World Headquarters
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Tel:+81-3-5561-7000

ISIN	JP3571400005
SEDOL	6895675
TSE	8035

June 1, 2026

NOTICE OF FISCAL YEAR 2026 (the 63rd FY) ANNUAL GENERAL MEETING OF SHAREHOLDERS

To Our Shareholders:

We are pleased to announce that the 63rd Annual General Meeting of Shareholders (the "AGM") of Tokyo Electron Ltd. ("TEL") will be held on Tuesday, June 23, 2026, 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 Nine Corporate Directors
2: Approval of the Grant of Rights Related to the Company's Shares to Officers and Employees of the Company Group Residing in the State of California, Subject to the Application of Special Provisions of the California Securities Act

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 2026 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 22, 2026 (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 recognize that, due in part to the large number and concentrated timing of shareholders' meetings in Japan, foreign investors may not always have sufficient access to the information necessary to exercise their voting rights or adequate opportunities for engagement with the Company. TEL values the exercise of voting rights by our foreign investors and seeks to maintain constructive dialogue with them on an ongoing basis.

Should you require any information related to the exercise of your voting rights, or wish to discuss engagement with the Company, please contact IR Japan, Inc. at research@irjapan.co.jp The English language proxy material is available on TEL's website at **"https://www.tel.com/"**, for your reference and convenience.

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IT IS IMPORTANT THAT YOU PARTICIPATE AT THE 2026 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.

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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 22, 2026 (Japan standard time).

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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 FY2026 (the 63rd FY; from April 1, 2025 to March 31, 2026), 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 FY2026 (the 63rd FY; from April 1, 2025 to March 31, 2026).**

Proposal 1: Election of Nine Corporate Directors

At the conclusion of the Annual General Meeting of Shareholders, the term of office for all eight Corporate Directors will expire. Therefore, in order to further strengthen the management structure, we ask you to agree to increase one Inside Director and elect nine Corporate Directors, including five Outside 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>	Kazushi Tahara		Corporate Director Chairman of the Board of Directors
3	<Newly nominated>	Hiroshi Ishida		Corporate Officer Senior Vice President & General Manager
4	<Newly nominated>	Shinichi Hayashi		Senior Vice President & General Manager
5	<Re-nominated>	Michio Sasaki	[Outside Director] [Independent Director]	Outside Director
6	<Re-nominated>	Joseph A. Kraft Jr.	[Outside Director] [Independent Director]	Outside Director
7	<Re-nominated>	Yukari Suzuki	[Outside Director] [Independent Director]	Outside Director
8	<Re-nominated>	Yukihiro Shinohara	[Outside Director] [Independent Director]	Outside Director
9	<Newly nominated>	Jenifer Rogers	[Outside Director] [Independent Director]	

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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 Joined Tokyo Electron Ltd. October 2010 Vice President & General Manager, Thermal Processing Systems Business Unit, Tokyo Electron Ltd. Vice President & General Manager, Single Wafer Deposition Business Unit, Tokyo Electron Ltd. April 2012 Vice President & General Manager, Surface Preparation Systems Business Unit, Tokyo Electron Ltd. June 2015 Representative Director, Senior Executive Vice President & COO, Tokyo Electron Ltd. January 2016 Representative Director, President & CEO, Tokyo Electron Ltd. (Present position) June 2022 Corporate Officer, Tokyo Electron Ltd. (Present position) (Position in TEL) Representative Director, President & CEO Corporate Officer	154,000
	[Reason for selection as Corporate Director nominee] Having conducted global sales of semiconductor production equipment and performing management duties in multiple business units in this business, Mr. Kawai possesses ample experience and record of achievement. In addition, he has demonstrated strong leadership as CEO in executing management duties. With the expectation of leveraging these experience and achievement in decision making concerning the Group management policies toward enhancing corporate value, we nominate him as a Corporate Director.		

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No.	Name (Date of birth)	Brief Personal History (Position in TEL and significant concurrent posts)	Number of TEL's shares owned
2	Kazushi Tahara (January 3, 1958) <Re-nominated>	April 1984 Joined TEL-Varian Ltd. July 2006 Vice President & General Manager, Tokyo Electron Software Technologies Ltd. June 2007 Representative Director, President, Tokyo Electron Software Technologies Ltd. April 2013 Vice President & General Manager, Tokyo Electron Ltd. July 2018 Corporate Consultant, Tokyo Electron Ltd. June 2019 Audit & Supervisory Board Member, Tokyo Electron Ltd. June 2025 Corporate Director, Tokyo Electron Ltd. (Present position) Chairman of the Board of Directors, Tokyo Electron Ltd. (Present position) (Position in TEL) Corporate Director Chairman of the Board of Directors	9,100
	[Reason for selection as Corporate Director nominee] Having served in various managerial positions including Vice President & General Manager of the Technology Development Division and the Production Division and having contributed to improving the effectiveness of audits and ensuring sound and appropriate decision-making by the Company's management in his capacity as an Audit & Supervisory Board Member, Mr. Tahara possesses ample experience and record of achievement. From June 2025, as a non-operational Inside Director, he has also contributed to improving the effectiveness of the Board of Directors by leading discussions as Chairman of the Board of Directors. With the expectation of leveraging these experience and achievement in further strengthening TEL's governance, we nominate him as a Corporate Director.	

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No.	Name (Date of birth)	Brief Personal History (Position in TEL and significant concurrent posts)	Number of TEL's shares owned
3	Hiroshi Ishida (October 1, 1968) <Newly nominated>	April 1991 Joined Tokyo Electron Ltd. April 2012 Director, Thermal Processing Systems Marketing Department, Tokyo Electron Ltd. July 2018 Vice President & General Manager, Thin Film Formation Business Unit, Tokyo Electron Ltd. July 2022 Vice President & General Manager, Etching System Business Unit, Tokyo Electron Ltd. June 2024 Corporate Officer, Tokyo Electron Ltd. (Present position) July 2024 Senior Vice President & General Manager, Tokyo Electron Ltd. (Present position) Division Officer, Frontend Process Business Division, Tokyo Electron Ltd. (Present position) (Position in TEL) Corporate Officer Senior Vice President & General Manager	12,873
	[Reason for selection as Corporate Director nominee] Having performed management duties in multiple business units within the semiconductor production equipment business and contributed to improvements in TEL's profit and market share, Mr. Ishida possesses ample experience and record of achievement. In addition, since June 2024 he has been responsible for executing corporate management throughout the Group as Corporate Officer. With the expectation of leveraging these experience and achievement in bolstering the decision making function of the Board of Directors toward enhancing corporate value, we newly nominate him as a Corporate Director.		

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No.	Name (Date of birth)	Brief Personal History (Position in TEL and significant concurrent posts)	Number of TEL's shares owned
4	Shinichi Hayashi (November 1, 1967) <Newly nominated>	March 1996 Joined Tokyo Electron Kyushu Ltd. July 2015 Vice President & General Manager, Tokyo Electron Kyushu Ltd. December 2016 Senior Vice President & General Manager, Tokyo Electron Kyushu Ltd. April 2018 President & Representative Director, Tokyo Electron Kyushu Ltd. (Present position) July 2018 Vice President & General Manager, Tokyo Electron Ltd. General Manager, Development & Production 3rd Division, Tokyo Electron Ltd. July 2022 Senior Vice President & General Manager, Tokyo Electron Ltd. (Present position) July 2024 Division Officer, Development & Production 3rd Division, Tokyo Electron Ltd. (Present position) February 2025 Division Officer, Corporate Production Division, Tokyo Electron Ltd. (Present position) (Position in TEL) Senior Vice President & General Manager (Significant concurrent posts) President & Representative Director, Tokyo Electron Kyushu Ltd.	1,500
	[Reason for selection as Corporate Director nominee] Having performed management duties in technological development, system development, and production of semiconductor production equipment among other areas in TEL and its Group manufacturing company and contributed to creating high value-added products, Mr. Hayashi possesses ample experience and record of achievement in production and development fields. With the expectation of leveraging these experience and achievement in bolstering the decision making function of the Board of Directors toward enhancing corporate value, we newly nominate him as a Corporate Director.		

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No.	Name (Date of birth)	Brief Personal History (Position in TEL and significant concurrent posts)	Number of TEL's shares owned
5	Michio Sasaki (March 7, 1957) <Re-nominated> [Outside Director] [Independent Director]	March 1982 Joined Lead Electric Co., Ltd. (currently KEYENCE CORPORATION) June 1999 Director and General Manager, APSULT (Application Sensor) Business Department and Business Promotion Department, KEYENCE CORPORATION December 2000 President and Representative Director, KEYENCE CORPORATION December 2010 Director and Special Advisor, KEYENCE CORPORATION June 2018 Corporate Director, Tokyo Electron Ltd. (Present position) November 2018 Outside Director, SHIFT Inc. November 2019 Outside Director (Audit & Supervisory Committee Member), SHIFT Inc. November 2020 Director and Vice President, SHIFT Inc. November 2024 Director and Chairman, SHIFT Inc. (Present position) (Position in TEL) Corporate Director (Significant concurrent posts) Director and Chairman, SHIFT Inc.	1,600
	[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 8 years as an Outside Director of TEL as of the conclusion of this General Meeting.		

