

# Annual Report

(English translation of consolidated financial information)

(The 69th Business Term)

From April 1, 2022 to March 31, 2023

**KYOCERA CORPORATION**

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[Company Name]	Kyocera Kabushiki Kaisha
[Company Name in English]	KYOCERA CORPORATION
[Title and Name of Representative]	Hideo Tanimoto, Director and President
[Address of Head Office]	6, Takeda Tobadono-cho, Fushimi-ku, Kyoto
[Phone Number]	+81-75-604-3500
[Contact Person]	Hiroaki Chida, Executive Officer and Senior General Manager of Corporate Management Control Group
[Contact Address]	6, Takeda Tobadono-cho, Fushimi-ku, Kyoto
[Phone Number]	+81-75-604-3500
[Contact Person]	Hiroaki Chida, Executive Officer and Senior General Manager of Corporate Management Control Group
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

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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 2023” refers to the year ended March 31, 2023, 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)

	65th	66th	67th	68th	69th
Year ended	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
Sales revenue	1,623,710	1,599,053	1,526,897	1,838,938	2,025,332
Profit before income taxes	140,610	148,826	117,559	198,947	176,192
Profit attributable to owners of the parent	103,210	107,721	90,214	148,414	127,988
Comprehensive income attributable to owners of the parent	21,514	262,750	210,784	365,805	223,978
Equity attributable to owners of the parent	2,265,919	2,432,134	2,591,415	2,871,554	3,023,777
Total assets	2,968,475	3,250,175	3,493,470	3,917,265	4,093,928
Equity per share attributable to owners of the parent (Yen)	6,263.71	6,710.59	7,149.91	8,000.97	8,424.82
Earnings per share attributable to owners of the parent- Basic (Yen)	284.94	297.36	248.91	411.15	356.60
Earnings per share attributable to owners of the parent- Diluted (Yen)	284.70	—	—	—	—
Ratio of equity attributable to owners of the parent to total assets (%)	76.3	74.8	74.2	73.3	73.9
Profit ratio of equity attributable to owners of the parent (%)	4.5	4.6	3.6	5.4	4.3
Price earnings ratio (Times)	22.81	21.55	28.22	16.74	19.32
Cash flows from operating activities	220,025	214,630	220,821	201,957	179,212
Cash flows from investing activities	(47,121)	(145,551)	(183,792)	(79,457)	(168,833)
Cash flows from financing activities	(89,056)	(157,126)	(80,968)	(111,473)	(61,257)
Cash and cash equivalents at the end of the year	512,814	419,620	386,727	414,129	373,500
Number of employees	76,863	75,505	78,490	83,001	81,209

(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 from the 66th business terms are not described in the above table, as there is no potential share.

**(2) Financial Data of Kyocera Corporation**

(Yen in millions unless otherwise stated)

	65th	66th	67th	68th	69th
Year ended	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
Net sales	736,263	730,388	708,177	848,253	856,866
Recurring profit	119,978	98,356	103,245	147,160	136,878
Net income	55,129	88,466	93,269	132,442	113,321
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	377,618,580
Net assets	1,805,568	2,015,786	2,124,257	2,309,953	2,379,161
Total assets	2,181,058	2,520,096	2,685,137	2,998,363	3,080,630
Net assets per share (Yen)	4,991.15	5,561.83	5,860.98	6,436.19	6,628.80
Annual dividends per share (Yen)	140.00	160.00	140.00	180.00	200.00
Interim dividends per share (Yen)	60.00	80.00	60.00	90.00	100.00
Net income per share - Basic (Yen)	152.20	244.20	257.34	366.91	315.73
Net income per share - Diluted (Yen)	—	—	—	—	—
Net assets to total assets (%)	82.8	80.0	79.1	77.0	77.2
Return on equity (%)	3.0	4.6	4.5	6.0	4.8
Price earnings ratio (Times)	42.71	26.24	27.30	18.76	21.82
Dividends payout ratio (%)	92.0	65.5	54.4	49.1	63.3
Number of employees	19,268	19,352	19,865	20,560	21,010
[Separately, number of temporary employees]	[4,687]	[4,854]	[4,984]	[5,050]	[5,120]
Total shareholder return (%)	110.6	111.7	124.3	125.0	128.4
Comparative indicator : Dividend-included TOPIX (%)	95.0	85.9	122.1	124.6	131.8
Highest share price (Yen)	7,042	7,764	7,610	7,408	8,211
Lowest share price (Yen)	5,127	5,320	5,456	6,055	6,355

- (Notes) 1. The figures in financial statements are presented in Japanese yen and amounts less than one million yen are rounded.
2. Dividends per share for the year ended March 31, 2019 include 60th commemoration dividends of 20.00 yen.
3. Net income per share - Diluted is not described in the above table, as there is no potential share.
4. 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.
5. “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.

## 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 headquarter 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
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
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 due to become 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 headquarter 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

### **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: 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 industrial machinery, automotive-related, 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 information and communications, industrial equipment, automotive-related and consumer markets.

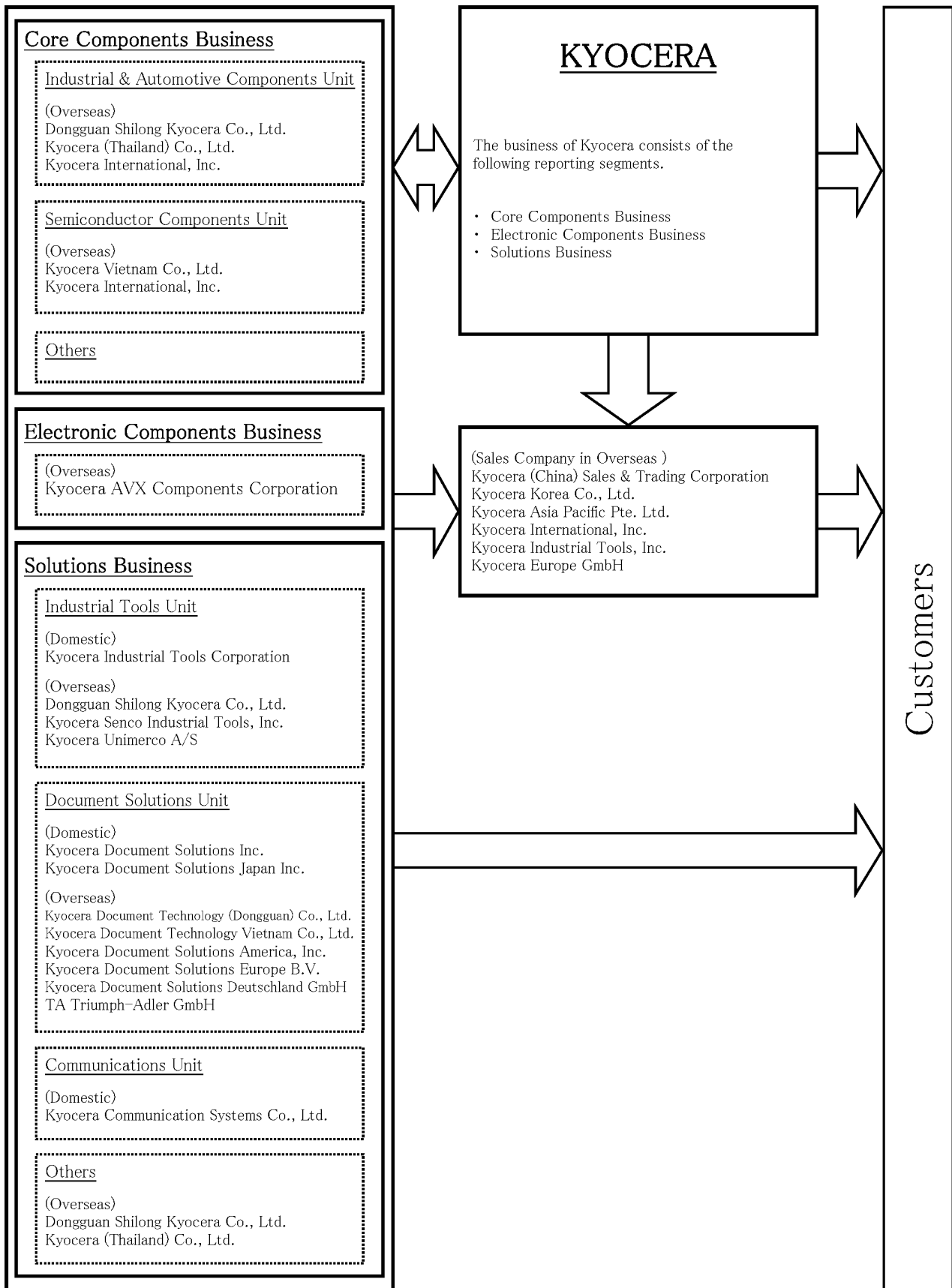
#### **(3) Solutions Business**

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 as well as solution services such as document management system and commercial uses. The Communications Unit provides communication terminals such as mobile phones, as well as information systems and telecommunication 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 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 B.V. Kyocera Document Solutions Deutschland GmbH TA Triumph-Adler GmbH
Communications Unit	
Mobile Phones Communication Modules Information Systems & Telecommunication Services	Kyocera Corporation Kyocera Communication Systems Co., Ltd. Kyocera International, Inc.
Others	
Smart Energy-Related Products & Services Displays Printing Devices	Kyocera Corporation Dongguan Shilong Kyocera Co., Ltd. Kyocera (Thailand) Co., Ltd. Kyocera Europe GmbH

The above is shown in the business diagram below.



#### 4. Associates

As of March 31, 2023

Name	Address	Capital	Principle 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 Pneumatic & 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 B.V.	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, 2023

Name	Address	Capital	Principle 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 and Displays	100.00	Yes	Yes	Raw materials supply from Kyocera Corporation, and finished goods supply to Kyocera Corporation
Kyocera International, Inc. *1	San Diego, California, U.S.A.	US\$ 34,850 thousand	Manufacture and sale of Fine Ceramic Components and Semiconductor Components, and sale of Mobile Phones	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	—	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 Tools	100.00	—	—	—

As of March 31, 2023

Name	Address	Capital	Principle 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 Tools	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 264 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, 2023, Kyocera Corporation has 10 entities accounted for using the equity method. The description of those entities is omitted since they are immaterial.



## 5. Employees

### (1) Kyocera Corporation and its Subsidiaries

As of March 31, 2023

	Number of Employees
Core Components Business	17,424
Electronic Components Business	19,490
Solutions Business	39,370
Others	1,304
Corporate	3,621
Total	81,209

- (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, 2023

Number of Employees	Average Age	Average Year of Service	Average Yearly Salary (Yen)
21,010 [5,120]	39.7	16.1	7,233,043

As of March 31, 2023

	Number of Employees
Core Components Business	11,403
Electronic Components Business	2,162
Solutions Business	4,132
Others	607
Corporate	2,706
Total	21,010

- (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 yearly 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 is as follows. Consolidated subsidiaries are described in “VII. Other Reference Information 2. Other Reference Information (2) Ratio of Female Employees in Managerial Positions, Ratio of Male Employees Taking Childcare Leave, and Gender Wage Gap.”

(%)	
Ratio of female employees in managerial positions *1	Ratio of male employees taking childcare leave *2
4.8	21.2

(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
70.2	48.9	51.9

(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, 2023

		Male employees		Female employees	
		Number of employees	Personnel ratio (%)	Number of employees	Personnel ratio (%)
Fulltime employees		16,902	89.4	3,998	55.4
Part-time and fixed-term employees	Part-timers	542	2.9	3,128	*1 43.3
	Fixed-term employees	*2 1,468	7.7	92	1.3
Total		18,912	100.0	7,218	100.0

## II. Business Overview

### 1. Management Policies, Operating Environment, and Management Issues

Future expectations included in this section are as of March 31, 2023.

#### (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 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> • 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&amp;D Activities</u> • Continue investments necessary for expansion of the Solution Business and the creation of new businesses
	Dividends Approx. 300.0	<u>Shareholder Return Policy</u> • 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> • Consider M&A with an emphasis on synergy • Conduct share repurchases when appropriate

### ***(3) Medium and Long-term Management Strategy 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 to establish and promote necessary infrastructure, such as a new subscription type business model that utilizes 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 working to create a work environment and systems in which our human resources can play an active role, 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.” Kyocera believes that diverse human resources working flexibly will enable Kyocera to identify social issues, and further lead to the creation of businesses that address these social issues.

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**

<Management Strategy >

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

<Medium-Term Target (Fiscal 2026)>

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

<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 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**

<Management Strategy >

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

<Medium-Term Target (Fiscal 2026)>

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

<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 billion yen in capital investments over the three years from FY 2024 to FY 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***

#### <Management Strategy >

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

#### <Medium-Term Target (Fiscal 2026)>

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

#### <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.

About the expansion of existing businesses, our focus is centered on the Industrial Tools Unit and the Document Solutions Unit.

In the Industrial Tools Unit, the cutting tools market is expected to be 1.2 times larger by 2025 compared to 2022, and the pneumatic and power tools market is expected to be about 1.15 times larger.

In the cutting tools business, we are focusing on strengthening sales in Europe and Asia, developing products for growth industries by leveraging expertise in developing high-value-added custom tools and new manufacturing methods, and promoting value-added DX services.

In the pneumatic and power tools business, we strive to expand global share by leveraging advantages of an integrated system from development, production, sales and services and create added value through standardizing charging platforms and other technology collaborations within the business segment.

We will continue aggressive investments to expand our business as a global comprehensive tool manufacturer.

In the Document Solutions Unit, the market for MFPs and printers is expected to shrink to about 0.95 times the 2022 level by 2025 since offices go paperless. On the other hand, commercial inkjet printers are forecasted to expand to about 1.25 times, and ECM to about 1.15 times. In MFPs and printers business, we will work on expanding our market share by actively introducing new eco-friendly products leveraging strengths in long-life design and improving profitability by increasing production in Vietnam. In commercial inkjet printers business, we aim to increase sales revenue and profit by introducing new products capable of printing on various types of paper. In ECM and Document BPO 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.

About 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 we will concentrate our development resources on infrastructure-related business such as millimeter-wave 5G communication as well as expansion of ICT services and engineering, main businesses of Kyocera Communication Systems Co., Ltd.

In the energy business, we are going to expand renewable energy power sales business for corporate customers that address the demand for renewable energy and rising energy costs. We aim to double productivity and reduce the cost of our three types of equipment: solar cells, storage batteries, and SOFC fuel cells. At the same time, we aim to shift from traditional “product” sales to “service” business of the renewable energy power sales business such as surplus power purchase and resale. Through the above measures, and assess each business in terms of both marketability and profitability, we 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, 2023.

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.

### **(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 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 “What is the right thing to do as a human being.” In addition to permeating our management philosophy 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. 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) Human Resource Development***

Kyocera provides various training in a structured way, including management, professional technologies and skills, DX, and language to respond to a wide range of diversifying needs in human resource development. Kyocera is also working to develop human resources by enhancing self-development programs to help employees build their own careers.

***(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. We are also working to create a workplace environment that is pleasant to work in and attractive enough to offer convenience and comfort. We have also established communication and common work spaces for employees to interact with each other, and have been gradually relocating Kyocera Group locations in the Tokyo metropolitan area to more convenient area in Tokyo since March 2023.



Communication Space in Kirishima R&D Center



Cafeteria at Head Office in Kyoto



New Tokyo Office  
(Inside Office Building in Minato Ward)

***b. Metrics and Targets***

Kyocera uses the following metrics for its policy on human resource development including ensuring diversity of human resources and its policy on internal environment improvement described in “a. Strategy” above. The targets for the metrics are as follows.

• Further promote the permeation and practice of “Kyocera Philosophy” in Kyocera Group
• Target of ratio of female employees in managerial positions: 8% by the end of March 2026 (Note)
• Target of ratio of male employees taking childcare leave: 50% by the end of March 2026 (Note)

(Note) Kyocera Corporation on a non-consolidated basis

For details on the ratio of female employees in managerial positions and the ratio of male employees taking childcare leave, please refer to “I Overview of Kyocera 5. Employees (4) Ratio of Female Employees in Managerial Positions, Ratio of Male Employees Taking Childcare Leave, and Gender Wage Gap.”

### ***(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 the Kyocera Group, including employees, customers, shareholders, investors and business partners, and promotes the reduction of human rights risks. 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 to mitigate human rights risks and ensure a high level of transparency in the supply chain. In addition, as part of our effort to respect human rights, we are affiliated with the Responsible Business Alliance (RBA), conduct human rights due diligence for ourselves and its supply chain, and provide education to prohibit harassment and discrimination.

