

Consolidated Financial Statements

[Notes]

Notes - Significant accounting policies for preparation of consolidated financial statements

(1) Scope of consolidation

TAIYO YUDEN CO., LTD. (the “Company”) has 33 consolidated subsidiaries (all subsidiaries).

ELNA ENERGY CO., LTD. has been excluded from the scope of consolidation because the said company conducted an absorption-type merger in the current fiscal year in which ELNA CO., LTD., a consolidated subsidiary of the Company, became the surviving company.

(2) Application of equity method

i) The Company has no equity-method associates.

ELNA PRINTED CIRCUITS CO., LTD. has been excluded from the scope of equity method from the current fiscal year because of a decline in the ownership ratio due to capital increase carried out by way of third-party allotment.

ii) Name of associates not accounted for by the equity method

Bifröstec Inc. and three other companies

Reasons for not accounting for by the equity method

The companies not accounted for by the equity method are excluded from the scope of equity method because the exclusion has a minimal impact on profit or loss (for the Company’s equity interest), retained earnings (for the Company’s equity interest) and others, and they have no importance as a whole.

(3) The fiscal years of consolidated subsidiaries

As the reporting date for consolidated subsidiaries – TAIYO YUDEN (GUANGDONG) CO., LTD., TAIYO YUDEN (SHANGHAI) TRADING CO., LTD., TAIYO YUDEN (TIANJIN) ELECTRONICS CO., LTD., TAIYO YUDEN (SHENZHEN) ELECTRONICS TRADING CO., LTD., TAIYO YUDEN (CHINA) CO., LTD. and one other company – is December 31, their preliminary financial statements prepared as of the consolidated reporting date of March 31 are used as a basis for consolidation.

In addition, as the reporting date for ELNA CO., LTD., ELNA TOHOKU CO., LTD., ELNA ELECTRONICS (S) PTE. LTD., ELNA AMERICA, INC., ELNA (SHANGHAI) CO., LTD., TANIN ELNA CO., LTD., and ELNA-SONIC SDN. BHD. was December 31, their financial statements as of that date had been used, and necessary adjustments had been made in the consolidated financial statements with regard to any significant transactions occurring at those subsidiaries between their fiscal year-end and the consolidated balance sheet date. However, in order to understand management information and disclose the consolidated financial statements more appropriately, from the current fiscal year, the reporting date for ELNA CO., LTD. and ELNA TOHOKU CO., LTD. has been changed to March 31, and for the other five companies, their preliminary financial statements prepared as of the consolidated reporting date of March 31 are used as a basis for consolidation.

Profit or loss in these consolidated subsidiaries between January 1, 2020 to March 31, 2020 was adjusted as an increase or decrease in retained earnings.

(4) Accounting policies

i) Accounting policy for measuring significant assets

a) Securities

Other securities (available-for-sale securities)

Securities with readily determinable fair value

Market value method based on market price as of the consolidated closing date is applied

(valuation differences are reported as components of net assets and the cost of securities sold is calculated based on the moving average method.)

Securities without readily determinable fair value

Stated at cost using the moving-average method

Investments in limited liability partnerships for investment business and similar partnerships

(falling under definition of “securities” as defined by Article 2, paragraph (2) of the Financial Instruments and Exchange Act) are valued at the net equity equivalents based on the recently available financial statements of the partnership corresponding to the reporting dates of the financial statements stipulated in the partnership agreements.

b) Derivatives

Market value method is applied

c) Inventories

Finished goods and merchandise: Mainly stated at cost as determined by the gross average method (The book value stated in the balance sheet is written down based on the decreased profitability.)

Work in process: Mainly stated at cost as determined by the gross average method (The book value stated in the balance sheet is written down based on the decreased profitability.)

Raw materials and supplies: Mainly stated at cost as determined by the first-in-first-out method (The book value stated in the balance sheet is written down based on the decreased profitability.)

ii) Accounting method for depreciation of significant assets

a) Property, plant and equipment (excluding leased assets and right-of-use assets)

The declining-balance method is mainly applied for the Company and its domestic consolidated subsidiaries. However, the straight-line method is applied to buildings acquired (excluding facilities attached to buildings) on and after April 1, 1998, and facilities attached to buildings and structures acquired on and after April 1, 2016 by the Company and its domestic consolidated subsidiaries. Useful lives of the assets and residual value of the assets are mainly estimated in consistent with the method accepted under the Corporate Tax Law in Japan.

The straight-line method is mainly applied for overseas consolidated subsidiaries.

b) Intangible assets (excluding leased assets)

The straight-line method is applied for the Company and its domestic consolidated subsidiaries. Useful lives of the assets are estimated in consistent with the method accepted under the Corporate Tax Law in Japan. However, internal use software is amortized using the straight-line method over the estimated useful life which is internally determined (mainly five years).

The straight-line method is applied for overseas consolidated subsidiaries.

c) Leased assets

Leased assets are depreciated over the leased term by the straight-line method with no residual value.

d) Right-of-use assets

Right-of-use assets are depreciated over the leased term by the straight-line method with no residual value.

iii) Accounting method for significant provisions

a) Allowance for doubtful accounts

To prepare for losses from bad debt, the Company and its domestic consolidated subsidiaries provide an allowance for doubtful accounts at an uncollectible amount estimated by either using the historical rate of credit loss in the case of general receivables, or based on individual consideration of collectibility in the case of specific receivables such as doubtful receivables.

Overseas consolidated subsidiaries calculate the amount of potential loss mainly estimated on an individual basis.

b) Provision for bonuses

To prepare for bonus payments to employees, provision for bonuses is provided based on the estimated amount of payments.

c) Provision for bonuses for directors (and other officers)

To prepare for bonus payments to directors and operating officers, provision for bonuses for directors (and other officers) is provided based on the estimated amount of payments.

d) Provision for retirement benefits for directors (and other officers)

Some consolidated subsidiaries provide the necessary amount at the end of the current fiscal year in accordance with internal rules to prepare for the payment of directors’ retirement benefits.

iv) Accounting method for retirement benefits

a) Method of attributing expected retirement benefit to periods

In calculating retirement benefit obligations, the estimated amount of retirement benefits is attributed to the periods up to the end of the current fiscal year mainly on a benefit formula basis.

Consolidated Financial Statements

- b) Method of expensing actuarial gains and losses
Actuarial gains and losses are amortized by the straight-line method over a certain number of years (mostly 10 years) within the average number of remaining service years of the eligible employees at the time they arise, and allocated proportionately beginning in the following fiscal year.
- c) Adoption of simplified accounting method used by small companies
Some consolidated subsidiaries apply the simplified method in calculating the retirement benefit liabilities and retirement benefit expenses, which assumes the retirement benefit obligations to be equal to the benefits payable assuming the voluntary retirement of all employees at fiscal year-end.
- v) Accounting policy for hedging
- a) Accounting policy for hedging
Deferred hedge accounting is applied.
- b) Hedging instruments and hedged items
Hedging instruments: Forward foreign exchange contract
Hedged items: Monetary receivables and payables denominated in foreign currencies and forecast transactions
- c) Hedging policy
In accordance with the internal risk management regulations, derivative transactions are not entered into for speculative purposes and unless they are backed by actual demand.
- d) Method of evaluating hedge effectiveness
The determination of hedging effectiveness is not performed because for forward foreign exchange contracts in place to hedge foreign-currency transactions the important conditions for the hedging instrument and the hedged item are identical, and it is expected that market fluctuations, etc., will be offset at the beginning of the hedging and continuously thereafter.
- vi) Accounting policy for goodwill
Goodwill and goodwill equivalent are amortized over the period within 20 years during which their effects remain using the straight-line method.
- vii) Scope of cash and cash equivalents in the consolidated statement of cash flows
Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand; demand deposits; and short-term, highly liquid investments with maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.
- viii) Other significant matters for preparation of the consolidated financial statements
- a) Accounting policy for consumption taxes
Consumption taxes and local consumption taxes are accounted for based on the tax exclusion method.
- b) Application of consolidated taxation system
The consolidated taxation system is applied for the Company and its domestic consolidated subsidiaries.
- c) Application of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system
As for items regarding the transition to the group tax sharing system introduced in the “Act Partially Amending the Income Tax Act” (Act No. 8 of 2020) and items revised on non-consolidated taxation system in connection with the transition to the group tax sharing system, the Company and its domestic consolidated subsidiaries have not applied the provisions of paragraph (44) of the “Guidance on Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Guidance No. 28, February 16, 2018) as allowed by the provisions of paragraph (3) of the “Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (ASBJ PITF No. 39, March 31, 2020). Accordingly, amounts of deferred tax assets and deferred tax liabilities are determined in accordance with the provisions of the tax law before revision.
- d) Stated amount
Amounts presented in the accompanying consolidated financial statements are rounded down to the

nearest million yen. Accordingly, the totals do not necessarily agree with the sum of the individual amounts.

