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Securities code: 6525

June 5, 2026

(Electronic provision measures commencement date: June 4, 2026)

To Shareholders with Voting Rights:

Kazunori Tsukada
Representative Director
KOKUSAI ELECTRIC CORPORATION
1-9-5 Otemachi, Chiyoda-ku, Tokyo,
Japan

**NOTICE OF
THE 11th ANNUAL SHAREHOLDERS MEETING**

We hereby inform you that the Annual Shareholders Meeting of KOKUSAI ELECTRIC CORPORATION (the “Company”) for the 11th fiscal year (April 1, 2025 to March 31, 2026) will be held as follows.

The Company has taken measures for providing information in electronic format (the “electronic provision measures”) in accordance with the provisions of Article 325-3 (1) of the Companies Act and Article 17 of the articles of incorporation of the Company. The information contained in Reference Documents for the Shareholders Meeting, etc. (the “electronic provision measures matters”) has been posted on the Company’s website. Please access the following Company’s website to review the information.

The Company’s website: <https://www.kokusai-electric.com/en/ir/meeting>

The electronic provision measures matters are also posted on the Tokyo Stock Exchange (TSE) website. Please access the TSE’s website below, enter the Company’s name in “Issue name (company name)” field or the Company’s securities code of “6525” in the “Code” field to perform a search. Select “Basic information” and then “Documents for public inspection/PR information” to review “Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting.”

TSE’s website: <https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do>

If you are unable to attend the meeting, you can exercise your voting rights by electromagnetic means (via the Internet, etc.) or in writing. In doing so, please review the accompanying Reference Documents for the Shareholders Meeting and submit your votes by 5:30 p.m. on Thursday, June 25, 2026 (Japanese Standard Time/JST). This Annual Shareholders Meeting will also be live-streamed online; for more information, please refer to page 6 of the Japanese version of the Notice of the 11th Annual Shareholders Meeting. When exercising your voting rights by electromagnetic means (via the Internet, etc.), please refer to “Instructions for Exercising Your Voting Rights by Electromagnetic Means (via the Internet, etc.)” on page 5. Please note that speaking, asking questions, or voting will not be possible via the live stream on the day of the meeting.

- 1. Date and Time:** Friday, June 26, 2026 at 10:00 a.m. (JST)
(Reception is scheduled to open at 9:00 a.m.)
- 2. Place:** BELLESALLE Akihabara 2F Hall
Sumitomo Fudosan Akihabara building, 3-12-8 Sotokanda, Chiyoda-ku,
Tokyo, Japan

3. Meeting Agenda:

Matters to be reported: The Business Report, Non-consolidated Financial Statements, and Consolidated Financial Statements for the 11th Fiscal Year (April 1, 2025 to March 31, 2026), and results of audits by the Independent Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements

Proposal to be resolved: Election of four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members)

- ◎ Pursuant to provisions of the Companies Act, the Company has mailed the documents which contain the electronic provision measures matters in paper format to shareholders who have requested the delivery of the documents by March 31, 2026.
- ◎ If any revisions to the electronic provision measures matters arise, a notice to that effect will be posted on the Company's website and TSE's website above.
- ◎ Pursuant to laws and regulations and the articles of incorporation of the Company, the documents in paper format mailed to shareholders who have requested their delivery do not include the following items:
 - Business Report
 - Matters Regarding Share Acquisition Rights
 - Matters Regarding the Accounting Auditor
 - Matters Regarding Establishment of a System to Ensure the Appropriateness of Business Activities
 - Consolidated Financial Statements
 - Consolidated Statement of Changes in Equity
 - Notes to Consolidated Financial Statements
 - Non-consolidated Financial Statements
 - Non-consolidated Statement of Changes in Equity
 - Notes to Non-consolidated Financial StatementsThe Audit and Supervisory Committee and the Independent Auditor have audited the documents subject to audit, including the above matters.
- ◎ If any material changes to this Annual Shareholders Meeting arise, a notice to that effect will be posted on the Company's website above.
- ◎ The results of this Annual Shareholders Meeting will be posted on the Company's website above.

Dividends of Surplus (The year-end dividend)

At the Board of Directors meeting held on May 13, 2026, the following matters were resolved.

1. The year-end dividend per share: 19.00 yen
2. Payment start date: June 29, 2026

The annual dividend per share will be 37 yen, including the interim dividend of 18 yen per share.

“Dividend Receipt” (“Dividend Calculation Sheet” and “Methods for Negotiating Dividend Receipts” for shareholders who have requested dividend payment via account transfer) will be sent on June 26, 2026.

< Instructions for Exercising Your Voting Rights >

Voting in Advance

Voting by mail (in writing)

Please indicate your approval or disapproval of each proposal in the enclosed Voting Form and return it to the Company by mail. The form must arrive no later than 5:30 p.m., Thursday, June 25, 2026 (JST).

Voting via the Internet

Please follow the “Instructions for Exercising Your Voting Rights by Electromagnetic Means (via the Internet, etc.)” on the next page to indicate your approval or disapproval of each proposal. Votes must be completed by 5:30 p.m., Thursday, June 25, 2026 (JST).

- * If you do not indicate your approval or disapproval for any proposal in writing (on the Voting Form), your vote shall be assumed to have approved all the proposals.
- * If you submit your vote multiple times by electromagnetic means (via the Internet, etc.), only the last vote shall be deemed valid.
- * If you exercise your voting rights both by electromagnetic means (via the Internet, etc.) and in writing (on the Voting Form), only the later arrival of the vote shall be deemed valid. If both votes arrive on the same day, the only vote exercised by electromagnetic means (via Internet, etc.) shall be deemed valid.

Voting by attendance at this Annual Shareholders Meeting

Please fill out the enclosed Voting Form and submit it to the reception desk on the day of the meeting.

Date and time of the Annual Shareholders Meeting: Friday, June 26, 2026 at 10:00 a.m. (JST)

- * Please note that a proxy or an accompanying person, or any other individual who brings the Voting Form at the meeting is not entitled to attend the meeting unless he/she is a shareholder entitled to exercise his/her voting rights.
- * In accordance with Article 19-1 of the articles of incorporation of the Company, you are allowed to delegate one (1) shareholder entitled to voting rights as your proxy if you choose to exercise your voting right by proxy. In this case, a document evidencing his/her power of attorney (with the signature or seal of the shareholder delegating the authority) needs to be submitted at the reception desk on the day of the meeting.
- * Kindly be advised that there will be no souvenirs or a social gathering provided at the meeting.

< Instructions for Exercising Your Voting Rights by Electromagnetic Means (via the Internet, etc.) >

Voting by Scanning the QR Code

You can access the website for exercising your voting rights without entering your login ID and tentative password shown on the Voting Form.

1. Scan the QR Code provided on the Voting Form.
* QR Code is a registered trademark of DENSO WAVE INCORPORATED.
2. Follow the instructions on the screen to indicate your approval or disapproval for each proposal.

Voting by Logging in the Website

Website for exercising your voting rights: <https://evote.tr.mufg.jp/>

1. Access the above website and click “Next.”
2. Enter the login ID and tentative password shown on the Voting Form and click “Log in.”
3. Follow the instructions on the screen to indicate your approval or disapproval for each proposal.

If you have any questions about exercising your voting rights via the Internet, such as how to use a PC or smartphone to vote, please contact the following help desk.

Help Desk, Securities Transfer Agency Division, Mitsubishi UFJ Trust and Banking Corporation

Phone number: 0120-173-027 (toll-free within Japan)

Business hours: 9:00 a.m. to 9:00 p.m.

* Institutional investors may use the “Electronic Voting Rights Exercise Platform” operated by ICJ, Inc. to exercise the voting rights by electromagnetic means.

Reference Documents for the Shareholders Meeting

Proposal : Election of four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members)

The term of office of all six (6) Directors (excluding Directors who are Audit and Supervisory Committee Members) who were elected at the 10th Annual Shareholders Meeting will expire at the conclusion of this Annual Shareholders Meeting. Accordingly, the Company proposes election of four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members), reducing the number of appointments by two (2). This proposal intends to accelerate decision-making, make deliberations more substantive and in-depth, and improve the effectiveness of governance, based on the deliberation by the Nomination and Compensation Committee, where the Chairperson and the majority of the members are independent Outside Directors.

The Audit and Supervisory Committee examined this proposal after deliberation by the Nomination and Compensation Committee and determined that all candidates for Director are qualified to serve as Director.

The candidates for Director (excluding Directors who are Audit and Supervisory Committee Members) are as follows.

No.	Attributes	Name	Current positions at the Company	Attendance at the Board of Directors meetings
1	[Reappointment]	Kazunori Tsukada	Representative Director, President and Chief Executive Officer	19/19
2	[Reappointment]	Hidehiro Yanagawa	Director, Executive Vice President and Executive Officer	19/19
3	[Reappointment] [Outside] [Independent]	Masaaki Tsuruta	Director (Outside)	19/19
4	[Reappointment] [Outside] [Independent]	Mami Sasaki	Director (Outside)	13/13

Note: The attendance record of Ms. Mami Sasaki at the Board of Directors meetings reflects only those meetings held after her appointment on June 27, 2025.

