

Consolidated Financial Results

Third quarter for the year ending March 31, 2022

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Financial Summary

3Q for the Year Ending March 2022

- Net sales were ¥89.8 billion, up 1% Q/Q. Sales remained steady for all applications.
- Operating income was ¥17.6 billion, down 10% Q/Q. Costs increased alongside expansion in the scale of business etc.
- Net sales, operating income, ordinary income, and net income attributable to owners of the parent company all recorded all-time highs on the nine-month cumulative basis.

Earnings Forecast for the Year Ending March 2022

- There are no changes to the full-year results forecasts published in November 2021.
- The full-year earnings forecasts are for net sales of ¥345.0 billion, up 15% Y/Y, and operating income of ¥64.0 billion, up 57% Y/Y.

Financial Summary for 3Q FYE March 2022

Net sales were 89.8 billion yen, up to some extent Q/Q.

Sales remained steady with no major changes in sales for each application.

Operating income was 17.6 billion yen, down 10% Q/Q due to such factors as the increase in fixed costs and rising logistics expenses alongside expansion in the scale of business.

The financial results recorded all-time highs on the nine-month cumulative basis.

Earnings Forecasts for FYE March 2022

There are no changes to the full-year results forecasts published in November 2021. If achieved, the financial results are projected to record all-time highs on the full-year basis as well.

3Q - Consolidated Financial Results (Q/Q)

¥ in million	FYE Mar 31, 2022 2Q (01 Jul 2021 – 30 Sep 2021)		FYE Mar 31, 2022 3Q (01 Oct 2021 – 31 Dec 2021)		Change Q/Q	
Net sales	88,833	100.0%	89,840	100.0%	1,007	1.1%
Operating income	19,508	22.0%	17,643	19.6%	(1,864)	(9.6)%
Ordinary income	20,370	22.9%	18,390	20.5%	(1,980)	(9.7)%
Net income attributable to owners of the parent company	15,479	17.4%	13,410	14.9%	(2,068)	(13.4)%
Yen/USD average exchange rate	110.10 yen		112.48 yen		2.38 yen depreciated	
Impact of exchange rate fluctuation	1.4 billion yen on net sales, 1.1 billion yen on operating income * Including the impact of currencies other than US dollars					
R&D expenses	3,219		3,397		177	5.5%
Capital investment	9,076		8,112		(963)	(10.6)%
Depreciation expenses	7,677		8,015		337	4.4%

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The financial results for the third quarter of the fiscal year ending March 2022 recorded net sales of 89.8 billion yen, operating income of 17.6 billion yen, ordinary income of 18.4 billion yen, and net income attributable to owners of the parent company of 13.4 billion yen.

The average exchange rate during the quarter was US\$1:¥112.48, a depreciation of ¥2.38 from the second quarter of the fiscal year.

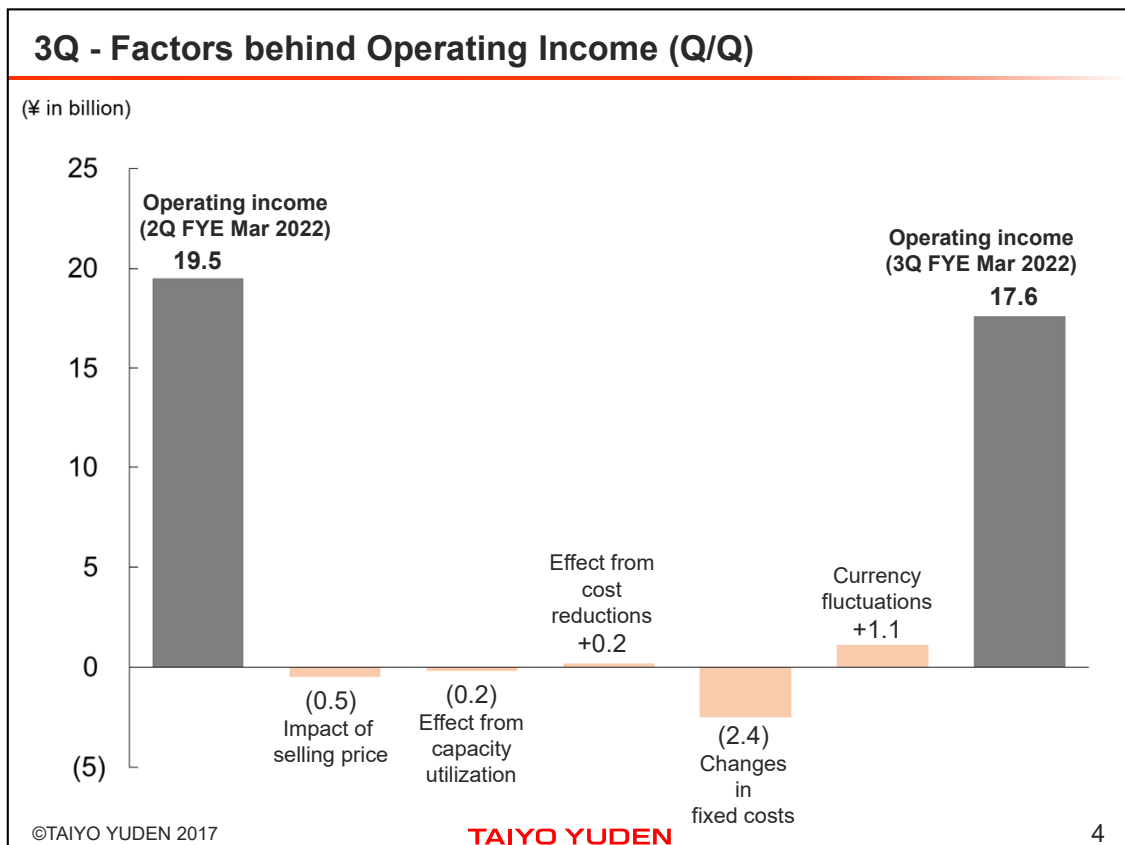
The impact from this was an increase of 1.4 billion yen in net sales and 1.1 billion yen in operating income.

