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November 7, 2023

## Consolidated Financial Results for the Six Months Ended September 30, 2023 (Under Japanese GAAP)

Company name: TAIYO YUDEN CO., LTD.  
 Listing: Tokyo Stock Exchange  
 Securities code: 6976  
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 Scheduled date to file quarterly securities report: November 14, 2023  
 Scheduled date to commence dividend payments: December 1, 2023  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes (for institutional investors and investment analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2023	155,427	(7.5)	2,143	(92.8)	6,287	(82.3)	3,400	(86.3)
September 30, 2022	168,013	(2.7)	29,618	(14.5)	35,559	0.0	24,880	(12.5)

Note: Comprehensive income For the six months ended September 30, 2023: ¥15,379 million [(57.3)%]  
 For the six months ended September 30, 2022: ¥36,039 million [24.0%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
September 30, 2023	27.29	27.20
September 30, 2022	199.67	199.04

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
September 30, 2023	549,848	328,285	59.5	2,626.65
March 31, 2023	503,462	318,478	63.1	2,548.15

Reference: Equity  
 As of September 30, 2023: ¥327,351 million  
 As of March 31, 2023: ¥317,520 million

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	45.00	-	45.00	90.00
Fiscal year ending March 31, 2024	-	45.00			
Fiscal year ending March 31, 2024 (Forecast)			-	45.00	90.00

Note: Revisions to the forecast of cash dividends most recently announced: None

## 3. Forecasts of operating results for the period from April 1, 2023 to March 31, 2024

(Percentages indicate changes from same period in the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2024	322,000	0.8	15,000	(53.1)	14,000	(59.8)	8,000	(65.5)	64.20

Note: Revisions to the forecast of operating results most recently announced: None

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: -

Excluded: -

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2023	130,218,481 shares
As of March 31, 2023	130,218,481 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2023	5,591,335 shares
As of March 31, 2023	5,610,298 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	124,616,304 shares
Six months ended September 30, 2022	124,608,701 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Forecasts of operating results include a number of assumptions based on information currently available and certain premises which were judged to be rational. Please note that these forecasts may significantly differ from actual results with various factors.

\* TAIYO YUDEN will post the financial supplementary data on its web-site.

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## 1. Qualitative Information Concerning Financial Statements and Other

### (1) Consolidated Operating Results

During the six-month period ended September 30, 2023 (April 1, 2023 – September 30, 2023), the business conditions surrounding the TAIYO YUDEN Group (“the Group”) remained uncertain with weakness observed in some regions, although there were signs of moderate recovery in the global economy. As for the future, although the moderate recovery is expected to continue, it will be necessary to monitor the international situation, as well as fluctuations in financial and capital markets and trends in the demand environment amid global monetary tightening.

Under the medium-term management plan 2025, the Group is aiming to increase the proportion of sales in focus markets, primarily automotive and IT infrastructure/industrial equipment, to 50%. Moreover, the Group will produce high value-added electronic components with a focus on high-end and high reliability products to achieve further growth in multilayer ceramic capacitors, the Group’s core business, in addition to strengthening inductor and communication device products to establish them as core businesses. We also plan capital investment of ¥300.0 billion over five years to continuously expand capacity to meet increase in demand as well as to implement proactive initiatives in the areas of environmental measures and upgrading of IT.

Consolidated net sales for the six-month period ended September 30, 2023 totaled ¥155,427 million, which is a decrease of 7.5% compared to the corresponding period of the previous fiscal year. Operating profit was ¥2,143 million, a decrease of 92.8%. Ordinary profit was ¥6,287 million, a decrease of 82.3%, and profit attributable to owners of parent was ¥3,400 million, a decrease of 86.3%. Net sales, operating profit, ordinary profit, and profit attributable to owners of parent decreased due to a decline in production volume and inventory adjustments, primarily in information equipment and IT infrastructure/industrial equipment.

The average foreign currency exchange rate for the six-month period ended September 30, 2023 was US\$1: ¥138.70. This is a depreciation of ¥8.81 as compared to the average realized in the corresponding period of the previous fiscal year of US\$1: ¥129.89.