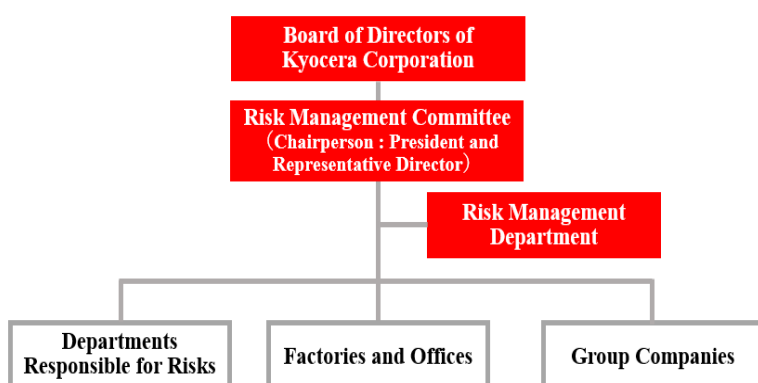
### 3. Risk Factors

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,” reorganized in June 2022, 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.

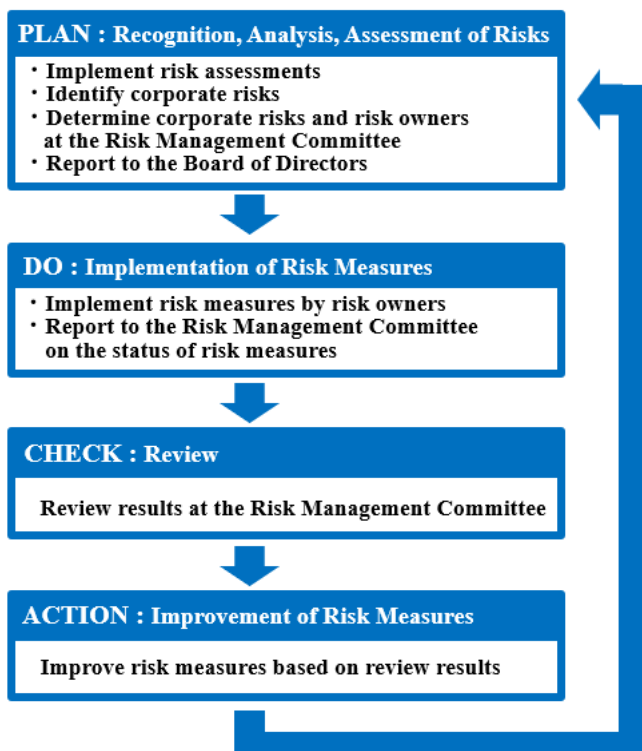
Organization Chart of Risk Management



#### (2) Management Process of Corporate Risks

Kyocera implements risk assessments to recognize, analyze and evaluate major risks. Among the major risks, 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 economic security***

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 policy, 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 such as Russian invasion of Ukraine.

##### **(Key measures)**

We have launched an economic security measures project, which consists of risk management divisions and related divisions, and are aware of ever changing international situations, and monitoring country risks, and taking active risk avoidance measures. 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. 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 to mitigate human rights risks and ensure a high level of transparency in the supply chain. In addition, as a part of our effort to respect human rights, we are affiliated with the Responsible Business Alliance (RBA), conduct human rights due diligence for ourselves and its supply chain, and provide education to prohibit harassment and discrimination.

### ***c. Risks Related to Information Security***

Kyocera holds important business information, personal and confidential information obtained from our customers. With respect to these information, there is a risk of information leakage, falsification, loss or system shutdown due to information equipment failure, software malfunction, malware intrusion or 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, we may incur additional costs associated with maintaining information security to meet future technological innovations and the latest security requirements from customers, which may affect our financial position and business activities. In addition, the risk of information leakage may incur a decline in business competitiveness and social credit.

(Key measures)

In July 2022, Kyocera established the "Basic Information Security Policy," which defines objectives, security measures and guidelines for action, in order to strengthen the understanding of the importance of information assets and using and managing 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.

### ***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, operational and management. Kyocera believes that it will need to hire more talented personnel across all areas of its business. In recent years, competition for these talented personnel in various fields has become increasingly fierce, and there may not be able to maintain its human resources or increase in number of capable human resources in the future. In addition, if we do not enhance work-life balance and promote diversity and inclusion, 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)

In addition to strategically deciding the location of new plants by monitoring the number of employees and the number of people working in each prefecture, 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 diversity and inclusion, and create a work environment in which diverse human resources can play an active role with a sense of job satisfaction.

***e. Risks Related to Suffering the Devastating Effects of Earthquakes and Other Natural 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 2024 is difficult to predict due to continued rise in raw material and energy prices and concerns about inflation. In addition, rising geopolitical risks such as the prolonged Russian-Ukraine conflict and deteriorating U.S.-China relations, could destabilize supply chains and slow global economic growth. 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)

Major efforts to respond to these changes in the business environment are as follows.

- 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.
- We are strengthening our marketing function to keep track the latest demand trends in order to realize timely and appropriate decision making.
- 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 CSR. It also makes purchasing from multiple companies, and we strive to ensure stable procurement at appropriate prices.

In response to the recent high cost of raw materials and energy, 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, 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 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. If we cannot expand our production and development capabilities as planned 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 is strengthening its R&D activities to respond to the rapidly changing market environment by carefully monitoring customer and market trends and globally expanding its development, manufacturing, sales and marketing activities. We have organized our research and development structure into four areas of materials, devices, solutions, and production technologies. With this new structure, Kyocera aims to expand business domains by utilizing management resources within and outside Kyocera Group to enhance our capacity to accelerate development activities, as well as by developing human resources.

***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 established the measures based on our internal regulations to prevent the infection. For COVID-19, the preventive measures were set up based on government guidelines, etc. In addition, Kyocera established a task force in our headquarters to deal with the risks associated with Russian invasion of Ukraine. 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, partners such as joint ventures, customers, external contractors who hold Kyocera's trade secrets, 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. 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 property. 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 Meeting,” in which legal and compliance affairs personnel of major domestics and oversea subsidiaries participate in order to detect and share their 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 and Liability***

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 strives to promote the spread of renewable energy and expand its energy-related business. Kyocera aims to increase the ratio of renewable energy and to reduce greenhouse gas emissions through the introduction of its solar power generation system and storage batteries. In addition, Kyocera works to reduce energy consumption by promoting energy saving 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, 2022, Kyocera held 14.54% 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 properties, plants 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, 2023.

##### (1) Summary of Performance

During fiscal 2023, global economic growth slowed due to persisting economic instabilities caused by interest rate hikes in global economies, rising uncertainty regarding the global situation and continuing inflation etc. The substantial depreciation of the yen also impacted the economy. With respect to our major markets, in addition to the weakening demand in the smartphone market, demand adjustment has strengthened mainly for commodity products in the semiconductor-related markets, which demand has previously been strong.

At Kyocera, in the above-mentioned business environment, our sales were affected by the weakening demand in the smartphone market. However, sales revenue for fiscal 2023 increased as compared with fiscal 2022, achieving our long-stated target of 2 trillion yen in sales revenue, due to increased sales by the Document Solutions Unit and the Industrial Tools Unit, and also to the impact of the weaker yen, in addition to a contribution from the expansion of our component production for cutting-edge semiconductors, demand for which has been strong.

However, despite the impacts of this sales revenue increase and the weaker yen, profit decreased as compared with fiscal 2022, due to factors such as increases in costs for raw materials, energy and logistics, as well as a sharp decrease in sales revenue in the Communications Unit. In addition, three one-time costs totaling approximately 19 billion yen were recorded during fiscal 2023, namely, a litigation cost, an additional cost in connection with pension obligations and costs associated with structural reforms. As a result, operating profit, profit before income taxes, and profit attributable to owners of the parent decreased as compared with fiscal 2022.

(Yen in millions)

	For the year ended March 31,				Change	
	2022		2023			
	Amount	%*	Amount	%*	Amount	%
Sales revenue	1,838,938	100.0	2,025,332	100.0	186,394	10.1
Operating profit	148,910	8.1	128,517	6.3	(20,393)	(13.7)
Profit before income taxes	198,947	10.8	176,192	8.7	(22,755)	(11.4)
Profit attributable to owners of the parent	148,414	8.1	127,988	6.3	(20,426)	(13.8)
Average US\$ exchange rate (Yen)	112	—	135	—	—	—
Average Euro exchange rate (Yen)	131	—	141	—	—	—

\* % represents the percentage to sales revenue.

##### (2) Financial Position and Operating Results

###### a. Sales Revenue

Sales revenue in fiscal 2023 increased by 186,394 million yen, or 10.1%, to 2,025,332 million yen, compared with 1,838,938 million yen in fiscal 2022.

Sales revenue increased as compared with fiscal 2022, due to increased sales by the Document Solutions Unit and the Industrial Tools Unit, and also to the impact of the weaker yen, in addition to a contribution from the expansion of our component production for cutting-edge semiconductors, demand for which has been strong, despite impact of the weakening demand in the smartphone market.



***b. Cost of Sales and Gross Profit***

In fiscal 2023, cost of sales increased by 135,093 million yen, or 10.2%, to 1,460,388 million yen from 1,325,295 million yen in fiscal 2022.

Raw material costs of 516,172 million yen accounted for 35.3% of total cost of sales in fiscal 2023, which increased by 25,341 million yen, or 5.2%, from 490,831 million yen in fiscal 2022. Labor costs of 295,080 million yen accounted for 20.2% of total cost of sales in fiscal 2023, which increased by 16,658 million yen, or 6.0%, from 278,422 million yen in fiscal 2022. Depreciation charge of 95,631 million yen accounted for 6.5% of total cost of sales in fiscal 2023, which increased by 15,375 million yen, or 19.2%, from 80,256 million yen in fiscal 2022.

As a result, gross profit in fiscal 2023 increased by 51,301 million yen, or 10.0%, to 564,944 million yen from 513,643 million yen in fiscal 2022.

The gross profit ratio to sales revenue was 27.9%, which was the same as fiscal 2022.

***c. Selling, General and Administrative Expenses and Operating Profit***

In fiscal 2023, selling, general and administrative expenses increased by 71,694 million yen, or 19.7%, to 436,427 million yen from 364,733 million yen in fiscal 2022. This was due mainly to the impact of the weaker yen, as well as increases of labor costs and general expenses such as travel expenses. In addition, one-time costs, a litigation cost and an additional cost in connection with pension obligations, were recorded.

Labor costs of 239,458 million yen accounted for 54.9% of total selling, general and administrative expenses in fiscal 2023, which increased by 32,047 million yen, or 15.5%, from 207,411 million yen in fiscal 2022. Sales promotion and advertising costs of 49,655 million yen, accounted for 11.4% of total selling, general and administrative expenses in fiscal 2023, which increased by 7,101 million yen, or 16.7%, from 42,554 million yen in fiscal 2022. Depreciation charge of 45,932 million yen, accounted for 10.5% of total selling, general and administrative expenses in fiscal 2023, which increased by 8,512 million yen, or 22.7% from 37,420 million yen in fiscal 2022.

As a result, operating profit in fiscal 2023 decreased by 20,393 million yen, or 13.7%, to 128,517 million yen, compared with 148,910 million yen in fiscal 2022. The operating profit ratio to sales revenue decreased 1.8 percentage points to 6.3% in fiscal 2023, compared with 8.1% in fiscal 2022.

***d. Finance Income***

Finance income in fiscal 2023 increased by 7,081 million yen, or 15.7%, to 52,289 million yen, compared with 45,208 million yen in fiscal 2022. This was due mainly to increases in dividend income from KDDI Corporation and interest income.

***e. Finance Expenses***

Finance expenses in fiscal 2023 increased by 844 million yen, or 30.7%, to 3,594 million yen, compared with 2,750 million yen in fiscal 2022.

***f. Foreign Exchange Gains (Losses)***

The average exchange rates for fiscal 2023 were 135 yen to the U.S. dollar, marking depreciation of 23 yen, or 20.5%, and 141 yen to the Euro, marking depreciation of 10 yen, or 7.6%, from fiscal 2022. The exchange rates at the end of fiscal 2023 were 134 yen to the U.S. dollar, marking depreciation of 12 yen, or 9.8%, and 146 yen to the Euro, marking depreciation of 9 yen, or 6.6%, from the end of fiscal 2022. Kyocera recorded foreign exchange losses of 4,651 million yen in fiscal 2023.

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.

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

Profit of investment accounted for using the equity method in fiscal 2023 increased by 1,502 million yen, to 695 million yen, compared with loss of 807 million yen in fiscal 2022.

#### ***h. Profit Before Income Taxes***

Profit before income taxes in fiscal 2023 decreased by 22,755 million yen, or 11.4%, to 176,192 million yen compared with 198,947 million yen in fiscal 2022. The ratio of profit before income taxes to sales revenue decreased by 2.1 percentage points to 8.7% compared with 10.8% in fiscal 2022.

Profit decreased compared to fiscal 2022, due to factors such as increases in costs for raw materials, energy and logistics, as well as a sharp decrease in sales revenue in the Communications Unit, despite the impacts of sales revenue increase and the weaker yen. In addition, three one-time costs totaling approximately 19 billion yen were recorded during fiscal 2023, namely, a litigation cost, an additional cost in connection with pension obligations and costs associated with structural reforms.

#### ***i. Income Taxes***

Income taxes in fiscal 2023 decreased by 1,684 million yen, or 3.6% to 45,227 million yen, of which the effective tax rate was 25.7%, compared with 46,911 million yen in fiscal 2022, of which the effective tax rate was 23.6%. Income taxes decreased due mainly to a decrease in profit before income taxes. However, the effective tax rate increased 2.1 percentage points due mainly to the absence of the impact of recognition of a refund for a one-time tax expense recorded at a Kyocera's U.S. subsidiary in the past in fiscal 2022.

#### ***j. Profit Attributable to Non-controlling Interests***

Profit attributable to non-controlling interests in fiscal 2023 decreased by 645 million yen, or 17.8%, to 2,977 million yen compared with 3,622 million yen in fiscal 2022.

#### ***k. Business Performance Overview by Reporting Segment***

##### Core Components Business

Sales revenue in fiscal 2023 increased by 64,443 million yen, or 12.2%, to 592,376 million yen compared with 527,933 million yen in fiscal 2022. Sales revenue increased due mainly to an increase in sales of high-value-added products, such as organic packages and boards for the information and communication infrastructure-related markets in the Semiconductor Components Unit, as well as fine ceramic components for semiconductor processing equipment in the Industrial & Automotive Components Unit.

Business profit increased by 27,835 million yen, or 45.2%, to 89,475 million yen compared with 61,640 million yen in fiscal 2022. The business profit ratio for fiscal 2023 was 15.1%. Business profit increased significantly due to increased sales, as well as the impact of the weaker yen, despite the impact of an increase in depreciation charge of property, plant and equipment of 9,222 million yen resulting from continued capital expenditures to increase production capacity of ceramic and organic packages and boards.

##### Electronic Components Business

Sales revenue in fiscal 2023 increased by 39,434 million yen, or 11.6%, to 378,536 million yen compared with 339,102 million yen in fiscal 2022. Sales revenue increased due to growing demand for components such as ceramic capacitors mainly for the industrial and the automotive-related markets, and due also to the weaker yen. Business profit decreased by 3,832 million yen, or 8.0%, to 44,064 million yen compared with 47,896 million yen in fiscal 2022. The business profit ratio for fiscal 2023 was 11.6%. Business profit decreased due to increases in costs for raw materials, etc. and weakening demand for smartphone components, as well as the recording of additional cost in the amount of approximately 3 billion yen such as costs relating to pension obligations in KAVX.

##### Solutions Business

Sales revenue in fiscal 2023 increased by 84,908 million yen, or 8.6%, to 1,068,597 million yen compared with 983,689 million yen in fiscal 2022. Sales revenue increased due to increased sales of major products as well as the impact of the weaker yen in the Document Solutions Unit and the Industrial Tools Unit.

Business profit decreased by 26,491 million yen, or 38.5%, to 42,239 million yen compared with 68,730 million yen in fiscal 2022. The business profit ratio for fiscal 2023 was 4.0%. Business profit decreased due to a substantial decrease in mobile phone sales volume in the Communications Unit, as well as the recording of a one-time cost in the amount of approximately 8 billion yen in connection with structural reforms, including the write-down of inventory, and increases in costs for raw materials, energy and logistics, etc. in each business.

## Sales Revenue by Reporting Segment

(Yen in millions)

	For the year ended March 31,				Change	
	2022		2023			
	Amount	%*	Amount	%*	Amount	%
Core Components Business	527,933	28.7	592,376	29.2	64,443	12.2
Industrial & Automotive Components Unit	172,908	9.4	199,194	9.8	26,286	15.2
Semiconductor Components Unit	327,746	17.8	364,579	18.0	36,833	11.2
Others	27,279	1.5	28,603	1.4	1,324	4.9
Electronic Components Business	339,102	18.4	378,536	18.7	39,434	11.6
Solutions Business	983,689	53.5	1,068,597	52.8	84,908	8.6
Industrial Tools Unit	251,062	13.7	308,406	15.2	57,344	22.8
Document Solutions Unit	366,691	19.9	434,914	21.5	68,223	18.6
Communications Unit	262,306	14.3	207,793	10.3	(54,513)	(20.8)
Others	103,630	5.6	117,484	5.8	13,854	13.4
Others	17,817	1.0	23,403	1.2	5,586	31.4
Adjustments and eliminations	(29,603)	(1.6)	(37,580)	(1.9)	(7,977)	—
Sales revenue	1,838,938	100.0	2,025,332	100.0	186,394	10.1

\* % represents the component ratio.

