KYOCERA Corporation

Financial Presentation for the Six Months Ended September 30, 2024

Progress of Medium-term Management Plan and Future Initiatives

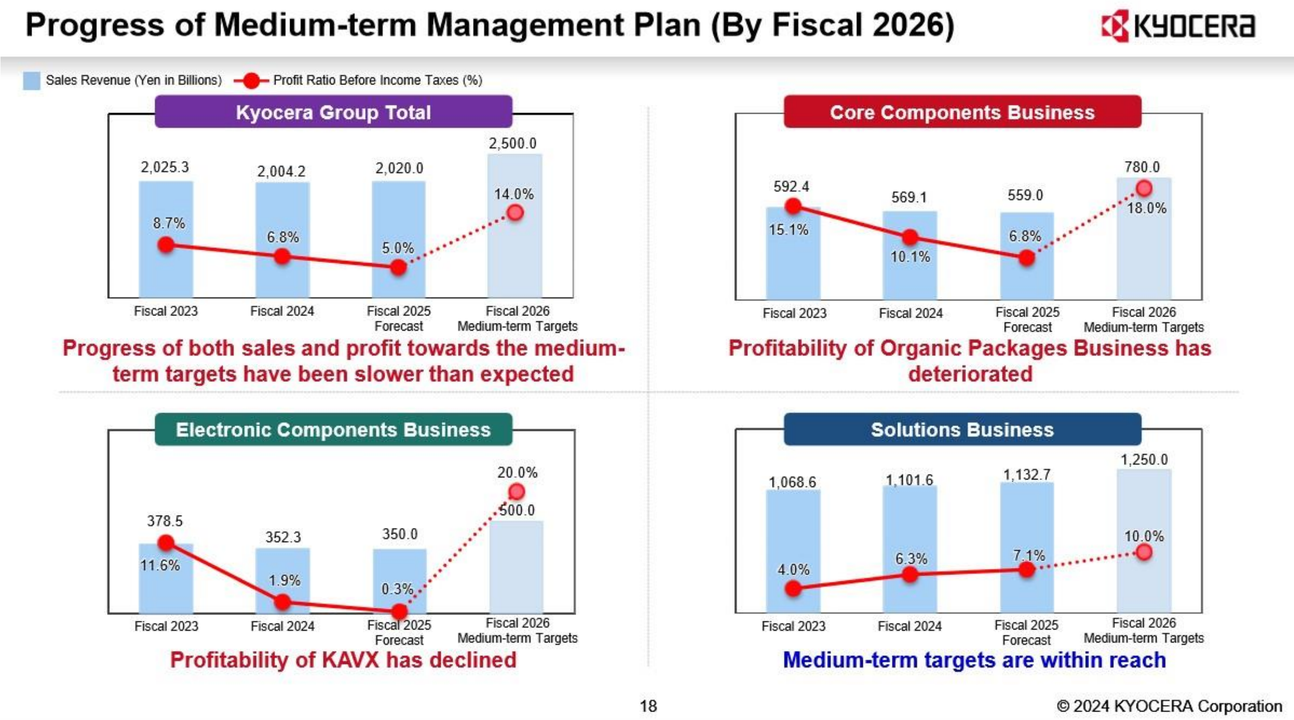
(Excerpts from Financial Presentation for the Six Months Ended September 30, 2024)

October 30, 2024

Event Summary

[Company Name]	KYOCERA Corporation
[Company ID]	6971-QCODE
[Event Language]	JPN
[Event Type]	Earnings Announcement
[Event Name]	Financial Presentation for the Six Months Ended September 30, 2024
[Fiscal Period]	FY2025 2Q
[Date]	October 30, 2024
[Time]	16:10 – 17:04 (Total: 54 minutes, Presentation: 26 minutes, Q&A: 28 minutes)
[Venue]	Webcast
[Number of Speakers]	5

Hideo Tanimoto	President and Representative Director
Hiroshi Fure	Director, Managing Executive Officer
Norihiko Ina	Director, Managing Executive Officer
Koichi Kano	Director, Managing Executive Officer
Shoichi Aoki	Director, Managing Executive Officer



I will explain the progress of our Medium-term Management Plan and our future direction.

