

Annual Report

(English translation of consolidated financial information)

(The 72nd Business Term)

From April 1, 2025 to March 31, 2026

KYOCERA CORPORATION

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[Company Name]	Kyocera Kabushiki Kaisha
[Company Name in English]	KYOCERA CORPORATION
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[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

This is an English translation of the Annual Report filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors’ NETwork (“EDINET”) pursuant to the Financial Instruments and Exchange Act of Japan.

In this document, the terms “we,” “us,” “our,” “Kyocera Group,” “the Group” and “Kyocera” refer to Kyocera Corporation and consolidated subsidiaries or, as the context may require, Kyocera Corporation on a non-consolidated basis and the “Company” refers to Kyocera Corporation on a non-consolidated basis.

The term “fiscal 2026” refers to the year ended March 31, 2026, with other fiscal years referred to in a corresponding manner.

Part I. Information on Kyocera

I. Overview of Kyocera

1. Selected Financial Data

(1) Consolidated Financial Data

(Yen in millions unless otherwise stated)

	68th	69th	70th	71st	72nd
Year ended	March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025	March 31, 2026
Sales revenue	1,838,938	2,025,332	2,004,221	2,014,454	2,070,203
Profit before income taxes	198,947	176,192	136,143	63,631	168,994
Profit attributable to owners of the parent	148,414	127,988	101,074	24,097	140,969
Comprehensive income attributable to owners of the parent	365,805	223,978	323,000	62,430	391,374
Equity attributable to owners of the parent	2,871,554	3,023,777	3,225,595	3,217,788	3,339,431
Total assets	3,917,265	4,093,928	4,465,376	4,511,307	4,646,314
Equity per share attributable to owners of the parent (Yen)	2,000.24	2,106.20	2,289.86	2,284.15	2,534.85
Earnings per share attributable to owners of the parent- Basic (Yen)	102.79	89.15	71.58	17.11	102.70
Earnings per share attributable to owners of the parent- Diluted (Yen)	—	—	—	—	—
Ratio of equity attributable to owners of the parent to total assets (%)	73.3	73.9	72.2	71.3	71.9
Profit ratio of equity attributable to owners of the parent (%)	5.4	4.3	3.2	0.7	4.3
Price earnings ratio (Times)	16.74	19.32	28.26	97.93	23.15
Cash flows from operating activities	201,957	179,212	269,069	237,918	226,235
Cash flows from investing activities	(79,457)	(168,833)	(158,413)	(150,481)	74,539
Cash flows from financing activities	(111,473)	(61,257)	(82,596)	(64,937)	(311,961)
Cash and cash equivalents at the end of the year	414,129	373,500	424,792	444,744	455,887
Number of employees	83,001	81,209	79,185	77,136	73,856

(Notes) 1. Kyocera prepared its consolidated financial statements in accordance with International Financial

Reporting Standards (hereinafter, “IFRS”), and the figures are presented in Japanese yen and amounts less than one million yen are rounded.

2. Earnings per share attributable to owners of the parent - Diluted is not described in the above table, as there is no potential share.

3. Kyocera Corporation implemented the stock split at the ratio of 4 for 1 of all common stocks, with the effective date of January 1, 2024. Equity per share attributable to owners of the parent and Earnings per share attributable to owners of the parent- Basic are calculated based on the assumption that the stock split was implemented at the beginning of the 68th business terms.

(2) Financial Data of Kyocera Corporation

(Yen in millions unless otherwise stated)

	68th	69th	70th	71st	72nd
Year ended	March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025	March 31, 2026
Net sales	848,253	856,866	799,055	802,448	855,149
Recurring profit	147,160	136,878	91,203	59,507	115,240
Net income	132,442	113,321	91,204	44,184	300,857
Common stock	115,703	115,703	115,703	115,703	115,703
Number of shares issued (Shares)	377,618,580	377,618,580	1,510,474,320	1,510,474,320	1,510,474,320
Net assets	2,309,953	2,379,161	2,439,833	2,435,960	2,441,869
Total assets	2,998,363	3,080,630	3,273,602	3,272,155	3,313,512
Net assets per share (Yen)	1,609.05	1,657.20	1,732.04	1,729.17	1,853.54
Annual dividends per share (Yen)	180.00	200.00	125.00	50.00	52.00
Interim dividends per share (Yen)	90.00	100.00	100.00	25.00	25.00
Net income per share - Basic (Yen)	91.73	78.93	64.59	31.36	219.19
Net income per share - Diluted (Yen)	—	—	—	—	—
Net assets to total assets (%)	77.0	77.2	74.5	74.4	73.7
Return on equity (%)	6.0	4.8	3.8	1.8	12.3
Price earnings ratio (Times)	18.76	21.82	31.31	53.43	10.85
Dividends payout ratio (%)	49.1	63.3	77.4	159.4	23.7
Number of employees [Separately, number of temporary employees]	20,560 [5,050]	21,010 [5,120]	21,156 [5,114]	20,976 [5,110]	19,667 [4,746]
Total shareholder return (%)	100.5	103.5	123.4	106.5	149.5
Comparative indicator : Dividend-included TOPIX (%)	102.0	107.9	152.5	150.2	202.2
Highest share price (Yen)	7,408	8,211	2,333.5 [8,377]	2,057.5	2,817.5
Lowest share price (Yen)	6,055	6,355	1,995.5 [6,773]	1,443.5	1,483.5

- (Notes) 1. The figures in financial statements are presented in Japanese yen and amounts less than one million yen are rounded.
2. Net income per share - Diluted is not described in the above table, as there is no potential share.
3. Kyocera Corporation implemented the stock split at the ratio of 4 for 1 of all common stocks, with the effective date of January 1, 2024. Net assets per share and Net income per share - Basic are calculated based on the assumption that the stock split was implemented at the beginning of the 68th business terms. Annual dividends per share of the 70th business terms is shown as 125 yen, consisting of the interim dividends per share of 100 yen before the stock split and the year-end dividends per share of 25 yen after the stock split.
4. The year-end dividend of 27 yen per share, out of the 52 yen annual dividend per share for the 72nd business term, is subject to approval at the Ordinary General Meeting of Shareholders scheduled to be held on June 25, 2026.
5. The highest and lowest share prices are those on the First Section of Tokyo Stock Exchange on or before April 3, 2022, and those on the Prime Market of Tokyo Stock Exchange on or after April 4, 2022.
6. Kyocera Corporation implemented the stock split at the ratio of 4 for 1 of all common stocks, with the effective date of January 1, 2024. The highest and lowest share prices of the 70th business terms are those after the stock split, and the highest and lowest stock prices before the stock split are stated in [].

2. History

Kyocera Corporation was founded as “Kyoto Ceramic Co., Ltd.” on April 1, 1959. In order to change its face value of stock from 500 yen to 50 yen, Shikoku Shokkin Kagaku Kenkyusho (renamed as Kyoto Ceramitsuku Kabushiki Kaisha on May 12, 1970), established on November 6, 1946, was incorporated as a surviving company in a form of an absorption-type merger on October 1, 1970, and the merger was carried out as a due date.

Therefore, prior to this merger, the history of the Kyoto Ceramic Co., Ltd., the merged company, is described.

April	1959	Established headquarters and factory with a capital of 3 million yen in 101 Nishinokyoharamachi, Nakagyo-ku, Kyoto Founded as “Kyoto Ceramic Co., Ltd.” a specialized manufacturer in fine ceramics
April	1960	Opened Tokyo Office
May	1963	Established Shiga Gamo Plant (currently Shiga Higashiomi Plant)
July	1969	Established Kagoshima Sendai Plant Established Kyocera International, Inc. in the U.S. as a sales company
October	1969	Established Kyocera Sho-Ji Kabushiki Kaisha as a domestic sales company
October	1970	Kyoto Ceramic Co., Ltd. and Kyocera Sho-Ji Kabushiki Kaisha merged into Kyoto Ceramitsuku Kabushiki Kaisha.
January	1971	Established Kyocera Fineceramics GmbH in Germany (currently Kyocera Europe GmbH)
October	1971	Listed its stock on the Second Section of Osaka Stock Exchange (listed on the First Section in February 1974)
September	1972	Listed its stock on the Second Section of Tokyo Stock Exchange (listed on the First Section in February 1974, moved to the Prime Market in April 2022)
October	1972	Established Kagoshima Kokubu Plant (currently Kagoshima Kirishima Plant)
February	1976	Issued American Depository Receipts (hereinafter “ADRs”) in the U.S.
October	1979	Established Central Research Laboratory (currently Kirishima R&D Center) in Kagoshima Kokubu Plant (currently Kagoshima Kirishima Plant)
May	1980	Listed its stock on the New York Stock Exchange (hereinafter “NYSE”) (delisted from NYSE in June 2018), Issued ADRs in the U.S. for the second time
August	1980	Established Shiga Yohkaichi Plant (currently Shiga Higashiomi Plant)
October	1982	4 companies, Cybernet Electronics Corporation, Crescent Vert Co., Ltd., Japan Cast Corporation and New Medical Co., Ltd. merged into Kyoto Ceramic Co., Ltd., and changed its name to Kyocera Corporation
June	1984	Established Daini Denden Kikaku Co., Ltd. (currently KDDI Corporation)
August	1989	Made Elco International Corporation, connector business, as a consolidated subsidiary (later, changed its name to Kyocera Connector Products Corporation and merged into Kyocera Corporation in April 2017)
January	1990	Issued ADRs in the U.S. for the third time Made AVX Corporation (currently Kyocera AVX Components Corporation) as a consolidated subsidiary through shares exchange, delisted its stock from NYSE (relisted its stock on NYSE in August 1995, delisted its stock from NYSE as it became a wholly owned subsidiary of Kyocera Corporation in March 2020)
March	1995	Established Kyocera R&D Center (currently Yokohama Office)
August	1995	Established Kyocera R&D Center, Keihanna in Kyoto, Japan (currently Keihanna Research Center) Established Dongguan Shilong Kyocera Optics Co., Ltd. (currently Dongguan Shilong Kyocera Co., Ltd.) in Dongguan, China as a manufacturing company
September	1995	Established Kyocera Communication Systems Co., Ltd.
August	1998	Established new headquarters in Fushimi-ku, Kyoto
February	2000	Succeeded Qualcomm, Inc.’s mobile phone business
April	2000	Invested in Kyocera Mita Corporation (currently Kyocera Document Solutions Inc.), and made as a consolidated subsidiary
December	2001	Established Kyocera Mita Office Equipment (Dongguan) Co., Ltd. (currently Kyocera Document Technology (Dongguan) Co., Ltd.) in Dongguan, China as a manufacturing company of printer and multifunctional products

April	2002	Kyocera Document Solutions Inc. succeeded Kyocera Corporation's printer business
August	2002	Made Toshiba Chemical Corporation, semiconductor related materials business, as a consolidated subsidiary through shares exchange, and changed its name to Kyocera Chemical Corporation (later, merged into Kyocera Corporation in April 2016)
August	2003	Made Kinseki, Limited, crystal devices business, as a consolidated subsidiary through shares exchange (later, changed its name to Kyocera Crystal Device Corporation and merged into Kyocera Corporation in April 2017) Established Kyocera SLC Technologies Corporation (later, changed its name to Kyocera Circuit Solutions Inc. and merged into Kyocera Corporation in April 2016) as a manufacturing and sales company of build-up substrates
September	2004	Established Japan Medical Materials Corporation (later, changed its name to Kyocera Medical Inc., merged into Kyocera Corporation in April 2017 and succeeded medical business to Kyocera Medical Corporation through the company split in October 2025) by Kyocera Corporation and Kobe Steel, Ltd. transferring their medical materials business to Japan Medical Materials Corporation through company split
April	2008	Succeeded Sanyo Electric Co., Ltd.'s mobile phone business
January	2009	Made TA Triumph-Adler AG, sales company of printers and multifunctional products in Germany, as a consolidated subsidiary (later, changed its name to TA Triumph-Adler GmbH)
July	2011	Made Unimerco Group A/S, manufacturing and sales company of industrial tools in Denmark, as a consolidated subsidiary, and changed its name to Kyocera Unimerco A/S (currently Kyocera Unimerco Tooling A/S) Established Kyocera Mita Vietnam Technology Co., Ltd. (currently Kyocera Document Technology Vietnam Co., Ltd.) as a manufacturing company of printers and multifunctional products in Vietnam
August	2011	Established Kyocera Vietnam Management Co., Ltd. (currently Kyocera Vietnam Co., Ltd.) as a manufacturing company in Vietnam
February	2012	Made Optrex Corporation, a manufacturer specialized in liquid crystal display related products, as a consolidated subsidiary (later, changed its name to Kyocera Display Corporation and merged into Kyocera Corporation in October 2018)
October	2013	Made NEC Toppan Circuit Solutions, Inc., manufacturer of printed wiring board, as a consolidated subsidiary (later, changed its name to Kyocera Circuit Solutions, Inc.)
October	2014	Integrated Kyocera Circuit Solutions, Inc. into Kyocera SLC Technologies Corporation to form Kyocera Circuit Solutions, Inc. (later, merged into Kyocera Corporation in April 2016)
September	2015	Made Nihon Inter Electronics Corporation, manufacturer of power semiconductors, as a consolidated subsidiary (later, merged into Kyocera Corporation in August 2016 and transferred to Shindengen Electric Manufacturing Co., Ltd. in January 2026)
April	2016	Merged Kyocera Circuit Solutions, Inc. and Kyocera Chemical Corporation into Kyocera Corporation
August	2016	Merged Nihon Inter Corporation into Kyocera Corporation
April	2017	Merged Kyocera Medical Corporation, Kyocera Crystal Device Corporation and Kyocera Connector Products Corporation into Kyocera Corporation
August	2017	Made Senco Holdings, Inc., U.S. based pneumatic tools manufacturing company, as a consolidated subsidiary and changed its name to Kyocera Senco Industrial Tools, Inc.
January	2018	Made Kyocera Industrial Tools Corporation, which was established from the company split of Ryobi Limited's power tool business, as a consolidated subsidiary (became a wholly owned subsidiary of Kyocera Corporation in January 2020)
June	2018	Delisted from NYSE (deregistered from the U.S. Securities and Exchange Commission (SEC) in September 2018)
October	2018	Merged Kyocera Display Corporation and Kyocera Optec Co., Ltd. into Kyocera Corporation
May	2019	Established Minatomirai Research Center, Yokohama in Kanagawa, Japan
June	2019	Made Fastener Topco, Inc., the holding company of Southern Carlson, Inc., U.S. based sales company of pneumatic power tool company, as a consolidated subsidiary and changed its name to Kyocera Industrial Tools, Inc. (transferred all shares to TL Sapphire Holdings, Inc. in January 2026)

March	2020	Acquired all non-controlling interests of AVX Corporation (currently Kyocera AVX Components Corporation) and made it a wholly owned subsidiary of Kyocera Corporation
June	2020	Made Showa Optronics Co., Ltd., manufacturer of optical components, as a consolidated subsidiary and changed its name to Kyocera SOC Corporation
January	2021	Made Sora Laser Diode, Inc., U.S. based company commercializing gallium nitride (GaN) based laser products, as consolidated subsidiary and changed its name to Kyocera SLD Laser, Inc.
April	2022	Moved from the First Section to the Prime Market of the Tokyo Stock Exchange due to the market restructuring of the Tokyo Stock Exchange
September	2022	Research, Production Technology, and Analysis divisions at the Kagoshima Kokubu Plant (currently Kagoshima Kirishima Plant) were centralized at the newly established Kirishima R&D Center
April	2024	Integrated Shiga Gamo Plant and Shiga Yohkaichi Plant to form Shiga Higashiomi Plant
March	2025	Kyocera Unimerco A/S merged into Kyocera Unimerco Tooling A/S, Denmark based manufacturing and sales company of industrial tools
October	2025	Succeeded medical business of Kyocera Corporation to Kyocera Medical Corporation through the company split Entered into a capital and business alliance agreement with Japan Aviation Electronics Industry, Ltd. and acquired 33.0% of the shares of Japan Aviation Electronics Industry, Ltd.
January	2026	Transferred silicon diode power semiconductor business to Shindengen Electric Manufacturing Co., Ltd. Transferred all shares of Kyocera Industrial Tools, Inc. to TL Sapphire Holdings, Inc., a subsidiary of Truelink Capital Management, LLC
April	2026	Integrated Kagoshima Kokubu Plant and Kagoshima Hayato Plant to form Kagoshima Kirishima Plant

3. Description of Business

Kyocera develops new technologies and new products and cultivates new markets based on fine ceramic technologies since establishment. Also, by leveraging various management resources from material and components technologies to electronic devices, equipment, systems and services, Kyocera develops, produces and distributes worldwide various kinds of products primarily for the semiconductor, information and communications, industrial machinery, automotive and environment and energy-related markets.

The consolidated financial statements have been prepared in accordance with IFRS. Also, subsidiaries and associates are disclosed based on the scope of the consolidation and investment accounted for using the equity method under IFRS. “II. Business Overview” and “III. Equipment and Facilities” are disclosed based on the same scope.

The specific contents of each reporting segment are as follows, and this reporting segment is the same as the classification of reporting segment information presented in Note “6. Segment Information” under “V. Financial Information 1. Consolidated Financial Statements and Other Information (1) Consolidated Financial Statements” in this annual report.

(1) Core Components Business

This reporting segment provides components, such as fine ceramic components for semiconductor processing equipment, automotive camera modules, ceramic packages as well as organic packages and boards to protect electronic components and ICs, to the semiconductor, the industrial machinery, the automotive-related, and the information and communication markets.

(2) Electronic Components Business

This reporting segment provides a wide variety of electronic components and devices including capacitors, crystal devices and connectors for diverse fields that include the information and communications, the industrial machinery, the automotive-related and the consumer markets.

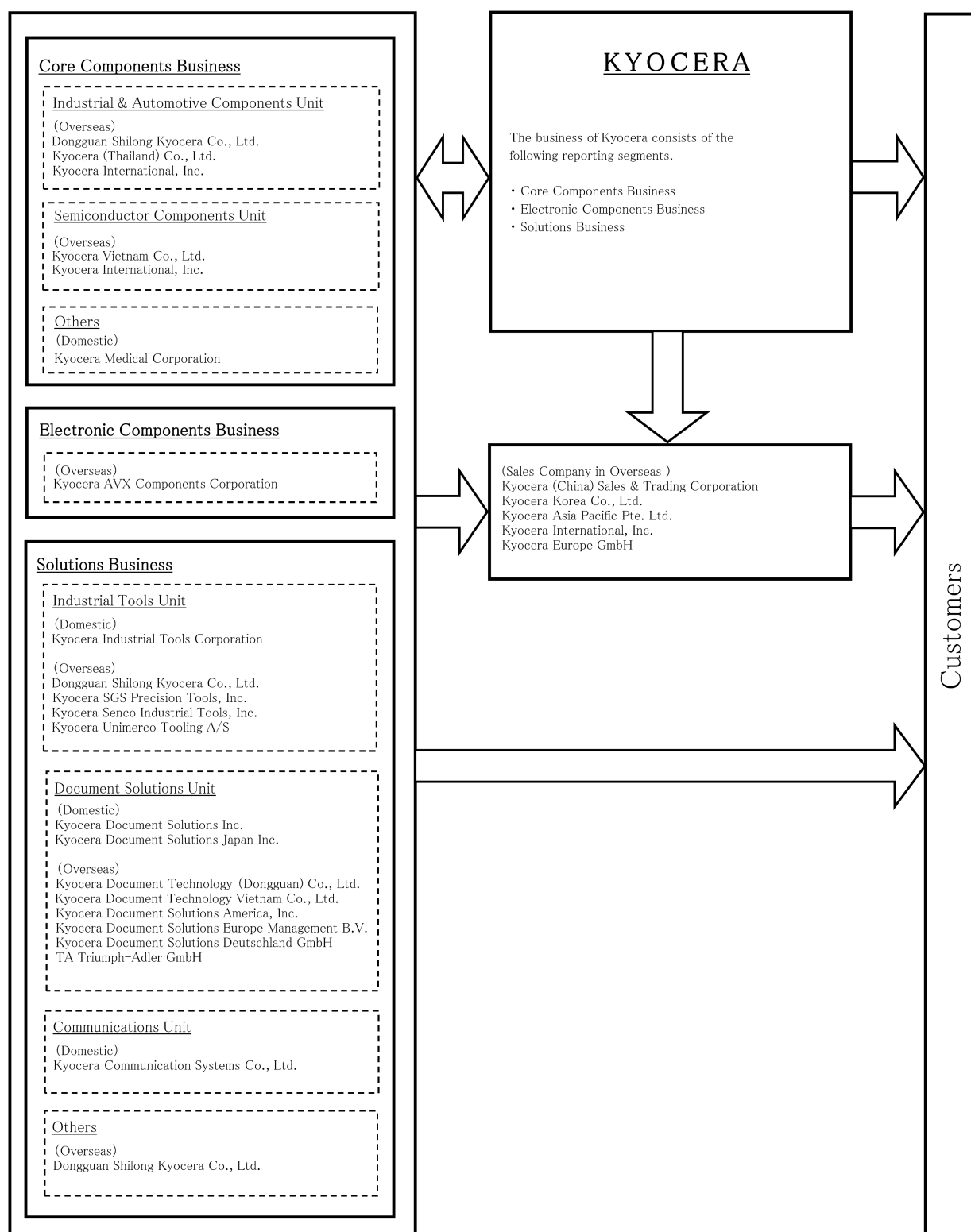
(3) Solutions Business

The Industrial Tools Unit provides cutting tools as well as pneumatic and power tools for automotive-related and general industrial and construction markets, as well as products that enhance the working environment. The Document Solutions Unit provides printers and MFPs for offices and solution services such as document management system as well as printers for commercial and industrial uses. The Communications Unit provides communication terminals such as mobile phones, as well as solution services, ICT solution and engineering services. The Others provides smart energy-related products and services, surplus power purchase and resale, etc.

Reporting Segment/Major Businesses or Products	Major Group Companies
(1) Core Components Business	
Industrial & Automotive Components Unit	
Fine Ceramic Components Automotive Systems (Automotive Camera Modules and Displays) Optical Components	Kyocera Corporation Dongguan Shilong Kyocera Co., Ltd. Kyocera Asia Pacific Pte. Ltd. Kyocera (Thailand) Co., Ltd. Kyocera International, Inc. Kyocera Europe GmbH
Semiconductor Components Unit	
Ceramic Packages Organic Packages and Boards	Kyocera Corporation Kyocera (China) Sales & Trading Corporation Kyocera Korea Co., Ltd. Kyocera Asia Pacific Pte. Ltd. Kyocera Vietnam Co., Ltd. Kyocera International, Inc. Kyocera Europe GmbH
Others	
Medical Devices	Kyocera Medical Corporation
(2) Electronic Components Business	
Capacitors Crystal Devices Connectors Sensors and Control Components	Kyocera Corporation Kyocera (China) Sales & Trading Corporation Kyocera Korea Co., Ltd. Kyocera Asia Pacific Pte. Ltd. Kyocera AVX Components Corporation

Reporting Segment/Major Businesses or Products	Major Group Companies
(3) Solutions Business	
Industrial Tools Unit	
Cutting Tools Pneumatic & Power Tools	Kyocera Corporation Kyocera Industrial Tools Corporation Kyocera (China) Sales & Trading Corporation Dongguan Shilong Kyocera Co., Ltd. Kyocera Asia Pacific Pte. Ltd. Kyocera SGS Precision Tools, Inc. Kyocera Senco Industrial Tools, Inc. Kyocera Unimerco Tooling A/S
Document Solutions Unit	
Printers MFPs Commercial and Industrial Inkjet Printers Document Solutions Services	Kyocera Document Solutions Inc. Kyocera Document Solutions Japan Inc. Kyocera Document Technology (Dongguan) Co., Ltd. Kyocera Document Technology Vietnam Co., Ltd. Kyocera Document Solutions America, Inc. Kyocera Document Solutions Europe Management B.V. Kyocera Document Solutions Deutschland GmbH TA Triumph-Adler GmbH
Communications Unit	
Mobile Phones Communication Modules ICT Solutions Engineering Services	Kyocera Corporation Kyocera Communication Systems Co., Ltd.
Others	
Smart Energy-Related Products & Services Printing Devices Jewelry & Applied Ceramic Related Products	Kyocera Corporation Kyocera (China) Sales & Trading Corporation Dongguan Shilong Kyocera Co., Ltd. Kyocera Europe GmbH

The above is shown in the business diagram below.



4. Associates

Consolidated Subsidiaries

As of March 31, 2026

Name	Location	Capital	Principal Lines of Business	Ownership Ratio of Voting Rights (%)	Relationship with Kyocera Corporation		
					Interlocking Directorate	Funding Support	Business Transaction
Kyocera Medical Corporation	Fushimi-ku, Kyoto, Japan	Yen 50 million	Development, manufacture and sale of Medical devices	100.00	Yes	—	—
Kyocera Industrial Tools Corporation	Fukuyama-shi, Hiroshima, Japan	Yen 100 million	Development, manufacture and sale of Power Tools	100.00	Yes	Yes	—
Kyocera Document Solutions Inc. *1	Chuo-ku, Osaka, Japan	Yen 12,000 million	Development, manufacture and sale of Printers and Multifunctional Products, and provision of Solution Services	100.00	Yes	—	Raw materials supply from Kyocera Corporation
Kyocera Document Solutions Japan Inc.	Chuo-ku Osaka, Japan	Yen 1,100 million	Sale of Printers and Multifunctional Products mainly in Japan	100.00 (100.00)	Yes	—	Sale in Japan with finished goods supply from Kyocera Corporation
Kyocera Document Technology (Dongguan) Co., Ltd.	Dongguan, Guangdong, China	US\$ 56,700 thousand	Manufacture of Printers and Multifunctional Products	92.76 (92.76)	Yes	Yes	—
Kyocera Document Technology Vietnam Co., Ltd.	Hai Phong, Vietnam	US\$ 55,000 thousand	Manufacture of Printers and Multifunctional Products	100.00 (100.00)	Yes	—	—
Kyocera Document Solutions America, Inc.	Fairfield, New Jersey, U.S.A.	US\$ 29,000 thousand	Sale of Printers and Multifunctional Products mainly in North America	100.00 (100.00)	Yes	—	—
Kyocera Document Solutions Europe Management B.V.	Schiphol-Rijk, Netherlands	Euro 6,807 thousand	Sale of Printers and Multifunctional Products mainly in Europe	100.00 (100.00)	Yes	—	—
Kyocera Document Solutions Deutschland GmbH	Meerbusch, Germany	Euro 920 thousand	Sale of Printers and Multifunctional Products mainly in Europe	100.00 (100.00)	—	—	—
TA Triumph-Adler GmbH	Nurnberg, Germany	Euro 80,303 thousand	Sale of Printers and Multifunctional Products mainly in Europe	100.00 (100.00)	Yes	—	—
Kyocera Communication Systems Co., Ltd.	Fushimi-ku, Kyoto, Japan	Yen 2,986 million	Information Systems and Telecommunication Services	76.64	Yes	—	Supporting Kyocera Corporation for system services

Consolidated Subsidiaries

As of March 31, 2026

Name	Location	Capital	Principal Lines of Business	Ownership Ratio of Voting Rights (%)	Relationship with Kyocera Corporation		
					Interlocking Directorate	Funding Support	Business Transaction
Kyocera Realty Development Co., Ltd.	Shibuya-ku, Tokyo, Japan	Yen 50 million	Ownership, management and rental of real estate	100.00	Yes	Yes	—
Kyocera (China) Sales & Trading Corporation	Tianjin, China	US\$ 10,000 thousand	Sale of Semiconductor Components, Electronic Components Cutting Tools and Printing Devices	90.00	Yes	—	Sale in China with finished goods supply from Kyocera Corporation
Dongguan Shilong Kyocera Co., Ltd.	Dongguan, Guangdong, China	HK\$ 472,202 thousand	Manufacture of Automotive Systems, Cutting Tools and Printing Devices	90.00	Yes	Yes	Raw materials supply from Kyocera Corporation, and finished goods supply to Kyocera Corporation
Kyocera Korea Co., Ltd.	Seoul, Korea	Won 1,200,000 thousand	Sale of Semiconductor Components and Electronic Components	100.00	Yes	—	Sale in Korea with finished goods supply from Kyocera Corporation
Kyocera Asia Pacific Pte. Ltd.	Tiong Bahru Road, Singapore	US\$ 35,830 thousand	Sale of Automotive Systems, Semiconductor Components, Electronic Components and Cutting Tools	100.00	Yes	—	Sale in Asia with finished goods supply from Kyocera Corporation
Kyocera Vietnam Co., Ltd.	Hung Yen, Vietnam	US\$ 90,403 thousand	Manufacture of Semiconductor Components	100.00	Yes	Yes	Raw materials supply from Kyocera Corporation, and finished goods supply to Kyocera Corporation
Kyocera (Thailand) Co., Ltd.	Lamphun, Thailand	THB 500,000 thousand	Manufacture of Automotive Systems	100.00	Yes	Yes	Raw materials supply from Kyocera Corporation, and finished goods supply to Kyocera Corporation
Kyocera International, Inc.	San Diego, California, U.S.A.	US\$ 34,850 thousand	Manufacture and sale of Fine Ceramic Components, Semiconductor Components	100.00	Yes	—	Sale of finished goods in North America with finished goods and raw materials supply from Kyocera Corporation
Kyocera AVX Components Corporation	Fountain Inn, South Carolina, U.S.A.	US\$ 1,763 thousand	Development, manufacture and sale of Electronic Components	100.00	Yes	Yes	Sale in North America and Europe with finished goods supply from Kyocera Corporation and finished goods supply to Kyocera Corporation

As of March 31, 2026

Name	Location	Capital	Principal Lines of Business	Ownership Ratio of Voting Rights (%)	Relationship with Kyocera Corporation		
					Interlocking Directorate	Funding Support	Business Transaction
Kyocera SGS Precision Tools, Inc.	Cuyahoga Falls, Ohio, U.S.A.	US\$ 501 thousand	Development, manufacture and sale of Cutting Tools	100.00	—	—	Sale in North America and Europe with finished goods supply from Kyocera Corporation and finished goods supply to Kyocera Corporation
Kyocera Senco Industrial Tools, Inc.	Cincinnati, Ohio, U.S.A.	US\$ 0.01	Development, manufacture and sale of Pneumatic & Power Tool-related products	100.00	—	—	—
Kyocera Europe GmbH	Esslingen, Germany	Euro 1,687 thousand	Sale of Fine Ceramic Components, Semiconductor Components and Printing Devices	100.00	Yes	—	Sale in Europe with finished goods supply from Kyocera Corporation
Kyocera Unimerco Tooling A/S	Sunds, Denmark	DKK 40,000 thousand	Development, manufacture and sale of Cutting Tools	100.00 (100.00)	—	—	Sale in Europe with finished goods supply from Kyocera Corporation
Other 244 Companies							

Entities accounted for using the equity method

As of March 31, 2026

Name	Location	Capital	Principal Lines of Business	Ownership Ratio of Voting Rights (%)	Relationship with Kyocera Corporation		
					Interlocking Directorate	Funding Support	Business Transaction
Japan Aviation Electronics Industry, Ltd. *2	Shibuya-ku, Tokyo, Japan	Yen 10,690 million	Manufacture and sale of connectors and aviation and aerospace electronic equipment	32.97	—	—	—
Other 9 Companies							

- (Notes) 1. Company that corresponds to the specified subsidiary or “Tokutei Kogaisha,” total amount of sales, purchases or common stock of which exceeds 10% of the respective amount of the parent company in the period that corresponds to the recent fiscal year of the parent company, as defined in the Financial Instruments and Exchange Act of Japan.
2. Company filing the Annual Securities Report
3. A number in the parenthesis notation in the “Ownership Ratio of Voting Rights (%)” column shows the % of indirect voting rights, which is a part of the total voting rights.

II. Business Overview

1. Management Policies, Operating Environment, and Management Issues

Future expectations included in this section are as of March 31, 2026.

(1) Basic Management Policies

Kyocera aims to achieve continuous sales growth and high profitability through the practice of the “Kyocera Philosophy,” a corporate philosophy based on a concept incorporated into Kyocera’s decision making criteria, namely, to “do what is right as a human being,” as well as continuing implementation of our unique “Amoeba Management System,” to pursue the overall 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.”

(2) Target Management Index

Kyocera has set improvement of ROE as a major management objective to enhance corporate value, and has set a ROE target of 5.0% or higher by the year ending March 31, 2028 and 8.0% or higher by the year ending March 31, 2031. Kyocera also aims to achieve an ROE of 10.0% or higher in the future. In conjunction, Kyocera also aims to further increase its market capitalization.

(3) Management Environment and Issues to be Addressed

In AI-related markets, which expand continuously along with the spread of generative AI, the deployment of AI into new applications such as robotics and social infrastructure is expected, and further performance improvement and lower energy consumption will be required for semiconductors.

Kyocera views these market trends as business opportunities and will strive to further integrate and utilize our core technologies centered on fine ceramics and create solutions that address customers’ challenges and social issues. Moreover, since continuous optimization of business portfolio is necessary to focus on priority areas, Kyocera will newly implement ROIC, return on invested capital, as a business evaluation standard and promote improvement of profitability and capital efficiency to enhance corporate value.

Kyocera’s priority management challenges to be addressed are as shown below.

a. Strengthening Business Portfolio Management

Strengths which Kyocera possesses include various technologies, a solid customer base, a world-wide organization, and a strong capital structure. Kyocera will enhance its corporate value by accelerating business growth through concentrating the aforementioned management resources into priority markets such as semiconductor-related markets. Accordingly, in addition to the existing profit management system based on the Amoeba Management System, Kyocera will also designate growth and focus areas, evaluate its business portfolio and conduct strategic planning, based on qualitative criteria such as business potential, sustainability, competitiveness and market attractiveness as well as ROIC. In conjunction with the above, Kyocera has newly created the Corporate Planning Office in April 2026 to manage and support management strategy planning and its steady execution.

Furthermore, Kyocera positions its Components Businesses, namely the Core Components Business and the Electronic Components Business, as a medium- to long-term growth driver and its Solutions Business as a consistent and stable source of profit. In line with this, Kyocera is striving to restructure its business portfolio further reflecting the characteristics of each reporting segment.

The Components Businesses will evolve into a business portfolio suited to the provision of high-value-added customized products and solutions that address customers’ challenges by utilizing technological capabilities fostered in our original fine ceramics business, and by maximizing the advantage of our solid customer base, in order to expand market share in the advanced semiconductor markets and automotive markets and to improve profitability.

The Solutions Business will strive to evolve into a business centering on a “Products x Experience Value Approach”, which means fusing the “manufacture” of high-quality and high-performance products and “services” that are responsive to customers’ challenges, in order to transform into a business portfolio which emphasizes innovation and “co-creation of value with customers”, taking advantage of our wide variety of products and services.

b. Promoting Capital Strategies

Kyocera will seek to optimize its capital structure in order to enhance its corporate value. To improve capital efficiency, Kyocera continues to reduce its cross-shareholdings and to utilize the funds gained from the sales of its cross-shareholdings for business investment such as capital expenditures as well as shareholder returns.

i. Reduction of Cross-shareholdings

Kyocera is selling its shareholdings in KDDI in an amount of approximately 500 billion yen in total for fiscal 2026 and fiscal 2027. Kyocera plans to reduce the ratio of its shareholdings to net assets to less than 20% by the year ending March 31, 2031. In fiscal 2026, Kyocera tendered its shareholdings in KDDI in the tender offer by KDDI for the repurchase of its shares, and approximately 108 million shares (representing an amount of approximately 250 billion yen) were purchased by KDDI. As a result, Kyocera's ratio of cross-shareholdings to net assets as of March 31, 2026 was 48.3%. Kyocera will continue to reduce its cross-shareholding from fiscal 2027 onward. In addition, in fiscal 2026, Kyocera tendered its shareholdings in KDDI in the tender offer by KDDI for the repurchase of its shares, and approximately 54 million shares (representing an amount of approximately 124.8 billion yen) will be purchased by KDDI.

ii. Promotion of Shareholder Returns

In order to distribute more stable and continuous dividends, in addition to adopting DOE (dividend on equity ratio^{*}) as the standard of its dividend policy, Kyocera Corporation will also adopt a progressive dividend policy to maintain or increase its dividend amount per share. In addition, Kyocera Corporation will implement acquisitions of its own shares when appropriate, aiming to promote future optimization of shareholders' equity.

^{*}The amount of shareholders' equity used to determine DOE will be calculated based on "Equity attributable to owners of the parent" less "Other components of equity", which fluctuates according to the market value of the shares held by Kyocera Corporation and foreign exchange rate fluctuations.

For details, please refer to the link below.

"Notice Regarding Distribution of Dividend and Revision of Dividend Policy" disclosed on April 30, 2026.

https://global.kyocera.com/ir/news/pdf/FY26_4Q_haitou_e.pdf

To achieve an appropriate capital structure and to promote shareholder returns, Kyocera Corporation resolved, at a meeting of its Board of Directors held on May 14, 2025, to repurchase its own shares in an amount of up to 200 billion yen and repurchased approximately 91 million shares (representing an amount of 200 billion yen) through market purchases on the Tokyo Stock Exchange from May 15, 2025 to March 12, 2026 (based on the timing when agreements were entered into).

In addition, Kyocera Corporation resolved, at a meeting of its Board of Directors held on April 30, 2026, to repurchase its own shares in an amount of up to 250 billion yen.

For details, please refer to the link below.

"Notice Regarding Repurchase of Own Shares" disclosed on April 30, 2026.

https://global.kyocera.com/ir/news/pdf/FY26_4Q_jikokabu_e.pdf

Kyocera Corporation will continue to implement share repurchases from the year ending March 31, 2029 onward, taking into consideration appropriate allocation of funds for investments aimed at business growth and enhancement of ROE.

iii. Cancellation of Treasury Stock

Since the ratio of treasury stock to the number of shares outstanding has increased due to the share repurchase in the amount of 200 billion yen conducted in fiscal 2026, Kyocera Corporation cancelled treasury stock to the level Kyocera Corporation considers appropriate in fiscal 2027.

For details, please refer to the link below.

"Notice Regarding Cancellation of Treasury Stock" disclosed on April 30, 2026.

https://global.kyocera.com/ir/news/pdf/FY26_4Q_shoukyaku_e.pdf

c. Enhancing Corporate Governance

To achieve sustainable growth and enhancement of medium- to long-term corporate value, Kyocera Corporation is implementing various measures. As a part of such measures, Kyocera Corporation continues considering and enhancing corporate governance, which is a material management foundation, by pursuing enhancing further diversity and effectiveness within the Board of Directors and the Nomination and Remuneration Committee, and by reconsideration of the Director's remuneration system, etc.

Transition to a Company with an Audit & Supervisory Committee and Transition of the Board of Directors into a Monitoring Board*

(To be proposed at the 72nd Ordinary General Meeting of Shareholders scheduled for June 25, 2026)

For the purpose of strengthening supervisory function and to enhance the Board's deliberative process, Kyocera Corporation resolved, at a meeting of its Board of Directors held on February 2, 2026, to propose the transition to a company with an Audit & Supervisory Committee at the 72nd Ordinary General Meeting of Shareholders scheduled to be held on June 25, 2026.

After the transition, the Board of Directors will be a monitoring board with a majority comprised of Independent Outside Directors.

*Introduction of this initiative will be subject to the approval of related proposals by shareholders at the 72nd Ordinary General Meeting of Shareholders.

For details, please refer to the link below.

“Transition to a Company with Audit & Supervisory Committee” disclosed on February 2, 2026.

https://global.kyocera.com/ir/news/pdf/FY26_3Q_transition_e.pdf

“Progress Update: Strategic Business Transformation Project” pp. 28-31, disclosed on February 3, 2026.

https://global.kyocera.com/ir/library/pdf/presentation/FY26_3Q_p_ProgressUpdate_e.pdf

2. Views and Initiatives on Sustainability

Our views and initiatives on sustainability are as follows.

Future expectations included in this section are as of March 31, 2026.

Since its founding, Kyocera has adhered to its management rationale of “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,” and has worked to resolve social issues through its business so that both society and Kyocera Group can achieve sustainable development. Based on our management philosophy of “Living Together. 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,” we are also promoting sustainability management with the aim of creating a sustainable society.

In addition, in order to further strengthen our sustainability management framework and enhance corporate value, Kyocera established the Corporate Sustainability Promotion Group in April 2026. With this function serving as the core, we will promote sustainability initiatives across the Kyocera Group. For more information on our initiatives, please refer to Kyocera Corporation’s website and integrated report.

Sustainability website: <https://global.kyocera.com/sustainability/index.html>

Integrated Report: <https://global.kyocera.com/sustainability/catalog/index.html>

(1) Initiative of Climate Change

Kyocera regards climate change as one of the most important management issues. Kyocera has declared its support for TCFD (Task Force on Climate-Related Financial Disclosures) since March 2020, established a governance system, implemented risk management, set up strategies, metrics and targets, and promoted measures to respond climate change.

a. Governance

The “Kyocera Group Sustainability Committee,” which is attended by top management, discusses, and decides on targets and measures related to climate change. The measures against climate change are reported to the Board of Directors and are shared at international management meeting attended by the executives of Kyocera Group. Kyocera has also established the “Task Force for Promoting Long-term Environmental Targets” as a sub-organization of the “Kyocera Group Sustainability Committee,” which is working to achieve Kyocera Group’s long-term environmental targets.



b. Risk Management

Kyocera conducts scenario analysis to identify, assess and manage risks and opportunities related to climate change. As a risk assessment method, risks and opportunities related to climate change are extracted for the value chain and classified into transition risks and physical risks, and the importance is assessed by considering the impact on social conditions and our businesses.

c. Strategy

Based on information of the IPCC (Intergovernmental Panel on Climate Change) and other sources, Kyocera analyzes the risks and opportunities related to climate change while understanding the impact on our operations and changes in the industries of our customers in 2030, using the 1.5 °C Scenario (Note 1) and the 2.6 °C Scenario (Note 2). In particular, with regard to the renewable energy-related businesses that Kyocera has developed, due to the importance of the trend toward decarbonization, we have set the diffusion patterns of various types of energy under the 1.5 °C scenario, and have evaluated and analyzed the financial impact of each risk and opportunity. Based on the results of the analysis, Kyocera aims to achieve its GHG (Greenhouse Gas) emission reduction targets by fiscal 2031 and achieve carbon neutral by fiscal 2051.

- (Notes) 1. Scenario that the global average temperature will increase by 1.0~1.8 °C in 2100 compared to pre-industrial revolution levels
2. Scenario that the global average temperature will increase by 2.1~3.5 °C in 2100 compared to pre-industrial revolution levels

d. Metrics and Targets

Kyocera Group's long-term environmental targets are as follows. In terms of renewable energy implementation, we had been working toward the target of achieving a 20-fold increase by fiscal 2031, compared with fiscal 2014. As a result of these efforts, we achieved this target ahead of schedule in fiscal 2025. Accordingly, we have established a new target of Renewable Energy derived Electricity Usage Ratio of 60% or more by fiscal 2031. In addition, our GHG emissions reduction targets have been certified by the Science Based Targets (SBT) initiative.

• GHG emissions (Scope 1, 2) : Reduce 46% by fiscal 2031 compared to fiscal 2020 (1.5 °C level)
• GHG emissions (Scope 1, 2, 3): Reduce 46% by fiscal 2031 compared to fiscal 2020 (1.5 °C level)
• Renewable energy-derived electricity usage ratio: RE60 by fiscal 2031
• Carbon neutral by fiscal 2051

(Notes)

Scope 1: Direct emission associated with fuel consumption and production processes

Scope 2: Indirect emission associated with consumption of power or heat purchased from outside

Scope 3: Indirect emission other than Scope 1 or 2 (Including procurement of raw materials, transport, use and disposal of products, as well as employee commuting and business trips)

RE60 : Renewable energy-derived electricity usage ratio of 60%

(2) Initiatives on Human Capital and Diversity

The growth of Kyocera has been supported by a corporate culture and employees that have always set high goals and continue to take on challenges. The core element is "Kyocera Philosophy," a management philosophy based on the criteria in making judgement, namely "What is the right thing to do as a human being." In addition to permeating our management rationale through the succession and practice of "Kyocera Philosophy," a common philosophy, Kyocera focuses on developing the skills of its employees by acquiring the expertise and skills necessary to carry out business. Kyocera also believes it is important to develop a work environment in which diverse human resources can work with satisfaction.

For the basic policies and other matters regarding the Kyocera Group's human resources strategy, please refer to "5. Employees, etc. (1) Basic Policy on Human Resources Strategy."

a. Governance and Risk Management

Kyocera has positioned risks related to securing and developing human resources as corporate risks and has determined policies and reviewed the progress of measures at the "Risk Management Committee."

b. Strategy

(a) Human Resource Development Through Understanding and Practicing "Kyocera Philosophy," a Management Philosophy

Kyocera has established the "Kyocera Group Philosophy Committee," chaired by Chairman and Representative Director, to educate and permeate "Kyocera Philosophy." The committee has set education policy of "Kyocera Philosophy" of each entity in Kyocera Group, and discusses and decides the measures to promote an understanding of "Kyocera Philosophy" and practice it. In addition, Kyocera has appointed members to promote the permeation of Philosophy in each division to foster and success on a corporate culture in which our management philosophy thrives.

Kyocera is developing "Kyocera Philosophy Education" globally in accordance with the policies of the "Kyocera Group Philosophy Committee." For executives, sessions are held with Chairman and Representative Director on the theme of the Philosophy to develop the next generation of corporate leaders who also possess "Kyocera Philosophy." In addition, we strive to develop human resources who can contribute to the realization of our management philosophy by promoting the spread of the philosophy through such activities as holding training for different levels of employees, distributing the Philosophy Pocketbooks, and awarding excellent essays of the Philosophy hands-on experience.



Global Philosophy Seminar
(Chairman and Representative Director and executives of overseas associates)



Kyocera Philosophy Pocketbooks
(Multilingual translated pocketbooks are also distributed to overseas employees)

(b) Securing and Developing Human Resources

Amid the expected population decline and labor shortage in the future, Kyocera regards the securing and development of talented human resources as an important issue, and is actively working to strengthen the recruitment capabilities for engineers and other personnel. In addition, recognizing the importance of continuously developing leadership talent, Kyocera is undertaking initiatives to consistently cultivate practical management leaders with a broad perspective. To develop global human resources, especially among young employees, we provide a one-year trainee program to exchange human resources with overseas subsidiaries. In addition to dispatching employees from Japan to overseas subsidiaries, we also accept engineers and specialized staff from overseas subsidiaries.

Furthermore, Kyocera systematically implements a wide range of training programs in areas including management, specialized technical skills, Digital Transformation (DX), and language skills, in order to smoothly reassign personnel suited to its business portfolio and to respond flexibly to the diversification of operations. Through these initiatives, Kyocera promotes comprehensive human resource development.

(c) Active Participation of Diverse Human Resources and Create Pleasant Working Environment

It is important to respect the individuality and values of each employee and allow diverse human resources to work with job satisfaction. Based on this idea, Kyocera is promoting the improvement of employee engagement, the introduction of flexible working systems such as flextime system, and support for balancing work with childcare and nursing through working from home.

In addition, in order to increase the ratio of female employees in managerial positions and the ratio of male employees taking childcare leave, we have provided training to promote understanding among managers, and also held training sessions for female management candidates, role-model discussions, and seminars to encourage male employees to take childcare leave.

c. Metrics and Targets

With regard to its policy on human resource development including ensuring diversity of human resources and its policy on internal environment improvement described in “b. Strategy” above, the metrics and targets in Kyocera Group are “Further promote the permeation and practice of Kyocera Philosophy.”

In addition, since each company within Kyocera Group operates different businesses, Kyocera Group’s metrics and targets are not uniform except for the above and are set by each company. The metrics, targets and results of Kyocera Corporation on a non-consolidated basis and major domestic consolidated subsidiaries are as follows.

Kyocera Corporation on a non-consolidated basis

Metrics and Targets	Results (Fiscal 2026)
• Ratio of female employees in managerial positions: 8% by the end of March 2026	6.3%
• Ratio of male employees taking childcare leave: 50% by the end of March 2026	59.6%

Kyocera Document Solutions Inc. on a non-consolidated basis

Metrics and Targets	Results (Fiscal 2026)
• Ratio of female employees among new hires: Maintain 20% or higher	16.7%
• Ratio of a paid leave utilization: 70% or higher by the end of March 2027	72.3%

Kyocera Document Solutions Japan Inc.