## Business Profit (Loss) by Reporting Segment

(Yen in millions)

	For the year ended March 31,				Change	
	2022		2023			
	Amount	%*	Amount	%*	Amount	%
Core Components Business	61,640	11.7	89,475	15.1	27,835	45.2
Industrial & Automotive Components Unit	19,872	11.5	24,743	12.4	4,871	24.5
Semiconductor Components Unit	44,239	13.5	67,702	18.6	23,463	53.0
Others	(2,471)	—	(2,970)	—	(499)	—
Electronic Components Business	47,896	14.1	44,064	11.6	(3,832)	(8.0)
Solutions Business	68,730	7.0	42,239	4.0	(26,491)	(38.5)
Industrial Tools Unit	27,211	10.8	23,279	7.5	(3,932)	(14.5)
Document Solutions Unit	33,334	9.1	33,706	7.8	372	1.1
Communications Unit	15,288	5.8	(11,729)	—	(27,017)	—
Others	(7,103)	—	(3,017)	—	4,086	—
Others	(14,649)	—	(28,795)	—	(14,146)	—
Total business profit	163,617	8.9	146,983	7.3	(16,634)	(10.2)
Corporate gains and others	35,330	—	29,209	—	(6,121)	(17.3)
Profit before income taxes	198,947	10.8	176,192	8.7	(22,755)	(11.4)

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

### ***l. 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 2023 decreased by 6,121 million yen, or 17.3%, to 29,209 million yen, compared with 35,330 million yen in fiscal 2022. This was due mainly to recording of a one-time cost, a litigation cost, during fiscal 2023, in addition to the absence of the impact of gain from liquidation of a consolidated subsidiary of Kyocera recorded in fiscal 2022, despite an increase in dividend income from KDDI Corporation.

### ***m. Summary of Production, Orders Received and Sales***

Orders Received by Reporting Segment

(Yen in millions)

	For the year ended March 31,				Change
	2022		2023		
	Amount	%*	Amount	%*	%
Core Components Business	529,418	28.4	569,818	28.7	7.6
Industrial & Automotive Components Unit	181,780	9.8	202,834	10.2	11.6
Semiconductor Components Unit	320,360	17.2	338,400	17.1	5.6
Others	27,278	1.4	28,584	1.4	4.8
Electronic Components Business	360,848	19.4	364,508	18.4	1.0
Solutions Business	981,608	52.8	1,065,524	53.7	8.5
Industrial Tools Unit	254,068	13.7	309,695	15.6	21.9
Document Solutions Unit	365,986	19.7	433,599	21.8	18.5
Communications Unit	253,880	13.6	209,838	10.6	(17.3)
Others	107,674	5.8	112,392	5.7	4.4
Others	18,638	1.0	19,326	1.0	3.7
Adjustments and eliminations	(30,214)	(1.6)	(35,909)	(1.8)	—
Orders Received	1,860,298	100.0	1,983,267	100.0	6.6

\* % 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 "k. Business Overview by Reporting Segment."

### **(3) Liquidity and Capital Resources**

#### **a. Capital Resources**

< Status of funds at March 31, 2023 >

Kyocera's primary source of fund is cash provided by operations. Cash flows from operating activities in fiscal 2023 is 179,212 million yen and Kyocera holds 373,500 million yen in cash and cash equivalents at the end of fiscal 2023. Of this amount, cash and cash equivalents held by foreign consolidated subsidiaries at the end of fiscal 2023 is 221,874 million yen. At present, Kyocera does not anticipate that these will be returned 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 2023 is 136,786 million yen (3.3% of total assets) and they are mainly denominated in yen.

At the end of fiscal 2023, working capital, which is current assets less current liabilities, is 896,238 million yen, and the ratio of equity attributable to owners of the parent to total assets is 73.9%. 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 2023 >

Cash demands of Kyocera were for capital expenditures, funds for R&D activities and dividend payments to shareholders, in addition to working capital of operating activities.

Capital expenditures in fiscal 2023 increased by 22,130 million yen, or 14.6%, to 173,901 million yen, compared with 151,771 million yen in fiscal 2022. This was due mainly to aggressive capital expenditure in Core Components Business and Electronic Components Business to expand production capacity, as well as capital expenditure in purpose of enhancing our research and development structure. R&D expenses in fiscal 2023 increased 10,154 million yen, or 12.1%, to 94,277 million yen, compared with 84,123 million yen in fiscal 2022. In fiscal 2023, Kyocera Corporation paid cash dividends of 190 yen per share, totaling 68,192 million yen. During fiscal 2023, Kyocera financed capital expenditures, R&D activities and dividend payments with its own funds and borrowings from financial institutions.

< Expected cash demands in fiscal 2024 >

In fiscal 2024, Kyocera expects its principal cash demands, which include working capital for operating activities, capital expenditures, R&D activities, dividend payments to shareholders and purchase of treasury stock.

In fiscal 2024, Kyocera expects total capital expenditures to be 275,000 million yen and R&D expenses to be 115,000 million yen, and the ratio of these items to sales revenue is expected to increase from fiscal 2023. Capital expenditures are expected to increase significantly from fiscal 2023 mainly in order to increase the capacity of high-demand components, such as the 5G and components for semiconductor-related markets. In addition, R&D expenses are expected to increase compared to fiscal 2023, 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 27, 2023 for the payment of year-end dividends of 100 yen per share, totaling 35,891 million yen.

In addition, Kyocera resolved at a meeting of its Board of Directors held on May 15, 2023, to repurchase its own shares for its shareholder return initiatives and facilitation of flexible capital strategies in the future. For detailed information, please refer to "IV. Corporate Information 2. Acquisition of Treasury Stock and Other Related Status (2) Acquisition of Treasury Stock Based on a Resolution Approved by the Board of Directors."

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 recognizes 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.

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
	2022	2023	
Cash flows from operating activities	201,957	179,212	(22,745)
Cash flows from investing activities	(79,457)	(168,833)	(89,376)
Cash flows from financing activities	(111,473)	(61,257)	50,216
Effect of exchange rate changes on cash and cash equivalents	16,375	10,249	(6,126)
Increase (decrease) in cash and cash equivalents	27,402	(40,629)	(68,031)
Cash and cash equivalents at the beginning of the year	386,727	414,129	27,402
Cash and cash equivalents at the end of the year	414,129	373,500	(40,629)

Cash flows from operating activities

Net cash provided by operating activities for fiscal 2023 decreased by 22,745 million yen, or 11.3%, to 179,212 million yen from 201,957 million yen for fiscal 2022. This was due mainly to an increase in cash outflows with increased payments regarding trade payables and income taxes, and a transfer of retirement benefit liabilities of TA Triumph-Adler GmbH, a consolidated subsidiary of Kyocera Document Solutions Inc., to a third party in cash and other consideration, although trade receivables increased in fiscal 2022 were collected in fiscal 2023.

Cash flows from investing activities

Net cash used in investing activities for fiscal 2023 increased by 89,376 million yen, or 112.5%, to 168,833 million yen from 79,457 million yen for fiscal 2022. This was due mainly to an increase in capital expenditures as well as a decrease in proceeds from maturities of securities.

Cash flows from financing activities

Net cash used in financing activities for fiscal 2023 decreased by 50,216 million yen, or 45.0%, to 61,257 million yen from 111,473 million yen for fiscal 2022. This was due mainly to an increase in proceeds from borrowings, which exceeded repayments, and a decrease in payments for purchase of treasury stock, despite an increase in dividends paid.

Cash and cash equivalents increased by 10,249 million yen by exchange rate changes for fiscal 2023. This was mainly the result of yen's depreciation against the Euro and the U.S. dollar at March 31, 2023 compared to March 31, 2022.

Cash and cash equivalents at March 31, 2023 totaled 373,500 million yen, a decrease of 40,629 million yen, or 9.8%, from 414,129 million yen at March 31, 2022. Most of Kyocera's cash and cash equivalents were mainly denominated in the yen. On the other hands, 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 2023 increased by 176,663 million yen, or 4.5%, to 4,093,928 million yen, compared with 3,917,265 million yen at the end of fiscal 2022.

Cash and cash equivalents decreased by 40,629 million yen, or 9.8%, to 373,500 million yen compared to the end of fiscal 2022 mainly due to capital expenditures and dividend payments that exceeded proceeds from business profit and borrowings.

Short-term investments decreased by 20,673 million yen, or 81.2%, to 4,787 million yen compared to the end of fiscal 2022 mainly due to withdrawal of time deposits.

Trade and other receivables increased by 1,906 million yen, or 0.5%, to 380,972 million yen compared to the end of fiscal 2022. Trade and other receivables slightly increased mainly due to the strong sales at the end of fiscal 2023.

Inventories increased by 86,935 million yen, or 19.2%, to 539,441 million yen compared to the end of fiscal 2022 mainly due to increased demand.

Equity and debt instruments increased by 39,125 million yen, or 2.7%, to 1,508,258 million yen compared to the end of fiscal 2022 due to an increase in the total market value of shares held, including shares of KDDI

Corporation.

Property, plant and equipment increased by 75,303 million yen, or 14.7%, to 587,478 million yen compared to the end of fiscal 2022. Capital expenditure was 173,901 million yen and depreciation charge was 108,757 million yen in fiscal 2023.

Right-of-use assets increased by 21,917 million yen, or 53.8%, to 62,620 million yen compared to the end of fiscal 2022 mainly due to the conclusion of a new lease agreement for new Tokyo Office to be relocated to Mita, Tokyo.

Kyocera's total liabilities at the end of fiscal 2023 increased by 26,101 million yen, or 2.6%, to 1,045,093 million yen, compared with 1,018,992 million yen at the end of fiscal 2022.

Borrowing in current liabilities decreased by 50,322 million yen, or 63.4%, to 29,060 million yen compared to the end of fiscal 2022 mainly due to transfers to borrowing in non-current liabilities associated with refinancing.

Trade and other payables decreased by 19,098 million yen, or 8.6%, to 203,864 million yen compared to the end of fiscal 2022 mainly due to the settlement of trade and other payables.

Borrowing in non-current liabilities increased by 90,563 million yen, or 527.7%, to 107,726 million yen compared to the end of fiscal 2022 mainly due to additional bank borrowing including refinancing.

Lease liabilities in non-current liabilities increased by 17,274 million yen, or 48.8%, to 52,664 million yen compared to the end of fiscal 2022 mainly due to the conclusion of a new lease agreement for new Tokyo Office to be relocated to Mita, Tokyo.

Total equity at the end of fiscal 2023 increased by 150,562 million yen, or 5.2%, to 3,048,835 million yen, compared with 2,898,273 million yen at the end of fiscal 2022.

Retained earnings at the end of fiscal 2023 increased by 66,270 million yen, or 3.6%, to 1,912,372 million yen, compared with 1,846,102 million yen at the end of fiscal 2022 mainly due to recording 127,988 million yen in profit attributable to owners of the parent and 68,192 million yen for dividend payment as well as recognizing such as gains and losses on the fair value of pension assets of 6,474 million yen.

Other components of equity increased by 89,504 million yen, or 10.2%, to 969,801 million yen compared to the end of fiscal 2022 mainly due 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 2023 was 73.9%, increased by 0.6 percentage points compared with 73.3% at the end of fiscal 2022.

**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 2024	Between fiscal 2025 and 2026	Between fiscal 2027 and 2028	After fiscal 2029	Total
Short-term borrowings	20,000	—	—	—	20,000
Interest expenses for short-term borrowings*	7	—	—	—	7
Long-term borrowings (including due within one year)	9,060	11,891	93,864	1,971	116,786
Interest expenses for long-term borrowings* (including due within one year)	1,032	1,130	403	534	3,099
Lease liabilities	20,373	25,733	13,743	17,135	76,984
Commitment for the acquisition of property, plant and equipment	104,378	16,080	226	63	120,747
Total	154,850	54,834	108,236	19,703	337,623

(Note) Future interest expenses on borrowings with variable interest rates are calculated using the actual interest rate as of March 31, 2023.

In addition to contractual obligations shown in the above table, Kyocera forecasts to contribute 10,430 million yen to its defined benefit plans in fiscal 2024. Kyocera recorded liabilities of 2,130 million yen for gross uncertain tax positions at the end of fiscal 2023, 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 116,519 million yen as of March 31, 2023. 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, 2023.

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, 2023, gross uncertain tax positions amounted to 2,130 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, automotive-related. Kyocera’s operations consist of the following reporting segments: “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 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. An asset is recorded for the estimated value of returned product. 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, the distributor is given credit against their accounts receivables.

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 patent expiration

### (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

### (3) Agreement for Pension Buyout

On April 27, 2022, TA Triumph-Adler GmbH, 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 and other consideration. For detailed information, please refer to Note “21. Employee Benefits” under “V. Financial Information 1. Consolidated Financial Statements and Other Information (1) Consolidated Financial Statements.”

## **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 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 are 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, which is typified by smartphones and tablet terminals, needs are growing for equipment that is more sophisticated as well as smaller and thinner. In line with this, electronic components used in such equipment are getting smaller while semiconductors are becoming more refined. Further, there is demand for the creation of fast, large-capacity communications infrastructure for 5G service partly spurred by progress in the IoT. 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 package 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 substrate business, for the information and communications market, 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 ADAS, high-reliability packages for integrated electronic control units (ECUs) 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 regenerative medicine and 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. We also plan to establish a new R&D base in the United States next fiscal year to further strengthen ties.

Along with diffusion of 5G and IoT related products, it is necessary to make components smaller and more reliable for the shift to multi-bands 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 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. Kyocera is also working to solve local logistics challenges through demonstration trials and development using automated delivery robots.

### **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 AI collaborative robot systems utilizing our unique AI technology that contribute to solving the issues arising from shortages of human resources.

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.

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 (%)
	2022	2023	
Core Components Business	16,426	16,463	0.2
Electronic Components Business	13,499	14,653	8.5
Solutions Business	42,612	45,068	5.8
Others	11,586	18,093	56.2
Total Research and Development expenses	84,123	94,277	12.1
Ratio to sales revenue	4.6%	4.7%	—



### **III. Equipment and Facilities**

#### **1. Overview of Capital Expenditures**

During fiscal 2023, Kyocera made aggressive capital expenditures that has continued since fiscal 2022 to meet the increase in demand for the 5G and semiconductor-related markets in Core Components Business. Also, Kyocera built a new manufacturing facility overseas to expand production capacity in Electronic Components Business. Furthermore, Kyocera constructed a new R&D facility to enhance our R&D structure, which is included in Others. As a result, capital expenditures for fiscal 2023 increased by 22,130 million yen, or 14.6%, to 173,901 million yen, compared with fiscal 2022.