Notes - Significant accounting estimates

1. Recoverability of deferred tax assets

- (1) Amounts recorded in the consolidated financial statements for the current fiscal year

(Millions of yen)	
As of March 31, 2021	
Deferred tax assets	2,144

- (2) Information on the content of significant accounting estimates related to identified items

Deferred tax assets are recorded to the extent that the effect of reducing the future tax payment is expected based on an estimated amount of future taxable income. The premise of the estimated taxable income is the business plans for the next fiscal year approved by the Board of Directors. Since the tax consolidation system is applied for the Company and its domestic subsidiaries, recoverability is judged with them deemed as one taxable entity. As for overseas subsidiaries, recoverability is judged for each company.

A major assumption in the business plans is projection of revenues and profits. With regard to the business plans for the next fiscal year, demand forecasts are made based on market statistics and customer trends, sales plans are developed by customer and by product, production items and volumes are determined for each factory, and plans for production costs and administrative expenses are prepared by company and by department. After profits are allocated by considering consistency with targets, production capacity, forecasts of exchange rates, and the transfer pricing taxation rules, business plans on a consolidated basis and by each company are finalized, which serve as the premise of the estimated future taxable income.

As stated above, the business plans for the next fiscal year that serve as the premise of judging recoverability include many factors of estimation, such as sales volume/prices and exchange rates. The electronic components industry is volatile, and these factors may fluctuate beyond the scope of assumptions made as of the time when the business plans for the next fiscal year were prepared. Any changes in the conditions that serve as the premise of judging recoverability may significantly affect the amounts of deferred tax assets and deferred taxes in the consolidated financial statements for the next fiscal year.

2. Impairment of non-current assets

- (1) Amounts recorded in the consolidated financial statements for the current fiscal year

(Millions of yen)	
As of March 31, 2021 and for the fiscal year ended March 31, 2021	
Property, plant and equipment and intangible assets	160,544
Impairment losses	1,084

- (2) Information on the content of significant accounting estimates related to identified items

The Company group (the “Group”) mainly categorizes assets based on product groups. When there is an indication of impairment, such as continuous losses from operating activities in a certain product group, recoverability test is made. If the recoverable amount, such as the total amount of undiscounted future cash flows from the relevant asset group, is less than the book value, the carrying amount is reduced to the recoverable amount, and the reduced amount is recorded as an impairment loss.

In the current fiscal year, a recoverability test was made to a business operated by ELNA CO., LTD. and its subsidiaries, because it was not certain that profits/losses from operating activities were positive due to the fact that aluminum electrolytic capacitors, the core product, were affected by sluggish demand in the automobile industry and other factors. This business group had property, plant and equipment of ¥5,489 million and intangible assets of ¥97 million as of March 31, 2021. However, since undiscounted future cash flows exceed the book value of the relevant assets, an impairment loss has not been recognized.

Undiscounted future cash flows were estimated based on the business plans and the medium-term plan approved by the Board of Directors, and the plans for the business associated with the relevant asset group were used. These plans were prepared based on assumptions including a sales plan developed by taking into

Consolidated Financial Statements

account market trends, such as the growth rate for conductive polymer hybrid aluminum electrolytic capacitors for which demand is expected to increase, and estimated production volume at customers, as well as a cost reduction plan.

The Group has judged that the estimates using these premises are reasonable. However, if a revision is required due to changes in the economic environment or business strategy, impairment may need to be recognized in the following fiscal year.

Notes - New accounting standards not yet applied

- “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, issued by the Accounting Standards Board of Japan on March 31, 2020)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, issued by the Accounting Standards Board of Japan on March 26, 2021)
- “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, issued by the Accounting Standards Board of Japan on March 31, 2020)

(1) Outline

The International Accounting Standards Board (IASB) and the US Financial Accounting Standards Board (FASB) jointly developed comprehensive accounting standards for revenue recognition and issued “Revenue from Contracts with Customers” in May 2014 (as IFRS 15 by IASB and Topic 606 by FASB). Considering that IFRS 15 shall apply to fiscal years beginning on or after January 1, 2018, and Topic 606 shall apply to fiscal years beginning after December 15, 2017, the ASBJ developed a comprehensive accounting standard on revenue recognition and thus issued the accounting standard together with the implementation guidance.

The ASBJ established the accounting standard for revenue recognition by following the basic policies: firstly, incorporating the core principle of IFRS 15 as the starting point from the perspective of facilitating comparability among financial statements, which is one of the benefits of ensuring consistency with IFRS 15; secondly, adding alternative treatments, but to the extent not impairing comparability, where consideration should be given to the practice having been used in Japan.

(2) Scheduled date of application

These accounting standards will be applied from the beginning of the fiscal year ending March 31, 2022.

(3) Effects of application of the accounting standards, etc.

The impact of the application of the “Accounting Standard for Revenue Recognition,” etc. on the consolidated financial statements is immaterial.

- “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, issued by the Accounting Standards Board of Japan on July 4, 2019)
- “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, issued by the Accounting Standards Board of Japan on July 4, 2019)
- “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, issued by the Accounting Standards Board of Japan on July 4, 2019)
- “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, issued by the Accounting Standards Board of Japan on July 4, 2019)
- “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, issued by the Accounting Standards Board of Japan on March 31, 2020)

(1) Outline

In light of the situation in which the International Accounting Standards Board (IASB) and the US Financial Accounting Standards Board (FASB) have established detailed guidances on fair value measurement with almost the same content (IFRS 13 “Fair Value Measurement” in International Financial Reporting Standards (IFRS), and Accounting Standards Codification Topic 820 “Fair Value Measurement” in the US GAAP), the ASBJ worked to ensure consistency of the Japanese GAAP with international accounting standards mainly for guidance and disclosures on fair value of financial instruments and issued the “Accounting Standard for Fair Value Measurement” as well as issued or revised related accounting standards and implementation guidances.

The ASBJ’s basic policy for the development of the accounting standard for fair value measurement is to incorporate, in principle, all the provisions of IFRS 13 from the perspective of increasing comparability of financial statements among companies in Japan and overseas by using the unified measurement method, and to establish other treatments of individual items to the extent that consideration is given to practices that have been conducted to date in Japan and comparability among financial statements is not materially impaired.

(2) Scheduled date of application

These accounting standards will be applied from the beginning of the fiscal year ending March 31, 2022.

(3) Effects of application of the accounting standards, etc.

The impact of the application of the “Accounting Standard for Fair Value Measurement,” etc. on the consolidated financial statements is currently undetermined.

Notes - Changes in presentation

The presentation of certain accounts of the previous fiscal year has been changed to conform with the presentation adopted for the current fiscal year.

Application of “Accounting Standard for Disclosure of Accounting Estimates”

The Group has applied the “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, issued on March 31, 2020) from the consolidated financial statements related to the end of the current fiscal year, providing notes on significant accounting estimates in the consolidated financial statements.

However, the contents related to the previous fiscal year have not been provided in these notes, in accordance with the transitional treatment specified in the provision of paragraph (11) of the accounting standard.

Notes - Additional information

Accounting estimates associated with the novel coronavirus disease (COVID-19)

Although there are concerns that the impact of COVID-19 will be prolonged, it is assumed that the Group’s business activities will be able to operate as normal without any major obstacles, and it is considered that accounting estimates such as recoverability of deferred tax assets and impairment of non-current assets will not be affected significantly. However, it is difficult to predict the impact of COVID-19, when it will fade away, and others, and consolidated financial statements for the following fiscal years may be affected, depending on future changes in the economic environment and other factors.

Consolidated Financial Statements

Notes - Consolidated balance sheet

*1 Investments in associates are as follows:

	(Millions of yen)	
	As of March 31, 2020	As of March 31, 2021
Investment securities (shares)	561	209

*2 Promissory notes due on the balance sheet date

Promissory notes due on the balance sheet date are accounted for as settled on the clearing date. However, the reporting date of the previous fiscal year for some consolidated subsidiaries, which differs from the reporting date of the consolidated balance sheet, was a non-business day for financial institutions. The following promissory notes due on the reporting date of the previous fiscal year are included in the balance at the end of the previous fiscal year.

	(Millions of yen)	
	As of March 31, 2020	As of March 31, 2021
Notes receivable - trade	18	-

Notes - Consolidated statement of income

*1 The amount of inventories at the fiscal year-end represents the amount after writing down of the book value due to declines in profitability of assets, and the following loss on revaluation of inventories is included in the cost of sales. (The figure in parenthesis represents the amount of reversal.)

