

Management Policies

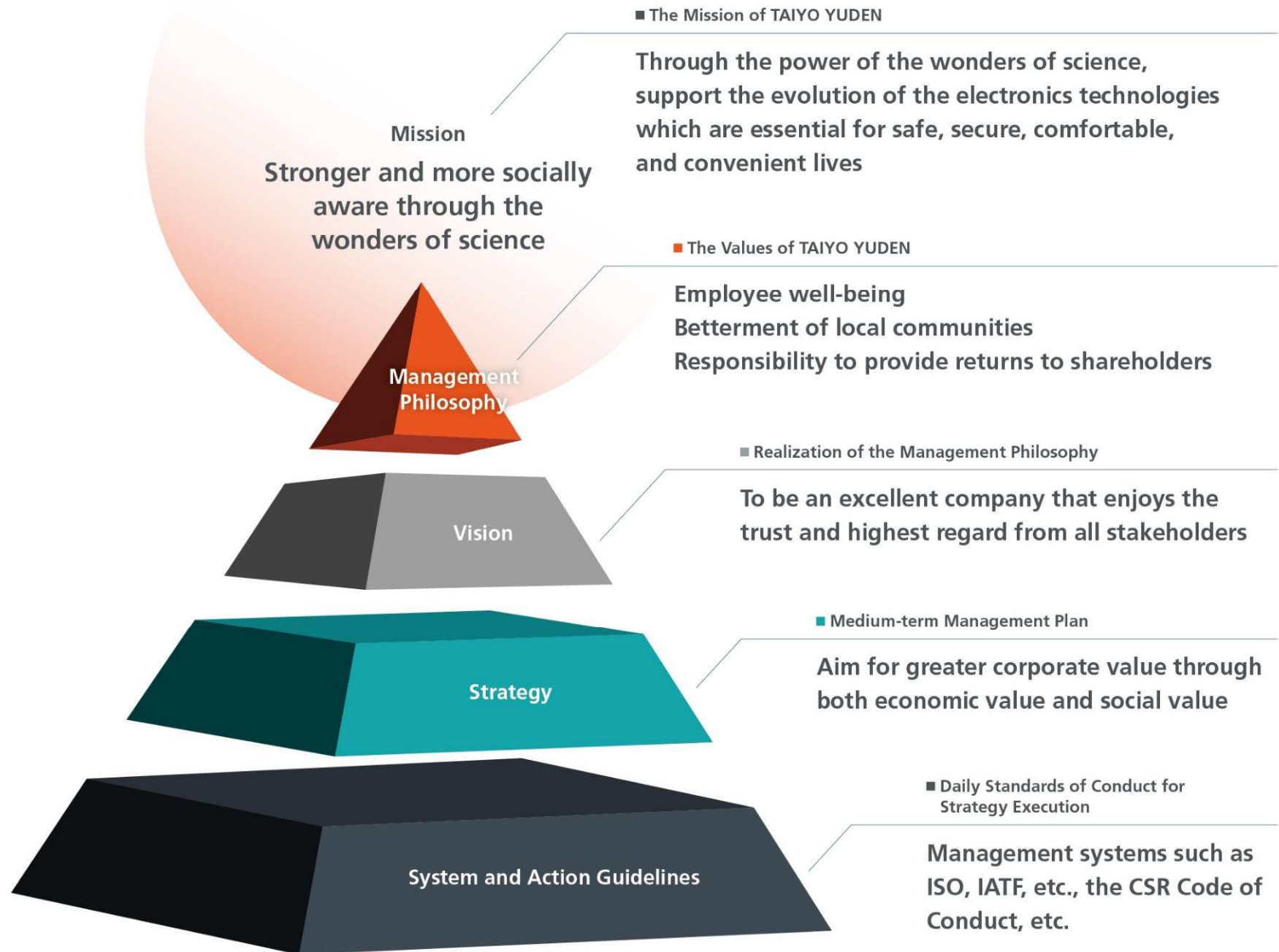
Katsuya Sase
Representative Director, President and CEO

May 9, 2025











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1. What TAIYO YUDEN Group aims for
 2. The Progress of the Medium-term Management Plan 2025
 3. Initiatives for Enhancing Corporate Value
～The Direction of the Next Medium-term Management Plan～

1. What TAIYO YUDEN Group aims for

What TAIYO YUDEN Group aims for



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>7 AFFORDABLE AND CLEAN ENERGY</div>  <div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</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>6 CLEAN WATER AND SANITATION</div>  <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div>  <div>13 CLIMATE ACTION</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>3 GOOD HEALTH AND WELL-BEING</div>  <div>5 GENDER EQUALITY</div>  <div>8 DECENT WORK AND ECONOMIC GROWTH</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>11 SUSTAINABLE CITIES AND COMMUNITIES</div>  <div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div> 

2. The Progress of the Medium-term Management Plan 2025 (Fiscal Years 2021-2025)

KPIs in Medium-term Management Plan 2025

Expected non-achievement of goals of economic value due to slowing demand since 2H FY2022 and upfront investments. Goals for reducing GHG emissions and water usage, and the promotion of women's participation and advancement are being achieved as planned.

Blue: Achieved, Red: Expected to be unachieved

	KPIs	2021	2022	2023	2024	2025 forecast	Medium-term Management Plan 2025 Target
Economic Value	Net sales (¥ in billion)	349.6	319.5	322.6	341.4	340.0	480.0
	Operating margin	19.5%	10.0%	2.8%	3.1%	4.7%	15% or higher
	ROE	20.0%	7.5%	2.6%	0.7%	2.5%	15% or higher
	ROIC	15.7%	5.9%	1.9%	0.5%	1.7%	10% or higher
(E Environmental) Social Value	GHG emissions	(5.2)%	(18.2)%	(13.5)%	(20.9)%	—	FY2030 (42)% ((4.2)%/year)
	Waste	(3.4)%	+12.8%	+2.0%	(0.3)%	—	(10)% ((2)%/year)
	Water usage	(17.2)%	(4.5)%	(7.6)%	(10.2)%	—	(10)% ((2)%/year)
(S Social) Social Value	Accident frequency rate	0.10	0.07	0.10	0.13	—	<0.08
	Work engagement	2.25	2.28	2.30	2.28	—	2.5 or higher
	Rate of newly recruited female graduates	27.9%	38.0%	35.3%	32.6%	36.4%*	30% or higher
	Female manager ratio	2.4%	3.7%	4.2%	5.9%	6.5%*	FY2030 10% or higher

