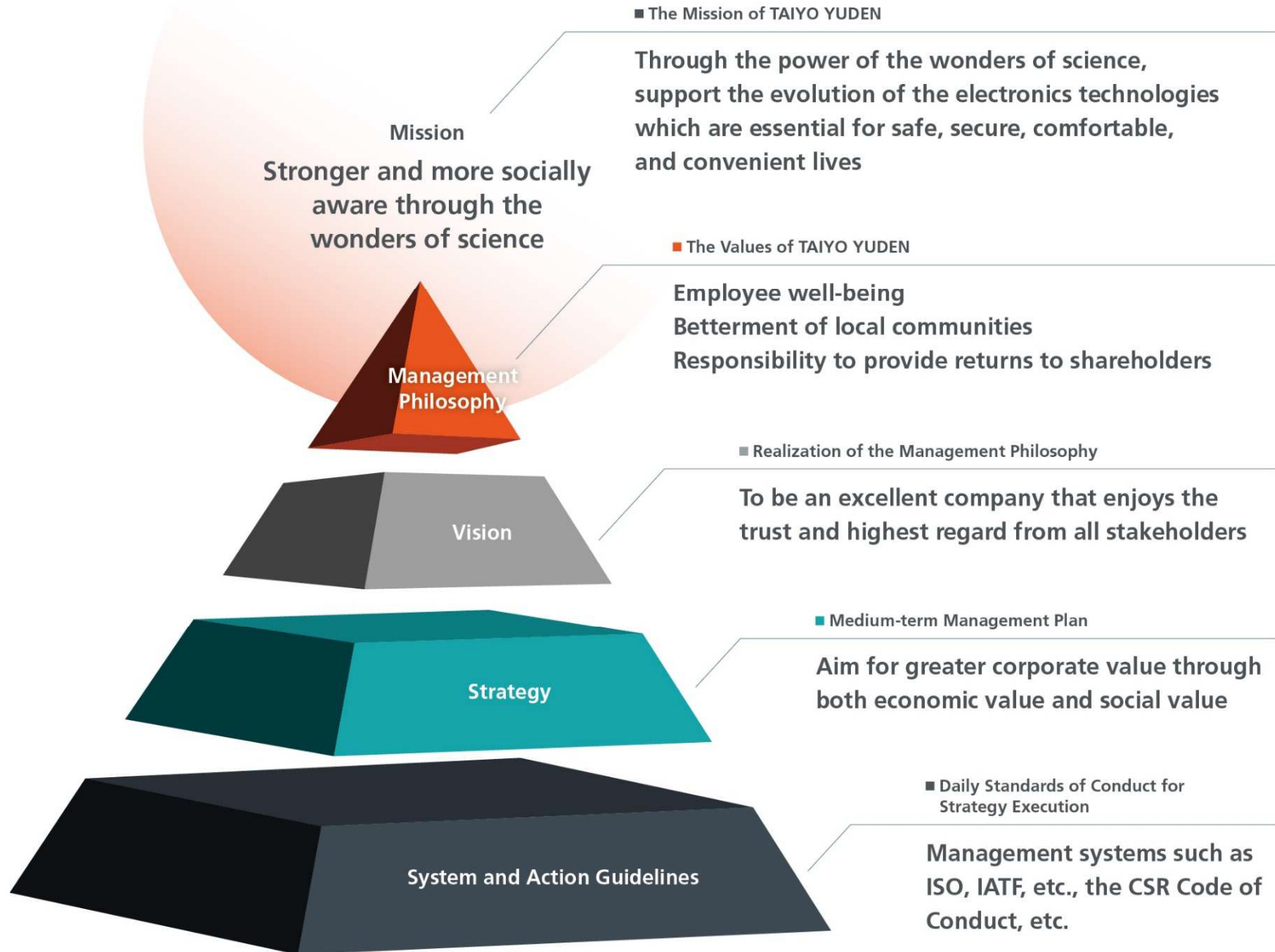


Management Policies

Katsuya Sase
Representative Director, President and CEO

May 8, 2024











What TAIYO YUDEN Group aims for



Medium-term Management Plan 2025

(From FY2021 to FY2025)

Materiality

Category	Materiality	SDGs Targets
<p>Economic Value</p>	<ul style="list-style-type: none"> • Strengthen core technologies to make our core business grow • Create solutions to solve social issues 	 
<p>Social Value E Environmental</p>	<ul style="list-style-type: none"> • Strengthen measures to address climate change • Use resources effectively and contribute to creating a recycling society 	  
<p>Social Value S Social</p>	<ul style="list-style-type: none"> • Achieve health-oriented management and work style reforms at safety first workplace • Train and develop human resources based on the diversity policy 	  
<p>Social Value G Governance</p>	<ul style="list-style-type: none"> • Improve management quality to support business growth • Establish and evolve BCM in preparation for disasters or infectious diseases 	 

Priority Measures in Medium-term Management Plan 2025

Aim to enhance corporate value through the combination of economic and social value

1

Product Strategy

Further grow the MLCC business and strengthen inductor and communication device products to turn them into core businesses

- Create high value-added electronic components centered on high-end and high-reliability products

2

Market Strategy

Increase the proportion of sales in focus markets, primarily automotive and IT infrastructure/industrial equipment, to 50%

3

Financial Strategy

1. Continuously expand production capacity to meet increase in demand for electronic components
2. Aim to increase returns to shareholders and realize a stable dividend payout ratio of 30%

4

ESG Initiatives

Accelerate our efforts with numerical targets to improve our social value

- (E) Response to climate change, (S) Achieve health-oriented management and work style reforms at safety first workplace, (G) Improve management quality

KPIs in Medium-term Management Plan 2025

Corporate Value (Economic Value + Social Value)

Economic Value

Net sales	480 billion yen
Operating margin	15% or higher
ROE	15% or higher
ROIC	10% or higher

Social Value

E GHG emissions	Absolute amount FY2030 42% reduction ※compared with FY2020
E Waste Water usage	Basic unit (production volume) FY2025 10% reduction ※compared with FY2020
S Safe & secure workplace Optimization of group base functions	<ul style="list-style-type: none"> • Creating safe, comfortable and environmentally friendly workplaces • Incidence rate of injuries and illness <0.016 • Accident frequency rate <0.08
S Work style reforms Diversity	<ul style="list-style-type: none"> • Work engagement 2.5 or higher • Rate of newly recruited female graduates 30% or higher • Female manager ratio FY2030 10% or higher

