

Management Policies

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President and Chief Executive Officer

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What TAIYO YUDEN Aims For

Mission

Stronger and more socially aware through the wonders of science

Management Philosophy

Employee well-being

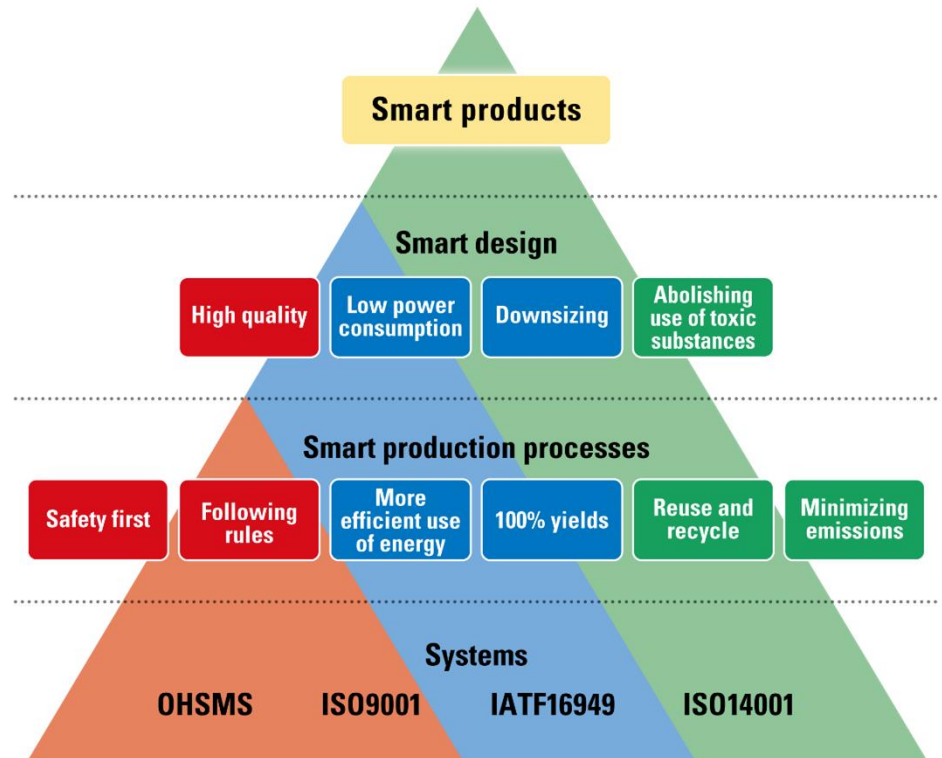
Betterment of local communities

Responsibility to provide returns to shareholders

Vision

TAIYO YUDEN VISION











To be an excellent company that enjoys the trust and highest regard from all stakeholders



Medium-term Management Plan 2025

(From FY2021 to FY2025)

Materiality

Category	Materiality	SDGs Targets
Economic Value	<ul style="list-style-type: none"> Strengthen core technologies to make our core business grow Create solutions to solve social issues 	<div> <div> 7 AFFORDABLE AND CLEAN ENERGY  </div> <div> 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE  </div> </div>
Social Value E Environmental	<ul style="list-style-type: none"> Strengthen measures to address climate change Use resources effectively and contribute to creating a recycling society 	<div> <div> 6 CLEAN WATER AND SANITATION  </div> <div> 12 RESPONSIBLE CONSUMPTION AND PRODUCTION  </div> <div> 13 CLIMATE ACTION  </div> </div>
Social Value S Social	<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 	<div> <div> 3 GOOD HEALTH AND WELL-BEING  </div> <div> 5 GENDER EQUALITY  </div> <div> 8 DECENT WORK AND ECONOMIC GROWTH  </div> </div>
Social Value G Governance	<ul style="list-style-type: none"> Improve management quality to support business growth Establish and evolve BCM in preparation for disasters or infectious diseases 	<div> <div> 11 SUSTAINABLE CITIES AND COMMUNITIES  </div> <div> 16 PEACE, JUSTICE AND STRONG INSTITUTIONS  </div> </div>

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 <ol style="list-style-type: none">1. Continuously expand production capacity to meet increase in demand for electronic components2. 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 [new addition] FY2030 10% or higher