[Reappointment] Director candidate for reappointment

[Outside] Outside Director candidate

[Independent] Independent Director candidate

No.	Name (Date of birth)	Career summary, current positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
1	<p>Kazunori Tsukada (December 6, 1965)</p> <p>[Reappointment]</p> <p>[Attendance at the Board of Directors meetings] 100% (19/19)</p> <p>[Years of service as a Director (at the conclusion of this meeting)] 2 years</p>	<p>April 1986 Joined Kokusai Electric Co., Ltd. (now KOKUSAI DENKI Electric Inc.)</p> <p>April 2007 General Manager of Asia Sales Department, Semiconductor Process Engineering Division, Hitachi Kokusai Electric Inc. (now KOKUSAI DENKI Electric Inc.)</p> <p>April 2013 Deputy General Manager of Sales Division, Semiconductor Process Engineering Division, Hitachi Kokusai Electric Inc.</p> <p>April 2014 Vice President of Sales Division, Semiconductor Process Engineering Division, Hitachi Kokusai Electric Inc.</p> <p>April 2014 Representative Director, Hitachi Kokusai Electric (Shanghai) Co., Ltd. (now KE Semiconductor Equipment (Shanghai) Co., Ltd.)</p> <p>June 2018 Corporate Officer, Vice President of Sales Division, the Company (succeeded the Thin Film Process Solutions business of Hitachi Kokusai Electric Inc. (now KOKUSAI DENKI Electric Inc.) through a company split)</p> <p>April 2019 Executive Officer, Vice President of Sales Division, the Company</p> <p>April 2020 Executive Officer (Responsible for Sales and IT), the Company</p> <p>April 2021 Executive Officer (Responsible for China Business Strategy), the Company</p> <p>April 2021 Chairman & President, KE Semiconductor Equipment (Shanghai) Co., Ltd.</p> <p>April 2022 Senior Vice President and Executive Officer (Responsible for China Business Strategy), the Company</p> <p>May 2022 Representative Director, KE Semiconductor Equipment (Shanghai) Co., Ltd.</p> <p>April 2023 Senior Vice President and Executive Officer (Responsible for Corporate Planning, Public Relations & IR, Sustainability and China Business Strategy), the Company</p> <p>April 2024 Executive Vice President and Executive Officer (Responsible for Corporate Planning, Export Control, Legal, Intellectual Property, Public Relations & IR and Sustainability), the Company</p> <p>June 2024 Director, Executive Vice President and Executive Officer (Responsible for Corporate Planning, Export Control, Legal, Intellectual Property, Public Relations & IR and Sustainability), the Company</p> <p>April 2025 Representative Director, President and Chief Executive Officer, the Company (current position)</p> <p>[Significant concurrent positions] None</p>	333,968 shares

[Reasons for nomination as a candidate for Director]

Mr. Kazunori Tsukada, having been engaged in business operations in the semiconductor industry for many years, has served as an Executive Officer supervising the Company's sales division, China business strategy, corporate strategy, public relations strategy, sustainability strategy, legal affairs, intellectual property and export control. He also possesses extensive knowledge, expertise and experience in the semiconductor market and technology trends, as well as investors' perspectives and trends on the semiconductor market. He has been in a position to lead the Company's management as an executive Director since June 2024 and as Representative Director, President and Chief Executive Officer since April 2025. The Company has nominated him as a candidate because it believes he can be expected to continue contributing to the Company's management activities.

No.	Name (Date of birth)	Career summary, current positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
2	<p>Hidehiro Yanagawa (March 2, 1965)</p> <p>[Reappointment]</p> <p>[Attendance at the Board of Directors meetings] 100% (19/19)</p> <p>[Years of service as a Director (at the conclusion of this meeting)] 2 years</p>	<p>April 1988 Joined Kokusai Electric Co., Ltd. (now KOKUSAI DENKI Electric Inc.)</p> <p>April 2008 General Manager of Vertical Diffusion System Design Department, Semiconductor Process Engineering Division, Hitachi Kokusai Electric Inc. (now KOKUSAI DENKI Electric Inc.)</p> <p>April 2009 Senior Chief Engineer of Batch Processing Design Department, Semiconductor Process Engineering Division, Hitachi Kokusai Electric Inc.</p> <p>April 2011 General Manager of Vertical Diffusion System Design Department, Semiconductor Process Engineering Division, Hitachi Kokusai Electric Inc.</p> <p>April 2013 General Manager of Quality Assurance Department, Toyama Works, Semiconductor Process Engineering Division, Hitachi Kokusai Electric Inc.</p> <p>April 2015 Senior General Advisor, Toyama Works, Semiconductor Process Engineering Division, Hitachi Kokusai Electric Inc. (on secondment to Kook Je Electric Korea Co., Ltd.)</p> <p>April 2017 Corporate Officer, Vice President of Volume Manufacturing Design Division, Semiconductor Process Engineering Division, Hitachi Kokusai Electric Inc.</p> <p>April 2018 Executive Officer, Vice President of Volume Manufacturing & Engineering Unit, Vice President of Volume Manufacturing Design Division, General Manager of Toyama Technology & Manufacturing Center, Semiconductor Process Engineering Division, Hitachi Kokusai Electric Inc.</p> <p>June 2018 Corporate Vice President and Executive Officer, Vice President of Volume Manufacturing & Engineering Unit, Vice President of Volume Manufacturing Design Division, General Manager of Toyama Technology & Manufacturing Center, the Company (succeeded the Thin Film Process Solutions business of Hitachi Kokusai Electric Inc. (now KOKUSAI DENKI Electric Inc.) through a company split)</p> <p>October 2019 Corporate Vice President and Executive Officer, Vice President of Volume Manufacturing Design Division, General Manager of Toyama Technology & Manufacturing Center, the Company</p> <p>April 2020 Corporate Vice President and Executive Officer, General Manager of Toyama Technology & Manufacturing Center (Responsible for Product Development and Production & Quality Assurance), the Company</p> <p>April 2021 Senior Vice President and Executive Officer, Vice President of Business Strategy Unit (Responsible for Business Strategy, Marketing Strategy, Sales, Services, and IT), the Company</p> <p>April 2021 Representative Director, Kokusai Electric Asia Pacific Co., Ltd.</p>	215,008 shares

		<p>April 2022 Senior Vice President and Executive Officer (Responsible for Business Strategy, Marketing Strategy, Public Relations & IR, Sales and DX & IT), the Company</p> <p>April 2022 Board Director, Chairman & CEO, Kokusai Semiconductor Equipment Corporation</p> <p>April 2023 Executive Vice President and Executive Officer (Responsible for Business Development, Sales Management, DX & IT and Information Security), the Company</p> <p>June 2024 Director, Executive Vice President and Executive Officer (Responsible for Business Development, Sales Management, DX & IT and Information Security), the Company</p> <p>April 2025 Director, Executive Vice President and Executive Officer (Responsible for Business Development, DX & IT and Information Security), the Company</p> <p>April 2026 Director, Executive Vice President and Executive Officer (Responsible for Value Creation Process Innovation and Head of Sales Accounts), the Company (current position)</p> <p>[Significant concurrent positions] None</p>	
<p>[Reasons for nomination as a candidate for Director]</p> <p>Mr. Hidehiro Yanagawa, having engaged in product development and business operations in the semiconductor industry for many years, possesses a wide-ranging knowledge of technology as well as expertise and experience in the global market. Serving as an Executive Officer, he has demonstrated leadership across a broad range of areas, including the Company's product development, production, business strategy, sales, new business development, and DX & IT. The Company has nominated him as a candidate because it believes he can be expected to continue contributing to the Company's management activities as an executive Director.</p>			

