KOKUSAI ELECTRIC

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

August 6, 2026

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.

1Q FY27/3 Consolidated Financial Summary

Highlight

Summary of Consolidated Results for 1Q 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 generative AI applications increasing QoQ. Investments for NAND are mainly focused on generation shift. The recovery in demand for consumer electronics, automobiles, and industrial equipment is moderate.**
- **In 1Q, both revenue and profit increased YoY driven by growth in equipment sales mainly for DRAM and Logic as well as service revenue. Both revenue and profit exceeded the forecasts announced at the full-year earnings release.**

Consolidated Earnings and Dividend 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 capacity expansion investment.**
- **Due to the rapid expansion of capital investment of device manufacturers, equipment sales are expected to significantly exceed the previous forecast [*1] and dividend forecast for the 2Q(interim period) and full year have been revised upward.**

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*1 Earnings forecast for FY27/3 announced on May 13 along with the FY26/3 earnings results

Consolidated Results Summary

In 1Q, both revenue and profit increased YoY and QoQ.
Although the gross profit margin declined YoY due to changes in product mix, it increased QoQ.
Due to increased sales revenue, the profit margins from adjusted operating profit and below exceeded both YOY and QoQ levels.

	FY26/3					FY27/3		
(JPYB)	1Q	2Q	3Q	4Q	Full-year	1Q	YoY	QoQ
Revenue	**51.8**	**65.4**	**55.9**	**62.0**	**235.1**	**75.4**	+45.6%	+21.6%
Gross profit	**22.2**	**27.3**	**22.9**	**24.4**	**96.8**	**30.7**	+38.1%	+25.6%
Gross profit margin	*42.9%*	*41.7%*	*41.0%*	*39.4%*	*41.2%*	*40.7%*	-2.2pts	+1.3pts
Adjusted operating profit	**10.9**	**14.4**	**11.3**	**11.0**	**47.6**	**17.4**	+59.3%	+58.4%
Adjusted operating profit margin	*21.1%*	*22.1%*	*20.2%*	*17.7%*	*20.2%*	*23.0%*	+1.9pts	+5.3pts
Adjusted net income	**7.6**	**9.8**	**8.3**	**8.4**	**34.1**	**12.5**	+65.1%	+49.0%
Adjusted net income margin	*14.7%*	*15.0%*	*14.8%*	*13.6%*	*14.5%*	*16.6%*	+1.9pts	+3.0pts
Operating profit	**9.7**	**13.0**	**9.8**	**9.3**	**41.8**	**15.9**	+63.9%	+70.9%
Operating profit margin	*18.8%*	*19.9%*	*17.6%*	*15.0%*	*17.8%*	*21.1%*	+2.3pts	+6.1pts
Income before income tax	**9.3**	**12.8**	**9.4**	**9.2**	**40.7**	**15.7**	+68.9%	+71.8%
Income before income tax margin	*18.0%*	*19.6%*	*16.9%*	*14.8%*	*17.3%*	*20.9%*	+2.9pts	+6.1pts
Net income	**6.8**	**8.8**	**7.3**	**7.3**	**30.1**	**11.6**	+70.6%	+58.8%
Net income margin	*13.1%*	*13.4%*	*13.0%*	*11.7%*	*12.8%*	*15.3%*	+2.2pts	+3.6pts
R&D expenses	**3.9**	**4.8**	**4.2**	**5.4**	**18.3**	**4.5**	+15.9%	-17.8%
Capital expenditures	**2.3**	**5.2**	**4.0**	**5.3**	**16.9**	**4.8**	+109.8%	-9.5%
Depreciation & amortization	**3.4**	**3.5**	**3.6**	**3.7**	**14.3**	**3.9**	+15.0%	+5.2%
Dividend per share(JPY)	**-**	**18**	**-**	**19**	**37**	**-**	-	-

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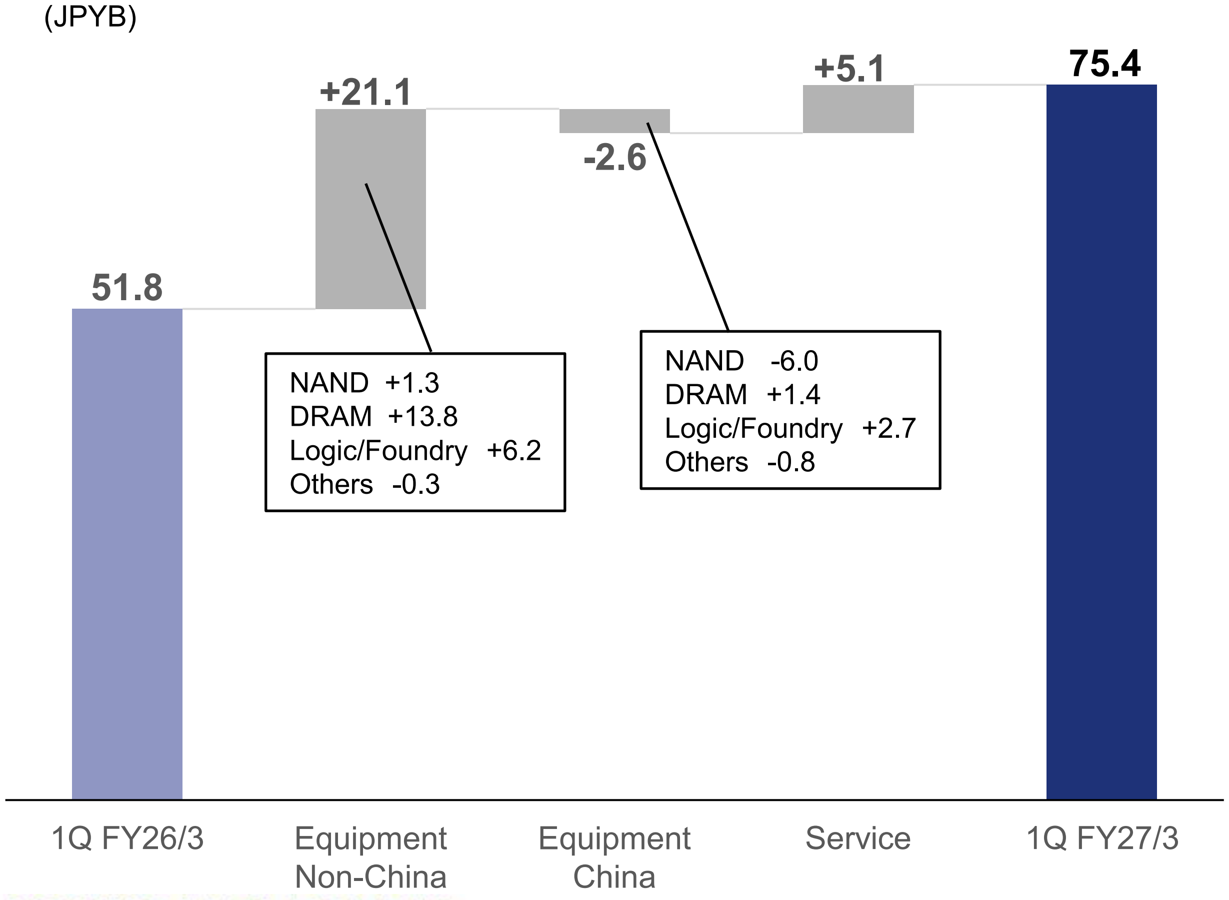
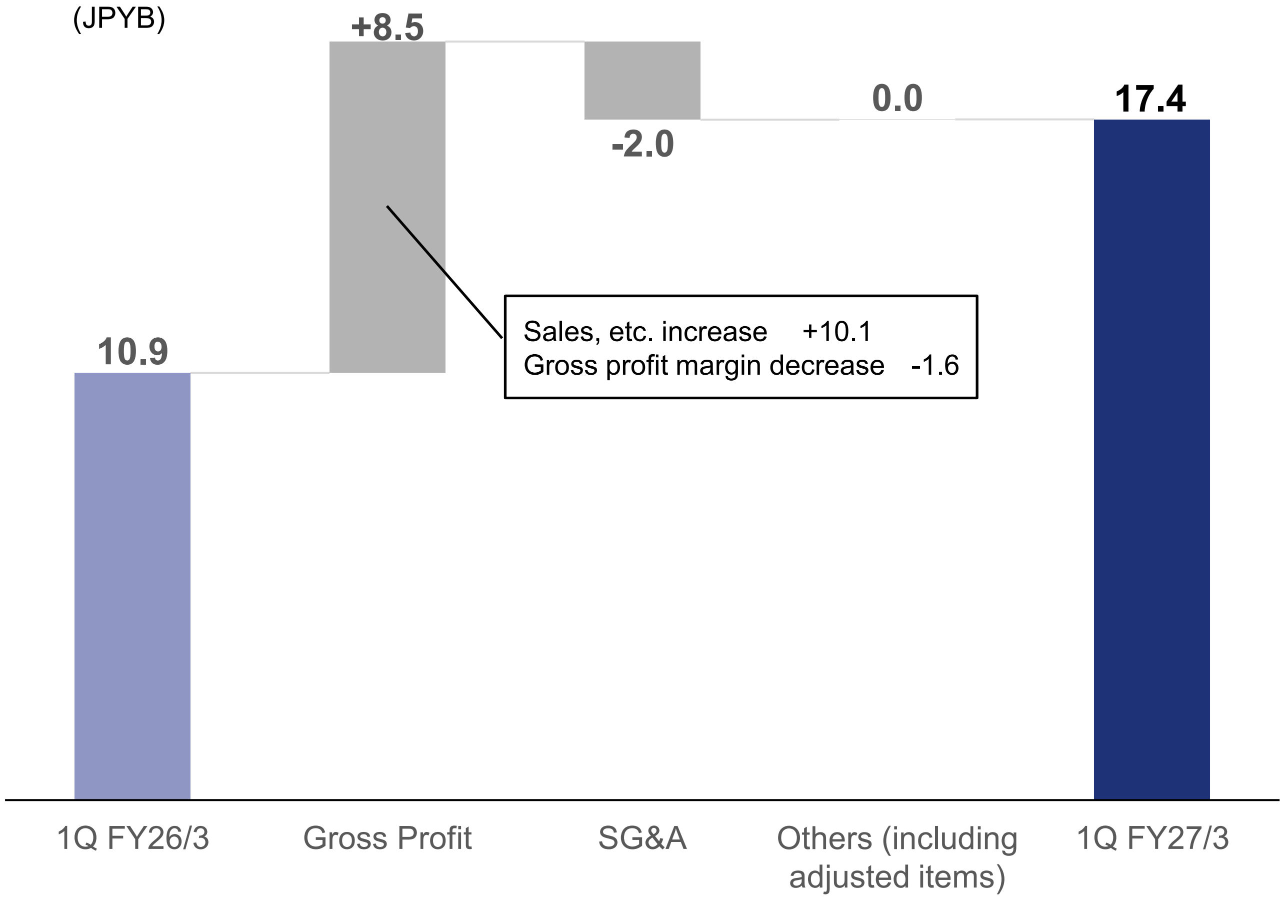
1Q FY27/3 Results: Factors for Changes

Revenue increased 46% YoY, driven by equipment sales in Non-China and Service.
Adjusted operating profit increased 59% YoY, largely due to increased sales.

Revenue



Adjusted Operating Profit



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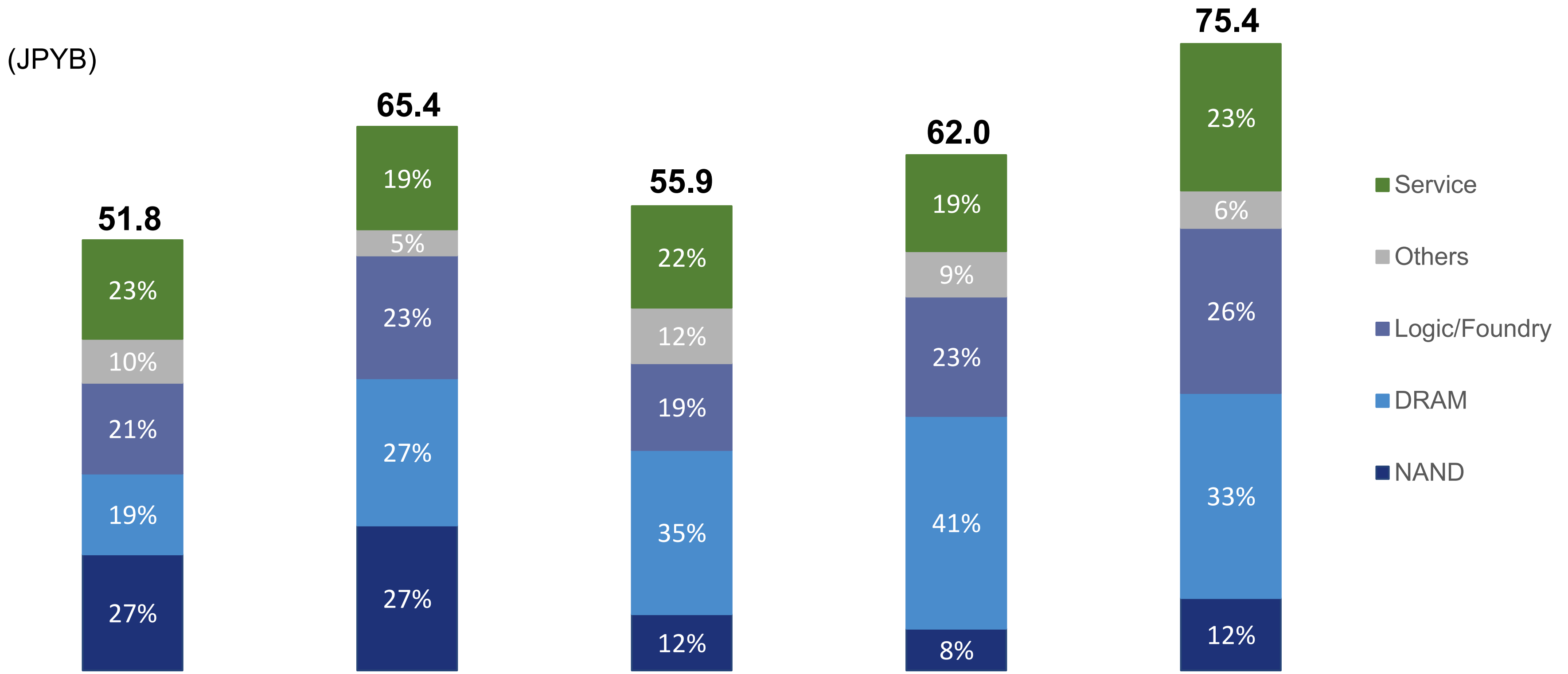
Quarterly Revenues by Application

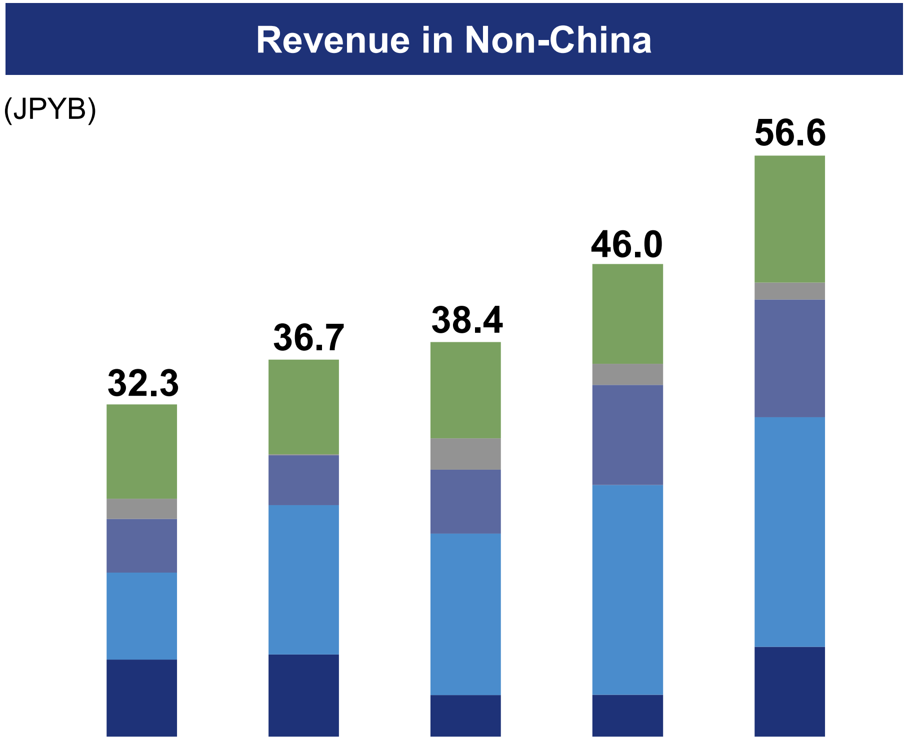
In 1Q, NAND decreased 34% YoY, while DRAM increased 158% and Logic/Foundry increased 82%.
QoQ, DRAM decreased 2%, while NAND increased 84% and Logic/Foundry increased 38%.