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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 Joined Morgan Stanley Inc. January 2000 Managing Director, Morgan Stanley Inc. March 2010 Deputy Branch Manager & Managing Director, Bank of America Merrill Lynch Japan July 2015 CEO, Rorschach Advisory Inc. (Present position) June 2024 Corporate Director, Tokyo Electron Ltd. (Present position) November 2024 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 2 years as an Outside Director of TEL as of the conclusion of this General Meeting.		

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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 Joined Shiseido Company, Limited January 2018 Corporate Officer, Shiseido Company, Limited Chief Brand Officer, Shiseido Company, Limited January 2020 Senior Executive Officer, Shiseido Company, Limited March 2020 Director, Shiseido Company, Limited January 2021 Representative Director, Shiseido Company, Limited Executive Officer, Shiseido Company, Limited January 2022 Chief Marketing Officer, Shiseido Company, Limited Chief D&I Officer, Shiseido Company, Limited June 2024 Corporate Director, Tokyo Electron Ltd. (Present position) (Position in TEL) Corporate Director (Significant concurrent posts) Outside Director, SECOM CO., LTD.	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 2 years as an Outside Director of TEL as of the conclusion of this General Meeting.		

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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) <Re-nominated> [Outside Director] [Independent Director]	April 1982 Joined NIPPONDENSO CO., LTD. (currently DENSO CORPORATION) 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 June 2025 Corporate Director, Tokyo Electron Ltd. (Present position) (Position in TEL) Corporate Director	0
	[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 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 1 year as an Outside Director of TEL as of the conclusion of this General Meeting.		

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No.	Name (Date of birth)	Brief Personal History (Position in TEL and significant concurrent posts)	Number of TEL's shares owned
9	Jenifer Rogers (June 22, 1963) <Newly nominated> [Outside Director] [Independent Director]	September 1989 Joined Haight, Gardner, Poor & Havens (currently Holland & Knight LLP) December 1990 Registered as an attorney-at-law in the State of New York, the U.S. February 1991 Joined the Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.) December 1994 Joined Merrill Lynch Securities Co., Ltd. (currently BofA Securities Japan Co., Ltd.) November 2000 Merrill Lynch Europe Plc (currently Merrill Lynch Europe Limited) July 2006 Merrill Lynch (Asia Pacific) Limited (currently Bank of America Corporation) (Hong Kong) January 2012 Bank of America Merrill Lynch (currently Bank of America Corporation) (New York) November 2012 General Counsel Asia, Asurion Asia Pacific Limited (Hong Kong) November 2014 General Counsel Asia, Asurion Japan Holdings G.K. January 2025 General Counsel International, Asurion Japan Holdings G.K. (Present position) (Significant concurrent posts) Outside Director, Kawasaki Heavy Industries, Ltd. Outside Director, Sumitomo Mitsui Financial Group, Inc. Outside Director, ASICS Corporation	0
	[Reason for selection as Outside Director nominee and outline of expected roles] Ms. Rogers is a licensed attorney in the State of New York, the U.S. and possesses extensive experience and specialist expertise relating to international legal affairs and compliance as the head of legal affairs for global companies. We newly 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.		

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(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 2026.
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 Hiroshi Ishida, Shinichi Hayashi, and Jenifer Rogers if this proposal is approved.
4. 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 its Corporate Directors who do not execute business and Audit & Supervisory Board Members. In accordance with its Articles of Incorporation, TEL has concluded such contract with Kazushi Tahara, Michio Sasaki, Joseph A. Kraft Jr., Yukari Suzuki, and Yukihiro Shinohara, and will continue these contracts if this proposal is approved. In addition, TEL plans to conclude such contract with Jenifer Rogers 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.
5. The candidates for Outside Directors are described below.
(1) Michio Sasaki, Joseph A. Kraft Jr., Yukari Suzuki, Yukihiro Shinohara, and Jenifer Rogers are candidates for Outside Directors.
(2) As Michio Sasaki, Joseph A. Kraft Jr., Yukari Suzuki, Yukihiro Shinohara, and Jenifer Rogers meet TEL's criteria for judging independence, "Independence Requirements for Outside Directors and Outside Audit & Supervisory Board Members" (see pages 19 to 20) 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) A former employee of TEL's subsidiary Tokyo Electron Taiwan Ltd. was indicted by the Taiwan prosecutor office in August 2025 and January 2026 due to their involvement in an incident involving customers' confidential information and ensuing violation of Taiwan's National Security Act and other laws. Tokyo Electron Taiwan Ltd. was indicted by the Taiwan prosecutor office in December 2025 and January 2026 on the grounds of violating supervisory obligations under Taiwan's National Security Act and other laws. On April 27, 2026, the Taiwan court rendered a judgement ordering Tokyo Electron Taiwan Ltd. to pay a fine of NT$ 150 million (the sentence was suspended for three years subject to the payment of NT$100 million to the affected customer and NT$ 50 million to the Taiwanese government). Although Michio Sasaki, Joseph A. Kraft Jr., Yukari Suzuki, and Yukihiro Shinohara were not aware of this incident until it came to light, they have regularly made proposals at Board of Director meetings from the perspective of reinforcing information management systems and ensuring thorough compliance. Since the incident has come to light, they have fulfilled their responsibilities by providing advice on recurrence prevention, etc.
(4) In 2024, cases of misconduct were discovered in the submarine repairs business and the ship engine business of Kawasaki Heavy Industries, Ltd., at which Jenifer Rogers serves as Outside Director. Although Ms. Rogers was not aware of this incident until its discovery, she has regularly made proposals at the company's Board of Director meetings on the importance of legal compliance and thorough enforcement. Moreover, since the incident has come to light, she has fulfilled her role by seeking full clarification, investigating the causes, investigating other misconduct cases, and making proposals on recurrence prevention measures, including the strengthening of compliance systems.

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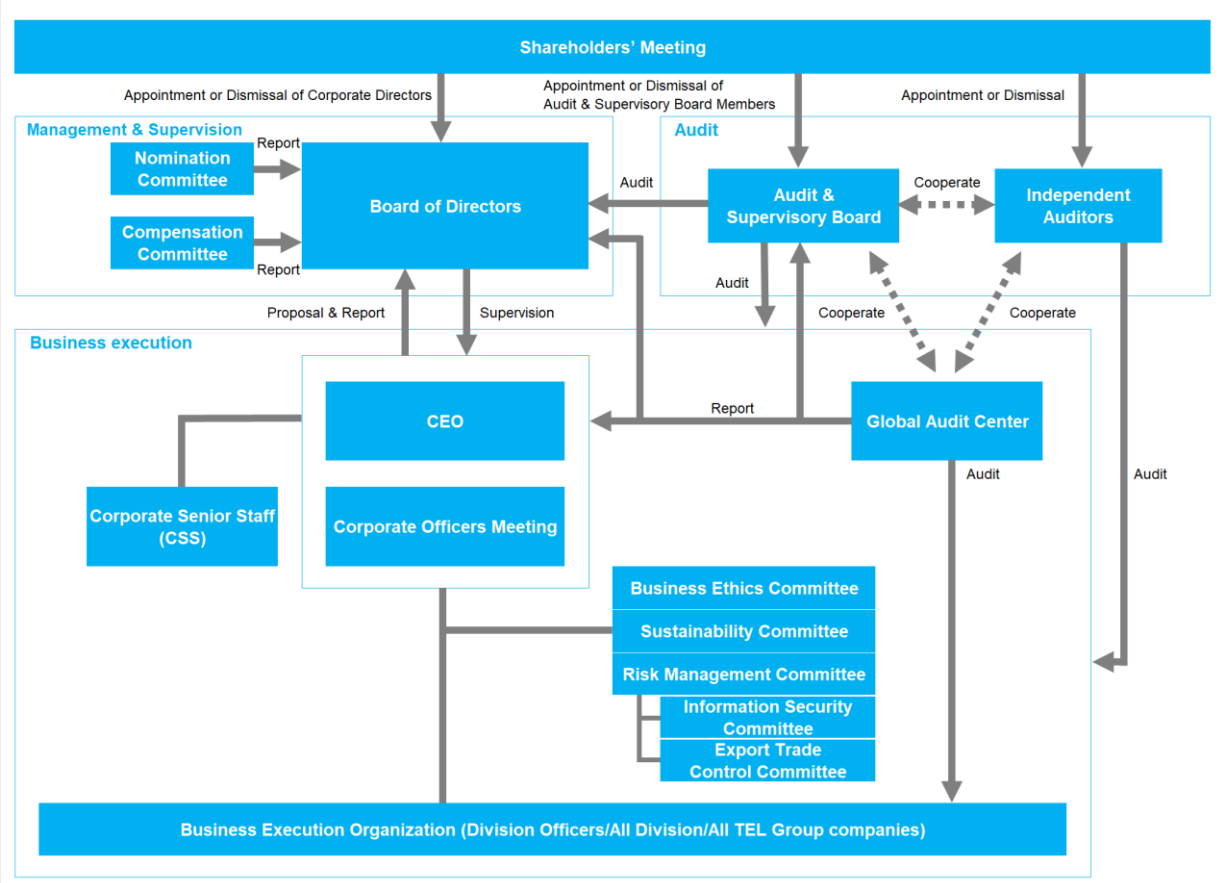
[Reference] Corporate Governance Framework

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.