	(Millions of yen)	
	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
	169	140

*2 Major items and amounts of selling, general and administrative expenses are as follows.

	(Millions of yen)	
	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Freight costs and fees	5,740	7,491
Research and development expenses	12,921	12,550
Employees' salaries and allowances	11,745	11,703
Retirement benefit expenses	665	748
Provision for bonuses	1,813	1,714
Provision for bonuses for directors (and other officers)	233	388
Depreciation	1,160	1,435
Provision of allowance for doubtful accounts	(31)	34

*3 Total amount of research and development expenses included in general and administrative expenses and production cost in the current period

	(Millions of yen)	
	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
	12,921	12,550

*4 Details of gain on sale of non-current assets are as follows:

	(Millions of yen)	
	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Buildings and structures	119	-
Machinery, equipment and vehicles	13	37
Land	15	19
Other	0	0
Total	148	57

*5 Details of loss on sale and retirement of non-current assets are as follows:

	(Millions of yen)	
	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Loss on retirement of non-current assets		
Buildings and structures	389	113
Machinery, equipment and vehicles	268	114
Other	18	21
Subtotal	676	249
Loss on sale of non-current assets		
Machinery, equipment and vehicles	75	331
Other	11	43
Subtotal	87	375
Total	764	624

*6 Impairment losses

The Group recorded impairment losses with respect to the following asset groups.

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

Type	Application	Location	Amount
Machinery, equipment and vehicles	Idle assets	The Philippines; Inami-cho, Wakayama; Others	¥83 million
Goodwill	Other	-	¥5,206 million

The Group categorizes its business assets by segmentation for management accounting, and idle assets by individual asset. Property, plant and equipment such as head office and laboratories are categorized as common assets.

For the idle assets with no specific utilization plan and no recoverability, their book values have been written down to the memorandum value and such reduction was recorded as impairment loss.

Regarding goodwill that arose when consolidated subsidiary ELNA CO., LTD. came within the scope of consolidation, in addition to sluggish demand in the automobile market from the previous fiscal year, the spread of COVID-19 and other factors have led automobile manufacturers, which are our main customers, to slow down their operations. Regarding the impact of COVID-19, given the external information available at the end of the fiscal year ended March 31, 2020, and based on the assumption that the impact will continue for a certain period into the next fiscal year (fiscal year ended March 31, 2021), the revenue initially estimated could no longer be expected, and therefore its book values have been written down to the recoverable value and such reduction was recorded as impairment loss.

It is noted that the recoverable amount is measured at value in use and is assessed by discounting future cash flows at a rate of 6.32%.

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

Type	Application	Location	Amount
Buildings, machinery and equipment	Business assets	Nishigo-mura, Fukushima	¥633 million
Buildings and structures	Idle assets	Maebashi-shi, Gunma; Others	¥243 million
Machinery, equipment and vehicles	Idle assets	Maebashi-shi, Gunma; Inami-cho, Wakayama; Others	¥180 million
Other	Idle assets	Takasaki-shi, Gunma; Others	¥27 million

The Group categorizes its business assets by segmentation for management accounting, and idle assets by individual asset. Property, plant and equipment such as head office and laboratories are categorized as common assets.

As for business assets, their book values have been written down to the recoverable value due to a decline in profitability, and such reduction was recorded as impairment loss. Their components are buildings and structures of ¥83 million and machinery, equipment and vehicles of ¥550 million.

For the idle assets with no specific utilization plan and no recoverability, their book values have been written down to the memorandum value and such reduction was recorded as impairment loss.

The recoverable amount was measured at value in use, and which was evaluated as zero.

Consolidated Financial Statements

*7 Business restructuring expenses

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Not applicable

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

The Group has recorded the expenses incurred from the liquidation of its overseas subsidiaries (consisting primarily of extra retirement payments, loss on disposal of non-current assets, and loss on disposal of inventories) as business restructuring expenses and presented as extraordinary losses.

*8 Loss on disaster and insurance claim income

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

Due to the impact of Typhoon Hagibis (Typhoon No. 19) that occurred in October 2019, our subsidiary FUKUSHIMA TAIYO YUDEN CO., LTD. (Date-shi, Fukushima) suffered damage, and the amount of loss due to that disaster is recorded as "Loss on disaster."

In addition, non-life insurance claims related to the occurrence of disasters are recorded as "Insurance claim income."

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

Not applicable

*9 Loss related to anti-monopoly act

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

The Company has recorded a surcharge under the Anti-monopoly Act for transactions of aluminum electrolytic capacitors, etc. at its subsidiary ELNA CO., LTD., a cost for responding to an investigation by competition authorities, and a settlement for a class action lawsuit.

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

Not applicable

*10 Loss by COVID-19

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

Not applicable

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

Fixed costs and other expenses incurred at overseas subsidiaries engaged in production activities such as, for the period in which operations were shut down due to the request of governments and municipalities to prevent the spread of COVID-19.

Notes - Consolidated statement of comprehensive income

* Notes regarding reclassification adjustments and tax effects relating to other comprehensive income

	(Millions of yen)	
	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Valuation difference on available-for-sale securities:		
Amount arising during the year	(1,100)	1,079
Reclassification adjustments	(10)	(461)
Before tax effects adjustments	(1,110)	618
Tax effect	22	52
Valuation difference on available-for-sale securities	(1,088)	670
Deferred gains or losses on hedges:		
Amount arising during the year	(269)	(28)
Reclassification adjustments	183	(42)
Before tax effects adjustments	(85)	(71)
Tax effect	1	46
Deferred gains or losses on hedges	(84)	(24)
Foreign currency translation adjustment:		
Amount arising during the year	(5,075)	8,250
Reclassification adjustments	-	-
Before tax effects adjustments	(5,075)	8,250
Tax effect	-	-
Foreign currency translation adjustment	(5,075)	8,250
Remeasurements of defined benefit plans:		
Amount arising during the year	(473)	(244)
Reclassification adjustments	46	88
Before tax effects adjustments	(427)	(155)
Tax effect	3	16
Remeasurements of defined benefit plans	(423)	(139)
Total other comprehensive income	(6,671)	8,757

Notes - Consolidated statement of changes in equity

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

1. Classes and total number of shares issued and classes and number of treasury shares

	(Thousands shares)			
	Number of shares at beginning of current period	Increase	Decrease	Number of shares at end of current period
Shares issued				
Common stock	130,218	-	-	130,218
Total	130,218	-	-	130,218
Treasury shares				
Common stock (Note) 1, (Note) 2	2,555	2,172	13	4,715
Total	2,555	2,172	13	4,715

(Notes) 1. The 2,172 thousand share increase in the number of treasury shares of common stock is attributable to an increase of 2,170 thousand shares due to purchase of treasury shares approved through resolution by the Board of Directors and an increase of two thousand shares due to purchase of fractional shares.

2. The decrease of 13 thousand shares of treasury shares of common stock is due to exercise of stock options.

Consolidated Financial Statements

2. Share acquisition rights and treasury share acquisition rights

Category	Breakdown of share acquisition rights	Class of shares to be issued or transferred upon exercise of share acquisition rights	Number of shares to be issued or transferred upon exercise of share acquisition rights (Shares)				Balance at end of current period (Millions of yen)
			At beginning of current period	Increase	Decrease	At end of current period	
Reporting company (parent company)	Share acquisition rights under 2007 Stock Option Plan	-	-	-	-	-	24
	Share acquisition rights under 2008 Stock Option Plan	-	-	-	-	-	5
	Share acquisition rights under 2009 Stock Option Plan	-	-	-	-	-	5
	Share acquisition rights under 2010 Stock Option Plan	-	-	-	-	-	6
	Share acquisition rights under 2011 Stock Option Plan	-	-	-	-	-	8
	Share acquisition rights under 2012 Stock Option Plan	-	-	-	-	-	6
	Share acquisition rights under 2013 Stock Option Plan	-	-	-	-	-	22
	Share acquisition rights under 2014 Stock Option Plan	-	-	-	-	-	27
	Share acquisition rights under 2015 Stock Option Plan	-	-	-	-	-	60
	Share acquisition rights under 2016 Stock Option Plan	-	-	-	-	-	41
	Share acquisition rights under 2017 Stock Option Plan	-	-	-	-	-	86
	Share acquisition rights under 2018 Stock Option Plan	-	-	-	-	-	181
	Share acquisition rights under 2019 Stock Option Plan	-	-	-	-	-	85
Total	-	-	-	-	-	563	

3. Dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 27, 2019	Common stock	1,404	11	March 31, 2019	June 28, 2019
Board of Directors meeting held on November 11, 2019	Common stock	1,380	11	September 30, 2019	December 2, 2019

(2) Dividends for which record date is in the current fiscal year with effective date in the following fiscal year

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 26, 2020	Common stock	1,882	Retained earnings	15	March 31, 2020	June 29, 2020

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

1. Classes and total number of shares issued and classes and number of treasury shares

(Thousands shares)

	Number of shares at beginning of current period	Increase	Decrease	Number of shares at end of current period
Shares issued				
Common stock	130,218	-	-	130,218
Total	130,218	-	-	130,218
Treasury shares				
Common stock (Note) 1, (Note) 2	4,715	2	16	4,702
Total	4,715	2	16	4,702

(Notes) 1. The increase of two thousand shares of treasury shares of common stock is due to purchase of fractional shares.

