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(Securities Code: 6976)

June 4, 2020

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 79TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially notified of the 79th Ordinary General Meeting of Shareholders of TAIYO YUDEN CO., LTD. (the “Company”).

**However, taking into account the current impact of the novel coronavirus disease (COVID-19), you are strongly encouraged to refrain from attending the meeting in person this year and exercise your voting rights beforehand in writing or via the Internet regardless of your health condition.**

**If you exercise your voting rights in writing 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 25, 2020 (Thursday).**

- 1. Date and Time:** 2:00 p.m., June 26, 2020 (Friday) (Reception desk opens at 1:00 p.m.)
- 2. Place:** JP Tower Hall & Conference (KITTE 4th Floor) Hall, 2-7-2 Marunouchi, Chiyoda-ku, Tokyo, Japan
- 3. 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 79th Fiscal Term (from April 1, 2019, to March 31, 2020), 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 Eight (8) Directors
- Proposal No. 3:** Election of Two (2) Audit & Supervisory Board Members

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.

- **Issues relating to Share Acquisition Rights**
- **Basic policy on the Control over the Company**
- **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 under the policy to strive to realize a steady increase of dividend, the year-end dividend for the fiscal year under review shall be ¥15 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:

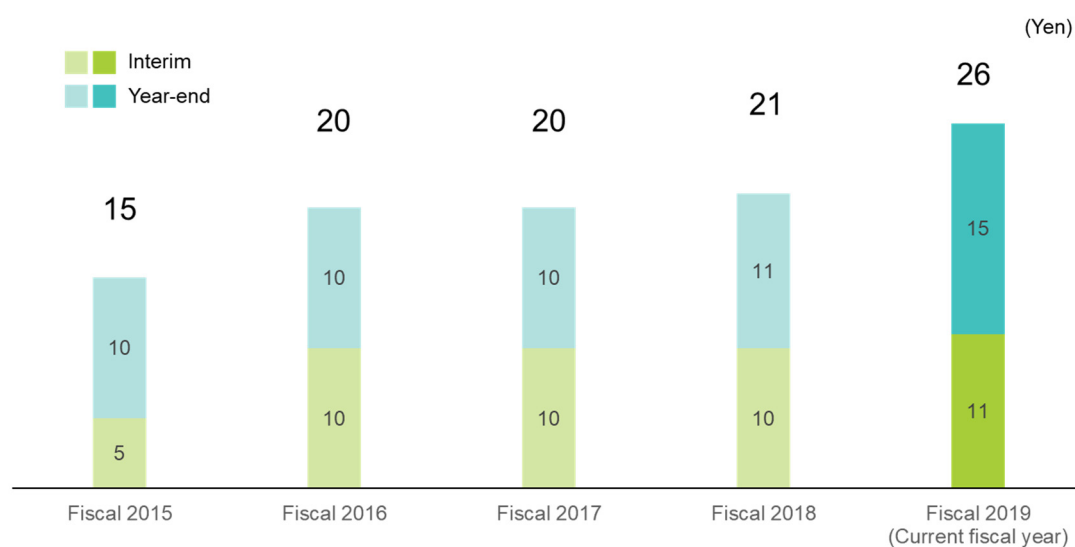
¥15 per share (common stock of the Company)

Total amount: ¥1,882,540,590

3. Effective date for dividends of surplus:

June 29, 2020

#### Dividend per share



For the basic policy regarding dividends of surplus, etc., refer to page 25.

**Proposal No. 2: Election of Eight (8) 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 eight (8) 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)	14 years
2	Shinji Masuyama	Reappointment Male	Director and Senior Executive Operating Officer In charge of Management Planning	100% (18/18 times)	7 years
3	Katsuya Sase	Reappointment Male	Director and Senior Executive Operating Officer In charge of 1st Business	100% (18/18 times)	4 years
4	Osamu Takahashi	Reappointment Male	Director and Executive Operating Officer In charge of 3rd Business	100% (18/18 times)	9 years
5	Kazuya Umezawa	Reappointment Male	Director and Executive Operating Officer In charge of Sales and New Business Planning and Development	100% (13/13 times)	1 year
6	Masashi Hiraiwa	Reappointment Outside Independent Male	Outside Director (Independent Director)	100% (18/18 times)	4 years
7	Seiichi Koike	Reappointment Outside Independent Male	Outside Director (Independent Director)	100% (18/18 times)	2 years
8	Emiko Hamada	Reappointment Outside Independent Female	Outside Director (Independent Director)	92.3% (12/13 times)	1 year

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 Ordinary General Meeting of Shareholders.

3. The attendance of meetings of the Board of Directors of Mr. Kazuya Umezawa and Ms. Emiko Hamada is calculated based on the Board of Directors meetings held after the assumption of office as Director on June 27, 2019.

## ☐ Shoichi Tosaka

(Date of birth: August 5, 1955)

Number of Company shares held	Attendance at meetings of the Board of Directors	Term of office
14,100 shares	100%	14 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
<b>November 2015</b>	<b>President and Chief Executive Officer (to the present)</b>

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.

## ☐ Shinji Masuyama

(Date of birth: February 28, 1957)

Number of Company shares held	Attendance at meetings of the Board of Directors	Term of office
4,700 shares	100%	7 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
<b>June 2018</b>	<b>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)</b>

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 and business divisions since joining the Company. He presently oversees management planning as Director and Senior Executive Operating Officer, thereby contributing to smooth business operation, risk reduction and the improvement of corporate governance. 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

4,500 shares

Attendance at meetings  
of the Board of Directors

100%

Term of office

4 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 2019	<b>Director and Senior Executive Operating Officer, in charge of 1st Business, Chief of 1st Business Headquarters of the Company (to the present)</b>

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. Presently, as Director and Senior Executive Operating Officer, Mr. Sase makes use of his knowledge and experience as a leading engineering expert by overseeing the electronic components business, thereby contributing to strengthening engineering capability and improving productivity. 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 Osamu Takahashi

(Date of birth: November 25, 1955)

Number of Company  
shares held

5,900 shares

Attendance at meetings  
of the Board of Directors

100%

Term of office

9 years



### Career summary, position and responsibilities

March 1980	Joined the Company
April 2003	Officer of the Company
July 2010	Senior Operating Officer of the Company
June 2011	Director and Senior Operating Officer of the Company
April 2016	Director and Executive Operating Officer of the Company
July 2019	<b>Director and Executive Operating Officer, in charge of 3rd Business, Chief of 3rd Business Headquarters of the Company (to the present)</b>

Reappointment

### Reasons for appointment of candidate for Director

Mr. Osamu Takahashi has built up abundant experience and a good track record through practical business, since joining the Company, in various areas, both domestic and overseas, such as engineering, marketing, management and administration, and corporate-planning divisions, and as the president of sales subsidiaries mainly in Taiwan. He is presently contributing to strengthening product competitiveness and the expansion of customers in the Group's Integrated Modules & Devices business as Director and Executive Operating Officer. For these reasons, Mr. Takahashi 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. Osamu Takahashi.



## Kazuya Umezawa

(Date of birth: November 20, 1959)

Number of Company  
shares held

2,300 shares

Attendance at meetings  
of the Board of Directors

100%

Term of office

1 year



### Career summary, position and responsibilities

April 1983	Joined the Company
April 2001	Senior Officer of the Company
January 2004	Senior Operating Officer of the Company
April 2016	Executive Operating Officer of the Company
<b>June 2019</b>	<b>Director and Executive Operating Officer, in charge of Sales and New Business Planning and Development, Chief of Sales Headquarters of the Company (to the present)</b>

### Reappointment

#### Reasons for appointment of candidate for Director

Mr. Kazuya Umezawa has abundant experience and a good track record through practical business in various areas such as sales, marketing, product development, and new business planning since joining the Company. As a Director and Executive Operating Officer, Mr. Umezawa presently supervises sales and new business planning and has helped the Group to enter the automotive components and industrial equipment markets, develop new products, promote solution business, improve product features, and implement cost strategies. For these reasons, Mr. Umezawa 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. Kazuya Umezawa.

**⑥ 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%	4 years	0

**Career summary and position**

<b>April 1981</b>	<b>Admitted to the Japan Federation of Bar Associations (to the present)</b>
<b>April 1981</b>	<b>Joined OHHARA LAW OFFICE (to the present)</b>
August 2005	Supervisor of LCP, Inc. (retired in March 2013)
October 2012	Supervisor of Japan Logistics Fund, Inc. (retired in May 2015)
<b>June 2016</b>	<b>Outside Director of the Company (to the present)</b>

Reappointment  
Outside  
Independent

**Reasons for appointment of candidate for Outside Director**

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 7 of the Ordinance 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 five (5) 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 is in force between the Company and Mr. Hiraiwa. If his reappointment is approved, the Company plans to continue said agreement. 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.



