



[Please note that the followings including Independent Auditor's Reports and Report of the Board of Company Auditors are English translation of the original Japanese version, prepared only for the convenience of shareholders residing outside Japan with certain reference information excerpted from the Company's financial report for the fiscal year ended March 31, 2020. In the case of any discrepancy between the translation and the Japanese original, the latter shall prevail. Please be advised that certain expressions in the original document for domestic voting procedures that are not applicable to the aforesaid shareholders are omitted or modified to avoid confusion. Please also be advised that this material will not facilitate your status as a registered shareholder. In order to be authorized to physically attend the ordinary general shareholders meeting, presentation of the original Voting Form in Japanese to the receptionist at the place of the meeting is required.]

(Securities Code: 6963)  
May 28, 2020

To Our Shareholders:

**ROHM Co., Ltd.**  
21, Saiin Mizosaki-cho,  
Ukyo-ku, Kyoto, Japan  
Isao Matsumoto  
President

## NOTICE OF THE 62ND ORDINARY GENERAL SHAREHOLDERS MEETING

Dear Shareholders,

We will inform you of the 62nd Ordinary General Shareholders Meeting of ROHM CO., LTD. ("the Company"). Please kindly take the necessary procedure to exercise your voting rights in connection with the following matters to be resolved. Such matters can be reviewed in the attached "REFERENCE MATERIALS FOR THE EXERCISE OF VOTING RIGHTS" on page 3 through page 8. Your vote must be received by the Company no later than Wednesday June 25, 2020, 5:15 p.m. (JST).

### NOTICE OF MEETING

**1. Date and Time:** Friday, June 26, 2020, 10:00 a.m. (Start Accepting: 9:00 a.m.)

**2. Place:** Hyatt Regency Kyoto 1F The Ball Room  
644-2 Sanjusangendo-mawari, Higashiyama-ku, Kyoto, Japan

### 3. Objectives of the Meeting:

#### Reporting:

1. Business Report, Consolidated Financial Statements and Audit Reports on Consolidated Financial Statements from the Independent Auditors and the Audit and Supervisory Committee for the 62nd Fiscal Year (from April 1, 2019 to March 31, 2020)
2. Nonconsolidated Financial Statements for the 62nd Fiscal Year (from April 1, 2019 to March 31, 2020)

#### Resolutions:

- Proposal 1: Appropriation of Dividends of Surplus for the 62nd Fiscal Year
- Proposal 2: Election of Seven (7) Directors who are not Audit and Supervisory Committee Members
- Proposal 3: Determination of Remuneration for Granting Restricted Shares to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)

#### Note:

- \* You can exercise your voting rights by designating a shareholder who has voting rights and will attend the General Shareholders Meeting as your delegate. In such a case, a Power of Attorney will need to be submitted.
- \* Please note that the meeting will be conducted in Japanese only.
- \* If any changes have been made to items in the Reference Materials for the Exercise of Voting Rights, Business Report, Consolidated Financial Statements, or Nonconsolidated Financial Statements, such changes will be posted on our website. (<https://www.rohm.com/web/global/investor-relations>)

## How to Exercise Your Voting Rights

### 1. Three Methods to Exercise Your Voting Rights as follows:

- Attend the General Shareholders Meeting  
Presentation of the original Voting Form in Japanese to the receptionist at the place of the meeting is required.
- By means of the Voting Rights Exercise Form  
Fill out the Voting Rights Exercise Form with your voting in the affirmative or the negative for each proposal, and send the Form to the Company by mail. Voting by means of the Voting Rights Exercise Form can be accepted until 5:15 p.m. (JST), Thursday, June 25, 2020.
- Via the Internet  
If you exercise your voting rights via the Internet, please follow the instructions below. If you are going to attend the meeting, you are not required to complete procedures to exercise your voting rights by mail (by means of the Voting Rights Exercise Form) or online.

#### (1) Exercise Your Voting Rights via the Internet

- 1) You are able to exercise your voting rights via the Internet by accessing the designated voting website (<https://evote.tr.mufg.jp/>). (Operation is adjourned from 2:00 a.m. to 5:00 a.m. everyday). You may be unable to access the voting website depending on the internet connection conditions.
- 2) Enter your login ID and temporary password, both of which can be found on your ballot sheet. Enter your current password, new password and the same again for confirmation, and then click a send button. Proceed with the instructions that appear on the display and select whether you are voting in the affirmative, or the negative for each proposals.
- 3) If you exercise your voting rights both by mail and via the Internet, only those exercised via the Internet will be valid, and if you exercise your voting rights multiple times via the Internet, the last time that you exercise your voting rights shall be deemed valid.
- 4) The expenses incurred by accessing to the voting website (internet access fees, communications charges, etc.) shall be borne by shareholders.
- 5) Voting from the website can be accepted until 5:15 p.m. (JST), Thursday, June 25, 2020. However, exercising your voting rights at an earlier date is recommended. In the event of any problems with voting from the website, please contact the Help Desk below.

#### (2) Handling of Password

- 1) You will be informed of your login ID and temporary password each time a shareholders meeting is called.
- 2) The password is very important to prove your legitimacy as a shareholder of the Company, so please ensure that you do not disclose them to other people.  
Please note that the Company cannot answer any inquiries regarding your password by phone, etc.

For the e-voting system, please contact:  
 Help Desk, Securities Business Division  
**Mitsubishi UFJ Trust and Banking Corporation**  
 Telephone: 0120-173-027  
 Working hours: 9:00 a.m. to 9:00 p.m. (JST)

### 2. Exercising Your Voting Rights by Electronic voting platform

If nominal shareholders (including standing proxies), such as management trust banks, apply in advance for the use of the platform for electronic exercise of voting rights for institutional investors, which is operated by ICJ, Inc., they may utilize the said platform as a method for exercising voting rights via an electromagnetic method for this Shareholders Meeting of the Company.

## REFERENCE MATERIALS FOR THE EXERCISE OF VOTING RIGHTS

### Proposal 1: Appropriation of Dividends of Surplus for the 62nd Fiscal Year

Concerning the appropriation and year-end dividends of surplus, ROHM plans to pay out as specified below, in thorough consideration of relevant factors, including the results of the year ended March 31, 2020, financial forecasts, and future fund demands for investment in business to improve our corporate value. Accordingly, the total dividend for the year is 150 yen per share, including the interim dividend of 75 yen.

(1) Type of assets distributed: Cash

(2) Distribution of dividends of surplus and total distributed amount:

Distribution of each common share of the Company 75 yen

Total amount distributed 7,462,135,125 yen

(3) Date when the distribution takes effect: June 29, 2020

### Proposal 2: Election of Seven (7) Directors who are not Audit and Supervisory Committee Members

The terms of office for all eight (8) current Directors who are not Audit and Supervisory Committee Members will expire at the closing of this Ordinary General Shareholders Meeting.

Accordingly, it is proposed that seven (7) directors who are not Audit and Supervisory Committee Members be elected.

If this Proposal are approved, the Board of Directors of the Company will consist of six (6) Internal Directors and five (5) Outside Directors (of whom one (1) will be female).

This proposal has been determined by the Board of Directors on the basis of reports from the Officer Nomination Council, an advisory body to the Board of Directors the majority of whose members are Independent Outside Directors. And see page 6 for the opinion of the Audit and Supervisory Committee regarding this proposal.

The candidates for the directors who are not Audit and Supervisory Committee Members are as follows:

(\* New Candidate)

No.	Name (Date of Birth)	Profile, Experienced Positions and Duties, at the Company, and Important Duties outside the Company	Number of ROHM Shares Held
1	Isao Matsumoto (M) (Jan. 25, 1961)	Apr. 1985    Joined the Company Jun. 2013    Member of the Board, Director of General Manager of LSI Production Headquarters Sep. 2019    Member of the Board, Managing Executive Officer, in charge of Quality, Safety and Production May. 2020    President (Representative Director), Chief Executive Officer (Current Position)	2,200
	[Reasons for nomination as a candidate for a Director] Isao Matsumoto has attained an abundant knowledge and experience through the duties in LSI production sections mainly and he has superior ability in quality improvement and production engineering, as well as the global perspective through the management in overseas plants, contributes to improve corporate value of the whole group by strong leadership. The Company requests continued election for a Director.		
2	Katsumi Azuma (M) (Nov. 10, 1964)	Apr. 1989    Joined the Company Jun. 2013    Member of the Board, Director of Discrete Production Headquarters Jul. 2017    Member of the Board, Senior Managing Director, in charge of Discrete and Optical module Sep. 2019    Member of the Board, Senior Managing Executive Officer, in charge of Business and Strategy Jan. 2020    Member of the Board, Senior Managing Executive Officer, LSI Business Management (Current Position)	1,500
	[Reasons for nomination as a candidate for a Director] Katsumi Azuma has attained an abundant knowledge and experience in quality improvement and production engineering primarily through the duties in production sections of semiconductors and electronic components, and he has superior ability in managing and promoting business strategically. The Company requests election for a Director.		

No.	Name (Date of Birth)	Profile, Experienced Positions and Duties, at the Company, and Important Duties outside the Company	Number of ROHM Shares Held	
3	Masahiko Yamazaki (M) (Jul. 27, 1959)	Mar. 1982 Jun. 2010 Sep. 2019 Apr. 2020	Joined the Company Member of the Board, Director of Administrative Headquarters Member of the Board, Senior Corporate Officer, Director of Administrative Headquarters and CSR Headquarters Member of the Board, Senior Corporate Officer, Director of Administrative Headquarters and in charge of CSR (Current Position)	5,600
		<p>[Reasons for nomination as a candidate for a Director] Masahiko Yamazaki has attained an abundant knowledge and experience through the duties in the administration sections such as general affairs, human resources and legal affairs, and he has superior ability in managing administration sections of the ROHM Group. The Company requests continued election for a Director.</p>		
4	Kunio Uehara (M) (May. 8, 1960)	Mar. 1983 Jun. 2018 Sep. 2019	Joined the Company Member of the Board, in charge of Finance Member of the Board, Senior Corporate Officer, Director of Accounting & Finance Headquarters (Current Position)	2,113
		<p>[Reasons for nomination as a candidate for a Director] Kunio Uehara has attained an abundant knowledge and experience through the duties of the accounting and financial, and he has superior ability in carrying out the strategic financial operations of the ROHM Group. The Company requests continued election for a Director.</p>		
5	Tetsuo Tateishi (M) (Sep. 24, 1963)	Jul. 2014 Jun. 2019 Sep. 2019 Jan. 2020	Joined the Company Member of the Board, Director of LSI Development Headquarters Member of the Board, Senior Corporate Officer, Director of LSI Development Headquarters Member of the Board, Senior Corporate Officer, Director of LSI Business Unit (Current Position)	200
		<p>[Reasons for nomination as a candidate for a Director] Tetsuo Tateishi has attained highly specialized expertise and abundant experience as an LSI developer, and he is familiar with a broad range of LSI technologies and he has superior ability in carrying out business strategically. The Company requests continued election for a Director.</p>		
6	Koichi Nishioka (M) (May. 11, 1946)	Apr. 1971 Mar. 1991 Apr. 2003 Apr. 2008 Jun. 2011	Reporter working at the Editorial Office of Nikkei, Inc. Editorial Writer & Member of Nikkei, Inc. Columnist of Nikkei, Inc. Professor of Senshu University and Visiting Columnist of Nikkei, Inc. Member of the Board (Current Position)	0
		<p>[Reasons for nomination as a candidate for a Director] Koichi Nishioka has given advices and suggestions to the Company in terms of management and other issues by sharing broad-based insight and rich experience as a longtime economic press reporter. Though never having previously engaged in company management in any way other than serving as outside director, the Company is certain that he will carry out his duties as an Independent Outside Director properly for these reasons. The Company requests continued election for an Outside Director.</p>		
7	* Kazuhide Ino (M) (Mar. 31, 1970)	Apr. 1999 Sep. 2019 Jan. 2020	Joined the Company Corporate Officer, Director of Power Device Production Headquarters Corporate Officer, Director of Power Device Business Unit (Current Position)	471
		<p>[Reasons for nomination as a candidate for a Director] Kazuhide Ino has attained an abundant knowledge and experience through duties as a LSI and Power device developer. Especially, he has a superior ability to promote Power device business which is one of ROHM Groups' advantages. The Company requests election for a Director.</p>		

(Notes)

1. Isao Matsumoto was appointed as President (Representative Director) and Chief Executive Officer as of May 11, 2020.
2. Koichi Nishioka is a candidate for the position of Outside Director of the Company. He satisfies the “Independence Standards for Outside Officers” of the Company on page 7, it has been judged that they are fully independent with no risk for conflict of interest with general shareholders. The Company has designated Koichi Nishioka as an Independent Director/Company Auditor pursuant to the rules of the Tokyo Stock Exchange, and reported that information to the Exchange.
3. Pursuant to Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation of the Company, the Company has entered into a contract with Koichi Nishioka that limits his liability specified in Article 423, Paragraph 1 of the Companies Act to the minimum liability amount as specified in Article 425, Paragraph 1 of the Companies Act. If his reelection is approved, the Company will continue the contract with him.
4. Koichi Nishioka is currently an Outside Director of the Company and as of the closing of this General Meeting, his term of office as an Outside Director will reach nine years.