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

(Yen in millions)

	For the year ended March 31,		Change (%)
	2022	2023	
Core Components Business	71,041	66,629	(6.2)
Electronic Components Business	37,140	49,118	32.3
Solutions Business	26,348	27,644	4.9
Others	5,330	13,097	145.7
Corporate	11,912	17,413	46.2
Total capital expenditures	151,771	173,901	14.6

## 2. Major Equipment and Facilities

Major equipment and facilities for the year ended March 31, 2023 are as follows:

### (1) Kyocera Corporation

As of March 31, 2023

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 <sup>2</sup> )	Others	Total	
Yamagata Higashine Plant	Higashine, Yamagata	Electronic Components Business	Manufacturing Equipment for Electronic Components	2,478	4,544	183 (69,332)	223	7,428	450 [101]
Shiga Gamo Plant	Higashi-Ohmi, Shiga	Core Components Business	Manufacturing Equipment for Fine Ceramic Components, Ceramic Packages, Medical Devices	1,651	4,082	364 (131,630)	1,515	7,612	1,002 [297]
Shiga Yohkaichi Plant	Higashi-Ohmi, Shiga	Core Components Business, Electronic Components Business and Solutions Business	Manufacturing Equipment for Fine Ceramic Components, Ceramic Packages, Electronic Components, Cutting Tools, Printing Devices	7,505	12,774	3,096 (308,985)	13,718	37,093	1,661 [427]
Shiga Yasu Plant	Yasu, Shiga	Core Components Business and Solutions Business	Manufacturing Equipment for Medical Devices, Displays, Smart Energy-Related Products	11,400	9,842	1,052 (198,197)	7,740	30,034	1,679 [207]
Kyoto Ayabe Plant	Ayabe, Kyoto	Core Components Business	Manufacturing Equipment for Organic Packages and Boards	9,952	19,260	1,588 (152,061)	950	31,750	856 [179]
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	18,969	41,950	1,525 (215,525)	4,350	66,794	3,630 [1,372]
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	43,003	33,598	3,064 (418,569)	7,828	87,493	3,819 [1,385]

## (2) Domestic Subsidiaries

As of March 31, 2023

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 <sup>2</sup> )	Others	Total	
Kyocera Document Solutions Inc.	Chuo, Osaka	Solutions Business	Manufacturing Equipment for Supplies for Printers and Multifunctional Products	5,504	991	4,987 (331,682)	1,174	12,656	1,990 [213]
Kyocera Realty Development Co., Ltd.	Shibuya, Tokyo	Others	Hotel and Building for Rent	4,619	26	5,331 (40,628)	167	10,143	273 [121]

## (3) Oversea Subsidiaries

As of March 31, 2023

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 <sup>2</sup> )	Others	Total	
Dongguan Shilong Kyocera Co.,Ltd.	Dongguan Guangdong, China	Core Components Business and Solutions Business	Manufacturing Equipment for Automotive Components, Cutting Tools, Displays	1,198	4,644	—	1,267	7,109	3,006
Kyocera Vietnam Co., Ltd.	Hung Yen Vietnam	Core Components Business	Manufacturing Equipment for Ceramic Packages	7,064	9,181	—	6,520	22,765	2,601
Kyocera Document Technology Vietnam Co., Ltd.	Hai Phong, Vietnam	Solutions Business	Manufacturing Equipment for Printers and Multifunctional Products	11,418	973	—	1,545	13,936	5,553
Kyocera International, Inc.	San Diego California, U.S.A.	Core Components Business	Manufacturing Equipment for Fine Ceramic Components, Ceramic Packages	5,608	3,996	1,354 (571,795)	892	11,850	1,135
Kyocera AVX Components Corporation	Fountain Inn, South Carolina, U.S.A.	Electronic Components Business	Manufacturing Equipment for Electronic Components	4,151	1,189	1,820 (968,413)	917	8,077	1,135
Kyocera AVX Components (Penang) Sdn. Bhd.	Penang, Malaysia	Electronic Components Business	Manufacturing Equipment for Electronic Components	5,200	7,368	77 (45,487)	2,400	15,045	1,665
Kyocera AVX Components Bangkok Ltd.	Thailand Bangkok	Electronic Components Business	Manufacturing Equipment for Electronic Components	28,574	51	918 (180,817)	18,118	47,661	502
Kyocera AVX Components S.R.O.	Lanskroun, Czech Republic	Electronic Components Business	Manufacturing Equipment for Electronic Components	4,374	2,468	189 (160,252)	765	7,796	2,097
Kyocera Fineceramics Europe GmbH	Mannheim, Baden-Wurttemberg, Germany	Core Components Business	Manufacturing Equipment for Fine Ceramic Components	1,423	4,664	1,024 (101,032)	2,034	9,145	605

(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 parenthesis notation in the “Number of employees” column shows the total number of part-timers and re-employed after retirement.

### **3. Plans for New Additions or Disposals**

#### **(1) Significant New Additions**

For fiscal 2024, Kyocera expects total capital expenditures to be 275,000 million yen, increasing 101,099 million yen, or 58.1%, compared with fiscal 2023. 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	600,000,000
Total	600,000,000

###### **b. Shares Issued**

Class	Number of shares issued as of March 31, 2023 (shares)	Number of shares issued as of the filing date (shares) (June 27, 2023)	Stock exchange on which Kyocera is listed or authorized financial instruments firm's association where Kyocera is registered	Description
Common stock	377,618,580	377,618,580	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	377,618,580	377,618,580	—	—

###### **(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)
February 12, 2014	(5,000,000)	377,618,580	—	115,703	—	192,555

(Note) Decrease due to retirement of treasury stock.

**(5) Status of Shareholders**

As of March 31, 2023

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	131	47	605	781	64	46,878	48,510	—
Shares held (shares)	1,505	1,514,223	131,634	219,068	1,227,878	270	678,457	3,773,035	315,080
Ratio (%)	0.04	40.13	3.49	5.81	32.54	0.01	17.98	100.00	—

(Notes) 1. The “Other corporation” and “Shares less than one unit” columns include 11 unit and 8 shares registered in the name of Japan Securities Depository Center (“JASDEC”).

2. The “Individuals and other” and “Shares less than one unit” columns include 187,055 unit and 80 shares of treasury stock.

**(6) Major Shareholders**

As of March 31, 2023

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)	2-11-3, Hamamatsucho, Minato-ku, Tokyo	80,802	22.51
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	33,179	9.24
The Bank of Kyoto, Ltd.	700, Yakushimae-cho, Karasumadori, Matsubara-Agaru, Shimogyo-ku, Kyoto	14,436	4.02
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited)	ONE LINCOLN STREET, BOSTON MA USA 02111 (3-11-1, Nihonbashi, Chuo-ku, Tokyo)	10,527	2.93
Inamori Foundation	620 Suiginya-cho, Shimogyo-ku, Kyoto	9,360	2.61
Stock Purchase Plan for Kyocera Group Employees	6, Takeda Tobadono-cho, Fushimi-ku, Kyoto	6,759	1.88
State Street Bank West Client - Treaty 505234 (Standing proxy: Mizuho Bank, Ltd. Settlement & Clearing Services Department)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (SHINAGAWA INTERCITY Bldg.A 2-15-1, Konan, Minato-ku, Tokyo)	5,704	1.59
Shinobu Kanazawa	Fushimi-ku, Kyoto	5,237	1.46
Mizuho Inamori	Fushimi-ku, Kyoto	5,237	1.46
MUFG Bank, Ltd.	2-7-1, Marunouchi, Chiyoda-ku, Tokyo	5,077	1.41
Total	—	176,319	49.13

(Notes) 1. According to the report filed with EDINET system on July 6, 2022, BlackRock Japan Co., Ltd. and its related partners held shares as of June 30, 2022, as shown in the following table. Despite this report, they are not included 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, 2023.

Name	Address	Number of shares held (thousands of shares)	Ownership percentage to the total number of shares issued (%)
BlackRock Japan Co., Ltd.	1-8-3 Marunouchi, Chiyoda-ku, Tokyo, Japan	7,462	1.98
Aperio Group, LLC	Three Harbor Drive Suite 204 Sausalito, CA, USA	490	0.13
BlackRock Investment Management LLC	251 Little Falls Drive, Wilmington, DE, USA	460	0.12
BlackRock (Netherlands) BV	Amstelplein 1, 1096 HA, Amsterdam, Netherlands	614	0.16
BlackRock Fund Managers Limited	12 Throgmorton Avenue, London, United Kingdom	823	0.22
BlackRock Asset Management Ireland Limited	1st Floor, 2 Ballsbridge Park, Ballsbridge, Dublin, Ireland	2,211	0.59
BlackRock Fund Advisors	400 Howard Street, San Francisco, CA, USA	5,591	1.48
BlackRock Institutional Trust Company, N.A.	400 Howard Street, San Francisco, CA, USA	4,627	1.23
BlackRock Investment Management (UK) Limited	12 Throgmorton Avenue, London, United Kingdom	614	0.16
Total	—	22,890	6.06

2. According to the report filed with EDINET system on September 20, 2022, Mitsubishi UFJ Financial Group, Inc. and its related partners held shares as of September 12, 2022, 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, 2023.

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	9,295	2.46
MUFG Securities EMEA plc	Ropemaker Place, 25 Ropemaker Street, London EC2Y 9AJ, United Kingdom	507	0.13
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	1-12-1, Yurakucho, Chiyoda-ku, Tokyo	7,765	2.06
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	1-9-2, Otemachi, Chiyoda-ku, Tokyo	1,558	0.41
Total	—	24,202	6.41



**(7) Information on Voting Rights****a. Shares Issued**

As of March 31, 2023

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 18,705,500	—	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 358,598,000	3,585,980	Same as above
Shares less than one unit	Common stock 315,080	—	—
Number of shares issued	377,618,580	—	—
Total number of voting rights	—	3,585,980	—

(Note) The “Shares with full voting rights (others)” column includes 1,100 shares registered in the name of JASDEC and the “Number of voting rights” column includes 11 voting rights for those shares.

**b. Treasury Stock and Others**

As of March 31, 2023

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	18,705,500	—	18,705,500	4.95
Total	—	18,705,500	—	18,705,500	4.95

## 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, 2023	—	—
Treasury stock acquired during the year ended March 31, 2023	—	—
Number of shares and total amount of outstanding shares of resolution	—	—
Ratio of non-exercised portion as of March 31, 2023 (%)	—	—
Treasury stock acquired during the year ending March 31, 2024	5,806,000	42,952,788,000
Ratio of non-exercised portion as of the filing date of this Annual Report (%)	28.0	14.1

### (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, 2023	1,937	14,006,507
Treasury stock acquired during the year ending March 31, 2024 *	476	3,372,772

(Note) Acquired treasury stocks less than a unit are not included in Treasury stock acquired during the year ending March 31, 2024, from June 9, 2023 to the filing date of this Annual Report.

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

Classification	For the year ended March 31, 2023		For the year ending March 31, 2024	
	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	14,036	69,964,169	—	—
Number of shares of treasury stock held *2	18,705,580	—	24,512,056	—

(Notes) 1. The breakdown for the year ended March 31, 2023 is disposal of treasury stock as restricted stock compensation\* and sale of stocks less than one unit due to a demand for sale. Treasury stocks to be disposed of during the year ending March 31, 2024 do not include stocks resulting from the sale of stocks constituting less than one unit from June 9, 2023 to the filing date of this Annual Report.

**\* Disposal of Treasury Stock for Restricted Stock Compensation**

Kyocera resolved at a meeting of its Board of Directors held on June 28, 2022, to dispose of treasury stocks as the restricted stock compensation to the Directors of Kyocera, excluding Outside Directors, and Executive Officers, and it disposed of treasury stocks on July 28, 2022. Its summary is as follows:

Class and number of shares to be disposed of	Common stock 13,810
Disposal price	7,378 yen per share
Total disposition amount	101,890,180 yen
Allottees and number thereof, and number of shares to be disposed of	6 Directors (excluding Outside Directors) 9,757 shares 26 Executive Officers 4,053 shares

Treasury stock decreased by 69 million yen as the result of this disposal.

2. Acquired treasury stocks based on a resolution approved by the Board of Directors and acquired and sold of treasury stocks less than a unit are not included in treasury stock acquired during the year ending March 31, 2024, from June 9, 2023 to the filing date of this Annual Report.

### 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 2023, the amount of the year-end dividend is 100 yen per share, reflecting our performance for fiscal 2023 and complying with the above-mentioned basic policy. As a result, the annual dividend is 200 yen per share when aggregated with the interim dividend, which was in the amount of 100 yen per share. This amount represents an increase of 20 yen per share as compared with the amount of the annual dividend for fiscal 2022, which was 180 yen per share.

The proposed appropriations of surplus are as follows:

Date of Resolution	Aggregate Amount	Per Share Amount
The Board of Directors Meeting held on October 31, 2022	35,891 million yen	100 yen
The Ordinary General Meeting of Shareholders held on June 27, 2023	35,891 million yen	100 yen

#### **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 nine Directors including three 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 12 times in fiscal 2023, and all 9 Directors who were in office during the fiscal 2023 attended all 12 meetings. At the meetings, matters including the Medium-term 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, the status of internal control and risk management, and the situation of associated companies and each division.

For the fiscal 2023, in addition to the Board of Directors, Kyocera held several off-site meetings regarding the Medium-term Management Strategy to discuss group-wide management strategies, and others.

#### ***(b) Audit and 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 an attorney-at-law or CPA. 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 2 times in fiscal 2023, and all members who were in office during the fiscal 2023 attended all 2 meetings. The Committee adequately deliberates on the nomination of the senior management and Directors (including succession plans), their remuneration, and other important matters, taking into account perspectives such as gender and other types of diversity and personal skills.

***(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 22 times in fiscal 2023, 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 2023, 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.” 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 2023. The committee work on Philosophy inculcation activity focused on the work floor in Japan and work 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 to identify corporate risks that need to be addressed by the Kyocera Group.

Meetings of the “Risk Management Committee” were held 2 times in fiscal 2023. The committee assigns risk owners to each corporate risks and carry 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 2023.

Members of each organization and committee are as set forth.

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

Position	Name	Board of Directors	Audit and 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	○		○					
Full-time Auditor & Supervisory Board Member	Shigeru Koyama	□	◎		□	□	□		□
Full-time Auditor & Supervisory Board Member	Yushi Nishimura	□	○		□	□	□		□
Outside audit & supervisory board member (Independent Director)	Hitoshi Sakata	□	○						
Outside audit & supervisory board member (Independent Director)	Masaaki Akiyama	□	○						
—	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, legal and intellectual 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, and management control 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 the insurance premiums are all paid by Kyocera Corporation.

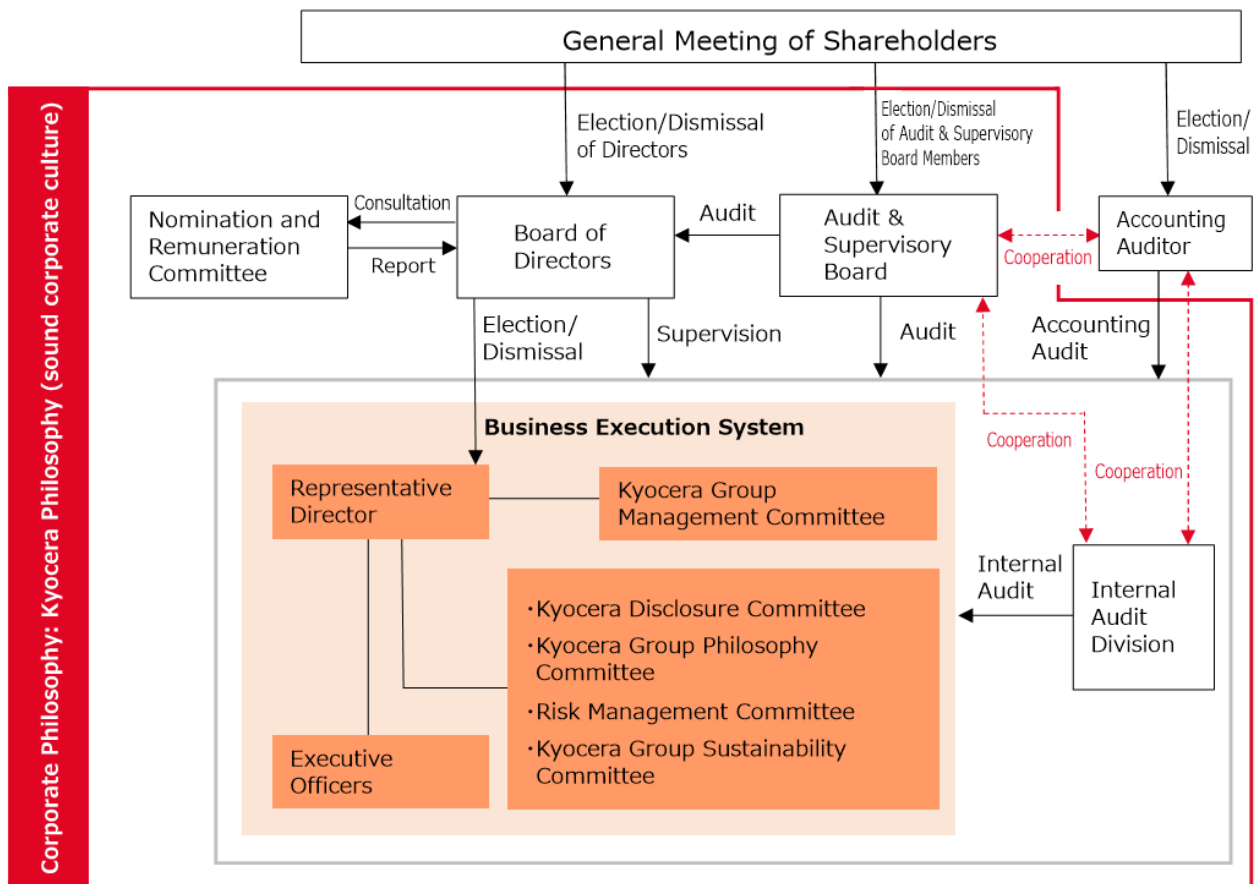
**c. Analysis and evaluation of effectiveness of the Board of Directors as a whole and summary of the results.**

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 2023 are as follows:

