Securities Code 6971

KYOCERA

The 71st Ordinary General Meeting of Shareholders

Items subject to measures for electronic provision that are not provided in the documents delivered to shareholders who requested their physical delivery

(April 1, 2024 to March 31, 2025)

KYOCERA Corporation

The above items are not provided in the documents delivered to shareholders who requested their physical delivery, in accordance with the provisions of relevant laws and regulations and Article of the Company's Article of Incorporation.

Please note that this is an English translation of the Japanese original of the items subject to measures for electronic provision that are not provided in the documents delivered to shareholders who requested their physical delivery for the 71st Ordinary General Meeting of Shareholders of Kyocera Corporation disclosed in Japan. The translation is prepared solely for the reference and convenience of foreign shareholders.

In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

[Business Report]

Current Conditions of Kyocera Corporation and its Consolidated Subsidiaries

Four-Year Financial Summary

(Yen in millions except per share amount)

	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025
Sales revenue	1,838,938	2,025,332	2,004,221	2,014,454
Profit before income taxes	198,947	176,192	136,143	63,631
Profit attributable to owners of the parent	148,414	127,988	101,074	24,097
Earnings per share attributable to owners of the parent - Basic (Yen)	102.79	89.15	71.58	17.11
Total assets	3,917,265	4,093,928	4,465,376	4,511,307
Equity attributable to owners of the parent	2,871,554	3,023,777	3,225,595	3,217,788
Equity per share attributable to owners of the parent (Yen)	2,000.24	2,106.20	2,289.86	2,284.15

(Notes)

1. The consolidated financial statements are prepared in accordance with IFRS.
2. "Earnings per share attributable to owners of the parent - Basic" is calculated using the average number of shares in issue excluding treasury stock during each respective fiscal year and "Equity per share attributable to owners of the parent" is calculated using the number of shares in issue excluding treasury stock at the end of each respective fiscal year.
3. 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. "Earnings per share attributable to owners of the parent - Basic" and "Equity per share attributable to owners of the parent" are calculated based on the assumption that the stock split was implemented at the beginning of fiscal 2022.
4. Sales revenue for fiscal 2023 increased as compared with fiscal 2022, achieving our long-stated target of 2 trillion yen in sales revenue. This was due to increased sales by the Document Solutions Unit and the Industrial Tools Unit, and also to the impact of the weaker yen, in addition to a contribution from the expansion of our component production for cutting-edge semiconductors, demand for which has been strong which more than offset affected by the weakening demand in the smartphone market. Profit attributable to owners of the parent decreased compared to fiscal 2022, due to factors such as increases in costs for raw materials, energy and logistics, as well as a sharp decrease in sales revenue in the Communications Unit, in addition to three one-time costs totaling approximately 19.0 billion yen recorded during fiscal 2023, namely, a litigation cost, an additional cost in connection with pension obligations and costs associated with structural reforms.
5. Sales revenue for fiscal 2024 decreased as compared with fiscal 2023 due mainly to the impact of a decline in orders for our principal products in the Core Components Business and Electronic Components Business, which more than offset higher sales in the Solutions Business. Profit attributable to owners of the parent decreased as compared with fiscal 2023 due mainly to lower utilization ratio of production facilities caused by a decrease in orders while we continue to make capital investment aggressively for future production expansion, as well as an increase in labor and other costs.
6. Sales revenue for fiscal 2025 remained almost flat as compared with fiscal 2024. Profit attributable to owners of the parent decreased as compared with fiscal 2024 due mainly to a lower utilization ratio of production facilities in the Core Components Business and the Electronic Components Business and higher labor and other costs. In addition, a 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 of the Core Components Business, as well as tax expenses in the amount of approximately 18.0 billion yen resulting from the reversal of deferred tax assets, etc. at overseas subsidiaries, were recorded.

Principal Business Sites (as of March 31, 2025)

Japan:

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

Hokkaido Kitami Plant
Yamagata Higashine Plant
Fukushima Koriyama Plant
Tokyo Ome Plant
Kawasaki Plant
Toyama Nyuzen Plant
Nagano Okaya Plant
Shiga Higashiomi Plant
Shiga Yasu Plant
Kyoto Ayabe Plant
Kagoshima Sendai Plant
Kagoshima Kokubu Plant
Kagoshima Hayato Plant
Tokyo Office
Yokohama Office
Yokohama Nakayama Office*
Minatomirai Research Center (Kanagawa)
Keihanna Research Center (Kyoto)
Kirishima R&D Center (Kagoshima)

Kyocera Industrial Tools Corporation (Hiroshima)
Kyocera Document Solutions Inc. (Osaka)
Kyocera Document Solutions Japan Inc. (Osaka)
Kyocera Communication Systems Co., Ltd. (Kyoto)
Kyocera Realty Development Co., Ltd. (Tokyo)
Hotel Kyocera Co., Ltd. (Kagoshima)
Hotel Princess Kyoto Co., Ltd. (Kyoto)

(Note) Yokohama Nakayama Office was integrated into Yokohama Office on April 1, 2025.

Overseas:

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

(Note) Kyocera Unimerco A/S was integrated into Kyocera Unimerco Tooling A/S on March 21, 2025.

Employees (as of March 31, 2025)

i) Consolidated

Reporting Segment	Number of Employees	Change from the End of Fiscal 2024	
Core Components Business	17,490	Decrease of	47
Electronic Components Business	16,547	Decrease of	1,210
Solutions Business	38,078	Decrease of	699
Others	1,456	Increase of	76
Corporate	3,565	Decrease of	169
Total	77,136	Decrease of	2,049

(Notes) 1. The number of employees indicates fulltime employees (including contract employees). The number of part-timers and re-employed after retirement is not shown since they are less than 10/100 of the number of employees.

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

3. From fiscal 2025, Energy Solutions Business, which was included in “Others,” is now included in “Solutions Business.” With respect to this change, the number of employees at the end of fiscal 2024 has been reclassified in the same manner, and the change compared to the reclassified number at the end of fiscal 2024 is shown.

ii) Non-consolidated

Number of Employees	20,976 [5,110]
Change from the End of Fiscal 2024	Decrease of 180 [Decrease of 4]
Average Age	40.0
Average Years of Service	15.7

(Notes) 1. The number of employees indicates fulltime 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 fulltime employees.