**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%	2 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**

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 7 of the Ordinance 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 five (5) 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 is in force between the Company and Mr. Koike. If his reappointment is approved, the Company plans to continue said agreement. 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.

**☒ 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	92.3%	1 year	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
<b>May 2015</b>	<b>Third Sector Program Officer of Adaptable and Seamless Technology transfer Program through target-driven R&amp;D of Japan Science and Technology Agency (to the present)</b>
<b>July 2016</b>	<b>Part-time Lecturer of Nagoya Institute of Technology (to the present)</b>
August 2016	Visiting Professor of Nagoya University
<b>June 2017</b>	<b>Outside Director of NGK INSULATORS, LTD. (to the present)</b>
<b>June 2019</b>	<b>Outside Director of the Company (to the present)</b>

**Reasons for appointment of candidate for Outside Director**

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.

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- Notes: 1. Ms. Emiko Hamada is a candidate for Outside Director as stipulated in Article 2, paragraph 3, item 7 of the Ordinance 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 five (5) 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. 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 Ms. Emiko Hamada. If her reappointment is approved, the Company plans to continue said agreement. 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.
4. Ms. Emiko Hamada's legal name registered in the family register is Emiko Kato.

### Proposal No. 3: Election of Two (2) Audit & Supervisory Board Members

The terms of office of Audit & Supervisory Board Members Katsushige Nakano and Hajime Yoshitake will expire at the conclusion of this General Meeting of Shareholders. Therefore, the Company hereby requests that two (2) Audit & Supervisory Board Members be elected. This proposal has been consented by the Audit & Supervisory Board.

The candidates for Audit & Supervisory Board Member are as follows:

		Number of Company shares held
<b>□ Kazuyuki Oshima</b> (Date of birth: October 15, 1957)		5,800 shares
	<b>Career summary and position</b>	
	March 1980	Joined the Company
	July 2007	Division Manager, Ferrite Application Product Division, Electronic Components Headquarters of the Company
	July 2010	Operating Officer, in charge of Sales & Product Planning Department of the Company
	July 2011	Operating Officer, in charge of Electronic Components Sales Planning and Operation of the Company
	April 2012	Operating Officer, in charge of Global SCM Development of the Company
	April 2013	Operating Officer, Division Manager, Global SCM Development Division of the Company
New appointment	<b>April 2016</b>	<b>Senior Operating Officer, Division Manager, Global SCM Development Division of the Company (to the present)</b>

#### Reasons for appointment of candidate for Audit & Supervisory Board Member

Mr. Kazuyuki Oshima has been involved in a wide range of business including business and sales planning, public relations, and ferrite business since joining the Company and has considerable knowledge of these business areas. Mr. Oshima has a thorough knowledge of the business of the Company as he has been instrumental in the resolution of operational problems and the introduction of new business processes as an Operating Officer in charge of Global SCM Development and also acted as a member of the Internal Control Committee. For these reasons, it was judged that Mr. Oshima would be able to perform appropriate audits of the business operations and the compliance system of the Group and contribute to sound corporate management by providing useful opinions, and therefore he was appointed as a candidate for Audit & Supervisory Board Member.

Note: No special interests exist between the Company and Mr. Kazuyuki Oshima.

## ☐ Hajime Yoshitake

(Date of birth: July 1, 1956)

Number of Company  
shares held

Attendance at meetings  
of the Board of Directors

Number of officer  
positions concurrently  
held at listed companies

0 shares

100%

0



### Career summary and position

April 1979	Joined Kyowa Bank, Limited (currently, Resona Bank Limited)
April 1991	Manager of New York Branch, Kyowa Saitama Bank, Limited
April 2002	Joined Nihon Unisys, Ltd.
<b>October 2007</b>	<b>Adjunct Lecturer of Meiji University Professional Graduate School (to the present)</b>
<b>June 2008</b>	<b>General Manager of The Institute of Internal Auditors – Japan (to the present)</b>
June 2009	Operating Officer, General Manager of Internal Audit Division of Resona Holdings, Inc.
June 2011	Standing Corporate Auditor of Saitama Resona Bank, Limited (resigned in March 2016)
April 2013	Part-time lecturer of Nihon University College of Law
<b>June 2016</b>	<b>Full-time Audit &amp; Supervisory Board Member of the Company (to the present)</b>

Reappointment  
Outside  
Independent

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

Mr. Hajime Yoshitake has many years' experience of auditing operation at financial institutions and internal control consulting operation at business corporations, is qualified as a certified internal auditor, etc., has contributed to audit-related meetings in Japan and overseas, and possesses exceptional insight, abundant experience and a good track record regarding auditing operation. As an Audit & Supervisory Board Member of the Company, based on his knowledge and experience, he has actively helped establish a highly transparent, fair system for auditing management of the Company, carried out auditing on the appropriateness of deliberation and decision-making on important matters, and diligently conducted on-site audits of other sites. Therefore, he was reappointed as a candidate for independent Outside Audit & Supervisory Board Member.

Mr. Hajime Yoshitake has a significant knowledge in finance and accounting nurtured through his business experience at financial institutions.

### 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. Hajime Yoshitake.

2. Mr. Hajime Yoshitake is a candidate for Outside Audit & Supervisory Board Member as stipulated in Article 2, paragraph 3, item 8 of the Ordinance for Enforcement of the Companies Act.
3. Mr. Hajime Yoshitake 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 five (5) 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 is in force between the Company and Mr. Hajime Yoshitake. If his reappointment is approved, the Company plans to continue said agreement. 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.

**[Reference]** Composition and expertise of the Board of Directors when Proposal No. 2 and Proposal No. 3 are approved will be as follows.  
Note that the table below does not necessarily show all knowledge that the officers have.

	Name	Corporate management	Technology/ R&D	Sales/ marketing	International experience	Finance/ accounting	Legal	Committee membership slated
Directors	Shoichi Tosaka	•	•					Nomination Committee Remuneration Committee
	Shinji Masuyama	•	•			•		
	Katsuya Sase	•	•					
	Osamu Takahashi	•		•	•	•		
	Kazuya Umezawa	•	•	•				
	Outside Independent Masashi Hiraiwa				•		•	Nomination Committee Remuneration Committee
	Outside Independent Seiichi Koike	•	•		•			Nomination Committee Remuneration Committee
	Outside Independent Emiko Hamada		•	•				Nomination Committee Remuneration Committee
Audit & Supervisory	Toshio Mishuku	•			•			Remuneration Committee
	Kazuyuki Oshima	•		•				
	Outside Independent Hajime Yoshitake	•			•	•		Nomination Committee
	Outside Independent Tomomi Fujita						•	

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

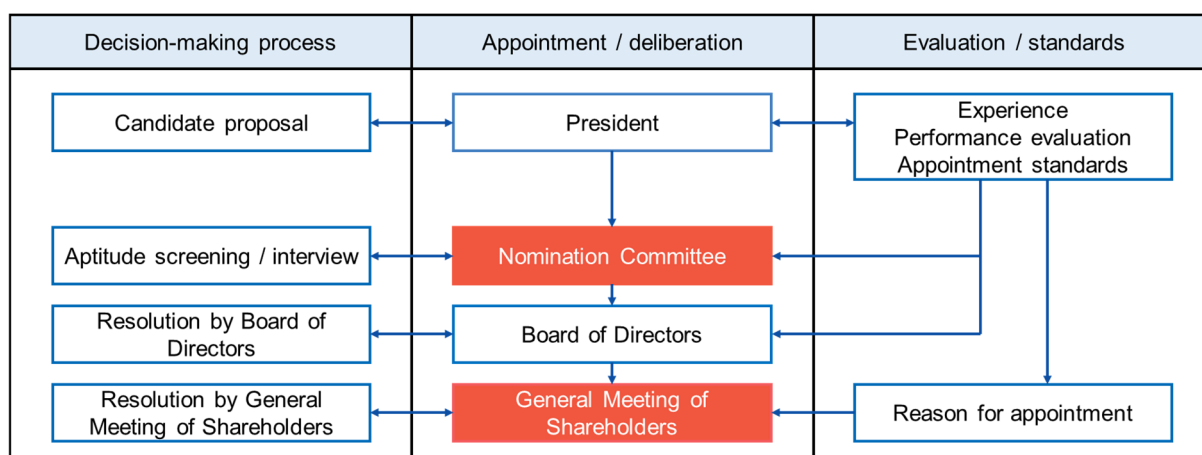
To ensure ample diversity in terms of gender and nationality and adequate balance in the composition of the Board of Directors, candidates for Executive Director are selected from among persons who have excellent personality and insight, have achieved a good track record to date in business areas of 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.

