



Notice of the 65th Ordinary General Meeting of Shareholders

June 25, 2019

Kyoto, Japan

KYOCERA Corporation

6 Takeda Tobadono-cho, Fushimi-ku, Kyoto, Japan

Please note that this is an English translation of the Japanese original of the Notice of the 65th Ordinary General Meeting of Shareholders of Kyocera Corporation distributed to shareholders in Japan. The translation is prepared solely for the reference and convenience of foreign shareholders. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

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Kyocera Management Philosophy

Corporate Motto

敬天愛人

“Respect the Divine and Love People”

Preserve the spirit to work fairly and honorably,
respecting people, our work, our company and our global community.

Management Rationale

To provide opportunities for the material and intellectual growth of all our employees, and through our joint efforts, contribute to the advancement of society and humankind.

Management Philosophy

To coexist harmoniously with our society, our global community and nature. Harmonious coexistence is the underlying foundation of all our business activities as we work to create a world of prosperity and peace.

Management Based on the Bonds of Human Minds

Kyocera started as a small, suburban factory, with no money, credentials or reputation. We had nothing to rely on but a little technology and 28 trustworthy colleagues. Nonetheless, the company experienced rapid growth because everyone exerted their maximum efforts and managers devoted their lives to earning the trust of employees. We wanted to be an excellent company where all employees could believe in each other, abandon selfish motives, and be truly proud to work. This desire became the foundation of Kyocera’s management. Human minds are said to be easily changeable. Yet, there is nothing stronger than the human mind. Kyocera developed into what it is today because it is based on the bonds of human minds.

Kazuo Inamori
Founder and Chairman Emeritus

Greetings

We are pleased to present to you Notice of the 65th Ordinary General Meeting of Shareholders.

In the year ended March 31, 2019 (hereinafter, “65th fiscal year” or “fiscal 2019” refers to the year ended March 31, 2019, with other fiscal years referred to in a corresponding manner), Kyocera posted record sales revenue for the second consecutive fiscal year due in part to strong demand for components used in industrial machinery and automotive markets coupled with the contribution of merger and acquisition activities conducted in fiscal 2018. Profit increased compared with fiscal 2018 due to efforts to expand sales and reduce costs, despite one-time loss in the solar energy business and the organic materials business. Even though we recorded this one-time loss, certain effects from business structure reforms have started to emerge and we believe we have established a structure enabling acceleration of future business expansion.

In addition to the ordinary year-end dividend, Kyocera plans to distribute a commemoration dividend of 20 yen per share to mark the 60th anniversary of our establishment in April 2019 as an expression of our gratitude to our shareholders for their longtime support. As a result, after adding in the ordinary year-end dividend of 60 yen per share, the total year-end dividend will be 80 yen per share. The annual dividend will be 140 yen per share when aggregated with the interim dividend of 60 yen per share that has already been paid, an increase of 20 yen per share compared with the 64th fiscal year.

In light of dialogue with shareholders and investors, Kyocera will do its utmost to strengthen corporate governance from fiscal 2020 onward. In addition to the Nomination and Remuneration Committee newly established in fiscal 2019, we will propose to elect a female Independent Outside Director, a first for Kyocera, at this Ordinary General Meeting of Shareholders in an effort to enhance management transparency and bolster diversity.

With regard to shareholder return, we have decided to increase the consolidated dividend payout ratio from around 40% to around 50% commencing in fiscal 2020 and to repurchase our own shares as appropriate. We will continue striving to further expand business and increase capital efficiency as well as aim to implement better management and enhance corporate value.

We would very much appreciate your continued support of the Kyocera Group as we move forward.

Goro Yamaguchi
Chairman of the Board and Representative Director

Hideo Tanimoto
President and Representative Director

Enhance Corporate Governance

Kyocera is taking initiatives as described below to provide better corporate management and further enhance corporate value.

Toward better corporate management

Increasing transparency

Establish Nomination and Remuneration Committee (December 2018)

- Advisory body for nominating and remunerating executives
- Comprised of Chairman and all Outside Directors

Enhancement of diversity

Appoint female executives

- Appointed a female executive officer in April 2019 and established Diversity Promotion Division
- Appointing a female Outside Director in June 2019*1

Share value with shareholders

Introduce new executive remuneration (except for Outside Directors)

In addition to cash remuneration (basic remuneration, director's bonus), introduce new restricted stock compensation plan*2

Further enhance corporate value

Enhance shareholder return

Increase payout ratio

Increase payout ratio to around 50% from existing payout ratio of around 40%, commencing from 66th fiscal year

Conduct repurchase of own shares

Implement acquisition of its own shares within a certain range based on cash flow when appropriate as shareholder return

«Reference : Approx. 88% augmented payout ratio in 65th fiscal year»

Increase capital efficiency

Setting new management criteria

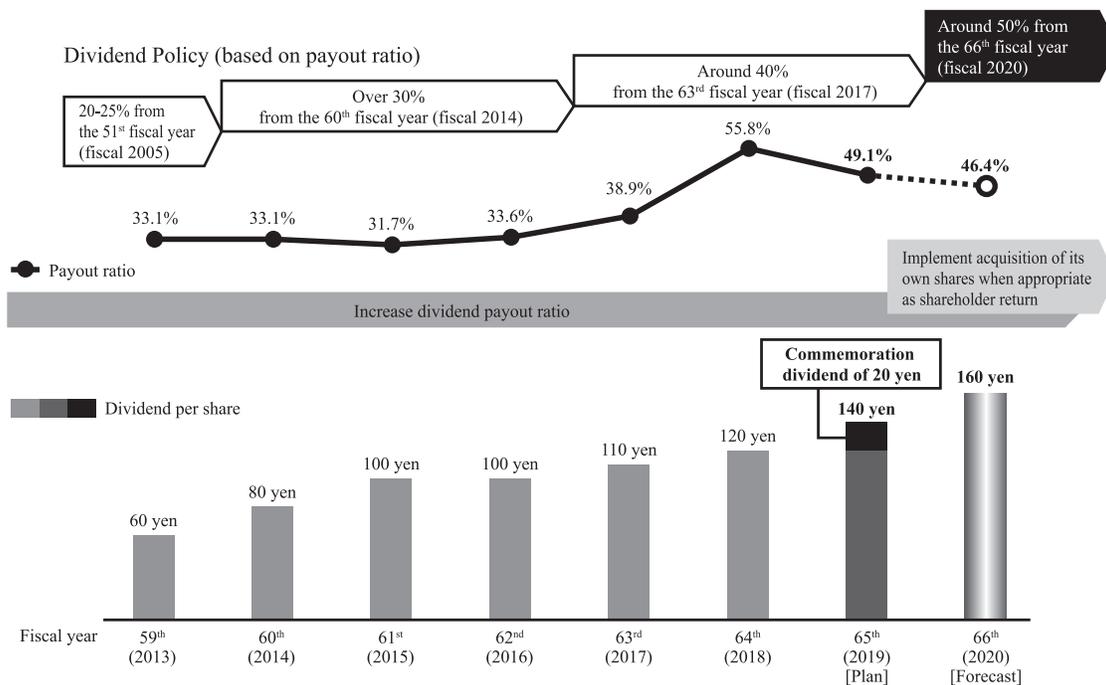
- In addition to aim for further growth in sales revenue and profit before income taxes, set a ROE*3 target
- Aim for ROE of at least 8% over medium term

*1 Please refer to “Proposal 2 Election of Sixteen (16) Directors” on page 8.

*2 Please refer to “Proposal 3 Determination of Compensation for Granting Restricted Stocks to Directors” on page 18.

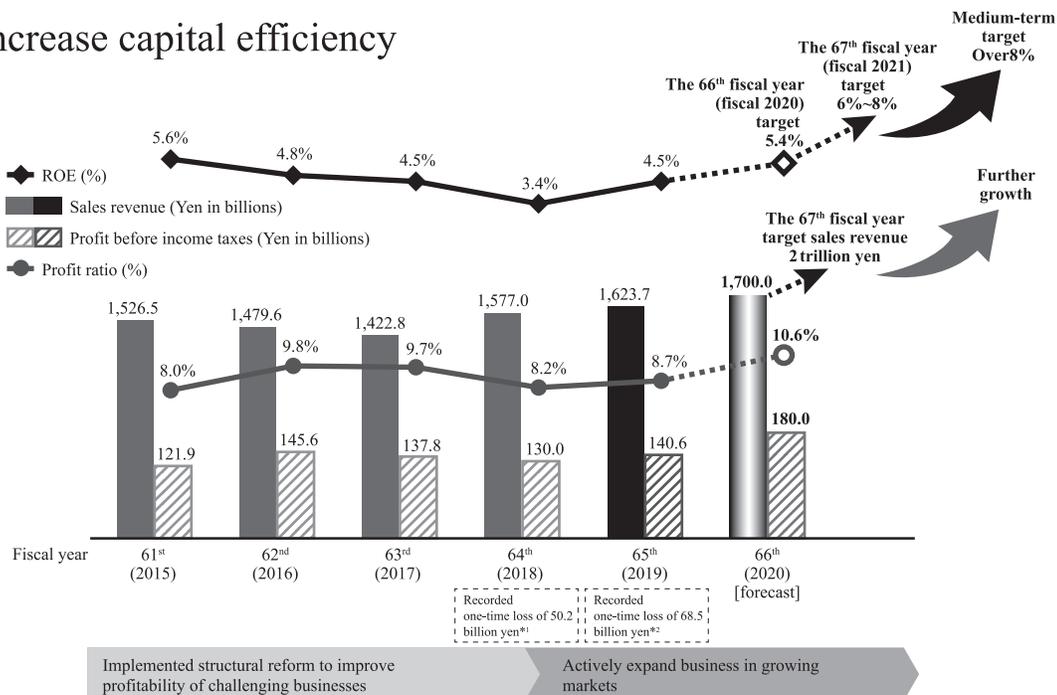
*3 ROE : Return on Equity (Ratio of profit to equity attributable to owners of the parent)

Enhance shareholder return



Note: The company under took a stock split at the ratio of two for one of all common shares on October 1, 2013. Dividends per share in 59th fiscal year (fiscal 2013) and 60th fiscal year (fiscal 2014) have been re-calculated based on the ratio of the stock split.

Increase capital efficiency



*1 Please refer to "Note 4 in Four-Year Financial Summary" on page 32.
*2 Please refer to "(1) Business Progress and Results" on page 20.

Note: Kyocera has adopted the International Financial Reporting Standards ("IFRS") in lieu of the Generally Accepted Accounting Principles of the United States of America ("U.S.GAAP") from the 65th fiscal year. Accordingly, financial results for the 64th fiscal year have been reclassified in accordance with IFRS.

June 4, 2019

To our shareholders

Notice of the 65th Ordinary General Meeting of Shareholders

This is to inform you that Kyocera Corporation (the “Company”) will hold its 65th Ordinary General Meeting of Shareholders (the “Meeting”), as described below, which you are cordially invited to attend.

If you are unable to attend the Meeting, please examine the attached reference documents for the General Meeting of Shareholders and exercise your voting rights in written form (voting card) or electronically (via Internet or other means), **no later than 5:30 p.m. Monday, June 24, 2019, Japan time.**

- 1. Date and Time** 10:00 a.m. on Tuesday, June 25, 2019, Japan Time
- 2. Venue** 3rd Floor “Genji Room” at HOTEL GRANVIA KYOTO, in KYOTO STATION BUILDING, Shiokoji-sagaru, Karasuma-dori, Shimogyo-ku, Kyoto, Japan

3. Purpose of the Meeting

Matters to Be Reported

- (1) Contents of the business report, consolidated financial statements and the audit results of consolidated financial statements by the Accounting Auditor and the Audit & Supervisory Board for the 65th fiscal year (April 1, 2018 to March 31, 2019)
- (2) Contents of the non-consolidated financial statements for the 65th fiscal year (April 1, 2018 to March 31, 2019)

Matters to Be Resolved

- Proposal 1 Appropriation of Surplus
- Proposal 2 Election of Sixteen (16) Directors
- Proposal 3 Determination of Compensation for Granting Restricted Stocks to Directors

4. Matters Relating to Exercise of Voting Rights

(1) Method of Exercising Voting Rights in attending at the Meeting (Voting Card)

Please indicate your vote “for” or “against” the proposal on the voting card enclosed herewith and hand it to the receptionist.

(2) Method of Exercising Voting Rights in Written Form (Voting Card)

Please indicate your vote “for” or “against” the proposal on the voting card enclosed herewith and ensure it is returned to us no later than the deadline mentioned page 4.

(3) Method of Exercising Voting Rights Electronically (via Internet or other means)

Please access the website (<https://evote.tr.mufg.jp/>) to exercise voting rights through a personal computer, smartphone or mobile phone. Using the code and password written on the voting card enclosed herewith and follow the instructions on the website. Please enter “for” or “against” the proposal no later than the deadline mentioned page 4.

[Handling in the Event of Multiple Exercises of Voting Rights]

- (1) In the event that any shareholder exercises voting rights in written form (voting card) and electronically (via Internet or other means), the electronically exercised voting rights shall prevail.
- (2) In the event of multiple electronically exercised of voting rights (via Internet or other means) by a shareholder, the last electronically exercised voting right shall prevail.

Truly yours,

Hideo Tanimoto
President and Representative Director
KYOCERA Corporation

Notes:

1. This meeting is conducted in Japanese. In addition, an interpreter is not hired. We appreciate your understanding in advance.
2. In the accompanying documents for the Notice of the 65th Ordinary General Meeting of Shareholders, the “Notes to Consolidated Financial Statements” and the “Notes to Financial Statements” are available to shareholders on the Company’s website (*), pursuant to the provisions of laws and regulations as well as the Articles of Incorporation of the Company. The “Notes to Consolidated Financial Statements” and the “Notes to Financial Statements” are a part of the Consolidated Financial Statements and the Financial Statements that were audited by Audit & Supervisory Board Members and the Accounting Auditor in preparing the Audit Reports.
3. In the event of any changes to the reference documents for the General Meeting of Shareholders, the business report, the financial statements or the consolidated financial statements, the Company shall give notice thereof to shareholders by posting it on the Company’s website (*), which can be accessed via the Internet.
4. The voting results will be posted on the Company’s website (*) without sending a written notice of these results to shareholders.

* https://global.kyocera.com/ir/s_info/meeting.html

Reference Documents for the General Meeting of Shareholders

Proposals and References are as follows:

Proposal 1 Appropriation of Surplus

The Company believes that the best way to increase corporate value and meet shareholders' expectations is to improve future consolidated performance on an ongoing basis.

The Company therefore has adopted a principal guideline that dividend amounts shall fall within a range based on profit attributable to owners of the parent on a consolidated basis, and has set its dividend policy to maintain a payout ratio of around 40% of profit attributable to owners of the parent. In addition, the Company determines dividend amounts based on a comprehensive assessment, taking into account various factors including the amount of capital expenditures necessary for the medium-to-long-term corporate growth.

For the 65th fiscal year, the amount of the ordinary year-end dividend will be 60 yen per share in light of the performance for the consolidated fiscal year and in accordance with the basic profit distribution policy for the distribution of dividends of the Company. Furthermore, because the 60th anniversary of the Company's establishment was marked in April 2019, the Company will distribute a commemoration dividend in the amount of 20 yen per share in addition to the ordinary year-end dividend, in order to express the Company's gratitude to its shareholders for their longtime support. As a result, the amount of the year-end dividend shall be 80 yen per share, i.e., the sum of the ordinary year-end dividend in the amount of 60 yen per share and the commemoration dividend in the amount of 20 yen per share. The annual dividend will be 140 yen per share when aggregated with the interim dividend in the amount of 60 yen per share. This amount will represent an increase of 20 yen per share as compared with the amount of the annual dividend in the 64th fiscal year, which was 120 yen per share.

The Company also proposes to effect a reverse of its general reserve, taking into account the Company's financial status, performance through the 65th fiscal year, and business conditions going forward.