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

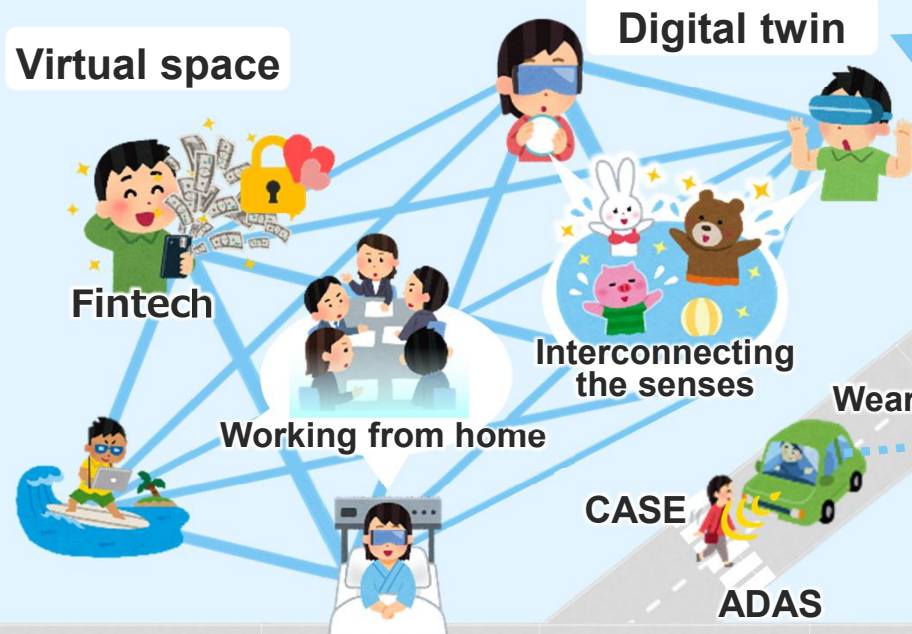
Improving Economic Value

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

The arrival of a connected world

Web 3.0, conversational AI and Metaverse trigger a change in society

Virtual space



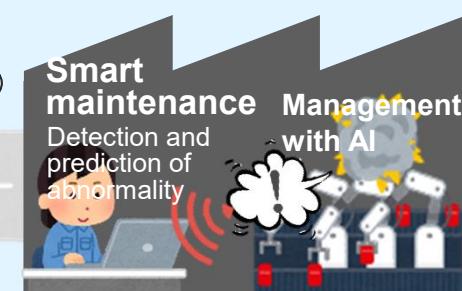
Smart society



Smart agriculture



Construction site × IoT Healthcare



5G 6G
Base station

Smart logistics

Material/production/transport/warehouse/sales/delivery/customer inventory control

