



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

Certain of the statements made in this document are forward-looking statements, which are based on our current assumptions and beliefs in light of the information currently available to us. Please refer to "Cautionary Statements with respect to Forward-Looking Statements" on the last page.

# Kyocera Corporation Company Presentation

(Code Number: 6971, TSE Prime Market)

May 31, 2023

Hiroaki Chida  
Executive Officer,  
Senior General Manager of  
Corporate Management Control Group



KYOCERA Corporation

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- 1 Corporate Profile**
- 2 Medium-Term Management Plan**
- 3 Shareholder Returns**

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- 2 Medium-Term Management Plan
- 3 Shareholder Returns

## Corporate Profile of Kyocera



<b>Established in</b> <b>1959</b>	<b>Location of Head Office</b> <b>Kyoto</b>	 <b>Chairman of the Board and Representative Director</b> <b>Goro Yamaguchi</b> <b>President and Representative Director</b> <b>Hideo Tanimoto</b>
<b>Group Companies</b> <b>298</b> <small>(Including Kyocera Corporation; as of Mar. 31, 2023)</small>	<b>Group Employees</b> <b>81,209</b> <small>(As of Mar. 31, 2023)</small>	
<b>Shares Listed on</b> <b>Prime Market,</b> <b>Tokyo Stock Exchange</b>	<b>Market Capitalization</b> <b>Approx. 2.9 Trillion Yen</b> <small>(Closing price, as of May 26, 2023)</small>	
<b>Annual Sales Revenue</b> <b>Approx. 2 Trillion Yen</b> <small>(Results for FY Mar. 2023)</small>	<b>Overseas Sales Ratio</b> <b>Approx. 70%</b> <small>(Results for FY Mar. 2023)</small>	

Kyocera Corporation was founded in Kyoto in 1959 by Kazuo Inamori as Kyoto Ceramic Co., Ltd. and is currently operating under the direction of Chairman Yamaguchi and President Tanimoto.

As of March 31, 2023, Kyocera group has 298 group companies worldwide and approximately 81,000 employees across the group. Kyocera is listed on the Prime Market of the Tokyo Stock Exchange and has a market capitalization of approximately 2.9 trillion yen based on the closing price on May 26, 2023. Sales revenue for the year ended March 31, 2023 (hereinafter referred to as “FY Mar. 2023” or “fiscal 2023,” with other fiscal years referred to in a corresponding manner) amounted to approximately 2 trillion yen, roughly 70% of which was accounted for by overseas sales.

**Corporate Motto**

敬天愛人

“Respect the Divine and Love People”

Preserve the spirit to work fairly and honorably, respecting people,  
our work, our company and our global community.

**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.

Next, I will explain our corporate motto and management rationale.

Our corporate motto is to “Respect the Divine and Love People” and our management rationale is “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.”

The origin of Kyocera group management lies in this philosophy set forth by our founder, Kazuo Inamori, and we continue to develop various businesses based on this Management Rationale.

# 1) Unique Philosophy and Management Methods

*Kazuo Inamori's Practical Study of Management and Accounting*

*Amoeba Management*



Management methods to operate small group called “amoeba” in a financially independent manner.

**Amoeba Management**

**Kyocera's Accounting Principles**

Practical accounting principals based on fairness and transparency.



**The Kyocera Philosophy (Management Philosophy)**

*Kyocera Philosophy*



A guiding principle based on a criterion “Do what is right as a human being” to realize the management rationale.

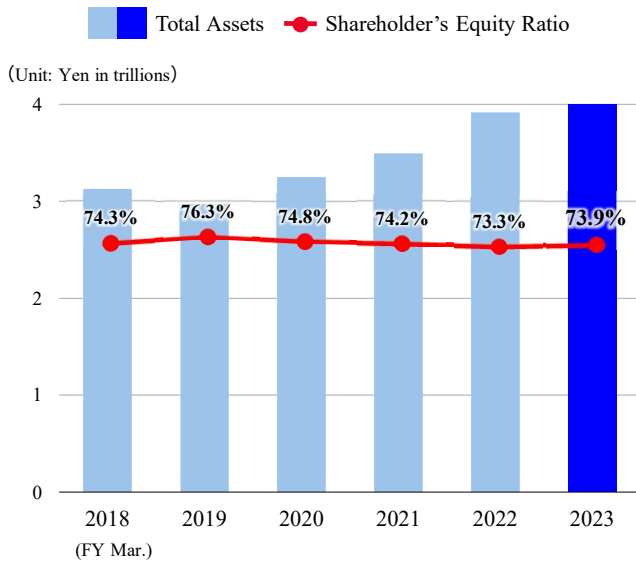
Let's turn to Kyocera's strengths.

First, we have a unique philosophy and management methods. Kyocera's management is built on the Kyocera Philosophy based on a criterion — “Do what is right as a human being”— as shown in red in the diagram. This philosophy is shared among all employees as a guideline for achieving our management rationale. We also apply a unique management system called “Amoeba Management,” as shown in blue. Under this system, a company is organized into small groups called amoebas, which operate on a financially independent manner. Amoeba Management is supported by highly fair and transparent accounting principles known as the Kyocera Accounting Principles, shown in green.

Kyocera conducts business based on this corporate philosophy, approach to accounting, and “Management by All” practice through Amoeba Management.

## 2) Strong Financial Base

(As of March 31, 2023)



**Total Assets**  
Approx. **4** Trillion Yen

**Shareholder's Equity Ratio**  
Approx. **74** %



**Strong financial base and high shareholder's equity ratio enables sustainable management**

Second, Kyocera has a strong financial base.

Total assets were approximately 4 trillion yen as of March 31, 2023, with shareholder's equity ratio accounts for around 74%. This strong financial base and high shareholder's equity ratio enable sustainable management even in a rapidly changing business environment.

### 3) Various Elemental Technologies and Global Business Operations

#### Fine Ceramic Technologies



Kyocera offers wide range of products for the markets such as the industrial, electronics, automotive and renewable energy, by utilizing core technology fostered from the start of business.

#### Wireless Communication Technologies



In addition to communication terminals and various communication modules, Kyocera provides engineering business such as base station construction.

#### Broad Business Domains and Global Business Operations



Kyocera operates production, sales and R&D activities globally to support various customers world-wide.

Third, we possess various elemental technologies and develop businesses on a global scale.

In addition to fine ceramic technologies, our core technologies since our foundation, we provide a wide range of products and services to diverse markets by leveraging the wireless communications technologies we have cultivated in our mobile terminals and other areas. In developing these businesses, we engage in production, sales, and research and development activities around the world, as well as provide support to our customers.

On the following slides, I will explain fine ceramics of Kyocera, one of our strengths since our founding.



### What are Fine Ceramics?

Ceramics are non-metallic, inorganic substances that are manufactured through a process of exposure to high temperature, such as pottery, glass, cement. Fine ceramics are type of ceramics in which the chemical composition has been precisely adjusted and manufactured in well-controlled production process and possess high material property as well as dimensional precision.

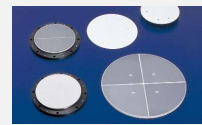


### A Key Components for the Manufacturing Equipment of Semiconductors, the Essential Components for Smartphones and Automobiles

Fine ceramic components are used in semiconductor processing equipment, particularly in harsh processes that generates plasmas, which metal etc. would be corroded.



Domes, Chambers



Electrostatic Chucks



Focus Rings

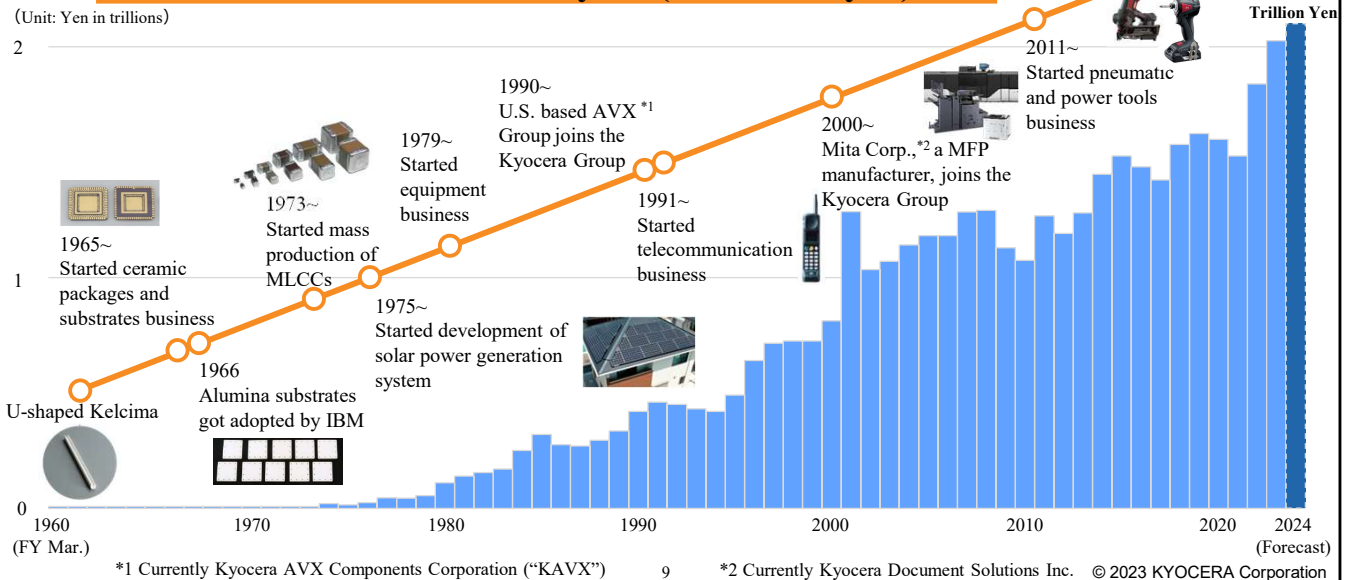
Ceramics are regarded as non-metallic, inorganic substances that are manufactured through exposure to high temperatures. Of these, fine ceramics are carefully engineered materials in which the chemical composition has been finely adjusted with a well-controlled manufacturing process. Fine ceramics boast advanced material properties and dimensional precision. They have various characteristics such as being scratch resistant, heat resistant, and corrosion resistant, and Kyocera provides many unique products based on research and development, and our exceptional technological competencies honed over more than 60 years.

