

World Headquarters  
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ISIN	JP3571400005
SEDOL	6895675
TSE	8035

May 28, 2024

## **NOTICE OF FISCAL YEAR 2024 (the 61<sup>st</sup> FY) ANNUAL GENERAL MEETING OF SHAREHOLDERS**

To Our Shareholders:

We are pleased to announce that the 61st Annual General Meeting of Shareholders (the “AGM”) of Tokyo Electron Ltd. (“TEL”) will be held on Tuesday, June 18, 2024, 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 Seven Corporate Directors**
- 2: Election of Two Audit & Supervisory Board Members**
- 3: Payment of Bonuses to Corporate Directors for the 61st Fiscal Year**
- 4: Issuance of Share Subscription Rights as Stock-Based Compensation to Executives of TEL and its Subsidiaries**

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 2024 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 17, 2024 (Japan standard time).**

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

Should you have any questions, please contact IR Japan, Inc.’s New York Branch at (1) -212-404-2390 or Tokyo Head Quarters at (81) -3-3519-6721, or e-mail to [research@irjapan.co.jp](mailto: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 2024 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 17, 2024 (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 FY2024 (the 61st FY; from April 1, 2023 to March 31, 2024), 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 FY2024 (the 61st FY; from April 1, 2023 to March 31, 2024).

### Proposal 1: Election of Seven Corporate Directors

At the conclusion of the Annual General Meeting of Shareholders, the term of office for all six Corporate Directors will expire. Therefore, we ask you to agree to elect seven Corporate Directors including four Outside Directors.

The candidates for Corporate Directors are as follows.

No.	Name		Present position in TEL and responsibilities
1	<Re-nominated>	Mr. Toshiki Kawai	Representative Director President & CEO Corporate Officer
2	<Re-nominated>	Mr. Sadao Sasaki	Representative Director Senior Executive Vice President Corporate Officer
3	<Re-nominated>	Mr. Yoshikazu Nunokawa	Corporate Director Chairman of the Board of Directors
4	<Re-nominated>	Mr. Michio Sasaki	[Outside Director] [Independent Director]
5	<Re-nominated>	Ms. Sachiko Ichikawa	[Outside Director] [Independent Director]
6	<Newly nominated>	Mr. Joseph A. Kraft Jr.	[Outside Director] [Independent Director]
7	<Newly nominated>	Ms. Yukari Suzuki	[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 by candidate
1	Mr. Toshiki Kawai (August 26, 1963)  <Re-nominated>	<u>April 1986</u> Joined Tokyo Electron Ltd. <u>October 2010</u> Vice President & General Manager, Thermal Processing Systems Business Unit, Tokyo Electron Ltd. Vice President & General Manager, Single Wafer Deposition Business Unit, Tokyo Electron Ltd. <u>April 2012</u> Vice President & General Manager, Surface Preparation Systems Business Unit, Tokyo Electron Ltd. <u>June 2015</u> Senior Executive Vice President & COO, Tokyo Electron Ltd. <u>January 2016</u> President & CEO, Tokyo Electron Ltd. (Present position) <u>June 2022</u> Corporate Officer, Tokyo Electron Ltd. (Present position)  (Position in TEL) Representative Director, President & CEO Corporate Officer	116,100
[Reason for selection as Corporate Director nominee] Having conducted global sales of semiconductor manufacturing equipment and performing management duties in multiple business units in this business, Mr. Kawai possesses ample experiences and record of achievement. In addition, he has demonstrated strong leadership as CEO in executing management duties. With the expectation of leveraging these experiences and achievement in decision making concerning the Group management policies toward enhancing corporate value, we nominate him as a Corporate Director.			

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2	Mr. Sadao Sasaki (September 15, 1960)  <Re-nominated>	<p><u>April 1985</u>            Joined Tokyo Electron Ltd.</p> <p><u>October 2008</u>            Vice President &amp; General Manager, Tokyo Electron Tohoku Ltd. (currently Tokyo Electron Technology Solutions Ltd.)</p> <p><u>July 2010</u>            Senior Vice President &amp; General Manager, Tokyo Electron Tohoku Ltd.</p> <p><u>April 2011</u>            President, Tokyo Electron Tohoku Ltd.</p> <p><u>June 2015</u>            Corporate Director, Tokyo Electron Ltd.            Senior Vice President &amp; General Manager, Tokyo Electron Ltd.</p> <p><u>June 2016</u>            Executive Vice President &amp; General Manager, Tokyo Electron Ltd.</p> <p><u>June 2022</u>            Senior Executive Vice President, Tokyo Electron Ltd. (Present position)            Corporate Officer, Tokyo Electron Ltd. (Present position)</p> <p><u>June 2023</u>            Chairman &amp; Representative Director, Tokyo Electron Technology Solutions Ltd. (Present position)</p> <p>(Position in TEL)            Representative Director, Senior Executive Vice President            Corporate Officer</p> <p>(Significant concurrent posts)            Chairman &amp; Representative Director, Tokyo Electron Technology Solutions Ltd.</p>	36,000
<p>[Reason for selection as Corporate Director nominee]            Mr. Sasaki has performed marketing duties for semiconductor manufacturing equipment as well as management duties in technological development and device development among other areas in TEL and its Group manufacturing company, and possesses ample experiences and record of achievement. With the expectation of utilizing these experiences and achievement in bolstering the decision making function of the Board of Directors toward enhancing corporate value, we nominate him as a Corporate Director.</p>			

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3	Mr. Yoshikazu Nunokawa (June 22, 1959)  <Re-nominated>	<u>April 1982</u> Joined Tokyo Electron Ltd. <u>April 2003</u> Vice President & General Manager, Tokyo Electron Tohoku Ltd. <u>November 2005</u> Vice President & General Manager, Tokyo Electron Ltd. <u>July 2010</u> Senior Vice President & General Manager, Tokyo Electron AT Ltd. <u>April 2011</u> Senior Vice President & General Manager, Tokyo Electron Miyagi Ltd. <u>June 2017</u> Audit & Supervisory Board Member, Tokyo Electron Ltd. <u>June 2019</u> Corporate Director, Tokyo Electron Ltd. (Present position) Executive Vice President & General Manager, Tokyo Electron Ltd. <u>June 2022</u> Chairman of the Board of Directors, Tokyo Electron Ltd. (Present position)  (Position in TEL) Corporate Director Chairman of the Board of Directors	55,227
<p>[Reason for selection as Corporate Director nominee]            Mr. Nunokawa has been involved in a wide range of fields in TEL including sales, finance, and human resources, and is equipped with ample experience of serving as a Vice President &amp; General Manager supervising the Administrative Division of Group companies, as well as endeavoring to ensure sound and appropriate decision making on TEL's management as an Audit &amp; Supervisory Board Member of TEL. Furthermore, as Chairman of the Board of Directors, he has striven to improve the effectiveness of the Board by leading Board of Directors discussions from his position as a non-operational Inside Director well-versed in TEL's business. With the expectation of utilizing these experiences and achievement in contributing to the improvement of TEL's governance, we nominate him as a Corporate Director.</p>			

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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 by candidate
4	Mr. Michio Sasaki (March 7, 1957)  <Re-nominated>  [Outside Director]  [Independent Director]	<u>March 1982</u> Joined Lead Electric Co., Ltd. (currently KEYENCE CORPORATION) <u>June 1999</u> Director and General Manager, APSULT (Application Sensor) Business Department and Business Promotion Department, KEYENCE CORPORATION <u>December 2000</u> President and Director, KEYENCE CORPORATION <u>December 2010</u> Director and Special Advisor, KEYENCE CORPORATION <u>June 2018</u> Corporate Director, Tokyo Electron Ltd. (Present position) <u>November 2018</u> Outside Director, SHIFT Inc. <u>November 2019</u> Outside Director (Audit & Supervisory Committee Member), SHIFT Inc. <u>November 2020</u> Director and Vice President, SHIFT Inc. (Present position)  (Position in TEL) Corporate Director  (Significant concurrent posts) Director and Vice President, SHIFT Inc.	1,000
[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 6 years as an Outside Director of TEL as of the end of this General Meeting.			



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5	Ms. Sachiko Ichikawa (January 17, 1967)  <Re-nominated>  [Outside Director]  [Independent Director]	<u>April 1997</u> Registered as an attorney-at-law Joined Tanabe & Partners <u>January 2005</u> Registered as an attorney-at-law in the State of New York, the U.S. <u>January 2011</u> Partner, Tanabe & Partners (Present position) <u>June 2015</u> Outside Director, ANRITSU CORPORATION <u>April 2018</u> Registered as a U.S. certified public accountant <u>May 2018</u> Outside Corporate Auditor, RYOHIN KEIKAKU CO., LTD. <u>June 2021</u> Corporate Director, Tokyo Electron Ltd. (Present position) Outside Director, OLYMPUS CORPORATION (Present position)  (Position in TEL) Corporate Director  (Significant concurrent posts) Partner, Tanabe & Partners Outside Director, OLYMPUS CORPORATION Director, The Board Director Training Institute of Japan	0
<p>[Reason for selection as Outside Director nominee and outline of expected roles]            Having served as a Partner of Tanabe &amp; Partners, Ms. Ichikawa possesses ample experience and expertise as an attorney-at-law mainly in corporate legal affairs. In addition, she also has global and advanced specialization, holding qualifications as an attorney-at-law in the State of New York, the U.S. and a U.S. certified public accountant. We nominate her as an Outside Director, expecting her to provide opinions and advice regarding TEL's corporate management in general from the perspective for increasing corporate value over the medium- to long-term, in addition to the management supervision, by utilizing her experience above as well as knowledge in fields such as corporate governance, risk management, and compliance. Although Ms. Ichikawa has never been engaged in corporate management except as Outside Director and Outside Audit &amp; Supervisory Board Member in the past, we believe that she can adequately fulfill duties as Outside Director based on the abovementioned reasons. Note that she has served for 3 years as an Outside Director of TEL as of the end of this General Meeting.</p>			

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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 by candidate
6	Mr. Joseph A. Kraft Jr. (May 12, 1964)  <Newly nominated>  [Outside Director]  [Independent Director]	<u>July 1986</u> Joined Morgan Stanley Inc. <u>January 2000</u> Managing Director, Morgan Stanley Inc. <u>April 2007</u> Managing Director, Head of Capital Markets Division, Dresdner Kleinwort Japan <u>March 2010</u> Deputy Branch Manager & Managing Director, Bank of America Merrill Lynch Japan <u>July 2015</u> CEO, Rorschach Advisory Inc. (Present position)  (Significant concurrent posts) Outside Director, SONY GROUP CORPORATION	0
<p>[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 newly nominate him as an Outside Director, expecting him to provide opinions and advice regarding TEL's corporate management in general from the perspective for increasing corporate value over the medium- to long-term, in addition to the management supervision, from a global standpoint by utilizing his experience and knowledge.</p>			

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7	Ms. Yukari Suzuki (September 16, 1962)  <Newly nominated>  [Outside Director]  [Independent Director]	<u>April 1985</u> Joined Shiseido Company, Limited <u>January 2018</u> Corporate Officer, Shiseido Company, Limited Chief Brand Officer, Shiseido Company, Limited <u>January 2020</u> Senior Executive Officer, Shiseido Company, Limited <u>March 2020</u> Director, Shiseido Company, Limited <u>January 2021</u> Representative Director, Shiseido Company, Limited Executive Officer, Shiseido Company, Limited <u>January 2022</u> Chief Marketing Officer, Shiseido Company, Limited Chief D&I Officer, Shiseido Company, Limited	0
<p>[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 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 as a corporate manager.</p>			

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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 2024.
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 Joseph A. Kraft Jr. and Yukari Suzuki if this proposal is approved.
4. The candidates for Outside Directors are described below.
  - (1) Michio Sasaki, Sachiko Ichikawa, Joseph A. Kraft Jr. and Yukari Suzuki are candidates for Outside Directors.
  - (2) As Michio Sasaki, Sachiko Ichikawa, Joseph A. Kraft Jr. and Yukari Suzuki meet TEL's criteria for judging independence, "Independence Requirements for Outside Directors and Outside Audit & Supervisory Board Members" (see pages 20 to 21) established based on the requirements for Independent Standards set forth by Tokyo Stock Exchange Inc., TEL has notified the Tokyo Stock Exchange Inc. that they have been appointed as Independent Directors.
  - (3) At the 52nd Annual General Meeting of Shareholders held on June 19, 2015, TEL revised its Articles of Incorporation so that TEL can conclude liability-limiting contracts specified by Article 423, Paragraph 1 of the Companies Act with Directors who do not execute business and Audit & Supervisory Board Members. In accordance with its Articles of Incorporation, TEL has concluded such contract with Michio Sasaki and Sachiko Ichikawa, and will continue the contract if this proposal is approved. In addition, TEL plans to conclude such contracts with Joseph A. Kraft Jr. and Yukari Suzuki 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.

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**Proposal 2: Election of Two Audit & Supervisory Board Members**

At the conclusion of the Annual General Meeting of Shareholders, the term of office for Audit & Supervisory Board Members Masataka Hama and Ryota Miura will expire. Therefore, we ask you to agree to elect two Audit & Supervisory Board Members.

