deem such compensation to be necessary. The cost obligations noted above may adversely affect Kyocera's financial position, operating results and cash flows.

(Key measures)

Kyocera has established "Kyocera Group Environmental Safety Policy," which includes reduction in environmental loads through product life cycle and control of greenhouse gas emissions throughout the value chain, to promote comprehensive measures for environmental safety based on its management rationale in business activities. In addition, Kyocera strives to thoroughly comply with environment-related laws and to appropriately understand and respond to changes in regulations.

r. Risks Related to Global Climate Change

The environmental laws and regulations applicable to Kyocera may be more stringent or the scope of the laws and regulations can be broadened in the future due to factors including global climate change. Lack or delay in responding to the unexpected rapid transition to a decarbonized society may result in increased cost and a decline in the corporate brand.

With regard to risks of transition to a decarbonized society, if updated emission reduction targets in each country are higher than our targets, or if a carbon tax is introduced, our manufacturing costs may increase temporarily. Also, if customers demand more carbon-free products, our manufacturing costs may increase. On the other hand, social decarbonization can be seen as an opportunity that leads to the growth of our energy-related businesses.

In terms of physical risks, in the event of severe extreme weather, there is a possibility that costs related to suspension of operations, decrease in production, and restoration of facilities due to natural disasters, as well as expenses for natural disaster countermeasures and insurance premiums may increase. In addition, there is a possibility that production may decrease due to water shortage.

(Key measures)

Kyocera regards climate change as one of the important management issues. The "Kyocera Group Sustainability Committee" in Kyocera, chaired by Representative Director and President, determines long-term environmental targets and deliberates on measures to achieve them.

Kyocera is also working to promote renewable energy through the promotion of energy-related businesses and to reduce greenhouse gas emissions through energy conservation and the introduction of renewable energy in the manufacturing process.

Please refer to "2. Views and Initiatives on Sustainability (1) Initiative of Climate Change d. Metrics and Targets" for Kyocera Group's long-term environmental targets.

[Risks Related to Financial and Accounting]

s. Credit Risk on Trade Receivables Due to Its Customers' Worsening Financial Condition

Kyocera maintains allowance for credit losses related to trade receivables for estimated losses resulting from customers' inability to make timely payments. However, trade receivables in the ordinary operating activity are not entirely covered by collateral or credit insurance. Therefore, if it becomes difficult to collect a large amount of receivables from customers due to the deterioration of the economic environment, and the occurrence of a large amount of unsecured receivables may affect our financial position, operating results and cash flows.

(Key measures)

Kyocera sets collection terms and credit limits for each obligor in accordance with its credit management rules, and periodically reviews each obligor's credit. The deadline for collection is also managed daily. In the event of collection delays or credit concerns, Kyocera works to reduce credit risk by measures of credit protection on a case-by-case basis, such as collection of claims, modification of loan terms, and procurement of collateral and guarantees.

t. Risks Related to Investments in Equity Securities and Other Investments that Kyocera Holds

Kyocera holds investments in equity securities other than those of our subsidiaries and affiliates with the objective of improving our corporate value in the medium to long-term, focusing on corporate growth through maintenance of business relationships, realization of profits through shareholdings, and the social significance of the issuing companies. A substantial portion of Kyocera's investment is in shares of KDDI Corporation, a Japanese telecommunication service provider. Kyocera has been holding its shares since Kyocera founded Daini Denden Inc. (current KDDI Corporation). As of March 31, 2024, Kyocera held 14.55% of outstanding shares of KDDI Corporation. As the investment in shares of KDDI Corporation accounts for approximately 30% of Kyocera's total assets, fluctuations in the market value of the shares of KDDI Corporation may have a significant impact on Kyocera's financial position.

(Key measures)

Kyocera uses its shareholding in KDDI Corporation to pursue economic rationality and strategic alliances with KDDI aimed at enhancing our medium to long terms, and also to corporate value, as well as to raise the investment capital necessary for our sustainable growth. As for cross-shareholdings, which are part of all equity instruments including KDDI shares, as a result of annual examination of our shareholdings, if we judge that a particular shareholding does not provide value to us, we will reduce such shareholding. Kyocera also monitors stock prices on regular basis to detect the possibility that fluctuations in stock prices may have a material impact on its financial position. To further reduce such shareholdings, we have set an immediate reduction target of its shareholdings by at least 5% on a book value basis by fiscal 2026.

u. Risks Related to Impairment Losses on Property, Plant and Equipment, Goodwill and Intangible Assets

Kyocera has many property, plant and equipment, goodwill and intangible assets. Property, plant and equipment and intangible assets with definite useful lives are tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Goodwill and intangible assets with indefinite useful lives, rather than being amortized, are tested for impairment annually, and also following any events and changes in circumstances that might lead to impairment. In case the above assets are considered to be impaired, a loss on impairment is recognized based on the amount by which the carrying value exceeds the recoverable amount of these assets. Such losses on impairment may materially affect Kyocera's consolidated financial position and operating results.

(Key measures)

As mentioned in "l. Risks Related to Companies or Assets Acquired by Kyocera May not Produce Returns or Benefits, or Bring in Anticipated Business Opportunities," in making decisions on investment such as corporate acquisitions, asset purchase, and business collaborations, Kyocera carefully deliberates on business plans that reasonably and conservatively estimate their effects at institutional meetings with external expert reviews. After acquisition, Kyocera promotes Post Merger Integration (PMI) and monitors the degree of achievement against the initial business plan and accordingly implements appropriate measures to avoid the risk of making a loss.

v. Risks Related to Uncertainty of Income Taxes

Kyocera recognizes deferred tax assets only when it is probable to be available for future taxable profit. If future taxable profit is lower than expected due to future market conditions or poor operating results, significant adjustments to deferred tax assets may be required. Kyocera records liabilities for uncertain tax positions based on the premise of being subject to income tax examination by tax authorities, when it is probable that uncertain tax positions will not be sustained. Actual results, such as settlements with tax authorities, may differ from Kyocera's recognition. Kyocera may be exposed to unexpected changes in laws and regulations related to transfer pricing legislation and tax havens prevention legislations.

(Key measures)

Kyocera strives to avoid changes in the collectability of deferred tax assets by checking the degree of achievement in the annual business plans of its subsidiaries in a timely manner and taking appropriate measures on a case-by-case basis. For overseas tax regulations, we strive to reduce tax risks by establishing a relationship of trust with the tax authorities of each country through timely and appropriate submission of tax information, and conducting prior inquiries as necessary. In particular, international transactions within the group are carried out based on the arm's-length prices in accordance with the OECD Transfer Pricing Guidelines, and pay taxes appropriately by utilizing Advance Pricing Agreement with tax authorities. In addition, we prevent the transfer of tax sources to countries and regions with low tax rate (so called "tax havens") for the purpose of excessive tax avoidance, and we strive to make appropriate tax returns in accordance with each country's tax regulations.

w. Changes in Accounting Standards May Adversely Impact Kyocera's Financial Position and Operating Results

Adoptions of new accounting standards, or changes in accounting standards may have an effect on Kyocera's consolidated financial position and operating results. In addition, if Kyocera modifies its accounting software or information systems to introduce changes in accounting standards, certain investments or expenses may be required.

(Key measures)

Since the consolidated financial statements of Kyocera have been prepared in accordance with IFRS, a division has been established to appropriately respond to IFRS, and a system has been put in place to respond to the new accounting standards by obtaining standards and interpretations issued by the International Accounting Standards Board as needed. Changes in accounting standards are disclosed appropriately after ascertaining its impact on Kyocera's financial position and operating results. Furthermore, although a certain amount of investment is required in order to establish effective internal control over financial reporting in the event of a change in accounting standards, the necessity of investment is determined based on an appropriate understanding of the changes.

4. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows

Future expectations included in this section are as of March 31, 2024.

(1) Summary of Performance

During fiscal 2024, the global economy remained solid, although growth slowed due to monetary policies in various countries and heightened geopolitical risks. With respect to our principal markets, while orders in the automotive-related market improved, the semiconductor-related markets and the information and communication-related markets did not recover due mainly to inventory adjustments, etc.

Sales revenue for fiscal 2024 decreased as compared with fiscal 2023, due mainly to the impact of a decline in orders for our principal products in the Core Components Business and Electronic Components Business, which more than offset higher sales in the Solutions Business.

Profit decreased due mainly to lower utilization ratio of production facilities caused by a decrease in orders while we continue to make capital investment aggressively for future production expansion, as well as an increase in labor and other costs. Operating profit, profit before income taxes, and profit attributable to owners of the parent decreased as compared with fiscal 2023.

(Yen in millions)

	For the year ended March 31,				Change	
	2023		2024			
	Amount	%*	Amount	%*	Amount	%
Sales revenue	2,025,332	100.0	2,004,221	100.0	(21,111)	(1.0)
Operating profit	128,517	6.3	92,923	4.6	(35,594)	(27.7)
Profit before income taxes	176,192	8.7	136,143	6.8	(40,049)	(22.7)
Profit attributable to owners of the parent	127,988	6.3	101,074	5.0	(26,914)	(21.0)
Average US\$ exchange rate (Yen)	135	—	145	—	—	—
Average Euro exchange rate (Yen)	141	—	157	—	—	—

* % represents the percentage to sales revenue.

(2) Financial Position and Operating Results

a. Sales Revenue

Sales revenue in fiscal 2024 decreased by 21,111 million yen, or 1.0%, to 2,004,221 million yen, compared with 2,025,332 million yen in fiscal 2023.

Sales revenue decreased as compared with fiscal 2023, due mainly to the impact of a decline in orders for our principal products in the Core Components Business and Electronic Components Business, which more than offset higher sales in the Solutions Business.

b. Cost of Sales and Gross Profit

In fiscal 2024, cost of sales decreased by 9,278 million yen, or 0.6%, to 1,451,110 million yen from 1,460,388 million yen in fiscal 2023.

Raw material costs of 500,254 million yen accounted for 34.5% of total cost of sales in fiscal 2024, which decreased by 15,918 million yen, or 3.1%, from 516,172 million yen in fiscal 2023. Labor costs of 293,044 million yen accounted for 20.2% of total cost of sales in fiscal 2024, which decreased by 2,036 million yen, or 0.7%, from 295,080 million yen in fiscal 2023. Depreciation charge of 103,259 million yen accounted for 7.1% of total cost of sales in fiscal 2024, which increased by 7,628 million yen, or 8.0%, from 95,631 million yen in fiscal 2023.

As a result, gross profit in fiscal 2024 decreased by 11,833 million yen, or 2.1%, to 553,111 million yen from 564,944 million yen in fiscal 2023. The gross profit ratio to sales revenue decreased by 0.3 percentage points from 27.9% to 27.6%.

c. Selling, General and Administrative Expenses and Operating Profit

In fiscal 2024, selling, general and administrative expenses increased by 23,761 million yen, or 5.4%, to 460,188 million yen from 436,427 million yen in fiscal 2023. This was due mainly to an increase in labor costs and the impact of the weaker yen.

Labor costs of 259,590 million yen accounted for 56.4% of total selling, general and administrative expenses in fiscal 2024, which increased by 20,132 million yen, or 8.4%, from 239,458 million yen in fiscal 2023. Sales promotion and advertising costs of 50,637 million yen, accounted for 11.0% of total selling, general and administrative expenses in fiscal 2024, which increased by 982 million yen, or 2.0%, from 49,655 million yen in fiscal 2023. Depreciation charge of 46,859 million yen, accounted for 10.2% of total selling, general and administrative expenses in fiscal 2024, which increased by 927 million yen, or 2.0% from 45,932 million yen in fiscal 2023.

As a result, operating profit in fiscal 2024 decreased by 35,594 million yen, or 27.7%, to 92,923 million yen, compared with 128,517 million yen in fiscal 2023. The operating profit ratio to sales revenue decreased by 1.7 percentage points to 4.6% in fiscal 2024, compared with 6.3% in fiscal 2023.

d. Finance Income

Finance income in fiscal 2024 increased by 8,550 million yen, or 16.4%, to 60,839 million yen, compared with 52,289 million yen in fiscal 2023. This was due mainly to increases in interest income and dividend income from KDDI Corporation.

e. Finance Expenses

Finance expenses in fiscal 2024 increased by 10,591 million yen, or 128.5%, to 18,836 million yen, compared with 8,245 million yen in fiscal 2023. This was due mainly to increases in forward exchange contract costs resulting from the widening gap in interest rates between Japan and the U.S.

Kyocera typically enters into forward exchange contracts to reduce currency exchange risks on foreign currency denominated receivables and payables. Kyocera confines its use of forward exchange contracts for hedging its foreign exchange rate exposures, and does not utilize forward exchange contracts for trading purposes.

f. Profit or Loss of Investments Accounted for Using the Equity Method

The profit or loss of investments accounted for using the equity method in fiscal 2024 was a loss of 526 million yen representing a decrease of 1,221 million yen compared with a profit of 695 million yen in fiscal 2023.

g. Profit Before Income Taxes

Profit before income taxes in fiscal 2024 decreased by 40,049 million yen, or 22.7%, to 136,143 million yen compared with 176,192 million yen in fiscal 2023. The ratio of profit before income taxes to sales revenue decreased by 1.9 percentage points to 6.8% compared with 8.7% in fiscal 2023.

Profit decreased compared to fiscal 2023, due mainly to lower utilization ratio of production facilities caused by a decrease in orders while we continue to make capital investment aggressively for future production expansion, as well as an increase in labor and other costs.

h. Income Taxes

Income taxes in fiscal 2024 decreased by 13,911 million yen, or 30.8% to 31,316 million yen, of which the effective tax rate was 23.0%, compared with 45,227 million yen in fiscal 2023, of which the effective tax rate was 25.7%. This was due mainly to a decrease in profit before income taxes.

i. Profit Attributable to Non-controlling Interests

Profit attributable to non-controlling interests in fiscal 2024 increased by 776 million yen, or 26.1%, to 3,753 million yen compared with 2,977 million yen in fiscal 2023.

j. Business Performance Overview by Reporting Segment

Core Components Business

Sales revenue for fiscal 2024 decreased by 23,231 million yen, or 3.9%, to 569,145 million yen as compared with fiscal 2023. Business profit decreased by 32,249 million yen, or 36.0%, to 57,226 million yen as compared with fiscal 2023. The business profit ratio for fiscal 2024 declined to 10.1%.

Sales revenue decreased due mainly to weak demand for organic packages and boards from the information and communication infrastructure-related markets and for ceramic packages from the smartphone markets, which more than offset an increase in sales of fine ceramic components in the semiconductor-related markets. Business profit decreased due to lower sales of organic packages and boards and other products with relatively high profitability and an increase in depreciation charge of property, plant and equipment in the organic materials business.

Electronic Components Business

Sales revenue for fiscal 2024 decreased by 26,259 million yen, or 6.9%, to 352,277 million yen as compared with fiscal 2023. Business profit decreased by 37,543 million yen, or 85.2%, to 6,521 million yen as compared with fiscal 2023. The business profit ratio for fiscal 2024 declined to 1.9%.

Sales revenue decreased due mainly to inventory adjustments of components such as capacitors and crystal devices in the information and communication markets and the industrial equipment markets, although demand for some of these products has bottomed out. Business profit decreased due to lower sales and significantly higher cost of sales ratio, which resulted from a lower utilization ratio of the equipment, as well as restructuring costs, etc.

Solutions Business

Sales revenue for fiscal 2024 increased by 32,547 million yen, or 3.0%, to 1,101,144 million yen as compared with fiscal 2023. Business profit increased by 29,331 million yen, or 69.4%, to 71,570 million yen as compared with fiscal 2023. The business profit ratio for fiscal 2024 improved to 6.5%.

Sales revenue increased in the Document Solutions Unit and the Communications Unit due to increased sales of principal products and demand for services, as well as the impact of a weaker yen. Business profit increased due to increased sales in the Document Solutions Unit and other Units. The absence of a one-time cost in the amount of approximately 8 billion yen recorded in fiscal 2023 as a result of structural reforms, such as costs for write-down of inventory in the Communications Unit, also contributed to the increase of business profit.

Sales Revenue by Reporting Segment

(Yen in millions)

	For the year ended March 31,				Change	
	2023		2024			
	Amount	%*	Amount	%*	Amount	%
Core Components Business	592,376	29.2	569,145	28.4	(23,231)	(3.9)
Industrial & Automotive Components Unit	199,194	9.8	224,574	11.2	25,380	12.7
Semiconductor Components Unit	364,579	18.0	314,649	15.7	(49,930)	(13.7)
Others	28,603	1.4	29,922	1.5	1,319	4.6
Electronic Components Business	378,536	18.7	352,277	17.6	(26,259)	(6.9)
Solutions Business	1,068,597	52.8	1,101,144	54.9	32,547	3.0
Industrial Tools Unit	308,406	15.2	310,740	15.5	2,334	0.8
Document Solutions Unit	434,914	21.5	452,162	22.5	17,248	4.0
Communications Unit	207,793	10.3	224,403	11.2	16,610	8.0
Others	117,484	5.8	113,839	5.7	(3,645)	(3.1)
Others	23,403	1.2	18,236	0.9	(5,167)	(22.1)
Adjustments and eliminations	(37,580)	(1.9)	(36,581)	(1.8)	999	—
Sales revenue	2,025,332	100.0	2,004,221	100.0	(21,111)	(1.0)

* % represents the component ratio.

Business Profit (Loss) by Reporting Segment

(Yen in millions)

	For the year ended March 31,				Change	
	2023		2024			
	Amount	%*	Amount	%*	Amount	%
Core Components Business	89,475	15.1	57,226	10.1	(32,249)	(36.0)
Industrial & Automotive Components Unit	24,743	12.4	26,409	11.8	1,666	6.7
Semiconductor Components Unit	67,702	18.6	30,375	9.7	(37,327)	(55.1)
Others	(2,970)	—	442	1.5	3,412	—
Electronic Components Business	44,064	11.6	6,521	1.9	(37,543)	(85.2)
Solutions Business	42,239	4.0	71,570	6.5	29,331	69.4
Industrial Tools Unit	23,279	7.5	16,837	5.4	(6,442)	(27.7)
Document Solutions Unit	33,706	7.8	43,940	9.7	10,234	30.4
Communications Unit	(11,729)	—	6,964	3.1	18,693	—
Others	(3,017)	—	3,829	3.4	6,846	—
Others	(28,795)	—	(43,356)	—	(14,561)	—
Total business profit	146,983	7.3	91,961	4.6	(55,022)	(37.4)
Corporate gains and others	29,209	—	44,182	—	14,973	51.3
Profit before income taxes	176,192	8.7	136,143	6.8	(40,049)	(22.7)

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

k. Corporate Gains and Others

Corporate gains and losses mainly constitute gains or losses related to financial assets and income related to management supporting service provided by Kyocera's head office to each reporting segment. Such income in fiscal 2024 increased by 14,973 million yen, or 51.3%, to 44,182 million yen, compared with 29,209 million yen in fiscal 2023. This was due mainly to an increase in dividend income from KDDI Corporation, in addition to the absence of the impact of a litigation cost recorded in fiscal 2023.

l. Summary of Production, Orders Received and Sales

Orders Received by Reporting Segment

(Yen in millions)

	For the year ended March 31,				Change
	2023		2024		
	Amount	%*	Amount	%*	%
Core Components Business	569,818	28.7	549,472	27.9	(3.6)
Industrial & Automotive Components Unit	202,834	10.2	227,364	11.6	12.1
Semiconductor Components Unit	338,400	17.1	291,888	14.8	(13.7)
Others	28,584	1.4	30,220	1.5	5.7
Electronic Components Business	364,508	18.4	346,153	17.6	(5.0)
Solutions Business	1,065,524	53.7	1,092,259	55.5	2.5
Industrial Tools Unit	309,695	15.6	313,802	15.9	1.3
Document Solutions Unit	433,599	21.8	450,998	22.9	4.0
Communications Unit	209,838	10.6	225,742	11.5	7.6
Others	112,392	5.7	101,717	5.2	(9.5)
Others	19,326	1.0	17,413	0.9	(9.9)
Adjustments and eliminations	(35,909)	(1.8)	(36,144)	(1.9)	—
Orders Received	1,983,267	100.0	1,969,153	100.0	(0.7)

* % represents the component ratio.

(Note) Kyocera flexibly produces in accordance with growing demands, customer's request and market changes.

Therefore, results of production are similar to results of sales. Summary of production and sales is correlated to the description on "j. Business Performance Overview by Reporting Segment."

(3) Liquidity and Capital Resources

a. Capital Resources

< Status of funds on March 31, 2024 >

Kyocera's primary source of fund is cash provided by operations. Cash flows from operating activities in fiscal 2024 is 269,069 million yen and Kyocera holds 424,792 million yen in cash and cash equivalents at the end of fiscal 2024. Of this amount, cash and cash equivalents held by foreign consolidated subsidiaries at the end of fiscal 2024 is 277,197 million yen. At present, Kyocera does not anticipate that these will be return back for the purpose of use in Japan.

In addition, Kyocera conducts borrowings from financial institutions aiming at investment for further growth. The balance of borrowings at the end of fiscal 2024 is 209,154 million yen (4.7% of the total assets) and they are mainly denominated in yen.

At the end of fiscal 2024, working capital, which is current assets less current liabilities, is 969,165 million yen, and the ratio of equity attributable to owners of the parent to total assets is 72.2%. Kyocera continues to maintain such a strong financial position.

Kyocera raises funds from borrowings at relatively low cost because part of shares of KDDI Corporation held by Kyocera are pledged as collateral for some of borrowings in order to lower financing costs, as well as this strong financial position.

For detailed information, please refer to Note "19. Borrowings" under "V. Financial Information 1. Consolidated Financial Statements and Other Information (1) Consolidated Financial Statements."

< Cash demands in fiscal 2024 >

Main cash demands of Kyocera were for capital expenditures, funds for R&D activities, dividend payments to shareholders and purchase of treasury stock, in addition to working capital of operating activities.

Capital expenditures in fiscal 2024 decreased by 12,217 million yen, or 7.0%, to 161,684 million yen, compared with 173,901 million yen in fiscal 2023. This was due mainly to construction of new manufacturing facility overseas to expand production capacity in Electronic Components Business in fiscal 2023, although Kyocera continued to make aggressive capital expenditures to meet growing demand for products in the 5G and semiconductor-related markets in fiscal 2024. R&D expenses in fiscal 2024 increased by 10,013 million yen, or 10.6%, to 104,290 million yen, compared with 94,277 million yen in fiscal 2023.

In fiscal 2024, Kyocera Corporation paid cash dividends of 200 yen per share (50 yen per share after the stock split), totaling 71,149 million yen.

In addition, Kyocera resolved at a meeting of its Board of Directors held on May 15, 2023, to repurchase its own shares as part of its shareholder return initiatives and to facilitate flexible capital strategies in the future, and repurchased total amount of 50,000 million yen of its own shares in fiscal 2024.

During fiscal 2024, Kyocera financed capital expenditures, R&D activities, dividend payments and purchase of treasury stock with its own funds and borrowings from financial institutions.

< Expected cash demands in fiscal 2025 >

In fiscal 2025, Kyocera expects its principal cash demands, which include working capital for operating activities, capital expenditures, R&D activities and dividend payments to shareholders.

In fiscal 2025, Kyocera expects total capital expenditures to be 200,000 million yen and R&D expenses to be 120,000 million yen, and the ratio of these items to sales revenue is expected to increase from fiscal 2024. Capital expenditures are expected to increase from fiscal 2024 in order to further expand the production capacity, particularly for the components for the semiconductor-related markets and the information and communication-related markets. In addition, R&D expenses are expected to increase compared to fiscal 2024, because Kyocera intends to continue strengthening the development of new technologies and products in order to expand the business. The details of contractual obligations including the commitment for the acquisition of property, plant and equipment are described in "d. Tabular Disclosure of Contractual Obligations."

Kyocera Corporation has received the approval by the general meeting of shareholders held on June 25, 2024 for the payment of year-end dividends of 25 yen per share, totaling 35,216 million yen.

Kyocera plans to meet these cash demands with cash on hand acquired through operating activities and borrowings from financial institutions. However, Kyocera does not currently intend to use any other external financing sources that might affect its credit agency ratings. Kyocera has established good relationships with major financial institutions and believes that there will be no problem with respect to future business financing.

In the event of a large demand for funds for investment to expand existing businesses and create new businesses, Kyocera has several means to finance such as issuance of corporate bonds and stocks, in addition to borrowings from financial institutions.

However, if demand trends in Kyocera's major markets deteriorate or if product prices decline significantly beyond our expectations, Kyocera's liquidity may be adversely affected.

b. Summary of Cash Flows

(Yen in millions)

	For the year ended March 31,		Change
	2023	2024	
Cash flows from operating activities	179,212	269,069	89,857
Cash flows from investing activities	(168,833)	(158,413)	10,420
Cash flows from financing activities	(61,257)	(82,596)	(21,339)
Effect of exchange rate changes on cash and cash equivalents	10,249	23,232	12,983
Increase (decrease) in cash and cash equivalents	(40,629)	51,292	91,921
Cash and cash equivalents at the beginning of the year	414,129	373,500	(40,629)
Cash and cash equivalents at the end of the year	373,500	424,792	51,292

Cash flows from operating activities

Net cash provided by operating activities for fiscal 2024 increased by 89,857 million yen, or 50.1%, to 269,069 million yen from 179,212 million yen for fiscal 2023. This was due mainly to the turnaround from an increase to a decrease in inventory despite a decrease in profit for the year. In addition, cash outflows decreased due to the absence of transfer of retirement benefit liabilities of TA Triumph-Adler GmbH, a consolidated subsidiary of Kyocera Document Solutions Inc., to a third party in cash, etc., which was carried out in the previous fiscal year.

Cash flows from investing activities

Net cash used in investing activities for fiscal 2024 decreased by 10,420 million yen, or 6.2%, to 158,413 million yen from 168,833 million yen for fiscal 2023. This was due mainly to a decrease in payments for capital expenditures despite a decrease in withdrawal of time deposits.

Cash flows from financing activities

Net cash used in financing activities for fiscal 2024 increased by 21,339 million yen, or 34.8%, to 82,596 million yen from 61,257 million yen for fiscal 2023. This was due mainly to an increase in payments for the purchase of treasury stock despite a decrease in repayments of borrowings.

Cash and cash equivalents increased by 23,232 million yen by exchange rate changes for fiscal 2024. This was due mainly to depreciation of the yen against the Euro and the U.S. dollar as of March 31, 2024 compared to March 31, 2023.

Cash and cash equivalents as of March 31, 2024 totaled 424,792 million yen, an increase of 51,292 million yen, or 13.7%, from 373,500 million yen as of March 31, 2023. Most of Kyocera's cash and cash equivalents were mainly denominated in the yen. On the other hand, cash and cash equivalents were mainly denominated in foreign currencies, such as the U.S. dollar in oversea subsidiaries.

c. Assets, Liabilities and Equity

Kyocera's total assets at the end of fiscal 2024 increased by 371,448 million yen, or 9.1%, to 4,465,376 million yen, compared with 4,093,928 million yen at the end of fiscal 2023.

Cash and cash equivalents increased by 51,292 million yen, or 13.7%, to 424,792 million yen compared to the end of fiscal 2023. Please refer to the above "b. Summary of Cash Flows."

Trade and other receivables increased by 11,240 million yen, or 3.0%, to 392,212 million yen compared to the end of fiscal 2023 due mainly to an increase in currency exchange rate.

Other financial assets increased by 12,139 million yen, or 51.9%, to 35,541 million yen compared to the end of fiscal 2023 due mainly to an increase in acquisition of time deposits.

Equity and debt instruments increased by 131,780 million yen, or 8.7%, to 1,640,038 million yen compared to the end of fiscal 2023 due mainly to an increase in the total market value due to a rise in the share price of shares held, including shares of KDDI Corporation.

Property, plant and equipment increased by 78,512 million yen, or 13.4%, to 665,990 million yen compared to the end of fiscal 2023. Capital expenditure was 161,684 million yen and depreciation charge was 111,724 million yen in fiscal 2024.

Right-of-use assets increased by 20,022 million yen, or 32.0%, to 82,642 million yen compared to the end of fiscal 2023 due mainly to the conclusion of new lease agreements for the corporate dormitory and distribution warehouses.

Goodwill increased by 11,723 million yen, or 4.3%, to 282,879 million yen compared to the end of fiscal 2023 due mainly to an increase in currency exchange rate.

Other non-current assets increased by 28,766 million yen, or 47.7%, to 89,010 million yen compared to the end of fiscal 2023 due mainly to an increase in assets related to retirement benefits due to an increase in market value of pension assets.

Kyocera's total liabilities at the end of fiscal 2024 increased by 167,425 million yen, or 16.0%, to 1,212,518 million yen, compared with 1,045,093 million yen at the end of fiscal 2023.

Borrowing in current liabilities decreased by 19,666 million yen, or 67.7%, to 9,394 million yen compared to the end of fiscal 2023 due mainly to repayment of bank borrowing.

Borrowing in non-current liabilities increased by 92,034 million yen, or 85.4%, to 199,760 million yen compared to the end of fiscal 2023 due mainly to bank borrowing.

Lease liabilities in non-current liabilities increased by 17,995 million yen, or 34.2%, to 70,659 million yen compared to the end of fiscal 2023 due mainly to the conclusion of new lease agreements for the corporate dormitory and distribution warehouses.

Deferred tax liabilities increased by 47,384 million yen, or 12.0%, to 441,345 million yen compared to the end of fiscal 2023 due mainly to increased in market value of shares held including shares of KDDI Corporation.

Total equity at the end of fiscal 2024 increased by 204,023 million yen, or 6.7%, to 3,252,858 million yen, compared with 3,048,835 million yen at the end of fiscal 2023.

Retained earnings at the end of fiscal 2024 increased by 55,155 million yen, or 2.9%, to 1,967,527 million yen, compared with 1,912,372 million yen at the end of fiscal 2023 due mainly to recording 101,074 million yen in profit attributable to owners of the parent and 71,149 million yen for dividend payment as well as recognizing such as gains and losses on the fair value of pension assets of 25,230 million yen.

Other components of equity increased by 196,951 million yen, or 20.3%, to 1,166,752 million yen compared to the end of fiscal 2023 due mainly to the rise in share prices of shares held, including shares of KDDI Corporation and the increase in foreign currency translation adjustments due to the yen's depreciation.

Ratio of equity attributable to owners of the parent to total assets at the end of fiscal 2024 was 72.2%, decreased by 1.7 percentage points compared with 73.9% at the end of fiscal 2023.

d. Tabular Disclosure of Contractual Obligations

The following table provides information of Kyocera's contractual obligations at each scheduled date for the next several years.

(Yen in millions)

	Fiscal 2025	Between fiscal 2026 and 2027	Between fiscal 2028 and 2029	After fiscal 2030	Total
Long-term borrowings (including due within one year)	9,394	32,133	164,408	3,219	209,154
Interest expenses for long-term borrowings* (including due within one year)	1,458	1,865	574	855	4,752
Lease liabilities	26,668	34,903	18,634	23,158	103,363
Commitment for the acquisition of property, plant and equipment	112,497	9,273	669	21	122,460
Total	150,017	78,174	184,285	27,253	439,729

(Note) Future interest expenses on borrowings with variable interest rates are calculated using the actual interest rate as of March 31, 2024.

In addition to contractual obligations shown in the above table, Kyocera forecasts to contribute 10,450 million yen to its defined benefit plans in fiscal 2025. Kyocera recorded liabilities of 1,011 million yen for gross uncertain tax positions at the end of fiscal 2024, which are not included in the above table because we are unable to make reasonable estimates of the period of settlements.

(4) Significant Accounting Estimates and Judgments Involving Estimations

Kyocera's consolidated financial statements are prepared in accordance with IFRS. The preparation of these consolidated financial statements requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of consolidated financial statements and the reported amounts of revenues and expenses during the periods presented. Actual results may differ from these estimates, judgments and assumptions.

An accounting estimate in Kyocera's consolidated financial statements is a critical accounting estimate if it requires Kyocera to make assumptions about matters that are highly uncertain at the time the accounting estimate is made and if either different estimates that Kyocera reasonably could have used in the current period or changes in the accounting estimate that are reasonably likely to occur from period to period would have a material impact on the presentation of Kyocera's financial condition, changes in financial condition or results of operations. In disclosing accounting information, Kyocera recognizes the following items as significant accounting estimates. For detailed information, please refer to Note "4. Significant Accounting Estimates and Judgements Involving Estimations" under "V. Financial Information 1. Consolidated Financial Statements and Other Information (1) Consolidated Financial Statements."

a. Evaluation of Inventories

Kyocera estimates the amount of write-downs to ensure that inventories are properly valued. Inventories aged over certain holding periods are considered to be slow-moving or obsolete, for which write-downs are accrued as well as valuation losses required to adjust recorded cost to its net realizable value. Kyocera also records inventory write-downs based on its projections of future demand, market conditions and related management's judgment even though the age of corresponding inventory is shorter than certain holding periods. If the market conditions or demand for the products are less favorable than Kyocera's projections, additional write-downs may be required.

b. Useful Lives of Property, Plant and Equipment and Intangible Assets

Property, plant and equipment are depreciated using the straight-line method over their useful lives or estimated payback periods in accordance with the actual conditions of each business.

Amortizable intangible assets are amortized using the straight-line method over their useful lives in which the asset's future economic benefits are expected to be consumed.

In the future, changes in useful lives as a result of obsolescence and changes in usage of facilities due to technological innovation and changes in the business environment may have significant impact on the consolidated financial position and operating results from the following year ending March 31, 2024.

c. Impairment of Property, Plant & Equipment, Goodwill and Intangible Assets

Kyocera reviews its property, plant and equipment and intangible assets with definite useful lives for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Goodwill and intangible assets with indefinite useful lives, rather than being amortized, are tested for impairment at least annually, and also following any events and changes in circumstances that might lead to impairment. The impairment loss is recognized when the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount.

The recoverable amount of an asset or cash generating unit is the higher of fair value less costs to sell, or value in use. In calculating the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset.

As the value in use is calculated based on various assumptions, an impairment loss may be recognized in the event of an unpredictable change in the business environment that would reduce the value in use.

d. Impairment of Financial Assets Measured at Amortized Cost

Kyocera recognizes an allowance for credit losses for trade receivables and other financial assets measured at amortized cost by estimating expected credit losses in consideration of the possibility of collection and significant increases in credit risk. However actual losses may be greater or less than expected credit losses.

e. Fair Value of Financial Instruments

When Kyocera evaluates the fair value of certain financial instruments, it uses valuation techniques that use inputs that are not observable in the market. These unobservable inputs could be affected by the result of fluctuations in uncertain future economic conditions, and if a revision becomes necessary, it could have a significant impact on the consolidated financial position and operating results.

f. Income Taxes

Kyocera recognizes only deferred tax assets that are likely to be available for future taxable profit. The valuation of deferred tax assets principally depends on the estimation of future taxable profit and feasible tax planning strategies. If future taxable profit is lower than expected due to future market conditions or poor operating results, significant adjustments to deferred tax assets may be required. Kyocera recognized deferred tax assets of 151,430 million yen as of March 31, 2024. Kyocera considers the reasonableness of the recoverability of the deferred tax assets in the future, considering the comparison between the amounts of profit before income taxes and income taxes for the year ended March 31, 2024.