Management with AI

Wearable terminals

CASE

ADAS

Zero traffic accident society

Wireless communication between cars and people

Development in technology



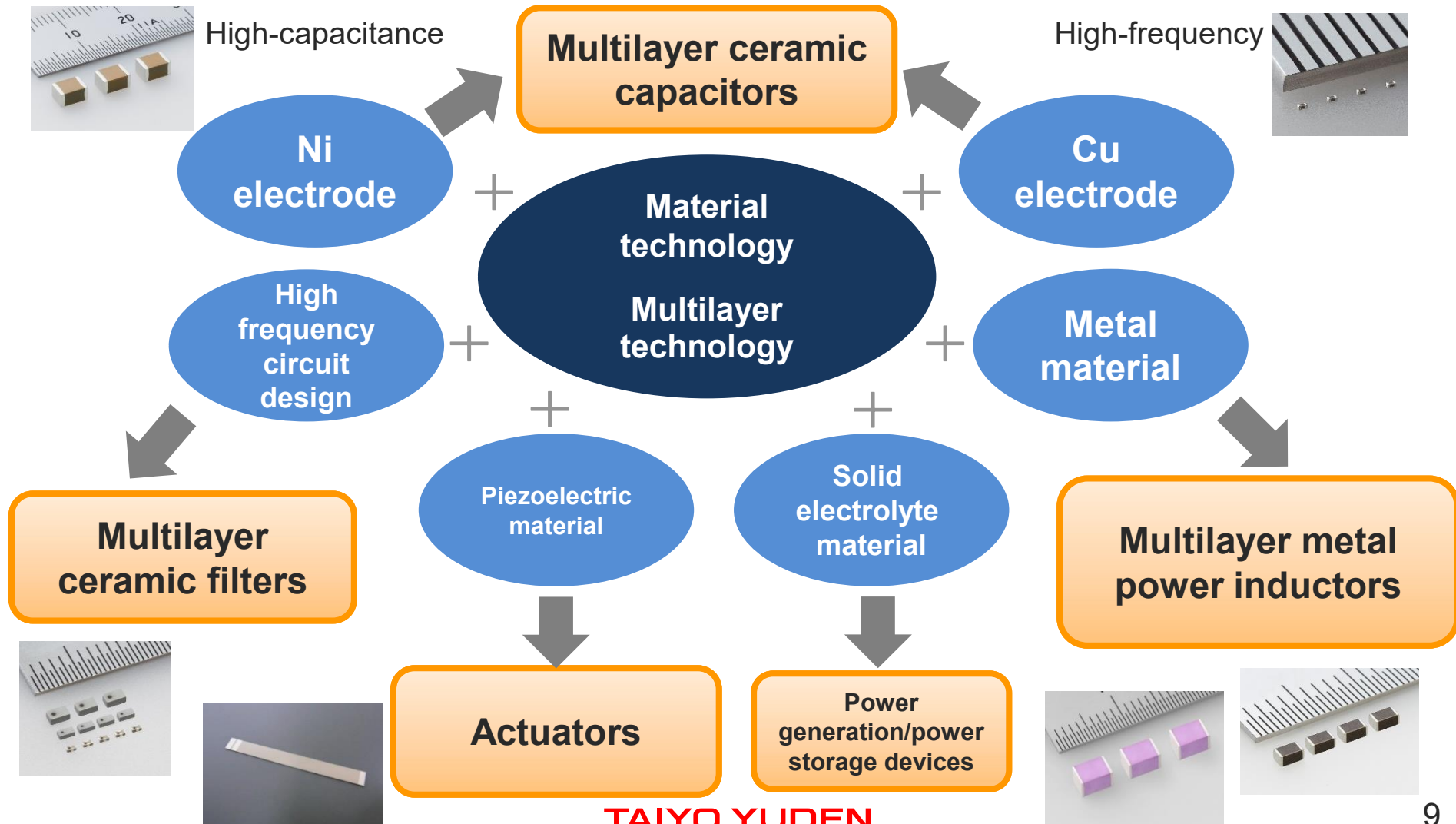
Optical computing

Autonomous driving

- 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

Consumer products

- TV
- Game console
- Smart watch

Information equipment

- Tablet device
- PC
- HDD, SSD

Communication equipment

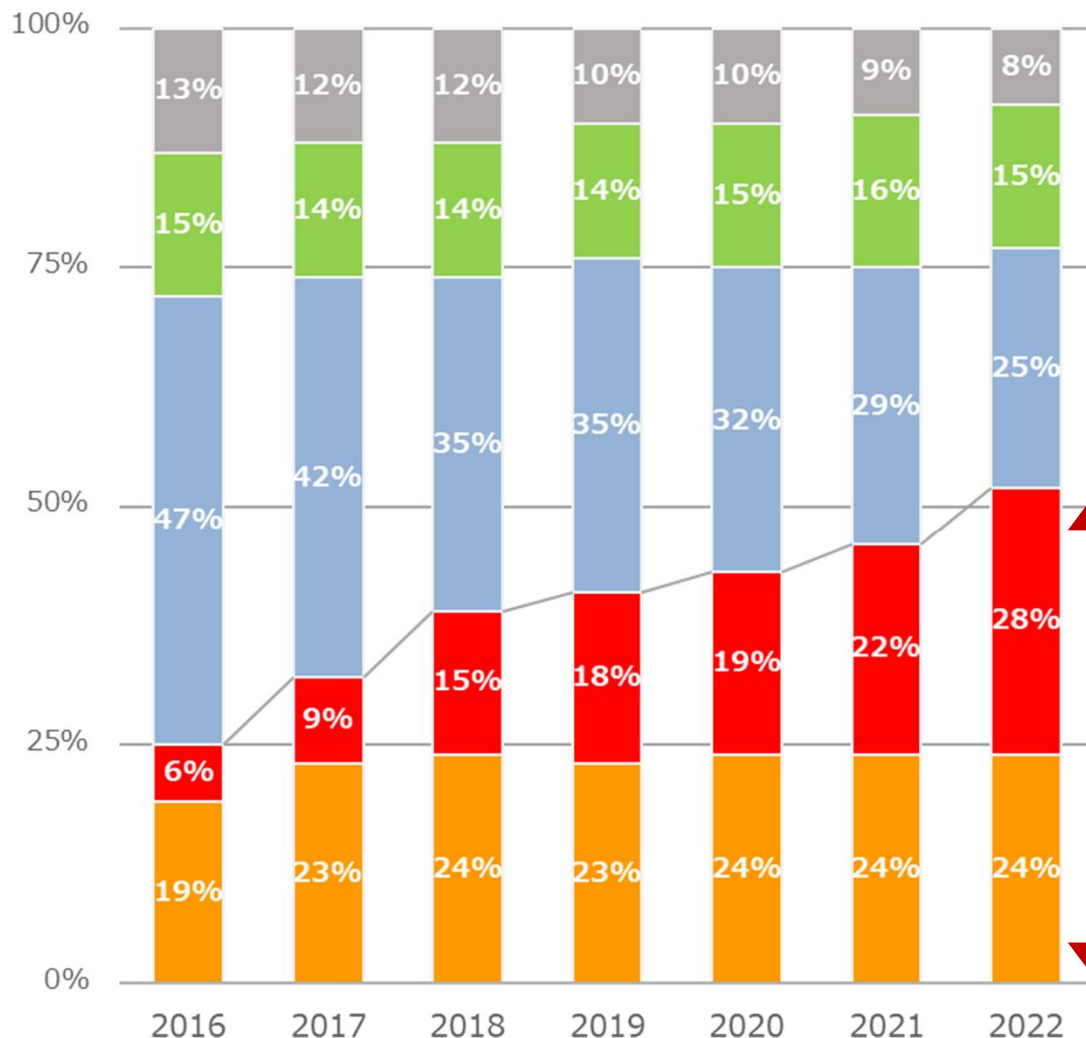
- Smartphone

Automotive

- ADAS
- Meter cluster
- ECU

IT infrastructure/Industrial equipment

- Base station communication device
- Server
- Security camera



Targets

Focus Market

50%

Automotive 25%
IT infrastructure/
Industrial equipment 25%

► Sales ratio of growth market was expanded

Focus Market

52%

※Estimated by the Company

Product Strategy : Capacitors

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

■ Expand production capacity in response to changes in medium-term demand forecasts

Make some changes to the capacity expansion plan.
Increase supply capacity by accelerating the shift to high-reliability and large-sized products

Demand forecast for FY2025 (compared with FY2020)

Volume

Previous forecast **1.6 times** (as of May 2021)



Forecast this time **1.4 times** (as of May 2023)

- Accelerated increase in highly reliable products and large-sized products
- Decelerating growth in consumer and small products

Average unit price

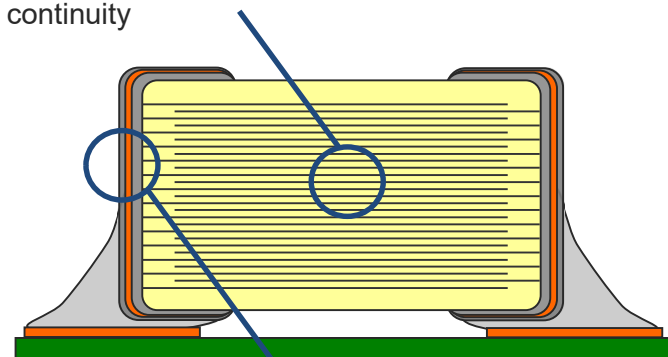
Average unit prices rose due to an increase in the proportion of large-sized products