2. The decrease of 16 thousand shares of treasury shares of common stock is due to exercise of stock options.

2. Share acquisition rights and treasury share acquisition rights

Category	Breakdown of share acquisition rights	Class of shares to be issued or transferred upon exercise of share acquisition rights	Number of shares to be issued or transferred upon exercise of share acquisition rights (Shares)				Balance at end of current period (Millions of yen)
			At beginning of current period	Increase	Decrease	At end of current period	
Reporting company (parent company)	Share acquisition rights under 2007 Stock Option Plan	-	-	-	-	-	24
	Share acquisition rights under 2008 Stock Option Plan	-	-	-	-	-	5
	Share acquisition rights under 2009 Stock Option Plan	-	-	-	-	-	5
	Share acquisition rights under 2010 Stock Option Plan	-	-	-	-	-	6
	Share acquisition rights under 2011 Stock Option Plan	-	-	-	-	-	8
	Share acquisition rights under 2012 Stock Option Plan	-	-	-	-	-	6
	Share acquisition rights under 2013 Stock Option Plan	-	-	-	-	-	22
	Share acquisition rights under 2014 Stock Option Plan	-	-	-	-	-	25
	Share acquisition rights under 2015 Stock Option Plan	-	-	-	-	-	57
	Share acquisition rights under 2016 Stock Option Plan	-	-	-	-	-	39
	Share acquisition rights under 2017 Stock Option Plan	-	-	-	-	-	81
	Share acquisition rights under 2018 Stock Option Plan	-	-	-	-	-	171
	Share acquisition rights under 2019 Stock Option Plan	-	-	-	-	-	107
Share acquisition rights under 2020 Stock Option Plan	-	-	-	-	-	145	
Total	-	-	-	-	-	708	

Consolidated Financial Statements

3. Dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 26, 2020	Common stock	1,882	15	March 31, 2020	June 29, 2020
Board of Directors meeting held on November 9, 2020	Common stock	1,882	15	September 30, 2020	December 2, 2020

(2) Dividends for which record date is in the current fiscal year with effective date in the following fiscal year

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 29, 2021	Common stock	3,137	Retained earnings	25	March 31, 2021	June 30, 2021

Notes - Consolidated statement of cash flows

* Reconciliation between cash and cash equivalents at end of period and the amount on the consolidated balance sheet

(Millions of yen)

	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Cash and deposits	59,622	84,297
Time deposits with a deposit period of over 3 months	(2,337)	(2,511)
Cash and cash equivalents	57,285	81,785

Notes - Leases

1. Finance lease transactions

Finance lease transactions that do not transfer ownership

i) Details of leased assets

Property, plant and equipment

Principally production facilities (machinery, equipment and vehicles)

ii) Method of depreciation of leased assets

The method of depreciation of leased assets is as described in “(4) Accounting policies ii) Accounting method for depreciation of significant assets,” in the section of significant accounting policies for preparation of consolidated financial statements.

2. Right-of-use assets

i) Details of right-of-use assets

Property, plant and equipment

Principally plants and offices (land, buildings and structures)

ii) Method of depreciation of leased assets

The method of depreciation of leased assets is as described in “(4) Accounting policies ii) Accounting method for depreciation of significant assets,” in the section of significant accounting policies for preparation of consolidated financial statements.

3. Operating lease transactions

Future minimum lease payments under non-cancelable operating lease transactions

Notes on this item have been omitted as it is immaterial.

Notes - Financial instruments

1. Status of financial instruments

(1) Policy for financial instruments

The Group, which mainly produces and markets electronic components, procures short-term operating funds through bank loans, and long-term funds for capital investment, etc. through bank loans and issuance of corporate bonds in accordance with a capital investment plan. Temporary surplus funds are managed as safe and secure financial funds such as short-term deposits. The Group uses derivative transactions to hedge risks stated below, and does not intend to use them for speculative purpose.

(2) Description of financial instruments and associated risks, and risk management structure

Trade receivables are exposed to customer credit risk. Therefore, the Group manages due dates and balances for each customer, and makes efforts to early recognize concerns about collectibility and reduces its risks due to deterioration in financial conditions, etc.

Investment securities consisting mainly of shares of companies with which the Group has business relationship are managed by reviewing market values and financial conditions of issuers on a regular basis.

Payment due dates of most trade payables are within one year.

The Group uses bank borrowings mainly for the purpose of procuring funds necessary for capital investment. Bank borrowings are not exposed to interest rate fluctuation risk as their interest rates are fixed.

Operating receivables and payables denominated in foreign currencies, arising from global business operations, are exposed to exchange rate fluctuation risk, but the risk is hedged by using forward foreign exchange contracts. Forward exchange contracts are used for operating receivables and payables, which are certain to arise from export and import transactions. The Group engages in derivative transactions only with high-rated financial institutions.

The finance department executes and manages derivative transactions in accordance with the internal risk management regulations that stipulate trading authority, the limit amount and other related matters. The department also records details of transactions and check balances with counterparties. The results of transactions are reported by the head of the finance department to the officer in charge.

The Company unifies the management of funds of the entire Group based on funding plans prepared by each group company in order to allow them to secure adequate liquidity.

(3) Supplemental information on fair value of financial instruments

The fair value of financial instruments include the value based on market prices and reasonably determined value in cases where market prices are not available. As the value not based on market quotations is calculated by incorporating variable factors, it can vary depending on assumptions adopted.

2. Fair value of financial instruments

Carrying amounts in the consolidated balance sheet, fair value, and the difference between them are as shown below. The amounts shown in the following tables do not include financial instruments whose fair values are deemed to be extremely difficult to determine (see Note 2).

As of March 31, 2020

(Millions of yen)

	Carrying amounts	Fair value	Difference
(1) Cash and deposits	59,622	59,622	–
(2) Notes and accounts receivable - trade	64,680	64,680	–
(3) Investment securities			
Other securities (available-for-sale securities)	2,104	2,104	–
Total assets	126,407	126,407	–
(4) Notes and accounts payable - trade	26,603	26,603	–
(5) Short-term borrowings	19,250	19,250	–
(6) Accounts payable - other	16,813	16,813	–
(7) Income taxes payable	1,903	1,903	–
(8) Long-term borrowings (*1)	37,415	36,882	(533)
Total liabilities	101,985	101,451	(533)
(9) Derivative transactions (*2)	(22)	(22)	–

(*1) The amounts include current portion of long-term borrowings.

Consolidated Financial Statements

(*2) Receivables and payables arising from derivative transactions are shown on the net basis.

As of March 31, 2021

	(Millions of yen)		
	Carrying amounts	Fair value	Difference
(1) Cash and deposits	84,297	84,297	–
(2) Notes and accounts receivable - trade	78,738	78,738	–
(3) Investment securities			
Other securities (available-for-sale securities)	2,187	2,187	–
Total assets	165,223	165,223	–
(4) Notes and accounts payable - trade	31,728	31,728	–
(5) Short-term borrowings	18,500	18,500	–
(6) Accounts payable - other	15,907	15,907	–
(7) Income taxes payable	5,803	5,803	–
(8) Long-term borrowings (*1)	55,250	54,388	(862)
Total liabilities	127,189	126,327	(862)
(9) Derivative transactions (*2)	(1,898)	(1,898)	–

(*1) The amounts include current portion of long-term borrowings.

(*2) Receivables and payables arising from derivative transactions are shown on the net basis.

(Notes) 1. Measurement methods for fair values of financial instruments and matters regarding securities and derivative transactions

Assets

(1) Cash and deposits, (2) Notes and accounts receivable - trade

Since these are settled in short term, their fair values are approximate to book values. Accordingly, they are stated at book value.

(3) Investment securities

The fair values of investment securities are stated at price on exchange market.

Liabilities

(4) Notes and accounts payable - trade, (5) Short-term borrowings, (6) Accounts payable - other, (7) Income taxes payable

Since these are settled in short term, their fair values are approximate to book values. Accordingly, they are stated at book value.

