

February 18, 2021

# Kyocera IR Day

Hideo Tanimoto  
President and Representative Director

This is an English translation of the Japanese original. This translation is prepared for the reference and convenience solely for those who do not use Japanese. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

**KYOCERA Corporation**

## Details of Today's Explanation

1. Changes in the business environment and Kyocera's initiatives
2. Creation of new businesses
3. Double productivity
4. Responding to ESG issues

# 1. Changes in the business environment and Kyocera's initiatives

# Recognition of the Business Environment

**Social trends have changed dramatically over the past 10 years and the digital shift is further accelerating due to COVID-19**

Digitization /Globalization

Diversification of customer needs

Changes in values:  
Things → Experiences

Rising environmental awareness

- **Emergence of new business opportunities such as systemization and solutions**
- **Implement drastic reforms of management systems to ensure that new business opportunities lead to profit growth quickly and steadily**

## Information & Communication Markets

**5G • IoT**

- Electronic components such as ceramic packages and MLCCs
- Systematization such as local 5G and IoT at plants

## Automotive Related Markets

**ADAS • MaaS • EV**

- Various types of electronic components through electrification
- Systematization such as of LiDAR, sensor cameras, and smart roadside units

## Environment & Energy Markets

**RE100 • Carbon neutral**

- Hardware such as storage batteries in addition to solar power generating systems
- Infrastructure building such as ADR\* and smart cities

\*Automated demand response

## Medical & Health Care Markets

**Preventive medicine and digital health care**

- High-quality implants that realize an even higher QOL
- Utilize regenerative medicine and digital technologies

# Overview of Business Segments from April 2021

**Consolidate our current 16 main businesses and subsidiaries under three new business segments**

**FY3/2018 to FY3/2021**

Business segment	Major businesses and subsidiaries
Industrial & Automotive Components Group	Fine Ceramic Components
	Automotive Components
	Liquid Crystal Displays
	Industrial Tools
	Optical Components
Semiconductor Components Group	Ceramic Packages
	Organic Multilayer Substrates and Boards
Electronic Devices Group	Electronic Components
	AVX Corporation
	Printing Devices
Communications Group	Telecommunications Equipment
	Information systems and Telecommunication Services (KCCS <sup>※1</sup> )
Document Solutions Group	Information Equipment (KDC <sup>※2</sup> )
Life & Environment Group	Smart Energy Business
	Medical Devices
	Jewelry and Applied Ceramic Related Products

**FY3/2022 onward**

Business segment	Major businesses and subsidiaries
<b>Core Components Business</b>	Fine Ceramic Components
	Automotive Components
	Ceramic Packages
	Organic Multilayer Substrates and Boards
	Optical Components
	Medical Devices
	Jewelry and Applied Ceramic Related Products
<b>Electronic Components Business</b>	Electronic Components
	AVX Corporation
<b>Solutions Business</b>	Industrial Tools
	Liquid Crystal Displays
	Printing Devices
	Information Equipment (KDC <sup>※2</sup> )
	Telecommunications Equipment
	Information systems and Telecommunication Services (KCCS <sup>※1</sup> )
Smart Energy Business	

※1 Kyocera Communication Systems Co., Ltd. ※2 Kyocera Document Solutions Inc.

Please refer to “Cautionary Statements with respect to Forward-Looking Statements” on the last page.

# Strengthening of Corporate Governance

## 1. Strengthening our management base through organizational restructuring (from April 2021)

- In addition to the three business segments, the administration departments will be consolidated into Headquarters
- Appoint officers in charge of each business segment

### [Vitalization of organization for growth]

Implement dynamic and speedier management decisions that transcend the existing organization framework

#### Core Component Business

Officer in charge:  
Director, Managing Executive Officer  
Hiroshi Fure

#### Electronic Components Business

Officer in charge:  
Director, Managing Executive Officer  
John Sarvis  
  
Officer in charge (deputy):  
Director, Managing Executive Officer  
Koichi Kano

#### Solutions Business

Officer in charge:  
Director, Managing Executive Officer  
Norihiko Ina

#### Headquarters

Officer in charge:  
Director, Managing Executive Officer  
Shoichi Aoki

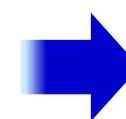
Strategic planning and execution across business divisions

