

Consolidated Financial Results

First quarter for the year ending March 31, 2023

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Financial Summary

1Q for the Year Ending March 2023

- Net sales were ¥81.7 billion. This was a decrease of 6% Q/Q due to the impact of lockdowns in some regions accompanying the spread of COVID-19. Operating profit was ¥13.1 billion, down 17% Q/Q.
- Both net sales and operating profit exceeded initial expectations owing to the impact of exchange rates and the control of increases in fixed costs.

Earnings Forecast for the Year Ending March 2023

- There are no changes to the earnings forecasts.
- The full-year earnings forecasts are for net sales of ¥385.0 billion, up 10% Y/Y, and operating profit of ¥70.0 billion, up 3% Y/Y.

Financial Summary for 1Q FYE March 2023

Net sales decreased 6% Q/Q to 81.7 billion yen, and operating profit decreased 17% to 13.1 billion yen.

Due to the impact of large-scale lockdowns implemented in some regions from April through May, sales and operating profit were both lower than in the previous quarter. However, both net sales and operating profit exceeded initial expectations owing to the impact of depreciation in the value of the yen and the control of fixed costs.

Earnings Forecasts for FYE March 2023

There are no changes to the full-year results forecasts published at the beginning of the fiscal year.

TAIYO YUDEN will aim for net sales up 10% Y/Y to 385.0 billion yen and operating profit up 3% to 70.0 billion yen.

Consolidated Financial Results (Q/Q)

¥ in million	FYE Mar 31, 2022 4Q (01 Jan 2022 –31 Mar 2022)		FYE Mar 31, 2023 1Q (01 Apr 2022 –30 Jun 2022)		Change Q/Q	
Net sales	87,125	100.0%	81,740	100.0%	(5,385)	(6.2)%
Operating profit	15,919	18.3%	13,142	16.1%	(2,776)	(17.4)%
Ordinary profit	18,256	21.0%	17,204	21.0%	(1,052)	(5.8)%
Profit attributable to owners of parent	12,502	14.3%	12,236	15.0%	(265)	(2.1)%
Yen/USD average exchange rate	114.66 yen		124.45 yen		9.79 yen depreciated	
Impact of exchange rate fluctuation	4.4 billion yen on net sales, 2.9 billion yen on operating profit * Including the impact of currencies other than US dollars					
R&D expenses	3,343		3,112		(230)	(6.9)%
Capital investment	9,238		9,763		525	5.7%
Depreciation expenses	8,300		7,856		(443)	(5.3)%

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The financial results for the first quarter of the fiscal year ending March 2023 recorded net sales of 81.7 billion yen, operating profit of 13.1 billion yen.

Since the yen depreciated to US\$1:¥136.64 at the end of the quarter, foreign exchange gain of 4.0 billion yen was recorded as non-operating income, resulting in ordinary profit of 17.2 billion yen.

Profit attributable to owners of parent was 12.2 billion yen.

