

A Better Kyocera

May 2025

6971 JP

OASIS

Important Legal Notice & Disclaimer

The information and opinions in this document are provided by Oasis Management Company Ltd. (“Oasis”) for informational purposes only and should not be construed as financial, legal, tax, investment, accounting, audit, or any other type of professional advice. This document may contain forward-looking information that is not purely historical in nature. Such information may include, among other things, projections and forecasts. There is no guarantee that any projection or forecast made in this document will come to pass.

The information and opinions in this document are expressed as of the date presented and may be changed or updated without notice. The information and opinions contained in this document are derived from proprietary and nonproprietary sources deemed by Oasis to be reliable and are not necessarily all-inclusive or guaranteed as to accuracy. While Oasis believes that reasonable efforts have been made to ensure the accuracy of the information and opinions in this document, Oasis makes no representation or warranty, expressed or implied, as to the accuracy, completeness, or reliability of such information or opinions. Any reliance placed on the information or opinions in this document is at the reader’s own risk and Oasis makes no representation or warranty, expressed or implied, about the fitness or suitability for any particular purpose of such information or opinions. In no event will Oasis or any of its employees, directors, officers, or affiliated companies or investment funds managed or operated by Oasis be liable for any direct, indirect, punitive, incidental, special, or consequential damages or damages for loss of profits, revenue, or use arising out of or in any way connected with this document, whether based on contract, tort, negligence, strict liability or otherwise.

Oasis may have trademarks, copyrights, or other intellectual property rights in the information contained in this document. “Oasis” and the Oasis logo are trademarks of Oasis Management Company Ltd. All other company names, products, and logos are trademarks of their respective owners. The furnishing of this document does not confer any license to use of the trademarks, copyrights, or other intellectual property rights included in or related to this document.

Oasis is not in any way soliciting or requesting shareholders to jointly exercise their voting rights together with Oasis. Shareholders that have an agreement to jointly exercise their voting rights are regarded as “Joint Holders” under the Japanese large shareholding disclosure rules, and they must file notification of their aggregate share ownership with the relevant Japanese authority for public disclosure. Oasis disclaims its intention to be treated as a Joint Holder and/or a Specially Related Person with other shareholders under the Japanese Financial Instruments and Exchange Act (“FIEA”) by virtue of its act to express its view or opinion or other activities to engage in dialogue with other shareholders in or through these materials, any public statements (whether written or oral, and regardless of medium), and/or this website. Oasis does not have any intention to receive any power to represent other shareholders in relation to the exercise of their voting rights. These materials exclusively represent the opinions, interpretations, and estimates of Oasis. Oasis is expressing those opinions solely in its capacity as an investment advisor to the Oasis Funds.

Agenda



Introduction

Oasis's Engagement with Kyocera

Kyocera Never Got Going

Reasons for Underperformance

Kyocera Tries to Change

Kyocera's Reforms Fall Short of Expectations

Oasis's Seven Point Plan

Case Studies

Kyocera is Under Pressure to Change

Valuation

Executive Summary

Company Overview

- Kyocera, a JPY 2 trillion revenue company, is a leading manufacturer of electronic components, renowned for its expertise in ceramic products
- The Company operates through four segments, offering a diverse portfolio that includes fine ceramics, electronic components and devices, as well as finished products such as printers and industrial tools

Under-performance

- Kyocera has faced **long-standing poor performance**, with key metrics such as stock price, PBR, ROE, consistently trailing behind industry peers
- The Company's recent financial performance has **further deteriorated**, primarily due to two businesses; **Organic Packages** and **Kyocera AVX**

Overly Diversified

- Oasis believes Kyocera's weak operational performance stems from an **overly diversified business portfolio** and a resulting **lack of strategic focus**
- Despite possessing highly profitable **core strengths in ceramics**, the Company has **diluted its management attention** and **stretched resources too thinly** across a broad range of business, ultimately compromising overall performance

Management under pressure

- Concerns over the appointment of Kyocera's top management have been growing, with **35% voted against** the president at the last AGM
- Pressure intensifies as the Company's 5y average ROE stands at just 3.5%, while cross-shareholdings represent over 53% of net assets

Oasis call upon Kyocera to implement its Seven-Point Plan to Transform Kyocera

Oasis's Seven Point Plan

- 1** | **DIVEST more** non-core businesses amounting to over **JPY660 billion** of revenue
- 2** | **EXIT** from **Organic Packages** to prevent further losses
- 3** | **RESTRUCTURE KAVX** to achieve industry-leading profitability
- 4** | **STOP** losses by terminating investment in **GaN** and **millimeter-wave** technologies
- 5** | **FOCUS** on core competencies to capture untapped opportunities
- 6** | **COMMIT** to aggressive M&A to reinforce core businesses
- 7** | **BUYBACK** of JPY 1 trillion over the next four years amounting to approx. 37% of the Company



About Oasis

Oasis has been investing and engaging with companies in Japan over the past

23+ years

In fulfillment of our duties under Japan's Stewardship Code, Oasis is committed to

strategic engagement,

when necessary, to improve our investee companies' long-term value

Oasis engagements have led to increased earnings, improved corporate governance and enhanced corporate value at companies including:



PanaHome

HITACHI

KaO



FUJITEC



RAYSUM

Oasis Engagement Philosophy

“

The invigoration of both investors and companies as a result of the Stewardship and Corporate Governance Code will make the Japanese market one of the best places in the world to be a long-term equity investor.

– Seth Fischer, Oasis Management, in *Ethical Boardroom*
“Japan’s shareholder rights and the arms of the revolution”.
Published in 2015.

”

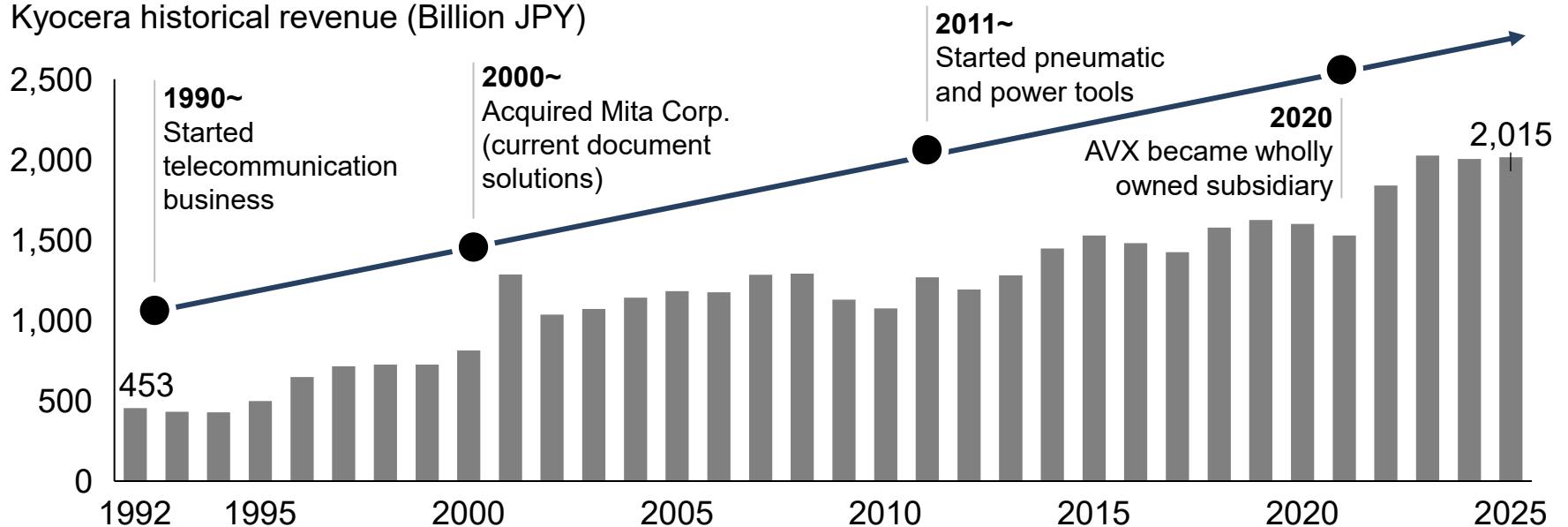
About Kyocera



- Kyocera, a JPY 2 trillion revenue company, is a leading manufacturer of electronic components, renowned for its expertise in ceramic products
- The Company operates through four segments, offering a diverse portfolio that includes fine ceramics, electronic components and devices, as well as finished products such as printers and industrial tools

Kyocera Path of Growth

Kyocera historical revenue (Billion JPY)



Source: Company IR; Bloomberg

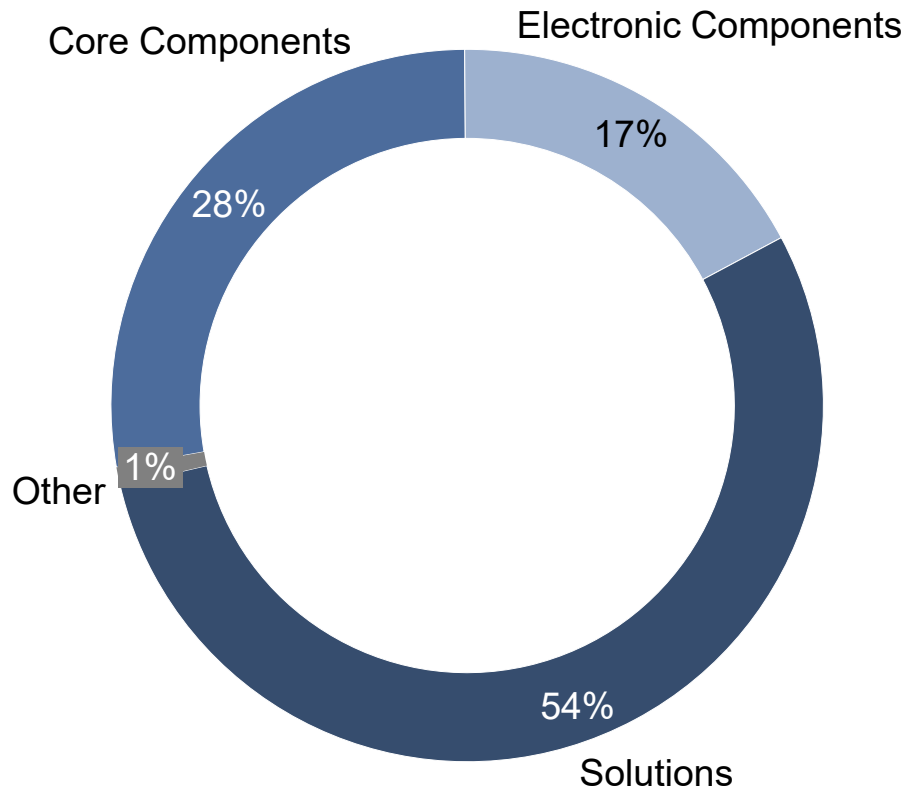
Kyocera by the numbers

Market capitalization	Revenue	Operating profit	
JPY2,708 billion	JPY2,014 billion	JPY69.0 billion	
# of employees	Adjusted EV / EBITDA*	Price to Book	ROE
77,136	5.6x	0.8x	0.8%

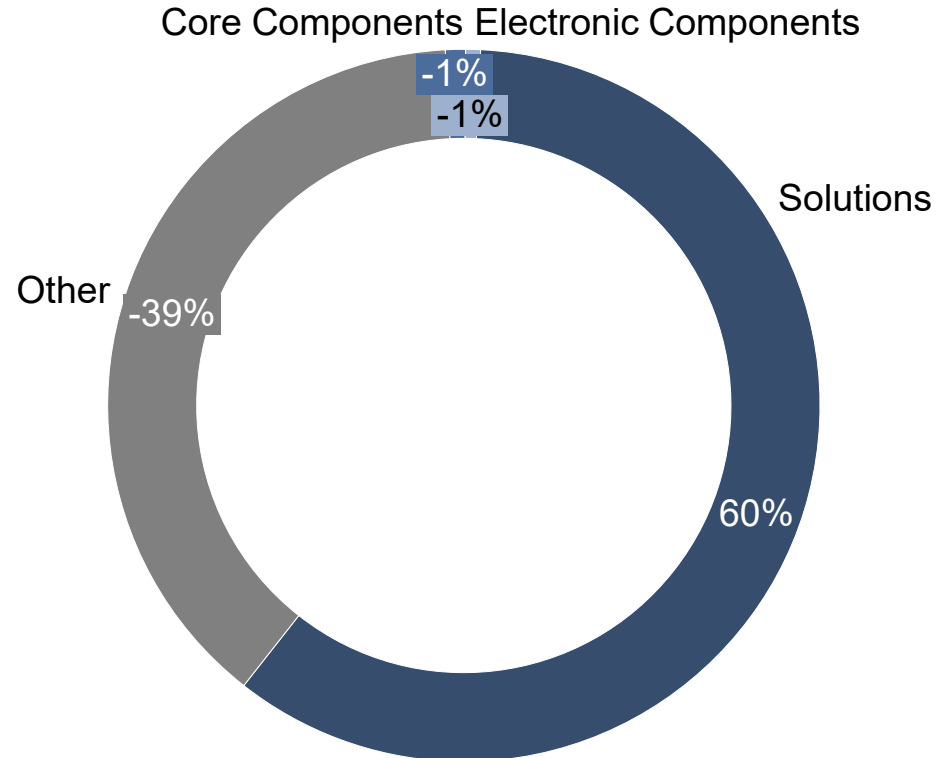
Note: Market cap and Price to Book ratio are as of May 14, 2025; EV/EBITDA multiple is calculated using EV as of May 14, 2025, consensus EBITDA for fiscal 2026, LT investments and Deferred Tax Liabilities as of March 2025 (4Q 2025); The rest of the data is as of March 2025 (4Q 2025); *EV is adjusted by subtracting LT Investments after tax | Source: Bloomberg

Kyocera reports its business operations across four segments

Revenue Composition



Operating Profit Composition



Note: Data for fiscal year ended March 2025
Source: Company IR

Core Components:

Industrial and semiconductor related components

- Supplies fine ceramic components and automotive camera parts for industrial equipment and the automotive market
- Supplies packages that protect electronic components and ICs used in smartphones and information and communication infrastructure

Industrial & Auto Components



Semiconductor Processing
Ceramic Components

Glass
Spherical
Lenses



EV Relay Part



Optical Units
Industrial and
Medical Use



Automotive
Camera
Modules

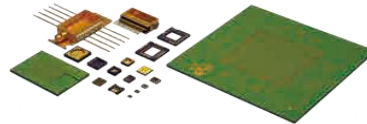


SOFC*
Cell Stacks

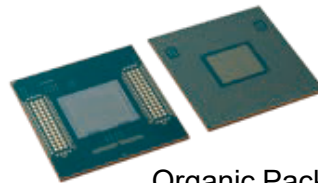


Oxygen Sensor
Heaters

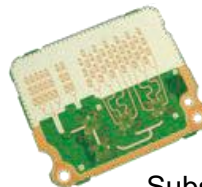
Semiconductor Components



Ceramic Packages



Organic Packages



Substrates for
Millimeter Wave Radar

Others



Dental
Implants



Orthopedic
Implants



HUDs**



Ceramic
Kitchen Tools

Note: *Solid Oxide Fuel Cell; **Heads-up Display
Source: Company IR

Electronic Components:

Offers various electronic components and devices

- Provides various electronic components and devices to information and communication, automotive-related and consumer electronics
- Kyocera operates the segment through two entities; Kyocera Electronic Components and KAVX
 - Kyocera Electronic Components, under HQ, offers MLCCs, crystal devices, and connectors mainly for consumer electronic products
 - KAVX, a U.S. based subsidiary, offers MLCCs and Tantalum, alongside other components including antennas, connectors, crystal devices etc. mainly to industrial and automotive end-markets

Main Products and Services



Multilayer Ceramic Chip Capacitors (MLCCs)



Tantalum / Polymer Capacitors



Super Capacitors



Antennas



Crystal Devices



SAW* Devices



Power Devices



Connectors

Note: *Surface Acoustic Wave
Source: Company IR

Solutions:

Offers a wide range of equipment and systems

- Offers a wide range of equipment, systems, and solution services, including pneumatic and electric tools for both general and professional use, cutting tools for various industries, multifunction printers and printers, mobile phones, and residential energy storage systems

Industrial Tools



Cutting Tools



Pneumatic and Power Tools

Document Solutions



MFPs*



Printers



Commercial Inkjet Printers

Communications



Communication Engineering



Smartphones



5G Devices

Others



Solar Cells



SOFC System



Clay-type Storage Batteries



Inkjet Printheads



Jewelry

Note: *Multifunction Printer
Source: Company IR

Others:

Early-stage R&D initiatives

- Covers research and development expenses not tied to specific business segment
- The majority of R&D spending within the segment is allocated to Gallium Nitride (GaN) and millimeter-wave technologies

Gallium Nitride (GaN)

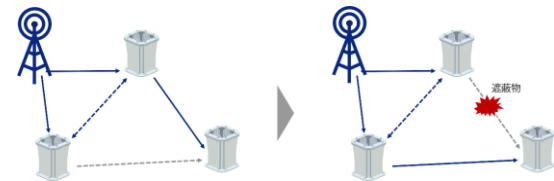


Laser diode module



Vehicle lightings

Millimeter-wave



Millimeter-wave technology for telecommunications



Millimeter-wave radar module

Agenda

Introduction

Oasis's Engagement with Kyocera

Kyocera Never Got Going

Reasons for Underperformance

Kyocera Tries to Change

Kyocera's Reforms Fall Short of Expectations

Oasis's Seven Point Plan

Case Studies

Kyocera is Under Pressure to Change

Valuation

Oasis engaged with Kyocera a decade ago in 2015

**Market Does Not Yet Believe that Kyocera
will Budge**



OASIS

12

Source: Oasis Presentation dated June 3, 2015 at Sohn Conference Hong Kong

OASIS

Oasis noted that the strong core business was being overshadowed by loss-making businesses

Kyocera – A Gem Hiding in Plain Sight

- **No.1 leader in ceramic packages for smartphones**
 - As smartphones get thinner ceramic packages have become the best solution and Kyocera have over 90% market share
- **Growing high margin businesses, overshadowed by losses in US telecom and solar, amongst others**
 - Fine Ceramics has 18% OPM and growing at 13%
 - Packaging – ceramic and organic have 16% OPM and growing at 16%
 - Cutting tools, ceramic body parts and others have 18% OPM and growing at 9%
- **Changes are already underway**
 - Recent consolidation of disparate sales teams to focus on single industries has an increase in cross-selling opportunities
 - Actively looking for M&A opportunities in high growth areas such as automotive

OASIS


9

Source: Oasis Presentation dated June 3, 2015 at Sohn Conference Hong Kong

OASIS

Oasis also urged for a review of cross-shareholdings


The Final Unwind of Cross-Shareholdings is Coming



OASIS

KDDI Cross-Shareholding

- Kyocera's holdings of KDDI is valued at ¥967bn - 96% of their cross-shareholdings
- Sales to KDDI amount to only 8% of consolidated sales in the telecommunications segment in FY14
- With its dividends, the KDDI relationship contributed just 6% to net income in FY14
- Holding on to this stock is against Kyocera's founding philosophy – Amoeba Management
- Dutch tender?



Kazuo Inamori

OASIS

25

FT FINANCIAL TIMES (2015/03/29)

Activist hedge fund turns focus on Japan's Kyocera and Canon

In the latest sign of growing activist interest in Japan, Hong Kong-based Oasis Management has built up a stake of 1 per cent in Kyocera, a maker of parts and products from knives to mobile phones, will soon meet its management. [...]

Seth Fischer, chief investment officer of Oasis, said in last week's letter that he saw potential for Kyocera to restructure its solar business and cut its shareholdings in Japan Airlines and KDDI.

Source: Oasis Presentation dated June 3, 2015 at Sohn Conference Hong Kong; Financial Times

And restructuring of Communications and Solar businesses

Communications

New Kyocera US Handsets



Relay
S1379

DuraKV
S4620

DuraKA
S4618

Contact
C3150
Not smart but still brilliant

DuraScout
E6762

DuraForce
E6560/E6560C/E6762

TorqueIT
E6715


Hydro LIFE
C9530N

OASIS

27

Solar

Kyocera's Solar Business



OASIS

29

Source: Oasis Presentation dated June 3, 2015 at Sohn Conference Hong Kong

Kyocera ignored the call and is still in both mobile phone and solar businesses

Kyocera Current Mobile Phone Offerings

Kyocera Current Solar Panel Offering

ULTRA-RUGGED DEVICES

NOW AVAILABLE IN
VERIZON STORES!



DuraForce PRO 3
Verizon
Ultra-Rugged

BUY NOW >>>



DuraSport 5G
Verizon
Rugged

BUY NOW >>>



DuraSport 5G
UScellular
Rugged

BUY NOW >>>



DuraSport 5G
Unlocked
Rugged

BUY NOW >>>

Non-Camera Model Available



DuraXV Extreme+
Verizon
Ultra-Rugged

BUY NOW >>>



DuraXA Equip
Unlocked
Ultra-Rugged

BUY NOW >>>



DuraXA Equip
UScellular
Ultra-Rugged

BUY NOW >>>



Only \$169.99
\$149.99!!

DuraForce PRO 2
Unlocked
Remanufactured

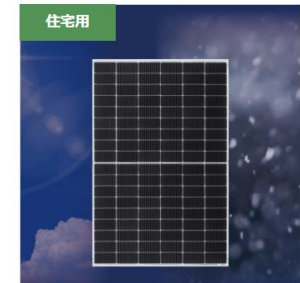
BUY NOW >>>



> エコノルーツ

太陽電池モジュール取付架台の横ラック不要で屋根の負担を軽減。

太陽光発電システム



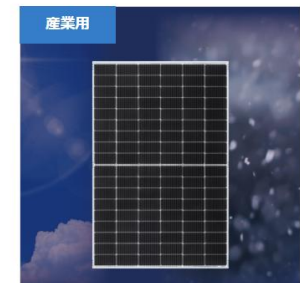
> 多雪地域向け太陽光発電システム

高い荷重性能を追求する多雪地域向け太陽光発電システム。

太陽光発電システム



> 防眩仕様太陽光パネル



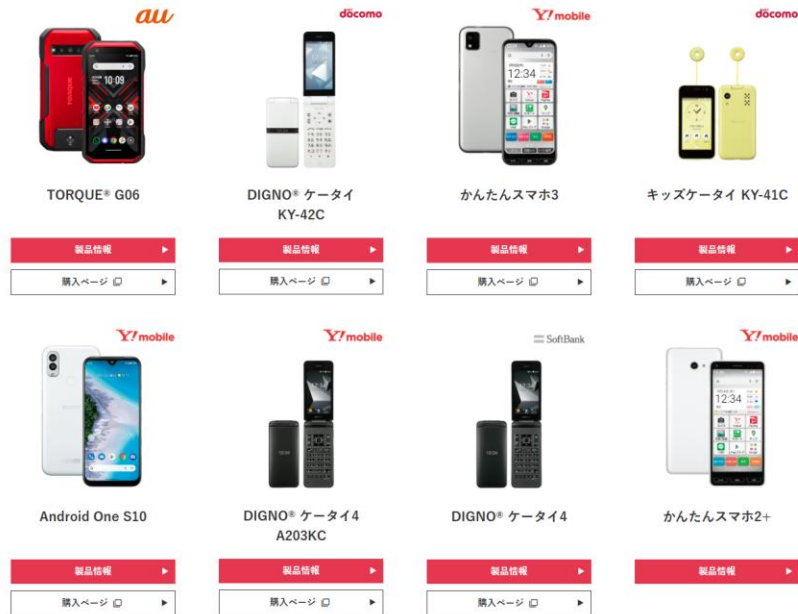
> 多雪地域向け太陽光発電システム

Source: Company Website

OASIS

Having made little progress in exiting loss-making businesses with incomplete withdrawals

Communications



- 2023 announced to **withdraw from consumer smartphone** business by 2025
- **However, continues sales** of “TORQUE” series for consumers and **B2B communications** business

Solar

太陽光発電システム

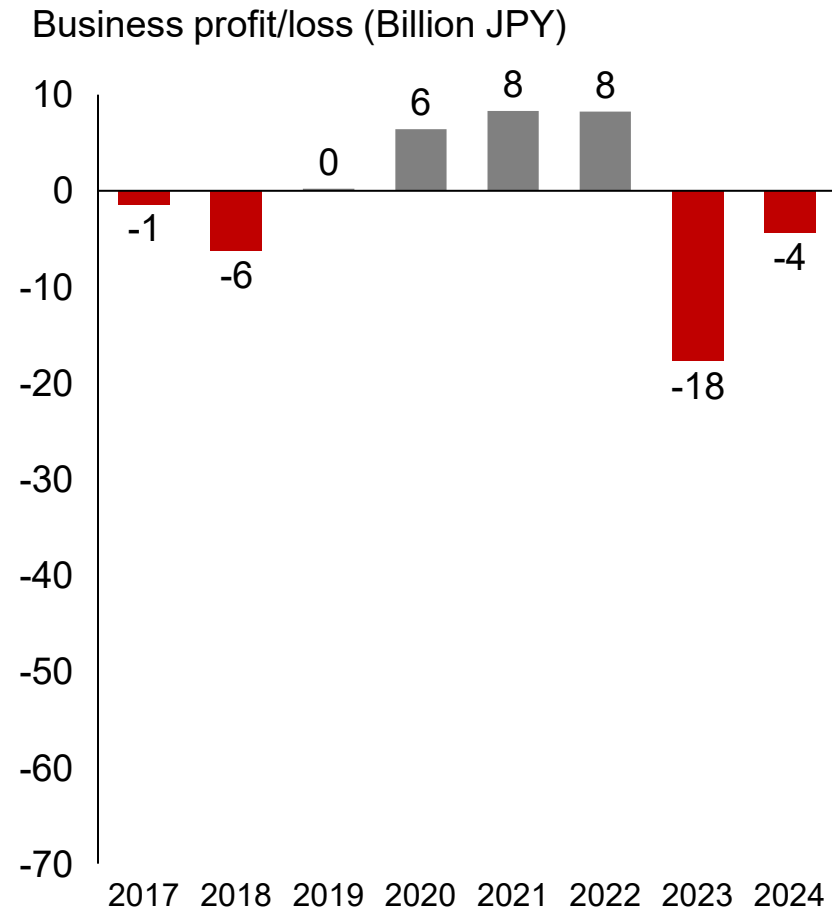


- 2023 shut down solar panel factory in China and **exited from production of industrial products**
- **However, continues production and sales of residential products** from the Shiga factory

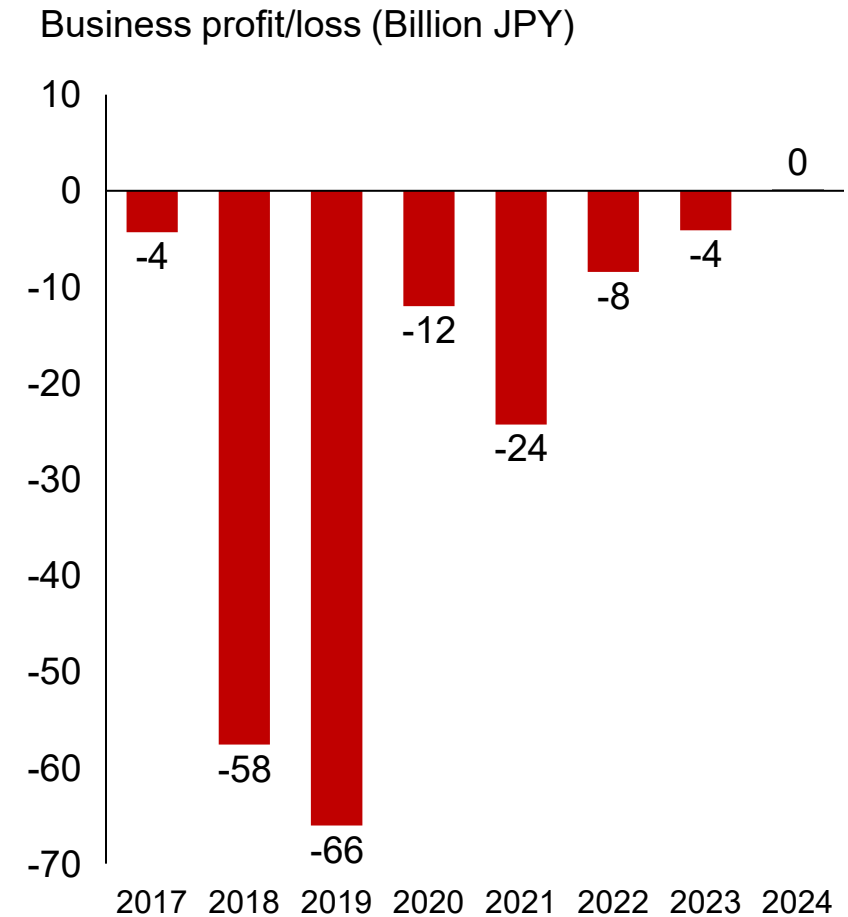
Source: Company Website; Lit. search

As a result, Kyocera incurred unnecessary losses

Communications



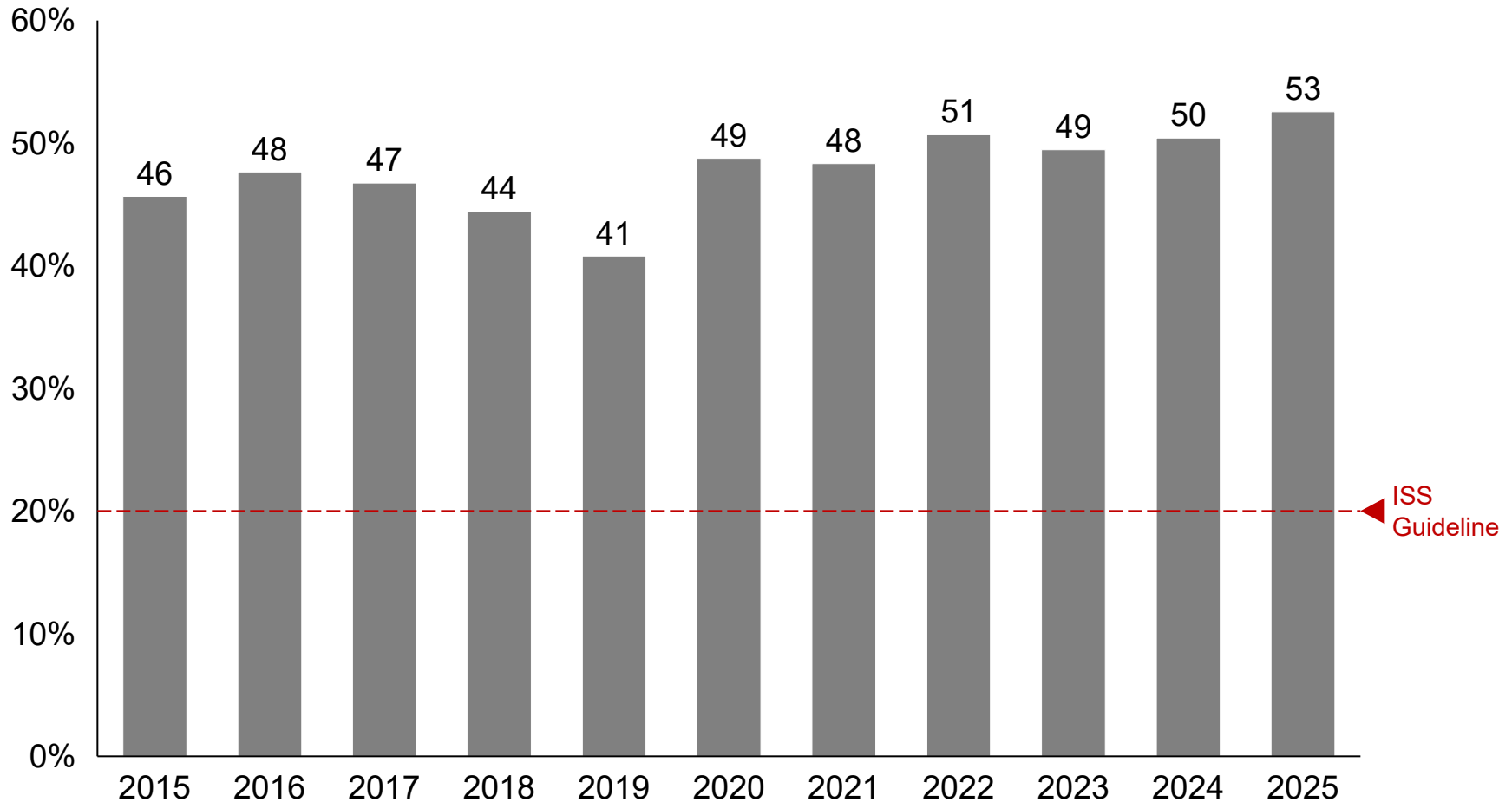
Solar



Note: Fiscal 2024 ended in March 2024
Source: Oasis estimates

Kyocera also ignored the call to right-size its balance sheet; cross-shareholdings now amount to 50% of net assets

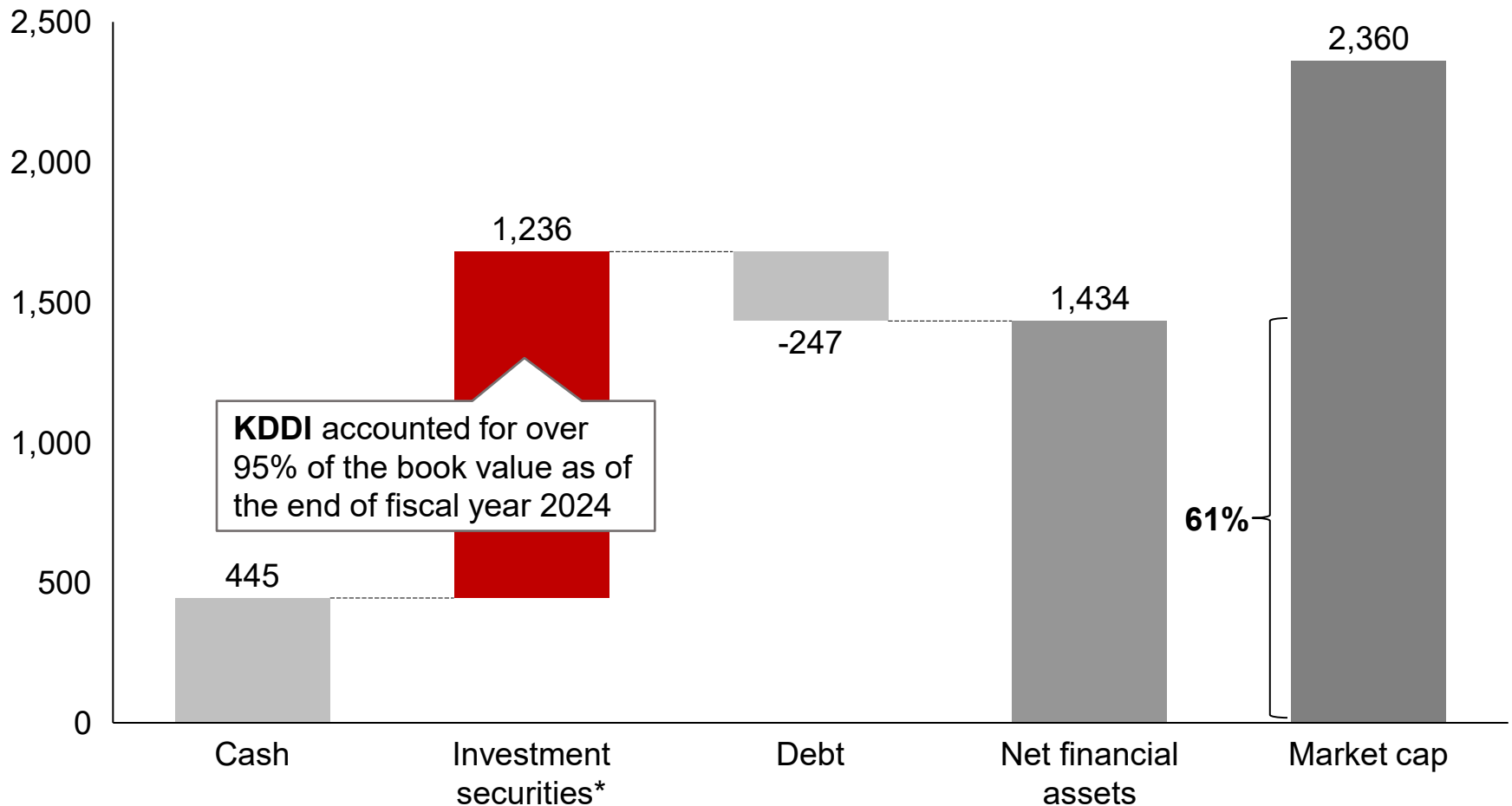
Kyocera cross-shareholdings as % of net asset (%)



