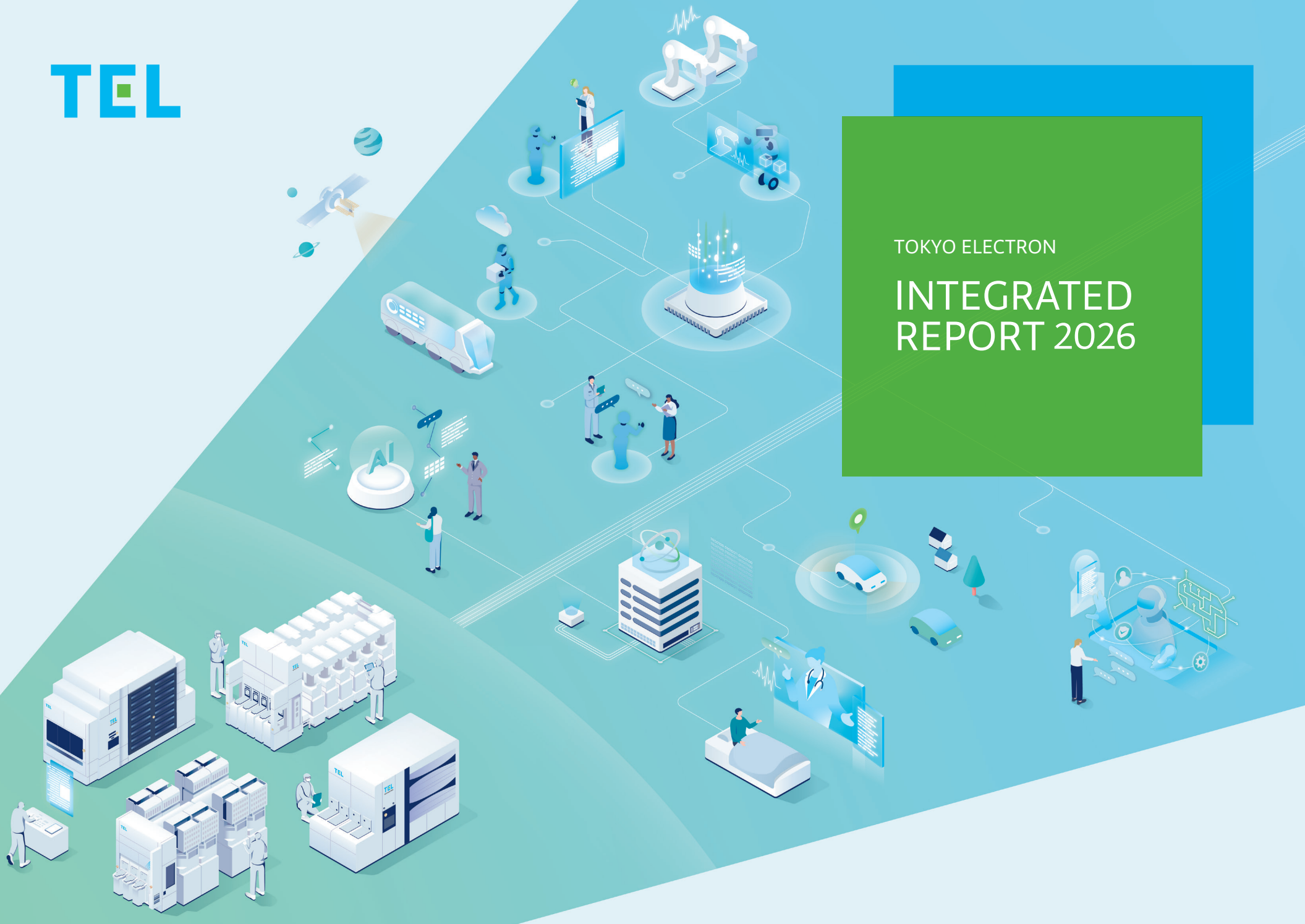




TOKYO ELECTRON

INTEGRATED REPORT 2026





Key Points for the Integrated Report 2026



Includes messages from each officer, such as the Corporate Officer and Division Officer, in addition to messages by the CEO and CFO, and explains business strategies and competitive advantages



Clearly relays corporate governance initiatives by including messages from the Chairman of the Board of Directors and newly appointed executives and the contents of a roundtable discussion with outside officers



Systematically organizes the value creation story and clearly states the key points for each chapter

Editorial Policy

Issuance of an Integrated Report

Tokyo Electron issues an integrated report for the purpose of reporting our medium- to long-term profit expansion and continuous corporate value enhancement. We are committed to accurately comprehending all of our stakeholders' demands and disclosing information in a timely and transparent manner, and we aim for even more enriching content.

Scope

This report and related data cover the entire Tokyo Electron Group (26 consolidated companies), with the exception of some domestic (Japan-exclusive) content.

Main Reference Guidelines

- IFRS Foundation: Integrated Reporting Framework
- SSBJ: Theme-based Sustainability Disclosure Standard No. 1 and No. 2
- Global Reporting Initiative (GRI): GRI Standards
- Ministry of Economy, Trade and Industry: Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation
- Ministry of the Environment, Government of Japan: Environmental Reporting Guideline 2018

Issued Date

September 2026

Period Covered

Fiscal 2026 (April 1, 2025 to March 31, 2026), some content also covers fiscal 2027

Contact

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Main Company-related Information Disclosures

Consolidated Financial Statements

www.tel.com/ir/library/consolidated-financial-statements/

Medium-term Management Plan

www.tel.com/ir/policy/mplan/

Data Book

www.tel.com/ir/library/db/

Integrated Report

www.tel.com/ir/library/ar/

Sustainability Website

www.tel.com/sustainability/index.html

Corporate Governance Guidelines and Report

www.tel.com/about/cg/index.html

Corporate Profile

www.tel.com/files/about/library/pv-8va20000001ffv-att/corporate_guide_e.pdf

Contents

Chapter 1 About Tokyo Electron

Corporate Principles System	4
CEO's Message	5
Company Overview	9
Semiconductor Manufacturing Process and Our Main Products	10
Highlights of Key Indicators for Continuous Corporate Value Enhancement	11

Chapter 2 Value Creation Story

Our Strengths	14
Value Creation Model	15
Medium-term Management Plan	17
Medium- to Long-term Outlook	23
Material Issues	25
Stakeholder Engagement	27

Chapter 3 Initiatives in the Value Chain

Research and Development	29
Procurement and Manufacturing	33
Sales	37
Installation and Maintenance Services	41

Chapter 4 Foundations Supporting Growth

Sustainability Operations	46	Digital Transformation (DX)	63
Intellectual Property and Other Intangible Assets	47	Information Security	64
Human Resources	48	Risk Management	65
Environment	52	Compliance	67
Human Rights	57	Engagement with Capital Markets	68
Supply Chain Management	59	Corporate Governance	69
Safety	61	Roundtable with Outside Officers	77
Quality	62		

Data Section

Financial Review	81
Consolidated Eleven-year Summary	85
Five-year Sustainability Summary	87
Evaluation from Third-party Institutions	89
Participation in Global Initiatives	89
Stock Information	90

Chapter 1

About Tokyo Electron

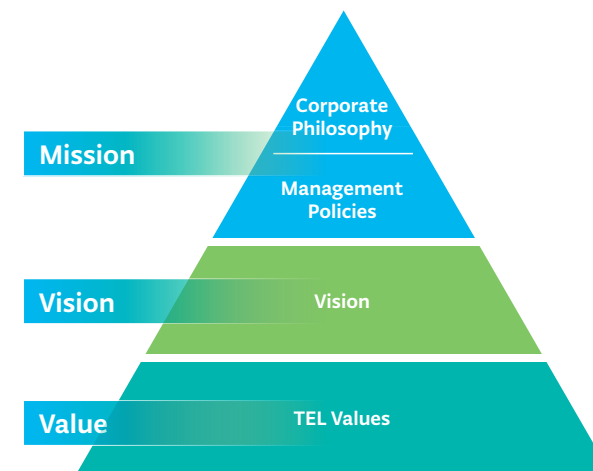
- 4 Corporate Principles System
- 5 CEO's Message
- 9 Company Overview
- 10 Semiconductor Manufacturing Process and Our Main Products
- 11 Highlights of Key Indicators for Continuous Corporate Value Enhancement



As a semiconductor production equipment manufacturer, Tokyo Electron has contributed to the development of the semiconductor industry and continued to grow along with it. By providing the Best Products with innovative technology in key semiconductor manufacturing processes and the Best Technical Service with high added value, we will put our Corporate Philosophy into practice and strive to become a truly excellent global company.

Corporate Principles System

The Corporate Principles system at Tokyo Electron summarizes the basis of our management style throughout our growth from the time since our founding in 1963 to the present day. From a medium- to long-term perspective, it expresses our mission as a company and the values and behaviors necessary to fulfill our goals, and consists of our Mission, Vision and Value.



Mission

Corporate Philosophy The purpose of our existence and mission in society

We strive to contribute to the development of a dream-inspiring society through our leading-edge technologies and reliable service and support.

Management Policies The logic that underscores general rules of management

Profit is Essential

The TEL Group aims to contribute to the development of society and industry and to the enhancement of corporate value while continually pursuing profit.

Employees

The TEL Group's employees both create and fulfill company values, performing their work with creativity, a sense of responsibility, and a commitment to teamwork.

Scope of Business

The TEL Group leads markets by providing high-quality products in leading-edge technology fields with a focus on electronics.

Organizations

The TEL Group builds optimal organizations that maximize corporate value in which all employees can realize their full potential.

Growth Philosophy

We will tirelessly take on the challenges of technological innovation to achieve continuous growth through business expansion and market creation.

Safety, Health, and the Environment

The TEL Group gives the highest consideration to the safety and health of every person connected with our business activities as well as to the global environment.

Quality and Service

The TEL Group strives to understand the true needs to achieve customer satisfaction and secure customer trust while continuously improving quality and service.

Social Responsibility

Feeling a strong sense of corporate social responsibility, we strive to gain the esteem of society and to be a company where our employees are proud to work.

Vision

Vision Medium- to long-term business aspirations based on our Corporate Philosophy and Management Policies

A company filled with dreams and vitality that contributes to technological innovation in semiconductors

Tokyo Electron pursues technological innovation in semiconductors that supports the sustainable development of the world.

We aim for medium- to long-term profit expansion and continuous corporate value enhancement by utilizing our expertise to continuously create high value-added leading-edge equipment and technical services.

Our corporate growth is enabled by people, and our employees both create and fulfill company values. We work to realize this Vision through engagement with our stakeholders.

Value

TEL Values Attitudes, codes of conduct, and values to be observed by each employee

Pride

We take pride in providing high-value products and services.

Ownership

We will keep ownership in mind as we think things through, and engage in thorough implementation in order to achieve our goals.

Awareness

We must have awareness and accept responsibility for our behavior as respectful members of society.

Challenge

We accept the challenge of going beyond what others are doing in pursuing our goal of becoming number one globally.

Teamwork

We respect each other's individuality and we place a high priority on teamwork.



We have established the TEL Values, as a foundation for our operations, and we will continue to develop them accordingly in the future.



"TEL Values" on our website www.tel.com/sustainability/management-foundation/human-resource/#values

CEO's Message



Toshiki Kawai

Representative Director,
President & CEO

I would like to begin by thanking all our stakeholders for their continued support and trust.

Since 1963, the year that Tokyo Electron was founded, we have achieved growth by contributing to the development of the semiconductor industry through our pioneering and innovative technologies, while quickly responding to changes in the business environment. We owe what Tokyo Electron is today entirely to the support of our stakeholders. We are working to expand medium- to long-term profit and to continuously enhance our corporate value by putting into practice our Corporate Philosophy of “We strive to contribute to the development of a dream-inspiring society through our leading-edge technologies and reliable service and support.”

The Past, Present, and Future of Semiconductors

Since the invention of the transistor in 1947, technological innovation in semiconductors has been the powerful driving force behind the growth of the information and communication technology (ICT) industry. Digital devices such as computers and smartphones have become widespread, and everyone now uses the internet and platform services. We have now entered an era in which AI harnesses the vast amounts of data accumulated through these services to create new value. Furthermore, the arrival of generative AI in recent years has led to continued growth

in the use of AI, and digital technology has become more closely intertwined than ever with our daily lives and industries of every kind.

The advancement of AI and the societal transformations that accompany it are often discussed in terms of an industrial revolution, but the industrial revolutions of the past have consisted of mechanizing and automating manual labor, while AI is automating intellectual labor and thought processes. The capabilities of modern AI are already a world apart from where they were just a few years ago, and with the emergence of agentic AI and physical AI, this technology is expected to evolve even further. Furthermore, in addition to conventional bit computing, the coming age of new computing that fuses quantum computing and neuromorphic computing, along with technological innovations such as 6G and 7G next-generation telecommunications standards, has the potential to transform our lives, making them even better.

“Digital & Green” and Technological Innovation in Semiconductors

However, to make this future a reality, there is an issue that must be overcome: power consumption. As AI becomes more pervasive, demand for AI data centers is rising rapidly. Conventional data centers were primarily built for storing large amounts of data and ensuring the stable operation of websites. AI data centers, on the other hand, specialize in ultra-large-scale computing. According to a report by the International Energy Agency (IEA), as AI data centers become more widespread, the amount of power consumed by data centers will increase by approximately 130% over current levels by 2030. CO₂ emissions may also increase by 80%.

These projections assume that renewable energy will meet roughly half of the increase in electricity demand from data centers, but even given that, CO₂ emissions are predicted to almost double over current levels. Data centers are now an important part of society's infrastructure, but that does not give us license to disregard their environmental impacts. It is important to pursue performance improvements, such as through ultra-high-speed computation and greater data transfer bandwidth, to make AI more convenient. At the same time, further action to mitigate global warming is increasingly required. The “Digital & Green” approach, which consists of achieving both the digitalization of society and decarbonization for the preservation of the global environment, has become a global movement and a shared value.

Technological innovation in semiconductors is vital to realizing this “Digital & Green” approach. Semiconductors are evolving in four directions: higher speed, larger capacity, superior reliability, and lower power consumption. There are two approaches to semiconductor production that can be used to achieve this. The first is scaling, which has become synonymous with the evolution of semiconductors. Scaling increases the integration density of semiconductors on a chip. The second is advanced packaging, which integrates various functions. AI semiconductors are made using both scaling and advanced packaging, and the semiconductor

CEO's Message

production equipment that supports these AI semiconductors is growing in importance. This market shows high promise for growth.

Tokyo Electron's Vision and Management Leveraging Its Strengths

Tokyo Electron manufactures and sells the equipment used to make these semiconductors. We are one of the world's leading suppliers of semiconductor production equipment.

Our Vision is to be "A company filled with dreams and vitality that contributes to technological innovation in semiconductors." Our Vision is rooted in TEL's Shared Value (TSV)¹. We will contribute to technological innovation in semiconductors that supports the "Digital & Green" approach by utilizing our expertise as a semiconductor production equipment manufacturer to continuously create high-value-added leading-edge equipment and technical services. We also consider profit to be an important measure of value in our products and services, so we pursue world-class profits. We aim for medium- to long-term profit expansion and continuous corporate value enhancement by using this profit for future growth investment. Our corporate growth is enabled by people, and our employees both create and fulfill company values. We work to realize this Vision through engagement with all of our stakeholders.

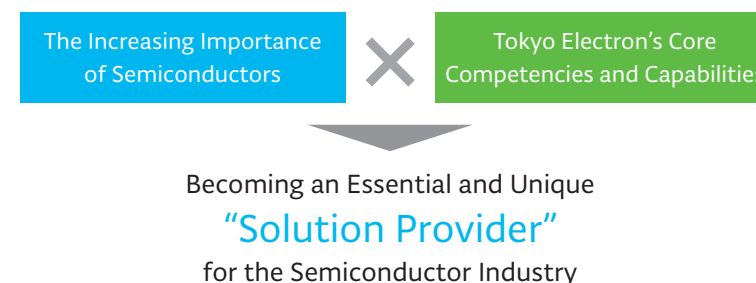
Our greatest feature is our expertise in leading-edge semiconductor manufacturing technologies and processes. Our equipment lineup covers a wide range of processes, from front-end processes, where minute transistors are formed, to advanced packaging. For many of these products, we command some of the world's top market shares. There are over 2,000 processes involved in the production of leading-edge semiconductors such as logic devices for AI. Led by our broad product lineup, which leverages our track record as the company with the industry's largest installed base (cumulative total of more than 100,000 units) and our patent holdings, the largest in the industry (with approximately 27,000 patents), we are continuously creating next-generation products with high added value in a timely manner.

Furthermore, under the "Manufacturing DX² with AI & Robotics" concept, which drives innovation in manufacturing sites, last December we released Epsira™, a solution that uses AI and robots to improve both equipment and field service productivity. We have already begun supplying some of Epsira™'s services for use in the mass production sites of major customers, and going forward, we will further accelerate our efforts to contribute to enhancing customer productivity.

As a solution provider that solves customers' issues and continues to contribute to ongoing technological innovation in semiconductors, we aim to become an indispensable and unique solution provider for the global semiconductor industry.

¹ TSV: This is the Creating Shared Value (CSV) approach adapted to the Tokyo Electron Group's business. The CSV approach aims to create social and economic value, enhance corporate value, and realize sustainable growth by leveraging company expertise to address social issues.

² DX: Digital Transformation



Progress of the Medium-term Management Plan

As part of our Medium-term Management Plan for realizing our Vision, we have set fiscal 2027 financial targets for an operating margin of 35% or more and return on equity (ROE) of 30% or more, with net sales of 3 trillion yen or more.

Over the past decade, our net sales have grown fourfold and our operating income has grown sevenfold. What is more, due to the recent strong demand for semiconductors for use in AI servers, we have received many business inquiries regarding investment in leading-edge devices, and achieving net sales of 3 trillion yen or more is now within sight. It also appears likely that we will reach an ROE of 30% or more due to increases in net profit and improvements in capital efficiency. However, our business environment is changing dramatically. These changes include regulations and tariffs associated with U.S.-China tensions, the impacts of geopolitical developments such as conflict in the Middle East and the protracted Russia-Ukraine war, global inflation and currency fluctuations, and changes in customer investment plans. This has made achieving our operating margin target a challenge.

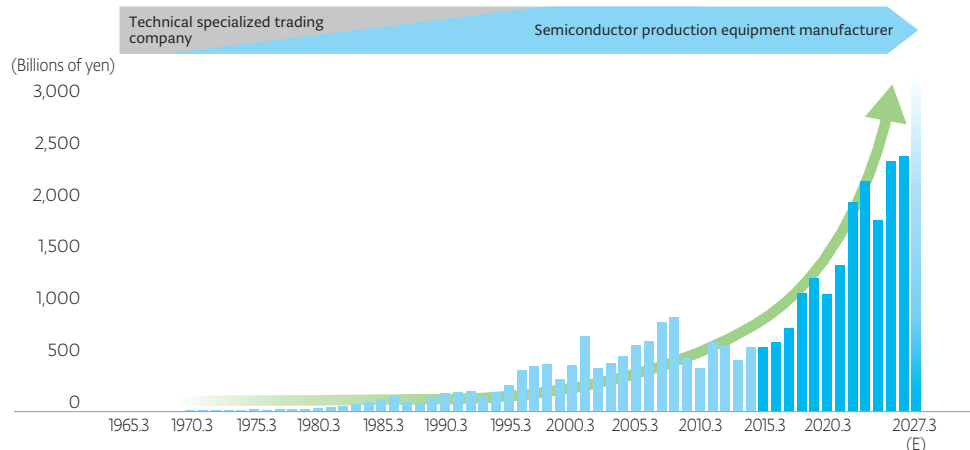
Within this business environment, it is important that we study and pursue earning power and that we adapt appropriately to the changing times. Through the steady progress we have made so far, reaching 1 trillion yen in operating income is within our sights, but to further improve our operating margin, we must focus on the following five key initiatives: (1) continuously providing next-generation equipment with high added value (strong "next-generation products"), (2) upgrading the installed equipment, (3) deploying advanced field solutions that leverage AI and robotics, (4) pursuing efficiency through "One-touch Start-up," which cuts equipment start-up times in half, and (5) revising prices appropriately with respect to

CEO's Message

cost increases caused by inflation.

We have also established, and are currently implementing, a growth investment plan to refine our strengths and maximize future growth opportunities. We plan to spend 1.5 trillion yen or more on R&D investment and 700 billion yen or more on capital expenditures while recruiting 10,000 employees globally, over five years from fiscal 2025. Through our investment in growth businesses and our efficiency improvements in existing businesses, we will constantly pursue a world-class operating margin and engage in appropriate capital allocation while working toward an ROE of 30% or more from a capital efficiency perspective.

Consolidated Net Sales



Human Resources Initiatives

Our corporate growth is enabled by people, and our employees both create and fulfill company values. As CEO, I believe that one of my most important missions is to increase employee motivation and engagement with the company so that they can fully exercise their capabilities, so I lead us in practicing motivation-oriented management centered on the following five points.

Five Points of Motivation-oriented Management

1 Awareness that our company and work contribute to the development of industry and society

- TEL's Shared Value: Contribution to technological innovation in semiconductors that will support digitalization and decarbonization for preservation of the global environment
- Aim to achieve net zero emissions by 2040 through our E-COMPASS activities

2 Dreams and expectations of the Company's future

- Expansion of business in the semiconductor production equipment industry, for which there are strong expectations of future growth
- High financial targets (net sales of 3 trillion yen or more, an operating margin of 35% or more, and ROE of 30% or more), Group-wide pursuit of a world-class operating margin

3 Opportunities to take on challenges

- Investment in growth, such as through active R&D investment (growth investment plan of investing 1.5 trillion yen or more on R&D investment and 700 billion yen or more on capital expenditures while recruiting 10,000 employees globally over the five-year period starting in fiscal 2025)

4 Fair evaluations that recognize employee efforts and globally competitive rewards

- Adoption of a performance-linked compensation system

5 Workplace with an open atmosphere and positive communication

- Regular communication between employees and senior management, including through employee meetings and roundtable discussions (in 26 sites, both domestic and global, over a three-year period)

We also recognize the importance of a diverse workforce, and we promote diversity, equity and inclusion from the perspectives of "Global," "Generation," and "Gender" (the "3G perspectives"). We provide various career paths and strive to enrich our training programs to support employee growth.

As a leading company in this industry, we are actively engaged in the education of students, researchers, and others responsible for the future of the semiconductor industry, as we consider this part of our mission. We will contribute to the sustainable development of the semiconductor industry by helping to develop the next generation of semiconductor talent. We will do this by supporting various industry-academia collaborations, including by participating in the U.S.-Japan University Partnership for Workforce Advancement and Research & Development in Semiconductors (UPWARDS).

CEO's Message

Environmental Initiatives

As the importance of preserving the global environment continues to grow in society, we are working to reduce environmental impact, and above all achieve decarbonization, in all of our business activities to contribute to the realization of a sustainable society. We have set ourselves the goal of net zero greenhouse gas emissions by 2040, and we are working toward this goal in various ways. We are reducing CO₂ emissions when customers use our products. We are reducing the environmental impact of logistics by reducing the amount of wooden packaging materials we use and carrying out a modal shift. Each plant and office is promoting the use of renewable energy and reducing resource consumption.

In addition to working to reduce our own emissions, we are also working with our customers and partner companies to reduce environmental impacts across the entire product lifecycle³. As part of this, we are implementing the E-COMPASS⁴ initiative, which focuses on the environment, to achieve technological innovation in semiconductors, and reduce their environmental impact throughout the entire supply chain.

³ Product lifecycle: The value chain from product planning, development, and design, through procurement, manufacturing, logistics, customer use, maintenance and service, to disposal

⁴ E-COMPASS: Environmental Co-Creation by Material, Process and Subcomponent Solutions

"Double-offensive" Governance

We conduct management based on the fundamental stance of "double-offensive governance," with the aim of expanding profits in the short, medium, and long term and continuously enhancing corporate value. The first "offensive" refers to an aggressive style of business activities. We consider profit to be an important measure of value in our products and services, so we always pursue a world-class operating margin and ROE of 30% or more by providing the Best Products with innovative technology, and the Best Technical Service with high added value.

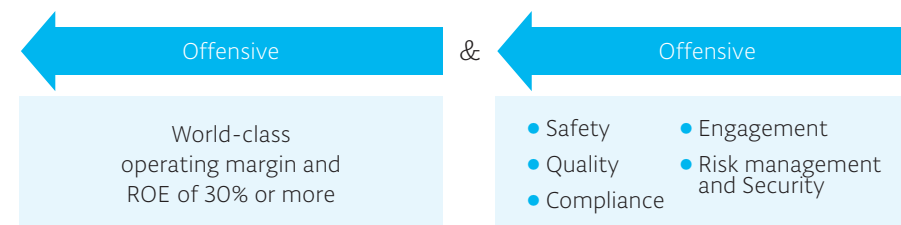
The second "offensive" refers to an aggressive style of building a management foundation. Fundamental to all corporate activities is the strengthening and enhancement of safety, quality, legal compliance, engagement with employees and other stakeholders, and security, and we aim to make them our own strengths. "Safety First" is an especially high priority for us. We monitor the safety of workplace environments using TCIR⁵, the number of workplace incidents per 200,000 work hours. In fiscal 2026, our TCIR was 0.22, which puts us in the top class among companies in the semiconductor production equipment industry. Our products already achieve a very high level of safety in terms of their specifications, and we are advancing initiatives, including a Group-wide safety campaign, to further reduce incidents

caused by human and behavioral factors.

Our corporate growth is enabled by people, and our employees both create and fulfill company values. That is why we want to be a company that employees want to work at over the long term. Our turnover rate in Japan is 0.9%, and globally it is 2.2%. Both of these are notably low turnover rates for the semiconductor production equipment industry. The semiconductor industry struggles with a shortage of semiconductor talent, but we believe that, from a human capital management perspective, developing and utilizing our people from a medium- to long-term perspective is one of our great strengths.

⁵ TCIR: Total Case Incident Rate

"Double-offensive" Governance



Aiming to Become a Company That Is Cherished and Trusted by All Stakeholders

Semiconductors are creating a prosperous future and continuing to evolve, and the semiconductor production equipment market that supports them has now entered a new growth phase. To achieve our goal of becoming number one globally, we will continue to take on challenges and evolve, create high-value-added technologies that the world has never seen and only we can, and provide them to society. We will contribute to realizing the "Digital & Green" approach and evolve into an essential "Solution Provider" for the semiconductor industry and a truly excellent global company that the world needs. At the same time, we will strive to remain a company that is cherished and deeply trusted by all stakeholders and filled with dreams and vitality.

I sincerely appreciate your continued support and trust.

Representative Director,
President & CEO

Company Overview

Tokyo Electron operates worldwide as a leading company in the semiconductor production equipment industry. By providing the Best Products, Best Technical Service, we are aiming for medium- to long-term profit expansion and continuous corporate value enhancement. We are also practicing our Corporate Philosophy by contributing to the development of a sustainable society through our business.

Number of Sites

(As of April 1, 2026)

Overseas
20 companies at 72 sites in 17 countries and regions

Japan
6 companies at 30 sites

Worldwide total (consolidated)
26 companies* at 102 sites in 18 countries and regions

* Group companies in the process of being wound up are not shown on the map.

■ Head Office ■ Branch, Office (including Field Service), Sales Office

History

1963

Tokyo Electron Laboratories, Inc. is established with capital from Tokyo Broadcasting System, Inc.



1964

Tokyo Electron Laboratories acquires importing and selling rights for diffusion furnace manufactured by Thermco Products Corp. (U.S.) and begins sales



1968

TEL-Thermco Engineering Co., Ltd. begins domestic production of diffusion furnaces



1978

Tokyo Electron Laboratories, Inc. renamed Tokyo Electron Ltd.

1980

Listed on the Second Section of the Tokyo Stock Exchange



1984

Listed on the First Section of the Tokyo Stock Exchange



1986

Export of semiconductor production equipment begins

1990s

Enhanced the Group structure in Japan by, for example, establishing service and manufacturing companies, and set up overseas subsidiaries throughout the world to globalize operations

1990

Tokyo Electron (TEL) marks a major move into development and marketing of flat panel display production equipment

1994

Started direct sales and support systems overseas

1999

Category of industry on the Tokyo Stock Exchange First Section changed from "Wholesale Trade" to "Electric Appliances"

2006

Formulated "TEL Values" as the Company's code of conduct

2007

Established "TEL UNIVERSITY" to strengthen human resource development



2015

Formulated Tokyo Electron Corporate Governance Guidelines

Re-emerged as the New TEL (Vision, Medium-term Management Plan formulated and new Corporate Logo created)

2021

Began publishing integrated reports

2022

Listed on the Prime Market of the Tokyo Stock Exchange



Formulated the new Vision and Medium-term Management Plan
Introduced "Technology Enabling Life" as the corporate message

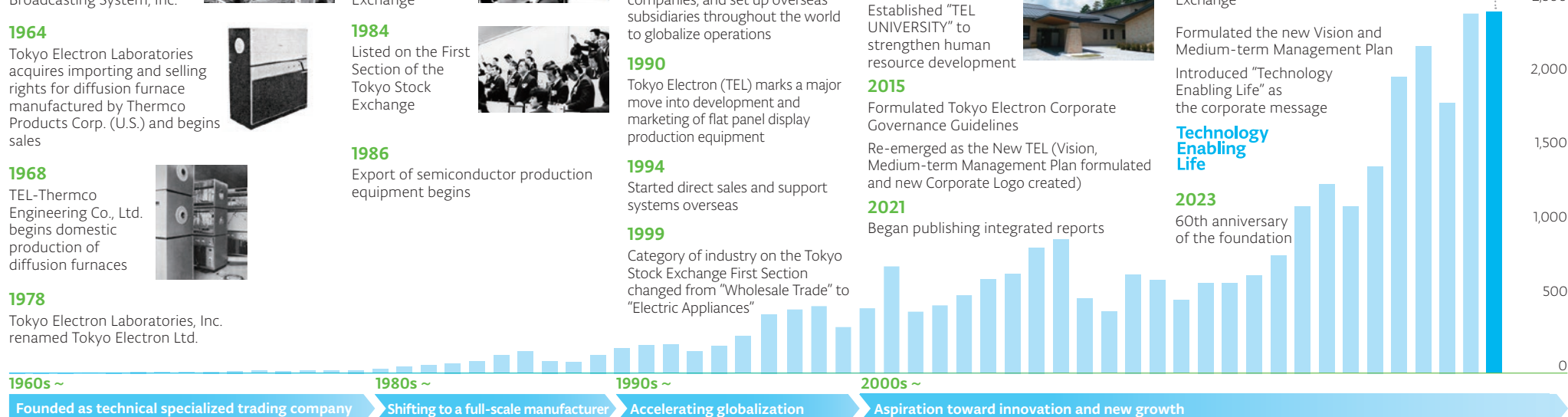
Technology Enabling Life

2023

60th anniversary of the foundation

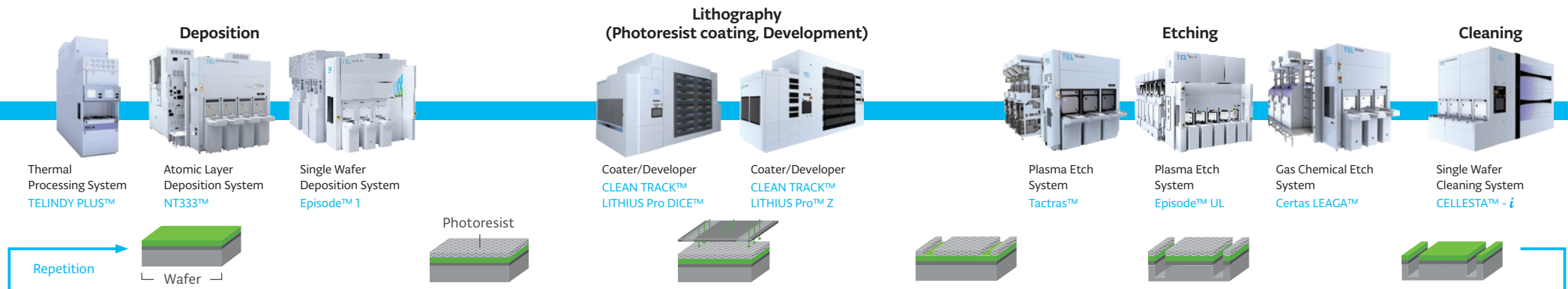
Net Sales
2,443.5 billion yen
Fiscal 2026

(Billions of yen)



Semiconductor Manufacturing Process and Our Main Products

■ Wafer Process (Frontend) ■ Assembly and Test Process (Backend)



Film Deposition

Thin films such as silicon dioxide, silicon nitride, metal and others are deposited by thermal oxidation, CVD¹ and/or ALD² on the wafer surface.

- 1 CVD: Chemical Vapor Deposition
2 ALD: Atomic Layer Deposition

Photoresist³ Coating

While the wafer is rotated at a high speed, a thin layer of photoresist is coated uniformly on its surface.

- 3 Photoresist: A light-sensitive material that changes its properties when exposed to ultraviolet (UV) light.

Exposure

To transfer the integrated circuit pattern onto a wafer, equipment called stepper irradiates UV light on the photoresist layer through a patterned photomask aligned over the wafer.

Development

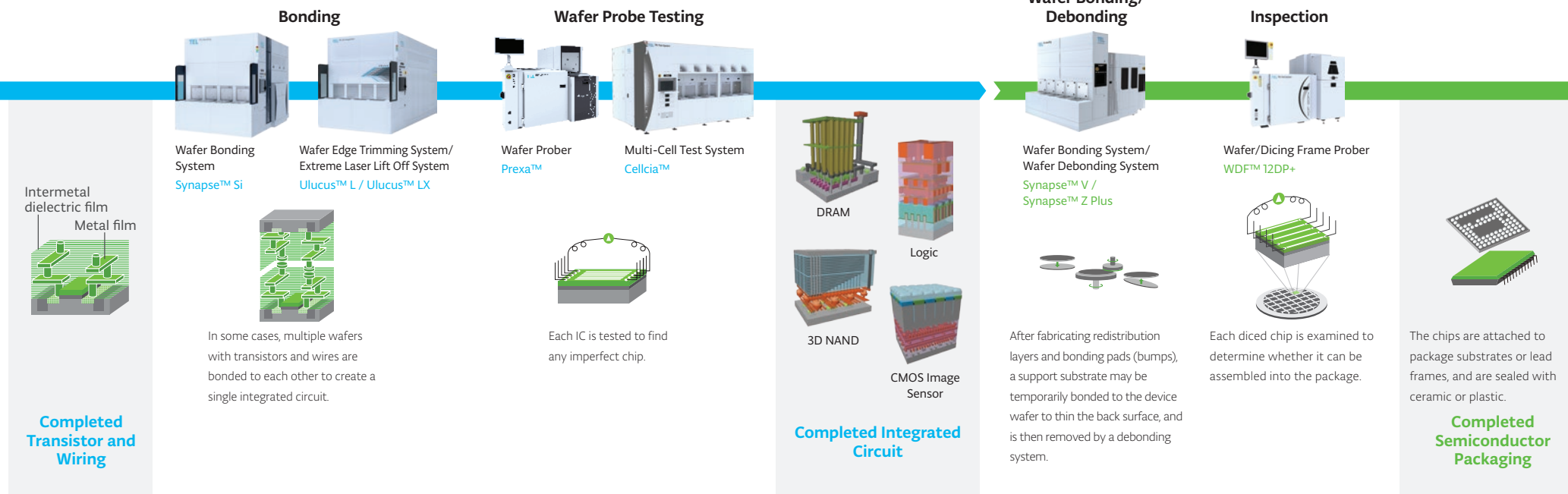
Developing exposed photoresist leaves a particular pattern on a wafer according to the reticle (photomask) being used.

Etching

A plasma etch system or plasma-less gas chemical etch system etches the dielectric silicon dioxide, silicon nitride, silicon, or other material, guided by the pattern created using lithography, to form the required patterns.

Ashing/Cleaning

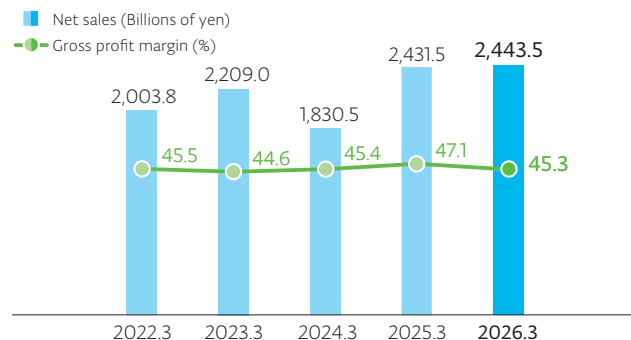
In a post-etch process, the residual photoresist is removed, and the wafer is soaked into chemical solvents to remove particles and impurities on the wafer.



Highlights of Key Indicators for Continuous Corporate Value Enhancement

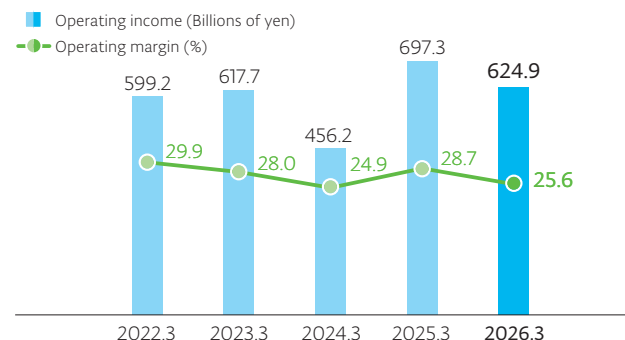
At Tokyo Electron, policies and various judgments are made for our business activities by clarifying, monitoring and analyzing management indicators, which are important for medium- to long-term profit expansion and continuous corporate value enhancement.

Net Sales and Gross Profit Margin



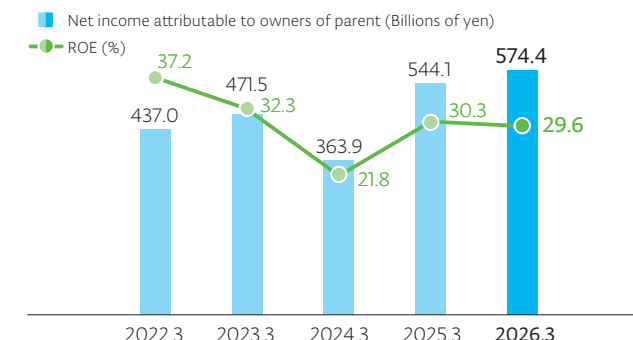
Supported by robust equipment sales driven by active capital investment in cutting-edge fields as well as increased sales of parts and services for modification and maintenance in conjunction with higher utilization rates at customer plants, net sales reached a record high for the second consecutive fiscal year.

Operating Income and Operating Margin



Although the operating margin declined from the previous fiscal year, in anticipation of significant market growth starting in the next fiscal year, we actively promoted research and development activities aimed at introducing high-value-added products that support semiconductor technological innovation.

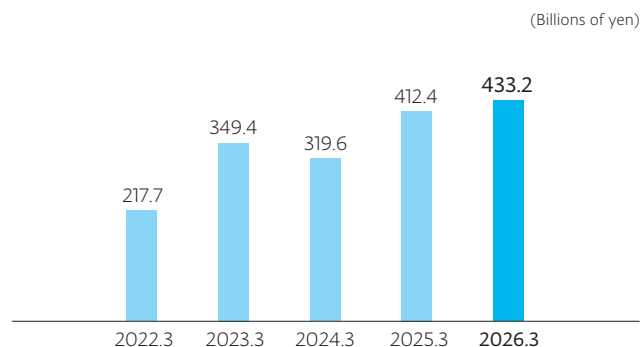
Net Income Attributable to Owners of Parent and ROE¹



We maintained ROE at a high level as a result of record-high net income attributable to owners of parent and appropriate balance sheet management.

