



At a Glance

Interview with the Officer in charge of the Sales Headquarters

Utilizing DX to respond to change and lead the way into the future

Toshiyuki Watanabe

Director and Executive Operating Officer
in charge of Sales Headquarters



The Growth Opportunities Presented by AI Servers

Our financial results did not recover in FY2024 to the extent that we had hoped. It was a year in which we were keenly aware of the difficulty involved in meeting the expectations of both those inside and outside the Company. However, it was also a year with various bright points: the rapid growth in demand related to AI servers, primarily multilayer ceramic capacitors (MLCCs), the sustained growth of metal power inductor business, and the launching of a new business site in India.

In the AI server field, in particular, rapidly rising power consumption is creating growing demand for high-capacitance capacitors. To meet these needs, we have expanded our development and supply capabilities for large capacity products and we have successfully improved certification rates among our main customers.

Promoting Supply Chain Visualization and DX

In recent years, the business models of our device manufacturer customers have grown more complex. To deal with this, we have introduced an internal supply chain system. Each of our sites coordinates with other sites to better visualize information, actions, and KPIs, from upstream to downstream. This has clarified the progress status of our sales activities and enabled us to improve the precision of our targeting and actions. Led by our success in the AI server field, we are also considering expanding these efforts to other applications.

On the DX front, we have expanded the use of data to improve the precision of demand forecasts. Forecasts by sales personnel have been supplemented with elements such as BB ratios*, sentiment, and seasonal coefficients to produce more rational corrected values. This has provided some benefits in our macro trend analysis. We will be introducing AI technologies in this process to further improve forecast precision.

* Book-to-bill ratio. This demand indicator is determined by dividing orders by net sales.
A BB ratio greater than 1 indicates strong demand.

Steady Efforts to Improve Customer Satisfaction

Customer satisfaction is important not only to the Sales Headquarters but to the Company as a whole. Every year, we conduct studies that examine multiple areas, such as delivery times, prices, quality, and support, and use our findings to implement actions that address the issues faced in individual sites.

When it comes to customer satisfaction, we also place great importance on getting direct feedback from the sales field. This is done by storing contact reports from sales representatives in our system. We use AI text mining to create summaries and analyses and utilize them in our customer satisfaction improvement actions.

Despite these activities, we have not been able to make immediate and dramatic improvements to satisfaction levels. In FY2024, our study found only slight improvements. However, our customers have positively evaluated the sincerity with which we listen to customer feedback and our efforts to make ongoing improvements, and I feel that we have established greater trust with our customers. We will continue our dedicated efforts and achieve steady results.

Attempting Both High-End and Long-Tail Strategies

The Sales Headquarters is focusing on both high-end and long-tail strategies. In addition to strengthening proposals and sales of high-value-added products in markets such as the IT infrastructure and industrial equipment market (which includes AI servers) and the automotive market, we are also working to capture small lot demand by coordinating with various agencies around the world. Through this, we will achieve stability in both sales and management and build a foundation for our next medium-term management plan.

We will continue to flexibly respond to the dramatically changing environment surrounding the Company while promoting management strategies that enable us to develop solid growth strategies for TAIYO YUDEN.

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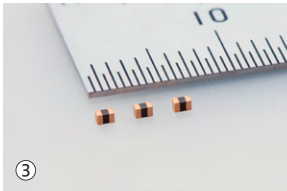
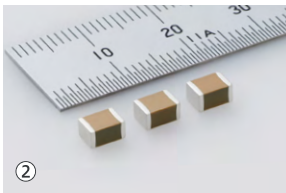
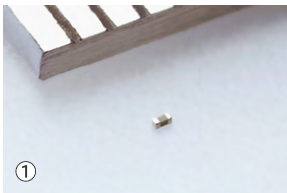
Capacitors

We are focusing on the development of not only multilayer ceramic capacitors (MLCCs) that are compact, thin, and high capacitance, but also high-reliability products such as large and high-voltage-resistant MLCCs. We are continuing our development of cutting-edge MLCCs by advancing our dielectric materials technologies, thin-film and high-capacitance technologies, and ultra-compact capacitor production technologies. In FY2024, sales rose for information equipment such as laptops and tablet devices, automobiles, and IT infrastructure and industrial equipment such as servers. As a result, net sales increased 13% year on year to ¥232.0 billion.