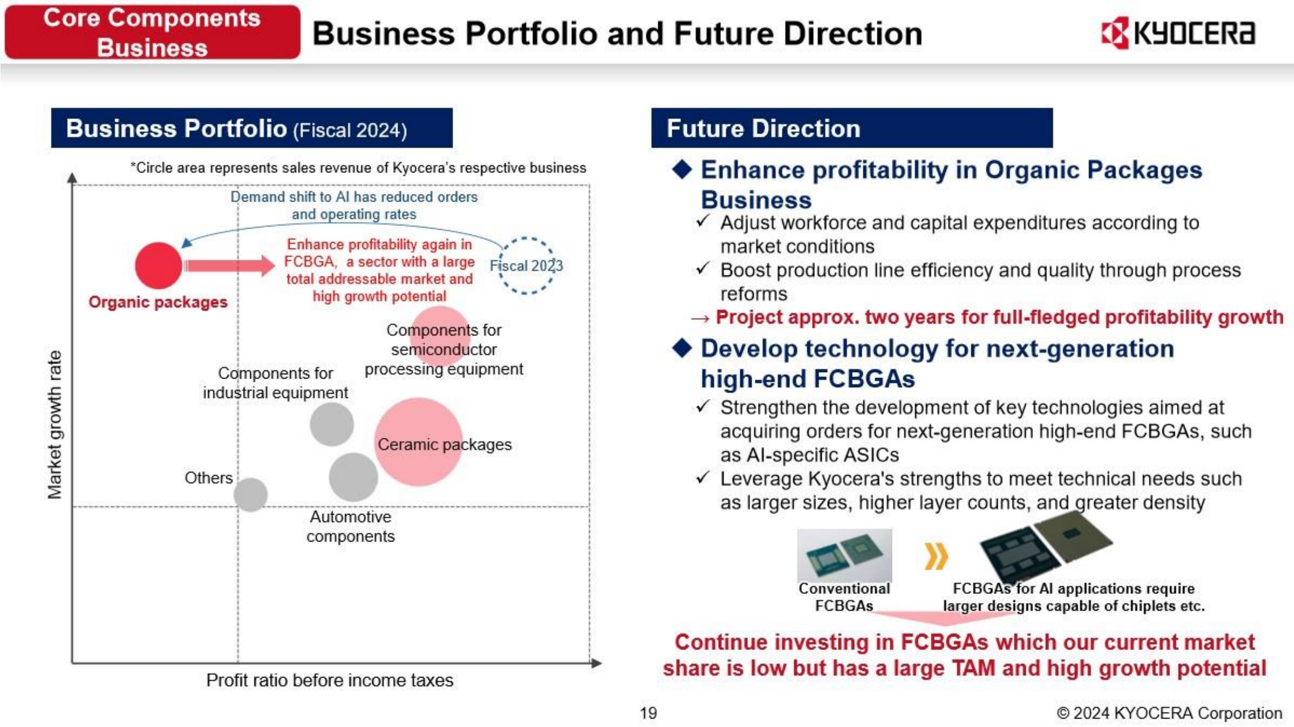
Please see page 18.

The bar graph shows net sales for the Kyocera Group as a whole and for the Core Components Business, the Electronic Components Business, and the Solutions Business, and the line shows the pre-tax profit margin. The figures for the fiscal year ending March 31, 2025, represent the forecast for the current fiscal year; and those for the fiscal year ending March 31, 2026, represent the target figures set in the Medium-term Management Plan.

As shown for the Kyocera Group as a whole in the upper-left corner, both sales and profit margins are lagging behind medium-term targets, mainly due to the Organic Packages Business in the Core Components Business in the upper right corner and the deteriorating profitability of the KAVX Group in the Electronic Components Business in the lower left corner.

The Solutions Business in the lower right are generally on track to achieve the medium-term targets.

The status for each reporting segment will be explained on the following pages.



Please see page 19.

First, the Core Components Business.

The graph on the left shows the major business portfolios within the Core Components Business for the previous fiscal year ended March 31, 2024, with the horizontal axis representing pre-tax profit margin, the vertical axis representing market growth, and the pie size representing net sales.

In the fiscal year ended March 31, 2023, the Organic Packages Business was at the dotted circle in the upper-right corner of the graph as sales grew for general-purpose data centers, and together with ceramic packages and components for semiconductor processing equipment, the business maintained high profitability. However, in the fiscal year ended March 2024, orders decreased due to a sharp shift in demand of organic packages, particularly for FCBGA, to AI.

