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Management Reforms to Enhance Corporate Value

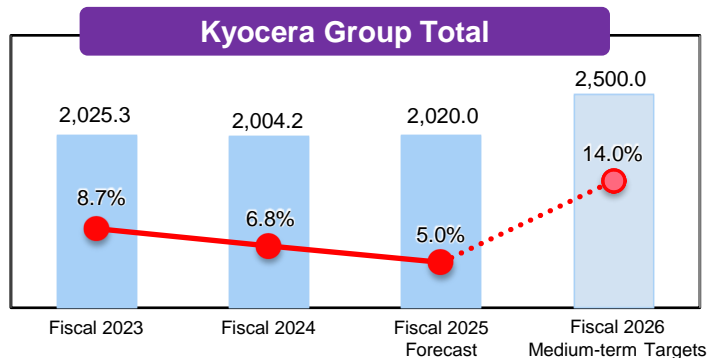
Notes: This is an English translation of the Japanese original. This translation is prepared for the reference and convenience solely for those who do not use Japanese. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

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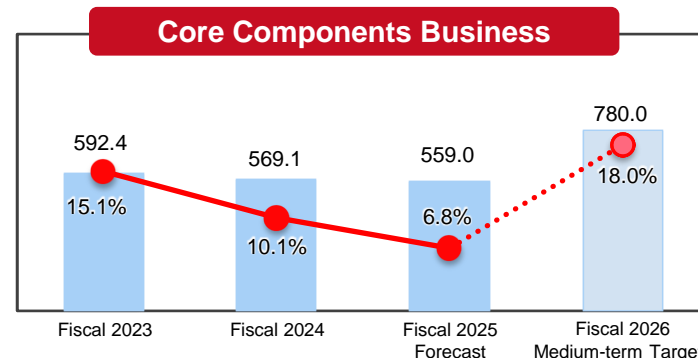
In this document, the year ended March 31, 2024 is referred to as “Fiscal 2024”, the year ending March 31, 2025 is referred to as “Fiscal 2025”, six months ended/ending September 30 is referred to as “1H,” three months ended/ending June 30 is referred to as “1Q.” Other fiscal years, half-year and quarterly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

# Progress of Medium-term Management Plan (By Fiscal 2026)

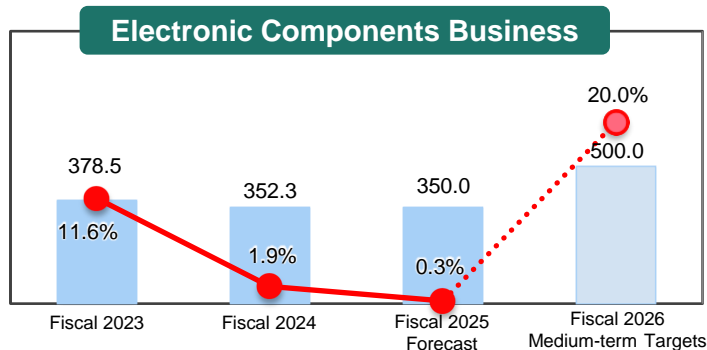
Sales Revenue (Yen in Billions) — Profit Ratio Before Income Taxes (%)



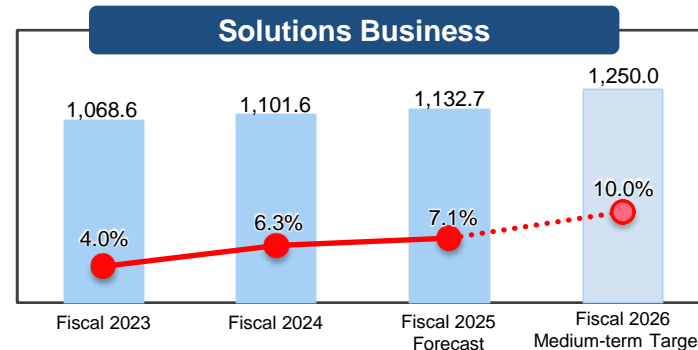
**Progress of both sales and profit towards the medium-term targets have been slower than expected**