No.	Name (Date of birth)	Career summary, current positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
3	<p>Masaaki Tsuruta (December 20, 1956)</p> <p>[Reappointment]</p> <p>[Outside]</p> <p>[Independent]</p> <p>[Attendance at the Board of Directors meetings] 100% (19/19)</p> <p>[Years of service as an Outside Director (at the conclusion of this meeting)] 5 years</p>	<p>April 1979 Joined Sony Corporation</p> <p>April 1998 General Manager, Sony Corporation</p> <p>April 2000 Senior General Manager, Sony Corporation</p> <p>October 2000 Deputy President, Sony Corporation</p> <p>July 2004 Corporate Executive, Sony Corporation</p> <p>April 2010 EVP & CTO, Sony Computer Entertainment Inc. (now Sony Interactive Entertainment Inc.)</p> <p>January 2013 Representative Director, Samsung Japan Corporation</p> <p>June 2013 Director, TOMEN DEVICES CORPORATION</p> <p>January 2018 Advisor, Samsung Japan Corporation</p> <p>January 2019 Representative Director and President, Future Domain Co., Ltd. (current position)</p> <p>June 2021 Outside Director, the Company (current position)</p> <p>[Significant concurrent positions] Representative Director and President, Future Domain Co., Ltd.</p>	1,972 shares
	<p>[Reasons for nomination as a candidate for Outside Director and an outline of expected roles] Mr. Masaaki Tsuruta, having engaged in business operations in the semiconductor industry for many years, possesses a high level of expertise and experience. In addition, he has corporate management experience as a president of a Japanese subsidiary of a foreign company. For these reasons, he was appointed as an Outside Director in June 2021, with the expectation that he will contribute to improving the Company's management strategies. He has contributed to improving the Company's management strategies, and the Company has nominated him as a candidate because it believes he can be expected to continue contributing on this front.</p> <p>[Independence] There are no personal, capital, or transactional relationships, or other interests between Mr. Masaaki Tsuruta and the Company, and Mr. Tsuruta meets the independence criteria of the Company. The Company believes there is no risk of conflicts of interest with general shareholders.</p>		

No.	Name (Date of birth)	Career summary, current positions and responsibilities at the Company, and significant concurrent positions		Number of shares of the Company held
4	<p>Mami Sasaki (February 17, 1961)</p> <p>[Reappointment]</p> <p>[Outside]</p> <p>[Independent]</p> <p>[Attendance at the Board of Directors meetings] 100% (13/13)</p> <p>[Years of service as an Outside Director (at the conclusion of this meeting)] 1 year</p>	<p>April 1983</p> <p>March 1985</p> <p>January 1991</p> <p>December 2000</p> <p>April 2004</p> <p>June 2015</p> <p>October 2018</p> <p>June 2025</p> <p>June 2025</p>	<p>Joined The Fuji Bank, Limited (now Mizuho Bank, Ltd.)</p> <p>Joined Morgan Stanley Japan Limited (now Morgan Stanley MUFG Securities Co., Ltd.)</p> <p>Vice President, Morgan Stanley Japan Limited</p> <p>Managing Director, Morgan Stanley Japan Limited.</p> <p>Managing Director, Credit Suisse First Boston Securities (Japan) Ltd.</p> <p>Outside Director, Daito Trust Construction Co., Ltd.</p> <p>External Director, Audit and Supervisory Committee Member, Sumitomo Mitsui Trust Asset Management Co., Ltd. (current position)</p> <p>Managing Director (Outside Director), Japan Bank for International Cooperation (current position)</p> <p>Outside Director, the Company (current position)</p> <p>[Significant concurrent positions] None</p>	331 shares
<p>[Reasons for nomination as a candidate for Outside Director and an outline of expected roles] Ms. Mami Sasaki, having served as a managing director at foreign securities firms for many years, has been in charge of client coverage of major Japanese institutional investors and overseas hedge funds, and has a proven track record in handling a wide range of financial products both in Japan and overseas. For these reasons, she was appointed as an Outside Director in June 2025, with the expectation that she will contribute to providing advice on the formulation of the Company's management strategy and equity story from an international perspective and an investor's viewpoint. She has contributed to improving the Company's management strategies, and the Company has nominated her as a candidate because it believes she can be expected to continue contributing on this front.</p> <p>[Independence] There are no personal, capital, or transactional relationships, or other interests between Ms. Mami Sasaki and the Company, and Ms. Sasaki meets the independence criteria of the Company. The Company believes there is no risk of conflicts of interest with general shareholders.</p>				

- Notes: 1. There are no special interests between any of the candidates and the Company.
2. The Company has concluded a directors and officers liability insurance agreement stipulated in Article 430-3, paragraph (1) of the Companies Act with an insurance company, naming Directors of the Company as the insured. The directors and officers liability insurance agreement covers damages (legal compensation for damages, litigation expenses, etc.) that may be incurred in case any of the Directors who are insured receives a claim for damages arising from acts (including omission) in the course of their duties at the Company, and the insurance premium is fully paid for by the Company. However, there are certain exemptions, such as no coverage for damages arising from willful neglect of duties, acts of unlawfully receiving private gains or benefits, and criminal acts. If the above candidates are elected Directors and assume office, they will be insured under this directors and officers liability insurance agreement, and the agreement is scheduled to be renewed under the same terms during their term of office.
 3. Pursuant to Article 427, paragraph (1) of the Companies Act, the Company has concluded agreements with Mr. Masaaki Tsuruta and Ms. Mami Sasaki, who are currently Outside Directors of the Company, to limit their liability for damages stipulated in Article 423, paragraph (1) of the Companies Act to the amount stipulated by laws and regulations. If they are reappointed, the Company plans to maintain the liability limitation agreements with them.
 4. The Company has notified Tokyo Stock Exchange, Inc. of the appointment of Mr. Masaaki Tsuruta and Ms. Mami Sasaki as Independent Directors as stipulated by the Exchange. If they are reappointed, they will continue to assume their role as Independent Directors.
 5. The number of shares held by the candidates indicated above represents the actual number of shares held, including the shareholding in the name of the Officers' Shareholding Association of the Company. (The numbers are rounded down to the nearest whole share.)
 6. The above information of career summary, current positions and responsibilities at the Company, and significant concurrent positions of the candidates are as of the time of sending this notice.
 7. Ms. Mami Sasaki's number of attendance at the Board of Directors meetings shown above are only counted after her appointment as a Director on June 27, 2025.

[Reference] Skill Matrix – Planned after this Annual Shareholders Meeting

Name	Enhancement of corporate value					Company's sustainable growth				Business promotion			
	Corporate management	Finance/accounting	Internal control/corporate governance	Legal affairs/risk management	Human resources	Knowledge of the semiconductor industry	R&D/design	Global	Business strategy	Service strategy	Production/quality assurance/supply chain management	Sales	DX/IT
Directors	Kazunori Tsukada	●		●	●	●		●	●	●		●	●
	Hidehiro Yanagawa	●				●	●	●	●	●	●	●	●
	Masaaki Tsuruta Outside Independent	●		●		●	●	●	●				
	Mami Sasaki Outside Independent Female	●	●	●	●			●					
Directors (Audit and Supervisory Members)	Yuji Kamiya	●	●	●	●	●		●					
	Hitoshi Kumagai Outside Independent	●	●	●				●					
	Noriko Sakai Outside Independent Female			●	●			●					
	Chizu Sekine Outside Independent Female	●	●	●			●	●	●				

*The above table does not list all of the expertise and experience of the Director nominees and Directors.

Business Report (April 1, 2025 - March 31, 2026)

1. Overview of the Business Group

(1) Business progress and results

During the fiscal year under review, while the global economy was on a gradual growth trend, its outlook remained uncertain due to factors such as prolonged geopolitical risks in Europe and the Middle East, the sluggish Chinese economy, the impact of trade friction between countries due to new export controls and tariff policies, and concerns about a downturn in consumption due to rising prices.

In the business environment surrounding the Group, continuing from the previous fiscal year, AI-related demand is driving investment by semiconductor device manufacturers. In particular, demand for data center servers is growing as the use of generative AI expands. As a result, the semiconductor device market saw high levels of capital investment for generational shift of devices and capacity expansion, mainly in high-performance Logic and DRAM for generative AI applications. Capital investment for NAND is also progressing, mainly focused on generational shift of devices. On the other hand, the recovery in demand for smartphones, personal computers, and other consumer electronics, automobiles, and industrial equipment has been moderate, showing a different trend from AI-related demand. In the medium to long term, the semiconductor-related market is expected to grow significantly in view of factors including the recovery and expansion of demand for consumer electronics, the further expansion of data centers driven by the spread of technologies such as AI, IoT, and DX, and investment in green transformation.

Under such circumstances, in Group revenue for the fiscal year under review, there was growth year on year mainly from Upgrade Modification (modifications to improve the performance and functions of existing equipment as an alternative to new equipment) for DRAM, in addition to sales of equipment for NAND. On the other hand, capital investment for DRAM in China, which had been brisk in the previous fiscal year, normalized in the fiscal year under review, resulting in a 1.6% decline year on year in overall revenue to 235.1 billion yen. Due to lower operating rates at production plants, changes in product mix, and upfront investments in research and development for the future, profit also declined year on year, with operating profit falling 18.5% to 41.8 billion yen, income before income tax falling 19.8% to 40.7 billion yen, and net income attributable to owners of parent falling 16.4% to 30.1 billion yen. The final result for the fiscal year under review was decreases in both revenue and profit.

Note: In this Business Report, “the Group” shall have the meaning of “business group” as used in Article 120, Paragraph 2 of the Regulations for Enforcement of the Companies Act.

(2) Financing

There was no financing in the fiscal year under review.

