Kyocera Corporation

Financial Presentation for the Year Ended March 31, 2025

May 14, 2025

Event Summary

[Company Name]	Kyocera Corporation
[Company ID]	6971
[Event Language]	JPN
[Event Type]	Earnings Announcement
[Event Name]	Financial Presentation for the Year Ended March 31, 2025
[Fiscal Period]	Fiscal 2025 Annual
[Date]	May 14, 2025
[Time]	17:15 – 18:21 (Total: 66 minutes, Presentation: 32 minutes, Q&A: 34 minutes)
[Venue]	Webcast
[Number of Speakers]	5

Hideo Tanimoto	President and Representative Director
Norihiko Ina	Director, Senior Managing Executive Officer
Shiro Sakushima	Senior Managing Executive Officer
Michinori Yamada	Managing Executive Officer
Hiroaki Chida	Managing Executive Officer

Presentation

Moderator: Thank you for your patience. Thank you for taking time out of your busy schedule to participate in today's Kyocera Corporation webinar. We will start the financial results briefing for the year ended March 31, 2025.

Please refer to our website for the materials that will be used today. Today's webinar is being recorded. Please understand this in advance.

Let me first introduce today's attendees. Hideo Tanimoto, President and Representative Director. Norihiko Ina, Director, Senior Managing Executive Officer, in charge of the Strategic Business Transformation and Executive General Manager of the Solutions Business. Shiro Sakushima, Senior Managing Executive Officer, in charge of the Strategic Business Transformation. Michinori Yamada, Managing Executive Officer, in charge of the Core Components Business. Hiroaki Chida, Managing Executive Officer, in charge of the Headquarters. These are the five attendees.

We will now begin the explanation.

Tanimoto: I would like to take this opportunity to thank you all for your continued support. Thank you very much for taking time out of your busy schedule to attend our financial results briefing today.

I will now explain our financial results for fiscal 2025, in accordance with the presentation materials.

1 Financial Results for Fiscal 2025

2 Financial Forecasts for Fiscal 2026

3 Initiatives Regarding Business Strategies and Capital Strategies

4 Future Growth Scenario

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, 2025 is referred to as "Fiscal 2025, the year ending March 31, 2026 is referred to as "Fiscal 2026", 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.

Today, we will explain the four items listed here in order.
First, I would like to provide an overview of the financial results for fiscal 2025.

Financial Results for Fiscal 2025 (1)

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(Unit: Yen in millions)

	Fiscal 2024	Fiscal 2025	Change	
			Amount	%
Sales Revenue	2,004,221	2,014,454	10,233	0.5%
Operating Profit	92,923 (4.6%)	27,299 (1.4%)	-65,624	-70.6%
Profit Before Income Taxes	136,143 (6.8%)	63,631 (3.2%)	-72,512	-53.3%
Profit Attributable to Owners of the Parent	101,074 (5.0%)	24,097 (1.2%)	-76,977	-76.2%
EPS (Basic-yen)	71.58	17.11		
Average Exchange Rates US$	145 yen	153 yen		
Average Exchange Rates Euro	157 yen	164 yen		

Note: Figures in parentheses represent percentages to sales revenue.

- **Sales Revenue:** Almost flat as compared with fiscal 2024
- **Profits:** Decreased significantly due to a lower utilization ratio of production facilities as well as an increase in labor costs, etc., and a loss for impairment in the Organic Packages and Boards Business

See page three.

Sales revenue for the period totaled JPY2,014.5 billion, almost unchanged from the previous period. Profits, on the other hand, decreased significantly due to a lower utilization ratio of production facilities as well as an increase in labor costs, etc., and a loss for impairment in the Organic Packages and Boards Business. Operating profit decreased by 70.6% to JPY27.3 billion, profit before income taxes decreased by 53.3% to JPY63.6 billion, and profit attributable to owners of the parent decreased by 76.2% to JPY24.1 billion.

Financial Results for Fiscal 2025 (2)

KYOCERA

(Unit: Yen in millions)

	Fiscal 2024	Fiscal 2025	Change	
			Amount	%
Capital Expenditures	161,684 (8.1%)	141,932 (7.0%)	-19,752	-12.2%
Depreciation Charge of Property, Plant and Equipment	111,724 (5.6%)	112,077 (5.6%)	353	0.3%
R&D Expenses	104,290 (5.2%)	116,087 (5.8%)	11,797	11.3%

Note: Figures in parentheses represent percentages to sales revenue.

- **Capital Expenditures: Decreased since major part of investments to expand production capacity of the Fine Ceramic Components Business has finished**
- **Depreciation Charge of Property, Plant and Equipment: Almost flat; an increase due to capital investment made in previous fiscal years has been offset by a loss for impairment in the Organic Packages and Boards Business**
- **R&D Expenses: Increased mainly in the Telecommunication Infrastructure Equipment-related Business**

See page four.

Capital expenditures totaled JPY141.9 billion, depreciation charge of property, plant and equipment totaled JPY112.1 billion, and R&D expenses totaled JPY116.1 billion.

Capital expenditures decreased since a major part of investments to expand the production capacity of the Fine Ceramic Components Business has finished.

Depreciation charge of property, plant and equipment increased due to capital investments made in previous fiscal years but remained almost flat due to a loss for impairment in the Organic Packages and Boards Business.

In addition, R&D expenses increased mainly in the Telecommunication Infrastructure Equipment-related Business.

Sales Revenue by Reporting Segment for Fiscal 2025

KYOCERA

(Unit: Yen in millions)

Sales Revenue by Reporting Segment	Fiscal 2024		Fiscal 2025		Change	
	Amount	Component Ratio	Amount	Component Ratio	Amount	%
Core Components Business	**569,145**	**28.4%**	**567,117**	**28.2%**	**-2,028**	**-0.4%**
Industrial & Automotive Components Unit	224,574	11.2%	233,055	11.6%	8,481	3.8%
Semiconductor Components Unit	314,649	15.7%	300,765	14.9%	-13,884	-4.4%
Others	29,922	1.5%	33,297	1.7%	3,375	11.3%
Electronic Components Business	**352,277**	**17.6%**	**354,646**	**17.6%**	**2,369**	**0.7%**
Solutions Business	**1,101,625**	**54.9%**	**1,111,008**	**55.2%**	**9,383**	**0.9%**
Industrial Tools Unit	310,740	15.5%	305,876	15.2%	-4,864	-1.6%
Document Solutions Unit	452,162	22.5%	479,964	23.8%	27,802	6.1%
Communications Unit	224,403	11.2%	225,497	11.2%	1,094	0.5%
Others	114,320	5.7%	99,671	5.0%	-14,649	-12.8%
Others	17,680	0.9%	17,114	0.8%	-566	-3.2%
Adjustments and Eliminations	-36,506	-1.8%	-35,431	-1.8%	1,075	-
Sales Revenue	**2,004,221**	**100.0%**	**2,014,454**	**100.0%**	**10,233**	**0.5%**

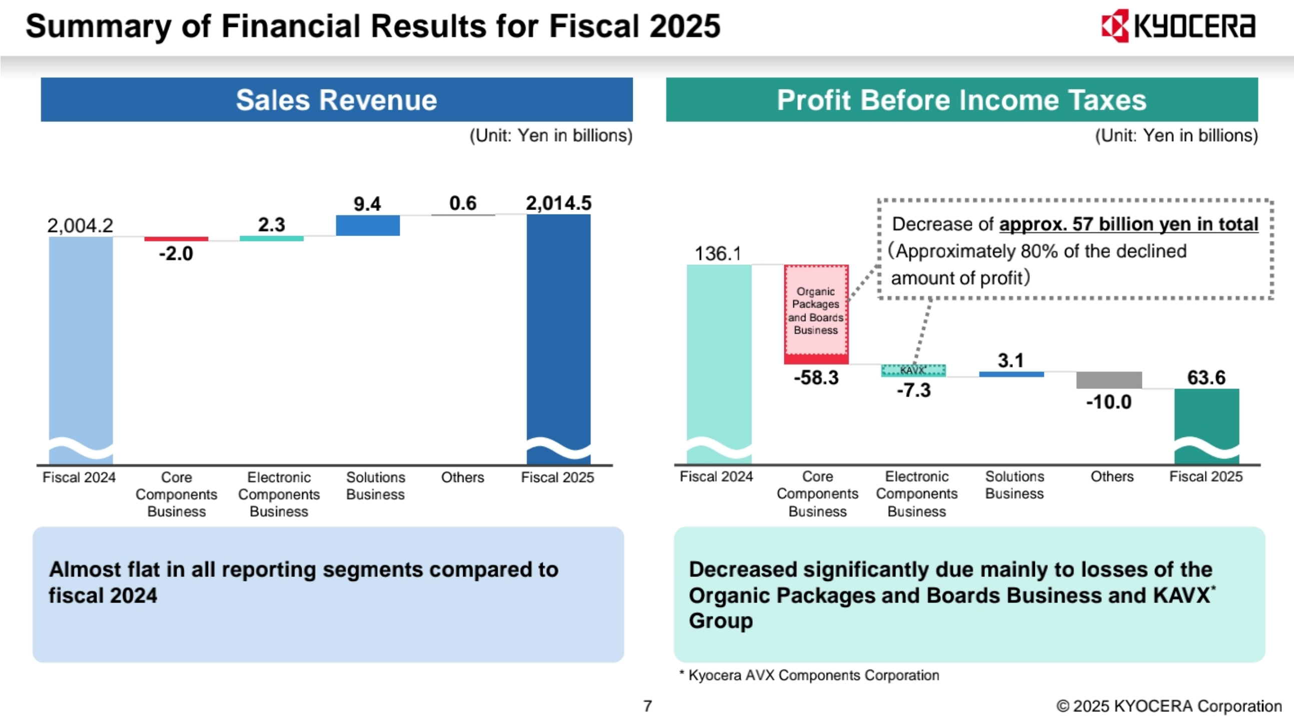
Business Profit (Loss) by Reporting Segment for Fiscal 2025

KYOCERA

(Unit: Yen in millions)

Business Profit by Reporting Segment	Fiscal 2024		Fiscal 2025		Change	
	Amount	% to Sales Revenue	Amount	% to Sales Revenue	Amount	%
Core Components Business	**57,226**	**10.1%**	**-1,111**	**-**	**-58,337**	**-**
Industrial & Automotive Components Unit	26,409	11.8%	24,979	10.7%	-1,430	-5.4%
Semiconductor Components Unit	30,375	9.7%	-27,824	-	-58,199	-
Others	442	1.5%	1,734	5.2%	1,292	292.3%
Electronic Components Business	**6,521**	**1.9%**	**-818**	**-**	**-7,339**	**-**
Solutions Business	**69,841**	**6.3%**	**72,920**	**6.6%**	**3,079**	**4.4%**
Industrial Tools Unit	16,837	5.4%	15,707	5.1%	-1,130	-6.7%
Document Solutions Unit	43,940	9.7%	49,038	10.2%	5,098	11.6%
Communications Unit	6,964	3.1%	9,347	4.1%	2,383	34.2%
Others	2,100	1.8%	-1,172	-	-3,272	-
Others	-41,049	-	-46,990	-	-5,941	-
Total Business Profit	**92,539**	**4.6%**	**24,001**	**1.2%**	**-68,538**	**-74.1%**
Corporate Gains and Others	43,604	-	39,630	-	-3,974	-9.1%
Profit Before Income Taxes	**136,143**	**6.8%**	**63,631**	**3.2%**	**-72,512**	**-53.3%**

Page five shows sales revenue by reporting segment and page six lists profits by reporting segment.



Please proceed to page seven. This shows the performance summary for the current period.

See the sales revenue figures on the left side of the slide. Sales revenue for the period was essentially unchanged from the previous year in all reporting segments.

Then look at the profit before income taxes on the right side. Profits decreased significantly from the previous year, but the approximately JPY57 billion decrease in profits from both the Organic Packages and Boards Business and KAVX group accounted for approximately 80% of the total decrease in profits for the Group.

