This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

(Securities Code: 6976)
June 4, 2021

To Those Shareholders with Voting Rights:

Shoichi Tosaka
President and Chief Executive Officer
TAIYO YUDEN CO., LTD.
2-7-19, Kyobashi, Chuo-Ku, Tokyo, Japan

NOTICE OF CONVOCATION OF THE 80TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially notified of the 80th Ordinary General Meeting of Shareholders of TAIYO YUDEN CO., LTD. (the "Company").

To prevent the spread of the novel coronavirus disease (COVID-19), the General Meeting of Shareholders will be held under appropriate infection prevention measures.

You are encouraged to refrain from attending the meeting in person this year to prevent the spread of COVID-19 and to exercise your voting rights in writing (by mail) or via the Internet.

If you exercise your voting rights in writing (by mail) or via the Internet, please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights so that your vote will arrive by 5:00 p.m., June 28, 2021 (Monday).

Date and Time: 2:00 p.m., June 29, 2021 (Tuesday) (Reception desk opens at 1:30 p.m.)

Place: JP Tower Hall & Conference (KITTE 4th Floor) Hall, 2-7-2 Marunouchi, Chiyoda-ku, Tokyo, Japan

Agenda of the Meeting

Matters to be reported

Details of the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements for the 80th Fiscal Term (from April 1, 2020, to March 31, 2021), and results of the audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board

Matters to be resolved

Proposal No. 1: Appropriation of Surplus

Proposal No. 2: Election of Seven (7) Directors

Proposal No. 3: Election of One (1) Substitute Audit & Supervisory Board Member

Among documents which shall be provided with this Convocation Notice, the following documents are posted on the Company website in accordance with laws and regulations, and Article 14 of the Articles of Incorporation. Therefore, they are not included in the attached documents to this Convocation Notice. The documents attached to this Convocation Notice and the documents listed below were audited in preparing the Auditors' Report by Audit & Supervisory Board Members and Independent Auditor's Report by Accounting Auditors.

- **Consolidated Statement of Changes in Equity**
- **Notes to Consolidated Financial Statements**
- **Non-consolidated Statement of Changes in Equity**

- **Notes to Non-consolidated Financial Statements**

In case any revisions are made to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements or the Non-Consolidated Financial Statements after the dispatch of this Convocation Notice up till the day prior to the date of the General Meeting of Shareholders, the revised contents will be disclosed on the following Company website.

The Company's website: http://www.ty-top.com/

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Appropriation of Surplus

The Company considers one of the most important issues for management to be the distribution of plentiful returns to its shareholders and strives to realize a steady increase of dividend.

It is proposed that the year-end dividend for the fiscal year under review be ¥25 per share as follows.

Year-end dividend

1. Type of dividend property:

   Cash

2. Matters regarding the allocation of dividend property to shareholders and its total amount:

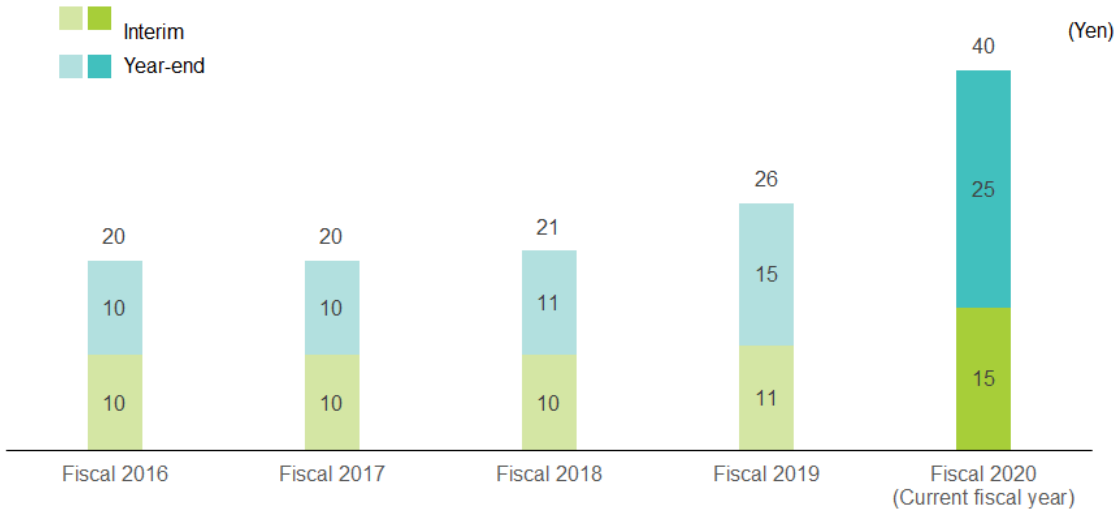
   ¥25 per share (common stock of the Company)

   Total amount: ¥3,137,909,625

3. Effective date for dividends of surplus:

   June 30, 2021

[Reference] Dividend per share



For the basic policy regarding dividends of surplus, etc., refer to page 32.

Proposal No. 2: Election of Seven (7) Directors

The terms of office of all of the eight (8) Directors will expire at the conclusion of this General Meeting of Shareholders. Therefore, the Company hereby requests that seven (7) Directors be elected.

The candidates for Director are as follows:

The content of this proposal had been deliberated at the voluntary Nomination Committee chaired by an independent Outside Director. Based on the Committee's opinions, this proposal has been made.

Candidate No.	Name		Position and responsibilities	Attendance of meetings of the Board of Directors	Term of office
1	Shoichi Tosaka	Reappointment Male	President and Chief Executive Officer	100% (18/18 times)	15 years
2	Shinji Masuyama	Reappointment Male	Director and Executive Vice President In charge of 1st Business	100% (18/18 times)	8 years
3	Katsuya Sase	Reappointment Male	Director and Senior Executive Operating Officer In charge of Management Planning	100% (18/18 times)	5 years
4	Tomomitsu Fukuda	New appointment Male	Senior Operating Officer In charge of Public Relations, Management Planning, Accounting, Management Information System and Sustainability	—	—
5	Masashi Hiraiwa	Reappointment Outside Independent Male	Outside Director (Independent Director)	100% (18/18 times)	5 years
6	Seiichi Koike	Reappointment Outside Independent Male	Outside Director (Independent Director)	100% (18/18 times)	3 years
7	Emiko Hamada	Reappointment Outside Independent Female	Outside Director (Independent Director)	100% (18/18 times)	2 years

Notes: 1. Positions and responsibilities above are as of the date when this Notice of Convocation is dispatched.

2. Terms of office shown are as of the conclusion of this General Meeting of Shareholders.

[Reference] Composition and main areas of expertise and experience of the Directors and Audit & Supervisory Board Members upon the conclusion of this General Meeting of Shareholders

★Chairperson ●Member

	Name	Main areas of expertise and experience							Nomination Committee	Remuneration Committee
		Corporate management	Technology /R&D	Sales/ marketing	International experience	Finance/ accounting	Legal	ESG and sustainability		
Directors	Shoichi Tosaka	●	●					●	●	●
	Shinji Masuyama	●	●	●		●		●		
	Katsuya Sase	●	●	●				●		
	Tomomitsu Fukuda	●			●	●		●		
	Outside Independent Masashi Hiraiwa				●		●		★	●
	Outside Independent Seiichi Koike	●	●		●				●	★
	Outside Independent Emiko Hamada		●	●				●	●	●
Audit & Supervisory Board Members	Toshio Mishuku	●			●					●
	Kazuyuki Oshima	●		●	●					
	Outside Independent Hajime Yoshitake	●			●	●		●	●	
	Outside Independent Tomomi Fujita						●			

Note that the table above does not necessarily show all experience and knowledge that the officers have.

1 Shoichi Tosaka

(Date of birth: August 5, 1955)

Number of Company shares held	Attendance at meetings of the Board of Directors	Term of office
14,500 shares	100%	15 years



Career summary, position and responsibilities

March 1979	Joined the Company
June 2006	Director and Senior Operating Officer of the Company
April 2007	Senior Executive Director and Senior Operating Officer of the Company
July 2010	Director and Senior Executive Operating Officer of the Company
July 2012	Director and Executive Operating Officer of the Company
April 2015	Director and Senior Executive Operating Officer of the Company
October 2015	Representative Director and Senior Executive Operating Officer of the Company
November 2015	**President and Chief Executive Officer (to the present)**

Reappointment

Reasons for appointment of candidate for Director

Having engaged in management of various areas such as the production, R&D/Engineering, quality assurance and corporate business planning divisions, Mr. Shoichi Tosaka has abundant experience and a good track record as a corporate manager and an engineer. Since Mr. Tosaka assumed the post of President and Chief Executive Officer of the Company, he has been striving to transform the business model into a highly profitable one, and with his powerful leadership, has strove to enhance the corporate value to lead the Company to the next step. For these reasons, it was judged that Mr. Tosaka would be able to properly execute such duties as taking management initiatives for the enhancement of corporate value over the medium- to long-term as the top management of the TAIYO YUDEN Group, making important managerial decisions and supervising business execution, and the Company believes utilizing his capabilities will be the best for the Company, therefore he was reappointed as a candidate for Director.

Note: No special interests exist between the Company and Mr. Shoichi Tosaka.

2 Shinji Masuyama

(Date of birth: February 28, 1957)

Number of Company shares held	Attendance at meetings of the Board of Directors	Term of office
4,800 shares	100%	8 years



Career summary, position and responsibilities

March 1980	Joined the Company
January 2004	Operating Officer of the Company
July 2011	Senior Operating Officer of the Company
June 2013	Director and Senior Operating Officer of the Company
April 2015	Director and Executive Operating Officer of the Company
June 2018	Director and Senior Executive Operating Officer of the Company
June 2020	Director and Executive Vice President
July 2020	**Director and Executive Vice President, in charge of 1st Business, Chief of 1st Business Headquarters of the Company (to the present)**

Reappointment

Reasons for appointment of candidate for Director

Mr. Shinji Masuyama has abundant experience and a good track record through practical business in various areas such as production system R&D/engineering, business divisions, and management planning since joining the Company. He presently oversees the capacitors business, which is the Company's principal business, as Director and Executive Vice President and contributes to the enhance of corporate value by promoting smooth business operation and risk reduction. For these reasons, Mr. Masuyama was reappointed as a candidate for Director, expected to properly execute such duties as the making of important managerial decisions and supervision of business execution as Director.

Note: No special interests exist between the Company and Mr. Shinji Masuyama.

3 Katsuya Sase

(Date of birth: January 12, 1964)

Number of Company shares held	Attendance at meetings of the Board of Directors	Term of office
4,500 shares	100%	5 years



Career summary, position and responsibilities

April 1986	Joined the Company
June 2013	Operating Officer of the Company
April 2015	Senior Operating Officer of the Company
April 2016	Executive Operating Officer of the Company
June 2016	Director and Executive Operating Officer of the Company
June 2018	Director and Senior Executive Operating Officer of the Company
July 2020	**Director and Senior Executive Operating Officer, in charge of Management Planning of the Company, Chief of Management Planning Headquarters of the Company (to the present)**

Reappointment

Reasons for appointment of candidate for Director

Mr. Katsuya Sase has abundant experience and a good track record through engaging, since joining the Company, in operations in various areas such as the engineering and business divisions and leading the capacitors business, which is the Company's principal business. He presently oversees management planning as Director and Senior Executive Operating Officer and contributes to the enhance of corporate value by promoting smooth business operation, risk reduction and the improvement of corporate governance. For these reasons, Mr. Sase was reappointed as a candidate for Director, expected to properly execute such duties as the making of important managerial decisions and supervision of business execution as Director.

Note: No special interests exist between the Company and Mr. Katsuya Sase.

4 Tomomitsu Fukuda

(Date of birth: November 26, 1964)

Number of Company shares held	Attendance at meetings of the Board of Directors	Term of office
2,700 shares	—	—



Career summary, position and responsibilities

April 1990	Joined the Company
June 2013	Operating Officer, in charge of Strategic Management of the Company
March 2015	**Outside Director of ELNA Co., Ltd. (Currently Director) (to the present)**
April 2016	Senior Operating Officer, in charge of Management Planning, Finance and Accounting, Deputy Chief of Management Planning Headquarters of the Company
August 2018	**President, TAIYO YUDEN (CHINA) Co., Ltd. (Part-time) (to the present)**
July 2019	**Senior Operating Officer, in charge of Public Relations, Management Planning, Accounting, Management Information System and Sustainability, Deputy Chief of Management Planning Headquarters of the Company (to the present)**

New appointment

Reasons for appointment of candidate for Director

Mr. Tomomitsu Fukuda has abundant experience and a good track record through engaging, since joining the Company, in various areas such as corporate management and planning where he led several M&A projects and serving as the head of a regional headquarter subsidiary in Greater China. He presently oversees the management planning division, as Senior Operating Officer and contributes to the enhance of corporate value by developing the Group's management strategies, promoting risk management, and strengthening governance. For these reasons, Mr. Fukuda was appointed as a candidate for Director, expected to properly execute such duties as the making of important managerial decisions and supervision of business execution as Director.

Note: No special interests exist between the Company and Mr. Tomomitsu Fukuda.

5 Masashi Hiraiwa

(Date of birth: December 4, 1952)

Number of Company shares held	Attendance at meetings of the Board of Directors	Term of office	Number of officer positions concurrently held at listed companies
0 shares	100%	5 years	0



Career summary and position

April 1981	**Registered as attorney (to the present)**
April 1981	**Joined OHHARA LAW OFFICE (to the present)**
August 2005	Supervisor of LCP, Inc. (retired in March 2013)
October 2012	Supervisor of Japan Logistics Fund, Inc. (retired in May 2015)
June 2016	**Outside Director of the Company (to the present)**

Reappointment
Outside
Independent

Reasons for appointment of candidate for Outside Director and expected roles

Mr. Masashi Hiraiwa has served as an officer or in a similar position at investment corporations, and possesses abundant experience and high-level expertise as an attorney specializing in corporate legal affairs. He has demonstrated a high sense of ethics by offering constructive opinions and organizing points of discussion or debate from an objective perspective, and fulfilling the monitoring function over the Company's overall management such as governance and legal compliance including internal control, at meetings of the Company's Board of Directors. For these reasons, it was judged that he would be able to fulfill his duties as Independent Outside Director who supervises business execution. Therefore, he was reappointed as a candidate for Outside Director.

Although Mr. Hiraiwa has not been involved in corporate management in ways other than being an outside officer, it was judged for the above-mentioned reasons that he would be able to appropriately execute the duties of Outside Director.

Significant concurrent positions and relationship with the Company

Organizations where concurrent positions are held	Position	Business relationship between the Company and the organizations where concurrent positions are held
OHHARA LAW OFFICE	Attorney	None

Independence of the candidate

The candidate meets the requirements for Independent Officer defined by the Tokyo Stock Exchange and is registered with the Exchange to that effect.

Notes: 1. No special interests exist between the Company and Mr. Masashi Hiraiwa.

2. Mr. Masashi Hiraiwa is a candidate for Outside Director as stipulated in Article 2, paragraph (3), item (vii) of the Regulation for Enforcement of the Companies Act.

3. Mr. Masashi Hiraiwa does not fall under any of the following facts:

1) the candidate was a business operator or an officer of the Company or any of its subsidiaries in the past;

2) the candidate is currently or was in the past ten (10) years a business operator or an officer of a business concern that has specific relations with the Company;

3) the candidate is going to receive or has received in the past two (2) years a considerable amount of cash and/or other assets from the Company or such business concern;

or 4) the candidate is a spouse, a relative within the third (3rd) degree of kinship of a business operator or an officer of the Company or such business concern, or any other equivalent person.

6 Seiichi Koike

(Date of birth: January 3, 1956)

Number of Company shares held	Attendance at meetings of the Board of Directors	Term of office	Number of officer positions concurrently held at listed companies
0 shares	100%	3 years	0



Reappointment
Outside
Independent

Career summary and position

April 1980	Joined Toyo Kogyo Co., Ltd. (Currently Mazda Motor Corporation)
March 1982	Joined Honda R&D Co., Ltd.
April 1993	General Manager of Advanced Material Research Laboratory, R&D Center of Honda R&D Co., Ltd.
April 2004	General Manager of Automobile R&D Center Brazil of Honda R&D Co., Ltd.
April 2008	Executive Officer and General Manager of Development Engineering Headquarters of Honda Foundry Co., Ltd.
June 2011	Director of Honda Foundry Co., Ltd. (retired in June 2013)
June 2012	Director of Metts Corporation (retired in June 2013)
June 2013	Audit & Supervisory Board Member of Metts Corporation (retired in June 2016)
	Audit & Supervisory Board Member of Honda Foundry Co., Ltd. (retired in June 2017)
June 2018	**Outside Director of the Company (to the present)**

Reasons for appointment of candidate for Outside Director and expected roles

Mr. Seiichi Koike has engaged in material development for automotive components and research and development related to production technology at an automotive maker over many years, and possesses wide-ranging expertise in relation to the automotive electronics business. In addition, the Company also believes it will be valuable to the Group for his wide-ranging expertise from an investor's perspective to be reflected in the management of the Company, utilizing his abundant experience, including corporate management in the automotive components industry and strengthening governance systems as an Audit & Supervisory Board Member. For these reasons, it was judged that he will be able to provide valuable advice and suggestions regarding overall management at meetings of the Company's Board of Directors, and therefore he was reappointed as a candidate for Independent Outside Director.

Significant concurrent positions and relationship with the Company

There is no significant concurrent position.

Independence of the candidate

The candidate meets the requirements for Independent Officer defined by the Tokyo Stock Exchange and is registered with the Exchange to that effect.

Notes: 1. No special interests exist between the Company and Mr. Seiichi Koike.

2. Mr. Seiichi Koike is a candidate for Outside Director as stipulated in Article 2, paragraph (3), item (vii) of the Regulation for Enforcement of the Companies Act.