### **Proposal 3: Determination of Remuneration for Granting Restricted Shares to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)**

With regard to remuneration of the Company’s Directors who are not Audit and Supervisory Committee Members, the annual amount of up to 900 million yen was approved by resolution of the 61st Ordinary General Meeting of Shareholders held on June 27, 2019 (of which, the amount of remuneration for Outside Directors shall not exceed 100 million yen; This does not, however, include employee salaries of Directors who serve concurrently as employees).

The Company hereby proposes payment of remuneration for granting the restricted shares to Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors; hereinafter the “Eligible Directors”) as a part of its efforts to review the remuneration plan in a framework that is separate to the remuneration amount described above with the aim of giving incentives to the Eligible Directors for sustainable growth in our corporate value and making them further share values with our shareholders.

The remuneration to be paid to Eligible Directors for granting the restricted shares based on this proposal shall be Monetary claims( hereinafter “the Monetary Remuneration Claims”), and their total amount shall be 100 million yen or less per year (, which does not include employee salaries of Directors who serve as employees), the level of amount deemed as reasonable in light of the aforementioned objective. Also, specific timing of payment and allocation of such remuneration to each Director shall be determined by the Board of Directors on the basis of reports from the Officer Nomination Council. Note, however, the remuneration for granting restricted shares shall not be provided to Outside Directors.

The Company currently has eight (8) Directors (exclusive of Directors who are Audit and Supervisory Committee) including an Outside Director. If Proposal 2: “Election of Seven (7) Directors who are not Audit and Supervisory Committee Members” is proposed, the Company shall have six (6) Eligible Directors.

In addition, Eligible Directors shall pay all of the Monetary Remuneration Claims to be provided under this proposal in the form of property contributed in kind in accordance with resolution of the Board of Directors of the Company, and shall receive common shares of the Company that shall be issued or disposed of by the Company. The total number of common shares of the Company to be issued or disposed of thereby shall be 50,000 shares or less per year (provided, however, that if either a share split of common shares of the Company (including any allotment of common shares of the Company without contribution) or a share consolidation is carried out effective on or after the day on which this proposal is approved, adjustments shall be made as needed, to a reasonable extent, to the total number of the shares in proportion to the split or the consolidation on or after such split or consolidation takes effect). The amount to be paid in per share shall be determined by the Board of Directors based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day immediately before each date of resolution by the Board of Directors (if there is no closing price on such date, the closing price of the closest preceding trading day), which will be within the range not specially advantageous to Eligible Directors who are to be granted the common shares. For the issuance or disposal of the common shares of the Company, an agreement on allotment of shares with transfer restrictions that includes mostly the following provisions (hereinafter the “Allotment Agreement”) shall be entered into between the Company and each Eligible Director.

#### **(1)Transfer Restriction Period**

Eligible Directors shall not transfer, create a security interest on, or otherwise dispose of the Common Shares (hereafter “the Allotted Shares”) for a period of thirty years that starts from the allotment date of Allotted Shares determined in advance by the Board of Directors of the Company (hereinafter “the Restricted Period”).

(2) Treatment at the Time of Resignation

If Eligible Directors retires from his or her position of the board before expiration of the Transfer Restriction Period, the Company shall automatically acquire the Allotted Shares with no compensation, except in the case of the resignation or retirement with reasonable grounds includes expiration of term of office or death.

(3) Lifting the Restriction on Transfer

Notwithstanding the provision in (1) above, the Company shall cancel the Transfer Restrictions for all of the Allotted Shares as of the time when the Transfer Restriction Period expires, on the condition that the Directors Covered by the Plan have maintained the status of Directors continuously during the Transfer Restriction Period. However, in the case that said Directors covered by the Plan leave the posts stipulated in (2) above before the Transfer Restriction Period expires for any of the reasons that the Board of Directors of the Company recognizes to be legitimate stipulated in (2) above, the number of the Allotted Shares for which the Transfer Restrictions are cancelled and the timing of the cancellation of the Transfer Restrictions shall be reasonably adjusted as necessary. Furthermore, in the case provided for above, the Company shall acquire at no cost the Allotted Shares for which the Transfer Restrictions have not been cancelled, at the time immediately after the cancellation of Transfer Restrictions.

(4) Treatment in the Event of Organizational Restructuring, etc.

Notwithstanding the provision in (1) above, merger agreements under which the Company becomes the disappearing company, share exchange agreements or share transfer plans under which the Company becomes a wholly owned subsidiary of another company, or any other organizational restructuring, etc. are approved at the Ordinary General Shareholders Meeting of the Company (or the Meeting of the Board of Directors of the Company in the case that approval by the Ordinary General Meeting of Shareholders of the Company is not required regarding the said organizational restructuring, etc.) during the Transfer Restriction Period, the Company shall cancel, by the resolution of the Board of Directors of the Company, the Transfer Restrictions before the effective date of the said organizational restructuring, etc. with regard to all or some of the Allotted Shares based on the period from the date the Restricted Period begins to the date such organizational restructuring takes effect. Furthermore, in the case provided for above, the Company shall acquire at no cost the Allotted Shares for which the Transfer Restrictions have not been cancelled, at the time immediately after the cancellation of Transfer Restrictions.

(5) Other Matters Determined by the Board of Directors

Other matters regarding the Allotment Agreement shall be determined by the Company's Board of Directors.

This proposal has been determined by the Board of Directors on the basis of reports from the Director Remuneration Council, an advisory body to the Board of Directors the majority of whose members are Independent Outside Directors. And see below for the opinion of the Audit and Supervisory Committee regarding this proposal.

### **Opinion of the Audit and Supervisory Committee**

The Audit and Supervisory Committee deliberated the discussions about the election of the Company's Members of the Board of Directors (excluding Members of the Board of Directors who are Audit and Supervisory Committee Members, the same shall apply hereinafter) in the Officer Nomination Advisory Council and about their remuneration in the Director Remuneration Council. Regarding the nomination of candidates for Director, the Audit and Supervisory Committee judged that the procedures for deciding candidates are appropriate, and that each candidate is suitably qualified to be a Member of the Board of Directors based on the evaluation of the status of business execution and business performance of the respective candidate for the fiscal year under review, the candidate's comments in the Board of Directors meetings, and the candidate's career history, etc. up until present. The Audit and Supervisory Committee also judged that the procedures for deciding remuneration for Members of the Board of Directors are appropriate and the details of the remuneration, etc. are suitable based on the verification made on such matters as the remuneration system and the specific computation method for the amount of remuneration.

## **Independence Standards for Outside Officers**

The Company appoints only persons who do not fall into any of the following categories of persons as its Outside Officers.

1. A major shareholder<sup>1</sup> of the Company or a person who executes the business<sup>2</sup> of the said shareholder;
2. A person who executes the business of a company of which the Company is a major shareholder;
3. A major customer<sup>3</sup> of the Group or a person who executes the business of that major customer;
4. An organization for whom the Group is a major customer<sup>4</sup> or a person who executes the business of said organization;
5. A consultant, accounting expert or legal expert who, in addition to director's remuneration, receives money or other assets exceeding a certain amount<sup>5</sup> from the Group (and, if such consultant, accounting expert or legal expert is an organization, a person who belongs to the said organization);
6. A person who receives donations or grants exceeding a certain amount<sup>6</sup> from the Group (or a director or a person who executes the business of the organization or the association which receives donations or grants exceeding the same amount from the Group);
7. A partner, member or employee of the Independent Auditor of the Company;
8. A person who executes the business of a major lender of the Company<sup>7</sup>;
9. A person who fell into any of the categories described in 1 to 8 above in the last three years;
10. An organization a director of whom comes from the Group or a person who executes the business of the said organization, or;
11. The spouse of an important person who executes the business<sup>8</sup> of the Group or a relative of that person within the second degree of relationship.

(Enacted on November 5, 2015)

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<sup>1</sup> A major shareholder means a shareholder holding at least 10% of the total voting rights of the Company.

<sup>2</sup> A person who executes business means a director, an executive officer, a member or an employee.

<sup>3</sup> A major customer means a company whose payments account for over 2% of annual consolidated sales of the Company.

<sup>4</sup> An organization for whom the Group is a major customer means a company with over 2% in annual sales coming from the Company.

<sup>5</sup> A certain amount means ten million yen per year for an individual and over 2% of total revenue for an organization.

<sup>6</sup> A certain amount means over ten million yen per year.

<sup>7</sup> A major lender of the Company means a lender from which an amount exceeding 2% of total consolidated assets of the Company is borrowed.

<sup>8</sup> An important person who executes business means a director (excluding outside directors) or a person in the senior management position of general manager or above.

## **Business Report**

For the period from April 1, 2019 to March 31, 2020

### **1. Present Status of ROHM Group**

#### **(1) Business Progress and Results**

##### **Overall Review of Results of Operations**

The world economy in the fiscal year ended in March 2020 faced difficult challenges as it continued to struggle primarily due to the ongoing U.S.-China trade friction and China's economic slowdown and, from the beginning of 2020, the global outbreak of the new coronavirus (COVID-19) started to take a heavy toll on industrial production and consumer spending in China and around the world.

By region, in the United States, capital spending remained constrained in the private sector and the growth of consumer spending slowed. In China, the growth of consumer spending remained sluggish throughout 2019 and started decelerating sharply from the beginning of 2020. Economic growth in Europe and Asia remained sluggish primarily due to the impact of the economic slowdown in China. Japan's economy also faced significant challenges mainly due to a decline in capital spending and exports and a slowdown in consumer spending

In the electronics industry, the automotive electronics market generally remained sluggish primarily due to a continuing downturn in vehicle sales, despite rising demand for "safety" and "environmental performance" continuing to fuel the increasing use of in-vehicle electronics around the world. In the industrial equipment market, market conditions for machine tools and industrial machines deteriorated, and demand in the consumer product market also remained weak. Against such a backdrop, semiconductors and other electronic components continued to face challenges.

Working within this business environment, the ROHM Group continued to strengthen product lineups for the automotive electronics and industrial equipment markets – where mid- to long-term growth is expected – and to further strengthen its sales network in China. Moreover, we at the ROHM Group directed time and resources to developing new products and technologies around a core of analog solutions, power solutions, standard products and other technological fields where the ROHM Group excels, and also we established a technical support system to be used for activities such as making system solution proposals to customers.

In terms of production, we continued to improve quality and efficiency, and pushed ahead with "production innovation" by building a state-of-the-art quality management system and converting our production sites into smart factories (\*1). In addition, we undertook efforts to implement the centralized management of factories to ensure the further strengthening of our stable supply system and improvements in production efficiency. Furthermore, we constructively invested in equipment that will increase the Group's production capacity in the mid to long term. This included accelerating the construction of a new factory for producing SiC devices (\*2), which have high growth potential going forward.

Under these circumstances, consolidated net sales for the fiscal year ended on March 31, 2020 were 362,885 million yen (a decrease of 9.0% from last year) according to decrease of net sales in the consumer products market and the industrial equipment market.

Operating income was 29,489 million yen (a decrease of 47.3% from last year) according to decrease of net sales and increase of the burden ratio of the fixed cost, and net sales ratio decreased from 14.0% to 8.1%.

Ordinary income was 35,774 million yen (a decrease of 44.7% from last year) according to decrease of net sales and incurrence of foreign currency exchange loss.

Net income attributable to owners of parent was 25,632 million yen (a decrease of 43.6% from last year) according to decrease of ordinary income mainly.

And regarding to an important business performance indicator in ROHM Group, EBITDA (\*3) was 73,817 million yen (a decrease of 27.1% from last year).