There was a relatively large impact on operating income due to the depreciation in the value of Asian currencies.

R&D expenses were 3.4 billion yen, an increase of 0.2 billion yen Q/Q.

Capital investment was 8.1 billion yen, down 1.0 billion yen Q/Q.

Depreciation expenses were 8.0 billion yen, up 0.3 billion yen Q/Q.



A factor for decrease in operating income Q/Q was the 2.4 billion yen increase in fixed costs.

Labor and logistics expenses etc. increased in tandem with the expansion in business scale and production and sales volume.

Other factors for decrease in operating income were the impact of 0.5 billion yen from selling prices, but the pace of reductions has remained more moderate than usual, continuing the trend of the previous quarter.

The 0.2 billion yen effect from capacity utilization was also a factor for decrease in operating income.

The effect from capacity utilization includes the impact of changes in sales volume, improvement in product mix, and changes in inventory.

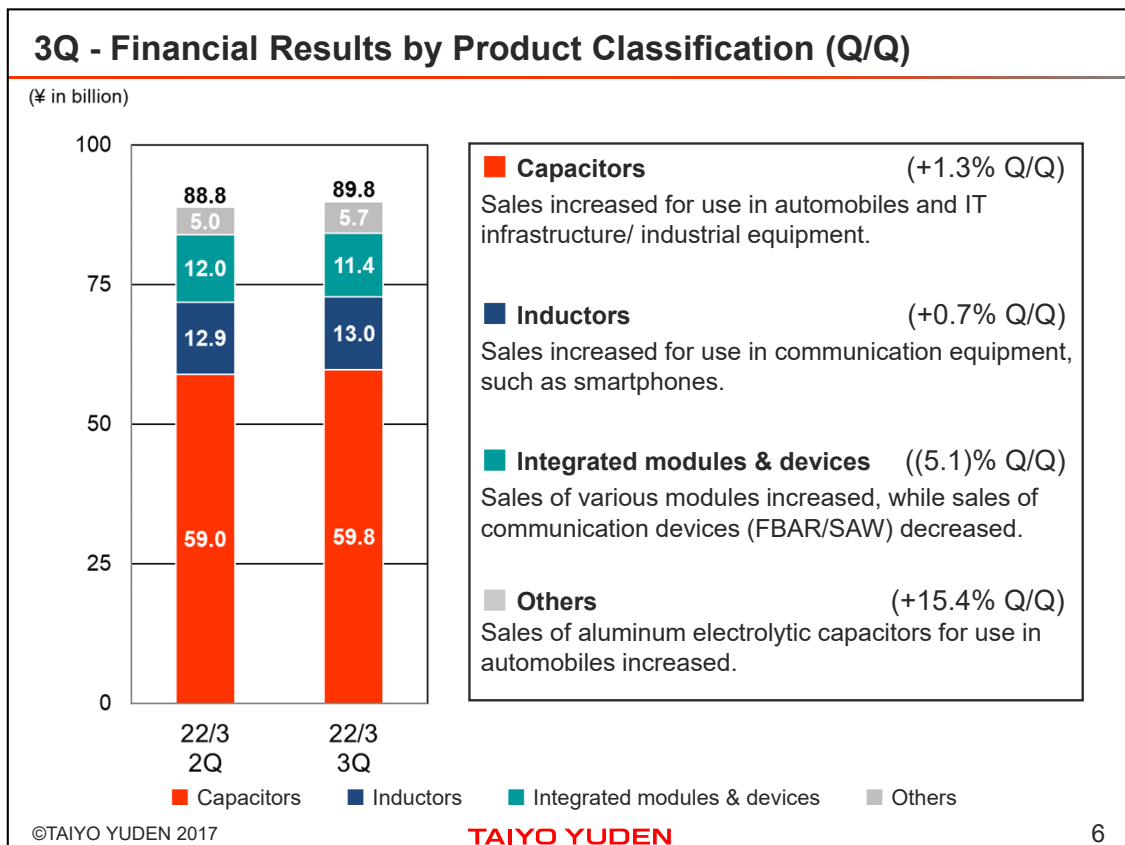
Company-wide inventory as of December 31, 2021 increased 5.5 billion yen from September 30, 2021 on the actual basis excluding the portion with no effect on operating income, such as the impact of exchange rates.

