

An abstract geometric background on the left side of the page, composed of many overlapping triangles in various shades of red, orange, yellow, and blue. A large, light-colored number '4' is prominently displayed in the upper left quadrant of this background.

4

The value we create

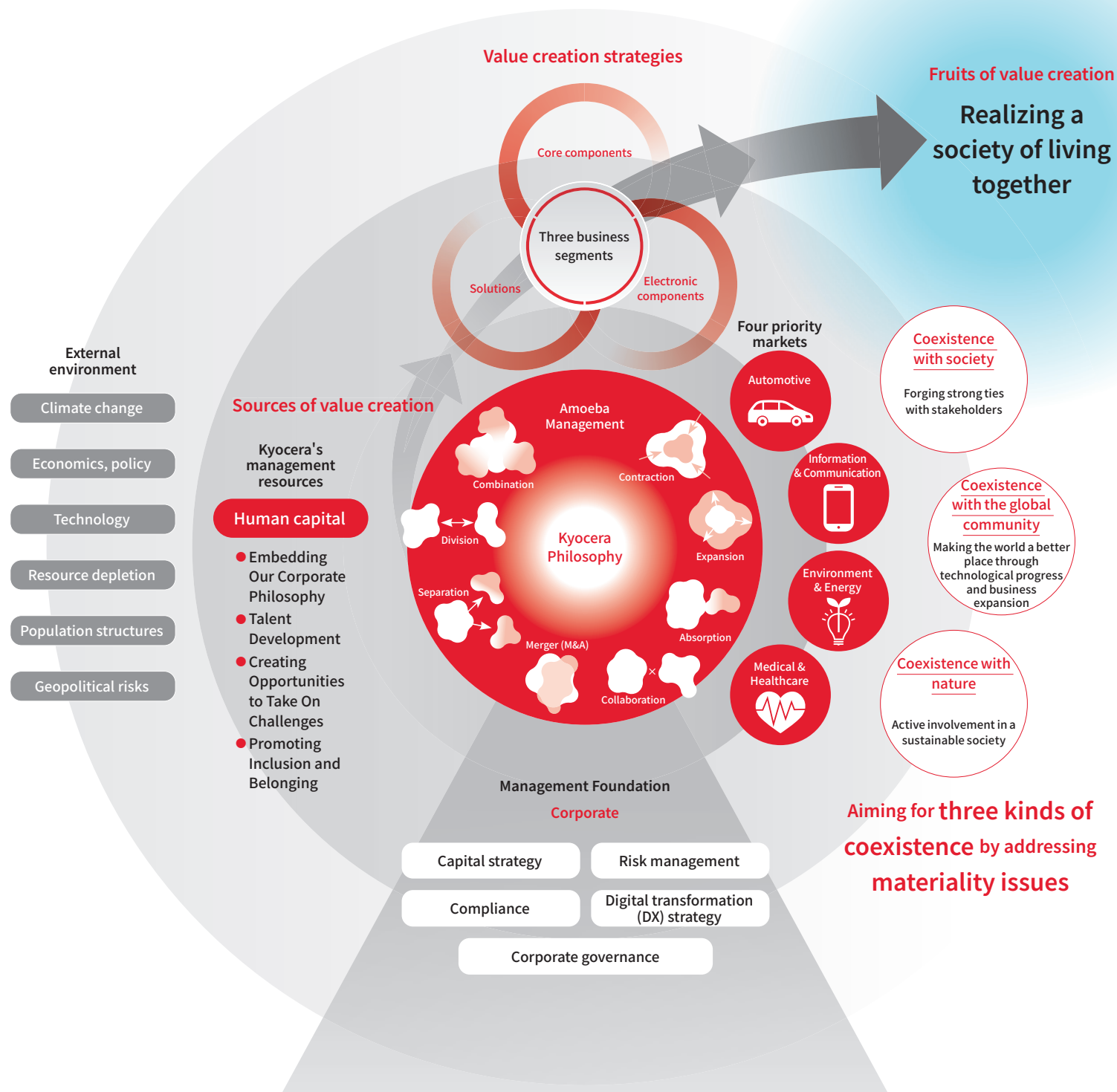
1.Value creation stories	P.20
2.About materiality	P.21
3.Message from the Senior Executive Vice President of Headquarters	P.24

4-1

The value we create

Value creation stories

Kyocera's Value Creation is grounded in the **Kyocera Philosophy** and the **Amoeba Management** system based on it. We have continually created new value through our most important management resource of human capital—that is, each and every one of our employees—adapting to changing environments by acting based on a manager's consciousness and right thinking. Even in today's increasingly uncertain world, we will blaze a path to a sustainable future through coexistence among society, the global community, and nature, as our three business segments and the corporate group collaborate toward solutions to society's challenges.