¹ ROE = Net income attributable to owners of parent / Average total equity × 100

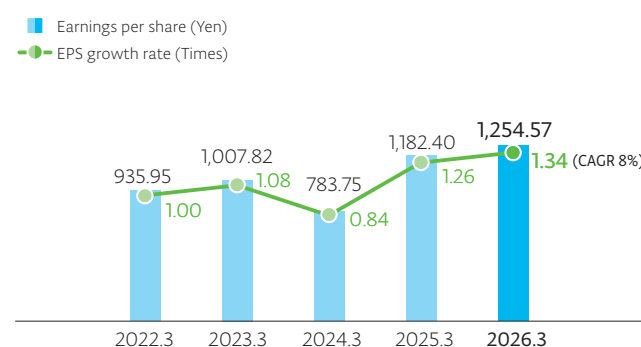
Free Cash Flow²



We continued to use cash flows from operating activities as a source of funds for growth investment. We sold some strategic shareholdings to increase capital efficiency. Free cash flow reached a record high.

² Free cash flow = Cash flows from operating activities + Cash flows from investing activities (excluding changes in time deposits and short-term investments)

Earnings per Share (EPS)³ and EPS Growth Rate⁴

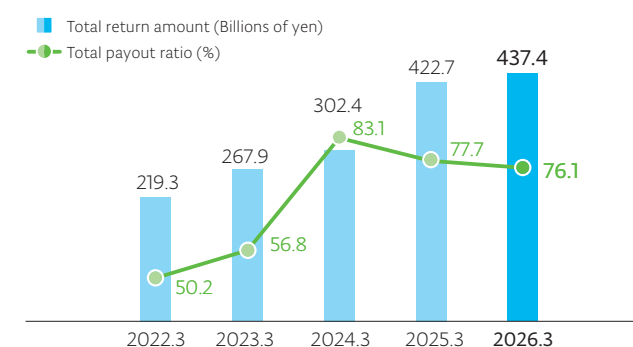


Earnings per share is steadily growing, and the compound annual growth rate (CAGR) over the past five years was 8%.

³ Figures reflect the stock split implemented on April 1, 2023.

⁴ EPS growth rates for each period are indicated in multiples with fiscal 2022 as the reference year.

Total Return Amount and Total Payout Ratio



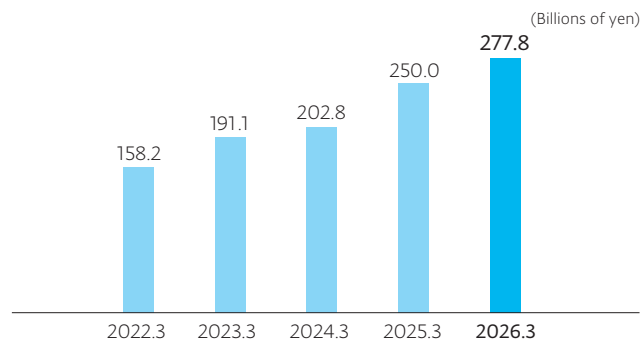
The total return amount reached 437.4 billion yen, a record high, as a result of the payment of dividends based on our shareholder return policy of a payout ratio of 50%⁵ and share repurchases⁶.

⁵ However, we will ensure the amount of annual dividend per share is not less than 50 yen and will consider reviewing the dividend policy if net income is not generated for two consecutive fiscal years.

⁶ Will be considered flexibly. Note that amounts necessary for share repurchases constituting less than one unit are excluded.

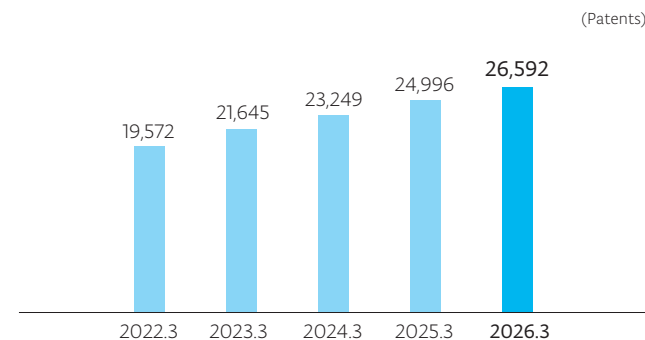
Highlights of Key Indicators for Continuous Corporate Value Enhancement

R&D Expenses



We made R&D investment of 277.8 billion yen in fiscal 2026 and are making steady progress toward achieving the target of 1 trillion yen or more set out in the Medium-term Management Plan. As further growth investments, we are investing 1.5 trillion yen or more in R&D over the five years from fiscal 2025.

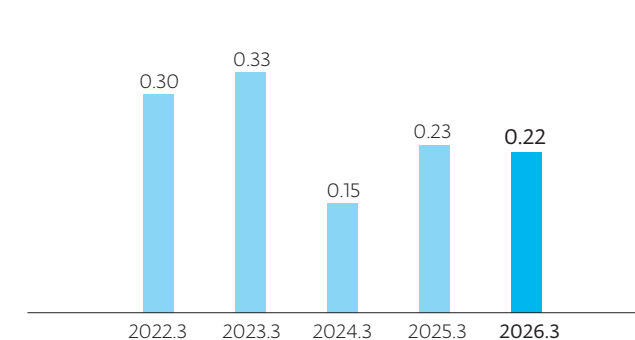
Patents Owned¹



In terms of number of patents owned, we are No. 1 in the semiconductor production equipment industry with 26,592 patents owned as of the end of March 2026. We built a competitive intellectual property portfolio in terms of both quantity and quality, maintaining a competitive advantage in the intellectual property field on a global level.

¹ Figures for fiscal 2022 are based on our database; figures for fiscal 2023 and beyond are based on LexisNexis® PatentSight+ database.

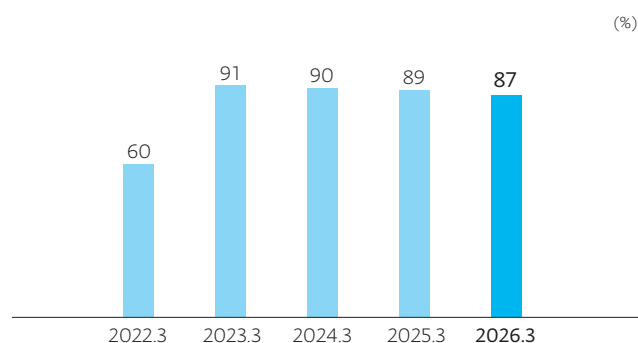
Workplace Incidents per 200,000 Work Hours (TCIR²)



As a result of increased safety awareness due to the implementation of safety campaigns and the continuous efforts relating to equipment safety design, we achieved a TCIR of 0.22 in fiscal 2026. With "Safety First" as our slogan, we are pushing ahead with various activities towards achieving the target in our Medium-term Management Plan of less than 0.10.

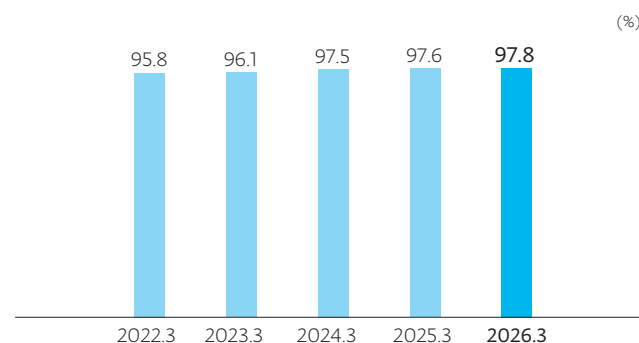
² TCIR: Total Case Incident Rate

Renewable Energy Usage at Plants and Offices



The global renewable energy usage rate in fiscal 2026 was 87% (100% in Japan) due to increased electric power consumption in Asia, where renewable energy usage rates are low. We are introducing renewable energy with the aim of achieving a 100% renewable energy usage rate by fiscal 2031.

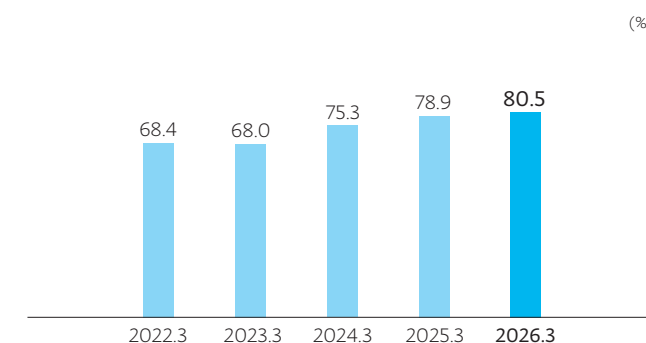
Employee Retention Rates³



Our employee retention rate stayed high at 97.8% on a global basis in fiscal 2026. Recognizing that our employees both create and fulfill company values, we continued to effectively develop initiatives aimed at further improving employee engagement.

³ Calculated using data on turnover rate

Annual Paid Leave Utilization Rate

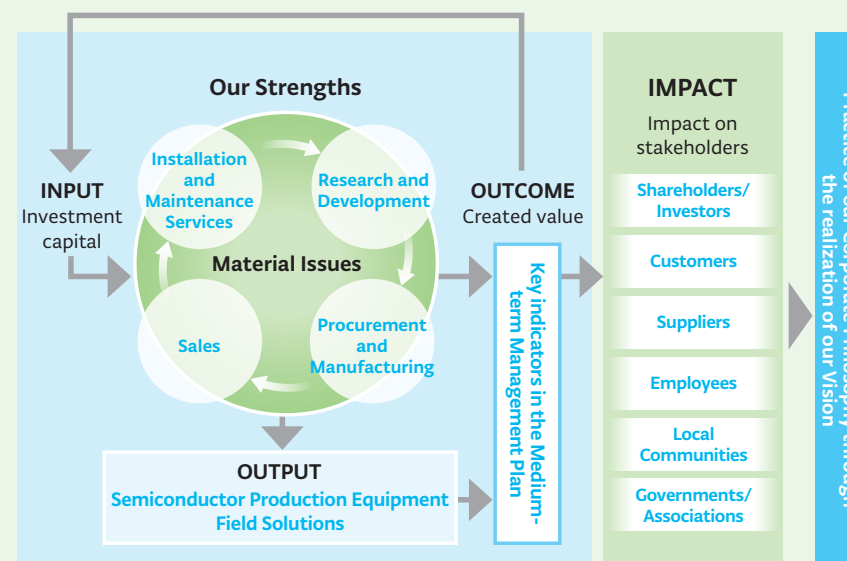


The annual paid leave utilization rate was 80.5% on a global basis in fiscal 2026. Utilization rates are reported periodically to managers and we are promoting the creation of working environments that make it easy for individuals to utilize leave such as by making adjustments to work allocation.

Chapter 2

Value Creation Story

- 14 Our Strengths
- 15 Value Creation Model
- 17 Medium-term Management Plan
- 23 Medium- to Long-term Outlook
- 25 Material Issues
- 27 Stakeholder Engagement

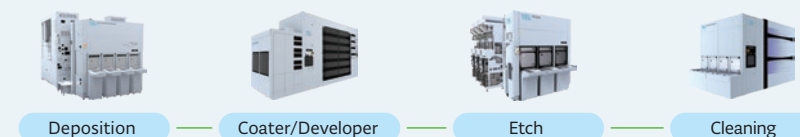


Leveraging our unique strengths, we are advancing business activities anchored around material issues to achieve our Medium-term Management Plan and drive further growth. By working steadily to fulfill our roles and responsibilities in society, we strive to build a solid relationship of mutual trust with our stakeholders and to expand medium- to long-term profit and continuously enhance our corporate value.

Our Strengths

We aim to achieve further growth by continuing to take on challenges and evolve, while further refining the strengths we have cultivated to date and making full use of them as competitive advantages in our business activities.

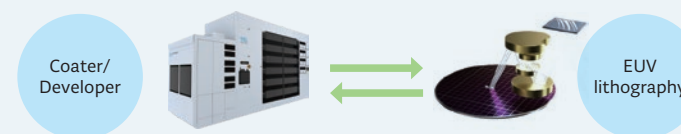
The manufacturer with **advanced products for the four key processes** necessary for semiconductor scaling: deposition, coater/developer, etch, and cleaning



100% share¹ of coater/developer for EUV² lithography, which are necessary for semiconductor evolution

¹ Tokyo Electron's estimate

² EUV: Extreme Ultraviolet. A semiconductor industry term for an exposure technology that uses a specific wavelength of 13.5 nm.



Our product lines hold strong positions in their respective segments, all of which have achieved **leading** market shares³

³ Tokyo Electron's estimate

⁴ Our product lines in respective segments: Diffusion furnace includes thermal processing, batch deposition includes ALD (Atomic Layer Deposition) and CVD (Chemical Vapor Deposition), metal deposition includes single wafer deposition, and cleaning includes single wafer cleaning and batch cleaning.



Technical service and marketing developed based on relationships of absolute trust with customers and our **industry-leading**⁵ installed base

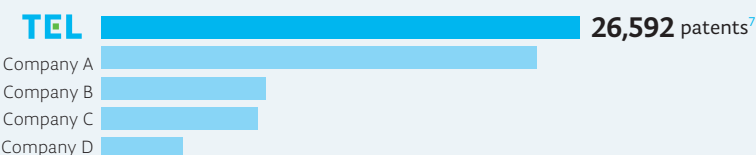
⁵ Tokyo Electron's estimate

⁶ As of the end of March 2026

Industry-leading⁵ installed base (cumulative)
approximately **100,000** units⁶
Increasing by approximately
4,000-6,000 units⁶ annually

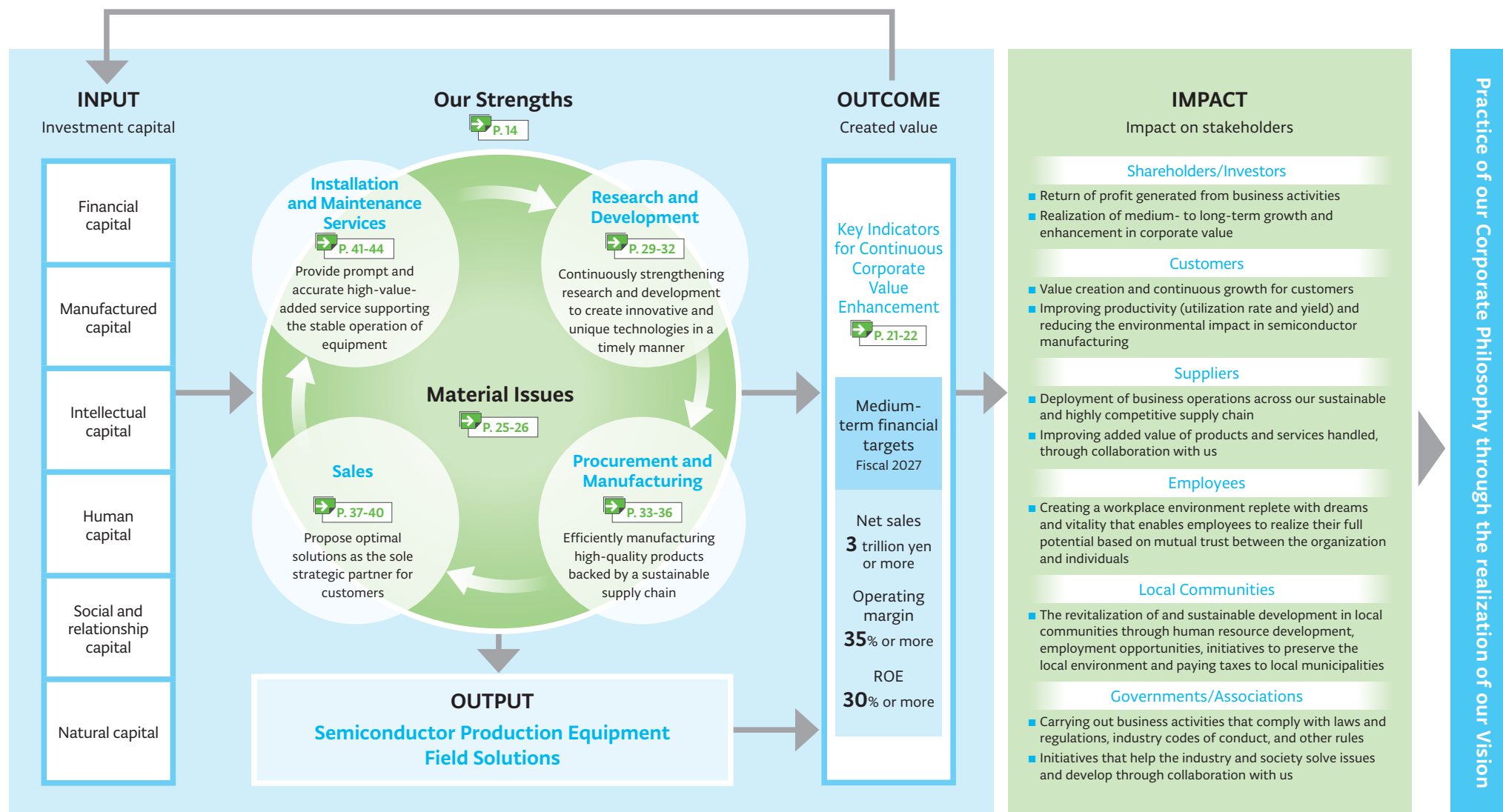
No. 1 globally in patents owned in the semiconductor production equipment industry

⁷ As of the end of March 2026. The figure is based on LexisNexis® PatentSight+ database.



Value Creation Model

Utilizing the capital we hold to the maximum capacity (INPUT) while leveraging our strengths, we implement the value chain of our business activities anchored around material issues. We offer the value created (OUTCOME) from this process to our stakeholders. By practicing our Corporate Philosophy through the realization of our Vision, we aim to expand medium- to long-term profit and to continuously enhance our corporate value.



Value Creation Model

The results for INPUT (investment capital) and OUTCOME (created value) for fiscal 2026 are as follows.

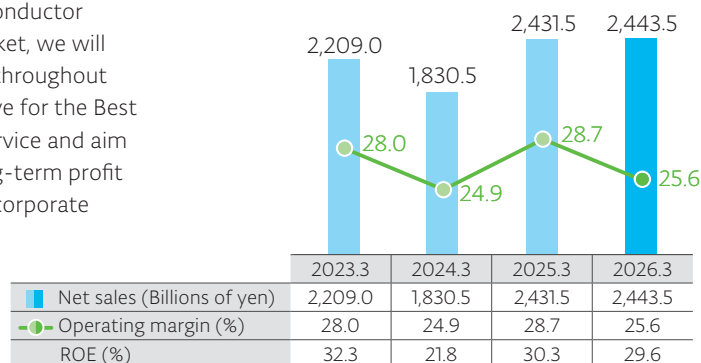
Capital	INPUT (investment capital) Fiscal 2026	OUTCOME (created value) Fiscal 2026
Financial capital	- Net assets 2,069.9 billion yen - Equity ratio 71.5% - Total assets 2,860.9 billion yen	- Net sales 2,443.5 billion yen - Operating margin 25.6% - Net income 574.4 billion yen - ROE 29.6% - Total annual dividend 287.4 billion yen (dividend payout ratio: 50.1%)
Manufactured capital	- Manufacturing sites 9 total (6 in Japan and 3 overseas) - Manufacturing-related capital investment, such as new plant buildings and manufacturing equipment - Component standardization and leveling production - Many years of know-how and proven performance in manufacturing operations - Manufacturing core system	- Cumulative number of equipment installations Approximately 100,000 units (annual shipment volume of approximately 4,000 units) - High-quality and superior-reliability products incorporating leading-edge technologies - Safety-first operation: TCIR 0.22 - Reduction of production lead times
Intellectual capital	- R&D sites 19 total (8 in Japan and 11 overseas) - R&D investment 277.8 billion yen - A high level of expertise in numerous areas, and the ability to fuse this knowledge together to create new products - Broad-ranging knowledge and integrated technological capabilities in semiconductor manufacturing processes - Customer requests and technology trends - Equipment-related data accumulated through digital technology and knowledge management	- Innovative, high-value-added unique technologies - A comprehensive product lineup with leading market shares¹ - Optimal solutions for semiconductor manufacturing - Number of patents owned 26,592 (Increase in the number of patents owned 1,596) - High-quality and highly efficient service ¹ Tokyo Electron's estimate
Human capital	- Number of employees 20,236 - Proportion of engineers 68.9% - Human resources possessing knowledge in a variety of specialized fields - Personnel able to perform globally - Human resource development through TEL UNIVERSITY	- Retention rate² 97.8% - Improvement in desire for growth and demonstration of the challenge spirit in employees, who both create and fulfill company values - Building of relationships of trust with stakeholders by employees with a high level of engagement - Ratio of female managers³ 6.8% ² Calculated using data on turnover rate ³ Include experts and employees reemployed after retirement
Social and relationship capital	- Relationship of mutual trust with customers built through many years of performance records - Strong partnerships with our suppliers - Foundation for business activities in local communities - Collaboration with other companies in the industry through industry associations	- Percentage of respondents who selected "Very Satisfied" or "Satisfied" in the Customer Satisfaction Survey⁴ 100% - Creating employment opportunities in and paying taxes to local municipalities and nations where we carry out business activities - Number of TEL FOR GOOD⁵ programs 285 ⁴ For each question, the average score is calculated for all customers who responded ⁵ The brand name for Tokyo Electron's social contribution activities
Natural capital	- Energy consumption 620,995 MWh - Water consumption 2,077 thousand m³	- Own CO₂ emissions 64% reduction (compared to fiscal 2019, reduction of 111 kilotons due to the introduction of renewable energy, etc.) - CO₂ emissions from product use (per wafer) 11% reduction (compared to fiscal 2022) - Waste recycling rate 98.5%

Medium-term Management Plan

Financial Targets

Tokyo Electron formulated the Medium-term Management Plan in fiscal 2023 and set financial targets of net sales of 3 trillion yen or more, an operating margin of 35% or more, and ROE (return on equity) of 30% or more by fiscal 2027 with the aim of further improving our world-class operating margin and ROE.

Amid the expectation of further growth in demand for semiconductors and significant future growth in the semiconductor production equipment market, we will advance various initiatives throughout the value chain, always strive for the Best Products, Best Technical Service and aim to achieve medium- to long-term profit expansion and continuous corporate value enhancement.



Main Initiatives

- In line with growing AI-related demand, accelerate the deployment of equipment for cutting-edge applications, an area of strength for the Company, and capture expanding business opportunities in field solutions
- Introduce next-generation products with high added value required in the future by our customers into the market as early as possible while providing superior technological services
- Implement proactive growth investments (R&D spending and capital expenditures)
- Work to sell parts, perform upgrades and modifications, and improve utilization rates based on equipment installations, endeavor to resolve issues such as yield improvement for the devices that our customers produce, and expand profit in the after-market by providing these advanced field solutions
- Implement environmentally-focused E-COMPASS initiatives and carry out activities for achieving semiconductor technological innovation and reducing environmental impact throughout the entire supply chain
- Promote digital transformation (DX) and reinforce organizational systems to enhance operational efficiency and create new added value

CFO's Message



Hiroshi Kawamoto

Senior Vice President & General Manager
Chief Financial Officer
Division Officer, Finance Division

Tokyo Electron will implement the following strategies and measures to realize its Vision and achieve its financial targets, while also contributing to the enhancement of corporate and shareholder value through engagement with capital markets.

1 Growth Strategy

- Set medium-term financial targets for net sales of 3 trillion yen or more, an operating margin of 35% or more, and ROE of 30% or more by fiscal 2027
- Pursue high capital efficiency, including improving ROE, by further enhancing asset efficiency and striving to expand cash flow
- Utilize the cash we have generated for growth investments and investment in human resources to generate technological innovation in semiconductors that supports the sustainable development of society

In fiscal 2026, with growth of the semiconductor market driven by factors such as increased AI demand for data centers, we achieved a record high of 2,443.5 billion yen in net sales and 574.4 billion yen in net income, while ROE reached 29.6%. We have also been investing in capital for growth to improve production capabilities for meeting further growth in demand for semiconductor production equipment, and improve technical capabilities for future semiconductor manufacturing processes. As part of this, we have completed construction of new development buildings at Tokyo Electron Miyagi and Tokyo Electron Kyushu, and construction of the Tohoku Production and Logistics Center at Tokyo Electron Technology Solutions.

Going forward, against the backdrop of the transition to a data-driven society, and expansion of the semiconductor market for AI applications to enhance productivity and create new value, the semiconductor production equipment market is expected to continue growing over the medium to long term. We will therefore continue implementing growth investments to enhance our development capabilities.



Development Building No. 3,
Tokyo Electron Miyagi



Process Development Building,
Tokyo Electron Kyushu



Tohoku Production and Logistics Center,
Tokyo Electron Technology Solutions

Medium-term Management Plan | CFO's Message

2

Financial Strategy

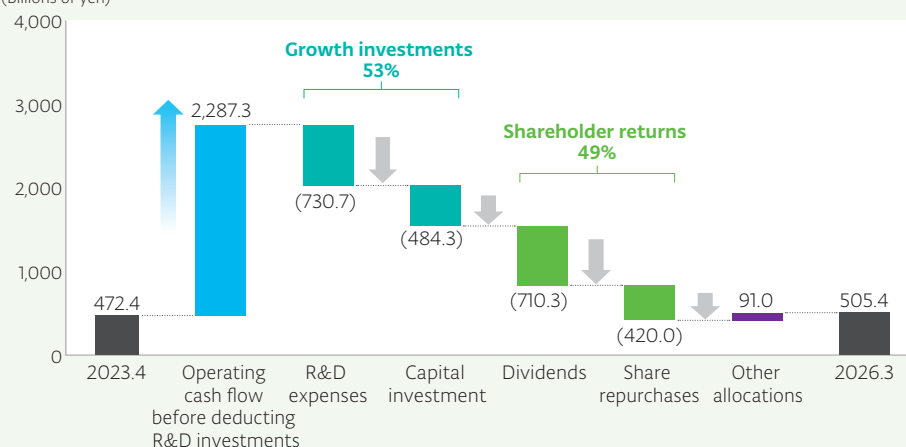
- Stabilize management by securing working capital for anticipated business expansion
- Maintain a solid financial position
- Pursue appropriate cash allocation and balance sheet management

We have achieved considerable growth over the years as a leading company in the semiconductor production equipment industry. We will continue to effectively utilize our cash for our next growth investments as we work to improve our medium- to long-term corporate value.

In terms of cash allocation over the past three fiscal years, we generated a cumulative total of 2,287.3 billion yen in operating cash flow before deducting R&D investments. We invested roughly 53% of this figure in growth (R&D and capital investment) and allocated 49% for shareholder returns (dividends and share repurchases). We will continue to allocate cash in a balanced manner to achieve sustainable corporate growth while providing greater shareholder value.

■ Cash Allocations (cumulative for past three fiscal years)

(Billions of yen)



3

Capital Policy

- Accurately understanding our own corporate value and evaluating stock prices and market capitalization
- Achieving an optimal capital structure with awareness of capital cost and capital profitability
- Executing continuous and aggressive returns to shareholders based on the expansion of cash flow

Backed by our recent strong profit growth and expectations for further growth in the future, our market capitalization has remained at a high level, reaching 17,558.8 billion yen as of the end of fiscal 2026. Our price/book value ratio (PBR) was also about 8 or higher as of the end of fiscal 2026. With capital markets rating us highly for corporate value, we experienced strong growth in market capitalization relative to our net assets.

For the past four fiscal years, we have maintained ROE around our target of 30%. We also estimate our cost of capital to be around 12%, giving us a substantial equity spread (ROE minus cost of capital).

■ Market Capitalization

(Trillions of yen)



4

Shareholder Return Policy

- Follow a performance-linked model for dividends to shareholders and aim for a consolidated payout ratio of 50% of the net income attributable to owners of parent*
- Apply a flexible policy for share repurchases, taking into account the current cash position, funds for medium- to long-term growth investments, stock price levels and total return conditions

* However, ensure the amount of annual dividend per share is not less than 50 yen, and consider reviewing the dividend policy if net income is not generated for two consecutive fiscal years.

In fiscal 2026, our total return to shareholders (dividends and share repurchases) reached a record high of 437.4 billion yen for a total payout ratio of 76.1%, representing a high level of returns.

We will continue to enhance shareholder value through shareholder returns by ensuring a high level of dividends and flexible share repurchases.

Medium-term Management Plan | Message from the Product Business Representative



Message from the Product Business Representative

Keiichi Akiyama

Corporate Officer, Product Business
Executive Vice President & General Manager

The semiconductor market is expected to grow into a US\$1 trillion business much earlier than originally forecast. Leading that growth are semiconductors for AI, which will require further performance improvements and scaling to power the evolution of leading-edge devices and diversification of advanced packaging and testing methods. Within this context, we are actively engaging in technological development to strengthen our position as a company handling many of the key frontend manufacturing processes that are essential for semiconductor performance improvement and scaling. Fields such as etching and deposition are expected to see growth surpassing the growth rate of WFE¹, and our frontend process business, including these processes, has acquired numerous development PORs². In the backend process, advanced packaging technologies, in which multiple chips are integrated in 2D and 3D directions, are becoming increasingly important. In particular, high-density bonding technology, which enables the ultra-high speed, power-efficient transfer of large volumes of data required by AI, is considered a critical technological inflection point for semiconductor manufacturing. As such, it is expected to deliver technological innovation for even higher reliability and productivity. By leveraging our regional development and evaluation centers, we provide rapid development and support tailored to our customers' needs, further enhancing customer engagement.

We will continue to make proactive investments in technological development and strongly contribute to the growth of the semiconductor market.

¹ WFE: Wafer Fab Equipment. The semiconductor production process is divided into frontend production, in which circuits are formed on wafers and inspected, and backend production, in which wafers are cut into chips, assembled and inspected again. WFE refers to the production equipment used in frontend production and in wafer-level packaging production.

² POR: Process of Record

Frontend Process Business

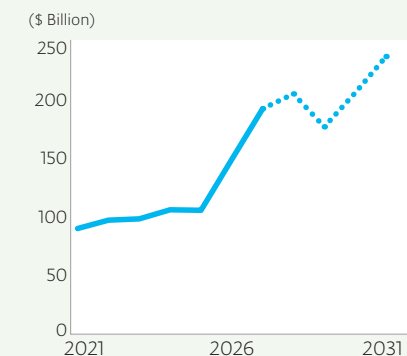
■ Business Opportunities

As AI advances, the growth rate of etching TAM¹ is expected to rise further in the fields of advanced logic and DRAM, where growth is expected. In the field of film deposition, as well, high growth is expected for advanced logic. As the market expands, driven by the growing range of applications for AI-oriented devices, each device is expected to offer even higher performance and further scaling, thereby creating higher added value. In 2025, we

completed construction of new development buildings in Miyagi and Kumamoto, and the Tohoku Production and Logistics Center in Iwate. We are also expecting to complete construction of our Miyagi Innovative Production Center in the summer of 2027. With these additions, we will work to enhance our development and production capabilities as we continue building our systems in preparation for future growth of the semiconductor production equipment market.

¹ TAM: Total Available Market

■ Semiconductor Production Equipment Market



Source: TechInsights (June 2026)

■ Business Strategies

In advanced logic, we are working on precision control for film deposition and etching, high selectivity gas chemical etching, and new structures such as air gaps. Furthermore, to balance performance and cost for lithography, we are evaluating high numerical aperture (NA) EUV technology, its combination with multi-patterning, the adoption of MOR², and anisotropic etching for optimizing the number of EUV applications. For DRAM, we are meeting demand for high aspect ratio etch and highly difficult capacitor film deposition to secure the capacitance necessary for 2D scaling. We are also enhancing our technological development of film deposition, etch, and gas chemical etch to adapt to new structures such as 4F² vertical channel transistor and changes in 3D structures. For NAND, to further increase multi-layering, we will strengthen our development of cryogenic etch for deep holes and trenches, along with applying next-generation transition metal materials to word lines and lowering resistivity in channel silicon. Through the extensive technological development we are conducting, which plays an extremely important role in improving performance and scaling, we will make major contributions to the evolution of semiconductors and we will expand the range of fields in which we do business by supplying new products, thereby achieving growth that surpasses WFE levels. Furthermore, we will develop our comprehensive Epsira™ DX solutions, utilizing AI and robotics, while implementing a range of initiatives for more efficient development, production, maintenance, and operation for ourselves and our customers. In addition to digitalization, we will also strengthen our "Digital & Green" initiatives for decarbonization to help preserve the global environment.

² MOR: Metal Oxide Resist

Medium-term Management Plan | Message from the Product Business Representative

Our Competitive Advantages in the Frontend Process Business

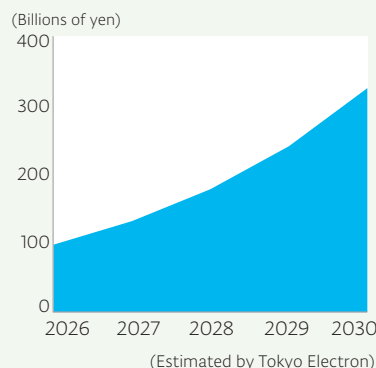
- Powerful development system for achieving the etch and film deposition that are the keys to higher performance and scaling
- Supporting EUV through coater/developer and optimization technologies
- Leveraging of advanced products for the four key processes in patterning to provide overall optimized solutions

Backend Process Business

Business Opportunities

The use of bonding technologies in the frontend processes of all leading-edge devices, and advanced packaging in the backend processes, has been increasing over recent years. For advanced logic semiconductors, development is also accelerating in the areas of backside PDN¹ (structures with wiring on the reverse side), next-generation CFET² transistors, and NAND and DRAM memory semiconductors. Die-level bonding, rather than just wafer-level bonding, is also becoming more important for advanced packaging. For example, there has been increasing development and adoption of next-generation HBM³, stacked flash memory, and stacking of logic semiconductors and optical devices. With higher performance AI devices as well, opportunities are expanding in the bonding market. At the same time, we expect the bonding process equipment market, in which we are operating, to achieve a compound annual growth rate (CAGR) of over 30% between 2026 and 2030. In 2030, we anticipate that the market will reach in excess of 300 billion yen⁴.

Scale of the Bonding Process Equipment Market



¹ Backside PDN: Backside Power Delivery Network

³ HBM: High Bandwidth Memory

² CFET: Complementary Field Effect Transistor

⁴ Estimated by Tokyo Electron

Business Strategies

The bonding systems we provide are process devices that fuse process technologies, such as plasma control and cleaning technology, with mechanical alignment technologies. We are continuing to develop products that incorporate the advanced technologies we have

developed through our frontend process businesses of deposition, coating/development, etching, and cleaning, and our knowledge of particle control and other fields. To maximize business growth in the bonding market, we have also released our "Synapse™ Si" permanent wafer bonding system, and our "Ulucus™ L" laser edge trimming system and "Ulucus™ LX" extreme laser lift off system, which are both expected to contribute significantly to improved process quality and CoO⁵. Customer evaluations are proceeding smoothly.

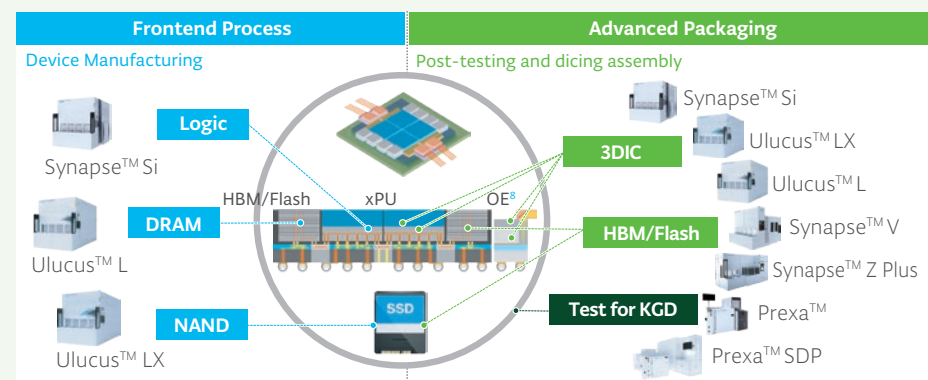
We are also accelerating development of die-level bonding systems for advanced packaging, and planning to deploy cluster systems capable of integrated processing, from pre-processing to bonding, to achieve highly accurate and reliable die stacking.

Improving final yields is essential in the area of advanced packaging, so there is a need for KGD⁶ testing of singulated devices prior to mounting. We launched our "Prexa™ SDP⁷" device prober, offering high heat absorption performance, to address the challenges of heat absorption and accurate temperature control when testing leading-edge devices. Through timely provision and integration of die-level and device-level solutions, in addition to wafer-level solutions, we aim to improve final yields for AI-oriented advanced packaging.

⁵ CoO: Cost of Ownership

⁶ KGD: Known Good Die/Device. A bare die or device that has been tested and proven defect-free.

⁷ SDP: Singulated Device Prober



⁸ OE: Optical Engine for Si Photonics

Our Competitive Advantages in the Backend Process Business

- Broad range of innovative products for the bonding market, which is expected to see major growth
- Technologies and know-how from our frontend business can be leveraged in fast, effective development
- Yield improvement approach through fusion of bonding and testing technologies

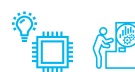
Medium-term Management Plan

Key Indicators for Continuous Corporate Value Enhancement

The Medium-term Management Plan clearly defines financial and sustainability metrics as “key indicators for continuous corporate value enhancement” and confirms the main material issues related to such key indicators. At quarterly review meetings attended by the CEO, we regularly check progress and action plans, and various activities are carried out under the responsible persons for each indicator.

 “Annual Sustainability Goals and Key Indicators” on our website www.tel.com/sustainability/goals-and-results/index.html

○: Proceeding well △: Need to accelerate to achieve the goal

Target Area		Objective	Target Year	Fiscal 2026 Performance	Progress Evaluation	Related Main Material Issues ¹
Finance		● Net Sales: 3 trillion yen or more	Fiscal 2027	● 2,443.5 billion yen	○	
		● Operating Margin: 35% or more	Fiscal 2027	● 25.6%	△	
		● ROE: 30% or more	Fiscal 2027	● 29.6%	○	
Research and Development		● Continuously create high value-added next-generation products by investing 1 trillion yen or more in R&D over five years	Fiscal 2027	● R&D expenses 277.8 billion yen	○	
Safety		● TCIR ² Less than 0.10 (Globally No. 1 in the industry)	Fiscal 2027	● 0.22	△	
Environment	Plants and Offices	● Reduce total CO ₂ emissions by 85% (compared to fiscal 2019)	Fiscal 2031	● 64% reduction	○	
		● A rate of 100% renewable energy usage	Fiscal 2031	● 87%	○	
		● Reduce energy consumption (per intensity) by 1% from the previous fiscal year at each plant and office	Every fiscal year	● Achieved goal at 2 out of 11 plants or offices	△	
		● Maintain water consumption (per intensity) at each plant and office at individual base year levels	Every fiscal year	● Achieved 6 out of 13 goals	△	
	Logistics	● Reduce CO ₂ emissions of total logistics (own delivery) by 30% by further implementing modal shift and joint delivery	Fiscal 2027	● 26% reduction	○	
		● Reduce the usage ratio of wood packaging for products to 40% or less (packaging of semiconductor production equipment)	Fiscal 2027	● 52%	○	
	Products	● Reduce per-wafer CO ₂ emissions by 55% ³ (compared to fiscal 2022)	Fiscal 2031	● 11% reduction	△	
Supply Chain Management		● Supply chain sustainability assessment implementation rate Material suppliers: Covering at least 85% of our procurement spend Logistics suppliers: 100% of customs-related operators Staffing suppliers: 100% of employment agencies and contracting companies (internal contractors) ● Implementation of improvement activities in response to assessment results	Every fiscal year	● Material suppliers: Achieved 85% or more of our procurement spend Logistics suppliers: Achieved 100% of customs-related operators Staffing suppliers: Achieved 100% of employment agencies and contracting companies (internal contractors) ● Distributed feedback letters to all suppliers surveyed. For high-priority suppliers, conducted individual corrective actions.	○	 
		● Supply chain BCP assessment implementation rate Material suppliers: Covering at least 85% of our procurement spend ● Implementation of improvement activities in response to assessment results	Every fiscal year	● Achieved 85% or more of our procurement spend ● Distributed feedback letters to all suppliers surveyed	○	

¹  Material Issues **P.25-26**

² TCIR: Total Case Incident Rate. The number of workplace incidents per 200,000 work hours.