Kyocera records liabilities for uncertain tax positions based on the premise of being subject to income tax examination by tax authorities, when it is probable that uncertain tax positions will not be sustained.

Actual results, such as settlements with tax authorities, may differ from Kyocera's recognition.

As of March 31, 2024, gross uncertain tax positions amounted to 1,011 million yen. Kyocera does not anticipate the final resolution of procedures to have a material impact on the consolidated statements of profit or loss in the future.

g. Defined Benefit Plans

In the defined benefit plans, net defined benefit liability or asset is calculated by the present value of the defined benefit obligation less the fair value of plan assets.

The present value of the defined benefit obligations is calculated based on actuarial assumptions. These actuarial assumptions require estimates and judgments on variables, such as the discount rates, the rate of increase in compensation levels and other assumptions.

Kyocera determines the discount rate by referencing the yield on high quality corporate bonds and others. The rate of increase in compensation levels is determined based mainly on results and forecasts of operations, inflation and others. Kyocera annually reviews the assumptions underlying its actuarial calculations, making adjustments based on current market conditions, if necessary.

If Kyocera is required to decrease its assumptions of the discount rate because of a stagnation of Japanese and global economies, defined benefit obligations and the related service costs and others will be increased.

h. Provisions and Contingencies

Kyocera is subject to various lawsuits and claims which arise in the ordinary course of business. Kyocera consults with legal counsel and assesses the likelihood of adverse outcomes of these contingencies. Kyocera records liabilities for these contingencies when the likelihood of an adverse outcome is probable and the amount can be reasonably estimated. In making these estimates, Kyocera considers the progress of the lawsuits, the situations of other companies that are subject to similar lawsuits and other relevant factors. The amounts of liabilities accrued are based on estimates and may be significantly affected by further developments or the resolution of these contingencies in the future.

i. Revenue Recognition

Kyocera generates revenue principally through the sale of the following markets: information and communications, semiconductor, automotive-related. The reporting segment in Kyocera consists of “Core Components Business,” “Electronic Components Business” and “Solutions Business.”

Kyocera’s business unit, main businesses and subsidiaries are as follows:

Reporting Segment and Business Unit	Main Businesses and Subsidiaries
Core Components Business	
Industrial & Automotive Components Unit	Fine Ceramic Components, Automotive Components, Optical Components
Semiconductor Components Unit	Ceramic Packages, Organic Packages and Boards
Others	Medical Devices, Jewelry & Applied Ceramic Related Products
Electronic Components Business	Electronic Components, Kyocera AVX Components Corporation
Solutions Business	
Industrial Tools Unit	Industrial Tools
Document Solutions Unit	Information Equipment (Kyocera Document Solutions Inc.)
Communications Unit	Telecommunications Equipment, Information Systems and Telecommunication Services (Kyocera Communication Systems Co., Ltd.)
Others	Smart Energy, Displays, Printing Devices

Sales to customers in Kyocera are based on the specific terms and conditions contained in basic contracts with customers and firm customer orders which detail the price, quantity and timing of the transfer of ownership of the products.

(a) Sales Incentives

In the “Electronic Components Business,” sales to independent electronic component distributors may be subject to various sale programs below for which a provision for incentive programs is recorded as a reduction of revenue at the time of sale. Revenue is measured at the consideration promised in a contract with a customer, less sales incentive.

i. Distributor Stock Rotation Program

Stock rotation is a program whereby distributors are allowed to return, for credit, qualified inventory, semiannually, equal to a certain percentage of the previous six months net sales. An estimated right of return liability for stock rotation is recorded at the time of sale based on a percentage of distributor sales using historical trends, current pricing and volume information, other market specific information and input from sales, marketing and other key management personnel. These procedures require the exercise of significant judgments. Kyocera believes that these procedures enable Kyocera to make reliable estimates of future returns under the stock rotation program. Kyocera’s actual results have historically approximated its estimates. When the products are returned and verified, Kyocera reduces accounts receivables from distributors.

ii. Distributor Ship-From-Stock and Debit Program

Ship-from-Stock and Debit (ship and debit) is a program designed to assist distributor customers in meeting competitive prices in the marketplace on sales to their end customers. Ship and debit programs require a request from the distributor for a pricing adjustment for a specific part for a sale to the distributor's end customers from the distributor's stock. Ship and debit authorizations may cover current and future distributor activity for a specific part for sale to their customers. In accordance with IFRS 15, at the time Kyocera records sales to the distributors, Kyocera estimate the variable consideration of the estimated future distributor activity related to such sales since it is probable that such sales to distributors will result in ship and debit activity. Kyocera records an estimated variable consideration based on sales during the period, credits issued to distributors, distributor inventory levels, historical trends, market conditions, pricing trends noted in direct sales activity with original equipment manufacturers and other customers, and input from sales, marketing and other key management personnel. These procedures require the exercise of significant judgments. Kyocera believes that these procedures enable Kyocera to make reliable estimates of the future variable consideration under the ship and debit program. Kyocera's actual results have historically approximated its estimates.

(b) Sales Rebates

In the case of sales to distributors in the "Industrial Tools Unit" and "Document Solutions Unit," Kyocera provides cash rebates when predetermined sales targets are achieved during a certain period. Provisions for sales rebates are recorded as a reduction of revenue at the time of revenue recognition based on the best estimate of forecasted sales to each distributor.

(c) Sales Returns

Kyocera records an estimated right of return liability for returns at the time of sale based on historical return experience. Revenue is measured at the consideration promised in a contract with a customer, less right of return liability.

(d) Products Warranty

In the "Document Solutions Unit," Kyocera provides a standard one-year manufacturer's warranty on its products. For sales directly to end users, Kyocera offers extended warranty plans that may be purchased and that are renewable in one-year incremental periods at the end of the warranty term. These extended warranty plans are recognized as separate warranty obligations and the parts of the transaction prices are allocated to the performance obligation. Service revenues are subsequently recognized over the terms of the extended warranty plans. Under the contract relating to hybrid transactions in which Kyocera provides multiple goods or services, such as selling products and providing maintenance services, Kyocera identifies performance obligations in the contract. In case it is necessary to allocate the consideration of the contract to separate performance obligations, Kyocera allocates the transaction price based on the stand-alone selling price. Such stand-alone selling prices are determined based on the sales price of the similar products or service, and all information that is reasonably available.

5. Material Agreements

(1) License Permitted to Produce Products

Name	Counterparty	Country	Contents	Period
Kyocera Corporation	Qualcomm Incorporated	U.S.A	License under patent rights for mobile phone	From August 31, 1996 to March 31, 2025
Kyocera Corporation	Qualcomm Incorporated	U.S.A	License under patent rights for in-vehicle communication equipment	From August 31, 1996 to March 31, 2026

(2) License-Cross Agreements

Name	Counterparty	Country	Contents	Period
Kyocera Document Solutions Inc.	Canon Inc.	Japan	License under patents regarding electrophotographic technology	From April 1, 2012 to patent expiration

6. Research and Development

Kyocera proactively promotes research and development activities aimed at solving social issues, taking into account marketability, our core technology and future potential. Specifically, we are striving to develop new technologies and new products by bolstering technological capabilities and the development of human resources through reorganization of R&D facilities in Japan and strengthening ties inside and outside the Company. Our aim is to capture business opportunities amid the emergence of 5G, 6G, next-generation optical communication, advanced road traffic systems, energy devices and management, digital healthcare and other trends. In addition, we are working to establish new R&D facilities overseas to respond more effectively to increasingly diverse customer needs on a global basis. We are also making efforts to create new business domains by promoting open innovation and utilizing external resources through academia and other avenues.

An outline of R&D activities in the reporting segments is as follows.

(1) Core Components Business

In this reporting segment, Kyocera takes advantage of its core technologies in materials, process, design and processing, especially in fine ceramics, which we have cultivated since foundation, in an effort to create high value-added products for semiconductor, 5G, industrial machinery, automotive-related and many other markets. We also undertake cross-departmental projects to facilitate the development of new products and businesses based on our collective strengths.

Major R&D activities in each business unit of this reporting segment are as follows.

a. Industrial & Automotive Components Unit

In the semiconductor processing market, Kyocera is working on the development of components and materials for next-generation equipment, which is characterized by advanced integration that includes micro wiring and 3D structures, to meet growing demand for advanced semiconductors. Kyocera also actively utilizes external resources for the development of new materials and new functional components boasting exceptional heat conductivity and mechanical properties enabling use in higher temperatures, in conjunction with external companies, as well as within the Kyocera Group.

In the automotive-related markets, we are developing vehicle cameras that realize advanced image sensing technology to contribute to the improvement of automobile safety.

Further, Kyocera is working to enhance the efficiency of cell stacks for SOFC systems where there are expectations for proliferation as new clean energy supply systems in the environment and energy market, by leveraging fine ceramics technology.

b. Semiconductor Components Unit

In the information and communications market, semiconductor components are becoming more refined and sophisticated as servers for data centers and network equipment become faster and larger and consume less power. Besides, with the addition of the advancement of IoT, the development of terminal equipment such as 5G and communications infrastructure is progressing. In the automotive-related market, there is a need to further respond to advancements in electrifications and lower power consumption based on developments in ADAS (Advanced Driver-Assistance Systems). Demand for various sensors is also increasing, for use in these core markets.

In the ceramic material business, Kyocera is working on the development of high-strength, high-rigidity, ultra small and thin ceramic packages that employ micro wiring for electronic devices and sensor as well as ceramic packages for optical communications that are capable of even higher frequency such as 5G and ceramic packages for LEDs boasting thermal dissipation and exceptional durability for high-brightness automotive headlights.

In the organic material business, for the information and communications market, which is expected to grow at a high rate, especially in the generative AI-related markets we work chiefly to develop large-sized multilayer packages suited for high-speed signals and wideband memory connections in order to support high-speed and large-capacity data transmission, and for the automotive market, we are focusing on the development of high-reliability packages for ADAS and substrates for millimeter-wave radars.

c. Others

In the medical devices business that deals mainly in prosthetic joints and dental implants, Kyocera develops products that will help improve patients' quality of life (QOL). Specifically, we endeavor to develop 3D additive manufacturing technologies that control the loosening of prosthetic joints to prolong their service life as well as products with antibacterial properties. Aiming to apply these technologies to other fields, we collaborate in research and development with outside research institutions. Kyocera also promotes the development of digital healthcare related products as part of efforts in new medical fields.

(2) Electronic Components Business

In this reporting segment, we are stepping up new product development through technological integration of the electronic components business in Kyocera Corporation and KAVX. We are working on the development of ceramic capacitors, leveraging our proprietary technology through integration of Kyocera's electronics production expertise and KAVX's design capabilities.

Along with diffusion of 5G and IoT related products, it is necessary to make components smaller and more reliable due to the trend toward more devices with AI functions as well as high functionality for communications terminals such as smartphones and base stations. To meet market needs, Kyocera is developing such products as small, high-capacitance ceramic capacitors with enhanced reliability relative to temperature and humidity, as well as SAW devices, small, high-frequency crystal devices, silicon micro electro-mechanical systems (MEMS) resonators, high-frequency connectors and high-efficiency active and passive antennas.

In addition, we are developing ceramic capacitors and connectors with enhanced high-temperature reliability and pressure resistance, power semiconductors including small and high-heat dissipation discrete products and power modules, and various control devices. These products are designed for the automotive-related market, where advancements continue in ADAS and electrification, and in the semiconductor-related market, where demand is rising for high-temperature guarantees alongside expansion of the advanced semiconductor sector.

(3) Solutions Business

In this reporting segment, Kyocera takes advantage of its characteristic, namely that it has a wide variety of businesses and aims to maximize synergy by sharing business models and development models. We carry out research and development aimed at creating innovation in information and communications, environment and energy-related and other areas with the use of technologies nurtured in separate businesses.

Major R&D activities in each business unit of this reporting segment are as follows.

a. Industrial Tools Unit

In the Industrial Tools Unit, Kyocera is striving to solve customer issues through solutions-oriented business and to expand business domains to the industrial machinery and construction markets. Kyocera is developing high-quality and high-precision cutting tools used for metal processing in a broad range of markets, such as automotive, energy-related, aircraft, and medicine fields, which contribute to increased productivity for users by strengthening materials technologies. Kyocera is developing new products in pneumatic and power tools by leveraging various technologies held within the Kyocera Group.

b. Document Solutions Unit

Kyocera is developing products that have exceptional environmental performance and economic efficiency, which are key features of Kyocera, in order to ensure differentiation from competitors. In office products such as printers, multifunctional products, etc., Kyocera is working to develop long-lasting equipment and consumable components that minimize the disposal of waste in order to achieve both low running costs and high environmental performance. In addition, Kyocera is working to develop high-quality toner and thus increasing added value.

In the commercial inkjet business, Kyocera is working to provide new value to the market by developing products that offer high-resolution, high-durability and high-productivity as well as variable data and customized printing capabilities in response to the increasing demand for large-volume printing of multi product output.

In terms of document solution services, Kyocera is pushing ahead with the development of products including application software that contributes to the quality of information sharing and business efficiency by connecting with mobile equipment, the cloud environment and document management systems owned by customers. Kyocera is also strengthening its ECM business that computerizes a company's data so that it can be managed and run in a more comprehensive and efficient manner. In addition, Kyocera is striving to develop new services by integrating ECM business with existing businesses.

c. Communications Unit

In the telecommunications equipment business, Kyocera is developing 5G smartphones, tablet terminals and 5G smart routers mainly for corporate use. Furthermore, Kyocera is utilizing its components, devices, system technologies, and wireless communications technologies cultivated in the telecommunications equipment business as we are developing new technologies that encompass collaboration with external organizations. Kyocera is also working on the development of in-vehicle communication equipment that is expected to increase in demand as ADAS and autonomous driving system increase.

In the information system and telecommunication services business, Kyocera is responding to the increasing complexity and sophistication of customer needs by promoting digital transformation (DX), which includes developing infrastructure-related services such as IoT platforms and local 5G construction as well as products and services related to security and AI, which is now being broadly adopted in multiple settings.

d. Others

In the smart energy business, Kyocera is working to develop a variety of new products and improve quality of solar modules, high-safety, long-life clay-type storage battery cells that utilize Kyocera's proprietary technology, and small, high-power generation performance in SOFC systems. Kyocera is also striving to develop energy management systems that realize efficient use of energy.

In addition to the above initiatives in each reporting segment, in the Others, Kyocera is developing new businesses that contribute to solving social issues by leveraging the comprehensive capabilities of the Kyocera Group and external resources, transcending divisional and reporting segment frameworks.

We are developing environmentally friendly digital textile printing machines that use hardly any water, achieved through Group synergies in our inkjet head and ink technologies, as well as “Kyocera Robotic Services,” a cloud system that uses AI and 3D vision to make cooperative robots intelligent, to contribute to solving the problem of labor shortages at production sites due to the decline of the working-age population. Additionally, we are working on the development of infrastructure equipment such as an ITS (Intelligent Transport Systems) wireless roadside system and a FIR (Far Infrared Ray) camera sensing system using our accumulated expertise in the telecommunications, automotive and optical fields toward the commercialization of a cooperative road-vehicle system that realizes safe autonomous driving. Besides this, we are developing wireless devices for automotive application and equipment for telecommunications infrastructure that supports the expansion of 5G millimeter-wave and 6G coverage areas, thereby contributing to the realization of a more advanced information and communication society, and also we are working on the development of a subtitling system.

We are also developing the application for gallium nitride (GaN) devices, a key materials that will contribute to the achievement of a low-carbon society.

Research and Development expenses by reporting segment (Yen in millions)

	For the year ended March 31,		Change (%)
	2023	2024	
Core Components Business	16,463	17,802	8.1
Electronic Components Business	14,653	14,490	(1.1)
Solutions Business	45,068	39,483	(12.4)
Others	18,093	32,515	79.7
Total Research and Development expenses	94,277	104,290	10.6
Ratio to sales revenue	4.7%	5.2%	—

III. Equipment and Facilities

1. Overview of Capital Expenditures

During fiscal 2024, Kyocera made aggressive capital expenditures that has continued since fiscal 2023 to meet the increase in demand for the 5G and semiconductor-related markets. Capital expenditures for fiscal 2024 decreased by 12,217 million yen, or 7.0%, to 161,684 million yen, compared with fiscal 2023 as Kyocera built a manufacturing facility overseas in fiscal 2023 to expand production capacity in Electronic Components Business.

Capital expenditures by reporting segment (for property, plant and equipment)

(Yen in millions)

	For the year ended March 31,		Change (%)
	2023	2024	
Core Components Business	66,629	65,785	(1.3)
Electronic Components Business	49,118	32,588	(33.7)
Solutions Business	27,644	29,038	5.0
Others	13,097	8,308	(36.6)
Corporate	17,413	25,965	49.1
Total capital expenditures	173,901	161,684	(7.0)

2. Major Equipment and Facilities

Major equipment and facilities for the year ended March 31, 2024 are as follows:

(1) Kyocera Corporation

As of March 31, 2024

Office name	Location	Reporting Segment	Type of equipment and facilities	Carrying amount (Yen in millions)					Number of employees
				Building & Structures	Machinery & Equipment	Land (Area: m ²)	Others	Total	
Yamagata Higashine Plant	Higashine, Yamagata	Electronic Components Business	Manufacturing Equipment for Electronic Components	2,737	5,140	183 (69,332)	257	8,317	450 [108]
Shiga Gamo Plant	Higashiomi, Shiga	Core Components Business	Manufacturing Equipment for Fine Ceramic Components, Ceramic Packages, Medical Devices	2,254	4,271	364 (131,630)	1,474	8,363	966 [265]
Shiga Yohkaichi Plant	Higashiomi, Shiga	Core Components Business, Electronic Components Business and Solutions Business	Manufacturing Equipment for Fine Ceramic Components, Ceramic Packages, Electronic Components, Cutting Tools, Printing Devices	10,297	14,057	3,096 (308,985)	19,510	46,960	1,734 [443]
Shiga Yasu Plant	Yasu, Shiga	Core Components Business and Solutions Business	Manufacturing Equipment for Medical Devices, Displays, Smart Energy-Related Products	11,999	10,973	1,052 (198,197)	11,165	35,189	1,738 [226]
Kyoto Ayabe Plant	Ayabe, Kyoto	Core Components Business	Manufacturing Equipment for Organic Packages and Boards	9,678	18,296	1,588 (152,061)	1,990	31,552	806 [167]
Kagoshima Sendai Plant	Satsuma-Sendai, Kagoshima	Core Components Business and Solutions Business	Manufacturing Equipment for Fine Ceramic Components, Ceramic Packages, Organic Packages and Boards, Cutting Tools	19,936	37,977	2,525 (256,331)	19,351	79,789	3,579 [1,322]
Kagoshima Kokubu Plant	Kirishima, Kagoshima	Core Components Business, Electronic Components Business and Solutions Business	Manufacturing Equipment for Fine Ceramic Components, Automotive Components, Ceramic Packages, Electronic Components, Printing Devices	52,376	32,453	3,064 (418,568)	9,414	97,307	3,920 [1,364]

(2) Domestic Subsidiaries

As of March 31, 2024

Company name	Location	Reporting Segment	Type of equipment and facilities	Carrying amount (Yen in millions)					Number of employees
				Building & Structures	Machinery & Equipment	Land (Area: m ²)	Others	Total	
Kyocera Document Solutions Inc.	Chuo, Osaka	Solutions Business	Manufacturing Equipment for Supplies for Printers and Multifunctional Products	5,442	793	4,987 (331,682)	1,383	12,605	2,011 [236]
Kyocera Realty Development Co., Ltd.	Shibuya, Tokyo	Others	Hotel and Building for Rent	4,561	27	5,331 (40,628)	213	10,132	278 [129]

(3) Oversea Subsidiaries

As of March 31, 2024

Company name	Location	Reporting Segment	Type of equipment and facilities	Carrying amount (Yen in millions)					Number of employees
				Building & Structures	Machinery & Equipment	Land (Area: m ²)	Others	Total	
Kyocera Vietnam Co., Ltd.	Hung Yen Vietnam	Core Components Business	Manufacturing Equipment for Ceramic Packages	8,224	12,470	—	2,939	23,633	2,721
Kyocera Document Technology Vietnam Co., Ltd.	Hai Phong, Vietnam	Solutions Business	Manufacturing Equipment for Printers and Multifunctional Products	12,448	985	—	2,996	16,429	5,596
Kyocera International, Inc.	San Diego California, U.S.A.	Core Components Business	Manufacturing Equipment for Fine Ceramic Components, Ceramic Packages	5,701	4,214	1,526 (571,795)	4,176	15,617	1,127
Kyocera AVX Components Corporation	Fountain Inn, South Carolina, U.S.A.	Electronic Components Business	Manufacturing Equipment for Electronic Components	4,254	1,689	2,051 (968,413)	1,482	9,476	1,113
Kyocera AVX Components (Penang) Sdn. Bhd.	Penang, Malaysia	Electronic Components Business	Manufacturing Equipment for Electronic Components	5,733	6,987	87 (45,487)	1,803	14,610	1,531
Kyocera AVX Components Bangkok Ltd.	Bangkok, Thailand	Electronic Components Business	Manufacturing Equipment for Electronic Components	31,172	9,011	1,425 (180,817)	22,812	64,420	582
Kyocera AVX Components S.R.O.	Lanskroun, Czech Republic	Electronic Components Business	Manufacturing Equipment for Electronic Components	4,126	2,561	196 (154,298)	1,813	8,696	1,857
Kyocera Fineceramics Europe GmbH	Mannheim, Baden-Wurttemberg, Germany	Core Components Business	Manufacturing Equipment for Fine Ceramic Components	2,126	5,714	1,441 (109,902)	4,284	13,565	667

- (Notes) 1. “Others” in carrying amount is an amount total of tools, furniture, construction in progress, and right-of-use assets.
2. There is no major idle equipment or facility.
3. A number in the square brackets in the “Number of employees” column shows the total number of part-timers and re-employed after retirement.
4. As of April 1, 2024, Shiga Gamo Plant and Shiga Yohkaichi Plant have been merged and renamed as Shiga Higashiomi Plant.

3. Plans for New Additions or Disposals

(1) Significant New Additions

For fiscal 2025, Kyocera expects total capital expenditures to be 200,000 million yen, increasing 38,316 million yen, or 23.7%, compared with fiscal 2024. Since Kyocera does not plan capital expenditures by each project, main purpose of capital expenditure and financing method by each reporting segment are described as follows:

	Main purpose of capital expenditure	Financing Method
Core Components Business	Introduction equipment to increase production and productivity	Mainly financed with cash on hand
Electronic Components Business	Same as above	Same as above
Solutions Business	Same as above	Same as above

(2) Significant Disposals

There is no sale or disposal plan which has a significant impact on production capacity except sale or disposal for replacement to retain production capacity.

IV. Corporate Information

1. Information on Kyocera's Shares and Others

(1) Total Number of Shares and Others

a. Total Number of Shares

Class	Total number of shares authorized to be issued (shares)
Common stock	2,400,000,000
Total	2,400,000,000

(Note) Based on the resolution of the Board of Directors held on September 29, 2023, the Articles of Incorporation were changed effective on January 1, 2024 due to the stock split. As a result, the total number of shares authorized to be issued has increased by 1,800,000,000 shares to 2,400,000,000 shares.

b. Shares Issued

Class	Number of shares issued as of March 31, 2024 (shares)	Number of shares issued as of the filing date (shares) (June 25, 2024)	Stock exchange on which Kyocera is listed or authorized financial instruments firm's association where Kyocera is registered	Description
Common stock	1,510,474,320	1,510,474,320	Tokyo Stock Exchange Prime market	This is Kyocera's standard stock. There is no restriction on contents of the right of the stock. The number of shares per one unit of shares is 100 shares.
Total	1,510,474,320	1,510,474,320	—	—

(Note) Based on the resolution of the Board of Directors held on September 29, 2023, the Company implemented a 4 for 1 common stock split, effective on January 1, 2024. The number of shares issued increased by 1,132,855,740 shares to 1,510,474,320 shares.

(2) Information on the Stock Acquisition Rights and Others

a. Details of Stock Option Plans

Not Applicable.

b. Rights Plans

Not Applicable.

c. Other Information about Stock Acquisition Rights

Not Applicable.

(3) Information on Moving Strike Convertible Bonds

Not Applicable.

(4) Changes in the Total Number of Shares Issued, Amount of Common Stock and Others

Date	Change in the total number of shares issued (shares)	Balance of the total number of shares issued (shares)	Changes in common stock (Yen in millions)	Balance of common stock (Yen in millions)	Changes in additional paid-in capital (Yen in millions)	Balance of additional paid-in capital (Yen in millions)
January 1, 2024	1,132,855,740	1,510,474,320	—	115,703	—	192,555

(Note) Based on the resolution of the Board of Directors held on September 29, 2023, the Company implemented a 4 for 1 common stock split, effective on January 1, 2024.

(5) Status of Shareholders

As of March 31, 2024

Classification	Status of shares (one unit of shares is 100 shares)								Shares less than one unit (shares)
	National and local governments	Financial institutions	Securities companies	Other corporation	Foreign shareholders		Individuals and other	Total	
					Other than individuals	Individuals			
Number of shareholders	4	121	54	718	785	125	70,732	72,539	—
Shares held (shares)	4,020	5,881,026	514,079	854,337	5,086,248	1,354	2,759,473	15,100,537	420,620
Ratio (%)	0.03	38.95	3.40	5.66	33.68	0.01	18.27	100.00	—

(Notes) 1. The “Other corporation” and “Shares less than one unit” columns include 44 unit and 32 shares registered in the name of Japan Securities Depository Center (“JASDEC”).

2. The “Individuals and other” and “Shares less than one unit” columns include 1,018,311 unit and 8 shares of treasury stock.

(6) Major Shareholders

As of March 31, 2024

Name	Address	Number of shares held (thousands of shares)	Ownership percentage to the total number of shares issued (Excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	Akasaka Intercity AIR, 1-8-1, Akasaka, Minato-ku, Tokyo	318,682	22.62
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	126,782	9.00
The Bank of Kyoto, Ltd.	700, Yakushimae-cho, Karasuma- dori, Matsubara-Agaru, Shimogyo-ku, Kyoto	57,745	4.10
SSBTC Client Omnibus Account (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited)	One Congress Street, Suite 1, Boston, Massachusetts (3-11-1, Nihonbashi, Chuo-ku, Tokyo)	41,678	2.96
Inamori Foundation	620 Suiginya-cho, Shimogyo-ku, Kyoto	37,440	2.66
State Street Bank West Client - Treaty 505234 (Standing proxy: Mizuho Bank, Ltd.)	1776 Heritage Drive, North Quincy, MA 02171, U.S.A. (SHINAGAWA INTERCITY Bldg.A 2-15-1, Konan, Minato-ku, Tokyo)	27,060	1.92
Stock Purchase Plan for Kyocera Group Employees	6, Takeda Tobadono-cho, Fushimi-ku, Kyoto	23,735	1.68
JP Morgan Chase Bank 385632 (Standing proxy: Mizuho Bank, Ltd.)	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom (SHINAGAWA INTERCITY Bldg.A 2-15-1, Konan, Minato-ku, Tokyo)	21,641	1.54
MUFG Bank, Ltd.	2-7-1, Marunouchi, Chiyoda-ku, Tokyo	20,307	1.44
HSBC Hong Kong - Treasury Services A/C Asian Equities Derivatives (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited)	1 Queen's Road Central, Hong Kong (3-11-1, Nihonbashi, Chuo-ku, Tokyo)	20,148	1.43
Total	—	695,217	49.35

(Note) According to the report filed with EDINET system on October 16, 2023, Mitsubishi UFJ Financial Group, Inc. and its related partners held shares as of October 9, 2023, as shown in the following table. Despite this report, they are not included except MUFG Bank, Ltd. in the above list of major shareholders because Kyocera is not able to confirm the number of shares beneficially owned by them from Kyocera's shareholders records as of March 31, 2024. Kyocera implemented a 4 for 1 common stock split on January 1, 2024, however the below figures are based on the number of share before the split.

Name	Address	Number of shares held (thousands of shares)	Ownership percentage to the total number of shares issued (%)
MUFG Bank, Ltd.	2-7-1, Marunouchi, Chiyoda-ku, Tokyo	5,077	1.34
Mitsubishi UFJ Trust and Banking Corporation	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	6,115	1.62
Mitsubishi UFJ Asset Management Co., Ltd.	1-9-1, Higashishinbashi, Minato-ku, Tokyo	7,813	2.07
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	1-9-2, Otemachi, Chiyoda-ku, Tokyo	535	0.14
Total	—	19,541	5.17

(7) Information on Voting Rights

a. Shares Issued

As of March 31, 2024

Classification	Number of shares (shares)	Number of voting rights	Description
Shares without voting rights	—	—	—
Shares with restricted voting rights (treasury stock)	—	—	—
Shares with restricted voting rights (others)	—	—	—
Shares with full voting rights (treasury stock)	(Number of treasury stock) Common stock 101,831,100	—	This is Kyocera's standard stock. There is no restriction on contents of the right of the stock. The number of shares per one unit of shares is 100 shares.
Shares with full voting rights (others)	Common stock 1,408,222,600	14,082,226	Same as above
Shares less than one unit	Common stock 420,620	—	—
Number of shares issued	1,510,474,320	—	—
Total number of voting rights	—	14,082,226	—

(Note) The “Shares with full voting rights (others)” column includes 4,400 shares registered in the name of JASDEC and the “Number of voting rights” column includes 44 voting rights for those shares.

b. Treasury Stock and Others

As of March 31, 2024

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the name of others (shares)	Total shares held (shares)	Ownership percentage to the total number of shares issued (%)
Kyocera Corporation	6, Takeda Tobadonocho, Fushimi-ku, Kyoto	101,831,100	—	101,831,100	6.74
Total	—	101,831,100	—	101,831,100	6.74

2. Acquisition of Treasury Stock and Other Related Status

[Class of shares] Acquisition of shares of common stock falling under Article 155, Items 3 and 7 of the Companies Act of Japan.

(1) Acquisition of Treasury Stock Based on a Resolution Approved at the Ordinary General Meeting of Shareholders

Not Applicable.

(2) Acquisition of Treasury Stock Based on a Resolution Approved by the Board of Directors

Classification	Number of shares (shares)	Total amount (Yen)
Details of resolution at the meeting of Board of Directors (May 15, 2023) (Acquisition period: From May 16, 2023 to March 22, 2024)	8,066,000	50,000,000,000
Treasury stock acquired before the year ended March 31, 2024	—	—
Treasury stock acquired during the year ended March 31, 2024	6,771,400	49,999,954,100
Number of shares and total amount of outstanding shares of resolution	1,294,600	45,900
Ratio of non-exercised portion as of March 31, 2024 (%)	16.1	0.0
Treasury stock acquired during the year ending March 31, 2025	—	—
Ratio of non-exercised portion as of the filing date of this Annual Report (%)	16.1	0.0

(Note) Kyocera Corporation implemented the stock split at the ratio of 4 for 1 of all common stocks, with the effective date of January 1, 2024. As the above acquisition of treasury stock was completed on October 31, 2023, the number of shares is the number before the stock split.

(3) Acquisition of Treasury Stock not Based on a Resolution Approved at the Ordinary General Meeting of Shareholders or a Resolution Approved by the Board of Directors

Classification	Number of shares (shares)	Total amount (Yen)
Treasury stock acquired during the year ended March 31, 2024 *1	3,009	15,200,340
Treasury stock acquired during the year ending March 31, 2025 *2	536	1,040,037

(Notes) 1. Kyocera Corporation implemented the stock split at the ratio of 4 for 1 of all common stocks, with the effective date of January 1, 2024. The treasury stock acquired during the year ended March 31, 2024 consist of 1,645 shares before the stock split and 1,364 shares after the stock split.

2. Treasury stocks acquired less than one unit from June 7, 2024 to the filing date of this Annual Report are not included in treasury stock acquired during the year ending March 31, 2025.

(4) Current Status of the Disposition and Holding of Acquired Treasury Stock

Classification	For the year ended March 31, 2024		For the year ending March 31, 2025	
	Number of shares (shares)	Total disposition amount (Yen)	Number of shares (shares)	Total disposition amount (Yen)
Acquired treasury stock for which subscribers has been solicited	—	—	—	—
Acquired treasury stock that has been disposed	—	—	—	—
Acquired treasury stock for which transfer of shares has been conducted in association with merger/stock exchange/issuance/corporate separation	—	—	—	—
Others *1				
Disposal of treasury stock as restricted stock compensation	20,972	116,529,911	—	—
Sale of stocks less than one unit due to a demand for sale	349	1,214,889	96	134,943
Number of shares of treasury stock held *2	101,831,108	—	101,831,548	—

- (Notes) 1. Kyocera Corporation implemented the stock split at the ratio of 4 for 1 of all common stocks, with the effective date of January 1, 2024. As the disposal of treasury stock for restricted stock compensation was completed before the stock split, the number of shares is the number before the stock split. Also, the sale of treasury stock less than one unit due to a demand for sale during the year ended March 31, 2024 consist of 173 shares before the stock split and 176 shares after the stock split. Treasury stocks to be disposed of during the year ending March 31, 2025 do not include stocks resulting from the sale of stocks constituting less than one unit from June 7, 2024 to the filing date of this Annual Report.
2. Treasury stocks acquired and sold of treasury stocks less than one unit from June 7, 2024 to the filing date of this Annual Report are not included in treasury stock held during the year ending March 31, 2025. The number of shares of treasury stock held includes an increase of 76,372,440 shares due to the stock split.

3. Dividend Policy

Kyocera Corporation believes that the best way to increase corporate value and meet shareholders' expectations is to improve future consolidated performance on an ongoing basis. Therefore, Kyocera Corporation has adopted a principal guideline that dividend amounts shall fall 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 consolidated dividend payout ratio of around 50% of profit attributable to owners of the parent. In addition, Kyocera Corporation determines dividend amounts based on a comprehensive assessment, taking into account various factors including the amount of capital expenditures necessary for medium-to-long-term corporate growth.

Kyocera Corporation also has adopted policies to ensure a sound financial basis, and, for such purpose it sets aside other general reserves in preparation for the creation of new businesses, cultivation of new markets, development of new technologies and acquisition, as necessary, of outside management resources to achieve sustainable corporate growth.

In addition to the above-mentioned basic policy, within a certain range based on cash flow, Kyocera Corporation will implement acquisitions of its own shares when appropriate, as a powerful mechanism for enhancing shareholder returns.

