KOKUSAI ELECTRIC

Technology & Tai-wa for Tomorrow

Corporate Profile

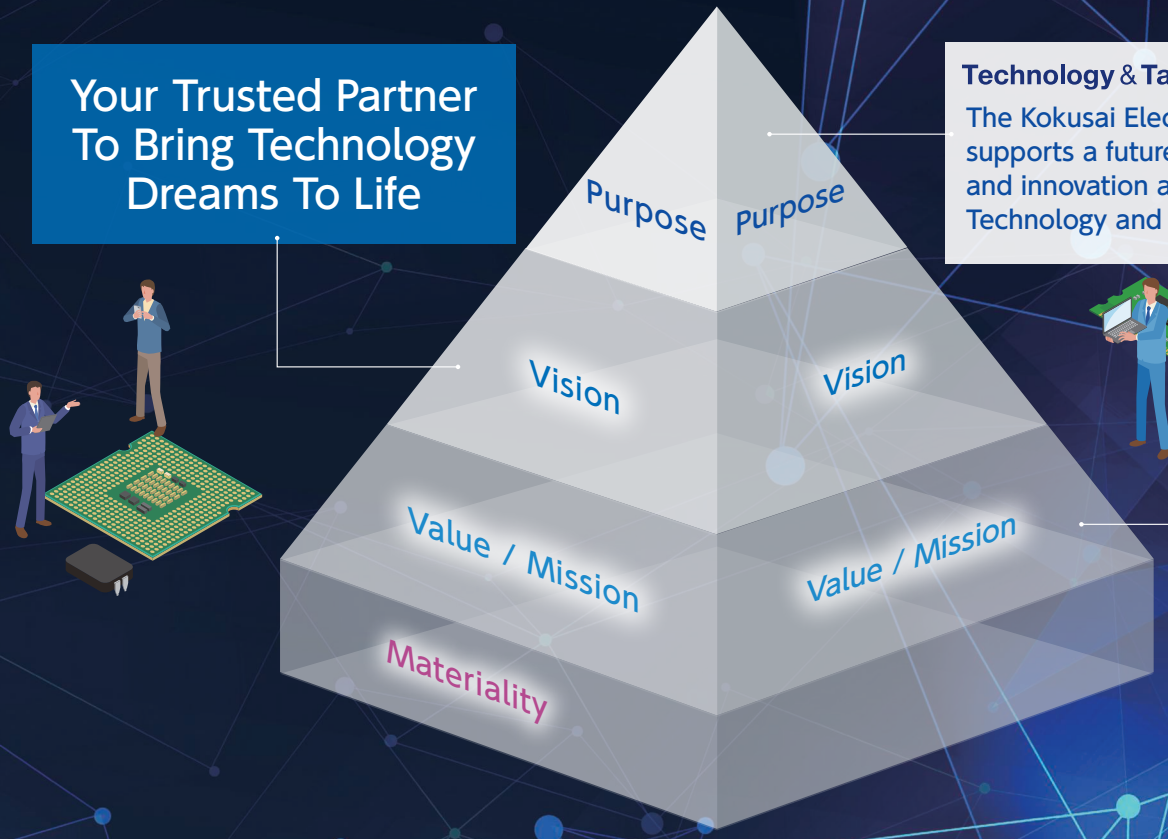
KOKUSAI ELECTRIC Way

We always pursue advancing “Technology.”
We innovate by fusing our technologies, refined across multiple fields.
We always value “Tai-wa®.”
We develop the best solutions by drilling down to the core of each issue while respecting “Tai-wa®.”
We consistently lay the foundation for tomorrow by responding to diverse needs with “Technology” and “Tai-wa®.”

Renewed Corporate Philosophy in 2022

The future will be built as various dreams around the world are realized one by one through a chain of creativity and innovation.
Aspiring to be the best partner for such a world, we have renewed our corporate philosophy as the “KOKUSAI ELECTRIC Way,” instilling our determination to continue to support the future with Technology and Tai-wa.
In establishing the corporate philosophy, we formed a working group of employees, which engaged in many discussions, beginning by re-examining the significance of our existence, our mission, and the values that we hold dear.
Our Technology and Tai-wa are the unchanging DNA of our continued growth. We will continue to pass this spirit on to future generations as something to be cherished.

Your Trusted Partner To Bring Technology Dreams To Life



Technology & Tai-wa for Tomorrow
The Kokusai Electric Group supports a future where creativity and innovation are born out of Technology and Tai-wa.

Our Technology
- Refine technology
- Advance technology
- Create technology
- Captivate with technology

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

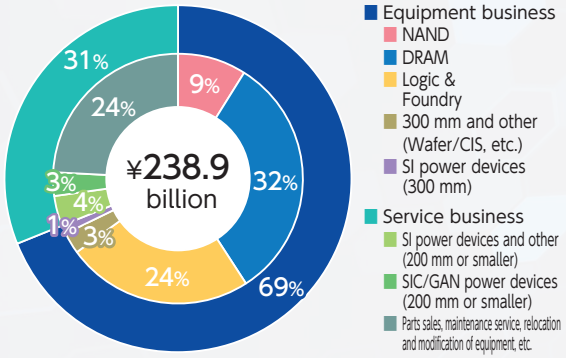
*Tai-wa is a Japanese word meaning “synergistic discourse,” or conversations between people face-to-face with a willingness to understand others with a sense of empathy. At times, subjects we have Tai-wa with can be things besides people. For us, Tai-wa implies respecting every one of you, being sincere, and acting wholeheartedly, that is an attitude itself towards work. This is our group’s DNA that we value to last forever.

At a Glance

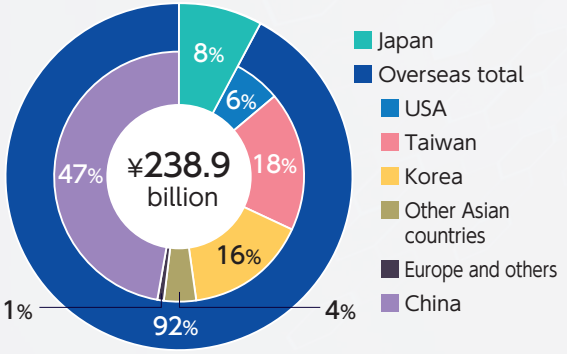
Of the many processes that go into manufacturing semiconductors, the Group operates businesses that revolve around the deposition process, the treatment (film property improvement) process, and the oxidation, diffusion, and annealing processes, which affect the performance of semiconductor devices. Our Group's semiconductor manufacturing equipment that responds to those process technologies is highly rated by semiconductor device manufacturers all over the world, and holds a world-leading share of the market.

Financial Overview

Revenues by Business (Consolidated) for the Fiscal Year Ended March 31, 2025

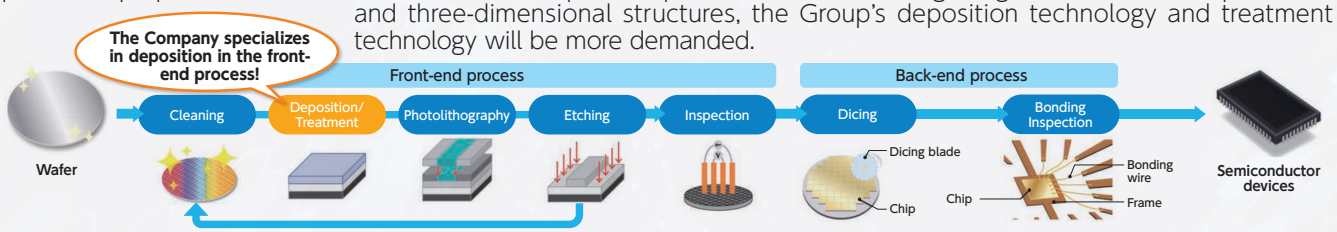


Revenues by Region (by Destination) (Consolidated) for the Fiscal Year Ended March 31, 2025



Business (Equipment business)

The Group mainly develops the deposition process equipment and single wafer treatment process equipment that affect the performance of devices in the front-end process of semiconductor device manufacturing process. The deposition process is a process to form thin films to be circuit materials on wafers. The treatment process is a process to improve film properties of thin films formed in the deposition process. As devices are getting to have more complex, finer, and three-dimensional structures, the Group's deposition technology and treatment technology will be more demanded.



