TRANSLATION -FOR REFERENCE ONLY-

KOKUSAI ELECTRIC

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

May 10, 2024

KOKUSAI ELECTRIC CORPORATION

Highlight

Consolidated Financial Summary for FY24/3

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

Consolidated Earnings Forecast for FY25/3

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

Management Policy and Strategy

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

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First, a summary of the full-year results. Page four is highlights.

Details will be covered from the next page and beyond.

Consolidated Results Summary

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

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

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Please see page five.

This section shows profit/loss for Q4 as well as the full year. Since we consider adjusted earnings to be an important management indicator, we will explain them in adjusted earnings terms. Since most of the export sales of our products are denominated in yen, the foreign exchange impact on profit is minimal.

In Q4, revenue was down 18%, and adjusted operating profit was down 39% YoY. The large decrease in sales was due to the large proportion of sales for NAND in the same period of the previous year, which was strongly affected by the sluggish NAND market. The decrease in sales and profit compared to Q3 is due to the decline in service sales, while the recovery trend in equipment sales since Q2 has continued.

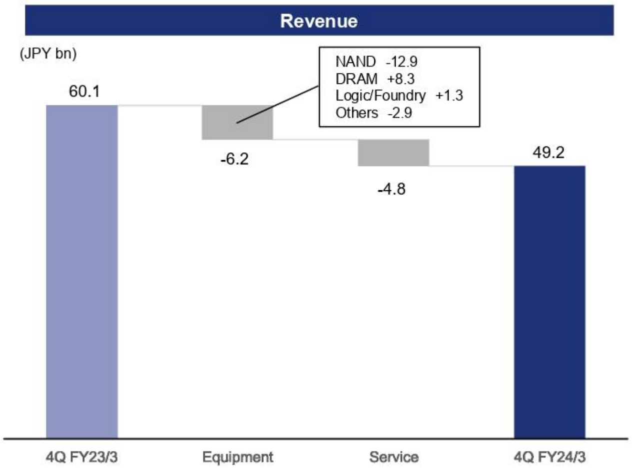
On the other hand, for the full year, revenue was down 26% and adjusted operating profit was down 41% from the previous year, but adjusted operating profit exceeded the earnings forecast by JPY1.5 billion.

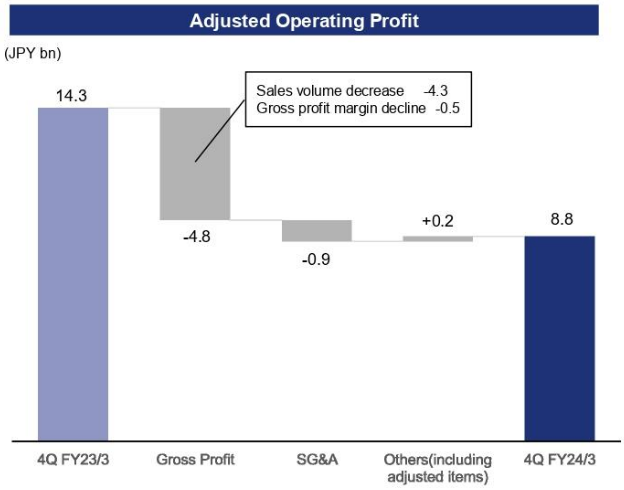
Although we have the Toyama office and the group company locations in Toyama Prefecture, the Noto Peninsula earthquake of 2024, which occurred on January 1 of this year, did not cause extensive damage and had only a minor impact on our business performance. R&D, capital expenditures, and depreciation were generally in line with the initial expectations.

As previously forecasted, the Company plans to pay a year-end dividend of JPY11 as a semi-annual amount, taking into account that the listing period was in H2.

4Q FY2024/3 Results: Factors for Changes

Revenue decreased by JPY10.9 bn YoY, mainly due to restrained investment in NAND.
Adjusted operating profit declined by JPY5.5 bn YoY, mainly due to the impact of sales decrease.





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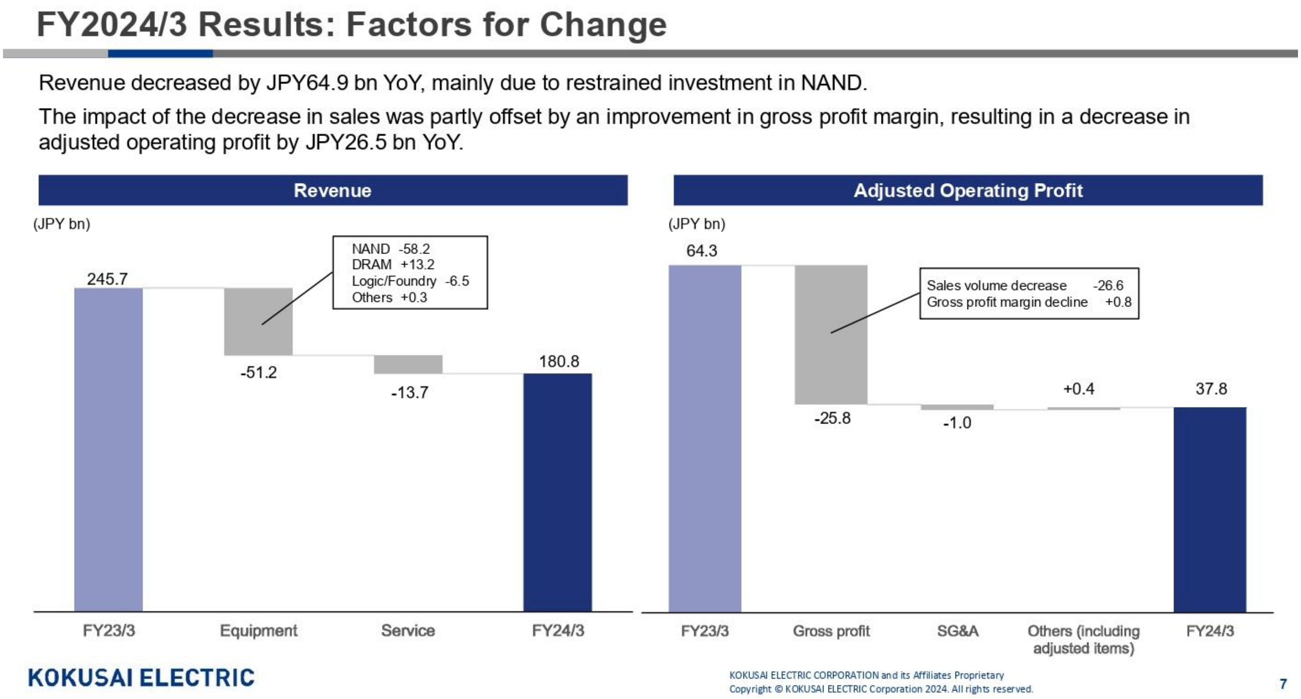
On page six are the factors that contribute to the YoY changes in revenue and adjusted operating profit for the full year.

In Q4, sales revenue decreased YoY due to the restrained investment in NAND by device manufacturers. On the other hand, the decline in revenue is narrowing due to active investment for mature nodes in China, as well as recovering demand for equipment for DRAM and Logic in countries around the globe.

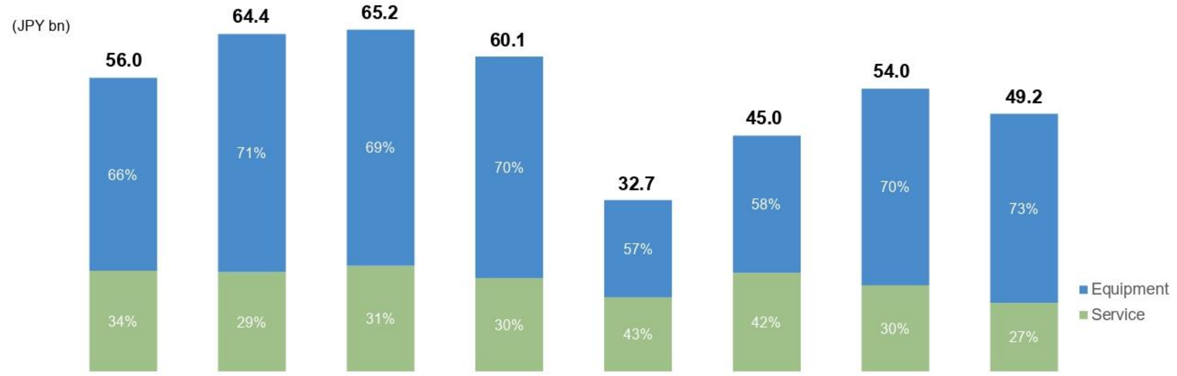
Adjusted operating profit decreased due to lower gross profit resulting from lower sales. The decline in gross profit margin was a one-time event due to the implementation of a cautious approach to the valuation of certain components. Excluding the write-downs, gross margin was higher than in Q3.