\*1 Smart factory

A factory that improves product quality and production efficiency by interconnecting production systems over a network.

\*2 SiC (Silicon carbide) device

A compound semiconductor composed of Si (silicon) and C (carbon). SiC devices exponentially improve electrical power conversion efficiency over earlier Si (silicon) devices because of a higher withstand voltage, lower ON resistance and faster operating speed. They also operate stably at high temperatures.

\*3 EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)

EBITDA is a measure calculated by taking Earnings Before Taxes and adding Interest, Depreciation and Amortization, and it is global common in comparing company's earnings capacities. ROHM Group calculate it by simply taking Operation Profit and adding Depreciation and Amortization.

## Overview of performance in each segment

### <LSI>

Consolidated net sales for the year ended March 31, 2020 were 170,432 million yen (a decrease of 7.0% from last year) and segment income was 12,578 million yen (a decrease of 21.3% from last year). In the automotive electronics market, although an increased number of isolated gate driver ICs (\*4) for xEV (\*6) and power ICs for car bodies and advanced driver-assistance systems (ADAS) were newly adopted, sales of driver ICs for automotive infotainment (\*7), a mainstay of the market, decreased due to market downturn. In the industrial equipment market, sales of ICs for the factory automation (FA) market, such as motor-driver ICs and power ICs, decreased. In the consumer product market, sales of ICs for smartphones, personal computers (PC), televisions and other audio-visual products were generally challenging.

\*4. Isolated gate driver IC

A gate driver IC for driving power semiconductors like IGBT (\*5). By incorporating an isolated element in a gate driver, external isolating components that are critical to protecting people and systems have become unnecessary.

\*5. IGBT (Insulated Gate Bipolar Transistor)

A bipolar transistor that lessens the operating resistance by incorporating a MOSFET for the gate. Suited for high current switching, IGBTs are often used for power control applications.

\*6. xEV

A collective acronym for vehicles that use an electric power drive such as electric vehicles (EV), hybrid vehicles (HV) and plug-in hybrid vehicles (PHV).

\*7. Infotainment

A collective term, mainly for automotive use, for systems that provide a combination of entertainment and information.

### <Discrete semiconductor devices>

Consolidated net sales for the year ended March 31, 2020 were 139,038 million yen (a decrease of 9.0% from last year) and segment income was 10,407 million yen (a decrease of 65.4% from last year). With regard to transistors, sales for PC storage applications increased, but sales for the consumer product and industrial equipment markets, among other things, remained challenging. As for diodes, sales for smartphone applications increased, but sales for the automotive electronics market, especially those for infotainment applications, decreased. Regarding power devices, IGBT sales grew but SiC device sales declined, adversely affected by deteriorating conditions in the automotive electronics and industrial equipment markets. Likewise, light-emitting diode (LED) sales for the consumer product and industrial equipment markets declined. Laser diode sales also decreased, especially in the consumer product market.

### <Modules>

Consolidated net sales for the year ended March 31, 2020 were 33,275 million yen (a decrease of 17.1% from last year) and segment income was 3,491 million yen (a decrease of 41.0% from last year). With regard to printheads, sales for mobile payment terminals and other applications fell. As for optical modules, while sales of sensor modules for smartphones declined, sales for the automotive electronics market grew with an increased adoption of automotive LED modules for rear lights.

### <Others>

Consolidated net sales for the year ended March 31, 2020 were 20,139 million yen (a decrease of 11.1% from last year) and segment income was 1,948 million yen (a decrease of 52.4% from last year). With regard to resistors, in the automotive electronics market, sales for car body applications increased, while sales for infotainment applications declined the most. Resistor sales also declined in the consumer product market. Sales of tantalum capacitors also fell, especially in the PC market.

The net sales mentioned above are sales to external customers.

## (2) Capital Expenditures

In this period, the Group invested 38,941 million yen in total in facilities to pursue the improvement and expansion of the development and manufacturing system as well as drastic streamlining. A breakdown of investment by segment is as follows:

LSI	8,550	million yen
Discrete Semiconductor Devices	22,001	million yen
Modules	1,922	million yen
Others	2,735	million yen
Sales and Administrative Expenses Division	3,731	million yen

## (3) Financing

The capital expenditures and others during this period were funded through internal funding. No financing through stock issuance, bond issuance and borrowing was carried out. In addition, the Company issued Zero Coupon Convertible Bonds due 2024 on Dec 5th 2019 in order to fund part of repurchase shares. Thus the Company funded 41 billion yen.

## (4) Priority Issues

The world electronics market is expected to see continued growth over the mid- to long-term because of growing demand for energy saving and increased use of electronics in automobiles, but this will also bring greater competition when it comes to technologies. This will likely augment the pressure to supply internationally competitive products, which means that new products and technologies will have to be developed for global markets and costs will have to be reduced across the board.

Understanding the circumstances, the ROHM Group will continue to direct efforts at developing high value-added products that anticipate industry needs in a wide range of markets, including automotive electronics, industrial equipment, information and communications, and white goods.

Moreover, in order to serve expanding overseas markets, the ROHM Group will continue to strengthen our development and sales structures around the world.

In addition, we will continue to strengthen CSV activities as a contribution to the realization of a sustainable society, and our risk management system in order to maintain business intact in the face of potential and actual risks.

Since early 2020, the global outbreak of COVID-19 has had wide-ranging global impacts, causing a sharp decline in consumer spending and seriously disrupting companies' activities, such as the procurement of parts and materials, production and logistics. Currently, no one seems to be able to say when the COVID-19 outbreak will end. As COVID-19-related restrictions are imposed on our production and sales activities around the world, including in China, the Philippines and Malaysia, the ROHM Group's business activities are being severely restricted, resulting in temporary production suspensions or lower capacity utilization.

Given such circumstances, we have taken steps to strengthen the biosecurity system at our production and sales bases around the world, implement measures to maintain the health of the ROHM Group's employees and ensure the continuation of a stable supply system to customers. At the same time, by taking into consideration the possibility that the impact of the COVID-19 outbreak may continue for an extended period of time, we have implemented a variety of financial stabilization measures, including establishing commitment lines.

**(5) Operating Results and Financial Position of the ROHM Group** (Millions of yen otherwise noted)

Item	Mar-2017	Mar-2018	Mar-2019	(Current period) Mar-2020
Net Sales	352,010	397,106	398,989	362,885
Ordinary Income	35,579	54,213	64,689	35,774
Net Income Attributable to Owners of the Parent	26,432	37,249	45,441	25,632
Net Income per Share (yen)	249.87	352.14	431.29	247.65
Total Assets	834,503	864,072	874,427	848,873
Equity	725,452	751,877	766,754	715,479

(Notes) 1. These values are rounded down to the nearest million except for the net income per share for the period, rounded down to two decimal places.

2. Net income per share for the period is calculated based on the average number of shares during the period after deduction of the number of treasury stock.

**(Reference) Operating Results and Financial Position of the Company** (Millions of yen otherwise noted)

Item	Mar-2017	Mar-2018	Mar-2019	(Current Period) Mar-2020
Net Sales	303,279	348,737	342,360	309,598
Ordinary Income	21,060	42,935	44,034	24,501
Net Income	20,187	26,784	35,372	21,606
Net Income per Share (yen)	190.85	253.21	335.87	209.04
Total Assets	521,498	540,135	528,371	518,473
Equity	442,278	456,341	456,060	413,884

(Notes) 1. These values are rounded down to the nearest million except for the net income per share for the period, rounded down to two decimal places.

2. Net income per share for the period is calculated based on the average number of shares during the period after deduction of the number of treasury stock.

**(6) Main Business Segments**

The Group's main operations are the manufacturing and sales of electronic components. The main products and business segments are as follows:

(As of March 31, 2020)

Segment Name	Main products and business
LSI	Analog ICs, Logic ICs, Memory ICs, MEMS
Discrete semiconductor devices	Diodes, Transistors, Light Emitting Diodes, Laser Diodes
Modules	Printhead Products, Optical Modules, Power Modules
Others	Resistors, Tantalum Capacitors,

**(7) Main Business Sites**

(As of March 31, 2020)

	Name	Location
ROHM CO., LTD.	Head Office/Factory Kyoto Technology Center Yokohama Technology Center Kyoto Business Center Tokyo Business Center Yokohama Business Center Nagoya Business Center	Kyoto Kyoto Kanagawa Kyoto Tokyo Kanagawa Aichi
Manufacturing	ROHM HAMAMATSU CO., LTD. ROHM WAKO CO., LTD. ROHM APOLLO CO., LTD. ROHM MECHATECH CO., LTD. ROHM SHIGA CO., LTD. (*) LAPIS SEMICONDUCTOR CO., LTD. LAPIS SEMICONDUCTOR MIYAGI CO., LTD. LAPIS SEMICONDUCTOR MIYAZAKI CO., LTD. ROHM KOREA CORPORATION ROHM ELECTRONICS PHILIPPINES, INC. ROHM INTEGRATED SYSTEMS (THAILAND) CO., LTD. ROHM SEMICONDUCTOR (CHINA) CO., LTD. ROHM ELECTRONICS DALIAN CO., LTD. ROHM WAKO ELECTRONICS (MALAYSIA) SDN., BHD. ROHM MECHATECH PHILIPPINES, INC. ROHM MECHATECH (THAILAND) CO., LTD. KIONIX, INC. SICRYSTAL GmbH	Shizuoka Okayama Fukuoka Kyoto Shiga Kanagawa Miyagi Miyazaki Korea Philippines Thailand China China Malaysia Philippines Thailand U.S.A. Germany
Sales	ROHM SEMICONDUCTOR KOREA CORPORATION ROHM SEMICONDUCTOR (SHANGHAI) CO., LTD. ROHM SEMICONDUCTOR (BEIJING) CO., LTD. ROHM SEMICONDUCTOR (SHENZHEN) CO., LTD. ROHM SEMICONDUCTOR (H.K.) CO., LTD. ROHM SEMICONDUCTOR TAIWAN CO., LTD. ROHM SEMICONDUCTOR SINGAPORE PTE. LTD. ROHM SEMICONDUCTOR PHILIPPINES CORPORATION ROHM SEMICONDUCTOR (THAILAND) CO., LTD. ROHM SEMICONDUCTOR MALAYSIA SDN. BHD. ROHM SEMICONDUCTOR INDIA PVT. LTD. ROHM SEMICONDUCTOR U.S.A., LLC ROHM SEMICONDUCTOR GmbH	Korea China China China China Taiwan Singapore Philippines Thailand Malaysia India U.S.A. Germany
Logistics	ROHM LOGISTEC CO., LTD.	Okayama

\* On Apr. 1st 2020, ROHM SHIGA CO., LTD. was merged into the Company.

**(8) Employees**

(As of March 31, 2020)

Segment Name	Number of Employees	Change from the Previous Fiscal Year	Average Service Years
LSI	22,191	Decrease by 708 employees	11.5 years
Discrete semiconductor devices			
Modules			
Others			
Sales and administrative expenses division			

(Notes) 1. The value of the average service years is rounded down to one decimal place.

2. The number of employees includes, in addition to full-time employees, 197 regular workers based on fixed-term employment contracts.

**(9) Summary of Important Subsidiaries**

(As of March 31, 2020)

Company Name	Capital	Voting Right Ratio by ROHM	Main Business
ROHM HAMAMATSU CO., LTD.	Million yen 10,000	100.0%	Manufacture of electronic components
ROHM APOLLO CO., LTD.	Million yen 450	100.0	Manufacture of electronic components
LAPIS SEMICONDUCTOR CO., LTD.	Million yen 400	100.0	Manufacture of electronic components
ROHM ELECTRONICS PHILIPPINES, INC.	Thousand peso 1,221,563	100.0	Manufacture of electronic components
ROHM INTEGRATED SYSTEMS (THAILAND) CO., LTD.	Thousand baht 1,115,500	100.0	Manufacture of electronic components
ROHM SEMICONDUCTOR (CHINA) CO., LTD.	Million yen 16,190	100.0	Manufacture of electronic components
ROHM ELECTRONICS DALIAN CO., LTD.	Million yen 9,417	100.0	Manufacture of electronic components
ROHM SEMICONDUCTOR (H.K.) CO., LTD.	Thousand HK\$ 27,000	100.0	Sales of electronic components
ROHM U.S.A., INC.	Thousand US\$ 253,642	100.0	Administrative responsibility for subsidiaries in North and South America
ROHM ELECTRONICS EUROPE LTD.	Thousand UK£ 101,037	100.0	Administrative responsibility for subsidiaries in Europe
ROHM ELECTRONICS ASIA PTE. LTD.	Thousand S\$ 90,630	100.0	Administrative responsibility for subsidiaries in Asia and others

(Notes) 1. Amounts of capital and voting right ratios are rounded down to the nearest million (in yen) or the nearest thousand (in foreign currencies), and to one decimal places, respectively.

