

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

ISIN	JP3571400005
SEDOL	6895675
TSE	8035

May 27, 2025

NOTICE OF FISCAL YEAR 2025 (the 62nd FY) ANNUAL GENERAL MEETING OF SHAREHOLDERS

To Our Shareholders:

We are pleased to announce that the 62nd Annual General Meeting of Shareholders (the “AGM”) of Tokyo Electron Ltd. (“TEL”) will be held on Tuesday, June 17, 2025, at 10:00 a.m. Japan standard time, at PALACE HOTEL TOKYO, located at 1-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo. Shareholders will also be asked to vote upon the following Agenda:

- 1: Election of Eight Corporate Directors**
- 2: Election of Two Audit & Supervisory Board Members**
- 3: Determination of the Amount of Short-term Performance-linked Compensation to Corporate Directors**
- 4: Determination of the Details of the Medium- to Long-term Performance-linked Compensation to Corporate Directors**
- 5: Determination of the Details of the Non-performance-linked Compensation to Corporate Directors**
- 6: Revision to Amount of Stock-based Compensation to Outside Directors**

In convening this AGM, we have taken measures for providing information for this AGM electronically, and have posted this information in the form of “Notice of fiscal year 2025 annual general meeting of shareholders” on our website. Please access the following TEL’s website to confirm the information.

TEL’s website

<https://www.tel.com/ir/stocks/asm/index.html>

In addition to TEL’s website, the matters provided electronically are also posted on the Tokyo Stock Exchange’s website. Please access the following Tokyo Stock Exchange’s website (Listed Company Search), input “Tokyo Electron” in the Issue name (company name) or “8035” in the Code, click on “Search” and “Basic information” in that order, and then select “Documents for public inspection/PR information.”

Tokyo Stock Exchange’s website (Listed Company Search)

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

You may exercise your voting rights in advance in writing or via the Internet, etc. Please refer to the following Information Relating to Annual General Meeting of Shareholders, and exercise your voting rights by 5:30 p.m. on Monday, June 16, 2025 (Japan standard time).

As part of our ongoing effort to improve the quality of communications with our foreign investors and to increase the participation of those investors and to exercise your voting rights at the AGM, **TEL** has appointed IR Japan, Inc. as our Global Information Agent in connection with the shareholder meeting. We realize that many shareholders do not vote at Japanese Shareholders Meeting due to the volume of meetings and timing concerns. Therefore, we attach special importance to your vote, and hope that you will continue to distinguish yourselves from the shareholders of many other institutions, who, unfortunately, do not participate.

Should you have any questions, please contact IR Japan, Inc.’s New York Branch at (1) -212-404-2390 or Tokyo Head Quarters at (81) -3-3519-6721, or e-mail to research@irjapan.co.jp The English language proxy material is available on TEL’s website at “<https://www.tel.com/>”, for your reference and

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

convenience.

IT IS IMPORTANT THAT YOU PARTICIPATE AT THE 2025 AGM, REGARDLESS OF THE NUMBER OF SHARES YOU OWN. IF YOU ARE UNABLE TO ATTEND THE AGM, PLEASE CONTACT YOUR BROKER OR CUSTODIAN WITH YOUR VOTING INSTRUCTIONS AS SOON AS POSSIBLE.

**NOTE: A shareholder is entitled to vote per unit of shares, with each unit consisting of one hundred (100) shares.*

Sincerely,

Toshiki Kawai
Representative Director, President & CEO
Tokyo Electron Ltd.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

This is a summary translation of a notice in Japanese language distributed to Japanese shareholders and provided for the convenience of foreign shareholders. The Japanese version is the official, legal document. Please vote by using the form or Internet websites etc. by 5:30 p.m. on Monday, June 16, 2025 (Japan standard time).

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

Information Relating to Annual General Meeting of Shareholders

Proposal and information

Items to be reported:

1. Report on the business report, the consolidated financial statements for FY2025 (the 62nd FY; from April 1, 2024 to March 31, 2025), and the reports of Accounting Auditors and the Audit & Supervisory Board on the results of audits for consolidated financial statements.
2. Report on the financial statements for FY2025 (the 62nd FY; from April 1, 2024 to March 31, 2025).

Proposal 1: Election of Eight Corporate Directors

At the conclusion of the Annual General Meeting of Shareholders, the term of office for all seven Corporate Directors will expire. Therefore, in order to strengthen the management supervision function, we ask you to agree to increase one Outside Director and elect eight Corporate Directors.

The candidates for Corporate Directors are as follows.

No.	Name		Present position in TEL and responsibilities
1	<Re-nominated>	Toshiki Kawai	Representative Director President & CEO Corporate Officer
2	<Re-nominated>	Sadao Sasaki	Representative Director Senior Executive Vice President Corporate Officer
3	<Newly nominated>	Kazushi Tahara	Audit & Supervisory Board Member
4	<Re-nominated>	Michio Sasaki	[Outside Director] [Independent Director]
5	<Re-nominated>	Sachiko Ichikawa	[Outside Director] [Independent Director]
6	<Re-nominated>	Joseph A. Kraft Jr.	[Outside Director] [Independent Director]
7	<Re-nominated>	Yukari Suzuki	[Outside Director] [Independent Director]
8	<Newly nominated>	Yukihiro Shinohara	[Outside Director] [Independent Director]

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

No.	Name (Date of birth)	Brief Personal History (Position in TEL and significant concurrent posts)		Number of TEL's shares owned
1	Toshiki Kawai (August 26, 1963) <Re-nominated>	April 1986 October 2010 April 2012 June 2015 January 2016 June 2022 (Position in TEL) Representative Director, President & CEO Corporate Officer	Joined Tokyo Electron Ltd. Vice President & General Manager, Thermal Processing Systems Business Unit, Tokyo Electron Ltd. Vice President & General Manager, Single Wafer Deposition Business Unit, Tokyo Electron Ltd. Vice President & General Manager, Surface Preparation Systems Business Unit, Tokyo Electron Ltd. Representative Director, Senior Executive Vice President & COO, Tokyo Electron Ltd. Representative Director, President & CEO, Tokyo Electron Ltd. (Present position) Corporate Officer, Tokyo Electron Ltd. (Present position)	129,200
<p>[Reason for selection as Corporate Director nominee]</p> <p>Having conducted global sales of semiconductor manufacturing equipment and performing management duties in multiple business units in this business, Mr. Kawai possesses ample experiences and record of achievement. In addition, he has demonstrated strong leadership as CEO in executing management duties. With the expectation of leveraging these experiences and achievement in decision making concerning the Group management policies toward enhancing corporate value, we nominate him as a Corporate Director.</p>				

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

No.	Name (Date of birth)	Brief Personal History (Position in TEL and significant concurrent posts)		Number of TEL's shares owned
2	Sadao Sasaki (September 15, 1960) <Re-nominated>	<p>April 1985 Joined Tokyo Electron Ltd.</p> <p>October 2008 Vice President & General Manager, Tokyo Electron Tohoku Ltd. (currently Tokyo Electron Technology Solutions Ltd.)</p> <p>July 2010 Senior Vice President & General Manager, Tokyo Electron Tohoku Ltd.</p> <p>April 2011 Representative Director, President, Tokyo Electron Tohoku Ltd.</p> <p>June 2015 Corporate Director, Tokyo Electron Ltd. Senior Vice President & General Manager, Tokyo Electron Ltd.</p> <p>June 2016 Representative Director, Executive Vice President & General Manager, Tokyo Electron Ltd.</p> <p>June 2022 Representative Director, Senior Executive Vice President, Tokyo Electron Ltd. (Present position) Corporate Officer, Tokyo Electron Ltd. (Present position)</p> <p>June 2023 Chairman & Representative Director, Tokyo Electron Technology Solutions Ltd. (Present position)</p> <p>(Position in TEL) Representative Director, Senior Executive Vice President Corporate Officer</p> <p>(Significant concurrent posts) Chairman & Representative Director, Tokyo Electron Technology Solutions Ltd.</p>		28,500
<p>[Reason for selection as Corporate Director nominee]</p> <p>Mr. Sasaki has performed marketing duties for semiconductor manufacturing equipment as well as management duties in technological development and device development among other areas in TEL and its Group manufacturing company, and possesses ample experiences and record of achievement. With the expectation of utilizing these experiences and achievement in bolstering the decision making function of the Board of Directors toward enhancing corporate value, we nominate him as a Corporate Director.</p>				

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

No.	Name (Date of birth)	Brief Personal History (Position in TEL and significant concurrent posts)		Number of TEL's shares owned
3	Kazushi Tahara (January 3, 1958) <Newly nominated>	April 1984 April 2002 April 2004 July 2006 June 2007 April 2013 July 2018 June 2019 (Position in TEL) Audit & Supervisory Board Member	Joined TEL-Varian Ltd. Vice President, Systems Development for Etching Department, Tokyo Electron AT Ltd. Vice President, Test System Software Engineering, Etching & Single Water Deposition Software Engineering, Tokyo Electron AT Ltd. Vice President & General Manager, Tokyo Electron Software Technologies Ltd. Representative Director, President, Tokyo Electron Software Technologies Ltd. Vice President & General Manager, Tokyo Electron Ltd. Corporate Consultant, Tokyo Electron Ltd. Audit & Supervisory Board Member, Tokyo Electron Ltd. (Retiring at the conclusion of this AGM)	8,200
<p>[Reason for selection as Corporate Director nominee]</p> <p>Having served in various managerial positions including Vice President & General Manager of the Technology Development Division and the Production Division, Mr. Tahara has abundant experience and knowledge related to technology and management. From June 2019, in his capacity as an Audit & Supervisory Board Member of TEL, he has contributed to improving the effectiveness of audits and ensuring sound and appropriate decision-making by the Company's management from a broad perspective based on his experience and expertise in these areas. We newly nominate him as a Corporate Director in the belief that, as a non-operational Inside Director well-versed in TEL's business, he will contribute to further improving the effectiveness of the Board of Directors by leading discussions as Chairman of the Board of Directors.</p>				

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

No.	Name (Date of birth)	Brief Personal History (Position in TEL and significant concurrent posts)		Number of TEL's shares owned
4	<p>Michio Sasaki (March 7, 1957)</p> <p><Re-nominated></p> <p>[Outside Director]</p> <p>[Independent Director]</p>	<p>March 1982 Joined Lead Electric Co., Ltd. (currently KEYENCE CORPORATION)</p> <p>June 1999 Director and General Manager, APSULT (Application Sensor) Business Department and Business Promotion Department, KEYENCE CORPORATION</p> <p>December 2000 President and Representative Director, KEYENCE CORPORATION</p> <p>December 2010 Director and Special Advisor, KEYENCE CORPORATION</p> <p>June 2018 Corporate Director, Tokyo Electron Ltd. (Present position)</p> <p>November 2018 Outside Director, SHIFT Inc.</p> <p>November 2019 Outside Director (Audit & Supervisory Committee Member), SHIFT Inc.</p> <p>November 2020 Director and Vice President, SHIFT Inc.</p> <p>November 2024 Director and Chairman, SHIFT Inc. (Present position)</p> <p>(Position in TEL) Corporate Director</p> <p>(Significant concurrent posts) Director and Chairman, SHIFT Inc.</p>		1,300
<p>[Reason for selection as Outside Director nominee and outline of expected roles] Having served as President and Representative Director of KEYENCE CORPORATION, Mr. Sasaki achieved substantial improvements of corporate value and high profitability, engaged in global corporate management for many years. We nominate him as an Outside Director, expecting him to provide opinions and advice regarding TEL's corporate management in general from the perspective for increasing corporate value over the medium- to long-term, in addition to the management supervision, by utilizing his wealth of experience and knowledge as a corporate manager. Note that he has served for 7 years as an Outside Director of TEL as of the end of this General Meeting.</p>				

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

No.	Name (Date of birth)	Brief Personal History (Position in TEL and significant concurrent posts)		Number of TEL's shares owned
5	Sachiko Ichikawa (January 17, 1967) <Re-nominated> [Outside Director] [Independent Director]	April 1997 January 2005 January 2011 June 2015 April 2018 May 2018 June 2021 June 2024 (Position in TEL) Corporate Director (Significant concurrent posts) Partner, Tanabe & Partners Outside Director, OLYMPUS CORPORATION Outside Director, Azbil Corporation Director, The Board Director Training Institute of Japan	Registered as an attorney-at-law Joined Tanabe & Partners Registered as an attorney-at-law in the State of New York, the U.S. Partner, Tanabe & Partners (Present position) Outside Director, ANRITSU CORPORATION Registered as a U.S. certified public accountant Outside Corporate Auditor, RYOHIN KEIKAKU CO., LTD. Corporate Director, Tokyo Electron Ltd. (Present position) Outside Director, OLYMPUS CORPORATION (Present position) Outside Director, Azbil Corporation (Present position)	300
<p>[Reason for selection as Outside Director nominee and outline of expected roles]</p> <p>Having served as a Partner of Tanabe & Partners, Ms. Ichikawa possesses ample experience and expertise as an attorney-at-law mainly in corporate legal affairs. In addition, she also has global and advanced specialization, holding qualifications as an attorney-at-law in the State of New York, the U.S. and a U.S. certified public accountant. We nominate her as an Outside Director, expecting her to provide opinions and advice regarding TEL's corporate management in general from the perspective for increasing corporate value over the medium- to long-term, in addition to the management supervision, by utilizing her experience above as well as knowledge in fields such as corporate governance, risk management, and compliance. Although Ms. Ichikawa has never been engaged in corporate management except as Outside Director and Outside Audit & Supervisory Board Member in the past, we believe that she can adequately fulfill duties as Outside Director based on the abovementioned reasons. Note that she has served for 4 years as an Outside Director of TEL as of the end of this General Meeting.</p>				

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

No.	Name (Date of birth)	Brief Personal History (Position in TEL and significant concurrent posts)		Number of TEL's shares owned
6	Joseph A. Kraft Jr. (May 12, 1964) <Re-nominated> [Outside Director] [Independent Director]	July 1986 January 2000 March 2010 July 2015 June 2024 November 2024	Joined Morgan Stanley Inc. Managing Director, Morgan Stanley Inc. Deputy Branch Manager & Managing Director, Bank of America Merrill Lynch Japan CEO, Rorschach Advisory Inc. (Present position) Corporate Director, Tokyo Electron Ltd. (Present position) Vice President, Tokyo International University (Present position) (Position in TEL) Corporate Director (Significant concurrent posts) Outside Director, SONY GROUP CORPORATION	0
[Reason for selection as Outside Director nominee and outline of expected roles] Through many years of practical experience in the financial industry, both in Japan and overseas, Mr. Kraft possesses abundant knowledge of capital markets and extensive knowledge of various industries and fields. We nominate him as an Outside Director, expecting him to provide opinions and advice regarding TEL's corporate management in general from the perspective for increasing corporate value over the medium- to long-term, in addition to the management supervision, from a global standpoint by utilizing his experience and knowledge. Note that he has served for 1 year as an Outside Director of TEL as of the end of this General Meeting.				

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

No.	Name (Date of birth)	Brief Personal History (Position in TEL and significant concurrent posts)		Number of TEL's shares owned
7	Yukari Suzuki (September 16, 1962) <Re-nominated> [Outside Director] [Independent Director]	April 1985 January 2018 January 2020 March 2020 January 2021 January 2022 June 2024 (Position in TEL) Corporate Director (Significant concurrent posts) Outside Director, SECOM CO., LTD.	Joined Shiseido Company, Limited Corporate Officer, Shiseido Company, Limited Chief Brand Officer, Shiseido Company, Limited Senior Executive Officer, Shiseido Company, Limited Director, Shiseido Company, Limited Representative Director, Shiseido Company, Limited Executive Officer, Shiseido Company, Limited Chief Marketing Officer, Shiseido Company, Limited Chief D&I Officer, Shiseido Company, Limited Corporate Director, Tokyo Electron Ltd. (Present position)	0
[Reason for selection as Outside Director nominee and outline of expected roles] Having served as a Representative Director at Shiseido Company, Limited, Ms. Suzuki possesses extensive experience in the areas of product development and marketing as well as leadership in the promotion of diversity, equity and inclusion. We nominate her as an Outside Director, expecting her to provide opinions and advice regarding TEL's corporate management in general from the perspective for increasing corporate value over the medium- to long-term, in addition to the management supervision, by utilizing her wealth of experience and knowledge as a corporate manager. Note that she has served for 1 year as an Outside Director of TEL as of the end of this General Meeting.				

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

No.	Name (Date of birth)	Brief Personal History (Position in TEL and significant concurrent posts)		Number of TEL's shares owned
8	Yukihiro Shinohara (March 9, 1960) <Newly nominated> [Outside Director] [Independent Director]	April 1982	Joined NIPPONDENSO CO., LTD. (currently DENSO CORPORATION)	0
		June 2011	Executive Director, DENSO CORPORATION	
		April 2018	Senior Executive Director, DENSO CORPORATION	
		April 2019	Senior Executive Officer, DENSO CORPORATION	
		June 2020	CCRO (Chief Corporate Revolution Officer) , DENSO CORPORATION	
		January 2021	CQO (Chief Quality Officer) and Head of Safety, Quality & Environment Center, DENSO CORPORATION	
		June 2021	Representative Director, DENSO CORPORATION	
		January 2022	Executive Vice President, Representative Director, DENSO CORPORATION	
		April 2022	CCO (Chief Compliance Officer) and CRO (Chief Risk Officer), DENSO CORPORATION	
[Reason for selection as Outside Director nominee and outline of expected roles] Mr. Shinohara has served as a Representative Director at Denso Corporation, where he gained experience in research and development, and demonstrated leadership in quality improvement initiatives, for corporate culture reform, compliance, and risk management activities. We newly nominate him as an Outside Director, expecting him to provide opinions and advice regarding TEL's corporate management in general from the perspective for increasing corporate value over the medium- to long-term, in addition to the management supervision, by utilizing his wealth of experience and knowledge as a corporate manager.				

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

(Notes)

1. Each of the candidates has no special interest in TEL.
2. TEL has concluded a Directors and Officers Liability Insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The insurance contract covers damages, such as compensation for damages, settlements, and litigation expenses, arising from acts and nonperformance of acts committed in relation to the execution of duties by the insured. If each candidate is elected as Corporate Director, they will be included as insured under this insurance contract. In addition, TEL plans to renew the insurance contract in July 2025.
3. TEL has entered into an indemnity agreement with all Directors, as stipulated under Article 430-2, Paragraph 1 of the Companies Act, whereby TEL shall duly indemnify the expenses and losses as prescribed respectively in Item 1 and Item 2 of the aforementioned Paragraph, within the limits stipulated by the laws and regulations, and will continue the agreement if this proposal is approved. TEL will enter into the same agreement with Kazushi Tahara and Yukihiro Shinohara if this proposal is approved.
4. The candidates for Outside Directors are described below.
 - (1) Michio Sasaki, Sachiko Ichikawa, Joseph A. Kraft Jr., Yukari Suzuki and Yukihiro Shinohara are candidates for Outside Directors.
 - (2) As Michio Sasaki, Sachiko Ichikawa, Joseph A. Kraft Jr., Yukari Suzuki and Yukihiro Shinohara meet TEL's criteria for judging independence, "Independence Requirements for Outside Directors and Outside Audit & Supervisory Board Members" (see pages 20 to 21) established based on the requirements for Independent Standards set forth by Tokyo Stock Exchange Inc., TEL has notified the Tokyo Stock Exchange Inc. that they have been appointed as Independent Directors.
 - (3) At the 52nd Annual General Meeting of Shareholders held on June 19, 2015, TEL revised its Articles of Incorporation so that TEL can conclude liability-limiting contracts specified by Article 423, Paragraph 1 of the Companies Act with Directors who do not execute business and Audit & Supervisory Board Members. In accordance with its Articles of Incorporation, TEL has concluded such contract with Michio Sasaki, Sachiko Ichikawa, Joseph A. Kraft Jr., and Yukari Suzuki, and will continue the contract if this proposal is approved. In addition, TEL plans to conclude such contracts with Yukihiro Shinohara if this proposal is approved. The liability limitation under these contracts is the minimum liability amount specified in Article 425, Paragraph 1 of the Companies Act, provided that the Directors perform their duties in good faith without gross negligence.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

Proposal 2: Election of Two Audit & Supervisory Board Members

At the conclusion of the Annual General Meeting of Shareholders, the term of office for Audit & Supervisory Board Member Kyosuke Wagai will expire and Kazushi Tahara will resign from his office. Therefore, we ask you to agree to elect two Audit & Supervisory Board Members.

The candidates for Audit & Supervisory Board Members are as follows.

No.	Name	Present position in TEL
1	<Newly nominated> Tsuguhiko Matsuura	
2	<Newly nominated> Ayako Makino [Outside Audit & Supervisory Board Member] [Independent Audit & Supervisory Board Member]	

(Reference) Audit & Supervisory Board Members who remain in office

Name	Present position in TEL
Yutaka Nanasawa	Audit & Supervisory Board Member
Ryota Miura [Outside Audit & Supervisory Board Member] [Independent Audit & Supervisory Board Member]	Outside Audit & Supervisory Board Member
Yutaka Endo [Outside Audit & Supervisory Board Member] [Independent Audit & Supervisory Board Member]	Outside Audit & Supervisory Board Member

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

No.	Name (Date of birth)	Brief Personal History (Position in TEL and significant concurrent posts)		Number of TEL's shares owned
1	Tsuguhiko Matsuura (January 8, 1962) <Newly nominated>	April 1984 April 2004 October 2008 July 2018 June 2019 July 2023	Joined Tokyo Electron Ltd. Vice President, Flat Panel Display Dry Process Equipment Division, Tokyo Electron Ltd. Vice President & General manager, Flat Panel Display Business Unit, Tokyo Electron Ltd. Corporate Director, Tokyo Electron AT Ltd. Corporate Director, Tokyo Electron Kyushu Ltd. General Manager, Flat Panel Display Business Division Senior Vice President & General Manager, Tokyo Electron Ltd. Chairman, Tokyo Electron (Shanghai) Ltd. (Retiring at the conclusion of this AGM)	284
[Reason for selection as Audit & Supervisory Board Member nominee] Having served in various management positions including General Manager and Vice President & General Manager within the TEL Group and having being involved in management of a TEL Group company as a Representative Director, Mr. Matsuura has abundant experience and knowledge related to the global management of TEL's business. We newly nominate him as an Audit & Supervisory Board Member as we expect him to conduct highly effective audits based on his experience and knowledge.				