4-2

The value we create About materiality

We recognize the essential need to accurately identify and prioritize the materiality issues that we face, while responding appropriately to social and environmental changes, in order to create value continuously while fulfilling our corporate social responsibility based on the Management Rationale “To provide opportunities for the material and intellectual growth of all our employees, and through our joint efforts, contribute to the advancement of society and humankind.”

The Kyocera Group will strive toward solutions to the materiality issues identified based on their social and economic importance in light of social conditions, global trends, external environmental changes, and stakeholder dialogue.

Materiality identification process

Materiality issues are identified in light of contemporary social topics along three axes of living together

The Kyocera Group's business activities are based on the concept of "living together" (coexistence). Materiality issues have been identified along the following three policy axes reflecting this concept of living together in the light of contemporary social topics.

- **Coexistence with society**
Forging strong ties with stakeholders
- **Coexistence with the global community**
Making the world a better place through technological progress and business expansion
- **Coexistence with nature**
Active involvement in a sustainable society

Under this policy, we employed the Corporate Sustainability Reporting Directive (CSRD) methodology of double-materiality assessment to evaluate impacts on society and the Kyocera Group. We identified materiality issues to address from the two perspectives of how Kyocera Group businesses impact society and the financial risks and opportunities arising from our corresponding business activities.

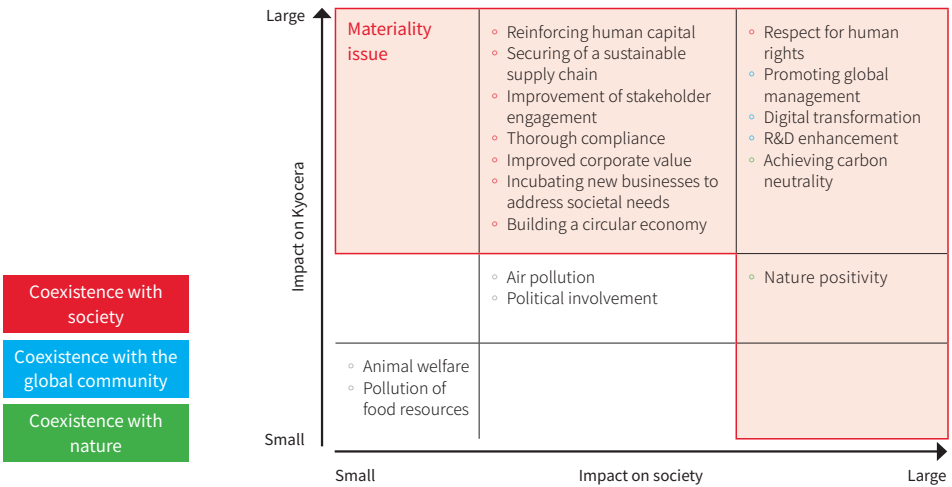
● Materiality identification process

The Kyocera Group identifies issues to stakeholders and management by reviewing the external environment, including social conditions and global trends, and exchanging opinions within the Group regarding their importance and priorities. Then, materiality topics are identified through deliberation by the Sustainability Committee and semiannual International Management Meetings, which are attended by the leaders of our global operations, and reported to the Board of Directors.



● Materiality matrix

Materiality issues identified through the above process are plotted in the following matrix along the two axes of their impacts on Kyocera and on society. Topics with significant impacts are identified as materiality issues, and these are categorized by coexistence with our society, coexistence with our global community, and coexistence with nature.



