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KOKUSAI ELECTRIC

Financial Briefings for the Third Quarter of the Fiscal Year Ending March 2025 (April to December 2024)

February 7, 2025

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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3Q FY25/3 Consolidated Financial Summary

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Highlight

Summary of Consolidated Results for 3Q FY25/3

- **DRAM is doing well due to the spread of generative AI. Logic/Foundry, capital investment for advanced nodes is accelerating.**
  While capital investment for mature nodes in China is slowing down, there are signs of recovery in capital investment for NAND.
- **In 3Q, both revenue and profits increased both YoY and QoQ, mainly due to strong sales of equipment for Non-China.**
- **1-3Q results saw an increase in revenue and profits, and profit margins were also higher YoY.**

Consolidated Earnings Forecast for FY25/3 and Outlook for the future

- **Expect NAND to recover following the strong performance of advanced node Logic/Foundry and advanced DRAM.**
- **Performance is in line with the full-year earnings forecast revised at the release of 2Q results, and there is no change to the forecast.**

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Consolidated Results Summary

3Q results were in line with the forecast revised at the release of 2Q results, with both revenue and profits up YoY and QoQ.

1-3Q results saw an increase in revenue and profits YoY, with higher profit margins.

(JPY bn)	FY24/3				FY25/3						
	1Q	2Q	3Q	1-3Q	1Q	2Q	3Q	YoY	QoQ	1-3Q	YoY
Revenue	**32.7**	**45.0**	**54.0**	**131.7**	**65.2**	**49.3**	**60.1**	+11.4%	+21.9%	**174.7**	+32.7%
Gross profit	**14.3**	**19.9**	**21.7**	**55.9**	**29.4**	**22.0**	**24.9**	+14.4%	+13.0%	**76.2**	+36.4%
Gross profit margin	*43.6%*	*44.2%*	*40.3%*	*42.5%*	*45.0%*	*44.6%*	*41.4%*	*+1.1pts*	*-3.2pts*	*43.6%*	+1.1*pts*
Adjusted operating profit	**5.6**	**11.0**	**12.4**	**29.0**	**19.4**	**11.3**	**13.9**	+11.9%	+22.8%	**44.6**	+53.4%
Adjusted operating profit margin	*17.2%*	*24.5%*	*23.0%*	*22.1%*	*29.7%*	*22.9%*	*23.1%*	*+0.1pts*	*+0.2pts*	*25.5%*	+3.4*pts*
Adjusted net income	**3.8**	**7.3**	**9.1**	**20.2**	**14.3**	**7.3**	**9.6**	+6.0%	+32.8%	**31.3**	+54.8%
Adjusted net income margin	*11.6%*	*16.2%*	*16.9%*	*15.3%*	*22.0%*	*14.7%*	*16.0%*	*-0.9pts*	*+1.3pts*	*17.9%*	+2.6*pts*
Operating profit	**4.0**	**9.4**	**10.7**	**24.1**	**17.9**	**9.6**	**12.3**	+14.8%	+28.4%	**39.7**	+65.0%
Operating profit margin	*12.2%*	*20.9%*	*19.8%*	*18.3%*	*27.4%*	*19.4%*	*20.4%*	*+0.6pts*	*+1.0pts*	*22.7%*	+4.4*pts*
Income before income tax	**3.7**	**9.1**	**10.7**	**23.6**	**17.7**	**10.2**	**11.2**	+4.6%	+10.3%	**39.2**	+65.9%
Income before income tax margin	*11.4%*	*20.3%*	*19.9%*	*17.9%*	*27.2%*	*20.7%*	*18.7%*	*-1.2pts*	*-2.0pts*	*22.4%*	+4.5*pts*
Net income	**2.7**	**6.2**	**7.9**	**16.7**	**13.3**	**4.8**	**8.0**	+1.1%	+68.5%	**26.1**	+55.8%
Net income margin	*8.1%*	*13.7%*	*14.7%*	*12.7%*	*20.4%*	*9.6%*	*13.3%*	*-1.4pts*	*+3.7pts*	*14.9%*	+2.2*pts*
R&D expenses	**2.9**	**3.0**	**3.1**	**9.0**	**3.3**	**3.9**	**3.8**	+22.6%	-4.2%	**11.0**	+22.2%
Capital expenditures	**5.1**	**2.1**	**10.5**	**17.6**	**11.2**	**3.0**	**2.5**	-76.2%	-17.3%	**16.7**	-5.1%
Depreciation & amortization	**2.6**	**2.7**	**2.8**	**8.1**	**2.9**	**3.0**	**3.3**	+19.2%	+9.9%	**9.3**	+14.4%

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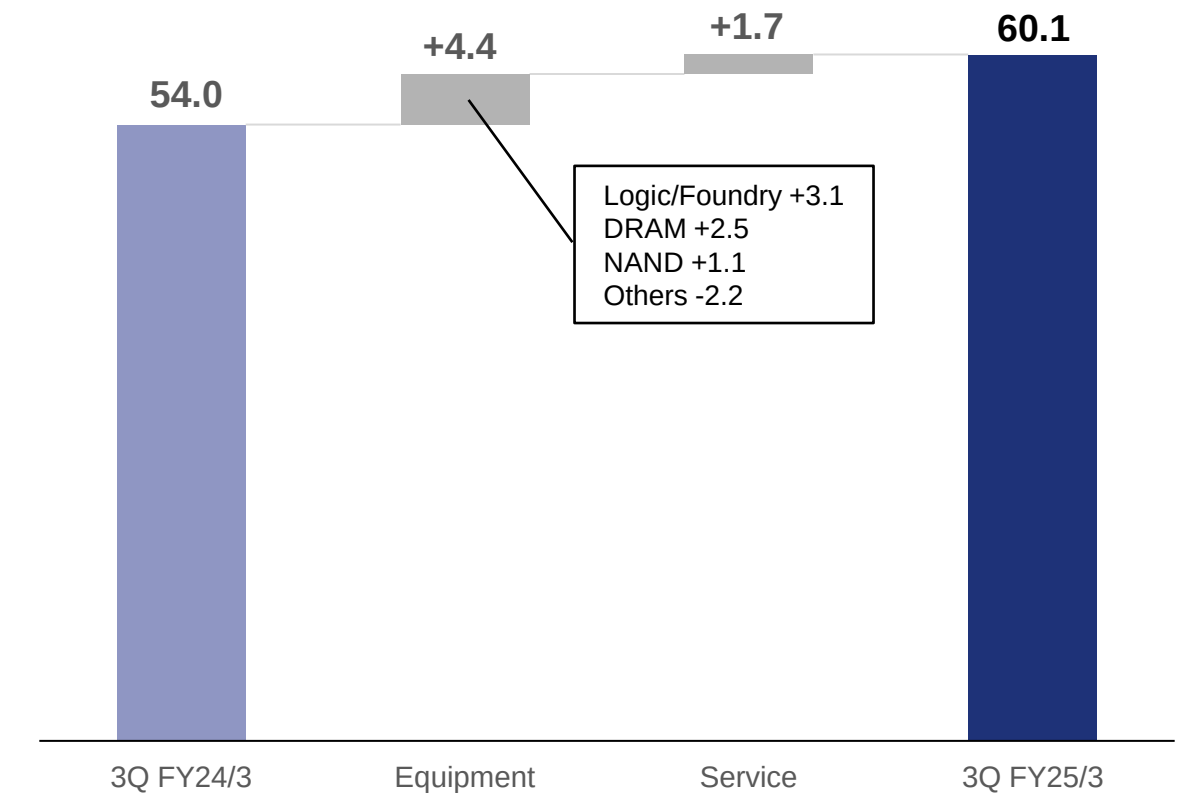
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3Q FY25/3 Results: Factors for Changes

In 3Q, both equipment and service revenue increased YoY, and overall revenue grew 11% YoY.
Adjusted operating profit increased by 12% YoY as the increase in gross profit offset the increase in SG&A expenses.

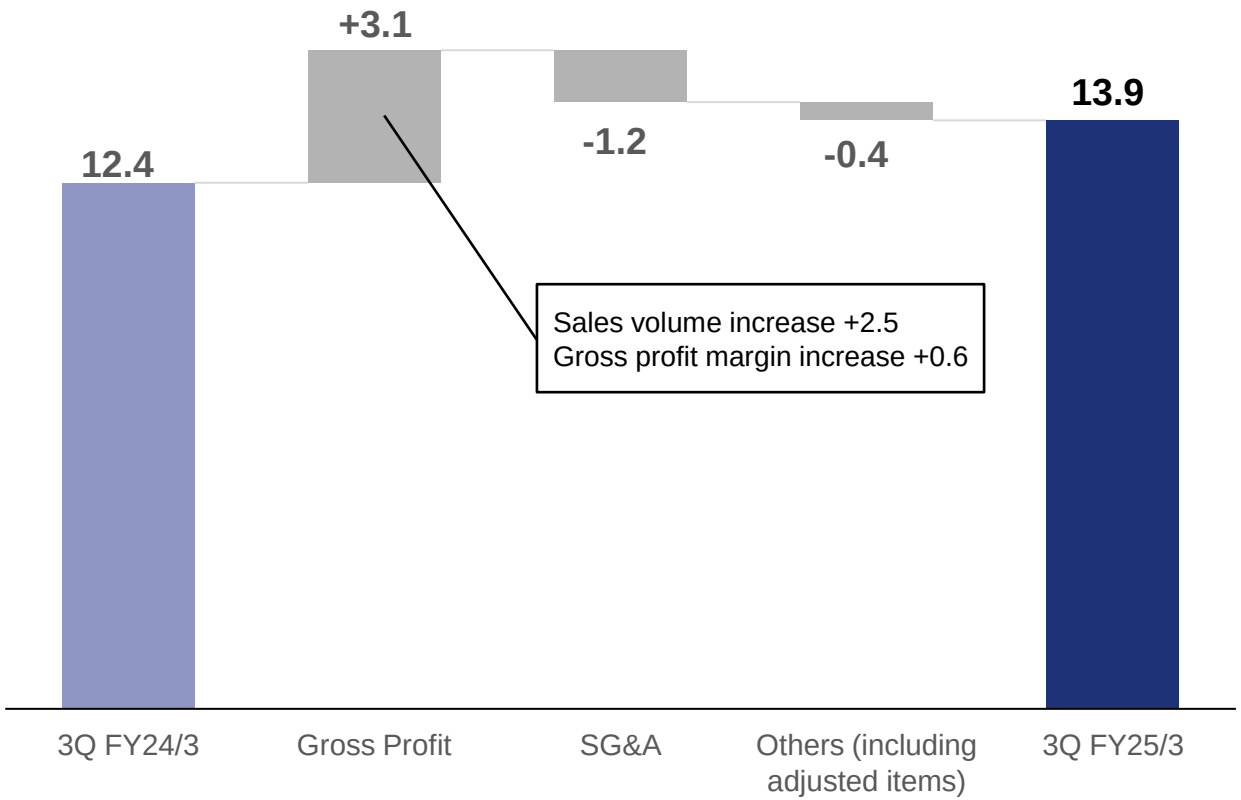
Revenue

(JPY bn)



Adjusted Operating Profit

(JPY bn)

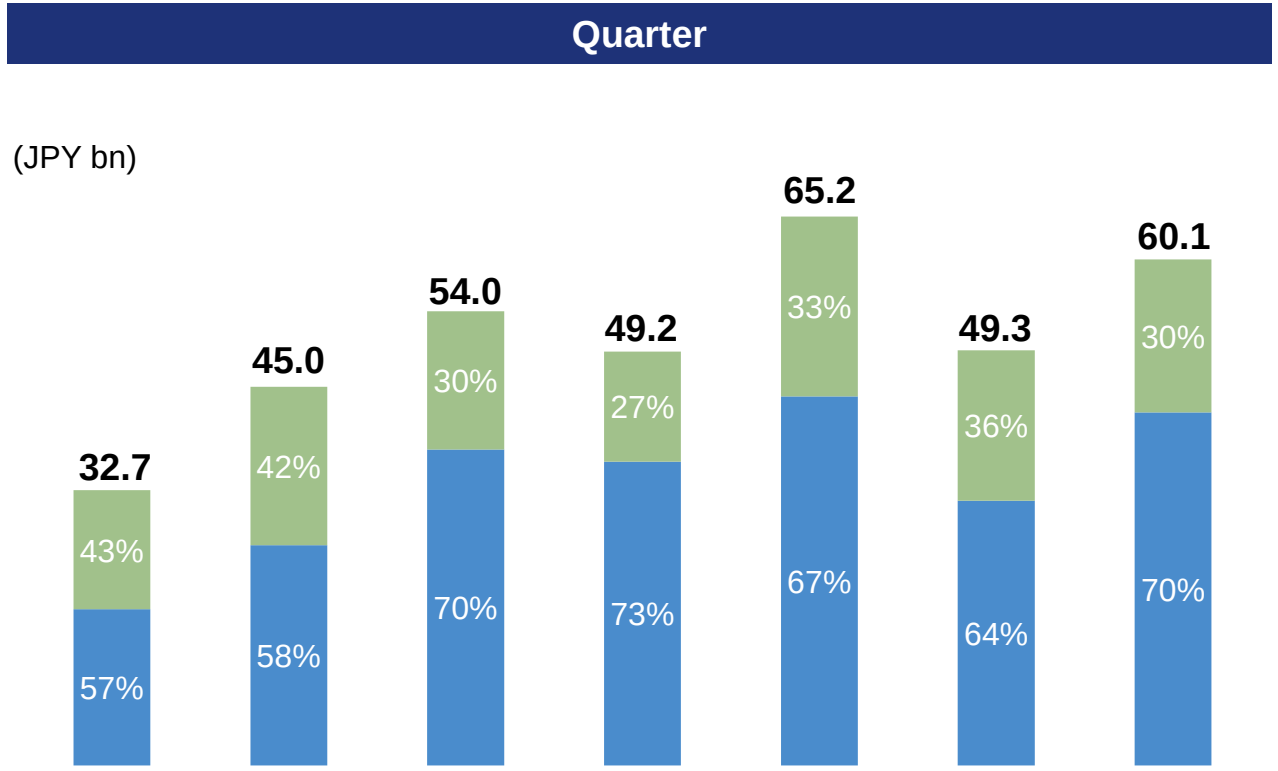


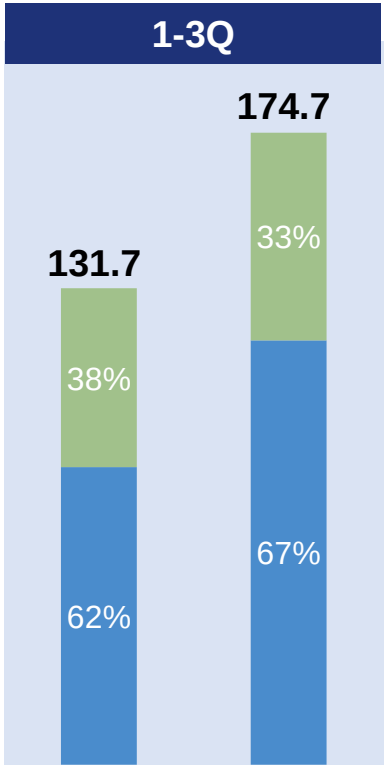
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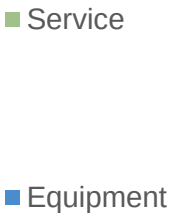
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Quarterly Revenues by Business

In 3Q, equipment and service revenue increased 12% and 10% YoY, respectively.
Compared to QoQ, equipment and service revenue increased 33% and 2%, respectively. The sales composition ratio returned to normal.