## BUSINESS REPORT

(from April 1, 2019 to March 31, 2020)

### 1. Corporate Philosophy and Vision

The management philosophy of the Group is to practice the three principles of “employee well-being,” “betterment of local communities” and “responsibility to provide returns to shareholders.” The Company believes in corporate social responsibility and the mission of management to develop businesses on an ongoing basis while fulfilling sociality, public interest and public nature of the Company from a global viewpoint.

The vision of the Company is to become an excellent company that enjoys the trust and highest regard from our customers. To this end, we will create smart products that meet market needs so that our products are used in every market of a broad range of fields and aim to expand our business while also raising economic value of the Company. Furthermore, we will fulfill our social responsibility by meeting and even surpassing the growing, more sophisticated requirements and expectations of stakeholders, and strive to increase social value of the Company.

To accomplish these aims, we will develop, manufacture and sell smart products that are safe and high quality, the Company’s activities comply with its responsible attitude in terms of the safety and quality of products, and continue with responsibility our initiatives in such fields as labor and human rights, safety and health, the environment and corporate ethics.

### Management Philosophy of the Taiyo Yuden Group

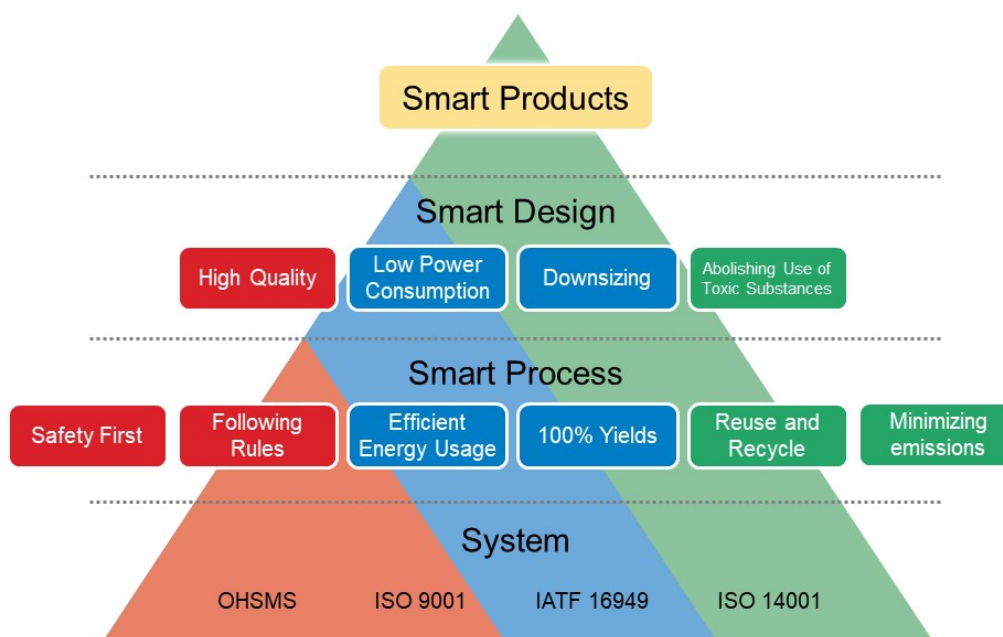
Employee Well-being

Betterment of Local  
Communities

Responsibility to Provide  
Returns to Shareholders

### TAIYO YUDEN Vision

To be an excellent company that enjoys  
the trust and highest regard from our customers



## 2. Current Status of the TAIYO YUDEN Group

### (1) Review of operations and results

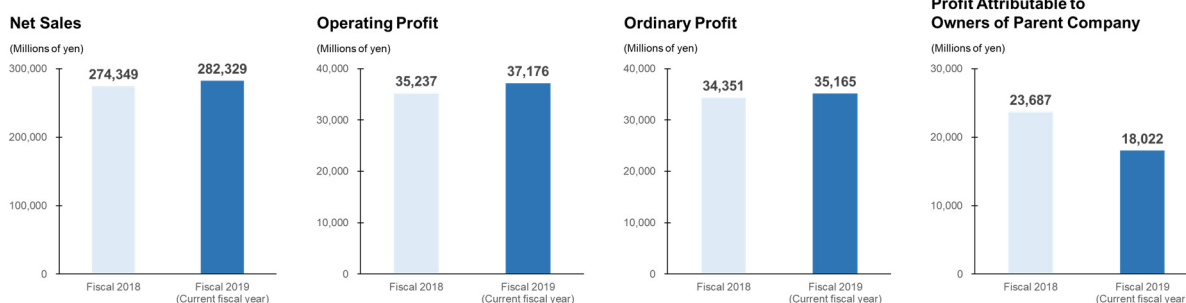
During the fiscal year under review (from April 1, 2019 to March 31, 2020), the business environment in which the Group operates was supported by the continued recovery at a moderate pace of the global economy as a whole despite spots of weakness in Asia and Europe until the outbreak of the global novel coronavirus pandemic in early 2020, which inhibited economic activities, and the global economy decelerated rapidly as a result. Looking forward, we expect that the effect of the pandemic will remain for some time, and the risk of further decline in the global economy is rising.

The Group aims to achieve its medium-term targets and management vision by capturing focus markets, such as automobiles, information infrastructure, industrial equipment, healthcare, environmental and energy, centered on the solution business that leverages the Group's core technologies, in addition to 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 advanced underlying technologies and innovative production methods. During fiscal year under review, we focused our efforts on the automotive market where further advances of electronic components and increasing use of electrical equipment are in progress and in market for information infrastructure such as base station communications devices and data centers where increasingly higher performance is required due to the advancement of communications systems and the evolution of IoT. As demand for large, high-voltage resistant, high-reliability components increased, the Company fulfilled its responsibility as a supplier by expanding its product line-up and production capacity, which led to an increase in sales.

Consolidated net sales for the fiscal year under review totaled ¥282,329 million, which is an increase of 2.9% compared to the previous fiscal year. Operating profit was ¥37,176 million, an increase of 5.5% compared to the previous fiscal year. Ordinary profit was ¥35,165 million, an increase of 2.4% compared to the previous fiscal year, reflecting, among others, a foreign exchange loss of ¥1,404 million. The Company also recognized an extraordinary loss of ¥12,863 million, which includes an impairment loss on goodwill and a loss related to anti-monopoly act associated with its subsidiary ELNA CO., LTD. and loss on disaster related to its subsidiary FUKUSHIMA TAIYO YUDEN CO., LTD., which suffered from flood damage caused by Typhoon Hagibis (Typhoon No. 19) in October 2019. As a result, profit attributable to owners of parent amounted to ¥18,022 million, down by 23.9% from the previous fiscal year.

The average exchange rate during the fiscal year under review of ¥109.06 per US dollar represents an appreciation of ¥1.43 compared with the average value of the yen in the previous fiscal year of ¥110.49 per US dollar.