■ Strengthen the product appeal of highly reliable multilayer ceramic capacitors (MLCCs)

Develop products that meet the needs of automobiles, IT infrastructure/industrial equipment

Apply elemental technologies developed in high-end products

- small-sized particle of dielectric materials + high temperature compatibility and high reliability
- small-sized internal electrode powder and high continuity



External electrode technology to meet customer needs

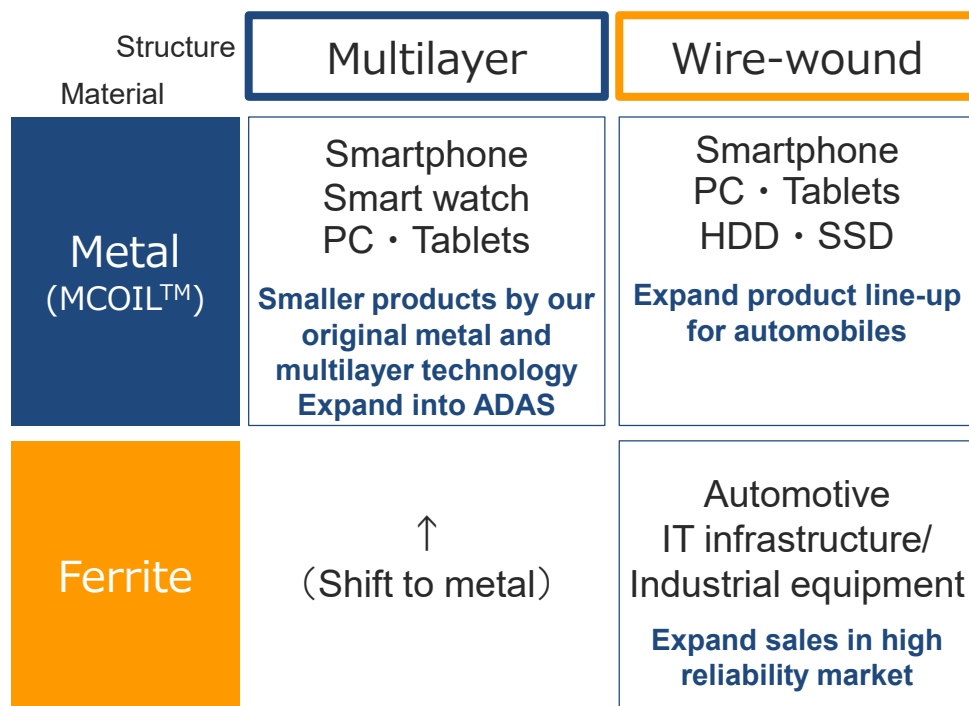
- Ni electrode, Cu electrode, Ni/Cu electrode + resin

Product Strategy : Inductors

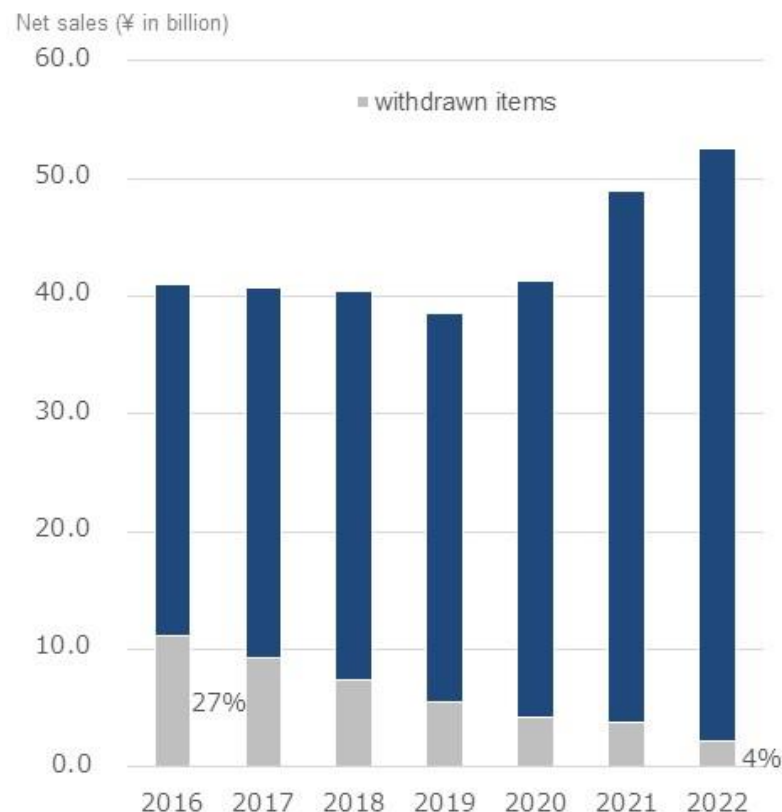
**Increase competitive advantage in power inductors
and improve profitability by improving item mix**

■ 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.