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

No.	Name			Present position in TEL
1	<Re-nominated>	Mr. Ryota Miura	[Outside Audit & Supervisory Board Member] [Independent Audit & Supervisory Board Member]	Outside Audit & Supervisory Board Member
2	<Newly nominated>	Mr. Yutaka Endo	[Outside Audit & Supervisory Board Member] [Independent Audit & Supervisory Board Member]	

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

Name		Present position in TEL
Mr. Kazushi Tahara		Audit & Supervisory Board Member
Mr. Yutaka Nanasawa		Audit & Supervisory Board Member
Mr. Kyosuke Wagai	[Outside Audit & Supervisory Board Member] [Independent Audit & Supervisory Board Member]	Outside Audit & Supervisory Board Member

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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 by candidate
1	<p>Mr. Ryota Miura (May 14, 1974)</p> <p>&lt;Re-nominated&gt;</p> <p>[Outside Audit &amp; Supervisory Board Member]</p> <p>[Independent Audit &amp; Supervisory Board Member]</p>	<p><u>April 2000</u> Registered as an attorney-at-law Joined Mori Sogo (currently Mori Hamada &amp; Matsumoto)</p> <p><u>January 2007</u> Partner, Mori Hamada &amp; Matsumoto (Retired in October 2018)</p> <p><u>June 2015</u> Outside Director (Audit &amp; Supervisory Committee Member), TECHMATRIX CORPORATION (Present position)</p> <p><u>January 2019</u> Established Miura &amp; Partners Partner, Miura &amp; Partners Legal Profession Corporation (Present position)</p> <p><u>June 2020</u> Audit &amp; Supervisory Board Member, Tokyo Electron Ltd. (Present position)</p> <p><u>June 2021</u> Outside Director, Eisai Co., Ltd. (Present position)</p> <p>(Position in TEL) Audit &amp; Supervisory Board Member</p> <p>(Significant concurrent posts) Partner, Miura &amp; Partners Legal Profession Corporation Outside Director (Audit &amp; Supervisory Committee Member), TECHMATRIX CORPORATION Outside Director, Eisai Co., Ltd.</p>	0
<p>[Reason for selection as Outside Audit &amp; Supervisory Board Member nominee]                      As a partner at Miura &amp; Partners, Mr. Miura contributes to audits of TEL with his wealth of experience and expertise in the areas of corporate legal affairs, as well as extensive experience as an outside officer at other companies. We nominate him as an Outside Audit &amp; Supervisory Board Member with a view to utilizing his experience and expertise while objectively ensuring the appropriateness of audits. Although Mr. Miura has never been engaged in corporate management except as outside Director and Outside Audit &amp; Supervisory Board Member, we believe that he can adequately fulfill duties as Outside Audit &amp; Supervisory Board Member based on the abovementioned reasons. Note that he has served for 4 years as an Outside Audit &amp; Supervisory Board Member of TEL as of the end of this General Meeting.</p>			

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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 by candidate
2	Mr. Yutaka Endo (May 20, 1954)  <Newly nominated>  [Outside Audit & Supervisory Board Member]  [Independent Audit & Supervisory Board Member]	<u>April 1977</u> Joined the Industrial Bank of Japan, Limited <u>April 2004</u> Executive Officer, General Manager of International Coordination Division, Mizuho Corporate Bank, Ltd. <u>December 2007</u> Chairman, Mizuho International plc (London) <u>April 2009</u> Deputy President, Mizuho Securities Co., Ltd. <u>April 2011</u> Executive Director and Secretary General, The Japan Institute of International Affairs <u>March 2013</u> President and Director, Tokyo Bay Hilton Co., Ltd. <u>October 2015</u> Deputy President, Japan Finance Organization for Municipalities <u>October 2021</u> Senior Advisor, Japan Finance Organization for Municipalities	0
<p>[Reason for selection as Outside Audit &amp; Supervisory Board Member nominee] Through many years of extensive experience in the financial industry and management of domestic and international companies, etc., he possesses abundant experience in management with global perspectives, as well as a considerable degree of knowledge in finance and accounting. We newly nominate him as an Outside Audit &amp; Supervisory Board Member with a view to utilizing his experience and expertise while objectively ensuring the appropriateness of audits.</p>			

(Notes)

- Each of the candidates has no special interests in TEL.
- The Audit & Supervisory Board has consented to this proposal.
- TEL has concluded a Directors and Officers Liability Insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The insurance contract covers damages, such as compensation for damages, settlements, and litigation expenses, arising from acts and nonperformance of acts committed in relation to the execution of duties by the insured. If each candidate is elected as Audit & Supervisory Board Member, they will be included as insured under this insurance contract. In addition, TEL plans to renew the insurance contract in July 2024.
- TEL has entered into an indemnity agreement with Ryota Miura, 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. In addition, TEL plans to enter this agreement with Yutaka Endo if this proposal is approved.
- The candidates for Outside Audit & Supervisory Board Members are described below.
  - Ryota Miura and Yutaka Endo are candidates for Outside Audit & Supervisory Board Members.
  - As Ryota Miura and Yutaka Endo meet TEL's criteria for judging independence, "Independence Requirements for Outside Directors and Outside Audit & Supervisory Board Members" (see pages 20 to 21) established based on the requirements for Independent Standards set forth by Tokyo Stock Exchange Inc., TEL has notified the Tokyo Stock Exchange Inc. of his appointment as Independent Directors. During the past three fiscal years, there was a business relationship between TEL and Miura & Partners Legal Profession Corporation, a law firm to which Ryota Miura belongs, with respect to some individual corporate legal affairs. However, the remuneration amount was less than 10 million yen and less than 1% of remuneration received by Miura & Partners Legal Profession Corporation, therefore insignificant. In addition, during the past three fiscal years, there was a business relationship between TEL and Mori Hamada & Matsumoto, a law firm to which Ryota Miura was affiliated, with respect to

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some individual corporate legal affairs. However, the remuneration amount was less than 10 million yen and less than 1% of remuneration received by Mori Hamada & Matsumoto, therefore insignificant. Therefore, he meets the “Independence Requirements for Outside Directors and Outside Audit & Supervisory Board Members” of TEL, and TEL determined that there would be no conflict of interest with ordinary shareholders, as an Outside Audit & Supervisory Board Member of TEL.

(3) At the 52nd Annual General Meeting of Shareholders held on June 19, 2015, TEL revised its Articles of Incorporation so that TEL can conclude liability-limiting contracts specified by Article 423, Paragraph 1 of the Companies Act with Directors who do not execute business and Audit & Supervisory Board Members. In accordance with its Articles of Incorporation, TEL has concluded such contract with Ryota Miura, and will continue the contract if this proposal is approved. In addition, TEL plans to conclude the contract with Yutaka Endo if this proposal is approved. The liability limitation under these contracts is the minimum liability amount specified in Article 425, Paragraph 1 of the Companies Act, provided that the Audit & Supervisory Board Members perform their duties in good faith without gross negligence.



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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	Mr. Toshiki Kawai <Re-nominated>	X	X	X	X		
	Mr. Sadao Sasaki <Re-nominated>	X	X	X	X		
	Mr. Yoshikazu Nunokawa <Re-nominated>		X	X	X	X	
	Mr. Michio Sasaki <Re-nominated> [Outside]	X		X	X		
	Ms. Sachiko Ichikawa <Re-nominated> [Outside]					X	X
	Mr. Joseph A. Kraft Jr. <Newly nominated> [Outside]					X	X
	Ms. Yukari Suzuki <Newly nominated> [Outside]	X			X		
Audit & Supervisory Board Members	Mr. Kazushi Tahara	X	X	X	X		
	Mr. Yutaka Nanasawa		X			X	
	Mr. Kyosuke Wagai [Outside]					X	X
	Mr. Ryota Miura <Re-nominated> [Outside]						X
	Mr. Yutaka Endo <Newly nominated> [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] 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 ho 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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### <Regarding Proposals 3 to 4>

Proposals 3 to 4 concern executive compensation. Below is an overview of the relation between these proposals and the TEL Group's executive compensation system.

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

TEL Group, aiming to strengthen corporate competitiveness at the global level and increase the transparency of management, adopted an executive compensation system closely linked to short-term performance and medium- to long-term enhancement of corporate value. In order to raise awareness of the need to improve corporate value over the medium- to long-term, the ratio of stock-based compensation in annual performance-linked compensation has been increased and a portion of it has been made non-performance-linked compensation (stock-based compensation) beginning in the 61st fiscal year. The Inside Directors compensation system consists of fixed basic compensation, annual performance-linked compensation, medium-term performance-linked compensation, and non-performance-linked compensation (stock-based compensation).

#### Composition of executive compensation and their relation to proposals

	Fixed basic compensation	Annual performance-linked compensation		Medium-term performance-linked compensation	Non-performance-linked compensation	
	Cash	Cash bonuses	Stock compensation-based stock option	Performance share (Stock-based compensation)	Stock compensation-based stock option	Restricted stock units (Stock-based compensation)
Corporate Directors (excluding Outside Directors)	Approved at the 48th Annual General Meeting of Shareholders (Note 1)	Proposal 3	Proposal 4	Approved at the 55th Annual General Meeting of Shareholders (Note 4)	Proposal 4	-
Outside Directors	Approved at the 58th Annual General Meeting of Shareholders (Notes 1, 2)	-	-	-	-	Approved at the 57th Annual General Meeting of Shareholders (Note 5)
Audit & Supervisory Board Members	Approved at the 48th Annual General Meeting of Shareholders (Note 3)	-	-	-	-	-
Officers, etc., of TEL and its subsidiaries	-	-	Proposal 4	-	Proposal 4	-

(Notes) 1. The limit of fixed basic compensation for Corporate Directors (including Outside Directors) was resolved to be no more than 750 million yen per business year.

2. The limit of fixed basic compensation for Outside Directors was resolved to be no more than 100 million yen per business year.

3. The limit of fixed basic compensation for Audit & Supervisory Board Members was resolved to be no more than 13 million yen per month (no more than 156 million yen per year).

4. Medium-term performance-linked compensation for Corporate Directors (excluding Outside Directors) was resolved to be no more than 480 million yen and no more than 71,400 shares for 3 business years.

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5. Non-performance-linked compensation for Outside Directors was resolved to be no more than 50 million yen and no more than 15,000 shares for 3 business years.

**The amount of annual performance-linked compensation: cash bonuses [Proposal 3]**

- We propose payment of cash bonuses of no more than 531.8 million yen for 3 Corporate Directors (excluding 3 Outside Directors) in office as of the final day of the 61st fiscal year.
- For Corporate Directors who also serve as Corporate Officers and Corporate Directors who also serve as executive officers, TEL only pays Corporate Director's bonuses and does not separately pay Corporate Officer's bonuses nor employee bonuses.

**The amount of annual performance-linked compensation / non-performance-linked compensation: stock compensation-based stock option [Proposal 4]**

- Since stock options involves the issuance of share subscription rights, it will be brought before the General Meeting of Shareholders as Proposal 4 in accordance with the provisions of the Companies Act.
- We propose in Proposal 4 to grant share subscription rights as stock compensation-based stock options of a total of no more than 1,413.9 million yen (with an annual performance-linked compensation limit of 807.9 million yen and a non-performance-linked compensation limit of 606.0 million yen) and a total of no more than 43,100 shares (with an annual performance-linked compensation limit of 24,600 shares and a non-performance-linked compensation limit of 18,500 shares) to 3 eligible Corporate Directors (excluding 3 Outside Directors) as of the end of the 61st fiscal year, combined with grants to other eligible recipients (TEL Corporate Officers, executive officers, and senior employees, as well as subsidiary Corporate Directors, executive officers, and senior employees), totaling up to 171,500 shares (with an annual performance-linked compensation limit of 115,600 shares and a non-performance-linked compensation limit of 55,900 shares).