Metrics and Targets	Results (Fiscal 2026)
• Ratio of female employees among new hires: Maintain 20% or higher	40.9%
• Ratio of a paid leave utilization: 60% or higher by the end of March 2027	57.3%

Kyocera Communication Systems Co., Ltd. on a non-consolidated basis

Metrics and Targets	Results (Fiscal 2026)
• Ratio of female employees in managerial positions: 15% or higher by the end of March 2026	18.9%
• Ratio of male employees taking childcare leave for one month or more: 60% or higher by the end of March 2026	73.3%

(3) Initiatives on Human Rights

a. Governance and Risk Management

Human rights are increasingly being considered worldwide, and human rights issues in supply chain as well as in Kyocera are required to be taken into consideration. Kyocera has positioned human rights risks as corporate risks and has determined policies and reviewed the progress of measures at the “Risk Management Committee.”

b. Strategy, Metrics and Targets

Kyocera respects the human rights of all stakeholders involved in Kyocera Group including employees, customers, shareholders, investors and business partners, and promotes the reduction of human rights risks. To mitigate human rights risks and ensure a high level of transparency in the supply chain, Kyocera complies with laws and regulations such as the EU Conflict Minerals Regulation, investigates whether the minerals we procure are at risk of conflict, human rights violations, and other risks, and implements risk assessments and corrective measures. In addition, we also execute due diligence of human rights in cooperation with specialized agencies to facilitate identification of human rights risks, investigation for actual situation, corrective and mitigative measures. Kyocera revised the “Kyocera Group Human Rights Policy” in August 2024 through approval by the Board of Directors. Based on the commitment of top management, the policy reflects our stance of strengthening and promoting initiatives related to respect for human rights and is in accordance with the international guiding principles. Moreover, as a part of our effort to respect human rights, we are affiliated with the Responsible Business Alliance (RBA), and we provide education to prohibit harassment and discrimination for ourselves and our supply chain.

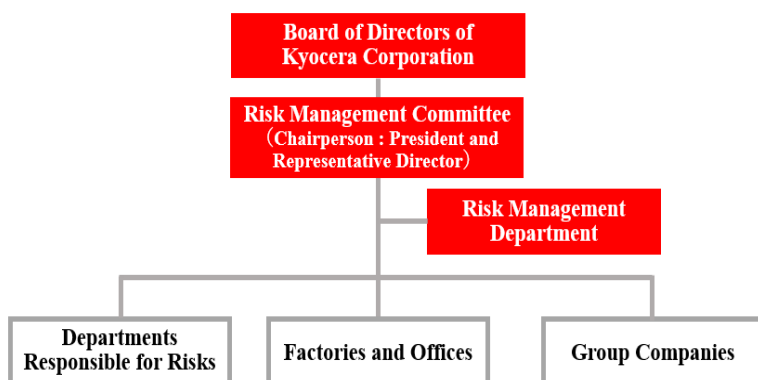
3. Risk Factors

Kyocera has established a risk management system and corporate risk management process to respond to global risks and strengthened risk management activities in Kyocera Group. In the matters described in business overview and financial information in this annual report, Kyocera's management recognizes the following major risks as described in (3) Risk Factors that may adversely affect Kyocera's financial position, operating results and cash flows, and are not an exhaustive list of all the risks to Kyocera. This section is determined as of the filing date of this annual report.

(1) Risk Management System

Kyocera regularly holds the "Risk Management Committee," chaired by Representative Director and President, to consider our risk management policy, deliberate and select corporate risks and risk owners, and to review the progress of measures. Proposals about corporate risks selected by the committee are resolved by the Board of Directors, and policies are shared among the responsible departments, factories and offices, and group companies. In addition, we have also strengthened the risk management system by establishing the Risk Management Department, a specialized department.

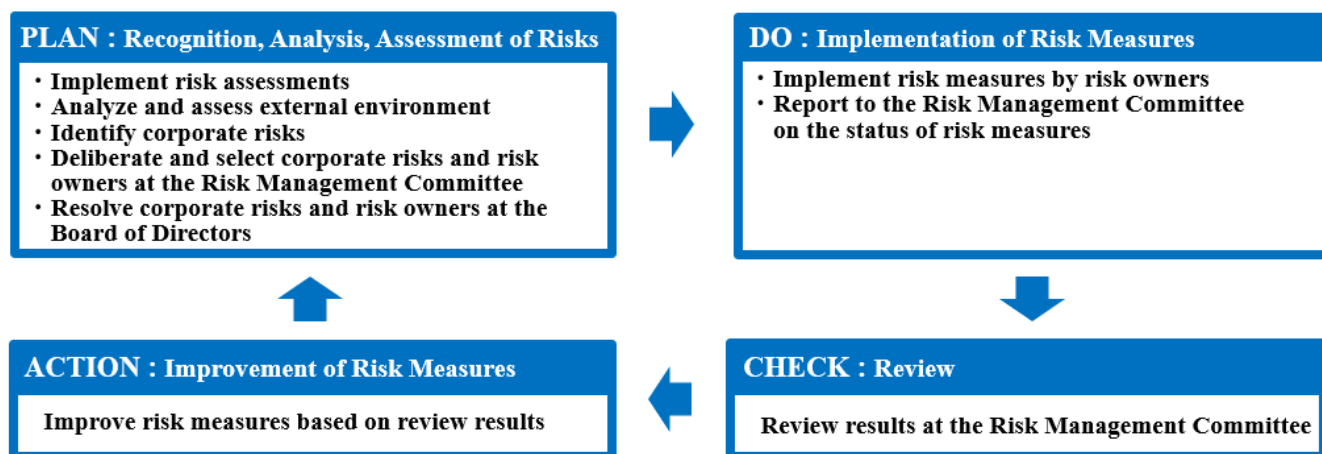
Organization Chart of Risk Management



(2) Management Process of Corporate Risks

Kyocera implements risk assessments to recognize, analyze and evaluate major risks. In addition, Kyocera also analyzes and evaluates risks that have been paid attention in reports by external experts, etc. Among the major risks within Kyocera Group and the risks that have been paid attention in the external environment, we identify corporate risks that have a particularly significant impact on management and need to be addressed and promote the following PDCA cycle by implementing risk measures, reviewing and improving risk measures.

Management Process Chart of Corporate Risks



(3) Risk Factors

The corporate risks identified through the above risk management process and the measures to be taken are as follows.

[Corporate Risks]

a. Risks Related to International Business Activities

In addition to Japan, Kyocera conducts business activities and makes investments in the United States and Europe, as well as Asia. In these overseas markets, Kyocera may be exposed to unexpected changes in laws and regulations, including those relating to economic security policies, investment regulations, restrictions on imports and exports of products and raw materials, restrictions on the repatriation of profits and increases in tariffs, due to unfavorable political, geopolitical and economic factors.

(Key measures)

Kyocera actively takes risk avoidance measures such as monitoring of country risks and strengthening efforts to prevent leakage of important technical information, by keeping abreast of the constantly changing international situation. With regard to investment regulations and regulations on repatriation of profits, Kyocera Corporation and each group company will strive to prevent and avoid such risks by promptly gathering information on regulatory changes at an early stage and taking appropriate measures such as transferring assets out of the country held in the relevant country. Kyocera is addressing risks in procuring raw materials related to export and import regulations by focusing on the development of alternative products that do not use high risk materials. At the same time, Kyocera is strengthening collaboration with relevant government agencies in each country, as well as industry associations and external expert organizations, to collect timely and accurate information and implement proactive measures. In addition, to minimize the impact of changes in social conditions across countries and regions, Kyocera has been building a global production system that includes sites in Japan, United States, Europe, Vietnam, China and other locations.

b. Risks Related to Human Rights

Human rights considerations have been gaining increasing importance globally, and human rights issues in the supply chain as well as in Kyocera must be addressed. Therefore, Kyocera may face risks of unexpected changes in laws and regulations or reputational risks.

(Key measures)

Kyocera respects the human rights of all stakeholders involved in the Kyocera Group including employees, customers, shareholders, investors and business partners, and promotes the reduction of human rights risks. To mitigate human rights risks and ensure a high level of transparency in the supply chain, Kyocera complies with laws and regulations such as the EU Conflict Minerals Regulation, investigates whether the minerals Kyocera procures present risks related to conflict, human rights violations, and other risks, and implements risk assessments and corrective measures. In addition, Kyocera also conducts human rights due diligence in cooperation with specialized agencies to facilitate identification of human rights risks, fact-finding investigations, corrective and mitigative measures. Kyocera revised the “Kyocera Group Human Rights Policy” in August 2024 through resolution by the Board of Directors. Based on the commitment of top management, the policy reflects Kyocera’s stance of strengthening and promoting initiatives related to respect for human rights and is in accordance with the international guiding principles. Moreover, as a part of Kyocera’s effort to respect human rights, Kyocera is a member of the Responsible Business Alliance (RBA), and Kyocera provides education to prohibit harassment and discrimination for its employees and supply chain partners.

c. Risks Related to Information Security

Kyocera holds important business information, including personal and confidential information obtained from Kyocera's customers. With respect to such information, there is a risk of information leakage, tampering, loss or business interruption due to system shutdown caused by information equipment failure, software malfunction, malware intrusion, and unauthorized access through advanced cyberattacks, etc. In the event of such a situation, Kyocera's financial position, operating results and cash flows may be adversely affected, and its reputation and competitive position may also be adversely affected by expenses related to additional security countermeasures and compensation for damages.

Moreover, to improve operational efficiency and productivity, and promote innovation, Kyocera is actively adopting AI technologies such as generative AI. However, regarding AI, there are concerns about information leakage of confidential and personal information, generation of erroneous or misleading information, infringement of intellectual property rights, ethical issues, etc. If measures taken to address these issues are inadequate, significant costs to restore trust may be incurred and business operations may be affected.

(Key measures)

Kyocera has established the "Basic Information Security Policy," which defines objectives, security measures and guidelines for action, to strengthen the understanding of the importance of information assets, to use and manage them appropriately, and to meet society's expectations. In accordance with the policy, Kyocera continuously strives to prevent and reduce information security risks. Based on the recognition of management strategy, product development, various types of know-how, and technologies as important assets of Kyocera, Kyocera has established "Information Security Regulations" for Kyocera Group and has developed a management system for information security. In addition, in order to maintain and ensure information security, Kyocera has established rules and guidelines which define requirements for employee compliance, and review them timely and provide education to employees. Kyocera has developed security measures for networks and IT assets and formulated Business Continuity Plan (BCP) to strengthen information security. In the case of external malware intrusion and cyberattacks, Kyocera takes measures against system vulnerabilities, intrusion prevention measures through system monitoring, and early detection, response, and recovery measures in the event of an incident.

Regarding personal information, based on the recognition that it constitutes an essential element of privacy, Kyocera has established various regulations such as "Personal Information Protection Policy" and "Personal Information Protection Regulations." Kyocera clearly states the purpose of use, clarifies management procedures, and ensures thorough management by regularly educating employees who handle personal information.

Additionally, to ensure lawful and smooth utilization of global business information, Kyocera has entered into intercompany data transfer agreements and complies with personal data transfer regulations in each country and region. Furthermore, in preparation for incidents such as personal information leaks, Kyocera has predefined necessary measures such as contacting relevant departments, preventing further damage, and conducting investigations, thereby striving to prevent the loss of social trust.

In addition, with regard to AI, Kyocera recognizes that while promoting its use to improve operational efficiency and productivity and to drive innovation, it is equally important to appropriately manage the ethical and social risks at each stage of development, provision, and use. To this end, Kyocera is promoting the use of AI on an internal cloud environment isolated from external networks, and has formulated and published the "Kyocera Group AI Ethics Principles" as Kyocera's basic approach to ensuring ethical considerations and social acceptance in the proper development and use of AI. Furthermore, by establishing an AI Ethics Committee and building a framework for formulating policies and rules related to the development, introduction, and use of AI, as well as for identifying and evaluating risks and considering necessary corrective measures, Kyocera is promoting the responsible development, provision, and use of AI.

d. Risks of Difficulties in Securing Superior Human Resources

In order for Kyocera to develop in the future, it is necessary to secure key personnel in the areas of engineering, sales and management. Kyocera believes that it is necessary to hire more talented personnel across all areas of its business. In recent years, competition for securing these talented personnel in various fields has become increasingly fierce, and Kyocera may not be able to retain its current workforce or increase the number of capable human resources in the future. In addition, if Kyocera does not enhance work-life balance and promote Diversity, Equity, and Inclusion (DEI), such as by introducing a work system that supports balancing work with childcare and nursing care, Kyocera may not be able to maintain existing human resources.

(Key measures)

Kyocera is taking measures to secure human resources with a view to the future, such as setting salary levels considering inflation and the labor market and promoting further localization of overseas business.

In addition, by introducing flexible work systems such as flextime system, Kyocera is working to enhance work-life balance, promote DEI, and create a work environment in which diverse human resources can play an active role with a sense of job satisfaction.

e. Risks Related to Earthquakes and Other Disasters

Kyocera has numerous development, manufacturing and business facilities in Japan and overseas. In Japan and other areas where such facilities are located, there may be impacts on the business due to unavoidable natural disasters such as earthquakes, tsunamis, typhoons, heavy rains, floods, heavy snow, volcanic eruptions, or large-scale disasters that affect the facilities of Kyocera and due to equipment failure and human errors. For instance, in the event of a strong earthquake, Kyocera's employees, development and manufacturing facilities could be devastated, operations would be suspended and manufacturing and shipment would be delayed. Kyocera may also incur a great amount of expenses for restoration of damaged facilities. In addition, if there is significant damage to social and economic infrastructure, it may cause traffic disruptions and power shortages and outages, and may affect Kyocera's supply chains or manufacturing operations. Furthermore, Kyocera may be unable to obtain raw materials if Kyocera's suppliers sustain damage and Kyocera may also face difficulties shipping its products if its customers sustain damage. Those damages set forth above, as well as any resulting general economic slowdown and lower consumption levels, may have a material adverse effect on Kyocera's consolidated financial position, operating results and cash flows.

(Key measures)

Kyocera has established a BCP system to deal with natural disasters such as earthquakes, or large-scale disasters due to equipment failure and human error, and continues its activities. In addition to measures to minimize damage to important management resources such as personnel, equipment, materials, and information, Kyocera has formulated early recovery plans and alternative supply measures in the event of a disaster, and implemented education and training to avoid business interruptions and enable early resumption of operation.

Other major risks are as follows.

[Risks Related to Kyocera's Business]

f. Risks Related to Changes in the Japanese and Global Economy

Kyocera is conducting business activities not only in Japan but also in countries around the world, and therefore may be significantly affected by economic conditions in those countries and regions. Regarding the Japanese and global economies during fiscal 2027, there are concerns that the extremely uncertain environment will continue, including the possibility of an economic slowdown and rapid fluctuations in foreign exchange rates, mainly due to factors such as rising raw material prices and geopolitical risks, including those in the Middle East. In Kyocera's principal markets, namely semiconductor related and information and communication related markets, AI-related investment is expected to remain steady, however, the automotive related market is expected to slow down. As a result of the uncertain economic environment, uncertainty regarding demand forecasts in each of Kyocera's businesses is increasing.

If the above risks materialize and have a more significant adverse impact than anticipated, Kyocera's financial position and operating results may fall short of Kyocera's expectations.

(Key measures)

Kyocera is working to establish a management structure that enables flexible responses to changes in the external environment, while promoting improvements in profitability and strengthening its business foundation. Specifically, in response to rising raw material prices, Kyocera will proceed with appropriate price pass-through to product prices, utilize alternative materials and sourcing, and continuously implement measures to improve productivity and reduce costs.

In addition, based on changes in demand structure, Kyocera will promote business portfolio reform through "selection and concentration," optimize the allocation of management resources through the improvement or withdrawal from unprofitable businesses and business transfers, and strengthen focused investments in growth areas such as advanced semiconductors and AI-related markets. Furthermore, by enhancing portfolio management through the use of ROIC and strengthening corporate planning functions, Kyocera will improve the accuracy of investment decisions and capital allocation.

Moreover, through the continuous execution of profitability improvement measures in the Organic Packages and Boards Business and KAVX Group, Kyocera will steadily advance structural reforms and aim to transform into a highly profitable business structure that is resilient to economic fluctuations and market uncertainties.

g. Risks Related to Currency Exchange Rate Fluctuations

As Kyocera conducts business in Japan and overseas, Kyocera is constantly affected by exchange rate fluctuations. Recently, uncertainty in financial markets has continued, mainly due to instability in the Middle East, and significant volatility in exchange rates is expected to persist. Such rapid fluctuations may affect Kyocera's financial position, operating results and cash flows, through impacts on business performance, the value of overseas assets and production costs, and may make it difficult to compare the results of business activities over time.

Changes in exchange rates may also adversely affect price competition between Kyocera and its foreign competitors for products sold in the same market as well as the cost of imported products required for Kyocera's business activities.

(Key measures)

In accordance with Kyocera's foreign exchange risk management policy, Kyocera mainly uses short-term forward contracts to mitigate such impacts. Kyocera is also working to reduce exchange rate risks at purchase prices by promoting local procurement of raw materials at overseas production sites.

h. Risks Related to the Competitive Environment of Kyocera's Products

Kyocera sells a wide variety of products and, therefore, faces a broad range of competitors from large international companies to relatively small, rapidly growing and highly specialized companies. The competitive environment of Kyocera is not limited to these areas. It is possible that the competitive environment will constantly change due to emergence of competitors that pose new threats, including emerging economies that have competitive advantages in terms of cost structure and other factors. Unlike many of Kyocera's competitors that specialize in a particular business area, Kyocera operates in a diverse range of businesses and may not be able to invest as much in individual business areas as Kyocera's competitors. These competitors may have more financial, technical and marketing resources available than Kyocera's individual businesses. Competitive factors vary by business segment, but prices and delivery dates are key factors that affect all Kyocera's business segments. Depending on demand and competitive conditions, price pressure is generally constant, and therefore, product prices are expected to decline in the future, and may consequently affect Kyocera's financial position, operating results and cash flows.

(Key measures)

Kyocera has management resources from materials technology to components, devices and equipment, and systems and services. In order to make effective use of these management resources, Kyocera is working to secure a competitive advantage by strengthening cooperation within the group and providing high value-added products. In addition, in the business where Kyocera develops, produces and distributes specialized parts for its customers' products, Kyocera is working to strengthen Kyocera's competitiveness by quickly developing new products that meet customer requirements. Moreover, in response to price decline, Kyocera is working to reduce costs and achieve high competitiveness by thoroughly managing profitability for each division through the practice of its own management system "Amoeba Management System."

i. Risks Related to Fluctuations in the Price of Raw Materials Used in Production Activities and the Supply Capacity of Suppliers

Raw materials used in Kyocera's production activities are constantly subject to price fluctuations, and as such, higher raw material prices and higher transportation costs due to higher crude oil prices may lead to higher manufacturing costs. Such increases in the manufacturing costs may not be passed on to the sales price of products and may reduce Kyocera's profitability. When the cost of raw materials exceeds net realizable value, the raw materials are written down to net realizable value, which is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale, and there is a possibility of writing down in the future.

In addition, Kyocera relies on certain suppliers for some of the raw materials consumed in its production activities. If demand for these suppliers becomes excessive or if supply to Kyocera becomes constrained due to unforeseen large scale geopolitical risks, Kyocera's production activities may be delayed or disrupted. In the event of a significant delay in the supply of such materials, Kyocera may not be able to immediately secure a source of supply on behalf of a particular supplier or to secure materials at a reasonable price. An increase in the price and raw material shortages may reduce demand for Kyocera's products.

(Key measures)

In purchasing activities, Kyocera has established "Basic Policy on Purchasing," which selects reliable suppliers through various surveys related to the company's general situation and sustainability. It also makes purchasing from multiple companies, and Kyocera strives to ensure stable procurement at appropriate prices. In response to the recent rise in labor costs, raw materials, energy, etc., Kyocera has been discussing appropriate price pass-through from suppliers and negotiating appropriate price pass-through with customers. In addition, because Kyocera has a wide range of businesses, Kyocera is working to improve its ability to negotiate prices by taking advantage of economies of scale in the procurement of raw materials and components, and is also working to reduce costs in each business. In addition, Kyocera also procures some of raw materials and components within the group for use in its businesses, which range from materials and components to devices, equipment, systems and services. This allows Kyocera to consider measures such as switching to procurement within the group if Kyocera is unable to secure materials and components procured externally.

j. Risks Related to Manufacturing Delays or Defects Resulting from Outsourcing or Internal Manufacturing Processes

Kyocera outsources the fabrication of certain components and sub-assemblies of its products, often to a single or limited number of suppliers. Several suppliers require very complex manufacturing processes or long lead-times, which can delay the supply of components and sub-assemblies. Failure to deliver these components and assemblies in a timely manner or with insufficient quality or reliability could have material impact on the production of the products involved and could delay or disrupt Kyocera's production. Furthermore, in the manufacturing process, there are cases where products cannot be delivered due to contamination with minute impurities or problems in the production process or where other products are out of specification. These factors can result in lower-than-expected production yields, delays in product shipments, and claims for damages, all of which may materially and adversely affect Kyocera's operating results. Moreover, there is a possibility of incurring significant expenses and loss of reputation in the event of recall or large-scale product accidents. In addition to these risks, in certain operations with a high proportion of fixed costs, decreases in production volume or capacity utilization may adversely affect Kyocera's financial position, operating results and cash flows.

(Key measures)

In selecting outsourcing contractors, Kyocera has established "Basic Policy on Purchasing" and selects outsourcing contractors after careful consideration. Kyocera supplies raw materials and components, and leases equipment and manufacturing specifications to subcontractors for manufacturing processes established in-house. These processes meet delivery dates and quality requirements of customers under the same production and quality management systems as Kyocera.

Kyocera supplies products to customers under strict quality control based on the quality standards appropriate for each industry. Kyocera is also working to reduce risk by continuously implementing quality improvement activities using data science and productivity improvement activities using AI and robots.

k. Risks Related to R&D and Capacity Expansion Not Achieving Expected Results

In recent years, new technologies such as AI and 5G/6G have made rapid progress. These new technologies are expected to spread not only to the information and communication fields, in products such as smartphones and servers, but also to a wider range of industries such as automobiles and factory automation. Under these circumstances, demand for fine ceramic components and electronic components, which Kyocera provides, is also expected to grow over the medium- to long-term, and technological requirements from customers are expected to become more sophisticated. In addition, along with the evolution of technology, there is a growing need for technologies and services that contribute to solving various social issues, including environmental responses such as decarbonization, and the advancement of smarter production sites to cope with a declining labor population. Kyocera is constantly expanding its production and development capabilities to meet market demand. If Kyocera cannot expand its production and development capabilities in response to these market trends and establish a supply system to respond to changes in needs in a timely manner due to unexpected technical delays or changes in customer policies, Kyocera may not be able to achieve the expected results from newly produced products or developed technologies. In addition, products resulting from in-process research and development activities in Kyocera may not receive the expected evaluation in the market.

(Key measures)

Kyocera is currently undertaking structural reforms based on a fundamental policy of pursuing competitive advantage and concentrating management resources on increasing profitability. Kyocera will strive to mitigate the aforementioned risks by appropriately reviewing investment areas and development themes from the perspectives of investment efficiency and competitive advantage, thereby optimizing growth investments such as capital expenditures and research and development activities.

l. Risks Related to Companies or Assets Acquired by Kyocera May not Produce Returns or Benefits, or Bring in Anticipated Business Opportunities

Kyocera considers and may acquire companies or assets through merger and acquisitions to develop its business. However, there is a possibility that Kyocera will not be able to integrate the operations, products and personnel of the acquired companies with its own in an efficient manner. Nor can there be any assurance that Kyocera will be able to achieve operational and financial returns or benefits, or bring in new business opportunities, which it expects from the acquisition. In addition, Kyocera may not be able to efficiently manufacture products or provide services as planned, and the demand for such products or services may not be at the levels that Kyocera predicts. Kyocera also conducts investments for the purpose of collaboration without obtaining a controlling interest; however, due to limited involvement in business operations and decision-making, the results may differ from Kyocera's expectations. As a result, the inability to use the companies and assets acquired through acquisitions as expected could have a material adverse effect on Kyocera's business. In case the above assets are considered to be impaired, a loss on impairment is recognized based on the amount by which the carrying value exceeds the recoverable amount of these assets. Such losses on impairment may materially affect Kyocera's consolidated financial position and operating results. In addition, collaboration with other companies, academic institutions, governmental organizations, etc., may affect Kyocera in the same way as above.

(Key measures)

Kyocera carefully deliberates business plans that reasonably and conservatively estimate the expected effects of acquisitions, asset purchases and collaborations, and other investment decisions at the time of investment decision-making, based on reviews of business value by outside experts. Subsequent to acquisition, Kyocera promotes Post Merger Integration (PMI), monitors the degree of achievement of its business plans, and implements appropriate measures to avoid the risk of loss.

m. Risks Related to Outbreaks of Infectious Disease, Terrorism, Wars or Similar Events

As Kyocera expands its business globally, Kyocera is exposed to risks from outbreaks of infectious disease, terrorism, war and other similar events. In the case that those events occur, Kyocera's operating activities such as R&D, manufacturing, sales and services may be interrupted, disrupted or postponed. It may also disrupt markets and supply chains in which Kyocera is involved. If such situations continue for a long period of time, Kyocera's financial position, operating results and cash flows may be adversely affected.

(Key measures)

For high-risk infectious diseases, Kyocera implements measures based on government guidelines and Kyocera's internal regulations to prevent infections.

In addition, in the event of an armed conflict, such as a war or conflict that is expected to have a significant impact, Kyocera will establish a task force at its headquarters to deal with the risks associated with centralizing important information on Kyocera Group, and discussing the issues that require response.

[Risks Related to Legal Restrictions and Litigations]

n. Risk Related to Trade Secrets, Intellectual Property and Brand Value of Kyocera

Kyocera's trade secrets and other intellectual property must be protected in order for Kyocera to develop in the future and to establish and maintain its dominant position in the marketplace. The occurrence of any of the following situations may adversely affect Kyocera's financial position, operating results and cash flows.

- If an employee possessing Kyocera's trade secrets inappropriately leaks them either while employed or after changing jobs.
- If partners such as joint ventures, customers, or external contractors inappropriately leak Kyocera's trade secrets.
- If an employee who has joined Kyocera from another firm inappropriately diverts that company's information to Kyocera's business activities.
- If counterfeit products that damage Kyocera's brand value are sold.
- If Kyocera's uniquely developed technologies, products (including systems and software) and services, for which Kyocera holds intellectual property rights, are infringed upon by another company.

Kyocera also strategically files for intellectual property applications, which may not be registered, may be invalidated, or may be designed to circumvent Kyocera's intellectual property rights.

(Key measures)

To protect Kyocera's trade secrets, Kyocera enters into various agreements, such as pledges and non-disclosure agreements, with employees, joint venture partners, customers, and external contractors as needed. In addition, for employees who transfer to Kyocera from other companies, Kyocera requires them to pledge not to misappropriate any confidential information from their former company for use in Kyocera's business, in accordance with the attributes of the former company. Furthermore, Kyocera integrates its business strategy with its intellectual property strategy and promotes the enhancement of its competitiveness through the utilization of intellectual property. With respect to technologies, products, and services developed independently by Kyocera, Kyocera has acquired intellectual property rights both in Japan and overseas to eliminate infringers. Kyocera increases the possibility of patent registration by filing several patent applications for intellectual property after conducting prior art searches. Kyocera also obtains several strong intellectual property rights that strategically cover its relevant business areas and products from various perspectives, and contributes to Kyocera's business by utilizing these intellectual properties. Furthermore, to maintain and improve the value of Kyocera's brand, Kyocera takes enforcement actions against counterfeit products.

o. Licensing Risks Required to Continue Manufacturing and Selling Kyocera's Products

From time to time, Kyocera has received notice of claims of infringement of other parties' proprietary rights and has received requests for compensation for licenses. Similar cases may occur in the future. Especially for products related to telecommunications technology, Kyocera may be required to pay high licensing fees for third party standard essential patents. Accordingly, there can be no assurance that:

- infringement claims (or claims for indemnification resulting from infringement claims) will not be asserted against Kyocera,
- future assertions against Kyocera will not result in an injunction against the sale of infringing or allegedly infringing products or otherwise significantly impair its business and results of operations; or
- Kyocera will not be required to obtain licenses, the expense of which may adversely affect its results of operations.

(Key measures)

When developing new technologies, products and services, Kyocera investigates intellectual property rights owned by other companies in advance and works to mitigate the risks of intellectual property before launching business. If other companies still assert infringements, Kyocera will deal with them in good faith and aim to solve them by paying the settlement or the appropriate license fee if necessary.

p. Risks Related to Compliance

Kyocera strives to ensure thorough compliance based on its corporate philosophy “Kyocera Philosophy” that is based on the principle of “what is the right thing to do as a human being.” However, if the compliance is not thoroughly implemented sufficiently and a violation of laws or social norms occurs, it may affect Kyocera’s consolidated financial position, operating results and cash flows by suspension of transactions from customers due to a loss of credibility, payment of penalties and claims for damages.

(Key measures)

Kyocera understands that compliance is an important activity as an extension of its management rationale and corporate philosophy “Kyocera Philosophy,” and that compliance with related laws and regulations of each country is an extremely important activity that leads to the trust of stakeholders. Kyocera is actively engaged in compliance activities, such as the establishment of a specialized department (the Global Compliance Division) and the adoption of the “Kyocera Compliance Statement.” In addition, Kyocera ensures that its corporate activities are in compliance with laws and regulations and in accordance with social norms, by taking measures including management by each division in charge of a specific law or regulation, the establishment of an in-house communication system for notification of the enactment or revision of a law or regulation, the establishment of whistleblower reporting system, the establishment of compliance promotion month focused on the measures to enhance the compliance awareness of all employees and the periodical provision of compliance training to officers and employees. Kyocera also regularly holds the “Global Legal, Compliance and Intellectual Properties Meeting,” in which legal, compliance and intellectual properties affairs personnel of major domestics and overseas subsidiaries participate in order to detect and share compliance risks globally. The participants share their compliance activities and discuss various legal issues affecting Kyocera Group at the meeting.

q. Risks Related to Environmental Liability and Costs

Kyocera is subject to various environmental laws and regulations in Japan and other countries, including the greenhouse gas mitigation, air pollution, soil contamination, wastewater discharges, the handling, disposal and remediation of hazardous substances, wastes and certain chemicals, product recycling, health, safety and property protection of employees and community residents, and labeling of substances used in its products. As well as Kyocera’s current operations, these laws and regulations can be applied to Kyocera’s past operations and may be applicable to the past operations of businesses acquired from other companies even if such operations occurred before Kyocera’s acquisitions. Kyocera establishes reserves for specifically identified potential environmental liabilities when such liabilities are probable and can be reasonably estimated. In case Kyocera fails to comply with such laws and regulations, Kyocera could be required by the relevant governmental organizations to pay penalty costs or remediation compensation. Furthermore, Kyocera may make voluntary payments to compensate for environmental problems if Kyocera deems such compensation to be necessary. The cost obligations noted above may adversely affect Kyocera’s financial position, operating results and cash flows.

(Key measures)

Kyocera has established “Kyocera Group Environmental Safety Policy,” which includes reduction in environmental loads through product life cycle and control of greenhouse gas emissions throughout the value chain, to promote comprehensive measures for environmental safety based on its management rationale in business activities. In addition, Kyocera strives to thoroughly comply with environment-related laws and to appropriately understand and respond to changes in regulations.

r. Risks Related to Global Climate Change

The environmental laws and regulations applicable to Kyocera may be more stringent or the scope of the laws and regulations may be expanded in the future due to factors including global climate change. Insufficient or delayed response to the unexpected rapid transition to a decarbonized society may result in increased cost and a decline in the corporate brand.

With regard to risks of transition to a decarbonized society, if updated emission reduction targets in each country are higher than Kyocera's targets, or if a carbon tax is introduced, Kyocera's manufacturing costs may increase temporarily. Also, if customers demand more carbon-free products, Kyocera's manufacturing costs may increase. On the other hand, social decarbonization can be seen as an opportunity that leads to the growth of Kyocera's energy-related businesses.

In terms of physical risks, in the event of severe extreme weather, there is a possibility that costs related to suspension of operations, decrease in production, and restoration of facilities due to natural disasters, as well as expenses for natural disaster countermeasures and insurance premiums may increase. In addition, there is a possibility that production may decrease due to water shortages.

(Key measures)

Kyocera regards climate change as one of the important management issues. The "Kyocera Group Sustainability Committee" in Kyocera, chaired by Representative Director and President, determines long-term environmental targets and deliberates on measures to achieve them.

Kyocera is also working to promote renewable energy through the promotion of energy-related businesses and to reduce greenhouse gas emissions through energy conservation and the introduction of renewable energy in the manufacturing process.

Please refer to "2. Views and Initiatives on Sustainability (1) Initiative of Climate Change d. Metrics and Targets" for Kyocera Group's long-term environmental targets.

[Risks Related to Financial and Accounting]

s. Credit Risk on Trade Receivables Due to Its Customers' Worsening Financial Condition

Kyocera maintains allowance for credit losses related to trade receivables for estimated losses resulting from customers' inability to make timely payments. However, trade receivables in the ordinary course of business are not entirely covered by collateral or credit insurance. Therefore, if it becomes difficult to collect receivables from customers due to deterioration in the economic environment, a significant amount of unsecured receivables may arise, which may adversely affect Kyocera's financial position, operating results and cash flows.

(Key measures)

Kyocera sets collection terms and credit limits for each obligor in accordance with its credit management rules, and periodically reviews each obligor's credit. The deadline for collection is also managed daily. In the event of collection delays or credit concerns, Kyocera works to reduce credit risk by measures of credit protection on a case-by-case basis, such as collection of receivables, modification of loan terms, and procurement of collateral and guarantees.

t. Risks Related to Investments in Equity Securities and Other Investments that Kyocera Holds

Kyocera holds investments in equity securities other than those of Kyocera's subsidiaries and affiliates with the objective of improving Kyocera's corporate value in the medium to long-term, focusing on corporate growth through maintenance of business relationships, realization of profits through shareholdings, and their strategic importance. A substantial portion of Kyocera's investment is in shares of KDDI Corporation, a Japanese telecommunications service provider. Kyocera has been holding its shares since Kyocera founded Daini Denden Inc. (current KDDI Corporation). As of March 31, 2026, Kyocera held 13.42% of outstanding shares of KDDI Corporation. As the investment in shares of KDDI Corporation accounts for approximately 33% of Kyocera's total assets, fluctuations in the market value of the shares of KDDI Corporation may have a significant impact on Kyocera's financial position.

(Key measures)

As for cross-shareholdings, which are part of all equity instruments including KDDI shares, as a result of annual examination of Kyocera's shareholdings, if Kyocera judges that a particular shareholding does not provide value to Kyocera, Kyocera will reduce such shareholding. Kyocera also monitors stock prices on regular basis to detect the possibility that fluctuations in stock prices may have a material impact on its financial position.

In fiscal 2024, to further reduce such shareholdings, Kyocera has set an immediate reduction target of its shareholdings by at least 5% on a book value basis by fiscal 2026. Kyocera has reduced its cross-shareholdings by approximately 18% on a book value basis by fiscal 2026. Furthermore, as a new quantitative target, Kyocera has established a reduction plan to reduce the ratio of such shareholdings to net assets to below 20% by around the year ending March 2031.

u. Risks Related to Impairment Losses on Property, Plant and Equipment, Goodwill and Intangible Assets

Kyocera has many property, plant and equipment, goodwill and intangible assets. Property, plant and equipment and intangible assets with definite useful lives are tested for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Goodwill and intangible assets with indefinite useful lives, rather than being amortized, are tested for impairment annually, and also following any events and changes in circumstances that might lead to impairment. In case the above assets are considered to be impaired, a loss on impairment is recognized based on the amount by which the carrying value exceeds the recoverable amount of these assets. Such losses on impairment may materially affect Kyocera's consolidated financial position and operating results.

(Key measures)

As mentioned in "1. Risks Related to Companies or Assets Acquired by Kyocera May not Produce Returns or Benefits, or Bring in Anticipated Business Opportunities," in making decisions on investment such as corporate acquisitions, asset purchase, and business collaborations, Kyocera carefully deliberates on business plans that reasonably and conservatively estimate their effects at institutional meetings with external expert reviews. After acquisition, Kyocera promotes PMI and monitors the degree of achievement against the initial business plan and accordingly implements appropriate measures to avoid the risk of making a loss.

v. Risks Related to Uncertainty of Income Taxes

Kyocera recognizes deferred tax assets only when it is probable that they will be available against future taxable profits. If future taxable profit is lower than expected due to future market conditions or poor operating results, significant adjustments to deferred tax assets may be required. Kyocera records liabilities for uncertain tax positions based on the premise of being subject to income tax examination by tax authorities, when it is probable that uncertain tax positions will not be sustained. Actual results, such as settlements with tax authorities, may differ from Kyocera's recognition. Kyocera may be exposed to unexpected changes in laws and regulations related to transfer pricing legislation and anti-tax haven regulations.

(Key measures)

Kyocera strives to avoid changes in the collectability of deferred tax assets by checking the degree of achievement in the annual business plans of its subsidiaries in a timely manner and taking appropriate measures on a case-by-case basis. For overseas tax regulations, Kyocera strives to reduce tax risks by establishing a relationship of trust with the tax authorities of each country through timely and appropriate submission of tax information, and conducting prior inquiries as necessary. In particular, international transactions within the group are carried out based on the arm's-length prices in accordance with the OECD Transfer Pricing Guidelines, and pay taxes appropriately by utilizing Advance Pricing Agreement with tax authorities. In addition, Kyocera prevents the transfer of tax sources to countries and regions with low tax rate (so called "tax havens") for the purpose of excessive tax avoidance, and Kyocera strives to make appropriate tax returns in accordance with each country's tax regulations.

w. Changes in Accounting Standards May Adversely Impact Kyocera's Financial Position and Operating Results

Adoption of new accounting standards, or changes in accounting standards may have an effect on Kyocera's consolidated financial position and operating results. In addition, if Kyocera modifies its accounting software or information systems to introduce changes in accounting standards, certain investments or expenses may be required.

(Key measures)

Since the consolidated financial statements of Kyocera have been prepared in accordance with IFRS, Kyocera has established a dedicated function to appropriately respond to IFRS, and a system has been put in place to respond to the new accounting standards by obtaining standards and interpretations issued by the International Accounting Standards Board as needed. Changes in accounting standards are disclosed appropriately after ascertaining its impact on Kyocera's financial position and operating results. Furthermore, although a certain amount of investment is required in order to establish effective internal control over financial reporting in the event of a change in accounting standards, the necessity of investment is determined based on an appropriate understanding of the changes.

4. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows

Future expectations included in this section are as of March 31, 2026.

(1) Summary of Performance

During the year ended March 31, 2026 ("fiscal 2026"), the global economy remained solid, supported the global implementation of fiscal and monetary policies. However, uncertainty increased due to trade policies of the United States as well as geopolitical tensions. In our principal markets, namely semiconductor-related markets and information and telecommunication-related markets, robust AI and datacenter-related demand continued.

Sales revenue for fiscal 2026 review increased compared with the year ended March 31, 2025 ("fiscal 2025"). Sales revenue of the Core Components Business increased, primarily due to increased sales revenue in the Semiconductor Components Unit, which more than offset a decrease in sales revenue in the Solutions Business attributable mainly to the transfer of our U.S. subsidiary, Kyocera Industrial Tools, Inc.

Profits increased significantly in fiscal 2026. In comparison with fiscal 2025, in which impairment losses and related charges were recorded in the Core Components Business, operating profit and profit before income taxes increased substantially, mainly due to the recognition of a gain on the transfer of subsidiaries in fiscal 2026, the positive effect of increased sales revenue, and the progress of structural reforms. In addition, profit attributable to owners of the parent increased significantly compared with fiscal 2025 as tax expenses decreased mainly due to an increase in tax credits, etc.

(Yen in millions)

	For the year ended March 31,				Change	
	2025		2026			
	Amount	%*	Amount	%*	Amount	%
Sales revenue	2,014,454	100.0	2,070,203	100.0	55,749	2.8
Operating profit	27,299	1.4	118,138	5.7	90,839	332.8
Profit before income taxes	63,631	3.2	168,994	8.2	105,363	165.6
Profit attributable to owners of the parent	24,097	1.2	140,969	6.8	116,872	485.0
Average US\$ exchange rate (Yen)	153	—	151	—	—	—
Average Euro exchange rate (Yen)	164	—	175	—	—	—

* % represents the percentage to sales revenue.

(2) Financial Position and Operating Results

a. Sales Revenue

Sales revenue for fiscal 2026 increased by 55,749 million yen, or 2.8%, to 2,070,203 million yen as compared with 2,014,454 million yen in fiscal 2025. Sales revenue of the Core Components Business increased, primarily due to increased sales revenue in the Semiconductor Components Unit, which more than offset a decrease in sales revenue in the Solutions Business attributable mainly to the transfer of our U.S. subsidiary, Kyocera Industrial Tools, Inc. in January 2026.

b. Cost of Sales and Gross Profit

In fiscal 2026, cost of sales was 1,462,560 million yen, almost flat as compared with 1,455,280 million yen in fiscal 2025.

Raw material costs of 533,269 million yen accounted for 36.5% of total cost of sales in fiscal 2026, which increased by 9,955 million yen, or 1.9%, from 523,314 million yen in fiscal 2025. Labor costs of 303,120 million yen accounted for 20.7% of total cost of sales in fiscal 2026, which increased by 4,022 million yen, or 1.3%, from 299,098 million yen in fiscal 2025. Depreciation charge of 97,178 million yen accounted for 6.6% of total cost of sales in fiscal 2026, which decreased by 5,259 million yen, or 5.1%, from 102,437 million yen in fiscal 2025.

As a result, gross profit in fiscal 2026 increased by 48,469 million yen, or 8.7%, to 607,643 million yen from 559,174 million yen in fiscal 2025. The gross profit ratio increased by 1.6 percentage points from 27.8% to 29.4%.

c. Selling, General and Administrative Expenses and Operating Profit

In fiscal 2026, selling, general and administrative expenses decreased by 19,857 million yen, or 3.7%, to 512,622 million yen from 532,479 million yen in fiscal 2025. This was mainly due to the recording of an impairment loss of 40,148 million yen on property, plant and equipment and other assets in the Organic Packages and Boards Business as a one-time cost in fiscal 2025, despite cost increase factors such as the impact of an increase in labor costs in fiscal 2026.

In addition, “Gains from sales of businesses,” which had been included in “Selling, general and administrative expenses” for fiscal 2025 is presented as a separate line item of 23,117 million yen in the consolidated statement of profit and loss from fiscal 2026 due to its increased materiality. To reflect this change in presentation, 604 million yen previously included in “Selling, general and administrative expenses” in fiscal 2025 has been reclassified to “Gains from sales of businesses.”

Labor costs of 287,278 million yen accounted for 56.0% of total selling, general and administrative expenses in fiscal 2026, which increased by 8,551 million yen, or 3.1%, from 278,727 million yen in fiscal 2025. Sales promotion and advertising costs of 49,907 million yen, accounted for 9.7% of total selling, general and administrative expenses in fiscal 2026, which decreased by 2,638 million yen, or 5.0%, from 52,545 million yen in fiscal 2025. Depreciation charge of 51,278 million yen, accounted for 10.0% of total selling, general and administrative expenses in fiscal 2026, which increased by 1,510 million yen, or 3.0% from 49,768 million yen in fiscal 2025.

As a result, operating profit in fiscal 2026 increased by 90,839 million yen, or 332.8%, to 118,138 million yen, compared with 27,299 million yen in fiscal 2025. The operating profit ratio to sales revenue increased by 4.3 percentage points to 5.7% in fiscal 2026, compared with 1.4% in fiscal 2025.

d. Finance Income

Finance income in fiscal 2026 increased by 707 million yen, or 1.2%, to 61,548 million yen, compared with 60,841 million yen in fiscal 2025.

e. Finance Expenses

Finance expenses in fiscal 2026 decreased by 13,751 million yen, or 49.7%, to 13,902 million yen, compared with 27,653 million yen in fiscal 2025. This was due mainly to recognition of foreign exchange losses resulting from the appreciation of the yen against the U.S. dollar in fiscal 2025.

Kyocera typically enters into forward exchange contracts to reduce currency exchange risks on foreign currency denominated receivables and payables. Kyocera confines its use of forward exchange contracts for hedging its foreign exchange rate exposures, and does not utilize forward exchange contracts for trading purposes.

f. Profit or Loss of Investments Accounted for Using the Equity Method

The loss of investments accounted for using the equity method in fiscal 2026 was 847 million yen representing an increase of 682 million yen compared with the loss of 165 million yen in fiscal 2025.

g. Profit Before Income Taxes

Profit before income taxes in fiscal 2026 increased by 105,363 million yen, or 165.6%, to 168,994 million yen compared with 63,631 million yen in fiscal 2025. The ratio of profit before income taxes to sales revenue increased by 5.0 percentage points to 8.2% compared with 3.2% in fiscal 2025.

The significant increase in profit was mainly due to the recognition of a gain in the amount of 16,792 million yen net of related expenses from the transfer of Kyocera Industrial Tools, Inc. in the Solutions Business, in addition to an increase in sales revenue and the progress of structural reforms. This increase is in comparison with fiscal 2025, when a loss on impairment of property, plant and equipment, etc. in the amount of approximately 40,148 million yen was recorded in the Organic Packages and Boards Business within the Core Components Business.

h. Income Taxes

Income taxes in fiscal 2026 decreased by 12,103 million yen, or 33.5% to 24,074 million yen, of which the effective tax rate was 14.2%, compared with 36,177 million yen in fiscal 2025, of which the effective tax rate was 56.9%. This was mainly due to a decrease in tax expenses in fiscal 2026, primarily resulting from an increase in tax credits, etc., which was due to higher taxable income mainly caused by the sale of KDDI shares and other factors, while tax expenses for fiscal 2025 had increased due to the reversal of deferred tax assets, etc. at overseas subsidiaries.

i. Profit Attributable to Non-controlling Interests

Profit attributable to non-controlling interests in fiscal 2026 increased by 594 million yen, or 17.7%, to 3,951 million yen compared with 3,357 million yen in fiscal 2025.

j. Business Performance Overview by Reporting Segment

Core Components Business

Sales revenue for fiscal 2026 increased by 61,709 million yen, or 10.4%, to 653,429 million yen, as compared with fiscal 2025. Business profit increased by 64,971 million yen to 63,082 million yen, as compared with fiscal 2025. The business profit ratio for fiscal 2026 was 9.7%.

Sales revenue increased mainly due to increased sales in the Semiconductor Components Unit, including sales of ceramic packages for the information and telecommunication-related markets and organic packages for data centers. Business profit increased significantly due to increased sales revenue and the positive effect of structural reforms, as well as a decrease in the amount of one-time costs*.

*One-time costs in fiscal 2025: Loss for impairment of property, plant and equipment, etc. in the amount of approximately 43.0 billion yen in the Organic Packages and Boards Business

One-time costs in fiscal 2026: Write-down of idle assets in the Organic Packages and Boards Business and loss for impairment of the former Displays Business in the Automotive Systems Business in total of approximately 10.0 billion yen

Electronic Components Business

Sales revenue for fiscal 2026 increased by 8,840 million yen, or 2.5%, to 363,486 million yen, as compared with fiscal 2025. Business profit increased by 8,134 million yen to 7,316 million yen, as compared with fiscal 2025. The business profit ratio for fiscal 2026 was 2.0%.

Sales revenue increased mainly due to increased sales of capacitors, etc. for the automotive and the information and telecommunication-related markets in Kyocera AVX Components Corporation Group (“KAVX Group”), which more than offset the negative impact of the appreciation of the yen against the U.S. dollar. Business profit increased, mainly due to the increased sales revenue and the positive effects of structural reforms in KAVX Group, which more than offset the negative impact of a one-time cost of approximately 1.5 billion yen incurred in fiscal 2026 in connection with the transfer of the silicon diode power semiconductor business.

