Kyocera Corporation

Financial Presentation for the Three Months Ended June 30, 2026

July 30, 2026

Event Summary

[Company Name]	Kyocera Corporation	
[Company ID]	6971	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Financial Presentation for the Three Months Ended June 30, 2026	
[Fiscal Period]	Fiscal 2027 1Q	
[Date]	July 30, 2026	
[Time]	16:45 - 17:43 (Total: 58 minutes, Presentation: 17 minutes, Q&A: 41 minutes)	
[Venue]	Webcast	
[Number of Speakers]	2	
	Shiro Sakushima	President, Representative Director, CEO
	Hiroaki Chida	Director, Managing Executive Officer, CFO, and Executive General Manager of Corporate Planning Office and Headquarters

Presentation

Moderator: Thank you for your patience. Thank you for taking time out of your busy schedules to participate in today's Kyocera Corporation webinar.

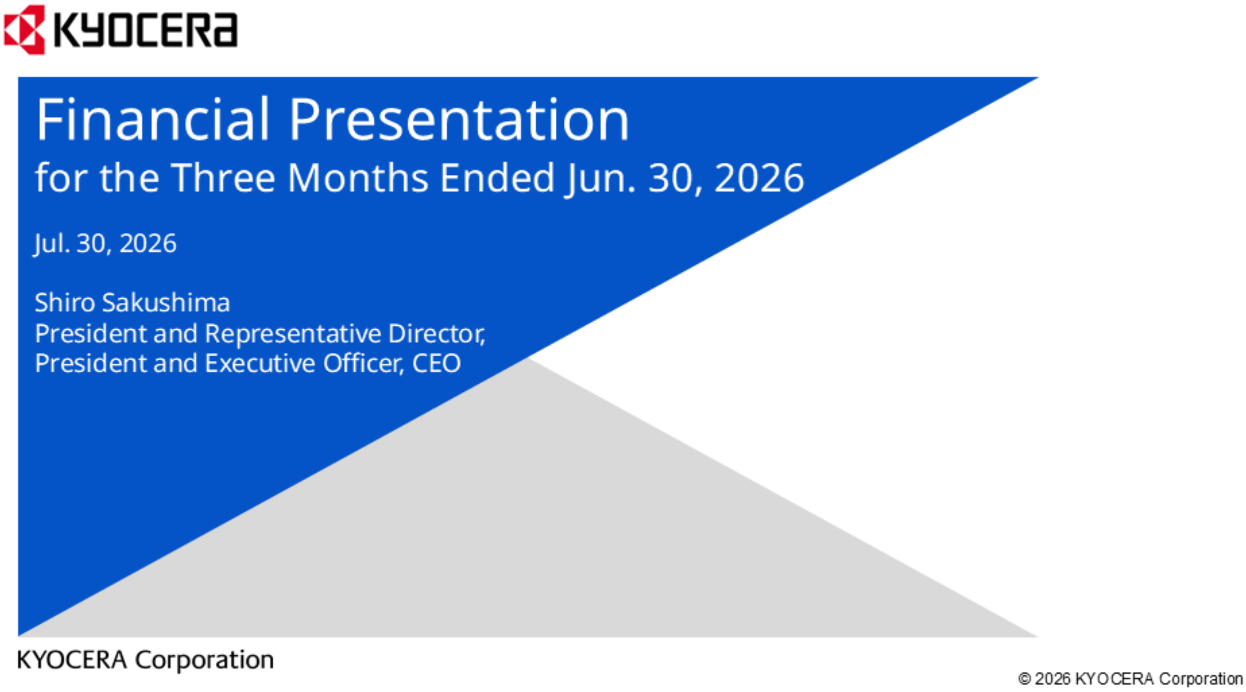
We will now begin the financial results briefing for the three months ended June 30, 2026. The materials we will be using today are available on our website for your reference. Please note that today's webinar is being recorded.

First, I would like to introduce today's attendees.

Shiro Sakushima, President and Representative Director, President and Executive Officer, CEO.

Hiroaki Chida, Director, Managing Executive Officer, CFO, and Executive General Manager of Corporate Planning Office and Headquarters.

We will now begin the explanation. President Sakushima, please.



Sakushima: 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 today to participate in our financial results briefing. First, we would like to express our deepest sympathies to all those affected by the 2026 (Reiwa 8th) Kumamoto Earthquake. We sincerely hope for the earliest possible recovery of the affected areas.

I will now explain the results based on the presentation materials for the financial results for the three months ended June 30, 2026.

Financial Highlights

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(Yen in millions)

Fiscal 2027 1Q Results

	Fiscal 2027 1Q	VS Fiscal 2026 1Q	
		Amount	%
Sales Revenue	**525,383**	47,345	9.9%
Profit Before Income Taxes	**74,891** (14.3%)	30,328	68.1%
Profit Attributable to Owners of the Parent	**60,576** (11.5%)	23,433	63.1%

✓ **Profits increased significantly YoY**
✓ **Record-high sales and profits as 1Q**

Core Components Business
- Both sales and profits increased significantly due mainly to increased sales of fine ceramic components for semiconductor processing equipment and semiconductor packages for AI data centers.

Electronic Components Business
- Both sales and profits increased due mainly to increased sales of small-sized high-capacitance MLCCs and tantalum capacitors for AI data centers.

Solutions Business
- Sales decreased due mainly to the transfer of a U.S. subsidiary in the Industrial Tools Unit in fiscal 2026 4Q, which more than offset increased demand in existing principal businesses.
- Profits increased due to the higher sales revenue and improved profitability in existing principal businesses.

Note: Figures in parentheses represent percentages to sales revenue.

Fiscal 2027 Financial Forecasts

	Fiscal 2027 Revised (Jul. 2026)	As compared with	
		Fiscal 2026	Previous fcst* (Apr. 2026)
Sales Revenue	**2,080,000**	9,797	140,000
Profit Before Income Taxes	**200,000** (9.6%)	31,006	30,000
Profit Attributable to Owners of the Parent	**160,000** (7.7%)	19,031	19,000

* forecasts

✓ **Revised upward from previous forecasts (Apr. 2026)**
✓ **Aim for record-high sales and significant increase in profits**

Core Components Business
- Revised upward due mainly to market expansion of products for AI data centers and fluctuation of foreign exchange rates.

Electronic Components Business
- Revised upward due mainly to increased sales of capacitors for AI data centers, etc. and fluctuation of foreign exchange rates.

Solutions Business
- Revised upward due to improved profitability in each business as well as to fluctuation of foreign exchange rates.

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First, I'll go over the financial highlights.

The left side of the slide shows the financial results for 1Q of fiscal 2027. For 1Q, sales revenue was JPY525.4 billion, profit before income taxes was JPY74.9 billion, with a profit ratio of 14.3%, and profit attributable to owners of the parent was JPY60.6 billion, with a profit ratio of 11.5%. Profits increased significantly compared to the same period last year, and both sales and profit reached record highs for 1Q.

The Core Components Business posted significant increases in both sales revenue and profit, driven primarily by higher sales of fine ceramic components for semiconductor processing equipment and semiconductor packages for AI data centers. The Electronic Components Business also reported increases in both sales revenue and profit, driven primarily by higher sales of small-sized high-capacitance MLCCs and tantalum capacitors for AI data centers.

Although sales revenue in the Solutions Business declined due to the impact of lower sales resulting from the transfer of a US subsidiary in the Industrial Tools Unit in 4Q of the previous fiscal year, profit increased, driven by sales revenue growth and improved profitability in the existing principal businesses.

Next, please look at the fiscal 2027 financial forecasts on the right side of the slide. We are revising upward the forecast we announced in April of this year, with the aim of setting a new record for sales revenue and achieving a significant increase in profits. The full-year earnings forecast projects sales revenue of JPY2.08 trillion, profit before income taxes of JPY200 billion, with a profit ratio of 9.6%, and profit attributable to owners of the parent of JPY160 billion, with a profit ratio of 7.7%.

We are revising our forecasts upward for the Core Components Business and the Electronic Components Business, primarily due to market expansion of products for AI data centers and fluctuations in the foreign exchange rates, and for the Solutions Business, due to improved profitability in each business as well as to fluctuations in the foreign exchange rates.

Table of Contents

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, 2026 is referred to as "Fiscal 2026, the year ending March 31, 2027 is referred to as "Fiscal 2027", six months ended/ending September 30 is referred to as "1H," nine months ended/ending December 31 is referred to as "9M," and three months ended/ending June 30 is referred to as "1Q." Other fiscal years, half-year, nine months and quarterly periods are referred to in a corresponding manner.