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[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		
	Kazushi Tahara <Re-nominated>	X	X	X	X		
	Hiroshi Ishida <Newly nominated>		X		X		
	Shinichi Hayashi <Newly nominated>	X	X	X			
	Michio Sasaki <Re-nominated> [Outside]	X		X	X		
	Joseph A. Kraft Jr. <Re-nominated> [Outside]					X	X
	Yukari Suzuki <Re-nominated> [Outside]	X			X		
	Yukihiro Shinohara <Re-nominated> [Outside]	X		X			X
	Jenifer Rogers <Newly nominated> [Outside]						X
Audit & Supervisory Board	Yutaka Nanasawa		X			X	
	Tsuguhiko Matsuura	X	X	X	X		
	Ryota Miura [Outside]						X
	Yutaka Endo [Outside]	X				X	
	Ayako Makino [Outside]					X	X

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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.

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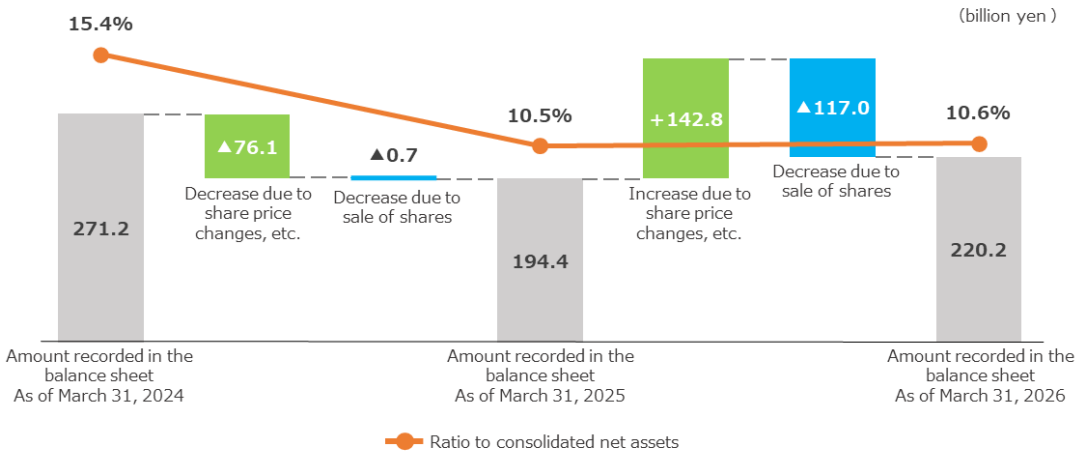
[Reference] Trend of Cross-Shareholdings

Issues	Number of shares (thousand shares)			Amount recorded in the balance sheet (billion yen)		
	As of March 31, 2024	As of March 31, 2025	As of March 31, 2026	As of March 31, 2024	As of March 31, 2025	As of March 31, 2026
ASM International N.V.	2,699	2,699	1,699	249.3	181.7	198.4
Hana Materials, Inc.	2,726	2,726	2,726	16.8	8.5	17.3
TBS HOLDINGS, INC.	1,174	974	774	5.1	4.1	4.3
Total				271.2	194.4	220.2

(Note) In addition to the listed shares above, TEL holds shares in two unlisted companies as of March 31, 2026 (amount recorded in the balance sheet: less than 1 million yen).



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[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

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(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".

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Proposal No. 2: Approval of the Grant of Rights Related to the Company's Shares to Officers and Employees of the Company Group Residing in the State of California, Subject to the Application of Special Provisions of the California Securities Act

TEL has introduced programs to grant rights related to TEL's shares to officers and employees of TEL and its subsidiaries (hereinafter referred to as the "**Group**" in this proposal) as stock-based compensation and employee benefits (stock compensation-based stock options [share subscription rights] and stock delivery trusts). In addition, while TEL has introduced an employee stock ownership plan for employees of TEL and its domestic subsidiaries to provide opportunities to purchase TEL's shares, with the aim of expanding this to employees of TEL's overseas subsidiaries starting from the 63rd fiscal year (ended March 31, 2026), TEL has introduced a global employee stock purchase plan (Global Employee Stock Purchase Plan; hereinafter referred to as the "**Global ESPP**") at certain overseas subsidiaries. Going forward, TEL aims to introduce the Global ESPP to other overseas subsidiaries in compliance with the laws and regulations of each country.

These programs (hereinafter referred to as the "**Programs**" in this proposal) not only provide incentives for the Group's officers and employees to enhance corporate value and business performance over the medium to long term, but also lead to increased engagement and retention through the ownership of TEL's shares.

In implementing and operating the Programs, not only Japanese laws and regulations but also the laws and regulations of the countries and states where the participants reside apply.

In particular, when introducing and operating these Programs for residents of the U.S. state of California, the California Corporate Securities Law of 1968 (including subsequent amendments, hereinafter referred to as the "**California Securities Law**") applies. Under the California Securities Law, if the number of persons subject to the Programs exceeds the thresholds set forth in that law, registration with the California authorities is generally required; however, there is a provision stating that such registration may be exempted upon obtaining approval from shareholders.

In recent years, California has become increasingly important to the Group as a hub for product support, research and development, and marketing, and the number of the Group's officers and employees working in the state has been increasing year by year. Consequently, the number of eligible participants under the Programs has now exceeded the threshold set forth in the California Securities Law.

The California Securities Law provides that even if the number of persons subject to the Programs exceeds the threshold, an exemption from registration procedures may be obtained by obtaining approval from shareholders within 12 months for the grant of rights relating to TEL's shares to persons subject to the Programs who are residents of California under the Programs.

This proposal seeks the approval of our shareholders, pursuant to the California Securities Law, to grant rights relating to TEL's shares to eligible participants residing in California under these Programs—from the time the threshold was exceeded through the present and for the next 10 years—in order to implement and continue these Programs in California and to obtain an exemption from registration procedures with the California authorities. Please note that this proposal does not alter the terms of the medium- to long-term performance-linked compensation and non-performance-linked compensation for TEL's Corporate Directors (excluding Outside Directors) approved at the 62nd Annual General Meeting of Shareholders of TEL, nor does it alter the terms of the medium-term incentive plan for such directors approved at the 55th Annual General Meeting of Shareholders of TEL.

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1. Overview of Each Program

The following table summarizes the programs currently in effect or planned for California residents.

Programs		Overview
Stock Compensation-Based Stock Options [Share Subscription Rights]	Medium- to Long-Term Performance-Linked Compensation	This is a stock-based compensation program in which a predetermined number of share subscription rights, varying according to the recipient's duties and responsibilities, are granted, and the number of options eligible for exercise is determined based on performance evaluations conducted over a three-year performance evaluation period using the following evaluation criteria: [Quantitative Evaluation] Relative TSR (Note), Consolidated Operating Profit Margin, Consolidated Operating Profit Growth Rate [Qualitative Evaluation] Initiatives towards long-term corporate value improvement
	Non-Performance-Linked Compensation	This is a stock-based compensation program in which the number of share subscription rights granted is adjusted according to the recipient's duties and responsibilities, and the exercise of these options is restricted for three years from the date of grant.
Stock Delivery Trust	Medium-Term Incentive	This is an incentive program in which TEL's shares are delivered to eligible employees through a stock delivery trust, based on the degree of achievement of performance targets in the final fiscal year of the target period (a three-fiscal-year period).
Global ESPP		This is a program that allows employees of TEL's overseas subsidiaries to purchase TEL's shares by contributing a portion of their salary, with TEL or the company to which the participant belongs also making matching contributions.

(Note) TSR: Total Shareholder Return

2. Details of Each Program

The following outlines the details of each program. Please note that the information provided applies to the entire Group and is not limited to California residents. Furthermore, the exemption from registration procedures granted by the approval of this proposal applies only to rights related to TEL's shares granted within 10 years of the adoption of each program.

2-1. Stock Compensation-Based Stock Options [Share Subscription Rights]

As medium- to long-term performance-linked and non-performance-linked compensation, the following are covered: (a) stock compensation-based stock options [share subscription rights] granted in the 63rd fiscal year (ended March 31, 2026), and (b) stock compensation-based stock options [share subscription rights] scheduled to be granted in each fiscal year starting from the 64th fiscal year (ending March 31, 2027) and thereafter.

(1) Eligible Recipients of Share Subscription Rights

Corporate Directors (excluding Outside Directors), Corporate Officers, Executive Officers, and senior employees of TEL, as well as corporate directors, executive officers and senior employees of TEL's subsidiaries

(2) Aggregate Number of Shre Subscription Rights

For the item (a) above: 7,824 units

For the item (b) above: The number of units equivalent to approximately 3% of the total number of outstanding shares (as of March 31, 2026, after deducting treasury shares), assuming the program continues for 10 years

(3) Number and Type of Shares to be Issued for Share Subscription Rights

The shares subject to the share subscription rights shall be common stock of TEL, and the number of shares to be issued upon exercise of each unit of the share subscription rights (hereinafter referred to as the "**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

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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 share subscription right.

(4) Payment Amount for Share Subscription Rights

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

(5) Value of Assets Contributed upon Exercise of Share Subscription Rights

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

(6) Exercise Period of Share Subscription Rights

The period in which share 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.

(7) Restrictions on the Acquisition of Share Subscription Rights by Way of Transfer

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

(8) Summary of Conditions for Exercising Share Subscription Rights

(i) Holders of share subscription rights may exercise all or part of their share subscription rights within the exercise period. However, with regard to medium- to long-term performance-linked compensation, the number of share subscription rights that may be exercised will vary depending on the performance evaluations (ranging from 0% to 165%).