Meanwhile, factors for increase in operating income were the impact of 0.2 billion yen from effect of cost reductions and 1.1 billion yen from impact of exchange rates.

As a result, operating income decreased 1.9 billion yen from the second quarter to 17.6 billion yen.

3Q - Financial Results by Product Classification (Q/Q)

¥ in million	FYE Mar 31, 2022 2Q		FYE Mar 31, 2022 3Q		Change Q/Q	
Capacitors	59,035	66.5%	59,787	66.5%	752	1.3%
Inductors	12,863	14.5%	12,957	14.4%	94	0.7%
Integrated modules & devices	11,959	13.5%	11,351	12.6%	(607)	(5.1)%
Others	4,975	5.6%	5,743	6.4%	768	15.4%
Total net sales	88,833	100.0%	89,840	100.0%	1,007	1.1%

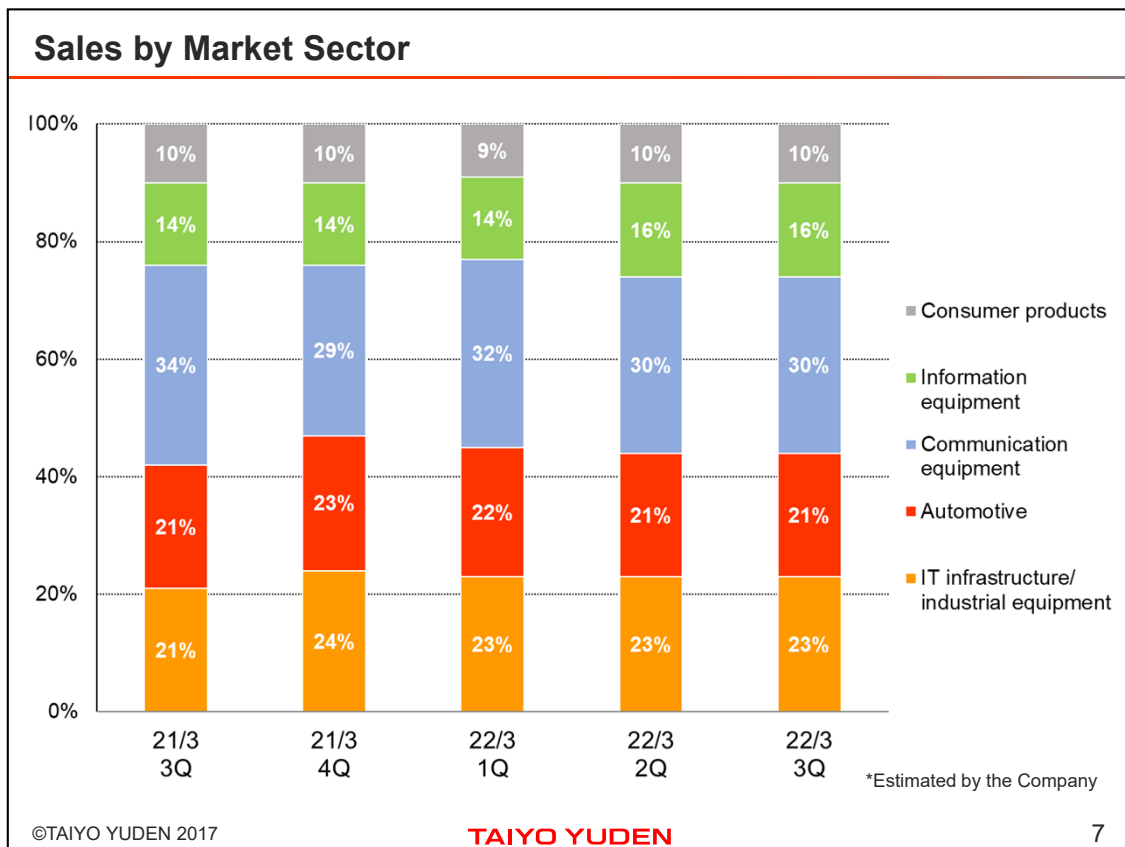


Net sales of capacitors were 59.8 billion yen, up to some extent Q/Q.
Sales increased for use in automobiles and IT infrastructure/industrial equipment.

