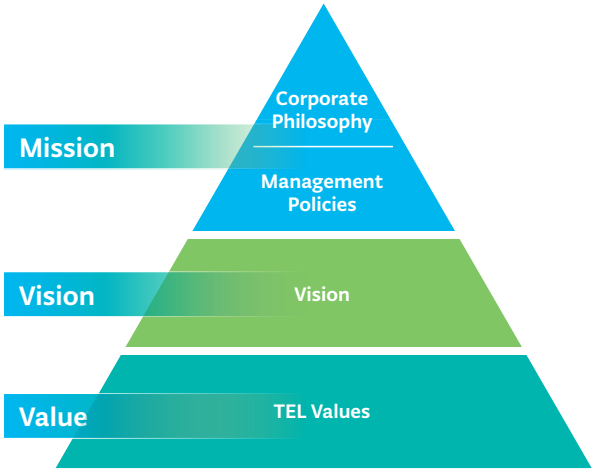
Chapter 1

About Tokyo Electron

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**

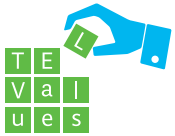
Pride — We take pride in providing high-value products and services.

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

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

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

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



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. CO_2 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, CO_2 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

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.

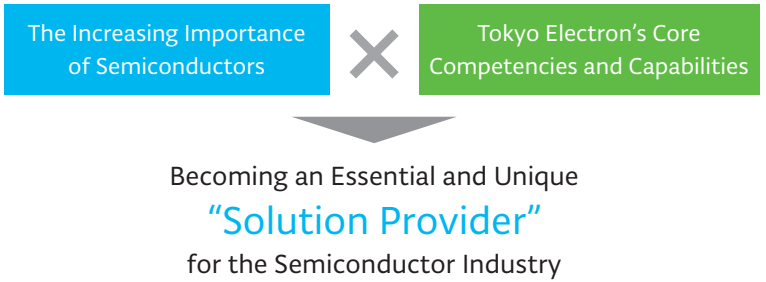
Our greatest feature is our expertise in leading-edge semiconductor manufacturing technologies and processes. Our equipment lineup covers a wide range of processes, from front-end processes, where minute transistors are formed, to advanced packaging. For many of these products, we command some of the 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 DX[2] 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.

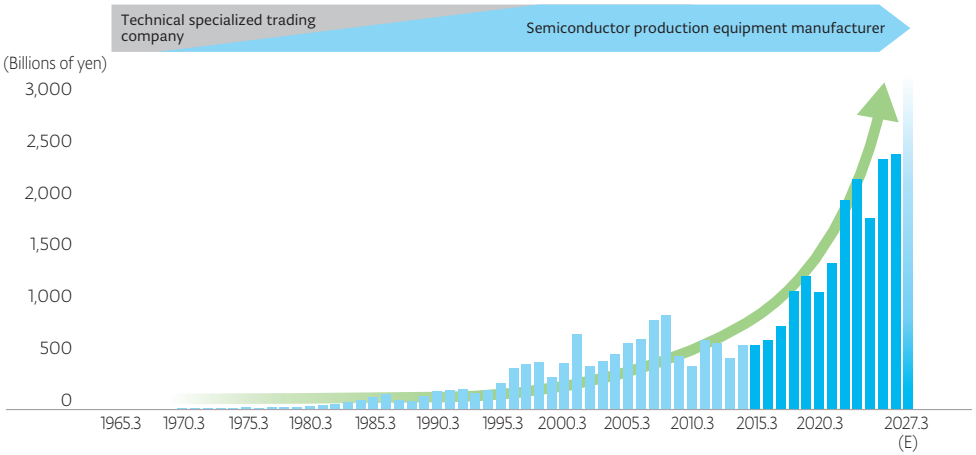
Within this business environment, it is important that we study and pursue earning power and that we adapt appropriately to the changing times. Through the steady progress we have made so far, reaching 1 trillion yen in operating income is within our sights, but to further improve our operating margin, 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 CO_2 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 lifecycle[3]. As part of this, we are implementing the E-COMPASS[4] 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

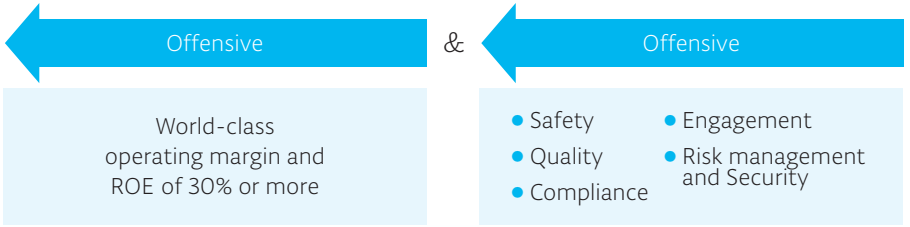
We conduct management based on the fundamental stance of "double-offensive governance," with the aim of expanding profits in the short, medium, and long term and continuously enhancing corporate value. The first "offensive" refers to an aggressive style of business activities. We consider profit to be 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 TCIR[5], 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.

