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May 30, 2023

NOTICE OF FISCAL YEAR 2023 (the 60th FY) ANNUAL GENERAL MEETING OF SHAREHOLDERS

To Our Shareholders:

We are pleased to announce that the 60th Annual General Meeting of Shareholders (the “AGM”) of Tokyo Electron Ltd. (“TEL”) will be held on Tuesday, June 20, 2023, 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 Six Corporate Directors**
- 2: Election of Two Audit & Supervisory Board Members**
- 3: Payment of Bonuses to Corporate Directors for the 60th Fiscal Year**
- 4: Issuance of Share Subscription Rights as Stock-Based Compensation to Corporate Directors**
- 5: Issuance of Share Subscription Rights as Stock-Based Compensation to Executives of the Company 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 2023 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 19, 2023 (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, **Tokyo Electron Ltd.** has appointed IR Japan, Inc. as our Global Information Agent in connection with the shareholder meeting. We realize that many shareholders do not vote at Japanese Shareholders Meeting due to the volume of meetings and timing concerns. Therefore, we attach special importance to your vote, and hope that you will continue to distinguish yourselves from the shareholders of many other institutions, who, unfortunately, do not participate.

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

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

IT IS IMPORTANT THAT YOU PARTICIPATE AT THE 2023 AGM, REGARDLESS OF THE NUMBER OF SHARES YOU OWN. IF YOU ARE UNABLE TO ATTEND THE AGM, PLEASE CONTACT YOUR BROKER OR CUSTODIAN WITH YOUR VOTING INSTRUCTIONS AS SOON AS POSSIBLE.

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

Sincerely,

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

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

This is a summary translation of a notice in Japanese language distributed to Japanese shareholders and provided for the convenience of foreign shareholders. The Japanese version is the official, legal document. Please vote by using the form or Internet websites etc. by 5:30 p.m. on Monday, June 19, 2023 (Japan standard time).

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 FY2023 (the 60th FY; from April 1, 2022 to March 31, 2023), 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 FY2023 (the 60th FY; from April 1, 2022 to March 31, 2023).

Proposal 1: Election of Six 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 six Corporate Directors including three Outside Directors.

The candidates for Corporate Directors are as follows.

No.	Name		Present position in the Company 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] Outside Director
5	<Re-nominated>	Ms. Makiko Eda	[Outside Director] [Independent Director] Outside Director
6	< Re-nominated>	Ms. Sachiko Ichikawa	[Outside Director] [Independent Director] Outside Director

* Present position in the Company and responsibilities are at time of the sending of this notice.

No.	Name (Date of birth)	Brief Personal History (Position in the Company and significant concurrent posts)	Number of the Company'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 the Company) Representative Director, President & CEO Corporate Officer	31,400
[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.			

No.	Name (Date of birth)	Brief Personal History (Position in the Company and significant concurrent posts)	Number of the Company's shares owned by candidate
2	Mr. Sadao Sasaki (September 15, 1960) <Re-nominated>	<u>April 1985</u> Joined Tokyo Electron Ltd. <u>October 2008</u> Vice President & General Manager, Tokyo Electron Tohoku Ltd. (currently Tokyo Electron Technology Solutions Ltd.) <u>July 2010</u> Senior Vice President & General Manager, Tokyo Electron Tohoku Ltd. <u>April 2011</u> President, Tokyo Electron Tohoku Ltd. (Present position) <u>June 2015</u> Corporate Director, Tokyo Electron Ltd. Senior Vice President & General Manager, Tokyo Electron Ltd. <u>June 2016</u> Executive Vice President & General Manager, Tokyo Electron Ltd. <u>June 2022</u> Senior Executive Vice President, Tokyo Electron Ltd. (Present position) Corporate Officer, Tokyo Electron Ltd. (Present position) (Position in the Company) Representative Director, Senior Executive Vice President Corporate Officer (Significant concurrent posts) President & Representative Director, Tokyo Electron Technology Solutions Ltd.	13,000
[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 the Company and a 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.			

No.	Name (Date of birth)	Brief Personal History (Position in the Company and significant concurrent posts)	Number of the Company's shares owned by candidate
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 the Company) Corporate Director Chairman of the Board of Directors	13,509
<p>[Reason for selection as Corporate Director nominee] Mr. Nunokawa has been involved in a wide range of fields in the Company including sales, finance, and human resources, and is equipped with ample experience of serving as a Vice President & General Manager supervising the Administrative Division of Group companies, as well as endeavoring to ensure sound and appropriate decision making on the Company's management as an Audit & Supervisory Board Member of the Company. 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 the Company's business. With the expectation of utilizing these experiences and achievement in contributing to the improvement of the Company's governance, we nominate him as a Corporate Director.</p>			

No.	Name (Date of birth)	Brief Personal History (Position in the Company and significant concurrent posts)	Number of the Company'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 the Company) Corporate Director (Significant concurrent posts) Director and Vice President, SHIFT Inc.	0
<p>[Reason for selection as Outside Director nominee and outline of expected roles] Having served as President and Representative Director of KEYENCE CORPORATION, Mr. Sasaki achieved substantial improvements of corporate value and high profitability, engaged in global corporate management for many years. We nominate him as an Outside Director, expecting him to provide opinions and advice regarding the Company'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 5 years as an Outside Director of the Company as of the end of this General Meeting.</p>			

No.	Name (Date of birth)	Brief Personal History (Position in the Company and significant concurrent posts)	Number of the Company's shares owned by candidate
5	<p>Ms. Makiko Eda (August 2, 1965)</p> <p><Re-nominated></p> <p>[Outside Director]</p> <p>[Independent Director]</p>	<p><u>September 2000</u> Joined Intel K.K.</p> <p><u>July 2005</u> General Manager, Marketing Headquarters, Intel K.K.</p> <p><u>August 2010</u> Director, Intel Semiconductor Limited</p> <p><u>October 2013</u> President and Director, Intel K.K. and Vice President, Intel Corporation (Retired in March 2018)</p> <p><u>April 2018</u> Chief Representative Officer, World Economic Forum Japan (Present position)</p> <p><u>June 2019</u> Corporate Director, Tokyo Electron Ltd. (Present position)</p> <p>(Position in the Company) Corporate Director</p> <p>(Significant concurrent posts) Chief Representative Officer, World Economic Forum Japan Outside Director, FUJIFILM Holdings Corporation</p>	0
<p>[Reason for selection as Outside Director nominee and outline of expected roles] Having been involved in marketing in the Asia-Pacific region for Intel Corporation, a major U.S. semiconductor manufacturer, Ms. Eda possesses deep insight into the future and needs regarding the semiconductors business. She also served as a President and Representative Director at the Japanese subsidiary of Intel Corporation and has ample experience and extensive insight as a corporate manager. In addition, she serves as Chief Representative Officer of the World Economic Forum Japan, exchanging wide-ranging opinion with leaders from various fields to work on solving a variety of issues faced by international society. We nominate her as an Outside Director, expecting her to provide opinions and advice regarding the Company'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 in the semiconductor industry as well as global and multifaceted perspective. Note that she has served for 4 years as an Outside Director of the Company as of the end of this General Meeting.</p>			

No.	Name (Date of birth)	Brief Personal History (Position in the Company and significant concurrent posts)	Number of the Company's shares owned by candidate
6	<p>Ms. Sachiko Ichikawa (January 17, 1967)</p> <p><Re-nominated></p> <p>[Outside Director]</p> <p>[Independent Director]</p>	<p><u>April 1997</u> Registered as an attorney-at-law Joined Tanabe & Partners</p> <p><u>January 2005</u> Registered as an attorney-at-law in the State of New York, the U.S.</p> <p><u>January 2011</u> Partner, Tanabe & Partners (Present position)</p> <p><u>June 2015</u> Outside Director, ANRITSU CORPORATION</p> <p><u>April 2018</u> Registered as a U.S. certified public accountant</p> <p><u>May 2018</u> Outside Corporate Auditor, RYOHIN KEIKAKU CO., LTD.</p> <p><u>June 2021</u> Corporate Director, Tokyo Electron Ltd. (Present position) Outside Director, OLYMPUS CORPORATION (Present position)</p> <p>(Position in the Company) Corporate Director</p> <p>(Significant concurrent posts) Partner, Tanabe & Partners Outside Director, OLYMPUS CORPORATION Director, The Board Director Training Institute of Japan</p>	0
<p>[Reason for selection as Outside Director nominee and outline of expected roles] Having served as a Partner of Tanabe & Partners, Ms. Ichikawa possesses ample experience and expertise as an attorney-at-law mainly in corporate legal affairs. In addition, she also has global and advanced specialization, holding qualifications as an attorney-at-law in the State of New York, the U.S. and a U.S. certified public accountant. We nominate her as an Outside Director, expecting her to provide opinions and advice regarding the Company's corporate management in general from the perspective for increasing corporate value over the medium- to long-term, in addition to the management supervision, by utilizing her experience above as well as knowledge in fields such as corporate governance, risk management, and compliance. Although Ms. Ichikawa has never been engaged in corporate management except as Outside Director and Outside Audit & Supervisory Board Member in the past, we believe that she can adequately fulfill duties as Outside Director based on the abovementioned reasons. Note that she has served for 2 years as an Outside Director of the Company as of the end of this General Meeting.</p>			

(Notes)

1. Each of the candidates has no special interest in the Company.
2. The Company has concluded a Directors and Officers Liability Insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act of Japan 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, the Company plans to renew the insurance contract in July 2023.
3. The Company has entered into an indemnity agreement with each candidate, as stipulated under Article 430-2, Paragraph 1 of the Companies Act, whereby the Company 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.
4. The candidates for Outside Directors are described below.
 - (1) Michio Sasaki, Makiko Eda and Sachiko Ichikawa are candidates for Outside Directors.
 - (2) As Michio Sasaki, Makiko Eda and Sachiko Ichikawa meet TEL's criteria for judging independence, "Independence Requirements for Outside Directors and Outside Audit & Supervisory Board Members" (see pages 19 to 20) established based on the requirements for Independent Standards set forth by Tokyo Stock Exchange Inc., TEL has notified the Tokyo Stock Exchange Inc. that they have been appointed as Independent Directors.