* As of April 1

Capital investment (¥ in billion)	34.0	50.5	92.2	64.2	46.0	Total of 300.0
	286.9					

Priority Measures in Medium-term Management Plan 2025 and Current status

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

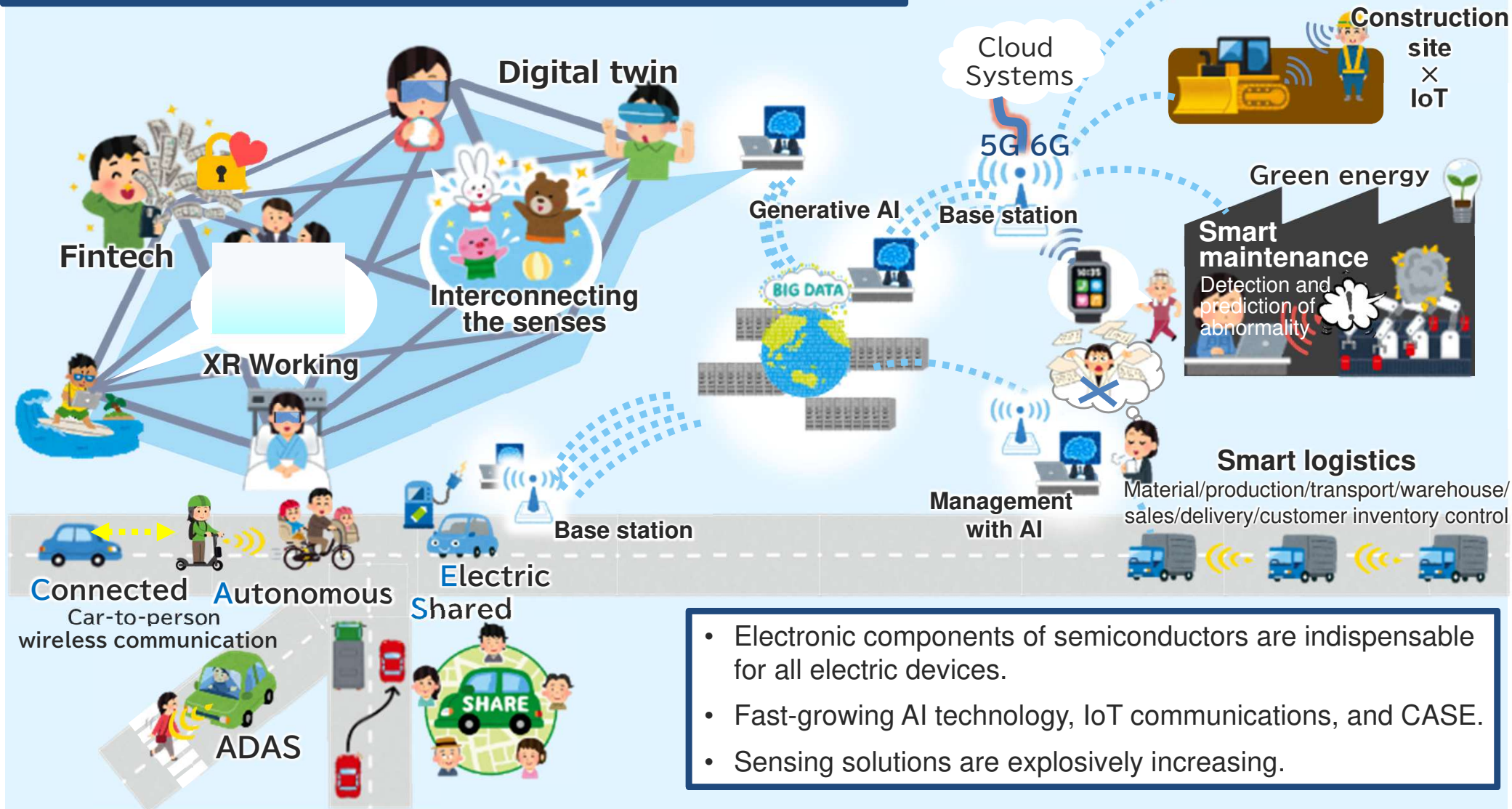
	Priority measures	Current status
1	Product Strategy Further grow the multilayer ceramic capacitor (MLCC) business and strengthen inductor and communication device products to turn them into core businesses <ul style="list-style-type: none"> – Create high value-added electronic components centered on high-end and high-reliability products 	<ul style="list-style-type: none"> • MLCC: Made proactive investments to meet medium- to long-term demand growth, but costs have outpaced returns in the short term. • Inductor: Expanding applications with new product launches to achieve growth and improved profitability in high-value markets. • Communication devices: Undergoing restructuring and business reorganization.
2	Market Strategy Increase the proportion of sales in focus markets, primarily automotive and IT infrastructure/industrial equipment, to 50%	<ul style="list-style-type: none"> • Demand is increasing, especially for AI servers and automobiles, and the ratio of sales from focus markets reached a goal of 50%. • The growth in demand for small-sized products for smartphones has slowed compared to initial forecasts, prompting a shift in the MLCC investment plan towards high-reliability and large-sized products used in AI servers and automobiles.
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%	<ul style="list-style-type: none"> • Capital Investment: Large-scale investment, including new factories, continued; however, we will restrain investment in FY2025 to generate FCF. The 5-year capital investment decreased from 300.0 billion yen to 286.9 billion yen. • Shareholder Return: Revised policy to include a 3.5% Dividend on Equity (DOE) ratio as a measure of shareholder return.
4	ESG Initiatives Accelerate our efforts with numerical targets to improve our social value <ul style="list-style-type: none"> – (E) Response to climate change, (S) Achieve health-oriented management and work style reforms at safety first workplace, (G) Improve management quality 	<ul style="list-style-type: none"> • Environmental: GHG emissions and water usage are being reduced as planned, while waste reduction is behind schedule but currently recovering. • Social: Promotion of women's participation is on track, but work-related accidents and work engagement show little improvement.

Improving Economic Value

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

The arrival of a connected world

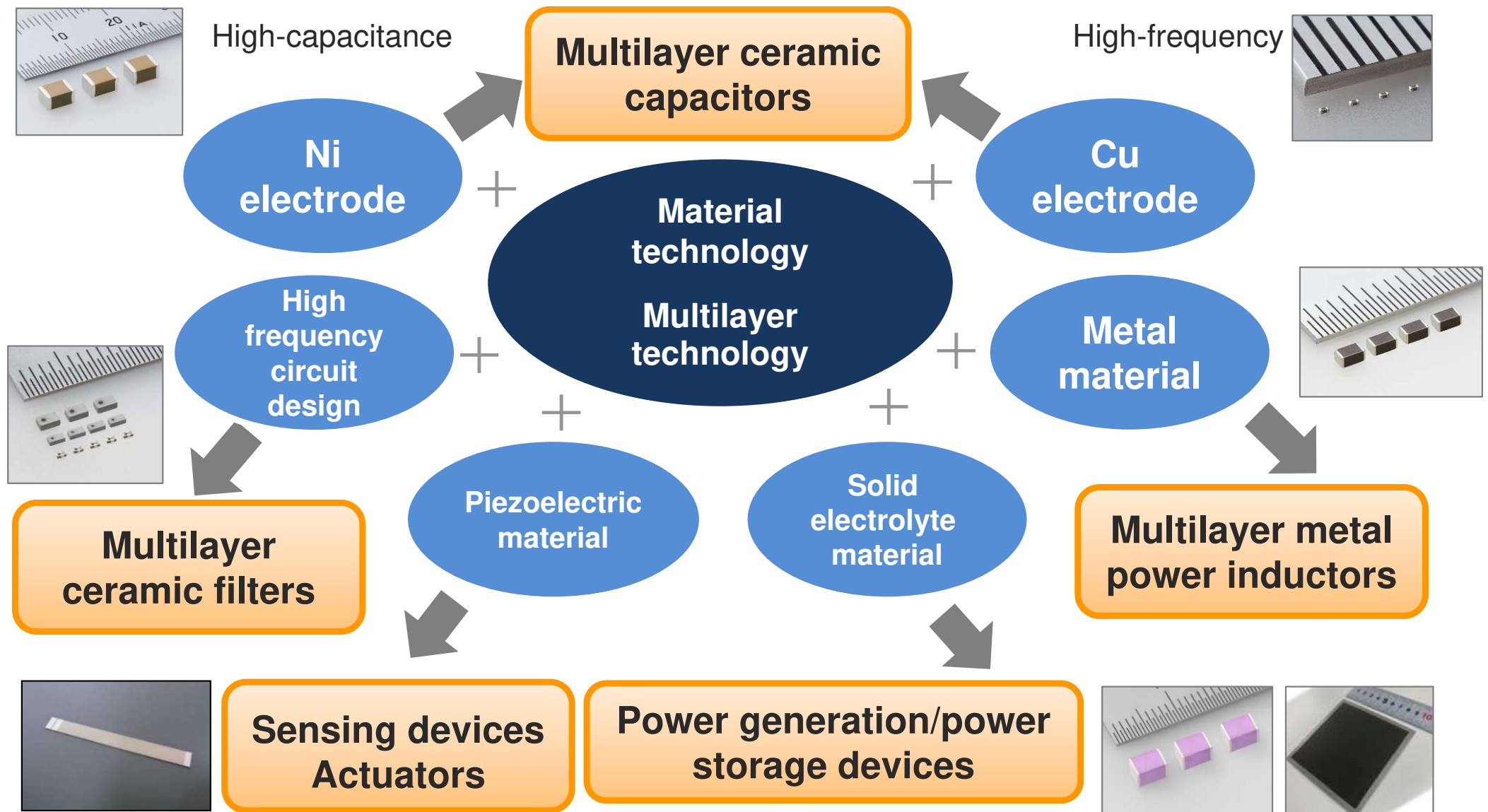
- The Social Impact of Web 3.0, Generative AI, and Digital Twin -
Revolutionizing the way we live and work. As a result, there has been an explosive growth in electronic devices and systems.