Net sales of inductors were 13.0 billion yen, up slightly Q/Q.
Sales increased for use in communication equipment due to growth of metal power inductors for use in smartphones.
Sales for other applications decreased.

Net sales of integrated modules & devices were 11.4 billion yen, down 5% Q/Q.
Sales of various modules increased, while sales of communication devices (FBAR/SAW) for use in smartphones decreased due to continued production adjustments in some regions.
Communication devices accounted for approximately 60% of integrated module & device sales.

Net sales of others were 5.7 billion yen, up 15% Q/Q, as sales at subsidiary ELNA increased, mainly of aluminum electrolytic capacitors for use in automobiles.



There were no Q/Q changes in the composition of sales classified by market sector.

Sales for use in communication equipment, such as smartphones, were 30%.

Sales for use in IT infrastructure/industrial equipment, such as servers and base station communication equipment, were 23%.

Sales for use in automobiles were 21%.

Sales for use in information equipment, such as notebook PCs and tablets, were 16%, and sales for use in consumer products, such as smartwatches and games, were 10%.

Forecast of Consolidated Performance

for the year ending March 31, 2022

Full-Year Forecast

¥ in million	FYE Mar 31, 2021		FYE Mar 31, 2022 Forecast		Change Y/Y	
Net sales	300,920	100.0%	345,000	100.0%	44,080	14.6%
Operating income	40,766	13.5%	64,000	18.6%	23,234	57.0%
Ordinary income	41,247	13.7%	64,000	18.6%	22,753	55.2%
Net income attributable to owners of the parent company	28,615	9.5%	48,000	13.9%	19,385	67.7%
Yen/USD average exchange rate	105.97 yen		109.78 yen		3.81 yen depreciated	
R&D expenses	12,550		13,000		450	3.6%
Capital investment	49,699		40,000		(9,699)	(19.5)%
Depreciation expenses	29,256		31,500		2,244	7.7%

- There are no changes to the full-year results forecasts published in November 2021.
- We have changed the forecast for capital investment from the previous 50.0 billion yen to 40.0 billion yen.

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The full-year financial results for FYE March 2022 have not been revised from the forecasts announced in November.

We have changed the forecast for capital investment from the previous 50.0 billion yen to 40.0 billion yen.

This is because there have been some effects from factors such as COVID-19 and longer lead times for equipment parts.

The plan to expand capacity has not changed.

4Q - Forecast by Product Classification

¥ in million	FYE Mar 31, 2022 3Q	FYE Mar 31, 2022 4Q (Change Q/Q)
Capacitors	59,787	Slight decrease
Inductors	12,957	(20-24)%
Integrated modules & devices	11,351	+1-5%
Others	5,743	+5-10%
Total net sales	89,840	(2-5)%
Yen/USD average exchange rate	112.48 yen	(Assumption) 114.00 yen

In the picture of sales by product classification for the fourth quarter compared with the third quarter, sales of capacitors are expected to decline slightly, sales of inductors are expected to decline 20 to 24%, sales of integrated modules & devices are expected to increase 1 to 5%, and sales of others are expected to increase 5 to 10%.

Total sales are expected to decrease 2 to 5%.

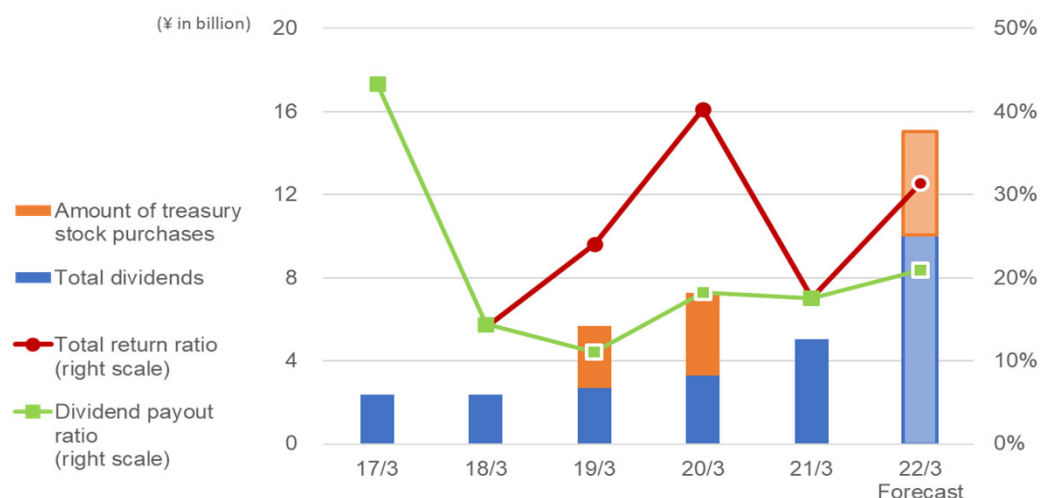
We will continue to monitor customer production trends, supply chain conditions, and the impact of COVID-19 infections and other factors in order to respond to any changes. We have not changed our view that demand for electronic components over the medium term will continue to expand alongside the proliferation of 5G services and increased use of electronic equipment in automobiles.