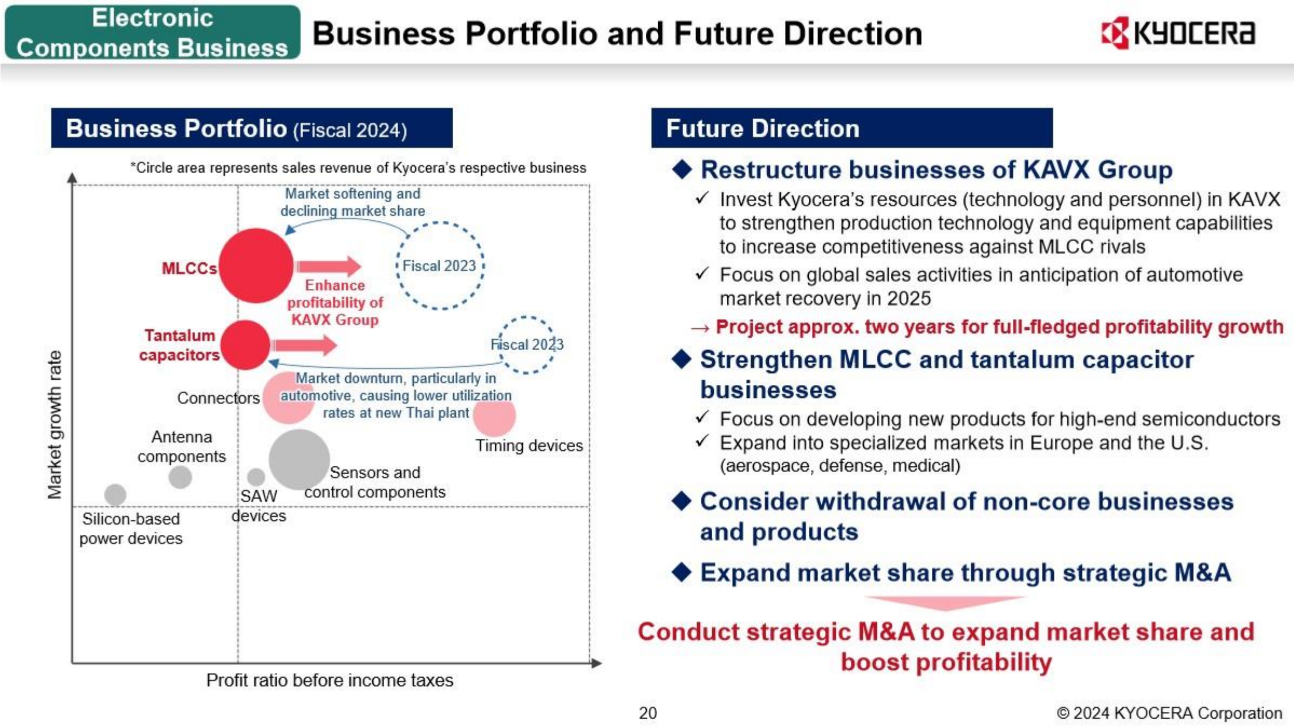
As a result, the utilization rate of our facilities declined, and the Organic Packages Business faced difficult condition in the previous fiscal year, and this situation continues to this day.

Next, I would like to explain our future plans.

The first is to improve profitability through structural reforms in the Organic Packages Business. We will control personnel structure and capital investment according to market conditions and improve production line efficiency and quality through process reforms. We expect that it will take about two years to achieve a full-fledged improvement in earnings through these initiatives.

We will also work to develop technologies for next-generation high-end FCBGAs to expand our business. To win orders for next-generation high-end FCBGAs, such as AI-specific ASICs, we will strengthen the development of key technologies and leverage our strengths to meet technological needs for larger size, higher layer counts, and greater density.

FCBGA is a market with a large TAM and is expected to grow at a high rate in the future, so although our current market share is low, we intend to continue to invest in this market and make it one of our business axes again.



Please see page 20.

The Electronic Components Business.

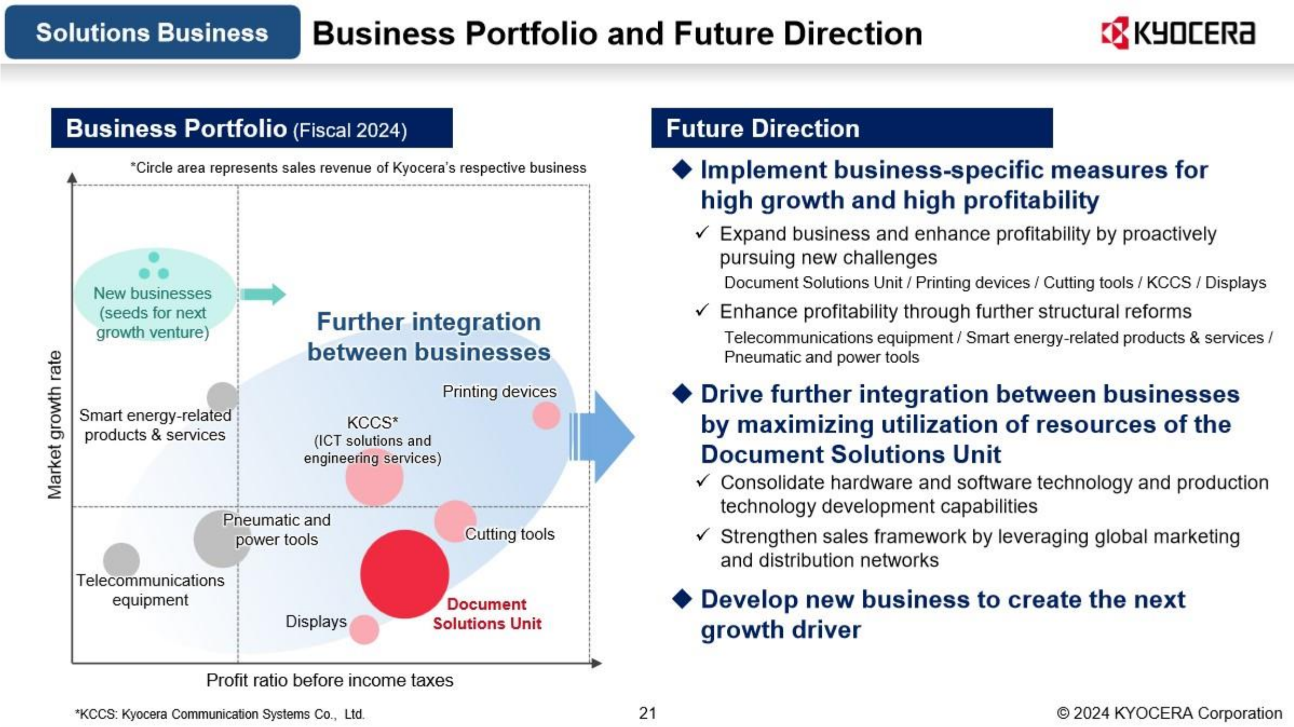
The graph on the left shows the main product portfolio within the Electronic Components Business, and it works the same way as the previous reporting segments.