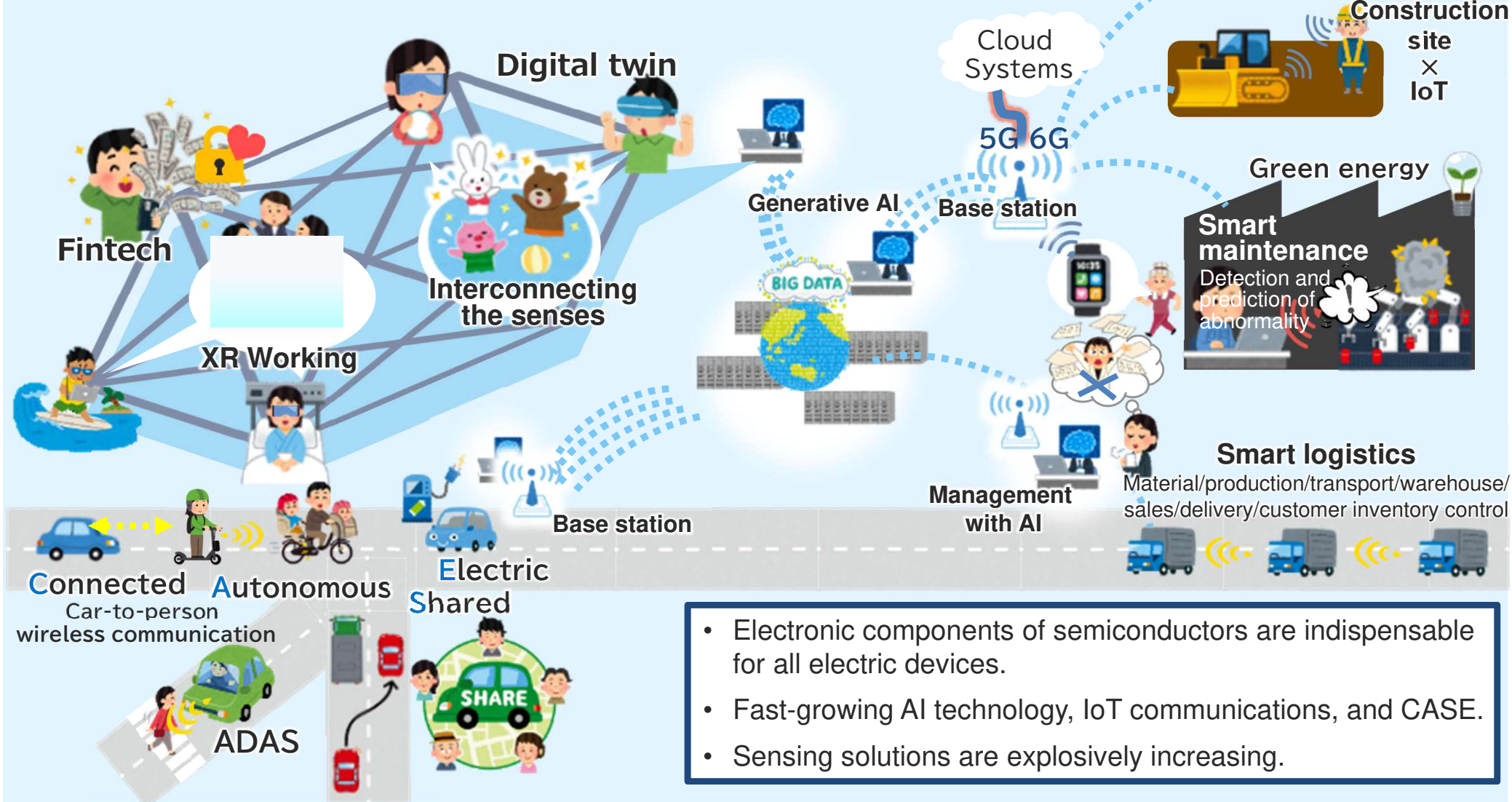
※Exchange rate assumption : 1US\$=¥105

Improving Economic Value

A Future Society Imagined by TAIYO YUDEN ~Towards 2025 - 2030~

The arrival of a connected world

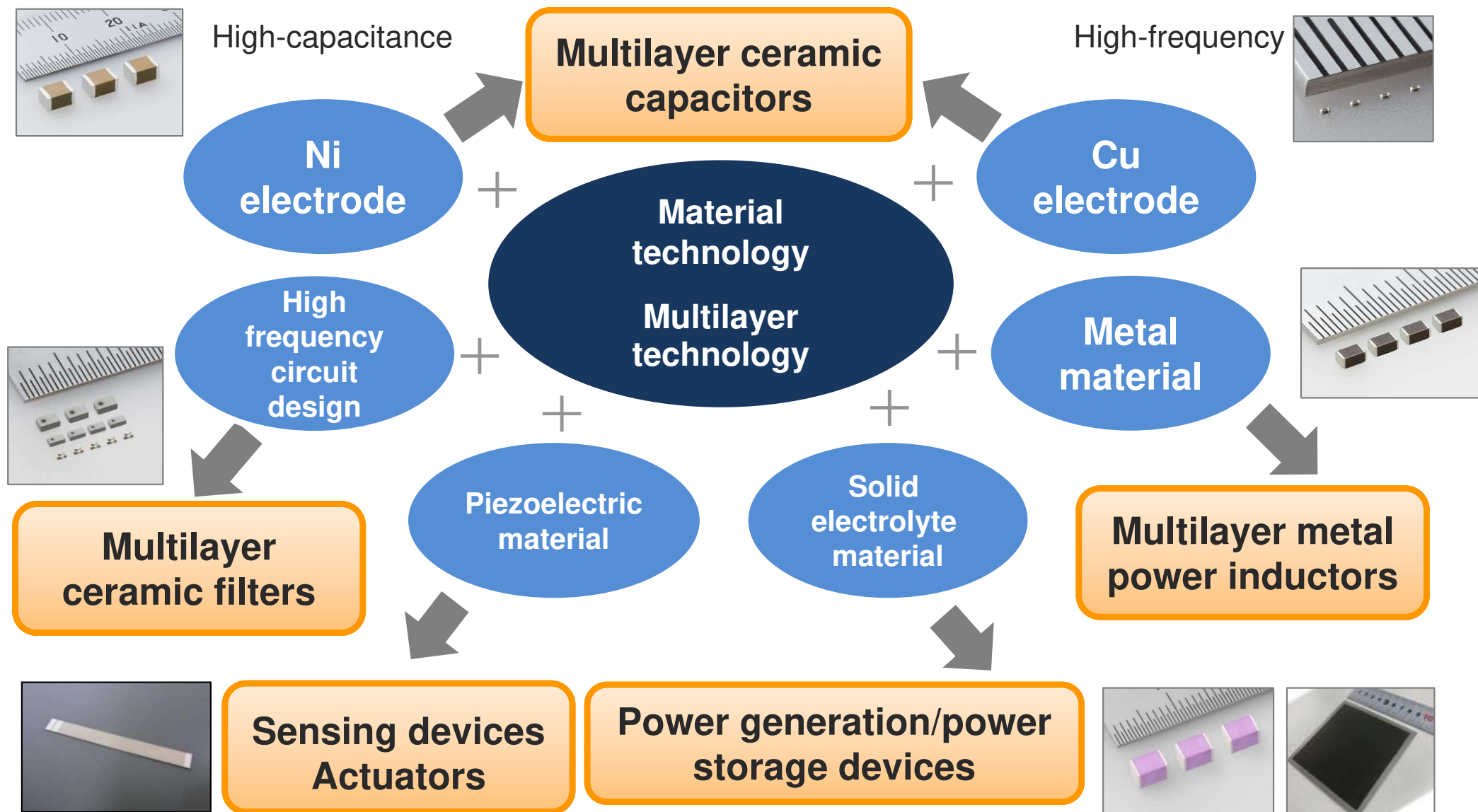
- The Social Impact of Web 3.0, Generative AI, and Digital Twins - Revolutionizing the way we live and work. As a result, there has been an explosive growth in electronic devices and systems.