Basic Information

Major Products

Multilayer ceramic capacitors

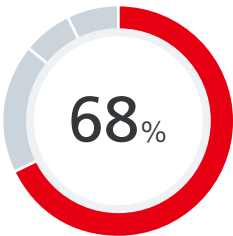


① 0201 size (0.25mm×0.125mm) ultra-small multilayer ceramic capacitors

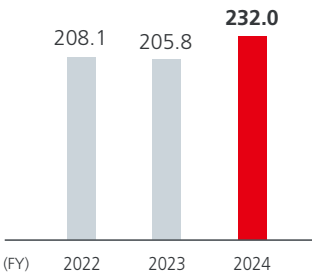
② 4532 size (4.5mm×3.2mm) high-capacitance multilayer ceramic capacitors

③ 1005 size (1.0mm×0.5mm) Embeddable multilayer ceramic capacitors

Net Sales Breakdown by Product Classifications (FY2024)



Net Sales (Billions of yen)



Market Needs

- The increase in demand for high reliability products and large-sized products for automobiles and IT infrastructure/ Industrial equipment accelerated

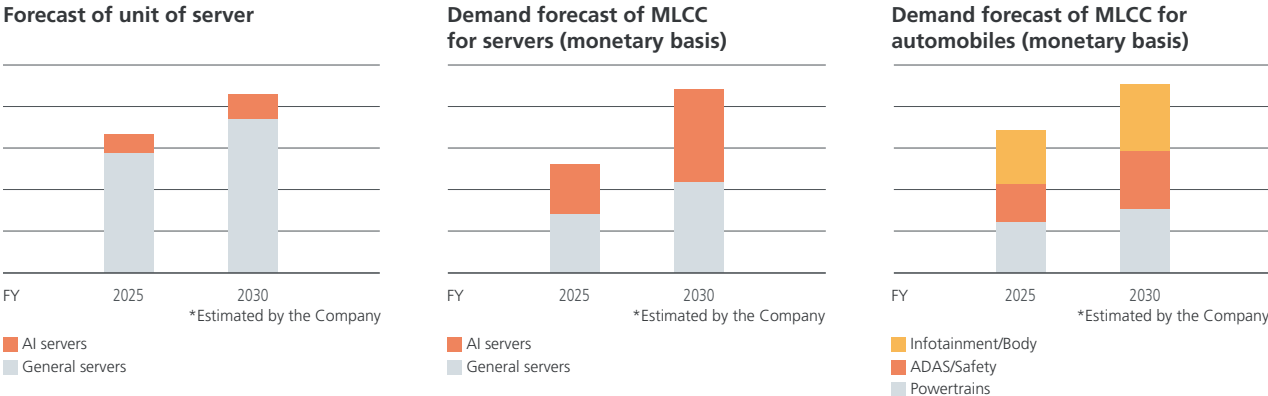
Strengths of TAIYO YUDEN Group

- High reliability
- Front runner in high capacitance products
- Downsizing
- Decentralization of production bases

Growth Strategies

Focus on high-value-added zones such as AI servers and automobiles

- Total MLCC capacitance is increasing, driven by growing AI server power usage. The number of MLCCs being used is rising, as is their capacitance (they are becoming high-end MLCCs)
- In addition to automobile electrification and automated driving, the inclusion of AI functions is expanding demand for MLCCs