Core Components Business

Financial Results by Reporting Segment for Fiscal 2025

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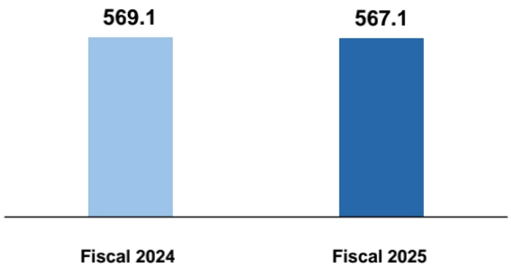
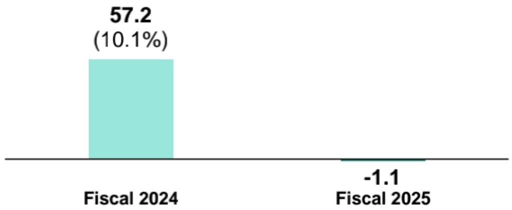
Sales Revenue

(Unit: Yen in billions)



Business Profit/Loss (Ratio)

(Unit: Yen in billions)



Summary of Financial Results

<As Compared with Fiscal 2024: -0.4%>

- Almost flat due to a decrease in sales of FCBGAs for general purpose data centers, which offset an increase in sales of fine ceramic components for semiconductor processing equipment, etc.

<As Compared with Fiscal 2024: -58.3 billion yen>

- Decreased significantly due mainly to the decrease in sales and the recording of a loss for impairment of property, plant and equipment, etc. in the amount of approximately 43 billion yen in the Organic Packages and Boards Business

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.

I will now explain the details of sales revenue and profit for each reporting segment in turn.

See page eight. First, the Core Components Business.

Sales revenue for the period totaled JPY567.1 billion. Sales revenue was almost flat due to a decrease in sales of FCBGAs for general purpose data centers, which offset an increase in sales of fine ceramic components for semiconductor processing equipment, etc.

Business loss was JPY1.1 billion. The significant decrease was due mainly to the decrease in sales and the recording of a loss for impairment of property, plant and equipment, etc. in the amount of approximately JPY43 billion in the Organic Packages and Boards Business.

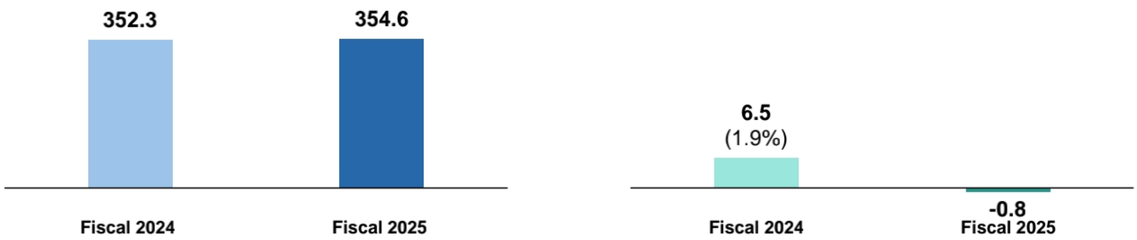
Electronic Components Business

Financial Results by Reporting Segment for Fiscal 2025

KYOCERA

Sales Revenue (Unit: Yen in billions)

Business Profit/Loss (Ratio) (Unit: Yen in billions)



Summary of Financial Results

<As Compared with Fiscal 2024: +0.7%>

- Almost flat; a decline in demand for our products from the sluggish European automotive markets was offset by an increase in sales of components such as capacitors and crystal devices in the information and communication markets and the industrial equipment markets and also by the impact of a weaker yen

<As Compared with Fiscal 2024: -7.3 billion yen>

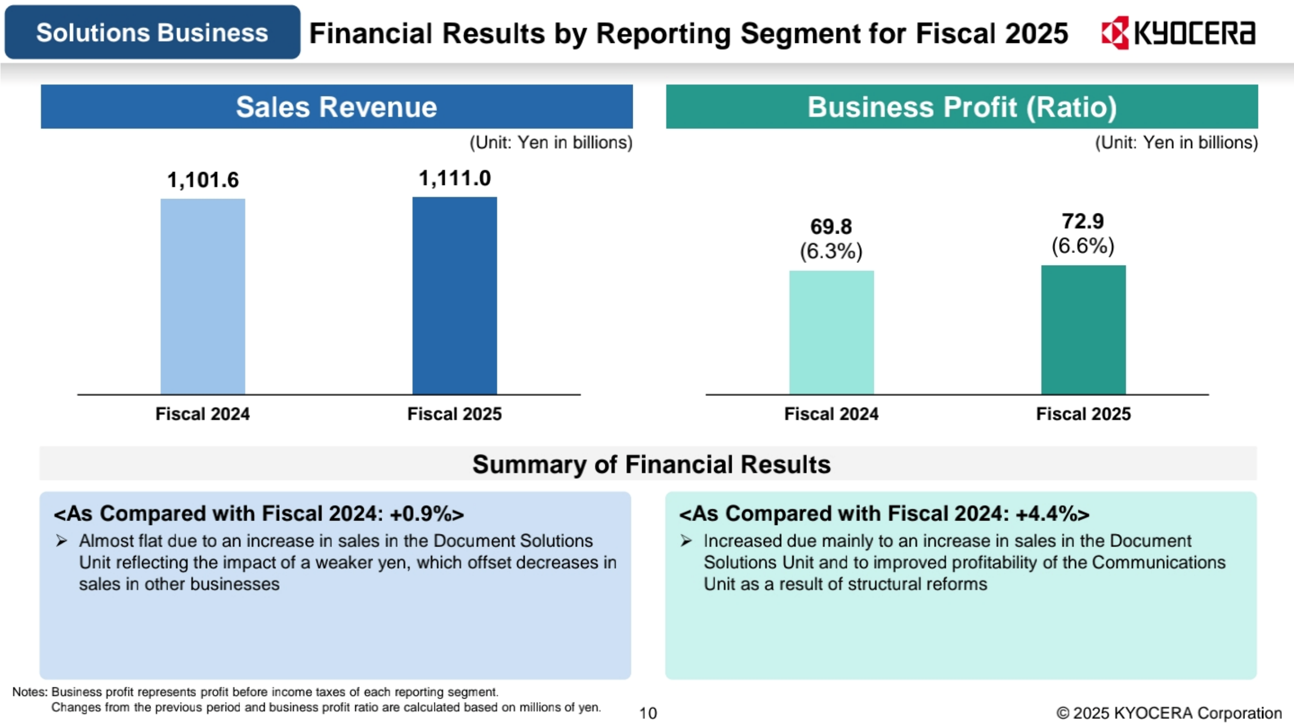
- Decreased significantly due to a higher cost of sales ratio, which resulted from the lower utilization ratio of a new manufacturing plant and to an increase in labor and other costs at KAVX Group, although the impact of restructuring costs in KAVX Group incurred in fiscal 2024 was no longer a factor

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.

See page nine. Next are the Electronic Components Business.

Sales revenue for the period totaled JPY354.6 billion. Sales revenue was almost flat; a decline in demand for our products from the sluggish European automotive markets was offset by an increase in sales of components such as capacitors and crystal devices in the information and communication markets and the industrial equipment markets and also by the impact of a weaker yen.

Business loss was JPY0.8 billion. The significant decrease was due to a higher cost of sales ratio, which resulted from the lower utilization ratio of a new manufacturing plant and to an increase in labor and other costs at KAVX Group, although the impact of restructuring costs in KAVX Group incurred in fiscal 2024 was no longer a factor.



See page 10. Finally, the Solution Business.

Sales revenue for the period totaled JPY1,111 billion. Sales revenue was almost flat due to an increase in sales in the Document Solutions Unit reflecting the impact of a weaker yen, which offset decreases in sales in other businesses.

Business profit was JPY72.9 billion. The increase was due mainly to an increase in sales in the Document Solutions Unit and to improved profitability of the Communications Unit as a result of structural reforms.

Next, I will explain the financial forecasts for fiscal 2026.

Assumed Risks Incorporated into Financial Forecasts

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Calculated financial forecasts incorporating the impact of reciprocal tariffs by the United States and exchange rate fluctuations (stronger yen)

<Reciprocal Tariffs by the United States> **[Impact] Profits: Approx. -17 billion yen**

Transaction subject to tariffs
(1) Direct exports from the Kyocera Group to the United States
(2) Exports from the Kyocera Group to the United States via third parties in third countries
(3) Imports by the Kyocera Group into the United States from third parties other than the Kyocera Group

Method of calculation
- ✓ **April to June 2025: Used tariff rates of 10%**
- ✓ **July 2025 to March 2026: Country-specific tariff rates as of May 9 has been taken into account**

<Exchange Rate Fluctuations> **[Impact] Sales revenue: Approx. -107 billion yen / Profits: Approx. -13 billion yen**

U.S. dollar	Euro
Fiscal 2025 153 yen → Fiscal 2026 135 yen (appreciation of 18 yen)	Fiscal 2025 164 yen → Fiscal 2026 150 yen (appreciation of 14 yen)

Total impact for fiscal 2026 (as compared with fiscal 2025)
Sales revenue: Approx. -107 billion yen / Profits: Approx. -30 billion yen

See page 12.

First, I would like to explain the assumed risks incorporated into our financial forecasts, which are divided into US reciprocal tariffs and exchange rate fluctuations.

As shown in the upper row, profit is expected to be negatively affected by JPY17 billion due to the impact of the US reciprocal tariffs. For import/export transactions falling under one through three, a uniform tariff rate of 10% is applied for the three-month period from April 2025 to June 2025, and from July 2025 onward, the reciprocal tariff rate, including the surcharge proposed by each exporting country, is considered.

The bottom row is the change in the exchange rate. The assumed exchange rates for the forecast are JPY135 to the US dollar, an appreciation of JPY18 from the previous year, and JPY150 to the euro, an appreciation of JPY14 from the previous year, which is expected to have a negative impact of JPY107 billion on sales revenue and JPY13 billion on profit.

Financial Forecasts for Fiscal 2026 (1)

KYOCERA

(Unit: Yen in millions)

	Fiscal 2025	Fiscal 2026 (Forecast)	Change Amount	Change %
Sales Revenue	2,014,454	1,900,000	-114,454	-5.7%
Operating Profit	27,299 (1.4%)	55,000 (2.9%)	27,701	101.5%
Profit Before Income Taxes	63,631 (3.2%)	95,000 (5.0%)	31,369	49.3%
Profit Attributable to Owners of the Parent	24,097 (1.2%)	70,500 (3.7%)	46,403	192.6%
EPS (Basic-yen)	17.11	50.05		
Average Exchange Rates US$	153 yen	135 yen		
Average Exchange Rates Euro	164 yen	150 yen		

Notes:
Figures in parentheses represent percentages to sales revenue.
Forecasts of EPS (Basic-yen) for fiscal 2026 is calculated using the average number of shares outstanding during fiscal 2025.

- **Sales Revenue: Forecasts to decrease due to economic slowdown and impact of stronger yen**
- **Profits: Forecasts to increase due to the structural reforms in component businesses, despite the impact of stronger yen and reciprocal tariffs**

See page 13.

For the fiscal 2026, we forecast sales revenue of JPY1,900 billion, operating profit of JPY55 billion, profit before income taxes of JPY95 billion, and profit attributable to owners of the parent of JPY70.5 billion. Although sales revenue is expected to decrease due to the economic slowdown and the appreciation of the yen, profits are expected to increase due to the implementation of structural reforms in components businesses, despite the impact of mutual tariffs and the appreciation of the yen.

Financial Forecasts for Fiscal 2026 (2)

KYOCERA

(Unit: Yen in millions)

	Fiscal 2025	Fiscal 2026 (Forecast)	Change	
			Amount	%
Capital Expenditures	**141,932** (7.0%)	**180,000** (9.5%)	**38,068**	**26.8%**
Depreciation Charge of Property, Plant and Equipment	**112,077** (5.6%)	**120,000** (6.3%)	**7,923**	**7.1%**
R&D Expenses	**116,087** (5.8%)	**120,000** (6.3%)	**3,913**	**3.4%**

Note: Figures in parentheses represent percentages to sales revenue.

Capital expenditures expects an increase due to construction of new factory building for future production expansion

See page 14.

Capital expenditures are expected to be JPY180 billion, depreciation charge of property, plant and equipment JPY120 billion, and R&D expenses JPY120 billion.