Greater mobility of human resources and vitalization of organizations

Enhance efficiency and promote effective use of management resources

## 2. Strengthening the supervisory functions of the Board of Directors

	[Current]		[Scheduled proposal for submission at the Ordinary General Meeting of Shareholders in June 2021]
Internal Directors	12 persons	⇒	6 persons
Outside Directors	3 persons	⇒	3 persons
<b>Total</b>	<b>15 persons</b>	⇒	<b>9 persons</b>



**Toward a 1/3 ratio of Outside Directors**

# Toward Growth from the Next Fiscal Year and Beyond

## Implement management measures for self-sustaining and sustainable growth

### 1. Creation of new businesses for medium-to-long-term growth

Deployment of next-generation technologies that contribute to solving social issues

Medium term (around 5 years)

Robotics

GaN systems

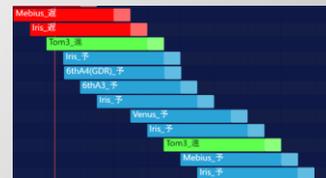
Long term (around 10 years)

Energy

Regenerative medicine

### 2. Double productivity

Raise profitability through smart factories that utilize AI and IoT



### 3. Respond to ESG issues

- Respond to environmental issues
- Promote diversity and inclusion



## 2. Creation of new businesses

# Kyocera's AI Collaborative Robot System Business (1)

**Video**

**(Approx. 1min.17sec.)**

# Kyocera's AI Collaborative Robot System Business (2) Overview and Future Development

Aiming for early commercialization by utilizing Kyocera's comprehensive strengths + external collaboration



## AI

**Rist (KCCS/Kyoto University-originated AI venture)**  
**Production data of Kyocera plants (for pre-learning)**  
**Open innovation with AI ventures**



## Cloud

**KCCS' cloud technology**  
**Agile Cloud development, DevOps**



## Controller

**KDC machine control technology**  
**Open technology (ROS)**



## Robot arm

**External collaboration**

### Kyocera's Features:

**Unique AI technologies that minimize "Teaching" - a bottleneck in collaborative robot system**

**Subscription service for AI solutions matched to each site (continuous value provision)**

**Target market: High-mix low-volume production sites (an almost entirely undeveloped field in the industrial robot market)**

**FY 3/2021**

**FY 3/2022**

**Medium-term target (around 5 years)**

Trial introduction in Kyocera's own plants

- Full-scale introduction in Kyocera's own plants
- Trial sales to outside customers

**Sales of around 30 billion yen**

Please refer to "Cautionary Statements with respect to Forward-Looking Statements" on the last page.

# Commercialization of GaN Systems (1)

## GaN

(Gallium Nitride)

**Core material that contributes to the realization of a low-carbon society**

**Having started to consider entering GaN-related businesses since 2013**

### Necessary resources

**Components**

**Devices**

**Systems and Solutions**

Ceramic packages, etc.

No resources within Kyocera Group

Communication base station system,  
LiDAR, etc.

**Obtained high-quality devices (GaN laser)  
through acquisition (M&A\*) of U.S.-based SLD Laser**

\* Completed in January 2021

Acquisition amount: Approximately 50 billion yen

**Eliminate bottlenecks and enables Kyocera to realize vertical integrated business  
from components through systems**

# Commercialization of GaN Systems (2)

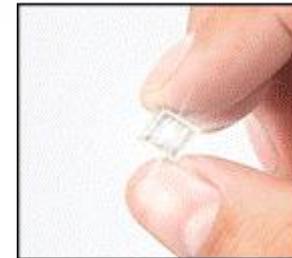
## Introducing the Features of the Technologies of U.S.-based SLD Laser



### Technology features

1. High efficiency, high power laser technology using GaN
2. Obtained safety certification from a third-party organization for assuring safety of skin and eyeballs\*

\*Obtained from ANSI (American National Standards Institute), UL (Underwriters Laboratories Inc.), and IEC (International Electrotechnical Commission)



Laser Diode (LD) module



Laser flashlight

### Main applications Mobility, Specialty lighting, Consumer, Industrial, etc.



Automotive



Lighting



Display



Beyond Lighting

### Company Overview

KYOCERA SLD Laser, Inc. (established in 2013, joined Kyocera Group in January 2021)

- Location: Goleta, California, U.S.A.
- Number of employees: 159 (As of December 31, 2020)
- Sales bases: U.S., Germany, Japan, China
- Key products: GaN based laser diode products

Please refer to “Cautionary Statements with respect to Forward-Looking Statements” on the last page.