Page seven shows the factors for increase/decrease for the full year. In the fiscal year ended March 31, 2024, sales and profits declined from the previous year due to restrained investment in NAND by device manufacturers throughout the year. However, despite the significant decline in sales revenue, the gross profit margin improved from the previous year.

Quarterly Revenues by Business

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



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

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Page eight shows the quarterly sales structure by business. In Q4, equipment sales continued to recover and were in the same conventional balance as in Q3. Breakdown of sales of mainstay and equipment was 50% batch ALD and 10% treatment.

Revenues by Business

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

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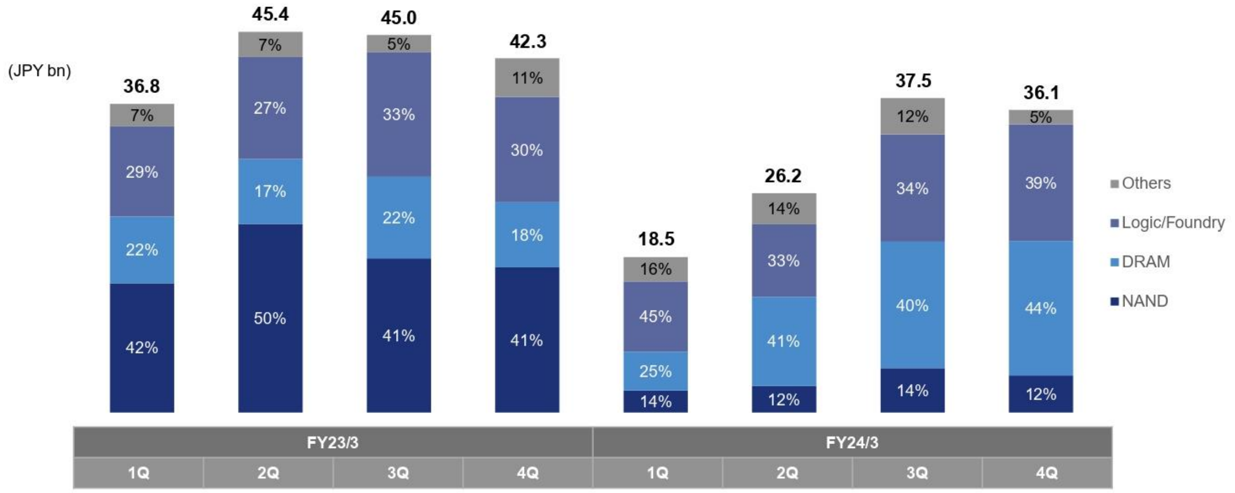
Page nine shows the sales composition by business for the full year.

In the fiscal year ended March 31, 2024, the ratio of the service business was temporarily larger due to the decline in equipment sales. Breakdown of sales of mainstay and equipment and equipment sales for the fiscal year ended March 31, 2024 was 50% batch ALD and 10% treatment.

Quarterly Revenues by Application (300mm Equipment Only)

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



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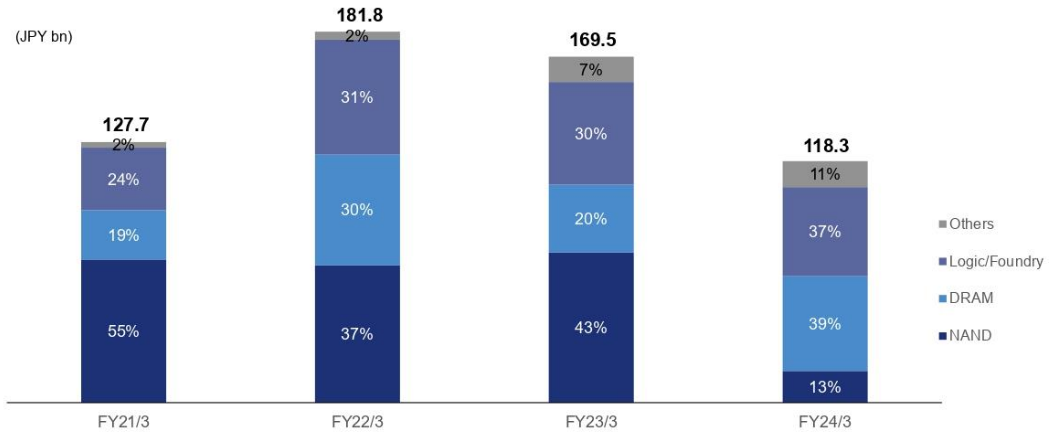
Page 10 shows quarterly equipment sales by application. In Q4, the ratio for DRAM and Logic was larger due to the significant impact of restrained investment in NAND. Sales for DRAM and Logic were the largest in the fiscal year ended March 31, 2024, respectively, due to active investment for mature nodes in China, which has been noticeable since Q2, as well as the recovery in equipment demand worldwide from Q3.

Revenues by Application (300mm Equipment Only)

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



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Page 11 shows the sales composition by application for the full year.

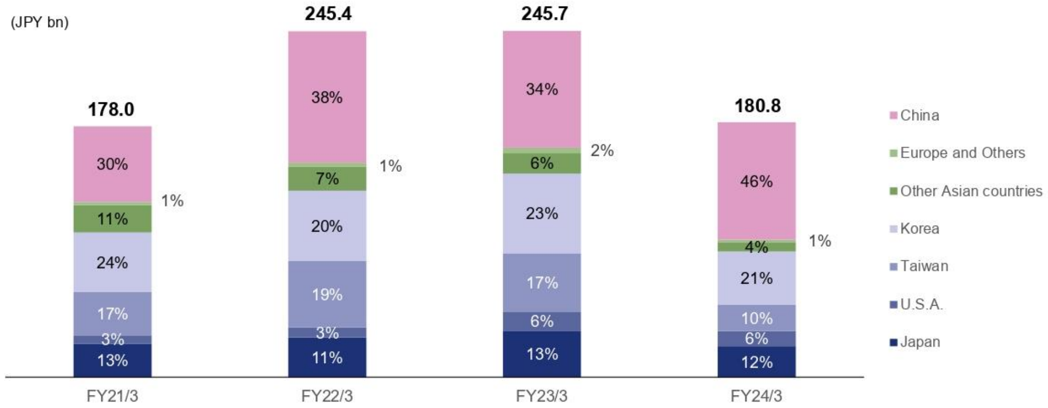
Coming into the fiscal year ended March 31, 2024, the ratio of DRAM and Logic applications was large, as DRAM and Logic applications were strong, while those for NAND applications declined significantly. For NAND, device manufacturers continue to pursue cutting-edge development, and sales of equipment for development use have maintained a certain scale.

Others consist of wafer applications, SI power device applications, and others. The service business includes equipment with wafer sizes of 150 millimeters to 200 millimeters, including SIC power device applications.

Revenues by Region

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

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



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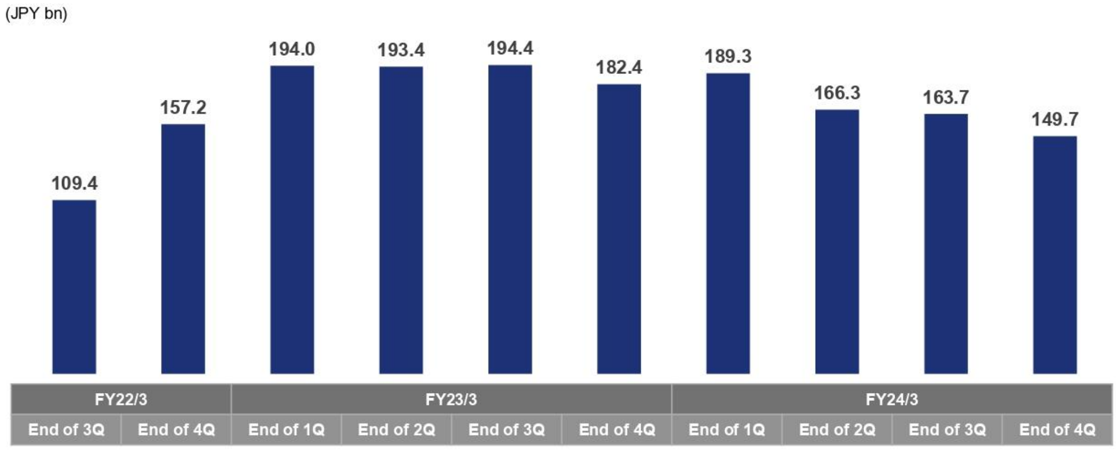
Page 12 shows the sales composition by destination for the full year.

In the fiscal year ended March 31, 2024, equipment and services combined accounted for 46% of the total sales to China, while sales for NAND have been declining significantly. The percentage of sales to China has become larger due to active investment in China for mature nodes, mainly DRAM and Logic, since Q2. We expect this rate to return to the previous 30% levels as investments in advanced node start to show full recovery around the world.

