



KYOCERA Corporation

Financial Presentation for the Year Ended March 31, 2024

April 26, 2024

Event Summary

[Company Name]	KYOCERA Corporation	
[Company ID]	6971-QCODE	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Financial Presentation for the Year Ended March 31, 2024	
[Fiscal Period]	FY2024 Annual	
[Date]	April 26, 2024	
[Time]	16:15 – 16:34 (Total: 19 minutes, Presentation: 11 minutes, Q&A: 8 minutes)	
[Venue]	Webcast	
[Number of Speakers]	2	
	Hideo Tanimoto	President and Representative Director
	Hiroaki Chida	Executive Officer, Senior General Manager of Corporate Management Control Group

Presentation

Moderator: Hello, everyone, thank you for your patience. Thank you very much for taking time out of your busy schedules to join KYOCERA Corporation's webinar today. We will start the financial presentation for FY2024. The materials used today are posted on our website for your reference.

Please note that the webinar is being recorded. I appreciate your understanding in advance.

Now, I would like to introduce today's attendees. Hideo Tanimoto, President and Representative Director.

Tanimoto: Hello, everyone. This is Tanimoto. Thank you.

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

Chida: Hello everyone. This is Chida. Thank you.

Moderator: We will now begin the presentation. President Tanimoto, please go ahead.

Tanimoto: I would like to take this opportunity to express my sincere gratitude to all of you for your continued support. Thank you very much for taking time out of your busy schedules to participate in our financial results briefing today.

I will now present based on the material for the financial results for FY2024.

1 Financial Results for the Year Ended March 31, 2024

2 Financial Forecasts for the Year Ending March 31, 2025

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.
In this document, the year ended March 31, 2023 is referred to as "Fiscal 2023," the year ended March 31, 2024 is referred to as "Fiscal 2024," the year ending March 31, 2025 is referred to as "Fiscal 2025," six months ended ending September 30 is referred to as "H1," three months ended ending June 30 is referred to as "1Q." Other fiscal years, half-year and quarterly periods are referred to in a corresponding manner.

See page one of the material. Today, I would like to explain the financial results for FY2024 and the forecast for FY2025, in this order, as described here.

First, I will explain the financial result for FY2024.

Financial Results for the Year Ended March 31, 2024 (1)



(Unit: Yen in millions)

	Year Ended March 31, 2023	Year Ended March 31, 2024	Change	
			Amount	%
Sales Revenue	2,025,332	2,004,221	-21,111	-1.0%
Operating Profit	128,517 (6.3%)	92,923 (4.6%)	-35,594	-27.7%
Profit Before Income Taxes	176,192 (8.7%)	136,143 (6.8%)	-40,049	-22.7%
Profit Attributable to Owners of the Parent	127,988 (6.3%)	101,074 (5.0%)	-26,914	-21.0%
EPS (Basic-yen)	89.15	71.58		
Average Exchange Rate	US\$ 135 yen	145 yen		
	Euro 141 yen	157 yen		

Note: Figures in parentheses represent percentages to sales revenue.

While orders in the automotive-related market improved, the semiconductor-related markets and information and communication-related markets did not recover due mainly to inventory adjustments, etc., resulted in decreased sales revenue and profits.

3

© 2024 KYOCERA Corporation

See page three.

Sales revenue for FY2024 amounted to JPY2.0042 trillion, down 1% from FY2023. Operating profit decreased 27.7% to JPY92.9 billion, profit before income taxes decreased 22.7% to JPY136.1 billion, and profit attributable to owners of the parent decreased 21% to JPY101.1 billion.

While the automotive-related market saw an improvement in orders, the semiconductor-related markets and information and communication-related markets were affected by inventory adjustments and other factors, resulting in lower sales and profits.