As an example, many semiconductors are employed in smartphones and automobiles that are now indispensable in our everyday life. The process of manufacturing semiconductors includes a harsh environment where plasma is generated, which is why plasma-resistant fine ceramic components are employed. In such a way, fine ceramics support our daily lives and a variety of industries by applying their numerous characteristics.

## Path of Growth (1) Sales Revenue



**Forecasts to reach a record high sales revenue for the third consecutive year (2.1 trillion yen)**



Next, I will explain Kyocera's growth trajectory.

This slide shows sales revenue since our founding and path of development of our main businesses. The first product manufactured by Kyocera was the U-Shaped Kelcima, an insulating part for cathode-ray tube (CRT) televisions. Ever since then, we have developed fine ceramic technology for diverse fields. In 1966, Kyocera's alumina substrates were used in large computers produced by IBM in the United States, which gained us high credibility in the industry. Sales of Kyocera's ceramic packages, a component that protects integrated circuits, surged as a result, driving corporate growth. In the 1970s, we further applied our accumulated technologies and started developing solar cells, while also expanding our business domains through mergers and acquisitions, and entering the equipment business, which includes mobile phones and printers.

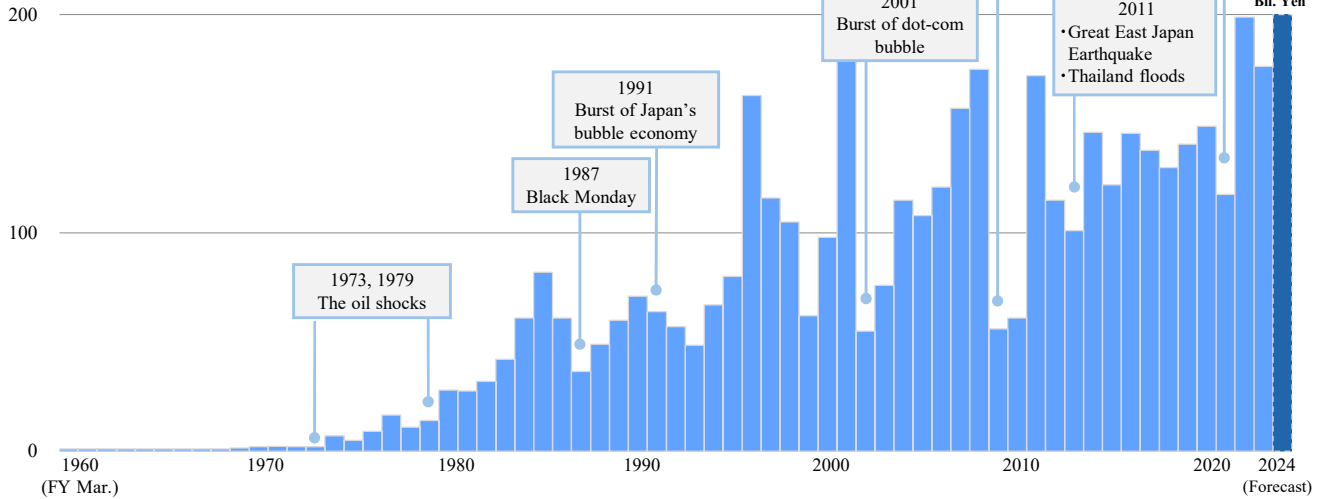
On the back of these efforts to increase sales by venturing into new fields, we reached a record high of 2 trillion yen in sales revenue for fiscal 2023. Our sales revenue is expected to reach a record high for the third consecutive year including fiscal 2024, the current fiscal year. We strive to work for further growth.

## Path of Growth (2) Profit Before Income Taxes



**Continuing to post profit every year since establishment**

(Unit: Yen in billions)



(FY Mar.)

\*2001: Including the impact of the increase in the equity interest of Kyocera in the amount of 174.1 billion yen due to the formation of KDDI following the merger of predecessor companies of KDDI. 10

Texts in  are that of calendar year.

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Kyocera has faced many challenges throughout its history such as the oil shocks of the 1970s, the 2008 global financial crisis and the COVID-19 pandemic, which has lingered since 2020. Despite these challenges, we have continued to post profitability since our founding without ever recording a loss by expanding into a wide range of markets with multiple core businesses.

## Business Overview



### Solutions Business

Solutions Business provides wide-range of equipment and systems such as pneumatic and power tools for general and industrial use, MFPs and printers, mobile phones, and residential electricity storage systems as well as solutions-based services.



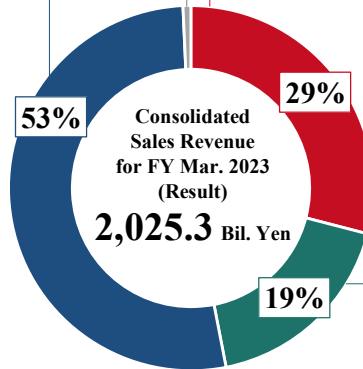
### Core Components Business

Core Components Business provides various components, including fine ceramics, our founding business, for the industrial, automotive-related and information and communication markets.

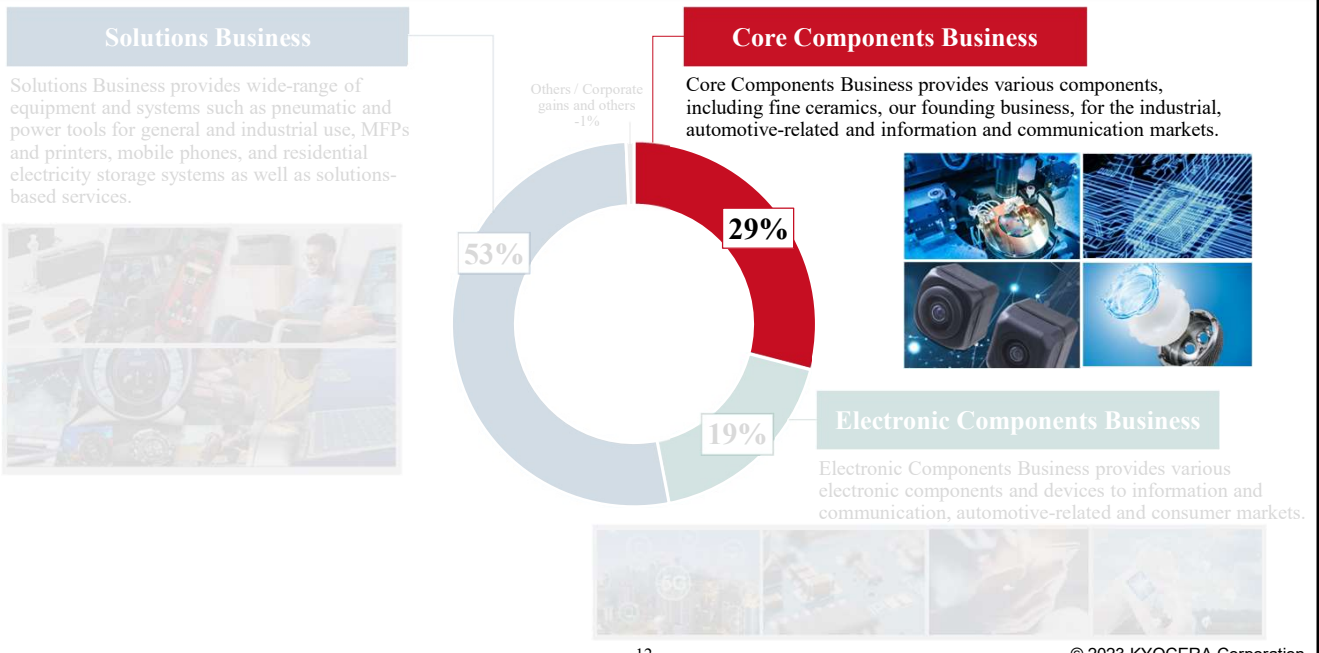


### Electronic Components Business

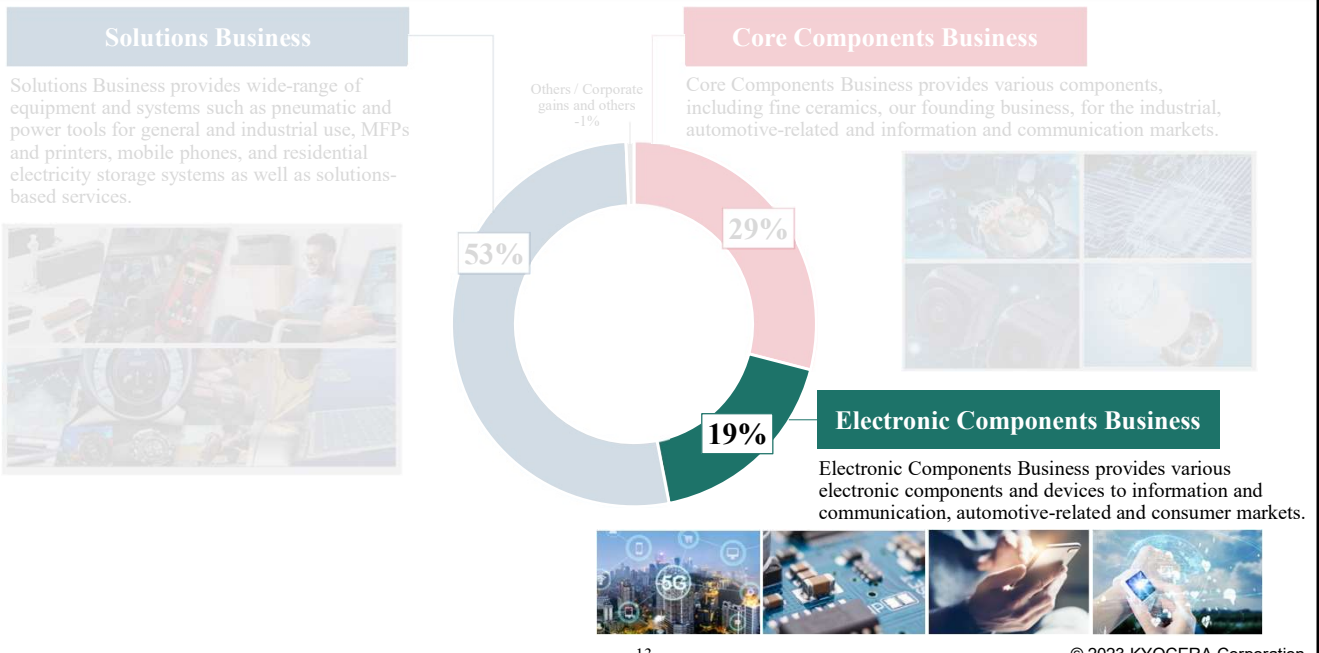
Electronic Components Business provides various electronic components and devices to information and communication, automotive-related and consumer markets.