³ Including reductions resulting from customers' introduction of renewable energy

Medium-term Management Plan

○: Proceeding well △: Need to accelerate to achieve the goal

Target Area		Objective	Target Year	Fiscal 2026 Performance	Progress Evaluation	Related Main Material Issues ¹
Employees	Engagement	● Engagement survey score: Continuously improve (increase score compared to the previous survey) or achieve a score higher than the average of other companies in each region	Every survey	- Introduced a common pulse survey company-wide - Promoted effective use of the engagement survey results and a culture of dialogue² - Launched coaching training for managers as a company-wide measure	○	  
		● Employee retention rates ³ Japan: 99% Overseas: Higher than the industry average	Every fiscal year	- Japan: 99.1% - Overseas: 96.2% (Higher than the industry average)	○	
	Careers	- We have created an environment where every employee can create value for the Company's growth and for society with the support of supervisors and others by challenging themselves to do what they want while imagining their own futures (career paths) and growing. - Ratio of annual online learning users Global: 60%	Fiscal 2027	- Developed "Seeker," a proprietary web application for careers and learning, and began introducing it in some divisions and group companies. Created a system that uses AI to make career opportunities visible and recommend the learning content and mentors needed to develop the skills required to pursue them—encouraging employees to take on challenges and drive behavior change. These initiatives were recognized, receiving the 14th Japan HR Challenge Awards Grand Prize. - Ratio of annual online learning users Global: 45.3%	△	
	Work-life Balance	Annual paid leave utilization rate Japan: (1) 80% / (2) 90% Overseas: Equal to or better than the previous fiscal year's results	Japan: (1) Fiscal 2027 / (2) Fiscal 2031 Overseas: Every fiscal year	- Japan: 78.0% - Overseas: 83.2% (previous fiscal year's result: 78.9%)	○	
		● Male childcare leave utilization rate Japan: 85%	Fiscal 2030	● Japan: 83.5%	○	
	DE&I	● Ratio of female managers Japan: 5% Global: 8% ⁴	Fiscal 2027	- Japan: 3.8% - Global: 6.8%	△	
Corporate Governance		We are working at all times to establish an optimal and highly effective Board of Directors and an offensive management execution system, and by continuously addressing issues based on evaluations of the effectiveness of the Board of Directors and input from institutional investors and other stakeholders, we will achieve solid corporate governance for enhancing corporate value over the medium to long term and sustainable growth.	Every fiscal year	- Seeking a Board of Directors with high effectiveness - Continue the Audit & Supervisory Board System - Realize a ratio of majority outside directors (5 out of 8 people) - Maintain contact with outside director candidates at the Nomination Committee - Off-site meeting: 2 times (August and March) - At every Board of Directors meeting, in principle, the CEO explains important matters concerning business execution - CEO mission: Shared with members of the Board of Directors - Closed session on evaluation of representative directors: 2 times - Operating rhythm supporting the execution of business - Corporate Officers Meeting: 23 times - CSS meeting: 3 times - Quarterly review meeting: 4 times	○	 
Risk Management		- We are building and further improving a highly effective risk management system that supports a strong management foundation. - We are enhancing risk management and compliance based on the slogan "Safety, Quality and Compliance. Our top priority. It's our pride."	Every fiscal year	- Conducted annual risk assessments for 16 key risk items with risk owners and the presidents of our plants and subsidiaries. - Strengthened responses to key risk items in each area, led by risk owners and the responsible departments.	○	   

¹ Material Issues P.25-26

² A culture of dialogue is one in which the process goes beyond conducting a survey—results are shared and acknowledged, and then translated into improvement actions through an organization-wide cycle.

³ Excluding retirement at the mandatory retirement age and so on

⁴ Targets do not apply to Tokyo Electron U.S. regions.

Medium- to Long-term Outlook

Evolution of Technology and Future of Semiconductors

Semiconductors are a critical technology supporting both society and industry. While the 1st Wave of technological advancements driving digitalization consisted of IoT, cloud computing, and edge computing, we are now transitioning to the 2nd Wave, with technologies driven by applications requiring advanced computing power such as generative AI, AR/VR, and autonomous driving. This has resulted in a dramatic increase in demand for semiconductors able to process vast amounts of data. In fact, the semiconductor market was once expected to reach US\$1 trillion by 2030, but that milestone is now expected to be reached much earlier.

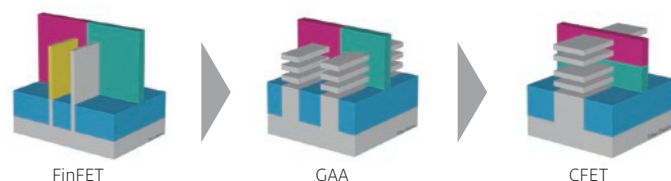
On the other hand, increased power consumption and environmental impacts associated with growth of the semiconductor market are becoming increasingly serious, making lower power consumption in semiconductors used to process vast volumes of data a top priority. To address these challenges, we are working to improve performance by driving scaling in frontend processes. For instance, we are achieving both power efficiency and high performance at the transistor level through the use of EUV¹ lithography and by transitioning from FinFET to next-generation transistor structures such as GAA² and CFET³. Multi-faceted technological innovation, from new materials and more advanced processes to optimization of design rules and AI-based device design and process control, is therefore essential.

¹ EUV: Extreme Ultraviolet. A semiconductor industry term for an exposure technology that uses a specific wavelength of 13.5 nm.

² GAA: Gate-All-Around

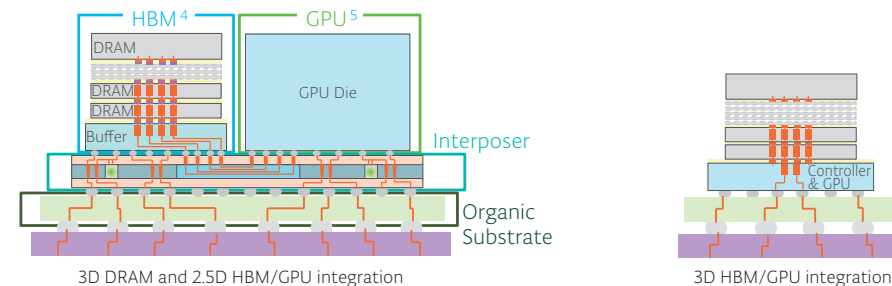
³ CFET: Complementary Field Effect Transistor

Changing Transistor Structures



In backend processes, we are employing advanced packaging technologies, including chiplets and heterogeneous integration, to optimize product performance, power consumption, and packaging density. Effectively combining chips with different functions, and implementing high-density packaging, make it possible to improve power consumption efficiency and performance of entire systems. Panel-level packaging is a high-throughput packaging method, using large-format substrates, which is suited to producing thinner and more cost-efficient products. These technologies will all contribute to increased yields and improved power efficiency in a wide range of fields, including automobiles, communications, and AI servers.

Advanced Packaging Technologies

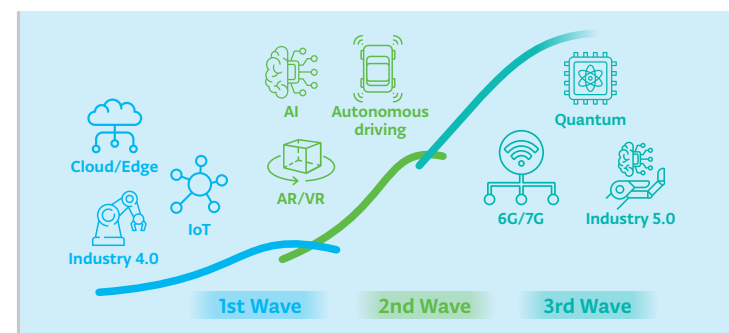


⁴ HBM: High Bandwidth Memory

⁵ GPU: Graphics Processing Unit

We will also make use of AI in the design and production stages to optimize yields and the supply chain overall, while employing complementary frontend and backend initiatives, to establish a platform for growth ahead of the 3rd Wave of technological advancements such as quantum computing and self-learning AI robots.

Semiconductor Market Outlook



In addition to higher densities, the semiconductor market needs diverse, optimized devices tailored to the application. With separate demand for high-performance devices for data centers and HPC⁶ to handle large volumes of data, and low-power devices for smartphones and other edge devices, optimization is required in every process of design, manufacturing, and packaging. It is also important to optimize energy use through digital technologies to address risks associated with climate change and the supply of raw materials and energy.

⁶ HPC: High Performance Computing

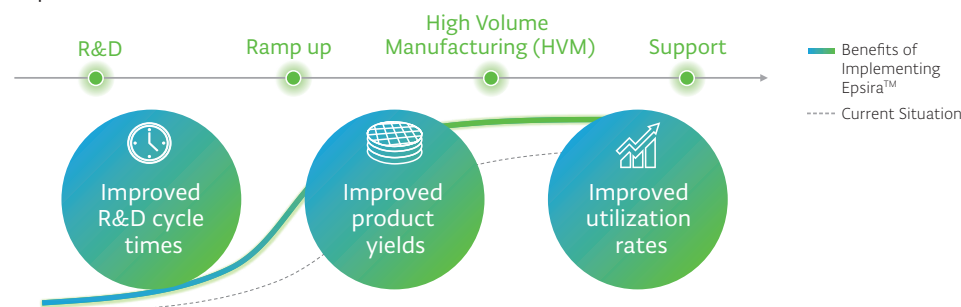
Medium- to Long-term Outlook

Development of Semiconductor Production Equipment

The evolution of semiconductors has been based on the interaction between advances in devices and the development of the production equipment and manufacturing technologies that support them. Going forward, as scaling and 3D structures continue to advance in devices, the physical evolution of production equipment will continue along the lines of higher-precision control, high-precision alignment, and bonding technologies.

At the same time, innovation on the software side using data, AI, robotics, and other technologies is essential to reduce development lead times and costs and to enable faster equipment ramp-ups and stable operation at sites throughout the world. At the R&D stage, data analysis, simulation, and AI-based prediction and optimization of conditions are used to narrow down designs and process conditions prior to verification using actual equipment, thereby improving development efficiency while reducing the number of prototypes and experiments. This makes it possible to simultaneously accelerate development and reduce costs. It is also important to improve equipment utilization rates and yields through analysis and predictive detection utilizing equipment operation and maintenance data. Through the rollout of Epsira™, we are working to achieve digital transformation across manufacturing sites by combining AI-based optimization of equipment performance with functions such as the automation of maintenance work using robotics. By combining our extensive expertise in semiconductor production equipment with digital technologies, we will contribute to improving productivity for customers.

Epsira™ Vision



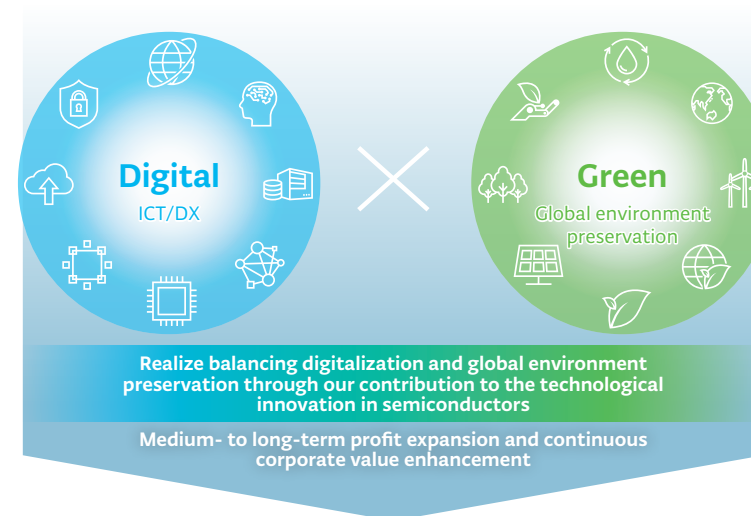
New semiconductor device structures interact with each other across the boundaries of equipment, processes, and designs. Co-design, which considers everything from transistor structure to wiring technology and package design, is becoming increasingly necessary as a result. As a semiconductor production equipment manufacturer, we believe that it is even more important now to provide optimal solutions that incorporate both frontend and backend processes.

Aiming to Be a Company Filled with Dreams and Vitality

With the digital infrastructure developed in the 1st Wave, AI-led transformation accelerating in the 2nd Wave, and new innovation generated in the 3rd Wave, the semiconductor market is expected to continue growing strongly into the future.

By realizing a “Digital & Green” future that balances digitalization and preservation of the global environment, we will contribute to the development of a dream-inspiring society. Strategically utilizing our high level of expertise as a semiconductor production equipment manufacturer, and all management resources including employees who create and fulfill company values, we will continue to provide the Best Products with innovative technology and Best Technical Service with high added value. We will strengthen our global support structures by actively investing in development and promoting collaboration, while helping the industry as a whole to develop by contributing to collaborations between industry and academia and to developing international frameworks.

By continuing to take on challenges and evolve, we will work hard to expand medium- to long-term profit, and continue enhancing our corporate value, leading to the practice of our Corporate Philosophy through the realization of our Vision, and meeting the expectations of all stakeholders surrounding the Company.



Meet the expectations of all stakeholders surrounding the Company
by practicing our Corporate Philosophy through the realization of our Vision

Material Issues

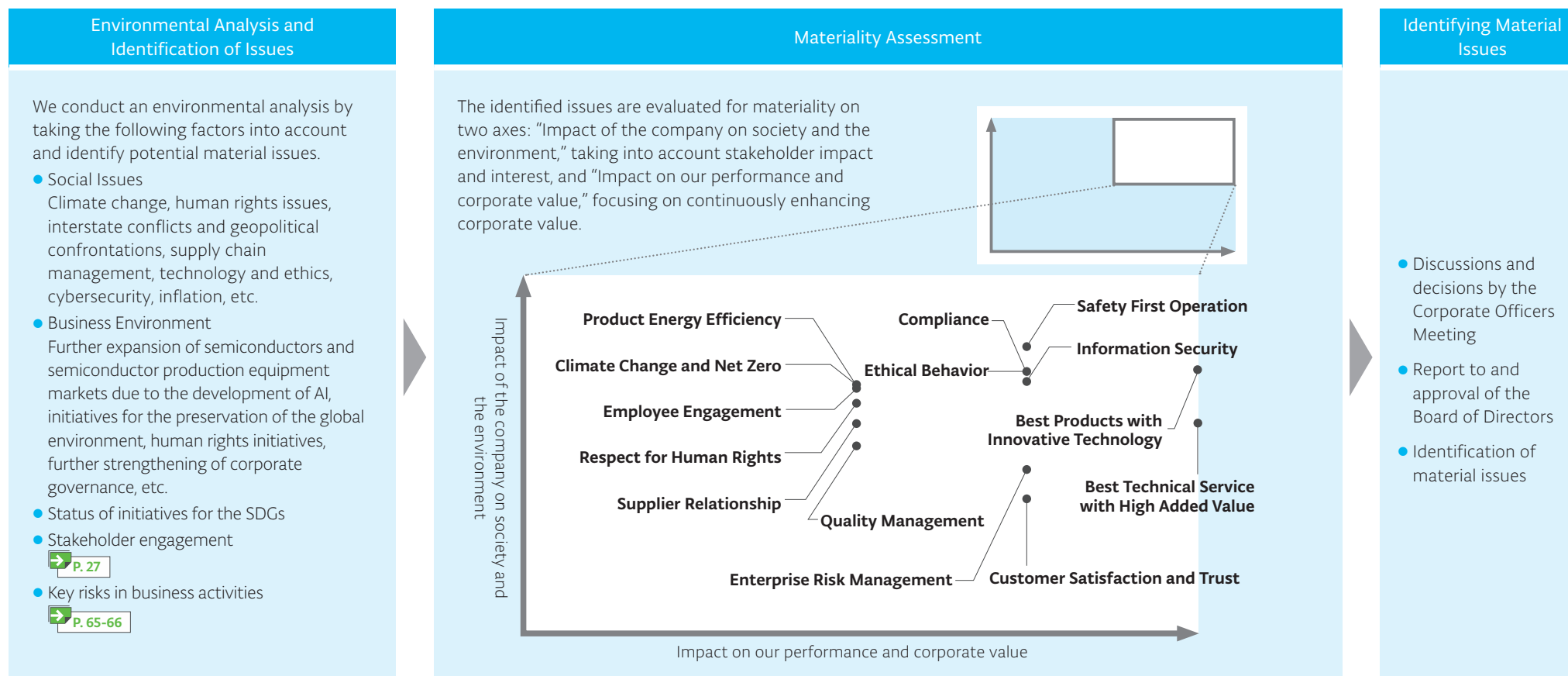
By practicing our Corporate Philosophy through the realization of our Vision, we aim to expand medium- to long-term profit and to continuously enhance our corporate value. To that end, we have identified key items to be worked on with priority as our material issues, and confirm their validity each year. Additionally, we continuously work to create new value through the value chain of our business activities anchored by these material issues.

Key items to be worked on
with priority
(material issues)

Practice of our Corporate Philosophy
through the realization of our Vision

Medium- to long-term profit expansion
and continuous corporate value
enhancement

Material Issues Identification Process



We obtain the advice of a third-party specialist regarding consideration of the process by which we identify material issues.

Material Issues

Identified Material Issues

We confirm the impacts on our company and society and organize the relationships between the material issues and the key indicators for continuous corporate value enhancement¹, the value chain, and the SDGs to be addressed², while advancing various initiatives.

Material Issues	Impact on Our Company	Impact on Society	Main Initiatives	Material Issues	Impact on Our Company	Impact on Society	Main Initiatives
 Climate Change and Net Zero	Reduce the environmental impact of our business activities, products, and services, to achieve net zero emissions	Reduce climate change risks and create new opportunities in technology, human resources, industry, and other areas	Environment → P. 52-56	 Employee Engagement	Maximize the performance of employees, who both create and fulfill company values	Promote economic growth by reducing risks, creating innovation, and other measures	Human Resources → P. 48-51
 Product Energy Efficiency	Enhance product competitiveness by achieving both the environmental performance and process performance of products	Preserve the global environment by providing environmentally friendly products	Research and Development → P. 29-32 Environment → P. 52-56	 Safety First Operation	Achieve sustainable operations by putting safety first	Establish safety as a social foundation	Installation and Maintenance Services → P. 41-44 Safety → P. 61
 Best Products with Innovative Technology	Establish competitive advantages by creating high-value-added products with innovative technology	Promote technological innovation and societal development through the evolution of semiconductors	Research and Development → P. 29-32 Procurement and Manufacturing → P. 33-36	 Quality Management	Improve management efficiency through advanced quality management	Build a sustainable society by improving productivity and reducing environmental impact	Procurement and Manufacturing → P. 33-36 Quality → P. 62
 Best Technical Service with High Added Value	Expand business opportunities by providing advanced field solutions that solve customer issues	Improve the yield and productivity of semiconductor manufacturing, and maximize equipment utilization rates	Installation and Maintenance Services → P. 41-44	 Compliance	Ensure stable business operations and enhance corporate trust by complying with laws and regulations	Improve soundness of society by realizing social responsibility	Compliance → P. 67-68
 Customer Satisfaction and Trust	Expand mutual benefits as a sole strategic partner for customers	Promote value creation and continuous growth for customers, and further revitalize the industry	Sales → P. 37-40	 Ethical Behavior	Develop into a company that is highly regarded by society and where our employees can take pride in their work	Form a fair and orderly society	Human Rights → P. 57-58 Compliance → P. 67-68
 Supplier Relationship	Create added value and stabilize the supply chain through collaboration with suppliers	Maintain soundness and strengthen competitiveness throughout the supply chain	Procurement and Manufacturing → P. 33-36 Environment → P. 52-56 Supply Chain Management → P. 59-60	 Information Security	Create an environment in which data can be used safely and securely to conduct business continuously and reliably	Stabilize social infrastructure by ensuring the convenience and security of information	Information Security → P. 64
 Respect for Human Rights	Reduce and eliminate human rights risks in business activities and foster a corporate culture in which employees can work energetically	Address human rights-related social issues such as discrimination, inequality, and those related to labor and safety	Human Rights → P. 57-58	 Enterprise Risk Management	Strengthen resilience by appropriately managing and responding to business risks	Sustainably develop the economy and society by eliminating and reducing risks	Risk Management → P. 65-66

¹ → Key Indicators for Continuous Corporate Value Enhancement P. 21-22

² → "Material issues" on our website www.tel.com/sustainability/materiality/index.html

Stakeholder Engagement

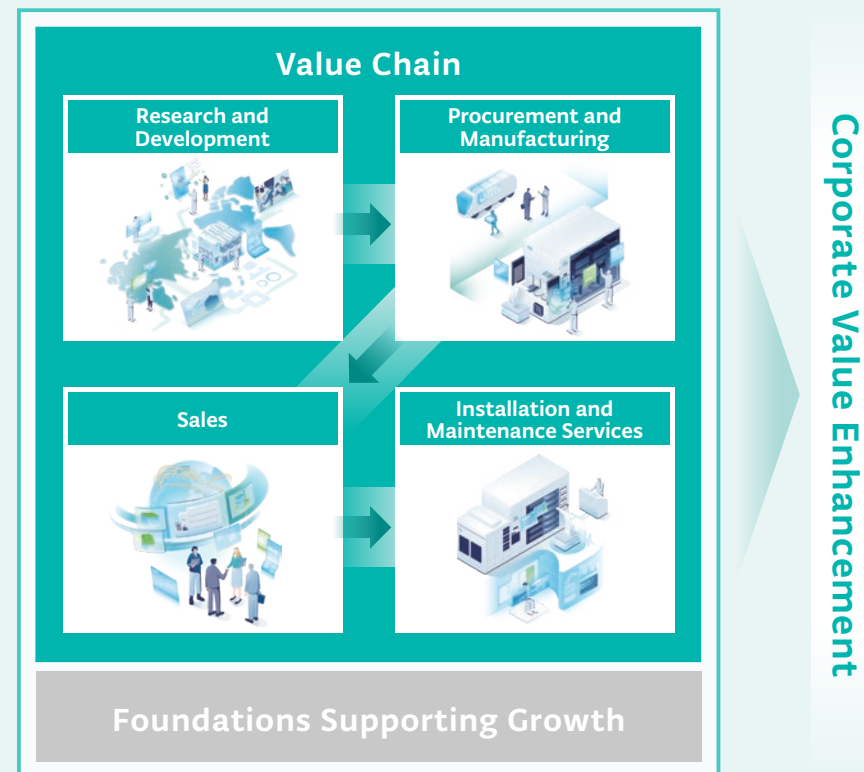
We actively create opportunities for dialogue and hold mutual communication with our stakeholders to allow us to accurately comprehend their demands and expectations as we deploy our business activities. We strive to build a solid relationship of mutual trust with all the stakeholders surrounding our company by working steadily to fulfill our roles and responsibilities in society.

Stakeholders	Relationship with Stakeholders	Value Provided to Stakeholders	Main Engagement Opportunities
Shareholders/ Investors	- Shareholders and investors provide our company's capital, while expressing their opinions, demands and expectations of our company from the shareholder/investor perspective through constructive dialogue and through exercising their voting rights at the Shareholders' Meeting - We share our management vision and growth scenario with shareholders and investors, and incorporate the opinions and demands we hear from them into our management in an effort to enhance our corporate value	- Return of profit generated from business activities - Enhanced corporate value through the realization of our medium- to long-term growth	- Earnings release conference, Medium-term Management Plan briefing, IR Day - IR conference, IR road show¹, individual IR interview - Shareholders' Meeting - Investor event (CEO appearance) held in conjunction with major domestic and international exhibitions related to semiconductors and technology ¹ IR road show: IR activities presented directly to shareholders and investors
Customers	- Customers purchase the semiconductor production equipment we provide and also utilize services necessary for maintaining that equipment - We not only provide products, services and solutions but also create technology roadmaps spanning multiple generations and carry out joint technology development with customers	- Best Products with innovative technology - Best Technical Service with high added value - Environmentally friendly products and services with a focus on safety and quality - Solutions that satisfy a variety of application needs	- Technology conference - Joint development - Customer Satisfaction Survey
Suppliers	- Suppliers supply the materials and human resources necessary for our company's business administration, and also perform customs clearance, logistics operations and other operational services - In addition to purchasing these materials and operational services, we cooperate with our suppliers on the further development and improvement of these aspects and enhancement of their quality. We build a sustainable supply chain that takes into account labor, the environment, health and safety, ethics and the like	- Promote social issue initiatives and enhance the added value of products and services through collaboration with our company - Business opportunities in the semiconductor production equipment markets - Maintaining soundness and strengthening competitiveness throughout the entire supply chain	- Production update briefing - TEL Partners' Day/TEL E-COMPASS Day - Sustainability Assessment - STQA² audit ² STQA: Supplier Total Quality Assessment
Employees	- Our employees contribute to enhancing our corporate value by demonstrating their individual capabilities and pursuing personal growth through making use of opportunities for education - We promote the improvement of employee engagement under management that emphasizes employee motivation	- A workplace environment replete with dreams and vitality and enables employees to realize their full potential based on mutual trust between the organization and individuals - Opportunities for career development and skill improvement - Fair performance review and remuneration commensurate with results	- Employee meeting - Global engagement survey - Training and workshops
Local Communities	- Local communities are striving to offer more value by working to foster local industry and educate human resources - We contribute to the development of the local communities where we operate through employment opportunities, initiatives to preserve the local environment and paying taxes to local municipalities	- Human resources development and employment opportunities - Promotion of environmental preservation in communities - Financial contributions through tax payments	- TEL FOR GOOD (Social contribution activities) - Tours of plants and offices - Environmental debriefing
Governments/ Associations	- Governments and associations not only require companies to comply with laws, regulations, industry codes of conduct and other rules, but also aim to work in partnership with companies to bring about development at the industrywide, national and community level - While carrying out our business activities in compliance with such laws, regulations, industry codes of conduct and the like in the countries and communities where we operate, we contribute to social development and the resolution of societal issues by accurately grasping social needs	- Solutions that help the industry and society solve issues and develop - Business activities that comply with laws, regulations, industry codes of conduct and other rules	- Cooperation with government and administrative agencies - Collaboration with global initiatives and NGOs etc. - Industry group activities

Chapter 3

Initiatives in the Value Chain

- 29 Research and Development
- 33 Procurement and Manufacturing
- 37 Sales
- 41 Installation and Maintenance Services



Tokyo Electron leverages its unique strengths to build a superior business model and develops a value chain spanning research and development, procurement and manufacturing, sales, and installation and maintenance services, each under the leadership of responsible officers. We advance initiatives on key themes for medium- to long-term value creation throughout the entire Group and strive to continuously enhance corporate value.

Research and Development

Message

In the semiconductor industry, where technological innovation advances rapidly, companies are expected to proactively develop and commercialize high-value-added technologies and products. We backcast from our vision of the future world and technologies 10 or 20 years ahead, and conduct high-value-added research and development (R&D) aimed at technological inflection points. Based on a medium- to long-term development roadmap, we invest our resources to create even more competitive technologies and services. In addition, by actively leveraging AI-driven advances to further enhance sophistication and efficiency, we will further accelerate our development.

Based on the value of "Digital & Green," balancing environmental considerations with the advancement of manufacturing technology is essential for the future development of the semiconductor industry and for our own growth as well. Recruiting and developing outstanding talent is important for realizing this future. Going forward, we aim to blend the experienced talent that has supported the industry to date with talent across a wide range of specialties, to further strengthen our R&D and enhance our corporate value.



Sumie Segawa

Vice President & General Manager
Division Officer, Corporate Innovation Division



Research and Development

Key Themes for
Medium- to Long-
term Value
Creation

Timely development of
high-value-added
technologies and products
through promotion of
Shift Left

Further pursuing
development efficiency and
strengthening human
resource development

Management Resources to Be Invested

Intellectual capital

R&D investment
Over five years, beginning in fiscal 2025

more than
1.5 trillion yen



Intellectual capital

R&D sites

19
(8 in Japan and 11 overseas)



Human capital

**Human resources possessing
knowledge in a variety of
specialized fields**

related to semiconductor
production equipment



Differentiation Points

**Strategic Research and
Development**

Development Efficiency

Collaboration System

Intellectual Property

Intellectual Property and Other
Intangible Assets **P. 47**

Value Created

Innovative, high-value-added
unique technologies
that contribute to leading-edge
semiconductor production

Equipment highly advantageous
such as in higher throughput, a higher
utilization rate and smaller space
requirements

Environmental performance
contributing to the achievement
of net zero

Related Main Risks

Risk Management **P. 65-66**

Risk **2**

**Research and
Development**

Risk **9**

**Intellectual
Property Rights**

Risk **11**

**Human
Resources**

Risk **14**

M&A

Research and Development

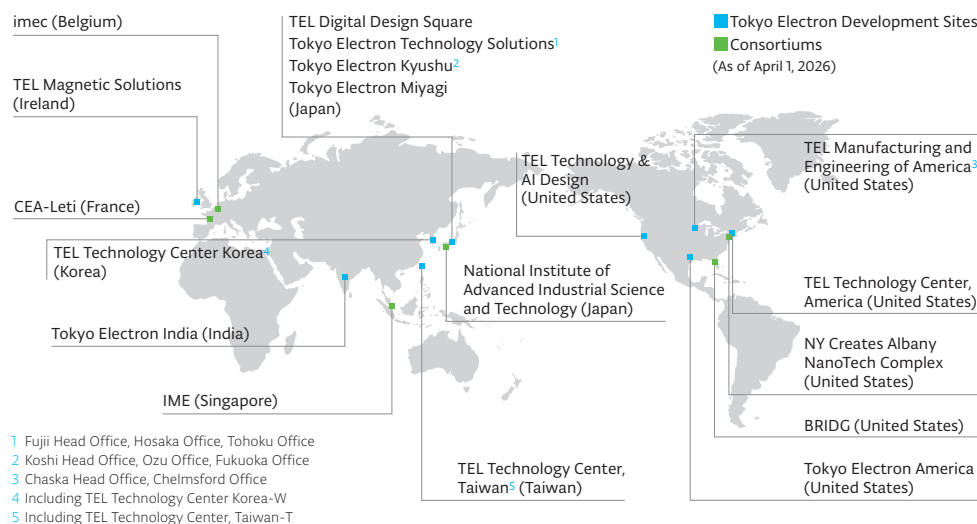
Key
Theme

Timely development of high-value-added technologies and products through promotion of Shift Left / Further pursuing development efficiency and strengthening human resource development

Strategic R&D Initiatives

To launch next-generation products with high added value onto the market in a timely manner, our Corporate Innovation Division leads strategic R&D in collaboration with our development sites and consortiums in Japan and overseas.

R&D Sites



R&D for High NA EUV Technology Toward Practical Application

To support implementation of leading-edge processes using extreme ultraviolet (EUV) technology, we are not only contributing to performance improvements of individual exposure systems, but also positioning integrated process design that includes auxiliary processes such as coating and developing, masking, and measurement and correction, at the core of our R&D. Specifically, we are working to evaluate the performance of photoresists (light-sensitive materials), optimize coating/development and process conditions, and improve measurement accuracy of fine patterns after exposure. In the coating process, we aim to achieve uniform film

thickness through coater/developer control and process parameter optimization. In terms of materials, we are evaluating combinations of high-sensitivity, stable photoresists. To reduce the number of trial runs and improve efficiency of these validations, we are implementing planned experimental design and utilizing digital twin technology and analysis tools.

To support high numerical aperture (High NA) EUV technology, we are evaluating the interactions among reticles, photoresists, and exposure conditions to achieve higher resolution. Specifically, we analyze the effects of wafer patterns on fine patterning, based on data from production equipment and empirical results, and build knowledge for improving mask inspection methods*. By evaluating combinations of optical properties and process responses, we are also working to verify process conditions and equipment control methods that enhance resolution while maintaining throughput.

Over recent years, the major research facilities and leading semiconductor manufacturers around the world have been accelerating adoption of High NA EUV technology as they intensify efforts toward further scaling. In this context, we are focusing on optimization of coating and development, as well as process steps and metrology, in the High NA area. Utilizing data from production equipment and pilot lines, we are validating evaluation methods and equipment control strategies to improve process stability and throughput, while also strengthening our framework to resolve implementation challenges at an early stage through joint research.

In this way, we are enhancing comprehensive support capabilities across materials, equipment, and processes for leading-edge logic and high-density memory beyond the 2 nm nodes, while also enabling further performance improvements through continued scaling.

We are also optimizing the frontend and backend processes of EUV lithography. By taking account of how processes such as film deposition, etching, and cleaning affect the final outcome after exposure, we offer approaches to improve yield. We validate these approaches through joint experiments with semiconductor manufacturers, material suppliers, and research institutions, and we proactively work to address potential challenges during mass production.

* Mask inspection methods: Technologies for inspecting defects, dimensional accuracy, and misalignment of photomasks used to pattern semiconductor circuit features

Research and Development

Key Theme

Timely development of high-value-added technologies and products through promotion of Shift Left / Further pursuing development efficiency and strengthening human resource development

Equipment and Process Technologies for Advanced Packaging and Panel-level Packaging

In semiconductor manufacturing, the importance is increasing of not only feature scaling but also advanced packaging that expands functionality through combinations of multiple chips. We are incorporating advanced technologies developed in deposition, coating/development, etching, cleaning and other frontend processes, as well as alignment technologies, into our backend equipment. We are also focusing on R&D to enhance reliability of bonding quality, alignment accuracy, and wafer thinning processes. In the area of bonding, we are developing technologies that pre-treat the bonding surfaces to improve bonding strength and electrical connectivity, while also working on process condition optimization to reduce distortion after bonding and equipment design to ensure stable bonding quality. To improve positioning accuracy, in addition to utilizing measurement and analysis technologies such as infrared cameras, high-precision sensors, and image-processing algorithms, we are conducting R&D toward stable high-precision packaging. In the wafer thinning process, we are working to optimize conditions in each process, from back grinding to chemical mechanical polishing (CMP) and edge trimming, to improve yields.

Panel-level packaging has been attracting attention over recent years. While batch production of a large number of packages on large panels is expected to improve productivity, the method also comes with a range of challenges, including panel warping, chip misalignment, and film thickness and wiring uniformity. We are therefore applying panel transfer and warpage correction technologies to achieve uniform coating, and working with material manufacturers and consortiums to confirm suitability for mass production. To improve yields as well, we are working to enhance production efficiency and product reliability by improving screening of good units and thermal management and improving testing accuracy.

Improving Productivity through Panel-level Packaging

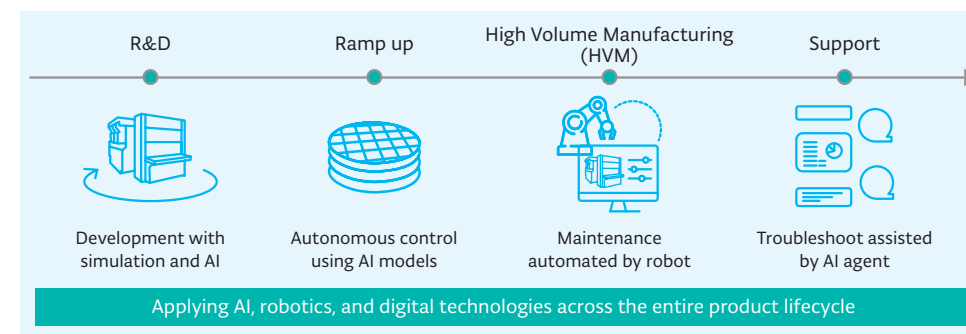


Epsira™-centered Acceleration of DX and Innovation

To meet the increased demand driven by the growth of semiconductor fabs, we are developing our Epsira™ DX solutions in a wide range of areas, from R&D to start-up and mass production after installing the equipment at our customers' sites.

In R&D, we are actively utilizing simulation and AI to improve development efficiency. We are also using digital simulations to identify the optimal dimensions and shapes for process stability in the virtual space, prior to prototyping, when designing the chambers of semiconductor production equipment. In this way, we are using simulation and AI to optimize design as we work to minimize prototyping and reduce development lead time. During process development, the increasing complexity and scaling of device structures is dramatically increasing the number of evaluation man-hours and development lead time required for achieving the desired results. In contrast, we are also adopting process informatics in an effort to minimize experimentation and efficiently achieve our objectives. We are also using materials informatics to search for new materials from among a vast range of candidate materials. We believe that these initiatives will help us achieve a high success rate in development, and reduce environmental impact by reducing the number of prototypes and experiments needed. In addition to developing our own Group DX platform to shorten research and development cycle times, we are also promoting its use and adoption across the entire company.

Epsira™ Deployment



Procurement and Manufacturing

Message

Tokyo Electron focuses on achieving sustainable and resilient manufacturing. The Corporate Production Division promotes supply chain visualization and optimization through joint operational systems with manufacturing companies, working to strengthen stable procurement, regulatory compliance, and risk parts management. By sharing order forecast information between sales and manufacturing divisions, we seek to reduce parts shortages and leveling production, and we work with suppliers on technological innovation and environmental impact reduction to achieve net zero emissions. In addition, we are conducting initiatives such as Smart Production and One-touch Start-up as well as technology standardization and the introduction of generative AI to dramatically increase production quality and productivity and achieve world-class manufacturing operations.



Shinichi Hayashi

Corporate Director
Corporate Officer, Development & Production
Executive Vice President & General Manager
Division Officer, Development & Production 3rd Division
Division Officer, Corporate Production Division



Procurement and Manufacturing

Key Themes for
Medium- to Long-
term Value
Creation

Co-creation of value through
solid relationships of mutual
trust with suppliers

World-class manufacturing
operations through the
realization of Smart
Production concepts

Management Resources to Be Invested

Manufactured capital/Human capital

**Many years of know-how
(people and products)**
in semiconductor production
equipment business



Manufactured capital

Manufacturing core systems
that make full use of the latest
digital technologies



Social and relationship capital

**Solid cooperative
working relationships**
with suppliers



Differentiation Points

Quality and Reliability

**Sustainable Procurement
Activities**

**Pursuit of Efficient
Productivity**

**Initiatives to Achieve
Net Zero**

Value Created

**High-quality and superior-
reliability products**
incorporating leading-edge technologies

**Shortening of production
lead times**
through stable and efficient
manufacturing operations

**Contributions to the preservation
of the global environment**

Related Main Risks

Risk Management P. 65-66

Risk **4**
**Procurement,
Production, and Supply**

Risk **5**
Safety

Risk **6**
Quality

Risk **7**
**Environmental
Issues**

Procurement and Manufacturing

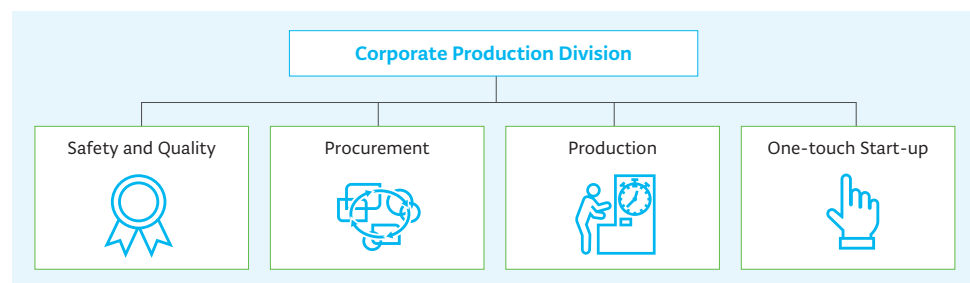
Key
Theme

Co-creation of value through solid relationships of mutual trust with suppliers

Sustainable Manufacturing Strategies

In order to conduct even more efficient manufacturing of high-quality products, the Corporate Production Division is building joint operational systems with four leading manufacturing companies in Japan and overseas, achieving rapid coordination and sustainable manufacturing across four themes: Safety and Quality, Procurement, Production, and One-touch Start-up.