# Commercialization of GaN Systems (3) Future Business Development

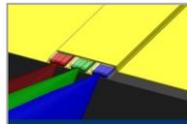
- Industry's highest level of high power, high efficiency laser technology
- World's highest brightness for automotive headlights
- Holding more than 500 patents



Laser Lighting



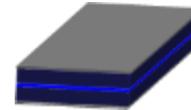
LD-module



RGB LD-chip



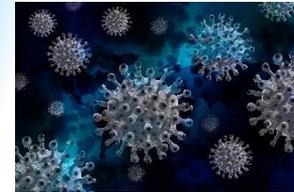
High-power laser



Photodiode

Device

- Wide range of systems and solutions capabilities
- High production technology capabilities
- Industry's best package development capabilities



Sterilization



Automotive laser headlights

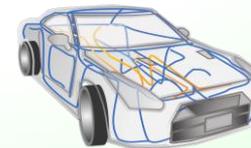


AR/VR Display

**Realize vertical-integrated business from devices to systems**

System

Li-Fi communications



Fiber optical power supply

**Aim for annual sales of 100 billion yen as a long-term growth driver**

## Development of Energy Business (1)

**Move toward the energy business that supplies renewable electricity to consumers\***

**-Accelerate shift from solar energy business to smart energy business-**

### **Kyocera's strengths in the energy business**

- 1. Possesses a solar photovoltaic power plants** (together with partner companies)  
**Over 600 MW in operation**
- 2. Aggregation of renewable energy and development of storage battery control technologies**  
**through “VPP demonstrations\*” over five years** (\* Consortium with partner companies)
- 3. Commenced production of storage batteries needed for distributed power sources of renewable energy** (the world's first clay-type lithium ion battery)
- 4. Plentiful in-house resources such as IoT, communication, and mobility resources needed for building an energy business**

\* CO2 free electricity consumers such as RE100, SDGs companies, public facilities, local communities

# Development of Energy Business (2) Energy Business Aimed for by Kyocera



**2021**

Shiga Yasu Plant demonstration

- Offsite power stabilization (Self-consignment using storage batteries)

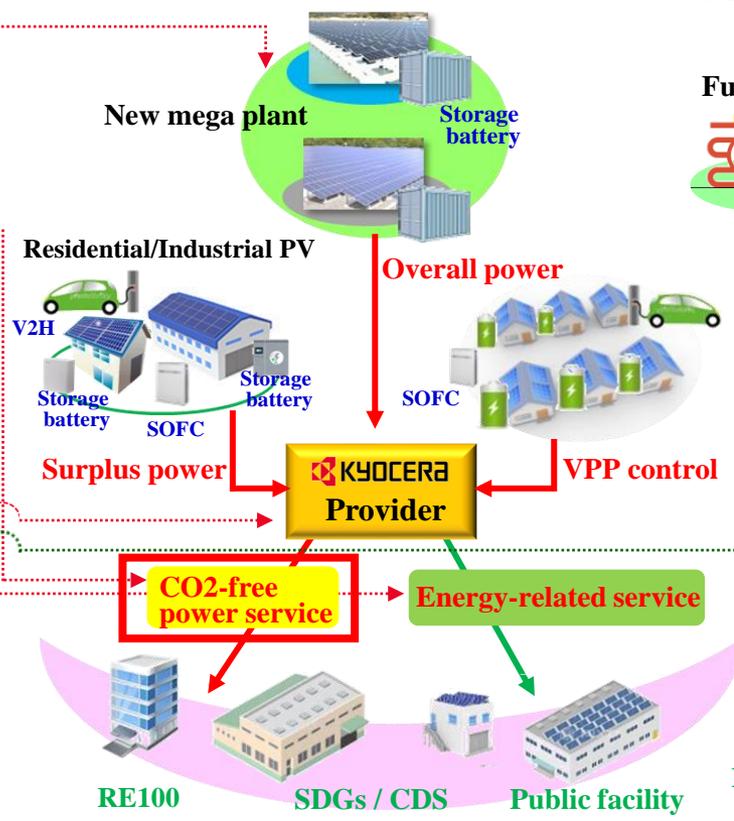
Yokohama Nakayama Office demonstration

- P2P electric power interchange (Improve PV power values) (RE100 electric power supply)