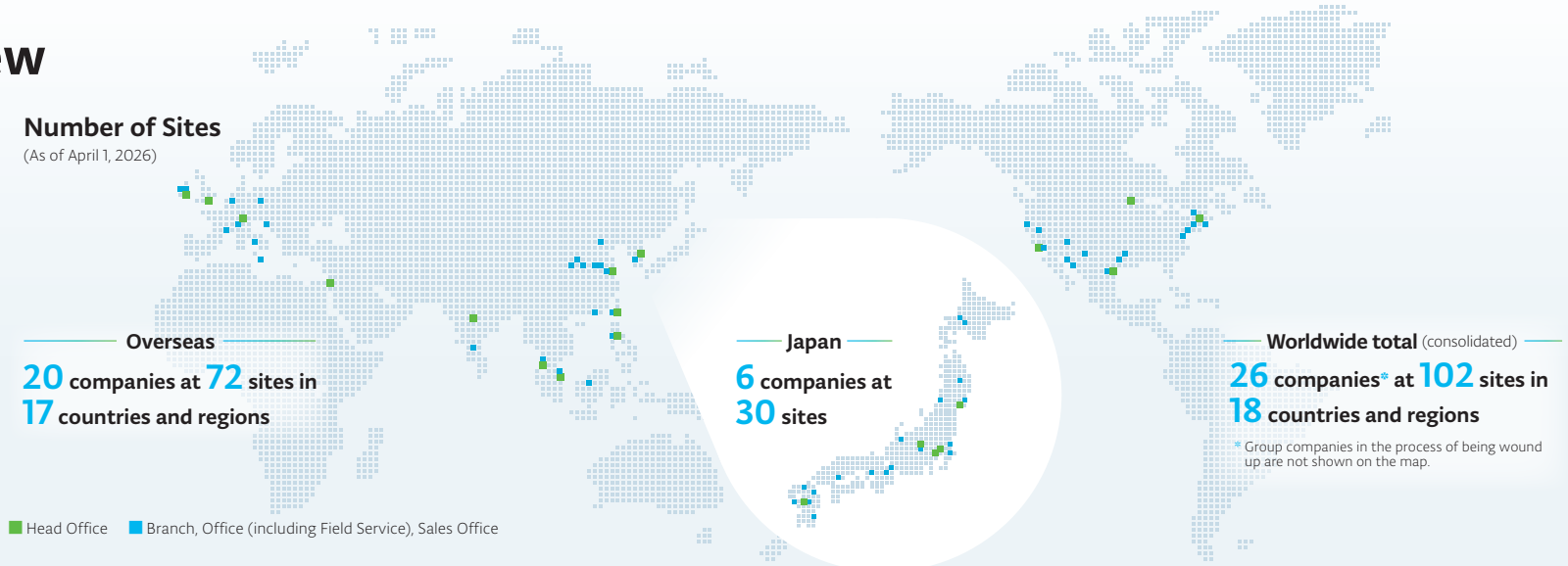
Representative Director,
President & CEO

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

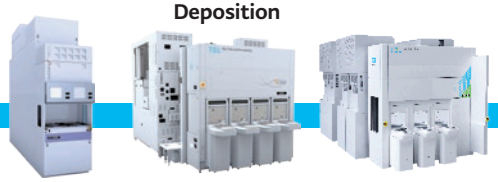
2023
60th anniversary of the foundation

Net Sales
2,443.5 billion yen
Fiscal 2026

Semiconductor Manufacturing Process and Our Main Products

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

Deposition

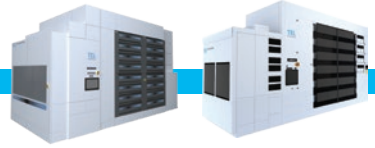


Thermal Processing System
TELINDY PLUS™

Atomic Layer Deposition System
NT333™

Single Wafer Deposition System
Episode™ 1

Lithography (Photoresist coating, Development)