The proposed appropriation of surplus is as follows:

1. Matters Relating to Year-end Dividend

(1) Type of Assets Distributed as Dividend:
Cash

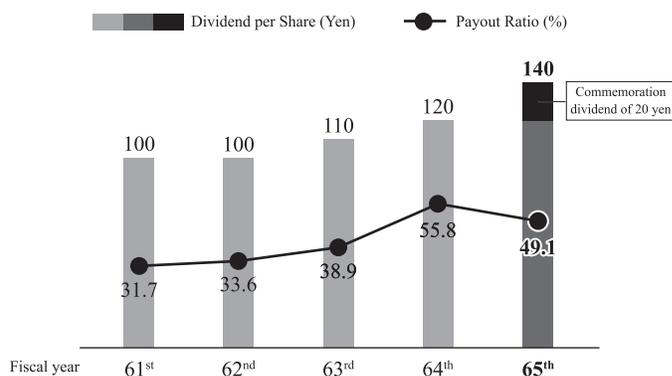
(2) Matters Relating to the Appropriation to Shareholders of Assets Distributed as Dividend and Aggregate Amount thereof:

80 yen per share of common stock of the Company.

The aggregate amount thereof shall be 28,940,292,720 yen.

(3) Effective Date of Distribution of Surplus as Dividend:
June 26, 2019

[Reference]
Annual Dividend per Share / Payout Ratio (Consolidated Base)



Note :

Kyocera has adopted IFRS in lieu of the Generally Accepted Accounting Principles of the United States of America (“U.S.GAAP”) from the 65th fiscal year. Accordingly, payout ratio for the 64th fiscal year have been reclassified in accordance with IFRS.

2. Matters Relating to Disposition of Other Retained Earnings

- | | |
|--|-------------------|
| (1) Item to be Increased and Amount thereof: | |
| Profit Surplus carried over: | 3,000,000,000 yen |
| (2) Items to be Reduced and Amounts thereof: | |
| General Reserve: | 3,000,000,000 yen |

Proposal 2 Election of Sixteen (16) Directors

The terms of office of all of sixteen (16) Directors will expire at the conclusion of the Meeting. Accordingly, the Company proposes sixteen (16) Directors be elected.

The policy to nominate the candidates for the Directors of the Company is that the Company shall maintain the diversity of the members of its Board of Directors in terms of, without limitation, nationality and gender, subject to the prerequisite that the Company must always select superior personnel, who understand Kyocera Group well and who excel in their “personal qualities”, “capability” and “insight” to manage Kyocera. Based on such policy, the Company established a Nomination and Remuneration Committee, a majority of whose members are Outside Directors, to increase transparency of the nomination and remuneration of Directors of the Company. The Board of Directors deliberated and decided the candidates for Directors after asking the Committee for advice thereon.

The candidates for the Directors are as follows:

No.		Name	Expected assignment after election			Member of the Nomination and Remuneration Committee
			Right to represent	Outside Director	Independent Director	
1	Reappointment	Goro Yamaguchi	○			○
2	Reappointment	Hideo Tanimoto	○			
3	Reappointment	Ken Ishii				
4	Reappointment	Hiroshi Fure				
5	Reappointment	Yoji Date				
6	Reappointment	Norihiko Ina				
7	Reappointment	Keiji Itsukushima				
8	Reappointment	Koichi Kano				
9	Reappointment	Shoichi Aoki				
10	Reappointment	Takashi Sato				
11	Reappointment	Junichi Jinno				
12	Reappointment	John Sarvis				
13	Reappointment	Robert Whisler				
14	Reappointment	Hiroto Mizobata		○	○	○
15	Reappointment	Atsushi Aoyama		○	○	○
16	New appointment	Akiko Koyano		○	○	○

No.	Name (Date of birth)	Career Summary, Position and Area of Responsibility, and Important Concurrent Post		Number of the Company's Shares held
1	Goro Yamaguchi (Jan. 21, 1956)	Mar. 1978	Joined the Company	28,141
		Jun. 2003	Executive Officer of the Company	
		Jun. 2005	Senior Executive Officer of the Company	
		Apr. 2009	Managing Executive Officer of the Company	
		Jun. 2009	Director and Managing Executive Officer of the Company	
		Apr. 2013	President and Representative Director, President and Executive Officer of the Company	
		Apr. 2017	Chairman of the Board and Representative Director of the Company [Present] (Important Concurrent Post outside the Company) Outside Director of KDDI Corporation Director of AVX Corporation	
		Reason for candidacy as Director	Since 2013 when Mr. Goro Yamaguchi took office as a President, he has been working hard for corporate management. From April 2017, he works as the Chairman of the Board and Representative Director of the Company. The Company nominated him as a Director sequentially because the Company believes that he will be adequately capable of accomplishing his duties as a Director of the Company, based on his experience and exceptional insight.	
2	Hideo Tanimoto (Mar. 18, 1960)	Mar. 1982	Joined the Company	6,599
		Apr. 2014	General Manager of Corporate Fine Ceramics Group of the Company	
		Apr. 2015	Executive Officer of the Company	
		Apr. 2016	Managing Executive Officer of the Company	
		Jun. 2016	Director and Managing Executive Officer of the Company	
		Apr. 2017	President and Representative Director, President and Executive Officer of the Company [Present] (Important Concurrent Post outside the Company) Director of AVX Corporation	
		Reason for candidacy as Director	From 2014, Mr. Hideo Tanimoto contributed to development of the fine ceramics business as a General Manager of Corporate Fine Ceramics Group. From April 2017, he works as a President and Representative Director of the Company. The Company nominated him as a Director sequentially because the Company believes that he will be adequately capable of accomplishing his duties as a Director of the Company, based on his experience and exceptional insight.	

No.	Name (Date of birth)	Career Summary, Position and Area of Responsibility, and Important Concurrent Post		Number of the Company's Shares held
3	Ken Ishii (Oct. 6, 1953)	Mar. 1977	Joined the Company	
		Apr. 2009	Executive Officer of the Company General Manager of Corporate Industrial Tool Group of the Company [Present]	
		Apr. 2011	Senior Executive Officer of the Company	11,999
		Apr. 2012	Managing Executive Officer of the Company	
		Jun. 2012	Director and Managing Executive Officer of the Company	
		Apr. 2015	Director and Senior Managing Executive Officer of the Company [Present]	
	Reason for candidacy as Director	From 2009, Mr. Ken Ishii has been contributing to development of the industrial tool business as a General Manager of Corporate Industrial Tool Group of the Company. The Company nominated him as a Director sequentially because the Company believes that he will be adequately capable of accomplishing his duties as a Director of the Company, based on his experience and exceptional insight.		
4	Hiroshi Fure (Feb. 24, 1960)	Mar. 1984	Joined the Company	
		Apr. 2009	General Manager of Corporate Automotive Components Group of the Company	
		Apr. 2011	Executive Officer of the Company	
		Apr. 2013	Managing Executive Officer of the Company	
		Jun. 2013	Director and Managing Executive Officer of the Company	
		Apr. 2015	Director and Senior Managing Executive Officer of the Company [Present]	5,583
		Sep. 2016	General Manager of Corporate Organic Materials Semiconductor Components Group of the Company [Present] (Important Concurrent Post outside the Company) Director of AVX Corporation	
	Reason for candidacy as Director	Mr. Hiroshi Fure contributed to development of the automotive components business from 2009 as a General Manager of Corporate Automotive Components Group, and he has been in charge of the organic material business from 2016 as a General Manager of Corporate Organic Materials Semiconductor Components Group. The Company nominated him as a Director sequentially because the Company believes that he will be adequately capable of accomplishing his duties as a Director of the Company, based on his experience and exceptional insight.		

No.	Name (Date of birth)	Career Summary, Position and Area of Responsibility, and Important Concurrent Post		Number of the Company's Shares held
5	Yoji Date (Sep. 20, 1956)	Mar. 1979	Joined the Company	
		Oct. 2008	Transferred to Kyocera ELCO Corporation Managing Director of the above company	
		Apr. 2009	President and Representative Director of Kyocera ELCO Corporation	
		Apr. 2012	Executive Officer of the Company	
		Apr. 2013	Managing Executive Officer of the Company	9,488
		Jun. 2013	Director and Managing Executive Officer of the Company	
		Apr. 2015	Director and Senior Managing Executive Officer of the Company[Present]	
		Apr. 2017	General Manager of Corporate Electronic Components Group of the Company [Present]	
	Reason for candidacy as Director	Mr. Yoji Date contributed to development of the connector business from 2009 as a President and Representative Director of the subsidiary of the Company which performs connectors, and he has been in charge of the electronic device business from April 2017 as a General Manager of Corporate Electronic Components Group. The Company nominated him as a Director sequentially because the Company believes that he will be adequately capable of accomplishing his duties as a Director of the Company, based on his experience and exceptional insight.		
6	Norihiko Ina (Sep. 16, 1963)	Apr. 1987	Joined Mita Industrial Company Ltd. (currently Kyocera Document Solutions Inc.)	
		Aug. 2011	President of Kyocera Mita America, Inc (currently Kyocera Document Solutions America, Inc.).	
		Apr. 2012	Executive Officer of Kyocera Document Solutions Inc.	
		Apr. 2014	Managing Executive Officer of Kyocera Document Solutions Inc.	
		Jun. 2014	Director and Managing Executive Officer of Kyocera Document Solutions Inc.	1,368
		Apr. 2016	Director of Kyocera Document Solutions Inc. Senior General Manager of Corporate Sales Division of Kyocera Document Solutions Inc.	
		Apr. 2017	Managing Executive Officer of the Company President and Representative Director of Kyocera Document Solutions Inc. [Present]	
		Jun. 2017	Director and Managing Executive Officer of the Company [Present]	
	Reason for candidacy as Director	Mr. Norihiko Ina has been in charge of domestic and oversea sales in area of the information equipment business, and contributing to global development of the information equipment business of the Company, from 2017 as a President and Representative Director of Kyocera Document Solutions Inc. The Company nominated him as a Director sequentially because the Company believes that he will be adequately capable of accomplishing his duties as a Director of the Company, based on his experience and exceptional insight.		

No.	Name (Date of birth)	Career Summary, Position and Area of Responsibility, and Important Concurrent Post		Number of the Company's Shares held
7	Keiji Itsukushima (May 3, 1958)	Mar. 1982	Joined the Company	4,362
		Jul. 2004	Executive Officer of Kyocera Mita Corporation (currently Kyocera Document Solutions Inc.)	
		Apr. 2007	Managing Executive Officer of Kyocera Mita Corporation Senior General Manager of Corporate R&D Division 1 of Kyocera Mita Corporation	
		Apr. 2008	Senior General Manager of Corporate R&D Division of Kyocera Mita Corporation	
		Jun. 2008	Director and Managing Executive Officer of Kyocera Mita Corporation	
		Apr. 2012	Senior General Manager of Corporate Quality Assurance Division of Kyocera Document Solutions Inc.	
		Apr. 2015	Director and Senior Managing Executive Officer of Kyocera Document Solutions Inc.	
		Apr. 2016	Senior Executive Officer of the Company General Manager of Corporate Communication Equipment Group of the Company [Present]	
		Apr. 2017	Managing Executive Officer of the Company	
		Jun. 2017	Director and Managing Executive Officer of the Company [Present]	
	Reason for candidacy as Director	Mr. Keiji Itsukushima was in charge of Corporate R&D Division of Kyocera Document Solutions Inc., which is a subsidiary of the Company, and is contributing to development of the Company, from 2016 as a General Manager of Corporate Communication Equipments Group of the Company. The Company nominated him as a Director sequentially because the Company believes that he will be adequately capable of accomplishing his duties as a Director of the Company, based on his experience and exceptional insight.		
8	Koichi Kano (Sep. 21, 1961)	Mar. 1985	Joined the Company	4,054
		Jun. 2005	General Manager of Circuit Device Division of the Company	
		Apr. 2012	General Manager of Corporate Development Group of the Company [Present]	
		Apr. 2013	Executive Officer of the Company	
		Apr. 2015	Senior Executive Officer of the Company	
		Apr. 2016	Managing Executive Officer of the Company	
		Jun. 2016	Director and Managing Executive Officer of the Company [Present] (Important Concurrent Post outside the Company) Director of AVX Corporation	
	Reason for candidacy as Director	From 2012, Mr. Koichi Kano has been contributing to development of domestic and foreign subsidiaries with his appropriate leading as a General Manager of Corporate Development Group of the Company. The Company nominated him as a Director sequentially because the Company believes that he will be adequately capable of accomplishing his duties as a Director of the Company, based on his experience and exceptional insight.		

No.	Name (Date of birth)	Career Summary, Position and Area of Responsibility, and Important Concurrent Post		Number of the Company's Shares held	
9	Shoichi Aoki (Sep. 19, 1959)	Mar. 1983	Joined the Company	11,246	
		Jun. 2005	Executive Officer of the Company General Manager of Corporate Accounting Group of the Company		
		May 2008	General Manager of Corporate Financial and Accounting Group of the Company		
		Apr. 2009	Managing Executive Officer of the Company		
		Jun. 2009	Director and Managing Executive Officer of the Company [Present]		
		Oct. 2010	General Manager of Corporate Financial and Business Systems Administration Group of the Company		
		Apr. 2013	General Manager of Corporate Financial and Accounting Group of the Company		
		Apr. 2018	General Manager of Corporate Management Control Group of the Company [Present] (Important Concurrent Post outside the Company) Director of AVX Corporation		
		Reason for candidacy as Director	Mr. Shoichi Aoki has been in charge of the accounting and financing strategy, and contributing to development of the Company, from 2005 as a General Manager of Corporate Accounting Group, and from 2018 as a General Manager of Corporate Management Control Group of the Company. The Company nominated him as a Director sequentially because the Company believes that he will be adequately capable of accomplishing his duties as a Director of the Company, based on his experience and exceptional insight.		
10		Takashi Sato (Sep. 22, 1960)	Mar. 1983		Joined the Company
			Jan. 2005	General Manager of Human Resource Division of the Company	
	Apr. 2013		Executive Officer of the Company General Manager of Corporate Human Resources Group of the Company		
	Apr. 2016		Senior Executive Officer of the Company General Manager of Corporate General Affairs Human Resources Group of the Company [Present]		
	Apr. 2017		Managing Executive Officer of the Company		
	Jun. 2017		Director and Managing Executive Officer of the Company [Present]		
	Reason for candidacy as Director	Mr. Takashi Sato has been in charge of personnel affairs for long time, and contributing to development of the Company with his appropriate leading to General Affairs and Personnel Affairs Group as a General Manager of Corporate General Affairs Human Resources Group from 2016. The Company nominated him as a Director sequentially because the Company believes that he will be adequately capable of accomplishing his duties as a Director of the Company, based on his experience and exceptional insight.			

No.	Name (Date of birth)	Career Summary, Position and Area of Responsibility, and Important Concurrent Post		Number of the Company's Shares held
11	Junichi Jinno (May. 7, 1955)	Jul. 1983	Joined the Company	3,431
		Aug. 2002	General Manager of Corporate Communication Systems Equipment Division of the Company	
		Jun. 2003	Executive Officer of the Company	
		Apr. 2007	General Manager of Corporate R&D Group for Equipment and Systems of the Company	
		Apr. 2011	General Manager of Corporate Legal and Intellectual Property Group of the Company [Present]	
		Apr. 2013	Senior Executive Officer of the Company	
		Apr. 2018	Managing Executive Officer of the Company	
		Jun. 2018	Director and Managing Executive Officer of the Company [Present]	
	Reason for candidacy as Director	Following broad experience in manufacturing, sales and development in the Communication Equipment Business of the Company, Mr. Jinno has contributed to Kyocera Group's compliance and intellectual property strategy as a General Manager of the Corporate Legal and Intellectual Property Group of the Company since 2011. The Company has nominated him as a candidate for Director sequentially because it believes that he is abundantly capable of performing the duties of a Director of the Company, based on his experience and exceptional insight.		
12	John Sarvis (Mar. 4, 1950)	Dec. 1973	Joined AVX Corporation	0
		Mar. 2005	Officer of the Ceramics Division of AVX Corporation	
		Apr. 2015	President, Chief Executive Officer and Director of AVX Corporation	
		Jun. 2016	Director of the Company [Present]	
		Jul. 2016	Chairman of the Board and President, Chief Executive Officer and Director of AVX Corporation [Present]	
	Reason for candidacy as Director	Mr. John Sarvis was in charge as Officer of Ceramic Capacitor Division of AVX Corporation, which is a subsidiary of the Company in the United States of America, for many years. As a President, Chief Executive Officer and Director of AVX Corporation from 2015, and as the Chairman of the Board and President, Chief Executive Officer of AVX Corporation from 2016, he contributes to development of AVX Corporation. The Company nominated him as a Director sequentially because the Company believes that he will be adequately capable of accomplishing his duties as a Director of the Company, based on his experience and exceptional insight.		