Solutions Business

Sales revenue for fiscal 2026 decreased by 15,448 million yen, or 1.4%, to 1,070,919 million yen, as compared with fiscal 2025. On the other hand, Business profit increased by 30,247 million yen, or 41.0%, to 103,943 million yen, as compared with fiscal 2025. The business profit ratio for fiscal 2026 improved from 6.8% to 9.7%.

Sales revenue decreased, mainly due to the completion of the transfer of Kyocera Industrial Tools, Inc., which caused a negative impact. Business profit increased due to a one-time gain of approximately 17.0 billion yen from the transfer of Kyocera Industrial Tools, Inc., as well as profit improvement efforts, etc. in each business.

Sales Revenue by Reporting Segment

(Yen in millions)

	For the year ended March 31,				Change	
	2025		2026			
	Amount	%*	Amount	%*	Amount	%
Core Components Business	591,720	29.4	653,429	31.6	61,709	10.4
Industrial & Automotive Components Unit	241,871	12.0	250,069	12.1	8,198	3.4
Semiconductor Components Unit	327,049	16.3	379,432	18.3	52,383	16.0
Others	22,800	1.1	23,928	1.2	1,128	4.9
Electronic Components Business	354,646	17.6	363,486	17.5	8,840	2.5
Solutions Business	1,086,367	53.9	1,070,919	51.7	(15,448)	(1.4)
Industrial Tools Unit	305,876	15.2	285,936	13.8	(19,940)	(6.5)
Document Solutions Unit	479,964	23.8	478,479	23.1	(1,485)	(0.3)
Communications Unit	225,497	11.2	219,158	10.6	(6,339)	(2.8)
Others	75,030	3.7	87,346	4.2	12,316	16.4
Others	17,114	0.9	14,196	0.7	(2,918)	(17.1)
Adjustments and eliminations	(35,393)	(1.8)	(31,827)	(1.5)	3,566	—
Sales revenue	2,014,454	100.0	2,070,203	100.0	55,749	2.8

* % represents the component ratio.

Business Profit (Loss) by Reporting Segment

(Yen in millions)

		For the year ended March 31,				Change	
		2025		2026			
		Amount	%*	Amount	%*	Amount	%
Core Components Business		(1,889)	—	63,082	9.7	64,971	—
	Industrial & Automotive Components Unit	23,295	9.6	18,730	7.5	(4,565)	(19.6)
	Semiconductor Components Unit	(26,447)	—	46,933	12.4	73,380	—
	Others	1,263	5.5	(2,581)	—	(3,844)	—
Electronic Components Business		(818)	—	7,316	2.0	8,134	—
Solutions Business		73,696	6.8	103,943	9.7	30,247	41.0
	Industrial Tools Unit	15,707	5.1	35,196	12.3	19,489	124.1
	Document Solutions Unit	49,038	10.2	45,115	9.4	(3,923)	(8.0)
	Communications Unit	9,347	4.1	12,116	5.5	2,769	29.6
	Others	(396)	—	11,516	13.2	11,912	—
Others		(46,990)	—	(41,168)	—	5,822	—
Total business profit		23,999	1.2	133,173	6.4	109,174	454.9
Corporate gains and others		39,632	—	35,821	—	(3,811)	(9.6)
Profit before income taxes		63,631	3.2	168,994	8.2	105,363	165.6

* % represents the percentage to sales revenue of each corresponding segment.

(Note) Kyocera decided to change the classification of Jewelry & Applied Ceramic Related Products Business, which was included in “Others” under “Core Components Business” to “Others” under “Solutions Business” and Displays Business, which was included in “Others” under “Solutions Business” to “Industrial & Automotive Components Unit” under “Core Components Business” from the beginning of the year ended March 31, 2026. Kyocera decided to change the classification of a part of “Industrial & Automotive Components Unit” under “Core Components Business” to “Semiconductor Components Unit” under “Core Components Business” from January 1, 2026. With these changes, the business result for the year ended March 31, 2025 has been reclassified in the same manner.

k. Corporate Gains and Others

Corporate gains and losses mainly constitute gains or losses related to financial assets and income related to management supporting service provided by Kyocera's head office to each reporting segment.

Such income in fiscal 2026 decreased by 3,811 million yen, or 9.6%, to 35,821 million yen, compared with 39,632 million yen in fiscal 2025. This was due mainly to increased foreign exchange losses at overseas subsidiaries and the elimination of intersegment transactions.

l. Summary of Production, Orders Received and Sales

Orders Received by Reporting Segment

(Yen in millions)

	For the year ended March 31,				Change
	2025		2026		
	Amount	%*	Amount	%*	%
Core Components Business	587,416	28.9	640,923	30.5	9.1
Industrial & Automotive Components Unit	251,716	12.4	255,109	12.1	1.3
Semiconductor Components Unit	312,542	15.4	361,435	17.2	15.6
Others	23,158	1.1	24,379	1.2	5.3
Electronic Components Business	353,100	17.4	373,179	17.8	5.7
Solutions Business	1,109,332	54.7	1,100,790	52.5	(0.8)
Industrial Tools Unit	307,386	15.2	291,133	13.9	(5.3)
Document Solutions Unit	477,501	23.5	478,626	22.8	0.2
Communications Unit	242,213	11.9	244,651	11.7	1.0
Others	82,232	4.1	86,380	4.1	5.0
Others	12,286	0.6	11,578	0.5	(5.8)
Adjustments and eliminations	(32,340)	(1.6)	(28,205)	(1.3)	—
Orders Received	2,029,794	100.0	2,098,265	100.0	3.4

* % represents the component ratio.

- (Notes) 1. Kyocera flexibly produces in response to growing demands, customer's requirement and market changes. Therefore, results of production are similar to results of sales. Summary of production and sales is correlated to the description on "j. Business Performance Overview by Reporting Segment."
2. Kyocera decided to change the classification of Jewelry & Applied Ceramic Related Products Business, which was included in "Others" under "Core Components Business" to "Others" under "Solutions Business" and Displays Business, which was included in "Others" under "Solutions Business" to "Industrial & Automotive Components Unit" under "Core Components Business" from the beginning of the year ended March 31, 2026. Kyocera decided to change the classification of a part of "Industrial & Automotive Components Unit" under "Core Components Business" to "Semiconductor Components Unit" under "Core Components Business" from January 1, 2026. With these changes, orders received for the year ended March 31, 2025 has been reclassified in the same manner.

(3) Liquidity and Capital Resources

a. Capital Resources

< Status of funds on March 31, 2026 >

Kyocera's primary source of funds were cash provided by operations. Cash flows from operating activities in fiscal 2026 were 226,235 million yen and Kyocera holds 455,887 million yen in cash and cash equivalents at the end of fiscal 2026. Of this amount, cash and cash equivalents held by foreign consolidated subsidiaries at the end of fiscal 2026 were 275,533 million yen. At present, Kyocera does not anticipate that these will be repatriated to Japan for the purpose of use in Japan.

In addition, Kyocera obtains borrowings from financial institutions aiming at investment for further growth. The balance of borrowings at the end of fiscal 2026 were 245,038 million yen (5.3% of the total assets) and they are mainly denominated in yen.

At the end of fiscal 2026, the working capital, which is current assets less current liabilities, was 976,141 million yen, and the ratio of equity attributable to owners of the parent to the total assets is 71.9%, indicating that Kyocera continues to maintain a strong financial position.

Kyocera raises funds from borrowings at relatively low cost because part of shares of KDDI Corporation ("KDDI") held by Kyocera are pledged as collateral for some of borrowings in order to lower financing costs, as well as this strong financial position. For detailed information, please refer to Note "19. Borrowings" under "V. Financial Information 1. Consolidated Financial Statements and Other Information (1) Consolidated Financial Statements."

< Cash demands in fiscal 2026 >

Principal cash demands of Kyocera for fiscal 2026 were for capital expenditures, funds for R&D activities, funding for a strategic capital and business alliance, dividend payments to shareholders, and repurchase of own shares in addition to working capital for operating activities.

Capital expenditures in fiscal 2026 increased by 7,167 million yen, or 5.0%, to 149,099 million yen, compared with 141,932 million yen in fiscal 2025. This was mainly due to continued capital investments to expand production capacity to meet growing demand for products in semiconductor-related markets and information and communication-related markets. R&D expenses in fiscal 2026 decreased by 386 million yen, or 0.3%, to 115,701 million yen, compared with 116,087 million yen in fiscal 2025.

In addition, Kyocera Corporation has entered into a capital and business alliance agreement with Japan Aviation Electronics Industry, Ltd. in order to drive growth in its connector business, and as part of this alliance, acquired shares of the company for 81,232 million yen in cash.

Furthermore, in fiscal 2026, Kyocera Corporation paid cash dividends of 50 yen per share, totaling 69,785 million yen.

Additionally, at a meeting of the Board of Directors held on May 14, 2025, Kyocera resolved to repurchase its own shares for the purpose of optimizing its capital structure and enhancing shareholder returns, and acquired treasury shares in an aggregate amount of 200,000 million yen.

Kyocera financed these funding requirements during fiscal 2026 through funds generated from operating activities, together with proceeds of 249,291 million yen from the sale of shares in KDDI and proceeds of 76,388 million yen from the transfer of all shares of Kyocera Industrial Tools, Inc.

< Expected cash demands in fiscal 2027 >

In fiscal 2027, Kyocera expects its principal cash demands to include working capital for operating activities as well as funds for capital expenditures, R&D activities, dividend payments and repurchase of own shares. Kyocera expects total capital expenditures to be 225,000 million yen and R&D expenses to be 120,000 million yen for fiscal 2027. Capital expenditures are expected to increase from fiscal 2026 in order to further expand the production capacity, particularly for products in the semiconductor-related markets and the information and communication-related markets. R&D expenses are expected to increase compared to fiscal 2026, because Kyocera intends to continue to develop new technologies and products to strengthen our core businesses. The details of contractual obligations including the commitment for the acquisition of property, plant and equipment are described in “d. Tabular Disclosure of Contractual Obligations.”

With regard to the dividend payments, a resolution is scheduled to be made at the general meeting of shareholders to be held on June 25, 2026. The year-end dividends will be 27 yen per share, totaling 35,570 million yen.

In addition, Kyocera resolved at a meeting of its Board of Directors held on April 30, 2026, to repurchase of own shares in the amount of up to 250,000 million yen as a part of its shareholder return initiatives and is to facilitate flexible capital strategies in the future. For detailed information, please refer to “IV. Corporate Information 2.

Acquisition of Treasury Stock and Other Related Status (2) Acquisition of Treasury Stock Based on a Resolution Approved by the Board of Directors.”

Kyocera plans to meet these cash demands with cash on hand acquired through operating activities, as well as proceeds from the sale of KDDI shares. For details regarding the sale of KDDI shares, please refer to Note “37. Subsequent Events” under “V. Financial Information 1. Consolidated Financial Statements and Other Information (1) Consolidated Financial Statements.”

In addition to the above, Kyocera has several means to finance such as issuance of corporate bonds and stocks, in addition to borrowings from financial institutions. Kyocera has established good relationships with major financial institutions and believes that there will be no problem with respect to future business financing. At present, Kyocera does not intend to use any other external financing sources that might affect its credit agency ratings.

However, if demand trends in Kyocera’s major markets deteriorate or if product prices decline significantly beyond our expectations, Kyocera’s liquidity may be adversely affected.

b. Summary of Cash Flows

(Yen in millions)

	For the year ended March 31,		Change
	2025	2026	
Cash flows from operating activities	237,918	226,235	(11,683)
Cash flows from investing activities	(150,481)	74,539	225,020
Cash flows from financing activities	(64,937)	(311,961)	(247,024)
Effect of exchange rate changes on cash and cash equivalents	(2,548)	22,330	24,878
Increase (decrease) in cash and cash equivalents	19,952	11,143	(8,809)
Cash and cash equivalents at the beginning of the year	424,792	444,744	19,952
Cash and cash equivalents at the end of the year	444,744	455,887	11,143

Cash flows from operating activities

Net cash provided by operating activities for fiscal 2026 decreased by 11,683 million yen, or 4.9%, to 226,235 million yen from 237,918 million yen for fiscal 2025. This was due mainly to an increase in the payment of withholding tax in connection with the sale of KDDI shares, while profit for the period increased.

Cash flows from investing activities

Cash flows from investing activities for fiscal 2026 increased by 225,020 million yen compared with fiscal 2025, shifting from a net cash outflow of 150,481 million yen to a net cash inflow of 74,539 million yen. This was mainly due to increased proceeds from the sale of securities following the sale of KDDI shares, while expenditures were incurred for the purchase of investments accounted for using the equity method following the acquisition of shares in Japan Aviation Electronics Industry, Ltd.

Cash flows from financing activities

Net cash used in financing activities for fiscal 2026 increased by 247,024 million yen, or 380.4%, to 311,961 million yen from 64,937 million yen for fiscal 2025. This was due mainly to an increase in the payment for repurchase of own shares.

Cash and cash equivalents increased by 22,330 million yen by exchange rate changes for fiscal 2026. This was mainly due to the depreciation of the yen against the Euro and the U.S. dollar as of March 31, 2026 compared to March 31, 2025.

Cash and cash equivalents as of March 31, 2026 totaled 455,887 million yen, an increase of 11,143 million yen, or 2.5%, from 444,744 million yen as of March 31, 2025. Most of Kyocera's cash and cash equivalents were mainly denominated in the yen. On the other hand, cash and cash equivalents were mainly denominated in foreign currencies, such as the U.S. dollar in overseas subsidiaries.

c. Assets, Liabilities and Equity

Kyocera's total assets at the end of fiscal 2026 increased by 135,007 million yen, or 3.0%, to 4,646,314 million yen, compared with 4,511,307 million yen at the end of fiscal 2025.

Cash and cash equivalents increased by 11,143 million yen, or 2.5%, to 455,887 million yen compared to the end of fiscal 2025. For details, please refer to the above "b. Summary of Cash Flows."

Income tax receivables increased by 22,674 million yen, or 216.0%, to 33,172 million yen from the end of fiscal 2025 due mainly to an increase in corporate tax receivables resulting from the sale of shares of KDDI.

Equity and debt instruments decreased by 55,196 million yen, or 3.2%, to 1,649,512 million yen from the end of fiscal 2025 primarily due to the sale of shares of KDDI.

Investments accounted for using the equity method increased by 81,846 million yen, or 528.9%, to 97,320 million yen from the end of fiscal 2025 due mainly to the acquisition of shares of Japan Aviation Electronics Industry, Ltd.

Property, plant and equipment increased by 33,543 million yen, or 5.1%, to 685,492 million yen from the end of fiscal 2025. Capital expenditure was 149,099 million yen and depreciation charge was 110,924 million yen in fiscal 2026.

Goodwill and intangible assets decreased by 8,271 million yen, or 2.9%, and 20,809 million yen, or 14.6%, from the end of fiscal 2025, to 273,968 million yen and 121,241 million yen, respectively. This was primarily due to the transfer of all shares of Kyocera's U.S. subsidiary, Kyocera Industrial Tools, Inc.

Other non-current assets increased by 36,349 million yen, or 35.2%, to 139,757 million yen from the end of fiscal 2025 due mainly to an increase in assets related to retirement benefits resulting from an increase in the fair value of pension assets.

Kyocera's total liabilities at the end of fiscal 2026 increased by 10,869 million yen, or 0.9%, to 1,278,942 million yen, compared with 1,268,073 million yen at the end of fiscal 2025.

Trade and other payables decreased by 12,262 million yen, or 5.9%, to 194,767 million yen from the end of fiscal 2025. This was due mainly to a decrease in payables associated with capital expenditure.

Income tax payables increased by 17,315 million yen, or 114.2%, to 32,483 million yen from the end of fiscal 2025 primarily due to an increase in corporate enterprise tax payables resulting from the sale of shares of KDDI.

Total equity at the end of fiscal 2026 increased by 124,138 million yen, or 3.8%, to 3,367,372 million yen, compared with 3,243,234 million yen at the end of fiscal 2025.

Retained earnings at the end of fiscal 2026 increased by 273,390 million yen, or 14.1%, to 2,215,875 million yen, compared with 1,942,485 million yen at the end of fiscal 2025 due mainly to recording 140,969 million yen in profit attributable to owners of the parent and 202,206 million yen for gain on sale of equity instruments, etc. despite the dividend payment of 69,785 million yen.

Other components of equity increased by 48,199 million yen, or 4.1%, to 1,231,991 million yen from the end of fiscal 2025 primarily due to increases in the fair value of shares held and foreign currency transaction adjustment resulting from the depreciated yen, while gain on sale of equity instruments was transferred to retained earnings.

Treasury stock increased by 199,957 million yen, or 139.8%, to 342,951 million yen from the end of fiscal 2025 due to the purchase of treasury stock based on the resolution of the Board of Directors.

Ratio of equity attributable to owners of the parent to total assets at the end of fiscal 2026 was 71.9%, increased by 0.6 percentage points compared with 71.3% at the end of fiscal 2025.

d. Tabular Disclosure of Contractual Obligations

The following table provides information of Kyocera's contractual obligations at each scheduled date for the next several years.

(Yen in millions)

	Fiscal 2027	Between fiscal 2028 and 2029	Between fiscal 2030 and 2031	After fiscal 2032	Total
Long-term borrowings (including due within one year)	30,849	175,845	7,458	5,660	219,812
Interest expenses for long-term borrowings* (including due within one year)	2,277	2,419	896	1,692	7,284
Lease liabilities	24,192	28,554	17,467	27,779	97,992
Commitment for the acquisition of property, plant and equipment	96,925	3,399	128	—	100,452
Total	154,243	210,217	25,949	35,131	425,540

(Note) Future interest expenses on borrowings with variable interest rates are calculated using the actual interest rates as of March 31, 2026.

In addition to contractual obligations shown in the above table, Kyocera forecasts to contribute 10,270 million yen to its defined benefit plans in fiscal 2027. Kyocera recorded liabilities of 5,714 million yen for gross uncertain tax positions at the end of fiscal 2026, which are not included in the above table because we are unable to make reasonable estimates of the period of settlements.

(4) Significant Accounting Estimates and Judgments Involving Estimations

Kyocera's consolidated financial statements are prepared in accordance with IFRS. The preparation of these consolidated financial statements requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of consolidated financial statements and the reported amounts of revenues and expenses during the periods presented. Actual results may differ from these estimates, judgments and assumptions.

An accounting estimate in Kyocera's consolidated financial statements is a critical accounting estimate if it requires Kyocera to make assumptions about matters that are highly uncertain at the time the accounting estimate is made and if either different estimates that Kyocera reasonably could have used in the current period or changes in the accounting estimate that are reasonably likely to occur from period to period would have a material impact on the presentation of Kyocera's financial condition, changes in financial condition or results of operations. In disclosing accounting information, Kyocera recognizes the following items as significant accounting estimates. For detailed information, please refer to Note "4. Significant Accounting Estimates and Judgements Involving Estimations" under "V. Financial Information 1. Consolidated Financial Statements and Other Information (1) Consolidated Financial Statements."

a. Evaluation of Inventories

Kyocera estimates the amount of write-downs to ensure that inventories are properly valued. Inventories aged over certain holding periods are considered to be slow-moving or obsolete, for which write-downs are accrued as well as valuation losses required to adjust recorded cost to its net realizable value. Kyocera also records inventory write-downs based on its projections of future demand, market conditions and related management's judgment even though the age of corresponding inventory is shorter than certain holding periods. If the market conditions or demand for the products are less favorable than Kyocera's projections, additional write-downs may be required.

b. Useful Lives of Property, Plant and Equipment and Intangible Assets

Property, plant and equipment are depreciated using the straight-line method over their useful lives or estimated useful lives in accordance with the actual conditions of each business.

Amortizable intangible assets are amortized using the straight-line method over their useful lives in which the asset's future economic benefits are expected to be consumed.

In the future, changes in useful lives as a result of obsolescence and changes in usage of facilities due to technological innovation and changes in the business environment may have significant impact on the consolidated financial position and operating results from the following year ending March 31, 2027.

c. Impairment of Property, Plant & Equipment, Goodwill and Intangible Assets

Kyocera reviews its property, plant and equipment and intangible assets with finite useful lives for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Goodwill and intangible assets with indefinite useful lives, rather than being amortized, are tested for impairment at least annually, and also following any events and changes in circumstances that might lead to impairment. The impairment loss is recognized when the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount.

The recoverable amount of an asset or cash generating unit is the higher of fair value less costs to sell, or value in use. In calculating the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset.

As the value in use is calculated based on various assumptions, an impairment loss may be recognized in the event of an unpredictable change in the business environment that would reduce the value in use.

d. Impairment of Financial Assets Measured at Amortized Cost

Kyocera recognizes an allowance for credit losses for trade receivables and other financial assets measured at amortized cost by estimating expected credit losses in consideration of the possibility of collection and significant increases in credit risk. However, actual losses may be greater or less than expected credit losses.

e. Fair Value of Financial Instruments

When Kyocera evaluates the fair value of certain financial instruments, it uses valuation techniques that use inputs that are not observable in the market. These unobservable inputs could be affected by changes in uncertain future economic conditions, and if a revision becomes necessary, it could have a significant impact on the consolidated financial position and operating results.

f. Income Taxes

Kyocera recognizes only deferred tax assets that are likely to be available for future taxable profit. The valuation of deferred tax assets principally depends on the estimation of future taxable profit and feasible tax planning strategies. If future taxable profit is lower than expected due to future market conditions or poor operating results, significant adjustments to deferred tax assets may be required.

Kyocera recognized deferred tax assets of 158,317 million yen as of March 31, 2026. Kyocera considers the reasonableness of the recoverability of the deferred tax assets in the future, considering the comparison between the amounts of profit before income taxes and income taxes for the year ended March 31, 2026.

Kyocera records liabilities for uncertain tax positions based on the premise of being subject to income tax examination by tax authorities, when it is probable that uncertain tax positions will not be sustained. Actual results, such as settlements with tax authorities, may differ from Kyocera's recognition.

As of March 31, 2026, gross uncertain tax positions amounted to 5,714 million yen. Kyocera does not anticipate the final resolution of procedures to have a material impact on the consolidated statements of profit or loss in the future.

g. Defined Benefit Plans

In the defined benefit plans, net defined benefit liability or asset is calculated by the present value of the defined benefit obligation less the fair value of plan assets.

The present value of the defined benefit obligations is calculated based on actuarial assumptions. These actuarial assumptions require estimates and judgments on variables, such as the discount rates, the rate of increase in compensation levels and other assumptions.

Kyocera determines the discount rate by referencing the yield on high quality corporate bonds and others. The rate of increase in compensation levels is determined based mainly on results and forecasts of operations, inflation and others. Kyocera annually reviews the assumptions underlying its actuarial calculations, making adjustments based on current market conditions, if necessary.

If stagnation in the Japanese and global economies leads to a decline in interest rates and Kyocera is required to lower the discount rate, defined benefit obligations and other costs, including related service costs, will increase.

h. Provisions and Contingencies

Kyocera is subject to various lawsuits and claims which arise in the ordinary course of business. Kyocera consults with legal counsel and assesses the likelihood of adverse outcomes of these contingencies. Kyocera records liabilities for these contingencies when the likelihood of an adverse outcome is probable and the amount can be reasonably estimated. In making these estimates, Kyocera considers the progress of the lawsuits, the situations of other companies that are subject to similar lawsuits and other relevant factors. The amounts of liabilities accrued are based on estimates and may be significantly affected by further developments or the resolution of these contingencies in the future.

i. Revenue Recognition

Kyocera generates revenue principally through sales in the following markets: semiconductor, information and communications, and automotive-related markets. The reporting segments of Kyocera consist of “Core Components Business,” “Electronic Components Business,” and “Solutions Business.”

Kyocera’s business units, main businesses and subsidiaries are as follows:

Reporting Segment and Business Unit	Main Businesses and Subsidiaries
Core Components Business	
Industrial & Automotive Components Unit	Fine Ceramic Components, Automotive System, Optical Components
Semiconductor Components Unit	Ceramic Packages, Organic Packages and Boards
Others	Medical Devices
Electronic Components Business	Electronic Components, Kyocera AVX Components Corporation
Solutions Business	
Industrial Tools Unit	Industrial Tools
Document Solutions Unit	Information Equipment (Kyocera Document Solutions Inc.)
Communications Unit	Telecommunications Equipment, Information Systems and Telecommunication Services (Kyocera Communication Systems Co., Ltd.)
Others	Smart Energy, Printing Devices, Jewelry & Applied Ceramic Related Products

Sales to customers in Kyocera are based on the specific terms and conditions contained in basic contracts with customers and firm customer orders which detail the price, quantity and timing of the transfer of ownership of the products.

(a) Sales Incentives

In the “Electronic Components Business,” sales to independent electronic component distributors may be subject to various sale programs below for which a provision for incentive programs is recorded as a reduction of revenue at the time of sale. Revenue is measured at the consideration promised in a contract with a customer, less sales incentive.

i. Distributor Stock Rotation Program

Stock rotation is a program whereby distributors are allowed to return, for credit, qualified inventory, semiannually, equal to a certain percentage of the previous six months net sales. An estimated right of return liability for stock rotation is recorded at the time of sale based on a percentage of distributor sales using historical trends, current pricing and volume information, other market specific information and input from sales, marketing and other key management personnel. These procedures require the exercise of significant judgments. Kyocera believes that these procedures enable Kyocera to make reliable estimates of future returns under the stock rotation program. Kyocera’s actual results have historically approximated its estimates. When the products are returned and verified, Kyocera reduces accounts receivables from distributors.

ii. Distributor Ship-From-Stock and Debit Program

Ship-from-Stock and Debit (ship and debit) is a program designed to assist distributor customers in meeting competitive prices in the marketplace on sales to their end customers. Ship and debit programs require a request from the distributor for a pricing adjustment for a specific part for a sale to the distributor's end customers from the distributor's stock. Ship and debit authorizations may cover current and future distributor activity for a specific part for sale to their customers. In accordance with IFRS 15, at the time Kyocera records sales to the distributors, Kyocera estimates the variable consideration of the estimated future distributor activity related to such sales since it is probable that such sales to distributors will result in ship and debit activity. Kyocera records an estimated variable consideration based on sales during the period, credits issued to distributors, distributor inventory levels, historical trends, market conditions, pricing trends noted in direct sales activity with original equipment manufacturers and other customers, and input from sales, marketing and other key management personnel. These procedures require the exercise of significant judgments. Kyocera believes that these procedures enable Kyocera to make reliable estimates of the future variable consideration under the ship and debit program. Kyocera's actual results have historically approximated its estimates.

(b) Sales Rebates

In the case of sales to distributors in the "Industrial Tools Unit" and "Document Solutions Unit," Kyocera provides cash rebates when predetermined sales targets are achieved during a certain period. Provisions for sales rebates are recorded as a reduction of revenue at the time of revenue recognition based on the best estimate of forecasted sales to each distributor.

(c) Sales Returns

Kyocera records an estimated right of return liability for returns at the time of sale based on historical return experience. Revenue is measured at the consideration promised in a contract with a customer, less right of return liability.

(d) Products Warranty

In the "Document Solutions Unit," Kyocera provides a standard one-year manufacturer's warranty on its products. For sales directly to end users, Kyocera offers extended warranty plans that may be purchased and that are renewable in one-year incremental periods at the end of the warranty term. These extended warranty plans are recognized as separate warranty obligations and the parts of the transaction prices are allocated to the performance obligation. Service revenues are subsequently recognized over the terms of the extended warranty plans. Under the contract relating to hybrid transactions in which Kyocera provides multiple goods or services, such as selling products and providing maintenance services, Kyocera identifies performance obligations in the contract. In case it is necessary to allocate the consideration of the contract to separate performance obligations, Kyocera allocates the transaction price based on the stand-alone selling price. Such stand-alone selling prices are determined based on the sales price of the similar products or service, and all information that is reasonably available.

5. Material Agreements

(1) License-Cross Agreements

Name	Counterparty	Country	Contents	Period
Kyocera Document Solutions Inc.	Canon Inc.	Japan	License under patents regarding electrophotographic technology	From April 1, 2012 to patent expiration

(2) Share Transfer Agreement

Kyocera Corporation resolved to transfer all shares of a company that Kyocera Corporation will establish (the “Newly Established Company”) to Sumitomo Bakelite Co., Ltd. (the “Share Transfer”) at the Board of Directors meeting held on January 22, 2026, and on the same date entered into a share transfer agreement with respect to the Share Transfer. The execution date of the Share Transfer is scheduled for the end of October 2026.

Before the Share Transfer is implemented, Kyocera Corporation plans to have the Newly Established Company succeed to the chemical business which manufactures and sells semiconductor-related products, mainly encapsulation materials and pastes, as well as chemical products and composite materials operated in the Corporate Ceramic Materials Semiconductor Components Group, by way of an absorption-type company split.

6. Research and Development

Kyocera proactively promotes research and development activities aimed at solving social issues, taking into account market potential, our core technology and future potential. Specifically, we are striving to develop new technologies and new products by bolstering technological capabilities and the development of human resources through worldwide reorganization of R&D facilities and strengthening ties inside and outside the Company. Our aim is to capture business opportunities amid the emergence of 5G, 6G, next-generation optical communication, advanced road traffic systems, energy devices and energy management system, digital healthcare and other trends. In addition, we have been strengthening cooperation with overseas R&D department established recently to respond more effectively to increasingly diverse customer needs on a global basis. We are also making efforts to create new business domains by promoting open innovation and utilizing external resources through academia and other avenues.

An outline of R&D activities in the reporting segments is provided below.

(1) Core Components Business

In this reporting segment, Kyocera takes advantage of its core technologies in materials, process, design and processing, especially in fine ceramics, which we have cultivated since foundation, in an effort to create high value-added products for semiconductor, information and communications, industrial machinery, automotive-related and many other markets. We also undertake cross-departmental projects to facilitate the development of new products and businesses based on our collective strengths.

Major R&D activities in each business unit of this reporting segment are as follows.

a. Industrial & Automotive Components Unit

In the semiconductor processing market, Kyocera is working on the development of components and materials for next-generation equipment featuring increasingly high level of integrations, such as micro wiring and 3D structures, designed to support advanced semiconductors, for which continued market expansion is expected. Kyocera also actively utilizes external resources for the development of new materials and new functional components boasting exceptional heat conductivity and mechanical properties enabling use in higher temperatures, in conjunction with external companies, as well as within the Kyocera Group.

In the automotive-related markets, we are developing vehicle cameras that realize advanced image sensing technology to contribute to the improvement of automobile safety.

b. Semiconductor Components Unit

In the information and communications market, semiconductor components are becoming more refined and sophisticated as AI data centers and network equipment become faster and larger and consume less power. In addition, demand for optical communication is increasing to process large amount of data. In the automotive-related market, system control integration is progressing by integrated ECUs using AI recognition and AI interfaces.

In the ceramic material business, Kyocera is working on the development of packages for high-speed optical communication and optoelectronic modules, high-strength, high-rigidity, ultra small and thin ceramic packages for electronic devices and sensors as well as ceramic core substrates for chiplet designed packages.

In the organic material business, we work chiefly to develop large-sized multilayer high-end packages that support large high performance devices.

c. Others

In the medical devices business that deals mainly in prosthetic joints and dental implants, Kyocera develops products that will help improve patients' quality of life (QOL). Specifically, we endeavor to develop 3D additive manufacturing technologies that control the loosening of prosthetic joints to prolong their service life as well as products with antibacterial properties. Aiming to apply these technologies to other fields, we collaborate in research and development with outside research institutions. Kyocera also promotes the development of digital healthcare related products as part of efforts in new medical fields.

(2) Electronic Components Business

In this reporting segment, we are stepping up new product development through technological integration of the electronic components business in Kyocera Corporation and KAVX. We are working on the development of ceramic capacitors, leveraging our proprietary technology through integration of Kyocera's electronics production expertise and KAVX's design capabilities.

Along with diffusion of 5G and IoT related products, it is necessary to make components smaller and more reliable due to the trend toward more devices with AI functions as well as high functionality for communications terminals such as smartphones and base stations. To meet market needs, Kyocera is developing such products as small, high-capacitance ceramic capacitors with enhanced reliability relative to temperature and humidity, as well as SAW devices, small, high-frequency crystal devices, silicon micro electro-mechanical systems (MEMS) resonators and oscillators and connectors for high-speed communications.

In addition, we are developing ceramic capacitors and connectors with enhanced high-temperature reliability and pressure resistance, etc. These products are designed for the automotive-related market, where advancements continue in ADAS and electrification, and in the semiconductor-related market, where demand is rising for high-temperature guarantees alongside expansion of the advanced semiconductor sector.

(3) Solutions Business

In this reporting segment, Kyocera takes advantage of its characteristics, namely that it has a wide variety of businesses, and aims to maximize synergy by sharing business models and development models. We carry out research and development aimed at creating innovations in information and communications, environment and energy-related and other areas with the use of technologies nurtured in separate businesses.

Major R&D activities in each business unit of this reporting segment are as follows.

a. Industrial Tools Unit

In the Industrial Tools Unit, Kyocera is striving to solve customer issues through solutions-oriented business and to expand business domains to the industrial machinery and construction markets. Kyocera is developing high-quality and high-precision cutting tools used for metal processing in a broad range of markets, such as automotive, energy-related, aircraft, and medicine fields, which contribute to increased productivity for users by strengthening materials technologies. In the pneumatic and power tools business, Kyocera is promoting the development of new products and solutions that support productivity improvement and work environment enhancement, by utilizing Kyocera's diverse technologies.

b. Document Solutions Unit

Kyocera is developing products that have exceptional environmental performance and economic efficiency, which are key features of Kyocera, in order to ensure differentiation from competitors. In office products such as printers and multifunctional products, Kyocera is working to develop long-lasting equipment and consumable components that minimize the disposal of waste in order to achieve both low running costs and high environmental performance. In addition, Kyocera is working to develop high-quality toner and thus increasing added value. With regard to the document solution services, Kyocera is developing application software, etc. that contribute to enhancing quality of information sharing and improving operational effectiveness through collaboration with mobile terminals and cloud environments, as well as with document management system of customers. In addition, Kyocera is developing new services by collaborating with existing services by further strengthening its ECM business that digitalizes corporate data to enable a more comprehensive and efficient manner.

In the commercial inkjet business, Kyocera is working to provide new value to the market by developing products that offer high-resolution, high-durability and high-productivity as well as variable data and customized printing capabilities in response to the increasing demand for large-volume printing of multi product output. In terms of industrial inkjet business, Kyocera is working on developments to enhance printing quality, etc. of environmentally friendly digital textile printing machines that use hardly any water, achieved through Group synergies in our inkjet head and ink technologies.

c. Communications Unit

In the telecommunications equipment business, Kyocera is developing 5G smartphones, tablet terminals and telecommunication modules. Furthermore, Kyocera is utilizing its devices, system technologies, and wireless communications technologies cultivated in the telecommunications equipment business as we are developing new solutions and expanding such business.

In the information system and telecommunication services business, Kyocera is working on developments that promote automation of logistics operations where labor shortages are particularly acute, and enhance the efficiency of increasingly sophisticated ICT infrastructure. Specifically, we are developing AI-powered automated handling and labor-saving solutions for distributing warehouse operations. Kyocera is also engaged in the sophisticated construction of communication infrastructures. Through these initiatives, Kyocera aims to contribute to improving productivity of overall society by building sustainable communication infrastructure.

d. Others

In the Smart Energy Business, Kyocera is striving to develop products and systems for efficient energy use to meet the needs for self-consumption of renewable energy such as solar power generation. Kyocera is working to develop and improve the quality of a variety of new products such as solar modules and high-safety, long-life clay storage batteries that utilize Kyocera unique technologies. Kyocera is also focusing on the development of energy management systems that support the optimization of electricity balance between supply and demand.

In addition to the above initiatives in each reporting segment, in the Others, Kyocera is developing new businesses that contribute to solving social issues by leveraging the comprehensive capabilities of the Kyocera Group and external resources, transcending divisional and reporting segment frameworks.

Kyocera is developing “Kyocera Robotic Services,” a cloud system that uses AI and 3D vision to make cooperative robots intelligent, to contribute to solving the problem of labor shortages at sites which require manual-handling due to the decline of the working-age population. Additionally, we are working on the development of cooperative road-vehicle system such as an ITS (Intelligent Transport Systems) wireless roadside system and ITS communication modules using our accumulated expertise in the telecommunications, automotive and optical fields toward the commercialization of a cooperative road-vehicle system that realizes safe autonomous driving. Besides this, we are developing wireless devices for automotive application and equipment for telecommunications infrastructure that supports the expansion of 5G millimeter-wave coverage areas, thereby contributing to the realization of a more advanced information and communication society.

Kyocera is also developing the application of gallium nitride (GaN) devices, a key materials that will contribute to the achievement of a low-carbon society.

Although our research and development activities cover a wide range of fields, Kyocera strives to improve effectiveness of our research and development activities by intensively allocating personnel, activities and investment for research and development activities to core areas with high ROI (return on investment) as well as development themes expected to be commercialized soon.

Research and Development expenses by reporting segment

(Yen in millions)

	For the year ended March 31,		Change (%)
	2025	2026	
Core Components Business	21,404	26,120	22.0
Electronic Components Business	13,988	15,888	13.6
Solutions Business	41,028	37,499	(8.6)
Others	39,667	36,194	(8.8)
Total Research and Development expenses	116,087	115,701	(0.3)
Ratio to sales revenue	5.8%	5.6%	—

(Note) Kyocera decided to change the classification of Jewelry & Applied Ceramic Related Products Business, which was included in Core Components Business to Solutions Business and Displays Business, which was included in Solutions Business to Core Components Business from fiscal 2026. With respect to these changes, the research and development expenses by reporting segment for fiscal 2025 have been reclassified in the same manner.

III. Equipment and Facilities

1. Overview of Capital Expenditures

During fiscal 2026, Kyocera implemented capital expenditures to enhance its production capacity in Core Components Business, in order to meet the increase in demand for semiconductor-related market. Meanwhile, during fiscal 2025 Kyocera introduced production equipment at overseas factories in Electronic Components Business, and in Corporate, acquired new buildings and land at domestic factories. As a result, capital expenditures for fiscal 2026 increased by 7,167 million yen, or 5.0%, compared with fiscal 2025, to 149,099 million yen.

Capital expenditures by reporting segment (for property, plant and equipment) (Yen in millions)

	For the year ended March 31,		Change (%)
	2025	2026	
Core Components Business	47,923	78,759	64.3
Electronic Components Business	35,009	26,931	(23.1)
Solutions Business	24,074	23,980	(0.4)
Others	15,702	9,015	(42.6)
Corporate	19,224	10,414	(45.8)
Total capital expenditures	141,932	149,099	5.0

(Note) Kyocera decided to change the classification of the Jewelry & Applied Ceramic Related Products business, which was included in Core Components Business to Solutions Business from fiscal 2026. Kyocera also decided to change the classification of Displays business, which was included in Solutions Business to Core Components Business from fiscal 2026.

With respect to this change, the capital expenditures by reporting segment (for property, plant and equipment) for fiscal 2025 have been reclassified in the same manner.

2. Major Equipment and Facilities

Major equipment and facilities for the year ended March 31, 2026 are as follows:

(1) Kyocera Corporation

As of March 31, 2026

Office name	Location	Reporting Segment	Type of equipment and facilities	Carrying amount (Yen in millions)					Number of employees
				Building & Structures	Machinery & Equipment	Land (Area: m ²)	Others	Total	
Shiga Higashiomi Plant	Higashiomi, Shiga	Core Components Business, Electronic Components Business and Solutions Business	Manufacturing Equipment for Fine Ceramic Components, Ceramic Packages, Medical Devices, Electronic Components, Cutting Tools, Printing Devices	23,045	19,346	3,460 (440,615)	15,550	61,401	2,665 [661]
Shiga Yasu Plant	Yasu, Shiga	Core Components Business and Solutions Business	Manufacturing Equipment for Medical Devices, Displays, Smart Energy-Related Products	23,420	9,278	1,052 (198,197)	7,146	40,896	1,485 [175]
Kyoto Ayabe Plant	Ayabe, Kyoto	Core Components Business	Manufacturing Equipment for Organic Packages and Boards	10,246	1,569	1,588 (152,061)	1,796	15,199	700 [144]
Kagoshima Sendai Plant	Satsuma-Sendai, Kagoshima	Core Components Business and Solutions Business	Manufacturing Equipment for Fine Ceramic Components, Ceramic Packages, Organic Packages and Boards, Cutting Tools	33,739	19,464	2,562 (258,752)	32,307	88,072	3,471 [1,187]
Kagoshima Kokubu Plant	Kirishima, Kagoshima	Core Components Business, Electronic Components Business and Solutions Business	Manufacturing Equipment for Fine Ceramic Components, Automotive Components, Ceramic Packages, Electronic Components, Printing Devices	57,548	34,187	5,362 (530,970)	8,874	105,971	3,934 [1,292]

(2) Domestic Subsidiaries

As of March 31, 2026

Company name	Location	Reporting Segment	Type of equipment and facilities	Carrying amount (Yen in millions)					Number of employees
				Building & Structures	Machinery & Equipment	Land (Area: m ²)	Others	Total	
Kyocera Document Solutions Inc.	Chuo, Osaka	Solutions Business	Manufacturing Equipment for Supplies for Printers and Multifunctional Products	5,390	2,276	4,987 (331,682)	1,570	14,223	2,026 [306]
Kyocera Communication Systems Co., Ltd.	Fushimi, Kyoto	Solutions Business	Solar power generation equipment and data centers	5,770	7,463	1,028 (28,160)	11,937	26,198	2,361 [99]
Kyocera Realty Development Co., Ltd.	Shibuya, Tokyo	Others	Hotel and Building for Rent	4,295	32	5,331 (40,628)	246	9,904	282 [125]

(3) Overseas Subsidiaries

As of March 31, 2026

Company name	Location	Reporting Segment	Type of equipment and facilities	Carrying amount (Yen in millions)					Number of employees
				Building & Structures	Machinery & Equipment	Land (Area: m ²)	Others	Total	
Kyocera Vietnam Co., Ltd.	Hung Yen Vietnam	Core Components Business, Electronic Components Business and Solutions Business	Manufacturing Equipment for Ceramic Packages, Electronic Components, Cutting Tools	9,499	6,965	—	791	17,255	3,057
Kyocera Document Technology Vietnam Co., Ltd.	Hai Phong, Vietnam	Solutions Business	Manufacturing Equipment for Printers and Multifunctional Products	12,384	1,675	—	980	15,039	5,873
Kyocera International, Inc.	San Diego California, U.S.A.	Core Components Business	Manufacturing Equipment for Fine Ceramic Components, Ceramic Packages	6,683	4,009	1,617 (571,795)	3,135	15,444	1,000
Kyocera AVX Components Corporation	Fountain Inn, South Carolina, U.S.A.	Electronic Components Business	Manufacturing Equipment for Electronic Components	3,841	2,321	2,173 (968,413)	2,017	10,352	891
Kyocera AVX Components (Penang) Sdn. Bhd.	Penang, Malaysia	Electronic Components Business	Manufacturing Equipment for Electronic Components	5,598	3,837	92 (45,487)	2,396	11,923	1,429
Kyocera AVX Components Bangkok Ltd.	Bangkok, Thailand	Electronic Components Business	Manufacturing Equipment for Electronic Components	40,866	13,898	1,510 (180,817)	11,981	68,255	809
Kyocera AVX Components S.R.O.	Lanskroun, Czech Republic	Electronic Components Business	Manufacturing Equipment for Electronic Components	5,353	4,067	213 (154,455)	2,305	11,938	1,848
Kyocera Fineceramics Europe GmbH	Mannheim, Baden-Wurttemberg, Germany	Core Components Business	Manufacturing Equipment for Fine Ceramic Components	7,721	7,473	1,618 (143,410)	5,052	21,864	613
Kyocera Fineceramics Medical GmbH	Waiblingen Baden-Wurttemberg, Germany	Core Components Business	Manufacturing Equipment for Medical Devices	—	3,055	—	6,095	9,150	18

(Notes) 1. “Others” in carrying amount is an amount total of tools, furniture, construction in progress, and right-of-use assets.

2. There is no major idle equipment or facility.

3. A number in the square brackets in the “Number of employees” column shows the total number of part-timers and re-employed after retirement.

4. As of April 1, 2026, Kagoshima Kokubu Plant and Kagoshima Hayato Plant were merged and renamed as Kagoshima Kirishima Plant.

3. Plans for New Additions or Disposals

(1) Significant New Additions

For fiscal 2027, Kyocera expects total capital expenditures to be 225,000 million yen, an increase of 75,901 million yen, or 50.9%, compared with fiscal 2026. Since Kyocera does not plan capital expenditures by each project, main purpose of capital expenditure and financing method by each reporting segment are described as follows:

	Main purpose of capital expenditure	Financing Method
Core Components Business	Introduction equipment to increase production and productivity	Mainly financed with cash on hand
Electronic Components Business	Same as above	Same as above
Solutions Business	Same as above	Same as above

(2) Significant Disposals

There is no sale or disposal plan which has a significant impact on production capacity except sale or disposal for replacement to retain production capacity.

IV. Corporate Information

1. Information on Kyocera's Shares and Others

(1) Total Number of Shares and Others

a. Total Number of Shares

Class	Total number of shares authorized to be issued (shares)
Common stock	2,400,000,000
Total	2,400,000,000

b. Shares Issued

Class	Number of shares issued as of March 31, 2026 (shares)	Number of shares issued as of the filing date (shares) (June 19, 2026)	Stock exchange on which Kyocera is listed or authorized financial instruments firm's association where Kyocera is registered	Description
Common stock	1,510,474,320	1,419,100,820	Tokyo Stock Exchange Prime market	This is Kyocera's standard stock. There is no restriction on contents of the right of the stock. The number of shares per one unit of shares is 100 shares.
Total	1,510,474,320	1,419,100,820	—	—

(2) Information on the Stock Acquisition Rights and Others

a. Details of Stock Option Plans

Not Applicable.

b. Rights Plans

Not Applicable.

c. Other Information about Stock Acquisition Rights

Not Applicable.

(3) Information on Moving Strike Convertible Bonds

Not Applicable.

(4) Changes in the Total Number of Shares Issued, Amount of Common Stock and Others

Date	Change in the total number of shares issued (shares)	Balance of the total number of shares issued (shares)	Changes in common stock (Yen in millions)	Balance of common stock (Yen in millions)	Changes in additional paid-in capital (Yen in millions)	Balance of additional paid-in capital (Yen in millions)
January 1, 2024 *1	1,132,855,740	1,510,474,320	—	115,703	—	192,555

(Notes) 1. Based on the resolution of the Board of Directors held on September 29, 2023, Kyocera Corporation implemented the stock split at the ratio of 4 for 1 of all common stocks, with the effective date of January 1, 2024.

2. On May 29, 2026, the total number of shares issued decreased by 91,373,500 shares due to the cancellation of treasury stock.

(5) Status of Shareholders

As of March 31, 2026

As of March 31, 2020

Classification	Status of shares (one unit of shares is 100 shares)								Shares less than one unit (shares)
	National and local governments	Financial institutions	Securities companies	Other corporation	Foreign shareholders		Individuals and other	Total	
					Other than individuals	Individuals			
Number of shareholders	4	105	41	779	840	169	93,623	95,561	—
Shares held (shares)	4,020	5,530,577	283,444	795,186	4,893,440	1,368	3,592,134	15,100,169	457,420
Ratio (%)	0.03	36.62	1.88	5.26	32.41	0.01	23.79	100.00	—

(Notes) 1. The “Other corporation” and “Shares less than one unit” columns include 44 unit and 32 shares registered in the name of Japan Securities Depository Center (“JASDEC”).

2. The “Individuals and other” and “Shares less than one unit” columns include 1,930,683 unit and 28 shares of treasury stock.