■ 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 : Integrated Modules & Devices

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

Communication devices

Devices for mobile communications
(FBAR/SAW), multilayer ceramic filters

■ Expand sales for automobiles and IT infrastructure/ industrial equipment

- Ensure excellent high-reliability characteristics with element material technology and robust package structure
- Expand adoption in telematics, M2M, and IoT

Connected car

e-Call (automated
emergency call system), etc.

Smart meter

Security equip- ment

POS system

■ New technology “TLSAW™” “HPDP”

Meet the need for high level technology which is indispensable to 5G evolution

- TLSAW™ (Element technology) ...Low loss, wide band, and steep
- HPDP (Packaging technology) ...Low profile and high reliability

■ Diversification of sales channel

Aim to expand into module applications in addition to discrete sales to set makers

Improve profitability
through selection and concentration

Circuit modules

■ Energy regeneration assist system

Developed an in-house system to be mounted on electric-assisted bicycles that contributes to the realization of a smart mobility society



■ Other module business to be transferred, scaled down or withdrawn

Reallocate resources by transferring the wireless module business to other companies and reducing or withdrawing from the power module business

Product Strategy : Conductive Polymer Hybrid Aluminum Electrolytic Capacitors

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

※Product classification : Others

■ Meet customer needs with a wide range of product lineup

- High reliability, large current, and low noise
- A wide range of large-sized and high-capacity products

case size	TAIYO YUDEN (ELNA)	Com pany A	Com pany B	Com pany C
Φ5 x 5.8	✓	✓		✓
Φ6.3 x 5.8	✓	✓	✓	✓
Φ6.3 x 7.7	✓	✓	✓	✓
Φ8 x 8.7	✓			
Φ8 x 10	✓	✓	✓	✓
Φ10 x 8.7	✓			
Φ10 x 10	✓	✓	✓	✓
Φ10 x 12.5	✓	✓	✓	✓
Φ10 x 16.5	✓	✓		✓
Φ12.5 x 13.5	✓			
Φ12.5 x 16.5	✓			

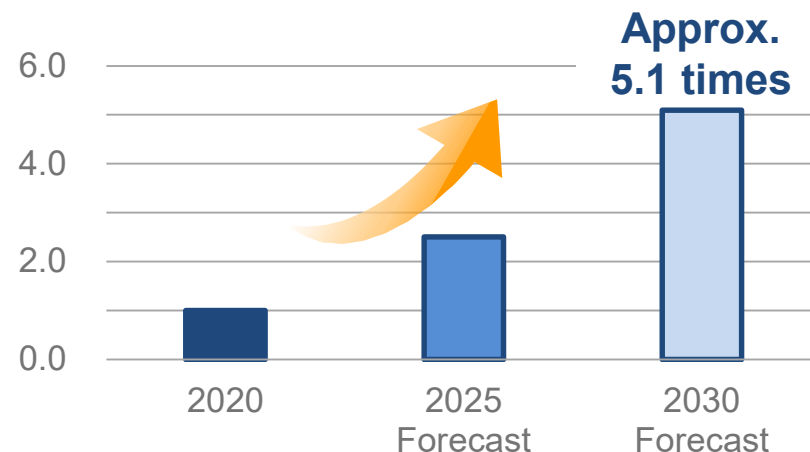
ELNA



■ 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)



※Estimated by the Company

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

Protect people with
disaster
prevention/mitigation

River water level
monitoring system

Started offering services
to local governments

Monitor river water levels and
conditions. Introduced in Fukuyama
City, Hiroshima Prefecture, and
Oizumi Town, Gunma Prefecture

River

Basin

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

IoT engine
"soliot™"

Participated in
demonstration experiment
of one-coin flood sensor
by MLIT*

Small size, long life and low cost.
Public-private collaboration to
assess watershed flooding.

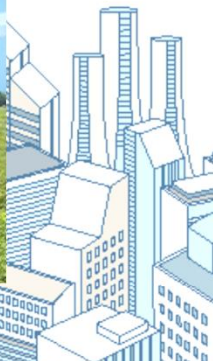
* the Ministry of Land, Infrastructure, Transport and
Tourism

Towards a carbon-free
society through smart
mobility

Regenerative electric
assist system
for electric assisted bicycle

Build efficient societal
infrastructure

Cellular LPWA modules
for smart meters

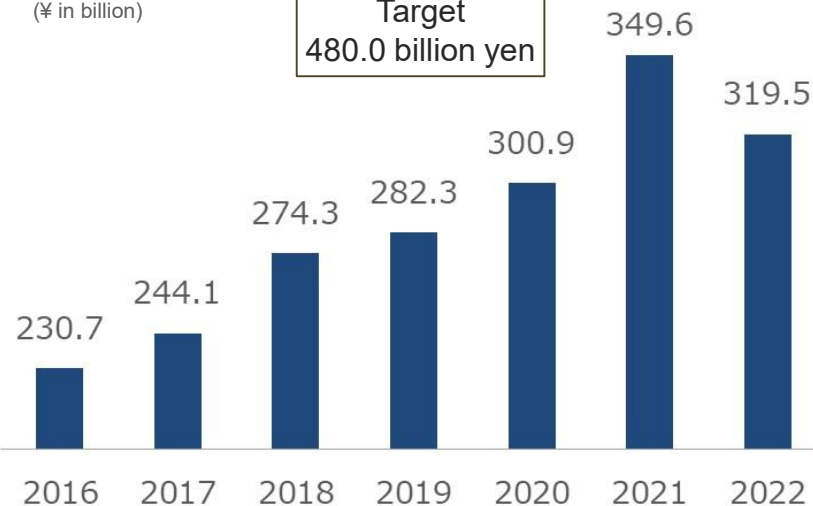


KPIs (Economic Value)