	Contents and Results
Evaluation Method	Kyocera conducted an effectiveness evaluation questionnaire to all Directors and all Audit & Supervisory Board Members.
Questionnaire Items	<ol style="list-style-type: none"> <li>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.)</li> <li>2. Composition of the Board of Directors (Size, member balance, diversity, etc.)</li> <li>3. Roles and Responsibilities of the Board of Directors (Discussion of the broad direction of corporate strategy, oversight of the Management, management of subsidiaries, etc.)</li> <li>4. Optional Nomination and Remuneration Committee (Agenda items, frequency of meetings and time for deliberations)</li> </ol>
Summary of Evaluation Results and Future Initiatives	<p>The Board of Directors has been working to improve the issues by increasing the weight of discussions on the direction of Kyocera Group and enhancing reports on risk management and IR activities.</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"> <li>• By holding multiple Off-Site meetings in the medium-term management plan separately from the Board of Directors meetings, it has become possible to have discussions that are more aware of the direction of the Kyocera Group, such as company-wide strategies.</li> <li>• By having multiple product line reports and discussing the business environment and business strategy at the Board of Directors meetings, Outside Directors' and Outside Audit &amp; Supervisory Board Members' understanding has deepened. This enabled the board of directors to discuss each proposal from various perspectives.</li> </ul> <p>The Board of Directors will promote the following initiatives to further improve its effectiveness:</p> <ul style="list-style-type: none"> <li>• Further enhance reports on the operational status of the internal control system and the management status of subsidiaries.</li> <li>• To deepen the understanding of the Company through the timely and appropriate provision of information to Outside Directors and Outside Audit &amp; Supervisory Board Members.</li> </ul>

#### 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 less than 20 people.

#### 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 12 people, Female one person

(The ratio of the female member in Directors and Audit & Supervisory Board Members 8%)

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	57,889
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	25,807
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>	*5	9,688
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</p> <p>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	10,370

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	8,317
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>	*5	18,440
Director	Akiko Koyano	April 23, 1974	<p>Dec. 2008 Registration as Attorney Belonging to Kyoto Bar Association [Present] Joined Koyano &amp; 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	467
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	1,930
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	—

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]	*6	7,472
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]	*7	1,480
Audit & Supervisory Board Member	Hitoshi Sakata	January 22, 1953	Apr. 1985 Registration as Attorney Belonging to Kyoto Bar Association [Present] Jul. 1995 Partner Attorney-at-law of Oike Law Office [Present] Feb. 2010 Researcher of University of Cambridge Apr. 2010 Professor of Graduate School of Law Department, Doshisha University (Doshisha Law School) Jun. 2013 Outside Director of Nippon Shinyaku Co., Ltd. Jun. 2016 Audit & Supervisory Board Member of Kyocera Corporation [Present]	*6	1,260
Audit & Supervisory Board Member	Masaaki Akiyama	January 4, 1945	Oct. 1968 Joined Tomishima Audit Corporation (currently Ernst & Young ShinNihon LLC) Mar. 1973 Registration as certified public accountant Sep. 2010 Outside Audit & Supervisory Board Member of Joyful Honda Co., Ltd. Jun. 2016 Audit & Supervisory Board Member of Kyocera Corporation [Present] Jan. 2020 Representative of Masaaki Akiyama Certified Public Accountant Office [Present]	*6	1,531
Total					144,651

- (Notes) 1. The shareholdings are the information as of March 31, 2023.
2. Ms. Akiko Koyano, Mr. Eiji Kakiuchi and Mr. Shigenobu Maekawa are outside directors.
3. Messrs. Hitoshi Sakata and Masaaki Akiyama 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, 2020 to the closing of the Ordinary General Meeting of Shareholders related to the year ending March 31, 2024.
7. 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.

8. 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
Minoru Kida	July 30, 1970	Oct. 1993 Joined Showa Ota & Co. (currently Ernst & Young ShinNihon LLC) Jan. 2004 Head of Kida CPA Office [Present] Dec. 2006 Representative Partner of Gravitas Audit Corporation [Present] Mar. 2019 Outside Director (Audit and Supervisory Committee Member) of OPTEX GROUP CO., LTD. [Present]	—

***b. Outside Director and Audit & Supervisory Board Member***

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

Outside Directors: three 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 and Mr. Eiji Kakiuchi as well as Outside Audit & Supervisory Board Members, Messrs. Hitoshi Sakata and Masaaki Akiyama, 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 Mr. Hitoshi Sakata, an Outside Audit & Supervisory Board Member, and Kyocera Corporation nor is there any special interest between Kyocera Corporation and Oike Law Office where Mr. Hitoshi Sakata serves as a Partner Attorney-at-law.

There is no special interest between Mr. Masaaki Akiyama, an Outside Audit & Supervisory Board Member, and Kyocera Corporation nor is there any special interest between Kyocera Corporation and Masaaki Akiyama Certified Public Accountant Office where Mr. Masaaki Akiyama serves as a Representative.

***(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 three 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 an attorney-at-law or certified public accountant 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 Mr. Hitoshi Sakata will be capable of conducting a general audit of corporate activities as an Outside Audit & Supervisory Board Member based on his abundant experience and exceptional insight as an attorney at law and his familiarity with the field of company legal affairs including Companies Act and overseas intellectual property.

Kyocera Corporation expects that Mr. Masaaki Akiyama 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 his abundant experience and exceptional insight.

**<Inappropriate Responses of Certain Chemical Products>**

The Company identified that some of the chemical products that the Company manufactured and sold had violated the Act on the Regulation of Manufacture and Evaluation of Chemical Substances, and failed to register for Class reference number in the Gazette List. The Company, therefore, disclosed the fact publicly in September 2022. Each Outside Director and each Outside Audit & Supervisory Board Member, however, have been regularly promoting awareness regarding the importance of compliance at Board of Directors meetings and so forth, and once this matter came to light, they have performed their duty by calling strongly for an understanding of the facts, identification of causes, and strengthening of governance and compliance systems, and by making recommendations to prevent recurrence in the Group.



***(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 three 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 five 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 and 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 2023 are as follows:

Position	Name	Career etc.	Attendances at the meeting of the Audit & Supervisory Board held during fiscal 2023
Full-time Audit & Supervisory Board Member	Itsuki Harada	He has long experience in the accounting department and the internal audit department of Kyocera and has substantial knowledge of finance and accounting.	100% (3 out of 3)
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% (8 out of 8)
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% (5 out of 5)
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% (8 out of 8)
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% (8 out of 8)

(Notes) 1. The total number of meetings held varies due to the difference in the dates of appointment.

2. Mr. Itsuki Harada resigned upon the conclusion of the 68th Ordinary General Meeting of Shareholders held on June 28, 2022.

3. Mr. Yushi Nishimura was appointed as Full-time Audit & Supervisory Board Member by the resolution of the 68th Ordinary General Meeting of Shareholders held on June 28, 2022.

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"> <li>• Permeation status of Kyocera Philosophy</li> <li>• Motivation of employees to work</li> </ul>
Current initiatives for key management issues	<ul style="list-style-type: none"> <li>• Achievement status of management policy and key directive</li> <li>• Progress status of management plan</li> <li>• Status of grasping and responding to management issues</li> <li>• Confirmation of the impact of the spread of COVID-19 and the status of countermeasures</li> </ul>
Compliance with laws and Articles of Incorporation	<ul style="list-style-type: none"> <li>• Confirmation of the legality of management decision</li> <li>• Compliance with fiduciary duty of director</li> <li>• The appropriateness of disclosures under the Companies Act as well as the Financial Instrument and Exchange Act of Japan</li> <li>• Compliance with and operation of laws</li> </ul>
The effectiveness of internal control system	<ul style="list-style-type: none"> <li>• Status of the design and operation of company regulations</li> <li>• Status of the design and operation of the framework for information management</li> <li>• Operation status of consultation desks of inside and outside the company</li> <li>• Status of organization and operation of quality management systems, environmental conservation and others</li> <li>• Status of improvement in response to indications from internal audits</li> </ul>
Status of the design of risk management system	<ul style="list-style-type: none"> <li>• Status of risk management organization and risk management operation</li> <li>• Status of risk assessment in each division</li> <li>• Status of risk countermeasures and the dissemination</li> </ul>
Grasping the status of the management in subsidiaries	<ul style="list-style-type: none"> <li>• System to grasp the status of the management in subsidiaries</li> <li>• Status of the design and operation of the internal control system in subsidiaries</li> </ul>
Timely disclosure of business results	<ul style="list-style-type: none"> <li>• Announcement of the financial results</li> <li>• Timely and appropriate disclosure of corporate information</li> </ul>

The specific activities of each Audit & Supervisory Board Member in relation to audit items in fiscal 2023 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 12 times)	All Audit & Supervisory Board Members
	Attendance at the Kyocera Group Management Committee to confirm the status of initiatives for key management issues (attended 22 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 9 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 14 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 6 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 2023	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 94 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 Kyoto

***(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 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.

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

Engagement partner from PricewaterhouseCoopers Kyoto

Yukihiro Matsunaga (Number of years of continuous service: 2 years)

Hiroyuki Yano (Number of years of continuous service: 7 years)

Toru Tamura (Number of years of continuous service: 2 years)

The number of years of continuous service for Hiroyuki Yano includes the term which was involved in the audit of a consolidated subsidiary and the deemed involvement period.

***(d) Structure of Supporter Related to Audit***

Certified public accountants: 10 people

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

Others: 16 people

***(e) Policy and Reason for Electing the Audit Firm***

Audit and 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 and Supervisory Board of Kyocera selects the audit firm, taking into account that PricewaterhouseCoopers Kyoto 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 and 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.

**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,			
	2022		2023	
	Audit Fees	Not Audit Fees	Audit Fees	Not Audit Fees
Kyocera Corporation	199	13	193	—
Consolidated subsidiaries	190	12	194	—
Total	389	25	387	—

Details of non-auditing work at Kyocera Corporation and its consolidated subsidiaries are the advisory services relating to financial report.

**(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,			
	2022		2023	
	Audit Fees	Not Audit Fees	Audit Fees	Not Audit Fees
Kyocera Corporation	—	45	—	36
Consolidated subsidiaries	1,589	324	1,934	501
Total	1,589	369	1,934	537

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)	388	151	6	165	6	72	6
Outside Directors	41	41	3	—	—	—	—
Auditors (excluding Outside Auditors)	48	48	3	—	—	—	—
Outside Auditors	22	22	2	—	—	—	—
Total	499	262	14	165	6	72	6

- (Notes) 1. Aside from the remuneration in the above table, the aggregate amount of remuneration to Directors (excluding Outside Directors) was 249 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 127,988 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 based on the position of the Director and a coefficient for individual assessments based on the degree of contribution to performance.
3. 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."
4. Regarding basic remuneration and restricted stock compensation for fiscal 2023, the Board of Directors has consulted with the Nomination and Remuneration Committee in advance about the payment criteria and stock granting criteria for each position and obtained a report. Messrs. Goro Yamaguchi, Chairman 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 2023, following the 69th Ordinary General Meeting of Shareholders, details of individual remuneration were determined using in the same process.

***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	60	62	23	145
Hideo Tanimoto	Kyocera Corporation (Submit company) President and Representative Director	67	69	25	161

(Note) The positions of Goro Yamaguchi and Hideo Tanimoto represent their positions as of March 31, 2023.



***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\* 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.

(Note) 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.

Regarding restricted stock compensation for Directors, at the 65th Ordinary General Meeting of Shareholders held on June 25, 2019, separate from basic remuneration and bonuses to Directors, 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 (Outside Directors are not eligible for share grants). 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 five at the conclusion of the Ordinary General Meeting of Shareholders.

***(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 convened on February 26, 2021. 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,” 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, 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.

<Restricted Stock Compensation>

- This is remuneration that provides Kyocera Corporation’s common stock (restricted stock) for the purpose of further sharing value with shareholders while granting incentives to continuously improve medium- to-long-term corporate value of Kyocera and shareholder value. Specifically, monetary compensation claims are paid to Directors, and Directors receiving this payment are paid entirely with assets contributed in-kind for the issue or disposal of Kyocera Corporation’s common stock (restricted stock). The amount to be paid to each Director shall be determined by 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
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 2023, 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, calculation method and grant standard for each type 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.

***(c) Initiatives in Next Fiscal Year***

An introduction of the performance-linked restricted stock compensation system and a partial revision of contents of the restricted stock compensation system which was approved at the 65th Ordinary General Meeting of Shareholders held on June 25, 2019 were resolved at the 69th Ordinary General Meeting held on June 27, 2023. A part of change of the executive compensation system is intended to further promote sharing value with the Company's Directors excluding Outside Directors and shareholders through increasing incentives for the Directors to continuously improve corporate value of the Company.

## **(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-holding or unilateral holding 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	49	34,831
Other than unlisted stock	20	1,448,295

(The number of stocks increased during fiscal 2023)

	Number of Issuers	Acquisition Amount (Yen in millions)	Reason for Increase in the Number
Unlisted stock	—	—	—
Other than unlisted stock	3	2	Enhancing and maintaining of business relationships. Changes in classification due to listing.

(The number of stocks decreased during fiscal 2023)

	Number of Issuers	Sold Amount (Yen in millions)
Unlisted stock	6	1,235
Other than unlisted stock	1	82

**(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, 2023	As of March 31, 2022	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, and entered into a capital and business alliance. Kyocera utilizes the shares of KDDI Corporation for the procurement to finance investments needed for sustainable growth.	No
	1,371,548	1,342,059		
DAIKIN INDUSTRIES, LTD.	1,131,600	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.	Yes
	26,768	25,359		
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
	19,722	17,492		
The Bank of Kyoto, Ltd.	1,596,059	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.	Yes
	9,975	8,539		
Murata Manufacturing Co., Ltd.	725,400	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.	Yes
	5,832	5,888		
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
	3,426	3,955		
ROHM Co., Ltd.	260,000	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.	Yes
	2,852	2,493		

Stock name	As of March 31, 2023	As of March 31, 2022	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)		
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 *1
	2,613	3,721		
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 *1
	1,336	1,198		
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
	1,336	1,490		
Wacoal Holdings Corp.	478,500	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.	Yes *1
	1,190	881		
Naito & Co., Ltd.	3,080,000	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.	No
	465	533		
NAKAYAMA FUKU CO., LTD.	924,305	922,038	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.	No
	315	328	<The reason for increase in number of shares held> In order to enhance transactions, shares were acquired through the client stock ownership plan.	
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
	294	219		
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
	282	268		
Sumitomo Mitsui Financial Group, Inc.	26,318	26,318	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 *1
	139	103		
Transphorm, Inc.	215,220	215,220	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
	115	185		
AERWINDS Technologies Inc.	453,694	—	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
	57	—	<The reason for increase in these shares> Shares of AERWINDS Technologies Inc. were not listed on the stock market in the fiscal 2022, but those were listed on the Nasdaq Capital Market in February 2023.	

Stock name	As of March 31, 2023	As of March 31, 2022	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)		
YONDOSHI HOLDINGS INC.	13,956	13,219	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.	No
	25	22	<The reason for increase in number of shares held> In order to enhance transactions, shares were acquired through the client stock ownership plan.	
Mizuho Financial Group, Inc	2,000	2,000	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, facilitation of financial transactions and shareholdings.	Yes *1
	4	3		
Kyushu Financial Group, Inc.	—	192,712	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 2023 under review	Yes *1
	—	77		

(Notes) 1. Major subsidiaries of issuers hold shares of Kyocera.

2. 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

### 1. Consolidated Financial Statements and Other Information

#### (1) Consolidated Financial Statements

##### a. Consolidated Statement of Financial Position

(Yen in millions)

	Note	As of March 31,	
		2022	2023
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	414,129	373,500
Short-term investments	10, 32	25,460	4,787
Trade and other receivables	9, 26, 32	379,066	380,972
Other financial assets	10, 20, 32	18,623	18,615
Inventories	11	452,506	539,441
Other current assets	12	39,339	39,997
Total current assets		1,329,123	1,357,312
<b>Non-current assets</b>			
Equity and debt instruments	10, 19, 32	1,469,133	1,508,258
Investments accounted for using the equity method	13, 36	15,795	16,752
Other financial assets	10, 20, 32	41,540	42,567
Property, plant and equipment	14, 16, 19	512,175	587,478
Right-of-use assets	20	40,703	62,620
Goodwill	15, 16	262,985	271,156
Intangible assets	15, 16	149,879	147,782
Deferred tax assets	17	36,483	39,759
Other non-current assets	12, 21	59,449	60,244
Total non-current assets		2,588,142	2,736,616
<b>Total assets</b>		<b>3,917,265</b>	<b>4,093,928</b>

The accompanying notes are an integral part of these statements.



