Greetings

Thank you very much for your patronage and courtesies to the Kyocera Group.

Since its founding in 1959, our Group has expanded its businesses under 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."

Today, changes in the structures of industry and society are taking place more rapidly, on a greater scale than ever, and from a new point of view. While these changes are expected to bring us many business opportunities, as a true global company, we are required to take actions to tackle various social issues.

To communicate to our stakeholders how we will address social issues through our business activities and thereby sustainably fulfill both improvement of our corporate value and contribution to society, we have decided to publish an integrated report starting from this year. By presenting the basic concepts and initiatives for our further growth and development, as well as the multiple potentials such initiatives will bring for society, we expect that our values be shared with all of you, and aim to further enhance our corporate value.

Incidentally, this report was prepared based on the "International Integrated Reporting Framework" proposed by the International Integrated Reporting Council (IIRC) and the "Guidance for Collaborative Value Creation" formulated by the Ministry of Economy, Trade and Industry (METI), in view of the current situation and future business strategies of the Kyocera Group. We hope this report will be helpful to you in understanding our company.
To continue to realize the Management Rationale, we must achieve further growth. At a time when individuality and diversity are essential for products, we cannot expect further growth without taking on challenges in new fields or taking new initiatives that we have never taken before. By drawing out the potential of young human resources and also utilizing external resources, we will achieve every target facing us and then challenge subsequent targets one after another.

The Minatomirai Research Center (Yokohama City), our new research institution, opened in spring 2019. By gathering all our research functions in the Tokyo metropolitan area at this institution, we aim to enhance our software and system R&D capabilities and promote open innovation.

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The history of Kyocera began with the launch of the U-shaped Kelcima, an insulating part for television electron guns, in 1959. Ever since then, Kyocera has succeeded in the development of various products by applying its fine ceramic technologies and is still exploring new markets. Kyocera will continue to create new markets and new businesses by exercising its comprehensive capabilities through pursuit of group synergy and cooperation with external partners.
Contribute to the advancement of society and humankind through practice of the Kyocera Philosophy

The essence of Amoeba Management, a management control method to realize the Kyocera Philosophy, is to quickly respond to trends of the times and changes in market conditions, and flexibly change its organization. As we live in a world of growing uncertainties, we will strive to flexibly respond to environmental changes like amoeba, and continue to deliver leading-edge products and create new values.

We provide leading-edge products and services to the core field in the IOT (Internet of Things) society, an area of a growing interest: Information and Communications Market connecting everyone and everything, Automotive-related Market with rapid ICT adoption, Environment and Energy Market that contribute to global environmental conservation, and Medical and Healthcare Market that support safe and secure life of people.

The Kyocera Group has set these four markets as priority markets and will continue to deliver valuable products and services by leveraging the Group’s comprehensive capabilities to realize a more convenient and sustainable world.

Kyocera Group's Value Creation Model

Contribute to the creation of an environmentally friendly society

Contribute to improvement of Quality of Life (QOL) and the development of medicine

Aim to realize a society where people can feel higher sense of satisfaction

Create a safe, comfortable and environmentally friendly motorized society

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.
Amoeba Management and Value Creation

Pursuing Expansion and Growth through Unique Amoeba Management

The Amoeba Management System is a unique business management method in which the organization is divided into small units and operated using an independent, market-oriented, divisional accounting system. This promotes leadership development, gives all employees management awareness, and facilitates "Management by All" — a method of engaging every employee in the day-to-day operation of the business.

Objectives of Amoeba Management:

<table>
<thead>
<tr>
<th>I Develop leaders with managerial awareness</th>
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<tbody>
<tr>
<td>One employee is given full management responsibility within each amoeba. Individuals in this position develop strong leadership abilities with keen managerial awareness as they operate their amoebas.</td>
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<tr>
<td>• Dynamic Company Culture: employees seek out new challenges</td>
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<td>• Supportive Corporate Culture: employees are focused on achieving goals</td>
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<td>• Responsive Corporate Culture: timely, accurate management decisions</td>
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<tr>
<th>I Establish a market-oriented, divisional accounting system</th>
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<tr>
<td>The amoeba's results are calculated daily using an independent accounting system that reflects the pricing and principles of the free market.</td>
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<tr>
<td>• Identifies issues down to smallest amoeba level</td>
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<tr>
<td>• Gives visibility to all aspects of the company's operations</td>
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<tr>
<td>• Enhances employee awareness of profit and loss</td>
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<tr>
<th>I Attain &quot;Management by All&quot;</th>
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<tr>
<td>A management plan is created within each amoeba. All members contribute their expertise and collaborate to achieve the amoeba's business goals.</td>
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<tr>
<td>• Collective wisdom of the workplace</td>
</tr>
<tr>
<td>• Achieving goals creates a sense of achievement and purpose</td>
</tr>
<tr>
<td>• Cultivate a sense of unity in the workplace</td>
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Flexible Amoeba-based Organization

The name "amoeba management system" is connected with the fact that smaller units of a company have a similarity to amoebas that are capable of repeating unrestricted, flexible cell divisions as desired. As advantageous characteristics, amoeba management system enables a company to flexibly reorganize its "amoebas" so as to immediately respond to rapid changes in the economic environment, market conditions, technological trends and business competitors. Given the ever-changing market conditions and ever-progressing technology development, companies are required to be always highly responsive to the surrounding business environment and take flexible actions as necessary. To this end, it is essential for companies to repeatedly and unrestrictedly divide an organization into smaller units, integrate or increase them depending on the business development. In light of this, the Kyocera Group focuses on flexible amoeba management system, in an effort to pursue further business expansion and growth.

Operation 1: Integration

Case 1: Establishment of Automotive Camera Module Business through Fusion among Group Technologies

Since the establishment of its optical equipment business division through the merger with a camera manufacturer in 1983, Kyocera had accumulated a wide variety of technology ranging from the manufacturing of optical lens and similar optical components to the assembly/design of precision cameras. However, due to an increasingly intense competition in the market caused by the transition from silver film cameras to digital cameras, Kyocera withdrew from the consumer camera business in the year ended March 31, 2007. After that, integrating the accumulated production/design techniques of high-performance optical lenses and precision equipment with various substrate technologies within the Group companies, and capitalizing on the sales network to automobile manufacturers expanded in other component businesses, Kyocera established a new automobile camera module business group. Currently, our automobile camera modules are particularly promising, with expectations of growing demand in the advanced driver-assistance system (ADAS) market and the Internet of things (IoT) market.

Operation 2: Mergers and Acquisitions (M&A)

Case 2: Expansion of Document Solutions Business through M&A

Kyocera’s printer business based on an eco-friendly concept started with the merger with an information and telecommunication equipment manufacturer in 1982. In addition to the printer business, it also acquired a photocopier business by making Kyocera Mita Corporation (at that time) a consolidated subsidiary in the year ended March 31, 2001. In those days, a business issue for printers was "high-speed printing technology," while realizing "digitalization" for photocopiers. Regarding the market, printers with an eco-friendly concept were mainly distributed in Europe and photocopiers enjoyed higher brand recognition in North America. Therefore, through this M&A, Kyocera worked hard to solve the business issues for printers and photocopiers and develop new products based on the combined use of the two technologies, while at the same time focusing on the sales market expansion by capitalizing on the conventional distribution channels and brand recognition of our photocopiers and printers. M&A of software- or solutions-related companies was also actively conducted afterwards. With expansion of its business domain, Kyocera’s document solutions business has become increasingly profitable, significantly contributing to the business results of the entire Group.

Operation 3: Cooperation

Case 3: Reinforce Development of New Products based on Open Innovation

Participating in the SONY Startup Acceleration Program (SSAP)* by SONY Corporation, Kyocera and Lion Corporation jointly developed a new toothbrush for children named "Possi." Thanks to crowdfunding activities conducted as part of its marketing campaign, Possi has received a large amount of financial support, exceeding our initial goal. Open innovation is a new type of initiative for Kyocera to give discernible forms to its ideas and concepts. Combining external knowledge and internal concepts through open innovation, we at Kyocera further strive to create innovative products and businesses in the future.

* https://sony-startup-acceleration-program.com/

"Development of new products through cooperation with an external company"
Sales revenue increased in the Electronic Devices Group and the Industrial & Automotive Components Group due in part to contributions from merger and acquisition activities during FY3/2018.

2. Profits increased due to higher sales and cost reductions despite a record of one-time losses
   • Aiming for improvement of business performance for the year ending March 31, 2020 (FY3/2020), we implemented structural reforms in the solar energy business, which is included in the Life & Environment Group, and the organic materials business, which is included in the Semiconductor Components Group.
   • Profit increased in the Industrial & Automotive Components Group, Electronic Devices Group and Document Solutions Group due to proactive investment and cost reductions. In addition, profit in the Communications Group increased significantly due to the effects of structural reforms.

Key Financial Indicators

Sales revenue
1,623.7 billion yen
(up 3.0% year on year)

Profit before income taxes
140.6 billion yen
(up 8.2% year on year)

Capital expenditures
117.0 billion yen
(up 35.3% year on year)

R&D expenses
69.9 billion yen
(up 20.0% year on year)

Components Business

Industrial & Automotive Components Group
Kyocera Group provides various kinds of fine ceramic components, camera modules and liquid crystal displays to the industrial machinery and automotive markets. We also provide industrial tools such as cutting tools and pneumatic and power tools to the general industrial and construction markets.

Semiconductor Components Group
Kyocera Group provides packages for protecting electronic components and ICs as well as high-density organic multilayer printed wiring boards for assembly of such components to the information & communication and automotive markets, etc.

Electronic Devices Group
Kyocera Group provides a wide variety of electronic components and devices for diverse fields from familiar products such as smartphones to industrial machines.

Communications Group
Kyocera Group provides communications modules that support IoT in addition to mobile phones embedded with unique functionality such as exceptional durability and features for seniors, as well as ICT solutions that support management operations of enterprise customers, and information and communication services that support communication infrastructure.

Document Solutions Group
Kyocera Group provides a wide range of lineup of printers and MFPs featuring outstanding environmental and economic performance as well as solutions that resolve each customer’s specific management issues.

Life & Environment Group
Kyocera Group provides products related to life and environment field such as solar energy products, medical products, jewelry, and kitchen tools.

Components Business

Sales revenue
928.4 billion yen
 Up 9.2% year on year

Capital expenditures
117.0 billion yen
 Up 35.3% year on year

R&D expenses
69.9 billion yen
 Up 20.0% year on year

Sales revenue for two consecutive years
Sales revenue increased in the Electronic Devices Group and the Industrial & Automotive Components Group due in part to contributions from merger and acquisition activities during FY3/2018.

1. Record high sales revenue for two consecutive years
   • Aiming for improvement of business performance for the year ending March 31, 2020 (FY3/2020), we implemented structural reforms in the solar energy business, which is included in the Life & Environment Group, and the organic materials business, which is included in the Semiconductor Components Group.
   • Profit increased in the Industrial & Automotive Components Group, Electronic Devices Group and Document Solutions Group due to proactive investment and cost reductions. In addition, profit in the Communications Group increased significantly due to the effects of structural reforms.

1. Sales revenue in each reporting segment and the aggregate amount are rounded to the nearest unit.
2. Percentages are computed based on amounts rounded up/down to the nearest millions yen.
Financial/Non-financial Highlights

- The amounts and ratios (%) are rounded to the nearest unit.
- Kyocera Group has adopted IFRS in lieu of U.S.GAAP from FY3/2019. Accordingly, financial results for FY3/2018 have been reclassified in accordance with IFRS. Account title is also presented in accordance with IFRS.
- "Cash dividends per share" in FY3/2019 includes the commemoration dividend in the amount of 20 yen per share.

*1 No. of afflicted persons / 1 million hours (The number of days of missed work is as per the standard of the Ministry of Health, Labour and Welfare.)
*2,3 Scope 1: Direct emission associated with fuel consumption
Scope 2: Indirect emission associated with consumption of power or heat purchased from outside
Scope 3: Indirect emission other than Scope 1 or 2 (including procurement, transport, use, disposal, etc. of raw materials and commuting and business trip of employees)
Top Management Message

For 60 years since its founding in 1959, Kyocera has devoted itself to corporate activities toward realization of its 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.” This is the principle of the Kyocera Philosophy, which is understood by the Group’s approx. 75,000 employees around the world and serves as the guide for our business management.

To continue to realize the Management Rationale in the future, we must achieve further growth. At a time when individuality and diversity are essential for products, we cannot expect further growth without taking on challenges in new fields or taking new initiatives that we have never taken before. By drawing out the potential of young human resources and also utilizing external resources, we will achieve every target facing us and then challenge subsequent targets one after another.

Taking on new challenges toward realization of the Management Rationale

Hideo Tanimoto
President and Representative Director, KYOCERA Corporation

I want to give opportunities to young employees

This year Kyocera celebrates its 60th anniversary. I am the same age as the Company. I joined Kyocera in 1982. It was about the time when the Company became one of the medium-scale companies in Japan, soon after that its sales revenue exceeded 100 billion yen. In those days, unlike today, “workstyle reform” was not yet featured and “Can you fight 24 hours a day?” was the catchphrase of a popular TV commercial. I worked very hard all day every day and experienced various jobs. After its sales revenue exceeded 100 billion yen, the Company was rapidly expanding with a view to targeting 1 trillion yen in sales. The Company was growing so fast that young employees were easily assigned to important jobs. Although I was originally an engineer, I was appointed the leader of a big project at the age of 30. I was responsible for a production line from process development to startup of the line. When the line was finally satisfactory established, however, no orders came in. So I and sales staff directly visited customers to promote sales, which resulted in a large volume of orders coming in all at once, causing a delay in production. Thus, I had a very hard time in those days, facing one problem after another. But the variety of experience I gained in those days, from development through to sales, helped me a lot in my subsequent career.

Since the financial crisis in the aftermath of the collapse of Lehman Brothers in 2008, our sales revenue has been hovering at around 1.5 trillion yen. However, I would like to give our young members today the opportunity to take on challenges like the ones we experienced when we were young. To this end, it is crucial for the Company to grow. We therefore set the targets for the fiscal year ending March 2021 (2 trillion yen for sales revenue, 15% for the ratio of profit before taxes), and I think we must aim at 3 trillion yen as the next target.

President and Representative Director, KYOCERA Corporation

Hideo Tanimoto

Toward further growth

I want to give opportunities to young employees
**Top Management Message**

**Growth Strategy (1) Direction**

Revitalize Amoeba Management while utilizing external resources

A key to growth is the use of external resources through M&A and other means. In the days when I joined the Company, we only had to make a large quantity of specific products according to their specifications, and they were sold out right away. Today, however, as individuality and diversity are emphasized in products, we must make unique products before our competitors do. In order to ensure the growth of our businesses in this difficult time, M&A and other open innovation initiatives are crucial. We can no longer stick to the in-house development principle. Looking back on M&A in the past, some brought significant contributions earlier than expected while others took a longer time than expected to show positive effects. In any case, I think that what is most important is to ensure that the Kyocera Philosophy, the key framework of our company, is fully understood. It is of course important to make an M&A deal effective, but a greater emphasis should be placed on whether the management concept and corporate culture of the partner company are consistent with ours. For example, respect for employees is an important point. There are many managers in the US or Europe who pay respect to their employees.

Another key to the growth is to revitalize Amoeba Management, our unique business management method.

I joined the Company when the Company was rapidly growing, and I saw the “amoeba” small units that constituted each business division rapidly increasing. Many of our employees were appointed leaders of the small amoebas in a flat structure, and the young leaders were able to grow themselves through their work. But now that the Company’s growth has become low, organizations are likely to be fixed to form a pyramid structure, making the amoeba less active than before. It is necessary to flatten the organizational structure again so that young employees are able to play leadership roles in amoeba units. The essence of Amoeba Management has been the same all the time. But unlike the time when we only had to make a large volume of specified products, technologies and requirements for products today are far more complicated. IoT (the Internet of Things), for example, requires businesses to cover a broad range of technologies, such as for sensors, communications, and analysis of collected data. It is now difficult to develop new businesses without interdivisional cooperation. Under these circumstances, to facilitate interdivisional cooperation while keeping the merits of Amoeba Management, we have established a cross-functional structure for our R&D and marketing organizations. The aim of this is to create new value through interdivisional cooperation and make this our new growth driver. Once ideas have taken form and are brought into the commercialization stage, we will also have to consider how to set up a cross-functional structure for business groups. What is most important in Amoeba Management is not its system itself but the “altruistic mind” of the Kyocera Philosophy. Without this mind, each amoeba may solely pursue its own profits and cause disputes with other amoeba, resulting in malfunction of the entire organization. Pursuit of profits for one’s own department and for entire organization are both important. But without the basic philosophy, the Amoeba Management system will not properly function.