Coater/Developer
CLEAN TRACK™
LITHIUS Pro DICE™

Coater/Developer
CLEAN TRACK™
LITHIUS Pro™ Z

Etching

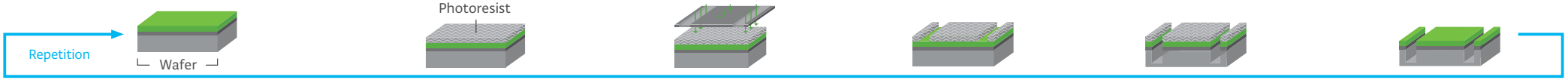
Plasma Etch System
Tactras™

Plasma Etch System
Episode™ UL

Gas Chemical Etch System
Certas LEAGA™

Cleaning

Single Wafer Cleaning System
CELLESTA™ - i



Film Deposition

Thin films such as silicon dioxide, silicon nitride, metal and others are deposited by thermal oxidation, CVD[1] and/or ALD[2] on the wafer surface.

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

Photoresist[3] 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

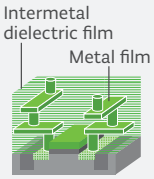
Developing exposed photoresist leaves a particular pattern on a wafer according to the reticle (photomask) being used.

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.



Completed Transistor and Wiring

Bonding

Wafer Bonding System
Synapse™ Si

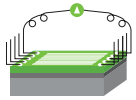
Wafer Edge Trimming System/ Extreme Laser Lift Off System
Ulucus™ L / Ulucus™ LX

In some cases, multiple wafers with transistors and wires are bonded to each other to create a single integrated circuit.

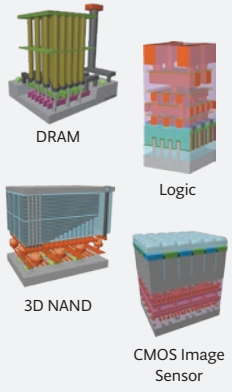
Wafer Probe Testing

Wafer Prober
Prexa™

Multi-Cell Test System
Cellcia™



Each IC is tested to find any imperfect chip.



Completed Integrated Circuit

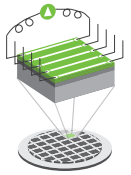
Wafer Bonding/ Debonding

Wafer Bonding System/ Wafer Debonding System
Synapse™ V / Synapse™ Z Plus

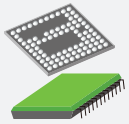
After fabricating redistribution layers and bonding pads (bumps), a support substrate may be temporarily bonded to the device wafer to thin the back surface, and is then removed by a debonding system.

Inspection

Wafer/Dicing Frame Prober
WDF™ 12DP+



Each diced chip is examined to determine whether it can be assembled into the package.



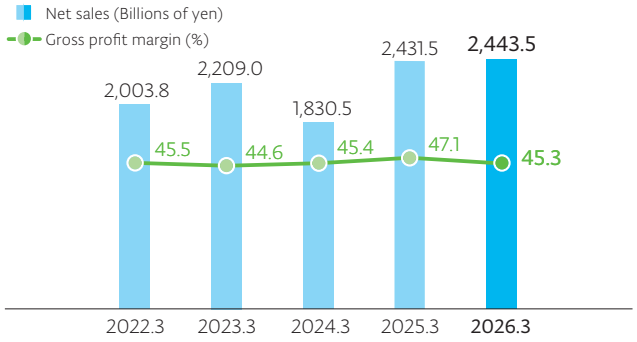
The chips are attached to package substrates or lead frames, and are sealed with ceramic or plastic.

Completed Semiconductor Packaging

Highlights of Key Indicators for Continuous Corporate Value Enhancement

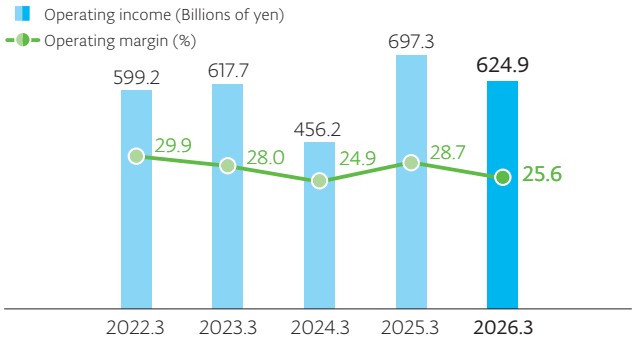
At Tokyo Electron, policies and various judgments are made for our business activities by clarifying, monitoring and analyzing management indicators, which are important for medium- to long-term profit expansion and continuous corporate value enhancement.