Principal Sources of Borrowings (as of March 31, 2025)

Sources of Borrowings	Balance (Yen in millions)
MUFG Bank, Ltd.	120,000
The Bank of Kyoto, Ltd.	30,000
Sumitomo Mitsui Banking Corporation	30,000

System and Policy

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

Kyocera Group
Basic Policy for Corporate Governance and Internal Control

I Basic Policy for Corporate Governance

(1) 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 the Company regarding management and life. The “Kyocera Philosophy” incorporates a wide range of matters relating to basic thoughts on management and methods of undertaking day-to-day work, based on the core criterion of “what is the right thing to do as a human being.”

(2) Systems

The Company 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.
The Company 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, the Company shall set up the necessary committees in a timely manner to establish appropriate corporate governance.

(3) 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.

II Basic Policy for Internal Control

The Company has established the following internal control system in accordance with the Companies Act and the Regulations for Enforcement of the Companies Act and constantly evolves and develops such a system, seeking an ideal system of internal controls. An internal control system shall also be established through the implementation of the "Kyocera Philosophy."

(1) Systems to ensure that the execution of duties by Directors and employees of the Kyocera Group is in compliance with laws and regulations and the Articles of Incorporation

(i) A statement shall be formulated that stipulates the basic stance of global legal compliance and specific action guidelines based on this statement, and Directors and employees of the Kyocera Group shall be thoroughly familiarized with the statement and guidelines.

(ii) A department that manages compliance shall be established in each Kyocera Group company and periodic education on compliance for Directors and employees shall be implemented.

(iii) A resolute stance shall be maintained against anti-social forces and all unreasonable demands shall be refused.

(iv) "Employee Consultation Corners" and the "Kyocera Compliance Hotline" shall be established as the reporting system for acts or other matters that are or may be compliance violations. The Employee Consultation Corners (contact points shall also be set up at a third-party attorney's office) shall receive reports from employees and others and the Kyocera Compliance Hotline shall receive reports from external related parties. Appropriate and necessary action shall be taken in respect of reports received, which shall be handled in accordance with the Law for Protection of Reporters in the Public Interest.

(v) An Internal Audit Department shall be established to undertake audits regularly to evaluate the appropriateness of the conduct of business at the Kyocera Group.

(2) Systems regarding retention and management of information in relation to the execution of the duties of Directors

(i) Basic policies and various rules regarding the management of information in the Kyocera Group shall be established, information related to the execution of duties of Directors shall be appropriately retained and managed.

(ii) The "Kyocera Disclosure Committee" shall be established as a system for making timely and appropriate disclosure of information.

(3) Internal rules and other systems related to management of the risk of loss in the Kyocera Group

(i) Basic policies and various rules regarding the Kyocera Group's risk management shall be prescribed and efforts shall be made to prevent and mitigate risks that could affect the Kyocera Group's credibility and business sustainability.

(ii) The "Risk Management Committee" shall be established as a risk management system for the Kyocera Group to determine various policies regarding risk management of the Kyocera Group and identify corporate risks to be addressed as a group. Additionally, a risk management department shall be established to assist and operate the Risk Management Committee.

(iii) Systems shall be built to carry out various activities such as a business continuity management system.

(4) Systems to ensure that the execution of the duties of Kyocera Group Directors is performed efficiently and systems related to reporting of particulars regarding the execution of the duties

(i) The Company shall delegate authority and clarify the system for responsibility through the Executive Officer System to conduct business effectively and efficiently. Moreover, Executive Officers shall report the status of business conduct to the Board of Directors.

(ii) The decision-making authority of Directors, Executive Officers and others shall be prescribed to handle business accurately and raise management efficiency and business shall be undertaken based on this.

(iii) The “Kyocera Group Management Committee” shall be established to deliberate, decide, or receive reports on important matters related to the Kyocera Group’s business conduct.

(5) Other systems to ensure proper business activities in the Kyocera Group

(i) The “Kyocera Group Sustainability Committee” shall be established as a system for the sustainable development of both society and the Kyocera Group.
(ii) A department shall be established for support that enables each Kyocera Group company to appropriately and efficiently execute business.

(6) Matters relating to employees to assist with the duties of Audit & Supervisory Board Members (including matters relating to the independence of such employees from the Directors and matters to ensure effectiveness of instructions from the Audit & Supervisory Board Members to such employees)

(i) Certain employees shall be allocated upon the request of the Audit & Supervisory Board Members through prior discussion with the Audit & Supervisory Board Members to assist with the duties and assist the Audit & Supervisory Board.
(ii) Such employees while still subject to the work rules of the Company, shall be under each of the Audit & Supervisory Board Member’s instructions and supervision relating to their duties. A limit shall not be set unfairly to such instruction and supervision.
(iii) The personnel matters such as transfer, treatment (including evaluation) and disciplinary action relating to such employees shall be made through prior discussion with the Audit & Supervisory Board Members.

(7) System for reporting to the Audit & Supervisory Board Members by Directors and employees and other related parties (including the system for ensuring that persons who make a report are not treated disadvantageously due to making the report)

(i) In the event that Kyocera Group Directors, employees, and other related parties become aware of any matter that breaches or may breach any law or regulation or the Articles of Incorporation or become aware of any matter that may cause substantial damage to the Kyocera Group, he or she shall immediately report thereon to the Audit & Supervisory Board. In addition, any Kyocera Group Directors, employees, and other related parties shall comply with a request for a report in the event that any of the Audit & Supervisory Board Members or the Audit & Supervisory Board makes such a request pursuant to the Regulations of the Audit & Supervisory Board.
(ii) The Internal Audit Department shall report regularly on the status of the internal audit to the Audit & Supervisory Board Members. Moreover, if the Audit & Supervisory Board Members request a report on the status of business execution in relation to a specific department, that department shall report directly to the Audit & Supervisory Board Members.
(iii) The “Kyocera whistleblower system (to the Audit & Supervisory Board),” established by the Audit & Supervisory Board shall be maintained under which all related parties including Directors, employees, suppliers and customers of the Kyocera Group may report directly to the Audit & Supervisory Board.
(iv) The party who made the report to the Audit & Supervisory Board shall not be treated adversely, such as transfer, disciplinary action or cessation of business, because of such report.

(8) Matters related to policies concerning the procedure for expenses or obligations that arise with regard to execution of the duties of the Audit & Supervisory Board Members

Requests from Audit & Supervisory Board Members for reimbursement of costs shall be accepted in accordance with the Regulations of the Audit & Supervisory Board and payment thereof shall be made accordingly.

(9) Other systems to ensure that audits by the Audit & Supervisory Board Members are performed effectively

In the event of a request by any of the Audit & Supervisory Board Members to effectuate any of the following matters, as necessary to establish a system to ensure the effective audit by the Audit & Supervisory Board Members, such requests shall be complied with:

(i) Attendance at important meetings

(ii) Inspection of minutes of important meetings, important internally approved documents and important agreements, etc.