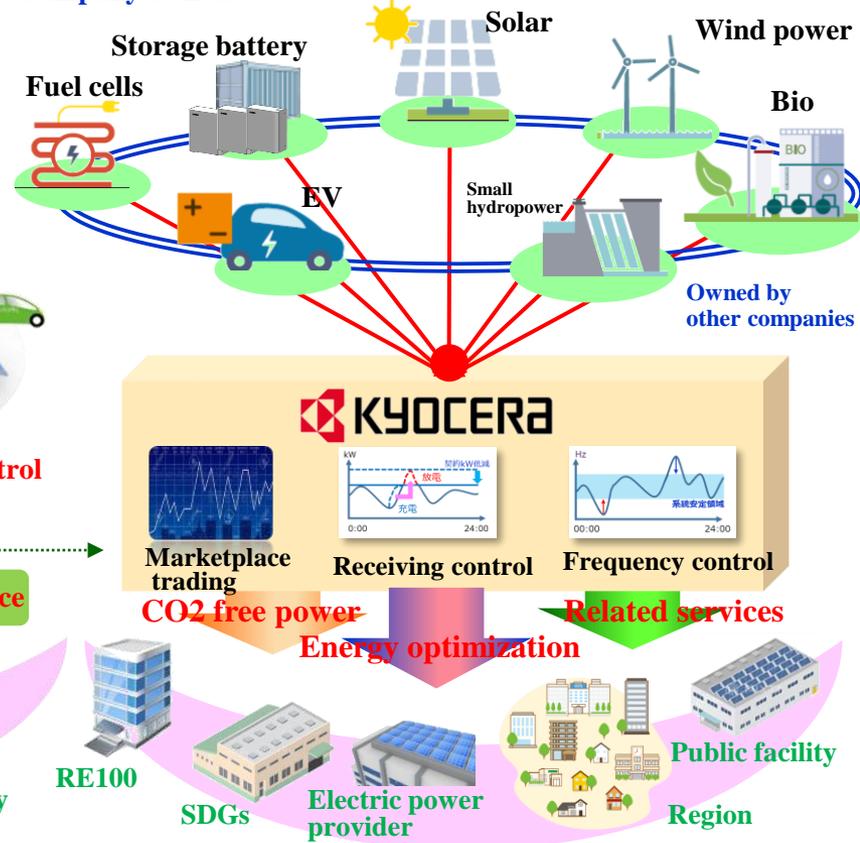
Odawara city demonstration

- Regional energy management
- Energy-related services
- Multi-power supply VPP control (Local production for local consumption ecosystem)

## PV power service business



## Comprehensive energy business (CO2 free) Company owned



- Expand sales of storage batteries and SOFCs
- Thorough deployment of PPA services

▶ **Storage battery cost reduction / EV utilization** ▶

- Launch of related services (starting in FY2023)

▶ **Carbon minus technology (hydrogen, artificial photosynthesis, etc.)**

Please refer to “Cautionary Statements with respect to Forward-Looking Statements” on the last page.

# Development of Energy Business (3) Actions for Realization

**1 Peer to Peer (P2P) power supply** (distributed surplus power, power plant power)

**2 Utilize non-fossil values of solar power plants**

**Start proposal in FY3/2022**

Residential  
Post-FIT solar power generation



Kyocera  
Non-FIT solar power plant



Non-FIT power (surplus)  
Non-FIT power (total amount)  
Non-fossil certificate with tracking



100% renewable energy



Commercialization of Kyocera's  
Yokohama Nakayama Office demonstration

**3 Stable power supplies through solar power generation + other renewable energy power sources**

Kyocera EPA, LLC  
Non-FIT solar power  
Industrial use surplus electricity



Kyocera  
Non-FIT solar power plant



Non-FIT power (surplus)  
Non-FIT power (total amount)



RE100



Companies / Public facility

# Regenerative Medicine (1) Technical Tie-up with Regeneus Ltd., of Australia

Concluded a technical tie-up and license agreement for a cell preparation\*1 for osteoarthritis of the knee with Australia-based Regeneus Ltd.

