



# 8

## Our Management

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## Our Management

## Capital Strategies

The Kyocera Group aims to achieve double-digit pre-tax profit margin, sustainable growth, and improvement of ROE to become a highly profitable company. In order to achieve these goals, Kyocera is implementing reforms in both business and capital strategies.

In regard to capital strategy, we are promoting the reduction of cross-shareholdings to improve capital efficiency, and utilizing proceeds obtained from share sales for growth investment.

In addition, through systematic share repurchases, we are further optimizing capital composition and enhancing shareholder returns.

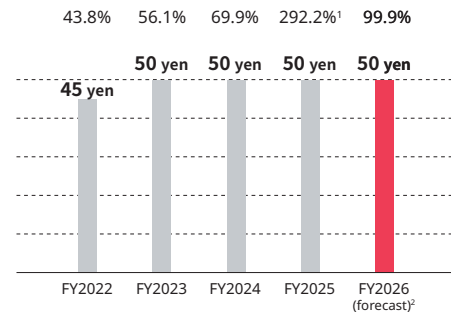
## Shareholder Returns

Striving to maintain a sound financial condition as well as high-level shareholder returns

### ● Basic Profit Distribution Policy

Kyocera Corporation believes that the best way to increase corporate value and meet shareholders' expectations is to improve consolidated performance on an ongoing basis. Therefore, the Company 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 50% 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 medium- to long-term corporate growth. The Company has also adopted policies to ensure its sound financial condition, and for this purpose it sets aside other general reserves in preparation for the creation of new businesses, the cultivation of new markets, the development of new technologies and acquisition, as necessary, of outside management resources to achieve stable and sustainable corporate growth. In addition to the above, the Company will implement acquisitions of its own shares within a certain range based on cash flow, when appropriate, as a powerful mechanism for enhancing returns to the shareholders.

### Payout Ratio (above) and Dividend per Share (below)



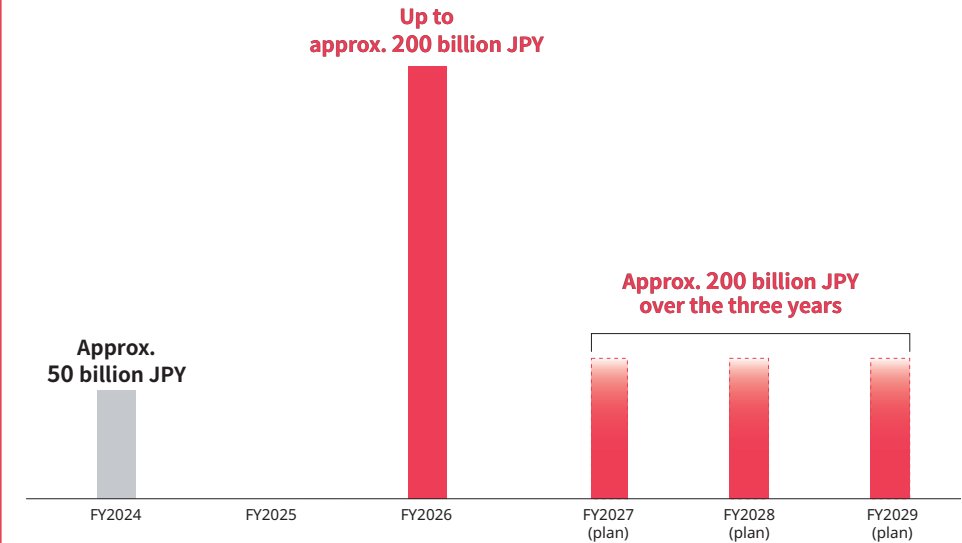
<sup>1</sup> Includes one-time cost of approx. 48 billion JPY in the profit attributable to owner of the parent.  
<sup>2</sup> As of May 2025

