



Financial Briefings for the Fiscal Year Ended March 2024 (April 2023 to March 2024)

May 10, 2024

KOKUSAI ELECTRIC CORPORATION

Disclaimers

This document and the information presented in this document were created for the purpose of disclosing corporate information, etc., and do not constitute a solicitation of an offer to subscribe for shares or other securities of the Company, either domestically or internationally.

■ 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.



Consolidated Financial Summary for FY24/3

Consolidated Financial Summary for FY24/3

- We recognized the market bottomed out, although some makers of semiconductor devices, particularly NAND, have continued to restrain investment.
Capital investment in mature nodes increased in China, while investment in cutting-edge product development continued worldwide.
- Although our FY24/3 revenue and profit decreased YoY, we saw a remarkable recovery after bottoming out in 1Q. Active investment continued to meet increasing medium- to long-term demand.

Consolidated Earnings Forecast for FY25/3

- We expect the recovery of semiconductor-related market conditions to continue, and capital investment in cutting-edge products worldwide to begin recovering in 2H of FY25/3.
- Both equipment and service have been recovered, we forecast an increase in both revenue and profit compared to FY24/3.

Management Policy and Strategy

- The semiconductor-related market continues to recover and there is no change in our view that it will achieve significant growth in the medium-to long-term.
- We are extending its technological advantages gained through 3D NAND to DRAM and Logic.
We also aim to grow power device into one of our pillars.

Consolidated Results Summary

Although full-year results showed a decrease in revenue and profit YoY due to the sluggish NAND market, the recovery trend from 2Q continues.

Gross profit margin for full year increased YoY.

(JPY bn)	FY23/3					FY24/3							Previous Forecast
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	YoY	Full Year	YoY	
Revenue	56.0	64.4	65.2	60.1	245.7	32.7	45.0	54.0	49.2	-18.2%	180.8	-26.4%	180.0
Gross profit	23.1	27.5	26.4	23.9	100.8	14.3	19.9	21.7	19.1	-20.1%	75.0	-25.6%	73.7
<i>Gross profit margin</i>	41.2%	42.7%	40.4%	39.7%	41.0%	43.6%	44.2%	40.3%	38.8%	-1.0pts	41.5%	+0.4pts	40.9%
Adjusted operating profit	14.7	18.1	17.2	14.3	64.3	5.6	11.0	12.4	8.8	-38.5%	37.8	-41.1%	36.3
<i>Adjusted operating profit margin</i>	26.2%	28.1%	26.3%	23.8%	26.1%	17.2%	24.5%	23.0%	17.9%	-5.9pts	20.9%	-5.2pts	20.1%
Adjusted net income	10.8	12.5	12.2	10.5	46.0	3.8	7.3	9.1	7.1	-32.4%	27.3	-40.6%	25.2
<i>Adjusted net income margin</i>	19.3%	19.4%	18.7%	17.5%	18.7%	11.6%	16.2%	16.9%	14.5%	-3.1pts	15.1%	-3.6pts	14.0%
Operating profit	13.0	16.4	15.5	11.1	56.1	4.0	9.4	10.7	6.7	-40.0%	30.7	-45.2%	29.1
<i>Operating profit margin</i>	23.2%	25.5%	23.8%	18.6%	22.8%	12.2%	20.9%	19.8%	13.6%	-5.0pts	17.0%	-5.8pts	16.2%
Income before income tax	12.9	16.4	15.7	10.9	55.9	3.7	9.1	10.7	6.1	-43.6%	29.8	-46.8%	28.3
<i>Income before income tax margin</i>	23.0%	25.5%	24.0%	18.1%	22.7%	11.4%	20.3%	19.9%	12.5%	-5.6pts	16.5%	-6.3pts	15.7%
Net income	9.6	11.3	11.1	8.3	40.3	2.7	6.2	7.9	5.6	-32.3%	22.4	-44.5%	20.2
<i>Net income margin</i>	17.1%	17.5%	17.0%	13.9%	16.4%	8.1%	13.7%	14.7%	11.5%	-2.4pts	12.4%	-4.0pts	10.2%
R&D expenses	2.7	3.3	2.9	3.5	12.4	2.9	3.0	3.1	3.7	+3.8%	12.7	+2.1%	-
Capital expenditures	0.7	2.9	2.2	0.8	6.6	5.1	2.1	10.5	2.8	X3.4	20.5	X3.1	-
Depreciation & amortization	2.5	2.6	2.6	2.6	10.3	2.6	2.7	2.8	2.8	+8.9%	10.9	+6.2%	-
Dividend per share(JPY)	-	-	-	-	-	-	-	-	11	-	11	-	11

4Q FY2024/3 Results: Factors for Changes

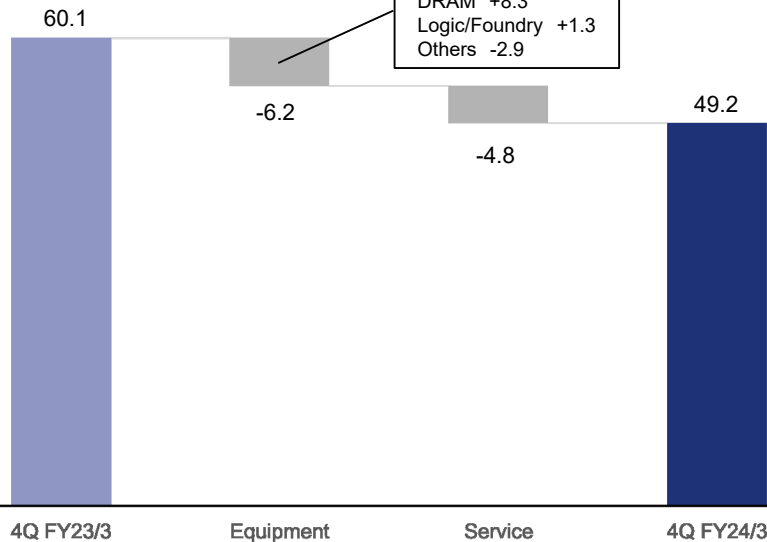
Revenue decreased by JPY10.9 bn YoY, mainly due to restrained investment in NAND.

Adjusted operating profit declined by JPY5.5 bn YoY, mainly due to the impact of sales decrease.

Revenue

(JPY bn)

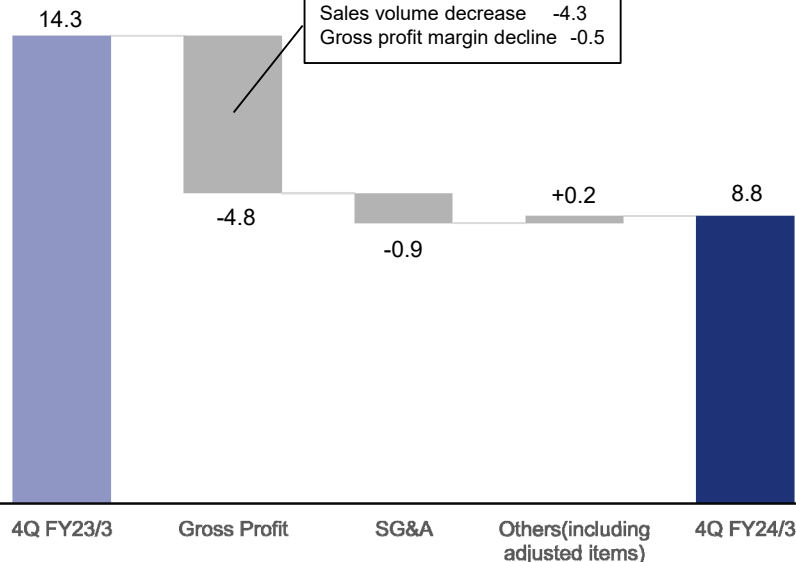
NAND -12.9
 DRAM +8.3
 Logic/Foundry +1.3
 Others -2.9



Adjusted Operating Profit

(JPY bn)

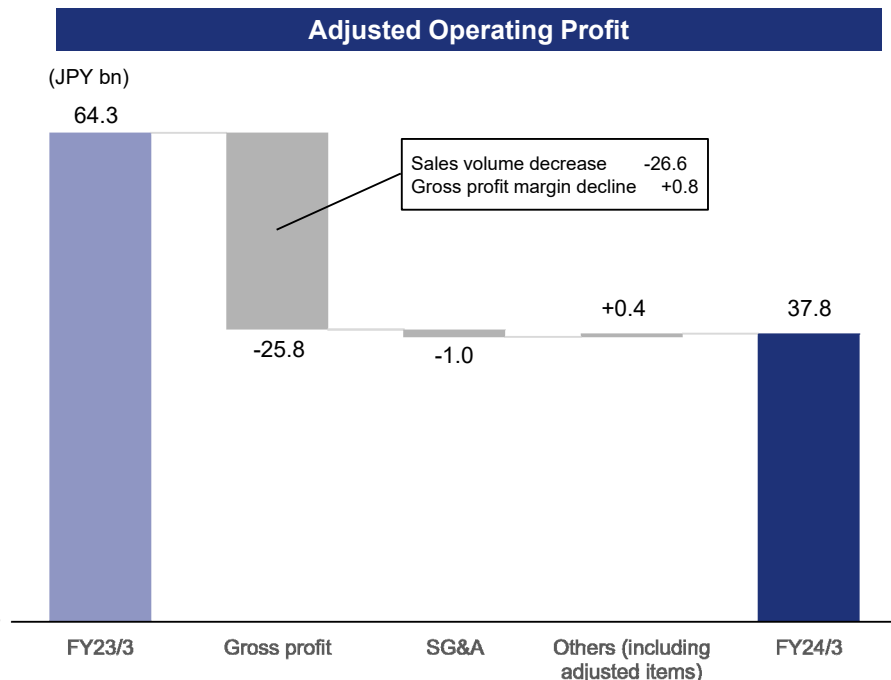
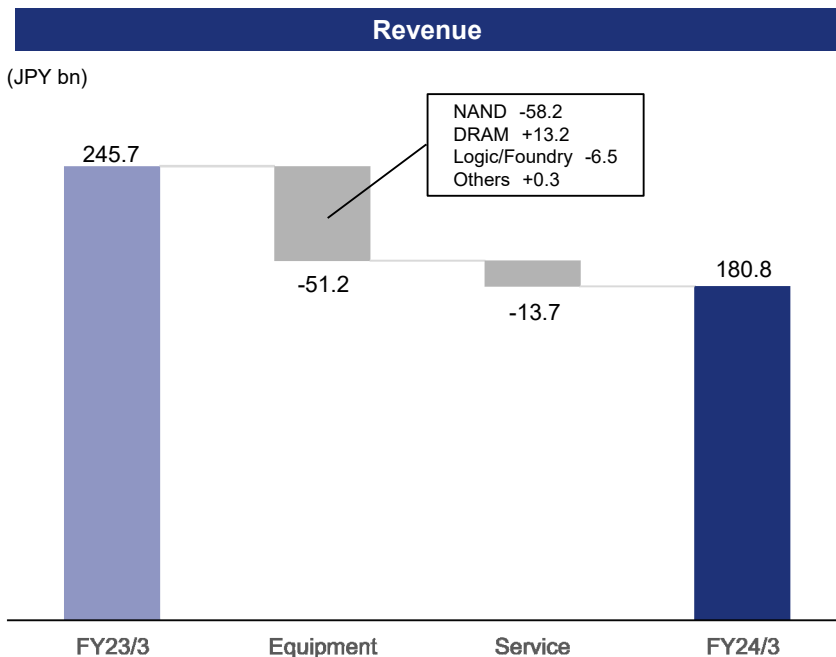
Sales volume decrease -4.3
 Gross profit margin decline -0.5



FY2024/3 Results: Factors for Change

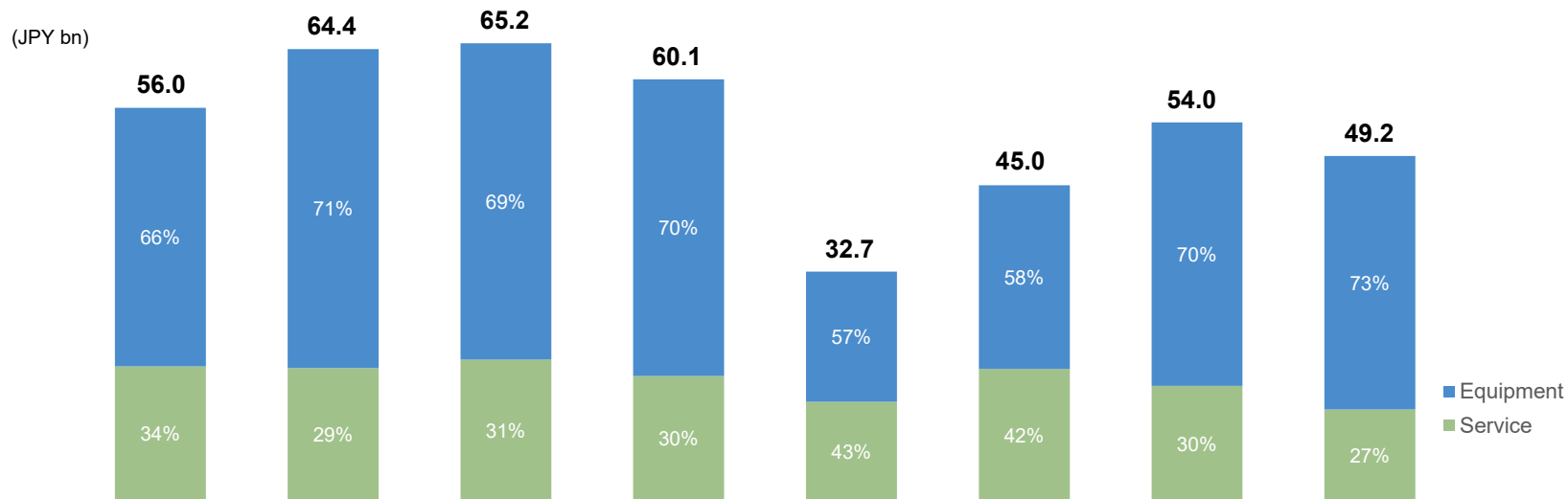
Revenue decreased by JPY64.9 bn YoY, mainly due to restrained investment in NAND.