Net Sales and Gross Profit Margin



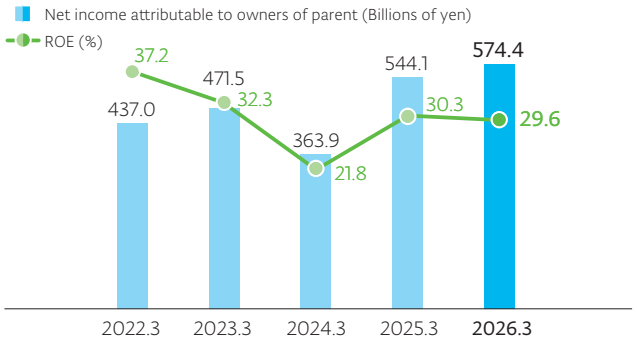
Supported by robust equipment sales driven by active capital investment in cutting-edge fields as well as increased sales of parts and services for modification and maintenance in conjunction with higher utilization rates at customer plants, net sales reached a record high for the second consecutive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

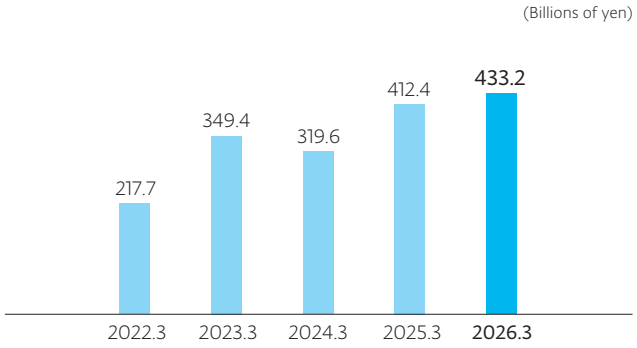
Net Income Attributable to Owners of Parent and ROE[1]



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

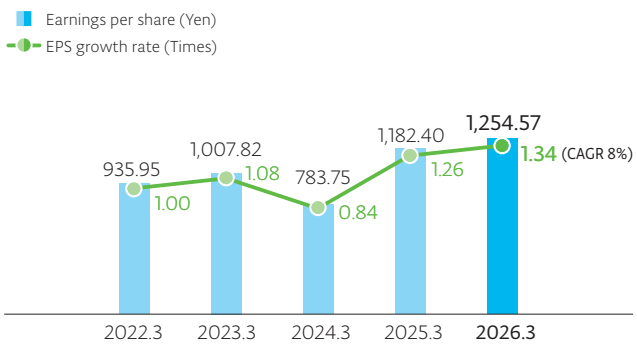
Free Cash Flow[2]



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)

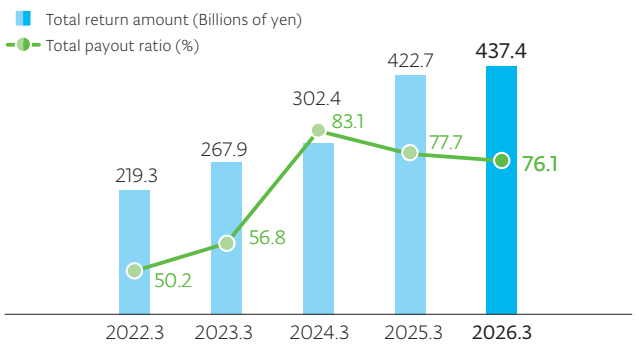
Earnings per Share (EPS)[3] and EPS Growth Rate[4]



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

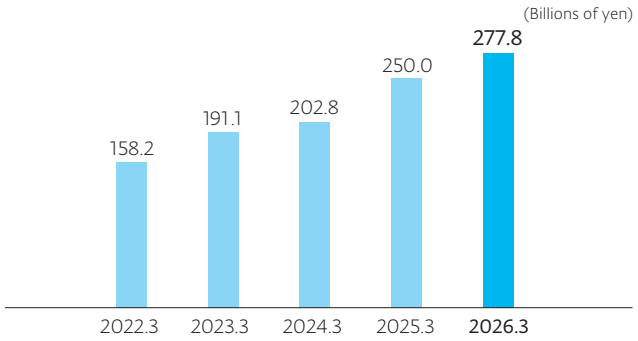


The total return amount reached 437.4 billion yen, a record high, as a result of the payment of dividends based on our shareholder return policy of a payout ratio of 50%[5] and share repurchases[6].

