

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Securities code: 429A

June 10, 2026

(Commencement date of electronic provision measures: June 3, 2026)

To Shareholders with Voting Rights:

Teruo Ninomiya

Representative Director, President and CEO

Tekscend Photomask Corp.

1-5-2 Higashi-Shimbashi, Minato-ku, Tokyo

Notice of the 5th Annual General Meeting of Shareholders

We are pleased to announce that the 5th Annual General Meeting of Shareholders of Tekscend Photomask Corp. (the “Company”) will be held as indicated below.

When convening this General Meeting of Shareholders, the Company takes electronic provision measures and posts matters subject to such measures as “Notice of the 5th Annual General Meeting of Shareholders” on the following website.

The Company’s website

<https://www.photomask.com/en/ir/shareholders-materials/>

In addition to the above, said information is also posted on the following website.

Tokyo Stock Exchange website (Listed Company Search)

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

Please access the above website, enter the Company's name or its securities code (429A) and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.”

If you are not attending the meeting, you may exercise your voting rights online or in writing. Please review the reference documents for the general meeting of shareholders included in the matters subject to electronic provision measures and exercise your voting rights by 6:00 p.m. on Wednesday, June 24, 2026 (Japan Standard Time).

- 1. Date and Time:** Thursday, June 25, 2026 at 10:00 a.m. (Reception opens at 9:00 a.m.)
- 2. Place:** Station Conference Tokyo
Sapia Tower 5F, 1-7-12 Marunouchi, Chiyoda-ku, Tokyo
- 3. Meeting Agenda:**
- Matters to be reported:**
1. The Business Report, the Consolidated Financial Statements and the audit results of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 5th fiscal year (from April 1, 2025 to March 31, 2026)
 2. The Non-consolidated Financial Statements for the 5th fiscal year (from April 1, 2025 to March 31, 2026)

Proposals to be resolved:

- Proposal 1:** Election of Seven (7) Directors
- Proposal 2:** Election of Two (2) Audit & Supervisory Board Members
- Proposal 3:** Introduction of a Performance-based Restricted Share Unit (PSU) Plan for Directors (Excluding Outside Directors)

- When attending the meeting, please submit the enclosed voting rights exercise form at the reception desk.
- If you indicate neither your approval nor disapproval of the proposals on the voting rights exercise form, it will be deemed that you indicated your approval of the proposals.
- If revisions to the items subject to electronic provision measures arise, the details of the revisions will be posted on each of the websites mentioned above.
- The documents sent to shareholders who have made a request for delivery of paper-based documents do not contain the following matters based on the laws and regulations and the provisions of Article 15 of the Company's Articles of Incorporation. Accordingly, these documents are part of the documents audited by the Audit & Supervisory Board Members and the accounting auditor in the course of preparing the audit report.
 - Consolidated Financial Statements: Consolidated Statement of Changes in Equity, Notes to Consolidated Financial Statements
 - Non-consolidated Financial Statements: Non-consolidated Statement of Changes in Equity, Notes to Non-consolidated Financial Statements

Guidance for the Exercise of Voting Rights

There are three ways to exercise your voting rights.

Attendance at the General Meeting of Shareholders



Please bring the enclosed voting rights exercise form and submit it at the reception desk.

Date and Time of General Meeting of Shareholders 10:00 a.m. on Thursday, June 25, 2026

Advance Exercise of Voting Rights

Exercising Voting Rights by Postal Mail



Please indicate your vote for or against the proposals on the enclosed voting rights exercise form and return it so that it arrives by the voting deadline.

Voting Deadline Arrival by 6:00 p.m. on Wednesday, June 24, 2026

Exercising Voting Rights Online



Please exercise your voting rights after reviewing the "Guide to Exercising Voting Rights Online" on the next page.

Voting Deadline By 6:00 p.m. on Wednesday, June 24, 2026

If you exercise your voting rights both online and in writing, the Company will regard the vote exercised online as valid. If you exercise your voting rights more than once online or in duplicate using both a computer and a smartphone, the Company will regard the last vote as valid. The website for exercising voting rights may not be available depending on the Internet usage environment of a computer and a smartphone.

Guide to Exercising Voting Rights Online

Scanning QR code

You can log in to the website for exercising voting rights without entering the login ID and temporary password provided on the voting rights exercise form.

1. Please scan the QR code indicated on the voting rights exercise form.
*"QR Code" is a registered trademark of DENSO WAVE INCORPORATED.

2. Please follow the instructions on the screen to enter "for" or "against."

Entering login ID and temporary password

The website for exercising voting rights:

<https://evote.tr.mufg.jp/>

1. Please access the website for exercising voting rights.

2. Please enter the "login ID and temporary password" provided on the voting rights exercise form and click.

3. Please follow the instructions on the screen to enter "for" or "against."

If you have any questions about how to use your computer or smartphone to exercise your voting rights online, please contact:

Help Desk, Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation

0120-173-027 (toll free/business hours: 9:00 a.m. - 9:00 p.m.)

Institutional investors may use the electronic voting platform for exercising voting rights by institutional investors operated by ICJ, Inc.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Election of Seven (7) Directors

The terms of office of all eight (8) directors of the Company will expire at the conclusion of this Annual General Meeting of Shareholders.

Accordingly, the Company proposes the election of seven (7) directors, a decrease of one (1) from the current number, so that the Board of Directors can make decisions more flexibly.

The candidates for directors are as follows:

No.	Name	Current positions and responsibilities at the Company	Attendance at the Board of Directors meetings
1	Teruo Ninomiya Reappointment	Representative Director, President and CEO	20 out of 20 meetings
2	Michael G. Hadsell Reappointment	Director, Executive Officer and COO	20 out of 20 meetings
3	Seiichi Itoga Reappointment	Director, Executive Officer and CFO	20 out of 20 meetings
4	Takashi Kurobe Reappointment	Director	13 out of 13 meetings *
5	Tadahiro Suhara Reappointment Outside	Director	20 out of 20 meetings
6	Chiharu Tokoro Reappointment Outside	Director	20 out of 20 meetings
7	Elvis Deng Reappointment Outside	Director	20 out of 20 meetings

* Appointed on September 4, 2025

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
1	Teruo Ninomiya (May 1, 1964) Tenure as Director 4 years and 2 months <u>Reappointment</u> Attendance at the Board of Directors meetings 20 out of 20 meetings	April 1987 April 2005 April 2008 April 2018 April 2022 April 2024	Joined Toppan Printing Co., Ltd. (currently TOPPAN Holdings Inc.) General Manager of Corporate Strategy Department, Corporate Planning Division General Manager of Business Strategy Department and General Manager of Purchasing Department, Semiconductor Solution Division Executive Officer, Head of Semiconductor Unit, Electronics Division Representative Director and President of the Company Representative Director, President and CEO (present)	32
	Reasons for nomination as candidate for Director Teruo Ninomiya is well-versed in the semiconductor industry through various positions he held at Toppan Printing Co., Ltd., such as General Manager of the Corporate Strategy Department, General Manager of the Business Strategy Department, and Head of Semiconductor Unit in the Electronics Division. In addition, he has abundant knowledge of management strategies and the latest technological trends. Since he assumed office as Representative Director and President at the establishment of the Company in 2022, he has demonstrated strong leadership and worked to steadily improve its business performance and to establish the business foundation, including strengthening corporate governance. The Company has determined that he is well suited to assume responsibility for realizing the development and growth of the Company's business and further strengthening the management foundation, and has nominated him as a candidate for director.			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
2	Michael G. Hadsell (March 22, 1961) Tenure as Director 2 years and 2 months <u>Reappointment</u> Attendance at the Board of Directors meetings 20 out of 20 meetings	June 1984	Joined E.I. du Pont de Nemours and Company	-
		June 1989	Account Manager, DuPont Photomask, Inc.	
		June 1999	Managing Director and General Manager (stationed in Singapore)	
		December 2001	Asia Pacific Sales Vice President then Managing Director and President (stationed in Taiwan)	
		May 2005	Executive Vice President and W/W Sales and Marketing, Toppan Photomasks, Inc.	
		December 2013	President and CEO	
		April 2022	COO of the Company	
		April 2024	Director, Executive Officer and COO (present)	
Reasons for nomination as candidate for Director Michael G. Hadsell is well versed in global business, not only in the United States and EU but also in Asia, through his work experience at DuPont Photomasks, Inc. He also has extensive experience and a wide network in the semiconductor industry. Since joining the Toppan Group in 2005, he has played a central role in the management of Toppan Photomasks, Inc. He has also worked on the enhancement of the global network, which is one of the Company's strengths, and has contributed to its business expansion. Since the Company was established in 2022, he has served as Chief Operating Officer, and has worked to improve the Company's business performance in the areas of both sales and production as well as to realize "One Operation," which means the integration of the Group's operations. The Company has determined that he is well suited to further strengthen the Company's global business and achieve continuous business development and growth, and has nominated him as a candidate for director.				

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
3	Seiichi Itoga (November 18, 1966) Tenure as Director 2 years and 2 months Reappointment Attendance at the Board of Directors meetings 20 out of 20 meetings	April 1985	Joined Toppan Printing Co., Ltd. (currently TOPPAN Holdings Inc.)	32
		April 1995	Assigned to Shanghai Toppan Printing Co., Ltd.	
		April 2000	Business Strategy Department, Financial & Securities Business Division	
		April 2005	Manager of Accounting Department, Finance & Accounting Division	
		April 2006	Manager of Treasury Department, Finance & Accounting Division	
		April 2008	Manager of Accounting Department, Electronics Division	
		April 2017	General Manager of Accounting Department, Electronics Division	
		April 2022	CFO of the Company	
		April 2024	Director, Executive Officer and CFO (present)	
		Reasons for nomination as candidate for Director		
Seiichi Itoga has mainly engaged in operations in finance-related departments, and after working in accounting departments in a wide range of business areas including overseas, he assumed the position of CFO at the time of the establishment of the Company in 2022. He possesses a wealth of experience, achievements and insight in finance and accounting as well as knowledge of overall management including overseas. The Company has determined that he is well suited to strengthen the Group’s management structure as CFO of the Company, and has nominated him as a candidate for director.				

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4	Takashi Kurobe (January 31, 1964) Tenure as Director 9 months <u>Reappointment</u> Attendance at the Board of Directors meetings 13 out of 13 meetings	April 1986 Joined Toppan Printing Co., Ltd. (currently TOPPAN Holdings Inc.) October 2000 CFO, Toppan Interamerica Inc. June 2018 Director, Executive Officer, General Manager of Finance & Accounting Division, Toppan Printing Co., Ltd. April 2021 Director, General Manager of Finance & Accounting Division, Toppan Printing Co., Ltd. April 2022 Audit & Supervisory Board Member of the Company April 2023 Director, Managing Executive Officer, General Manager of Finance & Accounting Division, and Overseeing Global GRC Division, Toppan Printing Co., Ltd. October 2023 Director, Managing Executive Officer, CFO, General Manager of Finance & Accounting Division, and Overseeing Global GRC Division, TOPPAN Holdings Inc. April 2024 Director, Managing Executive Officer, CFO, CRO, General Manager of Finance & Accounting Division, and Overseeing GRC Division June 2024 Director, Senior Managing Executive Officer, CFO, CRO, General Manager of Finance & Accounting Division, and Overseeing GRC Division January 2025 Director, Senior Managing Executive Officer, CFO, CRO, and Overseeing Finance & Accounting Division and GRC Division April 2025 Director, Senior Managing Executive Officer, CFO, and Overseeing Finance & Accounting Division (present) September 2025 Resigned as Audit & Supervisory Board Member of the Company September 2025 Director of the Company (present) [Significant concurrent positions] Director, Senior Managing Executive Officer, CFO, and Overseeing Finance & Accounting Division, TOPPAN Holdings Inc.	-
Reasons for nomination as candidate for Director Takashi Kurobe has a high level of expertise in overall corporate finance as well as broad practical experience in management gained through his many years in accounting and finance at Toppan Printing Co., Ltd. (currently TOPPAN Holdings Inc.). The Company has determined that he will provide appropriate and effective guidance and advice on both management and governance, and has nominated him as a candidate for director.			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	Tadahiro Suhara (February 13, 1961) Tenure as Director 2 years and 7 months Reappointment Outside Independent Attendance at the Board of Directors meetings 20 out of 20 meetings	April 1983 Joined Dainippon Screen Mfg. Co., Ltd. (currently SCREEN Holdings Co., Ltd.) October 1999 Vice President, DNS ELECTRONICS, LLC (currently SCREEN SPE USA, LLC) April 2004 President April 2004 Vice President of Semiconductor Equipment Company, Dainippon Screen Mfg. Co., Ltd. April 2009 Representative Director, President & CEO, Sokudo Co., Ltd. April 2010 Senior Corporate Officer and President of Semiconductor Equipment Company, Dainippon Screen Mfg. Co., Ltd. October 2014 Representative Director and President, SCREEN Semiconductor Solutions Co., Ltd. May 2019 Advisor, JSR Corporation June 2019 Managing Officer, Supervising Digital Solutions Business April 2023 Representative Director, TSSC Co., Ltd. (present) November 2023 Outside Director of the Company (present) April 2026 Managing Executive Officer and Business Sector President of ICT Solutions Business Sector, Mitsui Chemicals, Inc. (present)	64
		[Significant concurrent positions] Representative Director, TSSC Co., Ltd. Managing Executive Officer and Business Sector President of ICT Solutions Business Sector, Mitsui Chemicals, Inc.	
	Reasons for nomination as candidate for Director Tadahiro Suhara has abundant experience and broad insight in the semiconductor industry as a corporate executive. The Company has determined that he will provide valuable opinions and suggestions for the management of the Company as an outside director and that he is expected to contribute to improving the supervisory function of the Board of Directors by participating in the Nomination and Compensation Committee as a member from a standpoint independent of management. Accordingly, the Company has nominated him as a candidate for outside director.		

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
6	Chiharu Tokoro (September 6, 1975) Tenure as Director 2 years and 7 months Reappointment Outside Independent Attendance at the Board of Directors meetings 20 out of 20 meetings	April 2009 Associate Professor, Faculty of Science and Engineering, Waseda University April 2015 Professor, the Department of Resources and Environmental Engineering, Creative Science and Engineering, Waseda University (present) November 2016 Project Professor, the Institute of Industrial Science, The University of Tokyo (present) November 2018 Director, Office for Promotion of Equality and Diversity, Waseda University April 2021 Professor, the Graduate School of Engineering, the University of Tokyo (present) April 2021 Outside Director, JX Advanced Metals Corporation (present) September 2022 Associate Director, Waseda Institute for Advanced Study September 2022 Associate Director, Waseda Center for a Carbon Neutral Society, Waseda University November 2023 Outside Director of the Company (present) September 2024 Dean, the School of Creative Science and Engineering (Departments), Faculty of Science and Engineering, Waseda University (present) [Significant concurrent positions] Dean, the School of Creative Science and Engineering (Departments), Faculty of Science and Engineering, and Professor, the Department of Resource and Environmental Engineering of Waseda University Outside Director, JX Advanced Metals Corporation Professor, the Graduate School of Engineering, The University of Tokyo	32
Reasons for nomination as candidate for Director The environment and sustainability are important management issues for the Company. The Company has determined that she will provide valuable opinions and suggestions for the Company's environmental management and research and development by leveraging her expertise in resource recycling engineering and the development of advanced separation technologies required for resource development and metal resource recycling and that she is expected to contribute to improving the supervisory function of the Board of Directors by participating in the Nomination and Compensation Committee as a member from a standpoint independent of management. Accordingly, the Company has nominated her as a candidate for outside director.			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
7	Elvis Deng (September 25, 1962) Length of service as a Director 2 years and 1 month Reappointment Outside Independent Attendance at the Board of Directors meetings 20 out of 20 meetings	February 1988 Joined Electronic Research and Services Organization, Industrial Technology Research Institute December 1994 Operation Planning Manager, Vanguard International Semiconductor Corporation July 1996 Secretary, CFO, and Liaison Director of Product Development, Vanguard International Semiconductor-America (seconded) August 1999 Co-Founder and Vice President, Ardentec Corporation July 2003 VP, COO and President, CSMC Technologies Corporation August 2010 CRM, CEO and Executive Director August 2014 President, Etron Technology, Inc. (present) April 2020 Chairman and President, eEver Technology, Inc. (present) April 2020 Chairman, eYs3D Microelectronics (present) December 2021 Managing Director, Invention and Collaboration Laboratory Pte. Ltd. (present) May 2024 Independent Director of the Company (present) [Significant concurrent positions] President, Etron Technology, Inc. Chairman and President, eEver Technology, Inc. Chairman, eYs3D Microelectronics Managing Director, Invention and Collaboration Laboratory Pte. Ltd.	-
Reasons for nomination as candidate for Director Elvis Deng is well-versed in China and other Asian markets in the semiconductor industry and has abundant experience and broad insight as a corporate executive. The Company has determined that he will provide valuable opinions and suggestions for the management of the Company as the Company develops its business globally and that he is expected to contribute to improving the supervisory function of the Board of Directors from a standpoint independent of management. Accordingly, the Company has nominated him as a candidate for outside director.			

