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August 7, 2024

Consolidated Financial Results for the Three Months Ended June 30, 2024 (Under Japanese GAAP)

Company name: TAIYO YUDEN CO., LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 6976
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 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and investment analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2024	81,138	11.7	2,630	-	8,377	622.6	6,309	598.6
June 30, 2023	72,612	(11.2)	(577)	-	1,159	(93.3)	903	(92.6)

Note: Comprehensive income For the three months ended June 30, 2024: ¥17,349 million [92.4%]
 For the three months ended June 30, 2023: ¥9,018 million [(60.7)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
June 30, 2024	50.62	45.99
June 30, 2023	7.25	7.22

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
June 30, 2024	608,316	341,853	56.0	2,735.19
March 31, 2024	579,686	330,098	56.8	2,640.98

Reference: Equity
 As of June 30, 2024: ¥340,878 million
 As of March 31, 2024: ¥329,137 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	45.00	-	45.00	90.00
Fiscal year ending March 31, 2025	-				
Fiscal year ending March 31, 2025 (Forecast)		45.00	-	45.00	90.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecasts of operating results for the period from April 1, 2024 to March 31, 2025

(Percentages indicate changes from same period in the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2025	350,000	8.5	20,000	120.3	16,500	19.9	11,000	32.2	88.26

Note: Revisions to the forecast of operating results most recently announced: None

* **Notes**

(1) Significant changes in the scope of consolidation during the period: None

Newly included: -

Excluded: -

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For details, please see “2. Quarterly consolidated financial statements, (3) Notes on Consolidated Financial Statements (Notes Concerning Changes in Accounting Policy)” on page 8 of the attached materials.

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2024	130,218,481 shares
As of March 31, 2024	130,218,481 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2024	5,591,535 shares
As of March 31, 2024	5,591,392 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2024	124,627,028 shares
Three months ended June 30, 2023	124,608,140 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Forecasts of operating results include a number of assumptions based on information currently available and certain premises which were judged to be rational. Please note that these forecasts may significantly differ from actual results with various factors.

* TAIYO YUDEN will post the financial supplementary data on its web-site.

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1. Qualitative Information Concerning Financial Statements and Other

(1) Consolidated Operating Results

During the three-month period ended June 30, 2024 (April 1, 2024 to June 30, 2024), the business environment surrounding the TAIYO YUDEN Group (“the Group”) experienced a continued trend of recovery in the global economy. As for the future, although the recovery is expected to continue, it will be necessary to monitor the international situation and fluctuations in financial and capital markets.

The Group is aiming to increase the proportion of sales in focus markets, primarily automotive and IT infrastructure/industrial equipment, to 50% to achieve the targets set out in medium-term management plan 2025 (fiscal year ended March 31, 2022 to fiscal year ending March 31, 2026). Moreover, the Group will produce high value-added electronic components with a focus on high-end and high reliability products to achieve further growth in multilayer ceramic capacitors, the Group’s core business, in addition to strengthening inductor and communication device products to establish them as core businesses. We also plan capital investment of ¥300.0 billion over five years to continuously expand capacity to meet increase in demand as well as to implement proactive initiatives in the areas of environmental measures and upgrading of IT.

Consolidated net sales for the three-month period ended June 30, 2024 totaled ¥81,138 million, which is an increase of 11.7% compared to the corresponding period of the previous fiscal year. Operating profit was ¥2,630 million compared to operating loss of ¥577 million in the corresponding period of the previous fiscal year. Ordinary profit was ¥8,377 million, which is an increase of 622.6% compared to the corresponding period of the previous fiscal year, mainly due to foreign exchange gains of ¥5,373 million. Profit attributable to owners of parent was ¥6,309 million, which is an increase of 598.6% compared to the corresponding period of the previous fiscal year. Net sales as well as operating profit, ordinary profit, and profit attributable to owners of parent increased due to a recovery from inventory adjustments, primarily in information equipment and IT infrastructure/industrial equipment, and the impact of depreciation in the yen.

The average foreign currency exchange rate for the three-month period ended June 30, 2024 was US\$1: ¥153.15. This is a depreciation of ¥18.22 as compared to the average realized in the corresponding period of the previous fiscal year of US\$1: ¥134.93.

Net Sales by Product Classification

[Capacitors]

The capacitor product classification is comprised of multilayer ceramic capacitors.

For the three-month period ended June 30, 2024, product sales mainly for use in information equipment, automobiles and IT infrastructure/industrial equipment increased year over year. This resulted in a 17.1% increase in sales for this product classification year over year to ¥55,192 million.

[Inductors]

This product classification is comprised of various inductors including wire-wound inductors and multilayer inductors.

In the three-month period ended June 30, 2024, product sales mainly for use in consumer products, information equipment were higher as compared to the corresponding period of the previous fiscal year. As a result, net sales totaled ¥13,011 million, which is an increase of 18.5% compared to the corresponding period of the previous fiscal year.

