KOKUSAI ELECTRIC

Financial Briefings for the Second Quarter of the Fiscal Year Ending March 2027 (April to September 2026)

November 9, 2026

KOKUSAI ELECTRIC CORPORATION

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- **Forward-Looking Statements**

  The Group's business plans and forecasts stated in this document are prepared by the Group based on information available at the time of preparation and do not guarantee future results or performance. Actual business results and performance may differ significantly from the plans and forecasts due to changes in various internal and external factors. The Company does not undertake any obligation to update or revise any information contained in this document based on future events, except as required by applicable laws or stock exchange rules. The key risks that may significantly affect the Group's business results, financial position and cash flows are stated in the annual securities report of the Company.

- **Currency Risk**

  The Group has a high proportion of overseas revenue. In addition, the valuation of the Group's assets and liabilities denominated in foreign currencies is affected by fluctuations in exchange rates. Most export sales of group products are denominated in yen, but some are denominated as foreign-currency sales or expenses and so may be affected by fluctuations in foreign exchange rates.

- **Key Performance Indicators**

  To understand the trends in business results to improve corporate value, the Group uses Adjusted Operating Profit and Adjusted (quarterly) Net Income as key performance indicators. The calculation methods are stated in the earnings report. Adjusted operating profit and adjusted quarterly net income may differ from management indicators of other companies that use the same or similar names and so may not be comparable.

- **Accounting Standard**

  The Company prepares its consolidated financial reports based in accordance with International Financial Reporting Standards (IFRS) since FY2021/3.

- **Rounding Convention**

  Except in certain cases, amounts presented in this document have been rounded to the nearest hundredth million, and accordingly the sum of the amounts may not be equal to the total of the individual items.

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2Q FY27/3 Consolidated Financial Summary

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Highlight

Summary of Consolidated Results for 2Q FY27/3

- **The semiconductor device market remained at high levels for generation shift and capacity expansion investment, mainly in high-performance Logic and DRAM for AI-related applications increasing YoY. Investments for NAND are mainly focused on generation shift. The recovery in demand for consumer electronics, automobiles, and industrial equipment is moderate.**
- **In 2Q, both revenue and profit increased YoY driven by growth in equipment sales mainly for DRAM and Logic as well as service revenue. In 1H, both revenue and profit exceeded the YoY, but the gross profit margin declined due to changes in product mix.**

Consolidated Earnings Forecast for FY27/3 and Outlook for the future

- **The Semiconductor device manufacturers are expected to continue rapidly accelerating capital investment, mainly for high-performance devices, toward generation shift and expanding production capacity. Also, expanding capital investment for general-purpose devices.**
- **Performance is in line with the full-year forecast revised at the release of 1Q results, and there is no change to the full-year forecast and dividend.**

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Consolidated Results Summary

In 2Q, revenue and profit increased both YoY and QoQ. The gross profit margin also improved.
In 1H, revenue increased YoY. Although the gross profit margin declined YoY, the profit margins from adjusted operating profit and below improved.

(JPYB)	FY26/3			FY27/3					
	1Q	2Q	1H	1Q	2Q	YoY	QoQ	1H	YoY
Revenue	**51.8**	**65.4**	**117.2**	**75.4**	**88.6**	+35.5%	+17.5%	**164.0**	+40.0%
Gross profit	**22.2**	**27.3**	**49.5**	**30.7**	**38.0**	+39.2%	+23.8%	**68.6**	+38.7%
Gross profit margin	*42.9%*	*41.7%*	*42.2%*	*40.7%*	*42.8%*	+1.1pts	+2.1pts	*41.8%*	-0.4pts
Adjusted operating profit	**10.9**	**14.4**	**25.3**	**17.4**	**22.5**	+55.6%	+29.3%	**39.8**	+57.2%
Adjusted operating profit margin	*21.1%*	*22.1%*	*21.6%*	*23.0%*	*25.3%*	+3.2pts	+2.3pts	*24.3%*	+2.7pts
Adjusted net income	**7.6**	**9.8**	**17.4**	**12.5**	**15.4**	+57.6%	+22.9%	**28.0**	+60.9%
Adjusted net income margin	*14.7%*	*15.0%*	*14.8%*	*16.6%*	*17.4%*	+2.4pts	+0.8pts	*17.1%*	+2.3pts
Operating profit	**9.7**	**13.0**	**22.7**	**15.9**	**20.9**	+60.8%	+31.2%	**36.8**	+62.1%
Operating profit margin	*18.8%*	*19.9%*	*19.4%*	*21.1%*	*23.6%*	+3.7pts	+2.5pts	*22.4%*	+3.0pts
Income before income tax	**9.3**	**12.8**	**22.1**	**15.7**	**21.1**	+64.3%	+34.0%	**36.8**	+66.2%
Income before income tax margin	*18.0%*	*19.6%*	*18.9%*	*20.9%*	*23.8%*	+4.2pts	+2.9pts	*22.5%*	+3.6pts
Net income	**6.8**	**8.8**	**15.6**	**11.6**	**14.3**	+63.3%	+24.1%	**25.9**	+66.5%
Net income margin	*13.1%*	*13.4%*	*13.3%*	*15.3%*	*16.2%*	+2.8pts	+0.9pts	*15.8%*	+2.5pts
R&D expenses	**3.9**	**4.8**	**8.7**	**4.5**	**5.3**	+10.0%	+18.9%	**9.8**	+12.6%
Capital expenditures	**2.3**	**5.2**	**7.5**	**4.8**	**6.0**	+14.6%	+23.5%	**10.8**	+43.8%
Depreciation & amortization	**3.4**	**3.5**	**6.9**	**3.9**	**4.0**	+14.8%	+2.2%	**7.9**	+14.9%
Dividend per share(JPY)	**-**	**18**	**18**	**-**	**32**	-	-	**32**	+14

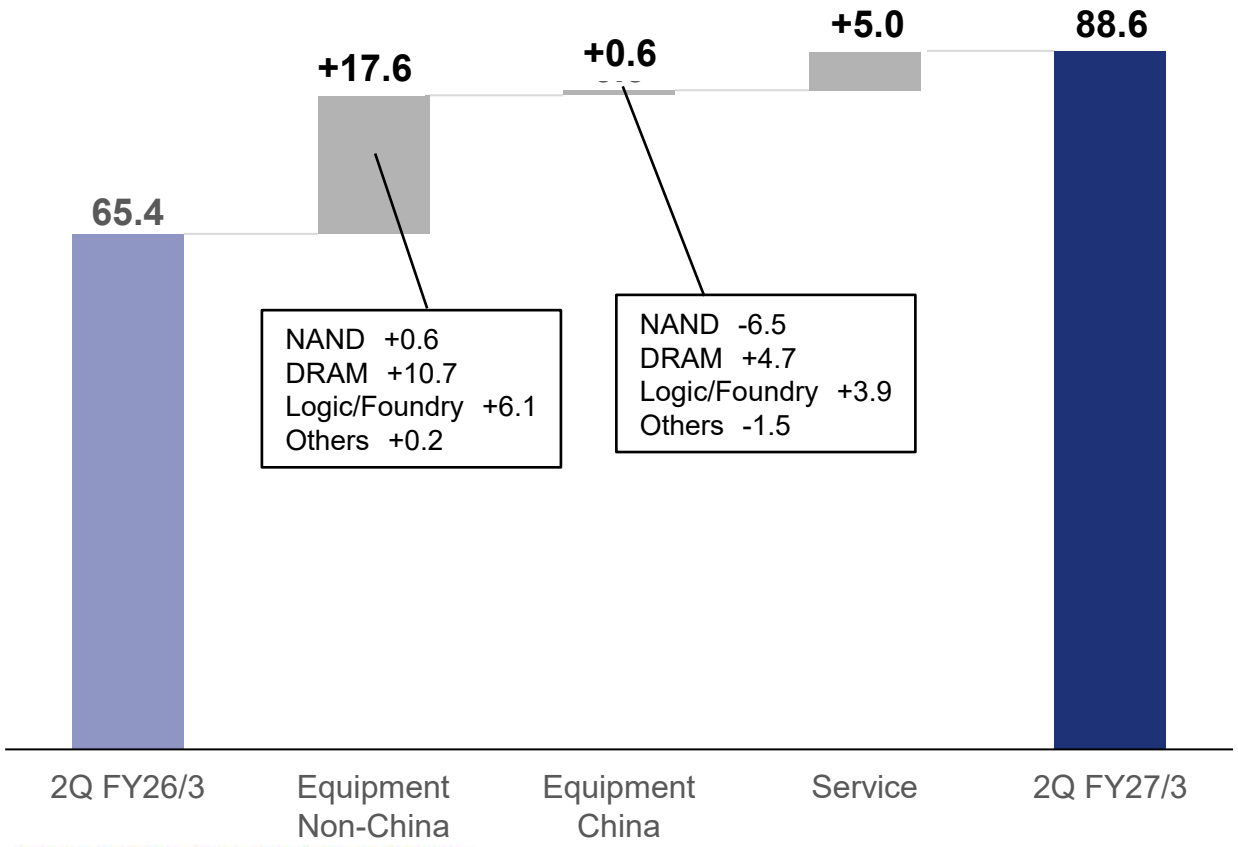
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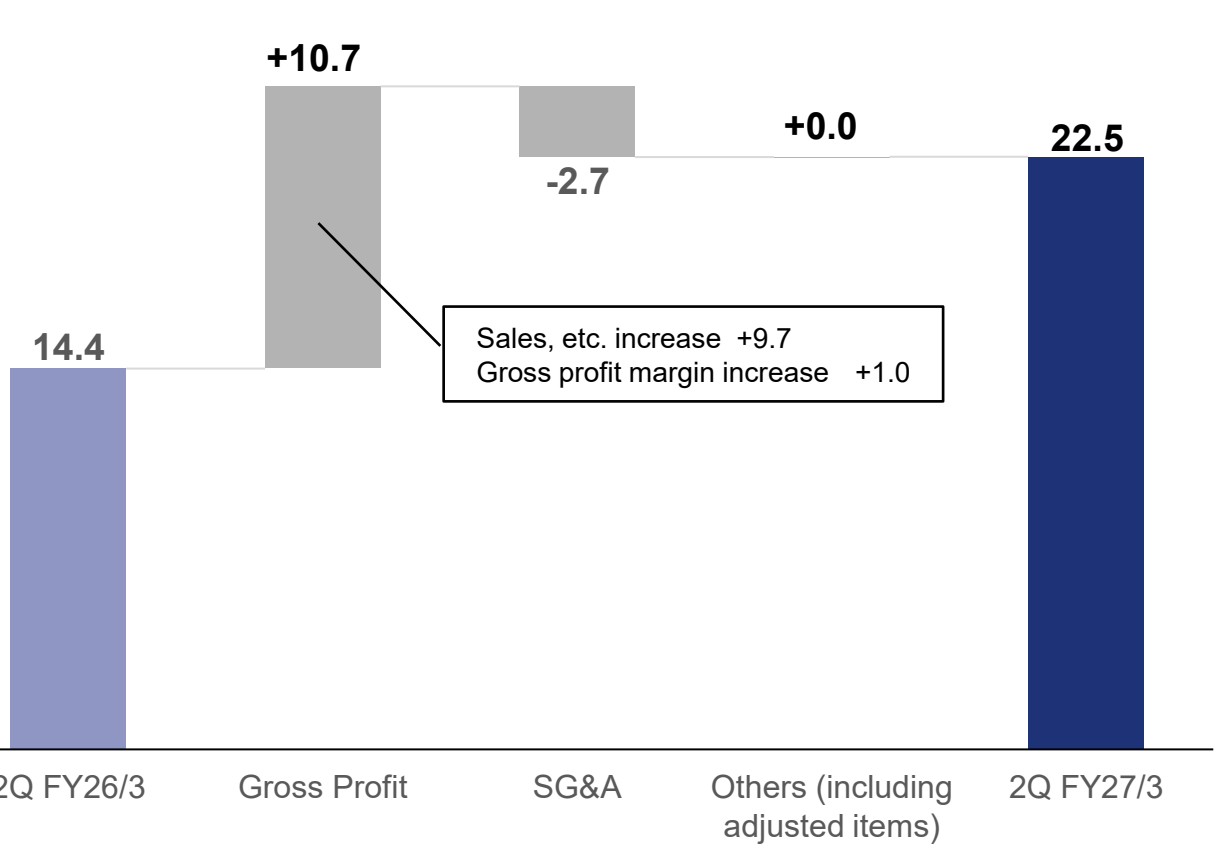
2Q FY27/3 Results: Factors for Changes

Revenue increased 36% YoY, driven by equipment sales in Non-China and Service.
Adjusted operating profit increased 56% YoY, driven by higher sales and improvement in the gross profit margin.