**Profitability of Organic Packages Business has deteriorated**



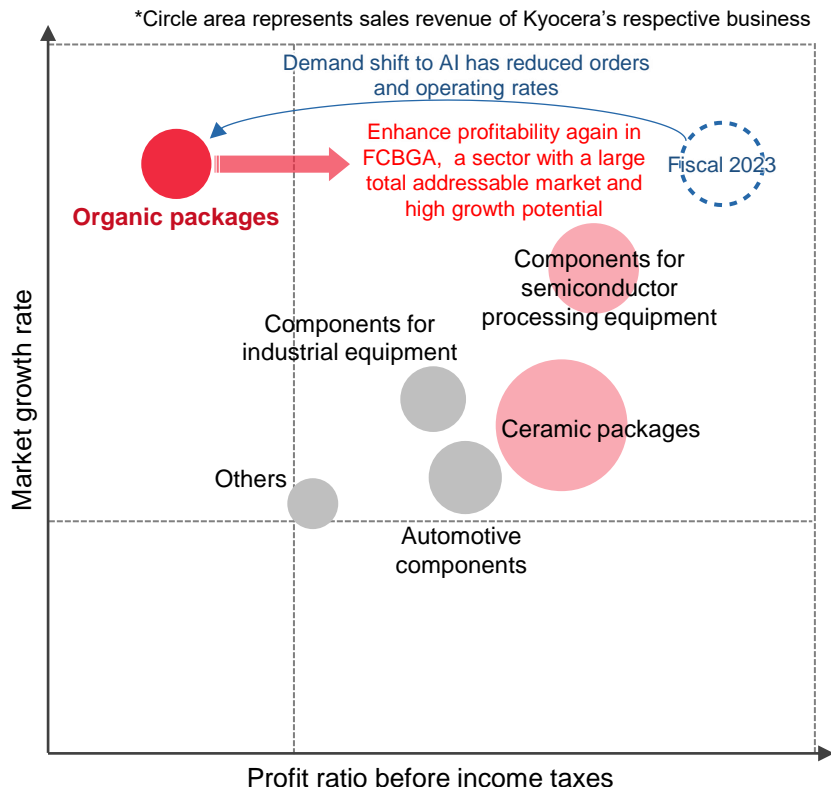
**Profitability of KAVX has declined**



**Medium-term targets are within reach**

Notes: Kyocera decided to change the classification of Energy Solutions Business, which was included in "Others," and share of net profit (loss) of investments accounted for using the equity method regarding investments in energy businesses, which was included in "Corporate gains and others," to "Others" under "Solutions Business" from fiscal 2025. With this change, the business results for fiscal 2024 have been reclassified in the same manner.

**Business Portfolio (Fiscal 2024)**



**Future Direction**

◆ **Enhance profitability in Organic Packages Business**

- ✓ Adjust workforce and capital expenditures according to market conditions
- ✓ Boost production line efficiency and quality through process reforms

→ **Project approx. two years for full-fledged profitability growth**

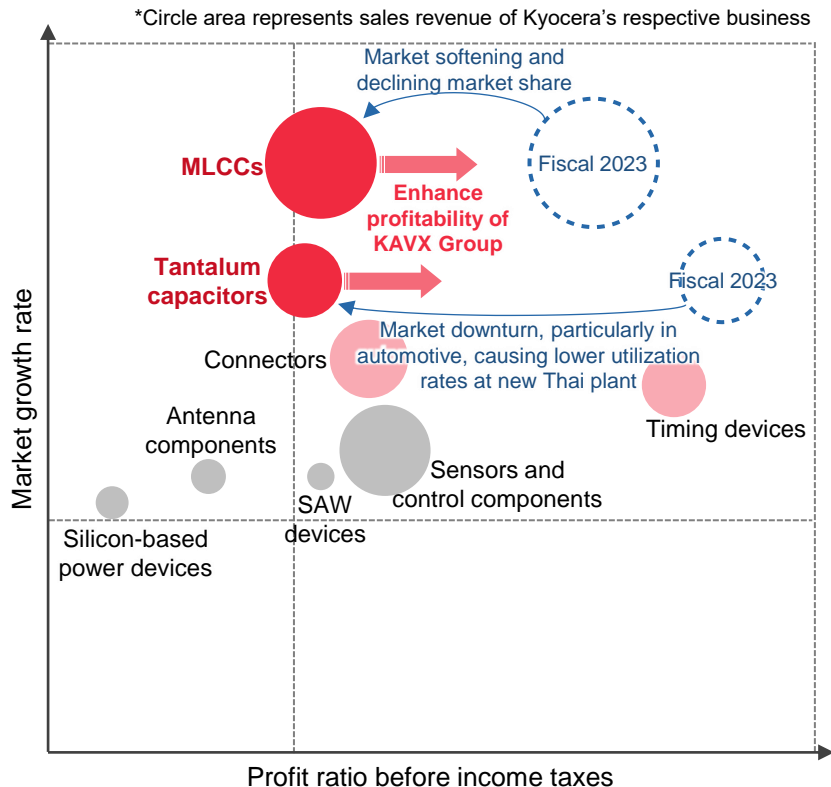
◆ **Develop technology for next-generation high-end FCBGAs**