We are also forming supply chain clusters near each manufacturing company. We are decreasing environmental impacts through reduced shipping distances and other effects of shared deliveries in production, procurement, and delivery while promoting high-added-value manufacturing that is consistent throughout, including design and development, in partnership with suppliers.



Communication with Our Suppliers

Believing that strong partnerships with our suppliers are vital for building sustainable supply chains, we create various opportunities for communication.

Name	Frequency	Organizer	Target Companies	Main Contents
TEL Partners' Day	Annually	Corporate Production Division	Partner companies	Management policy, technological trends, procurement policies etc.
Production update briefing	Twice annually	Each manufacturing site	Main suppliers	Production plans, sustainability initiatives
TEL Supplier Summit	Irregular	Corporate Production Division	Important suppliers concerned with core technologies	Discussions on technological situations, environmental initiatives

We support the intent of the Council on Promoting Partnership Building for Cultivating the Future promoted by the Cabinet Office, the Ministry of Economy, Trade and Industry, and the Small and Medium Enterprise Agency and announced our Declaration of Partnership Building. In conjunction with the revision of the Basic Policy based on the Small and Medium-sized Enterprises Business Enhancement Act, we revised our declaration on April 10, 2026. We will continue striving to improve added value in the supply chain and build sustainable supply chains through cooperation and mutual prosperity with our suppliers.

On TEL Partners' Day held in fiscal 2026, we recognized six suppliers that made outstanding contributions to production activities as Excellent Partners and two suppliers that cooperated with our environmental and E-COMPASS activities as Environmental Partners.



A scene from TEL Partners' Day



The Excellent Partner award plaque



The Environmental Partner award plaque

Procurement and Manufacturing

Key
Theme

World-class manufacturing operations through the realization of Smart Production concepts

World-class Manufacturing Operations

In order to respond flexibly to changes in internal and external environments and to meet customer expectations, Tokyo Electron is advancing initiatives under the following themes with the objective of achieving world-class manufacturing operations, primarily through the Corporate Production Division.



Safety and Quality

By promoting Shift Left (front-loading), Tokyo Electron is working to prevent risk identification gaps by transitioning from a project-specific risk identification to a company-wide design process that centralizes and shares information on risks throughout the organization. We also established new KPIs relating to equipment defects and field defects and are rolling these out horizontally at sites while performing KPI trend analysis throughout the Group to achieve improvements and enhance quality even more.



Procurement

Supply chain management is becoming even more important in the semiconductor production equipment industry. We are working to visualize our supply chain so that we can achieve stable procurement, comply with laws and regulations, and identify risk components, as well as optimize procurement processes, parts costs, and parts inventories through coordination among manufacturing companies. In addition, we are implementing sustainable procurement activities throughout the supply chain while fulfilling our social responsibility and giving due consideration to the environment.



One-touch Start-up

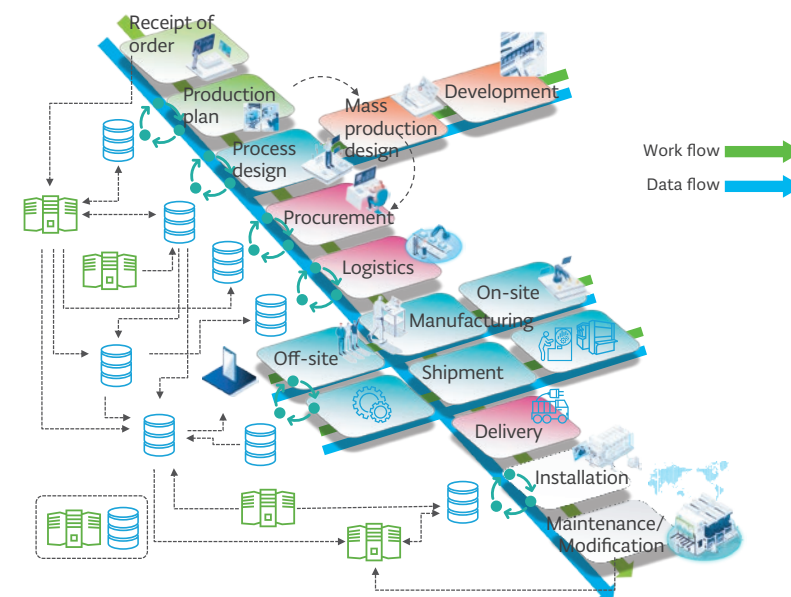
To achieve One-touch Start-up, we are simplifying installation and connection work, and developing measurement and control technologies to shorten startup times, enhance work quality, and reduce the risks of human error and operational mistakes. By automating and autonomously controlling process tuning after equipment startup, we deliver high-quality equipment with shorter lead times and contribute to even higher productivity on the part of customers by increasing equipment utilization rates through reduced maintenance time.



Production

To achieve the Smart Production concept, we are implementing production innovation that covers the entire value chain from order receipt and manufacturing to equipment installation and maintenance at customers' sites. Through the linking and utilization of production data and the visualization of information, we are improving product and operational quality while pursuing substantial increases in productivity by promoting automation and standardization.

Smart Production Vision



Sales

Message



Makoto Oba

Vice President & General Manager
Division Officer,
Account Sales Division

With the advent of AI, we aim to leverage our cutting-edge product portfolio to address the challenges of enhancing semiconductor performance by providing the Best Products and Best Technical Service not only for a single process, but in an integrated manner, thereby expanding mutual benefits with customers. To achieve this, we will always listen carefully to our customers and be responsive, growing together over the long term and co-creating a better future.

Message



Fumihiko Kaminaga

Senior Vice President & General Manager
Division Officer,
Global Sales Division

Our business covers a wide range of technology areas, from cutting-edge processes to power semiconductors. By leveraging our large-scale customer base spanning hundreds of companies, we provide timely and optimal proposals for diverse applications, including data centers, automotive, and energy as well as AR/VR and silicon photonics. By formulating medium- to long-term roadmaps with customers and providing optimal solutions, we contribute to sustainable value creation.



Sales

Key Themes for
Medium- to Long-
term Value
Creation

Increasing mutual profits by
providing the Best Products,
Best Technical Service

Improving our responsiveness
to customers and customer
satisfaction

Management Resources to Be Invested

Intellectual capital

A global sales and service system

in which the Account Sales Division, the Global Sales Division, business units and overseas subsidiaries coordinate with one another



Intellectual capital

Broad-ranging knowledge and comprehensive technological capabilities

born from our diverse product lineup



Social and relationship capital

Mutual trust with customers

built through many years of performance records



Differentiation Points

**Co-creation with
Customers**

Global Operations

Optimal Solutions

**Unique Customer
Satisfaction Survey**

Value Created

High-value-added products

incorporating innovative technologies through concurrent evaluation of technologies anticipating four generations and beyond in the future

Product lineup that responds to diverse applications and
optimal solutions that integrate multiple processes

Sole strategic partner

through close collaboration throughout the entire Group

Related Main Risks

Risk Management P. 65-66

Risk 1

Market Fluctuations

Risk 3

Geopolitics

Risk 10

Information Security

Risk 16

Business Locations

Sales

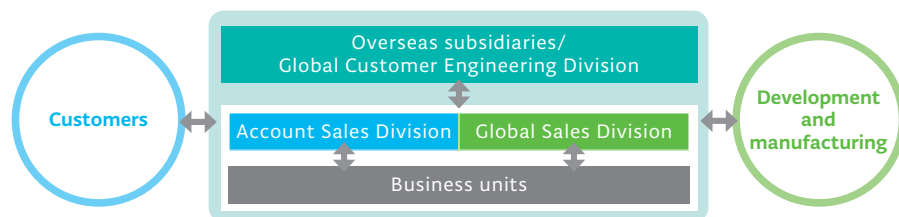
Key
Theme

Increasing mutual profits by providing the Best Products, Best Technical Service

Development of Global Operations

We established the Account Sales Division and the Global Sales Division and strive to swiftly offer the technology, services and solutions our customers need to become the sole strategic partner for our customers. In the Account Sales Division, we receive and leverage next-generation technology needs shared by major semiconductor manufacturers such as those in memory, logic, and foundry businesses driving current momentum in the AI device market, to develop cutting-edge technologies. The Global Sales Division responds to the needs of domestic and overseas customers that handle products for the rapidly-growing Chinese market and the industrial IoT market.

These divisions work in close coordination with business units, development and manufacturing divisions, service divisions, and overseas subsidiaries to conduct comprehensive sales activities. By engaging in communication with our customers—from their management to on-site engineers—we continue to further strengthen our responsiveness and expand global operations as ONE TEL.



Proposing Customer Solutions Leveraging a Wide Range of Product Lineup

We are expanding the wide range of our product lineup, including equipment for the four key processes of deposition, coater/developer, etch and cleaning in the frontend process, as well as equipment for testing and bonding/debonding processes in the backend process. By leveraging this product lineup in our proposal activities, we will solve customers' issues and contribute to the manufacturing of highly competitive semiconductors.

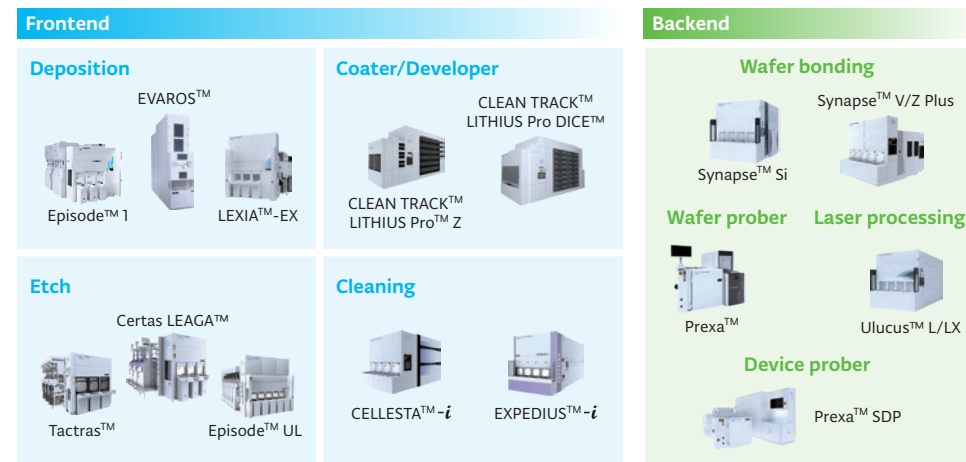
In the frontend process, we are undertaking the development of equipment with innovative and extreme processing performance, centered on (1) deposition systems that accommodate

new materials and structure while utilizing batch, semi-batch and single-wafer capabilities, enabling precise control of film thickness and film quality, (2) coater/developers for EUV lithography including leading-edge High NA, (3) etch systems that enable precision patterning of fine features and the fabrication of deep holes and trenches with high selectivity, and (4) cleaning systems that remove particles and residues—which are causes of yield loss—without causing the collapse of fine patterns.

In the backend process, we also possess wafer probers used in wafer testing and bonding/debonding systems that realize 3D packaging. In the future, there will be a demand for further improvements in the performance of semiconductors as well as scaling technology using cutting-edge nodes to improve the performance in generative AI services and expand the application range. To achieve this higher performance, the adoption of advanced packaging technology (Chiplet) that combines singulated dies is accelerating. We provide KGD* test equipment, which is essential for Chiplet, and we are actively providing solutions for bonding processes of diced devices as well.

Looking ahead, as device scaling continues to advance, including through the adoption of Chiplet technology, we will provide solutions to customers' challenges by leveraging our broad portfolio of frontend and backend products, together with our process integration capabilities that span across manufacturing processes.

* KGD: Known Good Die/Device. A bare die or device that has been tested and proven defect-free.



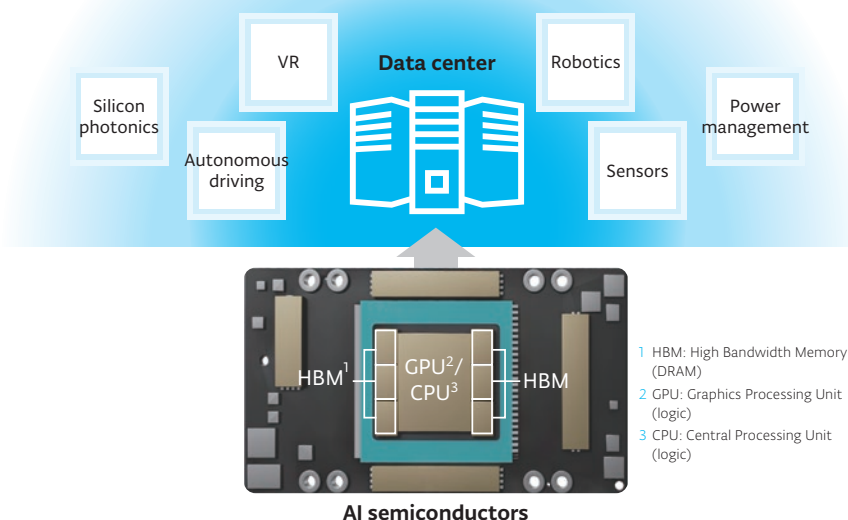
Sales

Key
Theme

Improving our responsiveness to customers and customer satisfaction

Expansion into the Diversified Semiconductor Market

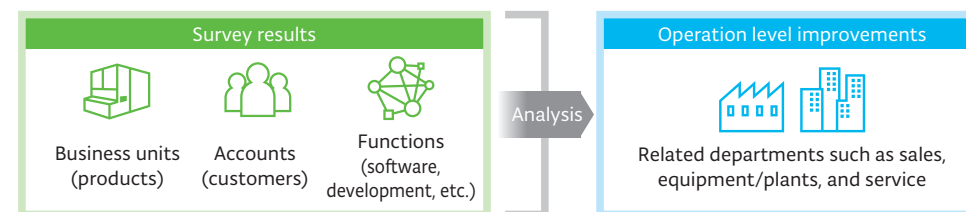
In recent years, the semiconductor market has been rapidly expanding and evolving, driven by advanced logic, memory, and advanced packaging for AI data centers, along with related technologies, such as silicon photonics and power management, as well as autonomous driving, VR, various sensors, and future robotics applications. Specialization by application as well as collaboration are advancing, and value is increasing along with changes in the entire ecosystem. Under these circumstances, we provide equipment with proprietary technologies for enabling advanced functions while also providing an optimal product lineup for new applications and a wider range of functions, drawing on our large installed base, extensive experience, and use of the latest technologies. We also propose a variety of solutions including improving the productivity and extending the service life of equipment in our installed base.



Initiatives for Improvement of Customer Satisfaction

Since our founding, we have been working to build solid relationships of mutual trust with customers by enhancing customer satisfaction, which we value highly. We co-create future technology roadmaps with the semiconductor manufacturers that are our customers to promote the concurrent evaluation of technologies for the next four generations and beyond and accelerate Shift Left development, while also striving to optimize cost. This enables us to provide optimal solutions that contribute to customer value creation and to offer highly competitive products that help improve customers' productivity by improving the yield rate of devices and maximizing equipment utilization rate. Furthermore, at customer sites around the world, we are continuously implementing customer-oriented initiatives such as assigning our company engineers to ramp the equipment up to its maximum performance quickly, proposing effective solutions to identified technical issues and providing feedback on next-generation equipment.

In addition to these activities, we conduct our own Customer Satisfaction Survey* every year. In the fiscal 2026 survey, we received responses from approximately 1,800 respondents (response rate: 84.2%). We analyzed the results and used them in our PDCA cycle to make improvements at the operation level.



Our activities were highly evaluated and we received best awards consecutively from many of our customers in fiscal 2026. We will continue to provide the Best Products with innovative technology and Best Technical Service with high added value and strive to further improve customer satisfaction.

* "Customer Satisfaction" on our website www.tel.com/sustainability/customer/satisfaction/index.html

Installation and Maintenance Services

Message

In a market that is expected to continue to expand, we provide safe and high-quality Best Technical Service with high added value for new equipment with leading-edge technology and the industry-leading installed base. We are also continuously conducting safety activities around the world. To effectively utilize our human resources, we assign personnel based on actual business conditions and use Epsira™ DX solutions to improve operational efficiency. Furthermore, we also use Epsira™ for data analysis and knowledge management, earning the absolute trust of our customers by accurately understanding their needs and swiftly providing solutions. Through measures such as these, we strive to satisfy our customers and further enhance corporate value by providing the Best Technical Service, which contributes to the stable operation and improved productivity not only of leading-edge equipment, but also of various generations of equipment that support diverse applications.



Soichiro Kori

Vice President & General Manager
Division Officer, Global Customer
Engineering Division



Installation and Maintenance Services

Key Themes for
Medium- to Long-
term Value
Creation

Reinforcing human resources
development and the
succession and evolution
of the Tokyo Electron identity

Enhance customer
satisfaction by providing
Best Technical Service with
high added value

Management Resources to Be Invested

Intellectual capital

Service support infrastructure
at **102** sites located
in **18** countries and
regions of the world



Intellectual capital

**Service database and
remote support system**
that utilizes digital technologies,
knowledge management etc.



Human capital

Global Customer Engineering Division
Operation with a total of
approximately
6,300 people



Differentiation Points

Field Engineer

Installed Base

Efficiency through DX

Equipment Lifecycle

Value Created

Comprehensive services

resulting from global expansion that include
everything from equipment installation to
maintenance

Contribution toward the long-term
steady operation of equipment

across a variety of generations

Services with high technical
capabilities

contributing to improving customers'
productivity

Related Main Risks

➡ Risk Management P. 65-66

Risk **5**

Safety

Risk **6**

Quality

Risk **11**Human
ResourcesRisk **16**Business
Locations

Installation and Maintenance Services

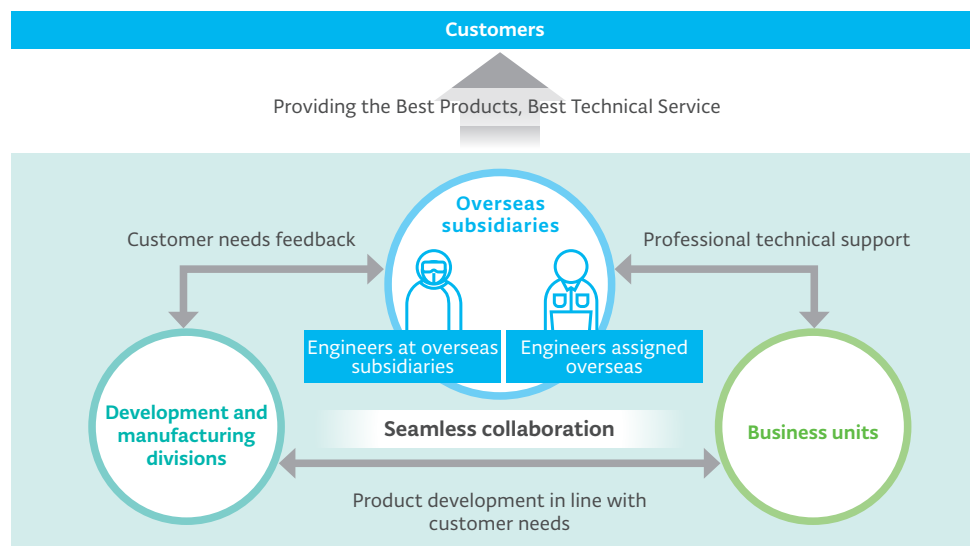
Key
Theme

Reinforcing human resources development and the succession and evolution of the Tokyo Electron identity

Strengthening Field Engineers' Customer Responsiveness

To further expand the scale of our business, it is extremely important to increase the number of field engineers, developing personnel that can promptly play an active role, as well as to effectively improve the skills of existing field engineers. It is also vital that we optimize our resource allocation from a global perspective, concentrating personnel in high demand areas and appropriately transferring personnel with a high level of expertise to the areas that need them.

Due to geopolitical factors and investment support backed by national policies, a growing number of customers are globally expanding their business operations or entering the semiconductor industry for the first time. This is making it even more important to expand and enhance our support sites. We must understand their individual needs and characteristics and go beyond the boundaries of local subsidiaries and business units to appropriately assign human resources with essential capabilities where they are needed, creating a system that helps increase the production capacities of our customers.



We establish a Group-wide common skills management system that meets the standards of Semiconductor Equipment and Materials International (SEMI) and plan to continuously upgrade skills based on the detailed goals established every year. We effectively train newly hired personnel through our "Ichininmae engineer*" development project," a three-year program that begins after hiring and provides new employees with the skills and experience they will need as field engineers. Furthermore, we are expanding our program to reassign engineers who had undergone training at manufacturing sites in Japan to the field after their return to their companies, as part of our education for expert engineers for overseas subsidiaries. In this program, engineers strive not only to deepen their knowledge of equipment technology but also to further improve communication with development and manufacturing divisions. During the program period, engineers from overseas subsidiaries receive support from Japan, enabling them to understand customers' situations in a timely manner and further contribute as site leaders upon returning to their home countries.

As a result of these initiatives, we have earned high praise from our customers for the speed, efficiency, and dedication of our services. We will continue to use feedback from our customers to strengthen our customer responsiveness.

* Ichininmae engineer: Full-fledged engineer

Creation of New Value through Sharing Knowledge and Experience

Employees with abundant work experience publish their insights and what they have learned through their careers on the internal intranet to provide junior and mid-level employees with opportunities to lay out their own career paths and future visions. We have expanded this initiative to our overseas subsidiaries, as well, as we aim to pass on our DNA, such as our customer-oriented approach, openness, and teamwork, to our global junior and mid-level employees, and to create new value while adapting to the changing times.



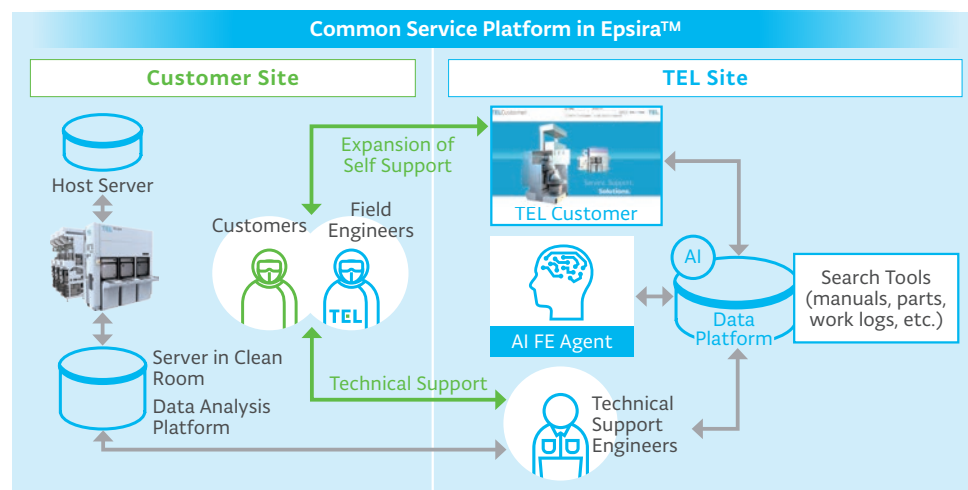
Installation and Maintenance Services

Key
Theme

Enhance customer satisfaction by providing Best Technical Service with high added value

Provision of Best Technical Service with High Added Value

In recent years, there have been increasing calls from customers for us to supply high level support technology for dealing with manufacturing processes that realize scaling and multi-layering of semiconductor devices, to further improve productivity, and to reduce environmental impact. To provide Best Technical Service with high added value that responds to these needs, in addition to developing field engineers, we have rolled out Epsira™ DX solutions, supply services that use digital and information and communication technologies, and strive to raise work efficiency.



Work log data for day-to-day service support and various information related to devices are centrally managed on a global scale. To effectively utilize this centrally managed data, we are continuing to develop our data platform and using that platform to introduce various DX tools and enable access from clean rooms.

Field engineers can use various tools to access past examples of troubleshooting, manuals, work logs, improvement logs, and the like via the data platform. The goal is to accelerate

and improve the accuracy of their troubleshooting to provide even faster and higher quality services. We have also rolled out remote support tools for engineers in customer clean rooms. By efficiently analyzing equipment data, we dynamically provide effective support. Through our deployment of Epsira™, we are improving our customers' productivity.

We provide a wide range of contracted services for the stable operation of equipment, such as services in which our field engineers are stationed at customers' manufacturing sites to maintain their equipment, as well as a comprehensive contracted service (TEL SERVICE ADVANTAGE™) in which we offer pay-as-you-go or flat-rate maintenance services and we supply maintenance/consumable parts and repairs in an integrated manner. Furthermore, we aggregate and analyze data output from equipment, predict when major parts are likely to fail and suggest replacement in advance so that we can prevent problems, stabilize process capabilities, and help improve our customers' equipment utilization rates.

Further Initiatives for the Improvement of On-site Safety¹

The number of workplace incidents per 200,000 work hours (TCIR²) was 0.22, realizing an industry-leading safety environment in the semiconductor production equipment industry. We closely analyze close calls (dangerous cases that had the potential of becoming incidents) reported by our field engineers, along with accidents caused by human error, and strive to improve on-site safety activities by sharing information that can help prevent accidents with the safety promotion department of our subsidiaries. At newly constructed semiconductor plants around the world, we strive to establish safe working environments by dispatching safety officers from Japan and having them work together with local personnel to perform checklist-based assessments both inside and outside clean rooms. Furthermore, to foster a focus on safety throughout the organization, we regularly provide training to all engineers using digital technologies such as VR and on-demand video streaming systems.

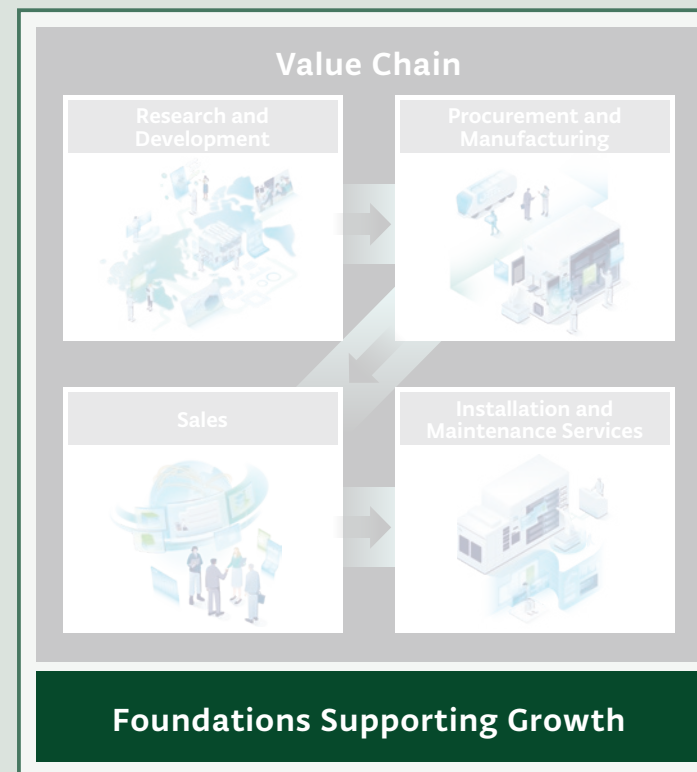
¹ Safety P.61

² TCIR: Total Case Incident Rate

Chapter 4

Foundations Supporting Growth

- | | |
|---|--|
| 46 Sustainability Operations | 63 Digital Transformation (DX) |
| 47 Intellectual Property and Other Intangible Assets | 64 Information Security |
| 48 Human Resources | 65 Risk Management |
| 52 Environment | 67 Compliance |
| 57 Human Rights | 68 Engagement with Capital Markets |
| 59 Supply Chain Management | 69 Corporate Governance |
| 61 Safety | 77 Roundtable with Outside Officers |
| 62 Quality | |



Tokyo Electron carries out sustainability initiatives as the foundation supporting short-term and medium- to long-term growth. We implement various initiatives aligned with our business strategies and build an offensive management foundation to achieve our Vision and put our Corporate Philosophy into practice.

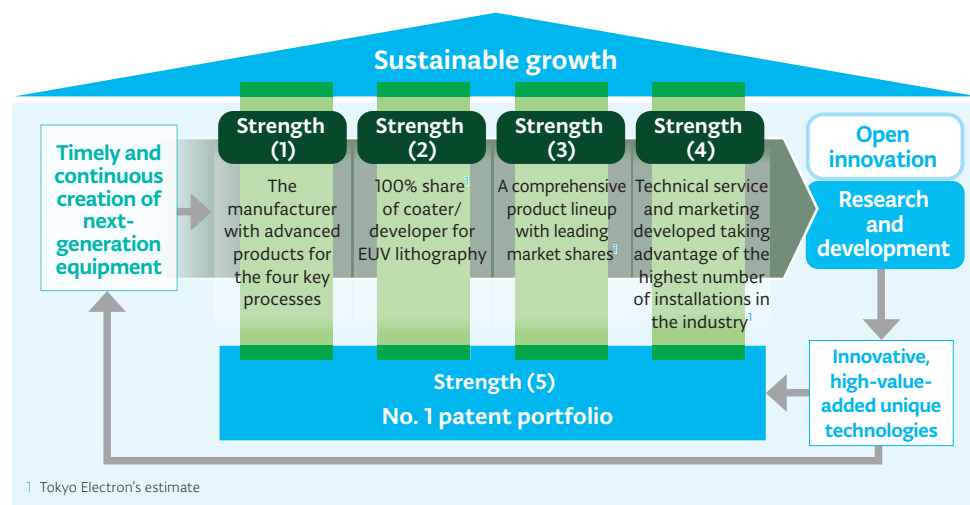
Sustainability Operations

Our approach to sustainability initiatives is to practice our Corporate Philosophy through realizing our Vision. We implement sustainability initiatives that we have organized into the following four frameworks: Governance, Strategy, Risk Management, and Metrics and Targets.

Main Initiatives in the Four Frameworks	Governance 	• The Corporate Sustainability Management Department has been established under the Corporate Planning Division at headquarters, overseeing sustainability initiatives across the entire Group • The Sustainability Global Committee meets twice a year and the sustainability managers in charge of overall sustainability in domestic Group companies as well as overseas subsidiaries participate, sharing initiatives that align across the entire Group and discussing the promotion of global projects • The Sustainability Committee, chaired by the executive officer in charge of sustainability, meets twice a year. Division Officers and presidents of domestic Group companies and overseas subsidiaries attend to review sustainability-related risks and opportunities, manage short- and medium- to long-term sustainability goals, formulate sustainability-related policies, and approve individual themes. Decisions on important matters are made at Corporate Officers Meetings, the highest decision-making body on the executive side • Group-wide sustainability initiatives are reported to the Board of Directors as appropriate, and the Board of Directors supervises these initiatives
	Strategy 	• Expand medium- to long-term profit and continuously enhance our corporate value through the fusion of social and economic value of business activities based on the concept of TSV (TEL's Shared Value), which is the same as CSV, to solve social issues leveraging our unique corporate resources and expertise • Identify key items as material issues* and leverage our strengths to drive business activities across the value chain centered on these material issues • While implementing a range of sustainability initiatives, contribute to developing, and solving issues in, industry and society by providing the Best Products with innovative technology, and the Best Technical Service with high added value *  Material Issues P. 25-26
	Risk Management* 	• Respond appropriately and promptly to a diverse range of risks related to semiconductors, including geopolitics and market changes, and develop a risk management structure for achieving sustainable growth • Establish the Corporate Project & Risk Management Office (CPRO) in the Corporate Planning Division to promote more effective activities, and carry out enterprise risk management • In addition to minimizing the impact of risks, that may be faced when conducting business, by giving them full consideration from a future perspective, also view them as business opportunities and appropriately address them • Comprehensively identify various risks in our business activities based on their degree of impact on the Group and their likelihood of occurrence, identify 16 major risk items, and appoint risk owners for each. Confirm the status of initiatives for issues of particular concern, and discuss improvement measures, in meetings attended by the CEO and Division Officers *  Risk Management P. 65-66
	Metrics and Targets 	• Set key indicators for continuous corporate value enhancement¹ in our Medium-term Management Plan and annual sustainability goals² • Regularly review the results and status of the achievement of key indicators and annual goals, as well as future initiatives, at the review meetings attended by the CEO • Continuously conduct activities to achieve each indicator and goal under the persons responsible for each indicator and goal ¹  Key Indicators for Continuous Corporate Value Enhancement P. 21-22 ²  "Annual Sustainability Goals and Key Indicators" on our website www.tel.com/sustainability/goals-and-results/index.html

Intellectual Property and Other Intangible Assets

Positioning and Initiatives of Intellectual Property and Intangible Assets



We believe that sustainable growth in the semiconductor industry, where technological innovation is the primary driver of growth, requires strengthening our intellectual property and other intangible assets, including our R&D capabilities and the innovations they generate. We are pursuing R&D utilizing our four strengths (Diagrams (1) to (4)), and we produce innovative and high-value proprietary technologies by actively engaging in collaborations (open innovation) with domestic and international customers, consortiums, and academia, incorporating diverse knowledge and technologies in our R&D. This enables the timely and continuous creation of next-generation equipment, which is the lifeline of our company, and the strategic construction of our patent portfolio (Diagram (5)), which is our fifth strength.

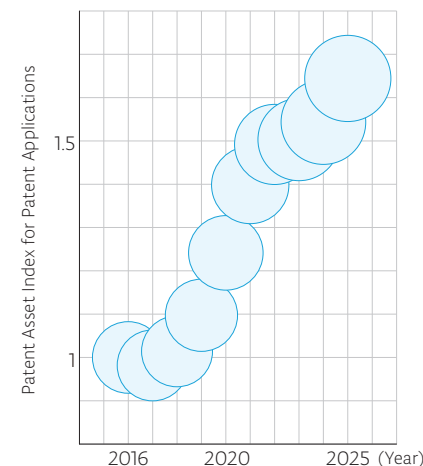
The number of inventions that we created is rising year by year. In 2025, we created 1,415 inventions in Japan and 345 overseas. We have also created almost 300 inventions through partnerships over the past five years. Our global patent application rate has been approximately 75% for seven consecutive years, and in response to the recent growth of the Global South market, we are also increasing the number of applications we submit in these regions. The allowance rate² of the filed patents was 84% in Japan and 83% in the United States. As of March 31, 2026, we held 26,592 patents, maintaining the No. 1 position in the semiconductor production equipment industry.

Our patent portfolio has also been recognized for aspects such as impact on other companies and growing technological value. We have been named among the Clarivate Top 100 Global Innovators 2026 (for the fifth consecutive year) and the LexisNexis Innovation Momentum 2026:

The Global Top 100 (for the fourth consecutive year). This competitive patent portfolio is our fifth strength, and by supporting our other four strengths, it serves a vital role as the foundation for improving medium- to long-term corporate value, driving our sustainable growth.

² Figures calculated in 2025

TEL Patent Asset Index (PAI³) Trend



³ We use the Patent Asset Index (PAI) issued by LexisNexis as an indicator of the competitiveness of the patent portfolio. The sizes of the circles indicate the size of the patent portfolio, with the PAI of 2016 set to 1.0.

Intellectual Property Governance System

Our intellectual property teams at headquarters and major development sites worldwide collaborate closely with our R&D and business divisions to accurately capture technological advances and market needs and strategically strengthen our intellectual property portfolio. We have also introduced our own inventor recognition program* to encourage the creation of intellectual property. By recognizing inventors at different stages, ranging from those submitting their first patent application to those recognized as outstanding role models, we seek to encourage proactive intellectual property creation and foster a culture of innovation that passes the spirit of invention on to future generations.

Also, intellectual property activities and intellectual property risks are regularly reported at the Board of Directors meetings and Corporate Officers Meetings. We strive for an even stronger intellectual property governance system through collaboration with management.

* "Inventor Prize Program" on our website www.tel.com/rd/intellectualproperty/index.html

Human Resources

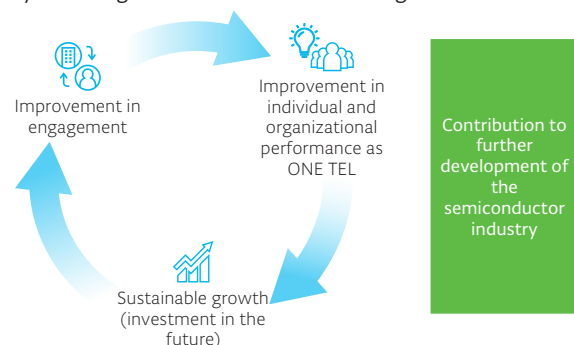
Human Resources Strategy Supporting Sustainable Growth

We believe that our corporate growth is enabled by people, and our employees both create and fulfill company values. Based on this belief, we align our management strategy and human resources strategy. Since our founding, we have achieved growth by contributing to the development of the semiconductor industry through our pioneering and innovative technologies, while quickly responding to changes in the business environment. The driving forces that have sustained this growth are the motivation of each employee and their willingness to take on challenges in uncharted areas.

High technological capabilities that drive technological innovation in semiconductors are essential for sustainable growth and enhanced corporate value. To achieve this, we have established, and are currently implementing, a growth investment plan to spend 1.5 trillion yen or more on R&D investment and aim to hire 10,000 people globally over the five fiscal years starting in fiscal 2025.

The core of our human resources strategy is motivation-oriented management. Through performance-linked compensation based on world-class profits and other measures, we encourage the motivation and actions needed to drive the behaviors we require. We also continuously enhance expertise through TEL UNIVERSITY, which supports employees' self-directed learning, leading to the provision of the Best Products with innovative technology and the realization of the Best Technical Service with high added value. This cycle of individual growth and corporate growth forms the foundation supporting our sustainable value creation. We aim to achieve both the convenience enabled by advanced technologies such as AI and the preservation of the global environment, and contribute to the development of a dream-inspiring society as ONE TEL, where diverse individualities come together.

Creating a Virtuous Cycle through Motivation-oriented Management



Employee Engagement

Under motivation-oriented management, we focus on improving employee engagement, which is crucial for sustainable growth and maximizing employee performance. To measure the effectiveness of engagement-related initiatives, we conduct an engagement survey every two years. Based on survey results, we repeat the cycle of identifying important issues, implementing measures, and verifying effectiveness and making improvements, and aim to create environments where each employee can work with enthusiasm while utilizing their abilities to the fullest. Our engagement survey score in fiscal 2025 was 19 points higher than in fiscal 2016. Based on the results, we are focusing on initiatives related to “enhancing career opportunities” and “recruitment and appropriate placement of human resources.” In addition, to understand the status of implementation and improvement of measures between engagement surveys, we introduced pulse surveys starting in fiscal 2026. This enables us to visualize implementation status and strengthen support for organizations and departments requiring further improvement.



Recruitment

We are planning a large-scale recruitment expansion aiming to hire 10,000 people globally over the five fiscal years starting in fiscal 2025, in response to increasing demand for semiconductors and the need for improved performance and stable production of the manufacturing equipment that supports this demand. To realize this plan, it is crucial that we recruit exceptional semiconductor talent who are sought after by companies and research institutions from around the world. This requires not only securing talent through recruitment but also building a collaborative framework involving industry, academia, and government to develop next-generation human resources. As such an initiative for the future, we participate in UPWARDS*, a partnership between Japanese and American universities, and foster human resources and advance research development in the field of semiconductor technology. Furthermore, we provide an array of learning opportunities by holding seminars at numerous semiconductor related organizations, including the Japanese Society for Artificial Intelligence, Semiconductor Equipment Association of Japan (SEAJ), and the Fukuoka Semiconductor Reskilling Center, in addition to academia such as universities and technical colleges. Through such initiatives, while contributing to the development of researchers and personnel who will support future innovations in semiconductor technology, we aim to build the foundation for people with diverse perspectives to lead the industry.