(3) Capital Investment

Capital investments made during the fiscal year under review included the construction of the U.S. Demo Center, the Group’s new R&D base, and R&D machinery and equipment, with the objectives of strengthening the development structure for sales expansion and advancing cutting-edge technological development. As a result, capital investment for the fiscal year under review amounted to 16,862 million yen. There were no disposals, sales, or similar actions involving any significant equipment.

(4) Trends in Assets and Income

(Millions of yen, unless otherwise specified.)

Item	The 8th fiscal year ended March 31, 2023	The 9th fiscal year ended March 31, 2024	The 10th fiscal year ended March 31, 2025	The 11th fiscal year ended March 31, 2026 (Fiscal year under review)
Revenue	245,721	180,838	238,933	235,079
Operating profit	56,064	30,745	51,320	41,836
Net income	40,305	22,374	36,004	30,099
Basic earnings per share (Yen)	174.93	96.82	154.60	129.00
Total assets	373,539	375,433	341,512	359,658
Equity attributable to owners of parent	160,881	187,388	196,168	219,270
Equity per share attributable to owners of parent (Yen)	698.26	804.49	842.12	938.59

Notes:

1. Figures shown are rounded to the nearest indicated unit.
2. The above indicators are based on the consolidated financial statements prepared in accordance with International Financial Reporting Standards (hereinafter referred to as "IFRS").

(5) Issues to be Addressed

(i) Basic management policy

With our determination to further deepen our dialogue with stakeholders and lay the foundation for tomorrow with technology, the Group has adopted the KOKUSAI ELECTRIC Way as its corporate philosophy. For the realization of this corporate philosophy, the Group, as a dedicated manufacturer of semiconductor production equipment, is keenly aware of its social responsibilities and we will pursue economic, environmental, and social value from the aspects of both business activities and ESG initiatives (resolving environmental and social issues and strengthening governance), with the aim of contributing to the achievement of the SDGs and realizing a sustainable society while ensuring the Group's sustainable development.

(ii) Medium-to long-term management policy

The Group is focused on the deposition phase in the pre-process of semiconductor manufacturing and holds one of the world's leading market shares^{*1} in batch deposition equipment and treatment (film property improvement) process equipment. In recent years, the multilayering, miniaturization, increased complexity, and three-dimensional shapes of semiconductor device structures have led to more intricate wafer surface geometries. Thus, forming high-quality thin films and other materials requires more advanced technologies. To respond to this trend, our group is focusing on expanding its business by increasing the sale and promoting the research and development of high-value-added products that utilize batch ALD^{*2} deposition technology, which balances difficult film deposition with high productivity, and treatment technology that improves the properties of thin films formed while maintaining high productivity. Additionally, we will enhance our after-sales services, including maintenance, repairs, parts supply, relocation, and modifications to meet our customers' needs throughout the entire lifecycle of the equipment. We will also focus on expanding our production and development systems to address future demand growth and improving production efficiency through the use of 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.

Notes:

1. Source: TechInsights Inc. (VLSI) "TI_ALD Tools_YEARLY" (April 2026)
2. We refer to a technique for thin-film deposition at an atomic layer level involving a process of cyclical supply of multiple gases as "ALD."

(iii) Issues to be addressed

As a listed company on the Prime Market of the Tokyo Stock Exchange (TSE), we will continue to steadfastly fulfill our responsibilities with the awareness of the high level of social responsibility that we bear, including our accountability to stakeholders. We also aim to enhance corporate value through growth, meet the expectations of all stakeholders, and contribute to society.

In the fiscal year under review, AI-related demand is driving investment by semiconductor device manufacturers, and demand for cutting-edge devices has increased. As the semiconductor device market is expected to grow significantly in the medium to long term, the Group will implement the following measures to achieve growth beyond that of the Wafer Fab Equipment market:

- 1) Continuously create high-value-added products through innovation and strengthen development systems that accurately capture customer needs
To accommodate the speed of our customers' development of cutting-edge devices, which is expected to accelerate in the future, we will work to create innovation and further promote the development of our high value-added products that utilize advanced technologies, including technology for film deposition with a high degree of difficulty. As part of this promotion framework, we have already expanded the demonstration evaluation area of our Korean production base and established the Yokohama Technology Center. Construction of our new U.S. Demo Center in the United States is also scheduled for completion in December 2026.
- 2) Foster a corporate culture of continuously creating innovation and strengthen our ability to make proposals to customers through Technology and Tai-wa
We will apply cutting-edge platform process technologies that we have cultivated in the NAND field, including batch ALD and treatment (film property improvement), to the Logic/Foundry and DRAM fields. In addition, to accelerate our expansion into new fields, we will continue to strengthen our initiatives in the fields of advanced packaging. In this way, we will embed a corporate culture of continuously creating innovation throughout the entire Group and, under the corporate slogan "Technology & Tai-wa for Tomorrow," gain a deeper understanding of the issues faced by customers through dialog (Tai-wa) and proactively propose solutions to those issues through technology.
- 3) Further expanding the service business
To provide services that meet the needs of customers throughout the lifecycles of our products, we will promote the optimization of operations across the entire Group, including parts sales and maintenance, in our aim to achieve sustainable growth.
- 4) Implementing efficient management by revamping the Group's operation model
As our customers' global expansion progresses, the need to strengthen the Group's integrated operations has increased. Accordingly, we will work to improve management efficiency by revamping our operation model across the Group and implementing inter-regional cooperation and standardizing methods. We will also accelerate the promotion of DX, including the integration of production management and customer management systems, with the aim of the overall optimization of sales, design, procurement, production, and service operations.
- 5) Creating a workplace environment in which diverse human resources can thrive
For the Group to achieve sustainable growth and development, we will proactively create opportunities for new value creation by leveraging the diversity of each and every employee and aim to create an open workplace environment where they can fully demonstrate their abilities and talents. In addition, we will strive to create a corporate culture that enhances the agility of the entire Group by improving the speed and accuracy of decision-making, communication, and implementation by each and every employee.

(6) Principal businesses

The Group's core business centers on the manufacturing, sales, and maintenance of semiconductor manufacturing equipment. While the Group is engaged in the single segment of the semiconductor manufacturing equipment business, that segment is divided into the following separate businesses.

(i) Equipment business

We manufacture and sell batch deposition equipment, single-wafer treatment (film property improvement) equipment, and other equipment used in the manufacture of semiconductor devices.

(ii) Service business

We provide after-sales services for semiconductor manufacturing equipment manufactured and sold by the Group, such as parts sales, maintenance, relocation and modification of equipment.



Note: The above reflects information as of March 31, 2026. As a result of the change in business categories on April 1, 2026, the service business categories of “sales of equipment for 200mm wafers and used equipment” and “upgrading and modifying equipment” in the service business were changed to the equipment business.

(7) Significant Subsidiaries

Company name	Location	Capital	Equity ratio	Description of main businesses
Kokusai Electric Semiconductor Service Inc.	Toyama City, Toyama	300 million yen	100%	Sales and manufacturing of electronic application equipment (ultrasonic application equipment, etc.) Sales, installation, and maintenance of semiconductor manufacturing equipment
Kook Je Electric Korea Co., Ltd.	South Korea	4,926 million Korean Won	100%	Manufacturing, sales, installation, and maintenance of semiconductor manufacturing equipment
KE Semiconductor Equipment (Shanghai) Co., Ltd.	China	2,000 thousand US dollars	100%	Sales, installation, and maintenance of semiconductor manufacturing equipment
Kokusai Electric Asia Pacific Co., Ltd.	Taiwan	25,000 thousand Taiwan dollars	100%	Sales, installation, and maintenance of semiconductor manufacturing equipment
Kokusai Semiconductor Equipment Corporation	United States	22,801 thousand US dollars	100%	Sales, installation, and maintenance of semiconductor manufacturing equipment
Kokusai Semiconductor Europe GmbH	Germany	2,000 thousand euro	100%	Sales, installation, and maintenance of semiconductor manufacturing equipment
Kokusai Semiconductor Singapore Pte. Ltd.	Singapore	1,000 thousand Singapore dollars	100%	Sales, installation, and maintenance of semiconductor manufacturing equipment

(8) Business Locations of the Business Group

Name	Location
Head Office	Chiyoda City, Tokyo
Toyama Technology & Manufacturing Center	Toyama City, Toyama
Tonami Manufacturing Center	Tonami City, Toyama

Notes:

- For information on significant subsidiaries, please refer to “(7) Significant Subsidiaries.”
- On January 26, 2026, the Company moved its head office from Kandakaji-cho, Chiyoda City, Tokyo to Otemachi, Chiyoda City, Tokyo.

(9) Employees

(i) Number of employees in the Group

Number of employees	YoY change
2,599	Increase of 59

Note: The above number of employees does not include the 10 executive officers of the Company.

(ii) Number of employees in the Company

Number of employees	Average age	Average length of service
1,191 (Increase of 43 employees from the end of previous fiscal	44.1 years	18.8 years

year)		
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Note: The number of employees is the number of active personnel and does not include 18 persons seconded to subsidiaries and other entities. Executive officers are also not included in the number of employees.