Net sales

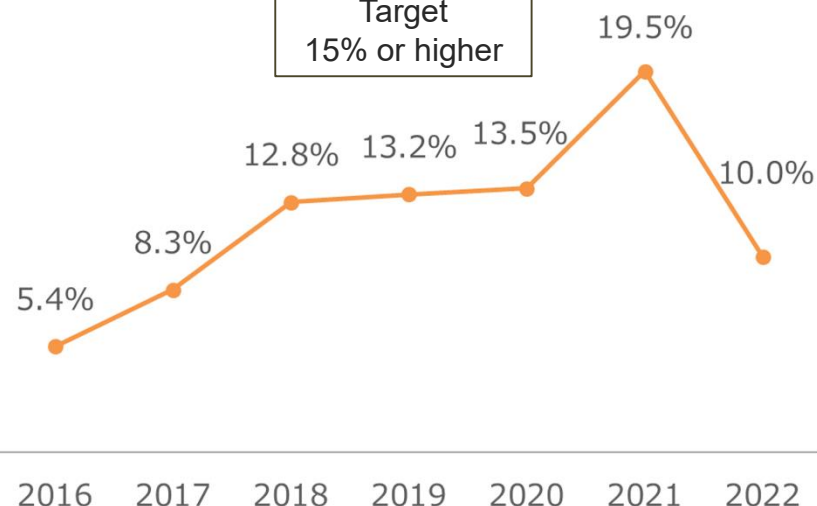
(¥ in billion)

Target
480.0 billion yen



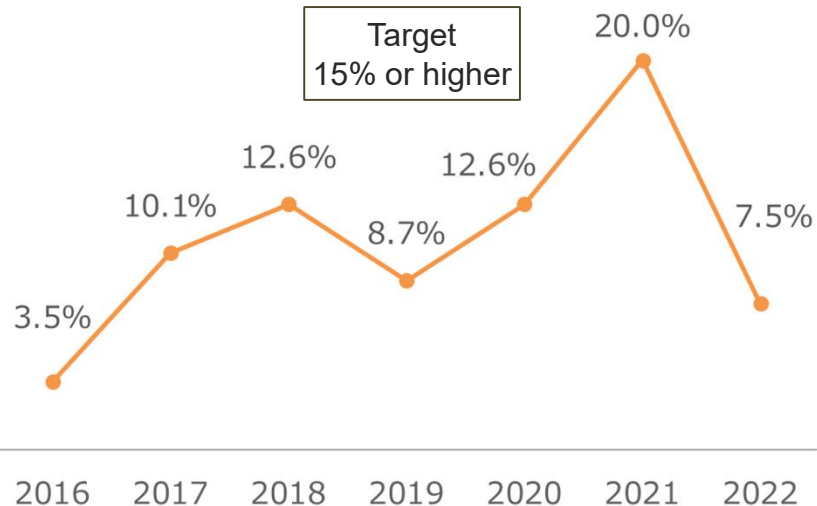
Operating margin

Target
15% or higher



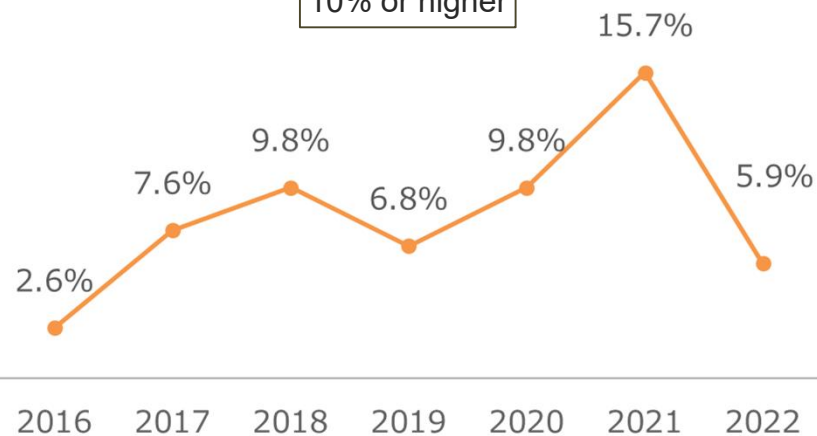
ROE

Target
15% or higher



ROIC

Target
10% or higher



Improving Social Value

GHG emissions

■ "ZEB Ready" certification obtained

The materials building of the Yawatabara Plant, which was completed in January 2023, has achieved significant energy savings through its advanced architectural design and the introduction of highly efficient equipment.



Yawatabara Plant Materials Building
(Takasaki-City, Gunma Prefecture)

■ Selected for inclusion in CDP's "Climate Change A List"

Received the highest rating from CDP, the international environmental NPO, for excellence in climate change-related measures, strategy and information disclosure.