The Articles of Incorporation of Kyocera Corporation provide that an interim dividend may be paid as stipulated in Article 454, Paragraph 5 of the Companies Act in Japan, and its basic policy is to pay a year-end dividend and an interim dividend. These dividends are determined by the Ordinary General Meeting of Shareholders for the year-end dividends and by the Board of Directors for the interim dividends.

For fiscal 2024, the amount of the year-end dividend is 25 yen per share, complying with the above-mentioned basic policy and reflecting our performance for fiscal 2024.

The proposed appropriations of surplus are as follows:

Date of Resolution	Aggregate Amount	Per Share Amount
The Board of Directors Meeting held on November 1, 2023	35,258 million yen	100 yen
The Ordinary General Meeting of Shareholders held on June 25, 2024	35,216 million yen	25 yen

(Note) Based on the resolution of the Board of Directors held on September 29, 2023, the Company implemented a 4 for 1 common stock split, effective on January 1, 2024.

4. Information of Corporate Governance

(1) Corporate Governance

a. Basic Views on Corporate Governance

Kyocera's basic views on corporate governance are as follows:

(a) Basic stance

The Kyocera Group has made "Respect the Divine and Love People" its corporate motto and "To provide opportunities for the material and intellectual growth of all our employees, and through our joint efforts, contribute to the advancement of society and humankind." as its management rationale. The Kyocera Group always strives to maintain equity and fairness and faces all situations with courage and conscience and will realize its management rationale by achieving sustainable growth and raising medium- to long-term corporate value. In doing so, the Kyocera Group shall build systems to undertake fair and efficient corporate management while maintaining the soundness and transparency of management upon taking into consideration the standpoints of all stakeholders. Additionally, the Kyocera Group shall permeate the "Kyocera Philosophy (Note)," a corporate philosophy that is the basis of the management policy of the Kyocera Group, in all Executives and employees in the Kyocera Group, and foster a sound corporate culture. The Kyocera Group shall establish proper corporate governance by building the above-mentioned systems and implementing the "Kyocera Philosophy." Furthermore, the Kyocera Group will constantly seek the ideal system for corporate governance and will always evolve and develop its existing corporate governance system.

(Note) The "Kyocera Philosophy" is a corporate philosophy and life philosophy created through integration of the thoughts of the founder of Kyocera Corporation regarding management and life. The "Kyocera Philosophy" incorporates a wide range of matters relating to basic thoughts on management and methods of undertaking day-to-day work, based on the core criterion of "what is the right thing to do as a human being."

(b) Systems

Kyocera Corporation has selected a company with an Audit & Supervisory Board as its organizational design. The Board of Directors shall be composed giving consideration to the balance of experience and insight as well as diversity and appropriate size to make important decisions and supervise the execution of business for the Kyocera Group as a whole.

Kyocera Corporation shall establish a Nomination and Remuneration Committee as an advisory body to the Board of Directors in order to ensure the objectivity and transparency of decision-making procedures regarding the nomination and remuneration of Directors. The majority of the Nomination and Remuneration Committee shall consist of independent Outside Directors.

Additionally, Kyocera Corporation shall set up the necessary committees in a timely manner to establish appropriate corporate governance.

(c) Promotion of the Kyocera Philosophy

Promotion activities for the "Kyocera Philosophy" shall be undertaken to permeate the "Kyocera Philosophy" among the Executives and employees of the Kyocera Group.

b. Summary of Corporate Governance and operation

The Corporate Governance Structures which Kyocera established in accordance with “a. Basic Views on Corporate Governance” are as follows:

(a) Board of Directors

The Board of Directors of Kyocera is an organization to decide on important matters and to supervise the execution of businesses of Kyocera Group as a whole. It consists of ten Directors including four Outside Directors. The Directors are nominated by the General Shareholders Meeting based on the proposal of candidates who have enough understanding of Kyocera Group and with outstanding “personality,” “capability” and “insight” to engage in the management of Kyocera.

Besides, Kyocera adopts the Executive Officer system to facilitate the efficiency of the management of Kyocera. The execution of the businesses of Kyocera is undertaken by the Executive Officers under the instruction of the Representative Director and President of Kyocera. Representative Director and President is nominated by the Board of Directors, which undertakes the management decision and supervision of the execution of businesses.

Representative Directors direct the Executive Officers to report the status of the execution of the businesses to the Board of Directors, and the Board of Directors makes sure that the businesses are efficiently executed. As such, Kyocera clarifies the responsibility and authority to achieve efficient management of Kyocera, and to realize the efficient functionality of appropriate corporate governance and internal control of Kyocera.

Meetings of the Board of Directors held 13 times in fiscal 2024, and all Directors attended all meetings. At the meetings, matters including annual management strategy, significant capital investments, borrowings from external sources, and significant personnel and organizational changes were resolved based on the regulations of the Board of Directors. In addition, the Directors received reports of monthly results and financial position, the status of IR activities and the status of internal control and risk management.

For the fiscal 2024, as in 2023, in addition to the Board of Directors, Kyocera held off-site meetings to discuss the Medium-term Management Strategy, and others.

(b) Audit & Supervisory Board

Kyocera has Audit & Supervisory Board Members and Audit & Supervisory Board based on the corporate governance policy and the provision of its Articles of Incorporation which was approved by the General Shareholders Meeting. Audit & Supervisory Board Members include two full-time Audit & Supervisory Board Members originally an employee of Kyocera, as well as two Outside Audit & Supervisory Board Members, who have plenty of knowledge and experience as CPA or an attorney-at-law. The Audit & Supervisory Board Members are conducting audit of Kyocera as a whole based on the accurate information about Kyocera gathered from inside and utilizing variety of viewpoints as outsiders of Kyocera.

For detailed information, please refer to “(3) Status of Audit a. Status of Audit by Audit & Supervisory Board Members.”

(c) Nominating and Remuneration Committee

As consulting organization of the Board of Directors, Kyocera has established Nominating and Remuneration Committee, the majority of which consists of Outside Directors. The Board of Directors examine nomination of Directors and Managing Executive Officers and remuneration of Directors after consulting in advance the Nomination and Remuneration Committee so that the decision relating thereto shall be made in a fair manner and appropriately.

Meetings of the “Nomination and Remuneration Committee” were held 3 times in fiscal 2024, and all members attended all meetings. The Committee adequately deliberates on the nomination of the senior management, their remuneration, and other important matters, taking into account perspectives such as objective and neutral standpoint.

(d) Kyocera Group Management Committee

Kyocera has established the “Kyocera Group Management Committee” consisting of Representative Director and Chairman, Representative Director and President and Managing Executive Officers who live in Japan and Kyocera holds meetings every month regularly. Such committee examines not only the agenda of the meetings of the Board of Directors but also other important matters relating to the execution of the businesses of Kyocera Group as a whole to secure the sound management of Kyocera Group.

Meetings of the “Kyocera Group Management Committee,” held 24 times in fiscal 2024, evaluated important matters at the Kyocera Group or received reports.

(e) Kyocera Disclosure Committee

Kyocera has established an organ known as the “Kyocera Disclosure Committee” for disclosure of corporate information. This committee investigates all disclosure documents for the purpose of assuring the appropriateness of disclosures of corporate information, reporting the results of its investigations to the Representative Director and President which educates Group companies concerning rules relating to disclosure and promotes appropriate disclosure of information for the entire Group.

The “Kyocera Disclosure Committee,” held 4 times in fiscal 2024, disclosed information timely and appropriately and evaluation results are reported by the chairperson of this committee to Representative Directors.

(f) Kyocera Group Philosophy Committee

Kyocera has established the “Kyocera Group Philosophy Committee” to educate and permeate “Kyocera Philosophy” which is the corporate philosophy based on the general criteria in making judgement, namely “what is the right thing to do as a human being.” The committee has set education policy of “Kyocera Philosophy” of each entity in Kyocera Group, and discusses and decides the measures to promote an understanding of “Kyocera Philosophy” and practice it.

Meetings of the “Kyocera Group Philosophy Committee” were held 2 times in fiscal 2024. The committee works on Philosophy inculcation activity focused on the work floor in Japan and works on Philosophy education depending on each local situation and business condition overseas in accordance with the established educational policy.

(g) Risk Management Committee

Kyocera has established the “Risk management Committee” to manage risks of the Kyocera Group. The committee has determined risk management policies and has identified corporate risks that need to be addressed by the Kyocera Group.

Meetings of the “Risk Management Committee” were held 2 times in fiscal 2024. The committee assigns risk owners to each corporate risks and carries out risk reduction activities.

(h) Kyocera Group Sustainability Committee

Kyocera has established the “Kyocera Group Sustainability Committee” to promote sustainable development together with society. The committee deliberates on a business strategy that will contribute to the resolution of societal needs, and policies and targets related to social requirements in an aim to realize our Management Rationale and achieve the SDGs.

Meetings of the “Kyocera Group Sustainability Committee” were held 2 times in fiscal 2024. The committee reports and discusses an overview of sustainability activities, progress on long-term environmental targets, and responses to the CSRD (Corporate Sustainability Reporting Directive).

Members of each organization and committee are as set forth.

(◎: chairperson, ○: member, □: attendance other than member)

Position	Name	Board of Directors	Audit & Supervisory Board	Nominating and Remuneration Committee	Kyocera Group Management Committee	Kyocera Disclosure Committee	Kyocera Group Philosophy Committee	Risk Management Committee	Kyocera Group Sustainability Committee
Representative Director and Chairman	Goro Yamaguchi	◎		○	◎		◎	○	○
Representative Director and President	Hideo Tanimoto	○			○		○	◎	◎
Director	Hiroshi Fure	○			○		○	○	○
Director	Norihiko Ina	○			○		○	○	○
Director	Koichi Kano	○			○		○	○	○
Director	Shoichi Aoki	○			○		○	○	○
Outside director (Independent Director)	Akiko Koyano	○		○					
Outside director (Independent Director)	Eiji Kakiuchi	○		○					
Outside director (Independent Director)	Shigenobu Maekawa	○		○					
Outside director (Independent Director)	Junko Sunaga	○		○					
Full-time Auditor & Supervisory Board Member	Shigeru Koyama	□	◎		□	□	□		□
Full-time Auditor & Supervisory Board Member	Yushi Nishimura	□	○		□	□	□		□
Outside audit & supervisory board member (Independent Director)	Minoru Kida	□	○						
Outside audit & supervisory board member (Independent Director)	Michie Kohara	□	○						
—	Other				○*1 □*2	○*3	○*4	○*1	○*5

(Notes) 1. Managing Executive Officers who live in Japan are included.

2. General managers of corporate management control group and, corporate legal and intellectual property group are included.
3. Divisional managers of general affairs human resources division, legal and intellectual property division, corporate development division, management strategies division, internal audit division, information security division, accounting division, finance division, management control division, and risk management division are included. The chairperson is general manager of corporate management control group.
4. Executive Officers who live in Japan, general managers of domestic divisions, business managers directly under the segment and Presidents of some domestic subsidiaries are included.
5. Executive Officers, general managers, business managers directly under the segment and Presidents of major subsidiaries, etc., are included.

[Summary of Agreements Regarding the Limitation of Liability]

Kyocera Corporation has entered into agreements with all of the Outside Directors and Outside Audit & Supervisory Board Members regarding the limitation of their liability for damages caused by negligence in the performance of their duties, in accordance with Article 427, paragraph (1) of the Companies Act and Articles 28 and 36 of the Articles of Incorporation of the Company. The amount of liability to which they are subject, as set under such agreements, is limited to the minimum amount of liability provided under applicable laws and regulations.

[Summary of Contents of the Directors and Officers Liability Insurance Policy]

Kyocera Corporation has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The policy will cover damages incurred by the insured, such as compensation for damages and litigation expenses when they are subject to claims arising from actions (including inaction) conducted based on their position as a director or officer of the Company. However, damages, etc. incurred by an insured due to criminal acts or illegal acts intentionally committed by the insured are not covered by the policy as a measure to ensure the properness of the performance of duties by directors or officers is not impaired.

The scope of insured persons is Directors, Audit & Supervisory Board Members, Executive Officers and managerial employees of Kyocera Corporation and domestic subsidiaries (excluding some subsidiaries), and the insurance premiums are all paid by Kyocera Corporation and the subsidiaries.

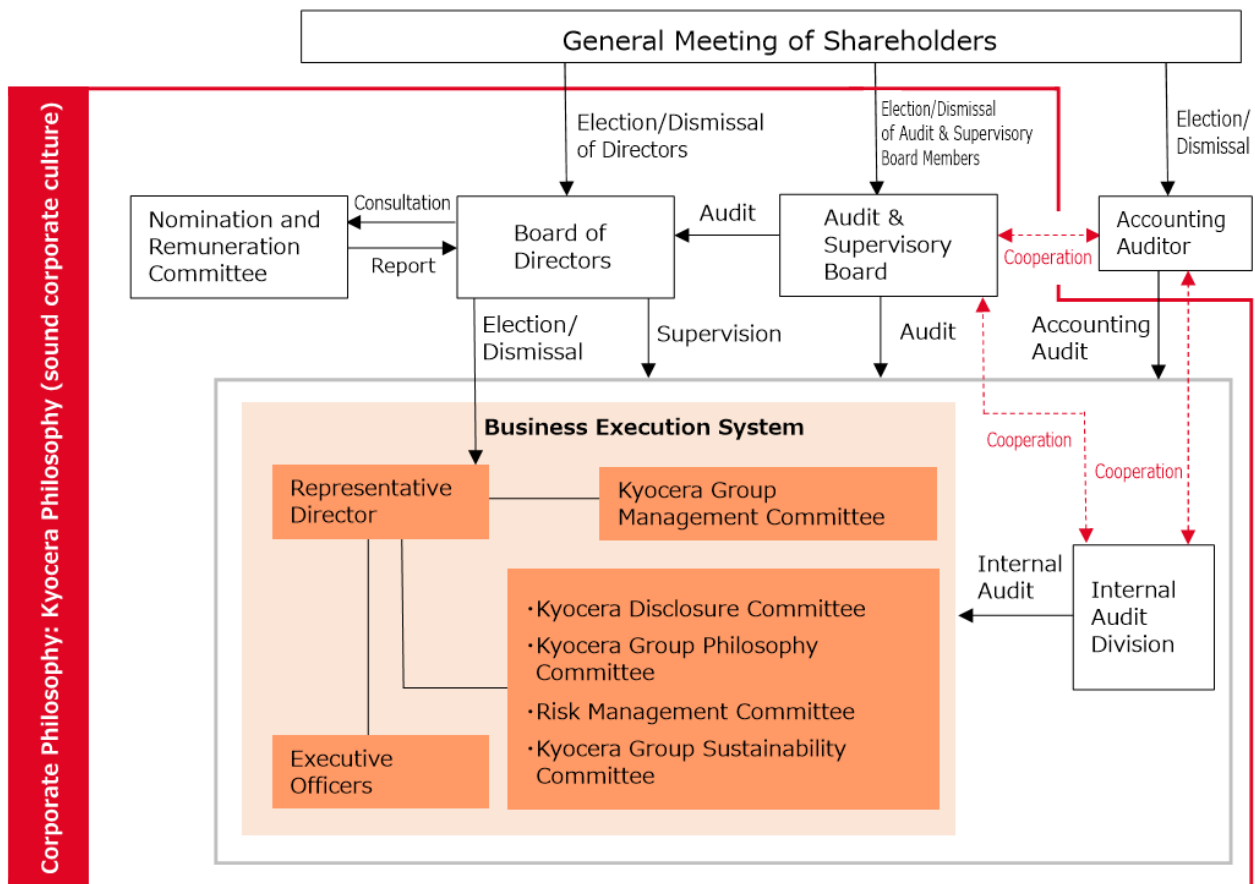
c. Analysis and evaluation of effectiveness of the Board of Directors

Kyocera analyzes and evaluates the effectiveness of the Board of Directors as a whole, and discloses a summary of the results once per year, in order to obtain an appropriate understanding of the current condition of the Board of Directors and to achieve more effective operation. Evaluation method and summary of results in fiscal 2024 are as follows:

	Contents and Results
Evaluation Method	Kyocera conducted an effectiveness evaluation questionnaire to all Directors and all Audit & Supervisory Board Members, and discussion at the off-site meeting.
Questionnaire Items	<ol style="list-style-type: none"> 1. Administration and deliberation of the Board of Directors (Provision of information, agenda items, frequency of meetings, time for deliberations, free and open discussions and exchanges of views, etc.) 2. Composition of the Board of Directors (Size, member balance, diversity, etc.) 3. Roles and Responsibilities of the Board of Directors (Discussion of the broad direction of corporate strategy, management of subsidiaries, and supervision of internal control and risk management systems etc.) 4. Optional Nomination and Remuneration Committee (Agenda items, frequency of meetings and time for deliberations)
Summary of Evaluation Results and Future Initiatives	<p>The Board of Directors has been working to improve the Report on the operation status of the internal control system and provide timely and appropriate information to Outside Directors and Outside Audit & Supervisory Board Members.</p> <p>As a result of the evaluations of this time, we confirmed that the effectiveness of the Board of Directors has been generally ensured, and that the following points have been evaluated in particular:</p> <ul style="list-style-type: none"> • In addition to the Board of Directors, through explanations of each business and plant tours, the understanding of the business for Outside Directors and Outside Audit & Supervisory Board members has deepened, and active discussions are generated in the Board of Directors. <p>The Board of Directors will promote the following initiatives to further improve its effectiveness:</p> <ul style="list-style-type: none"> • Further strengthen Kyocera group governance by the Board of Directors through subsidiaries governance and reporting associated with business. • Establish the opportunity of explanation associated with R&D strategy in addition to the current status of each segment.

d. Corporate Governance Chart of Kyocera

The view on Corporate Governance of Kyocera is as set forth.



e. Acquisition of Treasury Stocks

In order to enable the execution of a flexible and swift capital policy for the purpose of responding to changes in the management environment, the Articles of Incorporation set forth that Kyocera may acquire its own shares by means of a market transaction upon a resolution of the Board of Director based on Article 165, paragraph (2) of the Companies Act of Japan.

f. Requirement for Special Resolutions of the General Meeting of Shareholder

For smooth management of the General Meeting of the Shareholders by relaxing the quorum of special resolutions, the Articles of Incorporation set forth that a resolution of the General Meeting of Shareholders as specified by Article 309, paragraph (2) of the Companies Act of Japan is valid if the shareholders who have at least one-third of the total voting rights attend the meeting and of which two-thirds of the votes support such resolution.

g. Number of Board and Director

The Articles of Incorporation set forth that the number of Board and Director is to be 20 or less.

h. Resolution Requirements for Appointment of Director

Regarding resolutions for the appointment of Directors, our Articles of Incorporation set forth that attendance of shareholders who hold one-third or more of the voting rights of the shareholders who can exercise voting rights is necessary. The Articles of Incorporation also set forth that resolutions for the appointment of Directors may not be made with cumulative voting.

i. Decision Institute of Interim Dividend

In order to enable profits to be returned to shareholders in a flexible and swift manner, the Articles of Incorporation set forth that Kyocera may pay interim dividends, upon a resolution by the Board of Directors based on Article 454, paragraph (5) of the Companies Act of Japan, with September 30 set as the record date each year.

(2) Directors and Audit & Supervisory Board Members

a. List of Directors and Audit & Supervisory Board Members

Male 11 people, Female 3 person

(The ratio of the female member in Directors and Audit & Supervisory Board Members 21%)

Position	Name	Date of Birth	Career Summary	Term of Office	Shareholdings *1
Representative Director and Chairman	Goro Yamaguchi	January 21, 1956	<p>Mar. 1978 Joined Kyocera Corporation</p> <p>Jun. 2003 Executive Officer of Kyocera Corporation</p> <p>Jun. 2005 Senior Executive Officer of Kyocera Corporation</p> <p>Apr. 2009 Managing Executive Officer of Kyocera Corporation</p> <p>Jun. 2009 Director and Managing Executive Officer of Kyocera Corporation</p> <p>Apr. 2013 Representative Director and President, Executive Officer and President of Kyocera Corporation</p> <p>Mar. 2017 Representative Director and Chairman of the Kyoto Purple Sanga Co., Ltd. [Present]</p> <p>Apr. 2017 Representative Director and Chairman of Kyocera Corporation [Present]</p> <p>Representative Director and Chairman of Kyocera Communication Systems Co., Ltd. [Present]</p> <p>Representative Director and Chairman of Kyocera Document Solutions Inc. [Present]</p> <p>Representative Director and Chairman of Kyocera Realty Development Co., Ltd. [Present]</p> <p>Apr. 2019 Representative Director and Chairman of Kyocera Industrial Tools Corporation [Present]</p> <p>Jun. 2020 Representative Director and Chairman of Kyocera SOC Corporation [Present]</p>	*5	253,004
Representative Director and President Executive Officer and President	Hideo Tanimoto	March 18, 1960	<p>Mar. 1982 Joined Kyocera Corporation</p> <p>Apr. 2015 Executive Officer of Kyocera Corporation</p> <p>Apr. 2016 Managing Executive Officer of Kyocera Corporation</p> <p>Jun. 2016 Director and Managing Executive Officer of Kyocera Corporation</p> <p>Apr. 2017 Representative Director and President, Executive Officer and President of Kyocera Corporation [Present]</p>	*5	128,162
Director Managing Executive Officer	Hiroshi Fure	February 24, 1960	<p>Mar. 1984 Joined Kyocera Corporation</p> <p>Apr. 2011 Executive Officer of Kyocera Corporation</p> <p>Apr. 2013 Managing Executive Officer of Kyocera Corporation</p> <p>Jun. 2013 Director and Managing Executive Officer of Kyocera Corporation</p> <p>Apr. 2015 Director and Senior Managing Executive Officer of Kyocera Corporation</p> <p>Sep. 2016 General Manager of Corporate Organic Materials Semiconductor Components Group of Kyocera Corporation</p> <p>Apr. 2021 Director and Managing Executive Officer of Kyocera Corporation [Present]</p> <p>Executive General Manager of Core Components Business [Present]</p> <p>Apr. 2024 Senior General Manager of Corporate Components Sector QMS Promotion Group [Present]</p>	*5	45,998
Director Managing Executive Officer	Norihiko Ina	September 16, 1963	<p>Apr. 1987 Joined Mita Industrial Co., Ltd. (currently Kyocera Document Solutions Inc.)</p> <p>Apr. 2017 Executive Officer of Kyocera Corporation Representative Director and President of Kyocera Document Solutions Inc.</p> <p>Jun. 2017 Director and Managing Executive Officer of Kyocera Corporation [Present]</p> <p>Apr. 2021 Executive General Manager of Solutions Business [Present]</p>	*5	52,415

Position	Name	Date of Birth	Career Summary	Term of Office	Shareholdings *1
Director Managing Executive Officer	Koichi Kano	September 21, 1961	<p>Mar. 1985 Joined Kyocera Corporation</p> <p>Apr. 2012 General Manager of Corporate Development Group of Kyocera Corporation</p> <p>Apr. 2013 Executive Officer of Kyocera Corporation</p> <p>Apr. 2015 Senior Executive Officer of Kyocera Corporation</p> <p>Apr. 2016 Managing Executive Officer of Kyocera Corporation</p> <p>Jun. 2016 Director and Managing Executive Officer of Kyocera Corporation [Present]</p> <p>Apr. 2021 Deputy Executive General Manager of Electronic Components Business</p> <p>Apr. 2023 Executive General Manager of Electronic Components Business [Present]</p>	*5	39,591
Director Managing Executive Officer	Shoichi Aoki	September 19, 1959	<p>Mar. 1983 Joined Kyocera Corporation</p> <p>Jun. 2005 Executive Officer of Kyocera Corporation</p> <p>Apr. 2009 Managing Executive Officer of Kyocera Corporation</p> <p>Jun. 2009 Director and Managing Executive Officer of Kyocera Corporation [Present]</p> <p>Apr. 2018 General Manager of Corporate Management Control Group of Kyocera Corporation</p> <p>Apr. 2021 Executive General Manager of Headquarters [Present]</p> <p>Apr. 2024 Senior General Manager of Corporate Development Group [Present]</p>	*5	83,945
Director	Akiko Koyano	April 23, 1974	<p>Dec. 2008 Registration as Attorney Belonging to Kyoto Bar Association [Present] Joined Koyano & Aoki Law Office</p> <p>Jul. 2009 Transferred to Koyano LPC</p> <p>Feb. 2018 Partner Attorney-at-law of Koyano LPC [Present]</p> <p>Jun. 2019 Outside Director of Kyocera Corporation [Present]</p>	*5	2,519
Director	Eiji Kakiuchi	April 3, 1954	<p>Apr. 1981 Joined Dainippon Screen Mfg. Co., Ltd. (currently SCREEN Holdings Co., Ltd.)</p> <p>Apr. 2005 Executive Officer of Dainippon Screen Mfg. Co., Ltd.</p> <p>Apr. 2006 Senior Executive Officer of Dainippon Screen Mfg. Co., Ltd.</p> <p>Apr. 2007 Managing Executive Officer of Dainippon Screen Mfg. Co., Ltd.</p> <p>Jun. 2011 Director of Dainippon Screen Mfg. Co., Ltd.</p> <p>Apr. 2014 Representative Director and President of Dainippon Screen Mfg. Co., Ltd.</p> <p>Jun. 2019 Representative Director and Chairman of SCREEN Holdings Co., Ltd.</p> <p>Jun. 2021 Outside Director of Kyocera Corporation [Present]</p> <p>Jun. 2023 Director and Chairman of SCREEN Holdings Co., Ltd. [Present]</p>	*5	10,895
Director	Shigenobu Maekawa	January 18, 1953	<p>Apr. 1976 Joined Nippon Shinyaku Co., Ltd.</p> <p>Apr. 2004 Executive Officer of Nippon Shinyaku Co., Ltd.</p> <p>Jun. 2005 Director of Nippon Shinyaku Co., Ltd.</p> <p>Jun. 2006 Managing Director of Nippon Shinyaku Co., Ltd.</p> <p>Jun. 2007 Representative Director and President of Nippon Shinyaku Co., Ltd.</p> <p>Jun. 2021 Representative Director and Chairman of Nippon Shinyaku Co., Ltd. [Present]</p> <p>Jun. 2023 Outside Director of Kyocera Corporation [Present]</p>	*5	2,888
Director	Junko Sunaga	September 25, 1960	<p>Apr. 1983 Joined NEC Corp.</p> <p>Apr. 1997 Joined Qualcomm International Japan LLC (currently Qualcomm Japan LLC)</p> <p>Nov. 2008 Senior Director of Qualcomm Japan, Inc. (currently Qualcomm Japan, LLC)</p> <p>Jun. 2016 Vice President of Qualcomm Japan LLC</p> <p>Apr. 2018 President of Qualcomm Japan LLC</p> <p>Jun. 2023 Advisory Chairwoman of Qualcomm Japan LLC</p> <p>Jun. 2024 Outside Director of Kyocera Corporation [Present]</p>	*6	—

Position	Name	Date of Birth	Career Summary	Term of Office	Shareholdings *1
Full-time Audit & Supervisory Board Member	Shigeru Koyama	October 6, 1956	Mar. 1980 Joined Kyocera Corporation Apr. 2011 President and Representative Director of Kyocera Fineceramics GmbH (currently Kyocera Europe GmbH) Apr. 2013 Executive Officer of Kyocera Corporation Apr. 2015 Senior Executive Officer of Kyocera Corporation Jun. 2020 Full-time Audit & Supervisory Board Member of Kyocera Corporation [Present]	*7	32,152
Full-time Audit & Supervisory Board Member	Yushi Nishimura	December 24, 1961	Mar. 1985 Joined Kyocera Corporation Feb. 2013 General Manager of Corporate Management Control Division of Kyocera Vietnam Co., Ltd. Jul. 2016 General Manager of Corporate Global Audit Division of the Company Apr. 2022 Assistant to General Manager of Corporate Global Audit Division of the Company Jun. 2022 Full-time Audit & Supervisory Board Member of Kyocera Corporation [Present]	*8	7,605
Audit & Supervisory Board Member	Minoru Kida	July 30, 1970	Oct. 1993 Joined Showa Ota & Co. (currently Ernst & Young ShinNihon LLC) Apr. 1997 Registered as a Certified Public Accountant Jan. 2004 Head of Kida CPA Office (currently Kida CPA & CPTA Office) [Present] Jun. 2004 Registered as a Certified Public Tax Accountant Dec. 2006 Representative Partner of Gravitas Audit Corporation [Present] Mar. 2019 Outside Director (Audit & Supervisory Committee Member) of OPTEX GROUP Co., Ltd. [Present] Jun. 2024 Audit & Supervisory Board Member of Kyocera Corporation [Present]	*7	—
Audit & Supervisory Board Member	Michie Kohara	November 7, 1976	Oct. 2002 Admitted to the Bar, Registered in the Kyoto Bar Association [Present] Joined Oike Law Office Oct. 2006 Partner of Oike Law Office [Present] Aug. 2009 Visiting Scholar at New York University School of Law May. 2011 Completed Master's Program (LL.M.) at Indiana University Maurer School of Law - Bloomington Jun. 2024 Audit & Supervisory Board Member of Kyocera Corporation [Present]	*7	—
Total					659,174

(Notes) 1. The shareholdings are the information as of March 31, 2024.

2. Ms. Akiko Koyano, Mr. Eiji Kakiuchi, Mr. Shigenobu Maekawa and Ms. Junko Sunaga are outside directors.
3. Mr. Minoru Kida and Ms. Michie Kohara are outside audit & supervisory board members.
4. Kyocera adopts an “executive officer system,” which aims to establish corporate governance appropriate for a global corporation together with a decision-making system responsive to the business environment and to train the next generation of executives.
5. This is from the closing of the Ordinary General Meeting of Shareholders related to the year ended March 31, 2023 to the closing of the Ordinary General Meeting of Shareholders related to the year ending March 31, 2025.
6. This is from the closing of the Ordinary General Meeting of Shareholders related to the year ended March 31, 2024 to the closing of the Ordinary General Meeting of Shareholders related to the year ending March 31, 2025.
7. This is from the closing of the Ordinary General Meeting of Shareholders related to the year ended March 31, 2024 to the closing of the Ordinary General Meeting of Shareholders related to the year ending March 31, 2028.
8. This is from the closing of the Ordinary General Meeting of Shareholders related to the year ended March 31, 2022 to the closing of the Ordinary General Meeting of Shareholders related to the year ending March 31, 2026.

9. Kyocera elects a substitute Audit & Supervisory Board Member prescribed by Article 329, paragraph (3) of the Corporation Act to be ready to fill a vacant position should be the number of Audit & Supervisory Board Members fall below the number required by laws and regulations. The career summary of substitute Audit & Supervisory Board Member is as follows:

Name	Date of Birth	Career Summary	Share holdings
Yusuke Nakano	May 15, 1969	<p>Oct. 1998 Joined Asahi & Co. (currently KPMG AZSA LLC)</p> <p>Apr. 2002 Registered as a Certified Public Accountant</p> <p>Jul. 2005 Representative Partner of Seiyu Audit Corporation [Present]</p> <p>Sep. 2005 Registered as a Certified Public Tax Accountant</p> <p>Apr. 2006 Visiting Associate Professor at Ritsumeikan University Graduate School of Management</p> <p>Jan. 2010 Head of Nakano CPA Office [Present]</p> <p>Dec. 2014 Outside Director (Audit & Supervisory Committee Member) of SK-Electronics Co., Ltd.</p> <p>Jun. 2015 Outside Audit & Supervisory Board Member of Nissha Co., Ltd. [Present]</p> <p>Dec. 2018 Outside Director (Audit & Supervisory Committee Member) of SK-Electronics Co., Ltd. [Present]</p> <p>Jun. 2021 Outside Audit & Supervisory Board Member of Sanyo Chemical Industries, Ltd. [Present]</p> <p>Nov. 2023 Representative Partner of Seiyu Tax Corporation [Present]</p>	—

b. Outside Director and Audit & Supervisory Board Member

(a) The number of Outside Directors and Audit & Supervisory Board Members

Outside Directors: four people

Outside Audit & Supervisory Board Members: two people

(b) Important Concurrent Posts Undertaken by Outside Director and Audit & Supervisory Board Members, and their Relations with Kyocera

Outside Directors, Ms. Akiko Koyano, Mr. Eiji Kakiuchi and Mr. Shigenobu Maekawa own Kyocera's shares.

There is no special interest between Ms. Akiko Koyano, an Outside Director, and Kyocera Corporation nor is there any special interest between Kyocera Corporation and Koyano LPC where Ms. Akiko Koyano serves as a Partner Attorney-at-law.

There is no special interest between Mr. Eiji Kakiuchi, an Outside Director, and Kyocera Corporation. Although Kyocera Corporation engages in transactions relating to the sales and purchases of products with SCREEN Holdings Co., Ltd. where Mr. Eiji Kakiuchi serves as a Director, and Chairman, Member of the Board, and its subsidiaries, the amounts of the applicable business transactions represent less than 1% of the consolidated net sales of either Kyocera Group or the SCREEN Group, therefore, Kyocera deems that this does not affect his independence as an Outside Director.

There is no special interest between Mr. Shigenobu Maekawa, an Outside Director, and Kyocera Corporation nor is there any special interest between Kyocera Corporation and Nippon Shinyaku Co., Ltd. where Mr. Shigenobu Maekawa serves as a Representative Director, and Chairman.

There is no special interest between Ms. Junko Sunaga, an Outside Director, and Kyocera Corporation. Although Kyocera Corporation engages in transactions relating to the sales and purchases of products and License permits to produce product with Qualcomm Japan LLC where Mr. Junko Sunaga had served as an Advisory Chairwoman until Jun 4, 2024, and Qualcomm Group to which the company belongs, the amounts of the applicable business transactions represent less than 1% of the consolidated net sales of either Kyocera Group or the Qualcomm Group, therefore, Kyocera deems that this does not affect his independence as an Outside Director. In addition, there any special interest between Kyocera Corporation and TIS Co., Ltd. where Ms. Junko Sunaga serves as an outside director from Jun 25, 2024.

There is no special interest between Mr. Minoru Kida, an Outside Audit & Supervisory Board Member, and Kyocera Corporation nor is there any special interest between Kyocera Corporation and Kida CPA & CPTA Office where Mr. Minoru Kida serves as a Hed, and Gravitas Audit Corporation where Mr. Minoru Kida serves as a Representative Partner. In addition, Kyocera Corporation has no special interest with OPTEX GROUP Co., Ltd. where Mr. Minoru Kida serves as an Outside Director (Audit & Supervisory Committee Member).

There is no special interest between Ms. Michie Kohara, an Outside Audit & Supervisory Board Member, and Kyocera Corporation nor is there any special interest between Kyocera Corporation and Oike Law Office where Ms. Michie Kohara serves as a Partner.