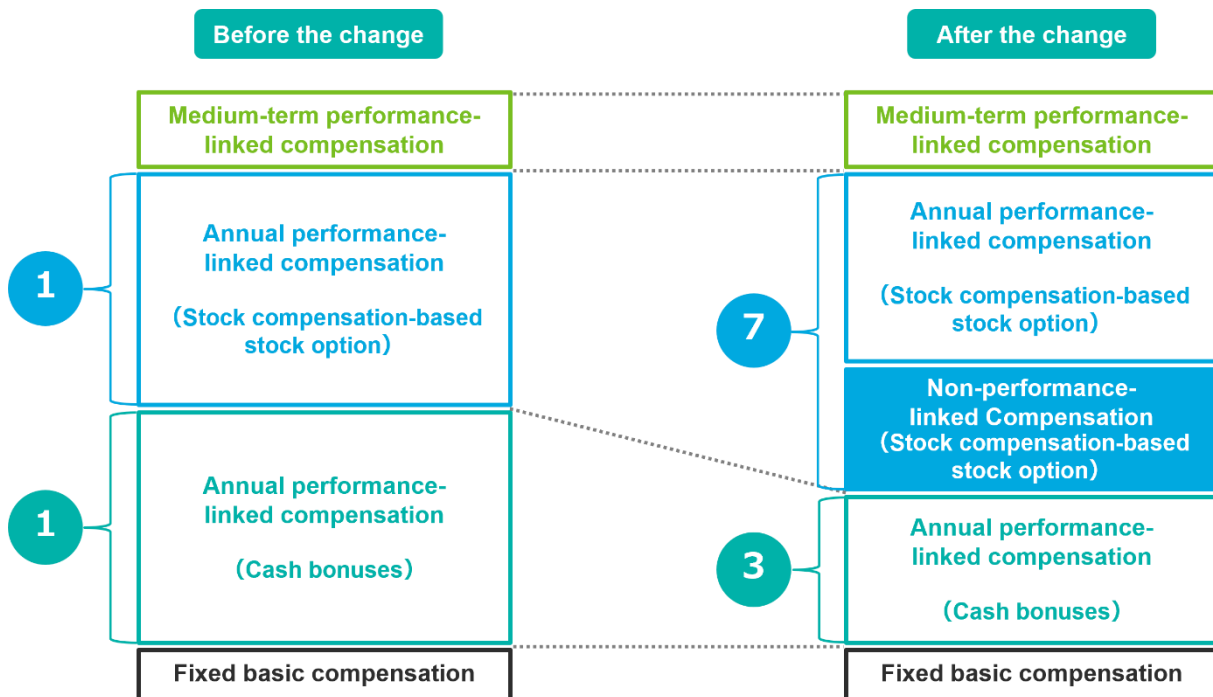
Stock compensation-based stock option	Annual performance-linked compensation	Non-performance-linked compensation	Total
Total	<u>Up to 115,600 shares</u>	<u>Up to 55,900 shares</u>	<u>Up to 171,500 shares</u>
TEL Corporate Directors (excluding Outside Directors)	<u>Up to 24,600 shares</u> <u>(Up to 807.9 million yen)</u>	<u>Up to 18,500 shares</u> <u>(Up to 606.0 million yen)</u>	<u>Up to 43,100 shares</u> <u>(Up to 1,413.9 million yen)</u>
TEL Corporate Officers, executive officers, and senior employees Subsidiary Corporate Directors, executive officers, and senior employees	<u>Up to 91,000 shares</u>	<u>Up to 37,400 shares</u>	<u>Up to 128,400 shares</u>

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- We have made a change to increase the ratio of stock compensation-based stock options to total compensation from the 61st fiscal year. The composition of cash bonuses and stock compensation-based stock options in the total of annual performance-linked compensation and non-performance-linked compensation following this change is as shown in the table below.

	Before the change	After the change								
TEL Corporate Directors TEL Corporate Officers	<table border="1"> <tr> <td>Cash bonuses</td> <td>Stock compensation-based stock option</td> </tr> <tr> <td colspan="2" style="text-align: center;">Roughly 1 : 1</td> </tr> </table>	Cash bonuses	Stock compensation-based stock option	Roughly 1 : 1		<table border="1"> <tr> <td>Cash bonuses</td> <td>Stock compensation-based stock option</td> </tr> <tr> <td colspan="2" style="text-align: center;">Roughly from 3 : 7 to 4 : 6</td> </tr> </table>	Cash bonuses	Stock compensation-based stock option	Roughly from 3 : 7 to 4 : 6	
Cash bonuses	Stock compensation-based stock option									
Roughly 1 : 1										
Cash bonuses	Stock compensation-based stock option									
Roughly from 3 : 7 to 4 : 6										
TEL executive officers, and senior employees Subsidiary Corporate Directors, executive officers, and senior employees	<table border="1"> <tr> <td>Cash bonuses</td> <td>Stock compensation-based stock option</td> </tr> <tr> <td colspan="2" style="text-align: center;">Roughly 2 : 1</td> </tr> </table>	Cash bonuses	Stock compensation-based stock option	Roughly 2 : 1		<table border="1"> <tr> <td>Cash bonuses</td> <td>Stock compensation-based stock option</td> </tr> <tr> <td colspan="2" style="text-align: center;">Roughly from 4.5 : 5.5 to 5 : 5</td> </tr> </table>	Cash bonuses	Stock compensation-based stock option	Roughly from 4.5 : 5.5 to 5 : 5	
Cash bonuses	Stock compensation-based stock option									
Roughly 2 : 1										
Cash bonuses	Stock compensation-based stock option									
Roughly from 4.5 : 5.5 to 5 : 5										

(Reference) Composition of CEO compensation





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### **Proposal 3: Payment of Bonuses to Corporate Directors for the 61st Fiscal Year**

Based on TEL's executive compensation system, net income attributable to owners of parent and consolidated ROE for the 61st fiscal year, TEL seeks shareholder approval to pay 531.8 million yen as the cash bonus portion of annual performance-linked compensation to 3 Corporate Directors (excluding 3 Outside Directors) as of the final day of the 61st fiscal year in accordance with Article 361, Paragraph 1 of the Companies Act.

TEL believes this proposal is appropriate, as the amount of bonuses to be paid is linked to business performance in the 61st fiscal year, with a view to motivating recipients to contribute to improving the business performance in each fiscal year, in accordance with TEL's executive compensation system.

### **Proposal 4: Issuance of Share Subscription Rights as Stock-Based Compensation to Executives of TEL and its Subsidiaries**

Based on TEL's executive compensation system, net income attributable to owners of parent, consolidated ROE for the 61st fiscal year, etc., TEL seeks shareholder approval to authorize the Board of Directors to make decisions related to the solicitation of applications for share subscription rights to be issued in accordance with the provisions of Articles 236, 238 and 239 of the Companies Act, with the objective of granting share subscription rights as the stock compensation-based stock option portion of annual performance-linked compensation to 3 TEL Corporate Directors (excluding 3 Outside Directors), as well as to Corporate Officers, executive officers, and senior employees of TEL as of the final day of the 61st fiscal year, and Directors, executive officers, and senior employees of subsidiaries as of the final day of the 61st fiscal year, and also with the objective of granting share subscription rights as the stock compensation-based stock option portion of non-performance-linked compensation.

In addition, of annual performance-linked compensation, cash bonuses for Corporate Directors (excluding Outside Directors) will be brought before the General Meeting of Shareholders as Proposal 3. In addition to Proposal 3, TEL seeks shareholder approval to grant share subscription rights as stock compensation-based stock option portion of annual performance-linked compensation totaling no more than 807.9 million yen annually to TEL Corporate Directors (excluding Outside Directors), as detailed below, in accordance with Article 361, Paragraph 1 of the Companies Act. TEL also seeks shareholder approval to grant share subscription rights as the stock compensation-based stock option of non-performance-linked compensation to TEL Corporate Directors (excluding Outside Directors) totaling no more than 606.0 million yen with the aim of encouraging a strong focus on increasing corporate value over the medium to long term, etc.

The amount of stock compensation-based stock option actually issued is the fair value on one option, calculated using the share price on the date of allocation of the options, the strike price, and the future predicted dividend, etc., based on past performance and multiplied by the total number of options allocated.

#### **1. Reason for granting share subscription rights to Corporate Directors as stock-based compensation and reason for granting share subscription rights to non-shareholders under particularly favorable conditions**

In the past, TEL and its subsidiaries have actively introduced incentive systems such as compensation that is linked to business performance and share subscription rights. TEL has implemented its executive compensation system to link executive compensation more closely to its stock prices, consolidated net income and shareholder value, while tying that compensation to efforts to enhance the transparency of management and corporate competitiveness.

The TEL Group has turned part of executive compensation into performance-linked compensation and has clearly correlated it to its net income attributable to owners of the parent and consolidated ROE, thus increasing the compensation's linkage to consolidated financial results and stock prices. Non-performance-linked compensation is adopted to raise awareness of the need to enhance corporate value over the medium- to long-term, and is intended to raise awareness of the need to share shareholders' viewpoints and increase corporate value over the medium- to long-term.

In order for TEL Corporate Directors (excluding Outside Directors) and Corporate Officers to have incentives for share prices to rise through better business performance and to share the risks of share price fluctuations with shareholders, the ratio of cash bonuses to stock compensation-based stock option as the total of annual performance-linked compensation and non-performance-linked compensation, is set roughly from 3:7 to 4:6, depending on the position and responsibility of the person to be compensated. We will issue share subscription rights with a set strike price of 1 yen per share as

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stock compensation-based stock option, based on the financial results in the 61st fiscal year, which will have the same effect.

## 2. Overview of issued subscription rights

### (1) People eligible for the allotment of subscription rights

- TEL Corporate Directors (excluding Outside Directors and people who are not TEL Corporate Directors at the end of the General Meeting of Shareholders) as of the final day of the 61st fiscal year
- People who are judged that allotment is necessary, among Corporate Officers, executive officers, senior employees of TEL as of the final day of the 61st fiscal year
- People who are judged that allotment is necessary, among Corporate Directors and executive officers, senior employees of TEL's subsidiaries as of the final day of the 61st fiscal year

### (2) Number and type of shares to be issued for subscription rights

TEL common stocks up to 171,500 shares (of which, the maximum number to be issued for annual performance-linked compensation: 115,600 shares, and the maximum number to be issued for non-performance-linked compensation: 55,900 shares). Out of such stocks, the maximum number of TEL common stocks to be allotted to TEL Corporate Directors (excluding Outside Directors) shall be up to 43,100 shares (of which, the maximum number to be issued for annual performance-linked compensation: 24,600 shares, and the maximum number to be issued for non-performance-linked compensation: 18,500 shares).

If TEL implements a share split or share consolidation, the number of subject shares shall be adjusted according to the formula below; provided, however, that this adjustment will be made only with respect to the number of shares subject to subscription rights not yet exercised at the time of splitting or consolidation. In this calculation, any fraction of a share smaller than one share will be disregarded.

Adjusted number of shares = Number of shares before adjustment × Split or consolidation ratio

In addition, if the number of shares to be issued needs to be adjusted for any reason, TEL will adjust the number of shares to be issued as appropriate in a reasonable scope according to a resolution of a meeting of the Board of Directors.

### (3) Aggregate number of subscription rights

Up to 1,715 (of which, the maximum number to be issued for annual performance-linked compensation: 1,156, and the maximum number to be issued for non-performance-linked compensation: 559). Out of such subscription rights, the maximum number of subscription rights to be allotted to TEL Corporate Directors (excluding Outside Directors) shall be up to 431 (of which, the maximum number to be issued for annual performance-linked compensation: 246, and the maximum number to be issued for non-performance-linked compensation: 185). (The number of shares to be issued for one subscription right is 100 shares. However, in the event that the number of shares is adjusted as determined in (2) above, this number will be similarly adjusted.)

### (4) Payment amount for subscription rights

Gratis

### (5) Value of assets required for the exercise of subscription rights

The value of assets required to exercise one subscription right shall be the amount determined by multiplying 1 yen per share in payment by the number of shares to be issued for one subscription right as determined in (3) above.

### (6) Exercise period for subscription rights

The period in which subscription rights may be exercised is from the first date of the next month after three years have passed since the date of allotment, until the last date of the previous month after 20 years have passed since the date of allotment.

### (7) Matters regarding increase in capital and capital reserves upon issuance of shares through exercising of subscription rights

(i) The amount of increased capital due to issuing of shares through exercising of subscription rights shall be half of the maximum amount of increase in capital as calculated according to the provisions of Paragraph 1 of Article 17 of the Company Calculation Regulations, and fractions under 1 yen resulting from calculations shall be rounded up.

(ii) The amount of increased capital due to issuing of shares through exercising of subscription rights shall be the amount of increased capital stipulated in (i), subtracted from the maximum amount of increase in capital stated in (i).

