

Q&A of fiscal year 2024 Annual General Meeting of Shareholders

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| Q. Business potential in the Chinese market and future sales trends |
| A. In China, customers are reviewing their strategies amid various regulations and polishing their investment strategies to avoid falling under regulations. In addition, although there have been moves within China to improve the country's self-sufficiency rate for semiconductors, the current rate is only about 25% and we expect investment to continue in the future. On the other hand, from the second half of this year, we will expand investment in semiconductors of leading-edge areas for AI, servers, PCs and smartphones, which are TEL's strengths, and expect to see an increase in net sales. For this reason, we believe that our sales ratio in the Chinese market will gradually decrease. |
| Q. Dividend trends |
| A. Our dividend policy is to achieve a payout ratio of around 50% based on net income attributable to owners of parent. We believe that if we achieve the medium-term business plan, we will be able to return dividends to shareholders that exceed our record high of the year before. We will continue to make every effort to achieve our medium-term business plan. |
| Q. Details of the stock split |
| A. Regarding the stock split, TEL will make appropriate decisions based on standards and indicators such as the TSE Guidelines, shareholder composition, market trends and stock liquidity, while closely following various requests in dialogue with shareholders. |
| Q. Trends in the market share of key products |
| A. In the previous fiscal year, our market share was affected due to exchange rates and refraining from investing in advanced areas, which are the strengths of TEL. Going forward, we expect to expand AI-related investments in advanced areas, which are the strengths of TEL. We have also acquired multiple additional PORs,* which we analyze will lead to future share improvements. We will continue to work to improve our market share in all segments. <small>*POR (Process of Record): Certification of the adoption of equipment in customers' semiconductor production processes.</small> |
| Q. Risks (geopolitical and foreign exchange) |
| A. We check the progress of the medium-term business plan on a quarterly basis while analyzing various market changes and risks, and the outlook for achieving our medium-term business plan is favorable. In addition, we also conduct stress tests in parallel to ensure profits and our ability to provide shareholder returns in the unlikely event that sales are halved due to macroeconomic, geopolitical or other reasons. In terms of exchange rates, our transactions are made in yen. As we aim to be number one globally, we have a strong supply chain in Japan and we believe that the yen's depreciation will be more advantageous for us than its appreciation when we expand market share and SAM* in the future. Our ability to conduct production activities at efficient costs in Japan will benefit TEL's growth. <small>*SAM: Served Available Market</small> |

Q. Handling BCPs at production sites in Japan

- A. Although we have achieved rapid recovery from both the 2011 Tohoku earthquake and tsunami and the 2016 Kumamoto earthquakes, we are further utilizing that experience to take anti-seismic reinforcement measures for buildings and appropriate measures for our supply chain.
- Our production centers are mainly in Japan, which offers several advantages. First, we have a low turnover rate and low risk from the perspective of information security. Second, by conducting development and production operations in Japan, we can ensure high quality from the development stage. It is also one of our strengths to be able to fully utilize our well-developed supply chain in Japan.

Q. Responses to cyber attacks

- A. Cyber security is a key point of concern for us. We have established a world-class information security system, as well as a system that allows us to monitor unauthorized access globally 24-hours a day, and other measures.
- In addition, despite the fact that our turnover rate is extremely low within the industry, we are taking measures to prevent information leaks, such as increasing the level of security for employees scheduled to leave the company.