In particular, capital expenditures are planned to increase compared to the previous fiscal year due to an expected increase in capital expenditures for the construction of a new factory building for future production expansion.

Sales Revenue Forecasts by Reporting Segment for Fiscal 2026

(Unit: Yen in millions)

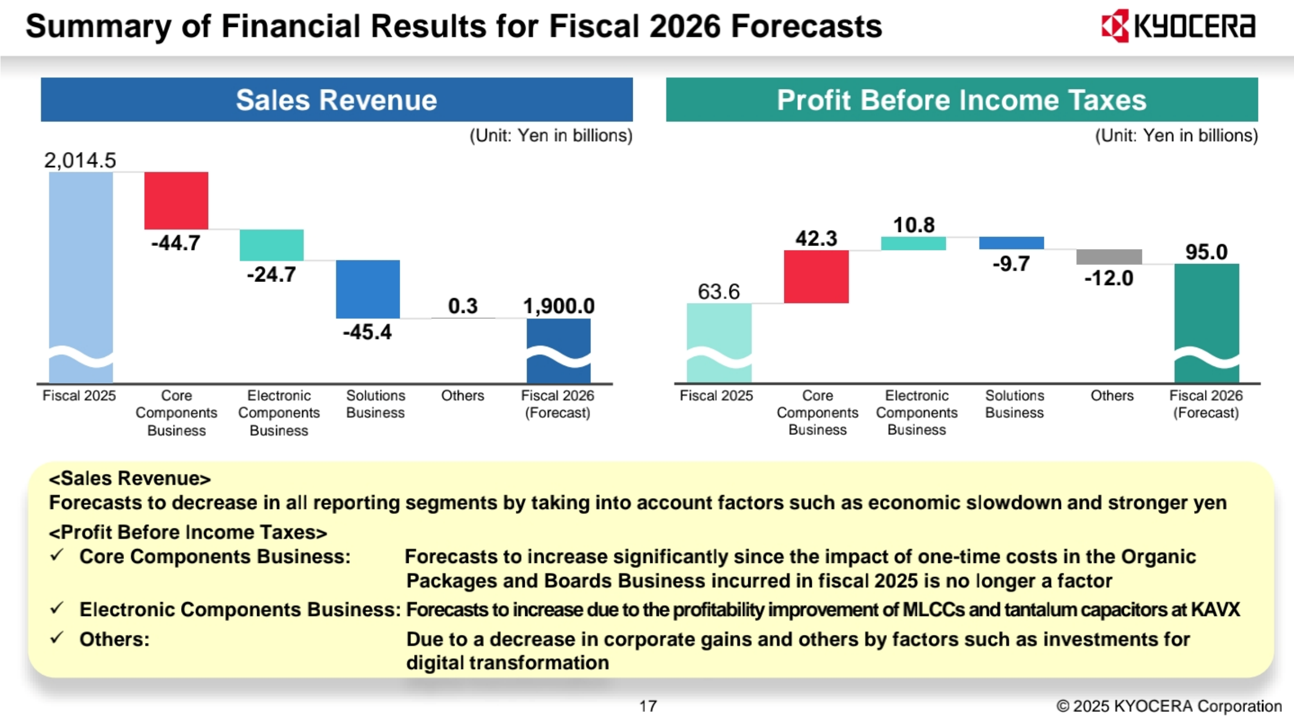
Sales Revenue by Reporting Segment	Fiscal 2025		Fiscal 2026 (Forecast)		Change	
	Amount	Component Ratio	Amount	Component Ratio	Amount	%
Core Components Business	**591,720**	**29.4%**	**547,000**	**28.8%**	**-44,720**	**-7.6%**
Industrial & Automotive Components Unit	267,028	13.3%	250,000	13.2%	-17,028	-6.4%
Semiconductor Components Unit	300,765	14.9%	272,000	14.3%	-28,765	-9.6%
Others	23,927	1.2%	25,000	1.3%	1,073	4.5%
Electronic Components Business	**354,646**	**17.6%**	**330,000**	**17.4%**	**-24,646**	**-6.9%**
Solutions Business	**1,086,367**	**53.9%**	**1,041,000**	**54.8%**	**-45,367**	**-4.2%**
Industrial Tools Unit	305,876	15.2%	292,000	15.4%	-13,876	-4.5%
Document Solutions Unit	479,964	23.8%	455,000	23.9%	-24,964	-5.2%
Communications Unit	225,497	11.2%	214,000	11.3%	-11,497	-5.1%
Others	75,030	3.7%	80,000	4.2%	4,970	6.6%
Others	17,114	0.9%	12,000	0.6%	-5,114	-29.9%
Adjustments and Eliminations	-35,393	-1.8%	-30,000	-1.6%	5,393	-
Sales Revenue	**2,014,454**	**100.0%**	**1,900,000**	**100.0%**	**-114,454**	**-5.7%**

Business Profit (Loss) Forecasts by Reporting Segment for Fiscal 2026

(Unit: Yen in millions)

Business Profit by Reporting Segment	Fiscal 2025		Fiscal 2026 (Forecast)		Change	
	Amount	% to Sales Revenue	Amount	% to Sales Revenue	Amount	%
Core Components Business	**-1,889**	**-**	**40,400**	**7.4%**	**42,289**	**-**
Industrial & Automotive Components Unit	24,673	9.2%	16,000	6.4%	-8,673	-35.2%
Semiconductor Components Unit	-27,824	-	23,000	8.5%	50,824	-
Others	1,262	5.3%	1,400	5.6%	138	10.9%
Electronic Components Business	**-818**	**-**	**10,000**	**3.0%**	**10,818**	**-**
Solutions Business	**73,696**	**6.8%**	**64,000**	**6.1%**	**-9,696**	**-13.2%**
Industrial Tools Unit	15,707	5.1%	9,000	3.1%	-6,707	-42.7%
Document Solutions Unit	49,038	10.2%	40,000	8.8%	-9,038	-18.4%
Communications Unit	9,347	4.1%	9,500	4.4%	153	1.6%
Others	-396	-	5,500	6.9%	5,896	-
Others	-46,990	-	-49,000	-	-2,010	-
Total Business Profit	**23,999**	**1.2%**	**65,400**	**3.4%**	**41,401**	**172.5%**
Corporate Gains and Others	39,632	-	29,600	-	-10,032	-25.3%
Profit Before Income Taxes	**63,631**	**3.2%**	**95,000**	**5.0%**	**31,369**	**49.3%**

Sales revenue forecasts by reporting segment are shown on page 15 and profit forecasts by reporting segment are on page 16.



Please see page 17 for details.

Here is a summary of the financial forecasts. The left graph shows sales revenue, and the right graph shows changes in profit before income taxes from the previous year by reporting segment.

Sales revenue is expected to decrease in all reporting segments, taking into account the impact of the economic slowdown and yen appreciation.

Regarding profit before income taxes, the Core Components Business is expected to increase significantly since the impact of one-time costs in the Organic Packages and Boards Business incurred in fiscal 2025 is no longer a factor.

In the Electronic Components Business, we expect an increase in earnings due to improved profitability of MLCCs and tantalum capacitors at KAVX.

In addition, corporate gains and others in Others is expected to decrease compared to the previous year due to DX investments and other factors.

I will then explain our initiatives regarding business strategies and capital strategies.

Basic Policy on Structural Reforms

KYOCERA

Basic policy: Pursue competitive advantage and concentrate management resources on increasing profitability

Previous Policies	Recognized Issues	New Policies
Expand sales and profitability through diversification	Reduced investment efficiency due to dispersed management resources	Restructure the business portfolio by reporting segment and concentrate management resources on core businesses → **Shift to management that further grows highly profitable businesses**
Make advance investment in components for semiconductor-related markets	Misread the shift in data center demand from general-purpose to AI-specific	Review business strategy in components businesses
Expand business areas through M&As	Increased scale, though synergies remain limited	Focus on M&A and business partnerships on enhancing market share and strengthening technological capabilities in existing businesses
Invest in R&D across a wide range of themes	Limited investment returns (increase in R&D expenses)	Review development themes to strengthen core businesses

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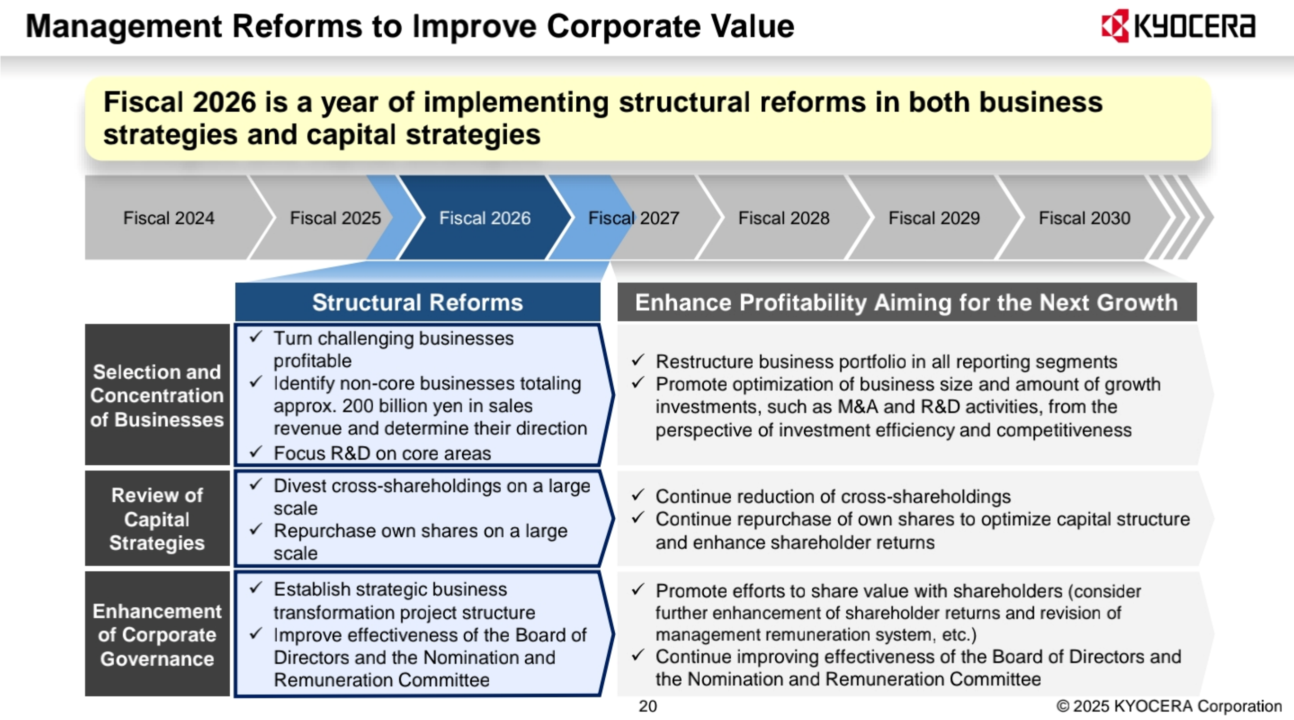
See page 19.

First, let me explain our basic policy on structural reforms. The basic policy was set to pursue competitive advantage and concentrate management resources on increasing profitability.

From the upper row of the table, we have been pursuing a policy of expanding sales and profitability through diversification. However, investment efficiency has declined due to dispersed management resources, and we will shift to management that further grows highly profitable businesses by restructuring the business portfolio by reporting segment and concentrating management resources on core businesses.

In addition, with respect to advance investment in semiconductor-related markets, we will review our strategy for the components businesses, which had been focused on organic packages in particular.

With regard to M&A, our policy is to conduct M&A and business alliances with an emphasis on improving the market share and enhancing technological capabilities in existing businesses. In terms of R&D expenses, we will review development themes to strengthen core businesses.



See page 20. Here is an overall picture of our management reforms to improve our corporate value.

Fiscal 2026, which is colored in blue, is positioned as a year for implementing structural reforms in both business strategies and capital strategies.

In addition, we will continue our efforts to strengthen corporate governance. The next slide will explain the details.