Acquired the exclusive rights for development, manufacture and sale of Regeneus' **Allogeneic mesenchymal stem cells**\*2 technologies in Japan

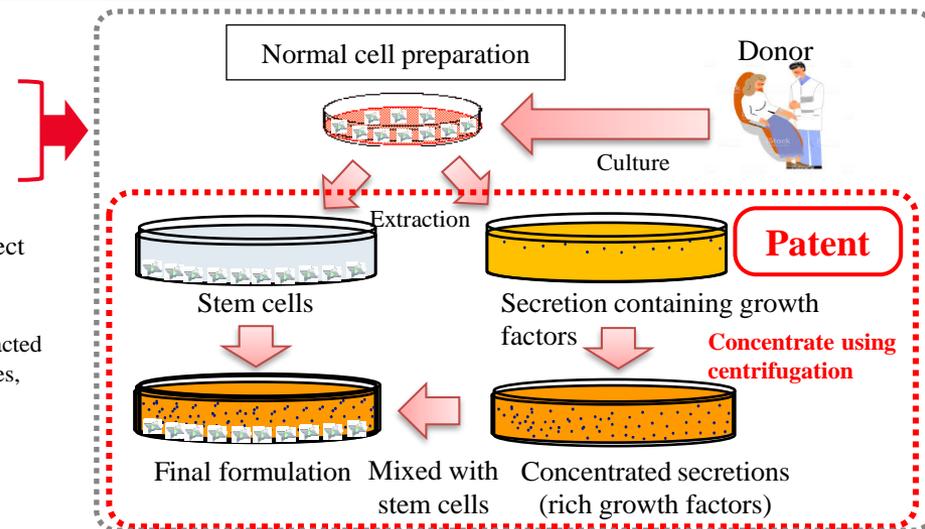
## <Overview of technologies and features of Regeneus Ltd.>

(State of progress of clinical trial)

1. Treatment by intra-articular injection instead of surgery
2. The only intra-articular injection technology to pass clinical trial (test) phase I\*3 in Japan
3. Possesses manufacturing technology expected to be highly effective

R&D	Non-clinical study	Phase 1	Phase 2~3	Launch
Completed by Regeneus			Efforts currently underway at Kyocera	

- Separate, extract and concentrate secretion from the ordinary stem cell preparation manufacturing process.
- Mix secretion that has obtained a richer growth factor with the stem cells and then formulate.
- The secretion acts on the patient's own cells and promotes repair on its own.\*4
- A phase I exploratory clinical trial in Australia shows evidence of a pain-relieving effect and an effect of cartilage loss halting.\*5



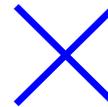
\*1 Regenerative medicine products that involve administering cells for treatment.  
 \*2 Cells that exist in the body such as in fat, bone marrow, umbilical cords, and synovium are extracted from healthy donors other than the patient and these have the ability for differentiation into bones, cartilage, muscles.  
 \*3 Conducted in Australia.  
 \*4 "MSC exosome as a cell-free MSC therapy for cartilage regeneration: Implications for osteoarthritis treatment" Seminars Cell Developmental Biology 2017;67:56-64  
 \*5 "Safety, tolerability and efficacy of intra-articular Progenza in knee osteoarthritis: a randomized double-blind placebo-controlled single ascending dose study" Journal of Translational Medicine 2018 Mar 6;16(1):49

Please refer to "Cautionary Statements with respect to Forward-Looking Statements" on the last page.

# Regenerative Medicine (2) Future Business Development



High-level regenerative medicine technologies

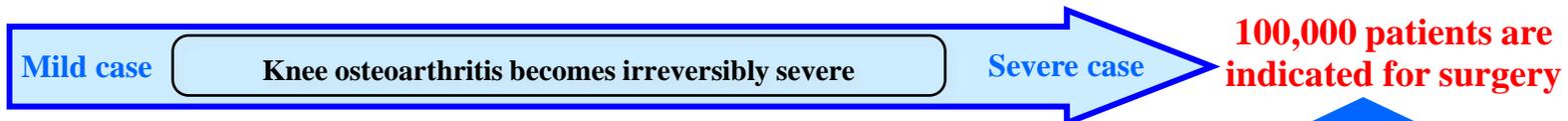


High presence in the domestic implant market and relationships with orthopedic medical professionals.