### ● Dividends and Share Repurchases during the Year Ended March 31, 2025 and the Year Ending March 31, 2026

Since the fiscal year ended March 31, 2025, Kyocera has been implementing significant structural reforms, including a review of business strategy. Taking account of Kyocera's financial base, we believe it will be possible to continue providing stable dividends. Therefore, although the dividend per share for the fiscal year ended March 31, 2025 exceeded the level specified by the basic profit distribution policy, we continue to prioritize the stable distribution of dividends by setting the rate at 50 yen, the same amount as that for the previous year (on a post-share-split basis). In order

to maintain the high level of shareholder returns, the forecasted dividend per share for the fiscal year ending March 31, 2026 will also be 50 yen. In addition, to further optimize capital composition and enhance shareholder returns, Kyocera has been conducting one of the largest share repurchases, an amount up to 200 billion JPY in the fiscal year ending March 31, 2026. In and after the fiscal year ending March 31, 2027, we are planning total share repurchases of 200 billion JPY for the three years in consideration of the balance with future growth investment, etc.

### Share Repurchase Plan



## Cross-Shareholdings

Promoting the reduction of cross-shareholdings aiming to optimize capital composition

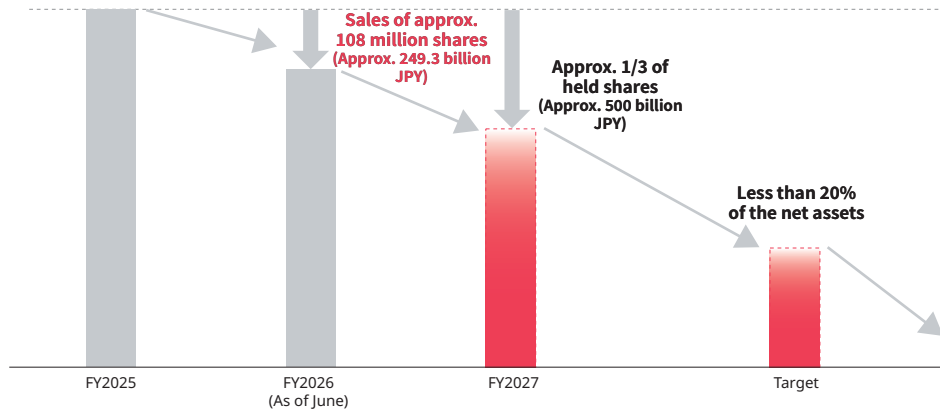
Kyocera Corporation engages in cross-holding or unilateral holding of shares with the objective of improving our corporate value in the medium to long-term, focusing on corporate growth through maintenance of business relationships, realization of profits through shareholdings, and the social significance of the issuing companies. If the Company judges, as a result of annual examination of its shareholdings, that a particular shareholding does not provide value to the Company, the Company will reduce such shareholding and accordingly, it has been reduced such shareholdings. Furthermore, in order to clarify the immediate policy to further reduce such shareholdings, in April 2023 the Company resolved at a meeting of its Board of Directors to adopt a target of reducing its shareholdings by at least 5% on a book value basis by the fiscal year ending March 31, 2026, and

sold approximately 3% on a book value basis in two-year period from the fiscal year ended March 31, 2024. Since founding Daini Denden Inc. (current KDDI Corporation), Kyocera has held KDDI shares, and as a result of the business development of KDDI, the value of KDDI shares as well as the value of such shares within the Company's net assets has increased. However, reflecting significant changes in the business conditions of both the Company and KDDI, the Company has decided that it is the time for it to review its holding of KDDI shares. Furthermore, taking into consideration the Company's need for investment funds toward the future, the Company has decided that it is necessary for the Company to have an alternative source of investment funds through the sale of some KDDI shares, in addition to borrowings using KDDI shares as collateral. In addition, the Company recognizes the

necessity to implement corporate reform in a further timely manner. Based on these determinations, the Company made an announcement on February 3, 2025, that one-third of KDDI shares held by the Company (approximately 500 billion JPY at the stock price level at that time) will be sold over the next two years, and the Company will further reduce its holdings of these shares thereafter.