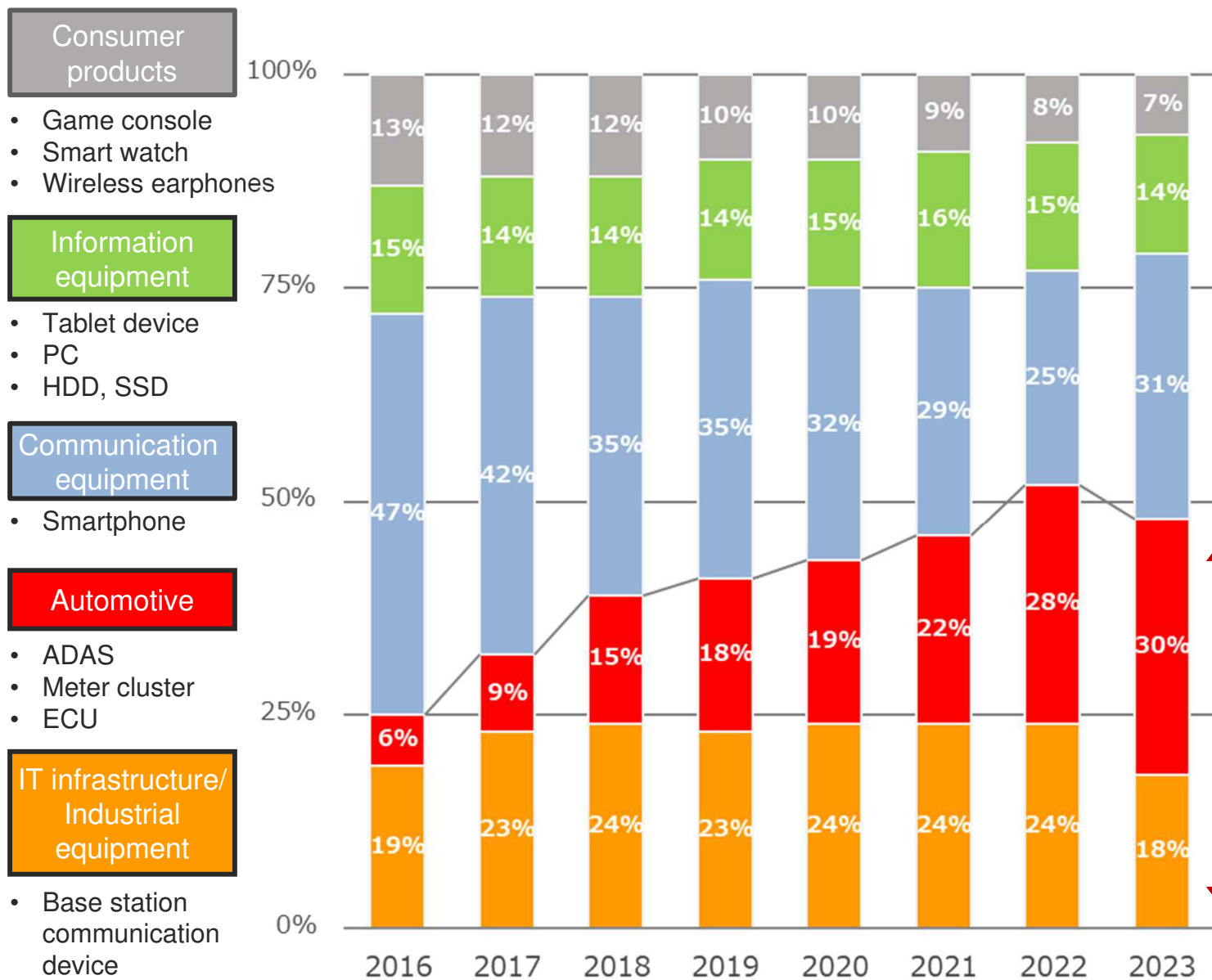
- Electronic components of semiconductors are indispensable for all electric devices.
- Fast-growing AI technology, IoT communications, and CASE.
- Sensing solutions are explosively increasing.

Product development using material and multilayer technologies

Leverage outstanding technological expertise to supply high-end electronic components that underpin technological evolution in such areas as 5G and electrification of automobiles



Sales Composition by Market Sector



Targets

Focus Market

50%

Automotive 25%
IT infrastructure/
Industrial equipment 25%

► Sales ratio of growth market was expanded

Focus Market

48%

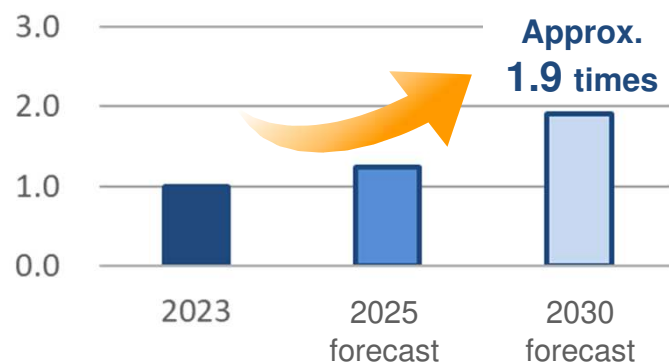
*Estimated by the Company

Product Strategy: Capacitors

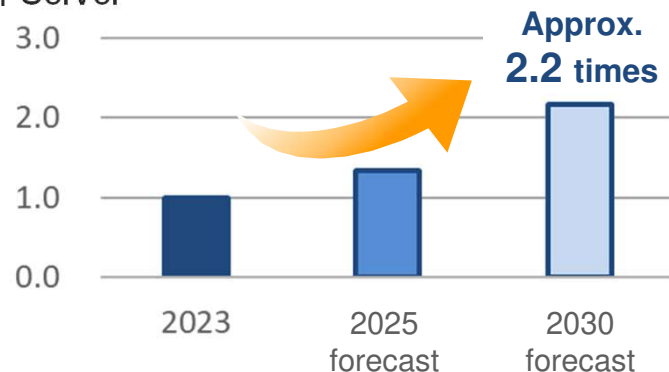
Focus on high-value-added zones by drawing on industry-leading technological expertise

■ Strengthen the product appeal of high-reliability products and large-sized products

- Product development to meet the needs of automobiles and IT infrastructure/ Industrial equipment
Demand forecast for MLCC (volume based)
For Automotive



For Server



*Estimated by the company

■ Expand production capacity in response to medium-term demand

- In FY2023, completed the construction of new plants and started operation in China and Malaysia
- Expansion of supply capacity, focusing on high-reliability products and large-sized products



TAIYO YUDEN (CHANGZHOU)



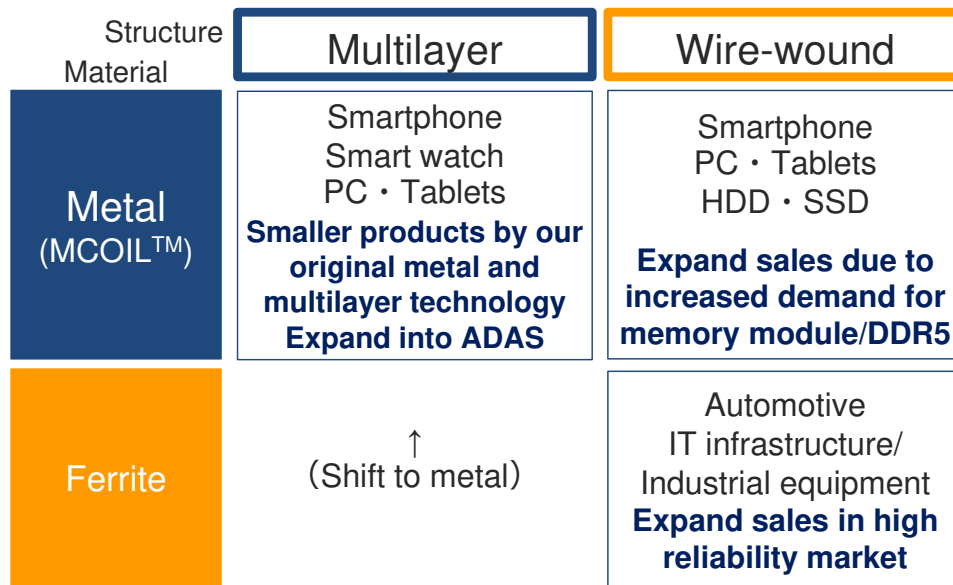
TAIYO YUDEN (SARAWAK)

Product Strategy: Inductors

Increase competitive advantage in power inductors and improve profitability by improving item mix

■ An extensive lineup of power inductors built on advanced elemental technologies

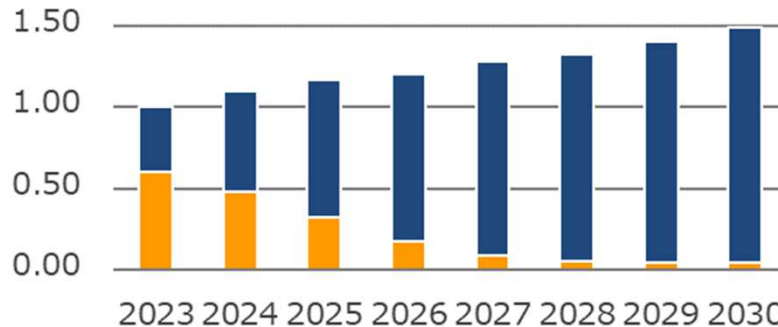
Diversify our markets and customer base by expanding into the fields of smartphones, IoT, automotive, and IT infrastructure/industrial equipment.