* UPWARDS P. 51

Human Resources

Human Resources Development and Career

Our company is focusing on developing human resources that can play an active role on the global stage amid the rapidly changing business environment. To enable each employee to fully utilize their abilities, we increase company-wide innovative capabilities by establishing a systematic human resource development system and drawing out the potential abilities of our employees with diverse backgrounds. Furthermore, we are striving to maintain employee motivation by establishing systems that support employees' self-directed career development and personal fulfillment, providing an environment where employees can proactively set their own goals and grow.

TEL UNIVERSITY

TEL UNIVERSITY is our company's internal educational institution, established in 2007 as the foundation for company-wide human resource development. It supports each employee in considering their own growth and career and continuing to learn, while developing human resources who support our value creation through both technological expertise and human capabilities.



Overview of TEL UNIVERSITY

	New Graduates, Junior Employees	Mid-level Employees	Managerial Employees, Individual Contributors (ICs), and Officers	Top Management
Level-based Programs	Introductory programs (new graduates, mid-career recruits)			
	On-the-job-training (OJT) programs (new graduates, mid-career recruits)			
	Junior employee programs	Mid-level employee programs	Manager programs	
			Leader programs	
Goal-based Programs	Technical programs (seminars, workshops)			
	Business skills			
	Global communication			
	Career support			
	Compulsory web-based training			

Onboarding Reinforcement

New Graduates and Junior Employee Programs

With an eye to large-scale recruitment, we offer development programs centered on TEL UNIVERSITY so that each new graduate and junior employee can play an active role early. The programs are conducted systematically from the first to third year after entering the company and provide basic knowledge and skills required as members of society, in addition to an understanding of our corporate principles and values.

Through these initiatives, we work to instill awareness of being a member of the Group and foster an attitude of continued learning and growth, thereby improving employee engagement.

Mid-career Recruit Programs

Our company actively welcomes mid-career recruits and is expanding onboarding initiatives to support their early contribution, in order to achieve both global business growth and a stronger human resource foundation. In Japan, we conduct "Welcome to TEL Meeting!" at TEL UNIVERSITY, where employees can learn about the company's history, corporate culture and principles while deepening their understanding of our products and technology. We also promote the formation of personal networks across departments and sites through group work and discussion, establishing a foundation that enables employees to utilize their abilities with confidence in a new environment. Through these initiatives, we are creating an environment in which employees with diverse backgrounds can demonstrate their motivation and grow.

DX Human Resource Development

Amid the growing importance of digital utilization in business processes, and based on the recognition that DX leads to corporate competitive advantage, since 2022 we have rolled out mandatory "DX Basic Education" for all employees globally to provide basic knowledge and ways of thinking about DX. With advances in digital technologies, including generative AI, it has become important for employees to properly understand and utilize AI. Beginning in fiscal 2027, we will introduce AI literacy training for new graduates and gradually expand it to all employees, thereby developing a Group-wide foundation for the utilization of AI.

Human Resources

■ New Career Design

In 2024, we began introducing Seeker*, our proprietary career and learning portal app, and are rolling it out globally. Seeker uses AI functions to recommend learning content based on each employee's learning history and goals, encouraging employees to take on challenges. Through tools such as this, we support employees in clarifying their future vision for themselves, designing a career plan to realize it, and efficiently acquiring the necessary skills. These initiatives received the Grand Prize at the 14th Japan HR Challenge Awards.

* Some divisions and Group companies



Design Your Career

Employees set their career direction by referring to the career examples of various senior employees and colleagues in Seeker. They can identify the workplaces they should experience and the steps they should take to realize their future vision by referring to job information organized by group, and can further clarify what is needed to realize their career goals by asking career-related questions to generative AI and mentors.



Planning Your Skill Path

Employees consult with supervisors and determine the skills they want to strengthen to "Visualize Your Ideal Future Self." Based on employees' wishes, supervisors assign work in line with management strategy. Optimal learning content and mentors are recommended based on the skills that employees determine. Putting the knowledge acquired into practice enables employees to efficiently obtain skills.



■ Support for Career Development

Development of the Next Generation of Executives

We are focusing on identifying the next generation of executives early on and providing systematic development to support sustained value creation over the medium- to long-term. Candidates are given learning opportunities, including external training and exchanges with other industries, to develop broader perspectives and build external networks. Through these initiatives, as a company that operates globally, we are developing human resources capable of adapting to diverse values and changes in the environment. Management also systematically considers and reviews assignments and provides experience suited to each individual's motivation and stage of development, thereby establishing a system that supports their growth.

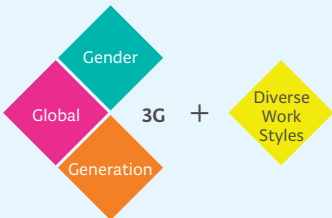
Development of Individual Contributors

We position highly specialized technologies and skills as an important source of corporate competitiveness and operate TCL (Technical Career Ladder) as a career development system centered on expertise. TCL is composed of chief engineers, technical experts and others, appropriately evaluates results achieved through specialist expertise, and enables employees to select careers in line with their motivation and strengths. Through the operation of TCL, we are establishing an environment where employees can continue to apply their specialist knowledge, while aiming to link specialized knowledge to business and organizational growth through programs such as technology exchange meetings and technical workshops.

Diversity, Equity and Inclusion (DE&I)

With the strong commitment of management, we actively promote DE&I as an important initiative that leads to the continuous generation of innovation and enhanced corporate value. Based on the idea that "ONE TEL, DIFFERENT TOGETHER™", we have taken on nationality, gender and generation as major themes and our promotion of DE&I is centered around the concept of 3G (Global, Gender, Generation). On the other hand, in addition to visible kinds of diversity such as the 3Gs, there are many forms of diversity that are less visible, such as personality, ways of thinking, work styles and values. Given this backdrop, we understand that DE&I is not something special, but instead, it is important to foster a culture of mutual trust by understanding the diversity inherent in everyone, and to accept each person's individuality and values, and we are taking various measures to promote this.

Human Resources



DE&I at Tokyo Electron

TEL's engagement in DE&I consists of four focus areas, including the 3Gs (encompassing Global, Gender, and Generation aspects) and Diverse Work Styles.

We are establishing a work environment where every employee can play active roles regardless of nationality, gender, age, or disability, so they can grow as creative sources of innovation.

 "Diversity, Equity and Inclusion (DE&I)" on our website
www.tel.com/sustainability/management-foundation/human-resource/index.html#de_and_i

■ UPWARDS*

UPWARDS is a semiconductor collaboration project between Japan and the U.S. that involves five Japanese and six American universities, the supporting companies, Micron Technology and Tokyo Electron. The aim is to create a hub for human resource development and reinforce research and development in the field of semiconductors over the five-year period from 2023 to 2028. This initiative is not limited to financial support for the future, but provides multi-faceted support such as curriculum and organization support in universities and provides summer camps and internships for students. We continue our activities consistently to bring about positive influences on the semiconductor industry using new approaches through collaborations between industry and academia, and between Japan and the U.S.



Students' summer camp

* UPWARDS: U.S.-Japan University Partnership for Workforce Advancement and Research & Development in Semiconductors

■ Workshop on Childcare Leave for Male Employees

Our Group holds workshops on childcare leave for male employees several times a year. In addition to explanations about the system by the Human Resources Department, these workshops include sharing experiences by employees who actually took the leave, as well as Q&A sessions. The workshops draw a lot of interest every time, with many participants being not only employees considering taking childcare leave but also those who want to plan their life design for the future or learn how to support colleagues and subordinates raising children. Such initiatives foster a culture of mutual respect where employees understand the positions of others, and lead to higher rates of employees who take childcare leave.

Work-life Balance

■ Leave System

To create an environment in which each employee can work in good physical and mental health, we are working to properly manage working hours, enhance our leave systems and encourage employees to make use of them. We have set a target of achieving an annual paid leave utilization rate (Japan) of 80% or more. To achieve this, we educate employees on how to take leave in a systematic manner, regularly monitor leave usage, and promote management practices that support improved leave utilization rates. In fiscal 2026, the rate of employees taking advantage of paid leave was 78.0%, close to our target.

We also operate a "refreshment leave system" globally. This system aims to provide both mental and physical refreshment for employees, and so boost their motivation to work. In Japan, employees at service milestones from 10 years through 25 years or more are granted special, supplementary paid leave of between two weeks and one month. In April 2025, we expanded the system to include employees with five and 30 years of service. In fiscal 2026, 1,950 employees in Japan and 1,327 employees overseas took advantage of refreshment paid leave, an increase of 91.8% year on year.

Furthermore, we have introduced various other flexible leave systems for different life events, including childcare leave, leave to care for a sick or injured child¹, childcare support leave² and paid leave to provide nursing care. Employees are permitted to extend childcare leave until the day the child reaches three years of age; employees are now also eligible for the reduced working-hours program for childcare until the child graduates from elementary school.

¹ Leave to care for a sick or injured child: Employees are granted five days of paid leave per year until the child enters elementary school.

² Childcare support leave: Employees are granted five days of unpaid leave per year until the child enters junior high school.

■ Health and Productivity Management

We advance health and productivity management with the CEO serving as the Chief Officer for Health Promotion and implement initiatives that take into account the health of each employee. As for specific initiatives, in addition to conducting various medical checkups in accordance with laws and regulations and offering face-to-face consultations by designated occupational health physicians for employees who work long hours, we also offer counseling opportunities supported by external industrial counselors for those who request them. Furthermore, we organize regular line-care* seminars aimed at management, and where necessary, hold liaison meetings with the health officers and health professionals at each Group company in Japan, strengthening our health support system.

As a result of these efforts, all Group companies in Japan collectively received recognition under the 2025 Certified Health & Productivity Management Outstanding Organizations Recognition Program. Going forward, we will continue to improve these initiatives and further promote health and productivity management throughout the Group.

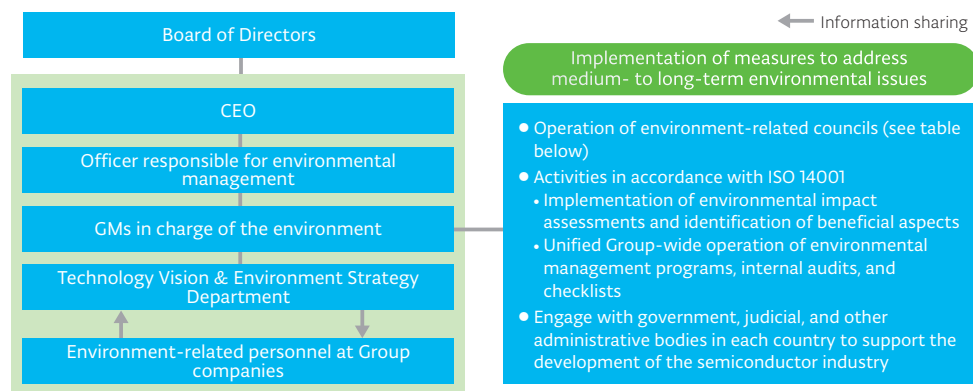
* Line-care: Measures for mental health in which managers (such as department and section managers) are mindful of and care for the mental health of their subordinates and team members.

Environment

Environmental Management System

As environmental measures are growing even more crucial, we have established a Technology Vision & Environment Strategy Department in our headquarters, headed by GMs in charge of the environment. This department oversees multiple councils to promote efforts to address medium- to long-term environmental issues throughout the Group. In addition, the progress of each initiative is reported to management, including the CEO, through the councils listed in the table below.

Environmental Management System Framework



Main Councils

Conference Name	Main Participants	Function	Meeting Frequency
Council for the Regular Reporting of Environmental Activities	CEO, corporate officers, GMs in charge of the environment	Report on matters discussed at the Global Environment Council and the TEL Corporate Environment Council and review items for approval	Quarterly
Environmental Steering Council	Manufacturing companies' presidents, GMs in charge of the environment, etc.	Monitor and supervise progress related to environmental issues	Quarterly
TEL Corporate Environment Council	The GMs in charge of the environment and department heads, etc.	The promotion of environmental activities across the entire Group, set Group-wide goals	Twice a month
Global Environment Council	Appointed members by the executives at headquarters and the Group companies	Set individual goals related to environmental issues, monitor progress, work to achieve our goals	Twice annually

E-COMPASS

As a leading company in the semiconductor production equipment industry, we are rolling out the E-COMPASS environmentally-focused initiative. We will supply products and services with technological and social value through our entire supply chain, led by E-COMPASS, and will link this to sustainable growth.



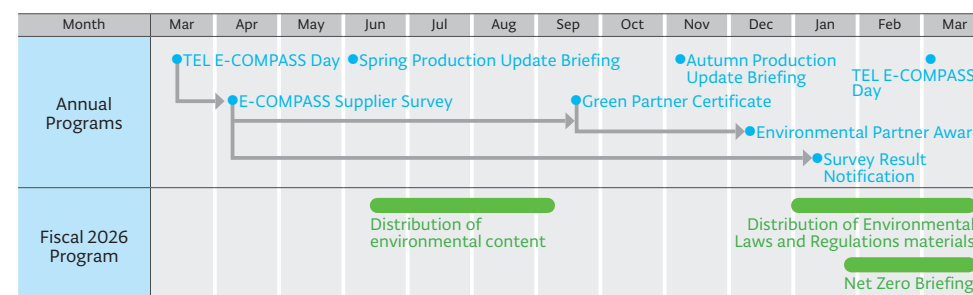
Scope 1, 2 & 3 Achieve Net Zero by Fiscal 2041

E-COMPASS

Semiconductors	Production equipment	Business activity
Pursuing higher device performance and lower power consumption	Achieving both high process & environmental performance	Reduction of CO ₂ and equivalent emissions in all business activities

Initiatives with Suppliers

To strengthen collaboration with business partners even further, we publish an annual schedule and hold various events. We have also implemented initiatives such as sharing targets with suppliers and conducting net zero briefings. These efforts have been recognized, and the Company was selected as an A List company, the highest rating, in the 2025 Supplier Engagement Assessment conducted by CDP, a non-governmental organization.



TEL E-COMPASS Day 2026

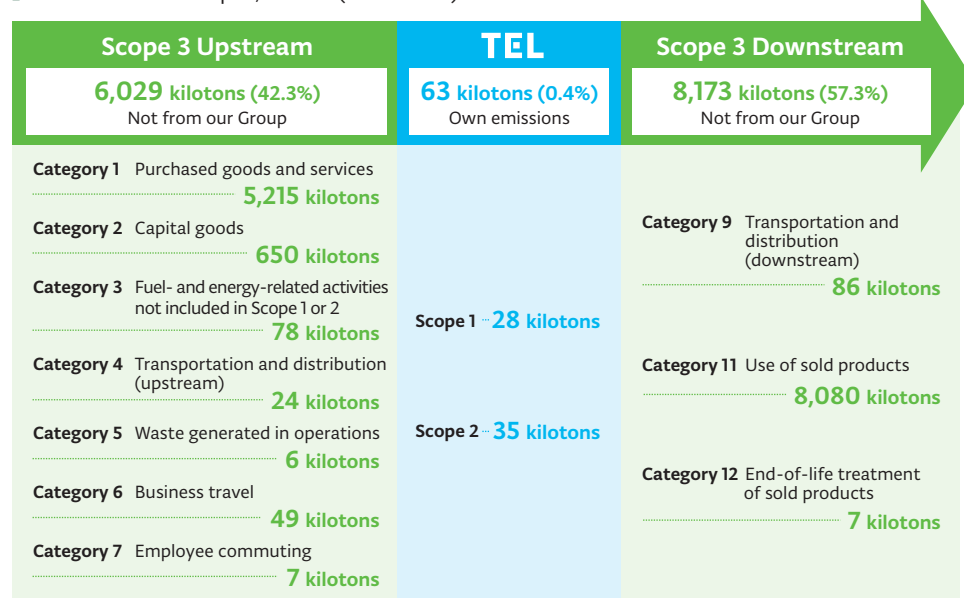
"TEL E-COMPASS Day 2026," a briefing session for our suppliers, was held in March 2026 using an online and in-person hybrid approach and was attended by 315 suppliers.

Environment

CO₂ Emissions across the Value Chain

We ascertain environmental impacts throughout the value chain and conduct business activities for reducing those impacts to solve environmental issues through leading-edge technologies and reliable services.

CO₂ Emissions in Scope 1, 2 and 3 (Fiscal 2026)



Scope 1: Direct greenhouse gas (GHG) emissions from use of fuel and gas we owned or controlled

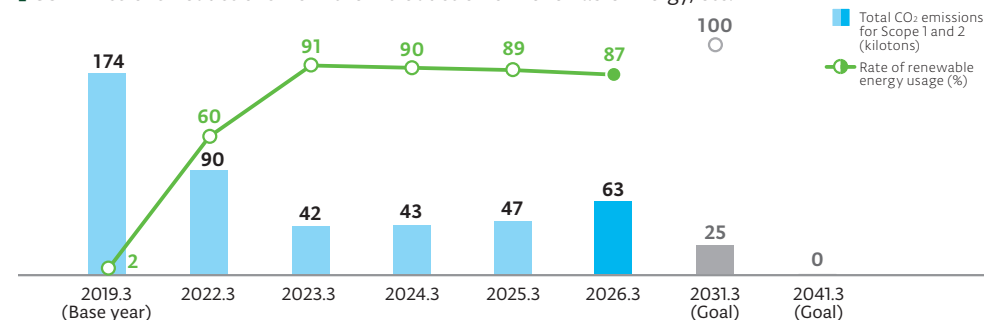
Scope 2: Indirect GHG emissions from use of electricity, steam, and heat we purchased

Scope 3: Emissions from corporate value chains (excluding Scope 1 and 2 emissions), such as product transportation, employee business travel, and major outsourced production processes. Scope 3 is divided into upstream activities, which include emissions associated with purchased or procured products and services, and downstream activities, which include emissions associated with sold products and services

Initiatives Concerning Own Emissions (Scope 1 and 2)

In fiscal 2026, the ratio of renewable energy use across the Group was 87%. At our overseas sites, electricity consumption increased due to the introduction of R&D facilities. Going forward, we will further accelerate the adoption of renewable energy power in our overseas operations.

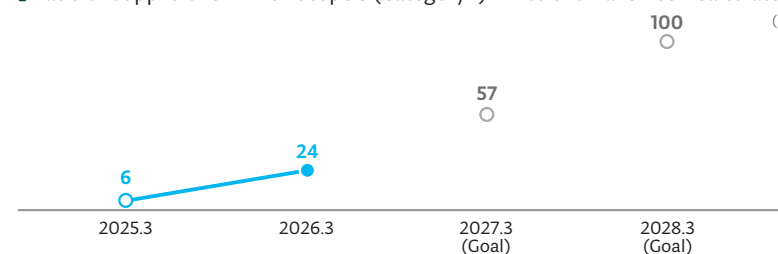
CO₂ Emissions Reductions from the Introduction of Renewable Energy, etc.



Initiatives Concerning Emissions Not from Our Group (Scope 3) (Category 1)

To reduce CO₂ emissions from purchased goods and services, we are acquiring actual data from suppliers. By holding briefing sessions and individual meetings, we are promoting efforts to enable all suppliers to calculate their Scope 3 (Category 1) emissions by fiscal 2028.

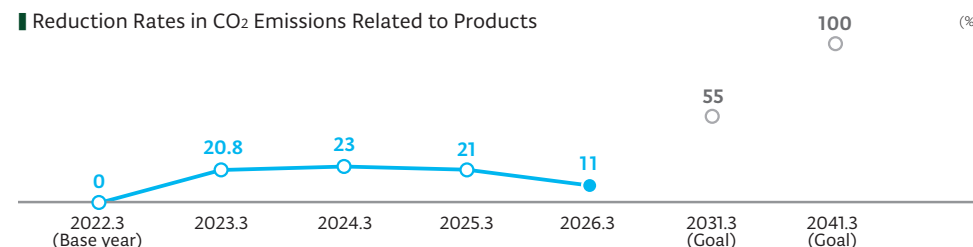
Ratio of Suppliers for which Scope 3 (Category 1) Emissions Have Been Calculated



Initiatives Concerning Emissions Not from Our Group (Scope 3) (Category 11)

In fiscal 2026, as the share of our product with higher CO₂ emissions increased, per-wafer CO₂ emissions during product use increased relatively, resulting in an 11% reduction versus the base year. Going forward, we will further strengthen the rollout of products with lower CO₂ emissions.

Reduction Rates in CO₂ Emissions Related to Products

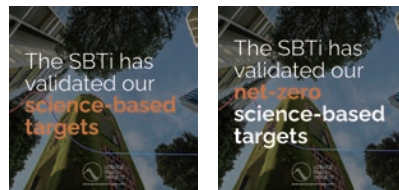


Environment

Targets recognized as SBTs

We have acquired SBT* certification regarding our environmental medium-term targets and net-zero targets and strive to reliably achieve science-based targets. We are also working to reduce greenhouse gas emissions throughout the supply chain.

* SBT: Science Based Targets. SBTs are targets that are set by companies for 5 to 15 years in the future and that match the standards required by the Paris Agreement.



Target Year	Scope		Target	Fiscal 2026 Progress
Fiscal 2031	Scope 1, 2	CO ₂ emissions	70% reduction (compared to fiscal 2019)	64% reduction
	Renewable energy (electricity)	Use rate	100%	87%
	Scope 3	Per-wafer CO ₂ emissions*	55% reduction (compared to fiscal 2022)	11% reduction
Fiscal 2041	Scope 1, 2, and 3	CO ₂ emissions	Net zero (effectively zero)	Established a Group-wide structure and implemented measures for reduction

* Including reductions resulting from customers' introduction of renewable energy

Decarbonization Measures through Industry Collaboration

We joined the Semiconductor Climate Consortium (SCC) of the Semiconductor Equipment and Materials International (SEMI) in 2022. As the importance of responding to climate change increases, we are working in collaboration with other SCC member companies to reduce the carbon emissions of the global semiconductor industry. We also joined the SEMI Energy Collaborative (EC) in 2024. The EC promotes the introduction of clean energy in the Asia-Pacific region, engages in advocacy with policy decision makers and related organizations in each country, and makes various proposals.



Semiconductor
Climate Consortium



EC Energy
Collaborative

Initiatives for Product Development

We are actively developing products with reduced environmental impact, and we develop advanced environmental technologies through the E-COMPASS program.



New cryogenic etching technology (ultra-low temperature etching) achieves high aspect ratio etching

By replacing a large amount of fluorocarbons, which have high global warming coefficients, with hydrogen fluoride gas, we reduced per-wafer CO₂ emissions by **84%** and cut electricity consumption by **43%** compared to first-generation cryogenic etching machines



CLEAN TRACK™ LITHIUS Pro DICE™

Reduces wafer defects caused by flawed resist coating by **50%** or more¹ and cuts costs compared to earlier models
Clean room footprint efficiency: Improvement of **25%** or more² in productivity and environmental performance compared to earlier models

¹ Estimated by Tokyo Electron. Comparison with earlier models regarding defect performance and chemical consumption.

² Estimated by Tokyo Electron. Comparison with earlier models regarding throughput, footprint, utility requirements, and exhaust gas volume.



EVAROS™

Reduces per-wafer CO₂ emissions by approximately **25%** compared to the earlier TELINDY PLUS™ as a result of decreases in electricity consumption and cooling water and gas used

Logistics Initiatives

We are proactively promoting the adoption of STW* and modal shifts in logistics.

* STW: Strong Triple Wall. Refers to reinforced corrugated cardboard made with three layers.

Logistics Goals

Target Year	Scope	Target	Fiscal 2026 Progress
Fiscal 2027	CO ₂ emissions	30% reduction	26% reduction
Fiscal 2026	Switch from wooden crates to STW	50%	48%

Environment

■ Reducing Environmental Impact in Logistics

Tokyo Electron Miyagi and Tokyo Electron Kyushu are continuing to promote modal shifts to rail to reduce environmental impact in transportation. We are also working to transition from fossil fuels to low-carbon fuels, and in addition to using biofuels for some vehicles, we are promoting the use of ships that use liquefied natural gas. As a result of these efforts, in fiscal 2026, for long-distance land transportation, we achieved a ferry utilization rate of more than 90% on routes where modal shifts are possible, and the use of EV trucks reached approximately 800 vehicle trips for the year.



Source: Tokyo Electron BP

E-COMPASS Logistics & Facility Day 2025

E-COMPASS Logistics & Facility Day 2025 was held as a hybrid event with both online and in-person participation, and 283 suppliers involved in logistics and facilities participated. At this event, we shared our environmental policies and vision, while our suppliers introduced their proactive adoption of EVs and other initiatives, including STW, that they are implementing in collaboration with us.

■ Natural Capital

Participation in the TNFD

In affirmation of the philosophy of the Taskforce on Nature-related Financial Disclosures (TNFD), we joined the TNFD Forum in fiscal 2024. We identified priority locations and assessed the current situation based on the LEAP approach* recommended by the TNFD and conducted interviews to confirm the status and awareness of business partners. Going forward, we plan to update the content periodically through further analysis and evaluation.

* LEAP approach: Locate, Evaluate, Assess and Prepare approach



"Biodiversity and Forest Conservation (TNFD)" on our website

www.tel.com/sustainability/management-foundation/environment/index.html#tnfd

Measures Concerning Water Resources

We set a target concerning water usage as an important indicator in the Medium-term Management Plan and are making company-wide efforts to achieve those targets. Tokyo Electron Kyushu is conducting paddy field water replenishment at its Koshi site as an environmental conservation measure in an effort to protect groundwater resources. We were selected as an A List company, the highest rating, in a survey on water resource management conducted by CDP, a non-governmental organization.

■ Circular Economy

The Company is working to achieve a circular economy through measures such as recycling parts, recirculating ultra-pure water, and reducing waste.

Parts Recycling

We leverage the technology cultivated over many years in the aftermarket business (maintenance, repair, etc.) to recycle large numbers of parts. As of September 2025, the reuse rate* for high-frequency RF systems among three major customers was 87%.

* The reuse rate is calculated as the number of specified parts reused divided by (the number of reused parts plus the number of newly purchased parts).

Recirculation of Ultra-pure Water

To reduce the amount of ultra-pure water used and achieve stable operations through recirculation, we created a system that recovers 95% of ultra-pure water* used in cleaning processes, which in the past was discharged from pipes while equipment was in standby, and recirculates it for reuse.

* Ultra-pure water is high-purity water suitable for cleaning that has contaminants reduced to extremely low levels.



Waste Reduction

To reduce waste, we are striving to curb the amount of waste we generate and to recycle waste. In addition to using an electronic manifest system to properly manage waste, we are confirming statistical data regarding waste and performing on-site equipment confirmation and implementing measures to reduce waste. As a result of these efforts, we achieved a global recycling rate of 98.5%, meeting our target of a recycling rate of 97% or above for 20 consecutive years starting in fiscal 2007.



Environment

Initiatives Related to Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD¹)

We are conducting deliberations and taking various measures based on the framework of governance, strategy, risk management and metrics and targets relating to the risks and opportunities that climate change presents to our business.

Timeline: Short-term = five years or less; medium-term = fiscal 2031; long-term = fiscal 2051
Scope: The entire Group as well as the entire value chain including upstream and downstream

Matters considered: Current and emerging regulations related to existing and new businesses, technical risks, legal risks, litigation risks, market risks and acute and chronic physical risks

Type (Scenario)	Risk or Opportunity Items	Timeline of Manifestation	Anticipated Risks or Opportunities	Impact on Tokyo Electron	Impact Evaluation ²	Our Response
Transition Risks (1.5°C scenario)	Cost increases associated with the low-carbon transition	Short- to medium-term	- It has been projected that the levels of carbon tax³ will be levied: Fiscal 2041: Approx. 31,775 yen/t-CO₂ - Reinforcing goals and measures for reduction in carbon emissions in each country - Soaring electricity/fuel costs - Soaring green power and renewable energy certificate unit prices	- Assuming that our greenhouse gas (GHG) emissions and renewable energy usage levels remained at the levels of fiscal 2026, the carbon tax burden in fiscal 2041 would increase by 2 billion yen/year - Increased transportation costs - Increased procurement costs	Low	- Putting our initiatives to achieve our medium-term environmental goals based on SBT certification goals (promotion of energy preservation and promotion of renewable energy implementation) into practice - Through our initiatives to reduce GHG emissions, the estimated increase in our carbon tax burden for fiscal 2041 is 6 billion yen lower based on fiscal 2026 calculations⁴ - Installation of self-consumption solar power generation equipment in new building at Tokyo Electron Taiwan - Promotion of modal shifts, such as introduction of EV trucks, joint shipping and transition to delivery by rail and sea
	Changes in customer and market demands associated with the low-carbon transition	Short- to long-term	- Poorer evaluations among customers, investors, job seekers, nongovernmental organizations (NGOs) and local communities - Uncertainty in environmental measure developments - Delayed implementation of renewable energy	- Increased reputational risks - Increased costs of capital investment/R&D expenses - Decreased net sales - Legal proceedings and fines if regulations are violated	Low ~ High	- Acquiring certification for SBT net zero goals - Develop activities to achieve medium- to long-term environmental goals through E-COMPASS activities - Respond appropriately and promptly to environmental laws and regulations revised in each country - Implementing risk management utilizing the TCFD framework and our support for its recommendations - Promote disclosure of information on the above activities through integrated reports, our websites, etc.
Physical Risks (4°C scenario)	Abnormal weather such as floods, landslides, disasters, storm and flood damage (storms, typhoons)	Short- to medium-term	Impacts on us, our customers and suppliers (supply chain disruptions, production/shipping delays, operation stoppages and other factors)	- Increased procurement costs - Decreased net sales - Increased insurance premiums	High	- Update and implement our business continuity plans (BCP) based on our business continuity management (BCM) framework - Implementation of risk response through suppliers' BCP assessments - Set out standards for a company-wide response to storm/flood damage (storms, typhoons) etc. Implement online training for all employees and enter into disaster insurance - Maintain a database of suppliers' production sites to promptly identify impacted suppliers and quickly collaborate in recovery efforts
	Higher temperatures	Medium- to long-term	Increased usage of air conditioning and chillers in clean rooms and others with rising temperatures	Increased energy costs	Low	- Develop activities to achieve medium- to long-term environmental goals through E-COMPASS activities in the supply chain - Globally promote the latest in research and development such as dealing with abnormal weather in the supply chain, responding to environmental regulations and innovations in environmental technology to continually supply the Best Products with innovative technology in a timely manner
Opportunities (Common)	Improved operational efficiency relating to the environment	Short- to medium-term	Higher productivity	Reduced energy costs	High	- Make a call for submissions on examples of internal initiatives related to the environment and recognize excellence with the Sustainability Award - Aim to achieve medium- to long-term environmental goals through E-COMPASS activities to promote responses to abnormal weather and adapt to environmental regulations in the supply chain and through environmental technological innovation
	Generation of added value to products and services based through technological innovation	Medium- to long-term	Promote innovation toward development of low-GHG products and services and develop equipment and technologies that contribute toward the manufacture of lower power consumption devices	- Increased net sales - Improved reputation	Medium ~ High	Conduct leading-edge technological development on a global level and offer the Best Products with innovative technology in a timely and sustainable manner



Please refer to the "TCFD" on our website for details.

www.tel.com/sustainability/management-foundation/environment/index.html#tcfd

¹ Subsequently integrated into the International Sustainability Standards Board (ISSB).

² Impact evaluation: Sets out the findings of evaluations of the impact of risks or opportunities within Tokyo Electron.

³ Carbon tax: We referred to the International Energy Agency (IEA) Net Zero Emissions by 2050 Scenario for the increase in tax associated with GHG emissions. 1 U.S. dollar was converted at 155 yen.

⁴ Assuming that GHG emissions in fiscal 2041 remain at the same level as in fiscal 2026.

Human Rights

Human Rights Policy and Promotion Framework

We recognize corporate social responsibility and believe that it is important for us to conduct ourselves with a strong sense of integrity. We recognize the importance of human rights and the responsibility of businesses to respect human rights.

Based on this recognition, we formulated the Tokyo Electron Group Human Rights Policy¹ with reference to the United Nations' Guiding Principles on Business and Human Rights, the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work referred to therein, the Ten Principles of the United Nations Global Compact, and the RBA Code of Conduct².

United Nations' Guiding Principles on Business and Human Rights



Our Human Rights Policy specifies five focus areas of human rights. We thoroughly familiarize all of our executives and employees with the Policy and request that our suppliers also conduct their business activities in line with the Policy. In addition, we engage in active dialogue with all of our stakeholders, including shareholders, investors, and suppliers, striving to meet the demands and expectations of society.

Led by our Corporate Sustainability Management Department, human rights issues and initiatives are shared and activities to promote respect for human rights are advanced at the Sustainability Global Committee, which is attended by sustainability managers from across the Group. Important matters are deliberated by the Sustainability Committee and approved at the Corporate Officers Meeting attended by the CEO. The Division Officer in charge reports the status, progress, and results of important matters to the Board of Directors, which supervises these efforts.

Human Rights of Most Importance

- Freedom, Equality & Non-Discrimination
- Freely Chosen Employment
- Product Safety & Workplace Health and Safety
- Freedom of Association
- Appropriate Working Hours & Breaks/Holidays/Vacations

¹ "Tokyo Electron Group Human Rights Policy" on our website www.tel.com/sustainability/management-foundation/human-rights/index.html

² RBA Code of Conduct: A set of standards established by the Responsible Business Alliance (RBA) for supply chains in the electronics industry, to ensure that labor environments are safe, that workers are treated with respect and dignity, and that companies take responsibility for the environmental impacts of manufacturing processes and procurement.

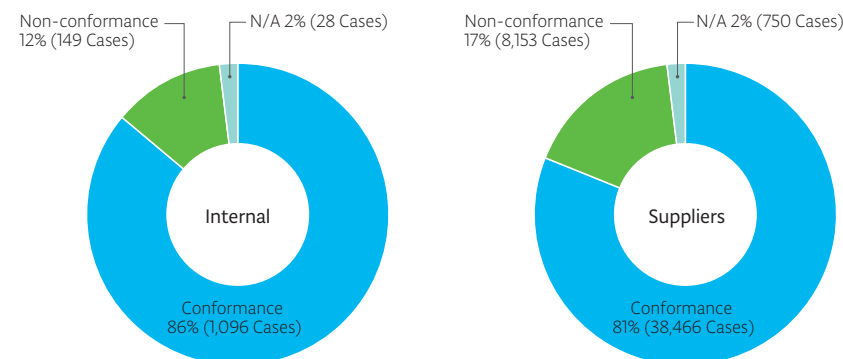
Human Rights Due Diligence

Every year, we identify and evaluate adverse effects on human rights (human rights risks) across the entire Group and among our suppliers, based on the United Nations' Guiding Principles on Business and Human Rights. We then implement initiatives to prevent and mitigate the identified adverse effects and actively conduct human rights due diligence that tracks and evaluate the effectiveness of those initiatives and appropriately disclose information.

Identification of Human Rights Risks and Corrective Actions

In fiscal 2026, we conducted a Human Rights Survey based on RBA audit standards at 19 Group sites in Japan and overseas and among 707 suppliers in materials, staffing, customs clearance, packaging, and other areas.

Human Rights Survey for Fiscal 2026

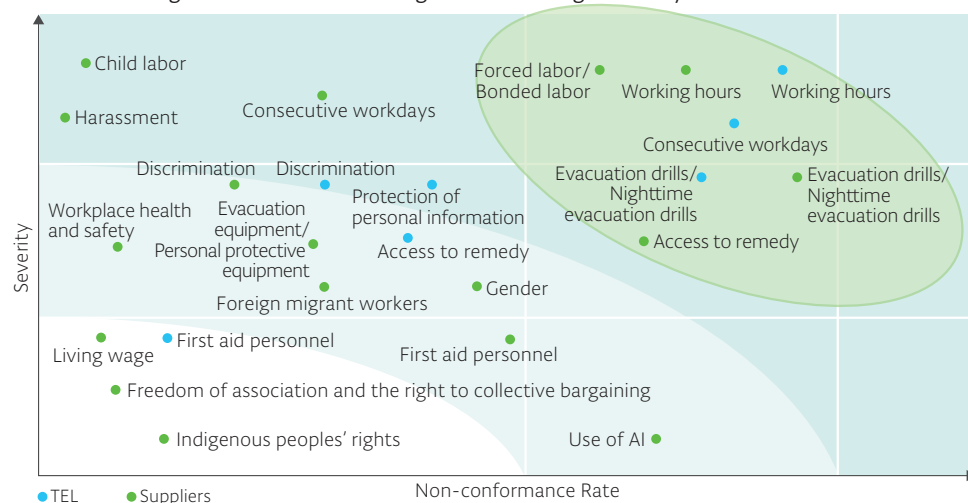


Our classifications and definitions of conformance as well as human rights risks based on RBA auditing standards are as follows.
 Conformance: No issues were recognized in each area and requirements are being met.
 Non-conformance: Requirements are not fully met.
 N/A: Indicates that the respondent answered that "the question is not applicable."

Human Rights

Based on the results of the Human Rights Survey, we identified the following high-priority human rights risks from the perspectives of severity and non-conformance rates. To prevent and mitigate adverse impacts throughout the supply chain, we are developing corrective and mitigation plans and implementing remediation and improvement measures for the identified risks.

Main Human Rights Risks Identified through the Human Rights Survey



Internal: High-priority Human Rights Risks and Corrective Actions

Human Rights Risks	Main Issues	Sites Subject to Corrective and Mitigation Measures	Sites Where Actions Have Been Implemented*	Corrective Actions
Working Hours	Excessive working hours	11 sites	5 sites	- Thorough internal awareness of working hours - Weekly working hours management - Regularly monitoring to call for attention and confirm effectiveness
Consecutive Workdays	Excessive number of consecutive workdays	9 sites	4 sites	- Thorough communication of requirements regarding consecutive workdays - Weekly consecutive workdays management - Regularly monitoring to call for attention and confirm effectiveness
Evacuation Drills	Less than 100% of employees take part	5 sites	1 site	- Reinforcing awareness that participation is required in principle - Encouragement of participation by managers - Follow-up with nonparticipants
Nighttime Evacuation Drills	No evacuation drills conducted after sunset	8 sites	4 sites	Planning and conducting drills simulating dark conditions

* As of June 2026

Suppliers: High-priority Human Rights Risks and Corrective Actions

Human Rights Risks	Main Issues	Suppliers Subject to Corrective and Mitigation Measures ¹	Suppliers Where Actions Have Been Implemented ²	Corrective Actions
Forced Labor/Bonded Labor	- Employment-related fees borne by workers - Establishment of policies and procedures	11 suppliers	9 suppliers	- Payment of employment-related fees and establishment of operating practices - Formulation of policies
Working Hours	- Excessive weekly working hours - Excessive number of consecutive workdays	7 suppliers	4 suppliers	- Thorough internal awareness of working hours - Weekly working hours management - Regularly monitoring to call for attention and confirm effectiveness
Evacuation Drills/Nighttime Evacuation Drills	- Evacuation drills not conducted - Compliance with the requirement for all employees to participate - No evacuation drills conducted after sunset	26 suppliers	11 suppliers	- Preparation of evacuation drill plans, including the requirement for all employees to participate - Coordination with fire departments - Conducting drills after sunset and providing training on nighttime evacuation
Access to Remedy	- Establishment of reporting channels and operating procedures - Acceptance of anonymous reports	7 suppliers	5 suppliers	- Establishment of reporting channels - Preparation of operating procedure manuals - Beginning to accept anonymous reports

¹ Of the suppliers subject to corrective and mitigation measures, the number individually requested to develop and implement improvement plans.