Revenue



Adjusted Operating Profit



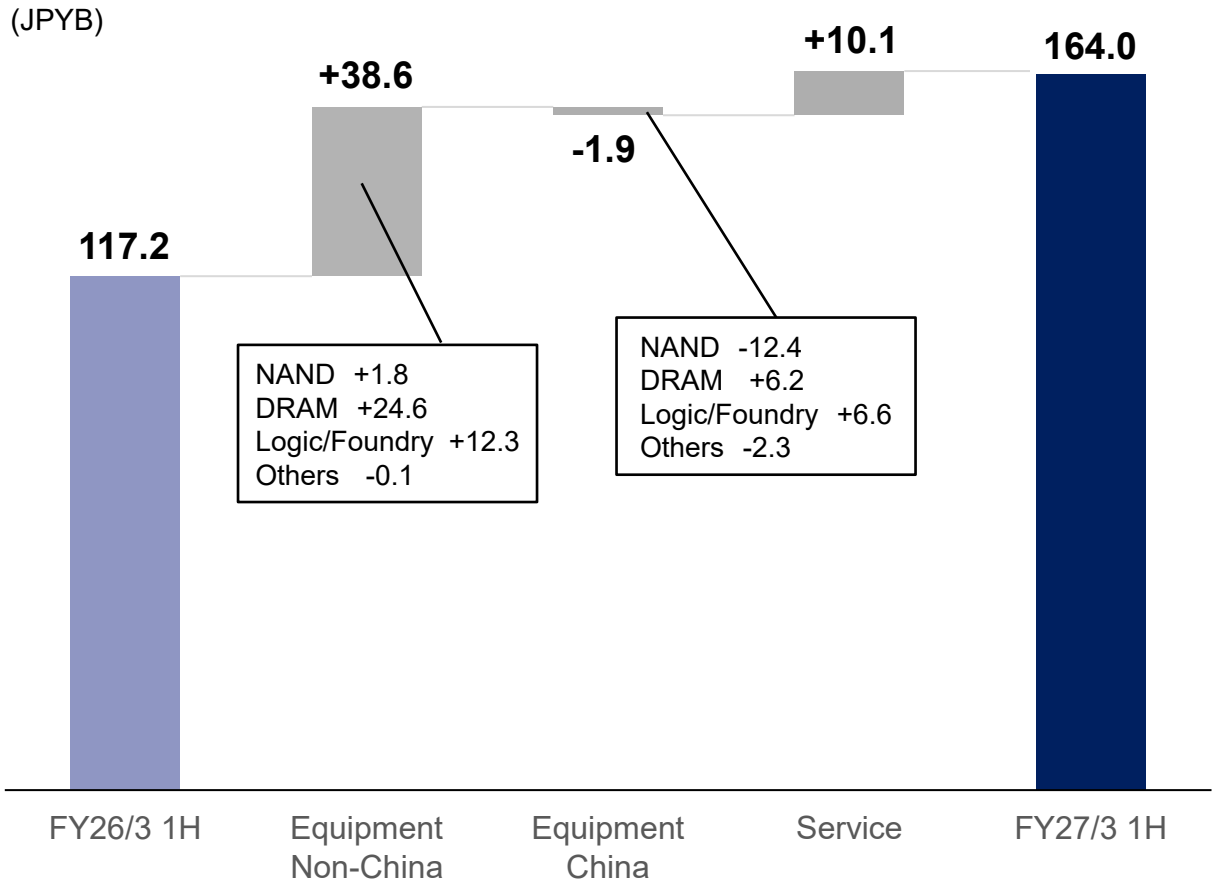
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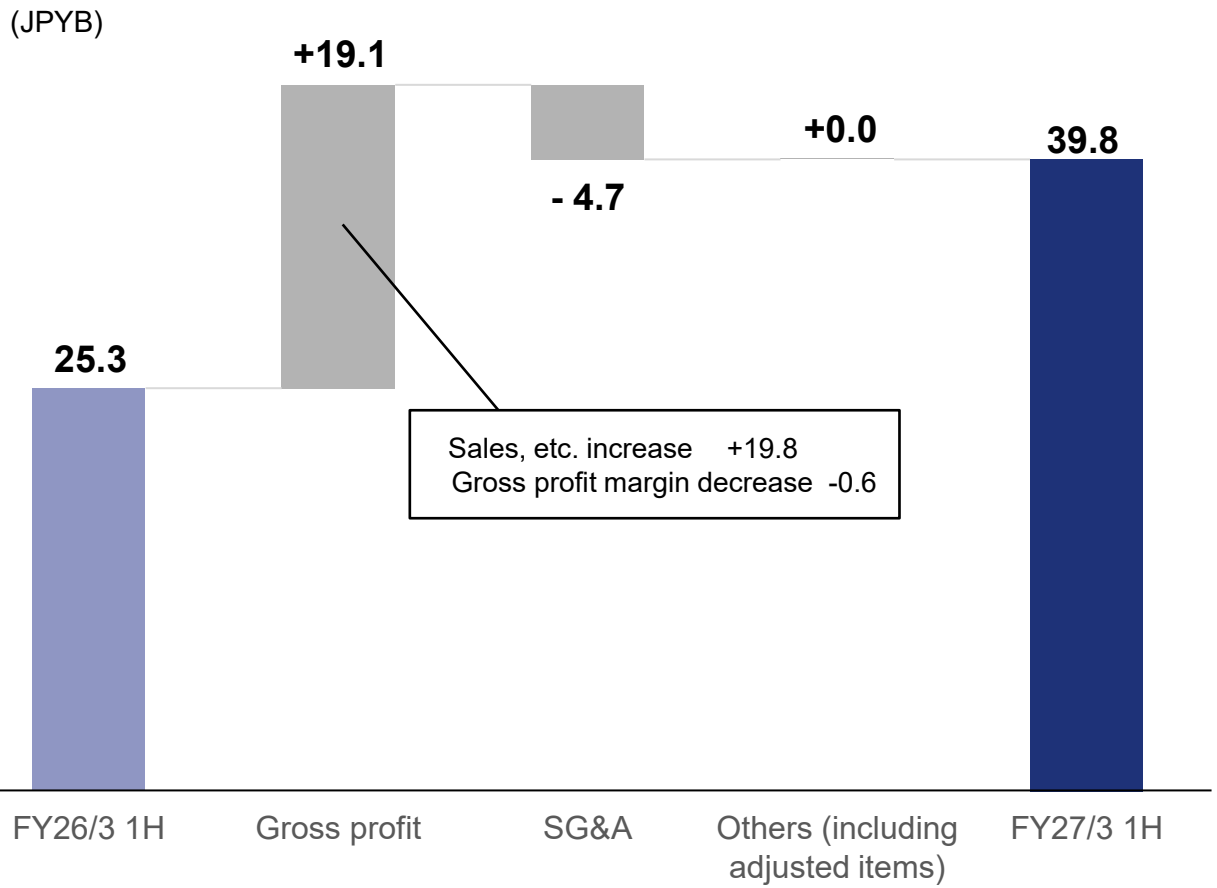
1H FY27/3 Results: Factors for Changes

Revenue increased 40% YoY driven by growth in Non-China equipment sales and service sales despite a decrease in China equipment sales because of the transitional period for investment by major manufacturers. Adjusted operating profit increased 57% YoY, driven largely by higher sales despite a decline in the gross profit margin due to changes in the product mix.

Revenue



Adjusted Operating Profit

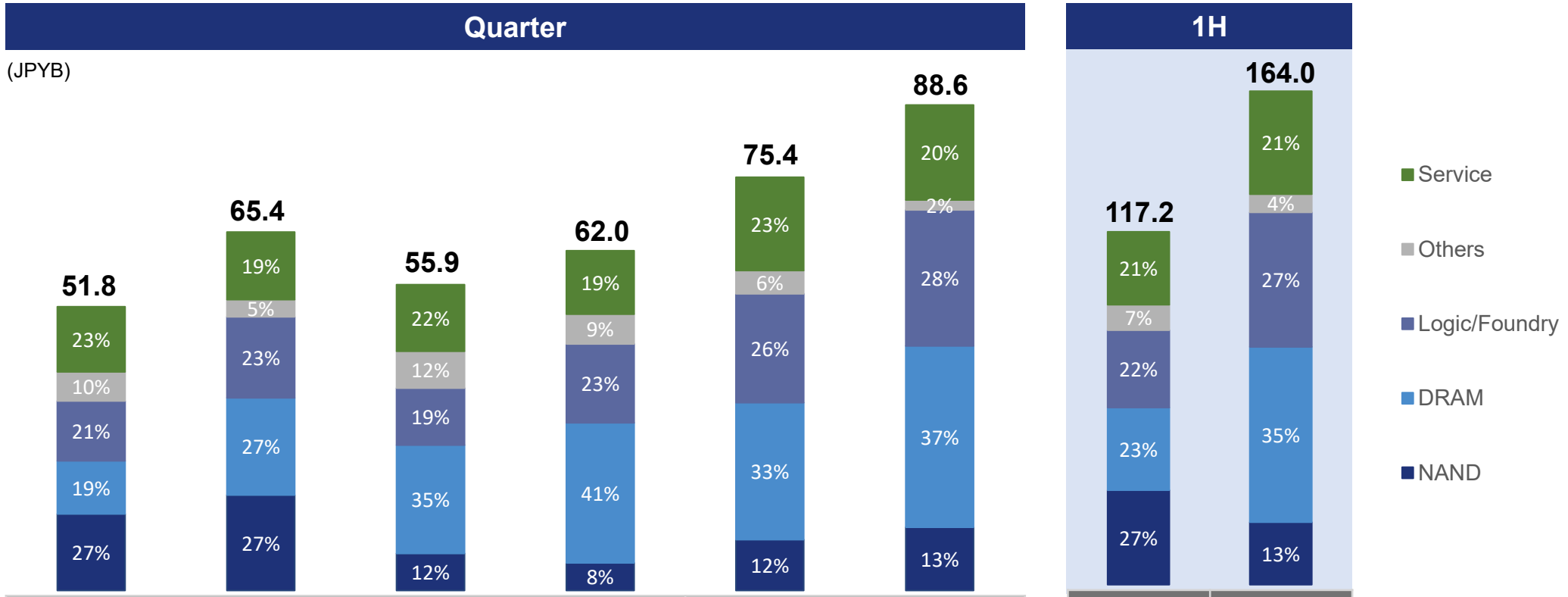


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Quarterly Revenues by Application

In 2Q, both equipment sales for DRAM and Logic/Foundry sales increased YoY. In QoQ, all the major applications increased. In 1H, both equipment sales for DRAM, Logic/Foundry and service sales increased YoY.



(JPYB)	FY26/3				FY27/3	
	1Q	2Q	3Q	4Q	1Q	2Q
Service	11.9	12.4	12.2	11.6	17.0	17.4
Equipment	39.9	53.0	43.7	50.5	58.4	71.3

FY26/3	FY27/3
1H	1H
24.3	34.4
92.9	129.7

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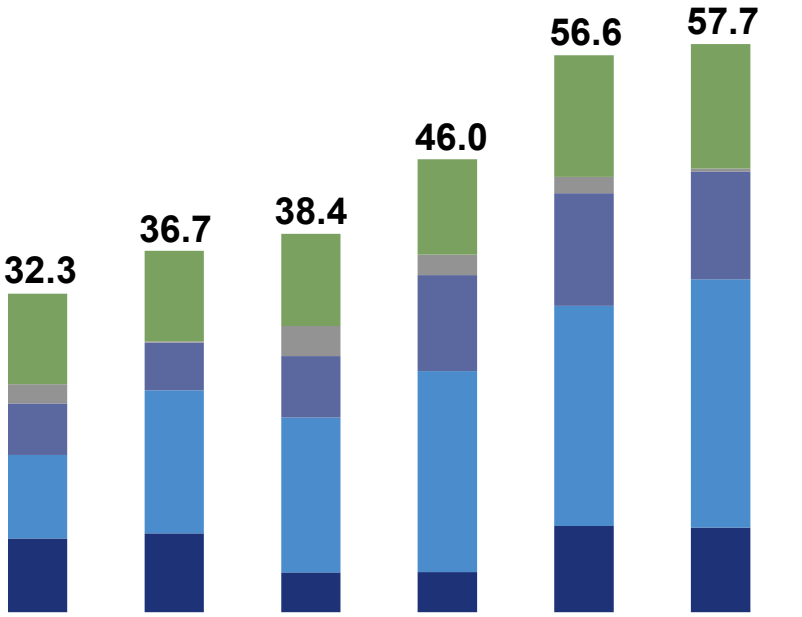
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Quarterly Revenues by Account*1

In 2Q, for Non-China revenue, both equipment sales for DRAM and service sales increased YoY and QoQ.
For China revenue, both equipment sales for DRAM, Logic/Foundry and service sales increased YoY and QoQ.
The ratio of revenue from China increased to 35% due to rapid expansion in sales to China.

Revenue in Non-China

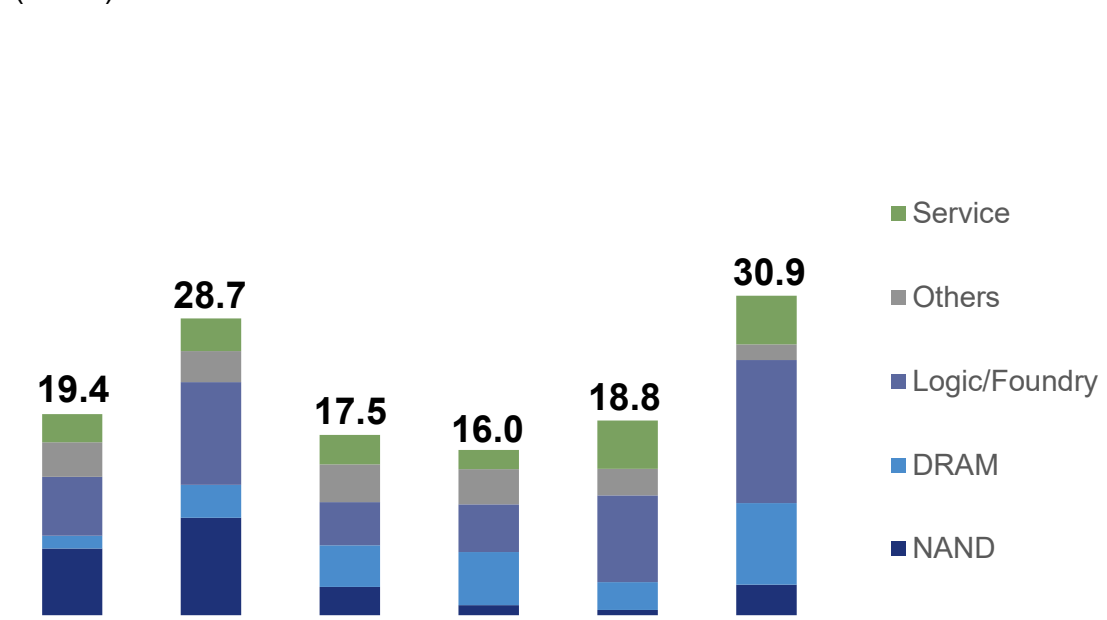
(JPYB)



	FY26/3				FY27/3	
	1Q	2Q	3Q	4Q	1Q	2Q
Ratio of Non-China	62%	56%	69%	74%	75%	65%

Revenue in China

(JPYB)



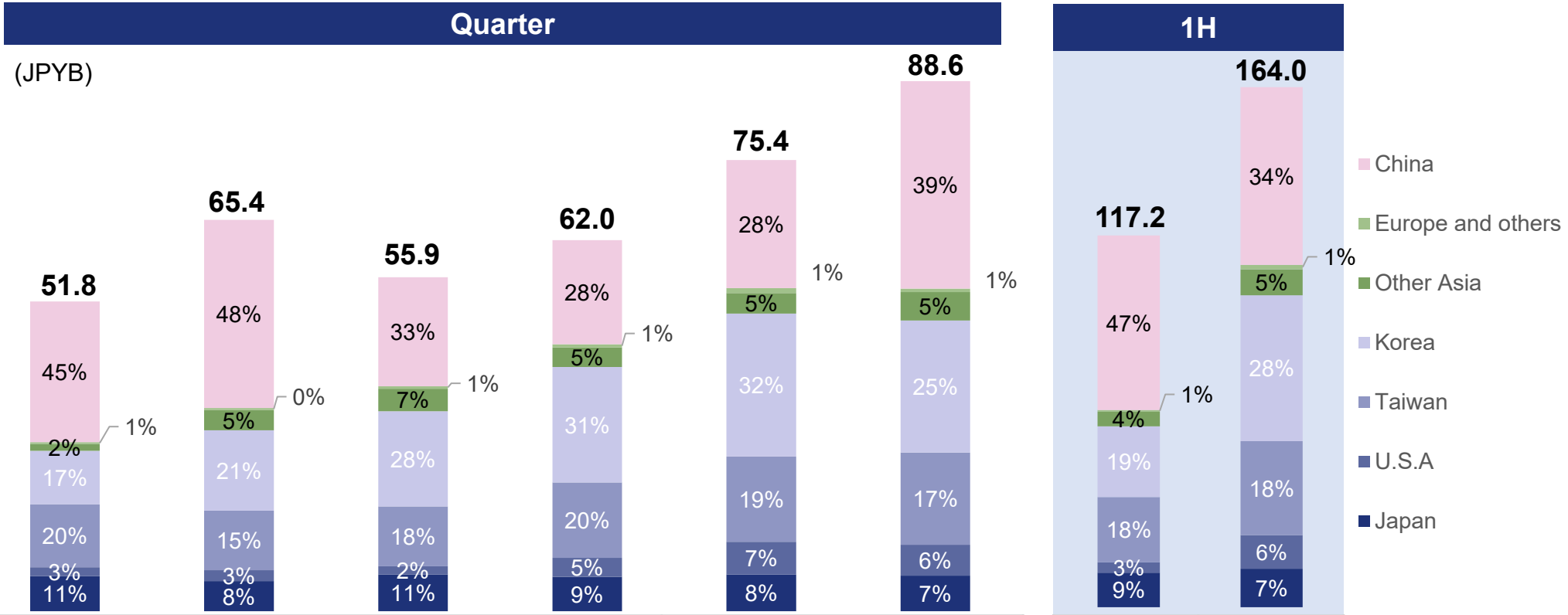
	FY26/3				FY27/3	
	1Q	2Q	3Q	4Q	1Q	2Q
Ratio of China	38%	44%	31%	26%	25%	35%

*1 Classification for non-China device manufacturers (manufacturers headquartered outside China) and China device manufacturers

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Quarterly Revenues by Destination

In 2Q, sales to all regions increased compared with YoY. In QoQ, sales to China and Taiwan increased.
In 1H, sales to all regions increased YoY, the proportion of China declined to 34%.