(JPY bn)	FY24/3 1Q	FY24/3 2Q	FY24/3 3Q	FY24/3 4Q	FY25/3 1Q	FY25/3 2Q	FY25/3 3Q
Service	14.2	18.8	16.4	13.1	21.4	17.9	18.2
Equipment	18.5	26.2	37.5	36.1	43.9	31.5	42.0

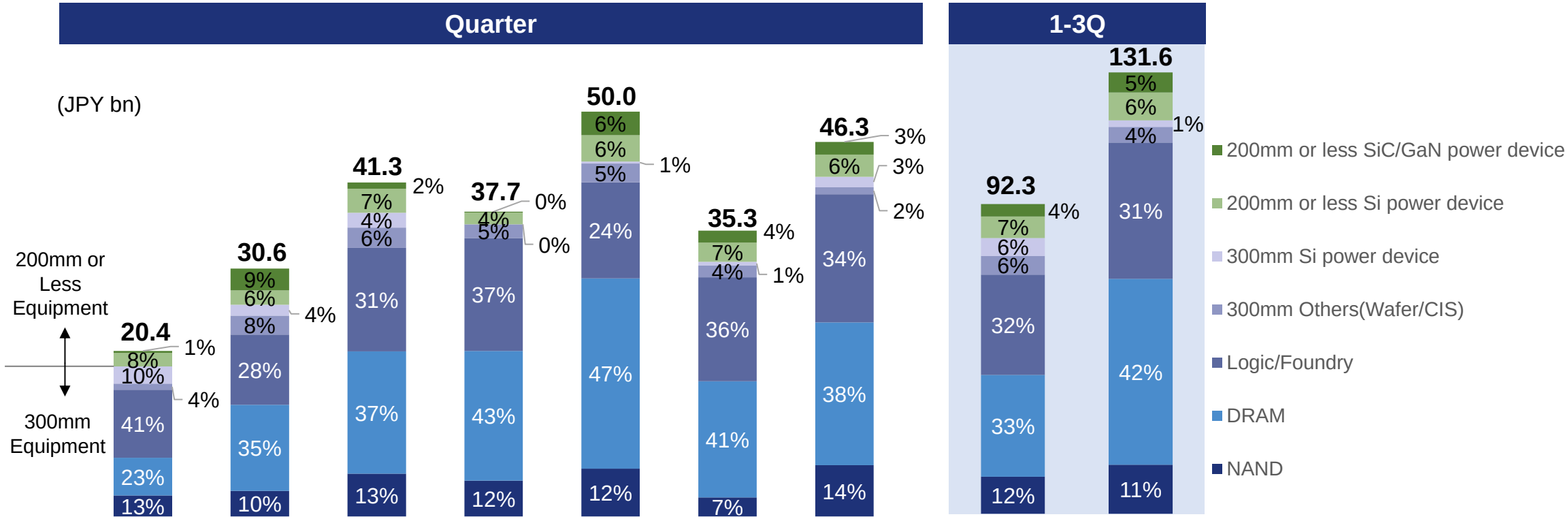
FY24/3 1-3Q	FY25/3 1-3Q
49.4	57.4
82.2	117.3

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Quarterly Revenues by Application (300mm Equipment + 200mm or Less Equipment)

In 3Q, revenue for Logic/Foundry, DRAM, and NAND increased around 20% YoY, respectively.
Compared to QoQ, Logic/Foundry revenue increased 23%, DRAM revenue increased 23%, and NAND revenue increased 2.7 times.



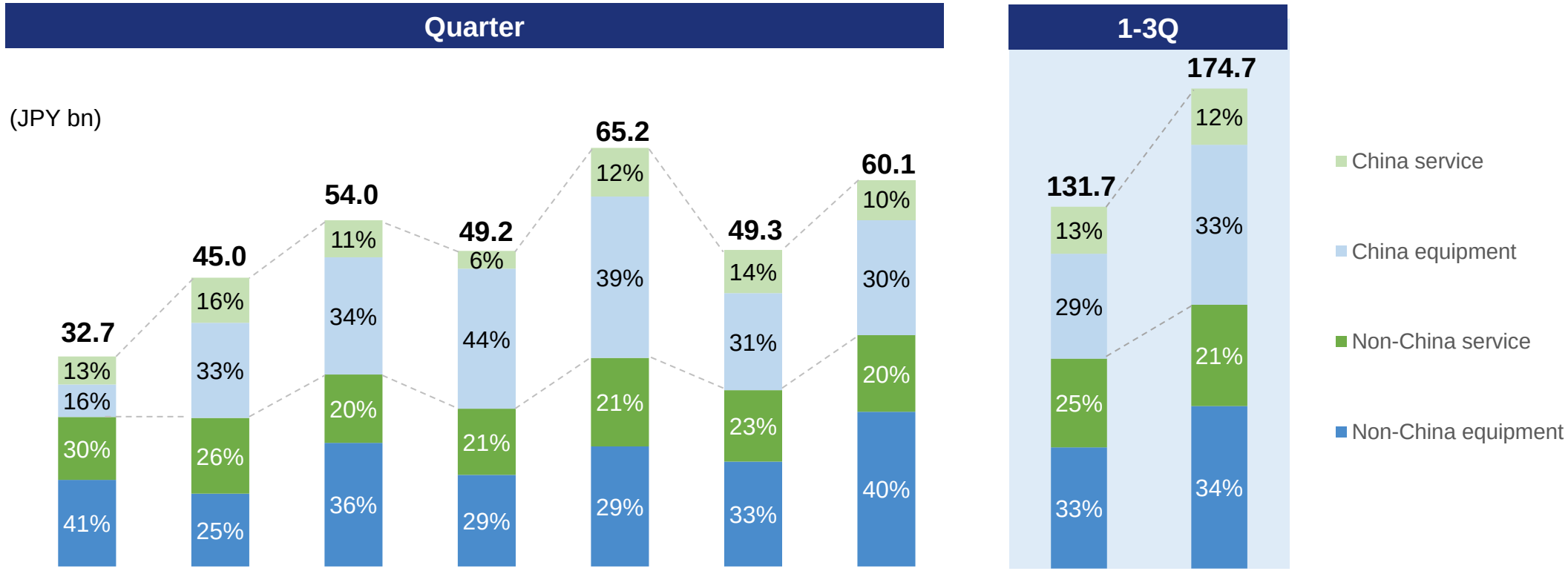
(JPY bn)	FY24/3 1Q	FY24/3 2Q	FY24/3 3Q	FY24/3 4Q	FY25/3 1Q	FY25/3 2Q	FY25/3 3Q	FY24/3 1-3Q	FY25/3 1-3Q
200mm or Less Equipment	1.9	4.5	3.7	1.6	6.2	3.9	4.3	10.1	14.3
300mm Equipment	18.5	26.2	37.5	36.1	43.9	31.5	42.0	82.2	117.3

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Revenue breakdown to China and Non-China(per account)

Revenue in Non-China are on a recovery track due to growth in demand for advanced node Logic/Foundry and advanced DRAM, as well as a recovery in demand for NAND. The ratio of China peaked in the 1Q and then declined, 40% in the 3Q.



	FY24/3				FY25/3		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Ratio of China	29%	49%	45%	50%	50%	44%	40%
Ratio of Non-China	71%	51%	55%	50%	50%	56%	60%

FY24/3	FY25/3
1-3Q	1-3Q
42%	45%
58%	55%

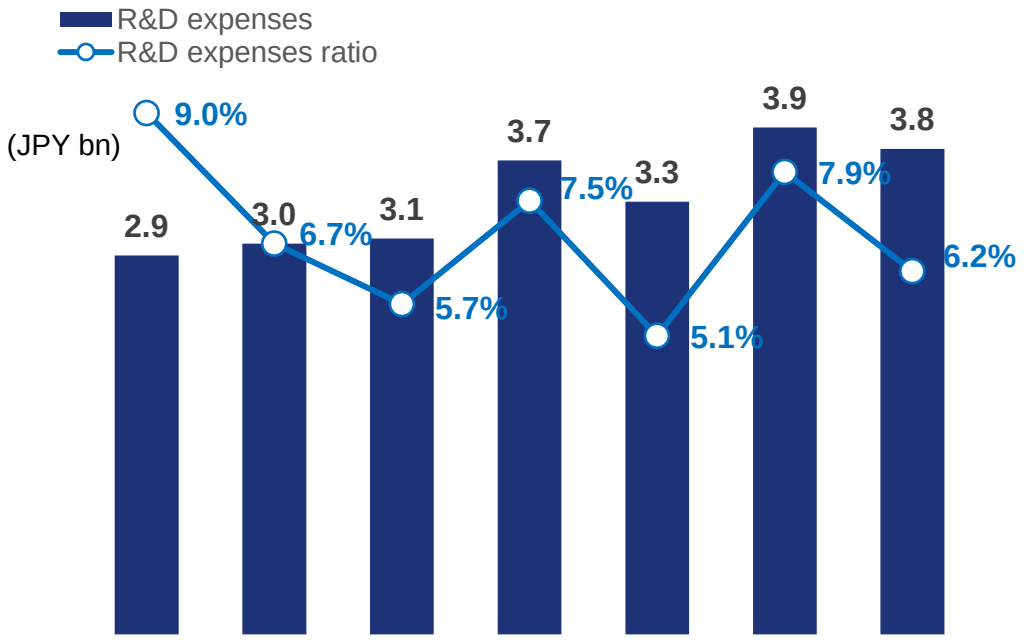
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Quarterly R&D Expenses / Capital Expenditure / Depreciation Expense

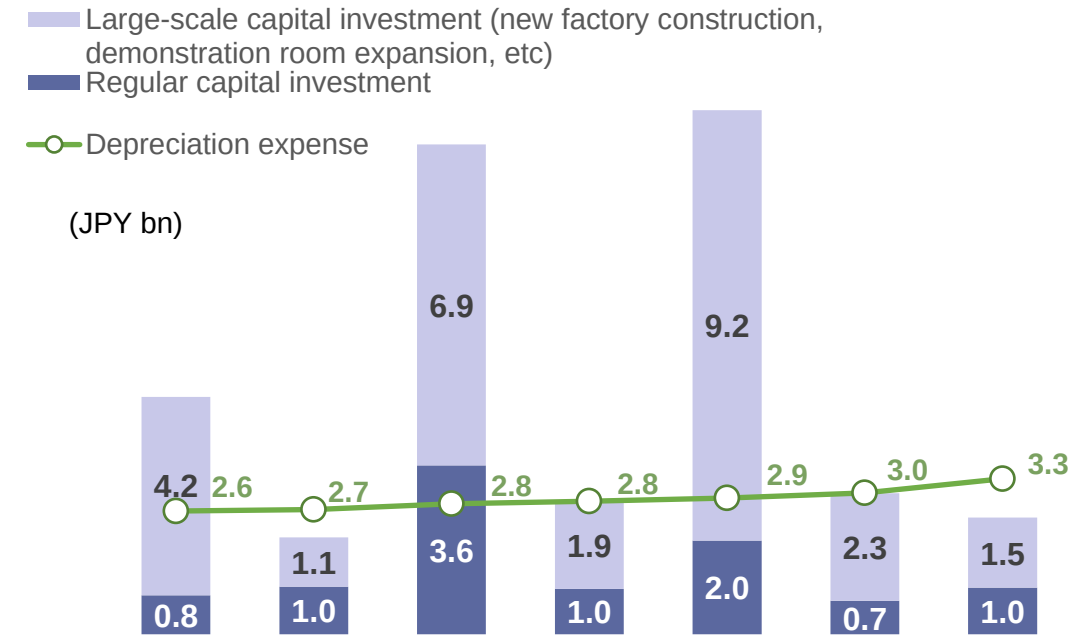
3Q R&D expenses increased in line with plan for next-generation equipment development.
Large-scale capital investments with long-term amortization due to new factory construction settled down, and capital investment is now normalizing.