The impact of the decrease in sales was partly offset by an improvement in gross profit margin, resulting in a decrease in adjusted operating profit by JPY26.5 bn YoY.



Quarterly Revenues by Business

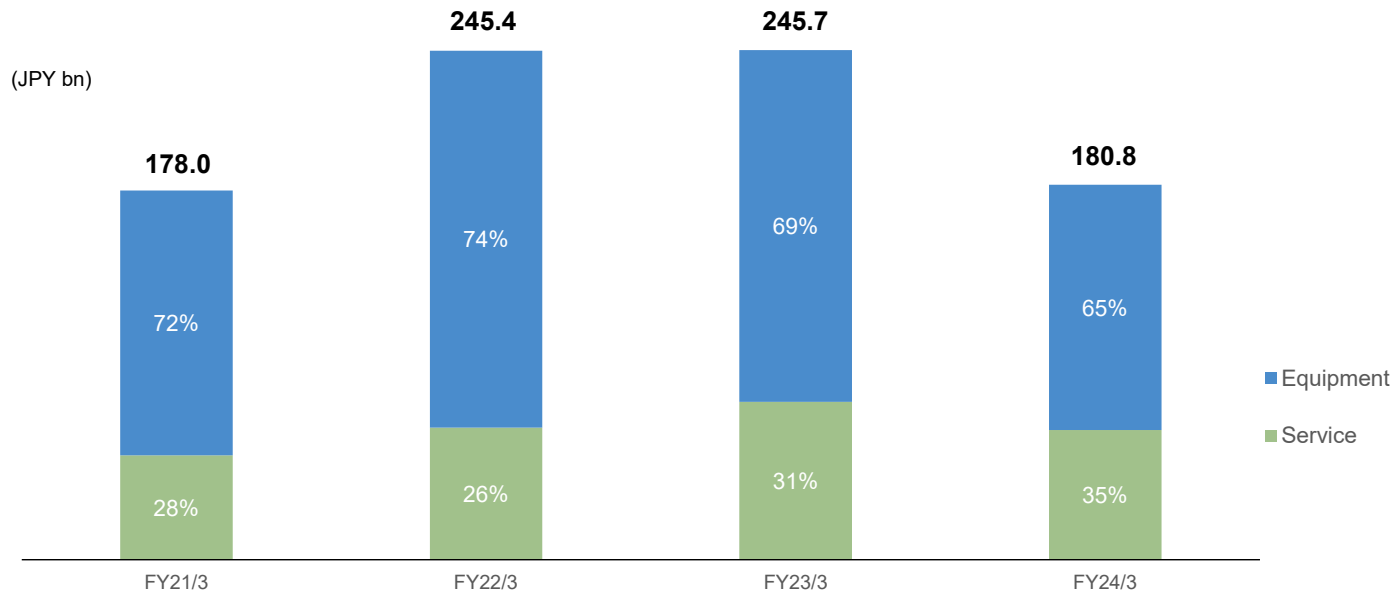
Revenue composition ratio from 3Q was sustained due to recovery of equipment sales.



(JPY bn)	FY23/3				FY24/3			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Equipment	36.8	45.4	45.0	42.3	18.5	26.2	37.5	36.1
Service	19.2	19.0	20.2	17.8	14.2	18.8	16.4	13.1

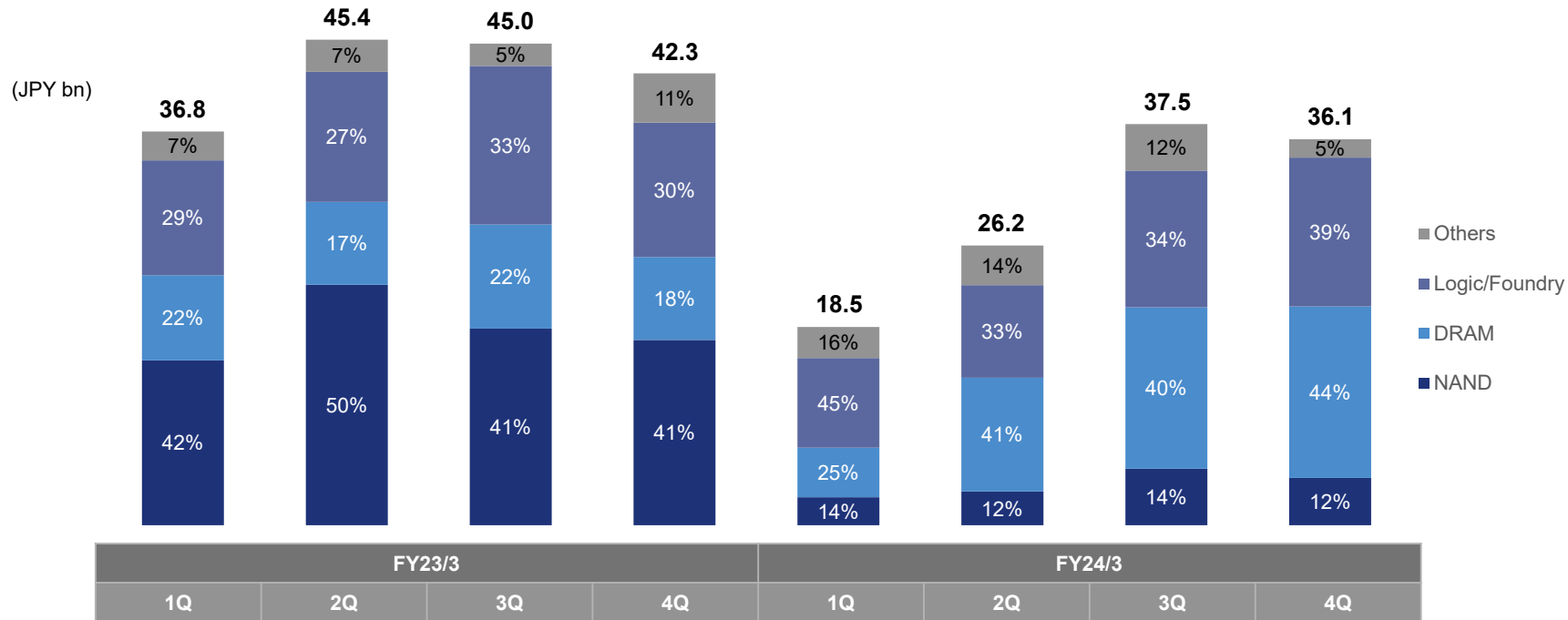
Revenues by Business

In FY24/3, the ratio of Service business increased due to a decrease in equipment sales.



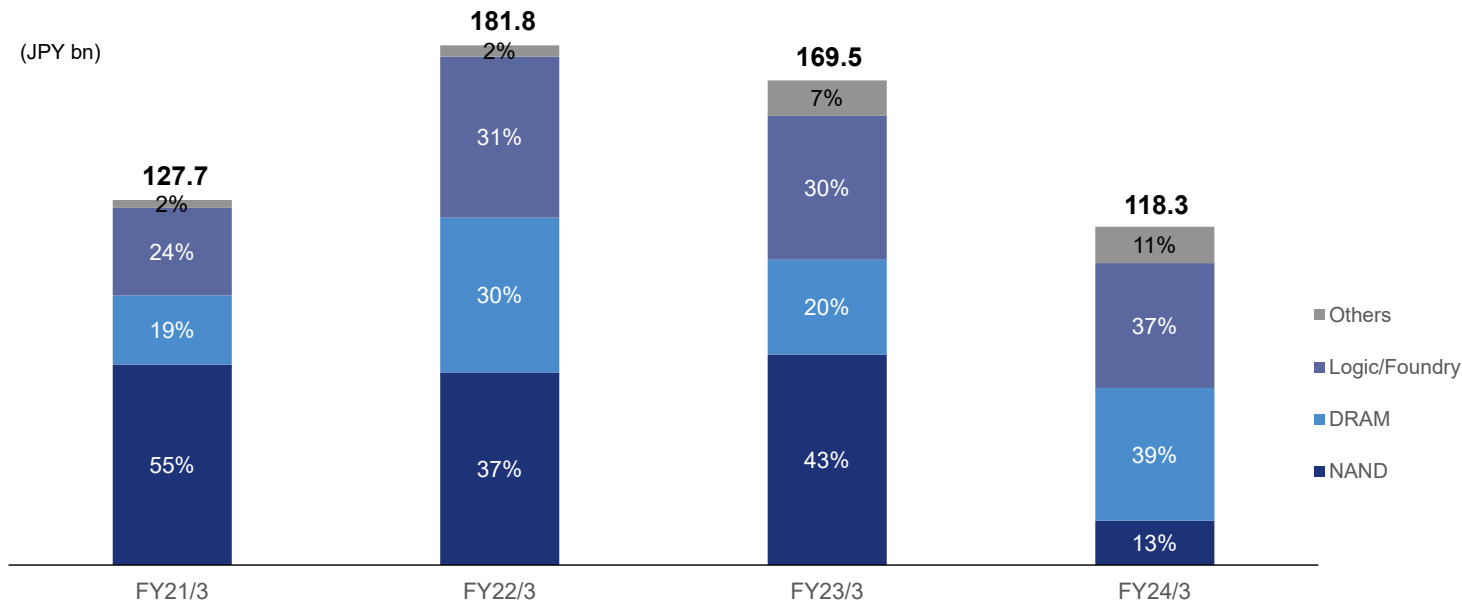
Quarterly Revenues by Application (300mm Equipment Only)

In 4Q, while investment in NAND continued to be restrained, investment in DRAM and Logic/Foundry, including mature nodes, was strong, with 12% NAND, 44% DRAM, and 44% Logic/Foundry+Others.



Revenues by Application (300mm Equipment Only)

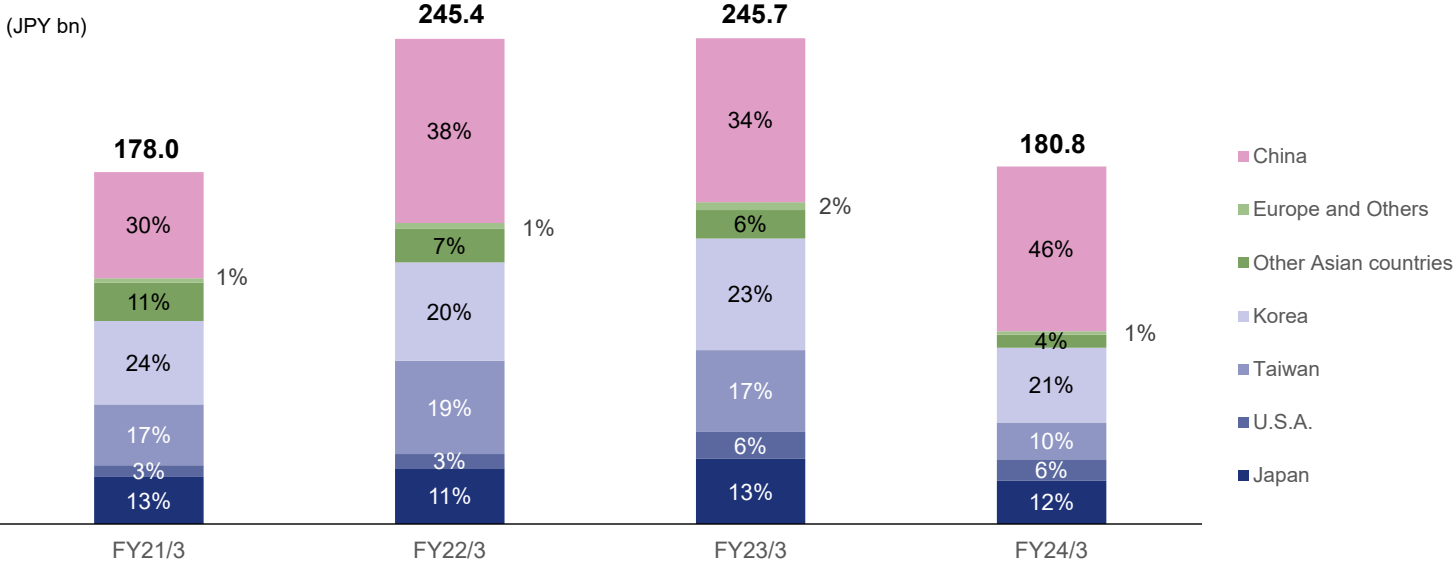
In FY24/3, with the impact of restrained investment in NAND, normal levels of sales in DRAM and Logic/Foundry, including mature nodes, were maintained and so the ratios of DRAM and Logic/Foundry increased.