(ii) Holders of share 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 provisions of paragraph (ii) above, if any of these positions are lost (including loss through death), the share 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 share 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 affiliated companies intentionally or through gross negligence, or assumes a position with or becomes employed as an executive or an employee by a competitor of TEL or one of its subsidiaries or affiliated companies, even during the exercise period, share subscription rights shall immediately lapse and may no longer be exercised thereafter.

(v) Other conditions regarding the exercise of share subscription rights shall be determined by the Board of Directors when it resolves the terms and conditions of the offering of such share subscription rights.

(9) Summary of Conditions for Acquisition of Share 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 share 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.

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2-2. Stock Delivery Trust

This applies to (a) the medium-term incentive plan established in the 63rd fiscal year (ended March 31, 2026) and (b) the medium-term incentive plans, details of which are scheduled to be established in each fiscal year starting with the 64th fiscal year (ending March 31, 2027).

(1) Establishment of the Trust

(i) For this program, TEL has established, pursuant to a trust agreement concluded with a trust bank and a trust administrator (a third party with no conflict of interest with TEL (a certified public accountant)), BIP (Board Incentive Plan) Trust I, with TEL's Corporate Directors and Corporate Officers who meet the beneficiary requirements as beneficiaries; BIP Trust II, with the corporate directors of TEL's subsidiaries who meet the beneficiary requirements as beneficiaries; and an ESOP (Employee Stock Ownership Plan) Trust, with beneficiaries being employees of the Group who meet the beneficiary requirements.

(ii) The trust term is set to cover the period necessary for the operation of the mid-term incentive plan established for each fiscal year. When a new medium-term incentive plan is established following the conclusion of the current plan, the trust agreement will be amended, including an extension of the trust term.

(2) Eligible Participants

Corporate Directors (excluding Outside Directors), Corporate Officers, Executive Officers, and senior and mid-level employees of TEL, as well as corporate directors, executive officers, and senior and mid-level employees of TEL's subsidiaries

(3) Applicable period

The applicable period for the Medium-Term Incentive Plan established for each fiscal year shall be three consecutive fiscal years, with the fiscal year in which the plan is established serving as the first year.

(4) Acquisition of Shares through the Trust

The Trust shall acquire TEL's shares necessary for the operation of this program from the stock market, using additional trust funds contributed by the Group and funds within the trust assets as the source of funds. However, instead of acquiring shares from the stock market, the Trust may acquire them from TEL's treasury stock.

(5) Method for Calculating the Number of TEL's Shares to be Granted to Eligible Participants

Based on the rules and regulations established by TEL or its subsidiaries regarding the Mid-Term Incentive Plan (hereinafter referred to as "**Internal Regulations**"), TEL will grant stock delivery points to eligible participants in accordance with their position, performance targets, and conditions for meeting employment requirements. If an eligible participant meets the beneficiary requirements, one share of TELs common stock will be delivered for each stock delivery point. Furthermore, if it becomes appropriate to adjust the number of shares delivered per share delivery point due to a stock split (including a gratis allotment of TEL's common stock) or a reverse stock split, TEL will make such adjustments as it deems necessary.

(6) Timing and Method of Share Delivery to Eligible Participants

(i) The delivery of TEL's shares will be made after the end of the applicable period. However, if stipulated in Internal Regulations (limited to reasonable circumstances, such as the death of the eligible participant or considerations regarding the purpose of the plan), delivery may be made during the applicable period.

(ii) When delivering shares to an eligible participant, as a general rule, a number of TEL's shares equivalent to a certain percentage of the share delivery points (to be specified in Internal Regulations) will be delivered, and the remainder shall be converted into cash within the Trust, with the cash equivalent to the proceeds of such conversion being paid out.

(7) Maximum Amount of Trust Funds Contributed to the Trust and Maximum Number of TEL's Shares Delivered from the Trust

For BIP Trusts I and II, the maximum amount of trust funds to be contributed to the trust during the trust period and the maximum number of TEL's shares to be delivered to corporate directors from

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the Trust for each applicable period shall be determined by the resolution of the general meeting of shareholders of TEL or its subsidiary to which the corporate director belongs.

(8) Voting Rights Regarding TEL's Shares Held in Trust

With regard to TEL's shares held in the BIP Trusts I and II, voting rights shall not be exercised during the trust term in order to ensure management neutrality. With regard to TEL's shares held in the ESOP Trust, the trustee will issue instructions regarding the exercise of rights as a shareholder, and the ESOP Trust will exercise voting rights in accordance with such instructions.

(9) Other Provisions of This Program

Other details regarding this program shall be determined by TEL's Board of Directors or Internal Regulations.

2-3. Global ESPP

(1) Program Name

Tokyo Electron Employee Share Purchase Plan

(2) Participating Companies

The participating companies under this plan shall be overseas subsidiaries designated by TEL.

(3) Eligibility

Eligibility is granted to employees of the participating companies who are residents of the country where the company's office is located.

(4) Right to Acquire Shares

(i) Participants may make regular contributions toward the purchase of TEL's common stock through payroll deductions. In response to the participant's contributions, TEL or the applicable company to which the participant belongs will contribute an incentive payment to , which will be applied toward the purchase price of TEL's stock.
(ii) TEL has the right to determine the maximum contribution amount for participants and the details of the incentive payments. TEL may also change these terms.
(iii) Participants may suspend contributions toward the purchase amount and may resume contributions.

(5) Plan Administrator

(i) TEL will designate a Plan Administrator to operate this Plan. The Plan Administrator will acquire TEL's shares on behalf of the Participants using the purchase funds and shall hold and manage such shares.
(ii) Participants may instruct the Plan Administrator to sell or transfer the acquired shares.

(6) Reinvestment of Dividends

Dividends on TEL's shares held by the Plan Administrator on behalf of Participants shall be reinvested as funds for the purchase of TEL's shares. However, in light of applicable laws and regulations, dividends may not be reinvested.

(7) Loss of Eligibility

If a Participant retires or resigns from the Group, they shall lose their eligibility for this Plan upon retirement or resignation.

(8) Other Conditions

In addition to the above, the provisions of any regulations regarding this Plan separately established by TEL or the participating company, as well as the terms of the stock purchase agreement entered into among TEL or the participating company, the Plan Administrator, and the Participants, shall apply.

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Business Report
(From April 1, 2025 to March 31, 2026)

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

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

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

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

As a result, with respect to the consolidated business results for the fiscal year under review, net sales for the fiscal year increased 0.5% from the previous fiscal year to 2,443,533 million yen; operating income decreased 10.4% to 624,936 million yen; ordinary income decreased 10.9% to 630,338 million yen, and net income attributable to owners of parent was 574,454 million yen, a year-on-year increase of 5.6%.

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 fiscal year, the TEL Group acquired 216,063 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. Main buildings completed during the current consolidated fiscal year

Buildings	Month and year of completion	Target products
Development Building No. 3 at Tokyo Electron Miyagi Ltd. (Miyagi)	April, 2025	Etch system
Process Development Building at Tokyo Electron Kyushu Ltd. (Kumamoto)	October, 2025	Coater/developer, cleaning system
Tohoku Production and Logistics Center at Tokyo Electron Technology Solutions Ltd. (Iwate)	November, 2025	Film deposition system

2. Main buildings commenced construction during the current consolidated fiscal year

Buildings	Construction start/completion timing	Target products
Miyagi Innovative Production Center at Tokyo Electron Miyagi Ltd. (Miyagi)	June 2025 (construction start) Summer 2027 (expected completion)	Etch system

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

(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 grown by supplying the world's markets with products and services with high added value. In addition, TEL has continued to grow by creating original, pioneering technologies in 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."

This vision is based on TEL's Shared Value (TSV (Note 1)). Utilizing our expertise as a semiconductor production equipment manufacturer, the TEL Group will continuously create high value-added, leading-edge equipment and technical services, contributing to technological innovation in semiconductors that supports society's digitalization and decarbonization aimed at preserving the global environment. 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. TSV is the TEL Group's reframing of the CSV (Creating Shared Value) concept in terms of its own business. CSV is the concept that, by using a company's expertise to resolve social issues, we can create social and economic value, enhance corporate value, and realize sustainable growth.

(iii) Business Environment

With the recent emergence of generative AI, the utilization of AI is expanding day by day, and the relationship between digital technology and both our daily 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. In the near term, strong AI demand tends to be tightening supply of high-performance semiconductor devices and pushing prices higher. Over the medium- to long-term, however, supply and demand are expected to rebalance. At the same time, the semiconductor market is expected to continue growing, driven by expanding applications such as AI servers and robotics. 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.

In the event that the closing of the Strait of Hormuz is prolonged due to tensions in the Middle East, we will pay close attention to the potential concerns surrounding supply chain disruptions.

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

As our Medium-term Management Plan, TEL Group targets net sales of 3 trillion yen or more, an operating margin of 35% or more, and an ROE of 30% or more, with fiscal year ending March 31, 2027 as the target year. Based on our broad product lineup that leverages our industry-leading shipment record (cumulative total of 100,000 units or more) and the largest number of patents held in the industry (26,000 or more), 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 approximately 10,000 employees 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
4. Fair evaluation of results and globally competitive compensation
   ⇒Adoption of a performance-linked compensation system
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, Gender, and Generation. 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 Future (Note 2), 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) 2. 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).