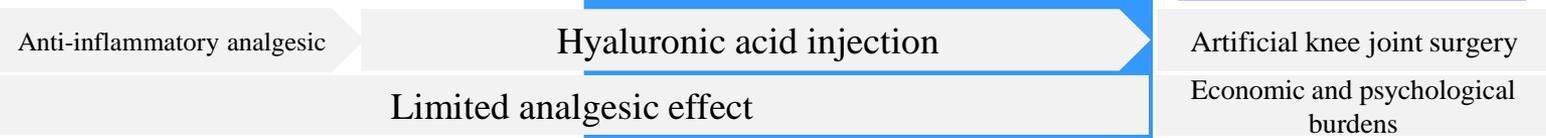


Strive for both business domain expansion and user QOL improvement by taking advantage of existing business position

**8 million patients**



Current treatment methods



**Business fields that can be approached in the future**

Advantages of Regeneus' Technology

- Restrains the progression of the medical condition
- More-effective analgesic effect

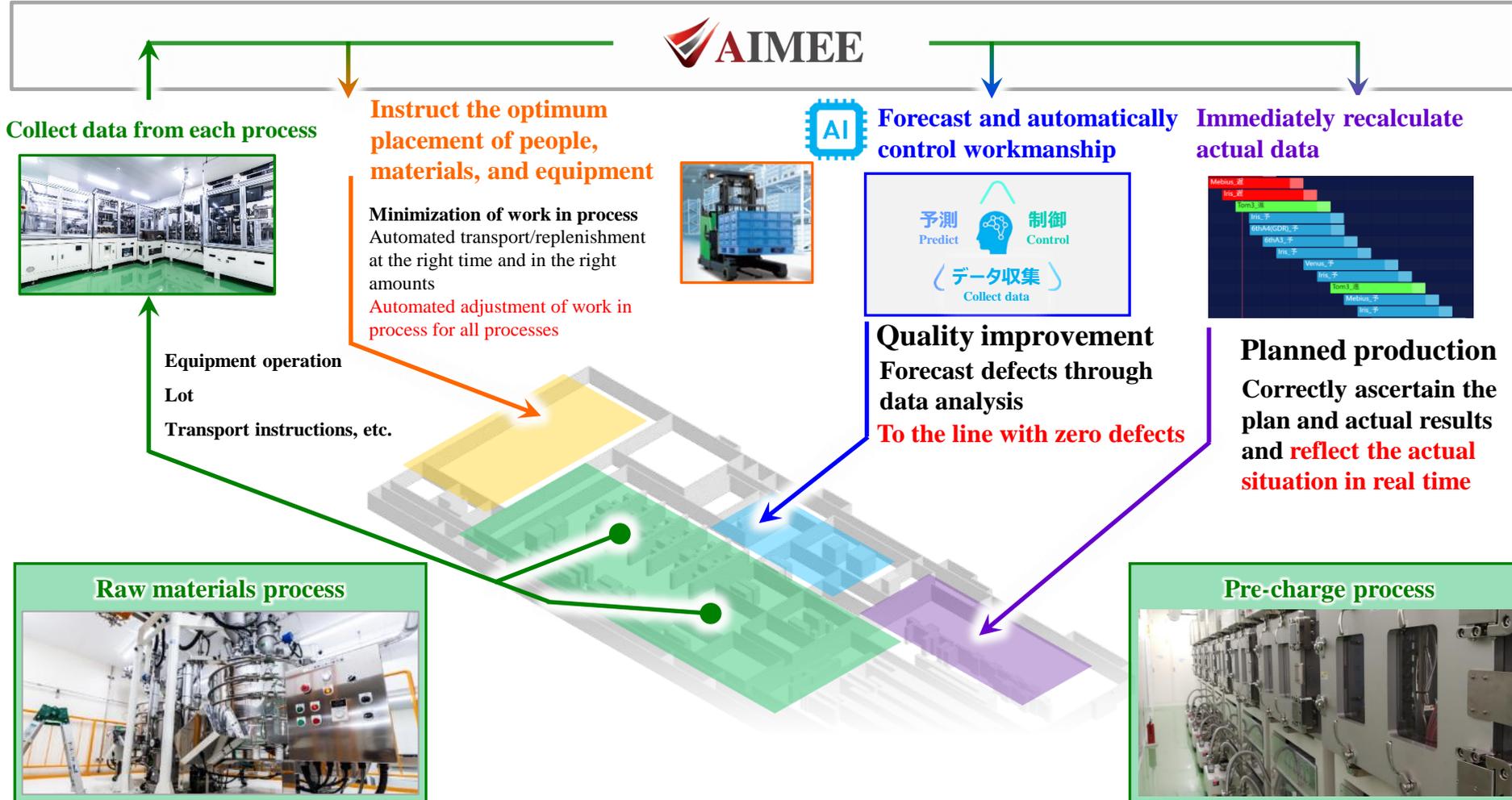
Current business fields (Artificial joint business)