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

No.	Name (Date of birth)	Brief Personal History (Position in TEL and significant concurrent posts)		Number of TEL's shares owned
2	Ayako Makino (November 2, 1965) <Newly nominated> [Outside Audit & Supervisory Board Member] [Independent Audit & Supervisory Board Member]	April 1988 October 1994 April 1997 July 2008 June 2017 July 2022 January 2025	Joined The Nikko Securities Co., Ltd. (currently SMBC Nikko Securities Inc.) Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC) Registered as a certified public accountant Partner, Tohmatsu & Co. Councilor, Deloitte Tohmatsu LLC Councilor and Audit Committee Chair, Deloitte Tohmatsu LLC Councilor and Audit Committee Chair, Deloitte Touche Tohmatsu LLC Established Makino Certified Public Accounting Office (Present position)	0
<p>[Reason for selection as Outside Audit & Supervisory Board Member nominee] Through many years working as a certified public accountant at a major audit firm, Ms. Makino has abundant experience in accounting audits and internal control-related work in a wide range of industries, including financial institutions, manufacturing, and retail, as well as an extensive expertise in finance and accounting and insight into auditing, etc. gained through this experience. She also has experience auditing the execution of operations as the chairperson of the audit committee of the same audit firm. We newly nominate her as an Outside Audit & Supervisory Board Member with a view to utilizing her experience and expertise while objectively ensuring the appropriateness of audits. Although Ms. Makino has never been engaged in corporate management in the past, we believe that she can adequately fulfill duties as Outside Audit & Supervisory Board Member based on the abovementioned reasons.</p>				

(Notes)

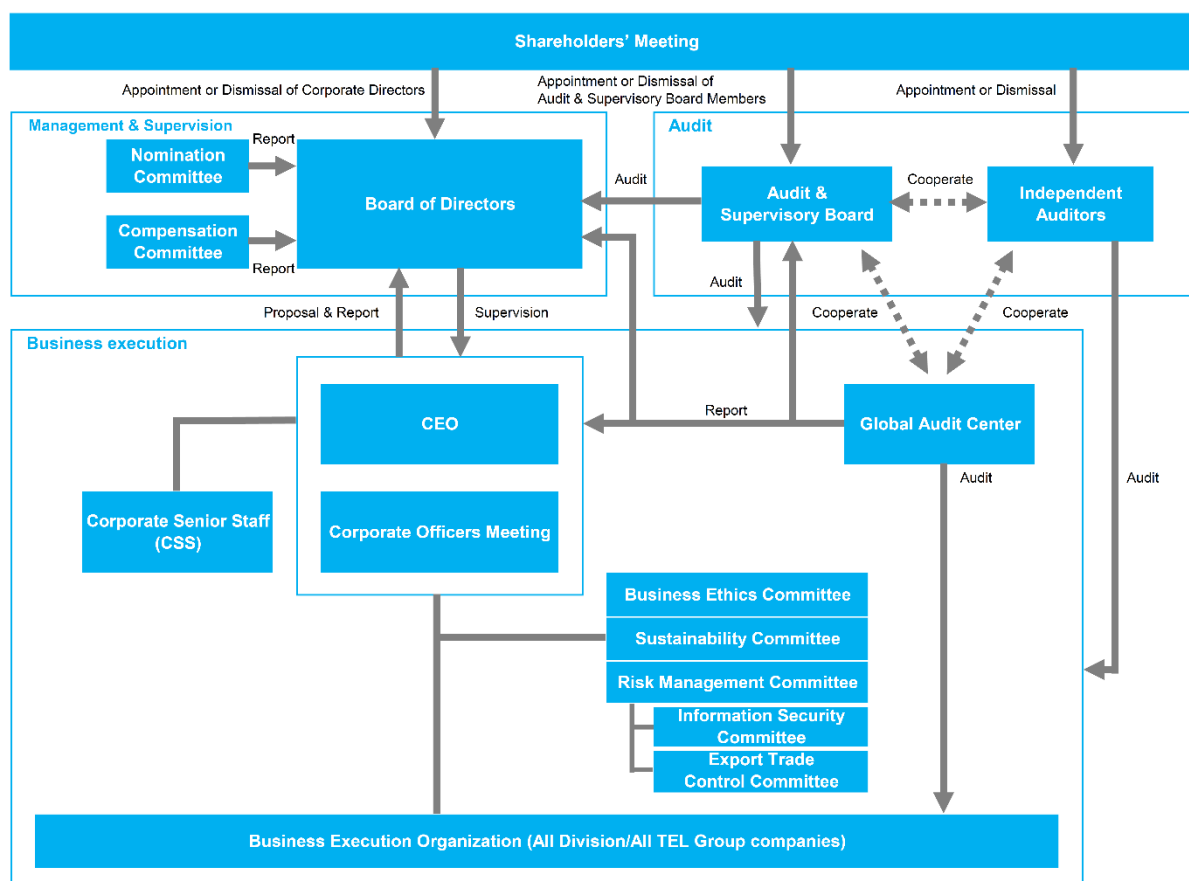
- Each of the candidates has no special interests in TEL.
- The Audit & Supervisory Board has consented to this proposal.
- TEL has concluded a Directors and Officers Liability Insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The insurance contract covers damages, such as compensation for damages, settlements, and litigation expenses, arising from acts and nonperformance of acts committed in relation to the execution of duties by the insured. If each candidate is elected as Audit & Supervisory Board Member, they will be included as insured under this insurance contract. In addition, TEL plans to renew the insurance contract in July 2025.
- If this proposal is approved, TEL plans to enter into an indemnity agreement with Tsuguhiko Matsuura and Ayako Makino as stipulated under Article 430-2, Paragraph 1 of the Companies Act, whereby TEL will duly indemnify the expenses and losses as prescribed respectively in Item 1 and Item 2 of the aforementioned Paragraph, within the limits stipulated by the laws and regulations.
- At the 52nd Annual General Meeting of Shareholders held on June 19, 2015, TEL revised its Articles of Incorporation so that TEL can conclude liability-limiting contracts specified by Article 423, Paragraph 1 of the Companies Act with Directors who do not execute business and Audit & Supervisory Board Members. TEL plans to conclude the contract with Tsuguhiko Matsuura and Ayako Makino if this proposal is approved. The liability limitation under these contracts is the minimum liability amount specified in Article 425, Paragraph 1 of the Companies Act, provided that the Audit & Supervisory Board Members perform their duties in good faith without gross negligence.
- The candidates for Outside Audit & Supervisory Board Members are described below.
 - Ayako Makino is a candidate for Outside Audit & Supervisory Board Member.
 - As Ayako Makino meets TEL's criteria for judging independence, "Independence Requirements for Outside Directors and Outside Audit & Supervisory Board Members" (see pages 20 to 21) established based on the requirements for Independent Standards set forth by Tokyo Stock Exchange Inc., TEL has notified the Tokyo Stock Exchange Inc. of her appointment as Independent Director.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

[Reference] Corporate Governance Framework

By establishing the Board of Directors that fulfills its supervisory function along with robust business execution framework, in the semiconductor production equipment industry, where technological innovation is rapid and market changes are active, we will further promote growth-oriented group management on global basis, as well as to realize expanding short-, medium- and long-term profit and continuous corporate value enhancement, thereby meeting the expectations of stakeholders.

- We introduced a Corporate Officer system in June 2022, in which Corporate Officers shall, as the highest position on the executive side of the Group, be responsible for executing corporate management beyond their own responsibilities from the same perspective as the CEO.
- In addition, as a leading company in the semiconductor production equipment industry, where technological innovation is rapid and active, we have established a Corporate Officers Meeting for quick decision-making and agile operational execution, with a view to accelerating the appropriate delegation of authority from the Board of Directors to the executive side.
- Corporate Officers attend the Board of Directors meetings and apply deliberations to business execution in an appropriate and speedy manner, thereby ensuring more proactive corporate management.



World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

[Reference] Skill Matrix – Planned after this AGM

We will realize expanding medium- to long-term profit 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 <Re-nominated>	X	X	X	X		
	Sadao Sasaki <Re-nominated>	X	X	X	X		
	Kazushi Tahara <Newly nominated>	X	X	X	X		
	Michio Sasaki <Re-nominated> [Outside]	X		X	X		
	Sachiko Ichikawa <Re-nominated> [Outside]					X	X
	Joseph A. Kraft Jr. <Re-nominated> [Outside]					X	X
	Yukari Suzuki <Re-nominated> [Outside]	X			X		
	Yukihiro Shinohara <Newly nominated> [Outside]	X		X			X
Audit & Supervisory Board Members	Yutaka Nanasawa		X			X	
	Tsuguhiko Matsuura <Newly nominated>	X	X	X	X		
	Ryota Miura [Outside]						X
	Yutaka Endo [Outside]	X				X	
	Ayako Makino <Newly nominated> [Outside]					X	X

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

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 x offence governance.”
Semiconductor Markets	Knowledge of the semiconductor markets is necessary to further promote aggressive 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 a unique strategic partner for our customers and contribute to further value creation through proposals of 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.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

[Reference] Independence Requirements for Outside Directors and Outside Audit & Supervisory Board Members

The Board of Directors of Tokyo Electron Ltd. ("Tokyo Electron") has established the independence requirement for Outside Directors and Outside Audit & Supervisory Board Members (as defined under item 15 and 16, Article 2, of the Companies Act) as follows.

The following persons shall not be considered independent if such person could cause a conflict of interest against the shareholders:

1. A person for whom Tokyo Electron is a Major Business Partner or a person who is a Major Business Partner of Tokyo Electron, except for those who fall into 2. below;
 - ※ Under this 1., "A person for whom Tokyo Electron is a Major Business Partner" means a person who, or a person who is a current employee or current executive officer of a company that, has received payments from Tokyo Electron or its subsidiaries for property or services in an amount which, in the last three consecutive fiscal years, has been the greater of 5% of recipient's consolidated gross revenues, or 100 million yen, or more. If Tokyo Electron cannot reasonably know the amount of payments received in certain fiscal years, the amount in the fiscal year available to Tokyo Electron is used in determining whether a person falls under this 1. The same shall apply hereinafter.
 - ※ "A person who is a Major Business Partner of Tokyo Electron" means a person who, or a person who is a current employee or current executive officer of a company that, has made payments to Tokyo Electron for property or services in an amount which, in the last three consecutive fiscal years, has been 2% of Tokyo Electron's consolidated gross revenues or more, provided that in the case of a financial institution from which Tokyo Electron borrows funds, it is indispensable for Tokyo Electron to fundraise and on which Tokyo Electron depends irreplaceably.
2. A person who is a consultant, an accountant, or a lawyer who receives, or who works on a full-time basis at a firm which receives, a Large Amount of Money or Other Property from Tokyo Electron or its subsidiaries, other than compensation for being a Director or an Audit & Supervisory Board Member;
 - ※ "a Large Amount of Money or Other Property" means an amount of money or other property which, in the last three consecutive fiscal years, has been the greater of 5% of recipient's consolidated gross revenues, or 10 million yen, or more. The same shall apply hereinafter.
3. A person who has recently fallen under either of 1. or 2. above; or
 - ※ "A person who has recently fallen under either of 1. or 2. above" means a person who could be substantially deemed to fall under either of 1. or 2. above. Concretely, it means a person who fell under 1. or 2. above at the time when the Board of Directors of Tokyo Electron resolved the contents of agenda for the general shareholder meeting, where such person is selected as an Outside Director or an Outside Audit & Supervisory Board Member.
4. A person whose Immediate Family Member (except for those who do not hold an important position) falls under (a) through (d) below, provided that (c) below applies to an Outside Audit & Supervisory Board Member only:
 - (a) a person who falls under any of (i) through (iii) below;
 - (i) A person for whom Tokyo Electron is a Major Business Partner or a person who is a Major Business Partner of Tokyo Electron, except for those who fall into (ii) below;
 - ※ Under this (i), "A person for whom Tokyo Electron is a Major Business Partner" means a person who, or a person who is a current employee or current executive officer of a company that, has received payments from Tokyo Electron for property or services in an amount which, in the last three consecutive fiscal years, has been the greater of 5% of recipient's consolidated gross revenues, or 100 million yen, or more.
 - ※ "A person who is a Major Business Partner of Tokyo Electron" means a person who, or a person who is a current employee or current executive officer of a company that, has made payments to Tokyo Electron for property or services in an amount which, in the last three consecutive fiscal years, has been 2% of Tokyo Electron's consolidated gross revenues or more, provided that in the case of a financial institution from which Tokyo Electron borrows funds, it is indispensable for Tokyo Electron to fundraise and on which Tokyo Electron depends irreplaceably.
 - (ii) A person who is a consultant, an accountant, or a lawyer who receives, or who works on a full-time basis at a firm which receives, a Large Amount of Money or Other Property from Tokyo Electron, other than compensation for being a Director or an Audit & Supervisory Board Member; or

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

- (iii) A person who has recently fallen under either of (i) or (ii) above; or
 - ※ “A person who has recently fallen under either of (i) or (ii) above” means a person who could be substantially deemed to fall under either of (i) or (ii) above. Concretely, it means a person who fell under (i) or (ii) above at the time when the Board of Directors of Tokyo Electron resolved the contents of agenda for the general shareholder meeting, where such person is selected as an Outside Director or an Outside Audit & Supervisory Board Member.
- (b) an employee or an executive officer of subsidiary of Tokyo Electron;
- (c) a non-executive director of subsidiary of Tokyo Electron; or
- (d) a person who has recently fallen under (b) or (c) above or who was an employee or an executive officer, or in the case of an Outside Audit & Supervisory Board Member, a non-executive officer, of Tokyo Electron.
- ※ Whether an Immediate Family Member holds an important position or not shall be determined according to item 7, paragraph 4, Article 74, of the Ordinance for Enforcement of the Companies Act. For instance, with respect to 1. and 4. (a) (i) above, a director or an employee who is above head of department level of a business partner company, and with respect to 2. above, a certified public accountant who belongs to an auditing firm and a lawyer (including associate lawyer) who belongs to a law firm are considered to hold an important position.
- ※ “Immediate Family Member” means a relative within the second degree of relationship. If a person is no longer a relative within the second degree of relationship as a result of divorce, dissolution of adoption, or death, etc., such a person shall not be considered as “Immediate Family Member”.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

<Regarding Proposals 3 to 6>

Proposals 3 to 6 concern executive compensation.

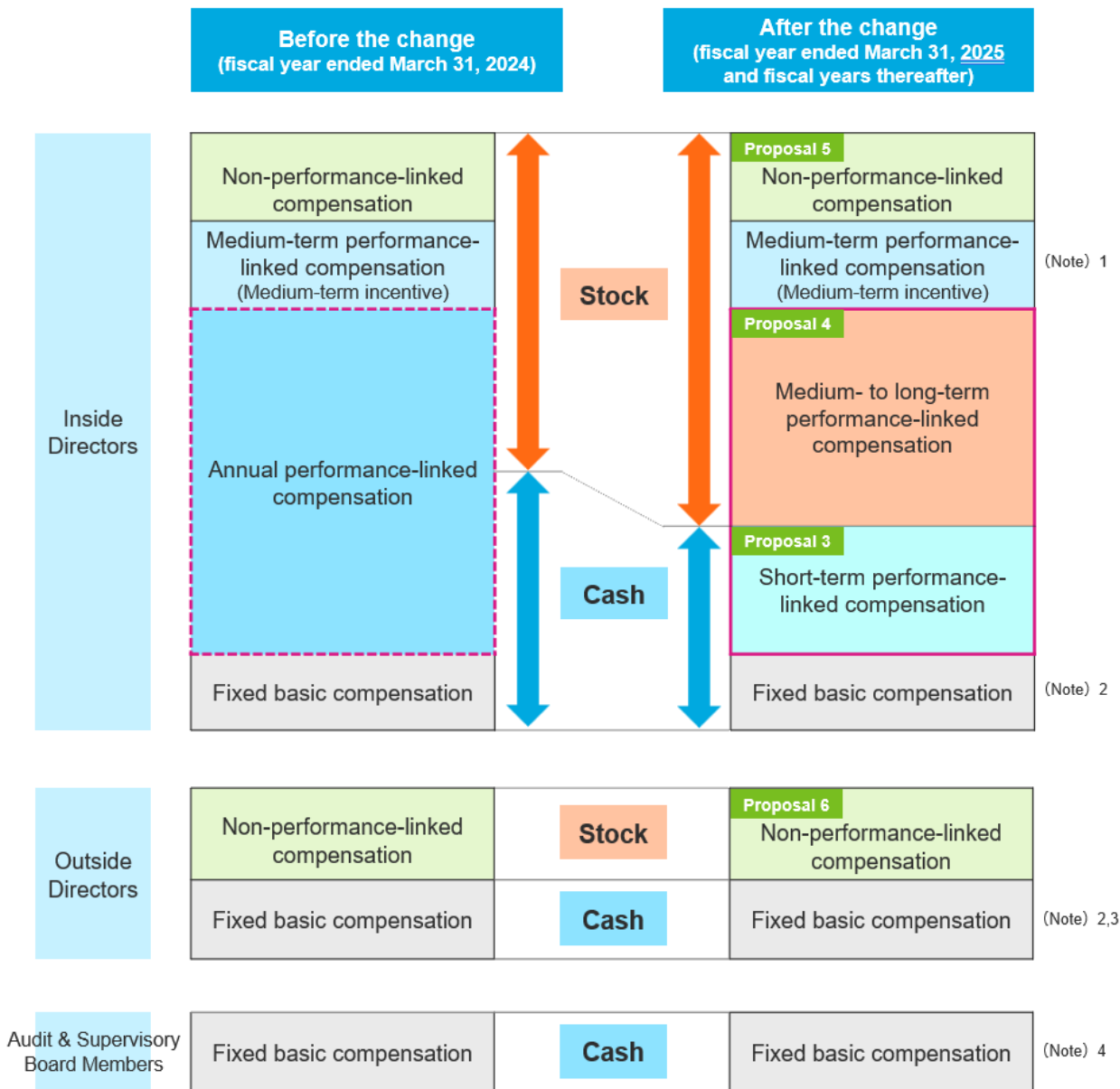
For details of TEL's executive compensation system, please see the Business Report, 4. Matters concerning TEL's Corporate Directors and other officers, (4) Details and Decision Methods of Policies Concerning Determination of Methods of Calculating Compensation for Corporate Directors and Audit & Supervisory Board Members.

TEL Group, aiming to strengthen corporate competitiveness at the global level and increase the transparency of management, previously adopted an executive compensation system closely linked to short-term performance and medium- to long-term enhancement of corporate value. However, in order to further strengthen the linkage of the executive compensation system to medium- and long-term improvements in corporate value and performance, TEL decided to replace the existing annual performance-linked compensation for Inside Directors with short-term performance-linked compensation in the form of cash and medium- to long-term performance-linked compensation in the form of stock, beginning in the 62nd fiscal year (fiscal year ended March 31, 2025).