Makiko Eda has worked for Intel Corporation, a major business partner of the Company (specified associated company). However, she meets the "Independence Requirements for Outside Directors and Outside Audit & Supervisory Board Members" of the Company, because she retired from Intel Corporation in March 2018. The Company determined that there would be no conflict of interest with general shareholders, as an Outside Director of the Company.
 - (3) At the 52nd Annual General Meeting of Shareholders held on June 19, 2015, the Company revised its Articles of Incorporation so that TEL can conclude liability-limiting contracts specified by Article 423, Paragraph 1 of the Companies Act of Japan with Directors who do not execute business and Audit & Supervisory Board Members. In accordance with its Articles of Incorporation, the Company has concluded such contract with Michio Sasaki, Makiko Eda and Sachiko Ichikawa, and will continue the contract 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 of Japan, provided that the Directors perform their duties in good faith without gross negligence.
5. The Company split its common stock effective April 1, 2023 in the proportion of one share into three shares. The number of the Company's shares owned by each candidate is stated in the number of shares as of March 31, 2023, before the share split was implemented.

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 Yoshiteru Harada and Kazushi Tahara 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 the Company*
1	<Re-nominated> Mr. Kazushi Tahara	Audit & Supervisory Board Member
2	<Newly nominated> Mr. Yutaka Nanasawa	Vice President & General Manager

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

Name	Present position in the Company*
Mr. Kyosuke Wagai [Outside Audit & Supervisory Board Member] [Independent Audit & Supervisory Board Member]	Outside Audit & Supervisory Board Member
Mr. Masataka Hama [Outside Audit & Supervisory Board Member] [Independent Audit & Supervisory Board Member]	Outside Audit & Supervisory Board Member
Mr. Ryota Miura [Outside Audit & Supervisory Board Member] [Independent Audit & Supervisory Board Member]	Outside Audit & Supervisory Board Member

* Present position in the Company is as of the day of sending this notice.

No.	Name (Date of birth)	Brief Personal History (Position in the Company and significant concurrent posts)	Number of the Company's shares owned by candidate
1	Mr. Kazushi Tahara (January 3, 1958) <Re-nominated>	<u>April 1984</u> Joined TEL-Varian Ltd. <u>April 2002</u> Vice President, Systems Development for Etching Department, Tokyo Electron AT Ltd. <u>April 2004</u> Vice President, Test System Software Engineering, Etching & Single Wafer Deposition Software Engineering, Tokyo Electron AT Ltd. <u>July 2006</u> Vice President & General Manager, Tokyo Electron Software Technologies Ltd. <u>June 2007</u> President, Tokyo Electron Software Technologies Ltd. <u>April 2013</u> Vice President & General Manager, Tokyo Electron Ltd. <u>July 2018</u> Corporate Consultant, Tokyo Electron Ltd. <u>June 2019</u> Audit & Supervisory Board Member, Tokyo Electron Ltd. (Present position) (Position in the Company) Audit & Supervisory Board Member	2,500
[Reason for selection as Audit & Supervisory Board Member nominee] Having served in various managerial positions including Vice President & General Manager of the Technology Development Division and the Production Division, Mr. Tahara has abundant experience and knowledge related to technology and management. Since assuming the position of Audit & Supervisory Board Member of TEL, he has used this experience and his specialized knowledge to contribute to improving the effectiveness of audits from a broad-ranging perspective. We nominate him as an Audit & Supervisory Board Member, since we believe that he can continue to appropriately execute his duties as an Audit & Supervisory Board Member with these experiences and expertise.			

No.	Name (Date of birth)	Brief Personal History (Position in the Company and significant concurrent posts)	Number of the Company's shares owned by candidate
2	Mr. Yutaka Nanasawa (November 20, 1962) <Newly nominated>	<u>April 1985</u> Joined Tokyo Electron Ltd. <u>March 2002</u> Director, Human Resources Department, Tokyo Electron Ltd. <u>April 2004</u> Vice President & General Manager, Tokyo Electron Ltd. <u>November 2005</u> Senior Vice President & General Manager, Tokyo Electron Kyushu Ltd. <u>April 2009</u> Vice President & General Manager, Tokyo Electron Ltd. <u>June 2015</u> President, TEL Solar IP AG (currently TEL Solar Services AG) (Retiring at the conclusion of this AGM) <u>March 2016</u> Vice President & General Manager, Tokyo Electron Ltd. (Retiring at the conclusion of this AGM) (Position in the Company) Vice President & General Manager	4,176
[Reason for selection as Audit & Supervisory Board Member nominee] Mr. Nanasawa has been involved in a wide range of fields in the Company including finance, accounting, human resources, and IT. Having served as a Vice President & General Manager supervising the Administrative Divisions of the Company and Group companies, and managerial positions of an overseas subsidiary, he also has abundant experience in management with global perspectives, as well as a considerable degree of knowledge in finance and accounting. With the expectation of utilizing these experiences and expertise in bolstering the supervisory function, we newly nominate him as an Audit & Supervisory Board Member.			

(Notes)

- Each of the candidates has no special interests in the Company.
- The Audit & Supervisory Board has consented to this proposal.
- The Company has concluded a Directors and Officers Liability Insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act of Japan 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, the Company plans to renew the insurance contract in July 2023.
- The Company has entered into an indemnity agreement with Kazushi Tahara, as stipulated under Article 430-2, Paragraph 1 of the Companies Act, whereby the Company 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, the Company plans to enter this agreement with Yutaka Nanasawa if this proposal is approved.
- At the 52nd Annual General Meeting of Shareholders held on June 19, 2015, the Company revised its Articles of Incorporation so that TEL can conclude liability-limiting contracts specified by Article 423, Paragraph 1 of the Companies Act of Japan with Directors who do not execute business and Audit & Supervisory Board Members. In accordance with its Articles of Incorporation, the Company has concluded such contract with Kazushi Tahara, and will continue the contract if this proposal is approved. In addition, the Company plans to conclude the contract with Yutaka Nanasawa if this proposal is approved. The liability limitation under these contracts is the minimum liability amount specified in Article

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

425, Paragraph 1 of the Companies Act of Japan, provided that the Audit & Supervisory Board Members perform their duties in good faith without gross negligence.

6. The Company split its common stock effective April 1, 2023 in the proportion of one share into three shares. The number of the Company's shares owned by each candidate is stated in the number of shares as of March 31, 2023, before the share split was implemented.

[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.

[Reference] Skill Matrix – Planned after this AGM

TEL defines Product Competitiveness, Customer Responsiveness, Higher Productivity and Management Foundation, which support our overall business activities, as material issues.

We will achieve the medium-term goals in each material issue and 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. Makiko Eda <Re-nominated> [Outside]	X	X		X		
	Ms. Sachiko Ichikawa <Re-nominated> [Outside]					X	X
Audit & Supervisory Board Members	Mr. Kazushi Tahara <Re-nominated>	X	X	X	X		
	Mr. Yutaka Nanasawa <Newly nominated>		X			X	
	Mr. Kyosuke Wagai [Outside]					X	X
	Mr. Masataka Hama [Outside]	X				X	
	Mr. Ryota Miura [Outside]						X

Definition of Expected Skills

- Corporate management: Experience of corporate management (experience serving as a representative director or chairman / president)
- Semiconductor markets: Knowledge of semiconductor markets
- Manufacturing / Development: Knowledge / experience in manufacturing and development at TEL and other manufactures
- Sales / Marketing: Knowledge / experience in sales and marketing at TEL and other manufactures
- Finance, accounting / Engagement with capital markets: Knowledge in financial accounting and M&A, or knowledge / experience in engagement with capital markets
- Legal affairs / Risk management: Knowledge in legal affairs, compliance and risk management

[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
 - (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”.

<Regarding Proposals 3 to 5>

Proposals 3 to 5 concern executive compensation. Below is an overview of the relation between these proposals and the Tokyo Electron Group's executive compensation system.