### (8) Conditions for exercising subscription rights

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- (i) Subscription rights may not be exercised for a unit of less than one. (The minimum number of subscription rights exercisable shall be one.)
  - (ii) When exercising the Subscription Rights, the Optionee shall be a director, a statutory auditor, a corporate officer, an employee, etc. of TEL, or a director, a statutory auditor, an employee, etc. of a subsidiary or affiliated company of TEL.
  - (iii) Notwithstanding the preceding Paragraph, in the event of the death of the Optionee on or before the day prior to the start date of the Exercise Period the successor of the Optionee may succeed to and exercise the Subscription Rights within 1 year from the start date of the Exercise Period, or in the event of the death of the Optionee on or after the start date of the Exercise Period, the successor of the Optionee may succeed to and exercise the Subscription Rights within 1 year after the Optionee's death; provided, however, that the successor of the Optionee shall exercise the Subscription Rights by the end of the Exercise Period.
  - (iv) Notwithstanding Paragraph (ii) of this Article, when the Optionee resigns (or retires) from a director, a statutory auditor, a corporate officer, an employee, etc. of TEL, or a director, a statutory auditor, an employee, etc. of a subsidiary or affiliated company of TEL on or before the day prior to the start date of the Exercise Period (if the Optionee holds several offices at the same time or consecutively, this means when the Optionee resigns (or retires) from all offices, hereinafter the same shall apply), the Optionee may exercise the Subscription Rights within 1 year from the start date of the Exercise Period; or when the Optionee resigns (or retires) from a director, a statutory auditor, a corporate officer, an employee, etc. of TEL, or a director, a statutory auditor, an employee, etc. of a subsidiary or affiliated company of TEL on or after the start date of the Exercise Period, the Optionee may exercise the Subscription Rights within 1 year from the date of resignation (or retirement); provided, however, that the Optionee shall exercise the Subscription Rights by the end of the Exercise Period.
  - (v) Notwithstanding the Exercise Period, when any of the following (a) through (d) become applicable to the Optionee, the Optionee may not exercise the Subscription Rights thereafter and the Subscription Rights will lapse immediately.
    - (a) When the Optionee becomes subject to an imprisonment;
    - (b) When the Board of Directors of TEL determines that the Optionee has intentionally or through gross negligence caused material damages to be incurred by TEL, or subsidiaries or affiliated companies of TEL;
    - (c) When the Optionee becomes a director or an employee of a competitor of TEL, or subsidiaries or affiliated companies of TEL (excluding the case where TEL gives prior written consent to the Optionee); or
    - (d) When the Optionee offers in writing to waive the Subscription Rights in whole or in part.
- (9) Acquisition of subscription rights  
 If any of the proposals set forth in (i) through (iii) below is approved by TEL's general shareholders meeting (or approved by TEL's Board of Directors if the approval of the general shareholders meeting is not required), TEL may acquire the subscription rights without payment on a day to be determined separately by the Board of Directors.
- (i) A proposal approving a merger agreement causing TEL to cease to exist;
  - (ii) A proposal approving a demerger agreement or demerger plan making TEL a demerging company;  
or
  - (iii) A proposal approving a stock-for-stock exchange agreement making TEL a wholly-owned subsidiary or a stock-transfer plan making TEL a wholly-owned subsidiary.
- (10) Restriction on acquisition of subscription rights by way of transfer  
 The acquisition of the subscription rights by way of a transfer requires approval being granted at a meeting of the Board of Directors of TEL.
- (11) Policies decided regarding lapse of subscription rights due to restructuring and details regarding delivery of subscription rights from the restructuring company  
 In the event that a merger (limited to mergers in which TEL will cease to exist), absorption-type demerger or incorporation-type demerger (limited to demergers in which TEL will become the demerging company), stock-for-stock exchange, or stock-transfer (limited to exchanges/transfers in which TEL becomes the wholly-owned subsidiary; all of the above scenarios called "Organizational Restructuring" collectively) occurs, the share subscription rights of the joint stock company(ies) listed in Article 236, Paragraph 1, Items 8 (i) through 8 (ho) of the Companies Act (the "Restructuring Company") may be delivered to the Optionee who has the remaining subscription rights immediately prior to the effective date of the Organizational Restructure (the effective date of the absorption-type merger in the case of an absorption-type merger; the incorporation date of the company incorporated

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in the case of an incorporation-type merger; the effective date of the absorption-type demerger in the case of an absorption-type demerger; the incorporation date of the company incorporated in the case of an incorporation-type demerger; the effective date of the stock-for-stock exchange in the case of a stock-for-stock exchange; and the incorporation date of the wholly-owning parent company incorporated in the case of a stock-transfer). In the event the subscription rights of the Restructuring Company are to be delivered, the remaining subscription rights shall lapse, and the Restructuring Company shall issue new subscription rights. Delivery of the subscription rights of the Restructuring Company shall be subject to the following conditions in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type demerger agreement, incorporation-type demerger agreement, stock-for-stock exchange agreement or stock-transfer agreement.

(i) Number of subscription rights to be granted

The same number of subscription rights as the number of remaining subscription rights held by the Optionee shall be granted; provided, however, that the number of subscription rights may be adjusted to an appropriate number other than the number of remaining subscription rights depending on the number of subscription rights of the restructuring company provided in (iii), the number of shares for one subscription right of shares of the restructuring company, and other circumstances.

(ii) Type of shares of the restructuring company subject to the subscription rights

Common stock of the restructuring company

(iii) Number of shares of the restructuring company subject to the subscription rights

To be determined by applying (2) above mutatis mutandis, taking into consideration the conditions of the organizational restructuring.

(iv) Value of assets to be contributed upon exercise of the subscription rights

The value of the assets to be contributed for the exercise of each subscription right shall be the amount determined by multiplying the post-restructuring pay-in amount specified below by the number of shares of the restructuring company subject to each subscription right determined in accordance with (iii). The post-restructuring pay-in amount is 1 yen per share of the restructuring company that can be granted by exercise of each subscription right granted.

(v) Exercise period of the subscription rights

The exercise period of the subscription rights shall be the later of the first day of the period when the subscription rights can be exercised as specified in (6) above or the effective date of the organizational restructuring until the last day of the period when the subscription rights can be exercised as specified in (6) above.

(vi) Matters regarding increases in capital and capital reserves upon issuance of shares by exercise of subscription rights

To be determined by applying (7) above mutatis mutandis.

(vii) Restrictions on acquisition of subscription rights by assignment

Acquisition of the subscription rights by assignment shall require the approval of the Board of Directors of the restructuring company.

(viii) Conditions for the exercise and acquisition of subscription rights

To be determined by applying (8) and (9) above mutatis mutandis.

(12) Outline of conditions for the allotment of subscription rights

Subscription rights to be allotted as annual performance-linked compensation shall be allotted based on the TEL's executive compensation plan, net income attributable to shareholders of the parent company for the 61st fiscal year, consolidated ROE, etc. Subscription rights to be allotted as non-performance-linked compensation shall be allotted based on the person's position in a relevant company as well as other factors.

(13) Entrustment of decisions concerning offering

Further to the above provisions, other matters including the offering of subscription rights and details concerning the offering shall be determined by resolution of the Board of Directors at a meeting held after the closing of the General Meeting of Shareholders.

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## Business Report (From April 1, 2023 to March 31, 2024)

### 1. Current Status of the TEL Group

#### (1) Business Developments and Results

##### General Overview

With respect to the global economy in the current consolidated fiscal year, raw material and energy prices that had soared since the advent of the COVID-19 pandemic began to fall during the previous fiscal year. As a result, the inflation rate had fallen to around 2% by the end of the current fiscal year, which is the medium- to long-term target of central banks in major countries. Furthermore, although the increase in policy interest rates, mainly in Europe and the United States, has eased slightly, the yen's depreciation continues.

In the electronics industry, where the Tokyo Electron (TEL) Group operates, semiconductor manufacturers began to reduce production from the second half of the previous consolidated fiscal year as demand for end products such as PCs and smartphones had peaked. As a result, inventory adjustments have progressed, and the supply-demand balance for semiconductors has gradually improved during the current fiscal year.

Under these circumstances, capital investment in semiconductor production equipment, which was entering an adjustment phase, showed signs of bottoming out. Although capital investment for memory and cutting-edge logic/foundry semiconductors was still generally restrained, there was an increase in inquiries about advanced package equipment for generative AI applications. Additionally, capital investment in China, which aims to improve their semiconductor self-sufficiency rate, for the mature generations of semiconductors used for IoT, automotive, and industrial applications, continued their strong growth trend from the previous fiscal year. Considering the transition to a data society, stemming from the expansion of information and communication technology, and efforts toward realizing a decarbonized society, the role of semiconductors in supporting electronic devices and the importance of their technological innovation is increasing. Therefore, further growth is expected in the semiconductor production equipment market 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 decreased 17.1% from the previous fiscal year to 1,830,527 million yen; operating income decreased 26.1% to 456,263 million yen; ordinary income decreased 25.9% to 463,185 million yen, and net income attributable to owners of parent was 363,963 million yen, a year-on-year decrease of 22.8%.

##### Main Businesses

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

The TEL Group's segments were previously divided into "Semiconductor Production Equipment" and "FPD (Flat Panel Display) Production Equipment," but from the current fiscal year, we have changed to a single segment of "Semiconductor Production Equipment."

As the semiconductor production equipment market has achieved steady growth and is expected to continue to see high growth, the impact of the FPD Production Equipment Business on the TEL Group as a whole has become minor, and in order to use resources efficiently, we have reorganized to integrate the FPD Production Equipment Business into the Semiconductor Production Equipment Business from April 2023. The change in segment was made because disclosing as a single segment of "Semiconductor Manufacturing Equipment" was determined to more appropriately reflect the actual management state of the TEL Group in consideration of these factors in the actual decision-making process for the TEL Group's business development and management resource allocation.

Segment information is omitted from the current fiscal year as a result of this change.

#### (2) Capital Investment and Procurement of Funds

In the current consolidated period, the TEL Group acquired 121,841 million yen in tangible fixed assets. The main capital investments were as indicated below.

- Acquisition of R&D machinery and equipment to create high value-added products with innovative technologies.



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- Construction of a new development building to further strengthen technological development capabilities in anticipation of medium to long-term market growth and diversifying technological needs associated with technological innovation.  
 Tokyo Electron Technology Solutions Ltd. (Yamanashi): Construction completed in July 2023  
 Tokyo Electron Miyagi Ltd. (Miyagi): Construction started in June 2023  
 Tokyo Electron Kyushu Ltd. (Kumamoto): Construction started in October 2023
- Started construction in February 2024 of a production and logistics building at the Tohoku Regional Office (Iwate) of Tokyo Electron Technology Solutions Ltd. To further improve production capacity by consolidating production and logistics functions.

The funding required for this investment 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 dynamic business activities in the electronics industry, a field characterized by rapid and active technological innovation, 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. In this way, TEL has provided products and services with high added value in world markets. Moreover, TEL has maintained growth by creating original technology that takes the lead in business domains where innovations in technology will generate new value, and continuous market expansion can be expected.

The driving forces of our company are comprised of abundant technical know-how cultivated as an industry leader, the trust from customers based 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, aiming to become a world-class, highly profitable company with dreams and vitality, and contributing to technological innovation in semiconductors, which is indispensable to support sustainable development in the world.

#### (ii) Vision

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

The TEL Group pursues technological innovation in semiconductors that supports the sustainable development of the world. We aim for medium- to long-term profit expansion and continuous corporate value enhancement by utilizing our expertise to continuously create high value-added leading-edge equipment and technical services.

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

#### (iii) Business Environment

As information and communication technology evolves and the transition to a data society progresses, the use and application of digital technology is expanding in various industries and fields. The foundation for this is innovation in semiconductor technologies. There is no stopping the pursuit of technology for the evolution of semiconductors, including the aspects of high capacity, high speed, high reliability, and low power consumption. It has been 76 years since the birth of transistors. The market value of semiconductor device market became approximately 530.0 billion dollars<sup>\*1</sup> in 2023, and it is expected to reach 1 trillion dollars<sup>\*2</sup> by around 2030, which is a growth that equates to double the current market size. The semiconductor production equipment business in which the TEL Group participates is expected to grow significantly in the future, supporting semiconductors which comprise critical social infrastructure, and contributing to the development of a dream-inspiring society.

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(Notes)

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

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

Aiming for future growth and development, in June 2022, TEL Group announced its Medium-term Management Plan with the fiscal year ending March 31, 2027 as the target year. With the high growth expectations of the semiconductor market and the semiconductor production equipment market, we have positioned this Medium-term Management Plan as a milestone on our way to pursuing medium- to long-term profit expansion and continuous corporate value enhancement.

Financial Targets (by FY2027)	
Net sales	≥ 3 trillion yen
Operating margin	≥ 35%
ROE	≥ 30%

In addition to the above efforts to achieve the Medium-term Management Plan, in order to aim for world class profit creation and further improvements in corporate value, we made the following updates to our plan in February 2024 for investing in growth and human resources over the next five years.

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

■ Human Resources Initiatives

Based on the belief that “Our corporate growth is enabled by people, and our employees both create and fulfill company values,” we are committed to management that emphasizes employee motivation and engagement with TEL.

By sharing the above with employees and promoting regular engagement surveys, we will draw out their exceptional abilities and drive, and strive to maintain and improve as a company filled with dreams and vitality by contributing to the technological innovation in semiconductors that supports the sustainable development of the world.

We will continue active hiring with a view to capturing the future growth opportunities. At the same time, we will work to improve diversity, equity and inclusion while bearing in mind the 3G perspectives of Global, Generation, and Gender. To ensure that we grow appropriately as an organization without becoming bloated, we will promote work efficiency and a flat structure. We will strive to improve work-life balance of each employee and also present various career paths, while enhancing our education programs in parallel to support their 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 oversees the proper implementation of the successor development plan.

Along with these efforts within our company, we are also working to develop the semiconductor industry talent of the future outside of our company. We are supporting various programs, such as joining the U.S.-Japan University Partnership for Workforce Advancement and Research & Development in Semiconductors (UPWARDS) for the Future<sup>3</sup>, which is comprised of universities in Japan and the United States. By helping to foster the talent who will lead semiconductor technological innovation, we will contribute to the development of the semiconductor industry.

(Note) 3. U.S.-Japan University Partnership for Workforce Advancement and Research & Development in Semiconductors

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#### ■ Environmental, Social, and Governance (ESG) Activities

As a leading company in semiconductor production equipment industry, the TEL Group strives to achieve higher profits and enhance our economic value by continuously providing high performance and high quality products and service, while also contributing to the development of a sustainable society through the promotion of sustainability efforts, which will help raise our social significance, thus strengthening our business foundations and improving our corporate value.