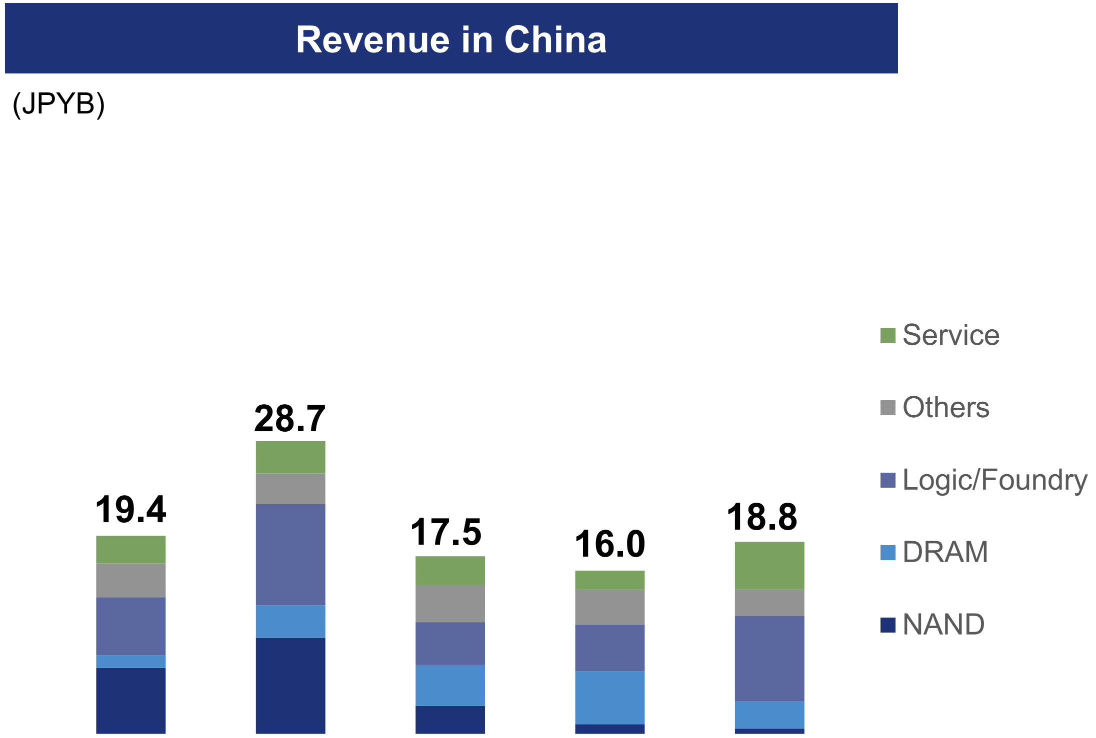
(JPYB)	FY26/3				FY27/3
	1Q	2Q	3Q	4Q	1Q
Service	11.9	12.4	12.2	11.6	17.0
Equipment	39.9	53.0	43.7	50.5	58.4

Quarterly Revenues by Account*1

In 1Q, for Non-China revenue, both equipment sales for major applications and service sales increased YoY and QoQ.
For China revenue, both equipment sales for Logic/Foundry and service sales increased YoY and QoQ.
Due to growth in revenue from Non-China, the ratio of revenue from China fell to 25%.



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



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

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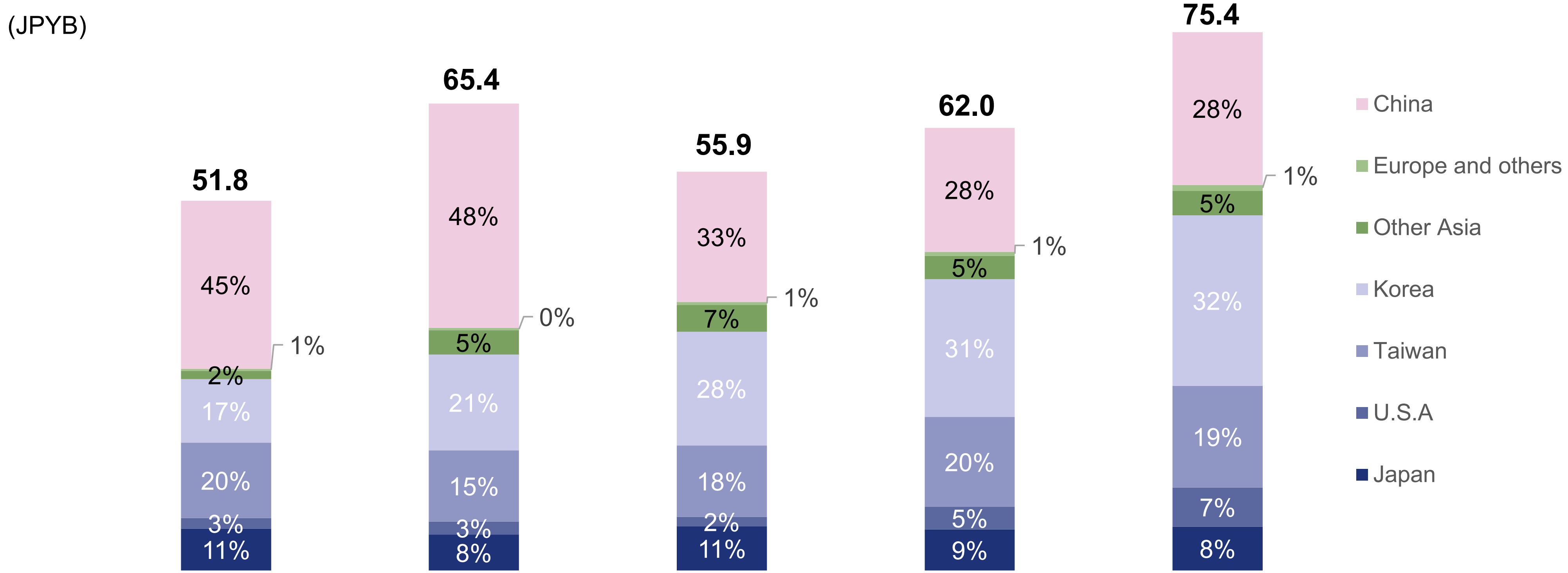
*1 Classification for non-China device manufacturers (manufacturers headquartered outside China) and China device manufacturers

Quarterly Revenues by Destination

In 1Q, sales to China decreased compared with YoY, while increasing QoQ.
Outside of China in 1Q, sales in all regions increased both YoY and QoQ.
China accounted for 28% of revenue, unchanged from the previous quarter.

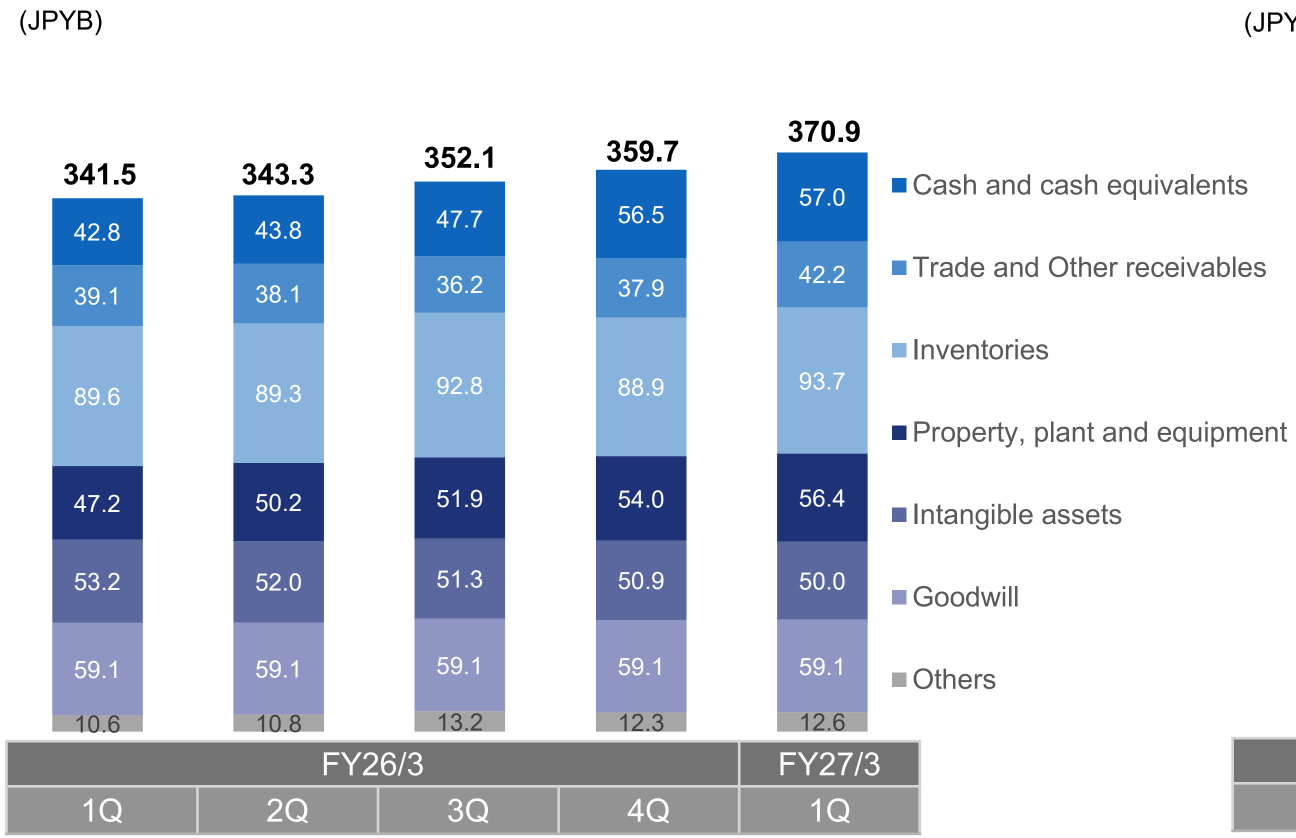


(JPYB)	FY26/3 1Q	FY26/3 2Q	FY26/3 3Q	FY26/3 4Q	FY27/3 1Q
For overseas	45.9	60.4	49.7	56.3	69.3
For Japan	5.9	5.0	6.2	5.8	6.2

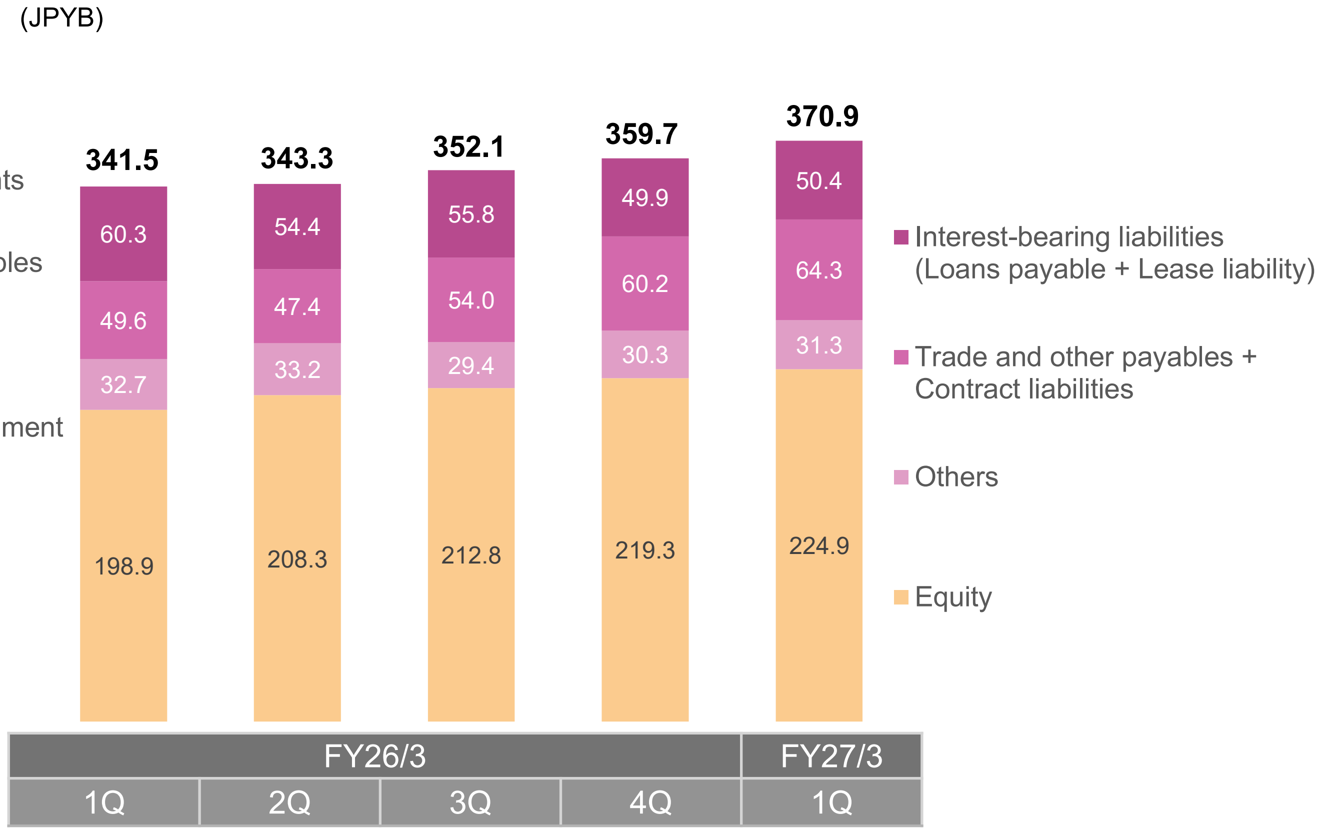
Quarterly Balance Sheet

Total assets increased by JPY 11.2 bn from the end of the previous fiscal year. This is mainly due to an increase in inventories resulting from higher production, as well as an increase in trade and other receivables.
Total equity increased by JPY 5.6 bn from the end of the previous fiscal year mainly due to an increase in retained earnings.

Assets



Liabilities / Equity



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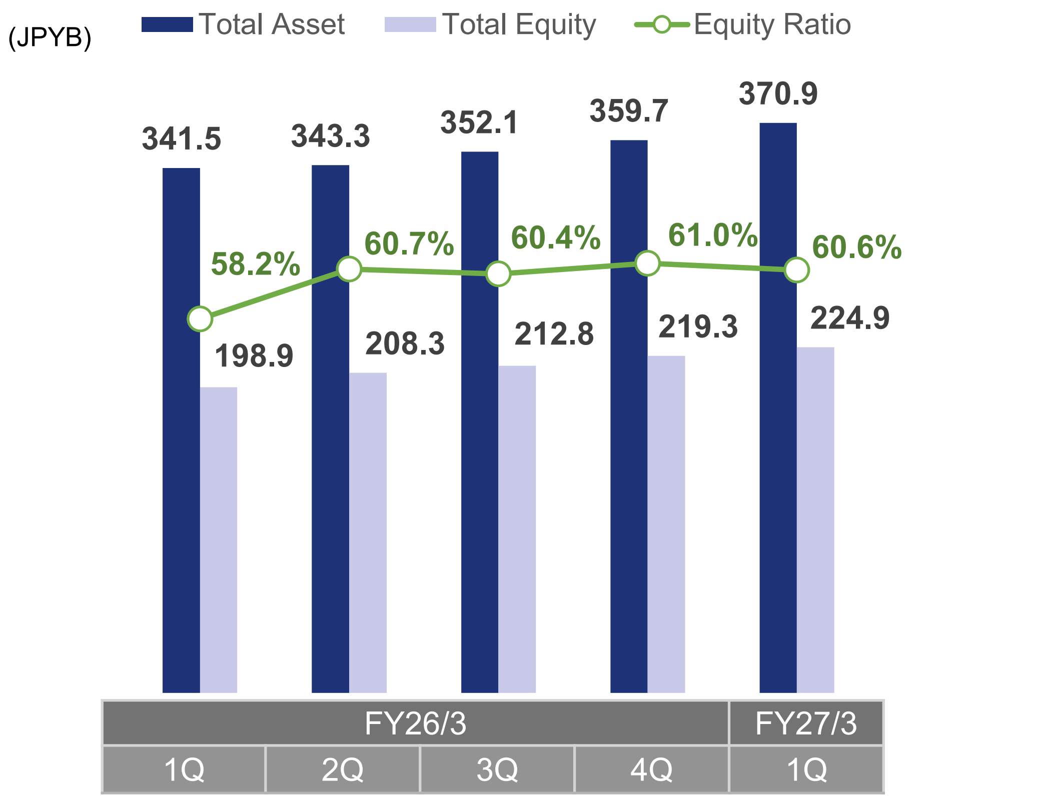
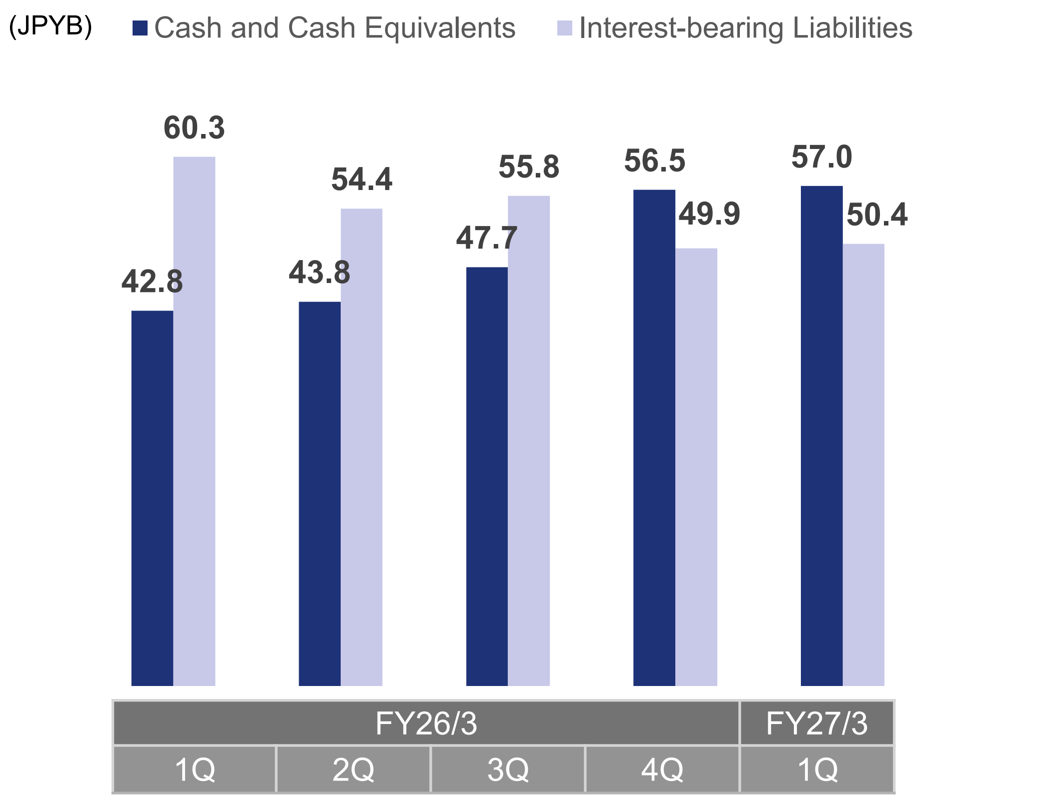
Quarterly Equity Ratio / Cash and Cash Equivalents / Interest-bearing Liabilities