Financial Results for the Year Ended March 31, 2024 (2)



(Unit: Yen in millions)

	Year Ended March 31, 2023	Year Ended March 31, 2024	Change	
			Amount	%
Capital Expenditures	173,901 (8.6%)	161,684 (8.1%)	-12,217	-7.0%
Depreciation Charge of Property, Plant and Equipment	108,757 (5.4%)	111,724 (5.6%)	2,967	2.7%
R&D Expenses	94,277 (4.7%)	104,290 (5.2%)	10,013	10.6%

Note: Figures in parentheses represent percentages to sales revenue.

Some capital expenditures were delayed to the Year Ending March 31, 2025 onward mainly due to slower recovery of demand for our principal products.

See page four.

Capital expenditures totaled JPY161.7 billion, depreciation charge of property, plant and equipment was JPY111.7 billion, and the R&D expenses were JPY104.3 billion.

Due to a slower recovery of demand for our principal products, some capital expenditures were delayed to FY2025 onward, resulting in a decrease in capital expenditures.

Sales Revenue by Reporting Segment for the Year Ended March 31, 2024

(Unit: Yen in millions)

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

5

© 2024 KYOCERA Corporation

See page five. This is the sales revenue by reporting segment. I will explain the details later.

Business Profit (Loss) by Reporting Segment for the Year Ended March 31, 2024

(Unit: Yen in millions)

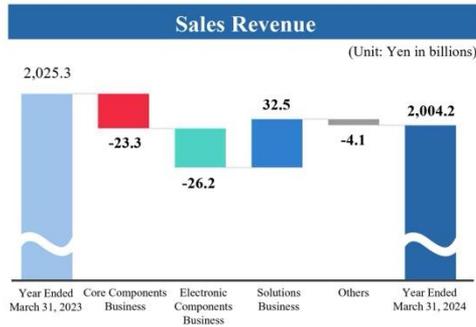
Business Profit by Reporting Segment	Year Ended March 31, 2023		Year Ended March 31, 2024		Change	
	Amount	% to Sales Revenue	Amount	% to Sales Revenue	Amount	%
Core Components Business	89,475	15.1%	57,226	10.1%	-32,249	-36.0%
Industrial & Automotive Components Unit	24,743	12.4%	26,409	11.8%	1,666	6.7%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

6

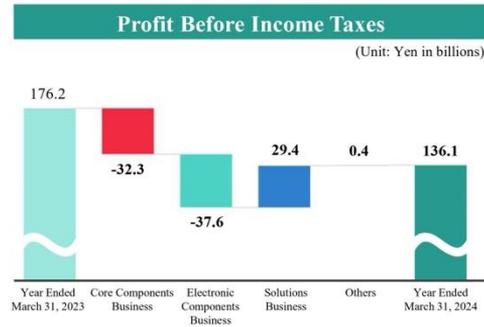
© 2024 KYOCERA Corporation

See page six. This is the of business profit by reporting segment.

Summary of Financial Results for the Year Ended March 31, 2024



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



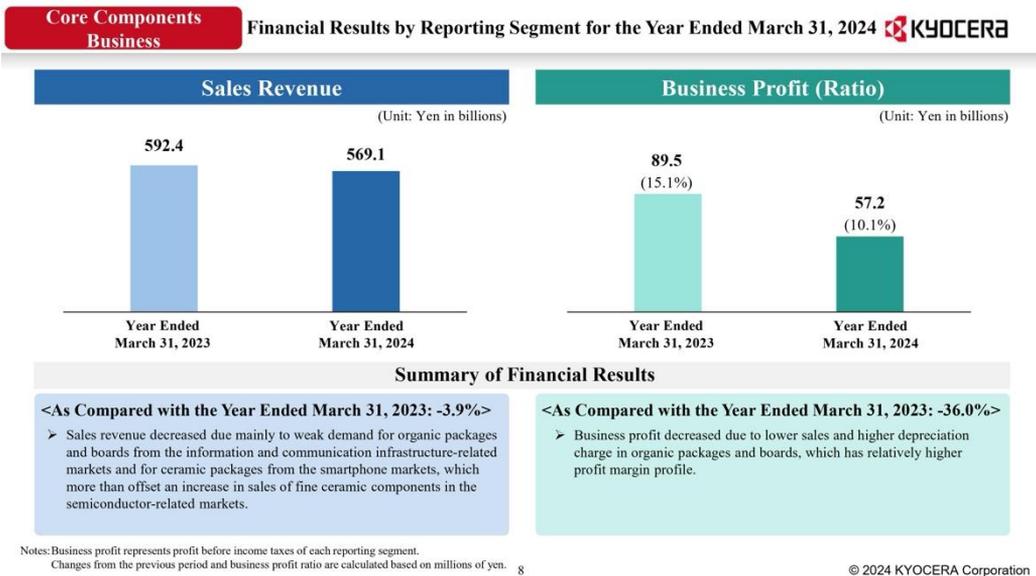
Profits decreased due mainly to lower utilization ratio of production facilities caused by a decrease in orders while we continue to make capital investment aggressively for future production expansion, as well as an increase in labor and other costs.