**Target** Aim for early approval and commercialization in Japan as a new pillar of growth in the medical-related business

Please refer to "Cautionary Statements with respect to Forward-Looking Statements" on the last page.

### 3. Double productivity

# Building Smart Factories



**Promote horizontal deployment to other businesses for improving the productivity of the entire group**

Please refer to “Cautionary Statements with respect to Forward-Looking Statements” on the last page.

## Introduction of Smart Factories

**Video**  
**(Approx. 40sec.)**

## 4. Responding to ESG issues

# Responding to Environmental Issues

## Promote initiatives for reducing greenhouse gas emissions such as CO2

Establish long-term environmental targets • Proactively introduce renewable energy • Enhance information disclosure

### SBT

- Establish long-term environmental targets that correspond to COP21 and obtained SBT certification in 2019



### CDP

- Certified as a Supplier Engagement Leader for the Supplier Engagement Rating Leaderboard in 2019 and 2020
- Also selected for A list in 2020



### TCFD

- Affirmed the TCFD recommendations in 2020
- Disclosed scenario analysis in our Integrated Report published in 2020



Please refer to “Cautionary Statements with respect to Forward-Looking Statements” on the last page.

# Promotion of Diversity & Inclusion

**Toward being a company filled with vitality and appeal that continues to grow and take on challenges in the future**  
**Realize a workplace environment that respects each person's individuality and values and where diverse and highly motivated human resources can play active roles**

## 1. Create a friendly working environment

### Introduce a flexible work system

Work from home and flextime system

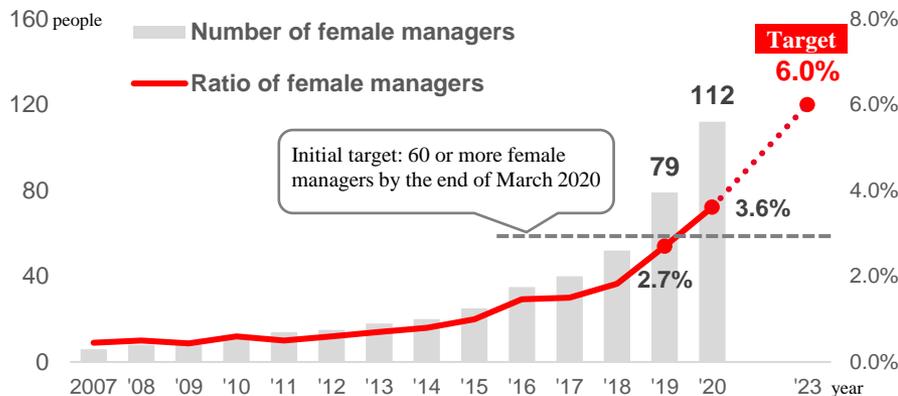
## Revise internal regulations

LGBT (review the definition of marriage/prohibit SOGI harassment)  
 Nursing care (taking nursing care leave in hourly units, etc.)  
 Support systems for illness treatment (infertility treatment leave, etc.)