No.	Name (Date of birth)	Career Summary, Position and Area of Responsibility, and Important Concurrent Post		Number of the Company's Shares held
13	Robert Whisler (Feb. 17, 1953)	Mar. 1981	Joined Kyocera America, Inc. (currently Kyocera International, Inc.)	0
		Sep. 2000	President and Representative Director of Kyocera America, Inc.	
		Jun. 2005	Executive Officer of the Company	
		Apr. 2016	President and Director of Kyocera International, Inc. [Present]	
		Jun. 2016	Director of the Company [Present]	
				
	Reason for candidacy as Director	Mr. Robert Whisler contributed to development of the semiconductor package business as a President and Director of Kyocera America, Inc., which was a subsidiary of the Company in the United States of America, for many years. From 2016, he serves as a President and Director of Kyocera International, Inc. The Company nominated him as a Director sequentially because the Company believes that he will be adequately capable of accomplishing his duties as a Director of the Company, based on his experience and exceptional insight.		
14	Hiroto Mizobata (Jul. 31, 1963)	Apr. 1986	Joined KPMG Asahi Shinwa Accounting, Inc. (now known as KPMG AZSA LLC)	1,784
		Mar. 1988	Registration as certified public accountant	
		Dec. 1991	Registration as licensed tax accountant	
		Mar. 1992	Representative of Mizobata Certified Public Accountant Office [Present]	
		Jun. 2015	Outside Director of the Company [Present] (Important Concurrent Post outside the Company) Outside Director (the Audit Committee) of Yamaki Co., Ltd. Outside Director (the Audit Committee) of ES-CON JAPAN Ltd.	
				
	Reason for candidacy as Outside Director	The Company nominated Mr. Hiroto Mizobata as an Outside Director sequentially. The Company believes that he will be continuously capable of providing advice and undertaking supervision, based on his abundant experience as a certified public accountant and licensed tax accountant, and exceptional insight. In addition, he gave precise advice and supervision of general corporate activities after the Outside Director assumption of office.		

No.	Name (Date of birth)	Career Summary, Position and Area of Responsibility, and Important Concurrent Post		Number of the Company's Shares held
15	Atsushi Aoyama (Aug. 2, 1960)	Apr. 1985	Joined Mitsubishi Research Institute, Inc.	495
		May 1995	Researcher of Imperial College London	
		Oct. 1999	Associate Professor of Resources Science Laboratory, Tokyo Institute of Technology	
		Apr. 2005	Professor of Graduate School of Technology Management, Ritsumeikan University [Present]	
		Jun. 2016	Outside Director of the Company [Present]	
	Reason for candidacy as Outside Director	The Company nominated Mr. Atsushi Aoyama as an Outside Director sequentially. The Company believes that he will be continuously capable of providing advice and undertaking supervision, based on his abundant experience and exceptional insight about the area of technology management that studies companies which make much of technology development and innovation. In addition, he gave precise advice and supervision of general corporate activities after the Outside Director assumption of office.		
16	Akiko Koyano (Apr. 23, 1974)	Dec. 2008	Admitted to the Bar, Registered in the Kyoto Bar Association [Present] Joined Koyano & Aoki Law Office	0
		Jul. 2009	Transferred to Koyano LPC	
		Feb. 2018	Partner Attorney-at-law of Koyano LPC [Present]	
	Reason for candidacy as Outside Director	The Company has nominated Ms. Akiko Koyano as a candidate for Outside Director because she has extensive experience and insight as an attorney specializing in corporate law and various other areas. She also has wide-ranging insight into social issues, such as gender equality, etc.; and the Company accordingly has judged that she is well qualified to provide advice and supervision regarding the overall corporate activities of the Company as an Outside Director. Although she has not been directly engaged in the management of any corporation previously other than through her undertaking of offices of Outside Director and Outside Audit & Supervisory Board Member of some companies, because of the above-mentioned reasons, the Company has judged that she can appropriately perform the tasks as Outside Director of the Company.		

Notes:

1. Mr. Goro Yamaguchi, candidate for Director, is a Representative Director of Kyoto Purple Sanga Co., Ltd., with which the Company engages in transactions relating to advertising, etc. Also, he is a Representative Director of Kyocera Communication Systems Co., Ltd., with which the Company engages in transactions relating to the supply of logistics services, etc., and the purchase of information systems, etc.
2. Mr. Hideo Tanimoto, candidate for Director, is the Chairman of the Board of Dongguan Shilong Kyocera Co., Ltd., with which the Company engages in transactions relating to the supply and purchase of electronic components and industrial tools, etc. He is also the Chairman of the Board of Kyocera (China) Sales & Trading Corporation and the Chairman of the Board of Shanghai Kyocera Sales & Trading Corporation, with which the Company engages in transactions relating to the sale of electronic components and industrial tools, etc.
3. Mr. Ken Ishii, candidate for Director, is a Representative Director of Kyocera Precision Tools Korea Co., Ltd., with which the Company engages in transactions relating to the sale and purchase of industrial tools, etc. Also, he is the Chairman of the Board of Kyocera Precision Tools (Ganzhou) Co., Ltd., with which the Company engages in transactions relating to the sale of equipment, etc., and the purchase of industrial tools, etc.
4. Mr. John Sarvis, candidate for Director, is the Chairman of the Board and President, Chief Executive Officer and Director of AVX Corporation, with which the Company engages in transactions relating to the supply and purchase of electronic components, etc.
5. There is no special interest between the other candidates and the Company.
6. The number of shares of the Company owned by the candidates for the Directors above is as of March 31, 2019, and it includes their ownership in the Stock Purchase Plan for Kyocera Group Executives.
7. Matters with respect to the candidates for Outside Director are as follows:

- (1) Messrs. Hiroto Mizobata and Atsushi Aoyama and Ms. Akiko Koyano are candidates for Outside Director.
- (2) The number of years from the time of Messrs. Hiroto Mizobata and Atsushi Aoyama's assumption of offices as Outside Directors of the Company to the adjournment of this General Meeting of Shareholders and times of attendances at the meetings of the Board of Directors held during the 65th fiscal year of the Company are as follows:

	Number of years from the time of assumption of offices as Outside Director to the adjournment of this General Meeting of Shareholders	Attendances at the meeting of the Board of Directors held during the 65 th fiscal year of the Company
Hiroto Mizobata	4 years	Attendance ratio 100% (12 out of 12 meetings)
Atsushi Aoyama	3 years	Attendance ratio 83% (10 out of 12 meetings)

- (3) The Company enters into an agreement with Messrs. Hiroto Mizobata and Atsushi Aoyama, regarding the limitation of their liability for damages due to negligence in the performance of their duties, in accordance with the provisions of the Companies Act and the Articles of Incorporation of the Company. The amount of their liability, as set under such agreement, shall be limited to the smallest amount specified in the applicable laws and regulations. The Company will maintain such agreement upon their re-election as an Outside Director. The Company will also enter into an agreement under the same terms and conditions with Ms. Akiko Koyano upon her election as an Outside Director.
 - (4) The Company has designated Messrs. Hiroto Mizobata and Atsushi Aoyama as Independent Directors as provided for in the rules of the Tokyo Stock Exchange. The Company will also nominate Ms. Akiko Koyano as an Independent Director upon her election as an Outside Director.
8. Akiko Koyano, as set forth above, is her professional name. Her name on the family register is Akiko Yamamoto.

Proposal 3 Determination of Compensation for Granting Restricted Stocks to Directors

Remuneration for Directors was resolved at the 55th Ordinary General meeting of Shareholders that convened on June 25, 2009, in which the aggregate basic remuneration payable to all Directors shall be no more than 400 million yen per year (not including salaries for services as employees or Executive Officers for those Directors who serve as such), and the aggregate amount of bonuses payable to all Directors shall not exceed 0.2% of the consolidated net income* of the Company for the relevant fiscal year, provided that such amount of bonuses shall in no case exceed 300 million yen annually. The Company hereby proposes payment of remuneration for granting the restricted stocks to Directors of the Company (excluding Outside Directors, the “Eligible Directors”), separate from the aforementioned Directors’ remuneration limitations, for the purpose of providing incentives for Eligible Directors to continuously improve the Company’s corporate value, as well as to promote further shared value between Eligible Directors and shareholders.

* Because of the adaptation of International Financial Reporting Standards (“IFRS”), this enrollment has been changed to “Profit attributable to owners of the parent”.

The compensation to be paid to Eligible Directors for granting the restricted stocks based on this proposal shall be monetary compensation claims and their total compensation amounts shall be no more than 100 million yen per year as well as no more than 0.1% of the profit attributable to owners of the parent as the reasonable amounts in light of the aforementioned objectives. Details of timing of granting and allocations to each Eligible Director shall be decided by the Board of Directors.

The Company currently has 13 Eligible Directors, and if Proposal 2 is approved, the Company will still have 13 Eligible Directors.

All monetary compensation claims paid to Eligible Directors by the Company based on this proposal shall be delivered as property contributed in-kind, and Eligible Directors shall receive common stock of the Company that is issued or disposed of. Total number of common stock of the Company to be issued or disposed of shall not exceed 25,000 stocks per year (Nevertheless, if on or after the date of approval and adoption of this proposal, the Company’s common stocks are subject to a stock split (including allotment of the Company’s common stocks without contribution) or a consolidation of stocks, or there are other circumstances requiring the adjustment of the total number of the Company’s common stocks to be issued or disposed as restricted stocks, the Company will adjust such total number of stocks to a reasonable extent.). The amounts to be paid per one stock of the Company to be issued or disposed of will be decided by the Board of Directors, based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day preceding the date of the resolution of the Board of Directors (if the Company’s stocks are not traded on said date, the closing price of the most recent trading day preceding said date) to the extent that it will not be excessively advantageous for the Eligible Directors. When the Company issues or disposes of common stock, the Company and Eligible Directors shall conclude a restricted stock allocation agreement (the “Allocation Agreement”), which includes mostly the following items.

- (1) The Eligible Directors may not transfer, create security interest on, or otherwise dispose the Company’s common stocks allotted under the Allocation Agreement (the “Allotted Stocks”) during the period prescribed by the Board of Directors of the Company between ten (10) and thirty (30) years (the “Transfer Restriction Period”).
- (2) In the event an Eligible Director resigns or retires from the post of Director of the Company or other post specified by the Board of Directors during a period from the starting date of the Transfer Restriction Period to the date preceding the Ordinary General Meeting of Shareholders of the Company that first arrives thereafter, the Company will acquire the Allotted Stocks without any compensation as a matter of course, unless there is a reason deemed legitimate by the Board of Directors.

- (3) On the condition that the Eligible Directors continued to serve as the post set out in provision (2) above during a period from the starting date of the Transfer Restriction Period to the date of the Ordinary General Meeting of Shareholders of the Company that first arrives thereafter, the Company will cancel the transfer restriction of all Allotted Stocks at the time of the expiration of the Transfer Restriction Period. Nevertheless, in the event an Eligible Director resigns or retires from all his/her post set out in provision (2) based on any of the reasons deemed legitimate by the Board of Directors set out in (2) above before the expiration of the Transfer Restriction Period, the Company shall rationally adjust, as needed, the number of the Allotted Stocks for which and the timing when the transfer restriction will be canceled.
- (4) The Company will acquire the Allotted Stocks, for which the transfer restriction has not been canceled based on provision (3) above at the time of the expiration of the Transfer Restriction Period, as a matter of course, without any compensation.
- (5) In the event a merger agreement in which the Company will become the absorbed company, a stock exchange agreement or a stock transfer plan in which the Company will become the wholly-owned subsidiary, or any other matter related to organizational restructuring, etc., is approved in the General Meeting of Shareholders (or if approval in the General Meeting of Shareholders is not required in relation to such organizational restructuring, then the Board of Directors' meeting) during the Transfer Restriction Period, the Company will cancel the transfer restriction for all or part of the Allotted Stocks based on the resolution of the Board of Directors prior to the effective date of such organizational restructuring, etc.
- (6) In case of provision (5) above, the Company will acquire the Allotted Stocks, for which the transfer restriction has not been cancelled even at the time immediately after the transfer restriction has been cancelled based on provision (5) above, as a matter of course, without any compensation.
- (7) The manner of declaration of intent and notice under the Allocation Agreement, and the manner of the amendment of the Allocation Agreement or other matters determined by the Board of Directors, shall constitute a part of the Allocation Agreement.

(Reference)

Although the Transfer Restriction Period of the Allotted Stocks is prescribed as the period determined by the Board of Directors of the Company within ten (10) through thirty (30) years, the transfer restriction will be canceled at the time an Eligible Director resigns or retires from the post of Director of the Company or other post specified by the Board of Directors, based on a legitimate reason. Accordingly, the Transfer Restriction Period of the Allotted Stocks will substantially be the period until an Eligible Director resigns or retires from the above post.

- END -

(Accompanying Documents for the 65th Ordinary General Meeting of Shareholders)

Business Report (April 1, 2018 to March 31, 2019)

1. Current Conditions of Kyocera Corporation and its Consolidated Subsidiaries

(1) Business Progress and Results

Sales revenue for fiscal 2019 increased by 46,671 million yen, or 3.0%, to 1,623,710 million yen, compared with fiscal 2018, marking record highs in sales for two consecutive years. Sales in the Life & Environment Group decreased, due to a decline in orders from the solar energy business. However, sales increased in the Electronic Devices Group and the Industrial & Automotive Components Group due in part to contributions from merger and acquisition activities during fiscal 2018.

Profits increased as compared with fiscal 2018, due to the effects of the increase in sales revenue, as well as cost reduction efforts in each division, which more than offset settlement expenses and write-down in total amount of 52,313 million yen relating to long-term purchase agreements for procurement of polysilicon material in the solar energy business and an impairment loss in the amount of 16,184 million yen relating to machinery, equipment, goodwill and intangible asset in the organic materials business.

As a result, operating profit increased by 4,124 million yen, or 4.5%, to 94,823 million yen, profit before income taxes increased by 10,618 million yen, or 8.2%, to 140,610 million yen in fiscal 2019 as compared with fiscal 2018.

Profit attributable to owners of the parent increased by 24,073 million yen, or 30.4%, to 103,210 million yen in fiscal 2019 as compared with fiscal 2018, due in part to lower tax expenses. Regarding the lower tax expenses, while Kyocera's U.S. subsidiaries including AVX Corporation ("AVX") recorded one-time tax expenses in fiscal 2018 due to revisions in U.S. tax code, Kyocera recognized a deferred tax asset related to tax losses carried forward from the merger of Kyocera Display Corporation into Kyocera Corporation in fiscal 2019.

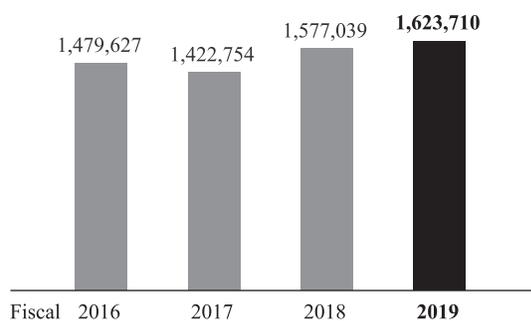
Average exchange rates for fiscal 2019 were 111 yen to the U.S. dollar, unchanged from fiscal 2018 and 128 yen to the Euro, marking appreciation of 2 yen (1.5%). As a result, sales revenue and profit before income taxes in fiscal 2019 were pushed down by approximately 7.5 billion yen and 2 billion yen, respectively, compared with fiscal 2018

Notes :

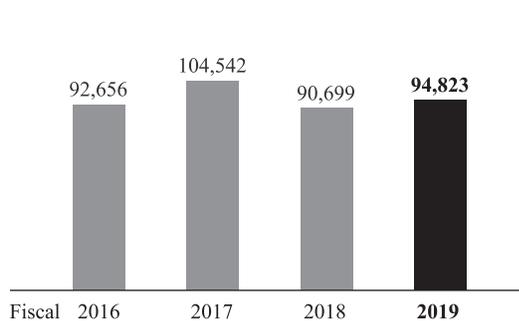
Kyocera has adopted IFRS in lieu of the Generally Accepted Accounting Principles of the United States of America ("U.S.GAAP") from fiscal 2019. Accordingly, financial results for fiscal 2018 have been reclassified in accordance with IFRS.