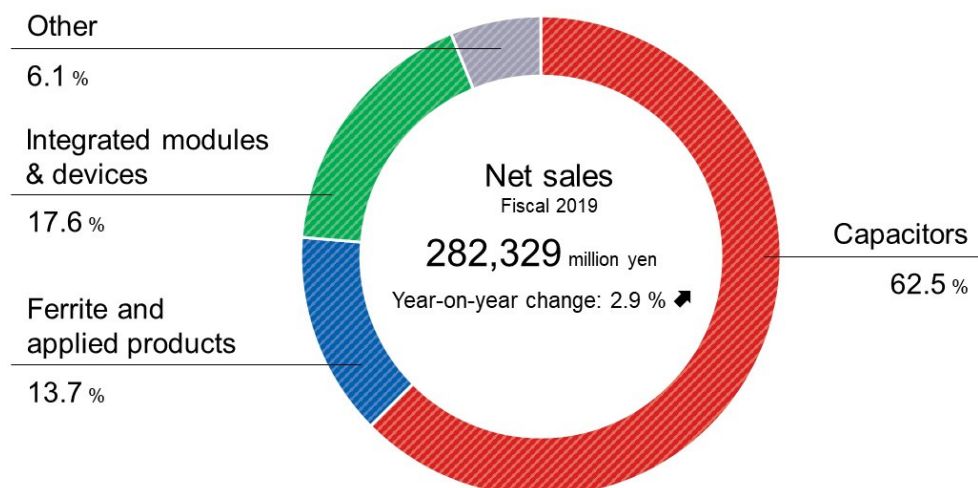
### Financial results of the Group



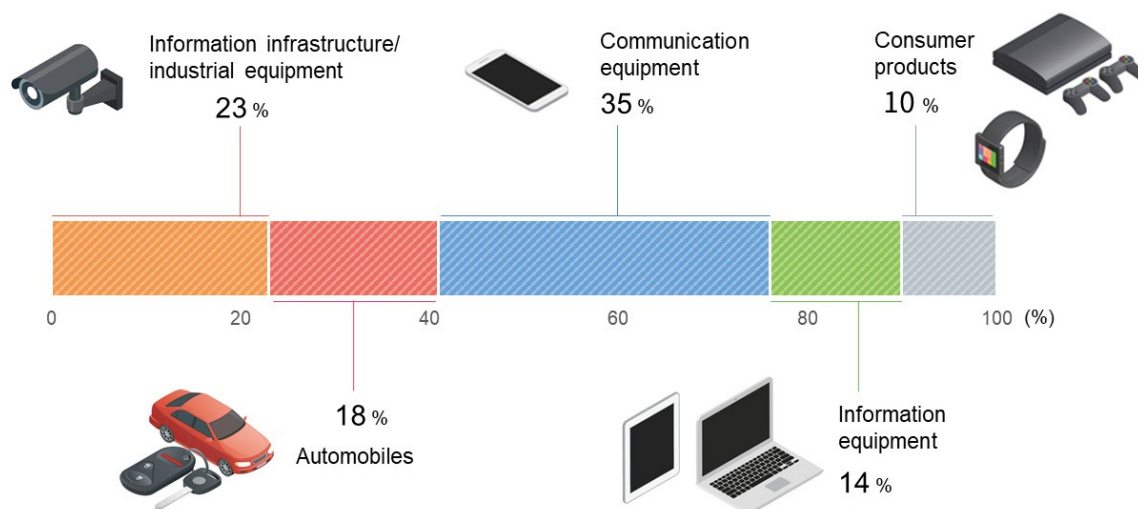
(2) Principal business activities (as of March 31, 2020)

**Consolidated Sales by Product**

**Breakdown of consolidated sales by product**



**Breakdown of sales by area of use**

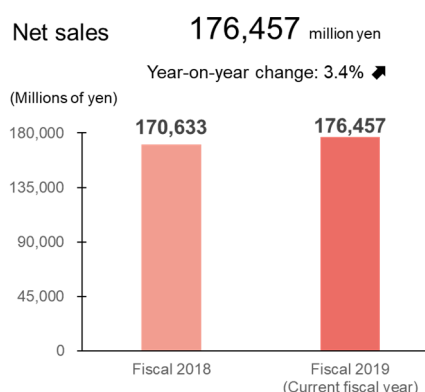


## Capacitors

### Main products

- Multilayer ceramic capacitors

Net sales totaled ¥176,457 million, which is an increase of 3.4% 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.

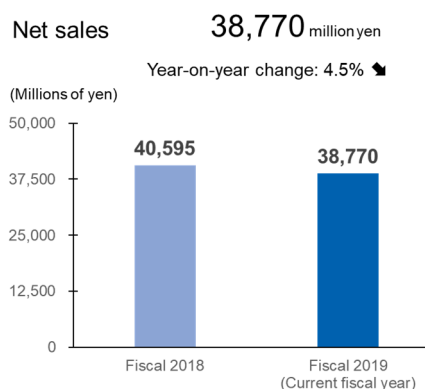


## Ferrite and applied products

### Main products

- Winding inductors
- Multilayer chip inductors

Net sales totaled ¥38,770 million, which is a decrease of 4.5% compared to the previous fiscal year. This was due to a year-on-year decrease in sales for consumer products, information equipment, communication equipment, and information infrastructure/industrial equipment.

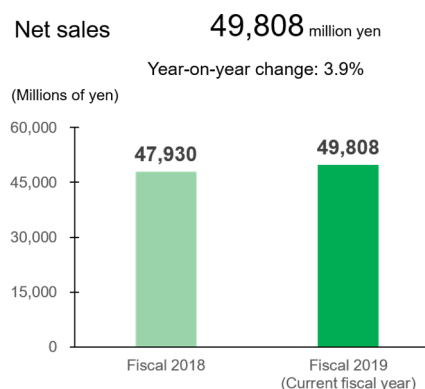


## Integrated modules & devices

### Main products

- Mobile communications devices (FBAR/SAW)
- Power supply modules
- High-frequency modules
- Embedded-parts multilayer wiring substrate “EOMIN™”
- Device mounting business conducted by associates

Sales for mobile communications devices (FBAR/SAW) increased year over year. This resulted in a 3.9% increase in net sales for this product classification year over year to ¥49,808 million.

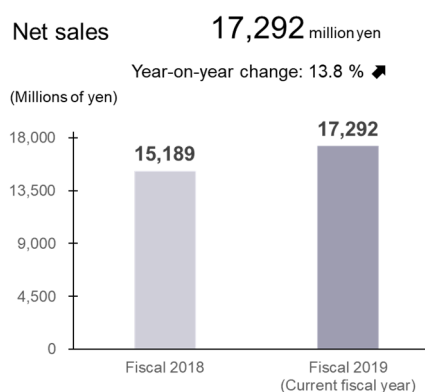


## Other

### Main products

- Aluminum electrolytic capacitors
- Energy devices

With the addition of the sales of aluminum electrolytic capacitors, etc. by a subsidiary ELNA CO., LTD. (recognized in and after the second quarter of the previous fiscal year), net sales in this product classification amounted to ¥17,292 million, up 13.8% from the previous fiscal year.



### (3) Summary of assets and profit or loss

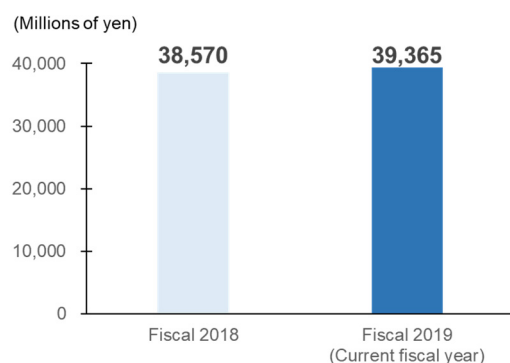
Business terms	Fiscal 2015 (75th Term)	Fiscal 2016 (76th Term)	Fiscal 2017 (77th Term)	Fiscal 2018 (78th Term)	Fiscal 2019 (79th Term) (current fiscal year)
Net sales (Millions of yen)	240,385	230,716	244,117	274,349	282,329
Operating profit (Millions of yen)	23,370	12,385	20,221	35,237	37,176
Operating margin (%)	9.7	5.4	8.3	12.8	13.2
Ordinary profit (Millions of yen)	22,263	11,200	20,553	34,351	35,165
Profit attributable to owners of parent (Millions of yen)	14,751	5,428	16,355	23,687	18,022
Comprehensive income (Millions of yen)	3,571	3,092	18,245	21,084	11,350
Total assets (Millions of yen)	268,380	271,149	287,170	328,861	343,122
Net assets (Millions of yen)	153,381	154,150	170,118	205,953	210,454
Basic earnings per share (Yen)	125.27	46.08	138.80	189.93	143.04
Net assets per share (Yen)	1,299.75	1,305.96	1,440.79	1,609.72	1,672.40
Equity ratio (%)	57.1	56.8	59.1	62.5	61.2
Rate of return on equity (%)	9.7	3.5	10.1	12.6	8.7
Price-earnings ratio (Times)	8.8	30.5	13.0	11.5	20.0
Dividend payout ratio (%)	12.0	43.4	14.4	11.1	18.2
Cash flows from operating activities (Millions of yen)	38,278	29,692	33,944	42,967	52,434
Cash flows from investing activities (Millions of yen)	(35,374)	(28,806)	(26,918)	(33,581)	(40,874)
Cash flows from financing activities (Millions of yen)	(2,050)	(4,342)	953	(1,603)	(4,851)
Cash and cash equivalents at end of period (Millions of yen)	39,944	36,094	43,837	51,654	57,285
Research and development expenses (Millions of yen)	9,024	10,008	10,574	13,039	12,921
Capital investment (Millions of yen)	41,261	33,161	24,549	38,570	39,365
Depreciation (Millions of yen)	23,767	24,908	25,589	26,547	27,022

### (4) Capital investment, financing and major creditors

#### i) Capital investment

Capital investment during the fiscal year under review amounted to approximately ¥39,365 million at the acceptance and inspection (previous fiscal year: ¥38,570 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).