In the medium to longer term, we believe that further expansion of sales in other countries around the globe will bring the China ratio towards 20% levels.

Trends in Order Backlog

Projects with long delivery times included in the backlog are being shifted to sales and order backlogs normalized.
Orders received bottomed out in 2Q and began to recover from 3Q, and 4Q is generally in line with plans.



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Page 13 shows changes in order backlog.

The order backlog at the end of the fiscal year ended March 31, 2024 was JPY149.7 billion. The order backlog had remained high due to an increase in long lead time projects, following the supply chain issues in H2 of the fiscal year ended March 31, 2022. But, as initially expected, long lead time projects are now being converted to sales.

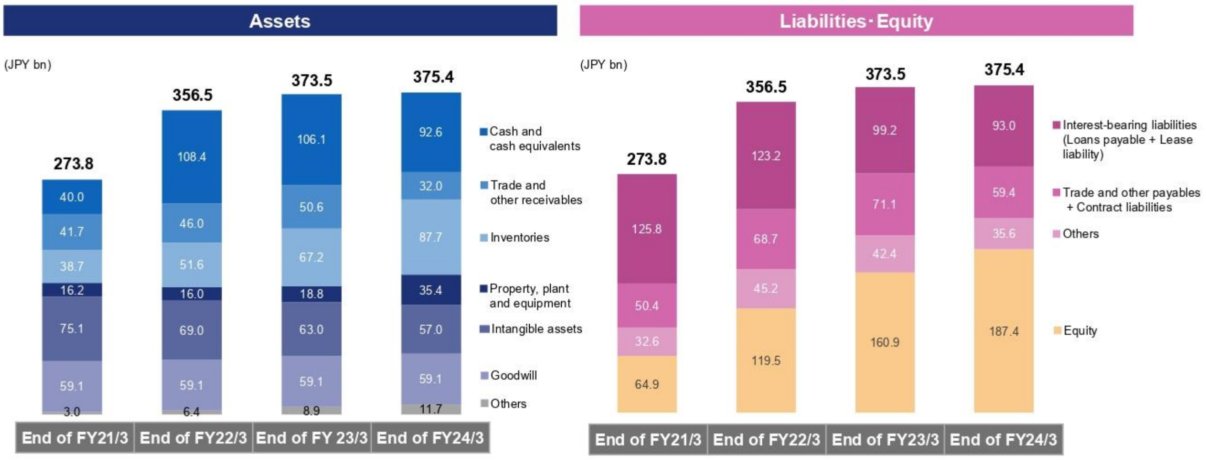
Approximately 90% of the order backlog at the end of fiscal year ended March 31, 2024 will be booked as sales in the fiscal year ending March 31, 2025, and the remaining 10%, in the fiscal year ending March 31, 2026 and thereafter.

By region, approximately 60% of the orders are to China, but this includes sales conversion of projects with long delivery times. Orders received include a mix of projects with long lead times that are booked crossing fiscal years and projects with short lead times that are booked within the same quarter, and the composition of these projects varies from QoQ.

Therefore, we refrain from disclosing numbers in the presentations in efforts to avoid misleading, but it has bottomed out in Q2 as expected, and a recovery trend has been continuing since Q3.

Balance Sheet

Total assets increased by JPY1.9 bn from the end of FY23/3 due to increase in inventories and property, plant and equipment, despite decrease in cash, trade and other receivables. Total liabilities decreased by JPY24.6 bn from the end of FY23/3 due to decrease in trade and repayment of interest-bearing liabilities.
Total equity increased by JPY26.5 bn from the end of FY23/3, mainly due to an increase in retained earnings.



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Page 14 is the balance sheet by quarter.

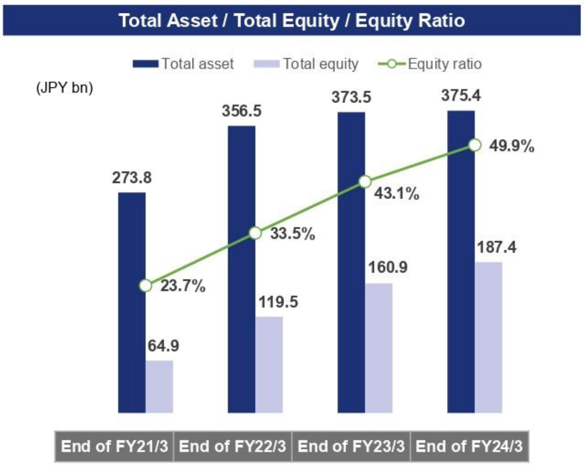
Total assets as of March 31, 2024 increased by JPY1.9 billion from the end of the previous fiscal year due to an increase in property, plant, and equipment, resulting from large capital investments and an increase in inventories in anticipation of a recovery in demand, although cash and cash equivalents and trade and other receivables decreased from the end of the previous fiscal year.

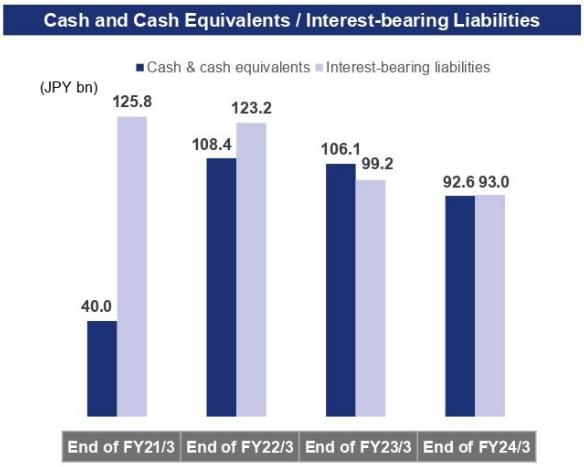
Total liabilities decreased by JPY24.6 billion YoY, owing to a decrease in trade, other payables, and planned repayment of borrowings.

Total assets increased by JPY26.5 billion YoY owing to an increase in retained earnings.

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

The equity ratio was 50% at the end of FY24/3.
Net debt at the end of FY24/3 was JPY0.4 bn. Interest-bearing liabilities were reduced as planned.





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Page 15 shows the main management indicators of the balance sheet.

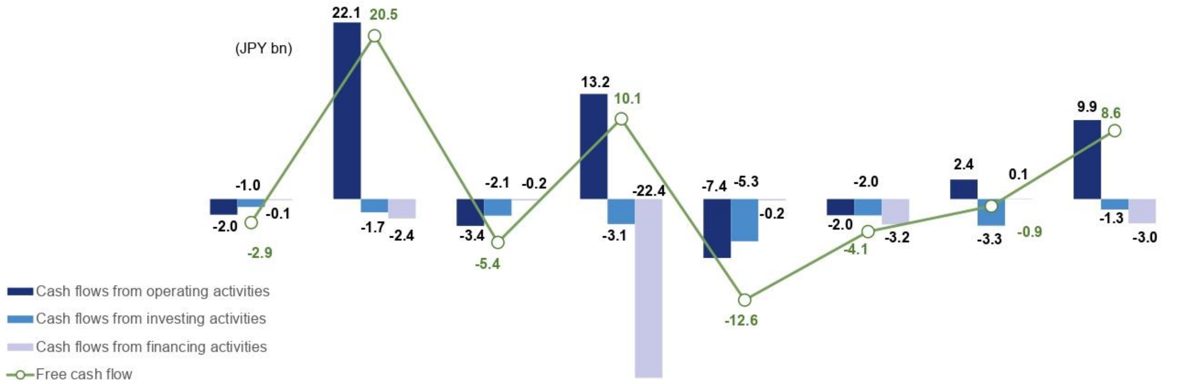
The equity ratio as of March 31, 2024 was 50%, up 7 points from the end of the previous fiscal year.

Regarding the relationship between cash and debt, net cash was slightly negative due to weak operating cash flow in H1 of the fiscal year ended March 31, 2024.

Going forward, operating cash flow is expected to improve as sales revenue recovers, and net cash is expected to turn positive.

Quarterly Cash Flows

Operating cash flows recovered in 4Q as revenue recovered.