As a result, the Inside Directors compensation system will consist of "fixed basic compensation", "short-term performance-linked compensation", "medium- to long-term performance-linked compensation", "medium-term performance-linked compensation (medium-term incentive) " and "non-performance-linked compensation". In addition, the Outside Directors compensation system will continue to consist of "fixed basic compensation" and "non-performance-linked compensation". The details of the change in the executive compensation system and the relation of the proposed agenda items for this general meeting are as shown in the diagram on the next page.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

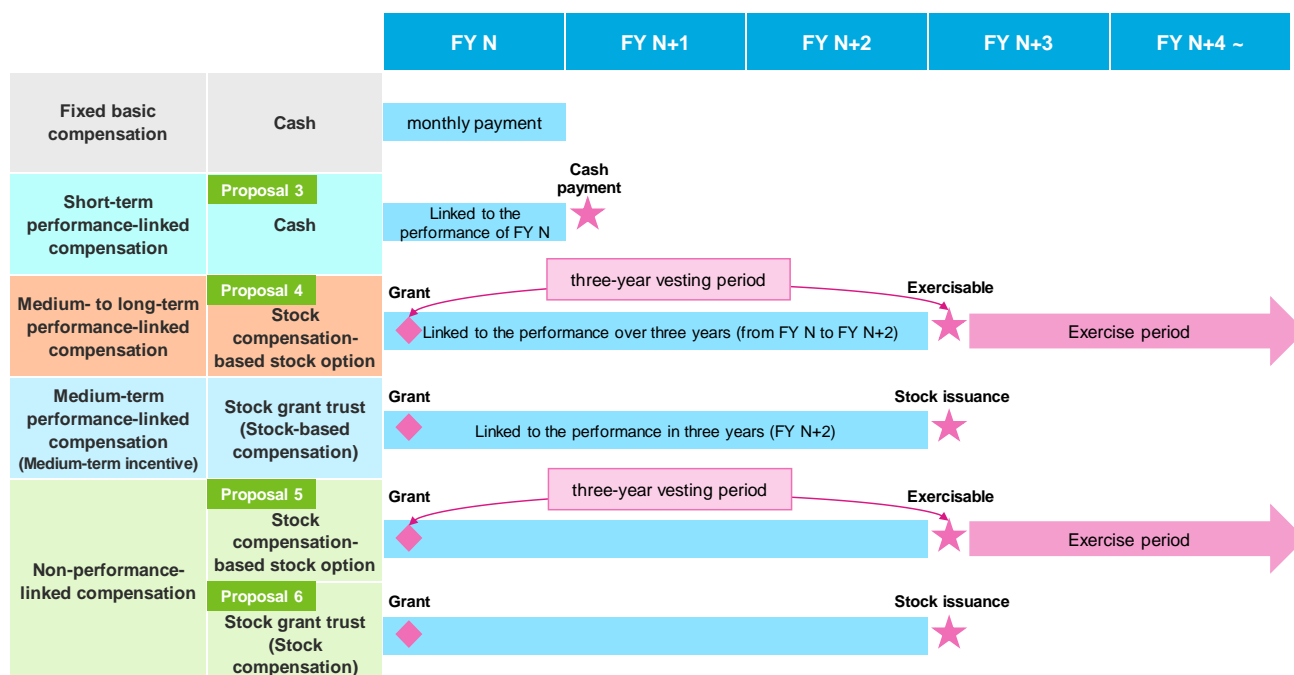
<The details of the change in the executive compensation system and the relation of the proposed agenda items>



- (Notes) 1. At the 55th Annual General Meeting of Shareholders, medium-term performance-linked compensation (medium-term incentive) for Corporate Directors (excluding Outside Directors) was resolved to be no more than 480 million yen and no more than 71,400 shares for 3 business years.
2. At the 58th Annual General Meeting of Shareholders, the limit of fixed basic compensation for Corporate Directors (including Outside Directors) was resolved to be no more than 750 million yen per business year.
3. At the 58th Annual General Meeting of Shareholders, the limit of fixed basic compensation for Outside Directors was resolved to be no more than 100 million yen per business year.
4. At the 48th Annual General Meeting of Shareholders, the limit of fixed basic compensation for Audit & Supervisory Board Members was resolved to be no more than 13 million yen per month (no more than 156 million yen per year).

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

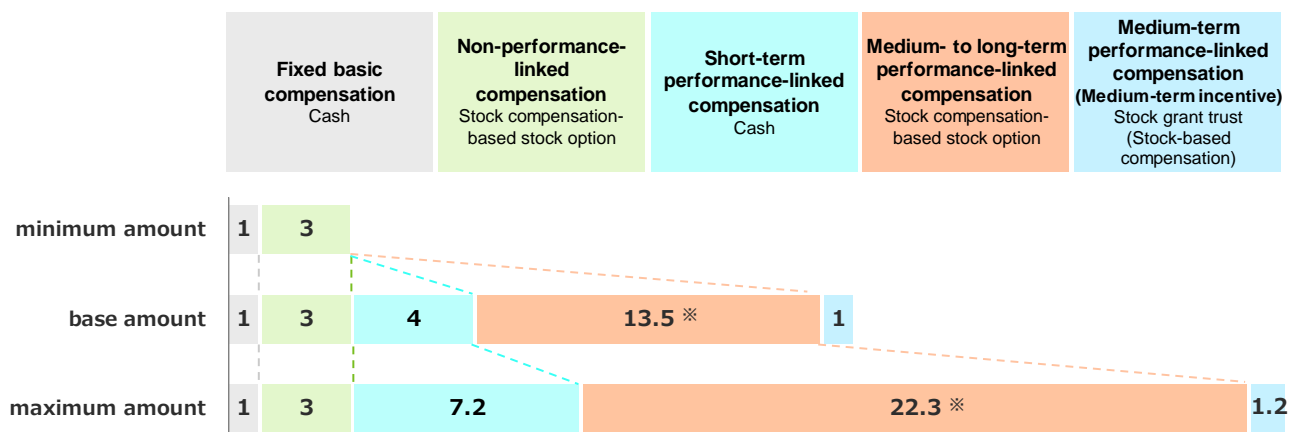
<Payment timing by type of compensation>



<Compensation to CEO>

Composition of the Group's compensation to Inside Directors is designed to provide strong linkage to short-term business performance, as well as the medium- to long-term increase in corporate value for sustainable growth. A significant portion of compensation is paid in the form of stock-related compensation (stock compensation-based stock options and stock grant trusts) with a view to motivating recipients to share a shareholder perspective, and to contribute to increasing corporate value.

The compensation structure of the CEO in case the Proposals 3 to 5 are approved is as follows.
(The numbers indicate the composition ratio based on the fixed base salary as 1)



※The above percentages apply to the fiscal year ending March 31, 2026 and thereafter, assuming that Proposals 3 to 5 are approved.

The percentage of medium- to long-term performance-linked compensation for the fiscal year ended March 31, 2025 was 9.5 for the basic amount and 15.7 for the maximum amount.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

<Regarding Proposals 3 to 4>

Proposals 3 and 4 concern the introduction of short-term performance-linked compensation (Proposal 3) and medium- to long-term performance-linked compensation (Proposal 4).

Each proposal requests approval for two applicable periods as follows.

- (1) The 62nd fiscal year (fiscal year ended March 31, 2025)
- (2) The 63rd fiscal year (fiscal year ending March 31, 2026) and fiscal years thereafter

<div>Proposal 3</div> <div>Short-term performance-linked compensation 《Cash》</div>	<ul style="list-style-type: none">the aim of enhancing awareness of annual performance improvement, and is paid in cashformula of calculating the payout amount <div><div>base amount</div><div>×</div><div>mainly financial performance evaluation</div><div>×</div><div>non-financial performance evaluation</div><div>=</div><div>payout amount</div></div> <div><div>set according to the scope of responsibilities, etc.,</div><div>0~150%</div><div>±20%</div><div>0~180%</div></div> <table><tr><td>Mainly financial performance evaluation</td><td>evaluated based on metrics such as the consolidated operating margin, which is a key indicator in achieving world-class goals</td></tr><tr><td>non-financial performance evaluation</td><td>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 towards short- and medium-term management strategy goals.</td></tr></table>	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 towards short- and medium-term management strategy goals.
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 towards short- and medium-term management strategy goals.				
<div>Proposal 4</div> <div>Medium- to long-term performance-linked compensation 《Stock compensation-based stock option》</div>	<ul style="list-style-type: none">the aim of enhancing awareness of medium- to long-term corporate value improvement and fostering a shareholder perspective through stock ownership. It is granted in the form of stock compensation-based stock options.the performance evaluation period is three years, and the 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 <div><div>grant ratio based on the base amount</div><div>×</div><div>quantitative evaluation</div><div>×</div><div>qualitative evaluation</div><div>=</div><div>the number of shares that become exercisable</div></div> <div><div>set according to the scope of responsibilities, etc.,</div><div>0~150%</div><div>±10%</div><div>0~165%</div></div> <table><tr><td>Quantitative evaluation</td><td>relative TSR (Total Shareholder Return), comparison of consolidated operating margin and consolidated operating growth rate with competitor companies.</td></tr><tr><td>Qualitative evaluation</td><td>initiatives towards long-term corporate value improvement is conducted by the Compensation Committee.</td></tr></table>	Quantitative evaluation	relative TSR (Total Shareholder Return), comparison of consolidated operating margin and consolidated operating growth rate with competitor companies.	Qualitative evaluation	initiatives towards long-term corporate value improvement is conducted by the Compensation Committee.
Quantitative evaluation	relative TSR (Total Shareholder Return), comparison of consolidated operating margin and consolidated operating growth rate with competitor companies.				
Qualitative evaluation	initiatives towards long-term corporate value improvement is conducted by the Compensation Committee.				

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

<Regarding Proposal 5>

Proposal 5 concerns non-performance-linked compensation for Inside Directors.

This proposal requests approval for two applicable periods as follows. No changes will be made to the structure of non-performance-linked compensation for Inside Directors.

- (1) The 62nd fiscal year (fiscal year ended March 31, 2025)
- (2) The 63rd fiscal year (fiscal year ending March 31, 2026) and fiscal years thereafter

<Regarding Proposal 6>

Proposal 6 concerns non-performance-linked compensation for Outside Directors. Specifically, given that the responsibilities and expected roles of Outside Directors are increasing and that, if Proposal 1 is approved as proposed, the number of Outside Directors will increase to five, an increase of two from the three at the time the system was introduced, we ask you to agree to revise the annual upper limit (50 million yen), approved at the 57th Annual General Meeting of Shareholders, to 100 million yen.

■ Overview of Executive Compensation Proposals (Proposals 3 to 6)

Proposal / Compensation Type			Target	62nd fiscal year (fiscal year ended March 31, 2025)	63rd fiscal year (fiscal year ending March 31, 2026) and fiscal years thereafter
Proposal 3	Short-term performance-linked	Cash	Inside Directors	946 million yen	Annual upper limit: 1,500 million yen
Proposal 4	Medium- to long-term performance-linked	Stock compensation-based stock option		Upper limit: 260 thousand shares (Upper limit: number of units granted x fair value at grant)	Annual upper limit: 390 thousand shares (Upper limit: number of units granted x fair value at grant)
Proposal 5	Non-performance-linked	Stock compensation-based stock option		Upper limit: 60 thousand shares (Upper limit: number of units granted x fair value at grant)	Annual upper limit: 90 thousand shares (Upper limit: number of units granted x fair value at grant)
Proposal 6	Non-performance-linked	Stock grant trust	Outside Directors	Approved at the 57th Annual General Meeting of Shareholders	Annual upper limit: 50 million yen → 100 million yen

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel: +81-3-5561-7000

Proposal 3: Determination of the Amount of Short-term Performance-linked Compensation to Corporate Directors

This proposal pertains to the portion of annual performance-linked compensation previously paid as a cash bonus, and we ask you to agree to pay a cash bonus as short-term performance-linked compensation to our Corporate Directors (excluding Outside Directors) with the aim of further raising awareness of the importance of improving performance each fiscal year.

The amount of TEL's short-term performance-linked compensation will fluctuate depending on the level of achievement of business performance targets. Specifically, if the basic amount is set at 100%, the amount paid will vary between 0% and 150% depending on the evaluation of financial performance, and will further vary within a range of $\pm 20\%$ thereof depending on the evaluation of non-financial performance, resulting in an overall variation range between 0% and 180%.

This proposal has been deliberated by the Compensation Committee to ensure the appropriateness of executive compensation and the transparency of the decision-making process. The Compensation Committee has determined that the content of this proposal is consistent with the policy concerning determination of individual compensation for Corporate Directors, as stated in the Business Report under "4. Matters concerning TEL's Corporate Directors and other officers (4) Details and Decision Methods of Policies Concerning Determination of Methods of Calculating Compensation for Corporate Directors and Audit & Supervisory Board Members," and that it is reasonable. Based on the above, TEL believes that the amount of compensation for Directors in this proposal is necessary, reasonable, and appropriate.

(1) The 62nd fiscal year (fiscal year ended March 31, 2025)

As a short-term performance-linked compensation linked to the performance of the 62nd fiscal year, based on financial and non-financial performance, we ask you to agree to pay a total of 946 million yen to three Corporate Directors (excluding four Outside Directors) as of the end of the 62nd fiscal year.

(2) Each fiscal year from the 63rd fiscal year (fiscal year ending March 31, 2026)

We ask you to agree to set a maximum payment amount of short-term performance-linked compensation for each fiscal year at 1,500 million yen for TEL's Corporate Directors (excluding Outside Directors), linked to performance for the 63rd fiscal year (fiscal year ending March 31, 2026) and subsequent fiscal years.

The maximum amount stated above is the upper limit that would be paid for the maximum evaluation (180%), and therefore this amount does not necessarily represent the amount to be paid.

Corporate Directors excluding Outside Directors will be eligible. For the 63rd fiscal year (fiscal year ending March 31, 2026), if Proposal 1 is approved as originally proposed, the number of Corporate Directors eligible to receive payment will be three (excluding five Outside Directors).

For Corporate Directors who also serve as Corporate Officers and Corporate Directors who also serve as executive officers, TEL only pays Corporate Director's bonuses and does not separately pay Corporate Officer's bonuses nor employee bonuses.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

Proposal 4: Determination of the Details of the Medium- to Long-term Performance-linked Compensation to Corporate Directors

We ask you to agree to grant stock compensation-based stock options (subscription rights) as medium- to long-term performance-linked compensation to TEL's Corporate Directors (excluding Outside Directors) in place of the portion of annual performance-linked compensation that was previously paid in the form of stock compensation, in order to further strengthen the linkage between the executive compensation system and the medium- to long-term enhancement of corporate value and performance.

TEL's medium- to long-term performance-linked compensation will be structured so that the number of shares (units) subject to exercise of stock compensation-based stock options granted fluctuates in line with performance evaluations. Specifically, if the number of shares (units) subject to options granted based on the base amount set for each Corporate Director is considered as 100%, the number of exercisable options will vary within a range of 0% to 150% based on a quantitative evaluation, and will further vary within a range of $\pm 10\%$ based on a qualitative evaluation, resulting in an overall variation range between 0% and 165%. The maximum number of shares (units) and the amount shown below represent the number of shares (units) that would be exercisable if the highest evaluations (165%) are achieved, and therefore, do not represent the guaranteed number of shares (units) to become fully exercisable.

This proposal has been deliberated by the Compensation Committee to ensure the appropriateness of executive compensation and the transparency of the decision-making process. The Compensation Committee has determined that the content of this proposal is consistent with the policy concerning determination of individual compensation for Corporate Directors, as stated in the Business Report under "4. Matters concerning TEL's Corporate Directors and other officers (4) Details and Decision Methods of Policies Concerning Determination of Methods of Calculating Compensation for Corporate Directors and Audit & Supervisory Board Members," and that it is reasonable. Based on the above, TEL believes that the compensation for Corporate Directors in this proposal is necessary, reasonable, and appropriate.

(1) The 62nd fiscal year (fiscal year ended March 31, 2025)

We ask you to agree to the granting to two Corporate Directors of the 62nd fiscal year (excluding four Outside Directors and Corporate Director retiring at the conclusion of the 62nd Annual General Meeting of Shareholders), of the following stock compensation-based stock options as medium- to long-term performance-linked compensation, with the performance evaluation period being three fiscal years from the 62nd fiscal year to the 64th fiscal year (fiscal year ended March 31, 2025 to fiscal year ending March 31, 2027): an annual maximum of 260,000 shares (2,600 units of stock options) will be granted, and the annual maximum monetary value to be granted shall be determined by multiplying the total number of subscription rights granted (units) by the fair value per subscription right at the time of granting (the fair value per subscription right being the fair evaluation price calculated using a stock option pricing model such as the Black-Scholes model on the day of allotment of the subscription rights; the same shall apply hereinafter).

(2) Each fiscal year from the 63rd fiscal year (fiscal year ending March 31, 2026)

We ask you to agree to the granting to Corporate Directors of each fiscal year (excluding Outside Directors), of the following stock compensation-based stock options as medium- to long-term performance-linked compensation, with three-year period (three fiscal years) beginning with each fiscal year serving as the performance evaluation period from the 63rd fiscal year (fiscal year ending March 31, 2026) onward: an annual maximum of 390,000 shares (3,900 units of stock options) will be granted, and the annual maximum monetary value to be granted shall be determined by multiplying the total number of subscription rights granted (units) by the fair value per subscription right at the time of granting.

Corporate Directors excluding Outside Directors will be eligible. For the 63rd fiscal year (fiscal year ending March 31, 2026), if Proposal 1 is approved as originally proposed, the number of Corporate Directors eligible to receive the above stock options will be three (excluding five Outside Directors).

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

The details of the subscription rights to be granted under the item “(1) The 62nd fiscal year (fiscal year ended March 31, 2025)” and the item “(2) Each fiscal year from the 63rd fiscal year (fiscal year ending March 31, 2026)” are as follows.

1. Number and type of shares to be issued for subscription rights

For item (1) above, the maximum number of shares of TEL’s common stock to be granted per year shall be 260,000 shares (approximately 0.06% of the total shares outstanding (after deducting treasury stock) as of March 31, 2025). For item (2) above, the annual maximum number of shares to be granted shall be 390,000 shares (approximately 0.08% of the total shares outstanding (after deducting treasury stock) as of March 31, 2025).

The number of shares to be issued upon exercise of each subscription right (hereinafter referred to as “Number of Shares Granted”) shall be 100 shares. In the event of a share split (including allotment of shares of common stock without contribution) or share consolidation of TEL’s common stock, where adjustment is deemed appropriate, TEL will make necessary adjustments to both the maximum number of shares to be granted per year and the Number of Shares Granted per subscription right.

2. Aggregate number of subscription rights

For item (1) above, the annual maximum number of subscription rights shall be 2,600 units. For item (2) above, the annual maximum number of subscription rights shall be 3,900 units for each fiscal year.

3. Payment amount for subscription rights

No monetary payment will be required in exchange for the subscription rights.

4. Value of assets required for the exercise of subscription rights

The value of assets required to exercise one subscription right shall be the amount determined by multiplying 1 yen per share in payment that can be granted by exercising the subscription rights by the Number of Shares Granted.

5. Exercise period for subscription rights

The period in which subscription rights may be exercised shall begin from the day after three years have passed from the date of allotment and end on the last day of the month preceding 20 years after the date of allotment.

6. Restriction on acquisition of subscription rights by way of transfer

The acquisition of the subscription rights by transfer requires approval by resolution at a meeting of the Board of Directors of TEL.

7. Summary of conditions for exercising subscription rights

- (i) Holders of subscription rights may exercise all or part of their subscription rights within the exercise period, depending on their performance evaluation (see below for a summary).
- (ii) Holders of subscription rights must, at the time of exercising the rights, hold the position of Corporate Director, Audit & Supervisory Board Member, Corporate Officer, or employee of TEL, or of a subsidiary or affiliated company of TEL.
- (iii) Notwithstanding the (ii) above, if any of these positions are lost (including loss through death), the subscription rights may be exercised only within one year from the start of the exercise period if the date of loss is before the day before the start of the exercise period, or within one year from the date of loss (however, no later than the end of the exercise period) if the date of loss is after the start of the exercise period.
- (iv) If the holder of the subscription rights is sentenced to imprisonment or more severe punishment, is recognized by TEL’s Board of Directors to have caused material damage to be incurred by TEL, its subsidiaries, or its affiliates intentionally or through gross negligence, or assumes a position with or becomes employed by a competitor of TEL or one of its subsidiaries or affiliates, even during the exercise period, subscription rights shall immediately lapse and may no longer be exercised thereafter.
- (v) Other conditions regarding the exercise of subscription rights shall be determined by the Board of Directors when it resolves the terms and conditions of the offering of such subscription rights.

8. Summary of conditions for acquisition of subscription rights

If any of the proposals set forth in (i) through (iii) below is approved by TEL’s general shareholders meeting (or approved by TEL’s Board of Directors if the approval of the general shareholders meeting is not required), TEL may acquire the subscription rights without payment on a day to be determined separately by the Board of Directors.

- (i) A proposal approving a merger agreement causing TEL to cease to exist;
 - (ii) A proposal approving a demerger agreement or demerger plan making TEL a demerging company;
- or

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel: +81-3-5561-7000

(iii) A proposal approving a stock-for-stock exchange agreement making TEL a wholly-owned subsidiary or a stock-transfer plan making TEL a wholly-owned subsidiary.

Performance evaluation (summary):

The performance evaluation period shall be three years, and a certain percentage of the rights will become exercisable after the end of each evaluation period. If the grant rate is set at 100% based on a base amount determined according to the size of the position and other factors, the number of shares subject to exercisable rights shall vary within a range of 0% to 150% for quantitative evaluations, and shall be adjusted within a further $\pm 10\%$ for qualitative evaluations. Quantitative evaluations are based on relative Total Shareholder Return (TSR) compared to XSOX (PHLX Semiconductor Sector Total Return), and on comparisons of consolidated operating margin and consolidated operating income growth with competitors. Qualitative evaluations are conducted by the Compensation Committee, based on an assessment of efforts to enhance long-term corporate value. The above represents the basic design, and detailed evaluation items may be adjusted depending on the nature of the position and other relevant factors.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

Proposal 5: Determination of the Details of the Non-performance-linked Compensation to Corporate Directors

This proposal asks you to agree to grant stock compensation-based stock options (subscription rights) as non-performance-linked compensation to TEL's Corporate Directors (excluding Outside Directors) with the aim of raising their awareness of the need to improve TEL's corporate value over the medium and long term.

The stock compensation-based stock options granted as non-performance-linked compensation are subject to a three-year restriction period on exercise from the date granted, in order to align Corporate Directors' perspectives with that of shareholders over the medium to long-term and to raise awareness of the need to improve corporate value.

This proposal has been deliberated by the Compensation Committee to ensure the appropriateness of executive compensation and the transparency of the decision-making process. The Compensation Committee has determined that the content of this proposal is consistent with the policy concerning determination of individual compensation for Corporate Directors, as stated in the Business Report under "4. Matters concerning TEL's Corporate Directors and other officers (4) Details and Decision Methods of Policies Concerning Determination of Methods of Calculating Compensation for Corporate Directors and Audit & Supervisory Board Members," and that it is reasonable. Based on the above, TEL believes that the compensation for Corporate Directors in this proposal is necessary, reasonable, and appropriate.