Source: Bloomberg

As a result, Kyocera's balance sheet has become over capitalized

Kyocera net financial assets (4Q 2025, Billion JPY)



Note: Net financial assets = cash and cash equivalent + investment securities – debt; *Deferred tax liabilities are deducted from investment securities
Source: Company IR; Bloomberg

Agenda

Introduction

Oasis's Engagement with Kyocera

Kyocera Never Got Going

Reasons for Underperformance

Kyocera Tries to Change

Kyocera's Reforms Fall Short of Expectations

Oasis's Seven Point Plan

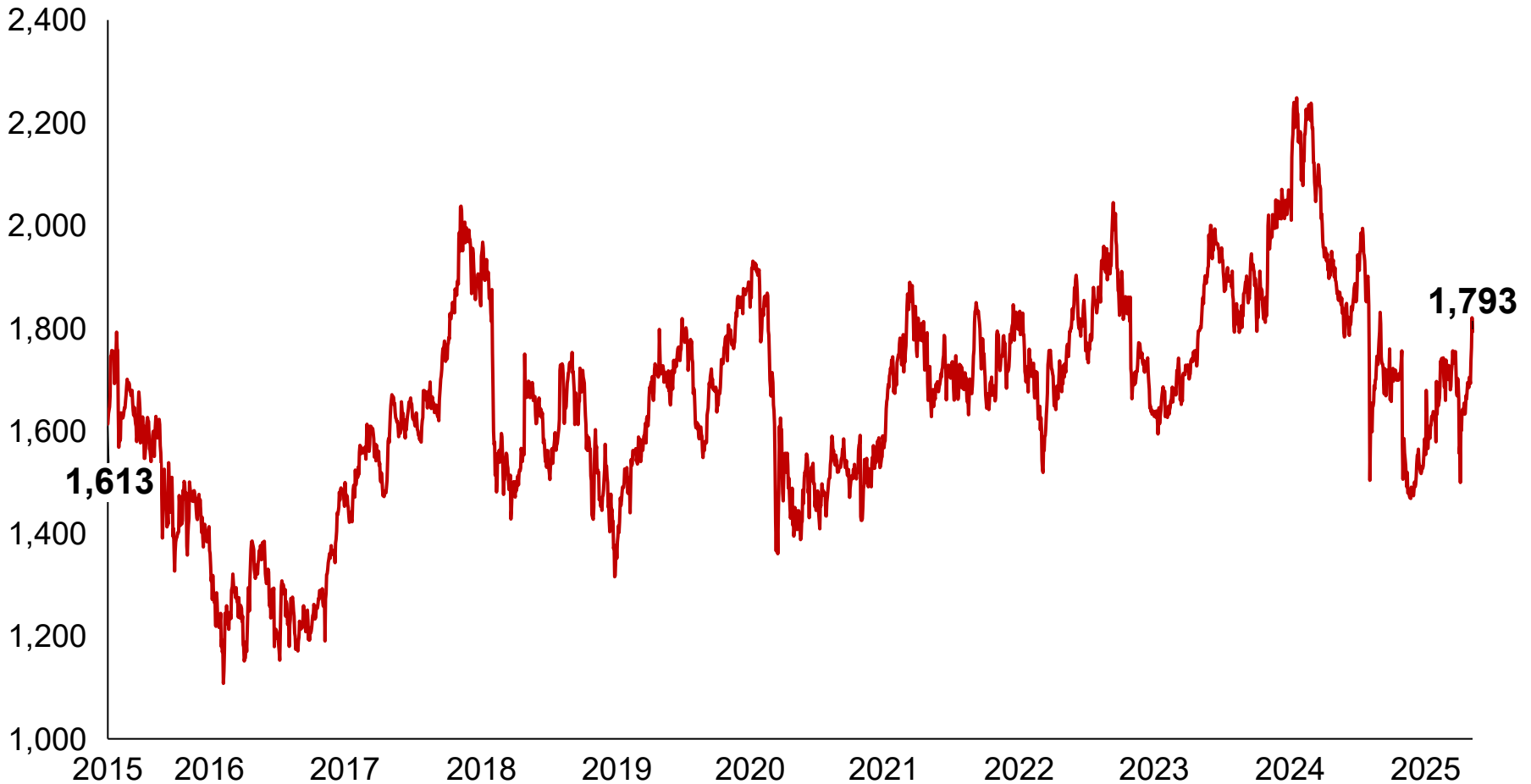
Case Studies

Kyocera is Under Pressure to Change

Valuation

Kyocera's stock price has been stagnant since 2015

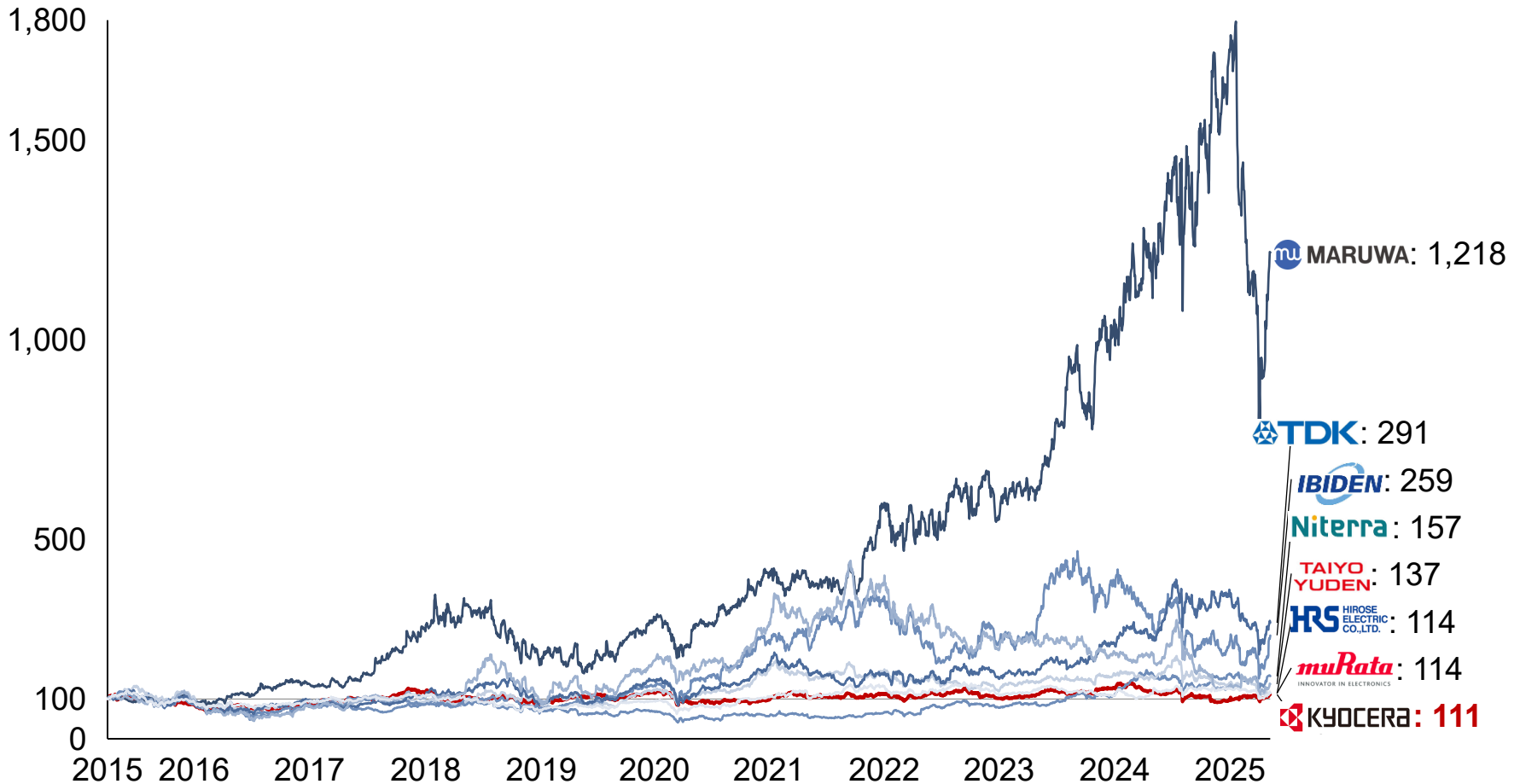
Kyocera stock price (Apr 2015 to May 14, 2025)



Source: Bloomberg

Kyocera has significantly underperformed its competitors

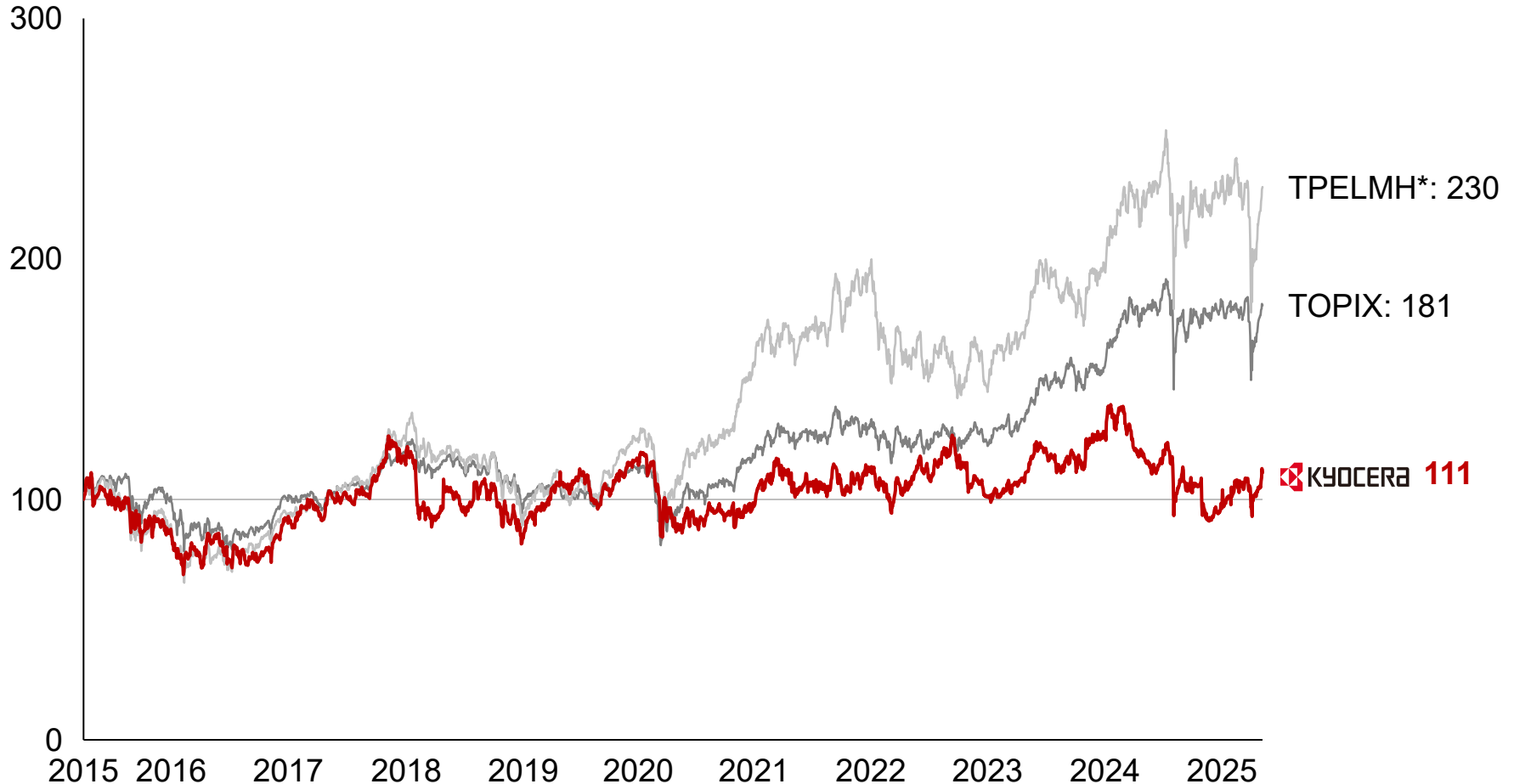
Indexed stock price (Apr 2015 to May 14, 2025, indexed to 100 in Apr 2015)



Source: Bloomberg

And underperformed TOPIX as well as TPELMH

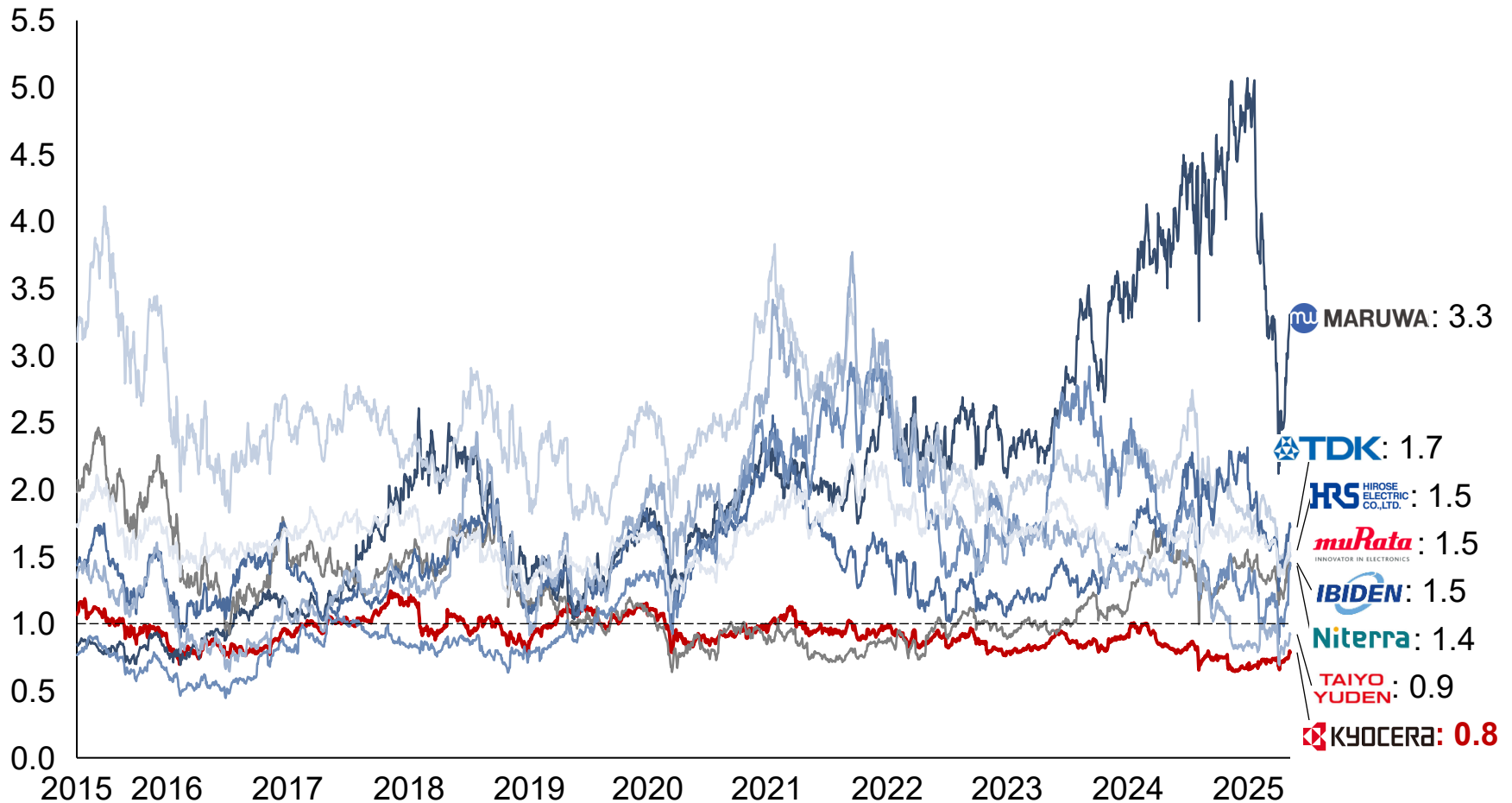
Indexed stock price (Apr 2015 to May 14, 2025, indexed to 100 in Apr 2015)



Note: *The TOPIX Electric Appliances Index is a capitalization-weighted index designed to measure the performance of the electric appliances sector of the TOPIX Index
Source: Bloomberg

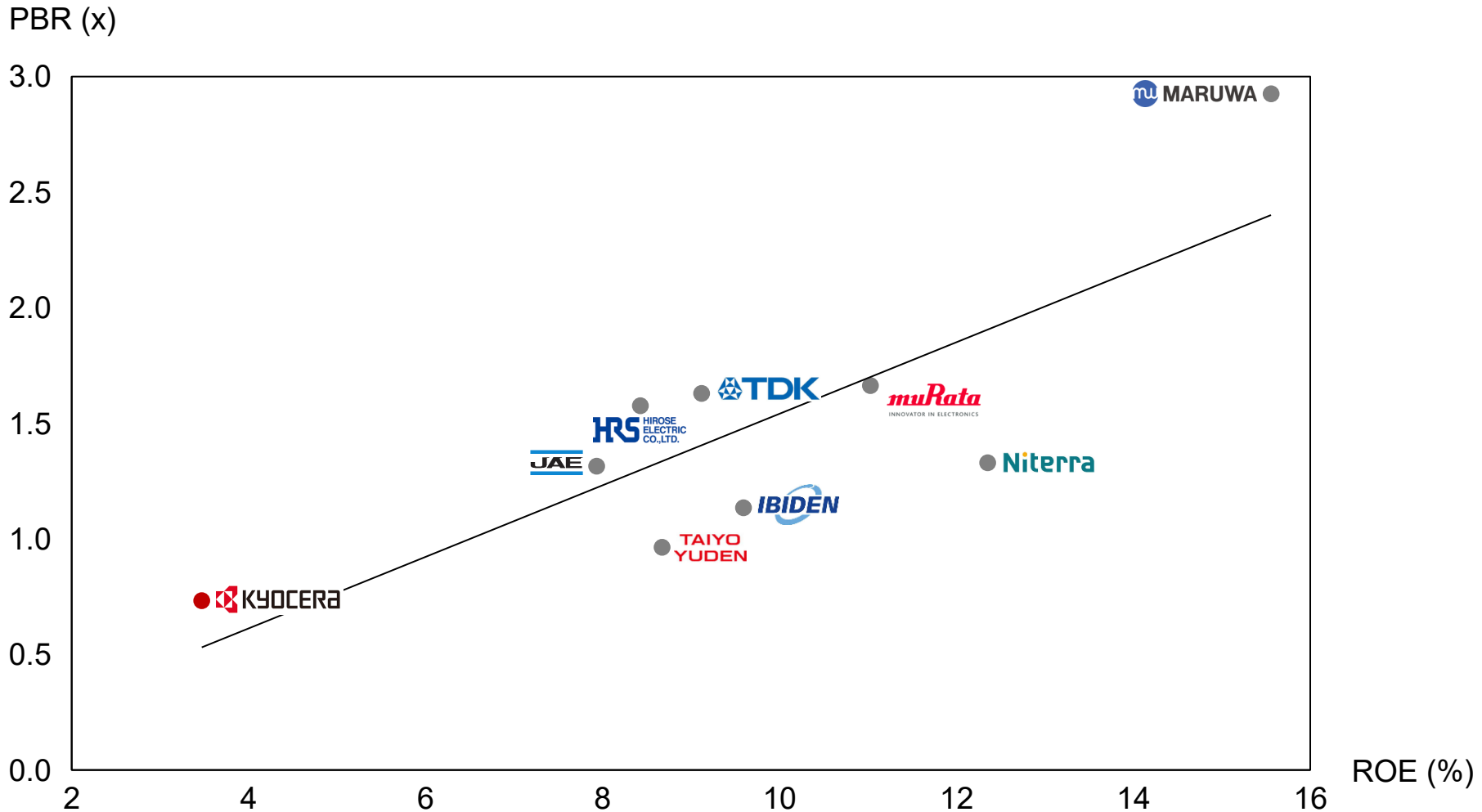
Kyocera's PBR lags far behind peers, fallen to its lowest level over the past decade

PBR (Apr 2015 to May 14, 2025, x)



Source: Bloomberg

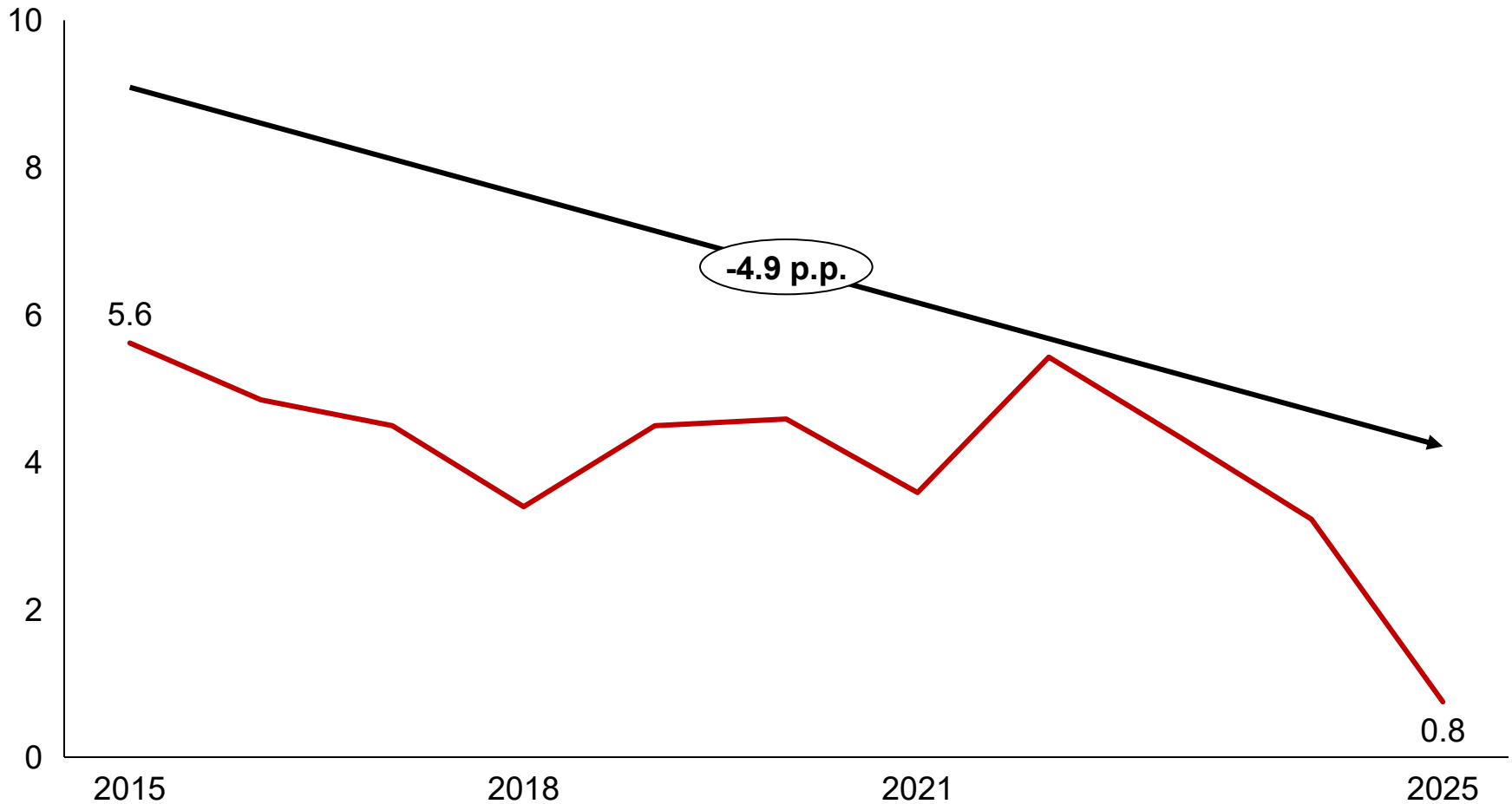
Kyocera's low PBR is driven by its low ROE



Note: PBR data is as of fiscal year ended in March 2025; ROE shows the 5-year average
Source: Bloomberg

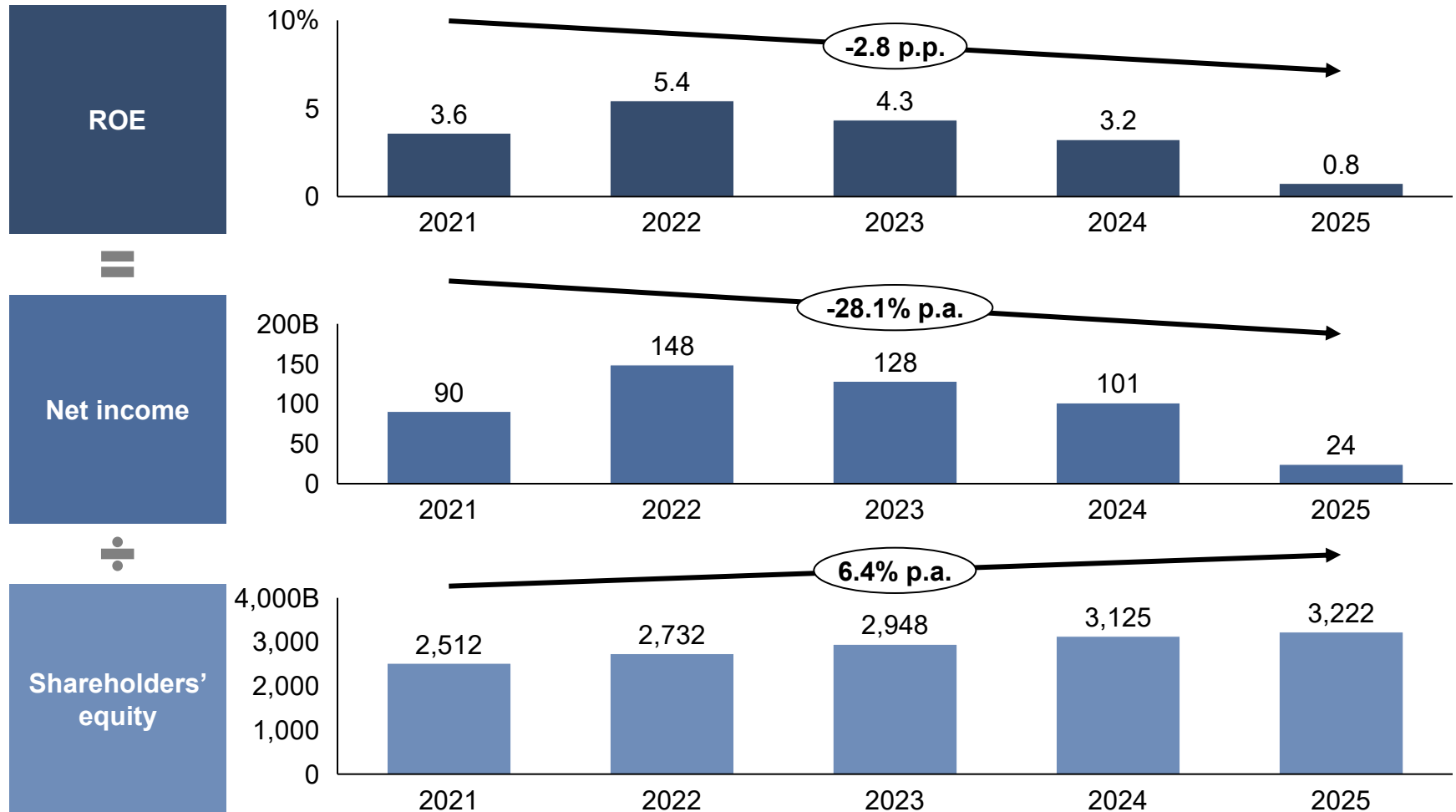
Kyocera's ROE has significantly declined over the past decade

Kyocera historical ROE (%)



Source: Bloomberg

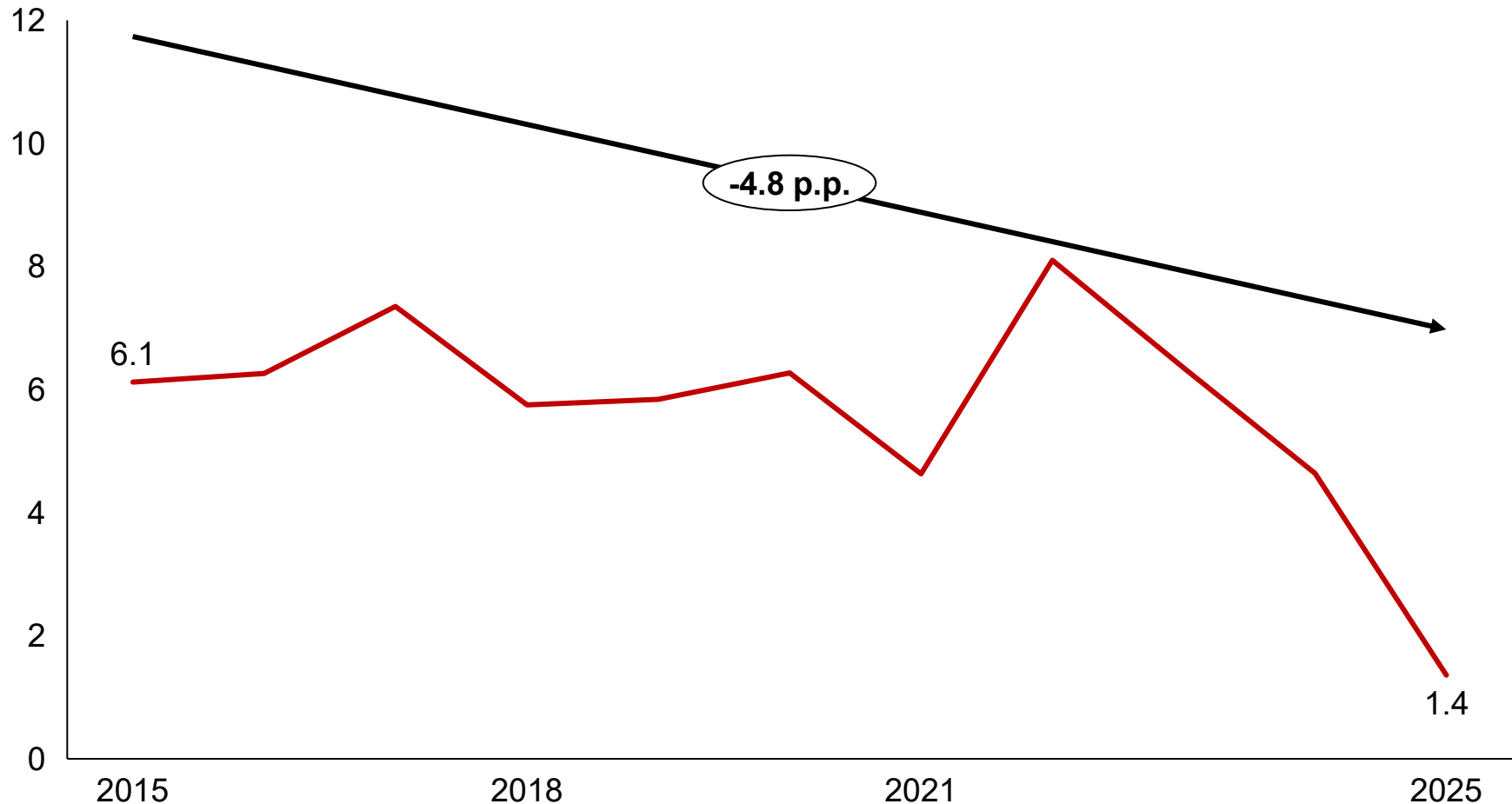
Kyocera's ROE is crushed from both sides of the equation - declining net income and increasing shareholders' equity



Note: Shareholders' equity uses average of the year and the previous year
Source: Bloomberg

Kyocera's operating margin has declined to well below 5%

Kyocera historical operating margin (%)