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

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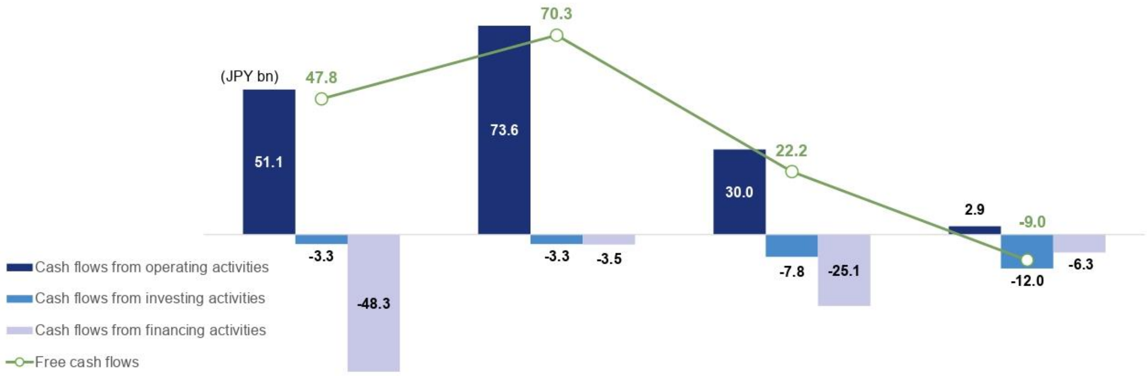
Page 16 shows quarterly cash flows.

Coming into fiscal year ended March 31, 2024, free cash flow had been declining YoY due to the decline in sales revenue but began to recover in Q3, and free cash flow turned positive in Q4.

Cash and cash equivalents balance remains sufficient for working capital.

Cash Flows

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



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

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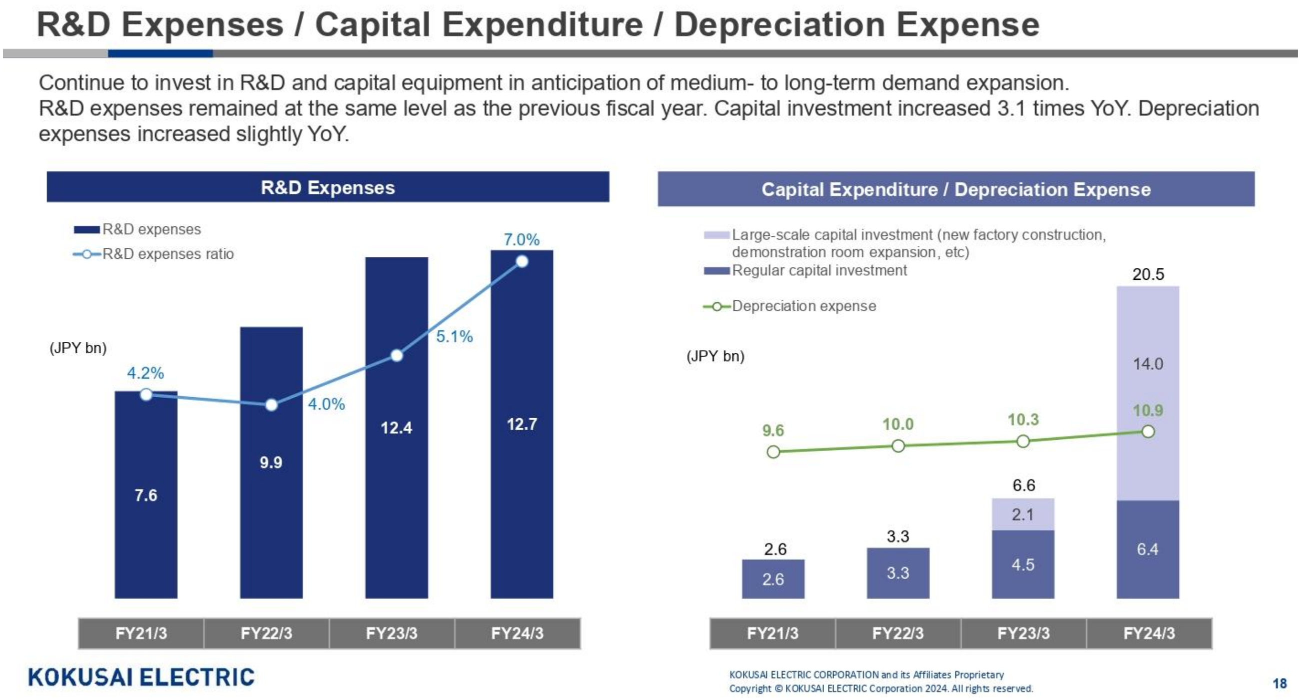
Page 17 shows cash flows for the full year.

Free cash flow for the year ended March 31, 2024, decreased YoY due to a decrease in operating cash flow and an increase in investment cash flow.

In the fiscal year ending March 31, 2025, free cash flow is also expected to improve significantly, owing to the recovery of operating cash flow.



Page 18 shows R&D, capital expenditures, and depreciation for the full year.

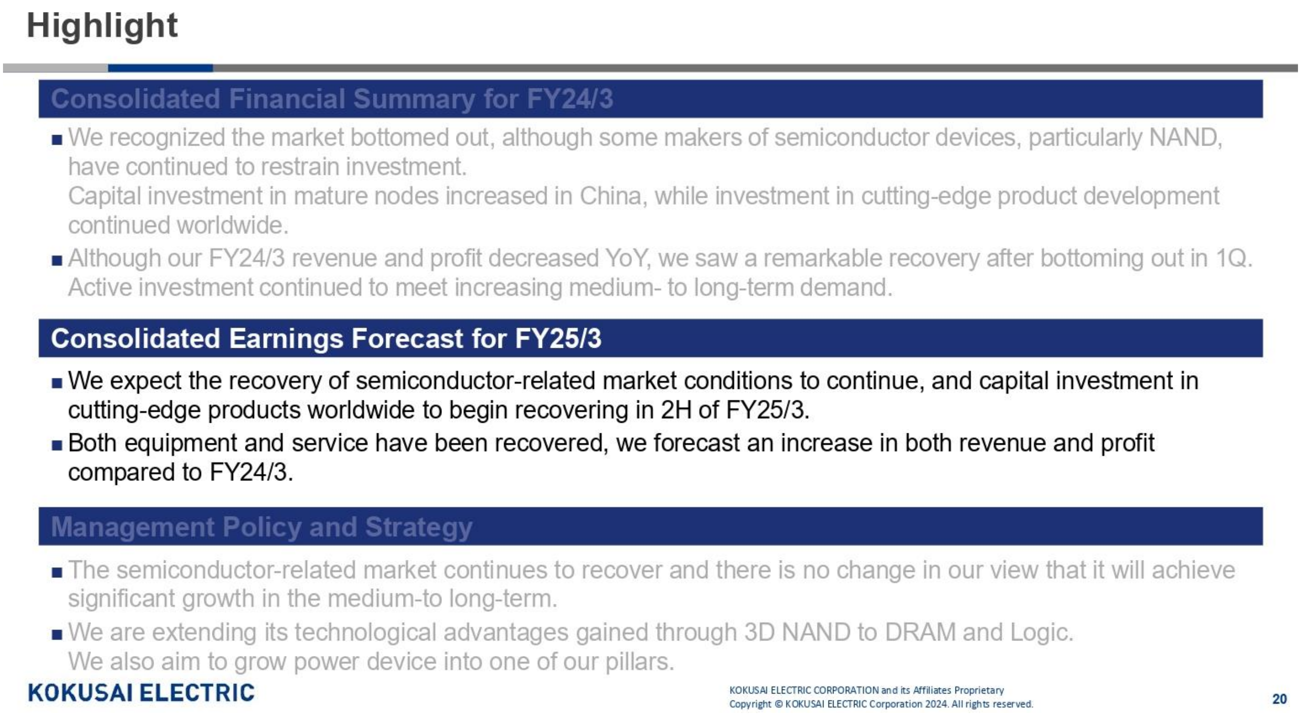
The Company continues to invest in R&D and capital equipment in anticipation of future demand recovery and medium- to longer-term demand expansion.

Although R&D expenses have temporarily increased as a percentage of the net sales due to the current sales decline, we plan to raise R&D expenses from 4% to 5% of net sales to around 6% over the medium to longer term. Further, capital investment, which has been JPY2 billion to JPY3 billion per year in the past, is planned to increase to JPY4 billion to JPY6 billion per year, excluding large capital investments.

Research and development expenses for the fiscal year ended March 31, 2024 were JPY12.7 billion, generally, the same level as the previous year. R&D expenses for the fiscal year ending March 31, 2025 are expected to increase by approximately 20% from the previous fiscal year. Large-scale capital expenditures were recorded, including the construction of a new plant totaling JPY24 billion in Toyama Prefecture, and the expansion of a demonstration room in South Korea totaling JPY9 billion.

In addition, regular capital expenditures, such as evaluation equipment, increased in conjunction with the expansion of the demonstration room in South Korea. As a result, capital investment for the full year totaled JPY20.5 billion, an increase of 3.1 times that of the previous year.

In the fiscal year ending March 31, 2025, the total amount of capital expenditures will continue to be large as about half of the investment in the construction of the new plant will be recorded, but this is expected to normalize in the fiscal year ending March 31, 2026, and thereafter.