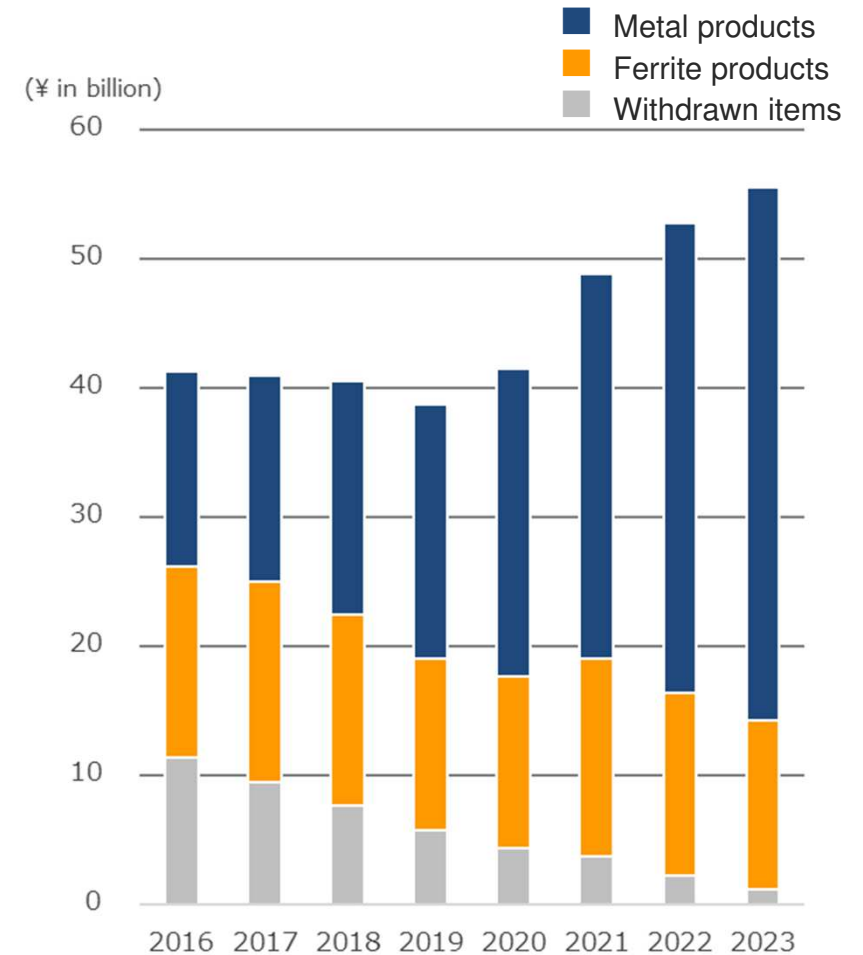
Demand forecast for Memory Module (volume based)

■ DDR5
■ ~DDR4

*Estimated by the company



■ Improve product mix and shift to a more profitable structure



* "MCOIL" is a registered trademark or a trademark of TAIYO YUDEN CO., LTD. in Japan and other countries.

Product Strategy: Communication devices (FBAR/SAW, multilayer ceramic filters)

Pursue high-value-added businesses by making the best use of original technologies

■ New technology; TLSAW™, HPDP

Meet the high-level technical requirements essential for the evolution of mobile devices.

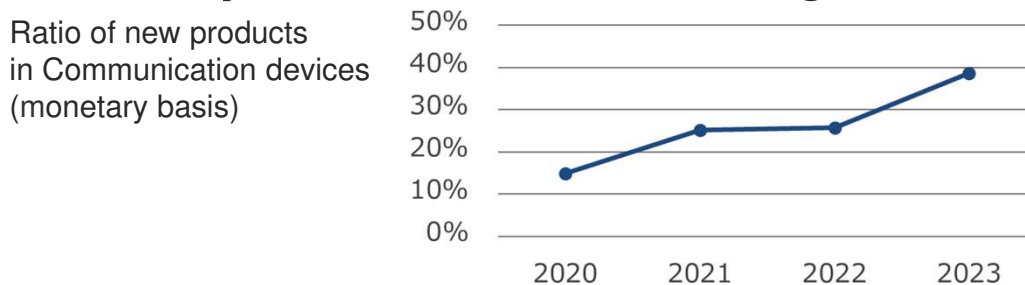
- **TLSAW™** (Element technology)
 - ... Low loss, wide band, and high suppression
 - Under mass production, lineup expansion
- **HPDP** (Packaging technology) ... Ultra-thin and high reliability
 - Unique metal sealing for high power resistance and high integration

*product classification: Integrated modules & devices

Upper row: size (mm), Lower row: height (mm) (sample)
For high-density modules

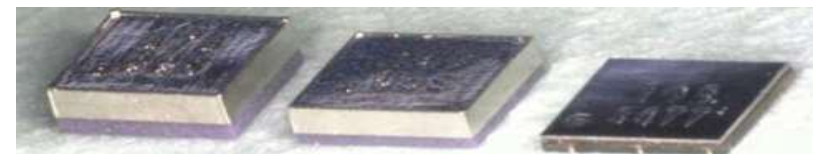
Integration		For discrete	For module	For high-density modules
		Size (mm)	Height (mm)	Height (mm)
↑	4 Quad	2520 0.8	TLSAW™ 2016 0.35	TLSAW™ 1814 0.15 HPDP
	2 Dual	1814 0.5	TLSAW™ 1612 0.35	TLSAW™ 1612 0.25
	1 Single	1109 0.5	TLSAW™ 0907 0.35	TLSAW™ 0806 0.25
		→ Smaller, thinner		

■ Increase ratio of new products due to development of new technologies



■ Providing high value-added products and development in new markets

Expand the business in telematics, M2M, the IoT, and base station based on smartphone market to meet the requirements of miniaturization, thinning and high integration.



* "TLSAW" is a registered trademark or a trademark of TAIYO YUDEN CO., LTD. in Japan and other countries.