(c) Function and Role of Outside Director and Audit & Supervisory Board Member for Corporate Governance

Kyocera Corporation has strengthened the supervisory function of the Board of Directors and audit function of Directors by appointing four Outside Directors with extensive knowledge and experience as an attorney-at-law, or top management of a corporate group and two Outside Audit & Supervisory Board Members with extensive knowledge and experience as a certified public accountant or attorney-at-law and having the Directors provide sufficient explanations to the Outside Directors and Outside Audit & Supervisory Board Members at meetings of the Board of Directors and other meetings. In addition, Directors make decisions with an external perspective by exchanging opinions with Outside Directors and Audit & Supervisory Board Members on overall management. Furthermore, Kyocera Corporation has established a sound corporate culture pursuant to the “Kyocera Philosophy,” which is the corporate philosophy based on the general criteria in making judgment, namely “what is the right thing to do as human being.” Kyocera has established its corporate governance system through practicing the Kyocera Philosophy. Such system is supplemented by the function to check the management by the Outside Directors and Audit & Supervisory Board Members.

The role of each Outside Director and Outside Audit & Supervisory Board Member which Kyocera Corporation expects is as below:

Kyocera Corporation expects that Ms. Akiko Koyano will be continuously capable of providing advice on and undertaking supervision of general corporate activities as an Outside Director, based on her abundant experience and exceptional insight as an attorney at law specializing in corporate law and wide-ranging insight into social issues, such as gender equality, etc.

Kyocera Corporation expects that Mr. Eiji Kakiuchi will be capable of providing advice on and undertaking supervision of general corporate activities as an Outside Director, based on his abundant experience and exceptional insight in corporate management as he serves as a top management of a corporate group that manufactures and sells semiconductor manufacturing equipment and other electronics products.

Kyocera Corporation expects that Mr. Shigenobu Maekawa will be capable of providing advice on and undertaking supervision of general corporate activities as an Outside Director, based on his abundant experience and exceptional insight in corporate management as he serves as a top management of a corporate group that manufactures and sells pharmaceuticals and functional foods.

Kyocera Corporation expects that Ms. Junko Sunaga will be capable of providing advice on and undertaking supervision of general corporate activities as an Outside Director, based on her abundant experience and exceptional insight in corporate management as a top executive of a Japanese subsidiary of a global company that designs and develops mobile communications and semiconductors, in addition to her project experience related to communication semiconductors at an electronic equipment manufacturer.

Kyocera Corporation expects that Mr. Minoru Kida will be capable of conducting a general audit of corporate activities as an Outside Audit & Supervisory Board Member based on his abundant knowledge relating to finance and accounting as a certified public accountant and certified public tax accountant and his abundant experience and exceptional insight.

Kyocera Corporation expects that Ms. Michie Kohara will be capable of conducting a general audit of corporate activities as an Outside Audit & Supervisory Board Member based on her abundant experience and exceptional insight as an attorney, and is well-versed in a wide range of legal fields, including corporate law.

(d) Thoughts of Kyocera with Respect to the Independence of Outside Director of Kyocera and Reason for Nomination as Independent Director

Kyocera thinks that it is important to retain a person, who has outstanding “personality,” “capability” and “insight” as an Outside Director and an Outside Audit & Supervisory Board Member of Kyocera and to have such person supervise Kyocera’s management from an objective point of view. Kyocera nominates the persons who satisfy the above-mentioned criteria to Outside Director and Outside Audit & Supervisory Board Members. The Outside Directors of Kyocera are selected as independent directors in compliance with the following “Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members,” which Kyocera established, in addition to the requirements concerning the Outside Directors prescribed by the Companies Act and the independence standards prescribed by the financial instruments exchanges. Kyocera judges that an Outside Director and an Outside Audit & Supervisory Board Member who is not fallen under any of the following items is independent of the company.

1. An executive of the Group (Notes 1, 2).
2. A person who has been an executive (including a non-executive Director when judging the independence of an Outside Audit & Supervisory Board Member) of the Group in the past 10 years (Note 3).
3. A major business partner of the Group (a business partner whose payments to the Group or payments received from the Group in the most recent fiscal year represent 2% or more of the consolidated net sales of either the Company or the business partner) or an executive thereof.
4. A person who is a consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property (10 million yen or more per year in the case of individuals, and 2% or more of the total income per year in the case of a body) from the Group, besides remuneration as a Director or an Audit & Supervisory Board Member.
5. A person who belongs to audit firms which are the Accounting Auditors of the Group.
6. A person who receives a large donation or subsidy (donation or subsidy of an amount equal to or more than 10 million yen or 2% of the total income of the person per year, whichever is greater) from the Group or an executive thereof.
7. A major shareholder (a shareholder who holds shares with 5% or more of total voting rights at the end of the most recent fiscal year) of the Company or an executive thereof.
8. An executive of the company which accept Directors or Audit & Supervisory Board Members (both full-time and part-time) from the Group, its parent companies or subsidiaries (except when the company, its parent companies or subsidiaries belong to the Group).
9. A person who has fallen under any of the items 3. through 8. above in the past three years.
10. A spouse or relative within the second degree of kinship, of a person who falls under any of items 1. through 9. above (limited to the person in an important position (Note 4)).
11. Any other person who is likely to have serious conflicts of interest with general shareholders.

(Notes) 1. “The Group” means the Company and its subsidiaries.

2. An “executive” means an Executive Director, Operating Officer, Executive Officer or other person or employee similar thereto.
3. When judging the independence of an Outside Director who was a non-executive Director or an Audit & Supervisory Board Member of the Group (in the case of an Outside Audit & Supervisory Board Member who was an Audit & Supervisory Board Member of the Group) at any time in the past 10 years, “the past 10 years” means the 10 years prior to his or her appointment to those positions.
4. An “important position” means a Director, Audit & Supervisory Board Member, Executive Officer, Operating Officer, other person similar thereto, or an employee who executes important operations, such as a general manager.

On the basis of this standards, Kyocera has four Independent Outside Directors and two Independent Outside Audit & Supervisory Board Members who will not have any conflicts of interest with the shareholders in general of Kyocera. Kyocera thinks there is a system for adequate supervision and auditing of Kyocera from an objective point view at this point. Kyocera, therefore, nominated all of these six people as independent Directors of Kyocera set by the Tokyo Stock Exchange.

c. Supervision and Internal Audit by Outside Audit & Supervisory Board Members, Cooperation between Audit by Audit & Supervisory Board Members and Accounting Audit and Relationship with the Internal Control Division

Outside Audit & Supervisory Board Members receive reports from internal audit and control division and discuss the status of the audit every first half and second half. They receive reports from accounting auditors and discuss audit plan and results of the audit every quarter. Besides, they receive reports from Full-time Audit & Supervisory board member and discuss the status of the audit. In addition, they have meetings to discuss the substance of the audit and share information from time to time.

(3) Status of Audit

a. Audit by Audit & Supervisory Board Members

Kyocera's Audit & Supervisory Board consists of four Audit & Supervisory Board Members, including two outside Audit & Supervisory Board Members. Their career and their attendance for the Audit & Supervisory Board meetings held during fiscal 2024 are as follows:

Position	Name	Career etc.	Attendances at the meeting of the Audit & Supervisory Board held during fiscal 2024
Full-time Audit & Supervisory Board Member	Shigeru Koyama	He has been served as president and director of one of Kyocera's overseas subsidiaries, and has extensive experience and deep insight regarding its overseas business activities.	100% (9 out of 9)
Full-time Audit & Supervisory Board Member	Yushi Nishimura	He has long experience in the accounting department and the internal audit department of Kyocera and has substantial knowledge of finance and accounting.	100% (9 out of 9)
Outside Audit & Supervisory Board Member	Hitoshi Sakata	He has extensive experience and deep insight as an attorney, as well as great familiarity with corporate legal practice and overseas intellectual property rights.	100% (9 out of 9)
Outside Audit & Supervisory Board Member	Masaaki Akiyama	He has extensive experience and deep insight as a certified public accountant and has substantial knowledge of finance and accounting.	100% (9 out of 9)

The items to be audited based on the audit policy and plan decided by the Audit & Supervisory Board in the fiscal year are as follows:

Items	Details of the audit
Permeation status of corporate ethics	<ul style="list-style-type: none"> • Permeation status of Kyocera Philosophy • Motivation of employees to work
Current initiatives for key management issues	<ul style="list-style-type: none"> • Achievement status of management policy and key directive • Progress status of management plan • Status of grasping and responding to management issues
Compliance with laws and Articles of Incorporation	<ul style="list-style-type: none"> • Confirmation of the legality of management decision • Compliance with fiduciary duty of director • The appropriateness of disclosures under the Companies Act as well as the Financial Instrument and Exchange Act of Japan • Compliance with and operation of laws
The effectiveness of internal control system	<ul style="list-style-type: none"> • Status of the design and operation of company regulations • Status of the design and operation of the framework for information management • Operation status of consultation desks of inside and outside the company • Status of organization and operation of quality management systems, environmental conservation and others • Status of improvement in response to indications from internal audits
Status of the design of risk management system	<ul style="list-style-type: none"> • Status of risk management organization and risk management operation • Status of risk assessment in each division • Status of risk countermeasures and the dissemination
Grasping the status of the management in subsidiaries	<ul style="list-style-type: none"> • System to grasp the status of the management in subsidiaries • Status of the design and operation of the internal control system in subsidiaries
Timely disclosure of business results	<ul style="list-style-type: none"> • Announcement of the financial results • Timely and appropriate disclosure of corporate information

The specific activities of each Audit & Supervisory Board Member in relation to audit items in fiscal 2024 are as follows. The results of audits conducted by Full-time Audit & Supervisory Board Member are reported to other Audit & Supervisory Board Member as appropriate.

Items	Specific activities	Person in charge
Attendance at important meetings	Confirming the management decision-making process and internal control environment by the attendance of the Board of Directors (attended 13 times)	All Audit & Supervisory Board Members
	Attendance at the Kyocera Group Management Committee to confirm the status of initiatives for key management issues (attended 24 times)	Only Full-time Audit & Supervisory Board Members
	Other Attendance at Important Meetings described in “(1) Corporate Governance b. Summary of Corporate Governance and Reason for Adoption”	Only Full-time Audit & Supervisory Board Members
Audit by Audit & Supervisory Board Members	Review of important documents such as minutes of Kyocera Board of Directors Meeting, documents reported by each business group and documents related to financial results, etc.	Only Full-time Audit & Supervisory Board Members
	Visiting audit and grasping the status of business activities through hearing from each division of Kyocera headquarters, plant and office (visiting audit to 7 domestic offices)	Only Full-time Audit & Supervisory Board Members
	Investigation of the status of internal control and asset management through visiting subsidiaries as audit based on periodic rotation (visiting audit to 2 domestic subsidiaries and 23 overseas subsidiaries (include remote))	Only Full-time Audit & Supervisory Board Members
	Grasp the business results through explanations by the accounting division at financial reporting meetings (4 times)	All Audit & Supervisory Board Members
	Investigation based on Kyocera whistleblower system to the Audit & Supervisory Board	Only Full-time Audit & Supervisory Board Members
Cooperation with the audit firm	Communication regarding audit plan and Key Audit Matters (KAM) with the audit firm	All Audit & Supervisory Board Members
	Grasp audit results and quarterly financial results on regular meetings with the audit firm (conducted 13 times)	All Audit & Supervisory Board Members
	Review of independence of audit firms and appropriateness of audit	All Audit & Supervisory Board Members
Cooperation with auditors of subsidiaries and the internal audit department	Sharing issues of internal control and business operation based on audit results conducted by Corporate Global Audit Division (reported twice)	All Audit & Supervisory Board Members
	Confirming the status of audit and internal control based on the regular meetings with corporate auditors of each subsidiary (conducted twice a year)	All Audit & Supervisory Board Members
Communication with directors	Meetings with Representative Directors to exchange opinions regarding management of the company in March 2024	All Audit & Supervisory Board Members
	Communication and sharing awareness through regular meetings with outside directors	All Audit & Supervisory Board Members

b. Internal Audit

The “Corporate Global Audit Division” was established as internal audit division to conduct regularly audits of Kyocera and its consolidated subsidiaries and to report the results of such audits to the Directors and Audit & Supervisory Board Members of Kyocera. The number of members of “Corporate Global Audit Division” is 96 people at the date of submission.

The internal audit division regularly reports on the results of audits at the Board of Directors Meeting.

The internal audit division and the Audit & Supervisory Board Members report with each other and discuss the status and result of the audit in a timely manner. Besides, they meet from time to time to discuss the substance of audit and exchange information.

The internal audit division and accounting auditors discuss the status and result of the audit in a timely manner. Besides, they meet from time to time to discuss the substance of audit and exchange information.

The internal audit division, accounting auditors and internal control division hold meetings regarding status in establishment of internal control as necessary from time to time.

c. Summary of Certified Public Accountants Who Execute Audit

(a) The Name of Audit Firm

PricewaterhouseCoopers Japan

(Notes) PricewaterhouseCoopers Kyoto, Kyocera had previously been audited, merged with PricewaterhouseCoopers Arata on December 1, 2023 and changed its name to PricewaterhouseCoopers Japan on the same date.

(b) The Year of Service Served by the Accounting Auditor

From the year ended March 31, 1970.

Kyocera has made an audit contract with Kyoto Audit Corporation, currently PricewaterhouseCoopers Japan, since the year ended March 31, 2008. Kyocera had made an audit contract with Kyoto office of Chuo Accounting Office, substantial predecessor of PricewaterhouseCoopers Kyoto, in the year ended March 31, 1970. Therefore, the year of service served by the accounting auditor is described from the year ended March 31, 1970.

(c) Name and Term of Certified Public Accountants Who Execute the Audit

Engagement partner from PricewaterhouseCoopers Japan

Toru Tamura (Number of years of continuous service: 3 years)

Kentaro Morimoto (Number of years of continuous service 1 year)

(d) Structure of Supporter Related to Audit

Certified public accountants: 8 people

Associate from the Japanese Institute of Certified Public Accountants: 6 people

Others: 23 people

(e) Policy and Reason for Electing the Audit Firm

Audit & Supervisory Board of Kyocera selects audit firm taking into account the policy of specialists, view, independence, specialized knowledge, size, number of people, capability and proficiency of audit-related service, quality management system of audit, the results and remuneration provision.

Besides, should anything occur to negatively impact the qualifications or independence of the Accounting Auditor, making it unlikely that such Accounting Auditor will be able to properly perform an audit, the Audit & Supervisory Board shall determine the resolution to be proposed to the General Meeting of Shareholders to terminate or not to reappoint such Accounting Auditor.

Audit & Supervisory Board of Kyocera selects the audit firm, taking into account that PricewaterhouseCoopers Japan has adequate capability, system and credential to conduct appropriate audit and not fit into policy of decision to terminate or not to reappoint Accounting Auditor.

(f) The Assessment of Audit Firm by Audit & Supervisory Board

Audit & Supervisory Board of Kyocera assesses the audit firm. The assessment is conducted by confirming the status through audit plan, quarterly reports of the result of audit and meetings from time to time.

(g) Change of Audit Firm

Audit firm of Kyocera changed as follows.

The 69th (Consolidated and Individual) PricewaterhouseCoopers Kyoto

The 70th (Consolidated and Individual) PricewaterhouseCoopers Japan

The matters included in the Extraordinary Report are as follows.

i. Name of the Certified Public Accountant Auditor related to the change

(i) Surviving the Certified Public Accountant Auditor

PricewaterhouseCoopers Japan

(ii) Disappearing the Certified Public Accountant Auditor

PricewaterhouseCoopers Kyoto

ii. Date of change

December 1, 2023

iii. Date on which the disappearing Certified Public Accountant Auditor became the Certified Public Accountant Auditor

The year ended March 31, 1970.

Kyocera has made an audit contract with Kyoto Audit Corporation, currently PricewaterhouseCoopers Kyoto, since the year ended March 31, 2008. Kyocera had made an audit contract with Kyoto office of Chuo Accounting Office, substantial predecessor of PricewaterhouseCoopers Kyoto, in the year ended March 31, 1970. Therefore, the year of service served by the accounting auditor is described from the year ended March 31, 1970.

iv. Matters related to opinions in audit reports made by disappearing the Certified Public Accountant Auditor during the latest three years

Not applicable.

v. Reasons and circumstances leading to the decision to change

PricewaterhouseCoopers Kyoto (disappearing audit firm), the audit firm of Kyocera, merged with PricewaterhouseCoopers Arata (surviving audit firm) on December 1, 2023 and disappeared.

PricewaterhouseCoopers Arata changed its name to PricewaterhouseCoopers Japan as of the same date. As a result, PricewaterhouseCoopers Japan is the certified public accountant auditor who performs audit certification for Kyocera.

vi. Opinions of the disappearing Certified Public Accountant Auditor regarding the matters to be stated in the audit reports on the reasons and circumstances of v.

Kyocera was offered no opinion.

d. Details of Audit Fees and Other Matters

(a) Details of Fees Paid to the Certified Public Accountant Auditor

(Yen in millions)

Classification	For the year ended March 31,			
	2023		2024	
	Audit Fees	Not Audit Fees	Audit Fees	Not Audit Fees
Kyocera Corporation	193	—	200	0
Consolidated subsidiaries	194	—	184	—
Total	387	—	384	0

Detail of non-auditing work at Kyocera Corporation is an usage fee of information sites related to IFRS. Audit fees of consolidated subsidiaries for the fiscal 2024 include audit fees of Kyocera Corporation's non-consolidated subsidiary.

(b) Details of Fees Paid to PricewaterhouseCoopers, which Belongs to the Same Network as the Certified Public Accountant Auditor (Excluding (a))

(Yen in millions)

Classification	For the year ended March 31,			
	2023		2024	
	Audit Fees	Not Audit Fees	Audit Fees	Not Audit Fees
Kyocera Corporation	—	36	—	71
Consolidated subsidiaries	1,934	501	2,113	549
Total	1,934	537	2,113	620

Details of non-auditing work at Kyocera Corporation and its consolidated subsidiaries are the tax services.

(c) Details of Other Significant Audit Fees

Not Applicable.

(d) Policy for Determining Audit Fees

Kyocera enters into an audit contract, which includes an audit fee, after examining the appropriateness of the amount and the independence of the audit firm, based on the size and nature of Kyocera's business.

(e) The Reason for Audit & Supervisory Board Members Agreed to Audit Fees

Audit & Supervisory Board agrees to the fee of Accounting Auditor based on Article 399, paragraph (1) the Companies Act through following measures. Audit & Supervisory Board obtains the necessary materials from Directors, relevant internal company divisions and Accounting Auditor and receives the reports. And Audit & Supervisory Board confirms audit content, hours and details and trend of its fee in the previous fiscal year, and considers estimates of audit fee in the fiscal year.

(4) Remuneration of Directors

a. Amount of Remuneration by Classification, Components and Number of Directors

(Yen in millions)

Classification	Total amount of remuneration	Basic remuneration		Performance-linked remuneration (Bonuses to Directors)		Non-monetary remuneration (Restricted Stock Compensation)	
		Total amount	Number of persons paid	Total amount	Number of persons paid	Total amount	Number of persons paid
Directors (excluding Outside Directors)	387	160	6	131	6	96	6
Outside Directors	42	42	4	—	—	—	—
Auditors (excluding Outside Auditors)	48	48	2	—	—	—	—
Outside Auditors	22	22	2	—	—	—	—
Total	499	272	14	131	6	96	6

- (Notes) 1. Aside from the remuneration in the above table, the aggregate amount of remuneration to Directors (excluding Outside Directors) was 219 million yen in remuneration for services as employees or Executive Officers for those Directors who serve as such.
2. Bonuses to Directors are paid to Directors as performance-linked remuneration. The performance indicator for bonuses to Directors is profit attributable to owners of the parent and this amounted to 101,074 million yen. This was selected as a performance indicator to clarify its linkage with dividends and to ensure conformance with the interests of shareholders. The amount of bonuses to Directors is calculated by multiplying a prescribed numerical value determined based on the performance indicator by a prescribed coefficient and a coefficient for individual assessments based on the degree of contribution to performance.
3. No Performance-Linked Restricted Stock Compensation was paid for fiscal 2024.
4. Restricted Stock Compensation is issued to Directors as non-monetary remuneration. Restricted Stock Compensation consists of Kyocera Corporation's common stock (restricted stock), and the delivery conditions and circumstances are as described in "c. The Contents of Policies of Calculating the Amount of Remuneration to the Directors and Procedures in Determining of Remuneration (b) Decision Policy Regarding the Details of Individual Remuneration for Directors ii. Outline of the Details of the Decision Policy" and "2. Acquisition of Treasury Stock and Other Related Status (4) Current Status of the Disposition and Holding of Acquired Treasury Stock."
5. Regarding basic remuneration and restricted stock compensation for fiscal 2024, the Board of Directors has consulted with the Nomination and Remuneration Committee in advance about the payment standard and calculation method of remuneration and obtained a report. Messrs. Goro Yamaguchi, Chairman of the Board and Representative Director, and Hideo Tanimoto, President and Representative Director, who have been delegated authority by the Board of Directors, determined the amounts of individual compensation according to details of the report. This delegated authority consists of determining the payment amounts and the number of allotted shares, etc. This authority was delegated because the Chairman of the Board and Representative Director and the President and Representative Director are the most suitable persons for evaluating the roles and responsibilities of each Director while having an overall view of the business results of the entire Kyocera Group. Regarding director bonuses for fiscal 2024, the same process was used to determine the details of individual remuneration after the 70th Ordinary General Meeting of Shareholders.

b. Remuneration of Directors Who Earned or Earned More Than a Total of 100 Million Yen on Consolidated Basis

(Yen in millions)

Name	Company and Post	Components			Amount
		Basic remuneration	Performance-linked remuneration	Non-monetary remuneration	
Goro Yamaguchi	Kyocera Corporation (Submit company) Chairman of the Board and Representative Director	62	50	30	142
Hideo Tanimoto	Kyocera Corporation (Submit company) President and Representative Director	69	55	34	158

(Note) The positions of Goro Yamaguchi and Hideo Tanimoto represent their positions as of March 31, 2024.

c. The Contents of Policies of Calculating the Amount of Remuneration to the Directors and Procedures in Determining of Remuneration

(a) Contents of the Resolution on the General Meeting of Shareholders

Regarding basic remuneration and bonuses for Directors, at the 55th Ordinary General Meeting of Shareholders held on June 25, 2009, it was resolved that the amount of basic remuneration payable to Directors shall be no more than 400 million yen per year (not including salaries for services as employees or Executive Officers for those Directors who serve as such), and the aggregate amount of bonuses payable to Directors shall not exceed 0.2% of the consolidated net income*1 of Kyocera for the relevant fiscal year, provided that such amount of bonuses shall in no case exceed 300 million yen annually. The number of Directors stood at 12 at the end of this Ordinary General Meeting of Shareholders.

Performance-linked restricted stock compensation for Directors, at the 69th Ordinary General Meeting of Shareholders held on June 27, 2023, it was resolved that their total compensation amounts shall be no more than an amount equivalent to 0.2% of profit attributable to owners of the parent for the Evaluation Period. It was resolved that the upper limit shall be the amount after deducting the total amount of bonuses to Directors actually paid by cash, and the upper limit on the number of shares shall be no more than 70,000 shares per year*2 (Outside Directors are not eligible). The number of Directors stood at 6 (excluding Outside Directors) at the end of this Ordinary General Meeting of Shareholders.

Regarding restricted stock compensation for Directors, at the 65th Ordinary General Meeting of Shareholders held on June 25, 2019 (Partially revised at the 69th Ordinary General Meeting of Shareholders held on June 27, 2023), it was resolved that their total compensation amounts shall be no more than 100 million yen per year as well as no more than 0.1% of the profit attributable to owners of the parent as the reasonable amounts and that the number of shares shall be no more than 25,000 shares per year*3 (Outside Directors are not eligible). The number of Directors stood at 13 (excluding Outside Directors) at the end of this Ordinary General Meeting of Shareholders.

The amount of basic remuneration for Audit & Supervisory Board Members was determined by a resolution adopted at the 55th General Meeting of Shareholders, which was held on June 25, 2009, and shall be no more than 100 million yen per year. The number of Audit & Supervisory Board Members stood at 5 at the end of the Ordinary General Meeting of Shareholders.

*1 As of June 25, 2009, “No more than 0.2% of the Consolidated Net Income of Kyocera” was determined based on U.S. GAAP. The account is presented based on IFRS from the 65th business term.

*2 As a result of the stock split of 4 shares per share on January 1, 2024, the number of shares has been adjusted to no more than 280,000 per year.

*3 As a result of the stock split of 4 shares per share on January 1, 2024, the number of shares has been adjusted to no more than 100,000 per year.

(b) Decision Policy Regarding the Details of Individual Remuneration for Directors (hereafter referred to as “Decision Policy”)

i. Method for determining the Decision Policy

Kyocera Corporation resolved the Decision Policy at the Board of Directors meeting held on February 26, 2021. (Some changes were made at the Board of Directors meeting held on April 27, 2023.) At the time of the resolution of the Board of Directors meeting, consultation on the details of the resolution was conducted with the Nomination and Remuneration Committee in advance and a report was obtained.

ii. Outline of the Details of the Decision Policy

[Basic policy]

- The remuneration system for Directors is designed to be a mechanism that effectively encourages Directors to thoroughly demonstrate their abilities and fulfill their roles and responsibilities toward the healthy and sustainable growth of the Kyocera Group.
- The remuneration level of Directors shall be set at an appropriate level by referring to objective data from external specialist organizations while giving consideration to securing and maintaining excellent human resources necessary for realizing the management rationale.
- Regarding the remuneration system and remuneration level of Directors, high objectivity and transparency in the process for determining remuneration for Directors shall be assured by making decisions according to a resolution by the Board of Directors based on the deliberations with and reports from the Nomination and Remuneration Committee, which consists of a majority of Outside Directors.

[Remuneration Composition and Proportion]

<Representative Directors/Executive Directors>

- Compensation for Representative Directors and Executive Directors consists of “basic remuneration,” “bonuses to Directors,” “performance-linked restricted stock compensation” and “restricted stock compensation.”
- Based on the belief that a system for the healthy and sustainable growth of the Kyocera Group is important, the proportion of basic remuneration and restricted stock compensation is determined placing emphasis on the level and stability of basic remuneration as well as giving consideration to the pursuit of shareholder interests. Moreover, the higher the position of the Director, the higher the proportion of the restricted stock compensation to basic remuneration.
- For bonuses to Directors and performance-linked restricted stock compensation, to ensure maximize incentives for growing business results, no limit shall be established for proportions of basic remuneration or restricted stock compensation.

<Outside Directors>

- The remuneration of Outside Directors with duties independent of business execution shall consist only of “basic remuneration.”

[Details of Each Type Remuneration]

<Basic Remuneration>

- This is monetary remuneration paid monthly according to the responsibilities of the Directors, and for individual payment levels of the payment amount will be determined according to each respective role upon taking into consideration the payment levels of other companies in the same industry.
- The annual amount shall be paid monthly in 12 equal portions.

<Bonuses to Directors>

- This is monetary remuneration paid according to the degree of contribution of each Director to business results in the relevant fiscal year. The performance indicator is “profit attributable to owners of the parent,” which represents the result of the Kyocera Group’s annual corporate activities. This is calculated by multiplying the numerical value determined based on this performance indicator by a prescribed coefficient according to the position of the Director and a coefficient for individual assessment according to the degree of contribution to performance.
- Provided once per year following the end of the business year.

<Performance-Linked Restricted Stock Compensation>

- This compensation system grants Directors shares of common stock of Kyocera Corporation (restricted stock) according to the degree of contribution of each Director to business results in the relevant fiscal year. The system is intended to offer incentives for Directors to improve short-term performance as well as continuously increasing mid- to long-term corporate and shareholder value of Kyocera Corporation. Performance indicator and calculation method are the same as for bonuses to Directors.

- If an amount calculated by the same method as bonuses to Directors exceeds an amount designated by the Board of Directors after consulting the Nomination and Remuneration Committee, shares of common stock of Kyocera Corporation (restricted stock) corresponding to the exceeding portion shall be granted as performance-linked restricted stock compensation.
- Granted once per year following the end of the business year.

<Restricted Stock Compensation>

- This compensation system grants each Director shares of common stock of Kyocera Corporation (restricted stock) to offer incentives to continuously improve mid- to long-term corporate and shareholder value. The amount to be paid to each Director shall be set for each position.
- Granted once a year in each business year.

[Process for Determining Remuneration]

- The Nomination and Remuneration Committee composed of a majority of Outside Directors shall be established as an advisory body to the Board of Directors. This committee receives inquiries from the Board of Directors and also upon referring to objective data such as benchmark results of executive compensation provided by external specialist organizations the committee validates the appropriateness of the Director remuneration system that encompasses the basic remuneration payment standard, the bonuses to Directors calculation standard, and restricted stock compensation grant standard, and the results shall be reported to the Board of Directors.
- The Chairman of the Board and Representative Director and the President and Representative Director shall be delegated with the authority to determine specific details for the amounts of individual remuneration for Directors based on a resolution of the Board of Directors. The details of their authority shall be as follows.

Basic remuneration	Determine the payment amount by position
Bonuses for Directors	Assess individuals and determine payment amount according to the degree of contribution to business results
Performance-linked restricted stock compensation	Assess individuals and determine payment amount and the number of shares to be allotted according to the degree of contribution to business results
Restricted stock compensation	Determine the amount of payment and the number of shares to be allotted by position

- To ensure that such authority is properly exercised by the Chairman of the Board and Representative Director and the President and Representative Director, the Board of Directors shall consult with and obtain a report from the Nomination and Remuneration Committee on the payment standards, calculation method and grant standards for each type of remuneration by position and the Chairman of the Board and Representative Director and the President and Representative Director who have been delegated authority as mentioned above shall make their determinations in accordance with the contents of the relevant report, and shall report the results of the determined payment amount and the number of shares to be allotted to the Nomination and Remuneration Committee.

iii. Reasons the Board of Directors determined that individual remuneration for Directors for the current fiscal year is in accordance with the Decision Policy

Regarding the details of individual remuneration for Directors for fiscal 2024, the Nomination and Remuneration Committee has made a report in advance after undertaking a multifaceted examination that includes consistency with details prescribed in the Decision Policy regarding the payment standard and calculation method of remuneration. The Board of Directors judged that this is in accordance with the Decision Policy because the Chairman of the Board and Representative Director and the President and Representative Director, who have been delegated authority by the Board of Directors, have determined remuneration is in accordance with the details of the aforementioned report.

(5) Status of Shareholdings

a. Standard and Views on Stocks for Investment

Kyocera does not hold shares for pure investment purposes whose purpose is to earn profits from fluctuations in the value of shares. Kyocera holds shares with the objective of enhancement and maintenance of business relationships and improving corporate value over the medium to long-term, and classifies all of shares as investment other than pure investment purposes.

b. Stocks for Investment Held for Purposes Other than Pure Investment

(a) Policy of Shareholdings

We engage in cross-holdings or unilateral holdings of shares with the objective of improving our corporate value in the medium to long-term, focusing on corporate growth through maintenance of business relationships, realization of profits through shareholdings, and the social significance of the issuing companies.

If the Company judges, as a result of annual examination of its shareholdings, that a particular shareholding does not provide value to the Company, the Company will reduce such shareholding. Also, in order to clarify the immediate policy to further reduce such shareholdings, in April 2023 the Company resolved at a meeting of its Board of Directors to adopt a target of reducing its shareholdings by at least 5% on a book value basis by the fiscal year ending March 31, 2026.

(b) Methods to Assess the Rationale of Shareholdings and Verification of Appropriateness of Each Shareholding at the Meetings of the Board of Directors

To achieve the target of reducing its shareholdings, the Company will conduct an annual review of all individual shareholdings to decide whether or not the Company's holding of the relevant shares is appropriate, taking into account the need to maintain the business relationship and/or efficiency in use of assets (taking into considering its cost of capital), etc. For any shares as to which a justifiable reason for holding them cannot be identified, the Company will decrease its holdings of such shares through discussions with the issuing company of such shares.

(c) Number of Shares and Amount Recorded on the Balance Sheet

	Number of Issuers	Amount on Balance Sheet (Yen in millions)
Unlisted stock	46	34,462
Other than unlisted stock	15	1,574,919

(The number of stocks increased during fiscal 2024)

	Number of Issuers	Acquisition Amount (Yen in millions)	Reason for Increase in the Number
Unlisted stock	2	671	Maintaining of business relationships and changes in classification from associates by sale.
Other than unlisted stock	1	1	Enhancing and maintaining of business relationships.