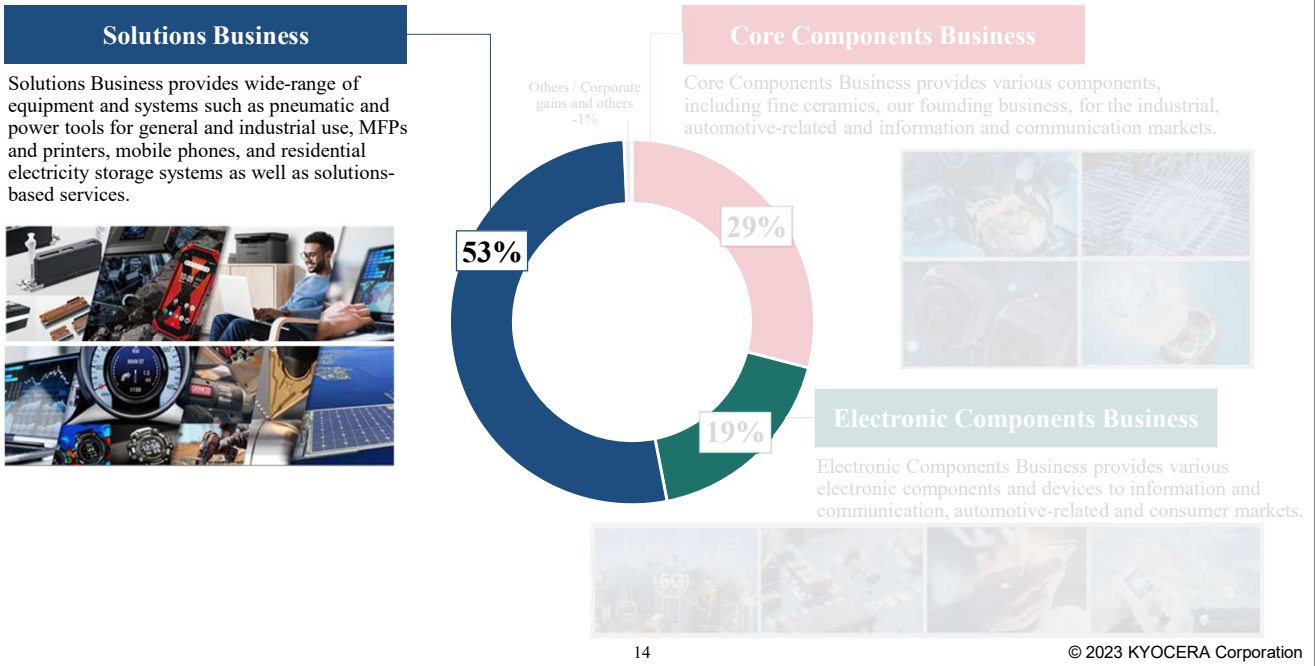
Next, I will introduce Kyocera's businesses. Our operations consist of three business segments. The pie chart on this slide shows the sales composition of the business segments.



In the Core Components Business, which accounts for approximately 29% of total sales revenue, we are developing various components such as fine ceramic components, our founding business, for the industrial, automotive-related, and information and communications markets. The main products in this segment are components for semiconductor processing equipment, packages for semiconductors, and automotive camera modules. It also includes medical-related products such as artificial joints.



Next, in the Electronic Components Business, which accounts for around 19% of total sales revenue, we are developing various electronic components and devices for the information and communications, industrial, automotive-related, and consumer markets. The main products in this segment include ceramic and tantalum capacitors, timing devices, and connectors.



Finally, in the Solutions Business, which accounts for approximately 53% of total sales revenue, we are developing a wide variety of equipment and systems such as pneumatic and power tools for general and industrial use, MFPs and printers, mobile phones, and residential electricity storage systems as well as solutions-based services.

- 1 Corporate Profile
- 2 Medium-Term Management Plan**
- 3 Shareholder Returns

Next, I will explain the medium-term management plan.



## 1. Realization of 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.

## 2. Practice of High-Profit Management

Maximize revenues and minimize expenses.

**Return to the basics of our management philosophy  
in formulating the Medium-Term Management Plan**

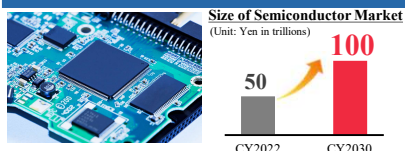
I will explain the basic concept of the medium-term management plan.

The first point is the realization of our management rationale. This management rationale can be said to be the very purpose of our existence.

The second point is the practice of high-profit management. In order to achieve sustainable growth, it is fundamental to keep management simple and continue to aim for maximum revenues and minimum expenses, persistently and creatively every day.

These two points are immutable for our company, and, we returned to the basics of our management philosophy once again to formulate medium-term management plan.

Medium- to long-term expansion of semiconductor market



How we contribute

Supply components that address the recent industry-wide semiconductor shortage

Full-scale application of AI, 5G, ADAS and other new technologies



How we contribute

Supply components and equipment to automotive and electronic equipment markets to meet growing demand due to digitalization

Growing global environmental awareness



How we contribute

Provide eco-friendly products and solutions that address social issues

**Practice high-growth, high-profit management by solving issues facing society and humankind through our technologies and products**

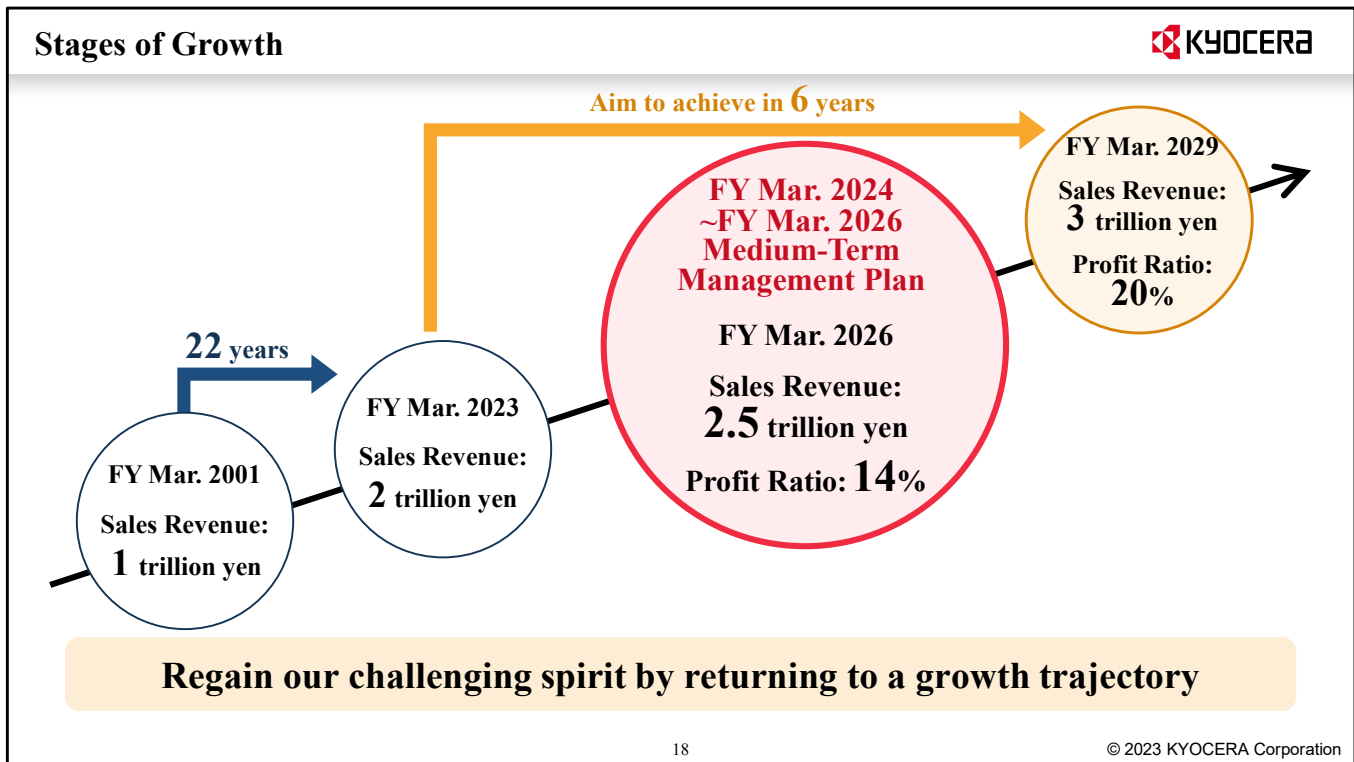
Next, I will explain the business environment and social conditions surrounding us.

The left side of the slide shows the medium- to long-term expansion of the semiconductor market. The semiconductor market is expected to double in size to 100 trillion yen over the eight years from 2022 to 2030 although it is currently in an inventory adjustment phase.