(6) Major Shareholders

As of March 31, 2026

Name	Address	Number of shares held (thousands of shares)	Ownership percentage to the total number of shares issued (Excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	Akasaka Intercity AIR, 1-8-1, Akasaka, Minato-ku, Tokyo	306,092	23.23
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	112,803	8.56
The Bank of Kyoto, Ltd.	700, Yakushimae-cho, Karasuma-dori, Matsubara-Agaru, Shimogyo-ku, Kyoto	57,745	4.38
State Street Bank and Trust Company 505001 (Standing proxy: Mizuho Bank, Ltd.)	One Congress Street, Suite 1, Boston, Massachusetts (SHINAGAWA INTERCITY Bldg. A 2-15-1, Konan, Minato-ku, Tokyo)	54,059	4.10
Inamori Foundation	620 Suiginya-cho, Shimogyo-ku, Kyoto	37,440	2.84
Stock Purchase Plan for Kyocera Group Employees	6, Takeda Tobadono-cho, Fushimi-ku, Kyoto	22,989	1.75
JP Morgan Chase Bank 385781 (Standing proxy: Mizuho Bank, Ltd.)	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom (SHINAGAWA INTERCITY Bldg. A 2-15-1, Konan, Minato-ku, Tokyo)	18,980	1.44
MUFG Bank, Ltd.	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	18,388	1.40
HSBC Hong Kong - Treasury Services A/C Asian Equities Derivatives (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited)	1 Queen's Road Central, Hong Kong (3-11-1, Nihonbashi, Chuo-ku, Tokyo)	17,260	1.31
The Dai-ichi Life Insurance Company, Ltd.	1-13-1, Yuraku-cho, Chiyoda-ku, Tokyo	16,816	1.28
Total	—	662,572	50.29

(Notes) 1. According to the report filed with EDINET system on April 23, 2025, Nomura Securities Co., Ltd. and its related partners held shares as of April 17, 2025, as shown in the following table. Despite this report, they are not included in the above list of major shareholders because Kyocera is not able to confirm the number of shares beneficially owned by them from Kyocera's shareholders records as of March 31, 2026.

Name	Address	Number of shares held (thousands of shares)	Ownership percentage to the total number of shares issued (%)
Nomura Securities Co., Ltd.	1-13-1, Nihonbashi, Chuo-ku, Tokyo	3,897	0.26
Nomura International PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	725	0.05
Nomura Asset Management Co., Ltd.	2-2-1, Toyosu, Koto-ku, Tokyo	129,370	8.56
Total	—	133,992	8.87

2. According to the report filed with EDINET system on September 19, 2025, Sumitomo Mitsui Trust Bank, Limited and its related partners held shares as of September 15, 2025, as shown in the following table. Despite this report, they are not included in the above list of major shareholders because Kyocera is not able to confirm the number of shares beneficially owned by them from Kyocera's shareholders records as of March 31, 2026.

Name	Address	Number of shares held (thousands of shares)	Ownership percentage to the total number of shares issued (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1, Shibakoen, Minato-ku, Tokyo	35,445	2.35
Amova Asset Management Co., Ltd.	9-7-1, Akasaka, Minato-ku, Tokyo	60,380	4.00
Total	—	95,825	6.34

(7) Information on Voting Rights

a. Shares Issued

As of March 31, 2026

Classification	Number of shares (shares)	Number of voting rights	Description
Shares without voting rights	—	—	—
Shares with restricted voting rights (treasury stock)	—	—	—
Shares with restricted voting rights (others)	—	—	—
Shares with full voting rights (treasury stock)	(Number of treasury stock) Common stock 193,068,300	—	This is Kyocera's standard stock. There is no restriction on contents of the right of the stock. The number of shares per one unit of shares is 100 shares.
Shares with full voting rights (others)	Common stock 1,316,948,600	13,169,486	Same as above
Shares less than one unit	Common stock 457,420	—	—
Number of shares issued	1,510,474,320	—	—
Total number of voting rights	—	13,169,486	—

(Note) The “Shares with full voting rights (others)” column includes 4,400 shares registered in the name of JASDEC and the “Number of voting rights” column includes 44 voting rights for those shares.

b. Treasury Stock and Others

As of March 31, 2026

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the name of others (shares)	Total shares held (shares)	Ownership percentage to the total number of shares issued (%)
Kyocera Corporation	6, Takeda Tobadono-cho, Fushimi-ku, Kyoto	193,068,300	—	193,068,300	12.78
Total	—	193,068,300	—	193,068,300	12.78

2. Acquisition of Treasury Stock and Other Related Status

[Class of shares] Acquisition of shares of common stock falling under Article 155, Items 3 and 7 of the Companies Act of Japan.

(1) Acquisition of Treasury Stock Based on a Resolution Approved at the Ordinary General Meeting of Shareholders

Not Applicable.

(Note) At the Ordinary General Meeting of Shareholders scheduled for June 25, 2026, Kyocera Corporation has received a shareholder proposal regarding a share repurchase (total shares: 140,000,000 shares; total acquisition price: 350 billion yen). However, its Board of Directors opposes this proposal.

(2) Acquisition of Treasury Stock Based on a Resolution Approved by the Board of Directors

Classification	Number of shares (shares)	Total amount (Yen)
Details of resolution at the meeting of Board of Directors (May 14, 2025) (Acquisition period: From May 15, 2025 to March 24, 2026)	136,240,000	200,000,000,000
Treasury stock acquired before the year ended March 31, 2026	—	—
Treasury stock acquired during the year ended March 31, 2026	91,373,500	199,999,702,300
Number of shares and total amount of outstanding shares of resolution	44,866,500	297,700
Ratio of non-exercised portion as of March 31, 2026 (%)	32.9	0.0
Treasury stock acquired during the year ending March 31, 2027	—	—
Ratio of non-exercised portion as of the filing date of this Annual Report (%)	32.9	0.0

Classification	Number of shares (shares)	Total amount (Yen)
Details of resolution at the meeting of Board of Directors (April 30, 2026) (Acquisition period: From May 1, 2026 to March 24, 2027)	156,544,000	250,000,000,000
Treasury stock acquired before the year ended March 31, 2026	—	—
Treasury stock acquired during the year ended March 31, 2026	—	—
Number of shares and total amount of outstanding shares of resolution	—	—
Ratio of non-exercised portion as of March 31, 2026 (%)	—	—
Treasury stock acquired during the year ending March 31, 2027 *	9,778,400	34,961,619,000
Ratio of non-exercised portion as of the filing date of this Annual Report (%)	93.8	86.0

(Note) Treasury stock acquired from June 5, 2026 to the filing date of this Annual Report is not included in treasury stock acquired during the year ending March 31, 2027.

(3) Acquisition of Treasury Stock not Based on a Resolution Approved at the Ordinary General Meeting of Shareholders or a Resolution Approved by the Board of Directors

Classification	Number of shares (shares)	Total amount (Yen)
Treasury stock acquired during the year ended March 31, 2026	1,470	3,087,189
Treasury stock acquired during the year ending March 31, 2027 *	156	432,024

(Note) Treasury stock acquired less than one unit from June 5, 2026 to the filing date of this Annual Report is not included in treasury stock acquired during the year ending March 31, 2027.

(4) Current Status of the Disposition and Holding of Acquired Treasury Stock

Classification	For the year ended March 31, 2026		For the year ending March 31, 2027	
	Number of shares (shares)	Total disposition amount (Yen)	Number of shares (shares)	Total disposition amount (Yen)
Acquired treasury stock for which subscribers has been solicited	—	—	—	—
Acquired treasury stock that has been disposed	—	—	91,373,500	162,308,421,823
Acquired treasury stock for which transfer of shares has been conducted in association with merger/stock exchange/issuance/corporate separation	—	—	—	—
Others *1 Disposal of treasury stock as restricted stock compensation	32,847	46,172,254	—	—
Number of shares of treasury stock held *2	193,068,328	—	111,473,384	—

(Notes) 1. Treasury stock to be disposed of during the year ending March 31, 2027 do not include stocks resulting from the sale of stocks constituting less than one unit from June 5, 2026 to the filing date of this Annual Report.

2. Treasury stock acquired by a resolution of the Board of Directors and treasury stock acquired and sold of treasury stock less than one unit from June 5, 2026 to the filing date of this Annual Report are not included in treasury stock held during the year ending March 31, 2027.

3. Dividend 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. As for dividends, Kyocera Corporation adopted a dividend policy of maintaining a payout ratio of around 50% of profit attributable to owners of the parent through the year-end dividend of fiscal 2026.

In addition, Kyocera Corporation will implement acquisitions of its own shares when appropriate with the aim of promoting future optimization of shareholders' equity.

The Articles of Incorporation of Kyocera Corporation provide that an interim dividend may be paid as stipulated in Article 454, Paragraph 5 of the Companies Act in Japan, and its basic policy is to pay a year-end dividend and an interim dividend. These dividends are determined by the Ordinary General Meeting of Shareholders for the year-end dividends and by the Board of Directors for the interim dividends.

For fiscal 2026, the amount of the year-end dividend will be 27 yen per share, complying with the above-mentioned basic policy and reflecting our performance for fiscal 2026.

The proposed appropriations of surplus are as follows:

Date of Resolution	Aggregate Amount	Per Share Amount
The Board of Directors Meeting held on October 30, 2025	34,567 million yen	25 yen
The Ordinary General Meeting of Shareholders held on June 25, 2026 (plan)	35,570 million yen	27 yen

In order to distribute more stable and continuous dividends, in addition to adopting DOE (dividend on equity ratio^{*}) as the standard of its dividend policy, Kyocera Corporation will also adopt a progressive dividend policy to maintain or increase its dividend amount per share.

^{*}The amount of shareholders' equity used to determine DOE will be calculated based on "Equity attributable to owners of the parent" less "Other components of equity," which fluctuates according to the market value of the shares held by Kyocera Corporation and foreign exchange rate fluctuations.

4. Information of Corporate Governance

(1) Corporate Governance

a. Basic Views on Corporate Governance

Kyocera's basic views on corporate governance are as follows:

(a) Basic stance

The 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." as its management rationale. The Kyocera Group always strives to maintain equity and fairness and faces all situations with courage and conscience and will realize its management rationale by achieving sustainable growth and raising medium- to long-term corporate value. In doing so, the Kyocera Group shall build systems to undertake fair and efficient corporate management while maintaining the soundness and transparency of management upon taking into consideration the standpoints of all stakeholders. Additionally, the Kyocera Group shall permeate the "Kyocera Philosophy (Note)," a corporate philosophy that is the basis of the management policy of the Kyocera Group, in all Executives and employees in the Kyocera Group, and foster a sound corporate culture. The Kyocera Group shall establish proper corporate governance by building the above-mentioned systems and implementing the "Kyocera Philosophy." Furthermore, the Kyocera Group will constantly seek the ideal system for corporate governance and will always evolve and develop its existing corporate governance system.

(Note) The "Kyocera Philosophy" is a corporate philosophy and life philosophy created through integration of the thoughts of the founder of Kyocera Corporation 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."

(b) Systems (as of June 19, 2026)

Kyocera Corporation has selected a company with an Audit & Supervisory Board as its organizational design. The Board of Directors shall be composed giving consideration to the balance of experience and insight as well as diversity and appropriate size to make important decisions and supervise the execution of business for the Kyocera Group as a whole.

Kyocera Corporation shall establish a Nomination and Remuneration Committee as an advisory body to the Board of Directors in order to ensure the objectivity and transparency of decision-making procedures regarding the nomination and remuneration of Directors. The majority of the Nomination and Remuneration Committee shall consist of independent Outside Directors.

Additionally, Kyocera Corporation shall set up the necessary committees in a timely manner to establish appropriate corporate governance.

(c) Promotion of the Kyocera Philosophy

Promotion activities for the "Kyocera Philosophy" shall be undertaken to permeate the "Kyocera Philosophy" among the Executives and employees of the Kyocera Group.

b. Summary of Corporate Governance and operation

The Corporate Governance Structures which Kyocera established in accordance with “a. Basic Views on Corporate Governance” are as follows:

(a) Board of Directors

The Board of Directors of Kyocera is an organization to decide on important matters and to supervise the execution of businesses of Kyocera Group as a whole. As of June 19, 2026, it consists of eleven Directors including four Outside Directors. The Directors are nominated by the General Shareholders Meeting based on the proposal of candidates who have enough understanding of Kyocera Group and with outstanding “personality,” “capability” and “insight” to engage in the management of Kyocera. As proposals (item for resolution) at the 72nd Ordinary General Shareholders Meeting scheduled to be held on June 25, 2026, we have submitted the “Partial Amendments to the Articles of Incorporation,” “Election of Ten (10) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members),” and “Election of Three (3) Directors Who Are Audit & Supervisory Committee Members.” If these proposals are approved and adopted, Kyocera will transition to a Company with an Audit & Supervisory Committee, and the Board of Directors of the Company will consist of thirteen Directors, including seven Outside Directors.

Besides, Kyocera adopts the Executive Officer system to facilitate the efficiency of the management of Kyocera. The execution of the businesses of Kyocera is undertaken by the Executive Officers under the instruction of the Representative Director and President of Kyocera. Representative Director and President is nominated by the Board of Directors, which undertakes the management decision and supervision of the execution of businesses.

Representative Directors direct the Executive Officers to report the status of the execution of the businesses to the Board of Directors, and the Board of Directors makes sure that the businesses are efficiently executed. As such, Kyocera clarifies the responsibility and authority to achieve efficient management of Kyocera, and to realize the efficient functionality of appropriate corporate governance and internal control of Kyocera.

At the meetings held in fiscal 2026, matters including annual management strategy, significant capital investments, borrowings from external sources, and significant personnel and organizational changes were resolved based on the regulations of the Board of Directors. In addition, the Directors received reports of monthly results and financial position, the status of IR activities and the status of internal control and risk management.

For fiscal 2026, as in fiscal 2025, in addition to the Board of Directors, Kyocera held off-site meetings to discuss management reforms aimed at enhancing corporate value, and others.

The meetings were held 13 times in fiscal 2026, and the attendance record of each Director is below.

Position	Name	Attendances at the meeting of the Board of Directors
Representative Director and Chairman	Goro Yamaguchi	100% (13 out of 13)
Representative Director and President	Hideo Tanimoto	100% (13 out of 13)
Director	Norihiko Ina	100% (13 out of 13)
Director	Shiro Sakushima	100% (10 out of 10)
Director	Koichi Kano	100% (13 out of 13)
Director	Michinori Yamada	100% (10 out of 10)
Director	Hiroaki Chida	100% (10 out of 10)
Outside director (Independent Director)	Eiji Kakiuchi	100% (13 out of 13)
Outside director (Independent Director)	Shigenobu Maekawa	100% (13 out of 13)
Outside director (Independent Director)	Junko Sunaga	100% (13 out of 13)
Outside director (Independent Director)	Noriko Oi	100% (10 out of 10)

- (Notes) 1. The total number of meetings held varies due to the difference in the dates of appointment.
2. Mr. Shiro Sakushima, Mr. Michinori Yamada, Mr. Hiroaki Chida and Ms. Noriko Oi were newly appointed and assumed office as Directors at the 71st Ordinary General Meeting of Shareholders held on June 26, 2025.

(b) Audit & Supervisory Board

Kyocera has Audit & Supervisory Board Members and Audit & Supervisory Board based on the corporate governance policy and the provision of its Articles of Incorporation. Audit & Supervisory Board Members include two full-time Audit & Supervisory Board Members originally an employee of Kyocera, as well as two Outside Audit & Supervisory Board Members, who have plenty of knowledge and experience as certified public accountants, certified public tax accountants, or attorneys-at-law. The Audit & Supervisory Board Members are conducting audit of Kyocera as a whole based on the accurate information about Kyocera gathered from inside and utilizing variety of viewpoints as outsiders of Kyocera.

For detailed information, please refer to “(3) Status of Audit a. Status of Audit by Audit & Supervisory Board Members.”

As proposals (item for resolution) at the 72nd Ordinary General Shareholders Meeting scheduled to be held on June 25, 2026, we have submitted the “Partial Amendments to the Articles of Incorporation” and “Election of Three (3) Directors Who Are Audit & Supervisory Committee Members.” If these proposals are approved and adopted, Kyocera will transition to a company with an Audit & Supervisory Committee, and the committee will consist of three directors, all of whom are Audit & Supervisory Committee members, including two outside directors.

(c) Nominating and Remuneration Committee

As consulting organization of the Board of Directors, Kyocera has established Nominating and Remuneration Committee, the majority of which consists of Outside Directors. The Board of Directors examine nomination of Directors and Managing Executive Officers and remuneration of Directors after consulting in advance the Nomination and Remuneration Committee so that the decision relating thereto shall be made in a fair manner and appropriately.

Meetings of the “Nomination and Remuneration Committee” were held 10 times in fiscal 2026, and all members attended all meetings. The Committee discussed in response to consultations from the Board of Directors, deliberated on and made recommendations regarding the nomination of Directors and Executive Officers, as well as the compensation of Directors.

(d) Kyocera Group Management Committee

Kyocera has established the “Kyocera Group Management Committee” consisting of Directors (excluding Outside Directors) and Managing Executive Officers all of whom live in Japan and Kyocera holds meetings every month regularly. Such committee examines not only the agenda of the meetings of the Board of Directors but also other important matters relating to the execution of the businesses of Kyocera Group as a whole to secure the sound management of Kyocera Group.

Meetings of the “Kyocera Group Management Committee,” held 24 times in fiscal 2026, evaluated important matters at the Kyocera Group or received reports.

(e) Investment Review Committee

Kyocera has established the “Investment Review Committee” as a preliminary review committee for the Kyocera Group Management Committee and the Board of Directors to enhance the quality of investment decision-making and optimize the allocation of resources within the Kyocera Group.

No meetings of the Investment Review Committee were held in fiscal 2026, as the Committee was established and commenced operations on April 1, 2026.

(f) Kyocera Disclosure Committee

Kyocera has established an organ known as the “Kyocera Disclosure Committee” for disclosure of corporate information. This committee investigates all disclosure documents for the purpose of assuring the appropriateness of disclosures of corporate information, reporting the results of its investigations to the Representative Director and President which educates Group companies concerning rules relating to disclosure and promotes appropriate disclosure of information for the entire Group.

The “Kyocera Disclosure Committee,” held 2 times in fiscal 2026, disclosed information timely and appropriately and evaluation results are reported by the chairperson of this committee to Representative Directors.

(g) Kyocera Group Philosophy Committee

Kyocera has established the “Kyocera Group Philosophy Committee” to educate and permeate “Kyocera Philosophy” which is the corporate philosophy based on the general criteria in making judgement, namely “what is the right thing to do as a human being.” The committee has set education policy of “Kyocera Philosophy” of each entity in Kyocera Group, and discusses and decides the measures to promote an understanding of “Kyocera Philosophy” and practice it.

Meetings of the “Kyocera Group Philosophy Committee” were held 2 times in fiscal 2026. The committee works on “Kyocera Philosophy” inculcation activity focused on the work floor in Japan and works on “Kyocera Philosophy” education depending on each local situation and business condition overseas in accordance with the established educational policy.

(h) Risk Management Committee

Kyocera has established the “Risk management Committee” to manage risks of the Kyocera Group. The committee has determined risk management policies and has identified corporate risks that need to be addressed by the Kyocera Group.

Meetings of the “Risk Management Committee” were held 2 times in fiscal 2026. The committee assigns risk owners to each corporate risks and carries out risk reduction activities.

(i) Kyocera Group Sustainability Committee

Kyocera has established the “Kyocera Group Sustainability Committee” to promote sustainable development together with society. The committee deliberates on a business strategy that will contribute to the resolution of societal needs, and policies and targets related to social requirements in an aim to realize our Management Rationale and achieve the SDGs.

Meetings of the “Kyocera Group Sustainability Committee” were held 2 times in fiscal 2026. The committee reports and discusses an overview of sustainability activities, progress toward long-term environmental targets.

As of June 19, 2026 (submission date of the Annual Report), members of each organization and committee are as set forth.

(◎: chairperson, ○: member, □: attendance other than member)

Position	Name	Board of Directors	Audit & Supervisory Board	Nominating and Remuneration Committee	Kyocera Group Management Committee	Investment Review Committee	Kyocera Disclosure Committee	Kyocera Group Philosophy Committee	Risk Management Committee	Kyocera Group Sustainability Committee
Representative Director and Chairman	Goro Yamaguchi	◎		○	◎			◎	○	○
Representative Director and Vice Chairman	Norihiko Ina	○			○			○	○	○
Representative Director and President	Shiro Sakushima	○			○			○	◎	◎
Director	Hiroaki Chida	○			○	◎		○	○	○
Director	Michinori Yamada	○			○			○	○	○
Director	Hideo Tanimoto	○			○			○	○	○
Director	Koichi Kano	○			○			○	○	○
Outside director (Independent Director)	Eiji Kakiuchi	○		◎						
Outside director (Independent Director)	Shigenobu Maekawa	○		○						
Outside director (Independent Director)	Junko Sunaga	○		○						
Outside director (Independent Director)	Noriko Oi	○		○						
Full-time Auditor & Supervisory Board Member	Shoichi Aoki	□	◎		□		□	□	□	□
Full-time Auditor & Supervisory Board Member	Yushi Nishimura	□	○		□		□	□	□	□
Outside audit & supervisory board member (Independent Director)	Minoru Kida	□	○							
Outside audit & supervisory board member (Independent Director)	Michie Kohara	□	○							
—	Other				○*1 □*2	○*3	○*4	○*5	○*1 □*2	○*6

- (Notes)
1. Managing Executive Officers who live in Japan are included.
 2. General managers of general affairs human resources group, corporate purchasing group, corporate financial and accounting group, and corporate legal and intellectual property group are included.
 3. General manager of corporate financial and accounting group, corporate strategic planning group, and corporate risk management division are included.
 4. Divisional managers of general affairs human resources division, legal and intellectual property division, corporate development division, management strategies division, internal audit division, information security division, accounting division, finance division, management control division, and risk management division are included. The chairperson is general manager of corporate financial and accounting group.
 5. Executive Officers who live in Japan, general managers of domestic divisions, business managers directly under the segment and Presidents of some domestic subsidiaries are included.
 6. Executive Officers, general managers, business managers directly under the segment and Presidents of major subsidiaries, are included.

[Summary of Agreements Regarding the Limitation of Liability]

Kyocera Corporation has entered into agreements with all of the 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 Article 427, paragraph (1) of the Companies Act and Articles 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.

[Summary of Contents of the Directors and Officers Liability Insurance Policy]

Kyocera Corporation has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The policy will cover damages incurred by the insured, such as compensation for damages and litigation expenses when they are subject to claims arising from actions (including inaction) conducted based on their position as a director or officer of the Company. However, damages, etc. incurred by an insured due to criminal acts or illegal acts intentionally committed by the insured are not covered by the policy as a measure to ensure the properness of the performance of duties by directors or officers is not impaired.

The scope of insured persons is Directors, Audit & Supervisory Board Members, Executive Officers and managerial employees of Kyocera Corporation and subsidiaries (excluding some subsidiaries), and the insurance premiums are all paid by Kyocera Corporation and the subsidiaries.

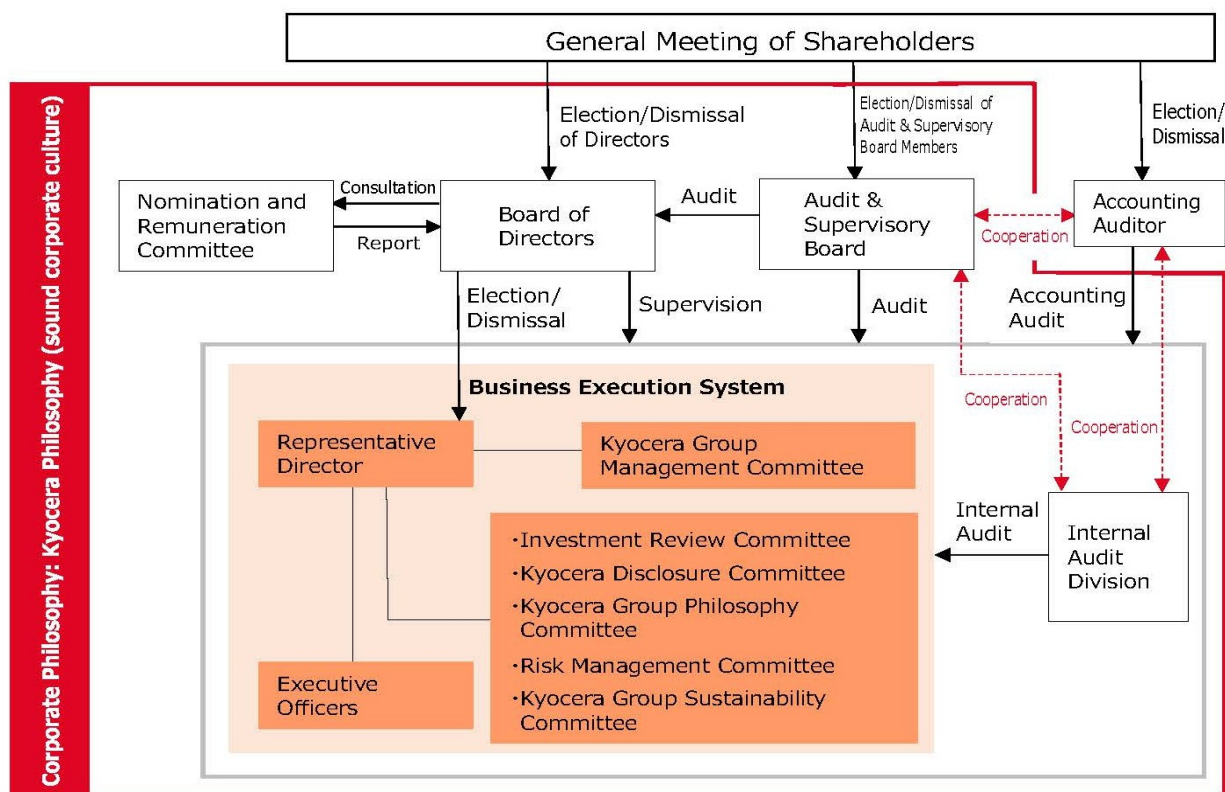
c. Analysis and evaluation of effectiveness of the Board of Directors

Kyocera analyzes and evaluates the effectiveness of the Board of Directors as a whole, and discloses a summary of the results once per year, in order to obtain an appropriate understanding of the current condition of the Board of Directors and to achieve more effective operation. Evaluation method and summary of results in fiscal 2026 are as follows:

	Contents and Results
Evaluation Method	Kyocera conducted an effectiveness evaluation questionnaire to all Directors and all Audit & Supervisory Board Members, and discussion at the Board of Directors.
Questionnaire Items	1. Administration and deliberation of the Board of Directors (Provision of information, agenda items, frequency of meetings, time for deliberations, free and open discussions and exchanges of views, etc.) 2. Composition of the Board of Directors (Size, member balance, diversity, etc.) 3. Roles and Responsibilities of the Board of Directors (Discussion of the broad direction of corporate strategy, management of subsidiaries, and supervision of internal control and risk management systems etc.) 4. Optional Nomination and Remuneration Committee (Agenda items, frequency of meetings and time for deliberations)
Summary of Evaluation Results and Future Initiatives	The Board of Directors has been working to address the issues identified in the previous evaluation by providing agenda information at an earlier stage and by sharing information related to risks and important matters in a timely and appropriate manner. As a result of the evaluation conducted in fiscal 2026, it was confirmed that the effectiveness of the Board of Directors has been generally ensured, and that the following points have been evaluated in particular: • The Board of Directors fosters an atmosphere that encourages Outside Directors to freely express their questions and opinions. • The matters submitted to the Board of Directors, particularly those related to Strategic Business Transformation Project, have been enhanced, and the operation and quality of the Board of Directors have steadily improved. On the other hand, regarding the issues identified through the evaluation, the Board of Directors will promote the following initiatives to further improve its effectiveness: • By closely monitoring initiatives undertaken by the executive divisions to strengthen the management of subsidiaries, the Board of Directors will oversee subsidiary management to ensure that it is conducted appropriately. • By clarifying the background and process of consideration of agenda items by the executive divisions in deliberations at the Board of Directors, Kyocera aims to enhance the quality of discussions. • In order to promote the separation of supervision and execution, further strengthen the supervisory function of the Board of Directors, and enhance the framework under which the Board of Directors formulates mid- to long-term management vision and strategies and monitors their progress, Kyocera will transition to a company with an Audit & Supervisory Committee, subject to approval at the Ordinary General Meeting of Shareholders scheduled to be held on June 25, 2026. Following the transition, the Board of Directors is expected to function as a monitoring board with a majority of Outside Directors.

d. Corporate Governance Chart of Kyocera

As of June 19, 2026 (submission date of the Annual Report), the view on Corporate Governance of Kyocera is as set forth.



e. Acquisition of Treasury Stock

In order to enable the execution of a flexible and swift capital policy for the purpose of responding to changes in the management environment, the Articles of Incorporation set forth that Kyocera may acquire its own shares by means of a market transaction upon a resolution of the Board of Director based on Article 165, paragraph (2) of the Companies Act of Japan.

f. Requirement for Special Resolutions of the General Meeting of Shareholder

For smooth management of the General Meeting of the Shareholders by relaxing the quorum of special resolutions, the Articles of Incorporation set forth that a resolution of the General Meeting of Shareholders as specified by Article 309, paragraph (2) of the Companies Act of Japan is valid if the shareholders who have at least one-third of the total voting rights attend the meeting and of which two-thirds of the votes support such resolution.

g. Number of Board and Director

As of June 19, 2026, The Articles of Incorporation set forth that the number of Board and Director is to be 12 or less. As a proposal (item for resolution) at the 72nd Ordinary General Shareholders Meeting scheduled to be held on June 25, 2026, we have submitted the “Partial Amendments to the Articles of Incorporation.” If this proposal is approved and adopted, Kyocera will transition to a Company with an Audit & Supervisory Committee, and the number of Board of Director will be limited to no more than 14, of whom no more than four shall be Directors serving as members of the Audit & Supervisory Committee.

h. Resolution Requirements for Appointment of Director

Regarding resolutions for the appointment of Directors, our Articles of Incorporation set forth that attendance of shareholders who hold one-third or more of the voting rights of the shareholders who can exercise voting rights is necessary. The Articles of Incorporation also set forth that resolutions for the appointment of Directors may not be made with cumulative voting.

i. Decision Institute of Interim Dividend

In order to enable profits to be returned to shareholders in a flexible and swift manner, the Articles of Incorporation set forth that Kyocera may pay interim dividends, upon a resolution by the Board of Directors based on Article 454, paragraph (5) of the Companies Act of Japan, with September 30 set as the record date each year.

(2) Directors and Audit & Supervisory Board Members

a. List of Directors and Audit & Supervisory Board Members (as of June 19, 2026)

Male 12 people, Female 3 people

(The ratio of the female member in Directors and Audit & Supervisory Board Members 20%)

Position	Name	Date of Birth	Career Summary	Term of Office	Shareholdings *1
Representative Director and Chairman	Goro Yamaguchi	January 21, 1956	Mar. 1978 Joined Kyocera Corporation Jun. 2003 Executive Officer of Kyocera Corporation Jun. 2005 Senior Executive Officer of Kyocera Corporation Apr. 2009 Managing Executive Officer of Kyocera Corporation Jun. 2009 Director and Managing Executive Officer of Kyocera Corporation Apr. 2013 Representative Director and President, Executive Officer and President of Kyocera Corporation Mar. 2017 Representative Director and Chairman of the Kyoto Purple Sanga Co., Ltd. [Present] Apr. 2017 Representative Director and Chairman of Kyocera Corporation [Present] Representative Director and Chairman of Kyocera Communication Systems Co., Ltd. [Present] Representative Director and Chairman of Kyocera Document Solutions Inc. [Present] Representative Director and Chairman of Kyocera Realty Development Co., Ltd. [Present] Apr. 2019 Representative Director and Chairman of Kyocera Industrial Tools Corporation [Present] Jun. 2020 Representative Director and Chairman of Kyocera SOC Corporation [Present]	*5	288,750
Representative Director and Vice Chairman	Norihiko Ina	September 16, 1963	Apr. 1987 Joined Mita Industrial Co., Ltd. (currently Kyocera Document Solutions Inc.) Apr. 2017 Executive Officer of Kyocera Corporation Representative Director and President of Kyocera Document Solutions Inc. Jun. 2017 Director and Managing Executive Officer of Kyocera Corporation Apr. 2021 Executive General Manager of Solutions Business of Kyocera Corporation Apr. 2025 Director and Senior Managing Executive Officer of Kyocera Corporation Senior Managing Executive Officer in charge of Strategic Business Transformation and Executive General Manager of Solutions Business of Kyocera Corporation Apr. 2026 Representative Director and Vice Chairman in charge of Solutions Sector [Present]	*5	75,784
Representative Director and President Executive Officer and President	Shiro Sakushima	February 8, 1967	Mar. 1990 Joined Kyocera Corporation Apr. 2022 Executive Officer of Kyocera Corporation Senior General Manager of Corporate Electronic Components Group of Kyocera Corporation Apr. 2023 Managing Executive Officer of Kyocera Corporation Deputy Executive General Manager of Electronic Components Business and Senior General Manager of Corporate Electronic Components Group of Kyocera Corporation Apr. 2025 Senior Managing Executive Officer of the Kyocera Corporation Senior Managing Executive Officer in charge of Strategic Business Transformation of Kyocera Corporation Jun. 2025 Director and Senior Managing Executive Officer of Kyocera Corporation Apr. 2026 Representative Director and President, Executive Officer and President of Kyocera Corporation [Present] Chief Executive Officer [Present]	*5	22,569

Position	Name	Date of Birth	Career Summary	Term of Office	Share-holdings *1
Director Managing Executive Officer	Hiroaki Chida	July 6, 1963	Mar. 1986 Joined Kyocera Corporation Nov. 2015 Director and Senior General Manager of Administration Division of Nihon Inter Electronics Corporation Apr. 2021 Senior General Manager of Corporate Management Control Group of Kyocera Corporation Apr. 2022 Executive Officer of Kyocera Corporation Apr. 2025 Managing Executive Officer of Kyocera Corporation Executive General Manager of Headquarters of Kyocera Corporation Jun. 2025 Director and Managing Executive Officer of Kyocera Corporation [Present] Jun. 2026 Chief Financial Officer [Present] Executive General Manager of Corporate Planning Office and Headquarters [Present]	*5	24,146
Director Managing Executive Officer	Michinori Yamada	June 12, 1962	Mar. 1985 Joined Kyocera Corporation Oct. 2020 Deputy Senior General Manager of Corporate Ceramic Materials Semiconductor Components Group of Kyocera Corporation Apr. 2021 Executive Officer of Kyocera Corporation Apr. 2025 Managing Executive Officer of Kyocera Corporation Executive General Manager of Core Components Business of Kyocera Corporation Jun. 2025 Director and Managing Executive Officer of Kyocera Corporation [Present] Apr. 2026 Managing Executive Officer in charge of Components Sector [Present]	*5	19,561
Director	Hideo Tanimoto	March 18, 1960	Mar. 1982 Joined Kyocera Corporation Apr. 2015 Executive Officer of Kyocera Corporation Apr. 2016 Managing Executive Officer of Kyocera Corporation Jun. 2016 Director and Managing Executive Officer of Kyocera Corporation Apr. 2017 Representative Director and President, Executive Officer and President of Kyocera Corporation Apr. 2026 Director of Kyocera Corporation [Present]	*5	170,348
Director	Koichi Kano	September 21, 1961	Mar. 1985 Joined Kyocera Corporation Apr. 2012 General Manager of Corporate Development Group of Kyocera Corporation Apr. 2013 Executive Officer of Kyocera Corporation Apr. 2015 Senior Executive Officer of Kyocera Corporation Apr. 2016 Managing Executive Officer of Kyocera Corporation Jun. 2016 Director and Managing Executive Officer of Kyocera Corporation Apr. 2021 Deputy Executive General Manager of Electronic Components Business of Kyocera Corporation Apr. 2023 Executive General Manager of Electronic Components Business of Kyocera Corporation Apr. 2026 Director of Kyocera Corporation [Present]	*5	52,483

Position	Name	Date of Birth	Career Summary	Term of Office	Shareholdings *1
Director	Eiji Kakiuchi	April 3, 1954	Apr. 1981 Joined Dainippon Screen Mfg. Co., Ltd. (currently SCREEN Holdings Co., Ltd.) Apr. 2005 Executive Officer of Dainippon Screen Mfg. Co., Ltd. Apr. 2006 Senior Executive Officer of Dainippon Screen Mfg. Co., Ltd. Apr. 2007 Managing Executive Officer of Dainippon Screen Mfg. Co., Ltd. Jun. 2011 Director of Dainippon Screen Mfg. Co., Ltd. Apr. 2014 Representative Director and President of Dainippon Screen Mfg. Co., Ltd. Jun. 2019 Representative Director and Chairman of SCREEN Holdings Co., Ltd. Jun. 2021 Outside Director of Kyocera Corporation [Present] Jun. 2023 Director and Chairman of SCREEN Holdings Co., Ltd. Jun. 2025 Executive Advisor of SCREEN Holdings Co., Ltd. [Present]	*5	17,813
Director	Shigenobu Maekawa	January 18, 1953	Apr. 1976 Joined Nippon Shinyaku Co., Ltd. Apr. 2004 Executive Officer of Nippon Shinyaku Co., Ltd. Jun. 2005 Director of Nippon Shinyaku Co., Ltd. Jun. 2006 Managing Director of Nippon Shinyaku Co., Ltd. Jun. 2007 Representative Director and President of Nippon Shinyaku Co., Ltd. Jun. 2021 Representative Director and Chairman of Nippon Shinyaku Co., Ltd. [Present] Jun. 2023 Outside Director of Kyocera Corporation [Present]	*5	12,535
Director	Junko Sunaga	September 25, 1960	Apr. 1983 Joined NEC Corp. Apr. 1997 Joined Qualcomm International Japan LLC (currently Qualcomm Japan LLC) Nov. 2008 Senior Director of Qualcomm Japan, Inc. (currently Qualcomm Japan, LLC) Jun. 2016 Vice President of Qualcomm Japan LLC Apr. 2018 President of Qualcomm Japan LLC Jun. 2023 Advisory Chairwoman of Qualcomm Japan LLC Jun. 2024 Outside Director of Kyocera Corporation [Present] Outside Director of TIS Inc. [Present] Mar. 2026 Outside Director of Yamaha Motor Co., Ltd. [Present]	*5	4,090
Director	Noriko Oi	May 15, 1964	Apr. 1997 Admitted to the Bar Joined Toranomon Sougoh Law Office Apr. 2003 Partner at Toranomon Sougoh Law Office [Present] Sep. 2013 Outside Audit & Supervisory Board Member of U-NEXT Co., Ltd. (currently U-NEXT HOLDINGS Co., Ltd.) Apr. 2016 Director of International Literary and Artistic Association of Japan Feb. 2021 Director and Head of Secretariat of International Literary and Artistic Association of Japan [Present] Jun. 2024 Outside Audit & Supervisory Board Member of TOHAN CORPORATION [Present] Jun. 2025 Outside Director of Kyocera Corporation [Present]	*5	417

Position	Name	Date of Birth	Career Summary	Term of Office	Share-holdings *1
Full-time Audit & Supervisory Board Member	Shoichi Aoki	September 19, 1959	Mar. 1983 Joined Kyocera Corporation Jun. 2005 Executive Officer of Kyocera Corporation Apr. 2009 Managing Executive Officer of Kyocera Corporation Jun. 2009 Director and Managing Executive Officer of Kyocera Corporation Apr. 2018 Senior General Manager of Corporate Management Control Group of Kyocera Corporation Apr. 2021 Executive General Manager of Headquarters of Kyocera Corporation Apr. 2024 Executive General Manager of Headquarters of Kyocera Corporation and Senior General Manager of Corporate Development Group of Kyocera Corporation Apr. 2025 Director of Kyocera Corporation Jun. 2025 Full-time Audit & Supervisory Board Member of Kyocera Corporation [Present]	*6	102,767
Full-time Audit & Supervisory Board Member	Yushi Nishimura	December 24, 1961	Mar. 1985 Joined Kyocera Corporation Feb. 2013 General Manager of Corporate Management Control Division of Kyocera Vietnam Co., Ltd. Jul. 2016 General Manager of Corporate Global Audit Division of Kyocera Corporation Jun. 2022 Full-time Audit & Supervisory Board Member of Kyocera Corporation [Present]	*7	11,538
Audit & Supervisory Board Member	Minoru Kida	July 30, 1970	Oct. 1993 Joined Showa Ota & Co. (currently Ernst & Young ShinNihon LLC) Apr. 1997 Registered as a Certified Public Accountant Jan. 2004 Head of Kida CPA Office (currently Kida CPA & CPTA Office) [Present] Jun. 2004 Registered as a Certified Public Tax Accountant Dec. 2006 Representative Partner of Gravitas Audit Corporation [Present] Mar. 2019 Outside Director (Audit & Supervisory Committee Member) of OPTEX GROUP Co., Ltd. [Present] Jun. 2024 Audit & Supervisory Board Member of Kyocera Corporation [Present]	*8	2,168
Audit & Supervisory Board Member	Michie Kohara	November 7, 1976	Oct. 2002 Admitted to the Bar, Joined Oike Law Office Oct. 2006 Partner of Oike Law Office [Present] Aug. 2009 Visiting Scholar at New York University School of Law May. 2011 Completed Master's Program (LL.M.) at Indiana University Maurer School of Law - Bloomington Jun. 2024 Audit & Supervisory Board Member of Kyocera Corporation [Present]	*8	1,083
Total					806,052

- (Notes) 1. The shareholdings are the information as of March 31, 2026.
2. Mr. Eiji Kakiuchi, Mr. Shigenobu Maekawa, Ms. Junko Sunaga and Ms. Noriko Oi are outside directors.
3. Mr. Minoru Kida and Ms. Michie Kohara are outside audit & supervisory board members.
4. Kyocera adopts an “executive officer system,” which aims to establish corporate governance appropriate for a global corporation together with a decision-making system responsive to the business environment and to train the next generation of executives.
5. This is from the closing of the Ordinary General Meeting of Shareholders related to the year ended March 31, 2025 to the closing of the Ordinary General Meeting of Shareholders related to the year ended March 31, 2026.
6. This is from the closing of the Ordinary General Meeting of Shareholders related to the year ended March 31, 2025 to the closing of the Ordinary General Meeting of Shareholders related to the year ending March 31, 2029.
7. This is from the closing of the Ordinary General Meeting of Shareholders related to the year ended March 31, 2022 to the closing of the Ordinary General Meeting of Shareholders related to the year ended March 31, 2026.
8. This is from the closing of the Ordinary General Meeting of Shareholders related to the year ended March 31, 2024 to the closing of the Ordinary General Meeting of Shareholders related to the year ending March 31, 2028.
9. Kyocera elects a substitute Audit & Supervisory Board Member prescribed by Article 329, paragraph (3) of the Corporation Act to be ready to fill a vacant position should be the number of Audit & Supervisory Board Members fall below the number required by laws and regulations. The career summary of substitute Audit & Supervisory Board Member is as follows:

Name	Date of Birth	Career Summary	Share holdings
Yusuke Nakano	May 15, 1969	Oct. 1998 Joined Asahi & Co. (currently KPMG AZSA LLC) Apr. 2002 Registered as as Certified Public Accountant Jul. 2005 Representative Partner of Seiyu Audit Corporation [Present] Sep. 2005 Registered as a Certified Public Tax Accountant Apr. 2006 Visiting Associate Professor at Ritsumeikan University Graduate School of Management Jan. 2010 Head of Nakano CPA Office [Present] Dec. 2014 Director (Audit & Supervisory Committee Member) of SK-Electronics Co., Ltd. [Present] Jun. 2015 Outside Audit & Supervisory Board Member of Nissha Co., Ltd. [Present] Dec. 2018 Outside Director (Audit & Supervisory Committee Member) of SK-Electronics Co., Ltd. [Present] Jun. 2021 Outside Audit & Supervisory Board Member of Sanyo Chemical Industries, Ltd. [Present] Nov. 2023 Representative Partner of Seiyu Tax Corporation [Present]	—

b. Outside Director and Audit & Supervisory Board Member

(a) The number of Outside Directors and Audit & Supervisory Board Members

Outside Directors: four people

Outside Audit & Supervisory Board Members: two people

(b) Important Concurrent Posts Undertaken by Outside Director and Audit & Supervisory Board Members, and their Relations with Kyocera

Outside Directors, Mr. Eiji Kakiuchi, Mr. Shigenobu Maekawa, Ms. Junko Sunaga and Ms. Noriko Oi as well as Outside Audit & Supervisory Board Members, Mr. Minoru Kida and Ms. Michie Kohara, own Kyocera's shares.

There is no special interest between Mr. Eiji Kakiuchi, an Outside Director, and Kyocera Corporation. Although Kyocera Corporation engages in transactions relating to the sales and purchases of products with SCREEN Holdings Co., Ltd. where Mr. Eiji Kakiuchi serves as a Executive Advisor, and its subsidiaries, the amounts of the applicable business transactions represent less than 1% of the consolidated net sales of either Kyocera Group or the SCREEN Group.

There is no special interest between Mr. Shigenobu Maekawa, an Outside Director, and Kyocera Corporation nor is there any special interest between Kyocera Corporation and Nippon Shinyaku Co., Ltd. where Mr. Shigenobu Maekawa serves as a Representative Director, and Chairman.

There is no special interest between Ms. Junko Sunaga, an Outside Director, and Kyocera Corporation. Although Kyocera Corporation engages in transactions relating to the sales and purchases of products and License permits to produce product with Qualcomm Japan LLC where Ms. Junko Sunaga had served as a President until May, 2023, and Qualcomm Group to which the company belongs, the amounts of the applicable business transactions represent less than 1% of the consolidated net sales of either Kyocera Group or the Qualcomm Group. Similarly, although Kyocera Corporation engages in transactions relating to the sales and purchases of products with Yamaha Motor Co., Ltd. where Ms. Junko Sunaga serves as an Outside Director, the amounts of the applicable business transactions represent less than 1% of the consolidated net sales of either Kyocera Group or the Yamaha Motor Co., Ltd. Furthermore, there is no special interest between Kyocera Corporation and TIS Co., Ltd. where Ms. Junko Sunaga serves as an Outside Director.

There is no special interest between Ms. Noriko Oi, an Outside Director, and Kyocera Corporation, nor is there any special interest between Kyocera Corporation and Toranomom General Law Office, where Ms. Noriko Oi serves as a Partner. There is also no special interest between Kyocera Corporation and International Literary and Artistic Association of Japan, where she serves as Director and Head of Secretariat. Furthermore, there is no special interest between Kyocera Corporation and TOHAN CORPORATION, where she serves as an Outside Audit & Supervisory Board Member.

There is no special interest between Mr. Minoru Kida, an Outside Audit & Supervisory Board Member, and Kyocera Corporation nor is there any special interest between Kyocera Corporation and Kida CPA & CPTA Office where Mr. Minoru Kida serves as a Head, and Gravitas Audit Corporation where Mr. Minoru Kida serves as a Representative Partner. In addition, Kyocera Corporation has no special interest with OPTEX GROUP Co., Ltd. where Mr. Minoru Kida serves as an Outside Director (Audit & Supervisory Committee Member).

There is no special interest between Ms. Michie Kohara, an Outside Audit & Supervisory Board Member, and Kyocera Corporation nor is there any special interest between Kyocera Corporation and Oike Law Office where Ms. Michie Kohara serves as a Partner.

(c) Function and Role of Outside Director and Audit & Supervisory Board Member for Corporate Governance

Kyocera Corporation has strengthened the supervisory function of the Board of Directors and audit function of Directors by appointing four Outside Directors with extensive knowledge and experience as top managements of corporate groups, or an attorney-at-law and two Outside Audit & Supervisory Board Members with extensive knowledge and experience as a certified public accountant or attorney-at-law and having the Directors provide sufficient explanations to the Outside Directors and Outside Audit & Supervisory Board Members at meetings of the Board of Directors and other meetings. In addition, Directors make decisions with an external perspective by exchanging opinions with Outside Directors and Audit & Supervisory Board Members on overall management. Furthermore, Kyocera Corporation has established a sound corporate culture pursuant to the “Kyocera Philosophy,” which is the corporate philosophy based on the general criteria in making judgment, namely “what is the right thing to do as human being.” Kyocera has established its corporate governance system through practicing the Kyocera Philosophy. Such system is supplemented by the function to check the management by the Outside Directors and Audit & Supervisory Board Members.