- Coexistence with society
- Coexistence with the global community
- Coexistence with nature

About materiality

Materiality issues toward Kyocera's vision of a society of harmonious coexistence

	Goals	Materiality issue	Measures and KPIs	Progress through FY2025
Coexistence with society	Harmony with humanity and society	Reinforcing human capital	<ul style="list-style-type: none"> ● Sharing Kyocera Philosophy and expanding educational opportunities ● Reskilling to take on new challenges and changes ● Enhancing support for activities of diverse human resources 	[Numbers of trainees] Introductory education for young and mid-career employees: 2,404 Leader education: 14,396 Technical training: 3,010 Education for core personnel overseas (Global Philosophy Seminars: held at five facilities): 349 Global education: 194
		Respect for human rights	<ul style="list-style-type: none"> ● Building structures for respecting human rights at Group companies ● 0% high-risk transactions on human-rights/labor topics in supply-chain surveys 	Human-rights due diligence 0% high-risk transactions on human-rights/labor topics
		Securing of a sustainable supply chain	<ul style="list-style-type: none"> ● 0% high-risk transactions on ethical topics in supply-chain surveys 	0% high-risk transactions on ethical topics
		Improvement of stakeholder engagement	<ul style="list-style-type: none"> ● Continual communication with stakeholders and strengthening relations of trust 	[Employees] Percentage responding to Workplace Vitality assessment surveys: 95.6% (subjects: 30,022 persons) Round-table discussions and Q&A with top management: 2 times [Shareholders, investors] Financial results briefings for institutional investors: 4 briefings, approx. 440 persons One-on-one meetings: approx. 350 times Company information sessions with individual investors: 1 session, approx. 590 persons [Business associates] Seminars and social gatherings with partners: 232 companies, 272 persons [Local communities] Participants in off-site classes on environment and energy: 1,700 persons Participants in sustainability briefings: 112 persons Students signed up for Fushimi Ward Kodomo Kyoiku Shokudo after-school meals: approx. 700 Meals served: approx. 16,000
		Thorough compliance	<ul style="list-style-type: none"> ● Building an anti-corruption system ● Building an integrated Groupwide system for anti-trust compliance 	Adoption of in-house anti-corruption rules by Group companies Number completing anti-corruption training: 7,991 persons (FY2025, Kyocera nonconsolidated) Preparation of a global antitrust manual and adoption of antitrust rules Number completing antitrust training: 7,874 persons (FY2024, Kyocera nonconsolidated)

About materiality

Materiality issues toward Kyocera's vision of a society of harmonious coexistence

Coexistence with the global community	Contributions to globalized society and economies	Improved corporate value	<ul style="list-style-type: none"> Establishment of the Strategic Business Transformation Project Business portfolio reforms focused on profitability 	—
		Digital transformation	<ul style="list-style-type: none"> Digital manufacturing reforms Digital business reforms Establishment of IT governance 	Advancing systems related to manufacturing, through means such as adoption of product lifecycle management (PLM) and deployment of a common production management system Promoting business reforms through sales-process improvement and standardization using customer relationship management (CRM) Preparing to survey Group companies toward establishment of IT governance in FY2026
		Promoting global management	<ul style="list-style-type: none"> Promoting Global Philosophy education Reinforcing Group corporate governance Promoting risk-management processes 	Beginning study of management system integration Identifying and addressing corporate risks in the Risk Management Committee
		R&D enhancement	<ul style="list-style-type: none"> Concentrating resources on core domains Use of corporate venture capital 	Year ended March 2025: 116.1 billion yen in R&D expenses (up 11.3% YoY)
		Incubating new businesses to address societal needs	<ul style="list-style-type: none"> New business creation (five themes) 	Introduction of textile inkjet printers and Kyocera Robotics Service
Coexistence with nature	For a beautiful planet for the future	Achieving carbon neutrality	<ul style="list-style-type: none"> Scopes 1, 2: 46% reduction by FY2031 (vs. FY2020) (1.5° C level) Scopes 1, 2, 3: 46% reduction by FY2031 (vs. FY2020) (1.5° C level) Renewable energy adoption: 20-fold increase by FY2031 (vs. FY2014) *New target set after previous target reached Carbon neutrality by FY2051 60% of energy from renewables in FY2031 	Scopes 1, 2: 14% reduction Scopes 1, 2, 3: 26% reduction Renewable energy adoption: 21.5-fold increase (long-term environmental target of 20-fold increase achieved)
		Building a circular economy	<ul style="list-style-type: none"> PCR material reused for multifunction product (MFP) and printer enclosures and toner containers: 5% or more 100% recycling of PET wastes (discontinuing thermal recycling) PET film and ceramic raw materials loss minimization 	Recycled material content: 8.9% in 2024 Launching technology survey Launching study of recycling in cooperation with other industries
		Nature positivity	<ul style="list-style-type: none"> Creating new businesses able to contribute to biodiversity 	Efforts to develop plant cultivation and breeding technologies using light wavelength control technologies

4-3

The value we create

Message from the Senior Executive Vice President of Headquarters

Through its role of making strategic decisions from a Group-wide perspective across multiple businesses and building appropriate systems to address any issues, Kyocera's Corporate Functions support management team, with specialized insights from and a bird's-eye view across a wide range of domains, including finance, human capital, intellectual property, risk management, and sustainability. Guided by the Kyocera Philosophy and its central principle to “Do what is right as a human being,” we are building a strong foundation to support our value-creation narrative and realize a society of harmonious coexistence by making decisions based on overall optimization, even when diverse interests intersect.