Revenues by Region

In FY24/3, the ratio of Chinese sales expanded due to the deterioration of NAND market conditions worldwide and increased investment activity in China.

In the future, the ratio of Chinese sales will return to its previous level as investment in cutting-edge products recovers worldwide.

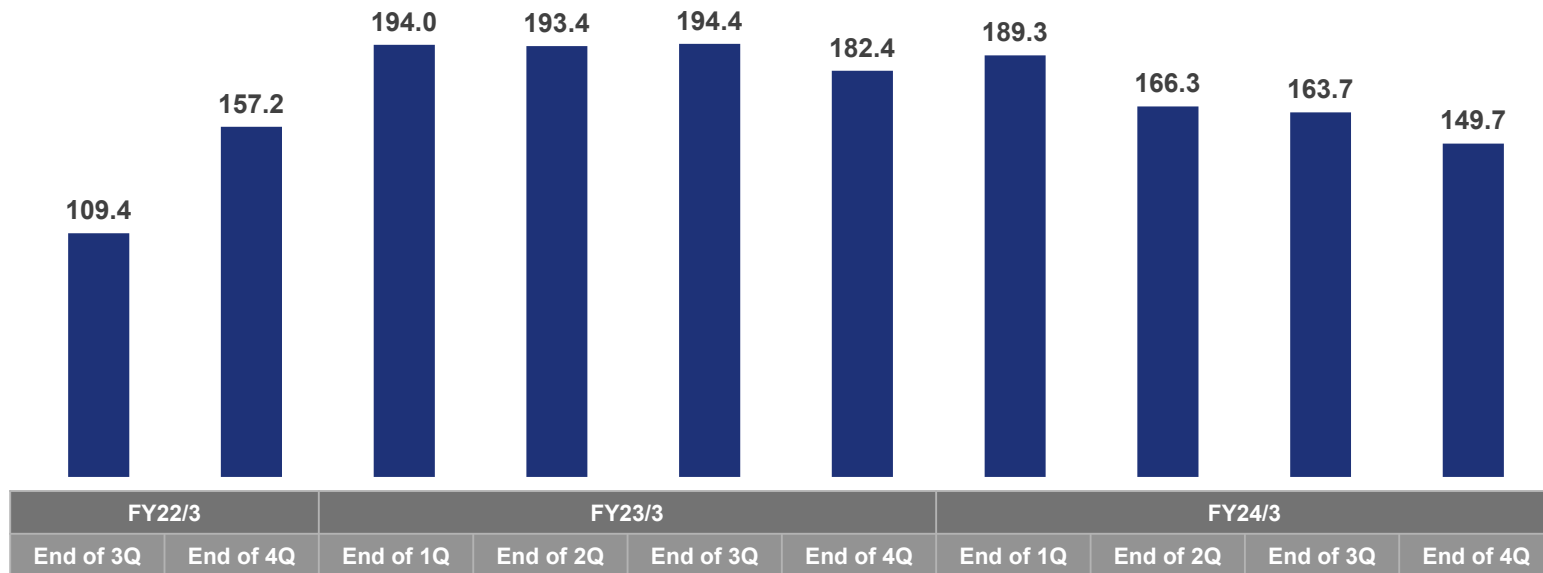


Trends in Order Backlog

Projects with long delivery times included in the backlog are being shifted to sales and order backlogs normalized.

Orders received bottomed out in 2Q and began to recover from 3Q, and 4Q is generally in line with plans.

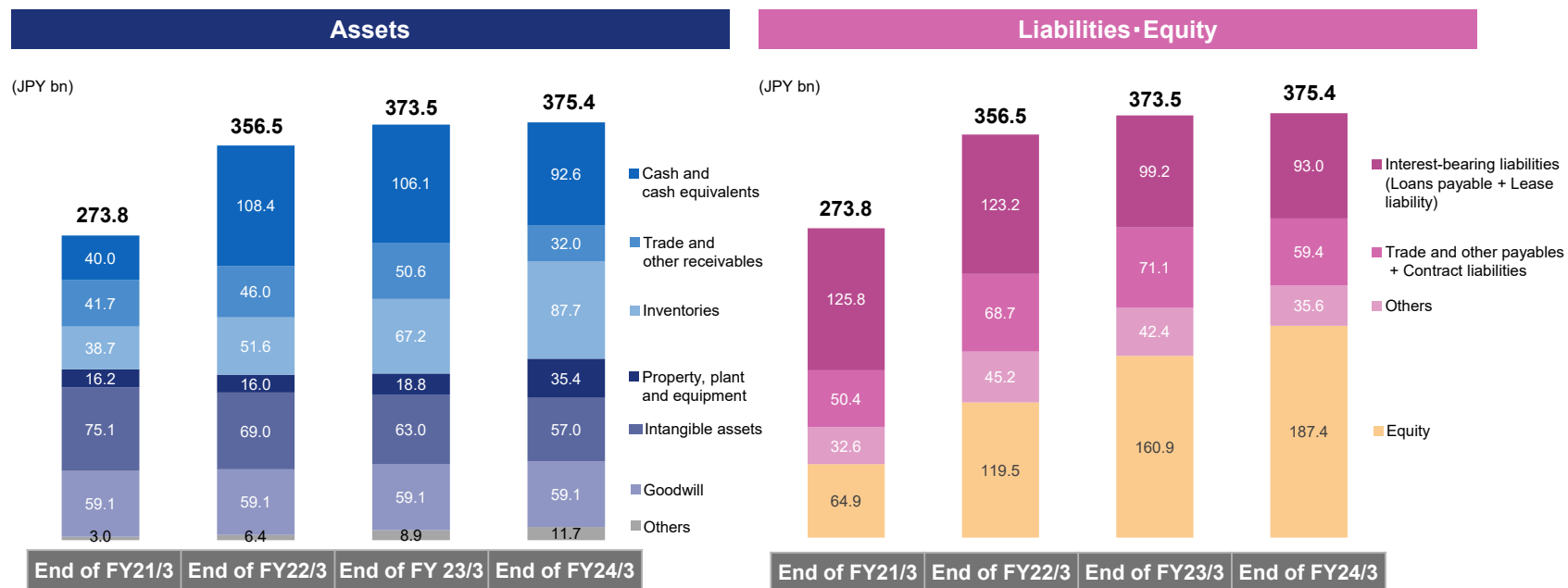
(JPY bn)



Balance Sheet

Total assets increased by JPY1.9 bn from the end of FY23/3 due to increase in inventories and property, plant and equipment, despite decrease in cash, trade and other receivables. Total liabilities decreased by JPY24.6 bn from the end of FY23/3 due to decrease in trade and repayment of interest-bearing liabilities.

Total equity increased by JPY26.5 bn from the end of FY23/3, mainly due to an increase in retained earnings.

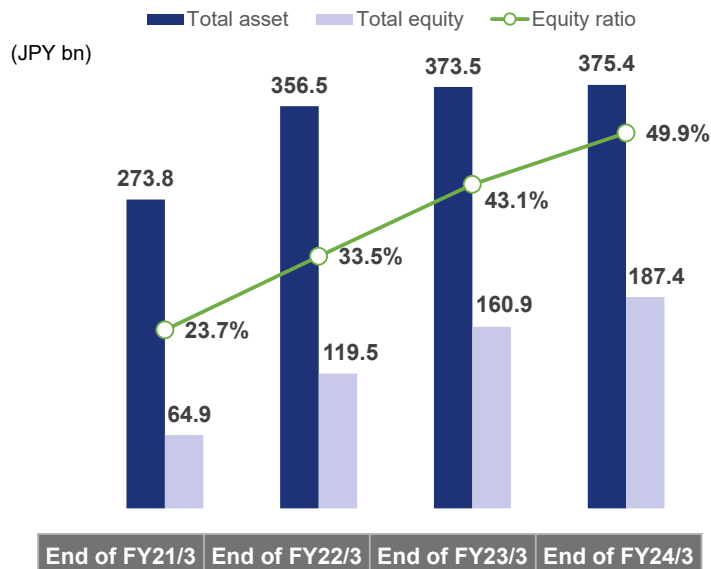


Equity Ratio / Cash and Cash Equivalents / Interest-bearing Liabilities

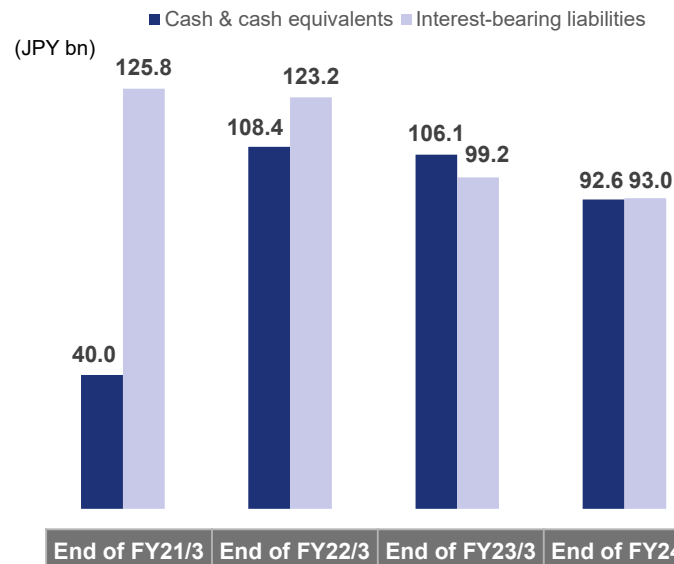
The equity ratio was 50% at the end of FY24/3.

Net debt at the end of FY24/3 was JPY0.4 bn. Interest-bearing liabilities were reduced as planned.

Total Asset / Total Equity / Equity Ratio

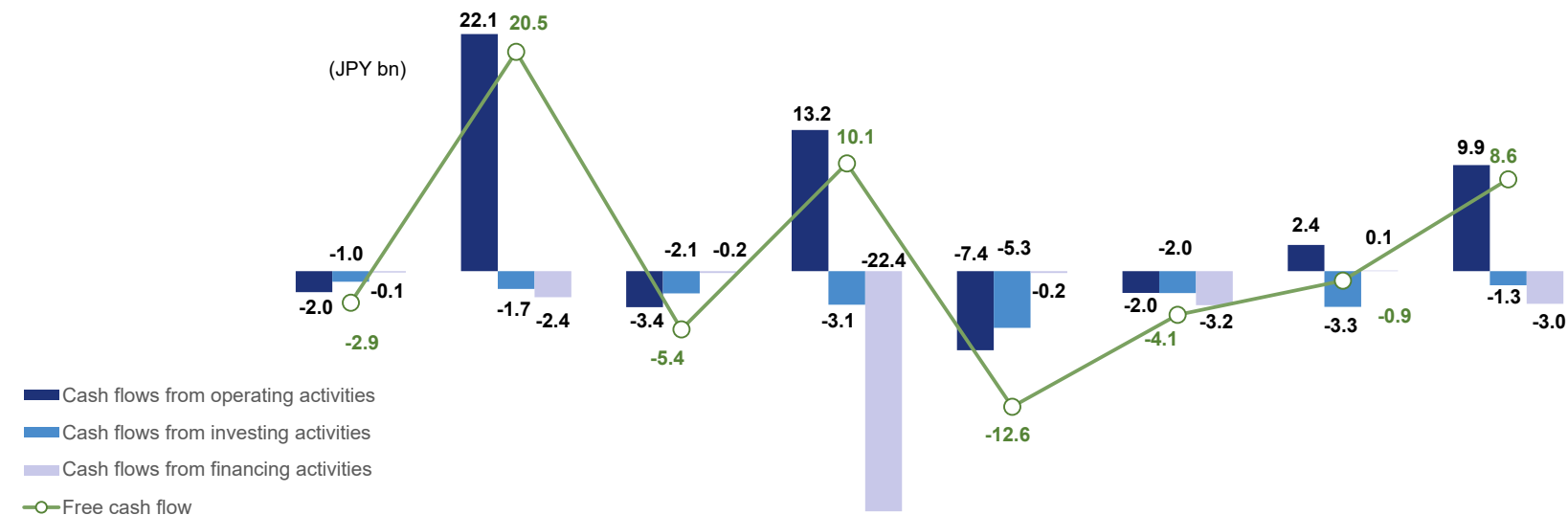


Cash and Cash Equivalents / Interest-bearing Liabilities



Quarterly Cash Flows

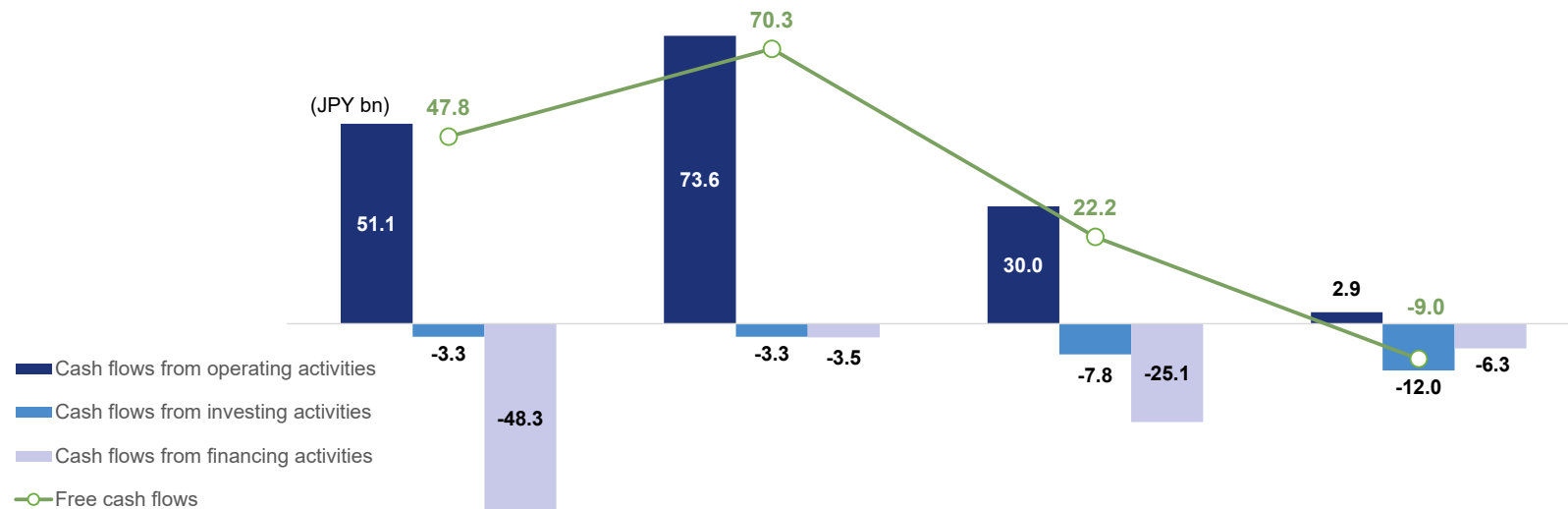
Operating cash flows recovered in 4Q as revenue recovered.