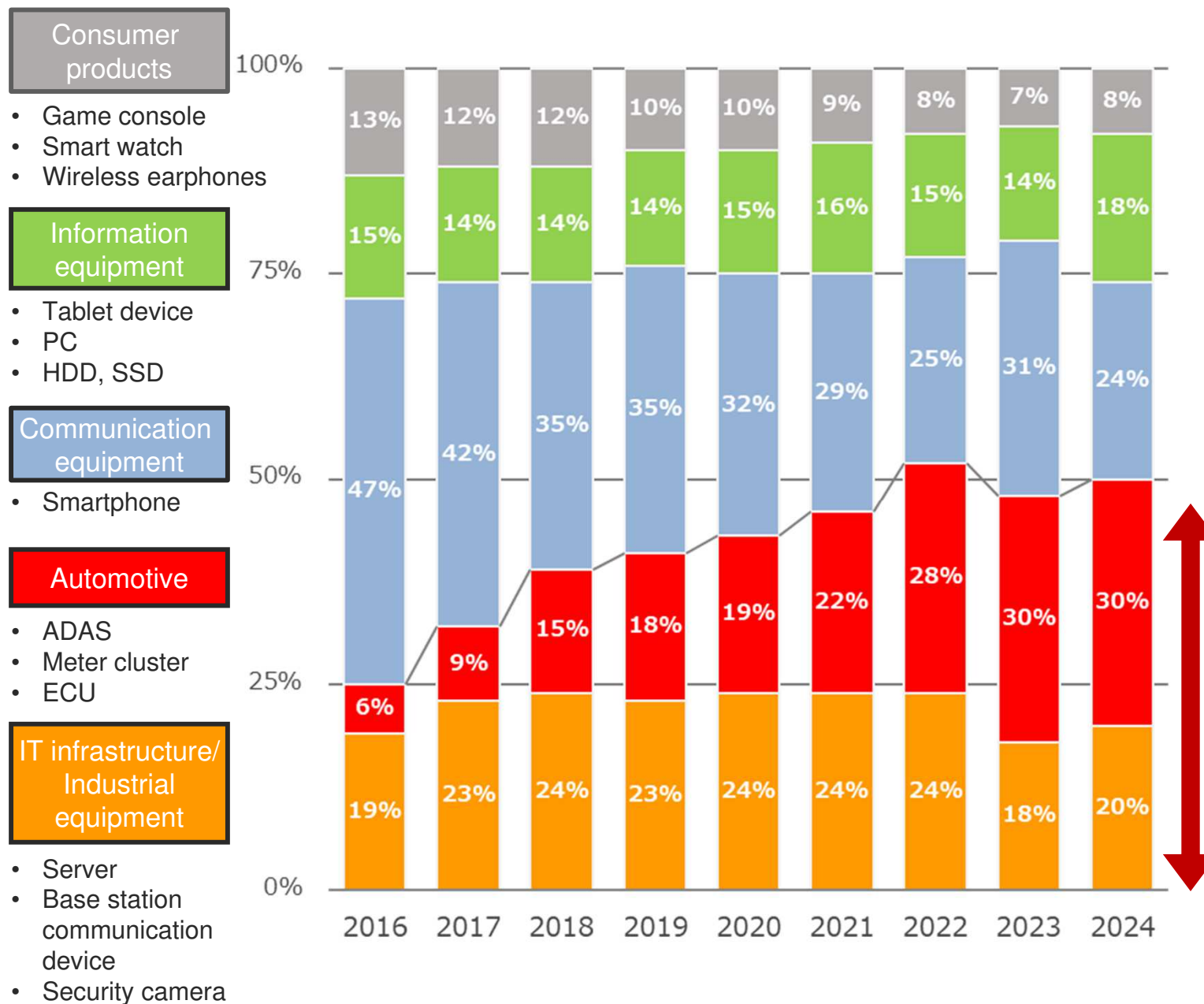
- Electronic components of semiconductors are indispensable for all electric devices.
- Fast-growing AI technology, IoT communications, and CASE.
- Sensing solutions are explosively increasing.

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

50%

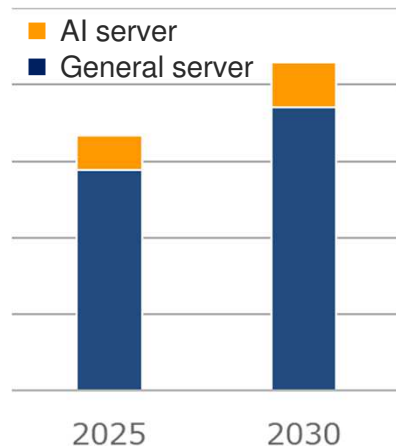
*Estimated by the Company

Product Strategy: Multilayer Ceramic Capacitors (MLCC)

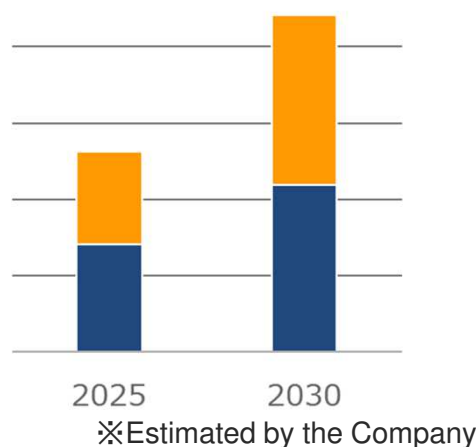
Focus on high-value-added zones, including AI servers and automotive applications

- Increased power consumption in AI servers is driving the need for greater total capacitance in MLCCs, leading an increase in the number and capacitance of MLCCs (advancing towards high-end solutions)

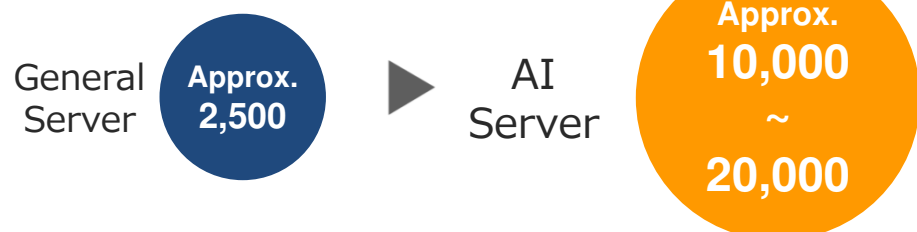
Forecast of unit of server



Demand forecast of MLCC for servers (monetary basis)

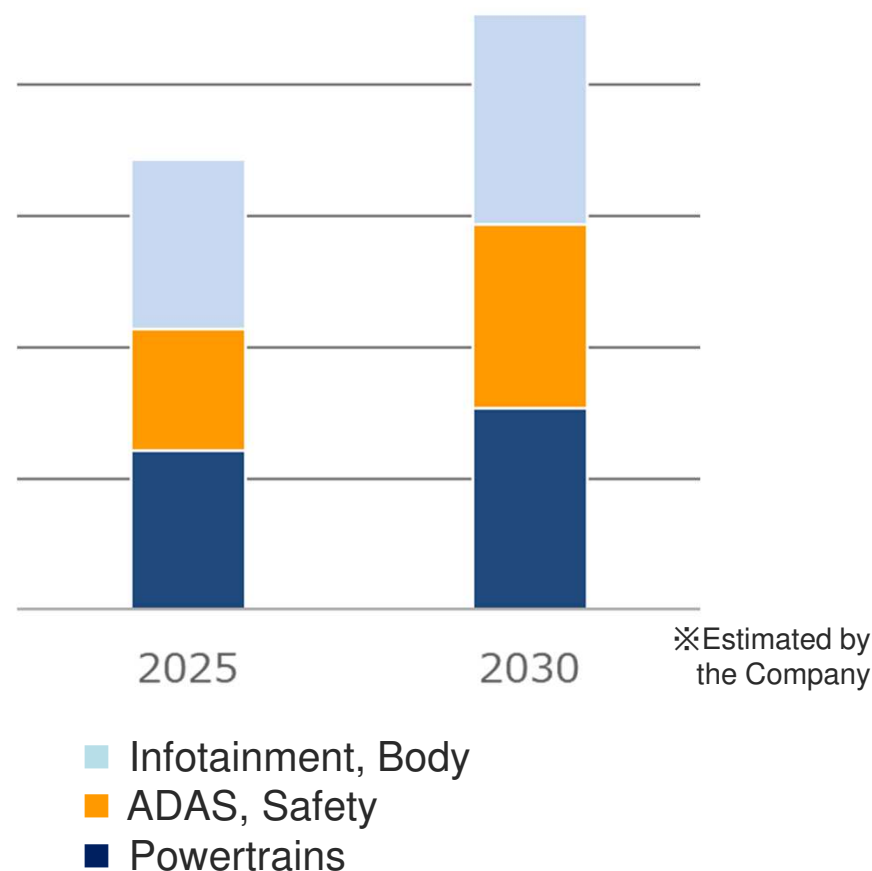


Number of MLCCs installed per unit



- The demand for MLCCs is increasing due to electrification, autonomous driving, and the integration of AI in automobiles.