Figures of change rates and business profit ratio are calculated based on millions of yen.

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Today, I will explain the contents listed here in order.

1. Financial Results for Fiscal 2027 1Q

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To begin, I will explain the summary of financial results for fiscal 2027 1Q.

Financial Results for Fiscal 2027 1Q (1)

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(Yen in millions)

		Fiscal 2026 1Q	Fiscal 2027 1Q	Change Amount	Change %
Sales Revenue		478,038	**525,383**	47,345	9.9%
Operating Profit		18,550 (3.9%)	**49,101** (9.3%)	30,551	164.7%
Profit Before Income Taxes		44,563 (9.3%)	**74,891** (14.3%)	30,328	68.1%
Profit Attributable to Owners of the Parent		37,143 (7.8%)	**60,576** (11.5%)	23,433	63.1%
Average Exchange Rates	**US$**	145 yen	**159 yen**		
	Euro	164 yen	**185 yen**		

Additional Information

- Impact from foreign exchange fluctuations (due to depreciation of yen; figures are approximate)
  Sales revenue: +35.0 billion yen / Profit before income taxes: +7.0 billion yen

Note: Figures in parentheses represent percentages to sales revenue.

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For 1Q, sales revenue increased by 9.9% YoY to JPY525.4 billion. Operating profit increased by 164.7% to JPY49.1 billion, with a profit ratio of 9.3%. Profit before income taxes increased by 68.1% to JPY74.9 billion, with a profit ratio of 14.3%, and profit attributable to owners of the parent increased by 63.1% to JPY60.6 billion with a profit ratio of 11.5%.

The average exchange rate against the US dollar was JPY159, a depreciation of JPY14 YoY, and against the euro, it was JPY185, a depreciation of JPY21. As a result, sales revenue increased by approximately JPY35 billion, and profit before income taxes increased by approximately JPY7 billion.

Financial Results for Fiscal 2027 1Q (2)

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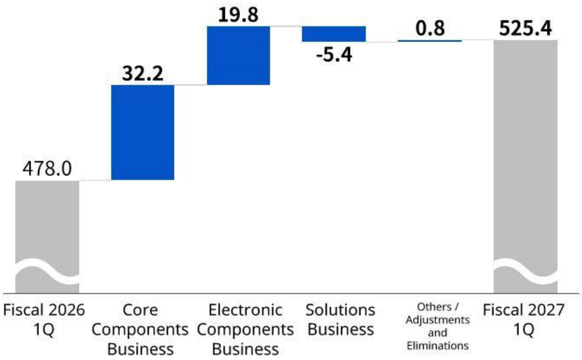
(Yen in billions)

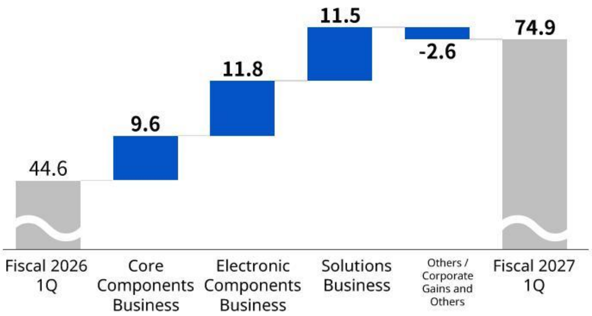
Sales Revenue

- Core Components Business and the Electronic Components Business: Increased, due primarily to robust demand for semiconductor packages and capacitors, etc. for AI data centers.
- Solutions Business: Sales of existing principal businesses increased; however, due to the impact from transfer of the U.S. subsidiary of the Industrial Tools Unit in January 2026, sales revenue decreased.



Profit Before Income Taxes

- Core Components Business and the Electronic Components Business: Increased due to increased sales of high-value-added products for AI data centers.
- Solutions Business: Increased due to the higher sales revenue and improved profitability in existing principal businesses.



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Here is a summary of the 1Q results.

As shown on the left side of the slide, sales revenue increased, driven primarily by robust demand for semiconductor packages and capacitors, etc. for AI data centers in the Core Components Business and the Electronic Components Business. In the Solutions Business, demand increased in existing principal businesses, however, due to the impact of lower sales resulting from the transfer of a US subsidiary of the Industrial Tools Unit in 4Q of the previous fiscal year, sales revenue decreased.

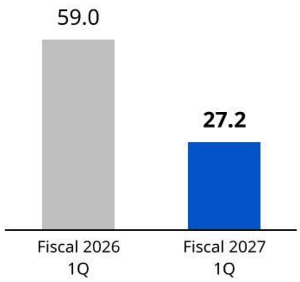
As shown on the right side of the slide, profit before income taxes increased as sales revenue from the Core Components Business and the Electronic Components Business grew, driven by higher sales of high-value-added products for AI data centers. In addition, the Solutions Business reported higher profits due to increased sales revenue and improved profitability in existing principal businesses.

Financial Results for Fiscal 2027 1Q (3)

(Yen in billions)

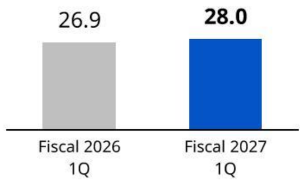
Capital Expenditures

Decreased due mainly to completion of new factory buildings constructed in Japan from previous years has completed in fiscal 2026.



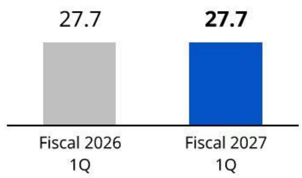
Depreciation Charge of PPE

Increased slightly due mainly to the foreign exchange rates.



R&D Expenses

Continued R&D activities to develop new products as well as new businesses in focus areas.



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This slide shows capital expenditures, depreciation charge of property, plant and equipment, and R&D expenses.

Capital expenditures on the left side decreased primarily because the construction of a new plant building in Japan, which had been underway for several years was completed in the previous fiscal year. Depreciation charge of property, plant and equipment shown in the middle increased slightly, primarily due to foreign exchange fluctuations. R&D expenses on the right side remained at approximately the same level as the previous fiscal year reflecting ongoing R&D activities to develop new products as well as new businesses in focus areas.

Sales Revenue by Reporting Segment for Fiscal 2027 1Q

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(Yen in millions)

	Fiscal 2026 1Q		Fiscal 2027 1Q		Change	
	Amount	Component Ratio	Amount	Component Ratio	Amount	%
Core Components Business	145,856	30.5%	**178,081**	**33.9%**	32,225	22.1%
Industrial & Automotive Components Unit	58,523	12.2%	65,446	12.5%	6,923	11.8%
Semiconductor Components Unit	81,561	17.1%	106,106	20.2%	24,545	30.1%
Others	5,772	1.2%	6,529	1.2%	757	13.1%
Electronic Components Business	83,864	17.6%	**103,645**	**19.7%**	19,781	23.6%
Solutions Business	253,007	52.9%	**247,627**	**47.1%**	-5,380	-2.1%
Industrial Tools Unit	80,038	16.7%	56,842	10.8%	-23,196	-29.0%
Document Solutions Unit	107,415	22.5%	122,092	23.2%	14,677	13.7%
Communications Unit	45,586	9.5%	47,977	9.1%	2,391	5.2%
Others	19,968	4.2%	20,716	4.0%	748	3.7%
Others	3,430	0.7%	3,878	0.8%	448	13.1%
Adjustments and Eliminations	-8,119	-1.7%	-7,848	-1.5%	271	-
Sales Revenue	478,038	100.0%	**525,383**	**100.0%**	47,345	9.9%

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This slide shows a breakdown of sales revenue by reporting segment.