**Growth Strategy (2) Priority areas**

Focusing efforts on 5G, ADAS (Advanced Driver Assistance System), and energy saving areas

From now on, we will proactively advance into leading-edge areas such as 5G and ADAS, and areas which can be expected to bring growth to our business while also contributing to the advancement of society, such as renewable energy. 5G has now come to the stage where various sensors of automotive cameras are installed in vehicles to improve safety, although the range sensors are capable of covering from a vehicle is limited. We are thus planning to take part in the development of infrastructure to assist the sensors by setting up cameras in areas such as 5G and ADAS, and areas which can be expected to bring growth to our business while also contributing to the advancement of society, such as renewable energy.

For production, we have been advancing the restructuring of the production system based on the concept of “local production for local consumption.” In each of the roughly divided four regions of the US, Europe, Asia, and Japan, products that are appropriate for the social structure and needs of the region will be manufactured. In Europe, we completed several M&A deals in the fine ceramics business for the purpose of securing production sites in Europe. For China, where the problem of tariffs has been arising due to the economic dispute with the US, we are considering moving some of the production bases outside China, such as to Vietnam. However, because China has a huge domestic market, we will not transfer all of the production sites outside.

**Growth Strategy (3) Production system**

Based on the “local production for local consumption” principle, providing products for local needs

In rapidly growing India, while the components business is yet to be established, we have set up plants for metal processing in the tools business in cooperation with local companies, where production has been started.

In Japan, where the population is aging and the birthrate is declining, it seems impossible to continue to hire about the same number of employees as the number of retiring employees each year. However, even with the number of personnel gradually declining, we must pursue further growth of the Company.
Enhancing robot and artificial intelligence (AI) technologies, software, and open innovation

To achieve growth under such severe circumstances, it is necessary to make full use of new technologies such as robots and AI in manufacturing. Model initiatives to improve productivity using these technologies have been launched in Japan, for production plants and for common departments mainly at Head Office. If proven successful in Japan, these initiatives can be launched in other countries. At a plant where the initiative was started in advance, we were able to reduce the necessary personnel headcount to around 10% due to the effects of robots and AI.

It was thus confirmed that these initiatives are technically effective though not yet financially reasonable because a large cost has been incurred for their development. Our task from now on is to deploy these technologies to as many existing businesses as possible.

For common departments, initiatives such as paperless meetings and replacement of some operations with RPA (robotic process automation) have been promoted at Head Office since last year, which will be accelerated to be implemented at all plants and sales offices. Meanwhile, an analysis of the operations of common departments found several overlapping jobs within each department. This situation should be corrected before introducing new technologies, and we are urgently reviewing the operations.

In R&D, we transferred a part of the R&D functions for material and replacement of some operations with RPA (robotic process automation) have been promoted at Head Office since last year, which will be accelerated to be implemented at all plants and sales offices. Meanwhile, an analysis of the operations of common departments found several overlapping jobs within each department. This situation should be corrected before introducing new technologies, and we are urgently reviewing the operations.

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Human Resource Development

Venture event successful, boosting expectations for commercialization

Venture Startup Program, an in-house event, has been held. It was originally an event of the R&D segment to gather ideas for new businesses. The program was modified to invite ideas from all departments of the Company with the aim of establishing a bottom-up system that allows young members to play active roles, and we received over 800 ideas for new businesses beyond our expectations. The ideas are now being brushed up and in-house presentations by the applicants will be held by the end of this fiscal year. We hope to see many ideas with potential for commercialization.

Within the framework of existing business groups, in which organizations are fixed, it is difficult for young members to try crazy ideas. But if new places are created, young employees can play active roles as leaders. Not limited to the startup program, we will create other similar opportunities for them.

Environment, Society, and Governance

Enhancing governance system

Meanwhile, we would also like to faithfully address the issues of the environment, society and governance (ESG). “Contributing to the advancement and development of humankind and society through practice of the Kyocera Philosophy” is our basic stance for ESG. We believe that the Sustainable Development Goals, or SDGs, adopted at the UN General Assembly in September 2015 will help us realize this basic stance of the Company. Keeping the SDGs in mind, we will not only conduct business activities to address social issues but will also tackle each of the problems in ESG based on the principles of the SDGs.

In the field of the environment, our initiatives are focused mainly on environmental contributions through business activities. The “Chanto Good! Service” program I explained earlier is a good example of such initiatives. Besides this, we are planning to develop an in-house IoT system to control the wastewater and energy use of plants and to subsequently sell it outside.

We have set an internal environmental target of reducing CO2 emissions by 30% from the FY2013 level by FY2030. Now is the time when the attitude of “say it and do it” is more important than ever before. Otherwise we will not be accepted by our stakeholders. In response to requests from the public, we must clarify the vision we aim at and take action to achieve it.

Toward realization of the Management Rationale

Our Management Rationale is to provide opportunities for the material and intellectual growth of all our employees and to contribute to the advancement of society and humankind. We have no intention of launching any business incompatible with that.

In this sense, we always want to be a company in which investors can feel safe to invest, at which employees can feel safe to work, and with which our business associates and local communities feel safe to communicate.

Based on the principle of “Do what is right as a human being,” make decisions that are right as a human being for every individual action. This is the basic approach of our company Kyocera, and we will never forget this principle in operating our businesses.
Industrial & Automotive Components Group

Sales revenue and business profit increased due to increased sales of major components, contribution to sales through M&A, and cost reduction

Sales revenue: 314,339 million yen, up 9.3% year on year
Business profit: 38,450 million yen, up 22.5% year on year

- Sales increased by approximately 25 billion yen from M&A.
- Business profit increased due to improved profitability through increased sales and cost reductions.

Kyocera Group has continued to cultivate new markets since our founding through the development of fine ceramic materials and products. At present, Kyocera Group supplies fine ceramic parts to a wide array of markets such as the information and communications market and the industrial machinery market, which includes semiconductors. Kyocera Group boasts production technology and production capacity for these products that enable Kyocera Group to meet customer requirements, which include ceramic materials technology and design expertise accumulated in the process of cultivating new markets. This is one of the key reasons that Kyocera Group has been able to differentiate our products from those of our rivals, and through this, Kyocera Group has established a position as a global manufacturer.

In automotive components, Kyocera Group has products that boast high market share in heater pins that utilize fine ceramic technology, which are the heat generating parts of glow plugs for diesel engine ignition and combination support. In addition, Kyocera Group is striving to increase market share of automotive cameras, an area on the rise to boost automotive safety, by developing new products and technologies including the means of alliances and collaborations with other companies.

In liquid crystal displays, Kyocera Group is focusing on the development of small- and medium-sized products and is seeking to expand business mainly for automotive and industrial applications. In particular, Kyocera Group is working to further strengthen our competitiveness and expand business through new product development in fields requiring reliability such as the medical field.

In the industrial tool business, our products are used primarily for metal processing in automotive-related markets. Although Kyocera Group has many competitors globally, Kyocera Group provides a diverse array of cutting tools for processing machinery based on advanced materials technology that contribute to enhanced productivity for our customers. Kyocera Group is also developing products for a wide range of markets in addition to the automotive industry, including the aviation and energy markets, and is expanding our lineup of pneumatic tools and power tools, for example, through aggressive merger and acquisition activity, in an effort to expand business as a comprehensive tool manufacturer.

Semiconductor Components Group

Sales revenue and business profit decreased due to a decrease in sales of ceramic packages and a record of one-time loss

Sales revenue: 249,217 million yen, down 3.1% year on year
Business profit: 10,932 million yen, down 64.8% year on year

- Decline in sales of ceramic packages for use in smartphones and optical communications.
- Record of an impairment loss relating to machinery, equipment and goodwill and intangible assets in the amount of 16,184 million yen in the organic materials business.

Kyocera Group has established its position as a leader in the global market through technical development, production technology and supply capabilities. Kyocera Group will maximize use of these outstanding management resources and work to broadly expand the application of ceramic material components for the digital consumer equipment market as well as the automotive-related markets, optical communications market, medical market, IoT-related markets and other areas. Kyocera Group is also working to maintain and improve our high market position by actively expanding production capacity in response to growing market needs.

In the ceramic material components business, Kyocera Group has become a major supplier of high-density flip-chip packages and advanced multilayer PWBs to Japanese and Asian manufacturers. Kyocera Group has become a major supplier of high-density flip-chip packages and advanced multilayer PWBs used in communications infrastructure such as servers and routers demanding exceptional electrical properties and reliability. In addition, Kyocera Group is working on the development of new products to strengthen business competitiveness in the automotive market where the use of electronics is increasing by leveraging our accumulated technological expertise in such areas as design technology.
Kyocera Group has adopted IFRS in lieu of U.S. GAAP from FY3/2019. Accordingly, financial results for FY3/2018 have been reclassified in accordance with IFRS.

**[Strengths of business and future strategy]**

Kyocera Group develops and manufactures a wide variety of capacitors, crystal components, connectors, thermal printheads, inkjet printheads, power semiconductors, sensors, and wireless communications antennas. Kyocera Group develops our business with our extensive product lineup for diverse applications worldwide.

Kyocera Group is a major supplier of parts for high-end smartphones by focusing on the development of products in cutting-edge fields that meet needs such as for miniaturization and high performance in capacitors, crystal components and connectors. In particular, Kyocera Group is striving to expand our market share in MLCCs, where demand is growing, by actively introducing new products and increasing production capacity. AVX Corporation, our subsidiary, is a leading supplier in the tantalum capacitor market that develops products for a broad array of fields, including general industry, automotive-related and communications infrastructure. AVX Corporation is seeking to expand its product lineup and market share through research and development and aggressive merger and acquisition activity.

Kyocera Group boasts high market share in thermal printheads used for barcode label printing and in inkjet printheads used in industries such as the textile printing market. Kyocera Group is striving to further boost our market share by actively releasing new products and expanding applications.

Kyocera Group is developing communication modules (M2M modules), an area of growing demand, for automobiles and the IoT and thus striving to expand business fields by leveraging communications technology. In the communication module field, Kyocera Group has been able to release products in time for the competition by utilizing relationships with major carriers in Japan that Kyocera Group has built up in our mobile phone business and this has become a strength in terms of enabling response to the increasing sophistication of technology.

In the information and communications services business, Kyocera Group is developing business mainly in Japan. In the ICT Business, which primarily involves the development of application-related software and security-related software, Kyocera Group is developing and supplying products that meet user needs in line with the proliferation of the IoT and AI. Kyocera Group has also become a leading company in the LPWA (Low Power Wide Area) communications services field in Japan by securing the license as the only operator in the country that can deploy Sigfox, an LPWA network where there are growing needs for highly profitable products, and cost reductions in the telecommunications equipment business.

**Business Overview by Reporting Segment**

**Electronic Devices Group**

Sales revenue and business profit increased due to contribution by M&A and increased demand for highly profitable products

<table>
<thead>
<tr>
<th></th>
<th>Sales revenue (Yen in millions)</th>
<th>Business profit (Yen in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/2016</td>
<td>245,985</td>
<td>30,558</td>
</tr>
<tr>
<td>3/2017</td>
<td>304,149</td>
<td>46,632</td>
</tr>
<tr>
<td>3/2018</td>
<td>364,827</td>
<td>66,926</td>
</tr>
<tr>
<td>3/2019</td>
<td>328,678</td>
<td>30,569</td>
</tr>
</tbody>
</table>

**Communications Group**

Profitability improved as a result of structural reforms, despite lower sales revenue due to a decline in sales volume of mobile phones

<table>
<thead>
<tr>
<th></th>
<th>Sales revenue (Yen in millions)</th>
<th>Business profit (Yen in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/2016</td>
<td>285,608</td>
<td>8,528</td>
</tr>
<tr>
<td>3/2017</td>
<td>255,535</td>
<td>4,440</td>
</tr>
<tr>
<td>3/2018</td>
<td>252,067</td>
<td>10,393</td>
</tr>
<tr>
<td>3/2019</td>
<td>252,067</td>
<td>10,393</td>
</tr>
</tbody>
</table>

Business profit: 66,926 million yen, up 43.5% year on year

- AVX Corporation’s M&A resulted in an increase of sales revenue approximately 30 billion yen.
- Sales of ceramic capacitors (MLCC) for smartphones increased.
- AVX Corporation’s M&A resulted in an increase of sales revenue approximately 30 billion yen.

Sales revenue: 364,827 million yen, up 19.6% year on year

**Business profit**

- Business profit increased due to improved profitability through sales growth, higher sales of highly profitable products, and cost reduction.

**Communications Group**

Sales revenue: 252,067 million yen, down 1.4% year on year

- Sales in the telecommunications equipment business decreased due to a decline in sales volume of mobile phones by approximately 10%.
- Business profit increased due to improved profitability resulting from the reduction of unprofitable products and cost reductions in the telecommunications equipment business.

Business profit: 10,393 million yen, up 134.1% year on year

- Profitability improved as a result of structural reforms, despite lower sales revenue due to a decline in sales volume of mobile phones.
- Sales in the telecommunications equipment business decreased due to a decline in sales volume of mobile phones by approximately 10%.
- Business profit increased due to improved profitability resulting from the reduction of unprofitable products and cost reductions in the telecommunications equipment business.
Life & Environment Group

Sales revenue decreased and business loss expanded due to a decrease in sales and a record of one-time losses in the solar energy business

Sales revenue: 80,114 million yen, down 28.6% year on year

Business profit (Loss): (67,016) million yen, down 11,524 million yen year on year

・Sales in the solar energy business decreased mainly due to the sluggish domestic residential market.
・Sales volume of solar modules decreased by approximately 40% from FY3/2018.
・Implemented structural reforms in the solar energy business.

1. Consolidation of production sites
2. Recorded approx. 52,313 million yen settlement expenses relating to long-term purchase agreements for procurement of polysilicon material.

Kyocera Group has adopted IFRS in lieu of U.S.GAAP from FY3/2019. Accordingly, financial results for FY3/2018 have been reclassified in accordance with IFRS.
Minatomirai Research Center opened

The Minatomirai Research Center (Yokohama City), our new research institution, opened in spring 2019. By gathering all our research functions in the Tokyo metropolitan area at this institution, we aim to enhance our software and system R&D capabilities and promote open innovation. We plan to develop this institution into the Group’s largest R&D base, where around 1,000 engineers will be working.

Realizing open innovation through “co-creation”

The major feature of Minatomirai is that it has spaces to encourage “co-creation” with people outside Kyocera, such as researchers of startups or other companies and students. The aim is to realize open innovation in the true sense.

Oversight of new R&D center
Name: Minatomirai Research Center
Location: 3-7-1 Minatomirai, Nishi-ku, Yokohama City, Kanagawa
Total floor area: 10,770m²
(1st, 3rd, 4th, 5th and 6th floors of Ocean Gate Minatomirai)
Operation start: May 2019

Innovation Square (6th floor)
Space for holding meetings and events with people of various companies, universities and government organizations. It is made available to diverse people for meetings toward the realization of open innovation.

Introduction to Minatomirai

Pier
Entrance to the Innovation Square, where a large ship-shaped object is placed to represent a port, which is the theme of the facility, with a projection mapping vision of 2 meters in height and 9 meters in width on the wall showing the departure of a sailboat.

Deck
Space for meetings with external personnel. The round room located on the left side is a meeting room named “Compass.” With the glass partitions opened, the room can house 230 people at a maximum. If a stage is set up in the center, it can be used for a presentation session using three screens.

Terrace
Common space for Kyocera employees, designed like a cafe in a port town, available for meetings, work and brainstorming in a relaxed atmosphere.

Creative Fab (1st floor)
Trial production factory where visitors can experience production and installation of sensors, devices and communication networks in a glass-walled showroom of Minatomirai, visible from outside. It is designed like a dock where ships are constructed and repaired and made available to a wide range of people, from company researchers and students to children.

Hatch
An open space available for a wide range of uses, from programming to events. An object in the shape of the framework of a ship is laid out on the ceiling, like a hatch from which various things leap out, the watertight door is open to allow exchanges with outside.

NC Room
3D printers using ultraviolet-curing resin and NC machines, which enable advanced manufacturing, are installed.

Workshop
In response to diverse manufacturing needs, machine tools, such as drills, cutting machines and cutters, are installed.
Restructuring of R&D bases

In the beginning of this year, we opened the Minatomirai Research Center (hereinafter, “Minatomirai”), where the personnel and facilities of our three R&D sites located in the Kanto region are gathered, and also assigned some of the functions and personnel of the Central Research Laboratory (now Monozukuri R&D Laboratory) in Kogashima Prefecture to the Kehanna Research Center (hereinafter, “Kehanna”), which we renamed from the Kyocera R&D Center, located in Kehanna Science City, Kyoto Prefecture.

The reason for these moves is simple. Our R&D sites were too dispersed. We thought that it would be more efficient and easier to generate new technologies and products if researchers in various fields are placed in proximity so that they can easily communicate with each other. At Minatomirai, functions for development of devices, systems, and software are integrated. At Kehanna, a comprehensive development system that covers all the way from materials through devices has been established. Approximately 600 engineers have been gathered at Minatomirai.