The roles of each Outside Director and Outside Audit & Supervisory Board Member which Kyocera Corporation expects are as below:

Kyocera Corporation expects that Mr. Eiji Kakiuchi will be capable of providing advice on and undertaking supervision of general corporate activities as an Outside Director, based on his abundant experience and exceptional insight in corporate management as he serves as a top management of a corporate group that manufactures and sells semiconductor manufacturing equipment and other electronics products.

Kyocera Corporation expects that Mr. Shigenobu Maekawa will be capable of providing advice on and undertaking supervision of general corporate activities as an Outside Director, based on his abundant experience and exceptional insight in corporate management as he serves as a top management of a corporate group that manufactures and sells pharmaceuticals and functional foods.

Kyocera Corporation expects that Ms. Junko Sunaga will be capable of providing advice on and undertaking supervision of general corporate activities as an Outside Director, based on her abundant experience and exceptional insight in corporate management as a top executive of a Japanese subsidiary of a global company that designs and develops mobile communications and semiconductors.

Kyocera Corporation expects that Ms. Noriko Oi will be capable of providing advice on and undertaking supervision of general corporate activities as an Outside Director, based on her abundant experience and exceptional insight as an attorney in corporate legal affairs and various other fields.

Kyocera Corporation expects that Mr. Minoru Kida will be capable of conducting a general audit of corporate activities as an Outside Audit & Supervisory Board Member based on his abundant knowledge relating to finance and accounting as a certified public accountant and certified public tax accountant and his abundant experience and exceptional insight.

Kyocera Corporation expects that Ms. Michie Kohara will be capable of conducting a general audit of corporate activities as an Outside Audit & Supervisory Board Member based on her abundant experience and exceptional insight as an attorney, and is well-versed in a wide range of legal fields, including corporate law.

(d) Thoughts of Kyocera with Respect to the Independence of Outside Director of Kyocera and Reason for Nomination as Independent Director

Kyocera thinks that it is important to retain a person, who has outstanding “personality,” “capability” and “insight” as an Outside Director and an Outside Audit & Supervisory Board Member of Kyocera and to have such person supervise Kyocera’s management from an objective point of view. Kyocera nominates the persons who satisfy the above-mentioned criteria to Outside Director and Outside Audit & Supervisory Board Members. The Outside Directors of Kyocera are selected as independent directors in compliance with the following “Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members,” which Kyocera established, in addition to the requirements concerning the Outside Directors prescribed by the Companies Act and the independence standards prescribed by the financial instruments exchanges. Kyocera judges that an Outside Director and an Outside Audit & Supervisory Board Member who is not fallen under any of the following items is independent of the company.

1. An executive of the Group (Notes 1, 2).
2. A person who has been an executive (including a non-executive Director when judging the independence of an Outside Audit & Supervisory Board Member) of the Group in the past 10 years (Note 3).
3. A major business partner of the Group (a business partner whose payments to the Group or payments received from the Group in the most recent fiscal year represent 2% or more of the consolidated net sales of either the Company or the business partner) or an executive thereof.
4. A person who is a consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property (10 million yen or more per year in the case of individuals, and 2% or more of the total income per year in the case of a body) from the Group, besides remuneration as a Director or an Audit & Supervisory Board Member.
5. A person who belongs to audit firms which are the Accounting Auditors of the Group.
6. A person who receives a large donation or subsidy (donation or subsidy of an amount equal to or more than 10 million yen or 2% of the total income of the person per year, whichever is greater) from the Group or an executive thereof.
7. A major shareholder (a shareholder who holds shares with 5% or more of total voting rights at the end of the most recent fiscal year) of the Company or an executive thereof.
8. An executive of the company which accept Directors or Audit & Supervisory Board Members (both full-time and part-time) from the Group, its parent companies or subsidiaries (except when the company, its parent companies or subsidiaries belong to the Group).
9. A person who has fallen under any of the items 3. through 8. above in the past three years.
10. A spouse or relative within the second degree of kinship, of a person who falls under any of items 1. through 9. above (limited to the person in an important position (Note 4)).
11. Any other person who is likely to have serious conflicts of interest with general shareholders.

(Notes) 1. “The Group” means the Company and its subsidiaries.

2. An “executive” means an Executive Director, Operating Officer, Executive Officer or other person or employee similar thereto.
3. When judging the independence of an Outside Director who was a non-executive Director or an Audit & Supervisory Board Member of the Group (in the case of an Outside Audit & Supervisory Board Member who was an Audit & Supervisory Board Member of the Group) at any time in the past 10 years, “the past 10 years” means the 10 years prior to his or her appointment to those positions.
4. An “important position” means a Director, Audit & Supervisory Board Member, Executive Officer, Operating Officer, other person similar thereto, or an employee who executes important operations, such as a general manager.

As of June 19, 2026 (the date of submission of the Annual Report), on the above items, Kyocera has four Independent Outside Directors and two Independent Outside Audit & Supervisory Board Members who will not have any conflicts of interest with the shareholders in general of Kyocera. Kyocera thinks there is a system for adequate supervision and auditing of Kyocera from an objective point of view at this point. Kyocera, therefore, nominated all of these six people as independent Directors of Kyocera as set by the Tokyo Stock Exchange.

c. Supervision and Internal Audit by Outside Audit & Supervisory Board Members, Cooperation between Audit by Audit & Supervisory Board Members and Accounting Audit and Relationship with the Internal Control Division

Outside Audit & Supervisory Board Members receive reports from internal audit and control division and discuss the status of the audit every first half and second half. They receive reports from accounting auditors and discuss audit plan and results of the audit every quarter. Besides, they receive reports from Full-time Audit & Supervisory board members and discuss the status of the audit. In addition, they have meetings to discuss the substance of the audit and share information from time to time.

(3) Status of Audit

a. Audit by Audit & Supervisory Board Members

Kyocera's Audit & Supervisory Board consists of four Audit & Supervisory Board Members, including two outside Audit & Supervisory Board Members. Their career and their attendance for the Audit & Supervisory Board meetings held during fiscal 2026 are as follows:

Position	Name	Career etc.	Attendances at the meeting of the Audit & Supervisory Board held during fiscal 2026
Full-time Audit & Supervisory Board Member	Shigeru Koyama	He has been served as president and director of one of Kyocera's overseas subsidiaries, and has extensive experience and deep insight regarding its overseas business activities.	100% (3 out of 3)
Full-time Audit & Supervisory Board Member	Shoichi Aoki	He has overseen all administrative divisions as an Executive General Manager of Headquarters after serving as a Senior General Manager of the Corporate Financial and Accounting Group. Therefore, he has substantial knowledge, extensive experience and deep insight regarding finance and accounting.	100% (5 out of 5)
Full-time Audit & Supervisory Board Member	Yushi Nishimura	He has long experience in the accounting department and the internal audit department of Kyocera and has substantial knowledge of finance and accounting.	100% (8 out of 8)
Outside Audit & Supervisory Board Member	Minoru Kida	He has extensive experience and deep insight as a certified public accountant and certified public tax accountant and has substantial knowledge of finance and accounting.	100% (8 out of 8)
Outside Audit & Supervisory Board Member	Michie Kohara	She has extensive experience and deep insight as an attorney, and is well-versed in a wide range of legal fields including corporate legal practice.	100% (8 out of 8)

(Notes) 1. The total number of meetings held varies due to the difference in the dates of appointment.

2. Mr. Shigeru Koyama resigned upon the closing of the 71st Ordinary General Meeting of Shareholders held on June 26, 2025.

3. Mr. Shoichi Aoki is appointed as Full-time Audit & Supervisory Board Member by the resolution of the 71st Ordinary General Meeting of Shareholders held on June 26, 2025.

The items to be audited based on the audit policy and plan decided by the Audit & Supervisory Board in fiscal 2026 are as follows:

Items	Details of the audit
Permeation status of corporate ethics	• Permeation status of Kyocera Philosophy • Motivation of employees to work
Current initiatives for key management issues	• Achievement status of management policy and key directive • Progress status of management plan • Status of grasping and responding to management issues
Compliance with laws and Articles of Incorporation	• Confirmation of the legality of management decision • Compliance with fiduciary duty of director • The appropriateness of disclosures under the Companies Act as well as the Financial Instrument and Exchange Act of Japan • Compliance with and operation of laws
The effectiveness of internal control system	• Status of the design and operation of company regulations • Status of the design and operation of the framework for information management • Operation status of consultation desks of inside and outside the company • Status of organization and operation of quality management systems, environmental conservation and others • Status of improvement in response to indications from internal audits
Status of the design of risk management system	• Status of risk management organization and risk management operation • Status of risk assessment in each division • Status of risk countermeasures and the dissemination
Grasping the status of the management in subsidiaries	• System to grasp the status of the management in subsidiaries • Status of the design and operation of the internal control system in subsidiaries
Timely disclosure of business results	• Announcement of the financial results • Timely and appropriate disclosure of corporate information

The specific activities of each Audit & Supervisory Board Member in relation to audit items in fiscal 2026 are as follows. The results of audits conducted by Full-time Audit & Supervisory Board Member are reported to other Audit & Supervisory Board Member as appropriate.

Items	Specific activities	Person in charge
Attendance at important meetings	Confirming the management decision-making process and internal control environment by the attendance of the Board of Directors (13 times)	All Audit & Supervisory Board Members
	Attendance at the Kyocera Group Management Committee to confirm the status of initiatives for key management issues (24 times)	Only Full-time Audit & Supervisory Board Members
	Other Attendance at Important Meetings described in “(1) Corporate Governance b. Summary of Corporate Governance and Reason for Adoption”	Only Full-time Audit & Supervisory Board Members
Audit by Audit & Supervisory Board Members	Review of important documents such as minutes of Kyocera Board of Directors Meeting, documents reported by each business group and documents related to financial results, etc.	Only Full-time Audit & Supervisory Board Members
	Visiting audit and grasping the status of business activities through hearing from each division of Kyocera headquarters, plant and office (visiting audit to 7 domestic offices)	Only Full-time Audit & Supervisory Board Members
	Investigation of the status of internal control and asset management through visiting subsidiaries as audit based on periodic rotation (visiting audit to 3 domestic and 11 overseas subsidiaries)	Only Full-time Audit & Supervisory Board Members
	Grasp the business results through explanations by the accounting division at financial reporting meetings (4 times with explanations provided by the accounting division)	All Audit & Supervisory Board Members
	Investigation based on Kyocera whistleblower system to the Audit & Supervisory Board	Only Full-time Audit & Supervisory Board Members
Cooperation with the audit firm	Communication regarding audit plan and Key Audit Matters (KAM) with the audit firm	All Audit & Supervisory Board Members
	Grasp audit results and quarterly financial results on regular meetings with the audit firm (7 times)	All Audit & Supervisory Board Members
	Review of independence of audit firms and appropriateness of audit	All Audit & Supervisory Board Members
Cooperation with auditors of subsidiaries and the internal audit department	Sharing issues of internal control and business operation based on audit results conducted by Corporate Global Audit Division	All Audit & Supervisory Board Members
	Confirming the status of audit and internal control based on the regular meetings with corporate auditors of each subsidiary (2 times)	All Audit & Supervisory Board Members
Communication with directors	Meetings with Representative Directors to exchange opinions regarding management of the company in March 2026	All Audit & Supervisory Board Members
	Communication and sharing awareness through regular meetings with outside directors	All Audit & Supervisory Board Members

b. Internal Audit

The “Corporate Global Audit Division” has been established as internal audit division to conduct regularly audits of Kyocera and its consolidated subsidiaries and to report the results of such audits to the Directors and Audit & Supervisory Board Members of Kyocera. The total number of the internal audit personnel across the entire Kyocera Group, including the Corporate Global Audit Division, is 76 at the date of submission.

The internal audit division regularly reports on the results of audits at the Board of Directors Meeting.

The internal audit division and the Audit & Supervisory Board Members report with each other and discuss the status and result of the audit in a timely manner. Besides, they meet from time to time to discuss the substance of audit and exchange information.

The internal audit division and accounting auditors discuss the status and result of the audit in a timely manner. Besides, they meet from time to time to discuss the substance of audit and exchange information.

The internal audit division, accounting auditors and internal control division hold meetings regarding status in establishment of internal control as necessary from time to time.

c. Summary of Certified Public Accountants Who Execute Audit

(a) The Name of Audit Firm

PricewaterhouseCoopers Japan

(b) The Year of Service Served by the Accounting Auditor

From the year ended March 31, 1970.

Kyocera has made an audit contract with Kyoto Audit Corporation, currently PricewaterhouseCoopers Japan, since the year ended March 31, 2008. Kyocera had made an audit contract with Kyoto office of Chuo Accounting Office, substantial predecessor of PricewaterhouseCoopers Japan, in the year ended March 31, 1970. Therefore, the year of service served by the accounting auditor is described from the year ended March 31, 1970.

(c) Name and Term of Certified Public Accountants Who Execute the Audit

Engagement partners from PricewaterhouseCoopers Japan

Toru Tamura (Number of years of continuous service: 5 years)

Kentaro Morimoto (Number of years of continuous service: 3 years)

Masashi Tamura (Number of years of continuous service: 1 year)

(d) Structure of Supporter Related to Audit

Certified public accountants: 5 people

Others: 37 people

(e) Policy and Reason for Electing the Audit Firm

Audit & Supervisory Board of Kyocera selects audit firm taking into account the policy of specialists, view, independence, specialized knowledge, size, number of people, capability and proficiency of audit-related service, quality management system of audit, the results and remuneration provision.

Besides, 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.

Audit & Supervisory Board of Kyocera selects the audit firm, taking into account that PricewaterhouseCoopers Japan has adequate capability, system and credential to conduct appropriate audit and not fit into policy of decision to terminate or not to reappoint Accounting Auditor.

(f) The Assessment of Audit Firm by Audit & Supervisory Board

Audit & Supervisory Board of Kyocera assesses the audit firm. The assessment is conducted by confirming the status through audit plan, quarterly reports of the progress or result of audit and meetings from time to time.

d. Details of Audit Fees and Other Matters

(a) Details of Fees Paid to the Certified Public Accountant Auditor

(Yen in millions)

Classification	For the year ended March 31,			
	2025		2026	
	Audit Fees	Not Audit Fees	Audit Fees	Not Audit Fees
Kyocera Corporation	209	0	223	1
Consolidated subsidiaries	188	—	208	—
Total	397	0	431	1

Detail of non-auditing work at Kyocera Corporation is an usage fee of information sites related to IFRS. Audit fees of consolidated subsidiaries for fiscal 2026 include audit fees of Kyocera Corporation's non-consolidated subsidiary.

(b) Details of Fees Paid to PricewaterhouseCoopers, which Belongs to the Same Network as the Certified Public Accountant Auditor (Excluding (a))

(Yen in millions)

Classification	For the year ended March 31,			
	2025		2026	
	Audit Fees	Not Audit Fees	Audit Fees	Not Audit Fees
Kyocera Corporation	—	74	—	60
Consolidated subsidiaries	2,240	592	2,294	720
Total	2,240	666	2,294	780

Details of non-auditing work at Kyocera Corporation and its consolidated subsidiaries are the tax services.

(c) Details of Other Significant Audit Fees

Not Applicable.

(d) Policy for Determining Audit Fees

Kyocera enters into an audit contract, which includes an audit fee, after examining the appropriateness of the amount and the independence of the audit firm, based on the size and nature of Kyocera's business.

(e) The Reason for Audit & Supervisory Board Members Agreed to Audit Fees

Audit & Supervisory Board agrees to the fee of Accounting Auditor based on Article 399, paragraph (1) 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 this fiscal year.

(4) Remuneration of Directors

a. Amount of Remuneration by Classification, Components and Number of Directors

(Yen in millions)

Classification	Total amount of remuneration	Basic remuneration		Performance-linked remuneration (Bonuses to Directors)		Non-monetary remuneration (Restricted Stock Compensation)	
		Total amount	Number of persons paid	Total amount	Number of persons paid	Total amount	Number of persons paid
Directors (excluding Outside Directors)	398	182	9	192	7	24	7
Outside Directors	60	60	5	—	—	—	—
Auditors (excluding Outside Auditors)	52	52	3	—	—	—	—
Outside Auditors	24	24	2	—	—	—	—
Total	534	318	19	192	7	24	7

- (Notes) 1. Aside from the remuneration in the above table, the aggregate amount of remuneration to Directors (excluding Outside Directors) was 319 million yen in remuneration for services as employees or Executive Officers for those Directors who serve as such. This remuneration was paid to seven Directors who serve as employees.
2. Bonuses to Directors are paid to Directors as performance-linked remuneration. The performance indicator for bonuses to Directors is profit attributable to owners of the parent and this amounted to 140,969 million yen. This was selected as a performance indicator to clarify its linkage with dividends and to ensure conformance with the interests of shareholders. The amount of bonuses to Directors is calculated by multiplying a prescribed numerical value determined based on the performance indicator by a prescribed coefficient and a coefficient for individual assessments based on the degree of contribution to performance.
3. No Performance-Linked Restricted Stock Compensation was paid for fiscal 2026.
4. Restricted Stock Compensation is issued to Directors as non-monetary remuneration. Restricted Stock Compensation consists of Kyocera Corporation's common stock (restricted stock), and the delivery conditions and circumstances are as described in "c. The Contents of Policies of Calculating the Amount of Remuneration to the Directors and Procedures in Determining of Remuneration (b) Decision Policy Regarding the Details of Individual Remuneration for Directors ii. Outline of the Details of the Decision Policy" and "2. Acquisition of Treasury Stock and Other Related Status (4) Current Status of the Disposition and Holding of Acquired Treasury Stock."
5. Regarding basic remuneration and restricted stock compensation for fiscal 2026, the Board of Directors has consulted with the Nomination and Remuneration Committee in advance about the payment standard and calculation method of remuneration and obtained a report. Messrs. Goro Yamaguchi, Chairman of the Board and Representative Director, and Hideo Tanimoto, President and Representative Director, who have been delegated authority by the Board of Directors, determined the amounts of individual compensation according to details of the report. This delegated authority consists of determining the payment amounts and the number of allotted shares, etc. This authority was delegated because the Chairman of the Board and Representative Director and the President and Representative Director are the most suitable persons for evaluating the roles and responsibilities of each Director while having an overall view of the business results of the entire Kyocera Group.

b. Remuneration of Directors Who Earned or Earned More Than a Total of 100 Million Yen on Consolidated Basis

(Yen in millions)

Name	Company and Post	Components			Total amount
		Basic remuneration	Performance-linked remuneration	Non-monetary remuneration	
Goro Yamaguchi	Kyocera Corporation (Submit company) Chairman of the Board and Representative Director	65	69	9	143
Hideo Tanimoto	Kyocera Corporation (Submit company) President and Representative Director	72	77	10	159

(Note) The positions of Goro Yamaguchi and Hideo Tanimoto represent their positions as of March 31, 2026.

c. The Contents of Policies of Calculating the Amount of Remuneration to the Directors and Procedures in Determining of Remuneration

(a) Contents of the Resolution on the General Meeting of Shareholders

Regarding basic remuneration and bonuses for Directors, at the 55th Ordinary General Meeting of Shareholders held on June 25, 2009, it was resolved that the amount of basic remuneration payable to 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 Directors shall not exceed 0.2% of the consolidated net income*1 of Kyocera for the relevant fiscal year, provided that such amount of bonuses shall in no case exceed 300 million yen annually. The number of Directors stood at 12 at the end of this Ordinary General Meeting of Shareholders.

Performance-linked restricted stock compensation for Directors, at the 69th Ordinary General Meeting of Shareholders held on June 27, 2023, it was resolved that their total compensation amounts shall be no more than an amount equivalent to 0.2% of profit attributable to owners of the parent for the Evaluation Period. It was resolved that the upper limit shall be the amount after deducting the total amount of bonuses to Directors actually paid by cash, and the upper limit on the number of shares shall be no more than 70,000 shares per year*2 (Outside Directors are not eligible). The number of Directors stood at 6 (excluding Outside Directors) at the end of this Ordinary General Meeting of Shareholders.

Regarding restricted stock compensation for Directors, at the 65th Ordinary General Meeting of Shareholders held on June 25, 2019 (Partially revised at the 69th Ordinary General Meeting of Shareholders held on June 27, 2023), it was resolved that 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 and that the number of shares shall be no more than 25,000 shares per year*3 (Outside Directors are not eligible). The number of Directors stood at 13 (excluding Outside Directors) at the end of this Ordinary General Meeting of Shareholders.

The amount of basic remuneration for Audit & Supervisory Board Members was determined by a resolution adopted at the 55th General Meeting of Shareholders, which was held on June 25, 2009, and shall be no more than 100 million yen per year. The number of Audit & Supervisory Board Members stood at 5 at the end of the Ordinary General Meeting of Shareholders.

*1 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 the 65th business term.

*2 As a result of the stock split of 4 shares per share on January 1, 2024, the number of shares has been adjusted to no more than 280,000 per year.

*3 As a result of the stock split of 4 shares per share on January 1, 2024, the number of shares has been adjusted to no more than 100,000 per year.

(b) Decision Policy Regarding the Details of Individual Remuneration for Directors (hereafter referred to as “Decision Policy”)

i. Method for determining the Decision Policy

Kyocera Corporation resolved the Decision Policy at the Board of Directors meeting held on February 26, 2021. (Some changes were made at the Board of Directors meeting held on April 27, 2023.) At the time of the resolution of the Board of Directors meeting, consultation on the details of the resolution was conducted with the Nomination and Remuneration Committee in advance and a report was obtained.

ii. Outline of the Details of the Decision Policy

[Basic policy]

- The remuneration system for Directors is designed to be a mechanism that effectively encourages Directors to thoroughly demonstrate their abilities and fulfill their roles and responsibilities toward the healthy and sustainable growth of the Kyocera Group.
- The remuneration level of Directors shall be set at an appropriate level by referring to objective data from external specialist organizations while giving consideration to securing and maintaining excellent human resources necessary for realizing the management rationale.
- Regarding the remuneration system and remuneration level of Directors, high objectivity and transparency in the process for determining remuneration for Directors shall be assured by making decisions according to a resolution by the Board of Directors based on the deliberations with and reports from the Nomination and Remuneration Committee, which consists of a majority of Outside Directors.

[Remuneration Composition and Proportion]

<Representative Directors/Executive Directors>

- Compensation for Representative Directors and Executive Directors consists of “basic remuneration,” “bonuses to Directors,” “performance-linked restricted stock compensation” and “restricted stock compensation.”
- Based on the belief that a system for the healthy and sustainable growth of the Kyocera Group is important, the proportion of basic remuneration and restricted stock compensation is determined placing emphasis on the level and stability of basic remuneration as well as giving consideration to the pursuit of shareholder interests. Moreover, the higher the position of the Director, the higher the proportion of the restricted stock compensation to basic remuneration.
- For bonuses to Directors and performance-linked restricted stock compensation, to ensure maximize incentives for growing business results, no limit shall be established for proportions of basic remuneration or restricted stock compensation.

<Outside Directors>

- The remuneration of Outside Directors with duties independent of business execution shall consist only of “basic remuneration.”

[Details of Each Type Remuneration]

<Basic Remuneration>

- This is monetary remuneration paid monthly according to the responsibilities of the Directors, and for individual payment levels of the payment amount will be determined according to each respective role upon taking into consideration the payment levels of other companies in the same industry.
- The annual amount shall be paid monthly in 12 equal portions.

<Bonuses to Directors>

- This is monetary remuneration paid according to the degree of contribution of each Director to business results in the relevant fiscal year. The performance indicator is “profit attributable to owners of the parent,” which represents the result of the Kyocera Group’s annual corporate activities. This is calculated by multiplying the numerical value determined based on this performance indicator by a prescribed coefficient according to the position of the Director and a coefficient for individual assessment according to the degree of contribution to performance.
- Provided once per year following the end of the business year.

<Performance-Linked Restricted Stock Compensation>

- This compensation system grants Directors shares of common stock of Kyocera Corporation (restricted stock) according to the degree of contribution of each Director to business results in the relevant fiscal year. The system is intended to offer incentives for Directors to improve short-term performance as well as continuously increasing mid- to long-term corporate and shareholder value of Kyocera Corporation. Performance indicator and calculation method are the same as for bonuses to Directors.

- If an amount calculated by the same method as bonuses to Directors exceeds an amount designated by the Board of Directors after consulting the Nomination and Remuneration Committee, shares of common stock of Kyocera Corporation (restricted stock) corresponding to the exceeding portion shall be granted as performance-linked restricted stock compensation.
- Granted once per year following the end of the business year.

<Restricted Stock Compensation>

- This compensation system grants each Director shares of common stock of Kyocera Corporation (restricted stock) to offer incentives to continuously improve mid- to long-term corporate and shareholder value. The amount to be paid to each Director shall be set for each position.
- Granted once a year in each business year.

[Process for Determining Remuneration]

- The Nomination and Remuneration Committee composed of a majority of Outside Directors shall be established as an advisory body to the Board of Directors. This committee receives inquiries from the Board of Directors and also upon referring to objective data such as benchmark results of executive compensation provided by external specialist organizations the committee validates the appropriateness of the Director remuneration system that encompasses the basic remuneration payment standard, the bonuses to Directors calculation standard, and restricted stock compensation grant standard, and the results shall be reported to the Board of Directors.
- The Chairman of the Board and Representative Director and the President and Representative Director shall be delegated with the authority to determine specific details for the amounts of individual remuneration for Directors based on a resolution of the Board of Directors. The details of their authority shall be as follows.

Basic remuneration	Determine the payment amount by position
Bonuses for Directors	Assess individuals and determine payment amount according to the degree of contribution to business results
Performance-linked restricted stock compensation	Assess individuals and determine payment amount and the number of shares to be allotted according to the degree of contribution to business results
Restricted stock compensation	Determine the amount of payment and the number of shares to be allotted by position

- To ensure that such authority is properly exercised by the Chairman of the Board and Representative Director and the President and Representative Director, the Board of Directors shall consult with and obtain a report from the Nomination and Remuneration Committee on the payment standards, calculation method and grant standards for each type of remuneration by position and the Chairman of the Board and Representative Director and the President and Representative Director who have been delegated authority as mentioned above shall make their determinations in accordance with the contents of the relevant report, and shall report the results of the determined payment amount and the number of shares to be allotted to the Nomination and Remuneration Committee.

iii. Reasons the Board of Directors determined that individual remuneration for Directors for the current fiscal year is in accordance with the Decision Policy

Regarding the details of individual remuneration for Directors for fiscal 2026, the Nomination and Remuneration Committee has made a report in advance after undertaking a multifaceted examination that includes consistency with details prescribed in the Decision Policy regarding the payment standard and calculation method of remuneration. The Board of Directors judged that this is in accordance with the Decision Policy because the Chairman of the Board and Representative Director and the President and Representative Director, who have been delegated authority by the Board of Directors, have determined remuneration is in accordance with the details of the aforementioned report.

(5) Status of Shareholdings

a. Standard and Views on Stocks for Investment

Kyocera does not hold shares for pure investment purposes whose purpose is to earn profits from fluctuations in the value of shares. Kyocera holds shares with the objective of enhancement and maintenance of business relationships and improving corporate value over the medium to long-term, and classifies all of shares as investment other than pure investment purposes.

b. Stocks for Investment Held for Purposes Other than Pure Investment

(a) Policy of Shareholdings

We engage in cross-holdings or unilateral holdings 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. In fiscal 2024, to further reduce such shareholdings, Kyocera has set an immediate reduction target of its shareholdings by at least 5% on a book value basis by fiscal 2026. Kyocera has reduced its cross-shareholdings by approximately 18% on a book value basis by fiscal 2026. Furthermore, as a new quantitative target, Kyocera has established a reduction plan to reduce the ratio of such shareholdings to net assets to below 20% by around the year ending March 2031.

(b) Methods to Assess the Rationale of Shareholdings and Verification of Appropriateness of Each Shareholding at the Meetings of the Board of Directors

To achieve the target of reducing its shareholdings, the Company will conduct an annual review of all individual shareholdings to decide whether or not the Company's holding of the relevant shares is appropriate, taking into account the need to maintain the business relationship and/or efficiency in use of assets (taking into considering its cost of capital), etc. For any shares as to which a justifiable reason for holding them cannot be identified, the Company will decrease its holdings of such shares through discussions with the issuing company of such shares.

(c) Number of Shares and Amount Recorded on the Balance Sheet

	Number of Issuers	Amount on Balance Sheet (Yen in millions)
Unlisted stock	41	32,747
Other than unlisted stock	7	1,581,411

(The number of stocks increased during fiscal 2026)

	Number of Issuers	Acquisition Amount (Yen in millions)	Reason for Increase in the Number
Unlisted stock	1	500	Expanding business, and enhancing and maintaining business relationships.
Other than unlisted stock	1	1	Enhancing and maintaining business relationships.

(The number of stocks decreased during fiscal 2026)

	Number of Issuers	Sold Amount (Yen in millions)
Unlisted stock	8	1,172
Other than unlisted stock	3	251,667

(d) Information of Number and Amount Recorded on the Balance Sheet of Specified Investment Shares and Deemed Stockholdings

Specified Investment Shares

Stock name	As of March 31, 2026	As of March 31, 2025	Purpose, summary of business partnership, quantitative effect of holding and reason for increase in number of shares held	Holding of Kyocera's shares
	Number of shares	Number of shares		
	Amount on balance sheet (Yen in millions)	Amount on balance sheet (Yen in millions)		
KDDI CORPORATION *1	562,133,600	335,096,000	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining business relationships and shareholdings as well as the social significance of the company. Kyocera established Daini Denden Co., Ltd. (currently KDDI Corporation) under the corporate philosophy of "To contribute to the advancement of society and humankind." Kyocera is pursuing a strategic alliance with KDDI to solve social issues, such as by developing high-speed communications infrastructure and responding to demands for renewable energy to improve corporate value over the medium to long-term. As a specific example, Kyocera is working with KDDI on the development of wireless relay technology that efficiently expands the areas where high-speed communication is possible, and this technology commenced commercial service in 2025. Furthermore, in order to promote the renewable energy power generation business and contribute to a decarbonized society, in March 2023, Kyocera acquired a portion of the shares in au Renewable Energy Planning Inc. (currently, au Renewable Energy, Inc.), a member of KDDI group, and has advanced development of power plants based on a capital and business alliance. On the other hand, as part of its capital strategy aimed at enhancing medium- to long-term corporate value, Kyocera has been selling its shareholdings in addition to borrowings using shares of KDDI as collateral, and on May 12, 2026, announced that it would tender a part of the common stock of KDDI held by Kyocera in the tender offer for treasury stock conducted by KDDI. In detail, please refer to "Progress Update: Strategic Business Transformation Project" disclosed on February 3, 2026, "Notice Regarding Tendering of Shares in Tender Offer by KDDI Corporation to Repurchase its Shares" disclosed on May 12, 2026 and "Notice Regarding Results of Tendering of Shares in Tender Offer by KDDI Corporation to Repurchase its Shares" disclosed on June 11, 2026. Fiscal 2026 : Sold a portion of its shares of KDDI (108,058 thousand shares, representing an amount of approximately 249,291 million yen) through the tender offer for treasury stock conducted by KDDI. Fiscal 2027: Plans to sell a portion of its shares of KDDI (representing an amount of approximately 250,000 million yen). <The reason for increase in number of shares held> Number of shares increased due to the stock split.	No
	1,530,971	1,581,318		
Kyoto Financial Group, Inc.	6,384,236	6,384,236	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining cooperative relationships, facilitation of financial transactions and shareholdings.	Yes *2
	25,926	14,527		

Stock name	As of March 31, 2026	As of March 31, 2025	Purpose, summary of business partnership, quantitative effect of holding and reason for increase in number of shares held	Holding of Kyocera's shares
	Number of shares	Number of shares		
	Amount on balance sheet (Yen in millions)	Amount on balance sheet (Yen in millions)		
Japan Airlines Co., Ltd.	7,638,400	7,638,400	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining business relationships and shareholdings.	No
	19,550	19,528		
SPCG Public Company Limited	63,500,000	63,500,000	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining business relationships and shareholdings.	No
	2,762	2,040		
NIDEC CORPORATION	763,400	763,400	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining cooperative and business relationships, and shareholdings.	Yes
	1,501	1,902		
NAKAYAMA FUKU CO., LTD.	930,306	928,396	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by strengthening and maintaining business relationships and shareholdings.	No
	426	356	<The reason for increase in number of shares held> In order to enhance transactions, shares were acquired through the client stock ownership plan.	
Naito & Co., Ltd.	2,080,000	2,080,000	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining business relationships and shareholdings.	No
	275	260		
ROHM Co., Ltd.	—	1,040,000	From the perspective of improving corporate value over the medium to long-term, Kyocera holds shares for corporate growth through earning profits by maintaining cooperative and business relationships, and shareholdings. However, the shares were sold during fiscal 2026 under review.	Yes
	—	1,486		

- (Notes) 1. On April 1, 2025, each common stock of KDDI CORPORATION has been split into two shares.
2. A major subsidiary of the issuer holds shares of Kyocera.
3. Quantitative holding effects are not included for business reasons, but Kyocera verifies the method described in “b. Stocks for Investment Held for Purposes Other than Pure Investment (b) Methods to Assess the Rationale of Shareholdings and Verification of Appropriateness of Each Shareholding at the Meetings of the Board of Directors” and considers that there is sufficient holding rationality.

Deemed Stockholdings

Not Applicable.

c. Stocks for Investment Held for Pure Investment Purposes

Not Applicable.

5. Employees, etc.

(1) Basic Policy on Human Resources Strategy

[Kyocera Group Human Capital Strategy]

As stated in our management rational “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,” Kyocera places strong emphasis on the well-being of its employees. We regard employees as human capital, that is, valuable assets of Kyocera, and manage the business based on this belief.

In order to enable this valuable human capital to fully realize its potential both in the short term and over the medium to long term, and to link such potential to Kyocera’s sustainable growth, we have positioned the following as our human capital strategy.

a. Continuous Development of Leaders

From the early and mid-career stages, we provide employees with opportunities to engage in profitability management and organizational operations of small business units (Amoeba). Through this approach, we develop human capital equipped with management capabilities and a strong sense of ownership. In addition, by implementing planned development through diverse experiences and challenging assignments, we will continuously develop practical business leaders with a broad perspective.

b. Reallocation of Human Capital to Growth Areas

In order to smoothly reallocate human capital in line with our business portfolio and to facilitate workforce transformation aligned with the promotion of digital transformation (DX), we will promote training and development initiatives that enable employees to reskill and upskill.

c. Strengthening Global Human Capital

In line with the expansion of our global business, we will continue to develop human capital capable of performing in diverse global fields. At the same time, we will place emphasis on developing local talent hired by overseas subsidiaries, promoting the localization of management and leveraging diverse talent through global collaboration to drive business development.

[Remuneration (Including Bonuses) and Other Benefits of Kyocera Corporation, and Policy for Determining Their Amounts and Content]

With respect to employee remuneration, the Company determines compensation levels by taking into account market standards in each region while ensuring alignment with the Company’s business performance. Individual remuneration is determined based on a merit-based approach. While evaluating individual performance, our remuneration system is designed to provide a certain degree of stability over the medium to long term.

Going forward, we will continue to uphold these principles and aim to establish a remuneration system that balances both external competitiveness in the labor market and internal consistency. This system is intended to support our management philosophy—“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.”—and to encourage the long-term contribution and success of our employees.

(2) Employees

a. Kyocera Corporation and its Subsidiaries

As of March 31, 2026

	Number of Employees
Core Components Business	18,486
Electronic Components Business	16,328
Solutions Business	34,219
Others	1,618
Corporate	3,205
Total	73,856

(Notes) 1. The number of employees indicates full-time employees (including contract employees).

The number of part-timers and re-employed after retirement is not shown since they are less than 10% of the number of employees.

2. Employees engaged in back-office operations and elemental research that do not belong to any segments are classified as “Corporate.”

b. Kyocera Corporation

As of March 31, 2026

Number of Employees	Average Age	Average Years of Service	Average Annual Salary (Yen)	Year-on-year change rate in average annual salary (%)
19,667 [4,746]	40.1	16.0	7,397,108	6.6

As of March 31, 2026

	Number of Employees
Core Components Business	10,689 [3,053]
Electronic Components Business	1,964 [528]
Solutions Business	3,750 [907]
Others	960 [58]
Corporate	2,304 [200]
Total	19,667 [4,746]

(Notes) 1. The number of employees indicates full-time employees (including contract employees).

2. The total number of part-timers and re-employed after retirement is shown in the square brackets and is not included in the number of full-time employees.

3. The average annual salary includes bonuses and extra wages.

4. Employees engaged in back-office operations and elemental research that do not belong to any segments are classified as “Corporate.”

c. Labor Union

There are no material items to report.

d. Ratio of Female Employees in Managerial Positions, Ratio of Male Employees Taking Childcare Leave, and Gender Wage Gap

The status of Kyocera Corporation on a non-consolidated basis during fiscal 2026 is as follows.

(%)

Ratio of female employees in managerial positions *1	Ratio of male employees taking childcare leave *2
6.3	59.6

(Notes) 1. It is calculated pursuant to “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).

2. It is calculated based on the ratio of male employees taking childcare leave defined in Article 71-6, Item 1 “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991), pursuant to “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991).

(%)

Gender Wage Gap *1, 2		
a. Full-time employees	b. Part-time and fixed-term employees *3	c. All employees
72.9	34.6	55.9

(Notes) 1. It is calculated pursuant to “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).

2. It shows the percentage of female wages based on male wages of 100.

3. Part-time and fixed-term employees include part-timers, re-employed after retirement and contract employees.

[Explanation of Gender Wage Gap]

- For full-time employees, the grading system, position system, and wage system are uniform, so there are no regional or occupational differences. Therefore, although there is no gender wage gap at the same grade or position, the higher ratio of male employees in managerial positions compared to female employees and the difference in working hours between male and female employees contribute to the wage gap. The regular employment even in the manufacturing department is the principal rule in Kyocera Corporation, and the number of employees in the manufacturing department accounts for more than half of all full-time employees. We recognize that the higher ratio of male employees in managerial positions compared to female employees and the higher number of male employees who work night shifts in the manufacturing department contribute to the above wage gap. We will continue to implement measures to support diverse human resources and promote more female employees in the future. There is no gender wage gap in managerial positions.
- The gender wage gap for part-time and fixed-term employees is attributable to a higher ratio of female part-timers (*1 in the table below) and a higher number of male fixed-term employees work full-time than females (*2 in the table below).
- The gender wage gap for all employees is mainly attributable to a higher ratio of part-time employees in all female employees (*1 in the table below).

Number and Ratio of Employees by Gender

As of March 31, 2026

		Male employees		Female employees	
		Number of employees	Personnel ratio (%)	Number of employees	Personnel ratio (%)
Full-time employees		15,645	87.9	3,952	59.8
Part-time and fixed-term employees	Part-timers	325	1.8	2,512	*1 38.0
	Fixed-term employees	*2 1,837	10.3	142	2.2
Total		17,807	100.0	6,606	100.0

The status of domestic consolidated subsidiaries during fiscal 2026 is as follows.

(%)

Fiscal 2026					
Name	Ratio of female employees in managerial positions *1	Ratio of male employees taking childcare leave *2	Gender Wage Gap *1, 3		
			a. Full-time employees	b. Part-time and fixed-term employees	c. All employees
Kyocera Document Solutions Inc.	9.2	57.7	72.4	62.6	74.4
Kyocera Document Solutions Japan Inc.	3.9	11.1	61.0	63.7	62.6
Kyocera Communication Systems Co., Ltd.	18.9	94.1	75.2	63.7	76.4
AltX Inc.	10.1	84.6	89.0	74.8	88.5
Motex Inc.	16.0	75.0	80.7	24.3	79.9
Kyocera Mirai Envision Co., Ltd.	13.6	85.7	79.6	80.3	78.6
Kyocera Industrial Tools Corporation	0.0	28.5	61.5	69.3	62.3
Kyocera SOC Corporation	6.8	100.0	68.7	65.1	68.8
Kyocera Medical Corporation	5.8	83.3	—	—	—
Hotel Kyocera Co., Ltd.	18.5	0.0	—	—	—
Hotel Princess Kyoto Co., Ltd.	3.4	0.0	—	—	—

(Notes) 1. It is calculated pursuant to “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).

2. It is calculated based on the ratio of male employees taking childcare leave defined in Article 71-6, Item 1 “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991), pursuant to “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991).

3. It shows the percentage of female wages based on male wages of 100. In addition, in accordance with “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015), if there is no obligation to disclose the information, it is indicated as “—.”

[Explanation of Gender Wage Gap on Domestic Consolidated Subsidiaries]

- a. There are no companies that have differences based on the grading system, position system, wage system, region and occupation for full-time employees. Therefore, although there is no gender wage gap at the same grade or position, the higher ratio of male employees in managerial positions compared to female employees and the difference in working hours between male and female employees contribute to the wage gap. We will continue to implement measures to support diverse human resources and promote more female employees in Kyocera Group in the future. There is no gender wage gap in managerial positions.
- b. The gender wage gap for part-time and fixed-term employees is attributable to a higher ratio of female part-timers and a higher number of male re-employed after retirement than that of females in fixed-term employees as a whole. In addition, Motex Inc. employs highly specialized human resources as fixed-term employees, and the ratio of males in the highly specialized employees is higher than that of females, which is a factor in the gender wage gap.
- c. The gender wage gap for all employees is based on the reasons of “a” and “b” above.

V. Financial Information

1. Consolidated Financial Statements and Other Information

(1) Consolidated Financial Statements

a. Consolidated Statement of Financial Position

(Yen in millions)

	Note	As of March 31,	
		2025	2026
Assets			
Current assets			
Cash and cash equivalents	8	444,744	455,887
Trade and other receivables	9,26,32	382,584	382,158
Other financial assets	10,20,32	28,643	34,436
Inventories	11	521,813	522,004
Income tax receivables		10,498	33,172
Other current assets	12	47,466	73,494
Total current assets		1,435,748	1,501,151
Non-current assets			
Equity and debt instruments	10,19,32	1,704,708	1,649,512
Investments accounted for using the equity method	13,36	15,474	97,320
Other financial assets	10,20,32	50,068	57,120
Property, plant and equipment	14,16,19	651,949	685,492
Right-of-use assets	16,20	81,793	75,903
Goodwill	15,16	282,239	273,968
Intangible assets	15,16	142,050	121,241
Deferred tax assets	17	43,870	44,850
Other non-current assets	12,21	103,408	139,757
Total non-current assets		3,075,559	3,145,163
Total assets		4,511,307	4,646,314

The accompanying notes are an integral part of these statements.

(Yen in millions)

	Note	As of March 31,	
		2025	2026
Liabilities and Equity			
Liabilities			
Current liabilities			
Borrowings	19,32	44,386	56,075
Trade and other payables	18,26,32	207,029	194,767
Lease liabilities	20,32	25,439	21,805
Other financial liabilities	32	1,437	3,886
Income tax payables		15,168	32,483
Accrued expenses	26	140,270	146,693
Provisions	22	9,381	10,572
Other current liabilities	19,23,26	48,572	58,729
Total current liabilities		491,682	525,010
Non-current liabilities			
Borrowings	19,32	202,577	188,963
Lease liabilities	20,32	69,980	65,881
Retirement benefit liabilities	21	8,771	9,000
Deferred tax liabilities	17	468,781	464,045
Provisions	22	15,968	15,556
Other non-current liabilities	23	10,314	10,487
Total non-current liabilities		776,391	753,932
Total liabilities		1,268,073	1,278,942
Equity			
Common stock	24	115,703	115,703
Capital surplus		118,802	118,813
Retained earnings		1,942,485	2,215,875
Other components of equity	24	1,183,792	1,231,991
Treasury stock	24	(142,994)	(342,951)
Total equity attributable to owners of the parent		3,217,788	3,339,431
Non-controlling interests	33	25,446	27,941
Total equity		3,243,234	3,367,372
Total liabilities and equity		4,511,307	4,646,314

The accompanying notes are an integral part of these statements.

b. Consolidated Statement of Profit or Loss

(Yen in millions)

	Note	For the year ended March 31,	
		2025	2026
Sales revenue	6, 26	2,014,454	2,070,203
Cost of sales	11, 14, 15 21, 27	1,455,280	1,462,560
Gross profit		559,174	607,643
Selling, general and administrative expenses	14, 15, 16 21, 27, 28	532,479	512,622
Gains from sales of businesses	2, 33	604	23,117
Operating profit		27,299	118,138
Finance income	10, 29, 32	60,841	61,548
Finance expenses	29, 32	27,653	13,902
Share of net profit (loss) of investments accounted for using the equity method	13	(165)	(847)
Other, net		3,309	4,057
Profit before income taxes	6	63,631	168,994
Income taxes	17	36,177	24,074
Profit for the year		27,454	144,920

Profit attributable to:			
Owners of the parent		24,097	140,969
Non-controlling interests		3,357	3,951
Profit for the year		27,454	144,920

Per share information:			
Earnings per share attributable to owners of the parent	30		
Basic and diluted (Yen)		17.11	102.70

The accompanying notes are an integral part of these statements.

c. Consolidated Statement of Comprehensive Income

(Yen in millions)

	Note	For the year ended March 31,	
		2025	2026
Profit for the year		27,454	144,920
Other comprehensive income, net of taxation			
Items that will not be reclassified to profit or loss:			
Financial assets measured at fair value through other comprehensive income	24,32	39,181	165,402
Re-measurement of defined benefit plans	21,24	9,488	24,011
Share of other comprehensive income of investments accounted for using the equity method	13,24	—	674
Total items that will not be reclassified to profit or loss		48,669	190,087
Items that may be reclassified subsequently to profit or loss:			
Financial assets measured at fair value through other comprehensive income	24,32	—	(73)
Net changes in fair value of cash flow hedge	24	27	(41)
Exchange differences on translating foreign operations	24	(10,214)	61,030
Share of other comprehensive income of investments accounted for using the equity method	13,24	(8)	687
Total items that may be reclassified subsequently to profit or loss		(10,195)	61,603
Total other comprehensive income		38,474	251,690
Comprehensive income for the year		65,928	396,610

Comprehensive income attributable to:			
Owners of the parent		62,430	391,374
Non-controlling interests		3,498	5,236
Comprehensive income for the year		65,928	396,610

The accompanying notes are an integral part of these statements.

d. Consolidated Statement of Changes in Equity

For the year ended March 31, 2025

(Yen in millions)

	Note	Total equity attributable to owners of the parent						Non-controlling interests	Total equity
		Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total		
Balance as of April 1, 2024		115,703	118,754	1,967,527	1,166,752	(143,141)	3,225,595	27,263	3,252,858
Profit for the year				24,097			24,097	3,357	27,454
Other comprehensive income					38,333		38,333	141	38,474
Total comprehensive income for the year		—	—	24,097	38,333	—	62,430	3,498	65,928
Cash dividends	25			(70,435)			(70,435)	(3,003)	(73,438)
Purchase of treasury stock						(4)	(4)		(4)
Reissuance of treasury stock			48			151	199		199
Transactions with non-controlling interests	33		(5)				(5)	(2,312)	(2,317)
Transfer to retained earnings	24			21,293	(21,293)		—		—
Others			5	3			8		8
Balance as of March 31, 2025		115,703	118,802	1,942,485	1,183,792	(142,994)	3,217,788	25,446	3,243,234

For the year ended March 31, 2026

(Yen in millions)

	Note	Total equity attributable to owners of the parent						Non-controlling interests	Total equity
		Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total		
Balance as of April 1, 2025		115,703	118,802	1,942,485	1,183,792	(142,994)	3,217,788	25,446	3,243,234
Profit for the year				140,969			140,969	3,951	144,920
Other comprehensive income					250,405		250,405	1,285	251,690
Total comprehensive income for the year		—	—	140,969	250,405	—	391,374	5,236	396,610
Cash dividends	25			(69,785)			(69,785)	(2,534)	(72,319)
Purchase of treasury stock	24					(200,003)	(200,003)		(200,003)
Reissuance of treasury stock			10			46	56		56
Transactions with non-controlling interests	33						—	5	5
Transfer to retained earnings	24			202,206	(202,206)		—		—
Others			1				1	(212)	(211)
Balance as of March 31, 2026		115,703	118,813	2,215,875	1,231,991	(342,951)	3,339,431	27,941	3,367,372

The accompanying notes are an integral part of these statements.

e. Consolidated Statement of Cash Flows

(Yen in millions)

	Note	For the year ended March 31,	
		2025	2026
Cash flows from operating activities:			
Profit for the year		27,454	144,920
Depreciation and amortization		160,927	158,189
Finance expenses (income)	29	(33,188)	(47,646)
Share of net (profit) loss of investments accounted for using the equity method	13	165	847
Impairment loss	16	40,148	13,109
(Gains) losses from sales or disposal of property, plant and equipment		1,557	658
(Gains) losses from sale of businesses	33	(604)	(23,117)
Income taxes	17	36,177	24,074
(Increase) decrease in trade and other receivables		4,851	(21,815)
(Increase) decrease in inventories		10,701	(7,627)
(Increase) decrease in other assets		(15,310)	(21,966)
Increase (decrease) in trade and other payables		10,495	(11,932)
Increase (decrease) in accrued expenses		(3,799)	7,134
Increase (decrease) in other liabilities		(738)	38,997
Other, net		(12,717)	(7,659)
Subtotal		226,119	246,166
Interests and dividends received		60,700	60,629
Interests paid		(4,774)	(6,220)
Income taxes refund (paid)		(44,127)	(74,340)
Net cash provided by operating activities		237,918	226,235
Cash flows from investing activities:			
Payments for purchases of property, plant and equipment		(154,650)	(159,177)
Payments for purchases of intangible assets		(13,194)	(13,869)
Proceeds from sales of property, plant and equipment		2,675	2,989
Proceeds from sales of businesses	31,33	421	78,844
Acquisition of time deposits and certificate of deposits		(21,103)	(62,399)
Withdrawal of time deposits and certificate of deposits		28,678	58,837
Payments for purchases of securities		(17,184)	(3,885)
Proceeds from sales and maturities of securities		24,799	254,694
Purchase of investments accounted for using equity method		—	(81,232)
Other, net		(923)	(263)
Net cash used in investing activities		(150,481)	74,539
Cash flows from financing activities:			
Proceeds from short-term borrowings	31	34,985	78,646
Repayments of short-term borrowings	31	—	(89,061)
Proceeds from long-term borrowings	31	13,460	13,781
Repayments of long-term borrowings	31	(10,455)	(9,605)
Repayments of lease liabilities	20,31	(29,618)	(33,553)
Dividends paid		(73,311)	(72,173)
Purchase of treasury stock	24	(4)	(200,003)
Other, net		6	7
Net cash used in financing activities		(64,937)	(311,961)
Effect of exchange rate changes on cash and cash equivalents		(2,548)	22,330
Increase (decrease) in cash and cash equivalents		19,952	11,143
Cash and cash equivalents at the beginning of the year		424,792	444,744
Cash and cash equivalents at the end of the year	8	444,744	455,887

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

1. Reporting Entity

Kyocera Corporation is a corporation domiciled in Japan, whose shares are listed on the Tokyo Stock Exchange. The registered address of headquarters and principal business offices are available on the Kyocera Corporation's website (<https://global.kyocera.com/>).