Then here is a forecast for the fiscal year ending March 31, 2025. Page 20 are highlights.

Specific details are provided on the following pages and beyond.

FY2025/3 Earnings Forecast

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

(JPY bn)	FY23/3	FY24/3	FY25/3(forecast)	YoY
Revenue	**245.7**	**180.8**	**217.5**	*20.3%*
Gross profit	**100.8**	**75.0**	**92.7**	*23.7%*
Gross profit margin	*41.0%*	*41.5%*	*42.6%*	*1.1pts*
Adjusted operating profit	**64.3**	**37.8**	**51.0**	*34.8%*
Adjusted operating profit margin	*26.1%*	*20.9%*	*23.4%*	*2.5pts*
Adjusted net income	**46.0**	**27.3**	**35.6**	*30.4%*
Adjusted net income margin	*18.7%*	*15.1%*	*16.4%*	*1.3pts*
Operating profit	**56.1**	**30.7**	**44.8**	*45.7%*
Operating profit margin	*22.8%*	*17.0%*	*20.6%*	*3.6pts*
Income before income tax	**55.9**	**29.8**	**44.0**	*47.9%*
Income before income tax margin	*22.7%*	*16.5%*	*20.2%*	*3.7pts*
Net income	**40.3**	**22.4**	**29.0**	*29.6%*
Net income margin	*16.4%*	*12.4%*	*13.3%*	*0.9pts*
Dividend per share (JPY)	**-**	**11*1**	**32**	*5.0JPY / half year*
Dividends payout ratio	**-**	*11.4%*	*25.7%*	*14.3pts*

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

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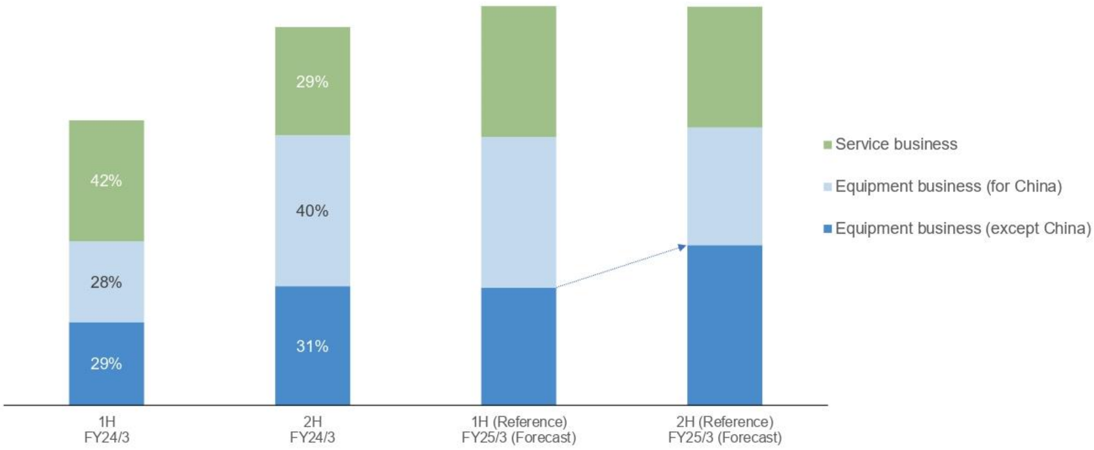
Please see page 21. For the fiscal year ending March 31, 2025, we project a 20% increase in revenue and increases in gross profit, adjusted operating profit, and adjusted net income of 24%, 35%, and 30%, respectively, versus the fiscal year ended March 31, 2024.

In line with our shareholder return policy, we have set our annual dividend forecast at JPY32 per share, which corresponds to a dividend payout ratio of over 20% based on adjusted net income. The dividend payout ratios shown in the table are based on unadjusted net income.

FY2025/3 Earnings Forecast: 1H and 2H

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

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



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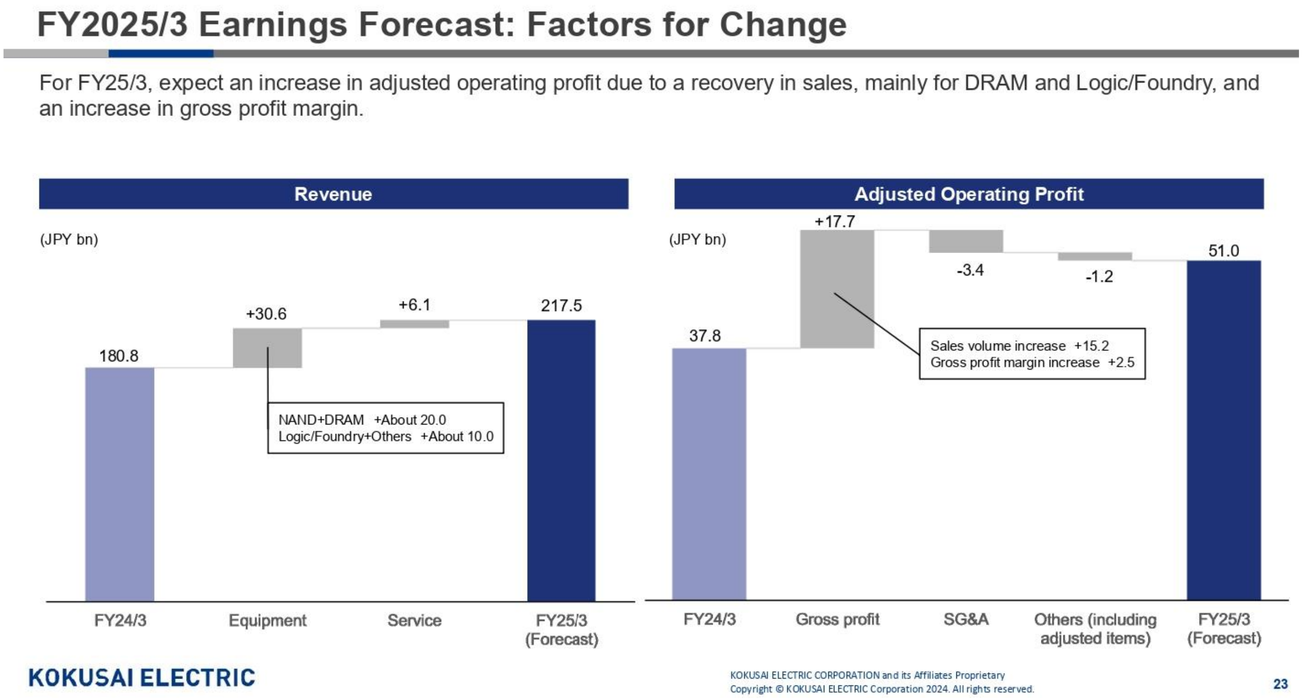
Page 22 shows the forecast sales revenue by H1 and H2 for the fiscal year ending March 2025.

In H1 of the fiscal year ending March 2025, we expect sales to China and to the rest of the world to be on par with H2 of the last fiscal year, and legacy equipment sales included in the service business are expected to boost sales revenue.

In H2, we expect legacy equipment sales in the service business to settle down, and we take cautious a view on the demand for mature node equipment in China, while demand for equipment for leading-edge products around the world will begin to recover.

Therefore, we expect sales to grow in H2 for all countries in the world, except China. For reference, sales to China are expected to account for 50% to 60% of equipment business sales revenue in H1 and 40% to 50% in H2.



On page 23, we show the bridge analysis of the forecast for the fiscal year ending March 2025 compared with the actual results for the fiscal year ended March 2024. Overall revenue is expected to increase by 20% as sales recover, especially for DRAM and Logic. Adjusted operating income is expected to increase 35% due to higher gross profit from sales recovery and higher gross margin.

Revenue Forecast by Business

Both equipment and services revenues are expected to increase from FY24/3, sustaining normal sales composition by business.

Equipment revenue for FY25/3 is expected to grow about 26% over FY24/3, with services revenue expected to grow about 10% over FY24/3.