As a part of the above-mentioned sale of the shares, the Company accepted the tender offer for shares made by KDDI and applied to sell approx. 249.3 billion JPY worth (approx. 108 million shares) of KDDI shares on June 13, 2025. The Company also announced a future target for reducing cross-shareholdings of less than 20% of net assets. Kyocera will continue to implement measures for further optimization of its capital composition.

Results and Plans Regarding Reduction of Cross-Shareholdings



# 8-2

## Our Management

### Risk Management and Business Continuity Plan (BCP) Initiatives

In order to survive in the “VUCA”<sup>1</sup> phase, we believe that **it is important to respond to risks by following the principles of the Kyocera Philosophy and asking “What is the right thing to do as a human being” as the basis for judgment.**

By actively promoting risk management and BCP activities throughout the Kyocera Group, we enhance the resilience of management and contribute to the sustainable growth and development of the Group.

<sup>1</sup>VUCA is an acronym for “Volatility,” “Uncertainty,” “Complexity” and “Ambiguity,” a concept that represents the unpredictable situations of our time

Dedicated departments and committees work together to implement PDCA for key risks

#### ● Risk Management Structure

The Kyocera Group holds periodic meetings to review risk management policies, identify corporate risks, assign risk owners, and monitor progress in risk-handling. The items discussed by the Risk Management Committee are reported to the Board of Directors, and policies are shared among departments responsible for risks, factories, branch offices, and Group companies. The company also established a Risk Management Division to reinforce our risk management structure.

#### ● Risk Management Process

The Kyocera Group conducts regular assessments to identify, analyze, and evaluate major risks as well as to analyze and evaluate risks identified by external specialists in their reports. By examining major risks inside the Group and external environment, the company can then identify corporate risks with significant potential to impact business, implement the necessary countermeasures, and review the risk-handling process using the plan, do, check, act (PDCA) improvement cycle shown below.



In the event of a disaster or serious incident, we work with the relevant departments to promote prompt recovery

#### ● Business Continuity Plan (BCP)

The Kyocera Group maintains a policy of seeking prompt recovery and resumption of operations following any disaster-related interruption in business, as reflected in our BCP. A marked increase has been noted recently in the number of risks that pose a threat to business continuity, including natural disasters such as earthquakes, violent storms, pandemics, and supply chain risks caused by international conflict. We review all potentially disruptive risks and prepare aggressive countermeasures by securing equipment, components, and raw materials critical to our operations, and identifying alternate means of production. We are also incorporating business continuity management (BCM) activities, including education and training, with regular review.

#### ● Cooperation Among Related Divisions When Incidents Occur

To appropriately handle risks surrounding the Kyocera Group, the company provides prompt initial responses to mitigate impact and ensure early business recovery. Each department responsible for risks develops and maintains an emergency response system and establishes emergency headquarters when necessary. For example, if a cybersecurity incident were to occur, Kyocera would initiate the emergency response system in cooperation with the relevant divisions based on the emergency response rules to coordinate announcements, report to the proper authorities, and conduct surveys depending on the specialty of individual departments.