In the center is the full-scale social application of new technologies such as AI, 5G, and ADAS. Rapid advances in digital technology are expected to change our lives.

On the right is the increasing global environmental awareness. While convenience is increasing and life is becoming more affluent, there is a demand for solutions for global social issues such as global warming.

In response to these medium- to long-term changes in the environment and society, we will define each contribution area and aim to solve various issues facing humankind and society by supplying our technologies and related products. As a result, we aim to achieve high growth and high-profit management.



This slide shows Kyocera's stages of growth.

We took 22 years from sales revenue of 1 trillion yen achieved in fiscal 2001 to achieve sales revenue of 2 trillion yen in fiscal 2023. By putting us on a new stage of growth, we aim to achieve the next target of sales revenue of 3 trillion yen and a profit margin of 20% in six years.

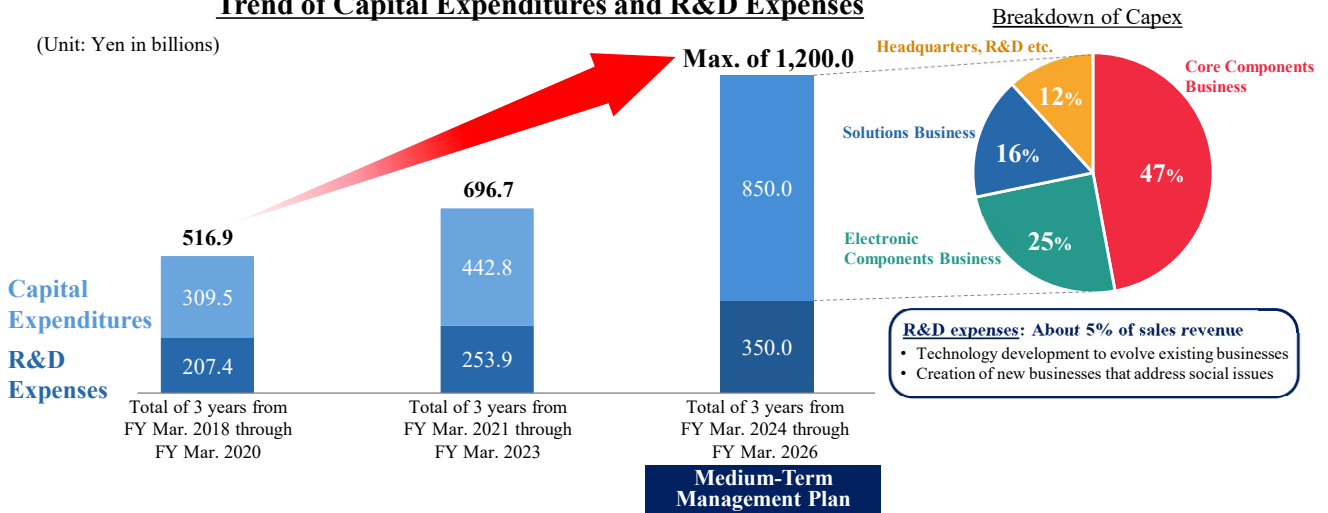
This time, we have formulated a medium-term management plan for the first three years and set a medium-term target of sales revenue of 2.5 trillion yen and a profit margin of 14%. We would like to regain the spirit of tackling challenges in the entire Kyocera Group by setting high targets and returning to a growth trajectory.

## Proactive Investment in Key Areas



### Trend of Capital Expenditures and R&D Expenses

(Unit: Yen in billions)



**Prioritize investment in markets and products with high growth potential**

The most important point for achieving the medium-term management plan is aggressive investment in focus areas.

The bar graph on the slide shows the trends in capital expenditures and R&D expenses over the three years from fiscal 2018, the three years from fiscal 2021, and the three years from fiscal 2024, in total. We plan to increase the investment, which was a total of 516.9 billion yen and 696.7 billion yen in the past three-year periods, to up to 1.2 trillion yen in the next three-year period.

The pie chart at the top right of the slide shows the breakdown of the capital expenditures. The plan is that more than 70% of the investment will be for the components businesses, with the red representing the Core Components Business, and the green representing the Electronic Components Business.

In addition, we aim for R&D expenses to be around 5% of sales revenue. While strategically investing in markets and products that demonstrate significant growth potential, we will also allocate capital towards the advancement of technologies designed to evolve existing businesses and the development of new businesses that address and resolve societal issues.

## Numerical Targets (Kyocera Group Consolidated)



(Unit: Yen in billions)	Medium-Term Management Plan		
	FY Mar. 2023	FY Mar. 2024	FY Mar. 2026
<b>Sales Revenue</b>	2,025.3	2,100.0	2,500.0
<b>Profit Before Income Taxes</b>	176.2	200.0	350.0
<b>Profit Ratio</b>	8.7%	9.5%	14.0%
<b>ROE</b>	(Result) 4.3%	(Target) 5.0% or more	(Target) 7.0% or more
<b>Capital Expenditures</b>	173.9	Maximum of 850.0 for 3 years	
<b>R&amp;D Expenses</b>	94.3	Maximum of 350.0 for 3 years	

**Leverage the collective strengths of the Kyocera Group to achieve targets**

The main numerical targets for the medium-term management plan are as shown.

In the furthest right column, for fiscal 2026, we aim to achieve sales revenue of 2.5 trillion yen, profit before income taxes of 350 billion yen, a profit margin of 14%, and a ROE of 7% or more. To realize these targets, over the three-year period from fiscal 2024, we are planning capital expenditures of up to 850 billion yen and R&D expenses of up to 350 billion yen.

We will leverage the collective strengths of the Kyocera Group to achieve these targets.

### Group-wide

- Continue proactive investment on a record scale
- Realize high growth by concentrating internal resources into areas of competitive advantage
- Enhance profitability by maximizing use of digital technology
- Allocate management resources optimally by expediting decision-making on business continuity/withdrawal

### Core Components Business

- Focus on components for high-growth potential semiconductor-related markets
- Make aggressive capital investment to increase production and productivity

### Electronic Components Business

- Increase market share by maximizing synergies between Kyocera and KAVX
- Focus on capacitors and timing devices

### Solutions Business

- Expand eco-friendly products and businesses that address social issues
- Enhance profitability through structural reforms in Communications Unit and energy business

I will explain our management strategy to achieve the financial targets.

The overall management strategy for the entire Kyocera Group includes:

- 1) Continue proactive investment on a record scale;
- 2) Realize high growth by concentrating internal resources into areas of competitive advantage;
- 3) Enhance profitability by maximizing the use of digital technology;
- 4) Allocate management resources optimally by expediting decision-making on business continuity and/or withdrawal.

In terms of business segments, the Core Components Business will focus on the semiconductor-related market where high growth is expected and will aggressively make capital expenditures to increase production and improve productivity.

The Electronic Components Business will maximize synergies between Kyocera and KAVX, focusing on capacitors and timing devices to expand our market share.

For the Solutions Business, we will expand eco-friendly products and businesses that address social issues and aim to improve profitability through the structural reform in the Communications Unit and energy business.

## Medium-Term Target by Reporting Segment (FY Mar. 2026)



### Core Components Business

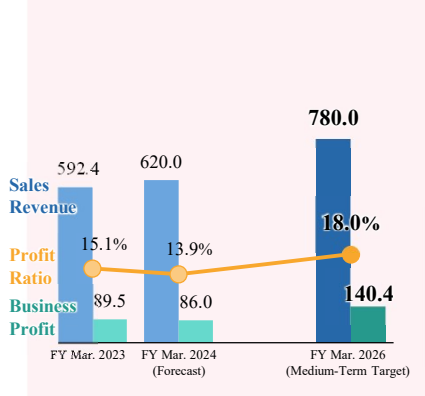
FY Mar. 2026

Sales Revenue: **780.0** bil. yen

Business Profit: **140.4** bil. yen

Profit Ratio: **18.0%**

(Unit: Yen in billions)



### Electronic Components Business

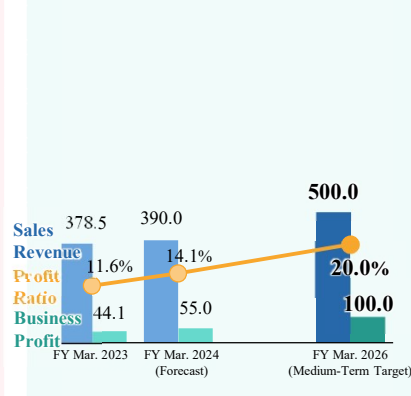
FY Mar. 2026

Sales Revenue: **500.0** bil. yen

Business Profit: **100.0** bil. yen

Profit Ratio: **20.0%**

(Unit: Yen in billions)



### Solutions Business

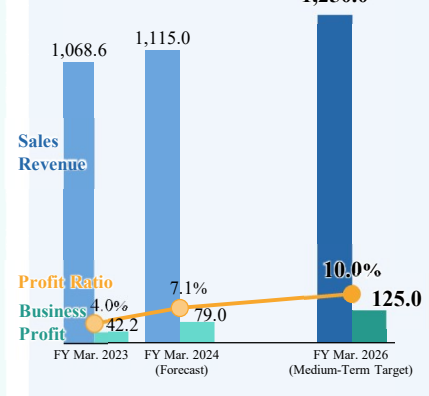
FY Mar. 2026

Sales Revenue: **1,250.0** bil. yen

Business Profit: **125.0** bil. yen

Profit Ratio: **10.0%**

(Unit: Yen in billions)



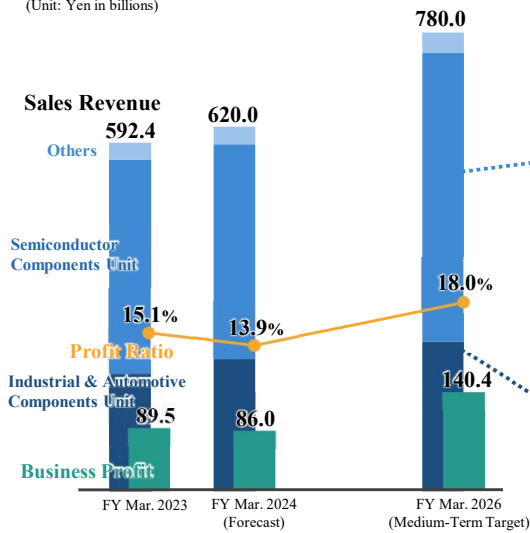
This slide shows the medium-term targets for each reporting segment.