### Net Sales by Product Classification

#### [Capacitors]

The capacitor product classification is comprised of multilayer ceramic capacitors.

While product sales for use in communication equipment and automobiles increased year over year, sales for use in consumer products, information equipment, and IT infrastructure/industrial equipment declined. As a result, net sales for the six-month period ended September 30, 2023 totaled ¥99,084 million, a decrease of 10.8% compared to the corresponding period the previous fiscal year.

#### [Inductors]

This product classification is comprised of various inductors including wire-wound inductors and multilayer inductors.

In the six-month period ended September 30, 2023, product sales for use in communication equipment and automobiles were higher as compared to the corresponding period of the previous fiscal year while sales for use in consumer products, information equipment, and IT infrastructure/industrial equipment were lower. As a result, net sales for the six-month period ended September 30, 2023 totaled ¥26,724 million, which is a decrease of 0.7% compared to the corresponding period of the previous fiscal year.

#### [Integrated Modules & Devices]

This product classification is comprised of FBAR/SAW devices for mobile communications, circuit modules, etc.

For the six-month period ended September 30, 2023, sales of FBAR/SAW devices for mobile communications increased year over year, but sales of circuit modules decreased. This resulted in a 5.3% decrease in sales for this product classification year over year to ¥16,509 million.

#### [Others]

For this product classification, the Group manufactures and sells aluminum electrolytic capacitors, etc.

For the six-month period ended September 30, 2023, sales of aluminum electrolytic capacitors, mainly for use in automobiles, increased year over year. This resulted in a 3.6% increase in sales for this product classification year over year to ¥13,109 million.

## (2) Consolidated Financial Conditions

### ① Assets, Liabilities and Net Assets

Total assets as of September 30, 2023 increased ¥46,385 million to ¥549,848 million compared with the end of the previous fiscal year. Current assets increased ¥9,338 million. This increase in current assets was mainly due to the increase in notes and accounts receivable - trade of ¥11,290 million, cash and deposits of ¥3,533 million, and the decrease in merchandise and finished goods of ¥1,860 million. Non-current assets increased ¥37,047 million owing to the upswing in property, plant and equipment of ¥38,724 million.

Total liabilities as of September 30, 2023 were ¥221,563 million, an increase of ¥36,578 million as compared to the balance at March 31, 2023. This was mainly due to the increase in long-term borrowings of ¥33,445 million and notes and accounts payable - trade of ¥3,894 million, and the decrease in current portion of long-term borrowings of ¥8,452 million.

Net assets as of September 30, 2023 increased ¥9,806 million. The main factors were a decrease in retained earnings of ¥2,206 million due to profit attributable to owners of parent of ¥3,400 million and dividends of surplus of ¥5,607 million, in addition to an increase of ¥12,000 million in foreign currency translation adjustment due to the impact of exchange rates, including the depreciation in the value of the yen.

### ② Cash Flows

Net cash provided by operating activities for the six-months period ended September 30, 2023 was ¥22,746 million, an increase of 27.9% compared with the corresponding period of the previous fiscal year. The contributing factors are; depreciation of ¥18,270 million; decrease in inventories of ¥6,978 million; increase in trade receivables of ¥6,301 million; profit before income taxes of ¥6,231 million, and income taxes refund of ¥3,480 million.

Net cash used in investing activities for the six-months period ended September 30, 2023 totaled ¥44,927 million, an increase of 42.6% compared with the corresponding period of the previous fiscal year. The largest cash outflow was ¥43,279 million paid for purchase of non-current assets.

Net cash provided by financing activities for the six-months period ended September 30, 2023 totaled ¥18,948 million, an increase of 205.6% compared with the corresponding period of the previous fiscal year. The main factors are proceeds from long term borrowings of ¥42,708 million, repayments of long-term borrowings of ¥17,715 million, and dividends paid of ¥5,599 million.

As a result of the aforementioned activities, cash and cash equivalent as of September 30, 2023 increased ¥575 million from the end of the previous fiscal year, to ¥84,700 million.