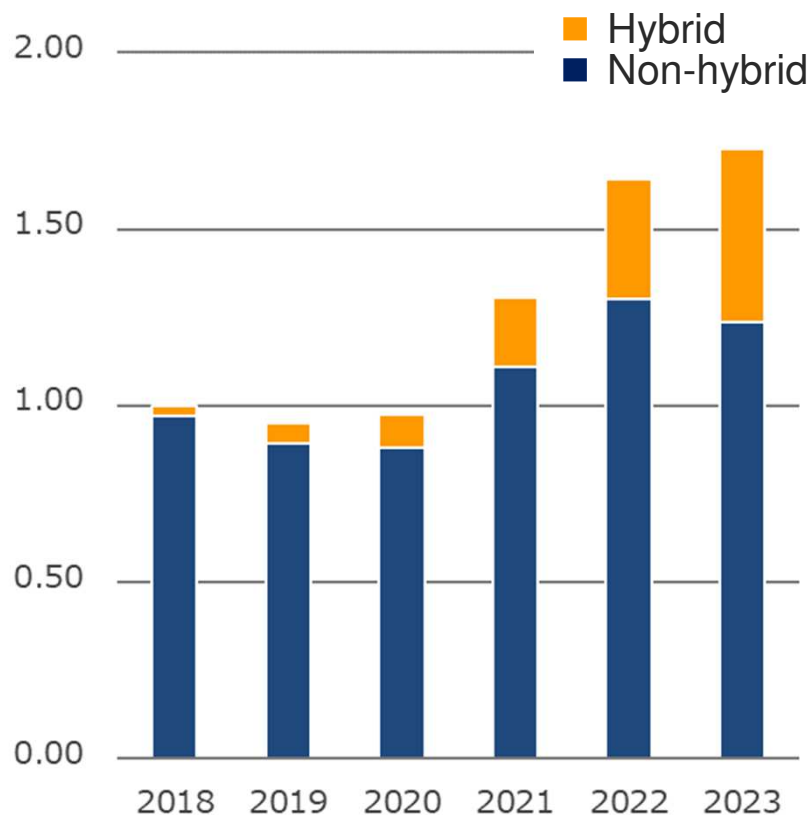
Product Strategy: Conductive Polymer Hybrid Aluminum Electrolytic Capacitors

Expand sales in high-value-added markets, especially automobiles

*product classification : Others

- Focus on high-performance conductive polymer hybrid aluminum electrolytic capacitors, thereby improving profitability

Net sales of conductive polymer hybrid aluminum electrolytic capacitors (monetary basis)



ELNA

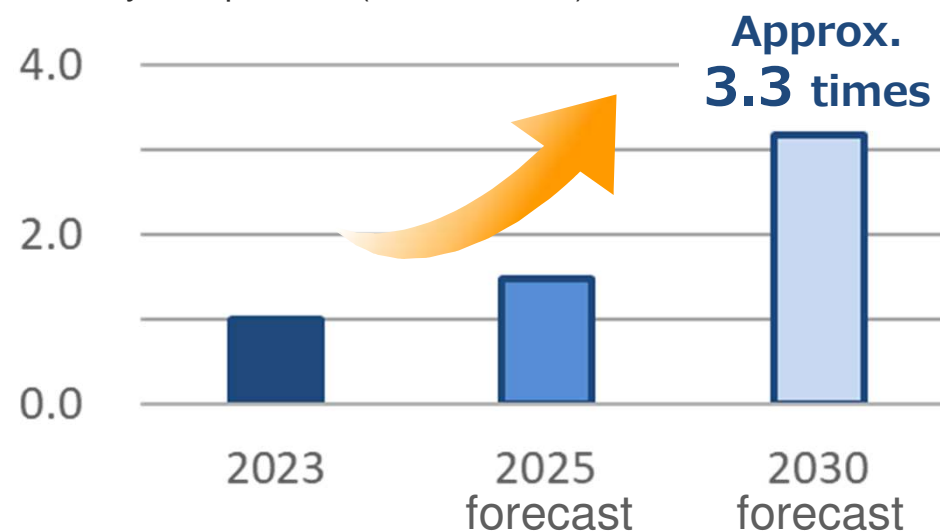


TAIYO YUDEN

- Increase production capacity to meet growing demand in automotive market

- Demand for automobiles is growing rapidly due to the adoption of xEVs, electrification of powertrains, and advancement of ADAS
- Build an efficient integrated domestic system from product development to production to increase production capacity

Demand forecast for conductive polymer hybrid aluminum electrolytic capacitors (volume basis)



*Estimated by the company

Develop solutions to social issues by combining our original technology and outside technical resources

Towards a carbon-free society through smart mobility

Regenerative electric assist system for electric assisted bicycle



Travel up to 1000 km* on a single charge



Protect people with disaster prevention/mitigation

River water level monitoring system

Create a Safe, Secure, Comfortable and Convenient Society with IoT

IoT engine "soliot™"
Example:
One-coin flood sensor

Build efficient societal infrastructure

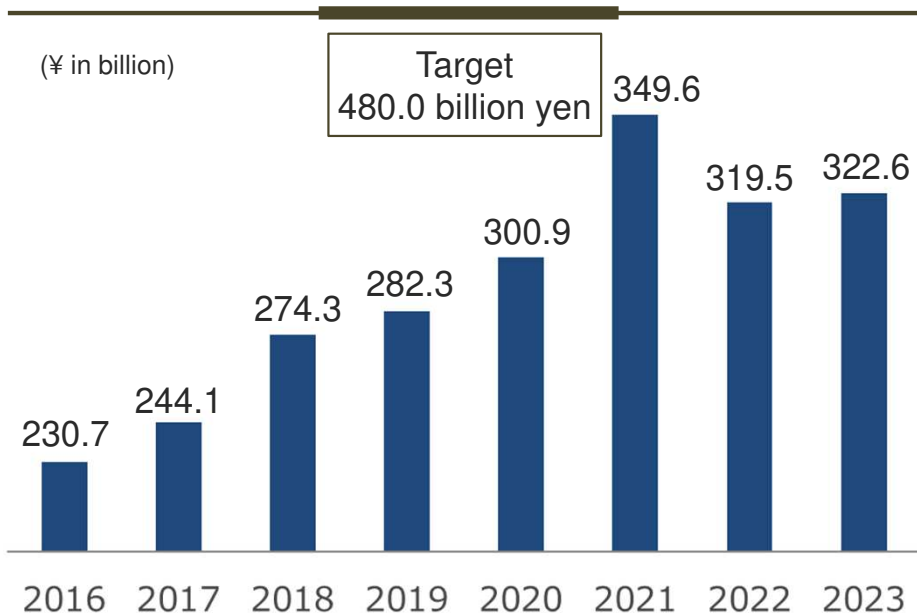
Cellular LPWA modules
Example: Smart meters

Note: Measurement pattern according to JIS (JIS D9115:2018) for prototype bicycles (Eco Mode 1000 km, Middle Mode 200 km, High Mode 100 km)

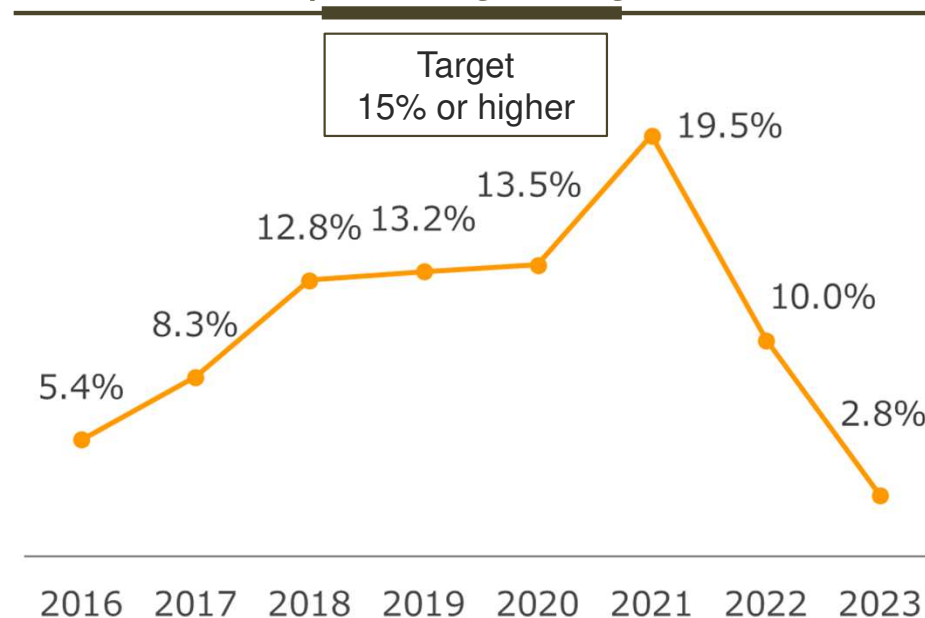
* "FEREMO" and "solio", "soliot" are registered trademarks or trademarks of TAIYO YUDEN CO., LTD. in Japan

