

Management Policies

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Previous Medium-term Management Plan

(¥ in billion) **Targets** 350 15% 13.5% Net sales 12.6% **¥300** billion 300.9 300 10% Achieved Operating margin 250 5% 15% Significantly improved 200 0% FY2016 FY2017 FY2018 FY2019 FY2020 ROE Previous Medium-term Management Plan 10% or higher Net sales Operating margin (right scale) Achieved ROE [Return on Equity] (right scale)

Previous Medium-term Management Plan

Sales composition by market sector



TAIYO YUDEN

Medium-term Management Plan 2025 (From FY2021 to FY2025)

Where to Aim



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

Product Strategy

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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

Market Strategy

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

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%

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		Social Value					
Net sales	480 billion yen	E GHG emissions	Absolute amount FY2030 25% reduction ※compared with FY2020				
Operating margin	15% or higher	E Waste, Water usage	Basic unit(sales quantity) FY2025 10% reduction ※compared with FY2020				
ROE	15% or higher	S Safe & secure workplace Optimization of group base functions	 Creating safe, comfortable and environmental friendly workplaces Incidence rate of injuries and illness <0.016 Accident frequency rate <0.08 				
ROIC	10% or higher	S Work style reforms Diversity	 Work engagement: 2.5 or higher Rate of newly recruited female graduates: 30% or higher 				
*Exchange rate assumption : 1US\$=¥105 TAIYO YUDEN 7							

Materiality

Category	Materiality	SDGs Targets		
Economic Value	 Strengthen core technologies to make our core business grow Create solutions to solve social issues 	7 AFFORDABLE AND CLEAN ENERGY		
Social Value E Environmental	 Strengthen measures to address climate change Use resources effectively and contribute to create recycling society 	6 CLEAN WATER AND SANITATION TOTO TOTO AND PRODUCTION		13 CLIMATE ACTION
Social Value S Social	 Achieve health-oriented management and work style reforms at safety first workplace Train and develop human resources based on the diversity policy 	3 GOOD HEALTH AND WELL-BEING	5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH
Social Value G Governance	 Improve management quality to support business growth Establish and evolve BCM for disaster and infectious disease 	11 SUSTAIN AND COM	ABLE CITIES IMUNITIES	EE, JUSTICE STRONG ITUTIONS

Initiatives on ESG ~E : Environmental~



Until now

-Half Impact For Earth-

Energy consumption per unit was decreased by about half over the past 12 years.





Crude oil equivalent -Basic unit improvement rate (right scale)

- Thorough energy saving despite increase of production volume
- Installation of photovoltaics at the Group's production bases

From now

To achieve carbon-neutral in 2050

Decrease absolute GHG emission by 25% in production and business activities (by FY2030).



■GHG emissions (tCO2-e)

- Promote manufacturing with emphasis on decarbonization
- Thorough energy saving, energy creation and using renewable energy
- Set targets based on SBT. Agreed to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Initiatives on ESG ~S: Social~

Safe & secure workplace

One of the safest work environment in manufacturing industry



An example of anti-COVID-19 measures

Tag-embedded sensor attached to an employee ID card. We introduced a solution with our IoT engine "soliotTM" to prevent crowdedness and poor air circulation by checking the number of people and CO_2 content in a room.



Work style reforms/Diversity

Health-oriented management

- · Improvement of well-being
- Measures against lifestyle diseases and stress

Work style reforms

- · Promote good work/life balances
- Establish evaluation system to promote employees' challenges
- Establish role-based remuneration system

Diversity

Promote diversity in gender, nationality, etc

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

Environment surrounding TAIYO YUDEN

 \sim Background of demand expansion for electronic components \sim



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 increased use of electrical equipment in automobiles



Product Strategy : Capacitors

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

Multilayer ceramic capacitors (MLCC)

Our Strength



Focus on high-end and high-reliability products

Increase sales for high-performance smartphones, automobiles, and IT infrastructure/industrial equipment requiring advanced technological capabilities

Aluminum electrolytic capacitors

Conductive polymer hybrid aluminum electrolytic capacitors Greater demand due to promotion of electric vehicles

Expand sales network

Utilizing TAIYO YUDEN Group sales network

2.0 1.0 1.0 FY2020 FY2025 forecast

Demand forecast of MLCC (Volume)

*Estimated by the Company



Product Strategy : Inductors

Increase competitive advantage in metal power inductors



Diversification of markets and customers

Expand market to smartphone, IoT, automobiles, and IT infrastructure to achieve a connected world Internal structure of MCOIL[™] MC series

No organic adhesive used, no thermal degradation. Can use for long time at high temperature. High thermal conductivity.

Product Strategy : Integrated Modules & Devices

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

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

■ 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

Expand both discrete sales to assembly manufacturers and sales for module markets, especially markets requiring high reliability

Expansion into new markets

Expand sales for telematics, M2M and IoT



Circuit modules

Energy recovery system, power supply/high frequency modules, embedded-parts multilayer wiring substrate, etc.

Selection and concentration

Cut down items with no growth potential to improve profitability



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



Capital Investment

We plan capital investment of ¥300 billion over five years to meet increase in demand of electronic components (from FY2021 to FY2025)

Concentrate investment in MLCC and continuously expand production capacity



Plan to construct new buildings (Japan, China, Malaysia)

- Increase capabilities of inductors and communication devices by focusing on growth items
- Invest in environmental measures, IT, and safe/comfortable workplace creation



Policy of Returns to Shareholders

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



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.