(JPYB)	FY26/3 1Q	FY26/3 2Q	FY26/3 3Q	FY26/3 4Q	FY27/3 1Q	FY27/3 2Q	FY26/3 1H	FY27/3 1H
For overseas	45.9	60.4	49.7	56.3	69.3	82.7	106.3	151.9
For Japan	5.9	5.0	6.2	5.8	6.2	5.9	10.9	12.1

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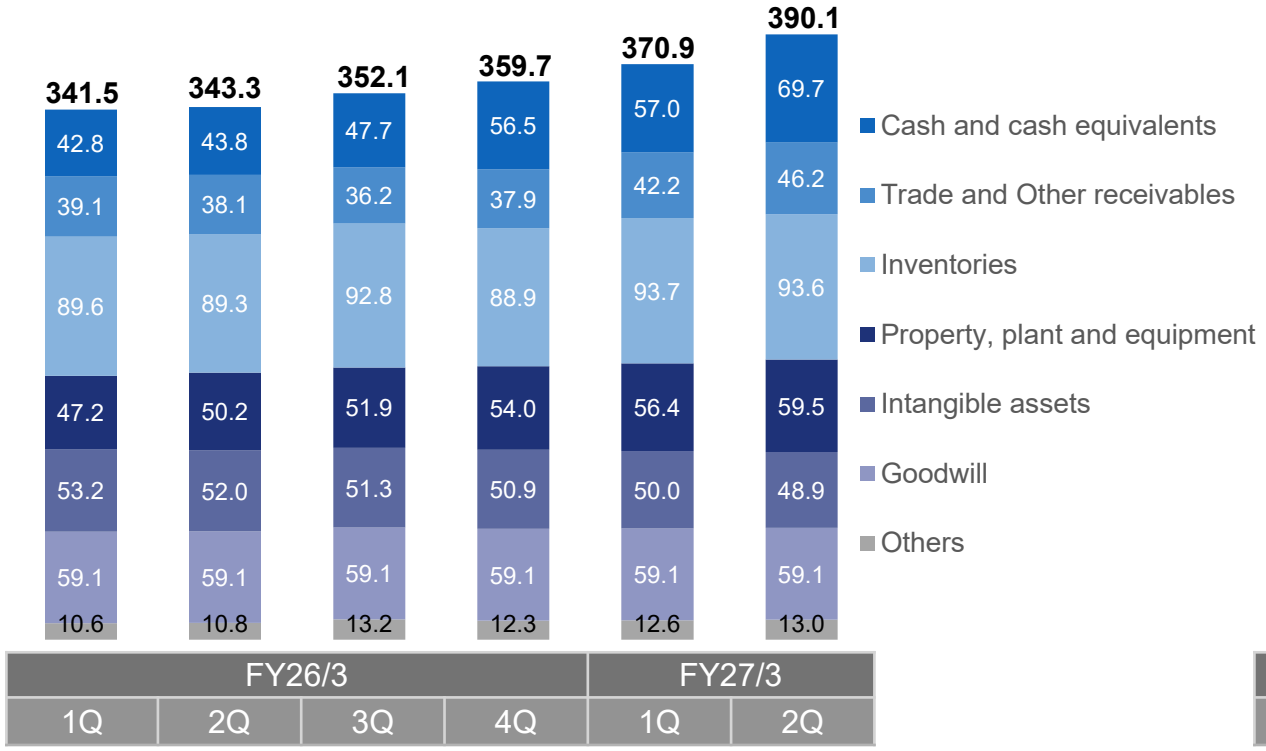
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Quarterly Balance Sheet

Total assets at the end of 2Q increased by JPY 30.4 bn from the end of the FY26/3 due to an increase in cash and cash equivalents and trade and other receivables, due to higher sales. Total equity increased by JPY 17.9 bn from the end of the FY26/3 due to an increase in retained earnings.

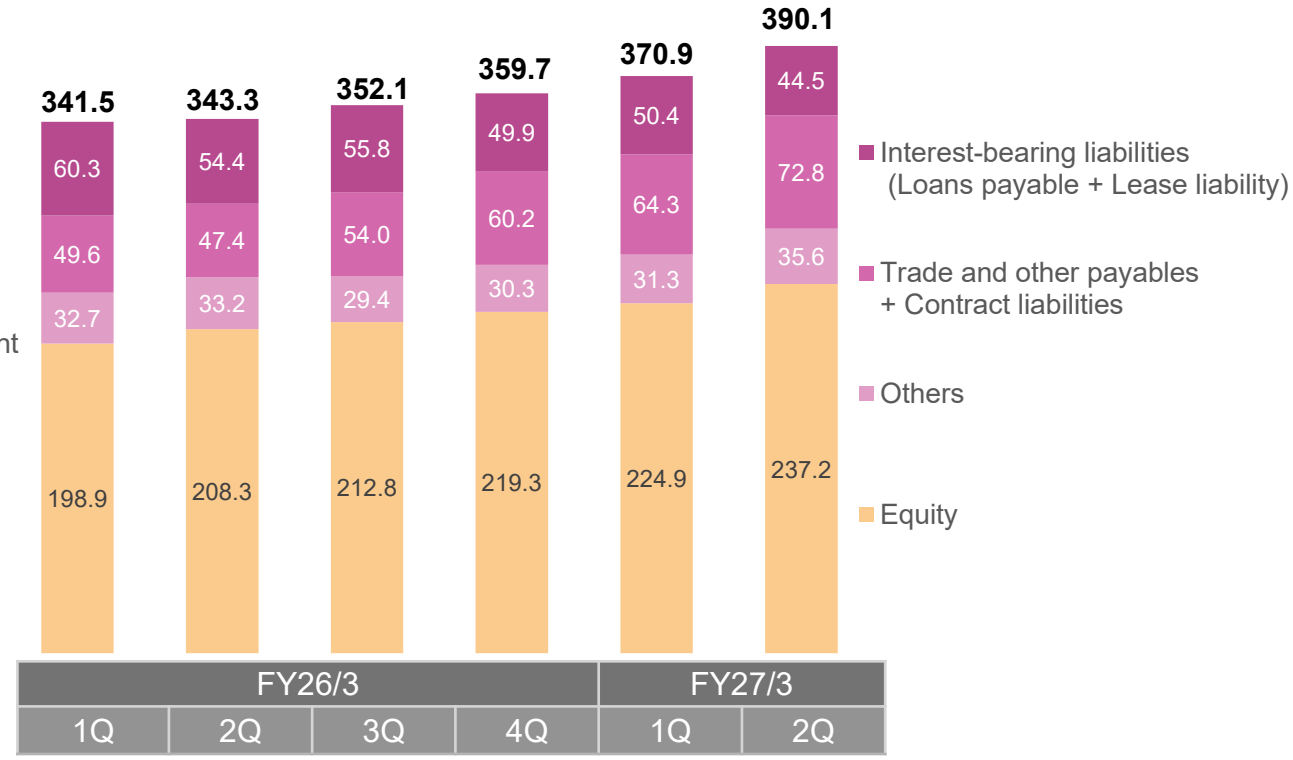
Assets

(JPYB)



Liabilities / Equity

(JPYB)



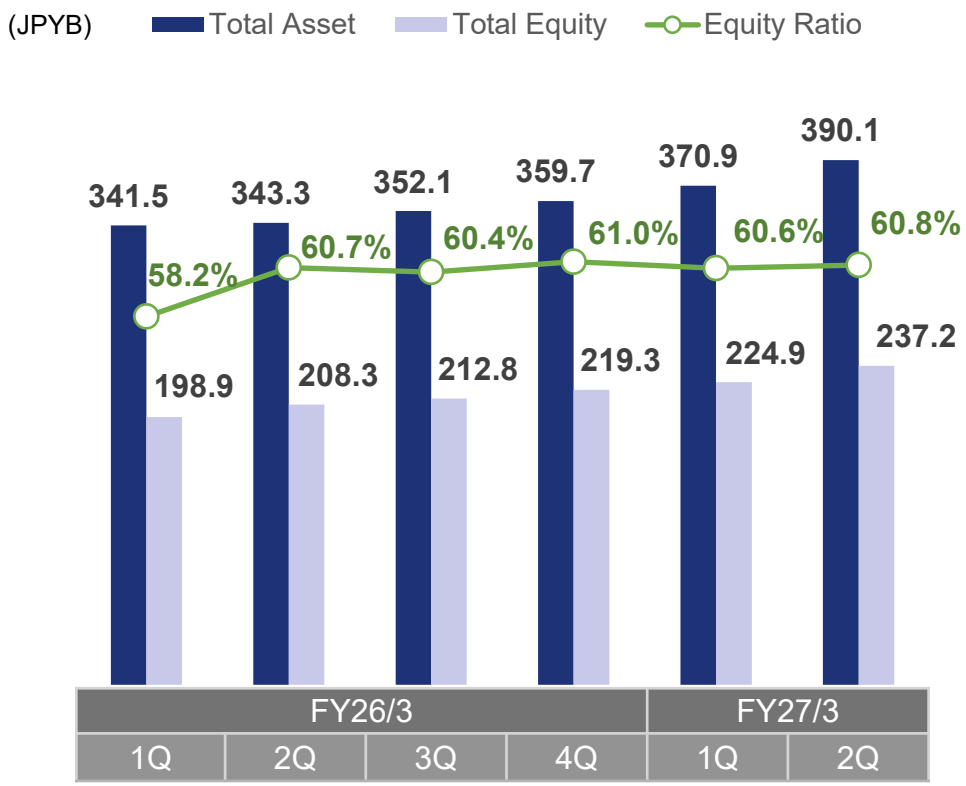
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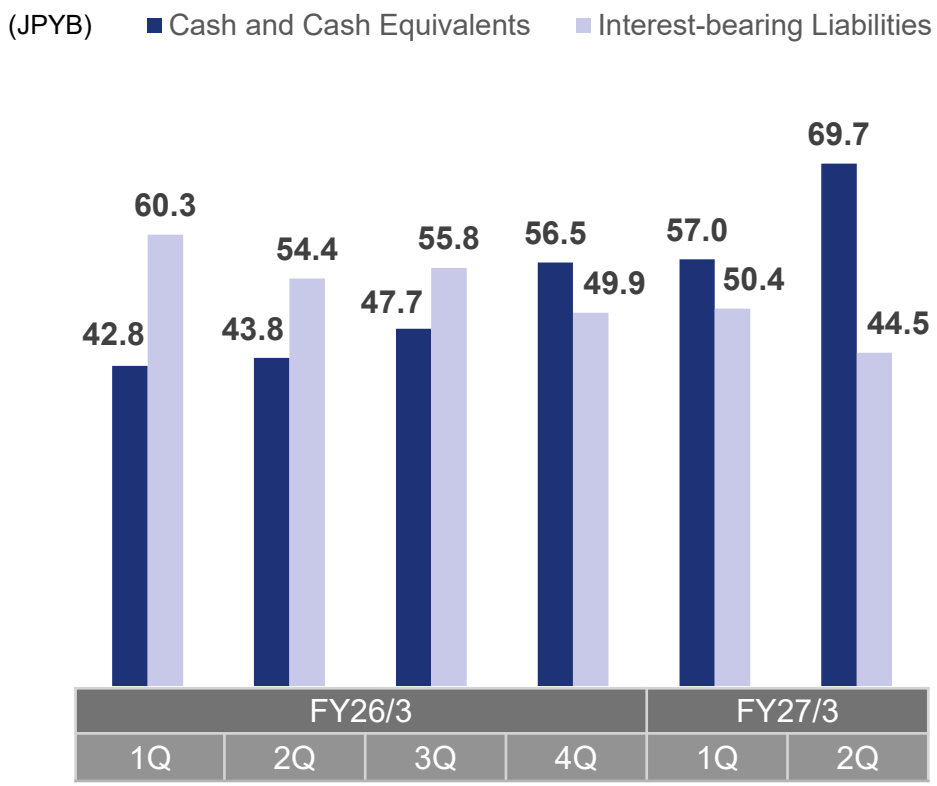
Quarterly Equity Ratio / Cash and Cash Equivalents / Interest-bearing Liabilities

The equity ratio at the end of 2Q was 60.8%, up 0.2 percentage points from the end of the previous quarter. Net cash at the end of 2Q increased JPY18.6 bn from the end of the previous quarter to JPY 25.2 bn, mainly driven by improvement in cash flows from operating activities.

Total Asset / Total Equity / Equity Ratio



Cash and Cash Equivalents / Interest-bearing Liabilities

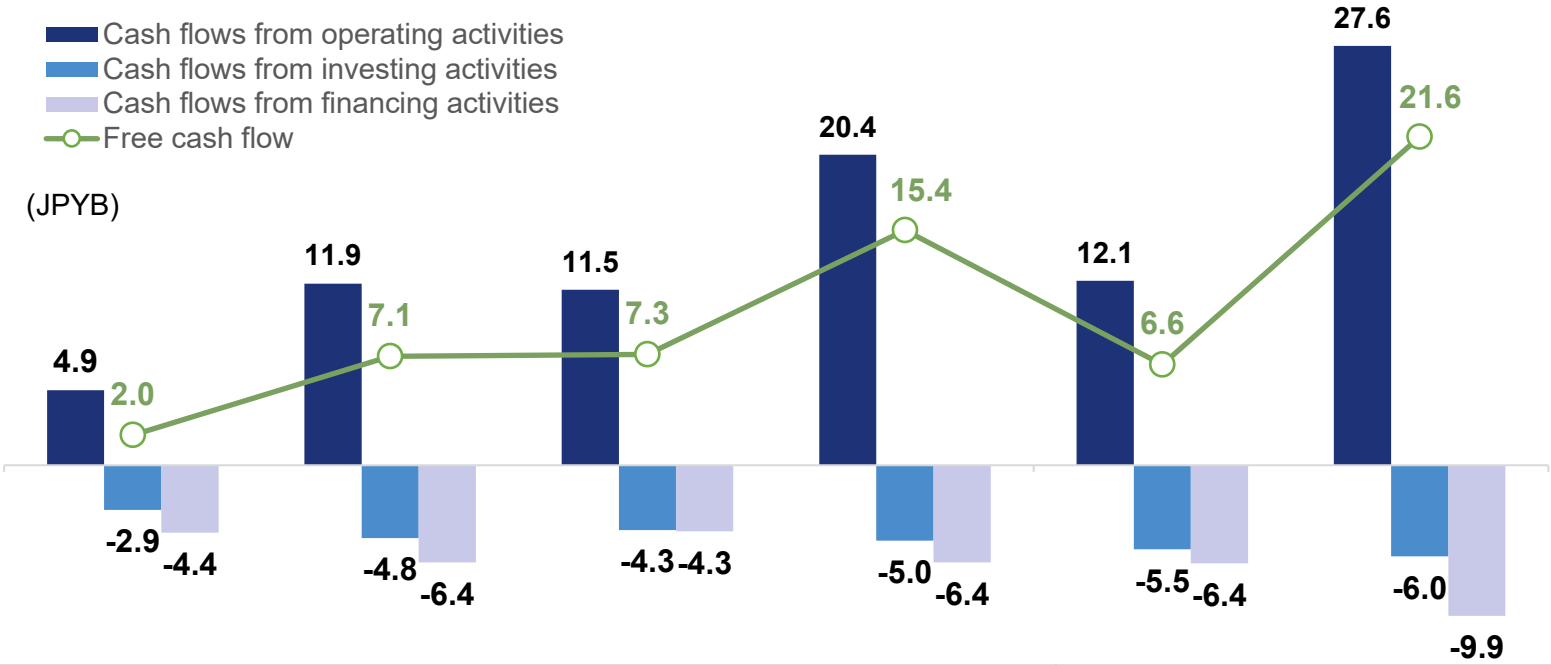


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Quarterly Cash Flows

In 2Q, cash flows from operating activities significantly exceeded cash flows from investing activities, and free cash flow amounted to JPY 21.6 bn.
Cash outflow in financing activities amounted to JPY 9.9 bn mainly due to long-term loans payable and share repurchases.