TEL Group has received strong recognition for these activities and in April 2024, the TEL Group was selected as one of the SX<sup>4</sup> Brand 2024 established by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, Inc. SX is an initiative dedicated to aligning social and corporate sustainability and implementing necessary management and business changes with the aim of achieving long-term and sustainable improvement of corporate value. TEL Group has been responding promptly to changes in the semiconductor production equipment market through holistic initiatives across our entire value chain, including R&D, procurement, manufacturing, sales, installation, and maintenance services. This evaluation recognizes our commitment to enhancing corporate value by delivering strong performance over the long term and effectively managing risks, including those associated with environmental impact and supply chain management.

(Note) 4. Sustainability transformation

#### [Environmental Activities]

As the importance of preserving the global environment becomes increasingly significant in society, the TEL Group is focusing on reducing business risks and creating new business opportunities by collaborating with our customers and partner companies to work on technological innovation in semiconductors and reducing environmental impact throughout the supply chain. Specifically, we are conducting various activities by promoting E-COMPASS (Environmental Co-Creation by Material, Process and Subcomponent Solutions).

- Contributing to the enhanced performance and reduced power consumption of semiconductors
- Achieving a balance between the process and environmental performance of equipment
- Reducing CO<sub>2</sub> emissions in all business activities

For the fiscal year ended March 31, 2024, we obtained SBT<sup>5</sup> certification for our environmental medium-term target and are working to ensure the achievement of these targets based on scientific evidence. For our environmental long-term targets, we have moved up the deadline for achieving net zero emissions from 2050 to 2040, and we are working on reducing greenhouse gas emissions across the entire supply chain. Additionally, we are promoting initiatives 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. We are working to enhance corporate resilience (response capability) by implementing continuous measures in response to climate change and providing transparent information disclosure.

(Note) 5. Science Based Targets. SBTs are targets set by companies for 5 to 15 years ahead, aligned with the levels demanded by the Paris Agreement.

#### [Governance Activities]

The TEL Group believes that a corporate governance framework is important for succeeding in the face of global competition and maintaining sustainable growth. By having a Board of Directors that is always optimized and highly effective, building a proactive corporate management system, and continually tackling issues based on evaluations of the effectiveness of the Board of Directors and opinions from institutional investors and other parties, we are maintaining a strong corporate governance framework that will increase our corporate value over the medium- and long-term and will contribute to sustained growth.

We are working to improve the effectiveness of these systems and the initiatives listed below, which we call “offense x offence governance.” This phrase conveys two ideas. One is that we will relentlessly target short, medium, and long-term profits while pursuing world-class profit margins. The other is that we will target “Safety, Quality, and Compliance,” the immovable foundation for all our business activities, as we engage with our employees and other stakeholders and pursue to strengthen and improve security.



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#### Efforts to strengthen the effectiveness of governance

- Sharing the CEO mission with employees: Ongoing improvements to short-term, medium- and long-term profit and corporate value, implementation of motivation-oriented management
- 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 and realize effective governance
- 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: 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)
- Quarterly review meetings: Monitoring of progress on Medium-term Management Plan (four times per year)

The semiconductor production equipment market is expected to continue to grow at a high rate. Therefore, we expect the number of our business sites to increase from the current 87 sites in 19 countries and regions to more than 100 sites in the near future. Under these circumstances, we will pursue short-, medium- and long-term profit expansion and continuous corporate value enhancement through the development of an effective operating rhythm that supports highly effective governance and business execution.

#### (v) Engagement with Capital Markets

Our management actively engages in Investor Relations (IR) and Shareholder Relations (SR) activities to contribute to our sustainable growth and increase corporate value over the medium-to long-term. In IR activities, the CEO and other officers give presentations at quarterly earnings briefings and Medium-term Management Plan briefings to share business strategies and growth stories. In addition, a dedicated IR team has been established under the direct control of the CEO. During the fiscal year ended March 31, 2024, we established an IR Branch Office in New York. This has increased opportunities for face-to-face interactions with investors in the North American area and enhanced the recognition of the TEL Group and the Japanese semiconductor production equipment industry.

#### (vi) Capital Policy

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

Under such a capital policy, the Company's market capitalization as of March 31, 2024 ranked third in the Tokyo Prime Market, on the back of our track record of recent high profit growth and expectations of further growth for the future, including an aggressive shareholder return policy, high-level growth investments, management strategies to secure and develop talented human resources, and collaboration with customers and business partners and the results of such collaboration. The PBR (price to book ratio) was above 10x level as of March 31, 2024 as a result of a significant increase in market capitalization compared to net assets.

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. TEL will flexibly consider share buybacks. Based on this policy, we paid an annual dividend of 393 yen in the fiscal year ended on March 31, 2024. 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

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long-term growth, share price level, and total return. In the fiscal year ended March 31, 2024, we bought back 119.9 billion yen of our own shares.

Through the various initiatives described above and pursuing further sustainable growth and improvements in corporate value, the TEL Group will practice its 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,” as a company that required by the society and selected by the Earth.

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	FY2021 (58th FY; From April 1, 2020 to March 31, 2021)	FY2022 (59th FY; From April 1, 2021 to March 31, 2022)	FY2023 (60th FY; From April 1, 2022 to March 31, 2023)	FY2024 (61st FY; current fiscal year) (From April 1, 2023 to March 31, 2024)
Net sales (million yen)	1,399,102	2,003,805	2,209,025	1,830,527
Operating income (million yen)	320,685	599,271	617,723	456,263
Operating Margin (%)	22.9	29.9	28.0	24.9
Ordinary income (million yen)	322,103	601,724	625,185	463,185
Net income attributable to owners of parent (million yen)	242,941	437,076	471,584	363,963
Net income per share (yen)	520.73	935.95	1,007.82	783.75
Total assets (million yen)	1,425,364	1,894,457	2,311,594	2,456,462
Net assets (million yen)	1,024,562	1,347,048	1,599,524	1,760,180
ROE (%)	26.5	37.2	32.3	21.8

(Notes)

1. 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 58th fiscal year.
2. "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) have been applied from the beginning of the 59th fiscal year. From the 59th fiscal year onward, figures reflect the application of these standards.

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**(5) Major subsidiaries** (As of March 31, 2024)

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.

(Note) At the end of the current consolidated fiscal year, the number of consolidated subsidiaries including the above listed companies was 26.

**(6) Important Business Mergers**

There is no relevant item.

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**(7) Employees in the TEL Group** (As of March 31, 2024)

(i) Number of employees in the TEL Group

Number of employees	Variance from the end of the previous fiscal year
17,702	498

(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
2,036	67	43.7	15.5

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

**(8) Major lenders** (As of March 31, 2024)

There is no relevant item.

**(9) Major offices of the TEL Group** (As of March 31, 2024)

(i) Tokyo Electron Ltd.

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

(ii) Subsidiaries

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

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## 2. TEL shares (As of March 31, 2024)

(i) Total number of shares authorized to be issued	900,000,000
(ii) Total number of issued shares	471,632,733
(iii) Number of shareholders	78,899
(iv) Major shareholders	

Shareholder	Number of shares held (thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	117,029	25.20
Custody Bank of Japan, Ltd. (trust account)	48,367	10.41
JP MORGAN CHASE BANK 385632	15,743	3.39
TBS HOLDINGS, INC.	15,112	3.25
STATE STREET BANK WEST CLIENT-TREATY 505234	9,778	2.10
SSBTC CLIENT OMNIBUS ACCOUNT	8,374	1.80
HSBC HONG KONG - TREASURY SERVICES A/C ASIAN EQUITIES DERIVATIVES	7,291	1.57
GOVERNMENT OF NORWAY	7,288	1.56
JP MORGAN CHASE BANK 385781	6,196	1.33
JPMorgan Securities Japan Co., Ltd.	4,706	1.01

### (Notes)

- The shareholding ratios are calculated after eliminating treasury stock (7,276 thousand shares). Treasury stock is exclusive of TEL shares (1,386 thousand shares) owned by the Executive compensation Board Incentive Plan (BIP) trust account and the share-delivering Employee Stock Ownership Plan (ESOP) trust account.
- While the following large shareholding reports (including change reports) are available for public inspection, it has not included in the table above any shareholding whose actual ownership cannot be confirmed as of March 31, 2024. Please note that TEL split its common stock effective April 1, 2023 in the proportion of one share into three shares.

Large shareholder	Document submitted	Submission date	Number of shares held (thousands of shares)/ percentage of shares held
Nomura Securities Co., Ltd. and 1 other company	Change reports	July 21, 2020	as of July 15, 2020 15,400 / 9.80%
Asset Management One Co., Ltd. and 1 other company	Change reports	December 22, 2020	as of December 15, 2020 6,491 / 4.13%
Capital Research and Management Company and 2 other companies	Change reports	November 22, 2022	as of November 15, 2022 6,813 / 4.33%
Sumitomo Mitsui Trust Asset Management Co., Ltd. and 1 other company	Change reports	June 21, 2023	as of June 15, 2023 37,103 / 7.87%
BlackRock Japan Co., Ltd. and 9 other companies	Change reports	July 5, 2023	as of June 30, 2023 34,610 / 7.34%
Mitsubishi UFJ Trust and Banking Corporation and 3 other companies	Change reports	October 16, 2023	as of October 9, 2023 27,566 / 5.84%

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- (v) 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, 2024 is as follows:

Classification	Number of shares delivered	Number of eligible persons
Corporate Directors (excluding Outside Directors)	9,728	8
Outside Directors	3,807	2

- (vi) Important matters concerning treasury stock

Share buybacks

TEL conducted a share buyback as follows in accordance with a resolution of a meeting of the Board of Directors held on May 11, 2023.

Type and number of shares acquired	5,899,200 TEL common stocks
Total acquisition cost	119,998,066,003 yen
Acquisition period	From June 1, 2023 to September 30, 2023

- (vii) Other important matters concerning shares

- 1) TEL introduced an Executive compensation Board Incentive Plan (BIP) trust as medium-term performance-linked compensation 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, 2024, the number of TEL's shares held by the Executive compensation BIP trust account is 176,279.

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

As of March 31, 2024, the number of TEL's shares held by the share-delivering ESOP trust account is 1,210,128.

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### 3. Matters concerning Share Subscription Rights

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

	11th Share Subscription Rights	12th Share Subscription Rights
Allocation date	June 20, 2015	June 18, 2016
Allocation number of Share Subscription Rights	1,357 units	1,944 units
Balance at end of fiscal year	92 units	222 units
Ownership by Corporate Directors of TEL (excluding Outside Directors)	0 units (0 persons)	0 units (0 persons)
Ownership by Outside Directors of TEL	-	-
Ownership by Audit & Supervisory Board Members of TEL (Note 1)	6 units (1 person)	6 units (1 person)
Total number and type of shares to be issued or transferred by exercise of Share Subscription Rights (Note 2)	Common stock of TEL 27,600 shares	Common stock of TEL 66,600 shares
Amount paid for the exercise of Share Subscription Rights	1 yen per share	1 yen per share
Exercise period of Share Subscription Rights (Note 3)	From July 2, 2018 to May 31, 2035.	From July 1, 2019 to May 30, 2036.

	13th Share Subscription Rights	14th Share Subscription Rights
Allocation date	June 21, 2017	June 20, 2018
Allocation number of Share Subscription Rights	1,447 units	2,199 units
Balance at end of fiscal year	113 units	368 units
Ownership by Corporate Directors of TEL (excluding Outside Directors)	0 units (0 persons)	0 units (0 persons)
Ownership by Outside Directors of TEL	-	-
Ownership by Audit & Supervisory Board Members of TEL (Note 1)	31 units (2 persons)	18 units (1 person)
Total number and type of shares to be issued or transferred by exercise of Share Subscription Rights (Note 2)	Common stock of TEL 33,900 shares	Common stock of TEL 110,400 shares
Amount paid for the exercise of Share Subscription Rights	1 yen per share	1 yen per share
Exercise period of Share Subscription Rights (Note 3)	From July 1, 2020 to May 29, 2037.	From July 1, 2021 to May 31, 2038.



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	15th Share Subscription Rights	16th Share Subscription Rights
Allocation date	June 19, 2019	June 24, 2020
Allocation number of Share Subscription Rights	3,604 units	1,308 units
Balance at end of fiscal year	1,059 units	547 units
Ownership by Corporate Directors of TEL (excluding Outside Directors)	0 units (0 persons)	0 units (0 persons)
Ownership by Outside Directors of TEL	-	-
Ownership by Audit & Supervisory Board Members of TEL (Note 1)	25 units (1 person)	10 units (1 person)
Total number and type of shares to be issued or transferred by exercise of Share Subscription Rights (Note 2)	Common stock of TEL 317,700 shares	Common stock of TEL 164,100 shares
Amount paid for the exercise of Share Subscription Rights	1 yen per share	1 yen per share
Exercise period of Share Subscription Rights (Note 3)	From July 1, 2022 to May 31, 2039.	From July 3, 2023 to May 31, 2040.