Although the equity ratio decreased by 0.4 percentage points from the end of the previous fiscal year, it remained in the 60% range.
Net cash remained at JPY 6.6 bn, the same level as at the end of the previous fiscal year.

Total Asset / Total Equity / Equity Ratio



Cash and Cash Equivalents / Interest-bearing Liabilities



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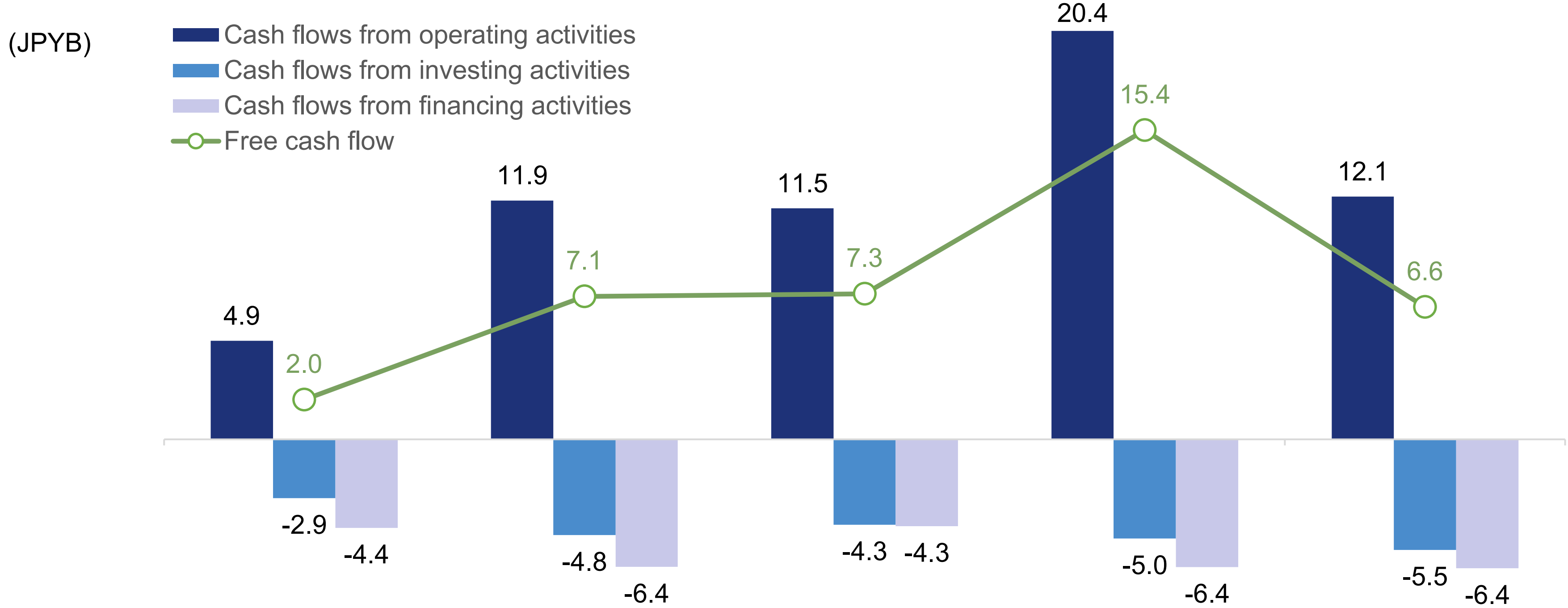
Quarterly Cash Flows

Cash flows from operating activities exceeded cash flows from investing activities, resulting in free cash flow of JPY 6.6 bn.
Cash outflow in financing activities amounted to JPY 6.4 bn mainly due to payment of dividends and share repurchases.



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

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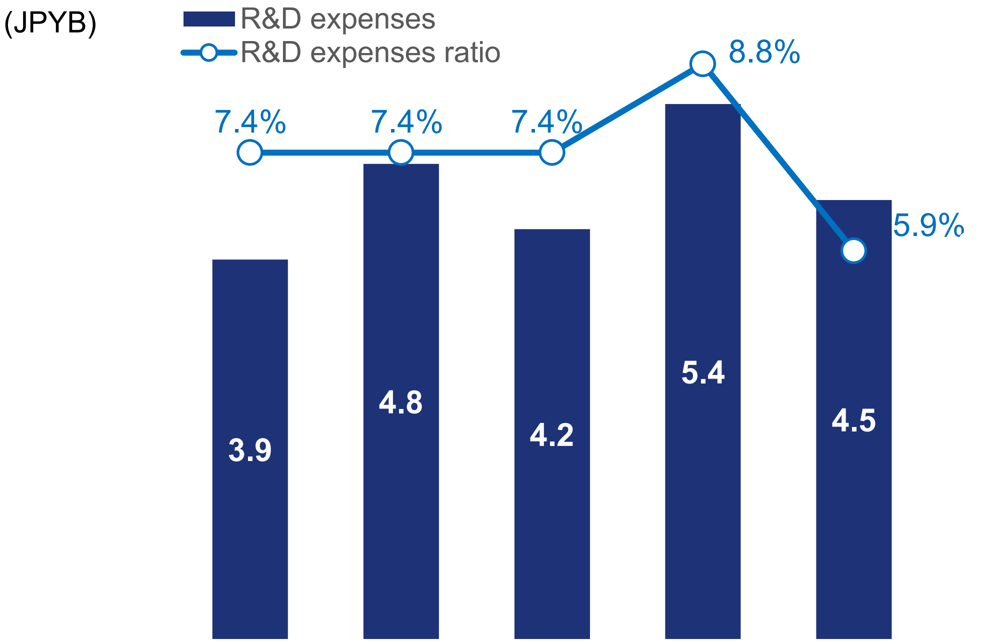
Quarterly R&D Expenses / Capital Expenditure / Depreciation Expense

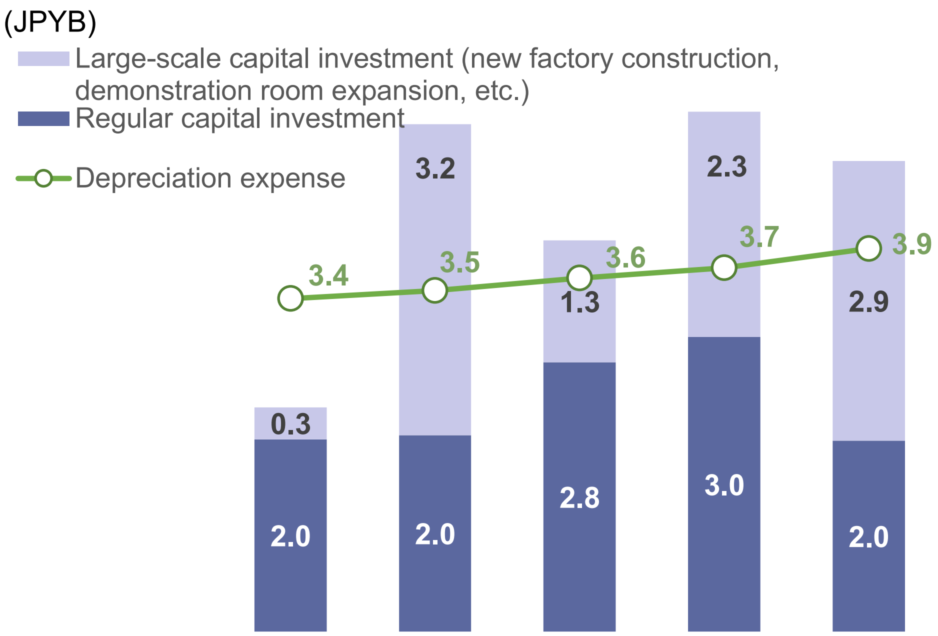
In 1Q, R&D expenses, capital expenditures, and depreciation expenses were as planned.
R&D expenses ratio decreased to 5.9% due to an increase in revenue.

R&D Expenses



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

Capital Expenditure / Depreciation Expense



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

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Consolidated Earnings and Dividend Forecast for FY27/3

Highlight

Summary of Consolidated Results for 1Q 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 generative AI applications increasing QoQ. Investments for NAND are mainly focused on generation shift. The recovery in demand for consumer electronics, automobiles, and industrial equipment is moderate.
- In 1Q, both revenue and profit increased YoY driven by growth in equipment sales mainly for DRAM and Logic as well as service revenue. Both revenue and profit exceeded the forecasts announced at the full-year earnings release.

Consolidated Earnings and Dividend 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 capacity expansion investment.**
- **Due to the rapid expansion of capital investment of device manufacturers, equipment sales are expected to significantly exceed the previous forecast [*1] and dividend forecast for the 2Q(interim period) and full year have been revised upward.**

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*1 Earnings forecast for FY27/3 announced on May 13 along with the FY26/3 earnings results

FY27/3 Earnings Forecast / Dividend Forecast (With Changes)

For the full-year, revenue was revised upward by 21%, up 45% YoY, adjusted operating profit was revised upward by 42%, up 81% YoY and adjusted net income for the period was revised upward by 40%, up 76% YoY.
Annual dividend forecast was revised upward from 47 yen to 65 yen, an increase of 18 yen.

	FY26/3			FY27/3									
	Achievement			Previous forecast			This time forecast						
(JPYB)	1H	2H	Full-year	1H	2H	Full-year	1H	YoY	2H	YoY	Full-year	YoY	Compared with previous forecast
Revenue	117.2	117.9	235.1	152.3	127.7	280.0	161.0	+37.4%	179.0	+51.8%	340.0	+44. 6%	+21.4%
Gross profit	49.5	47.3	96.8	64.1	53.5	117.6	68.4	+38.2%	77.8	+64.5%	146.2	+51.0%	+24.3%
Gross profit margin	42.2%	40.1%	41.2%	42.1%	41.9%	42.0%	42.4%	+0.2pts	43.5%	+3.4pts	43.0%	+1.8pts	+1.0pts
Adjusted operating profit	25.3	22.3	47.6	35.5	25.0	60.5	39.2	+54.7%	46.7	+109.4%	86.0	+80.7%	+42.1%
Adjusted operating profit margin	21.6%	18.9%	20.2%	23.4%	19.5%	21.6%	24.4%	+2.8pts	26.1%	+7.2pts	25.3%	+5.1pts	+3.7pts
Adjusted net income	17.4	16.7	34.1	25.0	17.9	42.9	27.8	+59.9%	32.2	+92.8%	60.0	+76.0%	+39.9%
Adjusted net income margin	14.8%	14.2%	14.5%	16.4%	14.0%	15.3%	17.3%	+2.5pts	18.0%	+3.8pts	17.7%	+3.2pts	+2.4pts
Operating profit	22.7	19.1	41.8	32.5	22.0	54.5	35.6	+56.8%	43.8	+129.3%	79.4	+89.8%	+45.7%
Operating profit margin	19.4%	16.2%	17.8%	21.4%	17.2%	19.5%	22.1%	+2.7pts	24.5%	+8.3pts	23.4%	+5.6pts	+3.9pts
Income before income tax	22.2	18.6	40.7	31.9	21.5	53.4	35.1	+58.4%	43.2	+132.2%	78.3	+92.2%	+46.6%
Income before income tax margin	18.9%	15.8%	17.3%	21.0%	16.8%	19.1%	21.8%	+2.9pts	24.1%	+8.3pts	23.0%	+5.7pts	+3.9pts
Net income	15.6	14.5	30.1	22.9	15.9	38.8	25.4	+63.3%	30.1	+108.3%	55.5	+84.4%	+43.0%
Net income margin	13.3%	12.3%	12.8%	15.1%	12.4%	13.9%	15.8%	+2.5pts	16.8%	+4.5pts	16.2%	+3.4pts	+2.3pts
Dividend per share(JPY)	18	19	37	23	24	47	32	+14	33	+14	65	+28	+18
Dividends payout ratio	—	—	25.3%	—	—	25.6%	—	—	—	—	25.2%	-0.1pts	-0.4pts