(iii) Meetings with Representative Directors to exchange opinions regarding management of the Kyocera Group in general.

-END-

* The above Kyocera Group Basic Policy for Corporate Governance and Internal Control was revised from the previous policy at the Board of Directors meeting held on April 26, 2024.
The revision adds the establishment of the "Kyocera Compliance Hotline" to accept reports from a wide range of external stakeholders, regarding the "Systems to ensure that the execution of duties by Directors and employees of the Kyocera Group is in compliance with laws and regulations and the Articles of Incorporation."

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

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

- Meetings of the Board of Directors, held 12 times in fiscal 2025, comprise 10 Directors, including 4 Outside Directors. The Board of Directors made decision regarding important matters at the Kyocera Group and oversaw business execution.
- Meetings of the Nomination and Remuneration Committee were held 5 times in fiscal 2025. The Committee discussed the succession plan, and, 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.
- Meetings of the Kyocera Group Philosophy Committee were held 2 times in fiscal 2025. The Committee established the policy of Philosophy Education and work on Philosophy inculcation activity focused on the work floor in Japan and work on Philosophy education depending on each local situation and business condition overseas.
- The Global Compliance Division conducted compliance education for all employees during "Compliance Month."
- In Kyocera Corporation and each Kyocera Group Company, the Employee Consultation Corners has been established to deal properly with matters reported.
- The Kyocera Compliance Hotline has been established on the Kyocera Corporation website to appropriately handle reports from a wide range of external stakeholders.
- The Corporate Global Audit Division, the Internal Audit Department, practiced the Business Operation Audit, Compliance Audit and Internal Control Audit of the Kyocera Group. In addition, the division reported the audit results and issues of each Kyocera Group company and shared the audit policy for fiscal 2025 to improve the level of the internal control in the Kyocera Group and to strengthen the cooperation of the internal audit activities of each company.
- Information relating to the exercise of Director's office, for example minutes of meetings of the Board of Directors, minutes of meetings of the Kyocera Group Management committee and internally approved documents, are preserved appropriately in compliance with applicable laws and regulations and the internal rules.
- The Kyocera Disclosure Committee, held 2 times in fiscal 2025, disclosed information timely and appropriately and evaluation results are reported by the chairperson of the Committee to Representative Directors.

- Meetings of the Risk Management Committee were held 2 times in fiscal 2025. The Committee formulates the management structure and activity policy for risk management of the Kyocera Group, and selects risk cases considered to be particularly important in the Kyocera Group as corporate risks. The Committee also assigns risk owners to each risk and carry out risk reduction activities.
- The Risk Management Division implements a report system in which serious matters concerning risk that occurred in the Kyocera Group are reported to Representative Directors. In addition, this division sought to collect and share information on risk management and Business Continuity Plan (BCP) through liaison conferences with Kyocera Group companies and relevant departments. This division conducted risk and BCP education for all employees.
- Business is more effectively and appropriately executed because of Executive Officer System.
- Meetings of the Kyocera Group Management Committee, held 25 times in fiscal 2025, evaluated important matters at the Kyocera Group or received reports.
- Meetings of the Kyocera Group Sustainability Committee were held 2 times in fiscal 2025. The Committee reported and discussed the overview of sustainability activities and the progress of long-term environmental goals.
- The indirect department supported each affiliated company to work appropriately and effectively.
- Meetings of Audit & Supervisory Board were held 8 times in fiscal 2025. The audit was conducted premeditatedly based on Audit policy and plan resolved in July 2024. In addition, Audit & Supervisory Board Members talk regularly with Representative Directors about whole management. The independence of employees who support accomplishing Audit & Supervisory Board Members' duties is maintained according to basic policy. The annual plan of expenses of Audit & Supervisory Board Members is capitalized according to the audit plan based on the Regulations of the Audit & Supervisory Board.
- The Corporate Global Audit Division reported audit result 13 times to Audit & Supervisory Board Members in fiscal 2025. A report to Audit & Supervisory Board Members was carried out appropriately because information needed by Audit & Supervisory Board Members is offered according to a request of the report about business execution from Audit & Supervisory Board Members.
- Through the Kyocera whistleblower system (to the Audit & Supervisory Board), the personal information of the reporter is handled as a confidential matter and disadvantageous treatment to persons who made the report is not considered.

[Consolidated Financial Statements]

Consolidated Statement of Changes in Equity (April 1, 2024 to March 31, 2025)

(Yen in millions)

	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 ………………………			(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 …………		(5)				(5)	(2,312)	(2,317)
Transfer to retained earnings ………			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

Notes to Consolidated Financial Statements

1. Basis of Preparation of Consolidated Financial Statements

(1) Standards for preparation of consolidated financial statements

The consolidated financial statements are prepared in accordance with IFRS pursuant to the provisions of paragraph 1 of Article 120 of the Regulations on Corporate Accounting of Japan. Certain disclosure and footnotes required under IFRS are omitted pursuant to the provisions of paragraph 1 of Article 120.

(2) Scope of consolidation

Number of consolidated subsidiaries: 279

Major consolidated subsidiaries: Kyocera Document Solutions Inc. and Kyocera AVX Components Corporation

(3) Scope of application of the equity method

Number of associates accounted for using the equity method: 9

Major associate accounted for using the equity method: Kagoshima Mega Solar Power Corporation

(4) Changes in scope of consolidation

Consolidated subsidiaries: Number of increase: 3

Number of decrease: 7

(5) Changes in scope of application of the equity method

Not Applicable.

(6) Matters related to accounting policies

a. 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.

b. Valuation standard and method of 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 additional costs of completion and estimated costs necessary to make the sale.

c. Depreciation method for 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 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.

d. Goodwill and intangible assets

(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.

(Intangible assets)

Intangible assets are measured by using the cost model and intangible assets with definite 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 definite useful lives are amortized using the straight-line method over their useful lives.

The useful lives and amortization method for intangible assets with definite 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 definite useful lives are tested for impairment when there is an indication that may be impaired.

Intangible assets with indefinite useful life 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 may be impaired, or situation is changed.

e. Lease

(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 has 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.

(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.

f. 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 to sell, 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.

g. Valuation standard and method of 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.

(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.

Neither financial assets are designated as measured 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 expired or have been transferred and 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.

(Non-derivative financial liabilities)

Non-derivative financial liabilities are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost at initial recognition.