(8) Long-term borrowings

The fair values of long-term borrowings are measured as present values obtained by discounting total amount of principal and interest at the estimated interest rate if similar borrowings were newly made.

(9) Derivative transactions

The fair values of forward exchange contracts are stated at prices offered by correspondent financial institutions.

2. Financial instruments whose fair value is considered to be extremely difficult to determine

	(Millions of yen)	
Category	As of March 31, 2020	As of March 31, 2021
Unlisted equity securities	1	1
Shares of associates	561	209
Equities of limited liability partnerships for investment business and of other similar partnerships	3	6

As for financial instruments shown above, there is no market price and future cash flow cannot be estimated. Accordingly, it is considered extremely difficult to determine their fair value, and therefore they are not included in "Assets (3) Investment securities."

3. Redemption schedule for monetary receivables and securities with maturity after the consolidated balance sheet date
As of March 31, 2020

	(Millions of yen)	
	Within one year	Over one year within five years
Cash and deposits	59,568	–
Notes and accounts receivable - trade	64,680	–
Total	124,249	–

As of March 31, 2021

	(Millions of yen)	
	Within one year	Over one year within five years
Cash and deposits	84,285	–
Notes and accounts receivable - trade	78,738	–
Total	163,023	–

4. Repayment schedule for short-term borrowings and long-term borrowings after the consolidated balance sheet date
As of March 31, 2020

	(Millions of yen)					
	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Short-term borrowings	19,250	–	–	–	–	–
Long-term borrowings	2,663	13,462	3,786	17,461	9	31
Total	21,913	13,462	3,786	17,461	9	31

As of March 31, 2021

	(Millions of yen)					
	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Short-term borrowings	18,500	–	–	–	–	–
Long-term borrowings	13,462	4,036	17,961	9,259	10,507	23
Total	31,962	4,036	17,961	9,259	10,507	23

Consolidated Financial Statements

Notes - Securities

1. Other securities (available-for-sale securities) As of March 31, 2020

(Millions of yen)				
	Type	Carrying amounts	Acquisition cost	Difference
Items whose carrying amount in the consolidated balance sheet exceeds acquisition cost	(1) Shares	1,988	1,415	573
	(2) Bonds			
	i) Government bonds, local government bonds, etc.	-	-	-
	ii) Corporate bonds	-	-	-
	iii) Other	-	-	-
	Subtotal	1,988	1,415	573
Items whose carrying amount in the consolidated balance sheet does not exceed acquisition cost	(1) Shares	115	152	(36)
	(2) Bonds			
	i) Government bonds, local government bonds, etc.	-	-	-
	ii) Corporate bonds	-	-	-
	iii) Other	-	-	-
	Subtotal	115	152	(36)
Total		2,104	1,567	536

As of March 31, 2021

(Millions of yen)				
	Type	Carrying amounts	Acquisition cost	Difference
Items whose carrying amount in the consolidated balance sheet exceeds acquisition cost	(1) Shares	2,093	948	1,145
	(2) Bonds			
	i) Government bonds, local government bonds, etc.	-	-	-
	ii) Corporate bonds	-	-	-
	iii) Other	-	-	-
	Subtotal	2,093	948	1,145
Items whose carrying amount in the consolidated balance sheet does not exceed acquisition cost	(1) Shares	94	104	(10)
	(2) Bonds			
	i) Government bonds, local government bonds, etc.	-	-	-
	ii) Corporate bonds	-	-	-
	iii) Other	-	-	-
	Subtotal	94	104	(10)
Total		2,187	1,053	1,134

2. Other securities (available-for-sale securities) sold Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Millions of yen)			
Type	Sales amount	Total gain on sales	Total loss on sales
(1) Shares	179	16	(5)
(2) Bonds			
i) Government bonds, local government bonds, etc.	-	-	-
ii) Corporate bonds	-	-	-
iii) Other	-	-	-
(3) Other	-	-	-
	179	16	(5)

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Millions of yen)			
Type	Sales amount	Total gain on sales	Total loss on sales
(1) Shares	1,026	466	(5)
(2) Bonds			
i) Government bonds, local government bonds, etc.	-	-	-
ii) Corporate bonds	-	-	-
iii) Other	-	-	-
(3) Other	-	-	-
	1,026	466	(5)

3. Impaired securities

The Company has recorded an impairment loss on securities of ¥17 million (other securities of ¥17 million) for the fiscal year ended March 31, 2020.

The Company has not recorded an impairment loss on securities for the fiscal year ended March 31, 2021.

The Company records an impairment loss on all securities whose fair values as of the end of the fiscal year are less than 50% of their acquisition costs. For securities whose fair values as of the end of the fiscal year decreased by 30% to 50% from their acquisition costs, the Company records an impairment loss when it is deemed necessary by examining the recoverability of the amount.

Notes - Derivatives

1. Derivatives to which hedge accounting is not applied

Currency derivatives

As of March 31, 2020

(Millions of yen)					
Category	Type of transactions	Contract amount, etc.	Of the contract amount, etc., over one year	Fair value	Loss (gain) on valuation
Transactions other than market transactions	Forward foreign exchange contract				
	Sell				
	US dollars	31,536	-	80	80
	Buy				
	US dollars	2,193	-	(20)	(20)

Note: Calculation method for fair values

Fair values are calculated based on prices, etc. provided by correspondent financial institutions.

Consolidated Financial Statements

As of March 31, 2021

(Millions of yen)

Category	Type of transactions	Contract amount, etc.	Of the contract amount, etc., over one year	Fair value	Loss (gain) on valuation
Transactions other than market transactions	Forward foreign exchange contract Sell US dollars	37,017	–	(1,931)	(1,931)
	Buy US dollars	3,687	–	186	186

Note: Calculation method for fair values

Fair values are calculated based on prices, etc. provided by correspondent financial institutions.

2. Derivatives to which hedge accounting is applied

Currency derivatives

As of March 31, 2020

(Millions of yen)

Accounting policy for hedging	Type of transactions	Major hedged items	Contract amount, etc.	Of the contract amount, etc., over one year	Fair value
Deferral hedge method	Forward foreign exchange contract Sell US dollars	Forecast transaction	8,011	–	(107)
	Buy US dollars	Forecast transaction	2,144	–	25

Note: Calculation method for fair values

Fair values are calculated based on prices, etc. provided by correspondent financial institutions.

As of March 31, 2021

(Millions of yen)

Accounting policy for hedging	Type of transactions	Major hedged items	Contract amount, etc.	Of the contract amount, etc., over one year	Fair value
Deferral hedge method	Forward foreign exchange contract Sell US dollars	Forecast transaction	11,387	–	(224)
	Buy US dollars	Forecast transaction	3,801	–	71

Note: Calculation method for fair values

Fair values are calculated based on prices, etc. provided by correspondent financial institutions.

Notes - Retirement benefits

1. Outline of retirement benefit plans adopted

The Company and its domestic consolidated subsidiaries have mainly adopted defined contribution pension plans and prepaid retirement plans.

Certain overseas consolidated subsidiaries have mainly adopted defined benefit plans (lump-sum retirement benefit plans).

As overseas consolidated subsidiaries apply IFRS, they account for retirement benefits in accordance with IAS 19 "Employee Benefits."

2. Defined benefit plan

(1) Reconciliation between the opening and closing balances of retirement benefit obligations

(Millions of yen)

	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Opening balance of retirement benefit obligations	5,202	5,736
Service cost	665	707
Interest cost	125	134
Actuarial gains and losses incurred	378	269
Retirement benefits paid	(374)	(352)
Decrease resulting from change in fiscal year	–	(20)
Other	(259)	408
Closing balance of retirement benefit obligations	5,736	6,883

(2) Reconciliation between the opening and closing balances of plan assets

(Millions of yen)

	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Opening balance of plan assets	1,476	1,544
Interest income	60	59
Actuarial gains and losses incurred	(95)	24
Amount of employer contribution	194	217
Retirement benefits paid	(96)	(93)
Other	5	71
Closing balance of plan assets	1,544	1,823

(3) Reconciliation between the closing balances of retirement benefit obligations and plan assets, and retirement benefit liability and retirement benefit asset recorded in the consolidated balance sheet

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Retirement benefit obligations from funded plans	2,153	2,498
Plan assets	(1,544)	(1,823)
	608	675
Retirement benefit obligations from non-funded plans	3,572	4,373
Net amount of liability and asset recorded in the consolidated balance sheet	4,181	5,049
Net defined benefit liability	4,200	5,105
Net defined benefit asset	(19)	(55)
Net amount of liability and asset recorded in the consolidated balance sheet	4,181	5,049

Consolidated Financial Statements

(4) Amounts of retirement benefit expenses and their components

	(Millions of yen)	
	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Service cost	665	707
Net interest	64	75
Amortization of actuarial gains and losses	47	89
Amortization of past service cost	(0)	(0)
Retirement benefit expenses for defined benefit plan	776	871

Notes: 1. In accordance with the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements" (ASBJ PITF No. 18, February 19, 2010), the total amounts of actuarial differences are systematically expensed each year over a certain number of years within the employees' average remaining years of service.