Business Profit (Loss) by Reporting Segment for Fiscal 2027 1Q

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(Yen in millions)

	Fiscal 2026 1Q		Fiscal 2027 1Q		Change	
	Amount	% to Sales Revenue	Amount	% to Sales Revenue	Amount	%
Core Components Business	14,188	9.7%	**23,826**	**13.4%**	9,638	67.9%
Industrial & Automotive Components Unit	6,992	11.9%	9,984	15.3%	2,992	42.8%
Semiconductor Components Unit	7,021	8.6%	13,919	13.1%	6,898	98.2%
Others	175	3.0%	-77	-	-252	-
Electronic Components Business	-3,008	-	**8,782**	**8.5%**	11,790	-
Solutions Business	18,879	7.5%	**30,333**	**12.2%**	11,454	60.7%
Industrial Tools Unit	6,551	8.2%	11,723	20.6%	5,172	78.9%
Document Solutions Unit	9,753	9.1%	11,383	9.3%	1,630	16.7%
Communications Unit	206	0.5%	3,307	6.9%	3,101	-
Others	2,369	11.9%	3,920	18.9%	1,551	65.5%
Others	-5,406	-	-6,323	-	-917	-
Total Business Profit	24,653	5.2%	**56,618**	**10.8%**	31,965	129.7%
Corporate Gains and Others	19,910	-	18,273	-	-1,637	-8.2%
Profit Before Income Taxes	44,563	9.3%	**74,891**	**14.3%**	30,328	68.1%

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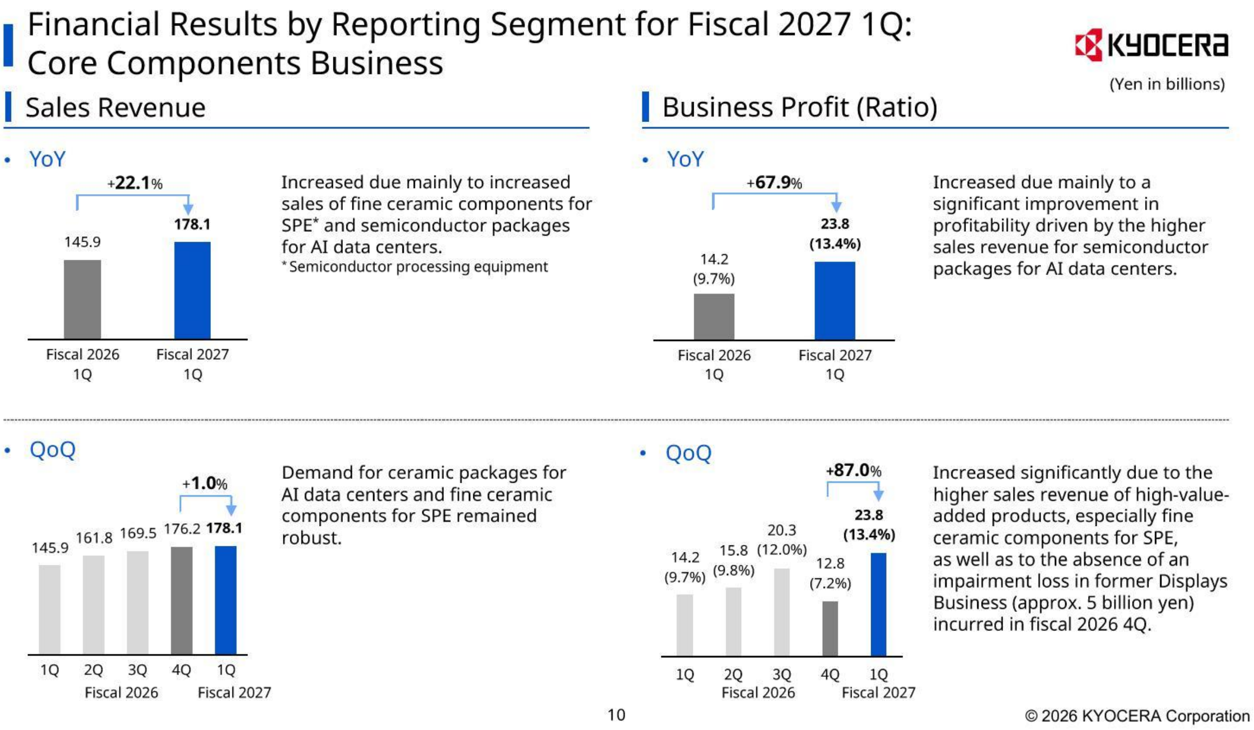
Here is a breakdown of profit by reporting segment. I will explain the changes in sales revenue and business profit for each segment on the following pages.

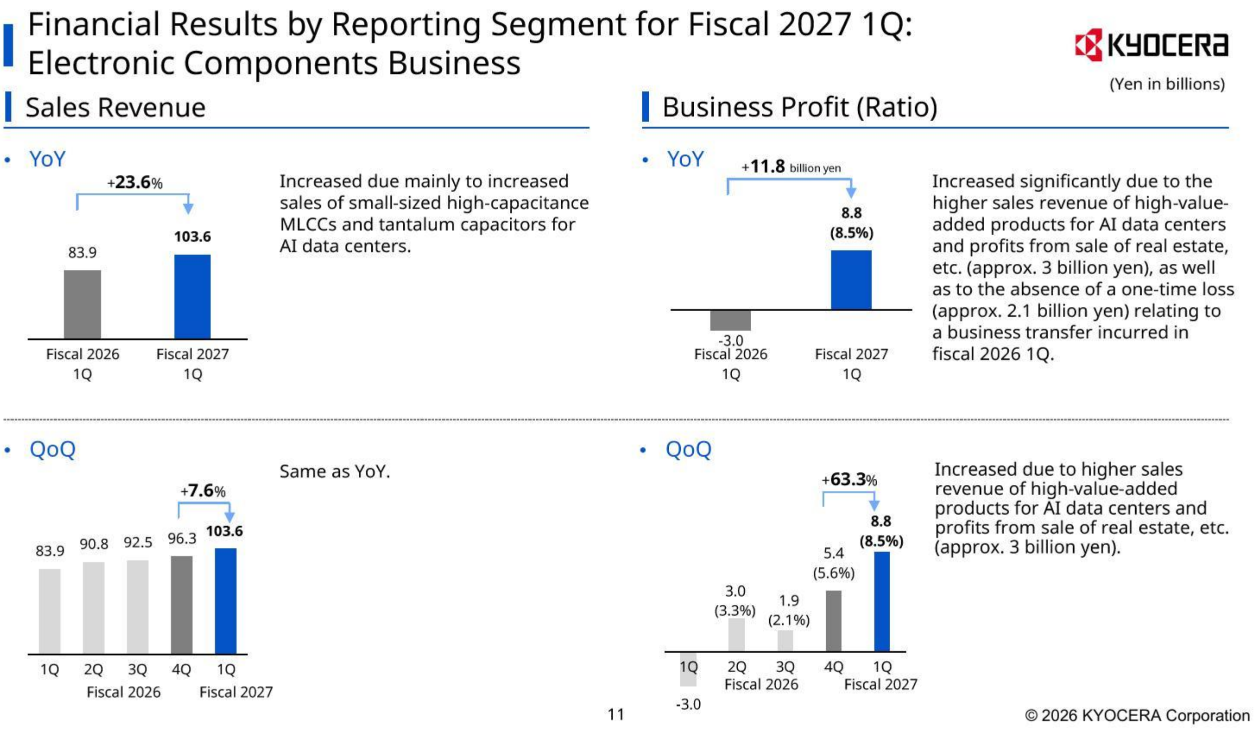


Regarding 1Q sales revenue and business profit by segment, the top row shows a comparison with 1Q of the previous fiscal year, and the bottom row shows a comparison with Q4 of the previous fiscal year.

First, let's look at the Core Components Business. Please look at the sales revenue, on the left side of the slide. Sales revenue for 1Q amounted to JPY178.1 billion. On a YoY basis, sales revenue increased primarily due to increased sales of fine ceramic components for semiconductor processing equipment and semiconductor packages for AI data centers. On a QoQ basis, sales revenue increased slightly, driven by robust demand for ceramic packages for AI data centers and fine ceramic components for semiconductor processing equipment.

Next, please look at the business profit, on the right-hand side. Business profit for 1Q was JPY23.8 billion, with a profit margin of 13.4%. On a YoY basis, profit increased due mainly to a significant improvement in profitability driven by higher sales revenue from semiconductor packages for AI data centers.

On a QoQ basis, profit increased significantly due to the higher sales revenue of high-value-added products, especially fine ceramic components for semiconductor processing equipment, as well as the absence of an impairment loss in the former Displays Business of approximately JPY5 billion incurred in fiscal 2026 4Q.