2. Voting right ratio by ROHM includes indirect holdings through subsidiaries.

**2. Status of Shares**

**(1) Total Number of Shares Authorized to be Issued** 300,000,000

**(2) Total Number of Shares Issued** 110,000,000

(Including 10,504,865 shares of treasury stock)

**(3) Total Number of Shareholders as of March 31, 2020** 26,013

**(4) Major Shareholders (Top 10 Shareholders)**

(As of March 31, 2020)

Name	Number of Shares Held (Thousands of shares)	Ownership
Rohm Music Foundation	10,385	10.43%
The Master Trust Bank of Japan, Ltd. (Trust account)	8,375	8.41-
Japan Trustee Service Bank, Ltd. (Trust account)	6,190	6.22-
The Bank of Kyoto, Ltd.	2,606	2.62-
Japan Trustee Service Bank, Ltd. (Trust account 9)	2,009	2.01-
GIC PRIVATE LIMITED - C	1,896	1.90-
JP MORGAN CHASE BANK 385151	1,815	1.82-
Japan Trustee Service Bank, Ltd. (Trust account 5)	1,809	1.81-
STATE STREET BANK AND TRUST COMPANY 505001	1,539	1.54-
STATE STREET BANK WEST CLIENT - TREATY 505234	1,431	1.43-

(Notes) 1. The number of shares less than one thousand shares and the percentage of ownership less than two decimal places are rounded down to the nearest unit, respectively.

2. 10,504 thousand shares of treasury stock are excluded from the above calculation.

3. Ownership is calculated by deducting the number of treasury stock from the total number of shares issued.

4. In the fiscal year ended in March 2020, Rohm Music Foundation became a newly principal stockholder.

### 3. Directors and Company Auditors of the Company

#### (1) Directors and Company Auditors

(As of March 31, 2020)

Position	Name	Positions at the Company and Important Duties outside the Company
* President, Chief Executive Officer Member of the Board, Senior Managing Executive Officer	Tadanobu Fujiwara	
Member of the Board, Managing Executive Officer	Katsumi Azuma	LSI Business Management
Member of the Board, Senior Corporate Officer	Isao Matsumoto	In charge of Quality · Safety · Production
Member of the Board, Senior Corporate Officer	Masahiko Yamazaki	Director of Administrative Headquarters and CSR Headquarters
Member of the Board, Senior Corporate Officer	Yoshiaki Suenaga	Director of System Solutions Engineering Headquarters
Member of the Board, Senior Corporate Officer	Kunio Uehara	Director of Accounting & Finance Headquarters
Member of the Board, Senior Corporate Officer	Tetsuo Tateishi	Director of LSI Business Unit
Member of the Board	Koichi Nishioka	
Member of the Board, Audit and Supervisory Committee Member (Full-Time)	Hiroyuki Nii	
Member of the Board, Audit and Supervisory Committee Member	Hidero Chimori	Partner of Miyake & Partners (Attorney at Law), Outside Director of Kobe Steel, Ltd.
Member of the Board, Audit and Supervisory Committee Member	Toshiro Miyabayashi	Miyabayashi Accounting Office (CPA)
Member of the Board, Audit and Supervisory Committee Member	Kumiko Tanaka	Managing Partner of Midousuji Audit Corporation (CPA)

(Notes) 1. \* Representative Director.

2. The Company made a transition to a Company with an Audit and Supervisory Committee via the resolution of the 61st ordinary general shareholders meeting held on June 27, 2019. In addition, the Company has introduced Corporate Officer System since September, 11, 2019.
3. Koichi Nishioka, Hiroyuki Nii, Hidero Chimori, Toshiro Miyabayashi and Kumiko Tanaka are Outside Directors as provided in Article 2, Item 15, of the Companies Act.
4. The Company has designated Koichi Nishioka, Hiroyuki Nii, Hidero Chimori, Toshiro Miyabayashi and Kumiko Tanaka as Independent Directors pursuant to the rules of the Tokyo Stock Exchange, and reported that information to the Exchange.
5. Toshiro Miyabayashi and Kumiko Tanaka are certified public accountants and are duly informed of finances and accounting.
6. Hiroyuki Nii is a full-time Audit and Supervisory Committee Member. In order to strengthen audit and supervisory function of the Audit and Supervisory Committee through designing an environment for audits, collecting internal information, auditing daily status of designing the internal control system, and cooperating with the Internal Audit Division.
7. Although there are business relationships between the Company and Kobe Steel, Ltd., there are no special relationships that require disclosure. In addition, Hidero Chimori is scheduled to resign a Outside Director of Kobe Steel, Ltd., at its 167th Ordinary General Meeting of Shareholders scheduled in June 2020.
8. There are no special relationships between the Company and the entities where Outside Directors hold concurrent positions.
9. Changes in the Member of the Board and the Company Auditors during this fiscal year were as specified below.

#### (1) New appointments

- 1) Tetsuo Tateishi was newly elected and appointed as a Member of the Board at the 61st Ordinary General Shareholders Meeting of June 27, 2019.
- 2) Along with a transition to a Company with an Audit and Supervisory Committee, Hiroyuki Nii and Hidero Chimori resigned from the position of Company Auditor and were newly elected and appointed as Member of the Board (Audit and Supervisory Committee Member) at the 61st Ordinary General Shareholders Meeting of June 27, 2019.

- 3) Toshiro Miyabayashi and Kumiko Tanaka were newly elected and appointed as a Member of the Board (Audit and Supervisory Committee Member) at the 61st Ordinary General Shareholders Meeting of June 27, 2019.
- (2) Retirements
- 1) Shinichi Yoshimi and Hachiro Kawamoto resigned from the position of Member of the Board as of the closing of the 61st Ordinary General Shareholders Meeting of June 27, 2019.
  - 2) Along with a transition to a Company with an Audit and Supervisory Committee, Yoshiaki Shibata and Shinya Murao resigned from the position of Company Auditor as of the closing of the 61st Ordinary General Shareholders Meeting of June 27, 2019.
  - 3) Kenichiro Sato resigned from the position of Member of the Board by passing away as of January 15, 2020.
- (3) Changes in positions
- 1) Tadanobu Fujiwara was appointed as President (Representative) and Chief Executive Officer as of September 11, 2019.
  - 2) Katsumi Azuma was appointed as Member of the Board, Senior Managing Executive Officer as of September 11, 2019.
  - 3) Isao Matsumoto was appointed as Member of the Board, Managing Executive Officer as of September 11, 2019.
  - 4) Masahiko Yamazaki, Yoshiaki Suenaga, Kunio Uehara and Tetsuo Tateishi were appointed as Member of the Board, Senior Corporate Officer as of September 11, 2019.
- (4) Changes in duties
- 1) Katsumi Azuma's position was changed from in charge of Development, Production and Corporate Marketing Strategy to in charge of Business and Strategy as of June 27, 2019, and from in charge of Business and Strategy to LSI Business Management as of January 25, 2020.
  - 2) Isao Matsumoto's position was changed from in charge of Wafer Process to Director of WP Production Headquarters as of June 27, 2019, and from Director of WP Production Headquarters to in charge of Quality, Safety and Production as of September 11, 2019.
  - 3) Masahiko Yamazaki's position was changed from in charge of General Affairs, Environment and CSR to Director of Administrative Headquarters and CSR Headquarters as of June 27, 2019, and from Director of Administrative Headquarters and CSR Headquarters to Director of Administrative Headquarters and in charge of CSR as of April 11, 2020.
  - 4) Yoshiaki Suenaga's position was changed from in charge of Application Engineer to in charge of System Solutions Engineering as of June 11, 2019, and from in charge of System Solutions Engineering to Director of System Solutions Engineering Headquarters as of June 27, 2019.
  - 5) Kunio Uehara's position was changed from in charge of Finance to Director of Accounting Headquarters as of June 27, 2019, and from Director of Accounting Headquarters to Director of Accounting & Finance Headquarters as of September 11, 2019.
  - 6) Tetsuo Tateishi's position was changed from Director of LSI Development Headquarters to Director of LSI Business Unit as of January 25, 2020.

## (2) Overview of the Contents of Contracts for Limitation of Liability

Pursuant to Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation of the Company, the Company has entered into contracts with all Outside Directors that limit their liabilities specified in Article 423, Paragraph 1 of the Companies Act to the minimum liability amount as specified in Article 425, Paragraph 1 of the Companies Act.

## (3) Total Remunerations for Directors and Company Auditors

Position	Number of Members	Remuneration
Directors (excluding Audit and Supervisory Committee Members) (Outside Directors).	11 (2)	299 million yen (14)
Directors (Audit and Supervisory Committee Members) (Outside Directors)	4 (4)	37 (37)
Company Auditors (Outside Company Auditors)	4 (4)	13 (13)
Total (Outside Officers)	19 (10)	350 (65)

- (Notes) 1. The table above includes two Directors (of whom one is Outside Director) and two Company Auditors (of whom two are Outside Company Auditors) who resigned as of the closing of the 61st Ordinary General Shareholders Meeting of June 27, 2019, and one Director (excluding Audit and Supervisory Committee Member) resigned by passing away as of January 15, 2020.  
Note that the Company made a transition from a Company with Board of Company Auditors to a Company with an Audit and Supervisory Committee as of June 27, 2019.
2. Directors' remunerations do not include the amount paid as salary for employees to those Directors who are also employees.
3. The total amount of Directors' remuneration before a transition to a Company with an Audit and Supervisory Committee is limited to 600 million yen per year based on the resolution of the 48th Ordinary General Shareholders Meeting held on June 29, 2006.  
And the total amount of Directors' (excluding Audit and Supervisory Committee Members) remuneration after a transition to a Company with an Audit and Supervisory Committee is limited to 900 million yen (including no more than 100 million yen Outside Directors) per year based on the resolution of the 61st Ordinary General Shareholders Meeting held on June 27, 2019.
4. The total amount of Directors' (Audit and Supervisory Committee Members) remuneration is limited to 100 million yen per year based on the resolution of the 61st Ordinary General Shareholders Meeting held on June 27, 2019.
5. The total amount of Company Auditors' remuneration is limited to 6 million yen per month based on the resolution of the 36th Ordinary General Shareholders Meeting held on June 29, 1994.

#### (4) Main Activities of Outside Director and Outside Company Auditors

Position	Name	Main Activity
Member of the Board	Koichi Nishioka	Attended all 16 meetings of Board of Directors during the fiscal year ended March 31, 2020 (including participation in 2 resolution deemed to have been made in writing). Provides opinions based on experience and knowledge as a longtime economic press reporter.
Member of the Board, Audit and Supervisory Committee Member (Full-Time)	Hiroyuki Nii	Attended all 16 meetings of Board of Directors during the fiscal year ended March 31, 2020 (including participation in 2 resolution deemed to have been made in writing). Attended all 16 meetings of the Board of Company Auditors and the Audit and Supervisory Committee. Provides opinions regarding corporate management, etc., from a comprehensive point of view, based on experience and knowledge at a financial institution, and his position and experience as the full-time Audit and Supervisory Committee Member.
Member of the Board, Audit and Supervisory Committee Member	Hidero Chimori	Attended all 16 meetings of Board of Directors during the fiscal year ended March 31, 2020 (including participation in 2 resolution deemed to have been made in writing). Attended all 16 meetings of the Board of Company Auditors and the Audit and Supervisory Committee. Provides opinions regarding corporate management, etc., principally from a professional point of view as a lawyer.
Member of the Board, Audit and Supervisory Committee Member	Toshiro Miyabayashi	Attended all 13 meetings of Board of Directors during the fiscal year ended March 31, 2020 (including participation in 2 resolution deemed to have been made in writing) after appointment. Attended all 12 meetings of the Audit and Supervisory Committee. Provides opinions regarding corporate management, etc., principally from a professional point of view as a certified public accountant (CPA).
Member of the Board, Audit and Supervisory Committee Member	Kumiko Tanaka	Attended all 13 meetings of Board of Directors during the fiscal year ended March 31, 2020 (including participation in 2 resolution deemed to have been made in writing) after appointment. Attended all 12 meetings of the Audit and Supervisory Committee. Provides opinions regarding corporate management, etc., principally from a professional point of view as a certified public accountant (CPA).