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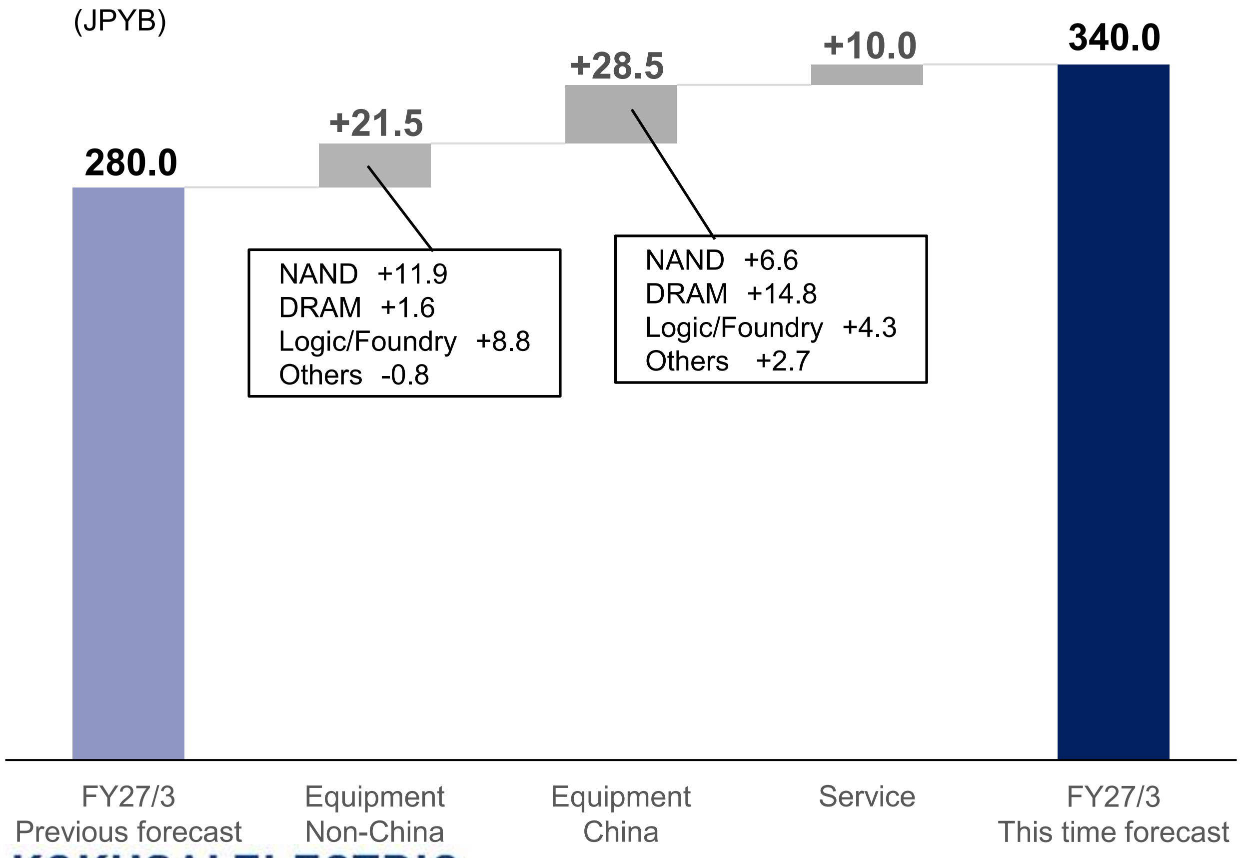
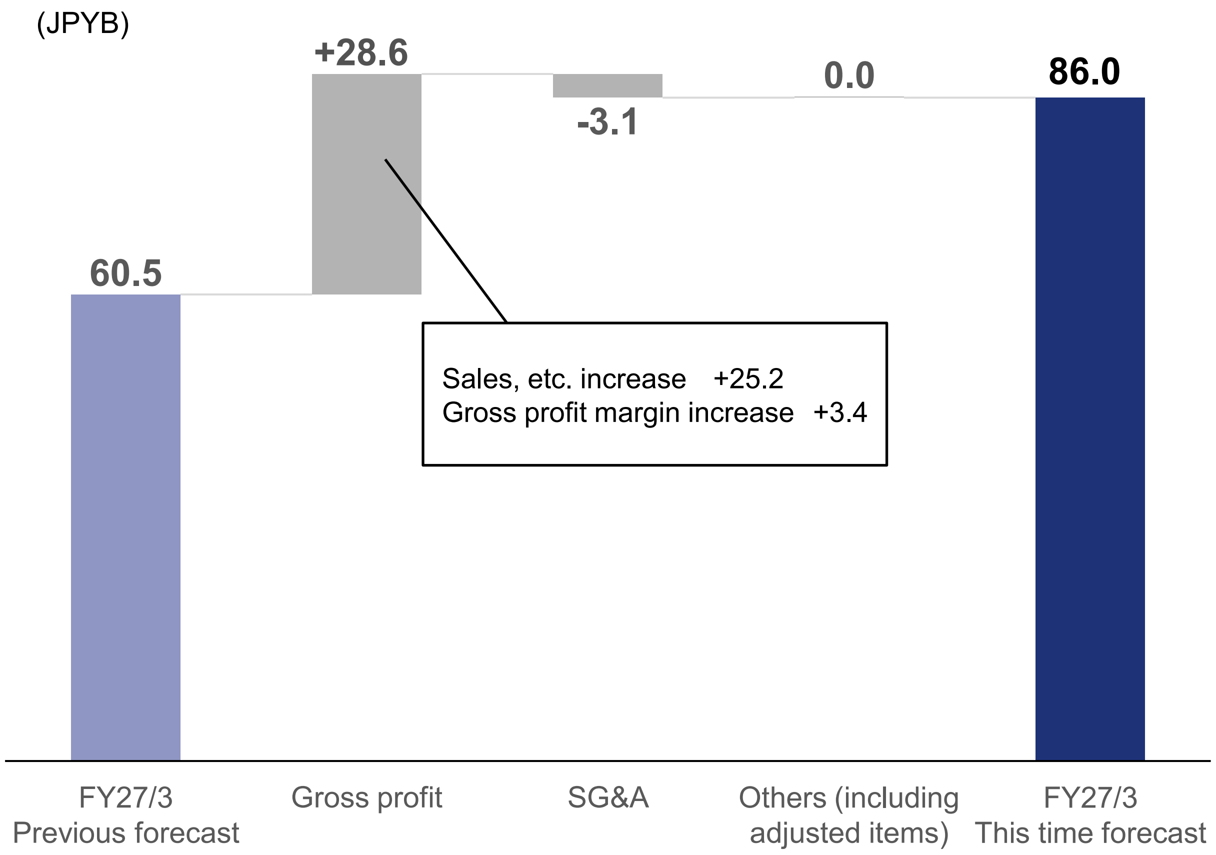
FY27/3 Earnings Forecast: Factors for Change from the Previous Forecast

Revenue is expected to increase by 21% compared to the previous forecast, reflecting a significant upside in equipment sales.
Adjusted operating profit is raised by 42% on the expectation of increased sales and a higher gross profit margin.

Revenue



Adjusted Operating Profit



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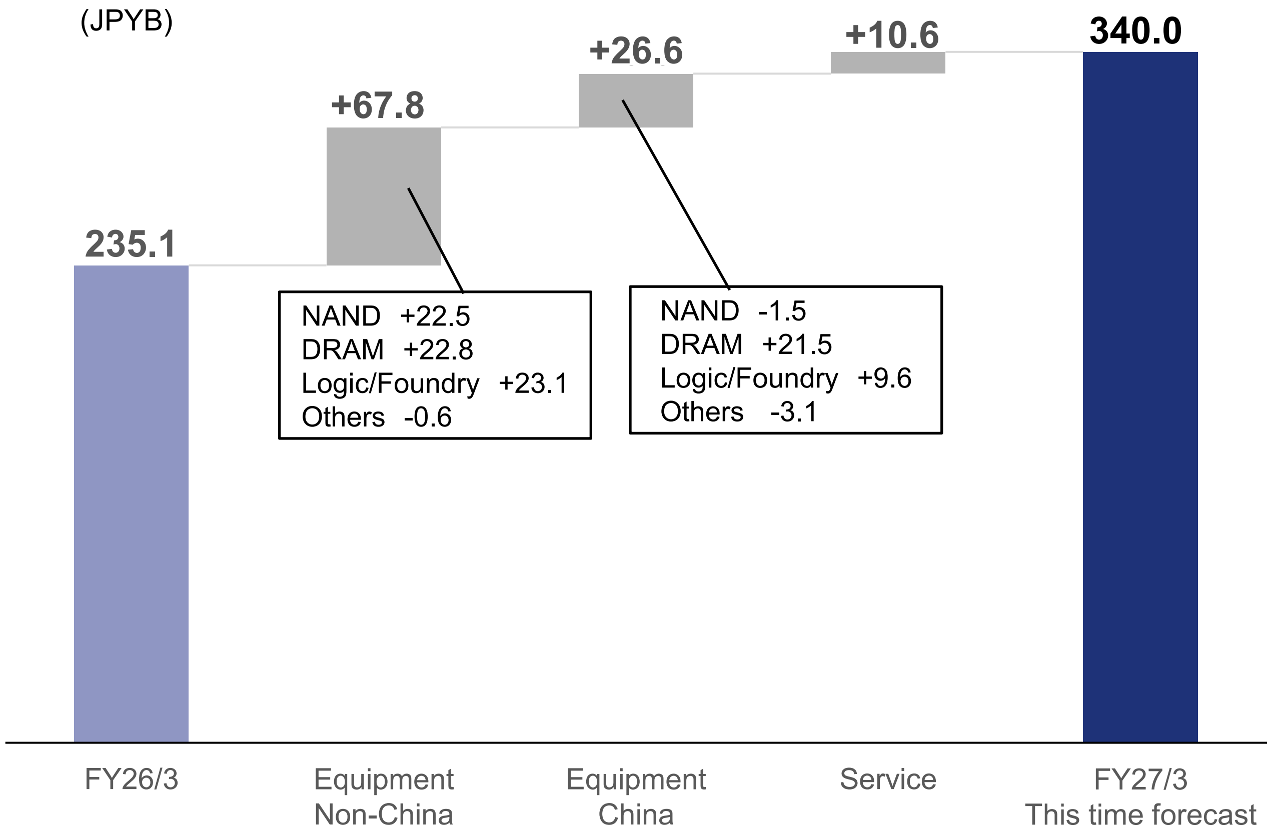
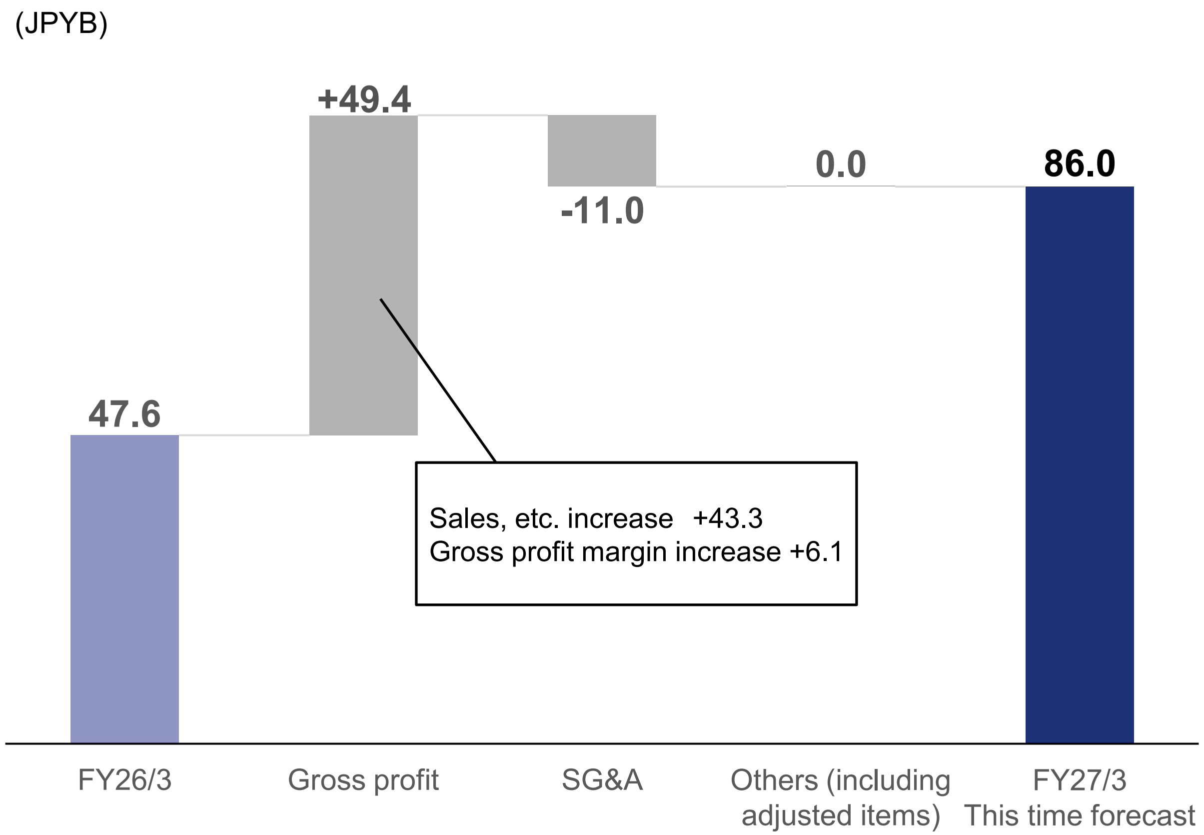
FY27/3 Earnings Forecast: Factors for YoY Change (With Changes)

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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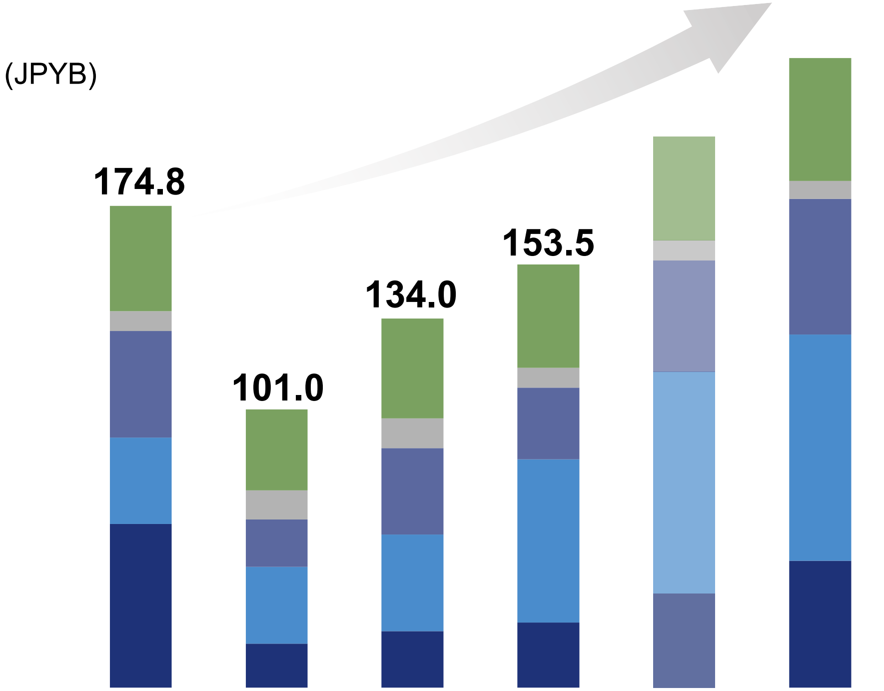
FY27/3 Earnings Forecast: Revenues by Account*1 (With Changes)

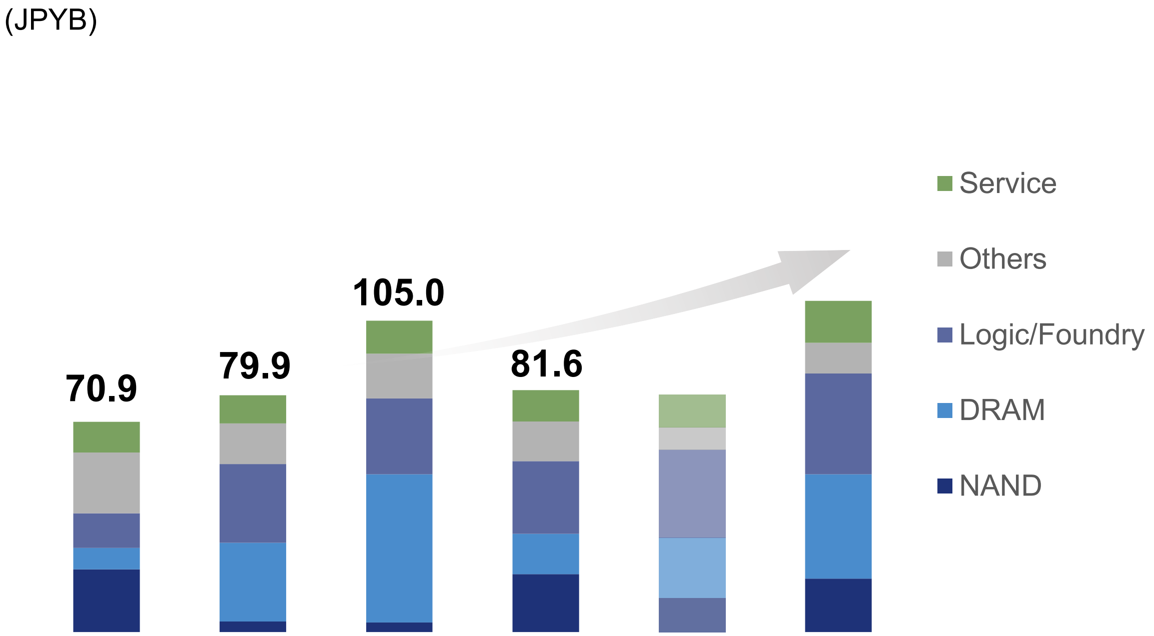
Expected Non-China revenue was revised upward by 14% from the previous forecast, mainly due to growing demand for NAND and Logic/Foundry equipment, and is projected to increase by 49% YoY.
Expected China revenue was revised upward by 39% from the previous forecast, mainly due to growing demand for DRAM equipment, and is projected to increase by 37% YoY.