By fiscal 2026, the Core Components Business aims to achieve sales revenue of 780 billion yen, business profit of 140.4 billion yen, and a profit margin of 18%. The Electronic Components Business aims to achieve sales revenue of 500 billion yen, business profit of 100 billion yen, and a profit margin of 20%. The Solutions Business aims to achieve sales revenue of 1,250 billion yen, business profit of 125 billion yen, and a profit margin of 10%.

Next, I will explain the business strategies for each segment one by one.

**Core Components Business  
Medium-Term Management Plan**

(Unit: Yen in billions)



**Business Strategy**

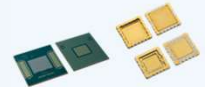
Take advantage of increasing demand over medium to long term to expand business, particularly in areas of competitive advantages

**Semiconductor Components Unit**

FY Mar. 2023 Sales Revenue 364.6 bil. yen → FY Mar. 2026 490.0 bil. yen

- ✓ Expand production of **organic packages and boards** and ceramic packages for **information and communications-related markets**
- ✓ Focus on **high-value-added products**
- ✓ Enhance production technology for highly complex products

+34%



**Industrial & Automotive Components Unit**

FY Mar. 2023 Sales Revenue 199.2 bil. yen → FY Mar. 2026 255.0 bil. yen

- ✓ Increase production of **fine ceramic components** for **semiconductor processing equipment of cutting-edge semiconductors**
- ✓ Capture demand in fields related to automotive ADAS and EVs

+28%



I will explain the business strategy for the Core Components Business.

The graph on the left of the slide shows the medium-term targets for fiscal 2026 for sales revenue by business units, business profit, and profit margin of the Core Components Business. To achieve this target, we will steadily seize opportunities lie in medium- to long-term expansion of semiconductor market for our business growth, and significantly expand our businesses in areas of competitive advantage.

Specifically, by fiscal 2026, we plan to expand the Semiconductor Components Unit to 490 billion yen in sales revenue, focusing mainly on increasing the production of organic packages and boards for the information and communications-related markets, and the Industrial & Automotive Components Unit to 255 billion yen in sales revenue, mainly by increasing production of fine ceramic components for semiconductor processing equipment of cutting-edge semiconductors.



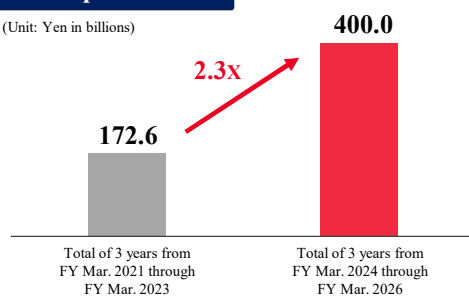
### Basic Policy

#### Accelerate investment to expand production

- Further enhancement of preparatory investment by working closely with customers
- Early preparation for constructing new buildings and plants as a response to prolonged material procurement and construction period

### Capex Plan

(Unit: Yen in billions)



### Major Capital Expenditures

#### ◆ Increase capacity via new facilities in view of long-term demand growth

- Fine ceramic components: Kagoshima Kokubu Plant and Shiga Yohkaichi Plant
- Ceramic packages: Vietnam Plant and Kagoshima Sendai Plant
- Organic packages and boards: Kyoto Ayabe Plant and Kagoshima Sendai Plant

#### ◆ Scrap and build existing facilities by utilizing new facilities

Location and planned timing for commencement of production in new buildings



Long-Term Goal:  
Production expansion  
target

Organic packages  
and boards  
**2.4 x**

Fine ceramic  
components  
**1.8 x**

Ceramic packages  
**1.4 x**

**Make record capital investment to meet growing medium- to long-term demand**

Next is the investment strategy for the Core Components Business.

As shown on the left of the slide, our basic policy is to accelerate investment to expand production. To further strengthen preparatory investment based on close cooperation with customers and to accelerate construction of new plants and new buildings considering prolonged procurement of building materials and construction period, we plan to increase capital expenditures from a total of 172.6 billion yen over the past three years by 2.3 times, to 400 billion yen, over the next three years.

Our major capital expenditures are as shown on the right. In addition to launching new buildings, as shown in the photo, in anticipation of long-term demand growth, we will expand the production capacity of our main products by implementing “scrap and build” method to existing facilities through replacement of deteriorated equipment by the state-of-the-art equipment. Specifically, this facility investment is expected to result in 2.4 times increase in production for organic packages and boards, 1.8 times for fine ceramic components, and 1.4 times for ceramic packages.

In this way, we will make record capital investment to meet growing demand over the medium- to long-term.

## Acquire land for new factory in Isahaya, Nagasaki

### Overview

- **Name:** Nagasaki Isahaya Plant (tentative name), Kyocera Corporation
- **Location:** Minami Isahaya Industrial Park, Oguri District, Isahaya City, Nagasaki Pref.
- **Investment:** Approx. 62 billion yen (through FY Mar. 2029)
- **Total area:** Approx. 150,000m<sup>2</sup>
- **Main structure:** Steel-framed 6-story building  
(Planned to start construction in FY Mar. 2024)



### Production Items

Fine ceramic components for semiconductor processing equipment, ceramic and organic packages, etc.



### Production Plan

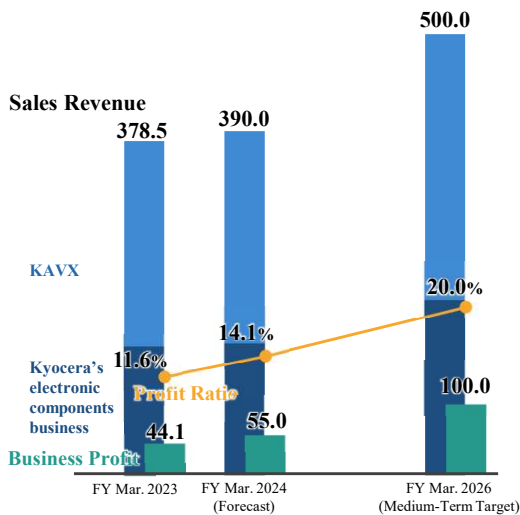


As it will be difficult to meet the increasing demand in the semiconductor market with existing factories alone, we have decided to acquire a site in Isahaya, Nagasaki Prefecture, for the construction of a new domestic factory for the first time in about 20 years.

As I explained earlier in the business strategy, the production items include fine ceramic components for semiconductor processing equipment and ceramic and organic packages. We plan to start production in fiscal 2027 and aim for annual production of 25 billion yen in fiscal 2029.

**Electronic Components Business  
Medium-Term Management Plan**

(Unit: Yen in billions)



**Business Strategy**

**Focus on areas of expertise and leverage synergies between Kyocera and KAVX to expand market share and enhance profitability**

**<Sales>**

Utilize KAVX's **global sales network** and **strong relationships with key customers** to expand sales of Kyocera's electronic components business

**<Production>**

Incorporate Kyocera's **labor-saving and high-efficiency production technology** to KAVX's production sites to increase productivity

**<Target market share based on synergy effects>**

**Tantalum Capacitors**



FY Mar. 2023 FY Mar. 2026  
**30% → 40%**

**Timing Devices**



FY Mar. 2023 FY Mar. 2026  
**10% → 20%**

**MLCCs**



FY Mar. 2023 FY Mar. 2026  
**5% → 10%**

**Connectors**



FY Mar. 2023 FY Mar. 2026  
**2% → 5%**

**Leverage synergies to achieve faster-than-market growth**

Next, I will explain the business strategy for the Electronic Components Business.

The graph on the left of the slide shows sales revenue, business profit, and profit margin of the Electronic Components Business for fiscal 2026, the medium-term target. To achieve these targets, we will focus on areas of expertise and leverage synergies between Kyocera and KAVX to expand our market share and improve profitability.

Specifically, in sales, we will utilize KAVX's global sales network and strong relationships with key customers to expand the sales of Kyocera's electronic components business. On the production side, we will incorporate Kyocera's labor-saving and high-efficiency production technology to KAVX's production sites to increase productivity.

Through such synergies between Kyocera and KAVX, we aim to expand our market share and achieve faster-than-market growth.

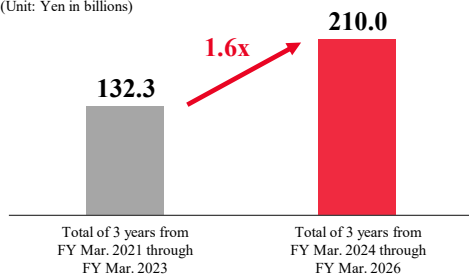
**Basic Policy**

**Optimize production sites of Kyocera and KAVX**

- Building global production structure for future expansion of production capacity
- Proactive adoption of digital technologies necessary for automation and labor saving

**Capex Plan**

(Unit: Yen in billions)



**Major Capital Expenditures**

◆ **Expand production capacity by creating new plants and buildings**

- New Thai plant: Realize collaboration between Kyocera and KAVX as a production base for MLCCs and tantalum capacitors
- Kagoshima Kokubu Plant: Introduce cutting-edge labor-saving and automation technology
- El Salvador Plant: Make maximum use of strong labor pool as a production base for MLCCs and tantalum capacitors

◆ **Introduce automated lines in existing KAVX facilities**



KAVX new Thai Plant



New building at Kagoshima Kokubu Plant

Long-Term Goal: Production expansion target

MLCCs

**1.9x**

Timing Devices

**1.8x**

Tantalum Capacitors

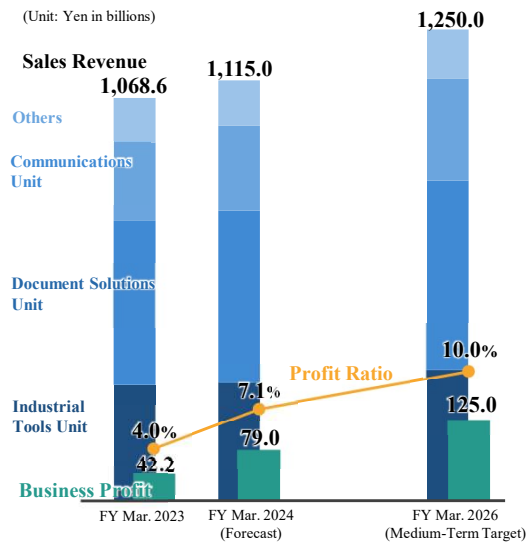
**1.4x**

**Promote capital expenditures to create a system for enhanced production and global optimization of production sites, and digitalization to boost productivity**

As with the Core Components Business, for the Electronic Components Business, we plan to make proactive investments for the optimization of production sites of Kyocera and KAVX. 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 expenditures over the next three years.