Demand forecast of MLCC for automobiles (monetary basis)

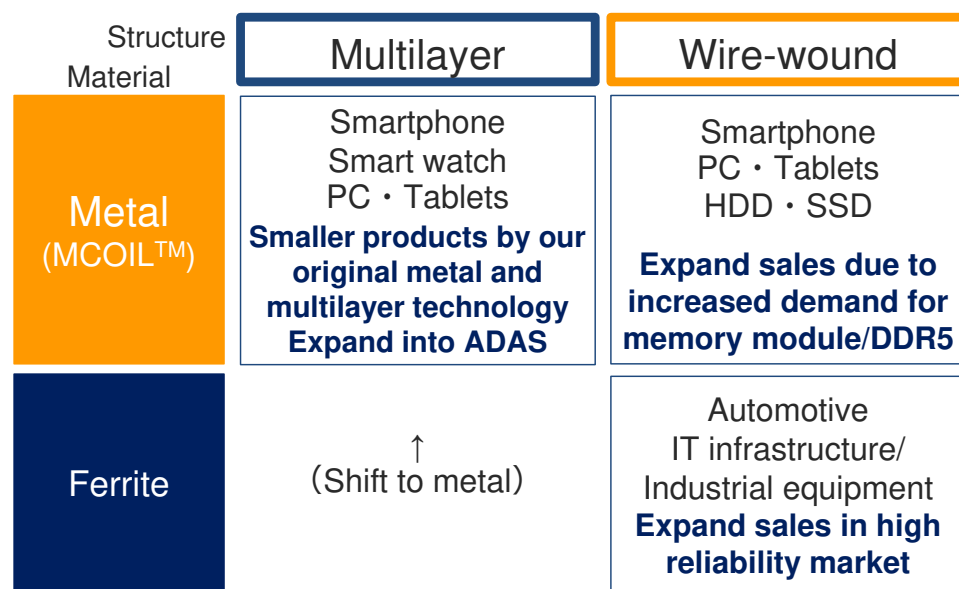


Product Strategy: Inductors

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.



■ Develop products that follow equipment trends by utilizing core technology based on metal materials

With the improved performance of semiconductors, lower voltage and higher current are increasing core-losses, and we address the need to enhance power conversion efficiency.

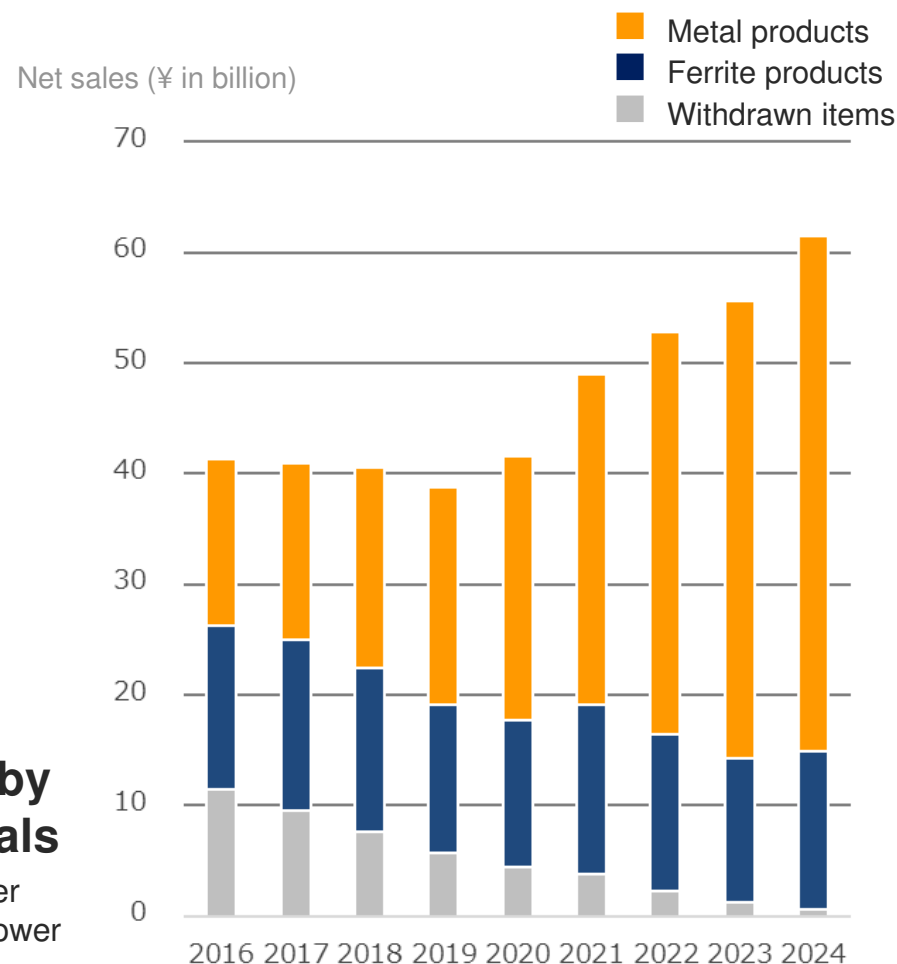
Previous Needs

Reduce DC resistance

Current Needs

Reduce DC + AC resistance

■ 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, Others

Integrated modules & devices

■ Communication devices

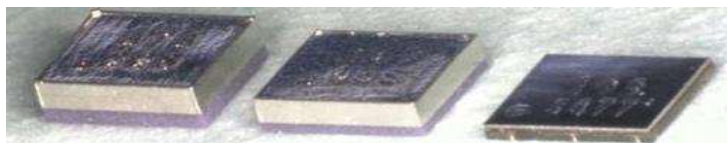
FBAR/SAW,
multilayer ceramic
filters

- Restructuring to rebuild the business, scale down to match demand conditions, and improve profitability.
- Responding to customer needs with cutting-edge products that use new technologies such as TLSAW™ (element) and HPDP (structure).
- Address market trends by achieving miniaturization, thinning, high integration, and increased power resistance.
- Based on high-end smartphones, provide high-reliability and high-value-added products for telematics, M2M, the IoT, and base stations.

Ultra-thin and high-power resistance

Previous package

HPDP



■ Circuit modules

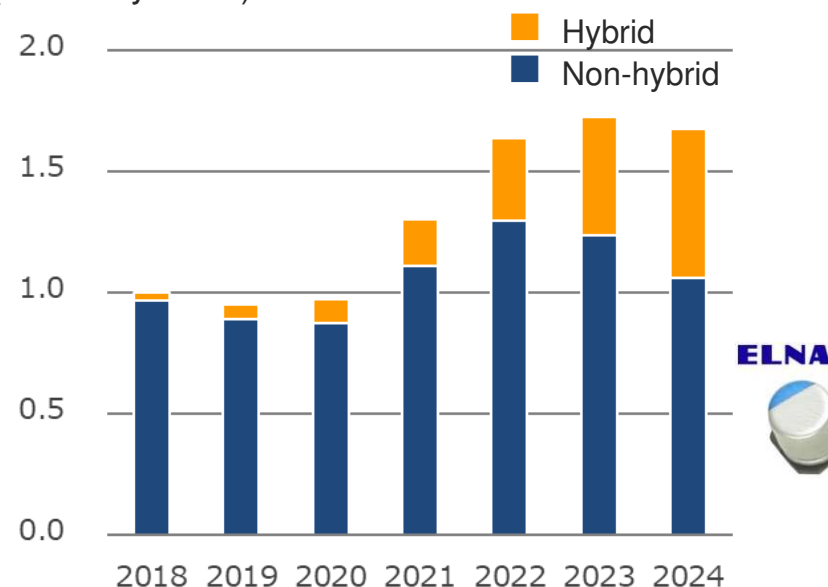
- Completion of the transfer and withdrawal of target products through selection and concentration, leading to the restructuring of production facilities.