#### 4. Independent Auditor

##### (1) Name of the Independent Auditor

Deloitte Touche Tohmatsu LLC

##### (2) Remuneration

	Remuneration
Remuneration for the Independent Auditor for the 61th Fiscal Year	101 million yen
Total Remuneration for the Independent Auditor to be Paid by the Company and Its Subsidiaries	167 million yen

(Notes) 1. The audit engagement between the Company and its Independent Auditor, Deloitte Touche Tohmatsu LLC, does not and actually cannot distinguish between remuneration based on the Companies Act and remuneration based on the Financial Instruments and Exchange Act. For this reason, the amount above includes the aggregate sum of these amounts.

2. The Audit and Supervisory Committee has verified and examined the execution of duties of accounting audit and remuneration for previous fiscal year, the contents of audit plans and the calculation basis for remuneration estimates. As a result, the Audit and Supervisory Committee agreed to the remuneration paid to the Independent Auditor.

3. Among ROHM Group's major subsidiaries, financial statements of the eight overseas subsidiaries are audited by certified public accountants or auditing firms (including those who have commensurate licenses in foreign countries) other than the Company's Independent Auditor.

##### (3) Policy Regarding Decision to Dismiss or Not to Reappoint Independent Auditor

The Audit and Supervisory Committee may dismiss the Independent Auditor based on a unanimous decision when the Audit and Supervisory Committee has decided that the Independent Auditor has violated or infringed Article 340, Paragraph 1 of the Companies Act and that such dismissal is appropriate.

The Audit and Supervisory Committee may decide the proposal regarding dismiss or not to reappoint the Independent Auditor and based on such decision the Board of Directors shall submit such proposal at the General Shareholders Meeting when it is deemed difficult for the Independent Auditors to perform audits properly due to an event that may damage their qualification or independence.

## 5. Corporate System and Policies of ROHM Group

### (1) Corporate System to Ensure Proper Operation (Internal Control System)

Regarding the reinforcement of the internal control system as one of the major corporate missions, ROHM Group intends to carry out its corporate social responsibilities by maintaining compliance of the operational processes of the entire Group. The Board of Directors of the Company has resolved the basic policies to build the internal control system and the improvement of the system, as listed below:

ROHM made a transition to a company with an Audit and Supervisory Committee on the Ordinary General Shareholders Meeting on June 27, 2019 and the detail mentioned below is the system after the transition, but even before the transition, we operated the same system about Company Auditors.

- 1) The system to ensure the compliance of the execution of duties of the Directors under applicable laws as well as the Articles of Incorporation
  - (a) In order to promote further progress of globalization, ROHM Group will not only comply with laws and regulations but also support the 10 principles of the United Nations Global Compact for a wide range of problems in the areas of human rights, labor, the environment, anti-corruption, etc. and contribute to solve these social challenges (Sustainable Development Goals) through ROHM's products, technology, and services. And the Company will promote the management focusing on CSR by complying with "ISO26000" the international standards for social responsibility, as well as the Code of Conduct of the Responsible Business Alliance (RBA).
  - (b) Directors should perform their duties based on the in-house regulations such as "ROHM Group Business Conduct Guidelines" and the Basic Rules of the Board of Directors and ensure the compliance with all applicable laws and regulations as well as the Articles of Incorporation.
  - (c) The Director or Directors who are highly informed in a specific field should be responsible for the duties related to such field, while all Directors should hold discussions and monitor each other on a daily basis concerning the respective individual fields.
  - (d) Should a Director be found having committed an illegal act by another Director, it should be promptly reported to the Board of Directors and the Audit and Supervisory Committee.
  - (e) Independent Outside Directors should regularly hold the meeting to exchange information and opinions with each other and constantly check that Directors perform their duties in compliance with all applicable laws and regulations as well as the Articles of Incorporation.
  - (f) The Compliance Hotline (the internal hotline system (including the case where the hotline system independent from the management is set up at an outside law firm) and hotline system for suppliers) should be deployed to the entire ROHM Group including overseas entities to discover any illegal conduct of a Director and to prevent recurrence thereof.
  - (g) The Company establish the independent internal audit division and monitor and evaluate the effectiveness of the internal control system.
- 2) System to save and control information related to Directors' performance of duties
  - (a) Decisions regarding Directors' performance of their duties, such as the minutes of general shareholders meetings, the minutes of the meetings of the Board of Directors, executive proposals, business plans for individual fiscal years, etc., should be saved in writing. The documents should be saved and controlled in compliance with all applicable laws and regulations as well as all in-house regulations.
  - (b) The directions and notices provided to Group companies or in-house divisions concerned shall be issued via email or in writing as a rule. The directions and notices shall be saved so as to be inspected at any time by Directors and Company Auditors.
  - (c) Information related to Directors' performance of duties should be kept and controlled duly by relevant sections or divisions concerned, and the leak and unjust use of such information must be prevented by giving internal notice and information security training to all employees to ensure that they are fully aware of and comply with such rule.
- 3) Rules and other systems to control the risk of loss
  - (a) Under the CSR Committee chaired by the President himself, Committees of Corporate Safety and Health, Risk Management/BCM, Compliance, Information Disclosure, Environmental Conservation, etc. should be established as company-wide cross-sectional committees. These committees will appropriately respond to various management issues and risks in each responsible area by taking necessary measures, giving directions and solving problems.
  - (b) The Risk Management/BCM Committee should be organized to identify, analyze and control major risks that may occur in the course of the performance of business operations. In order to avoid or

minimize the effect of unforeseeable circumstances such as sudden natural disasters as much as possible and enable the survival of our business as a consequence, the Risk Management/BCM Committee will verify the activities of each section in charge of risk management, establish a business continuity plan and take any and all possible preliminary measures or preparations across ROHM Group.

- (c) As a corporate effort to eradicate antisocial groups, a Risk Management Office should be established in the Department of General Affairs. The Office should cooperate and exchange information with external specialist organizations such as the police department, promote specific actions and perform them thoroughly, to eradicate antisocial groups. In-house regulations should be established to eradicate antisocial groups and should be strictly observed. All ROHM Group employees should be informed by way of the “ROHM Group Business Conduct Guidelines”, as distributed to all employees, or by other means, that they must take a firm stand against antisocial groups. Further, the necessity of taking a firm stand against antisocial groups should be communicated to all employees through various in-house training sessions.
- 4) System to ensure that Directors perform their duties efficiently
- (a) By narrowing down the number of Directors and introducing Corporate Officer System, the Company perform the specific duties based on the segregation of duties and to realize prompt executive decision-making.
  - (b) To assist the President’s decision-making, the Company establish the Executive Meeting consists of Corporate Officers.
  - (c) Issues that may have a considerable influence on corporate management should be examined, analyzed and reported by in-house project teams established separately for individual issues. Upon completion of such examination, prompt decisions should be made by way of a meeting of Board of Directors or executive proposals, as appropriate, based on the Articles of Incorporation and in-house regulations.
  - (d) The in-house written standards of in-house control procedures regarding various managerial issues such as risk control and information control should be strictly observed.
  - (e) To increase the competitiveness of ROHM Group and to ensure a fair amount of profits, business performance targets should be established as part of annual profit-raising projects for the entire ROHM Group and individual divisions, and progress and achievement status of such projects and targets should be controlled.
- 5) System to ensure that employees perform their duties in compliance with all applicable laws and regulations as well as the Articles of Incorporation
- (a) The Compliance Committee should be organized and across-the-group compliance actions should be taken by implementing the “ROHM Group Business Conduct Guidelines”. A compliance system of the Group companies should be created based on the system of our company, and a leader for each division should be nominated as a leader to raise the awareness of the importance of compliance and to ensure the ongoing compliance of each division.
  - (b) To appropriately comply with proprietary laws and regulations in a proper manner, not only the CSR Committee but also the Corporate Safety and Health Committee, Compliance Committee, Information Disclosure Committee, and Environmental Conservation Committee, should be committed to such actions as checking the status of compliance for the entire Group and performing ongoing educational activities.
  - (c) Under the control of the Information Disclosure Committee, individual sections and divisions should properly control insider information and educate employees in the interest of and raising awareness of the importance of strict information handling, to prevent insider trading.
  - (d) The Compliance Hotline (the internal hotline system (including the case where the hotline system independent from the management is set up at an outside law firm) and hotline system for suppliers) should be deployed to the entire ROHM Group including overseas entities, to uncover any illegal conduct of an employee and to prevent any recurrence thereof.
- 6) System to ensure compliance of the Group’s corporate operations
- (a) ROHM Group shares the corporate mission and policy, which are the basis of the founding spirit of the Company, and carries out the business activities with the concerted efforts as the Group in order to enhance the corporate values of the entire Group.
  - (b) Each Committee under the Company’s CSR Committee should supervise and control Group companies comprehensively to ensure proper execution of duties in each responsible area.
  - (c) Written standards applicable to the entire ROHM Group should be established and implemented.

- (d) As a parent company, the Company appropriately associate with nominations of Directors of the group companies by establishing “The Group Company Officer Nomination Council” in the Company. Furthermore, the Company monitor appropriateness of their business executions by properly appointing Directors and Auditors in Group companies.
  - (e) As for important matters of Group companies, approvals of the Board of Directors of the Company or through executive proposals are required as well as reports are regularly made to each section of the Company, thereby the Company controls the Group companies.
  - (f) An internal control system that includes the Company and significant Group companies should be established and reinforced through a framework that ensures financial reporting compliance and through efforts to conform to the auditing system.
  - (g) The Company’s internal auditing division under the direct control of the President should perform internal audits to check each Group company’s situations of execution of duties, compliance with all applicable laws and regulations as well as in-house regulations, risk management, etc.
- 7) Directors and employees to assist the Audit and Supervisory Committee’s duties, independence of the Directors and employees from Directors (except the Company Director who are Audit and Supervisory Committee) and to ensure effectiveness of the instruction to such Directors and employees
- (a) The Company can appoint staff employees with necessary practical capabilities.
  - (b) The staff employees should not do duties related to the business execution. In the employment, transfer and evaluation of performance of those staffs, opinions from the Audit and Supervisory Committee shall be respected.
- 8) System of report to the Audit and Supervisory Committee, and system for employees not to be treated disadvantageously by the reason of such reports
- (a) Should a Director be found having committed an illegal conduct in the performance of Directors’ duties or neglected the obligation of being duly conscious as good Directors, or any fact be found having a threat to damage the Company considerably, etc. by another Director, it should be promptly reported to the Audit and Supervisory Committee.
  - (b) The meetings of committees, not only the CSR Committee but also the Risk Management/BCM Committee, Compliance Committee, and Information Disclosure Committee should be attended by full-time Audit and Supervisory Committee Member as observers, and individual committees should make periodical reports on their activities to the Audit and Supervisory Committee by submitting meeting minutes or by other appropriate means.
  - (c) A system should be retained whereby the status and results of business operations can be properly reported to the Audit and Supervisory Committee through executive proposals and reports.
  - (d) Directors and employees of the Company and Group companies should promptly make a necessary report if they are asked by the Audit and Supervisory Committee to make a report of their business operations.
  - (e) A section in charge of the Compliance Hotline should make periodical reports on situations and results thereof to the Audit and Supervisory Committee.
  - (f) If each Director or Auditor of the group company find violation of laws or the Articles of Incorporation or other in-house regulations or any fact that may damage the ROHM Group considerably regarding the execution of business, it should be promptly reported to the Audit and Supervisory Committee by those or a person who received a report from those.
  - (g) Employees that have reported to the Audit and Supervisory Committee shall not disadvantageously treated by the reason of such reports according to applicable laws and regulations as well as in-house regulations.
- 9) Other systems to ensure that the audits by the Audit and Supervisory Committee are performed effectively
- (a) Concerning the status of the operation of the internal control system, Directors should report to the Audit and Supervisory Committee where requested.
  - (b) The internal audit division should strengthen the collaboration with the Audit and Supervisory Committee and report the results of audit periodically.
  - (c) The Audit and Supervisory Committee should be all Outside Directors. the Audit and Supervisory Committee should be a strongly independent group consisting of diversified experts, including legal specialists, accounting specialists, and those who used to work for financial institutions.
  - (d) The Audit and Supervisory Committee should exchange opinions with Directors who are not Audit and Supervisory Committee Members whenever necessary.