Highlights of Consolidated Results

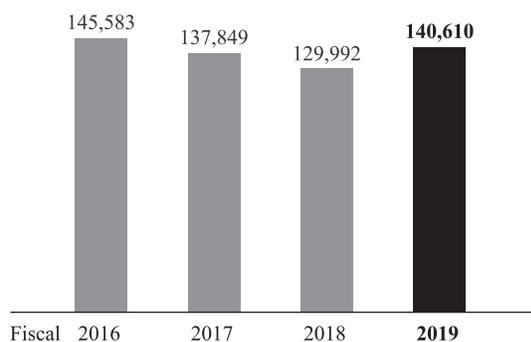
Sales revenue (Yen in millions)



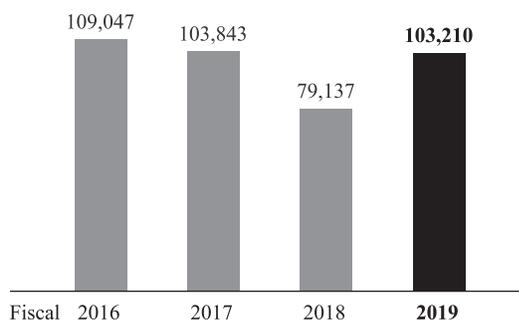
Operating profit (Yen in millions)



Profit before income taxes (Yen in millions)



Profit attributable to owners of the parent
(Yen in millions)



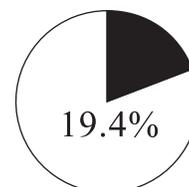
Notes:

1. The amounts, numbers of shares and ratios (%) in this report are rounded to the nearest unit.
2. Graphs in this report are presented solely for reference.
3. Kyocera has adopted IFRS in lieu of U.S.GAAP from fiscal 2019. Accordingly, financial results for fiscal 2018 have been reclassified in accordance with IFRS. Account title is also presented in accordance with IFRS.

Consolidated Results by Reporting Segment
Industrial & Automotive Components Group

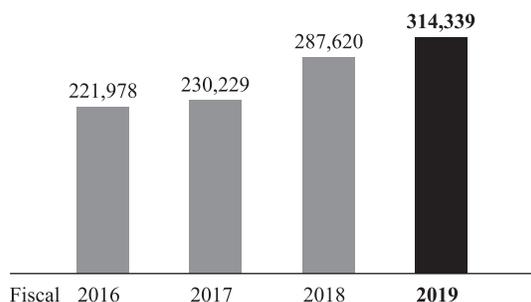
Sales Composition Ratio

Sales Revenue: 314,339 million yen, up 9.3% year on year
Business Profit: 38,450 million yen, up 22.5% year on year

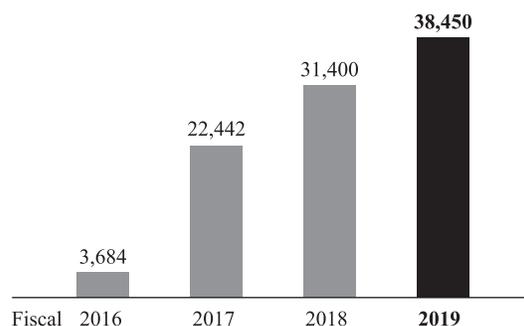


Sales in this reporting segment increased compared with fiscal 2018. Sales of industrial tools increased as a result of merger and acquisition activities conducted during fiscal 2018, while sales of fine ceramic parts for industrial equipment were also solid. Business profit increased due to the increase in sales and cost reductions.

Sales revenue (Yen in millions)



Business profit (Yen in millions)

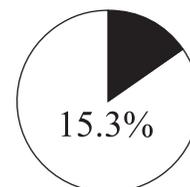


Notes : Kyocera has adopted IFRS in lieu of U.S.GAAP from fiscal 2019. Accordingly, financial results for fiscal 2018 have been reclassified in accordance with IFRS.

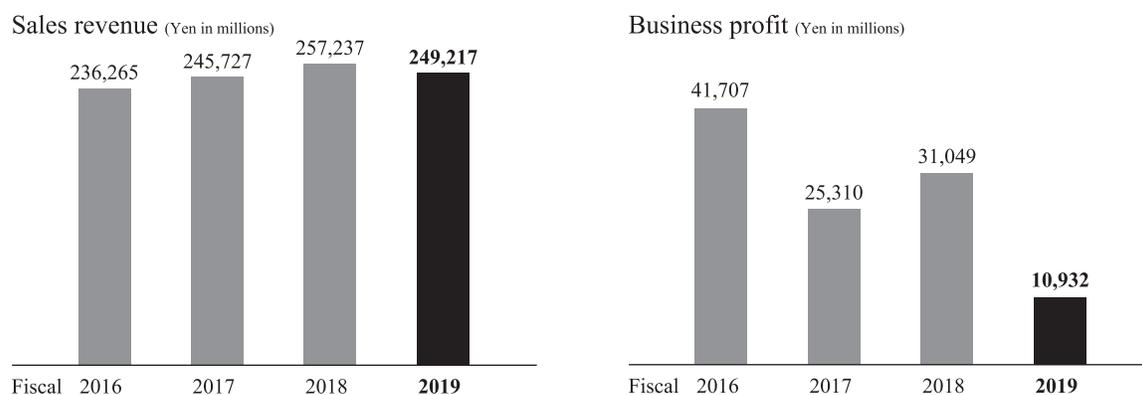
Semiconductor Components Group

Sales Composition Ratio

Sales Revenue: 249,217 million yen, down 3.1% year on year
Business Profit: 10,932 million yen, down 64.8% year on year



Sales in this reporting segment decreased compared with fiscal 2018 due primarily to a decline in sales of ceramic packages for use in smartphones and optical communications. Business profit decreased due to the impact of lower sales of ceramic packages and the recording of an impairment loss in the organic materials business.

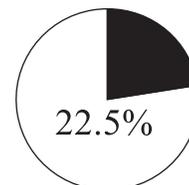


Notes : Kyocera has adopted IFRS in lieu of U.S.GAAP from fiscal 2019. Accordingly, financial results for fiscal 2018 have been reclassified in accordance with IFRS.

Electronic Devices Group

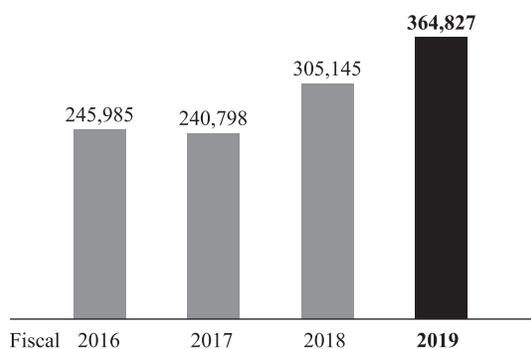
Sales Composition Ratio

Sales Revenue: 364,827 million yen, up 19.6% year on year
Business Profit: 66,926 million yen, up 43.5% year on year

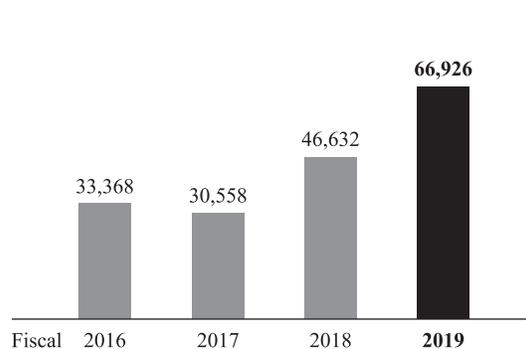


Sales in this reporting segment increased compared with fiscal 2018. In addition to contributions from merger and acquisition activities by AVX during fiscal 2018, sales of ceramic capacitors for smartphones increased. Business profit increased due to the increase in sales and improved profitability at AVX.

Sales revenue (Yen in millions)



Business profit (Yen in millions)

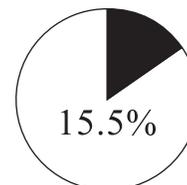


Notes : Kyocera has adopted IFRS in lieu of U.S.GAAP from fiscal 2019. Accordingly, financial results for fiscal 2018 have been reclassified in accordance with IFRS.

Communications Group

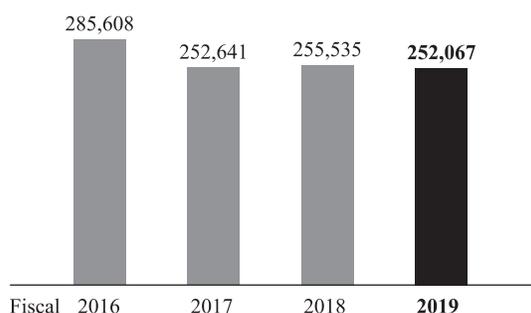
Sales Composition Ratio

Sales Revenue: 252,067 million yen, down 1.4% year on year
Business Profit: 10,393 million yen, up 134.1% year on year

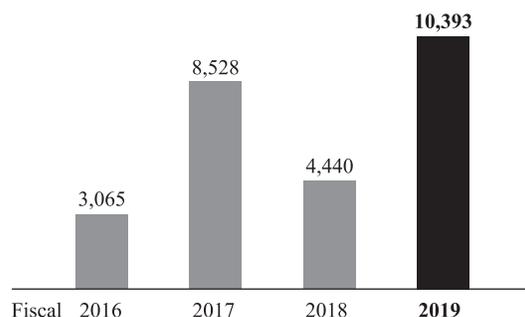


Sales in the information and communications services business, particularly in engineering services, increased. However, sales decreased in the telecommunications equipment business due to a decline in sales volume of mobile phone handsets in Japan. As a result, sales in this reporting segment decreased compared with fiscal 2018. In contrast, business profit increased due to a removal of low-profit products from product lines and improved profitability through cost reduction efforts in the telecommunications equipment business.

Sales revenue (Yen in millions)



Business profit (Yen in millions)

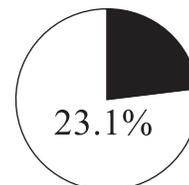


Notes : Kyocera has adopted IFRS in lieu of U.S.GAAP from fiscal 2019. Accordingly, financial results for fiscal 2018 have been reclassified in accordance with IFRS.

Document Solutions Group

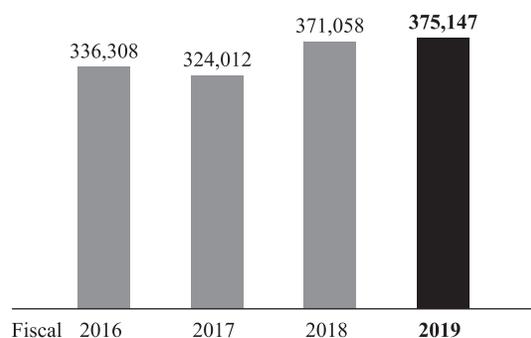
Sales Composition Ratio

Sales Revenue: 375,147 million yen, up 1.1% year on year
Business Profit: 43,528 million yen, up 6.6% year on year

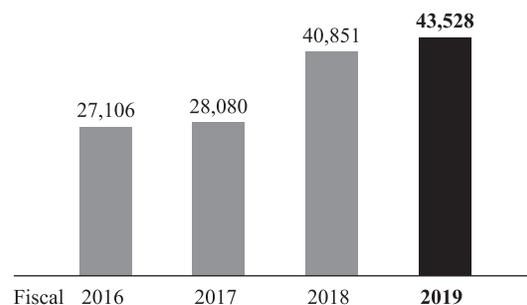


Sales in this reporting segment increased compared with fiscal 2018 due in part to solid sales volume of multifunctional products and other items coupled with the contribution of merger and acquisition activities which more than offset the impact of foreign exchange fluctuations. Business profit increased due to the increase in sales revenue, cost reductions and improved productivity.

Sales revenue (Yen in millions)



Business profit (Yen in millions)

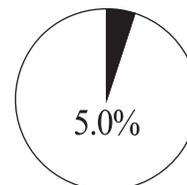


Notes : Kyocera has adopted IFRS in lieu of U.S.GAAP from fiscal 2019. Accordingly, financial results for fiscal 2018 have been reclassified in accordance with IFRS.

Life & Environment Group

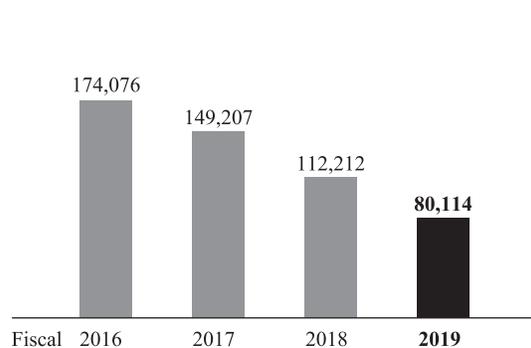
Sales Composition Ratio

Sales Revenue: 80,114 million yen, down 28.6% year on year
Business Profit (Loss): (67,016) million yen, down 11,524 million yen year on year

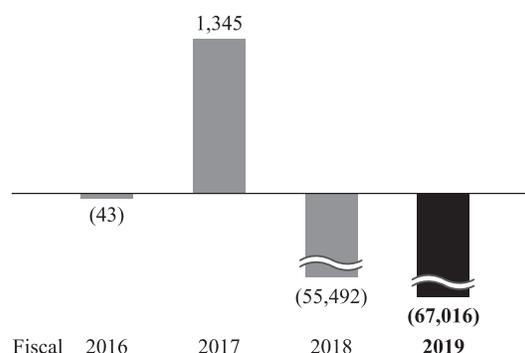


Sales in this reporting segment decreased compared with fiscal 2018 due primarily to a decline in sales in the solar energy business. Business loss expanded due to the decline in sales revenue and settlement expenses relating to long-term purchase agreements for procurement of polysilicon material, which more than offset the effects of cost reduction efforts, including without limitation consolidation of production sites in the solar energy business.

Sales revenue (Yen in millions)



Business profit (Yen in millions)



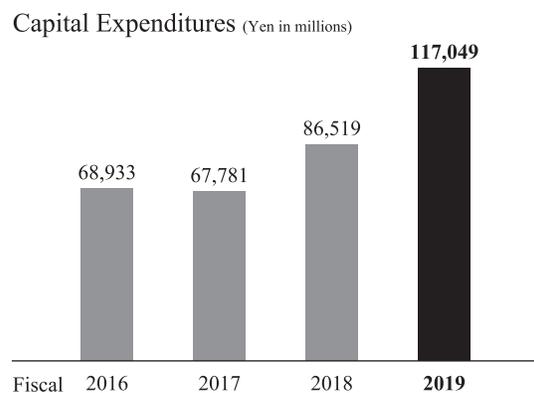
Notes:

1. Kyocera has adopted IFRS in lieu of U.S.GAAP from fiscal 2019. Accordingly, financial results for fiscal 2018 have been reclassified in accordance with IFRS.
2. The sum total of sales composition ratio shown on pages 22 to 27 shall not be 100% because “Others” and “Adjustments and Eliminations”, when aggregated, accounting for (0.8%) of consolidated sales revenue in fiscal 2019.

(2) Capital Expenditures

During fiscal 2019, Kyocera made capital expenditures to enhance production capacity in order to cope with high levels of demand and improve productivity primarily in the Industrial & Automotive Components Group and Electronic Devices Group. As a result, capital expenditures for fiscal 2019 increased by 30,530 million yen, or 35.3%, to 117,049 million yen, compared with fiscal 2018.

Required funds for fiscal 2019 were mainly financed from internal resources.