Promoting open innovation

Both the Minatomirai and Kehanna research centers are equipped with functions to promote open innovation to involve external parties. The Kyocera Group has promoted the “open innovation” project since several years ago and has set up some dedicated facilities for the project at its Tokyo Office. Taking with external people through the project has reminded me of the wide variety of technologies Kyocera has. Reflecting the words of the Group’s founder Inamori, “Never give up until we succeed,” Kyocera has carefully accumulated a broad range of technologies, including those of its past businesses. If these technologies are combined with technologies and ideas brought by external parties, I am sure that we will be able to create more innovative products.

Fostering new industries

Another of our initiatives for the future is to foster new industries through supporting startup businesses. At the time of the founding of Kyocera, there were people who supported young Inamori, who was then 28, by providing places and funds. Thanks to their support, Kyocera subsequently achieved significant growth and became an entity that has remarkable influence on its business associates, on local communities, and around the world.

The Kyocera Group today has abundant funds, human resources, and management resources in such fields as sales, purchasing, legal affairs and intellectual property. Kyocera, a startup in the past, now supports the next startups using these resources, thereby circulating the entire ecosystem for further growth. I think this means to realize our Management Rationale “To provide opportunities for the material and intellectual growth of all our employees, and to contribute to the advancement of society and humankind,” and also to practice “self-benefit and altruism.”

Corporate R&D Group
General Manager Interview

Masahiro Inagaki
Senior Executive Officer, General Manager of Corporate R&D Group

“Possi,” a toothbrush that makes children’s toothbrushing more fun, developed through open innovation

Kyocera and Lion Corporation have jointly developed “Possi,” a toothbrush that helps parents brush the teeth of their children. When the toothbrush touches the teeth of a child, vibrations transmitted from the brush head is turned into music, which the child can enjoy by bone conduction. The round form and colorful design of the toothbrush are attractive to children.

As an open innovation initiative, Possi was developed under the concept of turning the tough time of children’s toothbrushing into a fun time, by combining Kyocera’s ceramic technologies, Lion’s oral care know-how, and Sony’s entertainment skills. Kyocera’s ceramic piezoelectric element with a customized shape and structure is installed inside the head of the toothbrush, which generates sufficient power to transmit music in combination with the digital amplifier installed in the brush body. It has also enabled the small size, light weight, and low power consumption of the toothbrush.

The crowdfunding campaign launched as a preliminary stage for commercialization attracted over 1,300 investors. We will advance commercialization of the product based on the opinions of trial users. Tomohiro Inagaki of Kyocera Medical Development Center, in charge of the development, said: “This project was started from my personal struggle with final toothbrushing of my children and the strong wish for tackling this task with the power of technology. My wish was understood and the three companies were able to collaborate toward a common development goal. I hope that Possi will be delivered to fathers and mothers who have the same problem as I did and that children will enjoy toothbrushing.”

“Anshin Communicator,” a communication and vital sensing wearable device, which enables communication in noises and health monitoring

Kyocera has developed “Anshin Communicator,” a hands-free communication and vital sensing wearable device that facilitates seamless communication even in noisy environments, such as a tunnel construction site, and measuring of vital signs at the same time. It is useful for the prevention of industrial accidents and health management in severe environments. At a construction site where rock drills are used, workers are required to wear dust masks and earplugs, which makes it difficult for them to communicate by voice. It is also difficult to maintain their health because real-time monitoring of their health conditions is not available.

The Anshin Communicator is an ear-wearable device that facilitates seamless communication even in noisy environments, such as a tunnel construction site, and measuring of vital signs at the same time. It is useful for the prevention of industrial accidents and health management in severe environments. At a construction site where rock drills are used, workers are required to wear dust masks and earplugs, which makes it difficult for them to communicate by voice. It is also difficult to maintain their health because real-time monitoring of their health conditions is not available.

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Kyocera Group Management Roots

The origin of Kyocera Group management is the Kyocera Philosophy, a philosophy for work and life based on the real-life experiences and empirical rules of Kazuo Inamori, founder and chairman emeritus of Kyocera Corporation. With "What is the right thing to do as a human being?" as its most essential criterion, the Kyocera Philosophy expounds the significance of commitment to fair management and operation in compliance with the most fundamental human ethics, moral values and social norms.

What is the Kyocera Philosophy?

The Management Rationale of the Kyocera Group is: "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 "material and intellectual growth" that we aim for includes the pursuit of economic stability and entails the pursuit of mental riches as a human being, in the shape of life with purpose and job satisfaction through self-fulfillment in the workplace. Also, by constantly honing our skills and launching excellent products for the public, we will contribute to the advancement of science and technology and continue to make profits for the company while contributing also to the enhancement of public welfare by paying a large amount of taxes. The Kyocera Philosophy shows the action guidelines for us to pursue the Management Rationale and the principles for living a wonderful life, which we try to practice every day.

Origin of the Kyocera Philosophy

In 1959, with the generous support of the people around them, company founder Kazuo Inamori and seven other colleagues established Kyoto Ceramic Co., Ltd. (now Kyocera Corporation). Starting with a meager amount of capital, the company had no imposing office building or elaborate machinery in the beginning. All it had were fellow colleagues who shared the joys and sorrows and formed a close bond as members of one big family. Inamori then decided to base the management of the company on this strong bond of human minds. This is because he believed that while human minds are extremely changeable, they are also most dependable once the minds are bonded by strong trust.

Later, Inamori encountered many difficulties in managing Kyocera, but he overcame them each time believing in the strong bond of human minds. The Kyocera Philosophy was thus born as he debated his life and work.

Basic Ideas of the Kyocera Philosophy

The Kyocera Group believes that decisions should always be made through reason and based on the idea of "What is the right thing to do as a human being?" as the basic criteria to achieve compliance with public morals.

The criterion of "What is the right thing to do as a human being?" is based on the fundamental ethical and moral values of the natural goodness of human beings: "Don’t be greedy." "Don’t cheat people." "Don’t lie," and "Be honest" are teachings we all received from our parents as children and represent the most basic principles of humankind.

We believe that when making decisions and taking action in daily life, we should resort to the criterion of "What is universally right as a human being" and not the criterion of "What best suits our own convenience."

Kyocera Management and Accounting Principles

Accounting is integral to the management of a company as it plays the key role as the compass that leads a company to its destination. When handling accounting matters, it is important to trace them back to their essence and take appropriate measures according to our primary criterion of "What is the right thing to do as a human being?" Kyocera considers the ideal state of accounting to be one in which the facts are shown as they are, and recognizes the importance of fair and transparent management.

Management Based on the Kyocera Philosophy

For the Kyocera Group to realize the Management Rationale, correct understanding and application of the Kyocera Philosophy are essential. This applies also to Amoeba Management, Kyocera Management and Accounting Principles, and The Twelve Management Principles. All are based on the Kyocera Philosophy, Handbooks and pocketbooks on the Kyocera Philosophy are distributed to employees to promote understanding and penetration thereof.

Amoeba Management

The Kyocera Group uses its own business administration method called the Amoeba Management System, which is specifically developed to realize the corporate philosophy of the Kyocera Group. Under this system, the company organization is divided into small groups called ameobas, which operate on a self-supporting basis. We believe that employees’ enhanced sense of participation in management and motivation engendered by Amoeba Management constitutes the source of the Kyocera Group’s strength. The small group system also serves to clarify the responsibilities of each member of the group, secure transparency in every detail, and enable a thorough check of efficiency.

Kyocera Philosophy Pocketbook

A copy of the Kyocera Philosophy Pocketbook is distributed to each employee at Kyocera. Employees use various opportunities to apply the principles in the Pocketbook, and to independently learn and practice the Kyocera Philosophy. In April 2011, we published the Kyocera Philosophy Pocketbook II, which summarizes additional important points of the Philosophy. The updated Pocketbook is being progressively translated into multiple languages to aid penetration of the Kyocera Philosophy in bases overseas.

Kyocera Management and Accounting Principles Pocketbook

Introduction:Adhere to Fundamental Rules
1. The Principle of One-to-One Correspondence
2. The Principle of Double-Checking
3. The Principle of Perfectionism
4. The Principle of Muscular Management
5. The Principle of Profitability Improvement
6. The Principle of Cash-Basis Management
7. The Principle of Transparent Management

The Objectives of Amoeba Management
1. Establish a market-oriented divisional accounting system
2. Foster personnel with a sense of management
3. Realize management by all
Corporate Governance

Basic Views on Corporate Governance

The Board of Directors of the company defines the corporate governance of the Kyocera Group to mean "structures to ensure that Directors conducting the business manage the corporations in a fair and correct manner". The purpose of corporate governance is to maintain soundness and transparency of management and to achieve fair and efficient corporate management, through which the management rationale of the Kyocera Group can be realized. The Board of Directors shall permeate the "Kyocera Philosophy", which is the basis of the management policy of the Kyocera Group, into all Directors and employees working in the Kyocera Group, and establish a sound corporate culture, and it shall establish proper corporate governance through exercise of the Kyocera Philosophy.

Corporate Governance System

Board of Directors

The Board of Directors of the Company is an organization to decide the important matters and to supervise the execution of businesses of Kyocera Group as a whole. It consists of Directors, including three Outside Directors. The Directors are nominated by the General Shareholders' Meeting based on the proposal of candidates who have enough understanding of Kyocera Group and with outstanding "personality", "capability" and "insight" to engage in the management of Kyocera.

Besides, Kyocera adopts the Executive Officer system to facilitate the efficiency of the management of Kyocera. The execution of the businesses of Kyocera is undertaken by the Executive Officers under the instruction of the Representative Director and President of Kyocera. Representative Director and President is nominated by the Board of Directors, which undertakes the management decision and supervision of the execution of businesses. Representative Director directs the Executive Officers to report the status of the execution of the businesses to the Board of Directors, and the Board of Directors makes sure that the businesses is efficiently executed. As such, Kyocera clarifies the responsibility and authority to achieve efficient management of Kyocera, and to realize the efficient functionality of appropriate corporate governance and internal control of Kyocera. The Directors of Kyocera include some presidents of the important subsidiaries in Japan and overseas of Kyocera, to make sure that corporate governance works for whole Kyocera Group.

Audit & Supervisory Board

Kyocera has Audit & Supervisory Board Members and Audit & Supervisory Board on the corporate governance policy and the provision of its Articles of Incorporation which was approved by the General Shareholders Meeting. Audit & Supervisory Board Members include one full-time Audit & Supervisory Board Member originally an employee of Kyocera, one Audit & Supervisory Board Member who is very much familiar with Kyocera and who is with plenty of knowledge and experience as an attorney-at-law or CPA. The Audit & Supervisory Board Members are conducting audit of Kyocera as a whole based on the accurate information about Kyocera gathered from inside and utilizing variety of viewpoints as outsider of Kyocera.

Nominating and Remuneration Committee

With respect to the nomination and remuneration of Directors, proposed nomination and remuneration are subject to prior review by the Nominating and Remuneration Committee, the majority of which consists of Outside Directors, the Board of Directors examine them, so that the decision relating thereto shall be made in a fair and correct manner.

Kyocera Group Management Committee

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

Kyocera Disclosure Committee

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

Kyocera Group Internal Audit Committee

Kyocera has established "Kyocera Group Internal Audit Committee" in order to improve of internal control level in Kyocera Group and strengthen cooperation with internal audit department in each company. The committee aims to heighten the effectiveness of internal control by receiving report of audit results from the Corporate Global Audit Division and internal audit division in consolidated subsidiaries and issuing instructions for any necessary corrective action by Representative Director and President and Directors in each subsidiary of Kyocera Group.

Kyocera Group Philosophy Committee

Kyocera has "Kyocera Group Philosophy Committee" to educate and permeate "Kyocera Philosophy", which is our corporate philosophy setting forth importance of conducting business of management in a fair and honest way, basing its fundamental judgments on a precept that "what is the right thing to do as a human being." The committee has set education policy of "Kyocera Philosophy" of each entity in Kyocera Group, and decides and adopts the measures to promote an understanding of "Kyocera Philosophy" and practice it.

Functions and Roles of Outside Directors and Outside Audit & Supervisory Board Members

Kyocera Corporation assigns three Outside Directors, who have plenty of knowledge and experience as certified public accountant and tax accountant, scholar, or attorney-at-law, and two Outside Audit & Supervisory Board Members, who have plenty of knowledge and experience as an attorney-at-law or CPA. Kyocera Corporation enhances the supervision to Director and the Board of Directors by providing enough explanation from Directors to Outside Directors and Audit & Supervisory Board Members through the meetings of the Board of Directors. Directors also discuss with the Outside Directors and Audit & Supervisory Board Members relating to management, so that the Directors can make judgment taking outside viewpoint into consideration. Kyocera Corporation establishes sound corporate culture pursuant to the "Kyocera Philosophy," which is the corporate philosophy based on the general criteria in making judgment, namely "what is the right thing to do as a human being." Kyocera establishes its corporate governance system through practicing the Kyocera Philosophy. Such system is supplemented by the function to check the management by the Outside Directors and Audit & Supervisory Board Members.
Corporate Governance

The role of each Outside Director and Outside Audit & Supervisory Board Member which Kyocera Corporation expects is as follows: Kyocera Corporation expects that Hiroto Mizobata will be continuously capable of providing advice on and undertaking supervision of general corporate activities as an Outside Director, based on his abundant experience and exceptional insight as an attorney and his familiarity with the field of company legal affairs including Companies Act and overseas intellectual property. Kyocera Corporation expects that Masaaki Akiyama, Outside Audit & Supervisory Board Member, attended 11 of the 12 meetings of the Board of Directors and all of the 8 meetings of the Audit & Supervisory Board which were held during fiscal 2019 and expressed his views based on his abundant knowledge and experience as a professor of Graduate School. Kyocera Corporation expects that Atsushi Aoyama, Outside Director, attended 10 of the 12 meetings of the Board of Directors which were held during fiscal 2019 and expressed his views based on his abundant experience and exceptional insight as an attorney and his familiarity with the field of company legal affairs including Companies Act and overseas intellectual property. Kyocera Corporation expects that Tadashi Onodera, Outside Director, attended 11 of the 12 meetings of the Board of Directors which were held during fiscal 2019 and expressed his views based on his abundant knowledge and experience as a certified public accountant. Kyocera Corporation expects that Masaki Koyano, Outside Director, will be continuously capable of providing advice on and undertaking supervision of corporate activities as an Outside Director, based on her extensive experience and insight as an attorney at law specializing in corporate law and wide-ranging insight into social issues, such as gender equality, etc. Kyocera Corporation expects that Hitoshi Sakata, Outside Audit & Supervisory Board Member, will be continuously capable of conducting a general audit of the Kyocera's global corporate activities as an Outside Audit & Supervisory Board Member based on his abundant experience and exceptional insight as an attorney at law and his familiarity with the field of company legal affairs including Companies Act and overseas intellectual property. Kyocera Corporation expects that Akiko Koyano will be continuously capable of providing advice on and undertaking supervision of corporate activities as an Outside Director, based on her extensive experience and exceptional insight as an attorney at law specializing in corporate law and wide-ranging insight into social issues, such as gender equality, etc.

Remuneration to Audit & Supervisory Board Members

The total amount of remuneration, etc. for Directors and Audit & Supervisory Board Members of the Company was determined by the resolution of the Nomination and Remuneration Committee which examined the standard remuneration amount for each position, and based on the results of the evaluation of the effectiveness of the Board of Directors and other factors. The basic remuneration and bonuses for Directors and individual directors are determined by the resolution of the Board of Directors. The determination range of individual amounts of payment is determined within the range of the above resolution upon consultation among Audit & Supervisory Board Members. The Board of Directors will discuss the effectiveness evaluation of the Board of Directors and the individual assessment of Directors at the Board of Directors meeting.

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
<th>Major activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outside Director</td>
<td>Tadashi Onodera</td>
<td>Outside Director, attended 11 of the 12 meetings of the Board of Directors which were held during fiscal 2019 and expressed his views based on his abundant knowledge and experience as a certified public accountant.</td>
</tr>
<tr>
<td>Outside Director</td>
<td>Hiroto Mizobata</td>
<td>Outside Director, attended all of the 12 meetings of the Board of Directors which were held during fiscal 2019 and expressed his views based on his abundant knowledge and as an attorney and his familiarity with the field of company legal affairs including Companies Act and overseas intellectual property.</td>
</tr>
<tr>
<td>Outside Director</td>
<td>Atsushi Aoyama</td>
<td>Outside Director, attended 10 of the 12 meetings of the Board of Directors which were held during fiscal 2019 and expressed his views based on his abundant knowledge and experience as a professor of Graduate School.</td>
</tr>
<tr>
<td>Outside Audit &amp; Supervisory Board Member</td>
<td>Hitoshi Sakata</td>
<td>Outside Audit &amp; Supervisory Board Member, attended 11 of the 12 meetings of the Board of Directors and all of the 8 meetings of the Audit &amp; Supervisory Board which were held during fiscal 2019 and expressed his views based on his abundant knowledge and experience as an attorney-at-law.</td>
</tr>
<tr>
<td>Outside Audit &amp; Supervisory Board Member</td>
<td>Masaaki Akiyama</td>
<td>Outside Audit &amp; Supervisory Board Member, attended all of the 12 meetings of the Board of Directors and all of the 8 meetings of the Audit &amp; Supervisory Board which were held during fiscal 2019 and expressed his views based on his abundant knowledge and experience as a certified public accountant.</td>
</tr>
</tbody>
</table>

Remuneration of Directors

The total amount of remuneration, etc. for Directors and Audit & Supervisory Board Members of the Company was determined by the resolution adopted at the 55th Ordinary General Meeting of Shareholders held on June 25, 2009 and the 65th Ordinary General Meeting of Shareholders held on June 25, 2019.