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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 Best-in-Class Asia Pacific Index."

[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. The TEL Group has set a "net zero" target to achieve virtually zero greenhouse gas emissions by 2040, and is promoting initiatives such as reducing customers' CO_2 emissions from using our products, reducing the environmental impact of logistics through reduced wood packaging and modal shift promotion, and expanding renewable energy use and reducing resource consumption at each office.

Furthermore, we are working to reduce the environmental impact across the entire lifecycle of our products (Note 3), 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-COMPASS (Note 4)," 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)

3. Product Lifecycle: The value chain from product planning, development, and design, through procurement, manufacturing, logistics, customer use, maintenance and service, to disposal.
4. 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. Our basic approach for this is "'offense' x 'offense' governance." 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)

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- Quarterly review meetings: Monitoring of progress on Medium-term Management Plan (four times per year)

(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. Moreover, throughout the year we hold dialogue events with investors and conduct investor visits both in Japan and overseas, with participation by the CEO and other officers to ensure proactive communication. This has increased opportunities for face-to-face interactions with investors 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 628 yen in the fiscal year ended on March 31, 2026. 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, 2026, 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.

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(4) Changes in the Business Performance and Property of the TEL Group

Items	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; From April 1, 2024 to March 31, 2025)	FY2026 (63rd FY; current fiscal year) (From April 1, 2025 to March 31, 2026)
Net sales (million yen)	2,209,025	1,830,527	2,431,568	2,443,533
Operating income (million yen)	617,723	456,263	697,319	624,936
Operating Margin (%)	28.0	24.9	28.7	25.6
Ordinary income (million yen)	625,185	463,185	707,727	630,338
Net income attributable to owners of parent (million yen)	471,584	363,963	544,133	574,454
Net income per share (yen)	1,007.82	783.75	1,182.40	1,254.57
Total assets (million yen)	2,311,594	2,456,462	2,625,981	2,860,997
Net assets (million yen)	1,599,524	1,760,180	1,855,209	2,069,996
ROE (%)	32.3	21.8	30.3	29.6

(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 60th fiscal year.

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(5) Major Subsidiaries (As of March 31, 2026)

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.

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(7) Employees in the TEL Group (As of March 31, 2026)

(i) Number of employees in the TEL Group

Number of employees	Variance from the end of the previous fiscal year
20,236	663

(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
2,309	85	43.1	14.7

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

(8) Major Lenders (As of March 31, 2026)

There is no relevant item.

(9) Major Offices of the TEL Group (As of March 31, 2026)

(i) Tokyo Electron Ltd.

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

(ii) Subsidiaries

For information on major subsidiaries and their locations, please see “(5) Major Subsidiaries.”

(10) Other Important Matters Regarding the Current Status of the TEL Group

A former employee of TEL’s subsidiary Tokyo Electron Taiwan Ltd. was indicted by the Taiwan prosecutor office in August 2025 and January 2026 due to their involvement in an incident involving customers’ confidential information and ensuing violation of Taiwan’s National Security Act and other laws. Tokyo Electron Taiwan Ltd. was indicted by the Taiwan prosecutor office in December 2025 and January 2026 on the grounds of violating supervisory obligations under Taiwan’s National Security Act and other laws. On April 27, 2026, the Taiwan court rendered a judgement ordering Tokyo Electron Taiwan Ltd. to pay a fine of NT$ 150 million (the sentence was suspended for three years subject to the payment of NT$100 million to the affected customer and NT$ 50 million to the Taiwanese government). We, TEL Group, place the utmost importance on compliance with laws and regulations as well as the enforcement of ethical standards, and do not tolerate any conduct that violates these principles. We take this matter with the utmost seriousness, and will further strengthen our information management systems and compliance system.

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2. TEL Shares (As of March 31, 2026)

(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	114,525

(4) Major Shareholders

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

(Notes)

1. The shareholding ratios are calculated after eliminating treasury stock (15,474 thousand shares). Treasury stock is exclusive of TEL shares (1,308 thousand shares) owned by the Executive compensation Board Incentive Plan (BIP) trust account and the share-delivering Employee Stock Ownership Plan (ESOP) trust account.
2. 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, 2026. 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
Capital Research and Management Company and 2 other companies	Change reports	November 22, 2022	as of November 15, 2022 6,813 / 4.33%
Mitsubishi UFJ Trust and Banking Corporation and 2 other companies	Change reports	September 17, 2024	as of September 9, 2024 22,746 / 4.82%
Sumitomo Mitsui Trust Asset Management Co., Ltd. and 1 other company	Change reports	September 19, 2025	as of September 15, 2025 35,593 / 7.55%
BlackRock Japan Co., Ltd. and 12 other companies	Change reports	March 4, 2026	as of February 27, 2026 39,473 / 8.37%

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(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, 2026 is as follows:

Classification	Number of shares delivered	Number of eligible persons
Corporate Directors (excluding Outside Directors)	3,535	3
Outside Directors	1,362	2

(6) Important Matters Concerning Treasury Stock

(i) Share buybacks

TEL conducted a share buyback as follows in accordance with a resolution of a meeting of the Board of Directors held on February 6, 2026.

Type and number of shares acquired	3,620,400 TEL common stocks
Total acquisition cost	149,997,446,000 yen
Acquisition period	From February 9, 2026 to March 9, 2026

(ii) Cancellation of treasury stock

TEL conducted a cancellation of treasury stock as follows in accordance with a resolution of a meeting of the Board of Directors held on March 27, 2026.

Type and number of shares cancelled	3,600,000 TEL common stocks
Cancellation date	April 30, 2026
Total number of issued shares after cancellation	468,032,733 shares

(7) Other Important Matters Concerning Shares

(i) TEL introduced an Executive compensation Board Incentive Plan (BIP) trust as 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, 2026, the number of TEL's shares held by the Executive compensation BIP trust account is 164,100.

(ii) TEL introduced a share-delivering Employee Stock Ownership Plan (ESOP) trust as 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, 2026, the number of TEL's shares held by the share-delivering ESOP trust account is 1,144,666.

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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	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)	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)
13th Share Subscription Rights	June 21, 2017	1,447 units	91 units	7 units (1 person)	-	12 units (1 person)	Common stock of TEL 27,300 shares	1 yen per share	From July 1, 2020 to May 29, 2037.
14th Share Subscription Rights	June 20, 2018	2,199 units	204 units	0 units (0 persons)	-	18 units (1 person)	Common stock of TEL 61,200 shares		From July 1, 2021 to May 31, 2038.
15th Share Subscription Rights	June 19, 2019	3,604 units	611 units	0 units (0 persons)	-	25 units (1 person)	Common stock of TEL 183,300 shares		From July 1, 2022 to May 31, 2039.
16th Share Subscription Rights	June 24, 2020	1,308 units	316 units	0 units (0 persons)	-	10 units (1 person)	Common stock of TEL 94,800 shares		From July 3, 2023 to May 31, 2040.
17th Share Subscription Rights	June 18, 2021	700 units	160 units	0 units (0 persons)	-	13 units (2 persons)	Common stock of TEL 48,000 shares		From July 1, 2024 to May 31, 2041.
18th Share Subscription Rights	June 22, 2022	770 units	174 units	0 units (0 persons)	-	11 units (2 persons)	Common stock of TEL 52,200 shares		From July 1, 2025 to May 30, 2042.
19th Share Subscription Rights	June 21, 2023	2,060 units	2,060 units	491 units (2 persons)	-	25 units (2 persons)	Common stock of TEL 206,000 shares		From July 1, 2026 to May 29, 2043.
20th Share Subscription Rights	June 19, 2024	1,608 units	1,608 units	395 units (2 persons)	-	9 units (1 person)	Common stock of TEL 160,800 shares		From July 1, 2027 to May 31, 2044.
21st Share Subscription Rights	July 15, 2025	1,964 units	1,964 units	607 units (2 persons)	-	-	Common stock of TEL 196,400 shares		From July 18, 2028 to June 30, 2045.
22nd Share Subscription Rights	July 15, 2025	697 units	697 units	121 units (2 persons)	-	-	Common stock of TEL 69,700 shares		From July 18, 2028 to June 30, 2045.
23rd Share Subscription Rights	July 15, 2025	3,919 units	3,919 units	1,494 units (3 persons)	-	-	Common stock of TEL 391,900 shares		From July 18, 2028 to June 30, 2045.
24th Share Subscription Rights	July 15, 2025	1,244 units	1,244 units	230 units (3 persons)	-	-	Common stock of TEL 124,400 shares		From July 18, 2028 to June 30, 2045.

(Notes)

1. Share subscription rights owned by Audit & Supervisory Board Members of TEL were granted prior to their appointment as Audit & Supervisory Board Members.

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2. 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.
3. Taxpayers in the United States can only exercise their Share Subscription Rights on the starting date of each exercise period.