The main capital expenditures are as shown on the right: In addition to building 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 to expand the production capacity of major products. Specifically, we expect 1.9 times increase in MLCCs, 1.8 times increase in timing devices, and 1.4 times increase in tantalum capacitors due to this investment. We will continue to promote capital expenditures to create a system for enhanced production and global optimization of production sites, as well as digitalization to boost productivity.

### Solutions Business Medium-Term Management Plan



### Business Strategy

#### 1. Expand existing businesses

**Industrial Tools Unit:**  
Increase global market share of cutting tools and pneumatic and power tools

**Document Solutions Unit:**  
Maintain profitability of MFPs and printers and expand business domain to commercial inkjet printers and ECM and document BPOs



#### 2. Promote structural reforms

**Communications Unit:**  
Discontinue consumer smartphone business

**Energy business:**  
Swiftly achieve profitability in three energy equipment businesses (solar power generating system, storage battery and fuel cells) by doubling productivity and reducing costs, and expand renewable energy power services



#### 3. Create new businesses



Next, I will explain the business strategy for the Solutions Business.

The graph on the left of the slide shows sales revenue by business units, business profit, and profit margin of the Solutions Business for fiscal 2026, the medium-term target. The business strategies to achieve these numerical targets are shown on the right.

The first is the expansion of existing businesses. The Industrial Tools Unit aims to increase global market share of cutting tools and pneumatic and power tools as these markets have high growth potential. In the Document Solutions Unit, while offices go paperless, we maintain profitability of MFPs and printers by introducing new eco-friendly products leveraging strengths in long-life design and expand business domain to commercial inkjet printers and ECM, which are forecasted to grow further.

The second is the promotion of structural reforms, with the target businesses being telecommunications equipment and energy. I will explain the details on the next slide.

The third is the creation of new businesses that address and resolve societal issues. We will make proactive R&D expenditures aimed at developing new businesses including a digital textile printing system, collaborative robots, and a cooperative road-vehicle system.

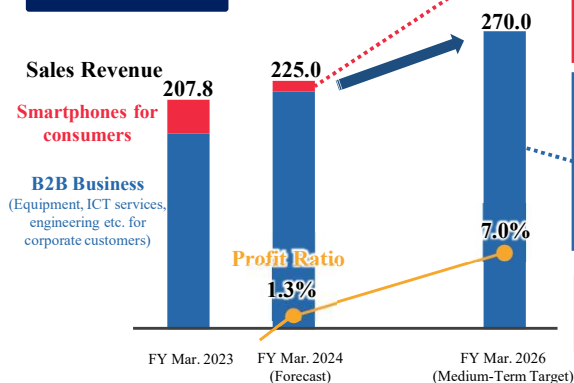
## Reform Theme

## Fundamentally transform business structure

- Selection and concentration of products and categories
- Focus on corporate solutions business

## Business Plan

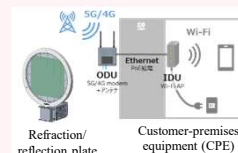
(Unit: Yen in billions)



## Discontinue consumer smartphone business

- ◆ Ended new product development in FY Mar. 2023
- ◆ End supply and sales of products in FY Mar. 2025

Focus resources for development on infrastructure-related business to further promote adoption of millimeter-wave 5G communication



## Continue and expand communication terminal business and telecommunication services business for corporate customers

- ◆ Shift to developing high-profit custom devices and providing telecommunication services for corporations
- ◆ Expand existing ICT service and engineering business

Transform to telecommunications solutions business and infrastructure-related business for corporate customers

I will explain about the structural reform in the Communications Unit.

The reform theme, as shown on the upper left of the slide, is a fundamental transformation of the business structure, with a focus on selection and concentration of products and categories and a focus on the corporate solutions business. By advancing this structural reform, we plan to return to profitability by fiscal 2024 and aim for a profit margin of 7% by fiscal 2026.

On the right side of the slide, we present the main initiatives of the structural reform. We plan to phase out the consumer smartphone business, which is colored in red, with the termination of new product developments in fiscal 2023 and discontinuation of supply and sales of products by fiscal 2025. Going forward, we will concentrate our development resources on infrastructure-related business to further promote the adoption of millimeter-wave 5G communication, which is expected to be implemented widely in Japan.

On the other hand, for the part in blue regarding device development, we will shift to developing high-profit custom devices and providing telecommunication services for corporations, and we will expand Kyocera Communication Systems Co., Ltd.'s main businesses of ICT services and engineering.

In summary, by shifting to a telecommunications solutions business for corporate customers and infrastructure-related business, we plan to increase the profitability of the Communications Unit.

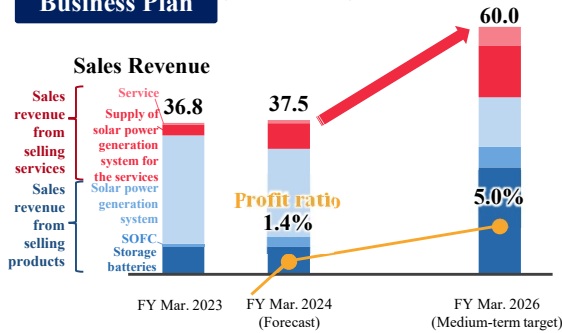
Reform Theme

Expand corporate renewable energy selling business that address increasing demand of renewable energy and rising energy costs

- Double productivity and cost reduction
- Transform to selling renewable energy business (Shift from selling “products” to “services”)

Business Plan

(Unit: Yen in billions)



Business model of renewable energy selling service we aim

Power generation and storage system



Sources of solar-generated electricity



Sales of electricity

Manage and match supply and demand

- Procure electricity and forecast electricity production
- Forecast demand
- Calculate planned power supply
- Supervise supply and demand

Renewable energy



Improve renewable energy ratio of Kyocera Group

Renewable energy

Companies with environmental awareness

**RE 100**

Proactively expand sales to other companies

I will explain about the structural reform of our energy business.

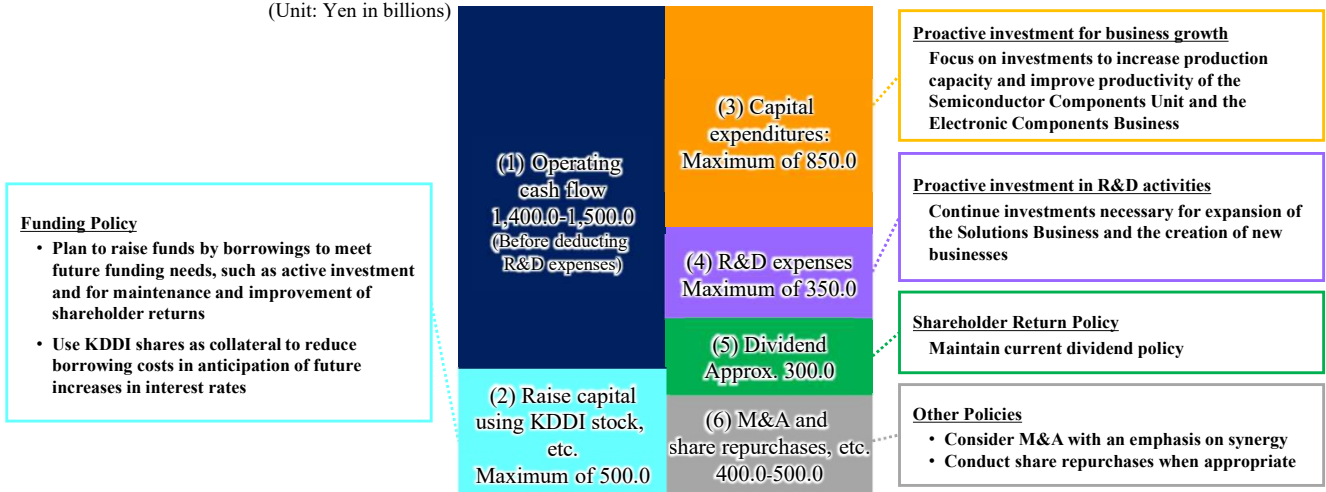
The theme of the reform is to expand corporate renewable energy selling business that address the demand of renewable energy and rising energy costs. As the graph at the bottom of the slide shows, we plan to return profitable by fiscal 2024 by increasing productivity and cost reduction. At the same time, we aim to shift from traditional “product” sales, such as our three types of equipment: solar power generation system, storage batteries, and SOFC fuel cells, to “service” business of the renewable energy power sales business, aiming for a profit margin of 5% by fiscal 2026.

The slide on the right shows the business model of the renewable energy selling service that we are aiming for. Going forward, we plan to purchase surplus power from homes, businesses, and large-scale solar power plants, adjust and match the supply and demand of renewable energy power, and use this renewable energy power within Kyocera. This will enhance the renewable energy ratio for the entire Kyocera Group, and we also plan to actively expand sales to external companies with environmental awareness. Addressing environmental issues is one of the most important challenges facing humanity and society, so we strive to take on this task with a sense of mission.