Organic Packages and Boards Business

<Structural Reforms to Make Business Profitable for Fiscal 2026>

(1) Reduction of Fixed Costs
- ✓ Decrease in depreciation charges of property, plant and equipment due to impairment incurred in fiscal 2025
- ✓ Decrease in labor costs (relocation of approx. 370 workers; 90% complete as of Apr.)
- ✓ Optimize production lines to meet with orders

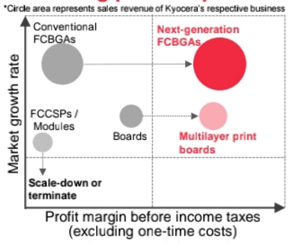
(2) Improvement in Variable Costs
- ✓ Increase sales of high-profitability products (improve product mix)
- ✓ Promote internal improvements such as yield improvement

Steadily implement measures to address internal issues such as reducing fixed costs and improving yields

<Future Direction: Selection and Concentration of Products and Production Plants>

Current Plants and its Production Items		Future Plans
	Kyoto Ayabe Plant FCBGAs / FCCSPs / Modules	Specialize in next-generation FCBGAs (for data centers, switches and AI-related networks, etc.) Production of FCCSPs / Modules → Plan to end production in fiscal 2028
	Toyama Nyuzen Plant Boards	Specialize in high-value-added multi-layer print boards (boards for automotive millimeter-wave applications and large multi-layer boards)
	Kagoshima Sendai Plant FCBGAs	Production of conventional FCBGAs → Plan to end production in fiscal 2029

Improve business profitability by restructuring product portfolio



See page 21. First, I will explain the structural reform of our Organic Packages and Boards Business.

The upper row shows the main contents of structural reforms in fiscal 2026. We will continue to steadily implement measures to address internal issues regarding, one, reduction of fixed costs, and two, improvement in variable costs.

The bottom row shows the future direction of our Organic Packages and Boards Business. We are currently producing FCBGAs, FCCSPs, modules, boards, and other products at three sites, but we intend to improve profitability by restructuring our product portfolio to next-generation FCBGAs and high-value-added multi-layer print boards through selection and concentration of products and production sites.

Progress Regarding Business Review

Transfer of Business: Silicon Diodes and Power Semiconductor Business

<Scope of Business Transfer>

Power semiconductor business mainly composed of silicon diodes business, operated at Kanagawa Hadano Plant, Ibaraki Tsukuba Office, part of Electronic Components Domestic Sales Division of Kyocera Corporation as well as manufacturing subsidiary in Taiwan

(Sales revenue for fiscal 2025: 7.3 billion yen)

(Major Products)

Discrete diodes

Power modules

<Transferee and Scheme of Transfer>

Transferee: Shindengen Electric Manufacturing Co., Ltd.

Scheme: Entire power semiconductor business will be transferred to a new company which will be established by Kyocera through a corporate split, and the shares of the new company will be transferred to Shindengen Electric Manufacturing Co., Ltd.

Other business reviews currently in progress will be announced as soon as their direction had been determined

See page 22. I will then explain the progress of the business review.

Today, we made a public announcement regarding the transfer of our silicon diodes and power semiconductor business. The purpose of this transfer is to review the business as part of our portfolio reorganization and to grow and develop the target business.

The scope of business transfer is the power semiconductor business, centering on the silicon diodes business operated by Kyocera and its Taiwanese manufacturing subsidiary, and the transferee is Shindengen Electric Manufacturing Co., Ltd. The entire power semiconductor business will be transferred to a new company which will be established by Kyocera through a corporate split, and the shares of the new company will be transferred to Shindengen Electric Manufacturing Co., Ltd.

Other business reviews currently in progress will be announced as soon as their direction had been determined.

Execution of Capital Strategies (1) Reduction of Cross-shareholdings

KYOCERA

[Record of Reduction from Fiscal 2024 to Fiscal 2025]

- Continuously sold shares, mainly stocks listed in Japan

  Reduction Record of Listed Company Stocks in Japan and Overseas

  Reduced number of company stocks: **12**

  (Approx. 3% decrease on a book value basis towards the target to reduce at least 5% by fiscal 2026)

  (Number of company stocks held As of Apr. 1, 2023: **20** → As of Mar. 31, 2025: **8**)

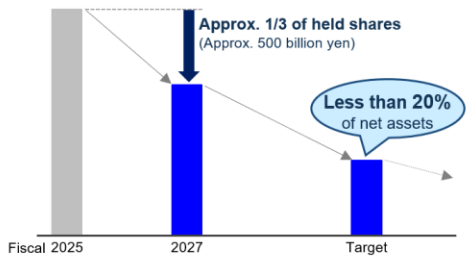
[Reduction Plan for Fiscal 2026]

- Tender its shares in a tender offer by KDDI for its own shares
  (Expects approx. **250 billion yen** income from divestment;
  please refer to our press release for details)
- Consider reduction of other company stocks listed in Japan

[Future Reduction Plan]

- Set future target for reducing cross-shareholdings of **"less than 20% of net assets"**
- Amount and method of reduction for fiscal 2027 onward will be considered by taking into account factors such as Kyocera's business environment and condition of capital market

Reduction of Cross-shareholdings (an image)



See page 23. Next, I will explain the reduction of cross-shareholdings.

The upper row shows the record of reduction over a two-year period from fiscal 2024 to fiscal 2025. We have continued to sell mainly domestic listed stocks, reducing the number of stocks by 12, or approximately 3% on a book value basis.

The middle row shows the reduction plan for fiscal 2026. Today, Kyocera decided and publicly announced that it will tender its shares in a tender offer by KDDI for its own shares. The income from this divestment is expected to be approximately JPY250 billion.

In addition, we will consider the ongoing reduction of other domestic listed stock holdings.

The lower row shows future reduction targets. We have set a target of reducing cross-shareholdings to less than 20% of net assets in the future.

The amount and method of reduction for fiscal 2027 onward will be considered by taking into account factors such as Kyocera's business environment and the condition of capital market.

Execution of Capital Strategies (2) Repurchase of Own Shares

KYOCERA

[Fiscal 2026]

Conduct repurchase up to 200 billion yen

Period of repurchase: From May 15, 2025 to March 24, 2026

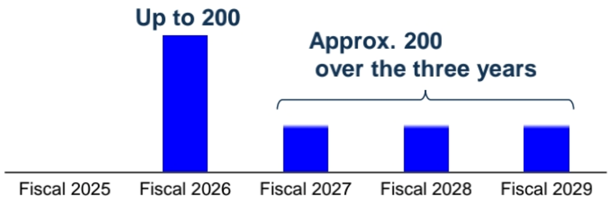
Method of repurchase: Purchases through market (Tokyo Stock Exchange)

[Fiscal 2027 onward]

Plans to repurchase approximately 200 billion yen worth of its own shares over the three years, while considering the balance with growth investments

Plans of share repurchase

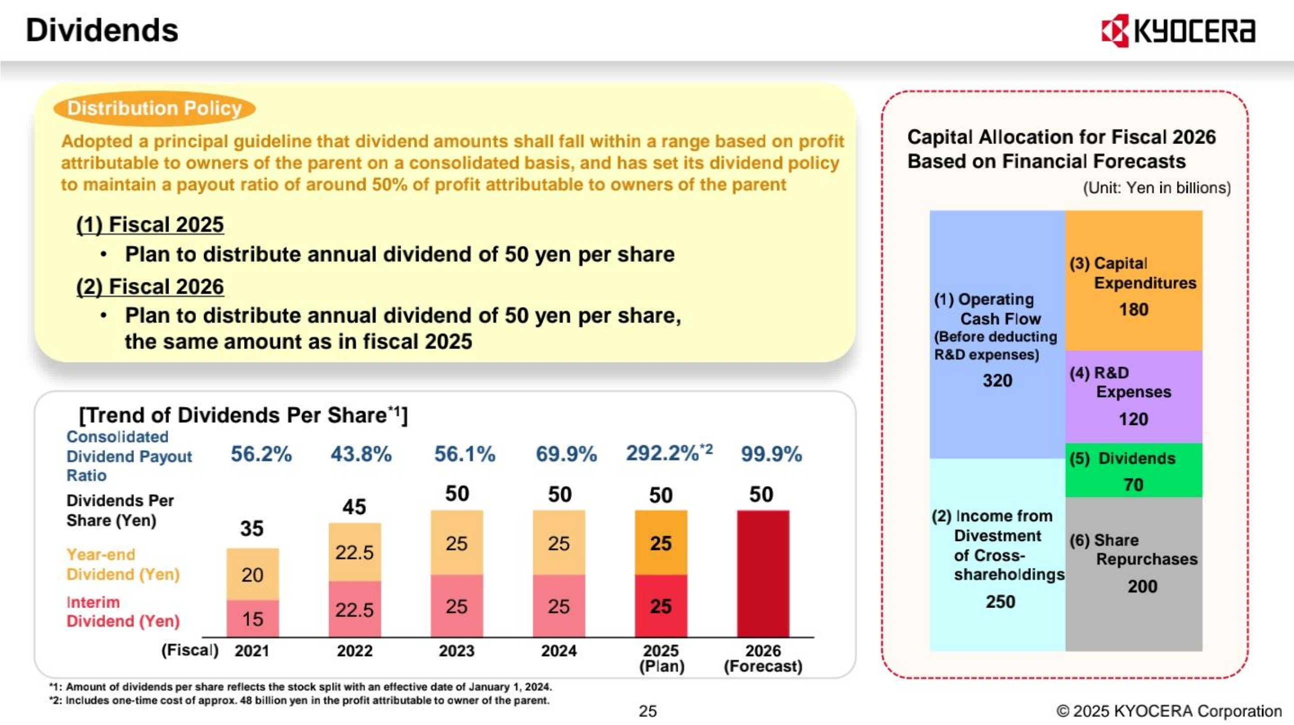
(Unit: Yen in billions)



See page 24. Next, I will explain the implementation of the share repurchase.

Today, Kyocera resolved and publicly announced that it will implement a share repurchase program totaling up to JPY200 billion in fiscal 2026. The period and method of repurchase are as stated.

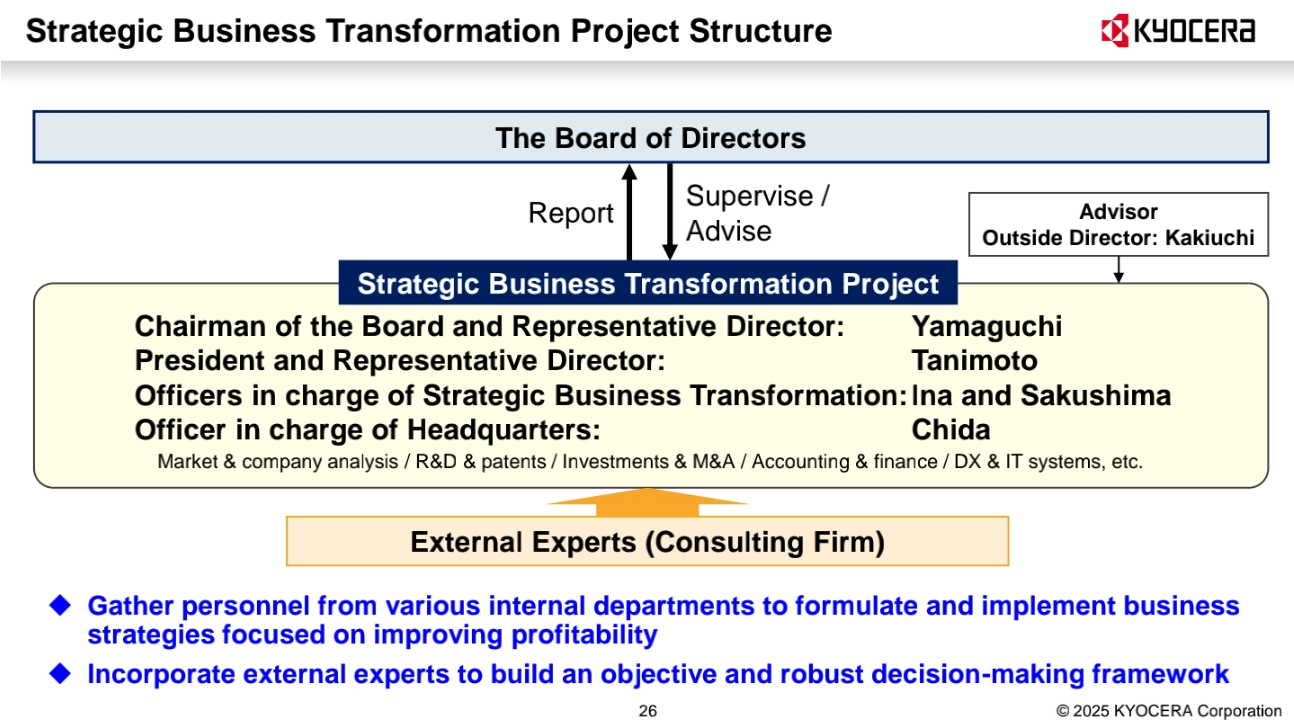
In the next fiscal year and beyond, we plan to buy back another JPY200 billion of our own shares over a three-year period, taking into consideration the balance with investment for growth.