Batch deposition equipment

Batch ALD[*1]-compatible deposition equipment

Global share No.1 (2024)[*2]

- Of batch deposition equipment that performs deposition on several dozen wafers or more at a time by batch processing, one compatible with ALD technology, which can achieve both deposition with a high degree of difficulty and high productivity.
- Its needs are growing as devices become more complex.

Treatment equipment

Plasma Gate Modification Tools

Global share No.1 (2024)[*3]

- An equipment designed to improve film properties by plasma or heating after deposition, which realizes superior isotropy and step coverage with unique plasma technology
- Its needs are growing as devices become more complex.
- The needs for improved film properties in low-temperature environments are growing.

Business (Service business)

We provide after-sales services such as parts sales, maintenance services, paid repairs, relocation and modification of equipment over a whole life cycle of semiconductor manufacturing equipment manufactured and sold by the Company. We also focus on sales of legacy equipment for sub-200 mm wafers (new and used) using sales networks of group companies, aiming at provision of higher value-added services with the concept of "Design for Service Business."

*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. "TI_ALD Tools_YEARLY" (April 2025)
*3 Source: Gartner®, Market Share: Semiconductor Wafer Fab Equipment, Worldwide, 2024, Bob Johnson et al, Published 21 April 2025, Revenue share from Shipments basis of Plasma Gate Modication Tools in CY2024. GARTNER is a registered trademark and service mark of Gartner, Inc. and/or its affiliates in the U.S. and internationally and is used herein with permission. All rights reserved. Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, 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 Integrated Report), and the opinions expressed in the Gartner Content are subject to change without notice.

Group network

Japan

2 companies

Overseas

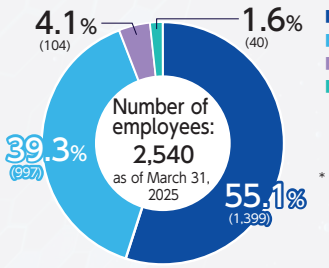
6 companies

Percentage of Overseas Employees (Consolidated)*

44.9%

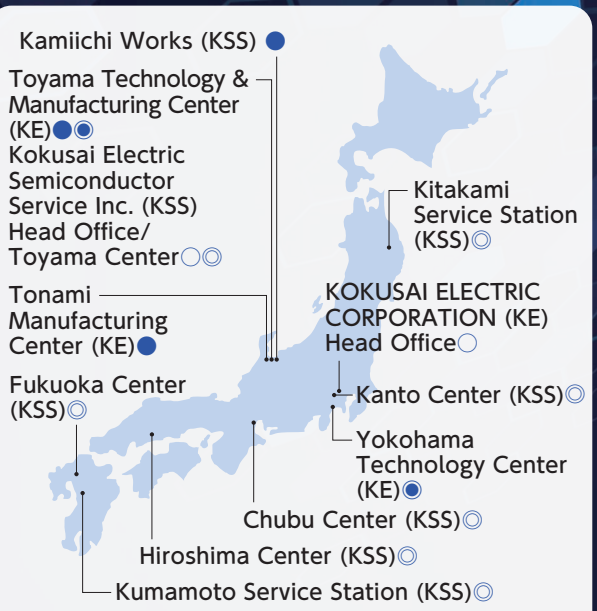
* The number of employees of the Company as of March 31, 2025 was 2,540, of which overseas employees accounted for 44.9%.

Number and Percentage of Employees by Region (Consolidated)*

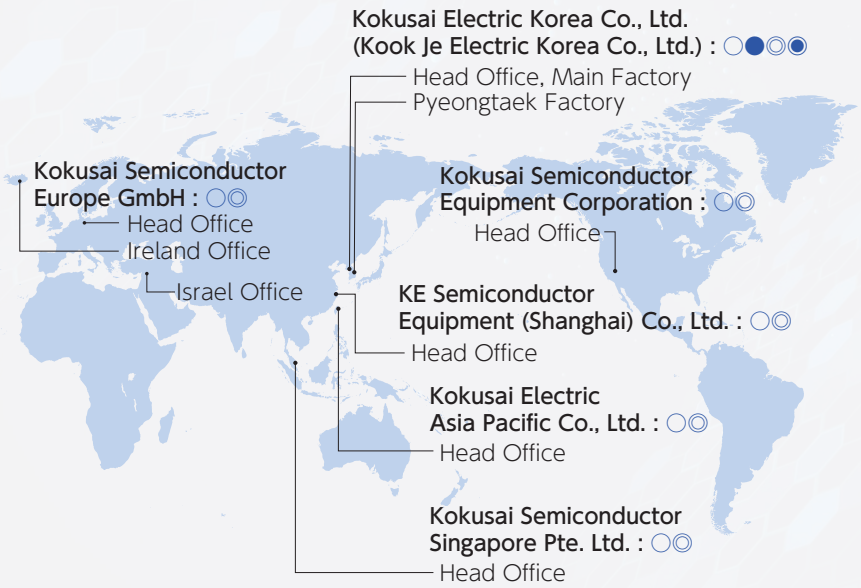


* The composition ratio is rounded off to the second decimal place, and therefore the sum total is not necessarily 100.

Sites in Japan



Overseas Sites



○Head Office, Distribution ●Production ◎Service ◉R&D

Main Centers for Development, Design, and Production

Toyama Technology & Manufacturing Center

Located in Yatsuomachi, Toyama, with a view of the Tateyama mountain range, this factory has special-purpose clean rooms where semiconductor manufacturing equipment for next-generation processes is developed, designed, and produced to meet the demanding needs of major users worldwide.

Tonami Manufacturing Center

A new production base completed in September 2 0 2 4. This factory promotes smart factory by introducing cutting-edge solutions such as IoT and DX. Located in Tonami City, Toyama Prefecture, the factory is close to the Toyama Technology & Manufacturing Center, enabling efficient sharing of supply chains and engineers.

Kamiichi Works of Kokusai Electric Semiconductor Service Inc.

Located amid a rich natural environment in Toyama Prefecture's Kamiichi Town at the foot of Mt. Tsurugidake in Japan's Northern Alps, the factory develops, designs, and produces ultrasonic cleaning machines and resistivity measurement systems. It also produces controllers for semiconductor manufacturing equipment. These products are supplied to users across the world.

Cheonan-si Head Office and Main Factory of Kokusai Electric Korea Co., Ltd.

Located in Cheonan-si, Chungnam, about 100 km south of Seoul, the capital of Korea, Kokusai Electric Korea Co., Ltd. designs, produces, and upgrades semiconductor manufacturing equipment, supplying products mainly to users in Korea.

Pyeongtaek Factory of Kokusai Electric Korea Co., Ltd.

Pyeongtaek in Gyeonggi Province is located to the south of Seoul, the capital of Korea. As the service base for Korean users, and also developing the evaluation of semiconductor manufacturing equipment, it meets the needs for advanced technologies and products utilizing local production for local consumption.