- Notes:
1. There are no special conflicts of interest between any of the director's candidates and the Company.
 2. In February 2026, "Tekscend Photomask Executive Stock Ownership Plan" was established for executives residing in Japan. The number of shares held by each Director candidate reflects the total number of shares actually held, including their holdings in the stock ownership plan.
 3. Tadahiro Suhara, Chiharu Tokoro, and Elvis Deng are candidates for outside directors.
 4. The Company has registered Tadahiro Suhara, Chiharu Tokoro, and Elvis Deng as independent officers as provided for by the Tokyo Stock Exchange.
 5. The Company has concluded agreements with Takashi Kurobe, Tadahiro Suhara, Chiharu Tokoro, and Elvis Deng to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under the agreement is the amount stipulated by laws and regulations. If each candidate is elected and assumes office as a director, the Company plans to continue such agreements.
 6. The Company has concluded a directors and officers liability insurance agreement with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance agreement indemnifies the insured persons against damages and/or court costs, etc. incurred as a result of claims for damages arising from their business activities. The premium under the insurance agreement is fully borne by the Company and each company covered by such insurance, and the insured persons are directors, audit & supervisory board members, and executive officers of the Company and its subsidiaries covered by the insurance. If each candidate is elected as a director, they will continue to be included as insured parties under this insurance policy.

Proposal 2: Election of Two (2) Audit & Supervisory Board Members

Of the Company's three (3) audit & supervisory board members, Masaaki Usui and Kazuko Saito will resign at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company proposes the election of two (2) audit & supervisory board members.

The Audit & Supervisory Board has given its consent to the submission of this proposal.

The candidates for audit & supervisory board members are as follows:

No.	Name (Date of birth)	Career summary, positions and significant concurrent positions		Number of shares of the Company held
1	Kaoru Nozaki (November 11, 1961) New appointment	May 1991	Joined Toppan Printing Co., Ltd. (currently TOPPAN Holdings Inc.)	-
		April 2006	Senior Manager of PM Customer Center, Electronics Division	
		April 2011	TOPPAN Electronics Taiwan Inc. (seconded); assigned to Taiwan	
		April 2015	TOPPAN Chunghwa Electronics Inc. (seconded); assigned to Taiwan	
		April 2020	Senior Manager of Electronics Division, Toppan Printing Co., Ltd.	
		April 2022	Business Strategy of the Company	
		October 2022	Head of Management Audit Office (present)	
Reasons for nomination as candidate for Audit & Supervisory Board Member Kaoru Nozaki has a deep knowledge of the Company's business, including its overseas business, and has served as General Manager of the Management Audit Office since the spin-off. The Company has determined that he will perform appropriate audits since he has a high level of expertise in corporate governance, risk management, and other areas, and has nominated him as a candidate for audit & supervisory board member.				

No.	Name (Date of birth)	Career summary, positions and significant concurrent positions	Number of shares of the Company held
2	Fumiko Kosao (April 17, 1954) New appointment Outside Independent	April 1973 Joined the National Tax Agency July 2003 Deputy District Director, Kanda Tax Office August 2008 Senior Internal Inspector of Tokyo Regional Taxation Bureau, Commissioner's Secretariat, National Tax Agency July 2010 Chief Examiner of Second Large Enterprise Examination Group, Tokyo Regional Taxation Bureau July 2011 District Director, Gyoda Tax Office July 2012 Director of Investigation Coordination Division, Fourth Large Enterprise Examination Group, Tokyo Regional Taxation Bureau July 2013 Deputy Assistant Regional Commissioner, Second Large Enterprise Examination Group, Tokyo Regional Taxation Bureau July 2014 District Director, Nihonbashi Tax Office, August 2015 Registered as a certified public tax accountant Representative, Fumiko Kosao Tax Accountant Office (present) June 2016 Outside Audit & Supervisory Board Member of TOBISHIMA CORPORATION March 2017 External Director, CTI Engineering Co., Ltd. (present) June 2017 Outside Director, METAWATER Co., Ltd. (present) July 2020 Outside Director (Audit and Supervisory Committee Member), Toell Co., Ltd. June 2023 Outside Director, THE NIPPON ROAD CO., LTD. (present) [Significant concurrent positions] External Director, CTI Engineering Co., Ltd. Outside Director, METAWATER Co., Ltd.	-
Reasons for nomination as candidate for Audit & Supervisory Board Member Fumiko Kosao has a high level of expertise and deep knowledge of corporate management through her many years of involvement in tax administration. The Company has determined that she will conduct appropriate and effective audits of the Company's management, and has nominated her as a candidate for outside audit & supervisory board member.			

- Notes:
1. There are no special conflicts of interest between any of the Audit & Supervisory Board Members candidates and the Company.
 2. Fumiko Kosao is a candidate for outside Audit & Supervisory Board Member.
 3. Fumiko Kosao meets the requirements for an independent officer as stipulated by the Tokyo Stock Exchange, and if she is appointed as an Audit & Supervisory Board Member, the Company plans to report her as an independent officer to the Exchange.
 4. If Kaoru Nozaki and Fumiko Kosao is appointed as an Audit & Supervisory Board Member, the Company will conclude an agreement with each to limit her liability for damages under Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the same Act. The maximum amount of liability for damages under such an agreement shall be the amount stipulated by laws and regulations.
 5. The Company has concluded a directors and officers liability insurance agreement with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act.

The insurance agreement indemnifies the insured persons against damages and/or court costs, etc. incurred as a result of claims for damages arising from their business activities.

The premium under the insurance agreement is fully borne by the Company and each company covered by such insurance, and the insured persons are directors, audit & supervisory board members, and executive officers of the Company and its subsidiaries covered by the insurance. If each candidate is elected as an Audit & Supervisory Board Member, they will continue to be included as insured parties under this insurance policy.

Proposal 3: Introduction of a Performance-based Restricted Share Unit (PSU) Plan for Directors (Excluding Outside Directors)

Under the current executive compensation system, the compensation for the Company's Directors (excluding Outside Directors) consists of fixed compensation and performance-based compensation; furthermore, the performance-based compensation comprises two components: short-term incentives (STI) and long-term incentives (LTI). STI is calculated based on the business performance of the previous consolidated fiscal year (single fiscal year) and individual performance results, while LTI is calculated based on the achievement of operating profit targets and individual performance contributions over a three-year evaluation period. However, under the current system, both STI and LTI are cash incentive plans.

With the aim of providing Company's Directors (excluding outside directors) with incentives to enhance corporate value over the medium to long term and to conduct management that prioritizes value sharing with shareholders, the Company will change the LTI component of performance-based compensation from the current cash incentive plan to the performance-based restricted share compensation plan (hereinafter referred to as the "Plan"). Accordingly, the Company requests approval of the amount and details of compensation for its common shares to be granted under the Plan, as set forth below.

Furthermore, as this Plan has been designed to align with the objectives as described below, the Company believes its provisions are appropriate. In addition, if this proposal is approved, the Company plans to amend the policy governing the determination of Directors' compensation and other benefits at a Board of Directors meeting following the conclusion of this General Meeting of Shareholders, so that it is consistent with the approved terms. The Company believes that the Plan contains provisions that are necessary and appropriate for determining individual compensation and other benefits of Directors in accordance with the amended policy.

The Company currently has eight (8) directors (including four (4) outside directors); however, if Proposal No. 1, "Election of Seven (7) Directors," is approved as proposed, the number of directors will be reduced to seven (7) (including three (3) directors subject to the Plan).

1. The amount of compensation to be paid to the Company's Directors, including monetary compensation and performance-based stock compensation to be introduced this time, shall be within 620 million JPY annually, and there shall be no change to this upper limit.
2. The number of the Company's common shares to be delivered under the Plan shall be limited to 100,000 shares per year. If a stock split or reverse stock split is conducted, the total number above will be adjusted appropriately.
3. Under the plan, the Company's common shares will be delivered based on fulfillment of certain performance which reflect the achievement of the Company's medium-term to long-term performance targets and other conditions. The performance evaluation metrics will consist of a combination of total shareholder return (TSR), return on equity (ROE), consolidated operating margin, revenue growth rate, and multiple strategic execution indicators, all of which are considered to be highly correlated with the enhancement of the Company's corporate value. It is assumed that indicators will be set appropriately in light of the Company's management strategy, business environment. The specific selection of performance evaluation indicators, the performance evaluation period, the grant rate, and other details of the Plan shall be determined by the Board of Directors following deliberation by the Voluntary Nominations and Compensation Committee.

4. With respect to the Company's common shares delivered under the Plan, a restriction on the transfer of shares shall be imposed during the term of office as a director and for one year following retirement; during such period, the Company's Directors shall not be permitted to freely transfer, create security interests in, or otherwise dispose of such shares
5. Regarding the Company's common shares delivered under the Plan, the Company shall establish a clawback provision under which, if certain events occur—such as serious accounting fraud or massive losses— each Company's Director shall be required to return, without compensation, all or part of the share-based compensation already delivered, to the extent of such director's liability.
6. Matters necessary for the introduction and operation of the Plan will be left to the discretion of the Board of Directors within the scope of this resolution.

Reference: Skill Matrix of Directors and Audit & Supervisory Board Members after this Annual General Meeting of Shareholders (planned)

Director

No.	Name		Corporate management	Global business	Technology	ESG/ Sustainability	Finance, tax and accounting	IT, digital	Legal affairs, risk management	Corporate governance
1	Teruo Ninomiya *	Male	●	●	●			●	●	●
2	Michael G. Hadsell	Male Non-Japanese	●	●	●	●				●
3	Seiichi Itoga	Male	●	●			●		●	●
4	Takashi Kurobe	Male	■	■			■		■	■
5	Tadahiro Suhara *	Male Outside Independent	■	■	■	■				■
6	Chiharu Tokoro *	Female Outside Independent			■	■				■
7	Elvis Deng	Male Outside Independent Non-Japanese	■	■	■					■

Audit & Supervisory Board Member

No.	Name		Corporate management	Global business	Technology	ESG/ Sustainability	Finance, tax and accounting	IT, digital	Legal affairs, risk management	Corporate governance
1	Kaoru Nozaki	Male New appointment		■					■	■
2	Fumiko Kosao	Female New appointment Outside Independent					■		■	■
3	Takeshi Motomura	Male Outside Independent		■					■	■

- Notes: 1. With regard to the skill matrix of candidates for director and audit & supervisory board member, skills that are particularly critical to the execution of the Company's medium- to long-term management strategies have been identified from the perspective of corporate management. Items for which each individual has abundant experience and deep insight are marked with ● for Executive Officers and ■ for Non-Executive Officers.
2. Individuals marked with “*” are members of the Nomination and Compensation Committee.

Business Report

(from April 1, 2025 to March 31, 2026)

1. Current Status of the Group

(1) Business progress and results

An overview of the Group's financial performance is as follows.

1) Listing on the Tokyo Stock Exchange Prime Market

Since launching its photomask business in 1961, the Company has supported the development of the semiconductor industry by leveraging its advanced technologies to expand its manufacturing sites beyond Japan into Europe, the United States, and other Asian countries. In recent years, the global semiconductor market is expanding rapidly on the back of advances in advanced technologies such as AI and 5G, and digital innovation is accelerating in a wide range of end markets. Under such a business environment, the Company had been preparing for a listing on the Tokyo Stock Exchange in order to achieve sustainable business expansion and growth by accurately grasping changes in the market environment and customer needs and making research and development and capital investments with greater speed and flexibility than ever before. As a result, the Company was approved for listing on the Tokyo Stock Exchange Prime Market on September 22, 2025, following its listing application on July 7, 2025. Subsequently, on October 16, 2025, the Company was listed on the Tokyo Stock Exchange Prime Market, with institutional investors and others highly recognizing its global leading market share and high profitability in the ever-growing photomask market.

2) Environment surrounding the Group (The Company and its subsidiaries, the "Group")

During the fiscal year under review, the global economy generally maintained a moderate recovery trend against the backdrop of solid personal consumption and corporate investment mainly in the United States, despite ongoing uncertainties, including geopolitical risks and monetary policy trends. While the pace of economic recovery was uneven in Europe and China, investment in medium- and long-term growth areas such as digitalization and green investments continued, and the global economy remained resilient overall.

Under these circumstances, in the semiconductor market, investment in data centers remained at a high level, reflecting the growing popularity of generative AI and increased demand for cloud services. As a result, demand recovered and continued to grow, particularly for logic products used in high-performance computing and memory products supporting increasing data processing volumes, which strongly drove the overall semiconductor market. On the other hand, while demand trends across final product segments remained uneven, the business environment as a whole continued on a recovery trend.

Against the background of the expanding semiconductor market, demand in the photomask market remained strong across all nodes, from advanced to mature. In the advanced area, demand for high-precision, high-value-added photomasks continued to be strong, reflecting advances in the miniaturization and high integration of semiconductors, and the environment for receiving orders remained stable. In addition, demand for mature process nodes remained firm, supported by a wide range of applications.

In the merchant photomask market, outsourcing demand increased, supported not only by foundries that do not produce photomasks in-house but also by semiconductor manufacturers that, despite in-house production, turned to outsourcing due to a shortage of internal resources.

3) Summary of consolidated financial results and business progress and results

In this business environment, the Group has leveraged its strengths in the advanced microfabrication technology, including EUV masks, and its global production network consisting of eight sites around the world to provide high-quality photomasks to customers and partners around the world with stable delivery times. As a result, for the fiscal year ended March 31, 2026, the Group recorded revenue of ¥129,576 million (year-on-year increase of 9.8%), operating profit of

¥27,530 million (year-on-year decrease of 2.4%), profit before tax of ¥33,432 million (year-on-year increase of 8.6%), and profit attributable to owners of the Group of ¥24,947 million (year-on-year increase of 150.9%).

Since the Group operates a single segment of the photomask business, information by segment is omitted.

(2) Capital investments

The Group makes continuous capital investment to reinforce its production capacity, increase its productivity, operational efficiency, and product quality, and to enhance its research and development functions.

For the fiscal year ended March 31, 2026, capital investments made by the Group, totaled ¥33,236 million. The purposes of the major capital investments were to upgrade production facilities, including multibeam mask writers for the production of EUV masks and other cutting-edge products, and legacy equipment, and to extend their useful lives.

(3) Financing

The Group was listed on the Tokyo Stock Exchange Prime Market on October 16, 2025, and raised total funds of ¥20,055 million through a Third-party allotment of shares.

For the purpose of ensuring stable and flexible procurement of working capital necessary for business operations, the Group has entered into a syndicated commitment line agreement with Sumitomo Mitsui Banking Corporation acting as the lead arranger. The total commitment amount under this agreement as of the end of the current fiscal year is ¥20,000 million, and there are no outstanding borrowings under this agreement as of the end of the current fiscal year.

(4) Significant Restructuring

Not applicable.

(5) Challenges to be addressed

1) Expansion of the photomask business

(a) Strengthening strategic alliances and achieving growth in growth areas of the photomask business

For the Group to achieve sustainable growth, it is essential to make appropriate capital expenditures in regions with anticipated market growth to expand its production capacity while strengthening its technological and R&D capabilities in new technology areas to differentiate itself.

In terms of regional focus, we will closely monitor industry trends, industrial policies, export regulations, and other developments in each country and region to identify investment opportunities. We will place particular emphasis on demand in the U.S. and Asian countries (excluding China) where significant volume demand is expected to grow, and will make capital expenditures to expand the Group's production capacity. With respect to the Chinese market, which has driven market growth to date, competition with local players is intensifying amid heightened U.S.–China decoupling and government-led localization policies; accordingly, the Group will pursue selective business development and capital expenditures with a focus on profitability.