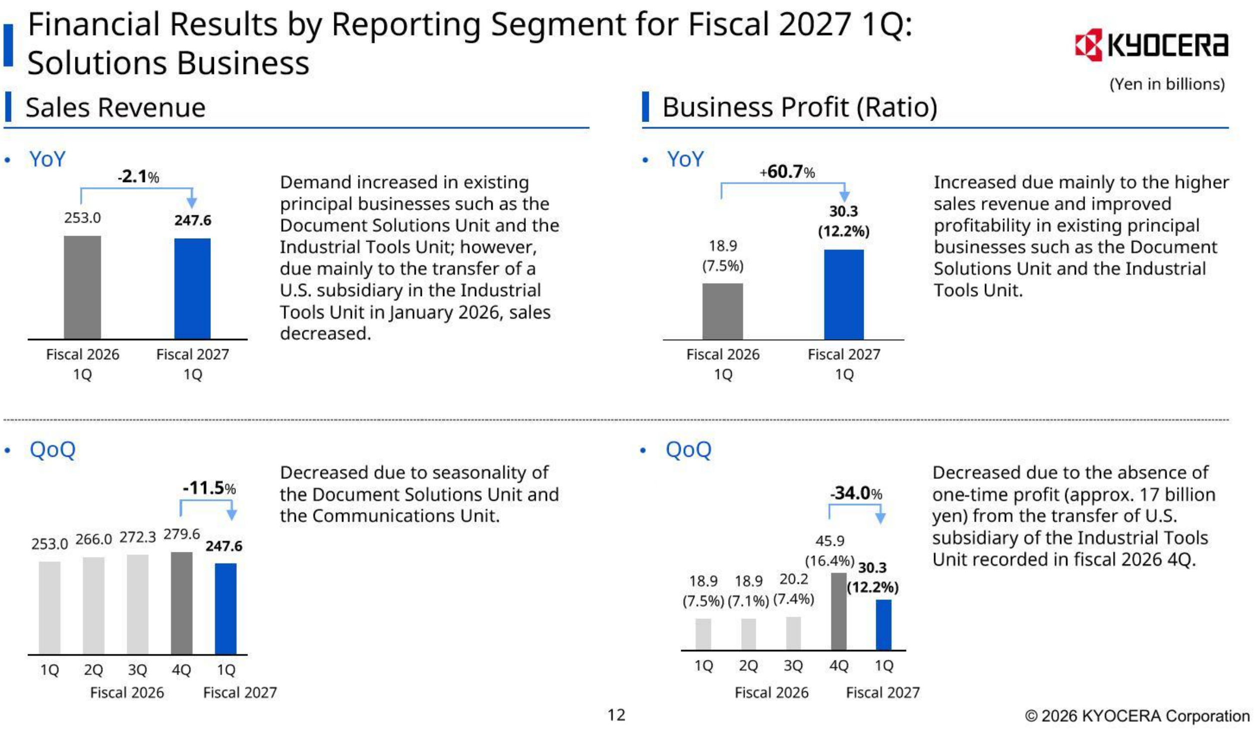


Next, the Electronic Components Business.

Please look at the sales revenue on the left side of the slide. Sales revenue for 1Q amounted to JPY103.6 billion. Sales revenue increased both YoY and QoQ, driven primarily by increased sales of small-sized high-capacitance MLCCs and tantalum capacitors for AI data centers.

Next, please look at the business profit, on the right-hand side. Business profit for 1Q was JPY8.8 billion, with a profit margin of 8.5%. On a YoY basis, profit increased significantly due to the higher sales revenue of high-value-added products for AI data centers and profits from the sale of real estate, etc. of approximately JPY3 billion, as well as the absence of a one-time loss of approximately JPY2.1 billion relating to a business transfer in fiscal 2026 1Q.

On a QoQ basis, profit increased due to the higher sales revenue of high-value-added products for AI data centers and profits from the sale of real estate, etc. of approximately JPY3 billion.



Next, the Solutions Business.

Please look at the sales revenue on the left side of the slide. Sales revenue for 1Q amounted to JPY247.6 billion. On a YoY basis, demand increased in existing principal businesses, such as the Document Solutions Unit and the Industrial Tools Unit; however, due mainly to the transfer of a US subsidiary in the Industrial Tools Unit in fiscal 2026 4Q, sales revenue decreased. On a QoQ basis, revenue declined due to the seasonality of the Document Solutions Unit and the Communications Unit.

Next, please look at the business profit on the right side. Business profit for 1Q was JPY30.3 billion, with a profit margin of 12.2%. On a YoY basis, profits increased due mainly to the higher sales revenue and improved profitability in existing principal businesses, such as the Document Solutions Unit and the Industrial Tools Unit. On a QoQ basis, profits decreased due to the absence of a one-time profit of approximately JPY17 billion from the transfer of a US subsidiary of the Industrial Tools unit recorded in Q4 of the previous fiscal year.

2. Financial Forecasts for Fiscal 2027

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Next, I will explain the financial forecasts for fiscal 2027.

Financial Forecasts for Fiscal 2027 (1)

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(Yen in millions)

		Fiscal 2026	Fiscal 2027 Forecasts		Change from	
			Previous (Apr. 2026)	Revised (Jul. 2026)	Fiscal 2025	Previous Forecast
Sales Revenue		2,070,203	**1,940,000**	**2,080,000**	9,797	140,000
Operating Profit		118,138 (5.7%)	**130,000** (6.7%)	**160,000** (7.7%)	41,862	30,000
Profit Before Income Taxes		168,994 (8.2%)	**170,000** (8.8%)	**200,000** (9.6%)	31,006	30,000
Profit Attributable to Owners of the Parent		140,969 (6.8%)	**141,000** (7.3%)	**160,000** (7.7%)	19,031	19,000
EPS (Yen)		102.70	**102.73**	**122.04**		
Average Exchange Rates	**US$**	151 yen	**150 yen**	**155 yen**		
	Euro	175 yen	**175 yen**	**180 yen**		
Capital Expenditures		149,099 (7.2%)	**225,000** (11.6%)	**225,000** (10.8%)	75,901	-
Depreciation Charge of PPE		110,924 (5.4%)	**120,000** (6.2%)	**120,000** (5.8%)	9,076	-
R&D Expenses		115,701 (5.6%)	**120,000** (6.2%)	**120,000** (5.8%)	4,299	-

Notes: Regarding EPS for fiscal 2027 forecast, previous forecast as of Apr. 2026 is calculated using the average number of shares outstanding during fiscal 2026 and revised forecast as of Jul. 2026 is calculated using the average number of shares outstanding during fiscal 2027 1Q.
Figures in parentheses represent percentages to sales revenue.

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We have revised our earnings forecast as follows: sales revenue is projected to increase by JPY140 billion to JPY2.08 trillion; business profit is expected to rise by JPY30 billion to JPY160 billion, with a profit margin of 7.7%; profit before income taxes is forecast to increase by JPY30 billion to JPY200 billion, with a profit margin of 9.6%; and profit attributable to owners of the parent is projected to rise by JPY19 billion to JPY160 billion, with a profit margin of 7.7%.

In addition, the assumed average exchange rates have been revised to JPY155 against the US dollar and JPY180 against the euro, representing a depreciation of JPY5 against both currencies compared to the previous forecast. There are no changes to the forecasts on capital expenditure, depreciation charge of property, plant and equipment, or R&D expenses.

Forecast of Sales Revenue by Reporting Segment for Fiscal 2027

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(Yen in millions)

	Fiscal 2026		Fiscal 2027 Forecasts				Change from	
			Previous (Apr. 2026)		Revised (Jul. 2026)			
	Amount	Component Ratio	Amount	Component Ratio	Amount	Component Ratio	Fiscal 2026	Previous Forecasts
Core Components Business	653,429	31.6%	**654,000**	**33.7%**	**716,000**	**34.4%**	62,571	62,000
Industrial & Automotive Components Unit	250,069	12.1%	246,000	12.7%	273,000	13.1%	22,931	27,000
Semiconductor Components Unit	379,432	18.3%	380,000	19.6%	415,000	20.0%	35,568	35,000
Others	23,928	1.2%	28,000	1.4%	28,000	1.3%	4,072	-
Electronic Components Business	363,486	17.5%	**364,000**	**18.7%**	**415,000**	**20.0%**	51,514	51,000
Solutions Business	1,070,919	51.7%	**932,800**	**48.1%**	**964,800**	**46.4%**	-106,119	32,000
Industrial Tools Unit	285,936	13.8%	170,000	8.8%	180,000	8.6%	-105,936	10,000
Document Solutions Unit	478,479	23.1%	480,000	24.7%	490,000	23.6%	11,521	10,000
Communications Unit	219,158	10.6%	188,000	9.7%	200,000	9.6%	-19,158	12,000
Others	87,346	4.2%	94,800	4.9%	94,800	4.6%	7,454	-
Others	14,196	0.7%	15,000	0.8%	15,000	0.7%	804	-
Adjustments and Eliminations	-31,827	-1.5%	-25,800	-1.3%	-30,800	-1.5%	1,027	-5,000
Sales Revenue	2,070,203	100.0%	**1,940,000**	**100.0%**	**2,080,000**	**100.0%**	9,797	140,000

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This is a list of sales revenue forecasts by segment. Compared to our previous forecast, we have revised our projections upward by JPY62 billion for the Core Components Business, JPY51 billion for the Electronic Components Business, and JPY32 billion for the Solutions Business.