For details of the Company'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. The compensation of Inside Directors comprises fixed basic compensation, annual performance-linked compensation, and medium-term performance-linked compensation. For Outside Directors, the Company has introduced non-performance-linked stock-based compensation system as a compensation system more consistent with their expected role of giving advice to the management from the perspective for increasing corporate value over the medium- to long-term, in addition to the management supervision. The compensation of Outside Directors comprises fixed basic compensation and non-performance-linked compensation (stock-based compensation). For Audit & Supervisory Board Members, in light of their primary roles to audit and supervise management, compensation consists only of fixed basic compensation.

Composition of 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 (Note 4)	Performance share (Stock-based compensation)	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 5)	-
Outside Directors	Approved at the 58th Annual General Meeting of Shareholders (Notes 1, 2)	-	-	-	Approved at the 57th Annual General Meeting of Shareholders (Note 6)
Audit & Supervisory Board Members	Approved at the 48th Annual General Meeting of Shareholders (Note 3)	-	-	-	-

(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. Proposal 5 is brought before the General Meeting of Shareholders with the aim of issuing new share subscription rights as stock compensation-based stock option to Corporate Officers, executive officers, and senior employees of TEL, as well as Directors, executive officers, and senior employees of subsidiaries.

5. 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 (after the share split) for 3 business years.

6. Non-performance-linked compensation for Outside Directors was resolved to be no more than 50 million yen and no more than 15,000 shares (after the share split) 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 987.3 million yen for 3 Corporate Directors (excluding 3 Outside Directors) in office as of the final day of the 60th 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: stock compensation-based stock option [Proposal 4 & Proposal 5]

- Since stock options involves the issuance of share subscription rights, it will be brought before the General Meeting of Shareholders as Proposal 4 and Proposal 5 in accordance with the provisions of the Companies Act.
- If Proposal 1 is resolved as originally proposed, we propose in Proposal 4 to grant share subscription rights as stock compensation-based stock option of a total of no more than 986.0 million yen and a total of no more than 75,600 shares the to 3 eligible Corporate Directors (excluding 3 Outside Directors).
- We propose in Proposal 5 to grant share subscription rights as stock compensation-based stock option of a total of no more than 204,900 shares to TEL Corporate Officers, executive officers, and senior employees, as well as subsidiary Directors, executive officers and senior employees.
- The annual performance-linked compensation system for TEL Corporate Directors (excluding Outside Directors) and Corporate Officers is designed so that the ratio of cash bonuses to stock compensation-based stock option is generally 1:1. For TEL executive officers and senior employees, as well as subsidiary Directors, executive officers and senior employees, in light of the difference in work duties from TEL Corporate Directors and Corporate Officers, the ratio of cash bonuses to stock option has generally been 2:1.

Proposal 3: Payment of Bonuses to Corporate Directors for the 60th Fiscal Year

Based on TEL's executive compensation system, net income attributable to owners of parent and consolidated ROE for the 60th fiscal year, the Company seeks shareholder approval to pay 987.3 million yen as the cash bonus portion of annual performance-linked compensation to 3 Corporate Directors (excluding 3 Outside Directors) in office as of the final day of the 60th fiscal year.

The Company believes this proposal is appropriate, as the amount of bonuses to be paid is linked to business performance in the 60th 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 Corporate Directors

Based on TEL's executive compensation system, net income attributable to owners of parent and consolidated ROE for the 60th fiscal year, the Company seeks shareholder approval to authorize the Board of Directors to make decisions related to solicitation of applications for the share subscription right 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 stock compensation-based stock option portion of annual performance-linked compensation to Corporate Directors (excluding Outside Directors).

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. The Company seeks shareholder approval to grant share subscription rights as stock compensation-based stock option portion of annual performance-linked compensation of no more than 986.0 million yen annually to Corporate Directors (excluding Outside Directors), in addition to Proposal 3. If Proposal 1 is approved as proposed, there will be 3 Corporate Directors (excluding 3 Outside Directors) covered by this Proposal.

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, the Company and its subsidiaries have actively introduced incentive systems such as compensation that is linked to business performance and share subscription rights. The Company 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 parent and consolidated ROE (consolidated Return on Equity), thus increasing the compensation's linkage to consolidated financial results and stock prices.

Approximately one-half of the annual performance-linked compensation to the Company's Corporate Directors (excluding Outside Directors) is non-monetary (stock-based compensation) in order for executives to have incentive for share prices to rise through better business performance and to share the risks of share price fluctuations with shareholders. We will issue share subscription rights with a set strike price of one yen per share as stock compensation-based stock option, based on the financial results in the 60th 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)

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

TEL common stocks up to 75,600 shares

If the Company 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 756

(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

a) 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.

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

(8) Conditions for exercising subscription rights

a) Subscription rights may not be exercised for a unit of less than one.

(The minimum number of subscription rights exercisable shall be one.)

b) 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.

c) 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.

d) Notwithstanding Paragraph b) 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.

e) Notwithstanding the Exercise Period, when any of the following i) through iv) become applicable to the Optionee, the Optionee may not exercise the Subscription Rights thereafter and the Subscription Rights will lapse immediately.

i) When the Optionee becomes subject to an imprisonment;

- ii) 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;
- iii) 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
- iv) 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 a) through c) 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.

- a) A proposal approving a merger agreement causing TEL to cease to exist;
- b) A proposal approving a demerger agreement or demerger plan making TEL a demerging company;
- or
- c) 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 (a) through 8 (e) 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 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.

a) 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 c), the number of shares for one subscription right of shares of the restructuring company, and other circumstances.

b) Type of shares of the restructuring company subject to the subscription rights

Common stock of the restructuring company

c) 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.

d) 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 c). 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.

- e) 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.
 - f) 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.
 - g) 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.
 - h) Conditions for the exercise and acquisition of subscription rights
To be determined by applying (8) and (9) above mutatis mutandis.
- (12) 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 shareholders meeting.

Proposal 5: Issuance of Share Subscription Rights as Stock-Based Compensation to Executives of the Company and its Subsidiaries

The Company seeks shareholder approval as in Proposal 4 to authorize the Board of Directors to make decisions related to solicitation of applications for the share subscription right to be issued, with the objective of granting share subscription rights to TEL Corporate Officers, executive officers, and senior employees, and subsidiary Directors, executive officers, and senior employees, based on TEL Group's executive compensation system, net income attributable to owners of parent and consolidated ROE for the 60th fiscal year. The total number of eligible persons under this proposal will be 101.

The amount of stock compensation-based stock option actually issued is the fair value on one option, multiplied by the total number of options allocated as well as in Proposal 4.

1. Reason for granting share subscription rights to non-shareholders under particularly favorable conditions

With respect to the system of compensation to TEL Corporate Officers, executive officers, and senior employees, and subsidiary Directors, executive officers, and senior employees pursuant to the system of compensation to Corporate Directors, we have actively introduced incentive systems such as compensation that is linked to business performance and stock-based compensation in the past. The Company 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.

Options shall be allocated free of charge as stock compensation-based stock option based on the consolidated performance for the 60th fiscal year, and the number of options allocated shall be calculated in view of the company's pay scale for directors.

2. Overview of issued subscription rights

(1) People eligible for the allotment of subscription rights

- People who are judged as necessary among Corporate Officers, executive officers, and senior employees of TEL as of the final day of the 60th fiscal year (excluding people who are concurrently serving as TEL Corporate Directors as of the date of allotment).
- People who are judged as necessary among Corporate Directors and executive officers, senior employees of TEL's subsidiaries in Japan as of the final day of the 60th fiscal year, as well as Corporate Directors and executive officers, senior employees of TEL's overseas subsidiaries.

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

TEL common stocks up to 204,900 shares

If the Company 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 2,049

(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

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

(8) Conditions for exercising subscription rights

- a) Subscription rights may not be exercised for a unit of less than one.
(The minimum number of subscription rights exercisable shall be one.)
- b) 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.
- c) 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.
- d) Notwithstanding Paragraph b) 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.
- e) Notwithstanding the Exercise Period, when any of the following i) through iv) become applicable to the Optionee, the Optionee may not exercise the Subscription Rights thereafter and the Subscription Rights will lapse immediately.
 - i) When the Optionee becomes subject to an imprisonment;
 - ii) 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;
 - iii) 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
 - iv) 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 a) through c) 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.

- a) A proposal approving a merger agreement causing TEL to cease to exist;
- b) A proposal approving a demerger agreement or demerger plan making TEL a demerging company;
or
- c) 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 (a) through 8 (e) 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 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.

a) 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 c), the number of shares for one subscription right of shares of the restructuring company, and other circumstances.

b) Type of shares of the restructuring company subject to the subscription rights

Common stock of the restructuring company

c) 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.

d) 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 c). 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.

e) 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.

f) 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.

g) 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.

h) Conditions for the exercise and acquisition of subscription rights

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

(12) 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 shareholders meeting.

Business Report (From April 1, 2022 to March 31, 2023)

1. Current Status of the TEL Group

(1) Business Developments and Results

General Overview

The global economy during the current consolidated fiscal year slowed due to persistent inflation of raw material, energy, and various goods in conjunction with heightened geopolitical risks, interest rate hikes, and rapid exchange rate fluctuations mainly in Europe and the United States. The Company continues to closely monitor the impact of these global economic and geopolitical headwinds and the impact on the supply chain.