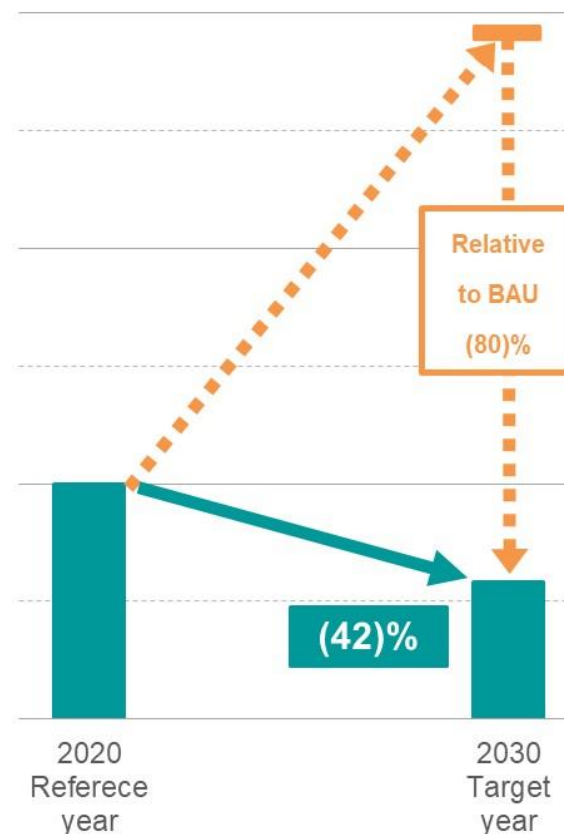
■ Work on TCFD recommendations

Promote manufacturing that considers energy conservation, energy creation and renewable energy to realize a carbon-free society, and expand information disclosure.



Reduce GHG emissions by 42% (absolute amount)

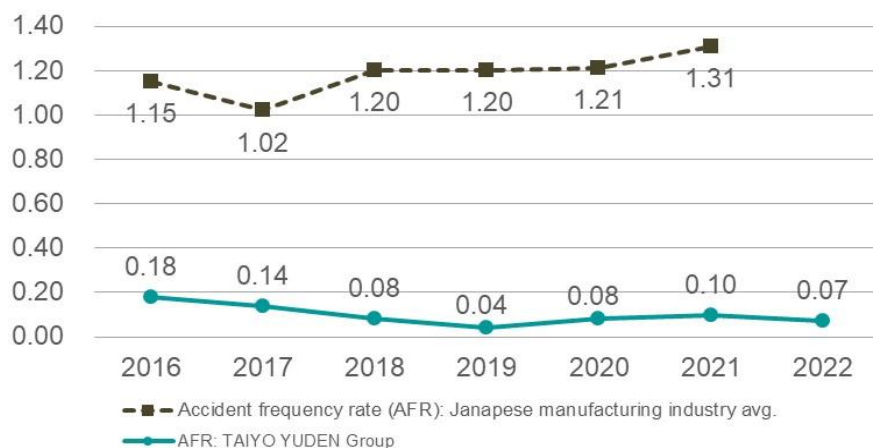
In the business-as-usual (BAU) scenario, nearly triples due to production increases



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"



■ Improve work-life balance by work system reform

Revise the childcare leave system to create a work environment that makes it easier for both men and women to balance work and childcare

■ Expand employee training, including management training and anti-harassment training

Analyze responses to employee questionnaires and provide training tailored to issues at each location and position

► 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)

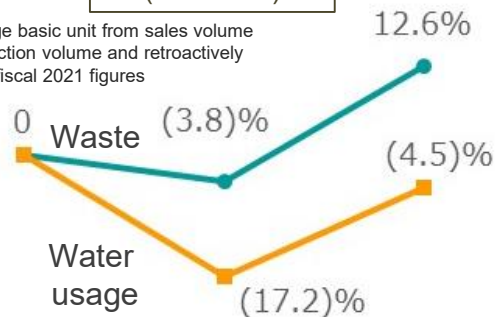


Waste, Water usage

Target for FY2025
Reduce by 10%
(basic unit)

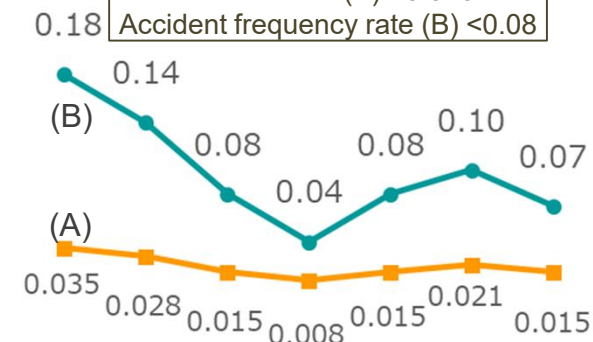
(on a single-year
basis
(2.0)% equivalent)

※Change basic unit from sales volume
to production volume and retroactively
change fiscal 2021 figures



Incidence rate of injuries and illness Accident frequency rate

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



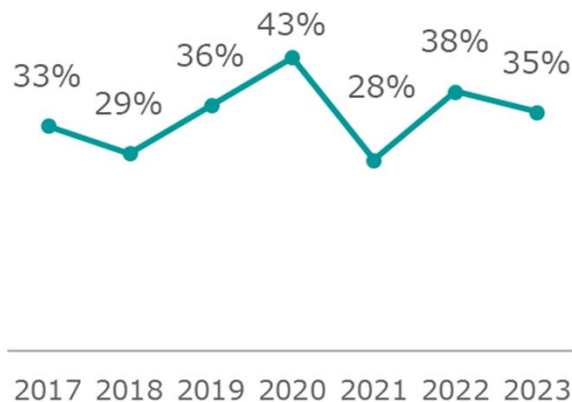
Work engagement

Target
2.5 or higher



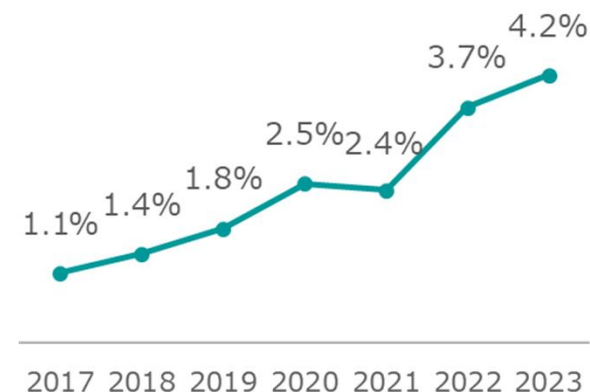
Rate of newly recruited female graduates*