In order to respond to this demand growth, we will concentrate on developing cutting edge and high reliability products as well as expanding production and sales.

Return to Shareholders

Acquisition of treasury stock

Acquire treasury stock up to a maximum of 5.0 billion yen



Annual cash dividends per share (yen)	20	20	21	26	40	80
Net income per share (yen)	46.08	138.80	189.93	143.04	227.99	382.20

Aim to achieve a stable dividend payout ratio of 30%

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As we announced today, we will acquire treasury stock up to a maximum of 5.0 billion yen.

TAIYO YUDEN has positioned enhancement of shareholder returns as one of its most important management priorities.

We plan to increase the annual dividend per share for the fiscal year ending March 31, 2022 to 80 yen from 40 yen for the fiscal year ended March 31, 2021, and we will further enhance shareholder returns through the acquisition of treasury stock.

Going forward, we will implement flexible acquisition of treasury stock depending on the circumstances, with a basic policy of increasing dividends while considering the balance with making capital investment and engaging in R&D for future growth.

Supplementary Information

Impact of COVID-19

The impact on TAIYO YUDEN's business activities is minor.

Sales Procurement

We are closely monitoring production trends at client companies and suppliers, and final demand for equipment, etc.

Distribution

There is still some impact, such as lengthening distribution lead times and increasing distribution costs. We are addressing this through transportation using alternative flights and routes.

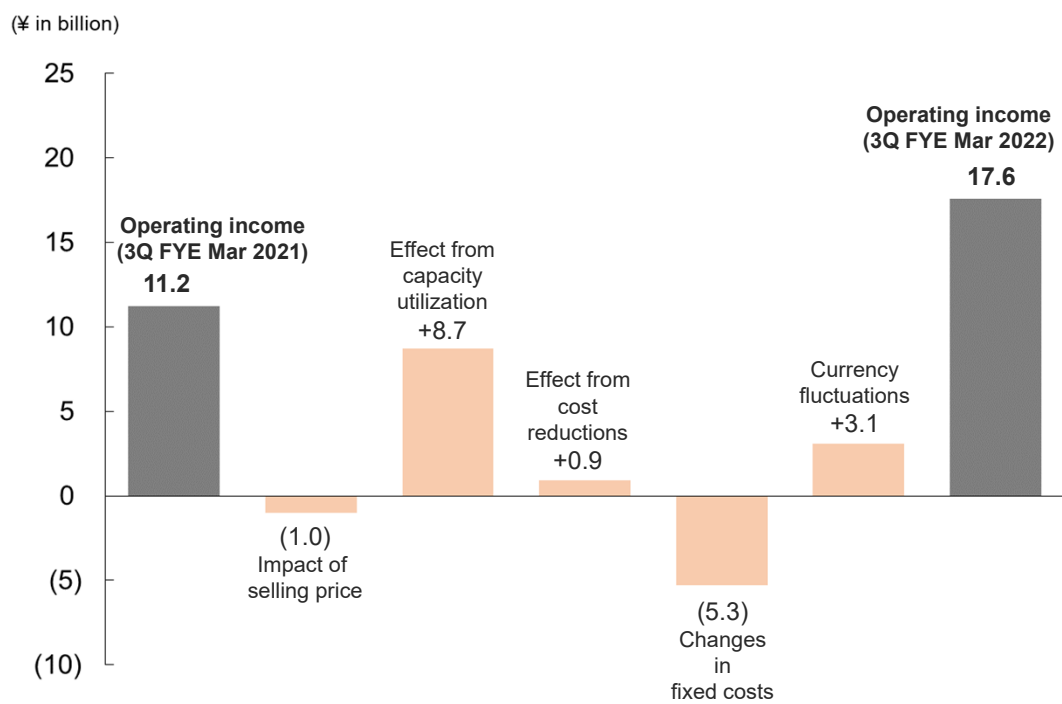
Production

Due to the spread of COVID-19 infections in Malaysia and movement control orders by government authorities, there were constraints on operations at the Group's production subsidiary in that country in June, August and September.
At present, operations are as normal.