[Integrated Modules & Devices]

This product classification is comprised of communications devices (FBAR/SAW), circuit modules, etc.

For the three-month period ended June 30, 2024, sales of communications devices (FBAR/SAW) and circuit modules decreased year over year. This resulted in a 21.9% decrease in sales for this product classification year over year to ¥6,388 million.

[Others]

For this product classification, the Group manufactures and sells aluminum electrolytic capacitors, etc.

For the three-month period ended June 30, 2024, sales of aluminum electrolytic capacitors increased year over year. This resulted in a 3.6% increase in sales for this product classification year over year to ¥6,546 million.

(2) Consolidated Financial Conditions

Total assets as of June 30, 2024 increased ¥28,630 million to ¥608,316 million compared with the end of the previous fiscal year. Current assets increased ¥20,369 million. This increase in current assets was mainly due to the increase in cash and deposits of ¥10,257 million, merchandise and finished goods of ¥4,723 million, work in process of ¥3,225 million and raw materials and supplies of ¥2,037 million. Non-current assets increased ¥8,261 million owing to the upswing in property, plant and equipment of ¥8,412 million.

Total liabilities as of June 30, 2024 were ¥266,462 million, an increase of ¥16,875 million as compared to the balance at March 31, 2024. This was mainly due to the increase in long-term borrowings of ¥24,994 million and the decrease in current portion of long-term borrowings of ¥9,251 million.

Net assets as of June 30, 2024 increased ¥11,755 million. The main factors were an increase in retained earnings of ¥701 million due to profit attributable to owners of parent of ¥6,309 million and dividends of surplus of ¥5,608 million, in addition to an increase of ¥11,026 million in foreign currency translation adjustment due to the impact of exchange rates, including the depreciation in the value of the yen.

(3) Forecasts of Consolidated Operating Results

There is no change in the forecasts of consolidated operating results for the fiscal year ending March 31, 2025 that was previously announced on May 8, 2024.

In the fiscal year ending March 31, 2025, we anticipate that net sales will increase with rising demand for electronic components due to increasing use of electronics and electric motors in automobiles and growing investment in IT infrastructure, centered on data centers. Despite cost increases because of higher commodity prices and aggressive investment to meet rising demand in the future, we expect that operating profit, ordinary profit, and profit attributable to owners of parent will increase owing to higher capacity utilization because of growth in demand. It will also be necessary to monitor rising geopolitical risk caused by turmoil in the international situation, fluctuations in financial and capital markets, and trends in the demand environment.

The forecast is based on an average foreign currency exchange rate of US\$1: ¥145.

*Disclaimer concerning forecasts of operating results:

The aforementioned forecasts of results are based on information available as of the date of this report. As a result, forecast information contained in this document may include potential risk and uncertainties. Accordingly, actual results may differ materially from forecasts due to a variety of factors.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	102,783	113,040
Notes and accounts receivable - trade	※ 81,199	※ 79,476
Merchandise and finished goods	33,287	38,010
Work in process	44,993	48,219
Raw materials and supplies	24,056	26,093
Other	11,205	13,054
Allowance for doubtful accounts	(305)	(306)
Total current assets	297,219	317,588
Non-current assets		
Property, plant and equipment		
Buildings and structures	172,862	182,839
Machinery, equipment and vehicles	408,458	428,460
Tools, furniture and fixtures	43,569	43,821
Land	16,171	16,447
Construction in progress	39,100	34,792
Accumulated depreciation	(406,606)	(424,393)
Total property, plant and equipment	273,556	281,969
Intangible assets		
Other	1,807	1,864
Total intangible assets	1,807	1,864
Investments and other assets		
Investment securities	1,342	1,398
Other	5,861	5,588
Allowance for doubtful accounts	(100)	(92)
Total investments and other assets	7,102	6,894
Total non-current assets	282,466	290,727
Total assets	579,686	608,316

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	29,745	32,132
Short-term borrowings	4,200	4,200
Current portion of long-term borrowings	9,255	4
Income taxes payable	2,182	2,263
Provision for bonuses	5,056	2,818
Provision for bonuses for directors (and other officers)	17	7
Other	35,323	35,181
Total current liabilities	85,780	76,608
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	51,170	51,125
Long-term borrowings	84,219	109,213
Provision for retirement benefits for directors (and other officers)	48	50
Retirement benefit liability	6,994	7,409
Other	21,373	22,054
Total non-current liabilities	163,806	189,854
Total liabilities	249,587	266,462
Net assets		
Shareholders' equity		
Share capital	33,575	33,575
Capital surplus	49,922	49,922
Retained earnings	230,905	231,606
Treasury shares	(13,411)	(13,412)
Total shareholders' equity	300,990	301,691
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	478	520
Deferred gains or losses on hedges	(32)	(64)
Foreign currency translation adjustment	27,861	38,888
Remeasurements of defined benefit plans	(161)	(156)
Total accumulated other comprehensive income	28,146	39,187
Share acquisition rights	961	975
Total net assets	330,098	341,853
Total liabilities and net assets	579,686	608,316