(3) Management Challenges

Kyocera has a wide range of management resources within the Kyocera Group, from materials technologies such as ceramics to components, devices, equipment, systems and services. Kyocera strives to expand existing businesses and create new businesses by strengthening ties in each business and maximizing the collective capabilities of the Kyocera Group in order to be a high-growth, highly profitable company. To expand existing businesses, Kyocera works to enhance productivity through the use of advanced technologies that include robots and AI (Artificial Intelligence) and to further lower costs through process reform as means to boost market share. To create new businesses, Kyocera works to develop new products and expand business domains by pursuing synergies on a technological front in-house, through M&A, and by collaborating with external entities.

Kyocera is focused on the following challenges:

i) Expand business in key markets

Kyocera views the markets of “information and communications,” “automotive-related,” “environment and energy” and “medical and healthcare” as key to our operations and aims to increase sales revenue and profit by expanding existing businesses and creating new businesses in these four markets.

In the information and communications market, Kyocera will work to increase sales of high-value-added components and devices for smartphones, for which increasing sophistication is expected. We will also develop new products and provide services that leverage our competitive advantage of deploying a wide range of business from components and devices to equipment and systems as we seek to grab new business opportunities in such fields as 5G and the IoT, where increasing demand is projected.

In automotive-related markets, we will actively promote order activities through an organization that straddles the entire Group as a means to take advantage of various business opportunities amid significant changes in industry structure by advancing technology toward the proliferation and expansion of connected cars and realization of automated driving. We will push the development of automotive components such as sensing cameras that detect obstacles while driving and infrastructure-related components that support automated driving. At the same time, we will work to further strengthen technology development and accelerate new product development through collaboration with other companies.

In the environment and energy market, needs are forecast to change from the sale of power through the feed-in tariff system to self-consumption of power on the back of increasing environmental awareness, in particular. In line with these changes, Kyocera will promote further sophistication of hardware such as a high-efficiency fuel cell system and power storage batteries as well as new product development of such products in addition to solar power modules, while also strengthening the development of systems that contribute to the stable supply of power and power savings. In addition, we will strive to expand business domain and enhance added value through efforts that include entry into the power retail service field for the sale of power generated via renewable energy by utilizing outside collaboration.

In the medical and healthcare market, we are seeking to secure business opportunities and expand business domain through the pursuit of technological synergies across raw materials, components and systems and collaboration with external entities. In the medical device business, which includes prosthetic joints, we will work to strengthen business foundations in the United States, the world’s largest market, and develop high-value-added products through merger and acquisition activities. In addition, we will strive to reinforce new product development for regenerative medicine and digital healthcare at the Medical Development Center.

ii) Enhance management foundations

Kyocera is actively making investment for such purposes as expanding production capacity in growing fields to further bolster competitiveness. We are also working to strengthen management foundations, which includes reorganizing products and the contents of our businesses in areas that require profit improvement. In addition, we will introduce automated production lines using AI and robots to the Group in a step-wise manner in order to further increase productivity. To create new products and businesses, we will integrate technologies held in the Group and strengthen marketing and R&D.

Note: Cautionary statement with respect to forward-looking statements

Certain of the statements made in this document are forward-looking statements, which are based on our current assumptions and beliefs in light of the information currently available to us. These forward-looking statements involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors include, but are not limited to the following:

- (1) General conditions in the Japanese or global economy;
- (2) Unexpected changes in economic, political and legal conditions in countries where we operate;
- (3) Various export risks which may affect the significant percentage of our revenues derived from overseas sales;
- (4) The effect of foreign exchange fluctuations on our results of operations;
- (5) Intense competitive pressures to which our products are subject;
- (6) Fluctuations in the price and ability of suppliers to provide the required quantity of raw materials for use in our production activities;
- (7) Manufacturing delays or defects resulting from outsourcing or internal manufacturing processes;
- (8) Shortages and rising costs of electricity affecting our production and sales activities;
- (9) The possibility that future initiatives and in-process research and development may not produce the desired results;
- (10) Companies or assets acquired by us not produce the returns or benefits, or bring in business opportunities;
- (11) Inability to secure skilled employees, particularly engineering and technical personnel;
- (12) Damages on our information security systems from cyberattacks, etc. and significant costs in order to recover and maintain the systems;
- (13) Insufficient protection of our trade secrets and intellectual property rights including patents;
- (14) Expenses associated with licenses we require to continue to manufacture and sell products;
- (15) Environmental liability and compliance obligations by tightening of environmental laws and regulations;
- (16) Unintentional conflict with laws and regulations or newly enacted laws and regulations;
- (17) Our market or supply chains being affected by terrorism, plague, wars or similar events;
- (18) Earthquakes and other natural disasters affecting our headquarters and major facilities as well as our suppliers and customers;
- (19) Credit risk on trade receivables;
- (20) Fluctuations in the value of, and impairment losses on, securities and other assets held by us;
- (21) Impairment losses on property, plant and equipment, goodwill and intangible assets;
- (22) Unrealized deferred tax assets and additional liabilities for unrecognized tax benefits; and
- (23) Changes in accounting principles.

Due to such risks, uncertainties and other factors, our actual results, performance, achievements or financial condition may be substantially different from any future results, performance, achievements or financial condition expressed or implied by these forward-looking statements. We undertake no obligation to publicly update any forward-looking statements included in this document.

(4) Four-Year Financial Summary

	(Yen in millions except per share amount)				
	Fiscal 2016	Fiscal 2017	Fiscal 2018		Fiscal 2019
	U.S.GAAP	U.S.GAAP	U.S.GAAP	IFRS	IFRS
Sales revenue	1,479,627	1,422,754	1,577,039	1,577,039	1,623,710
Profit before income taxes	145,583	137,849	131,866	129,992	140,610
Profit attributable to owners of the parent	109,047	103,843	81,789	79,137	103,210
Earnings per share attributable to owners of the parent - Basic (Yen)	297.24	282.62	222.43	215.22	284.94
Total assets	3,095,049	3,110,470	3,157,077	3,128,813	2,968,475
Equity attributable to owners of the parent	2,284,264	2,334,219	2,336,246	2,325,791	2,265,919
Equity per share attributable to owners of the parent (Yen)	6,226.58	6,347.95	6,353.54	6,325.11	6,263.71

Notes:

1. The consolidated financial statements are prepared in accordance with IFRS in lieu of U.S.GAAP from fiscal 2019. As a result of this adoption, accounts are presented based on IFRS. Accordingly, the financial summary for fiscal 2018 is also presented in accordance with IFRS.
2. Earnings per share attributable to owners of the parent - Basic is calculated using the average number of shares in issue excluding treasury stock during each respective fiscal year and Equity per share attributable to owners of the parent is calculated using the number of shares in issue excluding treasury stock at the end of each respective fiscal year.
3. Sales revenue for fiscal 2017 decreased compared with fiscal 2016 due mainly to a decline in sales of solar energy systems and a decline in sales of telecommunications equipment as a result of a revision in product strategy in addition to an impact from an appreciation of the yen, despite an increase in sales of components supported by increases in automobile sales in Asia and investment in communications infrastructure. Profit attributable to owners of the parent decreased compared with fiscal 2016 due mainly to a gain on the sale of an asset recorded in fiscal 2016.
4. Sales revenue for fiscal 2018 increased compared with fiscal 2017 due mainly to strong component demand in information and communications, automotive-related and industrial machinery markets, coupled with vigorous expansion of production capacity and contribution of merger and acquisition. Profit attributable to owners of the parent decreased compared with fiscal 2017 due mainly to the recording of a write-down relating to long-term purchase agreements for procurement of polysilicon material in the solar energy business and the recording of the one-time tax expenses at U.S. subsidiaries resulting from revisions in the U.S. tax code.
5. Performance for fiscal 2019 is as stated in “(1) Business Progress and Results” on previous pages.

(5) **Principal Businesses** (as of March 31, 2019)

Kyocera manufactures and sells a highly diversified range of products, including fine ceramic components and various kinds of products utilizing fine ceramic technologies, telecommunications and information equipment, etc. The principal products and businesses are as follows:

Reporting Segment and Content of Business	Principal Product and Business
Industrial & Automotive Components Group: Kyocera provides various kinds of fine ceramic components, camera modules and liquid crystal displays to the industrial machinery and automotive markets. We also provide industrial tools such as cutting tools and pneumatic and power tools to the general industrial and construction markets.	Fine Ceramic Components Automotive Components Liquid Crystal Displays Industrial Tools
Semiconductor Components Group: Kyocera provides packages for protecting electronic components and ICs as well as high-density organic multilayer printed wiring boards for assembly of such components to the information & communication and automotive markets, etc.	Ceramic Packages Organic Multilayer Substrates and Boards
Electronic Devices Group: Kyocera provides various electronic components and devices for diverse fields from familiar products such as smartphones to industrial machines.	Electronic Components (Capacitors, Crystal Devices, Connectors, Power Semiconductor Devices, etc.) Printing Devices
Communications Group: Kyocera provides communications modules that support IoT in addition to mobile phones embedded with unique functionality such as exceptional durability and features specifically for senior users, as well as ICT solutions that support a company's management, and information and communication services that support communication infrastructure.	Mobile Phones Communication Modules (Telematics, IoT) Information Systems and Telecommunication Services
Document Solutions Group: Kyocera provides a diverse lineup of printers and MFPs featuring outstanding environmental and economic performance as well as solutions that resolve customers' individual management issues.	Printers Multifunctional Products Document Solutions Supplies
Life & Environment Group: Kyocera provides products related to life and environment such as solar energy products, medical products, jewelry, and kitchen tools.	Solar Power Generating System related Products Medical Devices Jewelry and Ceramic Knives

(6) Significant Subsidiaries (as of March 31, 2019)

Name of Subsidiary	Amount of Capital (Yen in millions and others in thousands)	Ownership by Kyocera Corporation (%)	Principal Business
Kyocera Document Solutions Inc.	Yen 12,000	100.00	Development, manufacturing and sale of printers and multifunctional products
Kyocera Communication Systems Co., Ltd.	Yen 2,986	76.30	Provision of information systems and telecommunication services
Kyocera (China) Sales & Trading Corporation	US\$ 10,000	90.00	Sale of industrial tools, ceramic packages and electronic components
Kyocera (Tianjin) Solar Energy Co., Ltd.	US\$ 30,200	90.00	Manufacturing of solar power generating system related products
Dongguan Shilong Kyocera Co., Ltd.	HK\$ 472,202	90.00	Manufacturing of liquid crystal displays and industrial tools
Shanghai Kyocera Electronics Co., Ltd.	Yen 17,321	100.00	Manufacturing of ceramic packages
Kyocera Korea Co., Ltd	Won 1,200,000	100.00	Sale of semiconductor components and electronic components
Kyocera Asia Pacific Pte. Ltd.	US\$ 35,830	100.00	Sale of industrial tools, semiconductor components and electronic components
AVX Corporation	US\$ 1,763	69.06	Development, manufacturing and sale of electronic components
Kyocera International, Inc.	US\$ 34,850	100.00	Manufacturing and sale of fine ceramic components and semiconductor components, and sale of mobile phones
Kyocera Fineceramics GmbH	EURO 1,687	100.00	Sale of fine ceramic components, semiconductor components and printing devices

(7) Principal Business Sites (as of March 31, 2019)

Japan:

Kyocera Corporation Headquarters : 6 Takeda Tobadono-cho, Fushimi-ku, Kyoto, Japan

Hokkaido Kitami Plant	Kyocera Industrial Tools Corporation (Hiroshima)
Yamagata Higashine Plant	Kyocera Communication Systems Co., Ltd. (Kyoto)
Fukushima Koriyama Plant	Kyocera Document Solutions Inc. (Osaka)
Tokyo Ome Plant	Kyocera Document Solutions Japan Inc. (Tokyo)
Kawasaki Plant	Kyocera Solar Corporation (Kyoto)
Kanagawa Hadano Plant	Kyocera Realty Development Co., Ltd. (Tokyo)
Niigata Shibata Plant	Hotel Kyocera Co., Ltd. (Kagoshima)
Toyama Nyuzen Plant	Hotel Princess Kyoto Co., Ltd. (Kyoto)
Nagano Okaya Plant	
Shiga Gamo Plant	
Shiga Yohkaichi Plant	
Shiga Yasu Plant	
Kyoto Ayabe Plant	
Kagoshima Sendai Plant	
Kagoshima Kokubu Plant	
Kagoshima Hayato Plant	
Tokyo Office	
Yokohama Office	
Yokohama Nakayama Office	
Osaka Daito Office	
R&D Center, Keihanna (Kyoto)* ¹	
R&D Center, Kagoshima* ²	

Overseas:

Kyocera (China) Sales & Trading Corporation (China)
Dongguan Shilong Kyocera Co., Ltd. (China)
Shanghai Kyocera Electronics Co., Ltd. (China)
Kyocera Document Technology (Dongguan) Co., Ltd. (China)
Kyocera (Tianjin) Solar Energy Co., Ltd. (China)
Kyocera Precision Tools Korea Co., Ltd. (Korea)
Kyocera Korea Co., Ltd. (Korea)
Kyocera Asia Pacific Pte. Ltd. (Singapore)
Kyocera Vietnam Co., Ltd. (Vietnam)
Kyocera Document Technology Vietnam Co., Ltd. (Vietnam)
Kyocera Display (Thailand) Co., Ltd (Thailand)
Kyocera International, Inc. (U.S.A.)
Kyocera Senco Industrial Tools, Inc. (U.S.A.)
AVX Corporation (U.S.A.)
Kyocera Document Solutions America, Inc. (U.S.A.)
Kyocera Document Solutions Europe B.V. (Netherlands)
Kyocera Document Solutions Deutschland GmbH (Germany)
TA Triumph-Adler GmbH (Germany)
Kyocera Fineceramics GmbH (Germany)
Kyocera Unimerco A/S (Denmark)

(Notes) As of April 1, 2019, Business site marked * is renamed as below:

*¹ Keihanna Research Center, *² Monozukuri R&D Laboratory

(8) Employees (as of March 31, 2019)

i) Consolidated

<u>Reporting Segment</u>	<u>Number of Employees</u>	<u>Change from the End of Fiscal 2018</u>
Industrial & Automotive Components Group	15,859	Decrease of 7
Semiconductor Components Group	8,908	Decrease of 172
Electronic Devices Group	20,954	Increase of 215
Communications Group	4,462	Decrease of 1
Document Solutions Group	20,909	Increase of 1,159
Life & Environment Group	2,794	Decrease of 220
Others	1,304	Decrease of 72
Headquarters	<u>1,673</u>	<u>Increase of 21</u>
Total	<u>76,863</u>	<u>Increase of 923</u>

Note: The number of employees represents the total number of regular employees who work full-time.

ii) Non-consolidated

Number of Employees	19,268
Change from the End of Fiscal 2018	Increase of 817
Average Age	41.7
Average Years of Service	17.8

Note: The number of employees represents the total number of regular employees who work full-time.

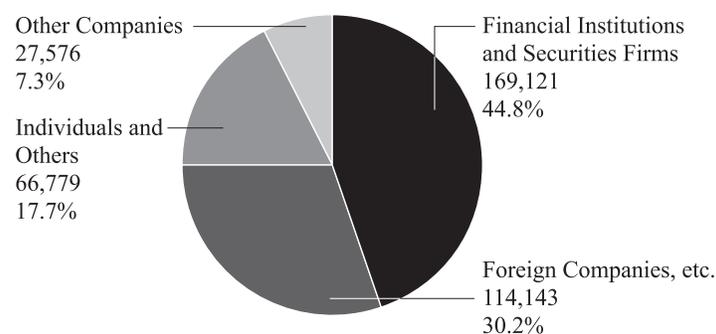
2. Shares (as of March 31, 2019)

(1) Total Number of Shares Authorized to Be Issued:	600,000,000
(2) Total Number of Shares Issued:	377,618,580
(Of which, Number of Treasury Shares:	15,864,921)
(3) Number of Shareholders:	54,725
(4) Major Shareholders (Top 10 Largest Shareholders)	

Name	Number of Shares Owned (Shares in thousands)	Share Ownership Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	55,280	15.28
Japan Trustee Services Bank, Ltd. (Trust Account)	27,329	7.55
SSBTC Client Omnibus Account	17,330	4.79
The Bank of Kyoto, Ltd.	14,436	3.99
Kazuo Inamori	10,212	2.82
Inamori Foundation	9,360	2.59
KI Enterprise Co., Ltd.	7,099	1.96
Trust & Custody Services Bank, Ltd. (Stock Investment Trust Account)	6,669	1.84
Japan Trustee Services Bank, Ltd. (Trust Account 5)	5,986	1.65
Stock Purchase Plan for Kyocera Group Employees	5,654	1.56

Note: Share ownership ratios are calculated after deduction of the treasury shares.