(The number of stocks decreased during fiscal 2024)

	Number of Issuers	Sold Amount (Yen in millions)
Unlisted stock	10	1,530
Other than unlisted stock	8	12,854

(d) Information of Number and Amount Recorded on the Balance Sheet of Specified Investment Shares and Deemed Stockholdings

Specified Investment Shares

Stock name	As of March 31, 2024	As of March 31, 2023	Purpose, summary of business partnership, quantitative effect of holding and reason for increase in number of shares held	Holding of Kyocera's shares
	Number of shares	Number of shares		
	Amount on balance sheet (Yen in millions)	Amount on balance sheet (Yen in millions)		
KDDI CORPORATION	335,096,000	335,096,000	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining business relationships and shareholdings as well as the social significance of the company. Kyocera established Daini Denden Co., Ltd. (currently KDDI Corporation) under the corporate philosophy of "To contribute to the advancement of society and humankind." Kyocera pursues a strategic alliance with this company with the aim of addressing social issues, such as the development of telecommunications infrastructure and meeting the demand for renewable energy to improve corporate value over the medium to long-term. In order to promote the renewable energy power generation business and contribute to a decarbonized society, Kyocera acquired a part of the shares of au Renewable Energy Planning Inc. (currently au Renewable Energy Inc.), a company of the KDDI Group, in March 2023, and is proceeding with power plant development based on a capital and business alliance. Kyocera utilizes the shares of KDDI Corporation for the procurement to finance investments needed for sustainable growth.	No
	1,501,900	1,371,548		
Japan Airlines Co., Ltd.	7,638,400	7,638,400	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining business relationships and shareholdings.	No
	22,285	19,722		
Kyoto Financial Group, Inc. *1	6,384,236	1,596,059	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining cooperative relationships, facilitation of financial transactions and shareholdings. <The reason for increase in number of shares held> Number of shares increased due to the stock split.	Yes *2
	17,627	9,975		
DAIKIN INDUSTRIES, LTD.	565,800	1,131,600	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining cooperative and business relationships, and shareholdings. The shares were partially sold during the fiscal 2024 under review.	Yes
	11,655	26,768		
Murata Manufacturing Co., Ltd.	2,176,200	725,400	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining cooperative and business relationships, and shareholdings. <The reason for increase in number of shares held> Number of shares increased due to the stock split.	Yes
	6,146	5,832		
SPCG Public Company Limited	63,500,000	63,500,000	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining business relationships and shareholdings.	No
	3,011	3,426		

Stock name	As of March 31, 2024	As of March 31, 2023	Purpose, summary of business partnership, quantitative effect of holding and reason for increase in number of shares held	Holding of Kyocera's shares
	Number of shares	Number of shares		
	Amount on balance sheet (Yen in millions)	Amount on balance sheet (Yen in millions)		
ROHM Co., Ltd.	1,040,000	260,000	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining cooperative and business relationships, and shareholdings. <The reason for increase in number of shares held> Number of shares increased due to the stock split.	Yes
	2,526	2,852		
Daiwa Securities Group Inc.	2,151,366	2,151,366	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining cooperative and business relationships, facilitation of financial transactions and shareholdings.	Yes
	2,476	1,336		
Mitsubishi UFJ Financial Group, Inc.	1,576,060	1,576,060	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining cooperative and business relationships, facilitation of financial transactions and shareholdings.	Yes *2
	2,454	1,336		
NIDEC CORPORATION	381,700	381,700	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining cooperative and business relationships, and shareholdings.	Yes
	2,340	2,613		
Wacoal Holdings Corp.	239,300	478,500	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining cooperative and business relationships, and shareholdings. The shares were partially sold during the fiscal 2024 under review.	Yes *2
	889	1,190		
TOKYO SEIMITSU CO., LTD.	55,000	55,000	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining cooperative and business relationships, and shareholdings.	Yes
	670	282		
NAKAYAMA FUKU CO., LTD.	926,375	924,305	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by strengthening and maintaining business relationships and shareholdings. <The reason for increase in number of shares held> In order to enhance transactions, shares were acquired through the client stock ownership plan.	No
	341	315		
Naito & Co., Ltd.	2,080,000	3,080,000	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining business relationships and shareholdings. The shares were partially sold during the fiscal 2024 under review.	No
	312	465		
Shinko Shoji Co., Ltd.	240,000	240,000	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining cooperative and business relationships, and shareholdings.	Yes
	287	294		
Sumitomo Mitsui Financial Group, Inc.	—	26,318	From the perspective of improving corporate value over the medium to long-term, Kyocera held shares for corporate growth through earning profits by maintaining cooperative and business relationships, facilitation of financial transactions and shareholdings. However, the shares were sold during the fiscal 2024 under review.	Yes *2
	—	139		
Transphorm, Inc.	—	215,220	From the perspective of improving corporate value over the medium to long-term, Kyocera held shares for corporate growth through earning profits by maintaining business relationships and shareholdings. However, the shares were sold during the fiscal 2024 under review.	No
	—	115		

Stock name	As of March 31, 2024	As of March 31, 2023	Purpose, summary of business partnership, quantitative effect of holding and reason for increase in number of shares held	Holding of Kyocera's shares
	Number of shares	Number of shares		
	Amount on balance sheet (Yen in millions)	Amount on balance sheet (Yen in millions)		
AERWINDS Technologies Inc.	—	453,694	From the perspective of improving corporate value over the medium to long-term, Kyocera held shares for corporate growth through earning profits by maintaining business relationships and shareholdings. However, the shares were sold during the fiscal 2024 under review.	No
	—	57		
YONDOSHI HOLDINGS INC.	—	13,956	From the perspective of improving corporate value over the medium to long-term, Kyocera held shares for corporate growth through earning profits by strengthening and maintaining business relationships and shareholdings. However, the shares were sold during the fiscal 2024 under review.	No
	—	25		
Mizuho Financial Group, Inc	—	2,000	From the perspective of improving corporate value over the medium to long-term, Kyocera held shares for corporate growth through earning profits by maintaining cooperative and business relationships, facilitation of financial transactions and shareholdings. However, the shares were sold during the fiscal 2024 under review.	No
	—	4		

(Notes) 1. The Bank of Kyoto, Ltd. established Kyoto Financial Group, Inc., as a holding company through an independent share transfer on October 2, 2023. As a result, Kyocera was allotted one share of common stock of Kyoto Financial Group, Inc. for each share of common stock of The Bank of Kyoto, Ltd.

2. Major subsidiaries of issuers hold shares of Kyocera.

3. Quantitative holding effects are not included for business reasons, but Kyocera verifies the method described in “b. Stocks for Investment Held for Purposes Other than Pure Investment (b) Methods to Assess the Rationale of Shareholdings and Verification of Appropriateness of Each Shareholding at the Meetings of the Board of Directors” and considers that there is sufficient holding rationality.

Deemed Stockholdings

Not Applicable.

c. Stocks for Investment Held for Pure Investment Purposes

Not Applicable.

V. Financial Information

I. Consolidated Financial Statements and Other Information

(1) Consolidated Financial Statements

a. Consolidated Statement of Financial Position

(Yen in millions)

	Note	As of March 31,	
		2023	2024
Assets			
Current assets			
Cash and cash equivalents	8	373,500	424,792
Trade and other receivables	9,26,32	380,972	392,212
Other financial assets	10,20,32	23,402	35,541
Inventories	11	539,441	540,225
Other current assets	12	39,997	46,584
Total current assets		1,357,312	1,439,354
Non-current assets			
Equity and debt instruments	10,19,32	1,508,258	1,640,038
Investments accounted for using the equity method	13,36	16,752	15,979
Other financial assets	10,20,32	42,567	46,539
Property, plant and equipment	14,16,19	587,478	665,990
Right-of-use assets	20	62,620	82,642
Goodwill	15,16	271,156	282,879
Intangible assets	15,16	147,782	152,171
Deferred tax assets	17	39,759	50,774
Other non-current assets	12,21	60,244	89,010
Total non-current assets		2,736,616	3,026,022
Total assets		4,093,928	4,465,376

The accompanying notes are an integral part of these statements.

(Yen in millions)

	Note	As of March 31,	
		2023	2024
Liabilities and Equity			
Liabilities			
Current liabilities			
Borrowings	19,32	29,060	9,394
Trade and other payables	18,26,32	203,864	212,133
Lease liabilities	20,32	20,351	24,378
Other financial liabilities	32	4,741	5,934
Income tax payables		17,224	22,530
Accrued expenses	26	135,836	142,338
Provisions	22	8,014	8,474
Other current liabilities	19,23,26	41,984	45,008
Total current liabilities		461,074	470,189
Non-current liabilities			
Borrowings	19,32	107,726	199,760
Lease liabilities	20,32	52,664	70,659
Retirement benefit liabilities	21	8,621	9,138
Deferred tax liabilities	17	393,961	441,345
Provisions	22	10,239	11,594
Other non-current liabilities	23	10,808	9,833
Total non-current liabilities		584,019	742,329
Total liabilities		1,045,093	1,212,518
Equity			
Common stock	24	115,703	115,703
Capital surplus		119,144	118,754
Retained earnings		1,912,372	1,967,527
Other components of equity	24	969,801	1,166,752
Treasury stock	24	(93,243)	(143,141)
Total equity attributable to owners of the parent		3,023,777	3,225,595
Non-controlling interests	33	25,058	27,263
Total equity		3,048,835	3,252,858
Total liabilities and equity		4,093,928	4,465,376

The accompanying notes are an integral part of these statements.

b. Consolidated Statement of Profit or Loss

(Yen in millions)

	Note	For the year ended March 31,	
		2023	2024
Sales revenue	6, 26	2,025,332	2,004,221
Cost of sales	11, 14, 15 16, 21, 27	1,460,388	1,451,110
Gross profit		564,944	553,111
Selling, general and administrative expenses	14, 15, 16 21, 27, 28, 32	436,427	460,188
Operating profit		128,517	92,923
Finance income	10, 29, 32	52,289	60,839
Finance expenses	29, 32	8,245	18,836
Share of net profit (loss) of investments accounted for using the equity method	13	695	(526)
Other, net		2,936	1,743
Profit before income taxes	6	176,192	136,143
Income taxes	17	45,227	31,316
Profit for the year		130,965	104,827

Profit attributable to:			
Owners of the parent		127,988	101,074
Non-controlling interests		2,977	3,753
Profit for the year		130,965	104,827

Per share information:			
Earnings per share attributable to owners of the parent	30		
Basic and diluted (Yen)		89.15	71.58

The accompanying notes are an integral part of these statements.

c. Consolidated Statement of Comprehensive Income

(Yen in millions)

	Note	For the year ended March 31,	
		2023	2024
Profit for the year		130,965	104,827
Other comprehensive income, net of taxation			
Items that will not be reclassified to profit or loss:			
Financial assets measured at fair value through other comprehensive income	24,32	25,263	101,351
Re-measurement of defined benefit plans	21,24	6,890	17,853
Total items that will not be reclassified to profit or loss		32,153	119,204
Items that may be reclassified subsequently to profit or loss:			
Net changes in fair value of cash flow hedge	24	(12)	(47)
Exchange differences on translating foreign operations	24	64,175	103,532
Share of other comprehensive income of investments accounted for using the equity method	13,24	(48)	167
Total items that may be reclassified subsequently to profit or loss		64,115	103,652
Total other comprehensive income		96,268	222,856
Comprehensive income for the year		227,233	327,683

Comprehensive income attributable to:			
Owners of the parent		223,978	323,000
Non-controlling interests		3,255	4,683
Comprehensive income for the year		227,233	327,683

The accompanying notes are an integral part of these statements.

d. Consolidated Statement of Changes in Equity

For the year ended March 31, 2023

(Yen in millions)

	Note	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		
Balance as of April 1, 2022		115,703	122,751	1,846,102	880,297	(93,299)	2,871,554	26,719	2,898,273
Profit for the year				127,988			127,988	2,977	130,965
Other comprehensive income					95,990		95,990	278	96,268
Total comprehensive income for the year		—	—	127,988	95,990	—	223,978	3,255	227,233
Cash dividends	25			(68,192)			(68,192)	(2,741)	(70,933)
Purchase of treasury stock						(14)	(14)		(14)
Reissuance of treasury stock			34			70	104		104
Transactions with non-controlling interests	33		(3,641)				(3,641)	(2,191)	(5,832)
Transfer to retained earnings	24			6,486	(6,486)		—		—
Others				(12)			(12)	16	4
Balance as of March 31, 2023		115,703	119,144	1,912,372	969,801	(93,243)	3,023,777	25,058	3,048,835

For the year ended March 31, 2024

(Yen in millions)

	Note	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		
Balance as of April 1, 2023		115,703	119,144	1,912,372	969,801	(93,243)	3,023,777	25,058	3,048,835
Profit for the year				101,074			101,074	3,753	104,827
Other comprehensive income					221,926		221,926	930	222,856
Total comprehensive income for the year		—	—	101,074	221,926	—	323,000	4,683	327,683
Cash dividends	25			(71,149)			(71,149)	(2,321)	(73,470)
Purchase of treasury stock	24					(50,015)	(50,015)		(50,015)
Reissuance of treasury stock			48			117	165		165
Transactions with non-controlling interests	33		(438)				(438)	(157)	(595)
Transfer to retained earnings	24			24,975	(24,975)		—		—
Others				255			255		255
Balance as of March 31, 2024		115,703	118,754	1,967,527	1,166,752	(143,141)	3,225,595	27,263	3,252,858

The accompanying notes are an integral part of these statements.

e. Consolidated Statement of Cash Flows

(Yen in millions)

	Note	For the year ended March 31,	
		2023	2024
Cash flows from operating activities:			
Profit for the year		130,965	104,827
Depreciation and amortization		149,603	156,950
Finance expenses (income)	29	(44,044)	(42,003)
Share of net (profit) loss of investments accounted for using the equity method	13	(695)	526
(Gains) losses from sales or disposal of property, plant and equipment		(1,667)	(298)
Income taxes	17	45,227	31,316
(Increase) decrease in trade and other receivables		9,732	22,432
(Increase) decrease in inventories		(67,949)	36,825
(Increase) decrease in other assets		10,307	1,337
Increase (decrease) in trade and other payables		(29,661)	(38,792)
Increase (decrease) in accrued expenses		2,752	(836)
Increase (decrease) in other liabilities	21	(25,554)	2,608
Other, net		1,833	(17,816)
Subtotal		180,849	257,076
Interests and dividends received		52,362	60,462
Interests paid		(2,535)	(4,176)
Income taxes refund (paid)		(51,464)	(44,293)
Net cash provided by operating activities		179,212	269,069
Cash flows from investing activities:			
Payments for purchases of property, plant and equipment		(176,624)	(147,654)
Payments for purchases of intangible assets		(10,019)	(12,085)
Proceeds from sales of property, plant and equipment		3,595	2,535
Acquisitions of business, net of cash acquired	31	(3,093)	(2,515)
Acquisition of time deposits and certificate of deposits		(14,694)	(16,260)
Withdrawal of time deposits and certificate of deposits		33,966	5,017
Payments for purchases of securities		(5,071)	(1,625)
Proceeds from sales and maturities of securities		4,960	14,789
Other, net		(1,853)	(615)
Net cash used in investing activities		(168,833)	(158,413)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings	31	(10,000)	(20,000)
Proceeds from long-term borrowings	31	98,198	100,611
Repayments of long-term borrowings	31	(49,518)	(11,051)
Repayments of lease liabilities	20,31	(23,975)	(26,845)
Dividends paid		(70,117)	(74,704)
Purchase of treasury stock	24	(14)	(50,015)
Other, net		(5,831)	(592)
Net cash used in financing activities		(61,257)	(82,596)
Effect of exchange rate changes on cash and cash equivalents		10,249	23,232
Increase (decrease) in cash and cash equivalents		(40,629)	51,292
Cash and cash equivalents at the beginning of the year		414,129	373,500
Cash and cash equivalents at the end of the year	8	373,500	424,792

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

1. Reporting Entity

Kyocera Corporation is a corporation domiciled in Japan, whose shares are listed on the Tokyo Stock Exchange. The registered address of headquarters and principal business offices are available on the Kyocera Corporation's website (<https://global.kyocera.com/>).

The consolidated financial statements as of and for the year ended March 31, 2024 consist of Kyocera Corporation and its consolidated subsidiaries and shares of associates of Kyocera.

Kyocera develops, produces and distributes worldwide various kinds of products primarily for the following markets: information and communications, semiconductor, industrial machinery, automotive-related and environment and energy. The details are described in Note "6. Segment Information."

2. Basis of Preparation

(1) Compliance with IFRS

The consolidated financial statements of Kyocera have been prepared in accordance with International Financial Reporting Standards (hereinafter, "IFRS") issued by International Accounting Standards Board pursuant to the provision of Article 93 of Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements under Japanese Law, as Kyocera meets the criteria of a "specified company complying with designated international accounting standards" defined under Article 1-2.

(2) Basis of Measurement

These consolidated financial statements have been prepared under the historical cost basis, except for certain items, such as financial instruments that are measured at fair value and hyperinflationary accounting adjustments to subsidiaries whose functional currency is Turkish Lira.

(3) Functional Currency and Presentation Currency

These consolidated financial statements are presented in Japanese yen, which is the functional currency of Kyocera, and amounts less than one million yen are rounded.

(4) Change in Accounting Policy

Kyocera has adopted the mandatory standards and interpretations from the year ended March 31, 2024. The main changes are as follows:

Amendments to IAS 12 "Income Taxes" (hereinafter "IAS 12")

Kyocera has adopted an amendment to IAS 12 (Clarified of accounting for deferred tax related to assets and liabilities arising from a single transaction).

This amendment has no material impact on the Kyocera's consolidated financial statements; however, it affects the notes. For detailed information, please refer to Note "17. Income Taxes (1) Deferred Tax Assets and Deferred Tax Liabilities."

Kyocera has also adopted an amendment to IAS 12 (International Tax Reform - Pillar Two Model Rules).

This amendment provides a temporary mandatory exception that requires not to recognize and disclose deferred tax assets and deferred tax liabilities related to the income taxes arising from the tax legislation enacted or substantially enacted for introducing the Pillar Two Model Rules published by the Organisation for Economic Co-operation and Development and Kyocera has applied this exception.

(5) Change in Presentation

Consolidated Statement of Financial Position

"Short-term investments" which were separately presented for fiscal 2023 are included in "other financial assets" in current assets from fiscal 2024 due to their immateriality in terms of the amounts.

To reflect the change in presentation, Kyocera has reclassified the consolidated statement of financial position for fiscal 2023. As a result, 4,787 million yen of "short-term investments" and 18,615 million yen of "other financial assets" in current assets, which were presented in the consolidated statement of financial position for fiscal 2023, are reclassified and presented as "other financial assets" in current assets.

Consolidated Statement of Profit or Loss

“Foreign exchange gains (losses)” which were separately presented for fiscal 2023 are included in “finance expenses” from fiscal 2024 due to their immateriality in terms of the amounts.

To reflect the change in presentation, Kyocera has reclassified the consolidated statement of profit or loss for fiscal 2023. As a result, (4,651) million yen of “foreign exchange gains (losses)” and 3,594 million yen of “finance expenses,” which were presented in the consolidated statement of profit or loss for fiscal 2023, are reclassified and presented as “finance expenses.”

Consolidated Statement of Cash Flows

“Foreign exchange gains (losses),” which were included in “other, net” of cash flows from operating activities for fiscal 2023, are included in “finance expenses (income)” of cash flows from operating activities due to the change in presentation of the consolidated statement of profit or loss from fiscal 2024. “Impairment loss” of cash flows from operating activities and “purchase of non-controlling interests” of cash flows from financing activities are also included in “other, net” due to their immateriality in terms of the amounts.

To reflect these changes in presentation, Kyocera has reclassified the consolidated statement of cash flows for fiscal 2023. As a result, (48,695) million yen of “finance expenses (income),” 1,306 million yen of “impairment loss” and 5,178 million yen of “other, net,” which were presented as cash flows from operating activities for fiscal 2023, are reclassified and presented as “finance expenses (income)” and “other, net,” and (5,832) million yen of “purchase of non-controlling interests” and 1 million yen of “other, net,” which were presented as cash flows from financing activities, are reclassified and presented as “others, net.”

3. Material Accounting Policies

(1) Basis of Consolidation

a. Subsidiaries

A subsidiary is an entity that is controlled by Kyocera. Kyocera controls an entity when Kyocera is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are consolidated from the date on which Kyocera first obtains control until the date on which the control is lost.

If any accounting policies applied by subsidiaries are different from those applied by Kyocera, adjustments are made to the subsidiary's financial statements, as needed. All intragroup balances, transactions and unrealized gains or losses arising from intragroup transactions are eliminated on consolidation.

Any changes in Kyocera's ownership interest that do not result in a loss of control of subsidiaries are accounted for as equity transactions. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the parent. When Kyocera loses control of a subsidiary, gains and losses arising from the loss of control are recognized in profit or loss.

b. Associates

An associate is an entity over which Kyocera has significant influence over their financial and operating policies but does not have control. Associates are accounted for using the equity method from the date on which Kyocera has significant influence until the date on which Kyocera ceases to have significant influence.

(2) Business Combination

Business combinations are accounted for using the acquisition method and acquisition-related costs are expensed as incurred. Each identifiable asset acquired, liability and contingent liability assumed in a business combination is measured at fair value at its acquisition date.

The excess of the consideration transferred, the amount of non-controlling interests in the acquiree and the fair value of the equity interest in the acquiree previously held by the acquirer over the fair value of identifiable net assets acquired at the acquisition date is recognized as goodwill. If the total is less than the fair value of the identifiable net assets, the difference is recognized in profit or loss. Consideration transferred is calculated as the total of the fair value of the assets transferred, liabilities assumed and equity interest issued, and includes fair value of assets or liabilities arising from the contingent consideration arrangement.

Kyocera recognizes non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

(3) Foreign Currency Translation

a. Functional Currency

Each entity in Kyocera determines its own functional currency and measures transactions based on its own functional currency.

b. Foreign Currency Transactions

Foreign currency transactions are translated using the spot exchange rate at the date of transaction, or an exchange rate that approximates the spot exchange rate.

Monetary items denominated in foreign currencies are translated into the functional currency using the current exchange rate prevailing at the end of the reporting period. Non-monetary items denominated in foreign currencies measured at fair value are translated into the functional currency using the rate prevailing at the date when the fair value was measured. Non-monetary items denominated in foreign currencies measured at cost are translated using the exchange rate at the transaction date. Exchange differences arising from such translation and settlement are recognized in profit or loss, except for those deferred in equity as effective cash flow hedges.

c. Foreign Operations

A foreign operation is an entity that is a subsidiary or an associate of Kyocera whose activities are based in a country or currency other than Japan. Assets and liabilities of foreign operations are translated into Japanese yen using exchange rate prevailing at the end of reporting period, while income, expenses and cash flows are translated into Japanese yen using the average exchange rate for the period except for foreign operations in hyperinflationary economies. Exchange differences arising from translating financial statements of the foreign operations are recognized in other comprehensive income. These cumulative differences are reclassified to profit or loss when Kyocera loses control or significant influence over the foreign operations by its disposal.

d. Hyperinflationary Accounting Adjustments

Kyocera has applied hyperinflationary accounting adjustments to subsidiaries whose functional currency is Turkish Lira as required by IAS 29 “Financial Reporting in Hyperinflationary Economies.” Adjustments are made to the separate financial statements of the foreign operations in hyperinflationary economies to reflect the impact of inflation, and income, expenses and cash flow are translated into Japanese yen using the exchange rate at the end of the reporting period.

(4) Cash and Cash Equivalents

Cash and cash equivalents consist of cash, demand deposits and highly liquid investments with maturity of three months or less from the acquisition date.

(5) Inventories

Inventories are measured at the lower of cost and net realizable value.

For finished goods and merchandise and work in process, cost is determined mainly using the weighted average method. For raw materials and supplies, cost is determined mainly using the first-in, first-out method.

Net realizable value is the estimated selling price in the ordinary course of business less any estimated costs of completion and estimated costs necessary to make the sale.

(6) Property, Plant and Equipment

Property, plant and equipment are measured by using the cost model and are stated at cost less accumulated depreciation and accumulated impairment losses. The cost includes expenses directly attributable to the acquisition of the assets, and the costs of dismantling, removing and restoring. Property, plant and equipment are depreciated using the straight-line method over their useful lives. The useful lives of major components of property, plant and equipment are as follows:

Building and structures	2 to 50 years
Machinery and equipment	2 to 20 years

The residual values, the useful lives and the depreciation methods of the assets are reviewed at the end of each reporting period and any changes are applied prospectively as a change in accounting estimate. Subsequent costs, major renewals and betterments are capitalized as property, plant and equipment and depreciated based on their useful lives. All other repairs and maintenance are recognized as expenses during the period in which they are incurred.

(7) Goodwill and Intangible Assets

a. Goodwill

Goodwill acquired in the business combination is stated at the amount of cost less accumulated impairment losses. Goodwill is not amortized, and is tested for impairment when there is an indication of impairment in cash generating unit to which goodwill has been allocated by expectation of benefits from business combination, and annually, regardless of any indication of impairment.

b. Intangible Assets

Intangible assets are measured by using the cost model and intangible assets with finite useful lives are stated at cost less accumulated amortization and accumulated impairment losses. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.

Expenditures in development activities are recognized as intangible assets only if all of the following requirements can be demonstrated. In other cases, these expenditures are recognized as expenses when they are incurred.

- (a) Technical feasibility of completing the intangible asset so that it will be available for use or sale
- (b) Intention to complete the intangible asset and use or sell it
- (c) Ability to use or sell the intangible asset
- (d) How the intangible asset will generate probable future economic benefits
- (e) Availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- (f) Ability to measure reliably the expenditure attributable to the intangible asset during its development

Intangible assets with finite useful lives are amortized using the straight-line method over their useful lives. The major components of intangible assets are customer relationships, non-patent technology, software and patent rights and their useful lives are as follows:

Customer relationships	2 to 20 years
Non-patent technology	5 to 25 years
Software	2 to 15 years
Patent rights	2 to 20 years
Others	2 to 50 years

The useful lives and amortization method for intangible assets with finite useful lives are reviewed at the end of each reporting period and any changes are applied prospectively as a change in accounting estimates.

Intangible assets with finite useful lives are tested for impairment when there is an indication that may be impaired. Intangible assets with indefinite useful life and intangible assets that are not yet available for use are not amortized, and are tested for impairment annually and at the time when there is an indication that may be impaired, or situation is changed.

(8) Lease

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. 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 on a straight-line basis 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 remaining lease payments using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, lessee's incremental borrowing rate is used. After the commencement date, Kyocera measures 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 is determined based on actual content of the transaction, not on the form of the lease agreement.

(a) 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.

(b) Operating Leases

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.

(9) Impairment of Non-Financial Assets

At the end of each fiscal year, Kyocera reviews each non-financial asset, excluding inventories and deferred tax assets, to assess whether there is an indication that it may be impaired. If any such indication exists, the recoverable amount of the asset is estimated and tested for impairment. Regardless of whether or not there are indications of impairment, goodwill and intangible assets with indefinite useful lives are tested for impairment annually. The impairment loss is recognized when the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount.

The recoverable amount of an asset or cash generating unit is the higher of fair value less costs to sell, or value in use. In calculating the value in use, the estimated future cash flows based on business plan approved by the management are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset.

Kyocera assesses whether there is any indication that an impairment loss recognized in prior years for an asset excluding goodwill may no longer exist or may have decreased, such as any changes in assumptions used for the determination of the recoverable amount. If any such indication exists, the recoverable amount of the asset or cash generating unit is estimated, and if the recoverable amount exceeds the carrying amount of the asset or cash generating unit, impairment losses are reversed up to the lower of the estimated recoverable amount or the carrying amount (net of depreciation) that would have been determined if no impairment losses had been recognized in prior years.

(10) Financial Instruments

Financial assets and financial liabilities are recognized when Kyocera becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured at fair value at the time of initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets and issuance of financial liabilities other than financial assets and liabilities measured at fair value through profit or loss are added to the fair value of the financial assets or deducted from the fair value of financial liabilities at the time of initial recognition. Transaction costs that are directly attributable to the acquisition or issuance of the financial assets or liabilities measured at fair value through profit or loss are recognized in profit or loss.

a. Non-Derivative Financial Assets

Non-derivative financial assets are classified as financial assets measured at amortized cost, debt financial assets measured at fair value through other comprehensive income, equity financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss. The classification depends on the nature and purpose of the financial assets and is determined upon initial recognition.

Financial assets, such as stocks and bonds, purchased and sold in a regular way are recognized and derecognized on a contract date. Purchases and sales made in regular way refer to acquiring or disposing of financial assets under a contract that requires the delivery of assets within a timeframe established by regulation or convention in the marketplace. All other financial assets are initially recognized on the trade date.

(a) Financial Assets Measured at Amortized Cost

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

- The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost using the effective interest method, less any impairment. Interest income based on the effective interest rate is recognized in profit or loss.

(b) Debt Financial Assets Measured at Fair Value Through Other Comprehensive Income

Financial assets are classified as debt financial assets at fair value through other comprehensive income if both of the following conditions are met:

- The financial assets are held within a business model for which the objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, debt financial assets at fair value through other comprehensive income are measured at fair value, and gains or losses arising from changes in fair value are recognized in other comprehensive income. Any cumulative amounts recognized in other comprehensive income are reclassified to profit or loss upon derecognition. Foreign exchange gains and losses arising on debt financial assets at fair value through other comprehensive income and interest income calculated using the effective interest method relating to debt financial assets at fair value through other comprehensive income are recognized in profit or loss.

(c) Equity Financial Assets at Fair Value Through Other Comprehensive Income

At initial recognition, Kyocera has made an irrevocable election for equity financial assets that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income and classifies such investments as equity financial assets at fair value through other comprehensive income. Subsequent to initial recognition, equity financial assets at fair value through other comprehensive income are measured at fair value, and gains or losses arising from changes in fair value are recognized in other comprehensive income.

When these financial assets are derecognized, cumulative gains and losses recognized in other comprehensive income are directly transferred to retained earnings. Dividends received on equity financial assets at fair value through other comprehensive income are recognized in profit or loss.

(d) Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss, if they are classified as neither financial assets at amortized cost, debt financial assets at fair value through other comprehensive income, nor equity financial assets at fair value through other comprehensive income.

Neither financial assets are designated as measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value and gains or losses arising from changes in fair value, dividend income and interest income are recognized in profit or loss.

(e) Derecognition

Financial assets are derecognized when, and only when the contractual rights to receive the cash flows from the financial assets expired or have been transferred and has transferred substantially all the risks and rewards of ownership.

(f) Impairment

Kyocera assesses the expected credit losses associated with its financial assets measured at amortized cost and debt financial assets measured at fair value through other comprehensive income, and loss allowance is recognized at each reporting date.

Kyocera measures the loss allowance for financial instruments at an amount equal to the full lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition, after considering all reasonable and supportable information that is available including forward-looking information.

On the other hand, when credit risk has not increased significantly since initial recognition, Kyocera measures the loss allowance at an amount equal to 12-month expected credit losses.

However, with respect to trade receivables and lease receivables, notwithstanding the aforementioned, loss allowance is always measured at an amount equal to full lifetime expected credit losses. The amount of expected credit losses or reversal that is required to adjust the loss allowance is recognized in profit or loss.

b. Non-Derivative Financial Liabilities

Non-derivative financial liabilities are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost at initial recognition.

Non-derivative financial liabilities are classified as financial liabilities at fair value through profit or loss when the entire hybrid contract, including one or more embedded derivatives, is designated as a financial liability at fair value through profit or loss. Subsequent to initial recognition, liabilities at fair value through profit or loss are measured at fair value and gains or losses arising from changes in fair value and interest costs are recognized in profit or loss.

Any changes in fair value of these financial liabilities that are attributable to a change in own credit risk of the liabilities are included in other components of equity.

Financial liabilities measured at amortized cost are measured using the effective interest method, subsequent to initial recognition.

Kyocera derecognizes financial liabilities when Kyocera's obligations are met, that is, when debts are discharged, cancelled or expire.

c. Derivatives and Hedge Accounting

(a) Derivatives

Kyocera utilizes derivatives consisting of exchange contracts to reduce foreign currency risk. Derivatives are initially recognized at fair value on the date a derivative contract is entered into, and they are subsequently re-measured to their fair value at the end of each reporting period.

Changes in the fair value of derivatives are recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument. Derivative financial assets not designated as hedging instruments are classified as financial assets at fair value through profit or loss, and derivative financial liabilities not designated as hedging instruments are classified as financial liabilities at fair value through profit or loss.

(b) Hedge Accounting

Kyocera designates certain derivative transactions as hedging instruments and accounts for them as cash flow hedges.

At inception of the hedging relationship, Kyocera documents the economic relationship between hedging instruments and hedged items, risk management objectives, strategy for undertaking the hedge, methods for assessing whether a hedging relationship meets the hedge effectiveness requirements and methods for measuring hedge effectiveness and hedge ineffectiveness. A hedge is determined to be effective when all of the following criteria are met:

- There is an economic relationship between the hedged item and hedging instrument
- The effect of credit risk does not dominate the value changes that result from that economic relationship
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

This process includes linking all derivatives designated as cash flow hedges to specific assets and liabilities on the financial position or forecasted transactions. Kyocera's associate utilizes interest rate swaps mainly with applying hedge accounting to convert a variable-rate debt into fixed rate for the purpose of fixing cash flows for funds procured at variable interest rates.

Kyocera discontinues hedge accounting prospectively only when the hedging relationship ceases to meet the qualifying criteria after taking into account any adjustment to the hedge ratio of hedging relationship.

Cash flow hedge is accounted for as follows:

At the inception of the hedge and on an ongoing basis, Kyocera evaluates whether the hedging instrument is effective in offsetting changes in cash flows of the relevant hedged item during the underlying period. Of changes in fair value of hedging instruments, the effective portion is recognized in other comprehensive income, while the ineffective portion is recognized in profit or loss. The amounts of hedging instruments recorded in other comprehensive income are reclassified to profit or loss when the hedged transactions affect profit or loss. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a liability, the gains and losses previously deferred in equity are transferred from equity and included directly in the initial cost or other carrying amount of the asset or liability.

When it is determined that a hedge is not effective or that it has ceased to be effective, Kyocera discontinues hedge accounting prospectively. Unrealized gains or losses arising from the discontinuance of hedge accounting are deferred as other comprehensive income. When a forecasted transaction is no longer expected to occur, any related income included in accumulated other comprehensive income is reclassified immediately to profit or loss.

(11) Income Taxes

Income taxes are composed of current and deferred taxes, and recognized in profit or loss, except for taxes related to business combinations and items that are recognized in other comprehensive income or directly in equity. Current taxes are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred taxes are recognized on temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts used for taxation purposes, unused net operating loss carryforward and unused tax credit carryforward. Deferred tax assets and liabilities are not recognized for temporary differences from initial recognition of assets and liabilities that do not arise from business combinations, that do not impact accounting profit or taxable income at the time of the transaction and that do not give rise to equal taxable and deductible temporary differences at the time of the transaction. Deferred tax liabilities are also not recognized for taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are not recognized for taxable temporary differences associated with investments in subsidiaries and associates when Kyocera is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences associated with investments in subsidiaries and associates when it is probable that the temporary difference will reverse in the foreseeable future and when there will be sufficient taxable profits against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when they are reversed, based on tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if Kyocera has a legally enforceable right to set off current tax assets against current tax liabilities, and income taxes are levied by the same taxation authority on the same taxable entity. Deferred tax liabilities are basically recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused net operating loss carryforward and unused tax credit carryforward can be utilized. Deferred tax assets are reassessed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Kyocera records the effect of unrecognized tax benefits based on the premise of being subject to income tax examination by tax authorities, when it is probable that tax benefits associated with tax positions will not be sustained. Benefits related to tax positions are measured at the amount that is expected to be probable of occurrence upon settlement with tax authorities.

Kyocera applies the exceptions to recognition and disclosure in respect of deferred tax assets and liabilities related to Pillar Two income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

(12) Government Grants

Government grants are recognized at fair value when there is a reasonable assurance that Kyocera receives the grants and complies with the terms and conditions attached to the grants. Government grants that are intended to compensate for specific costs are recognized as income in the period in which Kyocera recognizes the corresponding expenses. Government grants related to assets are directly deducted from acquisition cost of the assets.

(13) Employee Benefits

a. Post-Employment Benefits

Kyocera primarily adopts defined benefit plans.

In the defined benefit plans, net defined benefit liability or asset is calculated by the present value of the defined benefit obligation less the fair value of plan assets. The ceiling of the amount recorded as assets based on this calculation is the present value of any future economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The defined benefit obligation is determined using the projected unit credit method, and its present value is calculated by applying a discount rate to projected benefits. The discount rate is determined based on the yield curve of high quality corporate bonds over the approximate period of the benefit payments.

Service cost and interest on the net defined benefit liability or asset are recognized as profit or loss.

Past service cost is immediately recognized in profit or loss.

Re-measurements of net defined benefit liability or asset including actuarial gains and losses are recognized in other comprehensive income when they were incurred and transferred to retained earnings immediately from other components of equity.

b. Short-Term Employee Benefits

Short-term employee benefits such as wages, salaries and social security contributions are recognized as an expense when the service is rendered.