In the previous fiscal year, the KAVX Group's profitability declined significantly due to the softening of the MLCC market, a decline in market share, and the significant impact of lower capacity utilization at the new plant in Thailand as a result of sluggish market conditions, particularly in the automotive market.

First, we will work to rebuild the business of this KAVX group. To compete with MLCC competitors, we will invest Kyocera's resources in terms of technology and human resources to fundamentally strengthen our production technology and facility capabilities, and since we expect the automotive market to recover next year, we will strengthen our global sales activities. We expect that it will take about two years for these efforts to fully improve profitability.

While striving to rebuild KAVX's business, the Company will also work to strengthen its product capabilities. To strengthen the business of MLCCs, which are expected to grow at a high rate, and tantalum capacitors, in which we have a large market share, we will focus on developing new products for high-end semiconductors and expand the business for special applications in Europe and the United States.

In addition, we will consider withdrawal from non-core businesses and products and take measures to expand market share through strategic M&A. Thus, we believe that strategic M&A to expand market share and improve profitability is important for the growth of the Electronic Components Business.



Please see page 21.

Lastly, the Solutions Business.

The graph on the left shows the main business portfolios within the Solutions Business.

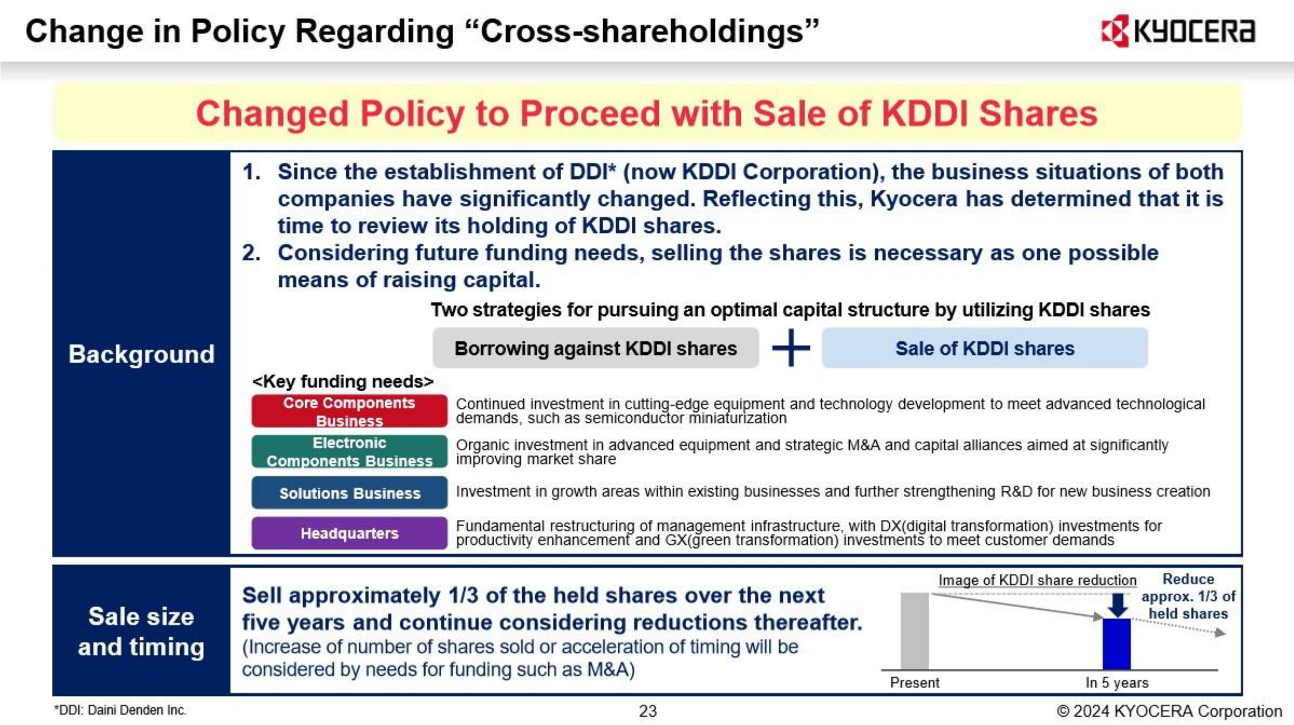
We will further improve profitable businesses such as Document Solutions Unit, Printing Devices Business, and Cutting Tools Business, while continuing to implement structural reforms in Telecommunication Equipment Business and Smart Energy Business, as indicated in the Medium-term Management Plan, to improve profitability of the reporting segment as a whole.