Source: Bloomberg

Agenda

Introduction

Oasis's Engagement with Kyocera

Kyocera Never Got Going

Reasons for Underperformance

Kyocera Tries to Change

Kyocera's Reforms Fall Short of Expectations

Oasis's Seven Point Plan

Case Studies

Kyocera is Under Pressure to Change

Valuation

Reasons for underperformance



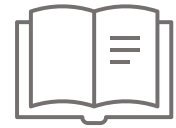
Overly diversified



**Underperforming
business**

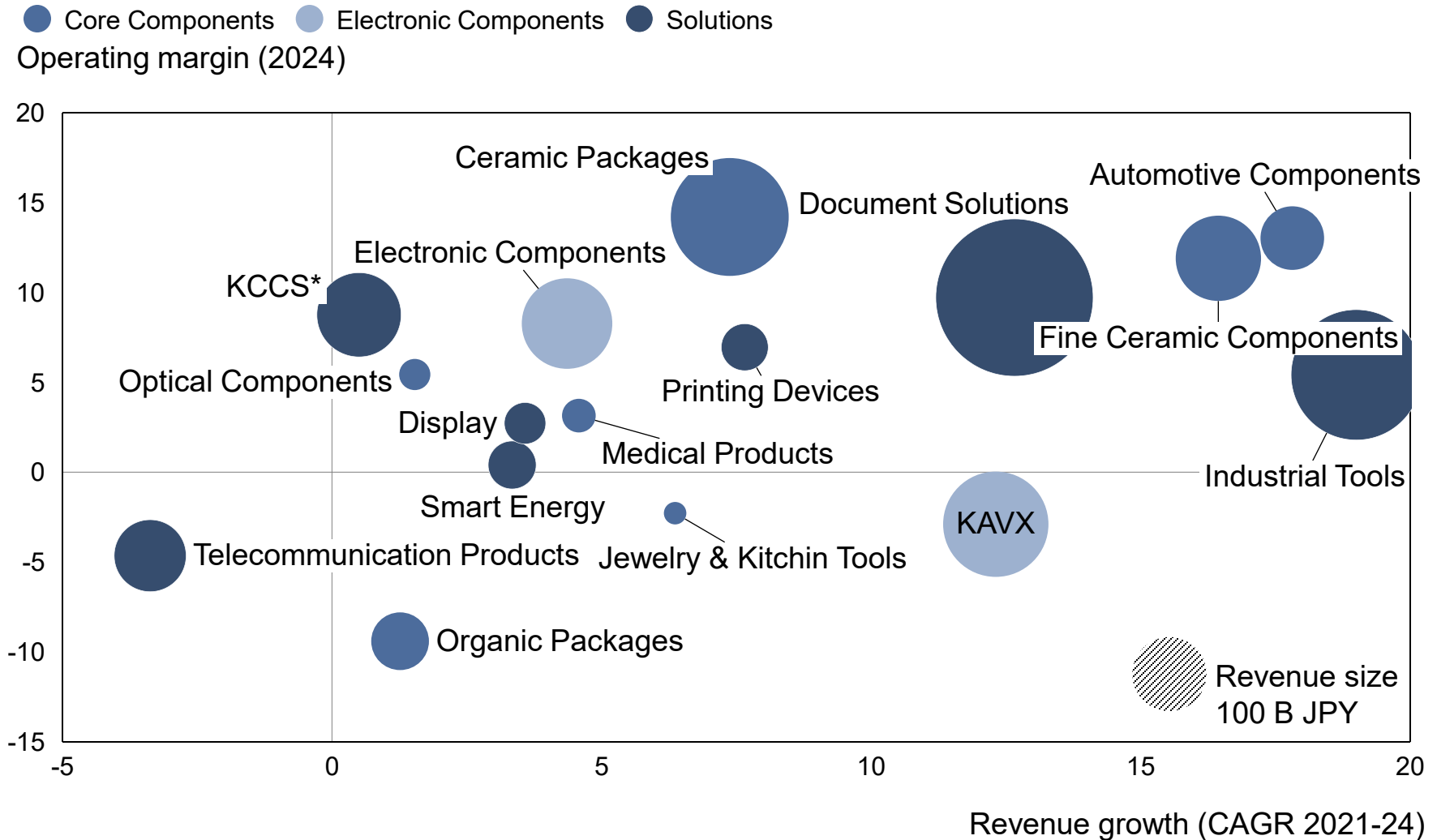


**Mismanaged R&D
investment**



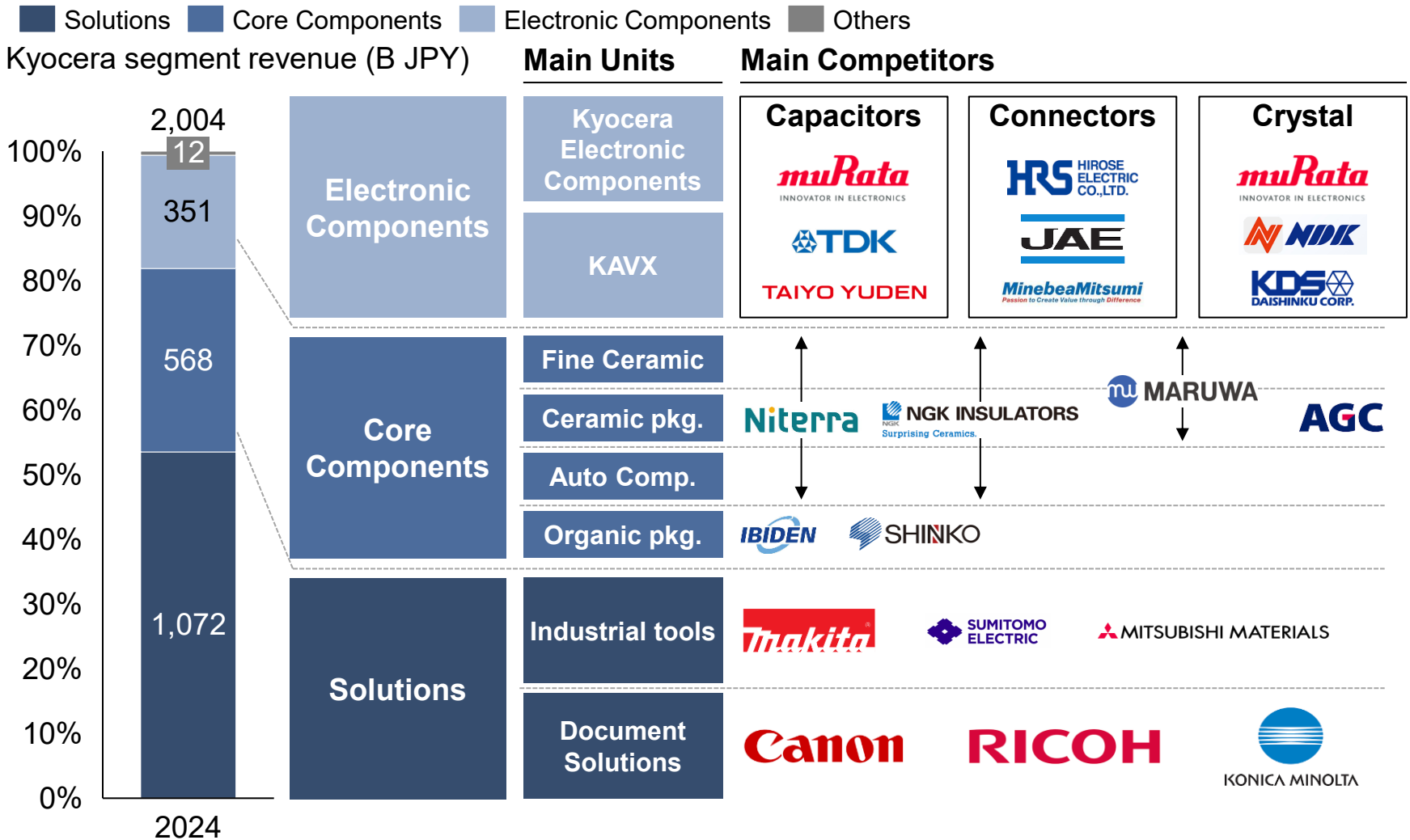
**Failed own
philosophy**

Kyocera's overly diversified portfolio demonstrates a lack of strategic focus on its core strengths



Note: *Kyocera Communication Systems
Source: Company IR; Oasis estimates

Kyocera faces strong specialized competitors in each of its segments



Source: Company IR; Lit. search

Even current and former employees of Kyocera express doubts about its diversification strategy



Note: Oasis translation
Source: OpenWork

*“The business has become **excessively diversified**, to the point where if several divisions incur losses, the profitable ones can no longer cover them — it's an unsustainable structure.”*

R&D (February 6, 2025)

*“Kyocera is **unable (or unwilling) to withdraw from products that have lost in market competition**, such as **mobile phones and solar panels**. There is **a lack of synergy among the wide array of businesses**, resulting in poor capital efficiency.”*

Accounting (March 5, 2023)

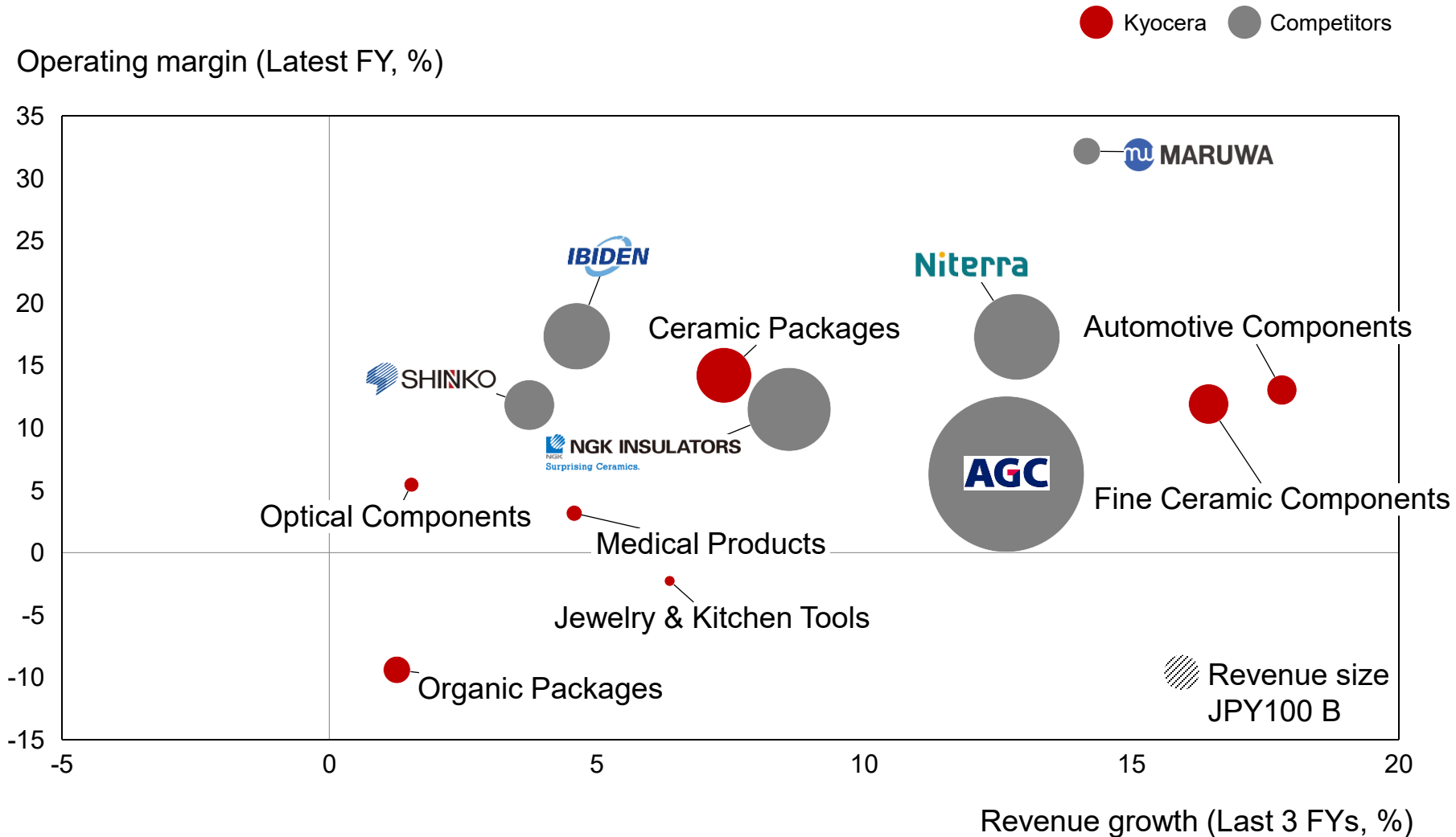
*“The **diversified management strategy has largely failed**, and in every business segment, Kyocera holds only a third- or fourth-tier position, leaving it without a clear core business.”*

Product Development (February 15, 2025)

*“Due to **excessive diversification, low-profitability divisions have emerged**, yet the company is slow to exit from them.”*

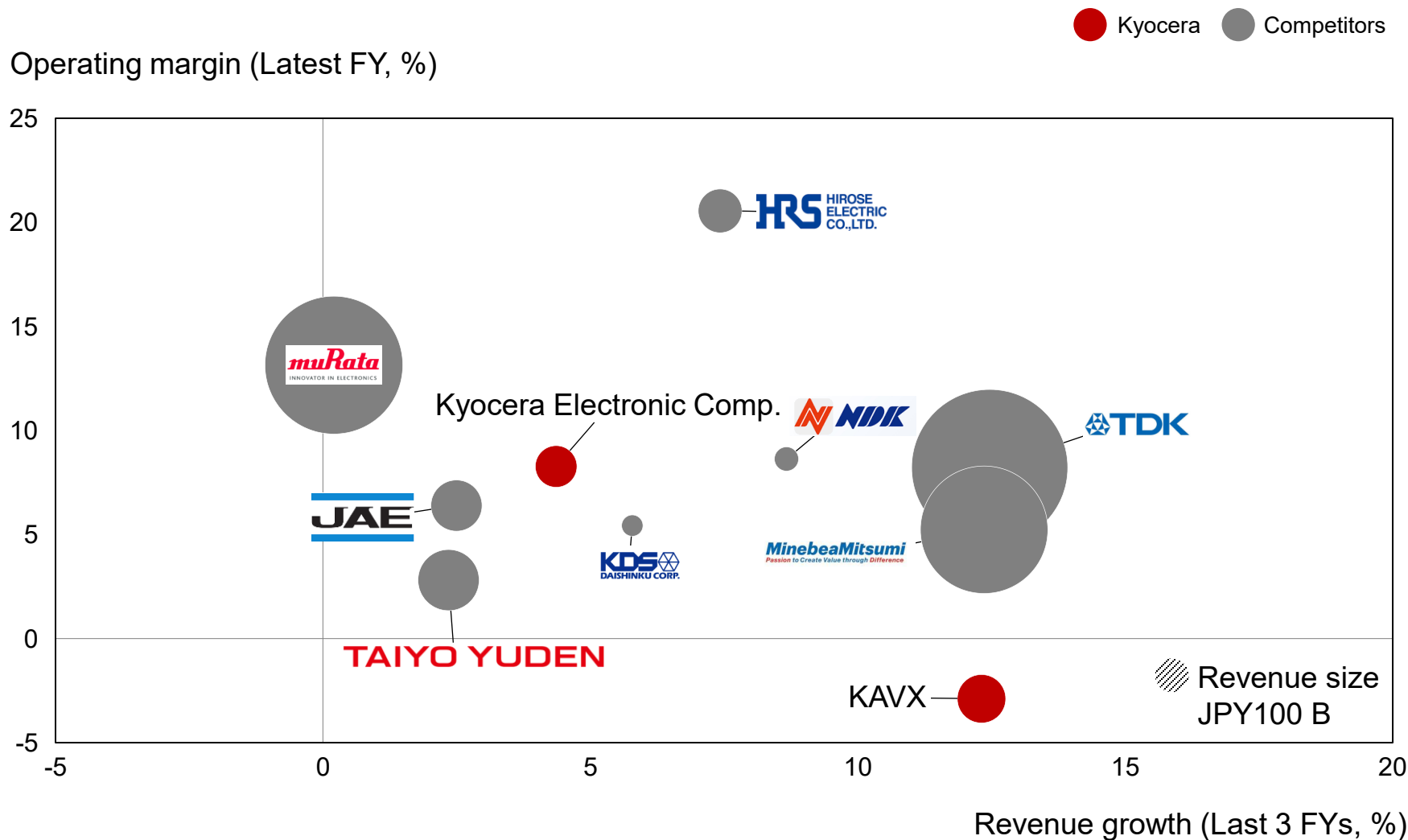
Administrative Division (March 14, 2025)

Core Components: Low-growth and low-margin businesses impact overall performance of the segment

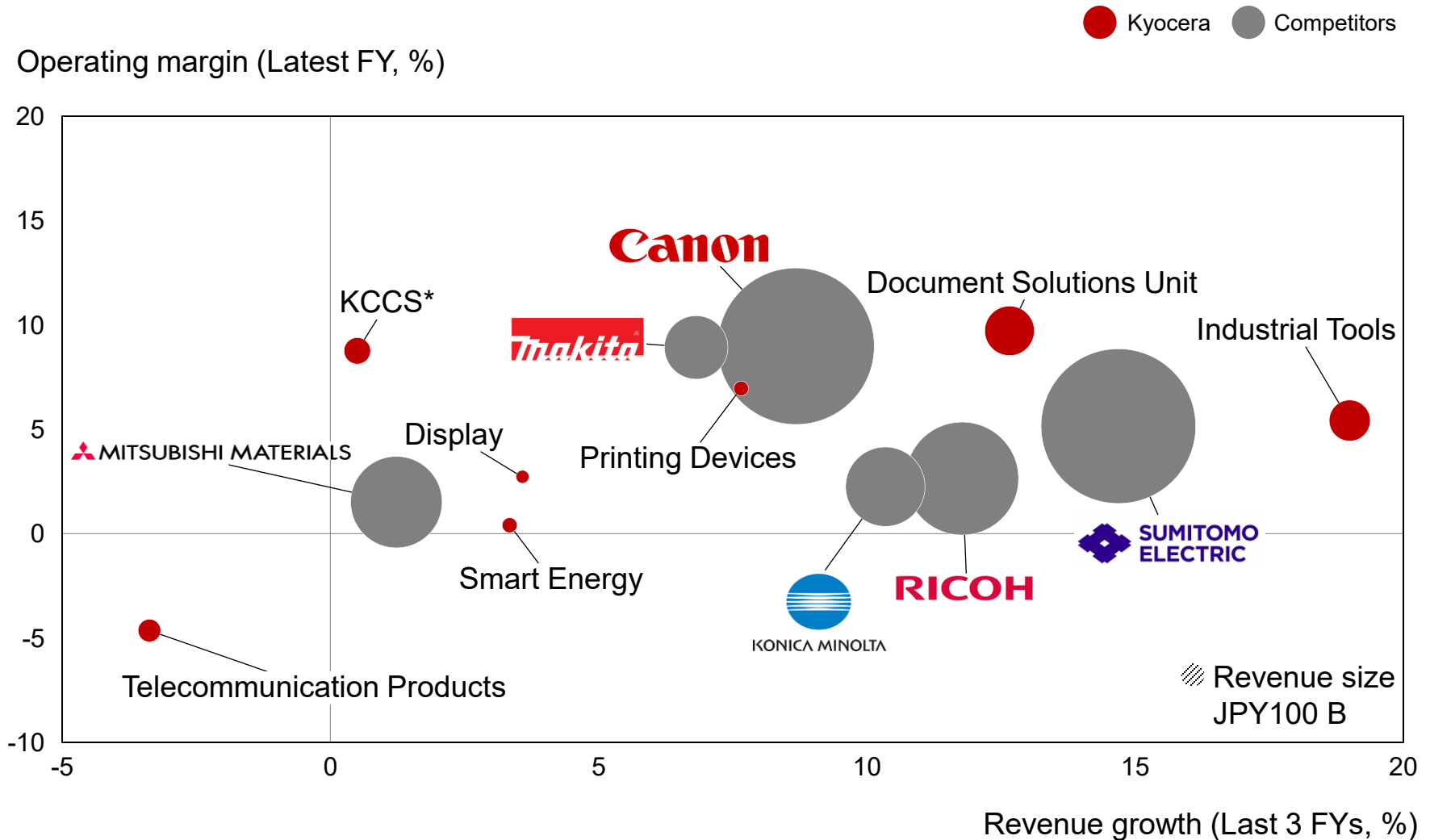


Note: Except for Kyocera, operating profit margin of the entire company is used
Source: Company IR; Oasis estimates

Electronic Components: Profit margin is dragged down KAV



Solutions: Dispersed small-scale businesses hinder the performance of the overall segment



Note: Except for Kyocera, operating profit margin of the entire company is used; *Kyocera Communication Systems
Source: Company IR; Oasis estimates

Reasons for underperformance



Overly diversified



**Underperforming
business**



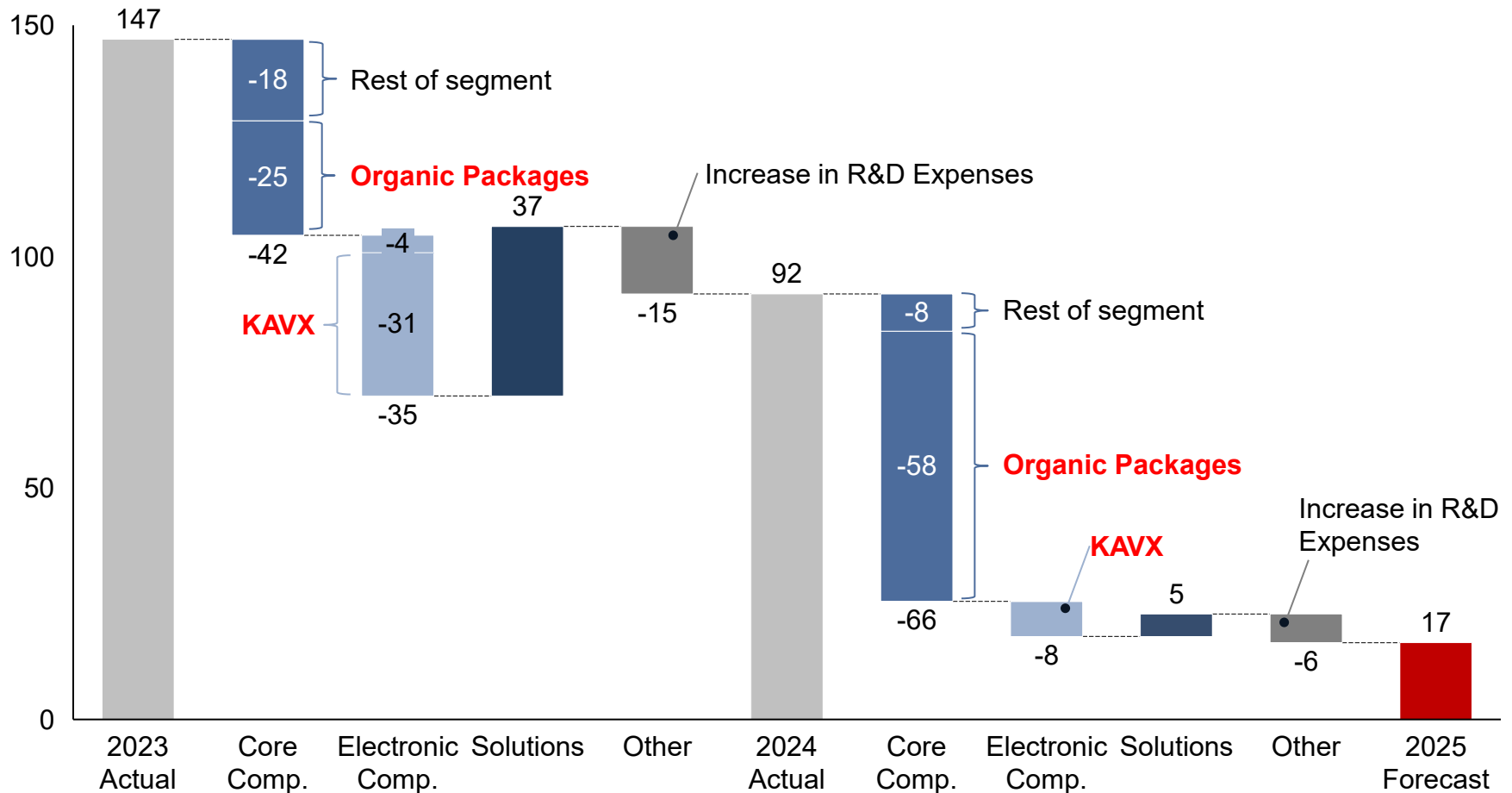
**Mismanaged R&D
investment**



**Failed own
philosophy**

Kyocera's performance over the past 2 years is severely affected by losses in Organic Packages and KAVX

Kyocera business profit (Billion JPY)



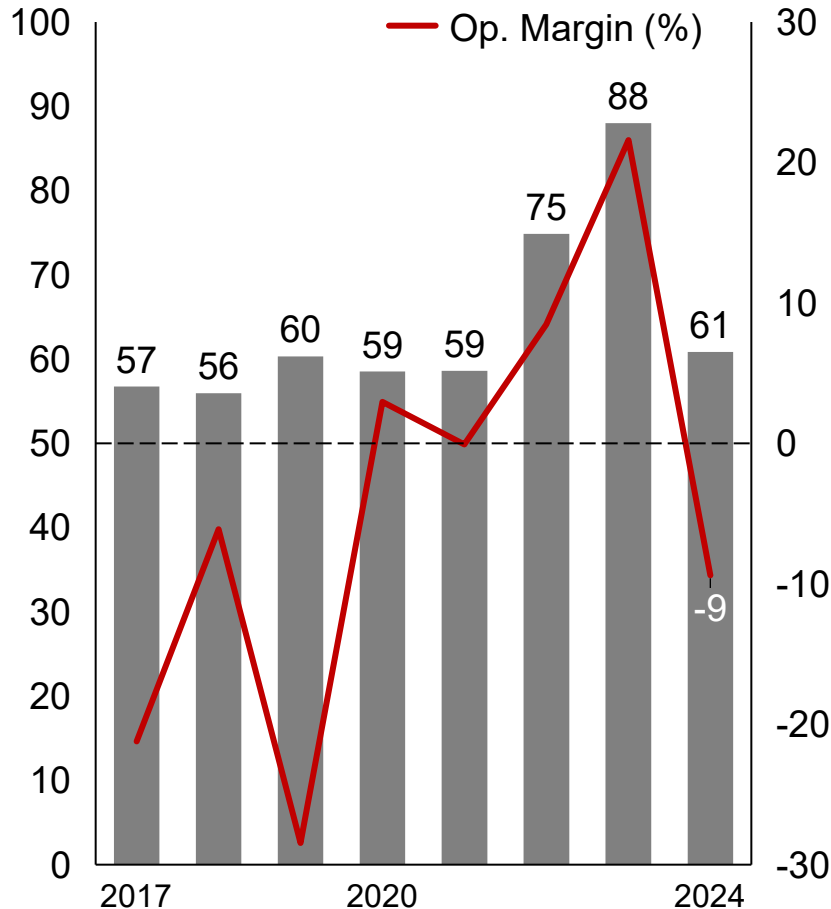
Source: Company IR; Oasis estimates

Underperforming Business 1

Organic Packages: Business overview

Core Components

Organic Packages Revenue (Billion JPY)



Source: Company Website; Oasis estimates

OASIS

Business Overview



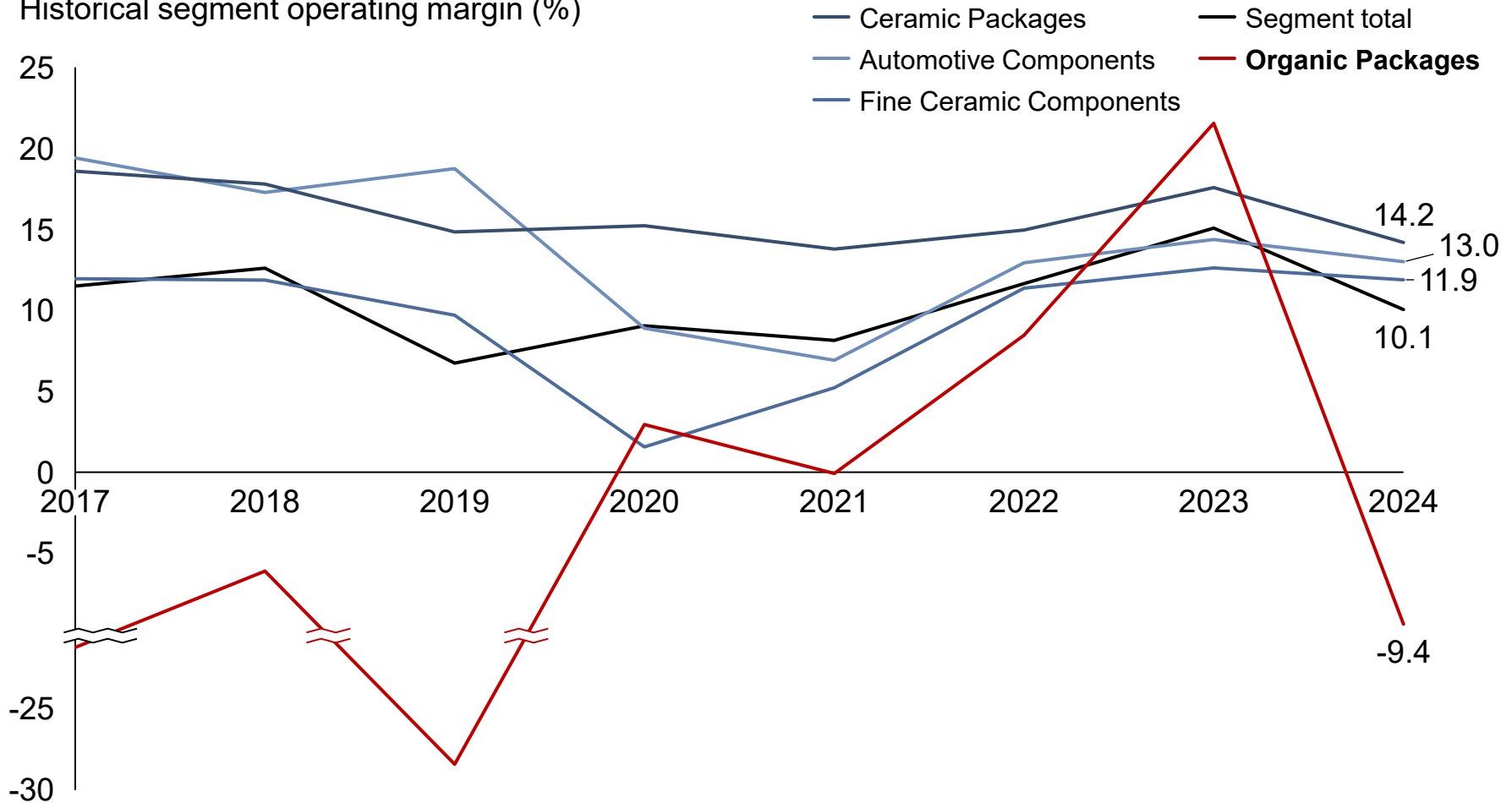
- Organic Packages, along with Ceramic Packages, make up Kyocera's Semiconductor Components business within the Core Components segment
- Kyocera offers two primary products: FC-BGA, mainly used in servers, and FC-CSP, mainly used in camera and telecommunication modules
- Organic Packages has historically been underperforming due to substantial investments and restructuring after the 2013 acquisition of business from Toppan/NEC JV
- Profitability temporarily improved in 2023 due to supply shortages and increased suppliers' pricing power, but declined again in 2024 as demand weakened

Underperforming Business 1

Organic Packages: Significant pressure on profitability

Core Components

Historical segment operating margin (%)



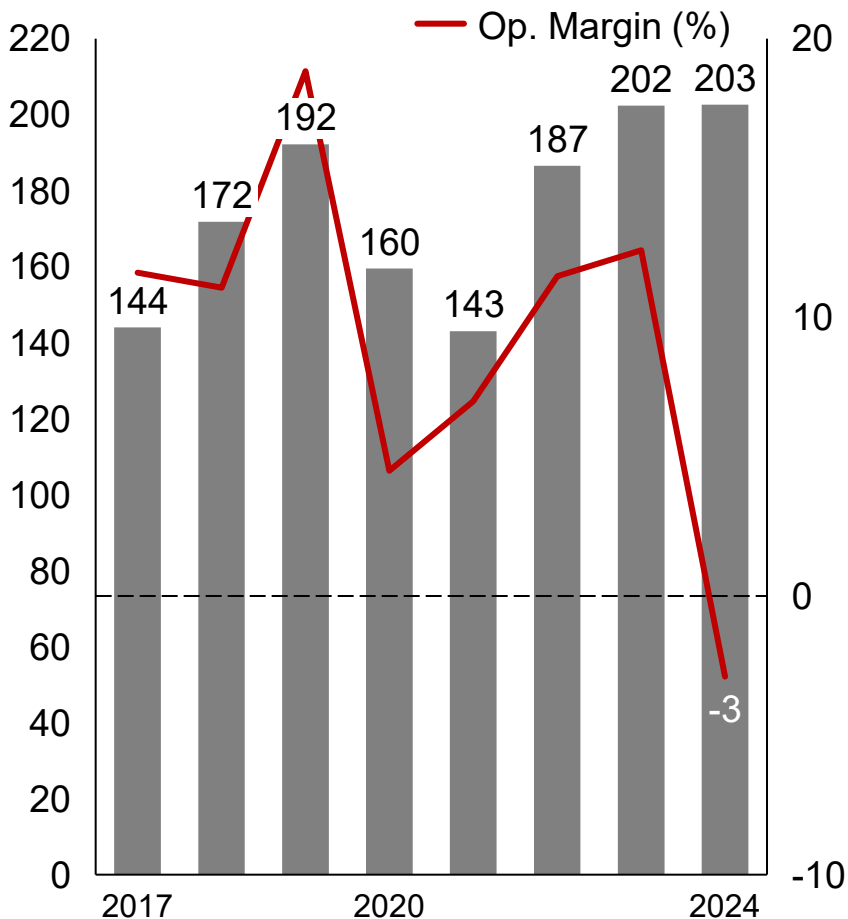
Note: Excluded Optical Components, Medical Products, Jewelry & Kitchen Tools from analysis
Source: Company IR; Oasis estimates

Underperforming Business 2

KAVX: Business overview

Electronic Components

KAVX Revenue (Billion JPY)



Source: Company Website; Oasis estimates

Business Overview



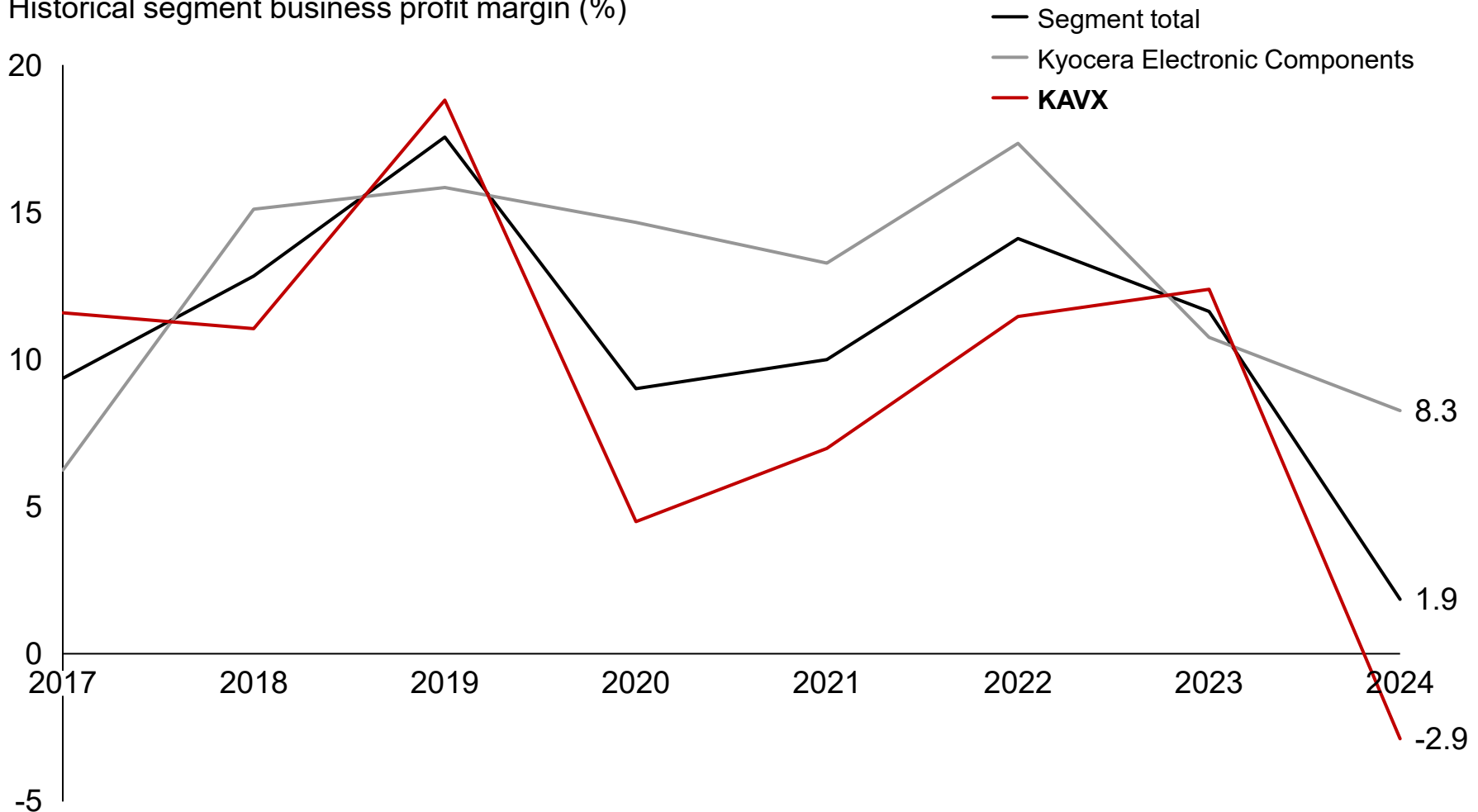
- KAVX is a U.S.-based subsidiary, manufacturing electronic components for industrial customers, with the European automotive sector being its largest market
- KAVX offers MLCCs and Tantalum, alongside other components including antennas, connectors, crystal devices etc.
- Misguided capital investments amid weakening demand in its primary market caused the recent decline in performance
- KAVX's highly diversified product portfolio acquired through M&A combined with lower productivity put pressure on profitability

Underperforming Business 2

KAVX: Significant pressure on profitability

Electronic Components

Historical segment business profit margin (%)