See page seven. This page shows a summary of the results for FY2024.

Please look at the sales revenue on the left side of the slide. By reporting segment, sales revenue of the Solutions Business increased, but sales revenue of the Core Components Business and the Electronic Components Business declined, mainly due to a decrease in orders for our principal products.

Next, please look at the profit before income taxes on the right side. Profit decreased mainly due to lower utilization ratio of production facilities resulting from a decline in orders received, while we continued to make aggressive investments for future production expansion, as well as higher labor and other costs.

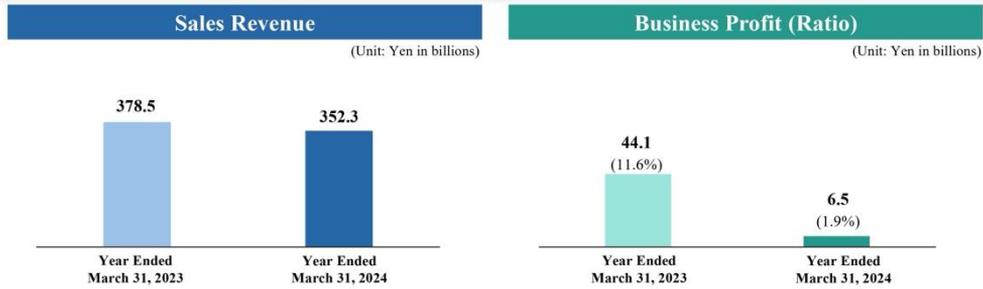
Details of sales revenue and profit for each reporting segment are explained on the next and subsequent pages.



See page eight. First, the Core Components Business.

Sales revenue for FY2024 was JPY569.1 billion. While sales of fine ceramic components for the semiconductor-related market increased, overall sales decreased mainly due to slowed market conditions for organic packages and boards for the information and communication infrastructure-related market and ceramic packages for the smartphone market.

Business profit was JPY57.2 billion. The profit decreased mainly due to lower sales of organic packages and boards and other products for the relatively profitable information and communications infrastructure-related market and higher depreciation charge in the organic packages and boards business.



Summary of Financial Results

<As Compared with the Year Ended March 31, 2023: -6.9%>

- Sales revenue decreased due mainly to inventory adjustments of components such as capacitors and crystal devices in the information and communication markets and the industrial equipment markets, although demand for some of these products has bottomed out.

<As Compared with the Year Ended March 31, 2023: -85.2%>

- Business profit decreased due to lower sales and significantly higher cost of sales ratio, which resulted from a lower utilization ratio, as well as restructuring costs, etc.