We will work on three major areas as our future direction.

The first is the implementation of business-specific measures to achieve high growth and high profitability. In the Document Solutions Unit, Printing Devices, Cutting Tools, KCCS and Displays , we will work to expand business and improve profitability by aggressively addressing new issues, while in the Telecommunications Equipment, Smart Energy–related Products and Services, Pneumatic and Power Tools, we will improve profitability through structural reforms.

The second point is further integration between the businesses, making the most of the resources that Document Solutions Unit has. We will work to strengthen our sales structure by consolidating our hardware and software technology development and production technology development capabilities, and by leveraging our global marketing and sales network.

The third point is new business development for the creation of the next growth business. We will actively invest in R&D in new businesses, which is shown on the left side of the portfolio, to create businesses that will drive the future growth of the solutions business.



I would like to explain the change in our policy regarding cross-shareholdings. Please see page 23.

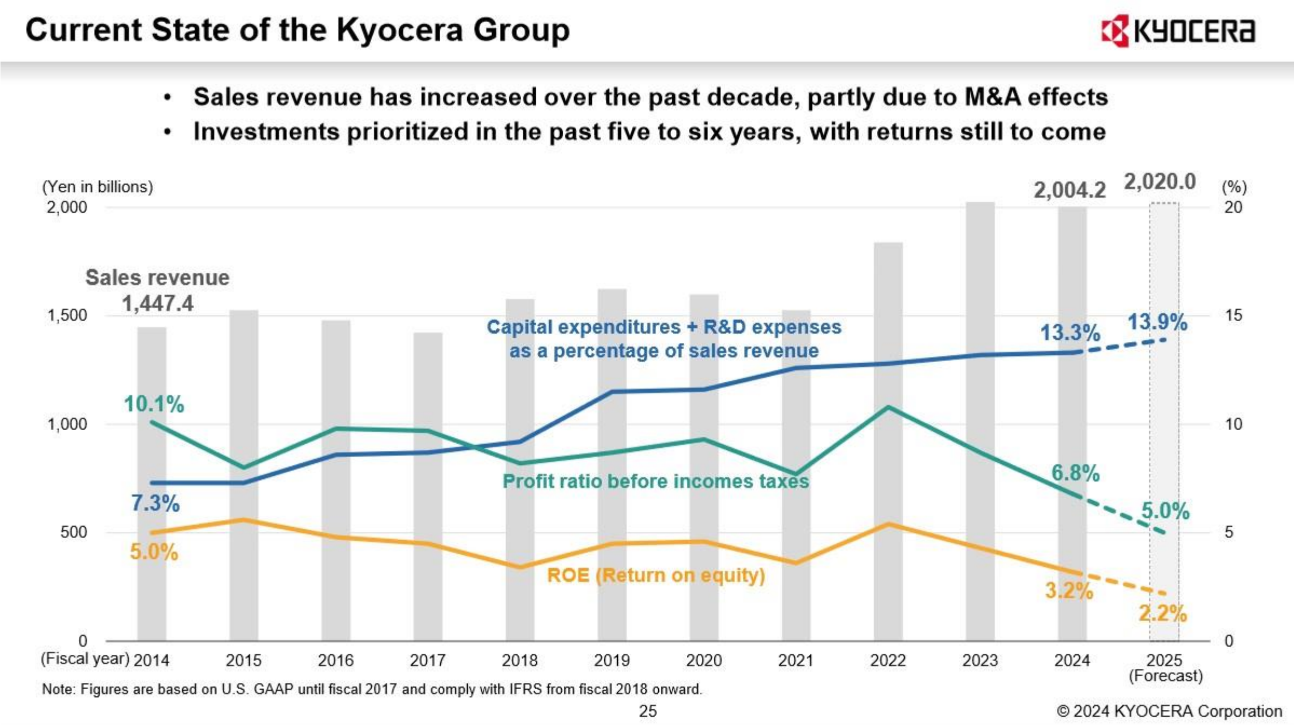
Our basic policy has been to maintain our holdings of KDDI shares. We are now determined to proceed with the sale of KDDI shares.

One of the reasons for this is that since the establishment of Daini-Denden Inc., the business conditions of both companies have changed significantly, and it is time to reconsider shareholdings. In addition to this, in view of our future capital needs, we have determined that a sale is also necessary as a means of raising funds.