Remuneration to the Directors

1. Basic Remuneration: No more than 400 million yen per year (not including salaries for services as employees or Executive Officers for those Directors who serve as such).
2. Bonuses to Directors: No more than 0.2% of profit attributable to owners of the parent for the relevant fiscal year, provided that such amount shall not exceed 100 million yen per year.
3. Compensation for granting restricted stocks: No more than 0.1% of profit attributable to owners of the parent for the relevant fiscal year, provided that such amount shall not exceed 100 million yen per year. (The total amount of common stock issued or disposed of shall be 25,000 shares or less annually.)

The amount of payment of each remuneration is determined by the Board of Directors within the range of the resolution above, after consulting in advance the Nomination and Remuneration Committee, a majority of which consists of Outside Directors, from the perspective of ensuring objectivity and achieving transparency in decision-making processes. Specifically, upon being consulted by the Board of Directors, the Nomination and Remuneration Committee examines the standard remuneration amount for each position, and based on the results of the evaluation of the effectiveness of the Board of Directors, the Board of Directors will determine individual amounts of payment. * Compensation for granting restricted stocks has been introduced starting from fiscal year ending March 2020.

Remuneration to Audit & Supervisory Board Members

Basic Remuneration: No more than 100 million yen per year.

Amount of Remuneration by Classification, Components and Number of Directors

<table>
<thead>
<tr>
<th>Classification</th>
<th>Amount (Yen in Millions)</th>
<th>Components</th>
<th>Number of Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors (excluding outside Directors)</td>
<td>346</td>
<td>163</td>
<td>183</td>
</tr>
<tr>
<td>Outside Directors</td>
<td>36</td>
<td>36</td>
<td>—</td>
</tr>
<tr>
<td>Auditors (excluding outside Auditors)</td>
<td>34</td>
<td>34</td>
<td>—</td>
</tr>
<tr>
<td>Outside Auditors</td>
<td>20</td>
<td>20</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>436</td>
<td>253</td>
<td>183</td>
</tr>
</tbody>
</table>

Evaluation of the effectiveness of the Board of Directors

Regarding analysis and evaluation of the effectiveness of the Board of Directors as a whole, the Board of Directors shall conduct analysis and evaluation, and a summary of the results shall be disclosed once per year. The Company conducted such evaluation by issuing questionnaires to all Directors and Audit & Supervisory Board Members, in order to obtain an appropriate understanding of the current condition of the Board of Directors and of avenues for more effective operation. Discussions were conducted within the Board of Directors about the results of the evaluation and the opinions raised therein. As a result, improvements in securing time for discussions and in materials for meetings, taking into consideration the improvement in corporate value in the medium to long-term, were confirmed. The Board of Directors was evaluated as generally ensuring effectiveness. However, some opinions were received regarding the timing of distribution of materials for meetings and the way in which discussions were conducted. In these opinions, we are endeavoring to further improve effectiveness and to make ongoing improvements.

Cross-Shareholdings

Policy regarding cross-holding of shares

We engage in cross-holding of shares with the objective of improving business value in the medium to long-term, focusing on corporate growth through enhancement, maintenance and development of business relationships; realization of profits through shareholdings; and the issuing companies' social significance. In our review of annual cross-holdings of shares, if we determine that there is no significance in holding the relevant shares, in principle we will dispose of such shares. Pursuant to the above-mentioned policy, we currently hold shares of KDDI CORPORATION (“KDDI”). We will continue to hold these shares for economic reasons and because we anticipate that KDDI will be an important business partner of ours in future business opportunities.

Review of cross-holdings of shares

Kyocera Group Management Committee and our Board of Directors conduct an annual review of all cross-holdings of shares to assess whether continued holding of the relevant shares is appropriate, taking into account business needs, such as maintenance and/or enhancement of business relationships and efficiency in use of assets, including capital costs, with respect to individual shares. For any shares as to which a justifiable reason for holding them cannot be identified, we decrease our holdings of such shares through discussions with the issuing companies. We sold some of our cross-holdings of shares in the fiscal year ended in March 2019 as a result of such review.

Exercise of voting rights

In exercising the voting rights of shares that we hold through cross-holdings, we undertake a comprehensive assessment based on criteria that include whether the proposed measure conforms to our basic policy regarding cross-holdings of shares, and whether our exercise of such voting rights will produce improvement in medium- to long-term business value and in shareholder returns, or may cause damage to the management efficiency or financial soundness of the issuers, while continuing to respect their overall management policy and strategy.
Directors, Audit & Supervisory Board Members, and Executive Officers

Directors, Audit & Supervisory Board Members, and Executive Officers (as of June 25, 2019)

Directors

Chairman of the Board and Representative Director
Goro Yamaguchi
Director and Representative Director
Hideo Tanimoto

Director Ken Ishii

Mar. 1977 Joined the Company
Apr. 2009 Executive Officer of the Company
Apr. 2011 Senior Executive Officer of the Company
Jun. 2012 Director and Managing Executive Officer of the Company
Apr. 2015 Director and Senior Managing Executive Officer of the Company [Present]

President and Representative Director
Keiji Itsukushima

Mar. 1982 Joined the Company
Apr. 2014 General Manager of Corporate Fine Ceramics Group of the Company
Apr. 2015 Executive Officer of the Company
Apr. 2016 Managing Executive Officer of the Company
Jun. 2016 Director and Managing Executive Officer of the Company
Apr. 2017 President and Representative Director, President and Executive Officer of the Company [Present]

President and Representative Director
Hideo Tanimoto

Mar. 1982 Joined the Company
Apr. 2014 General Manager of Corporate Fine Ceramics Group of the Company
Apr. 2015 Executive Officer of the Company
Apr. 2016 Managing Executive Officer of the Company
Jun. 2016 Director and Managing Executive Officer of the Company
Apr. 2017 President and Representative Director, President and Executive Officer of the Company [Present]

Director Yoji Date

Mar. 1979 Joined the Company
Oct. 2008 Transferred to Kyocera ELCO Corporation
Apr. 2009 President and Representative Director of Kyocera ELCO Corporation
Apr. 2012 Executive Officer of the Company
Apr. 2013 Managing Executive Officer of the Company
Jun. 2013 Director and Managing Executive Officer of the Company
Apr. 2015 Director and Senior Managing Executive Officer of the Company [Present]
Apr. 2017 General Manager of Corporate Electronic Components Group of the Company [Present]

Director Norihiko Ina

Apr. 1987 Joined Mita Industrial Company Ltd (currently Kyocera Document Solutions Inc.)
Aug. 2011 President of Kyocera Mita America, Inc (currently Kyocera Document Solutions America, Inc.)
Apr. 2012 Executive Officer of Kyocera Document Solutions Inc.
Apr. 2014 Managing Executive Officer of Kyocera Document Solutions Inc.
Jun. 2014 Director and Managing Executive Officer of Kyocera Document Solutions Inc.
Apr. 2016 Director of Kyocera Document Solutions Inc.
Jun. 2016 General Manager of Corporate Sales Division of Kyocera Document Solutions Inc.
Jun. 2017 Managing Executive Officer of the Company
Jun. 2017 President and Representative Director of Kyocera Document Solutions Inc. [Present]

Director Junichi Jinno

Jul. 1983 Joined the Company
Aug. 2002 General Manager of Corporate Communication Systems Equipment Division of the Company
Jun. 2003 Executive Officer of the Company
Apr. 2007 General Manager of Corporate R&D Group for Equipment and Systems of the Company
Apr. 2011 General Manager of Corporate Legal and Intellectual Property Group of the Company [Present]
Apr. 2013 Senior Executive Officer of the Company
Apr. 2018 Managing Executive Officer of the Company
Jun. 2018 Director and Managing Executive Officer of the Company [Present]
**Directors, Audit & Supervisory Board Members, and Executive Officers**

**Directors**

- **Robert Whisler**  
  Director  
  President and Representative Director of Kyocera America, Inc. (Present)

- **Akiko Koyano**  
  Director  
  President and Representative Director of Kyocera Document Solutions Inc. (Present)

**Audit & Supervisory Board Members**

- **Itsuki Harada**  
  Full-Time Audit & Supervisory Board Member  
  Executive Officer of the Company  
  Director of Kyocera America, Inc.

- **Masaaki Akiyama**  
  Full-Time Audit & Supervisory Board Member  
  Board Member of the Company  
  [Present]

- **Osamu Nishieda**  
  Full-Time Audit & Supervisory Board Member  
  Apr. 2016 to May 2016  
  Audit & Supervisory Board Member of the Company (Present)

**Executive Officers**

- **Takashi Okunosono**  
  General Manager of Corporate Ceramic Materials Group

- **Hironao Kudou**  
  Deputy General Manager of Corporate M&R Group

- **Hisamitsu Sakai**  
  General Manager of Corporate Printing Device Group

- **Shigeaki Kinori**  
  Deputy General Manager of Corporate Electronic Components Group

- **Yusuke Mizukami**  
  Vice-President and Representative Director of KYOCERA Communications GmbH

- **Tayou Hamano**  
  General Manager of Corporate Management Promotion Group

- **Masaaki Ozawa**  
  Deputy General Manager of Corporate Ceramic Materials Group

- **Senri Nagashima**  
  Deputy General Manager of Corporate Industrial Tool Group

- **Hitoshi Matsunosako**  
  General Manager of Corporate Automotive Group

- **Hideji Yanagisawa**  
  Deputy General Manager of Corporate Industrial Tool Group

- **Nobuhiro Higashihara**  
  General Manager of Production Technology & Development Group

- **Eri Yoshikawa**  
  General Manager of Corporate Communications Division & Diversity Promotion Division
Messages from Outside Directors and Audit & Supervisory Board Members

Outside Directors and Audit & Supervisory Board Members supervise and audit management from external perspectives. Kyocera has three Outside Directors and two Outside Audit & Supervisory Board Members, who provide us with useful advice based on their experience and skills through the meetings of the Board of Directors and the Audit & Supervisory Board. With Ms. Akiko Koyano joining in June 2019, the five independent directors form a structure to ensure sufficient supervision and auditing from an objective perspective.

The following are messages from the five Outside Directors and Audit & Supervisory Board Members, including their opinions about corporate governance.

### Outside Directors

#### Hiroto Mizobata,
Outside Director

Since after working for a major audit corporation for seven years, I have run an accounting office as an independent certified public accountant and tax accountant. I think my experience of supporting the rebuilding of companies from a management standpoint in many cases of corporate reorganization and civil rehabilitation is useful in my role as an Outside Director today.

At the Board of Directors meetings, all of the Outside Directors and Audit & Supervisory Board Members not only proactively give opinions based on our respective experience and knowledge in our specialized fields but also ask questions and make judgments by paying attention to whether the proposals are consistent with the Kyocera Philosophy even to eyes outside of the Company. Though it may not always be the case, I believe that actions and decisions in accordance with the Kyocera Philosophy will lead to the right practice of corporate governance, minimize compliance-related risks, and improve corporate value.

Keeping up with the trends in society, the governance structure of Kyocera has been significantly changing. The nomination and remuneration committee, which was set up less than a year ago, is operated more practically in future. Meanwhile, persons in charge of each business division provide us with reports on their business performance, through which we can see the situations of their activities. The “Compa”** get-together parties are good opportunities for us to talk to many members of the Company, I am sure the committee will be effectively operated year by year.

To keep up with Kyocera’s further growth trends, I myself will make continuous efforts to improve my abilities in various fields so that I will be able to give useful opinions in important phases as an Independent Outside Director and support decision making for improving corporate value from an external viewpoint.

* A get-together where participants deepen discussion on work-related issues or their knowledge and understanding of each other, with the aim of heading in the same direction toward achieving a goal.

#### Atsushi Aoyama,
Outside Director

I have been engaged in research and education on the methodology of creating innovation based on technologies, and on the impact of artificial intelligence and IoT (Internet of Things) and other advancements of ICT on businesses and society. I have also studied the philosophy and business management of Kazuo Inamori, Chairman Emeritus.

As the Business Roundtable, a US business association, suggested earlier, the global trend of corporate management is shifting from shareholder-oriented management to stakeholder-based management, which focuses on benefits of employees, and contribution to local communities. Kyocera makes decisions based on “what is right as a human” and aims “To provide opportunities for the material and intellectual growth of all our employees” according to its philosophical and ethical norms called the Kyocera Philosophy. In this sense, Kyocera is already a pioneer of stakeholder-based management.

At the same time, globalization of economy and industry, accelerating technology innovation, and commoditization of goods that has caused a shift in customer value toward “goods and things” require Kyocera to become an innovative and future-oriented company that draws a vision for the future of human society and strategically invests its management resources to create value that leads the times.

There is a (Japanese) term, “kuriki-ryoku,” meaning continuity and change, I believe that my mission is to support Kyocera in its efforts to become a company full of innovation spirit and entrepreneurship that takes on challenges of the new era while maintaining the essence of the Kyocera Philosophy based on an altruistic mind. The Kyocera Philosophy is the most important asset that constitutes the Kyocera brand. It is also my mission to give advice so that Kyocera will improve its corporate value by making a continuous commitment to activities of people around the world who pursue and practice the Kyocera Philosophy.

#### Akiko Koyano,
Outside Director

I became a lawyer after graduating from university and then working in the administration and IT departments of a manufacturer. As a lawyer, I have been engaged in supporting companies mainly in the personnel and labor fields while dealing with a wide variety of legal cases, such as inheritance, divorce, bankruptcy, and criminal cases. Also, my concerns about the environment for child rearing has made me interested in support for work-life balance, child-raising support, childcare, and the adoption/foster parent systems, and I am serving as a member of a local social welfare council.

I will fulfill my duties as an Outside Director, thinking carefully about each one of the employees, business associates, customers and shareholders who gather at Kyocera and trying to feel a bond with each of them.

For Kyocera to continuously be a company full of dreams and vitality in the future, I think that it is important to promote diversity management so that diverse capabilities of the members will be gathered and fully exercised under the Kyocera Philosophy. In these times of drastic change, I expect the Kyocera members, particularly those of younger generations, to get rid of conventional frameworks with fixed ideas and generate innovations that will create a new future. I believe that such challenges will be a driving force for further growth of Kyocera.

Today, Japanese society is unprecedentedly aging with a declining birthrate, which requires both men and women to take care of their children or elderly family members while working. Contributing to society through work and taking care of family members are both indispensable for the lives of employees and directly connected to their sense of happiness. In order to support them in taking on challenges in their work, systems to sufficiently support work-life balance and to allow flexible workstyles must be established. I will do my best to help Kyocera become a leading company in supporting flexible workstyles of employees through such initiatives as encouraging male employees to easily take childcare leave.

### Messages from Outside Directors

#### Hiroto Mizobata,
Outside Director

Continue innovation to reinforce governance

#### Akiko Koyano,
Outside Director

Improve corporate value by promoting diversity management

#### Atsushi Aoyama,
Outside Director

Become a value-creating company that goes ahead of the times, maintaining the essence of the Philosophy
Messages from Outside Directors and Audit & Supervisory Board Members

Outside Audit & Supervisory Board Members

Sustainable growth based on Kyocera Philosophy and Amoeba Management as two pillars

I worked for Ernst & Young ShinNihon LLC for 40 years. During this period, I held various positions, including the chief auditor for manufacturers, the representative of a Japan-based business in North America, and the chairperson of a council supervising corporate management.

Kyocera’s strengths are its wide variety of product lineups, high product quality, proper prices, and on-time delivery. I understand that these strengths are supported by the two pillars of Amoeba Management and the Kyocera Philosophy. The balance of these two pillar management systems has brought stable, high growth of the company.

The essence of Amoeba Management is a system to measure added value for each process. The mission of the leader of a process is to increase added value every month while the Kyocera Philosophy is thoroughly implemented to prevent the leader from making wrong decisions.

Consolidated sales revenue overseas is higher than that in Japan. This tendency is likely to become stronger in the future, which is expected to heighten the risk of overseas businesses. To identify risks in overseas businesses, I receive reports on audits of overseas subsidiaries from the Accounting Auditor and the Corporate Global Audit Division. I also confirm the status of subsidiaries in Japan by attending the Kyocera Group Audit & Supervisory Board Meetings to receive reports on the audits by the Audit & Supervisory Board. Moreover, I meet with Outside Directors on a periodic basis to ensure sharing of information on risks, etc.