3Q - Consolidated Financial Results (Y/Y)

¥ in million	FYE Mar 31, 2021 3Q		FYE Mar 31, 2022 3Q		Change Y/Y	
Net sales	81,226	100.0%	89,840	100.0%	8,614	10.6%
Operating income	11,199	13.8%	17,643	19.6%	6,444	57.5%
Ordinary income	11,422	14.1%	18,390	20.5%	6,968	61.0%
Net income attributable to owners of the parent company	8,383	10.3%	13,410	14.9%	5,027	60.0%
Yen/USD average exchange rate	105.15 yen		112.48 yen		7.33 yen depreciated	
Impact of exchange rate fluctuation	4.7 billion yen on net sales, 3.1 billion yen on operating income * Including the impact of currencies other than US dollars					
R&D expenses	3,200		3,397		196	6.1%
Capital investment	7,160		8,112		952	13.3%
Depreciation expenses	7,558		8,015		456	6.0%

3Q - Factors behind Operating Income (Y/Y)

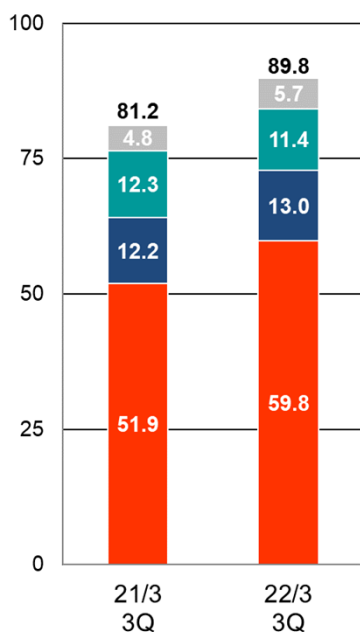


3Q - Financial Results by Product Classification (Y/Y)

¥ in million	FYE Mar 31, 2021 3Q		FYE Mar 31, 2022 3Q		Change Y/Y	
Capacitors	51,895	63.9%	59,787	66.5%	7,891	15.2%
Inductors	12,230	15.1%	12,957	14.4%	727	5.9%
Integrated modules & devices	12,311	15.2%	11,351	12.6%	(959)	(7.8)%
Others	4,788	5.9%	5,743	6.4%	955	20.0%
Total net sales	81,226	100.0%	89,840	100.0%	8,614	10.6%

3Q - Financial Results by Product Classification (Y/Y)

(¥ in billion)



■ Capacitors (+15.2% Y/Y)

Sales increased, for use in information equipment, automobiles, and IT infrastructure/industrial equipment among others.

■ Inductors (+5.9% Y/Y)

Sales increased for use in information equipment such as tablets, communication equipment, and IT infrastructure/industrial equipment.

■ Integrated modules & devices ((7.8)% Y/Y)

Sales of communication devices (FBAR/SAW) decreased.

■ Others (+20.0% Y/Y)

Sales of aluminum electrolytic capacitors for use in automobiles increased.

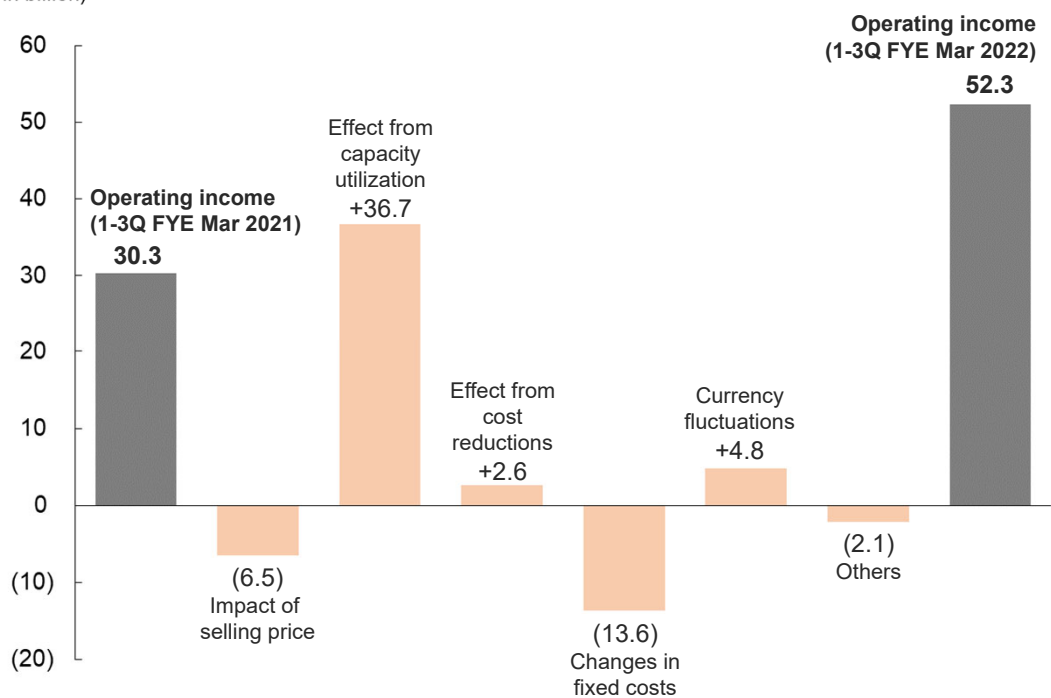
■ Capacitors ■ Inductors ■ Integrated modules & devices ■ Others