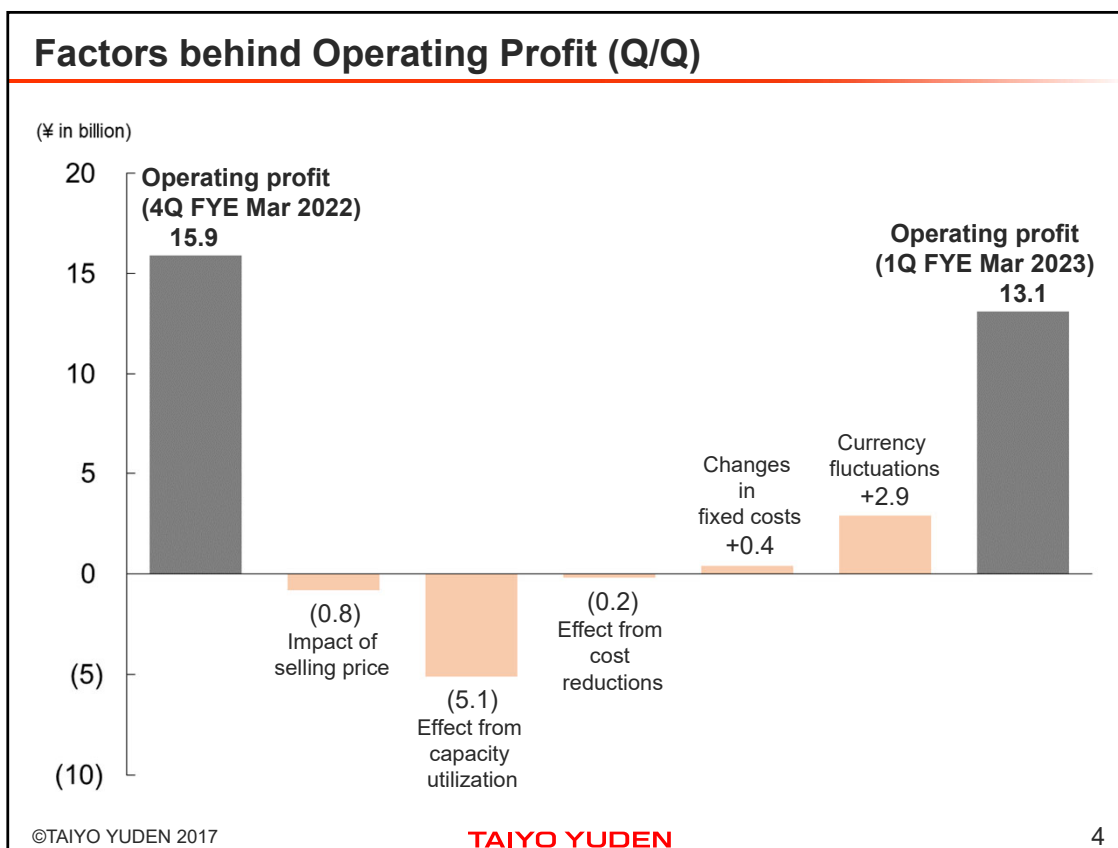
The average exchange rate during the quarter was US\$1:¥124.45, a depreciation of ¥9.79 from the fourth quarter of the previous fiscal year.

The impact from this was an increase of 4.4 billion yen in net sales and 2.9 billion yen in operating profit.

R&D expenses were 3.1 billion yen, down 0.2 billion yen Q/Q.

Capital investment was 9.8 billion yen, an increase of 0.5 billion yen Q/Q.

Depreciation expenses were 7.9 billion yen, down 0.4 billion yen Q/Q.



A factor for decrease in operating profit Q/Q was the effect from capacity utilization. In the first quarter, sales volume decreased due to the impact of lockdowns, a factor contributing a decrease of 5.1 billion yen in operating profit.

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 June 30, 2022 increased 8.6 billion yen from March 31, 2022 on the actual basis excluding the portion with no effect on operating profit, such as the impact of exchange rates.

Another factor contributing to decrease in operating profit was the 0.8 billion yen effect from selling prices although the pace of price reductions has remained more moderate than usual.

The 0.2 billion yen negative effect of cost reductions was also a factor for decrease in operating profit.

Meanwhile, a factor for increase in operating profit was the impact of 2.9 billion yen from impact of the yen's depreciation.

In addition, fixed costs, mainly depreciation expenses, decreased 0.4 billion yen.

As a result, operating profit decreased 2.8 billion yen to 13.1 billion yen from the fourth quarter of the previous fiscal year.

Financial Results by Product Classification (Q/Q)

¥ in million	FYE Mar 31, 2022 4Q		FYE Mar 31, 2023 1Q		Change Q/Q	
Capacitors	58,352	67.0%	54,583	66.8%	(3,768)	(6.5)%
Inductors	11,717	13.4%	11,748	14.4%	31	0.3%
Integrated modules & devices	11,510	13.2%	9,159	11.2%	(2,351)	(20.4)%
Others	5,545	6.4%	6,248	7.6%	703	12.7%
Total net sales	87,125	100.0%	81,740	100.0%	(5,385)	(6.2)%

Financial Results by Product Classification (Q/Q)

(¥ in billion)



■ Capacitors

((6.5)% Q/Q)

Although sales for use in consumer products increased, sales for other applications decreased, primarily sales for use in communication equipment such as smartphones.

■ Inductors

(+0.3% Q/Q)

Sales for use in consumer products, such as smart watches and wireless earphones, increased. Sales for use in automobiles also remained strong.