See page 25. Next, I will explain about dividends.

The annual dividend for fiscal 2025 is planned to be JPY50 per share. The dividend for fiscal 2026 is expected to be the same amount, JPY50 per share.

The capital allocation for fiscal 2026, including the sale of cross-shareholdings and share repurchases, as explained earlier, as well as dividends shown in this slide, is shown in the chart on the right. We will strive to improve profitability and at the same time, enhance shareholder returns.



See page 26. I will then explain the structure of the Strategic Business Transformation Project.

We have launched the strategic business transformation project with the aim of addressing the issues related to the improvement of our corporate value. In addition to Chairman Yamaguchi, Ina, Sakushima, Chida, and myself, who are present today, will lead a cross-section of personnel from each department within the Company to formulate and implement business strategies focused on improving profitability.

In addition to the participation of Kakiuchi, an outside director, as an advisor to the project, external experts were added to the members to create an objective and robust decision-making framework. The details of this project will be explained at a later project briefing the other day.

Ina and Sakushima, who have been in charge of the strategic business transformation project since April, will explain the direction of the address later in this presentation.

Initiatives Regarding Corporate Governance

KYOCERA

(1) Appointment of a Candidate of Outside Director

Appointed one candidate for Outside Director

Noriko Oi (Attorney)

* To be proposed at the Ordinary General Meeting of Shareholders scheduled on June 26, 2025

(2) Appointment of an Outside Director as a Chairperson of the Nomination and Remuneration Committee

Appoint an Outside Director as a chairperson of the Nomination and Remuneration Committee from July 2025, in order to realize more healthy, transparent and efficient management structure

(3) Early Issuance of Annual Report

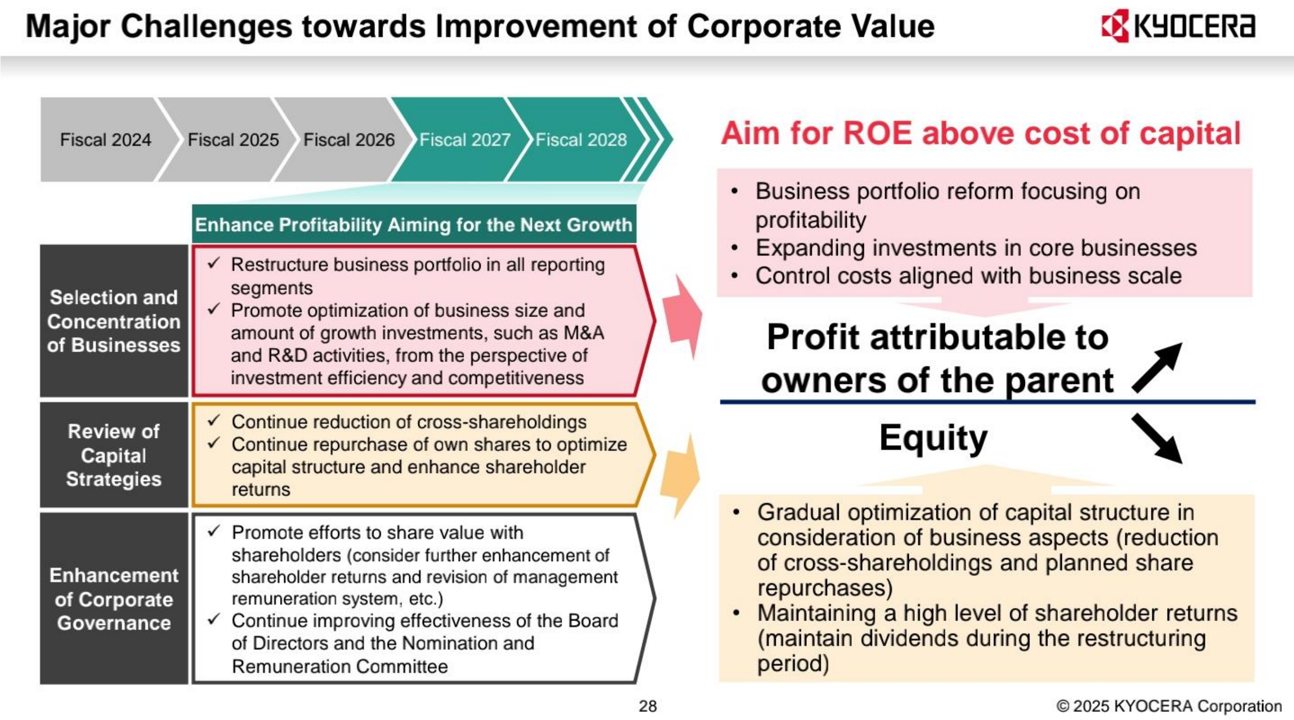
Scheduled to issue Annual Report for fiscal 2025 on **June 20, six days prior** to the Ordinary General Meeting of Shareholders, with the aim of early disclosure of information necessary for voting decisions

See page 27. Next, I will explain three other corporate governance initiatives.

The first is the appointment of a candidate for outside director. We appointed Ms. Noriko Oi, a female attorney, as a new candidate for outside director. The proposal will be submitted to the Ordinary General Meeting of Shareholders in June of this year.

The second point is the appointment of an Outside Director to chair the Nomination and Remuneration Committee. In order to realize healthier, more transparent, and efficient management structure of this committee, the chairperson of the Nomination and Remuneration Committee will be appointed from among the Outside Directors in or after this July.

The third point is an early issuance of the Annual Report. Aiming for early disclosure of information necessary for voting decisions, the Company plans to disclose its annual report on June 20 of this year. We will continue to strive to improve corporate governance.



See page 28. Next, I will explain our major challenges towards the improvement of corporate value.

We have designated the current fiscal 2026 as a year of structural reform, and in parallel with this, we need to reform both our business strategy and capital strategy in order to strengthen our earning power for the next growth in the next fiscal year and beyond.

The right side of the slide summarizes our major challenges for ROE improvement.

In terms of business strategy in the upper section, we will improve profit attributable to owners of the parent, the numerator of ROE, through measures such as business portfolio reform focusing on profitability, expansion of investment in core businesses, and cost control in line with our business scale.

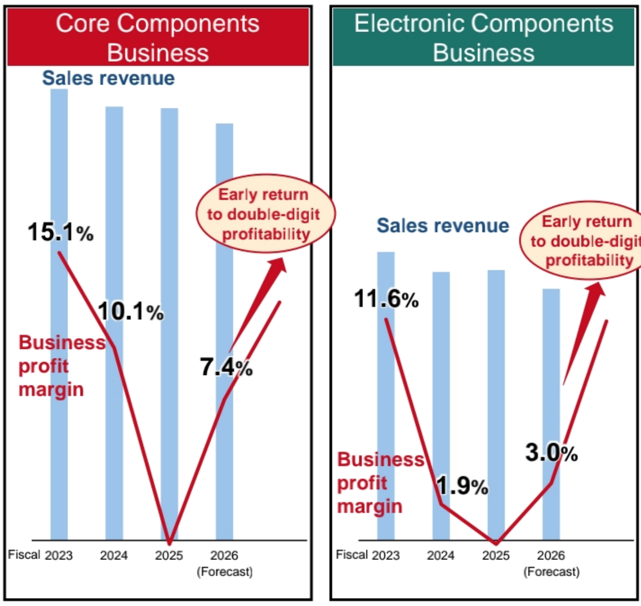
In terms of capital strategy in the lower section, we will seek to optimize our equity through gradual optimization of capital structure in consideration of business aspects, and by maintaining a high level of shareholder returns.

Through these efforts, we aim to improve ROE to a level that exceeds the cost of capital.

Finally, Sakushima and Ina, in charge of the strategic business transformation project, will present future growth scenarios in turn.

Regarding Formulation of Growth Strategies of Components Business

KYOCERA



Basic Approach to Reform of Components Businesses

Identify business areas with existing or potential competitive advantage and concentrate management resources accordingly

[Short-term challenges (approx. 2 years)]

- Accelerate improvement of challenging businesses
- Rebuild the business portfolio

→ **Improve profitability to achieve double-digit margins**

[Medium-term challenges (approx. 3–5 years)]

- Establish competitive advantage and a unique market position
- Formulate investment strategies (R&D, M&A, facilities, HR, etc.)

Continuously develop and review plans under strategic business transformation project

Sakushima: First of all, I would like to explain the future growth scenario of the components businesses.

See page 31. In developing a growth scenario for the components businesses, we will first explain our basic policy.

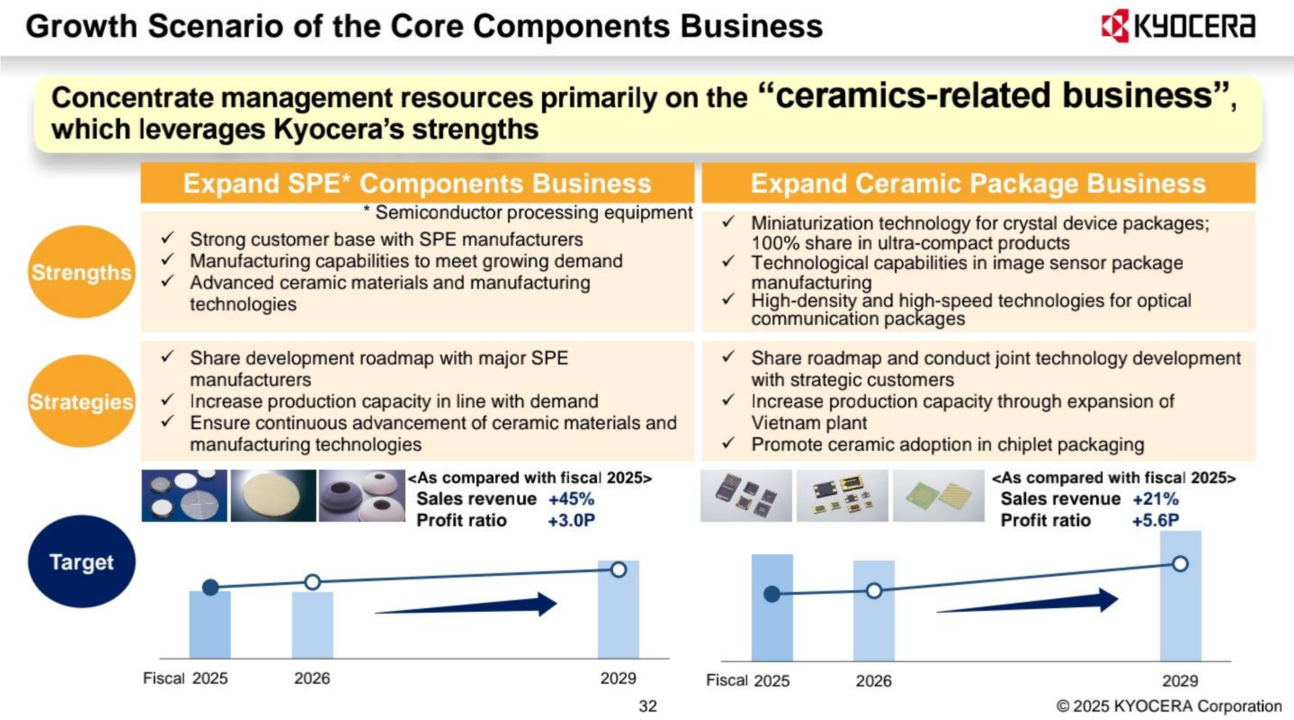
The graph on the left shows the performance trend of the Core Components Business and the Electronic Components Business in terms of sales revenue and business profit margin, including the plan for the current fiscal year. The most important task is to return the components businesses to double-digit margins as soon as possible.