(JPY bn)	FY23/3				FY24/3			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
CF from operating activities	-2.0	22.1	-3.4	13.2	-7.4	-2.0	2.4	9.9
CF from investing activities	-1.0	-1.7	-2.1	-3.1	-5.3	-2.0	-3.3	-1.3
CF from financing activities	-0.1	-2.4	-0.2	-22.4	-0.2	-3.2	0.1	-3.0
Free CF	-2.9	20.5	-5.4	10.1	-12.6	-4.1	-0.9	8.6
Cash and cash equivalents	106.5	124.2	118.4	106.1	94.5	87.6	86.5	92.6

Cash Flows

Due to the decrease in sales revenue, operating cash flows decreased, and free cash flows also decreased.

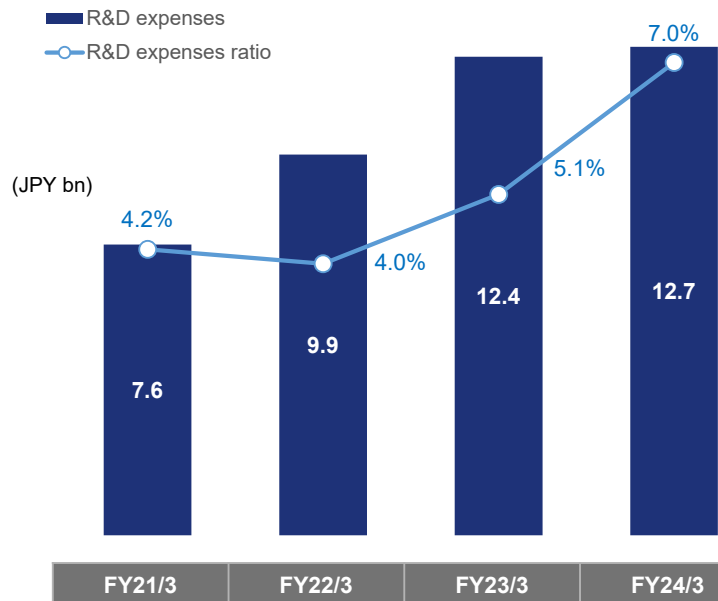


(JPY bn)	FY21/3	FY22/3	FY23/3	FY24/3
CF from operating activities	51.1	73.6	30.0	2.9
CF from investing activities	-3.3	-3.3	-7.8	-12.0
CF from financing activities	-48.3	-3.5	-25.1	-6.3
Free CF	47.8	70.3	22.2	-9.0
Cash and cash equivalents	40.0	108.4	106.1	92.6

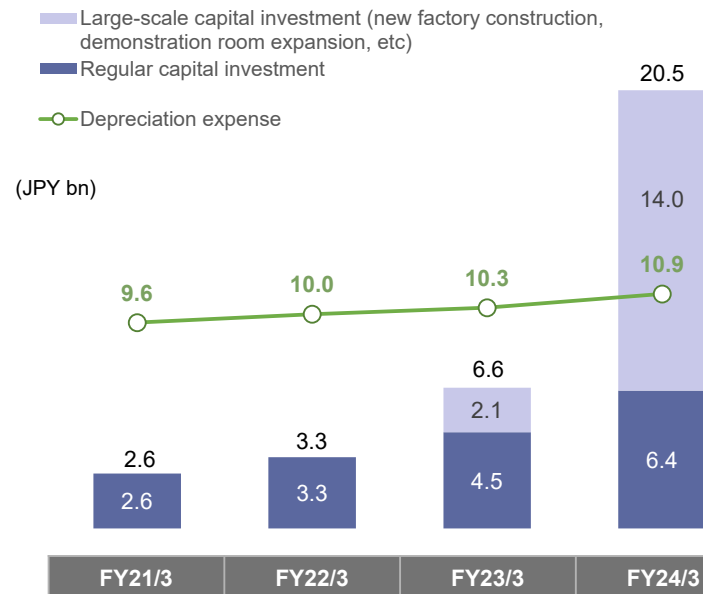
R&D Expenses / Capital Expenditure / Depreciation Expense

Continue to invest in R&D and capital equipment in anticipation of medium- to long-term demand expansion. R&D expenses remained at the same level as the previous fiscal year. Capital investment increased 3.1 times YoY. Depreciation expenses increased slightly YoY.

R&D Expenses



Capital Expenditure / Depreciation Expense





Consolidated Earnings Forecast for FY25/3

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- We expect the recovery of semiconductor-related market conditions to continue, and capital investment in cutting-edge products worldwide to begin recovering in 2H of FY25/3.
- Both equipment and service have been recovered, we forecast an increase in both revenue and profit compared to FY24/3.

Management Policy and Strategy

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FY2025/3 Earnings Forecast

Revenue is expected to increase by about 20% from FY24/3, as well as gross profit by about 24%, adjusted operating profit by about 35% and adjusted net income by about 30%. Annual dividends are expected to increase by JPY5 per half year to JPY32 per year.

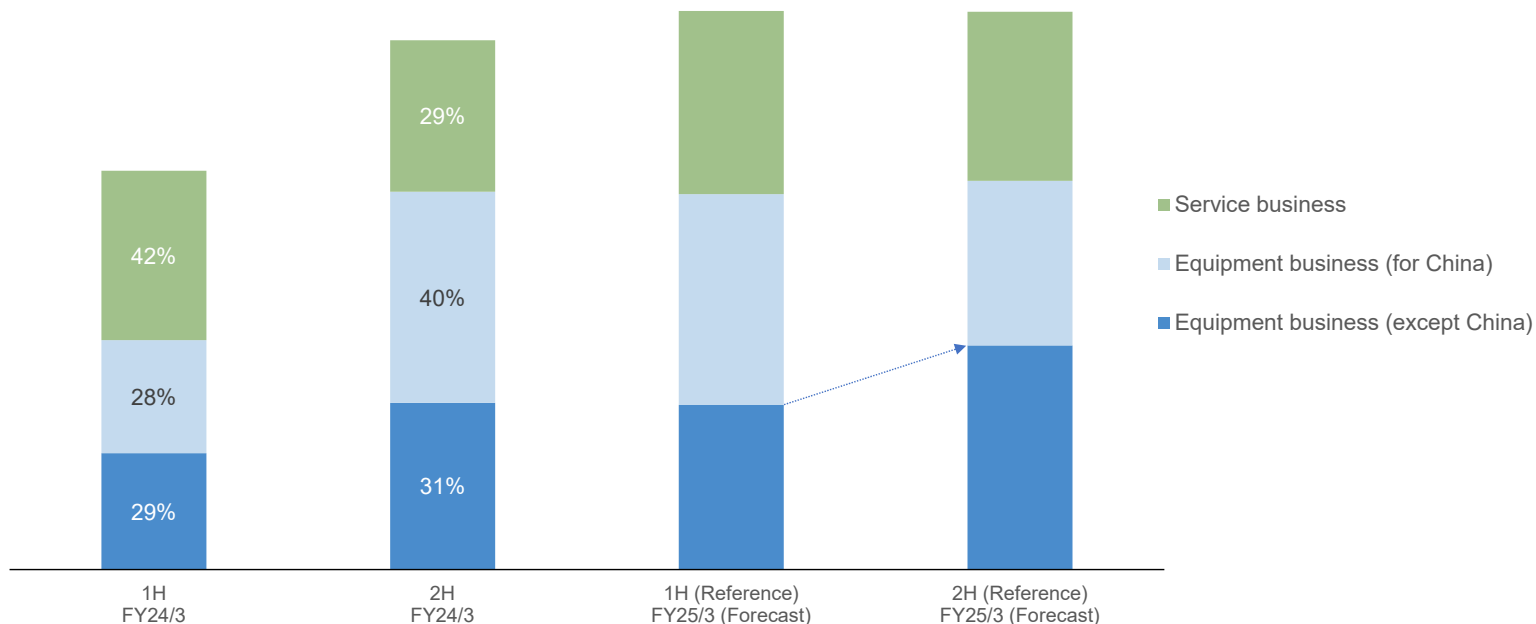
(JPY bn)	FY23/3	FY24/3	FY25/3(forecast)	YoY
Revenue	245.7	180.8	217.5	20.3%
Gross profit	100.8	75.0	92.7	23.7%
<i>Gross profit margin</i>	41.0%	41.5%	42.6%	1.1pts
Adjusted operating profit	64.3	37.8	51.0	34.8%
<i>Adjusted operating profit margin</i>	26.1%	20.9%	23.4%	2.5pts
Adjusted net income	46.0	27.3	35.6	30.4%
<i>Adjusted net income margin</i>	18.7%	15.1%	16.4%	1.3pts
Operating profit	56.1	30.7	44.8	45.7%
<i>Operating profit margin</i>	22.8%	17.0%	20.6%	3.6pts
Income before income tax	55.9	29.8	44.0	47.9%
<i>Income before income tax margin</i>	22.7%	16.5%	20.2%	3.7pts
Net income	40.3	22.4	29.0	29.9%
<i>Net income margin</i>	16.4%	12.4%	13.3%	0.9pts
Dividend per share (JPY)	-	11*1	32	5.0JPY/ half year
<i>Dividends payout ratio</i>	-	11.4%	25.7%	14.3pts

*1 Regarding the dividend per share for the year ending March 31, 2024, we plan to pay the amount for half a year as a year-end dividend, given the listing was in 2H of the year.

FY2025/3 Earnings Forecast: 1H and 2H

In 1H, legacy equipment included in Services business is expected to boost sales revenue.

In 2H, sales of legacy equipment will calm down, and we are cautious about sales for China. On the other hand, our forecasts are based on the assumption that global demand for advanced equipment will begin to recover from 2H.

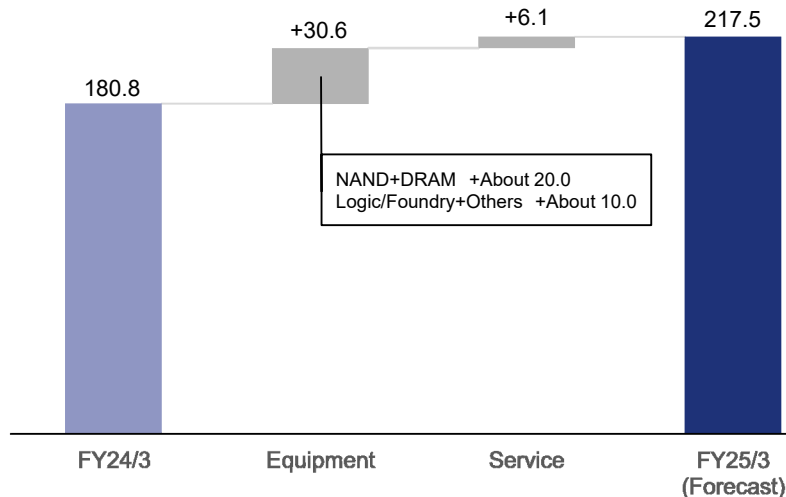


FY2025/3 Earnings Forecast: Factors for Change

For FY25/3, expect an increase in adjusted operating profit due to a recovery in sales, mainly for DRAM and Logic/Foundry, and an increase in gross profit margin.