- ✓ Strengthen the development of key technologies aimed at acquiring orders for next-generation high-end FCBGAs, such as AI-specific ASICs
- ✓ Leverage Kyocera's strengths to meet technical needs such as larger sizes, higher layer counts, and greater density



**Continue investing in FCBGAs which our current market share is low but has a large TAM and high growth potential**

**Business Portfolio** (Fiscal 2024)



**Future Direction**

◆ **Restructure businesses of KAVX Group**

- ✓ Invest Kyocera's resources (technology and personnel) in KAVX to strengthen production technology and equipment capabilities to increase competitiveness against MLCC rivals
- ✓ Focus on global sales activities in anticipation of automotive market recovery in 2025

→ **Project approx. two years for full-fledged profitability growth**

◆ **Strengthen MLCC and tantalum capacitor businesses**

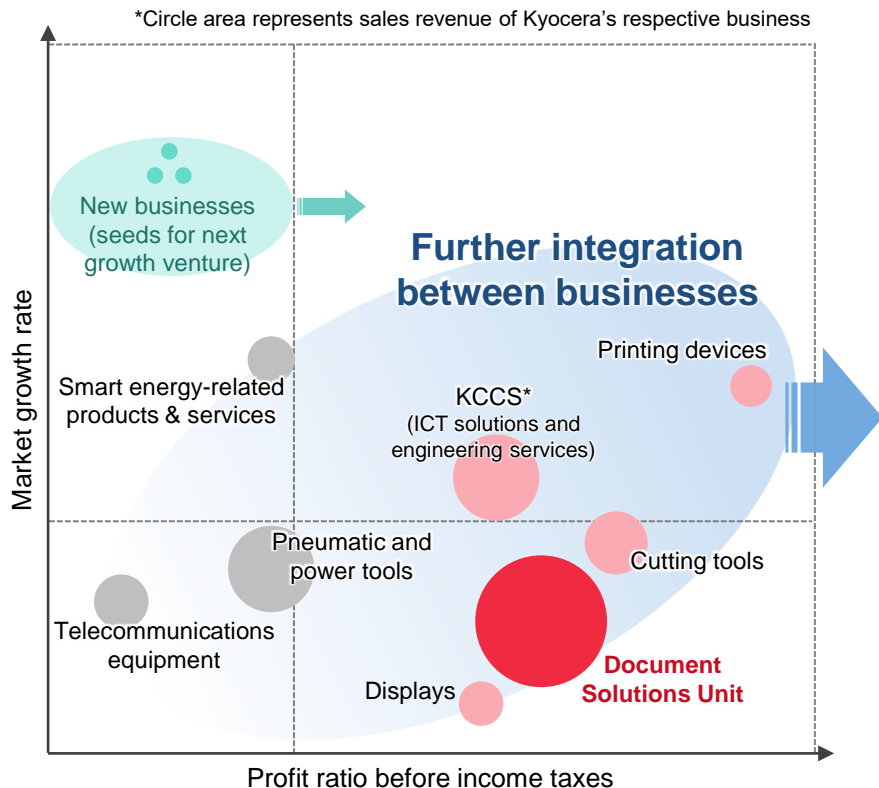
- ✓ Focus on developing new products for high-end semiconductors
- ✓ Expand into specialized markets in Europe and the U.S. (aerospace, defense, medical)