## (3) Forecasts of Consolidated Operating Results

There is no change in the forecasts of consolidated operating results for the fiscal year ending March 31, 2024 that was previously announced on May 9, 2023.

In the fiscal year ending March 31, 2024, we anticipate that net sales will increase with rising demand for electronic components due to increasing use of electronics and electric motors in automobiles and other factors. However, each stage of profit is expected to decrease as a result of such factors as cost increases because of higher commodity prices and aggressive investment to meet rising demand in the future. As for the future, it will be necessary to monitor the fluctuations in financial and capital markets and trends in the global demand environment amid global monetary tightening.

The forecast is based on an average foreign currency exchange rate of US\$1: ¥130.

### \*Disclaimer concerning forecasts of operating results:

The aforementioned forecasts of results are based on information available as of the date of this report. As a result, forecast information contained in this document may include potential risk and uncertainties. Accordingly, actual results may differ materially from forecasts due to a variety of factors.

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	87,197	90,730
Notes and accounts receivable - trade	70,372	81,663
Merchandise and finished goods	34,695	32,834
Work in process	46,885	45,983
Raw materials and supplies	23,234	22,905
Other	12,269	9,935
Allowance for doubtful accounts	(258)	(317)
Total current assets	274,396	283,734
Non-current assets		
Property, plant and equipment		
Buildings and structures	129,144	149,127
Machinery, equipment and vehicles	363,035	381,691
Tools, furniture and fixtures	37,483	40,173
Land	15,858	16,104
Construction in progress	47,571	62,311
Accumulated depreciation	(372,502)	(390,094)
Total property, plant and equipment	220,590	259,314
Intangible assets		
Other	1,663	1,765
Total intangible assets	1,663	1,765
Investments and other assets		
Investment securities	1,447	1,459
Other	5,458	3,673
Allowance for doubtful accounts	(92)	(99)
Total investments and other assets	6,812	5,033
Total non-current assets	229,066	266,113
<b>Total assets</b>	<b>503,462</b>	<b>549,848</b>

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	23,012	26,907
Short-term borrowings	30,200	30,200
Current portion of long-term borrowings	17,958	9,506
Income taxes payable	1,550	2,479
Provision for bonuses	4,205	4,498
Provision for bonuses for directors (and other officers)	60	9
Other	35,152	39,214
Total current liabilities	112,140	112,816
Non-current liabilities		
Long-term borrowings	50,777	84,222
Provision for retirement benefits for directors (and other officers)	39	43
Retirement benefit liability	5,666	6,377
Other	16,359	18,103
Total non-current liabilities	72,843	108,746
Total liabilities	184,984	221,563
Net assets		
Shareholders' equity		
Share capital	33,575	33,575
Capital surplus	49,908	49,922
Retained earnings	233,802	231,595
Treasury shares	(13,457)	(13,411)
Total shareholders' equity	303,829	301,681
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	631	596
Deferred gains or losses on hedges	(0)	(33)
Foreign currency translation adjustment	13,086	25,086
Remeasurements of defined benefit plans	(26)	19
Total accumulated other comprehensive income	13,690	25,670
Share acquisition rights	958	933
Total net assets	318,478	328,285
Total liabilities and net assets	503,462	549,848



(2) Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income  
(Consolidated Statements of Operations)  
(Six months ended September 30, 2023)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	168,013	155,427
Cost of sales	110,257	125,483
Gross profit	57,755	29,943
Selling, general and administrative expenses	28,136	27,800
Operating profit	29,618	2,143
Non-operating income		
Interest income	252	600
Dividend income	50	55
Foreign exchange gains	5,496	4,008
Subsidy income	241	487
Other	170	220
Total non-operating income	6,210	5,373
Non-operating expenses		
Interest expenses	219	324
Depreciation of inactive non-current assets	13	50
Compensation expenses	0	804
Other	36	49
Total non-operating expenses	269	1,229
Ordinary profit	35,559	6,287
Extraordinary income		
Gain on sale of non-current assets	23	20
Gain on sale of investment securities	-	164
Gain on sale of golf club membership	-	67
Total extraordinary income	23	251
Extraordinary losses		
Loss on sale and retirement of non-current assets	569	305
Impairment losses	4	-
Other	26	1
Total extraordinary losses	599	307
Profit before income taxes	34,982	6,231
Income taxes - current	9,791	2,661
Income taxes - deferred	310	169
Total income taxes	10,102	2,831
Profit	24,880	3,400
Profit attributable to owners of parent	24,880	3,400