	17th Share Subscription Rights	18th Share Subscription Rights
Allocation date	June 18, 2021	June 22, 2022
Allocation number of Share Subscription Rights	700 units	770 units
Balance at end of fiscal year	700 units	770 units
Ownership by Corporate Directors of TEL (excluding Outside Directors)	168 units (3 persons)	250 units (3 persons)
Ownership by Outside Directors of TEL	-	-
Ownership by Audit & Supervisory Board Members of TEL (Note 1)	5 units (1 person)	4 units (1 person)
Total number and type of shares to be issued or transferred by exercise of Share Subscription Rights (Note 2)	Common stock of TEL 210,000 shares	Common stock of TEL 231,000 shares
Amount paid for the exercise of Share Subscription Rights	1 yen per share	1 yen per share
Exercise period of Share Subscription Rights (Note 3)	From July 1, 2024 to May 31, 2041.	From July 1, 2025 to May 30, 2042.

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		19th Share Subscription Rights
Allocation date		June 21, 2023
Allocation number of Share Subscription Rights		2,060 units
Balance at end of fiscal year		2,060 units
	Ownership by Corporate Directors of TEL (excluding Outside Directors)	546 units (3 persons)
	Ownership by Outside Directors of TEL	-
	Ownership by Audit & Supervisory Board Members of TEL <sup>(Note 1)</sup>	11 units (1 person)
Total number and type of shares to be issued or transferred by exercise of Share Subscription Rights <sup>(Note 2)</sup>		Common stock of TEL 206,000 shares
Amount paid for the exercise of Share Subscription Rights		1 yen per share
Exercise period of Share Subscription Rights <sup>(Note 3)</sup>		From July 1, 2026 to May 29, 2043.

## (Notes)

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

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

		19th Share Subscription Rights
Allocation date		June 21, 2023
Allocation number of Share Subscription Rights		2,060 units
	Allocation number to employees of TEL, etc.	855 units (42 persons)
	Allocation number to executives and employees of TEL subsidiaries	648 units (58 persons)
Total number and type of shares to be issued or transferred by exercise of Share Subscription Rights		Common stock of TEL 206,000 shares
Amount paid for the exercise of Share Subscription Rights		1 yen per share
Exercise period of Share Subscription Rights		From July 1, 2026 to May 29, 2043.

(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

##### (i) Condition of Corporate Directors and Audit & Supervisory Board Members (As of March 31, 2024)

Position in TEL	Name	Responsibilities, Significant concurrent posts
Representative Director President & CEO	Toshiki Kawai	President & CEO
Representative Director Senior Executive Vice President	Sadao Sasaki	Chairman & Representative Director, Tokyo Electron Technology Solutions Ltd.
Corporate Director	Yoshikazu Nunokawa	Chairman of the Board of Directors
Corporate Director	Michio Sasaki	Director and Vice President, SHIFT Inc.
Corporate Director	Makiko Eda	Managing Executive Officer, SUMITOMO CORPORATION Outside Director, FUJIFILM Holdings Corporation
Corporate Director	Sachiko Ichikawa	Partner, Tanabe & Partners Outside Director, OLYMPUS CORPORATION Director, The Board Director Training Institute of Japan
Audit & Supervisory Board Member	Kazushi Tahara	
Audit & Supervisory Board Member	Yutaka Nanasawa	
Audit & Supervisory Board Member	Kyosuke Wagai	Representative, Wagai CPA Office Outside Audit & Supervisory Board Member, Mochida Pharmaceutical Co., Ltd.
Audit & Supervisory Board Member	Masataka Hama	Outside Director, Nissay Asset Management Corporation
Audit & Supervisory Board Member	Ryota Miura	Partner, Miura & Partners Legal Profession Corporation Outside Director (Audit & Supervisory Committee Member), TECHMATRIX CORPORATION Outside Director, Eisai Co., Ltd.

Members of the Nomination Committee:

Michio Sasaki (Chairperson), Sachiko Ichikawa, Yoshikazu Nunokawa

Members of the Compensation Committee:

Makiko Eda (Chairperson), Michio Sasaki, Yoshikazu Nunokawa

(Notes)

- Corporate Directors Michio Sasaki, Makiko Eda and Sachiko Ichikawa are Outside Directors.
- Audit & Supervisory Board Members Kyosuke Wagai, Masataka Hama and Ryota Miura are Outside Audit & Supervisory Board Members.
- 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, Makiko Eda and Sachiko Ichikawa as Independent Directors as well as Kyosuke Wagai, Masataka Hama and Ryota Miura as Independent Audit & Supervisory Board Members and provided notice to Tokyo Stock Exchange, Inc.
- 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.

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5. Audit & Supervisory Board Member Kyosuke Wagai has many years of experience as a Certified Public Accountant at an auditing firm and has also held positions including Executive Board Member of the Japanese Institute of Certified Public Accountants, and has the appropriate level of knowledge relating to finance and accounting.
6. Audit & Supervisory Board Member Masataka Hama has a wealth of experience in corporate management gained through years of wide-ranging experiences in the finance industry, along with adequate expertise in finance and accounting.
7. TEL has entered into agreements with Corporate Directors Michio Sasaki, Makiko Eda and Sachiko Ichikawa as well as with Audit & Supervisory Board Members Kazushi Tahara, Yutaka Nanasawa, Kyosuke Wagai, Masataka Hama and Ryota Miura to limit liability for damages of Article 423, Paragraph 1 of the Companies Act. The limit of liability under the said agreements is the minimum liability amount stipulated under Article 425, Paragraph 1 of the Companies Act, provided they carry out their responsibilities in good faith with no gross negligence.
8. TEL has entered into agreements with Corporate Directors Toshiki Kawai, Sadao Sasaki, Yoshikazu Nunokawa, Michio Sasaki, Makiko Eda and Sachiko Ichikawa as well as with Audit & Supervisory Board Members Kazushi Tahara, Yutaka Nanasawa, Kyosuke Wagai, Masataka Hama and Ryota Miura, 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 Vice Presidents 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.

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(ii) Condition of Corporate Officers and Executive Officers (As of March 31, 2024)

Name	Position & Responsibilities
Toshiki Kawai	President & CEO, Corporate Officer General Manager, Corporate Innovation Division
Sadao Sasaki	Senior Executive Vice President, Corporate Officer General Manager, Corporate Production Division Chairman & Representative Director, Tokyo Electron Technology Solutions Ltd.
Tatsuya Nagakubo	Corporate Officer, Executive Vice President General Manager, Global Business Platform Division General Manager, Internal Control Chairman of the Ethics Committee Project Leader, Business Innovation Project
Seisu Ikeda	Corporate Officer, Executive Vice President General Manager, Account Sales Division
Yoshinobu Mitano	Corporate Officer, Executive Vice President General Manager, Semiconductor Production Equipment Business Division
Takeshi Okubo	Corporate Officer, Executive Vice President General Manager, Global Sales Division General Manager, Diverse Systems & Solutions Business Division
David Brough	Senior Vice President, General Manager, Global Strategy
Larry Smith	Senior Vice President, General Manager, Global Strategy
Masayuki Kojima	Senior Vice President, General Manager, Chairman & Representative Director, Tokyo Electron Miyagi Ltd.
Keiichi Akiyama	Senior Vice President, General Manager, Backend Process Business Division
Shinichi Hayashi	Senior Vice President, General Manager, Development & Production 3rd Division President & Representative Director, Tokyo Electron Kyushu Ltd. Technology Officer, Tokyo Electron Kyushu Ltd.
Fumihiko Kaminaga	Senior Vice President, Deputy General Manager, Global Sales Division
Hiroshi Kawamoto	Senior Vice President, Deputy General Manager, Global Business Platform Division General Manager, Finance Unit
Hiroshi Ishida	VP & General Manager, Etching System Business Unit
Shingo Tada	VP & Deputy General Manager, Account Sales Division General Manager, Account Sales
Masahiro Morita	VP & General Manager, Account Sales General Manager, Global Sales
Takashi Mineshima	VP & General Manager, IT Unit Project Subleader, Business Innovation Project
Yasuhiro Washio	VP & General Manager, Clean Track Surface Preparation System Business Unit
Shigeki Nakatani	VP & General Manager, Thin Film Formation Business Unit
Sumie Segawa	VP & General Manger, Vice Division General Manager, Corporate Innovation Division
Tatsuya Aso	VP & General Manager, Legal, Compliance Unit General Manager, Human Resources, General Affairs Unit
Hiroshi Ishida	VP & General Manager, Diverse Systems & Solutions Business Unit
Kazuhiro Doh	VP & General Manager, Strategy
Hiromitsu Kambara	VP & General Manager, Development & Production 2nd Division President & Representative Director, Tokyo Electron Miyagi Ltd.
Kimihiro Higuchi	VP & Deputy General Manager, Etching System Business Unit Deputy General Manager, Semiconductor Production Equipment Business Division

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Kunihiko Hinata	VP & General Manager, Technology Officer, Tokyo Electron Miyagi Ltd.
Makoto Oba	VP & General Manager, Account Sales
Kazuhide Hasebe	VP & General Manager, Technology Officer, Tokyo Electron Technology Solutions Ltd.
Yuichiro Morozumi	VP & General Manager, Development & Production 1st Division President & Representative Director, Tokyo Electron Technology Solutions Ltd.
Masaki Yoshizawa	VP & Deputy General Manager, Global Business Platform Division

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(iii) 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	Annual performance-linked compensation		Medium-term performance-linked compensation	Non-performance-linked compensation	
				Cash bonus (Note 1)	Stock compensation-based stock option (Notes 2, 5)	Performance share (Stock-based compensation) (Notes 3, 5)	Stock compensation-based stock option (Notes 2, 5)	Restricted stock unit (Stock-based compensation) (Notes 4, 5)
Corporate Directors (excluding Outside Directors)	8	2,193	232	531	807	15	606	
Outside Directors	3	69	55					14
<b>Directors total</b>	<b>11</b>	<b>2,263</b>	<b>287</b>	<b>531</b>	<b>807</b>	<b>15</b>	<b>606</b>	<b>14</b>
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	3	89	89					
Outside Audit & Supervisory Board Members	3	45	45					
<b>Audit &amp; Supervisory Board Members total</b>	<b>6</b>	<b>135</b>	<b>135</b>					

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## (Reference)

## Individual Compensation of Representative Directors during FY2024

Name and Position (Note 7)	Total compensation, etc. (million yen)	Total compensation by type (million yen)				
		Fixed basic compensation	Annual performance-linked compensation		Medium-term performance-linked compensation	Non-performance-linked compensation
			Cash bonus (Note 8)	Stock compensation-based stock option (Notes 5, 9)	Performance share (Stock-based compensation) (Notes 3, 5)	Stock compensation-based stock option (Notes 5, 9)
Toshiki Kawai Representative Director, President & CEO	1,380	108	310	631	6	324
Sadao Sasaki Representative Director, Senior Executive Vice President	552	69	141	164	2	174

## (Notes)

- The amount indicated is the amount of bonuses that will be proposed at the 61st Annual General Meeting of Shareholders for fiscal year 2024 scheduled to be held on June 18, 2024.
- The amount indicated is the amount equivalent to the maximum expenses associated with the share subscription rights that will be proposed at the 61st Annual General Meeting of Shareholders for fiscal year 2024 scheduled to be held on June 18, 2024.
- The amount recorded as expenses for the fiscal year ended March 31, 2024 is stated. The amount of the medium-term performance-linked compensation varies according to the payout rate corresponding to performance goal achievement levels for the covered period (three fiscal years).
- The amount recorded as expenses for the fiscal year ended March 31, 2024 is stated. The non-performance-linked stock-based compensation is provided in the form of share delivery after the covered period (three fiscal years) has passed.
- These are nonmonetary compensations, and their details are as stated in “(iv) Details and Decision Methods of Policies Concerning Determination of Methods of Calculating Compensation for Corporate Directors and Audit & Supervisory Board Members.”
- TEL does not pay the corporate officer and employee portion of compensation other than the director compensation to Corporate Directors concurrently serving as Corporate Officers and Corporate Directors concurrently serving as Executive Officers.
- The table contains individual compensation for the current fiscal year for the two Representative Directors as of the end of the fiscal year.
- The table contains individual amount for each Representative Director, which are components of the amount of bonuses that will be proposed at the 61st Annual General Meeting of Shareholders scheduled to be held on June 18, 2024.
- The table contains individual amount for each Representative Director, which are components of the amount equivalent to the maximum amount of share subscription rights that will be proposed at the 61st Annual General Meeting of Shareholders scheduled to be held on June 18, 2024.
- The recipients of fixed basic compensation for Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members) include one Audit & Supervisory Board Member who retired upon the conclusion of the 60th Annual General Meeting of Shareholders held on June 20, 2023, and the recipients of medium-term performance-linked compensation for Corporate Directors (excluding Outside Directors) includes five Corporate Directors who retired upon the conclusion of the 59th Annual General Meeting of Shareholders held on June 21, 2022.



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11. 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 “(iv) 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 and annual 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 industry peers in Japan and overseas provided by the external research organizations and obtained advice from external experts, and the Compensation Committee verified the appropriateness of the amount.

(iv) 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

In order to raise awareness of the need to improve corporate value over the medium- to long-term, the ratio of stock-based compensation in annual performance-linked compensation has been increased and a portion of it has been made non-performance-linked compensation (stock-based compensation) beginning in the 61st fiscal year. The Inside Directors compensation system consists of fixed basic compensation, annual performance-linked compensation, medium-term performance-linked compensation, and non-performance-linked compensation (stock-based compensation) as indicated in the table below.