Source: Company IR; Oasis estimates

Reasons for underperformance



Overly diversified



Underperforming
business

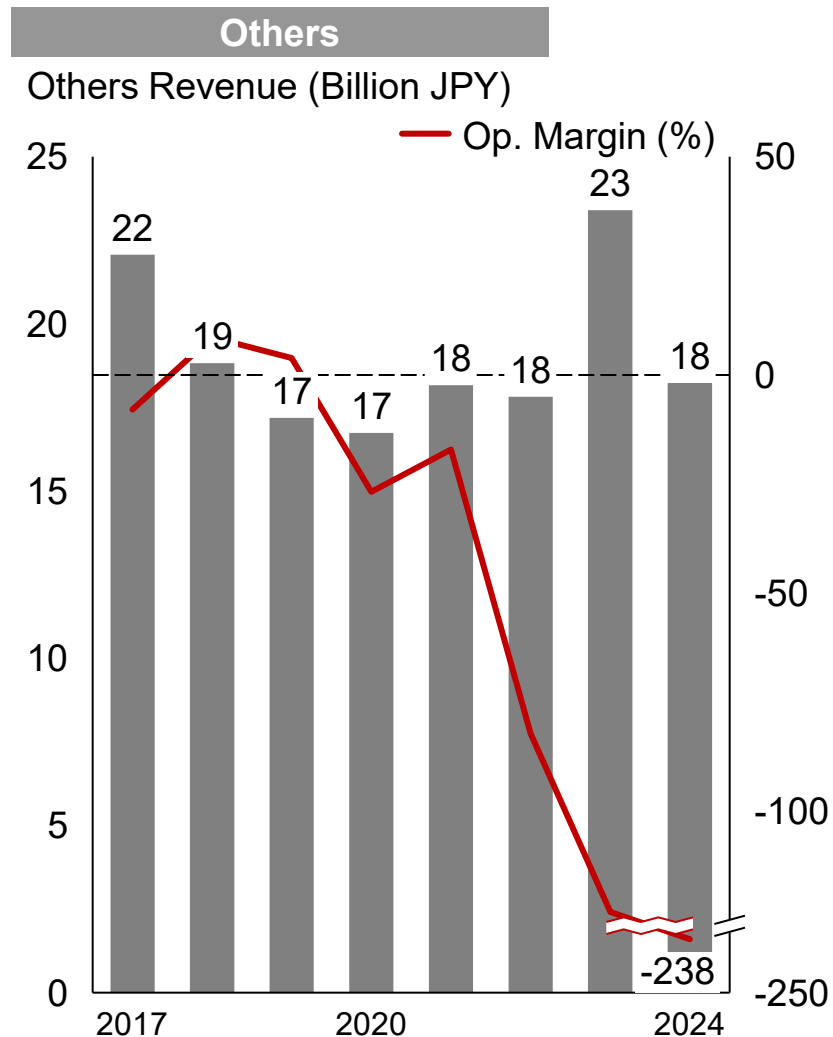


Mismanaged R&D
investment



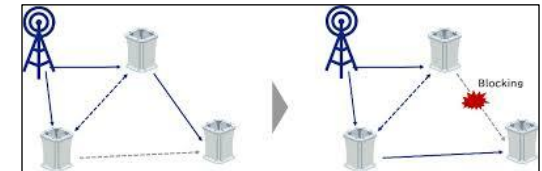
Failed own
philosophy

Incurring soaring losses in Others segment due to mismanaged investments in R&D



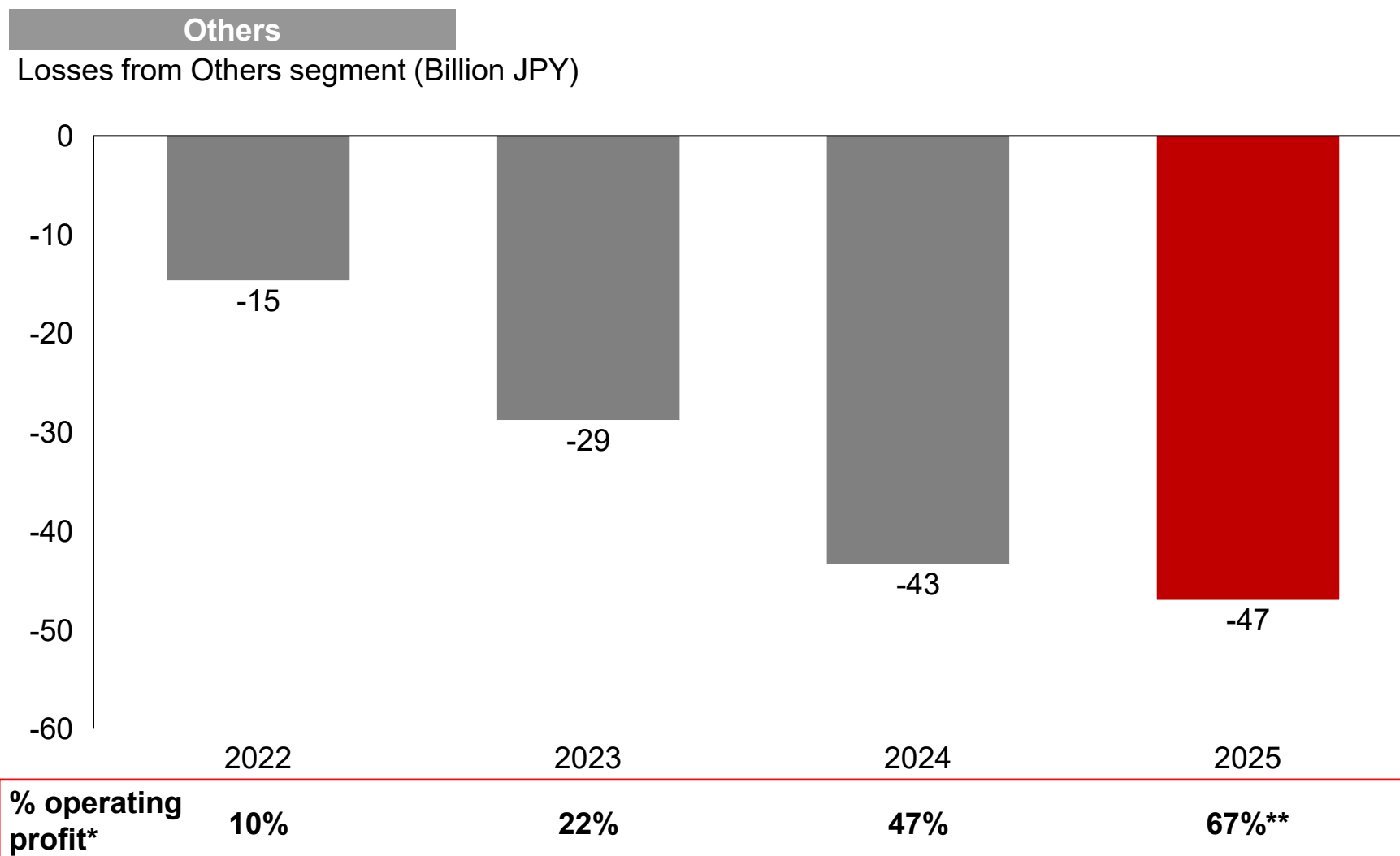
Note: Kyocera changed accounting methodology in fiscal 2022 to allocate R&D expenses that previously distributed across individual segments, to the Others segment
Source: Company IR; Oasis estimates

Business Overview



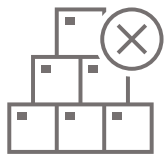
- Kyocera allocates research and development expenses not tied to specific business units to the Others segment
- Millimeter-wave and GaN device businesses are the top contributors to the R&D expenses in this segment
- Following the acquisition of SLD Laser in 2021 for GaN technology, the segment's losses saw a significant increase
- Continuing large-scale investments without regard for returns has led to continued losses in the segment

Losses are a large proportion of operating profit



Note: *Shown in absolute value; **Excluded impairment losses of JPY43 billion from operating profit
Source: Company IR

Reasons for underperformance



Overly diversified



**Underperforming
business**



**Mismanaged R&D
investment**



**Failed own
philosophy**

Kyocera's renowned Amoeba Management system

The Objectives of Amoeba Management

Divisional
Accounting
System

Establish a Market-oriented
Divisional Accounting
System



Leadership
Development

Develop Leaders with
Managerial Awareness



Management
by All

Practice "Management by
All"



*"The Amoeba Management System that I created through my real-world management experiences divides a large organization into small, autonomous groups. [...] By using this approach to management, **even companies that previously struggled can transform into high-profit businesses.**"*

Kazuo Inamori, Founder of Kyocera

Source: Official Site of Kazuo Inamori

Kyocera has failed to follow the essence of the Amoeba Management system



*“Managing a business is a simple matter. It is based on maximizing revenues and minimizing expenses. Profit is simply the difference between the two, and a result of this effort. Therefore, **we need to be concerned only with maximizing revenues and minimizing expenses.**”*

Kazuo Inamori, Founder of Kyocera



- Misguided capital investments amid weak demands in both Organic Packages and KAVX have **maximized expenses** while **revenue declined**



- Kyocera’s **failure to exit** the smartphone and solar businesses significantly exacerbated its losses



- **Pursuing R&D in GaN and Millimeter-wave** technologies that have little revenue potential but maximize expenses

Source: Official Site of Kazuo Inamori

How do we know?

Our analyst attended the Amoeba Management Seminar



●アモeba経営の基礎を理解し、得られるものを把握する

- ・京セラ創業者・稲盛和夫氏はなぜアモeba経営を生み出したのか
- ・全員参加経営の実現
- ・アモeba経営導入の効果
- ・時間当たり採算の考え方を理解する
- ・アモeba経営の浸透を通して、社員に「やりがい」を実現

●次世代経営者を育成

- ・経営者意識を持った人材を育てる
- ・自ら挑戦する組織風土づくり

●部門別採算制度の仕組みを理解する

- ・組織構築の考え方
- ・収入の考え方
- ・実際の組織構築例

●部門別採算制度の活用のポイントを把握する

- ・経費・時間実績の捉え方
- ・実績計上ルールの構築

●実際にアモeba経営を導入した会社の実例を学ぶ

- ・建設業、飲食業の実際の事例から学ぶ
- ・時間当たり採算表を実際に作成、導入の勘所を理解

●アモeba経営を実践するための要諦を学ぶ

- ・経営管理機能の構築
- ・時間当たり採算表の運用
- ・アモeba経営におけるリーダー、および経営トップの役割を知る

この度は、日経トップリーダー主催
『中小企業のためのアモeba経営実践講座』に
ご登録いただき、誠にありがとうございます。
下記の通りご登録を承りましたので内容をご確認ください。

◆ お申し込み講座 ◆

- 決済方法: クレジットカード決済
- 決済金額: 128,000 円 (税込)

日経トップリーダー主催
【1名申込】中小企業のためのアモeba経営実践講座

≪ 開催日時 ≫

2025年3月10日(月) 10:00~17:00 (開場予定 9:30)

Agenda

Introduction

Oasis's Engagement with Kyocera

Kyocera Never Got Going

Reasons for Underperformance

Kyocera Tries to Change

Kyocera's Reforms Fall Short of Expectations


Oasis's Seven Point Plan

Case Studies

Kyocera is Under Pressure to Change

Valuation

Kyocera announced its first MTP in 2023

(Unit: Yen in billions)		Medium-Term Management Plan		
	FY Mar. 2023	FY Mar. 2024		FY Mar. 2026
Sales Revenue	2,025.3	2,100.0		2,500.0
Profit Before Income Taxes	176.2	200.0		350.0
Profit Ratio	8.7%	9.5%		14.0%
ROE	(Result) 4.3%	(Target) 5.0% or more		(Target) 7.0% or more
Capital Expenditures	173.9	Maximum of 850.0 for 3 years		
R&D Expenses	94.3	Maximum of 350.0 for 3 years		

Leverage the collective strengths of the Kyocera Group to achieve targets

- In 2023, Kyocera announced its **first Mid-Term Management Plan (MTP)** since its founding
- Although it was revised down in the **Structural Reform Plan** released in February 2025

Source: Company IR

... with overly ambitious operating profit margin targets

Core Components Business

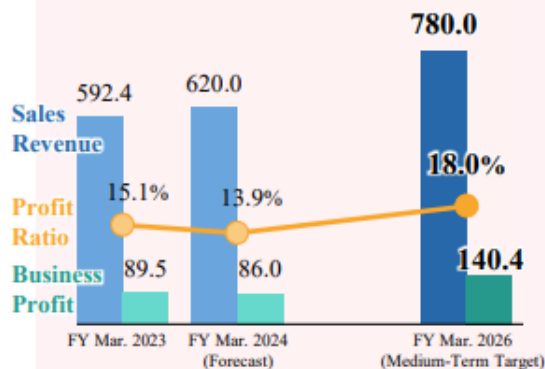
FY Mar. 2026

Sales Revenue: **780.0** bil. yen

Business Profit: **140.4** bil. yen

Profit Ratio: **18.0%**

(Unit: Yen in billions)



Electronic Components Business

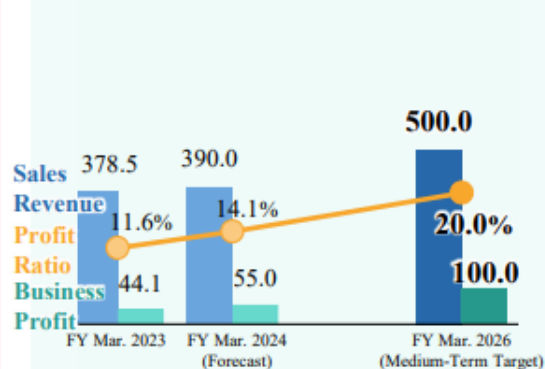
FY Mar. 2026

Sales Revenue: **500.0** bil. yen

Business Profit: **100.0** bil. yen

Profit Ratio: **20.0%**

(Unit: Yen in billions)



Solutions Business

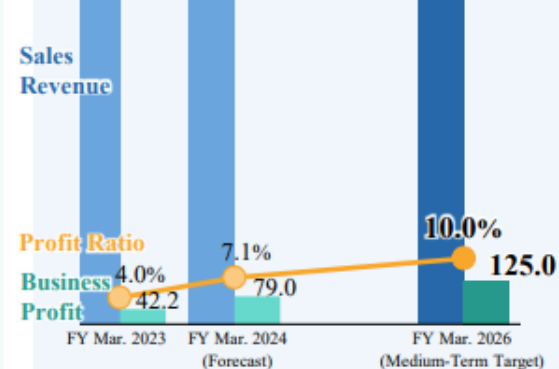
FY Mar. 2026

Sales Revenue: **1,250.0** bil. yen

Business Profit: **125.0** bil. yen

Profit Ratio: **10.0%**

(Unit: Yen in billions)



Kyocera announced Structural Reforms in Q3 2025, replacing its first MTP

	MTP	Kyocera's Structural Reforms
1 Diversification	<ul style="list-style-type: none">• Continue diversification with expansion of diversified businesses in Solutions	<ul style="list-style-type: none">• Divestment of non-core businesses totaling JPY 200 billion in revenue
2 Organic Packages and KAVX	<ul style="list-style-type: none">• Business expansion through aggressive investments and capacity increase	<ul style="list-style-type: none">• Turnaround of these businesses to profitability in fiscal 2026
3 R&D Expenses	<ul style="list-style-type: none">• Aggressive investments in new businesses including GaN technology	<ul style="list-style-type: none">• Review of R&D expenses centered around core businesses
4 Capital Policy	<ul style="list-style-type: none">• Maintain KDDI shares and use as collateral for debt• Reduce cross-shareholdings by at least 5% of their book value	<ul style="list-style-type: none">• Sales of 1/3 of KDDI shares over the next 2 years• Conduct share buybacks of JPY 400 billion between 2026 and 2029

Source: Company IR

1 Kyocera plans to withdraw from a small number of businesses



“We plan to withdraw from businesses worth approximately JPY200 billion, or about 10% of our sales.”

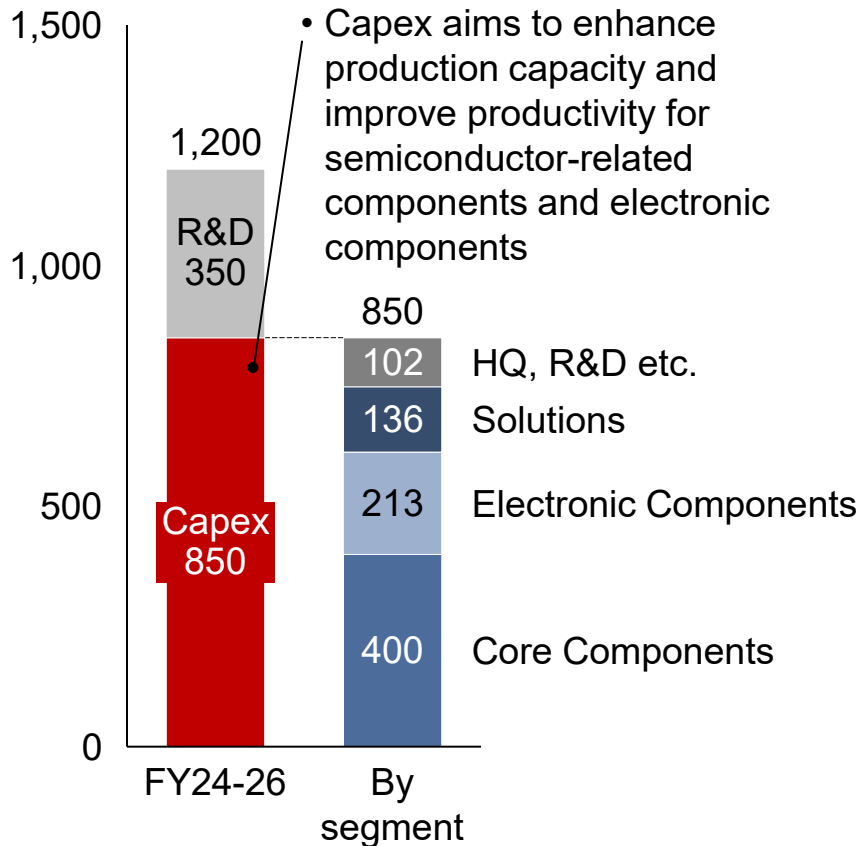
Hideo Tanimoto, President of Kyocera

Note: Oasis translation
Source: Nikkan Kogyo Shimbun

2 The growth strategy for Organic Packages and KAVX has failed and the focus is now on turnaround efforts

MTP (Before)

Investment plan (Billion JPY)



Structural Reforms (After)

Organic Packages



Shift the strategy to a profit-oriented approach

- Cost reduction measures;
 - Suspension of capital expenditure
 - Extension of the start of operation of new factory building
 - Downsizing employees
- Product mix change to high-end products

KAVX



Focus on optimizing production in preparation for demand recovery

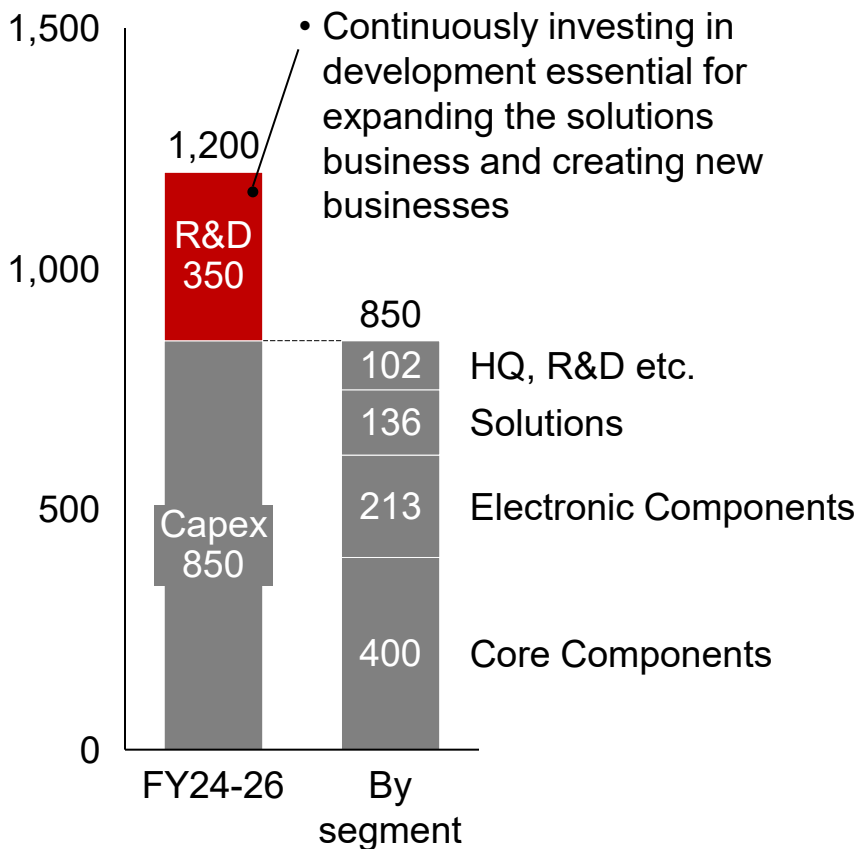
- MLCCs:** Provide technological support from Kyocera and improve yield
- Tantalum Capacitors:** Expand with the growing AI and SSD markets and increase production from Thai plants

Source: Company IR

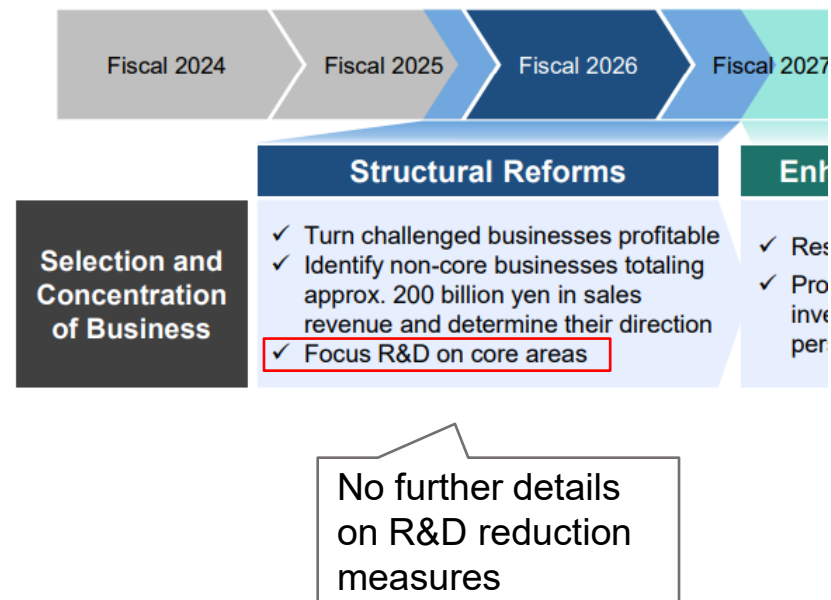
3 Little detail on planned R&D reforms

MTP (Before)

Investment plan (Billion JPY)



Structural Reforms (After)



Source: Company IR

4 Kyocera has finally set a timeline and reduction targets for reducing its stake in KDDI

MTP (Before)

Set a numerical target to clarify the immediate policy to further reduce its shareholdings

Target

Amount of reduction:

At least 5% on a book value basis

Period: By FY Mar. 2026

(Within the time frame of the medium-term management plan)

- **Updated the Corporate Governance Report and specified the above-mentioned target**

Structural Reforms (After)

Today's Announcement (Feb. 2025)

Further accelerate the sale of KDDI shares

Sell approximately 1/3 of the shares held (approx. 500 billion yen worth at current share price levels) over the next 2 years, and further reduce the remaining shares thereafter.

Details will be announced in future quarterly financial presentation, etc., when determined.

Agenda

Introduction

Oasis's Engagement with Kyocera

Kyocera Never Got Going

Reasons for Underperformance

Kyocera Tries to Change

Kyocera's Reforms Fall Short of Expectations

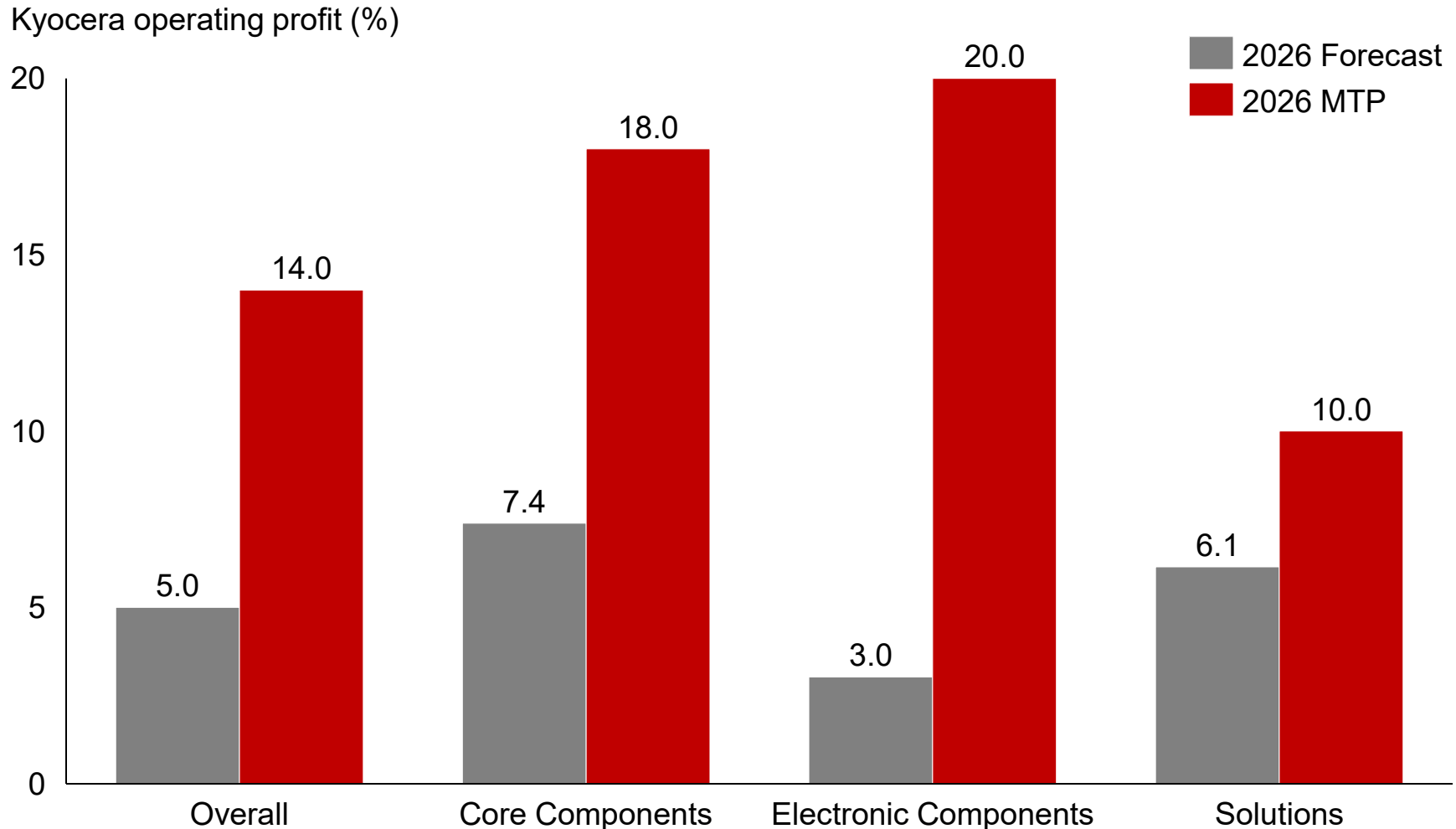
Oasis's Seven Point Plan

Case Studies

Kyocera is Under Pressure to Change

Valuation

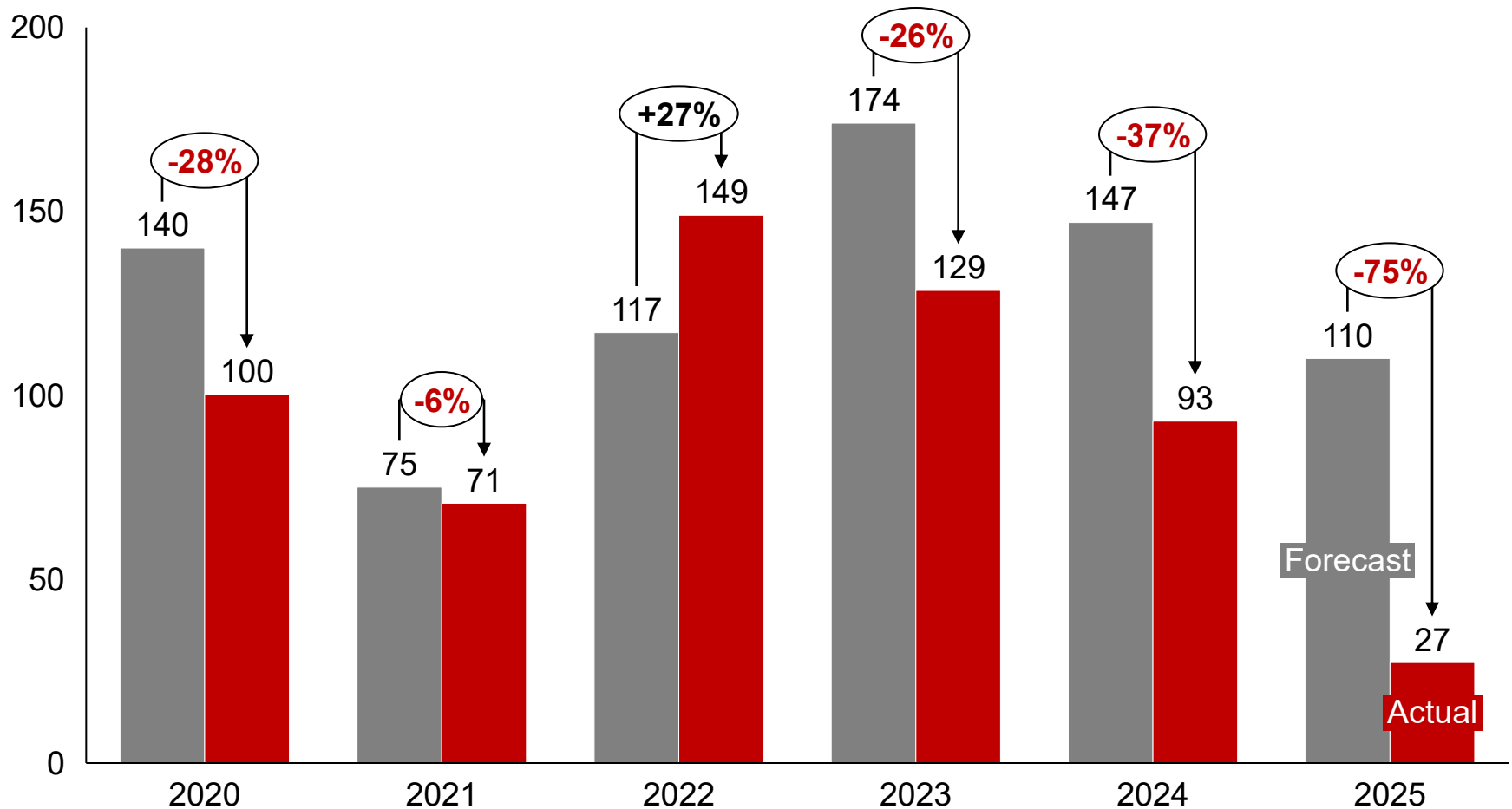
Kyocera's first MTP set unrealistic targets



Note: Overall profit is based on profit before income tax while each segment is based on business profit as reported by Kyocera; 2025 Forecast is as of Q4 2025 earnings call
Source: Company IR

Kyocera's management has a track record of missing targets

Kyocera Forecast vs Actual operating profit (Billion JPY)



Note: Forecast is as of the end of the previous fiscal year
Source: Company IR

Kyocera Structural Reforms do not address key issues

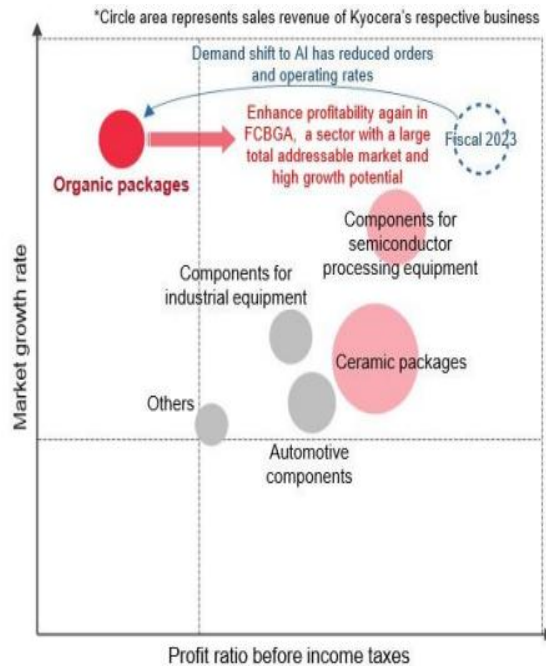
	Kyocera Plans	Problems with Kyocera Plans
1 Non-core Businesses	<ul style="list-style-type: none">• Divestment of non-core businesses totaling JPY 200 billion in revenue	<ul style="list-style-type: none">• Non-core representing only 10% of revenue targeted for withdrawal• No clear timeline set for full exit
2 Organic Packages and KAVX	<ul style="list-style-type: none">• Turnaround of these businesses to profitability in fiscal 2026	<ul style="list-style-type: none">• Organic Packages: fails to address the gap needed to return the business to profitability• KAVX: fails to present fundamental reforms to address low profitability
3 R&D Expenses	<ul style="list-style-type: none">• Review of R&D expenses centered around core businesses	<ul style="list-style-type: none">• Soaring costs in Others segment not adequately addressed with clear plans
4 Capital Policy	<ul style="list-style-type: none">• Sales of 1/3 of KDDI shares over the next 2 years	<ul style="list-style-type: none">• Selling only 1/3 of KDDI shares fall short of meeting ISS guideline that requires cross-shareholdings to be below 20% of net assets• No defined strategy for optimizing KDDI shareholding

Source: Company IR

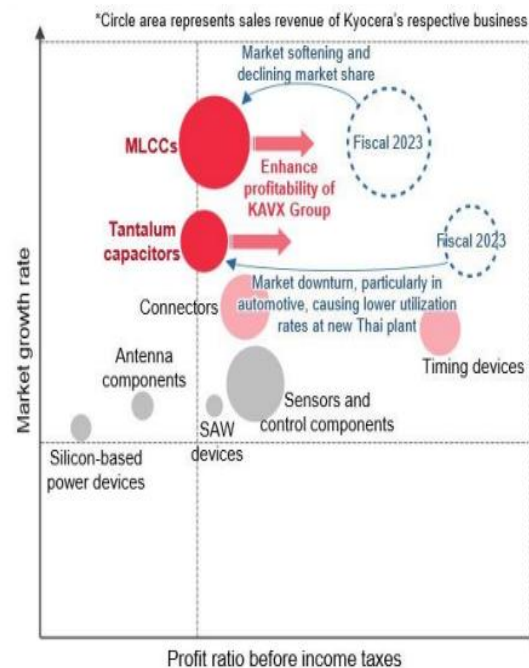
1 Kyocera outlines only “potential” non-core businesses across segments