The consolidated financial statements as of and for the year ended March 31, 2026 consist of Kyocera Corporation and its consolidated subsidiaries and shares of associates of Kyocera.

Kyocera develops, produces and distributes worldwide various kinds of products primarily for the semiconductor, information and communications, industrial machinery, automotive and environment and energy-related markets. The details are described in Note "6. Segment Information."

2. Basis of Preparation

(1) Compliance with IFRS

The consolidated financial statements of Kyocera have been prepared in accordance with International Financial Reporting Standards (hereinafter, "IFRS") issued by International Accounting Standards Board pursuant to the provision of Article 312 of Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements under Japanese Law, as Kyocera meets the criteria of a "specified company complying with designated international accounting standards" defined under Article 1-2.

(2) Basis of Measurement

These consolidated financial statements have been prepared under the historical cost basis, except for financial instruments that are measured at fair value.

(3) Functional Currency and Presentation Currency

These consolidated financial statements are presented in Japanese yen, which is the functional currency of Kyocera, and amounts less than one million yen are rounded.

(4) Change in Accounting Policy

Kyocera has adopted the mandatory standards and interpretations from the year ended March 31, 2026. This change had no material impact on the Kyocera's consolidated financial statements.

(5) Change in Presentation

Consolidated Statement of Profit and Loss

"Gains from sales of businesses," which had been included in "Selling, general and administrative expenses" for fiscal 2025 is presented as a separate line item from fiscal 2026 due to its increased materiality.

To reflect this change in presentation, in the consolidated statement of profit and loss for fiscal 2025, 604 million yen previously included in "Selling, general and administrative expenses" has been reclassified to "Gains from sales of businesses."

Consolidated Statement of Cash Flows

"(Gains) losses from sale of businesses," which was included in "Other, net" under cash flows from operating activities, and "Proceeds from sale of businesses," which was included in "Other, net" under cash flows from investing activities in fiscal 2025, are presented separately from fiscal 2026 due to their increased materiality.

To reflect this change in presentation, in the consolidated statement of cash flows for fiscal 2025, (604) million yen previously included in "Other, net" under cash flows from operating activities has been reclassified to "(Gains) losses from sale of businesses," and 421 million yen previously included in "Other, net" under cash flows from investing activities has been reclassified to "Proceeds from sale of businesses."

3. Material Accounting Policies

(1) Basis of Consolidation

a. Subsidiaries

A subsidiary is an entity that is controlled by Kyocera. Kyocera controls an entity when Kyocera is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are consolidated from the date on which Kyocera first obtains control until the date on which the control is lost.

If any accounting policies applied by subsidiaries are different from those applied by Kyocera, adjustments are made to the subsidiary's financial statements, as needed. All intragroup balances, transactions and unrealized gains or losses arising from intragroup transactions are eliminated on consolidation.

Any changes in Kyocera's ownership interest that do not result in a loss of control of subsidiaries are accounted for as equity transactions. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the parent. When Kyocera loses control of a subsidiary, gains and losses arising from the loss of control are recognized in profit or loss.

b. Associates

An associate is an entity over which Kyocera has significant influence over their financial and operating policies but does not have control. Associates are accounted for using the equity method from the date on which Kyocera has significant influence until the date on which Kyocera ceases to have significant influence.

(2) Business Combination

Business combinations are accounted for using the acquisition method and acquisition-related costs are expensed as incurred. Each identifiable asset acquired, liability and contingent liability assumed in a business combination is measured at fair value at its acquisition date.

The excess of the consideration transferred, the amount of non-controlling interests in the acquiree and the fair value of the equity interest in the acquiree previously held by the acquirer over the fair value of identifiable net assets acquired at the acquisition date is recognized as goodwill. If the total is less than the fair value of the identifiable net assets, the difference is recognized in profit or loss. Consideration transferred is calculated as the total of the fair value of the assets transferred, liabilities assumed and equity interest issued, and includes fair value of assets or liabilities arising from the contingent consideration arrangement.

Kyocera recognizes non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

(3) Foreign Currency Translation

a. Functional Currency

Each entity in Kyocera determines its own functional currency and measures transactions based on its own functional currency.

b. Foreign Currency Transactions

Foreign currency transactions are translated using the spot exchange rate at the date of transaction, or an exchange rate that approximates the spot exchange rate.

Monetary items denominated in foreign currencies are translated into the functional currency using the current exchange rate prevailing at the end of the reporting period. Non-monetary items denominated in foreign currencies measured at fair value are translated into the functional currency using the rate prevailing at the date when the fair value was measured. Non-monetary items denominated in foreign currencies measured at cost are translated using the exchange rate at the transaction date. Exchange differences arising from such translation and settlement are recognized in profit or loss, except for those deferred in equity as effective cash flow hedges.

c. Foreign Operations

A foreign operation is an entity that is a subsidiary or an associate of Kyocera whose activities are based in a country or currency other than Japan. Assets and liabilities of foreign operations are translated into Japanese yen using exchange rate prevailing at the end of reporting period, while income, expenses and cash flows are translated into Japanese yen using the average exchange rate for the period. Exchange differences arising from translating financial statements of the foreign operations are recognized in other comprehensive income. These cumulative differences are reclassified to profit or loss when Kyocera loses control or significant influence over the foreign operations by its disposal.

(4) Cash and Cash Equivalents

Cash and cash equivalents consist of cash, demand deposits and highly liquid investments with maturity of three months or less from the acquisition date.

(5) Inventories

Inventories are measured at the lower of cost and net realizable value.

For finished goods and merchandise and work in process, cost is determined mainly using the weighted average method. For raw materials and supplies, cost is determined mainly using the first-in, first-out method.

Net realizable value is the estimated selling price in the ordinary course of business less any estimated costs of completion and estimated costs necessary to make the sale.

(6) Property, Plant and Equipment

Property, plant and equipment are measured by using the cost model and are stated at cost less accumulated depreciation and accumulated impairment losses. The cost includes expenses directly attributable to the acquisition of the assets, and the costs of dismantling, removing and restoring. Property, plant and equipment are depreciated using the straight-line method over their useful lives. The useful lives of major components of property, plant and equipment are as follows:

Building and structures	2 to 50 years
Machinery and equipment	2 to 20 years

The residual values, the useful lives and the depreciation methods of the assets are reviewed at the end of each reporting period and any changes are applied prospectively as a change in accounting estimate. Subsequent costs, major renewals and betterments are capitalized as property, plant and equipment and depreciated based on their useful lives. All other repairs and maintenance are recognized as expenses during the period in which they are incurred.

(7) Goodwill and Intangible Assets

a. Goodwill

Goodwill acquired in the business combination is stated at the amount of cost less accumulated impairment losses. Goodwill is not amortized, and is tested for impairment when there is an indication of impairment in cash generating unit to which goodwill has been allocated by expectation of benefits from business combination, and annually, regardless of any indication of impairment.

b. Intangible Assets

Intangible assets are measured by using the cost model and intangible assets with finite useful lives are stated at cost less accumulated amortization and accumulated impairment losses. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.

Expenditures in development activities are recognized as intangible assets only if all of the following requirements can be demonstrated. In other cases, these expenditures are recognized as expenses when they are incurred.

- (a) Technical feasibility of completing the intangible asset so that it will be available for use or sale
- (b) Intention to complete the intangible asset and use or sell it
- (c) Ability to use or sell the intangible asset
- (d) How the intangible asset will generate probable future economic benefits
- (e) Availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- (f) Ability to measure reliably the expenditure attributable to the intangible asset during its development

Intangible assets with finite useful lives are amortized using the straight-line method over their useful lives. The major components of intangible assets are non-patent technology, customer relationships, software and patent rights and their useful lives are as follows:

Non-patent technology	5 to 25 years
Customer relationships	2 to 20 years
Software	2 to 15 years
Patent rights	2 to 20 years
Others	2 to 50 years

The useful lives and amortization method for intangible assets with finite useful lives are reviewed at the end of each reporting period and any changes are applied prospectively as a change in accounting estimates.

Intangible assets with finite useful lives are tested for impairment when there is an indication that they may be impaired. Intangible assets with indefinite useful lives and intangible assets that are not yet available for use are not amortized, and are tested for impairment annually and at the time when there is an indication that they may be impaired or a change in situation.

(8) Lease

a. Lease as a Lessee

At the commencement date, Kyocera recognizes a right-of-use asset and a lease liability. Kyocera measures the right-of-use asset in the amount of the initial measurement of the lease liability adjusting any lease payments made at or before the commencement date and other costs. After the commencement date, Kyocera measures the right-of-use asset applying a cost model, and less any accumulated depreciation and any accumulated impairment losses. The right-of-use asset is depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of right-of-use asset or the end of the lease term. At the commencement date, Kyocera measures the lease liability at the present value of the remaining lease payments using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, lessee's incremental borrowing rate is used. After the commencement date, Kyocera measures the lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made. Kyocera elects not to recognize the right-of-use asset and the lease liability for the short-term leases that have a lease term of 12 months or less and leases for which the underlying asset is of low value. Lease payments associated with those leases are recognized as an expense on straight-line basis over the lease term.

b. Lease as a Lessor

Leases are classified as either operating leases or finance leases. If the lease transfers substantially all the risks and rewards of the ownership of the underlying asset, it is classified as a finance lease; otherwise, it is classified as an operating lease. The classification of a lease is determined based on actual content of the transaction, not on the form of the lease agreement.

(a) Finance Leases

At the commencement of the lease, assets held under finance leases are recorded as receivables in an amount equal to the net uncollected investment in the lease.

(b) Operating Leases

Kyocera recognizes lease payments from operating leases as profit on a straight-line basis over the lease term.

In cases where Kyocera is an intermediate lessor, the head lease and the sublease are accounted separately. The classification of a sublease is determined upon referring to the right-of-use asset that arise from the head lease.

(9) Impairment of Non-Financial Assets

At the end of each fiscal year, Kyocera reviews each non-financial asset, excluding inventories and deferred tax assets, to assess whether there is an indication that it may be impaired. If any such indication exists, the recoverable amount of the asset is estimated and tested for impairment. Regardless of whether or not there are indications of impairment, goodwill and intangible assets with indefinite useful lives are tested for impairment annually. The impairment loss is recognized when the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount.

The recoverable amount of an asset or cash generating unit is the higher of fair value less costs of disposal, or value in use. In calculating the value in use, the estimated future cash flows based on business plan approved by the management are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset.

Kyocera assesses whether there is any indication that an impairment loss recognized in prior years for an asset excluding goodwill may no longer exist or may have decreased, such as any changes in assumptions used for the determination of the recoverable amount. If any such indication exists, the recoverable amount of the asset or cash generating unit is estimated, and if the recoverable amount exceeds the carrying amount of the asset or cash generating unit, impairment losses are reversed up to the lower of the estimated recoverable amount or the carrying amount (net of depreciation) that would have been determined if no impairment losses had been recognized in prior years.

(10) Financial Instruments

Financial assets and financial liabilities are recognized when Kyocera becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured at fair value at the time of initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets and issuance of financial liabilities other than financial assets and liabilities measured at fair value through profit or loss are added to the fair value of the financial assets or deducted from the fair value of financial liabilities at the time of initial recognition. Transaction costs that are directly attributable to the acquisition or issuance of the financial assets or liabilities measured at fair value through profit or loss are recognized in profit or loss.

a. Non-Derivative Financial Assets

Non-derivative financial assets are classified as financial assets measured at amortized cost, debt financial assets measured at fair value through other comprehensive income, equity financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss. The classification depends on the nature and purpose of the financial assets and is determined upon initial recognition.

Financial assets, such as stocks and bonds, purchased and sold in a regular way are recognized and derecognized on a contract date. Purchases and sales made in regular way refer to acquiring or disposing of financial assets under a contract that requires the delivery of assets within a timeframe established by regulation or convention in the marketplace. All other financial assets are initially recognized on the trade date.

(a) Financial Assets Measured at Amortized Cost

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

- The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost using the effective interest method, less any impairment. Interest income based on the effective interest rate is recognized in profit or loss.

(b) Debt Financial Assets Measured at Fair Value Through Other Comprehensive Income

Financial assets are classified as debt financial assets at fair value through other comprehensive income if both of the following conditions are met:

- The financial assets are held within a business model for which the objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, debt financial assets at fair value through other comprehensive income are measured at fair value, and gains or losses arising from changes in fair value are recognized in other comprehensive income. Any cumulative amounts recognized in other comprehensive income are reclassified to profit or loss upon derecognition. Foreign exchange gains and losses arising on debt financial assets at fair value through other comprehensive income and interest income calculated using the effective interest method relating to debt financial assets at fair value through other comprehensive income are recognized in profit or loss.

(c) Equity Financial Assets at Fair Value Through Other Comprehensive Income

At initial recognition, Kyocera has made an irrevocable election for equity financial assets that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income and classifies such investments as equity financial assets at fair value through other comprehensive income. Subsequent to initial recognition, equity financial assets at fair value through other comprehensive income are measured at fair value, and gains or losses arising from changes in fair value are recognized in other comprehensive income.

When these financial assets are derecognized, cumulative gains and losses recognized in other comprehensive income are directly transferred to retained earnings. Dividends received on equity financial assets at fair value through other comprehensive income are recognized in profit or loss.

(d) Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss, if they are classified as neither financial assets at amortized cost, debt financial assets at fair value through other comprehensive income, nor equity financial assets at fair value through other comprehensive income.

Kyocera does not designate any financial assets at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value and gains or losses arising from changes in fair value, dividend income and interest income are recognized in profit or loss.

(e) Derecognition

Financial assets are derecognized when, and only when the contractual rights to receive the cash flows from the financial assets have expired or when the financial assets have been transferred and Kyocera has transferred substantially all the risks and rewards of ownership.

(f) Impairment

Kyocera assesses the expected credit losses associated with its financial assets measured at amortized cost and debt financial assets measured at fair value through other comprehensive income, and loss allowance is recognized at each reporting date.

Kyocera measures the loss allowance for financial instruments at an amount equal to the full lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition, after considering all reasonable and supportable information that is available including forward-looking information.

On the other hand, when credit risk has not increased significantly since initial recognition, Kyocera measures the loss allowance at an amount equal to 12-month expected credit losses.

However, with respect to trade receivables and lease receivables, notwithstanding the aforementioned, loss allowance is always measured at an amount equal to full lifetime expected credit losses. The amount of expected credit losses or reversal that is required to adjust the loss allowance is recognized in profit or loss.

b. Non-Derivative Financial Liabilities

Non-derivative financial liabilities are classified as financial liabilities measured at amortized cost.

Financial liabilities measured at amortized cost are measured using the effective interest method, subsequent to initial recognition.

Kyocera derecognizes financial liabilities when Kyocera's obligations are met, that is, when debts are discharged, cancelled or expire.

c. Derivatives and Hedge Accounting

(a) Derivatives

Kyocera utilizes derivatives consisting of exchange contracts to reduce foreign currency risk. Derivatives are initially recognized at fair value on the date a derivative contract is entered into, and they are subsequently re-measured to their fair value at the end of each reporting period.

Changes in the fair value of derivatives are recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument. Derivative financial assets not designated as hedging instruments are classified as financial assets at fair value through profit or loss, and derivative financial liabilities not designated as hedging instruments are classified as financial liabilities at fair value through profit or loss.

(b) Hedge Accounting

Kyocera designates certain derivative transactions as hedging instruments and accounts for them as cash flow hedges.

At inception of the hedging relationship, Kyocera documents the economic relationship between hedging instruments and hedged items, risk management objectives, strategy for undertaking the hedge, methods for assessing whether a hedging relationship meets the hedge effectiveness requirements and methods for measuring hedge effectiveness and hedge ineffectiveness. A hedge is determined to be effective when all of the following criteria are met:

- There is an economic relationship between the hedged item and hedging instrument
- The effect of credit risk does not dominate the value changes that result from that economic relationship
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

In this process, Kyocera designates derivatives as cash flow hedges of forecasted transactions. Kyocera's associate utilizes interest rate swaps mainly with applying hedge accounting to convert a variable-rate debt into fixed rate for the purpose of fixing cash flows for funds procured at variable interest rates.

Kyocera discontinues hedge accounting prospectively only when the hedging relationship ceases to meet the qualifying criteria after taking into account any adjustment to the hedge ratio of hedging relationship.

Cash flow hedge is accounted for as follows:

At the inception of the hedge and on an ongoing basis, Kyocera evaluates whether the hedging instrument is effective in offsetting changes in cash flows of the relevant hedged item during the underlying period. Of changes in fair value of hedging instruments, the effective portion is recognized in other comprehensive income, while the ineffective portion is recognized in profit or loss. The amounts of hedging instruments recorded in other comprehensive income are reclassified to profit or loss when the hedged transactions affect profit or loss. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a liability, the gains and losses previously deferred in equity are transferred from equity and included directly in the initial cost or other carrying amount of the asset or liability.

When it is determined that a hedge is not effective or that it has ceased to be effective, Kyocera discontinues hedge accounting prospectively. Unrealized gains or losses arising from the discontinuance of hedge accounting are deferred as other comprehensive income. When a forecasted transaction is no longer expected to occur, any related income included in accumulated other comprehensive income is reclassified immediately to profit or loss.

(11) Income Taxes

Income taxes are composed of current and deferred taxes, and recognized in profit or loss, except for taxes related to business combinations and items that are recognized in other comprehensive income or directly in equity.

Current taxes are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are recognized on temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts used for taxation purposes, unused net operating loss carryforward and unused tax credit carryforward. Deferred tax assets and liabilities are not recognized for temporary differences from initial recognition of assets and liabilities that do not arise from business combinations, that do not impact accounting profit or taxable income at the time of the transaction and that do not give rise to equal taxable and deductible temporary differences at the time of the transaction. Deferred tax liabilities are also not recognized for taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are not recognized for taxable temporary differences associated with investments in subsidiaries and associates when Kyocera is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences associated with investments in subsidiaries and associates when it is probable that the temporary difference will reverse in the foreseeable future and when there will be sufficient taxable profits against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when they are reversed, based on tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if Kyocera has a legally enforceable right to set off current tax assets against current tax liabilities, and income taxes are levied by the same taxation authority on the same taxable entity.

Deferred tax liabilities are basically recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused net operating loss carryforward and unused tax credit carryforward can be utilized. Deferred tax assets are reassessed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Kyocera records the effect of unrecognized tax benefits based on the premise of being subject to income tax examination by tax authorities, when it is probable that tax benefits associated with tax positions will not be sustained. Benefits related to tax positions are measured at the amount that is expected to be probable of occurrence upon settlement with tax authorities.

Kyocera applies the exceptions to recognition and disclosure in respect of deferred tax assets and liabilities related to Pillar Two income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

(12) Government Grants

Government grants are recognized at fair value when there is a reasonable assurance that Kyocera receives the grants and complies with the terms and conditions attached to the grants. Government grants that are intended to compensate for specific costs are recognized as income in the period in which Kyocera recognizes the corresponding expenses. Government grants related to assets are directly deducted from acquisition cost of the assets.

(13) Employee Benefits

a. Post-Employment Benefits

Kyocera has adopted defined benefit plans and defined contribution plans as post-employment benefit for its employees.

(a) Defined Benefit Plans

In the defined benefit plans, net defined benefit liability or asset is calculated by the present value of the defined benefit obligation less the fair value of plan assets. The ceiling of the amount recorded as assets based on this calculation is the present value of any future economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The defined benefit obligation is determined using the projected unit credit method, and its present value is calculated by applying a discount rate to projected benefits. The discount rate is determined based on the yield curve of high quality corporate bonds over the approximate period of the benefit payments.

Service cost and interest on the net defined benefit liability or asset are recognized as profit or loss.

Past service cost is immediately recognized in profit or loss.

Re-measurements of net defined benefit liability or asset including actuarial gains and losses are recognized in other comprehensive income when they were incurred and transferred to retained earnings immediately from other components of equity.

(b) Defined Contribution Plans

Contributions to the defined contribution plans are recognized as expenses for the period over which employees provide services.

b. Short-Term Employee Benefits

Short-term employee benefits such as wages, salaries and social security contributions are recognized as an expense when the service is rendered.

Bonuses are recognized as a liability when Kyocera has legal or constructive obligations to pay for work provided by employees and the amount can be reliably estimated.

Unused annual leave, which employees have earned but have not yet used, are recognized as accrued liabilities.

(14) Provisions

Provisions are recognized when Kyocera has present legal or constructive obligations as a result of past events, it is probable that outflow of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of obligations.

(15) Equity

a. Common Stock

Proceeds from the issuance of common stocks by Kyocera are recognized in common stock and capital surplus and its transaction costs, net of taxation, are deducted from capital surplus.

b. Treasury Stock

When Kyocera acquires treasury stock, the consideration paid including transaction costs is deducted from equity. No gain or loss will be recognized on the purchase, sale, issue or cancellation of treasury stock. The difference between the carrying amount and the consideration on sale is recognized as capital surplus.

(16) Revenue Recognition

Kyocera recognizes revenue in accordance with IFRS 15 “Revenue from contracts with customers” (hereinafter, “IFRS 15”), excluding interest and dividend income and such other income from financial instruments recognized in accordance with IFRS 9 “Financial instruments” and excluding lease arrangement recognized in accordance with IFRS 16 “Leases” (hereinafter, “IFRS 16”) by applying the following steps:

- Step 1: Identify the contracts with customers
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Kyocera’s main revenue sources are sales in markets such as semiconductor, information and communications, and automotive-related. The reporting segment in Kyocera consists of “Core Components Business,” “Electronic Components Business” and “Solutions Business.”

Kyocera’s business unit, main businesses and subsidiaries are as follows:

Reporting Segment and Business Unit	Main Businesses and Subsidiaries
Core Components Business	
Industrial & Automotive Components Unit	Fine Ceramic Components, Automotive System, Optical Components
Semiconductor Components Unit	Ceramic Packages, Organic Packages and Boards
Others	Medical Devices
Electronic Components Business	Electronic Components, Kyocera AVX Components Corporation
Solutions Business	
Industrial Tools Unit	Industrial Tools
Document Solutions Unit	Information Equipment (Kyocera Document Solutions Inc.)
Communications Unit	Telecommunications Equipment, Information Systems and Telecommunication Services (Kyocera Communication Systems Co., Ltd.)
Others	Smart Energy, Printing Devices, Jewelry & Applied Ceramic Related Products

Sales to customers in Kyocera are based on the specific terms and conditions contained in basic contracts with customers and firm customer orders which detail the price, quantity and timing of the transfer of ownership of the products.

a. Sale of Products

Kyocera mainly recognizes revenue of products at the time of receipt of the products by the customer or shipping date because the customer obtains control over the products upon receipt or shipment, the performance obligation is judged to have been satisfied.

For the sales of printers and multifunctional products with installation services to end users in the “Document Solutions Unit,” the revenue is recognized at the time of completion of installation and customer acceptance because the performance obligation is judged to have been satisfied unless Kyocera has further obligations under the contracts.

b. Sales of Services

In the “Document Solutions Unit,” revenues from maintenance contracts in which the customer typically pays a variable amount based on usage and a stated fixed fee or a stated base fee plus a variable amount are recognized. Revenue from the maintenance contract is recognized over a certain period of time as the relevant performance obligation is satisfied since Kyocera judges the performance obligation of the maintenance contract as making the machine always available for the customers. For the maintenance contract in which the customer pays a stated fixed fee, revenue is recognized ratably over the contract period.

For all sales in the above segments, product returns are only accepted if the products are determined to be defective. There are no price protections, stock rotation or returns provisions, except for certain programs in the “Electronic Components Business” as noted below.

c. Sales Incentives

In the “Electronic Components Business,” sales to independent electronic component distributors may be subject to various sale programs below for which a provision for incentive programs is recorded as a reduction of revenue at the time of sale. Revenue is measured at the consideration promised in a contract with a customer, less sales incentives.

(a) Distributor Stock Rotation Program

Stock rotation is a program whereby distributors are allowed to return, for credit, qualified inventory, semiannually, equal to a certain percentage of the previous six months net sales. An estimated right of return liability for stock rotation is recorded at the time of sale based on a percentage of distributor sales using historical trends, current pricing and volume information, other market specific information and input from sales, marketing and other key management personnel. These procedures require the exercise of significant judgments. Kyocera believes that these procedures enable Kyocera to make reliable estimates of future returns under the stock rotation program. Kyocera’s actual results have historically approximated its estimates. When the products are returned and verified, Kyocera reduces accounts receivables from distributors.

(b) Distributor Ship-From-Stock and Debit Program

Ship-from-Stock and Debit (ship and debit) is a program designed to assist distributor customers in meeting competitive prices in the marketplace on sales to their end customers. Ship and debit programs require a request from the distributor for a pricing adjustment for a specific part for a sale to the distributor’s end customers from the distributor’s stock. Ship and debit authorizations may cover current and future distributor activity for a specific part for sale to their customers. In accordance with IFRS 15, at the time Kyocera records sales to the distributors, Kyocera estimates the variable consideration of the estimated future distributor activity related to such sales since it is probable that such sales to distributors will result in ship and debit activity. Kyocera records an estimated variable consideration based on sales during the period, credits issued to distributors, distributor inventory levels, historical trends, market conditions, pricing trends noted in direct sales activity with original equipment manufacturers and other customers, and input from sales, marketing and other key management personnel. These procedures require the exercise of significant judgments. Kyocera believes that these procedures enable Kyocera to make reliable estimates of the future variable consideration under the ship and debit program. Kyocera’s actual results have historically approximated its estimates.

d. Sales Rebates

In the case of sales to distributors in the “Industrial Tools Unit” and “Document Solutions Unit,” Kyocera provides cash rebates when predetermined sales targets are achieved during a certain period. Provisions for sales rebates are recorded as a reduction of revenue at the time of revenue recognition based on the best estimate of forecasted sales of each distributor.

e. Sales Returns

Kyocera records an estimated right of return liability for returns at the time of sale based on historical return experience. Revenue is measured at the consideration promised in a contract with a customer, less right of return liability.

f. Products Warranty

In the “Document Solutions Unit,” Kyocera provides a standard one-year manufacturer’s warranty on its products. For sales directly to end users, Kyocera offers extended warranty plans that may be purchased and that are renewable in one-year incremental periods at the end of the warranty term. These extended warranty plans are recognized as separate warranty obligations and the parts of the transaction prices are allocated to the performance obligation. Service revenues are subsequently recognized over the terms of the extended warranty plans. Under the contract relating to hybrid transactions in which Kyocera provides multiple goods or services, such as selling products and providing maintenance services, Kyocera identifies performance obligations in the contract. In case it is necessary to allocate the consideration of the contract to separate performance obligations, Kyocera allocates the transaction price based on the stand-alone selling price. Such stand-alone selling prices are determined based on the sales price of the similar products or service, and all information that is reasonably available.

(17) Earnings Per Share Attributable to Owners of the Parent

Earnings per share attributable to owners of the parent - Basic is calculated by dividing profit attributable to owners of the parent by the average number of ordinary shares outstanding after adjusting for treasury stock during the period.

4. Significant Accounting Estimates and Judgments Involving Estimations

In preparing the consolidated financial statements under IFRS, the management is required to make judgments, estimates and assumptions that affect the application of accounting policies and carrying amounts of assets, liabilities, revenue and expenses. By the nature of the estimates or assumptions, however, actual results in the future may differ from those estimates and assumptions.

The estimates and underlying assumptions are continuously reviewed. Revisions to accounting estimates are recognized in the period in which the estimates are revised as well as in the future periods.

Significant judgements and estimates made by management that affect the amounts recognized in Kyocera's consolidated financial statements are as follows:

- Evaluation of inventories
(Note “3. Material Accounting Policies (5) Inventories” and “11. Inventories”)
- Estimates for residual value and useful life of property, plant and equipment and intangible assets
(Note “3. Material Accounting Policies (6) Property, Plant and Equipment,” “3. Material Accounting Policies (7) Goodwill and Intangible Assets,” “14. Property, Plant and Equipment,” and “15. Goodwill and Intangible Assets”)
- Estimates for impairment of property, plant and equipment, goodwill and intangible assets
(Note “3. Material Accounting Policies (9) Impairment of Non-Financial Assets,” and “16. Impairment of Non-Financial Assets”)
- Fair value measurement of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income
(Note “3. Material Accounting Policies (10) Financial Instruments,” “10. Equity, Debt Instruments and Other Financial Assets” and “32. Financial Instruments”)
- Estimates for impairment of financial assets measured at amortized cost
(Note “3. Material Accounting Policies (10) Financial Instruments” and “32. Financial Instruments”)
- Estimates on recoverability of deferred tax assets
(Note “3. Material Accounting Policies (11) Income Taxes” and “17. Income Taxes”)
- Estimates of defined benefit liability
(Note “3. Material Accounting Policies (13) Employee Benefits” and “21. Employee Benefits”)
- Judgments and estimates for recognition and measurement on provisions and recognition of liabilities and expenses related to contingencies
(Note “3. Material Accounting Policies (14) Provisions,” “22. Provisions” and “36. Contingency”)
- Judgments and estimates for revenue recognition and measurement
(Note “3. Material Accounting Policies (16) Revenue Recognition” and “26. Sales Revenue”)

5. New Standards and Interpretations not yet Adopted

The main new or revised standards or interpretations that were issued by the date of approval of the consolidated financial statements but have not yet been applied by Kyocera are as follows.

Kyocera is currently assessing the possible impacts that this application will have on the consolidated financial statements.

IFRS		Effective date (From the year beginning on or after)	Kyocera's adoption year	Description of new and revised standards
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	From the year ending March 31, 2028	Introduction of three new categories, which are operating, investing, and financing, in the statement of profit or loss Disclosure of information about management-defined performance measures (MPMs) Enhanced guidance for grouping (aggregation and disaggregation) of items in the primary financial statements and the notes
IFRS 9 IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026	From the year ending March 31, 2027	Clarification of the classification of financial assets Clarification of the derecognition of financial liabilities Amendments to disclosure requirements for financial assets measured at fair value through other comprehensive income

6. Segment Information

(1) Overview of Reporting Segment

Kyocera's reporting segments are components of business activities for which discrete financial information is available, and such information is regularly reviewed by management in order to make decisions regarding the allocation of resources and assess its performance.

Kyocera's reporting segments are the same as the operating segments.

Main businesses and subsidiaries of each reporting segment are as follows.

Effective January 1, 2026 a portion of the Automotive Components business and the Displays business within the Core components business were integrated and reclassified as the Automotive System business. In addition, a portion of the Automotive Components business were included in the Fine Ceramic Components business and the Ceramic Packages business, respectively.

Reporting Segment	Main Businesses and Subsidiaries
Core Components Business	Fine Ceramic Components, Automotive System, Optical Components, Ceramic Packages, Organic Packages and Boards, Medical Devices
Electronic Components Business	Electronic Components, Kyocera AVX Components Corporation
Solutions Business	Industrial Tools, Information Equipment (Kyocera Document Solutions Inc.), Telecommunications Equipment, Information Systems and Telecommunication Services (Kyocera Communication Systems Co., Ltd.), Smart Energy, Printing Devices, Jewelry & Applied Ceramic Related Products

Kyocera decided to change the classification of Jewelry & Applied Ceramic Related Products Business, which was included in "Core Components Business," to "Solutions Business," and Displays Business, which was included in "Solutions Business," to "Core Components Business," from the beginning of the year ended March 31, 2026. With this change, the business result for the year ended March 31, 2025 has been reclassified in the same manner.

(2) Information on Reporting Segment

The accounting policies of the reporting segments are the same as those described in the Note "3. Material Accounting Policies."

Intersegment sales and transfers are made with reference to prevailing market prices. Business profit (loss) for each reporting segment represents sales revenue, less related costs and operating expenses, excluding corporate gains and income taxes.

For the year ended March 31, 2025

(Yen in millions)

	Reporting Segment			Others * 1	Total	Adjustment * 2	Consolidated
	Core Components Business	Electronic Components Business	Solutions Business				
Sales revenue							
External customers	590,990	353,633	1,057,925	11,906	2,014,454	—	2,014,454
Intersegment sales and transfers	730	1,013	28,442	5,208	35,393	(35,393)	—
Total	591,720	354,646	1,086,367	17,114	2,049,847	(35,393)	2,014,454
Business profit (loss)	(1,889)	(818)	73,696	(46,990)	23,999	—	23,999
Corporate gains and others * 3	—	—	—	—	—	—	39,632
Profit before income taxes	—	—	—	—	—	—	63,631
Other items							
Capital expenditures (for property, plant and equipment)	47,923	35,009	24,074	15,702	122,708	19,224	141,932
Depreciation and amortization charge	50,854	33,425	55,570	10,093	149,942	10,985	160,927
Research and development expenses	21,404	13,988	41,028	39,667	116,087	—	116,087
Share of net profit (loss) of investments accounted for using the equity method	—	—	375	—	375	(540)	(165)
Assets * 4	702,688	588,574	1,242,813	139,365	2,673,440	1,837,867	4,511,307

(Notes) 1. The “Others” is an operating segment that is not included in the reporting segment and mainly includes the GaN Device Business and research and development expenses, which does not belong to each segment.

2. Adjustment represents as follows:

- (1) The adjustment of intersegment sales and transfers are elimination of intersegment transactions.
- (2) The adjustment of capital expenditures (for property, plant and equipment) represents capital expenditures for corporate, which does not belong to each segment.
- (3) The adjustment of depreciation and amortization charge represents the depreciation and amortization charge for corporate, which does not belong to each segment.
- (4) The adjustment of share of net profit (loss) of investments accounted for using the equity method represents share of net profit (loss) of investments accounted for using the equity method for corporate, which does not belong to each segment.
- (5) The adjustment of assets consists primarily of cash and cash equivalents, equity and debt instruments, and various other investments and assets that are not specific each segment, as well as elimination of intersegment transactions.

3. Corporate gains and others include income and expenses which do not belong to any segments and mainly consist of finance income and expenses.

4. Assets represent the individual assets for specific segment.

For the year ended March 31, 2026

(Yen in millions)

	Reporting Segment			Others * 1	Total	Adjustment * 2	Consolidated
	Core Components Business	Electronic Components Business	Solutions Business				
Sales revenue							
External customers	652,597	362,646	1,044,452	10,508	2,070,203	—	2,070,203
Intersegment sales and transfers	832	840	26,467	3,688	31,827	(31,827)	—
Total	653,429	363,486	1,070,919	14,196	2,102,030	(31,827)	2,070,203
Business profit (loss)	63,082	7,316	103,943	(41,168)	133,173	—	133,173
Corporate gains and others * 3	—	—	—	—	—	—	35,821
Profit before income taxes	—	—	—	—	—	—	168,994
Other items							
Capital expenditures (for property, plant and equipment)	78,759	26,931	23,980	9,015	138,685	10,414	149,099
Depreciation and amortization charge	47,669	33,504	54,377	10,592	146,142	12,047	158,189
Research and development expenses	26,120	15,888	37,499	36,194	115,701	—	115,701
Share of net profit (loss) of investments accounted for using the equity method	—	(642)	493	—	(149)	(698)	(847)
Assets * 4	764,309	699,753	1,197,413	143,925	2,805,400	1,840,914	4,646,314

(Notes) 1. The “Others” is an operating segment that is not included in the reporting segment and mainly includes the GaN Device Business and research and development expenses, which does not belong to each segment.

2. Adjustment represents as follows:

- (1) The adjustment of intersegment sales and transfers are elimination of intersegment transactions.
- (2) The adjustment of capital expenditures (for property, plant and equipment) represents capital expenditures for corporate, which does not belong to each segment.
- (3) The adjustment of depreciation and amortization charge represents the depreciation and amortization charge for corporate, which does not belong to each segment.
- (4) The adjustment of share of net profit (loss) of investments accounted for using the equity method represents share of net profit (loss) of investments accounted for using the equity method for corporate, which does not belong to each segment.
- (5) The adjustment of assets consists primarily of cash and cash equivalents, equity and debt instruments, and various other investments and assets that are not specific each segment, as well as elimination of intersegment transactions.

3. Corporate gains and others include income and expenses which do not belong to any segments and mainly consist of finance income and expenses.

4. Assets represent the individual assets for specific segment.

(3) Information by Geographic Segments

The breakdown of sales revenue to external customers and non-current assets are as follows:

Sales revenue to external customers

(Yen in millions)

	For the year ended March 31,	
	2025	2026
Japan	583,895	603,806
United States	422,711	396,494
Europe	407,599	418,810
Asia	280,231	312,979
China	238,018	255,212
Other Areas	82,000	82,902
Total	2,014,454	2,070,203

(Note) The sales revenue to external customers is classified by destination.

Non-current assets

(Yen in millions)

	As of March 31,	
	2025	2026
Japan	498,002	521,465
United States	305,989	241,489
Europe	175,532	222,355
Asia	135,082	129,617
China	30,200	28,448
Other Areas	13,226	13,230
Total	1,158,031	1,156,604

(Note) Non-current assets are the total of “Property, plant and equipment,” “Right-of-use assets,” “Goodwill” and “Intangible assets” and are classified based on physical locations.

Of the countries included in “Europe,” “Asia” and “Other Areas,” there are no individually material countries in which the ratio of sales to external customers and the balance of non-current assets to the consolidated total is significant.

(4) Information on Major Customers

This information has been omitted because no external customers account for more than 10% of sales revenue.

7. Business Combination

During the year ended March 31, 2025 and 2026, there were no business combinations that have a material impact on Kyocera's financial position, operating results and cash flows.

8. Cash and Cash Equivalents

The components of cash and cash equivalents are as follows:

(Yen in millions)

	As of March 31,	
	2025	2026
Cash on hand and demand deposits	343,231	281,663
Time deposits (Within 3 months to original maturity)	101,513	174,224
Total	444,744	455,887

9. Trade and Other Receivables

The components of trade and other receivables are as follows:

(Yen in millions)

	As of March 31,	
	2025	2026
Trade notes receivable	20,706	19,032
Trade accounts receivable	320,110	339,797
Contract assets	2,532	9,143
Others	42,332	17,326
Allowance for credit losses	(3,096)	(3,140)
Total	382,584	382,158

Trade notes receivable and trade accounts receivable are classified as financial asset measured at amortized cost. The details are described in Note "32. Financial Instruments" for financial asset measured at amortized cost.

10. Equity, Debt Instruments and Other Financial Assets

(1) The Components of Equity, Debt Instruments and Other Financial Assets

The components of equity, debt instruments and other financial assets are as follows:

(Yen in millions)

	As of March 31,	
	2025	2026
Derivative assets	1,479	947
Stocks and Bonds	1,693,815	1,636,531
Time deposits (Over three months to original maturity)	8,663	13,102
Lease receivable	56,851	65,013
Others	25,157	28,291
Allowance for credit losses	(2,546)	(2,816)
Total	1,783,419	1,741,068

(Yen in millions)

	As of March 31,	
	2025	2026
Current assets	28,643	34,436
Non-current assets	1,754,776	1,706,632
Total	1,783,419	1,741,068

(Note) Classification is as follows:

Derivative assets: Financial assets measured at fair value through profit or loss (except for hedge accounting instruments)

Stocks and Bonds: Financial assets measured at fair value through other comprehensive income, Financial assets measured at amortized cost

Time deposits (Over three months to original maturity): Financial assets measured at amortized cost

(2) Equity and Debt Financial Assets Measured at Fair Value through Other Comprehensive Income

The components of the equity and the debt financial assets measured at fair value through other comprehensive income are as follows:

(Yen in millions)

	As of March 31,	
	2025	2026
Marketable issuers * 1	1,622,231	1,582,522
Non-marketable issuers * 2	70,550	52,944
Total	1,692,781	1,635,466

(Notes) 1. The major marketable issuers and their fair values are as follows:

(Yen in millions)

	As of March 31,	
	2025	2026
KDDI CORPORATION	1,581,318	1,530,971
Kyoto Financial Group, Inc.	14,527	25,926
Japan Airlines Co., Ltd.	19,528	19,550

2. Non-marketable issuers mainly consisted of investments in energy businesses. The total fair value as of March 31, 2025 and 2026 is 32,778 million yen and 32,326 million yen.

Stocks held mainly for enhancing and maintaining business relationships with the issuers are classified as financial assets measured at fair value through other comprehensive income.

The components of dividend income from issuers measured at fair value through other comprehensive income, included in “Finance income” in the consolidated statements of profit or loss, are as follows:

(Yen in millions)

For the year ended March 31,			
2025		2026	
From issuers derecognized during the period	From issuers held at the end of the period	From issuers derecognized during the period	From issuers held at the end of the period
538	49,145	4,093	46,133

(3) Derecognition of Financial Assets Measured at Fair Value through Other Comprehensive Income

Kyocera disposed of certain financial assets measured at fair value through other comprehensive income and derecognized principally to improve efficiency of asset holdings.

The fair value at the disposals date and the accumulated gains or losses recognized in other comprehensive income are as follows:

(Yen in millions)

For the year ended March 31,			
2025		2026	
Fair value	Accumulated gains (losses)	Fair value	Accumulated gains (losses)
22,979	17,160	251,733	210,044

(Note) When Kyocera derecognized the financial assets measured at fair value through other comprehensive income, the amount of accumulated gains (losses) recognized in other comprehensive income was transferred to retained earnings. The accumulated gains (losses) of other comprehensive income, net of taxation, transferred to retained earnings is 11,998 million yen for the year ended March 31, 2025, and 177,874 million yen for the year ended March 31, 2026.

Kyocera Corporation tendered a part of the common stock of KDDI held by the Company in the tender offer for treasury stock approved by the Board of Directors of KDDI on May 14, 2025 (the “Tender Offer”) and the Tender Offer period ended on June 11, 2025. Since shares of KDDI common stock are classified as equity instruments measured at fair value through other comprehensive income, the cumulative amount of gains recognized through other comprehensive income as of the date of sale was reclassified directly to retained earnings in the six months ended September 30, 2025.

a. Reason for Tendering Shares in the Tender Offer

This tendering shares in the Tender Offer is to raise funds in anticipation of Kyocera’s future demand for funds to strengthen the competitiveness of its core businesses and to increase its corporate value through purchase of treasury stock.

b. Result of the Tender Offer

The 108,058,400 shares of KDDI common stock tendered by the Company was purchased by KDDI.

c. Status of Shares Held Before and After the Tender Offer

Number of shares held before the Tender Offer	670,192,000 shares (Shareholding Ratio: 16.85%)
Number of shares tendered in the Tender Offer	108,365,800 shares (Shareholding Ratio: 2.72%)
Number of shares sold in the Tender Offer	108,058,400 shares (Shareholding Ratio: 2.72%)
Number of shares held after the Tender Offer	562,133,600 shares (Shareholding Ratio: 14.13%)

d. Schedule of the Tender Offer

Tender Offer period	From May 15, 2025 to June 11, 2025
Settlement start date	July 3, 2025

e. Number of Shares Sold and Sale Price

Number of shares sold	108,058,400 shares of common stock
Sale price	2,307 yen per share
Total sales amount	249,290,728,800 yen

11. Inventories

The components of inventories are as follows:

(Yen in millions)

	As of March 31,	
	2025	2026
Finished goods and merchandise	223,613	200,314
Work in process	130,707	140,174
Raw materials and supplies	167,493	181,516
Total	521,813	522,004

Inventories are stated at the lower of cost and net realizable value. When the net realizable value is lower than its carrying amount due to a decline in profitability, the difference is recorded as a write-down in the “Cost of sales” on the consolidated statement of profit or loss and as a deduction of “Inventories” in the consolidated statement of financial position.

Kyocera recognized inventory write-downs of 7,468 million yen for the year ended March 31, 2025 and 6,749 million yen for the year ended March 31, 2026, respectively.

12. Other Assets

The components of other assets are as follows:

Other current assets

(Yen in millions)

	As of March 31,	
	2025	2026
Prepaid expenses	31,264	22,672
Advance payments	4,415	7,434
Others	11,787	43,388
Total	47,466	73,494

Other non-current assets

(Yen in millions)

	As of March 31,	
	2025	2026
Retirement benefit assets	90,950	128,165
Others	12,458	11,592
Total	103,408	139,757

13. Investments Accounted for Using the Equity Method

(1) Material Associates

Japan Aviation Electronics Industry, Ltd.

Kyocera entered into a capital and business alliance agreement with Japan Aviation Electronics Industry, Ltd.

(“JAE”) in order to promote growth in its connector business. As part of this alliance, Kyocera executed a share transfer agreement on October 30, 2025, to acquire 33.0% of the shares of JAE (excluding treasury stock) from NEC Corporation, its largest shareholder at the time, through an off-market negotiated transaction. JAE is engaged in the manufacture and sale of connectors and aviation and aerospace electronic equipment, and as of March 31, 2026, Kyocera holds 33.0% of the voting rights.

The summarized financial statements of JAE and a reconciliation with the carrying amount of Kyocera’s interest in the investee are as follows.