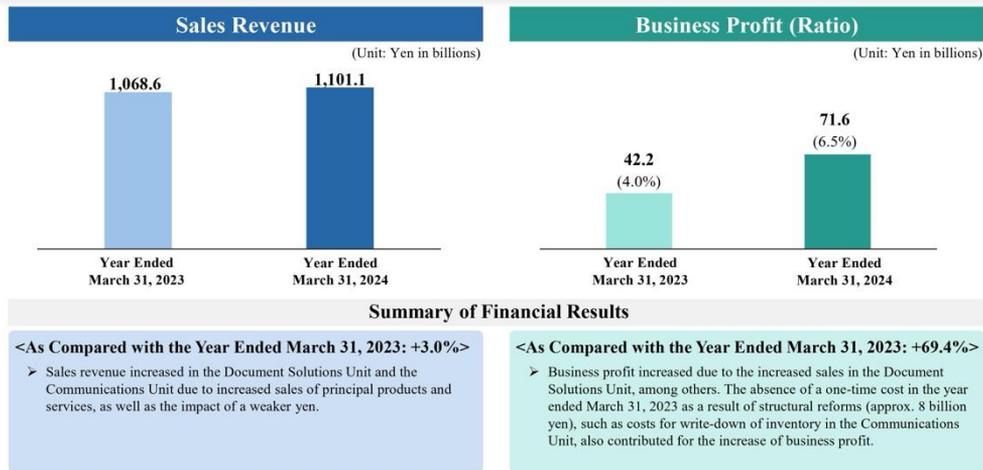
Notes: Business profit represents profit before income taxes of each reporting segment.
Changes from the previous period and business profit ratio are calculated based on millions of yen. 9

© 2024 KYOCERA Corporation

See page nine. The Electronic Components Business.

Sales revenue for FY2024 was JPY352.3 billion. In capacitors and crystal devices for the information and communications market and industrial equipment markets, demand bottomed out, but sales declined mainly due to a slump caused by inventory adjustments.

Business profit was JPY6.5 billion. Business profit decreased due to lower sales and significantly higher cost of sales ratio, which resulted from a lower utilization ratio, as well as restructuring and other costs.



Notes: Business profit represents profit before income taxes of each reporting segment.
Changes from the previous period and business profit ratio are calculated based on millions of yen. 10

© 2024 KYOCERA Corporation

See page 10. Finally, the Solutions Business.

Sales revenue for FY2024 was JPY1.1011 trillion. Sales revenue increased in the Document Solutions Unit and the Communications Unit due to increased sales of principal products and services, as well as the impact of a weaker yen.

Business profit was JPY71.6 billion. In addition to the effect of increased sales in the Document Solutions Unit and other businesses, the increase in profit was mainly due to the absence of the one-time cost of approximately JPY8 billion recorded as a result of structural reforms such as costs for write-down inventory in the Communications Unit, recorded in FY2023.

Financial Forecasts for the Year Ending March 31, 2025 (1)



(Unit: Yen in millions)

	Year Ended March 31, 2024	Year Ending March 31, 2025	Change	
			Amount	%
Sales Revenue	2,004,221	2,050,000	45,779	2.3%
Operating Profit	92,923 (4.6%)	110,000 (5.4%)	17,077	18.4%
Profit Before Income Taxes	136,143 (6.8%)	150,000 (7.3%)	13,857	10.2%
Profit Attributable to Owners of the Parent	101,074 (5.0%)	112,000 (5.5%)	10,926	10.8%
EPS (Basic-yen)	71.58	79.31		
Average Exchange Rate	US\$ Euro	145 yen 157 yen	145 yen 155 yen	

Notes:
 - Figures in parentheses represent percentages to sales revenue.
 - Forecast of EPS (Basic-yen) for the Year ending March 31, 2025 is calculated using the average number of shares outstanding during the Year ended March 31, 2024.

Forecasts both sales revenue and profits to increase based on the assumption that demand for the semiconductor-related and information and communication-related markets will show a recovery from the second half of the year ending March 31, 2025 onward.

12

© 2024 KYOCERA Corporation

Next, I will explain our full-year forecasts for FY2025.

See page 12.

In FY2025, although inventory adjustments are expected to continue in the semiconductor-related and information and communication-related markets, which are our main markets, we expect demand to recover from 2H of FY2025 onward, and therefore, we forecast higher sales and profits than in FY2024: sales revenue of JPY2.050 trillion, operating profit of JPY110 billion, profit before income taxes of JPY150 billion, and profit attributable to owners of the parent of JPY112 billion.