Others

■ Conductive polymer hybrid aluminum electrolytic capacitors

- Demand from high-value-added markets for automobiles is rapidly expanding 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

Net sales of aluminum electrolytic capacitors
(monetary basis)



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

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

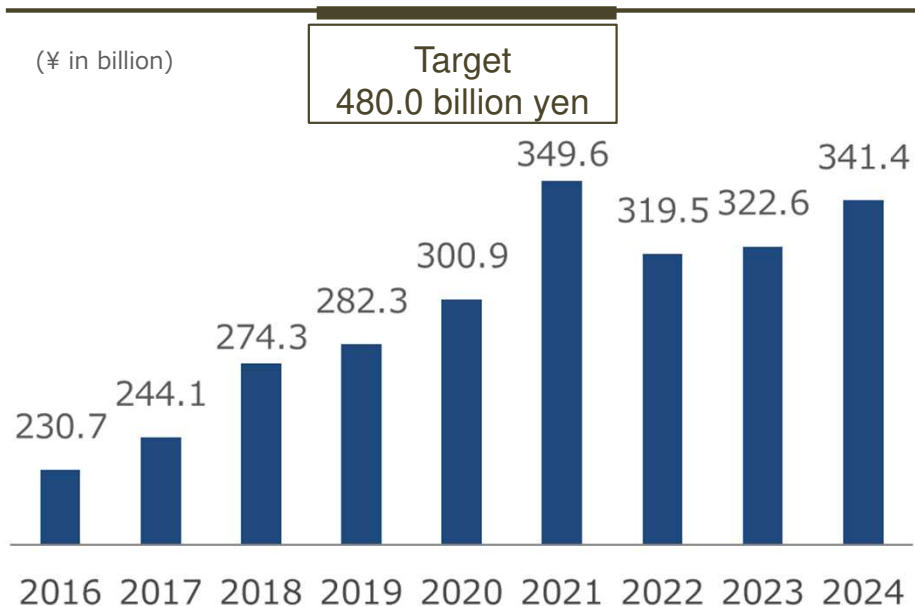
Cellular LPWA modules
Example: Smart meters

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

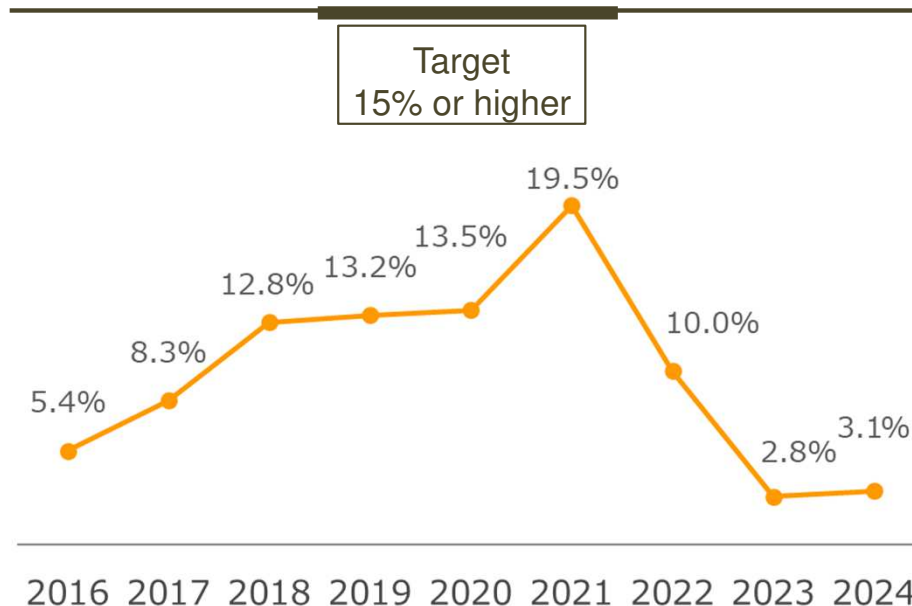
* "FEREMO" and "soliot" are registered trademark or a trademark of TAIYO YUDEN CO., LTD. in Japan and other countries.

KPIs (Economic Value)

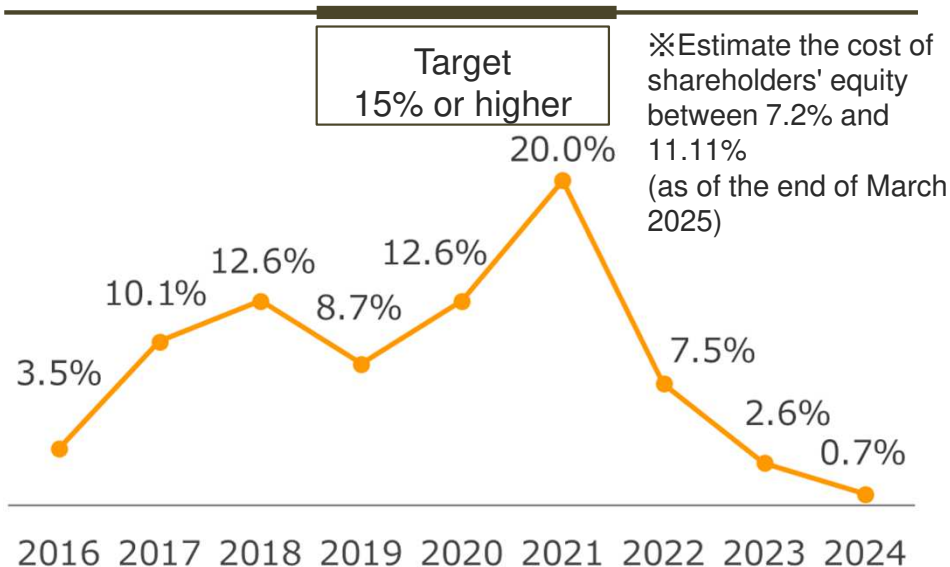
Net sales



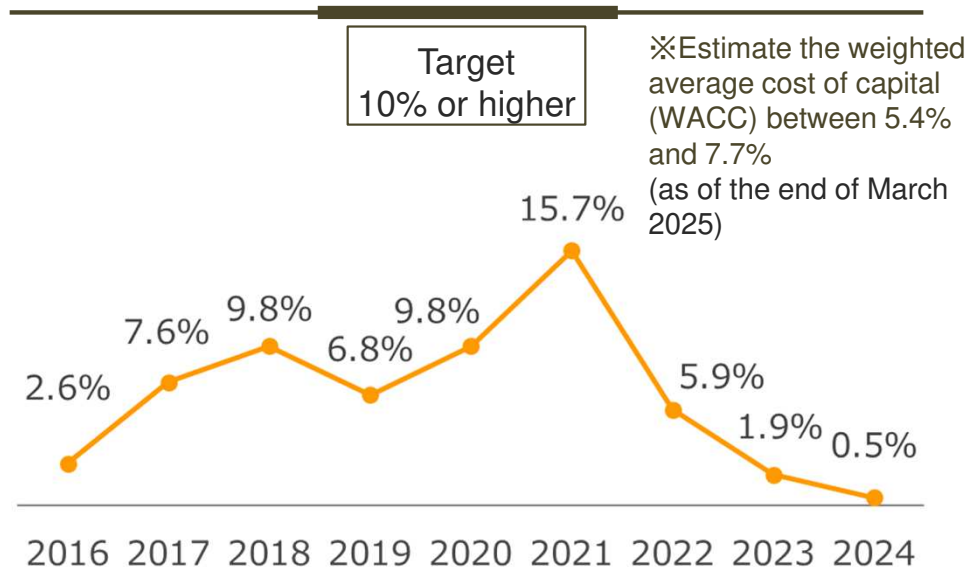
Operating margin



ROE



ROIC



Improving Social Value

ESG Initiatives ~E: Environmental~

GHG emissions

■ "ZEB Ready" certification obtained in new factory

The new factory built to enhance MLCC development and technology has achieved significant energy savings through its advanced architectural design and the introduction of highly efficient equipment.