## Risk Management and Business Continuity Plan (BCP) Initiatives

### Corporate Risks in the Kyocera Group

Risk Classifications	Details of Risks	Major Responses
<b>Risks related to International Business Activities</b>	<ul style="list-style-type: none"> <li>● Risk related to unexpected changes in laws and regulations regarding economic security policies, investment regulations, product import and export restrictions, and/or restrictions on repatriating profits and increases in tariffs, due to political, geopolitical, or economic factors affecting international business operations</li> </ul>	<ul style="list-style-type: none"> <li>● Proactively enact risk prevention measures such as the monitoring of risks in individual countries and regions, and preventing leakage of important technical information</li> <li>● Collect information on regulatory changes regarding investment and profit repatriation promptly, and implement appropriate measures, such as evacuating company assets from the relevant countries</li> </ul>
<b>Risks related to Human Rights</b>	<ul style="list-style-type: none"> <li>● Potential exposure to legal and/or reputational risks due to the growing global emphasis on human rights, which requires consideration not only within the company but also throughout the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>● Respect human rights of all stakeholders associated with the Kyocera Group, including employees, customers, shareholders, investors, and business partners, and take action to reduce or eliminate any human rights risks</li> <li>● Comply with EU Conflict Minerals Regulations and other legal requirements; survey, evaluate and take corrective measures for risks related to conflict materials and human rights violations</li> <li>● Revised the Kyocera Group Human Rights Policy to strengthen initiatives related to respect for human rights and align with international guiding principles</li> <li>● Join the Responsible Business Alliance (hereafter, RBA); conduct human rights due diligence on supply chain, and provide education about the prohibition of harassment and discrimination</li> </ul>
<b>Risks Related to Information Security</b>	<ul style="list-style-type: none"> <li>● Risk of damage from information leakage, falsification, loss, or business interruption due to hardware or software failure or cyberattack</li> <li>● Reputational risks and loss of business competitiveness caused by breach, loss or hacking</li> </ul>	<ul style="list-style-type: none"> <li>● Improve rules regarding information security</li> <li>● Provide education to employees, enhance security measures for networks and IT assets, etc., and reinforce business continuity plans (BCP) to establish rapid recovery measures</li> <li>● Formulated the “Kyocera Group AI Ethics Principles” and established the AI Ethics Committee to promote the responsible development, provision, and utilization of AI</li> </ul>
<b>Risks of Difficulties in Securing Superior Human Resources</b>	<ul style="list-style-type: none"> <li>● Risk of becoming unable to fulfill human resource requirements due to fierce labor market competition and shrinking labor pool</li> <li>● Risk of becoming unable to maintain current human resources by not improving work-life balance, or not promoting Inclusion and Belonging</li> </ul>	<ul style="list-style-type: none"> <li>● Secure adequate human resources with an eye on the future, including further expansion outside Japan, and salary levels adjusted to local labor markets and inflation rates</li> <li>● Improve work-life balance; promote Inclusion and Belonging; implement flexible work system</li> </ul>
<b>Risks Related to Earthquakes and Other Disasters</b>	<ul style="list-style-type: none"> <li>● Risk to business from large-scale disasters caused by unavoidable natural disasters such as earthquakes, typhoons, heavy rains, and flooding, equipment failures, and human error</li> <li>● Risk to financial performance and business results of the Kyocera group from direct damage caused by disasters, and economic stagnation and slowdown in consumption resulting from disasters</li> </ul>	<ul style="list-style-type: none"> <li>● Develop BCP structures capable of handling large-scale disasters caused by natural disasters such as earthquakes, equipment failures, and human error; and implement precautionary measures</li> <li>● In preparation for a potential disaster, formulate early recovery plans and alternative supply measures, and provide relevant education and training</li> </ul>



# 8-3

## Our Management Compliance

The Kyocera Group operates within a corporate culture guided by the Kyocera Philosophy and its general criterion for decision-making: **“Do the right thing as a human being.”** This criterion emphasizes the concept of coexisting harmoniously with society amid the traditions and cultures of our host communities. Recent years have seen an increase in international laws and regulations that reflect the spirit of our philosophy, and our approach has been attracting increasing social attention.

### Global-scale Initiatives for Compliance with Anti-Corruption Regulations and the Antimonopoly Act

To further emphasize the importance of compliance within the Group and among external stakeholders, we established the Kyocera Compliance Statement. This statement describes the global-scale efforts that the Group exerts on a proactive basis. Kyocera divisions and overseas Group companies collaborate to ensure effective responses to rapid changes in laws and regulations. For example, in regard to the handling of personal data, which has been reinforced in many countries and regions along with the advancement of AI and other digital technologies as well as the progression of the information society, Kyocera Group companies initiated a program to continuously monitor data collection and retention practices to ensure strict compliance.