- (e) The expenses that the Audit and Supervisory Committee deem to be necessary when they perform their duties should be borne by the Company.

## **(2) Outline of the Status of the Operation of the Corporate System to Ensure Proper Operation**

ROHM Group is striving to build the internal control system and properly operate it based on the aforementioned basic policies. The outline of the status of the operation of the internal control system during the fiscal year ended March 31, 2020 is as follows:

### 1) Compliance system

- ROHM Group not only makes all Directors and employees fully aware of the “ROHM Group Business Conduct Guidelines” as their codes of conduct to comply with when they practice the mission and policy such as “Company Mission” and “Management Policy” but also thoroughly ensures that they act according to such Guidelines.
- ROHM Group regularly holds the Compliance Committee in order to formulate a plan to reinforce the compliance system, implement education by rank and by role in accordance with the plan, send the message from the top concerning the compliance with the “ROHM Group Business Conduct Guidelines,” etc.
- ROHM Group operates the internal hotline system to prevent compliance violations, discover violations early, and take appropriate measures. ROHM Group also regularly reports the status of the operation to the Board of Directors and Company Auditors.
- The Company establish the internal audit division which is independent from business execution division and the division monitor/evaluate the effectiveness of the internal control system, and that improves transparency and effectiveness of the work.

### 2) Risk management system

- ROHM Group holds the Risk Management/BCM Committee as needed to identify, analyze and control major risks that may occur in the course of the performance of business operations. Also, in order to avoid or minimize the effect of unforeseeable circumstances such as sudden natural disasters as much as possible and enable the survival of our business as a consequence, the Risk Management/BCM Committee verifies the activities of each section in charge of risk management, establishes a business continuity plan (BCP) and takes any and all possible preliminary measures or preparations across ROHM Group.

### 3) Subsidiary management system

- ROHM Group manages Group companies by operating the system that requires the approval of the Company’s Board of Directors and final decision on executive proposals regarding important projects in Group companies, and also by each division of the Company regularly receiving the report with respect to the status of its operation.
- Based on an annual plan, the Company’s internal auditing division under the direct control of the President performs internal audits to check each Group company’s situations of execution of duties, compliance with all applicable laws and regulations as well as in-house regulations, risk management, etc., and confirms the compliance of business. Also, the results of audits are periodically reported to Directors and the Audit and Supervisory Committee.

### 4) Directors’ performance of duties

- The regular meetings of Board of Directors are held according to the annual plan and extraordinary meetings of Board of Directors are held where necessary to resolve matters stipulated in laws and regulations or Articles of Incorporation as well as matters which are important for management and to mutually supervise the performance of Directors’ duties.
- Matters to be delegated to each Director are made clear in the Basic Rules of the Board of Directors and in the in-house regulations and introducing Corporate Officer System to ensure Directors’ efficient and agile performance of their duties.
- In the Executive Meeting, the Company deliberate primary management policies, plans, and business operations in order to assist the President’s decision-making.
- Information related to Directors’ performance of duties is properly kept and controlled duly according to the in-house regulations, and the leak and unjust use of such information are prevented.

- 5) Performance of duties of the Audit and Supervisory Committee Members selected by the Audit and Supervisory Committee
- Such selected members attend not only the meetings of Board of Directors but also other important meetings such as those of the CSR Committee to offer opinions as needed.
  - Such selected members visit each division of the Company and Group companies for auditing and confirm the legality and compliance of business operations.
  - Such selected members regularly exchange information and opinions with Directors, Independent Auditor and the internal auditing division to improve effectiveness of auditing.

### **(3) Basic Policies Related to the Company's Ownership Control**

The Company's Mission has been to contribute to the advancement and progress of our culture through a consistent supply, under all circumstances, of high quality products in large volumes to the global market. We believe that fulfilling this mission creates and enhances total long-term corporate value, and at the same time promotes the common interests of all of our stakeholders including our shareholders. We understand that the Board of Directors, delegated by the shareholders, is responsible for further enhancing corporate value by fulfilling the above mission and making consistent managerial efforts for sustainable growth.

As for so-called takeover defenses, the Company believes that the best strategy is to achieve a higher stock price as well as to gain, to the fullest extent, the confidence of its shareholders by mutual communications through ongoing and comprehensive investor relations activities. And if a takeover proposal is put forward, we consider that the ultimate decision as to whether or not to accept the takeover proposal should be made by the shareholders of that time. The Company considers that, in the process of the ultimate decision making, it is not acceptable that the Board of Directors make arbitrary judgments in order to protect their own interests, for instance. Moreover, the Company has determined that, when a takeover is proposed, it is necessary to have our shareholders be able to make an appropriate decision based on sufficient information and within a reasonable time period for the purpose of securing and improving the corporate value and the common interests of the shareholders.

## Consolidated Balance Sheet

As of March 31, 2020

(Millions of yen)

Accounts	Amount	Accounts	Amount
(Assets)		(Liabilities)	
<b>Current assets</b>	<b>517,888</b>	<b>Current liabilities</b>	<b>62,367</b>
Cash and deposits	298,296	Notes and accounts payable—trade	11,024
Notes and accounts receivable—trade	74,834	Electronically recorded obligations	3,838
Electronically recorded monetary claims	5,604	Accounts payable—other	20,803
Securities	17,427	Income taxes payable	3,990
Merchandise and finished products	27,616	Other	22,710
Work in process	48,352		
Raw materials and supplies	35,753	<b>Long-term liabilities</b>	<b>71,026</b>
Income taxes receivable	488	Bonds	40,935
Other	9,639	Deferred tax liabilities	17,430
Allowance for doubtful accounts	(123)	Liability for retirement benefits	10,908
		Other	1,752
<b>Fixed assets</b>	<b>330,984</b>		
<b>Tangible fixed assets</b>	<b>243,784</b>	<b>Total liabilities</b>	<b>133,393</b>
Buildings and structures	71,236	(Equity)	
Machinery, equipment, and vehicles	69,855	<b>Shareholders' equity</b>	<b>745,210</b>
Furniture and fixtures	7,255	Common stock	86,969
Land	66,594	Capital surplus	102,403
Construction in progress	26,207	Retained earnings	644,563
Other	2,635	Treasury stock	(88,726)
<b>Intangible fixed assets</b>	<b>4,599</b>	<b>Accumulated other comprehensive income</b>	<b>(30,219)</b>
Goodwill	1,391	Unrealized gain on available-for-sale securities	22,015
Other	3,208	Foreign currency translation adjustments	(47,517)
<b>Investments and other assets</b>	<b>82,600</b>	Accumulated adjustments for retirement benefits	(4,716)
Investment securities	66,237		
Asset for retirement benefits	1,340	<b>Noncontrolling interests</b>	<b>488</b>
Deferred tax assets	4,862		
Other	10,232	<b>Total equity</b>	<b>715,479</b>
Allowance for doubtful accounts	(72)	<b>Total liabilities and equity</b>	<b>848,873</b>
<b>Total assets</b>	<b>848,873</b>		

(Note) In the figures above, amounts less than one million yen are rounded down to the nearest unit.

## Consolidated Statement of Income

From April 1, 2019 to March 31, 2020

(Millions of yen)

Accounts	Amount	
Net sales		362,885
Cost of sales		251,125
<b>Gross profit</b>		<b>111,759</b>
Selling, general and administrative expenses		82,269
<b>Operating income</b>		<b>29,489</b>
Non-operating income		
Interest income	3,824	
Dividend income	1,033	
Foreign currency exchange gain	401	
Other	1,491	6,750
Non-operating expenses		
Interest expense	107	
Settlement package	162	
Bond issuance cost	81	
Other	113	465
<b>Ordinary income</b>		<b>35,774</b>
Extraordinary gains		
Gain on sale of fixed assets	351	
Gain on sale of investment securities	5,362	5,714
Extraordinary losses		
Loss on sale and disposal of fixed assets	511	
Loss on impairment of fixed assets	429	
Loss on sale of investment securities	341	
Loss on impairment of investment securities	936	
Special severance benefit	1,250	3,470
<b>Income before income taxes</b>		<b>38,018</b>
Income taxes—current	9,822	
Income taxes—deferred	2,539	12,362
<b>Net income</b>		<b>25,656</b>
Net income attributable to noncontrolling interests		23
<b>Net income attributable to owners of the parent</b>		<b>25,632</b>

(Note) In the figures above, amounts less than one million yen are rounded down to the nearest unit.

## Consolidated Statement of Changes in Equity

From April 1, 2019 to March 31, 2020

(Millions of yen)

	Shareholders' Equity					Accumulated Other Comprehensive Income (Loss)			
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Unrealized Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Accumulated Adjustments for Retirement Benefits	Total Accumulated Other Comprehensive Income (Loss)
Balance at the beginning of the year	86,969	102,403	634,606	(47,430)	<b>776,549</b>	28,850	(35,487)	(3,645)	<b>(10,282)</b>
Changes in the year									
Dividends			(15,675)		<b>(15,675)</b>				
Net income attributable to owners of the parent			25,632		<b>25,632</b>				
Purchase of treasury stock				(41,295)	<b>(41,295)</b>				
Net changes in items other than shareholders' equity						(6,835)	(12,030)	(1,071)	<b>(19,937)</b>
Total changes in the year	-	-	9,956	(41,295)	<b>(31,339)</b>	(6,835)	(12,030)	(1,071)	<b>(19,937)</b>
Balance at the end of the year	86,969	102,403	644,563	(88,726)	<b>745,210</b>	22,015	(47,517)	(4,716)	<b>(30,219)</b>

	Non controlling Interests	Total Equity
Balance at the beginning of the year	<b>487</b>	<b>766,754</b>
Changes in the year		
Dividends		<b>(15,675)</b>
Net income attributable to owners of the parent		<b>25,632</b>
Purchase of treasury stock		<b>(41,295)</b>
Net changes in items other than shareholders' equity	<b>1</b>	<b>(19,935)</b>
Total changes in the year	<b>1</b>	<b>(51,275)</b>
Balance at the end of the year	<b>488</b>	<b>715,479</b>

(Note) In the figures above, amounts less than one million yen are rounded down to the nearest unit.

## **Notes to Consolidated Financial Statements**

### **Basis of Preparing Consolidated Financial Statements**

#### **1. Scope of Consolidation**

**(1) Number of consolidated subsidiaries** 43

**(2) Names of major consolidated subsidiaries**

ROHM HAMAMATSU CO., LTD.	ROHM APOLLO CO., LTD.
LAPIS SEMICONDUCTOR CO., LTD.	ROHM ELECTRONICS PHILIPPINES, INC.
ROHM INTEGRATED SYSTEMS (THAILAND) CO., LTD.	ROHM SEMICONDUCTOR (CHINA) CO., LTD.
ROHM ELECTRONICS DALIAN CO., LTD.	ROHM SEMICONDUCTOR Hong Kong CO., LTD.
ROHM U.S.A., INC.	ROHM ELECTRONICS ASIA PTE. LTD.
ROHM ELECTRONICS EUROPE LTD.	

The subsidiary excluded from the scope of consolidation for the fiscal year ended March 31, 2020, is as follows:

ROHM SEMICONDUCTOR TRADING DALIAN CO., LTD.  
(Liquidation of the subsidiary completed on March 12, 2020)

#### **2. Application of Equity Method**

**(1) Number of unconsolidated subsidiaries accounted for by the equity method** 0

**(2) Number of associated companies accounted for by the equity method** 0

**(3) Names of major unconsolidated subsidiaries and associated companies not accounted for by the equity method**

(Associated company)

LB LUSEM CO., LTD.

This associated company is excluded from the scope of application of the equity method due to immateriality in terms of net income or loss (amount corresponding to equity ownership), retained earnings (amount corresponding to equity ownership), and others, as well as the immateriality as a whole.

#### **3. Fiscal Year of the Consolidated Subsidiaries**

The fiscal year end of 6 consolidated subsidiaries is December 31, which is different from the fiscal year end of the group consolidated financial statement (March 31).

Consolidated financial statements are prepared based on the financial statements of these subsidiaries, which are prepared as of the provisional closing date of March 31.