Completion in February 2025
Tamamura Plant
Building No. 5
(Sawa-gun, Gunma)

■ Selected for Inclusion in CDP's "Climate Change A List" for Three Years in a Row

Highly rated by CDP, an international environmental NPO in recognition for our efforts for saving, generating and re-using the energy, climate change countermeasures based on TCFD, and initiatives towards obtaining SBT certification.



■ SBT certification obtained for the GHG reduction targets



Received recognition from the international initiative "SBTi" for the GHG reduction targets, which have been approved as science-based targets.

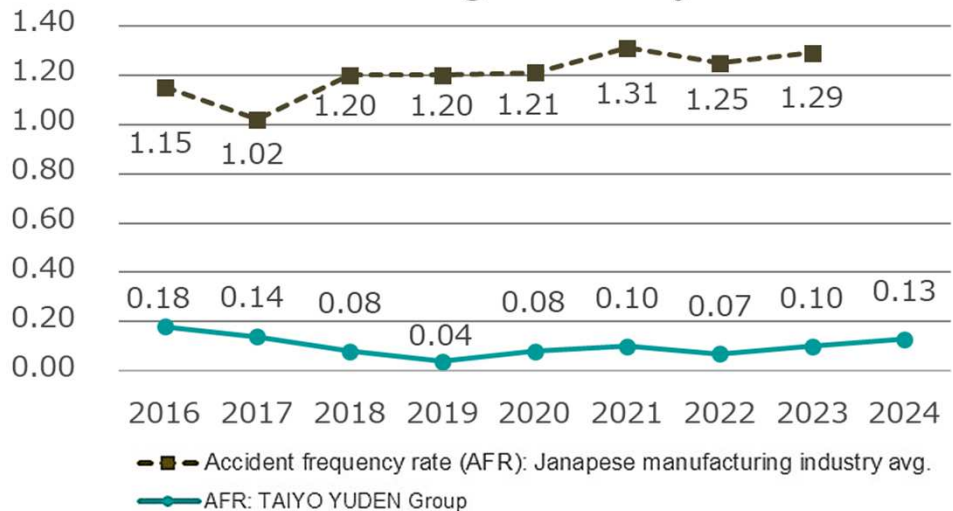
GHG emission reduction targets (FY2030)

Scope1+2	42% reduction (compared to 2020)
Scope3 (Category 1 and 3)	25% reduction (compared to 2021)

ESG Initiatives ~S: Social~

Safe & secure workplace

■ One of the safest work environment in manufacturing industry



Number of the victims of occupational injury (at least one workday lost)

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

■ Build a safer workplace through 5Ms

- Man** Intensive basic training and fostering "Awareness of safe behavior"
- Machine** Enhancing the level of facility safety design for designers
- Method** Safe work without inconsistencies
- Material** Minimization of toxicity and danger of chemical substances
- Measurement** Strengthening of checking system

Work style reforms/Diversity

■ Promote health-oriented management through "Focus 5"



■ Diversity Promotion Initiatives

Gender Set fostering awareness period until FY2025 for promotion of women's participation and advancement in the workplace. Held training for select members, unconscious bias training for all employees, and a joint International Women's Day event with domestic and overseas sites etc. Continue to develop systems and environments that enable diverse talent to play an active role, along with career advancement support.

Employment of people with disabilities Expanded the café and bakery aimed at hiring people with disabilities and enhancing employee benefits. Established an office support team to assist with internal tasks and promote employment growth and retention support in both specialized and general job fields.

Improvement of work engagement

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

KPIs (Social Value)

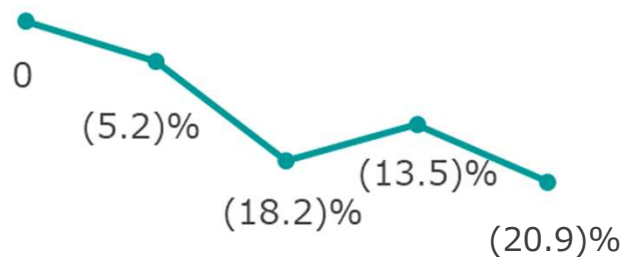
*1 Some figures have been retroactively adjusted due to changes in the method for calculating GHG emissions and waste amounts.

*2 As of April 1

GHG emissions*1

Target for FY2030
Reduce absolute
amount by 42%

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

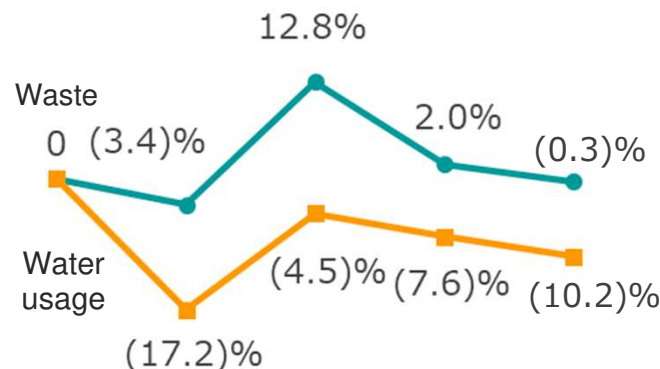


2020 2021 2022 2023 2024

Waste*1, Water usage

Target for FY2025
Reduce by 10%
(basic unit)

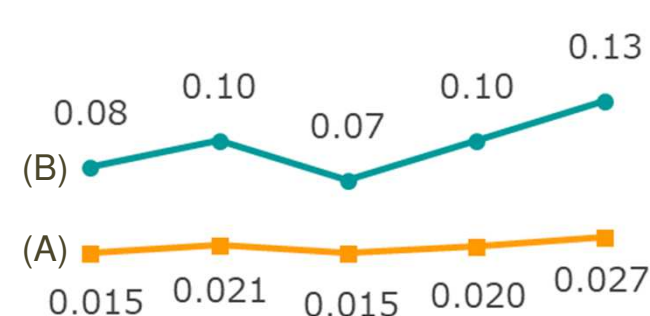
(on a single-year
basis
(2.0)% equivalent)