KPIs (Economic Value)

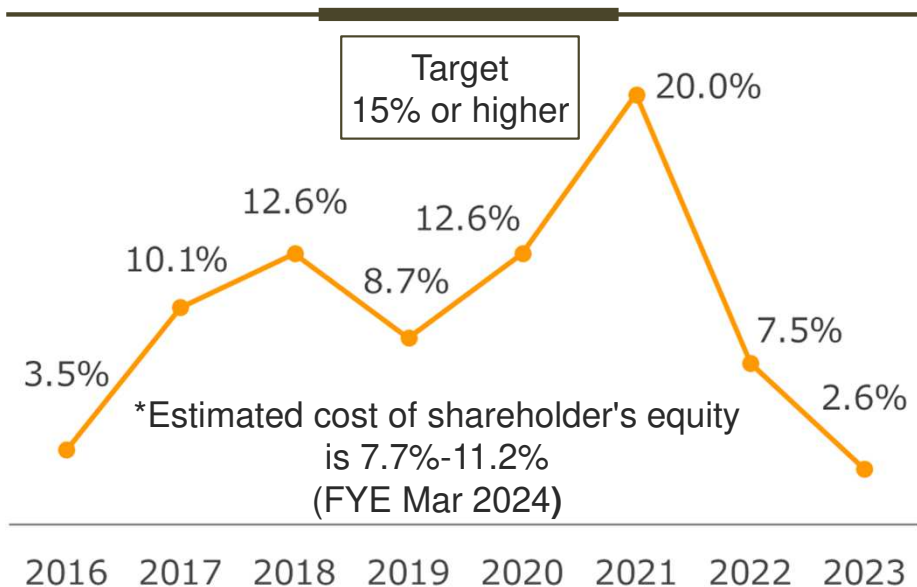
Net sales



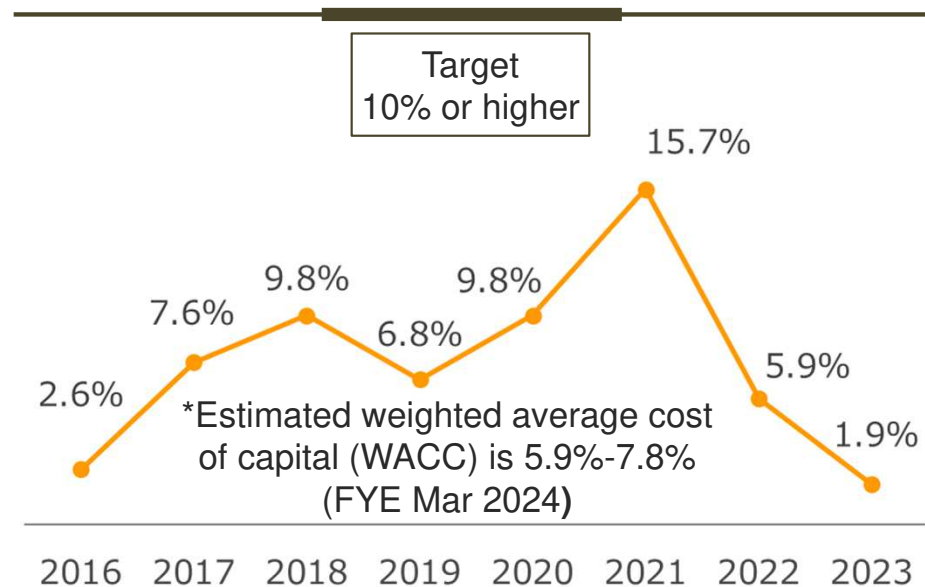
Operating margin



ROE



ROIC



Improving Social Value

GHG emissions

■ Conversion to 100% renewable energy at three bases in Japan.

Installed solar power generation facilities on site.
Conversion to 100% renewable energy through energy creation and use of renewable energy.



R&D Center
(Takasaki-City, Gunma Prefecture)

- FY2024-: R&D Center
Sun Vertex Co., Ltd.
- FY2025-: Takasaki Global Center

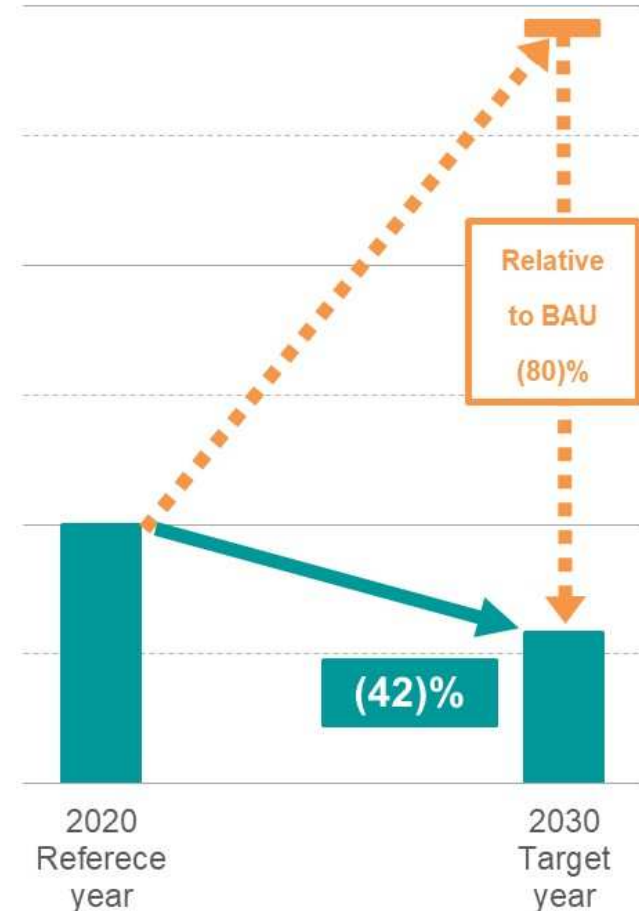
■ Selected for inclusion in CDP's "Climate Change A List" and "Supplier Engagement Rating" for 2 years in a Row

Highly rated by CDP, an international environmental NPO in recognition for our efforts for energy efficiency & conservation, energy creation, and the utilization of renewable energy, climate change countermeasures based on TCFD, and collaboration with suppliers.