Shareholder Composition (Shares in thousands)



3. Directors and Audit & Supervisory Board Members

(1) List of Directors and Audit & Supervisory Board Members (as of March 31, 2019)

Position	Name	Area of Responsibility and Important Concurrent Post
Chairman of the Board and Representative Director	Goro Yamaguchi	
President and Representative Director	Hideo Tanimoto	President and Executive Officer
Director	Ken Ishii	Senior Managing Executive Officer General Manager of Corporate Industrial Tool Group
Director	Hiroshi Fure	Senior Managing Executive Officer General Manager of Corporate Organic Materials Semiconductor Components Group
Director	Yoji Date	Senior Managing Executive Officer General Manager of Corporate Electronic Components Group
Director	Norihiko Ina	Managing Executive Officer President and Representative Director of Kyocera Document Solutions Inc.
Director	Keiji Itsukushima	Managing Executive Officer General Manager of Corporate Communication Equipment Group
Director	Koichi Kano	Managing Executive Officer General Manager of Corporate Development Group
Director	Shoichi Aoki	Managing Executive Officer General Manager of Corporate Management Control Group
Director	Takashi Sato	Managing Executive Officer General Manager of Corporate General Affairs Human Resources Group
Director	Junichi Jinno	Managing Executive Officer General Manager of Corporate Legal and Intellectual Property Group
Director	John Sarvis	Chairman of the Board and President, Chief Executive Officer and Director of AVX Corporation
Director	Robert Whisler	President and Director of Kyocera International Inc.
Director	Tadashi Onodera	Advisor of KDDI Corporation
Director	Hiroto Mizobata	Representative of Mizobata Certified Public Accountant Office

Position	Name	Area of Responsibility and Important Concurrent Post
Director	Atsushi Aoyama	Professor of Graduate School of Technology Management, Ritsumeikan University
Full-time Audit & Supervisory Board Member	Itsuki Harada	
Audit & Supervisory Board Member	Osamu Nishieda	Attorney-at-law
Audit & Supervisory Board Member	Hitoshi Sakata	Partner Attorney-at-law of Oike Law Office
Audit & Supervisory Board Member	Masaaki Akiyama	Certified Public Accountant

Notes:

1. Important Concurrent Posts Undertaken by Directors and Audit & Supervisory Board Members in fiscal 2019.

- (1) Messrs. Goro Yamaguchi, Chairman of the Board and Representative Director, Hideo Tanimoto, President and Representative Director, Hiroshi Fure, Director, Koichi Kano, Director, and Shoichi Aoki, Director, serve as Directors of AVX Corporation.
- (2) Mr. Goro Yamaguchi, Chairman of the Board and Representative Director, serves as an Outside Director of KDDI Corporation.
- (3) Mr. Tadashi Onodera, Director, serves as an Outside Director of Daiwa Securities Group Inc. He served as a Director of Okinawa Cellular Telephone Company until June 14, 2018, and served as the Chairman of the Board and a Director of KDDI Corporation until June 20, 2018.
- (4) Mr. Hiroto Mizobata, Director, serves as an Outside Director (the Audit Committee) of Yamaki Co., Ltd. and of ES-CON JAPAN Ltd.
- (5) Mr. Hitoshi Sakata, Audit & Supervisory Board Member, serves as an Outside Director of the Nippon Shinyaku Co., Ltd.
- (6) Mr. Masaaki Akiyama, Audit & Supervisory Board Member, serves as an Outside Audit & Supervisory Board Member of Joyful Honda Co., Ltd. and a Supervisory Officer of the United Urban Investment Corporation.

2. Important Concurrent Posts Undertaken by Outside Directors and Audit & Supervisory Board Members, and their Relations with Kyocera Corporation

- (1) Kyocera Corporation engages in transactions relating to the sale of mobile phones, etc., with KDDI Corporation where Mr. Tadashi Onodera, Director, serves as an Advisor and Okinawa Cellular Telephone Company where he served as a Director until June 14, 2018. Also, there is no special interest between Kyocera Corporation and Daiwa Securities Group Inc. where he serves as an Outside Director.
- (2) There is no special interest between Kyocera Corporation and Mizobata Certified Public Accountant Office where Mr. Hiroto Mizobata, Director, serves as a Representative. Also, there is no special interest between Kyocera Corporation and, Yamaki Co., Ltd. and ES-CON JAPAN Ltd. where he serves as an Outside Director (the Audit Committee).
- (3) Kyocera Corporation engages in transactions (less than ¥600 thousand) relating to the sale of applied ceramic products with Ritsumeikan Trust that operates Ritsumeikan University where Mr. Atsushi Aoyama, Director, serves as a Professor of Graduate School, but there is no transaction with Ritsumeikan University.
- (4) There is no special interest between Kyocera Corporation and Oike Law Office where Mr. Hitoshi Sakata, Audit & Supervisory Board Member, serves as a Partner Attorney-at-law. Also, there is no special interest between Kyocera Corporation and Nippon Shinyaku Co., Ltd. where he serves as an Outside Director.
- (5) There is no special interest between Kyocera Corporation and Joyful Honda Co., Ltd. where Mr. Masaaki Akiyama, Audit & Supervisory Board Member, serves as an Outside Audit & Supervisory Board Member. Also there is no special interest between Kyocera Corporation and United Urban

Investment Corporation where he serves as a Supervisory Officer.

3. Messrs. Tadashi Onodera, Hiroto Mizobata and Atsushi Aoyama are Outside Directors and Messrs. Hitoshi Sakata and Masaaki Akiyama are Outside Audit & Supervisory Board Members.
4. Mr. Itsuki Harada has abundant experience in the accounting division and exceptional insight about financial and accounting affairs.
5. Mr. Masaaki Akiyama has qualifications as a Certified Public Accountant and exceptional insight about financial and accounting affairs.
6. Kyocera Corporation has designated Messrs. Hiroto Mizobata and Atsushi Aoyama as Independent Directors and Messrs. Hitoshi Sakata and Masaaki Akiyama as Independent Audit & Supervisory Board Members as provided for in the rules of the Tokyo Stock Exchange.

(2) Remuneration to Directors and Audit & Supervisory Board Members for Fiscal 2019

	Number of Persons Qualified to Receive Remuneration	Amount of Remuneration (Yen in millions)
Directors	16	382
(Outside Directors of 16 Directors above)	(3)	(36)
Audit & Supervisory Board Members	4	54
(Outside Audit & Supervisory Board Members of 4 Audit & Supervisory Members above)	<u>(2)</u>	<u>(20)</u>
Total	<u>20</u>	<u>436</u>

Notes:

1. Aside from the remuneration in the above table, the aggregate amount of remuneration to Directors (excluding Outside Directors) was 513 million yen in salaries for services as employees or Executive Officers for those Directors who serve as such.
2. As of the end of fiscal 2019, there were 16 Directors and 4 Audit & Supervisory Board Members, with 3 of the former being Outside Directors and 2 of the latter being Outside Audit & Supervisory Board Members.
3. Remuneration to Directors and Audit & Supervisory Board Members was determined by the resolution adopted at the 55th Ordinary General Meeting of Shareholders, which was held on June 25, 2009, as follows:

[Aggregate Amount of Remuneration to Directors]

Basic Remuneration: No more than 400 million yen per year (not including salaries for services as employees or Executive Officers for those Directors who serve as such).

Bonuses to Directors: No more than 0.2% of profit attributable to owners of the parent for the relevant fiscal year, provided that such amount shall not exceed 300 million yen per year.*

*As of June 25, 2009. "No more than 0.2% of the Consolidated Net Income of Kyocera" was determined based on U.S.GAAP. The account is presented based on IFRS from this fiscal year.

[Aggregate Amount of Remuneration to Audit & Supervisory Board Members]

Basic Remuneration: No more than 100 million yen per year.

(3) Outside Directors and Audit & Supervisory Board Members

(i) Activities of Outside Directors and Audit & Supervisory Board Members During Fiscal 2019

- (a) Mr. Tadashi Onodera, Outside Director, attended 11 of the 12 meetings of the Board of Directors which were held during fiscal 2019 and expressed his views based on his abundant knowledge and experience as a corporate executive.
- (b) Mr. Hiroto Mizobata, Outside Director, attended all of the 12 meetings of the Board of Directors which were held during fiscal 2019 and expressed his views based on his abundant knowledge and experience as a Certified Public Accountant.
- (c) Mr. Atsushi Aoyama, Outside Director, attended 10 of the 12 meetings of the Board of Directors which were held during fiscal 2019 and expressed his views based on his abundant knowledge and experience as a professor of Graduate School.
- (d) Mr. Hitoshi Sakata, Outside Audit & Supervisory Board Member, attended 11 of the 12 meetings of the Board of Directors and all of the 8 meetings of the Audit & Supervisory Board which were held during fiscal 2019 and expressed his views based on his abundant knowledge and experience as an attorney-at-law.
- (e) Mr. Masaaki Akiyama, Outside Audit & Supervisory Board Member, attended all of the 12 meetings of the Board of Directors and all of the 8 meetings of the Audit & Supervisory Board which were held during fiscal 2019 and expressed his views based on his abundant knowledge and experience as a Certified Public Accountant.

(ii) Summary of Agreements Regarding the Limitation of Liability

Kyocera Corporation has entered into an agreement with Outside Directors and Outside Audit & Supervisory Board Members regarding the limitation of their liability for damages caused by negligence in the performance of their duties, in accordance with paragraph 1 of Article 427 of the Companies Act and Article 28 and 36 of the Articles of Incorporation of the Company. The amount of liability to which they are subject, as set under such agreements, is limited to the minimum amount of liability provided under applicable laws and regulations.

4. Accounting Auditor

(1) **Name of Accounting Auditor:** PricewaterhouseCoopers Kyoto

(2) **Remuneration and Other Amounts Payable to Accounting Auditor**

Remuneration and Other Amounts Payable by Kyocera Corporation to the Accounting Auditor for the Services for Fiscal 2019	251 million yen
Total Amount of Cash and Other Financial Benefits Payable by Kyocera Group to the Accounting Auditor for the Services for Fiscal 2019	466 million yen

Notes:

1. The overseas subsidiaries of Kyocera Corporation are audited by auditing firms other than that used by Kyocera Corporation as its Accounting Auditor.
2. In the audit agreement between Kyocera Corporation and the Accounting Auditor, remuneration is determined without separately indicating amounts payable for auditing under the Companies Act and for auditing under the Financial Instruments and Exchange Law. Accordingly, 251 million yen represents the aggregate remuneration for both of these auditing services.
3. Audit & Supervisory Board agrees to the fee of Accounting Auditor based on Paragraph 1 of Article 399 of the Companies Act through following measures.

Audit & Supervisory Board obtains the necessary materials from Directors, relevant internal company divisions and Accounting Auditor and receives the reports. And Audit & Supervisory Board confirms audit content, hours and details and trend of its fee in the previous fiscal year, and considers estimates of audit fee in the fiscal year.

(3) **Non-Audit-related Service**

Kyocera Group paid consideration to PricewaterhouseCoopers Kyoto for the advisory service relating to an introduction of International Financial Reporting Standards and the advisory service relating to the financial report as the service (non-audit-related) except services provided in Paragraph 1 of Article 2 of the Certified Public Accountants Act of Japan.

(4) **Policy Regarding Decision to Terminate or Not to Reappoint Accounting Auditor**

In the event that the Audit & Supervisory Board determines that the Accounting Auditor is subject to any of the events provided in Paragraph 1 of Article 340 of the Companies Act, the Audit & Supervisory Board is authorized to terminate the office of such Accounting Auditor, based on the Regulations of the Audit & Supervisory Board. Should anything occur to negatively impact the qualifications or independence of the Accounting Auditor, making it unlikely that such Accounting Auditor will be able to properly perform an audit, the Audit & Supervisory Board shall determine the resolution to be proposed to the General Meeting of Shareholders to terminate or not to reappoint such Accounting Auditor.

5. System and Policy

Kyocera Corporation has adopted through its Board of Directors Meeting the “Kyocera Group Basic Policy for Corporate Governance and Internal Control” as follows:

Kyocera Group **Basic Policy for Corporate Governance and Internal Control**

Kyocera Group has made “Respect the Divine and Love People” its corporate motto and “to provide opportunities for the material and intellectual growth of all our employees, and through our joint efforts, contribute to the advancement of society and humankind.” its management rationale.

Kyocera Group always strives to maintain equity and fairness, and faces all situations with courage and conscience, and it intends to realize transparent systems for corporate governance and internal control.

Under such corporate motto and management rationale, the Board of Directors is implementing a basic policy for corporate governance and internal control as described below.

This statement of basic policy sets forth such basic policy in accordance with Paragraph 5 and item 6 of Paragraph 4 of Article 362 of the Corporation Act, and Paragraphs 1 and 3 of Article 100 of the Execution Rules of the Corporation Act, which require establishment of a system to ensure that conduct of business by the Directors will be in compliance with all applicable laws and regulations and the Articles of Incorporation and to ensure proper conduct of business by Kyocera Corporation (the “Company”) and Kyocera Group, as a whole.

I. Corporate Governance

1. Basic Policy for Corporate Governance

The Board of Directors of the Company defines the corporate governance of Kyocera Group to mean “structures to ensure that Directors conducting the business manage the corporations in a fair and correct manner”.

The purpose of corporate governance is to maintain soundness and transparency of management and to achieve fair and efficient corporate management, through which the management rationale of Kyocera Group can be realized.

The Board of Directors shall permeate the “Kyocera Philosophy”, which is the basis of the management policy of Kyocera Group, into all Directors and employees working in Kyocera Group, and establish a sound corporate culture. The Board of Directors shall establish proper corporate governance through exercise of the Kyocera Philosophy (Note).

Note: The “Kyocera Philosophy” is a corporate philosophy and life philosophy created through integration of the thoughts of the founder of the Company regarding management and life. The “Kyocera Philosophy” incorporates a wide range of matters relating to basic thoughts on management and methods of undertaking day-to-day work, based on the core criterion of “what is the right thing to do as a human being”.

2. System for Corporate Governance

The Board of Directors of the Company determines, pursuant to the basic policy described in 1 above, the below-outlined system for corporate governance of the Company, which is the core company within Kyocera

Group, to ensure that the conduct of business by the Directors is in compliance with all applicable laws and regulations and the Articles of Incorporation. The Board of Directors will constantly seek the ideal system for corporate governance and always evolve and develop its existing corporate governance system.

(1) Organs of Corporate Governance

The Board of Directors shall establish a corporate structure in which the Audit & Supervisory Board Members and the Audit & Supervisory Board will serve as organs of corporate governance pursuant to the provisions of the Articles of Incorporation, as approved by the General Meeting of Shareholders of the Company. Directors of the Company shall strictly observe the following, to ensure effective audit by the Audit & Supervisory Board Members and the Audit & Supervisory Board:

(i) Matters relating to employees to facilitate the tasks of Audit & Supervisory Board Members (including matters relating to the independence of such employees from the Directors and matters to ensure effectiveness of instructions from the Audit & Supervisory Board Members to such employees)

Representative Directors shall allocate certain employees upon the request of the Audit & Supervisory Board Members, through prior discussion with the Audit & Supervisory Board Members, to assist in their tasks and the Audit & Supervisory Board. Such employees, while still subject to the work rules of the Company, shall be under each of the Audit & Supervisory Board Members' instruction and supervision relating to their tasks. Representative Directors shall not set a limit unfairly to such instruction and supervision. The personnel matters such as transfer, treatment (including evaluation) and disciplinary action relating to such employees shall be made through prior discussion with the Audit & Supervisory Board Members.