Bonuses are recognized as a liability when Kyocera has legal or constructive obligations to pay for work provided by employees and the amount can be reliably estimated.

Unused annual leave, which employees have earned but have not yet used, are recognized as accrued liabilities.

(14) Provisions

Provisions are recognized when Kyocera has present legal or constructive obligations as a result of past events, it is probable that outflow of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of obligations.

(15) Equity

a. Common Stock

Proceeds from the issuance of common stocks by Kyocera are recognized in common stock and capital surplus and its transaction costs, net of taxation, are deducted from capital surplus.

b. Treasury Stock

When Kyocera acquires treasury stock, the consideration paid including transaction costs is deducted from equity.

No gain or loss will be recognized on the purchase, sale, issue or cancellation of treasury stock. The difference between the carrying amount and the consideration on sale is recognized as capital surplus.

(16) Revenue Recognition

Kyocera recognizes revenue in accordance with IFRS 15 “Revenue from contracts with customers” (hereinafter, “IFRS 15”), excluding interest and dividend income and such other income from financial instruments recognized in accordance with IFRS 9 “Financial instruments” and excluding lease arrangement recognized in accordance with IFRS 16 “Leases” (hereinafter, “IFRS 16”) by applying the following steps:

- Step 1: Identify the contracts with customers
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Kyocera’s main revenue sources are sales in markets such as information and communications, semiconductor, and automotive-related. The reporting segment in Kyocera consists of “Core Components Business,” “Electronic Components Business” and “Solutions Business.”

Kyocera’s business unit, main businesses and subsidiaries are as follows:

Reporting Segment and Business Unit	Main Businesses and Subsidiaries
Core Components Business	
Industrial & Automotive Components Unit	Fine Ceramic Components, Automotive Components, Optical Components
Semiconductor Components Unit	Ceramic Packages, Organic Packages and Boards
Others	Medical Devices, Jewelry & Applied Ceramic Related Products
Electronic Components Business	Electronic Components, Kyocera AVX Components Corporation
Solutions Business	
Industrial Tools Unit	Industrial Tools
Document Solutions Unit	Information Equipment (Kyocera Document Solutions Inc.)
Communications Unit	Telecommunications Equipment, Information Systems and Telecommunication Services (Kyocera Communication Systems Co., Ltd.)
Others	Smart Energy, Displays, Printing Devices

Sales to customers in Kyocera are based on the specific terms and conditions contained in basic contracts with customers and firm customer orders which detail the price, quantity and timing of the transfer of ownership of the products.

a. Sale of Products

Kyocera mainly recognizes revenue of products at the time of receipt of the products by the customer or shipping date because the customer obtains control over the products upon receipt or shipment, the performance obligation is judged to have been satisfied.

For the sales of printers and multifunctional products with installation services to end users in the “Document Solutions Unit,” the revenue is recognized at the time of completion of installation and customer acceptance because the performance obligation is judged to have been satisfied unless Kyocera has further obligations under the contracts.

b. Sales of Services

In the “Document Solutions Unit,” revenues from maintenance contracts in which the customer typically pays a variable amount based on usage and a stated fixed fee or a stated base fee plus a variable amount are recognized. Revenue from the maintenance contract is recognized over a certain period of time as the relevant performance obligation is satisfied since Kyocera judges the performance obligation of the maintenance contract as making the machine always available for the customers. For the maintenance contract in which the customer pays a stated fixed fee, revenue is recognized ratably over the contract period.

For all sales in the above segments, product returns are only accepted if the products are determined to be defective. There are no price protections, stock rotation or returns provisions, except for certain programs in the “Electronic Components Business” as noted below.

c. Sales Incentives

In the “Electronic Components Business,” sales to independent electronic component distributors may be subject to various sale programs below for which a provision for incentive programs is recorded as a reduction of revenue at the time of sale. Revenue is measured at the consideration promised in a contract with a customer, less sales incentives.

(a) Distributor Stock Rotation Program

Stock rotation is a program whereby distributors are allowed to return, for credit, qualified inventory, semiannually, equal to a certain percentage of the previous six months net sales. An estimated right of return liability for stock rotation is recorded at the time of sale based on a percentage of distributor sales using historical trends, current pricing and volume information, other market specific information and input from sales, marketing and other key management personnel. These procedures require the exercise of significant judgments. Kyocera believes that these procedures enable Kyocera to make reliable estimates of future returns under the stock rotation program. Kyocera’s actual results have historically approximated its estimates. When the products are returned and verified, Kyocera reduces accounts receivables from distributors.

(b) Distributor Ship-From-Stock and Debit Program

Ship-from-Stock and Debit (ship and debit) is a program designed to assist distributor customers in meeting competitive prices in the marketplace on sales to their end customers. Ship and debit programs require a request from the distributor for a pricing adjustment for a specific part for a sale to the distributor’s end customers from the distributor’s stock. Ship and debit authorizations may cover current and future distributor activity for a specific part for sale to their customers. In accordance with IFRS 15, at the time Kyocera records sales to the distributors, Kyocera estimates the variable consideration of the estimated future distributor activity related to such sales since it is probable that such sales to distributors will result in ship and debit activity. Kyocera records an estimated variable consideration based on sales during the period, credits issued to distributors, distributor inventory levels, historical trends, market conditions, pricing trends noted in direct sales activity with original equipment manufacturers and other customers, and input from sales, marketing and other key management personnel. These procedures require the exercise of significant judgments. Kyocera believes that these procedures enable Kyocera to make reliable estimates of the future variable consideration under the ship and debit program. Kyocera’s actual results have historically approximated its estimates.

d. Sales Rebates

In the case of sales to distributors in the “Industrial Tools Unit” and “Document Solutions Unit,” Kyocera provides cash rebates when predetermined sales targets are achieved during a certain period. Provisions for sales rebates are recorded as a reduction of revenue at the time of revenue recognition based on the best estimate of forecasted sales of each distributor.

e. Sales Returns

Kyocera records an estimated right of return liability for returns at the time of sale based on historical return experience. Revenue is measured at the consideration promised in a contract with a customer, less right of return liability.

f. Products Warranty

In the “Document Solutions Unit,” Kyocera provides a standard one-year manufacturer’s warranty on its products. For sales directly to end users, Kyocera offers extended warranty plans that may be purchased and that are renewable in one-year incremental periods at the end of the warranty term. These extended warranty plans are recognized as separate warranty obligations and the parts of the transaction prices are allocated to the performance obligation. Service revenues are subsequently recognized over the terms of the extended warranty plans. Under the contract relating to hybrid transactions in which Kyocera provides multiple goods or services, such as selling products and providing maintenance services, Kyocera identifies performance obligations in the contract. In case it is necessary to allocate the consideration of the contract to separate performance obligations, Kyocera allocates the transaction price based on the stand-alone selling price. Such stand-alone selling prices are determined based on the sales price of the similar products or service, and all information that is reasonably available.

(17) Earnings Per Share Attributable to Owners of the Parent

Earnings per share attributable to owners of the parent - Basic is calculated by dividing profit attributable to owners of the parent by the average number of ordinary shares outstanding after adjusting for treasury stock during the period.

4. Significant Accounting Estimates and Judgments Involving Estimations

In preparing the consolidated financial statements under IFRS, the management is required to make judgments, estimates and assumptions that affect the application of accounting policies and carrying amounts of assets, liabilities, revenue and expenses. By the nature of the estimates or assumptions, however, actual results in the future may differ from those estimates and assumptions.

The estimates and underlying assumptions are continuously reviewed. Revision to accounting estimates are recognized in the period in which the estimates are revised as well as in the future periods.

Significant judgements and estimates made by management that affect the amounts recognized in Kyocera's consolidated financial statements are as follows:

- Evaluation of inventories
(Note "3. Material Accounting Policies (5) Inventories" and "11. Inventories")
- Estimates for residual value and useful life of property, plant and equipment and intangible assets
(Note "3. Material Accounting Policies (6) Property, Plant and Equipment," "3. Material Accounting Policies (7) Goodwill and Intangible Assets," "14. Property, Plant and Equipment," and "15. Goodwill and Intangible Assets")
- Estimates for impairment of property, plant and equipment, goodwill and intangible assets
(Note "3. Material Accounting Policies (9) Impairment of Non-Financial Assets," and "16. Impairment of Non-Financial Assets")
- Fair value measurement of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income
(Note "3. Material Accounting Policies (10) Financial Instruments," "10. Equity, Debt Instruments and Other Financial Assets" and "32. Financial Instruments")
- Estimates for impairment of financial assets measured at amortize cost
(Note "3. Material Accounting Policies (10) Financial Instruments" and "32. Financial Instruments")
- Estimates on recoverability of deferred tax assets and uncertainty on tax position
(Note "3. Material Accounting Policies (11) Income Taxes" and "17. Income Taxes")
- Estimates on defined benefit liability
(Note "3. Material Accounting Policies (13) Employee Benefits" and "21. Employee Benefits")
- Judgments and estimates for recognition and measurement on provisions and recognition of liabilities and expenses related to contingencies
(Note "3. Material Accounting Policies (14) Provisions," "22. Provisions" and "36. Contingency")
- Judgments and estimates for revenue recognition and measurement
(Note "3. Material Accounting Policies (16) Revenue Recognition" and "26. Sales Revenue")

5. New Standards and Interpretations not yet Adopted

The main new or revised standards or interpretations that were issued by the date of approval of the consolidated financial statements but have not yet been applied by Kyocera are as follows.

Kyocera is currently assessing the possible impacts that this application will have on the consolidated financial statements.

IFRS		Effective date (From the year beginning on or after)	Kyocera's adoption year	Description of new and revised standards
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	From the year ending March 31, 2028	Introduction of three new categories, which are operating, investing, and financing, in the statement of profit or loss Disclosure of information about management-defined performance measures (MPMs) Enhanced guidance for grouping (aggregation and disaggregation) of items in the primary financial statements and the notes.

6. Segment Information

(1) Overview of Reporting Segment

Kyocera's reporting segments are components of business activities for which discrete financial information is available, and such information is regularly reviewed by management in order to make decisions regarding the allocation of resources and assess its performance.

Kyocera's reporting segments are the same as the operating segments.

Main businesses and subsidiaries of each reporting segment are as follows.

Reporting Segment	Main Businesses and Subsidiaries
Core Components Business	Fine Ceramic Components, Automotive Components, Optical Components, Ceramic Packages, Organic Packages and Boards, Medical Devices, Jewelry & Applied Ceramic Related Products
Electronic Components Business	Electronic Components, Kyocera AVX Components Corporation
Solutions Business	Industrial Tools, Information Equipment (Kyocera Document Solutions Inc.), Telecommunications Equipment, Information Systems and Telecommunication Services (Kyocera Communication Systems Co., Ltd.), Smart Energy, Displays, Printing Devices

(2) Information on Reporting Segment

The accounting policies of the reporting segments are the same as those described in the Note "3. Material Accounting Policies."

Intersegment sales and transfers are made with reference to prevailing market prices. Business profit (loss) for each reporting segment represents sales revenue, less related costs and operating expenses, excluding corporate gains, share of net profit (loss) of investments accounted for using the equity method and income taxes.

For the year ended March 31, 2023

(Yen in millions)

	Reporting Segment			Others * 1	Total	Adjustment * 2	Consolidated
	Core Components Business	Electronic Components Business	Solutions Business				
Sales revenue							
External customers	591,662	377,687	1,043,731	12,252	2,025,332	—	2,025,332
Intersegment sales and transfers	714	849	24,866	11,151	37,580	(37,580)	—
Total	592,376	378,536	1,068,597	23,403	2,062,912	(37,580)	2,025,332
Business profit (loss)	89,475	44,064	42,239	(28,795)	146,983	—	146,983
Corporate gains and others * 3	—	—	—	—	—	—	28,514
Share of net profit (loss) of investments accounted for using the equity method	—	—	—	—	—	—	695
Profit before income taxes	—	—	—	—	—	—	176,192
Other items							
Depreciation and amortization charge	45,696	34,560	52,922	7,520	140,698	8,905	149,603
Capital expenditures (for property, plant and equipment)	66,629	49,118	27,644	13,097	156,488	17,413	173,901
Assets * 4	640,552	555,857	1,095,459	132,632	2,424,500	1,669,428	4,093,928

(Notes) 1. The “Others” is an operating segment that is not included in the reporting segment and mainly includes the GaN device business and research and development expenses, which do not belong to each segment.

2. Adjustment represents as follows:

- (1) The adjustment of intersegment sales and transfers are elimination of intersegment transactions.
- (2) The adjustment of depreciation and amortization charge represents the depreciation and amortization charge for corporate, which do not belong to each segment.
- (3) The adjustment of capital expenditures (for property, plant and equipment) includes capital expenditures for corporate, which do not belong to each segment.
- (4) The adjustment of assets consists primarily of cash and cash equivalents, equity and debt instruments, and various other investments and assets that are not specific each segment, as well as elimination of intersegment transactions.

3. Corporate gains and others include income and expenses which do not belong to any segments and mainly consist of finance income and expenses.

4. Assets represent the individual assets for specific segment.

For the year ended March 31, 2024

(Yen in millions)

	Reporting Segment			Others * 1	Total	Adjustment * 2	Consolidated
	Core Components Business	Electronic Components Business	Solutions Business				
Sales revenue							
External customers	568,295	351,276	1,072,313	12,337	2,004,221	—	2,004,221
Intersegment sales and transfers	850	1,001	28,831	5,899	36,581	(36,581)	—
Total	569,145	352,277	1,101,144	18,236	2,040,802	(36,581)	2,004,221
Business profit (loss)	57,226	6,521	71,570	(43,356)	91,961	—	91,961
Corporate gains and others * 3	—	—	—	—	—	—	44,708
Share of net profit (loss) of investments accounted for using the equity method	—	—	—	—	—	—	(526)
Profit before income taxes	—	—	—	—	—	—	136,143
Other items							
Depreciation and amortization charge	49,947	32,913	54,494	9,457	146,811	10,139	156,950
Capital expenditures (for property, plant and equipment)	65,785	32,588	29,038	8,308	135,719	25,965	161,684
Assets * 4	709,763	621,851	1,154,654	158,925	2,645,193	1,820,183	4,465,376

(Notes) 1. The “Others” is an operating segment that is not included in the reporting segment and mainly includes the GaN device business and research and development expenses, which do not belong to each segment.

2. Adjustment represents as follows:

- (1) The adjustment of intersegment sales and transfers are elimination of intersegment transactions.
- (2) The adjustment of depreciation and amortization charge represents the depreciation and amortization charge for corporate, which do not belong to each segment.
- (3) The adjustment of capital expenditures (for property, plant and equipment) includes capital expenditures for corporate, which do not belong to each segment.
- (4) The adjustment of assets consists primarily of cash and cash equivalents, equity and debt instruments, and various other investments and assets that are not specific each segment, as well as elimination of intersegment transactions.

3. Corporate gains and others include income and expenses which do not belong to any segments and mainly consist of finance income and expenses.

4. Assets represent the individual assets for specific segment.

(3) Information by Geographic Segments

The breakdown of sales revenue to external customers and non-current assets are as follows:

Sales revenue to external customers

(Yen in millions)

	For the year ended March 31,	
	2023	2024
Japan	570,285	582,108
Asia	543,458	501,033
United States	451,568	443,003
Europe	381,141	401,923
Other Areas	78,880	76,154
Total	2,025,332	2,004,221

(Note) The sales revenue to external customers is classified by destination.

Non-current assets

(Yen in millions)

	As of March 31,	
	2023	2024
Japan	456,995	513,964
Asia	155,070	175,267
United States	283,524	306,358
Europe	159,823	174,154
Other Areas	13,624	13,939
Total	1,069,036	1,183,682

(Note) Non-current assets are the total of “Property, plant and equipment,” “Right-of-use assets,” “Goodwill” and “Intangible assets,” and are classified based on physical locations.

Of the countries included in “Asia,” “Europe” and “Other Areas,” there are no individually material countries in which the ratio of sales to external customers and the balance of non-current assets to the consolidated total is significant.

(4) Information on Major Customers

This information has been omitted because no external customers account for more than 10% of sales revenue.

7. Business Combination

During the year ended March 31, 2023 and 2024, there were no business combinations that have a material impact on Kyocera's financial position, operating results and cash flows.

8. Cash and Cash Equivalents

The components of cash and cash equivalents are as follows:

(Yen in millions)

	As of March 31,	
	2023	2024
Cash on hand and demand deposits	292,341	285,834
Time deposits (Within 3 months to original maturity)	81,159	138,958
Total	373,500	424,792

9. Trade and Other Receivables

The components of trade and other receivables are as follows:

(Yen in millions)

	As of March 31,	
	2023	2024
Trade notes receivable	24,638	24,244
Trade accounts receivable	314,442	320,351
Contract assets	1,640	4,010
Others	43,518	47,391
Allowance for credit losses	(3,266)	(3,784)
Total	380,972	392,212

Trade notes receivable and trade accounts receivable are classified as financial asset measured at amortized cost. The details are described in Note "32. Financial Instruments" for financial asset measured at amortized cost.

10. Equity, Debt Instruments and Other Financial Assets

(1) The Components of Equity, Debt Instruments and Other Financial Assets

The components of equity, debt instruments and other financial assets are as follows:

(Yen in millions)

	As of March 31,	
	2023	2024
Derivative assets	1,149	431
Stocks	1,498,205	1,628,679
Bonds	12	14
Time deposits (Over three months to original maturity)	5,081	17,125
Lease receivable	50,647	54,170
Others	20,959	23,614
Allowance for credit losses	(1,826)	(1,915)
Total	1,574,227	1,722,118

(Yen in millions)

	As of March 31,	
	2023	2024
Current assets	23,402	35,541
Non-current assets	1,550,825	1,686,577
Total	1,574,227	1,722,118

(Note) Classification is as follows:

Derivative assets: Financial assets measured at fair value through profit or loss (except for hedge accounting instruments)

Stocks: Financial assets measured at fair value through other comprehensive income

Bonds, Time deposits (Over three months to original maturity): Financial assets measured at amortized cost

(2) Equity Financial Assets Measured at Fair Value through Other Comprehensive Income

The components of the equity financial assets measured at fair value through other comprehensive income are as follows:

(Yen in millions)

	As of March 31,	
	2023	2024
Marketable issuers * 1	1,449,067	1,575,744
Non-marketable issuers * 2	49,138	52,935
Total	1,498,205	1,628,679

(Notes) 1. The major marketable issuers and their fair values are as follows:

(Yen in millions)

	As of March 31,	
	2023	2024
KDDI CORPORATION	1,371,548	1,501,900
Japan Airlines Co., Ltd.	19,722	22,285
Kyoto Financial Group, Inc.	9,975	17,627
DAIKIN INDUSTRIES, LTD.	26,768	11,655

2. Non-marketable issuers mainly consisted of investments in energy businesses. The total fair value as of March 31, 2023 and 2024 is 31,955 million yen and 31,096 million yen.

Stocks held mainly for enhancing and maintaining business relationships with the issuers are classified as financial assets measured at fair value through other comprehensive income.

The components of dividend income from issuers measured at fair value through other comprehensive income, included in “Finance income” in the consolidated statements of profit or loss, are as follows:

(Yen in millions)

For the year ended March 31,			
2023		2024	
From issuers derecognized during the period	From issuers held at the end of the period	From issuers derecognized during the period	From issuers held at the end of the period
60	45,831	224	49,533

(3) Derecognition of Financial Assets Measured at Fair Value through Other Comprehensive Income

Kyocera disposed of certain financial assets measured at fair value through other comprehensive income and derecognized principally to improve efficiency of asset holdings.

The fair value at the disposals date and the accumulated gains or losses recognized in other comprehensive income are as follows:

(Yen in millions)

For the year ended March 31,			
2023		2024	
Fair value	Accumulated gains (losses)	Fair value	Accumulated gains (losses)
85	(299)	13,181	10,529

(Note) When Kyocera derecognized the financial assets measured at fair value through other comprehensive income, the amount of accumulated gains (losses) recognized in other comprehensive income was transferred to retained earnings. The accumulated gains (losses) of other comprehensive income, net of taxation, transferred to retained earnings is (320) million yen for the year ended March 31, 2023, and 7,367 million yen for the year ended March 31, 2024.

11. Inventories

The components of inventories are as follows:

(Yen in millions)

	As of March 31,	
	2023	2024
Finished goods and merchandise	218,338	212,902
Work in process	127,164	137,667
Raw materials and supplies	193,939	189,656
Total	539,441	540,225

Inventories are stated at the lower of cost and net realizable value. When the net realizable value is lower than its carrying amount due to a decline in profitability, the difference is recorded as a write-down in the “Cost of sales” on the consolidated statement of profit or loss and as a deduction of “Inventories” in the consolidated statement of financial position.

Kyocera recognized inventory write-downs of 16,222 million yen for the year ended March 31, 2023 and 13,419 million yen for the year ended March 31, 2024, respectively.

12. Other Assets

The components of other assets are as follows:

Other current assets

(Yen in millions)

	As of March 31,	
	2023	2024
Prepaid expenses	23,480	29,936
Advance payments	7,095	5,796
Others	9,422	10,852
Total	39,997	46,584

Other non-current assets

(Yen in millions)

	As of March 31,	
	2023	2024
Retirement benefit assets	50,485	76,018
Others	9,759	12,992
Total	60,244	89,010

13. Investments Accounted for Using the Equity Method

There are no associates that are individually material to Kyocera. The carrying amounts of investments in individually immaterial associates and their share of comprehensive income for the year are as follows:

(Yen in millions)

	As of March 31,	
	2023	2024
Carrying amounts of investments	16,752	15,979

(Yen in millions)

	For the year ended March 31,	
	2023	2024
Net profit (loss)	695	(526)
Other comprehensive income (loss)	(48)	167
Comprehensive income (loss)	647	(359)

14. Property, Plant and Equipment

Changes in the carrying amount, acquisition cost, accumulated depreciation and accumulated impairment loss of property, plant and equipment are as follows. The depreciation of property, plant and equipment is included in “Cost of sales” and “Selling, general and administrative expenses” on consolidated statement of profit or loss.

Carrying amounts

(Yen in millions)

	Land	Buildings and structures	Machinery and equipment	Construction in progress	Total
As of April 1, 2022	51,659	169,473	232,664	58,379	512,175
Purchase	258	31,893	53,581	88,169	173,901
Business combinations	—	—	18	—	18
Depreciation	—	(17,353)	(91,404)	—	(108,757)
Impairment loss	—	(359)	(860)	(25)	(1,244)
Sales or disposal	(212)	(461)	(1,207)	(44)	(1,924)
Reclassification	—	34,489	55,094	(89,583)	—
Exchange differences	978	5,232	5,411	2,609	14,230
Others	—	(807)	(144)	30	(921)
As of March 31, 2023	52,683	222,107	253,153	59,535	587,478
Purchase	3,347	30,025	35,549	92,763	161,684
Business combinations	30	57	55	34	176
Depreciation	—	(19,407)	(92,317)	—	(111,724)
Impairment loss	—	—	(1)	—	(1)
Sales or disposal	(326)	(525)	(1,098)	(178)	(2,127)
Reclassification	—	6,630	62,470	(69,100)	—
Exchange differences	1,524	10,720	9,019	5,118	26,381
Others	—	8	1,910	2,205	4,123
As of March 31, 2024	57,258	249,615	268,740	90,377	665,990

Acquisition costs

(Yen in millions)

	Land	Buildings and structures	Machinery and equipment	Construction in progress	Total
As of April 1, 2022	52,120	469,778	1,103,331	58,384	1,683,613
As of March 31, 2023	53,136	533,480	1,188,427	59,560	1,834,603
As of March 31, 2024	57,710	580,158	1,293,916	90,379	2,022,163

Accumulated depreciation and accumulated impairment losses

(Yen in millions)

	Land	Buildings and structures	Machinery and equipment	Construction in progress	Total
As of April 1, 2022	461	300,305	870,667	5	1,171,438
As of March 31, 2023	453	311,373	935,274	25	1,247,125
As of March 31, 2024	452	330,543	1,025,176	2	1,356,173

15. Goodwill and Intangible Assets

Changes in carrying amounts, acquisition costs, accumulated amortization and accumulated impairment losses of goodwill and intangible assets are as follows. The amortization of intangible asset is included in “Cost of sales” or “Selling, general and administrative expenses” on consolidated statement of profit or loss.

Carrying amounts

(Yen in millions)

	Goodwill	Intangible assets					
		Customer relationships	Non-patent technology	Software	Patent Rights	Others	Total
As of April 1, 2022	262,985	65,573	33,971	14,145	12,438	23,752	149,879
Purchase	—	—	—	8,663	676	264	9,603
Business combinations	986	61	422	3	—	—	486
Amortization	—	(8,328)	(2,689)	(4,763)	(2,282)	(4,282)	(22,344)
Impairment loss	—	—	—	(48)	(0)	(14)	(62)
Sales or disposal	—	—	—	(22)	(0)	(13)	(35)
Exchange differences	7,185	5,087	3,100	219	669	1,056	10,131
Others	—	(26)	—	155	—	(5)	124
As of March 31, 2023	271,156	62,367	34,804	18,352	11,501	20,758	147,782
Purchase	—	—	—	10,490	1,368	170	12,028
Business combinations	249	142	—	0	1,050	32	1,224
Amortization	—	(8,265)	(2,801)	(6,568)	(2,421)	(1,981)	(22,036)
Impairment loss	—	—	—	—	—	—	—
Sales or disposal	—	—	—	(121)	—	(4)	(125)
Exchange differences	11,552	6,671	4,151	384	851	1,438	13,495
Others	(78)	(82)	—	37	49	(201)	(197)
As of March 31, 2024	282,879	60,833	36,154	22,574	12,398	20,212	152,171

Acquisition costs

(Yen in millions)

	Goodwill	Intangible assets					
		Customer relationships	Non-patent technology	Software	Patent Rights	Others	Total
As of April 1, 2022	312,828	103,970	43,209	55,568	23,776	44,398	270,921
As of March 31, 2023	320,099	110,361	46,626	64,107	24,941	44,242	290,277
As of March 31, 2024	332,724	121,197	51,936	75,055	25,369	47,308	320,865

Accumulated amortization and accumulated impairment losses

(Yen in millions)

	Goodwill	Intangible assets					
		Customer relationships	Non-patent technology	Software	Patent Rights	Others	Total
As of April 1, 2022	49,843	38,397	9,238	41,423	11,338	20,646	121,042
As of March 31, 2023	48,943	47,994	11,822	45,755	13,440	23,484	142,495
As of March 31, 2024	49,845	60,364	15,782	52,481	12,971	27,096	168,694

16. Impairment of Non-Financial Assets

(1) Impairment Losses

For the purpose of measuring an impairment loss, Kyocera groups assets based on the smallest identifiable group of assets that generates cash inflows that are largely independent of other cash flows, and a business is a main cash-generating unit.

The breakdown of impairment loss of property, plant and equipment in each segment is as follows:

(Yen in millions)

	For the year ended March 31,	
	2023	2024
Core Components Business	412	—
Solutions Business	177	1
Others	655	—
Total	1,244	1

The breakdown of impairment loss of Right-of-use assets in each segment is as follows:

(Yen in millions)

	For the year ended March 31,	
	2023	2024
Core Components Business	—	124
Total	—	124

The breakdown of impairment loss of goodwill and intangible assets in each segment is as follows:

(Yen in millions)

	For the year ended March 31,	
	2023	2024
Core Components Business	7	—
Solutions Business	55	—
Total	62	—

Impairment losses were included in “Cost of sales” and “Selling, general and administrative expenses” on the consolidated statements of profit or loss.

(2) Impairment of Goodwill

Goodwill acquired as a part of business combinations is allocated to cash-generating units or cash-generating unit groups that are expected to benefit from the synergies of the combination. Amounts of goodwill allocated to cash-generating units or cash-generating unit groups are as follows:

(Yen in millions)

	As of March 31,	
	2023	2024
Fine Ceramic Components	12,955	14,463
Electronics Components	20,173	20,173
KAVX	46,520	52,006
Industrial Tools	86,414	88,630
Information Equipment	54,543	56,156
GaN Devices	26,667	26,667
Others	23,884	24,784
Total	271,156	282,879

(Note) Individually immaterial goodwill that are allocated to cash-generating units or cash-generating unit groups are included in "Others."

Goodwill and intangible assets that have indefinite useful lives are tested annually for impairment, or more frequently if events or changes in circumstances indicate that an impairment may occur. Kyocera groups assets based on the smallest cash-generating unit that generates cash inflows that are largely independent, and a business is a main cash-generating unit. The recoverable amount of the impairment test is determined based on value in use calculations.

With the exception of the GaN Devices business, the calculations use cash flow projections based on business plan within five years approved by management, and discounting to the present value by using pre-tax discount rate of cash-generating units or groups of cash-generating units. The business plan reflects past experience and is consistent with external information. The growth rate is determined in view of long-term average growth rate of markets or countries to which each cash generating units belongs.

With the exception of the GaN Devices business, the pre-tax discount rate is determined at 11.7% to 14.9% for the year ended March 31, 2023 and 12.7% to 14.4% for the year ended March 31, 2024 based on weighted average capital cost of the cash-generating units or groups of cash-generating units. Taking into account expected future inflation, the growth rate applied to estimate future cash flows beyond the period covered by the business plan is estimated to be between 0.0% and 2.0%.

Intangible assets are grouped on the basis of the smallest group of assets that generates cash inflows that are largely independent.

As a result of the impairment test carried in the year ended March 31, 2024, the recoverable amount of the GaN Devices business has exceeded the carrying amount by 30,955 million yen, or 44.3%. The carrying amount of the GaN Devices business is 69,913 million yen. However, there is a risk of impairment in the event of a change in the key assumptions underlying the value in use. The value in use of the business was calculated by discounting to present value the estimated cash flows based on the 8 years business plan approved by management at the pre-tax discount rate (19.1%) for the cash-generating unit in consideration of the business plan at the time of acquisition. Taking into account expected future inflation, the growth rate applied to estimate future cash flows beyond the period covered by the business plan is estimated at 2.0%. Kyocera recognizes the sales revenue included in its business plan as a key assumption and considers search for potential customers, launch of new products, past experience, external sources of information, knowledge of competitor activity, and industry trends in determining such assumption.

The management determined that for cash-generating units or cash-generating unit groups to which the goodwill and intangible assets with indefinite useful lives are allocated except for the above, the recoverable amount is unlikely to fall below the carrying amount, even if key assumptions used in the impairment test change to a reasonably foreseeable extent.

17. Income Taxes

(1) Deferred Tax Assets and Deferred Tax Liabilities

The main components of and the movement of deferred tax assets and deferred tax liabilities are as follows:

For the year ended March 31, 2023

(Yen in millions)

	As of April 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	Other*	As of March 31, 2023
Deferred tax assets					
Enterprise tax	1,479	(372)	—	—	1,107
Inventories	14,474	1,553	—	(19)	16,008
Allowance for credit losses	2,031	(112)	—	134	2,053
Accrued expenses	10,577	(9)	14	390	10,972
Net defined benefit liabilities and accrued payroll	17,095	(84)	(219)	518	17,310
Depreciation and amortization	33,800	(122)	—	58	33,736
Lease liabilities	13,928	4,692	—	677	19,297
Securities	432	1,379	20	13	1,844
Net operating loss carryforward and tax credit carryforward	15,374	(944)	—	1,257	15,687
Temporary differences associated with investments in subsidiaries and associates	2,687	1,984	—	—	4,671
Other	11,153	(584)	—	709	11,278
Total	123,030	7,381	(185)	3,737	133,963
Deferred tax liabilities					
Depreciation and amortization	31,424	(2,855)	—	1,855	30,424
Right-of-use assets	10,318	4,927	—	680	15,925
Securities	407,766	(289)	10,860	(3)	418,334
Net defined benefit assets	11,539	(639)	3,020	552	14,472
Other	10,013	(2,343)	(13)	1,353	9,010
Total	471,060	(1,199)	13,867	4,437	488,165

(Note) Other consists mainly of business combinations and foreign currency translation adjustments.

For the year ended March 31, 2024

(Yen in millions)

	As of April 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	Other*	As of March 31, 2024
Deferred tax assets					
Enterprise tax	1,107	(38)	—	—	1,069
Inventories	16,008	2,048	—	355	18,411
Allowance for credit losses	2,053	210	—	186	2,449
Accrued expenses	10,972	645	(28)	537	12,126
Net defined benefit liabilities and accrued payroll	17,310	3,370	45	172	20,897
Depreciation and amortization	33,736	50	—	452	34,238
Lease liabilities	19,297	5,622	—	734	25,653
Securities	1,844	48	(64)	—	1,828
Net operating loss carryforward and tax credit carryforward	15,687	816	—	1,749	18,252
Temporary differences associated with investments in subsidiaries and associates	4,671	55	—	—	4,726
Other	11,278	208	(60)	355	11,781
Total	133,963	13,034	(107)	4,540	151,430
Deferred tax liabilities					
Depreciation and amortization	30,424	(3,540)	—	3,196	30,080
Right-of-use assets	15,925	5,570	—	748	22,243
Securities	418,334	20	40,138	(186)	458,306
Net defined benefit assets	14,472	(247)	7,401	81	21,707
Other	9,010	(13)	131	537	9,665
Total	488,165	1,790	47,670	4,376	542,001

(Note) Other consists mainly of foreign currency translation adjustments.

Kyocera has adopted an amendment to IAS 12 (Clarified of accounting for deferred tax related to assets and liabilities arising from a single transaction).

This amendment has no material impact on the Kyocera's consolidated financial statements; however, "Lease liabilities" and "Right-of-use assets" are separately presented in the main components of and the movement of deferred tax assets and deferred tax liabilities as of March 31, 2024.

To reflect the change in presentation, Kyocera has reclassified the main components of and the movement of deferred tax assets and deferred tax liabilities as of March 31, 2023.

Net operating loss carryforward and tax credit carryforward as well as future deductible temporary differences for which no deferred tax assets are recognized are as follows:

(Yen in millions)

	As of March 31,	
	2023	2024
Net operating loss carryforward and tax credit carryforward	124,115	144,168
Future deductible temporary differences	37,353	28,507
Total	161,468	172,675

Expiration of net operating loss carryforward and tax credit carryforward unaccompanied by recognition of deferred tax assets is as follows:

(Yen in millions)

	As of March 31,	
	2023	2024
1st year	607	509
2nd year	486	699
3rd year	498	307
4th year	522	627
5th year and thereafter	37,420	48,756
No expiry date	84,582	93,270
Total	124,115	144,168

The total amount of future deductible temporary differences associated with investments in subsidiaries and associates for which no deferred tax assets are recognized are 53,830 million yen as of March 31, 2023 and 54,463 million yen as of March 31, 2024.