■ Integrated modules & devices

((20.4)% Q/Q)

Sales of communication devices (FBAR/SAW) for use in smartphones and sales of various modules decreased.

■ Others

(+12.7% Q/Q)

Sales of aluminum electrolytic capacitors for use in automobiles increased.

■ Capacitors ■ Inductors ■ Integrated modules & devices ■ Others

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Net sales of capacitors were 54.6 billion yen, down 7% Q/Q.

While sales for use in communication equipment, such as smartphones, automobiles, and IT infrastructure/industrial equipment decreased, sales for use in consumer products, such as games, increased.

Net sales of inductors were 11.7 billion yen, up slightly Q/Q.

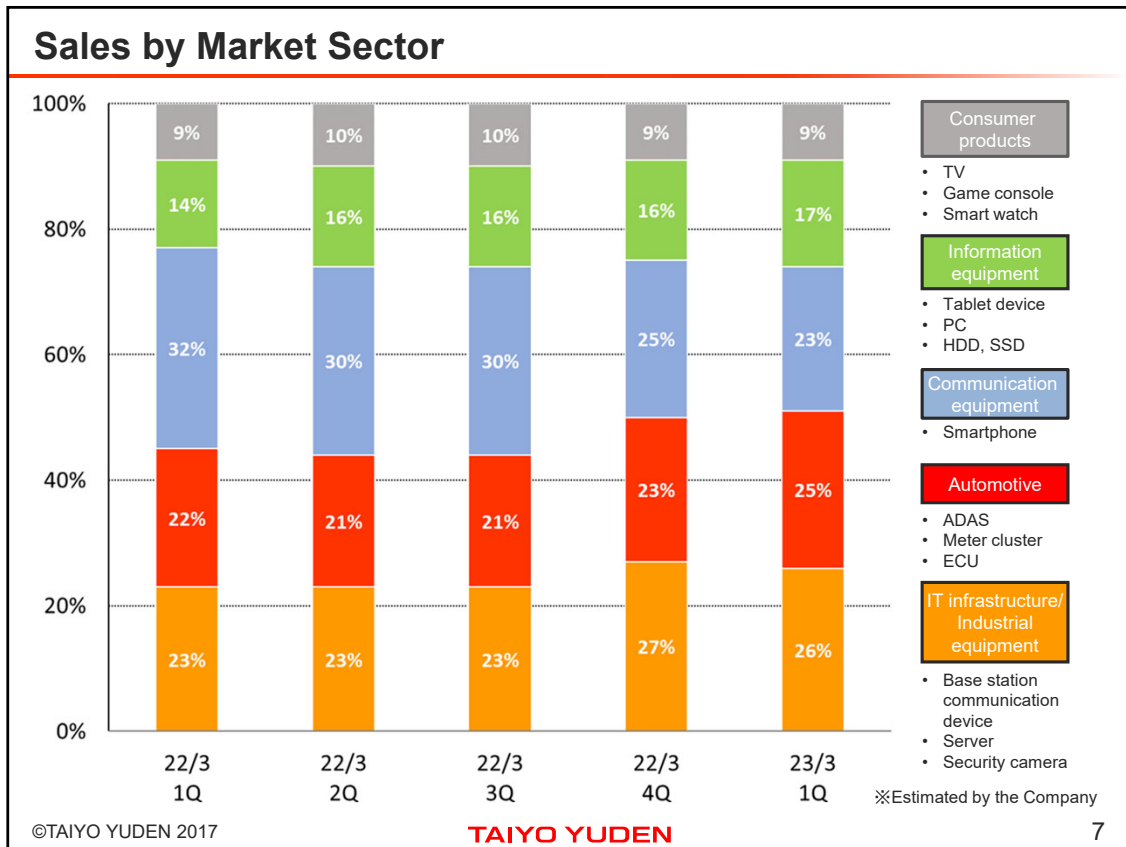
Sales for use in consumer products, such as smartwatches and wireless earphones, increased, and sales for use in automobiles also remained strong.

Net sales of integrated modules & devices were 9.2 billion yen, down 20% Q/Q.

Sales of various modules decreased, and sales of communication devices (FBAR/SAW) also decreased due to the impact of lockdowns and adjustments in smartphone production.