With Technology & Tai-wa, we will face challenges and contribute to the development of the semiconductor field and a sustainable future

Finding solutions to issues and problems for a brighter future for people around the world

The Kokusai Electric Group engages in the development, design, and manufacture of semiconductor manufacturing equipment, as well as the sale of components and provision of maintenance services. The Group began development of semiconductor manufacturing equipment in the 1950s. Since then, tremendous progress has been made in technology, and the structure of the industry has changed significantly. When I joined Kokusai Electric Co., Ltd. (as it was known at that time) in 1986, Japanese semiconductors were taking the world by storm, and the phrase "Electronics Nation" felt like a tangible reality. In the approximately 40 years until my appointment as president, the international power map surrounding the industry has changed, and the center of the Kokusai Electric Group's business has shifted overseas. Against this backdrop, my career has been defined by the broad range of fields that I have been involved in, including design, manufacturing, sales, corporate planning, overseas assignments, and management of Group companies. I see it as my mission as the top management executive to lead the semiconductor manufacturing equipment industry into a new era from flexible perspectives, drawing on the experience I have cultivated in the midst of change.

My guiding principle for this is our corporate slogan, "Technology & Tai-wa for Tomorrow." Simple words, but I do feel that they express the very essence of our corporate activities. By interpreting "Technology" as the ability to lead issues and problems toward solutions and "Tai-wa" as the ability to discover issues and problems, we are able to connect the strengths that the Group has developed to the future toward which it should aim. So, just whose "future" are we talking about? The first answer to that question to come to mind is our stakeholders. This means our shareholders and investors, business partners, local communities, and our employees and their families. I believe that it also includes a wider range of people. The Group's semiconductor manufacturing equipment enables customers to manufacture semiconductor devices, which are then incorporated into various electronic devices, thus enriching people's lives. To realize such a world, we will share our vision both inside and outside the Company under the key themes of "problem-solving capabilities," "problem-discovery capabilities," and "a bright future for the people of the world."

Kazunori Tsukada
Representative Director, President and Chief Executive Officer

Value Creation Process

Based on the foundation of the Group's sustainability management and mindful of the key issues to be addressed (materiality) as the starting point, the Group is committed to contributing to development of industry and society and establishment of a sustainable society through our business and ESG initiatives, making effective use of the Group's management capital. In order to realize this value creation process, we are endeavoring to offer high-quality, high-performance products and high-value-added services.

Continuous improvements to realize the KOKUSAI ELECTRIC Way

Important foundation of sustainability management

Identification of Materiality

Deliberation by the Management Meeting and the Sustainability Committee

INPUT

Important Capital

OUTPUT

Value creation, social contribution initiatives

OUTCOME

Confirmation of the outcomes of the initiatives

KOKUSAI ELECTRIC Way

Purpose

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

Vision

Your Trusted Partner To Bring Technology Dreams To Life

Value/Mission

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

Contribution to society through creativity and innovation

Creation of a sustainable society and conservation of the global environment

Human resources management as a source of innovation

Strengthening of the governance system to realize sustainability management

Respect and consideration of human rights

▶ FY2024 results

Financial Capital

- Net assets: ¥196.2 billion
- Equity ratio: 57.4%

Intellectual Capital

- 429 employees engaged in R&D (in Japan)
- Ranked 5th in terms of patent value growth potential (Nikkei Business)

Social Capital

- 23 collaborative projects (with universities, institutions, other companies)
- 19 sponsorships (academic association, etc.)

Natural Capital

- Electricity: 56,681 MWh
- Fuel oil (kerosene, heavy oil, etc.): 259 kL
- Gas (LPG, LNG): 195 t
- City gas: 56 km³
- Water (tap water, industrial water): 347 km³

Human Capital

- Number of employees in Japan: 1,373
- Number of employees overseas: 1,174

Manufactured Capital

- Global network: Total of 8 companies consisting of 2 companies in Japan and 6 companies overseas

FY2024 results

19,473 units	¥238.9 billion	24.2%
Number of products shipped (Cumulative total as of March 31, 2025)	Revenues (consolidated) Up 32% from FY2023 *WFE in 2024 increased by 7% from 2023	Adjusted operating profit margin
No.1 (over 70% market share) Batch ALD-compatible equipment	No.1 (over 50% market share) Plasma Gate Modification Tools	22.1% ROE / 15.8% ROIC

Customer Awards: Awarded Top 10 Customer Service for the 28th consecutive year

Medium-Term Management Plan (Reference) WFE market size as a basis of the estimate $120.0 billion or more

¥330.0 billion or more	Approx. 75%	Approx. 25%	30% or above
Revenues (consolidated) Average annual growth rate from FY2023 (estimate) 16% *WFE's average annual growth rate from 2023 to 2027 is estimated to be 5%.	Equipment business sales ratio	Service business sales ratio	Adjusted operating profit margin

Approx. 6%	25% or above	23% or above
R&D expenses as a percentage of revenue	(Reference) ROE	(Reference) ROIC

FY2024 results

23,194t-CO_2	1,173,395t-CO_2	43%
Scope 1+2 GHG emissions	Scope 3 GHG emissions	Intensity improvement rate of waste and valuables generation
100%	5.6%	68%
Rate of compliance with sustainable procurement checklist	Percentage of female managers	Percentage of male employees who took childcare leave

100%	96 courses	0	98%
Percentage of female employees who took childcare leave	Number of e-learning courses	Number of occupational deaths	Rate of attendance of Board of Directors meetings

44 hours	0	AA
Hours for training per employee to develop their abilities and improve their skills	Total number of serious legal violations, fines, charges, litigations, etc.	MSCI ESG Ratings

Provision of high-performance, high-value-added products and expansion of market share

Establishment of strong relationships of trust with customers and enhancement of customer satisfaction

Enhancement of brand value and competitive advantage of the Company and its products

Expansion of development and implementation of technologies and products that pursue environmental performance

Promotion of "Tai-wa" and enhancement of internal engagement

Future vision of the Kokusai Electric Group

Further improvement in the quality of semiconductor devices

Enhancement of brand power and competitiveness of semiconductor device manufacturers

Progress in semiconductor technology and development of the semiconductor industry as a whole

Initiatives to resolve environmental and social issues throughout the value chain

Vitalization of organizations and talent that are the starting point for innovation

Establishment of a clean corporate and industry culture that earns the trust of society

Development of industry and society brought about by progress of semiconductors

- Achieve high performance and energy savings in semiconductor-mounted products
- Create jobs in the semiconductor industry
- Strengthen social infrastructure through dissemination of IoT technology

Establishment of a sustainable society

- Reduce environmental impact
- Realize an energy-saving society
- Resolve human rights issues
- Realize a society without disparities
- Forge good relationships with local communities

The Group's Approach to CSR and Sustainability Management

At the Kokusai Electric Group, we believe it is our corporate social responsibility to earn the trust and meet the expectations of society through our business activities.

Based on full awareness of this social responsibility, within the framework of sustainability management, by pursuing economic value as well as environmental and social value through both business activities and ESG initiatives (resolution of environmental and social issues and strengthening of governance), we aim to contribute to the achievement of the SDGs while concurrently seeking to realize a sustainable society as well as sustainable development of the Group.