(1) The 62nd fiscal year (fiscal year ended March 31, 2025)

We ask you to agree to the granting to two Corporate Directors of the 62nd fiscal year (excluding four Outside Directors and Corporate Director retiring at the conclusion of the 62nd Annual General Meeting of Shareholders), of the following stock compensation-based stock options as non-performance-linked compensation for the 62nd fiscal year (fiscal year ended March 31, 2025): an annual maximum of 60,000 shares (600 units of stock options) will be granted, and the annual maximum monetary value to be granted shall be determined by multiplying the total number of subscription rights granted (units) by the fair value per subscription right at the time of granting.

(2) Each fiscal year from the 63rd fiscal year (fiscal year ending March 31, 2026)

We ask you to agree to the granting to Corporate Directors (excluding Outside Directors), of the following stock compensation-based stock options as non-performance-linked compensation for each fiscal year beginning with the 63rd fiscal year (fiscal year ending March 31, 2026) onward: an annual maximum of 90,000 shares (900 units of stock options) will be granted, and the annual maximum monetary value to be granted shall be determined by multiplying the total number of subscription rights granted (units) by the fair value per subscription right at the time of granting.

Corporate Directors excluding Outside Directors will be eligible. For the 63rd fiscal year (fiscal year ending March 31, 2026), if Proposal 1 is approved as originally proposed, the number of Corporate Directors eligible to receive the above stock options will be three (excluding five Outside Directors).

The details of the subscription rights to be granted under the item "(1) The 62nd fiscal year (fiscal year ended March 31, 2025)" and the item "(2) Each fiscal years from the 63rd fiscal year (fiscal year ending March 31, 2026)" of this Proposal are as follows.

1. Number and type of shares to be issued for subscription rights

For item (1) above, the maximum number of shares of TEL's common stock to be granted per year shall be 60,000 shares (approximately 0.01% of the total shares outstanding (after deducting treasury stock) as of March 31, 2025). For item (2) above, the annual maximum number of shares shall be 90,000 shares (approximately 0.02% of the total shares outstanding (after deducting treasury stock) as of March 31, 2025).

The number of shares to be issued upon exercise of each subscription right (hereinafter referred to as "Number of Shares Granted") shall be 100 shares. In the event of a share split (including allotment of shares of common stock without contribution) or share consolidation of TEL's common stock, where adjustment is deemed appropriate, TEL will make necessary adjustments to both the maximum number of shares to be granted per year and the Number of Shares Granted per subscription right.

2. Aggregate number of subscription rights

For item (1) above, the annual maximum number of subscription rights shall be 600 units. For item (2) above, the annual maximum number of subscription rights shall be 900 units for each fiscal year.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

3. Payment amount for subscription rights

No monetary payment will be required in exchange for the subscription rights.

4. Value of assets required for the exercise of subscription rights

The value of assets required to exercise one subscription right shall be the amount determined by multiplying 1 yen per share in payment that can be granted by exercising the subscription rights by the Number of Shares Granted.

5. Exercise period for subscription rights

The period in which subscription rights may be exercised shall begin from the day after three years have passed from the date of allotment and end on the last day of the month preceding 20 years after the date of allotment.

6. Restriction on acquisition of subscription rights by way of transfer

The acquisition of the subscription rights by transfer requires approval by resolution at a meeting of the Board of Directors of TEL.

7. Summary of conditions for exercising subscription rights

- (i) Holders of subscription rights may exercise all or part of their subscription rights within the exercise period.
- (ii) Holders of subscription rights must, at the time of exercising the rights, hold the position of Corporate Director, Audit & Supervisory Board Member, Corporate Officer, or employee of TEL, or of a subsidiary or affiliated company of TEL.
- (iii) Notwithstanding the (ii) above, if any of these positions are lost (including loss through death), the subscription rights may be exercised only within one year from the start of the exercise period if the date of loss is before the day before the start of the exercise period, or within one year from the date of loss (however, no later than the end of the exercise period) if the date of loss is after the start of the exercise period.
- (iv) If the holder of the subscription rights is sentenced to imprisonment or more severe punishment, is recognized by TEL's Board of Directors to have caused material damage to be incurred by TEL, its subsidiaries, or its affiliates intentionally or through gross negligence, or assumes a position with or becomes employed by a competitor of TEL or one of its subsidiaries or affiliates, even during the exercise period, subscription rights shall immediately lapse and may no longer be exercised thereafter.
- (v) Other conditions regarding the exercise of subscription rights shall be determined by the Board of Directors when it resolves the terms and conditions of the offering of such subscription rights.

8. Acquisition Summary of conditions for acquisition of subscription rights

If any of the proposals set forth in (i) through (iii) below is approved by TEL's general shareholders meeting (or approved by TEL's Board of Directors if the approval of the general shareholders meeting is not required), TEL may acquire the subscription rights without payment on a day to be determined separately by the Board of Directors.

- (i) A proposal approving a merger agreement causing TEL to cease to exist;
- (ii) A proposal approving a demerger agreement or demerger plan making TEL a demerging company; or
- (iii) A proposal approving a stock-for-stock exchange agreement making TEL a wholly-owned subsidiary or a stock-transfer plan making TEL a wholly-owned subsidiary.

(Reference) The ratio of the total number of shares subject to the subscription rights to the total number of shares to be issued

If proposals 4 and 5 are approved as originally proposed, in addition to the Corporate Directors subject to the shareholder resolution, similar subscription rights will be separately granted to Corporate Officers, Executive Officers, senior employees of TEL, and officers and employees of TEL's subsidiaries as deemed necessary, based on a resolution by TEL's Board of Directors. The ratio of the total number of shares to be issued upon exercise of all such subscription rights to the total number of outstanding shares (as of March 31, 2025, after deducting treasury stock) is expected to remain approximately 3% even when this system continues to grant shares for 10 years.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

Proposal 6: Revision to Amount of Stock-based Compensation to Outside Directors

The compensation of TEL's Outside Directors comprises fixed basic compensation (cash) and non-performance-linked stock-based compensation.

The non-performance-linked stock-based compensation system for Outside Directors (hereinafter referred to as the "System") was approved at the 57th Annual General Meeting of Shareholders held on June 23, 2020 and has been implemented since the 58th fiscal year. The System is designed not only to supervise management but also to motivate Outside Directors to contribute to the enhancement of corporate value over the medium to long term, and to further align the interests of Outside Director with those of shareholders.

The System is a stock-based compensation system whereby a trust is established each fiscal year with a trust period of approximately three years, funded primarily by contributions from TEL. The trust acquires TEL shares and, after the end of a three-year period, TEL shares and cash equivalent to the proceeds from converting such shares (hereinafter referred to as "TEL Shares, etc.") are delivered or paid (hereinafter referred to as "Delivery, etc.") to Outside Directors through the trust. Under the System, each fiscal year, the maximum funds to be contributed for the purpose of acquiring TEL's Shares is 50 million yen, and the maximum total number of TEL's Shares, etc. for Delivery, etc. to Outside Directors is 15,000 shares ^(Note).

(Note) On April 1, 2023, TEL conducted a three-for-one stock split of its common shares. The maximum number of TEL Shares, etc. for Delivery, etc. to Outside Directors each fiscal year was adjusted from 5,000 to 15,000 shares.

This proposal seeks for the approval to revise the annual maximum contribution amount from 50 million yen to 100 million yen for each fiscal year, given that the responsibilities and expected roles of Outside Directors are increasing and that, if Proposal 1 is approved as proposed, the number of Outside Directors eligible for the System will be five (increase of two from the three at the time the System was introduced).

The maximum total number of shares of TEL Shares, etc. for Delivery, etc. each fiscal year will remain unchanged at 15,000 shares. Other than the revision of the annual maximum contribution amount, there are no changes to the details of the System as approved by the 57th Annual General Meeting of Shareholders (a summary of the System is provided as follows).

In reviewing the annual maximum contribution amount, we took into account market data and opinions provided by an external expert (Willis Towers Watson) and believe that the revision is appropriate.

A summary of the System after the changes made by this proposal is shown in the table below. The parts changed by this proposal are underlined.

People eligible for the Delivery, etc. of TEL Shares, etc. under the System	- Outside Directors of TEL
The maximum funds to be contributed to Outside Directors for the purpose of acquiring TEL shares	- <u>100 million yen</u> per fiscal year - Establish a trust each fiscal year with a trust period of approximately three years - The number of trusts to be established for Outside Directors of TEL shall be one per fiscal year, and when the trust is established in each fiscal year, a maximum of three trusts shall be established concurrently.
Acquiring method of TEL shares and the maximum total number of TEL Shares, etc. for Delivery, etc. to Outside Directors	- 15,000 shares for each fiscal year - Approximately 0.003% of the total shares outstanding as of March 31, 2025 (after deducting treasury stock) - The trust will acquire TEL shares from TEL or the stock market
Timing of Delivery, etc. of TEL Shares, etc. to Outside Directors	- After the end of the covered period of three fiscal years

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

Business Report

(From April 1, 2024 to March 31, 2025)

1. Current Status of the TEL Group

(1) Business Developments and Results

With respect to the global economy in the current consolidated fiscal year, despite the concerns about increasing geopolitical risks, inflation in Europe and the United States remained around 2% and overall economic conditions were strong, especially in the United States, where the economy continues to grow.

In the electronics industry, where the Tokyo Electron (TEL) Group operates, there was sluggish demand for end products such as computers and smartphones. However, the spread of generative AI led to growing demand for AI servers for data centers, driving overall growth in the semiconductor market.

Under these circumstances, in the semiconductor production equipment market in the current consolidated fiscal year, capital investment in memory and advanced packages for generative AI applications grew significantly, while capital investment in mature generation of semiconductors in China continued. Capital investment in cutting-edge generation logic/foundry semiconductors also exceeded that of the previous fiscal year.

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

As a result, with respect to the consolidated business results for the fiscal year under review, net sales for the fiscal year increased 32.8% from the previous fiscal year to 2,431,568 million yen; operating income increased 52.8% to 697,319 million yen; ordinary income increased 52.8% to 707,727 million yen, and net income attributable to owners of parent was 544,133 million yen, a year-on-year increase of 49.5%.

Main Businesses

The TEL Group sets the development, production, sales and maintenance of semiconductor production equipment as the core of its business.

(2) Capital Investment and Procurement of Funds

In the current consolidated period, the TEL Group acquired 162,171 million yen in tangible fixed assets. The main capital investments were as indicated below.

- Acquired R&D evaluation equipment, etc., to create high value-added products that contribute to semiconductor technology innovation.
- Building investments in preparation for future business expansion:
 1. New development building at Tokyo Electron Miyagi Ltd. (Miyagi): For etch system
Started construction in the fiscal year ended March 31, 2024, continued construction work in the fiscal year ended March 31, 2025, completed in April 2025.
 2. New development building at Tokyo Electron Kyushu Ltd. (Kumamoto): For coater/developer, cleaning system, bonding system, etc.
Construction started in fiscal year ended March 31, 2024, continued construction work in fiscal year ended March 31, 2025, operation scheduled within fiscal year ending March 31, 2026.
 3. Tohoku Production and Logistics Center at Tokyo Electron Technology Solutions Ltd. (Iwate): For film deposition system
Construction started in fiscal year ended March 31, 2024, continued construction work in fiscal year ended March 31, 2025, operation scheduled within fiscal year ending March 31, 2026.

The funding required for this investment came entirely from our own resources; there is nothing to be stated regarding fund procurement.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

(3) Challenges and Opportunities

The TEL Group, one of the world's leading suppliers of semiconductor production equipment, engages in business activities, with its corporate philosophy stating that "We strive to contribute to the development of a dream-inspiring society through our leading-edge technologies and reliable service and support."

(i) Business Policies

As a company that began as a trading company specializing in technology, TEL perceived, at an early stage, changes in the business environment and quickly responded to such changes. This involved making the transition to becoming a manufacturer with development production functions and building a global sales and support framework. While rapidly responding to these changes, TEL has created original, pioneering technologies and grown by supplying the world's markets with products and services with high added value.

TEL's target market is the semiconductor production equipment market, where ongoing technological innovation and growth are expected.

The driving forces of our group are comprised of abundant technical know-how cultivated as an industry leader, the trust from customers on our reliable technical services, and the challenging spirit of our employees, who are capable of flexibly and rapidly adapting to changes in the environment.

TEL will continue to engage in our business by leveraging our expertise and leading-edge technology and contribute to technological innovation in semiconductors, which is indispensable to support sustainable development in the world, while aiming to become a world-class, highly profitable company.

(ii) Vision

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

Based on TEL's Shared Value (TSV^{*1}), we will utilize our expertise to continuously create high value-added leading-edge equipment and technical services in order to contribute to technological innovation in semiconductors that supports digitalization and decarbonization for preserving the global environment, which are necessary for the sustainable development of the world. Furthermore, we view profit as a measure of the value of our products and services and actively pursue its growth. By putting such profits into future growth investments, we aim for medium- to long-term profit expansion and continuous corporate value enhancement. 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.

(Note) 1. TEL's version of Creating Shared Value (CSV): The concept that, by using our expertise to resolve social issues, we can create social and economic value, enhance our corporate value, and realize sustainable growth.

(iii) Business Environment

As evidenced by the recent emergence of generative AI and the resulting expansion of AI utilization, the relationship between digital technology and our lives and all industries has become closer than ever before. Consequently, the role of semiconductors and the importance of their technological innovation are becoming increasingly significant. The market value of semiconductor device market became approximately 630.0 billion dollars^{*2} in 2024, and it is expected to reach 1 trillion dollars^{*3} by around 2030. High-value-added new equipment and technical services are essential in technological innovation supporting the growth of the semiconductor device market, and the semiconductor production equipment business in which the TEL Group participates is expected to grow significantly in the future.

(Notes)

2. World Semiconductor Trade Statistics (WSTS)
3. Calculation by TEL

(iv) Initiatives for Medium- to Long-term Growth

As our Medium-term Management Plan, TEL Group has set financial targets to achieve net sales of over 3 trillion yen, an operating margin of over 35%, and an ROE of over 30% by the fiscal year ending March 31, 2027. Based on our broad product lineup that leverages our industry-leading shipment record (over 96,000 units cumulatively) and the largest number of patents held in the industry (over

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

23,000), we aim to achieve this Medium-term Management Plan by providing high-value-added new products and technical services in both the areas of semiconductor scaling and advanced packaging.

Furthermore, in addition to the above, we established the following five-year growth investment plan from the fiscal year ended March 31, 2025 to further enhance the TEL Group's strengths and maximize future growth opportunities, and are currently proceeding with its implementation.

- R&D investments: 1.5 trillion yen or more (5-year cumulative total)
- Capital investments: 700.0 billion yen or more (5-year cumulative total)
- Recruitment: Hire 10,000 people globally (5-year cumulative total)

■ Human Resources Initiatives

To enable our employees to maximize their abilities and enhance their motivation and engagement with the company, TEL Group is committed to "motivation-oriented management" based on the following five key points:

1. A sense of contributing to the development of industry and society through one's company and work
⇒ TSV (TEL's Shared Value): Contributing to innovation of semiconductor technology that supports decarbonization towards digitalization and the preservation of the global environment
2. Having dreams and expectations for the company's future
⇒ Pursue the achievement of world-class profitability across the entire group, based on Medium-term Management Plan
3. Opportunities for challenge
⇒ Implementing growth investments, including active research and development investment based on world-class profitability
4. Fair evaluation of results and globally competitive compensation
⇒ Adoption of a performance-linked compensation system based on world-class operating income
5. An open and communicative workplace
⇒ Regularly holding communication sessions between employees and top management, including employee meetings and discussions.

Furthermore, recognizing the importance of diversity in talent, we are promoting diversity, equity and inclusion with a focus on the 3G perspectives of Global, Generation, and Gender. We also offer a variety of career paths and are enhancing our education programs to support employee growth.

In addition, we are fostering succession candidates based on the TEL Succession Plan, in order to develop the next generation of management executives. The Nomination Committee analyzes and scrutinizes the development of the candidates and reports to the Board of Directors, which then appropriately oversees the progress of the successor candidate development plan.

Furthermore, we are also actively working to develop talent who will drive the future semiconductor industry, such as students and researchers. Through supporting various industry-academia collaboration programs, such as joining the U.S.-Japan University Partnership for Workforce Advancement and Research & Development in Semiconductors (UPWARDS) for the Future⁴, which is comprised of universities in Japan and the United States, we will help foster next generation talent who will lead semiconductor technological innovation, and contribute to the development of the semiconductor industry.

(Note) 4. U.S.-Japan University Partnership for Workforce Advancement and Research & Development in Semiconductors

■ Environmental, Social, and Governance (ESG) Activities

The TEL Group promotes sustainability initiatives, strives to reduce and eliminate risks encountered in conducting business, and aims to enhance corporate value by contributing to the realization of a sustainable society based on the concept of TSV (TEL's Shared Value).

The TEL Group's activities are highly regarded, consistently being selected as an investment stock in leading global ESG investment indexes such as the "Dow Jones Sustainability™ Asia/Pacific Index."

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

[Environmental Activities]

As the importance of preserving the global environment becomes increasingly significant in society, the TEL Group is committed to reducing environmental impact, particularly decarbonization, through all business activities to contribute to the realization of a sustainable society. We have set a “net zero” target to achieve virtually zero greenhouse gas emissions by 2040. As part of these efforts, we achieved a 100% renewable energy usage rate across all domestic sites (90% globally) in the fiscal year ended March 31, 2024.

Furthermore, we are working to reduce the environmental impact across the entire lifecycle of our products⁵, not only within the TEL Group but also in collaboration with our customers and partner companies. As part of this effort, we are promoting “E-COMPASS⁶,” an initiative focused on the environment, aiming to achieve technological innovation in semiconductors and reduce environmental impact throughout the entire supply chain.

Additionally, we are implementing countermeasures based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) regarding the risks and opportunities posed by climate change to our business, and implementing measures in response to climate change and providing transparent information disclosure as a responsible global company.

(Notes)

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

6. Environmental Co-Creation by Material, Process and Subcomponent Solutions

[Governance Activities]

By having a Board of Directors that is highly effective, building a proactive corporate management system, and continually tackling issues based on opinions from institutional investors and other parties, we are maintaining a strong corporate governance framework.

With this structure in place, we operate under “‘offense’ x ‘offense’ governance” as our basic approach. The first “offense,” as previously mentioned, refers to our proactive business activities, consistently pursuing world-class profitability while simultaneously aiming for short-, medium-, and long-term profits. The second “offense” is our proactive approach to building a strong management foundation, prioritizing safety, quality, and compliance, which are the foundation for all corporate activities, as well as strengthening engagement with stakeholders including our employees, and enhancing security. In addition to these, we implement the following initiatives and execute businesses with an operating rhythm to enhance the effectiveness of our governance.

Efforts to strengthen the effectiveness of governance

- Audit & Supervisory Board System: This system, composed of a Board of Directors and an Audit & Supervisory Board, is used to supervise management through the Audit & Supervisory Board
- Board of Directors off-site meetings: Discussions by Corporate Directors, Audit & Supervisory Board Members, and Corporate Officers regarding medium- and long-term strategies and issues, etc. (twice per year)
- CEO reports: Reports by the CEO to the Board of Directors on the status of important business execution (at each Board of Directors meeting)
- Closed Representative Director evaluation sessions: Sessions attended by Corporate Directors, excluding the Representative Director, Audit & Supervisory Board Members, and Corporate Officers (once per year)

Operating rhythm supporting business execution

- Corporate Officers Meetings (COM): Highest decision-making body on the executive side (once per month)
- Corporate Senior Staff (CSS) meetings: Global Group-spanning coordination of all business execution (four times per year)
- Division Officers Meetings (DOM): Discussions on corporate innovation and evolution, opportunities for innovation (once per month)
- Quarterly review meetings: Monitoring of progress on Medium-term Management Plan (four times per year)

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

(v) Engagement with Capital Markets

Our management actively engages in Investor Relations (IR) and Shareholder Relations (SR) activities to contribute to our sustainable growth and increase corporate value over the medium-to long-term. In IR activities, the CEO and other officers give presentations at quarterly earnings briefings and Medium-term Management Plan briefings to share business strategies and growth stories. In addition, a dedicated IR team has been established under the Corporate Strategy Division. In November 2023, we established an IR Branch Office in New York. This has increased opportunities for face-to-face interactions with investors in the North American area and enhanced the recognition of the TEL Group and the Japanese semiconductor production equipment industry.

(vi) Capital Policy

The TEL Group's capital policy is based on securing the funds necessary for investment in growth, continuing to make proactive efforts to return profits to shareholders, and striving for appropriate balance sheet management from a medium- to long-term growth perspective. Specifically, TEL will target sustainable growth by further improving operating income to sales and capital efficiency and making efforts to expand cash flow, and shall pursue a high level of capital efficiency, including improving ROE.

Our dividend policy is to link dividend payments to business performance on an ongoing basis and a payout ratio is around 50% based on consolidated net income attributable to owners of parent. Based on this policy, we paid a record high annual dividend of 592 yen in the fiscal year ended on March 31, 2025. We will consider implementing share buybacks in a flexible manner while considering factors such as our current cash position, funds for investing in medium- to long-term growth, share price level, and total return. In the fiscal year ended March 31, 2025, we bought back 149.9 billion yen of our own shares.

Under our corporate philosophy that states, "We strive to contribute to the development of a dream-inspiring society through our leading-edge technologies and reliable service and support," the TEL Group will pursue sustainable growth and further improvements in corporate value.