3. Mr. Seiichi Koike does not fall under any of the following facts:

1) the candidate was a business operator or an officer of the Company or any of its subsidiaries in the past;

2) the candidate is currently or was in the past ten (10) years a business operator or an officer of a business concern that has specific relations with the Company;

3) the candidate is going to receive or has received in the past two (2) years a considerable amount of cash and/or other assets from the Company or such business concern;

or 4) the candidate is a spouse, a relative within the third (3rd) degree of kinship of a business operator or an officer of the Company or such business concern, or any other equivalent person.

7 Emiko Hamada

(Date of birth: November 23, 1958)

Number of Company shares held	Attendance at meetings of the Board of Directors	Term of office	Number of officer positions concurrently held at listed companies
1,000 shares	100%	2 years	1



Reappointment
Outside
Independent
Female

Career summary and position

April 1984	Joined the Company
December 2001	General Manager of R Technology Department, Overall Technology & Quality Assurance Management, Technology Group of the Company
September 2003	Chief Researcher of Basic Research and Development Department, Research Institute, Technology Group of the Company
April 2007	Left the Company
November 2008	Associate Professor of Center for Social Contribution and Collaboration of Nagoya Institute of Technology
April 2011	Professor (Techno-Business Administration) of Graduate School at Center for Social Contribution and Collaboration of Nagoya Institute of Technology
April 2012	Professor of Center for Research on Assistive Technology for Building a New Community of Nagoya Institute of Technology
May 2015	**Third Sector Program Officer of Adaptable and Seamless Technology transfer Program through target-driven R&D of Japan Science and Technology Agency (to the present)**
July 2016	**Part-time Lecturer of Nagoya Institute of Technology (to the present)**
August 2016	Visiting Professor of Nagoya University
June 2017	**Outside Director of NGK INSULATORS, LTD. (to the present)**
June 2019	**Outside Director of the Company (to the present)**
March 2021	**Member of Low Carbon Society Strategic Promotion Committee, Center for Low Carbon Society Strategy through target-driven R&D of Japan Science and Technology Agency (to the present)**

Reasons for appointment of candidate for Outside Director and expected roles

While Ms. Emiko Hamada was employed by the Company, she engaged in the development and commercialization of CD-R and DVD-R. After she left the Company, she has conducted research activities for many years as a university professor mainly focusing on industry-academia-government collaboration projects. She also has experience in serving as an Outside Director at another company. The Company believes her suggestions of business execution and management supervision as an Outside Director will be valuable to the Group. For these reasons, it was judged that she will be able to provide advice and suggestions regarding overall management at meetings of the Company's Board of Directors, and therefore she was reappointed as a candidate for Independent Outside Director.

Although Ms. Hamada has not been involved in corporate management in ways other than being an outside officer, it was judged for the above-mentioned reasons that she would be able to appropriately execute the duties of Outside Director.

Significant concurrent positions and relationship with the Company

Organizations where concurrent positions are held	Position	Business relationship between the Company and the organizations where concurrent positions are held	Transaction size relative to consolidated net sales of the Company
NGK INSULATORS, LTD.	Outside Director	Purchase of ceramic products	Less than 0.1%

Independence of the candidate

The candidate meets the requirements for Independent Officer defined by the Tokyo Stock Exchange and is registered with the Exchange to that effect. Although Ms. Hamada worked for the Company from April 1984 to April 2007 as a business operator, there has been no transaction to be noted between Ms. Hamada and the Company, and no special interests currently exist between her and the Company.

Notes: 1 Ms. Emiko Hamada is a candidate for Outside Director as stipulated in Article 2, paragraph (3), item (vii) of the Regulation for Enforcement of the Companies Act.

2. Ms. Emiko Hamada does not fall under any of the following facts:

1) the candidate is currently or was in the past ten (10) years a business operator or an officer of a business concern that has specific relations with the Company;

2) the candidate is going to receive or has received in the past two (2) years a considerable amount of cash and/or other assets from the Company or such business concern;

or 3) the candidate is a spouse, a relative within the third (3rd) degree of kinship of a business operator or an officer of the Company or such business concern, or any other equivalent person.

3. Ms. Emiko Hamada's legal name registered in the family register is Emiko Kato.

Liability limitation agreements

In accordance with Article 427, paragraph (1) of the Companies Act, an agreement to limit any liability for damages prescribed in the provision of Article 423, paragraph (1) of the said Act is in force between the Company and Outside Directors Masashi Hiraiwa, Seiichi Koike, and Emiko Hamada. If the reappointment of each of them is approved, the Company plans to continue said agreements. The limit on liability for damages under the said agreements is set at the minimum liability amount provided in Article 425, paragraph (1) of the Companies Act.

Officers' liability insurance contract

The Company has entered into an officers' liability insurance contract prescribed in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The insurance contract is to reimburse any costs, such as damages and litigation costs, incurred by the insured persons in relation to a claim for damages brought against them based on an act (including nonfeasance) engaged by them while acting in the capacity of an officer of the Company, and the Company bears the full amount of insurance premiums on behalf of the insured persons. The candidates will be included among the insured persons under this insurance contract. The Company plans to renew the insurance contract during their terms of office under the same terms and conditions that are currently in force.

Proposal No. 3: Election of One (1) Substitute Audit & Supervisory Board Member

In order to prepare for a case when the number of Outside Audit & Supervisory Board Members stipulated by laws and regulations might be insufficient, the Company hereby asks that one (1) substitute Outside Audit & Supervisory Board Member be elected in advance. The effectiveness of the election may be cancelled based on a resolution of the Board of Directors, provided such cancellation is made prior to the assumption of office and with the consent of the Audit & Supervisory Board.

This proposal has been consented by the Audit & Supervisory Board.

The candidate for substitute Audit & Supervisory Board Member is as follows:

Hiroshi Arai

(Date of birth: June 8, 1956)

Number of Company shares held	Number of officer positions concurrently held at listed companies
0 shares	0



Career summary and position

April 1983	**Registered as attorney (to the present)**
April 1984	**Established Hiroshi Arai Law Office (to the present)**
October 2004	**Auditor of SOGO-PR Co., Ltd. (to the present)**

Outside
Independent

Reasons for appointment of candidate for substitute Outside Audit & Supervisory Board Member

The Company judged that Mr. Hiroshi Arai would conduct fair audits from a legal viewpoint with specialized knowledge into corporate legal affairs based on abundant practical experience as an attorney. Accordingly, in order to prepare for a case when the number of Audit & Supervisory Board Members stipulated by laws and regulations might be insufficient, Mr. Arai was appointed as a candidate for substitute Outside Audit & Supervisory Board Member.

Although Mr. Arai has not been involved in corporate management in ways other than being an outside officer, it was judged for the above-mentioned reasons that he would be able to appropriately execute the duties of Outside Audit & Supervisory Board Member.

Significant concurrent positions and relationship with the Company

Organizations where concurrent positions are held	Position	Business relationship between the Company and the organizations where concurrent positions are held
Hiroshi Arai Law Office	Attorney	None
SOGO-PR Co., Ltd.	Audit & Supervisory Board Members	None

Independence of the candidate

The candidate meets the requirements for Independent Officer defined by the Tokyo Stock Exchange.

Notes: 1. No special interests exist between the Company and Mr. Hiroshi Arai.

2. Mr. Hiroshi Arai is a candidate for Outside Audit & Supervisory Board Member as stipulated in Article 2, paragraph (3), item (viii) of the Regulation for Enforcement of the Companies Act.

3. Mr. Hiroshi Arai does not fall under any of the following facts:

   1) the candidate was a business operator or an officer of the Company or any of its subsidiaries in the past;

   2) the candidate is currently or was in the past ten (10) years a business operator or an officer of a business concern that has specific relations with the Company;

   3) the candidate is going to receive or has received in the past two (2) years a considerable amount of cash and/or other assets from the Company or such business concern;

   or 4) the candidate is a spouse, a relative within the third (3rd) degree of kinship of a business operator or an officer of the Company or such business concern, or any other equivalent person.

4. In accordance with Article 427, paragraph (1) of the Companies Act, an agreement to limit any liability for damages prescribed in the provision of Article 423, paragraph (1) of the said Act will be in force between the Company and Mr. Hiroshi Arai upon the assumption of office of Audit & Supervisory Board Member. The limit on liability for damages under the said agreement is set at the minimum liability amount provided in Article 425, paragraph (1) of the Companies Act.

5. The Company has entered into an officers' liability insurance contract prescribed in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The insurance contract is to reimburse any costs, such as damages and litigation costs, incurred by the insured persons in relation to a claim for damages brought against them based on an act (including nonfeasance) engaged by them while acting in the capacity of an officer of the Company, and the Company bears the full amount of insurance premiums on behalf of the insured persons. Mr. Hiroshi Arai will be included among the insured persons under this insurance contract upon the assumption of office of Audit & Supervisory Board Member. The Company plans to renew the insurance contract during his term of office under the same terms and conditions that are currently in force.

[Reference] Policies and Procedures for Appointment and Dismissal of Officers (Summary)

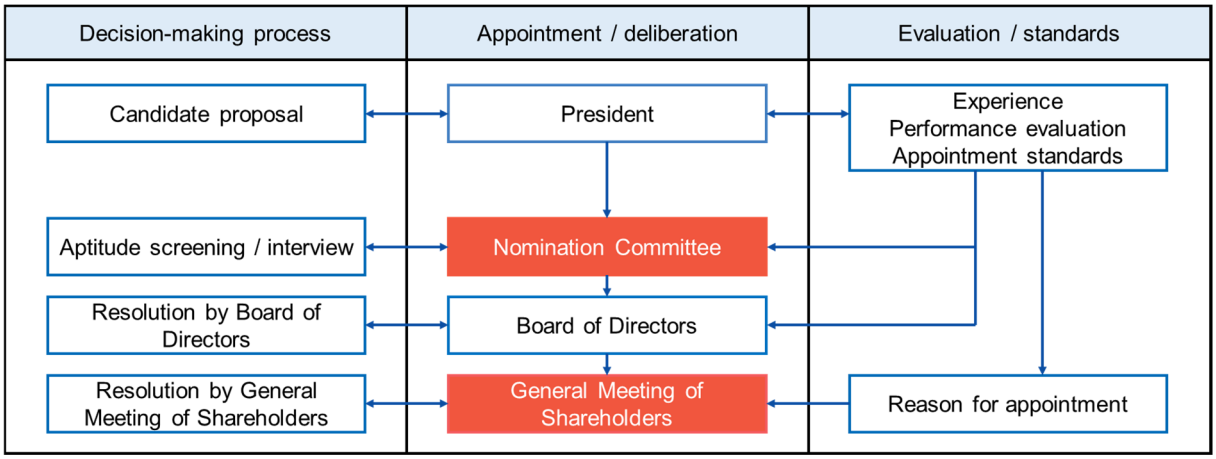
To ensure ample diversity in terms of gender and nationality and adequate balance in the composition of the Board of Directors, candidates for Executive Director are selected from among persons who have excellent personality and insight, have achieved a good track record to date in business areas of which they have been in charge, and have a thorough knowledge of management and business based on the "Officer Appointment and Dismissal Standards." Candidates for Outside Director are selected based on selection criteria including personality, experience, strong expertise, and the "Standards for the Independence of Outside Directors/Outside Audit & Supervisory Board Members."

Appointment Standards and Appointment Process for Executive Directors

(1) Appointment standards

1) Those who shall not fall under any of the reasons for disqualification as Directors provided for by Article 331, paragraph (1) of the Companies Act
2) Those who have abundant knowledge and experience for Operating Officer, and have made achievements
3) Those who are equipped with insight, determination, a sense of ethics and respect for the law
4) Those who are able to address opinions from a company-wide and management perspective

(2) Appointment process



(3) Dismissal standards

If it is made clear at the Nomination Committee that an Executive Director does not meet the appointment standards, and the Board of Directors reviews the finding and determines that the finding is correct, then the Board will dismiss the Operating Officer or remove him/her from executive position. In addition, the Nomination Committee will deliberate on whether a further action needs to be taken.

[Reference] Standards for the Independence of Outside Directors/Outside Audit & Supervisory Board Members (Summary)

In order to objectively judge the independence of Outside Directors and Outside Audit & Supervisory Board Members, the Company has established its own "Standards for the Independence of Outside Directors/Outside Audit & Supervisory Board Members." These standards were developed by reference to other standards for independence established by financial instrument exchanges and organizations advising the exercise of voting rights, including the "Securities Listing Regulations" set forth by the Tokyo Stock Exchange. It has been confirmed that the Outside Directors and Outside Audit & Supervisory Board Members of the Company are not categorized under any of the following, and have been elected as independent directors who do not pose any risk of conflict of interest with the Company's general shareholders.

Relationships with Shareholders

1) A director, audit & supervisory board member, accounting advisor, executive officer, operating officer, or employee of any of the major shareholders (holding 10% or more) of the Company
2) An individual who in the past five (5) years has been an officer or employee of any of the current major shareholders of the Company
3) An individual who is a director, accounting advisor, executive officer, operating officer or employee of a company for which the Company is a major shareholder

Relationship with Corporate Clients

1) An individual of whom the Company or one of its current subsidiaries is a major corporate client (accounting for 2% or more of the previous year's consolidated gross revenue)
2) An individual of whom the Company or one of its current subsidiaries has been a client in the last three (3) years
3) An individual who is a major client of the Company, or who has been a major client of the company in the last three (3) years

Relationships of Financial Interest

An individual who is a current director, accounting advisor, executive officer, operating officer or employee of a company or of one of its parent or subsidiary companies that employs a director or audit & supervisory board member from the Company or one of the Company's current subsidiaries.

Providers of Specialized Services

1) An individual who is an employee, partner, or working staff member of a certified public accountant or auditing firm that is an accounting auditor or accounting advisor of the Company or of one of its current subsidiaries.
2) An individual not fulfilling any of the above criteria, but who is a certified public accountant, tax accountant, attorney, or other kind of consultant, and who, apart from director remuneration, has received from the Company or one of its current subsidiaries money or other property benefits averaging ¥10 million or more annually in the last three (3) years.

Close Relatives

1) A relative within two (2) degrees of kinship of, or living together with, an executive director, operating officer, major shareholder, major client, or an officer of a major creditor of the Company or of one of its current subsidiaries.
2) An individual who has a relative within two (2) degrees of kinship, or a relative living together with the individual, who is an employee or partner of an accounting auditing firm of the Company or one of its current subsidiaries.
3) An individual who has a relative within two (2) degrees of kinship, or a relative living together with the individual, who is an attorney or other kind of consultant who, apart from director remuneration, has received from the Company or one of its current subsidiaries money or property benefits averaging ¥10 million or more annually for the last three (3) years.
4) An individual who has a relative within two (2) degrees of kinship, or a relative living together with the individual, who is a director, audit & supervisory board member, accounting advisor, executive officer,

or corporate officer of a company that employs a director or audit & supervisory board member from the Company or one of the Company's current subsidiaries.

Note: The above content is a general overview of the Company's "Standards for the Independence of Outside Directors/Outside Audit & Supervisory Board Members," and is not an exact statement of the relevant bylaws, Companies Act, or other regulations.

[Reference] Corporate Governance

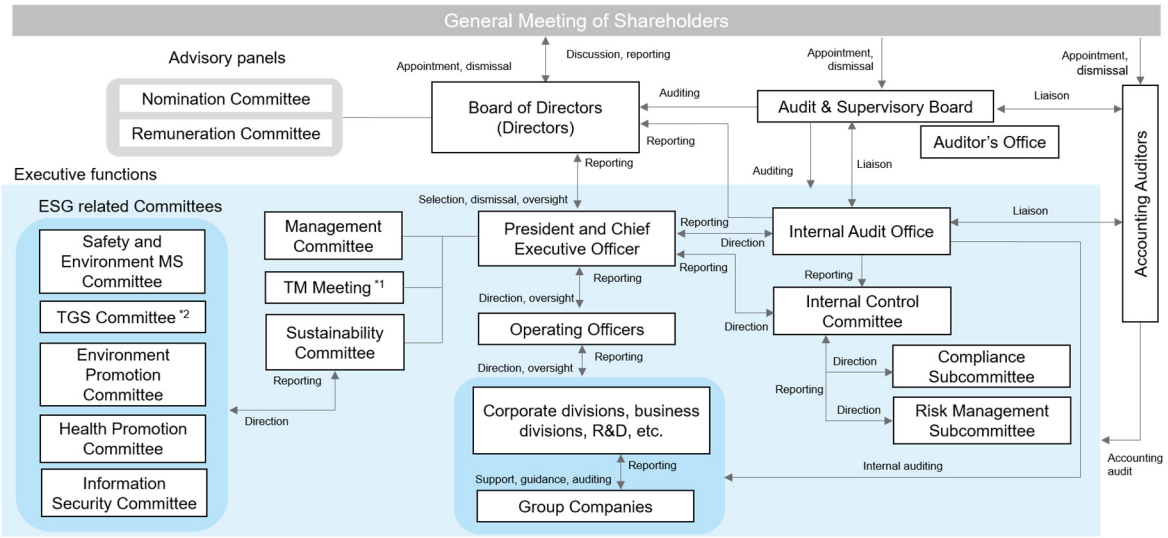
1. Basic Policy of Corporate Governance

The management philosophy of the TAIYO YUDEN Group consists of the three principles of "employee well-being," "betterment of local communities" and "responsibility to provide returns to shareholders," and the vision of the Group is "to be an excellent company that enjoys the trust and highest regard from all stakeholders." To put into practice the management philosophy and realize the vision, we are committed to corporate social responsibilities and the mission of management to develop businesses on an ongoing basis while fulfilling sociality, public interest and public nature of the Group from a global viewpoint.

With an emphasis on transparency and fairness of corporate management, the Company is making efforts to enhance corporate governance under the supervision of the Board of Directors, including the development of structures and mechanisms that enable timely and appropriate information disclosure, thorough compliance, and speedy decision making and execution of duties.

Basic Policy for Corporate Governance
https://www.yuden.co.jp/ut/ir/management/governance/

Governance Structure (from April 2021)



*1 TM Meeting: Abbreviation of Top Management Meeting, which is a meeting body to discuss matters concerning personnel and organization.

*2 TGS Committee: Abbreviation of Taiyo Green Strategy Committee, which is a meeting body to discuss matters concerning chemicals based on stakeholders' requirements.