In every region, we consider it crucial to solidify the Group's current position by establishing solid business foundations. This includes developing relationships with local authorities as well as developing stable business relationships with key customers by signing long-term supply agreements with them.

In the cutting-edge technology area, we have already installed multibeam mask writers at our Asaka and Dresden Plants, which are essential for photomask technology development and production in the area. We are using the writers for producing optical masks employing curvilinear and other cutting-edge technologies in addition to developing and producing EUV masks. For EUV masks in particular, we are collaborating with other companies to stay ahead of competitors in next-generation EUV masks development. The collaborations include the joint development of new blanks for high-NA lithography with mask blank manufacturers and a process joint development with IBM.

(b) Implementing more strategic initiatives in the legacy area

Today's semiconductor market anticipates growth not only in advanced nodes at 28 nm and below but also in the so-called legacy semiconductor area. The reasons for this are the increasing demand for relatively high-performance semiconductors for AI and data centers as well as the growing volume demand for semiconductors that do not necessarily require high performance due to the development and proliferation of diverse applications, such as IoT and autonomous driving, in the legacy semiconductor area.

To maintain our timely photomask supply system capable of meeting such robust demand, we formulate investment plans for upgrading legacy equipment at each of our plants from the perspective of optimizing Group-wide operations, pursuing efficient and planned equipment upgrades. We are also seeking to maintain and improve equipment utilization rates and reduce costs by extending the service life of equipment and advancing our in-house maintenance techniques. At the same time, among collaborations, we are jointly developing substitute parts with latecomer equipment vendors different from the original vendors to secure a competitive lineup of production equipment.

(c) Making our global manufacturing sites function as a “virtual one” plant

Each of the Group companies produces photomasks at manufacturing sites located within the same country as their customers in principle. However, considering specifications required by customers, operational status and production capacity at each manufacturing site, and other factors, we strive to optimize supply and demand and maximize production volume across the Group by mutually outsourcing production between sites. To further enhance this initiative, the Group is promoting workflow reform by enabling its eight manufacturing sites to collaborate and function as a single plant (a “virtual one” plant), through the automation of inter-site production outsourcing and the development and application of an AI engine for production scheduling.

2) Development of new businesses

We are applying our microfabrication technology developed through our photomask business to produce molds used in nanoimprinting. Nanoimprinting holds promise for diverse applications, but we are particularly focusing on commercializing waveguide molds for AR glasses, which are expected to form a large market in the future. To this end, in addition to the currently widespread binary structure, we are developing competitive 3D structure master molds,* and exploring new customer opportunities. We are currently establishing production systems for 3D structure master molds in Japan and Europe. This will strengthen our presence in the 3D mold market and allow the Group to respond swiftly to customer needs.

Furthermore, as part of our medium-term strategy, we plan to establish a prototype production line at our Asaka plant to roll out a prototype business utilizing nanoimprinting in Japan. We also plan to enhance our development capabilities for high-quality optical components demanded by the AR glasses market and to establish OEM and turnkey solution frameworks for full-scale mass production.

3) Sustainability initiatives

To achieve sustainable growth while contributing to the environment and society, the Group has identified key material issues across the areas of environmental, social, and governance as below. These material topics serve as strategic priorities, guiding our efforts to address challenges and create long-term value.

	Material issue	Key initiatives
Environmental	Climate change	• Introduction of renewable energy and implementation of energy efficiency improvement plans, including necessary capital expenditures
	Sustainable use of water resources	• Development and execution of water usage reduction plans • Implementation of pollution prevention measures based on water quality standards
	Conservation of biodiversity	• Survey of initiatives at each site and deployment of measures
Social	Promoting of human rights and responsible labor practices	• Human rights training and education for employees • Promotion of workforce diversity to enhance corporate competitiveness • Regular review of employment conditions such as wages, working hours, and leave to ensure alignment with social trends
	Contribution to local communities	• Participation in initiatives to preserve local natural resources and landscapes, and reduce environmental impact in surrounding areas
	Human capital development	• Systematic implementation of training programs tailored to employees' skills and experience • Maintenance of training records for foundational and emerging technologies and processes to support future skill development
Governance	Effective corporate management	• Appointment of management teams with balanced knowledge, experience, and capabilities to ensure sound decision-making
	Strengthening compliance framework	• Regular meetings of the Crisis Management Committee, Compliance Committee, and Sustainability Committee, and coordination with the Board of Directors to maintain and enhance risk and compliance management • Conducting business activities in compliance with laws and regulations in each country and region
	Promoting shareholder engagement	• Proactive efforts to create opportunities for dialogue with shareholders beyond the general meeting, and reflecting their input in corporate management

(6) Trends in consolidated financial position and operating results

(Millions of yen, unless otherwise stated)

Items	IFRS			
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026 (under review)
Revenue	100,782	107,086	117,974	129,576
Operating profit	28,680	19,827	28,199	27,530
Profit attributable to owners of the Company	22,159	16,105	9,945	24,947
Basic earnings per share (yen)	221.60	161.05	104.16	261.12
Total assets	157,963	189,906	167,752	230,725
Equity attributable to owners of the Company	110,604	137,709	116,381	174,507

Note: Starting with the second fiscal year, we have been preparing our consolidated financial statements in accordance with International Financial Reporting Standards (hereinafter referred to as “IFRS”).

(7) Significant parent company and subsidiaries (as of March 31, 2026)

1) Relationship with the parent company

TOPPAN Holdings Inc. held 46,237 thousand shares of the Group (50.10% of voting rights). However, following the public offering and secondary offering of the Group's shares in connection with its listing on the Tokyo Stock Exchange

Prime Market on October 16, 2025, TOPPAN Holdings Inc.'s voting rights decreased to 46.57%, below a majority, and has ceased to be the Group's parent company.

2) Significant subsidiaries

Company name	Location	Share capital	Percentage of voting rights (%) (Note 1)	Main business
Tekscend Photomask US Inc.	Texas, U.S.A.	USD1	100.0	Sales of photomask products
Tekscend Photomask Chunghwa Inc.	Taoyuan, Taiwan	NTD2,742 million	100.0	Manufacture and sales of photomask products
Tekscend Photomask Korea Inc.	Icheon, Korea	KRW500 million	100.0	Manufacture and sales of photomask products
Tekscend Photomask Company Limited, Shanghai Xuhui	Shanghai, China	USD93,434 thousand	100.0	Manufacture and sales of photomask products
Tekscend Photomask Round Rock Inc.	Texas, U.S.A.	USD1	100.0	Manufacture and sales of photomask products
(Equity-method associate) Advanced Mask Technology Center GmbH & Co. KG	Saxony, Germany	EUR6,000 thousand	50.0	Manufacture and sales of photomask products

Notes: 1. The percentage of voting rights above include voting rights held by subsidiaries.
2. As of March 31, 2026, the Group had 13 consolidated subsidiaries, including the above significant subsidiaries, and 2 associates.
3. With respect to the equity-method associate, GlobalFoundries owns a 50% interest.

(8) Main business (as of March 31, 2026)

Manufacture and sales of photomask products

(9) Principal offices and plants (as of March 31, 2026)

1) The Company

Head office: Minato-ku, Tokyo

Asaka plant: Niiza, Saitama

Shiga plant: Higashi-Omi, Shiga

2) Subsidiaries

Tekscend Photomask US Inc.: Texas, the U.S.

Tekscend Photomask Round Rock Inc.: Texas, the U.S.

Tekscend Photomask North America Inc.: Texas, the U.S.

Tekscend Photomask Germany GmbH: Saxony, Germany

Tekscend Photomask GmbH: Saxony, Germany

Tekscend Photomask France S.A.S.: Essonne, France

Tekscend Photomask Korea Inc.: Icheon, Korea

Tekscend Photomask Singapore Pte. Ltd.: Singapore

Tekscend Photomask Chunghwa Inc.: Taoyuan, Taiwan

Tekscend Photomask Company Limited, Shanghai Xuhui: Shanghai, China

Tekscend Photomask Company Limited, Shanghai: Shanghai, China

Tekscend Photomask HK Company Limited: Hong Kong SAR, China

Tekscend Photomask Cayman Inc.: Cayman Islands

(Equity-method affiliate)

Advanced Mask Technology Center GmbH & Co. KG : Saxony, Germany

Maskhouse Building Administration GmbH & Co. KG : Saxony, Germany

Note: With respect to the equity-method affiliate, GlobalFoundries holds a 50% equity interest.

(10) Employees (as of March 31, 2026)

1) The Group's employees

Number of employees (persons)	Change from the previous fiscal year-end (persons)
1,944 [158]	+75 [+50]

- Notes:
1. The number of employees represents the number of regular employees, excluding employees on loan outside the Group, but including employees on loan to the Company.
 2. The annual average number of temporary employees is disclosed separately in square brackets.
 3. Temporary employees consist of contract employees, part-time employees, and temporary workers.
 4. Since the Group's reportable segment is a single segment of the photomask business, the number of employees by segment is not disclosed.

2) The Company's employees

Number of employees (persons)	Change from the previous fiscal year-end (persons)	Average age (years)	Average length of service (years)
499 [80]	+47 [-8]	43.5	3.3

- Notes:
1. The number of employees represents the number of regular employees, excluding employees on loan outside the Company, but including employees on loan to the Company.
 2. The annual average number of temporary employees is disclosed separately in square brackets.
 3. Since the Company operates a single segment of the photomask business, the number of employees by segment is not disclosed.

(11) Main lenders and borrowings (as of March 31, 2026)

To secure flexible and stable funding capacity, the Company has entered into commitment line agreements (total amount of commitment lines: ¥20,000million) with its financial institutions.

(Millions of yen, unless otherwise stated)

Lender	Loan Amount
SMBC Bank Korea Co., Ltd.	1,059
Sumitomo Mitsui Banking Corporation, Taipei Branch	200
Japan Bank for International Cooperation	200

(12) Other important matters on the current status of the Group

On October 16, 2025, the Company's shares were newly listed on the Tokyo Stock Exchange Prime Market (Securities Code: 429A).

2. The Group's Shares (As of March 31, 2026)

(1) Total number of shares authorized to be issued

Common shares 369,000,000 shares

(2) Total number of issued shares

Common shares 99,329,195 shares

(Note) As a result of the public offering conducted on October 16, 2025, the number of shares increased by 7,000,000.

(3) Number of shareholders

Common shares 31,952 persons

(4) Major shareholders (top 10)

Name	Number of shares held (thousand shares)	Shareholding ratio (%)
TOPPAN Holdings Inc.	46,237	46.55
The Master Trust Bank of Japan, Ltd. (trust account)	6,873	6.91
QATAR HOLDING LLC	4,600	4.63
CEPLUX-THE INDEPENDENT UCITS PLATFORM 2	2,232	2.24
THE CHASE MANHATTAN BANK, N.A. LONDONSECS LENDING OMNIBUS ACCOUNT	1,436	1.44
Custody Bank of Japan, Ltd. (trust account)	1,385	1.39
NORTHERN TRUST CO. (AVFC) RE UKUC UCITS CLIENTS NON LENDING 10PCT TREATY ACCOUNT	1,322	1.33
STATE STREET BANK AND TRUST COMPANY 505025	1,131	1.13
Masahiro Miki	1,116	1.12
Integral Corporation	849	0.85

(5) Shares granted to the Group's officers as compensation for execution of duties during the current fiscal year
Not applicable.

(6) Other important matters on the Group's shares

The Group's shares were listed on the Prime Market of the Tokyo Stock Exchange on October 16, 2025.

3. The Group's Stock Acquisition Rights

(1) Status of stock acquisition rights granted to, and held by, the Group's officers as compensation for execution of duties at the end of the current fiscal year

	1st stock acquisition rights	3rd stock acquisition rights
Resolution date	September 30, 2022	September 30, 2022
Number of stock acquisition rights (units)	35,820	164,180
Class, description, and number of shares subject to the stock acquisition rights	35,820 shares of common shares	164,180 shares of common shares
Paid-in amount upon grant of stock acquisition rights	None required	¥2.11 per share
Paid-in amount upon exercise of stock acquisition rights (yen)	670	670
Exercise period of stock acquisition rights	October 1, 2024 to September 30, 2032	October 1, 2024 to September 30, 2032
Conditions for exercising stock acquisition rights	(Note 2)	(Note 2)
Holdings by officers	Two directors	Two directors

	5th stock acquisition rights	6th stock acquisition rights
Resolution date	November 8, 2023	November 8, 2023
Number of stock acquisition rights (units)	65,572	19,428
Class, description, and number of shares subject to the stock acquisition rights	65,572 common shares	19,428 common shares
Paid-in amount upon grant of stock acquisition rights	None required	¥9.45 per share
Paid-in amount upon exercise of stock acquisition rights (yen)	900	900
Exercise period of stock acquisition rights	November 9, 2025 to November 8, 2033	November 9, 2025 to November 8, 2033
Conditions for exercising stock acquisition rights	(Note 2)	(Note 2)
Holdings by officers	One director	One director

Notes: 1. The Group does not grant stock acquisition rights to outside directors or audit & supervisory board members (including outside audit & supervisory board members).

2. Conditions for exercising stock acquisition rights

1) The holders of stock acquisition rights may exercise such rights in accordance with the provisions of item 3) or 4) below if the Group's consolidated statement of profit or loss for the fiscal year ended March 31, 2023 (or for the fiscal year ended March 31, 2024 in the case of the fifth and sixth series) shall show EBITDA of ¥22.0 billion or more (or ¥28.0 billion or more in the case of the fifth and sixth series). For this purpose, EBITDA represents operating profit plus depreciation, amortization of goodwill, amortization of customer-related intangible assets, amortization of intangible assets, amortization of long-term prepaid expenses, and share-based payment expenses, excluding EBITDA attributable to the on-chip color filter manufacturing and sale business. If the number of exercisable stock acquisition rights calculated based on the applicable percentage results in a fraction of less than one right, such fraction shall be rounded down, and only the resulting whole number of stock acquisition rights may be exercised. If there is any significant change in the concepts of operating profit or depreciation that should be referenced due to the adoption of IFRS Accounting Standards or other reasons, the Group shall, within a reasonable range, determine alternative reference indicators by resolution of the Board of Directors (or the general meeting of shareholders if the Group does not have a Board of Directors).