◆ **Consider withdrawal of non-core businesses and products**

◆ **Expand market share through strategic M&A**

**Conduct strategic M&A to expand market share and boost profitability**

## Business Portfolio (Fiscal 2024)



## Future Direction

- ◆ **Implement business-specific measures for high growth and high profitability**
  - ✓ Expand business and enhance profitability by proactively pursuing new challenges  
Document Solutions Unit / Printing devices / Cutting tools / KCCS / Displays
  - ✓ Enhance profitability through further structural reforms  
Telecommunications equipment / Smart energy-related products & services / Pneumatic and power tools
- ◆ **Drive further integration between businesses by maximizing utilization of resources of the Document Solutions Unit**
  - ✓ Consolidate hardware and software technology and production technology development capabilities
  - ✓ Strengthen sales framework by leveraging global marketing and distribution networks
- ◆ **Develop new business to create the next growth driver**

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## Changed Policy to Proceed with Sale of KDDI Shares

### Background

1. Since the establishment of DDI\* (now KDDI Corporation), the business situations of both companies have significantly changed. Reflecting this, Kyocera has determined that it is time to review its holding of KDDI shares.
2. Considering future funding needs, selling the shares is necessary as one possible means of raising capital.

Two strategies for pursuing an optimal capital structure by utilizing KDDI shares

Borrowing against KDDI shares



Sale of KDDI shares

#### <Key funding needs>

**Core Components Business**

Continued investment in cutting-edge equipment and technology development to meet advanced technological demands, such as semiconductor miniaturization

**Electronic Components Business**

Organic investment in advanced equipment and strategic M&A and capital alliances aimed at significantly improving market share

**Solutions Business**

Investment in growth areas within existing businesses and further strengthening R&D for new business creation

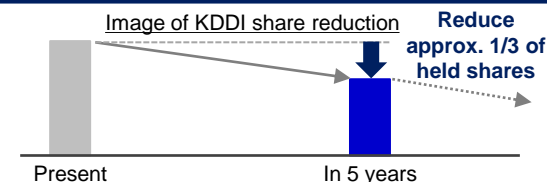
**Headquarters**

Fundamental restructuring of management infrastructure, with DX(digital transformation) investments for productivity enhancement and GX(green transformation) investments to meet customer demands

### Sale size and timing

**Sell approximately 1/3 of the held shares over the next five years and continue considering reductions thereafter.**

(Increase of number of shares sold or acceleration of timing will be considered by needs for funding such as M&A)