(Yen in millions)

	Note	As of March 31,	
		2022	2023
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Borrowings	19, 32	79,382	29,060
Trade and other payables	18, 26, 32	222,962	203,864
Lease liabilities	20, 32	17,326	20,351
Other financial liabilities	32	16,552	4,741
Income tax payables		20,390	17,224
Accrued expenses	26	134,282	135,836
Provisions	22	7,010	8,014
Other current liabilities	19, 23, 26	41,445	41,984
Total current liabilities		539,349	461,074
<b>Non-current liabilities</b>			
Borrowings	19, 32	17,163	107,726
Lease liabilities	20, 32	35,390	52,664
Retirement benefit liabilities	21	23,129	8,621
Deferred tax liabilities	17	384,513	393,961
Provisions	22	9,631	10,239
Other non-current liabilities	23	9,817	10,808
Total non-current liabilities		479,643	584,019
<b>Total liabilities</b>		1,018,992	1,045,093
<b>Equity</b>			
Common stock	24	115,703	115,703
Capital surplus		122,751	119,144
Retained earnings		1,846,102	1,912,372
Other components of equity	24	880,297	969,801
Treasury stock	24	(93,299)	(93,243)
Total equity attributable to owners of the parent		2,871,554	3,023,777
Non-controlling interests	33	26,719	25,058
<b>Total equity</b>		2,898,273	3,048,835
<b>Total liabilities and equity</b>		3,917,265	4,093,928

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,	
		2022	2023
<b>Sales revenue</b>	6, 26	1,838,938	2,025,332
Cost of sales	11, 14, 15 16, 21, 27	1,325,295	1,460,388
<b>Gross profit</b>		513,643	564,944
Selling, general and administrative expenses	14, 15, 16 21, 27, 28, 32	364,733	436,427
<b>Operating profit</b>		148,910	128,517
Finance income	10, 29, 32	45,208	52,289
Finance expenses	29, 32	2,750	3,594
Foreign exchange gains (losses)	32	2,748	(4,651)
Share of net profit (loss) of investments accounted for using the equity method	13	(807)	695
Other, net		5,638	2,936
<b>Profit before income taxes</b>	6	198,947	176,192
Income taxes	17	46,911	45,227
<b>Profit for the year</b>		152,036	130,965

<b>Profit attributable to:</b>			
Owners of the parent		148,414	127,988
Non-controlling interests		3,622	2,977
<b>Profit for the year</b>		152,036	130,965

<b>Per share information:</b>			
<b>Earnings per share attributable to owners of the parent</b>	30		
Basic and diluted (Yen)		411.15	356.60

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,	
		2022	2023
<b>Profit for the year</b>		152,036	130,965
<b>Other comprehensive income, net of taxation</b>			
Items that will not be reclassified to profit or loss:			
Financial assets measured at fair value through other comprehensive income	24, 32	144,547	25,263
Re-measurement of defined benefit plans	21, 24	9,502	6,890
Total items that will not be reclassified to profit or loss		154,049	32,153
Items that may be reclassified subsequently to profit or loss:			
Net changes in fair value of cash flow hedge	24	34	(12)
Exchange differences on translating foreign operations	24	64,218	64,175
Share of other comprehensive income of investments accounted for using the equity method	13, 24	267	(48)
Total items that may be reclassified subsequently to profit or loss:		64,519	64,115
<b>Total other comprehensive income</b>		218,568	96,268
<b>Comprehensive income for the year</b>		370,604	227,233

<b>Comprehensive income attributable to:</b>			
Owners of the parent		365,805	223,978
Non-controlling interests		4,799	3,255
<b>Comprehensive income for the year</b>		370,604	227,233

The accompanying notes are an integral part of these statements.

**d. Consolidated Statement of Changes in Equity**

For the year ended March 31, 2022

(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		
<b>Balance as of April 1, 2021</b>		115,703	122,745	1,750,259	671,951	(69,243)	2,591,415	24,695	2,616,110
Profit for the year				148,414			148,414	3,622	152,036
Other comprehensive income					217,391		217,391	1,177	218,568
Total comprehensive income for the year		—	—	148,414	217,391	—	365,805	4,799	370,604
Cash dividends	25			(61,616)			(61,616)	(2,756)	(64,372)
Purchase of treasury stock	24					(24,111)	(24,111)		(24,111)
Reissuance of treasury stock			27			55	82		82
Transactions with non-controlling interests							—		—
Transfer to retained earnings	24			9,045	(9,045)		—		—
Others			(21)				(21)	(19)	(40)
<b>Balance as of March 31, 2022</b>		115,703	122,751	1,846,102	880,297	(93,299)	2,871,554	26,719	2,898,273

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		
<b>Balance as of April 1, 2022</b>		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
<b>Balance as of March 31, 2023</b>		115,703	119,144	1,912,372	969,801	(93,243)	3,023,777	25,058	3,048,835

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,	
		2022	2023
<b>Cash flows from operating activities:</b>			
Profit for the year		152,036	130,965
Depreciation and amortization		128,960	149,603
Finance expenses (income)	29	(42,458)	(48,695)
Share of net profit (loss) of investments accounted for using the equity method	13	807	(695)
Impairment loss	16	2,400	1,306
(Gains) losses from sales or disposal of property, plant and equipment		(8,052)	(1,667)
Income taxes	17	46,911	45,227
(Increase) decrease in trade and other receivables		(29,147)	9,732
(Increase) decrease in inventories		(85,344)	(67,949)
(Increase) decrease in other assets		12,784	10,307
Increase (decrease) in trade and other payables		(3,821)	(29,661)
Increase (decrease) in accrued expenses		8,994	2,752
Increase (decrease) in other liabilities	21	(4,718)	(25,554)
Other, net		(1,066)	5,178
Subtotal		178,286	180,849
Interests and dividends received		45,479	52,362
Interests paid		(2,297)	(2,535)
Income taxes refund (paid)		(19,511)	(51,464)
Net cash provided by operating activities		201,957	179,212
<b>Cash flows from investing activities:</b>			
Payments for purchases of property, plant and equipment		(134,490)	(176,624)
Payments for purchases of intangible assets		(12,412)	(10,019)
Proceeds from sales of property, plant and equipment		11,059	3,595
Acquisitions of business, net of cash acquired	31	(1,680)	(3,093)
Acquisition of time deposits and certificate of deposits		(90,530)	(14,694)
Withdrawal of time deposits and certificate of deposits		121,332	33,966
Payments for purchases of securities		(2,801)	(5,071)
Proceeds from sales and maturities of securities		30,279	4,960
Other, net		(214)	(1,853)
Net cash used in investing activities		(79,457)	(168,833)
<b>Cash flows from financing activities:</b>			
Increase (decrease) in short-term borrowings	31	(135)	(10,000)
Proceeds from long-term borrowings	31	11,739	98,198
Repayments of long-term borrowings	31	(14,363)	(49,518)
Repayments of lease liabilities	20, 31	(20,829)	(23,975)
Dividends paid		(63,774)	(70,117)
Purchase of treasury stock	24	(24,111)	(14)
Purchase of non-controlling interests		—	(5,832)
Other, net		0	1
Net cash used in financing activities		(111,473)	(61,257)
<b>Effect of exchange rate changes on cash and cash equivalents</b>		16,375	10,249
<b>Increase (decrease) in cash and cash equivalents</b>		27,402	(40,629)
<b>Cash and cash equivalents at the beginning of the year</b>		386,727	414,129
<b>Cash and cash equivalents at the end of the year</b>	8	414,129	373,500

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 headquarter 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, 2023 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, 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 accounting adjustments that are described on Note "3. Significant Accounting Policies (3) Foreign Currency Translation d. Hyperinflationary Accounting Adjustments."

#### ***(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, 2023. This change had no material impact on the Kyocera's consolidated financial statements.

#### ***(5) Change in Presentation***

##### ***Consolidated Statement of Cash Flows***

Certain liabilities which were included in "increase (decrease) in other liabilities" of cash flows from operating activities for fiscal 2022 are reclassified to "increase (decrease) in accrued expenses" from fiscal 2023 in order to enhance the clarity of presentation.

In addition, "increase (decrease) in provisions" which were separately presented in cash flows from operating activities for fiscal 2022 has been included in "other, net" for fiscal 2023 due to immateriality.

To reflect these changes in presentation, Kyocera has reclassified the consolidated statement of cash flows for fiscal 2022.

As a result, 4,832 million yen of "increase (decrease) in other liabilities" and 1,056 million yen of "increase (decrease) in provisions" which were previously presented as cash flows from operating activities were reclassified to "increase (decrease) in accrued expenses" and "other, net" respectively.

### **3. Significant 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 at 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 at the current exchange rates prevailing at the end of the reporting period. Non-monetary items that are measured at fair value that are denominated in foreign currencies are translated into the functional currency at the rates prevailing at the date when the fair value was measured. Non-monetary items that are measured at cost in foreign currencies are translated at the exchange rate at the transaction date. Exchange differences arising from the 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, the activities of which are based or conducted in a country outside of Japan. Assets and liabilities of foreign operations are translated into Japanese yen using exchange rates prevailing at the end of reporting period, while income, expenses and cash flows are translated into Japanese yen using the average exchange rates for the period except for foreign operations in hyperinflationary economies. Exchange differences arising from translating the foreign operations' financial statements 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***

From the year ended March 31, 2023, Kyocera has applied hyperinflationary accounting adjustments to subsidiaries whose functional currency is Turkish Lira as required by IAS 29 "Financial Reporting in Hyperinflationary Economies." When a subsidiary's functional currency is the currency of a hyperinflationary economy, adjustments are made to its separate financial statements to reflect current price levels, and income, expenses and cash flow of the subsidiary are translated into Japanese yen at 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 an expense when it is 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.

Effective from April 1, 2022, Kyocera has changed the useful lives of some software from two years to five years and the change is applied prospectively. This was due to better estimates based on recent software usage.

As a result of the change, operating profit and profit before income taxes for the year ended March 31, 2023 increased by 2,062 million yen compared to the previous 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 lease payments that are not paid at that date 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 measured the lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

Kyocera elects not to recognize the right-of-use asset and the lease liability for the short-term leases that has a lease term of 12 months or less and leases for which the underlying asset is of low value. Lease payments associated with those leases are recognized as an expense on straight-line basis over the lease term.

### **b. Lease as a Lessor**

Leases are classified as either operating leases or finance leases. If the lease transfers substantially all the risks and rewards of the ownership of the underlying asset, it is classified as a finance lease; otherwise, it is classified as an operating lease. The classification of a lease 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 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 derivative, 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 fair values or 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 and that do not impact accounting profit or taxable income. 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, 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 Organization 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 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 in the amount estimated to be paid under these plans, when Kyocera has legal or constructive obligations to pay them and reliable estimates of the obligation can be made.

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 and automotive-related. Kyocera’s operations consist of the following reporting segments: “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 recognize 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.

Sale of printers and multifunctional products in the “Document Solutions Unit” for which sales are made to end users together with installation services. The revenue recognition in these cases occur at the completion of installation and customer acceptance because the performance obligation is judged to have been satisfied, as Kyocera have no 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. An asset is recorded for the estimated value of returned product. 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, the distributor is given credit against their accounts receivables.

#### ***(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 to 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. Significant Accounting Policies (5) Inventories" and "11. Inventories")
- Estimates for residual value and useful life of property, plant and equipment and intangible assets  
(Note "3. Significant Accounting Policies (6) Property, Plant and Equipment," "3. Significant 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. Significant 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. Significant Accounting Policies (10) Financial Instruments," "10. Short-Term Investments, Equity, Debt Instruments and Other Financial Assets" and "32. Financial Instruments")
- Estimates for impairment of financial assets measured at amortize cost  
(Note "3. Significant Accounting Policies (10) Financial Instruments" and "32. Financial Instruments")
- Estimates on recoverability of deferred tax assets and uncertainty on tax position  
(Note "3. Significant Accounting Policies (11) Income Taxes" and "17. Income Taxes")
- Estimates on defined benefit liability  
(Note "3. Significant 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. Significant Accounting Policies (14) Provisions," "22. Provisions" and "36. Contingency")
- Judgments and estimates for revenue recognition and measurement  
(Note "3. Significant 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 these applications will have on financial position, operating results and cash flows.

IFRS		Effective date (From the year beginning on or after)	Kyocera's adoption year	Description of new and revised standards
IAS 12	Income Taxes	January 1, 2023	From the year ending March 31, 2024	Clarified of accounting for deferred tax related to assets and liabilities arising from a single transaction
				Disclose separately an entity's current tax expense related to Pillar Two income taxes  Disclose information about an entity's exposure to Pillar Two income taxes

### 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. Significant 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, 2022

(Yen in millions)

	Reporting Segment			Others * 1	Total	Adjustment * 2	Consolidated
	Core Components Business	Electronic Components Business	Solutions Business				
Sales revenue							
External customers	527,243	338,391	962,553	10,751	1,838,938	—	1,838,938
Intersegment sales and transfers	690	711	21,136	7,066	29,603	(29,603)	—
Total	527,933	339,102	983,689	17,817	1,868,541	(29,603)	1,838,938
Business profit (loss)	61,640	47,896	68,730	(14,649)	163,617	—	163,617
Corporate gains and others * 3	—	—	—	—	—	—	36,137
Share of net profit (loss) of investments accounted for using the equity method	—	—	—	—	—	—	(807)
Profit before income taxes	—	—	—	—	—	—	198,947
Other items							
Depreciation and amortization charge	37,032	28,055	48,594	5,706	119,387	9,573	128,960
Capital expenditures (for property, plant and equipment)	71,041	37,140	26,348	5,330	139,859	11,912	151,771
Assets * 4	569,021	513,720	1,052,090	122,118	2,256,949	1,660,316	3,917,265

(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, 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.

### **(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,	
	2022	2023
Japan	613,752	570,285
Asia	485,207	543,458
United States	341,522	451,568
Europe	339,082	381,141
Other Areas	59,375	78,880
Total	1,838,938	2,025,332

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

Non-current assets

(Yen in millions)

	As of March 31,	
	2022	2023
Japan	409,891	456,995
Asia	117,690	155,070
United States	274,673	283,524
Europe	151,031	159,823
Other Areas	12,457	13,624
Total	965,742	1,069,036

(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, 2022 and 2023, 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,	
	2022	2023
Cash on hand and demand deposits	303,331	292,341
Time deposits (Within 3 months to original maturity)	110,798	81,159
Total	414,129	373,500

### 9. Trade and Other Receivables

The components of trade and other receivables are as follows:

(Yen in millions)

	As of March 31,	
	2022	2023
Trade notes receivable	23,067	24,638
Trade accounts receivable	309,901	314,442
Contract assets	8,701	1,640
Others	40,345	43,518
Allowance for credit losses	(2,948)	(3,266)
Total	379,066	380,972

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. Short-Term Investments, Equity, Debt Instruments and Other Financial Assets**

**(1) The Components of Short-Term Investments, Equity, Debt Instruments and Other Financial Assets**

The components of short-term investments, equity, debt instruments and other financial assets are as follows:

(Yen in millions)

	As of March 31,	
	2022	2023
Derivative assets	1,619	1,149
Stocks	1,463,690	1,498,205
Bonds	3,121	12
Time deposits (Over three months to original maturity)	22,302	5,081
Lease receivable	51,620	50,647
Others	14,222	20,959
Allowance for credit losses	(1,818)	(1,826)
<b>Total</b>	<b>1,554,756</b>	<b>1,574,227</b>

(Yen in millions)

	As of March 31,	
	2022	2023
Current assets	44,083	23,402
Non-current assets	1,510,673	1,550,825
<b>Total</b>	<b>1,554,756</b>	<b>1,574,227</b>

(Note) Classification is as follows:

Derivative assets: Financial assets measured at fair value through profit or loss (except for hedge 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 principal issuer of the equity financial assets measured at fair value through other comprehensive income and its fair values are as follows:

(Yen in millions)

	As of March 31,	
	2022	2023
KDDI Corporation	1,342,059	1,371,548

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.

Kyocera received dividends from KDDI Corporation, and included them in “Finance income” in the consolidated statements of profit or loss. The amount of dividend is as follows:

(Yen in millions)

	For the year ended March 31,	
	2022	2023
Dividends from KDDI Corporation	40,212	43,562

### **(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,			
2022		2023	
Fair value	Accumulated gains or losses	Fair value	Accumulated gains or losses
98	(526)	85	(299)

(Note) When Kyocera derecognized the financial assets measured at fair value through other comprehensive income, the amount of accumulated gain or loss recognized in other comprehensive income was transferred to retained earnings. The accumulated gains or losses of other comprehensive income, net of taxation, transferred to retained earnings is (368) million yen for the year ended March 31, 2022, and (320) million yen for the year ended March 31, 2023.

### **11. Inventories**

The components of inventories are as follows:

(Yen in millions)

	As of March 31,	
	2022	2023
Finished goods and merchandise	198,604	218,338
Work in process	105,629	127,164
Raw materials and supplies	148,273	193,939
Total	452,506	539,441

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 7,376 million yen for the year ended March 31, 2022 and 16,222 million yen for the year ended March 31, 2023, respectively.