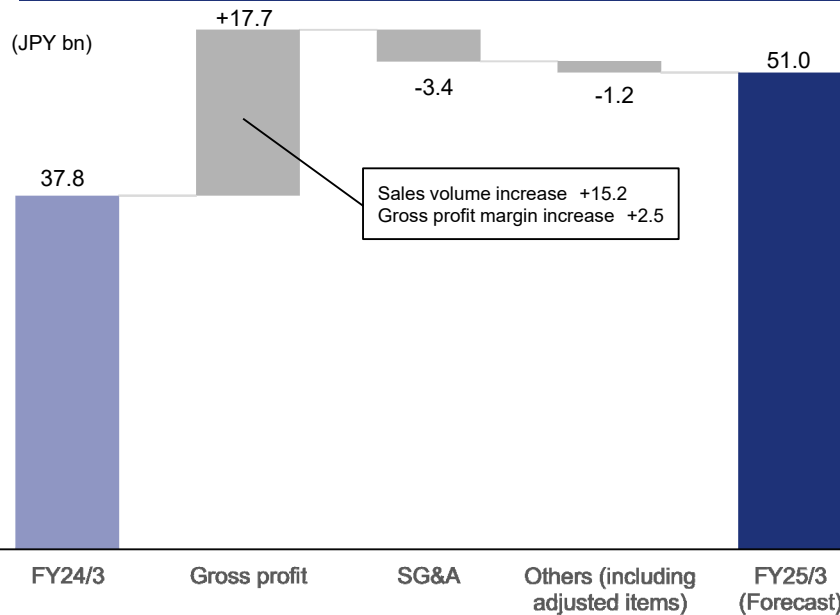
Revenue

(JPY bn)



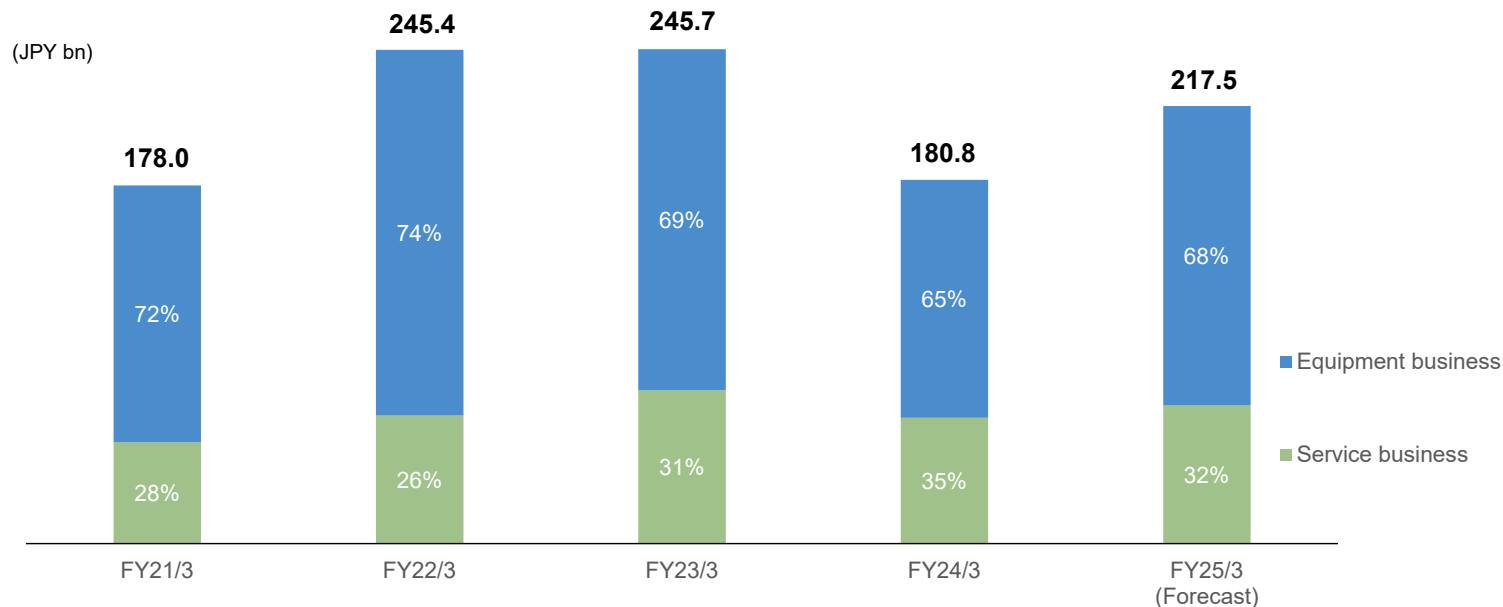
Adjusted Operating Profit

(JPY bn)



Revenue Forecast by Business

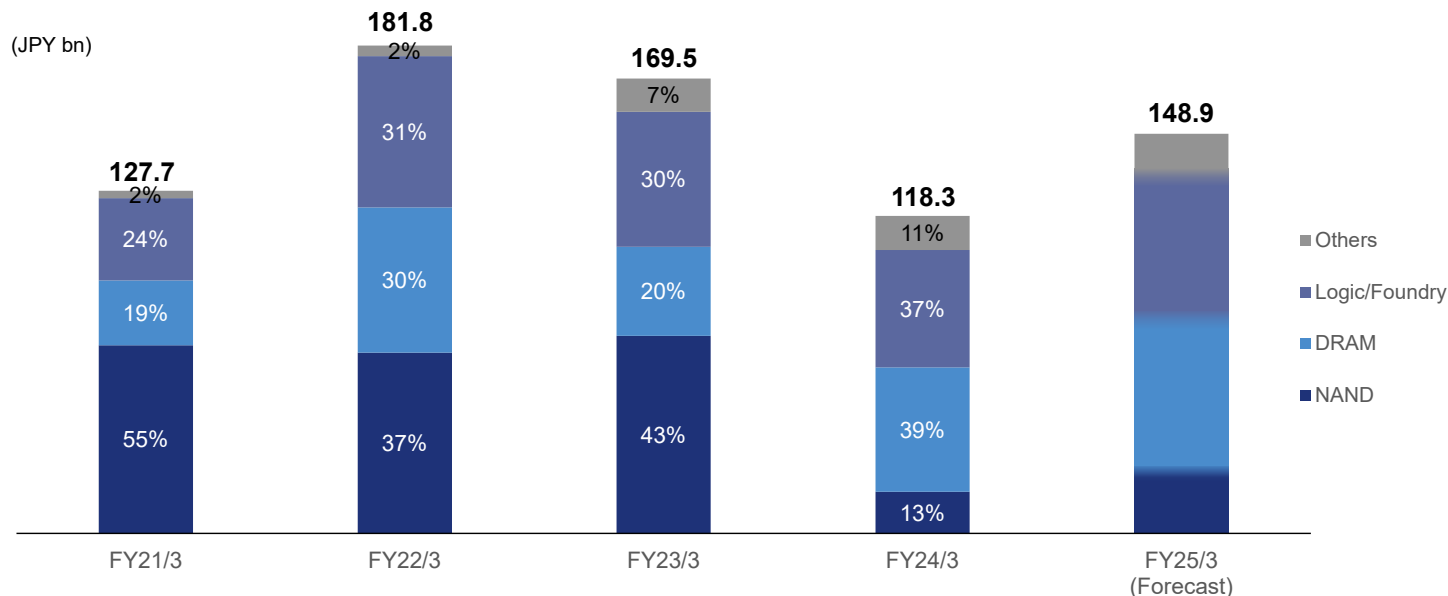
Both equipment and services revenues are expected to increase from FY24/3, sustaining normal sales composition by business. Equipment revenue for FY25/3 is expected to grow about 26% over FY24/3, with services revenue expected to grow about 10% over FY24/3.



Revenue Forecast by Application (300mm Equipment Only)

In FY25/3, sales are expected to increase for all applications, with no significant change in the sales composition ratio by application.

Brisk capital investment in China will contribute to DRAM and Logic/Foundry sales, with NAND sales expected to recover at the end of FY25/3, mainly for development use.





Management Policy and Strategy

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Business Environment

Market conditions bottomed out in FY24/3 and are expected to continue to recover. No change in the outlook for significant growth over the medium- to long-term.

Outlook for Semiconductor Device Market

- The semiconductor device market bottomed out in CY23 and Investment in cutting-edge products worldwide will begin to recover from 2H of CY24.
- Active capital investment for mature nodes in China is expected to continue for the next few years.
- In the medium- to long-term, significant growth is expected due to increasing demand for electronic equipment, expansion of data centers, and investment in reducing environmental impact (GX).

Our Business Environment

- As the semiconductor device market recovers, We expect that demand for cutting-edge equipment will begin to recover in the global market from 2H of FY25/3.
- Although demand for equipment for mature nodes in China is expected to continue for the next few years, we are taking a cautious approach from the middle of FY25/3 onwards.
- The size of the WFE*1 market in CY24 is expected to be at the same level as CY23 or slightly increase, but is expected to grow to around USD 110-120 billion over the next few years.

Global Market Size for Semiconductor Devices and Semiconductor Manufacturing Equipment (USD Bn)

	2010	2022	2023	2027(Forecast)
Global market size for semiconductor devices	296.7	613.9	559.1	813.4
Global market size for semiconductor manufacturing equipment	30.4	97.7	99.0	132.6

Source: TechInsights Inc. Semiconductor Forecast (March 2024)

Source: TechInsights Inc. IC MANUFACTURING EQUIPMENT MARKET HISTORY AND FORECAST (2018-2028) (March 2024)

*1 WFE: Wafer Fab Equipment

Equipment Business Strategy

We aim for sales growth exceeding the WFE market growth by focusing on the R&D, acquiring new POR*¹ and expanding sales for batch ALD equipment and treatment equipment which are technologically superior, in response to the multi-layering and three-depersonalization of semiconductor devices.

Batch Deposition Equipment	<p>Worldwide Market Share No.1 (CY2022)²</p> <p>Batch ALD compatible deposition equipment</p> <ul style="list-style-type: none"> ■ Batch deposition equipment that can process dozens or more wafers at once and compatible to ALD technology, and it is capable of archiving both highly difficult deposition and high productivity. ■ Needs grow as devices become more complex ■ ALD is abbreviation for 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."
	<p>Batch CVD compatible deposition equipment</p> <ul style="list-style-type: none"> ■ Batch deposition equipment that can process dozens or more wafers at once and compatible to CVD or Oxidation technology. Characterized by high productivity. ■ CVD is abbreviation for Chemical Vapor Deposition. Multiple gases are simultaneously flowed into a chamber, react in the gas phase. We mainly focus on Low Pressure CVD.
	<p>Batch Oxidation compatible deposition equipment</p>
Treatment (Film Property Improvement) Equipment	<p>Worldwide Market Share No.2 (CY2022)³</p> <p>Single-wafer treatment equipment</p> <ul style="list-style-type: none"> ■ Treatment equipment that can improve film quality after deposition by using plasma or heating, and its unique plasma technology makes it possible to achieve excellent isotropy and step coverage. ■ Needs grow as devices become more complex ■ Demand for treatment in low-temperature environments has grown as well.



Mini batch deposition
"TSURUGI-C² 颯"

Large batch deposition
"AdvancedAce®-300"

Large batch deposition
"VERTEX®-Revolution"

Single-wafer treatment
"MARORA®"

Single-wafer treatment
"TANDUO®"

*1 POR: An abbreviation for Process of Record, which refers to the qualification of manufacturing equipment in a customer's semiconductor manufacturing process.

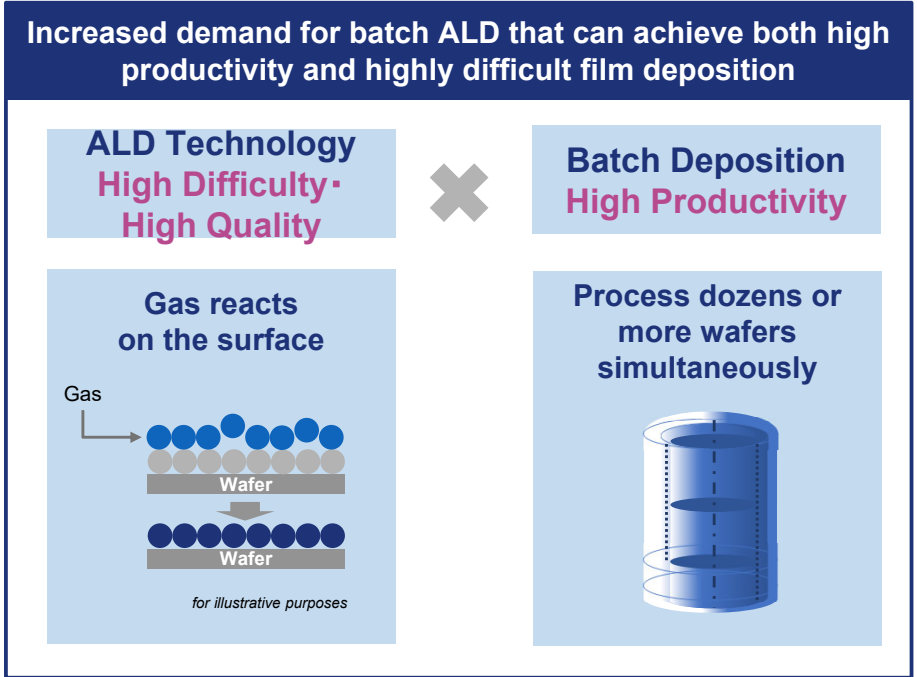
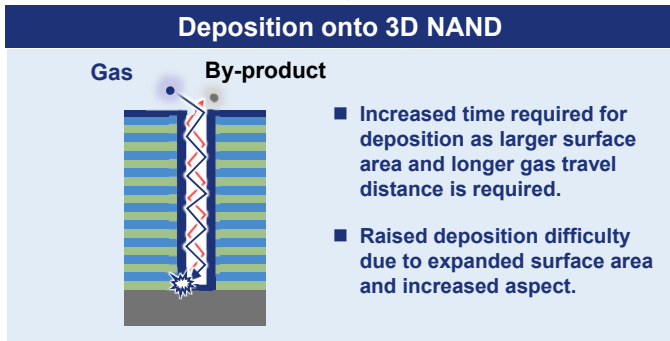
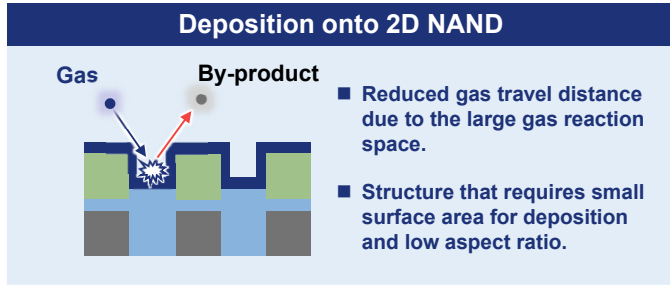
*2 Source: Technisights Manufacturing Analysis Inc. (VLSI) "TI_ALD Tools_YEARLY" 2023 (April)

*3 We define "RTP and Oxidation / Diffusion" by Gartner's WFE segment as "Treatment", Source: "Gartner®, Market Share: Semiconductor Wafer Fab Equipment, Worldwide, 2022, Bob Johnson, Gaurav Gupta, Menglin Cao, 17 April, 2023")

Batch Deposition Equipment: Accelerating Batch ALD Demand

As devices become more complex, **productivity challenges** have become more apparent and **highly difficult film deposition** turned critical.