● Potential non-core businesses according to Kyocera

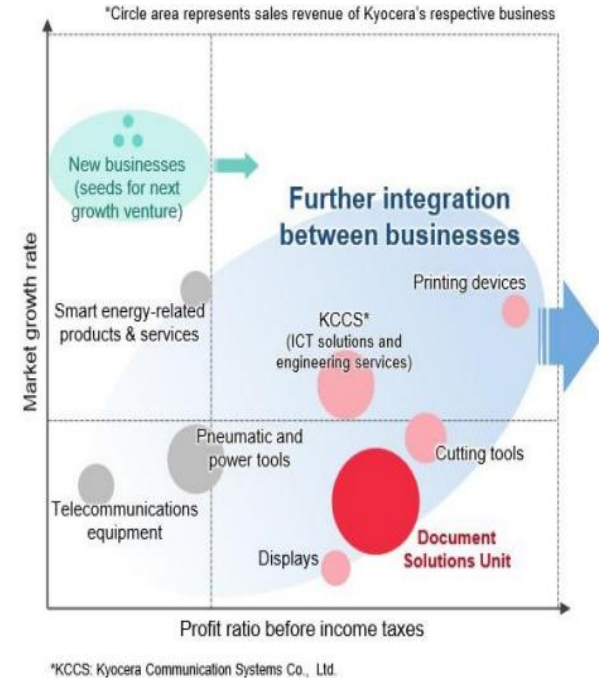
Core Components



Electronic Components



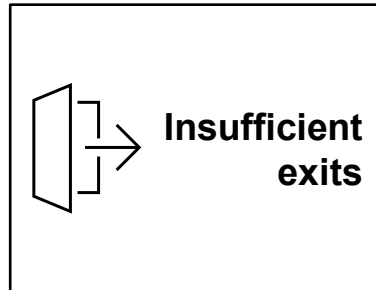
Solutions



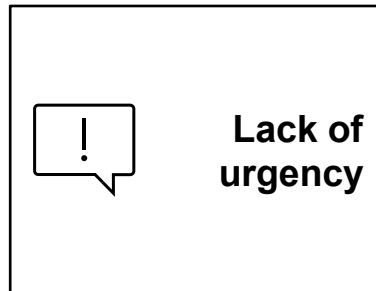
Source: Company IR

1 However, Kyocera's definition of "non-core" falls short of fundamental reform

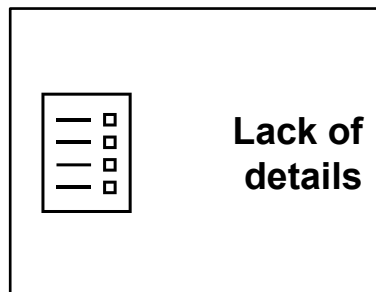
Kyocera's Incomplete and Insufficient Reform Plan



- Kyocera's plan to address **only JPY200 billion is insufficient** given its overly diversified business portfolio



- Businesses that require divestment, such as **Organic Packages**, are not included in the plan



- Kyocera has **not provided a specific timeline for divestment** or a **clear hurdle rate** for classifying businesses as non-core
- Kyocera has only identified "potential" non-core businesses, with no concrete details disclosed

Note: Oasis translation
Source: Analyst interview

View from Market

*"Kyocera's **ability to execute the sale of its non-core businesses is highly questionable**. The divestment timeline, which was initially set for the fiscal year ending March 2026 during the February 2025 earnings briefing, has **already been delayed**, casting **serious doubts on how committed the company is** to actually proceeding with the sale."*

Analyst, Securities Firm A

1

Kyocera will not give up on diversification

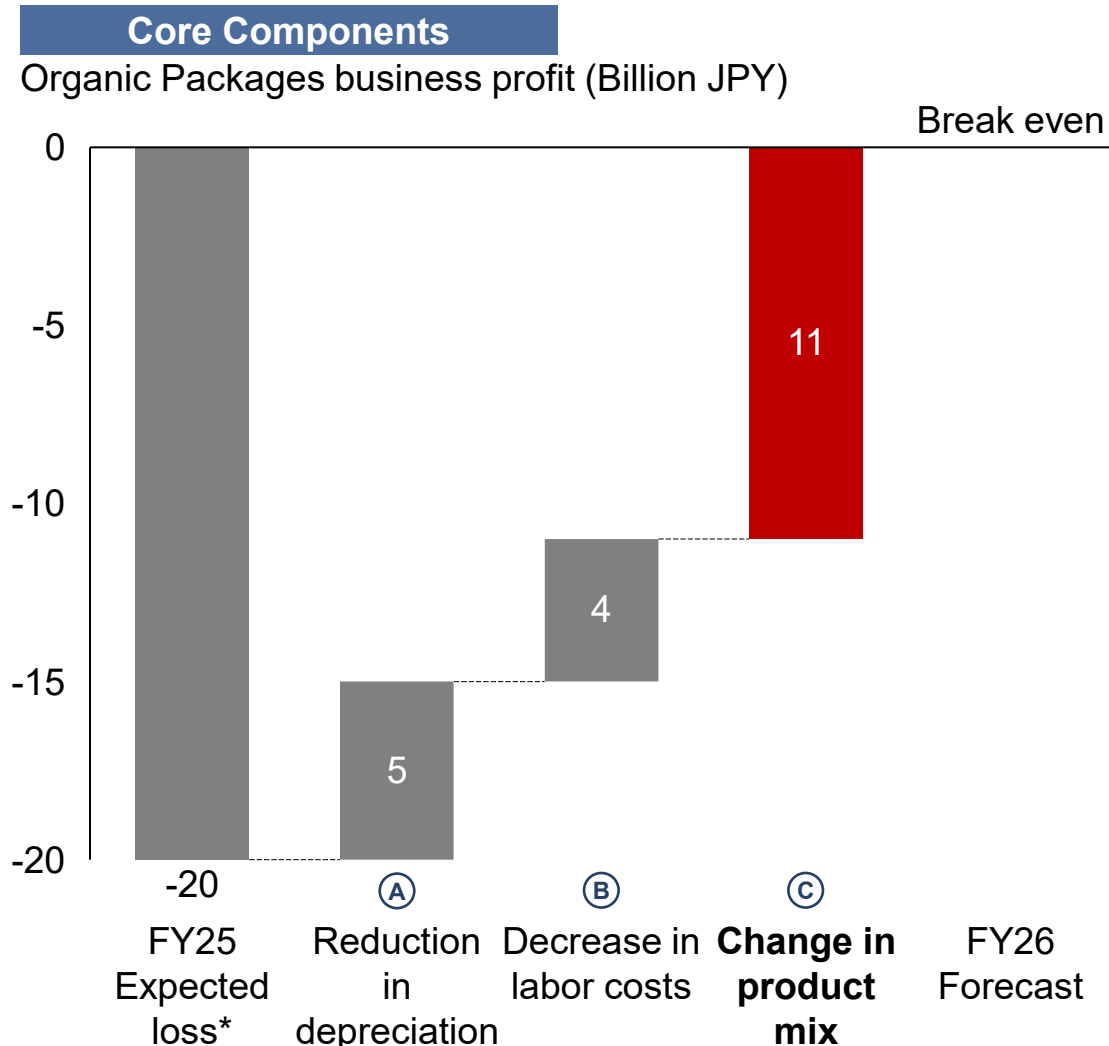


*“We plan to withdraw from businesses worth approximately JPY200 billion, or about 10% of our sales. [...] While we are **not abandoning diversification as a characteristic of our company**, we must inevitably pursue selective focus.”*

Hideo Tanimoto, President of Kyocera

Note: Oasis translation
Source: Nikkan Kogyo Shimbun

2 Organic Packages: The turnaround seems highly unlikely as it relies on a product mix shift and market recovery

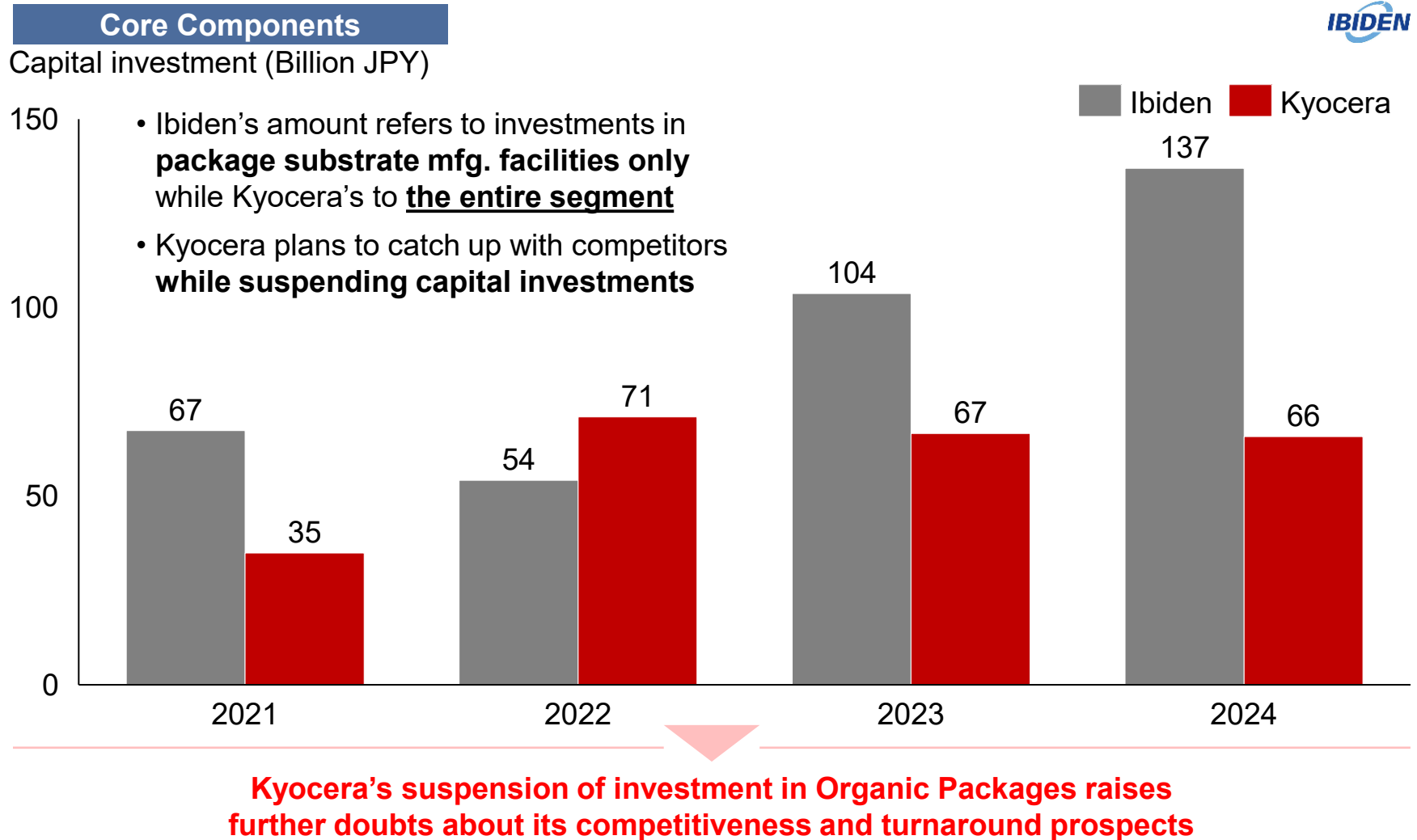


Note: *Excluding losses from impairment
Source: Company IR

Commentary

- Kyocera aims to **turn business to profitability** in fiscal 2026
- For this goal, Kyocera plans to fill the gap by addressing;
 - Ⓐ Reduction in depreciation: JPY5 billion
 - Ⓑ Decrease in labor costs: JPY4 billion
 - Ⓒ Kyocera explains the rest of JPY11 billion comes from change in product mix, which is **highly unrealistic**

2 Organic Packages: Kyocera cannot compete with Ibiden's capex investments in package substrate mfg. facilities

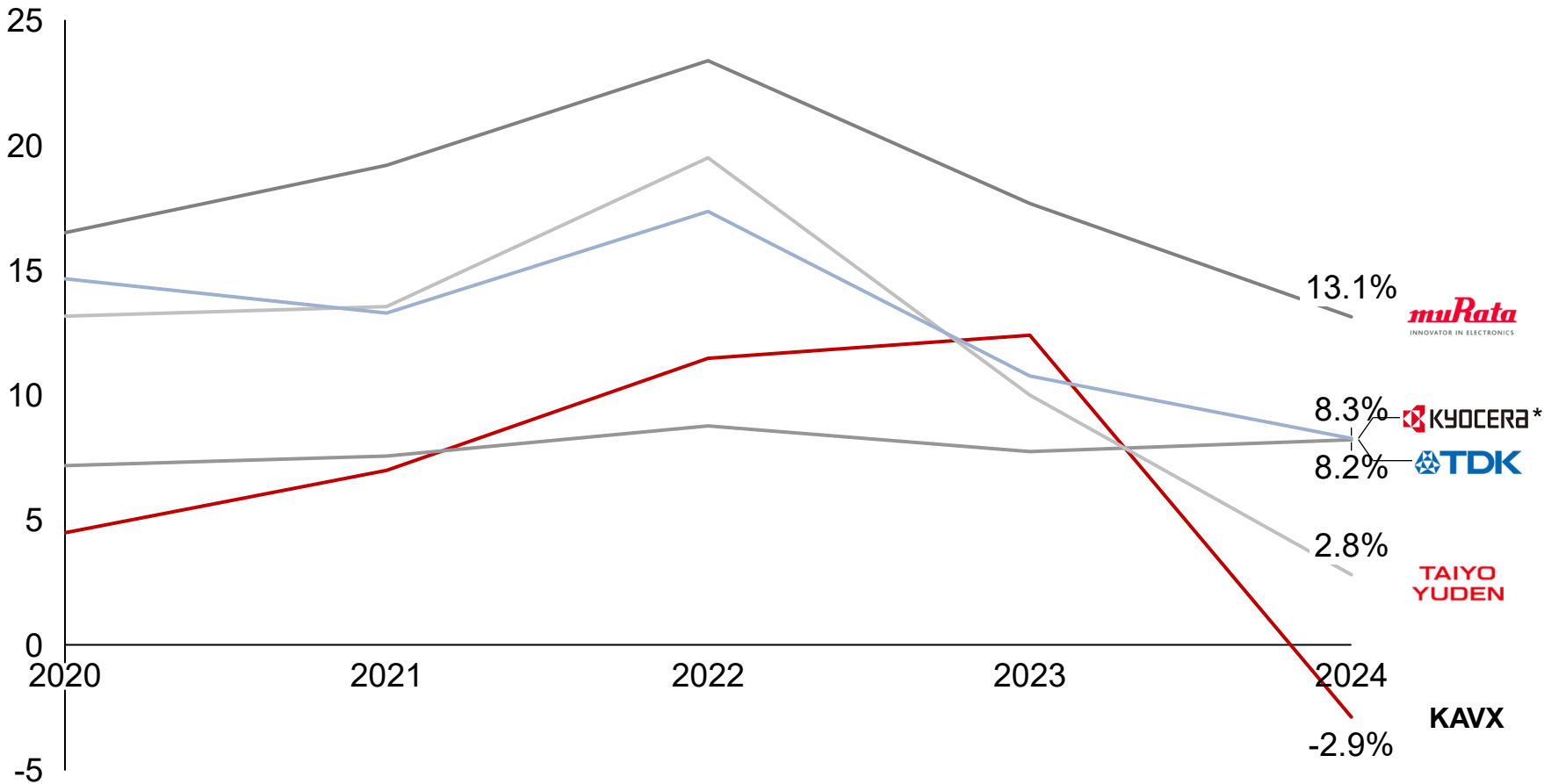


Source: Company IR

2 KAVX:

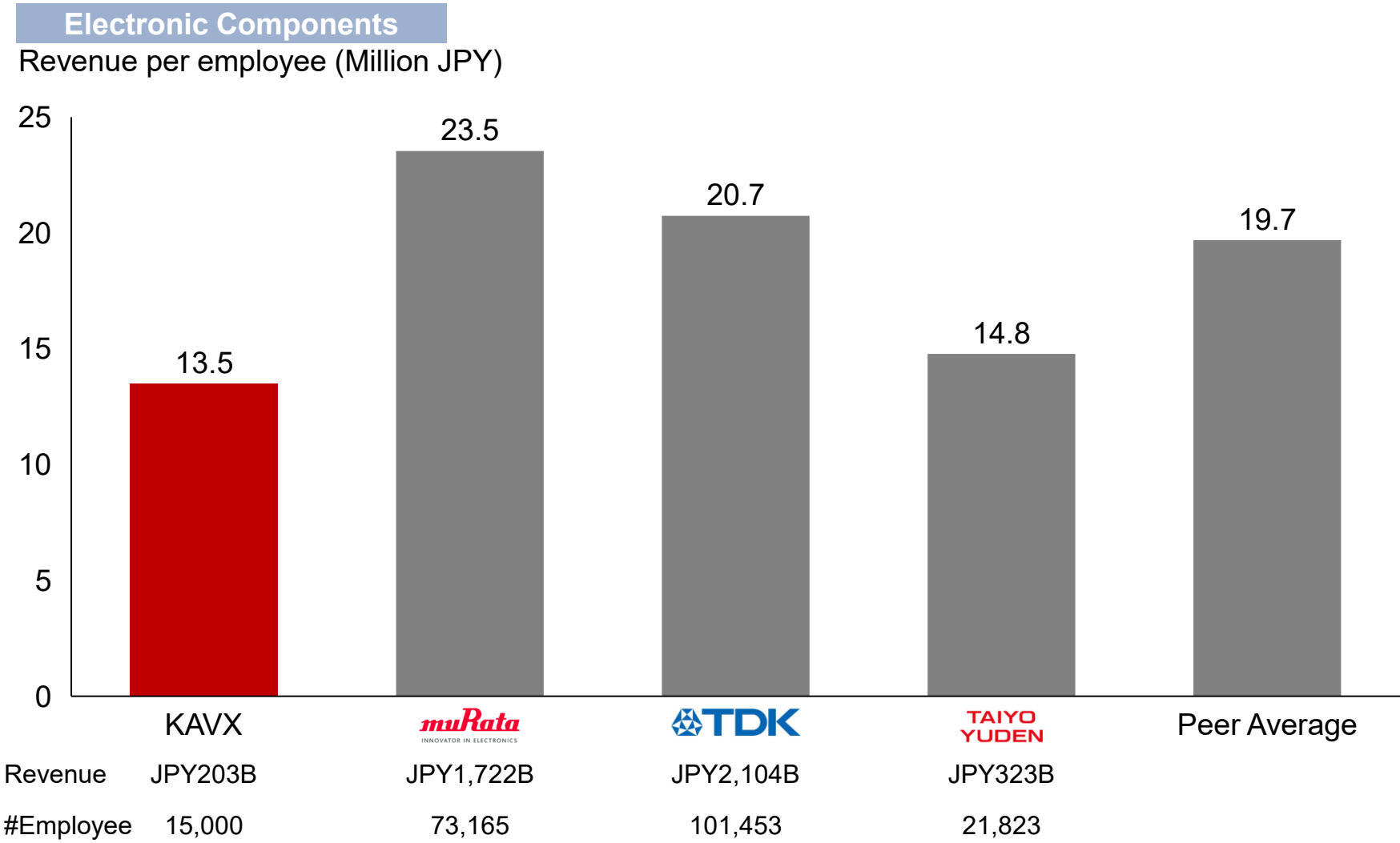
Lower profitability stands out amongst peers

Electronic Components
Operating margin (%)



Note: *Data for Kyocera shows Kyocera Electronic Components
Source: Bloomberg; Oasis estimates

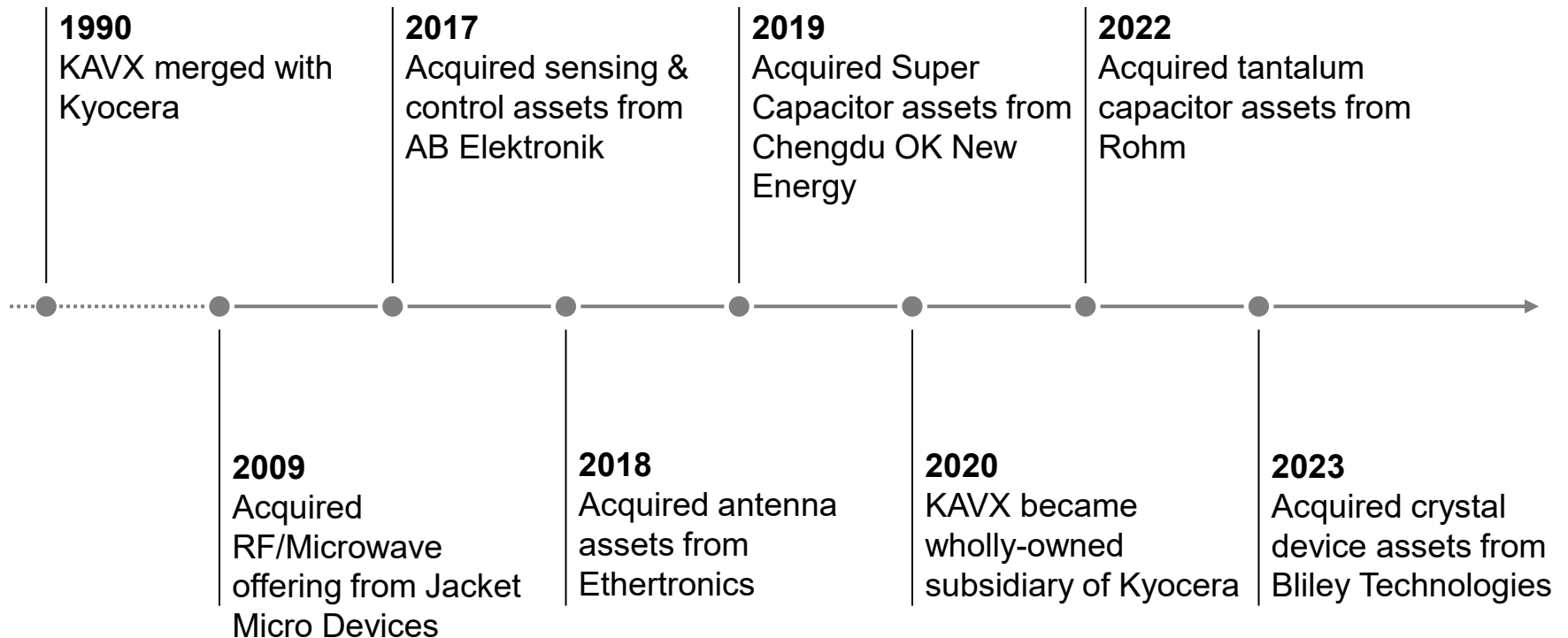
2 KAVX: Lowest productivity among peers



Note: Data as of fiscal year ended in March 2024
Source: Company IR; Bloomberg; Oasis estimates

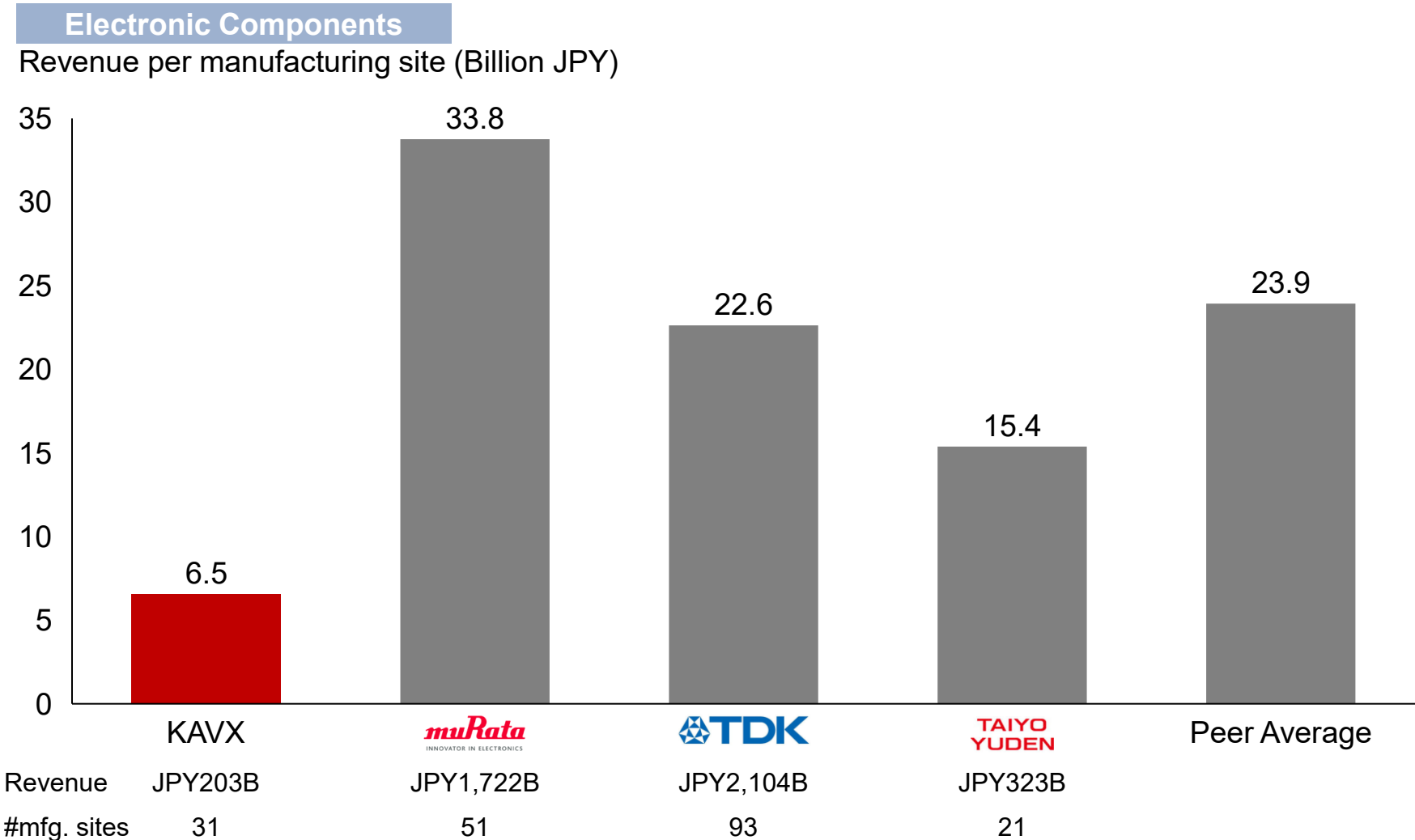
2 KAVX: Kyocera makes no mention of reforming KAVX's diversified product portfolio acquired through M&A

Electronic Components



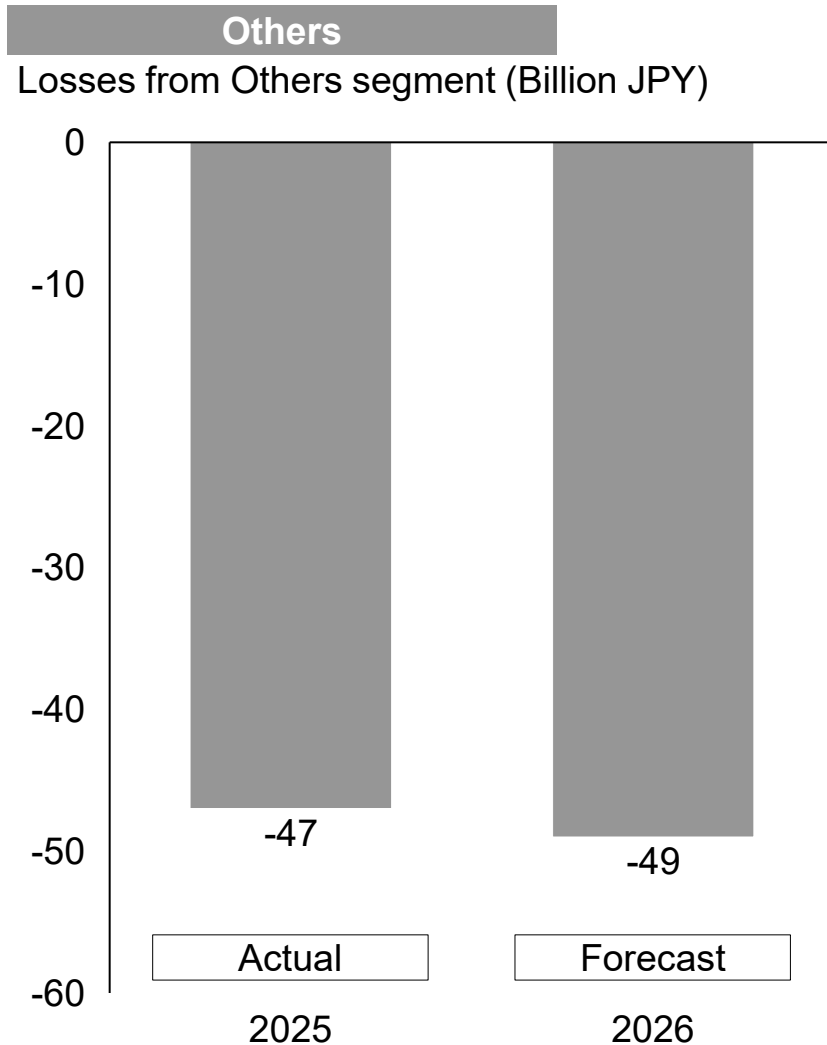
Source: Company website

2 KAVX: Fragmented manufacturing footprint also negatively impacts KAVX's operational efficiency



Note: Data as of fiscal year ended in March 2024
Source: Company Website; Bloomberg; Oasis estimates

3 Kyocera fails to present a clear policy on reducing R&D expenses in Others segment



Source: Company IR

Problems with Kyocera's Plan

- ✗ Kyocera expects millimeter-wave can only begin to recover capital investments **after 3 years** from its **market release around 2030**
- ✗ Expansion into millimeter-wave and GaN indicate yet **another step towards diversification** outside of its core competence in ceramics
- ✗ **Doubts emerging from experts and market participants** whether Kyocera will be able to **generate material returns on investment**

4 The policy on selling cross-shareholdings is far from a fundamental reform

Kyocera's Policy on Cross-Shareholdings

Today's Announcement (Feb. 2025)

**Further accelerate
the sale of KDDI shares**

Sell approximately 1/3 of the shares held (approx. 500 billion yen worth at current share price levels) over the next 2 years, and further reduce the remaining shares thereafter.

Details will be announced in future quarterly financial presentation, etc., when determined.

Problems with Kyocera's Policy



- Kyocera aims to follow the ISS guideline of reducing cross-shareholdings below 20% of net assets, but its plan to **sell only 1/3 of them falls short of this target**



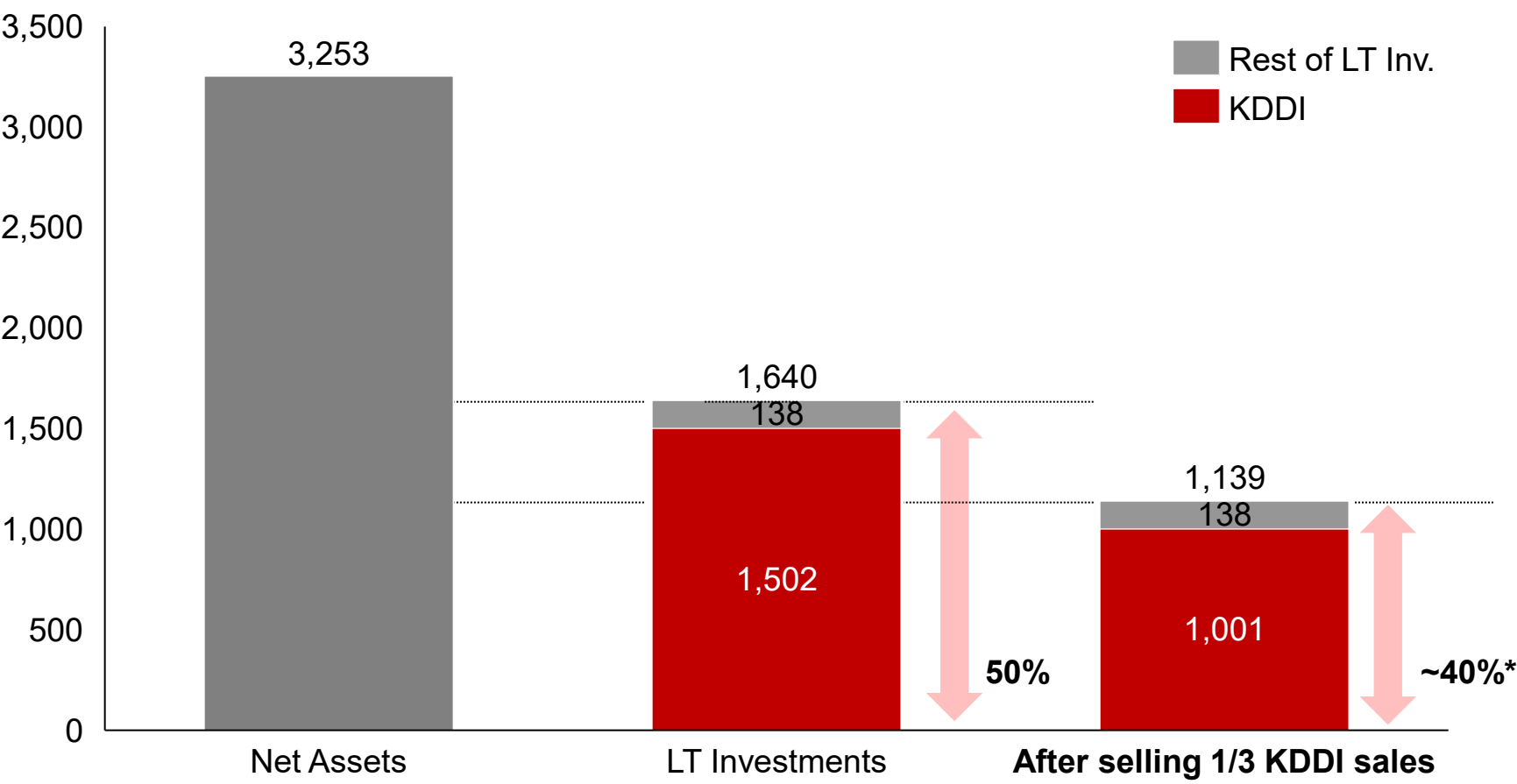
- Apart from that, Kyocera **has no clear strategy to improve capital efficiency** including leveraging shares as collateral to take on additional debt for growth investments and shareholder returns



- Current plan does not outline timeline to further reduce KDDI shares and how the proceeds will be utilized

4 Even after selling 1/3 of KDDI shares, cross-shareholdings represents ~40% of net assets

Kyocera cross-shareholdings (Billion JPY)



Note: Data as of fiscal year ended in March 2024; *Reflect the reduction in net assets resulting from the sale of KDDI shares worth JPY 500 billion
Source: Bloomberg

Agenda

Introduction

Oasis's Engagement with Kyocera

Kyocera Never Got Going

Reasons for Underperformance

Kyocera Tries to Change

Kyocera's Reforms Fall Short of Expectations

Oasis's Seven Point Plan

Case Studies

Kyocera is Under Pressure to Change

Valuation

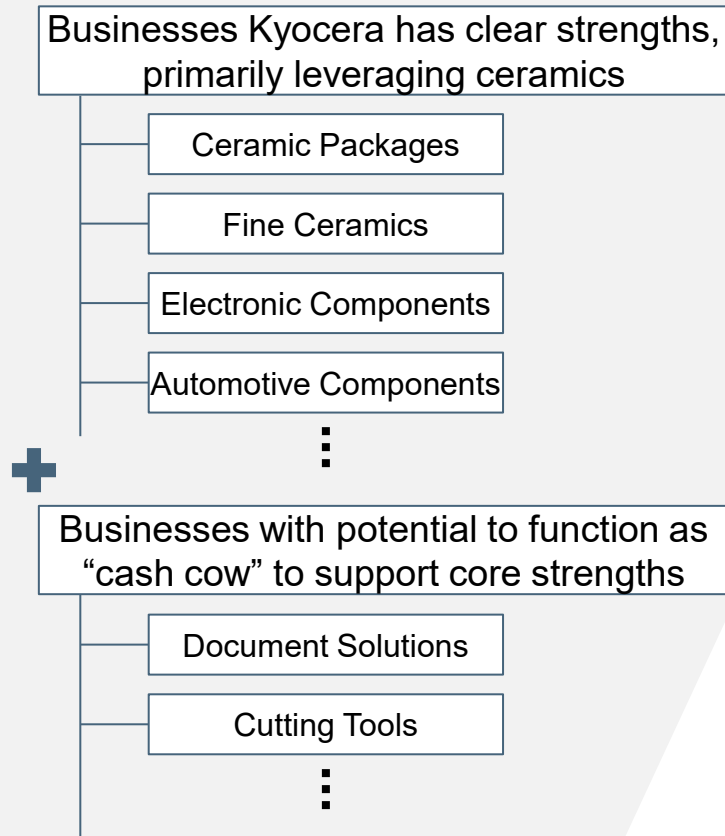
Oasis's Seven Point Plan

- 1** | **DIVEST more** non-core businesses amounting to over **JPY660 billion** of revenue
- 2** | **EXIT** from **Organic Packages** to prevent further losses
- 3** | **RESTRUCTURE KAVX** to achieve industry-leading profitability
- 4** | **STOP** losses by terminating investment in **GaN** and **millimeter-wave** technologies
- 5** | **FOCUS** on core competencies to capture untapped opportunities
- 6** | **COMMIT** to aggressive M&A to reinforce core businesses
- 7** | **BUYBACK** of JPY 1 trillion over the next four years amounting to approx. 37% of the Company