R&D Expenses



(JPY bn)	FY24/3 1Q	FY24/3 2Q	FY24/3 3Q	FY24/3 4Q	FY25/3 1Q	FY25/3 2Q	FY25/3 3Q
R&D expenses	2.9	3.0	3.1	3.7	3.3	3.9	3.8
Ratio to revenue	*9.0%*	*6.7%*	*5.7%*	*7.5%*	*5.1%*	*7.9%*	*6.2%*

Capital Expenditure / Depreciation Expense



(JPY bn)	FY24/3 1Q	FY24/3 2Q	FY24/3 3Q	FY24/3 4Q	FY25/3 1Q	FY25/3 2Q	FY25/3 3Q
Capex total	5.1	2.1	10.5	2.8	11.2	3.0	2.5
Ratio to revenue	*15.5%*	*4.6%*	*19.4%*	*5.8%*	*17.2%*	*6.1%*	*4.1%*
Depreciation	2.6	2.7	2.8	2.8	2.9	3.0	3.3
Ratio to revenue	*8.1%*	*5.9%*	*5.2%*	*5.8%*	*4.5%*	*6.1%*	*5.5%*

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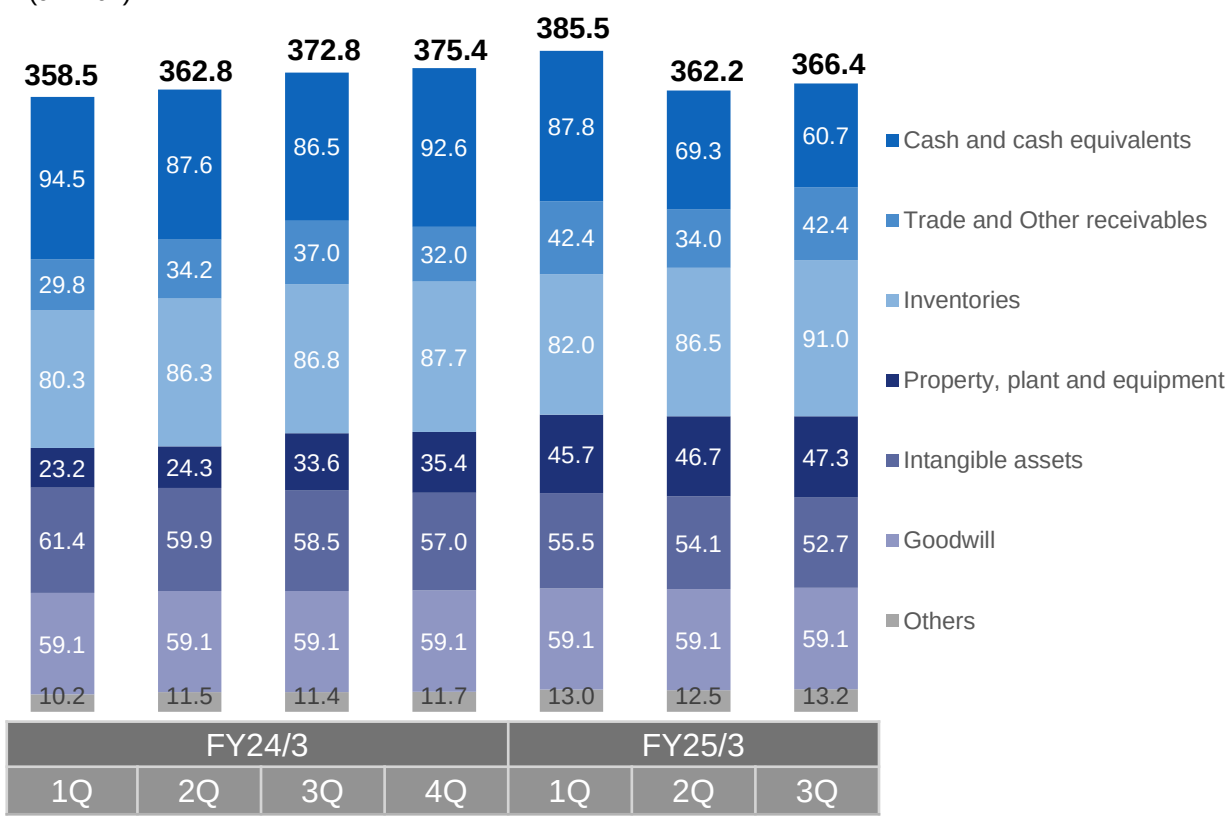
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Quarterly Balance Sheet

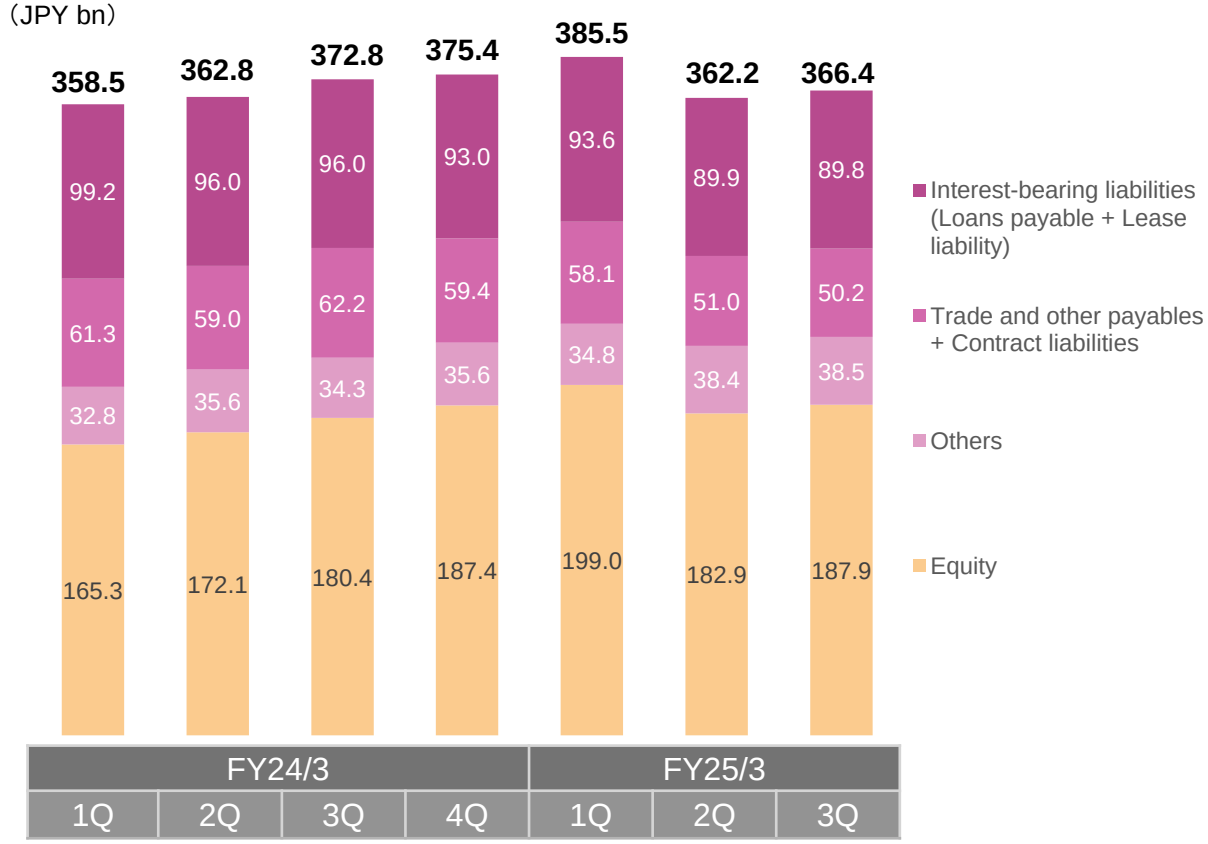
Total assets at the end of 3Q decreased by JPY 9 bn from the end of the previous fiscal year due to the repurchase of own shares. Total liabilities fell JPY 9.5 bn from the end of the previous fiscal year due mainly to a decrease in trade and other payables, repayment of loans payable, and a decrease in contract liabilities.

Total equity grew by JPY 0.5 bn from the end of the previous fiscal year due mainly to an increase in retained earnings.

Assets



Liabilities / Equity

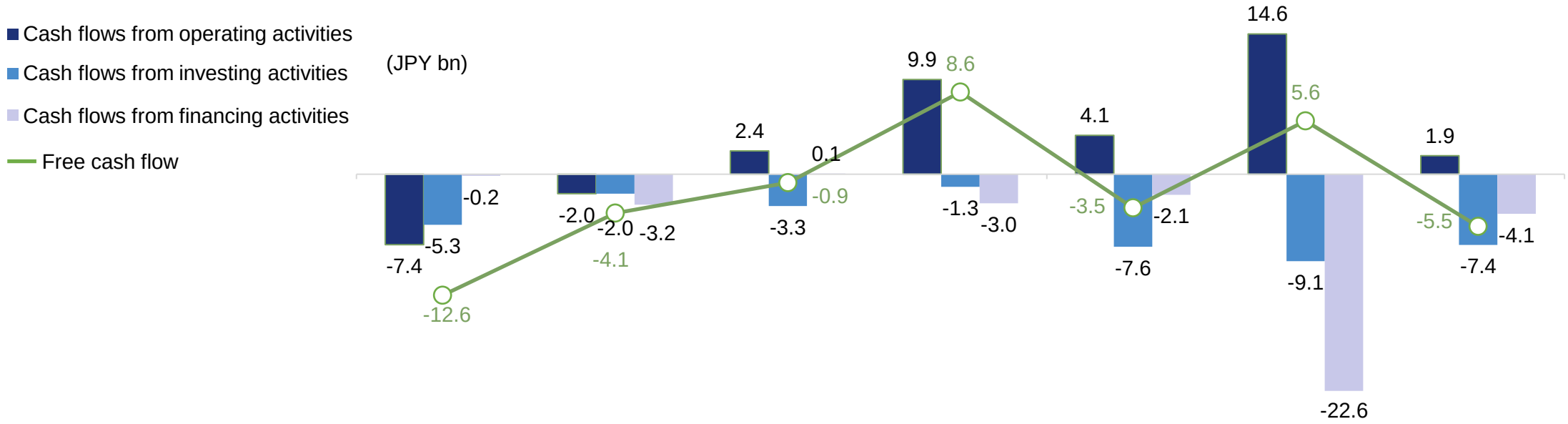


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Quarterly Cash Flows

Free cash flow in 3Q was a net outflow of JPY 5.5 bn as cash outflows from investing activities such as acquisition of property, plant and equipment exceeded cash inflows from operating activities such as recording of profit. Cash flows from financing activities were cash used of JPY 4.1 bn due to dividend payments, etc.
Cash and cash equivalents remain sufficient for working capital.



(JPY bn)	FY24/3				FY25/3		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
CF from operating activities	-7.4	-2.0	2.4	9.9	4.1	14.6	1.9
CF from investing activities	-5.3	-2.0	-3.3	-1.3	-7.6	-9.1	-7.4
CF from financing activities	-0.2	-3.2	0.1	-3.0	-2.1	-22.6	-4.1
Free CF	-12.6	-4.1	-0.9	8.6	-3.5	5.6	-5.5
Cash and cash equivalents	94.5	87.6	86.5	92.6	87.8	69.3	60.7

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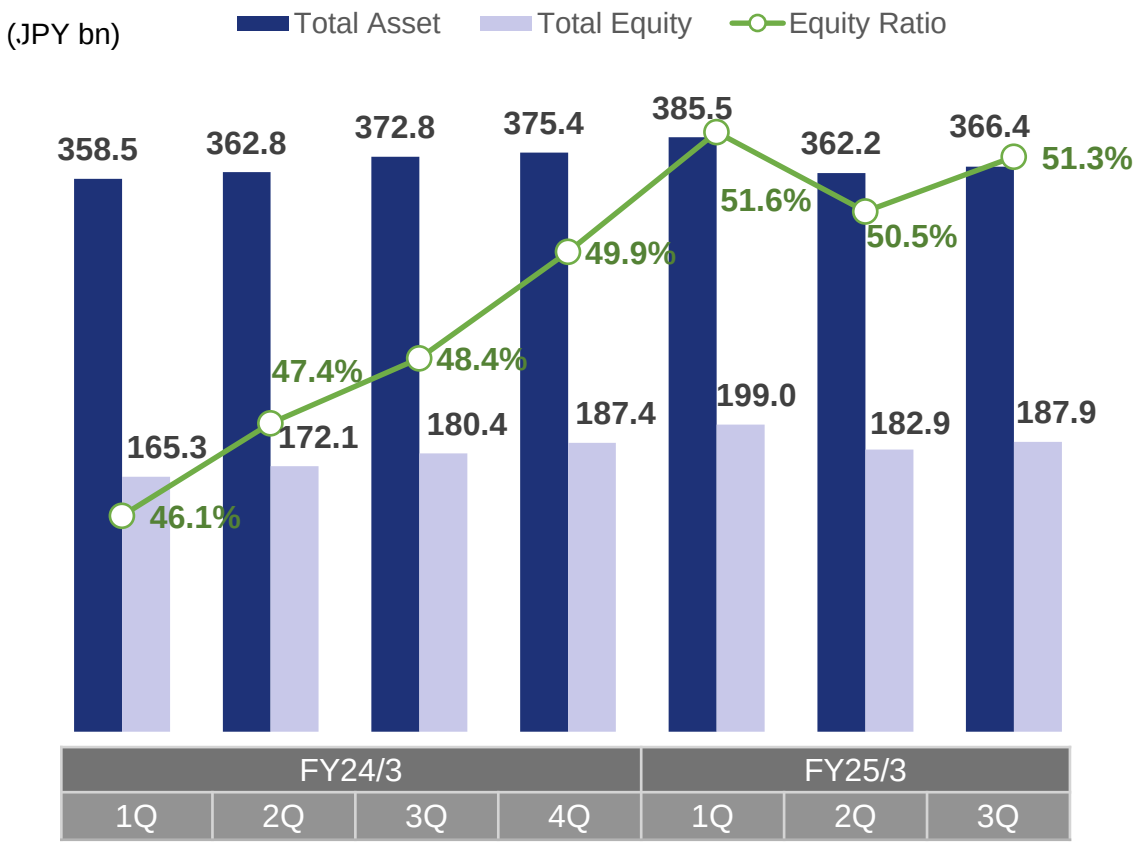
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Quarterly Equity Ratio / Cash and Cash Equivalents / Interest-bearing Liabilities