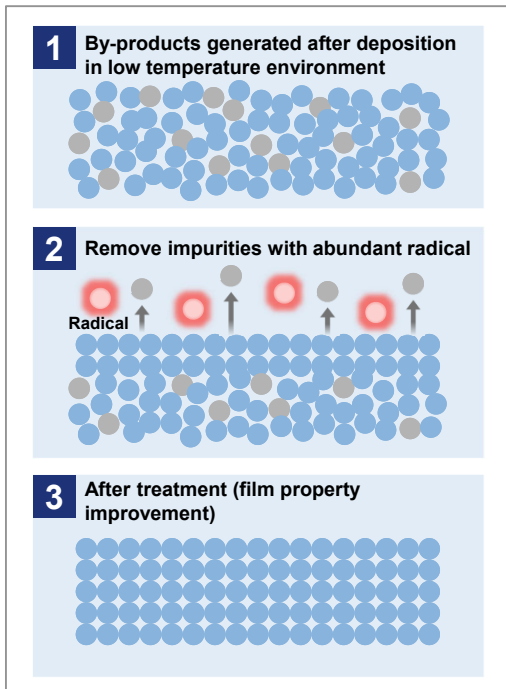
Batch ALD has gained market share as a solution combining **high difficulty film deposition** and **high productivity**.



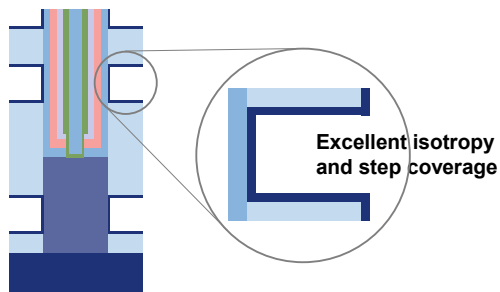
Treatment Equipment: Demand Expanding as well

Treatment (film property improvement) in a wide range of temperatures by plasma and heating is possible.

A solution that achieves high productivity with excellent isotropy and step coverage.

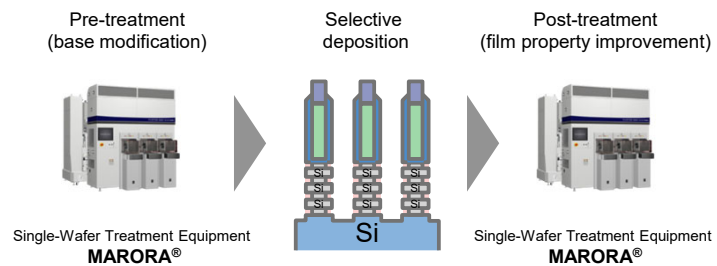


Treatment on NAND/DRAM (Film Property Improvement)



- Improved film quality by after-deposition process with abundant radical produced by our unique plasma method.
- High productivity and quality treatment (film property improvement) for complex device structures.
- Expanding applicable area from NAND to DRAM.

Treatment on Logic (Film Property Improvement)



- By combining MARORA® and selective deposition, the etching process is shortened and damage to the film is avoided.
- Ideal selective deposition is possible by pretreatment (base modification) and post-treatment (film property improvement) by MARORA®.

Application-specific Initiatives

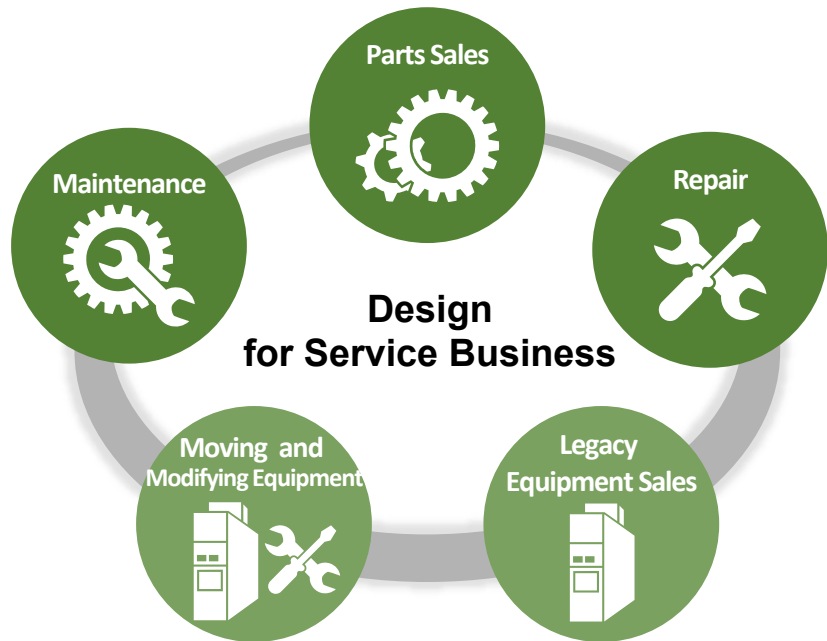
We are aiming for balanced growth in NAND, DRAM, and Logic/Foundry by expanding the leading technological advantages of 3D NAND to DRAM and Logic. We intend to grow power device into one of the pillars of our business.

	Business Environment	Our Initiatives
DRAM	<ul style="list-style-type: none"> • Demand for equipment for China will drive our performance until mid-25/3. • Global demand for equipment for cutting-edge products will recover strongly from 2H of FY25/3. • Demand for equipment for cutting-edge products is expected to increase as demand for HBM*1 expands due to the spread of generative AI. 	<ul style="list-style-type: none"> • Acquired new POR with high-difficulty film deposition of cutting-edge DRAM. • TAM*2 will expand with the second generation, as we aim for further new POR acquisition. • As the structure of 3D DRAM devices become more complex, we aim to expand our market share as we did with 3D NAND.
Logic/Foundry	<ul style="list-style-type: none"> • Demand for equipment for mature nodes in China will support performance until mid-25/3. • In 1H of FY25/3, demand for equipment for cutting-edge products will recover strongly, following that for DRAM. 	<ul style="list-style-type: none"> • Acquired newly developed POR with GAA*3. • TAM will expand with the second generation, as we aim for further new POR acquisition. • We aim to expand our market share as the batch film deposition process increases with CFET*4 (1.4 times that with FinFET*5).
NAND	<ul style="list-style-type: none"> • Currently, demand for development equipment is continuing. • Global demand for cutting-edge equipment will begin to recover at the end of FY25/3, and full-fledged recovery in FY26/3. 	<ul style="list-style-type: none"> • With our large batch and mini-batch film deposition systems, we have already secured a dominant market share in the 3D NAND film deposition process. • Demand is expected to grow as the market recovers and devices become increasingly multi-layered.
SiC Power Devices (Service Business)	<ul style="list-style-type: none"> • There is a growing need for high-temp activation annealing equipment. • Demand is expected to increase as device wafer size shifts from 150mm to 200mm. 	<ul style="list-style-type: none"> • In FY25/3, sales of existing products are expected to grow as new high-temp activation annealing products are introduced. • We expect sales of new products with high-temperature activated annealing to increase from FY26/3.

*1 HBM: High Bandwidth Memory *2 TAM: Total Addressable Market *3 GAA: Gate All Around *4 CFET: Complimentary Field Effect Transistor *5 FinFET: Fin Field-Effect Transistor

Service Business Strategy

As a business that is less subject to market fluctuations and can expect stable demand, we provide after-sales services tailored to customer needs in line with the increase in the number of unit in operation. We also aim to expand our business by focusing on sales of legacy equipment.



- We provide after-sales services, including parts sales, maintenance services, repair, and equipment relocation and modification, throughout the entire life cycle of the semiconductor manufacturing equipment manufactured and sold by our group.
- In Parts Sales and Maintenance, steady > around 10% YoY growth of installed base in FY17/3-FY23/3, contributing to stable and recurring service revenue growth.
- With “Design for Service Business” concept, parts sales and maintenance prices are also increase.
- Utilizing the sales network of group companies, also focusing on selling legacy equipment (new and used equipment) with wafer sizes of 200 mm or less.

An example of the effects of Design for Service Business

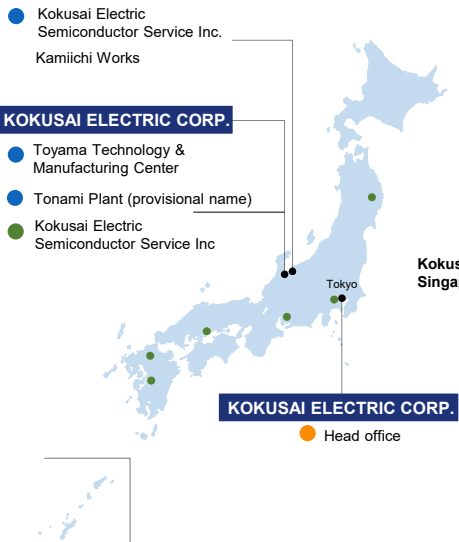
	Conventional products	Series of TSURUGI
Sales per unit in parts sales & maintenance	x1	x4~
CAGR in parts sales & maintenance (FY17/3 to FY23/3)	About 20%	About 75%

Expansion of Production, Development, Sales, and Service Systems

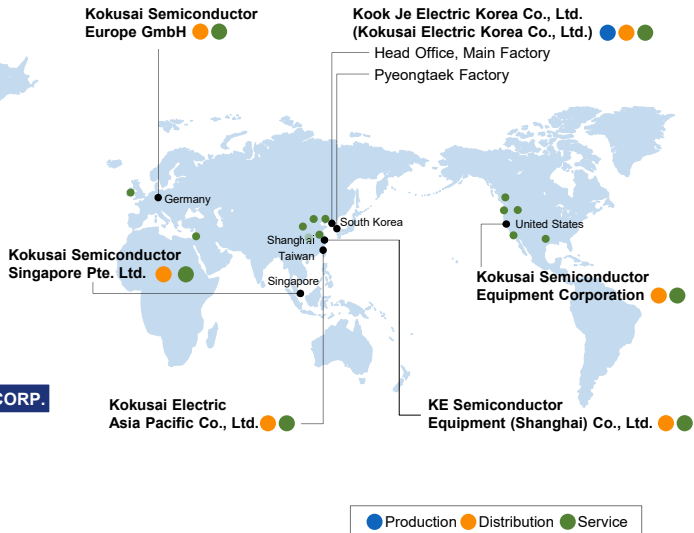
With the start of operations at the Tonami Plant in the fall of 2024, production and development capacity will expand significantly. We will strengthen after-sales services and sales in Asia by establishing a subsidiary in Singapore.

Group Network

Sites in Japan

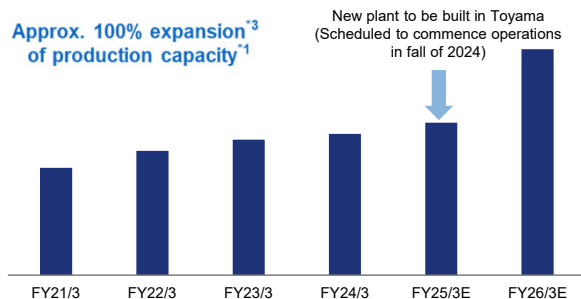


Overseas Sites

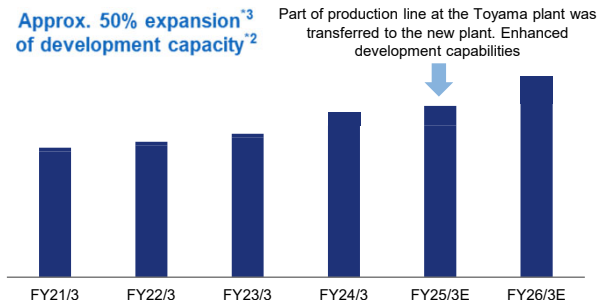


Capacity*1,2 of Production and Development

Approx. 100% expansion³ of production capacity¹



Approx. 50% expansion³ of development capacity²



*1 Max. production volume per month *2 No. of evaluation equipment *3 In comparison to FY21/3

ESG Initiatives : Materiality

Based on our corporate philosophy, we are moving into a phase of upgrading the level of sustainability management groupwide, and will strengthen our efforts in both business and ESG aspects while becoming even more aware of our corporate social responsibility.