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.

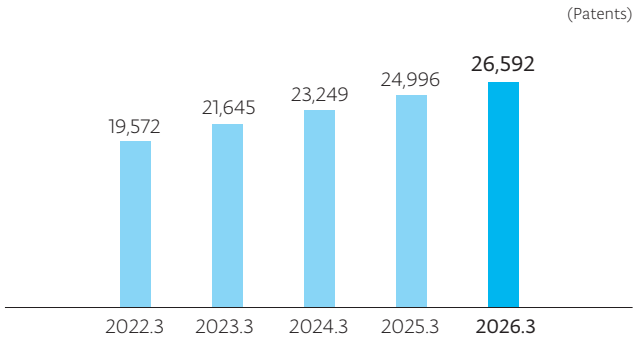
Highlights of Key Indicators for Continuous Corporate Value Enhancement

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.

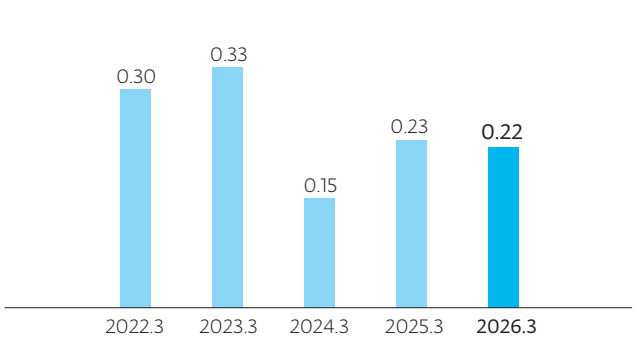
Patents Owned[1]



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.

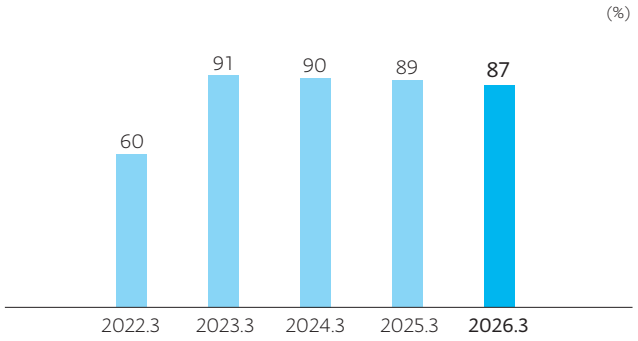
Workplace Incidents per 200,000 Work Hours (TCIR[2])



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.

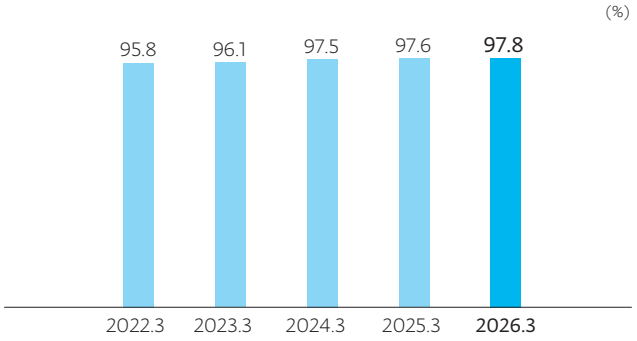
2 TCIR: Total Case Incident Rate

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.

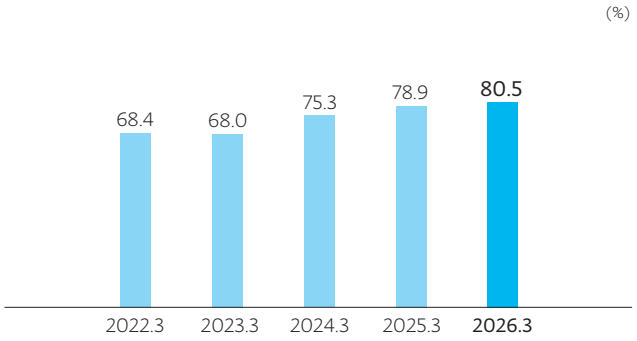
Employee Retention Rates[3]



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.