Reduce GHG emissions by 42% (absolute amount)

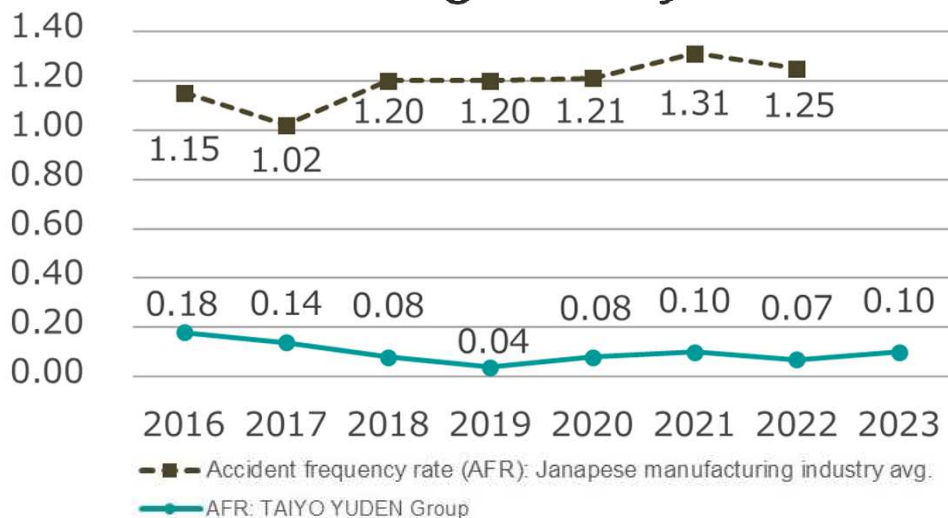
In the business-as-usual (BAU) scenario, nearly triples due to production increases



ESG Initiatives ~S : Social~

Safe & secure workplace

■ One of the safest work environment in manufacturing industry



$$\text{AFR} = \frac{\text{Number of the victims of occupational injury (at least one workday lost)}}{\text{Total actual number of hours worked by registered workers}} \times 1,000,000$$

■ Build a safer workplace through 5Ms

- Man** Implementation of basic education and creation of a “safe workplace” culture
- Machine** Raise the level of equipment safety design among designers
- Method** Standardization of procedures for safe work
- Material** Minimization of toxicity and danger of chemical substances
- Measurement** Strengthening of checking system

Work style reforms/Diversity

■ Promote health-oriented management through “Focus5”



■ Newly established the diversity development department

Gender Set fostering awareness period until FY2025 for promotion of women’s participation and advancement in the workplace. Held diversity training, social gatherings, and other events. Continue to improve a workplace environment where diverse human resource fulfill their potential, encourage to obtain childcare leave, and support for career development.

Employment of people with disabilities Opened a café and bakery in the office to hire people with disabilities and enhance employee benefits..

Improvement of work engagement

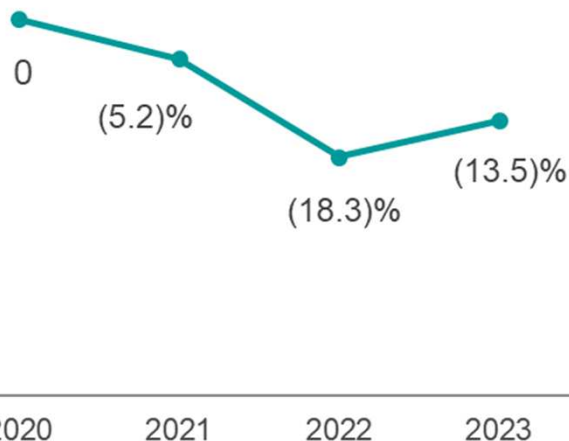
Aim to be a company where employees work with vitality in good health

KPIs (Social Value)

*As of April 1

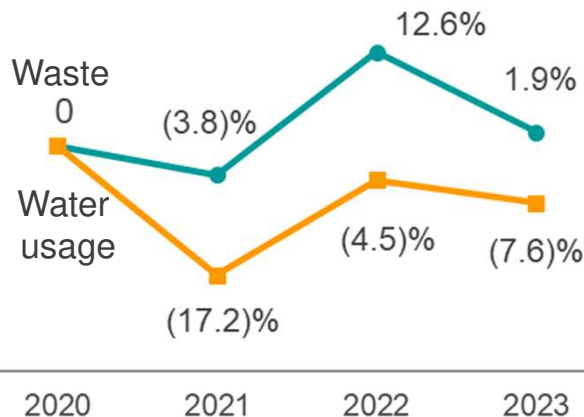
GHG emissions

Target for FY2030
Reduce absolute amount by 42%
(on a single-year basis (4.2)% equivalent)



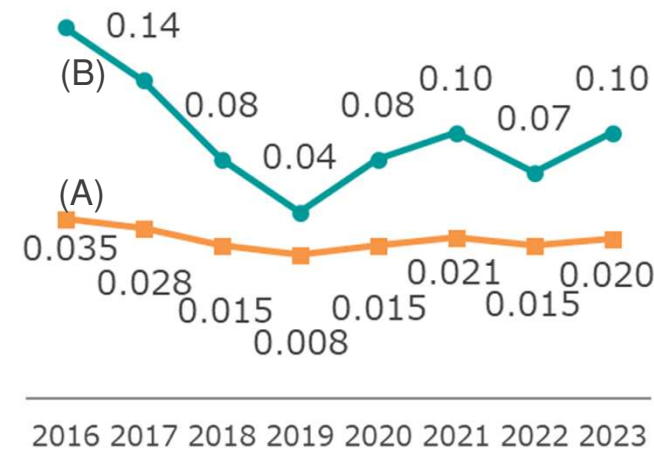
Waste, Water usage

Target for FY2025
Reduce by 10% (basic unit)
(on a single-year basis (2.0)% equivalent)



Incidence rate of injuries and illness Accident frequency rate

Targets
Incident rate (A) <0.016
Accident frequency rate (B) <0.08



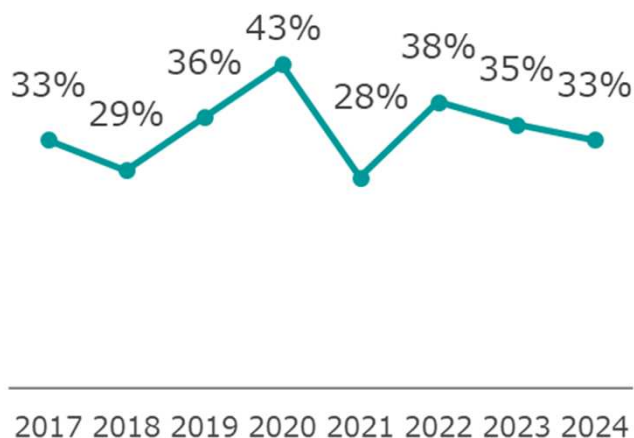
Work engagement

Target
2.5 or higher



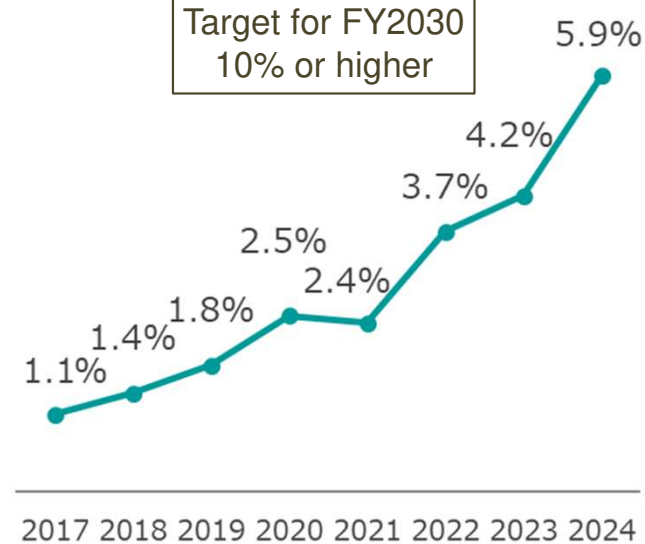
Rate of newly recruited female graduates*