Revenue in Non-China



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

Revenue in China



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

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

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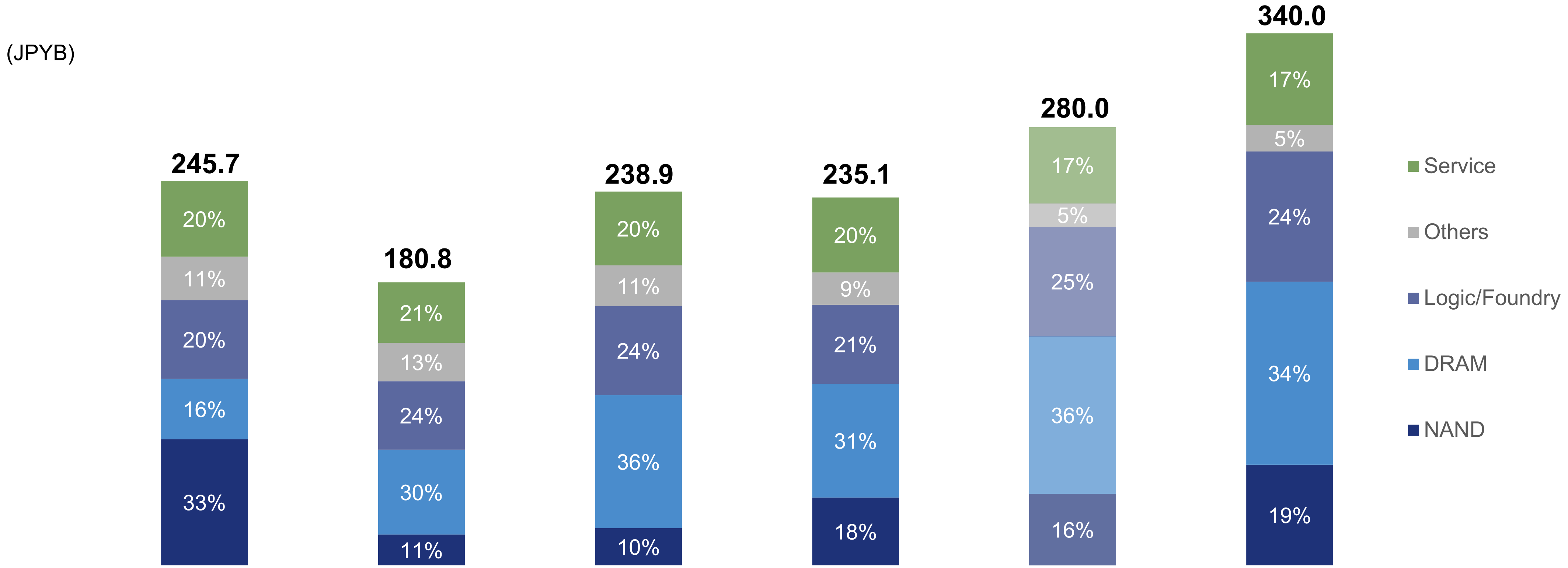
FY27/3 Earnings Forecast: Revenues by Application (With Changes)

Sales for NAND, DRAM, Logic/Foundry and the services are expected to increased 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 previous forecast	FY27/3 this time forecast
Service	48.5	38.8	47.2	48.0	48.6	58.6
Equipment	197.2	142.0	191.6	187.1	231.4	281.4

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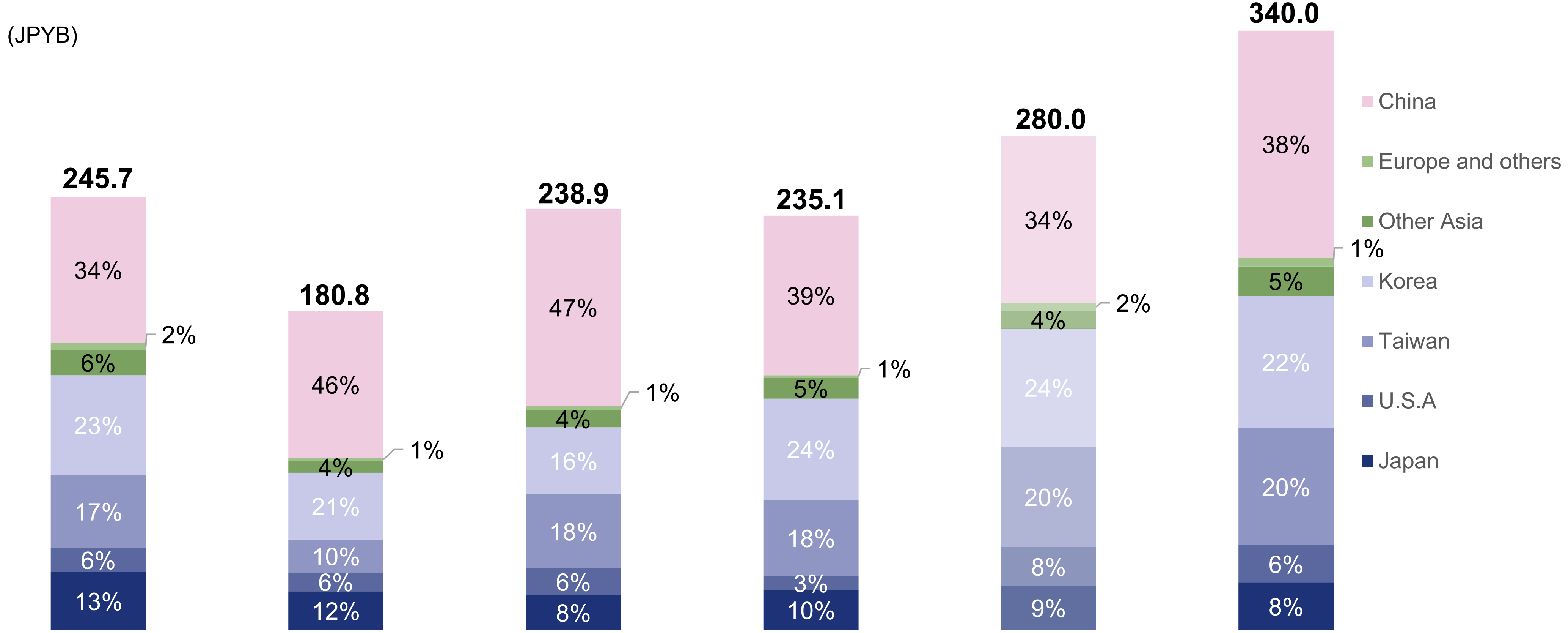
FY27/3 Earnings Forecast: Revenues by Destination (With Changes)

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 previous forecast	FY27/3 this time forecast
For overseas	87%	88%	92%	90%	91%	92%
For Japan	13%	12%	8%	10%	9%	8%

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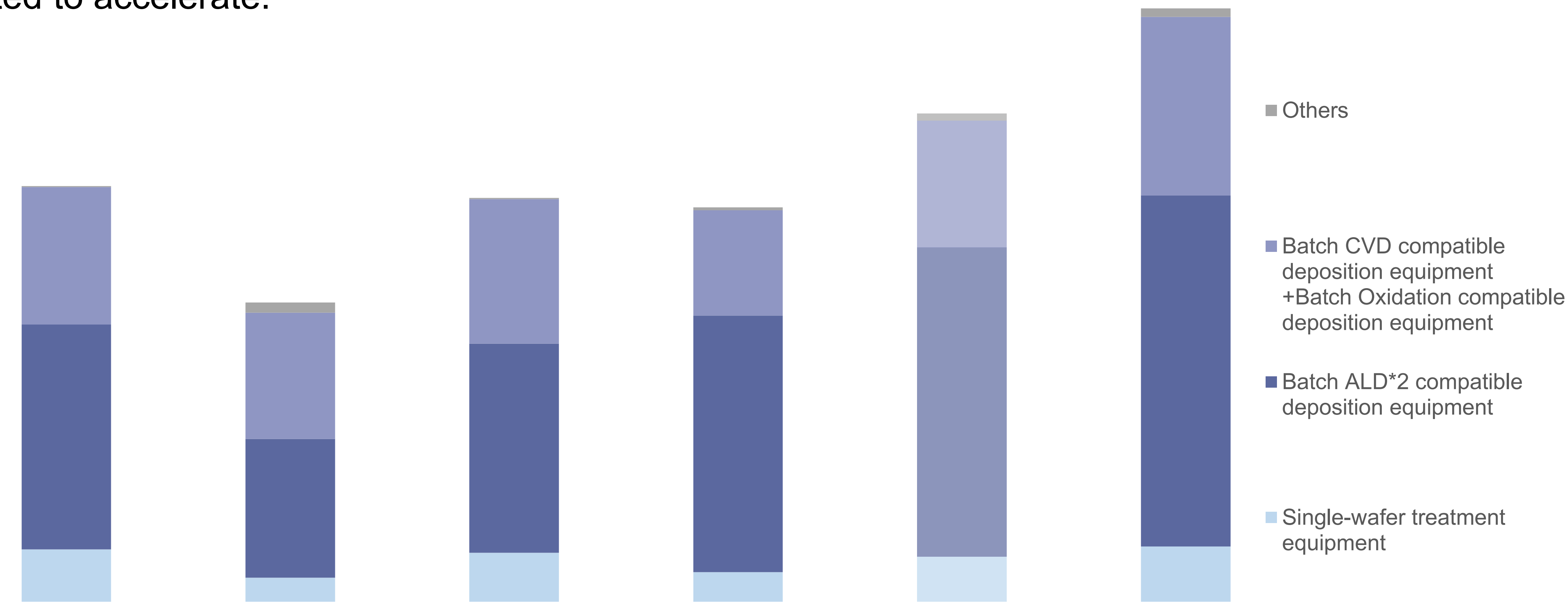
FY27/3 Earnings Forecast: Revenues by Equipment (With Changes)

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 previous forecast	FY27/3 this time forecast
Ratio of high value-added equipment*1	67%	54%	64%	73%	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”.

Future Outlook

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, centered on DRAM, 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)

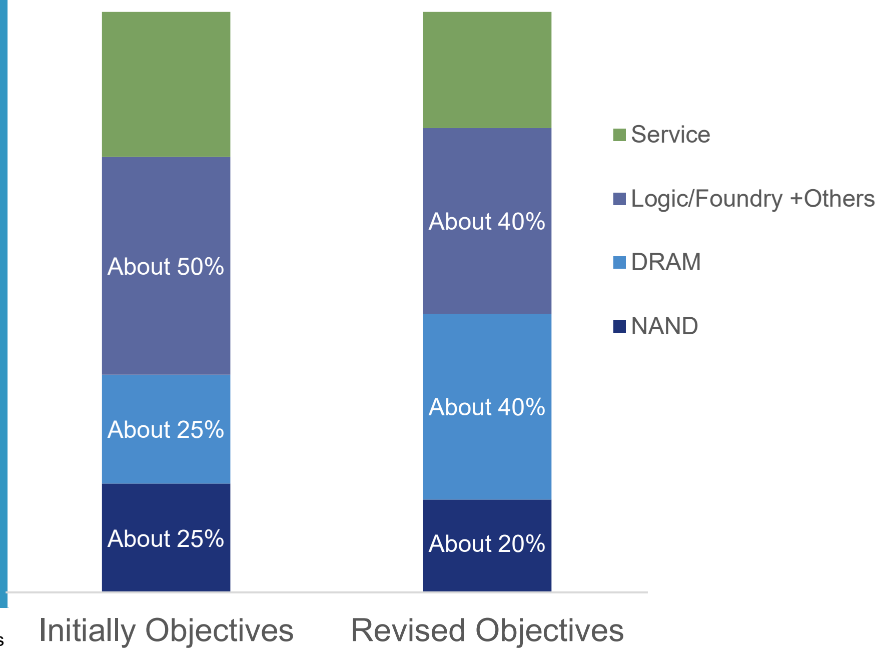
- The entire market: More than+25%
- Equipment for NAND market: Around+25%
- Equipment for DRAM market: Around+40%
- Logic/Foundry + Other markets: Around+20%

Update on the Mid-term Objectives

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

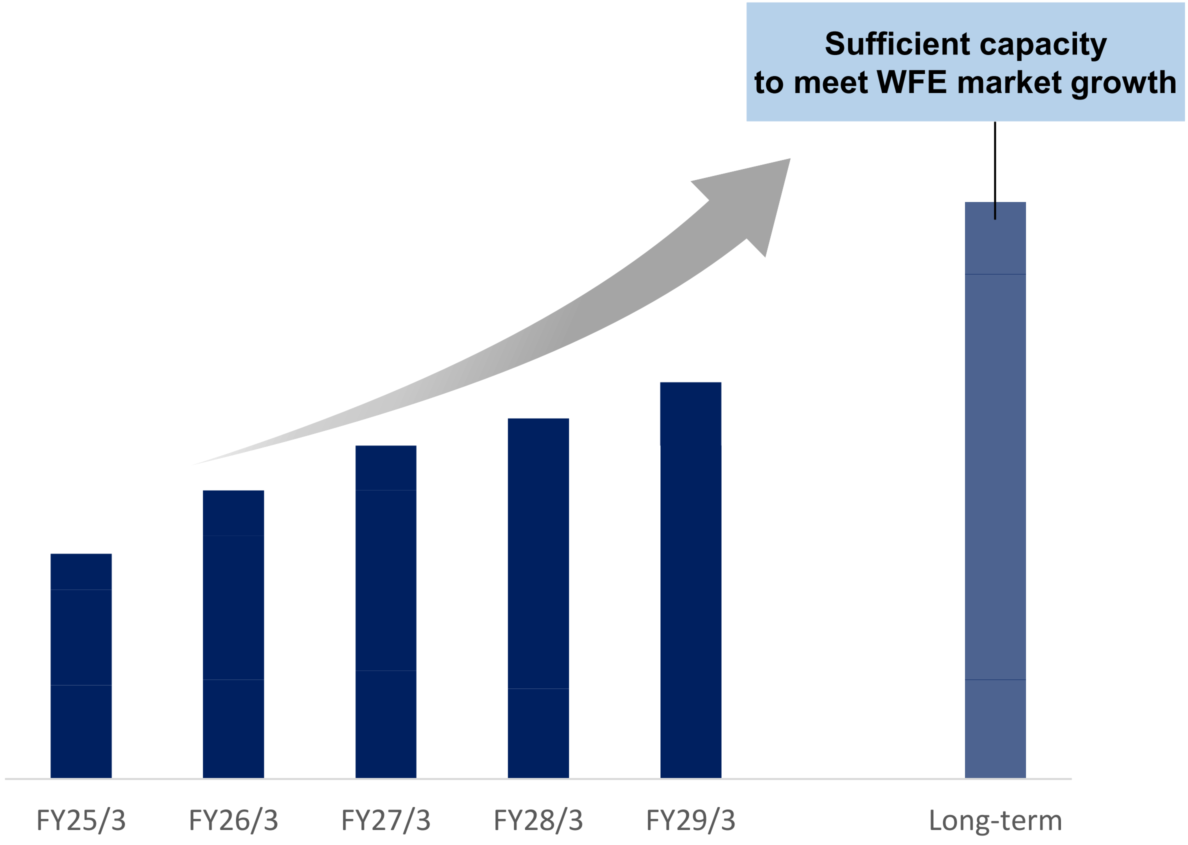


*1: Regarding the Mid-Term Objectives, the landing prospects for the Mid-to-Long Term Objectives at the current point in time are described based on the current environment and progress
*2: Adjusted Operating margin is calculated as adjusted operating margin / revenue
Adjusted Operating Profit is calculated 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

Production System

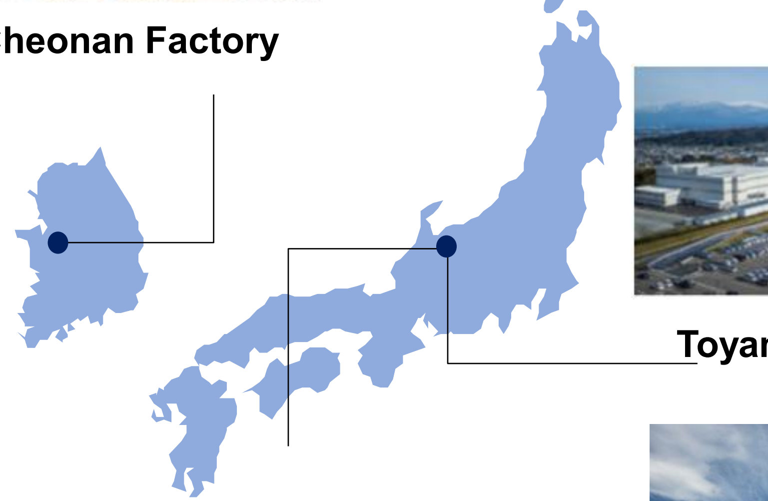
The operating rate for FY27/3 is expected to average 70–80% in 1H and over 80% in 2H and is expected to rise further in FY28/3.To keep pace with the rapid changes in the WFE market, we will continue to strengthen our production capacity and maintain a production system capable of fully meeting demand.

Expanding Production Capacity



Production Sites (Japan and South Korea)

Cheonan Factory



Toyama Factory

Tonami Factory
(Adjacent land has already been acquired
to increase production capacity
in April 2026)

Measures based on shareholder return policy

Due to the upward revision of FY27/3 earnings forecast, the annual dividend forecast will be increased by 18 yen, from 47 yen (dividend payout ratio of 25.6% based on adjusted net income) to 65 yen (25.2%).

Based on FY26/3 earnings, the share buyback was completed on July 27. The retirement is scheduled for August 31.

Shareholder return policy

■ Dividend distributions of retained earnings with target a consolidated dividend payout ratio of 20% to 30%

■ Once net cash[*1] becomes positive, allocate an amount equivalent to approx. 70% of free cash flow[*2] after the redemption of interest-bearing debt to dividends and share buybacks. In principle, treasury shares acquired are retired[*3].

■ The total payout ratio combining dividends and share buybacks is expected to be approximately 50% upon the achievement of the mid-term objectives.