For M&As and other investment deals, I try to carefully examine the business plans and investment recovery plans submitted to the Board of Directors.

Today, corporate management is required to flexibly respond to changing values, such as ESG and diversity. I believe that these changing values do not contract the Kyocera Philosophy. Sustainable growth of Kyocera in the global market will be achieved through understanding of the Kyocera Philosophy and the implementation of Amoeba Management, which I will continue to confirm from the standpoint of an Outside Audit & Supervisory Board Member and by utilizing my knowledge and experience as a certified public accountant.

Masaaki Akiyama,
Outside Audit & Supervisory Board Member

Enhance Group governance through global cooperation

Based on my experience of working with many companies over my long career as a lawyer, I think that the definition of a good company is one that has an open atmosphere and whose employees work toward their dreams through voluntary efforts. From this perspective, I would like to contribute, as an Outside Audit & Supervisory Board Member of Kyocera, to ensuring effective corporate governance and improving corporate value.

Kyocera has built its prosperity today by enhancing the mind and personality of its employees and by accumulating persistent and uniring efforts under the Kyocera Philosophy. I would like to express my sincere respect for this history. From now on, it will be crucial to endeavor to keep the Kyocera Philosophy as a universal principle while properly responding to dynamic changes in the world market and labor environment and adding reasonable interpretations in line with the times.

The Kyocera Group has many subsidiaries and affiliates overseas, and it is important to ensure governance of these companies. It is necessary to further enhance internal auditing departments, such as the Corporate Global Audit Division, as well as to pay attention to ensuring communication with local employees.

As a member of the Audit & Supervisory Board, I am determined to help improve the effectiveness of corporate governance in cooperation with these departments.

One of the priority tasks Kyocera has designated for the future is to proactively promote M&As, capital investment, and investment in research and development. I would like to contribute to the sound and well-balanced development of Kyocera in the future, making full use of the knowledge and experience I have as a lawyer.

Hitoshi Sakata,
Outside Audit & Supervisory Board Member

Audit & Supervisory Board Members receiving reports on financial results from the accounting staff in charge

Audit & Supervisory Board Members discussing details of the financial results
Kyocera adopted its 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 humanity.” Management is based on the Kyocera Philosophy, which uses the concept “What is the right thing to do as a human being?” as its decision-making criterion. This also forms the basis for the Kyocera Group’s CSR activities. Through implementation of the Kyocera Philosophy, we work to find solutions to corporate citizenship issues, build relationships of mutual trust with our stakeholders, and aim for the sustained development of the Kyocera Group. At the same time, we endeavor to contribute to the healthy development of society.

To be specific, in an effort to address various corporate citizenship issues, we have the Kyocera Group CSR Committee chaired by the President. Important matters discussed in the CSR Committee are reported to the Board of Directors, so as to map out a Group-wide business strategy for necessary actions.

**Basic Policy and Management**

Kyocera Group’s Corporate Social Responsibility (CSR)

<table>
<thead>
<tr>
<th>Important CSR themes</th>
<th>Main activities in the past</th>
<th>Relevance to the SDGs</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reconciliation of Human Rights</strong></td>
<td>Establishment of the Diversity Promotion Division</td>
<td></td>
<td>On the CSR activities website</td>
</tr>
<tr>
<td></td>
<td>Promotion of various action plans to foster female managers</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Implementation of e-learning programs on diversity, including LGBT</td>
<td></td>
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<td></td>
<td>Setting of an employment rate target of people with disabilities and the promotion of necessary actions</td>
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<tr>
<td></td>
<td>Active acceptance of work experience of various people, through coordination with local communities and relevant organizations</td>
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<td></td>
<td>Expansion of the number of employees dispatched for language training programs</td>
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<td></td>
<td>Implementation of cross-cultural understanding training programs</td>
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<td></td>
<td>Thorough risk assessment to reduce work-related accidents (system reinforcement and skill improvement of risk assessing)</td>
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<td></td>
<td>Total health promotion (THP) activities</td>
<td></td>
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<tr>
<td></td>
<td>Kyocera Group Health and Productivity Management Declaration, and the acceleration of antismoking efforts</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Environmental Active</th>
<th>Main activities in the past</th>
<th>Relevance to the SDGs</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Establishment of a long-term environmental target (a 30% reduction in greenhouse gas emissions by FY2030 from the FY2013 level)</strong></td>
<td></td>
<td>On the CSR activities website</td>
<td></td>
</tr>
<tr>
<td><strong>Certification from the Science Based Targets (SBT) Initiative for the long-term environmental target</strong></td>
<td></td>
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</tr>
<tr>
<td><strong>Promotion of environmental performance improvement activities</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>Implementation of risk assessment at subsidiaries of Kyocera Group companies (outside of Japan)</strong></td>
<td></td>
<td>On the CSR activities website</td>
<td></td>
</tr>
<tr>
<td><strong>Enhancement of information security against cyber-attacks and internal fraud</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>Continued implementation of business continuity plan (BCP) activities based on international/industrial standards</strong></td>
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<tr>
<td><strong>Expansion of BCP activities to reduce the risk of damage to electronic information security caused by windstorm/flood or cyber-attacks</strong></td>
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<tr>
<td><strong>Investigation of BCP initiatives of suppliers</strong></td>
<td></td>
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<tr>
<td><strong>Training programs at Kyocera Group companies (outside of Japan) to promote customer examination management</strong></td>
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<td></td>
<td></td>
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<tr>
<td><strong>Expanded legal audit of business processes at Kyocera Group companies (in Japan)</strong></td>
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<tr>
<td><strong>Holding of supplier seminars and social gathering events (for 292 persons from 235 business associates in total)</strong></td>
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<tr>
<td><strong>Surveys on CSR activities in the supply chain</strong></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Fair Business Active</th>
<th>Main activities in the past</th>
<th>Relevance to the SDGs</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Approaches to Raising Customer Satisfaction Levels</strong></td>
<td></td>
<td>On the CSR activities website</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Continued improvement of indicators of customer satisfaction and quality levels</strong></td>
<td></td>
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<tr>
<td></td>
<td><strong>Information sharing, analysis of problems and their causes, and the implementation of necessary measures by the CS Improvement Committee</strong></td>
<td></td>
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<tr>
<td></td>
<td><strong>Start of a data science training project and the implementation of new approaches for quality improvement</strong></td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Social Contribution Active</th>
<th>Main activities in the past</th>
<th>Relevance to the SDGs</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Global Contribution Activities</strong></td>
<td></td>
<td>On the CSR activities website</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Supported the Inamori Foundation’s “Kyoto Prize” to honor those who achieved outstanding success in the fields of Advanced Technology, Basic Sciences, Arts and Philosophy</strong></td>
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<td></td>
<td><strong>Holding of “Promenade Through Kyoto in Watercolors” (a special watercolor painting exhibition) and the Japan Ceramics Society Encouragement Prize Kansai Exhibition at the Kyocera Gallery, as an opportunity for young artists to exhibit their work</strong></td>
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<td></td>
<td><strong>Initiation of the Vietnam cultural exchange tour delegation, consisting of 12 Vietnamese junior high school students and three Vietnamese teachers this year, to help increase their understanding of Japan’s advanced technology and culture</strong></td>
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</tr>
</tbody>
</table>

**Kyocera Group CSR Committee Members:** General/Managers, General/Managers of Direct Businesses Division, and Presidents of Kyocera Group Companies.

**Secretariat:** CSR Promotion Department of Corporate Management Promotion Group.

**Chairman of the CSR Committee:** President, Kyocera Corporation.

**Kyocera Group CSR Committee (frequency: twice a year)**
Human Resource Development

Kyocera’s Approach to Human Resource Development

The Kyocera Group maintains a fundamental 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 continued growth and development of Kyocera Corporation is vital to achieve the aims of this rationale. We believe that enabling our employees to maximize their innate potential is an essential element of this process. The Kyocera Group is constantly working to create a range of innovative human resource initiatives based on its human resources rationale. Through these initiatives, we aim to create a workplace environment where all employees can feel pride in the company and satisfaction in their work. We aim to create a workplace culture where everyone can share their joys and challenges, and contribute to the achievement of our management rationale. Kyocera is committed to promoting human resource development and diversity, as well as ensuring a safe and healthy work environment.

Systems for the Cultivation of Human Resources

Kyocera Group regards human resources as human “assets” and supports activities enabling employees to raise awareness of personal development and their contributions in the workplace. In particular, as personal development can be achieved to great extent through work, Kyocera is striving to create a workplace environment that enables each employee to work cheerfully and energetically, and to cultivate their talent to the maximum extent. Kyocera provides comprehensive support for employee growth and development using the following systems:

One-to-One Guidance System

Kyocera has established a One-to-One Guidance System to support the growth of new employees. Under this system, a guidance manager is assigned to each new employee. Guidance managers undertake close communication with new employees, including periodic interviews and provide customized guidance. Follow-up interviews are also provided by human resource departments. New employees therefore enjoy a system that gives them advice from various viewpoints.

Interviewing System

STEP System

Based on the idea that employees grow steadily step-by-step as they go up the stairs and move to the next level, Kyocera established the STEP system for new employees up to the fifth year of employment to support the growth of younger employees. When there are regular opportunities for communication between subordinates and supervising employees, young employees are encouraged to talk about their work and their ideas with their supervisors, and the supervisors listen to them and share their thoughts. This creates a feeling of oneness among all employees, which then helps support the growth of young employees.

Step Up System

In their fourth year of employment, employees can take advantage of the Step Up System. This system allows employees to transition from a work style based on completing allocated tasks to a work style where they can take the initiative in developing their skills to enhance their work performance. The Step Up System helps employees to see the gap between their current work performance and their ideal work performance, allowing them to identify challenges in the way. Employees can then work on resolving those issues as part of their regular duties, and the Step Up System provides the opportunity to report the results of their efforts to the senior management of their Group.

Skill Development Support System for Engineers

Kyocera has an Engineer Ability Development & Support System to help engineers enhance their credentials independently. This system clarifies the level of roles expected of each engineer and allows engineers to quantify the skills necessary for their roles. This system leads to improved engineering capabilities for the organization as a whole.

Human Resource Education

Kyocera Group provides human resource education aimed at improving both theoretical and practical aspects of education, understanding and leadership of the Kyocera Philosophy and mastering of the specialized knowledge and skills necessary to execute work. Kyocera thus endeavors to optimize human resources who can help us achieve the Management Rationale by providing a variety of education programs based on the education system composed as follows for each objective.

Kyocera Philosophy Education

(2,271 employees receiving training annually, average 1 day of training per person, per year)

The Kyocera Group is expanding Kyocera Philosophy Education on a global basis in accordance with the policy of the Group-Wide Philosophy Committee. In Japan, we have both individualized programs carried out by each department, site, or Group company based on their own respective business conditions, as well as companywide programs that support each of these programs. The individual programs conducted by each department, site, or Group company are mainly focused on Philosophy diffusion activities from the viewpoint of the frontend employees. The company-wide program is set to a standard study theme to create a sense of Group unity and to help foster employees capable of contributing to company management.

Technical Training

(4,540 employees receiving training annually, average 1.5 days of training per person, per year)

It is Kyocera’s goal to develop human resources with a wide range of basic knowledge and advanced expert knowledge in all departments, including engineering, R&D, manufacturing, quality assurance, sales, and management. Specific training programs include Basic Technical Training and New Employee Sales Training for first year employees, Specialized Technical Training mainly for young engineers, and Midlevel Engineer Training for mastery of technical management. The training curriculum covers a wide range, such as materials technology, design skills, manufacturing technology, production technology, management skills, and quality control. Kyocera employees can take the training necessary for their assignment under this training system.

Global Education

(47 employees receiving training annually, average 60 days of training per person, per year)

Kyocera established an Overseas Language Training System and Overseas Graduate School Study System in order to expand opportunities for employees who plan to work overseas, improve language skills, the ability to obtain up-to-date knowledge of the world, including USA, Europe, China, Southeast Asia, and India. Kyocera is thus promoting the cultivation of employees with improved language skills, the ability to obtain up-to-date knowledge, and technology that can only be acquired abroad, as well as the development of internationally minded employees. Furthermore, Kyocera provides those employees scheduled to be sent overseas sites and employees in overseas sales with training programs to understand foreign cultures. Many employees take part in this training every year.
### Diversity Promotion Activities

#### Diversity and Inclusion Efforts

**Establishment of the Diversity Promotion Office and Systems for Promotion**

(transition from promoting the careers of women to diversity)

Considering the promotion of women’s careers in the workplace as its core management theme, Kyocera has conducted a wide variety of enlightenment programs since 2006 under the overall responsibility of the President, mainly focusing on more female managers, a higher ratio of women to all applicants employed, more support systems to balance work and parenting, and a corporate culture reform. As a result, the number of female managers as of April 2019 reached 79 (six in 2006). In 2019, the Diversity Promotion Division was established as a dedicated section to facilitate company-wide diversity promotion activities, targeting NOT only female employees but also all employees, based on the top’s management policy. In addition, the Specific Diversity Promotion Committee was also set up at Kyocera’s major domestic plants and offices. The main committee members are selected from among employees, so they are expected to carry out various activities and programs, responding to the site-level opinions and issues on diversity.

**Kyocera’s Ideal Diversity and Inclusion**

To realize the Management Rationale, which is “to provide opportunities for the material and intellectual growth of all our employees,” Kyocera Group strives to create a workplace environment that enables all employees to make the most of their own personality and talents, as well as to work cheerfully and energetically while feeling pride in the company and satisfaction in their work.

Aiming to ensure continued expansion and growth in the future as a business entity and to “contribute to the advancement of society and humanism,” we at Kyocera Corporation will make continued efforts to promote diversity and inclusion.

**To Ensure the Full Participation of Diverse Human Resources**

Support Systems (to balance work, child-rearing and family nursing care)

The Kyocera Group companies (in Japan) provide a wide variety of support systems, such as the parental leave system and the shortened workday system, to help employees satisfy both career and child-rearing. For nursing care support, the family nursing care leave system is established to allow leave of up to one year, which exceeds the length designated by law. Since it is important to reduce employees’ anxiety regarding the balance between work and family care, the Guidebook for Balancing Career and Nursing Care is also available on the internal portal site to provide relevant information to employees.

**Main support systems to balance career, child-rearing and nursing care**

<table>
<thead>
<tr>
<th>System</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parental leave system</td>
<td>The employee is eligible for the first birthday of the baby or the adoption. An extended use of the system is given when the baby is in the first six months.</td>
</tr>
<tr>
<td>Shortened workday system</td>
<td>The system is available in the reduced workday work environment, in which the employee works in a reduced workday work environment for a period of up to three years.</td>
</tr>
<tr>
<td>Family nursing care leave system</td>
<td>The employee is eligible for family nursing care leave when the child is under the age of 6 and the employee is also eligible for the family nursing care leave system for up to three years.</td>
</tr>
<tr>
<td>Work-hour change system</td>
<td>The employee is eligible for the work-hour change system when the employee is working in a reduced workday work environment for up to three years.</td>
</tr>
</tbody>
</table>

**Use of the Main Support Systems (results in FY2019)**

<table>
<thead>
<tr>
<th>System</th>
<th>No. of employees using the support system</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parental leave system</td>
<td>165</td>
</tr>
<tr>
<td>Shortened workday system</td>
<td>450</td>
</tr>
<tr>
<td>Family nursing care leave system</td>
<td>70</td>
</tr>
</tbody>
</table>

**Adapting to Globalization**

Since Kyocera’s first overseas office was established in 1968 (U.S.A.), local variation has been the basic principle of recruitment. The Kyocera Group has always tried to appoint local employees to management positions. Kyocera directly employs students who graduate from Chinese universities and graduate schools from the viewpoint of the employment and development of personnel who will lead our global development in the future. We will also continue to employ foreign students studying in Japan.

**Employment for People with Disabilities**

Kyocera is committed to the hiring of people with disabilities and to promoting their continued employment. Employees with disabilities hired by Kyocera are assigned with consideration so that their jobs and workplaces match their capabilities. As of April 2019, the rate of employees with disabilities is 2.21%. Kyocera intends to develop specific action plans and actively employ people with disabilities to enhance the rate of employees with disabilities.

**Action for LGBT**

To further promote diversity and inclusion, we held training on LGBT to managers of the personnel and general affairs departments. The training had an external lecturer who spoke about the facts of LGBT, including discussion that the rights of LGBT are human rights. The trainees deepened their understanding about the fundamental knowledge of gender diversity as well as the trends within and outside of Japan. We also provided company-wide e-learning programs to help all employees better understand LGBT issues.

**Making Diversity a Strength of Kyocera**

Management based on the bonds of human minds is a principle Kyocera has kept since its founding. Employees with different experiences and values have cared for and helped each other like a family, striving together with the goal of making Kyocera a wonderful company. This view is consistent with “diversity & inclusion,” a concept which aims to pursue respect for the human rights and diverse personal characteristics of all individuals. Implementation of this concept will result in the happiness of all employees, growth of the company, and contribution to the development of society; this represents a key aspect of management at Kyocera.