Target
30% or higher



Female manager ratio*

Target for FY2030
10% or higher



Capital Allocation Policy

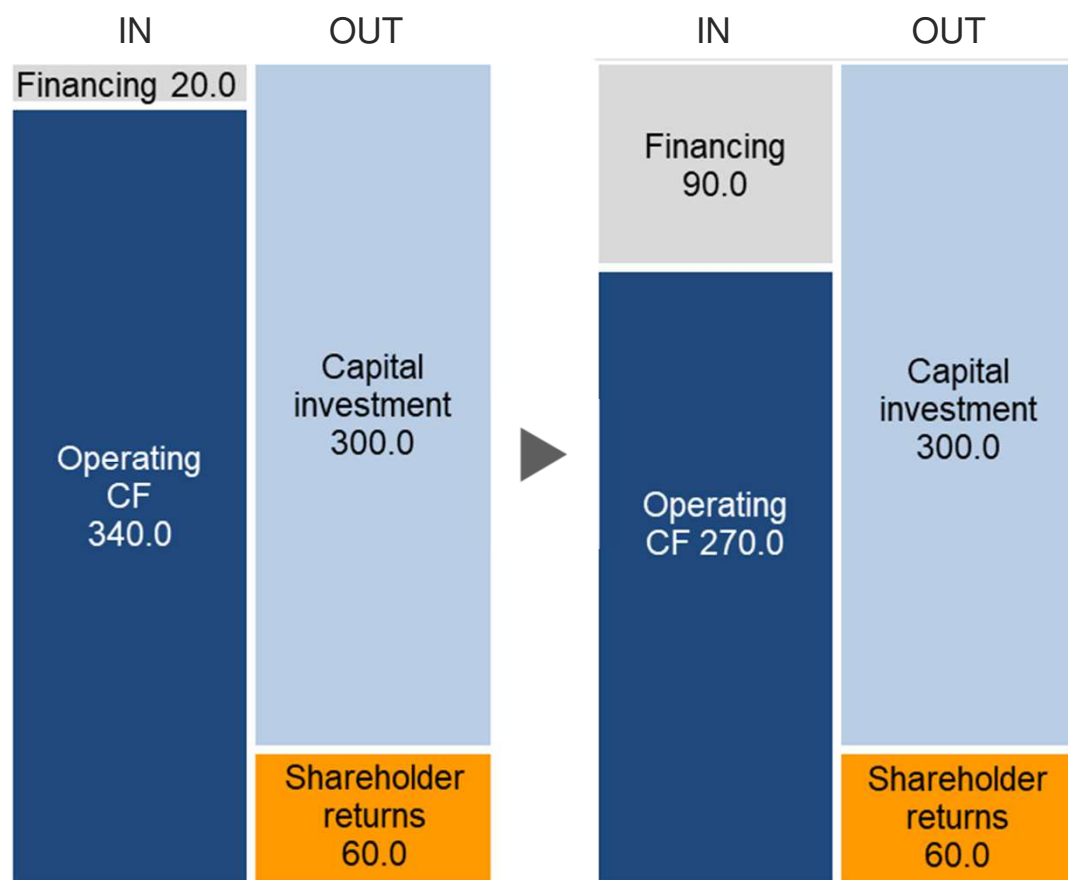
Capital Allocation Policy

Plan to implement capital investments of ¥300 billion in total over five years to meet increase in demand of electronic components

Medium-term management plan 2025

(FY2021~FY2025)

(¥ in billion)



As of May 2021

As of May 2024

Financing

- Issuance of convertible bonds with share acquisition rights to raise ¥50 billion (October, 2023)

Capital investments plan

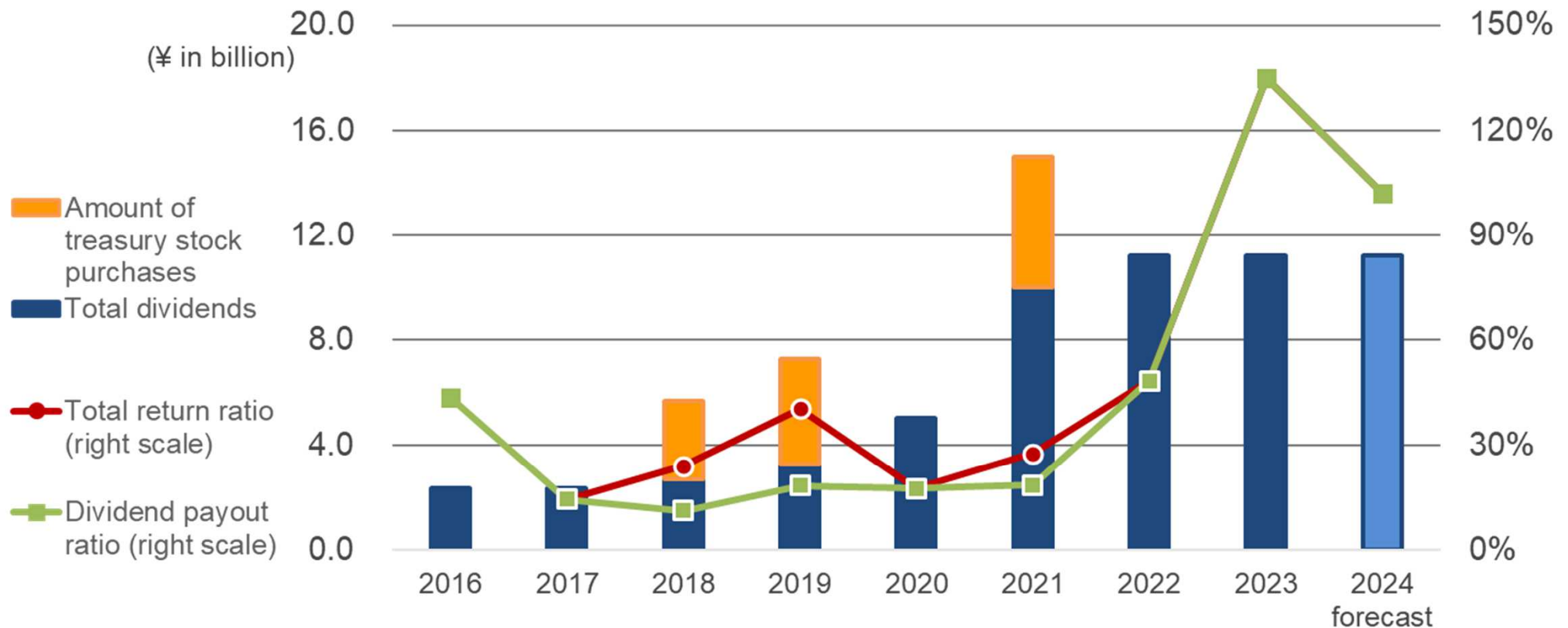
- Focused investments in MLCCs. Plans for strengthening capacity by 10-15% annually (equipment load base)
- Expand production capacity of metal power inductors and conductive polymer hybrid aluminum electrolytic capacitors.
- Investment for the environment, IT, and building safe and comfortable workplaces. (approx. 10% of the capital investments plan)

Shareholder return policy

- Realize a stable dividend payout ratio of 30%
- Implement share buybacks as necessary

Shareholder Return Policy

Aim to realize a stable dividend payout ratio of 30% as a medium-term target. Implement share buybacks as necessary



Annual cash dividends per share (yen)	20	20	21	26	40	80	90	90	90
Basic earnings per share (yen)	46.08	138.80	189.93	143.04	227.99	433.46	186.32	66.75	88.26

Forward-looking statements

This document contains information about the plans, business results, and strategies of TAIYO YUDEN CO., LTD. and the TAIYO YUDEN Group. These forward-looking statements other than historical facts represent judgments made by the Company based on information available at present and are inherently subject to a variety of uncertainties. TAIYO YUDEN cannot provide any guarantee as to the attainment of certain figures in the future. The Company's actual activities and business results could differ significantly due to changes including, but not limited to, changes in the electronics market in which the Company's business activities are centered. Readers should not overly rely on the information contained in this document.

TAIYO YUDEN