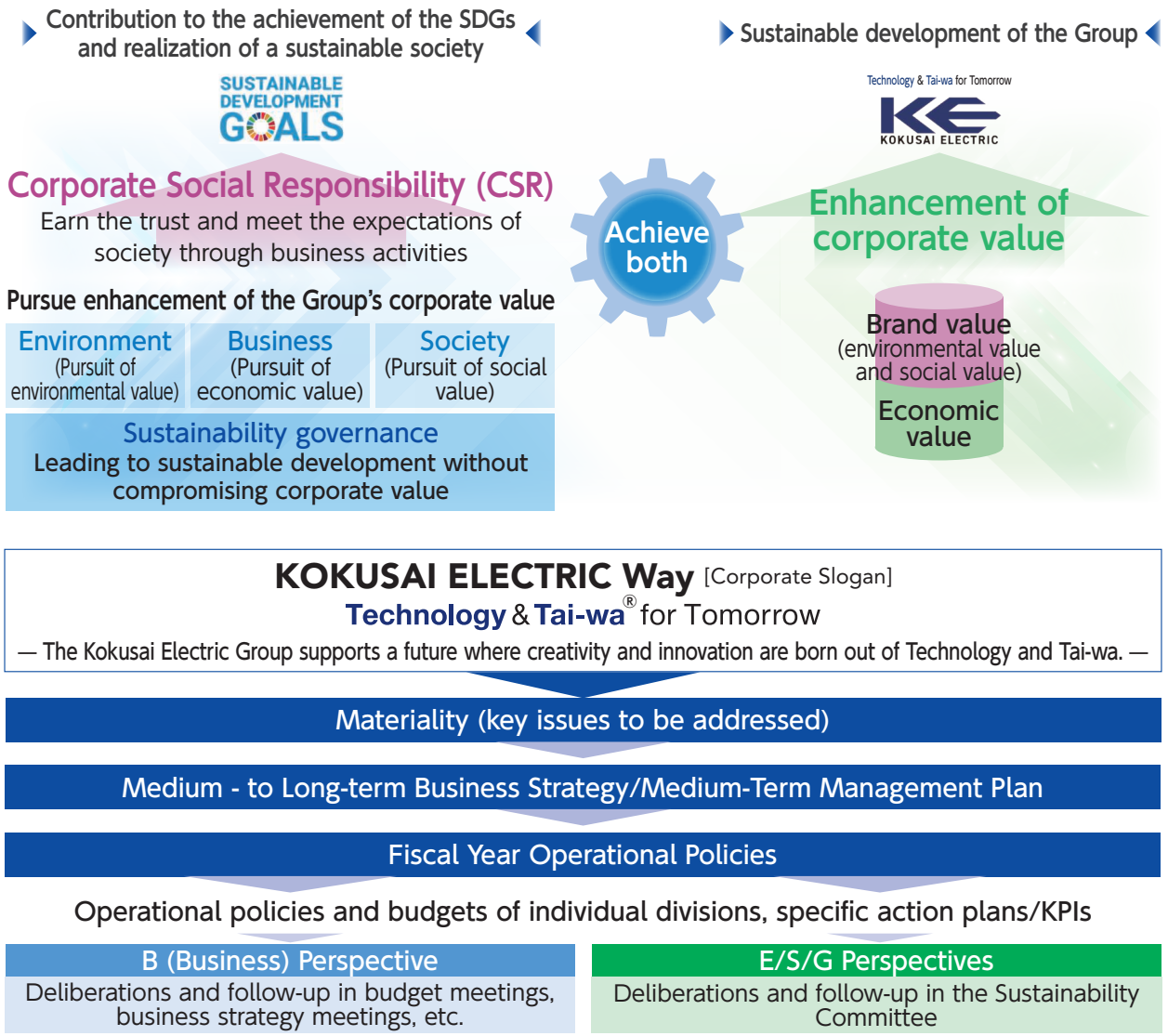
The Group promotes sustainability management through the foundation of its activities, including its Corporate Philosophy, materiality (key issues), operation of a dedicated committee, and participation in international initiatives.

We disclose these activities in this report and on our website with a view to broadly engaging in "Tai-wa" about our sustainability management with stakeholders.

Kokusai Electric Group's Corporate Philosophy System

The Group has identified five major issues as its materiality to realize the KOKUSAI ELECTRIC Way, and has formulated medium- to long-term business strategies and medium-term management plans to resolve these issues.

These plans are incorporated as specific initiatives and KPIs in the operational policies for each fiscal year and each division's budget plans. Ultimately, these policies are reflected in each individual's work, leading to the company-wide implementation of sustainability management.



Medium-Term Management Plan

The Group has set the medium- to long-term business strategy and medium-term objectives in order to appropriately respond to expected changes in the market environment and customer needs and promote measures that will transform its structure into an even more highly profitable one. For the medium-term objectives, please refer to the Message from Financial Officer on page 18.

Outlook for the Business Environment

The size of the semiconductor device market, which has a significant impact on the semiconductor manufacturing equipment market, expanded to approximately 610 billion US dollars in 2022, 1.7 times larger than the approximately 350 billion US dollars of 2016. It is expected to record an average annual growth rate of 10.9% from 2023 to 2029[*1]. The expansion of the semiconductor device market was owing to factors including demand expansion of electronic devices such as smartphones and personal computers, expansion of data centers due to the spread of technologies such as AI, IoT, and digital transformation (DX), investment in green transformation, among others, which increased demand for industrial use, and industrial support measures taken by major countries. Although the current global economy had been on a moderate growth trajectory, the outlook remains uncertain, and the recovery of demand for electronic devices such as smartphones and personal computers has been delayed. However, in the semiconductor devices market, demand for leading-edge DRAM is increasing due to factors such as the spread of generative AI. Further, we expect a full-fledged recovery in demand from 2025, followed by continued and accelerated technological innovation, leading to a return to a growth trajectory toward 2029.

The semiconductor manufacturing equipment market expanded over 2.6 times to about 98 billion US dollars in 2022 from about 37 billion US dollars in 2016. It is expected to record an average annual growth rate of 7.6% from 2023 to 2029[*2]. At present, capital expenditures on cutting-edge DRAM, cutting-edge nodes, and Logic/Foundry are accelerating, and there are signs of recovery in NAND in 2025. We expect demand for semiconductor manufacturing equipment to recover in line with the recovery in demand for semiconductor devices. Over the medium to long term, with miniaturization of semiconductor devices and their structures becoming more complex and three-dimensional, we believe that there will be growing needs for semiconductor manufacturing equipment capable of achieving both highly difficult deposition and high productivity.

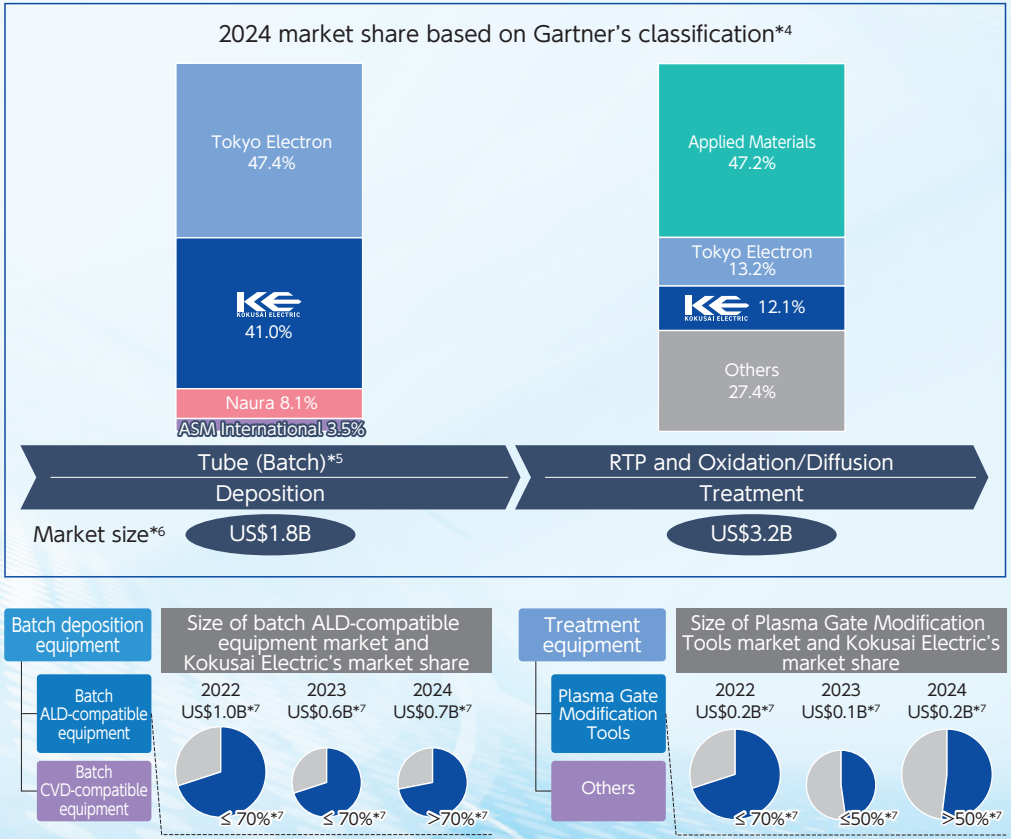
Size of the global markets[*1,*2] of semiconductor devices and semiconductor manufacturing equipment (Billions of dollars)