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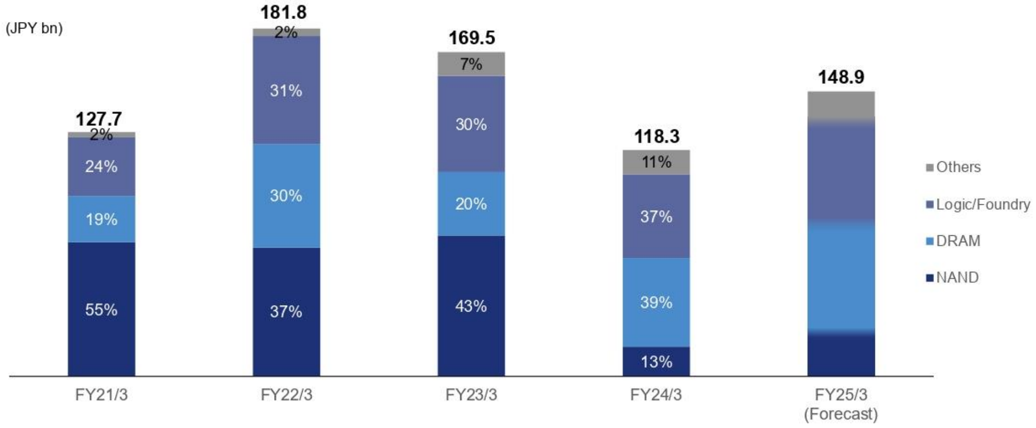
Page 24 shows the revenue mix forecast by business for the full year. For the fiscal year ended March 2025, we expect equipment sales to increase 26% and service sales to increase 10% over the last fiscal year, bringing us closer to our historical balance. In the mid to long term, we aim to achieve a balance of 70% to 75% equipment sales and 25% to 30% service sales by growing both equipment and services.

Revenue Forecast by Application (300mm Equipment Only)

In FY25/3, sales are expected to increase for all applications, with no significant change in the sales composition ratio by application.
Brisk capital investment in China will contribute to DRAM and Logic/Foundry sales, with NAND sales expected to recover at the end of FY25/3, mainly for development use.



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Page 25 shows equipment sales composition by application for the full year.

We expect that sales for DRAM and Logic will begin a full-scale recovery in Q3, and that the DRAM and Logic ratio will remain high. On the other hand, we expect a full recovery in the sales for NAND to begin at the end of the fiscal year ending March 2025, and with limited contribution to sales expected this fiscal year, the ratio will remain low.

In the mid to long term, we will expect each application aiming for a balance of 30% in NAND, 30% in DRAM, 40% in logic/foundry, and others.

That covers my presentation.

Highlight

Consolidated Financial Summary for FY24/3

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

Consolidated Earnings Forecast for FY25/3

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

Management Policy and Strategy

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

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Page 27 is the highlights. Details are to follow.

Business Environment

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

Outlook for Semiconductor Device Market

■ The semiconductor device market bottomed out in CY23 and Investment in cutting-edge products worldwide will begin to recover from 2H of CY24.

■ Active capital investment for mature nodes in China is expected to continue for the next few years.

■ In the medium- to long-term, significant growth is expected due to increasing demand for electronic equipment, expansion of data centers, and investment in reducing environmental impact (GX).

Our Business Environment

■ As the semiconductor device market recovers, We expect that demand for cutting-edge equipment will begin to recover in the global market from 2H of FY25/3.

■ Although demand for equipment for mature nodes in China is expected to continue for the next few years, we are taking a cautious approach from the middle of FY25/3 onwards.

■ The size of the WFE*1 market in CY24 is expected to be at the same level as CY23 or slightly increase, but is expected to grow to around USD 110-120 billion over the next few years.

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

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

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

*1 WFE: Wafer Fab Equipment

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Page 28 is the outlook for the business environment.

Inventory adjustments are underway in the semiconductor device market, and unit prices for memory devices have begun to rise, leading us to believe that market conditions have bottomed out in 2023.

Investment in leading-edge product development continues worldwide, and we expect capital investment in leading-edge products to begin to recover in H2 of 2024.

In China, on the other hand, the capital investment in mature nodes, including power devices, has been active and expected to remain brisk over the next several years. In the mid to long term, the semiconductor-related market is expected to grow significantly due to expanding demand for electronic devices such as smartphones and PCs, the expansion of data centers, and the investment in reducing the environment impact, the so-called GX.

In light of this, our business plan is based on the assumption that the demand for equipment for leading edge products will begin to recover in H2 of the fiscal year ending March 2025.

As for our sales to China, we take cautious view beyond the middle of the fiscal year ending March 2025. We expect the WFE market to be about the same size in 2024 as it was in 2023 or slightly larger, but we expect it to reach USD110 billion to USD120 billion in the next few years, growing to about USD130 billion by 2027.

Equipment Business Strategy

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

Batch Deposition Equipment	Batch ALD compatible deposition equipment	**Worldwide Market Share No.1 (CY2022)[*2]** ■ Batch deposition equipment that can process dozens or more wafers at once and compatible to ALD technology, and it is capable of archiving both highly difficult deposition and high productivity. ■ Needs grow as devices become more complex ■ ALD is abbreviation for Atomic Layer Deposition. We refer to a technique for thin-film deposition at an atomic layer level involving a process of cyclical supply of multiple gases as "ALD."
	Batch CVD compatible deposition equipment Batch Oxidation compatible deposition equipment	■ Batch deposition equipment that can process dozens or more wafers at once and compatible to CVD or Oxidation technology. Characterized by high productivity. ■ CVD is abbreviation for Chemical Vapor Deposition. Multiple gases are simultaneously flowed into a chamber, react in the gas phase. We mainly focus on Low Pressure CVD.
Treatment (Film Property Improvement) Equipment	Single-wafer treatment equipment	**Worldwide Market Share No.2 (CY2022)[*3]** ■ Treatment equipment that can improve film quality after deposition by using plasma or heating, and its unique plasma technology makes it possible to achieve excellent isotropy and step coverage. ■ Needs grow as devices become more complex ■ Demand for treatment in low-temperature environments has grown as well.

Mini batch deposition "TSURUGI-C²® 剱®"

Large batch deposition "AdvancedAce®-300"

Large batch deposition "VERTEX®-Revolution"

Single-wafer treatment "MARORA®"

Single-wafer treatment "TANDUO®"

*1 POR: An abbreviation for Process of Record, which refers to the qualification of manufacturing equipment in a customer's semiconductor manufacturing process.
*2 Source: TechInsights Manufacturing Analysis Inc. (VLSI) "TI_ALD Tools_YEARLY" 2023 (April)
*3 We define "RTP and Oxidation / Diffusion" by Gartner's WFE segment as "Treatment", Source: "Gartner®, Market Share: Semiconductor Wafer Fab Equipment, Worldwide, 2022, Bob Johnson, Gaurav Gupta, Menglin Cao, 17 April, 2023")