Annual dividends

FY27/3
Previous forecast

47 yen

Interim dividend 23yen
Year-end dividend 24yen

FY27/3
This time forecast

65 yen

Interim dividend 32yen
Year-end dividend 33yen

Share buyback and Retirement

■Repurchase period : From May 14, 2026 to July 27, 2026

■Total number of shares repurchased : 565,900 shares

■Total amount of repurchase price : 5,299,480,480 yen

■Repurchase method : Market purchase on the Tokyo Stock Exchange, Inc.

■Total number of shared to be retired : 565,900 shares

■Scheduled date of retirement : August 31, 2026

(reference)

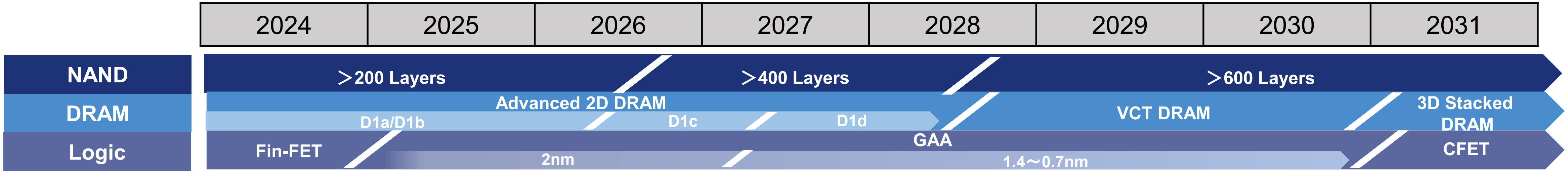
	Total number of issued shares	Number of own shares
As of July 31, 2026	238,115,614 shares	4,731,768 shares
As of August 31, 2026[*4]	237,549,714 shares	4,165,868 shares

*1:Net cash = Cash and Cash Equivalents - interest-bearing debt
*2:Defined as the sum of net cash from operating activities and net cash from (used in) investing activities, minus redemption of interest-bearing debt
*3:However, it shall be held up to a maximum of 1% of the total number of issued shares expected to be utilized under stock compensation plans, etc.
*4:After the retired of treasury shares. However, this does not include stock-based compensation grants, etc. made on or after August 1st.

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.

Device Roadmap



Business Environment

Short-term

- ■ NAND
  - In Non-China, investments continues for the generation shift (200 ~ 400 layers). Investment to expand production capacity is expected to resume.
  - Investment in China is expected to resume in the 2H of 2026 after the transitional period.
- ■ DRAM
  - As AI demand expands, investments for the generation shift and capacity expansion continues.
- ■ Logic/Foundry
  - Investments for the generation shift and capacity expansion continues.
  - In China, investment by major manufacturers continues.

Mid-term

- ■ NAND
  - In Non-China, investments continues for the generation shift (400 ~ 600 layers), investment to expand production scale resumes due to AI demand.
  - Investment in China is expected to focus on generation shift.
- ■ DRAM
  - Investments for generation shift and capacity expansion for D1d ~ VCT DRAM are expected to become active.
- ■ Logic/Foundry
  - Investments for generation shift and capacity expansion for GAA 2nm and 1.4nm are expected to become active. Expand investment in 3nm Fin-FET.
  - Expansion of the advanced packaging market.

Long-term

- ■ NAND
  - In Non-China, Investments for generation shift for 600 layers are expected to become active. Continue investment to expand production scale.
- ■ DRAM
  - Investments for generation shift and capacity expansion for VCT, 3D Stacked DRAM are expected to become active.
- ■ Logic/Foundry
  - Investments for generation shift and capacity expansion for CFET are expected to become active.
  - Further expansion of the advanced packaging market.

Our Catalyst

Short-term ~ Mid-term

- ■ Opportunities for application of high-value-added products are expanding against the backdrop of increased investment in high-performance DRAM and Logic/Foundry driven by AI demand.
- ■ For NAND, demand for high-value-added products is increase due to continued investment in generation shift. Expected to also expand production scale.
- ■ Leveraging our competitive deposition technology in the advanced packaging field, we have secured a new POR.
- ■ Further expansion of the service business is expected as the installed base grows in line with increased unit shipments.

Long-term

- ■ Further demand expansion due to generational shift towards NAND more than 600 layers, VCT DRAM, 3D Stacked DRAM, and Logic CFET.
- ■ Expansion of the advanced packaging field and development of new demand.

KOKUSAI ELECTRIC

Appendix

KOKUSAI ELECTRIC

Key Activities for 1Q FY27/3

Business Activities

- Awarded “Top 10 Customer Service” for 29 consecutive years in the Techinsights Global Semiconductor Supplier Awards.(May. 2026)
- Invited talk and poster presentation at ALD/ALE2026.(Jun. 2026)
- Decided to newly acquire a property adjacent to Tonami Manufacturing Center. (Apr. 2026)
- Participating in “MEMS Engineer FORUM 2026”.(Apr. 2026)
- In FY26/3, shipments of vertical equipment surpass 20,000 units.(Apr. 2026)

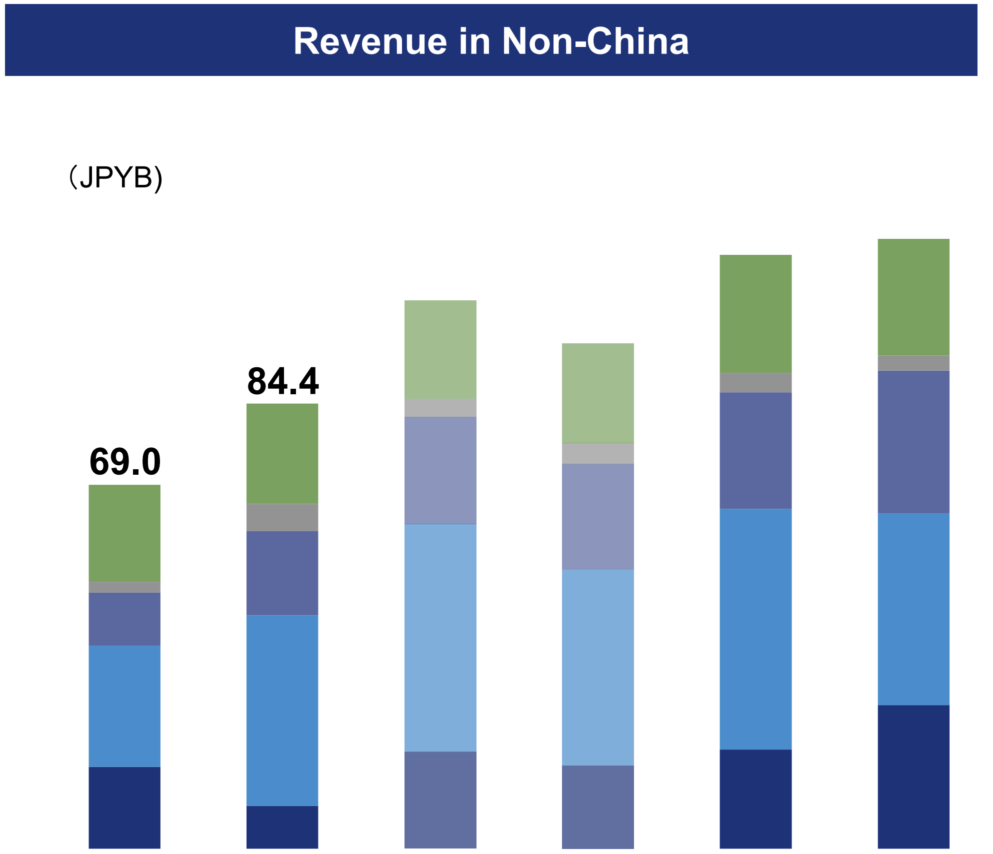
Awarded “Top 10 Customer Service” for 29 consecutive years in the Techinsights Global Semiconductor Supplier Awards

ESG Initiatives

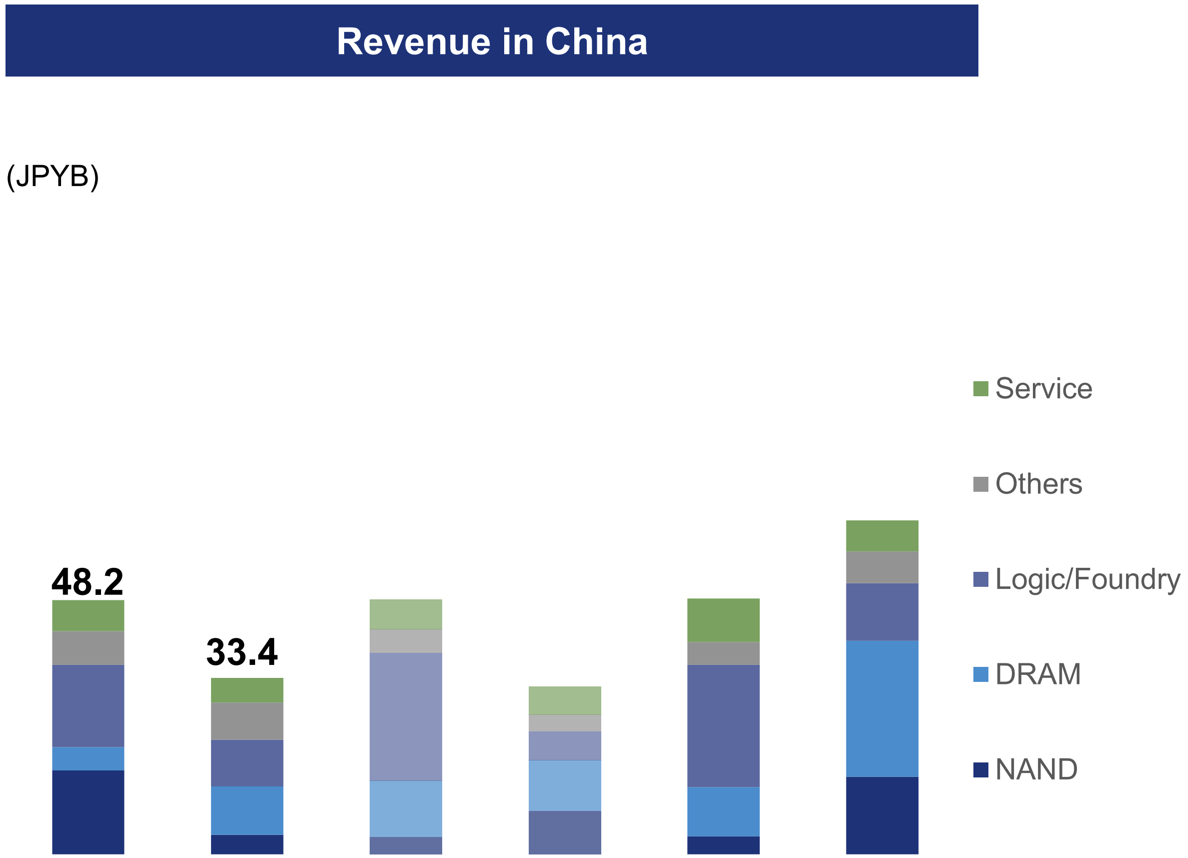
- Selected as a constituent of the ESG Investment Indices FTSE 4 Good Index Series, FTSE JPX Blossom Japan Index and FTSE JPX Blossom Japan Sector Relative Index.(Jun. 2026)
- Outdoor Environmental Classes held at preschools.(May 2026)
- Awarded highest rating in CDP’s Supplier Engagement Assessment 2025 for the second consecutive year.(May 2026)
- Recognized with “Prime” status in ISS STOXX ESG Corporate Rating for the first time.(May 2026)
- Sponsorship of “2026 Tonami Tulip Fair” in Tonami City, Toyama Prefecture.(Apr. 2026)

Awarded Highest Rating in CDP’s Supplier Engagement Assessment 2025 for the Second Consecutive Year

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



	FY26/3 1H	FY26/3 2H	FY27/3 1H previous forecast	FY27/3 2H previous forecast	FY27/3 1H this time forecast	FY27/3 2H this time forecast
Ratio of Non-China	59%	72%	68%	75%	70%	65%



	FY26/3 1H	FY26/3 2H	FY27/3 1H previous forecast	FY27/3 2H previous forecast	FY27/3 1H this time forecast	FY27/3 2H this time forecast
Ratio of China	41%	28%	32%	25%	30%	35%

KOKUSAI ELECTRIC

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

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

(JPYM)	FY26/3					FY27/3
	1Q	2Q	3Q	4Q	Full-year	1Q
Revenue	**51,789**	**65,416**	**55,852**	**62,021**	**235,079**	**75,414**
Gross profit	**22,220**	**27,277**	**22,883**	**24,430**	**96,810**	**30,678**
Gross profit margin	*42.9%*	*41.7%*	*41.0%*	*39.4%*	*41.2%*	*40.7%*
Adjusted operating profit	**10,902**	**14,439**	**11,290**	**10,965**	**47,596**	**17,371**
Adjusted operating profit margin	*21.1%*	*22.1%*	*20.2%*	*17.7%*	*20.2%*	*23.0%*
Adjusted net income	**7,598**	**9,785**	**8,292**	**8,420**	**34,095**	**12,548**
Adjusted net income margin	*14.7%*	*15.0%*	*14.8%*	*13.6%*	*14.5%*	*16.6%*
Operating profit	**9,717**	**12,993**	**9,809**	**9,317**	**41,836**	**15,926**
Operating profit margin	*18.8%*	*19.9%*	*17.6%*	*15.0%*	*17.8%*	*21.1%*
Income before income tax	**9,322**	**12,840**	**9,412**	**9,165**	**40,739**	**15,742**
Income before income tax margin	*18.0%*	*19.6%*	*16.9%*	*14.8%*	*17.3%*	*20.9%*
Net income	**6,776**	**8,782**	**7,264**	**7,277**	**30,099**	**11,558**
Net income margin	*13.1%*	*13.4%*	*13.0%*	*11.7%*	*12.8%*	*15.3%*
R&D expenses	**3,851**	**4,821**	**4,159**	**5,427**	**18,258**	**4,462**
Capital expenditures	**2,302**	**5,208**	**4,015**	**5,337**	**16,862**	**4,830**
Depreciation and amortization	**3,417**	**3,498**	**3,629**	**3,734**	**14,279**	**3,931**

KOKUSAI ELECTRIC

Reconciliation of Adjusted Items

(JPYM)	FY26/3					FY27/3
	1Q	2Q	3Q	4Q	Full-year	1Q
Operating profit	**9,717**	**12,993**	**9,809**	**9,317**	**41,836**	**15,926**
Other income	-304	-83	-70	-51	-508	-56
Other expenses	18	53	74	223	368	21
(Adjustments)						
Purchase price allocation amortization*1	1,476	1,476	1,477	1,476	5,905	1,476
Business restructuring expenses	-	-	-	-	-	4
Stock-based compensation (except for performance-linked stock compensation)	-5	-	-	-	-5	-
Total adjustments	1,471	1,476	1,477	1,476	5,900	1,480
Adjusted Operating Profit	**10,902**	**14,439**	**11,290**	**10,965**	**47,596**	**17,371**

Net income	**6,776**	**8,782**	**7,264**	**7,277**	**30,099**	**11,558**
Other income	-304	-83	-70	-51	-508	-56
Other expenses	18	53	74	223	368	21
(Adjustments)						
Purchase price allocation amortization*1	1,476	1,476	1,477	1,476	5,905	1,476
Business restructuring expenses	-	-	-	-	-	4
Stock-based compensation (except for performance-linked stock compensation)	-5	-	-	-	-5	-
Tax adjustment to total adjustments	-363	-443	-453	-505	-1,764	-455
Adjusted Net Income	**7,598**	**9,785**	**8,292**	**8,420**	**34,095**	**12,548**

*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

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
Assets	Current Assets	Cash and cash equivalents	42,766	43,806	47,728	56,543	56,974
		Trade and other receivables	39,087	38,066	36,152	37,941	42,223
		Inventories	89,626	89,326	92,758	88,890	93,702
		Other currents assets	2,038	2,065	2,905	2,465	2,467
		Total Current assets	173,517	173,263	179,543	185,839	195,366
	Non-current Assets	Property, plant and equipment	47,220	50,214	51,916	53,975	56,370
		Goodwill	59,065	59,065	59,065	59,065	59,065
		Intangible assets	53,182	52,013	51,321	50,900	49,978
		Other non-currents assets	8,524	8,765	10,262	9,879	10,110
		Total non-current assets	167,991	170,057	172,564	173,819	175,523
Total Assets			341,508	343,320	352,107	359,658	370,889