(JPYB)	FY26/3				FY27/3	
	1Q	2Q	3Q	4Q	1Q	2Q
CF from operating activities	4.9	11.9	11.5	20.4	12.1	27.6
CF from investing activities	-2.9	-4.8	-4.3	-5.0	-5.5	-6.0
CF from financing activities	-4.4	-6.4	-4.3	-6.4	-6.4	-9.9
Free CF	2.0	7.1	7.3	15.4	6.6	21.6
Cash and cash equivalents	42.8	43.8	47.7	56.5	57.0	69.7

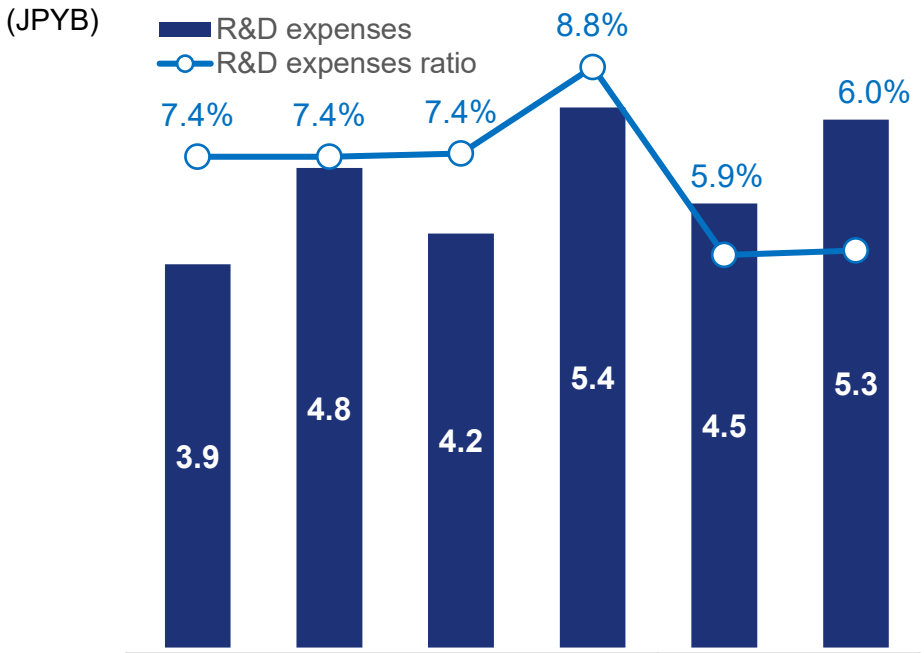
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Quarterly R&D Expenses / Capital Expenditure / Depreciation Expense

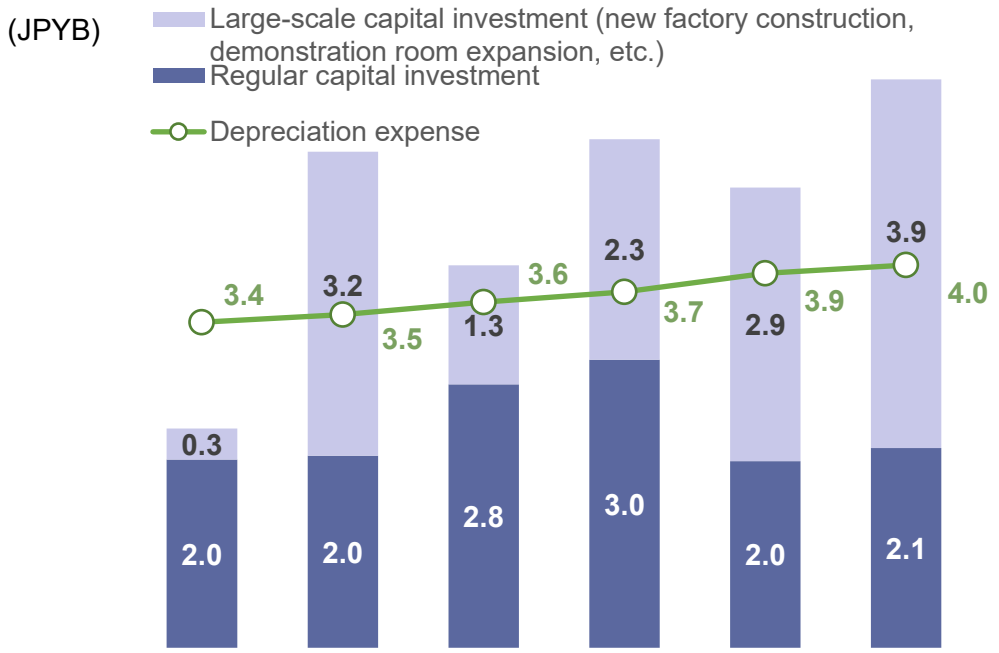
In 2Q, R&D expenses, capital expenditures, and depreciation expenses were as planned.
Progress is also expected to be as planned in 2H.

R&D Expenses



(JPYB)	FY26/3 1Q	FY26/3 2Q	FY26/3 3Q	FY26/3 4Q	FY27/3 1Q	FY27/3 2Q
R&D expenses	3.9	4.8	4.2	5.4	4.5	5.3
Ratio to revenue	*7.4%*	*7.4%*	*7.4%*	*8.8%*	*5.9%*	*6.0%*

Capital Expenditure / Depreciation Expense



(JPYB)	FY26/3 1Q	FY26/3 2Q	FY26/3 3Q	FY26/3 4Q	FY27/3 1Q	FY27/3 2Q
Capex total	2.3	5.2	4.0	5.3	4.8	6.0
Ratio to revenue	*4.4%*	*8.0%*	*7.2%*	*8.6%*	*6.4%*	*6.7%*
Depreciation	3.4	3.5	3.6	3.7	3.9	4.0
Ratio to revenue	*6.6%*	*5.3%*	*6.5%*	*6.0%*	*5.2%*	*4.5%*

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Consolidated Earnings Forecast for FY27/3

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Highlight

Summary of Consolidated Results for 2Q FY27/3

- The semiconductor device market remained at high levels for generation shift and capacity expansion investment, mainly in high-performance Logic and DRAM for AI-related applications increasing YoY. Investments for NAND are mainly focused on generation shift. The recovery in demand for customer electronics, automobiles, and industrial equipment is moderate.
- In 2Q, both revenue and profit increased YoY driven by growth in equipment sales mainly for DRAM and Logic as well as service revenue. In 1H, both revenue and profit exceeded the YoY, but the gross profit margin declined due to changes in product mix.

Consolidated Earnings Forecast for FY27/3 and Outlook for the future

- **The semiconductor device manufacturers are expected to continue rapidly accelerating capital investment, mainly for high-performance devices, toward generation shift and expanding production capacity. Also, expanding capital investment for general-purpose devices.**
- **Performance is in line with the full-year forecast revised at the release of 1Q results, and there is no change to the full-year forecast and dividend.**

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FY27/3 Earnings Forecast / Dividend Forecast (No Change)

Performance is in line with the full-year earnings and dividend forecast revised at the release of 1Q results, and there is no change to the full-year forecast and dividend.

(JPYB)	FY26/3			FY27/3			
	1H	2H	Full-year	1H	2H Forecast	Full-year forecast	YoY
Revenue	**117.2**	**117.9**	**235.1**	**164.0**	**176.0**	**340.0**	+44.6%
Gross profit	**49.5**	**47.3**	**96.8**	**68.6**	**77.6**	**146.2**	+51.0%
Gross profit margin	*42.2%*	*40.1%*	*41.2%*	*41.8%*	*44.1%*	*43.0%*	+1.8pts
Adjusted operating profit	**25.3**	**22.3**	**47.6**	**39.8**	**46.2**	**86.0**	+80.7%
Adjusted operating profit margin	*21.6%*	*18.9%*	*20.2%*	*24.3%*	*26.2%*	*25.3%*	+5.1pts
Adjusted net income	**17.4**	**16.7**	**34.1**	**28.0**	**32.1**	**60.0**	+76.0%
Adjusted net income margin	*14.8%*	*14.2%*	*14.5%*	*17.1%*	*18.2%*	*17.7%*	+3.2pts
Operating profit	**22.7**	**19.1**	**41.8**	**36.8**	**42.6**	**79.4**	+89.8%
Operating profit margin	*19.4%*	*16.2%*	*17.8%*	*22.4%*	*24.2%*	*23.4%*	+5.6pts
Income before income tax	**22.2**	**18.6**	**40.7**	**36.8**	**41.5**	**78.3**	+92.2%
Income before income tax margin	*18.9%*	*15.8%*	*17.3%*	*22.5%*	*23.6%*	*23.0%*	+5.7pts
Net income	**15.6**	**14.5**	**30.1**	**25.9**	**29.7**	**55.5**	+84.4%
Net income margin	*13.3%*	*12.3%*	*12.8%*	*15.8%*	*16.9%*	*16.2%*	+3.4pts
Dividend per share(JPY)	**18**	**19**	**37**	**32**	**33**	**65**	+28
Dividends payout ratio	—	—	*25.3%*	—	—	25.2%	-0.1pts

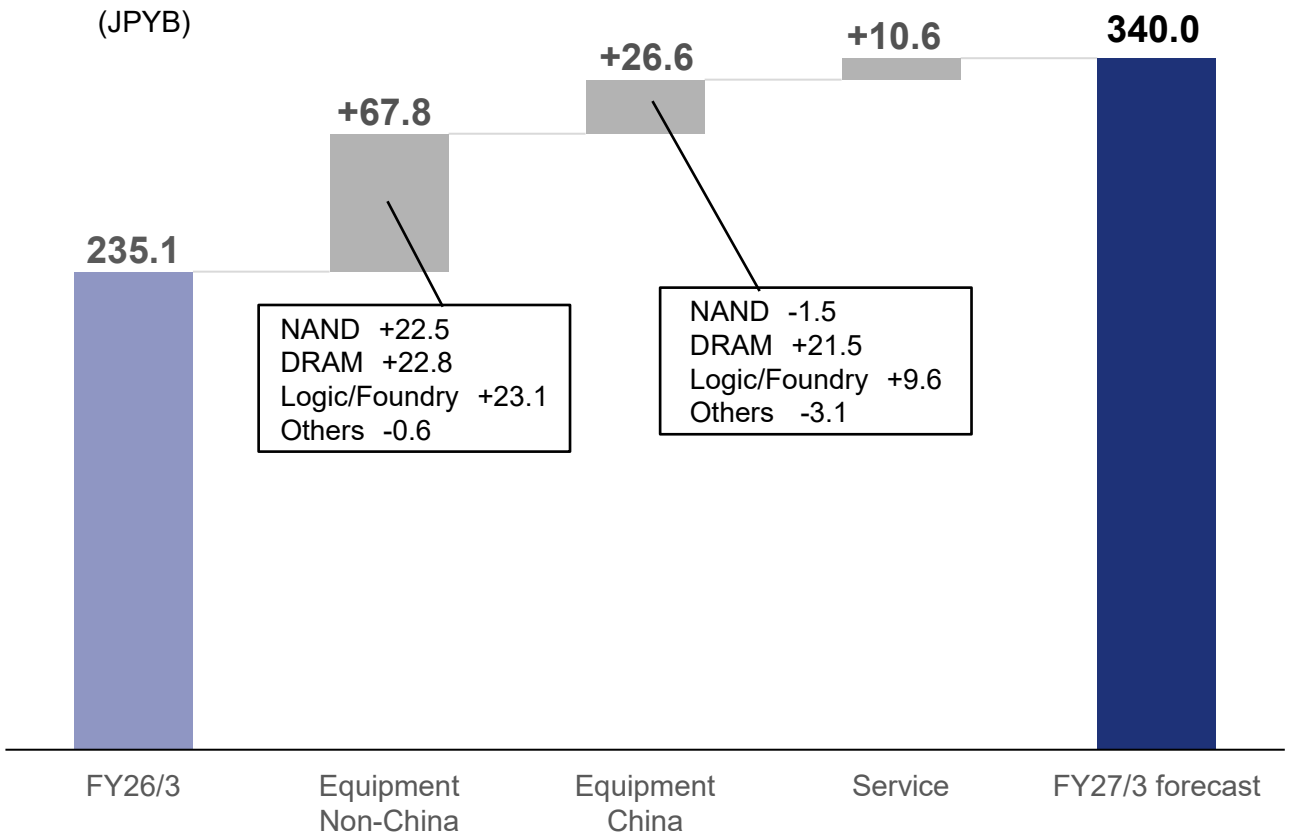
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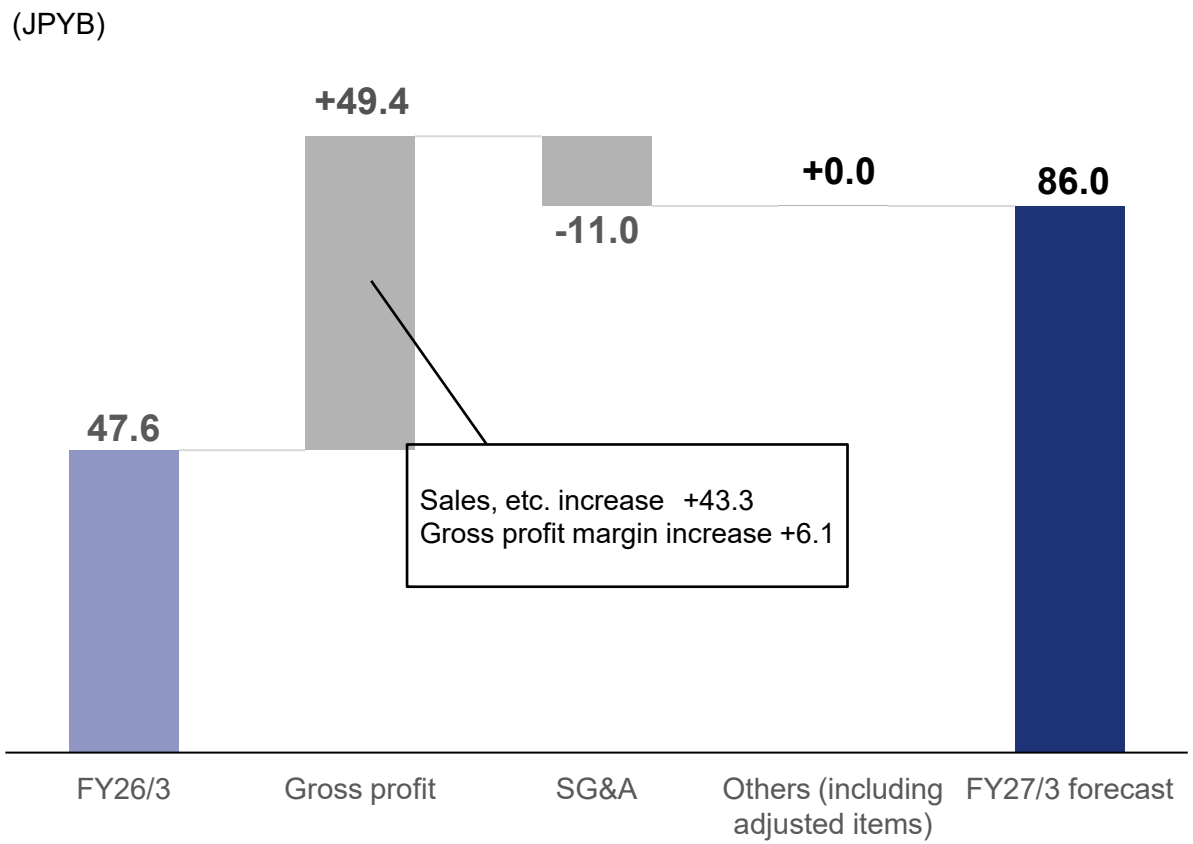
FY27/3 Earnings Forecast: Factors for YoY Change (No Change)

Revenue is expected to increase 45% YoY, driven by higher Non-China equipment sales, China equipment sales, and service sales.
Adjusted operating profit is expected to increase 81% due to higher sales and an increase in gross profit margin.