The basic approach to reform components businesses is to identify business areas with existing or potential competitive advantages and concentrate management resources accordingly.

In the short term, we will accelerate the improvement of challenging businesses, such as the Organic Packages and Boards Business, and rebuilding our business portfolio. By doing so, we will first improve profitability to achieve double-digit margins.

In the medium term, in addition to building an internal structure to further strengthen our competitive advantage and unique market position, we will clearly formulate future investment policies related to R&D, M&A, capital investment, and human resource strategy.

The strategic business transformation project will take the lead in formulating and reviewing the plans on an ongoing basis to clarify the growth scenario from the perspective of the entire components businesses.



See page 32.

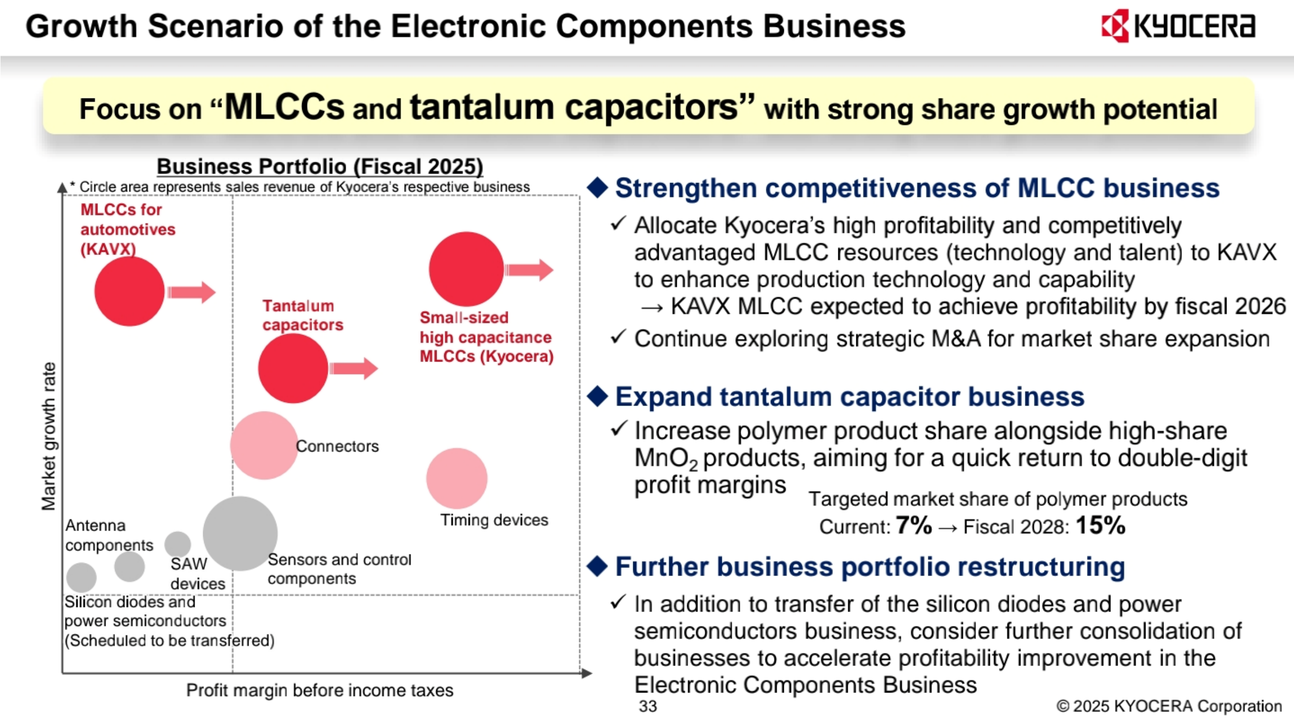
The growth scenario for the Core Components Business is to concentrate our management resources on our core ceramics-related business, where we can leverage our strengths. We would like to explain two specific examples of our business.

In the semiconductor processing equipment components business, our strengths include a solid customer base, manufacturing capacity to meet growing demand, and advanced ceramic materials and manufacturing technologies. We will strengthen our existing strategy of sharing development roadmap with customers, increasing production capacity in line with demand, and continuously evolving ceramic materials and manufacturing technologies.

Through these efforts, we aim to increase sales revenue by 45% and improve the profit ratio by three percentage points over the next four years.

As shown on the right, our strengths in ceramic package business include miniaturization technology for crystal device packages and 100% market share in ultra-compact products, technological capabilities in image sensor package manufacturing, and high-density and high-speed technologies for optical communication packages, each of which enjoys a high market share in their respective fields. Leveraging these strengths, we aim to increase sales revenue by 21% and improve profit ratio by 5.6 percentage points by sharing roadmaps and conducting joint technology development with strategic customers, increasing production capacity through the expansion of Vietnam plant, and promoting ceramic adoption in chiplet packaging.

In the ceramics-related business, based on the strong relationship of trust we have built with our customers, we will move forward to further growth and development by investing resources to meet specification requirements at a higher level.



See page 33. In the Electronic Components Business, we will focus on MLCCs and tantalum capacitors, which are expected to further increase their market share.

The graph on the left shows the major product portfolios within the Electronic Components Business for fiscal 2025, with the horizontal axis representing profit margin before income taxes, the vertical axis representing market growth rate, and the pie size representing sales revenue.

In the information and telecommunications market, which is our core market, we are maintaining high profitability in small-sized high capacitance MLCCs and timing devices. However, we are struggling at the moment due to a decline in the capacity utilization rate of MLCCs for automotives caused by the sluggish market and increased investment for production of polymer products in the tantalum capacitor business. We are taking actions aiming to achieve an immediate recovery in profitability.

To strengthen the competitiveness of the MLCC business, Kyocera has been allocating its highly profitable and competitively superior Kyocera MLCC technology and human resources in KAVX since the previous fiscal year, and with the strengthening of production technology and facility capabilities, profitability is improving and KAVX's MLCC is expected to turn profitable in the current fiscal year.

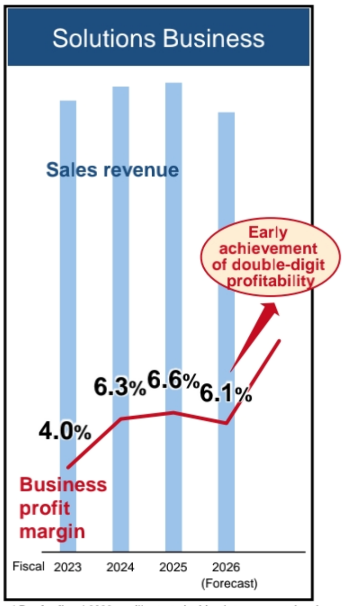
In addition to this, we are continuing to explore strategic M&A for market share expansion. To expand the tantalum capacitor business, in addition to MnO_2 products, which have a high market share, we will increase the share of polymer products and quickly return to the double-digit profit margins. Our current market share is 7%, but we intend to increase this to 15% by fiscal 2028.

Further business portfolio restructuring is also underway to accelerate the improvement of profitability of the Electronic Components Business as a whole. In addition to the sale of the power semiconductor business announced this time, we are also considering the consolidation of other businesses.

We will promote profitability and business growth by continuing to restructure our business portfolio in conjunction with expanding our focus on MLCCs and tantalum capacitors. This is the end of the explanation of the growth scenario for the components businesses.

Reform of the Solutions Business

KYOCERA



* Bar for fiscal 2026 are illustrated taking into account the change of classification of product lines between reporting segments

Basic Approach to Reform of the Solutions Business

Prioritize profitability improvement and then develop a new growth scenario

1. **Improve revenue and implement structural reform by product line**
   - (1) Improve revenue through proactive efforts to address challenges in key businesses
     Document Solutions / Cutting Tools/ KCCS / Printing Devices
   - (2)Implement thorough structural reforms to enhance profitability
     ✓Smart Energy ✓Telecommunications Equipment
     Pneumatic and Power Tools
2. **Next period growth scenario**
   Maximize business growth and profitability in two directions
   - (1) Refine Kyocera's strengths (core competencies) and reorganize the business portfolio to focus on resolving customer and societal challenges
   - (2) Strengthen manufacturing and build a common business model and platform to promote selling products and services together

Promote with strategic business transformation project

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Ina: Next, I would like to explain the growth scenario of the Solutions Business.

See page 35. First, let me explain our basic approach to business reform.

The Solutions Business will develop a new growth scenario after prioritizing profit improvement. Although our forecast for the current fiscal year takes into account the uncertain outlook for tariffs, foreign exchange rates, and other factors, we will aim to achieve double-digit profit margins at an early stage. In terms of improvement and structural reforms by product line, we will proactively address existing issues to improve profitability in our main businesses, such as the Document Solutions Unit and the cutting tools business.

And in the Smart Energy Business, Telecommunications Equipment Business, and the pneumatic and power tools business, we will thoroughly implement structural reforms to improve profitability. The progress of structural reforms will be explained later.

Next, the next growth scenario will be to maximize business growth and earnings in two directions.

First, Kyocera will consider reorganizing its business portfolio to redefine its strengths and focus on resolving customer and societal challenges.

Second, in addition to strengthening manufacturing, which we have been promoting, we will build a common business model and platform to promote selling products and services together.

We will promote these two initiatives through our strategic business transformation project.

Thorough Structural Reforms to Boost Profitability: Smart Energy

KYOCERA

Shift from "product sales" alone to "products and services"
－Focus on increasing profitability and transitioning to businesses that contribute to a sustainable society－

Increase sales of semi-solid (clay-type) lithium-ion storage batteries

Provide high value-added solutions by combining highly safe semi-solid (clay-type) lithium-ion storage batteries with solar cells

Expand renewable energy power sales business

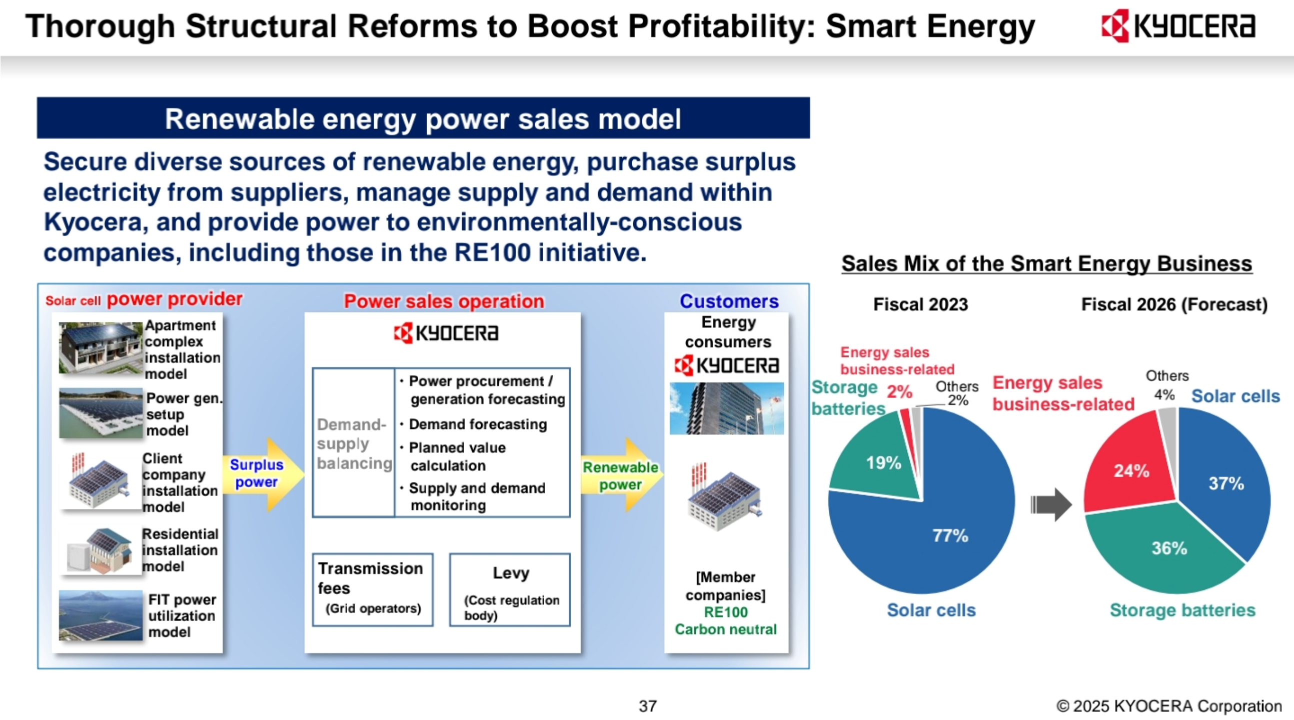
Move away from a one-off product sales model and expand the renewable energy power sales business in response to growing demand, helping solve customer and societal challenges while building a high-margin, long-term business

See page 36. Today, I will mainly explain the progress of structural reforms.