(10) Major lenders and borrowed amounts

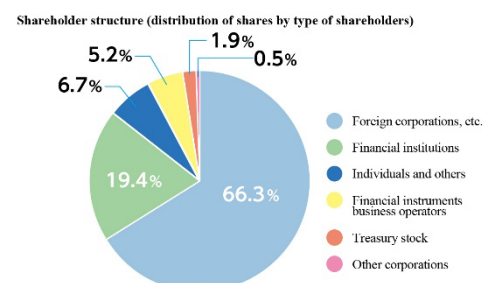
Lenders	Outstanding borrowings (Millions of yen)
Sumitomo Mitsui Banking Corporation	17,088
MUFG Bank, Ltd.	15,859
Mizuho Bank, Ltd.	6,797
Sumitomo Mitsui Trust Bank, Limited	4,416
Development Bank of Japan Inc.	3,840

2. Status of Shares

(1) Total number of shares authorized to be issued 900,000,000 shares

(2) Total number of issued shares 238,115,614 shares

(3) Number of shareholders 34,694 persons



(4) Major shareholders

Name of shareholder	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	30,919	13.23
KKR HKE INVESTMENT L.P.	24,692	10.57
STATE STREET BANK AND TRUST COMPANY 505001	23,347	9.99
BNYM AS AGT/ CLTS 10 PERCENT	12,099	5.18
Qatar Holding LLC	11,520	4.93
Custody Bank of Japan, Ltd. (trust account)	11,326	4.85
THE CHASE MANHATTAN BANK, N.A. LONDONSECS LENDING OMNIBUS ACCOUNT	6,858	2.94
JPMSPLC CLIENT ASSETS SK JPY	6,090	2.61
JPMorgan Securities Japan Co., Ltd.	4,881	2.09
GIC PRIVATE LIMITED - C	4,628	1.98

Notes:

- Shareholding ratio is calculated excluding treasury stock (4,500 thousand shares).
- The number of shares held is rounded to the nearest 1,000, and shareholding ratio is rounded to the second decimal place.

(5) Status of shares delivered to the executives of the Company during the fiscal year under review as consideration for the execution of their duties

Category	Number of shares	Number of recipients
Directors (excluding directors who are Audit and Supervisory Committee members and outside directors)	22,952	4

Outside Directors (excluding directors who are Audit and Supervisory Committee members)	-	-
Directors who are Audit and Supervisory Committee members	2,191	1

3. Company Officers

(1) Directors

(As of March 31, 2026)

Position	Name	Responsibility	Significant Concurrent Positions
Representative Director	Kazunori Tsukada	Business operations, Corporate Planning, Public Relations & IR	–
Director	Hidehiro Yanagawa	Business Development, DX & IT and Information Security	–
Director	Masaki Nakamura	–	Managing Director, KKR Japan
Director	Masaaki Tsuruta	–	Representative Director and President, Future Domain Co., Ltd.
Director	Mami Sasaki	–	–
Director	Tsuyoshi Abe	–	–
Director Full-time Audit and Supervisory Committee Member	Yuji Kamiya	–	–
Director Audit and Supervisory Committee Member	Hitoshi Kumagai	–	Representative Director, Trustees FAS Co., Ltd.
Director Audit and Supervisory Committee Member	Noriko Sakai	–	Partner, Hirakawa International Law Office
Director Audit and Supervisory Committee Member	Chizu Sekine	–	–

Notes:

1. The Company has appointed Mr. Yuji Kamiya as a full-time Audit and Supervisory Committee Member to strengthen audit and supervisory functions by collecting information from directors (excluding directors who are Audit and Supervisory Committee members), executive officers, and employees, attending important meetings, and fully collaborating with the internal audit division.
2. Directors, Mr. Masaaki Tsuruta, Ms. Mami Sasaki, and Mr. Tsuyoshi Abe, and directors who are Audit and Supervisory Committee members, Mr. Hitoshi Kumagai, Ms. Noriko Sakai, and Ms. Chizu Sekine, are outside directors as prescribed in Article 2, Item 15 of the Companies Act.
3. Directors, Mr. Masaaki Tsuruta, Ms. Mami Sasaki, and Mr. Tsuyoshi Abe, and directors who are Audit and Supervisory Committee members, Mr. Hitoshi Kumagai, Ms. Noriko Sakai, and Ms. Chizu Sekine, have been designated as independent officers pursuant to the Company's "Independence Standards of Independent Directors," which are based on the independence criteria prescribed by the Tokyo Stock Exchange, and the Exchange has been notified accordingly.
4. Director who is an Audit and Supervisory Committee member, Mr. Hitoshi Kumagai, is a certified public accountant and has considerable knowledge of finance and accounting.
5. There is no special relationship to be stated between the Company and the organizations where the Company's outside directors concurrently hold positions.
6. Ms. Noriko Sakai's name on her family register is Noriko Matsumoto.

7. The status of executive officers as of March 31, 2026 is as follows. Executive officers marked * concurrently serve as directors.

Position	Name	In charge
President and Chief Executive Officer*	Kazunori Tsukada	Business operations, Corporate Planning, Public Relations & IR
Executive Vice President and Executive Officer*	Hidehiro Yanagawa	Business Development, DX & IT and Information Security
Senior Vice President and Executive Officer	Masayuki Yamada	Production, Global Supply Chain Management, Quality Assurance, Export Control and Site Operations Management
Senior Vice President and Executive Officer	Yoshitaka Kawakami	Finance and Accounting
Senior Vice President and Executive Officer	Kenji Kanayama	Technology Management and Process Technology Development, Intellectual Property
Senior Vice President and Executive Officer	Naotoshi Yamamine	Services, Field Engineering and Group Governance
Senior Vice President and Executive Officer	Masami Miyamoto	Sales
Corporate Vice President and Executive Officer	Shigeru Odake	System Technology Development and Volume Equipment Engineering
Corporate Vice President and Executive Officer	Teruhiko Kawakami	Human Resources & Corporate Administration, Legal, Sustainability and Ethics & Compliance
Corporate Vice President and Executive Officer	Yasuyuki Homma	DX & IT and Information Security

8. The status of executive officers as of April 1, 2026 is as follows. Executive officers marked * concurrently serve as directors.

Position	Name	Responsibility
President and Chief Executive Officer*	Kazunori Tsukada	Head of Business Execution
Executive Vice President and Executive Officer*	Hidehiro Yanagawa	Value Creation Process Innovation and Head of Sales Accounts
Senior Vice President and Executive Officer	Masayuki Yamada	Production, Facilities and Environment and Site Operations Management
Senior Vice President and Executive Officer	Yoshitaka Kawakami	Finance and Accounting
Senior Vice President and Executive Officer	Kenji Kanayama	Technology Management, Advanced Technology Development and Intellectual Property
Senior Vice President and Executive Officer	Naotoshi Yamamine	Global Supply Chain Management, Quality Assurance and IT & Information Security
Senior Vice President and Executive Officer	Masami Miyamoto	Equipment Business and Process Technology Development

Position	Name	Responsibility
Corporate Vice President and Executive Officer	Shigeru Odake	Service Business and Volume Equipment Engineering
Corporate Vice President and Executive Officer	Teruhiko Kawakami	Human Resources & Corporate Administration
Corporate Vice President and Executive Officer	Yasuyuki Homma	DX & BX and Business Reform
Corporate Vice President and Executive Officer	Masakazu Shimada	System Technology Development
Corporate Vice President and Executive Officer	Takaaki Nose	Corporate Planning, Public Relations & IR, Sustainability, Legal, Ethics & Compliance, and Export Control

(2) Outline of the details of the Limited Liability Agreement

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with directors, Mr. Masaki Nakamura, Mr. Masaaki Tsuruta, Ms. Mami Sasaki, and Mr. Tsuyoshi Abe, and directors who are Audit and Supervisory Committee members, Mr. Yuji Kamiya, Mr. Hitoshi Kumagai, Ms. Noriko Sakai, and Ms. Chizu Sekine, to limit their liability for damages stipulated in Article 423, Paragraph 1 of the Companies Act. The maximum liability amount under these agreements is the total of the amounts set forth in each item of Article 425, Paragraph 1 of the Companies Act.

(3) Matters related to the directors and officers liability insurance agreement

The Company has entered into a directors and officers liability insurance agreement, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company.

(i) Scope of insured

The Company's directors, executive officers, employees on secondment serving as officers, and directors and Audit and Supervisory Board members of domestic subsidiary.

(ii) Overview of the contents of the insurance agreement

The agreement covers losses (including legally mandated compensation for damages and litigation expenses) that may be incurred when an insured is subject to a claim for damages arising from acts (including omissions) in the course of their duties at the company described in (i). However, there are certain exclusions to coverage, including losses arising from the willful neglect of duties, the unlawful acquisition of personal benefits or advantages, and criminal acts. These exclusions are to ensure that the appropriateness of the duties of officers is not compromised. Insurance premiums are borne in full by the Company.