(2) Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Operations)
(Three months ended June 30, 2024)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	72,612	81,138
Cost of sales	59,853	63,656
Gross profit	12,759	17,482
Selling, general and administrative expenses	13,337	14,851
Operating profit (loss)	(577)	2,630
Non-operating income		
Interest income	291	442
Dividend income	0	0
Foreign exchange gains	1,870	5,373
Subsidy income	308	30
Other	139	174
Total non-operating income	2,610	6,020
Non-operating expenses		
Interest expenses	136	170
Depreciation of inactive non-current assets	19	64
Compensation expenses	706	5
Other	10	33
Total non-operating expenses	873	274
Ordinary profit	1,159	8,377
Extraordinary income		
Gain on sale of non-current assets	17	15
Gain on sale of investment securities	164	12
Total extraordinary income	181	27
Extraordinary losses		
Loss on sale and retirement of non-current assets	88	77
Loss on disaster	-	※ 142
Other	1	-
Total extraordinary losses	89	219
Profit before income taxes	1,251	8,185
Income taxes - current	1,152	2,252
Income taxes - deferred	(804)	(376)
Total income taxes	348	1,876
Profit	903	6,309
Profit attributable to owners of parent	903	6,309

(Consolidated Statements of Comprehensive Income)
(Three months ended June 30, 2024)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	903	6,309
Other comprehensive income		
Valuation difference on available-for-sale securities	23	41
Deferred gains or losses on hedges	(70)	(32)
Foreign currency translation adjustment	8,139	11,026
Remeasurements of defined benefit plans, net of tax	22	4
Total other comprehensive income	8,115	11,040
Comprehensive income	9,018	17,349
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,018	17,349

(3) Notes on Consolidated Financial Statements

(Notes on Premise of Going Concern)

No relevant items to report.

(Notes in Case of Significant Changes to Shareholders' Equity)

No relevant items to report.

(Notes Concerning Changes in Accounting Policy)

(Application of Revised Accounting Standard for Current Income Taxes, etc.)

The Company applied the Revised Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022) from the beginning of the first quarter of the fiscal year ending March 31, 2025. This change in accounting policy has an immaterial impact on the quarterly consolidated financial statements for the first quarter ended June 30, 2024.

(Notes on Consolidated Balance Sheets)

※ Trade notes maturing on the last day of the consolidated quarterly accounting period

The settlement of trade notes maturing on the last day of the consolidated quarterly accounting period is accounted for on the date of bank clearance. As the last day of the consolidated quarterly accounting period ended June 30, 2024 was a bank holiday, the following notes maturing on the last day of the consolidated quarterly accounting period are included in the balance outstanding as of the last day of the consolidated quarterly accounting period.

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Notes receivable - trade	89	76

(Notes on Consolidated Statements of Operations)

※ Loss on disaster

Our subsidiary NIIGATA TAIYO YUDEN CO., LTD. (Joetsu-shi, Niigata) suffered damage due to the impact of "the 2024 Noto Peninsula Earthquake" that happened in January 1, 2024. The amount of losses due to these disasters is recorded as "Loss on disaster."

(Notes on Consolidated Statements of Cash Flows)

The Company has not prepared quarterly consolidated statements of cash flows for the three-month period ended June 30, 2024. Depreciation for the three-month period ended June 30, 2024 (including amortization relating to intangible fixed assets, excluding goodwill) is as follows.

(Millions of yen)

	Three months ended June 30, 2023 (From April 1, 2023 To June 30, 2023)	Three months ended June 30, 2024 (From April 1, 2024 To June 30, 2024)
Depreciation	8,850	10,548

(Notes on Segment Information)

[Segment information]

As the Group has a single business segment, publication of segment information has been omitted.

3. Supplementary Information

(1) Net Sales by Product Classification

Product classification	Three months ended June 30, 2023 (From April 1, 2023 To June 30, 2023)		Three months ended June 30, 2024 (From April 1, 2024 To June 30, 2024)		Increase/ (Decrease)	
	Amount (¥ in million)	Share (%)	Amount (¥ in million)	Share (%)	Amount (¥ in million)	%
Capacitors	47,133	64.9	55,192	68.0	8,058	17.1
Inductors	10,976	15.1	13,011	16.0	2,035	18.5
Integrated modules & devices	8,182	11.3	6,388	7.9	(1,794)	(21.9)
Others	6,320	8.7	6,546	8.1	226	3.6
Total	72,612	100.0	81,138	100.0	8,525	11.7