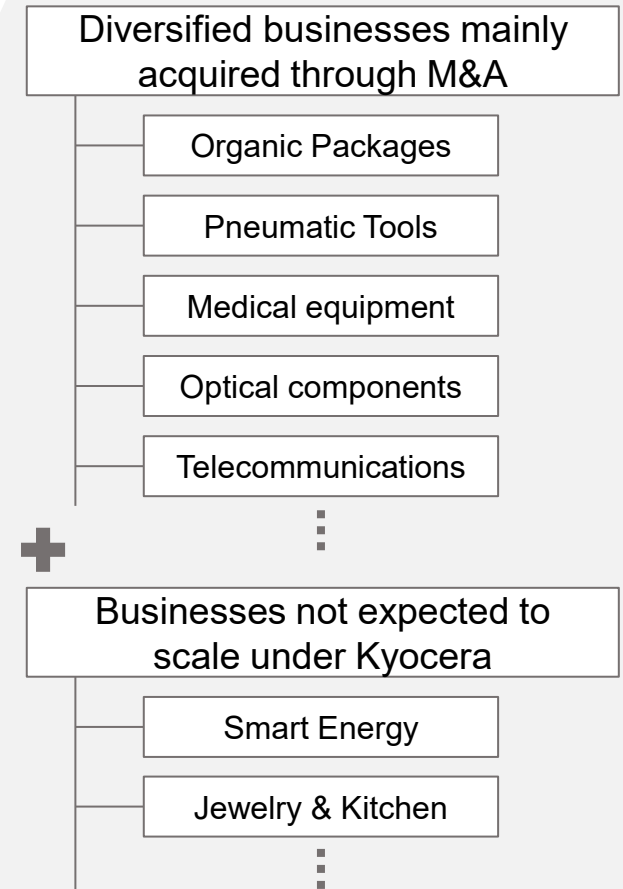


1 DIVEST MORE: Redefining Kyocera's Non-Core Business

Core businesses



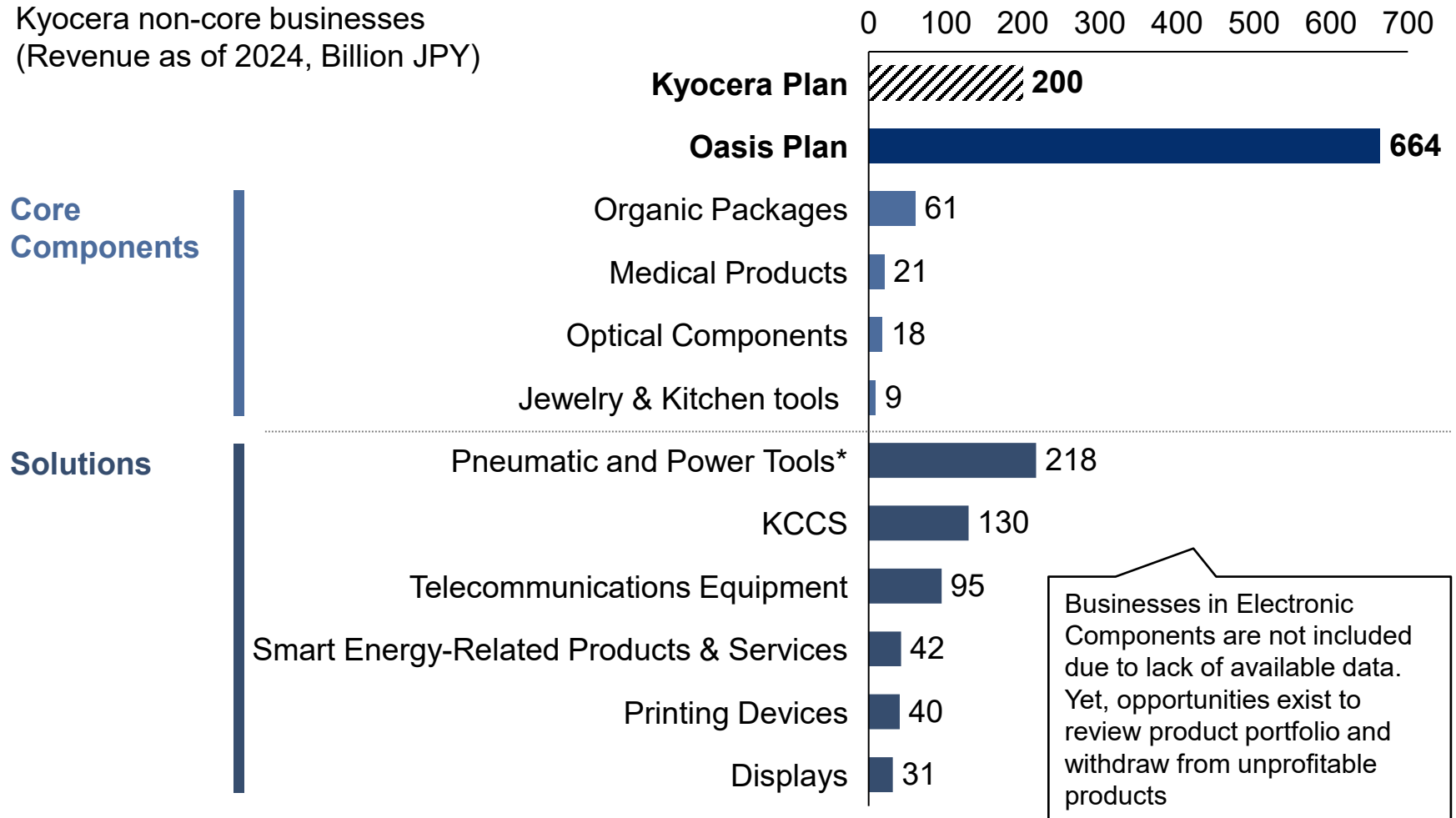
Non-Core businesses



Note: Businesses listed as examples are not exhaustive

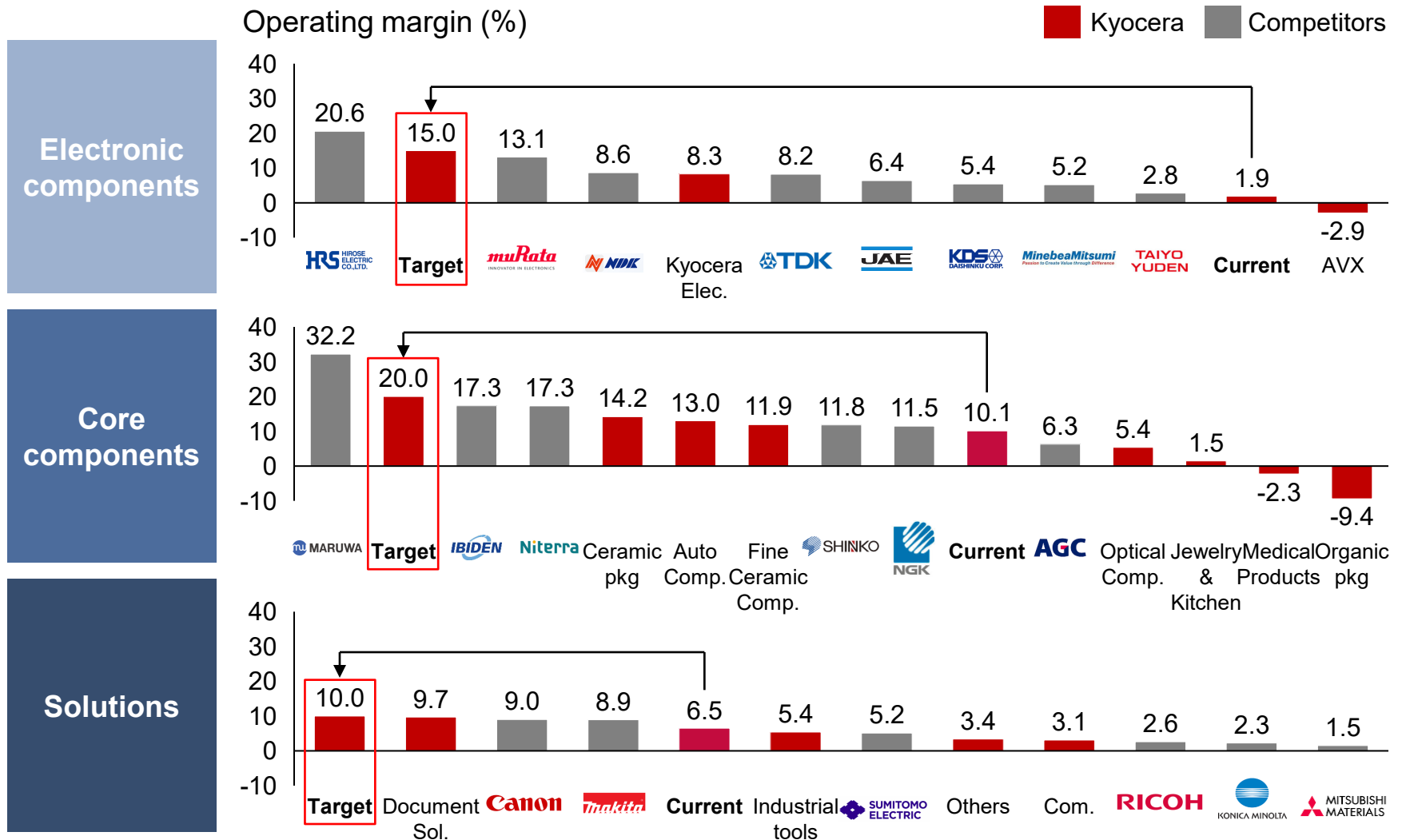
1 Oasis urges Kyocera to divest non-core businesses equivalent to over JPY660 billion of Revenue

Kyocera non-core businesses
(Revenue as of 2024, Billion JPY)



Note: *Oasis assumed Pneumatic and Power Tools represent 70% of revenue in Industrial Tools and present low profitability and growth prospects than Cutting Tools
Source: Oasis estimates

1 A transformed Kyocera could aim 15% margin for Electronic Comp., 20% for Core Comp., and 10% for Solutions

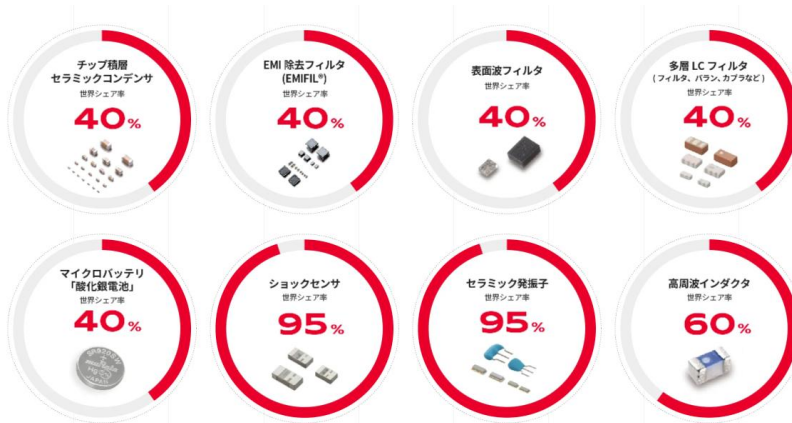


Note: Except for Kyocera, operating profit margin of the entire company is used; Profit margin from the latest fiscal year is used
Source: Company IR; Oasis estimates; Bloomberg

1 Murata and Minebea both concentrate resources on niche businesses with No.1 market shares



~70% of revenue is considered to come from products with **No.1 market share globally**



8 products with No.1 market share globally



50% of revenue is generated by products with **No.1 market share globally**



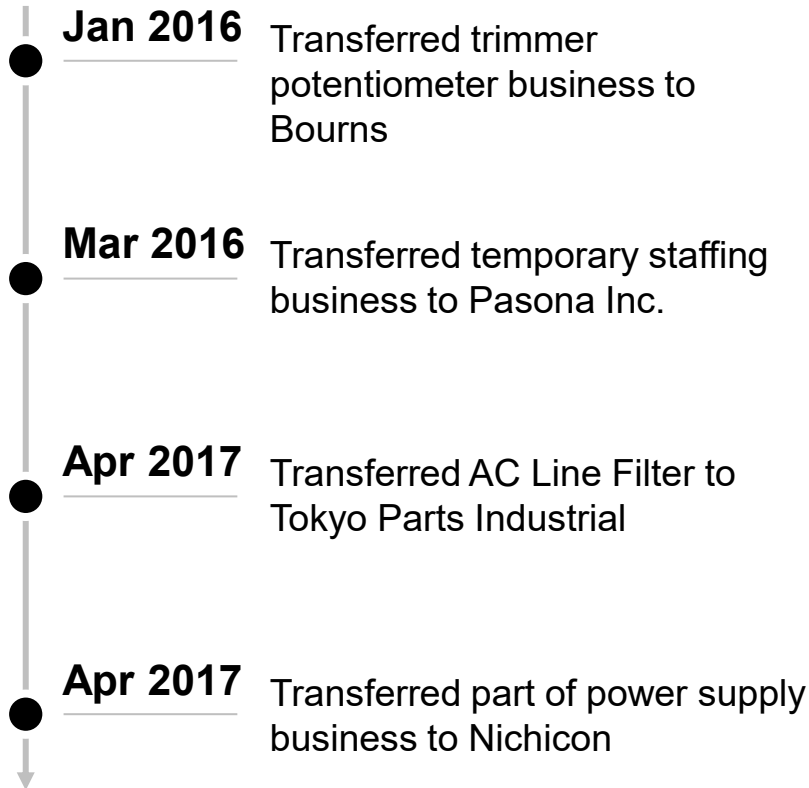
6 products with No.1 market share globally

Note: *Office Automation
Source: Company IR; Lit. search

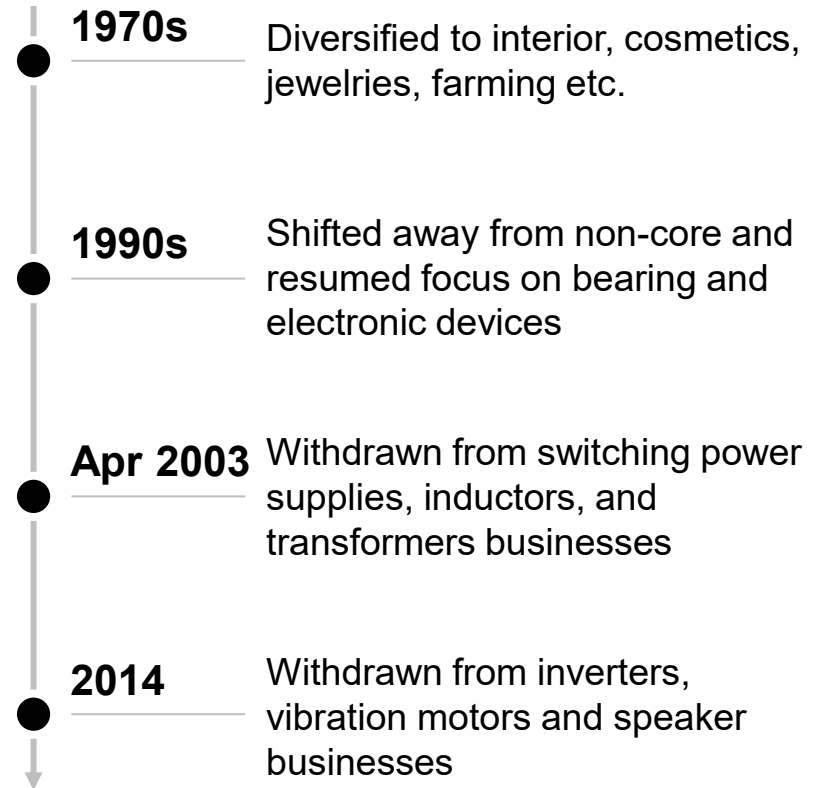
1 Both Murata and Minebea have made efforts to withdraw from non-core businesses



Historically focused on its core while **continuously reviewing its portfolio**



Initially pursued diversification but **successfully transitioned to focused operations**



Source: Company IR

1 Diversification is endemic at Kyocera as global leaders have moved away from conglomerate model



Source: Lit. search

OASIS

2 EXIT Organic Packages: Experts and market participants doubt Kyocera's potential in Organic Packages

View from experts

*"Kyocera operates in both Ceramics and Organic Packages, which has **left it lagging behind specialized players** like Ibiden and Shinko Electric who focus exclusively on Organic Packages. To win major customers in the Organic Packages market at this stage, either a strong technological edge or price competitiveness is essential — but **Kyocera lacks both.**"*

Engineer, Competitor A

*"Kyocera should **focus on Ceramic Packages** rather than Organic Packages, which continue to incur losses and lack competitiveness. While there is room for expansion in the automotive market for Ceramic Packages, balancing both Organic and Ceramic Packages has **prevented the company from fully pursuing this opportunity.**"*

Former Director at Business Strategy Department, Kyocera

*"Kyocera is a **marginal player** in Organic Packages, offering small quantities of a wide variety of products. Unlike competitors like Ibiden and Shinko Electric, it lacks core customers. I believe **catching up is not realistic.**"*

Former GM at Organic Materials Division, Kyocera

View from market

*"Organic Packages should be positioned as a non-core business and undergo a fundamental restructuring. If Kyocera is **truly aiming for essential structural reform**, it **should divest the business**, which has no technological superiority against peers."*

Analyst, Securities Firm A

Note: Oasis translation
Source: Expert interview; Analyst interview

3 RESTRUCTURE KAVX: Kyocera should transform KAVX into a highly profitable business



Streamline Product Portfolio

- Rebuild the product portfolio by **focusing on KAVX's core strengths**, including MLCCs and Tantalum Capacitors
- **Exit unprofitable products** by establishing clear exit guidelines based on profitability and revenue growth

Downsize Operation

- **Downsize operations** to account for weak demand in the European automotive market
- **Focus on improving productivity** and aligning performance with that of competitors

Reduce Manufacturing Footprint

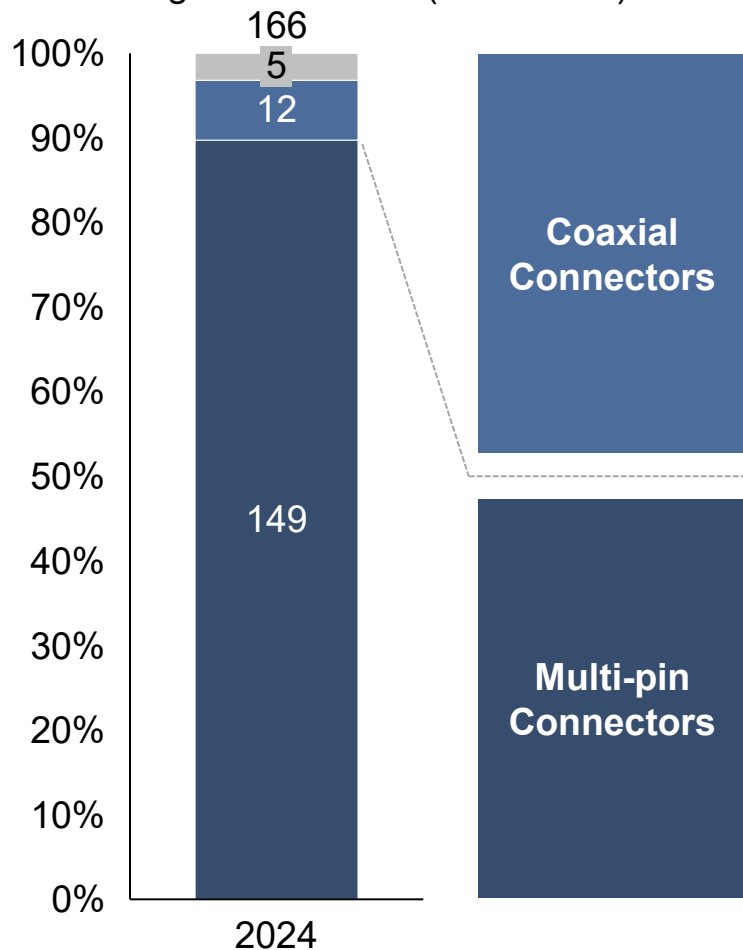
- Review the current network of **31 manufacturing sites** worldwide
- **Undertake consolidation and rationalize production** to improve efficiency

3 Case Study: Kyocera should learn from Hirose Electric - a pure-play connector company

■ Multi-Pin Connectors ■ Coaxial Connectors ■ Others



Hirose segment revenue (Billion JPY)



Coaxial Connectors

- High-performance connector used primarily for microwave and other high-frequency signals
- Applications include antenna connections for wireless LAN and Bluetooth communication used in smartphones and PCs



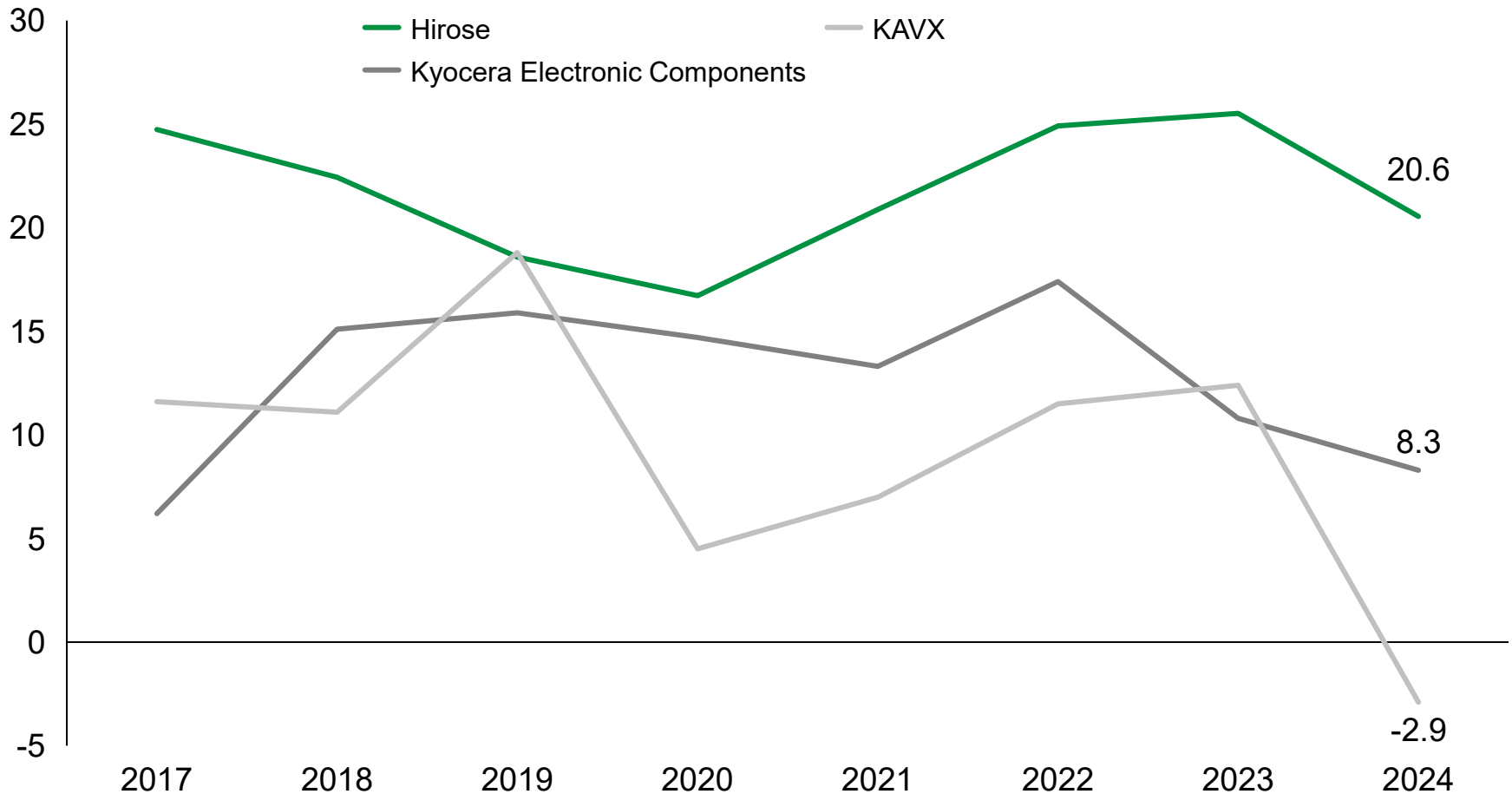
Multi-pin Connectors

- Circular and rectangular connectors, connectors for ribbon cables, connectors used for printed circuit boards including FPCs (flexible printed circuit boards) and nylon connectors
- Applications include a wide range of fields such as smartphones, communications equipment and automotive electronics

Source: Company IR

3 Hirose maintains high operating profit margins consistently exceed 20% while Kyocera has fallen far behind

Hirose vs Kyocera operating margin (%)

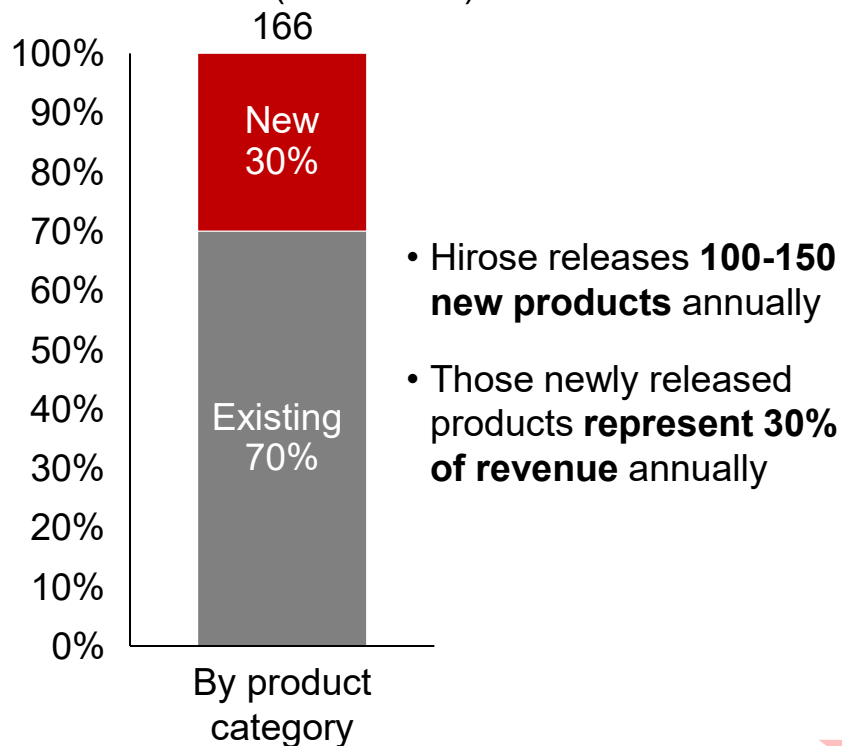


Source: Bloomberg; Company IR; Oasis estimates

3 The secret to Hirose's high profitability is its focus on high-value-added new products

30% of Revenue Comes from New Products

Hirose revenue (Billion JPY)



Focus on New Products Keeps it Competitive

*"The company's **focus on new products** drives its high profit margins. More than 30% of its sales come from new products. While introducing high-value-added new products, it strategically **withdraws from sectors that have become commoditized and are no longer profitable due to price competition.**"*

Nikkei Business

Kyocera should focus on boosting profitability in Electronic Components by speeding up product development and regularly reviewing its product portfolio

Note: Oasis translation
Source: Nikkei Business

4 STOP LOSSES: Kyocera’s potential in GaN and millimeter-wave technology faces skepticism

	GaN Device	Millimeter-wave
View from experts	<p><i>“GaN is a typical example of Kyocera’s diversification through M&A, but it remains an early-stage technology with limited commercial viability. There are growing doubts about its potential to contribute meaningfully to the company’s earnings.”</i></p> <p>Former R&D Section Manager, Kyocera</p>	<p><i>“The technology has not become widespread even in the leading U.S. market, and it is not expected to grow in the future. Competition among players is intense, and Murata leads the domestic market. Kyocera does not possess technological superiority and is not considered a threat.”</i></p> <p>Former Sr Account Manager, Competitor D</p>
View from market	<p><i>“The GaN business is a key initiative driven by President Tanimoto. Although Kyocera acquired SLD in 2021, it is considered an overpriced acquisition and carries a risk of impairment.”</i></p> <p>Analyst, Securities Firm B</p>	<p><i>“The market is highly competitive, and it is not a field where Kyocera can fully leverage its strengths in fine ceramics. Kyocera should reconsider whether it makes sense to remain in this business.”</i></p> <p>Analyst, Securities Firm A</p>

Potential cost reduction of over JPY40 billion from disposing GaN and millimeter-wave, together with non-core R&D initiative

Note: Oasis translation
Source: Expert interview; Analyst interview

5 FOCUS: Kyocera has yet to fully capitalize on the opportunities within ceramics



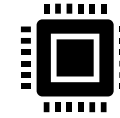
Industrial & Automotive

Underexploited opportunities

- Kyocera has limited presence in head dissipation substrates for power semiconductors in xEV*
 - Market currently dominated by Maruwa
 - Automotive is the largest driver of Maruwa's growth
- Tap opportunities in ceramic bearing balls for xEV
 - Market currently dominated by Niterra**
 - Leverage Kyocera's expertise in silicon nitride to develop products

Existing business

- Ceramic Sensor Parts
- Alumina Thick Film Substrates
- Induction Hardening Fixtures



Semiconductor

- Identify in-organic opportunities to enter quartz glass used for SPEs market
- Supply ceramic / glass materials for organic packaging manufacturers
 - Leading manufactures aim to focus on its strengths and source ceramics / glasses from suppliers

- Ceramic Packages
- Electrostatic Chucks
- Ceramic Heaters
- Dome Chambers

Note: *xEV refers to all types of electrified vehicles including Battery EV, Hybrid EV, Plug-in Hybrid EV, and Fuel Cell EV; **Niterra acquired Toshiba Materials to strengthen these areas

5 FOCUS: Experts and market participants urge Kyocera to rethink ceramics to capture untapped areas



Industrial & Automotive

View from experts

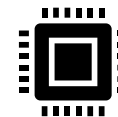
*“Diversification has caused a lack of focus, leaving some areas untapped. In heat dissipation substrates, Kyocera is behind competitors, especially in **automotive and industrial markets**. With the **right resources and investments**, Kyocera has solid potential for business opportunities.”*

Former Director at Business Strategy
Department, Kyocera

View from market

*“Despite Kyocera's strengths in ceramics, it has **not fully leveraged its potential**. An example of this is in ceramic components for EVs and industrial applications, where its **presence is still low**. Kyocera has significant opportunities to expand ceramic components, including heat dissipation substrates, in these areas.”*

Analyst, Securities Firm B



Semiconductor

*“SPE Quartz glass is an **attractive, untapped area for Kyocera**, building on its existing strengths in semiconductor-related ceramic components. Although **it has not been a focus so far, development is underway, and technologically, entry into this market is feasible**.”*

Former Director at Business Strategy
Department, Kyocera

*“Quartz glass is a ceramic product that Kyocera's competitors in ceramics have high market shares. This is an **attractive, adjacent semiconductor-related ceramic** area for Kyocera. M&A can be an effective strategy for entering this market.”*

Analyst, Securities Firm C

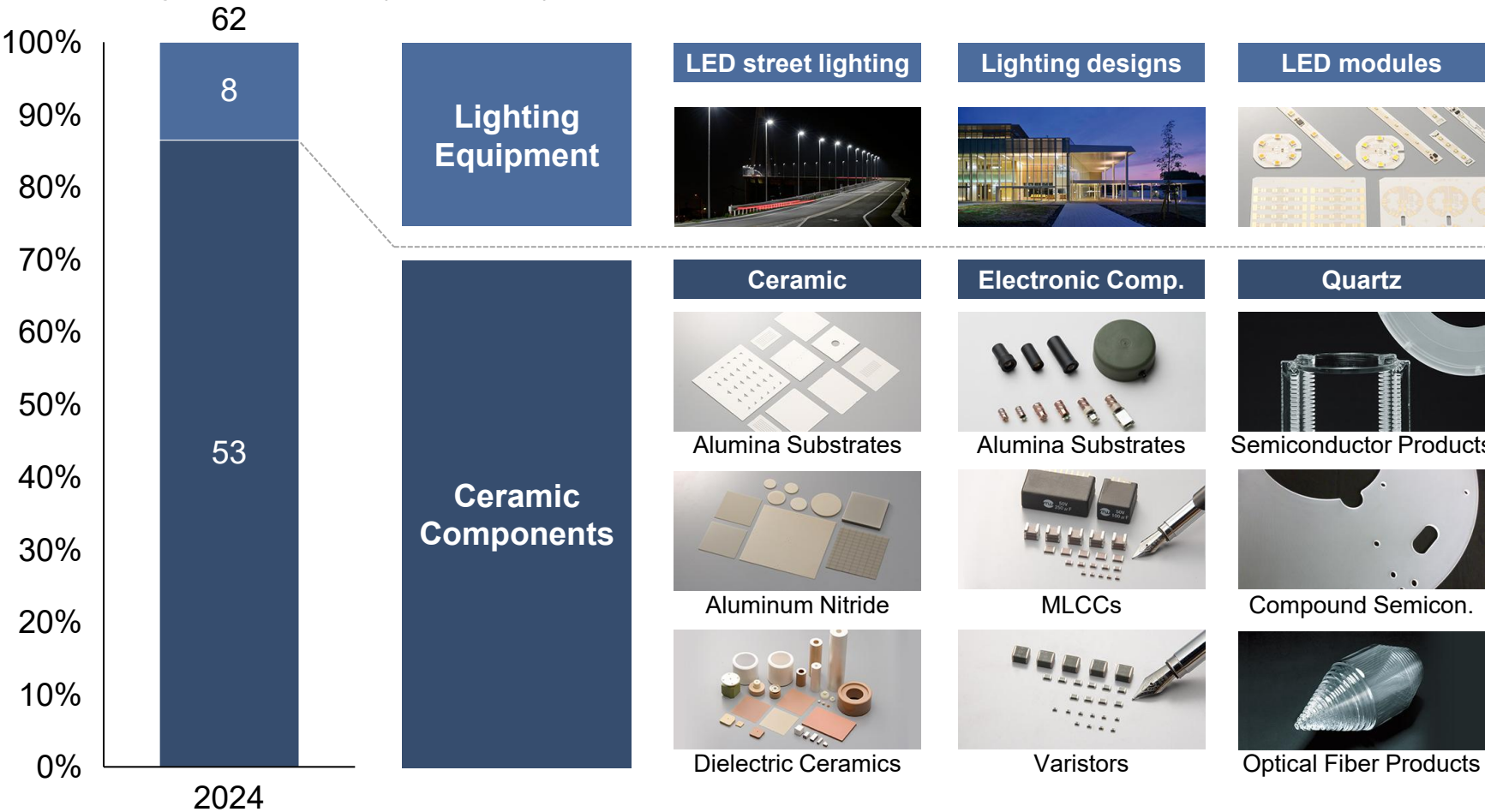
Note: Oasis translation
Source: Expert interview; Analyst interview