(4) Amount of Compensation, etc.

Category	Total Amount of Compensation, etc. (Millions of yen)	Total amounts by type of compensation, etc. (Millions of yen)				Number of recipients
		Fixed compensation	Performance-linked monetary compensation	PSU	RSU	
Directors [excluding directors who are Audit and Supervisory Committee members][of which, outside directors]	478 [50]	171 [50]	30 [-]	176 [-]	100 [-]	9 [5]
Directors who are Audit and Supervisory Committee members [of which, outside directors]	118 [45]	84 [45]	- [-]	27 [-]	6 [-]	5 [4]
Total [of which, outside directors]	597 [95]	255 [95]	30 [-]	204 [-]	106 [-]	14 [9]

Notes:

1. PSU and RSU amounts represent the amounts recognized as expenses in the fiscal year under review. PSU includes the impact of changes in the performance evaluation coefficient.
2. The above basic compensation includes two directors who are not Audit and Supervisory Committee members (no outside director) and one director who is an Audit and Supervisory Committee member (one of the outside directors) who retired due to the expiration of their terms of office at the conclusion of the 10th Annual Shareholders Meeting held on June 27, 2025.
3. With respect to Ms. Noriko Sakai and Ms. Chizu Sekine, who retired from their positions as directors who are not Audit and Supervisory Committee members at the conclusion of the 10th Annual Shareholders Meeting held on June 27, 2025 and were appointed as directors who are Audit and Supervisory Committee members, the periods serving as directors who are not Audit and Supervisory Committee members and the periods serving as Directors who are Audit and Supervisory Committee members are categorized, respectively, as director (excluding directors who are Audit and Supervisory Committee members) and directors are Audit and Supervisory Committee members, and included in the total amounts and number of directors above.

(5) Matters related to performance-linked compensation

Performance-linked compensation for directors is structured to be paid according to the achievement of indicators and other results set forth in the medium- to long-term numerical targets of the Company's business policy, for the purpose of strongly encouraging the execution of duties in accordance with management principles and strategies, under the compensation system linked to business performance and corporate value.

The details are as follows:

(i) Short-term performance-linked compensation

The amount to be paid to each director is determined by multiplying the standard amount predetermined for each position by a performance evaluation factor (variable between 0% and 200%). The performance evaluation factor is weighted by 80% for company-wide performance evaluation and 20% for individual performance evaluation. However, for the representative director, president and chief executive officer, only company-wide performance evaluation applies. Company-wide performance in FY2025 is evaluated based on (1) sales growth rate (compared with WFE (Note 1)), (2) market share of batch ALD-compatible deposition equipment/treatment equipment (Note 2), (3) gross profit margin, and (4) adjusted EPS, all weighted equally. This is to reflect the degree of achievement of the fiscal year plan and to stay close to the perspective of shareholders. With regard to indicators (1) and (2) above, if it is determined that the evaluation based on comparison with external data is not necessarily sufficient to appropriately determine management executives' efforts and achievements, an evaluation may be conducted based on a different performance evaluation coefficient. In such cases, the Nomination and Compensation Committee shall conduct deliberations, taking the results of both evaluations into account, and finalize the evaluation. For individual performance evaluation, targets are set for each director, such as ESG, quality, and free cash flow. Targets and evaluations are determined after interviews with the Representative Director, President and Chief Executive Officer and are reported to the Nomination and Compensation Committee. The Nomination and Compensation Committee confirms the fairness and reasonableness of the targets and evaluations of each eligible person. Performance indicators for the fiscal year under review showed a sales growth rate of minus 1.6%, a gross profit margin of 41.2% and adjusted net income per share of 146.12 yen.

Notes:

1. Comparison with TechInsights Inc. "IC MANUFACTURING EQUIPMENT MARKET HISTORY AND FORECAST (2018–2028)"
2. Comparison with share information calculated by the Company based on public information and the Company's sales revenue information

(ii) Performance Share Units (PSUs) in medium-to long-term performance-linked compensation (stock-based)

Stock-based compensation consists of Performance Share Units (PSUs) and Restricted Stock Units (RSUs). The PSU/RSU composition rate shall be set so that higher position directors are subject to a greater proportion of PSUs (70% PSUs and 30% RSUs for the Representative Director, President and Chief Executive Officer). The number of PSUs as performance-linked compensation is determined by multiplying the base delivery units, set according to the standard amount predetermined for each position, by a performance evaluation factor (variable between 0% and 200%). PSUs in FY2025 are evaluated based on medium- to long-term corporate value improvement, investment returns, and financial soundness. This evaluation is conducted based on (1) Relative TSR (3-year evaluation) (comparison with the Philadelphia Semiconductor Index), (2) Relative TSR (3-year evaluation) (comparison with TOPIX), (3) adjusted operating profit margin (average for three fiscal years), and (4) adjusted free cash flow ratio (average for three fiscal years), all weighted equally. The number of units is determined within a range of 0% to 200% according to the degree of achievement of targets for the three fiscal years subject to evaluation. Each unit is equal to one share, with approximately 40% of the number of shares to be delivered paid in cash for the purpose of allocating funds for tax payment.

(6) Matters concerning non-monetary compensation, etc.

The Company has introduced Performance Share Units (PSUs) and Restricted Stock Units (RSUs) as non-monetary compensation. The PSU/RSU composition rate shall be set so that higher position directors are subject to a greater proportion of PSUs (70% PSUs and 30% RSUs for the Representative

Director, President and Chief Executive Officer).

(i) PSUs

The number of PSUs is determined by multiplying the base delivery units, set according to the standard amount predetermined for each position, by a performance evaluation factor (variable between 0% and 200%). Evaluation for PSUs in FY2025 is based on medium- to long-term corporate value improvement, investment return, and financial soundness. This evaluation is conducted based on (1) Relative TSR (3-year evaluation) (comparison with the Philadelphia Semiconductor Index), (2) Relative TSR (3-year evaluation) (comparison with TOPIX), (3) adjusted operating profit margin (average for three fiscal years), and (4) adjusted free cash flow ratio (average for three fiscal years), all weighted equally. The number of units is determined according to the degree of achievement of targets for the three fiscal years subject to evaluation. Each unit is equal to one share, and approximately 40% of the number of shares to be issued is to be paid in cash for the purpose of allocating funds for tax payment. In the event that certain events specified by the Board of Directors of the Company occur, such as illegal or fraudulent acts or material amendments to financial statements, the Company may terminate the entitlement to or request the return of compensation, depending on the time when such acts, etc. occurred or were discovered. Such termination of entitlement and return of compensation shall be determined by the Board of Directors after deliberation by the Nomination and Compensation Committee.

(ii) RSUs

Based on the base delivery units, set according to the standard amount predetermined for each position, RSUs will be vested in stages according to tenure. While units are delivered every fiscal year, RSUs will, in principle, be vested at the rate of one-third per year over a period of three years. Each unit is equal to one share, with approximately 40% of the number of shares to be issued paid in cash for the purpose of allocating funds for tax payment. In the event that certain events specified by the Board of Directors of the Company occur, such as illegal or fraudulent acts or material amendments to financial statements, the Company may terminate the entitlement to or request the return of compensation, depending on the time when such acts, etc. occurred or were discovered. Such termination of entitlement and return of compensation shall be determined by the Board of Directors after deliberation by the Nomination and Compensation Committee.

(7) Matters concerning provisions of the articles of incorporation or resolutions of shareholders meetings concerning compensation, etc.

- The maximum amount of basic remuneration and short-term performance-linked compensation for directors (excluding directors who are Audit and Supervisory Committee members) was resolved at the 7th Annual Shareholders Meeting held on June 28, 2022 as “up to 1,000 million yen per annum (including basic compensation for outside directors of up to 200 million yen per annum).” At the conclusion of that Annual Shareholders Meeting, there were seven directors (excluding directors who are Audit and Supervisory Committee members), including three outside directors.
- The maximum amount of medium- to long-term performance-linked compensation for directors (limited to persons who concurrently serve as executive officers [hereinafter referred to as “directors who serve concurrently as executive officers”]) was resolved at the 7th Annual Shareholders Meeting held on June 28, 2022 as follows: ‘In addition to the above compensation allowances, delivery of the Company's common shares and payment of cash for PSUs and RSUs will be made to directors who serve concurrently as executive officers. The total amount of monetary compensation receivables and cash shall, for each applicable period (the initial applicable period shall be three fiscal years from the fiscal year ending March 31, 2023 to the fiscal year ending March 31, 2025, and the Plan may be implemented in and after the fiscal year following the fiscal year ending March 31, 2023, to the extent approved at the relevant Annual Shareholders Meeting, with the three consecutive fiscal years from the beginning of each new fiscal year as a new applicable period; the same shall apply hereinafter), not exceed the amount obtained by multiplying the number of shares by the stock price at the time of the delivery of shares (the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately preceding the day of the resolution of the Company's Board of Directors pertaining to the issuance or disposition thereof [or, if no transactions have been completed on that day, the closing price on the most recent preceding trading day]; however, if the Company's common shares are not listed on the Tokyo Stock Exchange, the price shall be the fair price of the

Company's common shares reasonably calculated by the Company at the time the rights to the units are vested), with a maximum of 450,000 shares. Further, the total number of the Company's common shares to be delivered shall not exceed 270,000 shares for each applicable period. However, if the total number of outstanding shares of the Company increases or decreases due to a consolidation of shares, stock split, or allotment of shares without contribution, the upper limit will be adjusted accordingly.' At the conclusion of the Annual Shareholders Meeting, there were three directors (limited to directors who serve concurrently as executive officers), with no outside directors.