## Capital investment



### ii) Financing

During the fiscal year under review, the Company procured funds of ¥9.0 billion through long-term loans. For the purpose of financial stability, a commitment line of ¥10.0 billion effective for three (3) years has been established. However, the Company had not used the line as of March 31, 2020.

### iii) Major creditors (as of March 31, 2020)

Creditor	Loan outstanding (Millions of yen)
Sumitomo Mitsui Banking Corporation	20,500
MUFG Bank, Ltd.	9,400
The Iyo Bank, Ltd.	9,300
Mizuho Bank, Ltd.	6,500
The Gunma Bank, Ltd.	4,225

## (5) Status of research & development

Research and development expenses in the fiscal year under review were ¥12,921 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 our customers.”

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.

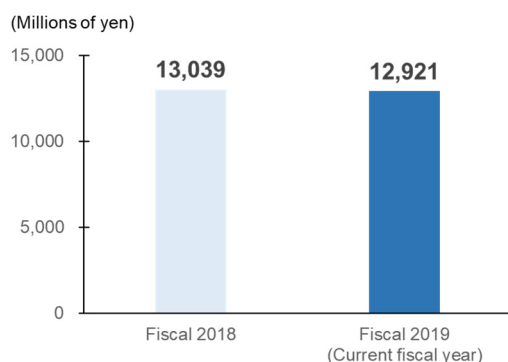
For capacitors, our focus is on developing compact, low-profile, high-value and high-reliability multilayer ceramic capacitors. We are continuously working to develop cutting-edge, multilayer ceramic capacitors by sophisticating dielectric materials technologies, thin-film and high-capacitance technologies,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

### Research and development expenses



- (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 to protect 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 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 cash equivalents of ¥57,285 billion and an equity ratio of 61.2%, which secures our business continuity. Furthermore, as of May 12, 2020, 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. We will also strive to contribute to the maintenance and improvement of social infrastructure and people's life through the stable supply of electronic components.

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 are 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 sites.



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 and has set a target for the total return ratio, including the purchase of treasury shares, of 30% under the policy to strive to realize a steady increase of dividend.

Business terms	Fiscal 2015 (75th Term)	Fiscal 2016 (76th Term)	Fiscal 2017 (77th Term)	Fiscal 2018 (78th Term)	Fiscal 2019 (79th Term) (current fiscal year)
Dividend per share (Yen)	15.00	20.00	20.00	21.00	26.00
Total dividends (Millions of yen)	1,766	2,356	2,356	2,680	3,263
Total return ratio (%)	12.0	43.4	14.4	24.0	40.3

(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 three companies during the fiscal year under review.

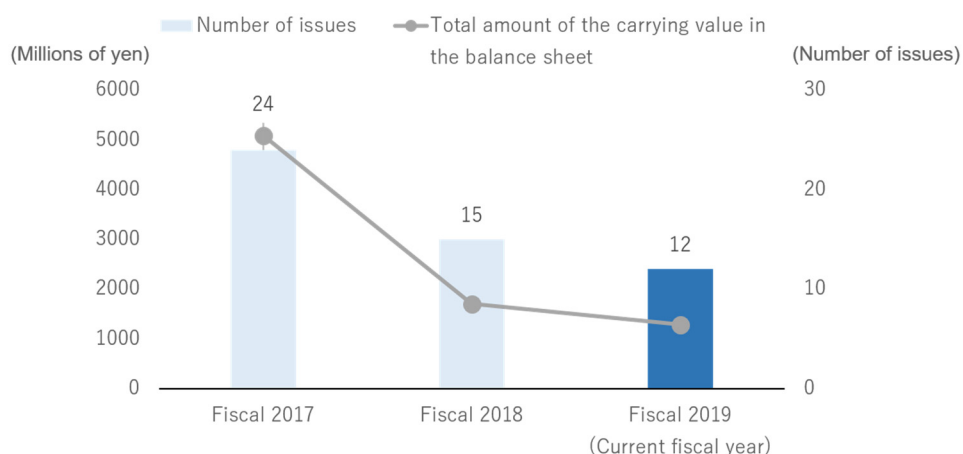
iii) Exercise of voting rights

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, 2020)

Classification / Business terms	Fiscal 2017 (77th Term)	Fiscal 2018 (78th Term)	Fiscal 2019 (79th Term)
Number of issues	24	15	12
Total amount of the carrying value in the balance sheet (Millions of yen)	5,093	1,701	1,283
Ratio thereof accounted for in the consolidated balance sheet accounting (%)	1.7	0.5	0.3

Note: Figures are rounded down to one decimal place.



v) Listed stock names of the cross-shareholdings (as of March 31, 2020)

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
KYOCERA Corporation	105,000	672	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
Sumitomo Metal Mining Co., Ltd.	135,500	300	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
Ryosan Company, Limited	45,600	108	As we have transactions with this company including purchase of materials and sale of our 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	77	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
Sakai Chemical Industry Co., Ltd.	37,800	67	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 Towa Bank, Ltd.	38,600	24	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
DAIICHI JITSUGYO CO., LTD	4,800	16	As we purchase from this company mainly manufacturing equipment for our main products, we continue to hold shares in this company to maintain and fortify a good relationship with it.	Yes
Nisshinbo Holdings Inc.	19,500	14	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, 2020)

i) Principal subsidiaries

Name	Location	Capital stock	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 34 consolidated subsidiaries including the 17 companies listed in “Status of principal subsidiaries” above, 1 equity-method company, and 4 associate 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.”
4. ELNA CO., LTD. changed the location of its head office from Kanagawa prefecture to Tokyo on October 7, 2019. In addition, as of March 27, 2020, the amount of stated capital was reduced from ¥6,511 million to ¥100 million.

ii) Specified wholly owned subsidiaries

Not applicable

(11) Principal offices and plants (as of March 31, 2020)

i) Principal business locations of the Company

Site type	Office/Plant name	Location
Main offices	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
Production sites	Haruna Plant	Takasaki-shi, Gunma
	Nakanojo Plant	Agatsuma-gun, Gunma
	Tamamura Plant	Sawa-gun, Gunma
	Yawatabara Plant	Takasaki-shi, Gunma
Development site	R&D Center	Takasaki-shi, Gunma

ii) Principal business locations of subsidiaries

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

(12) Employees (as of March 31, 2020)

i) Employees of the TAIYO YUDEN Group

Number of employees	Increase (decrease) from the previous fiscal year
21,723 persons	Increase of 423 persons

ii) Employees of the Company

Number of employees	Increase (decrease) from the previous fiscal year	Average age	Average years of service
2,785 persons	Increase of 104 persons	42.5 years old	18.2 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, 2020)

- (1) Total number of shares authorized to be issued: 300,000,000 shares
- (2) Total number of shares issued: 130,218,481 shares (including 4,715,775 shares of treasury shares)
- (3) Number of shareholders: 26,335
- (4) Major shareholders (Top 10)

	Name	Number of shares held (shares)	Shareholding ratio (%)
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	27,240,900	21.7
2	Japan Trustee Services Bank, Ltd. (Trust Account)	13,510,000	10.7
3	BBH BOSTON CUSTODIAN FOR NEXT GENERATION CONNECTIVITY FUND A SERIES TRUST 620818	4,783,000	3.8
4	Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	3,002,000	2.3
5	The Iyo Bank, Ltd.	3,000,100	2.3
6	GOLDMAN, SACHS & CO. REG	2,544,878	2.0
7	Sumitomo Mitsui Banking Corporation	2,000,000	1.5
8	Japan Trustee Services Bank, Ltd. (Trust Account 9)	1,989,900	1.5
9	Sato Traffic Orphan Welfare Fund	1,916,640	1.5
10	Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,811,000	1.4

- Notes: 1. The Company holds 4,715,775 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.

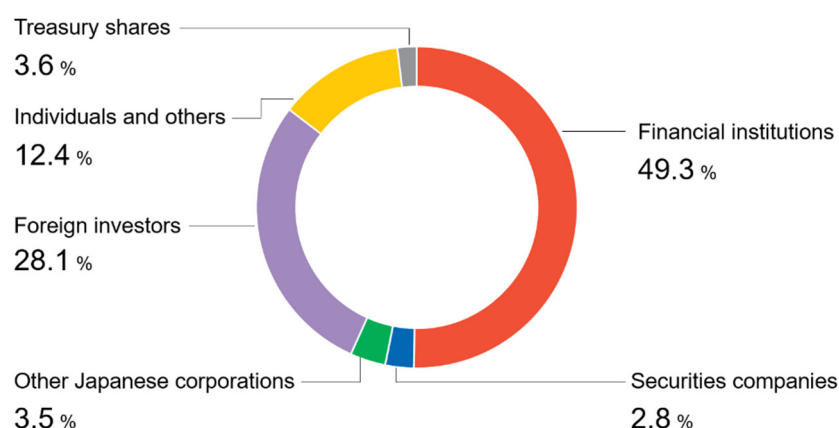
#### (5) Other important matters concerning shares of the Company

By the resolution of the Board of Directors meeting held on May 13, 2019, the Company acquired treasury shares as follows:

Period of acquisition:	From June 1, 2019 to June 14, 2019
Total number of shares acquired:	2,170,500 shares
Total price of shares acquired:	¥3,999,991,100

Note: The period of acquisition and treasury shares acquired are presented on a contract basis.