2. Corporate governance structure

The Company is a company with an Audit & Supervisory Board and has the Board of Directors, the Audit & Supervisory Board, and the Accounting Auditors as governing bodies. In addition, the Company has adopted a corporate governance structure under which all the Outside Directors and Outside Audit & Supervisory Board Members are designated as Independent Officers for whom there is no possibility of conflicts of interest with general shareholders. Consequently, the Outside Directors and Outside Audit & Supervisory Board Members work closely with the Audit & Supervisory Board Members and the internal audit department, thereby enabling the effective utilization of the Audit & Supervisory Board Members' functions and enhancing the authority of management oversight.

Board of Directors

(1) Roles and responsibilities of the Board of Directors

i) The Board of Directors shall aim for corporate management to be an excellent company that enjoys the trust and highest regards from all stakeholders, including shareholders, customers, employees and local communities, to accomplish the fiduciary responsibility entrusted by shareholders and increase the Company's interests and the common interests among shareholders.

ii) The Board of Directors shall deliberate and determine important matters for the entire Group with ample time, including management policies, management strategies, business plans, capital policy and the matters on internal control, for the purpose of continuously increasing corporate value from a long-term perspective.

iii) The Board of Directors shall strengthen the management system for risk factors surrounding corporate management of the Company and always monitor the execution of business operations.

(2) Delegation of authority by the Board of Directors to top management

i) To ensure the effective decision making by the Board of Directors, the Management Committee shall deliberate in advance policy matters regarding business operations for Group management, whereas the TM (Top Management) Meeting shall deliberate in advance matters concerning personnel, organization and remuneration systems for the entire Group. Both organs shall determine matters delegated by the Board of Directors.

ii) Operating Officers are in place in order to further clarify roles and responsibilities of Directors who monitor and supervise the management of business and persons who execute business operations. The Operating Officers shall conduct business flexibly as an executor responsible for the section he or she is in charge, under the direction of the President and Chief Executive Officer, in accordance with management policies and strategies determined at meetings of the Board of Directors.

(3) Effectiveness of the Board of Directors

i) To ensure the fairness of meetings and strengthen the authority of management oversight, the Board of Directors shall be chaired by the Chairman of the Board of Directors or the President and Chief Executive Officer if the Chairman of the Board of Directors is absent.

ii) Directors and Audit & Supervisory Board Members conduct a self-evaluation of the effectiveness of the Board of Directors every year. The Board of Directors discloses issues to be addressed and others based on analysis results and works to resolve them.

Directors

i) The Board of Directors shall be composed of not more than ten (10) Directors, not less than one third (1/3) of whom shall be Independent Outside Directors.

ii) To clarify management responsibilities during a given fiscal year and increase shareholders' confidence, Directors' term of office is one (1) year.

iii) To ensure ample diversity in terms of gender and nationality and adequate balance in the composition of the Board of Directors, candidates for Executive Director are selected from among persons who have excellent personality and insight, have achieved a good track record to date in business areas of which they have been in charge, and have a thorough knowledge of management and business based on the "Officer Appointment and Dismissal Standards." Candidates for Outside

Director are selected based on selection criteria including personality, experience, strong expertise, and the "Standards for the Independence of Outside Directors/Outside Audit & Supervisory Board Members."

iv) Except for Outside Directors, the Directors concurrently serve as Operating Officers who are in charge of both oversight and the execution of operations. Directors report to the Board of Directors with emphasis on the business performance and oversight operations of the divisions/departments of which they are in charge.

Audit & Supervisory Board and Audit & Supervisory Board Members

i) The Company has adopted an Audit & Supervisory Board Members system. The Audit & Supervisory Board meeting is held monthly, in principle.

ii) The Audit & Supervisory Board shall be composed of not more than five (5) Audit & Supervisory Board Members, a majority of whom shall be Independent Outside Audit & Supervisory Board Members. The Company elects persons who have adequate experience and skills as well as sufficient knowledge of finance, accounting, and legal affairs as Audit & Supervisory Board Members to ensure the effectiveness of audits.

iii) To raise the effectiveness of audits, each Audit & Supervisory Board Member attends Board of Directors meetings and attends meetings related to the execution of business operations and other important meetings by sharing the tasks with each other. Moreover, Audit & Supervisory Board Members strive to strengthen the auditing system through frequent communications with the Accounting Auditors and the internal audit department by meeting regularly, witnessing accounting audits as observers and conducting joint audits with the internal audit department.

iv) The Audit & Supervisory Board has its own dedicated staff to conduct highly effective auditing operations such as information communications and data management.

Voluntary advisory panels

To strengthen the independence and objectivity of the functions of the Board of Directors concerning the nomination and remuneration for Directors and Operating Officers and to fulfill its accountability, the Company has established two voluntary advisory panels: Nomination Committee and Remuneration Committee.

Composition of Voluntary Advisory Panels

	Total members (persons)	Internal Directors (persons)	Outside Directors (persons)	Audit & Supervisory Board Members (persons)	Head of committee
Nomination Committee	5	1	3	1	Independent Outside Director
Remuneration Committee	5	1	3	1	Independent Outside Director

* The composition shown above is based on the assumption that Proposal No. 2 is approved.

i) Nomination Committee

The Nomination Committee is composed of the President and Chief Executive Officer, Outside Directors, and an Audit & Supervisory Board Member and is chaired by an Independent Outside Director to ensure the objectivity of deliberation. The Nomination Committee deliberates on, among others, the nomination of candidates for Officer (including candidates for reappointment), any proposal for dismissal of Officers including the President and Chief Executive Officer, any proposal for the selection of a rank for or dismissal of each Operating Officer, and disciplinary matters based on the "Officer Appointment and Dismissal Standards" and reports the deliberation results to the Board of Directors. The consent of the Audit & Supervisory Board is obtained in advance for the nomination of a candidate for Audit & Supervisory Board Member or the dismissal of an Audit & Supervisory Board Member.

Status of activities

The Nomination Committee held three (3) meetings during the fiscal year under review. Main activities are as follows:

- Selection of the Chairman of the Nomination Committee
- Deliberations on the selection of the Representative Director and the Chairman of the Board of Directors
- Deliberations on candidates for Officer (including candidates for reappointment)
- Deliberations on the appointment of Operating Officers
- Deliberations on human resources strategy (succession plan) as part of preparation for medium-term plan

ii) Remuneration Committee

The Remuneration Committee is composed of the President and Chief Executive Officer, Outside Directors, and an Audit & Supervisory Board Member and is chaired by an Independent Outside Director to ensure the objectivity of deliberation. The Remuneration Committee deliberates on remuneration plans and amounts of Directors and Operating Officers and reports the deliberation results to the Board of Directors. Remuneration for Directors (excluding Outside Directors) and Operating Officers of the Company consists of "basic remuneration," "performance-based bonus," and "stock compensation-type stock options" under a remuneration system that takes into consideration performance-based incentives.

Status of activities

The Remuneration Committee held six (6) meetings during the fiscal year under review. Main activities are as follows:

- Selection of the Chairman of the Remuneration Committee
- Deliberations on the evaluation and performance-based remuneration (bonuses) of individual Operating Officers
- Deliberations on stock remuneration (stock compensation-type stock options)
- Setting issues to be addressed by the Remuneration Committee and its schedule for the current fiscal year
- Deliberations on the framework of offers' remuneration and revision of their evaluation
- Deliberations on corporate officer remuneration policy in relation to the amendment of the Companies Act

Internal Control Committee

The Committee is chaired by the President and Chief Executive Officer and consists of Executive Directors, Operating Officers holding the position of Chief of Headquarters, and the Operating Officer in charge of personnel and legal affairs. In addition, Outside Directors and Audit & Supervisory Board Members participate in the Committee as observers. Based on the "Basic Policy on Internal Control System," the Internal Control Committee works to improve the internal control system on an ongoing basis and examines and evaluates the design and the operating effectiveness of the system to report the evaluation results to the Board of Directors.

Sustainability Committee

The Committee is chaired by the President and Chief Executive Officer and consists of Executive Directors, Operating Officers holding the position of Chief of Headquarters, and the Operating Officer in charge of sustainability. In addition, Outside Directors and Audit & Supervisory Board Members participate in the Committee as observers. The Sustainability Committee deliberates on the setting of materiality (key issues) for the Company, the sharing of such issues, and measures to resolve them and reports the deliberation results to the Board of Directors.

3. Evaluation of the Effectiveness of the Board of Directors

Outline of evaluation of the effectiveness of the Board of Directors

The Board of Directors conducts the evaluation of the effectiveness of the Board of Directors every year and discloses the summary of evaluation results.

Questionnaire

Method of Evaluation	Self-evaluation by questionnaire survey
Implementation period	February 2021
Subjects	Directors and Audit & Supervisory Board Members (including Outside Officers)
Evaluation items	1) The operation (7 questions) and composition (1 question) of the Board of Directors, 2) Management strategies (3 questions) and sustainable growth initiatives (2 questions), 3) Corporate ethics and risk management (2 questions), monitoring (1 question), and dialogue with shareholders (1 question), 4) Nomination Committee and Remuneration Committee (3 questions), 5) Provision of information (1 question)

Analysis/Evaluation

Analysis and evaluation meetings were conducted first separately by Operating Officers and Non-operating Officers based on the results of the questionnaire with Directors and Audit & Supervisory Board Members, and then a discussion is conducted at a Board of Directors meeting based on the results of those meetings. We employed an external organization and received advice on the question design, analysis, possible response measure, etc. to improve the objectivity and the transparency of evaluation.

Evaluation results

The external organization commented favorably that the Company is working seriously on the evaluation of the effectiveness of the Board of Directors and is striving to improve its corporate value further by steadily identifying issues and implementing measures to address them. In particular, the external organization's evaluation improved significantly on items on which the Company implemented measures based on issues identified in the previous year, and the external organization commented that the measures have been effective. Regarding "Medium-term plan and long-term management strategies (what we should become in 10 years)" and "Human resource development and strategies," which were among the issues identified in the previous year, the Company held discussion forums of Directors including Outside Directors separately from Board of Directors meetings and has formulated a new medium-term management plan based on the discussion there. Regarding "Revision of the risk map," the Company modified the corporate governance structure to establish the Risk Management Subcommittee, which is responsible for the management of risk map, under the Internal Control Committee in order to revamp and strengthen the risk management structure itself. (See Governance Structure on p. 18.)

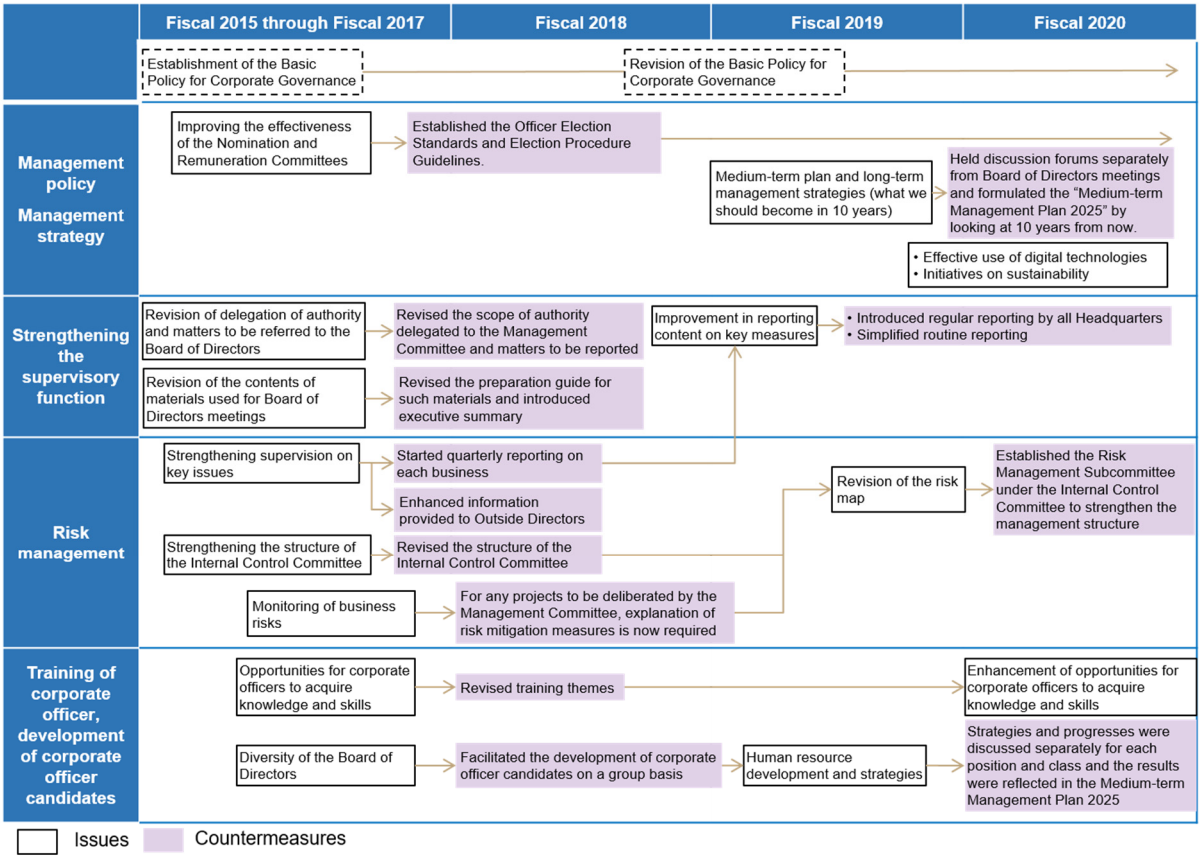
The effectiveness of the Board of Directors has generally been ensured

For Further Improvement of Effectiveness

The following three issues were identified as a result of the effectiveness evaluation of the Board of Directors in the current fiscal year. The Board of Directors will endeavor to enhance the effectiveness of the Board of Directors and further strengthen corporate governance by continuing to address these matters systematically.

- "Enhancement of opportunities for corporate officers to acquire knowledge and skills"
- "Effective use of digital technologies"
- "Initiatives on sustainability"

Major issues and countermeasures in the effectiveness evaluation of the Board of Directors



Attached Documents

BUSINESS REPORT

(from April 1, 2020 to March 31, 2021)

1. Corporate Mission, Management Philosophy, and Vision

The Group has formulated the "Medium-term Management Plan 2025," which is scheduled to end in Fiscal 2025. By looking at 2030, which is 10 years from now, we see 2025 as a milestone toward establishing a significant presence as a parts manufacturer, while aiming to increase corporate value by increasing both economic and social value.

In addition, the Group has newly established its corporate mission: "Stronger and more socially aware through the wonders of science." Making use of "the wonders of science" that will bring exciting experience, unexpected discoveries, and surprises, in addition to systematic knowledge and experience, we will support the evolution of electronics technologies that support the secure, safe, comfortable, and convenient lives of people and thereby contribute to society.



The management philosophy of the Group consists of "employee well-being," "betterment of local communities," and "responsibility to provide returns to shareholders." The founder of TAIYO YUDEN developed this management philosophy thinking that a company can fulfill its social and public responsibilities by ensuring that its employees and their families can lead a happy and fulfilling life. As a common value of the Group, our employees keep it in mind to put the management philosophy in practice in the course of their daily business execution.

The Group's vision is to "to be an excellent company that enjoys the trust and highest regard from all stakeholders." The Company will aim to continue to be a company that wins the trust of customers, business partners, shareholders, local communities, employees, etc., by meeting their expectations and requests and enjoys highest regard from them by providing values that exceed their expectations and requests. To realize this vision, we will develop, manufacture and sell smart products that are safe and high quality meeting markets' needs and take responsibility for initiatives we conduct in the areas of labor, human rights, safety and health, the environment as well as ethics as we continue our activities.

[Reference] Medium-term Management Plan 2025

The Group has formulated the "Medium-term Management Plan 2025," which is scheduled to end in Fiscal 2025. Under the "Medium-term Management Plan 2025," the Group aims to further improve corporate value through activities centered toward realizing the respective goals set forth below for the economic value and social value items.

Corporate Value (Economic Value + Social value)

Economic Value		Social Value	
Net sales	480 billion yen	GHG (greenhouse gas) emissions	FY2030 (Absolute amount reductions) 25% reduction (compared with FY2020)
Operating margin	15% or higher	Waste, Water usage	FY2025 (Per basic unit) 10% reduction (compared with FY2020)
ROE	15% or higher	Optimization of group base functions Safe & secure workplace	• Incidence rate of injuries and illness[*1] < 0.016 • Accident frequency rate[*2] < 0.08
ROIC	10% or higher	Work style reforms	• Work engagement[*3]: 2.5 or higher • Ratio of newly recruited female graduates: 30% or higher

*1 Number of injured or ill persons requiring one or more days off due to workplace related injury or illness per 200,000 labor hours
*2 Number of fatalities or injuries requiring one or more days off due to workplace accident per 1 million labor hours
*3 Represents the state of mind of employees regarding work, which is measured on a four-point scale for employees

To realize the economic value targets, we will aim to raise the percentage of sales in focused markets, such as automobile, information infrastructure, and industrial equipment, in total sales to 50%. We plan to make capital investments worth around ¥300 billion in total in five years by actively implementing initiatives to take environmental measures and to improve IT infrastructure, in addition to continued capacity enhancement to meet increasing demand.

Regarding the enhancement of social value, we will strengthen ESG (environment, society, governance) initiatives. In the environmental front, we have set targets in terms of reduction of GHG (greenhouse gas) emission that is in line with the guidelines of SBT (Science Based Targets) and announced the endorsement of TCFD (Task Force on Climate-related Financial Disclosures) recommendations to respond to the global issue of climate change. In the social front, we will work on health management and work style reform, continuing to act on the core principle of safety first. In the area of governance, we will strengthen initiatives to improve management quality that will support business growth.