2) Notwithstanding the satisfaction of the condition set forth in item 1) above, if any of the following events (a) through (d) occurs on or before the date of exercise of the stock acquisition rights, the holders may not exercise any of the remaining stock acquisition rights:

(a) If the issuance of the Group's common shares takes place with consideration, less than the exercise price;

- (b) If the sale or purchase or any other transaction of the Group's common shares takes place with consideration less than the exercise price;
 - (c) If, during the period from the allotment date of the stock acquisition rights to the listing of the Group's common shares on a financial instruments exchange, the stock valuation calculated by a third-party valuation institution or any other organization using the discounted cash flow method, comparable Group method, or other similar method, falls below the exercise price; or
 - (d) If the Group's common shares is listed on any financial instruments exchange and the average closing price of the Group's common shares on each business day for the past year falls below the exercise price even once.
- 3) Except as otherwise determined under the allocation agreement for the stock acquisition rights and by resolution of the Board of Directors (or the general meeting of shareholders if the Group does not have a Board of Directors), and provided that the condition set forth in item 1) above has been satisfied, the holders may exercise the stock acquisition rights during the periods set forth in (a) through (e) below, at the maximum of the applicable proportion specified therein, inclusive of stock acquisition rights already exercised. If the number of exercisable stock acquisition rights calculated based on the applicable percentage results in a fraction of less than one right, such fraction shall be rounded down, and only the resulting whole number of stock acquisition rights may be exercised.
- (a) The period until the day immediately preceding the date on which the Group's common shares is listed on a financial instruments exchange in Japan (including an over-the-counter securities market) or on a financial instruments exchange established under the laws and regulations of a foreign jurisdiction (hereinafter, the "Listing Date"): zero
 - (b) One year from the Listing Date: Number equivalent to one-quarter of the total number of stock acquisition rights to be allotted to the holders
 - (c) One year from the date on which one year has passed from the Listing Date: Number equivalent to one-half of the total number of the stock acquisition rights to be allotted to the holders
 - (d) One year from the date on which two years have passed from the Listing Date: Number equivalent to three-quarters of the total number of the stock acquisition rights to be allotted to the holders
 - (e) On or after the date on which three years have passed from the Listing Date: Total number of the stock acquisition rights to be allotted to the holders
- 4) Notwithstanding the provisions of item 3) above, if an agreement is entered into under which Ice Integral I Investment Limited Partnership, Ice Integral II Investment Limited Partnership, Innovation Alpha Ice L.P., Initiative Delta Ice L.P., Insight Beta Ice L.P., and Infinity Gamma Ice L.P. transfer to a third party (including Toppan Printing Co., Ltd. (currently TOPPAN Holdings Inc.)) all issued shares of the Group held by them at any point in time (hereinafter, the "Exit"), the holders may exercise all exercisable stock acquisition rights only during the period from the date of execution of such agreement until the business day immediately preceding the execution date of the Exit, and provided that the condition set forth in item 1) above has been satisfied.
- 5) The holders shall be officers or employees of the Group or its subsidiaries or associates (as defined under the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements) at the time the stock acquisition rights are allotted and exercised. However, this requirement shall not apply in cases of retirement upon expiration of term, mandatory retirement, or other circumstances where the Board of Directors (or the general meeting of shareholders if the Group does not have a Board of Directors) determines that there is a justifiable reason.
- 6) Notwithstanding the provisions of item 5) above, if the holders are, at the time of exercise, employees on loan from Toppan Printing Co., Ltd. (currently TOPPAN Holdings Inc.) or its subsidiaries or associates (as defined under the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements, excluding the Company's subsidiaries), the holders may not exercise the stock acquisition rights.
- 7) If any of the following events occurs, the holders may not exercise the stock acquisition rights from the time such event occurs:
- (a) The holders become subject to, or file a petition for, bankruptcy proceedings, civil rehabilitation proceedings, or any other insolvency proceedings;
 - (b) The holders become subject to dismissal with notice or disciplinary dismissal under the employment rules of the Company or its subsidiaries or associates, engages in conduct equivalent thereto as determined by resolution of the Board of Directors (or the general meeting of shareholders if the Company does not have a Board of Directors), or otherwise is deemed inappropriate to be permitted to exercise the stock acquisition rights as determined by such resolution;
 - (c) Without the Company's prior written consent, the holders engage in the same business as, or directly or indirectly compete with, the business conducted by the Company or its subsidiaries or associates, including assuming any position such as employee, advisor, officer, counselor, representative, consultant, or any equivalent position at an entity conducting such business or activity; or
 - (d) In the event the holders retire upon expiration of term or mandatory retirement, if the Company or its subsidiaries or associates notify the holders in writing that the exercise of the stock acquisition rights is not permitted, and the holders do not submit a written objection within two weeks from the date of such notice (such period may be shortened by resolution of the Board of Directors [or the general meeting of shareholders if the Group does not have a Board of Directors]).
- 8) The exercise of the stock acquisition rights by heirs of the holders is not permitted; provided, however, that this restriction shall not apply if inheritance occurs on or after the Listing Date.

9) The stock acquisition rights may not be exercised if such exercise would cause the total number of issued shares of the Group to exceed the number of authorized shares at the time of exercise.

10) Exercise of less than one stock acquisition right is not permitted.

(2) Status of stock acquisition rights granted to employees and others as compensation for execution of duties during the current fiscal year

Not applicable.

(3) Other important matters on stock acquisition rights

Not applicable.

4. The Group's Directors and Other Officers

(1) Directors and audit & supervisory board members

1) List of directors and other officers (As of March 31, 2026)

Name	Position and responsibility	Important concurrent positions
Teruo Ninomiya	Representative Director, President and CEO	
Michael G. Hadsell	Director, Executive Officer and COO	
Seiichi Itoga	Director, Executive Officer and CFO	
Takashi Kurobe	Director	Director, Senior Managing Executive Officer, CFO, and Overseeing Finance & Accounting Division, TOPPAN Holdings Inc.
Tsuyoshi Yamazaki	Outside Director	Outside Director, Aderans Company Limited
		Outside Director, SANDEN RETAIL SYSTEMS CORPORATION
		Outside Director, Primo Global Holdings Co., Ltd.
		Outside Director, Asahi Kasei Medical Co., Ltd.
		Director, Golf Digest Online Inc.
		Director, TGT Holdings Inc.
Tadahiro Suhara	Outside Director	Representative Director, TSSC Co., Ltd.
Chiharu Tokoro	Outside Director	Professor, Graduate School of Engineering, The University of Tokyo
		Dean, School/Graduate School of Creative Science and Engineering, Waseda University
		Outside Director, JX Advanced Metals Corporation
Elvis Deng	Outside Director	President, Etron Technology, Inc.
		Chairman and President, eEver Technology, Inc.
		Chairman, eYs3D Microelectronics, Co.
		Managing Director, Invention and Collaboration Laboratory Pte. Ltd.
Masaaki Usui	Full-time Outside Audit & Supervisory Board Member	
Kazuko Saito	Outside Audit & Supervisory Board Member	Representative Partner, Keiyo Godo Tax Accountant Office
		Audit & Supervisory Board Member, Sinrokukosan Co., Ltd.
		Audit & Supervisory Board Member, Okatsune Shoji Co., Ltd.
		Audit & Supervisory Board Member, Ohshima Shoten Co., Ltd.
		Audit & Supervisory Board Member, Daishin Co., Ltd.
Takeshi Motomura	Outside Audit & Supervisory Board Member	Partner, Iwata Godo
		Outside Director & Supervisory Board Member, Data Applications Co., Ltd.
		External Director, Otsuma Gakuin Educational Institution
		Outside Director (Audit and Supervisory Committee), Oi Electric Co., Ltd.

- Notes: 1. Directors Tsuyoshi Yamazaki, Tadahiro Suhara, Chiharu Tokoro, and Elvis Deng are outside directors as prescribed in Article 2, Item 15 of the Companies Act. Tadahiro Suhara, Chiharu Tokoro, and Elvis Deng are independent officers as stipulated by the Tokyo Stock Exchange.
2. Audit & Supervisory Board Members Masaaki Usui, Kazuko Saito, and Takeshi Motomura are outside audit & supervisory board members as defined in Article 2, Paragraph 16 of the Companies Act.
3. Masaaki Usui, Full-time Audit & Supervisory Board Member, holds qualifications as a Certified Public Accountant and a Certified Public Tax Accountant, and has extensive knowledge and expertise in finance and accounting. Kazuko Saito, Audit & Supervisory Board Member, has long-standing experience in tax services as a Certified Public Tax Accountant, and has extensive knowledge and expertise in finance and accounting.

4. The following Directors and audit & supervisory stepped down upon the conclusion of the Extraordinary General Meeting of Shareholders held on September 4, 2025. All of them stepped down by resignation.

Name	Title at the time of election	Status of Significant Concurrent Positions	Date of retirement
Tetsuro Ueki	Director	Senior Managing Executive Officer, Head of Electronics Division, TOPPAN Inc.	September 4, 2025
Satoshi Oya	Director	Representative Director, Senior Managing Executive Officer, COO, TOPPAN Holdings Inc. Representative Director and President, TOPPAN Inc.	September 4, 2025
Yuji Yashiro	Director	Outside Director, Asahi Kasei Medical Co., Ltd. Managing Director, Asahi KASEI Medical Europe GmbH Director, Metec Co., Ltd. Director, Asahi Kasei Medical MT Co., Ltd. Director, Asahi Kasei Medical Devices (Hangzhou) Co., Ltd.	September 4, 2025
Takashi Kurobe	Audit & Supervisory Board Member	TOPPAN Holdings Inc. Senior Managing Executive Officer, Director and Chief Financial Officer,	September 4, 2025
Yoshihiro Hemmi	Audit & Supervisory Board Member	Director and Partner, Integral Corporation Director, Integral Partners Co., Ltd. Chairman of the Board of Directors, Itokin Co., Ltd. Representative Director, Integral OS Co., Ltd. Representative Director, Xaverio Co., Ltd. Director, Mamezou K2TOP Holdings Co., Ltd.	September 4, 2025

5. There are no relationships to be disclosed between the Group and the significant concurrent positions held by the outside directors and outside corporate auditors.
6. The Group has adopted an executive officer system. The names and responsibilities of executive officers as of the end of the fiscal year under review (March 31, 2026) are as follows:

Title	Name
Representative Director, President and CEO	Teruo Ninomiya
Director, Executive Officer and COO	Michael G. Hadsell
Director, Executive Officer and CFO	Seiichi Itoga
Executive Officer and CTO	Chan-Uk Jeon
Executive Officer and CHRO	Nobuyuki Iijima
Executive Officer and Asia Region President	Tadashi Ishimatsu
Executive Officer and Chief Business Officer (CBO)	Arthur Kuo
Executive Officer, Deputy CFO and President of Tekscend Photomask Chunghwa Inc.	Andrew Liu

(2) Outline of liability limitation agreement

The Group has concluded agreements with the following directors and audit & supervisory board members to limit their liability for damages under Article 427, Paragraph 1 of the Companies Act: Directors Takashi Kurobe, Tsuyoshi Yamazaki, Tadahiro Suhara, Chiharu Tokoro, and Elvis Deng as well as Audit & Supervisory Board Members Masaaki Usui, Kazuko Saito, and Takeshi Motomura. The limit of liability for damages under the agreement is the amount prescribed by laws and regulations.

(3) Outline of indemnity agreement

Not applicable.

(4) Outline of directors and officers liability insurance agreement

The Group has concluded a directors and officers liability insurance agreement with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act.

The insurance agreement indemnifies the insured persons against damages and/or court costs, etc. incurred as a result of claims for damages arising from their business activities.

In order not to impair the appropriateness of the execution of duties by the insured persons, certain measures have been taken, such as setting an upper limit on the amount of insurance and an exemption clauses during which damages for intentional violations of laws and regulations are not compensated.

The premium under the insurance agreement is fully borne by the Group and each Group covered by such insurance, and the insured persons are directors, audit & supervisory board members, and executive officers of the Group and its subsidiaries covered by the insurance. If any of the candidates is elected as a director or an auditor, they will continue to be included as an insured persons under the relevant insurance policy.

(5) Compensation etc. for directors and audit & supervisory board members for the current fiscal year

1) Matters related to the policy for determining the details of compensation etc. for individual directors

The Group has adopted, by resolution of the Board of Directors, a policy for determining the details of compensation, etc. for individual directors. In adopting such resolution, the Board consulted in advance with the Nomination and Compensation Committee, which is composed of a majority of independent outside directors, and received its recommendations.

(a) Basic policy

The amount of compensation for each director consists of fixed compensation and performance-linked compensation, based on the basic policy that the amount of compensation for each director should be determined at an appropriate level in consideration of his/her responsibilities. However, the performance-linked compensation is paid only to executive directors.

(b) Outline of the determination policy

(i) The fixed compensation is set in accordance with the position with reference to industry standards.

(ii) The performance-linked compensation consists of short-term incentive (STI) and long-term incentive (LTI).

STI is calculated based on the business results of the previous fiscal year and taking into consideration the following: 1) revenue growth rate, 2) operating profit margin, 3) EBITDA margin, 4) percentage of achievement of target ROIC for the period, and the individual performance. LTI is calculated based on a three consecutive year evaluation period, taking into account the degree to which operating profit targets were met during that period and individual performance contributions.

The performance-linked compensation for the base fiscal year was calculated based on the degree of achievement of the targets for the fiscal year ended March 31, 2026. The payment amounts of STI and LTI have been determined based on the facts that the percentages of achievement of STI and LTI targets were 116.4% and 108.0%, respectively.

The reason for selecting the aforementioned indicators as performance indicators for STI and LTI is that we have determined that they are appropriate indicators to measure the Group's business results and the level of contribution of directors.

(c) Reasons for the Board of Directors to determine that the details of compensation etc. for individual directors for the current fiscal year are consistent with the above policy

The details of compensation etc. for individual directors for the current fiscal year were deliberated by the Nomination and Compensation Committee, which is composed of a majority of independent outside directors, and the Committee

confirmed that the compensation was calculated in accordance with the aforementioned basic policy. Therefore, the Group determined that the details are consistent with said policy.

2) Matters concerning resolutions at general meetings of shareholders about compensation etc. for directors and audit & supervisory board members

The General Meeting of Shareholders resolved compensation etc. for both the Group's directors and audit & supervisory board members on June 20, 2025. The amounts of compensation etc. for directors and audit & supervisory board members were resolved to be no more than ¥620 million per year (the number of directors at the time of resolution was 10) and no more than ¥80 million per year (the number of audit & supervisory board members at the time of resolution was 5), respectively.

3) Matters concerning delegation of decisions on the details of compensation etc. for individual directors

The Board of Directors has delegated decisions on the amount of basic compensation for each director and the evaluation and allocation of bonuses for each director, excluding directors in charge of administrative departments and outside directors, based on, among other factors, the business results of their responsible departments for the current fiscal year to Teruo Ninomiya, Representative Director, President and CEO. The reason for the delegation is that we have determined that the Representative Director, President is suitable for evaluating the responsible department of each director, while taking into account, among other factors, the business results of the Group as a whole. In making decisions on the delegated matters, the Representative Director, President shall consult with the Nomination and Compensation Committee on proposed amount of basic compensation and payment amount of bonuses for each director, and the Nomination and Compensation Committee shall discuss and confirm the appropriateness of the proposals and report to the Representative Director, President. After that, the Representative Director, President shall obtain approval of the Board of Directors.

4) Total amount of compensation etc. for directors and audit & supervisory board members

(Millions of yen, unless otherwise stated)

Position	Total amount of compensation etc.	Total amount of compensation etc. by type			Number of recipients (persons)
		Basic compensation	Performance-linked compensation	Non-monetary compensation	
Directors (of which, outside directors)	410 [22]	143 [22]	267 [-]	- [-]	9 [3]
Audit & supervisory board members (of which, outside audit & supervisory board members)	29 [29]	29 [29]	- [-]	- [-]	4 [3]

* As of the end of the current fiscal year, the Group has eight (8) directors (including four (4) outside directors) and three (3) corporate auditors (including three (3) outside corporate auditors).

The difference from the number of officers stated above is due to the inclusion of three (3) directors and two (2) corporate auditors who retired upon the conclusion of the Extraordinary General Meeting of Shareholders held on September 4, 2025.

However, two (2) unpaid outside directors (including one (1) retired director) and one (1) outside corporate auditor are excluded.

* In addition to the amounts stated above, pursuant to a resolution of the Extraordinary General Meeting of Shareholders held on September 4, 2025, retirement benefits for officers were paid to two (2) retiring directors in the amount of ¥50,000 each.

(6) Matters concerning outside officers

1) Relationships with specific related party entities, such as major business partners

There are no special relationships with specified affiliated companies such as major business partners of the Group.

2) Attendance and principal activities of outside officers at the board of directors and board of corporate auditors meetings

Position	Name	Attendance at the Board of Directors meetings	Attendance at the Audit & Supervisory Board meetings	Main activities and outline of duties performed by outside directors and outside audit & supervisory board members to fulfill their expected roles
Director	Tsuyoshi Yamazaki	20/20 (100%)	—	As Outside Director, he attended the Board of Directors meetings. Drawing on his experience in the management of multiple companies and a high level of insight, he provided advice and recommendations on management strategy, strengthening the governance system, and financing. In particular, he offered opinions contributing to the Group's sustainable growth and improvement of corporate value from the perspectives of developing business internationally and ensuring financial soundness.
Director	Yuji Yashiro	7/7* (100%)	—	As an Outside Director, he attended Board of Directors meetings and provided advice and recommendations on overall management, leveraging the insights gained from his involvement with the Group since its establishment. In particular, from the perspectives of global business, IT, and finance, tax, and accounting, he provided opinions that contributed to strengthening the business foundation, raising funds, and ensuring financial soundness.
Director	Tadahiro Suhara	20/20 (100%)	—	As Outside Director, he attended meetings of the Board of Directors, the Nomination and Compensation Committee, and the Special Committee. Drawing on his expertise cultivated in the semiconductor industry and abundant experience in corporate management, he provided advice and recommendations on management policy and important matters. In particular, he played a role in contributing to the Company's sustainable growth and improvement of corporate value from the perspectives of international business development, technological innovation, and environmental, social, and governance (ESG).
Director	Chiharu Tokoro	20/20 (100%)	—	As Outside Director, she attended meetings of the Board of Directors, the Nomination and Compensation Committee, and the Special Committee. Drawing on her expertise in resource recycling engineering and advanced separation technology development, she provided advice and recommendations on important environmental and sustainability issues. In particular, she played a role in contributing to the Company's sustainable growth and improvement of corporate value from technological and ESG viewpoints.
Director	Elvis Deng	20/20 (100%)	—	As Outside Director, he attended meetings of the Board of Directors and the Special Committee. Drawing on his expertise cultivated in the semiconductor industry and extensive experience in corporate management, he provided advice and recommendations on the Group's growth strategies and important management issues. In particular, he played a role in contributing to the Group's sustainable growth and improvement of corporate value from the perspectives of international business development and technological innovation.
Audit & Supervisory Board Member	Masaaki Usui	20/20 (100%)	13/13 (100%)	He attended meetings of the Board of Directors and the Audit & Supervisory Board. Drawing on his expertise as a certified public accountant and a licensed tax accountant as well as his extensive experience of engaging in corporate management support and financial strategy development, he performed continuous and effective audits from the viewpoints of business analysis, risk management, and internal controls, while ensuring the appropriateness of accounting and tax practices.