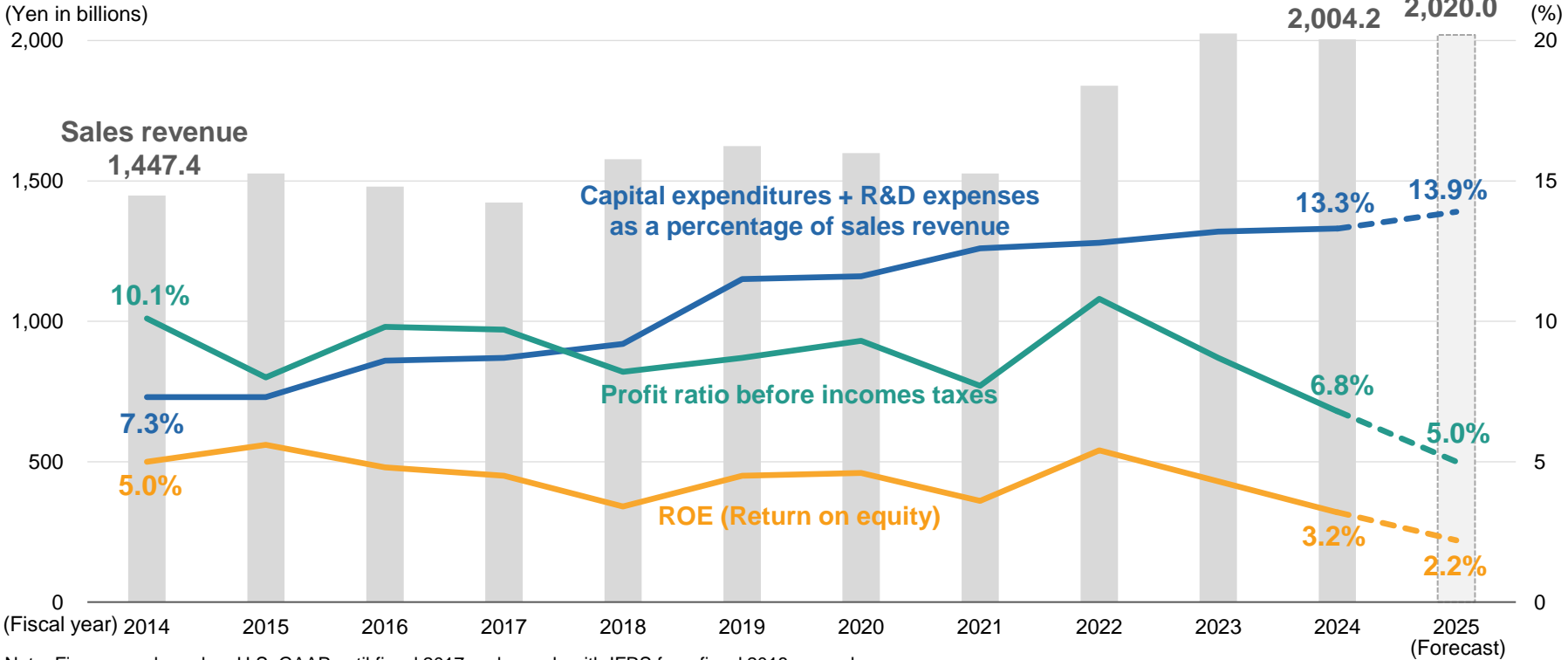
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# Current State of the Kyocera Group

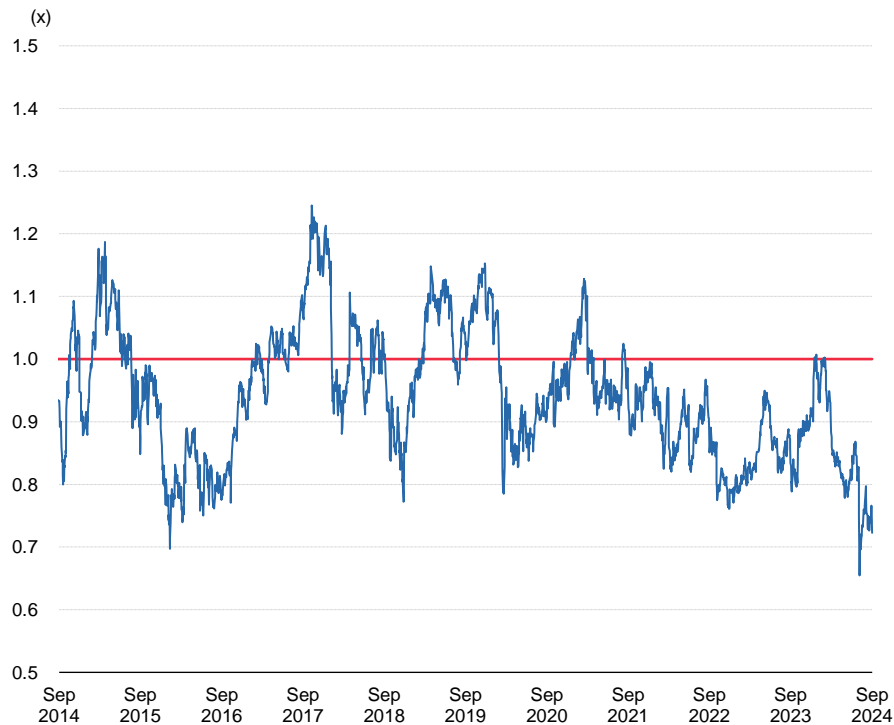


- Sales revenue has increased over the past decade, partly due to M&A effects
- Investments prioritized in the past five to six years, with returns still to come



Note: Figures are based on U.S. GAAP until fiscal 2017 and comply with IFRS from fiscal 2018 onward.