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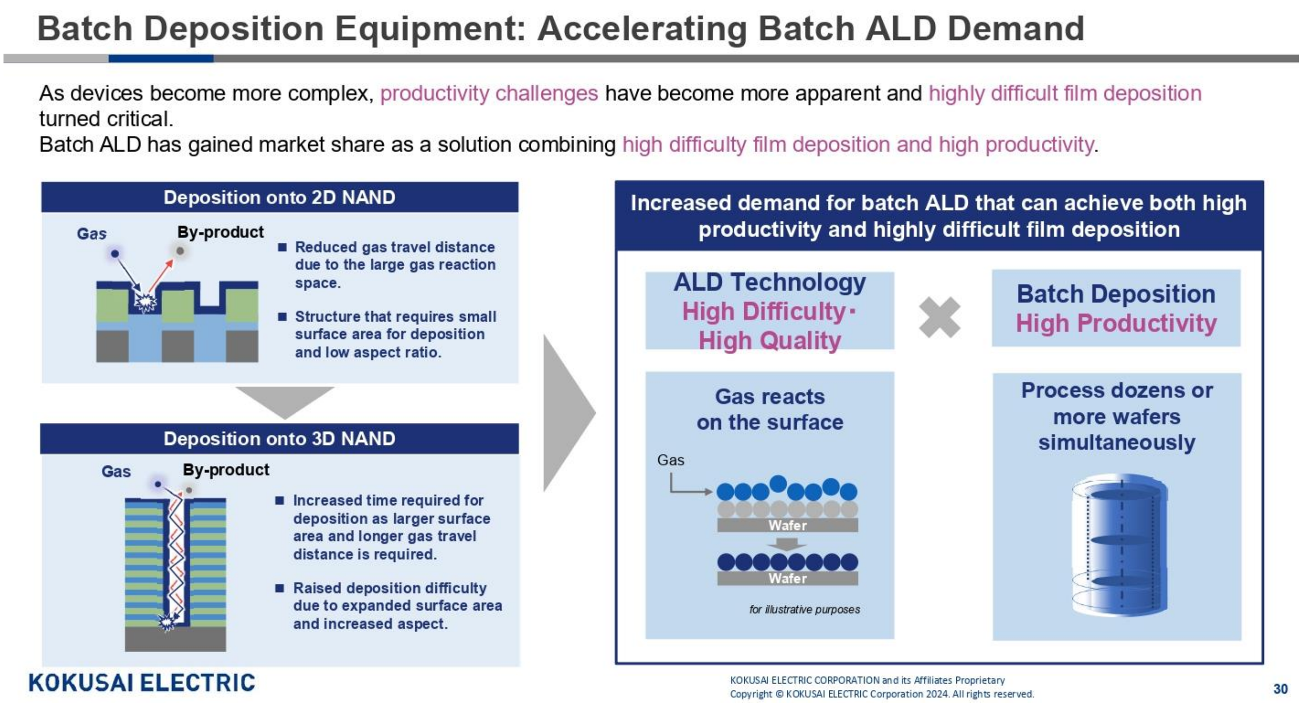
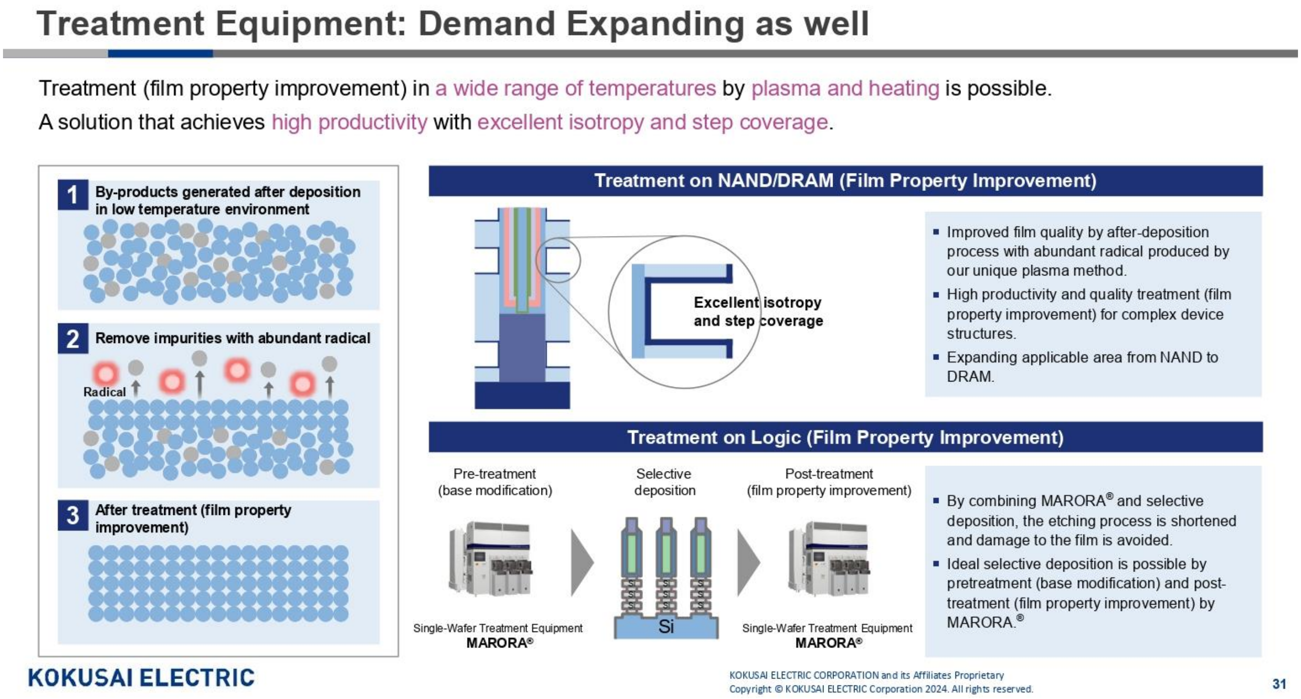
Page 29 is the strategy for the equipment business.

We are focusing on batch deposition and treatment systems, and our mainstay batch ALD has a global market share of approximately 70%, while that of our single-wafer treatment systems have grown to approximately 20%.

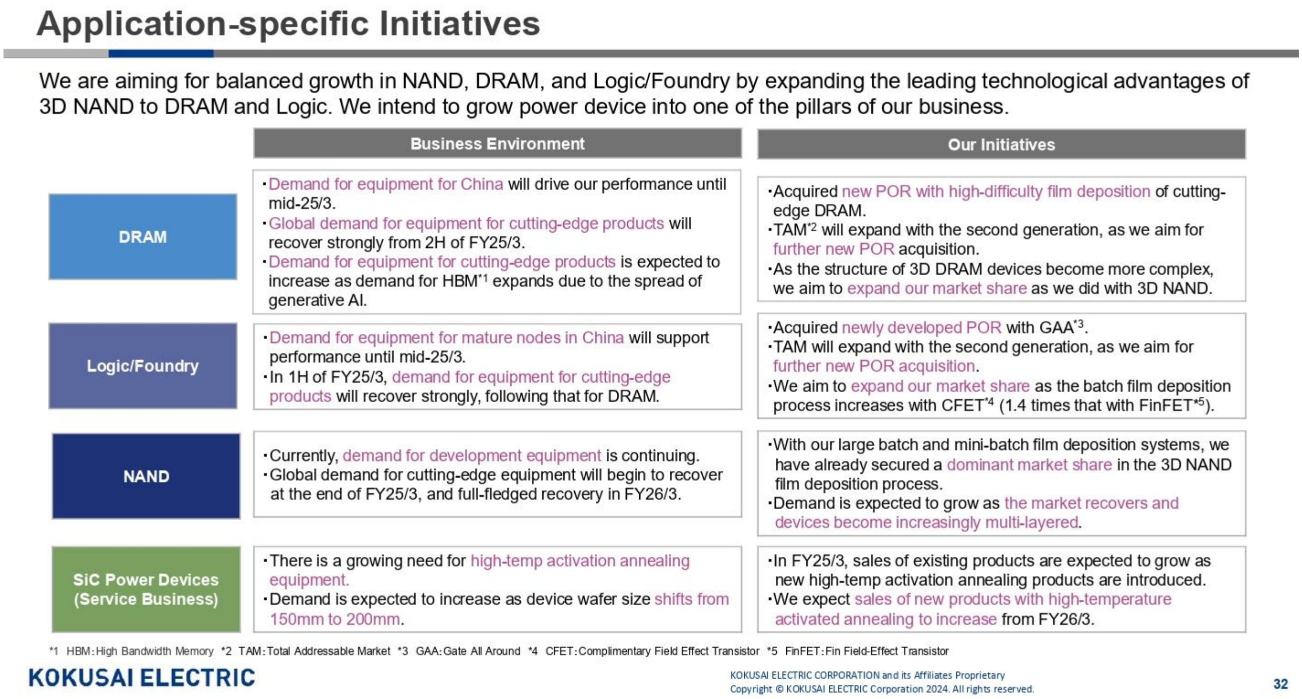
In response to the expected evolution of semiconductor devices, we will focus on R&D, acquisition of new PORs, and the sales expansion by taking advantage of our technological superiority, aiming for sales growth exceeding the growth of the WFE market.



On page 30, we reiterate the advantages of our batch ALD equipment. Although we skip the details, the batch ALD system is not simply a combination of batch deposition technology and ALD technology, but rather, a combination of complex technologies and the years of expertise that can only be achieved with high performance, and its high added value is recognized by device manufacturers around the world. Our primary growth strategy is to increase sales of this batch ALD.



On page 31, we reiterate the advantages of our treatment equipment. Although we skip the details, we have already made progress in the NAND and DRAM areas, and our second growth strategy is to use the expansion into Logic as the next inflection point to increase sales of treatment equipment.



On page 32, we summarize our efforts by application.

In the area of DRAM, we have been acquiring new PORs for the highly complex deposition process for leading-edge DRAM, and we expect TAM to expand as devices evolve, and we will aim to acquire even more new PORs. Furthermore, in the mid to long term, we aim to expand our market share in the same way as for 3D NAND as the device structure in 3D DRAM becomes more complex.

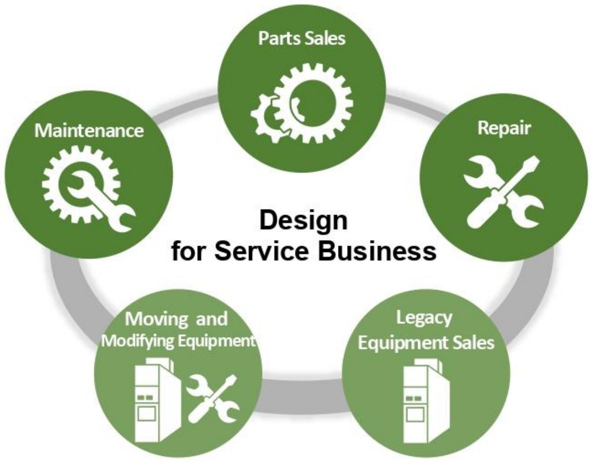
For logic, we have already won a development POR in GAA, and we expect the GAA generation sales to exceed JPY10 billion in the fiscal year ending March 2025 and to expand in the fiscal year ending March 2026 and beyond. In the mid to long term, we estimate that the batch deposition process for CFET will be 1.4 times that for FinFET, and we aim to expand our market share.