In response to expanding anticorruption laws and regulations, which have impacted even well-known global corporations, we created the Kyocera Group Basic Policy on Anti-Corruption as a guide for global business activities, established a specific anticorruption prevention structure within the Kyocera Group under the anti-corruption regulations of Kyocera Corporation, and promoted Group-wide implementation of internal regulations while providing employee education to thoroughly publicize the rules and procedures. Furthermore, to enhance compliance with the Antimonopoly Act, the Kyocera Group published its Global Antitrust Compliance Manual and implemented the Antimonopoly Act Compliance Regulations throughout the Group. To ensure continuing adherence to the Antimonopoly Act Compliance Regulations over time, we monitor each Group company on an ongoing basis and provide guidance when appropriate. This is conducted in addition to periodic in-house education to bolster compliance. The program of compliance education includes e-learning in cooperation with Group companies both in Japan and overseas.

### Global Five-Region Collaboration Structure for the Effective Advancement of Compliance

Our proactive M&A strategy has seen the number of Kyocera Group companies grow to around 300, and the Kyocera Group works in unison on group-wide global activities. For efficiency, the Corporate Legal and Intellectual Property Group divides the globe into five regions. Each local headquarters works with the Kyocera Group companies in its region to build a system for reducing legal risk and ensuring compliance. It is also essential to build a network for the effective advancement of compliance with Group companies and to prompt collaboration in response to emergencies through information sharing. To facilitate this, we organized Kyocera Group Global Legal Compliance Meetings for the headquarters and operating companies in each region to discuss our policies and identify local challenges.

#### Global Five-Region Collaboration Structure for Legal and Intellectual Properties

United States	Europe	China	Asia-Pacific	Korea and Japan
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Dividing the globe into five regions and promoting compliance in cooperation with operating companies in individual regions



### Strengthening Cooperation Among Related Divisions and Manufacturing Sites to Ensure Compliance

#### ● Compliance Conference

To promote compliance at each business site, Kyocera Corporation appointed compliance leaders in each business segment and holds conferences twice yearly with allied divisions and domestic partner companies as well as compliance leaders. These conferences help us to establish annual plans, confirm progress, share information, and exchange opinions on the topic of risk management and compliance.

#### ● Compliance Promotion Month

Kyocera Corporation designated December as Compliance Promotion Month. During this month, the Group emphasizes enlightenment and education regarding compliance for all employees. To heighten employee awareness of the importance of compliance activities, we publicize messages from the president, thoroughly disseminate key priorities at morning meetings, and provide e-learning exercises to all employees. Furthermore, to promote interactive communication, Kyocera established a consultation desk that enables employees to consult about compliance via chat.

#### ● Intranet Sites for Compliance Information

Kyocera Corporation uses digital tools and an intranet system to provide smooth access to easy-to-read and understand in-house and compliance-related information. We continuously review and revise the content to reflect changes in laws and the social climate to foster and increase employee awareness of compliance.

Materiality issue

Coexistence with society Thorough compliance

Coexistence with the global community Promoting global management

# 8-4

## Our Management

## Digital Transformation

The Kyocera Group considers digital transformation (DX) to be a means to realize its management strategy, and is advancing group-wide digital transformation. Supporting this movement is one of the principles of the Kyocera Philosophy, “**Management by All**,” which Kyocera has cherished since its foundation. Rather than limiting the function of DX to simply introducing tools and systems, we are continuing to strengthen the foundation of “The Company” by positioning DX as a trigger to foster a culture in which employees routinely collect the required data and make decisions from a manager's perspective.