## Kyocera's Price-to-Book (P/B) Ratio



## Capital Market Assessment of Kyocera

- ✓ **Kyocera has diverse businesses but lacks a clear driver for overall profitability.**
- ✓ **Financial assets make up over half of market capitalization, highlighting the need for active investment in core businesses to foster investors' confidence on growth expectations for driving share price appreciation.**



## **<Future Initiatives of Kyocera>**

- **Clearly outline the strategic direction for each reporting segment and the overall goals of the Kyocera Group.**
- **Implement management reforms focused on capital efficiency, including a review of the business portfolio.**

## **[Policy]**

**Strengthen business portfolio management across the three reporting segments, namely the Core Components Business, the Electronic Components Business, and the Solutions Business, focusing on a management approach that further prioritizes profitability.**

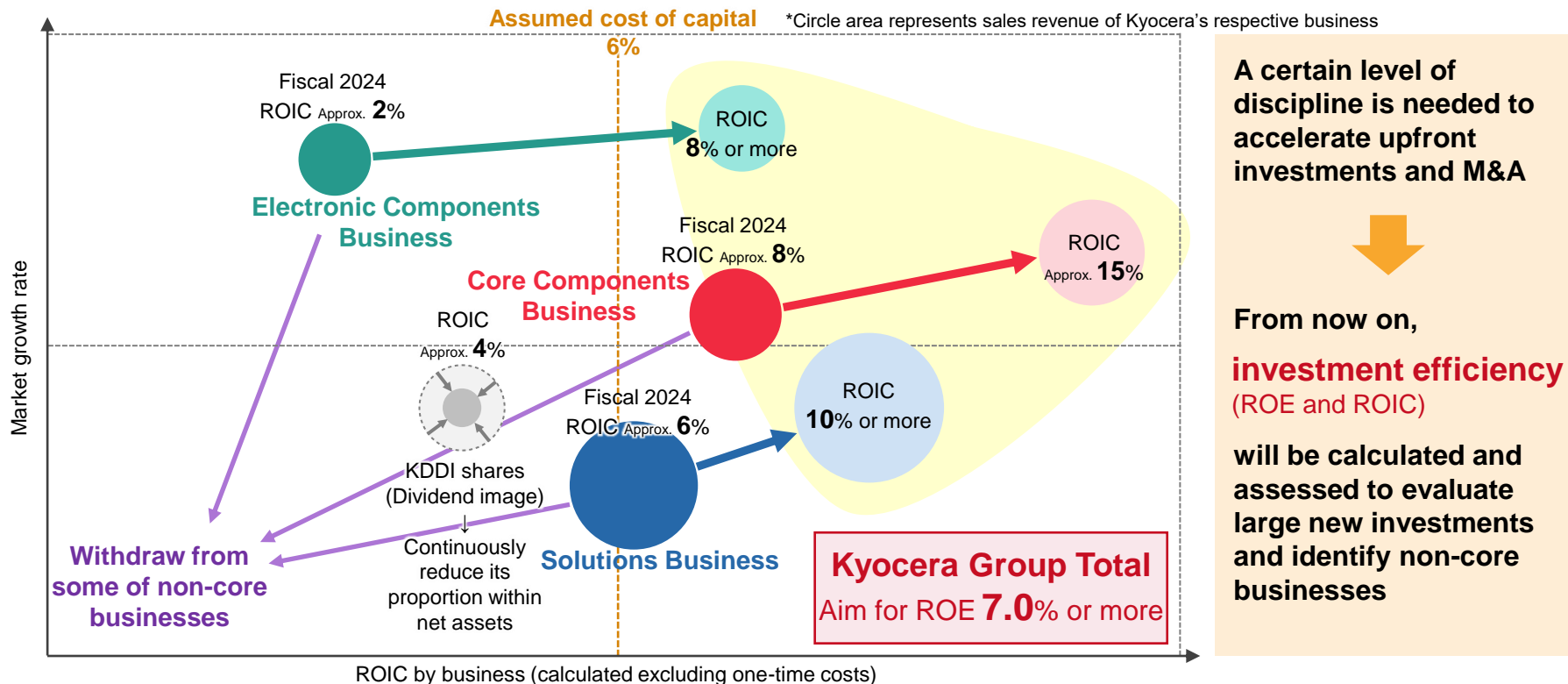
**1. Conduct a business portfolio analysis to categorize businesses into core and non-core**