(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 (Note)
			Allocation number to employees of TEL, etc.	Allocation number to executives and employees of TEL subsidiaries			
21st Share Subscription Rights	July 15, 2025	1,964 units	860 units (41 persons)	497 units (67 persons)	Common stock of TEL 196,400 shares	1 yen per share	From July 18, 2028 to June 30, 2045.
22nd Share Subscription Rights	July 15, 2025	697 units	285 units (41 persons)	291 units (67 persons)	Common stock of TEL 69,700 shares		From July 18, 2028 to June 30, 2045.
23rd Share Subscription Rights	July 15, 2025	3,919 units	1,538 units (44 persons)	887 units (67 persons)	Common stock of TEL 391,900 shares		From July 18, 2028 to June 30, 2045.
24th Share Subscription Rights	July 15, 2025	1,244 units	512 units (44 persons)	502 units (67 persons)	Common stock of TEL 124,400 shares		From July 18, 2028 to June 30, 2045.

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

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4. Matters Concerning TEL's Corporate Directors and Other Officers

(1) Condition of Corporate Directors and Audit & Supervisory Board Members (As of March 31, 2026)

Position in TEL	Name	Responsibilities	Significant concurrent posts
Representative Director President & CEO	Toshiki Kawai	CEO	
Representative Director Senior Executive Vice President	Sadao Sasaki		Chair & Representative Director, Tokyo Electron Technology Solutions Ltd.
Corporate Director	Kazushi Tahara	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.
Corporate Director	Yukihiro Shinohara		
Audit & Supervisory Board Member	Yutaka Nanasawa		
Audit & Supervisory Board Member	Tsuguhiko Matsuura		
Audit & Supervisory Board Member	Ryota Miura		Partner, Miura & Partners Legal Profession Corporation Outside Director, Eisai Co., Ltd.
Audit & Supervisory Board Member	Yutaka Endo		
Audit & Supervisory Board Member	Ayako Makino		Outside Director (Audit and Supervisory Committee Member), Dai-ichi Life Holdings, Inc.

Members of the Nomination Committee:
Michio Sasaki (Chairperson), Yukari Suzuki, Kazushi Tahara
Members of the Compensation Committee:
Michio Sasaki (Chairperson), Joseph A. Kraft Jr., Kazushi Tahara

(Notes)
1. Corporate Directors Michio Sasaki, Sachiko Ichikawa, Joseph A. Kraft Jr., Yukari Suzuki and Yukihiro Shinohara are Outside Directors.

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2. Audit & Supervisory Board Members Ryota Miura, Yutaka Endo and Ayako Makino 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., Yukari Suzuki and Yukihiro Shinohara as Independent Directors as well as Ryota Miura, Yutaka Endo and Ayako Makino 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 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.
6. Audit & Supervisory Board Member Ayako Makino has abundant experience in accounting audits and internal control-related work in a wide range of industries including financial institutions, manufacturing, and retail, through many years working as a certified public accountant at a major audit firm. She also has an extensive expertise in finance and accounting and insight into auditing, etc. gained through this experience.
7. TEL has entered into agreements with Corporate Directors Kazushi Tahara, Michio Sasaki, Sachiko Ichikawa, Joseph A. Kraft Jr., Yukari Suzuki and Yukihiro Shinohara as well as with Audit & Supervisory Board Members Yutaka Nanasawa, Tsuguhiko Matsuura, Ryota Miura, Yutaka Endo and Ayako Makino 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 indemnity agreements with each Corporate Director and each Audit & Supervisory Board Member, 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. At the conclusion of the 62nd Annual General Meeting of Shareholders held on June 17, 2025, Kazushi Tahara resigned as Audit & Supervisory Board Member and assumed the role of Corporate Director.
11. Changes to significant concurrent posts held by Audit & Supervisory Board Members during the current fiscal year are as follows.
    Audit & Supervisory Board Member Ryota Miura retired from his position as an Outside Director (Audit & Supervisory Committee Member) of TECHMATRIX CORPORATION as of June 27, 2025.
    Audit & Supervisory Board Member Ayako Makino was appointed an Outside Director (Audit and Supervisory Committee Member) of Dai-ichi Life Holdings, Inc. (Changed its trade name to Daiichi Life Group, Inc. as of April 1, 2026) as of June 23, 2025.

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(2) Condition of Corporate Officers and Executive Officers (As of March 31, 2026)

Name	Position & Responsibilities
Toshiki Kawai	President & CEO, Corporate Officer
Sadao Sasaki	Senior Executive Vice President Corporate Officer, Development & Production Division, Corporate Production Division, Business Process Design Strategy Division Chair & 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, Corporate Technology 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 & General Manager Division Officer, Corporate Production Division Division Officer, Development & Production 3rd Division President & Representative Director, Tokyo Electron Kyushu Ltd.
Fumihiko Kaminaga	Senior Vice President & General Manager Division Officer, Global Sales Division
Hiroshi Kawamoto	Senior Vice President & General Manager Division Officer, Finance Division
Shingo Tada	Senior Vice President & General Manager Division Officer, Account Sales Division
Masahiro Morita	VP & General Manager, Account Sales Division, Global Sales Division
Takashi Mineshima	VP & General Manager, Digital Unit, Digital Twin, Business Process Design Strategy Division
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 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
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

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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, Data Driven, Data Governance Division Officer, Business Process Design Strategy Division Chair of Information Security Committee
Kunihiko Hinata	VP & General Manager Technology Officer, Tokyo Electron Miyagi Ltd.
Makoto Oba	VP & General Manager, Account Sales Division
Kazuhide Hasebe	VP & General Manager Division Officer, Corporate Technology Division 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, Management Process, Business Process Design Strategy Division Chief Strategist
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 Chair, Tokyo Electron Korea Ltd.
Hideki Ito	VP & General Manager President & Managing Director, Tokyo Electron Singapore Pte. Ltd.
Shoji Akaike	VP & General Manager Chair & President, Tokyo Electron (Shanghai) Ltd.
Terius Roh	VP & General Manager President & Representative Director, Tokyo Electron Korea Ltd.
Kosuke Yoshihara	VP & General Manager Technology Officer, Tokyo Electron Kyushu Ltd.
Seiji Nakama	VP & General Manager President, Tokyo Electron Taiwan Ltd.

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(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 incentive	Non-performance-linked compensation	
				Cash bonus (Note 1)	Stock compensation-based stock option (Note 2)	Stock grant trust (Note 2)	Stock compensation-based stock option (Note 2)	Stock grant trust (Note 2)
Corporate Directors (excluding Outside Directors) (Note 3)	4	3,002	232	416	1,749	27	576	
Outside Directors	5	113	81					32
Directors total (Note 3)	9	3,116	313	416	1,749	27	576	32
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members) (Note 4)	3	92	92					
Outside Audit & Supervisory Board Members (Note 4)	4	55	55					
Audit & Supervisory Board Members total (Note 4)	7	147	147					

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(Reference)
Corporate Directors whose total compensation is 100 million yen or more

Name and Position	Total compensation, etc. (million yen)	Total compensation by type (million yen)				
		Fixed basic compensation (Note 5)	Short-term performance-linked compensation	Medium- to long-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 (Note 2)	Stock compensation-based stock option (Note 2)
Toshiki Kawai Representative Director, President & CEO	2,050	108	266	1,286	17	370
Sadao Sasaki Representative Director, Senior Executive Vice President	725	69	87	400	8	159
Kazushi Tahara Corporate Director	222	51	62	62	-	45

(Notes)

1. Figures represent amounts scheduled to be paid.
2. The amount recorded as expenses for the fiscal year ended March 31, 2026 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.”
3. The number of officers covered in the above table includes Directors who retired as of the conclusion of the 62nd Annual General Meeting of Shareholders held on June 17, 2025.
4. The number of officers covered in the above table includes Audit & Supervisory Board Members who retired as of the conclusion of the 62nd Annual General Meeting of Shareholders held on June 17, 2025.
5. Kazushi Tahara resigned as an Audit & Supervisory Board Member as of the conclusion of the 62nd Annual General Meeting of Shareholders held on June 17, 2025. The fixed basic compensation includes 11 million yen paid during his tenure as an Audit & Supervisory Board Member.
6. 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.
7. 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

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advice from external experts, and the Compensation Committee verified the appropriateness of the amount.

8. Matters concerning the resolutions of general shareholders meetings regarding compensation for Corporate Directors and Audit & Supervisory Board Members for the current fiscal year are as follows:

	Compensation type	Date of resolution of general shareholders meeting	Outline of resolution (Maximum amount of compensation, etc.)	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)	Annual maximum: 750 million yen in aggregate (including Outside Directors: 100 million yen in aggregate)	12 Corporate Directors (including 4 Outside Directors)
	Short-term performance-linked compensation	62nd Annual General Meeting of Shareholders (Held on June 17, 2025)	Annual maximum: 1.5 billion yen	3 Corporate Directors (excluding 5 Outside Directors)
	Medium- to long-term performance-linked compensation	62nd Annual General Meeting of Shareholders (Held on June 17, 2025)	Annual maximum: 390,000 shares (3,900 units) Maximum amount: number of units granted × fair value per stock option at the time of grant	3 Corporate Directors (excluding 5 Outside Directors)
	Medium-term incentive	55th Annual General Meeting of Shareholders (Held on June 19, 2018)	For each covered period of three fiscal years Maximum number of shares: 71,400 shares Maximum trust contribution amount: 480 million yen	9 Corporate Directors (excluding 3 Outside Directors)
	Non-performance-linked compensation	62nd Annual General Meeting of Shareholders (Held on June 17, 2025)	Annual maximum: 90,000 shares (900 units) Maximum amount: number of units granted × fair value per stock option at the time of grant	3 Corporate Directors (excluding 5 Outside Directors)
			For each covered period of three fiscal years Maximum number of shares: 15,000 shares Maximum trust contribution amount: 100 million yen	5 Outside Directors
Audit & Supervisory Board Members	Fixed basic compensation	48th Annual General Meeting of Shareholders (Held on June 17, 2011)	Monthly maximum: 13 million yen (Annual maximum: 156 million yen)	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.