(Yen in millions)

	As of March 31,	
	2025	2026
Current assets	—	130,657
Non-current assets	—	151,983
Total assets	—	282,640
Current liabilities	—	55,473
Non-current liabilities	—	50,749
Total liabilities	—	106,222
Total equity	—	176,418
Equity attributable to owners of the company	—	58,165
Goodwill equivalent and consolidation adjustments	—	24,182
Carrying amount of the investment	—	82,347
Fair value of the investment	—	49,911

(Yen in millions)

	For the year ended March 31,	
	2025	2026
Sales revenue	—	98,523
Profit for the year	—	(1,912)
Other comprehensive income for the year	—	5,327
Total comprehensive income for the year	—	3,415
Dividends received by the company	—	—

(2) Immaterial Associates

The carrying amounts of investments in individually immaterial associates and Kyocera's share of comprehensive income for the year are as follows:

(Yen in millions)

	As of March 31,	
	2025	2026
Carrying amounts of investments	15,474	14,973

(Yen in millions)

	For the year ended March 31,	
	2025	2026
Net profit (loss)	(165)	(205)
Other comprehensive income (loss)	(8)	149
Comprehensive income (loss)	(173)	(56)

14. Property, Plant and Equipment

Changes in the carrying amount, acquisition cost, accumulated depreciation and accumulated impairment loss of property, plant and equipment are as follows. The depreciation of property, plant and equipment is included in “Cost of sales” and “Selling, general and administrative expenses” on the consolidated statement of profit or loss.

Carrying amounts

(Yen in millions)

	Land	Buildings and structures	Machinery and equipment	Construction in progress	Total
As of April 1, 2024	57,258	249,615	268,740	90,377	665,990
Purchase	3,805	22,639	36,708	78,780	141,932
Depreciation	—	(22,355)	(89,722)	—	(112,077)
Impairment loss	—	—	(26,175)	(13,421)	(39,596)
Sales or disposal	(486)	(2,465)	(883)	(523)	(4,357)
Loss of control	—	(243)	(617)	(4)	(864)
Reclassification	—	34,049	35,903	(69,952)	—
Exchange differences	(172)	(839)	(916)	(774)	(2,701)
Others	—	(520)	1,878	2,264	3,622
As of March 31, 2025	60,405	279,881	224,916	86,747	651,949
Purchase	—	15,972	35,882	97,245	149,099
Depreciation	—	(25,143)	(85,781)	—	(110,924)
Impairment loss	(188)	(3,018)	(2,550)	(4,955)	(10,711)
Sales or disposal	(32)	(326)	(1,715)	(1,573)	(3,646)
Loss of control	—	(1,063)	(2,435)	(73)	(3,571)
Reclassification	—	35,977	56,289	(92,266)	—
Exchange differences	1,132	8,990	7,149	4,001	21,272
Others	—	(577)	186	(7,585)	(7,976)
As of March 31, 2026	61,317	310,693	231,941	81,541	685,492

(Notes) 1. “Loss of control,” which was included in “Others” for fiscal 2025 is presented separately from fiscal 2026 due to its increased materiality. To reflect this change in presentation, “Loss of control” which was included in “Others” for fiscal 2025 is also reclassified and presented.

2. Assets subject to operating leases are included in “Land,” “Buildings and structures,” and “Machinery and equipment.” Their carrying amounts are 10,153 million yen as of March 31, 2025, and 23,213 million yen as of March 31, 2026.

Acquisition costs

(Yen in millions)

	Land	Buildings and structures	Machinery and equipment	Construction in progress	Total
As of April 1, 2024	57,710	580,158	1,293,916	90,379	2,022,163
As of March 31, 2025	60,826	621,833	1,303,221	98,534	2,084,414
As of March 31, 2026	61,926	684,448	1,394,679	97,483	2,238,536

Accumulated depreciation and accumulated impairment losses

(Yen in millions)

	Land	Buildings and structures	Machinery and equipment	Construction in progress	Total
As of April 1, 2024	452	330,543	1,025,176	2	1,356,173
As of March 31, 2025	421	341,952	1,078,305	11,787	1,432,465
As of March 31, 2026	609	373,755	1,162,738	15,942	1,553,044

15. Goodwill and Intangible Assets

Changes in carrying amounts, acquisition costs, accumulated amortization and accumulated impairment losses of goodwill and intangible assets are as follows. The amortization of intangible assets is included in “Cost of sales” or “Selling, general and administrative expenses” on consolidated statement of profit or loss.

Carrying amounts

(Yen in millions)

	Goodwill	Intangible assets					
		Non-patent technology	Customer relationships	Software	Patent rights	Others	Total
As of April 1, 2024	282,879	36,154	60,833	22,574	12,398	20,212	152,171
Purchase	—	—	3	10,920	1,952	215	13,090
Amortization	—	(2,861)	(8,501)	(8,344)	(2,597)	(1,841)	(24,144)
Impairment loss	—	—	—	(483)	—	(69)	(552)
Sales or disposal	—	—	—	(134)	(3)	(263)	(400)
Loss of control	—	—	—	(14)	—	(298)	(312)
Exchange differences	(640)	(194)	(226)	(118)	(43)	(61)	(642)
Others	—	—	62	2,552	0	225	2,839
As of March 31, 2025	282,239	33,099	52,171	26,953	11,707	18,120	142,050
Purchase	—	70	—	12,870	736	338	14,014
Amortization	—	(2,391)	(7,454)	(8,591)	(2,180)	(1,678)	(22,294)
Impairment loss	(209)	—	(372)	(698)	(813)	(248)	(2,131)
Sales or disposal	—	—	—	(610)	(691)	(9)	(1,310)
Loss of control	(18,207)	—	(16,928)	(43)	—	(1)	(16,972)
Exchange differences	10,145	2,199	3,284	429	434	1,243	7,589
Others	—	—	—	294	—	1	295
As of March 31, 2026	273,968	32,977	30,701	30,604	9,193	17,766	121,241

(Note) “Loss of control,” which was included in “Others” for fiscal 2025 is presented separately from fiscal 2026 due to its increased materiality. To reflect this change in presentation, “Loss of control” which was included in “Others” for fiscal 2025 is also reclassified and presented.

Acquisition costs

(Yen in millions)

	Goodwill	Intangible assets					
		Non-patent technology	Customer relationships	Software	Patent rights	Others	Total
As of April 1, 2024	332,724	51,936	121,197	75,055	25,369	47,308	320,865
As of March 31, 2025	332,083	50,053	119,755	78,569	24,924	45,756	319,057
As of March 31, 2026	342,232	53,199	83,680	89,790	24,325	47,097	298,091

Accumulated amortization and accumulated impairment losses

(Yen in millions)

	Goodwill	Intangible assets					
		Non-patent technology	Customer relationships	Software	Patent rights	Others	Total
As of April 1, 2024	49,845	15,782	60,364	52,481	12,971	27,096	168,694
As of March 31, 2025	49,844	16,954	67,584	51,616	13,217	27,636	177,007
As of March 31, 2026	68,264	20,222	52,979	59,186	15,132	29,331	176,850

16. Impairment of Non-Financial Assets

(1) Impairment Losses

For the purpose of measuring impairment losses, the Kyocera Group groups assets at the lowest level for which identifiable cash flows are largely independent of other cash flows. A business is generally treated as a cash-generating unit.

The breakdown of impairment loss of property, plant and equipment in each segment is as follows:

(Yen in millions)

	For the year ended March 31,	
	2025	2026
Core Components Business	39,596	9,261
Electronic Components Business	—	1,316
Solutions Business	—	92
Corporate	—	42
Total	39,596	10,711

The breakdown of impairment loss of Right-of-use assets in each segment is as follows:

(Yen in millions)

	For the year ended March 31,	
	2025	2026
Electronic Components Business	—	58
Total	—	58

The breakdown of impairment loss of goodwill and intangible assets in each segment is as follows:

(Yen in millions)

	For the year ended March 31,	
	2025	2026
Core Components Business	552	1,595
Electronic Components Business	—	745
Total	552	2,340

Kyocera recognized an impairment loss of 40,148 million yen due to the deterioration of profitability in the Organic Packages and Boards Business included in the Core Components Business during the year ended March 31, 2025. The carrying amounts of assets were written down to the recoverable amount. The recoverable amount is measured at value in use. The value in use is calculated by discounting future cash flows over economic remaining useful life of the major assets based on the business plan approved by the management to present value using the pre-tax discount rate (10.5%). The pre-tax discount rate is based on the weighted average cost of capital of Organic Packages and Boards Business. This impairment loss was included in “Selling, general and administrative expenses” on the consolidated statements of profit or loss.

Kyocera recognized an impairment loss of 5,089 million yen due to the deterioration of profitability in the former Display Business of Automotive Systems Business included in the Core Components Business during the year ended March 31, 2026. The carrying amounts of assets were written down to their recoverable amount. The recoverable amount is measured at value in use. The value in use is calculated by discounting future cash flows over the economic remaining useful life of the major assets based on the business plan approved by the management to present value using the pre-tax discount rate (12.6%). The pre-tax discount rate is based on the weighted average cost of capital of the former Display Business. In the Organic Packages and Boards Business, also included in the Core Components Business, Kyocera recognized the impairment loss of 4,955 million yen for idle assets.

Kyocera recognized an impairment loss of 2,119 million yen in connection with the transfer of the silicon diode power semiconductor business in the Electronic Components Business during the year ended March 31, 2026. The recoverable amount is measured at fair value less costs of disposal. The fair value less costs of disposal is calculated based on the assumed selling price under the contract for the transfer.

These impairment losses were included in “Selling, general and administrative expenses” on the consolidated statements of profit or loss.

(2) Impairment of Goodwill

Goodwill acquired as a part of business combinations is allocated to cash-generating units or cash-generating unit groups that are expected to benefit from the synergies of the combination. Amounts of goodwill allocated to cash-generating units or cash-generating unit groups are as follows:

(Yen in millions)

	As of March 31,	
	2025	2026
Fine Ceramic Components	14,374	16,238
Electronics Components *1	71,838	75,291
Industrial Tools	88,513	72,758
Information Equipment	56,118	57,754
GaN Devices	26,667	26,667
Others *2	24,729	25,260
Total	282,239	273,968

(Note) 1. Kyocera’s Electronic Components Business and KAVX have been integrated since prior to the year ended March 31, 2025, with the aim of strengthening competitiveness in the global market, achieving sustainable growth, and enhancing business value in its Electronic Components segment. Starting from the year ended March 31, 2026, as the optimization of management resources and integration across manufacturing, sales, and R&D functions progressed through KAVX’s structural reforms. For internal control purposes, the Electronic Components Business and KAVX has been monitored on an integrated basis. As a result, the allocation of goodwill has been changed to the cash-generating unit group integrating the Electronic Components Business and KAVX.

2. Individually immaterial goodwill that are allocated to cash-generating units or cash-generating unit groups are included in “Others.”

Goodwill and intangible assets that have indefinite useful lives are tested annually for impairment, or more frequently if events or changes in circumstances indicate that an impairment may occur. Kyocera groups assets based on the smallest cash-generating unit that generates cash inflows that are largely independent, and a business is a main cash-generating unit. The recoverable amount of the impairment test is determined based on value in use calculations.

With the exception of the GaN Devices business, the calculations use cash flow projections based on business plan within five years approved by management, and discounting to the present value by using pre-tax discount rate of cash-generating units or groups of cash-generating units. The business plan reflects past experience and is consistent with external information. The growth rate is determined in view of long-term average growth rate of markets or countries to which each cash generating units belongs. With the exception of the GaN Devices business, the pre-tax discount rate is determined at 11.3% to 12.9% for the year ended March 31, 2025 and 11.6% to 13.4% for the year ended March 31, 2026 based on weighted average capital cost of the cash-generating units or groups of cash-generating units. Taking into account expected future inflation, the growth rate applied to estimate future cash flows beyond the period covered by the business plan is estimated to be between 1.4% and 2.2%.

Intangible assets are grouped on the basis of the smallest group of assets that generates cash inflows that are largely independent.

As a result of the impairment test carried out in the year ended March 31, 2026, the recoverable amount of the GaN Devices business has exceeded the carrying amount by 31,803 million yen, or 46.3%. The carrying amount of the GaN Devices business is 68,631 million yen. The value in use of the business was calculated by discounting to present value the estimated cash flows based on the 6 years business plan approved by management at the pre-tax discount rate (19.5%) for the cash-generating unit in consideration of the business plan at the time of acquisition because major assumptions or contents of business are not significantly changed. Taking into account expected future inflation, the growth rate applied to estimate future cash flows beyond the period covered by the business plan is estimated at 2.2%. Kyocera recognizes the sales revenue based on sales quantity and sales price included in its business plan as one of key assumption and considers search for potential customers, launch of new products, past experience, external sources of information, knowledge of competitor activity, and industry trends in determining such assumption. However, there is a risk of impairment in the event of a change in the key assumptions underlying the value in use. The carrying amount will be nearly equal to the recoverable amount if the discount rate is increased by 3.8%.

17. Income Taxes

(1) Deferred Tax Assets and Deferred Tax Liabilities

The main components of and the movement of deferred tax assets and deferred tax liabilities are as follows:

For the year ended March 31, 2025

(Yen in millions)

	As of April 1, 2024	Recognized in profit or loss	Recognized in other comprehens ive income	Loss of control	Other*	As of March 31, 2025
Deferred tax assets						
Enterprise tax	1,069	(433)	—	—	—	636
Inventories	18,411	3,306	—	—	251	21,968
Allowance for credit losses	2,449	(286)	—	—	66	2,229
Accrued expenses	12,126	(1,060)	(16)	—	(271)	10,779
Net defined benefit liabilities and accrued payroll	20,897	908	(1)	—	83	21,887
Depreciation and amortization	34,238	12,415	—	—	1,502	48,155
Lease liabilities	25,653	1,933	—	—	280	27,866
Securities	1,828	(603)	(55)	—	(76)	1,094
Net operating loss carryforward and tax credit carryforward	18,252	(3,606)	—	—	(480)	14,166
Temporary differences associated with investments in subsidiaries and associates	4,726	(720)	—	—	—	4,006
Other	11,781	(6,946)	—	(142)	(502)	4,191
Total	151,430	4,908	(72)	(142)	853	156,977
Deferred tax liabilities						
Depreciation and amortization	30,080	(860)	—	—	(276)	28,944
Right-of-use assets	22,243	1,389	—	—	225	23,857
Securities	458,306	1,210	28,328	—	173	488,017
Net defined benefit assets	21,707	52	5,106	—	(43)	26,822
Other	9,665	4,170	6	—	407	14,248
Total	542,001	5,961	33,440	—	486	581,888

(Note) Other consists mainly of foreign currency translation adjustments.

For the year ended March 31, 2026

(Yen in millions)

	As of April 1, 2025	Recognized in profit or loss	Recognized in other comprehensive income	Loss of control	Other*	As of March 31, 2026
Deferred tax assets						
Enterprise tax	636	2,162	—	—	—	2,798
Inventories	21,968	(1,160)	—	(4)	(227)	20,577
Allowance for credit losses	2,229	(107)	—	(58)	207	2,271
Accrued expenses	10,779	(397)	—	(94)	791	11,079
Net defined benefit liabilities and accrued payroll	21,887	1,878	(9)	(10)	361	24,107
Depreciation and amortization	48,155	1,038	—	—	693	49,886
Lease liabilities	27,866	692	—	(4,069)	859	25,348
Securities	1,094	1,522	83	—	16	2,715
Net operating loss carryforward and tax credit carryforward	14,166	752	—	(15)	949	15,852
Temporary differences associated with investments in subsidiaries and associates	4,006	(1,129)	—	—	—	2,877
Other	4,191	(1,816)	(7)	(2,146)	585	807
Total	156,977	3,435	67	(6,396)	4,234	158,317
Deferred tax liabilities						
Depreciation and amortization	28,944	(1,738)	—	(4,695)	1,867	24,378
Right-of-use assets	23,857	968	—	(3,690)	798	21,933
Securities	488,017	(9,012)	(2,064)	—	(100)	476,841
Net defined benefit assets	26,822	378	10,440	—	157	37,797
Other	14,248	1,551	(19)	—	783	16,563
Total	581,888	(7,853)	8,357	(8,385)	3,505	577,512

(Note) Other consists mainly of foreign currency translation adjustments.

“Loss of control,” which was included in “Other” for fiscal 2025 is presented separately from fiscal 2026 due to its increased materiality. To reflect this change in presentation, the decrease in deferred tax assets, which was previously included in “Other” for fiscal 2025, is reclassified to “Loss of control”.

With respect to deferred tax assets, Kyocera recognizes them to the extent that it is highly probable that future taxable income will be available against which future deductible temporary differences and other items can be utilized. The assessment of recoverability is based on estimated future taxable income for each fiscal year, as projected in the business plans of the company and each group company.

Net operating loss carryforward and tax credit carryforward as well as future deductible temporary differences for which no deferred tax assets are recognized are as follows. Net operating loss carryforward and future deductible temporary differences are shown on an income-amount basis, and tax credit carryforward is shown on a tax-amount basis.

(Yen in millions)

	As of March 31,	
	2025	2026
Net operating loss carryforward	164,394	214,722
Tax credit carryforward	8,412	11,500
Future deductible temporary differences	90,131	74,070

Expiration of net operating loss carryforward unaccompanied by recognition of deferred tax assets is as follows:

(Yen in millions)

	As of March 31,	
	2025	2026
1st year	231	321
2nd year	257	488
3rd year	396	8,791
4th year	8,680	1,491
5th year and thereafter	55,027	44,593
No expiry date	99,803	159,038
Total	164,394	214,722

Expiration of tax credit carryforward unaccompanied by recognition of deferred tax assets is as follows:

(Yen in millions)

	As of March 31,	
	2025	2026
1st year	40	121
2nd year	39	126
3rd year	113	138
4th year	118	152
5th year and thereafter	6,722	9,280
No expiry date	1,380	1,683
Total	8,412	11,500

The total amount of future deductible temporary differences (before multiplying by the tax rate) associated with investments in subsidiaries and associates for which no deferred tax assets are recognized are 58,364 million yen as of March 31, 2025 and 61,047 million yen as of March 31, 2026.

The total amount of future taxable temporary differences (before multiplying by the tax rate) associated with investments in subsidiaries and associates for which no deferred tax liabilities are recognized are 658,918 million yen as of March 31, 2025 and 712,497 million yen as of March 31, 2026. These deferred tax liabilities are not recognized because Kyocera is able to control the timing of the reversal of the temporary differences and it is probable that the taxable temporary differences will not reverse in the foreseeable future.

(2) Income Tax Expenses

The components of income tax expenses are as follows:

(Yen in millions)

	For the year ended March 31,	
	2025	2026
Current tax expenses *1	35,124	35,362
Deferred tax expenses		
Temporary differences originated and reversed *2	662	(10,292)
Changes of effective tax rate *3	391	(996)
Total	36,177	24,074

- (Notes) 1. Income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development, which are included in “Current tax expenses” for the year ended March 31, 2025 and 2026, are immaterial.
2. “Temporary differences originated and reversed” for the year ended March 31, 2025 includes the impact of reversal of deferred tax assets at overseas subsidiaries in the amount of 13,611 million yen.
3. In Japan, in conjunction with the enactment of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025) by the National Diet on March 31, 2025, the “Special Defense Corporation Tax” will be imposed from business years beginning on or after April 1, 2026. Accordingly, for Kyocera and certain domestic subsidiaries, deferred tax assets and liabilities related to temporary differences expected to be resolved in consolidated fiscal years beginning on or after April 1, 2026, are calculated using the revised statutory effective tax rate. The impacts of this change for the year ended March 31, 2025 and 2026, which are included in “Changes of effective tax rate” shown in the above table, were 383 million yen and (1,000) million yen, respectively.

Reconciliation of the Japanese statutory effective tax rate and effective tax rate of income tax expense on consolidated statement of profit or loss is as follows:

(%)

	For the year ended March 31,	
	2025	2026
Statutory effective tax rate *1	30.0	30.0
Difference on tax rates of foreign subsidiaries	(6.8)	(3.1)
Change in unrecognized deferred tax assets *2	31.4	3.1
Tax credit for research and development	(4.0)	(5.8)
Uncertain tax positions	6.9	0.0
Consolidation adjustment for loss on the sale of subsidiary	—	(6.4)
Deemed dividends	—	(3.0)
Temporary differences associated with investments in subsidiaries and associates	0.0	0.7
Others	(0.6)	(1.3)
Effective tax rate of income tax expense	56.9	14.2

- (Notes) 1. Kyocera is subject mainly to corporate tax, inhabitant tax and enterprise tax, and the combined statutory tax rates calculated based on these taxes were 30.0% for the year ended March 31, 2025 and 2026. However, due to the imposition of the “Special Defense Corporation Tax,” Kyocera and certain domestic subsidiaries used the revised statutory effective tax rate when calculating deferred tax assets and liabilities related to temporary differences expected to be resolved in consolidated fiscal years beginning on or after April 1, 2026. Foreign subsidiaries are subject to income taxes at their locations.
2. “Change in unrecognized deferred tax assets” for the year ended March 31, 2025 includes the impact of reversal of deferred tax assets at overseas subsidiaries.

18. Trade and Other Payables

The components of trade and other payables are as follows:

(Yen in millions)

	As of March 31,	
	2025	2026
Trade notes payable	15,479	13,251
Accounts payable	130,114	136,897
Other accounts payable	61,436	44,619
Total	207,029	194,767

19. Borrowings

(1) Components of Borrowings

The components of borrowings are as follows:

(Yen in millions)

	As of March 31,		Average interest rate*	Maturity
	2025	2026		
Short-term borrowings	34,985	25,226	3.93%	—
Current portion of long-term borrowings	9,401	30,849	2.04%	—
Long-term borrowings	202,577	188,963	1.03%	year 2027 to year 2046
Total	246,963	245,038	—	—
Current liabilities	44,386	56,075	—	—
Non-current liabilities	202,577	188,963	—	—
Total	246,963	245,038	—	—

(Note) Average interest rate is the weighted average interest rate of borrowings as of March 31, 2026.

(2) Assets Pledged as Collateral

The assets pledged as collateral for liabilities are as follows:

(Yen in millions)

	As of March 31,	
	2025	2026
Equity and debt instruments	287,282	413,495
Property, plant and equipment, net	1,908	1,857
Total	289,190	415,352

The liabilities related to these assets pledged as collateral are as follows:

(Yen in millions)

	As of March 31,	
	2025	2026
Current portion of long-term borrowings	—	20,000
Other current liabilities	1,069	1,702
Long-term borrowings	180,000	160,000
Total	181,069	181,702

(Note) “Equity and debt instruments” pledged as collateral are part of shares of KDDI Corporation held by Kyocera, and are also pledged as collateral for overdraft facilities (balance of unexecuted loans) with financial institutions except for above related liabilities. The balance of the overdraft facilities as of March 31, 2025 is 70,000 million yen, and the balance as of March 31, 2026 is 150,000 million yen.

20. Leases

(1) Lease as Lessee

As a lessee, Kyocera leases immovable property, such as land and offices, and movable property, such as manufacturing equipment. Certain lease contracts are subject to options to extend or terminate. There are no material purchase options, escalation clauses or restrictions imposed by the lease agreements, including restrictions on additional debt or leases.

Profit or loss relating to leases consist of the following:

(Yen in millions)

	For the year ended March 31,	
	2025	2026
Depreciation charge of right-of-use assets		
Land	474	494
Buildings and structures	20,447	20,237
Machinery and equipment	3,785	4,240
Total	24,706	24,971
Interest expense on lease liabilities	2,589	2,690
Expense relating to short-term leases	1,375	931
Expense relating to leases of low-value assets	1,109	1,011
Expense relating to variable lease payments*	1,128	1,006
Total expenses relating to leases	30,907	30,609
Income from sub-leasing right-of-use assets	(88)	(155)
Total	30,819	30,454

(Note) Expense relating to variable lease payment not included in the measurement of lease liabilities.

The components of the carrying amounts of right-of-use assets are as follows:

(Yen in millions)

	As of March 31,	
	2025	2026
Right-of-use assets		
Land	2,567	2,569
Buildings and structures	69,925	67,587
Machinery and equipment	9,301	5,747
Total	81,793	75,903

The total additions to right-of-use assets are 31,562 million yen for the year ended March 31, 2025, and 38,145 million yen for the year ended March 31, 2026.

The total cash outflow for leases is 33,229 million yen for the year ended March 31, 2025, and 36,500 million yen for the year ended March 31, 2026.

The details of maturity of lease liabilities are described in Note “32. Financial Instruments (4) Liquidity Risk Management.”

(2) Lease as Lessor

Kyocera, as lessor, mainly leases multifunctional products.

Maturity analysis of undiscounted lease payments receivable on finance leases is as follows:

(Yen in millions)

	Lease payments receivable	
	As of March 31,	
	2025	2026
Within 1 year	18,696	20,897
Between 1 and 2 years	14,142	16,381
Between 2 and 3 years	10,597	12,486
Between 3 and 4 years	7,081	8,525
Between 4 and 5 years	4,480	5,480
After 5 years	6,156	5,649
Total	61,152	69,418
Unearned finance income	(5,304)	(5,559)
Unguaranteed residual value	1,003	1,154
Net investment in the lease	56,851	65,013

Maturity analysis of undiscounted lease payments to be received on operating leases is as follows:

(Yen in millions)

	Lease payments to be received	
	As of March 31,	
	2025	2026
Within 1 year	2,485	5,248
Between 1 and 2 years	2,314	3,935
Between 2 and 3 years	1,644	1,834
Between 3 and 4 years	347	1,286
Between 4 and 5 years	230	1,085
After 5 years	229	2,604
Total	7,249	15,992

21. Employee Benefits

(1) Defined Benefit Plans

a. Reconciliation of the Defined Benefit Obligations and Plan Assets

Kyocera Corporation and its major domestic subsidiaries adopt funded defined benefit pension plans or unfunded retirement and severance plans for their employees. They use a “point system” whereby benefits under the plan are calculated on the basis of (i) accumulated “points” that are earned based on employees’ position, extent of contribution and length of service period during employment, and (ii) conditions at the time of retirement. In addition, employees are provided with an option to select how they receive benefit payments. Employees may receive up to 50% of the accumulated points balance as an annuity payment over the employees’ lifetime with the remainder of the accumulated points being distributed in installments over a fixed period of up to 20 years. Kyocera International, Inc. and its consolidated subsidiaries (KII), consolidated U.S. subsidiaries of Kyocera Corporation, maintain a non-contributory defined benefit pension plan in the U.S. This plan covers substantially certain full-time employees in the U.S., of which benefits are based on years of service and the employees’ average compensation.

Kyocera AVX Components Corporation and its consolidated subsidiaries (KAVX), consolidated U.S. subsidiaries of Kyocera Corporation, maintain noncontributory defined benefit pension plans and contributory defined benefit pension plans in the U.S. Pension benefits provided to certain U.S. employees covered under collective bargaining agreements are based on a flat benefit formula. Effective December 31, 1995, KAVX froze benefit accruals under its domestic non-contributory defined benefit pension plan for a significant portion of the employees covered under collective bargaining agreements. Effective December 1, 2018, the plan was amended to freeze benefit accruals for the remainder of employees covered under collective bargaining agreements. KAVX’s pension plans for certain European employees provide for benefits based on a percentage of final pay. KAVX’s funding policy is to contribute amounts sufficient to meet minimum funding requirements as set forth in employee benefit and tax laws. On April 27, 2022, TA Triumph-Adler GmbH (TA), a consolidated subsidiary of Kyocera Document Solutions Inc., entered into an agreement with a third party for a pension buyout of a defined benefit pension plan established for certain employees in Germany for future risk transfer and other purposes. On April 28, 2022, under the terms of the agreement, its defined benefit pension plan obligations were delivered to the third party in the amount of 14,255 million yen in cash, etc. Under German Transformation Act, TA has the joint and several liability (TA Joint Liability) for 10 years after the transfer. Because it does not meet the extinguishment requirement for defined benefit pension obligations, TA continues to recognize defined benefit obligations up to 2032 and records payments as contributions to plan assets.

The defined benefit obligations recognized in the consolidated statements of financial position are as follows:

Domestic

(Yen in millions)

	As of March 31,	
	2025	2026
Present value of defined benefit obligations	185,061	170,022
Fair value of plan assets	264,837	283,335
Fund status	(79,776)	(113,313)
Net defined benefit liability (asset)	(79,776)	(113,313)
Amounts in the consolidated statements of financial position:		
Retirement benefit liabilities	1,791	1,406
Other non-current assets	(81,567)	(114,719)
Net defined benefit liability (asset) recognized in the consolidated statements of financial position	(79,776)	(113,313)

Foreign

(Yen in millions)

	As of March 31,	
	2025	2026
Present value of defined benefit obligations	51,870	53,860
Fair value of plan assets	68,783	76,520
Fund status	(16,913)	(22,660)
Effect of asset ceiling	8,272	10,034
Net defined benefit liability (asset)	(8,641)	(12,626)
Amounts in the consolidated statements of financial position:		
Retirement benefit liabilities	3,197	3,314
Other non-current assets	(11,838)	(15,940)
Net defined benefit liability (asset) recognized in the consolidated statements of financial position	(8,641)	(12,626)

The amount of “Cost of sales” and “Selling, general and administrative expenses” recognized related to defined benefit plans in the consolidated statement of profit or loss are as follows:

Domestic

(Yen in millions)

	For the year ended March 31,	
	2025	2026
Service cost	11,074	10,060
Net interest cost	(1,007)	(1,803)
Total	10,067	8,257

Foreign

(Yen in millions)

	For the year ended March 31,	
	2025	2026
Service cost	786	750
Net interest cost	(483)	(444)
Total	303	306

b. Changes in the Present Value of Defined Benefit Obligations

Changes in the present value of defined benefit obligations are as follows:

Domestic

(Yen in millions)

	For the year ended March 31,	
	2025	2026
Present value of defined benefit obligations at the beginning of the year	199,933	185,061
Service cost	11,074	10,060
Interest cost	3,025	4,101
Remeasurements		
Actuarial gains (losses) arising from changes in demographic assumptions	(108)	(146)
Actuarial gains (losses) arising from changes in financial assumptions	(12,322)	(12,500)
Experience adjustments	(493)	(1,181)
Benefits paid	(16,048)	(15,373)
Present value of defined benefit obligations at the end of the year	185,061	170,022

The weighted-average duration of the defined benefit obligation is 15 years for the year ended March 31, 2025 and 2026.

Foreign

(Yen in millions)

	For the year ended March 31,	
	2025	2026
Present value of defined benefit obligations at the beginning of the year	55,000	51,870
Service cost	786	750
Interest cost	2,839	3,020
Re-measurements		
Actuarial gains (losses) arising from changes in demographic assumptions	(499)	(181)
Actuarial gains (losses) arising from changes in financial assumptions	(2,398)	(1,226)
Experience adjustments	23	191
Benefits paid	(3,822)	(4,659)
Exchange differences on translating foreign operations	52	4,191
Other	(111)	(96)
Present value of defined benefit obligations at the end of the year*	51,870	53,860

(Note) Present value of defined benefit obligations related to TA Joint Liability as of March 31, 2025 and 2026 is 5,668 million yen and 5,231 million yen, respectively.

The weighted-average duration of the defined benefit obligation is 11 years for the year ended March 31, 2025 and 2026.

c. Changes in the Fair Value of Plan Assets

Changes in the fair value of plan assets are as follows:

Domestic

(Yen in millions)

	For the year ended March 31,	
	2025	2026
Fair value of plan assets at the beginning of the year	264,622	264,837
Interest income	4,032	5,904
Re-measurements		
Return on plan assets	1,548	17,081
Employer contribution	10,499	10,514
Benefits paid	(15,864)	(15,001)
Fair value of plan assets at the end of the year	264,837	283,335

Kyocera Corporation and its major domestic subsidiaries expect to contribute to the plan approximately 10,154 million yen for the year ending March 31, 2027.

Foreign

(Yen in millions)

	For the year ended March 31,	
	2025	2026
Fair value of plan assets at the beginning of the year	71,575	68,783
Interest income	3,847	4,106
Re-measurements		
Return on plan assets	(2,983)	2,399
Employer contribution	199	196
Benefits paid	(3,787)	(4,869)
Exchange differences on translating foreign operations	43	6,034
Other	(111)	(129)
Fair value of plan assets at the end of the year*	68,783	76,520

(Note) Fair value of plan assets related to TA Joint Liability as of March 31, 2025 and 2026 is 13,940 million yen and 15,265 million yen, respectively.

KAVX expects to contribute to the plan approximately 116 million yen in total for the year ending March 31, 2027.

d. Changes in the Effect of Asset Ceiling

Changes in the effect of asset ceiling are as follows:

(Yen in millions)

	For the year ended March 31,	
	2025	2026
Effect of asset ceiling at the beginning of the year	8,223	8,272
Interest cost	525	641
Changes in the effect of asset ceiling	(425)	19
Exchange differences on translating foreign operations	(51)	1,102
Effect of asset ceiling at the end of the year	8,272	10,034

e. The Components of Plan Assets

The components of plan assets are as follows:

Domestic

(Yen in millions)

	As of March 31, 2025			As of March 31, 2026		
	Plan assets with quoted prices in active markets	Plan assets without quoted prices in active markets	Total	Plan assets with quoted prices in active markets	Plan assets without quoted prices in active markets	Total
Life insurance company general account	—	57,825	57,825	—	55,868	55,868
Equity financial instruments						
Pooled funds*1	—	62,641	62,641	—	65,120	65,120
Debt financial instruments						
Government bonds and Government agency bonds	3,848	—	3,848	4,286	—	4,286
Corporate bonds	4,760	—	4,760	5,184	—	5,184
Pooled funds*2	—	518	518	—	540	540
Other types of investments						
Real estate funds*3	—	74,601	74,601	—	81,867	81,867
Large scale solar power generation business funds	—	12,155	12,155	—	10,844	10,844
Other	—	22,188	22,188	—	25,960	25,960
Cash and cash equivalents	26,301	—	26,301	33,666	—	33,666
Total	34,909	229,928	264,837	43,136	240,199	283,335

(Notes) 1. This category includes pooled funds that mainly invest in domestic and international equity securities that are listed on securities exchanges.

2. This category includes pooled funds that mainly invest in domestic and international government bonds, municipal bonds and corporate bonds.

3. This category includes private open-ended real estate funds.

Kyocera Corporation and its major domestic subsidiaries manage and operate their plan assets with a target of earning more than the expected rate of return on plan assets to ensure the sources of funds sufficient to cover the pension benefits paid to participants and beneficiaries in the future. In terms of the plan assets management, Kyocera Corporation and its major domestic subsidiaries make appropriate investment choices and optimal portfolios with a consideration of its performances, expected returns and risks, and entrust their plan assets to the fund trustees which can be expected to be the most appropriate to accomplish Kyocera's objective. Kyocera Corporation and its major domestic subsidiaries also make an effort to maintain their portfolios within reasonable allocations of plan assets. Kyocera Corporation and its major domestic subsidiaries evaluate their categories of plan assets allocations and can change their portfolios when it is needed. Kyocera Corporation and its major domestic subsidiaries' long-term strategy is for target allocations of approximately 45% investment in long-term operation assets such as real estate funds, approximately 25% investment in life insurance company general accounts, approximately 30% main investment in equity securities that are listed on securities exchanges and in debt securities such as governments bonds.

Foreign

(Yen in millions)

	As of March 31, 2025			As of March 31, 2026		
	Plan assets with quoted prices in active markets	Plan assets without quoted prices in active markets	Total	Plan assets with quoted prices in active markets	Plan assets without quoted prices in active markets	Total
Equity instruments						
International	7,998	—	7,998	10,422	—	10,422
Pooled funds*1	19,552	—	19,552	24,257	—	24,257
Debt instruments						
Government bonds and Government agency bonds	1,566	1,748	3,314	947	1,303	2,250
Corporate bonds*2	11,913	1,848	13,761	10,467	1,172	11,639
Pooled separate accounts*3	—	17,731	17,731	—	18,395	18,395
Other*2	—	543	543	—	248	248
Cash and cash equivalents*2	3,824	2,060	5,884	7,196	2,113	9,309
Total	44,853	23,930	68,783	53,289	23,231	76,520

(Notes) 1. This category includes pooled funds that mainly invest in U.S. equity financial instruments that are listed on securities exchanges.

2. Plan assets related to TA Joint Liability are included 8,157 million yen in corporate bonds, 359 million yen in other and 5,423 million yen in cash and cash equivalents as of March 31, 2025, and 6,617 million yen in corporate bonds, 27 million yen in other and 8,621 million yen in cash and cash equivalents as of March 31, 2026.

3. This category includes pooled separate accounts held by KAVX that mainly invest in equity financial instruments and debt financial instruments.

KII's long-term strategy is for target allocation of 85%-90% equity securities and 10%-15% debt securities for its defined benefit plans. KAVX's long-term strategy is for target allocation of 30% equity securities and 70% debt securities for its U.S. defined benefit plans and 15% equity securities and 85% debt securities for its European defined benefit plans.

f. Actuarial Assumptions

The significant actuarial assumption for domestic defined benefit plans is as follows:

(%)

	As of March 31,	
	2025	2026
Discount rate	2.10 to 2.23	2.02 to 3.09

g. Sensitivity Analysis

The impact of a 0.5% change in the discount rate used in actuarial calculations on the present value of defined benefit obligations for the benefit plan of Kyocera Corporation and its major domestic subsidiaries which accounts for a significant portion of Kyocera's defined benefit obligation is as follows. This sensitivity analysis assumes that actuarial assumptions other than those subject to the analysis are constant, but in fact, the movement of other actuarial assumptions may change.

(Yen in millions)

	As of March 31,	
	2025	2026
0.5% increase in discount rate	(8,619)	(5,737)
0.5% decrease in discount rate	9,491	6,278

(2) Defined Contribution Plans

The amount of "Cost of sales" and "Selling, general and administrative expenses" recognized related to defined contribution plans in the consolidated statement of profit or loss are as follows:

(Yen in millions)

	For the year ended March 31,	
	2025	2026
Expenses related to defined contribution pension plans	6,061	6,418

22. Provisions

The main components of and changes in the provisions are as follows:

(Yen in millions)

	Provision for product warranties	Provision for loss on litigation	Provision for environmental loss	Asset retirement obligations	Other provisions	Total
As of April 1, 2025	7,667	3,400	4,572	7,314	2,396	25,349
Increase during the year	3,481	3,497	601	780	727	9,086
Decrease during the year (intended use)	(1,777)	(1,436)	(589)	(71)	(311)	(4,184)
Decrease during the year (reversal)	(2,893)	(1,665)	(4)	(311)	(42)	(4,915)
Others *	(17)	69	199	296	245	792
As of March 31, 2026	6,461	3,865	4,779	8,008	3,015	26,128

(Note) Others consist mainly of translation differences of foreign operations.

Provision for product warranties

In preparation for repair expenses expected to be incurred during the warranty period of a specific product, Kyocera estimates the amount of product warranty which is calculated based on the past results and prospects for the future. These expenses are expected to be incurred mainly in the year ending March 31, 2027.

Provision for loss on litigation

Kyocera is subject to various lawsuits and claims which arise in the ordinary course of business. Kyocera consults with legal counsel and records provisions for these contingencies when the likelihood of an adverse outcome is probable and the amount can be reasonably estimated.

Provision for environmental loss

Kyocera is involved in various environmental matters and Kyocera currently has certain amount of provisions related to such environmental matters. Amounts recorded are reviewed periodically and adjusted to reflect additional legal and technical information that becomes available.

Asset retirement obligations

In preparation for the obligation to restore leased offices and buildings used by Kyocera to their original state, asset retirement obligations include the amount that is expected to be paid in the future based on the past results of restoration to the original state. These expenses are expected to be paid after the expected period of use of the office, but will be affected by future business plans.

Other provisions

Other provisions include primarily estimated cost that are expected to be incurred in the future due to the termination of leases as lessor.

23. Other Liabilities

The main components of other liabilities are as follows:

(Yen in millions)

	As of March 31,	
	2025	2026
Contract liability	31,069	40,226
Others	27,817	28,990
Total	58,886	69,216

(Yen in millions)

	As of March 31,	
	2025	2026
Other current liabilities	48,572	58,729
Other non-current liabilities	10,314	10,487
Total	58,886	69,216

24. Common Stock and Other Equity Items

(1) Common Stock

The number of authorized and issued shares are as follows:

(shares)

	As of March 31,	
	2025	2026
Total number of authorized shares	2,400,000,000	2,400,000,000
Total number of issued shares		
Balance at the beginning of the year	1,510,474,320	1,510,474,320
Increase (decrease) during the year	—	—
Balance at the end of the year	1,510,474,320	1,510,474,320

(Notes) 1. Shares issued by Kyocera is common stock with no par value and no restriction on contents of the rights.

2. Shares issued have been fully paid.

(2) Treasury Stock

The number and the amount of treasury stock are as follows:

	Number of shares	Amount (Yen in millions)
Balance as of April 1, 2024	101,831,108	143,141
Increase (decrease) during the year	(104,903)	(147)
Balance as of March 31, 2025	101,726,205	142,994
Increase (decrease) during the year*	91,342,123	199,957
Balance as of March 31, 2026	193,068,328	342,951

(Note) Kyocera Corporation has resolved at the meeting of its Board of Directors held on May 14, 2025 to undertake a repurchase of its own shares pursuant to Article 156 of the Companies Act of Japan, as applied to Paragraph 3 of Article 165 of the Companies Act of Japan. The repurchase of own shares is intended to optimize its capital structure and enhance shareholder returns.

Type of shares repurchased	Common stock
Total number of shares repurchased	91,373,500 shares
Total amount of repurchase price	200,000 million yen
Date of repurchase	From May 15, 2025 to March 12, 2026
Method of repurchase	Market purchases through the Tokyo Stock Exchange

(3) Capital Surplus and Retained Earnings

The Companies Act of Japan provides that an amount equal to 10% of dividends must be appropriated as legal reserves until the total of aggregate amount of the legal reserves equals 25% of the common stock.

(4) Other Components of Equity

a. Financial Assets Measured at Fair Value through Other Comprehensive Income

The change in fair value of financial assets at fair value through other comprehensive income.

b. Re-measurements of Defined Benefit Plans

Actuarial gains and losses related to defined benefit plan obligations, earnings on plan assets (excluding amounts included in interest income) and other.

c. Net Changes in Fair Value of Cash Flow Hedge

Kyocera enters into hedges to reduce exposure to variability in future cash flows, which is the effective portion of the change in fair value of derivative instruments designated as cash flow hedges.

d. Exchange Differences on Translating Foreign Operations

Translation differences arising from the consolidation of financial statements of foreign operating entities prepared in foreign currencies.

e. Share of Other Comprehensive Income (Loss) of Investments Accounted for Using the Equity Method

Share of other comprehensive income (loss) of investments accounted for using the equity method includes translation differences of foreign operations.

Breakdown of other components of equity and details of changes are as follows.

(Yen in millions)

	Items that will not be reclassified to profit or loss		
	Financial assets measured at fair value through other comprehensive income	Re-measurements of defined benefit plans	Share of other comprehensive income (loss) of investments accounted for using the equity method
As of April 1, 2024	927,345	—	—
Arising during the period:			
Pre-tax amount	67,525	14,592	—
Income tax (expense) benefit	(28,344)	(5,104)	—
Net-of-tax amount	39,181	9,488	—
Reclassification to profit or loss:			
Pre-tax amount	—	—	—
Income tax (expense) benefit	—	—	—
Net-of-tax amount	—	—	—
Other comprehensive income (loss), net of tax	39,181	9,488	—
Transfer to retained earning	(11,998)	(9,295)	—
Other comprehensive income (loss) attributable to non-controlling interest, net-of-taxation	15	(193)	—
As of March 31, 2025	954,543	—	—
Arising during the period:			
Pre-tax amount	193,515	34,492	977
Income tax (expense) benefit	(28,113)	(10,481)	(303)
Net-of-tax amount	165,402	24,011	674
Reclassification to profit or loss:			
Pre-tax amount	—	—	—
Income tax (expense) benefit	—	—	—
Net-of-tax amount	—	—	—
Other comprehensive income (loss), net of tax	165,402	24,011	674
Transfer to retained earning	(177,874)	(23,652)	(680)
Other comprehensive income (loss) attributable to non-controlling interest, net-of-taxation	(264)	(359)	—
As of March 31, 2026	941,807	—	(6)

(Yen in millions)

	Items that may be reclassified to profit or loss				Total
	Financial assets measured at fair value through other comprehensive income	Net changes in fair value of cash flow hedge	Exchange differences on translating foreign operations	Share of other comprehensive income (loss) of investments accounted for using the equity method	
As of April 1, 2024	—	13	239,193	201	1,166,752
Arising during the period:					
Pre-tax amount	—	40	(10,199)	(38)	71,920
Income tax (expense) benefit	—	(6)	(5)	9	(33,450)
Net-of-tax amount	—	34	(10,204)	(29)	38,470
Reclassification to profit or loss:					
Pre-tax amount	—	(6)	(14)	31	11
Income tax (expense) benefit	—	(1)	4	(10)	(7)
Net-of-tax amount	—	(7)	(10)	21	4
Other comprehensive income (loss), net of tax	—	27	(10,214)	(8)	38,474
Transfer to retained earning	—	—	—	—	(21,293)
Other comprehensive income (loss) attributable to non- controlling interest, net-of- taxation	—	—	37	—	(141)
As of March 31, 2025	—	40	229,016	193	1,183,792
Arising during the period:					
Pre-tax amount	(129)	(112)	82,055	832	311,630
Income tax (expense) benefit	58	28	(6,291)	(155)	(45,257)
Net-of-tax amount	(71)	(84)	75,764	677	266,373
Reclassification to profit or loss:					
Pre-tax amount	(2)	62	(21,048)	14	(20,974)
Income tax (expense) benefit	0	(19)	6,314	(4)	6,291
Net-of-tax amount	(2)	43	(14,734)	10	(14,683)
Other comprehensive income (loss), net of tax	(73)	(41)	61,030	687	251,690
Transfer to retained earning	—	—	—	—	(202,206)
Other comprehensive income (loss) attributable to non- controlling interest, net-of- taxation	—	—	(662)	—	(1,285)
As of March 31, 2026	(73)	(1)	289,384	880	1,231,991

25. Dividends

(1) Dividends Paid

For the year ended March 31, 2025

Resolution	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
The Ordinary General Meeting of Shareholders held on June 25, 2024	Common stock	35,216	25	March 31, 2024	June 26, 2024	Retained earnings
The Board of Directors Meeting held on October 30, 2024	Common stock	35,219	25	September 30, 2024	December 5, 2024	Retained earnings

For the year ended March 31, 2026

Resolution	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
The Ordinary General Meeting of Shareholders held on June 26, 2025	Common stock	35,219	25	March 31, 2025	June 27, 2025	Retained earnings
The Board of Directors Meeting held on October 30, 2025	Common stock	34,567	25	September 30, 2025	December 5, 2025	Retained earnings

(2) Dividends for which the Record Date Fall in the Year Ended March 31, 2025 and 2026 with an Effective Date in the Subsequent Period

For the year ended March 31, 2025

Resolution	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
The Ordinary General Meeting of Shareholders held on June 26, 2025	Common stock	35,219	25	March 31, 2025	June 27, 2025	Retained earnings

We hereby submit the following proposals as an agenda item for the ordinary general meeting of shareholders scheduled to be held on June 25, 2026.

For the year ended March 31, 2026

Scheduled Resolution	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
The Ordinary General Meeting of Shareholders held on June 25, 2026	Common stock	35,570	27	March 31, 2026	June 26, 2026	Retained earnings

26. Sales Revenue

(1) Breakdown of Revenue

The main businesses of Kyocera are “Industrial & Automotive Components Unit,” “Semiconductor Components Unit,” “Electronic Components Business,” “Industrial Tools Unit,” “Document Solutions Unit” and “Communications Unit.” Revenues are broken down by these businesses. The relationship between the revenue breakdown and the reporting segment is as follows:

Revenue recognized from other sources includes revenues from leases in accordance with IFRS 16.

Kyocera decided to change the classification of Jewelry & Applied Ceramic Related Products Business, which was included in “Others” under “Core Components Business” to “Others” under “Solutions Business” and Displays Business, which was included in “Others” under “Solutions Business” to “Industrial & Automotive Components Unit” under “Core Components Business” from the beginning of the year ended March 31, 2026. Kyocera decided to change the classification of a part of “Industrial & Automotive Components Unit” under “Core Components Business” to “Semiconductor Components Unit” under “Core Components Business” from January 1, 2026. Due to these changes, breakdown of revenue for the year ended March 31, 2025 has been reclassified in the same manner.