## DX Strategy in Kyocera

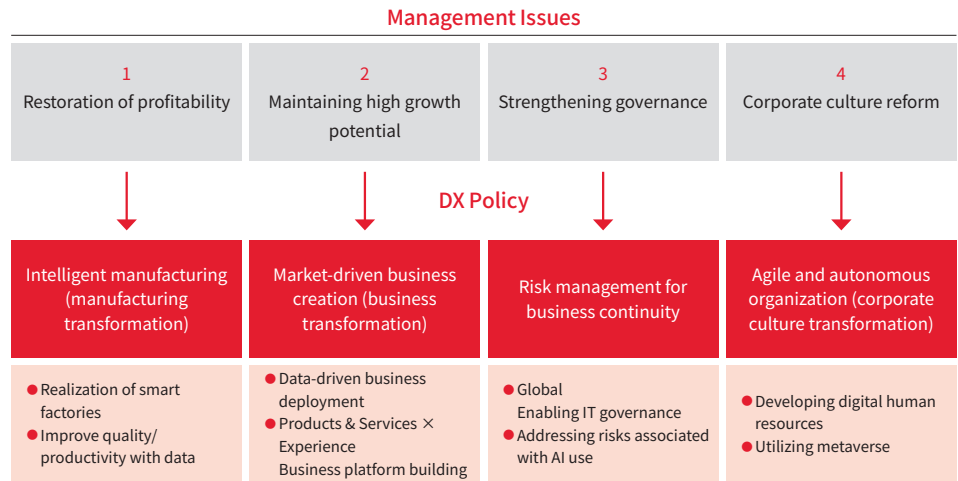
DX-driven corporate transformation for high profitability and growth strategy

There is an urgent need for business transformation throughout Kyocera. We are promoting company-wide digitalization and DX to respond to trends such as population decline, diversification of workstyles, other social issues, various risks, and to strengthen competitiveness.

At the same time, with the goal of maximizing the value we provide to our customers, we are promoting data-driven management and working to enhance the awareness of our employees and corporate culture. We will actively work on DX as a driving force for growing business.

### ● DX Strategy Policy

At Kyocera, we view DX as a means to realize our management strategy and are implementing DX measures based on the four management issues that must be addressed; namely, “restoration of profitability,” “maintaining high growth potential,” “strengthening governance,” and “corporate culture reform.”



### ① Intelligent Manufacturing (Manufacturing Transformation)

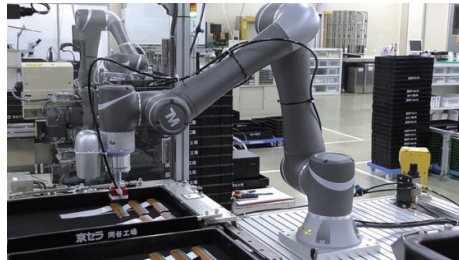
We are promoting labor saving and quality control using IoT data, including scrap and build of existing production lines, and this will include the production lines of the newly established factory. We are organizing a “Smart Factory Promotion Center” that integrates IT and OT (control technology) to contribute to the high profitability of manufacturing.

### ○ Realization of smart factories

We are expanding know-how related to the smart factories being promoting, from the solution segment to the core component segment, to realize the effective management of manufacturing conditions in ceramics and quality control throughout our in-house processes.

### ○ Improving quality and productivity through data

We are employing data analysis and AI for the predictive maintenance of equipment and the analysis of defect factors. Collaborative robots with AI-based object recognition functions are also being installed on our in-house production lines to enhance labor savings.



Utilization of collaborative robots at Nagano Okaya Plant

## ② Market-driven Business Creation (Business Transformation)

Through DX, in addition to developing businesses that provide products that are competitive in the market, we are also creating new business models that collect data generated from them to improve customer service.

### ○ Deployment into data-driven business

Kyocera Document Solutions Co., Ltd., which manufactures and sells MFP/printer equipment, provides cloud service for managing document data as standard on equipment used by customers (TASKalfa MZ7001ci series).