On the other hand, in the electronics industry, where the Tokyo Electron (TEL) Group operates, the role of semiconductors that support electronic devices and their technology innovations are becoming more and more important, against the backdrop of the transition to a data society accompanying the expansion of information and communication technology and efforts to create a decarbonized society. With its increased importance, the semiconductor production equipment market has become the largest ever.

In this environment, with respect to the consolidated business results for the fiscal year under review, net sales for the fiscal year increased 10.2% from the previous fiscal year to 2,209,025 million yen; operating income increased 3.1% to 617,723 million yen; ordinary income increased 3.9% to 625,185 million yen, and net income attributable to owners of parent was 471,584 million yen, a year-on-year growth of 7.9%.

(2) Main Businesses and Outlook by Segments

The TEL Group sets the development, production, sales and maintenance of semiconductor and FPD (Flat Panel Display) production equipment as the core of its business.

(i) Semiconductor Production Equipment

Capital investment in semiconductors for logic/foundry has been made in a wide range of areas, from cutting-edge to mature generations of semiconductors, driven by the digitalization of society. Capital investment in memory was revised starting in the second half of the fiscal year due to inventory adjustments but remained at a high level throughout the fiscal year. Consequently, net sales to external customers in this segment during the fiscal year under review were 2,155,206 million yen (year-on-year growth of 10.9%).

Major products

Coater/Developer, Etch system, Deposition system, Cleaning system, Wafer Prober,
Wafer Bonder/Debonder

(ii) FPD (Flat Panel Display) Production Equipment

As capital investment for large-sized LCD panels for televisions has run its course, the overall manufacturing equipment market for FPD TFT arrays has slowed. Meanwhile, capital investments in small and medium-sized OLED panels continue in conjunction with displays installed in end products being converted from LCD panels to OLED panels. Consequently, net sales to external customers in this segment during the fiscal year under review were 53,674 million yen (year-on-year decrease of 10.3%).

Major products

FPD Etch/Ash system

(iii) Other

For businesses that are not included in the above two segments, sales to external customers during the fiscal year under review totaled 144 million yen.

(3) Capital Investment and Procurement of Funds

In the current consolidated period, the TEL Group acquired 74,432 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.
- Tokyo Electron Technology Solutions Ltd. (Yamanashi) continued with construction of the new development building it began in the 59th fiscal year, aiming to begin operations during the 61st fiscal year. The purpose of this new development building is to further strengthen product competitiveness and technology development capabilities for deposition equipment and other products for which market growth is expected over the medium to long term as a result of technological innovation.

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

(4) 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 semiconductor production equipment and related 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 (ICT) 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 the evolution of semiconductors, including the aspects of high capacity, high speed, high reliability, and low power consumption. It has been approximately 70 years since the birth of transistors. While the semiconductor device market has achieved steady growth to date to be approximately 570 billion dollars^{*1} in 2022, it is projected to grow at a high rate and reach 1 trillion dollars^{*2} by around 2030, 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.

(Notes)

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

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

The TEL Group reached its target financial model, defined as core targets in the Medium-term Management Plan formulated in May 2019, during the fiscal period ended March 31, 2022, two years ahead of schedule. In light of the future growth potential of the semiconductor market, in June 2022 we announced a new Vision and a new Medium-term Management Plan, indicated below, as we pursue further development and growth.

As the importance of semiconductors continues to increase and the semiconductor production equipment market is expected to grow significantly in the future, we will strive to strengthen our product competitiveness and customer responsiveness, improve productivity, and lead the industry by creating truly unique products with our strong management foundation based on high profitability, which we have defined as our materiality.

- Ahead of others, we will launch into the market for state-of-the-art technological products with high added-value required by customers in the future, and provide the best technology services.
- In order to create unique products, we operate business in the fields where we have strength and can leverage our accumulated technology and management know-how.
- In order to maintain and improve our world-leading technological innovation capabilities, we invested a total of roughly 600 billion yen in R&D in five fiscal years leading up to March 31, 2022. Anticipating future growth, in the first year of our new Medium-term Management Plan, the fiscal year ended March 31, 2023, we invested a further 191.1 billion yen in R&D, and over the five years beginning with the fiscal year ended March 31, 2023, we will continue actively investing, with a total of over 1 trillion yen in investment.
- In the service field, based on the more than 80,000 units of equipment that we have shipped to date the largest number in the industry we will work to solve issues such as parts sales, upgrades and modifications, improved utilization rates, and yield improvement for devices produced by customers, while striving to expand earnings in aftermarket services by providing these advanced field solutions. We will also focus on establishing highly efficient, high value-added services such as smart customer support including remote maintenance and predictive maintenance through the use of equipment operation data and AI, in preparation for equipment support that will soon exceed 100,000 units.

■ Human Resources Initiatives

Based on the belief that “people and employees are the source of value creation for corporate growth,” we are committed to management that emphasizes employee motivation and engagement with TEL.

- Awareness that our company and work contributes to society
- Dreams and expectations of the Company’s future
- Opportunities to take on challenges
- Fair evaluations that recognize employee efforts and globally competitive rewards
- Workplace with open atmosphere and positive communication

By sharing the above with employees and drawing out their exceptional abilities and drive, we will 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.

Moreover, the TEL Group clearly states in its Management Policies to place the highest priority on the safety and health of every person connected with our business activities. For five consecutive years, we have been selected as one of the top White 500 companies under the 2023 Certified Health & Productivity Management Organization Recognition Program, a program jointly certified by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. This is the fourth consecutive year that six domestic Group companies³ have also been certified. To empower our employees to achieve their full potential, we provide support for the maintenance and improvement of their health, both mentally and physically.

In addition, we are fostering succession candidates based on the TEL Succession Plan, in order to develop the next generation of management executives who will support our sustainable growth.

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.

(Note) 3. Tokyo Electron Technology Solutions Ltd., Tokyo Electron Kyushu Ltd., Tokyo Electron Miyagi Ltd., Tokyo Electron FE Ltd.,
Tokyo Electron BP Ltd., Tokyo Electron Agency Ltd.

■ Environmental, Social, and Governance (ESG) Activities

As a semiconductor production equipment leader, 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, which will help raise our social significance, thus strengthening our business foundations and improving our corporate value.

[Environmental Activities]

The TEL Group has formulated medium-term environmental goals for 2030 and a roadmap for achieving them, and is engaging in product development in order to enhance the environmental initiatives it is carrying out through its products, plants, and offices. We have begun introducing renewable energy (electricity) in our plants and offices. In the fiscal year ended March 31, 2023, we completed the deployment of renewable energy in all of our domestic manufacturing sites and some of our overseas sites, and our ratio of renewable energy usage is roughly 90%. We will continue to deploy renewable energy in our overseas plants and offices and engage in activities aimed at achieving our medium-term environmental goals for plants and offices. Furthermore, in June 2022, we declared our long-term environmental goal for 2050 of reducing greenhouse gas emissions to net zero. The entire Group will work together as one to achieve this goal.

[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. To further strengthen our governance and to implement quick decision-making and agile operational execution, we introduced our Corporate Officer system in June 2022. As the highest position holders among the executives of the Group, Corporate Officers are responsible for overall Group management and operational execution. They attend Board of Directors meetings and provide explanations regarding operations, thereby assisting with appropriate supervision of the executive part of the Board of Directors, while at the same time appropriately and swiftly leveraging the discussions of the Board of Directors in operations, thereby promoting active proactive corporate management.

Developing highly effective 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 83 sites in 18 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. Management serve as spokespeople as required at IR conferences in and outside Japan and strive to engage directly with investors. In addition to holding quarterly earnings release conferences, we actively share our business strategies and growth story at the Medium-term Management Plan briefings and on IR day. The IR department, which was established under the direct control of the CEO, also discloses information as appropriate in individual interviews and regularly reports opinions from investors to management so that feedback can be of use in management.

The TEL Group's efforts have been highly evaluated. For eight consecutive years, the TEL Group has been selected as the Most Honored Company, the highest rank in the electrical machinery and precision equipment sector of the Japan Executive Team of Japanese listed companies with outstanding IR activities published by Institutional Investor, a major financial information magazine in the US. In 2023, it came in first place in every category,^{*4} so among the Most Honored Companies, it was selected as an All-Star company for the first time.

(Note) 4. Six categories of (1) Best CEO, (2) Best CFO, (3) Best IR Officer, (4) Best IR Program, (5) Best ESG, and (6) Best Company Board

(vi) Capital Policy

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

Our dividend policy is to link dividend payments to business performance on an ongoing basis and a payout ratio is around 50% based on consolidated net income attributable to owners of parent. TEL will flexibly consider share buybacks. Based on this policy, we paid an additional 200 yen of the 60th anniversary commemorative dividend, for an annual dividend of 1,711 yen in the fiscal year that ended on March 31, 2023.

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 is indispensable to the world.