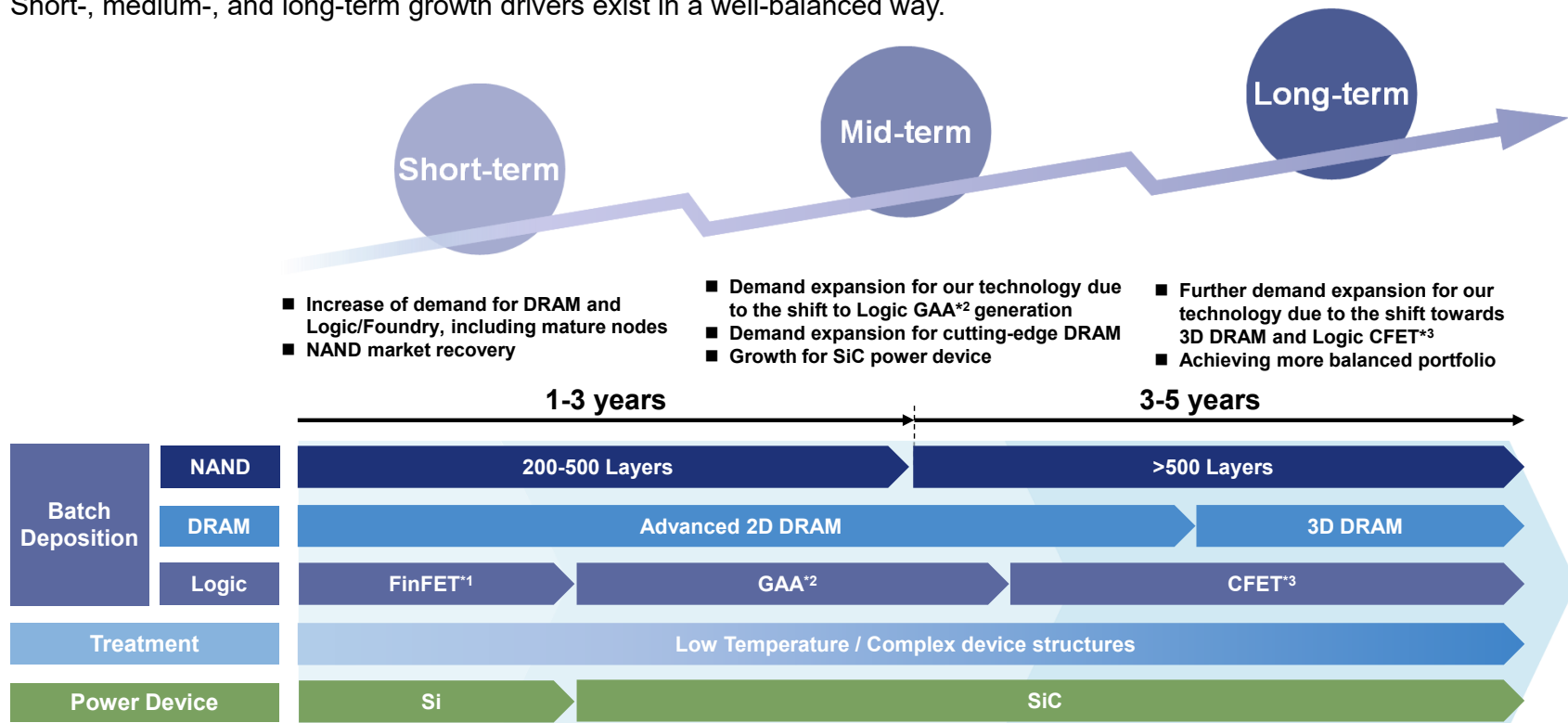
Materiality / Priority Themes	Activity Items
■ Contribution to society through creativity and innovation	
Creation of new technologies and new products	Development of advanced underlying technologies and promotion of joint development with external institutions
Enhancement of customer satisfaction	Provision of products, technologies, and services attuned to the VOC*1
Enhancement of economic performance	Improvement of business results, investment, etc. and confirmation of the return on investment
■ Creation of a sustainable society and conservation of the global environment	
Reduction of environmental impact	Reduction of greenhouse gas emissions
	Thorough management of energy
	Thorough management of waste and hazardous substances
	Thorough management of water and wastewater
Contribution to the environment through technology and products	Development of environmentally friendly products
Promotion of sustainable procurement	Strengthening of supply chain management

*1: VOC: Voice of Customer *2: SCR: Super Clean Room

Materiality / Priority Themes	Activity Items
■ Human resources management as a source of innovation	
Respect for diversity of human assets	Promotion of diversity equity & inclusion
Development of human resources who learn on their own, think on their own and act on their own	Development of global human resources and securing of excellent human resources
Maintenance and enhancement of health and safety	Strengthening of occupational health and safety management
■ Strengthening of the governance system to realize sustainability management	
Strengthening of governance	Strengthening of corporate governance
	Thorough compliance
Thorough management of major business risks	Strengthening of SCR*2 / CR risk countermeasures and BCP Strengthening of information security risk countermeasures and BCP
Ensuring of management transparency	Timely and appropriate disclosure to internal and external parties
■ Respect and consideration of human rights	
Respect for human rights	Promotion of the understanding and awareness of employees about human rights

Summary

Short-, medium-, and long-term growth drivers exist in a well-balanced way.



*1 Fin Field-Effect Transistor *2 Gate All Around *3 Complimentary Field Effect Transistor

Information on IR Day (for institutional investors and analysts)

- Date and Time : June 18, 2024(Tue) AM(JST)
- Event format : Hybrid event planned
- Place : Bellesalle Yaesu
103-0028
First financial building, 1-3-7, Yaesu Chuo-ku, Tokyo, Japan
- Contact : PR&IR Department, Corporate Strategy Division
KOKUSAI ELECTRIC CORPORATION
prir.ke@kokusai-electric.com



Appendix

KOKUSAI ELECTRIC at a Glance

History

1949	Established "Kokusai Electric Co., Ltd."
2000	Kokusai Electric Co., Ltd., Hitachi Denshi and Yagi Antenna merged to form "Hitachi Kokusai Electric Inc."
2017	KKR joined as a shareholder through a takeover
2018	KOKUSAI ELECTRIC CORPORATION was formed through company split as a specialty manufacturer in semiconductor manufacturing equipment
2023	Listed on the TSE Prime Market

Overview of Financials (FY24/3)

Revenue	Gross Profit Margin	Adjusted Operating Profit Margin
JPY 180.8bn	41.5%	20.9%
Adjusted Earnings per Share	Adjusted ROE	Equity Ratio
118.12yen	14.0%	49.9%

Overview of Company

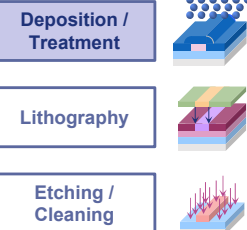
Company Name	KOKUSAI ELECTRIC CORPORATION
Category of Industry	Electric Appliances
Securities Code	6525
Fiscal Year Ending	March 31
Representative Director	Fumiyuki Kanai
Financial Accounting Standards	International Financial Reporting Standards (IFRS)
Number of Employees ^{*1}	Consolidated: 2,472, Non-consolidated: 1,125
Number of shares per unit	100
Recent Awards	



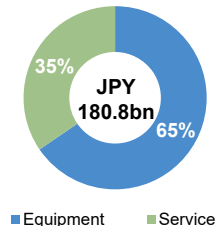
Overview of Business

Specialty manufacturer of semiconductor manufacturing equipment, with strengths in "Deposition" in the Front-end process

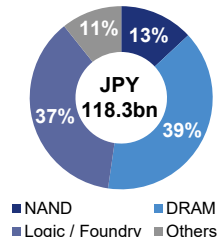
Key Business Areas in the Front-end Process



Revenue Breakdown by Business (FY24/3)



Revenue Breakdown by Application (FY24/3)



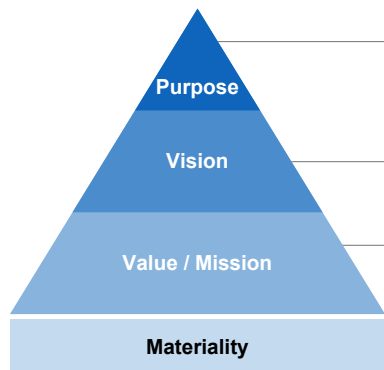
*1 As of March 31, 2024

Management Policy

Based on the “KOKUSAI ELECTRIC Way” (corporate philosophy), pursue economic value and environmental and social value from both aspects of business activities and ESG initiatives, contribute to the achievement of SDGs, and continue to support a future where creation and innovation are born.

“KOKUSAI ELECTRIC Way”

KOKUSAI ELECTRIC Way



Purpose

Technology & Tai-wa for Tomorrow

The KOKUSAI ELECTRIC Group supports a future where creativity and innovation are born out of Technology and Tai-wa.

Vision

Your Trusted Partner To Bring Technology Dreams to Life

Value / Mission

Our Technology

- Refine technology
- Create technology
- Advance technology
- Captivate with technology

Our Tai-wa

- Tai-wa with cutting edge technology
- Tai-wa with the natural environment
- Tai-wa with social issues
- Tai-wa with ourselves

Sustainability management

Contribute to the realization of a sustainable society and the achievement of SDGs



Expanding corporate value and sustainable development



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

(JPY mn)	FY23/3					FY24/3				
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year
Revenue	56,035	64,385	65,216	60,085	245,721	32,710	44,995	53,956	49,177	180,838
Gross profit	23,090	27,489	26,359	23,867	100,805	14,275	19,890	21,741	19,059	74,965
<i>Gross profit margin</i>	41.2%	42.7%	40.4%	39.7%	41.0%	43.6%	44.2%	40.3%	38.8%	41.5%
Adjusted operating profit	14,700	18,102	17,154	14,295	64,251	5,614	11,035	12,400	8,790	37,839
<i>Adjusted operating profit margin</i>	26.2%	28.1%	26.3%	23.8%	26.4%	17.2%	24.5%	23.0%	17.9%	20.9%
Adjusted net income	10,796	12,473	12,193	10,523	45,985	3,782	7,304	9,101	7,109	27,296
<i>Adjusted net income margin</i>	19.3%	19.4%	18.7%	17.5%	18.7%	11.6%	16.2%	16.9%	12.6%	15.1%
Operating profit	12,984	16,407	15,527	11,146	56,064	3,990	9,383	10,689	6,683	30,745
<i>Operating profit margin</i>	23.2%	25.5%	23.8%	18.6%	22.8%	12.2%	20.9%	19.8%	13.6%	17.0%
Income before income tax	12,901	16,429	15,667	10,898	55,895	3,727	9,145	10,742	6,143	29,757
<i>Income before income tax margin</i>	23.0%	25.5%	24.0%	18.1%	22.7%	11.4%	20.3%	19.9%	12.5%	16.5%
Net income	9,605	11,297	11,064	8,339	40,305	2,655	6,158	7,914	5,647	22,374
<i>Net income margin</i>	17.1%	17.5%	17.0%	13.9%	16.4%	8.1%	13.7%	14.7%	11.5%	12.4%
R&D expenses	2,688	3,293	2,912	3,532	12,425	2,932	3,023	3,062	3,666	12,683
Capital expenditures	736	2,853	2,151	828	6,568	5,077	2,071	10,478	2,828	20,454
Depreciation and amortization	2,529	2,563	2,600	2,612	10,304	2,637	2,671	2,792	2,845	10,945

Reconciliation of Adjusted Items

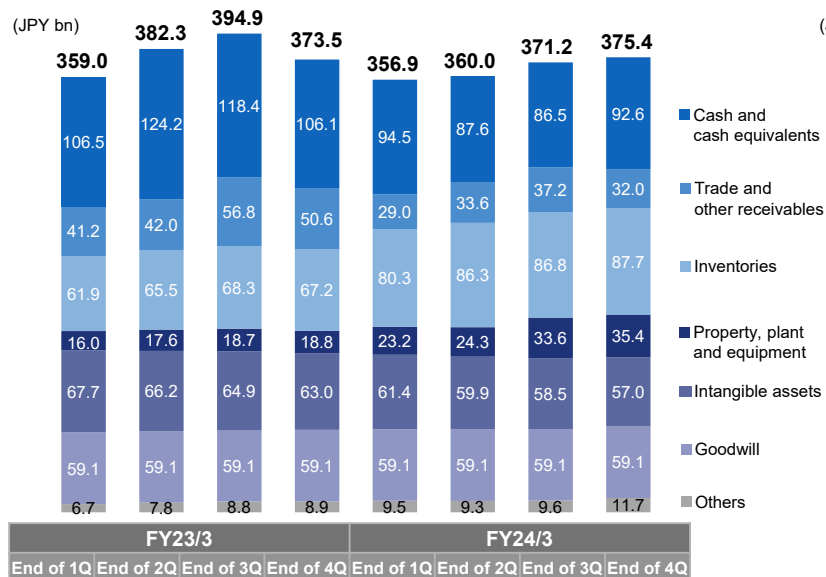
(JPY mn)	FY23/3					FY24/3				
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year
Operating profit	12,984	16,407	15,527	11,146	56,064	3,990	9,383	10,689	6,683	30,745
Other income	-30	-30	-191	-19	-270	-30	-110	-285	-254	-679
Other expenses	23	88	41	1,410	1,562	45	33	19	390	487
(Adjustments)										
Purchase price allocation amortization	1,592	1,593	1,592	1,592	6,369	1,592	1,592	1,593	1,592	6,369
Stand-alone related expenses	105	16	156	76	353	1	10	203	9	223
Stock-based compensation (except for performance-linked stock compensation)	26	28	29	90	173	16	127	181	370	694
Total adjustments	1,723	1,637	1,777	1,758	6,895	1,609	1,729	1,977	1,971	7,286
Adjusted Operating Profit	14,700	18,102	17,154	14,295	64,251	5,614	11,035	12,400	8,790	37,839
Net income	9,605	11,297	11,064	8,339	40,305	2,655	6,158	7,914	5,647	22,374
Other income	-30	-30	-191	-19	-270	-30	-110	-285	-254	-679
Other expenses	23	88	41	1,410	1,562	45	33	19	390	487
(Adjustments)										
Purchase price allocation amortization	1,592	1,593	1,592	1,592	6,369	1,592	1,592	1,593	1,592	6,369
Stand-alone related expenses	105	16	156	76	353	1	10	203	9	223
Stock-based compensation (except for performance-linked stock compensation)	26	28	29	90	173	16	127	181	370	694
Tax adjustment to total adjustments	-525	-519	-498	-965	-2,507	-497	-506	-524	-645	-2,172
Adjusted Net Income	10,796	12,473	12,193	10,523	45,985	3,782	7,304	9,101	7,109	27,296