² As of June 2026

Tracking and Assessing Effectiveness

To prevent and mitigate identified human rights risks, we verify the effectiveness of corrective actions by reviewing conditions before and after their implementation. When corrective actions are not sufficiently effective, we review their content and work to improve them.

"Human Rights Due Diligence" on our website www.tel.com/sustainability/management-foundation/human-rights/index.html#dd

Addressing Grievances

For human rights initiatives in companies, it is critically important to ensure access to remedy for those affected by human rights violations. We have established and operate a highly reliable grievance mechanism (complaint handling mechanism) with due consideration to confidentiality and anonymity and prohibit retaliation and unfavorable treatment. We take feedback from stakeholders, including employees and suppliers, seriously and respond promptly and appropriately, while working to firmly establish a grievance mechanism dedicated to human rights to provide access to remedy.

Supply Chain Management

Principles and System of Supply Chain Management

To build a supply chain that is sound and sustainable, we have formulated a procurement policy based on the laws, regulations and social norms of each country, as well as the RBA Code of Conduct, and together with our suppliers, we are implementing activities based on this policy.

We are also working to build relationships of trust with our suppliers, including material suppliers, staffing agencies, contracting companies, customs-related operators and other logistics companies, and facility management companies, who support our business as partners. Through ongoing communication with our suppliers, we identify issues in the supply chain across all relevant areas, such as labor, health and safety, the environment and ethics. These issues are shared with the relevant departments which then develop and implement improvement measures under the supervision of the CEO. We will continue to strive to create value across the supply chain by working with our suppliers to implement our operations in compliance with global standards.



 "Principles and System of Supply Chain Management" on our website
www.tel.com/sustainability/management-foundation/supply-chain-management/index.html

Initiatives in the Supply Chain

■ Responsible Sourcing of Minerals

We conduct responsible mineral sourcing surveys as part of our corporate social responsibility to address conflict minerals and other minerals that may be linked to human rights violations and poor working conditions, including those sourced through fraudulent methods. In fiscal 2026, we conducted our 12th annual survey, adding cobalt to our 3TG (tantalum, tin, tungsten, and gold) target minerals. We were able to identify 293 smelters that comply with RMAP*, one of the standards used to determine that minerals are not associated with conflict. In addition, no sourced materials were found to contain 3TG or cobalt sourced through illicit methods.

We have shared the results of the survey with our suppliers, and we are conducting due diligence activities while improving the accuracy of the survey and requesting a switchover to certified smelters.

* RMAP: Responsible Minerals Assurance Process

 "Responsible Sourcing of Minerals" on our website
www.tel.com/sustainability/management-foundation/supply-chain-management/index.html#minerals

■ Procurement BCP

As part of our business continuity plans, we collaborate with suppliers on ongoing disaster preparation. This entails preparing for geopolitical and other risks by using multiple suppliers for our major parts and materials, and jointly developing low-risk parts and materials, to build a highly secure and flexible supply chain. In addition, to appropriately grasp the increasingly complex supply chain, we enhance the supply chain visibility by leveraging IT systems. We also conduct BCP assessments with our suppliers and analyze the results to provide feedback to promote improvements in areas of concern.

 "Procurement BCP" on our website
www.tel.com/sustainability/management-foundation/supply-chain-management/index.html#bcp

■ RBA Programs

We joined the Responsible Business Alliance (RBA) in 2015 and strive to comply with the RBA Code of Conduct. We also require our suppliers to understand and comply with the RBA Code of Conduct, and we engage in RBA promotion programs throughout the year to reduce risks and address challenges.

Obtain Agreement

To ensure that all workers in our supply chain can work of their own free will, we have stipulated our zero-tolerance policy for forced labor and bonded labor in the Tokyo Electron Group Human Rights Policy. To ensure that these efforts are also implemented by suppliers, we ask them to sign an agreement confirming their understanding of and compliance with the RBA Code of Conduct, which respects the rights of workers.

Supply Chain Management

TEL Supply Chain Sustainability Assessment

1 Implementation of Assessments

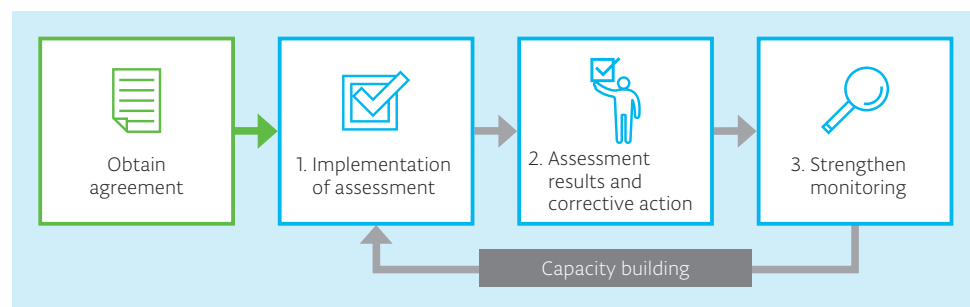
To assess the potential risks of suppliers, we implement the TEL Supply Chain Sustainability Assessment (TSSA) once a year. The TSSA is based on the RBA audit standard and comprises key requirements that we consider important. In fiscal 2026, we implemented the TSSA for a total of 707 suppliers, including material suppliers, staffing agencies, contracting companies, customs-related operators and other logistics companies, and facility management companies, and achieved a 100% response rate. As part of our human rights due diligence, we added questions related to respect for human rights and confirmed the status of human rights-related initiatives.

2 Assessment Results and Corrective Action

Supplier responses are assessed on a three-level scale: Low Risk, Medium Risk, and High Risk. We provide individual feedback to the suppliers and request that they correct any risks that were identified. In the case of non-conformity with any of our priority initiatives in particular, we ask that they prioritize related corrective actions. In fiscal 2026, we assessed 88.8% of suppliers as Low Risk, 11.2% as Medium Risk, and none as High Risk.

3 Strengthen Monitoring

We strengthen monitoring of suppliers for which risks are identified in specific areas and support their improvement activities. In fiscal 2026, we selected 48 suppliers for individual monitoring and, through interviews and other communication, confirmed their corrective action plans, corrective actions taken, and completion status.



Capacity Building

When starting to implement the TSSA, we hold briefing sessions where we explain the RBA Code of Conduct and introduce best practices to support the various initiatives of our suppliers. In this way, we are facilitating improved understanding and autonomous improvement among our suppliers.



"Sustainability Operations" on our website

www.tel.com/sustainability/management-foundation/supply-chain-management/index.html#sustainability

RBA Audits at Tokyo Electron

We conduct annual compliance assessments at our major manufacturing facilities using the RBA's Self-Assessment Questionnaire (SAQ) in its online tool. The aim is to identify potential risks, confirm the status of initiatives, and promote corrective action in the event of issues being identified. From fiscal 2026, we expanded the program to also include our headquarters and Group companies, and we are enhancing efforts for Group-wide compliance with the RBA Code of Conduct.

Furthermore, we continue to undergo the RBA's third-party Validated Assessment Program (VAP) at our major manufacturing sites, and were certified with Platinum Status for all audits conducted between fiscal 2024 and fiscal 2026.

Company Name	Plant/Office Name	Acquisition Date	Score	Status*
Tokyo Electron Technology Solutions	Head Office, Hosaka	Jul. 2023	200	Platinum
		Aug. 2025	200	Platinum
	Tohoku	Nov. 2025	200	Platinum
Tokyo Electron Kyushu	Head Office	Mar. 2025	200	Platinum
Tokyo Electron Miyagi	Head Office	Apr. 2025	200	Platinum

* Platinum: 200 points; Gold: 180-199 points; Silver: 160-179 points; Scores below 160 points are not eligible for certification.

We aim to reduce business risks and build a robust business foundation by continuing to implement these initiatives and make improvements. We will also build trust with all stakeholders and contribute to enhanced corporate value by improving competitiveness and addressing social challenges.



"Our approach to RBA" on our website

www.tel.com/sustainability/management-foundation/supply-chain-management/rba/index.html

Safety

Approach to Safety

Our Management Policies, which view safety as our first priority, have been clarified in writing.

As a company that fulfills its social responsibilities, everyone in the Group, from top management to field representatives, gives safety the highest priority when carrying out all kinds of operations such as development, manufacturing, logistics, installation, and maintenance under the "Safety First" slogan.

Safety First



Safety Training

We provide safety foundation training for all employees.

We also provide more highly specialized safety technical training for engineers, who work on production lines and in cleanrooms, when they join the company. We update the safety technical training program every year and provide refresher training as well.

As a new initiative, we are conducting a safety campaign using digital signage. Furthermore, we are working to improve safety awareness overall by displaying actual incidents, near-misses, and hazards from our company on screens installed in the halls and entrances of each of our sites.



Hazard example

Product Safety

We carry out risk assessments that take the entire product lifecycle into consideration, starting from the development phase. We implement inherently safe design¹ by incorporating the assessment results into the design. In addition, we conduct compliance checks through third-party assessment bodies to ensure conformity of equipment we ship with international safety standards and SEMI Standards². Furthermore, we build relationships of trust with our customers by responding appropriately to the laws and regulations of each country and region to which we deliver our equipment and by ensuring the equipment is high quality and safe.

¹ Inherently safe design: A design concept that eliminates the cause of the machine's harm to humans through the safety design of the machine

² SEMI Standards: SEMI Standards are regulations formed by SEMI, an international industry body which serves manufacturers of semiconductor production equipment, flat panel display production equipment, materials and the like, to unify all of these international industrial standards.

Responding to Incidents

In the event of an incident, we quickly share information with all the people in the Group involved in safety, including management, through the TEL Incident Reporting System (TIRS)*. Each department takes the lead in confirming the implementation status of incident responses and recurrence prevention measures, and the results are reported at meetings attended by management. We share this information with all employees as well through the Safety and Health Committee and other means.

* TIRS: TEL Incident Reporting System. System that makes the first report within 24 hours of the incident and shares with all relevant parties

Activity Results and New Initiatives

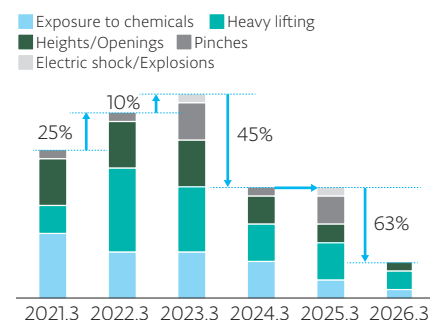
We are focusing on the prevention of significant control injuries¹ through Stop Work retraining and strengthening onsite inspections. In fiscal 2026, we were able to reduce significant control injuries by 63% year on year.

We have also adopted AI-based posture analysis software and are implementing recurrence prevention measures in response to ergonomics-related incidents, which account for the greatest number of reports. We analyzed causes for more than 50 job types that place physical stresses on the body, and implemented the most appropriate measures, including optimization of work postures and reduction of stresses, for similar jobs performed at Group companies. As a result, we were able to achieve a TCIR² of 0.22.

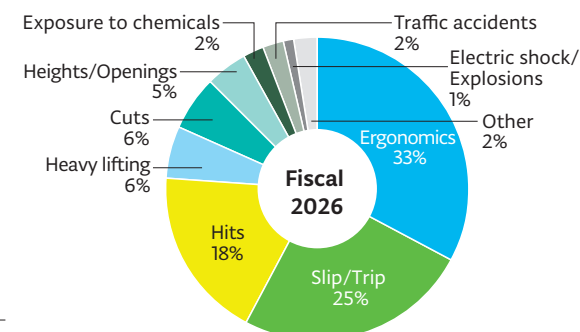
¹ Significant control injuries: Incidents that we have identified as requiring recurrence prevention. They include workplace injuries that have the possibility of causing severe physical impact, such as injuries from heights and openings, incidents resulting from heavy lifting, exposure to chemicals, and contact with machinery in operation.

² TCIR: Total Case Incident Rate. The number of workplace incidents per 200,000 work hours

Ratio of Increases and Decreases in Significant Control Injuries



Percentages of Injury Type



Quality

Approach to Quality

In order for each employee to correctly understand and practice quality assurance activities, it is important to clearly define the goals to be achieved, and to create an environment and foster a culture in which those goals are widely understood. Upon clarification of the ideal form of quality assurance, we established “Our Approach to Quality¹” and “Quality Policy²” and set quality indicators to be achieved. Based on such policies and approaches, we are working toward sharing goals and establishing awareness by continuously communicating the importance of quality to our employees. Furthermore, we regularly review regulations and basic education on quality as appropriate, while striving to enhance quality awareness among all employees through various training programs. In addition to providing newly hired employees with basic quality training, we also conduct ongoing operation improvement training for all employees. Through this, we are conducting the prevention of product quality issues. Additionally, we work toward continuous business growth by having employees thoroughly confirm each other’s quality in various situations and engage in the continuous improvement of business processes. Through these initiatives, we are able to provide high quality products and services that exceed customer expectations.

1 “Approach to Quality” on our website www.tel.com/sustainability/productivity/value-chain/index.html#basic

2 “Quality Policy” on our website www.tel.com/sustainability/productivity/value-chain/index.html#acc_1

Activities for Quality Improvement

We have established rules based on our Group-wide Quality Policy, which are systematically organized as the TEL Manual (TM) and the TEL Guidelines (TG) for each major business category, such as development, design, manufacturing, and service. These rules are shared with, and applied to, the entire Group, including manufacturing sites, and our suppliers. As compliance with common rules becomes the foundation for quality assurance of products and services, the corporate quality division at the head office regularly confirms the level of understanding of, and compliance with, the operational rules in our manufacturing and service sites. Additionally, we are working with our suppliers on enhancing our quality improvement system by having each manufacturing site implement regular quality audits for our suppliers.

Furthermore, each manufacturing site has established a quality management system based on the TM and the TG and has attained ISO 9001:2015, the international standard for quality management systems. In addition, we are striving for continuous improvement in our quality management system by efficiently operating the PDCA cycle through repeated internal audits and third-party organization audits. The Quality Assurance Division in each Group company sets quality goals every year based on the results of the previous fiscal year, and regularly reviews the progress of achievement of those goals. Specifically, we monitor the number of non-conforming products delivered from suppliers and track monthly progress of defect rates using KPIs to evaluate the status of reductions based on the number of defective parts delivered in the previous fiscal year.

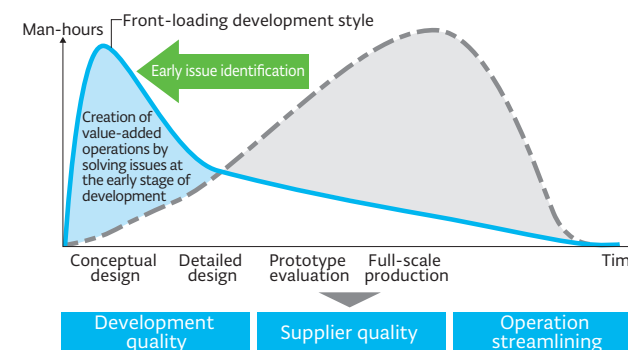
In addition, through self-process assurance¹, we conduct strict quality risk management and development/design inspections and thoroughly pre-validate customer operations through simulations. Through these initiatives, we work to improve the accuracy of each process, reduce reworking costs², and promote “Shift Left” (front-loading)³, which enables employees to focus on high-value-added work in the upstream processes. Specifically, we are shifting from a design process that identifies risks according to each development and design project to a design process that centralizes and shares risks, which leads to the prevention of failing to identify risks. We are also improving our ability to respond to innovative development by identifying newly anticipated risks based on examples of past issues and establishing frameworks in which those risks are reflected in business processes.

1 Self-process assurance: Comprehensive measures that prevent non-conformance in each process and prevent non-conforming products from being passed to downstream processes

2 Reworking costs: Costs incurred when there is non-conformance by going up the chain of processes to perform reworking

3 “Quality” on our website www.tel.com/sustainability/productivity/value-chain/index.html#shift_left

Shift Left (Front-loading) Initiatives



Digital Transformation (DX)

Semiconductors are essential to economic activity and society, and the market in which we operate is expected to continue expanding. We have enhanced corporate value by providing Best Products with innovative technology and Best Technical Service with high added value. To achieve further growth through sustainable value creation, we have positioned two initiatives as key pillars of DX-driven transformation and are executing these initiatives: the creation of high added value centered on development and manufacturing* and the enhancement of strategic execution capabilities through the advancement of our management and operational model.

As core capabilities, we are advancing the development of Epsira™, a DX solution that provides an end-to-end framework from equipment development through to services. At the same time, we have integrated corporate planning, business process re-engineering, and digital/IT functions, establishing a structure that enables seamless execution from strategy formulation to business transformation in close collaboration with business divisions across the Company.

*  Research and Development [P. 29-32](#)  Installation and Maintenance Services [P. 41-44](#)

 Please refer to the "Digital Transformation (DX)" on our website for details. www.tel.com/sustainability/dx

Operating Model Enabling a Continuous Strategy-execution Cycle

The operating model we aim to establish is characterized by a cyclical mechanism in which strategies are consistently executed at the operational level, and insights generated from business activities are reflected in management decisions in a timely manner. Based on an ideal operational state, we design and operate business processes, data, IT, and organizational roles in an integrated manner, enabling agile decision-making and execution in response to changing conditions.

Through these efforts, we are strengthening the foundation that supports business growth by improving productivity and organizational efficiency, without relying on increases in headcount to absorb higher workloads associated with business expansion. At the same time, we are implementing a new way of working (New Work Style) in which employees can focus on high-value-added activities, and fully leverage their capabilities. By creating an environment where individual motivation and strengths translate into proactive action and results, we are advancing our "Motivation-oriented Management." We monitor and manage the impact of these initiatives using indicators such as productivity, process lead times, and man-hours. Progress and outcomes are regularly reviewed at the Top Management Conference and Division Officers Meeting. These insights are also utilized in deliberations by the Board of Directors.

Data-driven Management and Business Process Re-engineering

To embed this operating model into our management and operations, we have established two strategic focus areas: data-driven management and business process re-engineering.

In data-driven management, we strengthen the Group-wide data platform and improve the quality and speed of decision-making through role-based KPI design. In business process re-engineering, we redesign operations from an end-to-end optimization perspective using digital technologies. Standardized and optimized processes enhance data quality and visibility, supporting data-driven management.

By linking these initiatives, we embed the strategy-execution cycle into daily operations and achieve advanced data utilization and operational optimization across all business activities, including development and manufacturing. We formulate roadmaps aligned with management objectives and establish an environment that enables the effective use of digital technologies, including AI and citizen development. Through on-the-ground execution, we drive transformation and enhance management and operational frameworks, thereby supporting the continuous creation of high value-added and sustainable company-wide value.



Information Security

An environment where data can be used safely and securely is crucial for the continuous and steady development of the operations of the Company. For this reason, we view the assurance of information security as an important managerial issue, and continuously reinforce the protection of information about our customers and suppliers as well as confidential information on leading-edge technology. In addition, we strive to strengthen information security to ensure the stable operation of the entire supply chain.

Main Activities

 Information Security Systems	We have established the TEL Group Information Security Committee, chaired by an executive officer at the Head Office, to formulate information security strategies for the entire Group. We also coordinate with the Information Security Committees of each company to build shared understanding, ensuring a unified level of information security across the Group and establishing a system under the supervision of the Head Office that enables the swift deployment of various security measures.	 Responding to Security Threats	In response to changes in threats and technology trends, we continuously implement technical measures such as strengthening security for PCs and servers, introducing multi-factor authentication, and enhancing network security. We also monitor threats, including cyberattacks and internal fraud, 24 hours a day, 365 days a year. In the event of an incident, we have a system in place to promptly share information with relevant divisions and respond swiftly.
 Information Security Management	We formulate an Information Security Policy with reference to requirements set out in international standards such as NIST¹, roll them out globally, and review them as needed. We also provide ongoing information security training for all employees to improve security awareness and literacy. In addition, we are working to obtain ISO/IEC 27001² certification starting from the Head Office and are gradually expanding the scope across the Group.	 Security at Manufacturing Sites and in Products	We are strengthening security at our manufacturing sites to ensure the safe and stable operation of our manufacturing systems. Furthermore, we are also implementing security measures, not only in our products, but also in our manufacturing processes and field support so that our customers can use our products and services with assurance.
 Supply Chain Security	To protect the entire supply chain from information security threats, we regularly conduct information security assessments on our suppliers. We are working on the continuous enhancement of security measures by making improvements with our suppliers on identified issues.	 External Activities and Strengthening of Information Security Human Resources	We participate in external security activities, including initiatives to standardize security at SMCC³, and contribute to improving information security levels in the semiconductor industry and society as a whole. We are also members of external security organizations joined by a wide range of organizations from industry, government, and academia, where we share various types of security information. In addition, we are actively recruiting and developing human resources to support our information security.

¹ NIST: National Institute of Standards and Technology

² ISO/IEC 27001: International standard for Information Security Management Systems

³ SMCC: Semiconductor Manufacturing Cybersecurity Consortium. A consortium that deliberates on strengthening cybersecurity within SEMI, an international semiconductor industry association



Please refer to the "Information Security Report" on our website for details.
www.tel.com/sustainability/management-foundation/security/index.html#report

Risk Management

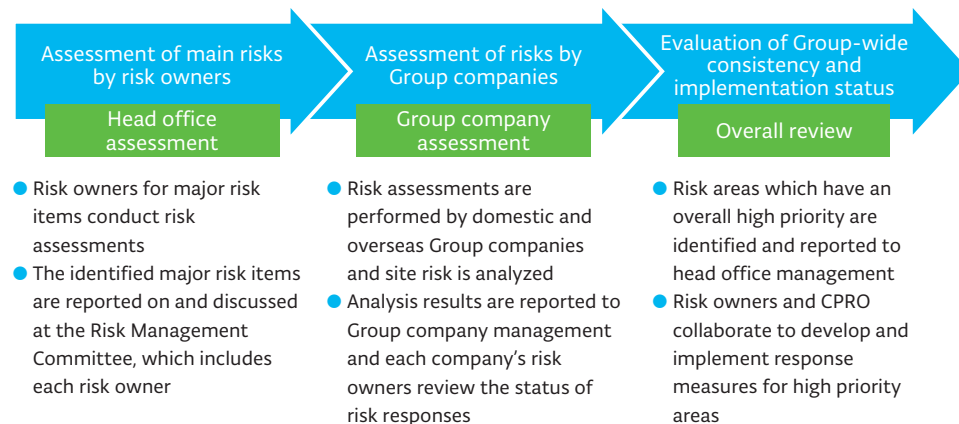
Approach to Risk Management

Our Group has built a risk management system to respond effectively and promptly to various risks, such as geopolitical and market changes in the semiconductor industry, and to ensure sustainable growth. We believe that it is crucial not only to make sufficient considerations in anticipation of the future and to minimize the impact of potential risks that may arise during business operations, but also to view these risks as potential business opportunities and address them in a manner that earns the trust of society.

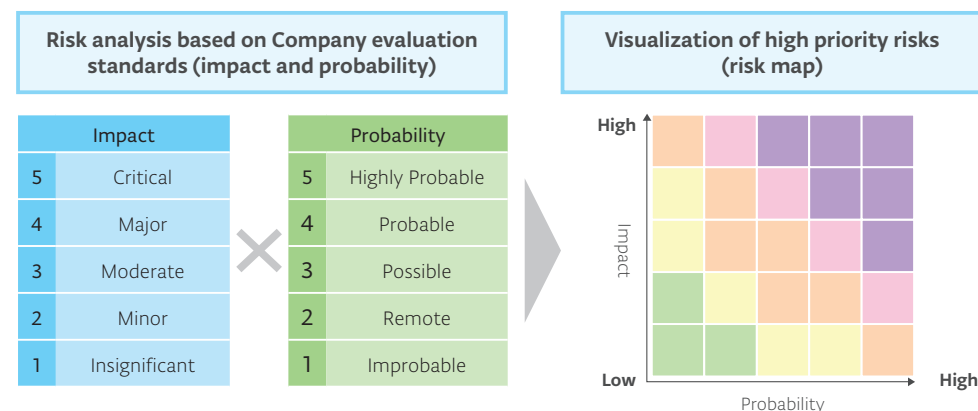
Risk Management System and Implementation

We established the Corporate Project & Risk Management Office (CPRO) in the Corporate Planning Division at the head office to promote more effective enterprise risk management* in the Group as a whole.

* Enterprise Risk Management (ERM): An integrated framework and continuous process for managing risks across the Group.



Risk Assessment Method



The Group's risk management activities are regularly reported to the Audit & Supervisory Board members and the Board of Directors, which oversees various initiatives implemented by each risk owner. In addition to oversight by the Board of Directors, the Group periodically undergoes audits by RBA-certified third-party organizations through the Validated Assessment Program (VAP) and receives external evaluation of its management and execution systems, including risk management.

Additionally, we are also continuing to revise and improve the operation of our BCPs for all Group companies, and we regularly conduct BCP drills and disaster drills to enhance our actual implementation capabilities so that we can maintain uninterrupted business operations in the event of an emergency.

Furthermore, we are actively promoting DX in our risk management activities and have introduced a dashboard that utilizes digital technology. This allows us to visualize the assessment of risks and response measures across the entire Group as well as to conduct global, cross-sectional information sharing between each owner and each responsible department.

Going forward, each owner will take the lead in implementing activities across the entire Group to further strengthen risk management for the major risk items with the aim of continuing to practice autonomous and highly effective risk management.

Please refer to the "Risk Management" on our website for details. www.tel.com/about/riskmanagement/

Risk Management

16 Key Risk Categories

Risks are reviewed annually using our risk assessment methodology, and the 16 key risk items are listed below.

Categories		Key Risk Scenarios	Categories		Key Risk Scenarios
1	Market Fluctuations	A rapid contraction of the semiconductor market could lead to overproduction or an increase in excess inventory. Lost sales opportunities due to the inability to handle sharp increases in demand	9	Intellectual Property Rights	Decline in product competitiveness from the inability to obtain exclusive rights to proprietary technology as well as restrictions on the production and sale of products and liability for damages due to infringements of the intellectual property rights of third parties
2	Research and Development	Decline in the competitiveness of products due to delays in the launch of new products or the mismatch of such products with customer needs	10	Information Security	Data breaches from cyberattacks or internal fraud against the Company or suppliers can lead to loss of technological superiority, interruptions of operations, diminished public confidence, and liability for damages
3	Geopolitics	Geopolitical tensions and regional conflicts, and the national security or industrial policies of countries and regions, can lead to supply chain disruptions or deterioration of the macroeconomic environment, restricting the Company's ability to operate business	11	Human Resources	The inability to recruit and retain necessary human resources on an ongoing basis or the inability to create an environment where people with diverse values and expertise can play an active role could lead to diminished product development capability or customer support quality
4	Procurement, Production, and Supply	Increased demand that exceeds suppliers' capacities, delays in component procurement stemming from changes in laws and regulations and a shrinking working population, strains on domestic or international logistics and interruptions in production due to natural disasters can lead to delays in the supply of products to customers	12	Pandemics, Natural Disasters etc.	Impact on business operations caused by travel restrictions between countries due to large-scale infectious diseases, natural disasters or terrorism around the world or in particular regions that threaten the safety of executives, employees or their families
5	Safety	Safety problems with the Company's products or liability for damages and decline in public trust due to serious accidents resulting in workplace injuries	13	Finance	Impact on business performance due to sharp exchange rate fluctuations stemming from international situations or interest rate fluctuations. Also, additional taxes due to differences in interpretation from the authorities of each country concerning tax laws in each country or region
6	Quality	Liability for damages and increased costs for countermeasures due to product defects and decline in the credibility of the Group's brand	14	M&A	Inability to realize the intended results due to insufficient due diligence of acquisition target companies and their business or PMI (post-merger integration). Additionally, the impact on competitiveness stemming from competitors purchasing potential targets first
7	Environmental Issues	The inability to respond appropriately to each country's climate change policies, environmental laws and regulations can lead to additional related costs, reduced product competitiveness and diminished public confidence, as well as fines and liability for damages	15	IT & Operations	Impact of large-scale failures in enterprise systems on business and the lack of capability in growth areas and new regulations due to delayed digitalization efforts and operational process innovations
8	Legal	Violations of the laws and regulations of the countries and regions where the Company operates could lead to interruptions or restrictions on business activities, diminished public confidence and fines and liability for damages	16	Business Locations	Inefficiencies in the development of new locations and in the strengthening and control of existing locations due to delays in the deliberations and plans for global location strategies despite increases in new business around the world

Compliance

Approach to Compliance

As an industry leader, we regard business ethics and compliance as important values.

 "Approach to Compliance" on our website www.tel.com/about/compliance/index.html#compliance01

Compliance System

In order to effectively promote compliance programs that are expected of a global company, we have appointed a Chief Compliance Officer (CCO) and established a dedicated Compliance Department at our headquarters. We have also appointed Regional Compliance Heads at key overseas sites and have established a framework for direct reporting to the CCO and Compliance Department, through which we strengthen our overall global compliance system.

Compliance Initiatives

■ Business Ethics and Compliance

To more effectively instill and promote business ethics and compliance, we have formulated the Tokyo Electron Group Code of Ethics as a Group-wide code of conduct, and established the Business Ethics Committee.

In February 2026, we conducted training on the Code of Ethics for directors and employees of the Group, and received their pledge of compliance. As part of the training, which included a message from the CEO, directors and employees were encouraged to maintain a strong sense of ethics and reaffirm their role in supporting company growth. The message also explained that compliance with the Code of Ethics is essential for fulfilling our social responsibilities and realizing sustainable development.

■ Initiatives for Anti-bribery and Corruption and for Competition Laws

As detailed in the section on Bribery and Corruption in the Code of Ethics, we do not bribe* anyone, anywhere, for any reason under any circumstances. Under Fair and Open Competition as well, we strive to operate in a fair, open and competitive marketplace and do not engage in illegal anti-competitive activities.

We have established the Basic Policy on the Prevention of Bribery and Corruption and the Basic Policy on Competition Law Compliance, and we strive to put them into practice.

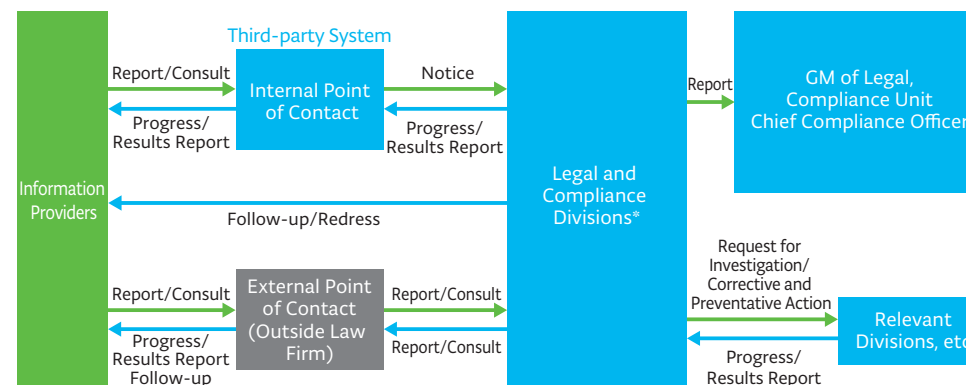
* Bribes include cash, entertainment, gifts, tours in connection with visits to Company facilities, travel invitations, healthcare services, employment, sexual services, and payment made in disguise of donations or sponsorships.

 "Initiatives for Anti-bribery and Corruption and for Competition Laws" on our website www.tel.com/about/compliance/index.html#compliance05

■ Internal Reporting System

We have established an internal reporting system that allows employees to safely and securely raise concerns and seek redress outside the chain of command, and to report and consult any behavior that is, or may be, in violation of laws, regulations, or business ethics. This system ensures complete confidentiality, anonymity and the prohibition of retribution and unfavorable treatment. An internal leniency system has also been introduced, whereby any disciplinary action may be reduced or exempted in the event that an employee involved in a compliance violation has made a report or sought advice on their own volition. This encourages employees to proactively provide information and leads to problem-solving at earlier stages.

■ Basic Global Response to Internal Reports



* Company-designated internal reporting response personnel

Compliance

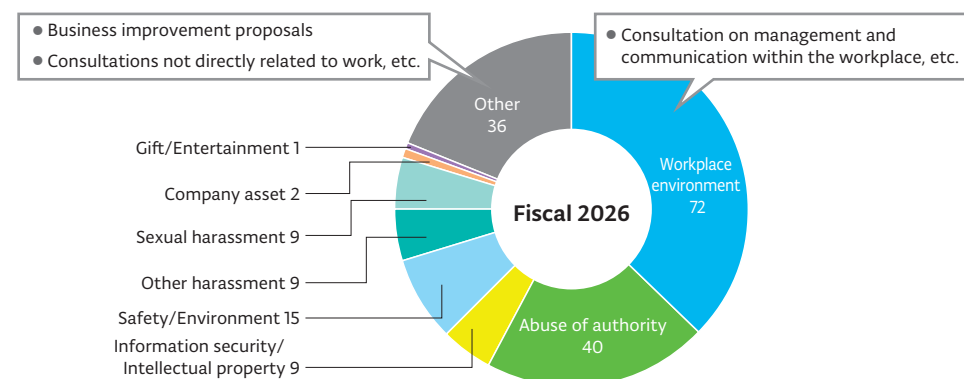
As part of this internal reporting system, we have been operating the Tokyo Electron Group Ethics & Compliance Hotline – a global internal point of contact that uses a third-party system and is also accessible to our suppliers and retirees – as well as an external point of contact that allows direct consultation with an outside law firm. The internal point of contact can be accessed via phone or a dedicated website 24 hours a day, 365 days a year, and accommodates all languages used by employees.

Reports and consultations received via these points of contact are handled with sincerity, and investigations are undertaken in accordance with internal regulations. If a compliance violation is found, disciplinary actions in accordance with the Rules of Employment, corrective measures such as improvements to the workplace environment and preventive measures are implemented as necessary.

In fiscal 2026, a total of 193 reports and consultations were received via the internal reporting system, of which 19 were recognized as compliance violations (with no cases resulting in indictment or prosecution). Main reports were related to the work environment, including harassment. We therefore continue to conduct regular training programs for our employees with the goal of preventing harassment, and we provide thorough follow-up with those concerned or involved.

On the other hand, also in light of the incident that occurred in Taiwan in fiscal 2026, we are working to strengthen our company-wide systems and improve employee literacy in information security. As part of these efforts, we are conducting information security training and practical workshops for all employees.

Breakdown of Report/Consultation Contents



Engagement with Capital Markets

Our management actively engages in IR (Investor Relations) and SR (Shareholder Relations) activities to contribute to our sustainable growth and increase corporate value over the medium- to long-term.

In terms of IR activities, the CEO and executives in charge present at quarterly earnings briefing, the Medium-term Management Plan briefings and IR Day to share our business strategies and growth story with stakeholders and institutional investors. We have a dedicated IR Department to promote deeper discussions with our investors, and we provide the opinions shared in these dialogues as feedback to management to help increase our corporate value. In fiscal 2024, we established the IR branch in New York, which increased opportunities for face-to-face dialogue with investors in North America, and we continue to work on increasing awareness of our company and Japan's semiconductor production equipment industry. Furthermore, the items of interest to investors in fiscal 2026, which we determined through our investor dialogues, were, in addition to market trends and business performance overviews, leading-edge technology, competitiveness, and geopolitical risk.

As a part of our SR activities, company executives play a central role in constructive dialogue with our major investors and proxy advisory firms. In addition to explaining the Shareholders' Meeting agenda in advance, we engage in repeated dialogue throughout the year on a wide range of topics, such as corporate governance and sustainability initiatives, which include the environment, human rights, and human capital. We continue to deepen mutual understanding while maintaining our efforts to improve disclosure.

Opinions gathered from dialogues with investors through our IR and SR activities are regularly reported to management and the Board of Directors.

Main Activities

Engagement with Capital Markets ¹	IR Activities	- Individual meetings for institutional investors: 223 times with domestic investors, 359 times with overseas investors, 332 securities company conferences, 8 domestic roadshows², 35 overseas roadshows, 2 small meetings hosted by the Company, and 45 other meetings³ - Total: 1,004 times (of which, 70 were attended by management) - Tours of plants and facilities: 5 times (of which, 1 tour of overseas research facility)
	SR Activities	Individual meetings with institutional investors: 25 times
Provision of Information	Earnings Briefing Medium-term Management Plan Announcements IR Day	- Broadcasting using simultaneous interpretation - Broadcasting of archives from announcements/conferences within one business day; disclosure of Q&A within two business days
	Shareholders' Meeting	- Posting of convocation notices on the website and dispatch of convocation notices at an early stage - Disclosure of presentation and Q&A material
Disclosure of Materials	IR-related	- Consolidated Financial Statements, Integrated Report, Data Book (annually for each item) - Summary of Consolidated Financial Results, Earnings Briefing Presentation, Investors' Guide (quarterly for each item)

¹ Fiscal 2026 ² Road show: IR activities presented directly to shareholders and investors ³ SEMICON West, SEMICON Japan, etc.

Corporate Governance

Hybrid Governance Structures

We have enhanced the independence of the Board of Directors and strengthened its supervisory function by having outside directors make up the majority of the board, while ensuring an auditing function by the Audit & Supervisory Board, which is independent of the Board of Directors. We have also established a Nomination Committee and a Compensation Committee, both of which are chaired by outside directors, and in which outside directors make up the majority of each. Furthermore, we have also introduced a Corporate Officer system, and through the appropriate delegation of authority, we are working to establish a strong management execution system with quick decision-making and agile business execution. In this way, we have established an effective, hybrid type of governance system that utilizes the advantages of the Audit & Supervisory Board system and also incorporates elements of the Company with Three Committees.