Inductors

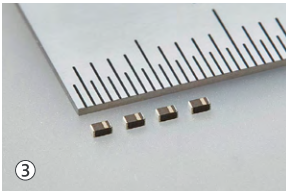
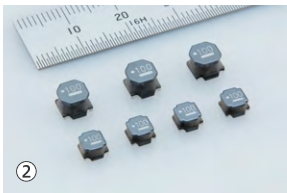
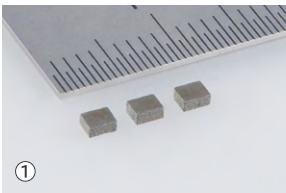
In addition to small, thin inductors with high current, we are working on the development of large, high-reliability inductors targeted at automotive and IT infrastructure applications. We are also developing competitive products by bringing about even greater sophistication in our development of metal materials and other materials, as well as in our wire-winding and multilayer process technologies.

In FY2024, sales of consumer products such as game consoles and wireless earphones; information equipment such as memory modules, for which demand is growing as a result of the shift to DDR5; and IT infrastructure and industrial equipment all increased. As a result, net sales rose 11% year on year to ¥61.5 billion.

Basic Information

Major Products

Wire-wound inductors / Multilayer inductors

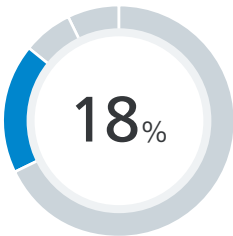


① Wire-wound metal power inductors MCOIL™

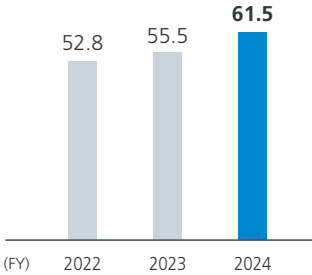
② Wire-wound ferrite power inductors

③ Multilayer metal power inductors MCOIL™

Net Sales Breakdown by Product Classifications (FY2024)



Net Sales (Billions of yen)



Market Needs

- The demand for inductors compatible with large currents increased as a consequence of the improved performance of electronic equipment and electrification of and installation of electrical equipment in automobiles

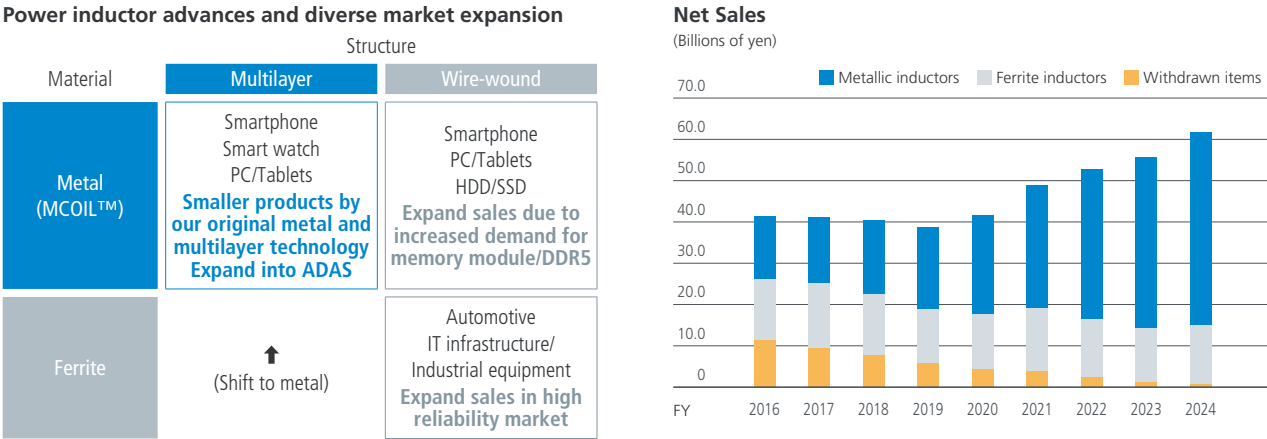
Strengths of TAIYO YUDEN Group

- An abundant lineup of power inductors built on advanced elemental technologies

Growth Strategies

Increase competitive advantage in power inductors and increase profitability by improving item mix

- Diversify market and customers by expanding into the fields of smartphones, IoT, automotive, and IT infrastructure/industrial equipment
- Use core technologies that utilize metal materials to develop products aligned with device trends



At a Glance

Integrated Modules & Devices

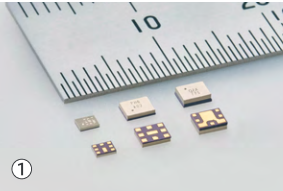
We are promoting the development of broadband-compatible devices for communications and the development of next-generation products suitable for higher frequencies.