Forecast of Business Profit (Loss) by Reporting Segment for Fiscal 2027

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(Yen in millions)

	Fiscal 2026		Fiscal 2027 Forecasts				Change from	
			Previous (Apr. 2026)		Revised (Jul. 2026)			
	Amount	% to Sales Revenue	Amount	% to Sales Revenue	Amount	% to Sales Revenue	Fiscal 2026	Previous Forecasts
Core Components Business	63,082	9.7%	**80,500**	**12.3%**	**99,000**	**13.8%**	35,918	18,500
Industrial & Automotive Components Unit	18,730	7.5%	28,000	11.4%	36,000	13.2%	17,270	8,000
Semiconductor Components Unit	46,933	12.4%	53,000	13.9%	63,500	15.3%	16,567	10,500
Others	-2,581	-	-500	-	-500	-	2,081	-
Electronic Components Business	7,316	2.0%	**21,000**	**5.8%**	**26,000**	**6.3%**	18,684	5,000
Solutions Business	103,943	9.7%	**87,600**	**9.4%**	**94,000**	**9.7%**	-9,943	6,400
Industrial Tools Unit	35,196	12.3%	16,000	9.4%	18,000	10.0%	-17,196	2,000
Document Solutions Unit	45,115	9.4%	45,000	9.4%	47,000	9.6%	1,885	2,000
Communications Unit	12,116	5.5%	13,200	7.0%	15,000	7.5%	2,884	1,800
Others	11,516	13.2%	13,400	14.1%	14,000	14.8%	2,484	600
Others	-21,742	-	-26,000	-	-26,000	-	-4,258	-
Total Business Profit	152,599	7.4%	**163,100**	**8.4%**	**193,000**	**9.3%**	40,401	29,900
Corporate Gains and Others	16,395	-	6,900	-	7,000	-	-9,395	100
Profit Before Income Taxes	168,994	8.2%	**170,000**	**8.8%**	**200,000**	**9.6%**	31,006	30,000

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This is a list of profit forecasts by segment. Compared to the previous forecast, we have revised our projections upward by JPY18.5 billion for the Core Components Business, JPY5 billion for the Electronic Components Business, and JPY6.4 billion for the Solutions Business.

Premises for Revision of Fiscal 2027 Forecasts

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Business Environment

Previous Forecast (Apr. 2026)	Revised Forecast (Jul. 2026)
• Concerned uncertain situation may persist due to rising material prices and geopolitical risks, etc. • Although AI-related investment is expected to accelerate, the auto-related markets are expected to slow. • Expected moderate appreciation of yen regarding forex rates.	• **Uncertainty is expected to remain.** • **Demand growth in broad areas such as AI and semi-related markets was earlier than anticipated.** • **Yen depreciated regarding forex rates.**

Revised financial forecast upward by considering the impact of earlier-than-anticipated demand growth in 1Q and depreciation of yen.
Still maintains expectation that rising material price and geopolitical risks, etc. would continue 2Q onward.

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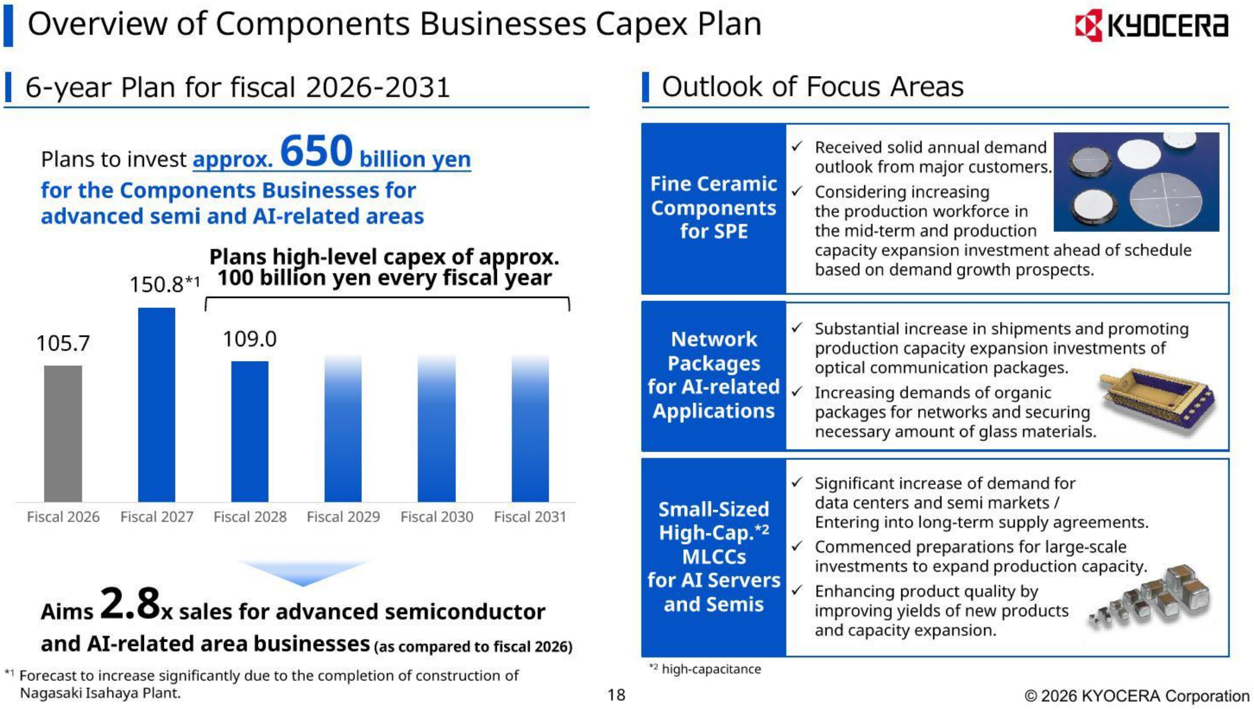
Next, I will explain the background of the revision to the financial forecasts. The left side of the table shows the business environment as of the time of our previous forecast, released in April of this year, while the right-hand side shows the business environment as of the time of this forecast.

As of the time of this forecast, although the business environment remains uncertain, demand is growing across a wide range of sectors, particularly in the AI and semiconductor markets. In addition, the yen continues to weaken against other currencies.

In light of these circumstances, we have revised our financial forecast upward, taking into account the impact of earlier-than-expected demand growth in 1Q and the weakening of the yen. However, we continue to expect that the impact of rising raw material prices and geopolitical risks, among other factors, will become apparent from 2Q onward.