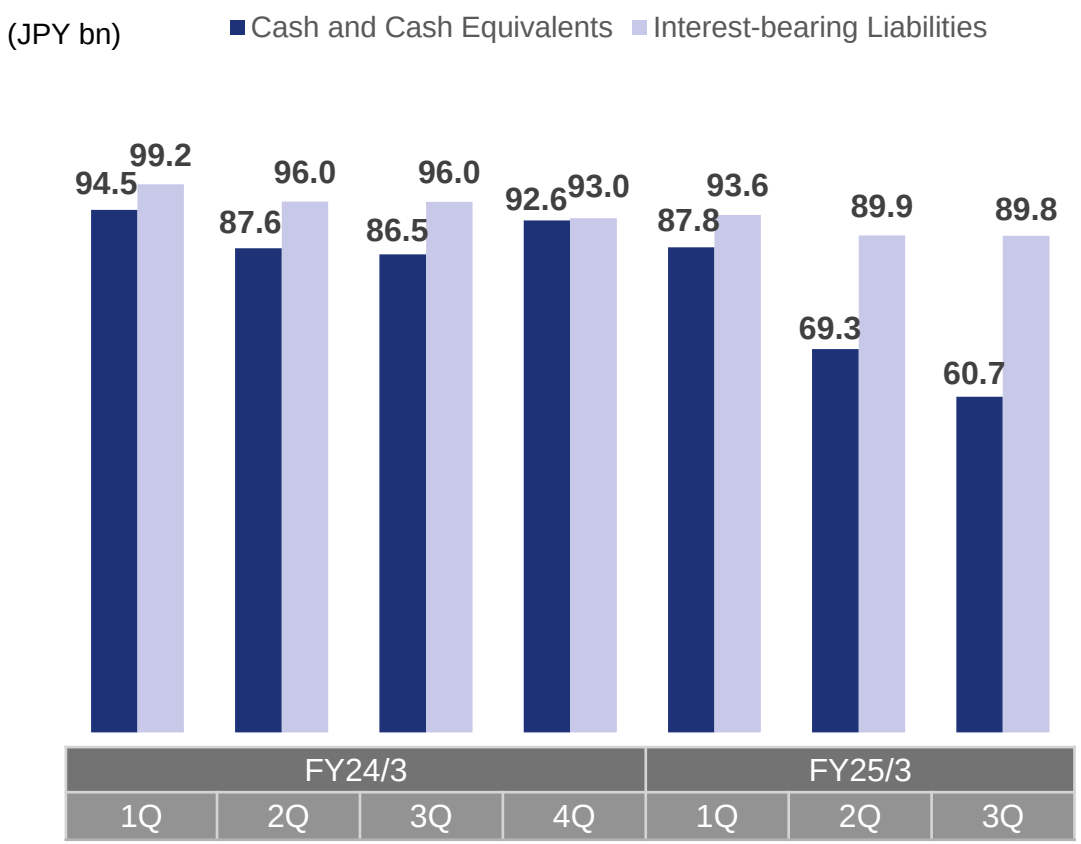
The equity ratio at the end of 3Q remained above 50%.

Net debt at the end of 3Q increased to JPY 29.1 bn due to the repurchase of own shares.

Total Asset / Total Equity / Equity Ratio



Cash and Cash Equivalents / Interest-bearing Liabilities



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Consolidated Earnings Forecast for FY25/3

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Highlight

Summary of Consolidated Results for 3Q FY25/3

- DRAM is doing well due to the spread of generative AI. Logic/Foundry, capital investment for advanced nodes is accelerating.
  While capital investment for mature nodes in China is slowing down, there are signs of recovery in capital investment for NAND.
- In 3Q, both revenue and profits increased both YoY and QoQ, mainly due to strong sales of equipment for Non-China.
- 1-3Q results saw an increase in revenue and profits, and profit margins were also higher YoY.

Consolidated Earnings Forecast for FY25/3 and Outlook for the future

- **Expect NAND to recover following the strong performance of advanced node Logic/Foundry and advanced DRAM.**
- **Performance is in line with the full-year earnings forecast revised at the release of 2Q results, and there is no change to the forecast.**

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FY25/3 Earnings Forecast / Dividend Forecast (No change)

No change to the full-year earnings and dividend forecasts revised at the release of 2Q results.

(JPY bn)	FY24/3	FY25/3			
	Full year	1H	2H forecast	Full-year forecast	YoY
Revenue	**180.8**	**114.5**	**123.5**	**238.0**	*+31.6%*
Gross profit	**75.0**	**51.4**	**49.6**	**100.9**	*+34.6%*
Gross profit margin	*41.5%*	*44.8%*	*40.1%*	*42.4%*	*+0.9pts*
Adjusted operating profit	**37.8**	**30.7**	**26.0**	**56.6**	*+49.6%*
Adjusted operating profit margin	*20.9%*	*26.8%*	*21.0%*	*23.8%*	*+2.9pts*
Adjusted net income	**27.3**	**21.6**	**18.1**	**39.6**	*+45.1%*
Adjusted net income margin	*15.1%*	*18.9%*	*14.6%*	*16.7%*	*+1.6pts*
Operating profit	**30.7**	**27.4**	**22.8**	**50.2**	*+63.3%*
Operating profit margin	*17.0%*	*24.0%*	*18.5%*	*21.1%*	*+4.1pts*
Income before income tax	**29.8**	**27.9**	**22.2**	**50.1**	*+68.4%*
Income before income tax margin	*16.5%*	*24.4%*	*18.0%*	*21.1%*	*+4.6pts*
Net income	**22.4**	**18.1**	**15.3**	**33.3**	*+48.8%*
Net income margin	*12.4%*	*15.8%*	*12.4%*	*14.0%*	*+1.6pts*
Dividend per share (JPY)	**11**[*1]	**18**	**18**	**36**	**-**
Dividends payout ratio (based on adjusted net income)	*9.3%*	*19.2%*	*23.1%*	*21.0%*	*-*

*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.

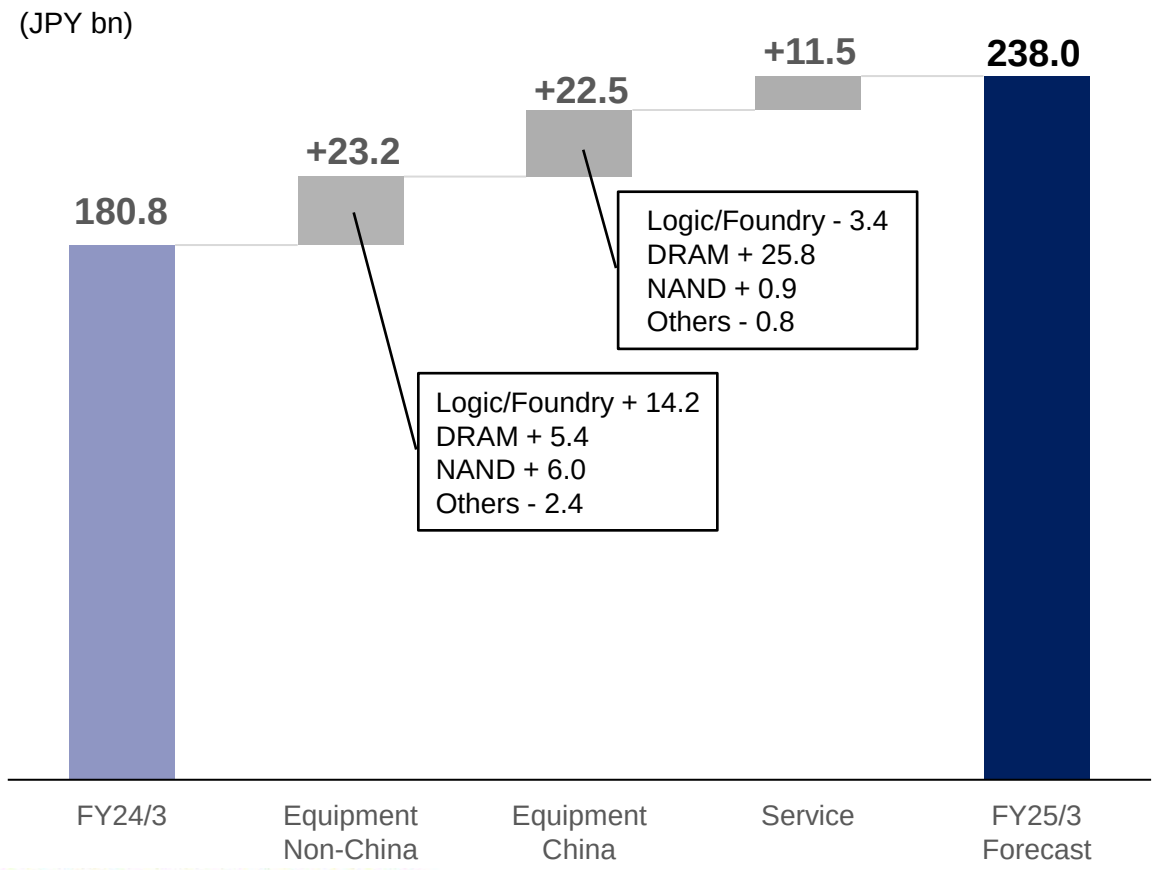
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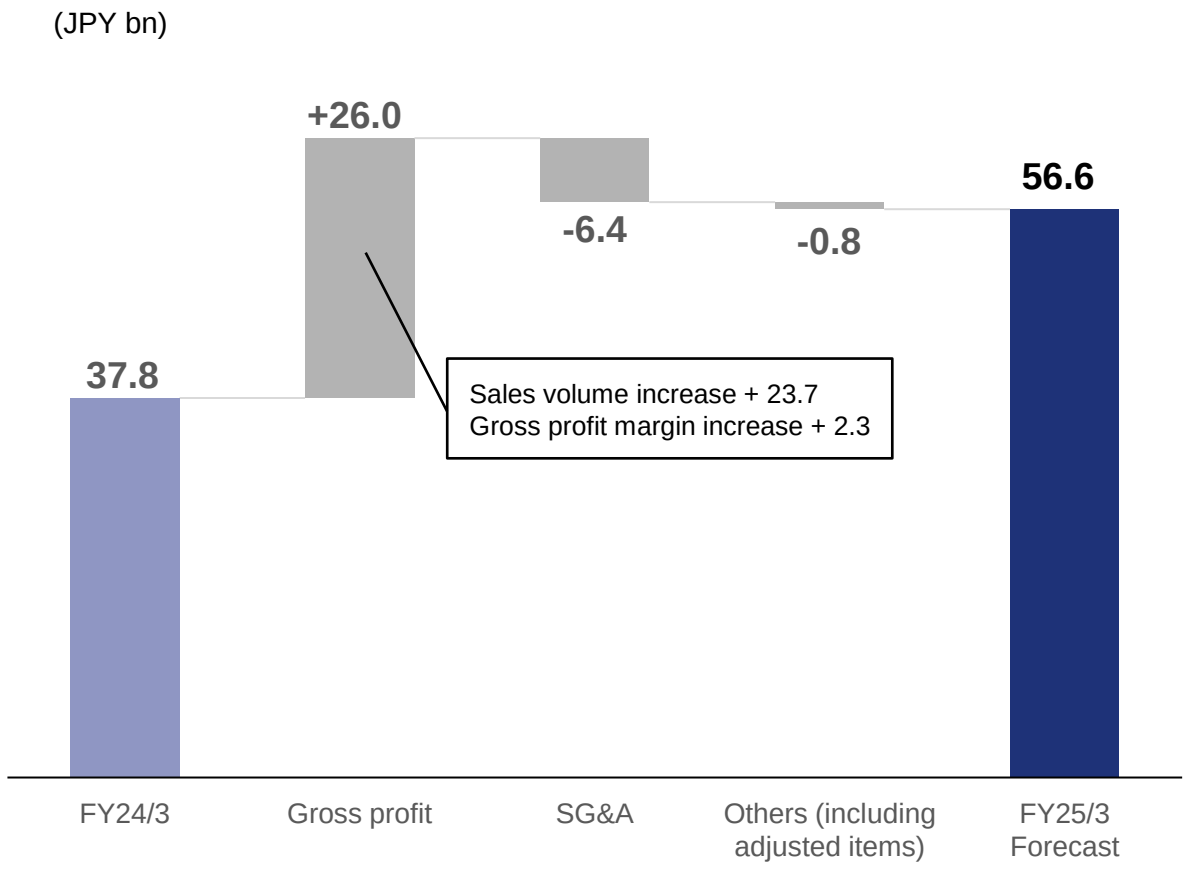
FY25/3 Earnings Forecast: Factors for Change (No change)

Revenue is expected to grow by 32% YoY due to increases in revenue from equipment in Non-China and revenue from equipment in China and revenue from services.
Adjusted operating profit is expected to increase by 50% YoY as profitability will improve due to higher gross profit and stronger sales of high-value-added equipment.

Revenue



Adjusted Operating Profit

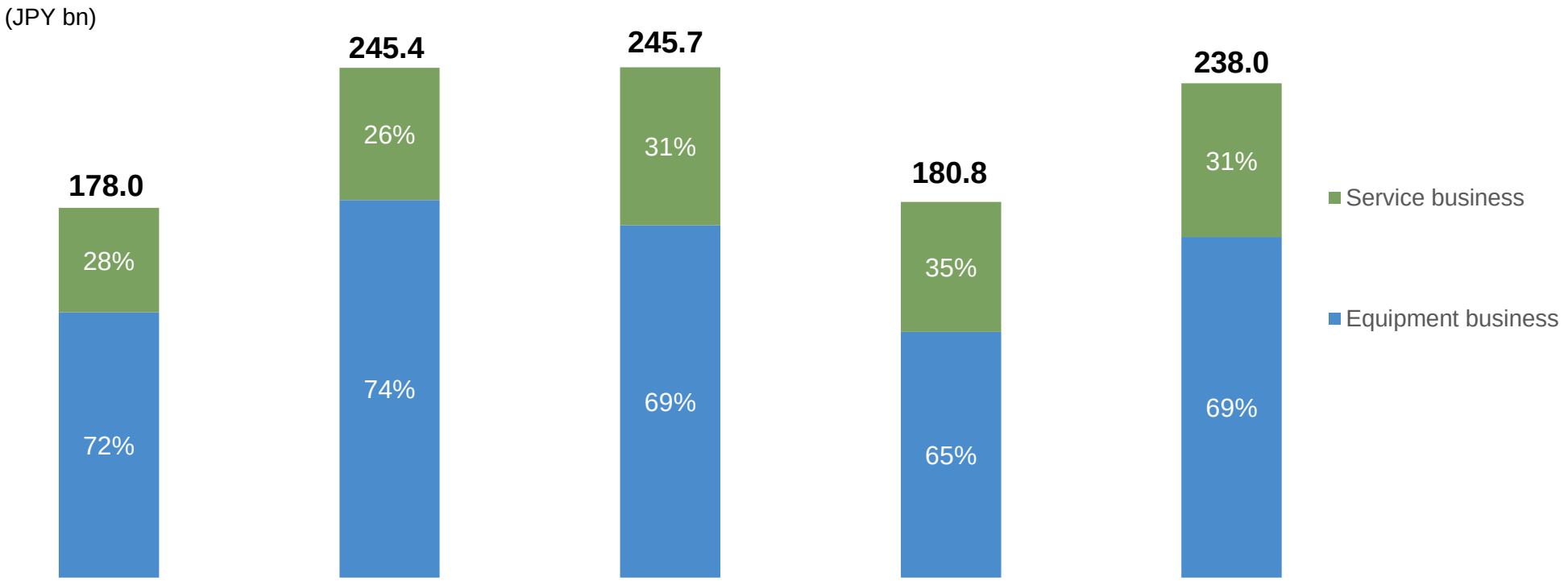


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FY25/3 Earnings Forecast: Revenue Forecast by Business (No change)

Equipment revenue are expected to increase by 39% YoY and service revenue are expected to increase by 18% YoY.
The sales composition ratio is expected to normalize as the pace of equipment business recovery quickens.