Revenue



Adjusted Operating Profit



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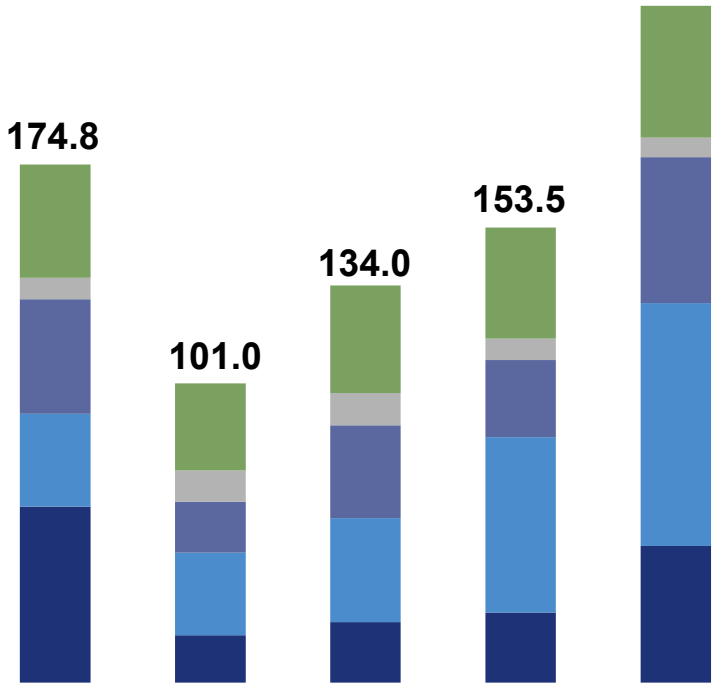
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FY27/3 Earnings Forecast: Revenues by Account*1 (No Change)

Non-China revenue is mainly due to growing demand for NAND and Logic/Foundry equipment, and is projected to increase by 49% YoY.
China revenue is mainly due to growing demand for DRAM equipment, and is projected to increase by 37% YoY.

Revenue in Non-China

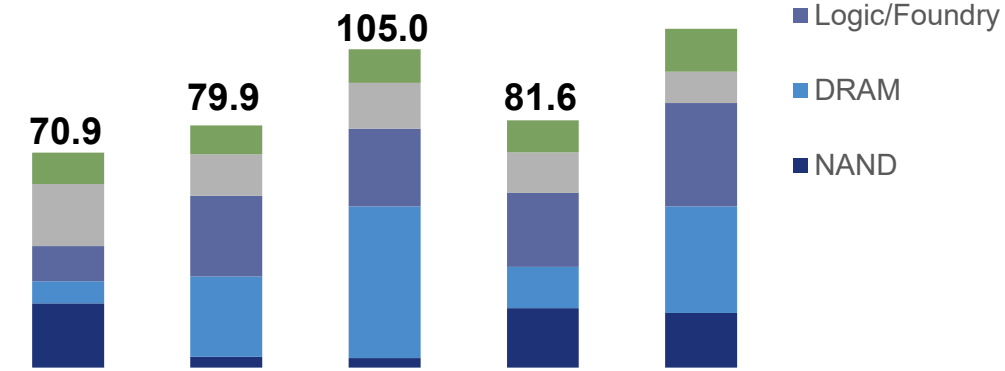
(JPYB)



	FY23/3	FY24/3	FY25/3	FY26/3	FY27/3 forecast
Ratio of Non-China	71%	56%	56%	65%	67%

Revenue in China

(JPYB)



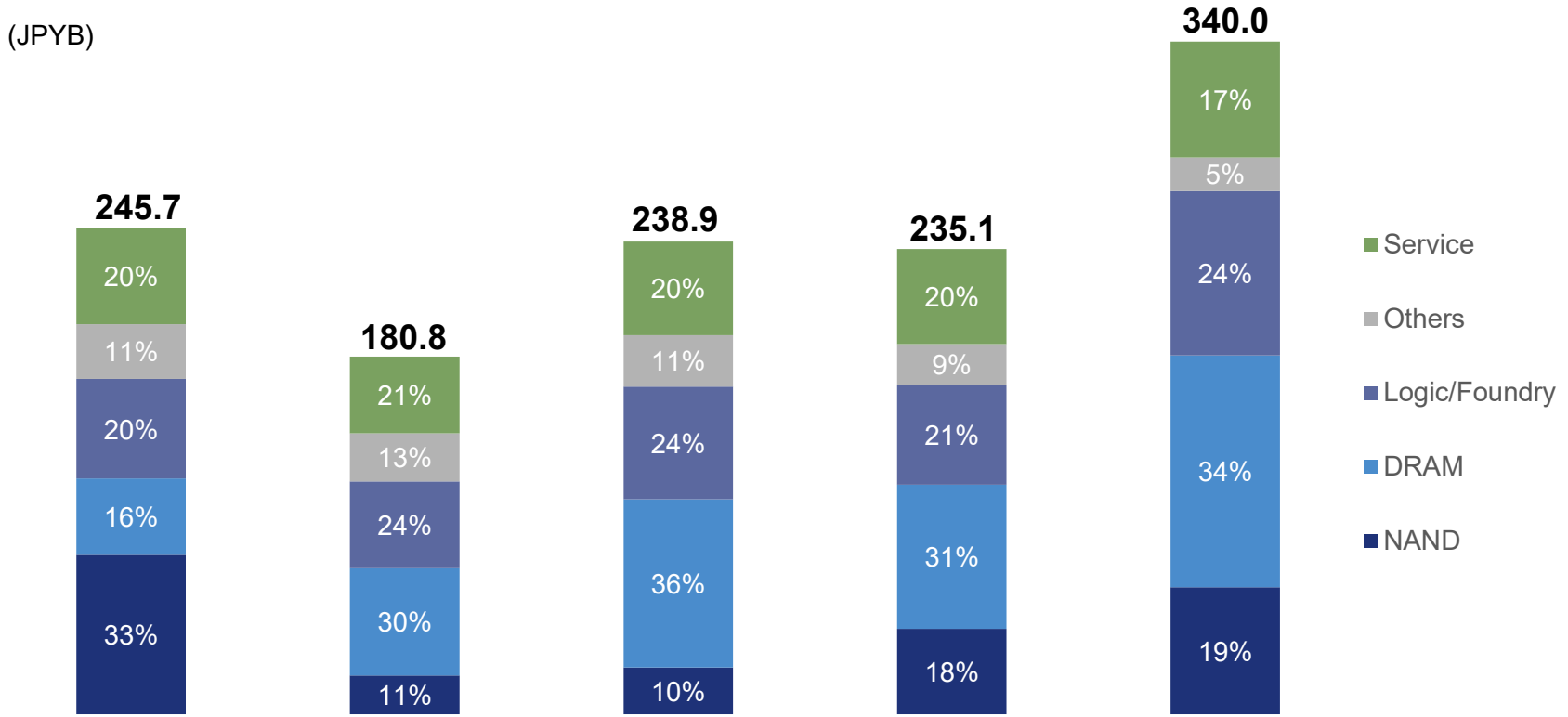
	FY23/3	FY24/3	FY25/3	FY26/3	FY27/3 forecast
Ratio of China	29%	44%	44%	35%	33%

*1 Classification for non-China device manufacturers (manufacturers headquartered outside China) and China device manufacturers

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FY27/3 Earnings Forecast: Revenues by Application (No Change)

Sales for NAND, DRAM, Logic/Foundry and the services are expected to increase by 49%, 61%, 65% and 22% YoY, respectively. The service revenue ratio is expected to be 17%.



(JPYB)	FY23/3	FY24/3	FY25/3	FY26/3	FY27/3 forecast
Service	48.5	38.8	47.2	48.0	58.6
Equipment	197.2	142.0	191.6	187.1	281.4

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Future Outlook

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Business Environment

Demand related to AI continues to strongly drive device manufacturers' capital investment, and demand for equipment for high-performance devices is expected to increase further.

Outlook for Semiconductor Device Market

- Demand related to AI continuing strongly drive capital investment by device manufacturers. Investments in high-performance devices have expanded significantly.
- Demand for non-AI-related industrial equipment is in a recovery phase.
- In the medium to long term, significant growth is expected due to a recovery in demand for electronic equipment, expansion of data centers, and investment in green transformation, etc.

Market Trends in CY2026

- DRAM and NAND have seen a sharp increase in demand and rising prices due to the expansion of the AI market
- DRAM market growing to a size comparable to that of Logic/Foundry
- Logic/Foundry continues to grow in demand, especially for advanced applications

Wafer Fab Equipment (WFE) Market

- As demand related to AI expands, demand for equipment for high-performance devices increase further.
- Demand for equipment for mature nodes is expected to recover in the future.
- With the expansion of the semiconductor device market, the semiconductor manufacturing equipment market is also expected to see significant growth over the medium to long term.

Market Outlook for CY2026(compared with CY2025)

- The entire market: More than+25%, Over $140 bn
- Equipment for NAND market: Around+25%
- Equipment for DRAM market: Around+40%
- Logic/Foundry + Other markets: Around+20%

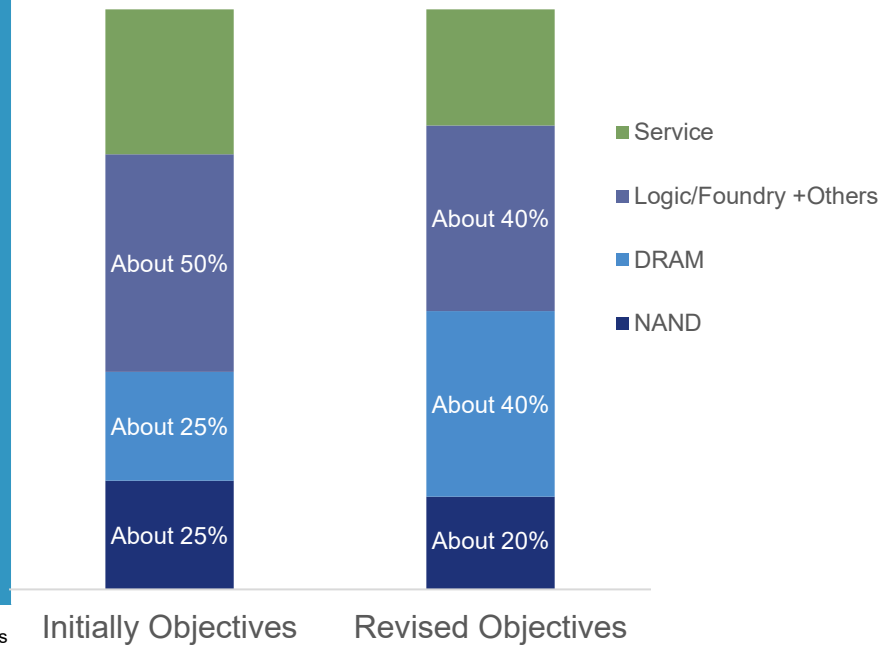
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Mid-term Objectives (No Change)

In light of the significant changes in the market environment since the formulation of the Medium-Term Management Plan in 2024, we have revised the target dates for achieving our mid-term objectives and the revenue composition ratio by application on May 13, 2026. Due to rapid growth in demand, revenue is projected to reach the target two years ahead of schedule in FY27/3. We aim to achieve the adjusted operating profit margin target in FY28/3.

	Initial Mid-term Objectives[*1]	Revised Mid-term Objectives
Time of achievement	Global Market Size for WFE > $120 Bil	~FY2029/3
Revenue	> 330.0 Bil	> 330.0 Bil
Equipment (% Revenue)	~75%	~80%
Service (% Revenue)	~25%	~20%
Adjusted OP[*2] Margin	>30%	>30%
R&D(% Revenue)	>6%	>6%
ROE (Reference)	>25%	>25%
ROIC (Reference)	>23%	>23%

composition ratio by application[*3]



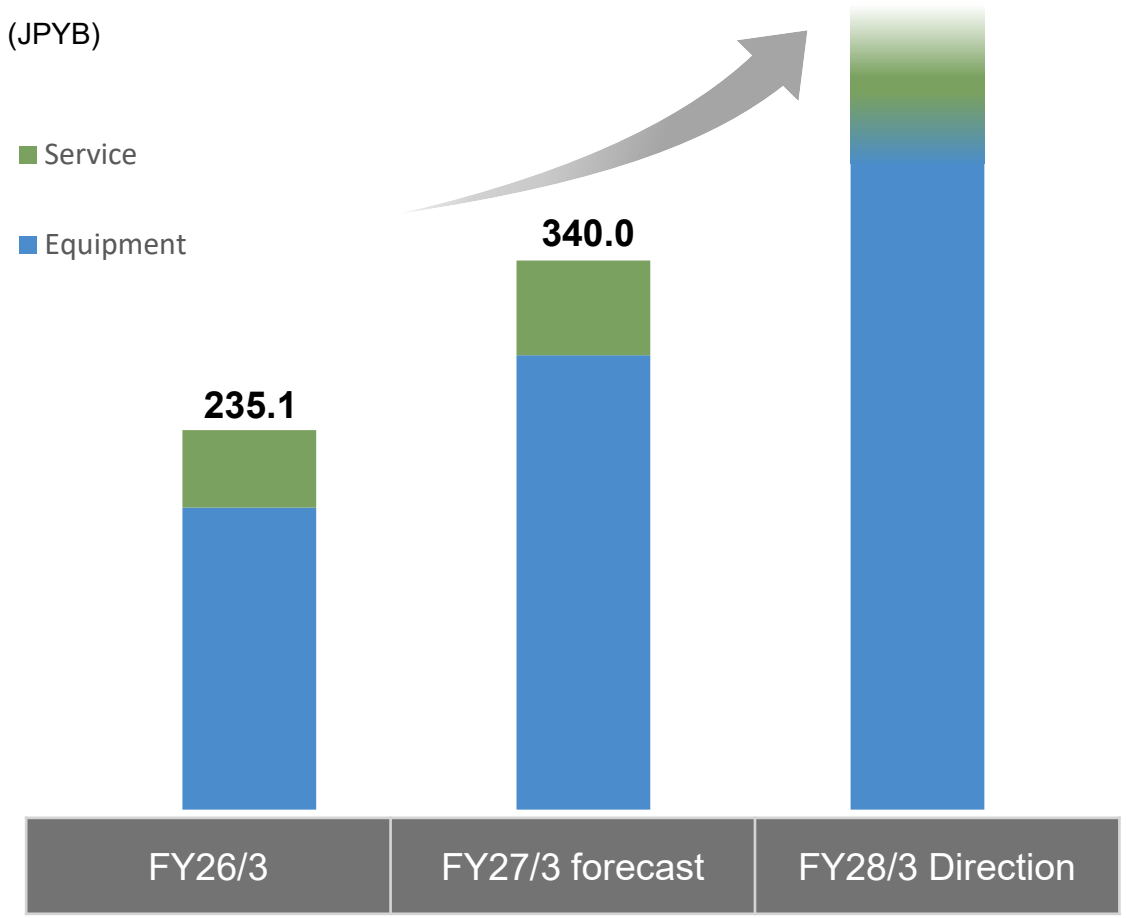
*1: Regarding the Mid-Term Objectives, the landing prospects for the Mid-to-Long Term Objectives at the current point in time are described based on the current environment and progress
*2: Adjusted Operating margin is calculated as adjusted operating margin / revenue
Adjusted Operating Profit is calculated as operating profit – other income + other expenses + purchase price allocation amortization + business restructuring expenses + stock-based compensation (except for performance-linked stock compensation).
*3: Percentage of equipment revenue

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Direction for the fiscal year ending March 2028

In the WFE market, investment in high-performance devices for AI-related applications will continue to lead the market in CY27, and we expect double-digit growth to continue. We will aim for sales growth exceeding WFE market growth in the FY March 2028.