Communication devices accounted for approximately 65% of integrated module & device sales.

Net sales of others were 6.2 billion yen, up 13% Q/Q, as sales at subsidiary ELNA increased, mainly of aluminum electrolytic capacitors for use in automobiles.



Composition of sales classified by market sector was 25% for use in automobiles, up 2 percentage points Q/Q.

On the other hand, sales for use in communication equipment, such as smartphones, were 23%, down 2 percentage points Q/Q, due to lower sales, mainly in China.

There were no major Q/Q changes in the composition of sales for other applications.

Sales for use in IT infrastructure/industrial equipment, such as servers and base station communication equipment, were 26%.

Sales for use in information equipment, such as notebook PCs and tablets, were 17%, and sales for use in consumer products, such as smartwatches and games, were 9%.

Forecast of Consolidated Performance

for the year ending March 31, 2023

Full-Year Forecast

¥ in million	FYE Mar 31, 2022		FYE Mar 31, 2023 Forecast			Change Y/Y	
			1H				
Net sales	349,636	100.0%	183,000	385,000	100.0%	35,364	10.1%
Operating profit	68,218	19.5%	32,000	70,000	18.2%	1,782	2.6%
Ordinary profit	72,191	20.6%	31,000	69,000	17.9%	(3,191)	(4.4)%
Profit attributable to owners of parent	54,361	15.5%	21,500	48,000	12.5%	(6,361)	(11.7)%
Yen/USD average exchange rate	111.56 yen		120.00 yen			8.44 yen depreciated	
R&D expenses	13,099		14,000			901	6.9%
Capital investment	34,023		60,000			25,977	76.4%
Depreciation expenses	31,287		36,000			4,713	15.1%

There are no changes to the first-half and full-year forecasts published in May.

2Q - Forecast by Product Classification

¥ in million	FYE Mar 31, 2023 1Q	FYE Mar 31, 2023 2Q (Change Q/Q)
Capacitors	54,583	+9-13%
Inductors	11,748	+36-40%
Integrated modules & devices	9,159	(13-17)%
Others	6,248	+6-10%
Total net sales	81,740	+10-14%
Yen/USD average exchange rate	124.45 yen	(Assumption) 134.00 yen

In the second quarter, we expect a seasonal increase in demand for products for use in smartphones in North America.

In addition, without the impact of lockdowns that occurred in the first quarter, total sales are forecast to increase 10 – 14% Q/Q.

In the picture of net sales by product classification for the second quarter compared with the first quarter of FYE March 2023, we expect increases of 9 – 13% in capacitor sales, 36 – 40% in inductor sales, and 6 – 10% in others sales.

Meanwhile, we expect a decrease of 13 – 17% in integrated modules & devices sales because smartphone adjustments are forecast to continue in China.

We expect the unpredictable conditions will continue for the time being, including cost increases in raw materials, logistics, and other areas, renewed spread of COVID-19, and fluctuations in global financial and capital markets as well as the associated demand environment trends.

Nevertheless, we have not changed our medium-term view on the trend of expansion in demand for electronic components, backed by advances in technology, including increasing use of electronic components and electric motors in automobiles and expansion of IT infrastructure, such as data centers.

We will focus on developing, producing, and expanding sales of high value-added products leveraging TAIYO YUDEN's advanced technological capabilities to respond to the growth in demand over the medium term.

Supplementary Information

Impact of International Situation, COVID-19 and Other Factors

Sales

Shipments were sluggish in April – May 2022 given the impact of large-scale lockdowns in some regions due to the spread of COVID-19.

Procurement

Although procurement costs are rising and procurement lead times increasing, we do not expect any problems in securing the required materials and components.