Quarterly Balance Sheet

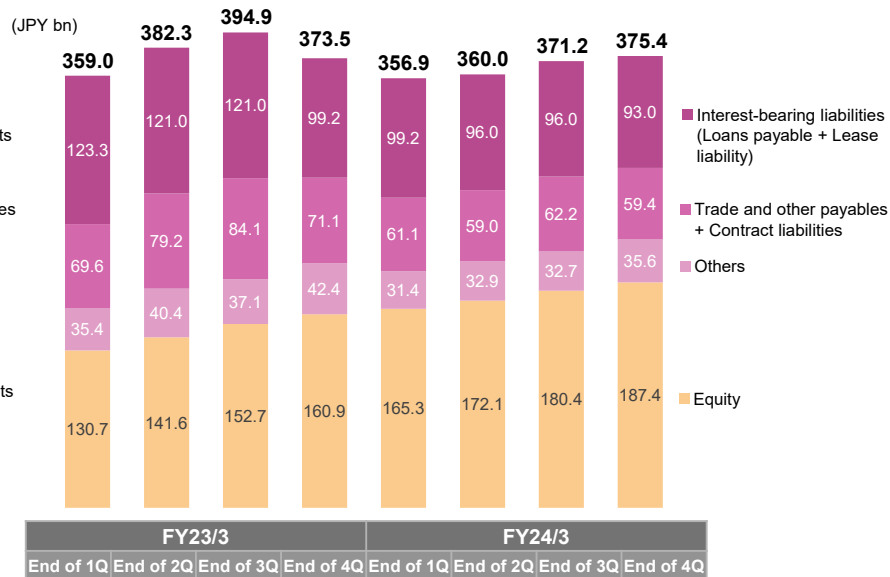
Total assets, inventories and tangible fixed assets are on an increasing trend.

Total liabilities, interest-bearing debt decreased. Total equity, increased due to retained earnings.

Assets



Liabilities · Equity



Key Balance Sheet Items

(JPY mn)			FY21/3	FY22/3	FY23/3	FY24/3
			End of 4Q	End of 4Q	End of 4Q	End of 4Q
Assets	Current	Cash and cash equivalents	40,039	108,399	106,053	92,619
	Assets	Trade and other receivables	41,732	45,973	50,617	31,994
		Inventories	38,659	51,649	67,197	87,682
		Other current assets	311	478	2,053	2,619
		Total Current assets	120,741	206,499	225,920	214,914
		Non-current	Property, plant and equipment	16,172	15,998	18,775
	Assets	Goodwill	59,065	59,065	59,065	59,065
		Intangible assets	75,075	69,049	62,968	56,995
		Other non-current assets	2,716	5,921	6,811	9,077
		Total non-current assets	153,028	150,033	147,619	160,519
	Total Assets		273,769	356,532	373,539	375,433

(JPY mn)			FY21/3	FY22/3	FY23/3	FY24/3
			End of 4Q	End of 4Q	End of 4Q	End of 4Q
Liabilities	Current	Loans payable + Lease liability	3,343	4,968	6,596	8,019
	Liabilities	Trade and other payables	46,426	49,901	41,790	36,667
		Contract liabilities	4,000	18,760	29,283	22,719
		Others	11,972	24,904	23,784	20,138
		Total current liabilities	65,741	98,533	101,453	87,543
	Non-current	Loans payable + Lease liability	122,417	118,223	92,610	84,999
	Liabilities	Others	20,668	20,257	18,595	15,503
	Total non-current liabilities	143,085	138,480	111,205	100,502	
	Total Liabilities		208,826	237,013	212,658	188,045
	Total Equity		64,943	119,519	160,881	187,388
Total Liabilities and Equity		273,769	356,532	373,539	375,433	

	FY21/3	FY22/3	FY23/3	FY24/3
	End of 4Q	End of 4Q	End of 4Q	End of 4Q
Equity ratio	23.7%	33.5%	43.1%	49.9%
Debt equity ratio	1.9	1.0	0.6	0.5
Net cash(JPY mn)	- 85,721	- 14,792	6,847	- 399

Cash Flow Statement

(JPY mn)

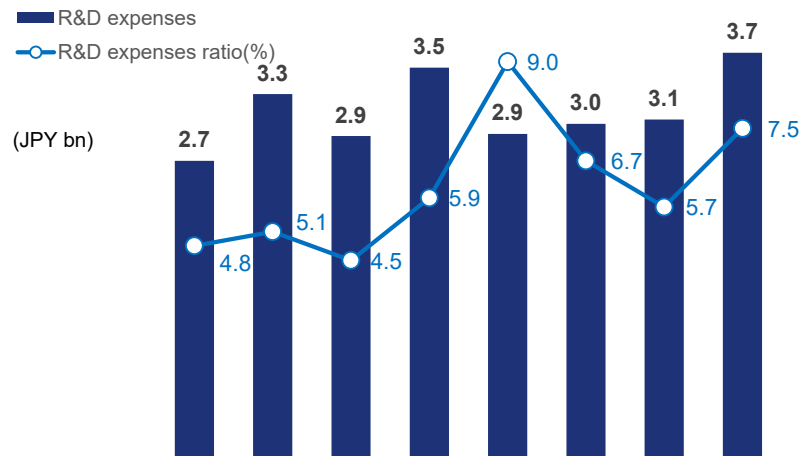
	FY23/3					FY24/3				
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year
CF from operating activities	- 1,950	22,120	- 3,351	13,174	29,993	- 7,365	- 2,030	2,443	9,894	2,942
CF from investing activities	- 982	- 1,657	- 2,069	- 3,117	- 7,825	- 5,278	- 2,037	- 3,321	- 1,314	- 11,950
Free CF	- 2,932	20,463	- 5,420	10,057	22,168	- 12,643	- 4,067	- 878	8,580	- 9,008
CF from financing activities	- 120	- 2,425	- 163	- 22,405	- 25,113	- 167	- 3,171	70	- 3,044	- 6,312
Cash and cash equivalents at beginning balance	108,399	106,464	124,198	118,403	457,464	106,053	94,493	87,550	86,498	374,594
Cash and cash equivalents at end of the quarter	106,464	124,198	118,403	106,053	455,118	94,493	87,550	86,498	92,619	361,160

Quarterly R&D Expenses / Capital Expenditure / Depreciation Expense

The ratio of R&D expense to revenue increased temporarily due to the continued investment in next-generation equipment development. The ratio will normalize as sales recover.

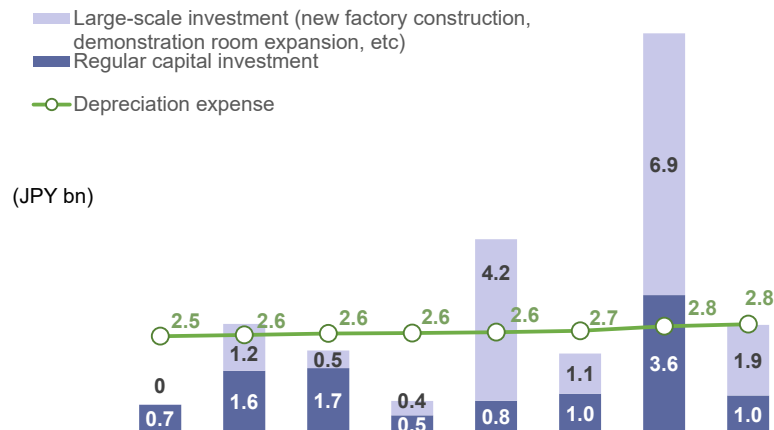
Large-scale capital investments with long-term amortization, such as new factory construction and demonstration room expansion are increasing.

R&D Expenses



	FY23/3				FY24/3			
(JPY bn)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
R&D expenses	2.7	3.3	2.9	3.5	2.9	3.0	3.1	3.7
<i>Ratio to revenue</i>	<i>4.8%</i>	<i>5.1%</i>	<i>4.5%</i>	<i>5.9%</i>	<i>9.0%</i>	<i>6.7%</i>	<i>5.7%</i>	<i>7.5%</i>

Capital Expenditure / Depreciation Expense

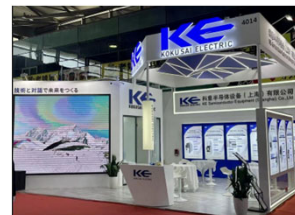
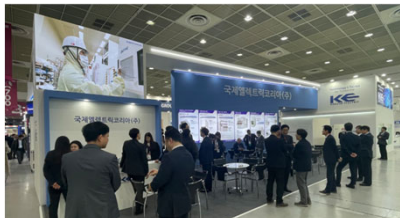


	FY23/3				FY24/3			
(JPY bn)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Capex total	0.7	2.9	2.2	0.8	5.1	2.1	10.5	2.8
<i>Ratio to revenue</i>	<i>1.3%</i>	<i>4.4%</i>	<i>3.3%</i>	<i>1.4%</i>	<i>15.5%</i>	<i>4.6%</i>	<i>19.4%</i>	<i>5.8%</i>
Depreciation	2.5	2.6	2.6	2.6	2.6	2.7	2.8	2.8
<i>Ratio to revenue</i>	<i>4.5%</i>	<i>4.0%</i>	<i>4.0%</i>	<i>4.3%</i>	<i>8.1%</i>	<i>5.9%</i>	<i>5.2%</i>	<i>5.8%</i>

Key Activities for FY2024/3

Business Activities

- Received the 2024 EPIC Distinguished Supplier Award from Intel Corporation. (March 2024)
- Established an office in Yokohama for R&D of elemental technologies related to next-generation semiconductors, with plans to start full-scale operation at end of FY2024. (January 2024)
- Exhibited at semiconductor industry exhibitions held in various regions, including: SEMICON® China (March 2024), SEMICON® Korea (January 2024), SEMICON® Japan (December 2023), SEMICON® Europa 2023 (November 2023), SEMICON® Taiwan 2023 (September 2023), SEMICON® West 2023 (July 2023), and SEMICON® China 2023 (June 2023).
- Held the completion ceremony of the demonstration evaluation area of the Korean production base. (November 2023)
- The Integrated Green-niX Consortium for Research and Human-Resource Development (Green-niX), in which KOKUSAI ELECTRIC participates, selected among Ministry of Education, Culture, Sports, Science and Technology's Initiatives to Establish Next-generation Novel Integrated Circuits Centers (X-nics). (July 2023)
- Received the 2023 EPIC Distinguished Supplier Award from Intel Corporation. (June 2023)
- Recognized in Customer Satisfaction Survey by TechInsights as one of the "10 Best Suppliers" for the 26th consecutive year, and won "The BEST Suppliers" award for excellent semiconductor manufacturing equipment by product type. (May 2023)



Key Activities for FY2024/3

ESG Initiatives

- Recognized for the 3rd consecutive year as the 2024 Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category). (March 2024)
- Signed an official partner agreement with professional soccer club Kataller Toyama, supporting them for the 6th consecutive year. (February 2024)
- Toyama Technology & Manufacturing Center received Silver Status in RBA VAP audit. (January 2024)
- Increased the use of Toyama Mizu-no-Sato Denki renewable energy at Toyama Technology & Manufacturing Center to 20% of total. (January 2024)
- Selected as Best Deal in the IPO category of Nikkei Veritas' Deal of the Year 2023. (January 2024)
- Formulated KOKUSAI ELECTRIC Group Sustainable Procurement Guidelines, disseminated and explained them to suppliers. (October 2023)
- Sponsored the "Owara Kaze no Bon" festival in Yatsuo, Toyama City, where the Toyama Technology & Manufacturing Center is located. (September 2023)
- Received "Kurumin Certification" from the Minister of Health, Labour and Welfare, recognizing our initiatives to support childcare. (July 2023)
- Held open-air environmental classes at nursery facilities as part of community contribution activities. (June 2023)
- Enhanced the "Compliance Whistleblower System" on the company website to strengthen compliance in our supply chain. (June 2023)
- Signed the Women's Empowerment Principles (WEPs), which offer guidance to businesses actively promoting women's empowerment in the workplace. (April 2023)



2024 SEASON OUR PARTNER