First is the structural reform of the Smart Energy Business. The Smart Energy Business is shifting from product sales alone to products and services, focusing on increasing profitability and transitioning to businesses that contribute to a sustainable society.

Specifically, we are working to expand sales by offering high value-added solutions that combine Kyocera's proprietary semi-solid lithium-ion storage batteries, which are highly safe, with solar cells.

In addition to the existing one-off product sales model centered on solar panels, we are expanding our renewable energy power sales business to meet the growing demand for renewable energy and to help solve customer and societal challenges, thereby developing a high-margin, long term business.

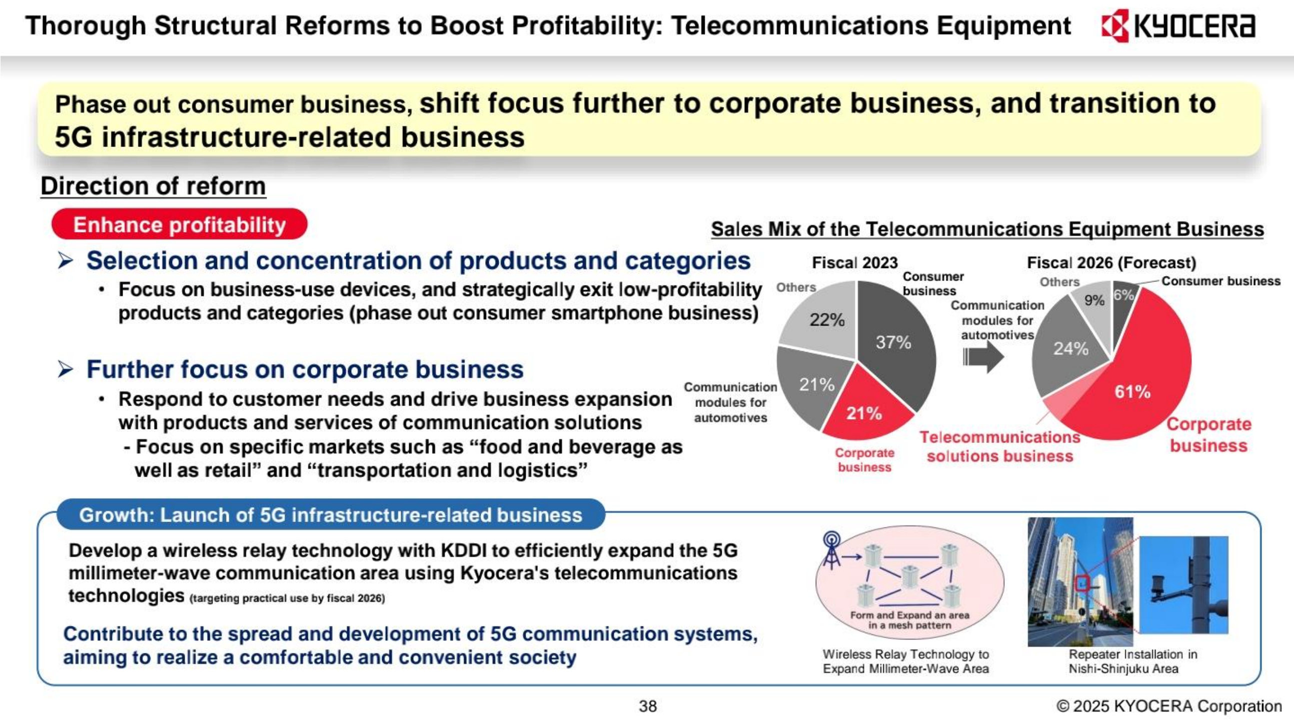


I will explain the renewable energy power sales model. See page 37.

This slide illustrates the renewable energy power sales model. This business model secures diverse sources of renewable energy on the left side of the diagram, purchase surplus electricity from suppliers, manage supply and demand by Kyocera, and provide power to its own factories and environmentally conscious companies, including member companies in the RE100 initiative on the right side of the diagram.

The right side of the slide shows the sales ratio of the Smart Energy Business, comparing the actual results for fiscal 2023 and the forecast for fiscal 2026.

We will continue our structural reforms by increasing the sales ratio of storage batteries to 36%, as well as the percentage of energy sales business-related, which was almost non-existent three years ago, to 24%.



See page 38. Next, I will explain the structural reform of the Telecommunications Equipment Business.

The Telecommunications Equipment Business will phase out its consumer business, focus more on the corporate business, and promote transition to 5G infrastructure-related business.

To improve profitability, we will select and concentrate on products and categories, and further focus on the corporate business, aiming to expand business by responding to customer needs with highly profitable products and services of communication solutions. In the current fiscal year, we plan to expand the percentage of sales from corporate business to 61%.

Furthermore, we will develop a wireless relay technology with KDDI to efficiently expand the 5G millimeter-wave communication area using Kyocera's telecommunications technologies. As such, we aim to expand its business by launching new 5G infrastructure-related businesses.

Thus, we will also ensure structural reforms of low-profit businesses and formulate a new growth scenario after prioritizing the improvement of profitability. This is the end of the explanation of the growth scenario for the solutions business.

Lastly, Tanimoto would like to offer his greetings.

Summary: Efforts to Enhance Corporate Value

KYOCERA

As the first step in transforming into a company that delivers value to all internal and external stakeholders, Kyocera will rigorously execute the following business and capital strategies by fiscal 2026.

Key Initiatives for Fiscal 2026

Business Strategies

- **Make challenging businesses profitable**
  Reconsider strategies for the Organic Packages and Boards Business and improve profitability of KAVX group
- **Develop the portfolio restructuring plan and start execution (strategic business transformation project)**
  Identify areas of competitive advantage from a short- to medium-term perspective and concentrate management resources accordingly

Capital Strategies

- **Reduce cross-shareholdings**
  Divest 250 billion yen worth of cross-shareholdings
- **Conduct share repurchases**
  Repurchase up to 200 billion yen worth of its own shares

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Tanimoto: Thank you for listening to us for a long time. Although the uncertain economic environment is expected to continue in the current fiscal year, we will rigorously execute the business strategies and capital strategies explained today as the first step toward transforming ourselves into a company that delivers value to all internal and external stakeholders.

In terms of business strategy, we will make challenging businesses profitable and restructure our portfolio by promoting the strategic business transformation project.

In terms of capital strategy, we will work to reduce cross-shareholdings and implement share buybacks.

The entire management team is more than ever committed to reforms aimed at increasing corporate value, and we look forward to your continued support. Thank you for your attention.

Question & Answer

<Questioner 1>

[Q]: First, I would like to confirm some numbers and details that are factored into this fiscal year's plan.

How much of profit/loss improvement in KAVX and the Organic Packages and Boards Business is put into the plan YoY? Also, how soon do you think you will be able to turn a profit?

You talked about KAVX earlier, but once again, please tell us about the current response and how you are factoring in that range of profit/loss improvement.

Also, how much of the JPY200 billion in business that will be transferred or discontinued this fiscal year is factored into this plan?

Tanimoto [A]: First of all, regarding the improvement of KAVX and the Organic Packages and Boards Business, I think that the two businesses posted a loss of about JPY57 billion in the previous fiscal year, but we are planning to break even in both businesses this fiscal year. Therefore, we believe that these two will result in an improvement of about JPY57 billion.

As for the current situation, the biggest improvement in the Organic Packages and Boards Business is the decrease in depreciation charges of property, plant and equipment due to the impairment loss, but we have also transferred about 370 employees to other departments, so there is a decrease in labor costs. This is only a small amount, but we are getting a return on packages such as switches for data centers. We are aiming for breaking even.

As for KAVX, Kyocera Corporation's engineers were dispatched one year ago to make internal improvements for MLCC. We have almost reached the point where the defect rate can be normalized, and although we returned to profitability in March on a monthly basis, orders are still unstable, so we are moving forward with our plan to completely return to profitability at the start of 2H.

The second point is the sale of the business. Today, we announced the first project, although it is a small one. Other discussions are currently underway as well. The actual timing of the sale has not yet been decided, but we are hoping to complete the sale in 4Q, and we have included a negative figure of approximately JPY10 billion in terms of sales in our current plan.

[Q]: Thank you very much. As a supplement, I think the improvement range of KAVX and the Organic Packages and Boards Business includes JPY43 billion in impairments.

Tanimoto [A]: Yes. That is correct.

[Q]: Is it correct to say that you are assuming a break-even in each? Is it especially in 2H?

Tanimoto [A]: No. Break-even is planned for both businesses on the full year basis.

[Q]: I think this was originally your view and direction, but how do you assess the progress so far?

As you said, KAVX has already seen the effect since March, but what about the Organic Packages and Boards Business? Do you feel that the response and visibility in this area is getting much closer?

Tanimoto [A]: As I mentioned earlier, one factor is that we are making internal improvements, and another is that FCBGAs, which had almost completely stopped until the previous year, has started to move after the inventory has been cleared a little. So, we think we can aim for a break-even in 2H.

[Q]: I understand. Thank you very much. Also, the second major question is about the strategic business transformation project, which will probably be a very important initiative in the next mid-term plan.

I have just heard about your focused products in the Core Components Business and the Electronic Components Business, as well as the progress of structural reforms in the Smart Energy Business and Telecommunications Equipment Business in the Solutions Business. Maybe the direction or focus is the same as what we have heard so far, but could you introduce some different mechanisms to ensure the implementation or speed?

Because, perhaps, at a quick glance, it could be thought that you are just going to focus on what you have been saying, regarding how to do it. The Smart Energy Business and the Telecommunications Equipment Business will also expand on what you have mentioned. However, I think the key points are whether this can really take shape in the medium term, whether it can be speeded up, and whether it will show up in the figures. So, could you tell me what kind of mechanism, or how you are going to devise for this purpose?

Tanimoto [A]: Until now, the business divisions have been the main organization in formulating action plans, but now it is time for us to focus on selection and concentration. In the case of the Core Components Business, for example, the Corporate Fine Ceramics Group was responsible for the growth strategy for SPE components in the past, but now we are planning to expand sales of ceramics for SPE across the Core Components Business.

To be clear, we are considering a system in which we are concentrating our efforts in a unified manner, and the number of engineers will be several times larger than before for the products that we have decided to concentrate our engineers on, be it the Automotive Components Business or the Ceramic Packages Business.

[Q]: I see. I understand. Now I heard one example in the Fine Ceramics Business. Are there any other innovations? Is the number of engineers per focus the biggest factor?

Tanimoto [A]: The number of engineers or the number of salespeople are definitely the difference.

[Q]: I understand. Thank you very much.

<Questioner 2>

[Q]: The first one is about the Electronic Components Business.

You mentioned MLCCs and tantalum capacitors as growth areas, but what percentage of the global market share do you recognize you currently hold for MLCCs? What is currently lacking in your MLCC business? When you say supplementing through M&A, what do you aim to supplement through M&A?

Also, please explain if you are thinking about the possibility that MLCCs and tantalum capacitors will be conflicting or cannibalizing each other in the market.

Tanimoto [A]: Sakushima will respond.

Sakushima [A]: Thank you for your question. Sakushima of the strategic business transformation project will reply to you.