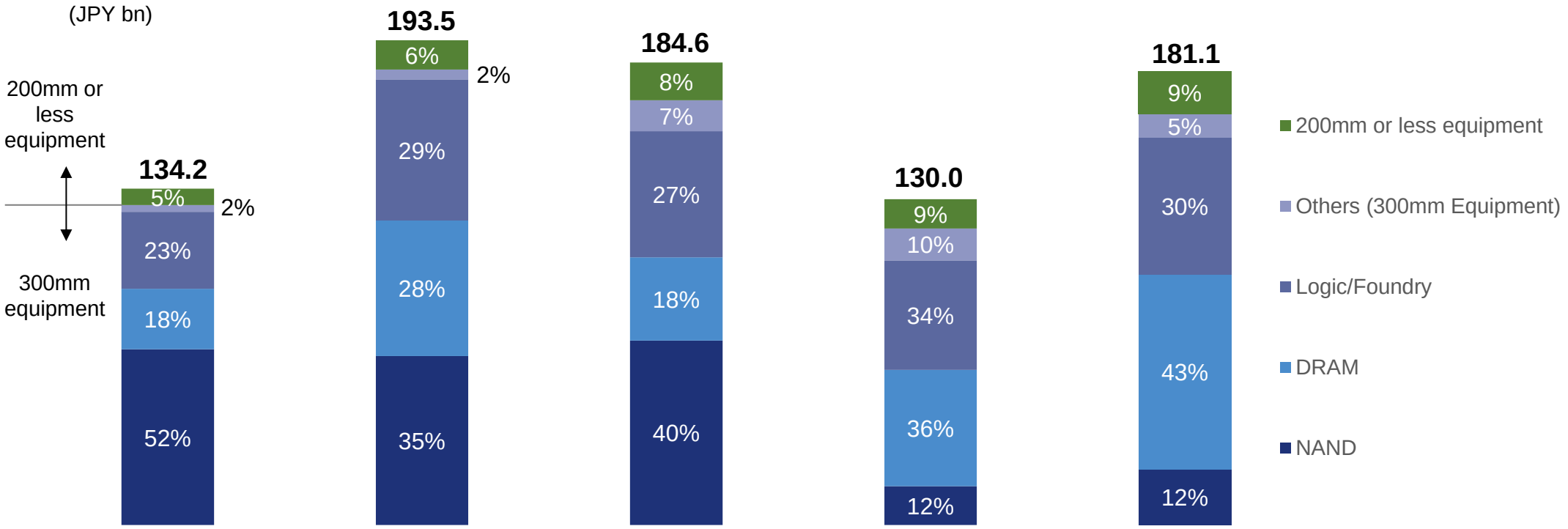
(JPY bn)	FY21/3	FY22/3	FY23/3	FY24/3	FY25/3 Forecast
Service	50.3	63.6	76.2	62.5	74.0
Equipment	127.7	181.8	169.5	118.3	164.0

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FY25/3 Earnings Forecast: Revenues by Application*1 (No change)

Revenue is expected to increase by JPY 11 bn for Logic/Foundry, JPY 31 bn for DRAM, and JPY 7 bn for NAND from a year earlier.
GAA-related sales are in line with the previous forecast, while SiC power device-related sales will exceed the initial forecast.



(JPY bn)	FY21/3	FY22/3	FY23/3	FY24/3	FY25/3 Forecast
200mm or Less Equipment	6.5	11.7	15.0	11.7	17.0
300mm Equipment	127.7	181.8	169.5	118.3	164.0

*1 300mm equipment +200mm or less equipment

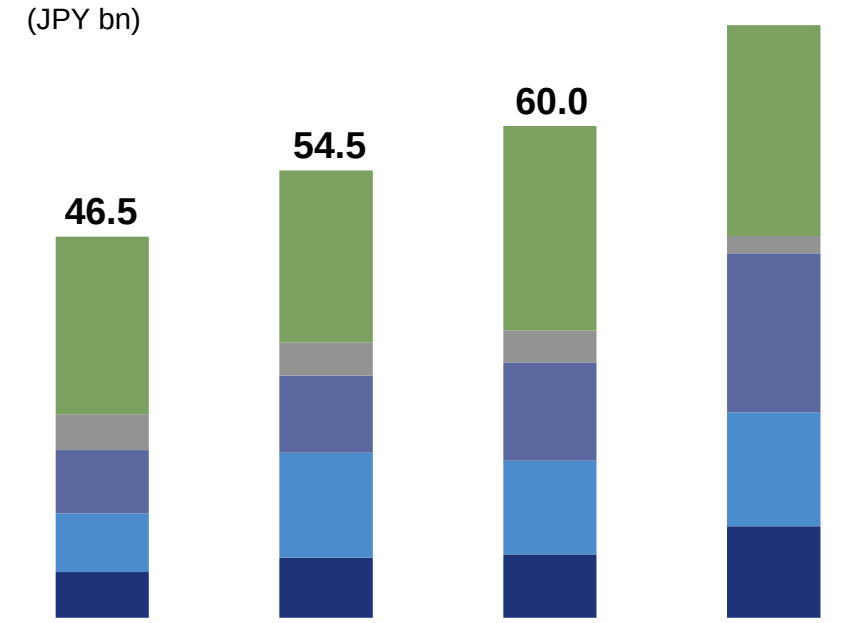
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FY25/3 Earnings Forecast: 1H and 2H Revenue

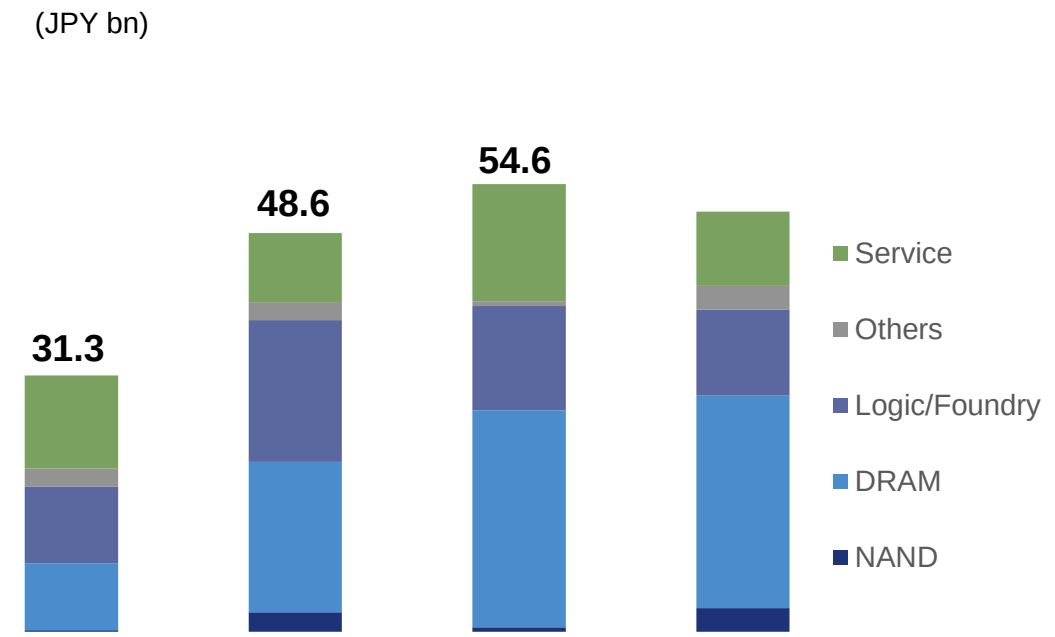
Revenue from equipment/service for Non-China is expected to increase by 20% from 1H to 2H, driven by revenue from Logic/Foundry, DRAM, and NAND. Revenue in China in FY25/3 are expected to decline by 6% from 1H to 2H.
The ratio of revenue in China will decrease from 48% in 1H to 41% in 2H.

Revenue in Non-China



	FY24/3		FY25/3	
	1H	2H	1H	2H Forecast
Ratio of Non-China	60%	53%	52%	59%

Revenue in China



	FY24/3		FY25/3	
	1H	2H	1H	2H Forecast
Ratio of China	40%	47%	48%	41%

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Future Outlook

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Business Environment

Revised 2025 WFE forecast, considering slower recovery in general-purpose DRAM and NAND, and stagnation in mature node Logic/Foundry.
No change in the outlook for significant growth over the medium to long term.

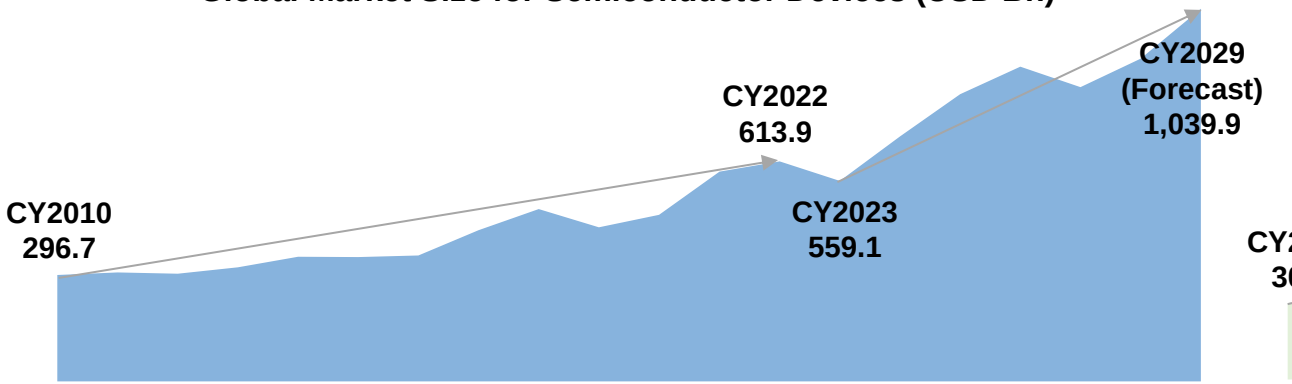
Outlook for Semiconductor Device Market

- In the semiconductor device market, demand related to generative AI continues to be the main driver, while general-purpose DRAM and NAND are lagging behind in their recovery.
- Active capital investment for mature nodes is expected to continue at a reasonable scale for the next few years, although it is calming down.
- 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) etc.

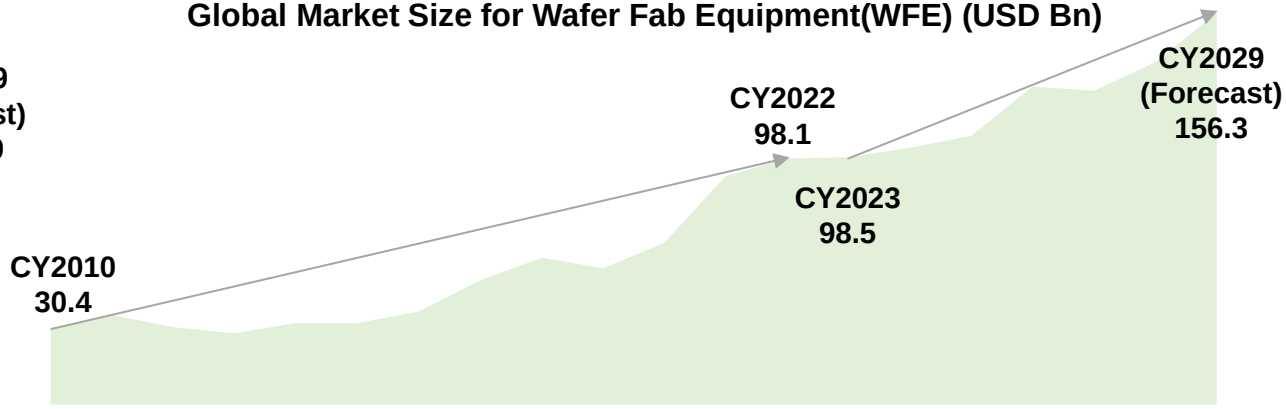
Wafer Fab Equipment (WFE) Market

- Demand for equipment for advanced devices continues to increase. Demand for equipment for mature nodes is expected to settle down.
- WFE scale in CY25 is expected to be at the same level as CY24, with a 10 to 20% YoY increase for Non-China and a 20 to 30% YoY decline for China.
- WFE is expected to grow significantly in the medium to long term, and we do not change our assumption that the market will grow to around USD 120 bn in the next few years.

Global Market Size for Semiconductor Devices (USD Bn)



Global Market Size for Wafer Fab Equipment(WFE) (USD Bn)



Source : TechInsights Inc. WORLDWIDE SEMICONDUCTOR HISTORY AND FORECAST (December 2024)
Source : TechInsights Inc. IC MANUFACTURING EQUIPMENT MARKET HISTORY AND FORECAST (2010 - 2029) (December 2024)

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Business environment by application and our status

Revenue from equipment for Logic/Foundry and DRAM is expected to continue to grow backed by increasing demand for equipment in Non-China. For NAND, demand for high-value-added equipment is expected to increase in line with the generation transition, and demand related to China is also expected to recover.
The direct impact of revisions to export regulations in each country will be minor.

