Management Policies

Shoichi Tosaka
President and Chief Executive Officer

May 12, 2020
To be an excellent company that enjoys the trust and highest regard from our customers

Smart products

Smart design
- High quality
- Low power consumption
- Downsizing
- Abolishing use of toxic substances

Smart production processes
- Safety first
- Following rules
- More efficient use of energy
- 100% yields
- Reuse and recycle
- Minimizing emissions

Systems
- OHSMS
- ISO 9001
- IATF 16949
- ISO 14001
Strengthen core technologies
Create new business

Three products and one solution

Strengthen core technologies:
- Capacitors
- Inductors
- Communications devices

Create new business:
- New business
- Functional modules

Provide solutions and after-sales services

The distance from the end customer
- Distant
- Close

Profit
- Large
- Small

Assembly
Mounting

The distance from the end customer

©TAIYO YUDEN 2017
Sales Expansion in Automotive and IT Infrastructure Markets

Sales composition by market sector

- **Consumer products**
  - Flat screen TV
  - Digital camera
  - Game console

- **Information equipment**
  - Tablet device
  - PC

- **Communication equipment**
  - Smartphone
  - Mobile phone

- **Automotive**
  - ADAS
  - Meter cluster
  - ECU

- **IT infrastructure/Industrial equipment**
  - Base station communication device
  - Server
  - Security camera

**Focus on growing markets**
(Automotive and IT infrastructure)

**Sales Composition in Focus Market**

<table>
<thead>
<tr>
<th></th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td>25%</td>
</tr>
<tr>
<td>IT infrastructure/</td>
<td>25%</td>
</tr>
<tr>
<td>Industrial equipment</td>
<td>25%</td>
</tr>
</tbody>
</table>

Shift to a business structure that is less susceptible to fluctuations in demand, improve stability of business performance.
Roll Out of Products That Are Largely Based on Material and Lamination Technologies

Supply of high-end electronic components that underpin technological advances, such as IoT, 5G and increased use of automotive electrical equipment

- Ni electrode
- Cu electrode
- Multilayer ceramic capacitors
- Solid electrolyte material
- Magnetic material
- Multilayer metal power inductors
- Multilayer ceramic filters
- Actuators
- All solid-state batteries
- High capacitance
- High frequency
- Lamination technology
- Material technology
- High frequency circuit design
- Piezoelectric material
Capacitor Business Direction and Positioning of ELNA CO., LTD.

ELNA CO., LTD.

January 2019, conversion to wholly owned subsidiary completed

Manufacture and sale of aluminum electrolytic capacitors for automobiles

- **MLCC**
- **Large power capacitors**
  - *Mass production preparations under way*
- **Conductive polymer hybrid aluminum electrolytic capacitors**
- **EDLCs / lithium-ion capacitors** (LITHOSION™)
  - *Under development*
- **Automotive (CASE)**
- **IT infrastructure**
- **Smartphone**
- **Automotive Industrial equipment**
- **Wearable device**
- **All solid-state batteries**
  - *Under development*

Voltage (V)

1000

100

10

1

10

100

1000 (μF)

10

100

1000 (F)

Capacitance
smart. E Project: Evolution in the Manufacturing Process

~Shift from G to E~

Utilize IoT and big data to eliminate wastefulness, inconsistency and overburden; promote major advancements in manufacturing

FY2016～

STAGE1
Visualization of abnormalities
Trial operation
Completed

FY2017～

STAGE2
Early detection of abnormalities
Implementation across the board
Implementation under way

FY2018～

STAGE3
Prevention of abnormalities
Full-scale operation
Implementation under way

FY2019 results
• Early detection/prevention of abnormalities by utilizing AI
  → Domestic and overseas central monitoring
  → Higher worker productivity
  → Reduction of equipment operational loss
• Improvement in product quality

Copy capital investment  Improve productivity
Zero defects

Innovative advance
Location free
Medium-term Management Plan

- **Net sales**: ¥ 300 billion
- **Operating margin**: 15%
- **ROE**: above 10%

*Schedule for achieving Medium-term Management Plan targets*

While looking to achieve targets by FY ending March 2021, yet to determine full fiscal year financial results forecasts for FYE March 2021 as of May 12, 2020.
Return to Shareholders

Medium-term target

Aim to achieve a stable total return ratio of 30%

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash dividends per share (yen)</th>
<th>Net income per share (yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016/3</td>
<td>15</td>
<td>125.27</td>
</tr>
<tr>
<td>2017/3</td>
<td>20</td>
<td>46.08</td>
</tr>
<tr>
<td>2018/3</td>
<td>20</td>
<td>138.80</td>
</tr>
<tr>
<td>2019/3</td>
<td>21</td>
<td>189.93</td>
</tr>
<tr>
<td>2020/3</td>
<td>26</td>
<td>143.04</td>
</tr>
</tbody>
</table>
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.