Audit & Supervisory Board Member	Kazuko Saito	19/20 (95%)	13/13 (100%)	She attended meetings of the Board of Directors and the Audit & Supervisory Board. Drawing on her knowledge of tax affairs, finance, and accounting cultivated as a licensed tax accountant as well as her experience in corporate management, she examined the Group's business execution system from a broad perspective. In particular, she performed accurate audits from an independent standpoint to ensure financial soundness and compliance with laws and regulations.
Audit & Supervisory Board Member	Takeshi Motomura	20/20 (100%)	13/13 (100%)	He attended meetings of the Board of Directors and the Audit & Supervisory Board. Drawing on his legal expertise as an attorney as well as his experience of serving as an outside officer for multiple companies, he performed audits from a practical perspective on corporate governance and organizational management. In particular, he provided fair and accurate advice on risk management and legal issues arising from international business development.

* Retired on September 4, 2025

Note: Important concurrent positions and other information are as provided in “(1) Directors and audit & supervisory board members.”

5. Accounting Auditor

(1) Name of the accounting auditor

KPMG AZSA LLC

(2) Amount of fees and other consideration

	Amount
Amount of fees and other consideration paid to the accounting auditor for the current fiscal year	¥156 million
Total amount of money and other economic benefits payable by the Group and its subsidiaries to the accounting auditor	¥193 million

Notes: 1. Under the audit agreement between the Group and the accounting auditor, audit fees for audits under the Companies Act and those under the Financial Instruments and Exchange Act are not clearly distinguished and cannot be substantively separated. Accordingly, the amount of fees and other consideration paid for the current fiscal year represents the total fees for both audits.

2. Significant foreign subsidiaries were audited by KPMG member firms that belong to the same network as the Group's accounting auditor.

3. The Audit & Supervisory Board confirmed and examined the accounting auditor's audit plans, implementation status of audits, and basis for calculating estimated fees, among other things, in accordance with the *Practical Guidelines for Coordination with Accounting Auditors* published by the Japan Audit & Supervisory Board Members Association. As a result of such confirmation and examination, the Audit & Supervisory Board consented to the fees and other consideration payable to the accounting auditor pursuant to Article 399, Paragraph 1 of the Companies Act.

(3) Non-audit services

The Group entrusts the accounting auditor with services other than those prescribed in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services), mainly preparation of comfort letters.

(4) Policy for determining dismissal or refusal of reelection of the accounting auditor

If the Audit & Supervisory Board determines that the accounting auditor falls under any of the items set forth in Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board will dismiss the accounting auditor with unanimous consent of audit & supervisory board members. In such a case, an audit & supervisory board member selected by the Audit & Supervisory Board will report the dismissal and the reasons therefor at the first general meeting of shareholders to be convened after the dismissal. If the Audit & Supervisory Board also determines that circumstances arise that impair the accounting auditor's qualifications or independence, making it difficult to conduct an appropriate audit, the Audit & Supervisory Board will propose the dismissal or refusal of reelection of the accounting auditor to the general meeting of shareholders.

6. The Group's Systems and Policies

(1) Resolution on the system to ensure the appropriateness of operations and the operational status thereof

1) Overview of the resolution on the system to ensure the appropriateness of operations

The following is the overview of the resolutions on the system to ensure that the execution of duties by directors complies with laws and regulations and the Articles of Incorporation and other system to ensure the appropriateness of operations of a Group.

System to ensure the appropriateness of operations of the Group and its subsidiaries

(a) System to ensure that the execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation

- (i) The Group establishes a Crisis Management Meeting and Compliance Committee to establish corporate ethics, promote compliance, and provide education and training in order to clarify the system responsible for corporate ethics.
- (ii) The Group manages and supervises the appropriate execution of business through its chain of command, based on the Code of Conduct, which sets forth standards and norms for the behavior of directors and employees, and other rules.
- (iii) To detect and correct legal and ethical issues at an early stage, the Group establishes an internal reporting channel. This channel accepts reports and consultations from all officers and employees.
- (iv) In accordance with the Internal Audit Regulations, the Group conducts systematic audits, including those of affiliated entities, to ensure the appropriateness and effectiveness of business processes, compliance with laws and regulations, and the reliability and appropriateness of financial reporting, and provides guidance and enlightenment to each department and each entity. In addition, the Group appropriately reports important matters to the Board of Directors and the Audit & Supervisory Board.

(b) System for storage and management of information related to execution of duties by directors

- (i) The Group prepares information (documents and minutes) pertaining to decision-making at meetings of the Board of Directors and other important meetings and information pertaining to important decisions (approval documents) in accordance with various regulations, including the Rules of the Board of Directors and the Rules for Approval, and stores and manages such information in accordance with the Document Management Rules.

(c) Basic policy and system for eliminating antisocial forces

- (i) Our basic policy is to have no relationship with antisocial forces, groups, or individuals, and not to accept any unreasonable or illegal demands. The Group makes efforts to collect information from relevant administrative agencies etc. on a routine basis and maintains close contact with relevant administrative agencies and legal experts in the event of an incident, thereby establishing a system that enables the entire organization to promptly respond to such incidents, while making sure that the aforementioned policy is communicated to all directors and employees.

(d) Regulations and other systems for managing risk of loss

- (i) The Group establishes regulations concerning risk management, and based on these regulations, the Crisis Management Meeting, chaired by the Representative Director, President and composed of directors etc. in charge of respective departments, oversees risk management in each department and determines basic policies, promotion systems, and other important matters concerning risk management.
- (ii) The head of each department organizes the description of his or her responsible duties and takes appropriate countermeasures after identifying, analyzing, and assessing existing risks. He or she supervises the

management status of such risks and makes a periodic review.

- (iii) To prepare for the materialization of risks that could have a significant impact on management, the Group formulates a crisis management system diagram and takes necessary measures to minimize the risk loss that has occurred.
- (e) System to ensure efficient execution of duties by directors
- (i) In principle, the Group's Board of Directors meets once a month to make decisions on important management matters based on relevant laws and regulations, principles of management judgment, etc. in accordance with the Rules of the Board of Directors. The Group also establishes an Executive Officer Meeting under the Board of Directors. The Meeting consists of the Representative Director, President, the Group's executive directors, and executive officers and meets periodically to hold deliberations to enhance discussions at Board of Directors meetings.
- (f) System to ensure the appropriateness of operations of the corporate group consisting of the Group and its parent Group and subsidiaries
- (i) The Group implements appropriate management control of its affiliated companies in accordance with the Regulations for Affiliated Entity Management.
 - (ii) The Group provides appropriate management control and guidance in the areas of compliance, information retention and management, and risk management.

Matters necessary for audit & supervisory board members to execute their duties

- (a) Matters concerning employees who are requested by audit & supervisory board members to assist them in their duties and matters related to ensuring the effectiveness of instructions given by audit & supervisory board members to such employees
- (i) The Group discusses with the audit & supervisory board member the number of employees, system, independence, and other matters, and takes necessary measures in the event that an audit & supervisory board member requests the placement of an employee to assist him or her.
 - (ii) The authority to issue instructions and orders to the employee shall belong to the audit & supervisory board member. For the purpose of ensuring proper performance of duties, prior consultation with the member shall also be conducted regarding the personnel matters of said employee.
- (b) System for reporting to audit & supervisory board members
- Directors, employees, and directors and corporate auditors of the Group's subsidiaries are required to report the following matters to audit & supervisory board members. Reports on emergencies and important matters shall be made without delay.
- (i) Matters that may cause significant damage to the Group
 - (ii) Matters related to violations of laws and regulations, violations of the Articles of Incorporation, or financial matters that are expected to have a material impact on the Group
 - (iii) Details of announcements of business results and forecasts of business results, and contents of material disclosure documents
 - (iv) Significant accounting policies, accounting standards, and changes thereof
 - (v) Status of internal audits
 - (vi) Review of important internal approval documents, contract documents, and minutes of meetings by audit & supervisory board members
 - (vii) Operation of the internal reporting system and details of reports

- (c) Other system to ensure the effective implementation of audits by audit & supervisory board members
 - (i) Audit & supervisory board members audit the execution of duties by directors in accordance with the “Regulations Governing the Audit & Supervisory Board” and the “Audits Standards for Audit & Supervisory Board Members.
 - (ii) Audit & supervisory board members exchange opinions with representative directors, accounting auditor, and internal auditors on a regular basis and as necessary.
 - (iii) Audit & supervisory board members are allowed to attend meetings of the Board of Directors and other important meetings.
 - (iv) Audit & supervisory board members are allowed to receive advice on audit work from outside experts if it is deemed necessary.

- (d) Matters concerning the policy for the treatment of expenses or liabilities incurred in the execution of duties by audit & supervisory board members, including procedures for prepayment or reimbursement of expenses incurred in the execution of their duties

The Group promptly reimburses the audit & supervisory board member for such expenses, except in cases where such expenses are deemed not necessary for the performance of his/her duties when an audit & supervisory board member makes a request for expenses incurred in the performance of his/her duties.

2) Overview of the operational status of the system to ensure the appropriateness of operations

The following is the overview of the operational status of the system to ensure the appropriateness of operations during the current fiscal year.

- (a) System to ensure that the execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation

The Group established its Mission, Vision, Values (MVV) to be observed by all officers and employees of the Group and its subsidiaries as well as an environment to communicate them on the Group’s website. In addition, in order to confirm and manage the status of business execution based on codes of conduct, the Group set up the Compliance Committee, composed of executive officers responsible for business execution and the corporate audit departments of each Group company. The Committee met quarterly with the attendance of the full-time audit & supervisory board member to continuously check the status of business execution.

In addition, the Company appointed four outside directors who have expertise and insight in a variety of fields, are well versed in the semiconductor industry and many business matters, and have demonstrated their wealth of experience and management skills on a global basis, in order to maintain and improve both business operations/management and supervisory functions over business execution across the entire Group, including the Company and its subsidiaries. Furthermore, at the Company, the Corporate Audit Office, which was established to enhance the soundness of management and the appropriateness and effectiveness of internal controls from a standpoint independent of business execution divisions, continuously audited the status of the execution of duties by directors and senior management at the Company and its subsidiaries. All audit results were reported directly to the representative director and the Audit & Supervisory Board.

- (b) System for storage and management of information related to execution of duties by the Company’s directors

With regard to important documents related to the execution of duties by directors, including the Board of Directors’ meeting materials, the Corporate Planning Department was designated as the responsible department under the Document Management Rules, and appropriately stored and managed them.

Various important data related to the execution of duties by directors was appropriately stored and managed under the Information Security Basic Policy by establishing a system for revising and developing regulations related to information security, evaluating the status of security measures as well as the accuracy and effectiveness of these measures, and taking improvement measures at the sites in each country and region where the Company and its subsidiaries are located.

(c) Basic policy and system for eliminating antisocial forces

The Group established the Rules for Eliminating Anti-Social Forces and implemented organizational measures to enhance the effectiveness of eliminating anti-social forces, with the Compliance Office serving as the responsible department.

(d) Regulations and other systems for managing risk of loss

The Group established the Regulations concerning Risk Management and set up the Crisis Management Meeting. The Crisis Management Meeting monitored overall risks, analyzed and evaluated the details of risks, and considered countermeasures while consolidating and sharing risk information among Group companies including the Company. The Meeting, which was composed of executive officers responsible for business execution at each Group company, met quarterly with the attendance of the full-time audit & supervisory board member, and implemented appropriate risk management on an ongoing basis by conducting risk surveys to identify and grasp risks across the entire Group from various perspectives and standpoints.

(e) System to ensure efficient execution of duties by the Group's directors

The Group set up the Management Meeting to review and deliberate matters to be resolved by the Board of Directors in advance and to make certain decisions except for matters to be referred to the Board of Directors. By holding the Meeting every other week in principle, the Group ensured a system under which management efficiency and speed were enhanced and the Board of Directors was able to supervise directors' execution of duties appropriately and effectively. In addition, the Group ensured the appropriateness and efficient decision-making in the execution of duties by directors by establishing the division of duties and allocation of responsibilities among directors and conducting substantial deliberations at various committees and meetings.

(f) System to ensure the appropriateness of operations of the corporate group consisting of the Group and its subsidiaries

The Group requested that its subsidiaries establish a PDCA cycle of establishment, operation, management and improvement of an internal control system in line with the corporate governance system in the Group. In addition, the Group established and promoted a system to identify and assess the status of internal control systems at its subsidiaries through regular dialogue and consultation led by the Corporate Audit Office, and to share issues and support improvements.

Matters necessary for audit & supervisory board members to execute their duties

(a) Systems regarding employees when the Corporate Auditors request that employees be assigned to assist in their duties

The Company has employees assist the Corporate Auditors in their duties after prior consultation with the Corporate Auditors regarding personnel matters and other issues concerning such employees. The Company ensures the independence of such employees from Directors and the effectiveness of instructions given to such employees.

(b) Systems for reporting to Corporate Auditors

The audit & supervisory board members attended meetings of the Board of Directors and the Management Meeting, and other important meetings, as well as other various committees and meetings to ascertain the status of the execution of duties by directors and the execution of operations at the Company and its subsidiaries. Whenever important matters affecting management or business performance arose, the audit & supervisory board

members promptly received reports from the Company's directors and employees. At the same time, the audit & supervisory board members grasped and confirmed the status of management execution by holding regular meetings with directors, executive officers, the Corporate Audit Office, and senior management such as the head of duty execution departments, sharing information and exchanging opinions with outside directors and the accounting auditor, viewing important documents, and making on-site inspections of designated subsidiaries and other entities deemed important. In addition, internal regulations clearly stipulate that officers and employees of the Company and its subsidiaries who make reports to audit & supervisory board members shall not be subject to any disadvantageous treatment on the basis of such reports.

(c) Systems for ensuring that audits by Corporate Auditors are conducted effectively

In addition to important meetings such as the Board of Directors meetings, opportunities were secured for audit & supervisory board members to attend any meetings that they wish to attend. Furthermore, three auditing functions worked effectively through regular interviews with directors and others and information sharing in coordination with corporate audit departments and the accounting auditor. The effectiveness of audits at the Company and each Group company was ensured by conducting on-site inspections of the Company's sites and subsidiaries as well as regular meetings or remote interviews with those responsible for the execution of duties and through ongoing opinion exchange and coordination through dialogue sessions.

(d) Matters concerning the policy for the treatment of expenses or liabilities incurred in the execution of duties by audit & supervisory board members, including procedures for prepayment or reimbursement of expenses incurred in the execution of their duties

The Company has ensured an operational system to promptly comply with requests made by audit & supervisory board members for expenses or liabilities necessary for their execution of duties in accordance with internal regulations, establish a budget system to enable their execution of duties without restrictions, and manage the status of execution.

7. Policy on Decisions Concerning Dividends of Surplus, etc

The Company considers the enhancement of medium-to-long-term corporate value and the return of profits to its shareholders as one of its most important management priorities. Regarding the dividend, the Company's basic policy is to aim for a consolidated dividend payout ratio of approximately 30%, comprehensively taking into account business performance trends, financial position, and the dividend payout ratio, while also considering the retention of internal reserves to establish a solid management foundation, maintain growth potential, and strengthen competitiveness.

In accordance with the Articles of Incorporation, the Company may, except as otherwise provided by laws and regulations, determine the distribution of surplus as set forth in each item of Article 459, Paragraph 1 of the Companies Act by a resolution of the Board of Directors.