Currently, we are borrowing against KDDI stock, but since this has kept our financing costs low, we will continue to borrow against collateral and sell KDDI stock.

The middle part of the slide shows the major capital needs of each segment. We believe that further investment is necessary for our sustainable growth, including the introduction of state-of-the-art facilities, strategic M&A, and company-wide DX investment.

As for the scale and timing of the sale, as shown at the bottom, we will sell about one-third of our shareholdings over the next five years and will consider continuous reductions thereafter. We will consider increasing the number of shares sold or shortening the timeframe as needed to meet funding needs for M&A and other purposes.



Last, I would like to explain our future initiatives to enhance corporate value. Please see page 25.

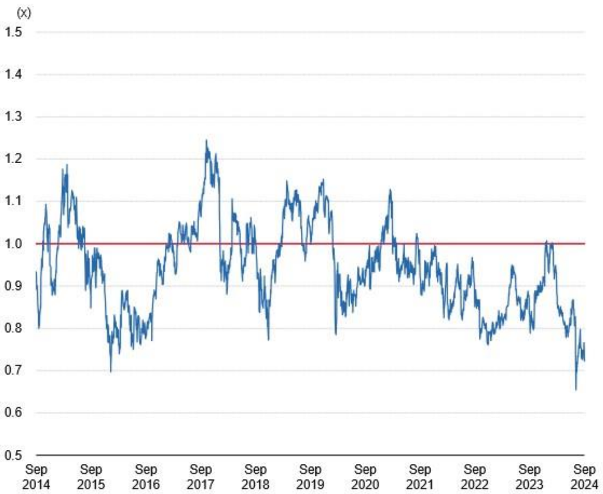
This chart shows the performance trend from the fiscal year ended March 31, 2014, to the current fiscal year ending March 31, 2025. The gray bar graph shows net sales, the blue line shows the ratio of total capital expenditures and R&D expenses to net sales, the green line shows the pre-tax profit margin, and the orange line shows the ROE.

While sales have increased over the past 10 years, due in part to M&A, the most recent several years have been preceded by capital expenditures and R&D investments, the contribution of which is still expected to be far in the future.

Kyocera from the Perspective of the Capital Market

KYOCERA

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.**

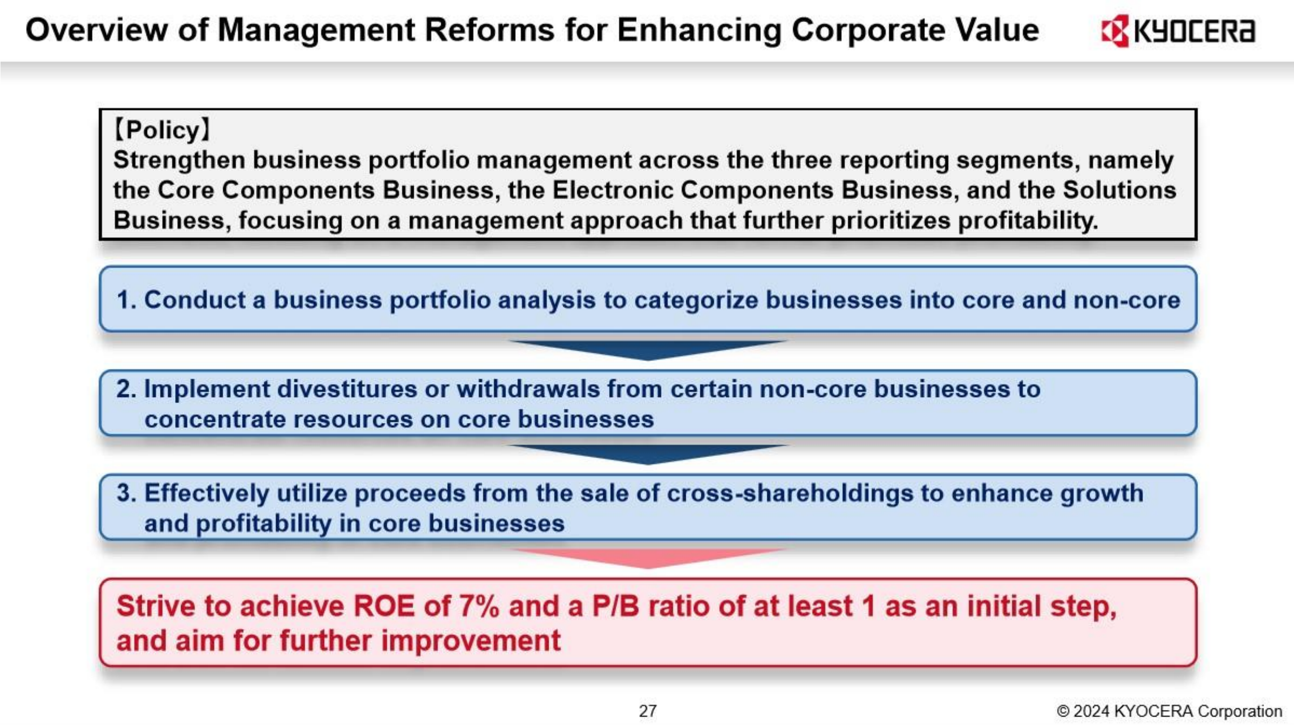
26

Please see page 26.