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

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

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Type of compensation		Inside Directors	Outside Directors	Audit & Supervisory Board Members	Overview of compensation
1) Fixed basic compensation		X	X	X	<ul style="list-style-type: none"> <li>Established commensurate with the scale of job responsibility of Inside Directors based on the job grade framework provided by an external specialist organization <sup>(Note)</sup></li> </ul>
2) Annual performance-linked compensation	Cash bonuses	X	—	—	<ul style="list-style-type: none"> <li>Amount to be paid is linked to business performance in each fiscal year, with a view to motivating recipients to contribute to improving the business performance in each fiscal year</li> <li>Consists of cash bonuses and stock compensation-based stock options</li> <li>The ratio of total annual performance-linked compensation and non-performance-linked compensation to cash bonuses to stock compensation-based stock options is set roughly from 3:7 to 4:6, commensurate with the job responsibility</li> <li>Specific amount and the number of stock options granted shall be commensurate with TEL's business performance and the results of individual performance evaluations in the relevant fiscal year</li> </ul>
	Stock compensation-based stock option	X	—	—	<ul style="list-style-type: none"> <li>Net income attributable to owners of parent and consolidated ROE are adopted as performance indicators for TEL's business performance, while the result of the comparison with the competitors in terms of operating margin and operating margin growth ratio is reflected on the amount of payment</li> <li>Evaluation items for the individual performance include contribution to short-term and medium-term management strategy targets including ESG</li> <li>Stock compensation-based stock options are subject to a three-year exercise restriction period from the granting of rights, designed to motivate recipients to share a shareholder perspective while contributing to increasing corporate value over the medium- to long-term</li> </ul>

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3) Medium-term performance-linked compensation	Performance share (stock-based compensation)	X	—	—	<ul style="list-style-type: none"> <li>· Paid to motivate recipients to contribute to medium- to long-term performance improvement</li> <li>· If the payout rate is 100%, the payment amount is set at around 30% to 100% of the fixed basic compensation, commensurate with the scale of job responsibility</li> <li>· The number of shares delivered is determined depending on the level of achievement of performance goals for the covered period (three fiscal years)</li> <li>· Consolidated operating margin and consolidated ROE are adopted as performance indicators</li> </ul>
4) Non-performance-linked compensation	Stock compensation-based stock option	X	—	—	<ul style="list-style-type: none"> <li>· Provided with the objective of enhancing awareness of medium- to long-term corporate value improvement, etc.</li> <li>· The payment amount is set at approximately 2x to 3x the fixed basic compensation, commensurate with the job responsibility</li> <li>· Stock compensation-based stock options are subject to a three-year exercise restriction period from the granting of rights, designed to motivate recipients to share a shareholder perspective while contributing to increasing corporate value over the medium- to long-term</li> </ul>
	Restricted stock units (stock-based compensation)	—	X	—	<ul style="list-style-type: none"> <li>· The remuneration system is designed to be more consistent with the expected role of giving advice to the management from the perspective for increasing corporate value over the medium- to long-term</li> <li>· Payment amount is set at around 50% to 60% of the fixed basic compensation to ensure an adequate balance between cash compensation and stock-based compensation</li> <li>· TEL shares shall be delivered after the expiration of the applicable period (three fiscal years)</li> </ul>

(Note) External specialist organization: Willis Towers Watson

#### ■ Composition of compensation

Composition of the Group's compensation to Inside Directors is designed to provide strong linkage to short-term business performance, as well as the medium- to long-term increase in corporate value for sustainable growth. Part of the compensation is granted in the form of stocks with a view to motivating recipients to share a shareholder perspective, and to contribute to increasing corporate value.

#### ■ Policies by compensation types and decision methods

##### 1) Fixed basic compensation

Fixed basic compensation has been established in reference to the compensation standards of companies in Japan and overseas, while commensurate, specifically for Inside Directors, with the scale of job responsibilities based on the job grade framework provided by the external specialist organization.

Fixed basic compensation for Corporate Directors is determined within the limit of total fixed basic compensation, which has been resolved at the Annual General Meeting of Shareholders. The amount of compensation for Representative Directors is discussed and decided by the Board of Directors based on the proposals by the Compensation Committee, while the amount of compensation of Corporate Directors excluding Representative Directors is finalized by CEO based on the resolution of the Board of Directors. The amount of compensation for Directors are determined with reference to

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the compensation standards of companies in Japan and overseas provided by the external research organizations, along with advice from external experts, and for Inside Directors, commensurate with the scale of job responsibilities based on the job grade framework. The appropriateness of the amounts is also verified by the Compensation Committee with reference to the advice from the external experts.

The Audit & Supervisory Board Members' fixed basic compensation is determined by discussion of the Audit & Supervisory Board within the limit of total fixed basic compensation, which has been resolved at the Annual General Meeting of Shareholders.

## 2) Annual performance-linked compensation

[Policy on the composition and the proportion of fixed basic compensation payout]

Among Directors, only inside Directors are eligible for annual performance-linked compensation, and its amount is linked to the business performance in the relevant fiscal year. In principle, annual performance-linked compensation consists of cash bonuses and stock compensation-based stock options. For the portion excluding fixed base compensation and medium-term performance-linked compensation from the total compensation (in other words, the total of annual performance-linked compensation and non-performance-linked compensation), the ratio of cash bonuses to stock compensation-based stock options is set roughly from 3:7 to 4:6, commensurate with the job responsibility. Stock compensation-based stock options are subject to a three-year exercise restriction period from the date of allotment of rights, designed to motivate recipients to share a shareholder perspective, while contributing to increasing corporate value over the medium- to long-term.

Annual performance-linked compensation is based on a profit-sharing type compensation paid commensurate with business performance for each fiscal year, therefore no policy is in place for the payout proportion of fixed basic compensation.

[Calculation indicators and reason for choosing the indicators]

As an incentive for Corporate Directors including Representative Directors toward corporate business performance, actual net income attributable to owners of parent has been adopted as the basis of calculation indicators, among profit indicators. In addition, actual consolidated ROE performance achieved, which is an indicator to represent capital efficiency, is incorporated in the formula.

[Calculation method and decision method]

### - Representative Directors

In calculating annual performance-linked compensation for Representative Directors, we have set a formula that uses net income attributable to owners of parent and a consolidated ROE as performance indicators. The Compensation Committee deliberates on a proposed amount that reflects, against the figures calculated by the formula, the comparison with the competitors in terms of operating margin and operating margin growth ratio, as well as the performance evaluation (targets based on short-term and medium-term management strategies including ESG) of each Representative Director, with reference to the advice from the external experts. The Compensation Committee proposes the results of its deliberations to the Board of Directors, which, after considering the proposal, determines the final amount of compensation (Please see table below.)

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[Role of the Compensation Committee in determining the amount of compensation]

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 members of the Board of Directors excluding the Representative Directors (in a closed session)	After deliberations by the Compensation Committee, evaluated by the members of the Board of Directors excluding the Representative Directors (in a closed session)	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

- Corporate Directors (excluding Representative Directors and Outside Directors)

With regard to the amount of annual performance-linked compensation for Corporate Directors that links to net income attributable to owners of parent and consolidated ROE, CEO makes a decision based on the resolution of the Board of Directors, within the scope of the bonus resolved at the General Meeting of Shareholders. Such decision is made in reference to the compensation standards of industry peers in Japan and overseas provided by the external research organizations, and reflects the comparison with the competitors in terms of operating margin and operating margin growth ratio, as well as the job responsibilities and performance evaluation (targets based on short-term and medium-term management strategies including ESG) of each Corporate Director. Furthermore, the Compensation Committee also verifies the appropriateness of the amount of compensation for each Corporate Director with reference to the advice from the external experts.

3) Medium-term performance-linked compensation

[Policy on the composition and the proportion of fixed basic compensation payout]

Medium-term performance-linked compensation is to award as performance shares (stock-based compensation) to Inside Directors only, with the objective 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. The number of Company shares awarded varies according to each responsibilities and achievement levels toward performance goal for the covered period (three fiscal years).

If the payout rate of medium-term performance-linked compensation is 100%, the payment amount is set at around 30% to 100% of the fixed basic compensation, depending on responsibilities.

[Calculation indicators and reason for choosing the indicators]

The calculation of medium-term performance-linked compensation uses consolidated operating margin as an indicator of profitability in evaluating the achievement of performance targets, and consolidated ROE as an indicator to represent capital efficiency, in order to link the compensation with TEL's Medium-term Management Plan.

[Calculation method and decision method]

(Formula for medium-term performance-linked compensation)

Share delivery point =

“Reference points (set according to the scale of job responsibilities) x 70% x consolidated operating margin attainment factor (\*)”

+

“Reference points (set according to the scale of job responsibilities) x 30% x Level of factors in consolidated ROE attainment (\*)”

- (\*) Indicators to assess the degree of achievement of the performance goals for the target period (three fiscal years) is the actual figures of consolidated operating margin and consolidated ROE in the final fiscal year during the target period. Each attainment factor is variable in five grades of 0%, 50%, 75%, 100%, and 120% in the plans for 2021, and 0% or in the range of 50% to 120% in the plan for 2022 and 2023, depending on the target achievement level.

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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 above formula; however, the number of shares to be issued per point will be adjusted when TEL executes a share split, allotment of share without contribution, share reverse split, etc.

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.

#### 4) 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., and the payment amount is set at approximately 2x to 3x the fixed basic compensation, commensurate with the job responsibility.

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

The number of TEL shares to be delivered to Outside Directors shall be commensurate with the number of share delivery points calculated based on the payment amount, where one point corresponds to one TEL share. In the event of share split, allotment without compensation, or share consolidation of TEL shares, the number of TEL shares to be delivered for each point shall be adjusted accordingly.

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

	Compensation type	Date of resolution of general shareholders meeting	Outline of resolution	Number of Corporate Directors and Audit & Supervisory Board Members covered by resolution <sup>(Note)</sup>
Corporate Directors	Fixed basic compensation	48th Annual General Meeting of Shareholders held on June 17, 2011	No more than 750 million yen per business year (including 30 million yen per business year for Outside Directors).	15 Corporate Directors (including 2 Outside Directors)
		58th Annual General Meeting of Shareholders held on June 17, 2021	No more than 750 million yen per business year (including 100 million yen per business year for Outside Directors).	12 Corporate Directors (including 4 Outside Directors)
	Annual performance-linked compensation	61st Annual General Meeting of Shareholders to be held on June 18, 2024	531.8 million yen paid as the cash bonus portion	3 Corporate Directors (excluding 3 Outside Directors)
			Share subscription rights as stock compensation-based stock option portion of up to 807.9 million yen and 246 units (24,600 shares)	3 Corporate Directors (excluding 3 Outside Directors)
	Medium-term performance-linked compensation	55th Annual General Meeting of Shareholders held on June 19, 2018	TEL shall contribute trust money up to a total of 480 million yen and 71,400 shares of TEL's share shall be delivered for each covered period of three fiscal years.	9 Corporate Directors (excluding 3 Outside Directors)
	Non-performance-linked compensation	61st Annual General Meeting of Shareholders to be held on June 18, 2024	Share subscription rights as stock compensation-based stock option portion of up to 606.0 million yen and 185 units (18,500 shares)	3 Corporate Directors (excluding 3 Outside Directors)
			57th Annual General Meeting of Shareholders held on June 23, 2020	TEL shall contribute trust money up to a total of 50 million yen and 15,000 shares of TEL's share shall be delivered for each applicable period of three fiscal years.
Audit & Supervisory Board Members	Fixed basic compensation	48th Annual General Meeting of Shareholders held on June 17, 2011	Up to 13 million yen per month (a maximum of 156 million yen annually)	4 Audit & Supervisory Board Members

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

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

- Annual performance-linked compensation

For annual performance-linked compensation, actual net income attributable to owners of parent and consolidated ROE are used as the basis of calculation indicators, in accordance with the calculation method stated in “■ Policies by compensation types and decision methods.” However, since it is based on a profit-sharing type compensation, no targets for the indicators have been set.

Net income attributable to owners of parent for the current fiscal year was 363,963 million yen, and consolidated ROE was 21.8%.



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- Medium-term performance-linked compensation

For medium-term performance-linked compensation, consolidated operating margin and consolidated ROE based on the Medium-term Management Plan at the time of granting are used as indicator targets, in accordance with the calculation method stated in “■ Policies by compensation types and decision methods.” The actual results for the fiscal year ended March 31, 2024, which is an indicator to evaluate the achievement of the targets for the plan set in 2021, are consolidated operating margin of 24.9% and consolidated ROE of 21.8%, falling short of the targets.

For the plans set in 2022 and 2023, 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 with a view to further ensuring that the management’s interests align with those of stakeholders in pursuit of sustainable enhancement of corporate value. These guidelines (effective on July 1, 2021) stipulate targets for the management to hold shares in TEL equivalent to the following value within five years of the effective date or appointment.