1-3Q - Consolidated Financial Results (Y/Y)

¥ in million	FYE Mar 31, 2021 1-3Q		FYE Mar 31, 2022 1-3Q		Change Y/Y	
Net sales	221,449	100.0%	262,510	100.0%	41,061	18.5%
Operating income	30,326	13.7%	52,299	19.9%	21,972	72.5%
Ordinary income	29,605	13.4%	53,934	20.5%	24,329	82.2%
Net income attributable to owners of the parent company	19,825	9.0%	41,859	15.9%	22,034	111.1%
Yen/USD average exchange rate	106.53 yen		110.53 yen		4 yen depreciated	
Impact of exchange rate fluctuation	9.5 billion yen on net sales, 4.8 billion yen on operating income * Including the impact of currencies other than US dollars					
R&D expenses	9,408		9,755		347	3.7%
Capital investment	35,158		24,784		(10,374)	(29.5)%
Depreciation expenses	21,435		22,987		1,552	7.2%

1-3Q - Factors behind Operating Income (Y/Y)

(¥ in billion)



1-3Q - Financial Results by Product Classification (Y/Y)

¥ in million	FYE Mar 31, 2021 1-3Q		FYE Mar 31, 2022 1-3Q		Change Y/Y	
Capacitors	144,567	65.3%	172,031	65.5%	27,463	19.0%
Inductors	31,062	14.0%	37,207	14.2%	6,145	19.8%
Integrated modules & devices	33,717	15.2%	37,288	14.2%	3,571	10.6%
Others	12,101	5.5%	15,982	6.1%	3,881	32.1%
Total net sales	221,449	100.0%	262,510	100.0%	41,061	18.5%

1-3Q - Financial Results by Product Classification (Y/Y)

(¥ in billion)



Capacitors (+19.0% Y/Y)

Sales increased for all applications.

Inductors (+19.8% Y/Y)

Sales increased for use in information equipment, communication equipment, automobiles and IT infrastructure/industrial equipment.

Integrated modules & devices (+10.6 % Y/Y)

Sales of communication devices (FBAR/SAW) and various modules increased.

Others (+32.1% Y/Y)

Sales of aluminum electrolytic capacitors for use in automobiles increased.

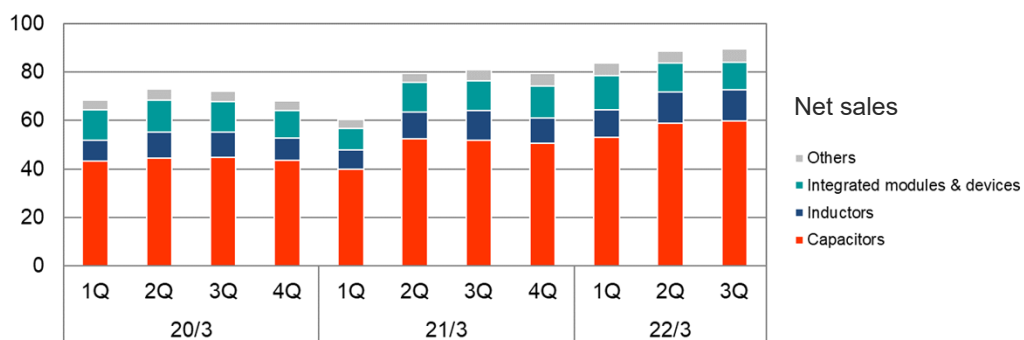
Capacitors Inductors Integrated modules & devices Others

Consolidated Earnings Trends (Quarterly)