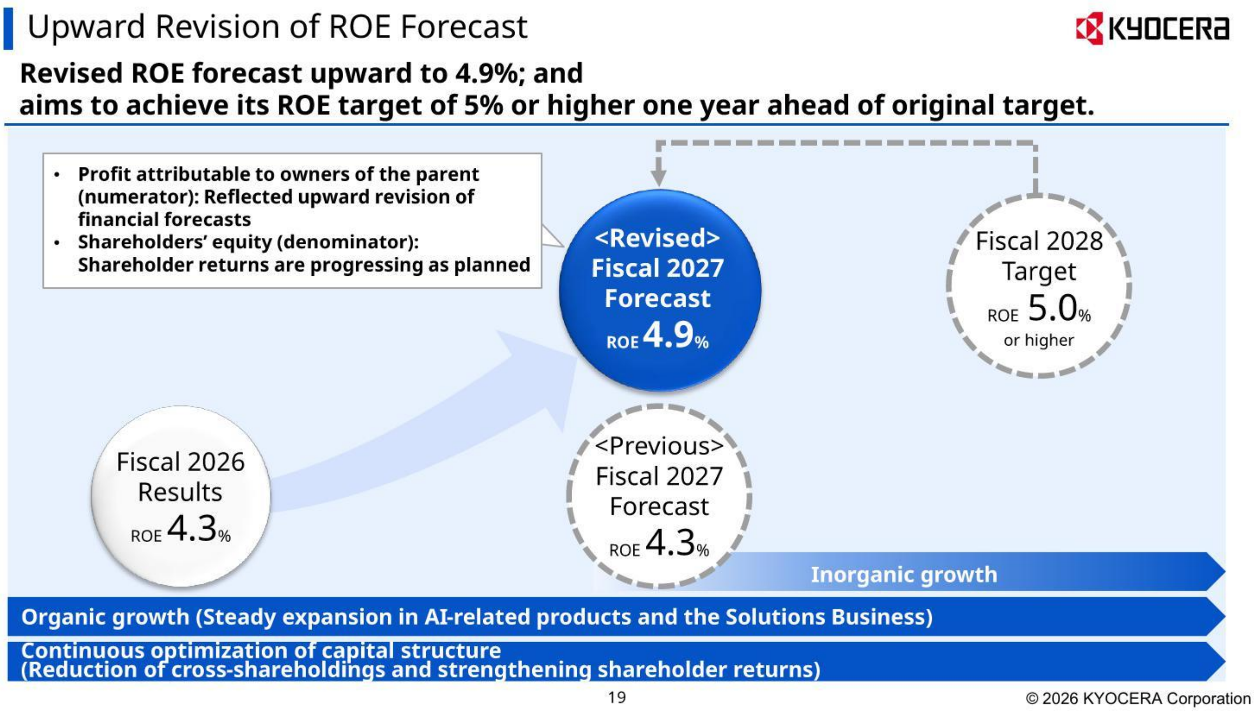
I will provide an overview of the investment plan for our components businesses.

As shown on the left side of this slide, we have formulated a plan to invest approximately JPY650 billion over the six-year period from fiscal 2026 to fiscal 2031 in our Components Businesses, with a focus on advanced semiconductors and AI-related areas. Since the Nagasaki Isahaya Plant is scheduled for completion in fiscal 2027, this figure is expected to increase significantly to approximately JPY150 billion; however, we plan to continue investing at a high level of approximately JPY100 billion annually starting with fiscal 2028, with the goal of increasing sales revenue in the advanced semiconductor and AI-related businesses to 2.8 times the level of fiscal 2026.

The right side of the slide shows the outlook for our key focus areas. Regarding the fine ceramic components for semiconductor processing equipment, shown in the upper segment, our major customers have provided a solid outlook for annual demand. Based on this outlook for increased demand, we will consider expanding our production workforce over the medium term and bringing forward investments to increase production capacity.

For the network packages for AI-related applications, shown in the middle segment, we are proceeding with investments to increase production in response to a significant rise in shipments of ceramic packages for optical communications. We are also taking steps to meet the growing demand for organic packages for networks, and will continue to work to secure the supply of glass materials.

For the small-sized high-capacitance MLCCs for AI servers and semiconductors, shown in the lower segment, we are proceeding with the signing of long-term supply agreements for certain products, against a backdrop of rapidly increasing demand in the data center and semiconductor markets. In addition, we have begun making arrangements for large-scale investments aimed at expanding production capacity, with the goal of improving quality by enhancing the yield of new products and increasing production capacity.



We have also revised upward our ROE forecast announced in April of this year. In line with our profit growth, we have raised our ROE forecast to 4.9% and will continue to strive for further profit growth with the aim of achieving our target ROE of 5% or higher for the year ending March 31, 2028, one year ahead of schedule.

That concludes my explanation. We ask for your continued support. Thank you for your attention.

Question & Answer

<Questioner 1>

[Q]: What really struck me this time was the frequent use of terms like "AI data centers." I think there has been a sudden shift in how things are described; whereas until last year the narrative was that there wasn't much involvement or connection in AI data centers, that has changed.

To better gauge the impact of this, regarding the annual sales forecast—specifically, the sales figures for the Core Components Business and the Electronic Components Business have been revised upward to JPY62 billion and JPY51 billion, respectively—could you tell us how much of this increase is attributable to the semiconductor-related areas or AI data centers?

Also, regarding the current April to June period, I would like to ask about any significant changes—specifically, instances where demand materialized and your company managed to capture more of it than anticipated, or where you were able to increase shipments.

Sakushima [A]: We have revised our April forecast upward as of July. Our company has maintained ongoing business relationships with certain customers regarding ceramic components for semiconductor processing equipment and optical communication packages, among other products, and we hold a high market share in those areas.

Regarding inquiries, etc. in that area, particularly with regard to ceramic components for semiconductor processing equipment, demand was expected to remain quite sluggish—or rather, it was not expected to pick up—until around the end of last year. However, that situation took a sudden turn at the start of this calendar year, and demand began to rise sharply.

Back in January, February, and March, we hadn't yet fully grasped those figures, but as we entered fiscal 2027, those numbers began to rise significantly in the form of actual orders, which is why our results for 1Q, in particular, exceeded expectations.

Also, regarding changes or increase in demand—while we had initially factored this into our full-year plan, we had anticipated that it would begin more toward 2Q. However, since this trend started earlier than expected, the demand has risen at a much steeper rate than we had anticipated. We understand that, in that sense, we are progressing ahead of our initial plan. Rather than an increase in market share, the main factor behind this upward revision was an increase in demand from the customers we do business with.

[Q]: I see. Just to confirm, I fully understand the two products you mentioned. However, regarding components like MLCCs and tantalum capacitors—where I had thought a longer timeframe might be needed—I was surprised to see the term "AI server" explicitly mentioned for both of them this time.

Regarding the background context, and whether the so-called product strength and rollout are already in place—and also, whether the organic packaging is not really relevant this time, or whether it's correct to say that AI-related aspects are still pending—could you please confirm these points for me?

Sakushima [A]: First, regarding the Electronic Components Business, we have generally been actively pursuing design-in initiatives for MLCCs and tantalum capacitors. Consequently, as the impact of this has also shifted significantly toward the upside, it has contributed to a substantial increase in sales of the Electronic Components Business, particularly compared to the most recent 4Q.

Demand for tantalum capacitors has been quite strong since the previous fiscal year, but due to constraints on our production capacity, we had been unable to fully meet that demand. However, as productivity improvements at KAVX's Thai plant have progressed, we've been able to increase production volumes slightly as a result, and the figures in this area are now on the rise.

With regard to organic packages, it remains true that the availability of glass core material is currently our bottleneck; however, we have spent the past year working to improve internal productivity and yields, and these efforts are now contributing to shipment volumes, driving an upward trend. Regarding organic packages, we are now in a position to meet rising demand from existing customers.

[Q]: I see; that makes perfect sense.

While annual sales of the Electronic Components Business increased by JPY51 billion, business profit increased by only JPY5 billion. Could you explain why profit was increased by only JPY5 billion?

Sakushima [A]: Regarding the Electronic Components Business, while we are certainly committed to meeting that strong demand, internally—as I mentioned earlier in the example of our Thai plant—there are still areas for improvement in terms of productivity and yield rates. Therefore, rather than an increase in volume immediately translating to a significant jump in profits, we are still in a situation where further improvements are needed. We believe these factors are reflected in the figures, so we intend to drive these metrics toward the upside by promptly implementing internal improvements.

[Q]: I see. My impression from listening to Mr. Sakushima is that, while the need for visualization has been discussed for a long time , you have now articulated quite clearly and in detail exactly what is happening within the Company—capturing those events in real-time and determining the appropriate actions to take.

So, now that the Corporate Planning Office has been established, would it be fair to say that you've made significant progress in terms of making the Company's operations more transparent—understanding what's happening and how to respond?

Sakushima [A]: Yes. While there are still many challenges ahead, we must clearly define where we intend to focus our growth efforts. In particular, since we began discussing AI data centers last year, our internal focus has increasingly shifted toward that area.

In that context, we have gained a clearer overall understanding of what will happen to our products. In that sense, the recognition that this is a key area where we should focus our efforts has taken hold, and I believe everyone is paying closer attention to it—which, in turn, ensures that relevant information is being reported to us reliably.

At the same time, we recognize the challenges involved in securing our standing in growth sectors; consequently, we realize the need to hold thorough internal discussions, implement the necessary measures, and take concrete action to solidify our position in these expanding markets. Therefore, we intend to pay closer attention to these areas and closely monitor our progress.

[Q]: Thank you. I understand perfectly.