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 OUT



(¥ in billion)

Previous medium-term management plan
(FY2018~FY2020)

IN OUT

Financing 23.9

Operating CF
148.3

Capital investment
130.5

Shareholder returns
16.0

Strengthening financial base
25.6

Capital investment plan

■ Concentrate investment in MLCC

- Launch of new plants (in Japan, Malaysia, and China)
- Plan annual capacity increase of 10%-15% (equipment load base)

■ Expand production capacity of metal power inductors and conductive polymer hybrid aluminum electrolytic capacitors

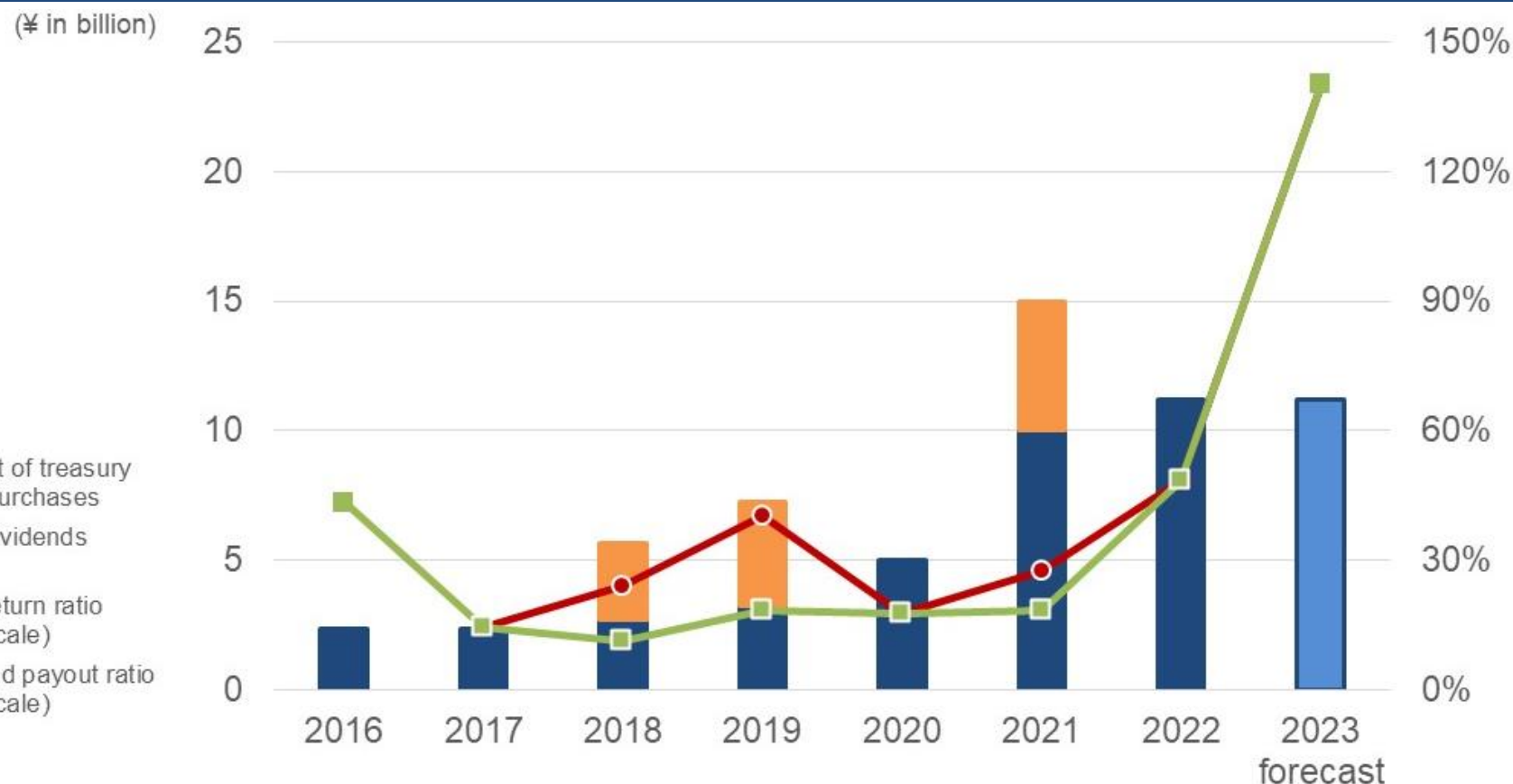
■ Invest in environmental measures, IT, and safe/comfortable workplace creation (approx. 10% of investment funds)

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
Basic earnings per share (yen)	46.08	138.80	189.93	143.04	227.99	433.46	186.32	64.20

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