Hiroaki Chida

Director, Managing Executive Officer, CFO
Senior Executive Vice President of Headquarters

Implementing corporate transformation with value only Kyocera can create

Bringing out the potential of the Kyocera Group's managerial resources to the fullest

Structural reforms to increase corporate value

Efforts reflecting an awareness that what we do this year will decide the next decade

● Link structural reforms to value creation

Today, Kyocera is in the midst of unprecedented structural reforms. Considering the year ending March 2026 to be a pivotal year to execute structural reforms in both business and capital strategies, we have launched the Strategic Business Transformation Project aimed at increasing corporate value. The Corporate Functions are resolved to lead the Kyocera Group toward a new future through decisive reforms to rebuild our management foundation with addressing materiality issues at the center. With a sense of urgency that comes from recognizing that what we implement during this first year of reforms will decide our direction for the next decade, we will evolve corporate functions to realize a consistent value-creation narrative based on the perspective of overall optimization.

● A new version of Amoeba Management with the addition of capital efficiency improvement

As we have practiced Amoeba Management over the years, the Kyocera Group's culture is rooted in the profit/loss statement. A source of our competitive strength is the management of profitability in small organizational units. This has supported swift, autonomous decision-making in the workplace. At the same time, as our business has grown in scale, it has become increasingly necessary to ascertain the validity of large-scale investments and M&A. This is why the Group is advancing reforms to shift toward management decisions based not only on the profit/loss statement, but also on capital efficiency. While maintaining the strengths of the

Amoeba Management, with clear financial discipline, we will simultaneously pursue management from a companywide perspective to strengthen our ability to generate free cash flow and build systems for strict assessment of returns on investment through KPIs such as return on equity (ROE) and return on invested capital (ROIC). Through these means, we will aim to maximize value creation while allocating limited capital strategically.

Reinforcing management foundations based on human capital

Supporting profitability improvements through human capital reinforcements and reorganization

● Maximizing the value of human capital, our most important resource

Surely, throughout the years, the starting point of the Kyocera Group's value-creation narrative is our human capital. The materiality issues include “reinforcing human capital” as a priority issue in coexistence with society. The Corporate Functions lead efforts to achieve this aim.

Through the Strategic Business Transformation Project, we are moving forward with efforts to identify the potential profitability and future potential of every business segment and product line and make core businesses clear, while developing plans for reallocation of human resources to core businesses for which there is growth potential. The Corporate Functions need to take the lead in executing these allocation plans and building systems for strategically adjusting staffing, including hiring.

● Optimization of back-office sections across the organization

While promoting structural reforms that include business portfolio revisions, we also recognize the pressing need to reduce associated back-office expenses. In the year ended March 2025, the Shiga Higashiomi Plant and the Yokohama Office each consolidated their sites and integrated back-office functions. We will continue to accelerate concentration and consolidation of operations at each facility to optimize back-office divisions from the perspective of overall optimization.

We will also increase both efficiency and added value by actively using digital transformation (DX) and enterprise resource planning (ERP) systems, the latter of which is under consideration for company-wide adoption, to revise business operations by identifying which tasks should be discontinued and which should be strengthened.

● Further promoting understanding of the Kyocera Philosophy

We will further promote understanding of the Kyocera Philosophy, the basis for every employee's perspective and action, as the foundation for reinforcing human capital. As changing generations mean changing work styles, it seems that some of the words of our founder are becoming difficult to understand for younger generations. In response, we are promoting revisions to the Philosophy awareness-raising programs for individual generations.

Moving forward, we plan to increase the number of site visits by management, both in Japan and around the world. We will aim to promote reforms through fostering understanding and organizational unity by deepening dialogue with employees on subjects such as Kyocera's direction for the future.