As for Kyocera from the perspective of the capital market, the left side of the slide shows our price-to-book ratio (PBR) since September 2014, which has remained around one time for the past 10 years.

As shown on the right, we have received feedback that Kyocera has diverse businesses and lacks a clear driver for overall profitability. We have also received expectations for the use of our financial assets for business growth with the opinion such as, "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."

In the future, along with business strategies for each reporting segment, we intend to clearly state the direction that the Kyocera Group as a whole should aim for and implement management reforms with an awareness of capital efficiency, including a review of our business portfolio.

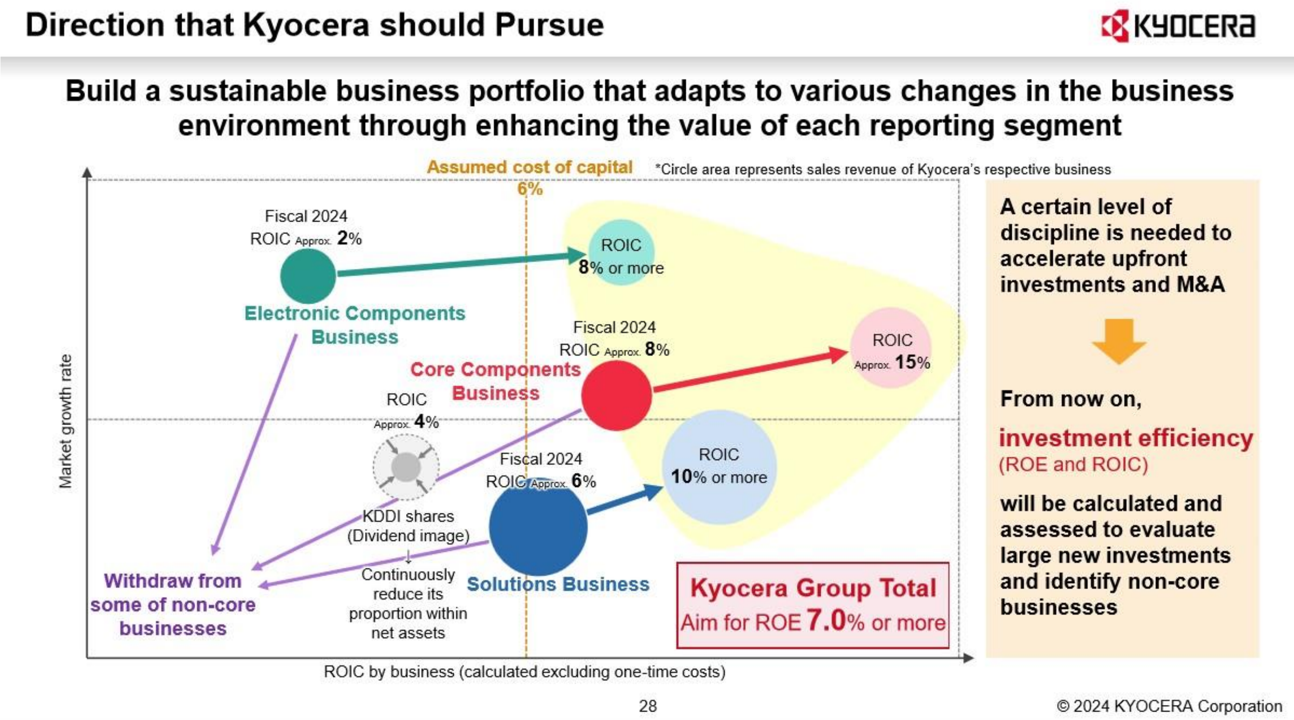


Please see page 27.

This is an overview of management reforms aimed at enhancing corporate value.

The first major policy is to strengthen business portfolio management in the three reporting segments of the Core Components Business, the Electronic Components Business, and the Solutions Business; and to manage the business with a greater emphasis on profit, and the specific steps are as described.

First, we will conduct a business portfolio analysis to categorize the businesses into core and non-core. Next, we will partially withdraw from non-core businesses and concentrate resources on core businesses. In order to grow our core business and improve profitability, we will first achieve ROE of 7% or more and P/B ratio of one time or more by effectively using the funds from the sale of strategic shares and then aim for further improvement.



