We will make the most of the capital we own and continue to provide new value that contributes to the resolution of issues and development of industry and society through our business activities in research and development, procurement and manufacturing, sales and installation and maintenance services in our value chain.

**Value Creation Model**

**INPUT (investment capital)** fiscal year 2021

- **Financial capital**
  - Net assets: 1,024.5 billion yen
  - Equity ratio: 71.1%

- ** Manufactured capital**
  - Manufacturing sites: 9 (5 in Japan and 3 overseas)
  - Manufacturing-related capital investment: 136.6 billion yen
  - Many years of know-how and proven performance in mass production

- **Intellectual capital**
  - R&D sites: 12 (5 in Japan and 6 overseas)
  - R&D investment: 136.6 billion yen
  - Broad-ranging knowledge and technological capabilities in semiconductor and flat panel display (FPD) manufacturing processes

- **Human capital**
  - Number of employees: 14,479
  - Proportion of engineers: 66.9%
  - Employee skill upgrade programs and human resource development

- **Social and relationship capital**
  - Foundation for business activities in local communities
  - Relationship of mutual trust with customers built through many years of performance records
  - Solid cooperative working relationships with suppliers

- **Natural capital**
  - Energy consumption: 94,640 kl
  - Water consumption: 1,397 km³

**Management Policies**

**Corporate Philosophy**

**Installation and Maintenance Services**

- Support sales, operation of equipment and provide prompt and efficient high-value-added service

**Research and Development**

- Continuously strengthening technological innovation in a timely manner

**Procurement and Manufacturing**

- Efficiently manufacturing high-quality products backed by a sustainable supply chain

**Value Chain**

- **Sales**
  - Propose optimal solutions in the total strategic process

- **Procurement and Manufacturing**
  - Welcome continuous growth

- **Research and Development**
  - Continuously strengthening technological innovation in a timely manner

**TEL Values**

**The driving forces behind our company**

- **Abundant technological capabilities**
  - Cultivated as an industry leader

- **Trust from customers**
  - Based on our reliable technical services

- **Challenging spirit of our employees**
  - Who are capable of flexibility and rapidly adapting to changes in the environment

**OUTPUT (value created through business activities)** fiscal year 2021

- **Net sales**: 1,399.1 billion yen
- **Operating margin**: 22.9%
- **Net income**: 242.9 billion yen
- **ROE**: 26.5%
- **Total annual dividend**: 121.9 billion yen (payout ratio: 50%)

**OUTCOME (value provided to industry and society)**

- **Financial capital**
  - Returning generated profit to stakeholders
  - Building a solid financial foundation
  - Continuing proactive investment for growth

- **Manufactured capital**
  - Contributing to customers’ product manufacturing and the growth of semiconductor and FPD markets through the Best Products
  - Contributing to customers’ fab utilization rate and yield improvement through the Best Technical Service

- **Intellectual capital**
  - Providing leading-edge technologies to contribute to technological innovation and manufacturing in semiconductors and FPDs
  - Operating a fair and sound business that respects intellectual property rights
  - Providing new value to industry and society through technological innovation

- **Human capital**
  - Creating fulfilling workplace environments that motivate employees
  - Improving value provided to stakeholders by cultivating employees with a high level of engagement
  - Building a sustainable operation

- **Social and relationship capital**
  - Maintaining soundness and strengthening competitiveness throughout the entire supply chain
  - Contributing to customer value creation by providing the Best Products and Best Technical Service
  - Contributing to the revitalization of and sustainable development in local communities

- **Natural capital**
  - Implementing products and business activities that have a low environmental impact and help to preserve the global environment
  - Providing technologies that help customers manufacture semiconductors and FPDs that have a low environmental impact

**Input-output table**

<table>
<thead>
<tr>
<th><strong>Input</strong></th>
<th><strong>Output</strong></th>
<th><strong>Outcome</strong></th>
</tr>
</thead>
<tbody>
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