Furthermore, the Articles of Incorporation stipulate that the record date for the year-end dividend shall be March 31 of each year, and the record date for the interim dividend shall be September 30 of each year. Additionally, the Company may pay dividends of surplus by specifying other record dates.

Note: Amounts and numbers of shares in this business report are rounded down to the nearest unit.

Consolidated Financial Statements

For the fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

Consolidated Statement of Financial Position

(As of March 31, 2026)

(Millions of yen)

Account	Amount	Account	Amount
Assets		Liabilities	
Current assets	97,369	Current liabilities	34,582
Cash and cash equivalents	51,552	Trade and other payables	19,065
Trade and other receivables	32,610	Borrowings	1,460
Other current financial assets	987	Other current financial liabilities	2,201
Inventories	4,807	Income taxes payable	4,645
Income taxes receivable	3,604	Contract liabilities	2,629
Other current assets	3,806	Other current liabilities	4,580
Non-current assets	133,356	Non-current liabilities	21,636
Property, plant and equipment	109,074	Other non-current financial liabilities	11,937
Intangible assets	170	Deferred tax liabilities	358
Investments accounted for using equity method	8,958	Retirement benefit liabilities	3,374
Other non-current financial assets	11,533	Contract liabilities	2,255
Deferred tax assets	2,199	Provisions	746
Other non-current assets	1,420	Other non-current liabilities	2,964
		Total liabilities	56,218
		Equity	
		Equity attributable to owners of the Company	174,507
		Share capital	10,440
		Capital surplus	55,617
		Retained earnings	83,402
		Other components of equity	25,046
		Total equity	174,507
Total assets	230,725	Total liabilities and equity	230,725

Consolidated Statement of Profit or Loss

(For the fiscal year ended March 31, 2026)

(Millions of yen)

Account	Amount
Revenue	129,576
Cost of sales	(86,306)
Gross profit	43,269
Selling, general and administrative expenses	(14,501)
Research and development expenses	(1,238)
Other income	255
Other expenses	(254)
Operating profit	27,530
Finance income	7,151
Finance costs	(1,800)
Share of profit of investments accounted for using equity method	550
Profit before tax	33,432
Income tax expenses	(8,484)
Profit for the year	24,947
Profit attributable to:	
Owners of the Company	24,947
Profit for the year	24,947

Consolidated Statement of Changes in Equity

(For the fiscal year ended March 31, 2026)

(Millions of yen)

	Equity attributable to owners of the Company					
	Share capital	Capital surplus	Retained earnings	Other components of equity	Total	Total equity
As of April 1, 2025	400	45,591	58,276	12,113	116,381	116,381
Profit for the year	—	—	24,947	—	24,947	24,947
Other comprehensive income	—	—	—	13,110	13,110	13,110
Total comprehensive income	—	—	24,947	13,110	38,058	38,058
Issuance of new shares	10,040	9,980	—	—	20,021	20,021
Share-based payment transaction	—	45	—	—	45	45
Transfer from other components of equity to retained earnings	—	—	177	(177)	—	—
Total transactions with owners and others	10,040	10,026	177	(177)	20,067	20,067
As of March 31, 2026	10,440	55,617	83,402	25,046	174,507	174,507

Notes to Consolidated Financial Statements

1. Significant Accounting Policies for Preparation of Consolidated Financial Statements

(1) Basis for preparation of consolidated financial statements

The consolidated financial statements of the Company and its subsidiaries (hereinafter collectively, the “Group”) have been prepared in accordance with International Financial Reporting Standards (hereinafter “IFRS Accounting Standards”) pursuant to Article 120, Paragraph 1 of Regulations for Corporate Accounting, effective from the fiscal year ended March 31, 2026. Pursuant to the second sentence of the same paragraph, certain disclosure items required under IFRS Accounting Standards are omitted in the consolidated financial statements.

(2) Scope of consolidation

1) Number of consolidated subsidiaries: 13 companies

2) Names of major consolidated subsidiaries:

Tekscend Photomask US Inc.

Tekscend Photomask Round Rock Inc.

Tekscend Photomask North America Inc.

Tekscend Photomask Germany GmbH

Tekscend Photomask GmbH

Tekscend Photomask France S.A.S.

Tekscend Photomask Korea Inc.

Tekscend Photomask Singapore Pte. Ltd.

Tekscend Photomask Chunghwa Inc.

Tekscend Photomask Company Limited, Shanghai Xuhui

Tekscend Photomask Company Limited, Shanghai

Tekscend Photomask HK Company Limited

Tekscend Photomask Cayman Inc.

(3) Application of equity method

1) Number of associates accounted for using equity method: 2 companies

2) Names of major entities:

Advanced Mask Technology Center GmbH & Co. KG

Maskhouse Building Administration GmbH & Co. KG

(4) Accounting policies

1) Basis and method for valuation of financial assets and liabilities

(a) Financial assets

(i) Initial recognition and measurement

The Group initially recognizes trade and other receivables on the date they are originated and other financial assets when it becomes a party to the contract. The Group classifies these financial assets into (α) financial assets measured at amortized cost, (β) equity instruments measured at fair value through other comprehensive income, or (γ) financial assets measured at fair value through profit or loss. This classification is made at initial recognition. While financial assets classified as measured at fair value through profit or loss are measured at fair value, other financial assets are measured at fair value plus transaction costs. However, trade receivables are measured at transaction price.

(α) Financial assets measured at amortized cost

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

- the financial assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(β) Equity instruments measured at fair value through other comprehensive income

Stocks and other equity instruments held mainly for maintaining or strengthening a business relationship with the investee are designated as financial assets measured at fair value through other comprehensive income at initial recognition, and such designation is applied consistently after the initial recognition.

(γ) Financial assets measured at fair value through profit or loss

Financial assets other than (a) and (b) above are classified as financial assets measured at fair value through profit or loss.

(ii) Subsequent measurement

After initial recognition, financial assets are measured according to their classification as follows:

(α) Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured at the gross carrying amount under the effective interest method less loss allowance.

(β) Equity instruments measured at fair value through other comprehensive income

Subsequent changes in the fair value of stocks and other equity instruments are recognized in other comprehensive income. If such financial instruments are derecognized or their fair value has declined significantly and they are deemed unrecoverable, the cumulative gain or loss previously recognized through other comprehensive income is transferred from other components of equity to retained earnings.

Dividends from those financial assets are recognized in profit or loss for the year as part of “Finance income.”

(γ) Financial assets measured at fair value through profit or loss

Subsequent changes in the fair value after initial recognition are recognized in profit or loss.

(iii) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. A loss allowance is measured at the end of each period based on assessing whether or not the credit risk of each financial asset has significantly increased since the initial recognition.

If the credit risk has not significantly increased since the initial recognition, a loss allowance on the financial instrument is measured at an amount equal to 12-month expected credit losses. On the other hand, if the credit risk has significantly increased since the initial recognition, a loss allowance on the financial instrument is measured at an amount equal to the lifetime expected credit losses.

The Group presumes that, in principle, the credit risk on a financial asset has significantly increased when contractual payments are more than 30 days past due. When assessing whether or not the credit risk on a financial asset has significantly increased, the Group considers not only past due information but also supportable information that is reasonably available. The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the end of the period.

However, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component. For trade receivables that are not credit-impaired, expected credit losses are measured on a collective basis with the receivables grouped together, because the receivables consist of many homogeneous business partners.

Except for when the Group has supportable information that is reasonably available, a default is deemed to have occurred when contractual payments are more than 90 days past due. The Group also determines that a financial asset is credit-impaired when one or more events, including significant financial difficulty of the borrower or a breach of contract, have occurred.

The Group measures expected credit losses of a financial instrument in a way that reflects, among other information, changes in credit information, historical credit loss experience, and past due information of receivables. Expected credit losses are recognized in profit or loss.

If an event occurs after measurement of expected credit losses that results in a decrease of the credit losses, such a decrease is reversed in profit or loss.

(iv) Derecognition of financial assets

The Group derecognizes a financial asset if the Group transfers the contractual rights to receive the cash flows of the financial asset in a transaction where the contractual rights to the cash flows from the financial asset expire, or the Group transfers substantially all the risks and rewards of ownership of the financial asset.

(b) Financial liabilities

(i) Initial recognition and measurement

The Group recognizes financial liabilities when it becomes a party to the contract. The Group classifies financial liabilities into those measured at amortized cost or those measured at fair value through profit or loss. This classification is made at initial recognition.

Financial liabilities measured at amortized cost are measured at the amount less directly attributable transaction costs. Meanwhile, financial liabilities measured at fair value through profit or loss are measured at fair value.

(ii) Subsequent measurement

After initial recognition, financial liabilities are measured according to their classification as follows:

(α) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method. Amortization under the effective interest method as well as gains or losses arising from derecognition are recognized in profit or loss for the year as part of finance costs.

(β) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss are measured at fair value, and changes in the fair value are recognized in profit or loss for the year.

(iii) Derecognition of financial liabilities

The Group derecognizes a financial liability when, and only when, it is extinguished — i.e., when the obligation specified in the contract is discharged or cancelled or expires.

(c) Presentation of financial assets and financial liabilities

A financial asset and a financial liability are offset and the net amount is presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2) Basis and method for valuation of inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is measured primarily under the specific identification method, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of raw materials and supplies is measured using the first-in, first-out method.

3) Measurement and depreciation or amortization of property, plant and equipment and intangible assets

(a) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses, using the cost model.

The cost of an item of property, plant and equipment comprises any costs directly related to the acquisition of the asset, the initial estimate of the cost of dismantling and removing the item and restoring the site to its original condition, and borrowing costs that are directly attributable to the acquisition, construction, or production of the asset.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs of an item of property, plant and equipment are recognized in the carrying amount of the asset, or as a separate asset if appropriate, if it is probable that future economic benefits associated with the item will flow to the Group; and the cost of item can be measured reliably. Other repair and maintenance costs are charged to expense as incurred.

The Group derecognizes an item of property, plant and equipment on disposal, or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and is recognized in profit or loss when the item is derecognized. The Group recognizes the gain or loss arising from the derecognition of an item of property, plant and equipment in other income or other expenses in the consolidated statement of profit or loss.

(ii) Depreciation

The depreciation charge for items of property, plant and equipment other than land and construction in progress is recognized on a straight-line basis over the estimated useful lives of the assets. Land and construction in progress are not depreciated.

The estimated useful lives of major items of property, plant and equipment are as follows:

- Buildings: 2 to 40 years
- Machinery and equipment: 2 to 20 years

The estimated useful lives, residual values, and depreciation methods are reviewed at the end of each fiscal year. Any changes are applied prospectively as changes in accounting estimates.

(b) Intangible assets

(i) Recognition and measurement

The Group measures intangible assets using the cost model. Separately acquired intangible assets are measured at cost upon initial recognition.

Internally generated expenditures for research activities are recognized in profit or loss when incurred. Meanwhile, internally generated expenses for development activities are capitalized if, and only if, the Group can demonstrate all of the following requirements; otherwise they are recognized in profit or loss when incurred:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the Group's intention to complete the intangible asset and use or sell it;
- the Group's ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset; and
- the Group's ability to measure reliably the expenditure attributable to the intangible asset during its development.

After initial recognition, capitalized development expenses are measured at cost less any accumulated amortization and any accumulated impairment losses.

(ii) Amortization

After initial recognition, intangible assets are amortized on a straight-line basis over the estimated useful lives of the assets, and are carried at cost less any accumulated amortization and any accumulated impairment losses, except for those with indefinite useful lives.

The estimated useful lives of major intangible assets are as follows:

- Software: 5 years

The estimated useful lives, residual values, and amortization methods are reviewed at the end of each fiscal year. Any changes are applied prospectively as changes in accounting estimates.

An intangible asset with an indefinite useful life and an intangible asset not yet available for use are not amortized, and are tested for impairment annually or whenever there is an indication that the intangible asset may be impaired.

(c) Leases

(i) Leases as lessee

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is determined to be, or contain, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

If a contract is determined to be, or contain, a lease, the Group recognizes a right-of-use asset and a lease liability at the commencement date. For leases as lessee, at the commencement date, the Group measures the lease liability at the present value of the total lease payments that are not paid at that date. If the interest rate implicit in the lease cannot be readily determined, the Group uses its incremental borrowing rate as the discount rate to determine the present value of the total accrued lease payments. A right-of-use asset is initially measured at the initial measurement of the lease liability, adjusted for any initial direct costs and any prepaid lease payments, plus any costs including those to restore the underlying asset to the condition required by the terms and conditions of the lease. A right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Lease payments are allocated to finance costs and repayments of lease liabilities based on the interest method, with finance costs being recognized in the consolidated statement of profit or loss.

The lease term is determined as the non-cancellable period of a lease, together with periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; or periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

However, for short-term leases with a lease term of 12 months or less and leases for which the underlying asset is of low value, the Group does not recognize a right-of-use asset or lease liability associated with those leases, but recognizes the total lease payments on either a straight-line basis or another systematic basis over the lease term.

(ii) Leases as lessor

The Group classifies leases into finance leases or operating leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise, a lease is classified as an operating lease.

-Finance leases

For finance leases, the Group recognizes the net investment in the lease as a receivable.

-Operating leases

Lease payments to be received under operating leases are recognized as revenue on a straight-line basis over the lease term.

(d) Impairment of non-financial assets and impairment losses on investments accounted for using equity method

The Group reviews the carrying amounts of non-financial assets, other than inventories and deferred tax assets, to determine whether there is any indication of impairment at the end of each period. If any such indication exists, then the asset's recoverable amount is estimated. The test of impairment is performed by estimating the recoverable amount of an intangible asset with an indefinite useful life or an intangible asset not yet available for use whenever

there is an indication of impairment; and at least annually, irrespective of whether there is any indication of impairment.

For investments accounted for using equity method, the entire carrying amount of the investment is tested for impairment as a single asset if there is objective evidence of impairment.

The recoverable amount of an asset or a cash-generating unit (CGU) is the higher of its fair value less costs of disposal and its value in use. When determining the value in use, the estimated future cash flows are discounted to their present value using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset. Assets that are not individually tested for impairment are integrated into the smallest CGU that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

The Group's corporate assets do not generate independent cash inflows. If there is any indication that a corporate asset may be impaired, the Group estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognized in profit or loss when the carrying amount of an asset or a CGU exceeds its recoverable amount. An impairment loss recognized for a CGU is allocated to reduce the carrying amount of other assets in the unit on a pro rata basis.

Impairment losses recognized in prior periods are assessed at the end of each period to determine whether there is any indication that such impairment losses may no longer exist or may have decreased. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed up to the carrying amount that would have been determined (net of amortization and depreciation) had no impairment loss been recognized for the asset in the prior years.

4) Foreign currency translation

(a) Functional currency and presentation currency

Each company in the Group prepares its financial statements using its respective functional currency. The Group's consolidated financial statements are presented in Japanese yen, which is the functional currency of the Company.

(b) Foreign currency transactions

Foreign currency transactions are translated into the functional currency of each Group company at the exchange rate on the transaction date or a rate approximating it.

Monetary assets and liabilities denominated in foreign currencies at the end of the period are translated into the functional currency at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies measured at fair value are translated into the functional currency at the exchange rate on the date the fair value is determined. Exchange differences arising from these translations or settlements are recognized in profit or loss. However, exchange differences arising from equity instruments measured through other comprehensive income are recognized in other comprehensive income.

(c) Foreign operations

The assets and liabilities in the statement of financial position of foreign operations are translated into Japanese yen at the exchange rate at the reporting date. The income and expenses in the statements of profit or loss and other comprehensive income of foreign operations are translated into Japanese yen at the exchange rates at the dates of the transactions, or the average exchange rates during the fiscal year, unless the exchange rates during the fiscal year fluctuate significantly.

Exchange differences arising from such translations are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation is reclassified to profit or loss for the fiscal year in which the foreign operation is disposed of.

5) Recognition criteria for significant provisions

The Group recognizes provisions when it has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a

reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, estimated future cash flows are discounted to their present value using a pre-tax interest rate that reflects the time value of money and the risks specific to the liability. The unwinding of the discount due to the passage of time is recognized as a finance cost.

The Group recognizes asset retirement obligations as a provision. The Group recognizes a provision as asset retirement obligations for the estimated cost of restoring leased offices and other assets with restoration obligations to their original state at the end of the lease contract and adds the estimated cost to the cost of such assets. The estimated future costs and the discount rate applied are reviewed annually, and if a modification is deemed necessary, it is added to or deducted from the carrying amount of such assets and accounted for as a change in accounting estimates.