<Questioner 2>

[Q]: While the upwardly revised full-year sales revenue and business profit figures are still less than four times the 1Q results, I'd like to know what risks have been factored into the upward revision for 2Q and beyond.

Also, regarding the period from 1Q to 2Q, is the trend of seasonal increases in sales of the Core Components Business and the Electronic Components Business—which typically occurs every year—still expected this fiscal year? Or do you have the perception that sales in 1Q exceeded actual demand?

Sakushima [A]: First, regarding the period from 1Q to 2Q, your question is suggesting that the growth rate particularly in 2H may be somewhat sluggish; however, the plan we announced this past April had anticipated that the pace of the market's upward trend in 1Q would be somewhat slower—or that growth in that area might come a bit more gradually—and consequently we weighted the bulk of our figures toward 2Q and beyond. However, our current understanding is that growth accelerated significantly in 1Q, causing the numbers to shift forward.

Therefore, while there was an upward deviation in 1Q this time, we have incorporated that into the upward revision of our full-year outlook; for 2Q and beyond, we are proceeding based on the figures originally projected, as we believe those targets remain achievable.

Next, regarding seasonal factors affecting the Electronic Components Business and semiconductor packages—specifically the expected uptick in 2Q and 3Q—these are primarily driven by components for mobile devices. Since the sales trend for these products remains unchanged, we generally expect sales of packages and electronic components to increase in 2Q and 3Q.

However, since they account for a relatively large portion of our business, and given that we expect a decline in 4Q, we anticipate that the combined figures for 1H and 2H will be roughly at the same level.

[Q]: Thank you.

Regarding MLCCs for AI servers. I believe demand for high-value-added products is growing, so I'd like to ask what advantages your company has—and what technical challenges you face—in applying the technology you've developed for MLCCs used in smartphones to AI servers.

Among your MLCC products, could you please tell us—if possible—what percentage of your company's revenue is generated by those designed for AI servers, and what the growth outlook is?

Sakushima [A]: Regarding the advantages of our MLCCs, Kyocera's electronic components have traditionally been known for their compact size and high capacitance, and we have been developing our products with a strong focus on these features, which is why they have been adopted by our customers.

Regarding our products for AI data centers, KAVX possesses proprietary technologies related to specialized terminal shapes, sizes, and other such aspects. By combining these technologies, we have been offering MLCCs designed for data centers since the previous fiscal year and the fiscal years before that. Since the fact that these products are actually starting to be used is one of the factors driving the current increase in demand, we intend to maximize their unique features to grow our sales.

Furthermore, regarding the proportion of MLCCs used in AI data centers, while I will not specify the exact percentage, it is true that MLCCs for telecommunications applications still account for the majority. We are receiving an increasing number of inquiries regarding AI data centers in this area, and since we intend to increase the proportion of our business dedicated to AI data centers, we are proceeding with our future investment plans with that in mind.

[Q]: Thank you. Is it correct to assume that mass production shipments of MLCCs for AI data centers, which incorporate KAVX technology, have already begun and are contributing to 1Q sales revenue and profit?

Sakushima [A]: Since mass production has just begun, we expect figures regarding volume and value to become available in the near future.

[Q]: Thank you very much.

<Questioner 3>

[Q]: I believe you mentioned that, in response to the growing demand for AI applications, you plan to significantly expand production capacity. From the perspective of supply and demand, do you foresee a scenario where capacity utilization rates are secured by customers to a certain extent over the long term?

Also, regarding the conclusion of long-term supply agreements, how will entering into such contracts bring about changes to the conventional MLCC business? For example, could you please explain whether the situation is such that the customers are willing to absorb a certain portion of the increased fixed costs from the outset, whether a minimum shipment volume is guaranteed, and how factors such as price trends are expected to change over time?

Sakushima [A]: Thank you. Fundamentally, by entering into such long-term contracts, we are able to gauge—to a certain extent—the likely range of volumes involved. By doing so, we can plan the line allocation—or rather, how to structure the line balance—which we believe will allow us to maintain the operating rate at a consistently high level.

While we will be working to raise that utilization rate to a high level, there are certain production processes specific to that product. By expanding capacity in those areas, we will be able to increase output. Therefore, we believe that by entering into a contract, we will be able to achieve stable operations and reliably supply the product.

[Q]: Understood. Thank you.

Regarding shipments of ceramic packages for optical communications, I believe demand is growing sooner than previously anticipated.

Does this mean that the share of ceramic packages for optical communications within the overall ceramic packages will grow significantly in the future? Or will the ratio remain roughly at this quarter's level for the foreseeable future? If you have any insights to share regarding the growth trends in demand and sales, I would appreciate it.

Sakushima [A]: Regarding packages for optical communications, demand for packages intended for telecommunications infrastructure had dropped significantly in the past, leading us to scale back our production capacity somewhat. However, with the adoption of optical technology for communication between data centers, demand has risen once again.

Consequently, we are currently in the process of gradually ramping up production to increase capacity back to higher levels after having previously scaled it down. In this regard, as there is currently a shortfall in production capacity, the current trend in optical communication packages is to proceed with certain investments and other measures to further expand capacity.

[Q]: Understood. Thank you.

Could you please share your company's overall perspective on issues such as the front-loading of demand?

I think demand for various components—such as those for data centers—has been strong, and inquiries from distributors and others have been robust, but since there seems to have been a slight shift toward earlier demand in those areas, could adjustments be a risk we should anticipate in 2H? Or perhaps, since demand is also growing strongly, concerns in that regard are minimal—what are your thoughts on this?

Sakushima [A]: Regarding this matter, we have been discussing the required quantities directly with our customers and, demand is quite strong—in fact, as our discussions progress, the quantities are increasing steadily beyond current levels. While there may still be some discussions regarding securing additional quantities, we believe this strong demand will continue, particularly for the current fiscal year.

[Q]: Understood. Thank you very much.

<Questioner 4>

[Q]: I would like to ask regarding the changes by reporting segment from 4Q to 1Q, or from 1Q to the revised guidance.

In the Industrial & Automotive Components Unit, while sales remained largely unchanged from 4Q to 1Q, profits fluctuated quite a bit. Although there was an impairment loss related to the former Displays Business, even excluding that, 1Q profits have improved—so what is driving this change?

Also, regarding the Semiconductor Components Unit, based on the 1Q results, the full-year guidance appears to indicate a relatively significant improvement in profits. Why is that?

In addition, regarding the Industrial Tools Unit in 1Q, while it's showing a significant increase in profits, the full-year guidance figures appear to be setting profit expectations a bit lower in comparison. I wondered if something like fan cooling jacket might be having a seasonal impact, but could you please tell me how you view the trends and structure of the Industrial Tools Unit?

Sakushima [A]: Looking at the results for the previous 4Q and this 1Q—particularly the performance of the Core Components Business—it seems that while sales haven't changed much, the improvement in profits may be somewhat significant. The primary factor driving up profits is the increased proportion of high-margin products—specifically ceramic components for semiconductor processing equipment.

Next, regarding the Industrial Tools Unit, the sharp rise in raw material prices has become a major issue, and we ourselves have also asked our customers to pass on the cost increases to them.

In line with the timing of passing on these price increases, and naturally, regarding the timing of when to raise prices, we do not do so abruptly, but rather negotiate after carefully determining the appropriate timing. Coinciding with that timing, we saw a surge in demand—often referred to as "last-minute" demand—driven by customers purchasing necessary items ahead of the deadline; regarding the Industrial Tools Unit, in particular, we experienced a significant upward spike in 1Q.

However, since this will naturally lead to price increases going forward, we expect to see a backlash from that in the near future. Consequently, we believe the impact of these factors will begin to show in our sales and profits starting in 2Q and beyond.

[Q]: Understood. Am I correct in understanding that the strength of the profit guidance relative to the 1Q results is driven by contributions from areas such as optical communication packages, as well as the impact of seasonality on packages for smartphone image sensors?

Sakushima [Q]: Yes. That is a correct understanding.

[Q]: Understood. Thank you.

While profits have exceeded expectations in a very positive way this time, do you have any personal thoughts on the Strategic Business Transformation Project—do you feel it was quite effective? Or do you feel that the tailwind from improvements in the external environment is quite significant? If there are any tangible results you've seen from the project, I'd appreciate it if you could share a few specific examples.

Also, since you are implementing initiatives to change the way you approach various matters as part of your ROIC-focused management, if there are any changes reflected in the balance sheet or income statement as a result of these efforts, could you please share them with us to help us better understand the situation?