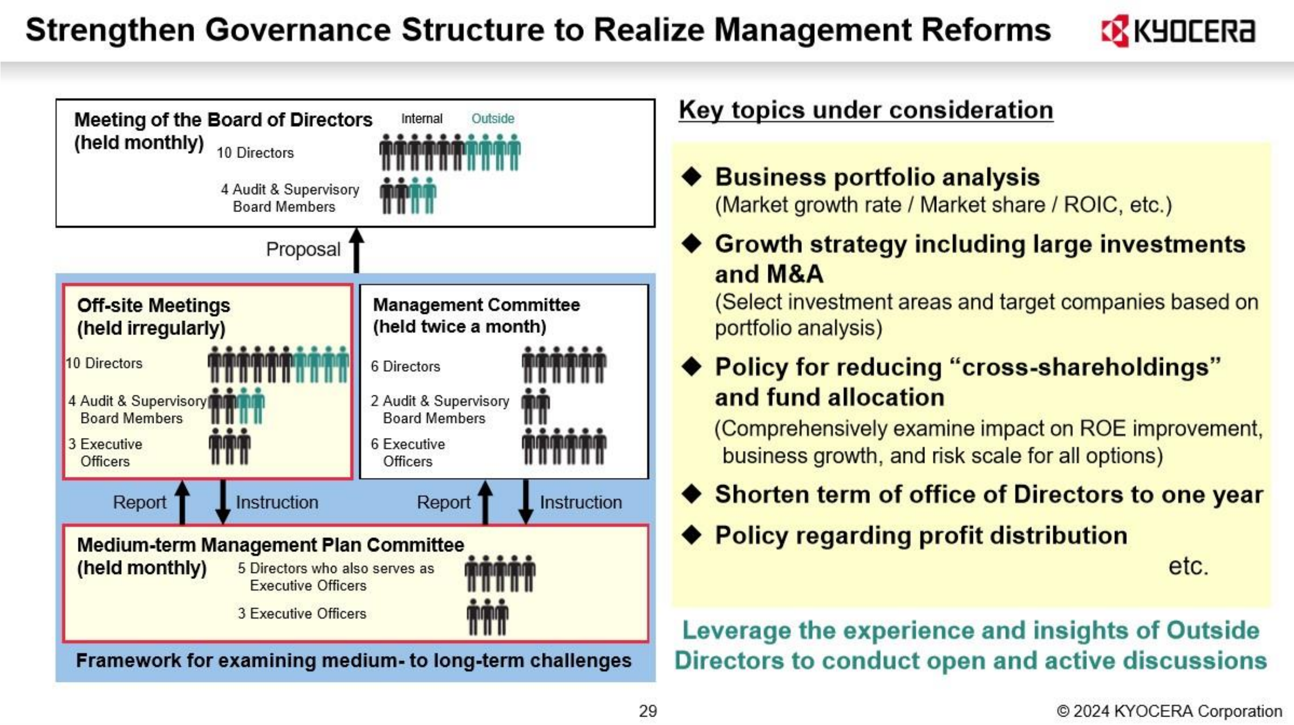
Please see page 28.

We will explain the direction that the Kyocera Group should aim for.

The graph here shows the portfolio of three segments: the Core Components Business in red, the Electronic Components Business in green, and the Solutions Business in blue, with ROIC by business on the horizontal axis and market growth rate on the vertical axis. The orange dashed line in the center represents 6% of our assumed cost of capital, with KDDI shares shown in gray for reference.

We believe that a certain degree of discipline is necessary in accelerating upfront investments and M&A, using funds from the sale of cross-shareholdings as well. In order to identify large new investments and non-core businesses, we intend to make decisions in light of investment efficiency, such as ROE and ROIC.

In each of the three reporting segments, we will focus on core businesses and partially withdraw from non-core businesses to increase growth and profitability to the upper right area, and at the same time, by continuously reducing the ratio of KDDI stock to net assets, we will build a sustainable business portfolio that can respond to various changes in the business environment through improving the business value of each segment.



Please see page 29.

Finally, I will explain how we are strengthening our governance structure to achieve management reform.

Currently, in order to intensively consider medium- and long-term management measures, in addition to the existing Management Committee and Meeting of the Board of Directors, we hold monthly Medium-term Management Plan Committee and Off-site Meetings for discussions with Outside Directors and Outside Audit & Supervisory Board Members which are held irregularly, as shown in the red frame in the figure on the left.

In addition to the business portfolio analysis for each reporting segment and the entire company, growth strategies including major investments in core businesses and M&A, policy for reducing cross-shareholdings and the use of funds, as explained in the overview today, the shortening of the term of office of Directors to one year, and profit distribution policies such as dividend payout ratio and DOE are also under consideration. We will make an official announcement as soon as a decision is made.

In this way, we will continue to build a governance structure that allows frank and lively discussions, taking advantage of the experience and insights of outside directors and officers, and will continue to study ways to improve our corporate value.

This concludes all for the explanation from me.

We would like to ask for your continued support of our company.

Thank you for your attention.

[END]

Notes

1. *This document was edited from the original recording and transcripts provided by SCRIPTS Asia, Inc.*
2. *In this document, the year ending March 31, 2025 is referred to as "FY2025," 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