6) Employee benefits

(a) Post-employment benefits

The Group has adopted defined contribution plans and defined benefit plans as retirement benefit plans for its employees.

(i) Defined contribution plans

Contributions payable to defined contribution plans are recognized as an expense when employees render related services.

(ii) Defined benefit plans

The Group uses the projected unit credit method to determine the present value of its defined benefit obligations and the related current service cost, and past service cost.

A discount rate is determined based on market yields on high quality corporate bonds at the end of the reporting period corresponding to the discount period, which is set based on a period until an estimated date of benefit payments in each future fiscal year is made.

Retirement benefit liabilities or assets are determined by deducting the fair value of any plan assets from the present value of defined benefit obligation.

All remeasurements of defined benefit plans are recognized in other comprehensive income in the period in which they occur, and are immediately transferred from other components of equity to retained earnings.

Past service cost resulting from a plan amendment or curtailment is recognized in profit or loss when it occurs.

(b) Other long-term employee benefits

Other long-term employee benefit obligations, such as long-service leave, are determined by discounting to the present value the future benefits earned by employees as consideration for services rendered in the past and current fiscal years.

(c) Short-term employee benefits

Short-term employee benefits are not discounted and are recognized as an expense when the related services are rendered by employees.

Bonuses and paid leave are recognized as a liability if the Group has legal or constructive obligations to make such payments and reliable estimates of the amount based on such plans can be made.

7) Recognition criteria for revenue

The Group recognizes revenue from contracts with customers, excluding interest, dividend income, and other income under IFRS 9 *Financial Instruments*, by applying the following five-step approach at an amount that reflects the consideration to which it expects to be entitled in exchange for transferring goods or services to a customer.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) a performance obligation is satisfied

The Group's principal business is the manufacture and sales of photomask products. For product sales, performance obligations are considered satisfied when the customer obtains control of the product at the time the product is delivered to the customer based on the terms of the contract, or at the time the risk is transferred to the customer based on trade terms specified in Incoterms and other contractual provisions. The Group recognizes revenue at the time such performance obligations are satisfied. For domestic sales, revenue is recognized mainly at the time when the product is delivered to the customer, and for export sales, revenue is recognized mainly at the time when control is transferred to the customer based on trade terms specified in Incoterms or other contractual provisions. Certain foreign subsidiaries recognize revenue over time as the performance obligation under the contract with the customer is satisfied, because control over the product is transferred to the customer over time based on the contract. Progress toward satisfaction of performance obligations is measured using the input method based on the cost incurred, because the Group determines that the incurrence of cost is proportionate to progress in manufacturing. Revenue is determined at the amount of consideration promised in a contract with a customer, less discounts, rebates, returns, and other similar items. If consideration in a contract with a customer includes variable consideration, it is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group's consideration for the sale of a product does not include a significant financing component because the Group receives considerations for sale within one year, primarily within one to six months from the time the product is delivered to a customer based on a contract with the customers.

8) Income taxes

Income taxes consist of current tax and deferred tax. They are recognized in profit or loss, except those related to business combinations and items recognized directly in equity or other comprehensive income.

(a) Current tax

Current tax is measured at the amount expected to be paid to or recovered from the taxation authorities. The amount of tax is calculated in accordance with the tax rates and tax laws that have been enacted or substantively enacted by the end of the fiscal year in the countries in which the Group operates and earns taxable profit.

(b) Deferred tax

Deferred tax is recognized for temporary differences between the accounting carrying amounts of assets and liabilities and their tax bases, tax losses carried forward, and tax credits carried forward at the balance sheet date.

Deferred tax liabilities are recognized for all taxable temporary differences as a general rule. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

However, deferred tax assets and deferred tax liabilities are not recognized for the following temporary differences:

- temporary differences arising from the initial recognition of assets and liabilities arising from transactions that affect neither accounting profit nor taxable profit, except for business combination transactions; and
- all taxable temporary differences associated with investments in subsidiaries and associates where the Group is able to control the timing of the reversal of the temporary differences and that it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates and tax laws that are expected to apply to the period when the assets are realized or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the fiscal year.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and if the same taxation authority levies income taxes on the same taxable entity.

9) Share-based payment

The Group has introduced an equity-settled stock option plan as an incentive plan for its officers and employees. Stock options are measured at their grant date fair value, and the fair value of stock options is calculated using the Black-Scholes model or other model.

The fair value determined at the grant date of stock options is recognized as an expense over the vesting period based on an estimate of the number of stock options expected to ultimately vest, and the same amount is recognized as an increase in equity.

2. Notes on Accounting Estimates

The preparation of the consolidated financial statements in accordance with IFRS Accounting Standards requires the management of the Group to apply the accounting policies, and to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. These estimates and assumptions are based on the best judgment of the management, considering various factors and circumstances that are deemed reasonable on the reporting date based on historical experience and available information. However, the figures based on these estimates and assumptions may differ from the actual results due to their nature. The estimates and assumptions are reviewed on an on-going basis. Changes in the accounting estimates are recognized in the period in which the estimates were changed and in future periods affected by the changes.

The effects of revisions to accounting estimates are recognized in the period in which the estimates were reviewed and in future periods affected by the revisions. Items for which estimates were made that entail a risk of material revisions to the carrying amounts of assets and liabilities in the next fiscal year are as follows.

(1) Useful lives of property, plant and equipment and intangible assets

Property, plant and equipment are depreciated over their estimated useful lives, which are the periods over which the future economic benefits of the assets are expected to be embodied. If an item of property, plant and equipment becomes obsolete or is reused for other purposes in the future, its estimated useful life may be shorter, and depreciation may increase. The details of the useful lives of property, plant and equipment are provided in “1. Significant Accounting Policies for Preparation of Consolidated Financial Statements, (4) Accounting policies, 3) Measurement and depreciation or amortization of property, plant and equipment and intangible assets.”

Intangible assets are amortized over their estimated useful lives, which are the periods over which the future economic benefits of the assets are expected to be embodied, except for intangible assets with indefinite useful lives or intangible assets not yet available for use. There is a risk that amortization may increase with changes in estimated useful lives brought about by the changes in the business environment. The details of the useful lives of intangible assets are provided in “1. Significant Accounting Policies for Preparation of Consolidated Financial Statements, (4) Accounting policies, 3) Measurement and depreciation or amortization of property, plant and equipment and intangible assets.”

(2) Impairment of non-financial assets

The Group performs impairment tests on non-financial assets (excluding inventories and deferred tax assets) whenever there is an indication that the recoverable amount of an asset may be less than its carrying amount. However, an impairment test is performed on intangible assets with indefinite useful lives or intangible assets not yet available for use every period or when an indication of impairment is identified. Significant factors that may trigger an impairment test include a significant deterioration in past or expected operating performance, a significant change in the use of an acquired asset or a change in the overall strategy for the asset, and a significant deterioration in industry and/or economic trends.

The recoverable amount of an asset in an impairment test is determined based on certain assumptions such as the useful life of the asset, its future cash flows, a discount rate that reflects the inherent risks of the asset, and its long-term growth rate. These assumptions are made based on the management's best estimates and judgments, but may be affected by the outcome of changes in future uncertain economic conditions. If it becomes necessary to review these assumptions, it may have a significant impact on the amounts to be recognized in the consolidated financial statements for the following fiscal year and beyond.

The method of calculating the recoverable amount is described in "1. Significant Accounting Policies for Preparation of Consolidated Financial Statements, (4) Accounting policies, 3) Measurement and depreciation or amortization of property, plant and equipment and intangible assets."

The amounts of property, plant and equipment and intangible assets included in the consolidated statement of financial position for the fiscal year ended March 31, 2026 were ¥109,074 million and ¥170 million, respectively.

(3) Measurement of defined benefit plans

The Group has defined benefit retirement plans.

The present value of defined benefit obligations, related services costs, and other costs are calculated based on actuarial assumptions. They require estimates and judgments about variables such as discount rates and net interest.

The actuarial assumptions are made based on the management's best estimates and judgments but may be affected by the outcome of changes in future uncertain economic conditions. If it becomes necessary to review the assumptions, it may have a significant impact on the amounts to be recognized in the consolidated financial statements for the following fiscal year and beyond.

The amounts of defined benefit obligations and plan assets, and the details of the assumptions used are provided in "1. Significant Accounting Policies for Preparation of Consolidated Financial Statements, (4) Accounting policies, 6) Employee benefits."

The amount of retirement benefit liabilities included in the consolidated statement of financial position for the fiscal year ended March 31, 2026 was ¥3,374 million.

(4) Recoverability of deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. In recognizing deferred tax assets, the Group makes a reasonable estimate of the timing and amount of taxable profit that it may earn in the future to determine the likelihood that taxable profit will be available and calculates the amount of deferred tax assets.

The timing and amount of taxable profit underlying the estimate are subject to changes in future uncertain economic conditions and other factors. Therefore, if the timing and amount of taxable profit that will be available differ from the estimate, it may have a significant impact on the amount to be recognized in the consolidated financial statements for the following fiscal year and beyond.

The details of deferred tax assets are provided in "1. Significant Accounting Policies for Preparation of Consolidated Financial Statements, (4) Accounting policies, 8) Income taxes."

The amount of deferred tax assets included in the consolidated statement of financial position for the fiscal year ended March 31, 2026 was ¥2,199 million.

(5) Share-based payment

The Group has introduced an equity-settled stock option plan as an incentive plan for its officers and employees. Stock options are measured at their grant date fair value, and the fair value of stock options is calculated using the Black-Scholes model or other model. The assumptions used in measuring the fair value of these options may be affected by changes in the future uncertain economic environment, which could result in material revisions to the fair value measurements.

The details of share-based payment are provided in "1. Significant Accounting Policies for Preparation of Consolidated Financial Statements, (4) Accounting policies, 9) Share-based payment."

The amount of share-based payment expenses included in the consolidated statement of financial position for the fiscal year ended March 31, 2026 was 45 million.

3. Notes to Consolidated Statement of Financial Position

(1) Loss allowance directly deducted from assets

Trade and other receivables: ¥229 million

(2) Accumulated depreciation on assets

Property, plant and equipment: ¥215,378 million

4. Notes to Consolidated Statement of Changes in Equity

(1) Class and total number of issued shares

					(Shares)
	Class of shares	At beginning of period	Increase during period	Decrease during period	At end of period
Issued shares	Common shares	92,291,220	7,037,975	—	99,329,195

Note: The increase was attributable to an increase of 7,000,000 shares in the total number of issued shares as a result of a capital increase through a public offering with a payment date of October 15, 2025, as well as an increase of 37,975 shares resulting from the exercise of stock acquisition rights during the period from October 2025 to March 2026.

(2) Dividends

1) Dividends paid

Not applicable.

2) Dividends whose record date belongs to the current fiscal year but whose effective date is in the following fiscal year

Resolution	Class of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividend paid per share (yen)	Record date	Effective date
Annual General meeting of the Board of Directors held on May 21, 2026	Common shares	5,562	Retained Earnings	56	March 31, 2026	June 11, 2026

(3) Stock acquisition rights for the current fiscal year (excluding those for which the first day of the exercise period has not yet arrived)

1,919,025 shares of common shares

5. Notes on Financial Instruments

(1) Status of financial instruments

1) Capital management

The Group's basic capital management policy is to enhance corporate value by pursuing growth investment opportunities that exceed the cost of capital, improving asset efficiency through operational improvements, and maintaining an appropriate capital structure while taking financial soundness into consideration.

The Group monitors financial indicators to maintain an optimal capital structure. For financial soundness and flexibility, it primarily monitors credit ratings, and for capital efficiency, it primarily monitors return on equity attributable to owners of the Group (ROE), as appropriate.

The Group is not subject to any significant capital regulations, other than general requirements under the Companies Act and related laws and regulations.

2) Financial risk management

In the process of its business operational activities, the Group is exposed to financial risks, including credit risk and liquidity risk; market risks, including foreign exchange risk and interest risk. To mitigate such financial risks, the Group is committed to the management of related risks. In managing its funds, the Group adheres to a policy not to engage in speculative transactions, thereby investing only in highly secure financial assets.

(a) Credit risk management

Credit risk is the risk of a financial loss that the Group will incur from a default on a contractual obligation by a counterparty to the financial assets held by the Group. Credit risk is associated mainly with trade receivables from its customers, loans receivable, and derivatives.

Trade receivables are managed by counterparty with respect to due dates and outstanding balances. For loans and other financial assets, the status of counterparties is monitored regularly, and risks are mitigated through early identification of deterioration in financial condition. The Group believes its credit risks associated with derivative transactions are quite limited as it makes transactions only with high-rated financial institutions.

There is no significant exposure to credit risk with respect to any specific counterparty, and no excessive concentration of credit risk requiring special management.

The Group has not incurred any historical credit losses on financial assets, including trade receivables, nor has there been any significant increase in credit risk.

(b) Liquidity risk management

Liquidity risk is a risk that the Group faces difficulty in fulfilling its obligations relating to financial liabilities that are settled by cash or other financial assets. The Group primarily funds its obligations using its own resources. These liabilities, however, are exposed to the risk that the Group is unable to repay them by due dates for a number of reasons, such as deteriorated financial position and financing environments.

The Group prepares/updates its financing plan, as appropriate, based on reports from divisions and departments. To prepare for unforeseeable circumstances, the Group manages liquidity risk by securing sufficient liquidity on hand to fully meet expected repayment obligations. It has also mitigated liquidity risk by monitoring past financing activities and future outlook, as needed.

(i) Commitment lines

To secure flexible and stable funding capacity, the Group has entered into commitment line agreements with its financial institutions. The unused borrowing capacity under these agreements as of the end of the fiscal year ended March 31, 2026 is as follows.

	(Millions of yen)
Total amount of commitment lines	20,000
Outstanding borrowings	—
Net amount	<u>20,000</u>

(c) Market risk management

(i) Foreign currency risk management

Foreign exchange risk arises from transactions denominated in currencies other than the functional currency. The Group holds foreign currency deposits and foreign currency-denominated receivables and payables, and is therefore exposed to foreign exchange fluctuation risk; accordingly, it regularly monitors exchange rates and manages such risk.

Derivative transactions to which hedge accounting is not applied

The Group uses derivative transactions only when the use of derivatives is economically rational, including when a hedging relationship does not satisfy the requirements for the application of hedge accounting.

The Group uses currency swaps to hedge foreign exchange fluctuation risk associated with foreign currency-denominated assets and liabilities. The Group does not apply hedge accounting to these derivative transactions, recognizing all changes in fair value in profit or loss.

(ii) Interest rate risk management

Interest rate risk is a risk where fluctuations in market interest rates cause the fair value of or future cash flows from financial instruments to fluctuate.

The Group is exposed to interest rate fluctuation risk because it has borrowed money at floating interest rates. The Group monitors market interest rate trends to control interest rate fluctuation risk.

(2) Fair value of financial instruments etc.

1) Financial instruments measured at fair value

The fair values of financial instruments are classified into three levels depending on the observability and significance of the inputs used in the fair value measurement. In this classification, each level of fair value hierarchy is defined as below.

Level 1: Fair value determined based on the (unadjusted) quoted price in the active market for the identical asset or liability

Level 2: Fair value determined based on inputs that are observable either directly or indirectly, other than the Level 1 inputs

Level 3: Fair value determined based on unobservable inputs

2) Fair value of financial assets and financial liabilities measured at fair value on a recurring basis

(a) Fair value hierarchy

The following table shows financial assets and financial liabilities recognized at fair value across the three levels of the fair value hierarchy under the consolidated statement of financial position.

				(Millions of yen)
	Level 1	Level 2	Level 3	Total
Financial assets				
Other financial assets				
Financial assets measured at fair value through profit or loss				
Derivatives	—	4,451	—	4,451
Golf club membership and other	—	134	—	134
Financial assets measured at fair value through other comprehensive income				
Shares	—	—	1	1
Total	—	4,585	1	4,586

Whether there are any financial instruments with significant transfers between levels is determined at the end of each reporting period. There was no reclassification between Level 1 and Level 2 for the fiscal year ended March 31, 2026.

(b) Measurement method of fair values of financial assets and financial liabilities

(i) Unlisted shares

The fair value of unlisted shares for which a quoted price in an active market is not available is measured by using the comparable method based primarily on most recent financing and the discounted cash flow method with reasonably available inputs and is classified into Level 3 of the fair value hierarchy.