In FY2024, year-on-year sales fell for both FBAR/SAW communication devices for Chinese smartphone manufacturers and for circuit modules, where business selection and concentration is underway. As a result, net sales decreased 34% year on year to ¥22.9 billion.

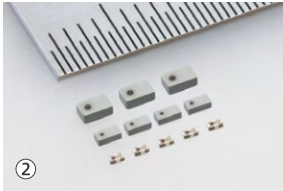
Basic Information

Major Products

Communication devices



①



②



③

Communication devices

① FBAR/SAW devices for communications

② Multilayer ceramic filters

Circuit modules

③ Regenerative electric assist system "FEREMO™" for electric assist bicycles

Net Sales Breakdown by Product Classifications
(FY2024)

7%

Net Sales
(Billions of yen)

(FY)	2022	2023	2024
	32.5	34.9	22.9

Market Needs

■ In addition to smartphones, our main market, expand adoption in the telematics, machine-to-machine (M2M), IoT, and base station markets

Strengths of TAIYO YUDEN Group

■ Ensure excellent high-reliability characteristics with element material technology and robust package structure

Growth Strategies

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

- Carry out structural reforms, rebuild business, contract the scale of business to match demand conditions, and improve profitability
- Meet customer needs through cutting-edge products based on the new technologies of TLSAW™ (element technology) and HPDP (structural technology)
- In addition to miniaturization, thinning, and high integration, respond to market trends by increasing power handling capabilities
- Based on our high-end smartphone business, provide high reliability, high-value-added products for use in telematics, M2M, IoT, and base stations
- Through circuit module selection and concentration, complete transfer of/withdrawal from business involving selected products and reorganize sites

Previous Package

Low profile, high power handling capability

HPDP



Sample image of new "HPDP" technology for packaging

Others

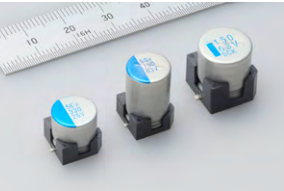
We are concentrating our efforts on the development of conductive polymer hybrid aluminum electrolytic capacitors for the focus markets, and on boosting production capacity.

In FY2024, sales of aluminum electrolytic capacitors by subsidiary ELNA fell. As a result, net sales decreased 6% year on year to ¥24.8 billion.

Basic Information

Major Products

Aluminum electrolytic capacitors



Conductive polymer hybrid aluminum electrolytic capacitors

Net Sales Breakdown by Product Classifications
(FY2024)

7%

Net Sales
(Billions of yen)

(FY)	2022	2023	2024
	25.9	26.3	24.8

Market Needs

■ Demand for automobiles is growing rapidly due to the adoption of xEVs, electrification of powertrains, and advancement of ADAS

Strengths of TAIYO YUDEN Group

■ High reliability, large current, and low noise

■ A wide range of large-sized and high-capacity products

Growth Strategies

Expand sales in high-value-added markets, especially automobiles

- Focus on high-performance conductive polymer hybrid aluminum electrolytic capacitors to increase profitability
- Build an efficient integrated domestic system that encompasses everything from product development to production to increase production capacity and meet growing demand for automotive applications

Net sales of aluminum electrolytic capacitors (monetary basis)

■ Hybrid ■ Non-hybrid

FY	2018	2019	2020	2021	2022	2023	2024
Hybrid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-hybrid	0.9	0.8	0.8	1.2	1.5	1.6	1.5