(Consolidated Statements of Comprehensive Income)  
(Six months ended September 30, 2023)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	24,880	3,400
Other comprehensive income		
Valuation difference on available-for-sale securities	(71)	(34)
Deferred gains or losses on hedges	151	(32)
Foreign currency translation adjustment	11,027	12,000
Remeasurements of defined benefit plans, net of tax	51	46
Total other comprehensive income	11,158	11,979
Comprehensive income	36,039	15,379
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	36,039	15,379

## (3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	34,982	6,231
Depreciation	16,325	18,270
Impairment losses	4	-
Increase (decrease) in allowance for doubtful accounts	12	40
Increase (decrease) in provision for bonuses	449	241
Increase (decrease) in provision for bonuses for directors (and other officers)	(608)	(51)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	4	3
Interest and dividend income	(303)	(656)
Interest expenses	219	324
Loss (gain) on sale and retirement of non-current assets	546	285
Loss (gain) on sale of investment securities	-	(164)
Subsidy income	(99)	(264)
Decrease (increase) in trade receivables	9,381	(6,301)
Decrease (increase) in inventories	(17,288)	6,978
Increase (decrease) in trade payables	(4,313)	2,774
Other, net	(7,976)	(8,881)
Subtotal	31,336	18,832
Interest and dividends received	290	659
Interest paid	(188)	(226)
Income taxes refund (paid)	(13,659)	3,480
Net cash provided by (used in) operating activities	17,778	22,746
<b>Cash flows from investing activities</b>		
Purchase of non-current assets	(32,057)	(43,279)
Proceeds from sale of non-current assets	29	36
Decrease (increase) in time deposits	128	(2,641)
Proceeds from sale of investment securities	-	164
Proceeds from subsidy income	199	510
Other, net	188	282
Net cash provided by (used in) investing activities	(31,512)	(44,927)
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	15,000	42,708
Repayments of long-term borrowings	(3,385)	(17,715)
Purchase of treasury shares	(1)	(0)
Dividends paid	(4,974)	(5,599)
Repayments of lease liabilities	(438)	(444)
Other, net	(0)	0
Net cash provided by (used in) financing activities	6,199	18,948
Effect of exchange rate change on cash and cash equivalents	4,304	3,808
Net increase (decrease) in cash and cash equivalents	(3,230)	575
Cash and cash equivalents at beginning of period	88,609	84,124
Cash and cash equivalents at end of period	85,379	84,700

(4) Notes on Consolidated Financial Statements

(Notes on Premise of Going Concern)

No relevant items to report.

(Notes in Case of Significant Changes to Shareholders' Equity)

No relevant items to report.

(Significant subsequent events)

(Issuance of euro-yen denominated convertible bond-type bonds with share acquisition rights due in 2030)

By resolution of the meeting of the Board of Directors held on October 4, 2023, the Company issued euro-yen denominated convertible bond-type bonds with share acquisition rights maturing in 2030 (the "Bonds"), with respect to which payment was completed on October 20, 2023 (London time; the same applies hereinafter unless otherwise indicated). Details of the bond issuance are as follows.