(ii) System for reporting to the Audit & Supervisory Board Members by Directors and employees and other related parties, and other systems relating to reporting to the Audit & Supervisory Board Members (including the system to ensure that the reporting party shall not be treated adversely due to such report)

In the event that any Director becomes aware of any matter that breaches or may breach any law or regulation or the Articles of Incorporation, or in the event that any Director becomes aware of any matter that may cause substantial damage to Kyocera Group, he or she shall immediately report thereon to the Audit & Supervisory Board. In addition, in the event that any of the Audit & Supervisory Board Members or the Audit & Supervisory Board requests a report from any Director pursuant to the Regulations of the Audit & Supervisory Board, such Director shall comply with such request.

Representative Directors shall cause the internal audit department to report regularly the status of the internal audit to the Audit & Supervisory Board Members. In addition, upon request from the Audit & Supervisory Board Members, Representative Directors shall cause any specified department(s) to report the status of their conduct of business directly to the Audit & Supervisory Board Members. Representative Directors shall also maintain a "system for internal complaint reporting to the Audit & Supervisory Board", established by the Audit & Supervisory Board, under which all related parties including Directors, employees, suppliers and customers of Kyocera Group may submit complaints directly to the Audit & Supervisory Board.

Representative Directors shall not treat adversely the party who submitted the report to the Audit & Supervisory Board, such as transfer or disciplinary action, because of such report.

(iii) Matters relating to the policy for handling of costs and claims which may incur in the course of the execution of the tasks of the Audit & Supervisory Board Members

Representative Directors shall accept request from Audit & Supervisory Board Members for reimbursement of costs in accordance with the Regulations of the Audit & Supervisory Board and shall make payment thereof accordingly.

(iv) Other systems to ensure effective audit by the Audit & Supervisory Board Members

In the event that Representative Directors are requested by any of the Audit & Supervisory Board Members to effectuate any of the following matters, as necessary to establish a system to ensure the effective audit by the Audit & Supervisory Board Members, Representative Directors shall comply with such requests:

- a. Attendance at important meetings;
- b. Inspection of minutes of important meetings, important approval documents and important agreements, etc.; and
- c. Meetings with Representative Directors to exchange opinions regarding management of the Company in general.

(2) Kyocera Philosophy Education

Representative Directors of the Company shall undertake “Kyocera Philosophy Education” from time to time in order to permeate the “Kyocera Philosophy” into the Directors (including themselves) and employees of Kyocera Group.

II. Internal Controls

1. Basic Policy for Internal Controls

The Board of Directors of the Company defines the internal controls of Kyocera Group to mean “systems to be established within the corporate organization to achieve management rationale and master plans in a fair manner, in order for the Directors undertaking management of the Company to effectuate management policy”. The Board of Directors of the Company will establish internal controls through practice of the “Kyocera Philosophy”.

2. System for Internal Controls

Under the policy as described in 1 above, the Board of Directors shall cause Representative Directors to establish the systems described below. In addition, the Board of Directors shall constantly evolve and develop such systems, seeking an ideal system of internal controls.

(1) Management and maintenance of information relating to conduct of business by Directors

Representative Directors shall establish the “Kyocera Disclosure Committee” as a system for making timely and appropriate disclosure of information and for properly maintaining information relating to the conduct of business by the Directors in accordance with applicable laws and regulations and the internal rules of the Company.

(2) Internal rules and systems relating to management of risk of loss of Kyocera Group, and systems to ensure that conduct of business by all employees of Kyocera Group and Directors of the Company's subsidiaries is in compliance with applicable laws and regulations and the Articles of Incorporation

Representative Directors shall create a risk management department in order to establish a risk management system for Kyocera Group. Representative Directors shall also establish systems to undertake necessary actions from time to time.

Representative Directors shall establish "employee consultation corners" as an internal complaint reporting system within Kyocera Group, so that employees who become aware of any matter that breaches or may breach laws or regulations or the Articles of Incorporation or other internal rules can report thereon. The employee consultation corners will take appropriate action in respect of reports received thereby, which shall be treated in accordance with the Law for Protection of Reporters in the Public Interest. Besides, Representative Directors shall establish the system to take actions as necessary.

(3) Systems to ensure efficient conduct of business by Directors

Representative Directors shall clearly delegate authority and related responsibility by establishing an Executive Officer system to achieve efficient and effective conduct of business. Representative Directors shall cause the Executive Officers to report the status of their conduct of business to the Board of Directors, etc, and, accordingly, a system shall be maintained under which Representative Directors can verify whether business is conducted efficiently.

(4) Other System to ensure appropriate conduct of business at Kyocera Group

In addition to the matters described in (1) through (3) above, as a system to ensure the appropriate conduct of business at Kyocera Group and for efficient operation of Kyocera Group, Representative Directors shall establish the Kyocera Group Management Committee. Such Committee shall discuss important matters relating to Kyocera Group and receive reports relating thereto. Representative Directors shall also establish departments to support appropriate and efficient execution of business of each of the companies in Kyocera Group, and an internal audit department in order to conduct audits regularly to evaluate the appropriateness of the conduct of business at Kyocera Group.

The current status of the preparedness of systems relating to Corporate Governance and Internal Control is as follows:

- (i) The "Kyocera Code of Conduct" was established in June 2000.
- (ii) The "Risk Management Division" was established in September 2000 in order to create a thorough system to ensure compliance with laws and regulations and internal rules.
- (iii) The "Kyocera Management Committee", which was renamed the "Kyocera Group Management Committee" in August 2002, was established in January 2001.
- (iv) The "Kyocera Disclosure Committee" was established in April 2003.
- (v) The "Employee Counseling Office" was established in April 2003 as a function of the whistleblower reporting system.
- (vi) The Executive Officer System was introduced in June 2003 to improve management efficiency.

- (vii) The “Global Audit Division,” which was reorganized by the merger of “Risk Management Division” and renamed the “Corporate Global Audit Division” later in April 2010, was established in May 2005 to undertake internal audits, and it regularly conducts audits of Kyocera’s businesses, and reports the results of such audits to the Directors and Audit & Supervisory Board Members of Kyocera Corporation.
- (viii) “Kyocera Group Philosophy Committee” was established in May 2013.
- (iv) The functions of risk management were transferred from the Corporate Global Audit Division to the Corporate General Affairs Group (currently Corporate General Affairs Human Resources Group). The “Risk Management Department” was established within the Group in January 2014 in order to restructure the risk management system.
- (x) “Kyocera Group Basic Policy for Risk Management” was established in June 2016.
- (xi) “Kyocera Group Internal Audit Committee” and “Kyocera Group Internal Audit Committee Charter” were established in June 2018.
- (xii) “Global Compliance Division” was established in October 2018.
- (xiii) “Nomination and Remuneration Committee”, a majority of whose members are Outside Directors, was established in December 2018.

(Outline of Operational Status of Corporate Governance and Internal Controls)

Corporate Governance and Internal Controls of the Company operate appropriately as mentioned below.

- Audit & Supervisory Board was held 8 times in fiscal 2019. Audit was conducted premeditatedly based on Audit policy and plan resolved in July 2018. In addition, Audit & Supervisory Board Members talk regularly with Representative Directors about whole management. Independence of employees who support accomplishing Audit & Supervisory Board Members’ duties is maintained according to basic policy. Annual plan of expenses of Audit & Supervisory Members are capitalized according to audit plan based on the Regulations of the Audit & Supervisory Board.
- The Corporate Global Audit Division, charged in internal audit, reported audit result 15 times to Audit & Supervisory Board Members in fiscal 2019. Report to Audit & Supervisory Board Members was carried out appropriately, because information needed by Audit & Supervisory Board Members is offered according to request of report about business execution from Audit & Supervisory Board Members.
- By “Kyocera whistleblower system” the personal information of reporter is handled as a secret matter and disadvantageous treatment to persons who made report is not considered.
- The “Kyocera Disclosure Committee”, held 5 times in fiscal 2019, disclosed information timely and appropriately and evaluation results are reported by chairperson of this committee to Representative Directors. Information relating to the exercise of Director’s office, for example minutes of Board of Directors, minutes of Kyocera Group Management committee and Ringi approval, are preserved appropriately in compliance with applicable laws and internal regulations.
- Board of Directors, held 12 times in fiscal 2019, has 16 Directors including 3 Outside Directors. Board of Directors made decision of important matters at Kyocera Group and controlled the business execution. In addition, business is more effectively and appropriately executed because of Executive Officer System.
- “Kyocera Group Management Committee”, held 24 times in fiscal 2019, evaluated important matters at Kyocera Group or received the report. In addition, indirect department supported each affiliated company to work appropriately and effectively.

- “Kyocera Group Philosophy Committee” was held 2 times in fiscal 2019. This committee established the policy of Philosophy Education and work on Philosophy inculcation activity focused on work floor in Japan and work on Philosophy education depending on each local situation and business condition in overseas.
- Risk Management Department makes a report system that serious matter occurred in Kyocera Group is reported to Representative Directors. In addition, according to “Kyocera Group Basic Policy for Risk Management” which was established in June 2016, the system for risk management was maintained and the risk management education was carried out for the person in charge.
- In Kyocera Corporation and each Kyocera Group Company the Employee Counseling Office was established. It deals with matters reported properly.
- Compliance Audit is practiced by Corporate Global Audit Division. In addition, compliance education about antitrust laws and etc. is also practiced by appropriate division.
- Global Compliance Division decided the basic policies and rules regarding compliance of the Kyocera Group, and sought to collect and share information on compliance through liaison conferences with Kyocera Group Companies and relevant departments.
- “Nomination and Remuneration Committee” was held 2 times in fiscal 2019, and discussed and reported on the nomination of Executive Officers and the remuneration of Directors, in response to inquiries from the Board of Directors. And the Committee discussed and reported on the nomination of Directors in April 2019.

Consolidated Statement of Financial Position

	(Yen in millions)		
	March 31,		Increase (Decrease)
	2018	2019	
(Assets)			
Current assets:			
Cash and cash equivalents	424,938	512,814	87,876
Short-term investments	196,802	99,210	(97,592)
Trade and other receivables	382,659	357,352	(25,307)
Other financial assets	12,996	9,871	(3,125)
Inventories	364,875	343,880	(20,995)
Other current assets	83,629	34,637	(48,992)
Total current assets	<u>1,465,899</u>	<u>1,357,764</u>	<u>(108,135)</u>
Non-current assets:			
Debt and equity instruments	1,071,990	963,651	(108,339) *1
Investments accounted for using the equity method	3,874	4,159	285
Other financial assets	15,681	17,869	2,188
Property, plant and equipment	288,898	341,855	52,957
Goodwill	144,268	149,499	5,231
Intangible assets	80,186	80,001	(185)
Deferred tax assets	41,370	38,558	(2,812)
Other non-current assets	16,647	15,119	(1,528)
Total non-current assets	<u>1,662,914</u>	<u>1,610,711</u>	<u>(52,203)</u>
Total assets	<u><u>3,128,813</u></u>	<u><u>2,968,475</u></u>	<u><u>(160,338)</u></u>

Remark:

*1 Debt and equity instruments decreased due mainly to declines in market value of equity securities.

Note: The consolidated financial position and the consolidated statement of profit or loss fiscal 2018 are presented in accordance with IFRS and indications of increase (decrease) of amounts and remarks are presented solely for reference.

	(Yen in millions)		
	March 31,		Increase (Decrease)
	2018	2019	
(Liabilities)			
Current liabilities:			
Trade and other payables	216,685	186,281	(30,404)
Other financial liabilities	5,039	6,621	1,582
Income tax payables	19,436	12,672	(6,764)
Accrued expenses	114,049	120,903	6,854
Provisions	32,302	11,166	(21,136)
Other current liabilities	31,876	37,105	5,229
Total current liabilities	<u>419,387</u>	<u>374,748</u>	<u>(44,639)</u>
Non-current liabilities:			
Long-term financial liabilities	7,370	7,800	430
Retirement benefit liabilities	29,112	25,479	(3,633)
Deferred tax liabilities	220,950	174,823	(46,127) *1
Provisions	19,914	7,892	(12,022)
Other non-current liabilities	18,781	15,473	(3,308)
Total non-current liabilities	<u>296,127</u>	<u>231,467</u>	<u>(64,660)</u>
Total liabilities	<u>715,514</u>	<u>606,215</u>	<u>(109,299)</u>
(Equity)			
Equity attributable to owners of the parent:			
Common stock	115,703	115,703	—
Capital surplus	165,079	165,225	146
Retained earnings	1,577,641	1,638,709	61,068
Other components of equity	499,710	418,643	(81,067) *2
Treasury stock	(32,342)	(72,361)	(40,019) *3
Total equity attributable to owners of the parent	<u>2,325,791</u>	<u>2,265,919</u>	<u>(59,872)</u>
Non-controlling interests	87,508	96,341	8,833
Total equity	<u>2,413,299</u>	<u>2,362,260</u>	<u>(51,039)</u>
Total liabilities and equity	<u>3,128,813</u>	<u>2,968,475</u>	<u>(160,338)</u>

Remark:

- *1 Deferred tax liabilities decreased due mainly to declines in market value of equity securities.
- *2 Net unrealized gains (losses) on securities decreased due mainly to declines in market value of equity securities.
- *3 Treasury stock decreased due mainly to repurchase of its shares based on the resolution of Board of Directors Meeting which was held on April 2018

Consolidated Statement of Profit or Loss

	(Yen in millions)		
	Years ended March 31,		Increase (Decrease)
	2018	2019	
Sales revenue	1,577,039	1,623,710	46,671
Cost of sales	1,204,211	1,159,687	(44,524)
Gross profit	372,828	464,023	91,195
Selling, general and administrative expenses	282,129	369,200	87,071 *1
Operating profit	90,699	94,823	4,124
Finance income	41,483	44,750	3,267
Finance expenses	1,560	1,241	(319)
Foreign exchange gains (losses)	(827)	53	880
Share of net profit (loss) of investments accounted for using the equity method	(1,564)	379	1,943
Other, net	1,761	1,846	85
Profit before income taxes	129,992	140,610	10,618
Income taxes	47,766	25,754	(22,012) *2
Profit for the year	<u>82,226</u>	<u>114,856</u>	<u>32,630</u>
Profit attributable to:			
Owners of the parent	79,137	103,210	24,073
Non-controlling interests	<u>3,089</u>	<u>11,646</u>	<u>8,557</u>
Profit for the year	<u>82,226</u>	<u>114,856</u>	<u>32,630</u>

Remark:

- *1 Selling, general and administrative expenses increased due mainly to the recording of the settlement expense relating to polysilicon materials in the solar energy business and an impairment loss in the organic materials business.
- *2 Income taxes decreased due mainly to that Kyocera recognized a deferred tax asset related to tax losses carried forward from the merger of Kyocera Display Corporation into Kyocera Corporation in fiscal 2019, while U.S. subsidiaries recorded the one-time tax expenses resulting from revisions in the U.S. tax code in fiscal 2018.