5 Case Study: Maruwa is a JPY60B revenue company exclusively focused on ceramic products

■ Ceramic Components ■ Lighting Equipment



Maruwa segment revenue (Billion JPY)

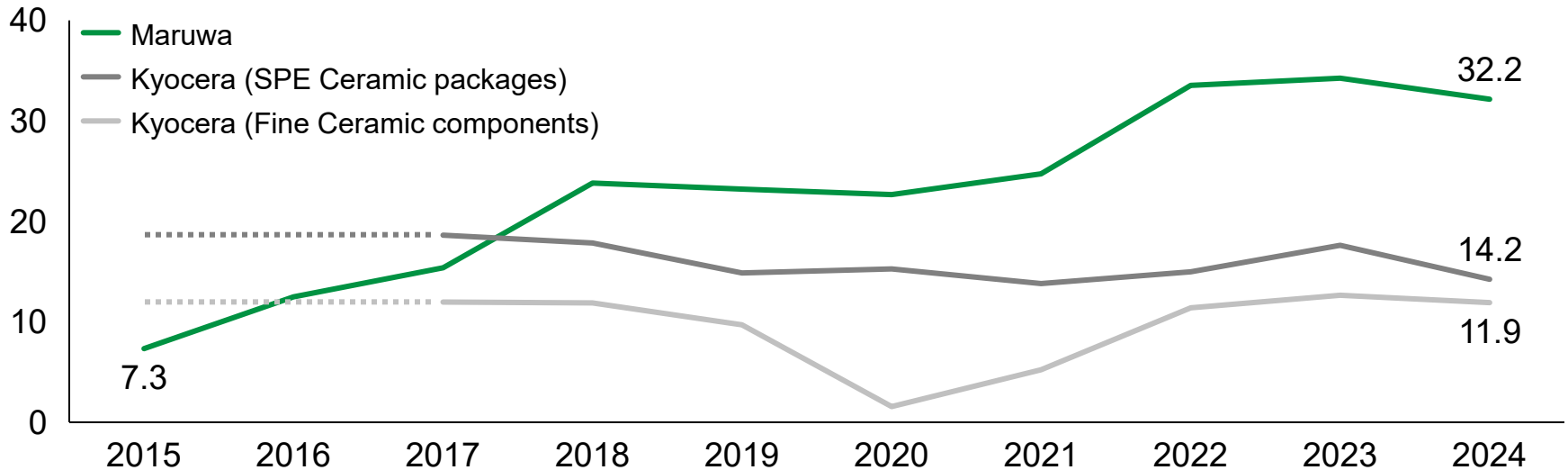


Source: Company IR

5 Maruwa has successfully transformed its product portfolio by focusing on highly profitable niches



Maruwa vs Kyocera operating margin (%)



- Offered **general purpose** products in **highly competitive** and **cyclical** markets

- Shifted to producing various different products in **low volumes for niche** but **highly profitable** markets
- **Continually reviewing portfolio** to maintain high profitability and stop non-profitable products
 - Stopped investments in vehicle lighting related products
 - Exited from products for resistors in electric components due to intensified competition

Source: Bloomberg

5 While difference in profitability, Maruwa and Kyocera have overlapping offerings in materials

✓ Offered ✗ Not offered Overlap



Usage	MLCC*	Industrial equipment	Telecommunications	Automotives	SPE**
Materials	Barium Titanate	Alumina, Zirconia Toughened Alumina	Aluminum Nitride	Silicon Nitride	Quartz Glass
KYOCERA	✓	✓	✓	✓	✗
MARUWA	✓	✓	✓	✓	✓
<i>muRata</i> <small>INNOVATOR IN ELECTRONICS</small>	✓	✓	✓	✓	✗
TAIYO YUDEN	✓	✗	✗	✗	✗

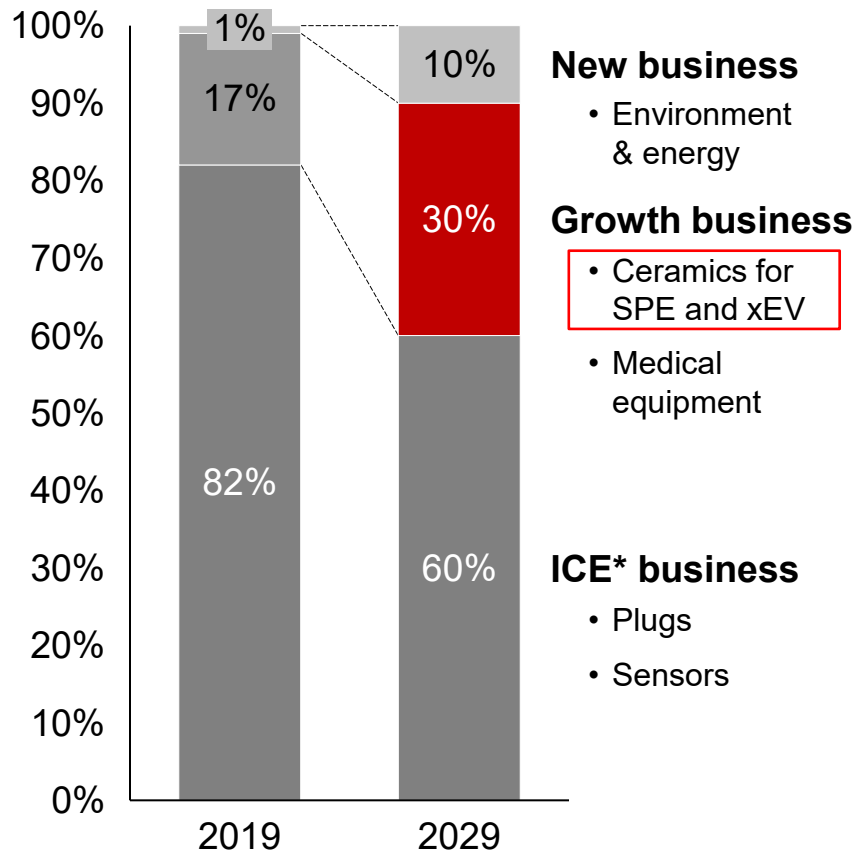
Note: *Multilayer Ceramic Capacitor; **Semiconductor Production Equipment
Source: Company IR; Oasis estimates

5 Case Study: Niterra aims to strengthen offering for xEV through acquisition of Toshiba Materials

Niterra

Niterra Aims for Portfolio Transformation

Niterra revenue composition (%)



Note: *Internal combustion engine
Source: Company IR

Added Ceramic Products for Automotives

- Niterra **acquired Toshiba Materials** for JPY150 billion in 2024 to capture opportunities in ceramic products for EVs
- Toshiba Materials has **dominant shares in ceramic bearing balls** used for EV and also **offers head dissipation substrates** used for power semiconductors in EV



Ceramic balls and bearings

50% World market share

6 COMMIT to aggressive M&A: Nidec pursues hostile takeovers regardless of resistance



Nidec



TAKISAWA



MAKINO

- Nidec launched a hostile TOB in 2023 without prior agreement from TAKISAWA's management
- In 2022, Nidec proposed acquiring TAKISAWA as a subsidiary through a third-party allotment of new shares, which TAKISAWA rejected
- TAKISAWA ultimately expressed support for the takeover bid, leading to its successful completion

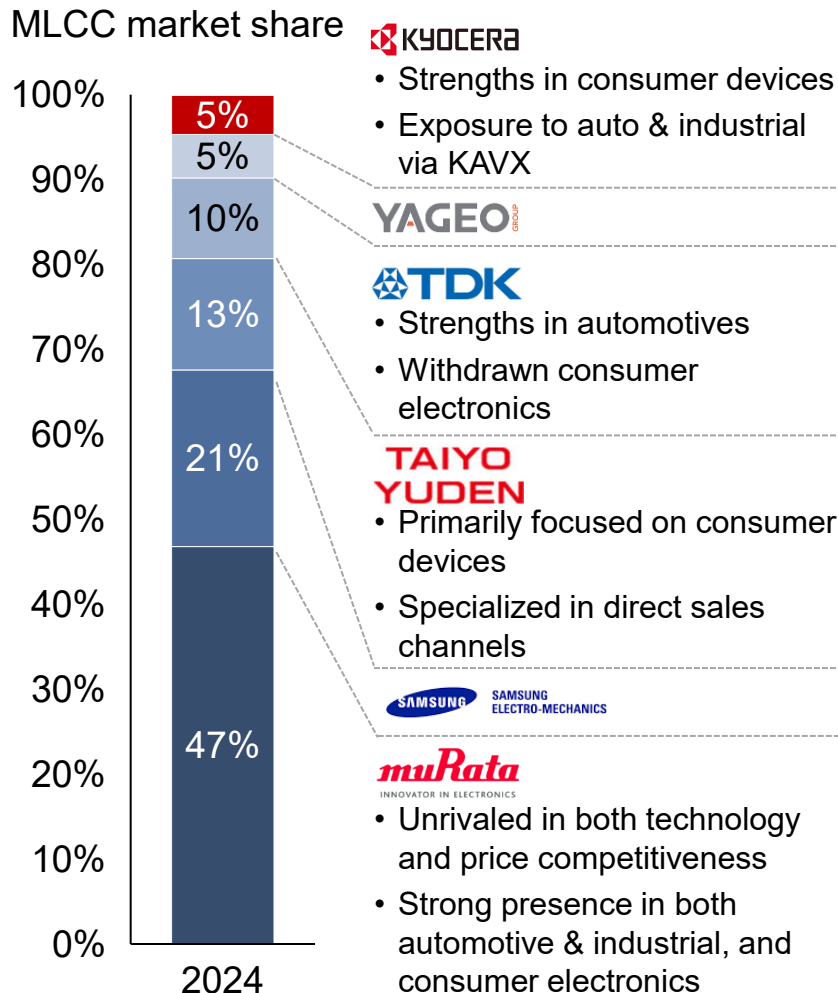
- Nidec announced a hostile takeover of Makino in 2024
- Makino stated that Nidec did not inform the management prior to the TOB announcement and opposes the acquisition
- Following Tokyo District Court's dismissal of Nidec's request for an injunction against the countermeasures, Nidec withdrew its TOB

Kyocera should adopt a more aggressive M&A strategy to secure acquisitions since potential targets are profitable and may resist Kyocera's proposals

6 Kyocera has inorganic opportunities to enhance its market positioning and profitability in its core businesses

Electronic Components			Core Components
MLCCs	Crystal	Connectors	Quartz Glass
<ul style="list-style-type: none">• Kyocera is a marginal player, ranked around 5th in the MLCC market• Given the presence of economies of scale, Kyocera can strengthen market position and enhance profitability through bolt-on acquisition	<ul style="list-style-type: none">• Kyocera already has a competitive position in Crystal Devices and Connectors• Acquisitions in these two businesses can further strengthen its market presence and drive profitability growth		<ul style="list-style-type: none">• Quartz Glass remains an untapped segment within semiconductor ceramics• By entering this market, Kyocera can extend its ceramic offerings for SPEs

6 M&A in MLCCs could bring promising synergies



Note: Oasis translation
Source: Expert interview; Oasis estimates

*“The MLCC industry is one where **production scale and competitiveness are closely linked**, so acquisition can strengthen competitiveness. Through acquisition, **optimization of procurement, cost reduction** in headquarters and indirect departments, and **complementing product lines and sales channels** are anticipated.”*

Former GM at Office of the President,
Competitor B

*“Kyocera has yet to establish a strong presence in the automotive MLCC market, which **offers higher profit margins** than the consumer electronics segment. In contrast, Murata and TDK hold dominant positions in this space. If Kyocera were to pursue a strategic M&A to enhance its capabilities in automotive applications, it could **significantly strengthen its MLCC business**.”*

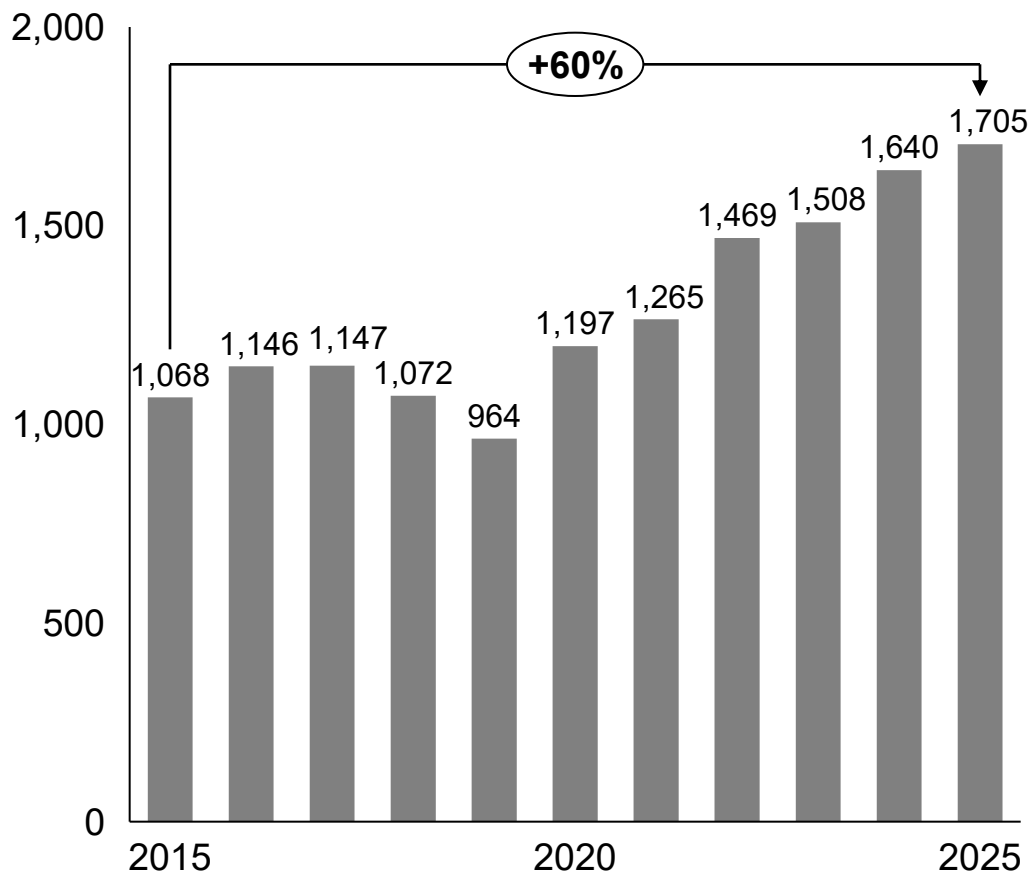
Former Assistant Manager at Material & Process
Development Department, Competitor C

7

BUYBACK:

Kyocera should use leverage and increase share buybacks

Kyocera long-term investments (Before tax, Billion JPY)



Commentary

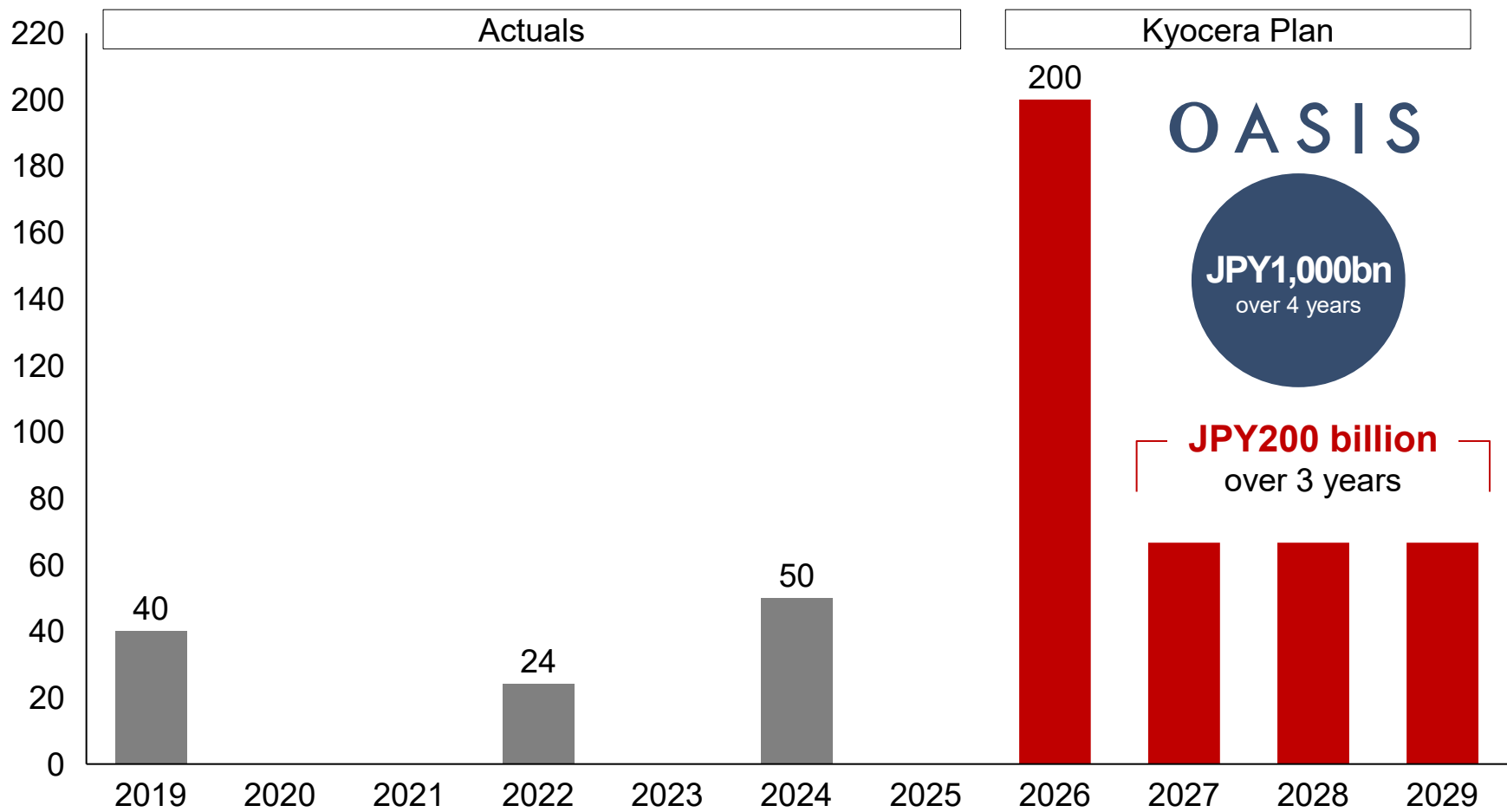
- Oasis believes Kyocera should reduce its cross-shareholdings over time to avoid negatively impacting the share prices of the underlying assets
- Kyocera should consider **leveraging these holdings** by using the shares as collateral, deploying the resulting capital to **repurchase its own shares and enhance capital efficiency**
- Kyocera should commit to a share buyback program of **JPY 250 billion per year over the next four years**—equivalent to approximately 37% of its market capitalization

Source: Bloomberg

7 BUYBACK:

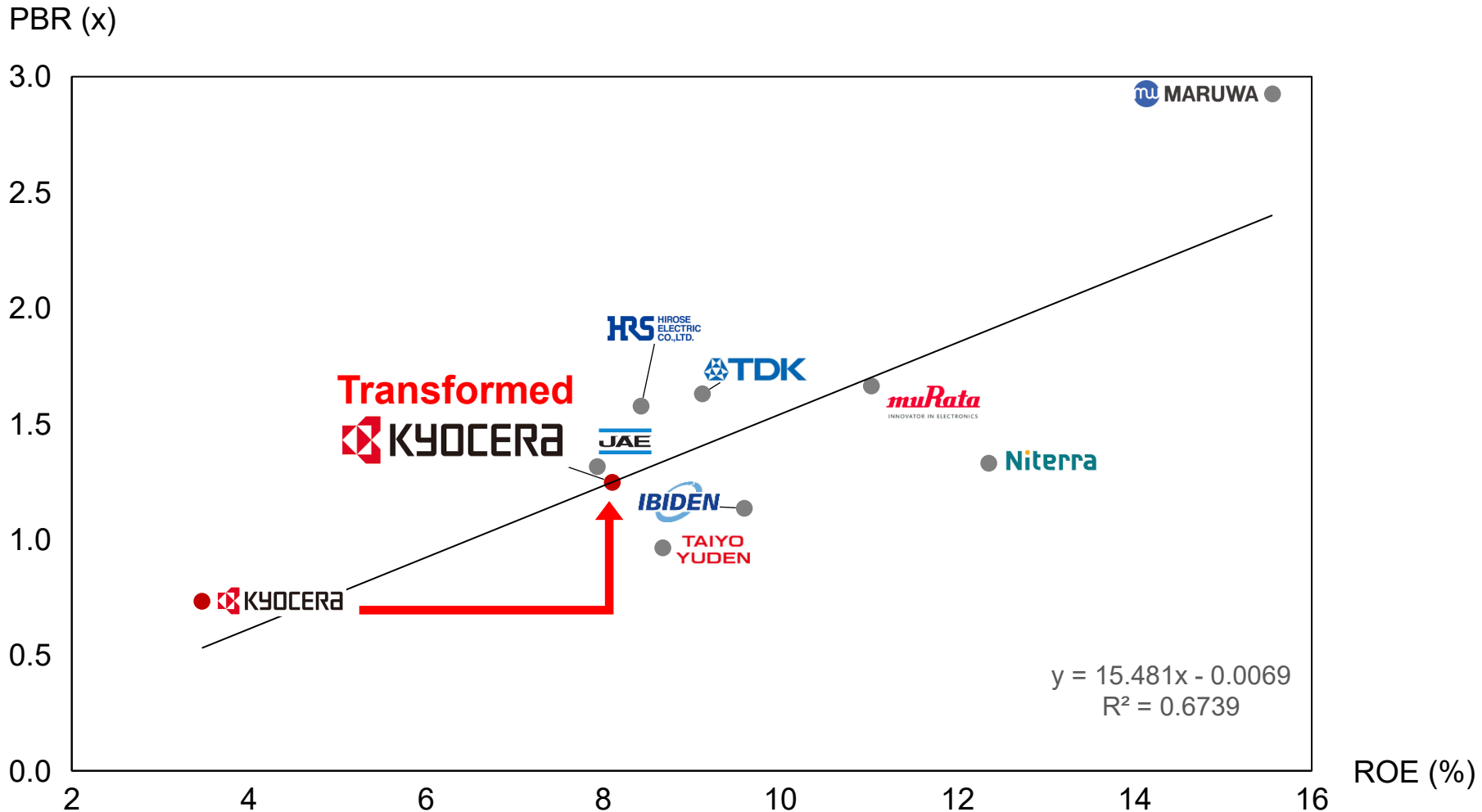
Kyocera should undertake a buyback of JPY 1 trillion

Kyocera share buybacks (Billion JPY)



Source: Company IR

Oasis's Seven Point Plan will take Kyocera's ROE to 8%+ within 4 years with PBR expected to be revalued to 1.25x



Note: PBR data is as of fiscal year ended in March 2025; ROE shows the 5-year average
Source: Bloomberg; Oasis Analysis

Agenda

Introduction

Oasis's Engagement with Kyocera

Kyocera Never Got Going

Reasons for Underperformance

Kyocera Tries to Change

Kyocera's Reforms Fall Short of Expectations

Oasis's Seven Point Plan

Case Studies

Kyocera is Under Pressure to Change

Valuation

Kyocera can be the next Olympus or Hitachi; industry leaders went through successful transformation

OLYMPUS

HITACHI Inspire the Next

Transformation Overview

- Launched the “Transform Olympus” in 2019 to **transform into a global Medtech leader**

- Embarked on corporate transformation after recording **historical loss of JPY780 billion in 2009**, shifting away from a **traditional conglomerate structure**

Depth of Transformation

- Exited business representing **20%** of overall revenue
- This includes unprofitable Imaging segment as well as the profitable, founding business Science segment

- Exited business representing **30%** of overall revenue
- Reduced the number of listed subsidiaries from 22 in 2009 to zero

Transformation Results

Market Cap ('19 vs '23)

JPY 1.6T  **JPY 2.9T**

ROE ('19 vs '23)

1.8%  **24.9%**

Market Cap ('20 vs 2Q '25)

JPY 3T  **JPY 17T**

ROE ('20 vs 2Q '25)

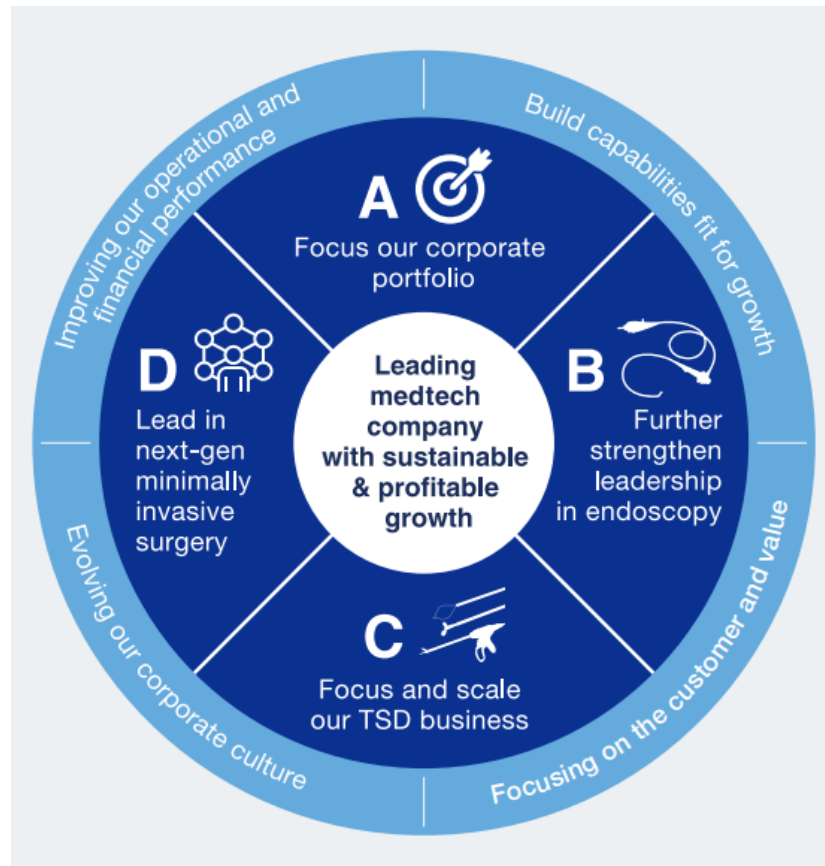
2.7%  **12.3%**

Olympus:

Successfully transformed into a leading Medtech company

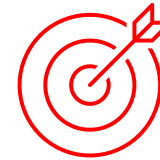
OLYMPUS

Olympus Sets Clear Four Strategic Priorities



Note: Positions and comments are as at the release of the Integrated Report 2020
Source: Company IR

Message from Chikashi Takeda, CFO (2020)



Focus on core strengths

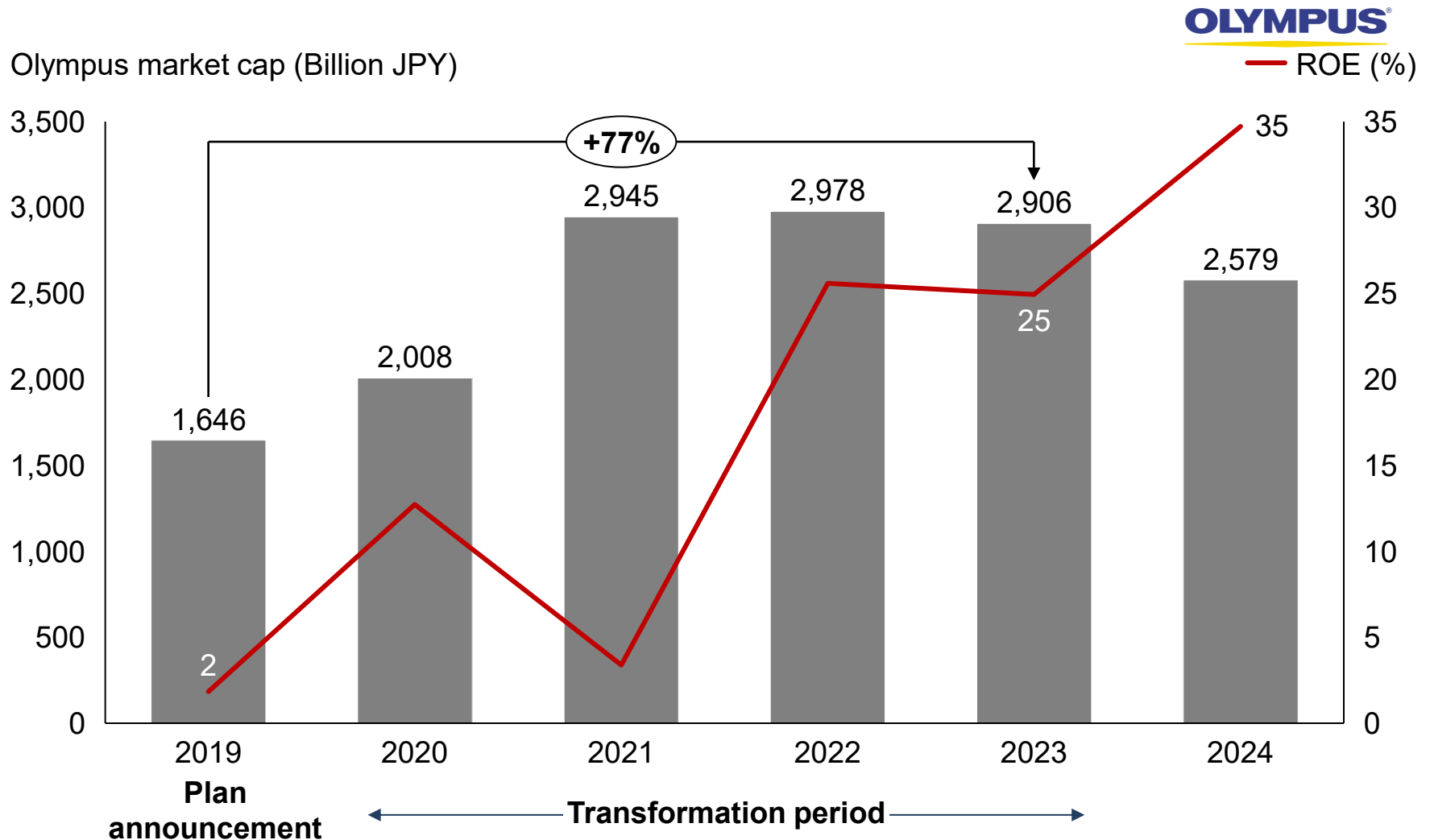
*"I think that what shareholders and investors expect from us is to **invest in the business opportunities that only Olympus can**, to deliver innovative solutions that benefit patients, healthcare professionals, payors and providers and to achieve returns."*



Attention to the market

*"I believe that management evaluations are what the market judges, or in other words, **what appears in the stock price.**"*

Olympus achieved a substantial increase in its market cap and ROE through its reforms



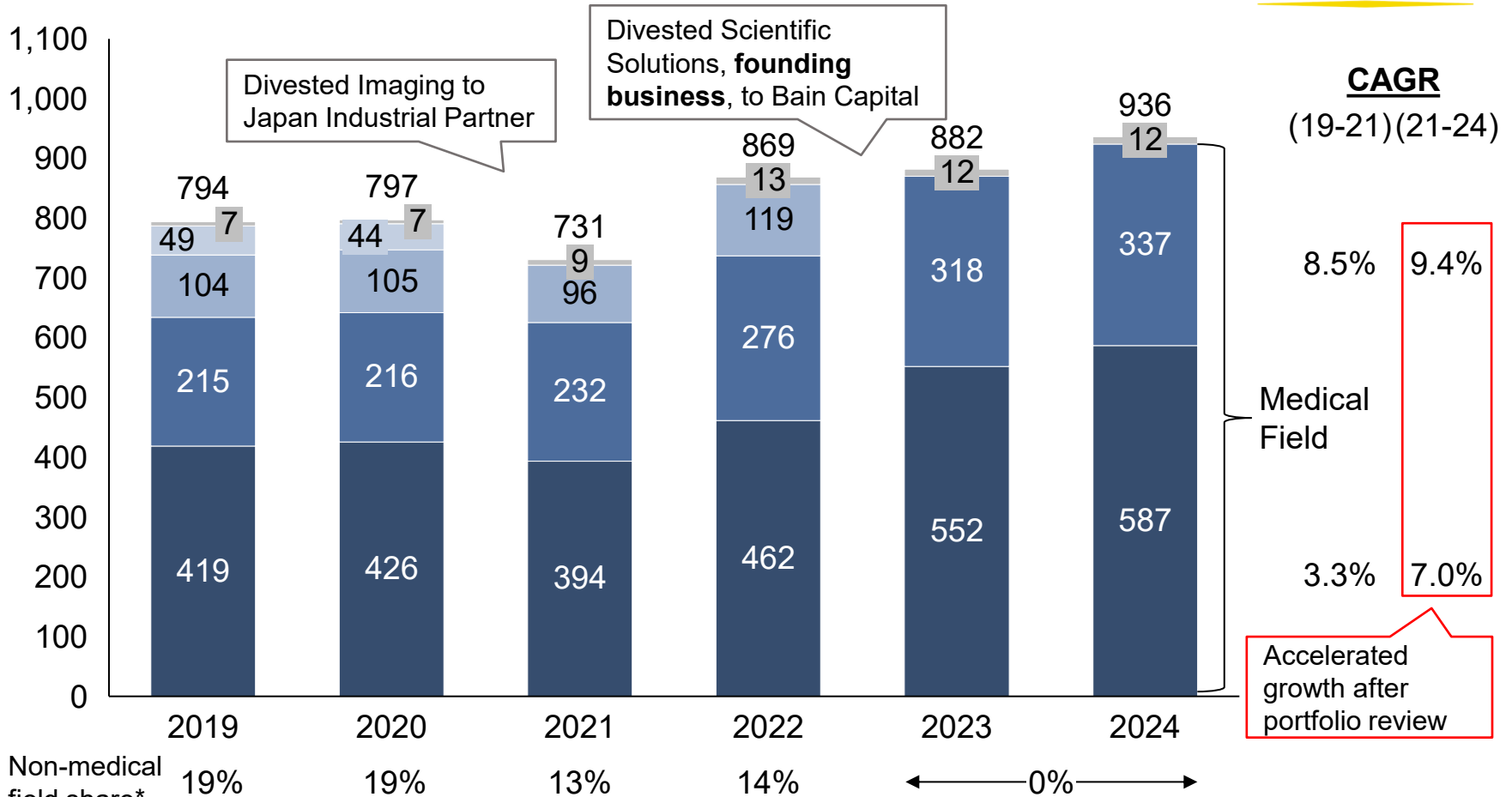
Source: Company IR; Bloomberg

Olympus concentrated its strategic focus on the Medical Field while divesting the Scientific and Imaging businesses

■ Endoscopic Solutions ■ Therapeutic Solutions ■ Scientific Solutions ■ Imaging ■ Others

Olympus historical segment revenue (Billion JPY)

OLYMPUS



Non-medical field share*

Note: Share of Scientific Solutions and Imaging out of the total revenue
Source: Company IR