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(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”) consists of fixed basic compensation, short-term performance-linked compensation, medium- to long-term performance-linked compensation, medium-term incentive, and non-performance-linked compensation.

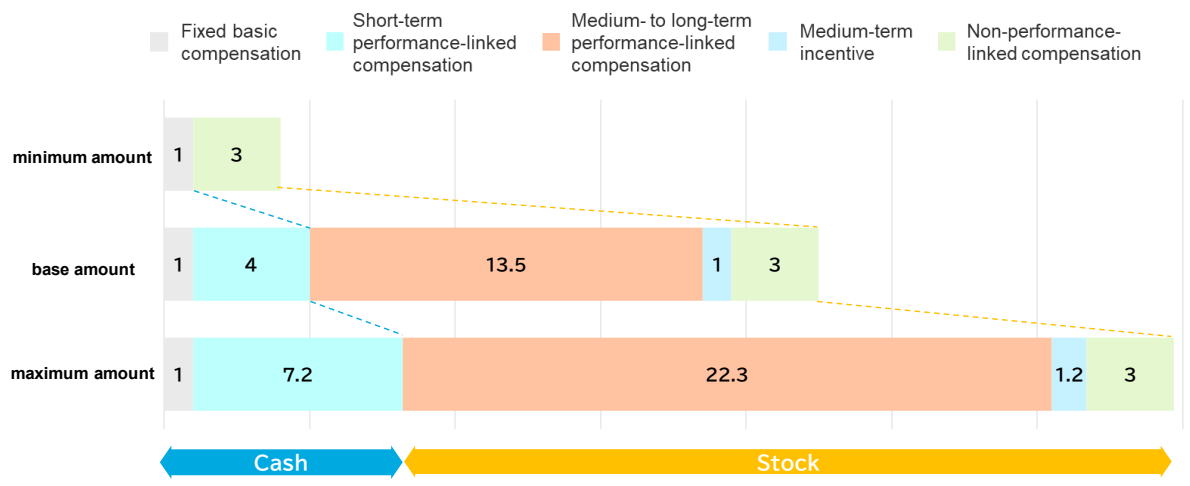
Compensation for Outside Directors consists of fixed basic compensation and non-performance-linked compensation.

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

Overview of Executive Compensation System

Types of Compensation	Fixed basic compensation	Short-term performance-linked compensation	Medium- to long-term performance-linked compensation	Medium-term incentive	Non-performance-linked compensation	
	Cash	Cash	Stock compensation-based stock option	Stock grant trust	Stock compensation-based stock option	Stock grant trust
Inside Directors	○	○	○	○	○	
Outside Directors	○					○
Audit & Supervisory Board Members	○					

Composition of CEO compensation *Percentages are based on the fixed basic compensation being set at 1



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■ 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.

■ 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 ±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>

base amount	×	mainly financial performance evaluation	×	non-financial performance evaluation	=	payout amount
set according to the scope of responsibilities, etc.,		0~150%		±20%		0~180%

(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 ±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.

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

grant ratio based on the base amount	×	quantitative evaluation	×	qualitative evaluation	=	the number of shares that become exercisable
set according to the scope of responsibilities, etc.,		0～150%		±10%		0~165%

(iv) Medium-term incentive

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.

<formula of calculating the share delivery points>

reference points set according to the scope of responsibilities, etc.,	×	70%	×	consolidated operating margin attainment factor	+	reference points set according to the scope of responsibilities, etc.,	×	30%	×	consolidated ROE attainment factor	=	share delivery points

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.

(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.

TEL's Outside Directors are responsible for giving advice to the management from the perspective for increasing corporate value over the medium- to long-term, in addition to the management supervision. To make the compensation system more consistent with their expected role, TEL provides non-performance-linked stock-based compensation through stock grant trust, and TEL shares shall be delivered after the expiration of the applicable period (three fiscal years).

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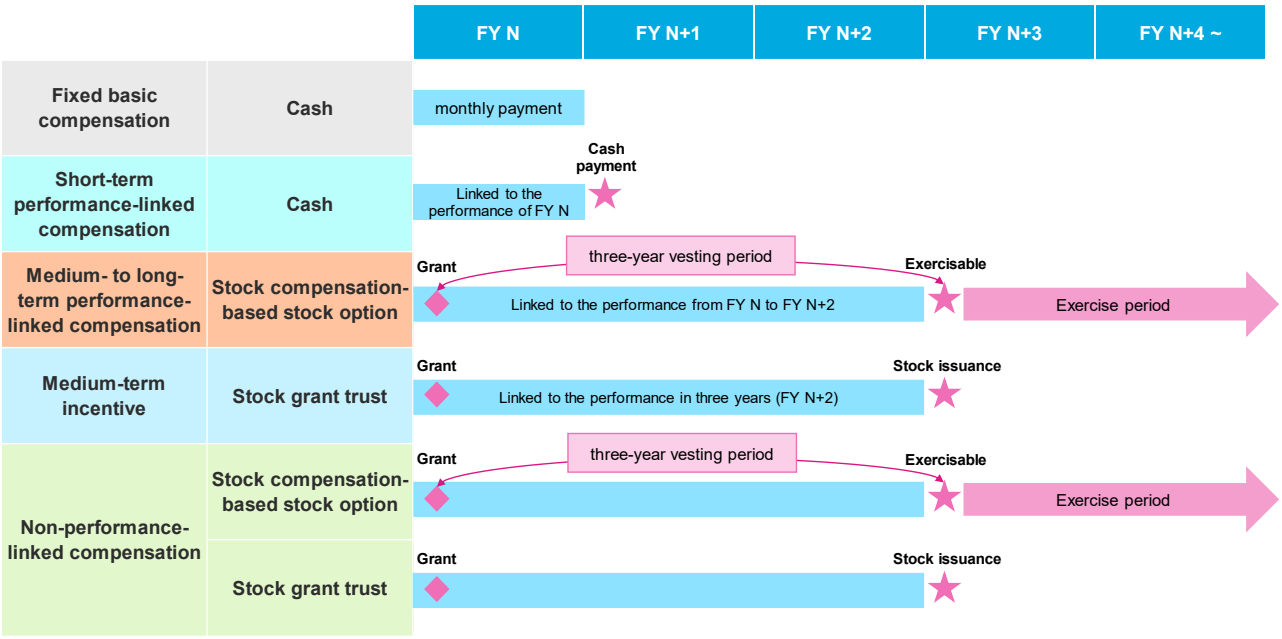
<Reference> Payment timing by type of compensation



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.

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■ 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, 2026, the performance is calculated based on the achievement rate of financial (e.g., consolidated operating margin of 25.6%) and non-financial performance, and the average payout ratio for Internal Directors is expected to be 64%.

・ Medium- to long-term performance-linked compensation

For the plans beginning in the fiscal year ended March 31, 2025 and the fiscal year ended March 31, 2026, 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 incentive

For medium-term incentive, 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, 2026, which is an indicator to evaluate the achievement of the targets for the plan set in 2023, are consolidated operating margin of 25.6% and consolidated ROE of 29.6%. The compensation will be paid in accordance with the above calculation method for medium-term incentive.

For the plans set in 2024 and 2025, 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 incentive paid in the fiscal year ended March 31, 2022, as well as all performance-linked compensation to be paid thereafter.

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■ 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.

(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, 2026)

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	Ryota Miura	Partner, Miura & Partners Legal Profession Corporation Outside Director, Eisai Co., Ltd.	No significant business relation
Outside Audit & Supervisory Board Member	Ayako Makino	Outside Director (Audit and Supervisory Committee Member), Dai-ichi Life Holdings, Inc.	No significant business relation

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(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 8 out of 8 meetings	Michio Sasaki has been actively making comments at the Board of Directors meetings especially on measures to improve profitability, such as medium- to long-term product strategy, and information security measures, 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 2 out of 2 meetings (Note 2)	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 engagement 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 10 out of 10 meetings Compensation Committee: Attended 8 out of 8 meetings	Joseph A. Kraft Jr. has been actively making comments at the Board of Directors meetings on matters such as risks to TEL's business, including policy trends and geopolitical factors in various countries, 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.

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Position in TEL	Name	Main activities (Note 1)	
Outside Director	Yukari Suzuki	Board of Directors: Attended 10 out of 10 meetings Nomination Committee: Attended 7 out of 7 meetings (Note 2)	Yukari Suzuki has been actively making comments at the Board of Directors meetings on matters of overall human resources strategy, including global talent acquisition and allocation, diversity, equity and inclusion, and other initiatives aimed at increasing corporate value and strengthening governance, based on her abundant experience as a corporate manager. 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	Yukihiro Shinohara	Board of Directors: Attended 7 out of 7 meetings (Note 3)	Yukihiro Shinohara has been actively making comments at the Board of Directors meetings on matters of accelerating DX through the use of AI, development strategies including standardization, and information security measures, based on his management experience in the manufacturing industry and expertise in research and development.
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 10 out of 10 meetings Audit & Supervisory Board: Attended 8 out of 8 meetings	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.
Outside Audit & Supervisory Board Member	Ayako Makino	Board of Directors: Attended 7 out of 7 meetings Audit & Supervisory Board: Attended 4 out of 4 meetings (Note 3)	Ayako Makino 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 her expertise as a certified public accountant.