	2016	2022	2023	2029 (forecast)
Size of the global market of semiconductor devices	351.8	613.9	559.1	1,041.4
Size of the global market of semiconductor manufacturing equipment	37.0	97.7	99.0	153.7

*1: TechInsights Inc. 06/14/2025 – Semiconductor Forecast Q2 2025 Update
*2: TechInsights Inc. "IC Manufacturing Equipment Market History and Forecast (2019-2029)" (June 2025)
*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."
*4: Source: Gartner®, Market Share: Semiconductor Wafer Fab Equipment, Worldwide, 2024, Bob Johnson et al. Published 21 April 2025, Chart created by Kokusai Electric based on Gartner Research figures. The figures presented herein were calculated by Kokusai Electric. Treatment equipment: RTP and Oxidation/Diffusion. GARTNER is a registered trademark and service mark of Gartner, Inc. and/or its affiliates in the U.S. and internationally and is used herein with permission. All rights reserved. Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, 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 Integrated Report), and the opinions expressed in the Gartner Content are subject to change without notice.
*5: Gartner defines Tube CVD in its WFE segment as Tube (Batch) (calculated by the Company). *6: Total value of categories according to Gartner
*7: Estimation by the Company based on disclosed information and the Company's net sales

Changes in Market Share

Amid the ongoing trend toward finer, more complex, and three-dimensional semiconductor devices, the Company secured the top global market share (2024) in the field of batch ALD[*3]-compatible equipment and Plasma Gate Modification Tools, for which demand is expanding.[*4] We will continue in our aims to grow our market share, increase revenue, and improve profitability by providing high value-added products.



Medium- to long-term Management Policy

The Group focuses on the deposition process of the front-end semiconductor manufacturing process and enjoys leading global market shares of batch deposition equipment and single wafer treatment (film property improvement) equipment. As the topography of wafer surfaces becomes more complex with miniaturization of semiconductor devices and their structures becoming more complex and three-dimensional in recent years, further advanced technologies are required to form high-quality thin films and other products. In response to such requirement, the Group will expand its business by emphasizing sales expansion and R&D of high-value-added products, through leveraging batch ALD*1 technology, which achieves both highly difficult deposition and high productivity, and treatment technology, which improves the properties of the thin film formed while maintaining high productivity.

Moreover, we will strive to enhance our services attuned to customer needs throughout the equipment life cycle, including maintenance, repair, parts supply, relocation, and modification. Furthermore, we will emphasize the enrichment of production and development systems to respond to demand expansion while also pursuing the enhancement of production efficiency by utilizing digital transformation (DX).

As regards our ESG initiatives, we will promote activities to resolve issues, based on the five key issues identified as materiality, namely, (1) contribution to society through creativity and innovation, (2) creation of a sustainable society and conservation of the global environment, (3) human resources management as a source of innovation, (4) strengthening of the governance system to realize sustainability management, and (5) respect and consideration of human rights.

*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."

Specific Measures

In the business environment surrounding the Group, demand for cutting-edge DRAM is increasing in the semiconductor device market due to factors such as the spread of generative AI, while the recovery in demand for electronic devices such as smartphones and personal computers has been delayed. Although some device manufacturers are exercising restraint in their investments in Logic/Foundry, capital expenditures on cutting-edge nodes are accelerating on the whole. NAND also showed signs of recovery at the end of the fiscal year, and we can expect that recovery to progress in the future. In the medium to long term, the semiconductor-related market is expected to grow significantly in view of factors including increasing demand for electronic devices such as smartphones and personal computers, expansion of data centers driven by the spread of technologies such as AI, IoT, and DX, as well as investment in green transformation.

In light of these circumstances, the Group will implement the following priority measures based on the management policy described above.

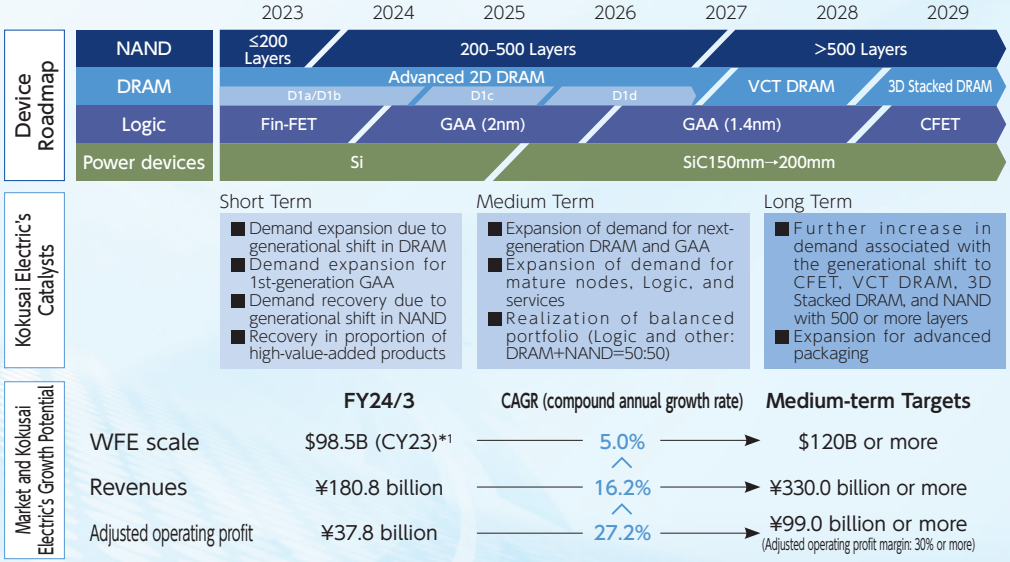
1. Continuously creating high-value-added products through innovation and strengthen development systems that accurately capture customer needs
2. Strengthening ability to make proposals to customers for further business expansion
3. Further expanding the service business
4. Promoting highly efficient management, including integrated group management
5. Creating a workplace environment in which diverse human resources can thrive

Medium-term Business Strategy

We aim to achieve business growth exceeding that of Wafer Fab Equipment (WFE: semiconductor production equipment market) by focusing on the three strategies.