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

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

Items	FY2020 (57th FY; From April 1, 2019 to March 31, 2020)	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; current fiscal year) (From April 1, 2022 to March 31, 2023)
Net sales (million yen)	1,127,286	1,399,102	2,003,805	2,209,025
Operating income (million yen)	237,292	320,685	599,271	617,723
Operating Margin (%)	21.0	22.9	29.9	28.0
Ordinary income (million yen)	244,979	322,103	601,724	625,185
Net income attributable to owners of parent (million yen)	185,206	242,941	437,076	471,584
Net income per share (yen)	390.19	520.73	935.95	1,007.82
Total assets (million yen)	1,278,495	1,425,364	1,894,457	2,311,594
Net assets (million yen)	829,692	1,024,562	1,347,048	1,599,524
ROE (%)	21.8	26.5	37.2	32.3

(Notes)

- The Company 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 57th fiscal year.
- “Accounting Standards for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) have been applied from the beginning of the 59th fiscal year. For the 59th fiscal year onward, figures reflect the application of these standards.
- In the 57th consolidated fiscal year, net sales remained firm in the mainstay semiconductor production equipment business, exceeding 1 trillion yen for three consecutive fiscal years due to increased demand for high-performance processors in anticipation of the full-scale popularization of smartphones compliant with 5G, and investment in memory for data centers saw a recovery, which had been in a temporary adjustment phase.
- In the 58th consolidated fiscal year, net sales in the semiconductor production equipment business, our key line of business, remained strong resulting in increased revenue and profit, with the growing demand for semiconductors driven by the transition to a data society due to the expanding applications of ICT such as IoT, AI, and 5G.
- In the 59th consolidated fiscal year, net sales in the semiconductor production equipment business, our key line of business, remained strong resulting in increased revenue and profit, with the growing importance for semiconductors driven by the transition to a data society due to the expansion of ICT and efforts toward realizing a decarbonized society.
- The business performance and property of the TEL Group for the 60th fiscal year are described in (1) “Business Developments and Results.”

(6) Major subsidiaries (As of March 31, 2023)

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 and FPD production equipment
Tokyo Electron Kyushu Ltd.	Kumamoto	2,000 million yen	100	Manufacture and development of Semiconductor and FPD 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 and FPD 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 and FPD production equipment, etc.
Tokyo Electron Taiwan Ltd.	Taiwan	200 million NT dollars	100	Sales of and maintenance services for Semiconductor and FPD production equipment, etc.
Tokyo Electron (Shanghai) Ltd.	China	6 million U.S. dollars	100	Sales of and maintenance services for Semiconductor and FPD production equipment, etc.
Tokyo Electron Singapore Pte. Ltd.	Singapore	5 million Singapore dollars	100	Sales of and maintenance services for Semiconductor and FPD production equipment, etc.

(Note) At the end of the current consolidated fiscal year, the number of consolidated subsidiaries including the above listed companies was 27.

(7) Important Business Mergers

There is no relevant item.

(8) Employees at TEL and in the TEL Group (As of March 31, 2023)

(i) Number of employees in the TEL Group

Business segment	Number of employees	Variance from the end of the previous fiscal year
Semiconductor production equipment	13,847	1,360
FPD production equipment	581	(53)
Other	345	4
Common to all companies	2,431	259
Total	17,204	1,570

(Notes)

- The number of employees indicates the number of persons employed by TEL and its consolidated subsidiaries.
- "Other" refers to persons employed in transportation of products, facilities management and insurance, etc.
- "Common to all companies" refers to employees of administration, fundamental research, and other such divisions.

(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
1, 969	198	43.6	15.6

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

(9) Major lenders (As of March 31, 2023)

There is no relevant item.

(10) Major offices of the TEL Group (As of March 31, 2023)

(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 "(6) Major subsidiaries" for the names and office locations of major subsidiaries.

2. TEL shares (As of March 31, 2023)

(i) Total number of shares authorized to be issued 300,000,000

(ii) Total number of issued shares 157,210,911

(Note) At the Board of Directors meeting held on February 9, 2023, the Board of Directors resolved to split its common stock effective April 1, 2023 in the proportion of one share into three shares. The total number of authorized shares stipulated in the Articles of Incorporation were changed on the same day. As a result, the total number of authorized shares became 900,000,000 shares and the total number of issued shares became 471,632,733 shares (including treasury stock).

(iii) Number of shareholders 51,723

(iv) Major shareholders

Shareholder	Number of shares held (thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan Limited (trust account)	42,310	27.01
Custody Bank of Japan, Ltd. (trust account)	17,132	10.93
JP Morgan Chase Bank 385632	5,927	3.78
TBS HOLDINGS, INC.	5,435	3.47
STATE STREET BANK WEST CLIENT-TREATY 505234	2,710	1.73
Custody Bank of Japan, Ltd. (trust account 4)	2,651	1.69
SSBTC CLIENT OMNIBUS ACCOUNT	2,156	1.37
JP Morgan Chase Bank 385781	1,974	1.26
HSBC HONGKONG - TREASURY SERVICES A/C ASIAN EQUITIES DERIVATIVES	1,501	0.95
JPMorgan Securities Japan Co., Ltd.	1,482	0.94

(Notes)

- Any fractional sum of less than 1,000 shares is disregarded when the number of shares owned is indicated.
- The shareholding ratios are calculated after eliminating treasury stock (589,793 shares). Figures are rounded down to the second decimal place. Treasury stock is exclusive of the Company shares (500,879 shares) owned by the Executive compensation Board Incentive Plan (BIP) trust account and the share-delivering Employee Stock Ownership Plan (ESOP).
- While the following large shareholding reports (including change reports) are available for public inspection, the Company has not included in the table above any shareholding whose actual ownership cannot be confirmed as of March 31, 2023.

Large shareholder	Document submitted	Submission date	Number of shares held (thousands of shares)
Nomura Securities Co., Ltd. and 1 other company	Change reports	July 21, 2020	15,400 as of July 15, 2020
Sumitomo Mitsui Trust Asset Management Co., Ltd. and 1 other company	Change reports	June 6, 2022	14,684 as of May 31, 2022
MUFG Bank, Ltd. and 4 other companies	Change reports	June 7, 2021	11,491 as of May 31, 2021
Capital Research & Management Company and 2 other companies	Change reports	November 22, 2022	6,813 as of November 15, 2022
Asset Management One Co., Ltd. and 1 other company	Change reports	December 22, 2020	6,491 as of December 15, 2020

- (v) Shares delivered to executives of the Company 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, 2023 is as follows:

Classification	Number of shares delivered	Number of eligible persons
Corporate Directors (excluding Outside Directors)	12,597	8
Outside Directors	891	1

- (vi) 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, 2023, the number of TEL's shares held by the Executive compensation BIP trust account is 64,964.

- 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, 2023, the number of TEL's shares held by the share-delivering ESOP trust account is 435,915.

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	116 units	242 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	6 units (1 person)	8 units (1 person)
Total number and type of shares to be issued or transferred by exercise of Share Subscription Rights	Common stock of TEL 11,600 shares	Common stock of TEL 24,200 shares
Amount paid for the exercise of Share Subscription Rights	1 yen per share	1 yen per share
Exercise period of Share Subscription Rights	From July 2, 2018 to May 31, 2035. However, the period during which taxpayers in the United States can exercise their Share Subscription Rights is limited to July 2, 2018.	From July 1, 2019 to May 30, 2036. However, the period during which taxpayers in the United States can exercise their Share Subscription Rights is limited to July 1, 2019.

	13th Share Subscription Rights	16th Share Subscription Rights
Allocation date	June 21, 2017	June 24, 2020
Allocation number of Share Subscription Rights	1,447 units	1,308 units
Balance at end of fiscal year	120 units	1,308 units
Ownership by Corporate Directors of TEL (excluding Outside Directors)	0 units (0 persons)	225 units (3 persons)
Ownership by Outside Directors of TEL	-	-
Ownership by Audit & Supervisory Board Members of TEL	15 units (1 person)	-
Total number and type of shares to be issued or transferred by exercise of Share Subscription Rights	Common stock of TEL 12,000 shares	Common stock of TEL 130,800 shares
Amount paid for the exercise of Share Subscription Rights	1 yen per share	1 yen per share
Exercise period of Share Subscription Rights	From July 1, 2020 to May 29, 2037. However, the period during which taxpayers in the United States can exercise their Share Subscription Rights is limited to July 1, 2020.	From July 3, 2023 to May 31, 2040. However, the period during which taxpayers in the United States can exercise their Share Subscription Rights is limited to July 3, 2023.

	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 <small>(Note 1)</small>	-	-
Total number and type of shares to be issued or transferred by exercise of Share Subscription Rights	Common stock of TEL 70,000 shares	Common stock of TEL 77,000 shares
Amount paid for the exercise of Share Subscription Rights	1 yen per share	1 yen per share
Exercise period of Share Subscription Rights	From July 1, 2024 to May 31, 2041. However, the period during which taxpayers in the United States can exercise their Share Subscription Rights is limited to July 1, 2024.	From July 1, 2025 to May 30, 2042. However, the period during which taxpayers in the United States can exercise their Share Subscription Rights is limited to July 1, 2025.

(Note)

1. Share subscription rights owned by Audit & Supervisory Board Members of TEL were granted prior to their appointment as Audit & Supervisory Board Members.
2. The Company split its common stock effective April 1, 2023 in the proportion of one share into three shares. The numbers of shares subject to subscription rights indicated above are the number of shares as of the last day of the corresponding fiscal year, before adjustment to reflect the share split.