- (1) Total amount of issue  
Sum total of ¥50 billion plus total par value of the Bonds associated with the replacement certificates of Bonds with share acquisition rights
- (2) Issue price (paid-in amount)  
102.5% of the par value of the Bonds (¥10,000,000 par value with respect to each of the Bonds)
- (3) Issue price (offer price)  
105.0% of the par value of the Bonds
- (4) Payment date (issue date)  
October 20, 2023
- (5) Maturity date  
October 18, 2030
- (6) Interest rate  
No interest
- (7) Class, description, and number of shares subject to stock acquisition rights
  - ① Class and description  
Common stock of the Company (100 shares constituting one share unit)
  - ② Number  
The number of shares of its common stock that the Company will deliver due to the exercise of the stock acquisition rights shall be the number obtained by dividing the total face value of the bonds subject to the exercise request by the conversion price stated in (9)② below. However, fractions of less than one share arising from exercise shall be rounded down, and no cash adjustment shall be made.
- (8) Aggregate number of share acquisition rights issued  
Sum total of 5,000 share acquisition rights plus the number of share acquisition rights obtained by dividing the total par value of the Bonds associated with the replacement certificates of Bonds with share acquisition rights by ¥10 million
- (9) Amount to be paid upon exercise of the stock acquisition rights
  - ① Upon the exercise of the stock acquisition rights, the bonds pertaining to the stock acquisition rights shall be invested, and the value of the bonds shall be an amount equal to the face value of the bonds. The bonds invested upon exercise of the stock acquisition rights shall be cancelled immediately.
  - ② Initial conversion price shall be ¥4,360 per share.
  - ③ The conversion price shall be adjusted in accordance with the following formula when the Company issues its common stock or otherwise disposes of its common stock holdings for a paid-in amount that is less than the market price thereof, subsequent to having issued the Bonds with share acquisition rights. In the following formula, the "number of shares outstanding" refers to the total number of issued shares of the Company's common stock (However, the number of treasury shares relating to the Company's common stock shall be excluded.)

$$\begin{array}{rcccl} \text{Conversion} & & & \text{Number of} & & \text{Number of shares to be} & & \text{Paid-in amount} \\ \text{price after} & = & \text{Conversion} & \text{shares} & + & \text{issued or disposed of} & \times & \text{per share} \\ \text{adjustment} & & \text{price before} & \text{outstanding} & & & & \\ & & \text{adjustment} & & & \text{Market price} & & \\ & & & & & \text{Number of shares outstanding} & & \\ & & & & & + \text{Number of shares to be issued or disposed of} & & \end{array}$$

Furthermore, in accordance with the issuance outline of the bonds with stock acquisition rights, the conversion price will be appropriately adjusted in the event of a split (including a gratis allotment) or reverse split of the Company's common stock, the issuance of stock acquisition rights that enable request for delivery of the Company's common stock at a price that is lower than the market value of the Company's common stock (including those attached to bonds with stock acquisition rights), the payment of dividends that exceed a certain limit (including payment of special dividends), and certain other events.

- (10) Exercise period for stock acquisition rights  
The exercise period shall be from November 6, 2023 to the close of banking business hours on October 4, 2030 (local time at location where exercise requests are accepted). However, there are certain provisos in the issuance outline.
- (11) Conditions for exercise of stock acquisition rights  
Partial exercise of each stock acquisition right shall not be possible.
- (12) Use of funds  
TAIYO YUDEN intends to apply the proceeds from the issuance of the bonds with stock acquisition rights to capital

investment funds by March 31, 2025 in order to expand production capacity for growth products, including ultra-small, thin, large capacity, high-reliability multilayer ceramic capacitors, large current, high efficiency, high heat resistance metal power inductors, and conductive polymer hybrid aluminum electrolytic capacitors. The objective is to build a production system that meets the expansion in demand for electronic components as part of the growth strategy in Medium-term Management Plan 2025.

### 3. Supplementary Information

#### (1) Net Sales by Product Classification

Product classification	Six months ended September 30, 2022 (From April 1, 2022 To September 30, 2022)		Six months ended September 30, 2023 (From April 1, 2023 To September 30, 2023)		Increase/ (Decrease)	
	Amount (¥ in million)	Share (%)	Amount (¥ in million)	Share (%)	Amount (¥ in million)	Share (%)
Capacitors	111,021	66.1	99,084	63.7	(11,937)	(10.8)
Inductors	26,905	16.0	26,724	17.2	(181)	(0.7)
Integrated modules & devices	17,436	10.4	16,509	10.6	(927)	(5.3)
Others	12,649	7.5	13,109	8.4	460	3.6
Total	168,013	100.0	155,427	100.0	(12,586)	(7.5)