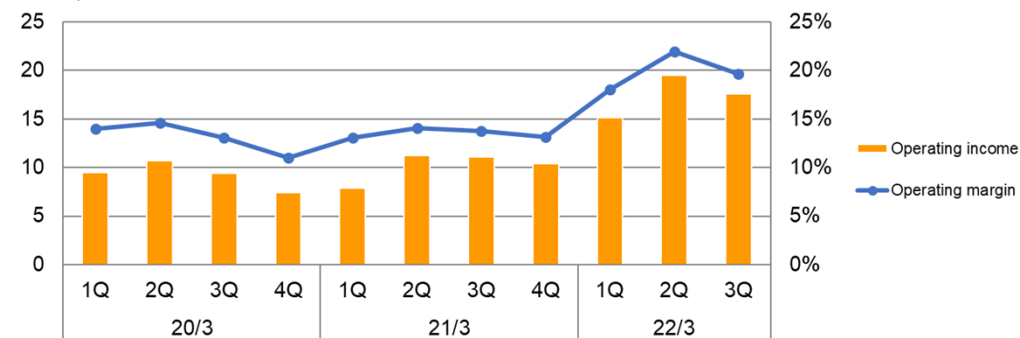
¥ in million	FYE Mar 31, 2020				FYE Mar 31, 2021				FYE Mar 31, 2022		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Net sales	68,635	73,272	72,187	68,233	60,493	79,728	81,226	79,471	83,836	88,833	89,840
Capacitors	43,338	44,473	44,907	43,738	40,075	52,596	51,895	50,630	53,209	59,035	59,787
Inductors	8,633	10,742	10,303	9,090	7,928	10,903	12,230	10,501	11,386	12,863	12,957
Integrated modules & devices	12,523	13,436	12,621	11,226	9,075	12,330	12,311	13,213	13,977	11,959	11,351
Others	4,139	4,620	4,354	4,178	3,413	3,899	4,788	5,125	5,263	4,975	5,743
Operating income	9,595	10,703	9,446	7,431	7,923	11,203	11,199	10,440	15,147	19,508	17,643
Ordinary income	8,846	10,330	9,152	6,835	7,371	10,812	11,422	11,641	15,174	20,370	18,390
Net income attributable to owners of the parent company	7,151	8,180	4,666	(1,975)	4,541	6,900	8,383	8,789	12,969	15,479	13,410
Yen/USD average exchange rate	110.95 yen	107.58 yen	108.17 yen	109.54 yen	107.61 yen	106.82 yen	105.15 yen	104.31 yen	109.00 yen	110.10 yen	112.48 yen

Consolidated Earnings Trends (Quarterly)

(¥ in billion)



(¥ in billion)

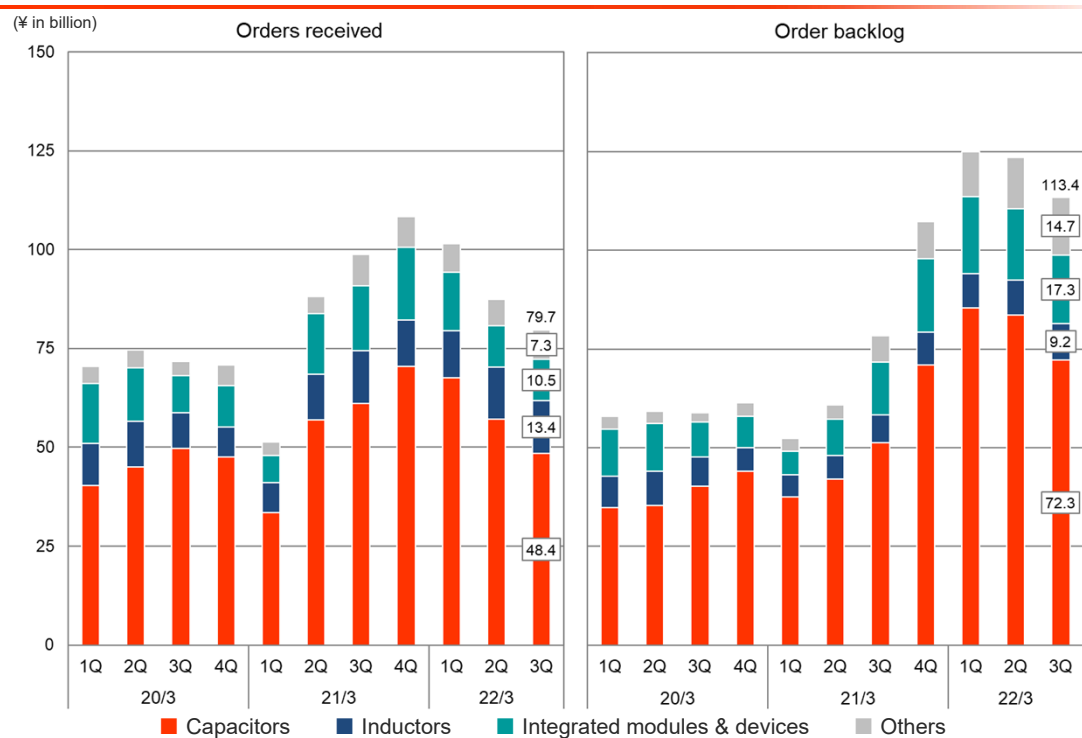


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Orders Received and Order Backlog Trends (Quarterly)



Forward-looking statements

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