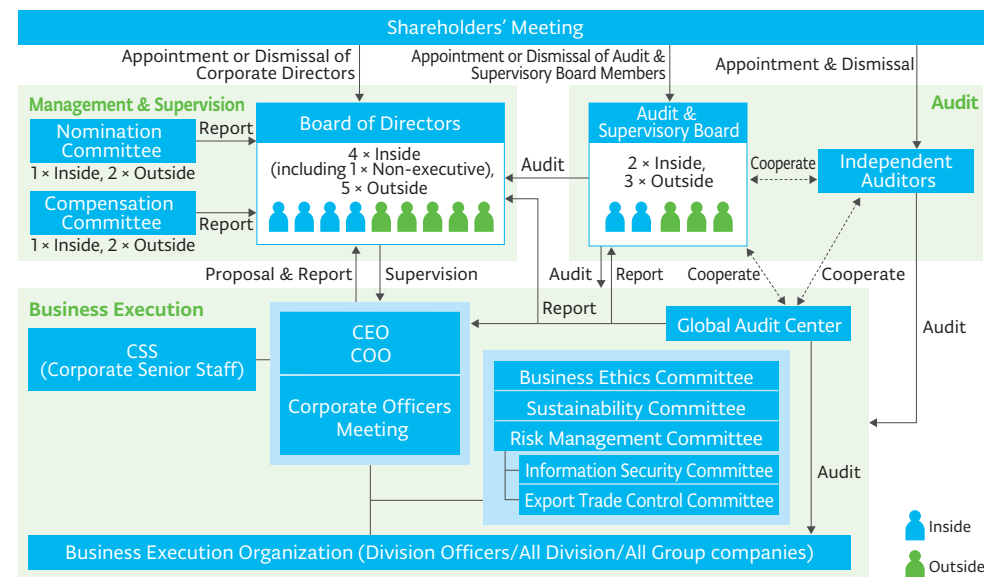
Changes in Corporate Governance

CY	Outside Directors (Ratio)	Systems	Nomination/Compensation Committees	Evaluation of the Effectiveness of the Board of Directors
1998	One		■ Compensation Committee Established	
1999			■ Stock Option System Introduced	
2000			■ Disclosure of Compensation of Individual Representative Directors	
2002	Two		■ Nomination Committee Established	
2003		■	■ Term of Office of Corporate Directors Changed from Two Years to One Year	
2016		■	■ Executive Officer System Introduced	
2017		■	■ Self-evaluations begin	
2018	Three		■ Medium-term Performance-linked Compensation System Introduced	
2019			■ Chairperson of Compensation Committee: Outside director	
2020			■ Involvement of third-party organizations begins	
2021	Four (33%)		■ Stock-based Compensation System for Outside Directors Introduced	
2022	Three (50%)	■	■ Chairperson of Nomination Committee: Outside director	
2023			■ Shareholding Guidelines, Clawback Policies Introduced	
2024	Four (57%)		■ Corporate Officer System Introduced	
2025	Five (63%)		■ Outside directors make up the majority in the Nomination Committee and Compensation Committee	
2026	Five (56%)		■ Corporate Director Compensation System Revised	



For details on our corporate governance framework, please refer to the "Corporate Governance" on our website.
www.tel.com/about/cg/index.html

Corporate Governance Framework



Composition and Status of the Activities of the Nomination Committee and Compensation Committee

	Nomination Committee	Compensation Committee
	As of July 1, 2026	As of July 1, 2026
Composition	Chairperson Yukari Suzuki (Outside Director) Member Yukihiro Shinohara (Outside Director) Kazushi Tahara (Inside Director)	Chairperson Joseph A. Kraft Jr. (Outside Director) Member Jenifer Rogers (Outside Director) Kazushi Tahara (Inside Director)
Frequency of Meetings (Fiscal 2026)	7 times	8 times
Main Matters Deliberated	- Related matters concerning proposals to the General Meeting of Shareholders on the appointment and dismissal of corporate directors - Matters related to the appointment and dismissal of the CEO - Corporate Director candidates who satisfy the requirements for independent directors stipulated by the Tokyo Stock Exchange - Supervision of Succession Planning for the CEO and Others	- Discussions concerning compensation systems and processes - Determination of the Medium-term Incentive 2025 Plan - Determination of the missions and individual evaluations of representative directors - Determination of the Fixed Basic Compensation and Short-term Performance-linked Compensation of representative directors - Confirmation of the compensation determination process for inside directors, etc. - Determination of disclosures concerning the Corporate Director Compensation System and proposals to the General Meeting of Shareholders

Corporate Governance

Corporate Directors, Audit & Supervisory Board Members and Corporate Officers (As of July 1, 2026)

Corporate Directors



Toshiki Kawai
Representative Director
President & CEO
Corporate Officer



Michio Sasaki
Outside Director
Director and Chairman, SHIFT Inc.



Hiroshi Ishida
Representative Director
Senior Executive Vice President & COO
Corporate Officer



Joseph A. Kraft Jr.
Outside Director
CEO, Rorschach Advisory Inc.
Outside Director, SONY GROUP CORPORATION
Outside Director, NEC Corporation



Kazushi Tahara
Corporate Director
Chairman of the Board of Directors



Yukari Suzuki
Outside Director
Outside Director, SECOM CO., LTD.
Outside Director, Isetan Mitsukoshi Holdings Ltd.



Shinichi Hayashi
Corporate Director
Corporate Officer
Executive Vice President & General Manager
President & Representative Director, Tokyo Electron Kyushu Ltd.



Yukihiro Shinohara
Outside Director



Jenifer Rogers
Outside Director
General Counsel International, Asurion Japan Holdings G.K.
Outside Director, Sumitomo Mitsui Financial Group, Inc.
Outside Director, ASICS Corporation

Audit & Supervisory Board Members



Yutaka Nanasawa
Audit & Supervisory Board Member



Tsuguhiko Matsuura
Audit & Supervisory Board Member



Ryota Miura
Outside Audit & Supervisory Board Member
Partner, Miura & Partners Legal Profession Corporation



Yutaka Endo
Outside Audit & Supervisory Board Member



Ayako Makino
Outside Audit & Supervisory Board Member
Representative, Makino Certified Public Accounting Office
Outside Director (Audit and Supervisory Committee Member), Daiichi Life Group, Inc.

Corporate Officers



Keiichi Akiyama
Corporate Officer
Executive Vice President & General Manager



Shingo Tada
Corporate Officer
Senior Vice President & General Manager



Tatsuya Aso
Corporate Officer
Senior Vice President & General Manager



Kazuhiro Doh
Corporate Officer
Senior Vice President & General Manager



For details on the reasons for the election of each Corporate Director, please refer to the "NOTICE OF FISCAL YEAR 2026 (the 63rd FY) ANNUAL GENERAL MEETING OF SHAREHOLDERS" on our website.

www.tel.com/ir/stocks/asm/sil6i000000000f7-att/63_01e.pdf

Corporate Governance

Skills Matrix

We will realize medium- to long-term profit expansion and continuous corporate value enhancement through each corporate director and Audit & Supervisory Board member, who have demonstrated their skills in Global Business, Governance, Sustainability, and others listed below as determined by the Nomination Committee and the Board of Directors.

Name			Expected Skills					
			Corporate Management	Semiconductor Markets	Manufacturing/Development	Sales/Marketing	Finance, Accounting/Engagement with Capital Markets	Legal Affairs/Risk Management
Corporate Directors	Toshiki Kawai	Reappointed	●	●	●	●		
	Hiroshi Ishida	Newly appointed		●		●		
	Kazushi Tahara	Reappointed	●	●	●	●		
	Shinichi Hayashi	Newly appointed	●	●	●			
	Michio Sasaki	Reappointed	●		●	●		
	Joseph A. Kraft Jr.	Reappointed					●	●
	Yukari Suzuki	Reappointed	●			●		
	Yukihiro Shinohara	Reappointed	●		●			●
	Jenifer Rogers	Newly appointed						●
Audit & Supervisory Board Members	Yutaka Nanasawa			●			●	
	Tsuguhiko Matsuura		●	●	●	●		
	Ryota Miura	Outside						●
	Yutaka Endo	Outside	●				●	
	Ayako Makino	Outside					●	●
			8	6	6	6	4	5

Definition of Expected Skills and Reasons for Nomination

Corporate Management	Experience of corporate management (experience serving as a representative director or chairman/president) is necessary to fulfill the supervisory function of the Board of Directors and achieve "offense × offense" governance.
Semiconductor Markets	Knowledge of the semiconductor markets is necessary to further promote offensive management in the semiconductor production equipment industry which is characterized by rapid technological innovation and dynamically changing market.
Manufacturing/Development	Knowledge/experience in manufacturing and development at TEL and other manufacturers are necessary to strengthen research and development capabilities based on technological trends and customer needs, and to establish environmentally considerate and efficient manufacturing operations.
Sales/Marketing	Knowledge/experience in sales and marketing at TEL and other manufacturers are necessary to be the sole strategic partner for our customers and contribute to further value creation through proposing optimal solutions.
Finance, Accounting/Engagement with Capital Markets	Knowledge in financial accounting and M&A, or knowledge/experience in engagement with capital markets are necessary to formulate and execute growth and financial strategies, improve capital efficiency, and further enhance shareholder value through shareholder returns.
Legal Affairs/Risk Management	Knowledge of legal affairs, compliance, and risk management is necessary to appropriately respond to increasingly complex and diverse risks throughout the Group as opportunities for business growth.

Message from the Chairman of the Board of Directors



Kazushi Tahara
Corporate Director
Chairman of the
Board of Directors

Tokyo Electron's Vision is to be "A company filled with dreams and vitality that contributes to technological innovation in semiconductors."

Since becoming Chairman of the Board of Directors in June 2025, I have been continuously working to establish and strengthen our corporate governance structure to realize this Vision. During this time, I have maintained a focus on ensuring fair and transparent management, and on anticipating and responding to various evolving global risks from a medium- to long-term perspective.

Evaluations of the effectiveness of the Board of Directors in fiscal 2025 identified four challenges as necessary initiatives. They were: "Aligning the supervisory and executive sides on the role and desired state of the Board of Directors in line with the Company's growth and future direction"; "Further deepening ongoing discussions on the Company's governance structure, including its organizational design"; "Accelerating initiatives for executive succession planning"; and "Reviewing the Corporate Officer system comprehensively and considering the future direction of the executive structure." In fiscal 2026, we discussed these challenges in a variety of forums, including the Board of Directors, the Nomination Committee, off-site meetings, and open discussions with outside officers after meetings of the Board of Directors. While we have seen some progress toward improvement through these discussions, we have become aware of new issues as a result. In fiscal 2027, based on our awareness of these issues, we will further deepen discussions on taking Tokyo Electron's corporate governance to the next level and translate them into concrete action.

We will preserve our strength of an open, flat, and transparent corporate culture, even within the Board of Directors. Through open and agile discussions and the best possible decision-making, we will ensure that the Board of Directors operates effectively to meet the expectations of capital markets, drive sustainable growth, and enhance medium- to long-term corporate value.

Corporate Governance

Messages from Newly Appointed Executives



Hiroshi Ishida

Newly Appointed Corporate Director

Tokyo Electron has grown by emphasizing technological capabilities and translating them into semiconductor production equipment. Based on the strong relationships of trust we have built with our customers over many years, we have conducted marketing activities and continuously pursued sophisticated, high-value-added technological innovation.

As long as the semiconductor market continues to grow, we will continue concentrating our business on semiconductors while placing even greater emphasis on areas that need even more complex technological innovation. Our aim is to contribute to the development of the industry while achieving ongoing enhancement of corporate value.

In addition, our human resources are our greatest asset. Going forward, we will focus more closely on securing and fostering outstanding talent while developing organizational structures that enable each and every employee to contribute more than ever to high value creation. By supporting employees' development and growth, we will enhance their morale and ability to execute, further strengthen the foundations of trust with customers and increase our success rate in technological development.

With the increasingly complex nature of technological challenges that come with an expanding semiconductor market, we aim to strengthen both our technological capabilities and our human resources to deliver ongoing business growth and contribute to society.



Shinichi Hayashi

Newly Appointed Corporate Director

Since joining Tokyo Electron Kyushu, I have spent over 20 years engaged in the development of coater/developer. Since becoming president, I have also continued to be involved in the development and production of cleaning systems and 3D integration systems. Although I have experienced countless challenges and failures, I have always remained focused on meeting the expectations of customers.

Innovation emerges from combining a wide range of ideas, concerns, failures, and experiences. And we have developed an environment that fosters this kind of innovation. We now boast an extensive product lineup unmatched by other companies, an integrated development and production framework, an open corporate culture that provides opportunities to take on challenges, and the ability to adapt to customer needs and changing markets.

Going forward, I will work with other members of the Board of Directors to support the company in various ways, including further strengthening ties across development and production as ONE TEL, maintaining and enhancing a climate of challenge within the company, and creating numerous differentiated technologies that take advantage of our strengths.

In this way, I will contribute to technological innovation in semiconductors and help achieve sustainable growth and medium- to long-term corporate value enhancement.



Jenifer Rogers

Newly Appointed Outside Director

I am truly honored to have been appointed by the shareholders as an outside director of Tokyo Electron, a global company playing a critical role in the semiconductor production equipment industry.

Semiconductors are an essential foundation for many industries, and their importance is expected to continue growing with the advancement of generative AI and technological innovation. In a market environment shaped by ongoing change and geopolitical developments, TEL's global role is becoming increasingly significant, and efforts to support sustainable growth are more important than ever.

Having worked in six countries over the course of my career, I have driven business from a global perspective while leading diverse teams. From this experience, I believe that maintaining competitiveness requires not only an accurate grasp of geopolitical and financial risks but also the ability to identify opportunities and implement change swiftly.

Drawing on my experience on the global stage, my knowledge of the financial industry and my legal and regulatory compliance background, I hope to contribute to sustainable company growth and to help meet the expectations of shareholders and stakeholders.

Corporate Governance

Evaluation of the Effectiveness of the Board of Directors

Reflecting on the activities of the Board of Directors during fiscal 2026, we conducted a self-evaluation in light of the analysis by external experts based on questionnaires and individual interviews, following extensive discussion at meetings for the exchange of opinions between outside directors and outside Audit & Supervisory Board members and at meetings of the Board of Directors.

 "Summary of Results of Evaluation of the Effectiveness of Tokyo Electron's Board of Directors" on our website www.tel.com/news/ir/2026/qncnjq0000000p7-att/20260529_003_e.pdf

Issues and Responses in Fiscal 2025	
Issues	State of Responses
Role and function of the Board of Directors - The Company will ensure that the supervisory and executive sides align with each other on the Board of Directors' role and what it should aim for so as to match on the Company's growth and future. - Ongoing discussions on the Company's governance system, including its corporate organizational structure, will be further deepened.	We have worked continuously, through discussions on a variety of topics, to ensure that the supervisory and executive sides align with each other on the role of the Board of Directors and the Company's governance system. - Based on the results of interviews by the Chairman of the Board of Directors with Corporate Officers regarding the issues during the effectiveness evaluation in the fiscal year ended March 2025, discussions took place at a Corporate Officers Meeting, followed by a discussion among the members of the Board of Directors. - Through in-depth discussions at off-site meetings, including focused deliberations on the medium-term management plan, we shared between the supervisory and executive sides the key oversight issues that the Board of Directors considers important. - During open discussions held after the Board of Directors meetings, views were exchanged on various topics, including the matters discussed on the day, and a shared understanding of issues related to the Board of Directors, such as the setting of agendas and points for discussion, was shared. - To consider the organizational structure best suited to the Company, individual meetings were held on several occasions to share perspectives from both the supervisory and executive sides and engage in in-depth discussions.
Operational systems - The Corporate Officer system will be reviewed, and how the operational system should be in the future will be considered. - Initiatives for executive succession planning will be accelerated.	- Corporate Officers conducted a review of the Corporate Officer system and agreed on the need to further enhance strategy discussions at Corporate Officers meetings. - At meetings of the Division Officers, which are composed mainly of next-generation management personnel, the development of successors to executive personnel was promoted through discussions on the Company's management issues, with the CEO in attendance. - Through ongoing discussions with outside directors and outside Audit & Supervisory Board members, progress was made on succession planning, and the need to enhance the Nomination Committee was reaffirmed.



Overview of Fiscal 2026 Evaluation Results and Future Initiatives	
Overview of Evaluation Results	Future Initiatives
- The Board of Directors, including the Nomination Committee and the Compensation Committee, is functioning effectively and appropriately fulfilling its roles and responsibilities, while maintaining a high level of overall effectiveness. - Based on the results of the external experts' analysis and evaluation, discussions at the Board of Directors will continue on the functions and roles that it should play in light of the Company's desired vision for sustainable growth, and on the executive side, the necessity to further strengthen its management and execution functions has been recognized.	- The Board of Directors' strategic agenda-setting and discussions will be further enhanced for increasing the Company's corporate value. - To enhance the Nomination Committee, efforts will continue to improve matters such as how information is shared with the Board of Directors in selecting director candidates. - Ongoing concrete discussions will be held on the Company's governance system that it should aim for in the future, including its corporate organizational structure.

Fiscal 2026 Main Topics for the Board of Directors and Off-site Meetings

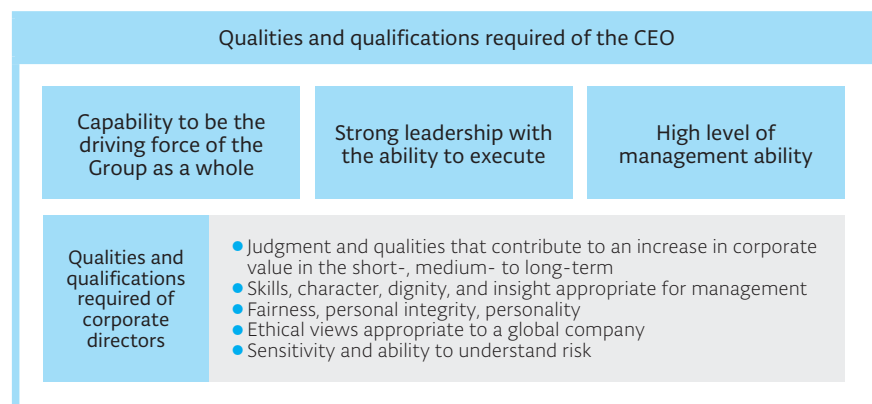
CEO	- Reports on status of business execution by CEO (each meeting) - Sharing of CEO missions
Medium- to Long-term Growth Strategies	- Review of the current Medium-term Management Plan - The new Medium-term Management Plan - Medium- to long-term development strategies - Current status of business in the U.S. - Capital policy (capital allocation and shareholder return policy) - Effects of introducing DX and AI - Human capital
Sustainability	- Disclosures in accordance with SSBJ Standards - Human rights and environment - Supply chain management - Intellectual property activities
Risk/ Compliance	- Risk management - Legal affairs and compliance - Information security - Geopolitics - Incident Reports
Corporate Governance	- Reports on internal audits - Status of investments (partial sale of cross-shareholdings) - Status of IR activities - Status of the activities of the Nomination Committee and Compensation Committee - Status of progress of successor development plan - Partial revisions to the Board of Directors Regulations and Corporate Officers Meeting Regulations - Confirmation of progress on issues in evaluation of the effectiveness of the Board of Directors - Closed session on evaluation of representative directors

Corporate Governance

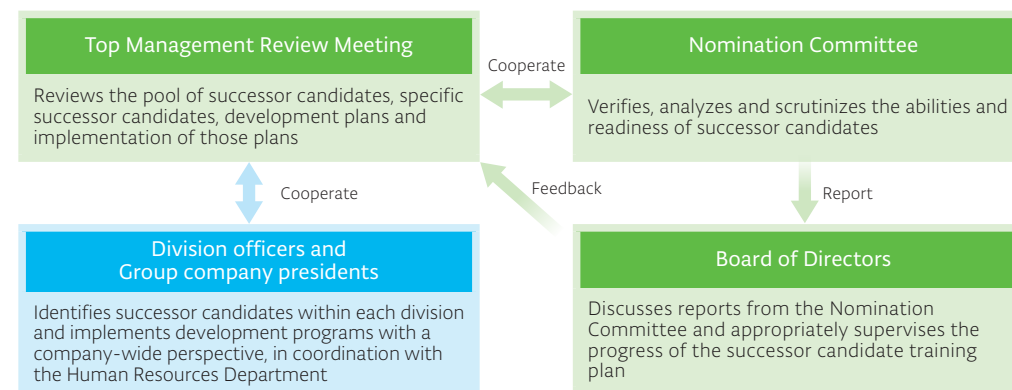
Succession Plan

Our Nomination Committee Activity Guidelines define the required qualities and qualifications of the CEO and corporate directors (figure below), and the criteria that serve as starting points for considering the appointment or dismissal of the CEO.

Regarding the development of CEO successors, we have formed a pool of candidates for the next generation of management personnel in accordance with the TEL Succession Plan, and we are working on the development of successor candidates under the supervision of the CEO, and in accordance with the Group's management mission. Attended by the representative directors, members of the Nomination Committee, the executive officer in charge of human resources, and others, the Top Management Review Meeting functions in coordination with the Nomination Committee and the Board of Directors to advance the identification of specific successor candidates, their development plans, and the implementation of those plans. It is our policy that, while the CEO is involved in promoting human resources development at the levels that could yield successor candidates, the CEO is not involved in the actual process of nominating specific candidates from the pool of successor candidates.



Succession Plan Framework



Provision of Information to Outside Officers

To improve the effectiveness of the Board of Directors, we use a dedicated information-sharing tool to share important information, including materials for Board of Directors meetings and other relevant information as appropriate. We also provide outside officers with individual advance briefings on agenda items for Board of Directors meetings and, as necessary, opportunities to receive detailed explanations of individual matters, thereby ensuring appropriate information sharing.

We provide newly appointed outside officers with opportunities to receive briefings from relevant divisions on our management strategies and business operations (a total of 10 briefings were held in fiscal 2026), helping them deepen their understanding of the Company.

In fiscal 2026, we also visited the Fujii Head Office and Hosaka Office (Yamanashi) and the Tohoku Office (Iwate) of Tokyo Electron Technology Solutions together with outside officers. By touring the manufacturing sites and providing opportunities for dialogue with employees working on-site, we deepen their understanding of semiconductor production equipment and contribute to constructive discussions at Board of Directors meetings.



Site Visit to Tokyo Electron Technology Solutions
Fujii Office (Yamanashi)

Corporate Governance

Director Compensation System

To further strengthen the link with improving corporate value and performance over the medium to long term, we have adopted the following compensation system for inside directors.

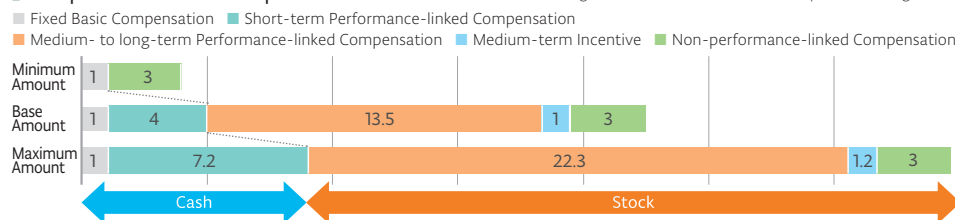
Compensation for outside directors consists of Fixed Basic Compensation and Non-performance-linked Compensation, while compensation for Audit & Supervisory Board Members consists solely of Fixed Basic Compensation in light of their primary role of auditing and supervising management.

Overview of the Director Compensation System (see table at right for details)

Types of Compensation	Fixed Basic Compensation	Short-term Performance-linked Compensation	Medium- to long-term Performance-linked Compensation	Medium-term Incentive	Non-performance-linked Compensation	
	Cash	Cash	Stock Compensation-based Stock Option	Stock Grant Trust	Stock Compensation-based Stock Option	Stock Grant Trust
Inside Directors	●	●	●	●	●	
Outside Directors	●					●
Audit & Supervisory Board Members	●					

Composition of CEO Compensation

* Percentages are based on the fixed basic compensation being set as 1



Message from the Compensation Committee Chairperson



Michio Sasaki
Outside Director
Former
Compensation
Committee
Chairperson

From fiscal 2025, we replaced annual performance-linked compensation (cash compensation) for inside directors with short-term performance-linked compensation (cash compensation) and medium- to long-term performance-linked compensation (stock-based compensation). This created a more competitive compensation system by increasing the

proportion of stock-based compensation and further strengthening the link to medium- to long-term improvements in corporate value and performance. Over the past year, we verified KPIs for performance evaluation centered on the financial aspects of short-term performance-linked compensation; evaluated missions established at the start of the year (non-financial performance evaluation); and verified interim progress of quantitative KPIs (three-year) for medium- to long-term performance-linked compensation. We also discussed revising the base amount of medium- to long-term performance-linked compensation, taking into account competitor benchmarking and compensation competitiveness, and the revision was approved by the Board of Directors.

Short-term Performance-linked Compensation (Cash)

- Linked to annual performance
- Formula of calculating the payout amount (figure on right)

[Mainly financial performance evaluation]
Evaluated based on metrics such as the consolidated operating margin, which is a key indicator in achieving world-class goals

[Non-financial performance evaluation]

Evaluated based on individually set missions (evaluation items). These missions include content related to sustainability for sustainable growth and medium- to long-term corporate value improvement, as well as initiatives toward short- and medium-term management strategy goals

$$\text{Base Amount} \times \text{Mainly Financial Performance Evaluation} \times \text{Non-financial Performance Evaluation} = \text{Payment Amount}$$

Set according to the scope of responsibilities, etc., 0-150% ±20% 0-180%

Medium- to long-term Performance-linked Compensation (Stock compensation-based Stock Option)

- Performance evaluation period: 3 years
Proportion of shares becoming exercisable is determined based on performance evaluation at the end of the evaluation period
- Formula of calculating the number of shares that become exercisable (figure on right)

[Quantitative evaluation]

Relative TSR (Total Shareholder Return) compared to the Philadelphia Semiconductor Index, comparison of consolidated operating margin and consolidated operating margin growth ratio with competitor companies

[Qualitative evaluation]

Initiatives toward long-term corporate value improvement are evaluated by the Compensation Committee

$$\text{Grant ratio based on the base amount} \times \text{Quantitative Evaluation} \times \text{Qualitative Evaluation} = \text{The number of shares that become exercisable}$$

Set according to the scope of responsibilities, etc., 0-150% ±10% 0-165%

Medium-term Incentive (Stock Grant Trust)

- The number of our shares granted fluctuates between 0% and 50% to 120% based on the achievement rate of performance targets in the final fiscal year of the target period (three fiscal years)
- Formula of calculating the share delivery points (figure below)
Consolidated operating margin and consolidated ROE are used as performance evaluation indicators

$$\text{Reference points (set according to scope of responsibilities, etc.)} \times 70\% \times \text{Consolidated operating margin attainment factor} + \text{Reference points (set according to scope of responsibilities, etc.)} \times 30\% \times \text{Consolidated ROE attainment factor} = \text{Share delivery points}$$

Non-performance-linked Compensation (inside directors: Stock Compensation-based Stock Option, outside directors: Stock Grant Trust)

- Inside directors
[Stock compensation-based stock option]
The payout amount is determined according to the scope of responsibilities, etc., and a three-year vesting period is established
- Outside directors
[Stock grant trust]
Shares are delivered after the expiration of the applicable period (three fiscal years)

Corporate Governance

Audit & Supervisory Board Activities

Each Audit & Supervisory Board member audits the overall business execution of corporate directors in compliance with the audit standards established by the Audit & Supervisory Board, and in accordance with the audit policies and plans.

■ Status of Main Activities in Fiscal 2026

Status of Activities		Audit & Supervisory Board Members	Outside Audit & Supervisory Board Members
Audit & Supervisory Board meetings (8 times)		●	●
Key meetings	Board of Directors (10 times)	●	●
	Corporate Officers Meeting (23 times)	●	
	Management meeting	●	● ¹
	Quarterly review meeting, Business Ethics Committee, etc.	●	
Exchange opinions with representative directors (4 times)		●	● ²
Interviews with executive officers, including domestic and overseas subsidiaries (59 people)		●	
Regular meetings with KPMG AZSA		●	●
Verification of various approval requests, important contracts, and documents related to benefits without compensation, etc.		●	
Group Audit & Supervisory Board Member liaison meetings (3 times)		●	●
Reports from Internal Audit Department (Global Audit Center) (6 times)		●	
On-site audits at Group companies (3 locations)		●	
Regular reports from Legal & Compliance Unit (3 times)		●	●

Group Audit & Supervisory Board Member Liaison Meetings

Group Audit & Supervisory Board Member liaison meetings are held three times a year at our locations across Japan to strengthen cooperation between the Audit & Supervisory Board members of each Group company in Japan. At the meetings, we have shared our audit policies and plans, each company has reported the results of internal audits, and members have exchanged information on internal control evaluations (J-SOX), governance, compliance, and information security. In addition, most recently, members have toured Tokyo Electron Miyagi (December 2025) and Tokyo Electron's TEL Digital Design Square in Sapporo (June 2026), where they held discussions with local employees.



Tour of TEL Digital Design Square

¹ Management meetings are held twice a year, in spring and fall, to share and instill management policies, business strategies, and medium-term management plans. Meetings are attended by general managers and above from Tokyo Electron, and executive officers and above from affiliated companies. Outside Audit & Supervisory Board members also attend meetings on a voluntary basis.

² Outside Audit & Supervisory Board members participate once each half (twice a year).

Message from the Chairperson of the Audit & Supervisory Board



Yutaka Nanasawa
Audit & Supervisory Board Member

The Audit & Supervisory Board comprises full-time inside members who have experience and knowledge acquired in business, administration, and other divisions inside the Group, and outside members who each have their own extensive specialist knowledge acquired outside the Group. They come together to share opinions from

diverse and multifaceted perspectives. Outside the Audit & Supervisory Board as well, members receive regular reports from internal administration divisions, risk and compliance divisions, and internal audit departments, while full-time members attend key meetings as observers and conduct individual interviews with executive officers and others from Group companies. They focus on timeliness and firsthand verification and also make proposals directly to the representative directors as needed. With the rapid expansion of markets and businesses, coordination with internal control divisions and corporate directors will also become much closer going forward, as we focus on preventing problems in advance.

Message from an Outside Audit & Supervisory Board Member



Ryota Miura
Outside Audit & Supervisory Board Member

Within the Audit & Supervisory Board, we employ a range of channels for gathering information from diverse sources and layers of management. They include regular reports from internal administration divisions, including finance and accounting, legal and compliance, intellectual property, and internal audit; exchange opinions with representative

directors, auditing firms, and Audit & Supervisory Board members of Group companies; and exchange opinions with outside directors at off-site meetings. We have created an effective audit system through cooperation with full-time Audit & Supervisory Board members who have extensive knowledge of matters within the Company, and outside Audit & Supervisory Board members who have expertise drawing from their own careers. Last year as well, various incidents occurred. We hope to continue developing systems that prevent problems before they occur, while also building mechanisms that ensure rapid first responses and prevent expansion if problems do occur.

Roundtable with Outside Officers

The evolution of corporate governance will be essential for Tokyo Electron to achieve further growth toward its goal of becoming a truly excellent global company. On this occasion, our five outside officers discussed, from multiple perspectives, the current state and challenges of our corporate culture, methods of improving the effectiveness of the Board of Directors, and strategies to accelerate growth, rather than simply expanding.

—Please share your impressions of Tokyo Electron's corporate culture from your positions as outside officers.

Endo If I were to describe the distinctive feature of our corporate culture in a single phrase, it would be the "enduring spirit of youthfulness and a willingness to take on challenges." Since its founding in 1963, Tokyo Electron has grown along with the electronics industry, but we recognize that in the process of the Company's growth, it is now approaching an inflection point, more than 60 years after its establishment. Although it is wonderful that the scale of business and the organization are growing, that governance and disclosures to stakeholders are being expanded and enhanced, and that advanced environmental initiatives such as E-COMPASS are making progress, these developments are inevitably accompanied by the refinement of internal rules, which poses a risk of reducing the Company's vitality and stagnating innovation capabilities as a result of bureaucratization. To overcome this inflection point and remain a truly excellent global company 10 years from now, we need to protect and cultivate a corporate culture where issues can be discussed openly across hierarchies and departments, young employees are nurtured, and each and every employee is able to demonstrate their full abilities and achieve a sense of accomplishment.



Yukari Suzuki
Outside Director
Nomination Committee
Chairperson

Yutaka Endo
Outside Audit &
Supervisory Board
Member

Joseph A. Kraft Jr.
Outside Director
Compensation Committee
Chairperson

Yukihiro Shinohara
Outside Director
Nomination Committee
Member

Ayako Makino
Outside Audit &
Supervisory Board
Member

Suzuki I agree with Mr. Endo's view that the Company is at an inflection point. The pillars that have supported the Company throughout its history as it developed from a startup to a leading position in the industry in a short period are a customer-oriented approach, passion for technological development, and an entrepreneurial spirit. This spirit is still alive today, but now that the organization has grown to a massive size and the competitive environment is becoming increasingly complex, we cannot simply follow the previous ways of doing things. While maintaining the Company's entrepreneurial spirit, we need to concretely redefine it as a code of conduct tailored to the current context and instill it in employees on a global basis. In the coming phases, it will be increasingly important to build mechanisms that embed, from top management to the front lines, youthful vitality regardless of age and a commitment to deepening engagement with stakeholders and sharing value with them.

Kraft The phrase I would use to describe the Company's culture would be "above all else, an earnest company." Attitudes regarding KPIs and passion for development are admirable, and a merit-based culture has

taken root in a positive sense. However, an issue that must be confronted head-on is that the organizational climate is "domestically oriented" in nature. The Company's earnest and honest attitude is one of its strengths, but conversely, there is a gap: while most of our revenue comes from global markets, many manufacturing sites and personnel are concentrated in Japan. I believe that the Company is now standing at an important crossroads in its corporate history. Now is the time for the Company to identify those aspects that must be changed in line with the changing global environment while preserving the positive aspects of the existing corporate culture.

Makino Mr. Kraft's mention of the term "crossroads" as well as his indications regarding the Company's earnest and domestically oriented nature deeply resonate with me as well. The Company's greatest strength is indeed its earnestness—always pursuing cutting-edge technology, building deep relationships of trust with customers, and steadily accumulating results through honest and straightforward methods rather than relying on shortcuts or ambiguous methods. I could also mention as positive aspects of being domestically oriented the

Roundtable with Outside Officers

strong sense of commitment to local communities, centered around the Company's plants, as well as the spread throughout the company of a stance rooted in local communities. However, from the perspective of an Audit & Supervisory Board member, I am concerned that unless the Company can establish mechanisms for the proper operation of an organization that has become so large, this crossroads could become a major negative turning point. We are now being asked how to strike a balance between mechanisms for managing a massive organization that supports global growth and this exceptional, earnest, community-based culture.

Shinohara The earnestness mentioned by Mr. Kraft and Ms. Makino and the deep relationships of trust with customers are strengths of the Company as a manufacturer. However, as the Company becomes this big, we are entering a new phase where, in addition to the existing approach of staying close to customers and providing better products, we need to get ahead of customers and propose and provide excellent products and services. This too is a major crossroads in how we approach business. The corporate culture is open and unrestricted, but there is also an aspect that is a little too well-behaved and overly sensible. Although there is a tendency for everyone to work together to address major issues, there is also a tendency to overthink while the circumstances are still unclear. Although setting targets and working together to achieve them is positive, I also get the impression that a bit more ingenuity is needed

to turn these targets into highly detailed plans in order to achieve them. I believe that this is a point that must be addressed in order to transition to the next growth stage as a global company.

compared to others in terms of operation of the Board of Directors is the reporting on the status of management by the CEO. The key points are concisely summarized, and the reports provide an effective means of organizing what should be done now on the executive side. On the other hand, I also feel that it is necessary to conduct more discussion regarding more concrete strategies, and it is also a fact that the role of the Board is being seriously called into question.

Kraft I share this feeling regarding the lack of macro-strategic scenarios. Improving efficiency and redefining roles are clearly issues for the Board of Directors. Rather than spending a lot of time on formal agenda items and minor reporting matters, the Board needs more time to discuss the medium- to long-term strategies and the risks that we should fundamentally be focusing on. I believe that if we are to seek to be a truly global excellent company, now is the time to learn from international governance trends and begin discussions on reviewing corporate governance.

Makino The issues that Mr. Kraft mentioned—redefining the roles of the Board and the lack of time for discussing medium- to long-term topics—are important ones. In situations where discussion has not been fully conducted or explanations are not convincing, it is necessary to discuss the matter at the next Board meeting. The Company's governance structure is already quite advanced, with outside directors accounting for a majority of the Board. The downside to this is that the outside directors face a lack of specialized knowledge concerning the semiconductor industry and business, but this is being addressed through detailed information sharing through corporate officers attending meetings and providing adequate time for the CEO's report on the status of management. Nonetheless, there are still some differences among officers regarding what the ideal Board should look like and what the main focus of its discussions should be. With respect to those points where there are differences of opinions between the executive side and the Board or among officers, Chairman of the Board Tahara is currently conducting careful collection

and consolidation of opinions in settings outside Board of Directors meetings. Based on this leadership by the chairman, we need to deepen discussions by the Board even further.



Suzuki The Board of Directors has an open atmosphere, and the participation of corporate officers allows real on-the-ground information from the frontlines to be conveyed, making it an extremely valuable venue for outside directors. However, due to the need to respond to individual matters and the time constraints pointed out by Mr. Kraft, last year, we were unable to allocate sufficient time to the discussion of medium- to long-term strategy. On the other hand, the creation of opportunities for independent outside officers to communicate with one another in informal settings outside of the Board of Directors and the resulting frank exchanges of opinions was a positive change. Going forward, we need to enhance collaboration among outside officers while increasing opportunities for dialogue with internal management to achieve "evolution" toward structures that can respond promptly to a rapidly changing environment.

Endo Although some issues remain, the Board of Directors has achieved solid results over the past year. First of all, communication among the Nomination Committee, the CEO, and the outside directors has deepened and discussions on succession planning for the next generation have progressed. Second, the Board engaged in active discussions under a business environment where risks and opportunities intersect. There was momentum for outside directors to express their candid opinions regarding the strengthening of governance, and there was a stance of sincere acceptance of this on the executive side. The coming year will test our true value in areas such as getting succession plans on track. Also, looking toward historic technological innovation, the Board's most important mission is to provide strong support based on close collaboration so that the executive side can flexibly adjust

—Based on the discussions in the past year, please share what you believe are the characteristics and issues of the Company's Board of Directors.

Shinohara What I feel is superior about the Company



Roundtable with Outside Officers

strategies in response to unexpected changes in circumstances.

—Please discuss the issues involved in accelerating a company's growth rather than expansion.

Makino Whether the increase in the size of a company is simply “expansion” or is true “growth” comes down to whether value creation, profitability, and organizational capabilities are all strengthened simultaneously. Continuously honing the sources of value is a strength of the Company, but if the profit margins or cash flow deteriorate despite increasing revenue, we won't be able to withstand the next round of growth investment and will fall into expansion. To prevent this, it is essential that we manage the Company's portfolio by concentrating resources into growth products and reducing or withdrawing from non-growth areas. Accordingly, strengthening management accounting that visualizes the profitability of individual products is an urgent matter. Also, mechanisms to promote the delegation of authority and the standardization of work will be crucial so that the quality and speed of decision-making do not deteriorate even when the headcount increases. As advances in AI and rising geopolitical risks may lead to changes in business models, it is important that we strengthen internal controls and compliance even further and establish governance that can withstand the pace of growth.

Endo This is also related to strengthening profitability, and it is my understanding that the true meaning of the phrase “growth, not expansion” expressed by CEO Kawai is to limit the expansion of facilities for existing products to an extent that does not reduce the marginal profit rate while expanding SAM (served available market) by introducing new high-value-added products to achieve profit growth accompanied by an improved profit margin. Until now, the Company has built up absolute trust by anticipating customer needs and providing highly customized service. To accelerate growth



even further while keeping this as our core business strategy, we will need to adopt a more proactive stance regarding the development of next-generation semiconductor production technology to secure the advantages of being a pioneer. To do this, we need to reorganize and strengthen R&D strategies, including strategically pursuing basic research not directly linked to short-term profit, and also further reinforce organizational structures and talent development to successfully conduct strategic M&A and the post-merger integration (PMI) process.

Kraft I agree with Mr. Endo's point about the importance of M&A. M&A and investing in startups will be essential as a powerful strategy for accelerating growth. “Time-buying” M&A can be an extremely effective tactic to rapidly expand the Company's SAM. Investing in promising domestic and overseas ventures will also be a crucial driver of next-generation businesses. To achieve this, I hope that rather than simply pursuing KPI targets, the executive side will build a medium- to long-term growth investment plan specifying the technologies and markets to be acquired and present it to the Board.



Suzuki It is people who put strategies into action. As the business environment rapidly changes, accelerating growth will require that frontline leaders grasp activity results in a timely manner, immediately share their awareness of issues, and quickly translate that into company-wide action. Advancing the systemization of performance management and the design of organizational collaboration is a top priority for the Company, which is committed to generating profit. Furthermore, in fiercely competitive markets, acquiring exceptional talent from around the world is a paramount priority. To continuously generate innovation, it is necessary to accelerate workforce diversity at every level. The Company practices “motivation-oriented management” that emphasizes the sense of contribution from

one's work to the advancement of society and fair evaluations of performance, but to draw out the full potential of diverse human resources, it will be essential to transform the current talent landscape, which, for example, is currently dominated by Japanese male employees, while fostering an internal environment where diverse talent can make full use of their abilities and strongly empowering frontline leaders. These types of measures should lead to the cultivation of a corporate culture suitable for a new phase.