#### **4. Accounting Policies**

**(1) Basis and method for valuation of significant assets**

1) Securities

Marketable securities classified as available-for-sale securities are stated at fair value (based on market prices, etc., at the consolidated balance sheet date), with unrealized gains and losses reported as a separate component of equity. The cost of available-for-sale securities sold is principally determined based on the moving-average method. Non-marketable securities are stated at cost determined by the moving-average method.

2) Derivatives

Derivatives are stated at fair value.

3) Inventories

Merchandise, finished products, work in process, and raw materials are stated principally at the lower of cost, determined by the moving-average method, or net selling value. Supplies are stated principally at cost determined by the last purchase cost method.

**(2) Depreciation of significant fixed assets**

## 1) Tangible fixed assets excluding right-of-use asset

Depreciation of tangible fixed assets is computed principally by the declining-balance method, while the straight-line method is applied to buildings (excluding building improvements) acquired by ROHM CO., LTD. (the "Company") and its domestic subsidiaries on or after April 1, 1998.

The range of estimated useful lives of buildings and structures is mainly 3 to 50 years and that of machinery, equipment, and vehicles is mainly 2 to 10 years.

## 2) Intangible fixed assets excluding right-of-use asset

Amortization of intangible fixed assets is computed by the straight-line method.

## 3) Right-of-use asset

Right-of-use asset are depreciated by the straight-line method over the lease term, assuming no residual value.

**(3) Basis for significant allowances**

## Allowance for doubtful accounts

In order to account for loss on doubtful accounts, an allowance for ordinary receivables is determined based on past actual loss ratios, and an allowance for certain identified doubtful accounts is determined based on individually estimated recoverable amounts.

**(4) Translation of foreign currencies**

All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen using the exchange rates at the consolidated balance sheet date, and the foreign currency exchange gains and losses from the translation are recognized in the consolidated statement of income.

The balance sheet accounts of foreign subsidiaries are translated into Japanese yen using the current exchange rate as of the balance sheet date, except for shareholders' equity, which is translated using the historical rate. Revenue and expense accounts of foreign subsidiaries are translated into Japanese yen using the average exchange rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" and "Noncontrolling interests" in a separate component of equity.

**(5) Amortization of goodwill**

Goodwill is amortized on a straight-line basis over reasonable periods (within twenty years) individually.

**(6) Other significant conditions in preparing consolidated financial statements**

## 1) Accounting for retirement benefits

Asset and liability for retirement benefits are stated based on the projected benefit obligations and plan assets at the consolidated balance sheet date.

In calculating the projected benefit obligation, a benefit formula basis is utilized to attribute expected retirement benefits to periods up to the consolidated balance sheet date.

Actuarial gains and losses arising in the current year are amortized on a straight-line basis, commencing in the following year, over certain periods (mainly 10 to 13 years) within the average remaining service periods of employees for each fiscal year in which the actuarial gains or losses arose.

Past service cost is amortized on a straight-line basis over certain periods (10 to 13 years) within the average remaining service periods of employees for each fiscal year in which the past service cost arose.

Unrecognized actuarial gains and losses and unrecognized past service costs are recognized as accumulated adjustments for retirement benefits within accumulated other comprehensive income in equity, after adjusting for tax effects.

## 2) Accounting for consumption taxes

Transactions subject to consumption taxes are accounted for by the tax exclusion method.

## Changes in Accounting Policies

### (Application of IFRS 16 “Leases”)

From the beginning of the first quarter of the fiscal year ended March 31, 2020, foreign consolidated subsidiaries, except for those in the United States of America, have adopted IFRS 16, Leases. In conjunction with this, for lessee lease transactions, right-of-use (ROU) assets and lease obligations were recognized for all leases in principle. With the adoption of IFRS 16 Leases, these companies applied transitional measures that allows entities to recognize the cumulative effects of adoption of IFRS 16 as of the date of adoption.

As a result of this change, at the beginning of the first quarter of the fiscal year ended March 31, 2020, among others ROU assets (included in “other” under property, plant and equipment), accumulated depreciation of ROU assets (included in “accumulated depreciation” under property, plants, and equipment) and lease obligations (under current liabilities and non-current liabilities) increased 4,036 million yen, 1,401 million yen and 2,293 million yen respectively.

The land-use-rights of 479 million yen, which were previously classified as “other” under intangible assets has been reclassified as “other” and “accumulated depreciation” under property, plants, and equipment, as of the year ended March 31, 2020.

This change has little impact on the per share information for the year ended March 31, 2020.

## Notes to Consolidated Balance Sheet

### 1. Accumulated Depreciation of Tangible Fixed Assets

731,425 million yen

### 2. Accumulated Reduction of Tangible Fixed Assets

The accumulated reduction from the acquisition cost of tangible fixed assets due to insurance benefits for fire or other disaster loss, and subsidies or other benefits received from the government are 481 million yen and 1,154 million yen, respectively.

The breakdown of the accumulated reduction from the acquisition cost of tangible fixed assets is as follows:

	(Millions of yen)
Buildings and structures	729
Machinery, equipment, and vehicles	515
Furniture and fixtures	13
Land	377

### 3. Guarantees

The Company and its subsidiaries (the “Group”) guarantee employees’ loans from banks as follows:

Employees (housing loans)	27 million yen
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### 4. Assets for Unconsolidated Subsidiaries and Associated Companies

Investment securities (stock)	680 million yen
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## Notes to Consolidated Statement of Income

### 1. Loss on Impairment of Fixed Assets

The Group recognized impairment loss on the following asset groups for the fiscal year ended March 31, 2020.

Use of Asset	Location	Account	Amount (Millions of yen)
Assets held for use	Thailand	Machinery, equipment, and vehicles	84
		Construction in progress and others	32
	USA	Other intangible fixed assets	32
		Machinery, equipment, and vehicles	13
	Japan	Construction in progress	9
		Machinery, equipment, and vehicles and others	7
Idle assets	Japan and others	Machinery, equipment, and vehicles	233
		Buildings and structures and others	16
Total			429

In recognizing impairment loss on fixed assets, for assets held for use, the Group identifies asset groups according to the units of management accounting for which revenue and expenditures are managed on a continuous basis, and for idle assets, each property is deemed an asset group.

#### (Assets held for use)

As the estimated future cash flows fell below the carrying amounts of the asset groups listed above due to deterioration of the revenue environment, their carrying amounts were reduced to the recoverable amounts, and the reduced amounts were recorded as "Loss on impairment of fixed assets" in extraordinary losses.

The recoverable amounts were measured at their value in use, using the discount rate of 10.1% for computation of the present value of future cash flows, or measured at their net selling value which were based on a reasonable estimation in consideration of market value.

#### (Idle assets)

As the Group determined that the idle assets are unlikely to be used in the future, their carrying amounts were reduced to the recoverable amounts, and the reduced amounts were recorded as "Loss on impairment of fixed assets" in extraordinary losses.

The recoverable amounts were measured at their net selling prices, which were based on a reasonable estimation in consideration of market value.

## Notes to Consolidated Statement of Changes in Equity

### 1. Number of Shares Issued as of March 31, 2020

Common stock 110,000,000 shares

### 2. Dividends

#### (1) Dividends paid

(Resolution)	Class of Stock	Total Amount of Dividends	Dividend per Share	Record Date	Effective Date
Ordinary General Shareholders' Meeting held on June 27, 2019	Common stock	7,837 million yen	75.00 yen	March 31, 2019	June 28, 2019
Meeting of the Board of Directors held on October 31, 2019	Common stock	7,837 million yen	75.00 yen	September 30, 2019	December 6, 2019

#### (2) Dividends for the fiscal year ended March 31, 2020, to be distributed after the end of the fiscal year

(Scheduled Resolution)	Class of Stock	Total Amount of Dividends	Source of Dividends	Dividend per Share	Record Date	Effective Date
Ordinary General Shareholders' Meeting to be held on June 26, 2020	Common stock	7,462 million yen	Retained earnings	75.00 yen	March 31, 2020	June 29, 2020

## Notes to Financial Instruments

### 1. Matters Relating to Financial Instruments

#### (1) Policy for financial instruments

The Group invests surplus funds in low-risk financial assets and uses derivatives only as a means to hedge the foreign exchange risk of trade receivables. The Group does not engage in any speculative transactions.

#### (2) Nature and extent of risks arising from financial instruments and risk management

Receivables, such as trade notes, trade accounts, and electronically recorded monetary claims, are exposed to customer credit risk. Regarding the relevant risks, the Group controls due dates and the receivable balances by customer pursuant to the internal rules of the Group and, at the same time, promotes the early identification and reduction of bad debt risk due to financial deterioration. Foreign currency trade receivables are exposed to market risks arising from fluctuations in foreign currency exchange rates. Such foreign exchange risks are partially hedged by forward foreign currency contracts.

Securities and investment securities, such as stocks and bonds, are exposed to the risk of market price fluctuations. The Group continually reviews the status of possessing such securities, monitoring fair value, and the financial positions of issuers and others on a regular basis. The Group purchases only highly rated bonds pursuant to the internal policy approved by the Board of Directors, thereby minimizing its exposure to credit risks.

Payment terms of payables, such as notes payable—trade, accounts payable—trade, and electronically recorded obligations, are primarily less than one year. These payables are exposed to liquidity risk, and the Group manages the risk by preparing and updating financing plans as appropriate.

The Company issued the Bonds in order to fund to repurchase treasury stock.

The Group enters into derivative transactions pursuant to the internal policy approved by the Board of Directors, and in order to reduce credit risks, the Group only conducts derivative transactions with highly rated financial institutions.

#### (3) Supplemental information to fair value of financial instruments

Fair value of financial instruments is measured based on quoted market prices or those calculated by other rational valuation techniques in cases where a quoted price is not available. Since variable factors are incorporated to calculate this fair value, the use of different preconditions may change the value.

## 2. Fair Value of Financial Instruments

Carrying amount, fair value, and the difference thereof for financial instruments as of March 31, 2020, are listed in the table below, except for financial instruments whose fair values are not readily determinable (see Note 2).

(Millions of yen)

	Carrying Amount	Fair Value	Difference
(1) Cash and deposits	298,296	298,296	-
(2) Notes and accounts receivable—trade	74,834		
Allowance for doubtful accounts *1	(118)		
	74,715	74,715	-
(3) Electronically recorded monetary claims	5,604	5,604	-
(4) Securities and investment securities			
Available-for-sale securities	82,720	82,720	-
(5) Income taxes receivable	488	488	-
<b>Total assets</b>	<b>461,824</b>	<b>461,824</b>	<b>-</b>
(1) Notes and accounts payable—trade	11,024	11,024	-
(2) Electronically recorded obligations	3,838	3,838	-
(3) Accounts payable—other	20,803	20,803	-
(4) Income taxes payable	3,990	3,990	-
(5) Bonds	40,935	40,526	409
<b>Total liabilities</b>	<b>80,592</b>	<b>80,182</b>	<b>409</b>
Derivative transactions *2	49	49	-

\*1. Allowance for doubtful accounts is deducted from notes and accounts receivable—trade.

\*2. Assets and liabilities arising from derivative transactions are presented on a net basis, and net liabilities are presented in parentheses.

(Notes)

### 1. Methods for calculating fair values and matters relating to securities and derivative transactions

#### Assets

(1) Cash and deposits, (2) Notes and accounts receivable—trade, (3) Electronically recorded monetary claims, and (5) Refundable income taxes

The carrying values of these assets approximate fair value because of their short maturities.

(4) Securities and investment securities

The fair value of securities and investment securities is measured at the quoted market price of the stock exchange for equity instruments and at the quoted price obtained from financial institutions for certain debt instruments.

#### Liabilities

(1) Notes and accounts payable—trade, (2) Electronically recorded obligations, (3) Accounts payable—other, and (4) Income taxes payable

The carrying values of these liabilities approximate fair value because of their short maturities.

(5) Bonds

The fair value of Bonds is measured at the quoted price obtained from financial institutions.

#### Derivative transactions

The fair value of derivatives is measured at the quoted price obtained from financial institutions.

### 2. Financial instruments whose fair values are not readily determinable

(Millions of yen)

Category	Carrying Amount
Unlisted stocks	194
Rights under limited partnership agreements for investment	70
Stocks of unconsolidated subsidiaries and associated companies	680

These financial instruments do not have quoted market prices, and their fair values are not readily determinable. Therefore, these financial instruments are excluded from “(4) Securities and investment securities.”