WFE Market Outlook for CY2027
(compared with CY2026)

- The entire market: More than+30%
- The market size：Approximately $190bn
- Investment in high-performance devices for AI-related applications is driving the market

Factors behind our sales growth Beyond WFE market growth

Expanding sales of advanced equipment with a high market share

Increase in production capacity to support growth

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Direction for the fiscal year ending March 2028

We will aim to achieve our medium-term target of 30% or more for the adjusted operating profit margin, mainly by further expanding sales revenue and increasing sales of high value-added products.

Three Pillars Supporting Profit Margin Improvement

FY27/3 forecast

Adjusted operating profit margin

25.3%

1

Expanding POR for high-value-added products

Maintain and expand POR for cutting-edge devices

・POR acquisition for several generations ahead by demonstrating technological advantage.
・Promote high-value-added strategies to increase the profitability of the equipment business.

2

Growth through TAM expansion

Generation shift of semiconductor devices

・Increase in application opportunities for our high value-added equipment (batch ALD*1 compatible equipment, plasma treatment equipment) driven by the generation shift of semiconductor devices
・Contribution of acquired POR to sales and profit.

3

Expansion in production and appropriate level of SG&A

Sustained improvement in profitability

・Reduction in production costs driven by increase in operating rate.
・Increase in production capacity driven by improvement in production efficiency.
・Reduction in SG&A expense ratio.

Full-year target for FY28/3

Adjusted operating profit margin

>30%

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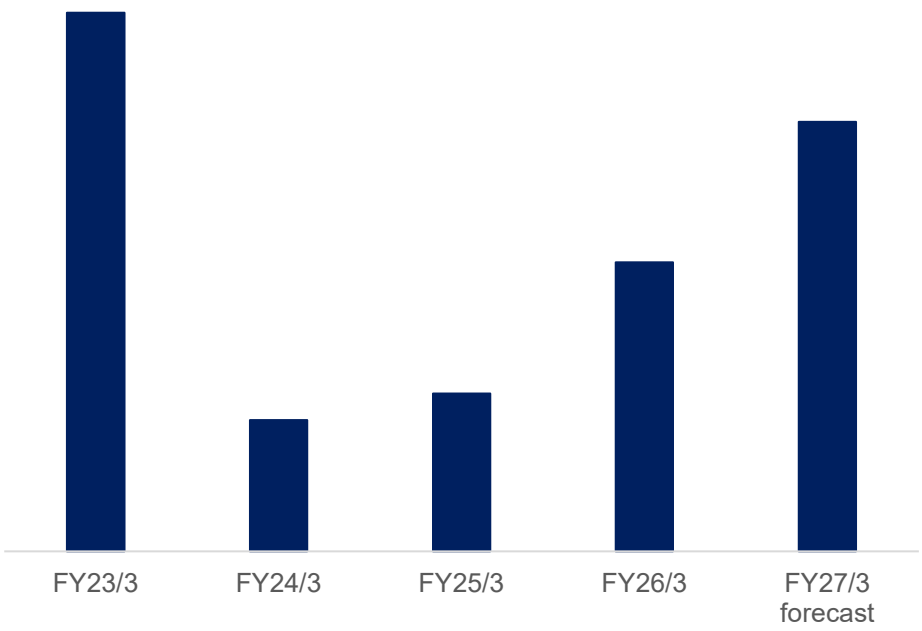
*1 We refer to a technique for thin-film deposition at an atomic layer level involving a process of cyclical supply of multiple gases as “ALD”.

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Current Status and Outlook for Equipment Business for NAND

As device generations advance, batch ALD*1 compatible deposition equipment used in each process evolves from large-batch to mini-batch.

Equipment revenue for NAND



3D NAND	2025	2026	2027	2028	2029
	Multi-layering				
	～200 layers		200～500 layers		500 layers～
Blocking Layer	✓✓✓✓✓		✓✓✓✓		✓✓✓✓
Charge Trap Layer	✓✓✓✓✓		✓✓✓✓✓		✓✓✓✓✓
Tunnel Dielectric	✓✓✓✓✓		✓✓✓✓✓		✓✓✓✓✓
Channel Si	✓✓		✓✓		✓✓
Blocking Metal Oxide A	✓		✓✓✓		✓✓✓✓
Barrier Metal A	✓		✓		✓
Treatment	✓✓✓		✓✓✓		✓✓✓

✓:POR Received ✓: POR Target

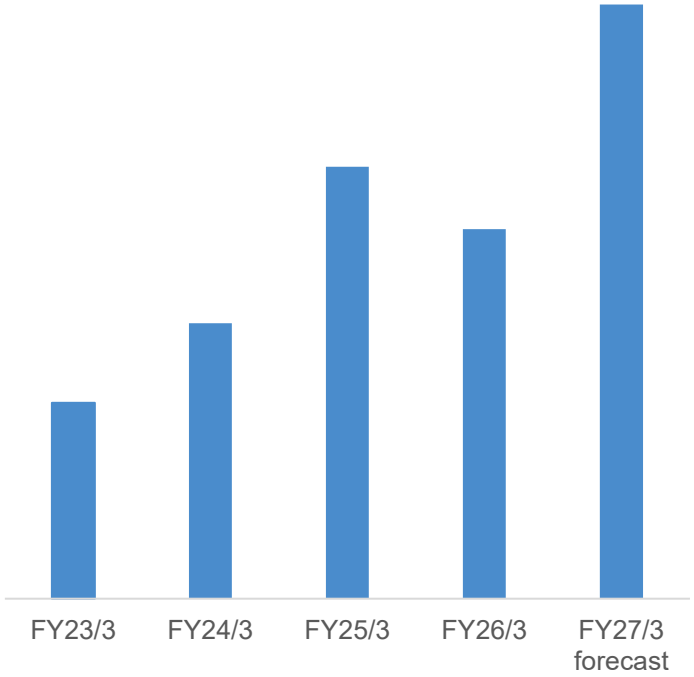
*1 We refer to a technique for thin-film deposition at an atomic layer level involving a process of cyclical supply of multiple gases as “ALD”.

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Current Status and Outlook for Equipment Business for DRAM

As device generations advance, the number of PORs increase. Model change of large-batch ALD*1 compatible deposition equipment are also progressing, raising expectations for the adoption of mini-batch ALD *1 compatible deposition equipment in 3D DRAM.

Equipment revenue for DRAM



Advanced 2D DRAM	2021	2023	2026	2027	2028~
	Miniaturization and Complexity >> three-dimensional				
	D1a	D1b	D1c	D1d	From D0a onward
bWL	✓✓✓✓	✓✓✓✓	✓✓✓✓	✓✓✓✓✓	✓✓✓✓✓
└ Treatment	—	—	—	✓✓✓	✓✓✓✓
Top Electrode	✓	✓	✓✓✓	✓✓✓✓	✓✓✓
Bottom Electrode	✓	✓✓✓	✓✓✓	✓✓✓✓	✓✓✓✓✓
└ Treatment	✓	✓✓✓	✓✓✓	✓✓✓✓	✓✓✓✓
Capacitor Support	—	—	✓	✓	✓
Gapfill	✓✓✓✓	✓✓✓✓	✓✓✓✓✓	✓✓✓✓✓	✓✓✓✓
Contact	✓	✓	✓	✓✓✓	✓✓✓

✓:POR Received ✓: POR Target

*1 We refer to a technique for thin-film deposition at an atomic layer level involving a process of cyclical supply of multiple gases as “ALD”.

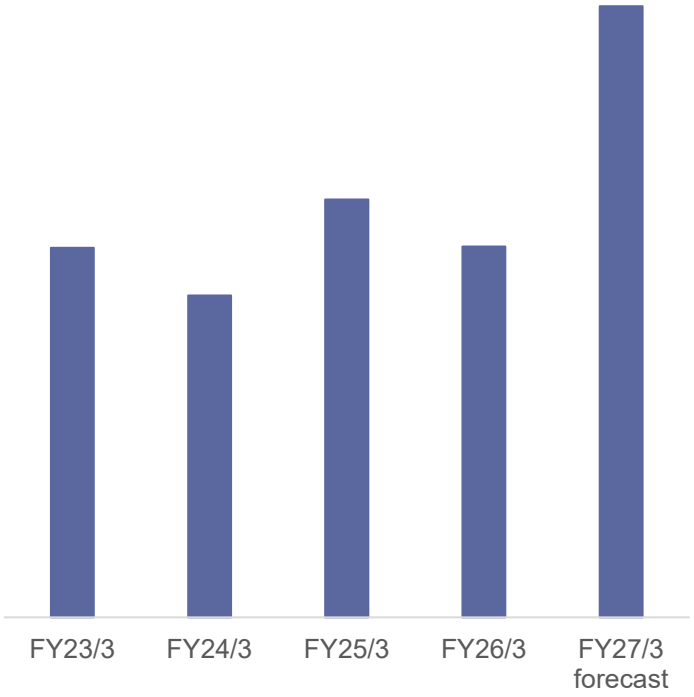
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Current Status and Outlook for Equipment Business for Logic/Foundry

The number of PORs has increased significantly as device generations have advanced, driven by the acquisition of PORs for technically challenging GAA deposition processes.

Further expansion of equipment sales for advanced package and recovery in demand for mature nodes is also expected.

Equipment revenue for Logic/Foundry



Logic	2024	2025	2027	2028	2031
	Complexity >> three-dimensional				
	FinFET	GAA(2nm)	GAA(1.4nm)	GAA(1.0nm)	CFET(0.7nm)
Gate Spacer	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓
Inner Spacer	–	✓✓✓	✓✓✓	✓✓✓✓✓	✓✓✓✓✓
Hard Mask*1	–	✓	✓✓✓	✓✓✓	✓✓✓
Gapfill1	–	–	✓✓✓	✓✓✓✓✓	✓✓✓✓✓
Gapfill2	–	–	–	–	✓✓✓✓✓
Treatment	–	–	–	✓✓✓✓✓	✓✓✓✓✓

*1 Hard Mask for Nano sheet protection

✓ : POR Received ✓ : POR Target

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Production System

We are responding flexibly to the rapid growth of the WFE market by making maximum use of the three existing sites. We will gradually increase operating hours, personnel, and production space and increase production capacity in stages in line with demand.

Current production system

Operating rate at existing 3 sites
70 - 80%



Toyama Factory



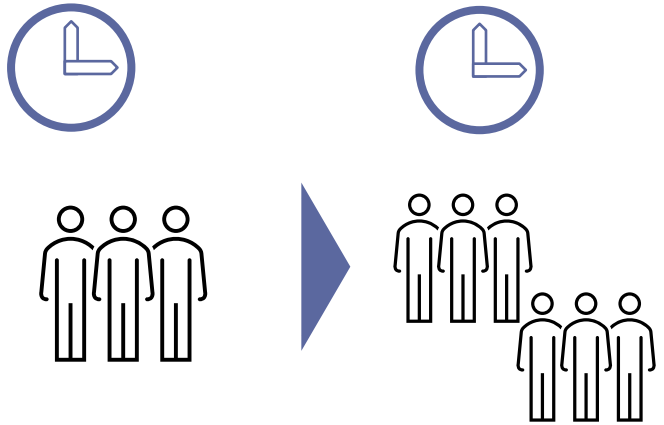
Tonami Factory



Cheonan Factory

Expansion of shift system

Ramp up personnel and operating hours to meet demand



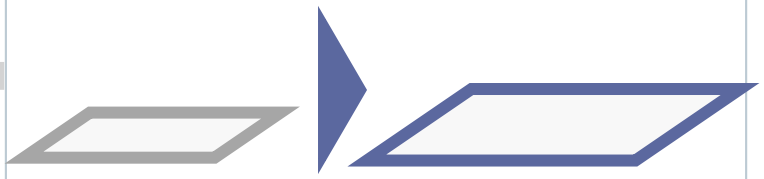
Gradually increase to 2.5 shift system

Increase personnel

Extended operating hours

Expansion of production space

Expand clean rooms to secure additional production space



Increase production space at Tonami Factory

Utilize existing buildings

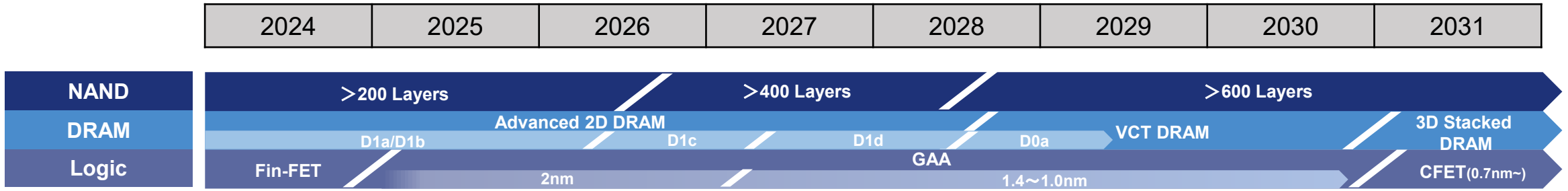
Gradual reinforcement

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Summary

The opportunities for application of high-value-added products will expand as semiconductor device structures become multilayered, more miniaturized, complex and three-dimensional. We aim to achieve sustained business expansion our business at a rate that exceeds market growth by leveraging our technological advantages.



Short-term - Mid-term

Long-term

Our Catalyst

■ NAND
- Increase in demand for high value-added products driven by continuation of generation shift investment (short term: 200 - 400 layers; medium term: 400 - 600 layers)
- Investment in scaling up production expected driven by growing AI demand.

■ DRAM
- Continuing investment for generation shift and scaling up production (short term: growth in AI demand; medium term: expansion of investment in D1d - VCT DRAM), opportunities for application of high-value-added products are expanding.

■ Logic/Foundry + Others
- Investments for the generation shift and capacity expansion continues (short term: Investment in Fin-FET 3nm and GAA 2nm driven by growth in AI demand; medium term: expansion of investment in GAA1.4nm – CFET), opportunities for application of high-value-added products are expanding.
- As the advanced packaging market expands, use of film formation technology with competitive advantages in that field with new POR acquisition.
- Further expansion of the service business is expected as the installed base grows due to increased shipments and service prices rise.

■ NAND
- Demand is expanding due to the transition to 600-plus-layer generations and increased investment aimed at expanding production capacity.

■ DRAM
- Growing demand driven by the transition to VCT DRAM and 3D-stacked DRAM, as well as increased investment aimed at expanding production capacity.

■ Logic/Foundry+Others
- Growth in demand driven by the generation shift to CFET and increasingly active investment aimed at expanding production capacity.
- Expansion of the advanced packaging field and development of new demand.