Non-derivative financial liabilities are classified as financial liabilities at fair value through profit or loss when the entire hybrid contract, including one or more embedded derivatives, is designated as a financial liability at fair value through profit or loss. Subsequent to initial recognition, liabilities at fair value through profit or loss are measured at fair value and gains or losses arising from changes in fair value and interest costs are recognized in profit or loss.

Any changes in fair value of these financial liabilities that are attributable to a change in own credit risk of the liabilities are included in other components of equity.

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.

(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.

This process includes linking all derivatives designated as cash flow hedges to specific assets and liabilities on the financial position or 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 fair values or 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.

h. 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.

i. Employee benefit

(Post-employment benefits)

Kyocera primarily adopts 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.

(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.

j. Basis of accounting for provision

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.

k. Basis of 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” 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 semiconductors, 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 Components, Optical Components
Semiconductor Components Unit	Ceramic Packages, Organic Packages and Boards
Others	Medical Devices, Jewelry & Applied Ceramic Related Products
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, Energy Solutions, Displays, Printing Devices

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.

(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.

(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.

(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.

(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.

(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.

(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.

2. Notes to Revenue Recognition

(1) Revenue breakdown

Sales revenue of each reporting segment is as follows:

(Yen in millions)

Core Components Business	567,117
Industrial & Automotive Components Unit	233,055
Semiconductor Components Unit	300,765
Others	33,297
Electronic Components Business	354,646
Solutions Business	1,111,008
Industrial Tools Unit	305,876
Document Solutions Unit	479,964
Communications Unit	225,497
Others	99,671
Others	17,114
Adjustment and eliminations	(35,431)
Total	2,014,454

(2) Underlying information for understanding revenue

The details are described in "(6) Matters related to accounting policies" "k. Basis of revenue recognition" under "1. Basis of Preparation of Consolidated Financial Statements."

3. Notes to Changes in Presentation

(Consolidated Statement of Financial Position)

"Income tax receivables," which was included in "Trade and other receivables" for fiscal 2024 is presented separately from fiscal 2025 due to its increased materiality.

4. Notes on Accounting Estimates

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. Actual results in the future may differ from those estimates and assumptions.
The estimates and underlying assumptions are continuously reviewed. The impact of the revision 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 that affect the amounts recognized in Kyocera's consolidated financial statements are as follows:

(1) 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.

The breakdown of the inventories as of March 31, 2025 is as follows:

(Yen in millions)

Finished goods and merchandise	223,613
Work in process	130,707
Raw materials and supplies	167,493

(2) Useful lives of property, plant and equipment and intangible assets
Property, plant and equipment are depreciated using the straight-line method over their 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, 2026.
The breakdown is described in "(1) The breakdown of property, plant and equipment" and "(3) The breakdown of goodwill and intangible assets" under "5. Notes to Consolidated Statement of Financial Position."

(3) Impairment of property, plant and 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.
The breakdown is described in "(1) The breakdown of property, plant and equipment" and "(3) The breakdown of goodwill and intangible assets" under "5. Notes to Consolidated Statement of Financial Position."

(4) 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.
The breakdown is described in "(4) Allowances for doubtful accounts related to assets" under "5. Notes to Consolidated Statement of Financial Position."

(5) 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 the result of fluctuations 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.
The breakdown is described in "(2) Fair value of financial instruments" under "7. Notes to Financial Instruments."

(6) 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 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.

The deferred tax assets and deferred tax liabilities as of March 31, 2025 are as follows:

(Yen in millions)

Deferred tax assets	43,870
Deferred tax liabilities	468,781

(7) 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 and makes adjustments based on current market conditions, if necessary.

If Kyocera is required to decrease its assumptions of the discount rate because of a decline in interest rates resulting from stagnation of Japanese and global economies, defined benefit obligations and the related service costs and others will be increased.

The amounts recognized in the consolidated statement of financial position for defined benefit plans as of March 31, 2025 are as follows:

(Yen in millions)

Other non-current assets	90,950
Retirement benefit liabilities	8,771

(8) 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.

(Provisions)

The breakdown of the provision as of March 31, 2025 is as follows:

(Yen in millions)

Provision for product warranties	7,667
Provision for litigation losses	3,400
Provision for environmental losses	4,572
Provision for asset retirement obligations	7,314
Other provisions	2,396

(Contingencies)

The breakdown is described in "(6) Assets pledged as collateral" under "5. Notes to Consolidated Statement of Financial Position."

(9) Revenue recognition

As described in "(6) Matters related to accounting policies" "k. Basis of revenue recognition" under "1. Basis of Preparation of Consolidated Financial Statements."

5. Notes to Consolidated Statement of Financial Position

(1) The breakdown of property, plant and equipment

(Yen in millions)

Land	60,826
Buildings and structures	621,833
Machinery and equipment	1,303,221
Construction in progress	98,534
Accumulated depreciation and accumulated impairment losses	(1,432,465)

(2) The breakdown of right-of-use assets

(Yen in millions)

Right-of-use assets	142,072
Accumulated depreciation and accumulated impairment losses	(60,279)

(3) The breakdown of goodwill and intangible assets

(Yen in millions)

Goodwill	332,083
Customer relationships	119,755
Non-patent technology	50,053
Software	78,569
Patent rights	24,924
Others	45,756
Accumulated amortization and accumulated impairment losses	(226,851)

(4) Allowances for doubtful accounts related to assets

(Yen in millions)

Current assets	3,142
Non-current assets	2,499

(5) Other components of equity

(Yen in millions)

Financial assets measured at fair value through other comprehensive income	954,543
Net changes in fair value of cash flow hedge	27
Exchange differences on translating foreign operations	229,222

(6) Assets pledged as collateral

(Yen in millions)

Equity and debt instruments	287,282
Investments accounted for using the equity method	2,469
Property, plant and equipment	1,908

(Notes)

1. “Equity and debt instruments” is pledged as collateral for “Borrowings” in non-current liabilities in the total amount of 180,000 million yen. In addition to these borrowings, the equity and debt instruments are pledged as collateral for overdraft facilities (balance of unexecuted loans) of 70,000 million yen with financial institutions.
2. “Investments accounted for using the equity method” is pledged as collateral for the loan for business fund of associate accounted for using the equity method in the total amount of 6,717 million yen.
3. “Property, plant and equipment” is pledged as collateral for “Other current liabilities” in the total amount of 1,069 million yen.