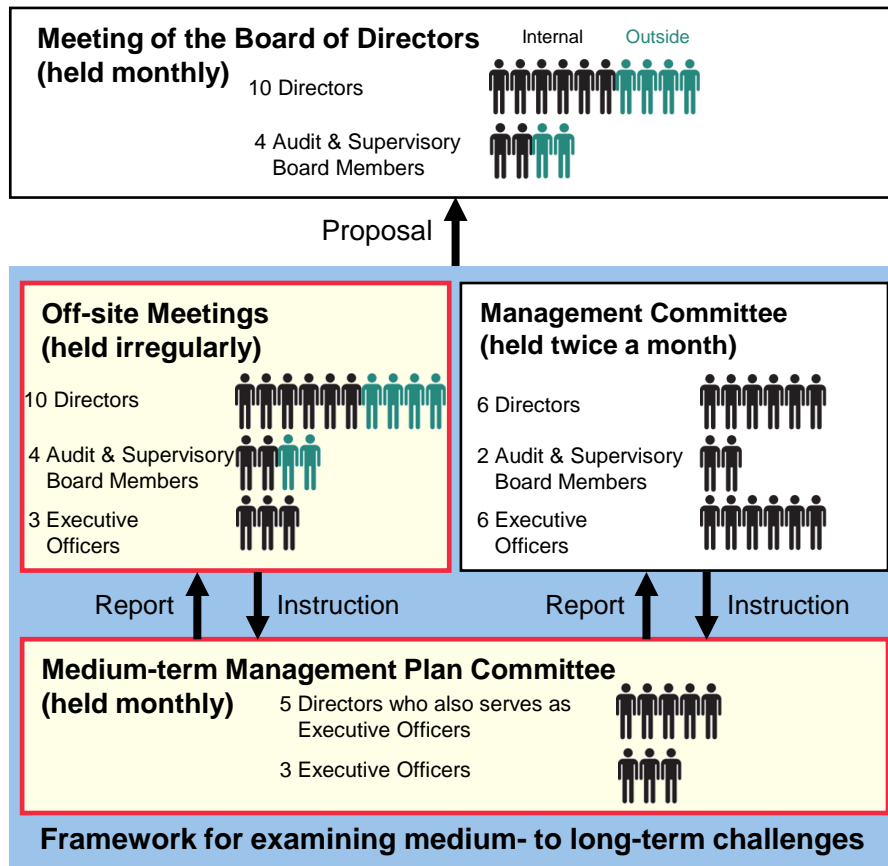
**2. Implement divestitures or withdrawals from certain non-core businesses to concentrate resources on core businesses**

**3. Effectively utilize proceeds from the sale of cross-shareholdings to enhance growth and profitability in core businesses**

**Strive to achieve ROE of 7% and a P/B ratio of at least 1 as an initial step, and aim for further improvement**

Build a sustainable business portfolio that adapts to various changes in the business environment through enhancing the value of each reporting segment





## Key topics under consideration

- ◆ **Business portfolio analysis**  
(Market growth rate / Market share / ROIC, etc.)
  - ◆ **Growth strategy including large investments and M&A**  
(Select investment areas and target companies based on portfolio analysis)
  - ◆ **Policy for reducing “cross-shareholdings” and fund allocation**  
(Comprehensively examine impact on ROE improvement, business growth, and risk scale for all options)
  - ◆ **Shorten term of office of Directors to one year**
  - ◆ **Policy regarding profit distribution**
- etc.

**Leverage the experience and insights of Outside Directors to conduct open and active discussions**

# 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.



KYOCERA Corporation