Clarified capital allocation for the three years based on the medium-term management plan

【Capital Allocation from FY Mar. 2024 through FY Mar. 2026】

(Unit: Yen in billions)



Next, I will explain our capital strategy to support business growth.

Based on our medium-term management plan, we have clarified our capital allocation for the three years from fiscal 2024 to fiscal 2026. I will explain it in order using the diagram shown in the middle.

The cash flow from operating activities, marked as (1) in the diagram, is calculated to be between 1,400 billion yen and 1,500 billion yen on a pre-R&D cost deduction basis. As shown in (2), we are considering borrowing up to 500 billion yen from banks to meet future funding needs, such as aggressive investment and for maintenance and improvement of shareholder returns. In borrowing, we will use KDDI shares as a collateral to reduce borrowing costs in anticipation of future increases in interest rates. The items (3) and (4) on the right side of the diagram represent the aggressive investment as I explained earlier, and (5) represents our plan to maintain current dividend policy for the next three years, with a total of approximately 300 billion yen in dividends. For (6), in addition to considering M&A that emphasizes synergy as well as following our policy of conducting share repurchases when appropriate, we are considering an allocation of 400 billion yen to 500 billion yen.



**Adopt a numerical target to further reduce its shareholdings**

**Reducing its shareholdings from the past, at appropriate timing**



**Set a numerical target to clarify the immediate policy to further reduce its shareholdings**

- **Conduct an annual review of all individual shareholdings, considering the need to maintain the business relationship and/or efficiency in use of assets**
- **Conduct assessment by the Board of Directors whether the Company's holding of the relevant shares is appropriate**

<Reference: Number of its shareholdings of listed company stocks in Japan>

FY Mar. 2017: 37 → FY Mar. 2023: 17

**Target**

**Amount of reduction:**

**At least 5% on a book value basis**

**Period: By FY Mar. 2026**

(Within the time frame of the medium-term management plan)

- **Updated the Corporate Governance Report and specified the above-mentioned target**

I will explain the introduction of a reduction target of cross-shareholdings.

We have been reducing cross-shareholdings as appropriate, and once a year, we review the need to maintain cooperative relationships and capital efficiency for all individual stocks, and at the Board of Directors, we have been assessing the appropriateness of holding them. As a result, we have reduced the number of domestic listed stocks, which were 37 stocks in fiscal 2017, to 17 stocks today.

In addition to this, to clarify the immediate policy, we have set a quantitative target of reducing at least 5% on a book value basis by fiscal 2026, and we revised the Corporate Governance Report on April 27, 2023, accordingly. We will promote further reductions to achieve this target.

Environment

- Endorsed TCFD (From Mar. 2020)



- Set and achieve long-term environmental goals

1. **Reduce** greenhouse gas emissions (Scope 1, 2, 3) by **46%** by FY Mar. 2031 (vs. FY Mar. 2020)
2. Increase renewable energy use by **20x** by FY Mar. 2031 (vs. FY Mar. 2014)
3. Become **carbon neutral** by FY Mar. 2051

- ✓ Promote introduction of renewable energy
- ✓ Implement company-wide energy-saving initiatives

Human Capital etc.

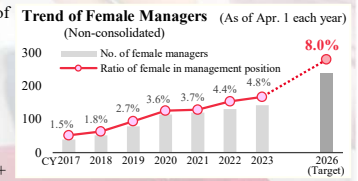
- Respect human rights

- ✓ Joined the Responsible Business Alliance (RBA)
- ✓ Conduct human rights due diligence for Kyocera and its suppliers
- ✓ Provide training to eliminate harassment and discrimination

- Create pleasant work environment and sites

- ✓ Enhance employee engagement
- ✓ Pursue diversity

- Promote the active participation of female employees
- Support plans for balance work with childcare, nursing care, medical care, etc.
- Promote male employees' engagements in childcare
- Foster understanding of LGBTQ+



In this slide, I will explain our initiatives related to environment and human capital as concrete examples of promoting sustainable management.

In terms of environmental initiatives, we have declared its support for the Task Force on Climate-related Financial Disclosures (TCFD) since March 2020. We have set specific long-term environmental targets for greenhouse gas emissions and the introduction of renewable energy, aiming to achieve carbon neutrality by fiscal 2051. We will strive to achieve these targets by promoting energy conservation throughout our group, such as promoting the introduction of renewable energy at our own sites and upgrading to high-efficiency equipment, and by utilizing the renewable energy service I mentioned earlier.

Next, in terms of human capital initiatives, we promote to respect human rights by joining the Responsible Business Alliance (RBA), conducting human rights due diligence for ourselves and suppliers, and providing education to prohibit harassment and discrimination. In addition, we aim to create a workplace where each employee can work vigorously, and we are working to improve employee engagement and pursue diversity. As one example, the graph in the lower right shows the trend in the number and ratio of female managers. We are promoting the active participation of female employees, and the ratio of female employees among managers was 4.8% in 2023. We are working on career development programs to increase this ratio to 8% by 2026.

**Implement Business Strategy**

- Strategic investments in areas of competitive advantage

**Core Components Business**

Active investment for components for semiconductor-related markets

**Electronic Components Business**

Focus on capacitors and timing devices by maximizing synergies between Kyocera's electronic components business and KAVX

- Promote expansion of existing businesses as well as restructuring

**Solutions Business**

- Industrial Tools Unit/Document Solutions Unit:  
Expand market shares
- Communications Unit/Energy business:  
Fundamentally transform business structure

**Strengthen Management Foundation**

- Capital strategies

Procure fund by effectively combining capital assets and borrowings

- Corporate governance initiatives

Reducing cross-holding of shares

- Promotion of sustainable management

- Environment:  
Initiatives to achieve carbon neutrality
- Human capitals etc.:  
Recruitment strategies, respect for human rights, diversity, and increased employee engagement

**Aim to continuously increase ROE and improve PBR**

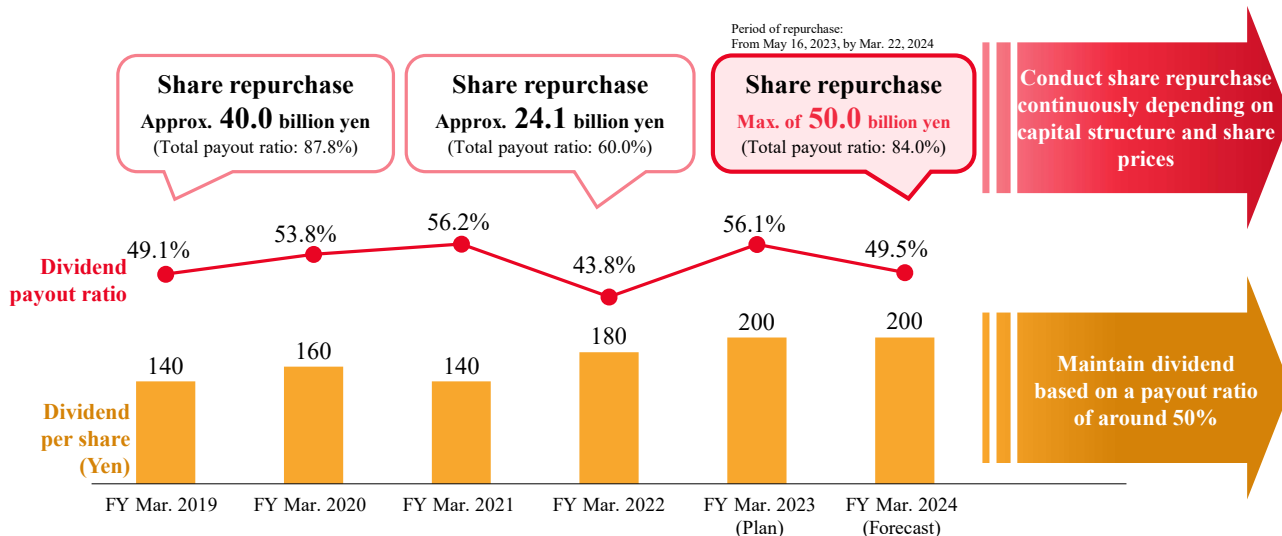
This brings us to the summary of the medium-term management plan.

The plan is structured on two strategic pillars: the implementation of business strategies shown on the left and the strengthening of our management foundation shown on the right. As we work toward these strategic initiatives to enhance our corporate value, we aim to achieve the medium-term management plan and continuously increase ROE, and improve PBR, which currently stands below 1x.

- 1 Corporate Profile
- 2 Medium-Term Management Plan
- 3 Shareholder Returns**

Lastly, I will explain the shareholder returns.

Enhancing shareholder returns through a combination of dividends and share repurchases



Kyocera’s basic policy for shareholder returns is to maintain a dividend payout ratio of around 50% and to implement acquisition of our own shares when appropriate. In light of this dividend policy, we are planning to distribute an annual dividend per share of 200 yen for fiscal 2024. Also, we are currently repurchasing its own shares up to 50 billion yen.

Going forward, we will strive to further enhance shareholder returns by providing stable dividends and repurchasing share as appropriate, as well as by improving business performance.

## Offers shareholders products and services of Kyocera Group at special prices and in special programs

### Examples

Offers jewelry, kitchen appliances, power tools, garden equipment, cleaning tools, MFPs and printers at special prices



Offers gift certificates to shareholders who installed Kyocera's solar power generation systems or electricity storage systems



Provides shareholder exclusive plans and back-order gourmet foods of Hotel Nikko Princess Kyoto and Hotel Kyocera



- We send a new catalog regarding shareholder benefits in late June and early December to all shareholders on our shareholder list at the end of March and September.
- Details and period of shareholder benefits vary depending on the time of announcement.

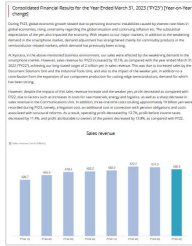
Next, I will introduce Kyocera's shareholder benefits.