The assumed exchange rates for the forecast are JPY145 to the US dollar and JPY155 to the euro.

Financial Forecasts for the Year Ending March 31, 2025 (2)



(Unit: Yen in millions)

	Year Ended March 31, 2024	Year Ending March 31, 2025	Change	
			Amount	%
Capital Expenditures	161,684 (8.1%)	200,000 (9.8%)	38,316	23.7%
Depreciation Charge of Property, Plant and Equipment	111,724 (5.6%)	120,000 (5.9%)	8,276	7.4%
R&D Expenses	104,290 (5.2%)	120,000 (5.9%)	15,710	15.1%

Note: Figures in parentheses represent percentages to sales revenue.

Plan to make aggressive capital investment for future expansion of semiconductor-related products.

See page 13.

Capital expenditures are expected to be JPY200 billion, depreciation charge of property, plant and equipment to be JPY120 billion, and R&D expenses to be JPY120 billion. We are planning aggressive capital investments, including those postponed from FY2024, to increase the production of semiconductor-related products.

Sales Revenue Forecasts by Reporting Segment for the Year Ending March 31, 2025



(Unit: Yen in millions)

Sales Revenue by Reporting Segment	Year Ended March 31, 2024		Year Ending March 31, 2025		Change	
	Amount	Component Ratio	Amount	Component Ratio	Amount	%
Core Components Business	569,145	28.4%	580,000	28.3%	10,855	1.9%
Industrial & Automotive Components Unit	224,574	11.2%	232,000	11.3%	7,426	3.3%
Semiconductor Components Unit	314,649	15.7%	315,000	15.4%	351	0.1%
Others	29,922	1.5%	33,000	1.6%	3,078	10.3%
Electronic Components Business	352,277	17.6%	360,000	17.5%	7,723	2.2%
Solutions Business	1,101,625	54.9%	1,131,000	55.2%	29,375	2.7%
Industrial Tools Unit	310,740	15.5%	313,700	15.3%	2,960	1.0%
Document Solutions Unit	452,162	22.5%	470,000	22.9%	17,838	3.9%
Communications Unit	224,403	11.2%	231,300	11.3%	6,897	3.1%
Others	114,320	5.7%	116,000	5.7%	1,680	1.5%
Others	17,680	0.9%	16,000	0.8%	-1,680	-9.5%
Adjustments and Eliminations	-36,506	-1.8%	-37,000	-1.8%	-494	—
Sales Revenue	2,004,221	100.0%	2,050,000	100.0%	45,779	2.3%

See page 14. This is the sales revenue by reporting segment.

Business Profit (Loss) Forecasts by Reporting Segment for the Year Ending March 31, 2025

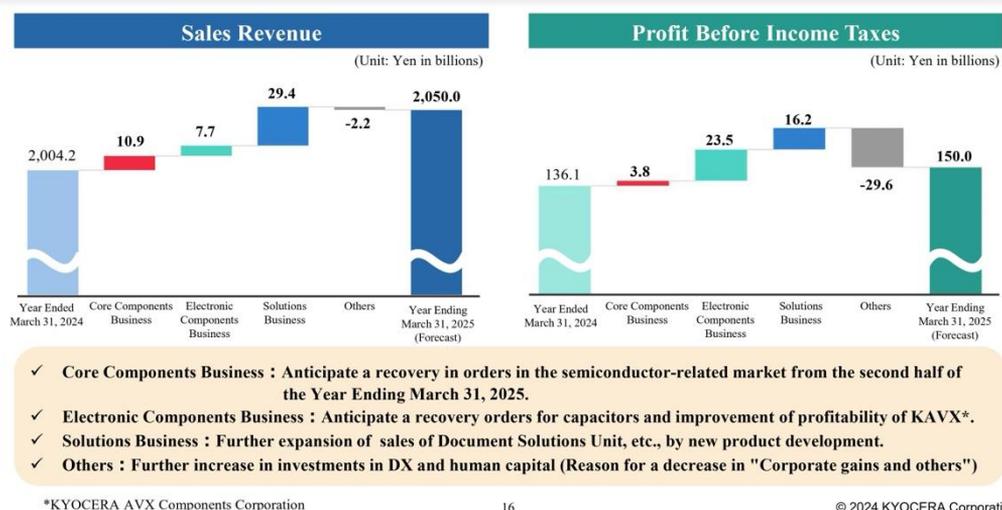


(Unit: Yen in millions)