2. Other than the above retirement benefit expenses associated with the defined benefit pension plan, during the current fiscal year, the Company has recorded ¥196 million of expenses incurred for voluntary retirement of employees for overseas subsidiaries as "Business restructuring expenses" under "Extraordinary losses."

(5) Remeasurements of defined benefit plans, net of tax (Consolidated statement of comprehensive income)

The breakdown of remeasurements of defined benefit plans, net of tax (before deduction of tax effects) is as follows:

	(Millions of yen)	
	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Past service cost	(0)	(0)
Actuarial gains and losses	(426)	(155)
Total	(427)	(155)

(6) Remeasurements of defined benefit plans (Consolidated balance sheet)

The breakdown of remeasurements of defined benefit plans (before deduction of tax effects) is as follows:

	(Millions of yen)	
	As of March 31, 2020	As of March 31, 2021
Unrecognized past service cost	(1)	(2)
Unrecognized actuarial gains and losses	(754)	(906)
Total	(756)	(909)

(7) Plan assets

i) Major components of plan assets

The ratio of major categories to total plan assets is as follows:

	(%)	
	As of March 31, 2020	As of March 31, 2021
Bonds	66	61
Shares	13	16
Cash and deposits	10	14
Other	11	9
Total	100	100

Note: The retirement benefit trust, which was set up for the lump-sum retirement benefit plan, accounts for 75% and 78% of total plan assets as of March 31, 2020 and 2021, respectively.

ii) Long-term expected rate of return

The long-term expected rate of return is not specified as IAS 19 is applied.

(8) Basis for actuarial calculations

	(%)	
	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Discount rate	0.00 - 5.00	0.00 - 5.05
Forecasted rate of salary increase	2.30 - 5.00	2.30 - 5.00

3. Defined contribution plan

The required contribution amounts to the defined contribution plan of the Company and its consolidated subsidiaries were ¥1,378 million in the previous fiscal year and ¥1,449 million in the current fiscal year.

Notes - Stock options, etc.

1. Expenses and account titles for stock options

	(Millions of yen)	
	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Selling, general and administrative expenses	133	173

2. Details, size and changes in the number of stock options

(1) Details of stock options

Company name	Reporting company
Resolution date	June 28, 2007
Category and number of people to whom stock options are granted	8 Directors of the Company
Class and number of shares granted	Common stock: 32,000 shares
Grant date	July 13, 2007
Vesting conditions	No vesting conditions attached
Target service period	From July 1, 2006 to March 31, 2007
Exercise period	From July 14, 2007 to July 13, 2027

Company name	Reporting company
Resolution date	June 28, 2007
Category and number of people to whom stock options are granted	8 Directors of the Company
Class and number of shares granted	Common stock: 46,000 shares
Grant date	July 13, 2007
Vesting conditions	No vesting conditions attached
Target service period	From April 1, 2007 to March 31, 2008
Exercise period	From July 14, 2007 to July 13, 2027

Company name	Reporting company
Resolution date	June 27, 2008
Category and number of people to whom stock options are granted	8 Directors of the Company
Class and number of shares granted	Common stock: 46,000 shares
Grant date	July 14, 2008
Vesting conditions	No vesting conditions attached
Target service period	From April 1, 2008 to March 31, 2009
Exercise period	From July 15, 2008 to July 14, 2028

Consolidated Financial Statements

Company name	Reporting company
Resolution date	May 25, 2009
Category and number of people to whom stock options are granted	8 Directors of the Company
Class and number of shares granted	Common stock: 37,000 shares
Grant date	June 9, 2009
Vesting conditions	No vesting conditions attached
Target service period	From April 1, 2009 to March 31, 2010
Exercise period	From June 10, 2009 to June 9, 2029

Company name	Reporting company
Resolution date	June 29, 2010
Category and number of people to whom stock options are granted	7 Directors of the Company
Class and number of shares granted	Common stock: 39,000 shares
Grant date	July 21, 2010
Vesting conditions	No vesting conditions attached
Target service period	From April 1, 2010 to March 31, 2011
Exercise period	From July 22, 2010 to July 21, 2030

Company name	Reporting company
Resolution date	June 29, 2011
Category and number of people to whom stock options are granted	8 Directors of the Company
Class and number of shares granted	Common stock: 44,000 shares
Grant date	July 14, 2011
Vesting conditions	No vesting conditions attached
Target service period	From April 1, 2011 to March 31, 2012
Exercise period	From July 14, 2011 to July 13, 2031

Company name	Reporting company
Resolution date	April 25, 2012
Category and number of people to whom stock options are granted	8 Directors of the Company
Class and number of shares granted	Common stock: 38,000 shares
Grant date	May 11, 2012
Vesting conditions	No vesting conditions attached
Target service period	From April 1, 2012 to March 31, 2013
Exercise period	From May 11, 2012 to May 10, 2032

Company name	Reporting company
Resolution date	May 24, 2013
Category and number of people to whom stock options are granted	6 Directors of the Company
Class and number of shares granted	Common stock: 10,000 shares
Grant date	June 10, 2013
Vesting conditions	No vesting conditions attached
Target service period	From April 1, 2013 to June 27, 2013
Exercise period	From June 10, 2013 to June 9, 2033

Company name	Reporting company
Resolution date	June 27, 2013
Category and number of people to whom stock options are granted	6 Directors of the Company
Class and number of shares granted	Common stock: 31,000 shares
Grant date	July 12, 2013
Vesting conditions	No vesting conditions attached
Target service period	From June 27, 2013 to June 27, 2014
Exercise period	From July 12, 2013 to July 11, 2033

Company name	Reporting company
Resolution date	June 27, 2014
Category and number of people to whom stock options are granted	6 Directors of the Company 11 Operating Officers of the Company
Class and number of shares granted	Common stock: 55,000 shares
Grant date	July 14, 2014
Vesting conditions	No vesting conditions attached
Target service period	From June 27, 2014 to June 26, 2015
Exercise period	From July 14, 2014 to July 13, 2034

Company name	Reporting company
Resolution date	June 26, 2015
Category and number of people to whom stock options are granted	6 Directors of the Company 12 Operating Officers of the Company
Class and number of shares granted	Common stock: 62,000 shares
Grant date	July 13, 2015
Vesting conditions	No vesting conditions attached
Target service period	From June 26, 2015 to June 29, 2016
Exercise period	From July 13, 2015 to July 12, 2035

Company name	Reporting company
Resolution date	November 5, 2015
Category and number of people to whom stock options are granted	1 Director of the Company 1 Operating Officer of the Company
Class and number of shares granted	Common stock: 2,000 shares
Grant date	November 20, 2015
Vesting conditions	No vesting conditions attached
Target service period	From November 1, 2015 to June 29, 2016
Exercise period	From November 20, 2015 to November 19, 2035

Company name	Reporting company
Resolution date	June 29, 2016
Category and number of people to whom stock options are granted	5 Directors of the Company 13 Operating Officers of the Company
Class and number of shares granted	Common stock: 64,000 shares
Grant date	July 15, 2016
Vesting conditions	No vesting conditions attached
Target service period	From June 29, 2016 to June 29, 2017
Exercise period	From July 15, 2016 to July 14, 2036

Consolidated Financial Statements

Company name	Reporting company
Resolution date	June 29, 2017
Category and number of people to whom stock options are granted	5 Directors of the Company 12 Operating Officers of the Company
Class and number of shares granted	Common stock: 61,000 shares
Grant date	July 18, 2017
Vesting conditions	No vesting conditions attached
Target service period	From June 29, 2017 to June 28, 2018
Exercise period	From July 18, 2017 to July 17, 2037

Company name	Reporting company
Resolution date	June 28, 2018
Category and number of people to whom stock options are granted	4 Directors of the Company 12 Operating Officers of the Company
Class and number of shares granted	Common stock: 57,000 shares
Grant date	July 18, 2018
Vesting conditions	No vesting conditions attached
Target service period	From June 28, 2018 to June 27, 2019
Exercise period	From July 18, 2018 to July 17, 2038