We appreciate our shareholders' continued support and look forward to sharing a brighter future with our shareholders.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

(4) Changes in the business performance and property of the TEL Group

Items	FY2022 (59th FY; From April 1, 2021 to March 31, 2022)	FY2023 (60th FY; From April 1, 2022 to March 31, 2023)	FY2024 (61st FY; From April 1, 2023 to March 31, 2024)	FY2025 (62nd FY; current fiscal year) (From April 1, 2024 to March 31, 2025)
Net sales (million yen)	2,003,805	2,209,025	1,830,527	2,431,568
Operating income (million yen)	599,271	617,723	456,263	697,319
Operating Margin (%)	29.9	28.0	24.9	28.7
Ordinary income (million yen)	601,724	625,185	463,185	707,727
Net income attributable to owners of parent (million yen)	437,076	471,584	363,963	544,133
Net income per share (yen)	935.95	1,007.82	783.75	1,182.40
Total assets (million yen)	1,894,457	2,311,594	2,456,462	2,625,981
Net assets (million yen)	1,347,048	1,599,524	1,760,180	1,855,209
ROE (%)	37.2	32.3	21.8	30.3

(Note) TEL split its common stock effective April 1, 2023 in the proportion of one share into three shares. Net income per share is calculated on the assumption that the share split was implemented at the beginning of the 59th fiscal year.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

(5) Major subsidiaries (As of March 31, 2025)

Company	Office location	Capital fund	Investment ratio (Indirect investment ratio)	Main business
Tokyo Electron Technology Solutions Ltd.	(Headquarters Office) Yamanashi (Tohoku Regional Office) Iwate	4,000 million yen	(%) 100	Manufacture and development of semiconductor production equipment
Tokyo Electron Kyushu Ltd.	Kumamoto	2,000 million yen	100	Manufacture and development of semiconductor production equipment
Tokyo Electron Miyagi Ltd.	Miyagi	500 million yen	100	Manufacture and development of semiconductor production equipment
Tokyo Electron FE Ltd.	Tokyo	100 million yen	100	Maintenance services for semiconductor production equipment, etc.
Tokyo Electron America, Inc.	U.S.A.	10 U.S. dollars	0 (100)	Sales of and maintenance services for semiconductor production equipment, etc.
Tokyo Electron Europe Ltd.	U.K.	17 million euros	100	Sales of and maintenance services for semiconductor production equipment, etc.
Tokyo Electron Korea Ltd.	Korea	6,000 million won	100	Sales of and maintenance services for semiconductor production equipment, etc.
Tokyo Electron Taiwan Ltd.	Taiwan	200 million NT dollars	100	Sales of and maintenance services for semiconductor production equipment, etc.
Tokyo Electron (Shanghai) Ltd.	China	6 million U.S. dollars	100	Sales of and maintenance services for semiconductor production equipment, etc.
Tokyo Electron Singapore Pte. Ltd.	Singapore	5 million Singapore dollars	100	Sales of and maintenance services for semiconductor production equipment, etc.

(6) Important Business Mergers

There is no relevant item.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

(7) Employees in the TEL Group (As of March 31, 2025)

(i) Number of employees in the TEL Group

Number of employees	Variance from the end of the previous fiscal year
19,573	1,871

(Note) The number of employees indicates the number of persons employed by TEL and its consolidated subsidiaries.

(ii) Number of employees in TEL

Number of employees	Variance from the end of the previous fiscal year	Average age	Average length of service in years
2,224	188	43.5	14.9

(Note) The number of employees indicates the number of persons employed by TEL.

(8) Major lenders (As of March 31, 2025)

There is no relevant item.

(9) Major offices of the TEL Group (As of March 31, 2025)

(i) Tokyo Electron Ltd.

Name	Location
World Headquarters	Tokyo
Fuchu Technology Center	Tokyo
Osaka Branch Office	Osaka
Kyushu Branch Office	Kumamoto
Yamanashi Regional Office	Yamanashi
TEL Digital Design Square	Hokkaido

(ii) Subsidiaries

Refer to "(5) Major subsidiaries" for the names and office locations of major subsidiaries.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

2. TEL shares (As of March 31, 2025)

(1) Total number of shares authorized to be issued	900,000,000
(2) Total number of issued shares	471,632,733
(3) Number of shareholders	133,425

(4) Major shareholders

Shareholder	Number of shares held (thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	115,962	25.23
Custody Bank of Japan, Ltd. (trust account)	47,496	10.33
TBS HOLDINGS, INC.	15,112	3.28
JP MORGAN CHASE BANK 385632	12,987	2.82
STATE STREET BANK WEST CLIENT - TREATY 505234	9,397	2.04
STATE STREET BANK AND TRUST COMPANY 505001	9,257	2.01
GOVERNMENT OF NORWAY	6,640	1.44
HSBC HONG KONG-TREASURY SERVICES A/C ASIAN EQUITIES DERIVATIVES	6,466	1.40
JP MORGAN CHASE BANK 385781	6,377	1.38
JPMorgan Securities Japan Co., Ltd.	5,688	1.23

(Notes)

- The shareholding ratios are calculated after eliminating treasury stock (12,139 thousand shares). Treasury stock is exclusive of TEL shares (1,383 thousand shares) owned by the Executive compensation Board Incentive Plan (BIP) trust account and the share-delivering Employee Stock Ownership Plan (ESOP) trust account.
- While the following large shareholding reports (including change reports) are available for public inspection, it has not included in the table above any shareholding whose actual ownership cannot be confirmed as of March 31, 2025. Please note that TEL split its common stock effective April 1, 2023 in the proportion of one share into three shares.

Large shareholder	Document submitted	Submission date	Number of shares held (thousands of shares)/ percentage of shares held
Nomura Securities Co., Ltd. and 1 other company	Change reports	July 21, 2020	as of July 15, 2020 15,400 / 9.80%
Asset Management One Co., Ltd. and 1 other company	Change reports	December 22, 2020	as of December 15, 2020 6,491 / 4.13%
Capital Research and Management Company and 2 other companies	Change reports	November 22, 2022	as of November 15, 2022 6,813 / 4.33%
Sumitomo Mitsui Trust Asset Management Co., Ltd. and 1 other company	Change reports	June 21, 2023	as of June 15, 2023 37,103 / 7.87%
BlackRock Japan Co., Ltd. and 9 other companies	Change reports	July 5, 2023	as of June 30, 2023 34,610 / 7.34%
Mitsubishi UFJ Trust and Banking Corporation and 2 other companies	Change reports	September 17, 2024	as of September 9, 2024 22,746 / 4.82%

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

(5) Shares delivered to executives of TEL during the current fiscal year as compensation for the performance of their duties

The status of shares delivered from the Executive compensation Board Incentive Plan (BIP) trust to executives during the fiscal year ended March 31, 2025 is as follows:

Classification	Number of shares delivered	Number of eligible persons
Outside Directors	3,190	3

(6) Important matters concerning treasury stock

Share buybacks

- (i) TEL conducted a share buyback as follows in accordance with a resolution of a meeting of the Board of Directors held on May 10, 2024.

Type and number of shares acquired	2,317,000 TEL common stocks
Total acquisition cost	79,998,958,000 yen
Acquisition period	From May 13, 2024 to June 30, 2024

- (ii) TEL conducted a share buyback as follows in accordance with a resolution of a meeting of the Board of Directors held on November 12, 2024.

Type and number of shares acquired	2,901,300 TEL common stocks
Total acquisition cost	69,999,869,491 yen
Acquisition period	From November 13, 2024 to January 31, 2025

(7) Other important matters concerning shares

- (i) TEL introduced an Executive compensation Board Incentive Plan (BIP) trust as medium-term performance-linked compensation (medium-term incentive) for Corporate Directors (excluding Outside Directors) and Corporate Officers of TEL and Corporate Directors of its domestic and overseas Group companies, as well as non-performance-linked compensation for Outside Directors of TEL.

As of March 31, 2025, the number of TEL's shares held by the Executive compensation BIP trust account is 173,089.

- (ii) TEL introduced a share-delivering Employee Stock Ownership Plan (ESOP) trust as medium-term performance-linked compensation (medium-term incentive) for executive officers and senior and mid-level employees of TEL and its domestic and overseas Group companies.

As of March 31, 2025, the number of TEL's shares held by the share-delivering ESOP trust account is 1,210,066.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

3. Matters concerning Share Subscription Rights

(1) Status of Share Subscription Rights as of the end of the fiscal year

	Allocation date	Allocation number of Share Subscription Rights		Balance at end of fiscal year			Total number and type of shares to be issued or transferred by exercise of Share Subscription Rights (Note 2)	Amount paid for the exercise of Share Subscription Rights	Exercise period of Share Subscription Rights (Note 3)
				Ownership by Corporate Directors of TEL (excluding Outside Directors)	Ownership by Outside Directors of TEL	Ownership by Audit & Supervisory Board Members of TEL (Note 1)			
13th Share Subscription Rights	June 21, 2017	1,447 units	99 units	0 units (0 persons)	-	27 units (2 persons)	Common stock of TEL 29,700 shares	1 yen per share	From July 1, 2020 to May 29, 2037.
14th Share Subscription Rights	June 20, 2018	2,199 units	288 units	0 units (0 persons)	-	18 units (1 person)	Common stock of TEL 86,400 shares	1 yen per share	From July 1, 2021 to May 31, 2038.
15th Share Subscription Rights	June 19, 2019	3,604 units	757 units	0 units (0 persons)	-	25 units (1 person)	Common stock of TEL 227,100 shares	1 yen per share	From July 1, 2022 to May 31, 2039.
16th Share Subscription Rights	June 24, 2020	1,308 units	380 units	0 units (0 persons)	-	10 units (1 person)	Common stock of TEL 114,000 shares	1 yen per share	From July 3, 2023 to May 31, 2040.
17th Share Subscription Rights	June 18, 2021	700 units	195 units	0 units (0 persons)	-	5 units (1 person)	Common stock of TEL 58,500 shares	1 yen per share	From July 1, 2024 to May 31, 2041.
18th Share Subscription Rights	June 22, 2022	770 units	770 units	250 units (3 persons)	-	4 units (1 person)	Common stock of TEL 231,000 shares	1 yen per share	From July 1, 2025 to May 30, 2042.
19th Share Subscription Rights	June 21, 2023	2,060 units	2,060 units	546 units (3 persons)	-	11 units (1 person)	Common stock of TEL 206,000 shares	1 yen per share	From July 1, 2026 to May 29, 2043.
20th Share Subscription Rights	June 19, 2024	1,608 units	1,608 units	431 units (3 persons)	-	-	Common stock of TEL 160,800 shares	1 yen per share	From July 1, 2027 to May 31, 2044.

(Notes)

- Share subscription rights owned by Audit & Supervisory Board Members of TEL were granted prior to their appointment as Audit & Supervisory Board Members.
- TEL split its common stock effective April 1, 2023 in the proportion of one share into three shares. Note that the number of shares related to share subscription rights allocated before April 1, 2023, is stated after adjustments due to the share split.
- Taxpayers in the United States can only exercise their Share Subscription Rights on the starting date of each exercise period.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

(2) Status of Share Subscription Rights granted to employees of TEL, etc. among Share Subscription Rights granted during the fiscal year

	Allocation date	Allocation number of Share Subscription Rights			Total number and type of shares to be issued or transferred by exercise of Share Subscription Rights	Amount paid for the exercise of Share Subscription Rights	Exercise period of Share Subscription Rights
			Allocation number to employees of TEL, etc.	Allocation number to executives and employees of TEL subsidiaries			
20th Share Subscription Rights	June 19, 2024	1,608 units	608 units (38 persons)	569 units (69 persons)	Common stock of TEL 160,800 shares	1 yen per share	From July 1, 2027 to May 31, 2044.

(Note) Taxpayers in the United States can only exercise their Share Subscription Rights on the starting date of exercise period.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

4. Matters concerning TEL's Corporate Directors and other officers

(1) Condition of Corporate Directors and Audit & Supervisory Board Members (As of March 31, 2025)

Position in TEL	Name	Responsibilities	Significant concurrent posts
Representative Director President & CEO	Toshiki Kawai	CEO	
Representative Director Senior Executive Vice President	Sadao Sasaki		Chairman & Representative Director, Tokyo Electron Technology Solutions Ltd.
Corporate Director	Yoshikazu Nunokawa	Chairman of the Board of Directors	
Corporate Director	Michio Sasaki		Director and Chairman, SHIFT Inc.
Corporate Director	Sachiko Ichikawa		Partner, Tanabe & Partners Outside Director, OLYMPUS CORPORATION Outside Director, Azbil Corporation Director, The Board Director Training Institute of Japan
Corporate Director	Joseph A. Kraft Jr.		Outside Director, SONY GROUP CORPORATION
Corporate Director	Yukari Suzuki		Outside Director, SECOM CO., LTD.
Audit & Supervisory Board Member	Kazushi Tahara		
Audit & Supervisory Board Member	Yutaka Nanasawa		
Audit & Supervisory Board Member	Kyosuke Wagai		Representative, Wagai CPA Office Outside Audit & Supervisory Board Member, Mochida Pharmaceutical Co., Ltd.
Audit & Supervisory Board Member	Ryota Miura		Partner, Miura & Partners Legal Profession Corporation Outside Director (Audit & Supervisory Committee Member), TECHMATRIX CORPORATION Outside Director, Eisai Co., Ltd.
Audit & Supervisory Board Member	Yutaka Endo		

Members of the Nomination Committee:

Michio Sasaki (Chairperson), Sachiko Ichikawa, Yoshikazu Nunokawa

Members of the Compensation Committee:

Michio Sasaki (Chairperson), Joseph A. Kraft Jr., Yoshikazu Nunokawa

(Notes)

- Corporate Directors Michio Sasaki, Sachiko Ichikawa, Joseph A. Kraft Jr. and Yukari Suzuki are Outside Directors.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

2. Audit & Supervisory Board Members Kyosuke Wagai, Ryota Miura and Yutaka Endo are Outside Audit & Supervisory Board Members.
3. TEL established the "Independence Requirements for Outside Directors and Outside Audit & Supervisory Board Members" based on the requirements for Independent Standards set forth by Tokyo Stock Exchange, Inc., and appointed Michio Sasaki, Sachiko Ichikawa, Joseph A. Kraft Jr. and Yukari Suzuki as Independent Directors as well as Kyosuke Wagai, Ryota Miura and Yutaka Endo as Independent Audit & Supervisory Board Members and provided notice to Tokyo Stock Exchange, Inc.
4. Audit & Supervisory Board Member Yutaka Nanasawa has a wealth of experience in a wide range of fields in TEL including finance, accounting, human resources, and IT. Having served as an executive officer supervising the administrative divisions of TEL and its Group companies, and in a key position at overseas subsidiaries of TEL's Group companies, he also has ample experience in management with global perspectives, as well as a considerable degree of knowledge in finance and accounting.
5. Audit & Supervisory Board Member Kyosuke Wagai has many years of experience as a Certified Public Accountant at an auditing firm and has also held positions including Executive Board Member of the Japanese Institute of Certified Public Accountants, and has the appropriate level of knowledge relating to finance and accounting.
6. Audit & Supervisory Board Member Yutaka Endo has a wealth of experience in management with global perspectives, gained through years of extensive experience in the financial industry and management of domestic and international companies, etc., along with adequate expertise in finance and accounting.
7. TEL has entered into agreements with Corporate Directors Michio Sasaki, Sachiko Ichikawa, Joseph A. Kraft Jr. and Yukari Suzuki as well as with Audit & Supervisory Board Members Kazushi Tahara, Yutaka Nanasawa, Kyosuke Wagai, Ryota Miura and Yutaka Endo to limit liability for damages of Article 423, Paragraph 1 of the Companies Act. The limit of liability under the said agreements is the minimum liability amount stipulated under Article 425, Paragraph 1 of the Companies Act, provided they carry out their responsibilities in good faith with no gross negligence.
8. TEL has entered into agreements with Corporate Directors Toshiki Kawai, Sadao Sasaki, Yoshikazu Nunokawa, Michio Sasaki, Sachiko Ichikawa, Joseph A. Kraft Jr. and Yukari Suzuki as well as with Audit & Supervisory Board Members Kazushi Tahara, Yutaka Nanasawa, Kyosuke Wagai, Ryota Miura and Yutaka Endo, as stipulated under Article 430-2, Paragraph 1 of the Companies Act, whereby TEL shall duly indemnify the expenses and losses as prescribed respectively in Item 1 and Item 2 of the aforementioned Paragraph, within the limits stipulated by the laws and regulations.
9. TEL has concluded a Directors and Officers Liability Insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. Corporate Directors, Audit & Supervisory Board Members, Corporate Officers, and employees including Executive Officers of TEL and its subsidiaries are covered as the insured under the insurance contract, and the insurance contract covers damages, such as compensation for damages, settlements, and litigation expenses, arising from acts or omissions of the insured in their capacity as a corporate officer, etc. The insurance premiums for the insurance contract are fully paid by TEL.
10. Changes to significant concurrent posts held by Corporate Directors during the current fiscal year are as follows.
Corporate Director Michio Sasaki was changed from Director and Vice President to Director and Chairman of SHIFT Inc. as of November 28, 2024.
Corporate Director Sachiko Ichikawa was appointed the Outside Director of Azbil Corporation as of June 25, 2024.
Corporate Director Yukari Suzuki was appointed the Outside Director of SECOM CO., LTD. as of June 25, 2024.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

(2) Condition of Corporate Officers and Executive Officers (As of March 31, 2025)

Name	Position & Responsibilities
Toshiki Kawai	President & CEO, Corporate Officer
Sadao Sasaki	Senior Executive Vice President Corporate Officer, Development & Production Division, Corporate Production Division, Business Innovation & DX Promotion Project Chairman & Representative Director, Tokyo Electron Technology Solutions Ltd.
Tatsuya Nagakubo	Corporate Officer, Global Business Platform Division, Finance Division Executive Vice President & General Manager
Seisu Ikeda	Corporate Officer, Account Sales Division Executive Vice President & General Manager
Yoshinobu Mitano	Corporate Officer, Corporate Innovation Division Executive Vice President & General Manager
Takeshi Okubo	Corporate Officer, Global Sales Division, Global Customer Engineering Division Executive Vice President & General Manager
Keiichi Akiyama	Corporate Officer, Backend Process Business Division Senior Vice President & General Manager Division Officer, Backend Process Business Division
Hiroshi Ishida	Corporate Officer, Frontend Process Business Division Senior Vice President & General Manager Division Officer, Frontend Process Business Division
David Brough	Senior Vice President & General Manager, Global Strategy
Masayuki Kojima	Senior Vice President & General Manager Chair & Representative Director, Tokyo Electron Miyagi Ltd.
Shinichi Hayashi	Senior Vice President Division Officer, Corporate Production Division Division Officer, Development & Production 3rd Division President & Representative Director, Tokyo Electron Kyushu Ltd.
Fumihiko Kaminaga	Senior Vice President Division Officer, Global Sales Division
Hiroshi Kawamoto	Senior Vice President Division Officer, Finance Division
Shingo Tada	VP & General Manager Division Officer, Account Sales Division
Masahiro Morita	VP & General Manager, Account Sales, Global Sales
Takashi Mineshima	VP & General Manager, IT Unit Project Subleader, Business Innovation & DX Promotion Project
Yasuhiro Washio	VP & General Manager, Clean Track Surface Preparation System Business Unit
Shigeki Nakatani	VP & General Manager, Thin Film Formation Business Unit
Sumie Segawa	VP & General Manager, Product Lifecycle Management DX Solution, Environment Division Officer, Corporate Innovation Division
Tatsuya Aso	VP & General Manager, Human Resources, General Affairs Unit, Legal, Compliance Unit, Internal Control Division Officer, Global Business Platform Division Chair of Ethics Committee Chair of Information Security Committee
Hiroshi Ishida	VP & General Manager, Diverse Systems & Solutions Business Unit
Kazuhiro Doh	VP & General Manager Division Officer, Corporate Strategy Division Chair of Sustainability Committee Chair of Risk Management Committee

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

Name	Position & Responsibilities
Hiromitsu Kambara	VP & General Manager Division Officer, Development & Production 2nd Division President & Representative Director, Tokyo Electron Miyagi Ltd.
Kimihiro Higuchi	VP & General Manager, Planning, Global Business Platform Division Project Subleader, Business Innovation & DX Promotion Project
Kunihiko Hinata	VP & General Manager Technology Officer, Tokyo Electron Miyagi Ltd.
Makoto Oba	VP & General Manager, Account Sales
Kazuhide Hasebe	VP & General Manager Technology Officer, Tokyo Electron Technology Solutions Ltd.
Yuichiro Morozumi	VP & General Manager Division Officer, Development & Production 1st Division President & Representative Director, Tokyo Electron Technology Solutions Ltd.
Masaki Yoshizawa	VP & General Manager, Chief Strategist, Project Subleader, Business Innovation & DX Promotion Project
Soichiro Kori	VP & General Manager, Product Engineering Division Officer, Global Customer Engineering Division President & Representative Director, Tokyo Electron FE Ltd.
Tetsuya Nishiara	VP & General Manager, Etching System Business Unit
Yohei Sato	VP & General Manager, Assembly and Test System Business Unit
Koki Shirai	VP & General Manager, President, Tokyo Electron U.S. Holdings, Inc.
Mark Dougherty	VP & General Manager, President, Tokyo Electron America, Inc.
Bill Lussier	VP & General Manager, President & Managing Director, Tokyo Electron Europe Ltd.
Jaihyung Won	VP & General Manager, President & Representative Director, Tokyo Electron Korea Ltd.
Roger Chang	VP & General Manager, President & Representative Director, Tokyo Electron Taiwan Ltd.
Hideki Ito	VP & General Manager, President & Managing Director, Tokyo Electron Singapore Pte. Ltd.
Shoji Akaike	VP & General Manager, President, Tokyo Electron (Shanghai) Ltd.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