Consolidated Statement of Changes in Equity (April 1, 2018 to March 31, 2019)

(Yen in millions)

	Total equity attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock			
Balance as of April 1, 2018 (Before applying new accounting standard)	115,703	165,079	1,577,641	499,710	(32,342)	2,325,791	87,508	2,413,299
Cumulative effects of new accounting standard applied			2,973	(729)		2,244		2,244
Balance as of April 1, 2018 (After applying new accounting standard)	115,703	165,079	1,580,614	498,981	(32,342)	2,328,035	87,508	2,415,543
Profit for the year			103,210			103,210	11,646	114,856
Other comprehensive income				(81,696)		(81,696)	958	(80,738)
Total comprehensive income for the year	—	—	103,210	(81,696)	—	21,514	12,604	34,118
Cash dividends			(43,768)			(43,768)	(4,410)	(48,178)
Purchase of treasury stock					(40,020)	(40,020)		(40,020)
Reissuance of treasury stock		0			1	1		1
Transactions with non-controlling interests and other		146		11		157	639	796
Transfer to retained earnings			(1,347)	1,347		—		—
Balance as of March 31, 2019	115,703	165,225	1,638,709	418,643	(72,361)	2,265,919	96,341	2,362,260

Consolidated Statement of Cash Flows (For Reference Only)

(Yen in millions)

	Years ended March 31,	
	2018	2019
Cash flow from operating activities	158,905	220,025
Cash flow from investing activities	(53,128)	(47,121)
Cash flow from financing activities	(51,572)	(89,056)
Effect of exchange rate changes on cash and cash equivalents	(5,462)	4,028
Increase (decrease) in cash and cash equivalents	48,743	87,876
Cash and cash equivalents at the beginning of the year	376,195	424,938
Cash and cash equivalents at the end of the year	424,938	512,814

Balance Sheet

	(Yen in millions)	
	March 31,	
	2018	2019
Current assets:		
Cash and bank deposits	298,908	297,296
Trade notes receivable	5,301	3,066
Electronically recorded monetary claims	8,545	11,421
Trade accounts receivable	191,183	176,310
Short-term investments in debt securities	36,900	34,000
Finished goods and merchandise	56,311	51,890
Work in process	51,081	59,028
Raw materials and supplies	71,350	38,536
Prepaid expenses	689	1,227
Other	94,811	44,205
Allowances for doubtful accounts	(213)	(215)
Total current assets	<u>814,866</u>	<u>716,764</u>
Non-current assets:		
Tangible fixed assets:		
Buildings	37,432	46,041
Structures	2,058	2,502
Machinery and equipment	49,449	50,990
Vehicles	40	105
Tools, furniture and fixtures	20,475	20,790
Land	43,308	43,080
Leased assets	889	750
Construction in progress	8,611	12,153
Total tangible fixed assets	<u>162,262</u>	<u>176,411</u>
Intangible assets:		
Software	882	1,266
Leased assets	5	22
Goodwill	4,859	4,387
Industrial property rights	3,593	2,825
Customer relationships	752	1,193
Non-patented technology	272	220
Other	69	422
Total intangible assets	<u>10,432</u>	<u>10,335</u>
Investments and other assets:		
Long-term investments in debt and equity securities	1,069,691	958,546
Investments in equity securities of subsidiaries and affiliates	221,552	226,406
Investments in capital of subsidiaries and affiliates other than equity securities	60,536	62,634
Long-term loans	51,483	11,057
Other	17,546	19,212
Allowances for doubtful accounts	(18,965)	(307)
Total investments and other assets	<u>1,401,843</u>	<u>1,277,548</u>
Total non-current assets	<u>1,574,537</u>	<u>1,464,294</u>
Total assets	<u><u>2,389,403</u></u>	<u><u>2,181,058</u></u>

Note: The balance sheet and statement of profit or loss for fiscal 2018 are presented solely for reference.

	(Yen in millions)	
	March 31,	
	2018	2019
Current liabilities:		
Electronically recorded obligation	23,944	24,079
Trade accounts payable	63,137	56,944
Short-term borrowing	27,373	35,698
Lease obligations	271	249
Other payables	50,114	33,949
Accrued expenses	20,940	25,476
Income taxes payables	4,820	913
Advance received	847	262
Deposits received	6,718	6,657
Accrued bonuses	19,646	21,659
Accrued bonuses for directors	164	207
Product warranty reserves	975	541
Allowances for sales returns	349	—
Allowances for loss on purchase agreements	18,340	—
Other	603	701
Total current liabilities	<u>238,241</u>	<u>207,335</u>
Non-current liabilities:		
Lease obligations	723	609
Deferred income taxes	213,651	163,135
Product warranty reserves	1,604	555
Allowances for loss on purchase agreements	12,545	—
Other	5,538	3,856
Total non-current liabilities	<u>234,061</u>	<u>168,155</u>
Total liabilities	<u>472,302</u>	<u>375,490</u>
Net assets:		
Shareholders' equity:		
Common stock	115,703	115,703
Capital surplus:		
Additional paid-in capital	192,555	192,555
Other capital surplus	1	1
Total capital surplus	<u>192,556</u>	<u>192,556</u>
Retained earnings:		
Legal reserves	17,207	17,207
Other retained earnings:	975,891	987,253
Reserve for special depreciation	751	504
General reserve	895,137	930,137
Unappropriated retained earnings	80,003	56,612
Total retained earnings	<u>993,098</u>	<u>1,004,460</u>
Common stock in treasury, at cost	<u>(32,342)</u>	<u>(72,361)</u>
Total shareholders' equity	<u>1,269,015</u>	<u>1,240,358</u>
Valuation and translation adjustment:		
Net unrealized gains on other securities	648,086	565,210
Total net assets	<u>1,917,101</u>	<u>1,805,568</u>
Total liabilities and net assets	<u><u>2,389,403</u></u>	<u><u>2,181,058</u></u>

Statement of Profit or Loss

	(Yen in millions)	
	Years ended March 31,	
	2018	2019
Net sales	742,066	736,263
Cost of sales	656,136	608,554
Gross profit	85,930	127,709
Selling, general and administrative expenses	96,635	109,856
Profit (loss) from operations	(10,705)	17,853
Non-operating income:		
Interest and dividend income	90,312	82,897
Reversal of allowance for doubtful accounts	—	18,656
Other	5,997	4,918
Total non-operating income	96,309	106,471
Non-operating expenses:		
Interest expense	170	477
Other	2,533	3,869
Total non-operating expenses	2,703	4,346
Recurring profit	82,901	119,978
Non-recurring gain:		
Gain on sale of tangible fixed assets	273	643
Gain on sale of long-term investments in debt and equity securities	1,360	78
Gain on extinguishment of tie-in shares	37,367	3,299
Other	186	650
Total non-recurring gain	39,186	4,670
Non-recurring loss:		
Loss on sale and disposal of tangible fixed assets	812	860
Loss on impairment of tangible fixed assets	324	9,316
Loss on extinguishment of tie-in shares	13,331	18,093
Loss on impairment of investments in equity securities of subsidiaries	17,992	486
Loss on settlement of purchase agreement	—	51,060
Provision of allowance for doubtful accounts	18,656	—
Loss on valuation of investment securities	770	1,646
Other	542	1,348
Total non-recurring loss	52,427	82,809
Income before income taxes	69,660	41,839
Income taxes – current	15,411	1,510
Income taxes – deferred	(24,287)	(14,800)
Net income	78,536	55,129

Statement of Changes in Net Assets (April 1, 2018 to March 31, 2019)

(Yen in millions)

	Shareholders' equity						
	Capital surplus				Retained earnings		
	Common stock	Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserves	Other retained earnings	
						Reserve for special depreciation	General reserve
Balance as of March 31, 2018.....	115,703	192,555	1	192,556	17,207	751	895,137
Changes in net assets							
Reversal of reserve for special depreciation						(247)	
General reserve							35,000
Dividends							
Net income							
Purchase of treasury stock							
Retirement of treasury stock			0	0			
Net change in items other than shareholders' equity							
Total changes in net assets	—	—	0	0	—	(247)	35,000
Balance as of March 31, 2019.....	115,703	192,555	1	192,556	17,207	504	930,137

	Shareholders' equity				Valuation and translation adjustment		
	Retained earnings				Net unrealized gains on other securities	Total valuation and translation adjustment	Total net assets
	Other retained earnings		Common stock in treasury, at cost	Total shareholders' equity			
	Unappropriated retained earnings	Total retained earnings					
Balance as of March 31, 2018.....	80,003	993,098	(32,342)	1,269,015	648,086	648,086	1,917,101
Changes in net assets							
Reversal of reserve for special depreciation	247	—		—			—
General reserve	(35,000)	—		—			—
Dividends	(43,768)	(43,768)		(43,768)			(43,768)
Net income	55,129	55,129		55,129			55,129
Purchase of treasury stock			(40,020)	(40,020)			(40,020)
Retirement of treasury stock			1	1			1
Net change in items other than shareholders' equity					(82,876)	(82,876)	(82,876)
Total changes in net assets	(23,391)	11,362	(40,019)	(28,657)	(82,876)	(82,876)	(111,533)
Balance as of March 31, 2019.....	56,612	1,004,460	(72,361)	1,240,358	565,210	565,210	1,805,568

Copy of Audit Report of Accounting Auditors on Consolidated Financial Statements

Independent Auditors' Report (English Translation)

May 21, 2019

To the Board of Directors of Kyocera Corporation

PricewaterhouseCoopers Kyoto

Keiichiro Kagi, CPA [Seal]
Engagement Partner
Tetsuhiro Yasumoto, CPA [Seal]
Engagement Partner

We have audited, pursuant to paragraph 4 of Article 444 of the Companies Act of Japan, the consolidated financial statements, which consist of the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the notes to the consolidated financial statements, of Kyocera Corporation (hereinafter referred to as the “Company”) for the fiscal year from April 1, 2018 to March 31, 2019.

Management’s Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the designated International Financial Reporting Standards pursuant to the provisions of paragraph 1 of Article 120 of the Rules of Corporate Accounting of Japan. This responsibility includes implementing and maintaining internal controls deemed necessary by management for the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including assessment of the risk of material misstatement in the consolidated financial statements, whether due to fraud or error. In making such risk assessment, the auditor considers the Company’s internal controls relevant to the preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of March 31, 2019 and the consolidated results for the year then ended in conformity with the designated International Financial Reporting Standards pursuant to the provisions of paragraph 1 of Article 120 of the Rules of Corporate Accounting of Japan.

Other Matters

We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Copy of Audit Report of Accounting Auditors

Independent Auditors' Report (English Translation)

May 21, 2019

To the Board of Directors of Kyocera Corporation

PricewaterhouseCoopers Kyoto

Keiichiro Kagi, CPA [Seal]

Engagement Partner

Tetsuhiro Yasumoto, CPA [Seal]

Engagement Partner

We have audited, pursuant to paragraph 2-1 of Article 436 of the Companies Act of Japan, the financial statements, which consist of the balance sheet, the statement of profit or loss, the statement of changes in net assets, the notes to the financial statements and the supplementary schedules thereto, of Kyocera Corporation (hereinafter referred to as the "Company") for its 65th fiscal year from April 1, 2018 to March 31, 2019.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements and supplementary schedules thereof that give a true and fair view in accordance with accounting principles generally accepted in Japan. This responsibility includes implementing and maintaining internal controls deemed necessary by management for the preparation and fair presentation of financial statements and supplementary schedules thereto that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and supplementary schedules thereof are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and supplementary schedules thereto. The procedures selected depend on the auditor's judgment, including assessment of the risk of material misstatement in the financial statements and supplementary schedules thereto, whether due to fraud or error. In making such risk assessment, the auditor considers the Company's internal controls relevant to the preparation of financial statements and supplementary schedules thereto that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and supplementary schedules thereof.

We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements and supplementary schedules thereto present fairly, in all material respects, the financial position of the Company as of March 31, 2019 and the results for the year then ended in conformity with accounting principles generally accepted in Japan.

Other Matters

We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Copy of Audit Report of Audit & Supervisory Board

Audit Report (English Translation)

The Audit & Supervisory Board (hereinafter referred to as “the Board”), based on audit reports prepared by each Audit & Supervisory Board Member (hereinafter referred to as “Board Member”) related to the execution of duties of Directors during the 65th fiscal year from April 1, 2018 to March 31, 2019, hereby reports its results of audit after deliberations, as the unanimous opinion of all Board Members, as follows:

1. Methods and Details of Audit by Individual Board Members and by the Board

- (1) The Board established auditing policies, auditing plans and role sharing for the fiscal year and received audit reports from each Board Member on the execution of his auditing activities and the result thereof. In addition, it received reports on the execution of duties from Directors, etc. and from the Accounting Auditors, and, when necessary, requested their explanations regarding such reports.
- (2) In accordance with the auditing standards for Board Members set by the Board, each Board Member communicated with Directors, the Corporate Global Audit Division of the internal audit department and employees of Kyocera Corporation (hereinafter referred to as the “Company”) and endeavored to gather information and create an improved environment for auditing, according to the auditing policies, auditing plans and role sharing for the fiscal year, and conducted the audit by the following methods.
 - (i) Board Members attended the meetings of the Board of Directors and other important meetings, received reports from Directors, the Corporate Global Audit Division and employees of the Company on business execution, and, when necessary, requested their explanations regarding those reports. Board Members also inspected documents related to important decisions and examined operations and assets at the Company’s head office, plants and major operational establishments. In addition, Board Members had a meeting with the Chairman of the Board and Representative Director and the President and Representative Director of the Company and exchanged opinions and information on issues, etc. on auditing. With respect to subsidiaries, Board Members not only visited and examined subsidiaries based on the auditing plans, but also received reports on auditing condition of subsidiaries from their Board Members, etc. at the regular meetings with them, and facilitated communications and exchanged information with Directors of them too, and, when necessary, attended important meetings, received reports on business, requested explanations and expressed opinions.
 - (ii) Board Members received reports on the status of maintenance and operations from Directors, the Corporate Global Audit Division and Board Members of subsidiaries, etc., and, when necessary, requested their explanations and expressed opinions regarding the content of the resolution of the Board of Directors with respect to the development and maintenance of a system to ensure that the execution of duties by Directors as described in the business report shall be in compliance with laws and regulations and with the Company’s Articles of Incorporation and other systems required by paragraphs 1 and 3 of Article 100 of the Ordinance for Enforcement of the Companies Act as being necessary for ensuring the appropriateness of operations of the corporate group consisting of the Company and its consolidated subsidiaries, and the systems (internal control systems) established under such resolution. With respect to the internal control systems regarding financial reporting, Board Members received reports on the evaluation of such internal control systems and the auditing condition from Directors, the Corporate Global Audit Division and from PricewaterhouseCoopers Kyoto, and, when necessary, requested their explanations regarding those reports.
 - (iii) Board Members monitored and examined whether the Accounting Auditors maintained their independence and performed their audits in an appropriate manner, and received reports from the Accounting Auditors on the execution of their duties and, when necessary, requested their explanations regarding those reports. Board Members also received notification from the Accounting Auditors that

they have taken steps to improve the “system for ensuring appropriate execution of their duties” (matters set forth in the items of Article 131 of the Ordinance on Accounting of Companies) in compliance with the “Quality Control Standards Relating to Auditing” (adopted by the Business Accounting Council on October 28, 2005), etc. and, when necessary, requested their explanations regarding such notification.

Based on the foregoing methods, Board Members reviewed the business report and supplementary schedule thereto, the financial statements (balance sheet, statement of income, statement of changes in net assets and notes to financial statements) and supplementary schedules thereto as well as consolidated financial statements (consolidated statement of financial position, consolidated statement of income, consolidated statement of changes in equity and notes to consolidated financial statements) for the fiscal year.

2. Results of Audit

(1) Result of the Audit of the Business Report, etc.

- (i) The business report and the supplementary schedules thereto fairly present the condition of the Company in accordance with Japanese laws and regulations and the Articles of Incorporation of the Company.
- (ii) There has been neither unfair conduct nor any material violation of Japanese law or regulation or the Articles of Incorporation of the Company in connection with the execution of duties of the Directors.
- (iii) The content of the resolution by the Board of Directors regarding internal control systems is due and proper. Furthermore, nothing has arisen that requires comment on the description in the business report and the Directors’ execution with respect to the internal control systems, including financial reporting.

(2) Result of the Audit of Financial Statements and Supplementary Schedules Thereto

The methods and results of the audit by the Accounting Auditors, PricewaterhouseCoopers Kyoto are due and proper.

(3) Result of the Audit of Consolidated Financial Statements

The methods and results of the audit by the Accounting Auditors, PricewaterhouseCoopers Kyoto are due and proper.

May 28, 2019

Audit & Supervisory Board,
Kyocera Corporation

Itsuki Harada [Seal]
Full-time Audit & Supervisory Board Member

Osamu Nishieda [Seal]
Audit & Supervisory Board Member

Hitoshi Sakata [Seal]
Audit & Supervisory Board Member

Masaaki Akiyama [Seal]
Audit & Supervisory Board Member

Note: Messrs. Hitoshi Sakata and Masaaki Akiyama are Outside Audit & Supervisory Board Members as specified in Item 16 of Article 2 and Paragraph 3 of Article 335 of the Companies Act.