1. Expanding sales of our equipment compatible with batch ALD technology and treatment process equipment in response to applications for NAND, DRAM, and Logic/Foundry, which have become more complex and three-dimensional
2. Expanding the earnings base in the field of deposition by promoting sales of batch deposition equipment for mature nodes and equipment for SiC power devices, which have been rapidly growing
3. Expanding the service business, which is highly profitable, by providing services that meet customer needs throughout the life cycles of products

Short-term and Medium- to Long-term Catalysts and the Group's Roadmap



*1 Source: TechInsights Inc. "IC Manufacturing Equipment Market History and Forecast (2019-2029)" (March 2025)

Business Strategy

The topography of wafer surfaces is growing in complexity as the structures of semiconductor devices have become more multilayered, miniaturized, and three-dimensional in recent years. This means that more advanced deposition technologies are required to form high-quality thin films. In addition, due to the time needed for high-quality deposition on such complex shapes, productivity issues are emerging. In response, the Group emphasizes sales expansion and R&D of high-value-added products, leveraging batch-ALD*1 technology, which achieves both deposition with a high degree of difficulty and high productivity, and treatment (film property improvement) technology, which improves the properties of the thin film formed while maintaining high productivity, so as to expand our business. Moreover, we strive to enhance our after-sales services attuned to customer needs throughout the equipment life cycle, including maintenance, repair, parts sales, relocation, and modification. Furthermore, we emphasize the enrichment of production and development systems to respond to increasing demand while also pursuing the enhancement of production efficiency by utilizing digital transformation (DX).

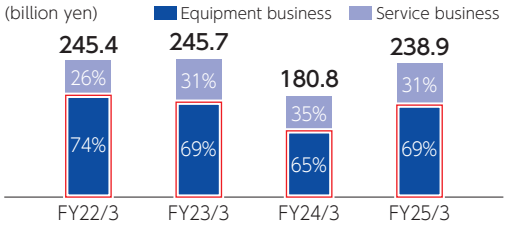
Overview of the Equipment Business

Business

The equipment business engages in the manufacture and sale of equipment used in the deposition, treatment, oxidation, diffusion, and annealing processes—processes that play a critical role in determining the performance of semiconductor devices among the many steps involved in semiconductor manufacturing. Our Group's deposition equipment and treatment process equipment are highly rated by semiconductor device manufacturers all over the world, and hold a world-leading share of the market.

Strengths

- Batch ALD technology that achieves both high productivity and highly difficult deposition
- Treatment technology that achieves excellent isotropic properties and step coverage with high productivity using proprietary plasma sources
- Strong relationships with customers based on years of results



Deposition Process Equipment

Deposition process equipment is equipment designed to form thin films, such as polysilicon film, which forms the circuit material, and insulating film, in the formation of electronic circuits on wafers. Our equipment supports various processes, including ALD and LP-CVD. Given the important role that this deposition process plays in circuit formation on wafers, it is essential to provide advanced technology and highly reliable products for each piece of equipment. The Group's mainstay product, batch deposition equipment, is highly rated by semiconductor device manufacturers all over the world. In particular, our batch ALD-compatible equipment holds a world-leading share of the market.

Mini-batch deposition process equipment, TSURUGI-C²®剣®

- Equipment with high performance and productivity for next-generation highly difficult deposition
- Compatible with the latest batch ALD technology and other thin film formation processes

Large batch deposition process equipment, AdvancedAce®-II

- Equipment that has realized a higher number of wafers that can be processed and shorter processing times for large batches, in addition to highly difficult deposition
- Compatible with batch ALD technology, batch CVD technology, oxidation technology, diffusion technology, annealing technology, etc.

Treatment Process Equipment/Oxidation, Diffusion and Annealing Process Equipment

Treatment process equipment is equipment designed to remove impurities in the film, either with plasma or by heating after deposition, and to stabilize the particles. Oxidation, diffusion, and annealing process equipment supports processes for forming thermal oxide films, aligning crystal sizes in films by heating after deposition (annealing), and uniformly diffusing doped impurities by heating after deposition. In recent years, demand for treatment technology has increased as semiconductor devices have become smaller and more complex, and the Company has a top-class share of the global market for single wafer treatment process equipment.

Single wafer treatment process equipment, MARORA®

- Equipment designed to improve film properties by plasma or heating after deposition.
- Enables high-quality treatment of complex semiconductor shapes with high productivity

Single wafer annealing process equipment TANDUO®

- Equipment designed to improve film properties by heating after deposition
- Enables annealing at low temperatures

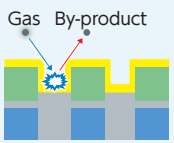
*1 We refer to a technique for thin-film deposition at an atomic layer level involving a process of cyclical supply of multiple gases as "ALD."

The Group's Strengths

Batch ALD*1 technology

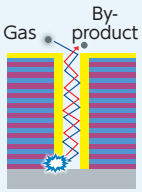
ALD is a deposition technology with a high degree of difficulty that is able to form high-quality thin film with good step coverage. The demand for this technology is increasing with advances in semiconductor devices. Because deposition with this ALD technology involves the cyclic supply of multiple gases, it takes time to complete, making productivity an issue. The high productivity of batch deposition technology, which enables deposition on several dozen or more wafers at a time, is an effective solution to this issue. The Group's batch ALD technology, which combines our ALD technology, which realizes high quality deposition, with batch deposition technology for simultaneous deposition on several dozen wafers, is a logical solution that achieves both high productivity and deposition with a high degree of difficulty.

Deposition on 2D NAND



- Because the gas reaction occurs in a large space, the gas travels only a short distance.
- The surface area requiring deposition is small, and the structure has a low aspect ratio.

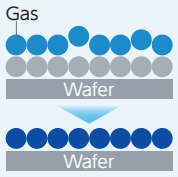
Deposition on 3D NAND



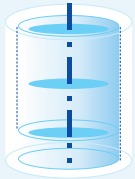
- Because the surface area requiring deposition expands and the distance that the gas travels increases, deposition takes a longer time to complete.
- Expansion of surface area and increase in aspect ratio occur simultaneously, making deposition with a high degree of difficulty essential.

Increase in demand for batch ALD technology, which achieves both high-quality deposition with a high degree of difficulty and high productivity

ALD technology High quality	×	Batch deposition technology High productivity
Gas reacts on wafer surface		Deposition on several dozen wafers at a time



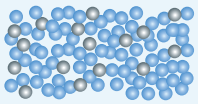
*Image



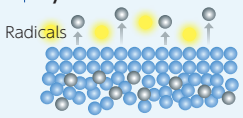
Treatment (film property improvement) technology

Treatment technology is a technology that improves film properties by removing impurities in the film with the addition of plasma or heat after deposition and stabilizing the particles. Demand for deposition in low-temperature environments has increased with the miniaturization and increasing complexity of semiconductor devices. This has resulted in the expansion of demand for treatment technology as a solution that enables film property improvement at low temperatures. The Group's treatment process equipment is a solution that uses abundant radicals generated by the Group's proprietary plasma method to achieve film property improvement with superior isotropy and step coverage with a high level of productivity.

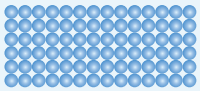
1 Impurities are generated by low-temperature deposition



2 Impurities are removed by abundant radicals



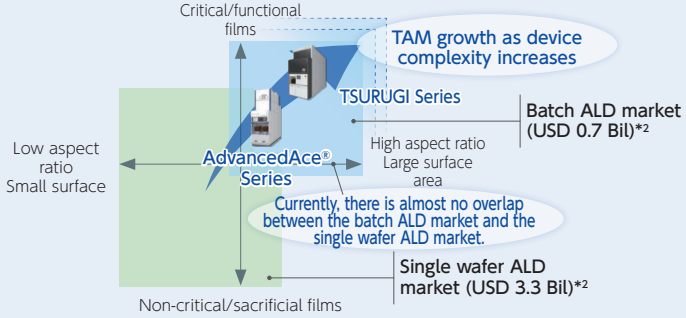
3 After treatment



TOPICS Growing demand for batch ALD-compatible deposition equipment

As semiconductor devices become more multilayered, miniaturized, and three-dimensional, deposition processes must accommodate high aspect ratios and large surface areas. This makes deposition on complex device structures increasingly difficult and time-consuming, resulting in reduced productivity.