	Business Environment	Our Initiatives
Logic/Foundry	・Demand for equipment for advanced nodes is recovering though some device makers are restraining investment. ・Demand for equipment for mature nodes in China will settle down while demand for equipment for mature nodes in Europe and the U.S. will continue to face restraint on investment for a certain period of time.	・Revenue for use with GAA and interposer will increase steadily, and revenue from equipment for advanced nodes will grow. Expect to expand revenue in the future. ・Continue efforts to increase market share for mature nodes in Europe and the U.S., and prepare for demand recovery.
DRAM	・The spread of generative AI is driving increased demand for HBM, leading to increase demand for advanced equipment. ・Demand for equipment for China was strong in 2024, but is expected to decline in 2025, as investments by device manufacturers have varied.	・Revenue from advanced equipment continue to increase. New POR finalization for batch ALD[*1]-compatible and Single-wafer treatment equipment in the D1c generation. ・Aiming to expand POR for future generations of devices (D1d, VCT DRAM, 3D Stacked DRAM).
NAND	・Demand for equipment in anticipation of a generation transition will begin to recover around the world, albeit at a slower pace than previously expected. ・Demand is also showing signs of recovery in China.	・Sales of replacement and modification of batch ALD-compatible equipment are expected to recover in preparation for the generation change of devices. ・Revenue from equipment for China is also expected to recover.
SiC Power Devices (Service Business)	・There is a growing need for high-temp activation annealing equipment. ・Demand is expected to increase as wafer size shifts from 150mm to 200mm.	・Increase sales of existing products as new high-temp activation annealing products are introduced. ・Focus on developing new ALD-related solutions.

*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”.

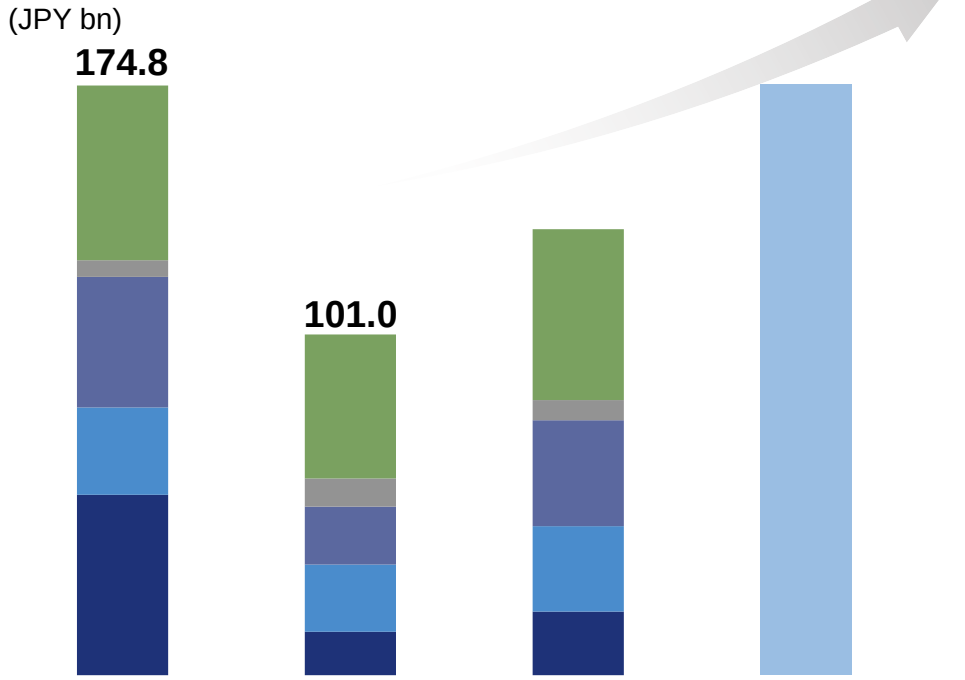
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Direction for the FY26/3

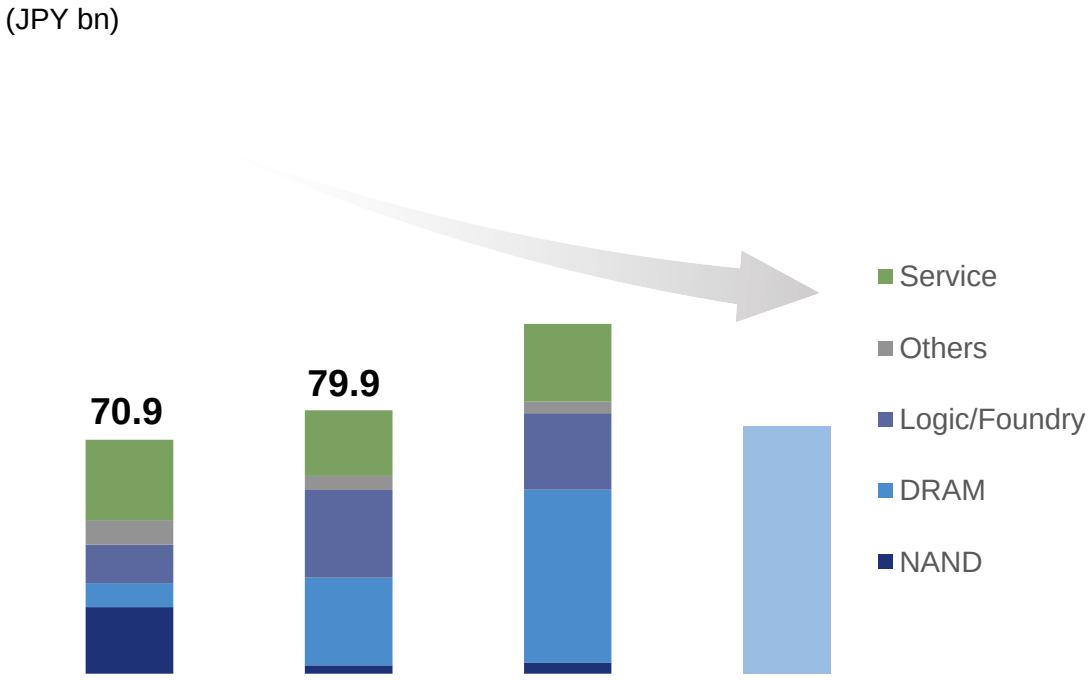
WFE scale in CY25 is expected to be at the same level as CY24, and we aim to achieve increased sales and profits in FY26/3.
Revenue for Non-China are expected to grow by about 30%, and Revenue for China are expected to decrease by 20 to 30%.

Revenue in Non-China



	FY23/3	FY24/3	FY25/3 Forecast	FY26/3 Direction
Ratio of Non-China	71%	56%	56%	approx. 70%

Revenue in China



	FY23/3	FY24/3	FY25/3 Forecast	FY26/3 Direction
Ratio of China	29%	44%	44%	approx. 30%

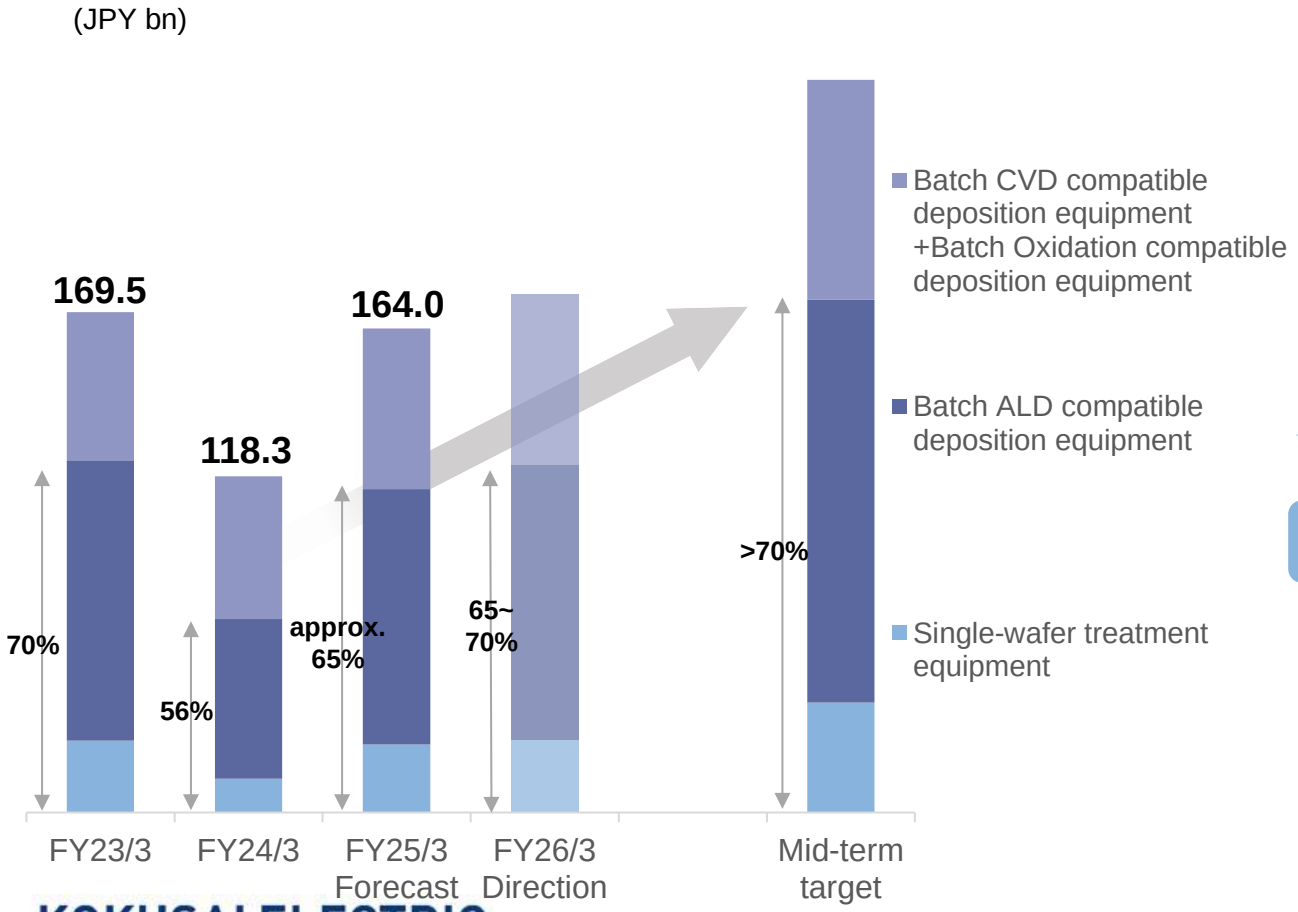
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Changes in product composition

As devices evolve, the composition ratio of high-value-added Batch ALD*1 compatible equipment and Single-wafer treatment equipment is expanding.
Profitability will be maintained improve as the ratio of high-value-added products expands.

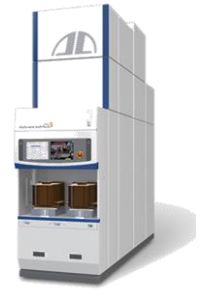
Equipment revenue (excluding service revenue)



Batch Deposition Equipment

- Batch ALD compatible deposition equipment
  - Worldwide Market Share No.1 (CY2023)*2
- Batch CVD compatible deposition equipment
- Batch Oxidation compatible deposition equipment


TSURUGI-C²® 劔®


AdvancedAce®-300

Single-wafer treatment equipment

Worldwide Market Share No.3 (CY2023)*3


MARORA®


TANDUO®

*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 Source: TechInsights Inc.(VLSI) “TI_ALD Tools_YEARLY” 2024 (April)
*3 We define “RTP and Oxidation / Diffusion” by Gartner’s WFE segment as “Treatment”,
Source: Gartner®, Market Share: Semiconductor Wafer Fab Equipment, Worldwide, 2023, Bob Johnson, Gaurav Gupta, Menglin Cao, 1, May 2024

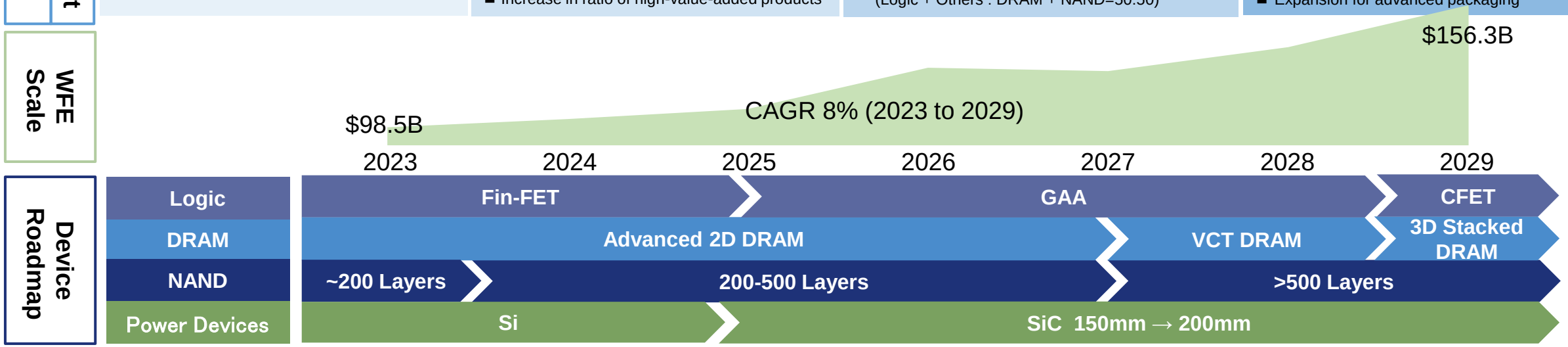
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Summary

The opportunities for application of high-value-added products will expand as semiconductor device structures become more complex and three-dimensional. We aim to expand our business by leveraging our technological advantages.