(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
Liabilities	Current Liabilities	Loans payble + Lease liability	11,956	12,044	12,161	12,373	12,462
		Trade and other payables	24,574	25,658	26,361	25,354	31,476
		Contract liabilities	25,069	21,704	27,666	34,840	32,844
		Others	17,991	18,687	15,263	18,162	19,639
		Total current liabilities	79,590	78,093	81,451	90,729	96,421
	Non-current Liabilities	Loans payble + Lease liability	48,339	42,365	43,681	37,492	37,927
		Others	14,663	14,553	14,131	12,167	11,641
		Total non-current liabilities	63,002	56,918	57,812	49,659	49,568
Total Liabilities			142,592	135,011	139,263	140,388	145,989
Total Equity			198,916	208,309	212,844	219,270	224,900
Total Liabilities and Equity			341,508	343,320	352,107	359,658	370,889

	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
Equity ratio	58.2%	60.7%	60.4%	61.0%	60.6%
Debt equity ratio	0.3	0.3	0.3	0.2	0.2
Net cash (JPYM)	-17,529	-10,603	-8,114	6,678	6,585

KOKUSAI ELECTRIC

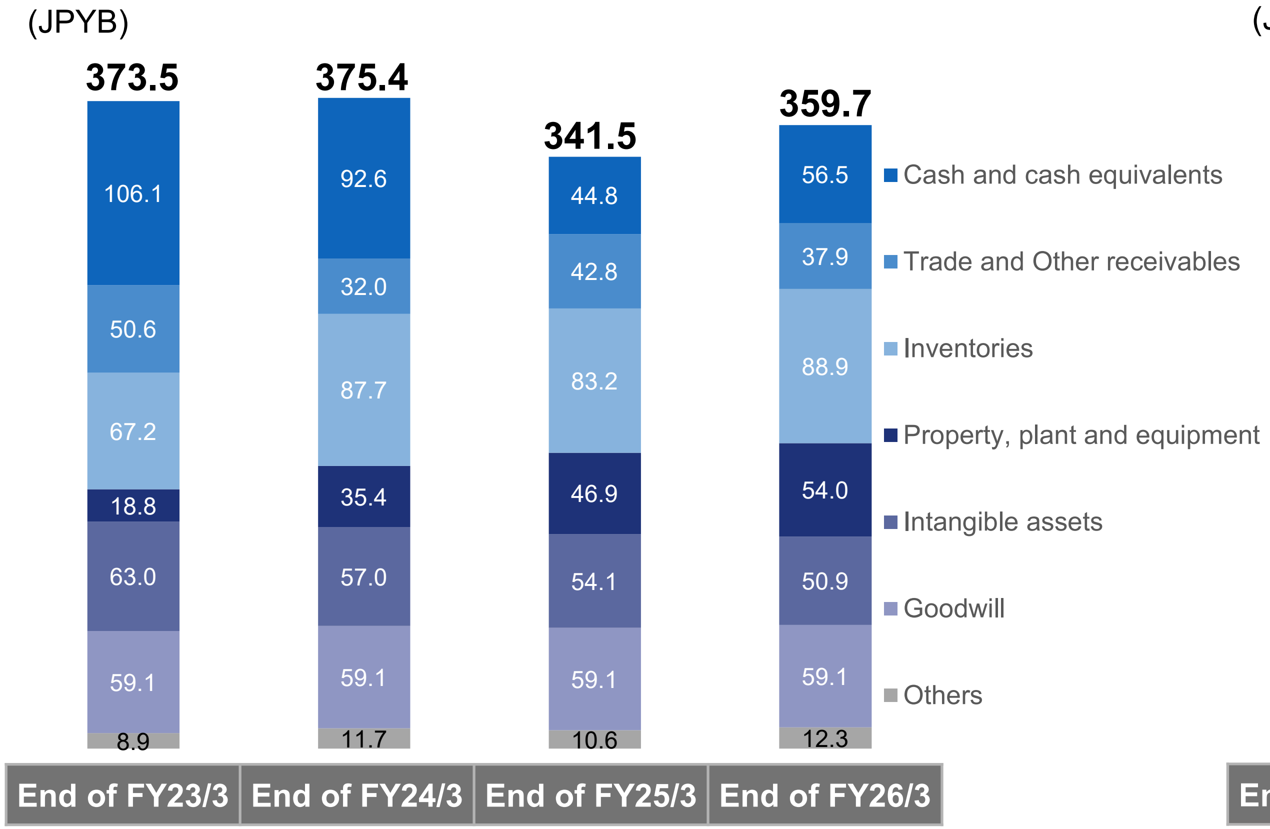
Cash Flow Statement

(JPY mn)	FY26/3					FY27/3
	1Q	2Q	3Q	4Q	Full Year	1Q
CF from operating activites	4,923	11,936	11,538	20,404	48,801	12,127
CF from investing activities	- 2,942	- 4,789	- 4,263	- 4,960	- 16,954	- 5,520
Free CF	1,981	7,147	7,275	15,444	31,847	6,607
CF from financing activites	- 4,423	- 6,373	- 4,339	- 6,379	- 21,514	- 6,446
Cash and cash equivalents at beginning balance	44,755	42,766	43,806	47,728	44,755	56,543
Cash and cash equivalents at end of the quarter	42,766	43,806	47,728	56,543	56,543	56,974

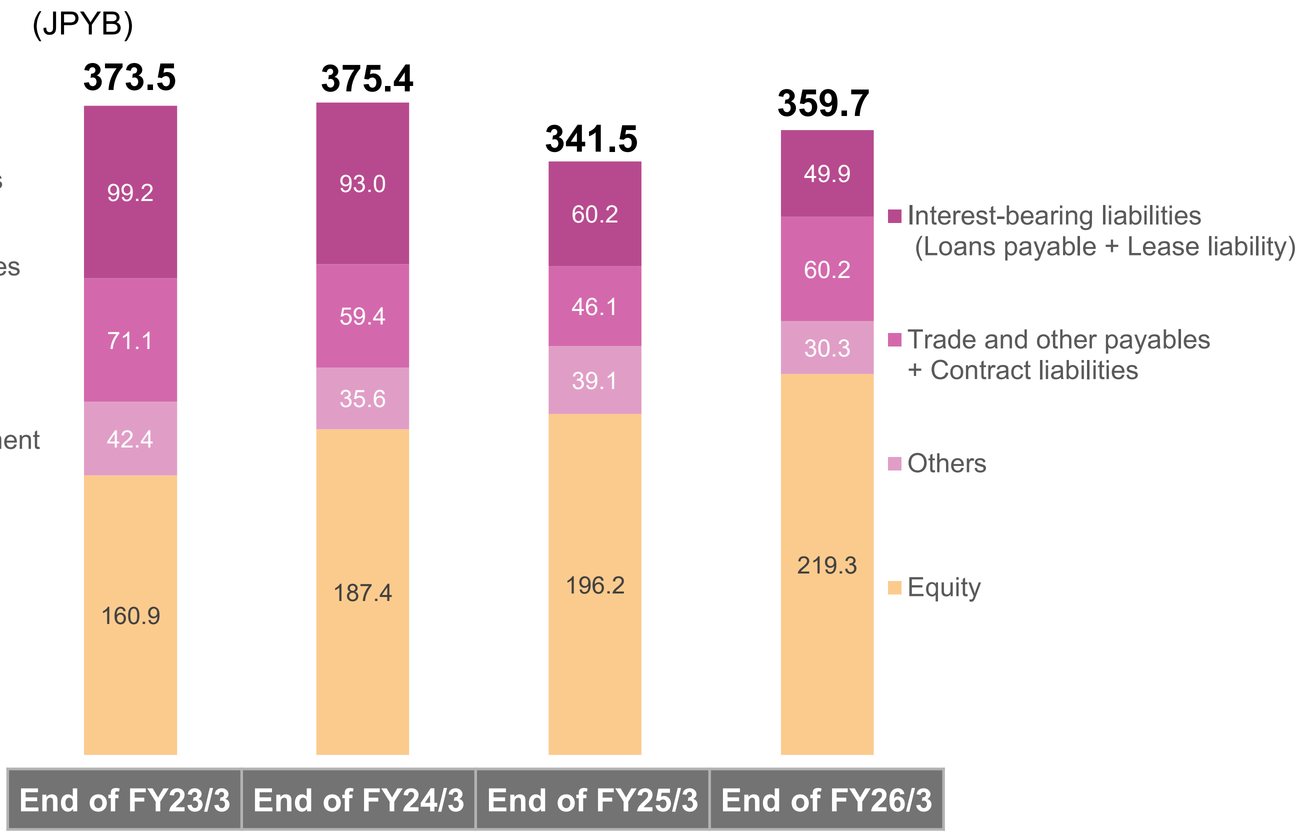
Balance Sheet (Announced on May 13th)

Total assets increased by JPY 18.1 bn from the end of the previous fiscal year. This is mainly due to an increase in cash and cash equivalents, and an increase in property, plant and equipment resulting from investments associated with the establishment of a demo center in the U.S. Total equity increased by JPY 23.1 bn from the end of the previous fiscal year mainly due to an increase in retained earnings.

Assets



Liabilities･Equity



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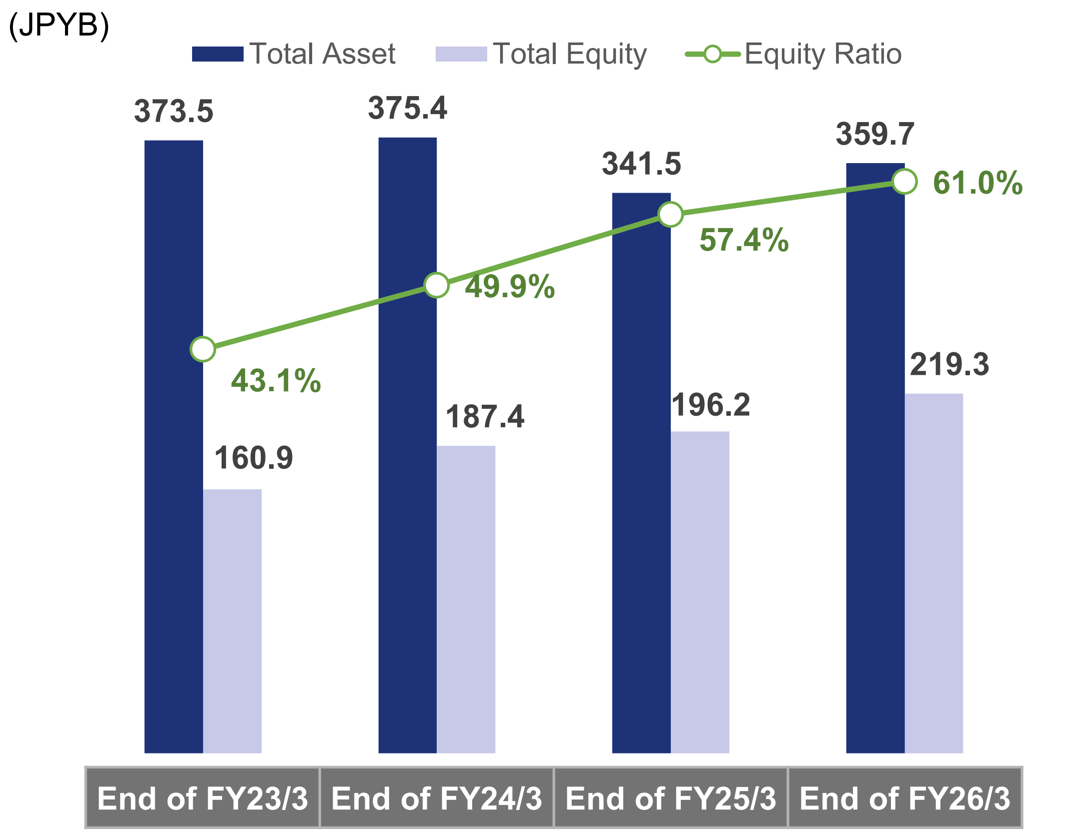
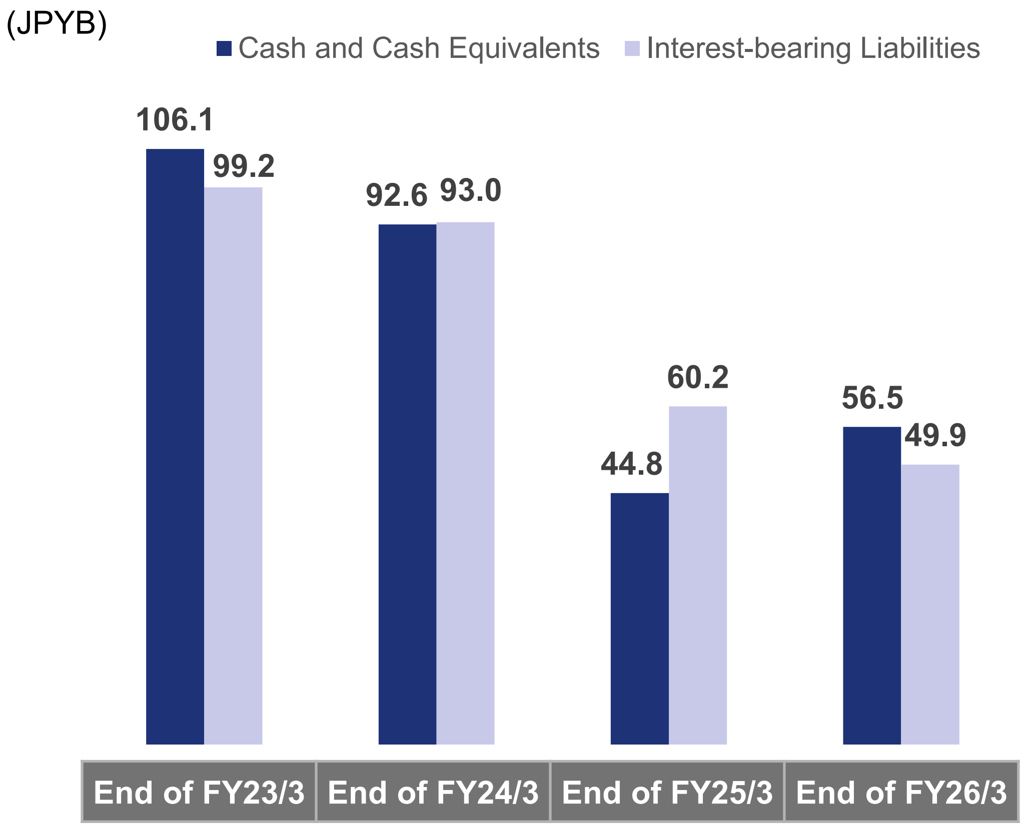
Equity Ratio / Cash and Cash Equivalents / Interest-bearing Liabilities (Announced on May 13th)

The equity ratio rose to 61% at the end of FY26/3. Net cash at the end of the fiscal year was JPY 6.6 bn as net debt was eliminated due to an increase in cash and cash equivalents and a decrease in interest-bearing liabilities resulting from loan repayment.

Total Asset / Total Equity / Equity Ratio

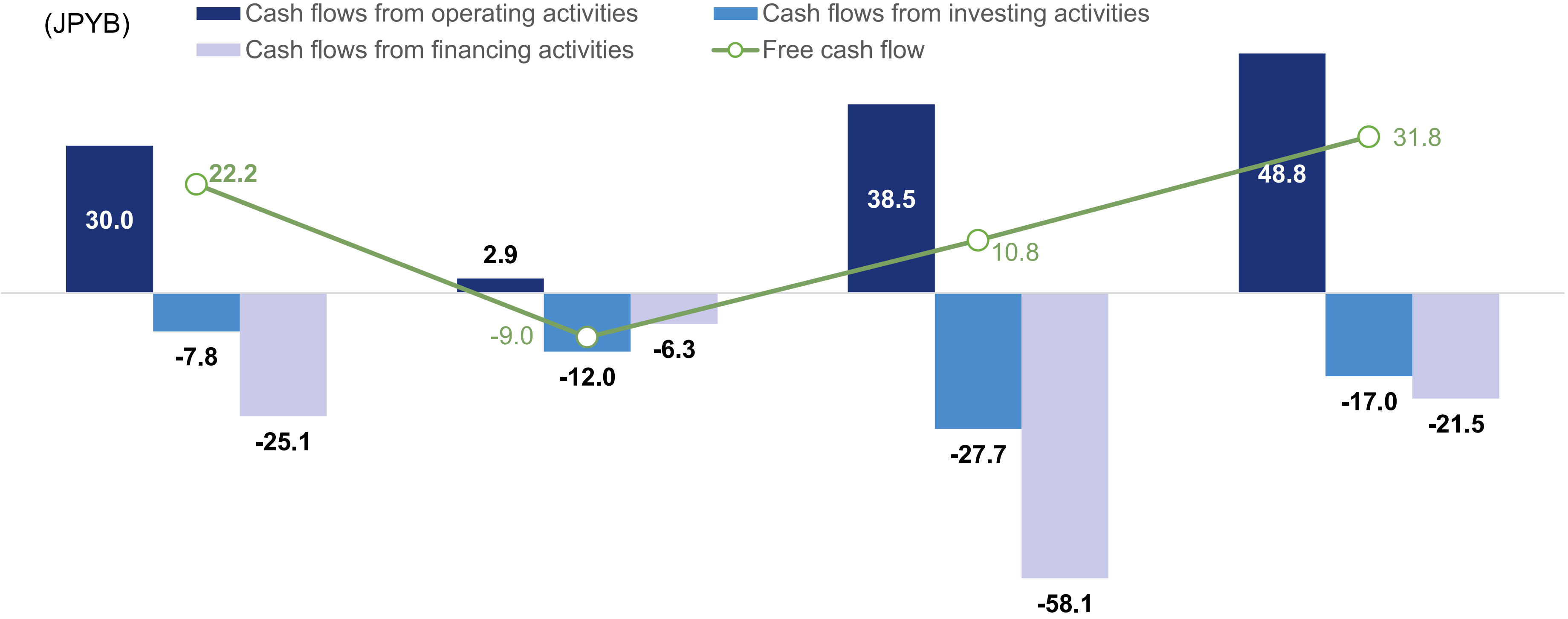


Cash and Cash Equivalents / Interest-bearing Liabilities



Cash Flows (Announced on May 13th)

Cash flows from operating activities exceeded cash flows from investing activities, resulting in free cash flow of JPY 31.8 bn. Cash outflow in financing activities amounted to JPY 21.5 bn mainly due to repayment of borrowings and payment of dividends.