Company name	Reporting company
Resolution date	June 27, 2019
Category and number of people to whom stock options are granted	5 Directors of the Company 11 Operating Officers of the Company
Class and number of shares granted	Common stock: 59,000 shares
Grant date	July 18, 2019
Vesting conditions	No vesting conditions attached
Target service period	From June 27, 2019 to June 26, 2020
Exercise period	From July 18, 2019 to July 17, 2039

Company name	Reporting company
Resolution date	June 26, 2020
Category and number of people to whom stock options are granted	5 Directors of the Company 10 Operating Officers of the Company
Class and number of shares granted	Common stock: 59,000 shares
Grant date	July 17, 2020
Vesting conditions	No vesting conditions attached
Target service period	From June 26, 2020 to June 29, 2021
Exercise period	From July 17, 2020 to July 16, 2040

(2) Size and changes in the number of stock options

The following describes the number of stock options that existed during the current fiscal year (fiscal year ended March 31, 2021). The number of stock options is translated into the number of shares.

i) Number of stock options

(Shares)				
Company name	Reporting company	Reporting company	Reporting company	Reporting company
Resolution date	June 28, 2007	June 28, 2007	June 27, 2008	May 25, 2009
Stock options before vesting				
At the end of previous fiscal year	–	–	–	–
Granted	–	–	–	–
Lapsed	–	–	–	–
Vested	–	–	–	–
Unvested balance	–	–	–	–
Stock options after vesting				
At the end of previous fiscal year	3,000	6,000	6,000	6,000
Vested	–	–	–	–
Exercised	–	–	–	–
Lapsed	–	–	–	–
Exercisable	3,000	6,000	6,000	6,000

(Shares)				
Company name	Reporting company	Reporting company	Reporting company	Reporting company
Resolution date	June 29, 2010	June 29, 2011	April 25, 2012	May 24, 2013
Stock options before vesting				
At the end of previous fiscal year	–	–	–	–
Granted	–	–	–	–
Lapsed	–	–	–	–
Vested	–	–	–	–
Unvested balance	–	–	–	–
Stock options after vesting				
At the end of previous fiscal year	6,000	9,000	9,000	2,000
Vested	–	–	–	–
Exercised	–	–	–	–
Lapsed	–	–	–	–
Exercisable	6,000	9,000	9,000	2,000

(Shares)				
Company name	Reporting company	Reporting company	Reporting company	Reporting company
Resolution date	June 27, 2013	June 27, 2014	June 26, 2015	November 5, 2015
Stock options before vesting				
At the end of previous fiscal year	–	–	–	–
Granted	–	–	–	–
Lapsed	–	–	–	–
Vested	–	–	–	–
Unvested balance	–	–	–	–
Stock options after vesting				
At the end of previous fiscal year	13,000	27,000	38,000	1,000
Vested	–	–	–	–
Exercised	–	2,000	2,000	–
Lapsed	–	–	–	–
Exercisable	13,000	25,000	36,000	1,000

Consolidated Financial Statements

(Shares)				
Company name	Reporting company	Reporting company	Reporting company	Reporting company
Resolution date	June 29, 2016	June 29, 2017	June 28, 2018	June 27, 2019
Stock options before vesting				
At the end of previous fiscal year	–	–	–	–
Granted	–	–	–	–
Lapsed	–	–	–	–
Vested	–	–	–	–
Unvested balance	–	–	–	–
Stock options after vesting				
At the end of previous fiscal year	50,000	49,000	54,000	59,000
Vested	–	–	–	–
Exercised	3,000	3,000	3,000	3,000
Lapsed	–	–	–	–
Exercisable	47,000	46,000	51,000	56,000

(Shares)	
Company name	Reporting company
Resolution date	June 26, 2020
Stock options before vesting	
At the end of previous fiscal year	–
Granted	59,000
Lapsed	–
Vested	59,000
Unvested balance	–
Stock options after vesting	
At the end of previous fiscal year	–
Vested	59,000
Exercised	–
Lapsed	–
Exercisable	59,000

ii) Unit price information

(Yen)				
Company name	Reporting company	Reporting company	Reporting company	Reporting company
Resolution date	June 28, 2007	June 28, 2007	June 27, 2008	May 25, 2009
Exercise price	1	1	1	1
Average share price at exercise	–	–	–	–
Fair value unit price on grant date	2,761	2,761	966	947

(Yen)				
Company name	Reporting company	Reporting company	Reporting company	Reporting company
Resolution date	June 29, 2010	June 29, 2011	April 25, 2012	May 24, 2013
Exercise price	1	1	1	1
Average share price at exercise	–	–	–	–
Fair value unit price on grant date	1,013	948	739	1,625

(Yen)				
Company name	Reporting company	Reporting company	Reporting company	Reporting company
Resolution date	June 27, 2013	June 27, 2014	June 26, 2015	November 5, 2015
Exercise price	1	1	1	1
Average share price at exercise	–	3,348	3,348	–
Fair value unit price on grant date	1,476	1,032	1,543	1,914

(Yen)				
Company name	Reporting company	Reporting company	Reporting company	Reporting company
Resolution date	June 29, 2016	June 29, 2017	June 28, 2018	June 27, 2019
Exercise price	1	1	1	1
Average share price at exercise	3,348	3,348	3,348	3,348
Fair value unit price on grant date	834	1,762	3,369	1,927

(Yen)	
Company name	Reporting company
Resolution date	June 26, 2020
Exercise price	1
Average share price at exercise	–
Fair value unit price on grant date	3,277

4. Method of estimating fair value unit price of stock options

The fair value unit price of the stock options determined by the resolution on June 26, 2020 and granted during the fiscal year ended March 31, 2021, was estimated based on the following:

- (1) Valuation techniques used Black-Scholes Model
- (2) Major basic numerical values and estimation method

Resolution date	June 26, 2020
Volatility of share price (Note) 1	48.4%
Estimated remaining outstanding period (Note) 2	3.6 years
Estimated dividend (Note) 3	¥26/share
Risk-free interest rate (Note) 4	(0.16)%

- (Notes) 1. The volatility of share price is estimated based on weekly historical share prices from December 5, 2016 to July 13, 2020.
2. The estimated remaining outstanding period refers to the average period of service as Director less the already served period of service as Director. The stock options are assumed to be exercised immediately after the Director's retirement as Director.
3. The estimated dividend is based on the actual per share dividend distributed in the fiscal year ended March 31, 2020.
4. The risk-free interest rate represents the interest rate on Japanese government bonds with the remaining period corresponding to the estimated remaining outstanding period.

5. Method of estimating number of stock options vested

The number of stock options vested is equal to the number of stock options granted since the options were vested on the grant date.

Consolidated Financial Statements

Notes - Tax effect accounting

1. Breakdown of major components of deferred tax assets and liabilities

	(Millions of yen)	
	As of March 31, 2020	As of March 31, 2021
Deferred tax assets		
Inventories	1,621	2,022
Accrued expenses	392	411
Accrued enterprise tax	169	512
Provision for bonuses	1,408	1,568
Investment securities, etc.	146	130
Allowance for doubtful accounts	126	41
Accounting depreciation in excess of tax depreciation	2,425	2,194
Lump-sum depreciable assets	330	212
Retirement benefit liability	959	1,141
Prepaid retirement benefit	1,490	1,439
Loss carried forward (Note) 2	6,096	4,479
Other	2,125	2,736
Deferred tax assets subtotal	17,292	16,891
Valuation allowance for tax losses carried forward (Note) 2	(5,499)	(4,141)
Valuation allowance for total deductible temporary differences, etc.	(6,370)	(6,113)
Valuation allowance subtotal (Note) 1	(11,870)	(10,255)
Offsetting	(4,107)	(4,490)
Deferred tax assets total	1,314	2,144
Deferred tax liabilities		
Inventories	796	712
Undistributed profits of overseas subsidiaries	4,236	5,232
Reserve for advanced depreciation of non-current assets	726	724
Valuation difference on available-for-sale securities	113	49
Other	1,632	1,599
Offsetting	(4,107)	(4,490)
Deferred tax liabilities total	3,397	3,828
Net deferred tax assets (liabilities)	(2,083)	(1,683)

(Notes) 1. The change in valuation allowances is attributable mainly to a decrease in valuation allowance due to reversal of loss carried forward.

2. Amounts of tax losses carried forward and associated deferred tax assets by expiration period

As of March 31, 2020

	(Millions of yen)						
	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	Total
Deferred tax assets relating to tax losses carried forward (*)	839	1,193	198	156	901	2,807	6,096
Valuation allowance	(839)	(627)	(198)	(156)	(900)	(2,776)	(5,499)
Deferred tax assets	-	565	-	-	0	30	596

(*) The amounts of tax losses carried forward are calculated by multiplying the statutory effective tax rate.