6. Notes to Consolidated Statement of Changes in Equity

(1) Total number of shares issued (Share in thousands)

Class of shares	As of March 31, 2024	Increase	Decrease	As of March 31, 2025
Common stock	1,510,474	—	—	1,510,474

(2) Treasury stock (Share in thousands)

Class of shares	As of March 31, 2024	Increase	Decrease	As of March 31, 2025
Common stock	101,831	2	(107)	101,726

(3) Appropriation of surplus

a. Dividends paid

Resolution	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date
The Ordinary General Meeting of Shareholders held on June 25, 2024	Common stock	35,216	25	March 31, 2024	June 26, 2024
The Board of Directors Meeting held on October 30, 2024	Common stock	35,219	25	September 30, 2024	December 5, 2024

b. Dividends for which the record date fall in the year ended March 31, 2025 with an effective date in the year ending March 31, 2026

Scheduled Resolution	Class of shares	Source of dividends	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date
The Ordinary General Meeting of Shareholders to be held on June 26, 2025	Common stock	Retained earnings	35,219	25	March 31, 2025	June 27, 2025

7. Notes to Financial Instruments

(1) Note to financial instruments

Kyocera refrains from making any speculative transactions and always maintains a high level of capital liquidity to ensure the utmost stability in its fund management. Operating receivables such as notes receivable and accounts receivable are exposed to customer credit risk. Kyocera seeks to reduce this risk in accordance with its credit management policies. Kyocera is exposed to market risk, including rate of exchange and interest rates. In order to hedge against these risks, Kyocera uses derivative financial instruments. Kyocera does not hold or issue derivative financial instruments for trading purposes. Kyocera mainly enters into foreign currency forward contracts and interest rate swaps. Kyocera regularly assesses these market risks based on policies and procedures established to protect against the adverse effects of these risks and other potential exposures, primarily by reference to the market value of financial instruments.

Kyocera holds equity and debt instruments. The majority of these investments consists of shares of KDDI Corporation ("KDDI"), which had a fair value of 1,581,318 million yen as of March 31, 2025.

(2) Fair value 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 three levels based on the observability and significance of the inputs used in the measurement, as follows.

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, fair value and change of financial instruments measured at amortized cost are as follows:

(Yen in millions)

	Carrying amount	Fair value	Change
Assets:			
Debt instruments	1,034	1,034	—
Other financial assets	77,232	77,232	—
Total	78,266	78,266	—
Liabilities:			
Borrowings	246,963	241,988	(4,975)
Total	246,963	241,988	(4,975)

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.

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)

	Level 1	Level 2	Level 3	Total
Assets:				
Equity and debt instruments				
Financial assets measured at fair value through other comprehensive income	1,622,231	8,830	61,720	1,692,781
Financial assets measured at fair value through profit or loss	—	—	10,893	10,893
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

c. 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 and 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 and classified as Level 2 are mainly corporate bonds, and are measured based on prices and other information provided by counterpart financial institutions. Additionally, other financial assets and other financial liabilities are derivatives, and 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 and classified as Level 3 are mainly unlisted stocks, and are measured using valuation techniques such as the discounted cash flow method. Financial assets measured at fair value through profit or loss are mainly investments in investment partnerships and are measured based on the fair value of the partnership assets provided by the respective investment partnerships and applying the proportionate share corresponding to Kyocera’s ownership interest.

8. Note to Per Share Information

(1) Equity per share attributable to owners of the parent (yen) 2,284.15

(2) Basic earnings per share attributable to owners of the parent (yen) 17.11

(Note) Diluted earnings per share attributable to owners of the parent for the year ended March 31, 2025 is not described, as there is no potential share.

9. Note to Significant Subsequent Event

(1) Purchase of Treasury Stock

Kyocera has resolved, at a meeting of its Board of Directors held on May 14, 2025, to purchase treasury stock pursuant to Article 156, as applied through Paragraph 3 of Article 165, of the Companies Act of Japan.

a. Reason for the Purchase of Treasury Stock

This purchase of treasury stock is a part of its shareholder return initiatives and is to facilitate flexible capital strategies in the future.

b. Details of Matters relating to the Purchase

Type of shares to be purchased	Common stock
Total number of shares to be purchased	Up to 136,240,000 shares (9.67% of the total number of shares outstanding, excluding treasury stock)
Total amount of purchase price	Up to 200.0 billion yen
Purchase period	From May 15, 2025 to March 24, 2026
Methods of purchase	Purchases through market on the Tokyo Stock Exchange

(2) Sale of Equity Instruments

Kyocera decided to tender a part of the common stock of KDDI held by Kyocera in the tender offer for treasury stock approved by the Board of Directors of KDDI on May 14, 2025 (the "Tender Offer"). As a result of the sale of KDDI's shares through the Tender Offer, Kyocera expects to record the gain as other comprehensive income in the year ending March 31, 2026.

a. Reason for Tendering Shares in the Tender Offer

This tendering of shares 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. Outline of Tendering Shares in the Tender Offer

Number of shares to be tendered	108,365,800 shares of common stock
Tender offer price	2,307 yen per share
Total amount to be sold	249,999,900,600 yen

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 to be tendered in the Tender Offer	108,365,800 shares (Shareholding Ratio: 2.72%)
Number of shares held after the Tender Offer	561,826,200 shares (Shareholding Ratio: 14.12%)

d. Schedule of the Tender Offer

Date of public notice regarding the commencement of Tender Offer	May 15, 2025
Tender Offer period	From May 15, 2025 to June 11, 2025
Planned settlement start date	July 3, 2025

10. Other Notes

(1) Recording of a loss for impairment in the Organic Packages and Boards Business
Kyocera recognized an impairment loss of 40,148 million yen on property, plant and equipment and intangible assets related to the Organic Packages and Boards Business included in the Core Components Business, as the recoverable amount of these assets fell below their carrying amount. The impairment loss is included in “Selling, general and administrative expenses” in the Consolidated Statements of Profit or Loss. The breakdown of the impairment loss is 39,596 million yen for property, plant and equipment and 552 million yen for intangible assets.

(2) Recording of tax expenses resulting from the reversal of deferred tax assets at overseas subsidiaries
Kyocera recognized tax expenses in the amount of 13,611 million yen resulting from the reversal of deferred tax assets at overseas subsidiaries, which are included in “Income tax expenses” in the Consolidated Statements of Profit or Loss.