Our Initiatives	Current	Short-term	Mid-term	Long-term
KPI	【FY24/3 results】 Revenue: JPY 181 bn Adjusted OPM *1 : 20.9% High-value-added product ratio*2: 56%(Reference) The ratio of revenue in China: 44%(Reference)	【FY25/3 Forecast】 Revenue: JPY 238 bn Adjusted OPM：23.8% High-value-added product ratio: approx.65%(Reference) The ratio of revenue in China: 44%(Reference)	【Mid-term targets】 Revenue: < JPY 330 bn Adjusted OPM： < 30% High-value-added product ratio: < 70%(Reference) The ratio of revenue in China: About 30% (Reference)	【Management Policy】 By pursuing corporate value from both business and ESG aspects, we aim to realizing a sustainable society and our group's sustainable development.
Catalyst	■ Reduction in NAND applications due to market slump ■ Expansion of revenue for mature node Logic and DRAM due to active investment in China	■ Growth of revenue from equipment for advanced node Logic and advanced DRAM ■ Recovery for NAND due to generation transition ■ Increase in ratio of high-value-added products	■ Expansion of next-generation Logic and DRAM applications ■ Expansion of mature node Logic and services ■ Achievement of well-balanced portfolio (Logic + Others : DRAM + NAND=50:50)	■ Further demand expansion due to generational shift towards NAND 500+ layers, VCT DRAM, 3D Stacked DRAM, and Logic CFET ■ Expansion for advanced packaging



Source: TechInsights Inc. IC MANUFACTURING EQUIPMENT MARKET HISTORY AND FORECAST (2019 - 2029) (December 2024)

*1 OPM：Operating profit margin *2 High-value-added product ratio: Ratio of batch ALD*3 -compatible equipment and treatment equipment as a percentage of revenue

*3 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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Appendix

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Changes of Representative Director Effective April 1, 2025

Changes of Representative Director

Name	New Title	Present Title
Kazunori Tsukada	Representative Director, President and CEO	Director, EVP and Executive Officer
Fumiyuki Kanai	Director	Representative Director, President and CEO

*The term of new Representative Director will run until the conclusion of the Company's 10th Ordinary General Meeting of Shareholders, scheduled to be held on June 27th of this year. The new Representative Director will be proposed as a director at this General Meeting of Shareholders, and he is expected to be selected as Representative Director at the subsequent Board of Directors meeting.

Career History of the New Representative Director

Apr. 1986	Joined Kokusai Electric Co., Ltd. (Currently KOKUSAI DENKI Electric Inc.)
Apr. 2007	Asia Sales Manager, Electronic Machinery Business Division of Kokusai Electric Co., Ltd.
Apr. 2014	Vice President of Sales Division, Electronic Machinery Business Division of Kokusai Electric Co., Ltd.
Apr. 2019	Corporate Vice President and Executive Officer, Vice President of Sales Division of KOKUSAI ELECTRIC CORPORATION
Apr. 2021	Chairman, General Manager of KE Semiconductor Equipment (Shanghai) Co., Ltd.
Apr. 2022	Senior Vice President and Executive Officer of KOKUSAI ELECTRIC CORPORATION
Apr. 2024	Executive Vice President and Executive Officer of KOKUSAI ELECTRIC CORPORATION
Jun. 2024	Director, Executive Vice President and Executive Officer of KOKUSAI ELECTRIC CORPORATION (current title)



Kazunori Tsukada appointed
as Representative Director and President CEO

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Appointment of Executive Officers Effective April 1, 2025

Executive Officers

Name	Title	In Charge
Kazunori Tsukada (Promoted)	President and CEO	Responsible for Corporate Planning, Public Relations & IR
Hidehiro Yanagawa (Reappointed)	EVP and Executive Officer	Responsible for Business Development, DX & IT and Information Security
Masayuki Yamada (Reappointed)	SVP and Executive Officer	Responsible for Production, Global Supply Chain Management, Quality Assurance, Export Control and Site Operations Management
Yoshitaka Kawakami (Reappointed)	SVP and Executive Officer	Responsible for Finance and Accounting
Kenji Kanayama (Reappointed)	SVP and Executive Officer	Responsible for Technology Management and Process Technology Development, Intellectual Property
Naotoshi Yamamine (Reappointed)	SVP and Executive Officer	Responsible for Services, Field Engineering and Group Governance
Masami Miyamoto (Promoted)	SVP and Executive Officer	Responsible for Sales
Shigeru Odake (Reappointed)	CVP and Executive Officer	Responsible for System Technology Development and Volume Equipment Engineering
Teruhiko Kawakami (Reappointed)	CVP and Executive Officer	Responsible for Human Resources & Corporate Administration, Legal, Sustainability and Ethics & Compliance
Yasuyuki Honma (Newly appointed)	CVP and Executive Officer	Responsible for DX & IT and Information Security

*Underlined are titles, in charge that will be changed from the current title

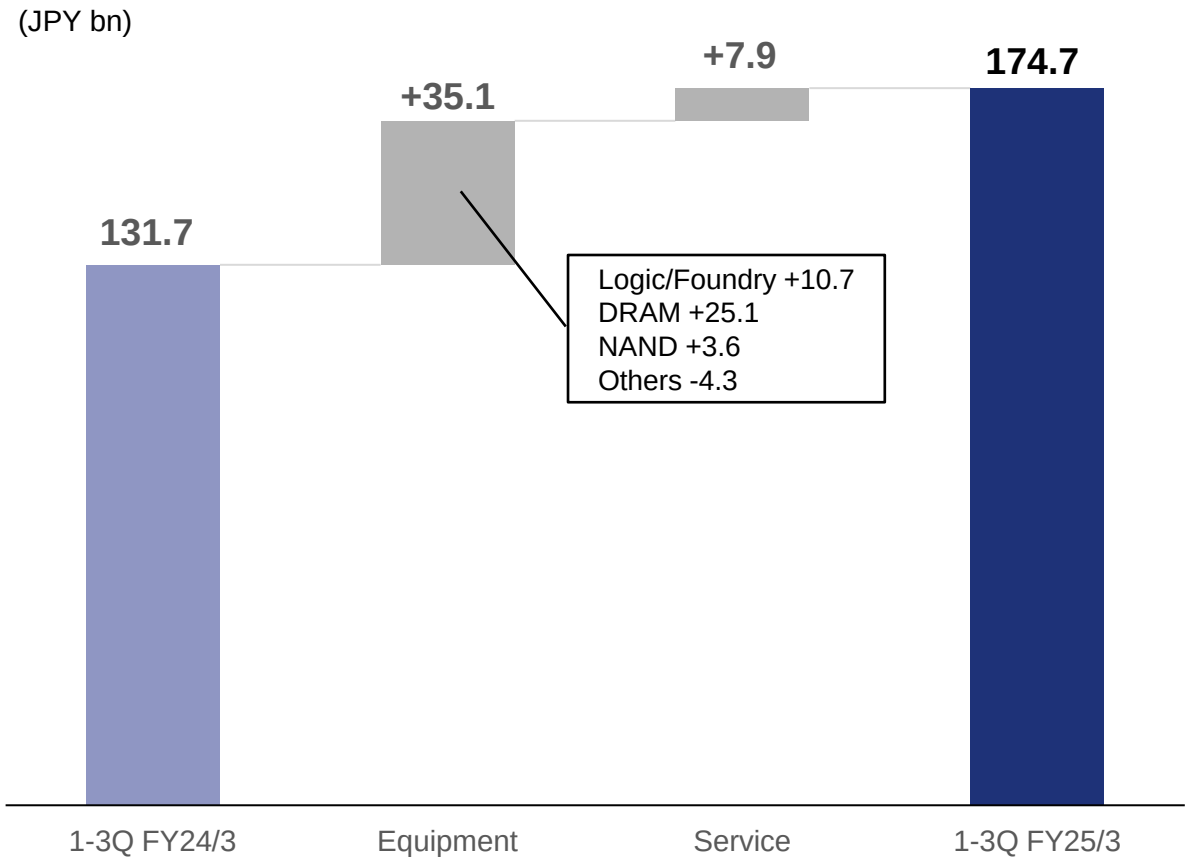
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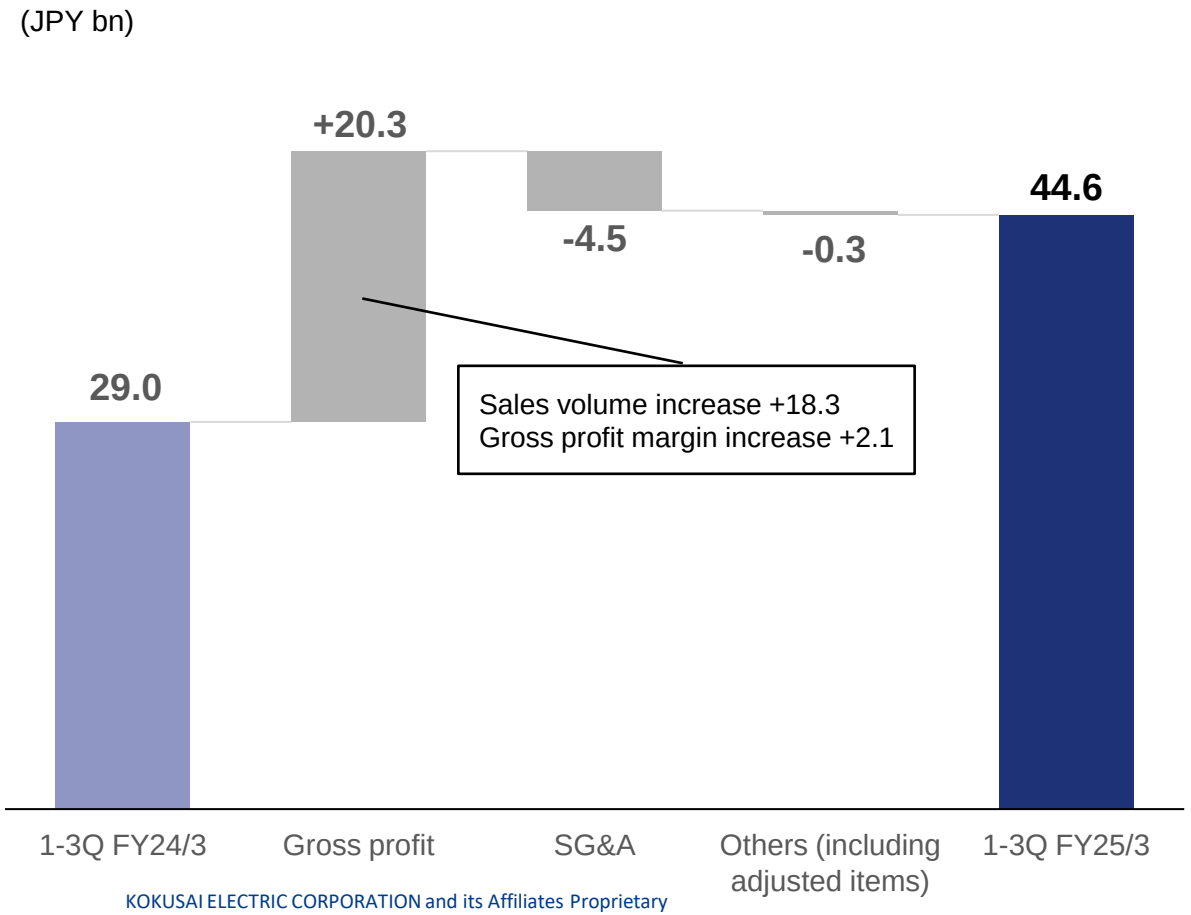
1-3Q FY25/3 Results: Factors for Changes

1-3Q review, there was higher revenue from equipment for Logic/Foundry, DRAM, and NAND, and overall revenue increased by 33% YoY. Adjusted operating profit increased by 53% YoY due to stronger sales and higher gross profit margin.

Revenue



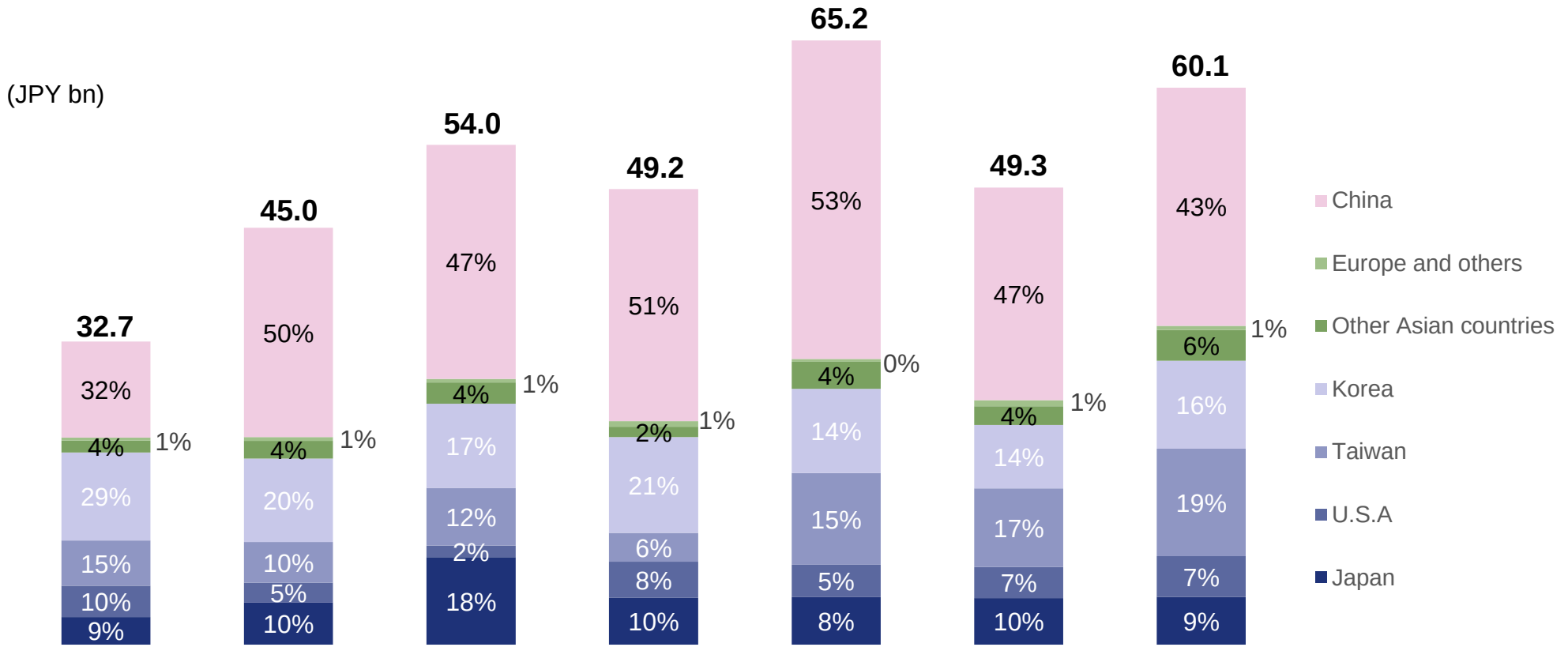
Adjusted Operating Profit



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Quarterly Revenues by Region (by Destination)