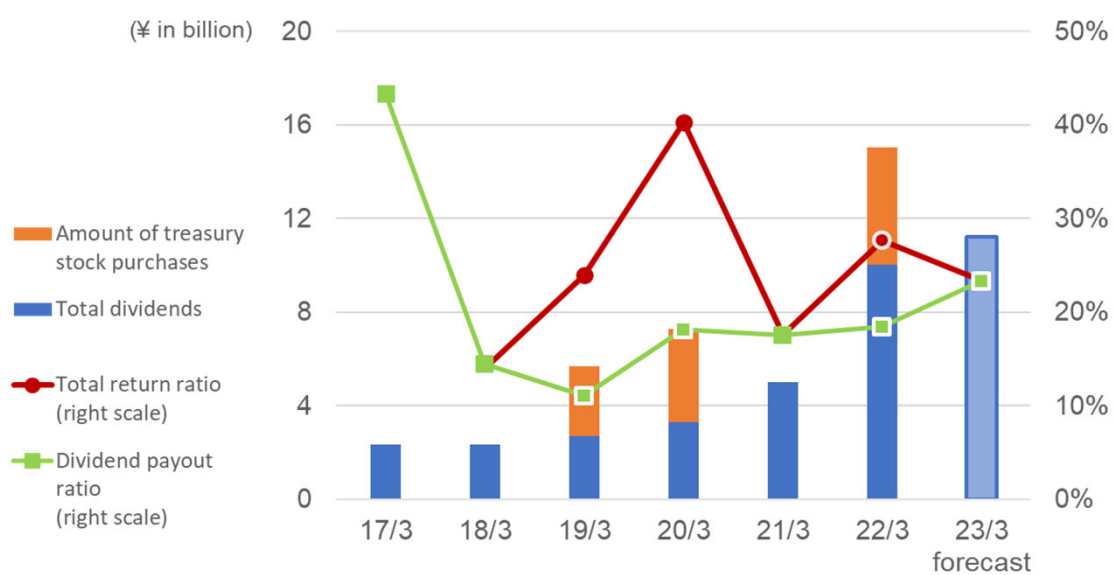
Distribution

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

Production

All production sites in Japan and overseas are operating as normal.

Shareholder Return Policy



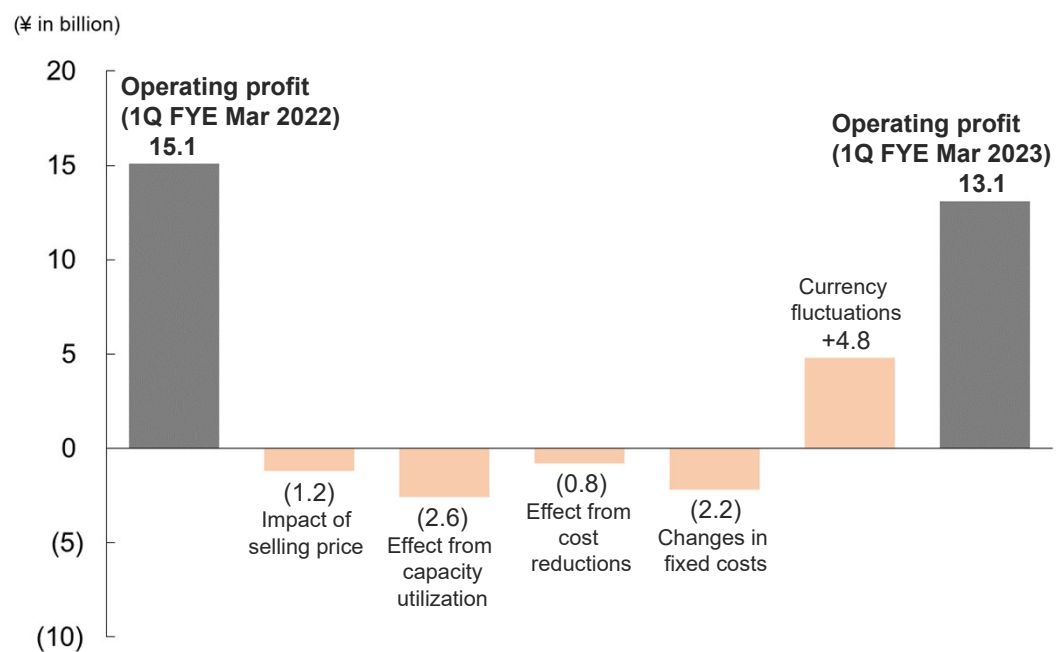
Annual cash dividends per share (yen)	20	20	21	26	40	80	90
Basic earnings per share (yen)	46.08	138.80	189.93	143.04	227.99	433.46	385.21