(3) Adjustment of deferred tax assets and deferred tax liabilities as a result of changes in corporate income tax rates
In Japan, in conjunction with the enactment of the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 13 of 2025) by the National Diet on March 31, 2025, the “Special Defense Surtax on Corporate Income Tax” will be imposed from fiscal 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. As a result of this change, the amount of net deferred tax liabilities (after deducting deferred tax assets) for fiscal 2025 increased by 12,776 million yen, and profit for the period and other comprehensive income decreased by 383 million yen and 12,393 million yen, respectively.

Financial Statements

Balance Sheet

	(Yen in millions)	
	As of March 31,	
Assets	**2024**	**2025**
Current assets:		
Cash and bank deposits	119,085	84,052
Trade notes receivable	910	441
Electronically recorded monetary claims	14,455	11,262
Trade accounts receivable	157,180	157,353
Finished goods and merchandise	53,144	61,846
Work in process	83,030	81,204
Raw materials and supplies	57,163	57,172
Short-term loans	53,739	52,952
Prepaid expenses	1,865	1,879
Others	45,225	47,931
Allowances for doubtful accounts	(243)	(239)
Total current assets	585,553	555,853
Non-current assets:		
Tangible fixed assets:		
Buildings	120,954	143,920
Structures	7,750	11,422
Machinery and equipment	134,854	97,233
Vehicles	240	226
Tools, furniture and fixtures	30,342	27,817
Land	41,914	45,703
Leased assets	742	798
Construction in progress	35,649	29,413
Total tangible fixed assets	372,445	356,532
Intangible assets:		
Software	9,029	10,644
Leased assets	4	2
Industrial property rights	1,968	1,026
Customer relationships	667	562
Others	3,896	5,368
Total intangible assets	15,564	17,602
Investments and other assets:		
Long-term investments in debt and equity securities	1,610,762	1,661,193
Investments in equity securities of subsidiaries and affiliates	510,520	516,049
Investments in capital of subsidiaries and affiliates other than equity securities	83,713	89,750
Long-term loans	63,401	39,480
Others	32,023	36,084
Allowances for doubtful accounts	(379)	(388)
Total investments and other assets	2,300,040	2,342,168
Total non-current assets	2,688,049	2,716,302
Total assets	3,273,602	3,272,155

(Note) The balance sheet as of March 31, 2024 and the statement of income for the year ended March 31, 2024 are presented solely for reference.

Liabilities	(Yen in millions) As of March 31, 2024	2025
Current liabilities:		
Electronically recorded obligations	17,727	13,754
Trade accounts payable	63,998	64,957
Short-term borrowings	34,746	34,520
Lease obligations	277	332
Other payables	55,124	45,150
Accrued expenses	24,021	21,346
Income taxes payable	2,869	848
Contract liabilities	1,371	1,213
Deposits received	7,860	6,030
Accrued bonuses	22,856	23,946
Accrued bonuses for directors	202	48
Product warranty reserves	370	1,999
Provision for damages	2,608	3,200
Others	4,310	1,625
Total current liabilities	238,339	218,968
Non-current liabilities:		
Long-term borrowings	180,000	180,000
Lease obligations	573	585
Deferred tax liabilities	409,618	428,870
Product warranty reserves	819	3,082
Others	4,420	4,690
Total non-current liabilities	595,430	617,227
Total liabilities	833,769	836,195
Net assets		
Shareholders' equity:		
Common stock	115,703	115,703
Capital surplus:		
Additional paid-in capital	192,555	192,555
Other capital surplus	1,827	1,875
Total capital surplus	194,382	194,430
Retained earnings:		
Legal reserves	17,207	17,207
Other retained earnings	1,195,825	1,169,574
Reserve for promoting open innovation	25	25
General reserve	1,101,137	1,122,137
Unappropriated retained earnings	94,663	47,412
Total retained earnings	1,213,032	1,186,781
Treasury stock	(143,141)	(142,994)
Total shareholders' equity	1,379,976	1,353,920
Valuation and translation adjustment:		
Valuation difference on available-for-sale securities	1,059,857	1,082,040
Total net assets	2,439,833	2,435,960
Total liabilities and net assets	3,273,602	3,272,155

Statement of Income

	(Yen in millions)	
	For the year ended March 31,	
	2024	2025
Net sales	799,055	802,448
Cost of sales	636,927	643,352
Gross profit	162,128	159,096
Selling, general and administrative expenses	163,399	177,628
Loss from operations	(1,271)	(18,532)
Non-operating income:		
Interest and dividend income	100,334	98,609
Others	6,494	8,299
Total non-operating income	106,828	106,908
Non-operating expenses:		
Interest expense	1,433	1,680
Others	12,921	27,189
Total non-operating expenses	14,354	28,869
Recurring profit	91,203	59,507
Non-recurring gain:		
Gain on sale of tangible fixed assets	541	200
Gain on sale of long-term investments in debt and equity securities	10,906	18,468
Others	2	157
Total non-recurring gain	11,449	18,825
Non-recurring loss:		
Loss on sale and disposal of tangible fixed assets and intangible assets	1,011	426
Loss on impairment of fixed assets	—	40,148
Loss on valuation of investment securities	185	193
Loss on impairment of investments in equity securities of subsidiaries	—	616
Loss on liquidation of subsidiaries and affiliates	—	132
Others	10	1
Total non-recurring loss	1,206	41,516
Income before income taxes	101,446	36,816
Income taxes – current	7,745	1,759
Income taxes – deferred	2,497	(9,127)
Net income	91,204	44,184

[Financial Statements]

Statement of Changes in Net Assets (April 1, 2024 to March 31, 2025)

(Yen in millions)

	Shareholders' equity						
		Capital surplus			Retained earnings		
						Other retained earnings	
	Common stock	Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserves	Reserve for promoting open innovation	General reserve
Balance as of April 1, 2024 ……………	115,703	192,555	1,827	194,382	17,207	25	1,101,137
Changes in net assets							
Provision of general reserve …………							21,000
Dividends ……………………………							
Net income …………………………							
Purchase of treasury stock …………							
Reissuance of treasury stock ………			48	48			
Net change in items other than shareholders' equity …………							
Total changes in net assets ……………	—	—	48	48	—	—	21,000
Balance as of March 31, 2025 …………	115,703	192,555	1,875	194,430	17,207	25	1,122,137