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

	18th Share Subscription Rights
Allocation date	June 22, 2022
Allocation number of Share Subscription Rights	770 units
Allocation number to employees of TEL	298 units (41 persons)
Allocation number to executives and employees of TEL subsidiaries	222 units (57 persons)
Total number and type of shares to be issued or transferred by exercise of Share Subscription Rights	Common stock of TEL 77,000 shares
Amount paid for the exercise of Share Subscription Rights	1 yen per share
Exercise period of Share Subscription Rights	From July 1, 2025 to May 30, 2042. However, the period during which taxpayers in the United States can exercise their Share Subscription Rights is limited to July 1, 2025.

(Note) The Company split its common stock effective April 1, 2023 in the proportion of one share into three shares. The numbers of shares subject to subscription rights indicated above are the number of shares as of the last day of the corresponding fiscal year, before adjustment to reflect the share split.

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

(i) Condition of Corporate Directors and Audit & Supervisory Board Members (As of March 31, 2023)

Position in TEL	Name	Responsibilities, Significant concurrent posts
Representative Director President & CEO	Toshiki Kawai	President & CEO
Representative Director Senior Executive Vice President	Sadao Sasaki	President and 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. Outside Director, ZUIKO CORPORATION
Corporate Director	Makiko Eda	Chief Representative Officer, World Economic Forum Japan 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	Yoshiteru Harada	
Audit & Supervisory Board Member	Kazushi Tahara	
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(*), Sachiko Ichikawa, Yoshikazu Nunokawa

Members of the Compensation Committee:

Makiko Eda(*), Michio Sasaki, Yoshikazu Nunokawa

* indicates Chairperson

(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 the 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 Yoshiteru Harada has led the Group's administrative division as Vice President and General Manager, and has ample experience in operations and management and considerable degree of knowledge in finance and accounting.

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

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 Yoshiteru Harada, Kazushi Tahara, 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 Yoshiteru Harada, Kazushi Tahara, Kyosuke Wagai, Masataka Hama and Ryota Miura, as stipulated under Article 430-2, Paragraph 1 of the Companies Act, whereby the Company 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. The Company has concluded a Directors and Officers Liability Insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act of Japan with an insurance company. Corporate Directors, Audit & Supervisory Board Members, Corporate Officers, and employees including Vice Presidents of the Company 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 and nonperformance of acts committed by the insured in their capacity as a corporate officer, etc. The insurance premiums for the insurance contract are fully paid by the Company.

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

(ii) Condition of Corporate Officers and Executive Officers

(As of March 31, 2023)

Name	Position & Responsibilities
Toshiki Kawai	President & CEO, Corporate Officer General Manager, Corporate Innovation Division
Sadao Sasaki	Senior Executive Vice President, Corporate Officer General Manager, Development & Production 1st Division General Manager, Corporate Production Division President and 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 General Manager, Human Resources, General Affairs Unit
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, Field Solutions Business Division
David Brough	Senior Vice President, General Manager, Global Strategy
Larry Smith	Senior Vice President, General Manager, Global Strategy
Kenji Washino	Senior Vice President, General Manager, Backend Process Business Division
Tsuguhiko Matsuura	Senior Vice President, General Manager, Flat Panel Display Business Division
Masayuki Kojima	Senior Vice President, General Manager, Development & Production 2nd Division President and Representative Director, Tokyo Electron Miyagi Ltd.
Keiichi Akiyama	Senior Vice President, Deputy General Manager, Backend Process Business Division
Shinichi Hayashi	Senior Vice President, General Manager, Development & Production 3rd Division President and Representative Director, Tokyo Electron Kyushu Ltd.
Yutaka Nanasawa	VP & Project Leader, Business Innovation Project President, TEL Solar Services AG
Hiroshi Ishida	VP & General Manager, Etching Systems 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 Division
Fumihiko Kaminaga	VP & Deputy General Manager, Global Sales Division
Hiroshi Kawamoto	VP & Deputy General Manager, Global Business Platform Division General Manager, Finance Unit
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 & Vice Division General Manager, Corporate Innovation Division
Tatsuya Aso	VP & General Manager, Legal, Compliance Unit
Hiroshi Ishida	VP & General Manager, Field Solution Business Unit
Kazuhiro Doh	VP & General Manager, Strategy

TEL TOKYO ELECTRON

World Headquarters

3-1 Akasaka 5-chome, Minato-ku

Tokyo 107-6325, Japan

Tel:+81-3-5561-7000

(Note) TEL has introduced Corporate Officer System in June 2022.

World Headquarters
 3-1 Akasaka 5-chome, Minato-ku
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(iii) Amount of Compensation Summary to Corporate Directors and Audit & Supervisory Board Members

	Number of executives	Total compensation, etc.	Total compensation by type				
			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)	Restricted stock unit (Stock-based compensation) (Notes 4, 5)
	(persons)	(million yen)	(million yen)	(million yen)	(million yen)	(million yen)	(million yen)
Corporate Directors (Note 6) (excluding Outside Directors)	8	2,323	293	987	986	55	
Outside Directors (Note 6)	4	88	58				30
Directors total (Note 6)	12	2,411	352	987	986	55	30
Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board Members)	2	86	86				
Outside Audit & Supervisory Board Members	3	43	43				
Audit & Supervisory Board Members total	5	129	129				

(Reference)
Individual Compensation of Representative Directors during FY2023

Name and Position (Note 8)	Total compensation, etc.	Total compensation by type			
		Fixed basic compensation	Annual performance-linked compensation		Medium-term performance-linked compensation
			Cash bonus (Note 9)	Stock compensation-based stock option (Notes 5, 10)	Performance share (Stock-based compensation) (Notes 3, 5)
	(million yen)	(million yen)	(million yen)	(million yen)	(million yen)
Toshiki Kawai Representative Director, President & CEO	1,420	107	644	644	23
Sadao Sasaki Representative Director, Senior Executive Vice President	557	68	241	241	6

(Notes)

1. The amount indicated is the amount of bonuses that will be proposed at the 60th Annual General Meeting of Shareholders for fiscal year 2023 scheduled to be held on June 20, 2023.
2. The amount indicated is the amount equivalent to the expenses associated with the share subscription rights that will be proposed at the 60th Annual General Meeting of Shareholders for fiscal year 2023 scheduled to be held on June 20, 2023.
3. The amount recorded as expenses for the fiscal year ended March 31, 2023 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).
4. The amount recorded as expenses for the fiscal year ended March 31, 2023 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.
5. 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.”
6. Compensation Summary to Corporate Directors and Outside Directors in the above includes Corporate Directors who retired at the conclusion of the 59th AGM held on June 21, 2022.
7. 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.
8. The table contains individual compensation for the current fiscal year for the two Representative Directors as of the end of the fiscal year.
9. The table contains individual amount for each Representative Director, which are components of the amount of bonuses that will be proposed at the 60th Annual General Meeting of Shareholders scheduled to be held on June 20, 2023.
10. The table contains individual amount for each Representative Director, which are components of the amount equivalent to the amount of share subscription rights that will be proposed at the 60th Annual General Meeting of Shareholders scheduled to be held on June 20, 2023.
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.
12. Payment of retirement allowances, which was abolished after the 43rd fiscal year (the fiscal year ended March 31, 2006), was approved at the 42nd AGM held on June 24, 2005 for the settlement of retirement allowances corresponding to the service period up to the 42nd fiscal year (the fiscal year ended March 31, 2005). In addition to the above table, the retirement allowance of 110 million yen was paid to one Corporate Director who retired during the current fiscal year, corresponding to his service period up to the 42nd fiscal year.

(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

Compensation for Inside Directors consists of fixed basic compensation, annual performance-linked compensation, and medium-term performance-linked compensation as the table next page.

Outside Directors have a role of giving advice to the management from the perspective for increasing corporate value over the medium- to long-term, in addition to the management supervision. The Company 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.

Type of compensation		Overview of compensation	Inside Directors	Outside Directors	Audit & Supervisory Board Members
1) Fixed basic compensation		<ul style="list-style-type: none"> Established commensurate with the scale of job responsibility of Inside Directors based on the job grade framework provided by an external specialist organization ^(*). 	X	X	X
2) Annual performance-linked compensation	Cash bonuses	<ul style="list-style-type: none"> Amount to be paid is linked to business performance in each fiscal year, with a view to motivating recipients to contribute to improving the business performance in each fiscal year. Consists of cash bonuses and stock compensation-based stock options; the composition is roughly 1:1. Specific amount and the number of stock options granted shall be commensurate with the Company's business performance and the results of individual performance evaluations in the relevant fiscal year. Net income attributable to owners of parent and consolidated ROE are adopted as performance indicators for the Company'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. 	X	—	—
	Stock compensation-based stock option	<ul style="list-style-type: none"> Evaluation items for the individual performance include contribution to short-term and medium-term management strategy targets including ESG. 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. 	X	—	—
3) Medium-term performance-linked compensation	Performance share (stock-based compensation)	<ul style="list-style-type: none"> Paid to motivate recipients to contribute to medium- to long-term performance improvement. 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. The number of shares delivered is determined depending on the level of achievement of performance goals for the covered period (three fiscal years). Consolidated operating margin and consolidated ROE are adopted as performance indicators. 	X	—	—

4) Non-performance-linked compensation	Restricted stock units (stock-based compensation)	<ul style="list-style-type: none"> · The remuneration system is designed to be more consistent with the expected role of giving advice to the management from the perspective for increasing corporate value over the medium- to long-term. · Payment amount is set at around 50% to 60% of the fixed basic compensation to ensure an adequate balance between cash compensation and stock-based compensation. · The Company shares shall be delivered after the expiration of the applicable period (three fiscal years). 	—	X	—
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* 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 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; the composition is roughly 1:1. 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 below.)