First of all, we estimate our own figures for MLCC's market share are currently in the range of about 5% to 7%. In terms of these figures, we believe that gaining market share is very important in terms of understanding the market situation, so one of our major tasks is to increase our market share. We would like to be proactive in this area.

The second point is about MLCCs and tantalum capacitors. As mentioned earlier, there are certainly areas that conflict with each other, but at this point, the current situation is that the market areas are being divided according to application.

We believe it is important to maximize sales in each, but since our market share is limited and our manpower is also limited, we are focusing on the areas we need to focus on and are working to expand our market share in those areas.

[Q]: Thank you. Am I correct in understanding that your company's market share of 5% to 7% is based on the total market share of Kyocera Corporation itself and KAVX for automotives combined?

Sakushima [A]: Yes. You may think of it that way.

[Q]: So, is it market share that is lacking? When you say supplementing with M&A, am I correct in understanding that you mean M&A not for technology, but solely for the pursuit of scale?

Sakushima [A]: Yes. In terms of technological capabilities, Kyocera's MLCC business has been focused on small size and high capacity, and we believe that based on our actual capabilities, we have a much larger share within the area I mentioned earlier.

In this area, in terms of technology, I think we have what it takes to compete on a par. In this regard, we are aiming to expand our market share by applying the technology to KAVX and enhancing the product strength there. It is still a large market, so the question is how to increase our share there.

Increasing our share will also strengthen our ability to gather information in the future development of MLCCs, and we believe that we should focus our efforts in this area.

[Q]: Thank you. Secondly, you have announced the sale of the silicon diodes and power semiconductor businesses, but is it correct to say that the sale of the JPY200 billion business will be finalized by the end of this fiscal year? In that case, since sales for the current fiscal year are JPY1.9 trillion, including the exchange rate fluctuations, decrease by JPY107 billion, please let me confirm that the sales forecast for the current fiscal year does not include the sale of this JPY200 billion scale business.

Tanimoto [A]: I don't think it is just a sale regarding portfolio restructuring in size of JPY200 billion sales revenue, but we are moving forward with the goal of completing the business reform by the end of this fiscal year, and so far, there have been no delays.

Regarding the impact on this fiscal year, sale of silicon diodes and power semiconductor business were announced and the transfer will take place in January; therefore earnings for three months from the business will decrease. However, since the scale is very small, the impact will be minimal. I think the others will be as early as January or February. In this sense, we expect an impact of about JPY10 billion on sales, but nothing more than that.

[Q]: Thank you. Third, you are planning to increase capital investment to JPY180 billion this fiscal year. Looking at it by product, could you please explain in what products you will be increasing your capital investment?

Tanimoto [A]: There are many items that we had decided to invest in from the previous fiscal year but were delivered late this fiscal year, especially those related to factory buildings. To be honest, the increase in the current fiscal year is due to the temporary postponement of new plant building at the Kagoshima Sendai Plant and a new plant building under construction at the Kagoshima Kokubu Plant from the previous fiscal year to the current fiscal year.

[Q]: Thank you very much.

<Questioner 3>

[Q]: The first is how to proceed with future structural reforms in the Electronic Components Business.

As you explained earlier, the focus for the next two years will be spent rebuilding existing businesses and subtracting from them, i.e. reviewing unprofitable areas. Am I correct in my understanding that you will focus on improving the Company’s structure first and foremost, and until that is completed, there will be no additional additions such as M&A?

Also, in the graph, there are pink, red, and gray colors for the business divisions. Is this your company’s stance on each of your businesses now? Let me reconfirm that.

Sakushima [A]: Sakushima will answer. Most recently, as you mentioned earlier, our main focus has been on structural reforms. We will rebuild the businesses we are focusing on, and at the same time, we need to think about further development in parallel. So, we would also like to consider M&A and other options.

As for the portfolio, as you can see from the colored circles, it is as you have interpreted. In particular, the areas hatched in gray are businesses with low profitability, so how to do this is a major topic of discussion in the portfolio review. We would like to explain this area when it becomes more concrete. Thank you.

[Q]: I have an additional question at the timing devices. The Japanese timing device industry as a whole is struggling, and competition from Asia is emerging. I think the direction of the industry could change depending on how your company acts. If you have anything to add as to your future thoughts from that perspective, please.

Sakushima [A]: In this sense, timing devices are also in a very difficult situation, especially in the low-priced area. We will further accelerate the development of smaller-sized resonators, which we have been aiming for. In addition, some of them are already on the market, but there will be MEMS-based resonators in the future. This is mainly used in oscillators.

We will continue to work on initiatives for both products at the same time, while we continue to work to increase the market share of timing devices, even though the market growth rate may be low.

[Q]: Thank you very much. I would also like to ask about the future structural reform of the Solutions Business. For the time being, your priority is to improve the profitability of the current business, but as in the Core Components Business and the Electronic Components Business, I guess the idea is not doing what you should not focusing on. Is the perspective of making selection and concentration first not so strong at this point in the Solutions Business? If it were to happen, how many years would you say that such a thing could happen in the future?

Tanimoto [A]: Tanimoto will answer. We will of course improve the profitability of challenging businesses, but we plan to sell off some businesses from the Solutions Business this fiscal year by reviewing our business portfolio.

[Q]: So, you have the same idea, and you are working on it and looking at it.

Tanimoto [A]: Yes. That is correct.

[Q]: I understand. Thank you very much. Thirdly, I'm sorry to be numerical, but in your plan for this fiscal year, you expect an improvement in profits in Others in the Solutions Business. What is the reason for this? Also, as you explained earlier, the corporate gains and others will decrease this fiscal year, which is relatively large. What factors are incorporated?

Ina [A]: I will answer about the Solutions Business. As for the improvement in Others, we recorded provision for the SOFC fuel cell defects in the previous fiscal year. The main reason for the improvement in profits is that we will not have such a provision this fiscal year.

Tanimoto [A]: Also, the increase in expenses in the Headquarters is mainly due to a slight increase in DX-related investments.

[Q]: I understand. Thank you very much.

<Questioner 4>

[Q]: First of all, in the growth scenario of the management reform, in ceramics related business in the Core Components Business, I understand that you are targeting a relatively large growth rate of 45% in sales of components for SPE and 21% in sales of ceramic packages. Regarding this growth, basically, is the organic part, i.e. the market growth, a major factor?

Or are there many contributions from some kind of M&A, or new fields? Could you give me some kind of time frame and breakdown of the areas where there will be some growth? This is the first question.

Tanimoto [A]: Tanimoto will give you a response. First, for SPE and ceramic packages, we are basically planning organic growth. In the area of SPE, the overall market will grow, but looking at the details of SPE, there are some areas where the market share is low, so we are planning to expand by specializing in those areas. In the area of packages, there are some areas where it is difficult to deal with organic packages. So, we plan to attack such areas and grow organically.

[Q]: Thank you. In that sense, in terms of resource, including R&D, etc., since a large number of people will be allocated to this area, is it safe to assume that it is achievable?

Tanimoto [A]: Yes. The idea is to pull out engineers from R&D or ceramic-related businesses and concentrate on those areas.

[Q]: I understand. Thank you very much. Also, it is about the Solutions Business. Double-digit margins are targeted as an area for improvement. I think it has been difficult to achieve double-digit margins in the past, except for the Document Solutions Unit.

Are you aiming for double-digit margins with the top line growth and change in product mix, in the Industrial Tools Unit, or in the Communications Unit? Or is the opportunity being taken in areas such as the power sales model you introduced, where the top line will grow significantly? Which should we assume will be the main focus of profitability improvement here?

Ina [A]: From the current situation, in terms of profit margin, I think that we can achieve one point in the next fiscal year and one point in the fiscal year after next as an extension of the current level, but if it becomes double-digit, we will have to dynamically reorganize our business portfolio in the next growth scenario that I mentioned today.

We will conduct various simulations and consider what we can do in this strategic business transformation project and will make a presentation when we are able to do so.

[Q]: Thank you. As a follow-up last question, you explained in the strategic business transformation project that the Company is planning to sell or reestablish the JPY200 billion scale in sales revenue.

Will you continue to do so in the next fiscal year and beyond, or will you be able to move toward growth once you have achieved some kind of improvement in profitability this time? Please let us know if you have any prospects regarding this.

Tanimoto [A]: We would like to largely complete the project in the current fiscal year, but even so, times are changing drastically, and we will check every year whether there are some businesses that are no longer a the business with future growth potential.

[Q]: I understand. Thank you very much.

<Questioner 5>

[Q]: First of all, how are you allocating the impact of tariffs of JPY17 billion in this fiscal year in your reporting segments?

Tanimoto [A]: The major business being affected are the Industrial Tools Unit and the Document Solutions Unit of the Solutions Business, and that will be a total of about JPY13 billion. The Electronic Components Business are JPY2.5 billion, and the Core Components Business are about JPY400 billion to JPY500 million.

[Q]: You have imports and such at the Solutions Business, so you are looking there.

Tanimoto [A]: Yes. Exactly.

[Q]: Thank you. Second, since we are talking much about portfolios, I would like to ask you a question related to that.

When I look at the various businesses of your company, I see relatively profitable businesses in the business supplying components and materials for example, ceramic packages for crystals that used to be highly profitable, but then new crystal manufacturers emerged in China, or Taiwanese companies became large, and so on. Then, there was a pattern where they would turn around and start internal production and profitability would get tougher and tougher, and the industry itself would get worse. Or, I am imaging SAW filters, there are many cases where the Company goes into a business where other companies are highly profitable, and as a result, when the industry itself is in a downtime, the profitability of your company deteriorates greatly.

What is particularly difficult is that there are many patterns of business choices that are highly profitable in the short term but destructive in the long term. I think this is also true for the Printing Devices Business. How do you screen for such factors?

Tanimoto [A]: For example, crystal devices are very easy to understand, but we also had a very difficult time a few years ago. What we did at that time was to specialize in miniaturization, which other companies could not do. We specialize in miniaturization, and now our crystal device business is generating margin of about 15%.

I think it is the destiny of Japanese companies to always see the whole picture of industry from a bird's eye view and aim for the most advanced areas, not the area where other countries started to enter.

[Q]: If so, I think it would be better not to engage in such a highly profitable business as components, hence there would be less noise, i.e. risks to business, to begin with, but do you have any thoughts on that?

Tanimoto [A]: Well, we intend to chase market share in specific areas rather than chasing overall market share.

[Q]: I see. I understand. Thank you very much. Finally, this is also a question of business portfolio in a larger sense. I would like to ask especially Mr. Ina and President Tanimoto.

You often say that the core business of your company is components businesses, but I think that the Solutions Business would be smoother to expand, including improving profitability, because of the ease of M&A, the fact that you have KCCS, your domestic positioning, and the fact that you are a company with a lot of capital.

In other words, there are many competitors with capital in the field of the Core Components Business and the Electronic Components Business on a global scale, and it is difficult to see your company as having particular strengths in this area in my point of view. I think there is more room for growth in the Solutions Business.

How does Mr. Ina see it now, against components?

President Tanimoto, from your standpoint as president, how do you think components businesses and the Solutions Business should be to shape Kyocera in the future? I would like to ask for your thoughts and opinions on this matter.

Ina [A]: Thank you for your question. I think that is exactly right, but the business of solutions is not what Kyocera was originally about. This is why the Solutions Business is now with product orientation, since Kyocera started with components business.

I think there is a great opportunity for a paradigm shift in our business portfolio to a customer-oriented business portfolio that solves the problems of customers and society.

In the process of accomplishing this, I believe it is my job to make major changes, such as through M&A for things we do not have, and by creating a platform that can use all of them, and a business model.

By accomplishing this, as asked earlier, I believe we can aim for a higher profit margin, not just 10% or double-digit, but higher.

Tanimoto [A]: Lastly from me as well. I think you are right that M&A, as you say, is quite difficult in the components industry. However, in the area of components, especially in the area of electronic components, although our market share is low, we are currently making a small profit in this specialized area, so we would like to continue to consider ways to supplement in this sense.

This does not mean that we will not consider this in the Solutions Business at all, and we would like to fully discuss this issue, including the contents you mentioned, in the strategic business transformation project.

[Q]: I understand. Thank you very much.

[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, 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.***