CEO	Inside Directors Corporate Officers	Outside Directors	TEL Executive Officers
3 times fixed basic compensation (annual amount)	2 times fixed basic compensation (annual amount)	1 times fixed basic compensation (annual amount)	1 times fixed basic compensation (annual amount)

- Clawback policy

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

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

a. 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, 2024)

Position in TEL	Name	Significant concurrent posts	Relationship with TEL
Outside Director	Michio Sasaki	Director and Vice President, SHIFT Inc.	No significant business relation
Outside Director	Makiko Eda	Managing Executive Officer, SUMITOMO CORPORATION Outside Director, FUJIFILM Holdings Corporation	No significant business relation
Outside Director	Sachiko Ichikawa	Partner, Tanabe & Partners Outside Director, OLYMPUS CORPORATION Director, The Board Director Training Institute of Japan	No significant business relation
Outside Audit & Supervisory Board Member	Kyosuke Wagai	Representative, Wagai CPA Office Outside Audit & Supervisory Board Member, Mochida Pharmaceutical Co., Ltd.	No significant business relation
Outside Audit & Supervisory Board Member	Masataka Hama	Outside Director, Nissay Asset Management Corporation	No significant business relation
Outside Audit & Supervisory Board Member	Ryota Miura	Partner, Miura & Partners Legal Profession Corporation Outside Director (Audit & Supervisory Committee Member), TECHMATRIX CORPORATION Outside Director, Eisai Co., Ltd.	No significant business relation

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b. Main activities during the current fiscal year

Position in TEL	Name	Main activities (Note)	
Outside Director	Michio Sasaki	Board of Directors: Attended 10 out of 10 meetings Nomination Committee: Attended 10 out of 10 meetings Compensation Committee: Attended 9 out of 9 meetings	Michio Sasaki has been actively making comments especially on matters including medium- to long-term product strategy, development investment and information security risks at the Board of Directors meetings, based on his management experience in the manufacturing industry. In addition, he serves as the chairman of the Nomination Committee, leading the deliberation on matters including the selection of candidates for Corporate Directors from an objective and neutral position. At the Compensation Committee meetings, as its member, he also has been making comments on matters including compensation for Corporate Directors from an objective and neutral position.
Outside Director	Makiko Eda	Board of Directors: Attended 10 out of 10 meetings Compensation Committee: Attended 9 out of 9 meetings	Makiko Eda has been actively making comments especially on matters including medium- to long-term growth strategies, human resources strategy and geopolitical risks at the Board of Directors meetings, based on her expertise in the field of marketing in the semiconductor industry as well as global, multifaceted perspectives. In addition, she serves as the chairwoman of the Compensation Committee, leading the deliberation on matters including 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 10 out of 10 meetings	Sachiko Ichikawa has been actively making comments especially on matters including corporate governance such as issues of supervisory function reinforcement of the Board of Directors, as well as financial accounting and risk management in general 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 from an objective and neutral position.

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Position in TEL	Name	Main activities (Note)	
Outside Audit & Supervisory Board Member	Kyosuke Wagai	Board of Directors: Attended 10 out of 10 meetings Audit & Supervisory Board: Attended 9 out of 9 meetings	Kyosuke Wagai has been making appropriate comments on proposals and other matters of deliberation at the Board of Directors meetings and the Audit & Supervisory Board meetings, drawing on his expertise as a certified public accountant.
Outside Audit & Supervisory Board Member	Masataka Hama	Board of Directors: Attended 10 out of 10 meetings Audit & Supervisory Board: Attended 9 out of 9 meetings	Masataka Hama 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 wide-ranging experience in the finance industry and insight into finance and accounting.
Outside Audit & Supervisory Board Member	Ryota Miura	Board of Directors: Attended 9 out of 10 meetings Audit & Supervisory Board: Attended 9 out of 9 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.

(Note) Includes an outline of duties performed in relation to the roles expected of Outside Directors.

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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	212	1
Subsidiaries of TEL	51	-
Total	264	1

(Notes)

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

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

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

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

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

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

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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

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

#### (Operation status overview)

##### 1. Corporate ethics and compliance system

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

##### 2. Internal reporting system

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

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

Group-wide internal control based on the Financial Instruments and Exchange Act and related laws, and internal control regarding operation processes, etc., have been established and put into operation. Each fiscal year, evaluations and audits are being carried out in accordance with separately defined standards, etc., regarding the status of the creation 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 (with 15 members), 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, we are promoting activities to continuously improve internal audits as well as studies for enhancing them. 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 general managers of business divisions and presidents of the TEL Group companies.
- The TEL Group is working to strengthen its information security management system including each TEL Group company through the Information Security Committee, which is established as one of the executive committees, and is working to enhance information security measures through activities such as internal audits and assessments conducted by external experts.
- The TEL Group has formulated a Business Continuity Plan for dealing with emergencies such as natural disasters. It is continuously reviewing its measures for early recovery and alternative production, etc., for individual sites, including implementing seismic countermeasures in buildings and facilities, equalizing production, preparing an information system backup structure, using multiple sources for critical components, and maintaining appropriate inventory levels.

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

##### 1. TEL corporate governance system

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

##### 2. Corporate governance systems of TEL Group companies

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

##### (Operation status overview)

- TEL's Board of Directors determines important matters regarding the TEL Group's management and appoints Representative Directors, CEO, Corporate Officers and Executive Officers for the execution of their duties. Furthermore, 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 VP of the Risk Management Department, 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 Legal Department members are assisting with the duties of Audit & Supervisory Board Members based on direct instructions from Audit & Supervisory Board Members.

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

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

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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 245 yen per share, applying the aforementioned policy. Its payment date will be May 29, 2024. As a result, the annual dividend will be 393 yen per share, which includes an interim dividend of 148 yen.

Additionally, we have acquired treasury stocks of 119.9 billion yen during the fiscal year under review.

## Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits	473,099	462,383
Notes and accounts receivable - trade, and contract assets	464,889	391,423
Securities	0	10,165
Merchandise and finished goods	236,795	284,451
Work in process	161,938	173,929
Raw materials and supplies	253,474	304,576
Others	150,946	73,876
Allowance for doubtful accounts	(184)	(353)
Total current assets	1,740,959	1,700,451
<b>Long-term assets</b>		
Property, plant and equipment		
Buildings and structures	248,421	271,442
Accumulated depreciation	(130,524)	(137,472)
Buildings and structures , net	117,896	133,970
Machinery and carriers	204,841	239,161
Accumulated depreciation	(153,330)	(178,899)
Machinery and carriers , net	51,510	60,261
Land	31,283	33,804
Construction in progress	39,605	87,399
Others	61,680	71,548
Accumulated depreciation	(42,887)	(49,617)
Others, net	18,792	21,931
Total property, plant and equipment	259,088	337,366
Intangible assets		
Others	28,559	32,383
Total intangible assets	28,559	32,383
Investments and other assets		
Investment securities	165,507	277,706
Deferred tax assets	58,599	42,096
Net defined benefit assets	19,374	29,426
Others	40,844	38,441
Allowance for doubtful accounts	(1,340)	(1,409)
Total investments and other assets	282,986	386,260
Total long-term assets	570,634	756,011
<b>Total assets</b>	<b>2,311,594</b>	<b>2,456,462</b>

## Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade notes and accounts payable	116,317	92,359
Income taxes payable	71,177	80,009
Customer advances	289,169	289,905
Accrued employees' bonuses	43,337	43,727
Accrued warranty expenses	34,382	33,524
Others	75,509	72,372
<b>Total current liabilities</b>	<b>629,893</b>	<b>611,899</b>
<b>Long-term liabilities</b>		
Net defined benefit liabilities	60,366	56,139
Others	21,808	28,243
<b>Total long-term liabilities</b>	<b>82,175</b>	<b>84,383</b>
<b>Total liabilities</b>	<b>712,069</b>	<b>696,282</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Common stock	54,961	54,961
Capital surplus	78,011	78,011
Retained earnings	1,322,203	1,480,306
Treasury stock, at cost	(22,033)	(135,215)
<b>Total shareholders' equity</b>	<b>1,433,141</b>	<b>1,478,063</b>
<b>Accumulated other comprehensive income</b>		
Net unrealized gains (losses) on investment securities	107,452	184,934
Net deferred gains (losses) on hedging instruments	(46)	42
Foreign currency translation adjustments	43,091	72,275
Accumulated remeasurements of defined benefit plans	3,954	11,519
<b>Total accumulated other comprehensive income (loss)</b>	<b>154,453</b>	<b>268,771</b>
<b>Share subscription rights</b>	<b>11,929</b>	<b>13,345</b>
<b>Total net assets</b>	<b>1,599,524</b>	<b>1,760,180</b>
<b>Total liabilities and net assets</b>	<b>2,311,594</b>	<b>2,456,462</b>

## Consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
<b>Net sales</b>	2,209,025	1,830,527
Cost of sales	1,224,617	1,000,257
<b>Gross profit</b>	984,408	830,269
Selling, general & administrative expenses		
Salaries and allowances	36,079	43,385
Research and development expenses	191,196	202,873
Others	139,407	127,747
Total selling, general and administrative expenses	366,684	374,006
<b>Operating income</b>	617,723	456,263
Non-operating income		
Interest income	1,235	2,567
Share of profit of associates accounted for using the equity method	2,968	3,388
Revenue from grants	2,559	2,430
Others	3,303	3,778
Total non-operating income	10,066	12,164
Non-operating expenses		
Foreign exchange loss	1,401	4,148
Others	1,202	1,094
Total non-operating expenses	2,604	5,242
<b>Ordinary income</b>	625,185	463,185
Unusual or infrequent profit		
Gain on sales of long-term assets	890	10,617
Others	-	220
Total unusual or infrequent profit	890	10,838
Unusual or infrequent loss		
Loss on disposal and sales of long-term assets	781	584
Loss on impairment of property, plant and equipment, goodwill and other assets	438	-
Total unusual or infrequent loss	1,219	584
<b>Income before income taxes</b>	624,856	473,439
Provision for income taxes and enterprise taxes	173,704	124,001
Deferred income taxes	(20,431)	(14,525)
Total income taxes	153,272	109,475
<b>Net income</b>	471,584	363,963
Net income attributable to owners of parent	471,584	363,963

## Consolidated Statements of Changes in Net Assets

Year ended March 31, 2024

(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	1,322,203	(22,033)	1,433,141
Changes of items during the period					
Cash dividends			(202,457)		(202,457)
Net income attributable to owners of parent			363,963		363,963
Repurchase of treasury stock				(120,028)	(120,028)
Disposal of treasury stock			(3,402)	6,846	3,444
Net changes except for shareholders' equity					
Total changes of items during the period	-	-	158,103	(113,181)	44,921
Balance at end of period	54,961	78,011	1,480,306	(135,215)	1,478,063

	Accumulated other comprehensive income					Share subscription rights	Total net assets
	Net unrealized gains (losses) on investment securities	Net deferred gains (losses) on hedging instruments	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)		
Balance at beginning of period	107,452	(46)	43,091	3,954	154,453	11,929	1,599,524
Changes of items during the period							
Cash dividends							(202,457)
Net income attributable to owners of parent							363,963
Repurchase of treasury stock							(120,028)
Disposal of treasury stock							3,444
Net changes except for shareholders' equity	77,481	88	29,183	7,564	114,318	1,415	115,733
Total changes of items during the period	77,481	88	29,183	7,564	114,318	1,415	160,655
Balance at end of period	184,934	42	72,275	11,519	268,771	13,345	1,760,180

## Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
<b>Cash flows from operating activities</b>		
Income before income taxes	624,856	473,439
Depreciation and amortization	42,927	52,339
Amortization of goodwill	168	73
Increase (decrease) in accrued employees' bonuses	(2,301)	(631)
Increase (decrease) in accrued warranty expenses	7,594	(1,271)
Interest and dividend revenue	(2,435)	(3,737)
Loss (gain) on disposal and sales of long-term assets	(109)	(10,032)
Decrease (increase) in notes and accounts receivable - trade, and contract assets	(24,750)	84,848
Decrease (increase) in inventories	(173,487)	(97,712)
Increase (decrease) in trade notes and accounts payable	(11,406)	(29,629)
Decrease (increase) in prepaid consumption tax	(13,390)	88,092
Increase (decrease) in customer advances	185,616	(2,390)
Others	(809)	(4,278)
Subtotal	632,473	549,109
Receipts from interest and dividends	2,907	4,546
Income taxes paid or refund (paid)	(209,111)	(118,935)
Net cash provided by operating activities	426,270	434,720
<b>Cash flows from investing activities</b>		
Payment into time deposits	(713)	(755)
Proceeds from time deposits	731	665
Payment for purchase of short-term investments	-	(20,000)
Proceeds from redemption of short-term investments	35,000	10,001
Payment for purchase of property, plant and equipment	(66,897)	(116,993)
Proceeds from sales of property, plant and equipment	1,428	12,967
Payment for acquisition of intangible assets	(9,416)	(7,987)
Others	(1,887)	(3,046)
Net cash used in investing activities	(41,756)	(125,148)
<b>Cash flows from financing activities</b>		
Payment for purchase of treasury stock	(1,728)	(120,028)
Dividends paid	(252,988)	(202,457)
Others	(1,817)	(2,525)
Net cash used in financing activities	(256,534)	(325,012)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	8,843	4,577
<b>Net increase (decrease) in cash and cash equivalents</b>	136,823	(10,862)
<b>Cash and cash equivalents at beginning of period</b>	335,648	472,471
<b>Cash and cash equivalents at end of period</b>	472,471	461,608