Materiality

Category		Materiality	SDGs Target
Economic value		Strengthen core technologies to make our core business grow Create solutions to solve social issues	
Social value	E: Environment	Strengthen measures to climate change Use resources effectively and contribute to establish recycling society	
	S: Social	Achieve health-oriented management and work style reform at safety first workplace Train and develop human resources based on the diversity policy	
	G: Governance	Improve management quality to support business growth Establish and evolve BCM for disaster and infectious disease	

2. Current Status of the TAIYO YUDEN Group

(1) Review of operations and results

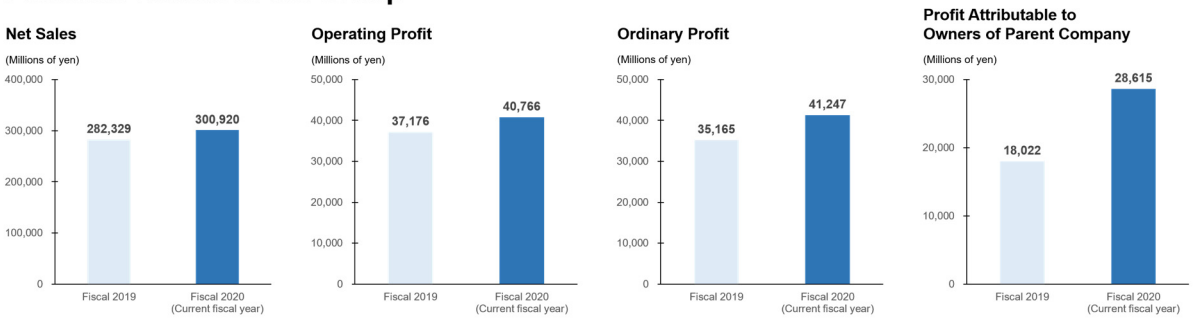
During the fiscal year under review (from April 1, 2020 to March 31, 2021), the business environment surrounding the Group was extremely challenging for the global economy with economic activity restricted by the impact from the COVID-19 pandemic. Signs of a gradual recovery were seen in the global economy, which had faced extremely challenging conditions in the first quarter. As for the future, the recovery trend is expected to continue, but it will be necessary to monitor any renewed infectious disease spread, trade issues in individual countries, and fluctuations in financial and capital markets.

The Group aimed to achieve its medium-term targets and management vision by capturing focus markets such as automotive, IT infrastructure/industrial equipment, healthcare, the environment and energy in combination with the solution business that leverages the Group's core technologies in cutting-edge products and high reliability products that draw on the Group's strengths of research and development and production technology. Moreover, the Group is strengthening its manufacturing capabilities in order to build a structure that can enhance profitability and meet the future increase in demand for components. In addition to enhancing production capacity, the Group is accelerating improvements in production efficiency by promoting advances in underlying technologies and transforming production methods.

Consolidated net sales for the fiscal year under review totaled ¥300,920 million, which is an increase of 6.6% compared to the previous fiscal year. Operating profit was ¥40,766 million, an increase of 9.7%. Ordinary profit was ¥41,247 million, an increase of 17.3%. The Group's performance was sluggish in the first quarter because of constraints on operations at production subsidiaries in the Philippines and Malaysia which occurred due to the impact of COVID-19 between March and May 2020. However, sales and profit increased due to an expansion in demand for products for use in smartphones and automobiles from July onward. Moreover, as a result of recording ¥4,828 million in extraordinary loss, including loss related to COVID-19 at overseas subsidiaries, profit attributable to owners of the parent company amounted to ¥28,615 million, up by 58.8% from the previous fiscal year.

The average foreign currency exchange rate for the fiscal year under review was US$1: ¥105.97. This is an appreciation of ¥3.09 as compared to the average realized in the previous fiscal year of US$1: ¥109.06.

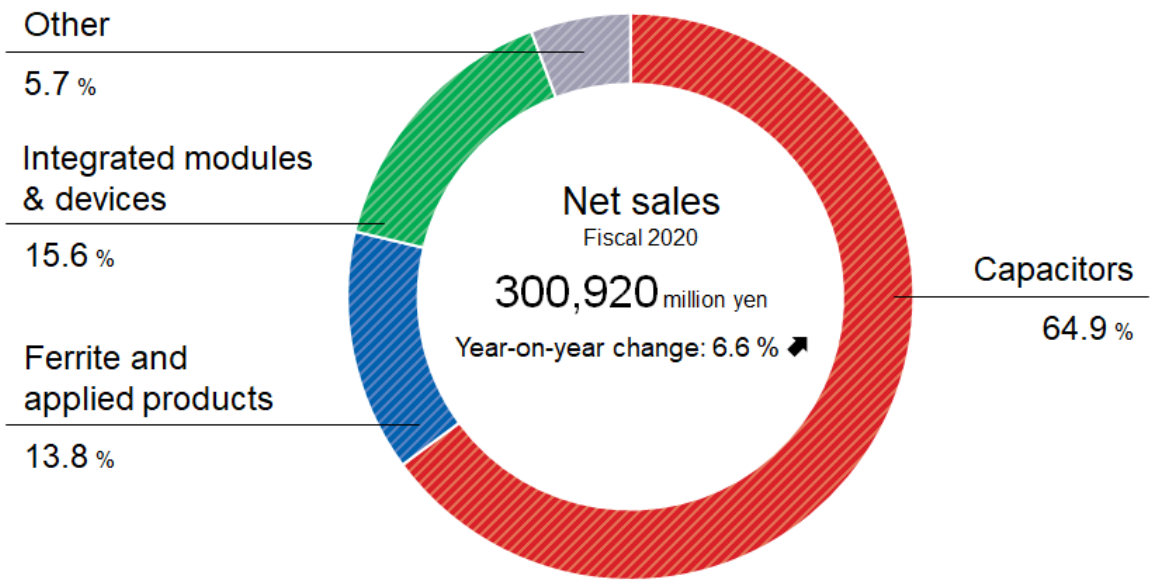
Financial results of the Group



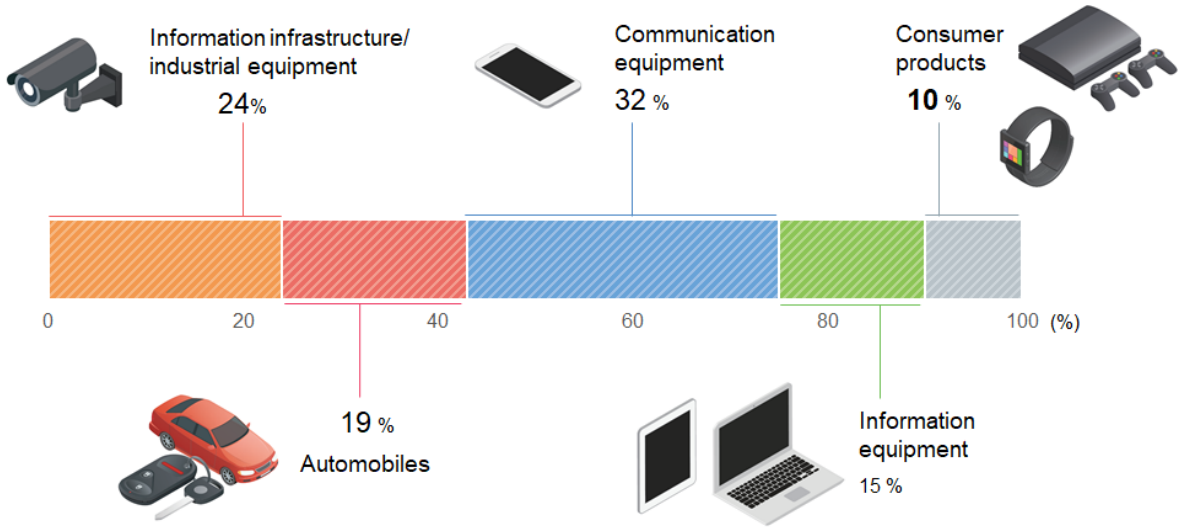
(2) Principal business activities (as of March 31, 2021)

Consolidated Sales by Product

Breakdown of consolidated sales by product



Breakdown of sales by area of use

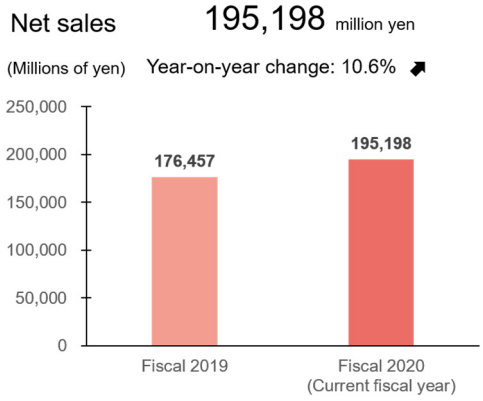


Capacitors

Main products

- Multilayer ceramic capacitors

Net sales increased by 10.6% to ¥195,198 million as compared to the previous fiscal year as product sales for consumer products, information equipment, automobiles, and information infrastructure/industrial equipment were higher as compared to the previous fiscal year, although sales for communication equipment decreased from the previous fiscal year.

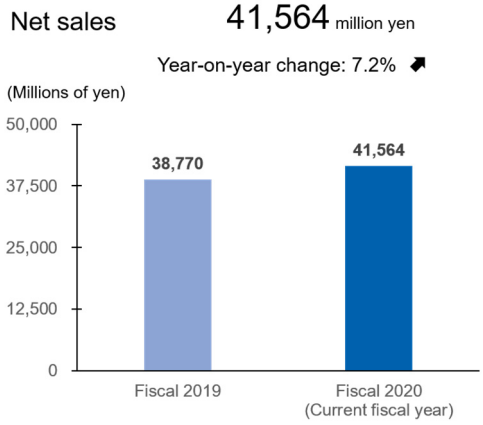


Ferrite and applied products

Main products

- Winding inductors
- Multilayer chip inductors

Net sales totaled ¥41,564 million, which is an increase of 7.2% compared to the previous fiscal year. This was due to a year-on-year increase in sales for information equipment, communication equipment, automobiles, and information infrastructure/industrial equipment.

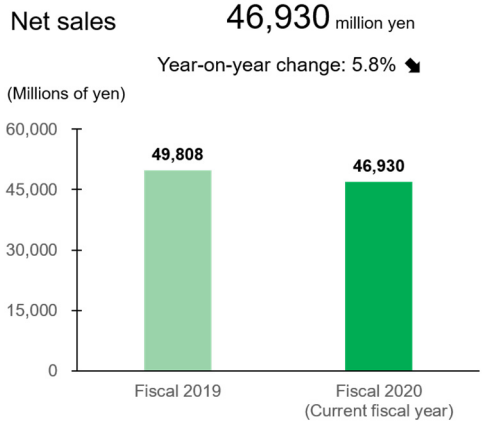


Integrated modules & devices

Main products

- Mobile communications devices (FBAR/SAW)
- Circuit modules

Net sales totaled ¥46,930 million, which is a decrease of 5.8% compared to the previous fiscal year. This was due to a year-on-year decrease in sales mainly for mobile communications devices (FBAR/SAW) and circuit modules.

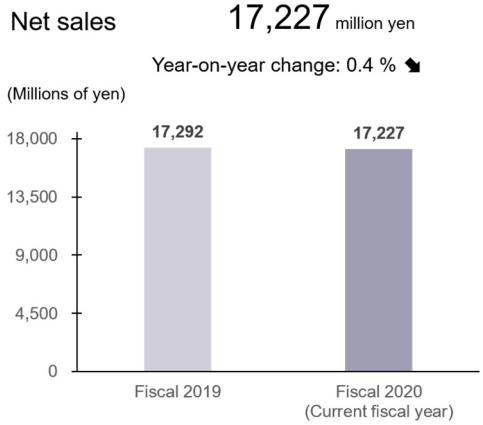


Other

Main products

- Aluminum electrolytic capacitors
- Power storage devices

Net sales for the current fiscal year amounted to ¥17,227 million, which is a decrease of 0.4% compared to the previous fiscal year.



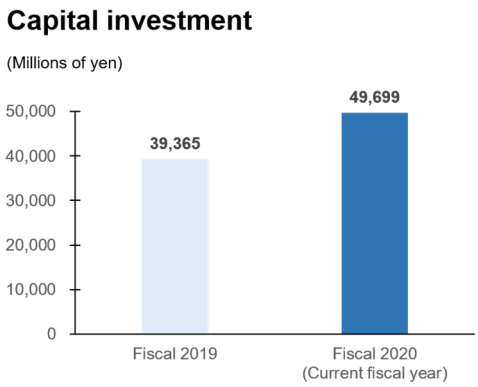
(3) Summary of assets and profit or loss

Business terms	Fiscal 2016 (76th Term)	Fiscal 2017 (77th Term)	Fiscal 2018 (78th Term)	Fiscal 2019 (79th Term)	Fiscal 2020 (80th Term) (current fiscal year)
Net sales (Millions of yen)	230,716	244,117	274,349	282,329	300,920
Operating profit (Millions of yen)	12,385	20,221	35,237	37,176	40,766
Operating margin (%)	5.4	8.3	12.8	13.2	13.5
Ordinary profit (Millions of yen)	11,200	20,553	34,351	35,165	41,247
Profit attributable to owners of parent (Millions of yen)	5,428	16,355	23,687	18,022	28,615
Comprehensive income (Millions of yen)	3,092	18,245	21,084	11,350	37,372
Total assets (Millions of yen)	271,149	287,170	328,861	343,122	404,642
Net assets (Millions of yen)	154,150	170,118	205,953	210,454	243,941
Basic earnings per share (Yen)	46.08	138.80	189.93	143.04	227.99
Net assets per share (Yen)	1,305.96	1,440.79	1,609.72	1,672.40	1,937.86
Equity ratio (%)	56.8	59.1	62.5	61.2	60.1
Rate of return on equity (%)	3.5	10.1	12.6	8.7	12.6
Price-earnings ratio (Times)	30.5	13.0	11.5	20.0	22.8
Dividend payout ratio (%)	43.4	14.4	11.1	18.2	17.5
Cash flows from operating activities (Millions of yen)	29,692	33,944	42,967	52,434	52,882
Cash flows from investing activities (Millions of yen)	(28,806)	(26,918)	(33,581)	(40,874)	(42,218)
Cash flows from financing activities (Millions of yen)	(4,342)	953	(1,603)	(4,851)	12,604
Cash and cash equivalents at end of period (Millions of yen)	36,094	43,837	51,654	57,285	81,785
Research and development expenses (Millions of yen)	10,008	10,574	13,039	12,921	12,550
Capital investment (Millions of yen)	33,161	24,549	38,570	39,365	49,699
Depreciation (Millions of yen)	24,908	25,589	26,547	27,022	29,256

(4) Capital investment, financing and major creditors

i) Capital investment

Capital investment during the fiscal year under review amounted to approximately ¥49,699 million at the acceptance and inspection (previous fiscal year: ¥39,365 million). Major investments were primarily to enhance production capacity for multilayer ceramic capacitors, which are seeing continued strong demand for automotive applications, information infrastructure, and smartphones. The Group intends to continue actively making capital investments, in anticipation of further development in automotive electrification and information infrastructure with spread of 5G (fifth generation telecommunication systems).



ii) Financing

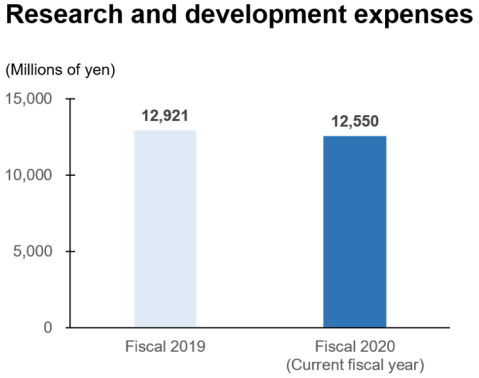
During the fiscal year under review, the Company procured funds of ¥20.5 billion through long-term loans. For the purpose of financial stability, a commitment line of ¥30.0 billion effective for three (3) years has been established. However, the Company had not used the line as of March 31, 2021.

iii) Major creditors (as of March 31, 2021)

Creditor	Loan outstanding (Millions of yen)
Sumitomo Mitsui Banking Corporation	27,500
MUFG Bank, Ltd.	12,400
The Iyo Bank, Ltd.	12,300
Mizuho Bank, Ltd.	11,000
The Gunma Bank, Ltd.	4,975

(5) Status of research & development

Research and development expenses in the fiscal year under review were ¥12,550 million.



The Group believes in commercializing products from the material development stage and is committed to research and development to create an electronic component that contributes to the technical evolution of electronic equipment based on the original underlying technology nurtured since its foundation. The Group also intends to develop and stably supply “smart products” that provide high quality and reduce environmental burdens. By realizing smart products at a higher level through its research and development activities, the Group aims to realize the management vision “to be an excellent company that enjoys the trust and highest regard from all stakeholders.”

We strive to develop high-reliability products and solution-oriented products for focus markets such as automotive, information infrastructure, industrial equipment, healthcare, and environmental and energy. The Company focuses on the development of large, high-voltage resistant, high-reliability components for the automotive market where further advances of electronic components and increasing use of electrical equipment are in progress, and for information infrastructure such as base station communications devices and data centers where increasingly higher performance is required due to the evolution of IoT. For the communication device market centering on smartphones, we promote the development of cutting-edge products that contribute to a higher functionality and performance, as well as dense packaging of modules.

For capacitors, our focus is on developing compact, low-profile, high-value and high-reliability multilayer ceramic capacitors. We are continuously working to develop cutting-edge, multilayer ceramic capacitors by sophisticating dielectric materials technologies, thin-film and high-capacitance technologies, production technology for ultra-small capacitors.

For ferrite and applied products, the Group is working to develop small, thin inductors with high current ratings, and also large, high-reliability inductors targeting the automotive and information infrastructure markets. We are sharpening our competitive edge through advances in material development as well as wire-winding and multilayer process technologies.

For integrated modules and devices, we are focusing on developing new products drawing on the advancement of technologies for FBAR/SAW devices for mobile communications, next-generation products for 5G (fifth generation telecommunication systems), as well as solution-based products in combination with our core technologies for focus markets.

In addition, the Group is focusing on developing energy devices for focus markets.