The total amount of future taxable temporary differences associated with investments in subsidiaries and associates for which no deferred tax liabilities are recognized are 581,889 million yen as of March 31, 2023 and 685,696 million yen as of March 31, 2024. These deferred tax liabilities are not recognized because Kyocera is able to control the timing of the reversal of the temporary differences and it is probable that the taxable temporary differences will not reverse in the foreseeable future.

(2) Income Tax Expenses

The components of income tax expenses are as follows:

(Yen in millions)

	For the year ended March 31,	
	2023	2024
Current tax expenses	53,807	42,560
Deferred tax expenses		
Temporary differences originated and reversed	(8,586)	(11,178)
Changes of effective tax rate	6	(66)
Total	45,227	31,316

Reconciliation of the Japanese statutory effective tax rate and effective tax rate of income tax expense on consolidated statement of profit or loss is as follows:

(%)

	For the year ended March 31,	
	2023	2024
Statutory effective tax rate	30.0	30.0
Difference on tax rates of foreign subsidiaries	(4.9)	(3.6)
Change in unrecognized deferred tax assets	2.5	(0.3)
Tax credit for research and development	(2.7)	(3.7)
Temporary differences associated with investments in subsidiaries and associates	1.5	0.0
Others	(0.7)	0.6
Effective tax rate of income tax expense	25.7	23.0

Kyocera is subject mainly to corporate tax, inhabitant tax and enterprise tax, and the combined statutory tax rates calculated based on these taxes were 30.0% for the year ended March 31, 2023 and 2024. Foreign subsidiaries are subject to income taxes at their locations.

The tax law enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development will be applied to Kyocera from the year ended March 31, 2025. The application of this tax law is not expected to have a material impact on Kyocera's consolidated results of operations, financial position and cash flows.

18. Trade and Other Payables

The components of trade and other payables are as follows:

(Yen in millions)

	As of March 31,	
	2023	2024
Trade notes payable	23,121	19,288
Accounts payable	122,967	123,009
Other notes and accounts payable	57,776	69,836
Total	203,864	212,133

19. Borrowings

(1) Components of Borrowings

The components of borrowings are as follows:

(Yen in millions)

	As of March 31,		Average interest rate*	Maturity
	2023	2024		
Short-term borrowings	20,000	—	—	—
Current portion of long-term borrowings	9,060	9,394	4.58%	—
Long-term borrowings	107,726	199,760	0.62%	year 2025 to year 2044
Total	136,786	209,154	—	—
Current liabilities	29,060	9,394	—	—
Non-current liabilities	107,726	199,760	—	—
Total	136,786	209,154	—	—

(Note) Average interest rate is the weighted average interest rate of borrowings as of March 31, 2024.

(2) Assets Pledged as Collateral

The assets pledged as collateral for liabilities are as follows:

(Yen in millions)

	As of March 31,	
	2023	2024
Equity and debt instruments	162,648	272,854
Property, plant and equipment, net	1,505	1,425
Total	164,153	274,279

The liabilities related to these assets pledged as collateral are as follows:

(Yen in millions)

	As of March 31,	
	2023	2024
Short-term borrowings	20,000	—
Other current liabilities	1,456	1,607
Long-term borrowings	90,000	180,000
Total	111,456	181,607

(Note) “Equity and debt instruments” pledged as collateral are part of shares of KDDI Corporation held by Kyocera, and are pledged as collateral for overdraft facilities (balance of unexecuted loans) with financial institutions except for above related liabilities. The balance as of March 31, 2023 is 50,000 million yen, and the balance as of March 31, 2024 is 70,000 million yen.

20. Leases

(1) Lease as Lessee

As a lessee, Kyocera leases immovable property, such as land and offices, and movable property, such as manufacturing equipment. Certain lease contracts are subject to options to extend or terminate. There are no material purchase options, escalation clauses or restrictions imposed by the lease agreements, including restrictions on additional debt or leases.

Profit or loss relating to leases consist of the following:

(Yen in millions)

	For the year ended March 31,	
	2023	2024
Depreciation charge of right-of-use assets		
Land and buildings	15,636	20,239
Machinery and others	2,866	2,951
Total	18,502	23,190
Interest expense on lease liabilities	1,169	1,816
Expense relating to short-term leases	903	965
Expense relating to leases of low-value assets	896	982
Expense relating to variable lease payments*	973	1,124
Total expenses relating to leases	22,443	28,077
Income from sub-leasing right-of-use assets	(44)	(63)
Total	22,399	28,014

(Note) Expense relating to variable lease payment not included in the measurement of lease liabilities.

The components of the carrying amounts of right-of-use assets are as follows:

(Yen in millions)

	As of March 31,	
	2023	2024
Right-of-use assets		
Land and buildings	57,103	74,707
Machinery and others	5,517	7,935
Total	62,620	82,642

The total additions to right-of-use assets are 41,326 million yen for the year ended March 31, 2023, and 45,478 million yen for the year ended March 31, 2024.

The total cash outflow for leases is 26,748 million yen for the year ended March 31, 2023, and 29,915 million yen for the year ended March 31, 2024.

The details of maturity of lease liabilities are described in Note “32. Financial Instruments (4) Liquidity Risk Management.”

(2) Lease as Lessor

Kyocera, as lessor, mainly leases multifunctional products.

Maturity analysis of undiscounted lease payments receivable is as follows:

(Yen in millions)

	Lease payments receivable	
	As of March 31,	
	2023	2024
Within 1 year	17,673	18,731
Between 1 and 2 years	12,946	13,795
Between 2 and 3 years	9,029	9,984
Between 3 and 4 years	5,370	6,188
Between 4 and 5 years	3,143	3,832
After 5 years	5,772	5,434
Total	53,933	57,964
Unearned finance income	(4,226)	(4,812)
Unguaranteed residual value	940	1,018
Net investment in the lease	50,647	54,170

21. Employee Benefits

(1) Reconciliation of the Defined Benefit Obligations and Plan Assets

Kyocera Corporation and its major domestic subsidiaries adopt funded defined benefit pension plans or unfunded retirement and severance plans for their employees. They use a “point system” whereby benefits under the plan are calculated on the basis of (i) accumulated “points” that are earned based on employees’ position, extent of contribution and length of service period during employment, and (ii) conditions at the time of retirement. In addition, employees are provided with an option to select how they receive benefit payments. Employees may receive up to 50% of the accumulated points balance as an annuity payment over the employees’ lifetime with the remainder of the accumulated points being distributed in installments over a fixed period of up to 20 years. Kyocera International, Inc. and its consolidated subsidiaries (KII), consolidated U.S. subsidiaries of Kyocera Corporation, maintain a non-contributory defined benefit pension plan in the U.S. This plan covers substantially certain full-time employees in the U.S., of which benefits are based on years of service and the employees’ average compensation.

Kyocera AVX Components Corporation and its consolidated subsidiaries (KAVX), consolidated U.S. subsidiaries of Kyocera Corporation, maintain noncontributory defined benefit pension plans and contributory defined benefit pension plans in the U.S. Pension benefits provided to certain U.S. employees covered under collective bargaining agreements are based on a flat benefit formula. Effective December 31, 1995, KAVX froze benefit accruals under its domestic non-contributory defined benefit pension plan for a significant portion of the employees covered under collective bargaining agreements. Effective December 1, 2018, the plan was amended to freeze benefit accruals for the remainder of employees covered under collective bargaining agreements. KAVX’s pension plans for certain European employees provide for benefits based on a percentage of final pay. KAVX’s funding policy is to contribute amounts sufficient to meet minimum funding requirements as set forth in employee benefit and tax laws. On April 27, 2022, TA Triumph-Adler GmbH (TA), a consolidated subsidiary of Kyocera Document Solutions Inc., entered into an agreement with a third party for a pension buyout of a defined benefit pension plan established for certain employees in Germany for future risk transfer and other purposes. On April 28, 2022, under the terms of the agreement, its defined benefit pension plan obligations were delivered to the third party in the amount of 14,255 million yen in cash, etc. Under German Transformation Act, TA has the joint and several liability (TA Joint Liability) for 10 years after the transfer. Because it does not meet the extinguishment requirement for defined benefit pension obligations, TA continues to recognize defined benefit obligations up to 2032 and records payments as contributions to plan assets. The transfer amount is included in “Increase (decrease) in other liabilities” in cash flows from operating activities in consolidated statement of cash flows for the year ended March 31, 2023.

The defined benefit obligations recognized in the consolidated statements of financial position are as follows:

Domestic

(Yen in millions)

	As of March 31,	
	2023	2024
Present value of defined benefit obligations	204,550	199,933
Fair value of plan assets	247,429	264,622
Fund status	(42,879)	(64,689)
Net defined benefit liability (asset)	(42,879)	(64,689)
Amounts in the consolidated statements of financial position:		
Retirement benefit liabilities	2,281	2,008
Other non-current assets	(45,160)	(66,697)
Net defined benefit liability (asset) recognized in the consolidated statements of financial position	(42,879)	(64,689)

Foreign

(Yen in millions)

	As of March 31,	
	2023	2024
Present value of defined benefit obligations	51,890	55,000
Fair value of plan assets	60,974	71,575
Fund status	(9,084)	(16,575)
Effect of asset ceiling	6,793	8,223
Net defined benefit liability (asset)	(2,291)	(8,352)
Amounts in the consolidated statements of financial position:		
Retirement benefit liabilities	2,930	3,344
Other non-current assets	(5,221)	(11,696)
Net defined benefit liability (asset) recognized in the consolidated statements of financial position	(2,291)	(8,352)

The amount of “Cost of sales” and “Selling, general and administrative expenses” recognized related to defined benefit plans in the consolidated statement of profit or loss are as follows:

Domestic

(Yen in millions)

	For the year ended March 31,	
	2023	2024
Service cost	12,318	11,546
Net interest cost	(262)	(522)
Total	12,056	11,024

Foreign

(Yen in millions)

	For the year ended March 31,	
	2023	2024
Service cost	3,126	702
Net interest cost	(194)	(256)
Total	2,932	446

(2) Changes in the Present Value of Defined Benefit Obligations

Changes in the present value of defined benefit obligations are as follows:

Domestic

(Yen in millions)

	For the year ended March 31,	
	2023	2024
Present value of defined benefit obligations at the beginning of the year	215,992	204,550
Service cost	12,318	11,546
Interest cost	1,636	2,399
Remeasurements		
Actuarial gains (losses) arising from changes in demographic assumptions	(803)	3,253
Actuarial gains (losses) arising from changes in financial assumptions	(9,448)	(6,356)
Experience adjustments	(249)	(50)
Benefits paid	(14,896)	(15,409)
Present value of defined benefit obligations at the end of the year	204,550	199,933

The weighted-average duration of the defined benefit obligation is 15 years for the year ended March 31, 2023 and 2024.

Foreign

(Yen in millions)

	For the year ended March 31,	
	2023	2024
Present value of defined benefit obligations at the beginning of the year	60,477	51,890
Service cost	3,126	702
Interest cost	1,915	2,661
Re-measurements		
Actuarial gains (losses) arising from changes in demographic assumptions	(254)	(176)
Actuarial gains (losses) arising from changes in financial assumptions	(11,808)	(666)
Experience adjustments	1,274	75
Benefits paid	(3,036)	(3,634)
Liquidation of the plan*1	(4,126)	—
Exchange differences on translating foreign operations	4,226	4,232
Other	96	(84)
Present value of defined benefit obligations at the end of the year*2	51,890	55,000

(Notes) 1. Defined benefit obligations for the year ended March 31, 2023 decreased by 4,126 million yen due to TA's pension buyout agreement.

2. Present value of defined benefit obligations related to TA Joint Liability as of March 31, 2023 and 2024 is 7,410 million yen and 6,799 million yen.

The weighted-average duration of the defined benefit obligation is 12 years for the year ended March 31, 2023 and 2024.

(3) Changes in the Fair Value of Plan Assets

Changes in the fair value of plan assets are as follows:

Domestic

(Yen in millions)

	For the year ended March 31,	
	2023	2024
Fair value of plan assets at the beginning of the year	248,991	247,429
Interest income	1,898	2,921
Re-measurements		
Return on plan assets	1,289	19,194
Employer contribution	10,052	10,376
Benefits paid	(14,801)	(15,298)
Fair value of plan assets at the end of the year	247,429	264,622

Kyocera Corporation and its major domestic subsidiaries expect to contribute to the plan approximately 10,244 million yen for the year ending March 31, 2025.

Foreign

(Yen in millions)

	For the year ended March 31,	
	2023	2024
Fair value of plan assets at the beginning of the year	52,478	60,974
Interest income	2,109	3,355
Re-measurements		
Return on plan assets	(10,028)	2,296
Employer contribution*1	15,050	521
Benefits paid	(3,016)	(3,572)
Exchange differences on translating foreign operations	4,370	8,085
Other	11	(84)
Fair value of plan assets at the end of the year*2	60,974	71,575

(Notes) 1. Plan assets for the year ended March 31, 2023 increased by 14,255 million yen due to TA's pension buyout agreement.

2. Fair value of plan assets related to TA Joint Liability as of March 31, 2023 and 2024 is 14,203 million yen and 15,022 million yen.

KII and KAVX expect to contribute to the plan approximately 206 million yen in total for the year ending March 31, 2025.

(4) Changes in the Effect of Asset Ceiling

Changes in the effect of asset ceiling are as follows:

(Yen in millions)

	For the year ended March 31,	
	2023	2024
Effect of asset ceiling at the beginning of the year	—	6,793
Interest cost	—	438
Changes in the effect of asset ceiling	6,560	178
Exchange differences on translating foreign operations	233	814
Effect of asset ceiling at the end of the year	6,793	8,223

(5) The Components of Plan Assets

The components of plan assets are as follows:

Domestic

(Yen in millions)

	As of March 31, 2023			As of March 31, 2024		
	Plan assets with quoted prices in active markets	Plan assets without quoted prices in active markets	Total	Plan assets with quoted prices in active markets	Plan assets without quoted prices in active markets	Total
Life insurance company general account	—	63,246	63,246	—	60,445	60,445
Equity financial instruments						
Pooled funds*1	—	60,861	60,861	—	63,621	63,621
Debt financial instruments						
Corporate bonds	3,913	—	3,913	4,493	—	4,493
Pooled funds*2	—	3,853	3,853	—	4,207	4,207
Other types of investments						
Real estate funds*3	—	62,280	62,280	—	72,270	72,270
Large scale solar power generation business funds	—	13,271	13,271	—	12,929	12,929
Other	—	17,453	17,453	—	18,425	18,425
Cash and cash equivalents	22,552	—	22,552	28,232	—	28,232
Total	26,465	220,964	247,429	32,725	231,897	264,622

(Notes) 1. This category includes pooled funds that mainly invest in domestic and international equity securities that are listed on securities exchanges.

2. This category includes pooled funds that mainly invest in domestic and international government bonds, municipal bonds and corporate bonds.

3. This category includes private open-ended real estate funds.

Kyocera Corporation and its major domestic subsidiaries manage and operate their plan assets with a target of earning more than the expected rate of return on plan assets to ensure the sources of funds sufficient to cover the pension benefits paid to participants and beneficiaries in the future. In terms of the plan assets management, Kyocera Corporation and its major domestic subsidiaries make appropriate investment choices and optimal portfolios with a consideration of its performances, expected returns and risks, and entrust their plan assets to the fund trustees which can be expected to be the most appropriate to accomplish Kyocera's objective. Kyocera Corporation and its major domestic subsidiaries also make an effort to maintain their portfolios within reasonable allocations of plan assets. Kyocera Corporation and its major domestic subsidiaries evaluate their categories of plan assets allocations and can change their portfolios when it is needed. Kyocera Corporation and its major domestic subsidiaries' long-term strategy is for target allocations of approximately 45% investment in long-term operation assets such as real estate funds, approximately 25% investment in life insurance company general accounts, approximately 30% main investment in equity securities that are listed on securities exchanges and in debt securities such as governments bonds.

Foreign

(Yen in millions)

	As of March 31, 2023			As of March 31, 2024		
	Plan assets with quoted prices in active markets	Plan assets without quoted prices in active markets	Total	Plan assets with quoted prices in active markets	Plan assets without quoted prices in active markets	Total
Equity instruments						
International	6,996	—	6,996	8,790	—	8,790
Pooled funds*1	12,713	—	12,713	18,795	—	18,795
Debt instruments						
Government bonds and Government agency bonds	1,482	2,001	3,483	1,377	1,942	3,319
Corporate bonds*2	3,861	10,099	13,960	12,316	1,928	14,244
Pooled separate accounts*3	—	16,986	16,986	—	18,973	18,973
Other*2	—	838	838	—	986	986
Cash and cash equivalents*2	5,998	—	5,998	6,468	—	6,468
Total	31,050	29,924	60,974	47,746	23,829	71,575

(Notes) 1. This category includes pooled funds that mainly invest in U.S. equity financial instruments that are listed on securities exchanges.

2. Plan assets related to TA Joint Liability are included 8,003 million yen in corporate bonds, 239 million yen in other and 5,961 million yen in cash and cash equivalents as of March 31, 2023, and 8,328 million yen in corporate bonds, 267 million yen in other and 6,427 million yen in cash and cash equivalents as of March 31, 2024.

3. This category includes pooled separate accounts held by KAVX that mainly invest in equity financial instruments and debt financial instrument.

KII's long-term strategy is for target allocation of 75%-85% equity securities and 15%-25% debt securities for its defined benefit plans. KAVX's long-term strategy is for target allocation of 30% equity and 70% fixed income for its U.S. defined benefit plans and 15% equity and 85% fixed income for its European defined benefit plans.

(6) Actuarial Assumptions

The significant actuarial assumptions are as follows:

Domestic

	As of March 31,	
	2023	2024
Discount rate	0.60 to 1.33	0.55 to 1.53

Foreign

	As of March 31,	
	2023	2024
Discount rate	3.93 to 5.01	3.60 to 5.27
Rate of increase in compensation levels	2.50 to 3.25	2.50 to 3.25

(7) Sensitivity Analysis

The impact of a 0.5% change in the discount rate used in actuarial calculations on the present value of defined benefit obligations for the benefit plan of Kyocera Corporation and its major domestic subsidiaries which accounts for a significant portion of Kyocera's defined benefit obligation is as follows. This sensitivity analysis assumes that actuarial assumptions other than those subject to the analysis are constant, but in fact, the movement of other actuarial assumptions may change.

	As of March 31,	
	2023	2024
0.5% increase in discount rate	(10,208)	(9,891)
0.5% decrease in discount rate	11,283	10,948

22. Provisions

The main components of and changes in the provisions are as follows:

(Yen in millions)

	Provision for product warranties	Provision for loss on litigation	Provision for environmental loss	Asset retirement obligations	Other provisions	Total
As of April 1, 2023	4,388	539	4,337	6,502	2,487	18,253
Increase during the year	1,161	2,753	979	493	418	5,804
Decrease during the year (intended use)	(365)	(250)	(1,137)	(400)	(779)	(2,931)
Decrease during the year (reversal)	(1,266)	(254)	(76)	(306)	(119)	(2,021)
Others *	119	4	300	413	127	963
As of March 31, 2024	4,037	2,792	4,403	6,702	2,134	20,068

(Note) Others consist mainly of translation differences of foreign operations.

Provision for product warranties

In preparation for repair expenses expected to be incurred during the warranty period of a specific product, Kyocera estimates the amount of product warranty which is calculated based on the past results and prospects for the future. The majority of these expenses are expected to be incurred in the year ending March 31, 2025.

Provision for loss on litigation

Kyocera is subject to various lawsuits and claims which arise in the ordinary course of business. Kyocera consults with legal counsel and records provisions for these contingencies when the likelihood of an adverse outcome is probable and the amount can be reasonably estimated.

Provision for environmental loss

Kyocera is involved in various environmental matters and Kyocera currently has certain amount of provisions related to such environmental matters. Amounts recorded are reviewed periodically and adjusted to reflect additional legal and technical information that becomes available.

Asset retirement obligations

In preparation for the obligation to restore leased offices and buildings used by Kyocera to their original state, asset retirement obligations include the amount that is expected to be paid in the future based on the past results of restoration to the original state. These expenses are expected to be paid after the expected period of use of the office, but will be affected by future business plans.

Other provisions

Other provisions include primarily estimated cost that are expected to be incurred in the future due to the termination of leases as lessor.

23. Other Liabilities

The main components of other liabilities are as follows:

(Yen in millions)

	As of March 31,	
	2023	2024
Contract liability	30,503	32,052
Others	22,289	22,789
Total	52,792	54,841

(Yen in millions)

	As of March 31,	
	2023	2024
Other current liabilities	41,984	45,008
Other non-current liabilities	10,808	9,833
Total	52,792	54,841

24. Common Stock and Other Equity Items

(1) Common Stock

The number of authorized and issued shares are as follows:

(shares)

	As of March 31,	
	2023	2024
Total number of authorized shares	600,000,000	2,400,000,000
Total number of issued shares		
Balance at the beginning of the year	377,618,580	377,618,580
Increase (decrease) during the year	—	1,132,855,740
Balance at the end of the year	377,618,580	1,510,474,320

- (Notes) 1. Shares issued by Kyocera is common stock with no par value and no restriction on contents of the rights.
2. Shares issued have been fully paid.
3. The Articles of Incorporation were changed effective on January 1, 2024 due to the stock split and the total number of authorized shares has increased by 1,800,000,000 shares to 2,400,000,000 share. Also, the total number of issued shares increased by the above stock split.

(2) Treasury Stocks

The number and the amount of treasury stocks are as follows:

	Number of shares	Amount (Yen in millions)
Balance as of April 1, 2022	18,717,679	93,299
Increase (decrease) during the year	(12,099)	(56)
Balance as of March 31, 2023	18,705,580	93,243
Increase (decrease) during the year *1,2	83,125,528	49,898
Balance as of March 31, 2024	101,831,108	143,141

- (Notes) 1. Kyocera Corporation has resolved at the meeting of its Board of Directors held on May 15, 2023 to undertake a repurchase of its own shares pursuant to Article 156 of the Companies Act of Japan, as applied to Paragraph 3 of Article 165 of the Companies Act of Japan. The repurchase of own shares is intended to be as part of its shareholder return initiatives and to facilitate flexible capital strategies in the future.

Type of shares repurchased	Common stock
Total number of shares repurchased	6,771,400 shares
Total amount of repurchase price	50,000 million yen
Date of repurchase	From May 16, 2023 to October 31, 2023
Method of repurchase	Purchases through market (i) Purchases through Off-Auction Own Share Repurchase Trading System of the Tokyo Stock Exchange (ToSTNeT-3) (ii) Purchases through market under a consignment agreement for repurchase of its own shares

2. Kyocera Corporation implemented the stock split at the ratio of 4 for 1 of all common stocks, with the effective date of January 1, 2024. As the above split stock, the number of treasury stocks increased 76,372,440 shares.

(3) Capital Surplus and Retained Earnings

The Companies Act of Japan provides that an amount equal to 10% of dividends must be appropriated as legal reserves until the total of aggregate amount of the legal reserves equals 25% of the common stock.

(4) Other Components of Equity

a. Financial Assets Measured at Fair Value through Other Comprehensive Income

The change in fair value of financial assets at fair value through other comprehensive income.

b. Re-measurements of Defined Benefit Plans

Actuarial gains and losses related to defined benefit plan obligations, earnings on plan assets (excluding amounts included in interest income) and other.

c. Net Changes in Fair Value of Cash Flow Hedge

Kyocera enters into hedges to reduce exposure to variability in future cash flows, which is the effective portion of the change in fair value of derivative instruments designated as cash flow hedges.

d. Exchange Differences on Translating Foreign Operations

Translation differences arising from the consolidation of financial statements of foreign operating entities prepared in foreign currencies.

e. Share of Other Comprehensive Income (Loss) of Investments Accounted for Using the Equity Method

Share of other comprehensive income (loss) of investments accounted for using the equity method includes translation differences of foreign operations.

Breakdown of other components of equity and details of changes are as follows.

(Yen in millions)

	Items that will not be reclassified to profit or loss		Items that may be reclassified to profit or loss			Total
	Financial assets measured at fair value through other comprehensive income	Re-measurements of defined benefit plans	Net changes in fair value of cash flow hedge	Exchange differences on translating foreign operations	Share of other comprehensive income (loss) of investments accounted for using the equity method	
As of April 1, 2022	807,993	—	72	72,150	82	880,297
Arising during the period:						
Pre-tax amount	36,106	10,143	362	64,432	(119)	110,924
Income tax (expense) benefit	(10,843)	(3,253)	(113)	(61)	36	(14,234)
Net-of-tax amount	25,263	6,890	249	64,371	(83)	96,690
Reclassification to profit or loss:						
Pre-tax amount	—	—	(382)	(269)	50	(601)
Income tax (expense) benefit	—	—	121	73	(15)	179
Net-of-tax amount	—	—	(261)	(196)	35	(422)
Other comprehensive income (loss), net of tax	25,263	6,890	(12)	64,175	(48)	96,268
Transfer to retained earning	320	(6,806)	—	—	—	(6,486)
Other comprehensive income (loss) attributable to non-controlling interest, net-of-taxation	(123)	(84)	—	(71)	—	(278)
As of March 31, 2023	833,453	—	60	136,254	34	969,801
Arising during the period:						
Pre-tax amount	144,794	25,285	(144)	103,666	187	273,788
Income tax (expense) benefit	(43,443)	(7,432)	30	(142)	(51)	(51,038)
Net-of-tax amount	101,351	17,853	(114)	103,524	136	222,750
Reclassification to profit or loss:						
Pre-tax amount	—	—	84	10	44	138
Income tax (expense) benefit	—	—	(17)	(2)	(13)	(32)
Net-of-tax amount	—	—	67	8	31	106
Other comprehensive income (loss), net of tax	101,351	17,853	(47)	103,532	167	222,856
Transfer to retained earning	(7,367)	(17,608)	—	—	—	(24,975)
Other comprehensive income (loss) attributable to non-controlling interest, net-of-taxation	(92)	(245)	—	(593)	—	(930)
As of March 31, 2024	927,345	—	13	239,193	201	1,166,752

25. Dividends

(1) Dividends Paid

For the year ended March 31, 2023

	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
The resolution of the Ordinary General Meeting of Shareholders held on June 28, 2022	Common stock	32,301	90	March 31, 2022	June 29, 2022	Retained earnings
The resolution of the Board of Directors Meeting held on October 31, 2022	Common stock	35,891	100	September 30, 2022	December 5, 2022	Retained earnings

For the year ended March 31, 2024

	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
The resolution of the Ordinary General Meeting of Shareholders held on June 27, 2023	Common stock	35,891	100	March 31, 2023	June 28, 2023	Retained earnings
The resolution of the Board of Directors Meeting held on November 1, 2023	Common stock	35,258	100	September 30, 2023	December 5, 2023	Retained earnings

(2) Dividends for which the Record Date Fall in the Year Ended March 31, 2023 and 2024 with an Effective Date in the Subsequent Period

For the year ended March 31, 2023

	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
The resolution of the Ordinary General Meeting of Shareholders held on June 27, 2023	Common stock	35,891	100	March 31, 2023	June 28, 2023	Retained earnings

For the year ended March 31, 2024

	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
The resolution of the Ordinary General Meeting of Shareholders held on June 25, 2024	Common stock	35,216	25	March 31, 2024	June 26, 2024	Retained earnings

(Note) Kyocera implemented the stock split at the ratio of 4 for 1 of all common stocks on January 1, 2024.

Dividend per shares on or before the effective date of December 31, 2023, are shown as actual amount of dividends before the stock split.

26. Sales Revenue

(1) Breakdown of Revenue

The main businesses of Kyocera are “Industrial & Automotive Components Unit,” “Semiconductor Components Unit,” “Electronic Components Business,” “Industrial Tools Unit,” “Document Solutions Unit” and “Communications Unit.” Revenues are broken down by these businesses. The relationship between the revenue breakdown and the reporting segment is as follows:

Revenue recognized from other sources includes revenues from leases in accordance with IFRS 16.

For the year ended March 31, 2023

(Yen in millions)

	Reporting Segment								Others	Total
	Core Components Business			Electronic Components Business	Solutions Business					
	Industrial & Automotive Components Unit	Semi-conductor Components Unit	Others		Industrial Tools Unit	Document Solutions Unit	Communications Unit	Others		
Sales revenue										
Revenue recognized from contracts with customers	198,594	364,532	28,536	377,687	308,221	419,293	181,902	118,526	11,980	2,009,271
Revenue recognized from other sources	—	—	—	—	80	15,322	387	—	272	16,061
Total	198,594	364,532	28,536	377,687	308,301	434,615	182,289	118,526	12,252	2,025,332

For the year ended March 31, 2024

(Yen in millions)

	Reporting Segment								Others	Total
	Core Components Business			Electronic Components Business	Solutions Business					
	Industrial & Automotive Components Unit	Semi-conductor Components Unit	Others		Industrial Tools Unit	Document Solutions Unit	Communications Unit	Others		
Sales revenue										
Revenue recognized from contracts with customers	223,846	314,593	29,856	351,276	310,521	433,581	193,947	115,297	12,063	1,984,980
Revenue recognized from other sources	—	—	—	—	46	18,308	613	—	274	19,241
Total	223,846	314,593	29,856	351,276	310,567	451,889	194,560	115,297	12,337	2,004,221

(2) Contract Balance

The following table shows the components of receivables from contracts with customers, contract assets and contract liabilities.

On the consolidated statement of financial position, contract assets are included in “Trade and other receivables,” and contract liabilities are included in “Trade and other payables,” “Accrued expenses” and “Other current liabilities,” respectively.

(Yen in millions)

	As of March 31,	
	2023	2024
Receivables from contracts with customers	333,213	338,334
Contract assets	1,640	4,010
Contract liabilities	37,468	38,511

Contract assets relate mainly to Kyocera’s right to consideration in exchange for goods or services for which Kyocera has satisfied or partially satisfied the performance obligations but has not claimed yet as of the fiscal year end with respect to contracts for photovoltaic system related products in the Communications Unit. Contract assets are reclassified to trade receivables when the right to consideration becomes unconditional.

For contracts in which the period between the delivery of products to customers and the receipt of consideration is expected to be one year or less, Kyocera does not make an adjustment for significant financing components, as a practical expedient.

The components of contract liabilities are as follows:

(Yen in millions)

	As of March 31,	
	2023	2024
Advance received	28,332	29,188
Refund liabilities	9,136	9,323
Total	37,468	38,511

The balance of advance received as of April 1, 2022 was recognized as revenue for the year ended March 31, 2023. The balance of advance received as of March 31, 2023 was recognized as revenue for the year ended March 31, 2024. The amount of revenue from performance obligation satisfied within previous period was immaterial. The disclosure of remained performance obligation is omitted due to that there are no significant transactions with individual expected contractual terms exceeds over a year.

27. Expenses by Nature

The components of cost of sales and selling, general and administrative expenses by nature are as follows:

(Yen in millions)

	For the year ended March 31,	
	2023	2024
Raw materials	516,172	500,254
Subcontract expenses	131,220	116,460
Direct expenses for sale	43,098	43,025
Labor cost	534,538	552,634
Depreciation and amortization	149,603	156,950
General expenses	522,184	541,975
Total	1,896,815	1,911,298

28. Research and Development Expenses

The amount of research and development expenses for the year ended March 31, 2023 and 2024 are as follows.

These research and development expenses are mainly recorded in “Labor cost” and “General expenses” of “Selling, general and administrative expenses.”

(Yen in millions)

	For the year ended March 31,	
	2023	2024
Research and Development expenses	94,277	104,290

29. Finance Income and Expenses

(1) Finance Income

The components of finance income are as follows:

(Yen in millions)

	For the year ended March 31,	
	2023	2024
Interest income		
Financial assets measured at amortized cost	6,358	11,074
Dividend income		
Financial assets measured at fair value through other comprehensive income	45,891	49,757
Other	40	8
Total	52,289	60,839

(2) Finance Expenses

The components of finance expenses are as follows:

(Yen in millions)

	For the year ended March 31,	
	2023	2024
Interest expenses		
Financial liabilities measured at amortized cost	1,859	2,439
Lease liabilities	1,169	1,816
Foreign exchange losses	4,651	13,561
Loss on net monetary position	437	874
Other	129	146
Total	8,245	18,836

30. Earnings Per Share

Earnings per share attributable to owners of the parent are as follows.

Earnings per share attributable to owners of the parent - Diluted is not stated, as there is no potential share.

	For the year ended March 31,	
	2023	2024
Profit attributable to owners of the parent (Yen in millions)	127,988	101,074
Weighted average number of ordinary shares (Thousands of shares)	1,435,641	1,412,123
Earnings per share attributable to owners of the parent -Basic (Yen)	89.15	71.58

(Note) Kyocera Corporation implemented the stock split at the ratio of 4 for 1 of all common stocks, with the effective date of January 1, 2024. Weighted average number of ordinary shares and Earnings per share attributable to owners of the parent -Basic are calculated based on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

31. Cash Flow Information

The supplemental information associated with consolidated statement of cash flows are as follows:

Non-cash investing and financing activities

(Yen in millions)

	For the year ended March 31,	
	2023	2024
Accounts payable for purchase of property, plant and equipment	33,801	50,014
Accounts payable for purchase of intangible assets	489	441
Acquisition of right-of-use assets from lease transaction	41,326	45,478

Acquisitions of businesses

(Yen in millions)

	For the year ended March 31,	
	2023	2024
Acquired assets at fair value	1,964	2,682
Assumed liabilities at fair value	(578)	(114)
Cash acquired	(494)	(53)
Others	2,201	—
Total	3,093	2,515

The changes in liabilities arising from financing activities

(Yen in millions)

	Short-term borrowings	Long-term borrowings	Lease liabilities	Total
As of April 1, 2022	30,000	66,545	52,716	149,261
Changes from financing cash flows	(10,000)	48,680	(23,975)	14,705
Changes from lease contracts	—	—	41,554	41,554
Changes arising from obtaining or losing control of subsidiaries or other businesses	—	—	239	239
Exchange differences on translating foreign operations	—	1,561	2,349	3,910
Others	—	—	132	132
As of March 31, 2023	20,000	116,786	73,015	209,801
Changes from financing cash flows	(20,000)	89,560	(26,845)	42,715
Changes from lease contracts	—	—	45,181	45,181
Changes arising from obtaining or losing control of subsidiaries or other businesses	—	—	(19)	(19)
Exchange differences on translating foreign operations	—	2,808	4,712	7,520
Others	—	—	(1,007)	(1,007)
As of March 31, 2024	—	209,154	95,037	304,191

32. Financial Instruments

(1) Capital Management

Kyocera aims to achieve sustainable sales growth and high profitability through the effective use of capital and also believes that maintaining a high equity ratio and a strong financial basis is important in order to ensure business continuation in any business environment.