By providing new proposals and functions based on customer use as cloud services, we improve the level of service to users and create new business opportunities.



TASKalfa MZ7001ci series

In addition, Enezzar<sup>①</sup>, a semi-solid (clay) storage battery, enables the remote monitoring the charging and discharging status to suggest the optimal charging and discharging cycle according to emergency charging and lifestyle patterns in the event of a disaster.

Developing a business that improves service value with the power of digital for product users. This will lead to business expansion.



Enezzar control panel

## Initiatives

### Products & Services × Experience Building business platforms

We are building a system that connects Kyocera's products with the digital cloud platform being promoted by Kyocera Document Solutions Co., Ltd., which can also be provided to customers as a service business model.

This will enhance the Kyocera Group's product capabilities to more effectively meet customer needs.

- Enabling printer and MFP users to use a variety of useful software through the digital cloud platform to further improve efficiency
- Planning to utilize for other Kyocera's products and services, such as storage batteries, to expand services such as storage batteries in the works
- Providing a framework for disclosure to the outside and provide other companies' services to customers as well



## ③ Risk Management for Business Continuity

### ○ Realization of global IT governance

For the Kyocera Group, which has operations around the world, the control of IT systems at the global level is a very important theme. We are particularly focused on IT security, and advancing collaboration with group companies to achieve appropriate utilization. In terms of cybersecurity, we have established a CISO<sup>2</sup> system under the leadership of top management. By establishing a management system under SIRT<sup>3</sup> and the Information Security Committee, we are enhancing risk management both internally and externally.

#### Items for Global IT Governance Implementation

1. Sharing Kyocera Basic Information Security regulations
2. Clarification of responsibilities and establishment of an information sharing platform
3. Establishment of a product line support system
4. Establishment of a local support system
5. Conducting regional meetings

1 Enezzar is a trademark of the Kyocera Corporation.

2 CISO : Chief Information Security Officer

3 SIRT : Security Incident Response Team

4 OECD : Organization for Economic Co-Operation and Development

### ○ Response to risks associated with AI use

While generative AI is a powerful tool for improving operational efficiency and creativity, it also carries risks such as information leakage, misinformation, and copyright infringement.

To avoid these risks and promote the appropriate use of AI, the Kyocera Group has established the following internal systems and guidelines.

#### Establishing the Kyocera Group AI Ethics Principles

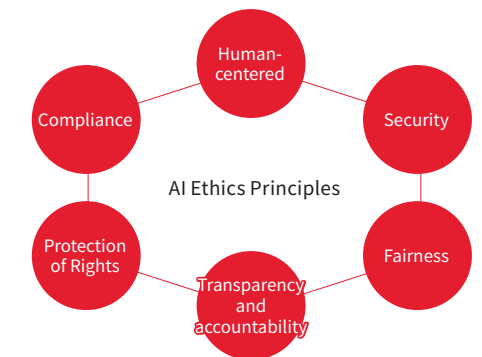
The Kyocera Group has established its own AI Ethics Principles based on the guidelines of the OECD<sup>4</sup> and the Ministry of Economy, Trade and Industry.

#### Establishment of the AI Ethics Committee

To better manage risks and reach more effective decision making related to the use of AI, we have established the Kyocera Group AI Ethics Committee, which is responsible for reviewing development and use projects, developing rules, and planning internal training.

#### Formalization of Rules for Use

We have established guidelines for the in-house use of generative AI tools that clearly state the specific information that are prohibited to be entered by individual users (in-house confidential information, personal information, etc.), and require that users always check before use.





#### ④ Agile and Autonomous Organization (Transformation of Corporate Culture)

##### ○ Development of digital human resources

We provide education on data use throughout the Kyocera Group, including product manufacturing, development, sales, and business management, and encourage the application of data utilization platforms in all work-related activities. This allows for the early incorporation of product and quality data into operations, and enables early resolution of issues through more effective decision-making.