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Appendix

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Key Activities for 2Q FY27/3

Business Activities

- Bonding Mechanism Discovered Between “Self-Activated” Thin Films that Enable Wafer Bonding Without Surface Pre-treatment in collaboration with Yokohama National University.(Sep. 2026)
- Exhibit at SEMICON® TAIWAN 2026 and SEMICON® India 2026.（Sep. 2026）
- Exhibit at ICSCRM 2026.（Sep. 2026）
- A poster presentation coauthored with Shinshu University has held at the 39th Computational Mechanics Conference.(Sep. 2026)
- Sponsorship for the 87th JSAP Autumn Meeting 2026.(Sep. 2026)
- Academic Paper by Our Employee Published in Applied Physics Letter, a Leading Jounal in Applied Physics.(Jul. 2026)

ESG Initiatives

- Published the 2026 Integrated Report (Japanese Ver.).(Sep.2026)
- Sponsorship for "Owara Kaze-no-Bon" Festival in Yatsuo, Toyama. (Sep. 2026)
- Selected as Constituents of MSCI ESG Investment Indexes: MSCI Nihonkabu ESG Select Leaders Index, the MSCI Japan ESG Select Leaders Index, and the MSCI Japan Empowering Women Index(WIN).(Jul. 2026)
- Achieved an “AA” rating in MSCI’s ESG Ratings for the second consecutive year.(Jul.2026)
- Joined the GX Future League to strength initiatives to reduce environmental impact.(Jul.2026)

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Sponsorship for
"Owara Kaze-no-Bon" Festival



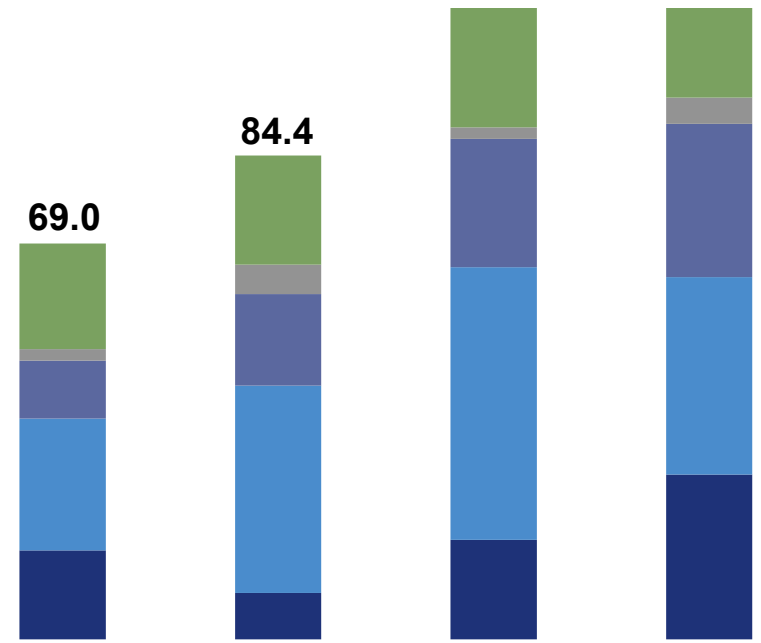
Integrated Report 2026
(Japanese Ver.)

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FY27/3 Earnings Forecast: Revenues by Account[*1] and 1H/2H

Revenue in Non-China

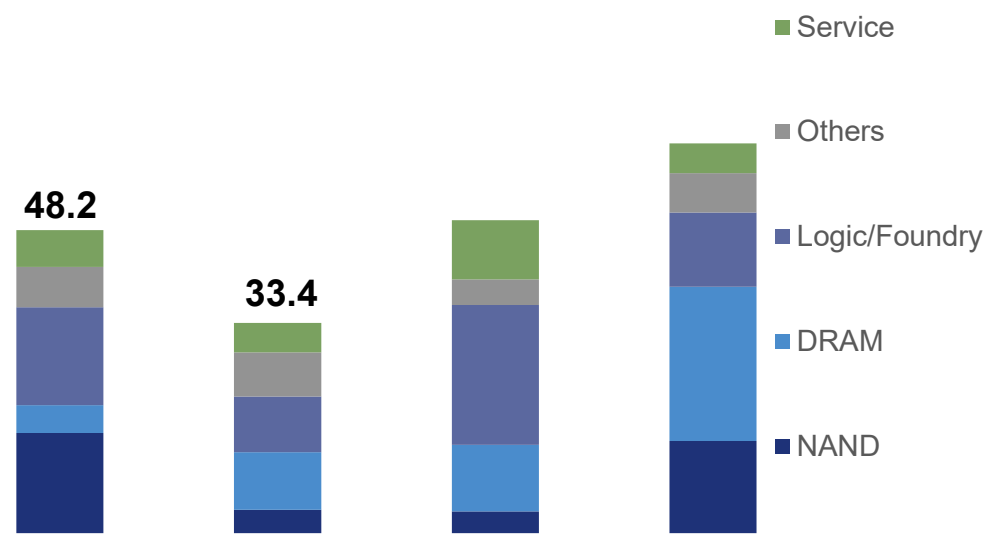
(JPYB)



	FY26/3 1H	FY26/3 2H	FY27/3 1H	FY27/3 2H forecast
Ratio of Non-China	59%	72%	70%	65%

Revenue in China

(JPYB)



	FY26/3 1H	FY26/3 2H	FY27/3 1H	FY27/3 2H forecast
Ratio of China	41%	28%	30%	35%

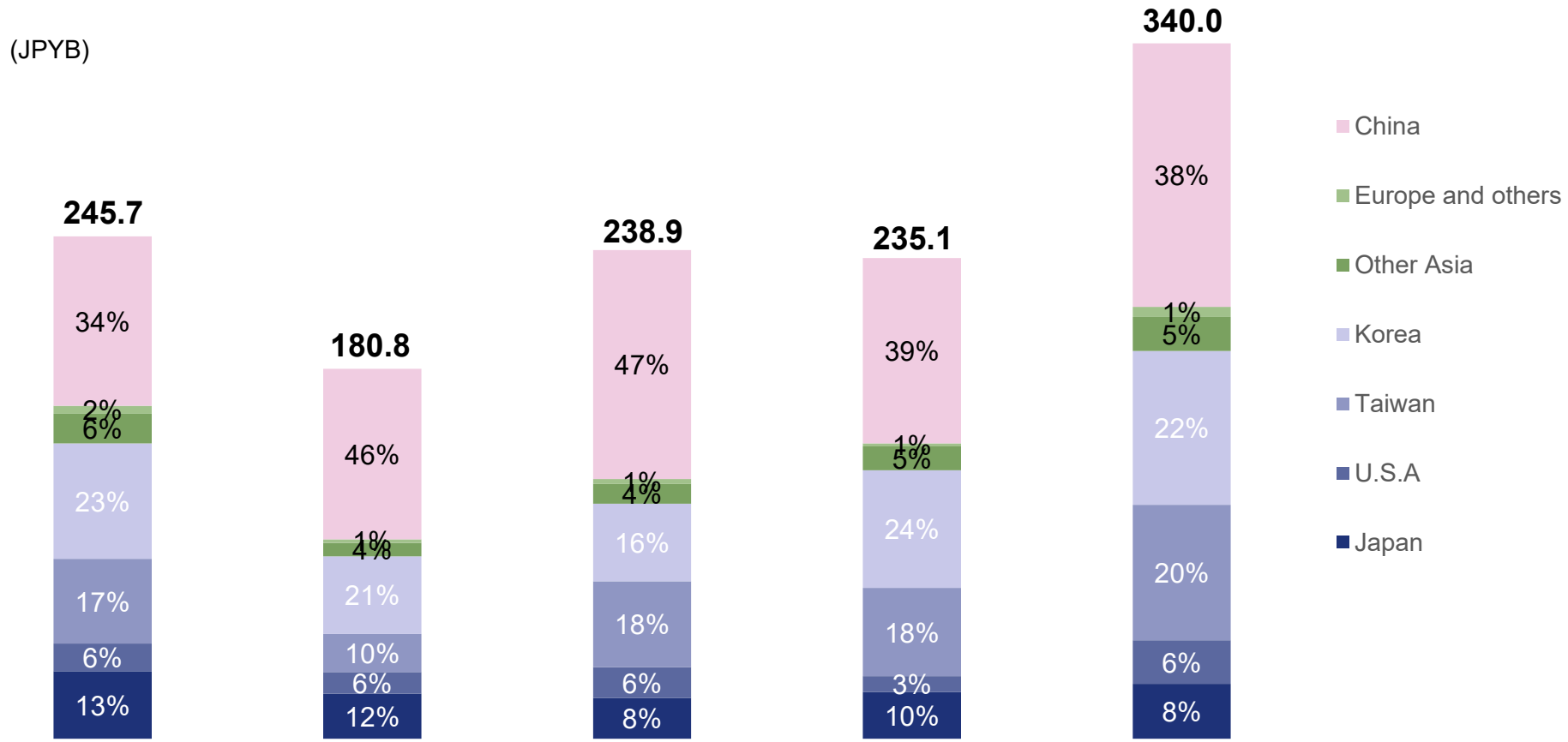
*1 Classification for non-China device manufacturers (manufacturers headquartered outside China) and China device manufacturers

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FY27/3 Earnings Forecast: Revenues by Destination (No Change)

Revenue in all regions is expected to increase YoY. The ratio of revenue in China is expected to be 38%.



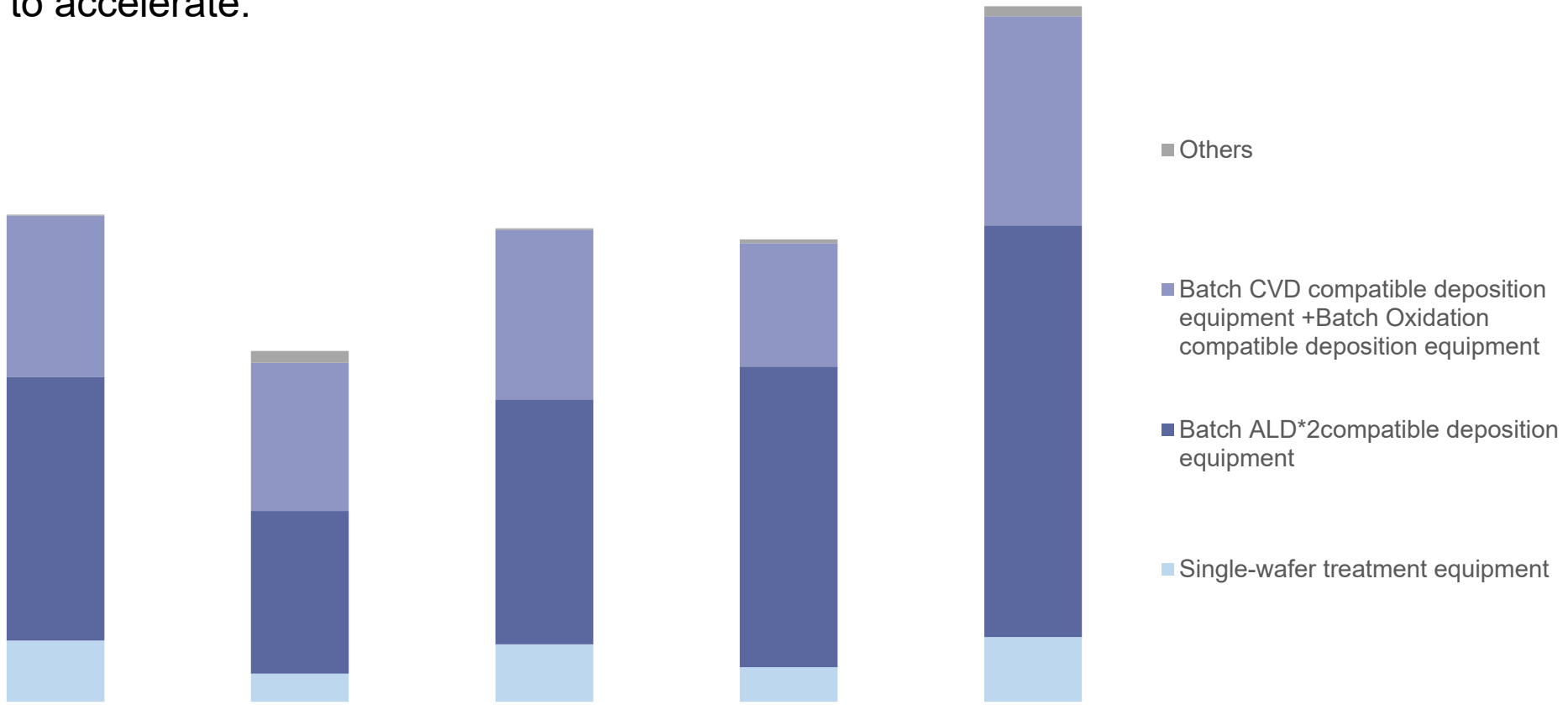
	FY23/3	FY24/3	FY25/3	FY26/3	FY27/3 forecast
For overseas	87%	88%	92%	90%	92%
For Japan	13%	12%	8%	10%	8%

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FY27/3 Earnings Forecast: Revenues by Equipment (No Change)

The ratio of high value-added equipment*1 for the FY27/3 is expected to be 68%. With future device generational changes, the introduction of the Batch ALD *2 compatible deposition equipment and single-wafer treatment equipment is expected to accelerate.



	FY23/3	FY24/3	FY25/3	FY26/3	FY27/3 forecast
Ratio of high value-added equipment*1	67%	54%	64%	73%	68%

*1 The ratio of high value-added product is the combined ratio of batch ALD-compatible equipment and single-wafer treatment equipment.
*2 We refer to a technique for thin-film deposition at an atomic layer level involving a process of cyclical supply of multiple gases as “ALD”.