Message from the Senior Executive Vice President of Headquarters

Toward the evolution of corporate functions

Moving away from a “brake” role to support business strategy with upstream processes

● Capital-efficiency perspectives in R&D investment

To achieve harmonious coexistence with the global community through contributions to a globalized society and economies, we invest more than 100 billion yen a year in R&D expenses. This is an important corporate strength, but not all themes would lead to future business earnings. We will proceed with selection and concentration of domains that promise to be more effective by carefully ascertaining return on investment from the planning stage, considering the kind of return we can expect, how long it will take to recover investment, and how it will contribute to corporate value.

● Securing competitive advantage through IP strategy

We are striving to enhance our IP strategy to contribute to the global community through technological progress and business growth. Our legal and intellectual property (IP) sections use AI for more efficient patent application and registration processes, translation, and analysis of patent data. They are also enhancing cooperation with business divisions to promote efforts to protect and utilize our technologies and competitive advantages as IP.

● Feed-forward support structure

We aim to evolve from a traditional support structure that plays a “brake” role, centered on checking after the fact, to one that plays a feed-forward role by proposing proactive measures through involvement in the initial stages of planning and decision-making. In addition to a financial perspective, which is a strength of the Corporate Functions, we will strengthen initiatives to provide proactive support for each business division through means such as advising on IP and sustainable management.

Promotion of sustainable management

Solidifying the grounding for reforms through strengthening our ability to respond to the environment and risks

● Efforts to increase social value

We consider the achievement of carbon neutrality and building a circular economy to be particularly important management topics for achieving harmonious coexistence with nature. Today, we are promoting environmental initiatives in conjunction with business activities through the coordination of Groupwide efforts toward the medium-term targets of reducing Scope 1 and 2 emissions by 46% and using 60% renewable energy by FY2030.

We are also enhancing the Groupwide governance structures on topics related to coexistence with society, including respect for human rights and ensuring a sustainable supply chain.

● Reinforcing corporate governance globally

To respond swiftly and flexibly to risks and compliance issues in global business, we are migrating to a structure of autonomous management reflecting the actual circumstances in each country and region. As part of these efforts, we have established regional coordination companies to strengthen local decision-making and clarify responsibilities as we build a system for cross-functional oversight of overseas affiliates. To be able to ascertain the roots of improprieties and operational bottlenecks at an early stage by emphasizing an approach of stopping risks before they take shape instead of waiting to respond to problems once they occur, we are strengthening systems for gathering information from the field and responding across the organization through collaboration with specialized sections such as those in finance, legal/IP, and HR domains.

Financial strategy to support continuous growth

Promoting further optimization of the capital structure while maintaining our strength of financial stability

● Reduction of cross-shareholdings and strategic capital allocation

As one thorough revision to capital strategies, we are promoting the reduction of cross-shareholdings (targeting a level of less than 20% of net assets). Funds earned from the sale of cross-shareholdings will be used to optimize the capital structure and increase corporate value by using them to invest in growth for higher profitability and to provide returns to shareholders. Through these initiatives, we will aim to achieve the current management team's responsibility to ensure results in a short time frame while focusing on the speed of execution.

In the year ending March 2026, we plan to spend approximately 180 billion yen on capital expenditure and approximately 120 billion yen on R&D expenses, while also paying dividends of approximately 70 billion yen and repurchasing up to 200 billion yen in shares of our stock—all funded by cash flow from operating activities and proceeds from the sale of cross-shareholdings. Even in such a time of structural reforms, our policy is to maintain a high level of shareholder returns through means such as planned share repurchases (including repurchase of up to 200 billion yen in shares in the year ending March 2026 as well as repurchase of an additional 200 billion yen in our shares over the three years from the year ending March 2027) and stable dividends. Through capital allocation with consideration for balancing capital between business growth and shareholder returns, we plan to improve ROE continually.

Capital allocation in the year ending March 2026
(As announced in May 2025)

Cash inflow	Expenditures
Cash flow from operating activities (before deducting R&D expenses) Approx. 320 billion yen	Capital expenditures Approx. 180 billion yen
	R&D expenses Approx. 120 billion yen
	Dividends Approx. 70 billion yen
Proceeds from the sale of cross-shareholdings Approx. 250 billion yen	Share repurchases Up to 200 billion yen

Conclusion

As we strive to achieve our value creation narrative, the Corporate Functions are tasked with studying optimal business structures across the Group and building the basis for balancing both economic and social value. With a strong commitment to reforming the organization to provide value to all stakeholders, both internal and external, we will build the foundations for sustained corporate growth and achievement of a society of harmonious coexistence.