

Financial Review

Outline of Business Performance

During the fiscal year ended March 31, 2025 (April 1, 2024 – March 31, 2025), the business environment surrounding the TAIYO YUDEN Group (“the Group”) continued to improve, though there was weakness seen in some regions. As for the future, while it is hoped that this recovery will continue, it will be necessary to monitor the trade policies of different countries, including tariffs, changes in financial and capital markets, and the international situation.

The Group is aiming to reach 50% for its proportion of sales in focus markets, primarily automotive and IT infrastructure/industrial equipment, in order to achieve the targets set out in the medium-term management plan 2025. 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 inductors and communication devices to establish them as core businesses. We also plan to continuously expand capacity to meet growing demand and to implement proactive initiatives in the areas of environmental measures and the upgrading of IT. Consolidated net sales for the fiscal year ended March 31, 2025 totaled ¥341,438 million, which was an increase of 5.8% compared to the previous fiscal year.

The average foreign currency exchange rate for the fiscal year ended March 31, 2025 was US\$1: ¥152.61. This was a depreciation of ¥9.29 as compared to the average realized in the previous fiscal year of US\$1: ¥143.32.

Selling, General and Administrative Expenses

In the fiscal year ended March 31, 2025, selling, general, and administrative (SG&A) expenses increased ¥4,734 million compared with the previous fiscal year to ¥61,110 million. The main components of SG&A expenses for the fiscal year ended March 31, 2025 were research and development expenses of ¥15,042 million and employees’ salaries and allowances of ¥14,795 million.

Accounting for these and other factors, operating profit rose 15.2% year on year to ¥10,459 million.

Non-operating Income (Expenses)

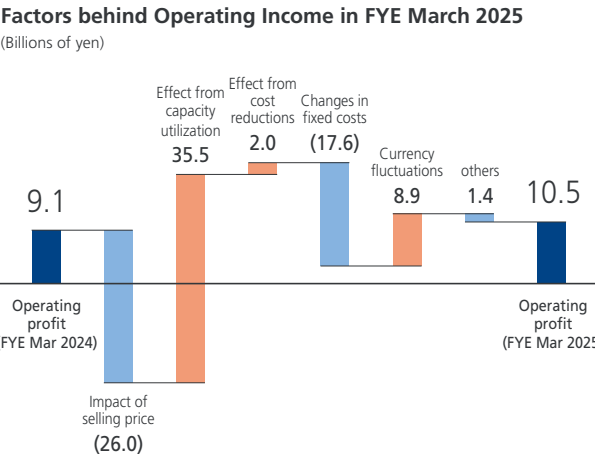
Non-operating income in the fiscal year ended March 31, 2025 was ¥2,225 million, a decrease of ¥4,321 million compared with the previous fiscal year. On the other hand, non-operating expenses increased ¥299 million compared with the previous fiscal year to ¥2,167 million due in part to increases in interest expenses and foreign exchange losses.

As a result, ordinary profit decreased 23.6% year on year to ¥10,517 million.

Extraordinary Gains (Losses)

In the fiscal year ended March 31, 2025, extraordinary income increased ¥327 million compared with the previous fiscal year to ¥598 million, due in part to gains recorded on the sale of investment securities. Extraordinary losses increased ¥1,794 million compared with the previous fiscal year to ¥2,750 million. This was due to expenses associated with business structure reforms and Antimonopoly Act-related loss pertaining to the subsidiary ELNA CO., LTD., despite a decrease in loss on sale and retirement of non-current assets.

As a result, profit attributable to owners of parent decreased 72.0% year on year to ¥2,328 million.



Financial Position

Assets

Total assets stood at ¥573,188 million as of March 31, 2025, down ¥6,497 million compared with the end of the previous fiscal year.

Current assets decreased ¥17,935 million. This was mainly due to an increase of ¥8,627 million in work in process, an increase of ¥1,189 million in raw materials and supplies, a decrease of ¥24,616 million in cash and deposits, and a decrease of ¥2,125 million in merchandise and finished goods. Fixed assets increased ¥11,437 million owing to an upswing in property, plant and equipment of ¥13,280 million and a decrease in investments and other assets of ¥1,943 million.

Liabilities

Total liabilities stood at ¥254,017 million as of March 31, 2025, an increase of ¥4,430 million compared with the end of the previous fiscal year. This was primarily due to an increase of ¥9,487 million in long-term borrowings, an increase of ¥6,246 million in the current portion of long-term borrowings, a decrease of ¥7,977 million in accounts payable - other, a decrease of ¥2,587 million in notes and accounts payable - trade, and a decrease of ¥1,026 million in provision for bonuses.

Net Assets

Net assets stood at ¥319,171 million as of March 31, 2025, down ¥10,927 million compared with the end of the previous fiscal year. Principal movements in net assets were a decrease of ¥8,892 million in retained earnings due to ¥2,328 million in profit attributable to owners of parent and ¥11,221 million in dividends of surplus, and a decrease of ¥1,569 million in foreign currency translation adjustment due to the impact of exchange rates.

Status of Cash Flows

Net cash provided by operating activities for the fiscal year ended March 31, 2025 was ¥33,941 million, a decrease of 33.6% compared with the previous fiscal year. The contributing factors were profit before income taxes of ¥8,365 million, depreciation of ¥46,258 million, an increase in inventories of ¥9,039 million, income taxes paid of ¥4,324 million, and a decrease in trade payables of ¥2,797 million.

Net cash used in investing activities was ¥63,527 million, down 23.3% from the previous fiscal year. The largest cash outflow was ¥62,715 million paid for purchases of non-current assets.

Net cash provided by financing activities was ¥3,048 million, a decrease of 91.9% from the previous fiscal year. The main factors were proceeds from long-term borrowings of ¥25,000 million, payments of cash dividends of ¥11,203 million, repayments of long-term borrowings of ¥9,265 million, and repayments of lease liabilities of ¥1,380 million.

As a result of the aforementioned activities, cash and cash equivalents as of March 31, 2025 were ¥67,543 million, a decrease of ¥27,396 million from the end of the previous fiscal year.

Financing from external sources as of March 31, 2025 consisted of ¥4.2 billion in short-term borrowings, ¥15,502 million in the current portion of long-term borrowings, ¥50,991 million in convertible-bond-type bonds with share acquisition rights, and ¥93,707million in long-term borrowings. In principle, borrowings are procured within Japan at fixed interest rates. TAIYO YUDEN has also established a commitment line of ¥30.0 billion effective for three years, in order to ensure financial stability. The Group has not utilized the commitment line as of March 31, 2025.

TAIYO YUDEN is capable of generating cash flow through its sound financial position and operating activities, and we believe the Company is capable of procuring the operating capital and funds for capital investment that may be required in the future to maintain TAIYO YUDEN’s growth.