Today, Kyocera is a corporate entity with a true diversity, where employees with diverse backgrounds, experiences, and skills are gathered together on a global scale. To achieve future growth, it is necessary to maximize use unique capabilities of each employee, turning them into a strength for Kyocera to create new technological and business innovations.

To strongly promote diversity & inclusion throughout the Group, Kyocera created the Diversity Promotion Division in 2019 as a dedicated department. We have set a high goal of promoting female engagement, especially in Japan, by doubling the percentage of women in management by fiscal year 2022. At the same time, we aim to become a company where not only women but all employees will be motivated and play active roles in their daily work. I will do my utmost as an Executive Officer in charge of diversity promotion to make this goal a reality.
Building a Safe & Secure Work Environment

Occupational Health and Safety Efforts

In carrying out its business activities, the Kyocera Group actively promotes measures related to environmental safety based on our management rationale and makes continuous improvement of environmental safety performance through operation of the management system.

Abstract from the Kyocera Group Environmental Safety Policy

・ Kyocera will comply with laws, agreements, and internal standards regarding the environment and work safety.
・ Kyocera aims to build a corporate culture that creates an accident-free and disaster-free workplace environment where everyone can work safely and with peace of mind.
・ Kyocera will carry out risk assessments and reduce risks by eliminating existing hazards in order to prevent workplace accidents and disasters.
・ The Kyocera Group strives to build a work environment where employees feel healthy, enjoy job satisfaction and can reach their maximum potential by promoting mental and physical health.

Approaches to Occupational Health and Safety and Management System

The Kyocera Group has established a management system in accordance with the Occupational Health and Safety Management System (ISO 45001) and promotes efforts for occupational safety and health. In Japan, Kyocera trains risk assessment trainers and risk assessors at each business site, and works to establish a system to identify potential hazards lurking in the workplace and address them more effectively, so as to prevent workplace accidents and disasters.

Changes in Lost Time Accident Rate of the Kyocera Group (in Japan)
The lost time accident rate of the Kyocera Group (in Japan) in FY2019 was 0.32, lower than the average of all manufacturing industries as well as the electric machinery and appliance manufacturing industries. Kyocera will continue to take action to reduce industrial accidents and create a safe working environment safe for all its employees.

Health Enhancement Efforts

The Kyocera Group is undertaking various measures to raise health awareness among all employees and support health in body and mind.

Total Health Promotion (THP) Activities

The Kyocera Group carries out total health promotion (THP) activities, under the overall control of the President and the leadership of the Corporate General Affairs Human Resources Group. THP activities aim to help employees maintain and improve their physical and mental health so that they feel happy with their health and to make the company more productive and energetic. In its Health and Productivity Management Declaration, the Kyocera Group clearly states its determination to make group-wide efforts to improve the health of its employees, in line with the Declaration, the Group has been implementing various initiatives to improve employee health, including measures to promote healthy eating habits, exercise, non-smoking, and good mental health. With the aim of being a superior health management company where every employee can work energetically, we will work to develop the necessary health-related systems and programs.

Certified White 500 Company

As part of THP activities, Kyocera is implementing various measures. These measures include: providing healthy menus at company cafeterias, promoting a 24/365/50 campaign (encouraging stair climbing), promoting smoking cessation education for employees and encouraging them to receive smoking cessation outpatient treatment, and promoting indoor smoking bans. A mental health specialist is placed at each site to provide mental health care. In recognition of these activities, Kyocera was certified as a White 500 company for 2019 by Japan’s Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi. To ensure that employees can work energetically and with vitality, we will, in cooperation with the Health Insurance Association and the Labor Union, continue implementing measures to improve employees’ lifestyles focusing on eating habits, exercise and smoking cessation, as well as mental care measures.

Deployment of Kyocera Perfect 5S Promotion Activities

The 5S ("Seiri": Sort / "Setson": Set in Order / "Sesshu": Shine / "Seiketsu": Sanitize / "Shitsuke": Sustain) is at the heart of work at the Kyocera Group. Aiming to implement 5S activities perfectly at every worksite, Kyocera Perfect 5S Promotion Activities are being introduced globally. Each worksite regularly evaluates the degree of 5S achievement using a company-wide standardized checklist and identifies areas for improvement. Then all members work together to make improvements in the areas identified. To ensure fair and impartial evaluation and objective judgment, those who have completed 5S training and passed the examination serve as evaluators. Through these activities, Kyocera aims to create a working environment where every employee can work safely and with peace of mind and to raise each employee’s awareness of and commitment to 5S.
Harmony with Global Environment

Environmental Activities

The Kyocera Group has put in place the Kyocera Group Environmental Safety Policy, which combines policies on the environment and safety and sanitation, including reduction in environmental loads through product life cycle or control of greenhouse gas emissions throughout the entire value chain, to promote comprehensive measures for environmental safety based on its management rationale in conducting business activities.

Kyocera Group Environmental Safety Policy (excerpts)

- Kyocera will comply with laws, agreements, and internal standards regarding the environment and work safety.
- Kyocera will increase research and development into products that make a positive contribution to the enhancement of the global environment and minimize environmental impact at all stages of the product life cycle; the company will strive to spread the use of such products.
- Kyocera will promote greenhouse gas emission control in the value chain to contribute to the prevention of climate change.
- Kyocera will contribute to the realization of a society with sustainable recycling of resources by purchasing materials with low environmental impact, reducing the volume of new resource consumption, and minimizing waste.
- Kyocera will advance conservation of biodiversity by minimizing negative impacts on the natural environment, as well as by protecting and nurturing the natural environment.
- Kyocera will support corporate social responsibility (CSR) activities and communicate with various stakeholders.

Response to Climate Change

Since the Paris Agreement took effect in 2016, governments and businesses have been advancing toward reducing greenhouse gas emissions. The Kyocera Group positions response to climate change as a priority task and set its long-term environmental targets in 2018. These targets have been certified as SBT (Science-Based Targets) by the SBT Initiative, an international environmental organization.

- Scope 1, 2 GHG emissions: Reduce 30% by 2030 compared to 2013 levels (SBT certified)
- Scope 1, 2, 3 GHG emissions: Reduce 30% by 2030 compared to 2013 levels (SBT certified)
- Renewable energy adoption: Increase 10x by 2030 from 2013 levels
- Scope 1: Direct emission associated with fuel consumption and production processes
- Scope 2: Indirect emission associated with consumption of power or heat purchased from outside
- Scope 3: Indirect emission other than Scope 1 or 2 (including procurement of raw materials, transport, use and disposal of products, as well as employee commuting and business trips)

### GHG emissions (Scope 1, 2) (1,000 tons-CO₂)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2015</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>GHG</td>
<td>11.66</td>
<td>11.70</td>
<td>11.28</td>
<td>11.12</td>
<td>10.89</td>
<td>10.21</td>
</tr>
</tbody>
</table>

### GHG emissions (Scope 1, 2, 3) (1,000 tons-CO₂)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2015</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>GHG</td>
<td>6.325</td>
<td>6.466</td>
<td>6.316</td>
<td>6.251</td>
<td>6.826</td>
<td>5.759</td>
</tr>
</tbody>
</table>

Contribution to the Environment through Products

The Kyocera Group aims for every product that it sells to contribute to the betterment of the global environment and endeavors to develop environmentally friendly products.

**“Enerezza” energy storage system for residential use, with the world’s first clay-type Li-ion storage battery**

Kyocera has launched “Enerezza,” a stationary energy storage system for residential use equipped with the world’s first clay-type Li-ion storage battery. A clay-type lithium-ion battery has positive and negative electrodes that can be designed to be three to five times thicker than a conventional liquid-type Li-ion storage battery, which helps simplify the production processes and reduce costs. Also, by employing a structure that combines unit cells sealed with a pouch material, a long product life and high safety were realized.

* According to a survey by Kyocera (as of October 2, 2018). As a clay-type energy storage system.

**Launched “Ene-Farm Mini,” the world’s smallest household fuel cell**

Tokyo Gas Co., Ltd. and Kyocera have jointly developed and launched “Ene-Farm Mini,” the world’s smallest household fuel cell cogeneration system.

The size of Ene-Farm Mini is as small as an outdoor unit of an air-conditioner, which was realized by decreasing the sizes of the cell stack and hot water tank. The system can be installed at any location with a depth of at least 500 mm. A solid oxide fuel cell (SOFC) with high power generation efficiency is used, and the rated power output is 400 W. It is expected to reduce annual CO₂ emissions by approximately 1 ton*, realizing high energy saving effects. Equipped with a standard “resilience function”, Ene-Farm Mini will continue to generate power even if a power failure occurs, and it will thus be useful as an emergency power source.

* The smallest in the world among stationary residential fuel cells according to a survey by Kyocera. As of October 10, 2019.
*2 Calculation conditions are as follows:
  Calculation conditions: CO₂ emissions factor: Electricity 0.587 kg-CO₂/kWh, gas 2.277 kg-CO₂/m³ (August 2017 issue of the Guide for Household Energy Saving by NETI Agency for Natural Resources and Energy)
  Power load: JIS C 8818 Intermediate season
  Load of hot water supply: Calculated by Kyocera with conditions of JIS S 2075 Intermediate season. Figures may vary depending on the use environment.
Effective Use of Resources
Water is a precious natural resource. However, the importance of water resources, or water risk, is increasing in some parts of the world because of the ongoing impacts of climate change. The Kyocera Group carefully manages the intake and release of water and quantitatively assesses water risk at each production site using data from the Aqueduct Water Risk Atlas* such as water stress level, amount of water use, unit price of water, and local-level water stress assessment results. The water risk assessment found no production sites with high risk, but we set a target for water consumption for the entire Kyocera Group and continue to implement measures to protect water resources.

Water Risk and Water Consumption at Each Region (unit:1,000m$^3$)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>16,460</td>
<td>15,641</td>
<td>15,870</td>
<td>16,503</td>
<td>16,286</td>
</tr>
<tr>
<td>Europe</td>
<td>1,500</td>
<td>1,300</td>
<td>1,200</td>
<td>1,100</td>
<td>1,000</td>
</tr>
<tr>
<td>North America</td>
<td>13,000</td>
<td>12,000</td>
<td>11,000</td>
<td>10,000</td>
<td>9,000</td>
</tr>
<tr>
<td>South America</td>
<td>880</td>
<td>780</td>
<td>680</td>
<td>580</td>
<td>480</td>
</tr>
<tr>
<td>East Asia</td>
<td>310</td>
<td>210</td>
<td>110</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td>Southeast Asia</td>
<td>210</td>
<td>110</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Africa</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>West Asia</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>25</td>
</tr>
</tbody>
</table>

(Note) Created based on the Aqueduct Water Risk Atlas (as of September 1, 2019) from the World Resources Institute (WRI), aqueduct.wri.org

Waste Reduction and Recycling Efforts
Due to emissions reduction efforts, including internal treatment of liquid waste and recovery of valuable materials from liquid waste, waste emissions per net sales decreased compared to FY2018.

<table>
<thead>
<tr>
<th>Year</th>
<th>Industrial Waste Discharge</th>
<th>Industrial Waste Emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>24,981 kg/million yen</td>
<td>22,982 kg/million yen</td>
</tr>
<tr>
<td>2016</td>
<td>23,880 kg/million yen</td>
<td>22,982 kg/million yen</td>
</tr>
<tr>
<td>2017</td>
<td>22,982 kg/million yen</td>
<td>20,527 kg/million yen</td>
</tr>
<tr>
<td>2018</td>
<td>22,982 kg/million yen</td>
<td>19,6 kg/million yen</td>
</tr>
<tr>
<td>2019</td>
<td>22,982 kg/million yen</td>
<td>19,6 kg/million yen</td>
</tr>
</tbody>
</table>

Contribution to Global Environment
Kyocera Forestation Activities
The Kyocera Group conducts activities to restore local forests and increase greenery around its plants. These activities mainly include tree thinning and undergrowth cutting, together with local residents.

Activities Related to the Conservation of Biodiversity
Human society consists of various blessings from nature. On the other hand, forests equivalent to one fifth of Japan’s land area are lost from the world every year. It is also said that the effect of human activities over the last several hundreds of years has caused the extinction rate of species to be accelerated by 1,000 times. In these ways, circumstances surrounding biodiversity have become extremely serious.

The Kyocera Group establishes working policies relating to the conservation of biodiversity on activities such as the reduction of destructive effects on the natural environment and on the ecological system, active promotion of greennification at Group facilities, and participation in and support of social contribution activities.

Contribution to the Environment through Products
Development of Aquarium LED Lighting
By combining violet LEDs and RGB phosphor blending technology "CERAPHIC*", Kyocera’s high-color-rendering LEDs produce light extremely close to natural sunlight. By customizing the spectrum, it reproduces light close to that of the natural habitats of corals and water plants at specific underwater depths.

Furthermore, as each LED element emits full-spectrum light close to natural sunlight, it produces light with luminance uniformity without color separation making it ideal for growing corals and other sea creatures over a long period of time.

*CERAPHIC is a registered trademark of Kyocera Corporation in Japan.

Kyocera Forestation Activities

Kyocera employees participating in a forestation event.
Risk Management and Compliance

Risk Management Efforts

The Kyocera Group is making group-wide efforts to reinforce its risk management system to cope with global risks that are becoming ever more complicated. The Kyocera Group faces various risks that may affect the creditability or business sustainability of the Kyocera Group, including changes in the market environment, occurrence of natural disasters, incidents, and accidents, the impact of climate change, information leakage, deficiencies labor conditions in the supply chain, and violations of human rights. To cope with these, the Kyocera Group endeavors to reduce and mitigate risks while acting on the Basic Policy on Risk Management put in place for this purpose.

Kyocera Group Basic Policy on Risk Management

1. In accordance with assurance of compliance and the spirit of the Kyocera Philosophy, the Kyocera Group will consider what is the right conduct as a human being and act based on this value standards.

2. In accordance with the spirit Kyocera Philosophy, the Kyocera Group will accept "the highest priority is to ensure physical safety and human life," deal with crisis, and for the convergence of crises, cooperate among employees as a unit to minimize loss, recover damage, and make efforts to prevent recurrences, thereby attempting to remove or mitigate impediments to the interests of each stakeholder, including customers, business partners, shareholders/investors, and the community.

3. The Kyocera Group will attempt to continuously develop its business through implementing risk management.

4. The Kyocera Group will act with its social mission to stably supply products and services helpful to the progress and development of society.

Risk Management System

The Kyocera Group conducts risk management, with the President as the Group Chief Officer and the General Manager of the Corporate General Affairs Human Resources Group as Chair of the Kyocera Group Risk Management Committee, to supervise risk management-related divisions. The Committee conducts risk assessments for each unit of the Kyocera Group and each site and formulates, examines, and approves response measures and monitors their progress with priority given to risks considered to be particularly high in importance.

In FY2017, risk management departments were established at Group companies in Japan and risk management supervisors were appointed for every division and every location managed by Group companies in Japan (including Kyocera). A training program was implemented to educate supervisors about response methods for natural disasters, risk management methods, and information security issues. Training at Group companies (outside of Japan) began in FY2019 as part of Kyocera’s company-wide efforts to reinforce risk management capabilities.

Business Continuity Plan (BCP) Efforts

The Kyocera Group has a Business Continuity Plan (BCP) in place to ensure rapid recovery and resumption of business operations in the event that the supply of products and services is temporarily halted due to a natural disaster or other issue. In Japan, the Kyocera Group has formulated a BCP to respond to a major earthquake. It outlines necessary responses including anchoring vital equipment, dispatching materials for repairs, and securing alternate means of production. A number of natural disasters occurred in FY2019 including an earthquake in northern Osaka, Typhoon Jebi, and the Hokkaido Eastern Inner Earthquake. During each of these events, the company’s BCP functioned effectively, allowing operations to continue without any significant damage or interruptions. In FY2020, Kyocera is working to expand the plan and further improve its response capabilities based on the company’s experience of responding to the previous year’s weather events and earthquakes. Group companies (outside of Japan) are also developing and maintaining their own BCPs to respond to region-specific disasters and risks including natural disasters and infectious diseases.

Information Security Efforts

The Kyocera Group has in place the Information Security Management Policy for the entire Kyocera Group as we see management strategies, product development, expertise, technology, organization, personnel information and other as the company’s important assets. The company President is the Chief Officer of the Information security management system. Based on the Information Security Management Policy, Kyocera has formulated Classified Information Management Regulations, Personal Information Protection Management Regulations, Intellectual Property Management Guidelines, Technological Know-how Leak-Prevention Regulations, Physical Security Management Regulations, and Personnel Security Regulations for classified information management, intellectual property management, physical security management, visitor management, and personnel security management, thereby ensuring thorough information security management.