- With the aim of providing incentives for sustainable improvement of the Company's corporate value to directors who do not concurrently serve as executive officers (excluding outside directors and directors who are Audit and Supervisory Committee members) also, as well as to further share value with shareholders, it was resolved at the 9th Annual Shareholders Meeting held on June 27, 2024 to change the eligible recipients of medium-to long-term performance-linked compensation from directors who concurrently serve as executive officers to directors (excluding outside directors and directors who are Audit and Supervisory Committee members) without changing the upper limit stated above. (However, of that medium- to long-term performance-linked compensation, only RSUs are delivered to directors who do not concurrently serve as executive officers (excluding outside directors and directors who are Audit and Supervisory Committee members), and PSUs are not delivered.) At the conclusion of the Annual Shareholders Meeting, there were two directors who do not concurrently serve as executive officers (excluding outside directors and directors who are Audit and Supervisory Committee members).
- At the 7th Annual Shareholders Meeting held on June 28, 2022, it was resolved that the maximum amount of compensation for directors who are Audit and Supervisory Committee members shall be "150 million yen or less per annum." At the conclusion of the Annual Shareholders Meeting, there were three directors who are Audit and Supervisory Committee members (including two outside directors).

(8) Matters related to the policy for determining the amounts of compensation, etc. for individual company officers or the method of calculating such amounts

Based on a report by the Nomination and Compensation Committee on May 12, 2022, the Company's policy on the determination of the details of compensation, etc. (hereinafter referred to as the "determination policy") for individual directors (excluding directors who are Audit and Supervisory Committee members) (hereinafter referred to as "directors") was resolved at an extraordinary meeting of the Board of Directors held on June 28, 2022 and partially amended at an extraordinary meeting of the Board of Directors held on June 27, 2024. The determination policy is reviewed every year at an extraordinary meeting of the Board of Directors after the Annual Shareholders Meeting based on a report by the Nomination and Compensation Committee.

With respect to the compensation of the Company's directors (excluding directors who are Audit and Supervisory Committee members; the same shall apply hereafter in this paragraph), the Company places importance on the following: (1) The Company's compensation system is intended to attract and retain key talents both internally and externally to realize the Company's vision; (2) The compensation of the directors is intended to motivate directors to achieve performance targets and enhance medium- to long-term corporate value, which will lead to contributing to the sustainable growth of the Group; and (3) The process of determining compensation should be transparent, fair, and reasonable from the perspective of accountability to all stakeholders, including shareholders. When determining the compensation of individual directors, the Company's basic policy is to set an appropriate level in accordance with the functions and roles to be played by each director. Specifically, for directors who serve concurrently as executive officers, based on the management indicators in the Company's business policies, the Company sets a standard annual salary according to the level of responsibilities, etc. and strives to attract and retain key talents both internally and externally by realizing competitive compensation levels on a global basis according to the status of achievement of business results, etc. The compensation structure is designed to raise their awareness of medium- to long-term corporate value enhancement through (i) basic fixed compensation (monetary), (ii) short-term performance-linked compensation (monetary) to be paid in a manner that strengthens the link with performance, taking into account factors such as the Company's achievement relative to the annual budget, year-on-year performance comparison, and progress on priority issues in the administrative areas for which the director is responsible, and (iii) medium- to long-term performance-linked compensation (stock-based) as incentive compensation linked to company performance and other results and to corporate value. For directors who do not serve concurrently as executive officers

(excluding outside directors), the Company sets a standard annual salary according to the level of responsibilities, etc. and strives to attract and retain key talents both internally and externally by realizing competitive compensation levels on a global basis according to the status of achievement of business results, etc. In addition to (i) basic fixed compensation (monetary), (ii) to provide incentives for sustainable improvement of the Company's corporate value, as well as to further share value with shareholders, they will be granted only the RSU portion of medium- to long-term performance-linked compensation (stock-based), and no PSUs are granted (Depending on their responsibilities, however, they may receive neither basic compensation (monetary) nor RSUs.).

The Company pays only fixed basic compensation (monetary) to independent outside directors and directors who are Audit and Supervisory Committee members, in light of their responsibilities. However, to share interests with shareholders and promote their contribution to the improvement of corporate value over the medium-to long-term through their holding of the Company's own shares, a portion of the basic compensation (monetary) is contributed to the Officers' Shareholding Association, and they acquire the Company's shares. Compensation for directors during the fiscal year under review was determined by the representative director who oversees the Company's business performance within the scope of delegation by resolution of the Board of Directors following the conclusion of the Annual Shareholders Meeting for the previous fiscal year, and is judged to be in line with the determination policy. On June 30, 2021, the Company established the Nomination and Compensation Committee, which is composed of independent outside directors as its chairperson and the majority of its members. The Board of Directors shall consult with the Nomination and Compensation Committee on the amounts of basic compensation (monetary), short-term performance-linked compensation (monetary), and medium- to long-term performance- linked compensation (stock-based) for each eligible individual and obtain a report thereon, and the Board of Directors and the representative director delegated by the Board of Directors shall make decisions in accordance with the contents of this report.

(9) Matters concerning delegation of determination of the amount of compensation, etc. of each company officer

The Board of Directors shall consult with the Nomination and Compensation Committee on the amounts of basic compensation (monetary), short-term performance-linked compensation (monetary), and medium- to long-term performance- linked compensation (stock-based) for each eligible person and obtain a report thereon to ensure that such authority is properly exercised by the representative director, and the representative director delegated by the Board of Directors shall make decisions in accordance with the contents of the report. Based on this, at an extraordinary meeting of the Board of Directors held on June 28, 2022, the Company resolved to leave the allocation of basic compensation, etc. for directors (excluding directors who are Audit and Supervisory Committee members) to the representative director who oversees the Company's performance, within the scope of the total amount of compensation, etc. approved by the resolution of the Annual Shareholders Meeting on the same day. This resolution is confirmed at an extraordinary meeting of the Board of Directors after the Annual Shareholders Meeting every year, and the decision on such allocation is delegated to Mr. Kazunori Tsukada, Representative Director, President and Chief Executive Officer. The reason for such delegation is that the Company believes that the representative director's position of oversight of the Company's business performance will enable the fair and appropriate evaluation of the performance of each director (excluding directors who are Audit and Supervisory Committee members).

(10) Matters concerning outside directors

Main Activities

Position	Name	Attendance	Major activities during the fiscal year under review (including a summary of duties performed in relation to roles expected to be performed)
Outside Director	Masaaki Tsuruta	Attendance at Board of Directors meetings (19/19) Attendance at Nomination and Compensation Committee meetings (6/6)	With the expectation that he will contribute to the optimization of the Company's management strategy based on his high degree of knowledge and experience cultivated through his long involvement in business operations in the semiconductor industry and his management experience as the president of a Japanese subsidiary of a foreign-affiliated company, Mr. Tsuruta has made remarks at meetings of the Board of Directors on the Company's overall management strategy from a professional perspective. In addition, he has taken the lead in the operation of the Nomination and Compensation Committee, actively made remarks as Chairperson of the Committee and fulfilled his role as a member.
Outside Director	Mami Sasaki	Attendance at Board of Directors meetings (13/13)	As a managing director of a foreign securities company, Ms. Sasaki has a track record of handling a wide range of domestic and overseas financial products for sales to major domestic institutional investors and overseas hedge funds. With the expectation that she will provide advice on the formulation of the Company's management strategy and equity story from an international perspective and an investor's viewpoint, she has made remarks from her professional perspective at meetings of the Board of Directors.
Outside Director	Tsuyoshi Abe	Attendance at Board of Directors meetings (13/13)	Mr. Abe has served as executive vice president and executive officer at foreign semiconductor and ICT companies and Japanese industrial automation companies, and as chief marketing officer at a Japanese company. He has led medium- to long-term planning, new business launches, M&As and investments, organizational reforms, and DX. With the expectation that he will contribute to creating innovation and the optimization of management strategy based on such achievements, he has made remarks from his professional perspective at meetings of the Board of Directors on the overall management strategies of the Company.