(ii) Derivatives

The fair value of the currency swaps is based on prices calculated by counterparty financial institutions using observable market data, such as market interest rates. Accordingly, these currency swaps are classified into Level 2 of the fair value hierarchy.

(iii) Golf club membership and other

The fair value of golf club membership and other is evaluated based on quoted market prices and is classified into Level 2 of the fair value hierarchy.

3) Financial assets and financial liabilities whose fair values are not measured at fair value on a recurring basis

(a) Fair value and carrying amount

The carrying amounts and fair values of financial instruments whose fair values are not measured on a recurring basis are as follows. Financial instruments whose carrying amounts are reasonable approximation of fair values are not included in the table below.

	(Millions of yen)	
	Carrying amount	Fair value
Other financial assets		
Loans receivable	6,866	6,289

Note: The table shows loans receivable that form part of other financial assets under non-current assets in the consolidated statement of financial position. The table excludes the current portion of loans receivable.

(b) Fair value measurement method of financial assets and financial liabilities

The fair value measurement methods of financial instruments are as below.

(i) Loans receivable

The fair value of loans receivable is measured at the present value of future cash flows discounted at an interest rate in reference to an appropriate index such as government bond yields adjusted by credit risk and is therefore classified into the fair value hierarchy of Level 3.

6. Notes on Revenue Recognition

(1) Disaggregation of revenue from contracts with customers

As the Group has global manufacturing sites for the photomask business, it manages its manufacturing and sales by geographical region to operate the business, and disaggregates revenue by geographical region.

(Millions of yen)	
Revenue by geographical region	
Japan	10,268
China	35,414
Taiwan	18,896
South Korea	18,133
United States	25,169
Europe	12,548
Other	9,144
Total revenue from contracts with customers	129,576

Note: Each revenue is based on the location of customers and is classified by country or region.

(2) Basic information for understanding revenue from contracts with customers

The basic information for understanding revenue from contracts with customers is provided in “1. Significant Accounting Policies for Preparation of Consolidated Financial Statements, (4) Accounting policies, 7) Recognition criteria for revenue.”

(3) Information for understanding the amount of revenue for the current and subsequent fiscal years

The breakdown of the contract balance is as below, with the amounts presented net of allowance for doubtful accounts.

		(Millions of yen)
	Balance at beginning of the period	Balance at end of the period
Receivables arising from contracts with customers		
Notes and accounts receivable – trade	25,633	30,987
Contract assets	167	267
Contract liabilities	6,380	4,884

Contract assets are related mainly to the Group's rights to consideration for its performance obligations that have been fulfilled at the end of the fiscal year but have yet to be charged. Contract assets are reclassified to receivables when the rights to the payment become unconditional. Contract liabilities are primarily the consideration received from a customer before performance obligations are fulfilled. Contract liabilities are recognized when a customer has made the payment. Contract liabilities recognized are then reclassified to revenue when performance obligations based on the contract, such as the provision of services to the customer, have been fulfilled.

Of the contract liabilities balances at the beginning of the period for the fiscal year ended March 31, 2026, revenue recognized in the period was ¥2,386 million.

For the fiscal year, no material revenue has been recognized from the performance obligations fulfilled in prior years.

(4) Remaining performance obligations

Transaction prices allocated to the remaining performance obligations are as follows. In preparing notes on the transaction prices allocated to the remaining performance obligations, the Group has applied a practical expedient to exclude the contracts whose term is initially expected to be one year or less, and royalty payments based on sales or usage of intellectual property license agreements in these notes. The consideration arising from contracts with customers does not include any material amounts that are not included in transaction prices.

	(Millions of yen)
One year or less	11,505
More than one year to two years	1,914
More than two years to three years	319
More than three years	—
Total	13,739

(5) Assets recognized from the costs to obtain or fulfill a contract with a customer

During the fiscal year ended March 31, 2026, there were no assets recognized from the costs to obtain or fulfill contracts with customers. In addition, if the amortization period of the asset that the Group would have recognized otherwise is one year or less, it recognizes the incremental costs of obtaining a contract as expenses when incurred, as a practical expedient.

7. Notes on Per Share Information

Equity attributable to owners of the Company per share	1,756.86 yen
Basic earnings per share	261.12 yen

8. Notes on Significant Subsequent Events

Not applicable.

Non-consolidated Financial Statements

For the fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

Non-consolidated Balance Sheet

(As of March 31, 2026)

(Millions of yen)

Account	Amount	Account	Amount
Assets		Liabilities	
Current assets	19,749	Current liabilities	18,138
Cash and deposits	11,138	Electronically recorded obligations – operating	1,045
Electronically recorded monetary claims – operating	195	Accounts payable – trade	1,612
Accounts receivable – trade, and contract assets	5,182	Current portion of long-term borrowings from subsidiaries and associates	9,035
Finished goods	76	Accounts payable – others	1,704
Work in process	351	Accrued expenses	1,228
Raw materials and supplies	1,016	Income taxes payable	2,570
Short-term loans from subsidiaries and associates	319	Deposits received	252
Prepaid expenses	201	Provision for bonuses	585
Consumption taxes refund receivable	822	Provision for bonuses for directors (and other officers)	101
Others	445	Others	2
Non-current assets	160,944	Non-current liabilities	40,289
Property, plant and equipment	19,500	Long-term borrowings from subsidiaries and associates	38,539
Buildings	1,906	Provision for retirement benefits	1,141
Structures	103	Asset retirement obligations	492
Machinery and equipment	16,507	Other provisions	116
Vehicles	0	Total liabilities	58,428
Tools, furniture and fixtures	199		
Land	262		
Construction in progress	520		
Intangible assets	160	Net assets	
Software	155	Shareholders' equity	122,261
Software in progress	5	Share capital	10,440
Investments and other assets	141,282	Capital surplus	74,260
Investment securities	1	Legal capital surplus	10,040
Shares of subsidiaries and associates	135,239	Other capital surplus	64,219
Leasehold and guarantee deposits	49	Retained earnings	37,560
Deferred tax assets	1,530	Legal retained earnings	900
Long-term prepaid expenses	0	Other retained earnings	36,660
Derivative assets	4,451	Retained earnings brought forward	36,660
Distressed receivables	9	Stock acquisition rights	4
Others	10	Total net assets	122,265
Allowance for doubtful accounts	(9)	Total liabilities and net assets	180,694
Total assets	180,694		

Non-consolidated Statement of Income

(April 1, 2025 to March 31, 2026)

(Millions of yen)

Account	Amount	
Revenue		26,362
Cost of sales		18,055
Gross profit		8,306
Selling, general and administrative expenses		4,755
Operating profit		3,550
Non-operating income		
Interest and dividend income	4,039	
Gain on valuation of derivatives	6,660	
Others	212	10,912
Non-operating expenses		
Interest expenses	2,678	
Foreign exchange losses	1,482	
Others	215	4,376
Ordinary profit		10,086
Extraordinary losses		
Loss on sale and retirement of non-current assets	62	
Impairment losses	482	
Loss on valuation of investment securities	4	550
Profit before income taxes		9,536
Income taxes – current	3,501	
Income taxes – deferred	(1,303)	2,197
Profit for the year		7,338

Non-consolidated Statement of Changes in Equity

(April 1, 2025 to March 31, 2026)

(Millions of yen)

	Share capital	Shareholders' equity							Stock acquisition rights	Total net assets
		Capital surplus			Retained earnings					
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings	Total shareholders' equity		
						Retained earnings brought forward				
As of April 1, 2025	400	—	64,219	64,219	900	29,321	30,221	94,841	4	94,845
Changes during period										
Issuance of new shares	10,040	10,040	—	10,040	—	—	—	20,081	—	20,081
Profit for the period	—	—	—	—	—	7,338	7,338	7,338	—	7,338
Net changes in items other than shareholders' equity	—	—	—	—	—	—	—	—	—	—
Total changes during period	10,040	10,040	—	10,040	—	7,338	7,338	27,420	—	27,420
As of March 31, 2026	10,440	10,040	64,219	74,260	900	36,660	37,560	122,261	4	122,265

Notes to Non-consolidated Financial Statements

Notes on Significant Accounting Policies

1. Basis and Method for Valuation of Assets

(1) Basis and method for valuation of securities

Shares of subsidiaries: Measured at cost determined by the moving average method.

Available-for-sale securities and Non-marketable shares and other securities: Measured at cost determined by the moving average method.

(2) Basis and method for valuation of derivatives

Derivatives: Measured at fair value.

(3) Basis and method for valuation of inventories

Finished goods and work in process: Measured at cost determined by the specific identification method, with the carrying amount on the balance sheet written down when profitability declines

Raw materials and supplies: Measured at cost determined by the first-in, first-out method, with the carrying amount on the balance sheet written down when profitability declines

2. Depreciation and Amortization Methods of Non-current Assets

(1) Property, plant and equipment

Items of property, plant and equipment are depreciated on a straight-line basis. The useful lives of major property, plant and equipment items are as follows:

Buildings: 2 to 38 years

Machinery and equipment: 2 to 15 years

(2) Intangible assets

Intangible assets are amortized on a straight-line basis. Software for internal use is amortized over the period available for internal use (mainly 5 years).

3. Recognition Criteria for Provisions

(1) Allowance for doubtful accounts

To provide for potential credit losses on trade, loan, and other receivables, allowance for doubtful accounts is recorded at an estimated unrecoverable amount calculated based on the historical rate of credit loss for general receivables and determined in consideration of the recoverability of individual receivables for doubtful accounts and certain other receivables.

(2) Provision for bonuses

To provide for the payment of bonuses to employees, provision for bonuses is recorded at an estimated amount to be paid.

(3) Provision for bonuses for directors (and other officers)

To provide for the payment of bonuses to directors (and other officers), provision for bonuses for directors (and other officers) is recorded at an estimated amount to be paid.

(4) Provision for retirement benefits

To provide for the payment of retirement benefits to employees, provision for retirement benefits is recorded based on the estimated amounts of retirement benefit obligations and plan assets at the end of the current fiscal year.

1) Method of attributing estimated retirement benefits to accounting periods

In calculating retirement benefit obligations, the benefit formula basis is used to attribute the estimated amount of retirement benefits to periods up to the end of the current fiscal year.

2) Method of accounting for actuarial gains and losses

Actuarial gains and losses are amortized on a straight-line basis over a certain number of years (12 years) within the average remaining service period of employees at the time of recognition from the fiscal year following the respective fiscal year of recognition.

4. Translation Basis for Significant Foreign Currency-Denominated Assets and Liabilities into Japanese Yen

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the spot exchange rates at the fiscal year-end, and translation adjustments are accounted for as profit or loss.

5. Recognition Criteria for Revenues and Expenses

The Group's principal business is the manufacture and sales of photomask products. For product sales, performance obligations are considered satisfied when the customer obtains control of the product at the time the product is delivered to the customer based on the terms of the contract, or at the time the risk is transferred to the customer based on trade terms specified in Incoterms and other contractual provisions. The Group recognizes revenue at the time such performance obligations are satisfied.

For domestic sales, revenue is recognized mainly at the time when the product is delivered to the customer, and for export sales, revenue is recognized mainly at the time when control is transferred to the customer based on trade terms specified in Incoterms or other contractual provisions.

6. Other Significant Accounting Policies for Preparation of Non-Consolidated Financial Statements

(1) Accounting policy for consumption taxes

Any non-deductible consumption taxes are recognized as an expense during the fiscal year.

Notes on Changes in Presentation

Up to the previous fiscal year, "Loss on sale of materials" was presented separately.

As the amount of this item has become immaterial (¥22 million for the current fiscal year), it has been included in "Others" under non-operating expenses from the current fiscal year.

Notes on Accounting Estimates

1. Valuation of shares of subsidiaries

(1) Amount recorded in the non-consolidated financial statements for the current fiscal year

Shares of subsidiaries: ¥135,239 million

(2) Other information on accounting estimates that will facilitate the understanding of users of non-consolidated financial statements

The Group determines whether or not to recognize impairment losses on shares of subsidiaries by comparing the cost of such shares with their substantive value. If the substantive value has declined by 50% or more compared to the cost, the carrying amount is written down to the substantive value, unless the recoverability of the shares is supported by sufficient evidence based on the business plan or other such information of the relevant subsidiary.

The substantive value is estimated at an estimated recoverable amount at the end of the current fiscal year, taking comprehensively into account the latest financial results and business plan of the investee, among other factors. Other cases that may cause the recognition of additional valuation losses in the non-consolidated financial statements for the following fiscal year include an incurrence of loss, which is not reflat in the current carrying amount, or a situation in which the carrying amount becomes unrecoverable due to future market deterioration or poor performance of the investee.

Notes to Non-consolidated Balance Sheet

1. Accumulated Depreciation of Property, Plant and Equipment

¥53,298 million

2. Guarantee Obligations

The Group guarantees the obligations for borrowings extended by financial institutions to subsidiaries and associates.

Guarantee: Guaranteed amount

Tekscend Photomask Chunghwa Inc.: ¥400 million

3. Commitment Lines

To secure flexible and stable funding capacity, the Group has entered into commitment line agreements with its financial institutions.

The balance of unused loans under the contract for the fiscal year ended March 31, 2026 was as follows.

Total amount of commitment lines: ¥20,000 million

Outstanding borrowings: –

Net amount: ¥20,000 million

4. Monetary Receivables from and Payables to Affiliated Entities (Excluding Those Presented as Separate Lines)

Short-term monetary receivables: ¥2,573 million

Short-term monetary payables: ¥525 million

Notes to Non-consolidated Statement of Income

1. Transaction with Affiliated Entities

Transaction from operating activity

Revenue: ¥14,490 million

Purchases: ¥662 million

Other operating transactions: ¥48 million

Transaction from non-operating activity

Non-operating transactions (income): ¥4,093 million

Non-operating transactions (expenses): ¥2,665 million

Notes to Non-consolidated Statement of Changes in Equity

1. Class and Total Number of Treasury stock at the End of the Current Fiscal Year

Not applicable

Notes on Tax Effect Accounting

1. Significant Components of Deferred Tax Assets and Liabilities

	(Millions of yen)
Deferred tax assets	
Loss on valuation of shares of subsidiaries and associates	6,138
Loss on valuation of securities	85
Loss on valuation of inventories	192
Provision for retirement benefits	359
Provision for bonuses	184
Asset retirement obligations	155
Accrued enterprise tax	139
Deemed dividends	1,804
Foreign exchange losses	267
Impairment losses	152
Others	167
Subtotal of deferred tax assets	9,647
Valuation allowance	(8,028)
Total deferred tax assets	1,619

Deferred tax liabilities	
Retirement cost corresponding to asset retirement obligations	(88)
Total deferred tax liabilities	(88)
Net deferred tax assets	1,530

Notes on Transactions with Related Parties

(Millions of yen, unless otherwise stated)

Type	Name of company etc.	Percentage of voting rights etc. held	Relationship with related party	Description of transaction	Transaction amount	Account	Balance at end of the period
Subsidiary	Tekscend Photomask Chunghwa Inc.	Ownership Direct: 100%	Sales of the Company's products etc.	Sales of photomask products (Note 1)	2,815	Accounts receivable – trade	709
Subsidiary	Tekscend Photomask Korea Inc.	Ownership Direct: 100%	Sales of the Company's products etc.	Sales of photomask products (Note 1)	9,330	Accounts receivable – trade	1,049
			Borrowing of funds	Repayment of funds	7,181		
				Payment of interest (Note 2)	100		
Subsidiary	Tekscend Photomask US Inc.	Ownership Direct: 100%	Borrowing of funds	Borrowing of funds (Note 2)	8,877	Current portion of long-term borrowings from subsidiaries and associates	9,035
				Repayment of funds	6,767	Long-term borrowings from subsidiaries and associates	38,539
				Payment of interest (Note 2)	2,565		
Subsidiary	Tekscend Photomask Singapore Pte. Ltd.	Ownership Direct: 100%	Subscription for shares	Subscription for shares (Note 3)	8,561	-	-

Transaction terms and policy on determination of transaction terms

- Notes:
1. The price and other transaction terms are determined by price negotiations, taking into account actual market conditions.
 2. Interest rates for the borrowing of funds are determined by taking into account market interest rates.
 3. The subscription relates to a capital increase carried out by a subsidiary.

Notes on Per Share Information

1. Net Assets per Share

¥1,230.87

2. Basic Earnings per Share

¥76.81