(Notes)
1. Includes an outline of duties performed in relation to the roles expected of Outside Directors.
2. Nomination Committee meetings were held nine times during the current fiscal year. The attendance figures shown for Outside Director Sachiko Ichikawa reflect meetings held before she left the committee, and those for Outside Director Yukari Suzuki reflect meetings held after her appointment to the committee.
3. Outside Director Yukihiro Shinohara and Outside Audit & Supervisory Board Member Ayako Makino were elected and appointed at the 62nd Annual General Meeting of Shareholders held on June 17, 2025. The figures above indicate their attendance records since taking office.
4. Regarding the incident at a subsidiary of TEL described in “Business Report, 1. Current Status of the TEL Group, (10) Other Important Matters Regarding the Current Status of the TEL Group,” the Outside Directors and Outside Audit & Supervisory Board Members were unaware until it came to light. However, they have fulfilled their responsibilities by regularly making recommendations at the Board of Directors meetings, etc. from the perspective of reinforcing information management systems and ensuring thorough compliance, and by providing advice on recurrence prevention, etc. after the incident was discovered.

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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	224	8
Subsidiaries of TEL	55	-
Total	280	8

(Notes)

1. 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.
2. TEL pays its accounting auditors 8 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.
3. 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.

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

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(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 on Ensuring Proper Transactions Involving Specified Entrusted Business Operators, trade compliance, information security, protection of trade secrets, personal information protection, business and human rights, 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 psychological safety 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 as regional compliance controller at key overseas subsidiaries, creating a system for organizationally direct reporting to CCO. In addition, CCO and RCH are checking on a monthly basis the status of 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 (retaliation) 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

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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

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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 of TEL 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, visualizing supply chain, 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

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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 member is 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

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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.

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(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 364 yen per share, applying the aforementioned policy. Its payment date will be June 2, 2026. As a result, the annual dividend will be 628 yen per share, which includes an interim dividend of 264 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, 2025	As of March 31, 2026
ASSETS		
Current assets		
Cash and deposits	416,240	451,252
Notes and accounts receivable - trade, and contract assets	485,626	525,898
Securities	79,998	54,998
Merchandise and finished goods	291,523	286,052
Work in process	190,021	210,570
Raw materials and supplies	267,580	216,494
Other	69,924	90,389
Allowance for doubtful accounts	(160)	(189)
Total current assets	1,800,756	1,835,466
Non-current assets		
Property, plant and equipment		
Buildings and structures	300,882	468,429
Accumulated depreciation	(147,565)	(167,156)
Buildings and structures, net	153,316	301,272
Machinery, equipment and vehicles	274,379	321,247
Accumulated depreciation	(197,829)	(229,787)
Machinery, equipment and vehicles, net	76,550	91,459
Land	47,853	61,115
Construction in progress	137,010	101,476
Other	81,227	97,388
Accumulated depreciation	(54,251)	(63,377)
Other, net	26,975	34,011
Total property, plant and equipment	441,706	589,335
Intangible assets		
Other	35,850	37,531
Total intangible assets	35,850	37,531
Investments and other assets		
Investment securities	200,013	225,453
Deferred tax assets	69,561	64,934
Net defined benefit assets	31,578	43,331
Other	47,916	66,309
Allowance for doubtful accounts	(1,402)	(1,364)
Total investments and other assets	347,668	398,664
Total non-current assets	825,225	1,025,530
Total assets	2,625,981	2,860,997

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	108,036	127,844
Income taxes payable	109,446	108,992
Advances received	256,392	270,491
Provision for warranty expenses	40,381	40,527
Provision for employees' bonuses	55,218	38,335
Other	108,450	93,052
Total current liabilities	677,925	679,242
Non-current liabilities		
Net defined benefit liabilities	56,473	55,642
Other	36,373	56,115
Total non-current liabilities	92,846	111,758
Total liabilities	770,771	791,001
NET ASSETS		
Shareholders' equity		
Common stock	54,961	54,961
Capital surplus	78,011	78,011
Retained earnings	1,783,881	2,083,371
Treasury stock	(277,658)	(420,660)
Total shareholders' equity	1,639,195	1,795,683
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	129,574	147,962
Net deferred gains (losses) on hedging instruments	37	(17)
Foreign currency translation adjustments	60,801	86,546
Remeasurements of defined benefit plans	10,319	16,123
Total accumulated other comprehensive income (loss)	200,733	250,614
Share subscription rights	15,280	23,697
Total net assets	1,855,209	2,069,996
Total liabilities and net assets	2,625,981	2,860,997

Consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Net sales	2,431,568	2,443,533
Cost of sales	1,285,280	1,335,652
Gross profit	1,146,287	1,107,880
Selling, general and administrative expenses		
Salaries and allowances	50,969	55,915
Research and development expenses	250,017	277,866
Other	147,981	149,162
Total selling, general and administrative expenses	448,967	482,944
Operating income	697,319	624,936
Non-operating income		
Interest income	2,193	1,992
Dividend income	1,386	1,456
Share of profit of associates accounted for using the equity method	3,001	2,691
Subsidy income	2,583	1,424
Other	3,462	3,194
Total non-operating income	12,627	10,758
Non-operating expenses		
Foreign exchange losses	929	4,553
Other	1,289	802
Total non-operating expenses	2,219	5,356
Ordinary income	707,727	630,338
Extraordinary income		
Gain on sales of investment securities	-	115,494
Other	31	5,231
Total extraordinary income	31	120,726
Extraordinary loss		
Loss on disposal and sales of non-current assets	1,197	1,233
Impairment loss	447	931
Provision for loss on litigation	-	719
Total extraordinary loss	1,645	2,884
Income before income taxes	706,114	748,180
Income taxes - current	172,376	176,507
Income taxes - deferred	(10,395)	(2,781)
Total income taxes	161,980	173,726
Net income	544,133	574,454
Net income attributable to owners of parent	544,133	574,454

Consolidated Statements of Changes in Net Assets

Year ended March 31, 2026 (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	1,783,881	(277,658)	1,639,195
Changes during period					
Cash dividends			(271,618)		(271,618)
Net income attributable to owners of parent			574,454		574,454
Purchase of treasury stock				(150,010)	(150,010)
Disposal of treasury stock			(3,346)	7,007	3,661
Net changes in items other than shareholders' equity					
Total changes during period	-	-	299,489	(143,002)	156,487
Balance at end of period	54,961	78,011	2,083,371	(420,660)	1,795,683

	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	129,574	37	60,801	10,319	200,733	15,280	1,855,209
Changes during period							
Cash dividends							(271,618)
Net income attributable to owners of parent							574,454
Purchase of treasury stock							(150,010)
Disposal of treasury stock							3,661
Net changes in items other than shareholders' equity	18,387	(54)	25,744	5,804	49,881	8,417	58,299
Total changes during period	18,387	(54)	25,744	5,804	49,881	8,417	214,786
Balance at end of period	147,962	(17)	86,546	16,123	250,614	23,697	2,069,996

Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2025	Year ended March 31, 2026
Cash flows from operating activities		
Income before income taxes	706,114	748,180
Depreciation and amortization	62,148	80,982
Amortization of goodwill	117	363
Increase (decrease) in provision for employees' bonuses	11,784	(17,769)
Increase (decrease) in provision for warranty expenses	6,869	(61)
Interest and dividend income	(3,580)	(3,448)
Loss (gain) on sale of investment securities	(1,046)	(115,494)
Decrease (increase) in notes and accounts receivable - trade, and contract assets	(97,519)	(29,900)
Decrease (increase) in inventories	8,485	47,957
Increase (decrease) in notes and accounts payable - trade	19,512	14,351
Decrease (increase) in prepaid consumption tax	2,675	(7,594)
Increase (decrease) in accrued consumption tax	27,100	(26,066)
Increase (decrease) in advances received	(32,512)	11,426
Other, net	10,365	11,105
Subtotal	720,516	714,029
Interest and dividends received	4,472	4,075
Income taxes refund (paid)	(142,814)	(178,372)
Net cash provided by operating activities	582,174	539,732
Cash flows from investing activities		
Payment into time deposits	(767)	(809)
Proceeds from withdrawal of time deposits	756	800
Purchase of short-term investments	(30,000)	(10,000)
Proceeds from redemption of short-term investments	30,167	20,000
Purchase of property, plant and equipment	(158,374)	(208,984)
Purchase of intangible assets	(9,665)	(10,457)
Proceeds from sales of investment securities	1,712	117,387
Other, net	(3,438)	(4,429)
Net cash used in investing activities	(169,609)	(96,492)
Cash flows from financing activities		
Purchase of treasury stock	(150,008)	(150,010)
Dividends paid	(236,276)	(271,618)
Other, net	(2,551)	(3,730)
Net cash used in financing activities	(388,836)	(425,359)
Effect of exchange rate changes on cash and cash equivalents	(264)	2,461
Net increase (decrease) in cash and cash equivalents	23,463	20,342
Cash and cash equivalents at beginning of period	461,608	485,072
Cash and cash equivalents at end of period	485,072	505,414