## 12. Other Assets

The components of other assets are as follows:

Other current assets

(Yen in millions)

	As of March 31,	
	2022	2023
Prepaid expenses	18,700	23,480
Advance payments	7,740	7,095
Others	12,899	9,422
Total	39,339	39,997

Other non-current assets

(Yen in millions)

	As of March 31,	
	2022	2023
Retirement benefit assets	44,811	50,485
Others	14,638	9,759
Total	59,449	60,244

## 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,	
	2022	2023
Carrying amounts of investments	15,795	16,752

(Yen in millions)

	For the year ended March 31,	
	2022	2023
Net profit (loss)	(807)	695
Other comprehensive income (loss)	267	(48)
Comprehensive income (loss)	(540)	647

#### 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, 2021	52,277	148,355	192,592	45,885	439,109
Purchase	213	28,840	55,229	67,489	151,771
Business combinations	—	21	16	—	37
Depreciation	—	(15,189)	(75,040)	—	(90,229)
Impairment loss	(57)	(1,262)	(169)	(6)	(1,494)
Sales or disposal	(1,739)	(630)	(627)	(10)	(3,006)
Reclassification	—	3,601	53,578	(57,179)	—
Exchange differences	885	5,328	6,725	3,655	16,593
Others	80	409	360	(1,455)	(606)
As of March 31, 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

##### Acquisition costs

(Yen in millions)

	Land	Buildings and structures	Machinery and equipment	Construction in progress	Total
As of April 1, 2021	52,682	429,857	996,709	45,885	1,525,133
As of March 31, 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

##### Accumulated depreciation and accumulated impairment losses

(Yen in millions)

	Land	Buildings and structures	Machinery and equipment	Construction in progress	Total
As of April 1, 2021	405	281,502	804,117	0	1,086,024
As of March 31, 2022	461	300,305	870,667	5	1,171,438
As of March 31, 2023	453	311,373	935,274	25	1,247,125

### 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, 2021	256,532	68,924	33,530	14,598	9,074	25,169	151,295
Purchase	—	18	—	7,061	5,284	425	12,788
Business combinations	858	(410)	—	1	—	—	(409)
Amortization	—	(7,758)	(2,388)	(7,488)	(2,525)	(3,257)	(23,416)
Impairment loss	(850)	—	—	(56)	—	—	(56)
Sales or disposal	—	—	—	(154)	(8)	(3)	(165)
Exchange differences	6,445	4,799	2,829	313	613	1,267	9,821
Others	—	—	—	(130)	—	151	21
As of March 31, 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

#### Acquisition costs

(Yen in millions)

	Goodwill	Intangible assets					
		Customer relationships	Non-patent technology	Software	Patent Rights	Others	Total
As of April 1, 2021	307,010	98,129	40,231	51,099	17,788	41,446	248,693
As of March 31, 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

#### 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, 2021	50,478	29,205	6,701	36,501	8,714	16,277	97,398
As of March 31, 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

## 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,	
	2022	2023
Core Components Business	234	412
Solutions Business	98	177
Others	1,162	655
Total	1,494	1,244

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,	
	2022	2023
Core Components Business	2	7
Electronic Components Business	54	—
Solutions Business	—	55
Others	850	—
Total	906	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,	
	2022	2023
Fine Ceramic Components	12,156	12,955
Electronics Components	20,173	20,173
KAVX	42,932	46,520
Industrial Tools	85,361	86,414
Information Equipment	53,277	54,543
GaN Devices	26,667	26,667
Others	22,419	23,884
Total	262,985	271,156

(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 11.6% to 14.2% for the year ended March 31, 2022 and 11.7% to 14.9% for the year ended March 31, 2023 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, 2023, the recoverable amount of the GaN Devices business has exceeded the carrying amount by 15,276 million yen, or 24.3%. The carrying amount of the GaN Devices business is 62,846 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 9 years business plan approved by management at the pre-tax discount rate (20.4%) 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, 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, 2022

(Yen in millions)

	As of April 1, 2021	Recognized in profit or loss	Recognized in other comprehensive income	Other*	As of March 31, 2022
Deferred tax assets					
Enterprise tax	1,007	472	—	—	1,479
Inventories	12,884	694	—	896	14,474
Allowance for credit losses	1,873	37	—	121	2,031
Accrued expenses	10,798	(840)	15	604	10,577
Net defined benefit liabilities and accrued payroll	16,406	1,093	(527)	123	17,095
Depreciation and amortization	34,767	(943)	—	191	34,015
Securities	391	147	(109)	3	432
Net operating loss carryforward and tax credit carryforward	24,432	(9,916)	—	858	15,374
Temporary differences associated with investments in subsidiaries and associates	7,584	(4,897)	—	—	2,687
Other	10,900	1,143	15	294	12,352
Total	121,042	(13,010)	(606)	3,090	110,516
Deferred tax liabilities					
Depreciation and amortization	31,686	(2,841)	—	3,105	31,950
Securities	345,748	35	61,982	1	407,766
Net defined benefit assets	8,826	(477)	3,060	130	11,539
Other	8,109	(887)	(26)	95	7,291
Total	394,369	(4,170)	65,016	3,331	458,546

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



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	34,015	(83)	—	84	34,016
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	12,352	(337)	—	836	12,851
Total	110,516	2,975	(185)	3,213	116,519
Deferred tax liabilities					
Depreciation and amortization	31,950	(3,371)	—	1,888	30,467
Securities	407,766	(289)	10,860	(3)	418,334
Net defined benefit assets	11,539	(639)	3,020	552	14,472
Other	7,291	(1,306)	(13)	1,476	7,448
Total	458,546	(5,605)	13,867	3,913	470,721

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

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,	
	2022	2023
Net operating loss carryforward and tax credit carryforward	107,322	124,115
Future deductible temporary differences	29,697	37,353
Total	137,019	161,468

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,	
	2022	2023
1st year	663	607
2nd year	582	486
3rd year	560	498
4th year	526	522
5th year and thereafter	27,619	37,420
No expiry date	77,372	84,582
Total	107,322	124,115

The total amount of future deductible temporary differences associated with investments in subsidiaries and associates for which no deferred tax assets are recognized are 51,151 million yen as of March 31, 2022 and 53,830 million yen as of March 31, 2023.

The total amount of future taxable temporary differences associated with investments in subsidiaries and associates for which no deferred tax liabilities are recognized are 509,497 million yen as of March 31, 2022 and 581,889 million yen as of March 31, 2023. These deferred tax liabilities are not recognized if 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,	
	2022	2023
Current tax expenses	38,071	53,807
Deferred tax expenses		
Temporary differences originated and reversed	8,723	(8,586)
Changes of effective tax rate	117	6
Total	46,911	45,227

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,	
	2022	2023
Statutory effective tax rate	30.0	30.0
Difference on tax rates of foreign subsidiaries	(3.6)	(4.9)
Change in unrecognized deferred tax assets	0.4	2.5
Tax credit for research and development	(2.0)	(2.7)
Impairment of goodwill	0.4	—
Temporary differences associated with investments in subsidiaries and associates	(0.3)	1.5
Refund of income taxes	(3.1)	(0.0)
Others	1.8	(0.7)
Effective tax rate of income tax expense	23.6	25.7

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, 2022 and 2023. Foreign subsidiaries are subject to income taxes at their locations.

### 18. Trade and Other Payables

The components of trade and other payables are as follows:

(Yen in millions)

	As of March 31,	
	2022	2023
Trade notes payable	28,176	23,121
Accounts payable	131,720	122,967
Other notes and accounts payable	63,066	57,776
Total	222,962	203,864

### 19. Borrowings

#### (1) Components of Borrowings

The components of borrowings are as follows:

(Yen in millions)

	As of March 31,		Average interest rate*	Maturity
	2022	2023		
Short-term borrowings	30,000	20,000	0.07%	—
Current portion of long-term borrowings	49,382	9,060	4.27%	—
Long-term borrowings	17,163	107,726	0.78%	year 2024 to year 2043
Total	96,545	136,786	—	—
Current liabilities	79,382	29,060	—	—
Non-current liabilities	17,163	107,726	—	—
Total	96,545	136,786	—	—

(Note) Average interest rate is the weighted average interest rate of borrowings as of March 31, 2023.

#### (2) Assets Pledged as Collateral

The assets pledged as collateral for liabilities are as follows:

(Yen in millions)

	As of March 31,	
	2022	2023
Equity and debt instruments	—	162,648
Property, plant and equipment, net	1,639	1,505
Total	1,639	164,153

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

(Yen in millions)

	As of March 31,	
	2022	2023
Short-term borrowings	—	20,000
Other current liabilities	1,593	1,456
Long-term borrowings	—	90,000
Total	1,593	111,456

(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) of 50,000 million yen with financial institutions except for above related liabilities.

## 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,	
	2022	2023
Depreciation charge of right-of-use assets		
Land and buildings	13,024	15,636
Machinery and others	2,291	2,866
Total	15,315	18,502
Interest expense on lease liabilities	930	1,169
Expense relating to short-term leases	769	903
Expense relating to leases of low-value assets	749	896
Expense relating to variable lease payments*	837	973
Total expenses relating to leases	18,600	22,443
Income from sub-leasing right-of-use assets	(38)	(44)
Total	18,562	22,399

(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,	
	2022	2023
Right-of-use assets		
Land and buildings	35,842	57,103
Machinery and others	4,861	5,517
Total	40,703	62,620

The total additions to right-of-use assets are 21,367 million yen for the year ended March 31, 2022, and 41,326 million yen for the year ended March 31, 2023.

The total cash outflow for leases is 23,184 million yen for the year ended March 31, 2022, and 26,748 million yen for the year ended March 31, 2023.

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 are as follows:

(Yen in millions)

	Lease payments receivable	
	As of March 31,	
	2022	2023
Within 1 year	17,293	17,673
Between 1 and 2 years	13,441	12,946
Between 2 and 3 years	9,235	9,029
Between 3 and 4 years	5,562	5,370
Between 4 and 5 years	3,190	3,143
After 5 years	6,084	5,772
Total	54,805	53,933
Unearned finance income	(4,116)	(4,226)
Unguaranteed residual value	931	940
Net investment in the lease	51,620	50,647

## 21. Employee Benefits

### (1) Reconciliation of the Defined Benefit Obligations and Plan Assets

Kyocera Corporation and its major domestic subsidiaries sponsor 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 according to (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 were provided an option to select how benefit payments will be made. Employees may elect to 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. The KII 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 in the U.S. and contributory defined benefit pension plans inside 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 and other consideration. 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.

The defined benefit obligations recognized in the consolidated statements of financial position are as follows:

Domestic

(Yen in millions)

	As of March 31,	
	2022	2023
Present value of defined benefit obligations	215,992	204,550
Fair value of plan assets	248,991	247,429
Fund status	(32,999)	(42,879)
Net defined benefit liability (asset)	(32,999)	(42,879)
Amounts in the consolidated statements of financial position:		
Retirement benefit liabilities	2,382	2,281
Other non-current assets	(35,381)	(45,160)
Net defined benefit liability (asset) recognized in the consolidated statements of financial position	(32,999)	(42,879)

## Foreign

(Yen in millions)

	As of March 31,	
	2022	2023
Present value of defined benefit obligations	60,477	51,890
Fair value of plan assets	52,478	60,974
Fund status	7,999	(9,084)
Effect of asset ceiling	—	6,793
Net defined benefit liability (asset)	7,999	(2,291)
Amounts in the consolidated statements of financial position:		
Retirement benefit liabilities	17,334	2,930
Other non-current assets	(9,335)	(5,221)
Net defined benefit liability (asset) recognized in the consolidated statements of financial position	7,999	(2,291)

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,	
	2022	2023
Service cost	11,965	12,318
Net interest cost	(162)	(262)
Total	11,803	12,056

## Foreign

(Yen in millions)

	For the year ended March 31,	
	2022	2023
Service cost	777	3,126
Net interest cost	81	(194)
Total	858	2,932

## (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,	
	2022	2023
Present value of defined benefit obligations at the beginning of the year	218,073	215,992
Service cost	11,965	12,318
Interest cost	1,324	1,636
Remeasurements		
Actuarial gains (losses) arising from changes in demographic assumptions	(48)	(803)
Actuarial gains (losses) arising from changes in financial assumptions	(3,434)	(9,448)
Experience adjustments	307	(249)
Benefits paid	(12,110)	(14,896)
Other	(85)	—
Present value of defined benefit obligations at the end of the year	215,992	204,550

The weighted-average duration of the defined benefit obligation are 14 years as of March 31, 2022 and 15 years as of March 31, 2023.

### Foreign

(Yen in millions)

	For the year ended March 31,	
	2022	2023
Present value of defined benefit obligations at the beginning of the year	61,160	60,477
Service cost	777	3,126
Interest cost	1,371	1,915
Re-measurements		
Actuarial gains (losses) arising from changes in demographic assumptions	(95)	(254)
Actuarial gains (losses) arising from changes in financial assumptions	(3,577)	(11,808)
Experience adjustments	(398)	1,274
Benefits paid	(2,667)	(3,036)
Liquidation of the plan*1	—	(4,126)
Exchange differences on translating foreign operations	3,966	4,226
Other	(60)	96
Present value of defined benefit obligations at the end of the year*2	60,477	51,890

(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 is 7,410 million yen.

The weighted-average duration of the defined benefit obligation are 13 years as of March 31, 2022 and 12 years as of March 31, 2023.



### (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,	
	2022	2023
Fair value of plan assets at the beginning of the year	243,449	248,991
Interest income	1,486	1,898
Re-measurements		
Return on plan assets	5,782	1,289
Employer contribution	10,234	10,052
Benefits paid	(11,960)	(14,801)
Fair value of plan assets at the end of the year	248,991	247,429

Kyocera Corporation and its major domestic subsidiaries expect to contribute to the plan approximately 9,903 million yen for the year ending March 31, 2024.

#### Foreign

(Yen in millions)

	For the year ended March 31,	
	2022	2023
Fair value of plan assets at the beginning of the year	48,587	52,478
Interest income	1,290	2,109
Re-measurements		
Return on plan assets	(56)	(10,028)
Employer contribution*1	742	15,050
Benefits paid	(1,686)	(3,016)
Exchange differences on translating foreign operations	3,661	4,370
Other	(60)	11
Fair value of plan assets at the end of the year*2	52,478	60,974

(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 is 14,203 million yen.

KII and KAVX expect to contribute to the plan approximately 527 million yen for the year ending March 31, 2024.

**(4) The Components of Plan Assets**

The components of plan assets are as follows:

Domestic

(Yen in millions)

	As of March 31, 2022			As of March 31, 2023		
	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	—	62,460	62,460	—	63,246	63,246
Equity financial instruments						
Pooled funds*1	—	49,869	49,869	—	60,861	60,861
Debt financial instruments						
Corporate bonds	4,226	—	4,226	3,913	—	3,913
Pooled funds*2	—	7,992	7,992	—	3,853	3,853
Other types of investments						
Real estate funds*3	—	43,886	43,886	—	62,280	62,280
Large scale solar power generation business funds	—	13,683	13,683	—	13,271	13,271
Other	—	15,371	15,371	—	17,453	17,453
Cash and cash equivalents	51,504	—	51,504	22,552	—	22,552
Total	55,730	193,261	248,991	26,465	220,964	247,429

(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 obtaining better performance more than earnings from 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 entrusts 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, 2022			As of March 31, 2023		
	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	6,885	—	6,885	6,996	—	6,996
Pooled funds*1	12,757	—	12,757	12,713	—	12,713
Debt instruments						
Government bonds and Government agency bonds	1,368	1,861	3,229	1,482	2,001	3,483
Corporate bonds*2	4,211	1,953	6,164	3,861	10,099	13,960
Pooled separate accounts*3	—	22,760	22,760	—	16,986	16,986
Other*2	—	650	650	—	838	838
Cash and cash equivalents*2	33	—	33	5,998	—	5,998
Total	25,254	27,224	52,478	31,050	29,924	60,974

(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.

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 70%-80% equity securities and 20%-30% 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.

**(5) Actuarial Assumptions**

The significant actuarial assumptions are as follows:

Domestic

	As of March 31,	
	2022	2023
Discount rate	0.27 to 0.76	0.60 to 1.33

Foreign

	As of March 31,	
	2022	2023
Discount rate	2.00 to 3.81	3.93 to 5.01
Rate of increase in compensation levels	2.50 to 3.25	2.50 to 3.25

**(6) Sensitivity Analysis**

The effect in the present value of defined benefit obligations due to changes in discount rates by 0.5% for the benefit plan at Kyocera Corporation and its major domestic subsidiaries which accounts for a significant portion of Kyocera's defined benefit plan. 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.

(Yen in millions)

	As of March 31,	
	2022	2023
0.5% increase in discount rate	(10,790)	(10,208)
0.5% decrease in discount rate	11,982	11,283

## 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, 2022	3,408	1,075	4,651	4,450	3,057	16,641
Increase during the year	1,870	—	1,246	2,015	996	6,127
Decrease during the year (intended use)	(214)	(9)	(1,867)	(72)	(1,375)	(3,537)
Decrease during the year (reversal)	(865)	(568)	(134)	(101)	(435)	(2,103)
Others *	189	41	441	210	244	1,125
As of March 31, 2023	4,388	539	4,337	6,502	2,487	18,253

(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, 2024.

### 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,	
	2022	2023
Contract liability	30,292	30,503
Others	20,970	22,289
Total	51,262	52,792

(Yen in millions)

	As of March 31,	
	2022	2023
Other current liabilities	41,445	41,984
Other non-current liabilities	9,817	10,808
Total	51,262	52,792

## 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,	
	2022	2023
Total number of authorized shares	600,000,000	600,000,000
Total number of issued shares		
Balance at the beginning of the year	377,618,580	377,618,580
Increase (decrease) during the year	—	—
Balance at the end of the year	377,618,580	377,618,580

(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.