For the year ended March 31, 2025

(Yen in millions)

	Reporting Segment								Others	Total
	Core Components Business			Electronic Components Business	Solutions Business					
	Industrial & Automotive Components Unit	Semi-conductor Components Unit	Others		Industrial Tools Unit	Document Solutions Unit	Communi-cations Unit	Others		
Sales revenue										
Revenue recognized from contracts with customers	241,188	326,998	22,804	353,633	305,599	456,005	194,630	77,240	11,906	1,990,003
Revenue recognized from other sources	—	—	—	—	40	23,457	569	385	—	24,451
Total	241,188	326,998	22,804	353,633	305,639	479,462	195,199	77,625	11,906	2,014,454

For the year ended March 31, 2026

(Yen in millions)

	Reporting Segment								Others	Total
	Core Components Business			Electronic Components Business	Solutions Business					
	Industrial & Automotive Components Unit	Semi-conductor Components Unit	Others		Industrial Tools Unit	Document Solutions Unit	Communications Unit	Others		
Sales revenue										
Revenue recognized from contracts with customers	249,242	379,103	24,252	362,646	285,769	451,988	189,558	90,514	8,665	2,041,737
Revenue recognized from other sources	—	—	—	—	60	25,560	537	466	1,843	28,466
Total	249,242	379,103	24,252	362,646	285,829	477,548	190,095	90,980	10,508	2,070,203

(2) Contract Balance

The following table shows the components of receivables from contracts with customers, contract assets and contract liabilities.

On the consolidated statement of financial position, contract assets are included in “Trade and other receivables,” and contract liabilities are included in “Trade and other payables,” “Accrued expenses” and “Other current liabilities,” respectively.

(Yen in millions)

	As of April 1,	As of March 31,	
	2024	2025	2026
Receivables from contracts with customers	338,334	335,589	353,492
Contract assets	4,010	2,532	9,143
Contract liabilities	38,511	41,698	54,959

Contract assets relate mainly to Kyocera’s right to consideration in exchange for goods or services for which Kyocera has satisfied or partially satisfied its performance obligations but has not yet billed the customer as of the fiscal year end with respect to contracts for photovoltaic system related products in the Communications Unit. Contract assets are reclassified to trade receivables when the right to consideration becomes unconditional. For contracts in which the period between the delivery of products to customers and the receipt of consideration is expected to be one year or less, Kyocera does not make an adjustment for significant financing components, as a practical expedient.

The components of contract liabilities are as follows:

(Yen in millions)

	As of April 1,	As of March 31,	
	2024	2025	2026
Advance received	29,188	31,069	40,226
Refund liabilities	9,323	10,629	14,733
Total	38,511	41,698	54,959

The balance of advance received as of April 1, 2024 was recognized as revenue for the year ended March 31, 2025. The balance of advance received as of March 31, 2025 was recognized as revenue for the year ended March 31, 2026. The amount of revenue from performance obligation satisfied within previous period was immaterial. The disclosure of remained performance obligation is omitted due to that there are no significant transactions with individual expected contractual terms exceeds over a year.

27. Expenses by Nature

The components of cost of sales and selling, general and administrative expenses by nature are as follows:

(Yen in millions)

	For the year ended March 31,	
	2025	2026
Raw materials	523,314	533,269
Subcontract expenses	112,496	115,744
Direct expenses for sale	45,164	43,111
Labor cost	577,825	590,398
Depreciation and amortization	160,927	158,189
General expenses	568,033	534,471
Total	1,987,759	1,975,182

(Note) Impairment losses of 40,148 million yen and 13,109 million yen are included in general expenses for the years ended March 31, 2025 and 2026, respectively. For detailed information, please refer to Note “16. Impairment of Non-Financial Assets (1) Impairment Losses.”

28. Research and Development Expenses

The amount of research and development expenses for the year ended March 31, 2025 and 2026 are as follows.

These research and development expenses are mainly recorded in “Labor cost” and “General expenses” of “Selling, general and administrative expenses.”

(Yen in millions)

	For the year ended March 31,	
	2025	2026
Research and Development expenses	116,087	115,701

29. Finance Income and Expenses

(1) Finance Income

The components of finance income are as follows:

(Yen in millions)

	For the year ended March 31,	
	2025	2026
Interest income		
Financial assets measured at amortized cost	10,903	10,565
Financial assets measured at fair value through other comprehensive income	241	381
Dividend income		
Financial assets measured at fair value through other comprehensive income	49,683	50,226
Other	14	376
Total	60,841	61,548

(2) Finance Expenses

The components of finance expenses are as follows:

(Yen in millions)

	For the year ended March 31,	
	2025	2026
Interest expenses		
Financial liabilities measured at amortized cost	2,928	4,257
Lease liabilities	2,589	2,690
Foreign exchange losses	21,020	6,807
Loss on net monetary position	940	—
Other	176	148
Total	27,653	13,902

30. Earnings Per Share

Earnings per share attributable to owners of the parent are as follows.

Earnings per share attributable to owners of the parent - Diluted is not stated, as there is no potential share.

	For the year ended March 31,	
	2025	2026
Profit attributable to owners of the parent (Yen in millions)	24,097	140,969
Weighted average number of ordinary shares (Thousands of shares)	1,408,722	1,372,576
Earnings per share attributable to owners of the parent -Basic (Yen)	17.11	102.70

31. Cash Flow Information

The supplemental information associated with the consolidated statement of cash flows is as follows:

(1) Non-cash investing and financing activities

(Yen in millions)

	For the year ended March 31,	
	2025	2026
Accounts payable for purchase of property, plant and equipment	38,836	21,902
Accounts payable for purchase of intangible assets	336	482
Acquisition of right-of-use assets from lease transaction	31,562	38,145

(2) Information relating to the loss of control

(Yen in millions)

	For the year ended March 31,	
	2025	2026
The breakdown of assets upon the loss of control		
Cash and cash equivalents	249	1,142
Other current assets	1,438	52,323
Goodwill	—	18,207
Other non-current assets	1,352	36,606
The breakdown of liabilities upon the loss of control		
Current liabilities	655	16,262
Non-Current liabilities	—	15,230

(Yen in millions)

	For the year ended March 31,	
	2025	2026
Consideration received in cash	670	79,986
Cash and cash equivalents upon the loss of control	(249)	(1,142)
Proceeds from sales of businesses	421	78,844

(Note) Kyocera transferred all of the shares of Kyocera Industrial Tools, Inc., which had been a major subsidiary, on January 22, 2026 (U.S. Eastern Time), and as a result lost control over the subsidiary. Details of this loss of control are described in Note “33. Major Subsidiaries, (2) Change in the Parent’s Ownership Interest in a Subsidiary (b) Loss of control over subsidiary.”

(3) The changes in liabilities arising from financing activities

(Yen in millions)

	Short-term borrowings	Long-term borrowings	Lease liabilities	Total
As of April 1, 2024	—	209,154	95,037	304,191
Changes from financing cash flows	34,985	3,005	(29,618)	8,372
Changes from lease contracts	—	—	31,589	31,589
Changes arising from obtaining or losing control of subsidiaries or other businesses	—	—	—	—
Exchange differences on translating foreign operations	—	(181)	(415)	(596)
Others	—	—	(1,174)	(1,174)
As of March 31, 2025	34,985	211,978	95,419	342,382
Changes from financing cash flows	(10,415)	4,176	(33,553)	(39,792)
Changes from lease contracts	—	—	38,079	38,079
Changes arising from obtaining or losing control of subsidiaries or other businesses	—	—	(16,934)	(16,934)
Exchange differences on translating foreign operations	656	3,658	4,421	8,735
Others	—	—	254	254
As of March 31, 2026	25,226	219,812	87,686	332,724

32. Financial Instruments

(1) Capital Management

Kyocera aims to achieve sustainable sales growth and high profitability through the effective use of capital and also believes that maintaining a high equity ratio and a strong financial basis is important in order to ensure business continuation in any business environment.

Kyocera is making investments directed toward growth, including enhancement of production capacity, investment in research and development, and conduct of merger and acquisition, etc. Kyocera is also actively utilizing capital and improving our capital efficiency in order to realize sustainable business development by conducting a structural reorganization aimed at improving profitability. In addition, Kyocera considers the profit ratio of equity attributable to owners of the parent (ROE) as an important indicator of capital efficiency and is continually working to improve it.

Kyocera's profit ratio of equity attributable to owners of the parent (ROE) is as follow:

(%)

	For the year ended March 31,	
	2025	2026
Profit ratio of equity attributable to owners of the parent (ROE)	0.7	4.3

(2) Financial Risk Management

Kyocera's activities are exposed to various market risks, including the effects of changes in foreign currency exchange rates, interest rates and stock prices. With respect to fluctuations in foreign currency exchange rates and interest rates, derivative financial instruments are used to hedge these risks. However, Kyocera does not hold or issue derivative financial instruments for trading purposes. Kyocera regularly assesses these risks based on policies and procedures established to mitigate the adverse effects of these risks and other potential exposures, primarily by reference to the market value of financial instruments.

(3) Credit Risk Management

Kyocera is principally exposed to credit risk of customers on trade receivables and credit risk of counterparties of derivatives.

Kyocera defines default on trade receivables as "customer's failure to discharge its obligation without reasonable grounds" and presume as default when it is more than three months past due. With regard to trade receivables, in accordance with the credits management policies, Kyocera sets the credit limit for the business partner, and in order to ensure early identification and mitigate concerns about collection due to deterioration in the financial condition of Kyocera's customers, Kyocera conducts due date management and balance management for each customer, taking into consideration of a variety of factors, including the collection period of past due receivables, historical experience, and the current business environment.

With regard to derivative transactions, Kyocera minimizes the credit risk by entering into transactions with creditworthy counterparties, limiting the amount of exposure to each counterparty, and monitoring the financial condition of its counterparties.

No significant concentration of credit risk is present in a particular customer. Kyocera's maximum exposure to credit risks is financial assets on the consolidated statement of financial position.

Changes in allowance for credit losses are as follows:

(Yen in millions)

	For the year ended March 31,	
	2025	2026
Opening balance	5,698	5,641
Increase	581	748
Decrease (intended use)	(74)	(247)
Decrease (reversal)	(384)	(514)
Exchange differences on translating foreign operations	(180)	328
Closing balance	5,641	5,956

There was no significant increase or decrease in the gross carrying amount that could affect a change in allowance for credit losses for the year ended March 31, 2025 and 2026.

Total carrying amounts of financial instruments subject to allowance for credit losses are as follows:

a. Trade Receivables and Lease Receivables

(Yen in millions)

	As of March 31,	
	2025	2026
Not past due	370,696	398,684
Due within 3 months	22,768	20,817
Due over 3 months to 1 year	2,668	3,034
Due over 1 year	1,534	1,307
Total	397,666	423,842

The contract balances of financial assets that were directly written off during the reporting period but still subject to recovery activities as of March 31, 2025 and 2026 were not material.

b. Receivables Other than Trade Receivables and Lease Receivables, etc.

The information of receivables other than trade receivables and lease receivables has been omitted since there are no assets of which credit risk was considered to significantly increase and credit risk of the carrying amount were not material.

(4) Liquidity Risk Management

Liquidity risks are Kyocera's risks of inability to meet its repayment obligations for financial liabilities due. Kyocera holds sufficient cash and cash equivalents as of March 31, 2026. Kyocera has established good relationships with major financial institutions and does not expect to face any liquidity issue in the foreseeable future.

In the short term, Kyocera expects cash demands for funds for capital expenditures, R&D activities and payments of dividends to shareholders in addition to working capital of operational activities. Kyocera plans to meet these cash demands with cash on hand and borrowings from financial institutions.

On the other hand, in the event of a large demand for funds for investment to expand existing businesses and create new businesses, Kyocera has financing options such as borrowings from financial institutions, and issuance of corporate bonds and stocks. However, Kyocera does not currently intend to use significant external funds that might affect its credit agency rating.

The balances of Non-derivative liabilities and Derivatives by contractual maturities as of March 31, 2025 and 2026 are as follows:

a. Non-derivative liabilities

As of March 31, 2025

(Yen in millions)

	Carrying amount	Contract amount	Due within 1 year	Due over 1 year to 2 years	Due over 2 years to 3 years	Due over 3 years to 4 years	Due over 4 years to 5 years	Over 5 years
Borrowings	246,963	253,375	46,924	28,513	166,086	3,958	2,009	5,885
Trade and other payables	207,029	207,029	207,029	—	—	—	—	—
Lease liabilities	95,419	104,720	27,175	19,848	14,338	10,319	8,708	24,332
Total	549,411	565,124	281,128	48,361	180,424	14,277	10,717	30,217

As of March 31, 2026

(Yen in millions)

	Carrying amount	Contract amount	Due within 1 year	Due over 1 year to 2 years	Due over 2 years to 3 years	Due over 3 years to 4 years	Due over 4 years to 5 years	Over 5 years
Borrowings	245,038	251,118	58,823	170,398	7,813	5,387	2,916	5,781
Trade and other payables	194,767	194,767	194,767	—	—	—	—	—
Lease liabilities	87,686	97,992	24,192	16,587	11,967	9,908	7,559	27,779
Total	527,491	543,877	277,782	186,985	19,780	15,295	10,475	33,560

b. Derivatives

As of March 31, 2025

(Yen in millions)

	Due within 1 year	Due over 1 year to 2 years	Due over 2 years to 3 years	Due over 3 years to 4 years	Due over 4 years to 5 years	Over 5 years	Total
Currency-related derivatives							
Derivative assets							
Cash inflows	129,944	—	—	—	—	—	129,944
Cash outflows	129,557	—	—	—	—	—	129,557
Derivative liabilities							
Cash inflows	123,610	—	—	—	—	—	123,610
Cash outflows	125,548	—	—	—	—	—	125,548

As of March 31, 2026

(Yen in millions)

	Due within 1 year	Due over 1 year to 2 years	Due over 2 years to 3 years	Due over 3 years to 4 years	Due over 4 years to 5 years	Over 5 years	Total
Currency-related derivatives							
Derivative assets							
Cash inflows	82,663	—	—	—	—	—	82,663
Cash outflows	81,692	—	—	—	—	—	81,692
Derivative liabilities							
Cash inflows	157,508						157,508
Cash outflows	161,864						161,864

(5) Currency Risks Management

Kyocera conducts business in countries outside Japan, which exposes it to fluctuations in foreign currency exchange rates. Kyocera may enter into mainly short-term forward contract transaction to hedge this risk. Nevertheless, fluctuations in foreign currency exchange rates could have an adverse effect on its business. Fluctuations in foreign currency exchange rates may affect Kyocera's consolidated results of operations, financial condition, cash flows, the value of its foreign assets and production costs, which in turn may adversely affect reported earnings and the comparability of period-to-period results of operations.

Changes in currency exchange rates may affect the relative prices at which Kyocera and foreign competitors sell products in the same market. In addition, changes in the value of the relevant currencies may affect the cost of imported items required in its operations.

In case of appreciation of 1 yen against U.S. dollar and Euro, the impacts on profit or loss for the year ended March 31, 2025 and 2026 are as follows:

(Yen in millions)

	For the year ended March 31,	
	2025	2026
U.S. dollar	(403)	(84)
Euro	(174)	(506)

The average exchange rates for the year ended March 31, 2026 was 151 yen to the U.S. dollar and 175 yen to the euro. As for anticipated exchange rates, we expect the exchange rates for the year ending March 31, 2027 to be 150 yen to the U.S. dollar and 175 yen to the euro, resulting in appreciation of 1 yen against the U.S. dollar.

(6) Interest Rate Risk Management

Kyocera recorded "Borrowings" and "Lease liabilities" in the consolidated statement of financial position. As interest rate risk relating to these interest-bearing liabilities upon Kyocera's result of operation or cash flow is immaterial, sensitivity analysis is omitted.

(7) Market Price Fluctuation Risks Management

Kyocera holds investments in equity securities of companies not affiliated with us, which we generally hold on a long-term position for business relationship purposes. A substantial portion of Kyocera's investments in equity securities consists of an investment in shares of KDDI Corporation, a Japanese telecommunication service provider. Kyocera's investment in shares of KDDI Corporation accounts for 33.0% of Kyocera's total assets as of March 31, 2026. Accordingly, fluctuations in the market value of the shares of KDDI Corporation may materially affect Kyocera's financial condition.

For Kyocera's investment in shares of KDDI Corporation as of the end of fiscal year, the impact of a 10% change in market price on other comprehensive income (net-of-tax) as of March 31, 2025 and 2026 are 109,361 million yen and 105,637 million yen, respectively. This analysis is based on the assumption that all other variables are constant. Kyocera holds cross-shareholdings or unilateral holdings, which are part of the all equity securities, and affiliates 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. For equity securities including cross-shareholdings, with periodical checks for the economic rationality, Kyocera may dispose of some securities, which lack merit for Kyocera, although market conditions may not permit us to do so at the time, speed or price we may wish.

(8) Derivatives and Hedging

Kyocera maintains a foreign currency risk management strategy that uses derivative financial instruments, such as foreign currency forward contracts to minimize the volatility in its cash flows caused by changes in foreign currency exchange rates. Movements in foreign currency exchange rates pose a risk to Kyocera's operations and competitive position, since exchange rates changes may affect the profitability, cash flows, and business and/or pricing strategies of non-Japan-based competitors. These movements affect cross-border transactions that involve, but not limited to, direct export sales made in foreign currencies and raw material purchases incurred in foreign currencies.

By using derivative financial instruments to hedge exposures to changes in exchange rates, Kyocera became exposed to credit risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contracts. When the fair value of a derivative contract is positive, the counterparty owes Kyocera, which creates repayment risk for Kyocera. When the fair value of a derivative contract is negative, Kyocera owes the counterparty and, therefore, it does not possess repayment risk. Kyocera minimizes the credit (or repayment) risk in derivative financial instruments by (a) entering into transactions with creditworthy counterparties, (b) limiting the amount of exposure to each counterparty, and (c) monitoring the financial condition of its counterparties.

Kyocera does not hold or issue such derivative financial instruments for trading purposes.

Kyocera's associate utilizes interest rate swaps to minimize significant, unanticipated cash flow fluctuations caused by interest rate volatility. The affiliate also reduces credit risks by entering into transactions with certain creditworthy counterparty and limiting the amount of exposure to the counterparty.

a. Cash Flow Hedges

Kyocera uses certain foreign currency forward contracts with terms normally lasting for less than four months designated as cash flow hedges to protect against foreign currency exchange rate risks inherent in its forecasted transactions related to purchase commitments and sales. Kyocera's associate utilizes interest rate swaps mainly to convert a portion of its variable rates debt to fixed rates debt.

b. Other Derivatives

Kyocera's main direct foreign export sales and some import purchases are denominated in the customers and suppliers' transaction currencies, principally the U.S. dollar and the Euro. Kyocera purchases foreign currency forward contracts to protect against the adverse effects that exchange rate fluctuations may have on foreign-currency-denominated trade receivables and payables. The gains and losses on both the derivatives and the foreign-currency-denominated trade receivables and payables are recorded as profit or loss. Kyocera does not adopt hedge accounting for such derivatives.

The aggregate contractual amounts of derivative financial instruments as of March 31, 2025 and 2026 are as follows:

The aggregate contractual amounts (Yen in millions)

	As of March 31,	
	2025	2026
Derivatives designated as hedging instruments:		
Foreign currency forward contracts	8,600	12,630
Derivatives not designated as hedging instruments:		
Foreign currency forward contracts	244,961	244,440
Total	253,561	257,070

The fair value and presentation (Yen in millions)

	As of March 31,	
	2025	2026
Derivative assets		
Derivatives designated as hedging instruments:		
Foreign currency forward contracts Other financial assets	102	115
Derivatives not designated as hedging instruments:		
Foreign currency forward contracts Other financial assets	1,377	832
Total	1,479	947
Derivative liabilities		
Derivatives designated as hedging instruments:		
Foreign currency forward contracts Other financial liabilities	85	147
Derivatives not designated as hedging instruments:		
Foreign currency forward contracts Other financial liabilities	1,352	3,739
Total	1,437	3,886

Changes in the fair value of derivative financial instruments not designated as hedging instruments for the year ended March 31, 2025 and 2026 are as follows.

Type of derivatives (Yen in millions)

	For the year ended March 31,	
	2025	2026
Foreign currency forward contracts	5,511	(2,932)

Realized gain and losses on derivatives designated as hedging instruments are not disclosed since they are immaterial.

(9) Fair Values of Financial Instruments

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is classified into the following three levels based on the observability and significance of the inputs used in the measurement.

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than those included in Level 1. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

a. Financial Instruments Measured at Amortized Cost

Carrying amount and fair value of financial instruments measured at amortized cost are as follows:

(Yen in millions)

	As of March 31,			
	2025		2026	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets:				
Debt instruments	1,034	1,034	1,065	1,065
Other financial assets	77,232	77,232	90,609	90,609
Total	78,266	78,266	91,674	91,674
Liabilities:				
Borrowings	246,963	241,988	245,038	239,935
Total	246,963	241,988	245,038	239,935

Carrying amounts of Cash and cash equivalents, Trade and other receivables, and Trade and other payables approximate fair values because of the short maturity of these instruments. Accordingly, disclosure is omitted.

Short-term borrowings are stated at their carrying amount since they are settled in the short term and their fair value is nearly equal to their carrying amount.

Long-term borrowings are stated at the present value of future cash flows discounted at the interest rate that would be applied to a similar contract were newly executed. They are classified as Level 2 since fair value is calculated using observable market data.

b. Financial Instruments Measured at Fair Value

The levels of the fair value hierarchy of financial instruments measured at fair value are as follows:

(Yen in millions)

	As of March 31, 2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Equity instruments				
Financial assets measured at fair value through other comprehensive income	1,622,231	755	61,720	1,684,706
Financial assets measured at fair value through profit or loss	—	—	10,893	10,893
Debt instruments				
Financial assets measured at fair value through other comprehensive income	—	8,075	—	8,075
Other financial assets	—	1,479	—	1,479
Total	1,622,231	10,309	72,613	1,705,153
Liabilities:				
Other financial liabilities	—	1,437	—	1,437
Total	—	1,437	—	1,437

(Yen in millions)

	As of March 31, 2026			
	Level 1	Level 2	Level 3	Total
Assets:				
Equity instruments				
Financial assets measured at fair value through other comprehensive income	1,582,522	—	44,916	1,627,438
Financial assets measured at fair value through profit or loss	—	—	12,981	12,981
Debt instruments				
Financial assets measured at fair value through other comprehensive income	—	8,028	—	8,028
Other financial assets	—	947	—	947
Total	1,582,522	8,975	57,897	1,649,394
Liabilities:				
Other financial liabilities	—	3,886	—	3,886
Total	—	3,886	—	3,886

Transfers between levels are recognized on the day when the event or change in circumstances that caused the transfer occurred. There were no significant transfers between Level 1 and Level 2 for the year ended March 31, 2025 and 2026.

(a) Measurement Method of Fair Value of Financial Assets and Financial Liabilities

The valuation techniques to measure fair value of financial instruments and input information are as follows:

Financial assets measured at fair value through other comprehensive income classified as Level 1 are listed stocks that are actively traded in the market and are measured at quoted prices in active markets with sufficient volume and frequency of transactions.

Financial assets measured at fair value through other comprehensive income classified as Level 2 are mainly corporate bonds that are measured by valuation techniques such as discounted cash flow method using observable inputs. Other financial assets and other financial liabilities are derivatives that are measured by discounting the value calculated using forward exchange rates current on the date of consolidated financial statements to the present value.

Financial assets measured at fair value through other comprehensive income classified as Level 3 are mainly unlisted stocks that are measured by valuation techniques such as discounted cash flow method. Financial assets measured at fair value through profit or loss are mainly investments in investment partnerships that are measured based on the net asset value.

(b) Evaluation Process

The fair value of unlisted stocks classified as level 3 is evaluated and the results of the evaluation are examined by external evaluation experts or appropriate persons in charge of evaluation in accordance with the evaluation policy and procedures approved by the management of finance division. The evaluation results are reviewed and approved by person in charge of management of finance division.

(c) Quantitative Information Related to Assets Classified as Level 3

Information related to evaluation technique and significant unobservable inputs of main assets measured at fair value on a recurring basis classified as level 3 is as follows:

As of March 31, 2025

Classification	Valuation Technique	Unobservable Inputs	Range
Financial assets measured at fair value through other comprehensive income	Discounted cash flow method	Discount rate	3.3% to 4.3%

As of March 31, 2026

Classification	Valuation Technique	Unobservable Inputs	Range
Financial assets measured at fair value through other comprehensive income	Discounted cash flow method	Discount rate	3.3% to 4.3%

The decline (increase) in the discount rate will increase (decrease) the fair value. For financial instruments classified as Level 3, significant changes in fair value are not expected when unobservable inputs are changed to reasonably possible alternative assumptions.

(d) Reconciliation of Financial Instruments Classified as Level 3

Reconciliation of financial instruments classified as Level 3 from the opening balance to the closing balance is as follows:

(Yen in millions)

	For the year ended March 31,					
	2025			2026		
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial liabilities measured at fair value through profit or loss	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial liabilities measured at fair value through profit or loss
Opening balance	11,345	52,935	86	10,893	61,720	—
Profit or loss *1	(346)	—	—	1,760	—	—
Other comprehensive income *2	—	3,394	—	—	(17,855)	—
Purchase and assume	516	6,697	—	780	1,511	—
Sales and settlements	(606)	(1,341)	(91)	(729)	(1,157)	—
Transfers out of level 3	—	—	—	—	(44)	—
Others	(16)	35	5	277	741	—
Closing balance	10,893	61,720	—	12,981	44,916	—
Change in unrealized gains or losses included in profit or loss	(344)	—	—	(1,405)	—	—

(Notes) 1. Those related to financial assets are included in “Finance income” and “Finance expenses,” in the consolidated statement of profit or loss.

2. Included in “Financial assets measured at fair value through other comprehensive income” in the consolidated statement of comprehensive income.

33. Major Subsidiaries

(1) Organizational Structure

Major subsidiaries of Kyocera as of March 31, 2026 are as follows:

Name	Location	Reporting segment	Ownership ratio of voting rights (%)
Kyocera Medical Corporation	Japan	Core Components Business	100.00
Kyocera Industrial Tools Corporation	Japan	Solutions Business	100.00
Kyocera Document Solutions Inc.	Japan	Solutions Business	100.00
Kyocera Communication Systems Co., Ltd.	Japan	Solutions Business	76.64
Kyocera (China) Sales & Trading Corporation	China	Core Components Business Electronic Components Business Solutions Business	90.00
Dongguan Shilong Kyocera Co., Ltd.	China	Core Components Business Solutions Business	90.00
Kyocera Korea Co., Ltd.	Korea	Core Components Business Electronic Components Business	100.00
Kyocera Asia Pacific Pte. Ltd.	Singapore	Core Components Business Electronic Components Business Solutions Business	100.00
Kyocera Vietnam Co., Ltd.	Vietnam	Core Components Business Electronic Components Business Solutions Business	100.00
Kyocera (Thailand) Co., Ltd.	Thailand	Core Components Business	100.00
Kyocera International, Inc.	U.S.A.	Core Components Business Solutions Business	100.00
Kyocera AVX Components Corporation	U.S.A.	Electronic Components Business	100.00
Kyocera SGS Precision Tools, Inc.	U.S.A.	Solutions Business	100.00
Kyocera Senco Industrial Tools, Inc.	U.S.A.	Solutions Business	100.00
Kyocera Europe GmbH	Germany	Core Components Business Solutions Business	100.00

(2) Change in the Parent's Ownership Interest in a Subsidiary

a. Change in the Parent's Ownership interest in a Subsidiary that do not result in a loss of control

The effect of capital surplus on changes in the parent's ownership interests in subsidiaries is as follows:

(Yen in millions)

	For the year ended March 31,	
	2025	2026
The effect of transaction with non-controlling interests	(5)	—

There is no significant change in the parent's ownership interests in subsidiaries for the year ended March 31, 2025.

b. Loss of control over a subsidiary

Kyocera Corporation executed a share purchase agreement to transfer all shares (the “Share Transfer”) of its U.S. subsidiary, Kyocera Industrial Tools, Inc. (“KITI”), which was included in the Solutions Business, to TL Sapphire Holdings, Inc., a subsidiary of Truelink Capital Management, LLC on November 21, 2025, and completed the Share Transfer on January 22, 2026 (U.S. Eastern Time). As a result of the Share Transfer, KITI was excluded from a scope of consolidated subsidiary of Kyocera.

The gain from the Share Transfer of 22,362 million yen, which included the reclassification to profit or loss of foreign currency translation adjustments previously accumulated in other comprehensive income, was recorded in “Gains from sale of businesses” in the Consolidated Statement of Profit or Loss.

The main components of assets and liabilities upon the loss of control resulting from the Share Transfer, and the consideration received from this sale, net of cash held by KITI, are as follows.

(Yen in millions)	
	Amount
The breakdown of assets upon the loss of control	
Cash and cash equivalents	396
Other current assets	49,594
Goodwill	18,207
Other non-current assets	35,605
The breakdown of liabilities upon the loss of control	
Current liabilities	15,648
Non-current liabilities	14,745

	Amount
Consideration received in cash	76,388
Cash and cash equivalents upon the loss of control	(396)
Proceeds from the sale of the subsidiary	75,992

34. Related Party

(1) Transaction with Related Party

There are no significant related party transactions and balances to be disclosed for the year ended March 31, 2025 and 2026.

(2) Remuneration of Major Executives

Remuneration of major executives are as follows:

(Yen in millions)

	For the year ended March 31,	
	2025	2026
Basic remuneration	291	318
Performance-linked remuneration (Bonuses to Directors)	30	192
Non-monetary remuneration (Restricted Stock Compensation)	84	24
Total	405	534

(Notes) 1. In addition to the total amount of compensation shown in the above table, compensation of 190 million yen for the year ended March 31, 2025 and 319 million yen for the year ended March 31, 2026 is paid to Directors (excluding Outside Directors) as compensation and others for those employees who serve concurrently as employees and Directors.

2. Outstanding balances with major executives are 45 million yen and 205 million yen as of March 31, 2025 and 2026, respectively.

35. Commitments

Contractual commitments for acquisition of property, plant and equipment are as follows:

(Yen in millions)

	As of March 31,	
	2025	2026
Acquisition of property, plant and equipment	133,148	100,452

36. Contingency

(1) Assets Pledged as Collateral

Shares of Kagoshima Mega Solar Power Corporation held by Kyocera are pledged as collateral for its borrowings of 5,204 million yen from financial institutions as of March 31, 2026.

Shares are accounted for using the equity method and their book value is 2,469 million yen and 2,625 million yen as of March 31, 2025 and 2026, respectively.

(2) Lawsuits

As described in Note “22. Provisions,” Kyocera records provisions for contingencies related to various lawsuits and claims when the likelihood of an adverse outcome is probable and the amount can be reasonably estimated. And based on the information available, Kyocera believes the damages, if any, resulting from lawsuits and claims for which provisions have not been recorded will not have a significant impact on Kyocera’s financial position, operating results and cash flows.

(3) Environmental Obligations

As described in Note “22. Provisions,” Kyocera records provisions for the amount expected to meet obligations related to environmental matters. Kyocera believes that it is difficult to estimate the possibility and the reasonable amount for environmental remediation exposures resulting from matters for which provisions have not been recorded due to the uncertainties about the status of laws, regulations, regulatory actions, technology and information related to individual matters.

37. Subsequent Events

(1) Purchase of Treasury Stock

In accordance with the resolution of the Board of Directors held on April 30, 2026, Kyocera Corporation has purchased treasury stock. The treasury shares purchased after the year ended March 31, 2026 are as follows.

Type of shares purchased	Common stock
Total number of shares purchased	9,778,400 shares
Total amount of purchase price	34,961,619,000 yen
Purchase period	From May 1, 2026 to June 4, 2026
Methods of purchase	(i) Purchases through Off-Auction Own Share Repurchase Trading System of the Tokyo Stock Exchange (ToSTNeT-3) (ii) Purchases through market under a consignment agreement for repurchase of its own shares

(Note) Treasury shares purchased from June 5, 2026 through the filing date of this Annual Report are not included above.

(2) Cancellation of Treasury Stock

Kyocera Corporation has resolved, at a meeting of the Board of Directors held on April 30, 2026, to cancel treasury stock pursuant to Article 178 of the Companies Act of Japan, and implemented the cancellation of treasury stock as described below.

Type of shares cancelled	Common stock
Total number of shares cancelled	91,373,500 shares (6.05% of the total number of shares outstanding prior to the cancellation)
Date of cancellation	May 29, 2026

(3) Sale of Equity Instruments

Kyocera Corporation tendered a part of the common stock of KDDI held by the Company in the tender offer for treasury stock approved by the Board of Directors of KDDI on May 12, 2026 (the “Tender Offer”) and the Tender Offer period ended on June 9, 2026. Since shares of KDDI common stock are classified as equity instruments measured at fair value through other comprehensive income, the cumulative amount of gains recognized through other comprehensive income as of the date of sale will be reclassified directly to retained earnings in the year ending March 31, 2027.

a. Reason for Tendering Shares in the Tender Offer

This tendering shares in the Tender Offer is to secure the financing means to meet future demands for funds and to promote its capital strategy for this purpose.

b. Result of the Tender Offer

The 53,681,800 shares of KDDI common stock tendered by the Company will be purchased by KDDI.

c. Status of Shares Held Before and After the Tender Offer

Number of shares held before the Tender Offer	562,133,600 shares (Shareholding Ratio: 14.77%)
Number of shares tendered in the Tender Offer	53,763,400 shares (Shareholding Ratio: 1.41%)
Number of shares sold in the Tender Offer	53,681,800 shares (Shareholding Ratio: 1.41%)
Number of shares held after the Tender Offer	508,451,800 shares (Shareholding Ratio: 13.36%)

d. Schedule of the Tender Offer

Tender Offer period	From May 13, 2026 to June 9, 2026
Settlement start date	July 1, 2026

e. Number of Shares to be Sold and Sale Price

Number of shares to be sold	53,681,800 shares of common stock
Sale price	2,325 yen per share
Total amount to be sold	124,810,185,000 yen

38. Approval of Consolidated Financial Statements

The consolidated financial statements have been approved by Shiro Sakushima, President and Representative Director, President and Executive Officer, CEO, and Hiroaki Chida, Director, Managing Executive Officer, CFO, on June 19, 2026.

(2) Others

Semiannual Information for the Year Ended March 31, 2026

(Yen in millions, unless otherwise stated)

	For the six months ended September 30, 2025	For the year ended March 31, 2026
Sales revenue	991,385	2,070,203
Profit before income taxes	67,950	168,994
Profit attributable to owners of the parent for the period (year)	55,540	140,699
Earnings per share attributable to owners of the parent (Yen)	39.61	102.70

VI. Outline Regarding the Administration of Kyocera's Stock

Year Ended	April 1 - March 31																		
Annual General Meeting of Shareholders	During June																		
Record date	March 31																		
Record dates for dividends of retained earnings	September 30 March 31																		
Number of shares in one trading unit	100 shares																		
Buyback in holdings of shares less than one unit	Mitsubishi UFJ Trust and Banking Corporation Osaka Securities Agency Department 6-3, Fushimi-cho, 3-chome, Chuo-ku, Osaka Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo — Free																		
Place of handling																			
Administrator of shareholder registry																			
Forwarding office																			
Fees for buyback in holdings																			
Method of giving public notice	Public notifications by means of electronic public notice (https://global.kyocera.com/) However, in the event of an accident which makes electronic notice impossible, or the occurrence of similar circumstances which cannot be controlled, public notification shall be posted in the Nihon Keizai Shimbun (the Nikkei Newspaper).																		
Shareholders privileges	Eligible shareholders shall be those who have continuously held shares for at least one year and hold 100 or more shares among all shareholders recorded in the shareholders' resister as of March 31,2026 (record date). Kyocera shall present a QUO Card or Catalog Gift as shown below in accordance with the number of shares held and the holding period. Catalog Gifts are those from which shareholders can choose among gourmet products or donations to social contribution organizations from gifts listed in our original catalog. <table border="1"> <thead> <tr> <th colspan="2" rowspan="2"></th><th colspan="2">Holding period</th></tr> <tr> <th>1 year or more and less than 5 years</th><th>5 years or more</th></tr> </thead> <tbody> <tr> <td rowspan="3">Number of shares held</td><td>100 shares or more and less than 500 shares</td><td>QUO Card 1,000 yen</td><td>QUO Card 2,000 yen</td></tr> <tr> <td>500 shares or more and less than 1,000 shares</td><td>Catalog Gift 3,000 yen equivalent</td><td>Catalog Gift 5,000 yen equivalent</td></tr> <tr> <td>1,000 shares or more shares</td><td>Catalog Gift 5,000 yen equivalent</td><td>Catalog Gift 10,000 yen equivalent</td></tr> </tbody> </table> • The number of shares held shall be the number of shares recorded in the shareholders' resister as of March 31,2026 (record date). • The holding period shall be the number of consecutive years recorded in the shareholders' resister as of March 31,2026 under the same shareholder number. Please note that the calculation shall include the period prior to the establishment of the continuous shareholder benefit program.					Holding period		1 year or more and less than 5 years	5 years or more	Number of shares held	100 shares or more and less than 500 shares	QUO Card 1,000 yen	QUO Card 2,000 yen	500 shares or more and less than 1,000 shares	Catalog Gift 3,000 yen equivalent	Catalog Gift 5,000 yen equivalent	1,000 shares or more shares	Catalog Gift 5,000 yen equivalent	Catalog Gift 10,000 yen equivalent
		Holding period																	
		1 year or more and less than 5 years	5 years or more																
Number of shares held	100 shares or more and less than 500 shares	QUO Card 1,000 yen	QUO Card 2,000 yen																
	500 shares or more and less than 1,000 shares	Catalog Gift 3,000 yen equivalent	Catalog Gift 5,000 yen equivalent																
	1,000 shares or more shares	Catalog Gift 5,000 yen equivalent	Catalog Gift 10,000 yen equivalent																

VII. Other Reference Information

1. Information on Parent Company

Kyocera Corporation has no parent company pursuant to first paragraph of Article 24-7, of Financial Instruments and Exchange Act of Japan.

2. Other Reference Information

(1) Documents filed during the period from the commencing date of the year to the filing date of Annual Report

Kyocera Corporation filed the following documents with Director of the Kanto Local Finance Bureau during the period from the commencing date of the year ended March 31, 2026 to the filing date of this Annual Report.

(a) Annual Report, documents attached, and Confirmation Letter	Business Term (71st)	From April 1, 2024 To March 31, 2025	Filed on June 20, 2025
(b) Internal Control Report and documents attached	Business Term (71st)	From April 1, 2024 To March 31, 2025	Filed on June 20, 2025
(c) Semiannual Report and Confirmation Letter	(72nd First Half)	From April 1, 2025 To September 30, 2025	Filed on November 13, 2025
(d) Extraordinary Report	Pursuant to Article 19, Paragraph 2, Item 12 of Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.		Filed on June 13, 2025
	Pursuant to Article 19, Paragraph 2, Item 9-2 of Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.		Filed on June 30, 2025
	Pursuant to Article 19, Paragraph 2, Item 9 of Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.		Filed on February 2, 2026
	Pursuant to Article 19, Paragraph 2, Item 12 of Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.		Filed on June 11, 2026
(e) Status Report of Acquisition of Treasury Stock	Reporting Term	From June 1, 2025 To June 30, 2025	Filed on July 4, 2025
	Reporting Term	From July 1, 2025 To July 31, 2025	Filed on August 6, 2025
	Reporting Term	From August 1, 2025 To August 31, 2025	Filed on September 4, 2025
	Reporting Term	From September 1, 2025 To September 30, 2025	Filed on October 6, 2025
	Reporting Term	From October 1, 2025 To October 31, 2025	Filed on November 7, 2025
	Reporting Term	From November 1, 2025 To November 30, 2025	Filed on December 4, 2025
	Reporting Term	From December 1, 2025 To December 31, 2025	Filed on January 8, 2026
	Reporting Term	From January 1, 2026 To January 31, 2026	Filed on February 5, 2026
	Reporting Term	From February 1, 2026 To February 28, 2026	Filed on March 5, 2026
	Reporting Term	From March 1, 2026 To March 31, 2026	Filed on April 6, 2026
	Reporting Term	From April 1, 2026 To April 30, 2026	Filed on May 21, 2026
	Reporting Term	From May 1, 2026 To May 31, 2026	Filed on June 4, 2026

Part II. Corporate Information on Guarantors and Others

Not Applicable.

TRANSLATION

Following is an English translation of the Independent Auditors' Report filed under the Financial Instrument and Exchange Act of Japan. This report is presented merely as supplemental information.

Independent Auditors' Report

(filed under the Financial Instruments and Exchange Act of Japan)

June 19, 2026

To the Board of Directors of
Kyocera Corporation (Kyocera Kabushiki Kaisha):

PricewaterhouseCoopers Japan LLC
Kyoto Office

Designated Limited Liability and
Engagement Partner,
Certified Public Accountant:

Toru Tamura

Designated Limited Liability and
Engagement Partner,
Certified Public Accountant:

Kentaro Morimoto

Designated Limited Liability and
Engagement Partner,
Certified Public Accountant:

Masashi Tamura

Audit of Financial Statements

Audit Opinion

Pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements included in the "Financial Information," namely, the consolidated statements of financial position as of March 31, 2026 of Kyocera Corporation (the "Company") and its consolidated subsidiaries, and the consolidated statement of profit or loss, comprehensive income, changes in equity and cash flows from April 1, 2025 to March 31, 2026, including notes to consolidated financial statements.

In our opinion, the consolidated financial statements, prepared in accordance with International Financial Reporting Standards pursuant to the provisions of Article 312 of Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements under Japanese Law, present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of March 31, 2026 and the consolidated results and its consolidated cash flows from April 1, 2025 to March 31, 2026.

Basis for opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities in auditing standards are stated in "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions of the Code of Professional Ethics in our country, including the provisions applied to the Audit of the Financial Statements of the Public Interest Entity, and fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of impairment of goodwill of the GaN device business (Consolidated Financial Statements Note 3 “Material Accounting Policies (9) Impairment of Non-Financial Assets,” Note 16 “Impairment of Non-Financial Assets”)	
Details of Key Audit Matter and Reasons for Decisions	How Our Audit Addressed
As of March 31, 2026, the Company recorded goodwill of 273,968 million yen in the Consolidated Statement of Financial Position. Per its policy, the Company defines the cash-generating units to which goodwill is allocated based on the business and goodwill allocated to the GaN device business is 26,667 million yen. Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that it may be impaired. As a result of the impairment test, the recoverable amount of the GaN device business (carrying amount: 68,631 million yen) exceeded its carrying amount by 31,803 million yen (46.3%). In testing for impairment, the Company determined the recoverable amount based on the value in use. The value in use of the GaN device business is calculated by discounting the estimated future cash flows based on the business plan approved by management within 6 years and the estimated future cash flows beyond the period covered by the business plan calculated using growth rates to the present value using the pre-tax discount rate of 19.5% for the cash-generating unit. The growth rate applied to estimate future cash flows beyond the period covered by the business plan is 2.2%, taking into account expected future inflation rates. In estimating the value in use used for impairment testing of the GaN device business, the sales volume and unit sales price included in the business plan approved by management are used as significant assumptions. If these significant assumptions change, an impairment loss may need to be recorded in the GaN device business. Considering that estimating value in use is subject to uncertainty so management judgment is significant, and the significance of the carrying amount of goodwill allocated to the GaN device business, we determined that the assessment of impairment of goodwill of the GaN device business is a Key Audit Matter.	We have performed the following procedures over the impairment assessment of goodwill of the GaN Devices business conducted by management: • We assessed the effectiveness of the design and operation of internal controls over the impairment assessment, including internal controls related to the determination of significant assumptions used in estimating value in use and underlying data. • We reviewed the business plan for consistency with the figures approved by management. In addition, we considered the validity of using the business plan within 6 years. • We conducted an analysis of the deviation between the results and the business plans for the previous fiscal years. • We reviewed the rationality of the sales volume and unit sales price included in the business plan by discussing with management and reviewing related materials. • We reviewed the valuation models and methods used in calculating the value in use and assessed the rationality of applied discount rate and growth rate by working with valuation specialists. • We conducted a sensitivity analysis of the business plan and discount rate.

Other Information

Other information included in the annual report is information other than the consolidated financial statements and the audited reports thereon. Management is responsible for the preparation and disclosure of the other information. In addition, the Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the reporting process of the other information. Our audit opinion on the consolidated financial statements does not cover the other information, and we do not provide an opinion on the other information.

In connection with our audit of the consolidated financial statements, our responsibilities are to read the other information carefully and in the course of reading, consider whether the other information is materially different from the consolidated financial statements or the knowledge we have obtained during the audit, and to pay attention to whether there are any indications of material errors in the other information other than such material differences. If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact.

We have no matters to report with respect to the other information.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards. This includes implementing and maintaining internal control 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.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements on the basis of the going concern assumption and for disclosing any matters relating to going concern, if necessary, in accordance with International Financial Reporting Standards.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operation of the financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to express an opinion on these consolidated financial statements in the audit report from an independent position based on our audit, obtaining reasonable assurance as to whether the consolidated financial statements as a whole is free from material misstatement due to fraud or error. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these consolidated financial statements. As part of an audit in accordance with the auditing standards generally accepted in our country, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risk of material misstatement due to fraud or error, design and perform audit procedures responsive to material misstatement risks. The audit procedures are selected and applied depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit 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 control.
- evaluate the appropriateness of accounting policies adopted by management and the application thereof, as well as the reasonableness of accounting estimates and the validity of related disclosure made by management.
- conclude on the appropriateness of management's use of the going concern assumption and, based on the audit evidence obtained, whether material uncertainties exist related to events or circumstances that may cast significant doubt on the Company's ability to continue as a going concern assumption. If material uncertainties regarding the going concern assumption are identified, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inappropriate, we are required to express an opinion with exceptive items to the consolidated financial statements. Our conclusions are based on audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with International Financial Reporting Standard, as well as the presentation, structure and content of the consolidated financial statements, including the related disclosures, and whether the consolidated financial statements properly present the underlying transactions and accounting events.
- plan and perform the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries as a basis for forming an opinion on the consolidated financial statements. We are responsible for the directions, supervision and review of the audit of the consolidated financial statements. We are solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified in the process of the audit and other matters required by the audit standards.

We provide to Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence and on matters reasonably considered to affect the independence of the auditors and the content of safeguards, if any, to remove or reduce impediments to their independence.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be reported in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such reporting.

Audit of Internal Control

Audit Opinion

Pursuant to the Article 193-2, paragraph 2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of the Company as of March 31, 2026.

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of the Company as of March 31, 2026 is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for opinion

We conducted our audit of internal control in accordance with an audit standard of internal control over financial reporting that is generally considered acceptable in Japan. Our responsibilities under the auditing standards of internal control over financial reporting are further described in the "Auditor's Responsibilities for the Audit of the internal control." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions of the Code of Professional Ethics in our country, including the provisions applied to the Audit of the Financial Statements of the Public Interest Entity, and fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Report on Internal Control

The Company's management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

The Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing and verify the design and operation of internal control over financial reporting.

There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditors' Responsibility for the Audit of the Internal Control

Our responsibility is to express an opinion on management's report on internal control based on our internal control audit from independent position obtaining reasonable assurance about whether the management's report on internal control as a whole are free from material misstatement.

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan exercising professional judgment and maintain professional skepticism throughout the audit.

- Perform procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed, depending on the auditor's judgment, based on significance of effect on the reliability of financial reporting.
- Evaluate the overall presentation of the internal control report, including the appropriateness of the scope, procedures and results of the assessments that management presents.
- Plan and perform the audit of the internal control report to obtain sufficient appropriate audit evidence regarding the results of the assessments of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision and review of the internal control report. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding the planned scope and timing of the audit, the results of internal control audits, any material weakness in internal control identified, the results of their corrections, and other matters required in internal control auditing.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Remuneration Information

The amounts of remuneration based on audit and attestation services and remuneration based on non-audit services provided for the Company and its subsidiaries by the audit corporation and persons who belong to the same network as the audit corporation are stated in “4. Information of Corporate Governance (3) Status of Audit” in “IV. Corporate Information.”

Interest

Our firm and its designated engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act of Japan.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.