With the realization of such an agile and autonomous organization, we are developing operations at a pace that far exceeds that of the past as we transform corporate culture.

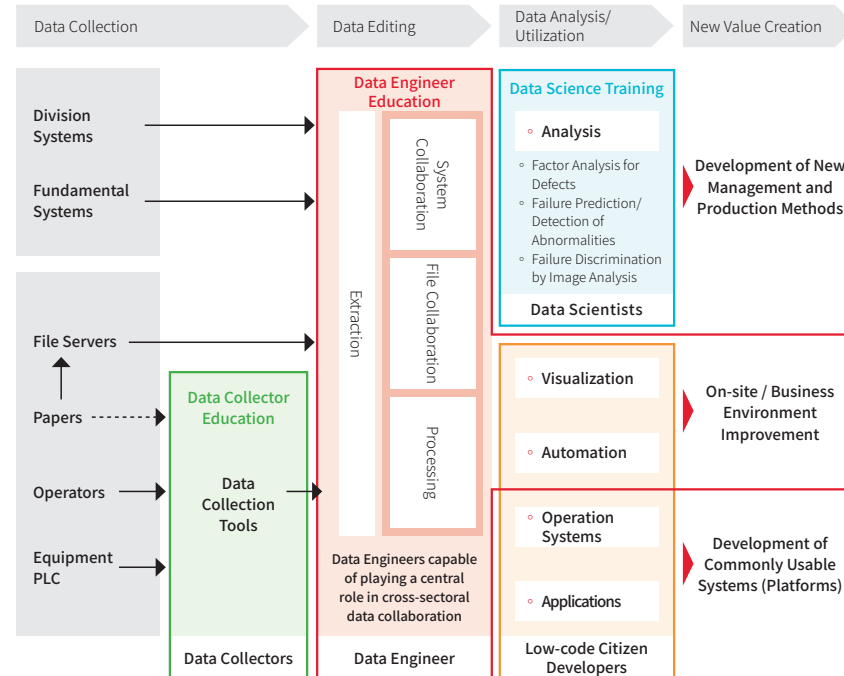
In training, we define human resources responsible for data acquisition, formatting, and analysis as "data collectors," "data engineers," and "data scientists," and develop an educational curriculum that allows them to acquire the necessary skills.

##### ○ Utilization of the metaverse (Conveying the splendor of manufacturing)

Three years ago, Kyocera opened to the public five metaverse virtual worlds that highlight the wonders of Kyocera's manufacturing technology and the worldview it aims for.

Utilizing the metaverse to disseminate Kyocera's manufacturing technology is a new type of public relations platform in a virtual space that gives users an intuitive and immersive way to experience the appeal of products and processes.

When customers and young human resources in Japan and abroad interact with this leading-edge platform, they can't help but be impressed with our sophisticated technology and commitment to quality, and experience that enhances brand value and strengthens recruitment capabilities.



#### VOICE



Data Collector

**Shunsuke Ikewaki**

Dx Promotion Center

Corporate Digital Business Promotion Group

I've developed a device capable of easily collecting a wide variety of on-site data by inserting a uniquely developed program into an inexpensive general-purpose microcomputer. The system is capable of quickly collecting data at minimal cost, which contributes to product improvement.



#### VOICE



Data Scientist

**Takuya Itoi**

AI Technology Department

Corporate Digital Business Promotion Group

I've developed a system capable of expressing locations of defects identified by AI in colors three-dimensionally. This system visualizes the manufacturing device with the locations of defects to resolve problems. On-site knowledge and data science helped to achieve a significant improvement in yield rates.



#### VOICE



XR Engineer

**Nao Tanaka**

Sales Marketing Promotion Department

Corporate Digital Business Promotion Group

Many science and engineering students participated in the metaverse with positive feedback. Kyocera's manufacturing technologies are scientifically advanced, and the content of the metaverse is created with the input of engineers and information from academic studies.