[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 the Company'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 2020 and 2021, and 0% or in the range of 50% to 120% in the plan for 2022, depending on the target achievement level.

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

Non-performance-linked compensation is applicable to Outside Directors. For the Company's Outside Directors, the Company 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 the Company shares shall be delivered after the expiration of the applicable period (three fiscal years).

The number of the Company 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 Company share. In the event of share split, allotment without compensation, or share consolidation of the Company shares, the number of Company shares to be delivered for each point shall be adjusted accordingly.

■ 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
Corporate Directors	Fixed basic compensation	48th Annual General Meeting of Shareholders held on June 17, 2011	The total amount of fixed basic compensation for Corporate Directors shall be 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) at the close of the 48th Annual General Meeting of Shareholders
		58th Annual General Meeting of Shareholders held on June 17, 2021	The total amount of fixed basic compensation for Corporate Directors shall be 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) at the close of the 58th Annual General Meeting of Shareholders
	Annual performance-linked compensation	60th Annual General Meeting of Shareholders to be held on June 20, 2023	To be proposed as 987.3 million yen paid as the cash bonus portion of annual performance-linked compensation to Corporate Directors (excluding Outside Directors) in office as of March 31, 2023.	3 Corporate Directors (excluding 3 Outside Directors) in office as of the final day of the 60th fiscal year (March 31, 2023)
			To be proposed as share subscription rights as stock compensation-based stock option portion of annual performance-linked compensation of no more than 986.0 million yen and 756 units (75,600 shares) annually to Corporate Directors (excluding Outside Directors).	3 Corporate Directors (excluding 3 Outside Directors) to be proposed for election at the 60th Annual General Meeting of Shareholders
	Medium-term performance-linked compensation	55th Annual General Meeting of Shareholders held on June 19, 2018	As medium-term performance-linked compensation for Corporate Directors (excluding Outside Directors), the Company shall contribute trust money up to a total of 480 million yen and 23,800 shares ^(*) of the Company's share shall be delivered for each covered period of three fiscal years.	9 Corporate Directors (excluding 3 Outside Directors) at the close of the 55th Annual General Meeting of Shareholders
	Non-performance-linked compensation	57th Annual General Meeting of Shareholders held on June 23, 2020	As stock-based compensation for Outside Directors, the Company shall contribute trust money up to a total of 50 million yen and 5,000 shares ^(*) of the Company's share shall be delivered for each applicable period of three fiscal years.	3 Outside Directors at the close of the 57th Annual General Meeting of Shareholders
Audit & Supervisory Board Members	Fixed basic compensation	48th Annual General Meeting of Shareholders held on June 17, 2011	The maximum amount of Audit & Supervisory Board Member fixed basic compensation shall be 13 million yen per month (a maximum of 156 million yen annually).	4 Audit & Supervisory Board Members at the close of the 48th Annual General Meeting of Shareholders

(*) TEL split its common stock effective April 1, 2023 in the proportion of one share into three shares. As a result, the maximum number of shares to be delivered for each covered period

is adjusted to 71,400 shares and 15,000 shares for medium-term performance-linked compensation and for non-performance-linked compensation, respectively.

■ 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 471,584 million yen, and consolidated ROE was 32.3%.

• 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, 2023, which is an indicator to evaluate the achievement of the targets for the plan set in 2020, are consolidated operating margin of 28.0% and consolidated ROE of 32.3%, and will be paid in accordance with the medium-term performance-linked compensation calculation formula.

For the plans set in 2021 and 2022, 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 the Company 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 the Company 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.

■ Role of the Compensation Committee

In order to secure transparency and fairness in management and appropriateness of compensation through our compensation system, the Company 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 the Company'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, 2023)

Position in TEL	Name	Significant concurrent posts	Relationship with TEL
Outside Director	Michio Sasaki	Director and Vice President, SHIFT Inc. Outside Director, ZUIKO CORPORATION	No significant business relation
Outside Director	Makiko Eda	Chief Representative Officer, World Economic Forum Japan 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

b. Main activities during the current fiscal year

Position in TEL	Name	Main activities (Note 1)	
Outside Director	Michio Sasaki	Board of Directors: Attended 11 out of 11 meetings Nomination Committee: Attended 11 out of 11 meetings Compensation Committee: Attended 8 out of 8 meetings (Note 2)	Michio Sasaki has been actively making comments especially on matters including medium- to long-term product strategy and development investment 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 11 meetings Compensation Committee: Attended 10 out of 10 meetings	Makiko Eda has been actively making comments especially on matters including medium- to long-term growth strategies and human resources strategy such as diversity 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 11 out of 11 meetings Nomination Committee: Attended 8 out of 8 meetings (Note 3)	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.

Position in TEL	Name	Main activities (Note 1)	
Outside Audit & Supervisory Board Member	Kyosuke Wagai	Board of Directors: Attended 11 out of 11 meetings Audit & Supervisory Board: Attended 7 out of 7 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 11 out of 11 meetings Audit & Supervisory Board: Attended 7 out of 7 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 10 out of 11 meetings Audit & Supervisory Board: Attended 7 out of 7 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.

(Notes)

1. Includes an outline of duties performed in relation to the roles expected of Outside Directors.
2. The Compensation Committee held 10 meetings during the fiscal year under review. The attendance refers, for Outside Director Michio Sasaki, to the period after his appointment as member of the Committee.
3. The Nomination Committee held 11 meetings during the fiscal year under review. For Outside Director Sachiko Ichikawa, the attendance refers to the period after her appointment as member of the Committee.

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	206	4
Subsidiaries of TEL	50	-
Total	256	4

(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 of Japan, 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 4 million yen for an internal control preliminary assessment service for IT systems 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 the Company'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.

6. Corporate Structures and Policies

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

The basic policies on systems designed for ensuring the proper performance of business were partially revised at the Board of Directors meeting held on November 10, 2022. The revised policies and an overview of the status of operations are as follows.

I System for ensuring that the actions of 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 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 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 Group organizations as a general rule. This shall include auditing operations on risk management, control, and governance processes or diagnostic operations.

5. Audit by Audit & Supervisory Board Members

The Audit & Supervisory Board Members perform audits of the actions of TEL Group Directors, etc. in the performance of their duties, and if any action that violates an applicable law or the Articles of Incorporation, or any potential violation, is discovered, the Audit & Supervisory Board Members shall take necessary measures, including issuing advice or recommendations to the Director, etc., or reporting to the Board of Directors.

(Operation status overview)

1. Corporate ethics and compliance system

- The Group promotes and ensures that Directors, etc. understand the importance of compliance thoroughly based on Code of Ethics of the TEL Group and Compliance Regulations.
- Compliance-related education and training are being provided according to the positions or otherwise as a compulsory program to all employees depending on the theme and topics. The topics of the

compliance education and training include corporate ethics and compliance, prevention of bribery, the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors, export compliance, 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 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.

- Regional Compliance Controller have been appointed at key overseas sites, creating a system for organizationally direct reporting to the Chief Compliance Officer, who oversees the Group's Compliance Department. In addition, we are checking on a monthly basis the status of prevention, identification, and response to compliance-related problems, leading promotion of compliance measures. Reviews are conducted periodically by the external experts to identify risks and necessary measures are implemented.

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 purview of the President and Representative Director. The Global Audit Center is striving to expand and enrich the 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 Regulations" and conducts audits of the 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 the Company and the Audit & Supervisory Board Members of TEL Group's 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 performs 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 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 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 Group companies shall be reported 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 Group company engages in its own risk management activities in accordance with Group-wide 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 Directors, Corporate Officers, Executive Officers, and departments responsible for risk management periodically report to the Board of Directors 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 Group. The Group performed periodic reviews of material risks which could affect the Group. The Group promotes necessary measures and reports on risk management activities to the 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 Group companies.
- The TEL Group is working to further improve its information security system through organizational enhancements, including enhancements to Group companies, led by the Information Security Committee, as well as security 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) The 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) The Company shall take measures to have Outside (Independent) Directors join the Board of Directors to objectively ensure efficient decision-making by the Board of Directors.
- (iii) The 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 accordance with 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 Group establish the structure based on these regulations.