2020 2021 2022 2023 2024

Incidence rate of injuries and illness Accident frequency rate

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



2020 2021 2022 2023 2024

Work engagement

Target
2.5 or higher



2020 2021 2022 2023 2024

Rate of newly recruited female graduates*2

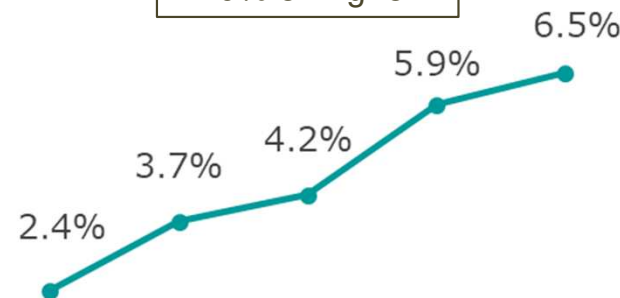
Target
30% or higher



2021 2022 2023 2024 2025

Female manager ratio*2

Target for FY2030
10% or higher



2021 2022 2023 2024 2025

Capital Allocation Policy

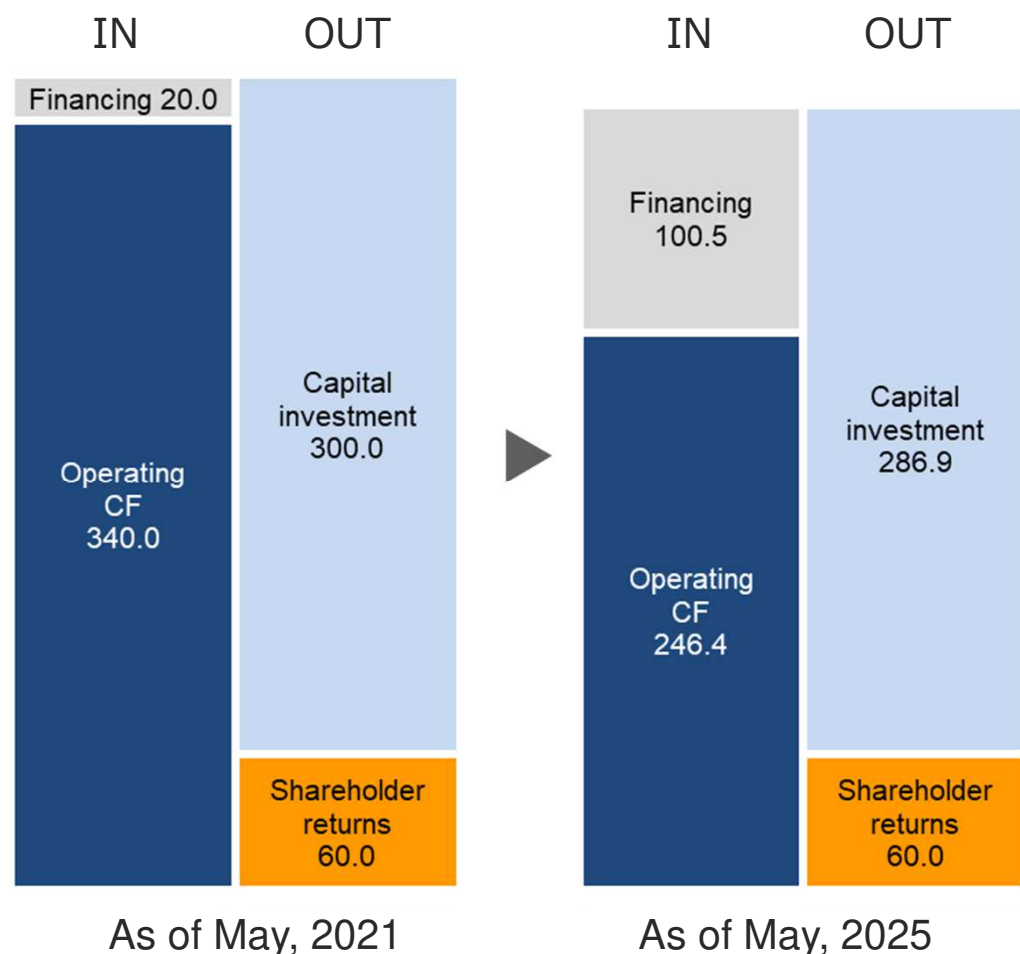
Capital Allocation Policy

Operating CF fell short of capital investments, leading to increased financing

Medium-term management plan 2025

(FY2021~FY2025)

(¥ in billion)



Financing

- Financing through loans and the issuance of convertible bonds with share acquisition rights totaling ¥50.0 billion.

Capital investments plan

- Investment will be restrained in FY2025 to generate FCF, in contrast to previous large-scale investments including new factories.
- Reduce capital investment to ¥286.9 billion.

Shareholder return policy

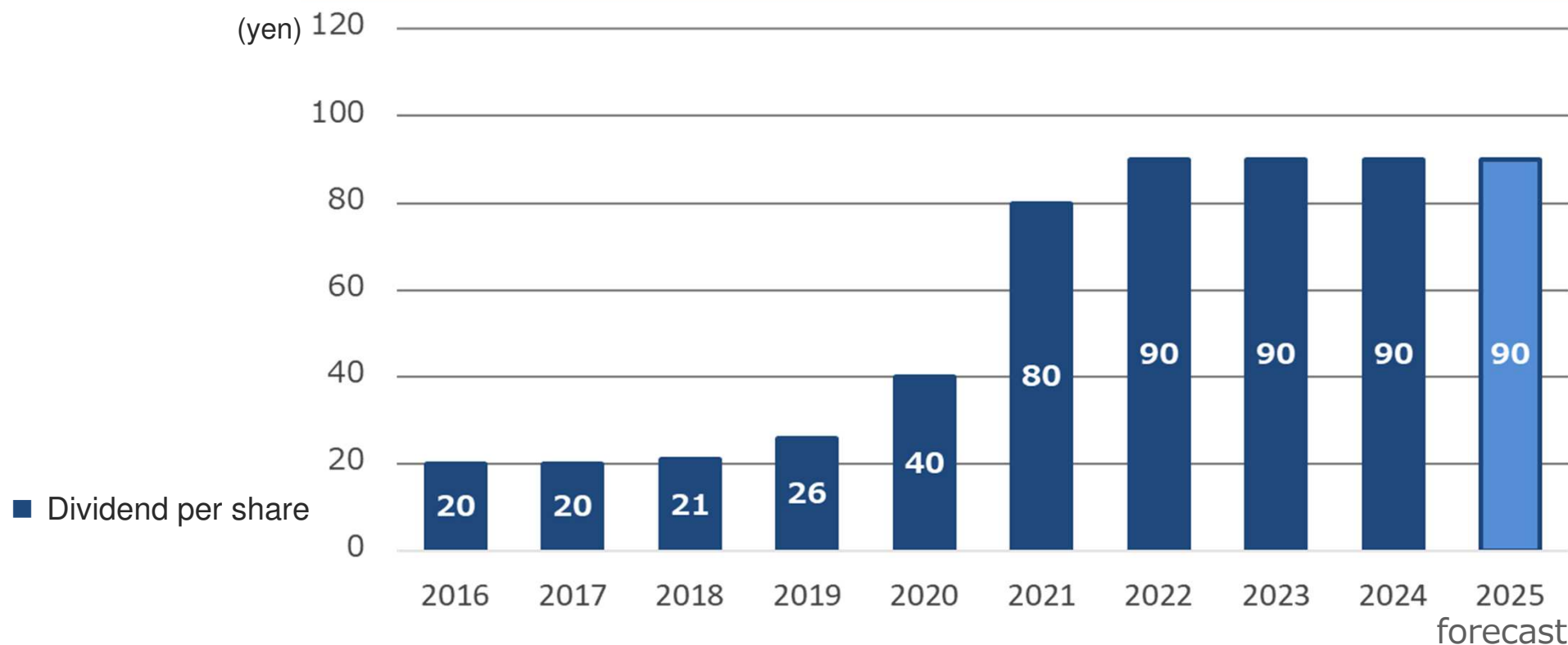
- Revise the policy to include another shareholder return indicator - a dividend on equity (DOE) ratio of 3.5% - in addition to a payout ratio of 30%.
- Acquire treasury stock as needed.

Financial discipline

- No strategic shareholdings or idle assets.
- Maintain an equity ratio of around 60% and a liquidity coverage of 2.5 months.

Shareholder Return Policy

Revised our shareholder return policy and added Dividend on Equity (DOE) ratio of 3.5% as an indicator for shareholder returns in addition to the previous dividend payout ratio of 30%