Business Profit by Reporting Segment	Year Ended March 31, 2024		Year Ending March 31, 2025		Change	
	Amount	% to Sales Revenue	Amount	% to Sales Revenue	Amount	%
Core Components Business	57,226	10.1%	61,000	10.5%	3,774	6.6%
Industrial & Automotive Components Unit	26,409	11.8%	29,000	12.5%	2,591	9.8%
Semiconductor Components Unit	30,375	9.7%	31,000	9.8%	625	2.1%
Others	442	1.5%	1,000	3.0%	558	126.2%
Electronic Components Business	6,521	1.9%	30,000	8.3%	23,479	360.1%
Solutions Business	69,841	6.3%	86,000	7.6%	16,159	23.1%
Industrial Tools Unit	16,837	5.4%	22,000	7.0%	5,163	30.7%
Document Solutions Unit	43,940	9.7%	47,000	10.0%	3,060	7.0%
Communications Unit	6,964	3.1%	10,000	4.3%	3,036	43.6%
Others	2,100	1.8%	7,000	6.0%	4,900	233.3%
Others	-41,049	—	-47,000	—	-5,951	—
Total Business Profit	92,539	4.6%	130,000	6.3%	37,461	40.5%
Corporate Gains and Others	43,604	—	20,000	—	-23,604	-54.1%
Profit Before Income Taxes	136,143	6.8%	150,000	7.3%	13,857	10.2%

See page 15. This is the business profits by reporting segment.

Summary of Financial Forecasts for the Year Ending March 31, 2025

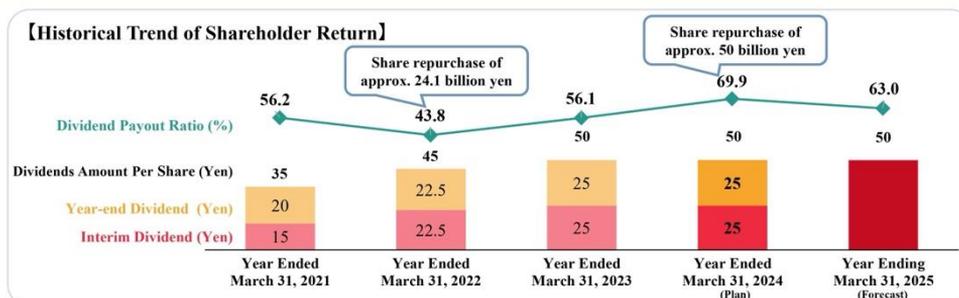


See page 16. This is a summary of the financial forecast.

The left graph shows changes from FY2024 in sales revenue and the right graph shows the same in profit before income taxes. We plan to increase both sales and profit in all reporting segments.

First, in the Core Components Business, we expect a recovery in demand for semiconductor packages and other products in 2H of FY2025 or later. Next, in the Electronic Components Business, in addition to a recovery in orders for capacitors and other products, we plan to improve the profitability of KAVX. In the Solutions Business, we plan to further expand sales in the Document Solutions Unit and other businesses by launching new products. On the other hand, the forecast call for further expansion of DX investment and human capital investment, and as a result, "Corporate Gains and Others" are expected to decrease compared to FY2024.

- (1) The Year Ended March 31, 2024**
 - Share repurchase of approx. 50 billion yen.
 - Plan to distribute annual dividend of 50 yen per share*
- (2) The Year Ending March 31, 2025**
 - Forecast annual dividend of 50 yen per share, the same amount as in the Year Ended March 31, 2024.