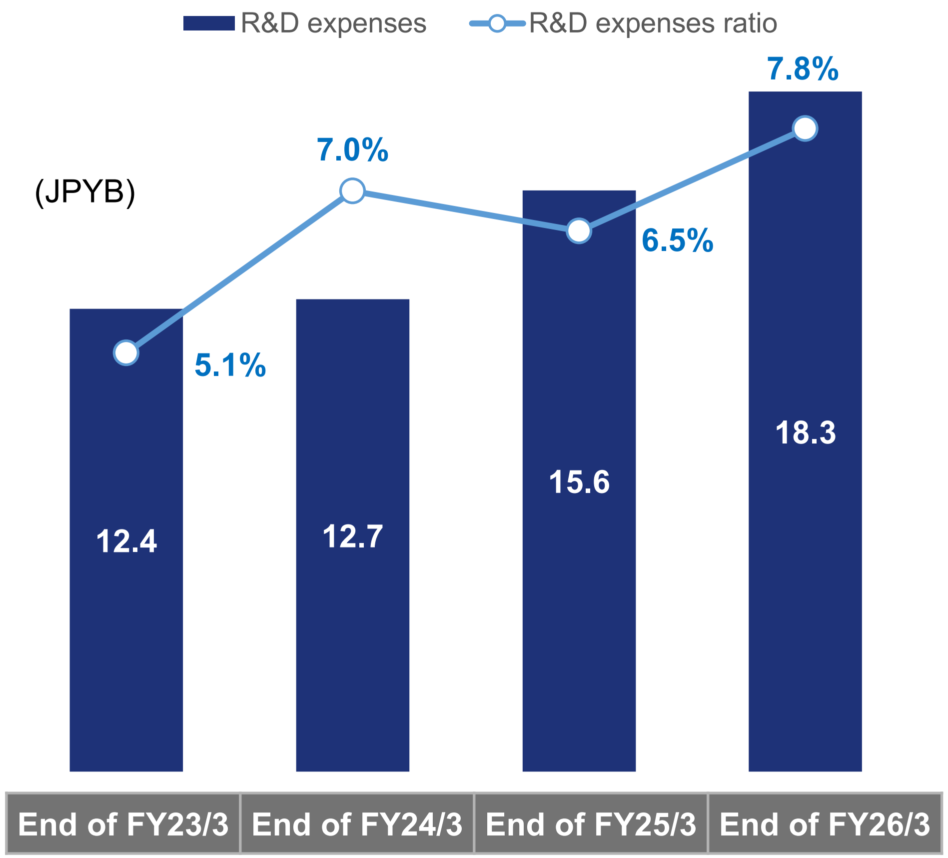
(JPYB)	FY23/3	FY24/3	FY25/3	FY26/3
CF from operating activities	30.0	2.9	38.5	48.8
CF from investing activities	-7.8	-12.0	-27.7	-17.0
CF from financing activities	-25.1	-6.3	-58.1	-21.5
Free CF	22.2	-9.0	10.8	31.8
Cash and cash equivalents	106.1	92.6	44.8	56.5

KOKUSAI ELECTRIC

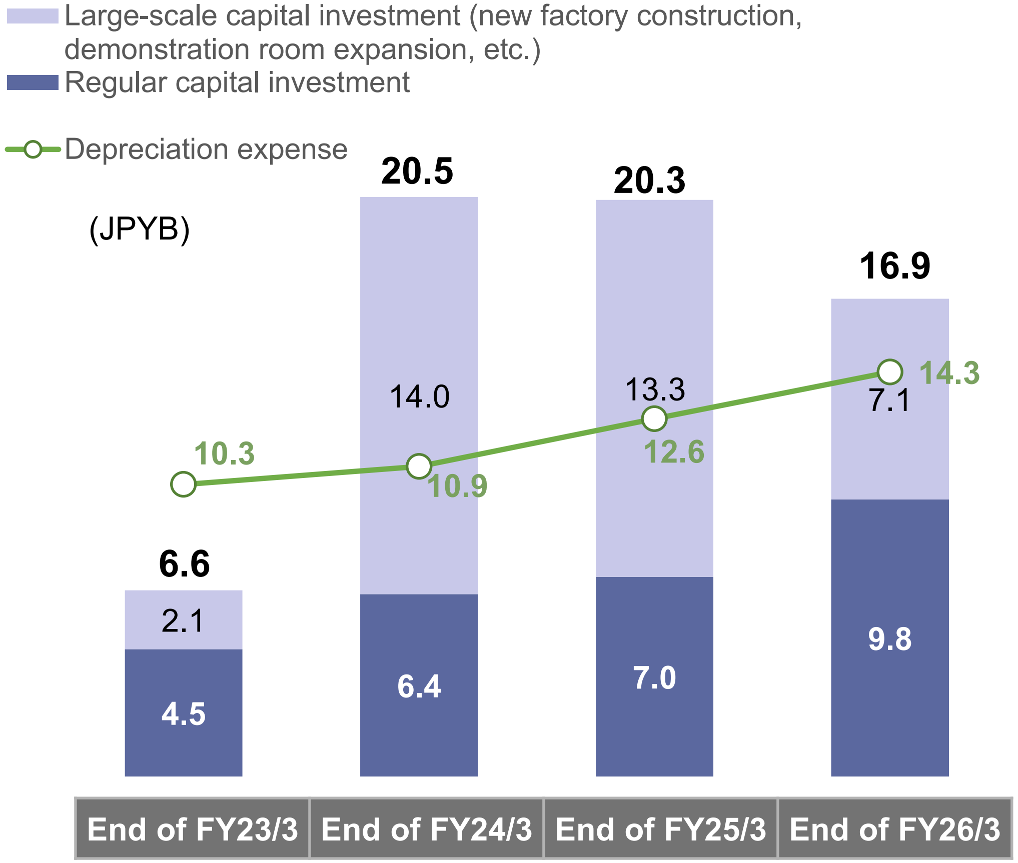
R&D Expenses / Capital Expenditure / Depreciation Expense (Announced on May 13th)

Continue to invest in R&D and capital equipment in line with our medium-term plan in anticipation of medium to long term demand expansion. R&D expenses increased by 20%, capital investments decreased by 20% YoY, and depreciation expenses increased by 10% YoY.

R&D Expenses

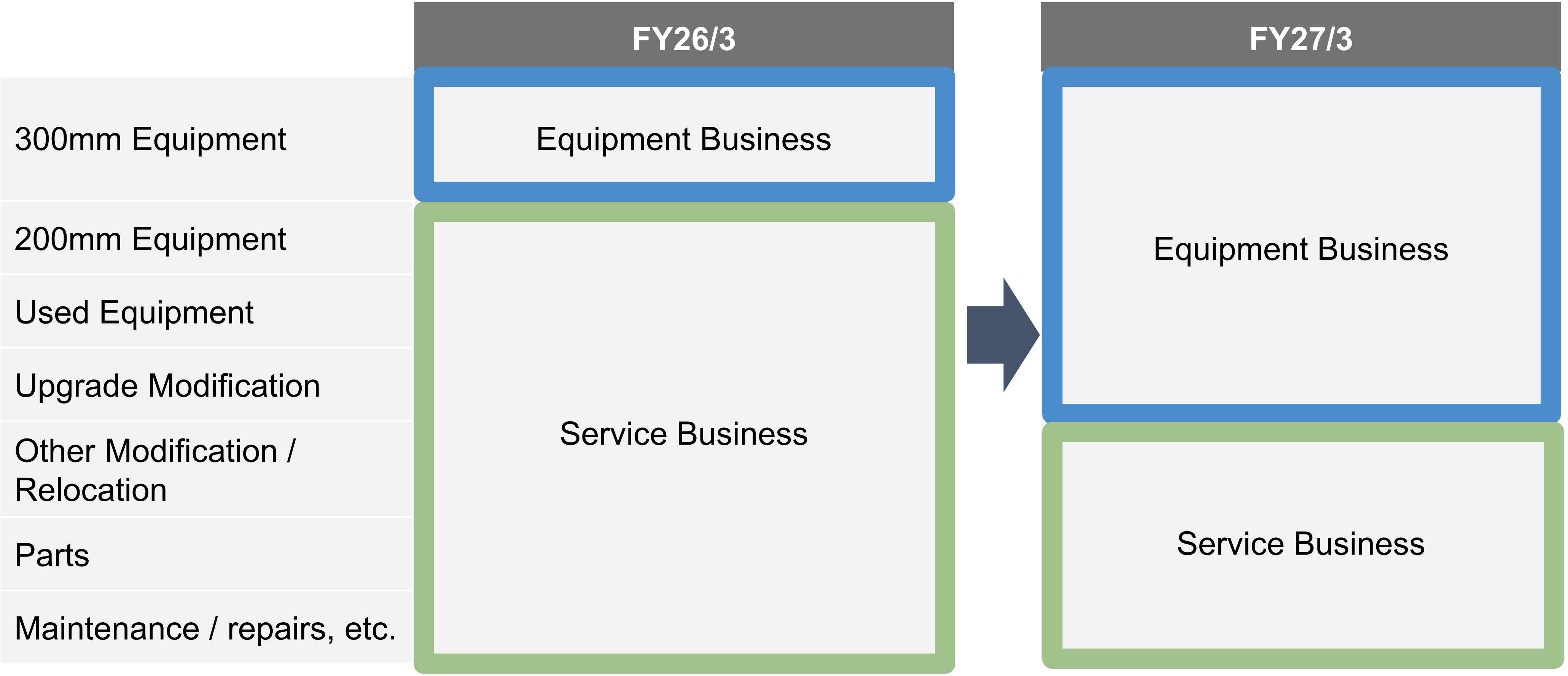


Capital Expenditure / Depreciation Expense



Change of business category (Announced on May 13th)

From FY27/3, we will change our business category. We will transfer “Upgrade modification“, "200 mm equipment" and “Used equipment“, which were previously categorized under the services business to the equipment business, making the disclosures more aligned with the WFE market.



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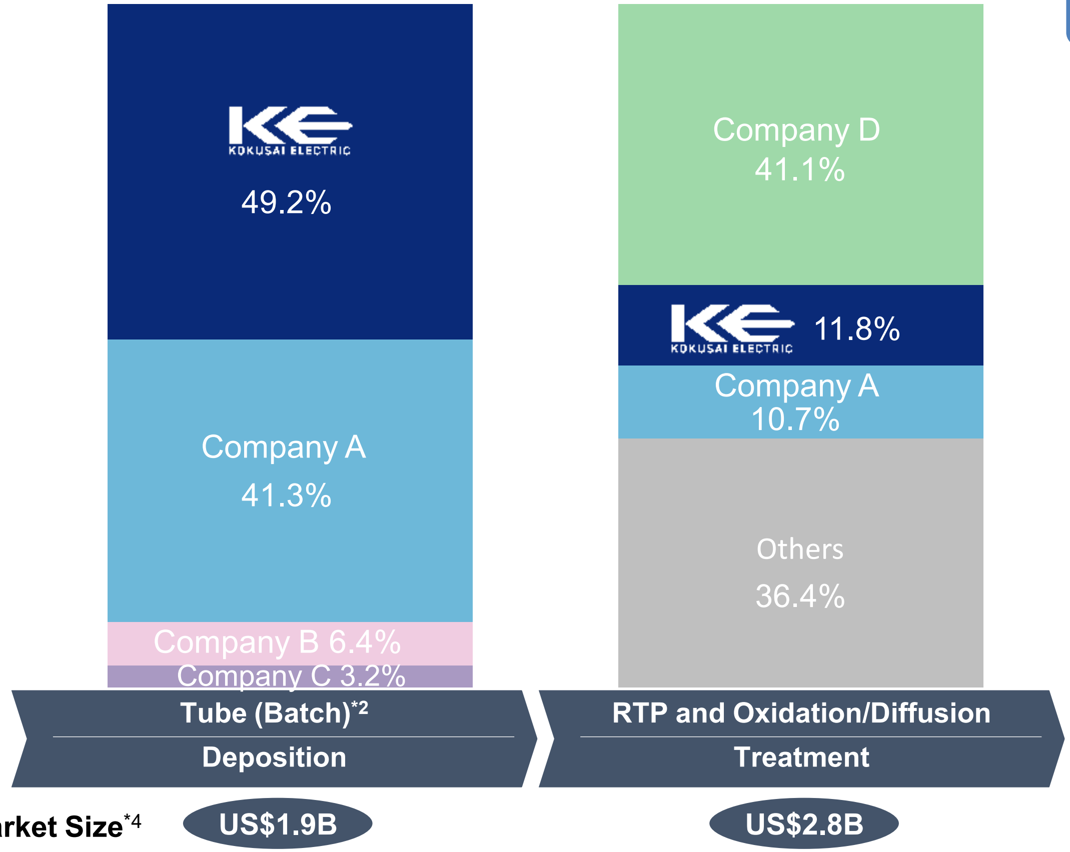
Market Share Trends (Announced on May 13th)

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.

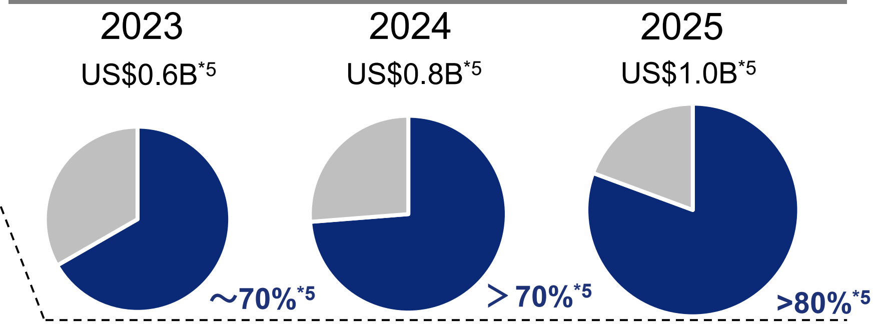
(CY25) Market Share Based on Gartner's Categories*3



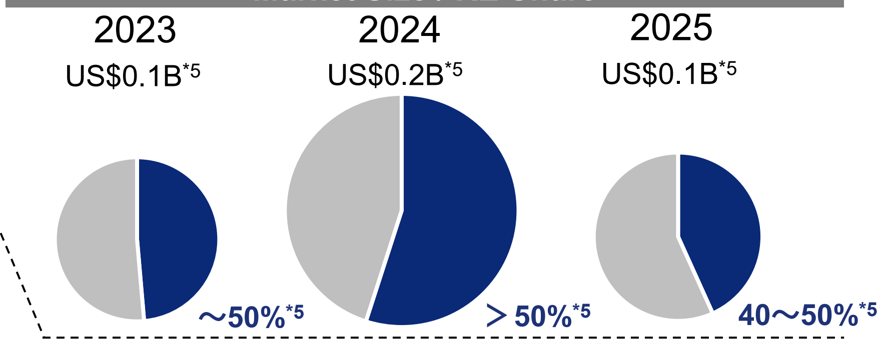
Batch Deposition Equipment
- Batch ALD*4 compatible deposition equipment
- Batch CVD compatible deposition equipment

Treatment Equipment
- Plasma Gate Modification Tools
- Others

Batch ALD*4 compatible deposition equipment Market Size / KE Share



Plasma Gate Modification Tools Market Size / KE Share



*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

Decided to Acquire a Land Adjacent to Tonami Manufacturing Center (Announced on May 13th)

Anticipating further market expansion after 2031, we decided to acquire land owned by Tonami city, Toyama Prefecture, which is adjacent to our Tonami Manufacturing Center. It is expected to contribute to various initiatives within our group, such as production and R&D.

Location	Takaoka Tonami Smart IC Yanaze Industrial Park 2
Site Area	Approx. 43,000 ㎡
Acquisition Cost	Approx. 1.0 billion yen

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

KOKUSAI ELECTRIC