The Kyocera Group has established an Information Security Committee and a Digital Information Security Committee. These committees implement various digital security measures including periodic training sessions specific to employees’, goals or duties, restrictions on taking information-related devices outside the company, measures to prevent information asset leaks, comprehensive management of IT assets, and enhancement of information security against cyber-attacks. Group companies (outside of Japan) are also working to strengthen information security in accordance with national laws to suit local business practices, cultures, and various business types in their region, based on their own information security management guidelines and related regulations.

Thorough Legal Compliance

The Kyocera Group makes its basic stance handling compliance management actively known internally and externally through enacting ‘Kyocera Compliance Statement’, and ensures thorough compliance with the law by taking measures including management by each division in charge of a specific law or regulation, the establishment of an inhouse communication system for notification of the enactment or revision of a law or regulation, the establishment of Employee Consultation Offices (internal reporting system), the implementation of regular legal compliance audits, and the provision of compliance education to employees upon new employment or promotion.

We also regularly hold the Kyocera Group Global Legal Affairs Meeting, in which legal and compliance affairs personnel of major Group companies in the USA, Europe, and China participate in order to reinforce global cooperation. At each Meeting, participants learn about each other’s results, share information on legal issues currently being faced by each company, and engage in discussions regarding various legal issues affecting the Group.

Kyocera Compliance Statement

The Kyocera Group applies the spirit of its Corporate Motto “Respect the Divine and Love People - Preserve the spirit to work fairly and honorably, respecting people, our work, our company and our global community” as its basic code on global compliance with laws and regulations.

Since its founding, the Kyocera Group has maintained a fair and honest corporate culture as established in the Kyocera Philosophy whose central principle is “Do what is right as a human being”. In alignment with the Kyocera Philosophy, we have never accepted any compromising actions such as cartels or acted to endorse criminal organizations, and we have consistently maintained appropriate accounting practices according to the Kyocera Accounting Principles.

“Living Together” has been the foundation of our corporate activities, and as such, we honor coexistence within society and diversity, the traditions and cultures of the related countries, and the humanity of employees, and pursue both material and spiritual happiness for our employees with concern to their physical and emotional health.

Today, laws and regulations that align with Kyocera Group’s basic principles are being enacted across the globe. The Kyocera Group fully supports this movement and complies with competition laws, anti-bribery regulations, personal information protection laws and any other related laws and regulations of the related countries. The Kyocera Group also respects the efforts of international organizations and countries to protect human rights. Corporate compliance with laws and regulations is subject of increasing attention in society, and compliance demanded by society is increasing.

The Kyocera Group understands that compliance with laws and regulations is an important endeavor essentially required by the Corporate Motto and Kyocera Philosophy that have regulated our company since founding, and that compliance with relevant laws and regulations in all countries of the world where the Kyocera Group conducts business is crucial for maintaining the trust of customers, business partners, suppliers, investors, employees, and all other stakeholders, therefore the Kyocera Group actively establishes specific departments and prepares regulations for the cause to ensure Group-wide and global compliance with laws and regulations.

January 1, 2019 Kyocera Corporation Goro Yamaguchi, Chairman Hideo Tanimoto, President
Supply Chain Management

Policy and Systems Related to Purchasing Activities

The Kyocera Group believes that the mutual prosperity of the entire supply chain can only be realized if all companies involved in the series of business processes, including development, production, sales and service, work together to meet the demands of society. To this end, the Kyocera Group actively communicates with its business partners and focuses on the building of partnerships based on mutual trust. Furthermore, to provide guidelines for purchasing activities, we have established the Basic Policy on Purchasing. Under this policy, we conduct various surveys on company overviews and CSR to evaluate and select our business partners fairly. We also ensure thorough compliance with business-related laws such as the Act against Delay in Payment of Subcontract Proceeds, etc. by regularly implementing in-house education and audits of personnel in charge of materials and business divisions.

Basic Policy on Purchasing

- Whether the fundamental thinking of the Kyocera Group is understood.
- Whether the thinking of the business operator and the management rationale of the prospective supplier are acceptable to Kyocera.
- Whether the company aims to improve management ability, technological strength and manufacturing ability; and whether business management is appropriate and stable in terms of scale and finances (e.g.: VA*/VE* proposal strength).
- Whether the company excels in such areas as quality, price, delivery time, service response, etc. (e.g.: ISO9000 series or equivalent quality management systems; lead-time reduction activity).
- Whether the company is seriously involved in global environmental conservation activities (e.g.: ISO14001 certification).

*1 VA: Value Analysis  *2 VE: Value Engineering

Holding of Supplier Seminars and Social Gatherings

The Kyocera Group regularly holds supplier seminars and social gatherings with business associates in order to better allow them to understand the management policy and business policy of the Group and request their further cooperation with our activities. In FY2019, a total of 292 people from 235 companies participated in the supplier seminar, where we gave commendations to business partners who demonstrated excellent performance in quality, price and delivery time during the past one year.

Efforts to Improve Product Quality

The Kyocera Group has established the Kyocera Quality Policy to achieve production of quality goods that fully satisfy our customers’ needs. All departments must pursue the right way to perform their jobs based on a firm policy in order to realize an enterprise that is worthy of trust throughout the world. All employees of the Kyocera Group continue to strive to do every job right the first time toward the goal of becoming a world leader in quality.

Kyocera Quality Policy

1. Kyocera places top priority on our environmental management and product safety systems.
2. Kyocera provides products and services to our customers that exceed their expectations by putting them first.
3. Kyocera aims to be a world leader in quality by doing every job right the first time.

Kyocera Product Safety Policy

1. Kyocera is fully acquainted with the latest information related to product liability and product safety.
2. Kyocera maintains an industry-leading standard of product safety.
3. Kyocera systematically practices product safety in accordance with manuals.

Approaches to Raising Customer Satisfaction Levels

The Kyocera Group (in Japan) uses customer feedback and a customer quality-related indicator to understand customer satisfaction levels. Setting a target for customer quality-related indicator at 0.5% or lower, we strive to improve customer satisfaction every year.

Responses to Accidents Involving Products

Kyocera Group in Japan has established systems that allow the CS (Customer Satisfaction) Division and Risk Management Division to gather information and implement countermeasures if a serious product accident occurs. We also notify the competent authority of such accidents and disclose information on our Web site.

Social Contribution Activities

The Kyocera Group values its relationships with all stakeholders – including customers, employees, shareholders, business associates, and local communities. We make a concerted effort to be a good corporate citizen that is trusted and respected by society. Moving forward, we will carry out activities that benefit society and contribute to its sustainable development.

Supporting the Inamori Foundation’s Kyoto Prize

The nonprofit Inamori Foundation was established in 1984, based upon the belief of Kyocera’s founder Kazuo Inamori, that “a human being has no higher calling than to strive for the greater good of humanity and the world,” and that “the future of humanity can be assured only when there is a balance between scientific development and the enrichment of the human spirit.” The Kyoto Prize, organized by the Foundation, was established in 1984. It celebrates its 33rd anniversary in 2017 as an international award that honors people who have made significant contributions in the three categories of Advanced Technology, Basic Sciences, and Arts and Philosophy. Each laureate receives a diploma, Kyoto Prize medal and prize money of 110 million yen per category. Following the Kyoto Prize presentation ceremony each November, events are held to encourage the public’s interaction with the laureates, including commemorative lectures for the general public where the laureates present their research and world view. Academic workshops involving experts in the chosen award fields, and educational programs for students from elementary school to university level are also held. A Kyoto Prize Symposium for local university students and the general public has been held in San Diego (U.S.A.) since 2001, and in 2017, a Kyoto Prize Symposium was held for the first time at Oxford University (U.K.).

The Kyocera Group is fully aligned with the spirit of the Kyoto Prize and is pleased to support this award.

Supporting Kyoto Sanga F.C. Professional Soccer Team

In 1994, in response to the high expectations of Kyoto residents calling for a local professional soccer team, Kyocera helped establish Kyoto Purple Sanga (now Kyoto Sanga F.C.), with the belief that it is the responsibility of local companies to help local communities thrive. Kyocera Group companies in Japan work together to support the team. Kyocera also supports the Sanga Cup Kyoto Youth Soccer Championships, as well as a project that helps develop soccer skills in players ages 18 and younger.

(Unit: Billions of yen)

<table>
<thead>
<tr>
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<td><strong>Sales revenue and profit</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Sales revenue</td>
<td>1,128.6</td>
<td>1,073.8</td>
<td>1,266.9</td>
<td>1,190.9</td>
<td>1,280.1</td>
<td>1,447.4</td>
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<td>1,479.6</td>
<td>1,422.8</td>
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<td>Operating profit</td>
<td>43.4</td>
<td>63.9</td>
<td>155.9</td>
<td>97.7</td>
<td>76.9</td>
<td>120.6</td>
<td>93.4</td>
<td>92.7</td>
<td>104.5</td>
<td>90.7</td>
<td>94.8</td>
</tr>
<tr>
<td>Operating profit to sales revenue (%)</td>
<td>3.8</td>
<td>5.9</td>
<td>12.3</td>
<td>8.2</td>
<td>6.0</td>
<td>8.3</td>
<td>6.1</td>
<td>6.3</td>
<td>7.3</td>
<td>5.8</td>
<td>5.8</td>
</tr>
<tr>
<td>Profit before income taxes</td>
<td>56.0</td>
<td>60.8</td>
<td>172.3</td>
<td>114.9</td>
<td>101.4</td>
<td>146.3</td>
<td>121.9</td>
<td>145.6</td>
<td>137.8</td>
<td>130.0</td>
<td>140.6</td>
</tr>
<tr>
<td>Profit before income taxes to sales revenue (%)</td>
<td>5.0</td>
<td>5.7</td>
<td>13.6</td>
<td>9.6</td>
<td>7.9</td>
<td>10.1</td>
<td>8.0</td>
<td>9.8</td>
<td>9.7</td>
<td>8.2</td>
<td>8.7</td>
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<tr>
<td>Profit attributable to owners of the parent</td>
<td>29.5</td>
<td>40.1</td>
<td>122.4</td>
<td>79.4</td>
<td>66.5</td>
<td>88.8</td>
<td>115.9</td>
<td>109.0</td>
<td>103.8</td>
<td>79.1</td>
<td>103.2</td>
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<tr>
<td>Profit attributable to owners of the parent to sales revenue (%)</td>
<td>2.6</td>
<td>3.7</td>
<td>9.7</td>
<td>6.7</td>
<td>5.2</td>
<td>6.1</td>
<td>7.6</td>
<td>7.4</td>
<td>7.3</td>
<td>5.0</td>
<td>6.4</td>
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<tr>
<td><strong>Asset and equity</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Total assets</td>
<td>1,773.8</td>
<td>1,848.7</td>
<td>1,946.6</td>
<td>1,994.1</td>
<td>2,282.9</td>
<td>2,636.7</td>
<td>3,021.2</td>
<td>3,095.0</td>
<td>3,110.5</td>
<td>3,128.8</td>
<td>2,968.5</td>
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<tr>
<td>Equity attributable to owners of the parent</td>
<td>1,323.7</td>
<td>1,345.2</td>
<td>1,420.3</td>
<td>1,469.5</td>
<td>1,646.2</td>
<td>1,910.1</td>
<td>2,215.3</td>
<td>2,284.3</td>
<td>2,334.2</td>
<td>2,325.8</td>
<td>2,265.9</td>
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<tr>
<td><strong>Per share data</strong></td>
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<td></td>
</tr>
<tr>
<td>EPS (Diluted-yen) <strong>(A)</strong></td>
<td>78.6</td>
<td>109.2</td>
<td>333.6</td>
<td>216.3</td>
<td>181.2</td>
<td>241.9</td>
<td>315.9</td>
<td>297.2</td>
<td>282.6</td>
<td>215.2</td>
<td>284.7</td>
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<tr>
<td>Cash dividends per share (yen)</td>
<td>60</td>
<td>60</td>
<td>65</td>
<td>60</td>
<td>60</td>
<td>80</td>
<td>100</td>
<td>100</td>
<td>110</td>
<td>120</td>
<td>140</td>
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<tr>
<td>Equity per share attributable to owners of the parent (yen) <strong>(B)</strong></td>
<td>3,606.2</td>
<td>3,665.1</td>
<td>3,869.7</td>
<td>4,005.4</td>
<td>4,486.9</td>
<td>5,206.5</td>
<td>6,038.6</td>
<td>6,226.6</td>
<td>6,348.0</td>
<td>6,325.1</td>
<td>6,263.7</td>
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<tr>
<td><strong>Capital expenditures, Depreciation, R&amp;D expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Capital expenditures</td>
<td>63.1</td>
<td>37.9</td>
<td>70.7</td>
<td>66.4</td>
<td>56.7</td>
<td>56.6</td>
<td>56.7</td>
<td>68.9</td>
<td>67.8</td>
<td>86.5</td>
<td>117.0</td>
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<tr>
<td>Depreciation</td>
<td>83.8</td>
<td>60.6</td>
<td>59.8</td>
<td>62.4</td>
<td>63.1</td>
<td>65.8</td>
<td>62.4</td>
<td>65.9</td>
<td>66.0</td>
<td>69.7</td>
<td>51.5</td>
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<tr>
<td>R&amp;D expenses</td>
<td>65.9</td>
<td>49.9</td>
<td>49.5</td>
<td>45.6</td>
<td>47.5</td>
<td>48.8</td>
<td>55.3</td>
<td>58.8</td>
<td>55.4</td>
<td>58.3</td>
<td>69.9</td>
</tr>
<tr>
<td><strong>Cash flows</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td>97.8</td>
<td>137.6</td>
<td>119.7</td>
<td>109.1</td>
<td>109.5</td>
<td>149.1</td>
<td>130.8</td>
<td>194.0</td>
<td>164.2</td>
<td>158.9</td>
<td>220.0</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>(201.4)</td>
<td>(49.3)</td>
<td>(121.4)</td>
<td>(56.1)</td>
<td>(66.1)</td>
<td>(101.1)</td>
<td>(93.6)</td>
<td>(106.8)</td>
<td>(112.1)</td>
<td>(53.1)</td>
<td>(47.1)</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>(62.9)</td>
<td>(38.0)</td>
<td>(26.8)</td>
<td>(50.8)</td>
<td>(31.4)</td>
<td>(32.8)</td>
<td>(40.0)</td>
<td>(50.6)</td>
<td>(48.0)</td>
<td>(51.6)</td>
<td>(89.1)</td>
</tr>
<tr>
<td>Free cash flow <strong>(C)</strong></td>
<td>(103.6)</td>
<td>88.3</td>
<td>(1.7)</td>
<td>53.0</td>
<td>43.4</td>
<td>48.0</td>
<td>37.2</td>
<td>87.2</td>
<td>52.1</td>
<td>105.8</td>
<td>172.9</td>
</tr>
<tr>
<td><strong>ROA, ROE, EBITDA</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>ROA (%)</td>
<td>3.0</td>
<td>3.4</td>
<td>9.1</td>
<td>5.8</td>
<td>4.7</td>
<td>5.9</td>
<td>4.3</td>
<td>4.8</td>
<td>4.4</td>
<td>4.2</td>
<td>4.6</td>
</tr>
<tr>
<td>ROE (%)</td>
<td>2.1</td>
<td>3.0</td>
<td>8.9</td>
<td>5.5</td>
<td>4.3</td>
<td>5.0</td>
<td>5.6</td>
<td>4.8</td>
<td>4.5</td>
<td>3.4</td>
<td>4.5</td>
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<tr>
<td>EBITDA <strong>(D)</strong></td>
<td>154.8</td>
<td>136.6</td>
<td>246.1</td>
<td>190.0</td>
<td>176.9</td>
<td>224.4</td>
<td>196.6</td>
<td>224.0</td>
<td>216.1</td>
<td>213.9</td>
<td>205.7</td>
</tr>
<tr>
<td><strong>Others</strong></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Payout ratio (%)</td>
<td>76.3</td>
<td>54.9</td>
<td>19.5</td>
<td>27.7</td>
<td>33.1</td>
<td>33.1</td>
<td>31.7</td>
<td>33.6</td>
<td>38.9</td>
<td>55.8</td>
<td>49.1</td>
</tr>
<tr>
<td>Number of employees</td>
<td>59,514</td>
<td>63,876</td>
<td>66,608</td>
<td>71,489</td>
<td>71,645</td>
<td>69,789</td>
<td>68,185</td>
<td>69,229</td>
<td>70,153</td>
<td>75,940</td>
<td>76,863</td>
</tr>
</tbody>
</table>

1. Amounts are rounded up/down to the nearest 0.1 billion yen. Percentages are computed based on amounts rounded up/down to the nearest millions yen.
2. Kyocera Group has adopted IFRS in lieu of U.S.GAAP from FY3/2019. Accordingly, financial results for FY3/2018 have been reclassified in accordance with IFRS. Account title is also presented in accordance with IFRS.
3. The figures from FY3/2009 to FY3/2017 in the above table are recorded as of each fiscal term. No figures have been restated due to changes in accounting standards.
4. Kyocera Corporation undertook a stock split at the ratio of 2 for 1 of all common shares on October 1, 2013. EPS and Cash dividends per share in each fiscal year are retrospectively re-calculated based on the ratio of the stock split.
5. Cash dividends per share in FY3/2019 includes the commemoration dividend in the amount of 20 yen per share.
6. “Cash dividends per share” in FY3/2019 includes the commemoration dividend in the amount of 20 yen per share.
7. “Cash dividends per share” in FY3/2019 includes the commemoration dividend in the amount of 20 yen per share.