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Income Statement, R&D Expenses, Capex and D&A expenses

(JPYM)	FY26/3 1Q	FY26/3 2Q	FY26/3 1H	FY26/3 3Q	FY26/3 4Q	FY26/3 Full-year	FY27/3 1Q	FY27/3 2Q	FY27/3 1H
Revenue	**51,789**	**65,416**	**117,205**	**55,852**	**62,021**	**235,079**	**75,414**	**88,629**	**164,043**
Gross profit	**22,220**	**27,277**	**49,497**	**22,883**	**24,430**	**96,810**	**30,678**	**37,967**	**68,645**
Gross profit margin	*42.9%*	*41.7%*	*42.2%*	*41.0%*	*39.4%*	*41.2%*	*40.7%*	*42.8%*	*41.8%*
Adjusted operating profit	**10,902**	**14,439**	**25,341**	**11,290**	**10,965**	**47,596**	**17,371**	**22,467**	**39,838**
Adjusted operating profit margin	*21.1%*	*22.1%*	*21.6%*	*20.2%*	*17.7%*	*20.2%*	*23.0%*	*25.3%*	*24.3%*
Adjusted net income	**7,598**	**9,785**	**17,383**	**8,292**	**8,420**	**34,095**	**12,548**	**15,424**	**27,972**
Adjusted net income margin	*14.7%*	*15.0%*	*14.8%*	*14.8%*	*13.6%*	*14.5%*	*16.6%*	*17.4%*	*17.1%*
Operating profit	**9,717**	**12,993**	**22,710**	**9,809**	**9,317**	**41,836**	**15,926**	**20,888**	**36,814**
Operating profit margin	*18.8%*	*19.9%*	*19.4%*	*17.6%*	*15.0%*	*17.8%*	*21.1%*	*23.6%*	*22.4%*
Income before income tax	**9,322**	**12,840**	**22,162**	**9,412**	**9,165**	**40,739**	**15,742**	**21,093**	**36,835**
Income before income tax margin	*18.0%*	*19.6%*	*18.9%*	*16.9%*	*14.8%*	*17.3%*	*20.9%*	*23.8%*	*22.5%*
Net income	**6,776**	**8,782**	**15,558**	**7,264**	**7,277**	**30,099**	**11,558**	**14,343**	**25,901**
Net income margin	*13.1%*	*13.4%*	*13.3%*	*13.0%*	*11.7%*	*12.8%*	*15.3%*	*16.2%*	*15.8%*
R&D expenses	**3,851**	**4,821**	**8,672**	**4,159**	**5,427**	**18,258**	**4,462**	**5,305**	**9,767**
Capital expenditures	**2,302**	**5,208**	**7,510**	**4,015**	**5,337**	**16,862**	**4,830**	**5,967**	**10,797**
Depreciation and amortization	**3,417**	**3,498**	**6,915**	**3,629**	**3,734**	**14,279**	**3,931**	**4,017**	**7,948**

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Reconciliation of Adjusted Items

(JPYM)	FY26/3 1Q	2Q	1H	3Q	4Q	Full-year	FY27/3 1Q	2Q	1H
Operating profit	**9,717**	**12,993**	**22,710**	**9,809**	**9,317**	**41,836**	**15,926**	**20,888**	**36,814**
Other income	-304	-83	-387	-70	-51	-508	-56	-120	-176
Other expenses	18	53	71	74	223	368	21	213	234
(Adjustments)									
Purchase price allocation amortization*1	1,476	1,476	2,952	1,477	1,476	5,905	1,476	1,476	2,952
Business restructuring expenses	-	-	-	-	-	-	4	10	14
Stock-based compensation (except for performance-linked stock compensation)	-5	-	-5	-	-	-5	-	-	-
Total adjustments	1,471	1,476	2,947	1,477	1,476	5,900	1,480	1,486	2,966
Adjusted Operating Profit	**10,902**	**14,439**	**25,341**	**11,290**	**10,965**	**47,596**	**17,371**	**22,467**	**39,838**

Net income	**6,776**	**8,782**	**15,558**	**7,264**	**7,277**	**30,099**	**11,558**	**14,343**	**25,901**
Other income	-304	-83	-387	-70	-51	-508	-56	-120	-176
Other expenses	18	53	71	74	223	368	21	213	234
(Adjustments)									
Purchase price allocation amortization*1	1,476	1,476	2,952	1,477	1,476	5,905	1,476	1,476	2,952
Business restructuring expenses	-	-	-	-	-	-	4	10	14
Stock-based compensation (except for performance-linked stock compensation)	-5	-	-5	-	-	-5	-	-	-
Tax adjustment to total adjustments	-363	-443	-806	-453	-505	-1,764	-455	-498	-953
Adjusted Net Income	**7,598**	**9,785**	**17,383**	**8,292**	**8,420**	**34,095**	**12,548**	**15,424**	**27,972**

*1: The book value of technology-related assets as of the end of FY26/3 was JPY 5.649 bn, with a remaining amortization period of two years
The book value of customer-related assets was JPY 38.740 bn at the end of FY26/3, with a remaining amortization period of 12 years

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Balance Sheet and Key Financial Indicators

			(JPYM)	FY26/3 End of 1Q	FY26/3 End of 2Q	FY26/3 End of 3Q	FY26/3 End of 4Q	FY27/3 End of 1Q	FY27/3 End of 2Q
Assets	Current Assets	Cash and cash equivalents		42,766	43,806	47,728	56,543	56,974	69,749
		Trade and other receivables		39,087	38,066	36,152	37,941	42,223	46,178
		Inventories		89,626	89,326	92,758	88,890	93,702	93,603
		Other currents assets		2,038	2,065	2,905	2,465	2,467	2,743
		Total Current assets		173,517	173,263	179,543	185,839	195,366	212,273
	Non-current Assets	Property, plant and equipment		47,220	50,214	51,916	53,975	56,370	59,540
		Goodwill		59,065	59,065	59,065	59,065	59,065	59,065
		Intangible assets		53,182	52,013	51,321	50,900	49,978	48,949
		Other non-currents assets		8,524	8,765	10,262	9,879	10,110	10,263
		Total non-current assets		167,991	170,057	172,564	173,819	175,523	177,817
Total Assets				341,508	343,320	352,107	359,658	370,889	390,090

			(JPYM)	FY26/3 End of 1Q	FY26/3 End of 2Q	FY26/3 End of 3Q	FY26/3 End of 4Q	FY27/3 End of 1Q	FY27/3 End of 2Q
Liabilities	Current Liabilities	Loans payble + Lease liability		11,956	12,044	12,161	12,373	12,462	12,531
		Trade and other payables		24,574	25,658	26,361	25,354	31,476	34,314
		Contract liabilities		25,069	21,704	27,666	34,840	32,844	38,478
		Others		17,991	18,687	15,263	18,162	19,639	23,130
		Total current liabilities		79,590	78,093	81,451	90,729	96,421	108,453
	Non-current Liabilities	Loans payble + Lease liability		48,339	42,365	43,681	37,492	37,927	31,968
		Others		14,663	14,553	14,131	12,167	11,641	12,519
		Total non-current liabilities		63,002	56,918	57,812	49,659	49,568	44,487
Total Liabilities				142,592	135,011	139,263	140,388	145,989	152,940
Total Equity				198,916	208,309	212,844	219,270	224,900	237,150
Total Liabilities and Equity				341,508	343,320	352,107	359,658	370,889	390,090

	FY26/3 End of 1Q	FY26/3 End of 2Q	FY26/3 End of 3Q	FY26/3 End of 4Q	FY27/3 End of 1Q	FY27/3 End of 2Q
Equity ratio	58.2%	60.7%	60.4%	61.0%	60.6%	60.8%
Debt equity ratio	0.3	0.3	0.3	0.2	0.2	0.2
Net cash (JPYM)	-17,529	-10,603	-8,114	6,678	6,585	25,250

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Cash Flow Statement

(JPY mn)

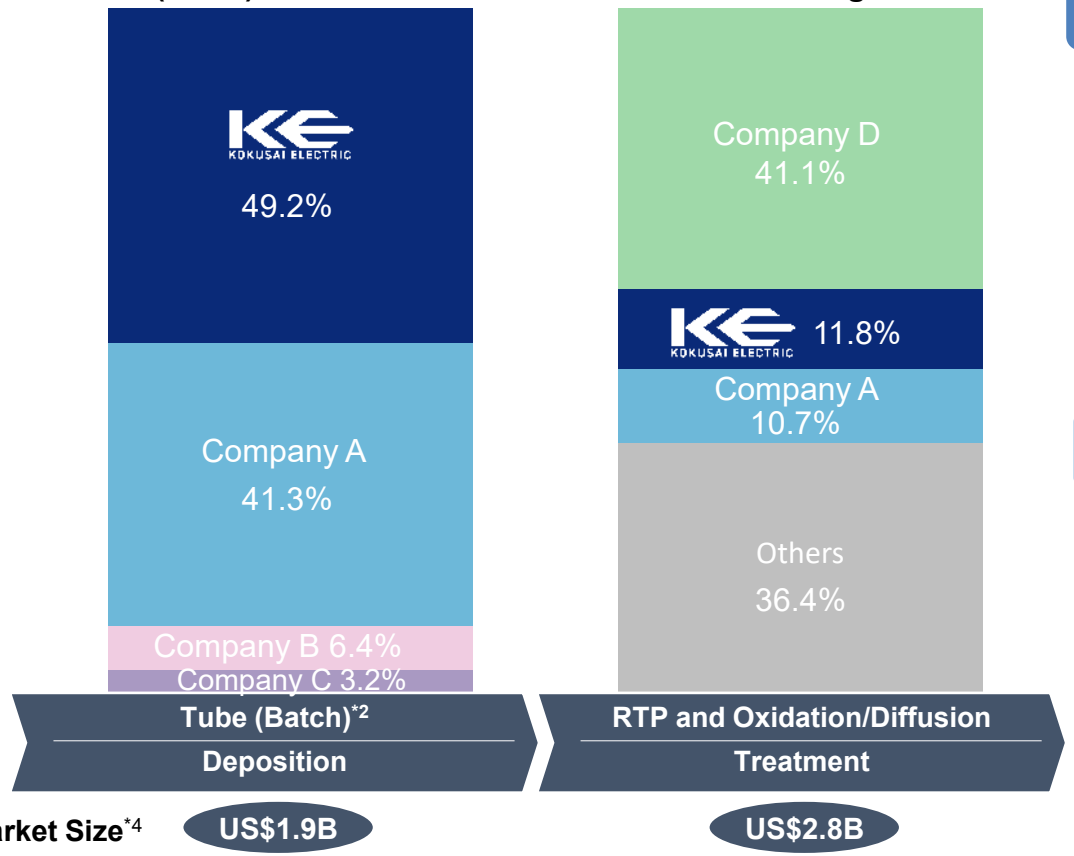
	FY26/3						FY27/3		
	1Q	2Q	1H	3Q	4Q	Full Year	1Q	2Q	1H
CF from operating activites	4,923	11,936	16,859	11,538	20,404	48,801	12,127	27,553	39,680
CF from investing activities	- 2,942	- 4,789	- 7,731	- 4,263	- 4,960	- 16,954	- 5,520	- 5,981	- 11,501
Free CF	1,981	7,147	9,128	7,275	15,444	31,847	6,607	21,572	28,179
CF from financing activites	- 4,423	- 6,373	- 10,796	- 4,339	- 6,379	- 21,514	- 6,446	- 9,888	- 16,334
Cash and cash equivalents at beginning balance	44,755	42,766	44,755	43,806	47,728	44,755	56,543	56,974	56,543
Cash and cash equivalents at end of the quarter	42,766	43,806	43,806	47,728	56,543	56,543	56,974	69,749	69,749

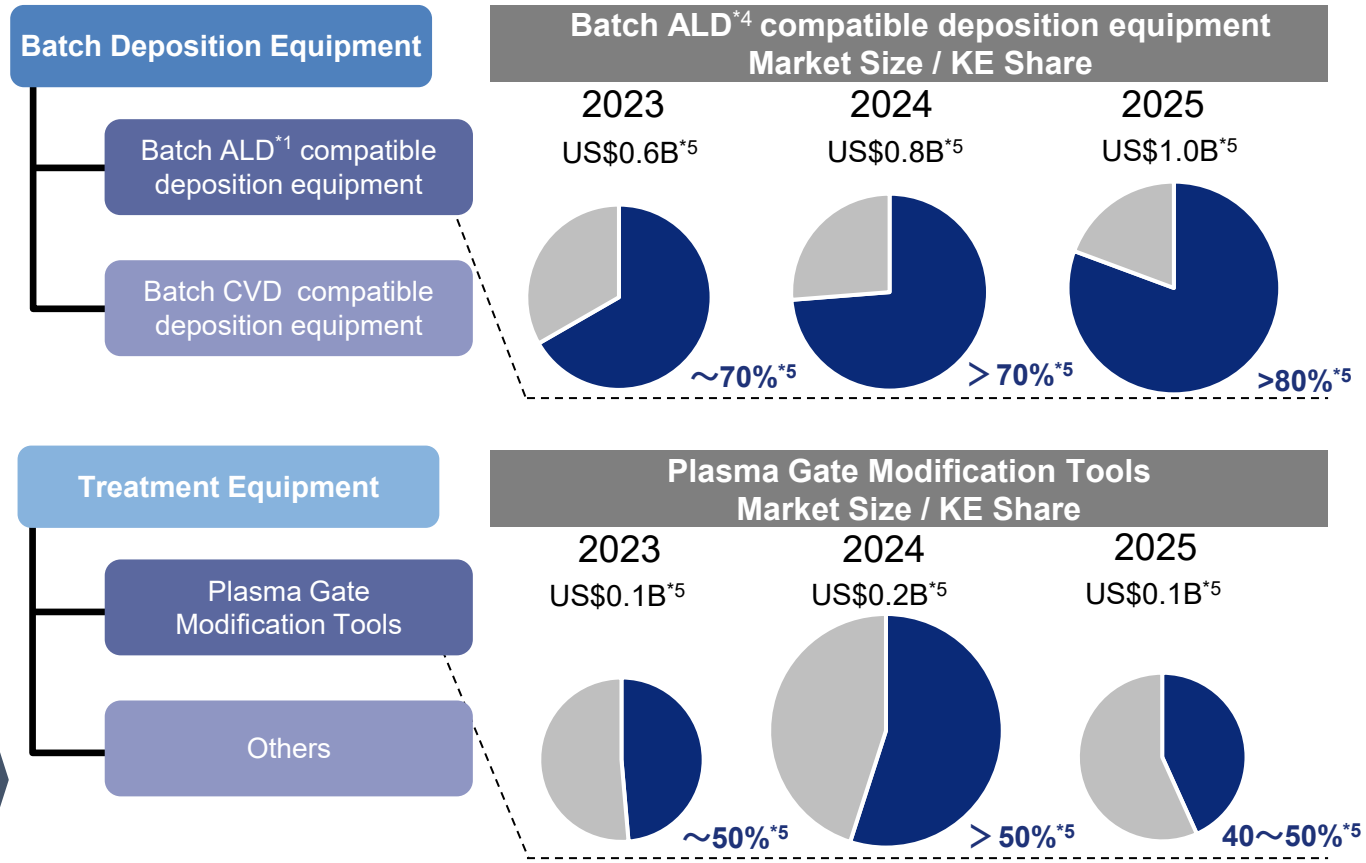
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Market Share Trends (Announced on May 13th)

We achieved the top market share in the batch deposition equipment market in CY25.
Our market share of batch ALD[*1] compatible deposition equipment has reached 80%. We have also captured the top market share in single-wafer treatment equipment (Plasma Gate Modification Tools) [*2].

(CY25) Market Share Based on Gartner's Categories[*3]





*1 We refer to a technique for thin-film deposition at an atomic layer level involving a process of cyclical supply of multiple gases as "ALD" *2 We define "Tube CVD" in Garner's WFE segmentation as "Tube (Batch)" in this chart (Calculations performed by KOKUSAI ELECTRIC CORPORATION) *3 Source: Gartner®, Market Share: Semiconductor Wafer Fab Equipment, Worldwide, 2025, Bob Johnson et al. Published 2 April 2026 Graph created by Kokusai Electric based on Gartner research. Calculations performed by Kokusai Electric/ Treatment = RTP and Oxidation/Diffusion.GARTNER is a trademark of Gartner, Inc. and its affiliates. Gartner does not endorse any company, vendor, product or service depicted in its publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner publications consist of the opinions of Gartner's business and technology insights organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this publication, including any warranties of merchantability or fitness for a particular purpose. The Gartner content described herein (the "Gartner Content") represents research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and is not a representation of fact. Gartner Content speaks as of its original publication date (and not as of the date of this presentation), and the opinions expressed in the Gartner Content are subject to change without notice. *4 Total market in each of Gartner's category *5 Kokusai estimate based on public information and internal sales data

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Glossary

- Batch processing equipment: Equipment for processing multiple wafers at once.
- Single-wafer Treatment Equipment ：Equipment that improves the quality of films after deposition by single wafer processing, which processes wafers by a single wafer unit.
- ALD：Atomic Layer Deposition

  We refer to a technique for thin-film deposition at an atomic layer level involving a process of cyclical supply of multiple gases as “ALD”.
- CVD:Chemical Vapor Deposition
- CFET:Complimentary Field Effect Transistor
- FinFET:Fin Field Effect Transistor
- GAA:Gate All Around
- HBM:High Bandwidth Memory
- POR ：An abbreviation for Process of Record, which refers to the qualification of manufacturing equipment in a customer's semiconductor manufacturing process.
- TAM：Total Addressable Market
- VCT:Vertical Channel Transistor
- WFE: Wafer Fab Equipment

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