Sakushima [A]: In that sense, we believe that a major factor behind the current situation is the significant improvement in market conditions for us.

We have been moving forward with the Strategic Business Transformation Project since last year, and in that regard, we recognized significant impairment losses and other such items in both the previous fiscal year and the fiscal year before that. My personal assessment is that our own financial figures are returning to normal—or, so to speak, operating as usual.

In particular, as part of our strategic Business Transformation Project, we identified growth areas within our business portfolio and have focusing our resources on them; in this regard, we have made this AI data center a key priority for us. We believe that our heightened sensitivity to this initiative, while not quantifiable in a strict sense, is manifesting as a qualitative benefit. While thoroughly implementing this approach and shifting our focus more toward growth areas, I believe we need to consider how to approach our other businesses.

Up until now, discussions have tended to focus on how to handle challenging businesses, but I believe we are gradually shifting toward a model where we can develop various strategies centered on how to handle growth businesses. In terms of that kind of change—I believe that, although progress is gradual, we are making headway in that area as of now.

However, as for specific results, I believe this will depend on our efforts to further increase revenue in that area going forward, so we intend to work diligently on that front.

[Q]: Understood. Thank you very much. It might be in November, but I look forward to your next briefing.

<Questioner 5>

[Q]: I believe sales in the Electronic Components Business were strong, but excluding gains from the sale of real estate, etc., profits appear to have remained largely flat QoQ. Was this result due to the fact that the situation with tantalum capacitors has not yet improved? Or is it a case of upfront costs associated with launching new MLCC products, or perhaps it's because of seasonal factors related to smartphones?

Profit of the Electronic Components Business were a little lower than I had expected, so I wanted to ask if there were any underlying factors contributing to the results.

Sakushima [A]: As you pointed out, it is true that the profit margin has not changed significantly compared to 4Q. While profit margins for MLCCs and tantalum capacitors have been rising—driven by market conditions in these areas as well as internal improvements—the fact is that other electronic components, such as crystal devices and connectors, are not currently performing very well in terms of profitability. This combination of factors has led to these results.

Regarding the areas where we are focusing our efforts and aiming for growth—such as MLCCs and tantalum capacitors—we have seen solid improvements and rising profits; however, we are facing challenges with other electronic components, as market conditions and other factors have made the situation somewhat difficult.

[Q]: I wonder if there's still quite a bit of room for improvement, especially with tantalum capacitors. Taking that into account, I get the feeling you could do even better—what are your thoughts on that?

Sakushima [A]: Regarding tantalum capacitors, I personally have the view that we are moving in the right direction for improvement. I believe that the more we push forward with these improvements, the more we will be able to significantly boost our profitability.

[Q]: Understood. I'm looking forward to it.

I think you were referring earlier to custom-made specialty electrodes as your strong point. Even when it comes to cutting-edge general-purpose MLCCs, I personally believe your company is quite capable—specifically, with the so-called 1005 size 47μF or 0603 size 10μF MLCC cutting-edge products.

Could you share your company's perspective on how your cutting-edge products are currently viewed within the industry, and how your company itself evaluates them, in terms of your company's product strength, or any variations in quality?

Sakushima [A]: As for cutting-edge products, we are also focusing our product development efforts on that area, and I feel that we have been able to develop and deliver such product lines.

We do feel that there are some challenges regarding how to ensure consistent production and how to deliver stable quantities of products with consistent quality to our customers. Therefore, I believe we must continue to work on improving these areas so that we can consistently deliver products that fully satisfy our customers.

[Q]: So, is it fair to say that the foundation itself has turned out quite well?

Sakushima [A]: Yes, I believe that is how it is being evaluated.

[Q]: Understood. I have high hopes for this as well.

Up until around this year, in particular, you have been steering a prudent course; by keeping costs and fixed expenses in check while growing the top line, I believe profit margins should improve significantly. I believe you are entering a phase where you must expand your capabilities and drive significant further growth in your top line. How do you plan to manage fixed costs when expanding capacity and increasing sales starting next fiscal year and beyond? In the past, I have often seen cases where—as the company expands its capacity—fixed costs, including depreciation, rise to a higher level, making it difficult for profits to grow. I am interested in how you manage this aspect and would like to ask about it.

Could you please tell us how you plan to approach the challenge of generating profits while improving overall performance?

Sakushima [A]: As you just pointed out, there are frequent instances—particularly in the Electronic Components Business—where a sharp increase in production capacity and a drop in demand happened concurrently, resulting in a very difficult earnings situation.

In that sense, unless the quality of our products approaches the top tier, we become more vulnerable to such risks; essentially, we would be the first to fall when things go down, yet the last to recover when things pick up.

In that sense, I believe it is necessary to focus our investments on products that have real strengths—products where we will see a quick return on our demand when the market rebounds, even if it has declined.

I think that in highly competitive fields, if we make large-scale investments, we may end up having to bear the burden of those investments for a considerable period of time when situations like the one we just experienced occur, which could put us in a difficult position. Therefore, I feel that we should make investment decisions based on the approach of concentrating our investments in areas where we possess strengths.

[Q]: Thank you. So, you're confident in ceramic capacitors, then. Both in terms of ability and as a product.

Sakushima [A]: Yes. To be honest, we still face challenges, and in terms of overall production capacity, we're not yet that larger than our competitors. However, we believe we are successfully developing products that allow us to effectively highlight those distinctive features to our customers, so I think it's necessary to continue investing while simultaneously keeping close eyes in this area.

[Q]: Thank you very much.

<Questioner 6>

[Q]: Regarding MLCCs, you mentioned that market conditions are favorable. How do you view the current pricing environment compared to the past?

We've been seeing various news reports about price increases by overseas manufacturers. Could you tell us how your company views this situation and what your pricing strategy will be going forward?

Also, if you could provide a quantitative breakdown of your capacity planning—specifically, at what pace and by what percentage you plan to increase capacity—that would be appreciated.

Sakushima [A]: As for MLCC prices, the price range varies considerably depending on whether the product is a cutting-edge model or a general-purpose one.

Our company focuses its development efforts on cutting-edge products that generate solid profits for us, and by offering these products—in particular, for MLCCs of Kyocera's electronic components business, we intend to pursue expansion in this area by offering competitive products.

Also, regarding MLCC production capacity, since it can vary significantly depending on the product mix within the product lines we are working on, it is difficult to make a blanket statement. We will determine this by taking into account factors such as production line balancing to meet our customers' requirements, so it is difficult to state a specific percentage increase, so we would appreciate your understanding in this regard.

[Q]: Thank you.

I believe some manufacturers are implementing measures such as converting capacity of consumer products with relatively low utilization rates to those for AI, but does Kyocera plan to pursue such initiatives as well?

Sakushima [A]: Concerning our MLCCs, both Kyocera and KAVX have production lines. We are therefore planning to incorporate into our strategy the transition of KAVX's production lines to meet the specific requirements we are currently receiving. We intend to develop plans for this kind of repurposing or conversion of those lines.

[Q]: Thank you.

Regarding the Solutions Business in 1Q—earlier, we heard that demand had picked up slightly ahead of schedule in the Industrial Tools Unit—but I think demand for the Document Solutions Unit and the Communications Unit was also very strong compared to the usual levels. On the other hand, memory prices had risen significantly, so I think the external environment presented some headwinds. What exactly was going on in that regard? Also, could you please share your outlook for 2Q and beyond?

Sakushima [A]: With regard to Document Solutions Unit, particularly when compared to the previous fiscal year, we faced significant challenges in sales in Europe—our main market; however, sales in that region have been performing well this fiscal year, which has been a positive factor.

As for the Communications Unit, as you just mentioned, due to factors such as memory prices, we are currently asking our customers to accept price increases for the devices. While this also depends on the customer's circumstances, the background to this is that we received requests to move up the schedule—specifically, a request to supply products early, in 1Q. Therefore, regarding the Communications Unit, while 1Q certainly appears to be performing well, the figures for 2Q and beyond are coming in slightly below our original projections, and we expect the total to be roughly in line with our initial plan.

[Q]: In that case, is my understanding correct that there are no such irregular schedule accelerations or the like regarding the Document Solutions Unit?

Sakushima [A]: Yes. We believe that this fiscal year reflects a return to our usual levels after a slight slowdown in the market during the previous fiscal year for the Document Solutions Unit.

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

[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, 2027 is referred to as "fiscal 2027," 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

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