### Distribution of shares by shareholder type



Note: Figures are rounded down to one decimal place.

#### 4. Status of Share Acquisition Rights, etc.

Posted on the Company's website in accordance with laws and regulations and Article 14 of the Articles of Incorporation of the Company.

#### 5. Corporate Officers (as of March 31, 2020)

##### (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 Senior Executive Operating Officer	In charge of Management Planning
Katsuya Sase	Director and Senior Executive Operating Officer	In charge of 1st Business
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 Directors (persons) (Independent Officer)	Third Sector Program Officer of Adaptable and Seamless Technology Transfer Program through target-driven R&D of Japan Science and Technology Agency Part-time Lecturer of Nagoya Institute of Technology Visiting Professor of Nagoya University Outside Director of NGK INSULATORS, LTD.
Katsushige Nakano	Audit & Supervisory Board Member (Full-time)	–
Toshio Mishuku	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, paragraph 15, 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, paragraph 16, 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 Katsushige Nakano possesses considerable knowledge in finance and accounting, which was nurtured in his related business experience.  
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:  
Directors Kazuya Umezawa and Emiko Hamada were newly elected at the 78th Ordinary General Meeting of Shareholders held on June 27, 2019, and assumed position.  
Audit & Supervisory Board Members Toshio Mishuku and Tomomi Fujita were newly elected at the 78th Ordinary General Meeting of Shareholders held on June 27, 2019, and assumed position.

Takashi Tomaru and Kazuhiro Yamakawa retired as Audit & Supervisory Board Member upon the expiry of their term at the conclusion of the 78th Ordinary General Meeting of Shareholders held on June 27, 2019.

7. Director Emiko Hamada retired as Visiting Professor of Nagoya University on March 31, 2020.

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

i) Policy to determine the remuneration paid to Corporate Officers and its contents

1. 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.

2. 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.

After the Remuneration Committee has deliberated and reported, specific remunerations for Directors are deliberated at the Board of Directors meeting, and specific remunerations for Audit & Supervisory Board Members are discussed at the Audit & Supervisory Board meeting, within the limits of remunerations approved at the General Meeting of Shareholders, and with the amount of remunerations calculated based on rules and regulations established by the Company.

**Composition of remuneration by position**

Executive Directors	<ul style="list-style-type: none"><li>• Their remuneration consists of “basic remuneration,” “performance-based bonus,” and “stock compensation-type stock options.”</li><li>• 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 remuneration.</li></ul>
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 structure

Type of remuneration	Remuneration item	Description	Form of payment
Basic remuneration	Fixed remuneration	<ul style="list-style-type: none"> <li>Levels are determined in consideration of, among others, the economic climate and the growth potential of the Company.</li> <li>Fixed remuneration based on roles and responsibilities.</li> </ul>	Cash
Performance-based bonus	Performance-based remuneration (Single year)	<ul style="list-style-type: none"> <li>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.</li> <li>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 total theoretical capital amount is 0.76% of consolidated profit for the fiscal year under review.</li> </ul>	Cash
Stock compensation-type stock options	Stock remuneration (Medium- to long-term)	<ul style="list-style-type: none"> <li>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.</li> <li>The number of share acquisition rights granted to each Director is determined based on his or her position and rank.</li> </ul>	Shares (Share acquisition rights)

### 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)
Directors	8	333	8	168	5	96	5	68
Audit & Supervisory Board Members (persons)	6	81	6	81	—	—	—	—
Total (Outside Corporate Officers)	14 (6)	415 (54)	14 (6)	249 (54)	5 (—)	96 (—)	5 (—)	68 (—)

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. The limit of remunerations paid to Directors was resolved to be ¥700 million or less per year at the 78th Ordinary General Meeting of Shareholders held on June 27, 2019. The limit of remunerations paid to Audit & Supervisory Board Members was resolved to be ¥8 million or less per month at the 75th Ordinary General Meeting of Shareholders held on June 29, 2016.

3. 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 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
	Board of Directors	Audit & Supervisory Board	Nomination Committee (Voluntary)	Remuneration Committee (Voluntary)	
Director Masashi Hiraiwa	100% (18/18 times)	—	100% (3/3 times)	100% (1/1 time)	Mr. Hiraiwa serves as Chairman of the voluntary Nomination Committee. Mr. Hiraiwa made comments at Board of Directors meetings and other important meetings from the overall management perspective based on strong expertise and insight as an attorney.
Director Seiichi Koike	100% (18/18 times)	—	100% (3/3 times)	100% (1/1 time)	Mr. Koike serves as Chairman of the voluntary Remuneration Committee. Mr. Koike made comments at Board of Directors meetings and other important meetings from the overall management perspective based on broad knowledge and deep insight on corporate management and technology/R&D.
Director Emiko Hamada	92.3% (12/13 times)	—	100% (3/3 times)	100% (1/1 time)	Ms. Hamada made comments at Board of Directors meetings and other important meetings from the overall management perspective based on her experience in industry-academia-government collaboration projects and deep insight.
Audit & Supervisory Board Members (persons) Hajime Yoshitake	100% (18/18 times)	100% (22/22 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 onsite audits of the Group.
Audit & Supervisory Board Members (persons) Tomomi Fujita	100% (13/13 times)	100% (13/13 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.

Note: The attendance records of Director Emiko Hamada and Audit & Supervisory Board Member Tomomi Fujita are based on the number of Board of Directors meetings and Audit & Supervisory Board meetings held since their appointment on June 27, 2019.

(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	72
ii) Total amount of money or other property benefits payable to the Accounting Auditor by the Company and its subsidiaries	86

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

Not applicable

(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 Implementation 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 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 Meetings 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**

Posted on the Company's website in accordance with laws and regulations and Article 14 of the Articles of Incorporation of the Company.

## [Reference] Corporate Governance

### 1. Basic Policy of Corporate Governance

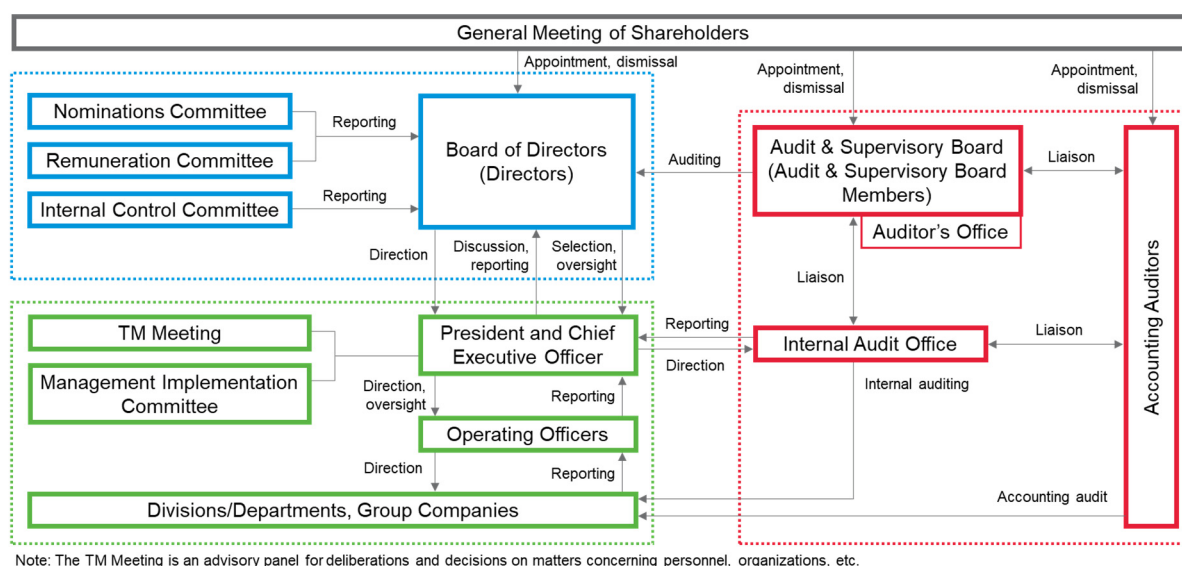
The management philosophy of the TAIYO YUDEN Group consists of the three principles of “employee well-being,” “betterment of local communities” and “responsibility to provide returns to shareholders,” and the vision of the Group is “to be an excellent company that enjoys the trust and highest regard from our customers.” 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



### 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 regard from 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 Implementation 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 Office, 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.