We offer our shareholders products and services of Kyocera Group at special prices and in special programs. We would greatly appreciate if you could take the time to read the related information we send out twice a year.

## IR Website

Financial highlights and corporate profile video etc. are available on the website.

### ● Financial Highlights



### ● Corporate Profile Video & Brochure



**Please have a look and subscribe !**



**“To Individual Investors”  
website**

<https://global.kyocera.com/ir/individual/advantage/index.html>

## IR News Mail Service

We share latest IR news such as earnings release and press release by email.



**IR news mail service  
subscription form**

[https://global.kyocera.com/ir/mail\\_magazine.html](https://global.kyocera.com/ir/mail_magazine.html)

Lastly, I would like to introduce Kyocera’s IR website and IR news mail service.

“To Individual Investors” webpage is available on Kyocera’s IR website, which offers financial highlights, presentation materials, corporate profile video etc. Additionally, if you subscribe to Kyocera’s IR news mail service, you can receive latest IR news such as earnings release and press release via email. Please subscribe to receive it.

# Appendix



Front page of the IR website

Real time share prices are available on the IR website.

THE NEW VALUE FRONTIER

Products About News Sustainability Support

Home > Investor Relations

Investor Relations

Fontsize small large Print > Japanese

## Investor Relations

**Share price (Real time)**  
TSE (6971)  
Last **¥ 7,890.0**  
Change **+94.0 (+1.21%)**  
> Chart

IR News > More News

- Jun. 01, 2023 **Others** The 69th Ordinary General Meeting of Shareholders of Kyocera Corporation to be held on June 27, 2023
- May. 16, 2023 **Earnings** Financial Presentation for the Year Ended March 31, 2023

- Investor Relations
- IR Library
- Stock Information
- Financial Information



[https://global.kyocera.com/ir/s\\_info/chart.html](https://global.kyocera.com/ir/s_info/chart.html)

## Financial Forecasts for the Year Ending March 31, 2024 (1)



(Unit: Yen in millions)

	Year Ended March 31, 2023	Year Ending March 31, 2024	Change	
			Amount	%
<b>Sales Revenue</b>	<b>2,025,332</b>	<b>2,100,000</b>	<b>74,668</b>	<b>3.7%</b>
<b>Operating Profit</b>	<b>128,517</b> (6.3%)	<b>147,000</b> (7.0%)	<b>18,483</b>	<b>14.4%</b>
<b>Profit Before Income Taxes</b>	<b>176,192</b> (8.7%)	<b>200,000</b> (9.5%)	<b>23,808</b>	<b>13.5%</b>
<b>Profit Attributable to Owners of the Parent</b>	<b>127,988</b> (6.3%)	<b>145,000</b> (6.9%)	<b>17,012</b>	<b>13.3%</b>
<b>EPS (Basic-yen)</b>	<b>356.60</b>	<b>404.00</b>		
Average Exchange Rate	US\$ 135 yen	125 yen		
	Euro 141 yen	130 yen		

Notes: Figures in parentheses represents percentages to sales revenue.

Forecast of EPS (Basic-yen) for the Year ending March 31, 2024 is calculated using the average number of shares outstanding during the Year ended March 31, 2023.

## Financial Forecasts for the Year Ending March 31, 2024 (2)



(Unit: Yen in millions)

	Year Ended March 31, 2023	Year Ending March 31, 2024	Change	
			Amount	%
<b>Capital Expenditures</b>	<b>173,901</b> (8.6%)	<b>275,000</b> (13.1%)	<b>101,099</b>	<b>58.1%</b>
<b>Depreciation Charge of Property, Plant and Equipment</b>	<b>108,757</b> (5.4%)	<b>123,000</b> (5.9%)	<b>14,243</b>	<b>13.1%</b>
<b>R&amp;D Expenses</b>	<b>94,277</b> (4.7%)	<b>115,000</b> (5.5%)	<b>20,723</b>	<b>22.0%</b>

Note: Figures in parentheses represents percentages to sales revenue.

## Sales Revenue Forecasts by Reporting Segment for the Year Ending Mar. 31, 2024



(Unit: Yen in millions)

Sales Revenue by Reporting Segment	Year Ended March 31, 2023		Year Ending March 31, 2024		Change	
	Amount	Component Ratio	Amount	Component Ratio	Amount	%
<b>Core Component Business</b>	<b>592,376</b>	<b>29.2%</b>	<b>620,000</b>	<b>29.5%</b>	<b>27,624</b>	<b>4.7%</b>
Industrial & Automotive Components Unit	199,194	9.8%	225,000	10.7%	25,806	13.0%
Semiconductor Components Unit	364,579	18.0%	365,000	17.4%	421	0.1%
Others	28,603	1.4%	30,000	1.4%	1,397	4.9%
<b>Electronic Components Business</b>	<b>378,536</b>	<b>18.7%</b>	<b>390,000</b>	<b>18.6%</b>	<b>11,464</b>	<b>3.0%</b>
<b>Solutions Business</b>	<b>1,068,597</b>	<b>52.8%</b>	<b>1,115,000</b>	<b>53.1%</b>	<b>46,403</b>	<b>4.3%</b>
Industrial Tools Unit	308,406	15.2%	315,000	15.0%	6,594	2.1%
Document Solutions Unit	434,914	21.5%	455,000	21.7%	20,086	4.6%
Communications Unit	207,793	10.3%	225,000	10.7%	17,207	8.3%
Others	117,484	5.8%	120,000	5.7%	2,516	2.1%
Others	23,403	1.2%	20,000	0.9%	-3,403	-14.5%
Adjustments and Eliminations	-37,580	-1.9%	-45,000	-2.1%	-7,420	—
<b>Sales Revenue</b>	<b>2,025,332</b>	<b>100.0%</b>	<b>2,100,000</b>	<b>100.0%</b>	<b>74,668</b>	<b>3.7%</b>

**Business Profit (Loss) Forecasts by Reporting Segment for the Year Ending Mar. 31, 2024**


(Unit: Yen in millions)

Business Profit by Reporting Segment	Year Ended March 31, 2023		Year Ending March 31, 2024		Change	
	Amount	% to Sales Revenue	Amount	% to Sales Revenue	Amount	%
<b>Core Components Business</b>	<b>89,475</b>	<b>15.1%</b>	<b>86,000</b>	<b>13.9%</b>	<b>-3,475</b>	<b>-3.9%</b>
Industrial & Automotive Components Unit	24,743	12.4%	32,000	14.2%	7,257	29.3%
Semiconductor Components Unit	67,702	18.6%	53,000	14.5%	-14,702	-21.7%
Others	-2,970	—	1,000	3.3%	3,970	—
<b>Electronic Components Business</b>	<b>44,064</b>	<b>11.6%</b>	<b>55,000</b>	<b>14.1%</b>	<b>10,936</b>	<b>24.8%</b>
<b>Solutions Business</b>	<b>42,239</b>	<b>4.0%</b>	<b>79,000</b>	<b>7.1%</b>	<b>36,761</b>	<b>87.0%</b>
Industrial Tools Unit	23,279	7.5%	26,000	8.3%	2,721	11.7%
Document Solutions Unit	33,706	7.8%	40,000	8.8%	6,294	18.7%
Communications Unit	-11,729	—	3,000	1.3%	14,729	—
Others	-3,017	—	10,000	8.3%	13,017	—
Others	-28,795	—	-45,000	—	-16,205	—
<b>Total Business Profit</b>	<b>146,983</b>	<b>7.3%</b>	<b>175,000</b>	<b>8.3%</b>	<b>28,017</b>	<b>19.1%</b>
Corporate Gains and Others	29,209	—	25,000	—	-4,209	-14.4%
<b>Profit Before Income Taxes</b>	<b>176,192</b>	<b>8.7%</b>	<b>200,000</b>	<b>9.5%</b>	<b>23,808</b>	<b>13.5%</b>

## Cautionary Statements with respect to Forward-Looking Statements

Certain of the statements made in this document are forward-looking statements, which are based on our current assumptions and beliefs in light of the information currently available to us. These forward-looking statements involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors include, but are not limited to the following:

- (1) General conditions in the Japanese or global economy;
- (2) Unexpected changes in economic, political and legal conditions in countries where we operate or export;
- (3) The effect of foreign exchange fluctuations on our results of operations;
- (4) Intense competitive pressures to which our products are subject;
- (5) Fluctuations in the price and ability of suppliers to provide the required quantity of raw materials for use in our production activities;
- (6) Manufacturing delays or defects resulting from outsourcing or internal manufacturing processes;
- (7) The possibility that future initiatives and in-process research and development may not produce the desired results;
- (8) Companies or assets acquired by us not produce the returns or benefits, or bring in business opportunities;
- (9) Inability to secure skilled employees;
- (10) Damages on our information security systems from cyberattacks, etc. and significant costs in order to recover and maintain the systems;
- (11) Insufficient protection of our trade secrets and intellectual property rights including patents;
- (12) Expenses associated with licenses we require to continue to manufacture and sell products;
- (13) Unintentional conflict with laws and regulations or newly enacted laws and regulations;
- (14) Environmental liability and compliance obligations by tightening of environmental laws and regulations;
- (15) Inability to respond to global climate change problems or delay in such response, which may lead to increased costs and negatively impact our corporate brands;
- (16) Our market or supply chains being affected by plague, infectious diseases, terrorism, wars or similar events;
- (17) Earthquakes and other natural disasters affecting our headquarters and major facilities as well as our suppliers and customers;
- (18) Credit risk on trade receivables;
- (19) Fluctuations in the value of financial instruments held by us;
- (20) Impairment losses on property, plant and equipment, goodwill and intangible assets;
- (21) Uncertainty over income tax and deferred tax assets; and
- (22) Changes in accounting standards.

Due to such risks, uncertainties and other factors, our actual results, performance, achievements or financial condition may be substantially different from any future results, performance, achievements or financial condition expressed or implied by these forward-looking statements.

We undertake no obligation to publicly update any forward-looking statements included in this document.

THE NEW VALUE FRONTIER



KYOCERA Corporation

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