For NAND, we have gained the overwhelming share of 3D NAND deposition process with our lineup of large-batch deposition systems and the mini-batch deposition systems for more advanced deposition. We expect the demand to recover and expand as the market recovers and the devices become more multi-layered.

Finally, in the service business category for SiC power devices, we expect sales to grow by about 20% YoY in the fiscal year ending March 2025 due to the introduction of new high-temperature activated annealing products and the expansion of sales of existing products. We expect sales of new high-temperature activated annealing product to grow to become one of the pillars of our business in the fiscal year ending March 2026.

Service Business Strategy

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



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

An example of the effects of Design for Service Business

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

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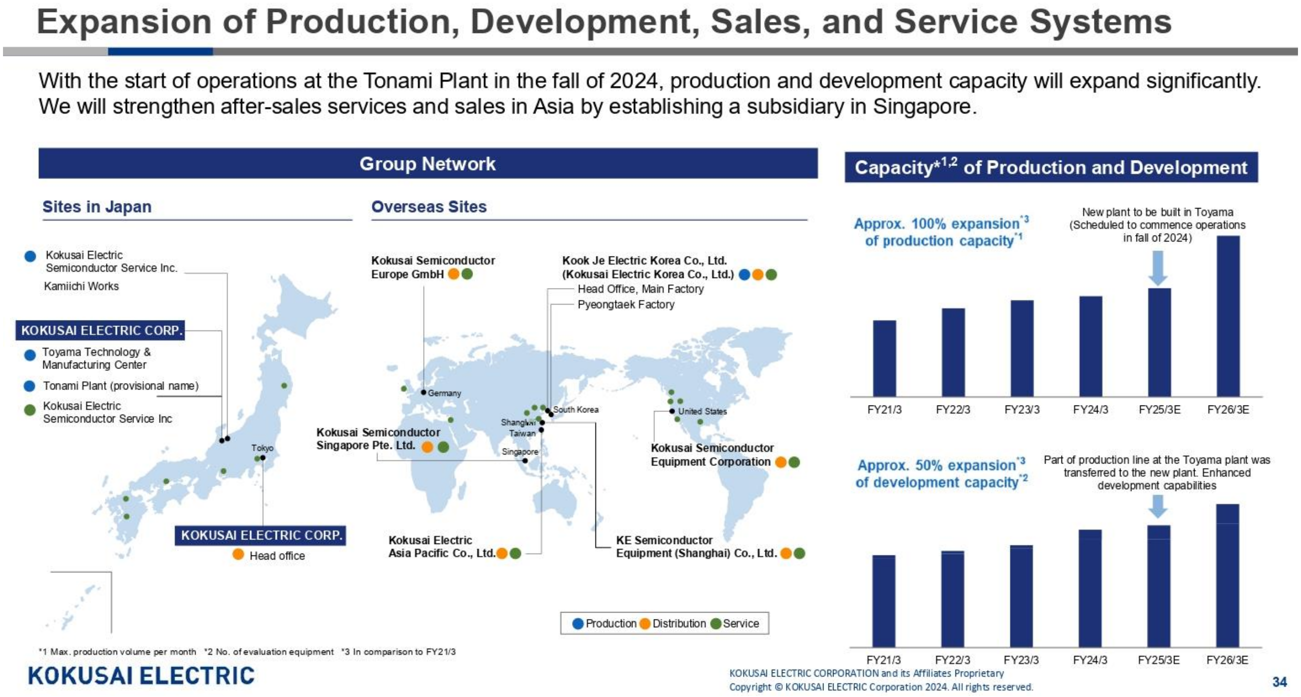
Page 33 summarizes the strategy for the service business.

In parts sales and the maintenance services, where relatively stable demand can be expected, we will provide high value-added services based on the design for service business concept, taking advantage of the large increase of the installed base in recent years.

The table below-right shows the example of the effect of design for service business. The increase in the number of high value-added products sold, combined with the increase in the sales per unit of parts sales and maintenance, has contributed to the expansion of parts and maintenance sales and the improved profitability.

We will also focus on the sales of equipment for wafer sizes of 200 millimeter or smaller, including those for SiC power devices, by utilizing the sales networks of our group companies.



Page 34 lays out our plans for the expansion of production, development, sales, and service systems.

Currently, a new plant is under construction in Tonami City, Toyama Prefecture, with the aim of commencing cooperation in the fall of this year. Toyama Plant will shift a part of its manufacturing function to the new plant and expand its development function.

Through these measures, we will double our manufacturing capacity in the fiscal year ending March 2026 compared to the fiscal year ending March 2021 and expand our development capacity by 1.5 times, building a structure that will enable us to meet growing demand until 2030.

In Q2, we will start operations at the local subsidiary established in Singapore to expand their business in Asia, including [Asia], Malaysia, and India, and to strengthen our service support system.

ESG Initiatives : Materiality

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

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

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

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

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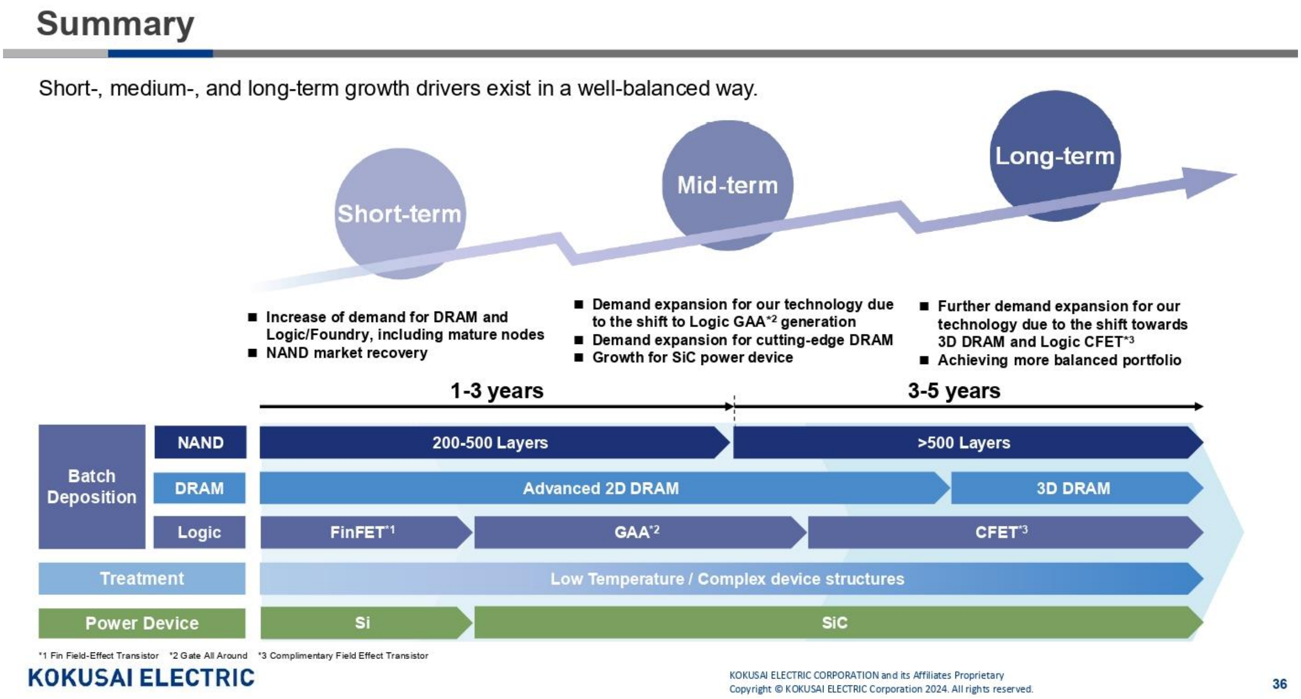
Page 35 is our ESG initiatives. Under our corporate philosophy, we are moving into a phase of upgrading the level of sustainability management throughout the Group. We will strengthen our efforts in both business and ESG aspects while becoming even more aware of our corporate social responsibility.



Finally, on page 36, we summarize the drivers for our future growth along with the development roadmap.

We believe that as the semiconductor devices become more multilayered than three dimensional, there will be more opportunities to take advantage of our expertise in batch ALD and in treatment.

In the short term, demand for DRAM and Logic, including mature node, will increase, followed by market recovery for NAND. In the medium term, sales expansion for Logic GAA generation, increased demand for leading-edge DRAM, and new products for SiC power devices will drive growth.

In the long term, there are inflection points such as the transition to 3D DRAM and Logic CFET. By providing products and services that meet the needs of each of these markets, we aim to realize a balanced portfolio and achieve medium- to long-term growth.

Regarding medium- and long-term initiatives, we would like to hold our first IR Day on the morning of June 18 to provide a detailed explanation.

We plan to invite a guest speaker from Applied Materials. Details will be announced shortly, and we sincerely hope for your attendance.

That covers my presentation. Thank you for your attention.