\[ \text{Free cash flow} = \text{Cash flow from operating activities} - \text{Cash flows from investing activities} - \text{Free cash flow} \]

\[ \text{ROA} = \frac{\text{Net income}}{\text{Average total assets}} \times 100 \]

\[ \text{ROE} = \frac{\text{Net income}}{\text{Average shareholders' equity}} \times 100 \]

\[ \text{EBITDA} = \frac{\text{Earnings before interest, taxes, depreciation, and amortization}}{\text{Average total assets}} \times 100 \]
## Consolidated Statement of Financial Position

(Yen in millions)

<table>
<thead>
<tr>
<th>(Assets)</th>
<th>As of March 31, 2018</th>
<th>As of March 31, 2019</th>
<th>Remark:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets:</td>
<td>1,465,899</td>
<td>1,357,764</td>
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<tr>
<td>Cash and cash equivalents</td>
<td>424,938</td>
<td>512,814</td>
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<tr>
<td>Short-term investments</td>
<td>196,802</td>
<td>99,210</td>
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<tr>
<td>Trade and other receivables</td>
<td>382,659</td>
<td>357,352</td>
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<tr>
<td>Other financial assets</td>
<td>12,996</td>
<td>9,871</td>
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<tr>
<td>Inventories</td>
<td>364,875</td>
<td>343,880</td>
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<tr>
<td>Other current assets</td>
<td>83,629</td>
<td>34,637</td>
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<tr>
<td>Non-current assets:</td>
<td>1,662,914</td>
<td>1,610,711</td>
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<tr>
<td>Debt and equity instruments</td>
<td>1,071,990</td>
<td>963,651</td>
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<tr>
<td>Investments accounted for</td>
<td>3,874</td>
<td>4,159</td>
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<tr>
<td>using the equity method</td>
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<tr>
<td>Other financial assets</td>
<td>15,681</td>
<td>17,869</td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>288,898</td>
<td>341,855</td>
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<tr>
<td>Goodwill</td>
<td>144,268</td>
<td>149,499</td>
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<tr>
<td>Intangible assets</td>
<td>80,186</td>
<td>80,001</td>
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<tr>
<td>Deferred tax assets</td>
<td>41,370</td>
<td>38,558</td>
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<tr>
<td>Other non-current assets</td>
<td>16,647</td>
<td>15,119</td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>3,128,813</td>
<td>2,968,475</td>
<td></td>
</tr>
</tbody>
</table>

Note: The consolidated financial position and the consolidated statement of profit or loss FY3/2018 are presented in accordance with IFRS.

## Consolidated Statement of Financial Position

(Yen in millions)

<table>
<thead>
<tr>
<th>(Liabilities)</th>
<th>As of March 31, 2018</th>
<th>As of March 31, 2019</th>
<th>Remark:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities:</td>
<td>419,387</td>
<td>374,748</td>
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<tr>
<td>Trade and other payables</td>
<td>216,685</td>
<td>186,281</td>
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<tr>
<td>Other financial liabilities</td>
<td>5,039</td>
<td>6,621</td>
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<tr>
<td>Income tax payables</td>
<td>19,436</td>
<td>12,672</td>
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<tr>
<td>Accrued expenses</td>
<td>114,049</td>
<td>120,903</td>
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<tr>
<td>Provisions</td>
<td>32,302</td>
<td>11,166</td>
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<tr>
<td>Other current liabilities</td>
<td>31,876</td>
<td>37,105</td>
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</tr>
<tr>
<td>Non-current liabilities</td>
<td>296,127</td>
<td>231,467</td>
<td></td>
</tr>
<tr>
<td>Long-term financial liabilities</td>
<td>7,370</td>
<td>7,800</td>
<td></td>
</tr>
<tr>
<td>Retirement benefit liabilities</td>
<td>29,112</td>
<td>25,479</td>
<td></td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>220,950</td>
<td>174,823</td>
<td></td>
</tr>
<tr>
<td>Provisions</td>
<td>19,914</td>
<td>7,892</td>
<td></td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>18,781</td>
<td>15,473</td>
<td></td>
</tr>
<tr>
<td>Total liabilities</td>
<td>715,514</td>
<td>606,215</td>
<td></td>
</tr>
</tbody>
</table>

Note: The consolidated financial position and the consolidated statement of profit or loss FY3/2018 are presented in accordance with IFRS.

## Consolidated Statement of Financial Position

(Yen in millions)

<table>
<thead>
<tr>
<th>(Equity)</th>
<th>As of March 31, 2018</th>
<th>As of March 31, 2019</th>
<th>Remark:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity attributable to</td>
<td>2,325,791</td>
<td>2,265,919</td>
<td></td>
</tr>
<tr>
<td>owners of the parent:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>115,703</td>
<td>115,703</td>
<td></td>
</tr>
<tr>
<td>Capital surplus</td>
<td>165,079</td>
<td>165,225</td>
<td></td>
</tr>
<tr>
<td>Retained earnings</td>
<td>1,577,641</td>
<td>1,638,709</td>
<td></td>
</tr>
<tr>
<td>Other components of equity</td>
<td>499,710</td>
<td>418,643</td>
<td></td>
</tr>
<tr>
<td>Treasury stock</td>
<td>(32,342)</td>
<td>(72,361)</td>
<td></td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>87,508</td>
<td>96,341</td>
<td></td>
</tr>
<tr>
<td>Total equity</td>
<td>2,413,299</td>
<td>2,362,260</td>
<td></td>
</tr>
</tbody>
</table>

Note: The consolidated financial position and the consolidated statement of profit or loss FY3/2018 are presented in accordance with IFRS.

Debt and equity instruments decreased due mainly to declines in market value of equity securities.

Deferred tax liabilities decreased due mainly to declines in market value of equity securities.
## Consolidated Statement of Profit or Loss

(Yen in millions)

<table>
<thead>
<tr>
<th></th>
<th>For the year ended March 31, 2018</th>
<th>For the year ended March 31, 2019</th>
<th>Remark:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales revenue</td>
<td>1,577,039</td>
<td>1,623,710</td>
<td></td>
</tr>
<tr>
<td>Cost of sales</td>
<td>1,204,211</td>
<td>1,159,687</td>
<td></td>
</tr>
<tr>
<td>Gross profit</td>
<td>372,828</td>
<td>464,023</td>
<td>Selling, general and administrative expenses</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>282,129</td>
<td>369,200</td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>90,699</td>
<td>94,823</td>
<td></td>
</tr>
<tr>
<td>Finance income</td>
<td>41,483</td>
<td>44,750</td>
<td></td>
</tr>
<tr>
<td>Finance expenses</td>
<td>1,560</td>
<td>1,241</td>
<td></td>
</tr>
<tr>
<td>Foreign exchange gains (losses)</td>
<td>(827)</td>
<td>53</td>
<td></td>
</tr>
<tr>
<td>Share of net profit (loss) of investments accounted for using the equity method</td>
<td>(1,564)</td>
<td>379</td>
<td></td>
</tr>
<tr>
<td>Other, net</td>
<td>1,761</td>
<td>1,846</td>
<td></td>
</tr>
<tr>
<td>Profit before income taxes</td>
<td>129,992</td>
<td>140,610</td>
<td></td>
</tr>
<tr>
<td>Income taxes</td>
<td>47,766</td>
<td>25,754</td>
<td></td>
</tr>
<tr>
<td>Profit for the year</td>
<td>82,226</td>
<td>114,856</td>
<td></td>
</tr>
</tbody>
</table>

### Selling, general and administrative expenses

Selling, general and administrative expenses increased due mainly to the recording of the settlement expense relating to polysilicon materials in the solar energy business and an impairment loss in the organic materials business.

### Income taxes

Income taxes decreased due mainly to that Kyocera Corporation recognized a deferred tax asset related to tax losses carried forward from the merger of Kyocera Display Corporation into Kyocera Corporation in FY3/2019, while U.S. subsidiaries recorded the one-time tax expenses resulting from revisions in the U.S. tax code in FY3/2018.

## Consolidated Statement of Comprehensive Income

(Yen in millions)

<table>
<thead>
<tr>
<th></th>
<th>For the year ended March 31, 2018</th>
<th>For the year ended March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the year</td>
<td>82,226</td>
<td>114,856</td>
</tr>
</tbody>
</table>

### Other comprehensive income, net of taxation

<table>
<thead>
<tr>
<th></th>
<th>For the year ended March 31, 2018</th>
<th>For the year ended March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Items that will not be reclassified to profit or loss:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets measured at fair value through other comprehensive income</td>
<td>—</td>
<td>(84,165)</td>
</tr>
<tr>
<td>Re-measurement of defined benefit plans</td>
<td>9,352</td>
<td>(1,618)</td>
</tr>
<tr>
<td>Total items that will not be reclassified to profit or loss</td>
<td>9,352</td>
<td>(85,783)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>For the year ended March 31, 2018</th>
<th>For the year ended March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Items that may be reclassified subsequently to profit or loss:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net unrealized gains (losses) on securities</td>
<td>(40,138)</td>
<td>—</td>
</tr>
<tr>
<td>Net changes in fair value of cash flow hedge</td>
<td>(55)</td>
<td>36</td>
</tr>
<tr>
<td>Exchange differences on translating foreign operations</td>
<td>(6,670)</td>
<td>4,943</td>
</tr>
<tr>
<td>Share of other comprehensive income of investments accounted for using the equity method</td>
<td>(43)</td>
<td>66</td>
</tr>
<tr>
<td>Total items that may be reclassified subsequently to profit or loss</td>
<td>(46,906)</td>
<td>5,045</td>
</tr>
<tr>
<td>Total other comprehensive income</td>
<td>(37,554)</td>
<td>(80,738)</td>
</tr>
<tr>
<td>Comprehensive income for the year</td>
<td>44,672</td>
<td>34,118</td>
</tr>
</tbody>
</table>

### Comprehensive income attributable to:

<table>
<thead>
<tr>
<th></th>
<th>For the year ended March 31, 2018</th>
<th>For the year ended March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owners of the parent</td>
<td>43,131</td>
<td>21,514</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>1,541</td>
<td>12,604</td>
</tr>
<tr>
<td>Comprehensive income for the year</td>
<td>44,672</td>
<td>34,118</td>
</tr>
</tbody>
</table>
### Consolidated Statement of Changes in Equity

**(Yen in millions)**

<table>
<thead>
<tr>
<th>For the year ended March 31, 2018</th>
<th>Total equity attributable to owners of the parent</th>
<th>Non-controlling interests</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Common stock</td>
<td>Capital surplus</td>
<td>Retained earnings</td>
</tr>
<tr>
<td>Balance as of April 1, 2017</td>
<td>115,703</td>
<td>165,172</td>
<td>1,532,866</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>79,137</td>
<td></td>
<td>3,089</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>(36,006)</td>
<td></td>
<td>(1,548)</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>—</td>
<td>79,137</td>
<td>(36,006)</td>
</tr>
<tr>
<td>Cash dividends</td>
<td>(44,125)</td>
<td></td>
<td>(4,182)</td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td>(33)</td>
<td></td>
<td>(33)</td>
</tr>
<tr>
<td>Resurgence of treasury stock</td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Transactions with non-controlling interests and other</td>
<td>94</td>
<td>27</td>
<td>(67)</td>
</tr>
<tr>
<td>Transfer to retained earnings</td>
<td>9,763</td>
<td>(9,763)</td>
<td>—</td>
</tr>
<tr>
<td>Balance as of March 31, 2018</td>
<td>115,703</td>
<td>165,079</td>
<td>1,577,641</td>
</tr>
</tbody>
</table>

### Consolidated Statement of Cash Flows

**(Yen in millions)**

<table>
<thead>
<tr>
<th>For the year ended March 31, 2018</th>
<th>For the year ended March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities:</td>
<td></td>
</tr>
<tr>
<td>Profit for the year</td>
<td>82,226</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td></td>
</tr>
<tr>
<td>Finance expenses (income)</td>
<td></td>
</tr>
<tr>
<td>Share of net profit of investments accounted for using the equity method</td>
<td>(39,923)</td>
</tr>
<tr>
<td>Impairment loss</td>
<td></td>
</tr>
<tr>
<td>Gain (loss) from sales or disposal of property, plant and equipment</td>
<td>324</td>
</tr>
<tr>
<td>Income taxes</td>
<td></td>
</tr>
<tr>
<td>(Increase) decrease in trade and other receivables</td>
<td>(25,609)</td>
</tr>
<tr>
<td>(Increase) decrease in inventories</td>
<td></td>
</tr>
<tr>
<td>(Increase) decrease in other assets</td>
<td>(6,769)</td>
</tr>
<tr>
<td>Increase (decrease) in trade and other payables</td>
<td>11,988</td>
</tr>
<tr>
<td>Increase (decrease) in income tax payables</td>
<td>(18,667)</td>
</tr>
<tr>
<td>Increase (decrease) in provisions</td>
<td>31,180</td>
</tr>
<tr>
<td>Increase (decrease) in other liabilities</td>
<td>(3,054)</td>
</tr>
<tr>
<td>Other, net</td>
<td>9,166</td>
</tr>
<tr>
<td>Subtotal</td>
<td>152,271</td>
</tr>
<tr>
<td>Interests and dividends received</td>
<td>39,623</td>
</tr>
<tr>
<td>Interests paid</td>
<td>(1,109)</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td></td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>158,905</td>
</tr>
</tbody>
</table>

| Cash flows from investing activities: |                                   |
| Payments for purchases of property, plant and equipment | (84,195) | (111,040) |
| Payments for purchases of intangible assets | (7,194) | (7,515) |
| Proceeds from sales of property, plant and equipment | 1,866 | 2,782 |
| Acquisitions of business, net of cash acquired | (21,165) | (25,222) |
| Acquisition of time deposits and certificate of deposits | (420,556) | (331,213) |
| Withdrawal of time deposits and certificate of deposits | 466,962 | 428,810 |
| Payments for purchases of securities | (40,758) | (71,413) |
| Proceeds from sales and maturities of securities | 105,571 | 65,484 |
| Other, net | 479 | (1,123) |
| Net cash used in investing activities | (53,128) | (47,121) |

| Cash flows from financing activities: |                                   |
| Increase (decrease) in short-term borrowings | (3,240) | (356) |
| Proceeds from long-term borrowings | 6,775 | 3,676 |
| Repayments of long-term borrowings | (6,296) | (3,394) |
| Dividends paid | (47,936) | (48,064) |
| Purchase of treasury stock | (40,758) | (40,020) |
| Other, net | 9,166 | (898) |
| Net cash used in financing activities | (51,572) | (89,056) |

| Effect of exchange rate changes on cash and cash equivalents | 5,462 | 4,028 |
| Increase (decrease) in cash and cash equivalents | 48,743 | 87,876 |
| Cash and cash equivalents at the beginning of the year | 376,195 | 424,938 |
| Cash and cash equivalents at the end of the year | 424,938 | 512,814 |
Corporate Summary (as of March 31, 2019)

Established: April 1, 1959
Global headquarters: 6 Takeda Tobadono-cho, Fushimi-ku, Kyoto, Japan 612-8501
Capital: 115,703 million yen
Consolidated sales revenue: 1,623,710 million yen
Group companies: 286 (Including KYOCERA Corporation)

Group employees: 78,863
Stock Listing: Tokyo Stock Exchange (6971)
Closing date: March 31
Record date for the determination of shareholders, year-end dividend: March 31
Interim dividend: September 30

Share price (yen) /

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Shares Owned (Shares in thousands)</th>
<th>Share Ownership Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td>
<td>55,280</td>
<td>15.28</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account)</td>
<td>27,329</td>
<td>7.55</td>
</tr>
<tr>
<td>SGBC Client Omnibus Account</td>
<td>17,330</td>
<td>4.79</td>
</tr>
<tr>
<td>The Bank of Kyoto, Ltd.</td>
<td>14,436</td>
<td>3.99</td>
</tr>
<tr>
<td>Kazuo Inamori</td>
<td>10,212</td>
<td>2.82</td>
</tr>
<tr>
<td>Inamori Foundation</td>
<td>9,360</td>
<td>2.59</td>
</tr>
<tr>
<td>KI Enterprise Co., Ltd.</td>
<td>7,099</td>
<td>1.96</td>
</tr>
<tr>
<td>Stock Purchase Plan for Kyocera Group Employees</td>
<td>5,654</td>
<td>1.56</td>
</tr>
</tbody>
</table>

Trends of share price (from March 31, 2017 to March 29, 2019)

Share price (yen) / Trade volume