### [Outline of evaluation of the effectiveness of the Board of Directors]

The Board of Directors has put in place a mechanism to evaluate the efficiency and the effectiveness of the Board of Directors and discloses the summary of evaluation results.

Questionnaire	Method of Evaluation	Self-evaluation by questionnaire survey The Company conducts the deeper identification of issues by a multiple-choice method (to choose issues on which sufficient discussion has not been conducted at Board of Directors meetings) and a questionnaire on strengths and weaknesses of the Board of Directors.
	Implementation period	February 2020
	Subjects	Directors and Audit & Supervisory Board Members (including Outside Officers)
	Evaluation items	1) The operation and composition of the Board of Directors, 2) Management strategies, 3) Corporate ethics and risk management, monitoring, and dialogue with shareholders, etc., 4) Nomination Committee and Remuneration Committee, 5) Provision of information
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 Director meeting based on the results of those meetings. In the past four years, the effectiveness evaluation of the Board of Directors was conducted internally. This year, 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 that there are points to be evaluated positively about past four effectiveness evaluations of the Board of Directors, such as the identification of issues and the implementation of countermeasures, holding an evaluation meeting attended only by Non-operating Officers, free and open discussions conducted at Board of Directors meetings, and efforts to reduce any information gap with Outside Officers. Regarding the “improvement in reporting content of key measures” (insufficient reporting on risk mitigation measures concerning key measures), which was among the issues identified in the previous fiscal year, we introduced quarterly reporting by all headquarters.	
For Further Improvement of Effectiveness	<div style="border: 1px solid black; padding: 10px; text-align: center;"> The effectiveness has generally been ensured </div>	
	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. <ul style="list-style-type: none"> <li>• “Discussion on medium-term plan and long-term management strategies (what we should become in 10 years)”</li> <li>• “Discussion on human resource development and strategies”</li> <li>• “Revision of the risk map”</li> </ul>	

## 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.

### 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 the determination of the order of turns in acting as a chairman at General Meetings of Shareholders
- Deliberations on the revision of “Operating Officer Rules”
- Deliberations on candidates for Officer (including candidates for reappointment)
- Deliberations on the appointment of Operating Officers

### 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 one (1) meeting during the fiscal year under review. Main activities are as follows:

- Selection of the Chairman of the Remuneration Committee
- Deliberations on the evaluation and bonuses of individual Operating Officers
- Deliberations on the revision of “Officers’ Stock Option Rules”
- Deliberations on stock remuneration (stock compensation-type stock options)

iii) 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 and Proposal No. 3 are approved.

**[Reference] The Company received the highest grade “Eruboshi” certification pursuant to the Act on the Promotion of Female Participation and Career Advancement in the Workplace**

The “Eruboshi” certification mark is granted to companies that are promoting excellent initiatives concerning the promotion of women’s participation, and the Company has received the “3-star Eruboshi” certification, which is the highest grade among the three certification levels.

The “Eruboshi” certification is a program in which the certification is granted by the Minister of Health, Labour and Welfare to companies satisfying certain evaluation criteria concerning the status of women’s participation in the workplace, including 1) recruitment, 2) employment retention, 3) workstyle including working hours, 4) rate of women among management, and 5) diverse career courses, among those that have completed the formulation and notification of an action plan pursuant to the Act on the Promotion of Female Participation and Career Advancement in the Workplace.

Under its management philosophy that encompasses “employee well-being” as one of its pillars, the Group is working to realize a work environment without any discrimination by respecting the diversity, personality, and individuality of employees. Our Group-wide efforts to promote an environment to help employees to continue to work even at a point of change in their life include a child care and family care leave program, relaxation of employment conditions, and a nursing leave program.

By accelerating such initiatives based on the diversity policy, we will strive to live up to the expectations of stakeholders and to enhance the corporate value.

**[Reference] Initiatives for Healthy Management**

To realize “employee well-being,” which is one of our management philosophy, and in order to create a vibrant workplace allowing each employee to fully demonstrate their individuality and ability while feeling motivated and rewarded about their work, the Group believes that “the physical and mental health of its employees” is an important management issue.

The Company has appointed a Chief Healthcare Officer (CHO) and has set up a “Health Promotion Committee” as a central function for planning and implementing measures, and is working to promote the health of its employees. The Company has thus been recognized by the Ministry of Economy, Trade and Industry of Japan and the Nippon Kenko Kaigi as a “Certified Health & Productivity Management Organization (large enterprise category).”

We will continue to work to create a workplace where employees can keep good physical and mental health while working, and we aim to increase corporate value by improving the vitality and productivity of the organization.

# Consolidated Financial Statements

## CONSOLIDATED BALANCE SHEET

(Millions of yen)

Account item	79th Fiscal Term (as of March 31, 2020)	(Reference) 78th Fiscal Term (as of March 31, 2019)
<b>(ASSETS)</b>		
<b>Current assets</b>	<b>191,930</b>	<b>185,858</b>
Cash and deposits	59,622	56,430
Notes and accounts receivable - trade	64,680	62,745
Merchandise and finished goods	18,134	21,065
Work in process	28,829	25,907
Raw materials and supplies	15,624	13,974
Other	5,220	5,972
Allowance for doubtful accounts	(182)	(238)
<b>Non-current assets</b>	<b>151,192</b>	<b>143,003</b>
<b>Property, plant and equipment</b>	<b>144,400</b>	<b>125,517</b>
Buildings and structures	97,082	94,768
Machinery, equipment and vehicles	278,081	263,270
Tools, furniture and fixtures	27,578	26,089
Land	12,661	11,022
Construction in progress	18,307	10,468
Accumulated depreciation	(289,311)	(280,102)
<b>Intangible assets</b>	<b>1,293</b>	<b>7,056</b>
Goodwill	—	5,837
Other	1,293	1,219
<b>Investments and other assets</b>	<b>5,498</b>	<b>10,428</b>
Investment securities	2,671	4,760
Retirement benefit asset	19	16
Deferred tax assets	1,314	3,864
Other	1,819	2,119
Allowance for doubtful accounts	(326)	(332)
<b>Total Assets</b>	<b>343,122</b>	<b>328,861</b>



(Millions of yen)

Account item	79th Fiscal Term (as of March 31, 2020)	(Reference) 78th Fiscal Term (as of March 31, 2019)
<b>(LIABILITIES)</b>		
<b>Current liabilities</b>	<b>84,333</b>	<b>81,997</b>
Notes and accounts payable - trade	26,603	25,031
Short-term borrowings	19,250	23,152
Current portion of long-term borrowings	2,663	2,477
Accounts payable - other	16,813	13,405
Income taxes payable	1,903	5,085
Provision for bonuses	4,576	4,167
Provision for bonuses for directors (and other officers)	233	258
Other	12,290	8,420
<b>Non-current liabilities</b>	<b>48,334</b>	<b>40,910</b>
Long-term borrowings	34,752	28,415
Deferred tax liabilities	3,397	4,771
Provision for retirement benefits for directors (and other officers)	49	132
Retirement benefit liability	4,200	3,742
Other	5,934	3,847
<b>Total Liabilities</b>	<b>132,667</b>	<b>122,907</b>
<b>(NET ASSETS)</b>		
<b>Shareholders' equity</b>	<b>225,146</b>	<b>214,083</b>
Share capital	33,575	33,575
Capital surplus	49,903	49,904
Retained earnings	150,263	135,217
Treasury shares	(8,596)	(4,613)
<b>Accumulated other comprehensive income</b>	<b>(15,255)</b>	<b>(8,583)</b>
Valuation difference on available-for-sale securities	430	1,519
Deferred gains or losses on hedges	(82)	2
Foreign currency translation adjustment	(14,779)	(9,703)
Remeasurements of defined benefit plans	(824)	(401)
<b>Share acquisition rights</b>	<b>563</b>	<b>453</b>
<b>Total Net Assets</b>	<b>210,454</b>	<b>205,953</b>
<b>Total Liabilities and Net Assets</b>	<b>343,122</b>	<b>328,861</b>

# CONSOLIDATED STATEMENT OF INCOME

(Millions of yen)