As of March 31, 2021

	(Millions of yen)						
	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	Total
Deferred tax assets relating to tax losses carried forward (*)	67	199	445	800	577	2,388	4,479
Valuation allowance	(67)	(199)	(445)	(800)	(435)	(2,192)	(4,141)
Deferred tax assets	0	-	-	-	141	195	337

(*) The amounts of tax losses carried forward are calculated by multiplying the statutory effective tax rate.

2. Breakdown of major items of differences between the statutory effective tax rate and the effective income tax rate after applying tax effect accounting

	(%)	
	As of March 31, 2020	As of March 31, 2021
Statutory effective tax rate	30.5	30.5
Adjustments		
Tax rate differences of the overseas subsidiaries	(5.8)	(5.4)
Undistributed profits of the overseas subsidiaries	0.6	2.7
Valuation allowance	(6.0)	(3.6)
Tax credit for research and development expenses	(2.4)	(2.3)
Foreign tax	1.4	0.7
Unrealized profit on inventories	(0.2)	(0.0)
Expenses not deductible permanently such as entertainment expenses	0.2	0.0
Impairment losses on goodwill	6.7	-
Other	(0.7)	0.1
Effective income tax rate after applying tax effect accounting	24.3	22.7

Notes - Business combinations

Not applicable

Notes - Asset retirement obligations

The total amount of asset retirement obligations is not disclosed as it is immaterial.

Notes - Real estate for lease, etc.

The total amount of real estate for lease, etc. is not disclosed as it is immaterial.

Notes - Segment information, etc.

[Segment information]

The segment information is not disclosed as the Group operates in a single segment of the electronic components business.

[Notes - Related information]

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

1. Information for each product or service

	(Millions of yen)				
	Capacitors	Ferrite and applied products	Integrated modules & devices	Other	Total
Net sales for external customers	176,457	38,770	49,808	17,292	282,329

Consolidated Financial Statements

2. Information for each region

(1) Net sales (Millions of yen)

Japan	China	Hong Kong	Other countries or regions	Total
26,848	98,462	54,395	102,622	282,329

(Note) Net sales are segmented by country or region based on customer location.

(2) Property, plant and equipment (Millions of yen)

Japan	China	Malaysia	Other countries or regions	Total
96,565	12,478	21,041	14,314	144,400

3. Information for each of main customers

The information is not disclosed because none of the external customers singularly account for 10% or more of net sales presented in the consolidated statement of income.

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

1. Information for each product or service (Millions of yen)

	Capacitors	Ferrite and applied products	Integrated modules & devices	Other	Total
Net sales for external customers	195,198	41,564	46,930	17,227	300,920

2. Information for each region

(1) Net sales (Millions of yen)

Japan	China	Hong Kong	Other countries or regions	Total
29,297	115,821	48,128	107,673	300,920

(Note) Net sales are segmented by country or region based on customer location.

(2) Property, plant and equipment (Millions of yen)

Japan	China	Malaysia	Other countries or regions	Total
103,956	15,699	25,156	14,359	159,172

3. Information for each of main customers

The information is not disclosed because none of the external customers singularly account for 10% or more of net sales presented in the consolidated statement of income.

[Disclosure of impairment losses on non-current assets for each reportable segment]

Information on impairment losses is not disclosed as the Group has a single segment.

[Amortization and unamortized balance of goodwill for each reportable segment]

Information on amortization and unamortized balance of goodwill is not disclosed as the Group has a single segment.

[Information about gains on bargain purchase for each reportable segment]

Not applicable

[Notes - Related party transactions]

Not applicable

Notes - Per share information

	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Net assets per share	1,672.40	1,937.86
Basic earnings per share	143.04	227.99
Diluted earnings per share	142.67	227.32

(Notes) 1. The basis for calculation of net assets per share is as follows:

	As of March 31, 2020	As of March 31, 2021
Total net assets (Millions of yen)	210,454	243,941
Amounts deducted from total net assets (Millions of yen)	563	708
[Of the above, share acquisition rights (Millions of yen)]	[563]	[708]
[Of the above, non-controlling interests (Millions of yen)]	[-]	[-]
Net assets related to common stock (Millions of yen)	209,891	243,233
Number of common stock used to calculate net assets per share (Thousand shares)	125,502	125,516

2. The basis for calculation of basic earnings per share and diluted earnings per share is as follows:

	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	18,022	28,615
Amounts not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to owners of parent related to common stock (Millions of yen)	18,022	28,615
Average number of outstanding common stock during period (Thousand shares)	126,000	125,512
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (Millions of yen)	-	-
Increase in the number of common stock (Thousand shares)	323	366
[Of the above, share acquisition rights (Thousand shares)]	[323]	[366]
Outline of potential shares not included in the calculation of diluted earnings per share because of having no dilutive effect	-	-

Consolidated Financial Statements

Notes - Significant events after reporting period

Capital increase of a subsidiary

TAIYO YUDEN decided to increase capital of consolidated subsidiary, TAIYO YUDEN (CHANGZHOU) CO., LTD. With the capital increase, the amount of capital of the subsidiary exceeds 10% of the capital amount of the parent company, which categorizes this subsidiary as a specified subsidiary.

1. Purpose of the capital increase

The purpose of the capital increase is to establish a new factory for multilayer ceramic capacitor in China, which aims to strengthen business foundation, expand sales, and improve the corporate value of the Group.

2. Company profile of the subsidiary

- | | |
|--|---|
| (1) Company name | TAIYO YUDEN (CHANGZHOU) CO., LTD. |
| (2) Representative | Tomomitsu Fukuda President / Managing Director |
| (3) Location | Changzhou, Jiangsu, China |
| (4) Date of establishment | August 23, 2019 |
| (5) Capital amount before capital increase | 26,222 thousand US dollars |
| (6) Financial year-end | End of December |
| (7) Investment ratio before capital increase | TAIYO YUDEN CO., LTD. owns 100% (including indirect ownership of 50.4%) |

3. Outline of the capital increase

- | | |
|---|---|
| (1) Amount of capital increase | 173,777 thousand US dollars |
| (2) Capital amount after capital increase | 200,000 thousand US dollars |
| (3) Date of capital increase | August 3, 2021 |
| (4) Investment ratio after capital increase | TAIYO YUDEN CO., LTD. owns 100% (including indirect ownership of 12.5%) |

5) Annexed consolidated detailed schedules

[Annexed consolidated detailed schedule of corporate bonds]

Not applicable

[Annexed consolidated detailed schedule of borrowings]

Category	Balance at the beginning of current period (Millions of yen)	Balance at the end of current period (Millions of yen)	Average interest rate (%)	Repayment term
Short-term borrowings	19,250	18,500	0.38	–
Current portion of long-term borrowings	2,663	13,462	0.36	–
Current portion of lease obligations	662	667	4.34	–
Long-term borrowings (excluding current portion)	34,752	41,788	0.35	From April 2022 to September 2037
Lease obligations (excluding current portion)	2,352	2,553	4.34	From April 2022 to October 2043
Other interest-bearing liabilities	–	–	–	–
Total	59,681	76,970	–	–

(Notes) 1. The average interest rate represents the weighted-average rate applicable to the balance of borrowings at the end of the current period.

2. The average interest rate for the lease obligations presented above is based on the standard method of calculation and does not reflect interest rates for lease obligations recorded on the consolidated balance sheet at the amount before deducting the amount equivalent to interest expenses included in the total lease payments.

3. The repayment schedule for long-term borrowings (excluding current portion) and lease obligations (excluding current portion) for five years subsequent to March 31, 2021 is as follows:

Category	(Millions of yen)			
	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years
Long-term borrowings	4,036	17,961	9,259	10,507
Lease obligations	495	264	203	187

[Annexed consolidated detailed schedule of asset retirement obligations]

As the amounts of asset retirement obligations at the beginning and the end of the current fiscal year are not more than 1% of the total amount of liabilities and net assets as of the same dates, annexed consolidated detailed schedule of asset retirement obligations is not disclosed pursuant to the provisions of Article 92-2 of the Regulation on Consolidated Financial Statements.

(2) Other information

Quarterly information for the current fiscal year

Cumulative period	Three months ended June 30, 2020	Six months ended September 30, 2020	Nine months ended December 31, 2020	Fiscal year ended March 31, 2021
Net sales (Millions of yen)	60,493	140,222	221,449	300,920
Profit before income taxes (Millions of yen)	5,860	15,030	26,407	37,010
Profit attributable to owners of parent (Millions of yen)	4,541	11,442	19,825	28,615
Basic earnings per share (Yen)	36.19	91.16	157.96	227.99

Three-month period	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings per share (Yen)	36.19	54.98	66.79	70.03