	Shareholders' equity				Valuation and translation adjustment		
	Retained earnings						
	Other retained earnings						
	Unappropriated retained earnings	Total retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustment	Total net assets
Balance as of April 1, 2024 ……………	94,663	1,213,032	(143,141)	1,379,976	1,059,857	1,059,857	2,439,833
Changes in net assets							
Provision of general reserve …………	(21,000)	—		—			—
Dividends ……………………………	(70,435)	(70,435)		(70,435)			(70,435)
Net income …………………………	44,184	44,184		44,184			44,184
Purchase of treasury stock …………			(4)	(4)			(4)
Reissuance of treasury stock ………			151	199			199
Net change in items other than shareholders' equity …………					22,183	22,183	22,183
Total changes in net assets ……………	(47,251)	(26,251)	147	(26,056)	22,183	22,183	(3,873)
Balance as of March 31, 2025 …………	47,412	1,186,781	(142,994)	1,353,920	1,082,040	1,082,040	2,435,960

Notes to Financial Statements

1. Summary of Significant Accounting Policies

(1) Standards and methods of valuation of assets

a. Held-to-maturity securities
Amortized cost method (straight-line method)

b. Investments in subsidiaries and affiliates
Cost determined by the moving average method

c. Other securities
(i) Securities other than shares without quoted market price:
Based on market price as of the balance sheet date (Unrealized gains and losses on such securities are reported in net assets, and the cost of securities sold is determined by the moving average method.)

(ii) Shares without quoted market price:
Cost determined by the moving average method

d. Derivative financial instruments:
Mark-to-market method

e. Inventories:
Valuation standards are based on the cost method (method of devaluation of book value based on decline in profitability).
Finished goods and work in process are valued at retail method.
Merchandise, raw materials and supplies are valued using the first-in, first-out method or the recent purchase method.

(2) Depreciation of non-current assets

a. Tangible fixed assets (except for leased assets)
Straight-line method. The principal useful lives are as follows:

Buildings and structures	2 years – 33 years
Machinery, equipment, tools, furniture, and fixtures	2 years – 10 years

b. Intangible assets (except for leased assets)
Straight-line method. Software for internal use is amortized over the estimated useful life (mainly 5 years).

c. Leased assets
Straight-line method over the lease term

(3) Accounting for allowances and accruals

a. Allowances for doubtful accounts
In order to prepare for losses due to bad debt, an allowance for doubtful accounts is provided based on the historical bad debt ratio for general receivables and on an individual assessment of collectability for specific receivables such as doubtful accounts receivables.

b. Accrued bonuses
In order to prepare for the payment of bonuses to employees, the amount expected to be paid is recorded.

c. Accrued bonuses for directors
In order to prepare for the payment of bonuses to directors, the amount expected to be paid is recorded.

d. Product warranty reserves
In order to prepare for after sales service expenses, etc. expected to be incurred during the warranty period, an estimated amount is provided for certain products that have already been sold, based on past actual expenditures and other factors.

e. Accrued pension and severance costs
In order to prepare for payment of retirement benefits to employees, an amount is recorded based on the expected retirement benefit obligation and plan assets as of the balance sheet date.
Unrecognized prior year service cost is amortized over the estimated average remaining service period of employees using the straight-line method.
Actuarial gains or losses are amortized over the estimated average remaining service period of employees using the straight-line method from the following year in which they are incurred.
At the balance sheet date, the estimated amount of pension assets exceeded the estimated amount of expected retirement benefit obligation, therefore, the amount was included in “Others” under “Investments and other assets” as prepaid pension and severance expenses.

f. Provision for damages
In order to prepare for the payment of damage compensations, the amount expected to be paid is recorded.

(4) Basis for recording revenues and expenses
Basis for recording revenues
Kyocera Corporation’s main revenue sources are sales in markets such as semiconductor, information and communications and automotive-related.

Kyocera Corporation recognizes revenue from contracts with customers, excluding interest and dividend income, 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

Domestic shipment sales are recognized as revenue at the time of shipment because the period from the time of shipment to the time when control of the product in the shipment is transferred to the customer is the normal period of time for such sales.
Export sales are recognized as revenue at the time of transfer of the risk-bearing responsibility for the transportation of goods.
Consignment inventory sales are recognized as revenue upon transfer of ownership as defined by contract.

2. Notes to Significant Accounting Estimates
The accounting estimates made in the preparation of the financial statements for the year ended March 31, 2025 that may have a significant impact on the financial statements for the year ending March 31, 2026 are as follows.

(1) Impairment of fixed assets
a. Indication of impairment assessment
In principle, Kyocera Corporation groups assets based on its business.
In the year ended March 31, 2025, Kyocera Corporation conducted an assessment to determine whether an impairment loss should be recognized as there were indications of impairment due to the fact that several of its businesses had continuously negative earnings from operating activities.

b. Recognition of impairment assessment
For multiple businesses for which there is an indication of impairment, Kyocera Corporation determines whether an impairment loss should be recognized by comparing the carrying amount of the business with the total undiscounted future cash flows from the business and concluded that, in the Organic Packages and Boards Business, the total undiscounted future cash flows were less than the carrying amount. As a result, an impairment loss on fixed assets in the amount of 40,148 million yen was recorded under “Non-recurring Loss” in the statement of income for the year ended March 31, 2025.
The carrying amounts of fixed assets on the balance sheet as of the end of this fiscal year are as follows.

(Yen in millions)

Account	Amount
Tangible fixed assets	356,532
Intangible assets	17,602

Estimated undiscounted future cash flows are calculated based on future cash flows expected to result from the continued use and post-use disposal of the grouping assets. The estimated period of future cash flows is based on the economic remaining useful life of the major assets. The undiscounted future cash flows are based on business plans approved by management. Growth rates applied to estimate future cash flow projections beyond the period covered by the business plan are calculated taking into account future uncertainties. In addition, the future cash flows generated by the disposal of the asset at the end of its economic remaining useful life are the net selling price at a future point in time. Therefore, the determination of impairment loss recognition is based on key assumptions such as future cash flows and growth rates.

c. Effect on financial statements for the following fiscal year
These key assumptions have been determined based on management's best estimates and judgement. However, they may be affected by uncertain future economic variables, and if assumptions need to be revised, this could have a material impact on the financial statements for the following fiscal years and beyond.

(2) Impairment of securities without quoted market price

a. Amount recorded in the financial statements for the year ended March 31, 2025
Securities without quoted market price are assessed for impairment by calculating their actual value. In the event of a significant decline in real value due to deterioration in the financial position of the issuing company, Kyocera Corporation records an impairment loss unless the probability of recovery is supported by sufficient evidence.
The amounts reported on the balance sheet as of March 31, 2025 are as follows.