Batch ALD-compatible deposition equipment solves this problem. The batch ALD technology, which combines ALD technology that enables excellent step coverage with batch processing technology capable of simultaneously processing dozens of wafers, makes it possible to achieve both highly difficult deposition and high productivity. As a result, demand for batch ALD-compatible deposition equipment is expected to continue growing in the coming years.



*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 Estimation by the Company based on disclosed information and the Company's revenue

Overview of the Service Business

Business

We provide after-sales services for semiconductor manufacturing equipment manufactured and sold by the Group, such as parts sales and maintenance services. We also engage in the relocation and modification of equipment and the sale of legacy equipment (new and used) with a wafer size of 200 mm or less.

In the service business--which is less sensitive to fluctuations in semiconductor capital expenditures and generates recurring revenue from sources such as consumable--stable, high-margin revenue is expected. Going forward, the Group will aim to provide high-value-added services based on the concept of "Design for Service Business."*1

Strengths

- Recurring and stable business not affected by market changes
- Establishing a service system close to customers' sites to respond to equipment issues quickly and accurately

*1 The purpose is to identify key aspects of the service business during the product development stage and to create devices in advance to prevent counterfeiting of patents, design rights, and special Company specifications.

Business for Power Devices

The service business also includes sales of 150 mm and 200 mm equipment. Equipment for power devices, in particular, has achieved high growth. At present, capital expenditures for power devices have been stagnant in markets around the world, excluding China. However, sales of the Company's products have continued to be solid due in part to their ease of operation and maintenance, common use of spare parts, and excellent environmental performance provided by energy-saving heaters. We have also obtained our first POR in high-temperature activation anneal, which we have been evaluating together with our customers, and we expect that it will contribute to sales as the market recovers in the future.

High-Temp Activation Anneal (new product)

- Features a new heating system to reach extremely high temperatures and a common platform for 150/200 mm wafers
- Mass production expected to begin in 2025 or later

TOPICS Strengthening production and development capabilities

In October 2024, with the operation of the Tonami Manufacturing Center as a new factory in Tonami City, Toyama Prefecture, the Toyama Technology & Manufacturing Center, which has been in operation, shifted some of its manufacturing functions to the Tonami Manufacturing Center and expanded its development functions. As a result, manufacturing capacity in the fiscal year ending March 31, 2026 will expand to approximately double that of the fiscal year ended March 31, 2021 and development capacity will increase by 50 %. We have established systems capable of accommodating the expansion of demand until the fiscal year ending March 31, 2031.

Name	Tonami Manufacturing Center
Address	Shimonakajo, Tonami City, Toyama Prefecture
Site area	Approx. 40,000 m²
Capital investment	Approx. 24.0 billion yen
Use/purpose of construction	Expansion of manufacturing/production capacity of semiconductor manufacturing equipment and strengthening of existing R&D systems at Toyama Technology & Manufacturing Center

Name	U.S. Demo Center
Address	Oregon, USA
Site area	Approx. 34,000 m²
Capital investment	Approx. 20.0 billion yen (planned)
Use/purpose of construction	Demonstration evaluations of semiconductor manufacturing equipment and its services

The semiconductor device market is expected to expand in the future. In addition, as leading-edge semiconductor-device structures become increasingly complex, three dimensional, and miniaturized, there has been an increase in requests from semiconductor device manufacturers to the Group for development support through demonstration evaluations and other means.

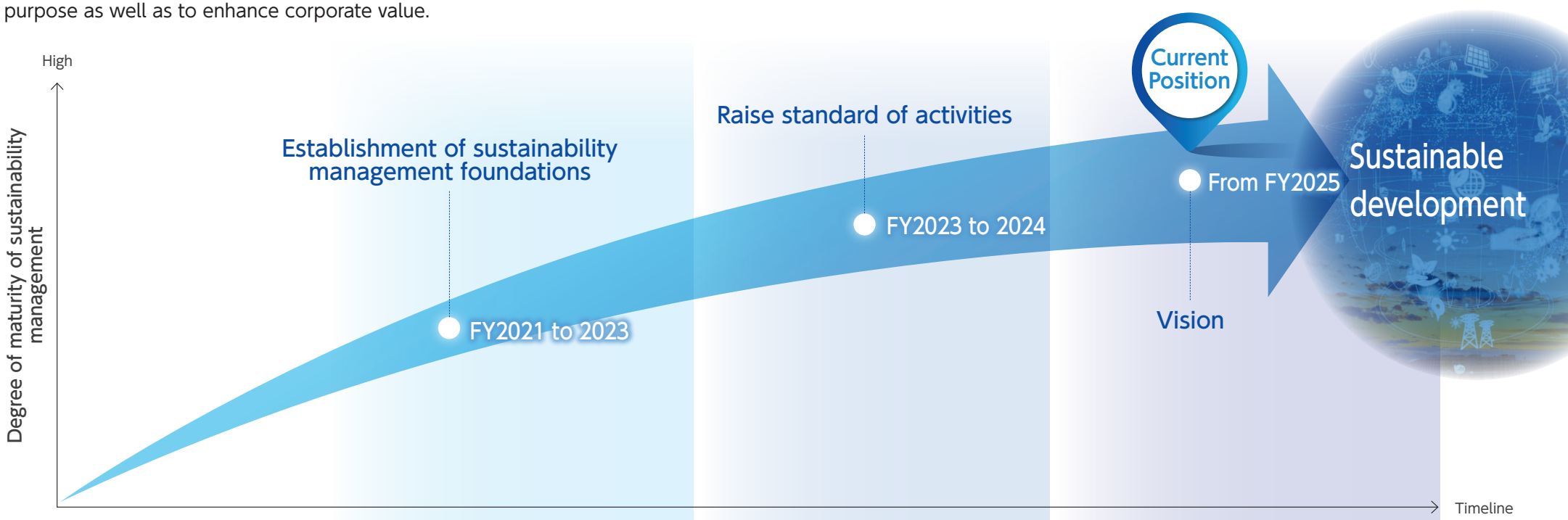
The Group has strengthened its development support initiatives in response to customer requests, including the expansion of demonstration evaluation areas to the Group company in Korea. As part of these efforts, the Group has decided to establish a new U.S. Demo Center in Oregon, USA (scheduled for completion in September 2026).

Demonstration evaluations for U.S. semiconductor device manufacturers, which were previously conducted at the Toyama Technology & Manufacturing Center, can now be completed more efficiently without the need to transport evaluation wafers or personnel between Japan and the U.S. By strengthening the local support system, we are able to gain a more accurate understanding of customers' issues and provide closer support for their R&D activities. Furthermore, the U.S. Demo Center is expected to expand in line with future demand trends, and we aim to further strengthen our customer development and support systems.

In April 2025, we opened the Yokohama Technology Center in Yokohama City, Kanagawa Prefecture, with the aim of strengthening the R&D of elemental technologies related to next-generation semiconductors. We aim to create new business domains by applying the technologies and expertise developed in front-end processes, including deposition, to mid-processes such as silicon interposers.