## 2. Promote active participation by women

### Raise the ratio of female managers

Aim to reach 6% by the end of March 2023



## Promote appointment of females to management level positions

- Appointed female outside director for the first time in 2019
- Currently two women are appointed as executive officers



Outside director  
Akiko Koyano



Executive officers  
Eri Yoshikawa  
General Manager of Corporate Communications Division and Diversity Promotion Division, Corporate General Affairs Human Resources Group



Executive officers  
Kayo Hashiura  
General Manager of Inamori Library Division and Philosophy Division, Corporate General Affairs Human Resources Group

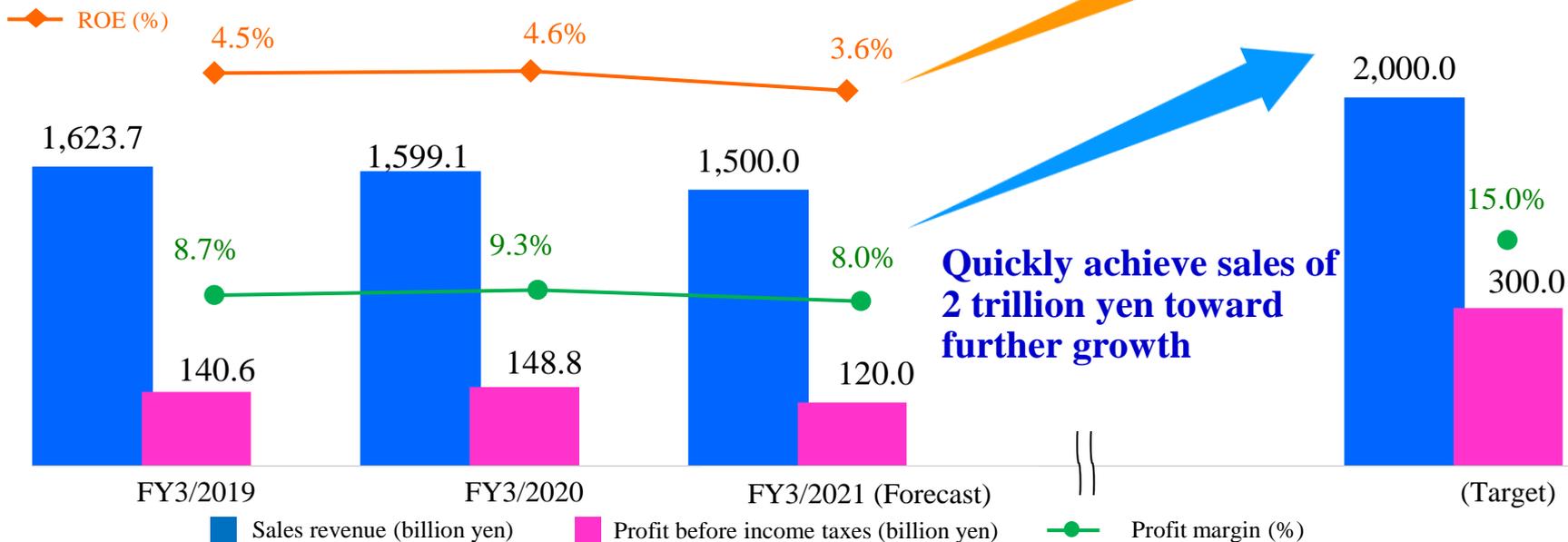
## 3. Cultivating diverse human resources

**System for seconding personnel to external ventures / Implement “diversity management training”**

Please refer to “Cautionary Statements with respect to Forward-Looking Statements” on the last page.

# Aiming for Sustainable Growth in Corporate Value

## Management indicators



Toward the medium-term target of 8% or higher

Quickly achieve sales of 2 trillion yen toward further growth

## Management measures

- Set ROE target
- Announce the appropriate implementation of share buybacks
- Raise the dividend payout ratio
- Appoint female officers
- Introduce restricted stock compensation system

Consider initiatives for further strengthening our management base

- Implement organizational restructuring
- Strengthen the supervisory functions of the Board of Directors (aim for a 1/3 ratio of outside directors)

FY3/2019

FY3/2020

FY3/2021

FY3/2022

Please refer to “Cautionary Statements with respect to Forward-Looking Statements” on the last page.

## Cautionary Statements with respect to Forward-Looking Statements

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

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

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

THE NEW VALUE FRONTIER



KYOCERA Corporation