(6) Acquisitions or disposal of the stock, equity interests, or share acquisition rights of other companies

Not applicable

(7) Issues to be addressed

The Company is implementing various countermeasures against novel coronavirus infection based on the BCP (Business Continuity Plan) to prevent the infection from spreading and in consideration of the health and safety of our employees, business partners, and other stakeholders. Our production sites both in Japan and overseas continue their production activities with thorough implementation of infection prevention measures, obeying the instructions and guidance of the national and local governments of the host counties. As for employees working in areas other than production, the Company strives to help them to continue to perform their duties, while reducing infection risk by having them work from home as appropriate in accordance with the local infection status and based on the instructions and requests of the national and local governments of the host counties regarding the prevention of the spread of infection.

The ongoing novel coronavirus emergency is causing various changes in society and business environment. The Company maintains a sound financial structure with cash and deposits of ¥84,297 million and an equity ratio of 60.1%, which secures our business continuity. Furthermore, the amount of commitment line contracts concluded with multiple financial institutions is ¥30.0 billion. We have thus secured contingency measures and can continue business.

In the focus markets of automotive, information infrastructure, industrial equipment, healthcare, and environmental and energy, demand for electronic components will increase in the medium to long term and higher quality and/or reliability will be increasingly requested. Meanwhile, as communication devices such as smartphones have come to be equipped with high functionality and performance, evolving transmission methods and dense packaging of modules, there is an increasing requirement for cutting-edge compact/slim electronic components that have such attributes.

The Company quickly develops cutting-edge products with a competitive edge that should contribute to technical evolution of devices in the aforementioned markets. Positioning the markets of automobiles, information infrastructure, industrial equipment, healthcare, and environmental and energy as focus markets, we strive to promote sales of high-reliability products, reinforce system solution proposals and expand and diversify distribution channels. In addition, to ensure steady supply, we intend to bolster our production capacity in Japan and overseas in anticipation of further sales increases. Furthermore, we will streamline our operating structure to be less susceptible to cost reductions and foreign exchange fluctuations through high-efficiency production and improved manufacturing capabilities and by maximally leveraging our overseas production bases.

The Company intends to raise its community value by meeting the requests and expectations of stakeholders to fulfill its social responsibility while also enhancing its economic value. Thus, the Company’s activities comply with its responsible attitude in terms of the safety and quality of products, as well as initiatives in such fields as labor and human rights, safety and health, the environment and corporate ethics.

(8) Basic policy regarding dividends of surplus, etc.

The Company considers one of the most important issues for management to be the distribution of plentiful returns to its shareholders. From now on, the Company will aim to steadily realize a dividend payout ratio of 30% and conduct a purchase of treasury shares as necessary.

Business terms	Fiscal 2016 (76th Term)	Fiscal 2017 (77th Term)	Fiscal 2018 (78th Term)	Fiscal 2019 (79th Term)	Fiscal 2020 (80th Term) (current fiscal year)
Dividend per share (Yen)	20.00	20.00	21.00	26.00	40.00
Total dividends (Millions of yen)	2,356	2,356	2,680	3,263	5,020
Dividend payout ratio (%)	43.4	14.4	11.1	18.2	17.5
Total return ratio (%)	43.4	14.4	24.0	40.3	17.5

(9) Basic policy of cross-shareholdings

i) Policy of holding cross-shareholdings

The Company holds shares only if the Board of Directors determines that such shareholdings are conducive to the maintenance and reinforcement of commercial and collaborative relationship with our business partners as well as medium- to long-term improvement of the corporate value and sustainable growth, which can be attained through such relationships.

ii) Method of verifying the reasonableness of shareholding, and verification by the Board of Directors, etc.

The Board of Directors annually examines all such cross-shareholdings to verify the reasonability of holding them based on comprehensive judgment from the perspective of their holding purposes. The Company will reduce any shareholdings that are determined to be unreasonable by selling such shares. As a result of such verification by the Board of Directors, the Company sold shares of five companies during the fiscal year under review.

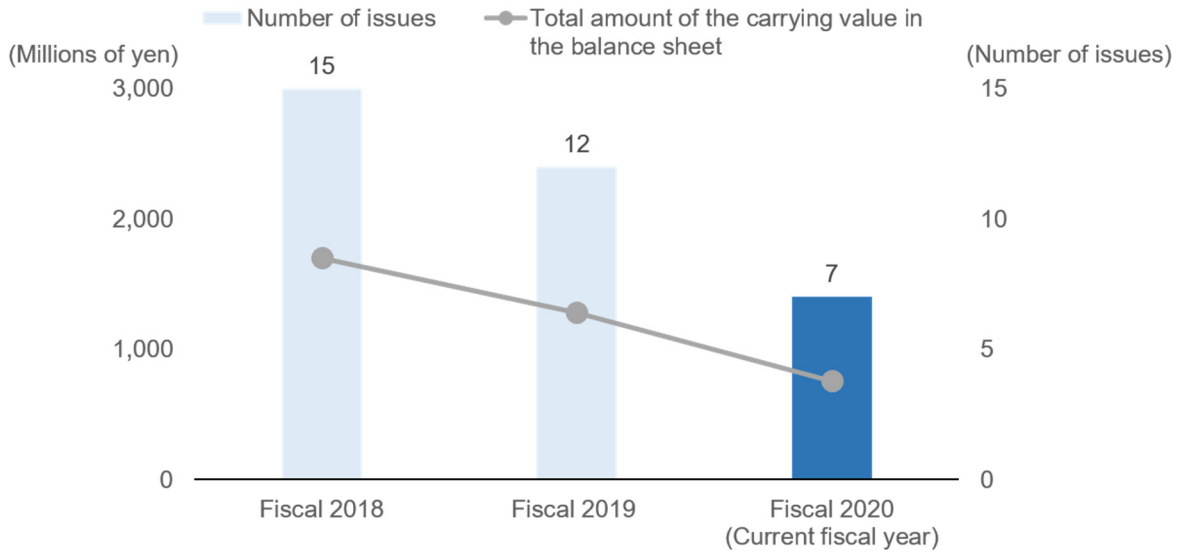
iii) Exercise of voting rights

The Company appropriately exercises its voting rights of the cross-shareholdings based on comprehensive judgment on several factors such as non-infringement of any laws and/or regulations, non-involvement in any antisocial actions and the fact that the relevant proposal can be judged to have sound content.

iv) Total amount of the cross-shareholdings in the balance sheet (as of March 31, 2021)

Classification / Business terms	Fiscal 2018 (78th Term)	Fiscal 2019 (79th Term)	Fiscal 2020 (80th Term) (current fiscal year)
Number of issues	15	12	7
Total amount of the carrying value in the balance sheet (Millions of yen)	1,701	1,283	758
Ratio thereof accounted for in the consolidated balance sheet accounting (%)	0.5	0.3	0.1

Note: Figures are rounded down to one decimal place.



v) Listed stock names of the cross-shareholdings (as of March 31, 2021)

Stock name	Number of shares (Shares)	Amount of the carrying value in the balance sheet (Millions of yen)	Purpose for holding	Holding of the Company stock
Sumitomo Metal Mining Co., Ltd.	135,500	647	As we purchase from this company mainly electronic materials used for our main products, we continue to hold shares in this company to maintain and fortify a good relationship with it.	Yes
The Iyo Bank, Ltd.	142,000	94	As we have financial transactions with this company, in consideration of the factual relationship, we continue to hold shares in this company to maintain and fortify a good relationship with it.	Yes
Nisshinbo Holdings Inc.	19,500	16	As we purchase from this company mainly parts and materials used for our main products, we continue to hold shares in this company to maintain and fortify a good relationship with it.	Yes

Note: Listed stocks among the cross-shareholdings of the Company are described above.

(10) Status of principal subsidiaries (as of March 31, 2021)

i) Principal subsidiaries

Name	Location	Share capital	Percentage of equity participation of the Company (%)	Principal business
TAIWAN TAIYO YUDEN CO., LTD.	Taiwan	NT$333 million	100.0	Sale of Electronic Components
KOREA TAIYO YUDEN CO., LTD.	South Korea	10,000 million WON	100.0	Sale of Electronic Components
KOREA KYONG NAM TAIYO YUDEN CO., LTD.	South Korea	61,884 million WON	100.0	Production of Electronic Components
HONG KONG TAIYO YUDEN CO., LTD.	Hong Kong	HK$20,400 thousand	100.0	Sale of Electronic Components
TAIYO YUDEN (GUANGDONG) CO., LTD.	China	US$85,550 thousand	100.0 (9.3)	Production of Electronic Components
TAIYO YUDEN (SHANGHAI) TRADING CO., LTD.	China	US$223 thousand	100.0 (10.3)	Sale of Electronic Components
TAIYO YUDEN (SINGAPORE) PTE. LTD.	Singapore	S$18,555 thousand	100.0	Sale of Electronic Components
TAIYO YUDEN (PHILIPPINES), INC.	The Philippines	P.P.490 million	100.0	Production of Electronic Components
TAIYO YUDEN (SARAWAK) SDN.BHD.	Malaysia	MYR100 million	100.0	Production of Electronic Components
TAIYO YUDEN (U.S.A.) INC.	U.S.A.	US$3,154 thousand	100.0	Sale of Electronic Components
TAIYO YUDEN EUROPE GmbH	Germany	EUR 1,000 thousand	100.0	Sale of Electronic Components
NIIGATA TAIYO YUDEN CO., LTD.	Niigata	¥1,000 million	100.0	Production of Electronic Components
TAIYO YUDEN CHEMICAL TECHNOLOGY CO., LTD.	Gunma	¥100 million	100.0	Production and Sale of Electronic Components
FUKUSHIMA TAIYO YUDEN CO., LTD.	Fukushima	¥100 million	100.0	Production of Electronic Components
WAKAYAMA TAIYO YUDEN CO., LTD.	Wakayama	¥100 million	100.0	Production of Electronic Components
TAIYO YUDEN Mobile Technology Co., Ltd.	Tokyo	¥100 million	100.0	Production of Electronic Components
ELNA CO., LTD.	Tokyo	¥100 million	100.0	Development and Sales of Electronic Components

Notes: 1. Figures in parentheses shown under “Percentage of equity participation of the Company” is the percentage of indirect ownership.

2. The Company has 33 consolidated subsidiaries including the 17 companies listed in “Status of principal subsidiaries” above and 4 associates not accounted for by the equity method.

3. The consolidated business performance in this fiscal year under review is as described in the above “(1) Review of operations and results.”

ii) Specified wholly owned subsidiaries

Not applicable

(11) Principal offices and plants (as of March 31, 2021)

i) Principal business locations of the Company

Site type	Office/Plant name	Location
Headquarters	Head Office	Chuo-ku, Tokyo
	Takasaki Global Center	Takasaki-shi, Gunma
Sales offices	Sendai	Sendai-shi, Miyagi
	Metropolitan	Chuo-ku, Tokyo
	Gunma	Takasaki-shi, Gunma
	Nagoya	Nagoya-shi, Aichi
	Kansai	Osaka-shi, Osaka
	Fukuoka	Fukuoka-shi, Fukuoka
Manufacturing Bases	Haruna Plant	Takasaki-shi, Gunma
	Nakanojo Plant	Agatsuma-gun, Gunma
	Tamamura Plant	Sawa-gun, Gunma
	Yawatabara Plant	Takasaki-shi, Gunma
Development Bases	R&D Center	Takasaki-shi, Gunma
	Shin-Kawasaki Center SOLairoLab	Kawasaki-shi, Kanagawa

Note: Kansai Sales Office was renamed to Osaka Sales Office on April 1, 2021.

ii) Principal business locations of subsidiaries

Described in the above "(10) Status of principal subsidiaries."

(12) Employees (as of March 31, 2021)

i) Employees of the TAIYO YUDEN Group

Number of employees	Increase (decrease) from the previous fiscal year
22,852 persons	Increase of 1,129 persons

ii) Employees of the Company

Number of employees	Increase (decrease) from the previous fiscal year	Average age	Average years of service
2,837 persons	Increase of 52 persons	42.5 years old	18.8 years

Note: The number of employees is the number currently at work and does not include temporary employees.

(13) Other important matters concerning the current status of the TAIYO YUDEN Group

Not applicable

3. Shares of the Company (as of March 31, 2021)

(1) Total number of shares authorized to be issued: 300,000,000 shares

(2) Total number of shares issued: 130,218,481 shares (including 4,702,096 shares of treasury shares)

(3) Number of shareholders: 31,804

(4) Major shareholders (Top 10)

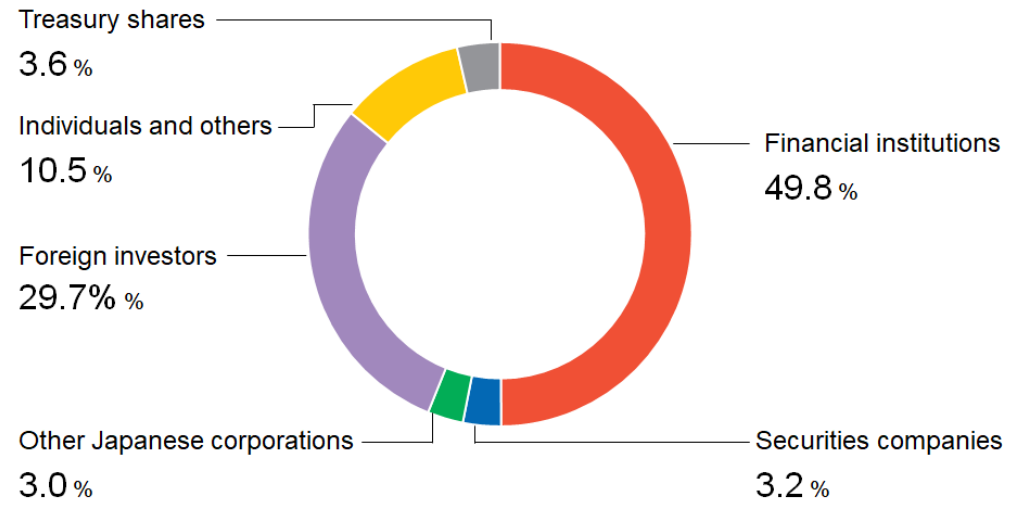
	Name	Number of shares held (shares)	Shareholding ratio (%)
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	29,390,900	23.4
2	Custody Bank of Japan, Ltd. (Trust Account)	13,854,300	11.0
3	Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	3,026,500	2.4
4	The Iyo Bank, Ltd.	3,000,100	2.3
5	Sumitomo Mitsui Banking Corporation	2,000,000	1.5
6	Sato Traffic Orphan Welfare Fund	1,916,640	1.5
7	JP MORGAN CHASE BANK 385632	1,787,639	1.4
8	BBH BOSTON CUSTODIAN FOR NEXT GENERATION CONNECTIVITY FUND A SERIES TRUST 620818	1,734,300	1.3
9	Nippon Life Insurance Company	1,666,450	1.3
10	STATE STREET BANK WEST CLIENT - TREATY 505234	1,577,800	1.2

Notes: 1. The Company holds 4,702,096 shares of treasury shares, but it is excluded from the above-mentioned major shareholders.
2. Shareholding ratio is calculated excluding the number of treasury shares.
3. Figures are rounded down to one decimal place.

(5) Other important matters concerning shares of the Company

Not applicable

Distribution of shares by shareholder type



Note: Figures are rounded down to one decimal place.

4. Status of Share Acquisition Rights, etc.

(1) Status, at the end of the fiscal year under review, of share acquisition rights held by Directors of the Company delivered as a consideration for the execution of their duties

Name	Date of resolution for issuance	Shareholding status	Number of share acquisition rights	The class and the number of shares to be issued or transferred upon exercise of share acquisition rights	Exercisable period for the share acquisition rights
1st July 2007 issue of share acquisition rights	June 28, 2007	1 Director (excluding Outside Directors)	3 units	3,000 shares of the common stock of the Company	July 14, 2007 through July 13, 2027
2nd July 2007 issue of share acquisition rights	June 28, 2007	1 Director (excluding Outside Directors)	6 units	6,000 shares of the common stock of the Company	July 14, 2007 through July 13, 2027
June 2008 issue of share acquisition rights	June 27, 2008	1 Director (excluding Outside Directors)	6 units	6,000 shares of the common stock of the Company	July 15, 2008 through July 14, 2028
May 2009 issue of share acquisition rights	May 25, 2009	1 Director (excluding Outside Directors)	6 units	6,000 shares of the common stock of the Company	June 10, 2009 through June 9, 2029
June 2010 issue of share acquisition rights	June 29, 2010	1 Director (excluding Outside Directors)	6 units	6,000 shares of the common stock of the Company	July 22, 2010 through July 21, 2030
June 2011 issue of share acquisition rights	June 29, 2011	2 Directors (excluding Outside Directors)	9 units	9,000 shares of the common stock of the Company	July 14, 2011 through July 13, 2031
April 2012 issue of share acquisition rights	April 25, 2012	2 Directors (excluding Outside Directors)	9 units	9,000 shares of the common stock of the Company	May 11, 2012 through May 10, 2032
May 2013 issue of share acquisition rights	May 24, 2013	2 Directors (excluding Outside Directors)	2 units	2,000 shares of the common stock of the Company	June 10, 2013 through June 9, 2033
July 2013 issue of share acquisition rights	June 27, 2013	3 Directors (excluding Outside Directors)	13 units	13,000 shares of the common stock of the Company	July 12, 2013 through July 11, 2033
July 2014 issue of share acquisition rights	June 27, 2014	5 Directors (excluding Outside Directors)	17 units	17,000 shares of the common stock of the Company	July 14, 2014 through July 13, 2034
July 2015 issue of share acquisition rights	June 26, 2015	5 Directors (excluding Outside Directors)	23 units	23,000 shares of the common stock of the Company	July 13, 2015 through July 12, 2035
November 2015 issue of share acquisition rights	November 5, 2015	1 Director (excluding Outside Directors)	1 unit	1,000 shares of the common stock of the Company	November 20, 2015 through November 19, 2035
July 2016 issue of share acquisition rights	June 29, 2016	5 Directors (excluding Outside Directors)	29 units	29,000 shares of the common stock of the Company	July 15, 2016 through July 14, 2036
July 2017 issue of share acquisition rights	June 29, 2017	5 Directors (excluding Outside Directors)	29 units	29,000 shares of the common stock of the Company	July 18, 2017 through July 17, 2037
July 2018 issue of share acquisition rights	June 28, 2018	5 Directors (excluding Outside Directors)	31 units	31,000 shares of the common stock of the Company	July 18, 2018 through July 17, 2038
July 2019 issue of share acquisition rights	June 27, 2019	5 Directors (excluding Outside Directors)	320 units	32,000 shares of the common stock of the Company	July 18, 2019 through July 17, 2039
July 2020 issue of share acquisition rights	June 26, 2020	5 Directors (excluding Outside Directors)	330 units	33,000 shares of the common stock of the Company	July 17, 2020 through July 16, 2040

Notes: 1. Main requirements for the exercise of share acquisition rights, etc.

a. The holder of the share acquisition rights may exercise his or her rights only within ten (10) days from the day following the forfeiture of all the positions as Director and Operating Officer of the Company.

b. Notwithstanding the above condition a., the holder of the share acquisition rights may exercise his or her share acquisition rights in the case falling under the following items within a period set forth as follows:

1) If the holder of the share acquisition rights does not become entitled to exercise the share acquisition rights within nineteen (19) years and eleven (11) months from the date of resolution for issuance, the holder of share acquisition rights may exercise his or her rights within one (1) month from the day following the day when nineteen (19) years and eleven (11) months have elapsed from the date of resolution for issuance.