(Yen in millions)

Account	Amount
Long-term investments in debt and equity securities	38,542
Investments in equity securities of subsidiaries and affiliates	516,049
Investments in capital of subsidiaries and affiliates other than equity securities	89,750

Loss on valuation of investment securities of 193 million yen and loss on impairment of investments in equity securities of subsidiaries of 616 million yen were recorded under "Non-recurring loss" in the statement of income for the year ended March 31, 2025 as impairments of securities without quoted market price.

b. Key assumptions used to calculate the amounts reported in the financial statements
The real value of securities without quoted market price is calculated by multiplying the net asset value per share calculated based on the net assets of the issuing company by the number of shares held. In addition, if the real value is 50% or less of book value, Kyocera Corporation obtains future business plans as necessary, and examines their reasonable feasibility and recoverability within five years. Accordingly, the assessment of the need for impairment of securities without quoted market price is made based on key assumptions such as future business plans.

c. Effect on financial statements for the following fiscal year
These key assumptions have been determined based on management's best estimates and judgement. However, they may be affected by uncertain future economic variables, and if assumptions need to be revised, this could have a material impact on the financial statements for the following fiscal years and beyond.

3. Notes to Balance Sheet

(1) Assets pledged as collateral and secured liabilities

a. Assets pledged as collateral

(Yen in millions)

Long-term investments in debt and equity securities	287,282
Investments in equity securities of subsidiaries and affiliates	2,125

b. Secured liabilities
Liabilities for which long-term investments in debt and equity securities are pledged as collateral are as follows:

(Yen in millions)

Long-term borrowings	180,000

(Note) In addition to these borrowings, the debt and equity securities are pledged as collateral for overdraft facilities (balance of unexecuted loans) of 70,000 million yen with financial institutions.

Liabilities for which investments in subsidiaries and affiliates are pledged as collateral are as follows:

(Yen in millions)

Loan from financial institutions to Kagoshima Mega Solar Power Corporation	6,717

(Note) All investors of Kagoshima Mega Solar Power Corporation pledge their investments as collateral for this loan.

(2) Accumulated depreciation of tangible fixed assets 781,268 million yen

(3) Guarantee obligations

Keep-well letters and guidance for management:

Keep–well letter requested party	Amount covered (Yen in millions)	Subject of keep-well letter
Kyoto Purple Sanga Co., Ltd.	400	Guidance for repayment of loans from financial institutions

(4) Receivables from subsidiaries and affiliates, and payables to subsidiaries and affiliates

(Yen in millions)

Current receivables	134,681
Long-term receivables	39,727
Current payables	54,191
Long-term payables	25

4. Notes to Statement of Income

Transactions with subsidiaries and affiliates

(Yen in millions)

Net sales	363,227
Purchases	81,234
Selling, general and administrative expenses	36,535
Non-operational transactions	51,747

5. Notes to Statement of Changes in Net Assets

Number and class of treasury stock as of March 31, 2025

Common stock 101,726,205 shares

6. Notes to Revenue Recognition

Basis for understanding for revenues is described in “(4) Basis for recording revenues and expenses” in “1. Summary of Significant Accounting Policies.”

7. Notes to Tax Effect Accounting

The main components of the deferred tax assets and deferred tax liabilities

Deferred tax assets

(Yen in millions)

Excess of depreciation and amortization limit	26,648
Accrued bonuses	7,184
Write-down of inventories	6,805
Loss on impairment of investments in subsidiaries and affiliates	6,676
Other payables and accrued expenses	4,303
Adjustment to book value of investments in subsidiaries and affiliates	3,414
Product warranty reserves	2,515
Deferred assets	2,100
Temporary and prepaid payment	1,332
Others	8,570
Subtotal deferred tax assets	69,547
Valuation allowances for the total of deductible temporary difference	(7,802)
Total deferred tax assets	61,745

Deferred tax liabilities

(Yen in millions)

Net unrealized gain on other securities	(482,604)
Prepaid pension and severance expenses	(6,962)
Gain on revaluation of land	(894)
Others	(155)
Total deferred tax liabilities	(490,615)

Net deferred tax liabilities	(428,870)

(Note) 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, deferred tax assets and deferred tax liabilities relating to temporary differences expected to be resolved in business years beginning on or after April 1, 2026 are calculated using the revised statutory effective tax rate, which has been changed from 30% to 31%. As a result of this change, the amount of net deferred tax liabilities for the current fiscal year (after deducting deferred tax assets) increased by 12,255 million yen, while income taxes– deferred decreased by 956 million yen and net unrealized holding gains on securities decreased by 13,211 million yen, respectively.

8. Notes to Fixed Assets Used under Leases

In addition to the tangible fixed assets on the balance sheet, there are manufacturing equipment and office devices used under lease contracts.

9. Notes to per Share Information

(1)	Net assets per share	1,729.17 yen
(2)	Earnings per share	31.36 yen

10. Notes to Material Subsequent Event

(1) Purchase of Treasury Stock

Kyocera has resolved, at a meeting of its Board of Directors held on May 14, 2025, to purchase treasury stock pursuant to Article 156, as applied through Paragraph 3 of Article 165, of the Companies Act of Japan.

a. Reason for the Purchase of Treasury Stock

This purchase of treasury stock is a part of its shareholder return initiatives and is to facilitate flexible capital strategies in the future.

b. Details of Matters relating to the Purchase

Type of shares to be purchased	Common stock
Total number of shares to be purchased	Up to 136,240,000 shares (9.67% of the total number of shares outstanding, excluding treasury stock)
Total amount of purchase price	Up to 200.0 billion yen
Purchase period	From May 15, 2025 to March 24, 2026
Methods of purchase	Purchases through market on the Tokyo Stock Exchange

(2) Sale of Investments in Equity Securities

Kyocera decided to tender a part of the common stock of KDDI held by Kyocera in the tender offer for treasury stock approved by the Board of Directors of KDDI on May 14, 2025 (the "Tender Offer"). As a result of the sale of KDDI's shares through the Tender Offer, Kyocera expects to record the gain on sale of investment securities as extraordinary income in the year ending March 31, 2026.

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. Outline of Tendering Shares in the Tender Offer

Number of shares to be tendered	108,365,800 shares of common stock
Tender offer price	2,307 yen per share
Total amount to be sold	249,999,900,600 yen

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 to be tendered in the Tender Offer	108,365,800 shares (Shareholding Ratio: 2.72%)
Number of shares held after the Tender Offer	561,826,200 shares (Shareholding Ratio: 14.12%)

d. Schedule of the Tender Offer

Date of public notice regarding the commencement of Tender Offer	May 15, 2025
Tender Offer period	From May 15, 2025 to June 11, 2025
Planned settlement start date	July 3, 2025