Initiatives for the resolution of environmental and social issues are growing in importance and in the amount of attention being paid to them. In light of this trend, we have drawn up a vision and medium- to long-term roadmap for the establishment of "global sustainability governance" for the realization of effective corporate governance and sustainable corporate growth, based on the latest developments in Japan and overseas, including the SDGs, and are promoting company-wide initiatives.

In our various initiatives, we commonly emphasize "the essence of Kokusai Electric" and aim to practice sustainable management based on the Group's strengths and purpose as well as to enhance corporate value.



Roadmap for corporate value enhancement				
Sustainability strategy	Establish Corporate Slogan and Purpose, identify materiality (key issues to be addressed)	Address materiality, confirm progress, review periodically	Realize Corporate Slogan and Purpose, achieve materiality KPIs
Engagement strategy	Promote "Tai-wa" with individual stakeholders, formulate engagement policy		Establish engagement with individual stakeholders
Sustainability disclosures	Ascertain gap with external expectations such as ESG evaluation bodies and disclosure guidelines	Inclusion in ESG Index	Establish disclosure system as an excellent ESG company
	Expand disclosures on website and in integrated reports, corporate governance reports, securities reports, etc.		
Sustainability promotion structure	Establish and strengthen global sustainability governance structure (establish and operate Sustainability Committee, disseminate activities to Group companies, etc.)		Establish sustainability promotion structure

Key Financial Data for 5 Years

Key Items	FY2021/3	FY2022/3	FY2023/3	FY2024/3	FY2025/3
Revenues (million yen)	178,023	245,425	245,721	180,838	**238,933**
Gross profit (million yen)	75,951	107,069	100,805	74,965	**101,743**
Gross profit margin (%)	42.7	43.6	41.0	41.5	**42.6**
Operating profit (million yen)	60,037	70,652	56,064	30,745	**51,320**
Operating profit margin (%)	33.7	28.8	22.8	17.0	**21.5**
Income before income tax (million yen)	50,504	69,264	55,895	29,757	**50,789**
Income before income tax margin (%)	28.4	28.2	22.7	16.5	**21.3**
Net income attributable to owners of the parent (million yen)	33,043	51,339	40,305	22,374	**36,004**
(Reference) Adjusted operating profit (million yen)	52,413	79,421	64,251	37,839	**57,753**
(Reference) Adjusted net income (million yen)	31,903	55,566	45,985	27,296	**42,303**
Total equity (million yen)	64,943	119,519	160,881	187,388	**196,168**
Total assets (million yen)	273,769	356,532	373,539	375,433	**341,512**
Interest-bearing liabilities (million yen)	125,760	123,191	99,206	93,018	**60,184**
Net cash (million yen)	(85,721)	(14,792)	6,847	(399)	**(15,429)**
R&D expenses (million yen)	7,552	9,885	12,425	12,683	**15,604**
Capital expenditures (million yen)	2,562	3,322	6,568	20,454	**20,348**
Depreciation and amortization (million yen)	9,609	10,004	10,304	10,945	**12,625**
Cash flows from operating activities (million yen)	51,127	73,615	29,993	2,942	**38,477**
Cash flows from investing activities (million yen)	(3,312)	(3,348)	(7,825)	(11,950)	**(27,706)**
Cash flows from financing activities (million yen)	(48,317)	(3,508)	(25,113)	(6,312)	**(58,106)**
Free cash flows (million yen)	47,815	70,267	22,168	(9,008)	**10,771**
Equity per share attributable to owners of parent (yen)	281.87	518.75	698.26	804.49	**842.12**
Basic earnings per share (yen)	143.42	222.83	174.93	96.82	**154.60**
Dividend per share (yen)	–	–	–	11.00	**37.00**
Dividends payout ratio (%)	–	–	–	11.4	**20.4**
R&D expenses ratio (%)	4.2	4.0	5.1	7.0	**6.5**
Equity ratio (%)	23.7	33.5	43.1	49.9	**57.4**
(Reference) Return on equity (ROE) (%)	47.3	60.2	32.8	15.7	**22.1**
(Reference) Return on invested capital (ROIC) (%)	17.1	25.6	18.3	10.1	**15.8**

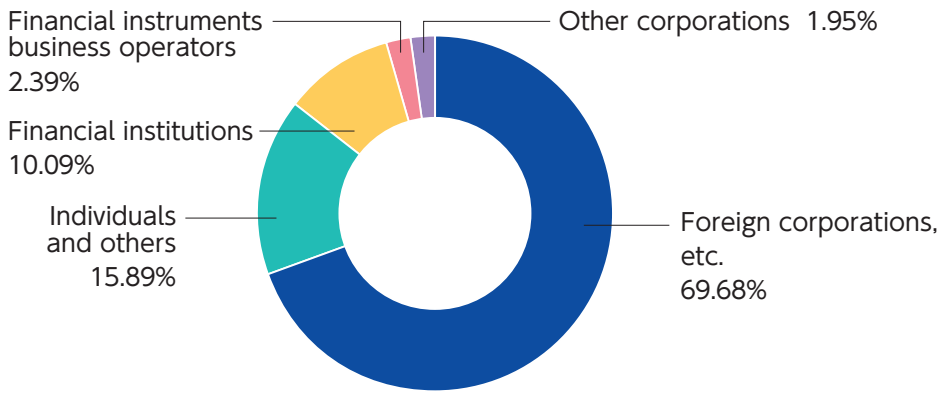
* The Group prepares its consolidated financial reports in accordance with International Financial Reporting Standards (IFRS)
* Dividend per share and dividends payout ratio are stated only after the Company's stock was listed. Dividend per share for the fiscal year ended March 31, 2024 is an amount for a half year as the Company's stock was listed in the 2H.

Company Information/State of Shares

Company Outline/Information on Shares (as of March 31, 2025)

Company Name	KOKUSAI ELECTRIC CORPORATION
Established	February 2, 2017
Address of Head Office	5th floor, oak Kanda Kajicho (Bldg.), 3-4 Kandakaji-cho, Chiyoda-ku, Tokyo 101-0045, Japan
Paid-in Capital	¥14.086 billion
Number of Employees	Consolidated: 2,540 persons/Non-consolidated: 1,148 persons
Listing	Tokyo Stock Exchange Prime Market
Securities code:	6525
Total number of authorized shares	900,000,000 shares
Total number of issued shares	238,002,985 shares
Business year	From April 1 to March 31 of the following year
Annual Shareholders Meeting	Every June
Record date	March 31
Year-end dividend recipient shareholder record date	March 31
Interim dividend recipient shareholder record date	September 30
Share unit	100 shares

Distribution of shares by type of shareholders (as of March 31, 2025)



Major Shareholders (as of March 31, 2025)

Name of shareholder	Number of shares held (thousand shares)	Shareholding ratio (%)
KKR HKE Investment L.P.	42,505	18.25
BNYM AS AGT/CLTS NON TREATY JASDEC	35,080	15.06
STATE STREET BANK AND TRUST COMPANY 505001	17,673	7.59
The Master Trust Bank of Japan, Ltd. (trust account)	16,331	7.01
KKR HKE Investment L.P. G.P.KKR HKE Investment Limited	12,187	5.23
Qatar Holding LLC	11,520	4.95
Custody Bank of Japan, Ltd. (trust account)	4,730	2.03
STATE STREET BANK WEST CLIENT-TREATY 505234	3,168	1.36
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	2,313	0.99
HSBC-FUND SERVICES CLIENTS A/C 500	1,942	0.83

Technology & Tai-wa for Tomorrow

KOKUSAI ELECTRIC

KOKUSAI ELECTRIC CORPORATION

https://www.kokusai-electric.com/en

Published : Issued in December 2025