(3) Amount of Compensation Summary to Corporate Directors and Audit & Supervisory Board Members

	Number of executives (persons)	Total compensation, etc. (million yen)	Total compensation by type (million yen)					
			Fixed basic compensation	Short-term performance-linked compensation	Medium- to long-term performance-linked compensation	Medium-term performance-linked compensation (medium-term incentive)	Non-performance-linked compensation	
				Cash bonus (Note 1)	Stock compensation-based stock option (Note 2)	Stock grant trust (Stock-based compensation) (Note 2)	Stock compensation-based stock option (Note 2)	Stock grant trust (Stock-based compensation) (Note 2)
Corporate Directors (excluding Outside Directors)	3	2,446	232	946	774	30	463	
Outside Directors (Note 3)	5	76	66					10
Directors total (Note 3)	8	2,522	298	946	774	30	463	10
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	2	90	90					
Outside Audit & Supervisory Board Members (Note 4)	4	49	49					
Audit & Supervisory Board Members total (Note 4)	6	140	140					

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

(Reference)

Individual Compensation of Representative Directors during FY2025

Name and Position	Total compensation, etc. (million yen)	Total compensation by type (million yen)				
		Fixed basic compensation	Short-term performance-linked compensation	Medium to long-term performance-linked compensation	Medium-term performance-linked compensation (medium-term incentive)	Non-performance-linked compensation
			Cash bonus (Note 6)	Stock compensation-based stock option (Note 2)	Stock grant trust (Stock-based compensation) (Note 2)	Stock compensation-based stock option (Note 2)
Toshiki Kawai Representative Director, President & CEO	1,576	108	561	564	18	324
Sadao Sasaki Representative Director, Senior Executive Vice President	612	69	185	210	8	139

(Notes)

- The amount indicated is the amount of short-term performance-linked compensation (bonuses) that will be proposed at the 62nd Annual General Meeting of Shareholders scheduled to be held on June 17, 2025.
- The amount recorded as expenses for the fiscal year ended March 31, 2025 is stated. These are nonmonetary compensations, and their details are as stated in “(4) Details and Decision Methods of Policies Concerning Determination of Methods of Calculating Compensation for Corporate Directors and Audit & Supervisory Board Members.”
- The number of officers covered in the above table includes Directors who retired as of the conclusion of the 61st Annual General Meeting of Shareholders held on June 18, 2024.
- The number of officers covered in the above table includes Audit & Supervisory Board Members who retired as of the conclusion of the 61st Annual General Meeting of Shareholders held on June 18, 2024.
- TEL does not pay the corporate officer and employee portion of compensation other than the director compensation to Corporate Directors concurrently serving as Corporate Officers and Corporate Directors concurrently serving as Executive Officers.
- The table contains individual amount for each Representative Director, which are components of the amount of short-term performance-linked compensation (bonuses) that will be proposed at the 62nd Annual General Meeting of Shareholders scheduled to be held on June 17, 2025.
- The Compensation Committee verified and the Board of Directors also confirmed that the amount of compensation for each individual Representative Director for the current fiscal year is in accordance with “(4) Details and Decision Methods of Policies Concerning Determination of Methods of Calculating Compensation for Corporate Directors and Audit & Supervisory Board Members.” Furthermore, the amount of fixed basic compensation, short-term performance-linked compensation, medium- to long-term performance-linked compensation and non-performance-linked compensation for Corporate Directors, excluding Representative Directors, for the current fiscal year were determined by Representative Director, President & CEO, Toshiki Kawai, who was delegated by the Board of Directors to oversee business execution. In determining the amount of compensation for each Corporate Director, the CEO referred to the compensation standards of companies in Japan and overseas provided by the external research organizations and obtained advice from external experts, and the Compensation Committee verified the appropriateness of the amount.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

(4) Details and Decision Methods of Policies Concerning Determination of Methods of Calculating Compensation for Corporate Directors and Audit & Supervisory Board Members

TEL establishes policies concerning determination of individual compensation for Corporate Directors at the Board of Directors, after deliberation by the Compensation Committee.

■ Basic policies on compensation

The TEL Group emphasizes the following points with regard to basic policies on compensation for Corporate Directors and Audit & Supervisory Board Members:

- 1) Levels and plans for compensation to secure highly competent management personnel with global competitiveness
- 2) High linkage with business performance in the short term and medium-and-long term increase of corporate value aimed at sustainable growth
- 3) Securement of transparency and fairness in the decision process of compensation and appropriateness of compensation

■ Composition of compensation

The compensation system for Corporate Directors excluding Outside Corporate Directors (hereinafter referred to as "Inside Directors") has been enhanced to further strengthen the link with medium- to long-term corporate value and performance improvement. Beginning in the 62nd fiscal year, the previous annual performance-linked compensation has been replaced with short-term performance-linked compensation as cash compensation and medium- to long-term performance-linked compensation as stock-based compensation. The Inside Directors compensation system consists of fixed basic compensation, short-term performance-linked compensation, medium- to long-term performance-linked compensation, medium-term performance-linked compensation (medium-term incentive), and non-performance-linked compensation as indicated in the table below.

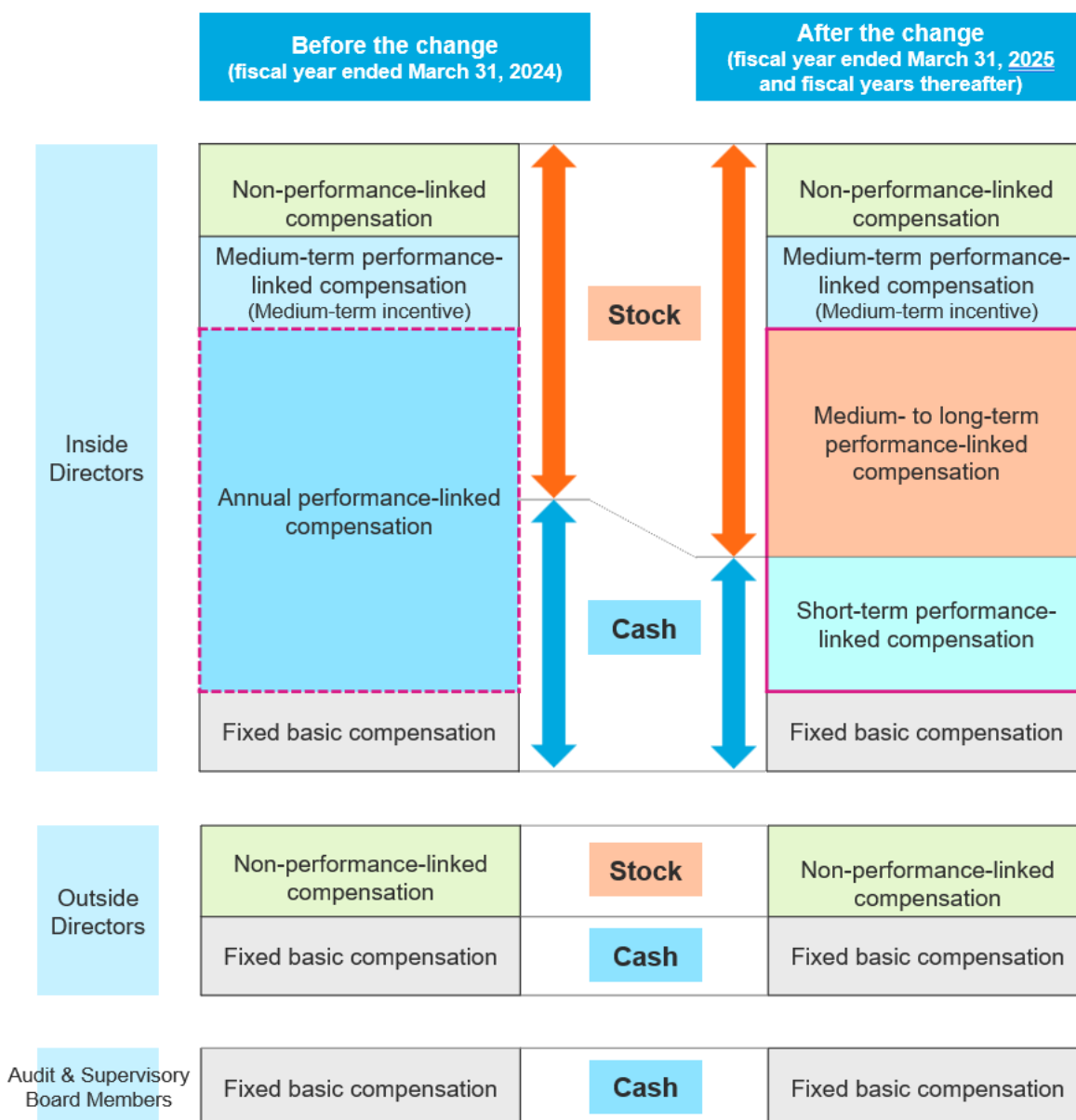
Outside Directors have a role of giving advice to the management from the perspective for improving corporate value over the medium- to long-term, in addition to the management supervision. TEL has introduced non-performance-linked stock-based compensation as a system that is more consistent with their expected role, and the compensation for Outside Directors consists of fixed basic compensation and non-performance-linked compensation.

Compensation for Audit & Supervisory Board Members consists solely of fixed basic compensation, in consideration of their role being primarily audit and supervision of management.

The details of the changes in the executive compensation system and an overview of the compensation system are on the next page.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

<The details of the changes in the execution compensation system>



World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

<Overview of Executive Compensation System>

Type of compensation		Inside Directors	Outside Directors	Audit & Supervisory Board Members	Overview of compensation
Fixed basic compensation	Cash	X	X	X	<ul style="list-style-type: none"> Established commensurate with the scale of job responsibility of Inside Directors based on the job grade framework provided by an external specialist organization (Willis Towers Watson)
Short-term performance-linked compensation	Cash	X	-	-	<ul style="list-style-type: none"> Amount to be paid is linked to business performance in each fiscal year, with a view to motivating recipients to contribute to improving the business performance in each fiscal year Base amount is set according to the scope of responsibilities, etc. When the base amount is set at 100%, the payout ratio fluctuates between 0% and 150% based on the achievement of primarily financial performance, and can further fluctuate by $\pm 20\%$ based on the achievement of non-financial performance Financial performance is evaluated based on metrics such as the consolidated operating margin, while non-financial performance is evaluated based on individually set missions (including content related to sustainability and initiatives towards short- and medium-term management strategy goals)
Medium- to long-term performance-linked compensation	Stock compensation-based stock option	X	-	-	<ul style="list-style-type: none"> Granted with the aim of enhancing awareness of medium- to long-term corporate value improvement, etc. Base amount is set according to the scope of responsibilities, etc., and a base grant quantity is determined based on this base amount When the base grant quantity is set at 100%, the number of shares that become exercisable fluctuates between 0% and 150% based on quantitative evaluation of performance over a three-year assessment period, and can further fluctuate by $\pm 10\%$ based on qualitative evaluation Quantitative evaluation is based on relative TSR (Total Shareholder Return), comparison of consolidated operating margin and consolidated operating growth rate with competitor companies. Qualitative evaluation is based on initiatives towards long-term corporate value improvement
Medium-term performance-linked compensation (medium-term incentive)	Stock grant trust (stock-based compensation)	X	-	-	<ul style="list-style-type: none"> Paid to motivate recipients to contribute to medium- to long-term performance improvement Base amount is set according to the scope of responsibilities, etc., and a base grant quantity is determined based on this base amount When the base grant quantity is set at 100%, the payout ratio fluctuates between 0% and 50-120% based on the achievement rate of performance targets in the final fiscal year of the target period (three fiscal years) Consolidated operating margin and consolidated ROE are adopted as performance indicators

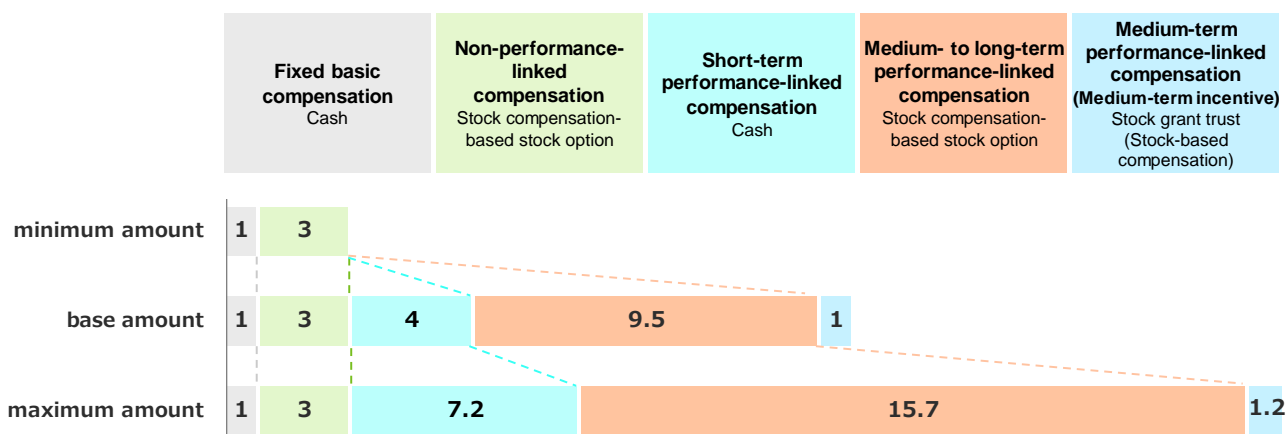
World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

Type of compensation		Inside Directors	Outside Directors	Audit & Supervisory Board Members	Overview of compensation
Non-performance-linked compensation	Stock compensation-based stock option	X	-	-	<ul style="list-style-type: none"> Provided with the objective of enhancing awareness of medium- to long-term corporate value improvement, etc. Grant amount is set according to the scope of responsibilities Stock compensation-based stock options are subject to a three-year exercise restriction period from the granting of rights, designed to motivate recipients to share a shareholder perspective while contributing to increasing corporate value over the medium- to long-term
	Stock grant trust (stock-based compensation)	-	X	-	<ul style="list-style-type: none"> The remuneration system is designed to be more consistent with the expected role of giving advice to the management from the perspective for increasing corporate value over the medium- to long-term Payment amount is set at around 50% to 60% of the fixed basic compensation to ensure an adequate balance between cash compensation and stock-based compensation TEL shares shall be delivered after the expiration of the applicable period (three fiscal years)

■ Composition of compensation

Composition of compensation to Inside Directors is designed to provide strong linkage to short-term business performance, as well as the medium- to long-term increase in corporate value for sustainable growth. A significant portion of the compensation is granted in the form of stocks (stock compensation-based stock option and stock grant trust) with a view to motivating recipients to share a shareholder perspective, and to contribute to increasing corporate value.

<Reference> The compensation structure of the CEO for the fiscal year ended March 31, 2025 (Percentages are based on the fixed basic compensation being set at 1)



■ Compensation standards

Compensation standards for Corporate Directors are set competitively, taking into consideration the compensation standards of companies of equivalent size in Japan and overseas, companies within the same industry, and companies which are business competitors, etc.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

■ Policies by compensation types and decision methods

Policies by compensation types

(i) Fixed basic compensation

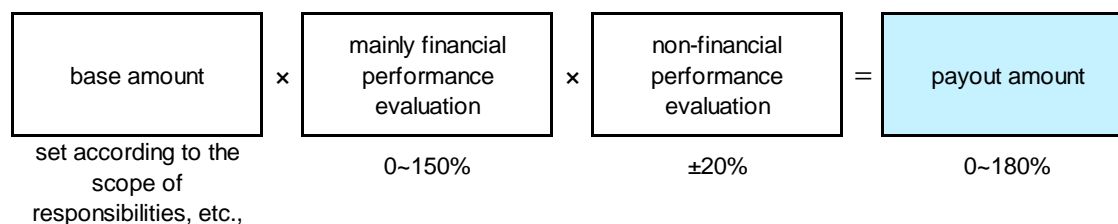
Fixed basic compensation for Inside Directors is determined based on the scope of responsibilities, referencing the job grade framework of an external specialist organization. For Outside Corporate Directors and Audit & Supervisory Board Members, fixed basic compensation is set according to their respective roles.

(ii) Short-term performance-linked compensation

Short-term performance linked compensation is granted only to Inside Directors with the aim of enhancing awareness of annual performance improvement, and is paid in cash. When the base amount, set according to the scope of responsibilities, etc., is 100%, the payout amount fluctuates between 0% and 150% based on mainly financial performance evaluation, and can further fluctuate by $\pm 20\%$ based on non-financial performance evaluation.

Financial performance is evaluated based on metrics such as the consolidated operating margin, which is a key indicator in achieving world-class goals. Non-financial performance is 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 towards short- and medium-term management strategy goals.

<formula of calculating the payout amount>



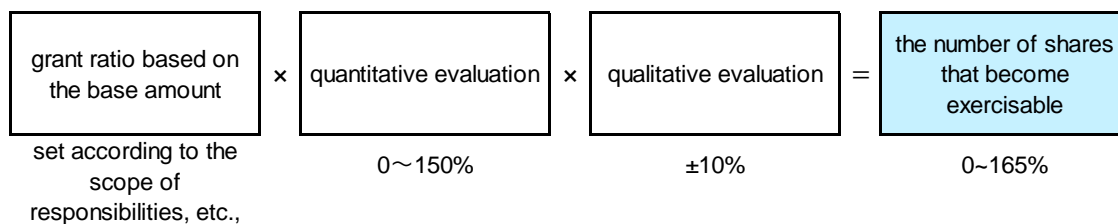
(iii) Medium- to long-term performance-linked compensation

Medium- to long-term performance-linked compensation is granted only to Inside Directors with the aim of enhancing awareness of medium- to long-term corporate value improvement and fostering a shareholder perspective through stock ownership. It is granted in the form of stock compensation-based stock options.

The performance evaluation period is three years, and the proportion of shares becoming exercisable is determined based on performance evaluation at the end of the evaluation period. When the grant ratio based on the base amount set according to the scope of responsibilities, etc., is 100%, the number of shares that become exercisable fluctuates between 0% and 150% based on quantitative evaluation, and can further fluctuate by $\pm 10\%$ based on qualitative evaluation. Quantitative evaluation is based on relative TSR (Total Shareholder Return), a key indicator of corporate value improvement, as well as consolidated operating margin and consolidated operating growth rate, evaluated under the principle of outperforming competitor companies, both of which are key metrics prioritized in management. Relative TSR is evaluated by comparing the fluctuation rate of the XSOX (PHLX Semiconductor Sector Total Return) and the Company's TSR. Consolidated operating margin and consolidated operating growth rate are evaluated based on comparison with competitor companies. Qualitative evaluation of initiatives towards long-term corporate value improvement is conducted by the Compensation Committee.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

<formula of calculating the number of shares that become exercisable>



(iv) Medium-term performance-linked compensation (medium-term incentive)

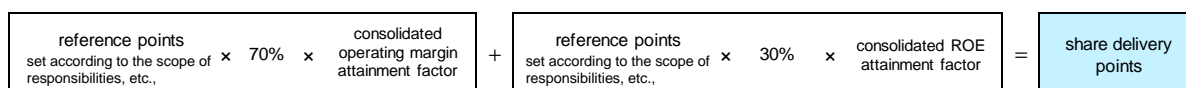
Medium-term performance-linked compensation (medium-term incentive) is granted only to Inside Directors, with the aim of motivating recipients to contribute to improving medium-term business performance, as well as to share a shareholder perspective by holding Company shares and raising awareness toward enhancing corporate value. It is granted in the form of stock compensation through stock grant trust. The number of TEL 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), when the payout ratio based on the base grant quantity set according to the scope of responsibilities, etc., is 100%.

Performance is evaluated based on financial performance, and consolidated operating margin has been adopted as an indicator to measure profitability, linked to the Company's Medium-term Management Plan. Additionally, consolidated ROE is adopted as a performance evaluation indicator to indicate capital efficiency.

The number of TEL shares to be issued to Inside Directors is determined by allocating one TEL share per point and using the number of share delivery points calculated by the formula.

The calculation formula, reference points used in such formula, and performance attainment factor shall be determined by the Board of Directors based on the proposal of the Compensation Committee.