Aim to achieve a stable dividend payout ratio of 30%

Consolidated Financial Results (Y/Y)

¥ in million	FYE Mar 31, 2022 1Q		FYE Mar 31, 2023 1Q		Change Y/Y	
Net sales	83,836	100.0%	81,740	100.0%	(2,096)	(2.5)%
Operating profit	15,147	18.1%	13,142	16.1%	(2,004)	(13.2)%
Ordinary profit	15,174	18.1%	17,204	21.0%	2,030	13.4%
Profit attributable to owners of parent	12,969	15.5%	12,236	15.0%	(732)	(5.6)%
Yen/USD average exchange rate	109.00 yen		124.45 yen		15.45 yen depreciated	
Impact of exchange rate fluctuation	7.2 billion yen on net sales, 4.8 billion yen on operating profit * Including the impact of currencies other than US dollars					
R&D expenses	3,138		3,112		(26)	(0.8)%
Capital investment	7,595		9,763		2,167	28.5%
Depreciation expenses	7,294		7,856		561	7.7%

Factors behind Operating Profit (Y/Y)



Financial Results by Product Classification (Y/Y)

¥ in million	FYE Mar 31, 2022 1Q		FYE Mar 31, 2023 1Q		Change Y/Y	
Capacitors	53,209	63.5%	54,583	66.8%	1,374	2.6%
Inductors	11,386	13.6%	11,748	14.4%	362	3.2%
Integrated modules & devices	13,977	16.7%	9,159	11.2%	(4,818)	(34.5)%
Others	5,263	6.3%	6,248	7.6%	984	18.7%
Total net sales	83,836	100.0%	81,740	100.0%	(2,096)	(2.5)%

Financial Results by Product Classification (Y/Y)

(¥ in billion)



■ Capacitors

■ Inductors

■ Integrated modules & devices

■ Others

■ Capacitors

(+2.6% Y/Y)

Sales in applications other than communication equipment increased. In particular, sales for use in information equipment, such as SSD and memory modules, and sales for use in IT infrastructure/industrial equipment were strong.

■ Inductors

(+3.2% Y/Y)

Sales for use in consumer products, such as smart watches and wireless earphones, and sales for use in information equipment, such as tablet devices, increased.

■ Integrated modules & devices ((34.5)% Y/Y)

Sales of communication devices (FBAR/SAW) for use in smartphones and sales of various modules decreased.

■ Others

(+18.7% Y/Y)

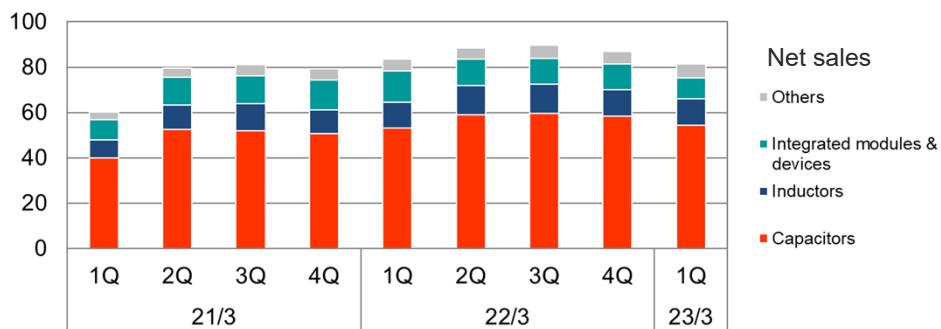
Sales of aluminum electrolytic capacitors for use in automobiles increased.

Consolidated Earnings Trends (Quarterly)