2) If a proposal for a merger agreement under which the Company is to be merged as a dissolving company, or a share exchange agreement or a share transfer under which the Company is to become a wholly owned subsidiary is approved at a General Meeting of Shareholders of the Company, the holder of share acquisition rights may exercise his or her rights within ten (10) days from the day following the day when such proposal has been approved.

3) Upon the death of the holder of share acquisition rights, his or her heir (limited to one (1) heir) may exercise the share acquisition rights within three (3) months from the day following the day when the holder passed away.

c. The holder of share acquisition rights may not partially exercise any unit of the share acquisition rights.

d. Share acquisition rights shall be granted without consideration.

e. The value of assets contributed upon the exercise of share acquisition rights shall be ¥1 per share.

f. Any other terms and conditions shall be governed by a "Contract for Allotment of Share Acquisition Rights" entered into between the Company and the Director to whom the share acquisition rights have been allotted in accordance with resolutions adopted at the General Meeting of Shareholders and at the Meeting of the Board of Directors.

g. If the holder of share acquisition rights has become unable to exercise the share acquisition rights or if he or she has lost the Rights according to the "Contract for Allotment of Share Acquisition Rights," the Company may acquire the relevant share acquisition rights without consideration.

2. The first share acquisition rights issued in July 2007 were granted upon approval at the General Meeting of Shareholders after the end of the fiscal term. However, from the second share acquisition rights issued in July 2007, the form in which the Rights were granted changed due to the Rights issued being accounted for as expenses as part of Directors' remuneration.

3. Up until the May 2013 issue, the eligible service period subject to share acquisition rights was each fiscal year. However, effective from the July 2013 issue, the eligible service period subject to share acquisition rights has been revised to "up until the conclusion of the Ordinary General Meeting of Shareholders" pertaining to the fiscal year that ends within one (1) year after the Director's election.

4. The number of shares per share acquisition right was 1,000 up until the July 2018 issue and has been 100 from the July 2019 issue onward.

(2) Status of the share acquisition rights delivered to Operating Officers and employees during the fiscal year under review

Name	Date of resolution for issuance	Shareholding status	Number of share acquisition rights	The class and the number of shares to be issued or transferred upon exercise of share acquisition rights	Exercisable period for the share acquisition rights
July 2020 issue of share acquisition rights	June 26, 2020	10 Operating Officers	260 units	26,000 shares of the common stock of the Company	July 17, 2020 through July 16, 2040

(3) Other important matters concerning the share acquisition rights

Not applicable

5. Corporate Officers (as of March 31, 2021)

(1) Directors and Audit & Supervisory Board Members

Name	Position	Responsibilities in the Company and significant concurrent positions
Shoichi Tosaka	President and Chief Executive Officer	–
Shinji Masuyama	Director and Executive Vice President	In charge of 1st Business
Katsuya Sase	Director and Senior Executive Operating Officer	In charge of Management Planning
Osamu Takahashi	Director and Executive Operating Officer	In charge of 3rd Business
Kazuya Umezawa	Director and Executive Operating Officer	In charge of Sales and New Business Planning and Development
Masashi Hiraiwa	Outside Director (Independent Officer)	Attorney of OHHARA LAW OFFICE
Seiichi Koike	Outside Director (Independent Officer)	–
Emiko Hamada	Outside Director (Independent Officer)	Third Sector Program Officer of Adaptable and Seamless Technology Transfer Program and member of Low Carbon Society Strategic Promotion Committee, Center for Low Carbon Society Strategy through target-driven R&D of Japan Science and Technology Agency Part-time Lecturer of Nagoya Institute of Technology Outside Director of NGK INSULATORS, LTD.
Toshio Mishuku	Audit & Supervisory Board Member (Full-time)	–
Kazuyuki Oshima	Audit & Supervisory Board Member (Full-time)	–
Hajime Yoshitake	Outside Audit & Supervisory Board Member (Full-time) (Independent Officer)	Adjunct Lecturer of Meiji University Professional Graduate School General Manager of The Institute of Internal Auditors – Japan
Tomomi Fujita	Outside Audit & Supervisory Board Member (Independent Officer)	Attorney of Innoventier LPC Vice President of Licensing Executives Society Japan Assistant Lecturer of KYOTO UNIVERSITY LAW SCHOOL Outside Director (Audit & Supervisory Committee Member) of TAKUMA CO., LTD.

Notes: 1. Directors Masashi Hiraiwa, Seiichi Koike, and Emiko Hamada are Outside Directors stipulated in Article 2, item (xv), of the Companies Act and registered as Independent Officers with the Tokyo Stock Exchange.

2. Audit & Supervisory Board Members Hajime Yoshitake and Tomomi Fujita are Outside Audit & Supervisory Board Members stipulated in Article 2, item (xvi), of the Companies Act and registered as Independent Officers with the Tokyo Stock Exchange.

3. Director Masashi Hiraiwa and Audit & Supervisory Board Member Tomomi Fujita are attorneys.

4. Audit & Supervisory Board Member Hajime Yoshitake possesses considerable knowledge in finance and accounting, which was nurtured in his business experience at financial institutions.

5. The Company has no special interest relationship with the organizations where Outside Corporate Officers are concurrently serving.

6. Changes of Directors and Audit & Supervisory Board Members during the fiscal year under review are as follows:

   Audit & Supervisory Board Member Kazuyuki Oshima was newly elected at the 79th Ordinary General Meeting of Shareholders held on June 26, 2020, and assumed position.

   Mr. Katsushige Nakano retired as Audit & Supervisory Board Member upon the expiry of his term at the conclusion of the 79th Ordinary General Meeting of Shareholders held on June 26, 2020.

7. The positions and responsibilities of the following Directors were changed on the dates as shown in the table below.

Name	June 26, 2020		July 1, 2020	
	Current position	Former position	Current responsibility	Former responsibility
Shinji Masuyama	Director and Executive Vice President	Director and Senior Executive Operating Officer	In charge of 1st Business	In charge of Management Planning
Katsuya Sase	–		In charge of Management Planning	In charge of 1st Business

(2) Remuneration paid to Directors and Audit & Supervisory Board Members

i) Outline of the policy to determine the contents of remuneration paid to Corporate Officers

At its meeting held on March 1, 2021, the Board of Directors of the Company passed a resolution on the policy to determine the contents of remuneration paid to each Director. The Board of Directors sought and received advice from the Remuneration Committee before passing this resolution.

(a) Policy to determine the remuneration paid to Corporate Officers

(1) The Company shall provide remuneration that emphasizes the linkage with financial results and medium- to long-term corporate value, to share the same value with shareholders.

(2) Remuneration shall be set at levels that can attract and retain excellent human resources with global competitiveness.

(3) Remuneration shall emphasize transparency and fairness to be able to fulfill accountability.

(b) Process to determine remuneration paid to Corporate Officers and content of remuneration

In order to ensure the transparency and fairness of the process to determine remuneration for Officers, a Remuneration Committee has been established as an advisory panel to the Board of Directors.

The Remuneration Committee is composed of the President and CEO, Outside Directors, and an Audit & Supervisory Board Member and is chaired by an Independent Outside Director to ensure the objectivity of deliberations. It deliberates and reports on matters pertaining to remuneration for Officers such as remuneration policy, plan, calculation methods, and specific remuneration content of individual Officers.

Within the limit of remuneration approved at the General Meeting of Shareholders, specific remuneration of Directors is deliberated on an individual basis by the Remuneration Committee based on the amounts of remuneration calculated based on the relevant rules and regulations established by the Company and are determined by the Board of Directors based on the deliberation results of the Remuneration Committee.

Specific remuneration of each Audit & Supervisory Board Member is discussed at the Audit & Supervisory Board meeting.

Remuneration structure

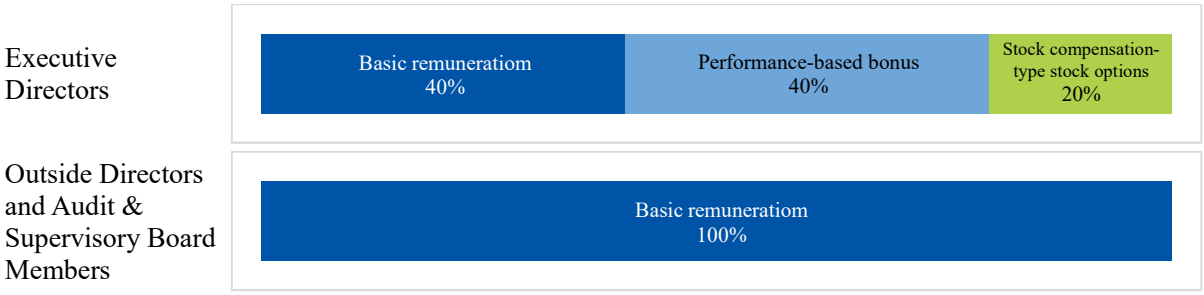
Type of remuneration	Remuneration item	Description	Form of payment
Basic remuneration	Fixed remuneration	• Levels are determined in consideration of, among others, the economic climate and the growth potential of the Company. • Fixed monthly remuneration based on roles and responsibilities.	Cash
Performance-based bonus	Performance-based remuneration (Single year)	• Given the responsibility of Executive Directors for meeting Group performance targets each year, consolidated profit is chosen as the relevant performance indicator to establish a clearer linkage between factor contributing to the enhancement of corporate/shareholder value and remuneration. • The amount of bonus for each individual is determined by allocating the total theoretical capital amount calculated based on consolidated profit using the ratio determined based on one's position and by multiplying the result by a coefficients related to performance evaluation of the organization in his or her charge and strategic behavior evaluation of the individual. The bonus is paid annually at a certain time of the year. The total theoretical capital amount is 0.76% of consolidated profit for the fiscal year under review.	Cash

Stock compensation-type stock options	Stock remuneration (Medium- to long-term)	• Introduced as an incentive toward medium- to long-term enhancement of corporate value, and to nurture shared value with shareholders and Directors' awareness to stock price. • The number of share acquisition rights granted to each Director is determined based on his or her position and rank by the Board of Directors at its meeting held after the conclusion of each Ordinary General Meeting of Shareholders. • The holder of the share acquisition rights may exercise his or her rights only within ten (10) days from the day following the forfeiture of all the positions as Director and Operating Officer of the Company.	Shares (Share acquisition rights)

Composition of remuneration by position

Executive Directors	• Their remuneration consists of "basic remuneration," "performance-based bonus," and "stock compensation-type stock options." • If they achieve the targets underlying "performance-based bonus," their remuneration will consist of 40% of basic remuneration, 40% of performance-based bonus, and 20% of stock compensation-type stock options.
Outside Directors	In the interest of maintaining independence, Outside Directors receive only "basic remuneration," with no performance-based remuneration.
Audit & Supervisory Board Members	In the interest of promoting audits of legality, Audit & Supervisory Board Members receive only "basic remuneration."

Remuneration composition percentage (as per design)



Reason for which the Board of Directors determined that the contents of remuneration paid to each Director for the fiscal year under review were consistent with the determination policy

The Company determined the amount of basic remuneration and performance-based bonus paid and the number of share acquisition rights granted to each Director after considering the reasonableness of remuneration levels of individual directors from diverse perspectives in accordance with the policy outlined above. For this reason, the Company determined that the contents of remuneration paid to each Director were consistent with the policy outlined above.

(c) Matters concerning the resolution of the General Meeting of Shareholders on remuneration

The limits of remuneration paid to Directors and Audit & Supervisory Board Members have been approved by the resolution of the General Meeting of Shareholders as follows:

Relevant officers	Type of remuneration	Outline of the relevant resolution	Date of resolution by General Meeting of Shareholders	Number of relevant officers
Directors (including Outside Directors)	Cash	Limit of annual remuneration: ¥500 million or less (including ¥40 million or less to Outside Directors)	78th Ordinary General Meeting of Shareholders held on June 27, 2019	8 (including 3 Outside Directors)
Directors (excluding Outside Directors)	Stock remuneration	Limit of annual remuneration: ¥200 million or less Upper limit of the total number of share acquisition rights and the number of shares: 500 units 50,000 shares of the common stock of the Company	78th Ordinary General Meeting of Shareholders held on June 27, 2019	5
Audit & Supervisory Board Members	Cash	Limit of total monthly remuneration: ¥8 million or less	75th Ordinary General Meeting of Shareholders held on June 29, 2016	4

ii) Total remuneration paid to Directors and Audit & Supervisory Board Members for the fiscal year under review

	Number of persons paid and total amount of remuneration		Content					
			Basic remuneration		Performance-based bonus		Stock compensation-type stock options	
	Number of persons	Total (Millions of yen)	Number of persons	Total (Millions of yen)	Number of persons	Total (Millions of yen)	Number of persons	Total (Millions of yen)
Director	8	456	8	181	5	178	5	96
(Of which Outside Directors)	(3)	(25)	(3)	(25)	(–)	(–)	(–)	(–)
Audit & Supervisory Board Members	5	80	5	80	–	–	–	–
(Of which Outside Audit & Supervisory Board Members)	(2)	(30)	(2)	(30)	(–)	(–)	(–)	(–)
Total	13	537	13	262	5	178	5	96

Notes: 1. The “Number of persons” refers to the number of persons subject to remuneration for the fiscal year under review, not the number of persons in office.

2. Figures are rounded down to the nearest million yen.

(3) Summary of contents of Liability Limitation Agreements

Pursuant to the provisions of Article 427, paragraph (1), of the Companies Act, the Company has established in its Articles of Incorporation the right to enter into agreements with Directors (excluding those who are Executive Directors) and Audit & Supervisory Board Members which limit the liability of such Directors and Audit & Supervisory Board Members for damages described in Article 423, paragraph (1), of the said Act.

The parties to the agreement and the outline of the agreement are provided below.

Parties concerned	Overview of agreement
Outside Director Masashi Hiraiwa Outside Director Seiichi Koike Outside Director Emiko Hamada Audit & Supervisory Board Member Toshio Mishuku Audit & Supervisory Board Member Kazuyuki Oshima Outside Audit & Supervisory Board Members Hajime Yoshitake Outside Audit & Supervisory Board Member Tomomi Fujita	The Outside Director/Outside Audit & Supervisory Board Member shall be liable to the Company for damages caused in relation to a failure to perform his or her duty up to the minimum amount prescribed in the provision of Article 425, paragraph (1) of the Companies Act, as long as the Outside Director/Outside Audit & Supervisory Board Member performs his or her duty in good faith and without gross negligence.

(4) Outside Directors and Outside Audit & Supervisory Board Members

i) Relationship between the Company and other organizations where significant concurrent positions are held

As described above in "(1) Directors and Audit & Supervisory Board Members."

ii) Kinship with an executive or an officer of the Company or specially designated companies

Not applicable

iii) Main activities of Outside Directors and Outside Audit & Supervisory Board Members in the fiscal year under review

Classification, Name	Attendance at meetings				Main activities and outline of duties executed in relation to roles expected of Outside Directors
	Board of Directors	Audit & Supervisory Board	Nomination Committee	Remuneration Committee	
Director Masashi Hiraiwa	100% (18/18 times)	–	100% (3/3 times)	100% (6/6 times)	Mr. Hiraiwa attended Board of Directors meetings and other important meetings to monitor overall management status, such as governance structure including internal control and legal compliance, mainly from an expert perspective as an attorney and otherwise performed management supervision with high ethical standards to play an appropriate role in ensuring the validity and appropriateness of decision making. He also serves as Chairman of the voluntary Nomination Committee and as a member of the Remuneration Committee, bearing the supervisory function in the process of selecting corporate officer candidates of the Company and determining the remuneration of corporate officers from an objective and impartial standpoint.