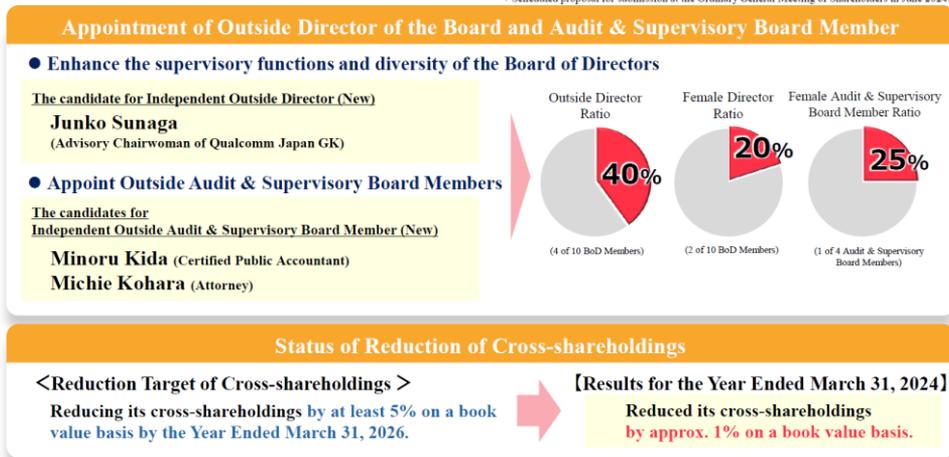
* Calculated based on the number of the shares after the stock split implemented on January 1, 2024.

See page 17. I would like to explain our shareholder return policy.

In FY2024, we repurchased approximately JPY50 billion of our own stock, as originally planned. We plan to pay an annual dividend of JPY50 per share.

The dividend for FY2025 is expected to be JPY50 per share, the same as in FY2024. We will continue to strive to expand our business performance and improve shareholder returns.

* Scheduled proposal for submission at the Ordinary General Meeting of Shareholders in June 2024.



See page 18. Finally, I would like to explain corporate governance initiatives.

The upper part shows the appointment of Outside Director and Outside Audit & Supervisory Board Members. In order to strengthen the supervisory function of the Board of Directors and to further diversify the composition of the Board, Ms. Junko Sunaga, Advisory Chairwoman of Qualcomm Japan GK, has been appointed as a candidate for the position of Independent Outside Director, thereby increasing the number of Directors by one.

In addition, with the expiration of the term for three Audit & Supervisory Board Members, Mr. Minoru Kida and Ms. Michie Kohara are newly appointed as candidates for Independent Outside Audit & Supervisory Board Members.

As a result, the ratio of Outside Directors will be 40%, the ratio of female Directors will be 20%, and the ratio of female Audit & Supervisory Board Member will be 25%.

The lower part of the slide is about the reduction of cross-shareholdings. In response to the quantitative target set last year of reducing cross-shareholdings by at least 5% on a book value basis by FY2026, we reduced cross-shareholdings by approximately 1% on a book value basis in FY2024. We will continue to promote further reductions to achieve the target to reduce the cross-shareholdings by at least 5%.

We will continue to strengthen corporate governance and strive to further enhance corporate value.

That is all for the explanation from me. We would like to ask for your continued support of our company. Thank you very much for your attention.

Question & Answer

<Questioner 1>

[Q]: First, regarding the recovery timing on major devices, it may be faster or slower depending on the application and the component. Please tell us how you see that for April to June, July to September, and October to December.

In this context, especially with regard to the investment planned to be increased for semiconductor-related production this time, I think that this kind of investment amount would not be used unless some future sales are in sight, while looking at sales, which is forecast mostly flat this year. I think it is probably for FY2026, but I would appreciate some more information on your assumptions about how much sales, what kind of products, etc., will be made in relation to this capital expenditure.

There was a story in the media the other day about a medium-term capital investment of JPY600 billion in semiconductor-related products, which I thought was quite a lot of money. I wondered whether such amount of money can be actually spent or whether such demand that requires that kind of money exists, so I would like to know about it including the background. Thank you.