<formula of calculating the share delivery points>



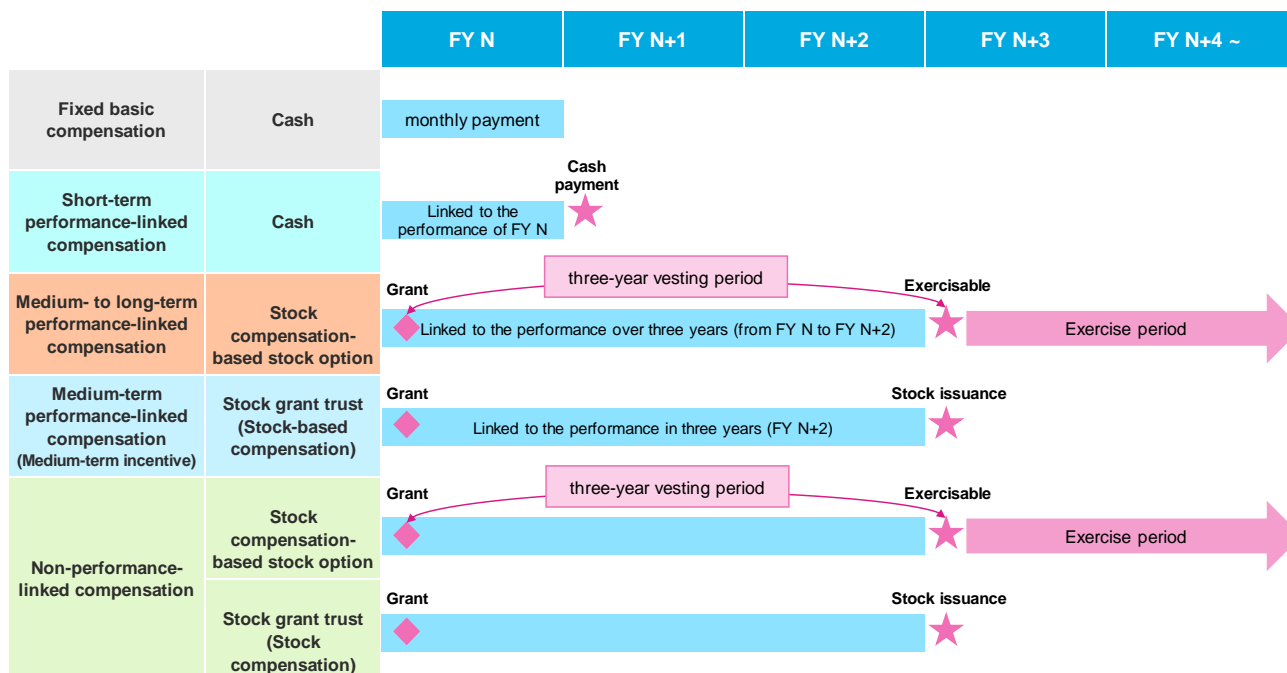
(v) Non-performance-linked compensation

The non-performance-linked stock compensation system (stock compensation-based stock options) applicable to Inside Directors has been introduced with the purpose of enhancing awareness of medium- to long-term corporate value improvement and retention, etc. The payout amount is determined according to the scope of responsibilities, etc., and a three-year vesting period is established after the grant to foster a shareholder perspective and enhance awareness of increasing corporate value over the medium to long term.

For TEL's Outside Directors, TEL provides non-performance-linked stock-based compensation through stock grant trust as a system that is more consistent with their expected role of giving advice to the management from the perspective for increasing corporate value over the medium- to long-term, in addition to the management supervision. The amount paid is set at around 50% to 60% of the fixed basic compensation to ensure appropriate balance between cash compensation and stock-based compensation, and TEL shares shall be delivered after the expiration of the applicable period (three fiscal years).

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

<Reference> Payment timing by type of compensation



Method for determining compensation

Matters relating to the content of Director compensation, including the basic policy regarding executive compensation, are deliberated by the Compensation Committee with reference to advice from external experts, and then decided by the Board of Directors.

The amount of compensation for Directors is determined within the range of the compensation limit resolved at the General Meeting of Shareholders. The compensation for the Representative Director is decided by the Board of Directors based on a proposal from the Compensation Committee, while the compensation for Directors excluding the Representative Director is decided by the CEO based on a resolution of the Board of Directors. In making the final determination of compensation amounts, the Compensation Committee verifies the appropriateness of the amounts, referencing domestic and international compensation levels provided by external research institutions and obtaining advice from external experts.

Regarding the non-financial performance portion of short-term performance-linked compensation, as it is evaluated based on individually set missions (evaluation items), the process indicated in the table below is followed for setting and evaluating the missions of the Representative Directors, including the CEO, to ensure transparency and objectivity:

Setting the mission (evaluation items)	Performance evaluation	Determination of the amount of compensation
Set the mission after deliberations by the Compensation Committee as well as deliberations by the attendees of the Board of Directors excluding the Representative Directors	After deliberations by the Compensation Committee, evaluated by the attendees of the Board of Directors excluding the Representative Directors	Determined by resolution of the Board of Directors upon proposal of the amount to be paid by the Compensation Committee to the Board of Directors

Compensation for Audit & Supervisory Board Members is determined through deliberation among the members, within the limits of the compensation amount resolved by the General Meeting of Shareholders.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

■ Matters concerning the resolutions of general shareholders meetings regarding compensation for Corporate Directors and Audit & Supervisory Board Members

	Compensation type	Date of resolution of general shareholders meeting	Outline of resolution	Number of Corporate Directors and Audit & Supervisory Board Members covered by resolution (Note)
Corporate Directors	Fixed basic compensation	58th Annual General Meeting of Shareholders held on June 17, 2021	No more than 750 million yen per business year (including 100 million yen per business year for Outside Directors).	12 Corporate Directors (including 4 Outside Directors)
	Short-term performance-linked compensation	62nd Annual General Meeting of Shareholders to be held on June 17, 2025	946 million yen paid as the cash bonus portion	3 Corporate Directors (excluding 4 Outside Directors)
	Medium- to long-term performance-linked compensation	62nd Annual General Meeting of Shareholders to be held on June 17, 2025	A maximum of 260,000 shares (2,600 units) of stock options (stock compensation-based stock options) will be granted, with the total amount capped at the product of the number of shares granted (units) and their fair value at the time of grant, over the period of three fiscal years.	2 Corporate Directors (excluding 4 Outside Directors)
	Medium-term performance-linked compensation (medium-term incentive)	55th Annual General Meeting of Shareholders held on June 19, 2018	TEL shall contribute trust money up to a total of 480 million yen and 71,400 shares of TEL's share shall be delivered for each covered period of three fiscal years.	9 Corporate Directors (excluding 3 Outside Directors)
	Non-performance-linked compensation	62nd Annual General Meeting of Shareholders to be held on June 17, 2025	A maximum of 60,000 shares (600 units) of stock options (stock compensation-based stock options) will be granted, with the total amount capped at the product of the number of shares granted (units) and their fair value at the time of grant.	2 Corporate Directors (excluding 4 Outside Directors)
		62nd Annual General Meeting of Shareholders to be held on June 17, 2025	TEL shall contribute trust money up to a total of 100 million yen and 15,000 shares of TEL's share shall be delivered for each applicable period of three fiscal years.	5 Outside Directors
Audit & Supervisory Board Members	Fixed basic compensation	48th Annual General Meeting of Shareholders held on June 17, 2011	Up to 13 million yen per month (a maximum of 156 million yen annually)	4 Audit & Supervisory Board Members

(Note) This is the number of Corporate Directors and Audit & Supervisory Board Members eligible for each type of compensation at the conclusion of the relevant General Meeting of Shareholders.

■ Targets and results of performance-linked compensation indicators for the current fiscal year

• Short-term performance-linked compensation

In accordance with the calculation method stated in “■ Policies by compensation types and decision methods,” performance, primarily financial, indicators such as the consolidated operating margin, which is prioritized in achieving world-class goals, are used as the basis of calculation, and publicly announced figures serves as targets.

For the fiscal year ended March 31, 2025, the performance is calculated based on the achievement rate of financial (e.g., consolidated operating margin of 28.7%) and non-financial performance, and the average payout ratio for Internal Directors is expected to be 118%.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

- Medium- to long-term performance-linked compensation

For the plan beginning in the fiscal year ended March 31, 2025, the payout rate will be determined after the completion of the three-year performance evaluation period. Therefore, the actual results have not been finalized at this time.

- Medium-term performance-linked compensation (medium-term incentive)

For medium-term performance-linked compensation, consolidated operating margin and consolidated ROE based on the Medium-term Management Plan at the time of granting are used as indicator targets, in accordance with the calculation method stated in “■ Policies by compensation types and decision methods.” The actual results for the fiscal year ended March 31, 2025, which is an indicator to evaluate the achievement of the targets for the plan set in 2022, are consolidated operating margin of 28.7% and consolidated ROE of 30.3%. The compensation will be paid in accordance with the above calculation method for medium-term performance-linked compensation.

For the plans set in 2023 and 2024, the payout rate will be determined based on the performance in the final fiscal year of the covered period. Therefore, the actual results have not been finalized at this time.

■ Shareholding guidelines

TEL has introduced shareholding guidelines (effective on July 1, 2021) with a view to further ensuring that the management's interests align with those of stakeholders in pursuit of sustainable enhancement of corporate value.

The guidelines were revised on April 30, 2024, to reflect the increase in the stock compensation ratio following the introduction of non-performance-linked compensation for the fiscal year ended March 31, 2024. The revision increased the range for the CEO's fixed basic compensation (annual amount) from 3 to 6 times, and for Inside Directors (excluding the CEO) and Corporate Officers from 2 to 3 times.

These guidelines stipulate targets for the management to hold shares in TEL equivalent to the following value within five years of the revision of the guidelines or appointment.

CEO	Inside Directors (excluding the CEO) Corporate Officers	Outside Directors TEL Executive Officers
6 times fixed basic compensation (annual amount)	3 times fixed basic compensation (annual amount)	1 times fixed basic compensation (annual amount)

■ Clawback policy

TEL has introduced a clawback policy whereby TEL can demand a refund of performance-linked compensation, if financial figures are found to be in need of major correction due primarily to a willful misconduct of an Executive Director. The amount of compensation that may be subject to refund shall be the excess portion of the performance-linked compensation received in the fiscal year in which such misconduct was found, as well as the three preceding fiscal years. This policy (effective on July 1, 2021) is applied to the annual performance-linked compensation for the fiscal year ended March 31, 2022 and the medium-term performance-linked compensation (medium-term incentive) paid in the fiscal year ended March 31, 2022, as well as all performance-linked compensation to be paid thereafter.

■ Role of the Compensation Committee

In order to maintain transparency and fairness in management and secure appropriateness of compensation through our compensation system, TEL has established the Compensation Committee, which is comprised of three or more Corporate Directors (excluding Representative Directors), including Outside Director. The Compensation Committee for the current fiscal year consisted of three members, comprising two Outside Directors and one Inside Director, with an Outside Director serving as the chairperson. Every meeting of the Compensation Committee was attended by an external expert. The Compensation Committee utilizes advice from the external expert, compares wage levels with companies in Japan and overseas, analyzes the latest trends in Japan and abroad and best practices such as reflecting ESG indicator in compensation, and proposes a compensation system that is most appropriate for the Group in light of TEL's basic policies on compensation and individual compensation amounts for the Representative Directors among other matters, to the Board of Directors.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

(5) Matters concerning Outside Directors and Outside Audit & Supervisory Board Members

(i) Outside Director positions, Outside Audit & Supervisory Board Member and other significant positions held concurrently in other corporations or organizations and relationships of TEL with the relevant other corporations or organizations. (As of March 31, 2025)

Position in TEL	Name	Significant concurrent posts	Relationship with TEL
Outside Director	Michio Sasaki	Director and Chairman, SHIFT Inc.	No significant business relation
Outside Director	Sachiko Ichikawa	Partner, Tanabe & Partners Outside Director, OLYMPUS CORPORATION Outside Director, Azbil Corporation Director, The Board Director Training Institute of Japan	No significant business relation
Outside Director	Joseph A. Kraft Jr.	Outside Director, SONY GROUP CORPORATION	No significant business relation
Outside Director	Yukari Suzuki	Outside Director, SECOM CO., LTD.	No significant business relation
Outside Audit & Supervisory Board Member	Kyosuke Wagai	Representative, Wagai CPA Office Outside Audit & Supervisory Board Member, Mochida Pharmaceutical Co., Ltd.	No significant business relation
Outside Audit & Supervisory Board Member	Ryota Miura	Partner, Miura & Partners Legal Profession Corporation Outside Director (Audit & Supervisory Committee Member), TECHMATRIX CORPORATION Outside Director, Eisai Co., Ltd.	No significant business relation

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

(ii) Main activities during the current fiscal year

Position in TEL	Name	Main activities (Note 1)	
Outside Director	Michio Sasaki	Board of Directors: Attended 10 out of 10 meetings Nomination Committee: Attended 9 out of 9 meetings Compensation Committee: Attended 10 out of 10 meetings	Michio Sasaki has been actively making comments especially on matters including medium- to long-term product strategy, development investment, human resources acquisition strategy and information security risks at the Board of Directors meetings, based on his management experience in the manufacturing industry. In addition, he serves as the chairman of the Nomination Committee and the Compensation Committee, leading the deliberation on matters including the selection of candidates, successor planning, and compensation for Corporate Directors from an objective and neutral position.
Outside Director	Sachiko Ichikawa	Board of Directors: Attended 10 out of 10 meetings Nomination Committee: Attended 9 out of 9 meetings	Sachiko Ichikawa has been actively making comments on matters including corporate governance such as issues of supervisory function reinforcement of the Board of Directors, as well as risk management in general and dialogue with capital market at the Board of Directors meetings, based on her broad-based insight as attorney qualified both in Japan and the United States, as well as the United States Certified Public Accountant. In addition, at the Nomination Committee meetings, as its member, she also has been making comments on matters including the selection of candidates for Corporate Directors and successor planning from an objective and neutral position.
Outside Director	Joseph A. Kraft Jr.	Board of Directors: Attended 7 out of 7 meetings Compensation Committee: Attended 5 out of 5 meetings (Note 2)	Joseph A. Kraft Jr. has been actively making comments on matters including policy trends and geopolitical risks in various countries at the Board of Directors meetings, based on his abundant knowledge in the financial industry and capital market, as well as his global network. In addition, at the Compensation Committee meetings, as its member, he also has been making comments on matters including the compensation for Corporate Directors from an objective and neutral position.
Outside Director	Yukari Suzuki	Board of Directors: Attended 7 out of 7 meetings (Note 2)	Yukari Suzuki has been actively making comments on matters including internal control in general, human resources strategy and quality assurance in manufacturing industry at the Board of Directors meetings, based on her abundant experience as a corporate manager.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

Position in TEL	Name	Main activities <small>(Note 1)</small>	
Outside Audit & Supervisory Board Member	Kyosuke Wagai	Board of Directors: Attended 10 out of 10 meetings Audit & Supervisory Board: Attended 8 out of 8 meetings	Kyosuke Wagai has been making appropriate comments on proposals and other matters of deliberation at the Board of Directors meetings and the Audit & Supervisory Board meetings, drawing on his expertise as a certified public accountant.
Outside Audit & Supervisory Board Member	Ryota Miura	Board of Directors: Attended 10 out of 10 meetings Audit & Supervisory Board: Attended 8 out of 8 meetings	Ryota Miura has been making appropriate comments on proposals and other matters of deliberation at the Board of Directors meetings and the Audit & Supervisory Board meetings, drawing on his expertise as an attorney.
Outside Audit & Supervisory Board Member	Yutaka Endo	Board of Directors: Attended 7 out of 7 meetings Audit & Supervisory Board: Attended 5 out of 5 meetings <small>(Note 2)</small>	Yutaka Endo has been making appropriate comments on proposals and other matters of deliberation at the Board of Directors meetings and the Audit & Supervisory Board meetings, utilizing his years of abundant experience in the finance industry and insight into finance and accounting, in addition to his wide-ranging knowledge from a global perspective based on corporate management.

- (Notes)
1. Includes an outline of duties performed in relation to the roles expected of Outside Directors.
 2. Outside Directors Joseph A. Kraft Jr. and Yukari Suzuki, and Outside Audit & Supervisory Board Member Yutaka Endo, were elected and appointed at the 61st Annual General Meeting of Shareholders held on June 18, 2024. The figures above indicate their attendance records since taking office.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

5. Condition of accounting auditor

(1) Name of accounting auditor

KPMG AZSA LLC

(2) Amount of Compensation Paid to Accounting Auditors

(million yen)

Classification	Current fiscal year	
	Compensation for audit certification work (Note 1)	Compensation for non-audit work (Note 2)
TEL	239	1
Subsidiaries of TEL	55	-
Total	295	1

(Notes)

- The audit agreement concluded by TEL and its accounting auditors does not distinguish between compensation to be paid for audits pursuant to the Companies Act, and that pursuant to the Financial Instruments and Exchange Law of Japan and these amounts cannot practically be separated, and as a result the amount indicated in the "Compensation for audit certification work" of the table above is the total of these two amounts.
- TEL pays its accounting auditors 1 million yen for a support service regarding improvement of sustainability disclosure as a service other than those defined in Article 2, Paragraph 1 of the Certified Public Accountants Act.
- Of TEL's main subsidiaries, the following subsidiaries undergo audits by certified public accountants or audit companies other than TEL's accounting auditors.
Tokyo Electron America, Inc.
Tokyo Electron Europe Ltd.
Tokyo Electron Korea Ltd.
Tokyo Electron Taiwan Ltd.
Tokyo Electron (Shanghai) Ltd.
Tokyo Electron Singapore Pte. Ltd.

(3) Reasons for consent of the Audit & Supervisory Board to compensation paid to accounting auditor

The Audit & Supervisory Board judged that the content of audit plan, previous audit performance as well as the basis of calculation of compensation estimate, etc. are appropriate, and gave consent to compensation paid to accounting auditors, as stipulated in Article 399, Paragraph 1 of the Companies Act.

(4) Policy Concerning Decisions to Dismiss or to Not Reappoint the Accounting Auditor

In the event TEL's accounting auditors fall under any of the situations stipulated in each item of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board may dismiss the accounting auditors, in accordance with the consent of all Audit & Supervisory Board Members. In such case, an Audit & Supervisory Board Member designated by the Audit & Supervisory Board shall report the dismissal of the accounting auditors and the reason for it at the first General Meeting of Shareholders convened after the dismissal.

In addition to the above, if it is recognized that the accounting auditors are experiencing difficulty in conducting its audit in an adequate manner, the Audit & Supervisory Board may determine the content of proposal to be submitted to a General Shareholders' Meeting calling for the dismissal or non-reappointment of the accounting auditors. The Board of Directors, based on such a decision by the Audit & Supervisory Board, shall submit the proposal calling for the dismissal or non-reappointment of the accounting auditors to a General Shareholders' Meeting.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

6. Corporate Structures and Policies

(1) Structures for ensuring the execution of duties by Corporate Directors comply with applicable laws and the Articles of Incorporation and other systems to ensure the proper performance of business and the status of their operation

The basic policies on systems designed for ensuring the proper performance of business and an overview of the status of operations are as follows.

I System for ensuring that the actions of Corporate Directors, Corporate Officers, Executive Officers (hereinafter referred to as Directors, etc.) and employees of the TEL Group in the performance of their duties comply with applicable laws and the Articles of Incorporation

1. Corporate ethics and compliance system

- (i) The TEL Group Directors, etc., and employees are required to act in compliance with applicable laws, the Articles of Incorporation, and other regulations and with a high sense of ethics.
- (ii) The TEL Group Directors, etc., and employees shall consider the Tokyo Electron Group Code of Ethics to guide their standard of conduct and shall put it into practice based on regulations concerning compliance structures, including the Compliance Regulations.
- (iii) The Ethics Committee established to ensure thorough compliance with corporate ethics and the Executive Officer in charge of activities related to legal and regulatory compliance shall report periodically to the Board of Directors and the Audit & Supervisory Board Member.
- (iv) Based on our corporate stance of avoiding all contact with antisocial movements that might threaten the order and security of civil society, we categorically refuse all unreasonable demands and other forms of solicitation from such organizations.

2. Internal reporting system

An internal reporting system (the Tokyo Electron Group Ethics & Compliance Hotline) shall be operated and maintained as a measure for TEL Group Directors, etc., and employees to directly provide information on any conduct that seems questionable with regard to legality or corporate ethics. The confidentiality and anonymity of hotline users is maintained, and the subjecting of hotline users to any disadvantage as a result of their use of the hotline is prohibited.

3. System for ensuring the appropriateness and reliability of financial reports

We have established a system to ensure the appropriateness and reliability of the TEL Group's financial reporting and we periodically enhance it and evaluate the effectiveness of its operations.

4. Internal audit

The Internal Audit Department of the TEL Group (hereinafter referred to as the Internal Audit Department), which is under the direct authority of the President, performs evaluations and shares its views on the status of execution of management activities from a fair and independent standpoint. The scope of its internal audits shall cover all operational activities of TEL Group organizations as a general rule. This shall include auditing and diagnostic operations on risk management, control, and governance processes.

5. Audit by Audit & Supervisory Board Members

The Audit & Supervisory Board Members perform audits of the actions of TEL Group Directors, etc. in the performance of their duties, and if any action that violates an applicable law or the Articles of Incorporation, or any potential violation, is discovered, the Audit & Supervisory Board Members shall

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

take necessary measures, including issuing advice or recommendations to the Director, etc., or reporting to the Board of Directors.

(Operation status overview)

1. Corporate ethics and compliance system

- In order to effectively promote a compliance program that is expected of a global company, we have appointed a Chief Compliance Officer (CCO) and established a dedicated department.
- We promote and ensure that the TEL Group Directors, etc. and employees understand the importance of compliance thoroughly based on the Tokyo Electron Group Code of Ethics and Compliance Regulations.
- Compliance-related education and training are being provided according to the positions or otherwise as a compulsory program to all Directors, etc. and employees depending on the theme and topics. The topics of the compliance education and training include corporate ethics and compliance, prevention of bribery, the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors, export compliance, information security, personal information protection, harassment prevention, procedures for issuing permission requests to government authorities, and the like. In addition, focus is being placed on training for management personnel in TEL Group companies in Japan regarding the roles of management personnel with respect to compliance. This training is being used to improve compliance awareness within organizations and contribute to the greater practice of compliance.
- We periodically review compliance risks within the TEL Group and necessary measures are implemented.
- Regional Compliance Head (RCH) have been appointed at key overseas sites, creating a system for organizationally direct reporting to CCO. In addition, CCO and RCH are checking on a monthly basis the status of prevention, identification, and response to compliance-related problems, leading promotion of compliance measures.

2. Internal reporting system

The TEL Group has established an internal reporting system that protects the confidentiality and anonymity of its users and prohibits subjecting them to any disadvantage as a result of their use of the system. A system has also been put in place that may reduce punitive sanctions taken against employees, etc., involved in compliance infractions if they report themselves or consult regarding their own actions. This promotes the active provision of information and aids with the early discovery and resolution of issues.