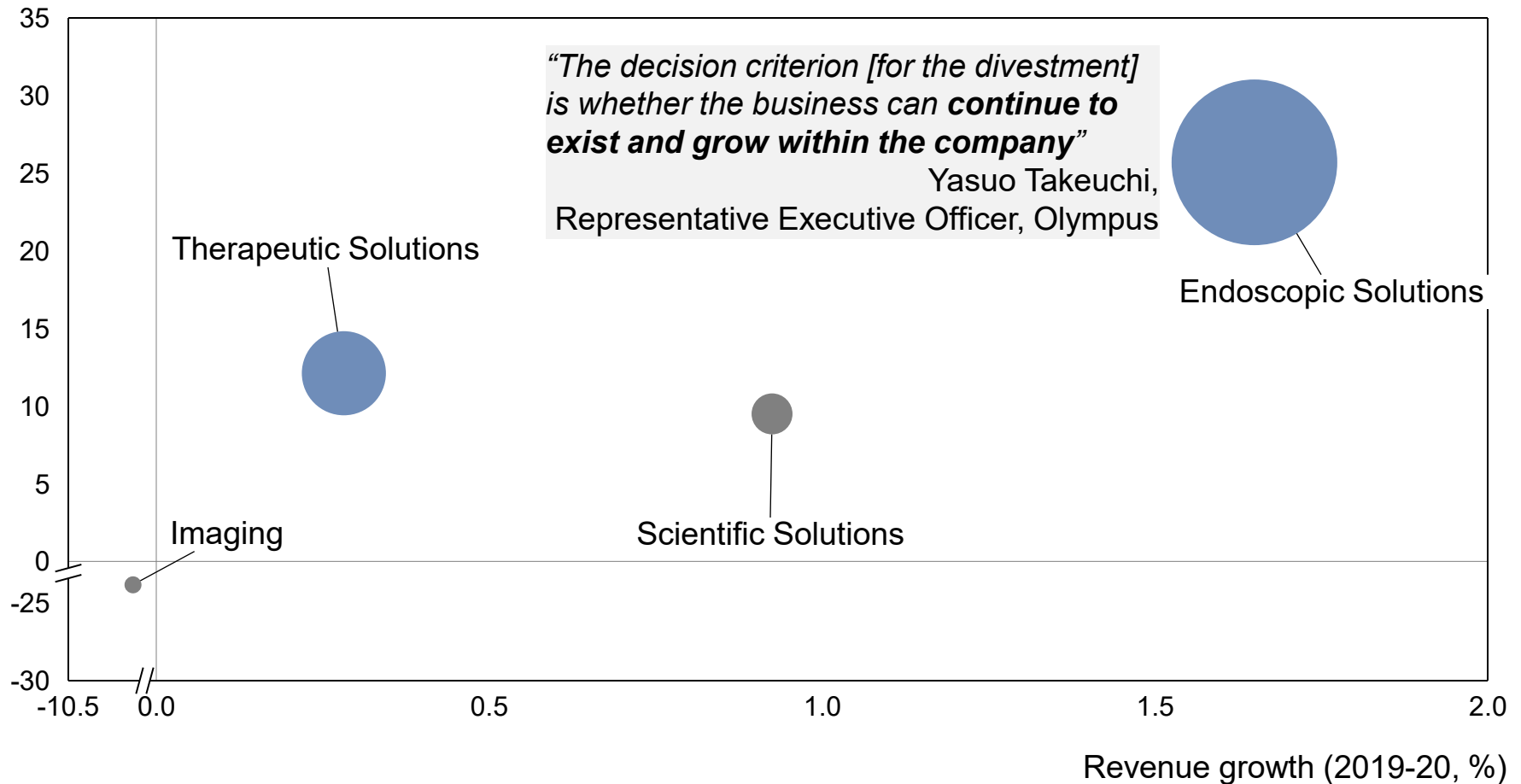
OASIS

Olympus divested its profitable Scientific Solutions to enhance its focus on the Medical Field

● Medical Field ● Non-core



Operating profit margin (2020, %)



Source: Company IR; Nikkei XTECH

Olympus leveraged M&A to strengthen existing core businesses and not for diversification



Olympus Targets “Bolt-on” Deals

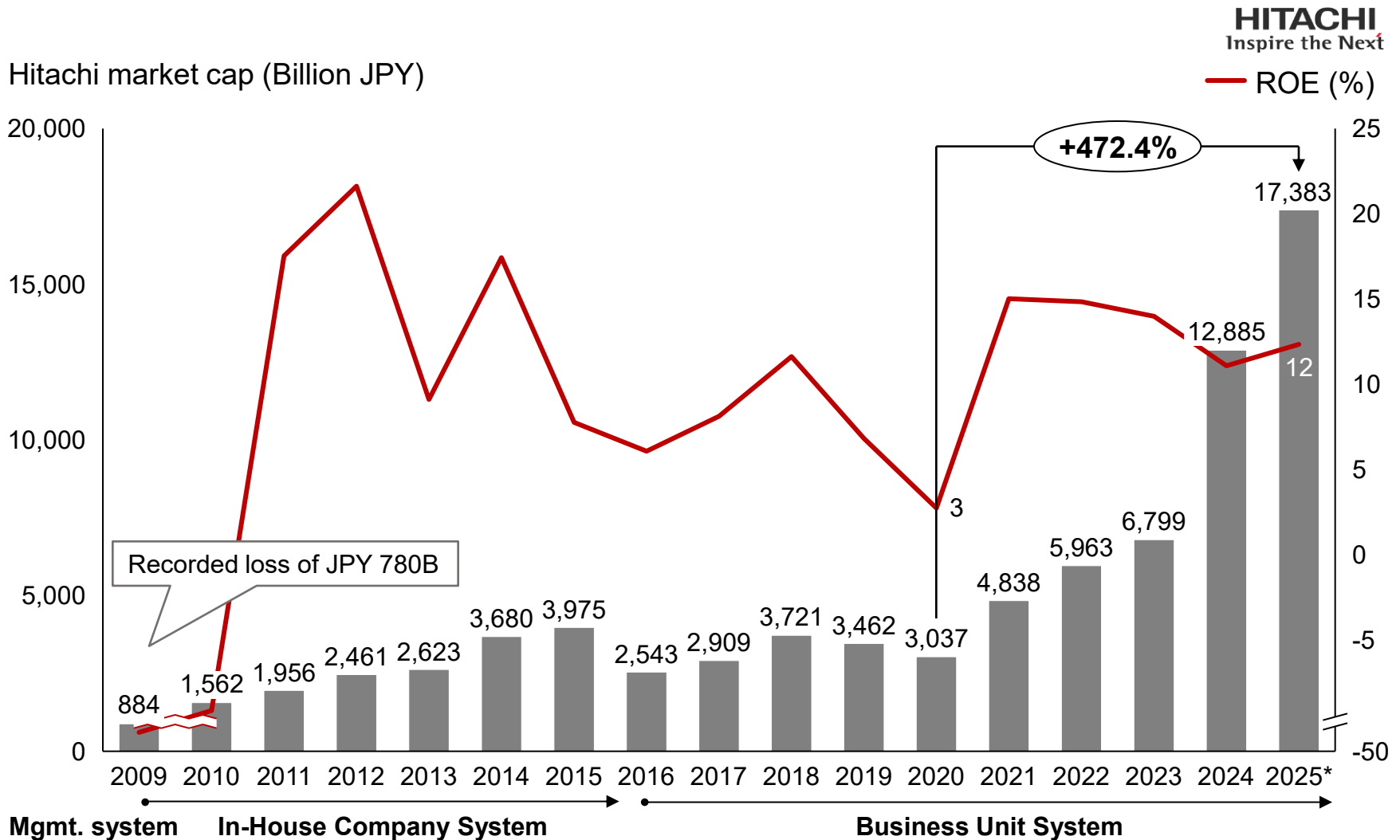
JPY140 Billion
acquisitions and investments
between 2019 and 2024

- Only targets companies that can **align with the portfolio** and **strengthen existing businesses**
- Aims to transform clinical and treatment workflows, improve care, and drive geographic expansion of the business

Recent Acquisitions



Hitachi: Reformed following large losses in 2019 and has substantially enhanced its market cap since then

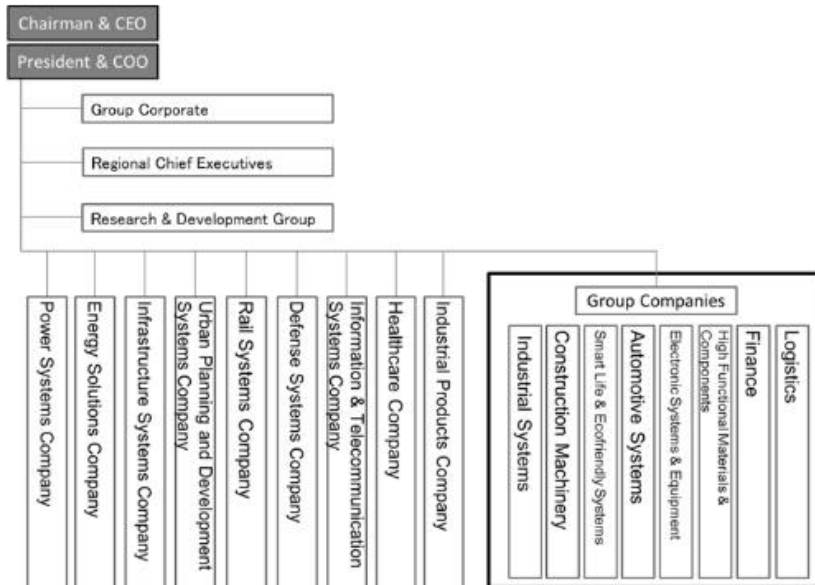


Note: *As of 2Q 2025
Source: Company IR; Bloomberg

Hitachi adapted its management systems depending on the stage of the transformation

In-House Company System (2009 – 2015)

- Introduced In-house Company System in 2009 to **recover from loss**, making segments accountable for their earnings

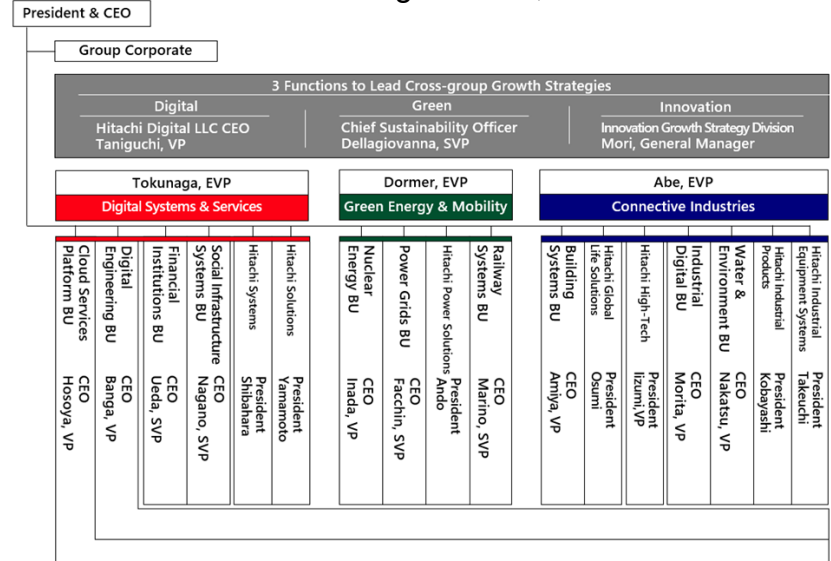


Business Unit System (2016 – present)

- Transitioned to Business Unit System in 2016 to **accelerate decision-making** in portfolio reform

“Breaking down the businesses by units of JPY200-300B revenue each made heads of units follow small-scale M&As around the size. We reorganized units into 5 larger groups [in 2017] and assigned vice presidents so they can focus on growth opportunities as an entire group.”

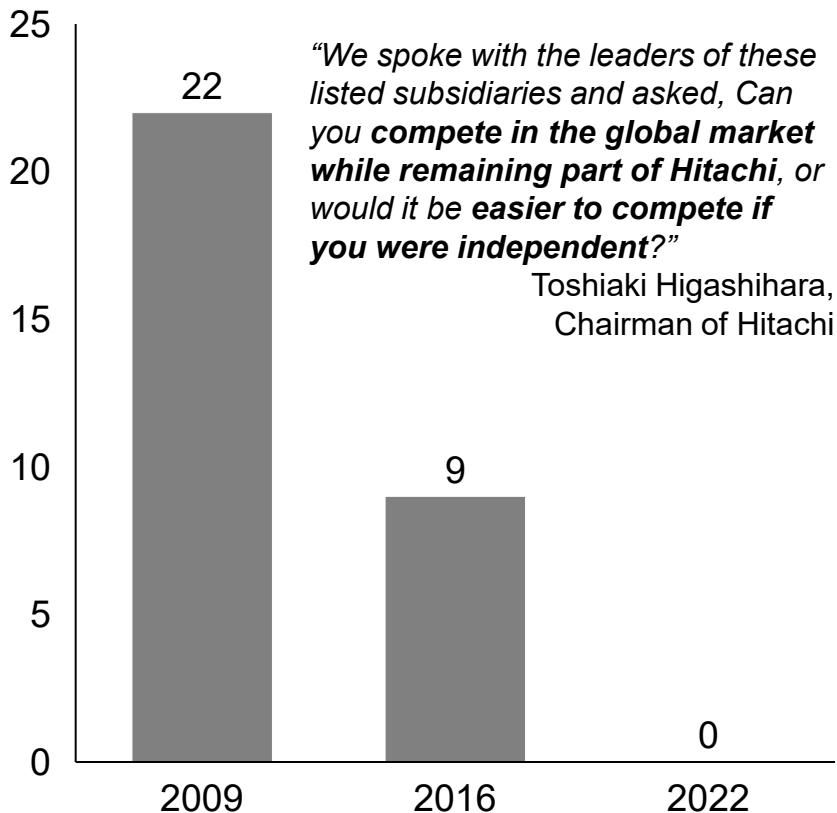
Toshiaki Higashihara, Chairman of Hitachi



Hitachi accelerated its portfolio reform by replacing over 30% of the total revenue

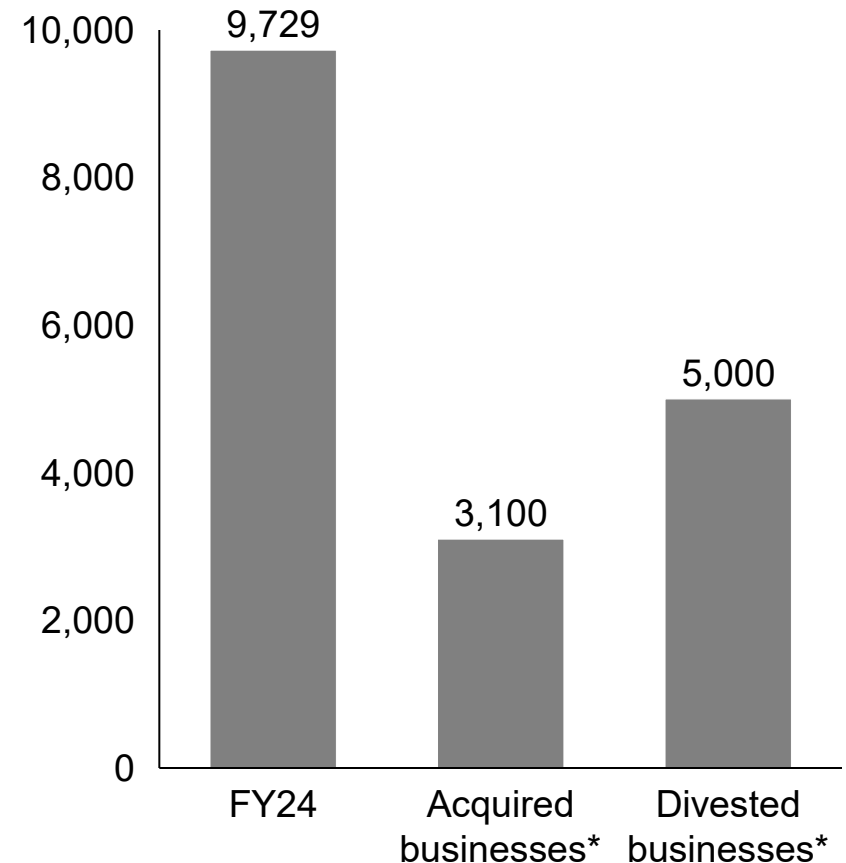
Hitachi Reduced Listed Subsidiaries to Zero

Number of listed subsidiaries



Replaced Businesses of ~30% of Revenue

Hitachi revenue (Billion JPY)



Note: Oasis translation; *Revenue from acquired and divested businesses are from the transactions occurred between 2014-2022
Source: Company IR; Nikkei Business

Agenda

Introduction

Oasis's Engagement with Kyocera

Kyocera Never Got Going

Reasons for Underperformance

Kyocera Tries to Change

Kyocera's Reforms Fall Short of Expectations

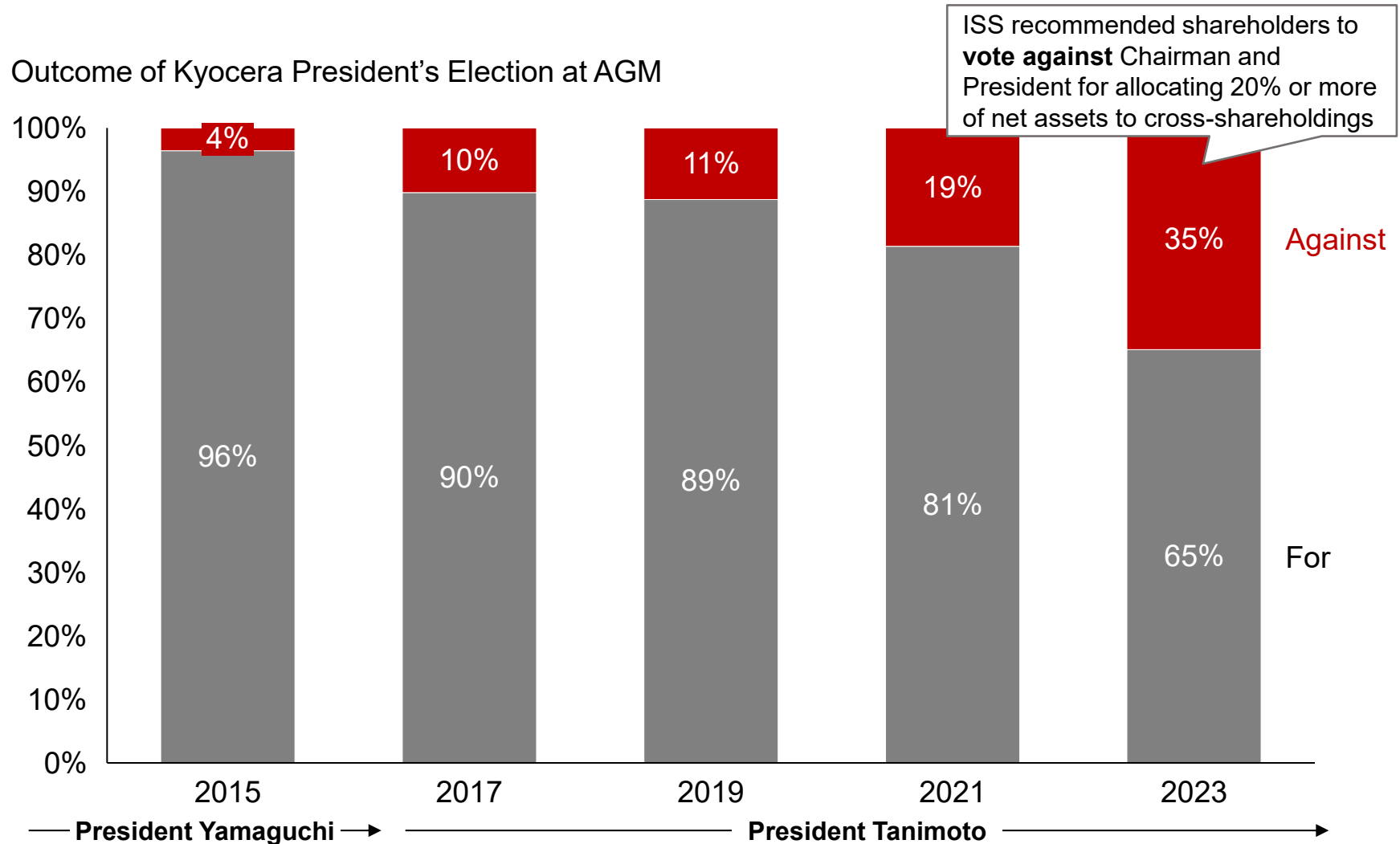
Oasis's Seven Point Plan

Case Studies

Kyocera is Under Pressure to Change

Valuation

Kyocera President's approval ratings have declined dramatically



Source: Company IR; ISS

Kyocera's poor ROE and excessive cross-shareholdings suggest a further drop in approval rating at the coming AGM

ISS Guideline

Kyocera



**Low
Capital
Efficiency**

- Do not recommend vote for top executives at a company that has posted **average ROE of less than 5%** over the last five fiscal years

**Av. ROE over the
past 5 years of**

3.5%



**Excessive
cross-
shareholdings**

- Do not recommend vote for top executives at a company that allocates **20% or more of its net assets to cross-shareholdings**

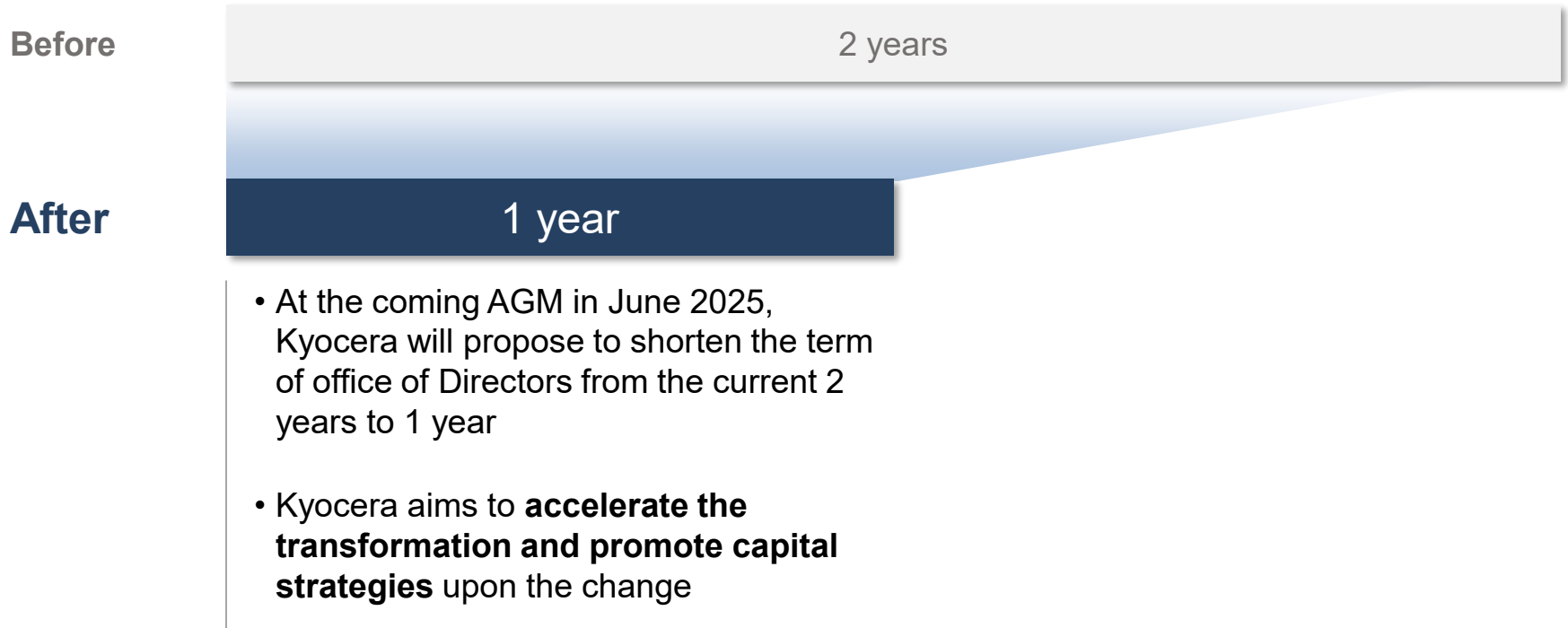
**Cross-shareholdings
out of net assets of**

52.6%

Note: Av. ROE between 2021 and 2025; Cross-shareholdings as of March 2025
Source: ISS; Bloomberg

Shortening of the term of office of Directors places greater pressure to change

Kyocera's plan to shorten term of office of Directors

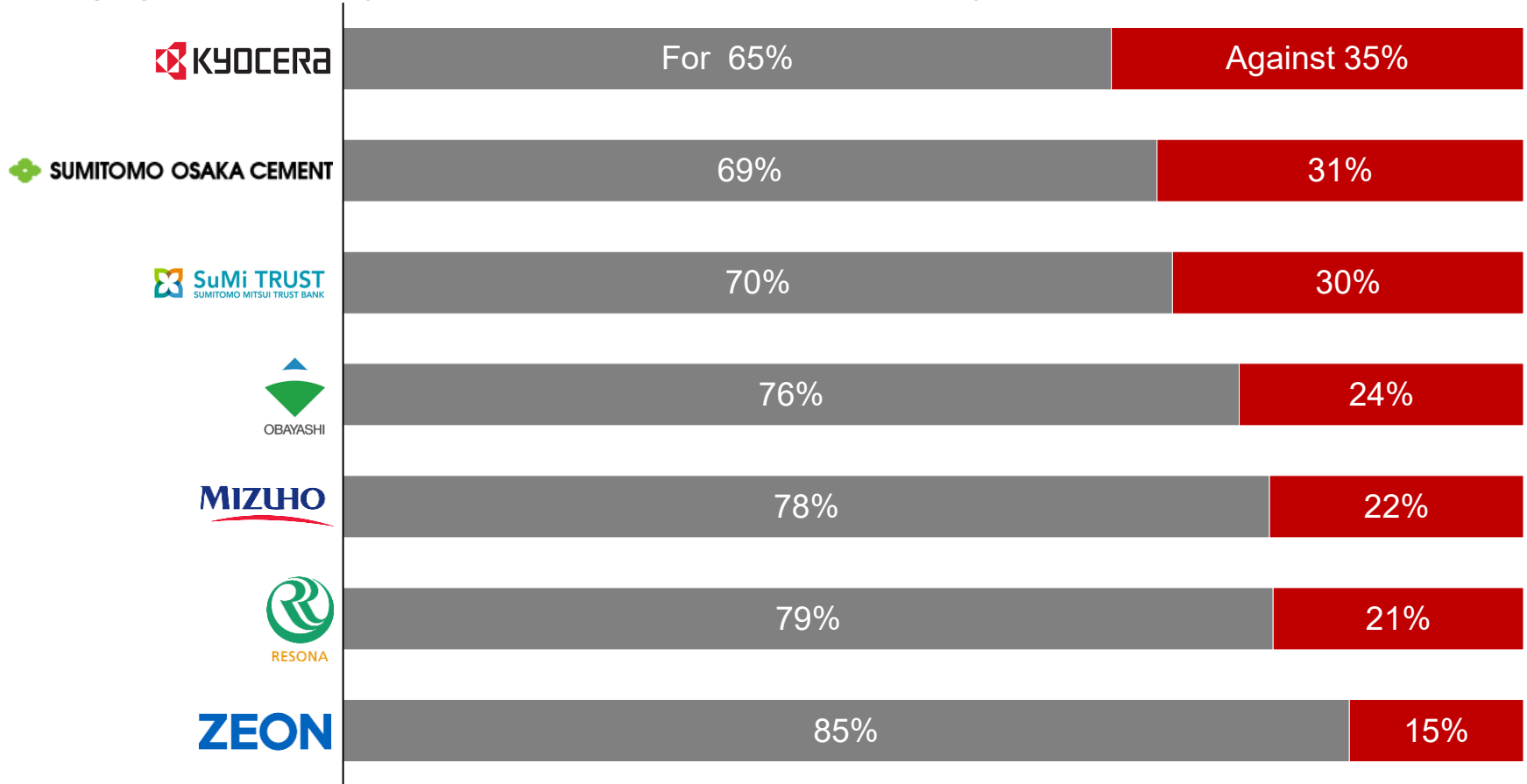


Given the Company's proposed shortening of the term from 2 years to 1, Kyocera's directors will experience heightened pressure for reappointment

Source: Company IR

Companies where ISS recommended voting against management saw substantially low approval rates

Board election results for companies **where ISS recommended voting against** allocating 20%+ of net assets to cross-shareholdings*



Note: *Data shows the most recent results for CEO/President from the shareholders' meeting
Source: Company IR

Agenda

Introduction

Oasis's Engagement with Kyocera

Kyocera Never Got Going

Reasons for Underperformance

Kyocera Tries to Change

Kyocera's Reforms Fall Short of Expectations

Oasis's Seven Point Plan

Case Studies

Kyocera is Under Pressure to Change

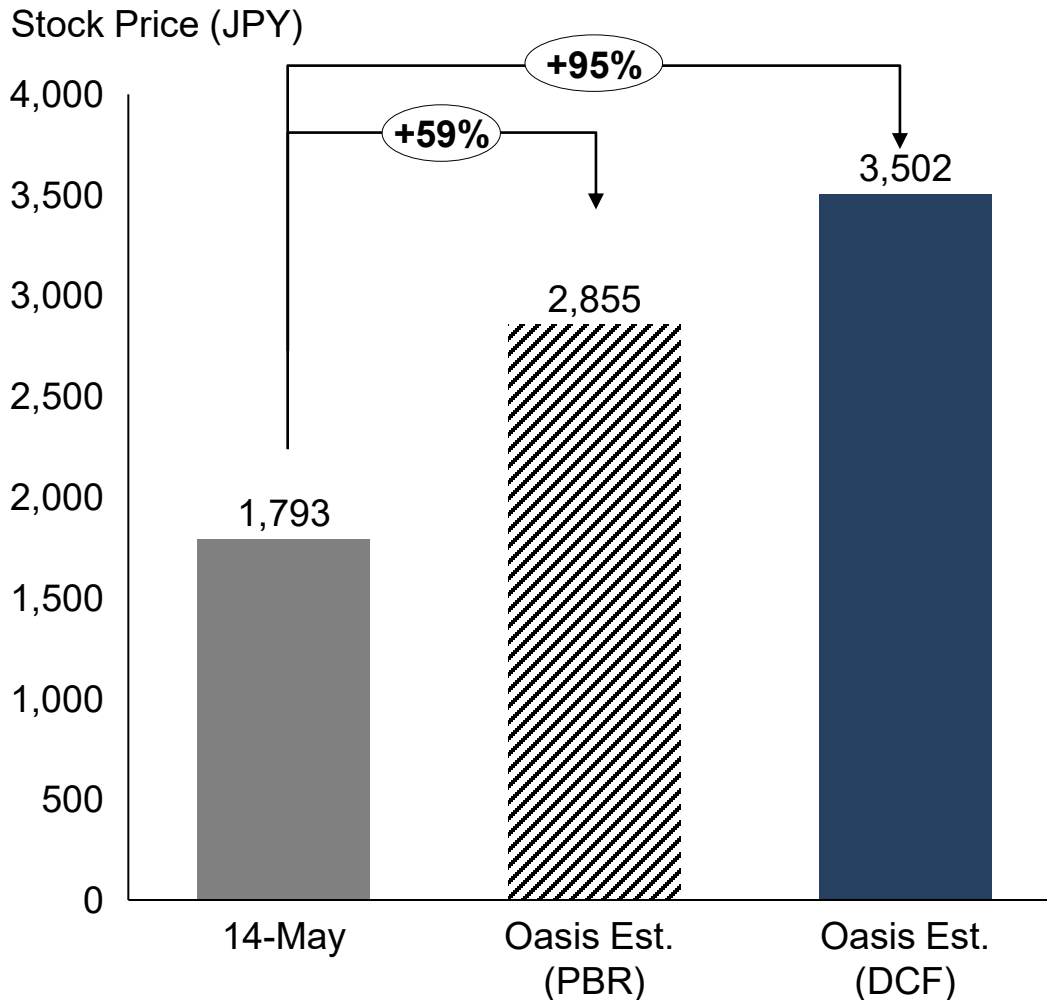
Valuation

Oasis's Seven Point Plan

- 1** | **DIVEST more** non-core businesses amounting to over **JPY660 billion** of revenue
- 2** | **EXIT** from **Organic Packages** to prevent further losses
- 3** | **RESTRUCTURE KAVX** to achieve industry-leading profitability
- 4** | **STOP** losses by terminating investment in **GaN** and **millimeter-wave** technologies
- 5** | **FOCUS** on core competencies to capture untapped opportunities
- 6** | **COMMIT** to aggressive M&A to reinforce core businesses
- 7** | **BUYBACK** of JPY 1 trillion over the next four years amounting to approx. 37% of the Company



Oasis estimates potential +90% increase in Kyocera's stock price following the transformation



Assumptions

- Exit from Oasis defined non-core businesses in fiscal 2026, representing 30%+ of revenue
- Fiscal 2026 assumes -1.5% annual growth in core business revenue* due to tariff-led macroeconomic slowdown
- Streamlined portfolio enables higher growth rates beginning fiscal 2027 and realizing higher margins
- Gradual reduction of losses in Others segment, breakeven in fiscal 2029
- Enhanced shareholder returns including JPY 1tn buyback over the next 4 fiscal years backed by additional leverage
- **PBR**: target price calculated using PBR-ROE correlation, reflecting higher PBR resulting from improved ROE
- **DCF**: target price calculated over 7-year projection period (fiscal 2026 – 3032), using 6.5% WACC and 1.0% perpetual growth rate

Note: *Excludes Oasis defined non-core business
Source: Bloomberg; Oasis Analysis

Important Legal Notice & Disclaimer

The information and opinions in this document are provided by Oasis Management Company Ltd. (“Oasis”) for informational purposes only and should not be construed as financial, legal, tax, investment, accounting, audit, or any other type of professional advice. This document may contain forward-looking information that is not purely historical in nature. Such information may include, among other things, projections and forecasts. There is no guarantee that any projection or forecast made in this document will come to pass.

The information and opinions in this document are expressed as of the date presented and may be changed or updated without notice. The information and opinions contained in this document are derived from proprietary and nonproprietary sources deemed by Oasis to be reliable and are not necessarily all-inclusive or guaranteed as to accuracy. While Oasis believes that reasonable efforts have been made to ensure the accuracy of the information and opinions in this document, Oasis makes no representation or warranty, expressed or implied, as to the accuracy, completeness, or reliability of such information or opinions. Any reliance placed on the information or opinions in this document is at the reader’s own risk and Oasis makes no representation or warranty, expressed or implied, about the fitness or suitability for any particular purpose of such information or opinions. In no event will Oasis or any of its employees, directors, officers, or affiliated companies or investment funds managed or operated by Oasis be liable for any direct, indirect, punitive, incidental, special, or consequential damages or damages for loss of profits, revenue, or use arising out of or in any way connected with this document, whether based on contract, tort, negligence, strict liability or otherwise.

Oasis may have trademarks, copyrights, or other intellectual property rights in the information contained in this document. “Oasis” and the Oasis logo are trademarks of Oasis Management Company Ltd. All other company names, products, and logos are trademarks of their respective owners. The furnishing of this document does not confer any license to use of the trademarks, copyrights, or other intellectual property rights included in or related to this document.

Oasis is not in any way soliciting or requesting shareholders to jointly exercise their voting rights together with Oasis. Shareholders that have an agreement to jointly exercise their voting rights are regarded as “Joint Holders” under the Japanese large shareholding disclosure rules, and they must file notification of their aggregate share ownership with the relevant Japanese authority for public disclosure. Oasis disclaims its intention to be treated as a Joint Holder and/or a Specially Related Person with other shareholders under the Japanese Financial Instruments and Exchange Act (“FIEA”) by virtue of its act to express its view or opinion or other activities to engage in dialogue with other shareholders in or through these materials, any public statements (whether written or oral, and regardless of medium), and/or this website. Oasis does not have any intention to receive any power to represent other shareholders in relation to the exercise of their voting rights. These materials exclusively represent the opinions, interpretations, and estimates of Oasis. Oasis is expressing those opinions solely in its capacity as an investment advisor to the Oasis Funds.



For more information, please visit:
www.abetterkyocera.com