2. Corporate governance systems of Group companies

Systems for ensuring the effective performance of duties by Directors, etc., are established and operated in 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)

- The Board of Directors determines important matters regarding the TEL Group's management and appoints Representative Directors, the CEO, Corporate Officers and Executive Officers for the execution of their duties. Furthermore, the Corporate Officers Meeting has been established 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 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 Company 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 Group are prepared as necessary to ensure the proper and efficient performance of TEL Group business activities as a corporate group. Furthermore, individual Group companies prepare and apply regulations necessary for the conducting of appropriate business operations. 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 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 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, approval is required by the Company 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 Group companies.
- The Global Audit Center formulates the annual audit implementation plan based on the Internal Audit Regulations and conducts audits of the 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 Group companies, given the importance of maintaining the soundness of the corporate group. They coordinate with the Audit & Supervisory Board Members of Group companies in Japan and work to improve the effectiveness of auditing.
- Group Audit & Supervisory Board Member liaison meetings are held by all TEL Audit & Supervisory Board Members and by Audit & Supervisory Board Members of Group companies in Japan. They are attended by the head of the Global Audit Center, the Chief Compliance Officer, the GM of the Legal, Compliance Unit, the GM 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 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 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 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

The Company shall take measures to have Outside (Independent) Audit & Supervisory Board Members join the Audit & Supervisory Board to objectively ensure the appropriateness of audits.

2. Coordination with the Accounting Auditors and the Internal Audit Department

The 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 the 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 the Company, the Company shall incur such expenses and others unless they are not affiliated or necessary with performing audit.

(Operation status overview)

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

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

(2) Policy concerning decisions regarding the distribution of surplus

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

Shareholder Return Policy

Our dividend policy is to link dividend payments to business performance on an ongoing basis and a payout ratio is around 50% based on net income attributable to owners of parent. However, the amount of annual dividend per share shall not be less than 150 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.

(Note) The Company split its common stock effective April 1, 2023 in the proportion of one share into three shares. Accordingly, from the next fiscal year (year ending March 31, 2024), dividend per share is not less than 50 yen.

With regard to year-end dividends for the current fiscal year, TEL will pay 854 yen (including the 60th anniversary commemorative dividend of 200 yen) per share, applying the aforementioned policy. Its payment date will be May 31, 2023. As a result, the annual dividend will be 1,711 yen per share, which includes an interim dividend of 857 yen.

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
ASSETS		
Current assets		
Cash and deposits	274,274	473,099
Notes and accounts receivable - trade, and contract assets	433,948	464,889
Merchandise and finished goods	183,512	236,795
Work in process	144,330	161,938
Raw materials and supplies	146,002	253,474
Prepaid consumption tax	110,494	123,977
Others	116,301	26,969
Allowance for doubtful accounts	(160)	(184)
Total current assets	1,408,703	1,740,959
Long-term assets		
Tangible fixed assets		
Buildings and structures	233,553	248,421
Accumulated depreciation	(121,288)	(130,524)
Buildings and structures, net	112,264	117,896
Machinery and carriers	181,306	204,841
Accumulated depreciation	(136,173)	(153,330)
Machinery and carriers, net	45,132	51,510
Land	31,052	31,283
Construction in progress	20,095	39,605
Others	51,777	61,680
Accumulated depreciation	(37,244)	(42,887)
Others, net	14,532	18,792
Total tangible fixed assets	223,078	259,088
Intangible fixed assets		
Others	22,540	28,559
Total intangible fixed assets	22,540	28,559
Investments and other assets		
Investment securities	144,972	165,507
Deferred tax assets	45,654	58,599
Net defined benefit assets	16,186	19,374
Others	34,621	40,844
Allowance for doubtful accounts	(1,298)	(1,340)
Total investments and other assets	240,135	282,986
Total long-term assets	485,754	570,634
Total assets	1,894,457	2,311,594

Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2022	As of March 31, 2023
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	120,908	116,317
Income taxes payable	107,193	71,177
Customer advances	102,555	289,169
Accrued employees' bonuses	44,871	43,337
Accrued warranty expenses	26,568	34,382
Others	66,482	75,509
Total current liabilities	468,578	629,893
Long-term liabilities		
Net defined benefit liabilities	62,533	60,366
Others	16,296	21,808
Total long-term liabilities	78,829	82,175
Total liabilities	547,408	712,069
NET ASSETS		
Shareholders' equity		
Common stock	54,961	54,961
Capital surplus	78,011	78,011
Retained earnings	1,104,983	1,322,203
Treasury stock, at cost	(27,418)	(22,033)
Total shareholders' equity	1,210,537	1,433,141
Accumulated other comprehensive income		
Net unrealized gains (losses) on investment securities	93,492	107,452
Net deferred gains (losses) on hedging instruments	(52)	(46)
Foreign currency translation adjustments	30,640	43,091
Accumulated remeasurements of defined benefit plans	535	3,954
Total accumulated other comprehensive income (loss)	124,615	154,453
Share subscription rights	11,895	11,929
Total net assets	1,347,048	1,599,524
Total liabilities and net assets	1,894,457	2,311,594

Consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Net sales	2,003,805	2,209,025
Cost of sales	1,091,983	1,224,617
Gross profit	911,822	984,408
Selling, general & administrative expenses		
Research and development expenses	158,256	191,196
Others	154,295	175,487
Total selling, general and administrative expenses	312,551	366,684
Operating income	599,271	617,723
Non-operating income		
Interest income	616	1,235
Dividend income	959	1,200
Share of profit of associates accounted for using the equity method	1,721	2,968
Revenue from grants	492	2,559
Others	2,190	2,102
Total non-operating income	5,980	10,066
Non-operating expenses		
Foreign exchange loss	2,447	1,401
Others	1,080	1,202
Total non-operating expenses	3,527	2,604
Ordinary income	601,724	625,185
Unusual or infrequent profit		
Gain on sales of fixed assets	71	890
Total unusual or infrequent profit	71	890
Unusual or infrequent loss		
Loss on disposal and sales of fixed assets	406	781
Loss on impairment of fixed assets, goodwill and other assets	-	438
Additional payment of value-added tax	4,577	-
Others	114	-
Total unusual or infrequent loss	5,097	1,219
Income before income taxes	596,698	624,856
Provision for income taxes and enterprise taxes	162,708	173,704
Deferred income taxes	(3,086)	(20,431)
Total income taxes	159,622	153,272
Net income	437,076	471,584
Net income attributable to owners of parent	437,076	471,584

Consolidated Statements of Changes in Net Assets

Year ended March 31, 2023

(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	1,104,983	(27,418)	1,210,537
Cumulative effects of changes in accounting policies					-
Restated balance	54,961	78,011	1,104,983	(27,418)	1,210,537
Changes of items during the period					
Cash dividends			(252,988)		(252,988)
Net income attributable to owners of parent			471,584		471,584
Purchase of treasury stock				(1,728)	(1,728)
Disposal of treasury stock			(1,375)	7,113	5,737
Net changes except for shareholders' equity					
Total changes of items during the period	-	-	217,219	5,384	222,604
Balance at end of period	54,961	78,011	1,322,203	(22,033)	1,433,141

	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	93,492	(52)	30,640	535	124,615	11,895	1,347,048
Cumulative effects of changes in accounting policies							-
Restated balance	93,492	(52)	30,640	535	124,615	11,895	1,347,048
Changes of items during the period							
Cash dividends							(252,988)
Net income attributable to owners of parent							471,584
Purchase of treasury stock							(1,728)
Disposal of treasury stock							5,737
Net changes except for shareholders' equity	13,960	6	12,450	3,419	29,837	33	29,871
Total changes of items during the period	13,960	6	12,450	3,419	29,837	33	252,476
Balance at end of period	107,452	(46)	43,091	3,954	154,453	11,929	1,599,524

Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Cash flows from operating activities		
Income before income taxes	596,698	624,856
Depreciation and amortization	36,727	42,927
Amortization of goodwill	206	168
Increase (decrease) in accrued employees' bonuses	9,540	(2,301)
Increase (decrease) in accrued warranty expenses	9,614	7,594
Decrease (increase) in notes and accounts receivable - trade, and contract assets	(195,543)	(24,750)
Decrease (increase) in inventories	(100,309)	(173,487)
Increase (decrease) in trade notes and accounts payable	18,892	(11,406)
Decrease (increase) in prepaid consumption tax	(27,675)	(13,390)
Increase (decrease) in customer advances	32,031	185,616
Others	7,070	(3,354)
Subtotal	387,252	632,473
Receipts from interest and dividends	2,232	2,907
Income taxes paid or refund (paid)	(106,098)	(209,111)
Net cash provided by operating activities	283,387	426,270
Cash flows from investing activities		
Payment into time deposits	(641)	(713)
Proceeds from time deposits	604	731
Payment for purchase of short-term investments	(35,000)	-
Proceeds from redemption of short-term investments	45,014	35,000
Payment for purchase of fixed assets	(56,153)	(66,897)
Payment for acquisition of intangible assets	(8,950)	(9,416)
Others	(504)	(459)
Net cash used in investing activities	(55,632)	(41,756)
Cash flows from financing activities		
Payment for purchase of treasury stock	(15)	(1,728)
Dividends paid	(166,252)	(252,988)
Others	(988)	(1,817)
Net cash used in financing activities	(167,256)	(256,534)
Effect of exchange rate changes on cash and cash equivalents	9,156	8,843
Net increase (decrease) in cash and cash equivalents	69,655	136,823
Cash and cash equivalents at beginning of period	265,993	335,648
Cash and cash equivalents at end of period	335,648	472,471