3. System for ensuring the appropriateness and reliability of financial reports

Group-wide internal control based on the Financial Instruments and Exchange Act and related laws, and internal control regarding operation processes, etc., have been established and put into operation. Each fiscal year, evaluations and audits are being carried out in accordance with separately defined standards, etc., regarding the status of the establishment and operation of internal controls. When improvement is deemed necessary, measures are being taken as necessary with the aim of improving the effectiveness of internal control. A system has been put in place for periodic or ad-hoc information and opinion sharing between Audit & Supervisory Board Members, Group company Audit & Supervisory Board Members in Japan, the Global Audit Center, which is the Internal Audit Department, and the Accounting Auditors. These parties are coordinating with each other to perform effective and efficient auditing.

4. Internal audit

- We have established the Global Audit Center, which is an organization under the direct authority of the President. The Global Audit Center is striving to expand and enrich the TEL Group's auditing functions. In addition, in order to continuously improve internal audits, the enhancement of global internal audit is under way as part of the Group governance reinforcement, along with the further improvement in audit practice based, in part, on the results of the quality assessment conducted by the external experts.
- The Global Audit Center formulates the annual audit implementation plan based on the "Internal Audit Policy" and conducts audits of the TEL Group's business locations in Japan and overseas. The audit results, etc. are reported every two months to our management team as well as to the full-time Audit & Supervisory Board Members of TEL and the Audit & Supervisory Board Members of TEL Group's

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

domestic subsidiaries, with a process in place to keep the Board of Directors and the Audit & Supervisory Board informed.

5. Audit by Audit & Supervisory Board Members

In accordance with auditing plans defined by the Audit & Supervisory Board, Audit & Supervisory Board Members perform audits to determine the degree to which Directors, etc., are in compliance with applicable laws and the Articles of Incorporation in performing their duties, the status of establishment and operations of internal control systems, the appropriateness of accounting processes, and the like. They are then taking necessary measures, including issuing advice or recommendations to Directors, etc., and reporting to the Board of Directors.

II System for preserving, managing and reporting information relating to actions taken by TEL Group Directors, etc. in the performance of their duties

The Corporate Directors of the TEL Group companies create and retain minutes of Board of Directors meetings in accordance with their companies' Articles of Incorporation and Board of Directors Regulations, etc.

Significant information relating to actions taken by Directors, etc., in the performance of their duties shall be recorded in writing or via electronic media and shall be preserved in accordance with the Document Management Regulations. Furthermore, they shall be kept in a format that can be viewed immediately.

Significant information regarding the management of individual TEL Group companies must be reported periodically to TEL in accordance with the Affiliated Companies Management Regulations.

(Operation status overview)

- Minutes of the General Meeting of Shareholders, Board of Directors meeting, and other significant information regarding the performance of duties of Directors, etc., are retained and managed appropriately in accordance with the Document Management Regulations.
- In accordance with the Affiliated Companies Management Regulations, significant information regarding the management of individual TEL Group companies shall be reported to TEL periodically and on an ad-hoc basis. Important matters related to operational execution are being decided after prior consultation with TEL.

III Regulations concerning management of the risk of loss of the TEL Group and other systems

- (i) Risk Management Regulations classify the risks to be managed by the TEL Group as a whole and stipulate which departments are responsible for each risk classification, to clarify the risk management system in detail, and to realize smooth and appropriate management of risk management activities. Each TEL Group company engages in their own risk management activities in accordance with TEL Group's overall policies.
- (ii) The risk management departments specified for each risk classification as described above perform periodic reviews of the effectiveness of their management systems for the risks faced by the TEL Group.
- (iii) The TEL Group has established a Risk Management Committee which strives to promote risk management activities by evaluating risk, reviewing the status of risk countermeasures for the TEL Group as a whole, periodically monitoring risk management activities, etc.
- (iv) The TEL Group will continually promote preparedness in order to rapidly restore operations and continue business in the event of an emergency such as a natural disaster.
- (v) The Corporate Directors, Corporate Officers, Executive Officers, and departments responsible for risk management periodically report to the Board of Directors of TEL to inform them of the operational status of the systems for managing significant risks, etc., and the measures for responding to said risks.

(Operation status overview)

- The TEL Group establishes the Risk Management Regulations and Crisis Management Regulations, and assesses and analyzes the risks which could affect the TEL Group. The TEL Group performed periodic reviews of material risks which could affect the TEL Group. The TEL Group promotes

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

necessary measures and reports on risk management activities to TEL's Board of Directors and the Audit & Supervisory Board Members on a regular basis with the aim of reducing risks.

- The Risk Management Committee is promoting the practice of autonomous and effective risk management in the form of risk identification and follow-up monitoring on a regular basis under the leadership of the risk owners of respective risk areas, such as division officers and presidents of the TEL Group companies.
- The TEL Group is working to strengthen its information security management system including each TEL Group company through the Information Security Committee, which is established as one of the executive committees, and is working to enhance information security measures through activities such as internal audits and assessments conducted by external experts.
- The TEL Group has formulated a Business Continuity Plan for dealing with emergencies such as natural disasters. It is continuously reviewing its measures for early recovery and alternative production, etc., for individual sites, including implementing seismic countermeasures in buildings and facilities, equalizing production, preparing an information system backup structure, using multiple sources for critical components, and maintaining appropriate inventory levels.

IV System for ensuring the efficient performance of the duties of TEL Group Directors, etc.

1. TEL corporate governance system

- (i) TEL's Board of Directors shall determine key items of the Group's management including management policies and matters specified by law and shall oversee the status of the entire TEL Group's implementation.
- (ii) TEL shall take measures to have Outside (Independent) Directors join its Board of Directors to objectively ensure efficient decision-making by the Board of Directors.
- (iii) TEL's Board of Directors shall by resolution of the Board have the Representative Directors, Executive Directors, Corporate Officers and Executive Officers carry out their respective duties.
- (iv) The Company shall define the criteria of authority and decision-making in the Regulations of the Board of Directors, Corporate Officers Meeting Regulations, Administrative Authority Regulations and Regulations for Authorization Chart, and shall have each company of TEL Group establish the governance structure based on these regulations.

2. Corporate governance systems of TEL Group companies

Systems for ensuring the effective performance of duties by Directors, etc., are established and operated in TEL Group companies in accordance with the laws and regulations of their respective countries and regions, their Articles of Incorporation, Board of Directors Regulations, and the like.

(Operation status overview)

- TEL's Board of Directors determines important matters regarding the TEL Group's management and appoints Representative Directors, CEO, Corporate Officers and Executive Officers for the execution of their duties.
- The Corporate Officers Meeting has been established in TEL as the highest decision-making body on the executive side. This body promotes quick decision-making and agile operational execution regarding important executive matters such as the delegation of authority by the Board of Directors.
- TEL's Board of Directors oversees the execution of duties by the entire TEL Group such as by periodically receiving reports on the status of execution of duties by Executive Directors including the CEO and the status of deliberations at the Corporate Officers Meeting.
- The TEL Group is working to ensure the effectiveness of operational execution by Group companies through efforts such as having TEL executives and other Group executives serve concurrent positions, creating decision-making systems in alignment with TEL's authorization standards, and establishing the CSS (Corporate Senior Staff) as a body for promoting TEL Group's strategies.

V System for ensuring the proper performance of business as a corporate group

1. Group company management and reporting system

Various regulations applicable to the entire TEL Group are prepared as necessary to ensure the proper and efficient performance of TEL Group business activities as a corporate group. Furthermore, individual TEL Group companies prepare and operate regulations necessary for the conducting of

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

appropriate business operations. TEL Group companies periodically report on the status of their operations in individual businesses to corresponding TEL departments.

2. Group company auditing system

- (i) The Internal Audit Department performs audits of TEL Group companies with respect to the appropriateness of the activities of the corporate group from the perspectives of the compliance of these activities with relevant laws and the Articles of Incorporation, their effectiveness, and their efficiency.
- (ii) TEL Audit & Supervisory Board Members shall create a system for coordinating the Audit & Supervisory Board Members of TEL Group companies in order to effectively and appropriately audit and supervise the entire TEL Group.

(Operation status overview)

- As for important decision making at the TEL Group companies, TEL's approval is required based on the Board of Directors Regulations, the Corporate Officers Meeting Regulations, and the Regulations for Authorization Chart.
- Based on the Affiliated Companies Management Regulations, matters which must be reported to TEL, as well as matters requiring TEL's approval, have been defined, and TEL receives periodic and ad-hoc reports from TEL Group companies.
- The Global Audit Center formulates the annual audit implementation plan based on the Internal Audit Policy and conducts audits of the TEL Group's business locations in Japan and overseas.
- TEL full-time Audit & Supervisory Board Members serve concurrent positions as Audit & Supervisory Board Members in major TEL Group companies, given the importance of maintaining the soundness of the corporate group. They coordinate with the Audit & Supervisory Board Members of TEL Group companies in Japan and work to improve the effectiveness of auditing.
- Group Audit & Supervisory Board Member liaison meetings are held by TEL Audit & Supervisory Board Members and by Audit & Supervisory Board Members of TEL Group companies in Japan. They are attended by the head of the Global Audit Center, the Chief Compliance Officer, the General Manager of the Legal, Compliance Unit, the VPs of other related departments, and others. During these meetings, participants share information and opinions with the aim of strengthening Group governance.

VI Matters relating to employees who assist in the performance of the Audit & Supervisory Board Member's duties (hereinafter referred to as Audit & Supervisory Board Staff) when it is necessary to assign them and matters relating to their independence from Corporate Directors and their effectiveness

- (i) When Audit & Supervisory Board Members request the assignment of Audit & Supervisory Board Staff, said staff is assigned to the Audit & Supervisory Board Members.
- (ii) Audit & Supervisory Board Staff perform their duties in accordance with instructions from the Audit & Supervisory Board Members. These duties are given priority over other duties even when the Audit & Supervisory Board Staff are concurrently assigned to other departments.
- (iii) To ensure the independence of the Audit & Supervisory Board Staff specified above, matters relating to personnel administration, such as appointment and dismissal, transfers, and performance evaluations, shall require the consent of a full-time Audit & Supervisory Board Member.

(Operation status overview)

With respect to Audit & Supervisory Board Staff, although no full-time staff have been assigned, specific Corporate Governance Department members are assisting with the duties of Audit & Supervisory Board Members based on direct instructions from Audit & Supervisory Board Members.

VII Structures for reporting to the Audit & Supervisory Board Members and other reports to the Audit & Supervisory Board Members

- (i) If a TEL Group Director, etc., Audit & Supervisory Board Member, or employee discovers any facts in violation of applicable laws or any matter that will have a material impact on the TEL Group, they

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

must immediately report to the Audit & Supervisory Board Members of TEL. They shall be guaranteed not to be subjected to any disadvantage as a result of this reporting.

- (ii) The department in charge of the TEL Group's internal reporting system reports periodically to the Audit & Supervisory Board Members of TEL about the status of internal reporting.
- (iii) Each Audit & Supervisory Board Member shall attend key meetings and shall review significant documents submitted for approval, and when necessary request reports from Directors, etc., and other departments.
- (iv) Audit & Supervisory Board shall receive reports from the Internal Audit Department concerning the results of internal audits.

(Operation status overview)

- A system has been put in place in which Directors, etc., Audit & Supervisory Board Members, or employees of TEL Group companies, or parties that receive reports from them, report this information to TEL Audit & Supervisory Board Members through Board of Directors meetings, other important internal meetings, periodic reporting meetings, or the like.
- The Compliance Department periodically reports the status of internal reporting within the TEL Group to the Board of Directors and the Audit & Supervisory Board Members.
- The Audit & Supervisory Board Members confirm the status of the establishment and operations of the internal control system by attending meetings of the Board of Directors and other key meetings such as the Corporate Officers Meeting, the Top Management Conference, the Ethics Committee, the Sustainability Committee, and the Risk Management Committee.
- The Global Audit Center is reporting the results of audits, etc., to TEL Audit & Supervisory Board Members and Audit & Supervisory Board Members of domestic TEL Group companies.

VIII Other systems to ensure the effective implementation of audits by the Audit & Supervisory Board Members

1. Policy regarding the composition of the Audit & Supervisory Board
TEL shall take measures to have Outside (Independent) Audit & Supervisory Board Members join its Audit & Supervisory Board to objectively ensure the appropriateness of audits.
2. Coordination with the Accounting Auditors and the Internal Audit Department
TEL's Audit & Supervisory Board shall share information with the Accounting Auditors and the Internal Audit Department with the objective of creating effective internal controls.
3. Forum for exchanging ideas and opinions among Representative Directors, etc.
A forum for the periodic exchange of ideas and opinions among the Audit & Supervisory Board Members and Representative Directors shall be created with the objective of creating effective internal controls.
4. Using external experts
 - (i) The Audit & Supervisory Board may when necessary use TEL's or its Group company's funds for legal, accounting and other professionals to form independent opinions when performing audits.
 - (ii) When the Audit & Supervisory Board Members demand the expenses and others incurred in connection with performing audit to TEL or its Group companies, such company shall incur such expenses and others unless they are not affiliated or necessary with performing audit.

(Operation status overview)

- The Audit & Supervisory Board Members share information and collaborate on a regular basis with the Accounting Auditors and the Audit & Supervisory Board Members of TEL's domestic subsidiaries, with aim of enhancing the effectiveness of audits.
- The Audit & Supervisory Board Members and the Audit & Supervisory Board Members of TEL's domestic subsidiaries receive reports from the Global Audit Center on a regular basis.
- Audit & Supervisory Board Members hold periodic meetings with Representative Directors in which they exchange ideas and opinions.

World Headquarters
3-1 Akasaka 5-chome, Minato-ku
Tokyo 107-6325, Japan
Tel:+81-3-5561-7000

(2) Policy concerning decisions regarding the distribution of surplus

TEL will use internal capital reserves effectively to raise corporate value through earnings growth and provide returns directly to shareholders by concentrating investment in high-growth areas and linking dividend payments to business performance.

■ Shareholder Return Policy

Our dividend policy is to link dividend payments to business performance on an ongoing basis and a payout ratio is around 50% based on net income attributable to owners of parent. However, the amount of annual dividend per share shall not be less than 50 yen. TEL will review our dividend policy if TEL does not generate net income for two consecutive fiscal years.

TEL will flexibly consider share buybacks.

With regard to year-end dividends for the current fiscal year, TEL will pay 327 yen per share, applying the aforementioned policy. Its payment date will be May 28, 2025. As a result, the annual dividend will be 592 yen per share, which includes an interim dividend of 265 yen.

Additionally, we have acquired treasury stocks worth 149.9 billion yen during the fiscal year under review.

Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
ASSETS		
Current assets		
Cash and deposits	462,383	416,240
Notes and accounts receivable - trade, and contract assets	391,423	485,626
Securities	10,165	79,998
Merchandise and finished goods	284,451	291,523
Work in process	173,929	190,021
Raw materials and supplies	304,576	267,580
Other	73,876	69,924
Allowance for doubtful accounts	(353)	(160)
Total current assets	1,700,451	1,800,756
Non-current assets		
Property, plant and equipment		
Buildings and structures	271,442	300,882
Accumulated depreciation	(137,472)	(147,565)
Buildings and structures, net	133,970	153,316
Machinery, equipment and vehicles	239,161	274,379
Accumulated depreciation	(178,899)	(197,829)
Machinery, equipment and vehicles, net	60,261	76,550
Land	33,804	47,853
Construction in progress	87,399	137,010
Other	71,548	81,227
Accumulated depreciation	(49,617)	(54,251)
Other, net	21,931	26,975
Total property, plant and equipment	337,366	441,706
Intangible assets		
Other	32,383	35,850
Total intangible assets	32,383	35,850
Investments and other assets		
Investment securities	277,706	200,013
Deferred tax assets	42,096	69,561
Net defined benefit assets	29,426	31,578
Other	38,441	47,916
Allowance for doubtful accounts	(1,409)	(1,402)
Total investments and other assets	386,260	347,668
Total non-current assets	756,011	825,225
Total assets	2,456,462	2,625,981

Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	92,359	108,036
Income taxes payable	80,009	109,446
Advances received	289,905	256,392
Provision for employees' bonuses	43,727	55,218
Provision for warranty expenses	33,524	40,381
Other	72,372	108,450
Total current liabilities	611,899	677,925
Non-current liabilities		
Net defined benefit liabilities	56,139	56,473
Other	28,243	36,373
Total non-current liabilities	84,383	92,846
Total liabilities	696,282	770,771
NET ASSETS		
Shareholders' equity		
Common stock	54,961	54,961
Capital surplus	78,011	78,011
Retained earnings	1,480,306	1,783,881
Treasury stock	(135,215)	(277,658)
Total shareholders' equity	1,478,063	1,639,195
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	184,934	129,574
Net deferred gains (losses) on hedging instruments	42	37
Foreign currency translation adjustments	72,275	60,801
Remeasurements of defined benefit plans	11,519	10,319
Total accumulated other comprehensive income (loss)	268,771	200,733
Share subscription rights	13,345	15,280
Total net assets	1,760,180	1,855,209
Total liabilities and net assets	2,456,462	2,625,981

Consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Net sales	1,830,527	2,431,568
Cost of sales	1,000,257	1,285,280
Gross profit	830,269	1,146,287
Selling, general and administrative expenses		
Salaries and allowances	43,385	50,969
Research and development expenses	202,873	250,017
Other	127,747	147,981
Total selling, general and administrative expenses	374,006	448,967
Operating income	456,263	697,319
Non-operating income		
Interest income	2,567	2,193
Dividend income	1,169	1,386
Share of profit of associates accounted for using the equity method	3,388	3,001
Subsidy income	2,430	2,583
Other	2,608	3,462
Total non-operating income	12,164	12,627
Non-operating expenses		
Foreign exchange losses	4,148	929
Other	1,094	1,289
Total non-operating expenses	5,242	2,219
Ordinary income	463,185	707,727
Extraordinary income		
Gain on sales of non-current assets	10,617	31
Other	220	-
Total extraordinary income	10,838	31
Extraordinary loss		
Loss on disposal and sales of non-current assets	584	1,197
Impairment loss	-	447
Total extraordinary loss	584	1,645
Income before income taxes	473,439	706,114
Income taxes - current	124,001	172,376
Income taxes - deferred	(14,525)	(10,395)
Total income taxes	109,475	161,980
Net income	363,963	544,133
Net income attributable to owners of parent	363,963	544,133

Consolidated Statements of Changes in Net Assets

Year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	54,961	78,011	1,480,306	(135,215)	1,478,063
Changes during period					
Cash dividends			(236,276)		(236,276)
Net income attributable to owners of parent			544,133		544,133
Purchase of treasury stock				(150,008)	(150,008)
Disposal of treasury stock			(4,282)	7,565	3,283
Net changes in items other than shareholders' equity					
Total changes during period	-	-	303,574	(142,442)	161,132
Balance at end of period	54,961	78,011	1,783,881	(277,658)	1,639,195

	Accumulated other comprehensive income					Share subscription rights	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedging instruments	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)		
Balance at beginning of period	184,934	42	72,275	11,519	268,771	13,345	1,760,180
Changes during period							
Cash dividends							(236,276)
Net income attributable to owners of parent							544,133
Purchase of treasury stock							(150,008)
Disposal of treasury stock							3,283
Net changes in items other than shareholders' equity	(55,359)	(4)	(11,473)	(1,200)	(68,038)	1,934	(66,103)
Total changes during period	(55,359)	(4)	(11,473)	(1,200)	(68,038)	1,934	95,028
Balance at end of period	129,574	37	60,801	10,319	200,733	15,280	1,855,209

Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Cash flows from operating activities		
Income before income taxes	473,439	706,114
Depreciation and amortization	52,339	62,148
Amortization of goodwill	73	117
Increase (decrease) in provision for employees' bonuses	(631)	11,784
Increase (decrease) in provision for warranty expenses	(1,271)	6,869
Interest and dividend income	(3,737)	(3,580)
Decrease (increase) in notes and accounts receivable - trade, and contract assets	84,848	(97,519)
Decrease (increase) in inventories	(97,712)	8,485
Increase (decrease) in notes and accounts payable - trade	(29,629)	19,512
Decrease (increase) in prepaid consumption tax	88,092	2,675
Increase (decrease) in accrued consumption tax	(3,639)	27,100
Increase (decrease) in advances received	(2,390)	(32,512)
Other, net	(10,671)	9,319
Subtotal	549,109	720,516
Interest and dividends received	4,546	4,472
Income taxes refund (paid)	(118,935)	(142,814)
Net cash provided by operating activities	434,720	582,174
Cash flows from investing activities		
Payment into time deposits	(755)	(767)
Proceeds from withdrawal of time deposits	665	756
Purchase of short-term investments	(20,000)	(30,000)
Proceeds from redemption of short-term investments	10,001	30,167
Purchase of property, plant and equipment	(116,993)	(158,374)
Purchase of intangible assets	(7,987)	(9,665)
Other, net	9,921	(1,725)
Net cash used in investing activities	(125,148)	(169,609)
Cash flows from financing activities		
Purchase of treasury stock	(120,028)	(150,008)
Dividends paid	(202,457)	(236,276)
Other, net	(2,525)	(2,551)
Net cash used in financing activities	(325,012)	(388,836)
Effect of exchange rate changes on cash and cash equivalents	4,577	(264)
Net increase (decrease) in cash and cash equivalents	(10,862)	23,463
Cash and cash equivalents at beginning of period	472,471	461,608
Cash and cash equivalents at end of period	461,608	485,072