(JPY bn)	FY24/3 1Q	FY24/3 2Q	FY24/3 3Q	FY24/3 4Q	FY25/3 1Q	FY25/3 2Q	FY25/3 3Q
For overseas	29.7	40.5	44.5	44.1	60.1	44.3	54.9
For Japan	3.0	4.5	9.4	5.1	5.1	5.0	5.2

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

(JPY mn)	FY24/3 1Q	FY24/3 2Q	FY24/3 3Q	FY24/3 1-3Q	FY24/3 4Q	FY24/3 Full Year	FY25/3 1Q	FY25/3 2Q	FY25/3 3Q	FY25/3 1-3Q
Revenue	**32,710**	**44,995**	**53,956**	**131,661**	**49,177**	**180,838**	**65,224**	**49,324**	**60,117**	**174,665**
Gross profit	**14,275**	**19,890**	**21,741**	**55,906**	**19,059**	**74,965**	**29,354**	**22,012**	**24,865**	**76,231**
Gross profit margin	*43.6%*	*44.2%*	*40.3%*	*42.5%*	*38.8%*	*41.5%*	*45.0%*	*44.6%*	*41.4%*	*43.6%*
Adjusted operating profit	**5,614**	**11,035**	**12,400**	**29,049**	**8,790**	**37,839**	**19,382**	**11,299**	**13,876**	**44,557**
Adjusted operating profit margin	*17.2%*	*24.5%*	*23.0%*	*22.1%*	*17.9%*	*20.9%*	*29.7%*	*22.9%*	*23.1%*	*25.5%*
Adjusted net income	**3,782**	**7,304**	**9,101**	**20,187**	**7,109**	**27,296**	**14,345**	**7,262**	**9,646**	**31,253**
Adjusted net income margin	*11.6%*	*16.2%*	*16.9%*	*15.3%*	*14.5%*	*15.1%*	*22.0%*	*14.7%*	*16.0%*	*17.9%*
Operating profit	**3,990**	**9,383**	**10,689**	**24,062**	**6,683**	**30,745**	**17,878**	**9,562**	**12,274**	**39,714**
Operating profit margin	*12.2%*	*20.9%*	*19.8%*	*18.3%*	*13.6%*	*17.0%*	*27.4%*	*19.4%*	*20.4%*	*22.7%*
Income before income tax	**3,727**	**9,145**	**10,742**	**23,614**	**6,143**	**29,757**	**17,747**	**10,195**	**11,241**	**39,183**
Income before income tax margin	*11.4%*	*20.3%*	*19.9%*	*17.9%*	*12.5%*	*16.5%*	*27.2%*	*20.7%*	*18.7%*	*22.4%*
Net income	**2,655**	**6,158**	**7,914**	**16,727**	**5,647**	**22,374**	**13,302**	**4,751**	**8,004**	**26,057**
Net income margin	*8.1%*	*13.7%*	*14.7%*	*12.7%*	*11.5%*	*12.4%*	*20.4%*	*9.6%*	*13.3%*	*14.9%*
R&D expenses	**2,932**	**3,023**	**3,062**	**9,017**	**3,666**	**12,683**	**3,348**	**3,920**	**3,755**	**11,023**
Capital expenditures	**5,077**	**2,071**	**10,478**	**17,626**	**2,828**	**20,454**	**11,215**	**3,015**	**2,494**	**16,724**
Depreciation and amortization	**2,637**	**2,671**	**2,792**	**8,100**	**2,845**	**10,945**	**2,914**	**3,027**	**3,327**	**9,268**

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Reconciliation of Adjusted Items

(JPY mn)	FY24/3 1Q	2Q	3Q	1-3Q	4Q	Full Year	FY25/3 1Q	2Q	3Q	1-3Q
Operating profit	**3,990**	**9,383**	**10,689**	**24,062**	**6,683**	**30,745**	**17,878**	**9,562**	**12,274**	**39,714**
Other income	-30	-110	-285	-425	-254	-679	-92	-187	-28	-307
Other expenses	45	33	19	97	390	487	27	78	79	184
(Adjustments)										
Purchase price allocation amortization	1,592	1,592	1,593	4,777	1,592	6,369	1,479	1,477	1,475	4,431
Stand-alone related expenses	1	10	203	214	9	223	12	298	3	313
Stock-based compensation (except for performance-linked stock compensation)	16	127	181	324	370	694	78	71	73	222
Total adjustments	1,609	1,729	1,977	5,315	1,971	7,286	1,569	1,846	1,551	4,966
Adjusted Operating Profit	**5,614**	**11,035**	**12,400**	**29,049**	**8,790**	**37,839**	**19,382**	**11,299**	**13,876**	**44,557**
Net income	**2,655**	**6,158**	**7,914**	**16,727**	**5,647**	**22,374**	**13,302**	**4,751**	**8,004**	**26,057**
Other income	-30	-110	-285	-425	-254	-679	-92	-187	-28	-307
Other expenses	45	33	19	97	390	487	27	78	79	184
(Adjustments)										
Purchase price allocation amortization	1,592	1,592	1,593	4,777	1,592	6,369	1,479	1,477	1,475	4,431
Stand-alone related expenses	1	10	203	214	9	223	12	298	3	313
Stock-based compensation (except for performance-linked stock compensation)	16	127	181	324	370	694	78	71	73	222
Tax adjustment to total adjustments	-497	-506	-524	-1,527	-645	-2,172	-461	-531	-491	-1,483
One-time tax expense adjustment	-	-	-	-	-	-	-	1,305	531	1,836
Adjusted Net Income	**3,782**	**7,304**	**9,101**	**20,187**	**7,109**	**27,296**	**14,345**	**7,262**	**9,646**	**31,253**

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Balance Sheet and Key Financial Indicators

(JPY mn)

			FY24/3		FY25/3		
			End of 3Q	End of 4Q	End of 1Q	End of 2Q	End of 3Q
Assets	Current Assets	Cash and cash equivalents	86,498	92,619	87,775	69,333	60,722
		Trade and other receivables	36,963	31,994	42,444	33,979	42,369
		Inventories	86,820	87,682	82,028	86,542	91,019
		Other currents assets	3,096	2,619	2,787	1,923	1,923
		Total Current assets	213,377	214,914	215,034	191,777	196,033
	Non-current Assets	Property, plant and equipment	33,556	35,382	45,696	46,714	47,341
		Goodwill	59,065	59,065	59,065	59,065	59,065
		Intangible assets	58,475	56,995	55,480	54,073	52,652
		Other non-currents assets	8,323	9,077	10,179	10,609	11,309
		Total non-current assets	159,419	160,519	170,420	170,461	170,367
Total Assets			372,796	375,433	385,454	362,238	366,400

(JPY mn)

			FY24/3		FY25/3		
			End of 3Q	End of 4Q	End of 1Q	End of 2Q	End of 3Q
Liabilities	Current Liabilities	Loans payble + Lease liability	7,256	8,019	8,055	8,843	8,843
		Trade and other payables	37,777	36,667	38,657	31,275	30,328
		Contract liabilities	24,427	22,719	19,394	19,734	19,822
		Others	15,841	20,138	19,554	22,510	23,180
		Total current liabilities	85,301	87,543	85,660	82,362	82,173
	Non-current Liabilities	Loans payble + Lease liability	88,696	84,999	85,555	81,059	80,982
		Others	18,445	15,503	15,199	15,900	15,344
		Total non-current liabilities	107,141	100,502	100,754	96,959	96,326
Total Liabilities			192,442	188,045	186,414	179,321	178,499
Total Equity			180,354	187,388	199,040	182,917	187,901
Total Liabilities and Equity			372,796	375,433	385,454	362,238	366,400

	FY24/3		FY25/3		
	End of 3Q	End of 4Q	End of 1Q	End of 2Q	End of 3Q
Equity ratio	48.4%	49.9%	51.6%	50.5%	51.3%
Debt equity ratio	0.5	0.5	0.5	0.5	0.5
Net cash (JPY mn)	-9,454	-399	-5,835	-20,569	-29,103

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Cash Flow Statement

(JPY mn)

	FY24/3						FY25/3			
	1Q	2Q	3Q	1-3Q	4Q	Full Year	1Q	2Q	3Q	1-3Q
CF from operating activities	- 7,365	- 2,030	2,443	- 6,952	9,894	2,942	4,073	14,649	1,936	20,658
CF from investing activities	- 5,278	- 2,037	- 3,321	- 10,636	- 1,314	- 11,950	- 7,582	- 9,090	- 7,393	- 24,065
Free CF	- 12,643	- 4,067	- 878	- 17,588	8,580	- 9,008	- 3,509	5,559	- 5,457	- 3,407
CF from financing activities	- 167	- 3,171	70	- 3,268	- 3,044	- 6,312	- 2,143	- 22,628	- 4,128	- 28,899
Cash and cash equivalents at beginning balance	106,053	94,493	87,550	106,053	86,498	106,053	92,619	87,775	69,333	92,619
Cash and cash equivalents at end of the quarter	94,493	87,550	86,498	86,498	92,619	92,619	87,775	69,333	60,722	60,722

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Key Activities for 3Q FY25/3

Business Activities

- Exhibited at SEMICON® JAPAN 2024. (December 2024)
- Established an Employee Stock Ownership Association. (November 2024)
- Awarded "Excellent Partner" at SK hynix "Best Partner Award". (November 2024)
- Exhibited at SEMICON® EUROPA 2024. (November 2024)
- New TONAMI MANUFACTURING CENTER started operation. (October 2024)
- Published the Company’s first integrated report. (October 2024)



Exhibited at SEMICON® in each region

ESG Initiatives

- Selected as a Constituent of the MSCI Japan ESG Select Leaders Index, a Leading ESG Investment Index. (November 2024)
- Updated the corporate governance report. (November 2024)
- Held Environmental Classes as Part of Community Contribution Activities. (October 2024)
- The Tonami Manufacturing Center introduced the Toyama Mizu-no-sato Denki. (October 2024)

MSCI ESG RATINGS AA *1

CCC	B	BB	BBB	A	AA	AAA

Received a “AA” rating in the MSCI ESG Ratings

*1 THE USE BY KOKUSAI ELECTRIC CORPORATION OF ANY MSCI ESG RESEARCH LLC OR ITS AFFILIATES (“MSCI”) DATA, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, RECOMMENDATION, OR PROMOTION OF KOKUSAI ELECTRIC CORPORATION BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS AND ARE PROVIDED ‘AS-IS’ AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI.

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Key Activities for 2Q FY25/3 Management and Business Activities

- Held completion ceremony for the new factory: TONAMI MANUFACTURING CENTER (September 2024)
- Sponsored the 85th JSAP Autumn Meeting, ADMETA Plus 2024. (September 2024)
- Exhibited at SEMICON® TAIWAN 2024. (September 2024)
- Sponsored the 2024 International Conference on Solid State Devices and Materials as a platinum sponsor. (August 2024)
- Completed repurchasing our own shares (5,058,400 shares). (September 2024)
- Completed the secondary offering of the Company's common stock (60,381,700 shares). (July 2024)
- Exhibited at SEMICON® WEST 2024. (July 2024)
- Selected for stock market index "FTSE Global Equity Index Series" managed by FTSE Russell (June 2024)
- Awarded "10 BEST Suppliers" and "THE BEST Suppliers" in the TechInsights Customer Satisfaction Survey. (May 2024)
- Received certificate of gratitude at the opening ceremony of the new factory of PSMC (Powerchip Semiconductor Manufacturing Corporation). (May 2024)



Held a completion ceremony for TONAMI MANUFACTURING CENTER, which began operations in October



Exhibited at SEMICON® WEST 2024 and SEMICON® TAIWAN 2024

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Key Activities for 2Q FY25/3 Business Activities ESG Initiatives

- Recognized by Toyama Prefecture as a “Toyama Women’s Active Enterprise.” (September 2024)
- Sponsored “Owara Kaze-no-Bon” Festival in Yatsuomachi, Toyama City. (September 2024)
- Received the Minister of Health, Labor and Welfare’s Award for the Promotion of Blood Donation. (July 2024)
- Toyama Technology & Manufacturing Center achieved platinum status, the highest level in the RBA VAP audit. (June 2024)
- Held open-air environmental classes at nursery schools as part of local contribution activities. (May 2024)
- Our group company employee gave a guest presentation at “WOMEN IN SEMICONDUCTORS - WIS.” (May 2024)
- Sponsored “2024 Tonami Tulip Fair held in Tonami City”, Toyama Prefecture. (April 2024)





© Toyama Tourism Organization



Sponsored Owara Kaze-no-Bon Festival held in Yatsuomachi, Toyama City, where the Toyama Technology & Manufacturing Center is based

Certification mark of “Toyama Women’s Active Enterprise”



Received the Minister of Health, Labor and Welfare’s Award for the Promotion of Blood Donation

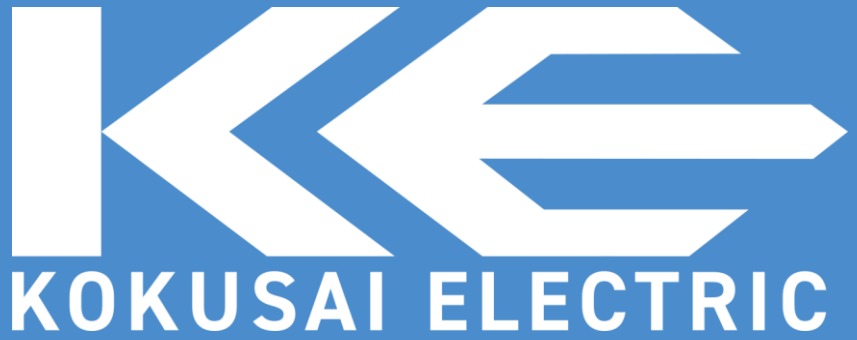
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Glossary

- Batch Deposition Equipment : Equipment that performs deposition by batch processing a large number of wafers.
- 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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