[A]: Regarding the semiconductor-related components, first of all, with regard to fine ceramic components for semiconductor production equipment, the market for lithography systems and back-grinders and slicers for back-end processes continued to be very strong in FY2024, but the market for film deposition and etching systems declined considerably.

We believe that this is happening against a variety of backgrounds, but we expect a full-fledged recovery in film deposition and etching systems to begin around 4Q of FY2025. Therefore, our view is that it will not be until 4Q or later that semiconductor production equipment will become quite as brisk as it was two years ago.

Also, in terms of organic packages and boards, which have fallen sharply, we have heard that customers' inventories have not yet been fully consumed for the packages for traditional data center CPUs and switches, etc., which is our conventional products, because investment in traditional data centers has become a little more restrained and is being shifted more and more to AI servers. We believe that this too will recover in 2H of FY2025 and into 4Q. Not only conventional products, but also AI-related products will increase, but this one requires approval by customers, so we are of the view that it will take some time.

As for the amount of capital investment, our users are planning to invest a large amount of money in AI-related semiconductors. In order to develop the production system that is in line with users' investment plan, we are planning to spend a fairly large amount of money on both components for semiconductor production equipment and packages and boards.

[Q]: Are you saying that you are pointing out the fact that this has a direct link to investment in AI?

[A]: We are planning to invest considerably in what we call AI accelerators, which are a bit different from conventional CPUs, more like GPUs.

[Q]: Okay. What do you see in terms of differences in the timing of recovery by application and device for April to June, July to September, and October to December of this year?

[A]: Among semiconductors, demand for DRAM has been rising considerably since about 4Q of FY2024. It was said that NAND was slow to recover, but there are signs of gradual recovery in NAND as well. We expect that

demand for end-product semiconductor devices will begin to rise more quickly, but the timing of recovery of components for packaging process is expected to be around 4Q of FY2025.

[Q]: Do you think that the timing of recovery is a bit faster for electronic components, for example, capacitors and crystal devices?

[A]: In the area of electronic components, Samsung has announced an AI-equipped cell phone, and for the first time in several years, they announced a rather bullish outlook for cell phones. Therefore, we expect the Electronic Components Business to recover a little earlier, starting in 2H of FY2025.

[Q]: Do you expect a recovery in the Semiconductor Components Unit to delay in 4Q compared to that in the Electronic Components Business in 2H of FY2025?

[A]: That's roughly how it is.

[Q]: On the second major question, I understand that the announcement on the content of the discussion, including capital allocation and shareholder returns, will be made in the interim or in the fall. Please let me know if you have anything to share about this issue, such as what kind of discussions are active within the Company right now, what are the most important concerns, and what areas we should be aware of or consider more proactively.

[A]: We are considering all possibilities and are now sharing the advantages and disadvantages internally. We have not yet decided in which direction we will go, as we are still in the process of solemnly discussing the matter with the other party. We are considering all possibilities.

[Q]: Is it correct to say that basically the direction and main scenario that you have been discussing has not changed?

[A]: Yes. That's right.

[END]

Notes

1. This document was edited from the original recording and transcripts provided by SCRIPTS Asia, Inc.
2. In this document, the year ended March 31, 2024 is referred to as "FY2024," six months ended/ending September 30 is referred to as "1H," three months ended/ending June 30 is referred to as "1Q." Other fiscal years, half-year and quarterly periods are referred to in a corresponding manner.

Cautionary statement

This is an English translation of the Japanese original. This translation is prepared for the reference and convenience solely for those who do not use Japanese. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail. Except for historical information contained herein, the matters set forth in this document are forward-looking statements that involve risks and uncertainties including, but not limited to, product demand, competition, regulatory approvals, the effect of economic conditions and technological difficulties, and other risks detailed in the cautionary statements with respect to forward-looking statements on the company's website. (<https://global.kyocera.com/ir/disclaimer.html>)