### (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, 2021	15,178,204	69,243
Increase (decrease) during the year *	3,539,475	24,056
Balance as of March 31, 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

(Note) Kyocera Corporation has resolved at the meeting of its Board of Directors held on November 1, 2021 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	3,549,300 shares
Total amount of repurchase price	24,096 million yen
Date of repurchase	November 2, 2021
Method of repurchase	Through Off-Auction Own Share Repurchase Trading System of the Tokyo Stock Exchange (ToSTNeT-3) (Repurchase for 6,789 yen of closing price (including the final special quote) on November 1, 2021)

### (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, 2021	663,171	—	38	8,927	(185)	671,951
Arising during the period:						
Pre-tax amount	206,510	13,097	250	68,615	320	288,792
Income tax (expense) benefit	(61,963)	(3,595)	(62)	(1,501)	(94)	(67,215)
Net-of-tax amount	144,547	9,502	188	67,114	226	221,577
Reclassification to profit or loss:						
Pre-tax amount	—	—	(204)	(4,137)	58	(4,283)
Income tax (expense) benefit	—	—	50	1,241	(17)	1,274
Net-of-tax amount	—	—	(154)	(2,896)	41	(3,009)
Other comprehensive income (loss), net of tax	144,547	9,502	34	64,218	267	218,568
Transfer to retained earning	368	(9,413)	—	—	—	(9,045)
Other comprehensive income (loss) attributable to non-controlling interest, net-of-taxation	(93)	(89)	—	(995)	—	(1,177)
As of March 31, 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

## 25. Dividends

### (1) Dividends Paid

For the year ended March 31, 2022

	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, 2021	Common stock	28,995	80	March 31, 2021	June 28, 2021	Retained earnings
The resolution of the Board of Directors Meeting held on November 1, 2021	Common stock	32,621	90	September 30, 2021	December 3, 2021	Retained earnings

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

### (2) Dividends for which the Record Date Fall in the Year Ended March 31, 2022 and 2023 with an Effective Date in the Subsequent Period

For the year ended March 31, 2022

	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

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

## 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, 2022

(Yen in millions)

	Reporting Segment								Others	Total
	Core Components Business			Electronic Components Business	Solutions Business					
	Industrial & Automotive Components Unit	Semiconductor Components Unit	Others		Industrial Tools Unit	Document Solutions Unit	Communications Unit	Others		
Sales revenue										
Revenue recognized from contracts with customers	172,406	327,709	27,128	338,391	250,910	352,062	240,300	104,409	10,751	1,824,066
Revenue recognized from other sources	—	—	—	—	80	14,341	280	171	—	14,872
Total	172,406	327,709	27,128	338,391	250,990	366,403	240,580	104,580	10,751	1,838,938

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	Semiconductor 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

## (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,	
	2022	2023
Receivables from contracts with customers	328,062	333,213
Contract assets	8,701	1,640
Contract liabilities	36,878	37,468

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,	
	2022	2023
Advance received	27,925	28,332
Refund liabilities	8,953	9,136
Total	36,878	37,468

The balance of advance received as of April 1, 2021 was recognized as revenue for the year ended March 31, 2022. The balance of advance received as of March 31, 2022 was recognized as revenue for the year ended March 31, 2023. 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,	
	2022	2023
Raw materials	490,831	516,172
Subcontract expenses	138,664	131,220
Direct expenses for sale	36,770	43,098
Labor cost	485,833	534,538
Depreciation and amortization	128,960	149,603
General expenses	408,970	522,184
Total	1,690,028	1,896,815

**28. Research and Development Expenses**

The amount of research and development expenses for the year ended March 31, 2022 and 2023 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,	
	2022	2023
Research and Development expenses	84,123	94,277

## 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,	
	2022	2023
Interest income		
Financial assets measured at amortized cost	3,427	6,358
Dividend income		
Financial assets measured at fair value through other comprehensive income	41,755	45,891
Other	26	40
<b>Total</b>	<b>45,208</b>	<b>52,289</b>

### (2) Finance Expenses

The components of finance expenses are as follows:

(Yen in millions)

	For the year ended March 31,	
	2022	2023
Interest expenses		
Financial liabilities measured at amortized cost	1,719	1,859
Lease liabilities	930	1,169
Loss on net monetary position	—	437
Other	101	129
<b>Total</b>	<b>2,750</b>	<b>3,594</b>

## 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,	
	2022	2023
Profit attributable to owners of the parent (Yen in millions)	148,414	127,988
Weighted average number of ordinary shares (Thousands of shares)	360,969	358,910
Earnings per share attributable to owners of the parent -Basic (Yen)	411.15	356.60

### 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,	
	2022	2023
Accounts payable for purchase of property, plant and equipment	41,306	33,801
Accounts payable for purchase of intangible assets	893	489
Acquisition of right-of-use assets from lease transaction	21,367	41,326

Acquisitions of businesses (Yen in millions)

	For the year ended March 31,	
	2022	2023
Acquired assets at fair value	622	1,964
Assumed liabilities at fair value	(311)	(578)
Cash acquired	(45)	(494)
Others	1,414	2,201
Total	1,680	3,093

The changes in liabilities arising from financing activities (Yen in millions)

	Short-term borrowings	Long-term borrowings	Lease liabilities	Total
As of April 1, 2021	30,135	67,773	49,914	147,822
Changes from financing cash flows	(135)	(2,624)	(20,829)	(23,588)
Changes from lease contracts	—	—	21,942	21,942
Changes arising from obtaining or losing control of subsidiaries or other businesses	—	—	2	2
Exchange differences on translating foreign operations	—	1,396	2,578	3,974
Others	—	—	(891)	(891)
As of March 31, 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

## 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,	
	2022	2023
Profit ratio of equity attributable to owners of the parent (ROE)	5.4	4.3

### (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,	
	2022	2023
Opening balance	4,945	4,766
Increase	1,182	1,461
Decrease (intended use)	(232)	(110)
Decrease (reversal)	(1,350)	(1,229)
Exchange differences on translating foreign operations	221	204
Closing balance	4,766	5,092

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, 2022 and 2023.

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,	
	2022	2023
Not past due	309,705	310,029
Due within 3 months	19,857	25,241
Due over 3 months to 1 year	2,081	2,531
Due over 1 year	1,325	1,279
Total	332,968	339,080

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, 2022 and 2023 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 held sufficient cash and cash equivalents as of March 31, 2023, 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, 2022 and 2023 are as follows:

As of March 31, 2022

(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	96,545	98,798	80,305	17,388	1,105
Trade and other payables	222,962	222,962	222,962	—	—
Lease liabilities	52,716	56,335	18,453	24,597	13,285
Total	372,223	378,095	321,720	41,985	14,390
Derivative liabilities:					
Other financial liabilities	16,552	16,552	16,552	—	—

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	—	—

##### (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, 2022 and 2023 are as follows:

(Yen in millions)

	For the year ended March 31,	
	2022	2023
U.S. dollar	(1,354)	(1,379)
Euro	(999)	(923)

##### (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***

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 equity securities held by Kyocera as of end of fiscal year, the impact of a 10% change in market price on other comprehensive income as of March 31, 2022 and 2023 are 134,206 million yen and 137,155 million yen, respectively. This analysis is based on the assumption that all other variables are constant.

From the perspective of enhancing the corporate value of Kyocera on a medium-to-long-term basis, Kyocera intends to keep its ownership of some of the equity securities as strategic investments including KDDI shares in light of attaining growth of business through maintaining trade relationship and securing profits from shareholding and consideration for the social significance of Kyocera. For equity securities including strategic investments in its portfolio, 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, 2022 and 2023 are as follows:

The aggregate contractual amounts (Yen in millions)

	As of March 31,	
	2022	2023
Derivatives designated as hedging instruments:		
Foreign currency forward contracts	8,037	8,703
Derivatives not designated as hedging instruments:		
Foreign currency forward contracts	322,763	298,094
Total	330,800	306,797

The fair value and presentation (Yen in millions)

	As of March 31,	
	2022	2023
Derivative assets		
Derivatives designated as hedging instruments:		
Foreign currency forward contracts    Other financial assets	103	86
Derivatives not designated as hedging instruments:		
Foreign currency forward contracts    Other financial assets	1,516	1,063
Total	1,619	1,149
Derivative liabilities		
Derivatives designated as hedging instruments:		
Foreign currency forward contracts    Other financial liabilities	41	43
Derivatives not designated as hedging instruments:		
Foreign currency forward contracts    Other financial liabilities	16,511	4,698
Total	16,552	4,741

Changes in the fair value of derivative financial instruments not designated as hedging instruments for the year ended March 31, 2022 and 2023 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,	
	2022	2023
Foreign currency forward contracts	(7,846)	11,360

### **(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,			
	2022		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets:				
Short-term investments	25,412	25,393	4,787	4,787
Debt instruments	12	12	12	12
Other financial assets	58,544	58,544	60,033	60,033
Total	83,968	83,949	64,832	64,832
Liabilities:				
Borrowings	96,545	96,507	136,786	136,786
Total	96,545	96,507	136,786	136,786

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, 2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Short-term investments	—	—	48	48
Equity and debt instruments				
Financial assets measured at fair value through other comprehensive income	1,415,515	—	48,175	1,463,690
Financial assets measured at fair value through profit or loss	—	—	5,431	5,431
Other financial assets	—	1,619	—	1,619
Total	1,415,515	1,619	53,654	1,470,788
Liabilities				
Other financial liabilities	—	16,552	—	16,552
Contingent consideration	—	—	2,108	2,108
Total	—	16,552	2,108	18,660

(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

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, 2022 and 2023.

**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, 2022

Classification	Valuation Technique	Unobservable Inputs	Range
Financial assets measured at fair value through other comprehensive income	Discounted cash flow method	Discount rate	3.4% to 4.3%

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%

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,					
	2022			2023		
	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	3,336	40,859	2,581	5,479	48,175	2,108
Profit or loss *1	781	—	480	700	—	65
Other comprehensive income *2	—	8,047	—	—	2,044	—
Purchase and assume	1,447	1,404	118	4,152	912	—
Sales and settlements	(142)	(2,055)	(1,073)	(323)	(1,428)	(2,054)
Transfer into or out Level 3 *3	—	(80)	—	—	(200)	—
Others	57	0	2	33	(365)	(9)
Closing balance	5,479	48,175	2,108	10,041	49,138	110
Change in unrealized gains or losses included in profit or loss	791	—	—	729	—	—

(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, 2022 and 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, 2023 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 Solutions 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,	
	2022	2023
The effect of transaction with non-controlling interests	—	(3,641)

There is no significant change in the parent's ownership interests in subsidiaries for the year ended March 31, 2023.

**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, 2022 and 2023.

**(2) Remuneration of Major Executives**

Remuneration of major executives are as follows:

(Yen in millions)

	For the year ended March 31,	
	2022	2023
Basic remuneration	254	262
Performance-linked remuneration (Bonuses to Directors)	191	165
Non-monetary remuneration (Restricted Stock Compensation)	54	72
Total	499	499

(Note) In addition to the total amount of compensation shown in the above table, compensation of 295 million yen for the year ended March 31, 2022 and 249 million yen for the year ended March 31, 2023 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,	
	2022	2023
Acquisition of property, plant and equipment	96,314	120,747

### **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 9,725 million yen from financial institutions as of March 31, 2023.

Shares are accounted for using the equity method and their book value is 2,294 million yen and 2,398 million yen as of March 31, 2022 and 2023, 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 Matters**

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**

#### **Repurchase of Own Shares**

Kyocera Corporation has resolved, at a meeting of its Board of Directors held on May 15, 2023, to repurchase its own shares pursuant to Article 156, as applied through Paragraph 3 of Article 165, of the Companies Act of Japan.

#### **(1) Reason for the repurchase of its own shares**

This repurchase of its own shares is a part of its shareholder return initiatives and is to facilitate flexible capital strategies in the future.

#### **(2) Details of matters relating to the repurchase**

Type of shares to be repurchased	Common stock
Total number of shares to be repurchased	Up to 8,066,000 shares (2.25% of the total number of shares outstanding, excluding treasury shares)
Total amount of repurchase price	Up to 50 billion yen
Repurchase period	From May 16, 2023 to March 22, 2024
Methods 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

#### **(3) Status of repurchase**

On May 16, 2023, Kyocera repurchased 5,806,000 shares (repurchase price : 42,953 million yen) of its own shares through ToSTNeT-3.

### **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 27, 2023.

**(2) Others**

**Quarterly Information for the Year Ended March 31, 2023**

(Yen in millions, unless otherwise stated)

	For the three months ended June 30, 2022	For the six months ended September 30, 2022	For the nine months ended December 31, 2022	For the year ended March 31, 2023
Sales revenue	491,954	1,012,172	1,526,497	2,025,332
Profit before income taxes	68,711	104,311	162,756	176,192
Profit attributable to owners of the parent for the period (year)	49,974	75,586	118,783	127,988
Earnings per share attributable to owners of the parent (Yen)	139.24	210.60	330.96	356.60

	For the three months ended June 30, 2022	For the three months ended September 30, 2022	For the three months ended December 31, 2022	For the three months ended March 31, 2023
Earnings per share attributable to owners of the parent (Yen)	139.24	71.36	120.35	25.65

**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 ( <a href="https://global.kyocera.com/">https://global.kyocera.com/</a> ) However, in the event of an accident which makes electronic notice not possible, 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	Not applicable

## ***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, 2023 to the filing date of this Annual Report.

(a) Annual Report, documents attached, and Confirmation Letter	Business Term (68th)	From April 1, 2021 To March 31, 2022	Filed on June 28, 2022
(b) Internal Control Report and documents attached	Business Term (68th)	From April 1, 2021 To March 31, 2022	Filed on June 28, 2022
(c) Quarterly Report and Confirmation Letter	(69th First Quarter)	From April 1, 2022 To June 30, 2022	Filed on August 10, 2022
	(69th Second Quarter)	From July 1, 2022 To September 30, 2022	Filed on November 11, 2022
	(69th Third Quarter)	From October 1, 2022 To December 31, 2022	Filed on February 10, 2023
(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 30, 2022
(e) Securities Registration Statement (Allotment of shares to others) and documents attached			Filed on June 28, 2022
(f) Amendment Report of Securities Registration Statement	Amendment for Securities Registration Statement and documents attached filed on June 28, 2022		Filed on June 30, 2022
(g) Status Report of Acquisition of Treasury Stock	Reporting Term	From May 1, 2023 To May 31, 2023	Filed on June 6, 2023

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

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

(%)

Fiscal 2023					
Name	Ratio of female employees in managerial positions *1	Ratio of male employees taking childcare leave *2	Gender Wage Gap *1, 3		
			Fulltime employees	Part-time and fixed-term employees	All employees
Kyocera Industrial Tools Sales Co.	—	—	60.3	45.6	58.9
Kyocera Document Solutions Inc.	6.0	20.0	67.1	71.8	70.7
Kyocera Document Solutions Japan Inc.	—	—	62.6	50.4	67.6
Kyocera Communication Systems Co., Ltd.	7.8	47.3	74.0	58.2	74.3
KCCS Career Tech Inc.	10.8	100.0	86.1	70.0	75.2
Motex Inc. *4	8.9	25.0	79.3	15.1	77.5
Kyocera Mirai Envision Co., Ltd.	7.5	20.0	75.4	70.2	70.2
Hotel Kyocera Co., Ltd.	12.9	0.0	—	—	—
Hotel Princess Kyoto Co., Ltd.	11.1	0.0	—	—	—

(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.

4. The gender wage gap for part-time and fixed-term employees is mainly due to the fact that male fixed-term employees work in highly specialized jobs.

5. Kyocera Corporation on a non-consolidated basis is described in “I. Overview of Kyocera 5. Employees (4) Ratio of Female Employees in Managerial Positions, Ratio of Male Employees Taking Childcare Leave, and Gender Wage Gap.”

***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 27, 2023

To the Board of Directors of  
Kyocera Corporation (Kyocera Kabushiki Kaisha):

PricewaterhouseCoopers Kyoto  
Kyoto Office

Designated and Engagement Partner,  
Certified Public Accountant:

Yukihiro Matsunaga

Designated and Engagement Partner,  
Certified Public Accountant:

Hiroyuki Yano

Designated and Engagement Partner,  
Certified Public Accountant:

Toru Tamura

#### 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, 2023 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, 2023 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 “Significant 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, 2023, the Company recorded goodwill of 271,156 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: 62,846 million yen) exceeded its carrying amount by 15,276 million yen (24.3%).</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 9 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 20.4% 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"> <li>• 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.</li> <li>• 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 9 years.</li> <li>• 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. In addition, we conducted an analysis of the deviation between the results and the business plans for the previous fiscal years.</li> <li>• 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.</li> <li>• We conducted a sensitivity analysis of the business plan and discount rate.</li> </ul>

### *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, 2023. 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, 2023 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.

*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.