Shinohara It is necessary to reconsider day-to-day operations to enhance organizational capabilities and make the most of diverse talent. First, we need to clearly distinguish between what should be done and what should not be done as well as what machines (AI and robots) should do and then translate these distinctions into bold plans and execute them. Also, humans need to focus to the utmost degree on creative work that should be performed by people, such as formulating policy and creating plans. Drawing out and supporting everyone's vitality is a wonderful thing to do, but rather than having everyone act based on personal optimization, we need to thoroughly ensure that the organization is focused and sees things through toward achieving its goals. To promote this, developing and recruiting strong leaders with clear responsibilities and authority who can powerfully lead frontline operations is an urgent matter. I am confident that building this type of strong organizational foundation will be the key to leading the Company from expansion to growth.



Data Section

- 81 Financial Review
- 85 Consolidated Eleven-year Summary
- 87 Five-year Sustainability Summary
- 89 Evaluation from Third-party Institutions
- 89 Participation in Global Initiatives
- 90 Stock Information

Financial Review

Trends in the Global Economy and Market

With respect to the global economy in fiscal 2026, despite the need to monitor future macroeconomic trends closely as signs of inflation were seen in Europe and the United States toward the end of the fiscal year against a backdrop of higher energy prices associated with escalating geopolitical tensions in the Middle East, the economy overall remained strong.

In the electronics industry, in which the Tokyo Electron Group operates, increased demand for AI servers used in data centers drove growth in the overall semiconductor market.

Under the circumstances, in the semiconductor production equipment market, while capital investment in China showed signs of leveling off compared with the same period of the previous fiscal year, capital investment in semiconductors used for generative AI applications increased significantly.

Against the backdrop of the transition to a data-driven society accompanied by the advancement of information and communication technology, the evolution of AI to enhance productivity and create new value, and efforts toward a decarbonized society, the role of semiconductors and their technological innovation are becoming increasingly important. Consequently, the semiconductor production equipment market is expected to grow even further in the medium- to long-term.

Management Discussion and Analysis of State of Operating Results

Regarding our operating results for fiscal 2026, net sales increased 0.5% from the previous fiscal year to 2,443,533 million yen, and operating income decreased 10.4% from the previous fiscal year to 624,936 million yen. In the semiconductor production equipment market, sales of our high-value-added products performed well, driven by active capital expenditures in areas requiring advanced technologies such as AI servers. In addition, as semiconductor demand remained strong, utilization at the semiconductor manufacturers—our customers—rose. This led to steady increases in sales of modifications for equipment we had previously sold, as well as sales of maintenance parts and related services. As a result, net sales reached a record high for the second consecutive fiscal year.

With respect to profitability, gross profit margin was 45.3% (down 1.8 percentage points year on year) due to factors such as higher raw material prices and increased labor costs. In addition, as we advanced proactive R&D activities to support technological innovation in semiconductors, operating margin decreased to 25.6% (down 3.1 percentage points year on year). Total R&D expenses increased by 27,849 million yen (up 11.1% year on year) from the previous fiscal year to 277,866 million yen.

Net income attributable to owners of parent increased 5.6% from the previous fiscal year to a record high of 574,454 million yen, and its ratio against net sales was 23.5%, an increase of 1.1 percentage points from the previous fiscal year. In addition, the extraordinary income of 120,726 million yen for fiscal 2026 was mainly due to the sale of a portion of strategic shareholdings, resulting in gains on the sale of investment securities of 115,494 million yen. As a result, net income per share was 1,254.57 yen.

With regard to objective indicators to assess the achievement status of management policy, management strategy and management goals, the Group uses net sales, operating margin, and return on equity (ROE) as indicators for the financial model of the Medium-term Management Plan.

Production, Orders, and Sales Results

We carry out production while flexibly responding to market changes. As our production trends are similar to those of our sales, we omit a description of these results. We also do not indicate order results because they are not necessarily an appropriate indicator for projecting medium- to long-term corporate performance, with short-term orders tending to fluctuate significantly according to customers' investment trends.

Sales results by major customers and their ratio to total sales results are as shown below.

■ Fiscal 2025 (Fiscal year ended March 31, 2025)

Name of Customer	Sales (Millions of yen)	Ratio (%)
Samsung Electronics Co., Ltd.	286,800	11.8
Taiwan Semiconductor Manufacturing Company, Ltd.	280,618	11.5

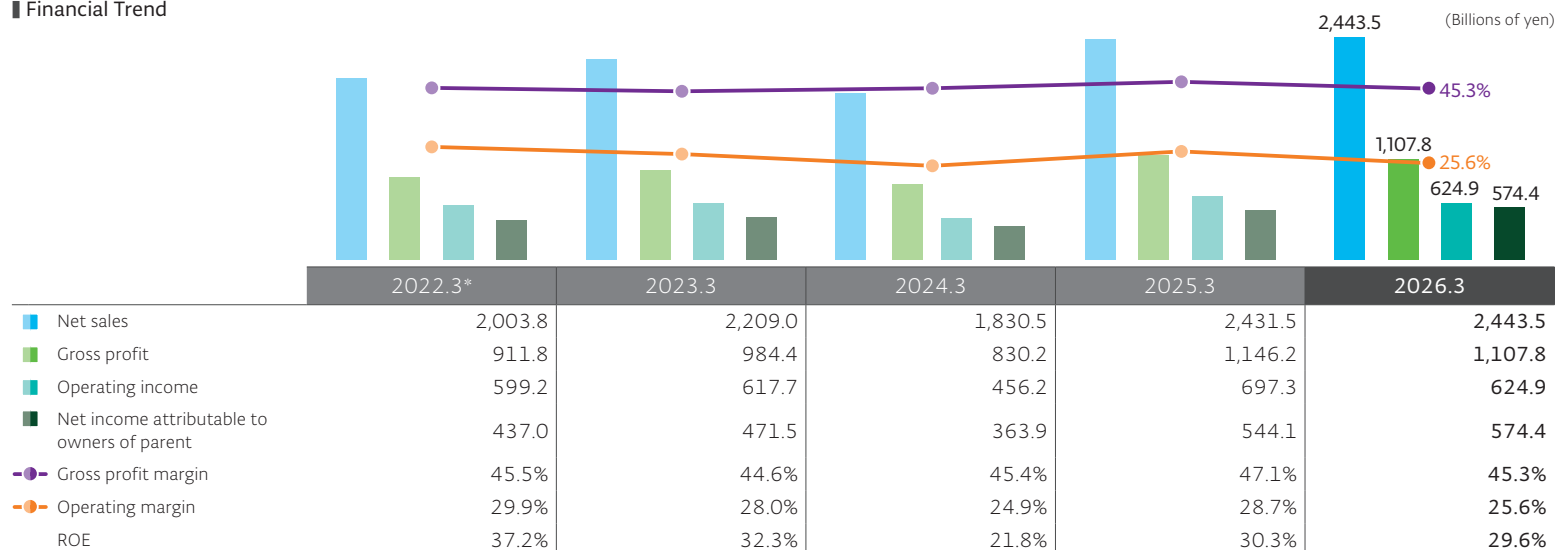
■ Fiscal 2026 (Fiscal year ended March 31, 2026)

Name of Customer	Sales (Millions of yen)	Ratio (%)
Samsung Electronics Co., Ltd.	368,079	15.1
Taiwan Semiconductor Manufacturing Company, Ltd.	315,813	12.9

* The amounts include sales to the customer and its subsidiaries

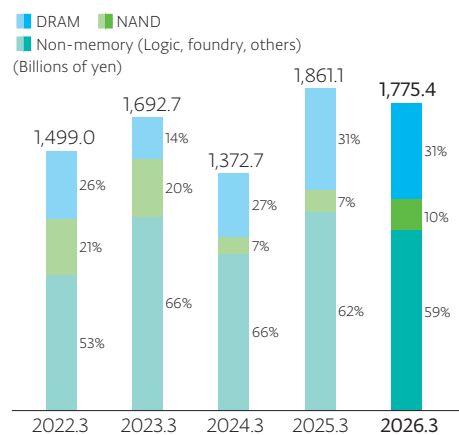
Financial Review

Financial Trend



* From fiscal 2022, the Company applies "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020).

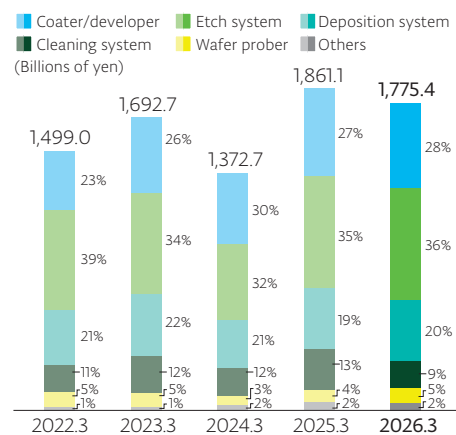
SPE¹ New Equipment Sales by Application²



¹ SPE: Semiconductor Production Equipment

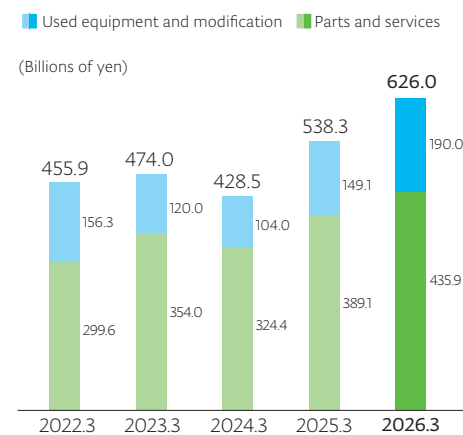
² Percentages on the graph show the composition ratio of new equipment sales. Field Solutions sales are not included.

SPE New Equipment Sales by Product*

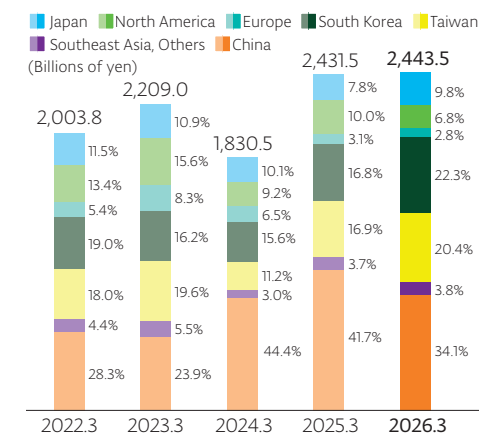


* Percentages on the graph show the composition ratio of new equipment sales. Field Solutions sales are not included.

Field Solutions Sales



Composition of Net Sales by Region



Financial Review

Financial Position, Cash Flows, Sources of Capital and Liquidity

Regarding our financial position, total assets stood at 2,860,997 million yen at the end of fiscal 2026, an increase of 235,016 million yen from the end of the previous fiscal year. This was mainly due to the increase in non-current assets. Cash and cash equivalents at the end of fiscal 2026 increased by 20,342 million yen compared to the end of the previous fiscal year, to 505,414 million yen.

Current assets at the end of fiscal 2026 were 1,835,466 million yen, an increase of 34,710 million yen compared to the end of the previous fiscal year. This was mainly due to an increase of 40,271 million yen in notes and accounts receivable - trade, and contract assets, an increase of 35,011 million yen in cash and deposits, and a decrease of 36,008 million yen in inventories.

Non-current assets increased by 200,305 million yen from the end of the previous fiscal year, reaching 1,025,530 million yen. Property, plant and equipment reached 589,335 million yen, an increase of 147,628 million yen. This was primarily due to the completion of development buildings in Koshi City, Kumamoto Prefecture and Taiwa Town, Miyagi Prefecture and a production and logistics center in Oshu City, Iwate Prefecture. Investments and other assets increased by 50,995 million yen from the end of the previous fiscal year to 398,664 million yen, due in part to the higher market prices of investment securities. The turnover period for total assets¹ increased from 381 days in the previous fiscal year to 410 days.

Current liabilities increased by 1,317 million yen from the end of the previous fiscal year to 679,242 million yen. This was largely due to an increase of 19,807 million yen in notes and accounts payable - trade, an increase of 14,098 million yen in advances received, a decrease of 26,020 million yen in prepaid consumption tax, and a decrease of 16,883 million yen in provision for employees' bonuses.

Non-current liabilities increased by 18,912 million yen from the end of the previous fiscal year to 111,758 million yen.

Net assets increased by 214,786 million yen from the end of the previous fiscal year to 2,069,996 million yen. This was largely due to an increase of 574,454 million yen resulting from recording net income attributable to owners of parent, a decrease resulting from the payment of 271,618 million yen in year-end dividends for the previous fiscal year and interim dividends for fiscal 2026, a decrease due to share repurchases of 150,010 million yen, and an increase of 25,744 million yen in foreign currency translation adjustments. As a result, the equity ratio was 71.5%.

Regarding cash flows, the combined balance of cash and cash equivalents and time deposits and short-term investments with maturities of more than three months that are not included in cash and cash equivalents was 506,250 million yen, an increase of 10,011 million yen from the end of the previous fiscal year.

Cash flows from operating activities were positive 539,732 million yen, a decrease of 42,442 million yen compared to the same period of the previous fiscal year. The major positive factors

were income before income taxes of 748,180 million yen, and depreciation and amortization of 80,982 million yen. The major negative factors were income tax payments of 178,372 million yen, and a gain on sale of investment securities of 115,494 million yen.

Cash flows from investing activities were negative 96,492 million yen compared to negative 169,609 million yen in the same period of the previous fiscal year. This was largely due to payments for the purchase of property, plant and equipment of 208,984 million yen, and proceeds from sales of investment securities of 117,387 million yen.

Cash flows from financing activities were negative 425,359 million yen compared to negative 388,836 million yen in the same period of the previous fiscal year. This was largely due to payments of 271,618 million yen in dividends, and payments of 150,010 million yen for share repurchases.

In fiscal 2026, we continued R&D and capital investments to support future growth and enhance competitiveness, using the high level of cash generated through operating activities as the primary source of funds. In addition, as a measure to improve capital efficiency, we also sold a portion of our strategic shareholdings. As a result, free cash flow² increased to a record high of 433,248 million yen. At the same time, we returned 421,615 million yen to our shareholders through share repurchases and dividend payments based on our shareholder return policy of a 50% dividend payout ratio. These were all covered using cash on hand obtained through business operations, which corresponds to 97% of the aforementioned free cash flow. We will continue to maintain a solid financial foundation built up by a high profit margin, and at the same time, undertake growth investments for the future and proactive efforts to return profits to shareholders.

In addition, return on equity (ROE), one of our management indicators, was 29.6%.

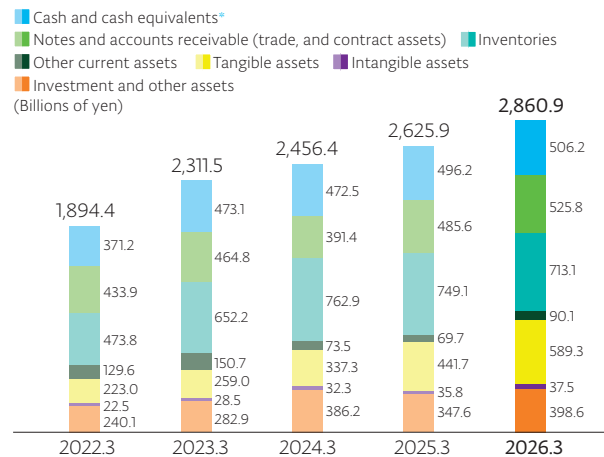
¹ Turnover period for total assets = Average total assets / Net sales × 365

² Free cash flow = Cash flow from operating activities + Cash flow from investing activities (excluding changes in Time deposits and Short-term investments).

For the details of financial data, please refer to the "Consolidated Financial Statements" on our website.
www.tel.com/ir/library/consolidated-financial-statements/

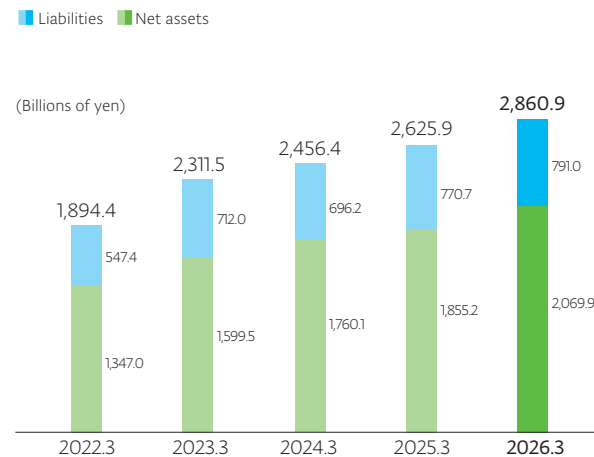
Financial Review

Balance Sheet Assets

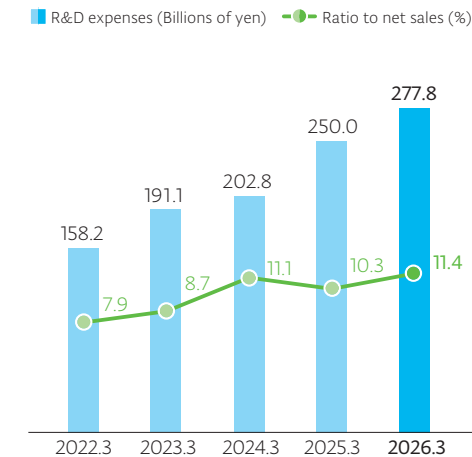


* Cash and cash equivalents: "Cash and deposits" + "Short-term investments", etc. ("Securities" in Balance Sheet)

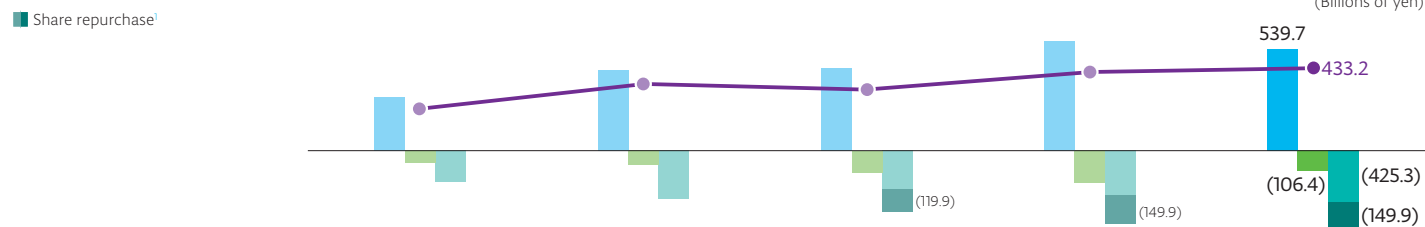
Balance Sheet Liabilities/Net Assets



R&D Expenses and Ratio to Net Sales



Cash Flows



	2022.3	2023.3	2024.3	2025.3	2026.3
■ Cash flows from operating activities	283.3	426.2	434.7	582.1	539.7
■ Cash flows from investing activities ²	(65.6)	(76.7)	(115.0)	(169.7)	(106.4)
■ Cash flows from financing activities	(167.2)	(256.5)	(325.0)	(388.8)	(425.3)
● Free cash flow ³	217.7	349.4	319.6	412.4	433.2
■ Cash on hand ⁴	371.2	473.1	472.5	496.2	506.2

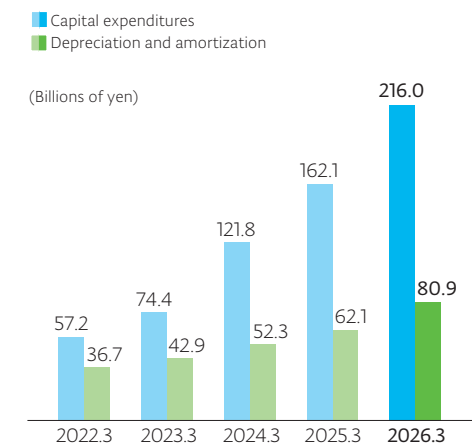
¹ The amount for share repurchase excludes the cost incurred to purchase odd-lot shares.

² Cash flow from investing activities excludes changes in time deposits and short-term investments.

³ Free cash flow = "Cash flow from operating activities" + "Cash flow from investing activities" (excluding changes in "Time deposits" and "Short-term investments")

⁴ Cash on hand includes "Cash and cash equivalents" + "Time deposits and short-term investments" with original maturities of more than three months.

Capital Expenditures and Depreciation and Amortization



Consolidated Eleven-year Summary

Tokyo Electron Limited and Subsidiaries
From fiscal 2016 to fiscal 2026

The amounts in this summary in millions and thousands of yen; and thousands of shares as of and for the years ended March 31, 2016 and prior are rounded to the nearest unit. Such amounts as of and for the years ended March 31, 2017 and onward are truncated at the nearest unit. Accordingly, totals for the years ended March 31, 2017 and onward do not necessarily agree with the sum of the corresponding individual amounts.

	2016.3	2017.3	2018.3	2019.3 ³	2020.3	2021.3	2022.3 ⁴	2023.3	2024.3	2025.3	2026.3
(Millions of yen)											
Net sales	¥ 663,949	¥ 799,719	¥ 1,130,728	¥ 1,278,240	¥ 1,127,286	¥ 1,399,102	¥ 2,003,805	¥ 2,209,025	¥ 1,830,527	¥ 2,431,568	¥ 2,443,533
Semiconductor production equipment	613,033	749,893	1,055,234	1,166,781	1,060,997	1,315,200	1,943,843	2,155,206	—	—	—
FPD production equipment	44,687	49,387	75,068	111,261	66,092	83,772	59,830	53,674	—	—	—
Other	6,229	438	425	197	197	129	131	144	—	—	—
Operating income	116,789	155,697	281,172	310,571	237,292	320,685	599,271	617,723	456,263	697,319	624,936
Income (loss) before income taxes	106,467	149,116	275,242	321,508	244,626	317,038	596,698	624,856	473,439	706,114	748,180
Net income (loss) attributable to owners of parent	77,892	115,208	204,371	248,228	185,206	242,941	437,076	471,584	363,963	544,133	574,454
Comprehensive income (loss)	60,984	119,998	206,152	242,696	187,084	305,801	486,183	501,421	478,281	476,095	624,335
Domestic sales	121,808	101,122	148,760	208,796	161,812	197,566	230,368	239,937	184,982	189,979	239,427
Overseas sales	542,141	698,597	981,967	1,069,443	965,474	1,201,535	1,773,437	1,969,088	1,645,544	2,241,588	2,204,106
Depreciation and amortization ¹	19,257	17,872	20,619	24,323	29,107	33,843	36,727	42,927	52,339	62,148	80,982
Capital expenditures ²	13,341	20,697	45,603	49,754	54,666	53,868	57,288	74,432	121,841	162,171	216,063
R&D expenses	76,287	83,800	97,103	113,980	120,268	136,648	158,256	191,196	202,873	250,017	277,866
Total assets	793,368	957,447	1,202,796	1,257,627	1,278,495	1,425,364	1,894,457	2,311,594	2,456,462	2,625,981	2,860,997
Total net assets	564,239	645,999	771,509	888,117	829,692	1,024,562	1,347,048	1,599,524	1,760,180	1,855,209	2,069,996
Number of employees	10,629	11,241	11,946	12,742	13,837	14,479	15,634	17,204	17,702	19,573	20,236

Consolidated Eleven-year Summary

	2016.3	2017.3	2018.3	2019.3 ³	2020.3	2021.3	2022.3 ⁴	2023.3	2024.3	2025.3	2026.3
	(Yen)										
Net income (loss) per share of common stock:											
Basic ⁵	¥ 153.70	¥ 234.09	¥ 415.16	¥ 504.53	¥ 390.19	¥ 520.73	¥ 935.95	¥ 1,007.82	¥ 783.75	¥ 1,182.40	¥ 1,254.57
Diluted ⁵	153.33	233.45	413.74	502.41	388.01	517.76	931.30	1,003.86	781.20	1,179.08	1,250.88
Net assets per share of common stock ⁵	1,142.79	1,306.50	1,558.16	1,790.59	1,755.99	2,170.73	2,857.48	3,389.68	3,773.11	4,016.34	4,498.85
Cash dividends per share of common stock ⁵	237.00	352.00	624.00	758.00	588.00	781.00	1,403.00	1,711.00	393.00	592.00	628.00
Number of shares outstanding (thousands) ⁵	165,211	165,210	165,210	165,210	157,210	157,210	157,210	157,210	471,632	471,632	471,632
Number of shareholders	24,664	21,937	35,186	50,843	30,348	29,547	34,258	51,723	78,898	133,425	114,525
	(%)										
ROE	13.0	19.1	29.0	30.1	21.8	26.5	37.2	32.3	21.8	30.3	29.6
Operating margin	17.6	19.5	24.9	24.3	21.0	22.9	29.9	28.0	24.9	28.7	25.6
Equity ratio	70.9	67.2	63.8	70.0	64.1	71.1	70.5	68.7	71.1	70.1	71.5
Total asset turnover (times)	0.80	0.91	1.05	1.04	0.89	1.03	1.21	1.05	0.77	0.96	0.89
	(Thousands of yen)										
Net sales per employee	¥ 62,466	¥ 71,143	¥ 94,653	¥ 100,317	¥ 81,468	¥ 96,629	¥ 128,169	¥ 128,401	¥ 103,407	¥ 124,230	¥ 120,751
Operating income per employee	¥ 10,987	¥ 13,850	¥ 23,536	¥ 24,373	¥ 17,149	¥ 22,148	¥ 38,331	¥ 35,905	¥ 25,774	¥ 35,626	¥ 30,882

¹ Depreciation and amortization does not include amortization and loss on impairment of goodwill.

² Capital expenditures only represent the gross increase in property, plant and equipment.

³ From fiscal 2019, the Company applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Statement No. 28, revised on February 16, 2018) released by the ASBJ.

⁴ From fiscal 2022, the Company applies "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020). Each number from the period ended March 31, 2022 includes the effects of the new standards.

⁵ The Company implemented a 3-for-1 common stock split on April 1, 2023. Net income (loss) per share of common stock - basic, net income per share of common stock - diluted and net assets per share of common stock are calculated on the assumption that stock split was implemented at the beginning of fiscal 2016. In addition, from fiscal 2016 to fiscal 2023, dividends per share of common stock and number of shares outstanding present the actual amount of dividends and number of shares prior to the stock split.

Five-year Sustainability Summary

Tokyo Electron Limited and Subsidiaries

From fiscal 2022 to fiscal 2026

● denotes data in the "Sustainability Data 2026" with third-party assurance.

Please note that the data included in this report represents only a selection. For all data, please refer to the "Sustainability Data" on our website. www.tel.com/sustainability/data/index.html

			2022.3	2023.3	2024.3	2025.3	2026.3	
Greenhouse Gas Emissions*	Scope 1 emissions	Scope 1 emissions (kt-CO ₂)	16	22	21	22	28	●
		Energy-derived (kt-CO ₂)	12	12	12	13	15	●
		Japan	10	10	10	11	13	
		Overseas	2	2	2	2	2	
		Non-energy-derived greenhouse gas emissions total (kt-CO ₂ e)	4	10	9	9	13	●
		Non-energy-derived greenhouse gas emissions (kt-CO ₂ e) (Japan)	4	10	9	9	13	
		Non-energy-derived greenhouse gas emissions (kt-CO ₂ e) (Overseas)	0.1	0.0	0.0	0.1	0	
	Scope 2 emissions	Scope 2 emissions (Market based) (kt-CO ₂)	74	20	22	25	35	●
		Scope 2 emissions (Location based) (kt-CO ₂)	168	180	192	200	223	
	Scope 3 emissions	Scope 3 emissions (kt-CO ₂)	12,614	14,335	11,770	12,389	14,203	

* For the scope of calculations and the calculation methods regarding greenhouse gas emissions, please refer to the "Sustainability Data" on our website. www.tel.com/sustainability/data/index.html

			2022.3	2023.3	2024.3	2025.3	2026.3	
Energy Consumption/Generation	Energy	Consumption (MWh)	439,465	464,234	496,107	537,978	620,995	●
	Electricity		380,127	404,964	435,514	471,956	539,673	●
	Gas (city gas, LPG)		40,870	41,968	40,787	42,801	53,179	●
	Fuel (heavy oil A, diesel oil, kerosene, gasoline)		17,496	16,430	18,808	18,538	19,817	●
	Purchase of steam		972	872	998	4,683	8,326	●

			2022.3	2023.3	2024.3	2025.3	2026.3	
Water-Related Data	Water (Japan)	Water intake (thousand m ³)	1,204	1,255	1,293	1,288	1,669	●

			2022.3	2023.3	2024.3	2025.3	2026.3	
Amount of Waste Generated	Dangerous/Hazardous waste (Japan)	Amount generated (t)	4,705	5,239	7,448	10,371	11,657	●

			2022.3	2023.3	2024.3	2025.3	2026.3	
Number of Employees (Entire Group)	Regular employees (Region)	Number of regular employees	15,140	16,605	17,071	18,893	19,532	
		Japan	8,234	8,796	9,150	9,847	10,388	
		Rest of Asia	4,328	4,819	4,854	5,640	5,833	
		Europe and Middle East	578	669	708	739	679	
		North America	2,000	2,321	2,359	2,667	2,632	

Five-year Sustainability Summary

			2022.3	2023.3	2024.3	2025.3	2026.3
Recruitment/Employment (Japan)	Employees with disabilities	Percentage hired (TEL)	2.32	2.03	2.18	2.44	2.32
		Percentage hired (Group in Japan)	2.37	2.27	2.34	2.46	2.49

			2022.3	2023.3	2024.3	2025.3	2026.3
Female Managers (Japan)	Ratio of female managers ^{1,2}		2.6	2.7	3.1	3.3	3.8

¹ Percentage of female managers, calculation method: Number of female managers/Number of managers × 100 (The number of managers includes experts and employees reemployed after retirement (from fiscal 2024).)

² As of March 31

			2022.3	2023.3	2024.3	2025.3	2026.3
Work-life Balance (Japan)	Annual paid leave	Take-up rate ¹	64.6	70.0	80.6	78.9	78.0

¹ Take-up rate of annual paid leave, calculation method: (Days of paid leave taken by employees²) / (Days of paid leave provided to employees²) × 100

² Incl. non-regular employees

			2022.3	2023.3	2024.3	2025.3	2026.3
Governance	Corporate Directors	Number of Corporate Directors	12	6	6	7	8
		Inside Corporate Directors	8	3	3	3	3
		Men	8	3	3	3	3
		Women	0	0	0	0	0
		Outside Corporate Directors	4	3	3	4	5
		Men	2	1	1	2	3
		Women	2	2	2	2	2
	Executive officers	Number of executive officers	23	26	30	39	41
		Men	23	25	29	38	40
		Women	0	1	1	1	1

			2022.3	2023.3	2024.3	2025.3	2026.3
Safety	Number of workplace incidents per 200,000 work hours (TCIR)		0.30	0.33	0.15	0.23	0.22

			2022.3	2023.3	2024.3	2025.3	2026.3
Customers	Percentage of respondents who selected “Very Satisfied” or “Satisfied” in the customer satisfaction survey		100.0	100.0	100.0	100.0	100.0

Evaluation from Third-party Institutions

Our sustainability initiatives are evaluated globally from the perspectives of environment, society, and governance. Environmental initiatives include promotion of CO₂ emission reductions and resource circulation, adoption and expansion of renewable energy, and development of energy-efficient technologies. Social initiatives include promotion of human resource development, maintenance of high employee retention rates, and a commitment to prevent harassment. And governance initiatives include development of highly transparent management structures and strengthening of risk management. As a result of these evaluations, we continue to be ESG investment indices. Specifically, those indices include the Dow Jones Best-in-Class Asia Pacific Index, FTSE4Good Index Series¹, FTSE JPX Blossom Japan Index¹, MSCI Selection Indexes¹, and MSCI Japan ESG Select Leaders Index¹. In 2025, we were also selected as an A List company, the highest rating awarded by CDP², in recognition of our performance in water security and supplier engagement.

The Tokyo Electron Integrated Report 2025 received the NIKKEI Integrated Report Award 2025 Semi-Grand Prize presented by Nikkei. The report was also well-received by many of our stakeholders for our easy-to-understand integrated disclosure of concrete outcomes and vision for the future.

Dow Jones Best-in-Class Asia Pacific Index

From 2016 (ongoing)



From 2017 (ongoing)

2026 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

From 2017 (ongoing)



From 2003 (ongoing)



From 2017 (ongoing)

¹ Guidelines for logo usage: "Third-party Recognition" on our website www.tel.com/sustainability/review.html

² CDP is a non-governmental organization (NGO) founded in the United Kingdom, and supported by investors, that surveys companies and governments around the world on climate change and water resource management.

Participation in Global Initiatives

We actively participate in a variety of global initiatives in order to practice sustainability in our business activities.



We signed onto the United Nations Global Compact (UNGC) in 2013 and are working to contribute to the realization of sound globalization and a sustainable society through compliance with its Ten Principles in the four areas of Human Rights, Labor, Environment, and Anti-Corruption.



We joined the Responsible Business Alliance (RBA) in 2015, and we work with our suppliers to ensure compliance with the RBA Code of Conduct, which covers labor, environment, health and safety, ethics, and management systems.

We are carrying out initiatives for reducing our greenhouse gas emissions based on international standards, and our greenhouse gas emission reduction targets for fiscal 2031 have been validated as the Science Based Targets (SBTs) as Science Based Targets initiative (SBTi). Furthermore, net zero targets to reduce greenhouse gas emissions across the whole value chain, including Scope 1, 2 and 3 set for fiscal 2041, also received SBTi validation. We will continue to implement concrete measures and manage progress as we work to achieve targets based on international guidelines.



We participate in the CDP, an international environmental information disclosure initiative that aims to promote the disclosure of corporate information related to the climate, water, and forests. Through highly transparent disclosure and concrete measures, we will contribute to the realization of a sustainable society in collaboration with local communities.



We joined the global industry association SEMI* in 1978 as a member company, and engage in the promotion of the international standardization and sustainability efforts of the semiconductor industry as a whole. We are also a member of the Energy Collaborative (EC) established by the SEMI Semiconductor Climate Consortium (SCC) and contribute to decarbonization through the use of low carbon energy.

* SEMI: Semiconductor Equipment and Materials International

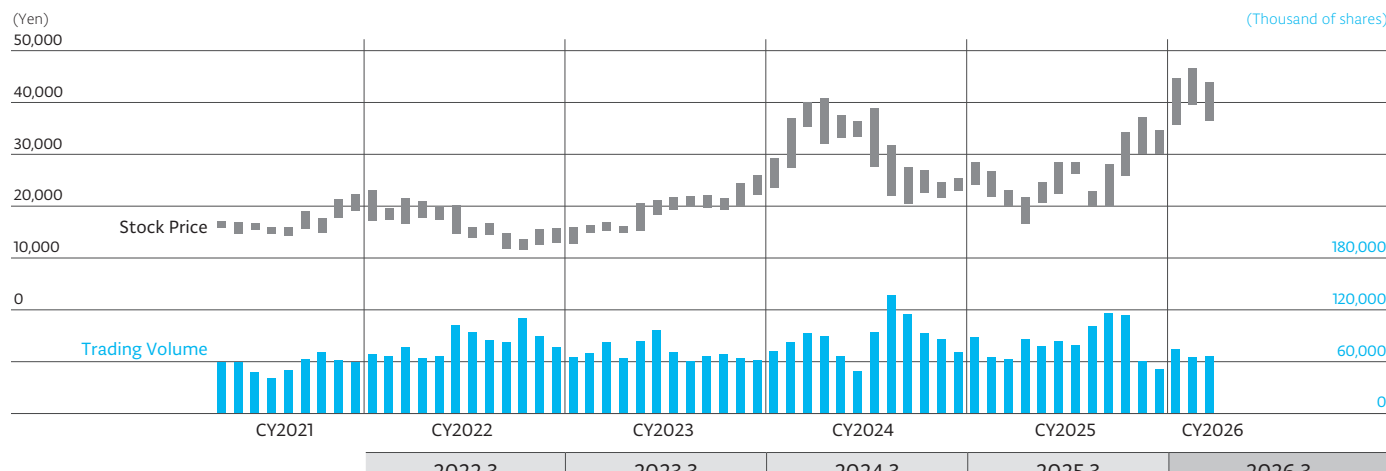
Stock Information (As of March 31, 2026)

Corporate Name and Head Office	Tokyo Electron Limited		Common Stock Listed on	Tokyo Stock Exchange Prime Market (Stock code: 8035)
	Akasaka Biz Tower 3-1 Akasaka 5-chome, Minato-ku, Tokyo 107-6325, Japan		Independent Auditor	KPMG AZSA LLC
Established	November 11, 1963		Administrator of Shareholders' Register	Sumitomo Mitsui Trust Bank, Limited 4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
Annual General Shareholders' Meeting	June		Direct mail and inquiries to	Sumitomo Mitsui Trust Bank, Limited 8-4 Izumi 2-chome, Suginami-ku, Tokyo, 168-0063, Japan Tel (toll free): 0120-782-031 (available only in Japan)
Common Stock	Stock trading unit	100 shares		
	Authorized	900,000,000 shares		
	Issued	471,632,733 shares		
	Number of shareholders	114,525	Website	www.tel.com

Major Shareholders

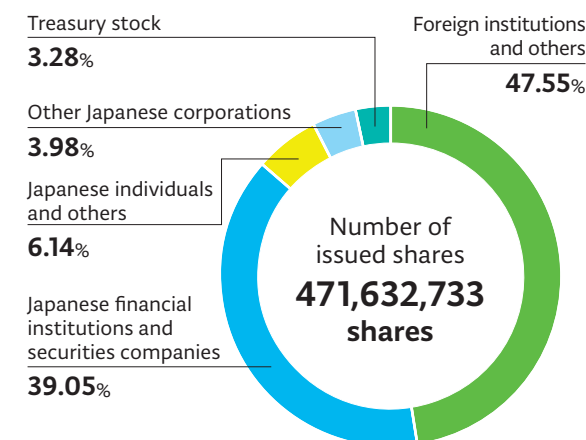
Shareholders	Number of Shares Held ¹ (thousand)	Voting Share Ratio ² (%)
The Master Trust Bank of Japan, Ltd. (trust account)	111,481	24.43
Custody Bank of Japan, Ltd. (trust account)	46,224	10.13
TBS HOLDINGS, INC.	15,112	3.31
THE CHASE MANHATTAN BANK, N.A. LONDONSECS LENDING OMNIBUS ACCOUNT	14,891	3.26
STATE STREET BANK AND TRUST COMPANY 505001	11,569	2.53
HSBC HONG KONG-TREASURY SERVICES A/C ASIAN EQUITIES DERIVATIVES	7,408	1.62
GOVERNMENT OF NORWAY	6,738	1.47
JP MORGAN CHASE BANK 385781	6,644	1.45
BNYM AS AGT/CLTS NON TREATY JASDEC	6,418	1.40
JP MORGAN CHASE BANK 385642	5,678	1.24

Stock Price and Trading Volume



¹ Shares of less than one thousand have been rounded down in the "Number of shares held."
² Voting share ratios are calculated excluding treasury stock.

Distribution of Ownership among Shareholders



Note: The Company implemented a 3-for-1 common stock split on April 1, 2023. Stock price is calculated on the assumption that stock split was implemented at the beginning of fiscal 2022.



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Tokyo Electron's Logo

Tokyo Electron's logo was created as a symbol for our next stage of growth, based on our Corporate Philosophy and Vision in 2015. This simple design represents our reliability and the engaging presence we bring to a competitive industry. The green square at the center of the logo signifies the core of innovation supporting development in the industry; the translucent blue expresses our leading-edge advanced technology. We strive to contribute to the development of a dream-inspiring society through our leading-edge technologies and reliable service and support.

Cover Image

This cover illustrates how technologies and applications, centered on AI, expand and open up the future through our semiconductor production equipment. By providing the Best Products and Best Technical Service, we will contribute to technological innovation in semiconductors and the realization of a dream-inspiring society.