Classification, Name	Attendance at meetings				Main activities and outline of duties executed in relation to roles expected of Outside Directors
	Board of Directors	Audit & Supervisory Board	Nomination Committee	Remuneration Committee	
Director Seiichi Koike	100% (18/18 times)	–	100% (3/3 times)	100% (6/6 times)	Mr. Koike attended Board of Directors meetings and other important meetings to reflect his broad insight from the perspective of investors in the management of the Company, mainly drawing from his experience in engaging in corporate management and serving as Audit & Supervisory Board Member in the automotive parts industry, and otherwise provided useful advice and recommendations on the overall management status to play an appropriate role in ensuring the validity and appropriateness of decision making. He also serves as a member of the voluntary Nomination Committee and as Chairman of the Remuneration Committee, bearing the supervisory function in the process of selecting corporate officer candidates of the Company and determining the remuneration of corporate officers from an objective and impartial standpoint.
Director Emiko Hamada	100% (18/18 times)	–	100% (3/3 times)	100% (6/6 times)	Ms. Hamada attended Board of Directors meetings and other important meetings to provide recommendations for business execution and management supervision, mainly drawing from her experience in industry-academia-government collaboration and in serving as Outside Director at other companies, and otherwise played an appropriate role in ensuring the validity and appropriateness of decision making. She also serves as a member of the voluntary Nomination Committee and the Remuneration Committee, bearing the supervisory function in the process of selecting corporate officer candidates of the Company and determining the remuneration of corporate officers from an objective and impartial standpoint.
Audit & Supervisory Board Members Hajime Yoshitake	100% (18/18 times)	100% (21/21 times)	100% (3/3 times)	–	Mr. Yoshitake made comments at Board of Directors meetings and other important meetings to ensure the appropriateness of the decisions of the Board of Directors based on strong expertise and insight nurtured in his experience in audit and internal control. In addition, as a full-time Audit & Supervisory Board Member, he has fully demonstrated his auditing capability in headquarters audits and audits of the Group.

Classification, Name	Attendance at meetings				Main activities and outline of duties executed in relation to roles expected of Outside Directors
	Board of Directors	Audit & Supervisory Board	Nomination Committee	Remuneration Committee	
Audit & Supervisory Board Members Tomomi Fujita	100% (18/18 times)	100% (21/21 times)	–	–	Ms. Fujita made comments at Board of Directors meetings and other important meetings to ensure the appropriateness of the decisions of the Board of Directors based on strong expertise and insight as an attorney. She also made use of her legal knowledge and experience and made necessary comments as appropriate at Audit & Supervisory Board meetings.

(5) Other important matters concerning Corporate Officers

Not applicable

6. Accounting Auditors

(1) Name of Accounting Auditors

KPMG AZSA LLC

(2) Amount of remuneration paid or payable to Accounting Auditors for the fiscal year under review

	Amount (Millions of yen)
i) Remuneration payable to the Accounting Auditors by the Company	71
ii) Total amount of money or other property benefits payable to the Accounting Auditor by the Company and its subsidiaries	90

Notes: 1. The Audit Contract between the Company and the Accounting Auditors does not separate the remuneration for audit under the Companies Act from the remuneration for audit under the Financial Instruments and Exchange Act. Accordingly, the amount of i) described above represents the total amount of these remunerations.

2. Certified public accountants or auditing firms other than KPMG AZSA LLC are in charge of auditing the principal foreign subsidiaries of the Company.

(3) Reasons for the accord of the Audit & Supervisory Board regarding the amount of remuneration paid or payable to Accounting Auditors

The Audit & Supervisory Board has given an accord, which is described in Article 399, paragraph (1) of the Companies Act, as a result of studying whether the amount of remuneration for the audit paid or payable to Accounting Auditors is at a reasonable level in view of the corporate scale, complexity and risks of the Company.

(4) Non-audit services

The Company has paid consideration to KPMG AZSA LLC for its advice and guidance on timelier closing of accounts, which is among the services other than those prescribed in Article 2, paragraph (1) of the Certified Public Accountants Act (non-audit services).

(5) Policy for determining the dismissal or non-reappointment of Accounting Auditors

Apart from the dismissal of the Accounting Auditors by the Audit & Supervisory Board for reasons of a circumstance falling under any of the items of Article 340, paragraph (1) of the Companies Act, or if it is deemed difficult for the Accounting Auditors to properly perform their duties, a proposal for the dismissal or non-reappointment of the Accounting Auditors shall be submitted to a General Meeting of Shareholders, upon a decision of the Audit & Supervisory Board.

(6) Matters concerning existing suspension of business

Not applicable

(7) Matters concerning suspensions of business over the last two (2) years that the Company deems should be included in the Business Report

Not applicable

(8) Summary of contents of Liability Limitation Agreements

Not applicable

(9) Matters concerning names and other information of Accounting Auditors who resigned or were dismissed during the fiscal year under review

Not applicable

7. Summary of the Resolution for the Systems for Ensuring Appropriate Business Operations and Status of Their Operation

A summary of the resolution made at a meeting of the Board of Directors (the Basic Policy) for systems for the Company to ensure appropriate business operations and the status of their operation are as follows.

1. Systems to ensure the execution of duties by Directors, Operating Officers and employees complies with laws, regulations and the Articles of Incorporation, and other systems to ensure appropriate business operations of the Company and the Group

Summary of the resolution on the Basic Policy

(1) The Board of Directors shall resolve important matters in accordance with laws, regulations and the Articles of Incorporation, as well as the "Board of Directors Regulations" and other internal regulations.

(2) The Board of Directors shall strengthen the management system for risk factors surrounding the management and supervise the execution of duties by Directors.

(3) Audit & Supervisory Board Members shall monitor the appropriateness of resolutions by the Board of Directors, as well as the execution of duties by Directors and Operating Officers.

(4) An Internal Control Committee shall be established as a system to promote the Group's compliance activities. The committee shall designate a responsible person for each of the items set forth in the "TAIYO YUDEN Group CSR Code of Conduct" of the Company and conduct compliance activities on an ongoing basis in accordance with the compliance management system.

(5) A whistleblower system shall be operated for early detection of compliance-related problems of the Group. The detected problems shall be investigated and corrective measures shall be taken to prevent a recurrence.

(6) Corporate information and other materials relating to the Group shall be swiftly and appropriately disclosed to shareholders and investors.

(7) A firm and uncompromising stance will be taken on an organizational basis against antisocial movements or groups.

(8) Internal control shall be streamlined and operated for the purpose of ensuring the reliability of financial reports in accordance with the Financial Instruments and Exchange Act.

(9) As for the execution of business operations at subsidiaries, the relevant operating division/departments of the Company shall be the contact to grasp the circumstances thereof, and sufficient exchange of information and coordination of interests shall be conducted with regard to important information in accordance with the "Group Management Rules" to ensure appropriateness of business operations while respecting the management intentions of the respective subsidiaries.

Summary of the status of operation

An Internal Control Committee has been established as a system to promote compliance activities. The committee has designated a responsible person for each of the items set forth in the "TAIYO YUDEN Group CSR Code of Conduct" of the Company, and is making improvements on an ongoing basis while implementing the plan-do-check-act (PDCA) cycle, in accordance with the compliance management system.

In addition, the operational status of these measures is periodically evaluated and considered by the Internal Control Committee, and details thereof are reported to the Board of Directors as the Company works to strengthen internal controls.

2. System for the storage and management of information with regard to the execution of duties by Directors and Operating Officers of the Company

Summary of the resolution on the Basic Policy

(1) The Company shall record the statutory documents such as the minutes of the General Meetings of Shareholders and the minutes of the Meetings of the Board of Directors, and the minutes of other important meetings concerning the execution of duties by Directors and Operating Officers, in the form of documents or electromagnetic media, and store and manage them together with relevant materials, in accordance with laws and regulations, as well as the respective meeting rules.

(2) The Company shall maintain an environment that enables Directors and/or Audit & Supervisory Board Members to access said information at any time in accordance with the respective meeting rules.

Summary of the status of operation

The principal information concerning the execution of duties by Directors and Operating Officers is stored and managed in the form of documents or electromagnetic media, in accordance with laws and regulations as well as the respective meeting rules. Furthermore, encryption and other security measures are taken in regard to important items, such as the minutes of the General Meetings of Shareholders and the minutes of the Meetings of the Board of Directors recorded in electromagnetic media.

3. Rules for managing risks of loss with respect to the Company and other systems

Summary of the resolution on the Basic Policy

(1) An Internal Control Committee shall be established as a system to promote risk management activities. The committee shall designate a responsible person for each risk category. Risk management activities, which consist of risk identification, evaluation of risk levels, decision and execution of risk countermeasures and monitoring/review of the status of implemented countermeasures, shall be continuously performed as per the Group risk management system.

(2) As per the Company's Group Business Continuity and Risk Management Regulations, the effects on business activities resulting from the occurrence of any risks including natural disasters shall be anticipated, an emergency task force shall be formed depending on the scale of expected adverse effects and preventive measures shall be taken in advance during peacetime. In case a business continuity problem arises, countermeasures shall be taken in compliance with the BCP (Business Continuity Plan) put in place to enable the early resumption of business activities.

Summary of the status of operation

An Internal Control Committee has been established as a system to promote risk management activities. The committee has designated a responsible person for each risk category in the "TAIYO YUDEN Group CSR Code of Conduct" of the Company, and is making improvements on an ongoing basis while implementing the PDCA cycle, in accordance with the Group risk management system. In addition, the operational status of these measures is periodically evaluated and considered by the Internal Control Committee, and details thereof are reported to the Board of Directors as the Company works to strengthen internal controls. Furthermore, in addition to putting the BCP (Business Continuity Plan) in place and conducting drills to prepare for a disaster, etc. occurring, the Company is also taking measures to spread risk and have insurance as necessary.

4. System for ensuring the duties of Directors of the Company are efficiently performed

Summary of the resolution on the Basic Policy

(1) To ensure that decision making by the Board of Directors is appropriate and efficient, a collegial body to deliberate important matters regarding the execution of business operations and personnel affairs shall be established.

(2) To improve the efficiency of the execution of duties by Executive Directors, Operating Officers shall be in place.

(3) An Internal Control Committee shall be established as a collegial body that deliberates on the internal control system and evaluates its activities, and a person responsible for promotion shall be designated for each item set forth in this resolution. The Internal Control Committee shall regularly receive reporting from the aforementioned persons responsible for promotion on the activity achievements and report the achievements to the Board of Directors.

(4) The decision-making process shall be simplified and accelerated by proactively leveraging various computer systems for such applications as workflows, video conferences, the sharing of information and information management by leveraging IT technology.

Summary of the status of operation

To ensure the efficient execution of duties by Directors, the Management Committee shall duly discuss policy matters regarding business operations for Group management, whereas the TM (Top Management) Meeting shall duly discuss matters concerning personnel and remuneration for the entire Group, prior to submission to the Board of Directors. Both organs shall deliberate the legality, rationality and economics of matters delegated by the Board of Directors and report the results to the Board of Directors. In compliance with the purpose of Corporate Governance Codes, the Company works to provide materials of Meetings of the Board of Directors, promptly, summarize the points and brush up the quality of analysis or evaluation to ensure the effectiveness of operations. In addition, Operating Officers are in place in order to further clarify roles and responsibilities of Directors who monitor and supervise the management of business and persons who execute business operations. Under the direction of the President and Chief Executive Officer, the Operating Officers shall conduct business flexibly and quickly as an executor responsible for the section he or she is in charge of, in accordance with management policies and strategies determined at meetings of the Board of Directors.

5. System for ensuring appropriate business operations within the TAIYO YUDEN Group

Summary of the resolution on the Basic Policy

(1) System for reporting to the Company on matters concerning the execution of duties by Directors of the subsidiaries of the Company and other persons with similar authority

1) The status of the performed business operations at subsidiaries shall be reported as per the Company's "Group Management Rules" to encourage the sharing of information with relevant departments of the Company.

2) The Company shall strive to understand the management circumstances of its subsidiaries by dispatching some of its Operating Officers and/or employees to serve as Directors of the relevant subsidiaries.

(2) Rules for managing risks of loss with respect to any subsidiary of the Company and other systems

1) As per the Group risk management system, the subsidiary shall continuously perform its risk identification, evaluation of risk levels, decision and execution of risk countermeasures and monitoring/review of the status of implemented countermeasures.

2) As per the Company's Group Business Continuity and Risk Management Regulations, the subsidiary shall anticipate circumstances in which effects on business activities could result from the occurrence of risks including natural disasters, determine the possible formation of an emergency task force depending on the scale of expected adverse effects and take preventive measures in advance during peacetime. In case a business continuity problem arises, the subsidiary shall take countermeasures in compliance with the BCP (Business Continuity Plan) put in place to enable the early resumption of business activities.

(3) System for ensuring the duties of Directors, etc., of any subsidiary of the Company are efficiently performed

1) The Company shall formulate its "Group Management Rules" to help subsidiaries handle their decision making efficiently, whereas the subsidiaries shall put the rules into practice.

2) The Internal Audit Office of the Company monitors whether business operations of subsidiaries are conducted appropriately and efficiently from an independent standpoint. The

monitoring results shall be provided appropriately as feedback to the relevant subsidiaries and to the President and CEO of the Company. The information therein also shall be shared with the Audit & Supervisory Board Members of the Company.

(4) System for ensuring that Directors and employees of any subsidiary of the Company perform their duties in accordance with laws, regulations and the Articles of Incorporation of said subsidiary

1) As for important matters, the system to ensure the appropriateness of business operations at subsidiaries shall be streamlined and maintained as per the Company's "Group Management Rules."

2) As a system to promote compliance activities, a responsible person for each of the items set forth in the "TAIYO YUDEN Group CSR Code of Conduct" shall be designated to conduct compliance activities on an ongoing basis in accordance with the compliance management system.

Summary of the status of operation

The execution of business operations at subsidiaries shall be reported in accordance with the "Group Management Rules" and prior discussion for approval shall be conducted with the relevant division/department of the Company with regard to decision-making of important information to ensure appropriateness of business operations. As for the operation of the Board of Directors of subsidiaries, the Company strives to strengthen control and management by revising or properly announcing the "Group Management Rules," and Audit & Supervisory Board Members monitor the status to ensure the appropriateness of the operations. The compliance and risk management matters of subsidiaries are managed in accordance with the "TAIYO YUDEN Group CSR Code of Conduct" as well as the compliance management system and the Group risk management system through the PDCA cycle and periodically reported to the Internal Control Committee to evaluate the status promptly, and this provides us with insights to establish a rational management system.

The Internal Audit Office develops a system for ensuring the Group's appropriate business operations and monitors the status of operations by conducting an internal audit on subsidiaries based on an annual plan. Development of internal control concerning financial results and evaluation results of the status of operations are audited by Accounting Auditors, and the details are reported to the President and CEO of the Company and shared with Audit & Supervisory Board Members.

6. Systems for ensuring effective auditing by the Audit & Supervisory Board Members of the Company

Summary of the resolution on the Basic Policy

(1) Matters regarding the employees appointed to support Audit & Supervisory Board Members of the Company (Independence of said employees from Directors, ensuring effectiveness of the direction of Audit & Supervisory Board Members, etc.)

1) As dedicated staff who support Audit & Supervisory Board Members' auditing operations under the control of the Audit & Supervisory Board, employees who serve as secretariat members (the "Secretariat Staff") shall be in place.

2) Designation, transfer, performance evaluation, promotion, disciplinary actions, etc., of the Secretariat Staff shall be consulted with the Audit & Supervisory Board in advance to obtain its accord.

(2) Treatment of expenses that derive from the execution of duties by Audit & Supervisory Board Members of the Company

Unless otherwise recognized that such costs are not necessary with regard to the Audit & Supervisory Board Members' duties, the Company shall incur costs that have been caused in relation to the audits by Audit & Supervisory Board Members.

(3) Other systems for ensuring effective auditing by the Audit & Supervisory Board Members of the Company

1) The Board of Directors shall create a system that allows Audit & Supervisory Board Members to participate in important meetings on managerial matters and audit the decision-making of Directors, as well as the execution of duties by Directors and Operating Officers.

2) The Board of Directors shall create a system that allows Audit & Supervisory Board Members to collect information in a timely manner that is necessary for their audits through communication with Directors, Operating Officers, and employees, and also request, as necessary, reports therefrom regarding the execution of their duties and inspect the relevant documents.

3) The Board of Directors shall create a system that allows Audit & Supervisory Board Members to periodically exchange information with the Internal Audit Office, and take close cooperation therewith.

4) The Board of Directors shall create a system that allows Audit & Supervisory Board Members to periodically, or on an as needed-basis, exchange information with the Accounting Auditor, and request reporting therefrom, as necessary.

Summary of the status of operation

The Board of Directors has created a system that allows Audit & Supervisory Board Members to attend important meetings related to corporate management and check the process of Directors' corporate management and the status of the execution of their duties by collecting information. Moreover, a system has been created that allows Audit & Supervisory Board Members to grasp the circumstances of compliance or risk management-related challenges in the Internal Control Committee, and collect information required for audits by communicating with Directors, Operating Officers and employees, and reviewing related materials.

7. System for reporting to Audit & Supervisory Board Members of the Company

Summary of the resolution on the Basic Policy

(1) System for reporting to Audit & Supervisory Board Members of the Company by Directors, Operating Officers and employees of the Company

1) Directors, Operating Officers and employees of the Company, if any of them recognize a fact that violates any laws, regulations, the Articles of Incorporation and/or internal regulations, or a considerably improper fact that could be such a violating fact, or a fact that is feared to cause significant damage to the Company, shall immediately report thereof to the Audit & Supervisory Board Members.

2) The system that allows any Director, Operating Officer or employee of the Company to directly report to an Audit & Supervisory Board Member of the Company shall be streamlined and maintained as per the Company's internal whistleblowing rules.

(2) System for reporting to Audit & Supervisory Board Members of the Company by Directors and employees of any subsidiary of the Company

1) The subsidiaries of the Company shall streamline and maintain the system that allows Directors, etc., and employees of any subsidiary to directly report to Audit & Supervisory Board Members of the Company with regard to the violation of laws, regulations and/or internal regulations by Directors, etc., as per their respective internal whistleblowing rules.

2) The Board of Directors shall endeavor to facilitate communication with full-time Audit & Supervisory Board Members, Directors and employees of the subsidiaries, collect information and maintain the environment for audits.

(3) System for ensuring that anyone who has reported to an Audit & Supervisory Board Member does not suffer from detrimental treatment for the reason of having made said report

The Group shall stipulate a scheme to fully protect informants in its internal rules, and streamline and maintain a preventive system, under which anyone who has used the whistleblower system to

report to the Audit & Supervisory Board and/or the Audit & Supervisory Board Members shall not be unfavorably treated.

Summary of the status of operation

A system has been created whereby reports are made to Audit & Supervisory Board Members through the operation of the whistleblower system of the Company and the Group. In addition, a system has been created that allows Directors in the Boards of Directors of subsidiaries, etc. to communicate with Audit & Supervisory Board Members by making reports and exchanging views.