Account item	79th Fiscal Term (from April 1, 2019 to March 31, 2020)		(Reference) 78th Fiscal Term (from April 1, 2018 to March 31, 2019)	
<b>Net sales</b>		<b>282,329</b>		<b>274,349</b>
<b>Cost of sales</b>		<b>196,979</b>		<b>192,084</b>
<b>Gross profit</b>		<b>85,350</b>		<b>82,264</b>
<b>Selling, general and administrative expenses</b>		<b>48,173</b>		<b>47,026</b>
<b>Operating profit</b>		<b>37,176</b>		<b>35,237</b>
<b>Non-operating income</b>				
Interest income	335		382	
Dividend income	146		142	
Foreign exchange gains	—		190	
Subsidy income	245		451	
Other	244	972	329	1,496
<b>Non-operating expenses</b>				
Interest expenses	375		349	
Share of loss of entities accounted for using equity method	787		786	
Foreign exchange losses	1,404		—	
Share issuance costs	—		144	
Depreciation of inactive non-current assets	219		194	
Plant shutdown expenses	—		655	
Other	197	2,983	252	2,382
<b>Ordinary profit</b>		<b>35,165</b>		<b>34,351</b>
<b>Extraordinary income</b>				
Gain on sales of non-current assets	148		16	
Gain on sales of investment securities	16		1,535	
Gain on step acquisitions	—		249	
Insurance claim income	1,351		—	
Other	—	1,516	24	1,825
<b>Extraordinary losses</b>				
Loss on sales and retirement of non-current assets	764		494	
Impairment loss	5,290		4,614	
Loss on valuation of investment securities	17		52	
Business restructuring expenses	—		2,235	
Loss on disaster	3,168		—	
Loss related to anti-monopoly act	3,600		579	
Other	22	12,863	88	8,066
<b>Profit before income taxes</b>		<b>23,818</b>		<b>28,110</b>
Income taxes - current	4,637		5,983	
Income taxes - deferred	(1,158)	5,795	(1,560)	4,422
<b>Profit</b>		<b>18,022</b>		<b>23,687</b>
<b>Profit attributable to owners of parent</b>		<b>18,022</b>		<b>23,687</b>

# Non-Consolidated Financial Statements

## NON-CONSOLIDATED BALANCE SHEET

(Millions of yen)

Account item	79th Fiscal Term (as of March 31, 2020)	(Reference) 78th Fiscal Term (as of March 31, 2019)
<b>(ASSETS)</b>		
<b>Current assets</b>	<b>110,951</b>	<b>106,395</b>
Cash and deposits	18,304	20,856
Notes receivable - trade	636	591
Accounts receivable - trade	50,583	51,113
Merchandise and finished goods	3,062	3,180
Work in process	7,202	8,265
Raw materials and supplies	2,910	2,838
Prepaid expenses	295	217
Short-term loans receivable from subsidiaries and associates	8,448	2,497
Accounts receivable - other	16,630	14,596
Consumption taxes receivable	2,807	2,101
Other	69	137
<b>Non-current assets</b>	<b>135,577</b>	<b>142,281</b>
<b>Property, plant and equipment</b>	<b>29,043</b>	<b>28,165</b>
Buildings	7,953	7,909
Structures	553	549
Machinery and equipment	10,946	10,175
Vehicles	51	15
Tools, furniture and fixtures	2,129	1,839
Land	4,164	4,164
Construction in progress	3,244	3,511
<b>Intangible assets</b>	<b>976</b>	<b>875</b>
Patent right	1	1
Software	866	800
Other	108	73
<b>Investments and other assets</b>	<b>105,557</b>	<b>113,240</b>
Investment securities	1,286	1,709
Shares of subsidiaries and associates	48,769	56,294
Long-term loans receivable from employees	92	106
Long-term loans receivable from subsidiaries and associates	59,139	52,779
Distressed receivables	326	332
Long-term prepaid expenses	79	68
Deferred tax assets	845	2,019
Other	674	659
Allowance for doubtful accounts	(5,657)	(730)
<b>Total Assets</b>	<b>246,529</b>	<b>248,677</b>

(Millions of yen)

Account item	79th Fiscal Term (as of March 31, 2020)	(Reference) 78th Fiscal Term (as of March 31, 2019)
<b>(LIABILITIES)</b>		
<b>Current liabilities</b>	<b>74,650</b>	<b>77,707</b>
Accounts payable - trade	31,589	30,454
Short-term borrowings	19,250	22,420
Current portion of long-term borrowings	2,663	2,463
Lease obligations	15	14
Accounts payable - other	13,484	10,473
Accrued expenses	3,323	3,559
Income taxes payable	176	3,758
Deposits received	901	1,512
Provision for bonuses	2,322	2,171
Provision for bonuses for directors (and other officers)	233	258
Other	690	622
<b>Non-current liabilities</b>	<b>35,320</b>	<b>29,007</b>
Long-term borrowings	34,752	28,415
Lease obligations	120	135
Other	447	455
<b>Total Liabilities</b>	<b>109,971</b>	<b>106,715</b>
<b>(NET ASSETS)</b>		
<b>Shareholders' equity</b>	<b>135,746</b>	<b>140,953</b>
Share capital	33,575	33,575
Capital surplus	52,020	52,020
Legal capital surplus	51,468	51,468
Other capital surplus	551	552
Retained earnings	58,747	59,970
Legal retained earnings	2,947	2,947
Other retained earnings	55,800	57,022
Reserve for tax purpose reduction entry of non-current assets	1,325	1,328
Retained earnings brought forward	54,474	55,694
Treasury shares	(8,596)	(4,613)
<b>Valuation and translation adjustments</b>	<b>247</b>	<b>556</b>
Valuation difference on available-for-sale securities	329	553
Deferred gains or losses on hedges	(82)	2
<b>Share acquisition rights</b>	<b>563</b>	<b>453</b>
<b>Total Net Assets</b>	<b>136,558</b>	<b>141,962</b>
<b>Total Liabilities and Net Assets</b>	<b>246,529</b>	<b>248,677</b>

# NON-CONSOLIDATED STATEMENT OF INCOME

(Millions of yen)

Account item	79th Fiscal Term (from April 1, 2019 to March 31, 2020)		(Reference) 78th Fiscal Term (from April 1, 2018 to March 31, 2019)	
<b>Net sales</b>		<b>245,352</b>		<b>243,124</b>
<b>Cost of sales</b>		<b>201,375</b>		<b>190,292</b>
<b>Gross profit</b>		<b>43,976</b>		<b>52,831</b>
<b>Selling, general and administrative expenses</b>		<b>27,918</b>		<b>26,303</b>
<b>Operating profit</b>		<b>16,057</b>		<b>26,528</b>
<b>Non-operating income</b>				
Interest income	408		286	
Dividend income	3,794		3,648	
Other	117	4,320	158	4,093
<b>Non-operating expenses</b>				
Interest expenses	236		272	
Foreign exchange losses	1,423		615	
Depreciation of inactive non-current assets	31		61	
Provision of allowance for doubtful accounts	4,934		39	
Other	89	6,715	160	1,148
<b>Ordinary profit</b>		<b>13,662</b>		<b>29,473</b>
<b>Extraordinary income</b>				
Gain on sales of non-current assets	36		31	
Gain on sales of investment securities	16	53	1,535	1,566
<b>Extraordinary losses</b>				
Loss on sales and retirement of non-current assets	383		166	
Impairment loss	15		77	
Loss on valuation of investment securities	—		52	
Loss on valuation of shares of subsidiaries and associates	8,619		—	
Other	114	9,132	14	311
<b>Profit before income taxes</b>		<b>4,583</b>		<b>30,729</b>
Income taxes - current	1,818		4,087	
Income taxes - deferred	1,202	3,021	(1,413)	2,673
<b>Profit</b>		<b>1,561</b>		<b>28,055</b>

## Audit Report

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

#### Independent Auditor's Report

May 15, 2020

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, 2020 and for the fiscal term from April 1, 2019 to March 31, 2020 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 15, 2020

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, 2020 and for the 79th fiscal term from April 1, 2019 to March 31, 2020 in accordance with Article 436, paragraph 2, item 1 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 79th fiscal term from April 1, 2019, to March 31, 2020, 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.
    - 1) 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.
    - 2) 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 Paragraphs 1 and 3 of Article 100 of Enforcement Regulations 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.
    - 3) Audit & Supervisory Board Members also inspected the content of the basic policy set forth in Article 118, Item 3 (a) of Enforcement Regulations of the Companies Act, which is described in the business report.
    - 4) 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, 2020

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

Katsushige Nakano (Seal)  
Audit & Supervisory Board Member (Full-time)

Toshio Mishuku (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