Position	Name	Attendance	Major activities during the fiscal year under review (including a summary of duties performed in relation to roles expected to be performed)
Outside Director (Audit and Supervisory Committee Member)	Hitoshi Kumagai	Attendance at Board of Directors meetings (19/19) Attendance at Nomination and Compensation Committee meetings (6/6) Attendance at Audit and Supervisory Committee meetings (15/15)	As a certified public accountant, Mr. Kumagai possesses a wealth of knowledge and experience and deep insights in finance and accounting. He also possesses wide-ranging insights, including from experience serving as an outside auditor at a listed company. With the expectation that he will express opinions objectively from an independent and neutral standpoint, he has asked questions as appropriate and expressed opinions at meetings of the Board of Directors from a professional perspective to clarify points of concern. In addition, he has actively made remarks at meetings of the Audit and Supervisory Committee and the Nomination and Compensation Committee and fulfilled his role as a member of each committee.
Outside Director (Audit and Supervisory Committee Member)	Noriko Sakai	Attendance at Board of Directors meetings (19/19) Attendance at Nomination and Compensation Committee meetings (6/6) Attendance at Audit and Supervisory Committee meetings (11/11)	As an attorney, Ms. Sakai possesses a wealth of knowledge and experience and deep insights in legal affairs and compliance. With the expectation that she will contribute to the optimization of the Company's management strategy, she has made remarks at meetings of the Board of Directors on the Company's overall management from legal and compliance perspectives. In addition, she has actively made remarks at meetings of the Audit and Supervisory Committee and the Nomination and Compensation Committee and fulfilled her role as a member of each committee.
Outside Director (Audit and Supervisory Committee Member)	Chizu Sekine	Attendance at Board of Directors meetings (19/19) Attendance at Audit and Supervisory Committee meetings (11/11)	Ms. Sekine possesses a wealth of knowledge and deep insights in electronic science, as well as experience as an executive of a company engaged in contracted services in technology, patent, and chemical safety information research, communication of business information, and technical services. With the expectation that she will make contributions by providing suggestions for the expansion of the Company's business and technology fields and providing advice on strengthening the management structure, she has made remarks at meetings of the Board of Directors on the overall management of the Company based on her wealth of knowledge and experience and her broad insights gained through such experience. In addition, she has actively made remarks at meetings of the Audit and Supervisory Committee and fulfilled her role as a member

Position	Name	Attendance	Major activities during the fiscal year under review (including a summary of duties performed in relation to roles expected to be performed)
			of the committee.

Notes:

1. The number of Board of Directors meetings attended by Ms. Mami Sasaki and Mr. Tsuyoshi Abe includes only Board of Directors meetings held after their appointment on June 27, 2025.
2. The number of Audit and Supervisory Committee meetings attended by Ms. Noriko Sakai and Ms. Chizu Sekine includes only Audit and Supervisory Committee meetings held after their appointment on June 27, 2025.

4. Policy on determination of dividends of surplus, etc.

We place the highest priority on strengthening R&D investment and capital investment, and while securing the internal reserves necessary for future business development, we regard stable, continuous, and proactive profit returns to shareholders as a key management priority. Accordingly, we plan to distribute dividends of surplus with a consolidated dividend payout ratio target of approximately 20% to 30%. After net cash (Note 1) turns positive, we aim to allocate an amount equivalent to approximately 70% of free cash flow (Note 2), after the redemption in installments of interest-bearing liabilities, to dividends and share buybacks to further enhance shareholder profits and capital efficiency. For treasury stock, our policy is to cancel such shares in principle, while allowing for their retention up to a maximum of 1% of the total number of outstanding shares when their use is anticipated for purposes such as stock compensation.

Notes:

1. Net cash = Cash and cash equivalents - interest-bearing liabilities
2. Free cash flow after the redemption in installments of interest-bearing liabilities = cash flows from operating activities + cash flows from investing activities - redemption of installments in interest-bearing liabilities

Consolidated Financial Statements

Consolidated Statement of Financial Position

(As of March 31, 2026)

(Millions of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets		Current liabilities	
Cash and cash equivalents	56,543	Loans payable	11,514
Trade and other receivables	37,941	Lease obligations	859
Inventories	88,890	Trade and other payables	25,354
Other current assets	2,465	Accrued expenses	13,089
Total current assets	185,839	Other financial liabilities	143
		Income tax payable	3,367
		Provisions	1,290
		Contract liabilities	34,840
		Other current liabilities	273
		Total current liabilities	90,729
		Non-current liabilities	
		Loans payable	35,306
		Lease obligations	2,186
		Retirement and severance benefits	2,802
		Provisions	307
		Deferred tax liabilities	8,848
		Other non-current liabilities	210
		Total non-current liabilities	49,659
Non-current assets		Total liabilities	140,388
Property, plant and equipment	53,975	(Equity)	
Right-of-use assets	3,246	Common stock	14,139
Goodwill	59,065	Capital surplus	23,605
Intangible assets	50,900	Treasury stock	(16,014)
Other financial assets	1,582	Retained earnings	191,455
Deferred tax assets	2,190	Other components of equity	6,085
Other non-current assets	2,861	Total equity attributable to owners of parent	219,270
Total non-current assets	173,819	Total equity	219,270
Total assets	359,658	Total liabilities and equity	359,658

Consolidated Statement of Profit or Loss

(April 1, 2025 - March 31, 2026)

(Millions of yen)

Description	Amount
Revenues	235,079
Cost of sales	(138,269)
Gross profit	96,810
Selling, general and administrative expenses	(55,114)
Other income	508
Other expenses	(368)
Operating profit	41,836
Financial income	353
Financial expenses	(1,450)
Income before income tax	40,739
Income tax expenses	(10,640)
Net income	30,099
Net income attributable to:	
Owners of parent	30,099

Non-consolidated Financial Statements

Non-Consolidated Balance Sheet

(As of March 31, 2026)

(Millions of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets		Current liabilities	
Cash and deposits	28,076	Electronically recorded obligations - operating	5,008
Notes receivable - trade	2,898	Accounts payable - trade	14,399
Accounts receivable - trade	29,472	Current portion of long-term loans payable	12,000
Contract assets	409	Accounts payable - other	4,022
Merchandise and finished goods	20,719	Income taxes payable	415
Work in process	22,147	Accrued expenses	7,969
Raw materials and supplies	20,794	Contract liabilities	20,667
Prepaid expenses	1,232	Deposits received	78
Accounts receivable - other	1,223	Provision for product warranties	529
Consumption taxes refund receivable	2,348	Provision for share awards	433
Short-term loans receivable from subsidiaries and associates	400	Other	3
Other	3	Total current liabilities	65,528
Total current assets	129,727		
Non-current assets		Non-current liabilities	
Property, plant and equipment		Long-term loans payable	36,000
Buildings	25,186	Deferred tax liabilities	7,805
Structures	924	Provision for retirement benefits	2,511
Machinery and equipment	10,760	Provision for share awards	146
Vehicles and other land delivery equipment	16	Asset retirement obligations	218
Tools, furniture and fixtures	1,014	Other	96
Land	1,730	Total non-current liabilities	46,778
Construction in progress	1,601		
Total property, plant and equipment	41,234	Total liabilities	112,306
Intangible assets			
Software	2,251	(Net assets)	
Software in progress	4,163	Shareholders' equity	
Goodwill	5,282	Share capital	14,139
Customer relationship assets	39,278	Capital surplus	
Technology-related assets	6,119	Legal capital surplus	4,163
Other	42	Other capital surplus	27,613
Total intangible assets	57,136	Total capital surplus	31,777
		Retained earnings	

Description	Amount	Description	Amount
Investments and other assets		Legal retained earnings	672
Shares and investments in capital of subsidiaries and associates	27,871	Other retained earnings	
Leasehold and guarantee deposits	421	Retained earnings brought forward	131,447
Long-term prepaid expenses	540	Total retained earnings	132,119
Long-term loans receivable from subsidiaries and associates	13,195	Treasury shares	(16,014)
Prepaid pension costs	4,507	Total shareholders' equity	162,022
Other	15	Share acquisition rights	320
Allowance for doubtful accounts	(0)		
Total investments and other assets	46,551	Total net assets	162,343
Total non-current assets	144,922		
Total assets	274,649	Total liabilities and net assets	274,649

Non-consolidated Statement of Income

(April 1, 2025 - March 31, 2026)

(Millions of yen)

Description	Amount	
Net sales		168,370
Cost of sales		104,281
Gross profit		64,089
Selling, general and administrative expenses		49,948
Operating profit		14,140
Non-operating income		
Interest income	248	
Dividend income	14,388	
Other	445	15,082
Non-operating expenses		
Interest expenses	637	
Loss on disposal of non-current assets	156	
Other	215	1,010
Ordinary profit		28,212
Profit before income taxes		28,212
Income taxes-current	7,286	
Income taxes-deferred	(1,967)	5,318
Profit		22,894