8. Basic Policy on the Control over the Company

(1) Basic policy

The shares of the Company are in principle freely tradable, and are traded freely and actively on markets by numerous investors. Therefore, the Company believes that the persons to control decision-making over the financial and business policies of the Company should be decided through free trading in the shares of the Company, and that the final decision as to whether to accept a purchase offer for shares in a volume that will enable the purchaser to control decision-making over the financial and business policies of the Company should be made based on the free will of all shareholders.

Meanwhile, the Company believes that persons who control decision-making over the financial and business policies of the Company must be able to maintain trust relationships among various stakeholders such as shareholders, and protect and enhance the corporate value of the Company and the common interests of the shareholders over the mid-to-long term.

Therefore, the Company believes that persons who make inappropriate large-scale purchase offers or perform similar actions that may harm the corporate value of the Company or common interests of the shareholders are not suited to control decision-making over the financial and business policies of the Company. In the case that such persons make large-scale purchase offers of the Company's stock, the Company will try to disclose information in a proper and timely manner and take actions which are appropriate at that point in time, aiming at ensuring and improving the common interests of the shareholders.

(2) Efforts to realize the basic policy

The Company believes that ensuring management is practiced from the shareholders' perspective by consistently executing the Mid-term Management Plan and strengthening corporate governance will protect and enhance the Company's value and the common interests of shareholders. Thus, the Company is implementing the efforts listed in the Business Report attached to the Notice of Convocation of the 80th Ordinary General Meeting of Shareholders.

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET

(Millions of yen)

Account item	80th Fiscal Term (as of March 31, 2021)	(Reference) 79th Fiscal Term (as of March 31, 2020)
(ASSETS)		
Current assets	**237,599**	**191,930**
Cash and deposits	84,297	59,622
Notes and accounts receivable - trade	78,738	64,680
Merchandise and finished goods	19,849	18,134
Work in process	30,183	28,829
Raw materials and supplies	17,902	15,624
Other	6,876	5,220
Allowance for doubtful accounts	(247)	(182)
Non-current assets	**167,042**	**151,192**
Property, plant and equipment	**159,172**	**144,400**
Buildings and structures	115,053	97,082
Machinery, equipment and vehicles	304,632	278,081
Tools, furniture and fixtures	30,849	27,578
Land	14,752	12,661
Construction in progress	10,824	18,307
Accumulated depreciation	(316,940)	(289,311)
Intangible assets	**1,371**	**1,293**
Other	1,371	1,293
Investments and other assets	**6,498**	**5,498**
Investment securities	2,405	2,671
Retirement benefit asset	55	19
Deferred tax assets	2,144	1,314
Other	1,891	1,819
Allowance for doubtful accounts	–	(326)
Total Assets	**404,642**	**343,122**

(Millions of yen)

Account item	80th Fiscal Term (as of March 31, 2021)	(Reference) 79th Fiscal Term (as of March 31, 2020)
(LIABILITIES)		
Current liabilities	**102,477**	**84,333**
Notes and accounts payable - trade	31,728	26,603
Short-term borrowings	18,500	19,250
Current portion of long-term borrowings	13,462	2,663
Accounts payable - other	15,907	16,813
Income taxes payable	5,803	1,903
Provision for bonuses	5,132	4,576
Provision for bonuses for directors (and other officers)	388	233
Other	11,555	12,290
Non-current liabilities	**58,223**	**48,334**
Long-term borrowings	41,788	34,752
Deferred tax liabilities	3,828	3,397
Provision for retirement benefits for directors (and other officers)	43	49
Retirement benefit liability	5,105	4,200
Other	7,458	5,934
Total Liabilities	**160,701**	**132,667**
(NET ASSETS)		
Shareholders' equity	**249,879**	**225,146**
Share capital	33,575	33,575
Capital surplus	49,903	49,903
Retained earnings	174,977	150,263
Treasury shares	(8,576)	(8,596)
Accumulated other comprehensive income	**(6,646)**	**(15,255)**
Valuation difference on available-for-sale securities	1,090	430
Deferred gains or losses on hedges	(106)	(82)
Foreign currency translation adjustment	(6,669)	(14,779)
Remeasurements of defined benefit plans	(960)	(824)
Share acquisition rights	**708**	**563**
Total Net Assets	**243,941**	**210,454**
Total Liabilities and Net Assets	**404,642**	**343,122**

CONSOLIDATED STATEMENT OF INCOME

(Millions of yen)

Account item	80th Fiscal Term (from April 1, 2020 to March 31, 2021)		(Reference) 79th Fiscal Term (from April 1, 2019 to March 31, 2020)	
Net sales		**300,920**		**282,329**
Cost of sales		**211,965**		**196,979**
Gross profit		**88,955**		**85,350**
Selling, general and administrative expenses		**48,188**		**48,173**
Operating profit		**40,766**		**37,176**
Non-operating income				
Interest income	118		335	
Dividend income	53		146	
Foreign exchange gains	197		–	
Subsidy income	1,021		245	
Other	186	1,578	244	972
Non-operating expenses				
Interest expenses	368		375	
Share of loss of entities accounted for using equity method	283		787	
Foreign exchange losses	–		1,404	
Depreciation of inactive non-current assets	276		219	
Other	168	1,097	197	2,983
Ordinary profit		**41,247**		**35,165**
Extraordinary income				
Gain on sale of non-current assets	57		148	
Gain on sale of investment securities	466		16	
Insurance claim income	–		1,351	
Other	67	591	–	1,516
Extraordinary losses				
Loss on sale and retirement of non-current assets	624		764	
Impairment losses	1,084		5,290	
Loss on valuation of investment securities	–		17	
Loss on valuation of shares of subsidiaries and associates	258		–	
Business restructuring expenses	439		–	
Loss on disaster	–		3,168	
Loss related to anti-monopoly act	–		3,600	
Loss by COVID-19	2,098		–	
Other	322	4,828	22	12,863
Profit before income taxes		**37,010**		**23,818**
Income taxes - current	8,546		4,637	
Income taxes - deferred	(151)	8,395	1,158	5,795
Profit		**28,615**		**18,022**
Profit attributable to owners of parent		**28,615**		**18,022**

Non-Consolidated Financial Statements

NON-CONSOLIDATED BALANCE SHEET

(Millions of yen)

Account item	80th Fiscal Term (as of March 31, 2021)	(Reference) 79th Fiscal Term (as of March 31, 2020)
(ASSETS)		
Current assets	**151,101**	**110,951**
Cash and deposits	38,105	18,304
Notes receivable - trade	651	636
Accounts receivable - trade	63,733	50,583
Merchandise and finished goods	2,274	3,062
Work in process	7,406	7,202
Raw materials and supplies	2,938	2,910
Prepaid expenses	339	295
Short-term loans receivable from subsidiaries and associates	11,390	8,448
Accounts receivable - other	20,921	16,630
Consumption taxes receivable	3,193	2,807
Other	147	69
Non-current assets	**137,743**	**135,577**
Property, plant and equipment	**28,848**	**29,043**
Buildings	7,638	7,953
Structures	544	553
Machinery and equipment	9,707	10,946
Vehicles	51	51
Tools, furniture and fixtures	2,576	2,129
Land	4,471	4,164
Construction in progress	3,857	3,244
Intangible assets	**973**	**976**
Patent right	1	1
Software	897	866
Other	75	108
Investments and other assets	**107,921**	**105,557**
Investment securities	765	1,286
Shares of subsidiaries and associates	48,283	48,769
Long-term loans receivable from employees	77	92
Long-term loans receivable from subsidiaries and associates	63,979	59,139
Distressed receivables	0	326
Long-term prepaid expenses	64	79
Deferred tax assets	865	845
Other	608	674
Allowance for doubtful accounts	(6,722)	(5,657)
Total Assets	**288,845**	**246,529**

(Millions of yen)

Account item	80th Fiscal Term (as of March 31, 2021)	(Reference) 79th Fiscal Term (as of March 31, 2020)
(LIABILITIES)		
Current liabilities	**98,743**	**74,650**
Accounts payable - trade	42,115	31,589
Short-term borrowings	18,500	19,250
Current portion of long-term borrowings	13,462	2,663
Lease obligations	17	15
Accounts payable - other	9,967	13,484
Accrued expenses	5,654	3,323
Income taxes payable	4,149	176
Deposits received	1,430	901
Provision for bonuses	2,499	2,322
Provision for bonuses for directors (and other officers)	388	233
Other	558	690
Non-current liabilities	**42,410**	**35,320**
Long-term borrowings	41,788	34,752
Lease obligations	109	120
Other	513	447
Total Liabilities	**141,154**	**109,971**
(NET ASSETS)		
Shareholders' equity	**146,725**	**135,746**
Share capital	33,575	33,575
Capital surplus	52,019	52,020
Legal capital surplus	51,468	51,468
Other capital surplus	551	551
Retained earnings	69,707	58,747
Legal retained earnings	2,947	2,947
Other retained earnings	66,759	55,800
Reserve for tax purpose reduction entry of non-current assets	1,323	1,325
Retained earnings brought forward	65,435	54,474
Treasury shares	(8,576)	(8,596)
Valuation and translation adjustments	**257**	**247**
Valuation difference on available-for-sale securities	364	329
Deferred gains or losses on hedges	(106)	(82)
Share acquisition rights	**708**	**563**
Total Net Assets	**147,690**	**136,558**
Total Liabilities and Net Assets	**288,845**	**246,529**

NON-CONSOLIDATED STATEMENT OF INCOME

(Millions of yen)

Account item	80th Fiscal Term (from April 1, 2020 to March 31, 2021)		(Reference) 79th Fiscal Term (from April 1, 2019 to March 31, 2020)	
Net sales		**268,901**		**245,352**
Cost of sales		**225,227**		**201,375**
Gross profit		**43,673**		**43,976**
Selling, general and administrative expenses		**27,598**		**27,918**
Operating profit		**16,075**		**16,057**
Non-operating income				
Interest income	344		408	
Dividend income	4,512		3,794	
Other	80	4,936	117	4,320
Non-operating expenses				
Interest expenses	260		236	
Foreign exchange losses	229		1,423	
Depreciation of inactive non-current assets	138		31	
Provision of allowance for doubtful accounts	1,390		4,934	
Other	58	2,077	89	6,715
Ordinary profit		**18,934**		**13,662**
Extraordinary income				
Gain on sale of non-current assets	34		36	
Gain on sale of investment securities	466	501	16	53
Extraordinary losses				
Loss on sale and retirement of non-current assets	336		383	
Impairment losses	217		15	
Loss on valuation of shares of subsidiaries and associates	486		8,619	
Other	–	1,040	114	9,132
Profit before income taxes		**18,395**		**4,583**
Income taxes - current	3,586		1,818	
Income taxes - deferred	83	3,670	1,202	3,021
Profit		**14,724**		**1,561**

Audit Report

Certified Copy of the Independent Auditor's Report Concerning Consolidated Financial Statements

Independent Auditor's Report

May 14, 2021

The Board of Directors of
TAIYO YUDEN CO., LTD.

KPMG AZSA LLC
Tokyo Office, Japan

Kiyoshi Hirai, CPA (Seal)
Designated Limited Liability Partner, Engagement Partner

Shingo Iwamiya, CPA (Seal)
Designated Limited Liability Partner, Engagement Partner

Yoshiko Imai, CPA (Seal)
Designated Limited Liability Partner, Engagement Partner

Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and notes to the consolidated financial statements of TAIYO YUDEN CO., LTD. (the "Company") and its consolidated subsidiaries (collectively referred to as the "Group"), as at March 31, 2021 and for the fiscal term from April 1, 2020 to March 31, 2021 in accordance with Article 444, paragraph (4) of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & supervisory board members and the audit & supervisory board are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with audit & supervisory board members and the audit & supervisory board regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide audit & supervisory board members and the audit & supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Certified Copy of the Independent Auditor's Report Concerning Non-Consolidated Financial Statements

Independent Auditor's Report

May 14, 2021

The Board of Directors of
TAIYO YUDEN CO., LTD.

KPMG AZSA LLC
Tokyo Office, Japan

Kiyoshi Hirai, CPA (Seal)
Designated Limited Liability Partner, Engagement Partner

Shingo Iwamiya, CPA (Seal)
Designated Limited Liability Partner, Engagement Partner

Yoshiko Imai, CPA (Seal)
Designated Limited Liability Partner, Engagement Partner

Opinion

We have audited the non-consolidated financial statements, which comprise the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity and notes to the non-consolidated financial statements, and the supplementary schedules (hereinafter the "non-consolidated financial statements and others") of TAIYO YUDEN CO., LTD. (the "Company") as at March 31, 2021 and for the 80th fiscal term from April 1, 2020 to March 31, 2021 in accordance with Article 436, paragraph (2), item (i) of the Companies Act.

In our opinion, the non-consolidated financial statements and others referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the non-consolidated financial statements and others were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements and Others section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Non-Consolidated Financial Statements and Others

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements and others in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements and others that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements and others, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Audit & supervisory board members and the audit & supervisory board are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements and Others

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements and others as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements and others.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements and others, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements and others or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the non-consolidated financial statements and others are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the non-consolidated financial statements and others, including the disclosures, and whether the non-consolidated financial statements and others represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with audit & supervisory board members and the audit & supervisory board regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide audit & supervisory board members and the audit & supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Report of the Audit & Supervisory Board

AUDIT REPORT

The Audit & Supervisory Board, following deliberations on the reports made by each Audit & Supervisory Board Member concerning the audit of execution of duties by Directors of the Board for the 80th fiscal term from April 1, 2020, to March 31, 2021, has prepared this Audit Report as the unanimous opinion of all Audit & Supervisory Board Members and hereby submits it as follows:

1. Auditing Methods by Audit & Supervisory Board Members and Audit & Supervisory Board and the Content of the Audit

(1) The Audit & Supervisory Board established the audit plan for the current period (auditing policies, focused items, division of duties, etc.), and conducted a review of the deliberations of the Board of Directors, while receiving reports and explanations regarding the status of audits and the results thereof from each Audit & Supervisory Board Member, and making efforts to promote information-sharing. Also, we received reports and explanations from the Directors, Operating Officers and Accounting Auditors regarding the status of the execution of their duties, and requested further explanation as necessary.

(2) In accordance with the auditing standards for Audit & Supervisory Board Members determined by the Audit & Supervisory Board, and pursuant to the audit plan, making efforts to communicate with Directors, Operating Officers, the internal audit department and other employees, each Audit & Supervisory Board Member strove to collect information and improve the audit environment and performed audits by the following methods.

i) Each Audit & Supervisory Board Member conducted an examination of the status of operations and assets at the Company's head office and primary business locations by attending Board of Directors meetings, Management Implementation Committee meetings and other important meetings; receiving reports from Directors and Operating Officers, etc., regarding the status of execution of their duties and requesting further explanations as necessary; and inspecting important decision documents, etc. Audit & Supervisory Board Members also conducted an examination of the status of operations and assets at the Company's subsidiaries by maintaining communication and information sharing with their Directors and Audit & Supervisory Board Members, receiving business reports from the subsidiaries, and visiting the subsidiaries as necessary.

ii) Each Audit & Supervisory Board Member verified the resolutions adopted by the Board of Directors Meetings regarding the establishment of the system for ensuring that the Directors' execution of duties described in the business report are performed in conformity of laws, regulations and the Company's Articles of Incorporation, and the establishment of other systems necessary to ensure proper business operations of the corporate group consisting of the Company and its subsidiaries set forth in Article 100, paragraphs (1) and (3) of the Regulation for Enforcement of the Companies Act, regularly received reports from Directors and employees regarding the status of establishment and operations of the system (internal control system) established in accordance with the relevant resolution of the Board of Directors, requested explanations as necessary and expressed opinions.

iii) Audit & Supervisory Board Members also inspected the content of the basic policy set forth in Article 118, item (iii) (a) of the Regulation for Enforcement of the Companies Act, which is described in the business report.

iv) Audit & Supervisory Board Members monitored and verified that Accounting Auditors maintained independence and conducted the audits appropriately. Each Audit & Supervisory Board Member received reports of the status of the execution of duties from Accounting Auditors and requested further explanation as necessary. In addition, we were informed of the arrangement of the "System for ensuring that duties are performed appropriately," based on Article 131 of the Corporate Calculation Regulations, as per the "Standards for the Quality Control of Audits" (Business Accounting Council) from the Accounting Auditor and requested explanations as necessary.

In accordance with the procedures mentioned above, we inspected the business report, its supplementary schedules, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity and notes to the non-consolidated

financial statements) and the supplementary schedules, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and notes to the consolidated financial statements) for the year ended on March 31, 2020.

2. Results of Audit

(1) Results of audit of business report

i) The business report and supplementary schedules present fairly the current condition of the Company in conformity with related laws, regulations, and the Company's Articles of Incorporation;

ii) Regarding the execution of duties by Directors, no instances of misconduct or material matters in violation of laws, regulations, nor the Company's Articles of Incorporation were found;

iii) Resolutions of the Board of Directors regarding the internal control system are fair and reasonable. There are no matters to be pointed out about the execution of duties by Directors regarding the internal control system; and

iv) There are no matters to be pointed out with respect to the basic policies on control of the Company in the business report.

(2) Results of audit of non-consolidated financial statements and supplementary schedules

The auditing methods and results of the Accounting Auditor, KPMG AZSA LLC, are fair and reasonable.

(3) Results of audit of consolidated financial statements

The auditing methods and results of the Accounting Auditor, KPMG AZSA LLC, are fair and reasonable.

May 19, 2021

The Audit & Supervisory Board of TAIYO YUDEN CO., LTD.

Toshio Mishuku (Seal)
Audit & Supervisory Board Member (Full-time)

Kazuyuki Oshima (Seal)
Audit & Supervisory Board Member (Full-time)

Hajime Yoshitake (Seal)
Outside Audit & Supervisory Board Member (Full-time)

Tomomi Fujita (Seal)
Outside Audit & Supervisory Board Member