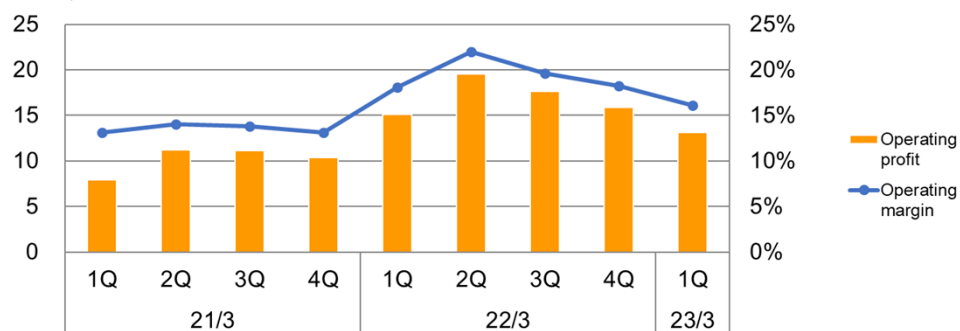
¥ in million	FYE Mar 31, 2021				FYE Mar 31, 2022				FYE Mar 31, 2023
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Net sales	60,493	79,728	81,226	79,471	83,836	88,833	89,840	87,125	81,740
Capacitors	40,075	52,596	51,895	50,630	53,209	59,035	59,787	58,352	54,583
Inductors	7,928	10,903	12,230	10,501	11,386	12,863	12,957	11,717	11,748
Integrated modules & devices	9,075	12,330	12,311	13,213	13,977	11,959	11,351	11,510	9,159
Others	3,413	3,899	4,788	5,125	5,263	4,975	5,743	5,545	6,248
Operating profit	7,923	11,203	11,199	10,440	15,147	19,508	17,643	15,919	13,142
Ordinary profit	7,371	10,812	11,422	11,641	15,174	20,370	18,390	18,256	17,204
Profit attributable to owners of parent	4,541	6,900	8,383	8,789	12,969	15,479	13,410	12,502	12,236
Yen/USD average exchange rate	107.61 yen	106.82 yen	105.15 yen	104.31 yen	109.00 yen	110.10 yen	112.48 yen	114.66 yen	124.45 yen

Consolidated Earnings Trends (Quarterly)

(¥ in billion)

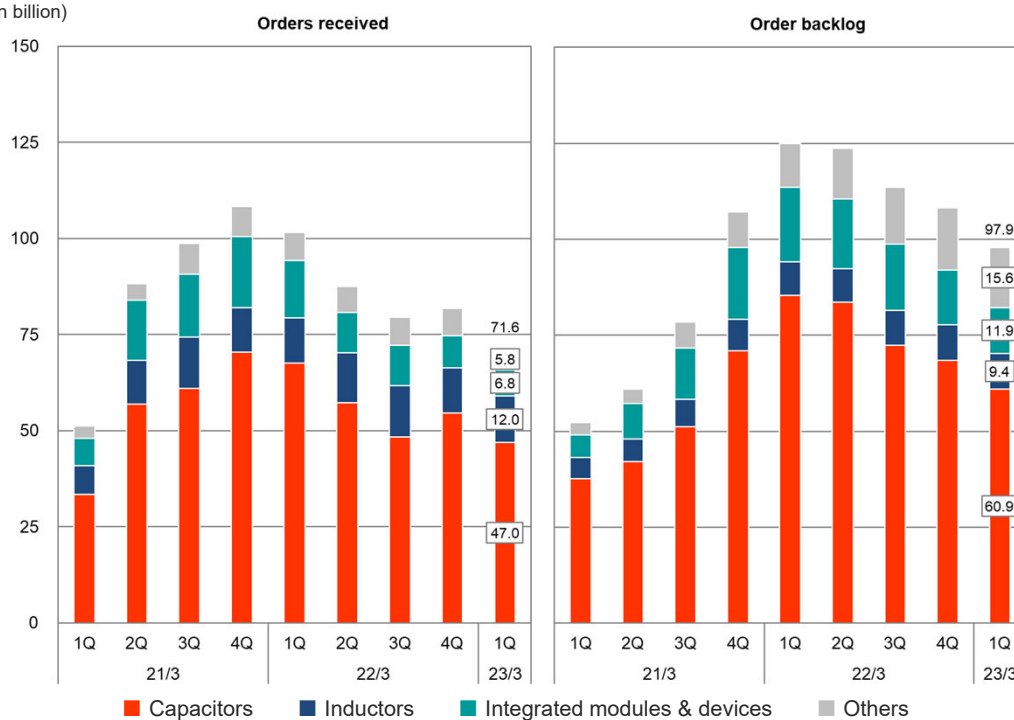


(¥ in billion)



Orders Received and Order Backlog Trends (Quarterly)

(¥ in billion)



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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.

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