Kyocera is making aggressive investments directed toward growth, including enhancement of production capacity, investment in research and development, and conduct of merger and acquisition, etc. Kyocera is also actively utilizing capital and improving our capital efficiency in order to realize sustainable business development by conducting a structural reorganization aimed at improving profitability. In addition, Kyocera considers the profit ratio of equity attributable to owners of the parent (ROE) as an important indicator of capital efficiency and is continually working to improve it.

Kyocera's profit ratio of equity attributable to owners of the parent (ROE) is as follow:

(%)

	For the year ended March 31,	
	2023	2024
Profit ratio of equity attributable to owners of the parent (ROE)	4.3	3.2

(2) Financial Risk Management

Kyocera's activities are exposed to varieties of market risks, including the effects of changes in foreign currency exchange rates, interest rates and stock prices. In order to hedge against these risks, Kyocera uses derivative financial instruments but does not hold or issue derivative financial instruments for trading purposes. Kyocera regularly assesses these market risks based on policies and procedures established to protect against the adverse effects of these risks and other potential exposures, primarily by reference to the market value of financial instruments.

(3) Credit Risk Management

Kyocera is principally exposed to credit risk of customers on trade receivables and credit risk of counterparties of derivatives.

Kyocera defines default on trade receivables as "customer's failure to discharge its obligation without reasonable grounds" and presume as default when it is three months past due. With regard to trade receivables, in accordance with the credits management policies, Kyocera sets the credit limit for the business partner, and in order to ensure early identification and mitigate concerns about collection due to deterioration in the financial condition of Kyocera's customers, Kyocera conducts due date management and balance management for each customer, taking into consideration of a variety of factors, including the collection period of past due receivables, historical experience, and the current business environment.

With regard to derivative transactions, Kyocera minimizes the credit risk by entering into transactions with creditworthy counterparties, limiting the amount of exposure to each counterparty, and monitoring the financial condition of its counterparties.

No significant concentration of credit risk is present in a particular customer. Kyocera's maximum exposure to credit risks is financial assets on the consolidated statement of financial position.

Changes in allowance for credit losses are as follows:

(Yen in millions)

	For the year ended March 31,	
	2023	2024
Opening balance	4,766	5,092
Increase	1,461	1,010
Decrease (intended use)	(110)	(64)
Decrease (reversal)	(1,229)	(726)
Exchange differences on translating foreign operations	204	386
Closing balance	5,092	5,698

There was no significant increase or decrease in the gross carrying amount that could affect a change in allowance for credit losses for the year ended March 31, 2023 and 2024.

Total carrying amounts of financial instruments subject to allowance for credit losses are as follows:

a. Trade Receivables

(Yen in millions)

	As of March 31,	
	2023	2024
Not past due	310,029	313,252
Due within 3 months	25,241	27,581
Due over 3 months to 1 year	2,531	2,667
Due over 1 year	1,279	1,095
Total	339,080	344,595

The contract balances of financial assets that were directly written off during the reporting period but still subject to recovery activities as of March 31, 2023 and 2024 were not material.

b. Receivables Other than Trade Receivables, etc.

The information of receivables other than trade receivables has been omitted since there are no assets of which credit risk was considered to significantly increase and credit risk of the carrying amount were not material.

(4) Liquidity Risk Management

Liquidity risks are Kyocera's risks of nonfulfillment of repayment obligations for financial liabilities due. Kyocera holds sufficient cash and cash equivalents as of March 31, 2024, and also held highly-liquid financial assets. Kyocera has established good relationships with major financial institutions and does not expect to face any liquidity issue in the foreseeable future.

In the short term, Kyocera expects cash demands for funds for capital expenditures, R&D activities and payments of dividends to shareholders in addition to working capital of operational activities. Kyocera plans to meet these cash demand with cash on hand and borrowings from financial institutions. However, Kyocera does not currently intend to use any other financing sources that might affect its credit agency rating. In the event of a large demand for funds for investment to expand existing businesses and create new businesses, Kyocera has borrowings from financial institutions and other financing instruments such as issuance of corporate bonds and stocks.

The balances of major financial liabilities by contractual maturities as of March 31, 2023 and 2024 are as follows:

As of March 31, 2023

(Yen in millions)

	Carrying amount	Contract amount	Due within 1 year	Due over 1 year to 5 years	Over 5 years
Non-derivative liabilities:					
Borrowings	136,786	139,892	30,099	107,288	2,505
Trade and other payables	203,864	203,864	203,864	—	—
Lease liabilities	73,015	76,984	20,373	39,476	17,135
Total	413,665	420,740	254,336	146,764	19,640
Derivative liabilities:					
Other financial liabilities	4,741	4,741	4,741	—	—

As of March 31, 2024

(Yen in millions)

	Carrying amount	Contract amount	Due within 1 year	Due over 1 year to 5 years	Over 5 years
Non-derivative liabilities:					
Borrowings	209,154	213,906	10,852	198,980	4,074
Trade and other payables	212,133	212,133	212,133	—	—
Lease liabilities	95,037	103,363	26,668	53,537	23,158
Total	516,324	529,402	249,653	252,517	27,232
Derivative liabilities:					
Other financial liabilities	5,934	5,934	5,934	—	—

(5) Currency Risks Management

Kyocera conducts business in countries outside Japan, which exposes it to fluctuations in foreign currency exchange rates. Kyocera may enter into mainly short-term forward contract transaction to hedge this risk. Nevertheless, fluctuations in foreign currency exchange rates could have an adverse effect on its business. Fluctuations in foreign currency exchange rates may affect Kyocera's consolidated results of operations, financial condition, cash flows, the value of its foreign assets and production costs, which in turn may adversely affect reported earnings and the comparability of period-to-period results of operations. Changes in currency exchange rates may affect the relative prices at which Kyocera and foreign competitors sell products in the same market. In addition, changes in the value of the relevant currencies may affect the cost of imported items required in its operations.

In case of appreciation of 1 yen against U.S. dollar and Euro, the impacts on profit before income taxes for the year ended March 31, 2023 and 2024 are as follows:

(Yen in millions)

	For the year ended March 31,	
	2023	2024
U.S. dollar	(1,379)	(896)
Euro	(923)	(876)

(6) Interest Rate Risk Management

Kyocera recorded "Borrowings" and "Lease liabilities" in the consolidated statement of financial position. As interest rate risk relating to these interest-bearing liabilities upon Kyocera's result of operation or cash flow is immaterial, sensitivity analysis is omitted.

(7) Market Price Fluctuation Risks Management

Kyocera holds investments in equity securities of companies not affiliated with us, which we generally hold on a long-term position for business relationship purposes. A substantial portion of Kyocera's investments in equity securities consists of an investment in shares of KDDI Corporation, a Japanese telecommunication service provider. Kyocera's investment in shares of KDDI Corporation accounts for approximately 30% of Kyocera's total assets. Accordingly, fluctuations in the market value of the shares of KDDI Corporation may materially affect Kyocera's financial condition.

For Kyocera's investment in shares of KDDI Corporation as of end of fiscal year, the impact of a 10% change in market price on other comprehensive income as of March 31, 2023 and 2024 are 137,155 million yen and 150,190 million yen, respectively. This analysis is based on the assumption that all other variables are constant.

Kyocera holds cross-shareholdings or unilateral holdings, which are part of the all equity securities, and affiliates with the objective of improving our corporate value in the medium to long-term, focusing on corporate growth through maintenance of business relationships, realization of profits through shareholdings, and the social significance of the issuing companies. For equity securities including cross-shareholdings, with periodical checks for the economic rationality, Kyocera may dispose of some securities, which lack merit for Kyocera, although market conditions may not permit us to do so at the time, speed or price we may wish.

(8) Derivatives and Hedging

Kyocera maintains a foreign currency risk management strategy that uses derivative financial instruments, such as foreign currency forward contracts to minimize the volatility in its cash flows caused by changes in foreign currency exchange rates. Movements in foreign currency exchange rates pose a risk to Kyocera's operations and competitive position, since exchange rates changes may affect the profitability, cash flows, and business and/or pricing strategies of non-Japan-based competitors. These movements affect cross-border transactions that involve, but not limited to, direct export sales made in foreign currencies and raw material purchases incurred in foreign currencies.

By using derivative financial instruments to hedge exposures to changes in exchange rates, Kyocera became exposed to credit risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contracts. When the fair value of a derivative contract is positive, the counterparty owes Kyocera, which creates repayment risk for Kyocera. When the fair value of a derivative contract is negative, Kyocera owes the counterparty and, therefore, it does not possess repayment risk. Kyocera minimizes the credit (or repayment) risk in derivative financial instruments by (a) entering into transactions with creditworthy counterparties, (b) limiting the amount of exposure to each counterparty, and (c) monitoring the financial condition of its counterparties.

Kyocera does not hold or issue such derivative financial instruments for trading purposes.

Kyocera's associate utilizes interest rate swaps to minimize significant, unanticipated cash flow fluctuations caused by interest rate volatility. The affiliate also reduces credit risks by entering into transactions with certain creditworthy counterparty and limiting the amount of exposure to the counterparty.

a. Cash Flow Hedges

Kyocera uses certain foreign currency forward contracts with terms normally lasting for less than four months designated as cash flow hedges to protect against foreign currency exchange rate risks inherent in its forecasted transactions related to purchase commitments and sales. Kyocera's associate utilizes interest rate swaps mainly to convert a portion of its variable rates debt to fixed rates debt.

b. Other Derivatives

Kyocera's main direct foreign export sales and some import purchases are denominated in the customers and suppliers' transaction currencies, principally the U.S. dollar and the Euro. Kyocera purchases foreign currency forward contracts to protect against the adverse effects that exchange rate fluctuations may have on foreign-currency-denominated trade receivables and payables. The gains and losses on both the derivatives and the foreign-currency-denominated trade receivables and payables are recorded as profit or loss. Kyocera does not adopt hedge accounting for such derivatives.

The aggregate contractual amounts of derivative financial instruments as of March 31, 2023 and 2024 are as follows:

The aggregate contractual amounts (Yen in millions)

	As of March 31,	
	2023	2024
Derivatives designated as hedging instruments:		
Foreign currency forward contracts	8,703	8,896
Derivatives not designated as hedging instruments:		
Foreign currency forward contracts	298,094	301,969
Total	306,797	310,865

The fair value and presentation (Yen in millions)

	As of March 31,	
	2023	2024
Derivative assets		
Derivatives designated as hedging instruments:		
Foreign currency forward contracts Other financial assets	86	25
Derivatives not designated as hedging instruments:		
Foreign currency forward contracts Other financial assets	1,063	406
Total	1,149	431
Derivative liabilities		
Derivatives designated as hedging instruments:		
Foreign currency forward contracts Other financial liabilities	43	42
Derivatives not designated as hedging instruments:		
Foreign currency forward contracts Other financial liabilities	4,698	5,892
Total	4,741	5,934

Changes in the fair value of derivative financial instruments not designated as hedging instruments for the year ended March 31, 2023 and 2024 are as follows. Realized gain and losses on derivatives designated as hedging instruments are not disclosed since it is immaterial.

Type of derivatives (Yen in millions)

	For the year ended March 31,	
	2023	2024
Foreign currency forward contracts	11,360	(1,851)

(9) Fair Values of Financial Instruments

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of inputs that may be used to measure fair value are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than those included in Level 1. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

a. Financial Instruments Measured at Amortized Cost

Carrying amount and fair value of financial instruments measured at amortized cost are as follows:

(Yen in millions)

	As of March 31,			
	2023		2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets:				
Debt instruments	12	12	14	14
Other financial assets	64,820	64,820	81,649	81,649
Total	64,832	64,832	81,663	81,663
Liabilities:				
Borrowings	136,786	136,786	209,154	206,566
Total	136,786	136,786	209,154	206,566

Carrying amounts of Cash and cash equivalents, Trade and other receivables, and Trade and other payables approximate fair values because of the short maturity of these instruments.

Short-term borrowings are stated at their carrying amount since they are settled in the short term and their fair value is nearly equal to their carrying amount.

Long-term borrowings with variable interest rates are stated at their carrying amount because they reflect market interest rates in a short period of time and their fair values are deemed to be close to their carrying amount.

Long-term borrowings with fixed interest rates are stated at the present value of future cash flows discounted at the interest rate that would be applied to a similar contract were newly executed.

b. Financial Instruments Measured at Fair Value

The levels of the fair value hierarchy of financial instruments measured at fair value are as follows:

(Yen in millions)

	As of March 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Equity and debt instruments				
Financial assets measured at fair value through other comprehensive income	1,449,067	—	49,138	1,498,205
Financial assets measured at fair value through profit or loss	—	—	10,041	10,041
Other financial assets	—	1,149	—	1,149
Total	1,449,067	1,149	59,179	1,509,395
Liabilities				
Other financial liabilities	—	4,741	—	4,741
Contingent consideration	—	—	110	110
Total	—	4,741	110	4,851

(Yen in millions)

	As of March 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Equity and debt instruments				
Financial assets measured at fair value through other comprehensive income	1,575,744	—	52,935	1,628,679
Financial assets measured at fair value through profit or loss	—	—	11,345	11,345
Other financial assets	—	431	—	431
Total	1,575,744	431	64,280	1,640,455
Liabilities				
Other financial liabilities	—	5,934	—	5,934
Contingent consideration	—	—	86	86
Total	—	5,934	86	6,020

Transfers between levels are recognized on the day when the event or change in circumstances that caused the transfer occurred. There were no significant transfers between Level 1 and Level 2 for the year ended March 31, 2023 and 2024.

c. Measurement Method of Fair Value of Financial Assets and Financial Liabilities

The valuation techniques to measure fair value of financial instruments and input information are as follows:

The fair value of Level 1 investments is quoted price in an active market with sufficient volume and frequency of transactions.

The fair value of Level 2 other financial assets and other financial liabilities are derivatives, and their fair values are measured by discounting the value calculated using forward exchange rates current on the date of consolidated financial statements to the present value.

Financial assets classified Level 3 are mainly unlisted stocks, and their fair values are measured by valuation technique such as discounted cash flows method. Contingent consideration recognized in a business combination is calculated based on expected payment by taking into account future business performances.

d. Evaluation Process

The fair value of unlisted stocks classified as level 3 is evaluated and the results of the evaluation are examined by external evaluation experts or appropriate persons in charge of evaluation in accordance with the evaluation policy and procedures approved by the management of finance division. The evaluation results are reviewed and approved by person in charge of management of finance division.

e. Quantitative Information Related to Assets Classified as Level 3

Information related to evaluation technique and significant unobservable inputs of assets measured at fair value on a recurring basis classified as level 3 is as follows:

As of March 31, 2023

Classification	Valuation Technique	Unobservable Inputs	Range
Financial assets measured at fair value through other comprehensive income	Discounted cash flow method	Discount rate	3.3% to 4.3%

As of March 31, 2024

Classification	Valuation Technique	Unobservable Inputs	Range
Financial assets measured at fair value through other comprehensive income	Discounted cash flow method	Discount rate	3.2% to 4.3%

The decline (increase) in the discount rate will increase (decrease) the fair value. For financial instruments classified as Level 3, significant changes in fair value are not expected when unobservable inputs are changed to reasonably possible alternative assumptions.

f. Reconciliation of Financial Instruments Classified as Level 3

Reconciliation of financial instruments classified as Level 3 from the opening balance to the closing balance is as follows:

(Yen in millions)

	For the year ended March 31,					
	2023			2024		
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial liabilities measured at fair value through profit or loss	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial liabilities measured at fair value through profit or loss
Opening balance	5,479	48,175	2,108	10,041	49,138	110
Profit or loss *1	700	—	65	447	—	—
Other comprehensive income *2	—	2,044	—	—	4,457	—
Purchase and assume	4,152	912	—	938	682	—
Sales and settlements	(323)	(1,428)	(2,054)	(243)	(1,422)	(31)
Transfer into or out Level 3 *3	—	(200)	—	—	—	—
Others	33	(365)	(9)	162	80	7
Closing balance	10,041	49,138	110	11,345	52,935	86
Change in unrealized gains or losses included in profit or loss	729	—	—	421	—	—

(Notes) 1. Those related to financial assets are included in “Finance income” and “Finance expenses,” while those related to financial liabilities are included in “Selling, general and administrative expenses” in the consolidated statement of profit or loss.

2. Included in “Financial assets measured at fair value through other comprehensive income” in the consolidated statement of comprehensive income.

3. The transfer out of Level 3 recognized for the year ended March 31, 2023 resulted from the investee’s listing on the stock exchange.

33. Major Subsidiaries

(1) Organizational Structure

Major subsidiaries of Kyocera as of March 31, 2024 are as follows:

Name	Location	Reporting segment	Ownership ratio of voting rights (%)
Kyocera Industrial Tools Corporation	Japan	Solutions Business	100.00
Kyocera Document Solutions Inc.	Japan	Solutions Business	100.00
Kyocera Communication Systems Co., Ltd.	Japan	Solutions Business	76.64
Kyocera (China) Sales & Trading Corporation	China	Core Components Business Electronic Components Business Solutions Business	90.00
Dongguan Shilong Kyocera Co., Ltd.	China	Core Components Business Solutions Business	90.00
Kyocera Korea Co., Ltd.	Korea	Core Components Business Electronic Components Business	100.00
Kyocera Asia Pacific Pte. Ltd.	Singapore	Core Components Business Electronic Components Business Solutions Business	100.00
Kyocera Vietnam Co., Ltd.	Vietnam	Core Components Business	100.00
Kyocera (Thailand) Co., Ltd.	Thailand	Core Components Business	100.00
Kyocera International, Inc.	U.S.A.	Core Components Business Solutions Business	100.00
Kyocera AVX Components Corporation	U.S.A.	Electronic Components Business	100.00
Kyocera Senco Industrial Tools, Inc.	U.S.A.	Solutions Business	100.00
Kyocera Industrial Tools, Inc.	U.S.A.	Solutions Business	100.00
Kyocera Europe GmbH	Germany	Core Components Business Solutions Business	100.00

(2) Change in the Parent's Ownership Interest in a Subsidiary

The effect of capital surplus on changes in the parent's ownership interests in subsidiaries is as follows:

(Yen in millions)

	For the year ended March 31,	
	2023	2024
The effect of transaction with non-controlling interests	(3,641)	(438)

There is no significant change in the parent's ownership interests in subsidiaries for the year ended March 31, 2024.

34. Related Party

(1) Transaction with Related Party

There are no significant related party transactions and balances to be disclosed for the year ended March 31, 2023 and 2024.

(2) Remuneration of Major Executives

Remuneration of major executives are as follows:

(Yen in millions)

	For the year ended March 31,	
	2023	2024
Basic remuneration	262	272
Performance-linked remuneration (Bonuses to Directors)	165	131
Non-monetary remuneration (Restricted Stock Compensation)	72	96
Total	499	499

(Note) In addition to the total amount of compensation shown in the above table, compensation of 249 million yen for the year ended March 31, 2023 and 219 million yen for the year ended March 31, 2024 is paid to Directors (excluding Outside Directors) as compensation and others for those employees who serve concurrently as employees and Directors.

35. Commitments

Contractual commitments for acquisition of property, plant and equipment are as follows:

(Yen in millions)

	As of March 31,	
	2023	2024
Acquisition of property, plant and equipment	120,747	122,460

36. Contingency

(1) Assets Pledged as Collateral

Shares of Kagoshima Mega Solar Power Corporation held by Kyocera are pledged as collateral for its borrowings of 8,235 million yen from financial institutions as of March 31, 2024.

Shares are accounted for using the equity method and their book value is 2,398 million yen and 2,435 million yen as of March 31, 2023 and 2024, respectively.

(2) Lawsuits

As described in Note “22. Provisions,” Kyocera records provisions for contingencies related to various lawsuits and claims when the likelihood of an adverse outcome is probable and the amount can be reasonably estimated. And based on the information available, Kyocera believes the damages, if any, resulting from lawsuits and claims for which provisions have not been recorded will not have a significant impact on Kyocera’s financial position, operating results and cash flows.

(3) Environmental Obligations

As described in Note “22. Provisions,” Kyocera records provisions for the amount expected to meet obligations related to environmental matters. Kyocera believes that it is difficult to estimate the possibility and the reasonable amount for environmental remediation exposures resulting from matters for which provisions have not been recorded due to the uncertainties about the status of laws, regulations, regulatory actions, technology and information related to individual matters.

37. Subsequent Events

Not Applicable.

38. Approval of Consolidated Financial Statements

The consolidated financial statements have been approved by Hideo Tanimoto, President and Representative Director, and Shoichi Aoki, Director and Managing Executive Officer, on June 25, 2024.

(2) Others

Quarterly Information for the Year Ended March 31, 2024

(Yen in millions, unless otherwise stated)

	For the three months ended June 30, 2023	For the six months ended September 30, 2023	For the nine months ended December 31, 2023	For the year ended March 31, 2024
Sales revenue	479,420	985,290	1,492,672	2,004,221
Profit before income taxes	50,477	77,867	125,638	136,143
Profit attributable to owners of the parent for the period (year)	37,392	56,487	90,366	101,074
Earnings per share attributable to owners of the parent (Yen)	26.33	39.90	63.94	71.58

	For the three months ended June 30, 2023	For the three months ended September 30, 2023	For the three months ended December 31, 2023	For the three months ended March 31, 2024
Earnings per share attributable to owners of the parent (Yen)	26.33	13.53	24.05	7.60

(Note) Kyocera Corporation implemented the stock split at the ratio of 4 for 1 of all common stocks, with the effective date of January 1, 2024. “Earnings per share attributable to owners of the parent” is calculated based on the assumption that the stock split was implemented at the beginning of the fiscal year.

VI. Outline Regarding the Administration of Kyocera's Stock

Year Ended	April 1 - March 31																		
Annual General Meeting of Shareholders	During June																		
Record date	March 31																		
Record dates for dividends of retained earnings	September 30 March 31																		
Number of shares in one trading unit	100 shares																		
Buyback in holdings of shares less than one unit																			
Place of handling	Mitsubishi UFJ Trust and Banking Corporation Osaka Securities Agency Department 6-3, Fushimi-cho, 3-chome, Chuo-ku, Osaka																		
Administrator of shareholder registry	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo																		
Forwarding office	—																		
Fees for buyback in holdings	Free																		
Method of giving public notice	Public notifications by means of electronic public notice (https://global.kyocera.com/) However, in the event of an accident which makes electronic notice impossible, or the occurrence of similar circumstances which cannot be controlled, public notification shall be posted in the Nihon Keizai Shimbun (the Nikkei Newspaper).																		
Shareholders privileges	<p>Eligible shareholders shall be those who have continuously held shares for at least one year and hold 100 or more shares among all shareholders recorded in the shareholders' resister as of March 31,2024 (record date). Kyocera shall present a QUO Card or Catalog Gift as shown below in accordance with the number of shares held and the holding period. Catalog Gifts are those from which shareholders can choose among gourmet products or donations to social contribution organizations from gifts listed in our original catalog.</p> <table border="1"> <thead> <tr> <th colspan="2" rowspan="2"></th> <th colspan="2">Holding period</th> </tr> <tr> <th>1 year or more and less than 5 years</th> <th>5 years or more</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Number of shares held</td> <td>100 shares or more and less than 500 shares</td> <td>QUO Card 1,000 yen</td> <td>QUO Card 2,000 yen</td> </tr> <tr> <td>500 shares or more and less than 1,000 shares</td> <td>Catalog Gift 3,000 yen equivalent</td> <td>Catalog Gift 5,000 yen equivalent</td> </tr> <tr> <td>1,000 shares or more shares</td> <td>Catalog Gift 5,000 yen equivalent</td> <td>Catalog Gift 10,000 yen equivalent</td> </tr> </tbody> </table> <ul style="list-style-type: none"> • The number of shares held shall be the number of shares recorded in the shareholders' resister as of March 31,2024 (record date). • The holding period shall be the number of consecutive years recorded in the shareholders' resister as of March 31,2024 under the same shareholder number. Please note that the calculation shall include the period prior to the establishment of the continuous shareholder benefit program. 					Holding period		1 year or more and less than 5 years	5 years or more	Number of shares held	100 shares or more and less than 500 shares	QUO Card 1,000 yen	QUO Card 2,000 yen	500 shares or more and less than 1,000 shares	Catalog Gift 3,000 yen equivalent	Catalog Gift 5,000 yen equivalent	1,000 shares or more shares	Catalog Gift 5,000 yen equivalent	Catalog Gift 10,000 yen equivalent
		Holding period																	
		1 year or more and less than 5 years	5 years or more																
Number of shares held	100 shares or more and less than 500 shares	QUO Card 1,000 yen	QUO Card 2,000 yen																
	500 shares or more and less than 1,000 shares	Catalog Gift 3,000 yen equivalent	Catalog Gift 5,000 yen equivalent																
	1,000 shares or more shares	Catalog Gift 5,000 yen equivalent	Catalog Gift 10,000 yen equivalent																

VII. Other Reference Information

1. Information on Parent Company

Kyocera Corporation has no parent company pursuant to first paragraph of Article 24-7, of Financial Instruments and Exchange Act of Japan.

2. Other Reference Information

(1) Documents filed during the period from the commencing date of the year to the filing date of Annual Report

Kyocera Corporation filed the following documents with Director of the Kanto Local Finance Bureau during the period from the commencing date of the year ended March 31, 2024 to the filing date of this Annual Report.

(a) Annual Report, documents attached, and Confirmation Letter	Business Term (69th)	From April 1, 2022 To March 31, 2023	Filed on June 27, 2023
(b) Internal Control Report and documents attached	Business Term (69th)	From April 1, 2022 To March 31, 2023	Filed on June 27, 2023
(c) Quarterly Report and Confirmation Letter	(70th First Quarter)	From April 1, 2023 To June 30, 2023	Filed on August 10, 2023
	(70th Second Quarter)	From July 1, 2023 To September 30, 2023	Filed on November 10, 2023
	(70th Third Quarter)	From October 1, 2023 To December 31, 2023	Filed on February 14, 2024
(d) Extraordinary Report	Pursuant to Article 19, Paragraph 2, Item 9-2 of Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.		Filed on June 29, 2023
	Pursuant to Article 19, Paragraph 2, Item 9-4 of Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.		Filed on December 1, 2023
(e) Securities Registration Statement (Allotment of shares to others) and documents attached			Filed on June 27, 2023
(f) Amendment Report of Securities Registration Statement	Amendment for Securities Registration Statement and documents attached filed on June 27, 2023		Filed on June 29, 2023
(g) Status Report of Acquisition of Treasury Stock	Reporting Term	From June 1, 2023 To June 30, 2023	Filed on July 6, 2023
		From July 1, 2023 To July 31, 2023	Filed on August 4, 2023
		From August 1, 2023 To August 31, 2023	Filed on September 6, 2023
		From September 1, 2023 To September 30, 2023	Filed on October 11, 2023
		From October 1, 2023 To October 31, 2023	Filed on November 7, 2023
		From November 1, 2023 To November 30, 2023	Filed on December 6, 2023
		From December 1, 2023 To December 31, 2023	Filed on January 11, 2024
		From January 1, 2024 To January 31, 2024	Filed on February 6, 2024
		From February 1, 2024 To February 29, 2024	Filed on March 6, 2024
		From March 1, 2024 To March 31, 2024	Filed on April 4, 2024

Part II. Corporate Information on Guarantors and Others
Not Applicable.

TRANSLATION

Following is an English translation of the Independent Auditors' Report filed under the Financial Instrument and Exchange Act of Japan. This report is presented merely as supplemental information.

Independent Auditors' Report

(filed under the Financial Instruments and Exchange Act of Japan)

June 25, 2024

To the Board of Directors of
Kyocera Corporation (Kyocera Kabushiki Kaisha):

PricewaterhouseCoopers Japan
Kyoto Office

Designated Limited Liability and
Engagement Partner,
Certified Public Accountant:

Toru Tamura

Designated Limited Liability and
Engagement Partner,
Certified Public Accountant:

Kentaro Morimoto

Audit of Financial Statements

Audit Opinion

Pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements included in the "Financial Information," namely, the consolidated statements of financial position as of March 31, 2024 of Kyocera Corporation (the "Company") and its consolidated subsidiaries, and the consolidated statement of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, including notes to consolidated financial statements.

In our opinion, the consolidated financial statements, prepared in accordance with International Financial Reporting Standards pursuant to the provisions of Article 93 of Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements under Japanese Law, present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of March 31, 2024 and the consolidated results and its consolidated cash flows for the year then ended.

Basis for opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities in auditing standards are stated in "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions of the Code of Professional Ethics in our country, and fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of impairment of goodwill of the GaN device business (Consolidated Financial Statements Note 3 “Material Accounting Policies (9) Impairment of Non-Financial Assets,” Note 16 “Impairment of Non-Financial Assets”)	
Details of Key Audit Matter and Reasons for Decisions	How Our Audit Addressed
<p>As of March 31, 2024, the Company recorded goodwill of 282,379 million yen in the Consolidated Statement of Financial Position. Per its policy, the Company defines the cash-generating units to which goodwill is allocated based on the business and goodwill allocated to the GaN device business is 26,667 million yen. Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that they may be impaired. As a result of the impairment test, the recoverable amount of the GaN device business (carrying amount: 69,913 million yen) exceeded its carrying amount by 30,955 million yen (44.3%).</p> <p>In testing for impairment, the Company determined the recoverable amount based on the value in use. The value in use of the GaN device business is calculated by discounting the estimated future cash flows based on the business plan approved by management within 8 years and the estimated future cash flows beyond the period covered by the business plan calculated using growth rates to the present value using the pre-tax discount rate of 19.1% for the cash-generating unit. The growth rate applied to estimate future cash flows beyond the period covered by the business plan is 2.0%, taking into account expected future inflation rates.</p> <p>In estimating the value in use used for impairment testing of the GaN device business, the sales volume and unit sales price included in the business plan approved by management are used as significant assumptions. If these significant assumptions change, an impairment loss may need to be recorded in the GaN device business. Considering that estimating value in use is subject to uncertainty so management judgment is significant, and the significance of the carrying amount of goodwill allocated to the GaN device business, we determined that the assessment of impairment of goodwill of the GaN device business as a Key Audit Matter.</p>	<p>We have performed the following procedures over the impairment assessment of goodwill of the GaN Devices business conducted by management:</p> <ul style="list-style-type: none"> • We assessed the effectiveness of the design and operation of internal controls over the impairment assessment, including internal controls related to the determination of significant assumptions used in estimating value in use and underlying data. • We reviewed the business plan for consistency with the figures approved by management. In addition, we considered the validity of using the business plan within 8 years. • We conducted an analysis of the deviation between the results and the business plans for the previous fiscal years. • We reviewed the rationality of the sales volume and unit sales price included in the business plan by discussing with management and reviewing related materials. • We verified the basis for the after-tax cost of debt and cost of capital used as the basis for calculating the discount rate with the external information we had available to us. We also reviewed the appropriateness of comparable companies used in the calculation of the debt-equity ratio. • We conducted a sensitivity analysis of the business plan and discount rate.

Other Information

Other information included in the annual report is information other than the consolidated financial statements and the audited reports thereon. Management is responsible for the preparation and disclosure of the other information. In addition, the Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the reporting process of the other information. Our audit opinion on the consolidated financial statements does not cover the other information, and we do not provide an opinion on the other information.

In connection with our audit of the consolidated financial statements, our responsibilities are to read the other information carefully and in the course of reading, consider whether the other information is materially different from the consolidated financial statements or the knowledge we have obtained during the audit, and to pay attention to whether there are any indications of material errors in the other information other than such material differences. If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact.

We have no matters to report with respect to the other information.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards. This includes implementing and maintaining internal control deemed necessary by management for the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements on the basis of the going concern assumption and for disclosing any matters relating to going concern, if necessary, in accordance with International Financial Reporting Standards.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operation of the financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to express an opinion on these consolidated financial statements in the audit report from an independent position based on our audit, with obtaining reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement due to fraud or error. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these consolidated financial statements. As part of an audit in accordance with the auditing standards generally accepted in our country, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risk of material misstatement due to fraud or error, design and perform audit procedures responsive to material misstatement risks. The audit procedures are selected and applied depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies adopted by management and the application thereof, as well as the reasonableness of accounting estimates and the validity of related disclosure made by management.
- conclude on the appropriateness of management's use of the going concern assumption and, based on the audit evidence obtained, whether material uncertainties exist related to events or circumstances that may cast significant doubt on the Company's ability to continue as a going concern assumption. If material uncertainties regarding the going concern assumption are identified, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inappropriate, we are required to express an opinion with exceptive items to the consolidated financial statements. Our conclusions are based on audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with International Financial Reporting Standard, as well as the presentation, structure and content of the consolidated financial statements, including the related disclosures, and whether the consolidated financial statements properly present the underlying transactions and accounting events.
- obtain sufficient appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the directions, supervision and implementation of the audit of the consolidated financial statements. We are solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified in the process of the audit and other matters required by the audit standards.

We provide to Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence and on matters reasonably considered to affect the independence of the auditors and the content of safeguards, if any, to remove or reduce impediments to their independence.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be reported in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such reporting.

Audit of Internal Control

Audit Opinion

Pursuant to the Article 193-2, paragraph 2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of the Company as of March 31, 2024. In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of the Company as of March 31, 2024 is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for opinion

We conducted our audit of internal control in accordance with an audit standard of internal control over financial reporting that is generally considered acceptable in Japan. Our responsibilities under the auditing standards of internal control over financial reporting are further described in the "Auditor's Responsibilities for the Audit of the internal control." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions of the Code of Professional Ethics in our country, and fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Report on Internal Control

The Company's management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

The Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing and verify the design and operation of internal control over financial reporting.

There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditors' Responsibility for the Audit of the Internal Control

Our responsibility is to express an opinion on management's report on internal control based on our internal control audit from independent position obtaining reasonable assurance about whether the management's report on internal control as a whole are free from material misstatement.

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan exercising professional judgment and maintain professional skepticism throughout the audit.

- Perform audit procedures for obtaining audit evidence regarding the evaluation results of internal control over financial reporting in the report on internal control. Audit procedures for internal control audits are selected and applied depend on the auditor's judgement, based on the significance of impact on the reliability of financial reporting.
- Consider presentation of the report on internal control as a whole, including the description made by the management regarding the scope of evaluation of internal control over financial reporting, the procedures for evaluation, and the results of the evaluation.
- Obtain sufficient and appropriate audit evidence regarding the evaluation results of internal control over financial reporting in the report on internal control. We are responsible for the direction, supervision and performance of the audit of the report on internal control. We are solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding the planned scope and timing of the audit, the results of internal control audits, any material weakness in internal control identified, the results of their corrections, and other matters required in internal control auditing.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Remuneration Information

The amounts of remuneration based on audit and attestation services and remuneration based on non-audit services provided for the Company and its subsidiaries by the audit corporation and persons who belong to the same network as the audit corporation are stated in “4. Information of Corporate Governance (3) Status of Audit” in “IV. Corporate Information.”

Interest

Our firm and its designated engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act of Japan.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.