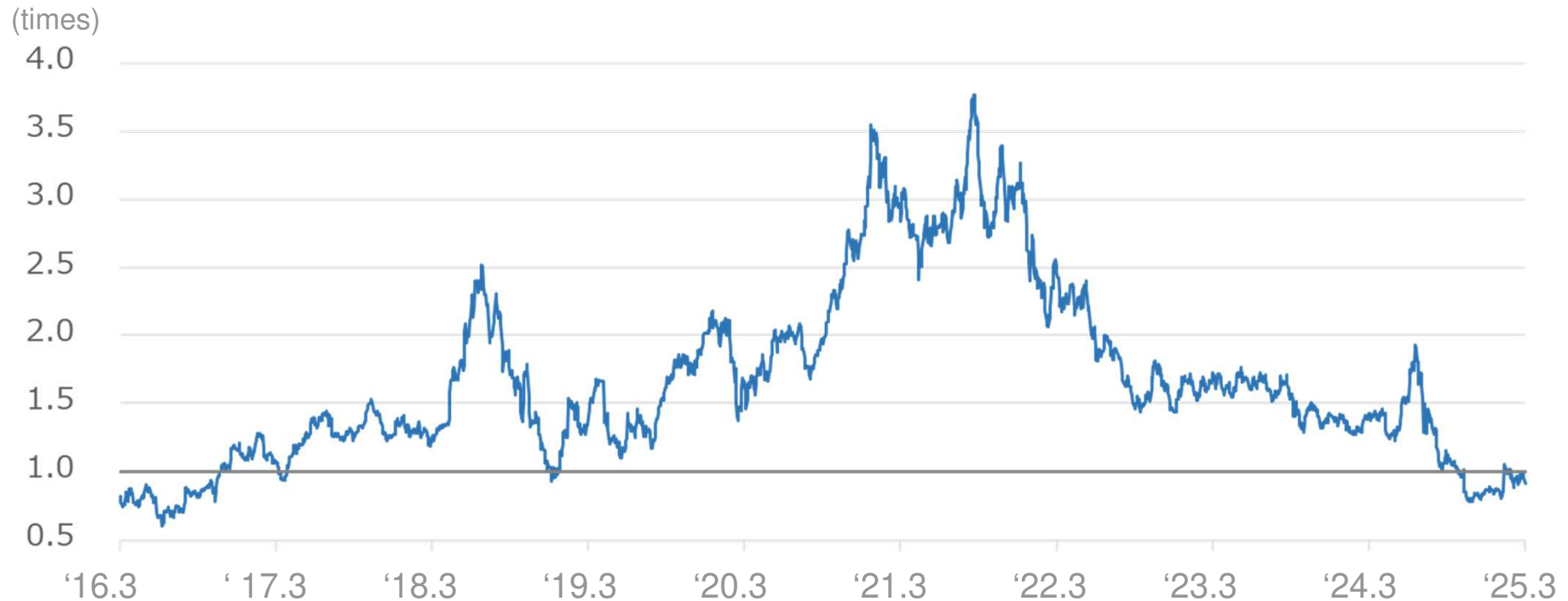


Dividend payout ratio (%)	43.4	14.4	11.1	18.2	17.5	18.5	48.3	134.8	482.1	140.3
Dividend on equity (DOE) ratio (%)	1.5	1.4	1.3	1.6	2.1	3.3	3.5	3.4	3.5	3.5
Total return ratio (%)	43.4	14.4	24.0	40.3	17.5	27.6	48.3	134.8	482.1	—
Amount of treasury stock (¥ in billion)	0	0	30	40	0	50	0	0	0	—

3. Initiatives for Enhancing Corporate Value ~The Direction of the Next Medium-term Management Plan~

Current Market Evaluation of Our Company

Price Book-value Ratio (PBR)



Capital efficiency is declining due to a gap in timing between demand and investment

- Recovery of profitability in the core MLCC business is urgent.
- Restructuring of low-profit businesses and selection and concentration are required.

Developing the next mid-term plan starting in FY2026

Improving Economic Value through Strengthened QCD

(Business Continuity and Expansion; and Strengthening Corporate Growth Potential)

■ Business Model

Based on the electronic components business, develop materials and leverage our advanced technological capabilities to consistently create high-value, high-quality products.

○ Aim at a strong position in the core MLCC business and develop the inductor business as a second pillar for balanced growth.

Development Capability (Q) Identify cutting-edge market zones as a main target and expand share in high-value products.

Profitability (C) Expand the business by focusing on areas where product value is well evaluated to generate stable profits.

Supply Capability (D) Increase capacity to meet future demand, and establish a borderless production system to ensure continuous supply to customers, even in the event of a disaster or a geopolitical risk.

Improving Social Value through Environmental and Social Activities (Improving Social and Planetary Sustainability)

■ Sustainability Action

Aim to achieve "Sustainable Well-being" throughout all business activities.

○Solution to Social Issues

Environmental (E) Contribute to the realization of a recycling-oriented society by integrating GHG reduction activities with business operations and strengthening the use of renewable energy and resources.

Social (S) Make "Safety First" the foundation of business activities. Enhance employee value and create opportunities for them to excel through human capital management.

○Creating Social Value

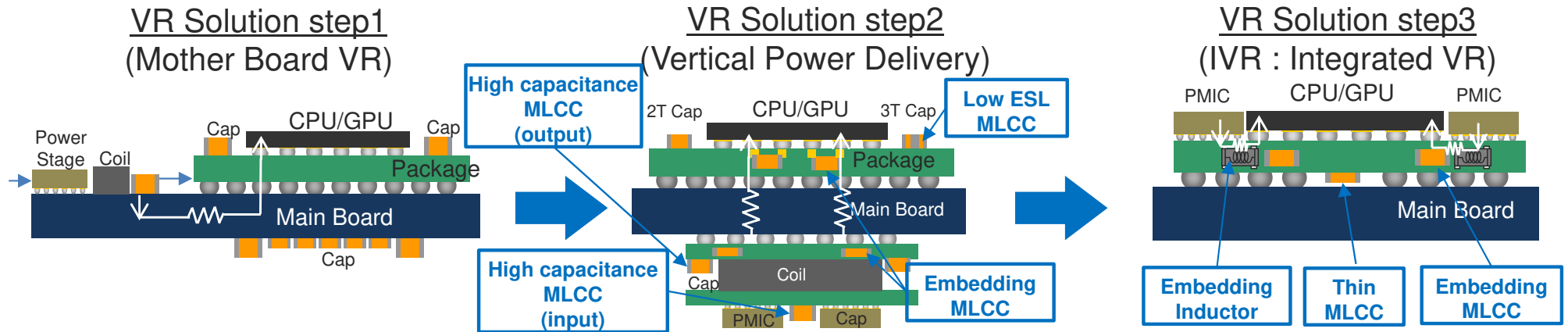
Environmental (E) & Social(S) Develop products and solutions that contribute to a healthy, safe, and secure citizen life, thereby contributing to society.

[Governance (G)] Pursue governance that enhances sustainable management quality, supports corporate activities, and increases trust from stakeholders.

Demand Opportunities through AI Servers

※Estimated by the Company

■ Evolution of Voltage Regulators (VR) for AI Servers

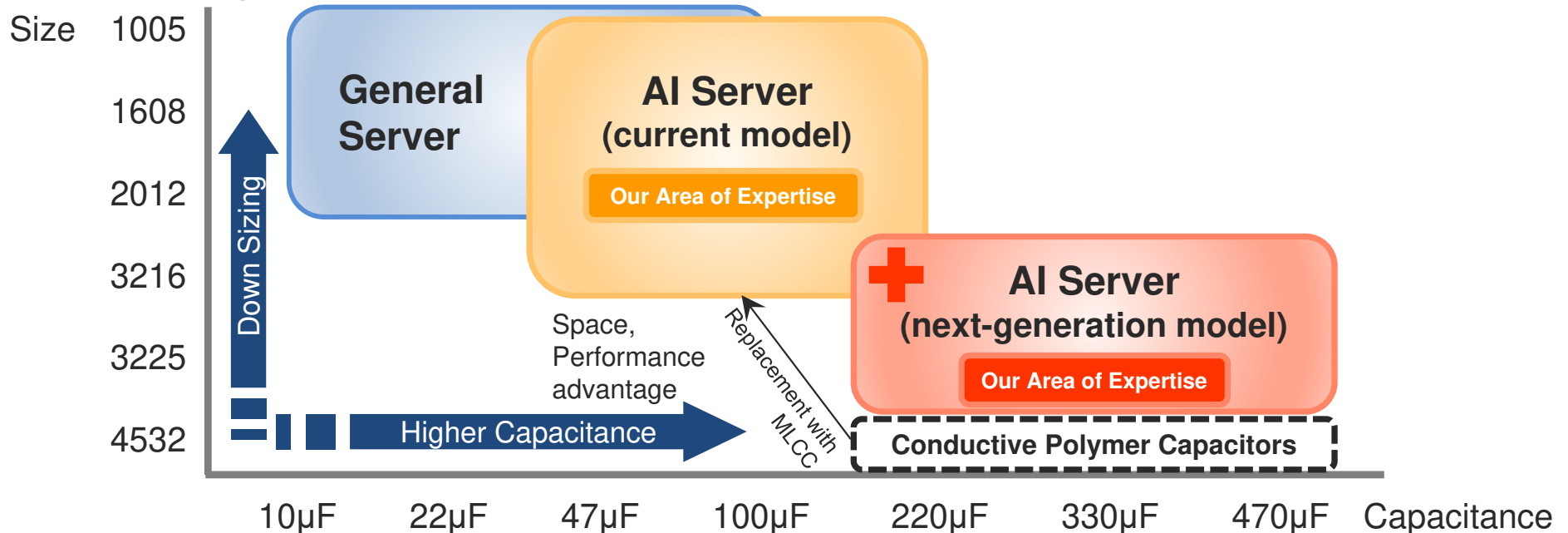


High density mounting is required for low wiring loss and space-saving



MLCC : Small size & high capacitance, Low ESL, Thin, Embedding
Inductor : Small size & high capacitance, Low DCR, Embedding, Low ACR

■ Demand Changes for MLCCs for AI Servers



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