## 3. Maturity analysis for monetary receivables and securities with contractual maturities

(Millions of yen)

	Due in One Year	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and deposits	298,296	-	-	-
Notes and accounts receivable—trade	74,834	-	-	-
Electronically recorded monetary claims	5,604	-	-	-
Securities and investment securities				
Available-for-sale securities with contractual maturities (Japanese government bonds, local government bonds, etc.)	231	291	-	-
Available-for-sale securities with contractual maturities (corporate bonds)	7,341	18,424	-	-
Available-for-sale securities with contractual maturities (other)	9,671	-	-	-
Refundable income taxes	488	-	-	-
Total	396,466	18,715	-	-

## 4. Maturity analysis for bonds

(Millions of yen)

	Due in One Year	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Bonds	-	-	-	-	40,000	-

**Notes to per Share Information**

Equity per share	7,185.83 yen
Net income per share	247.65 yen

## Nonconsolidated Balance Sheet

As of March 31, 2020

(Millions of yen)

Accounts	Amount	Accounts	Amount
(Assets)		(Liabilities)	
<b>Current assets</b>	<b>228,362</b>	<b>Current liabilities</b>	<b>61,281</b>
Cash and deposits	82,216	Accounts payable—trade	42,484
Notes receivable—trade	363	Electronically recorded obligations	3,926
Accounts receivable—trade	68,019	Accounts payable—other	5,662
Electronically recorded monetary claims	5,595	Accrued expenses	7,091
Securities	12,024	Income taxes payable	1,335
Merchandise and finished products	17,117	Deposits received	664
Work in process	6,420	Other	114
Raw materials and supplies	9,581	<b>Long-term liabilities</b>	<b>43,307</b>
Prepaid expenses	545	Bonds	40,935
Short-term loans receivable	4,680	Deferred tax liabilities	861
Accounts receivable—other	18,874	Liability for retirement benefits	1,492
Other	2,923	Asset retirement obligations	17
<b>Fixed assets</b>	<b>290,110</b>	<b>Total liabilities</b>	<b>104,588</b>
<b>Tangible fixed assets</b>	<b>67,461</b>	(Equity)	
Buildings	13,362	<b>Shareholders' equity</b>	<b>391,974</b>
Structures	301	Common stock	86,969
Machinery and equipment	2,691	Capital surplus	97,253
Vehicles	1	Additional paid-in capital	97,253
Furniture and fixtures	1,284	Retained earnings	296,477
Land	43,085	Legal reserve	2,464
Construction in progress	6,735	Other retained earnings	294,012
<b>Intangible fixed assets</b>	<b>3,120</b>	Reserve for research and development	1,500
Goodwill	1,391	Other reserve	243,500
Patents	4	Retained earnings carried forward	49,012
Software	1,723	Treasury stock	(88,726)
Other	1	<b>Valuation and translation adjustments</b>	<b>21,910</b>
<b>Investments and other assets</b>	<b>219,528</b>	Unrealized gain on available-for-sale securities	21,910
Investment securities	64,912	<b>Total equity</b>	<b>413,884</b>
Investment in subsidiaries and associated companies	122,885	<b>Total liabilities and equity</b>	<b>518,473</b>
Long-term loans receivable	34,125		
Long-term prepaid expenses	5,102		
Prepaid pension cost	2,304		
Other	3,426		
Allowance for doubtful accounts	(13,227)		
<b>Total assets</b>	<b>518,473</b>		

(Note) In the figures above, amounts less than one million yen are rounded down to the nearest unit.

## Nonconsolidated Statement of Income

From April 1, 2019 to March 31, 2020

(Millions of yen)

Accounts	Amount	
Net sales		309,598
Cost of sales		257,275
<b>Gross profit</b>		<b>52,323</b>
Selling, general and administrative expenses		45,849
<b>Operating income</b>		<b>6,473</b>
Non-operating income		
Interest and dividend income	14,984	
Technical advisory fees	8,114	
Management advisory fees	868	
Other	1,098	25,065
Non-operating expenses		
Foreign currency exchange loss	1,591	
Commission fees	2,585	
Taxes and dues	1,069	
Provision for doubtful accounts	1,488	
Settlement package	162	
Other	139	7,037
<b>Ordinary income</b>		<b>24,501</b>
Extraordinary gains		
Gain on sale of fixed assets	413	
Reversal of allowance for doubtful accounts	5,959	
Gain on sale of investment securities	5,362	11,735
Extraordinary losses		
Loss on sale and disposal of fixed assets	191	
Loss on impairment of fixed assets	980	
Loss on sale of investment securities	341	
Loss on impairment of investment securities	936	
Loss on impairment of stocks of subsidiaries and affiliates	7,242	9,693
<b>Income before income taxes</b>		<b>26,543</b>
Income taxes—current	3,507	
Income taxes—deferred	1,430	4,937
<b>Net Income</b>		<b>21,606</b>

(Note) In the figures above, amounts less than one million yen are rounded down to the nearest unit.

## Nonconsolidated Statement of Changes in Equity

From April 1, 2019 to March 31, 2020

(Millions of yen)

	Shareholders' Equity									
	Common Stock	Capital Surplus		Legal Reserve	Retained Earnings			Treasury Stock	Total Shareholders' Equity	
		Additional Paid-in Capital	Total Capital Surplus		Other Retained Earnings					Total Retained Earnings
					Reserve for Research and Development	Other Reserve	Retained Earnings Carried Forward			
Balance at the beginning of the year	86,969	97,253	97,253	2,464	1,500	243,500	43,082	290,547	(47,430)	427,340
Changes in the year										
Dividends							(15,675)	(15,675)		(15,675)
Net income							21,606	21,606		21,606
Purchase of treasury stock									(41,295)	(41,295)
Net changes in items other than shareholders' equity										
Total changes in the year	-	-	-	-	-	-	5,930	5,930	(41,295)	(35,365)
Balance at the end of the year	86,969	97,253	97,253	2,464	1,500	243,500	49,012	296,477	(88,726)	391,974

	Valuation and Translation Adjustments		Total Equity
	Unrealized Gain on Available-for-Sale Securities	Total Valuation and Translation Adjustments	
Balance at the beginning of the year	28,720	28,720	456,060
Changes in the year			
Dividends			(15,675)
Net income			21,606
Purchase of treasury stock			(41,295)
Net changes in items other than shareholders' equity	(6,810)	(6,810)	(6,810)
Total changes in the year	(6,810)	(6,810)	(42,175)
Balance at the end of the year	21,910	21,910	413,884

(Note) In the figures above, amounts less than one million yen are rounded down to the nearest unit.

## **Notes to Nonconsolidated Financial Statements**

### **Significant Accounting Policies**

#### **1. Basis and Method for Valuation of Assets**

##### **(1) Basis and method for valuation of securities**

Investment securities in subsidiaries and associated companies are stated at cost determined by the moving-average method. Marketable securities classified as available-for-sale securities are stated at fair value (based on market prices, etc., at the balance sheet date), with unrealized gains and losses reported as a separate component of equity. The cost of available-for-sale securities sold is principally determined based on the moving-average method. Non-marketable securities are stated at cost determined by the moving-average method.

##### **(2) Basis and method for valuation of inventories**

Merchandise, finished products, work in process, and raw materials are stated at the lower of cost, determined by the moving-average method, and net selling value. Supplies are stated at cost determined by the last purchase cost method (Carrying amount in the balance sheet is calculated net of any write-downs due to decreased profitability.).

#### **2. Depreciation of Fixed Assets**

##### **(1) Tangible fixed assets**

Depreciation of tangible fixed assets is computed by the declining-balance method, while the straight-line method is applied to buildings (excluding building improvements) acquired on and after April 1, 1998.

The estimated useful life of buildings is mainly 3 to 50 years and that of machinery and equipment is mainly 5 to 8 years.

##### **(2) Intangible fixed assets**

Amortization of intangible fixed assets is computed by the straight-line method.

The estimated useful life of software for internal use is mainly 3 to 5 years and that of goodwill is mainly 5 years.

#### **3. Basis for Significant Allowances**

##### **(1) Allowance for doubtful accounts**

In order to account for loss on doubtful accounts, an allowance for ordinary receivables is determined based on past actual loss ratios, and the allowance for certain identified doubtful accounts is determined based on individually estimated collectability.

##### **(2) Liability for retirement benefits**

Liability for retirement benefits is stated based on the projected benefit obligations and plan assets at the balance sheet date.

In calculating the projected benefit obligation, a benefit formula basis is utilized to attribute expected retirement benefits to periods up to the balance sheet date.

Actuarial gains and losses arising in the current year are amortized on a straight-line basis, commencing in the following year, over a certain period (10 years) within the average remaining service period of employees for each fiscal year in which the actuarial gains or losses arose.

Past service cost is amortized on a straight-line basis over a certain period (10 years) within the average remaining service period of employees for each fiscal year in which the past service cost arose.

#### 4. Other Significant Conditions in Preparing Nonconsolidated Financial Statements

##### (1) Translation of foreign currencies

All monetary receivables and payables denominated in foreign currencies, unless hedged by forward exchange contracts, are translated into Japanese yen at the exchange rates at the balance sheet date, and the foreign exchange gains and losses from translation are recognized in the nonconsolidated statement of income.

##### (2) Hedge accounting

###### 1) Hedge accounting

Accounts receivable denominated in foreign currencies for which foreign exchange forward contracts are used to hedge exchange rate fluctuations are translated at the contracted rate.

###### 2) Hedging instruments and hedged items

Hedging instruments and hedged items are as follows:

(Hedging instruments)	(Hedged items)
Foreign exchange forward contracts	Accounts receivable in foreign currencies

###### 3) Hedging policy

The Company uses derivative financial instruments only as a means to hedge foreign currency exchange risks.

###### 4) Evaluation of hedge effectiveness

The Company evaluates hedge effectiveness by assessing the conditions of the hedging transactions for the derivative financial instruments and hedged items in each transaction.

##### (3) Accounting for retirement benefits

Accounting treatments for unrecognized actuarial gains and losses and unrecognized past service costs in the nonconsolidated financial statements are different from those in the consolidated financial statements.

##### (4) Accounting for deferred assets

Bond issuance cost is recognized as an expense when incurred.

##### (5) Accounting for consumption tax

Accounting treatments for national and regional consumption taxes shall be based on the tax exclusion method, and national and regional consumption taxes that are not tax-deductible are accounted as expense in the fiscal year ended March 31, 2020.

#### Notes to Nonconsolidated Balance Sheet

##### 1. Accumulated Depreciation of Tangible Fixed Assets

108,005 million yen

##### 2. Accumulated Reduction of Tangible Fixed Assets

The accumulated reduction from the acquisition cost of tangible fixed assets due to insurance benefits for fire or other disaster loss, and subsidies or other benefits received from the government are 163 million yen and 389 million yen, respectively.

The breakdown of the accumulated reduction from the acquisition cost of tangible fixed assets is as follows:

	(Millions of yen)
Buildings	180
Furniture and fixtures	6
Land	365

### 3. Guarantees

The Company guarantees subsidiaries' liabilities as follows:

	(Millions of yen)
ROHM HAMAMATSU CO., LTD.	62
ROHM SHIGA CO., LTD.	19
KIONIX, INC.	326
SICRYSTAL GMBH	562

### 4. Receivables from and Payables to Subsidiaries and Associated Companies

	(Millions of yen)
Short-term receivables from subsidiaries and associated companies	55,484
Long-term receivables from subsidiaries and associated companies	34,124
Short-term payables to subsidiaries and associated companies	41,848

## Notes to Nonconsolidated Statement of Income

### 1. Transactions with Subsidiaries and Associated Companies

		(Millions of yen)
Operating transactions	Net sales	192,197
	Purchase and subcontract processing	218,763
	Other operating expenses	5,953
Non-operating transactions	Non-operating income	9,825
	Non-operating expenses	2,585
	Sale of assets	10,103
	Purchase of assets	860

### 2. Loss on Impairment of Fixed Assets

The Company recognized impairment loss on the following asset groups for the fiscal year ended March 31, 2020.

Use of Asset	Location	Account	Amount (Millions of yen)
Assets held for use	Kyoto and others	Machinery and equipment	498
		Long-term prepaid expenses	142
		Furniture and fixtures	98
		Software and others	3
Idle assets	Kyoto and others	Machinery and equipment	31
		Buildings and others	23
Assets held for sale	Kyoto	Land	182
Total			331

In recognizing impairment loss on fixed assets, for assets held for use, the Company identifies asset groups according to the units of management accounting for which revenue and expenditure are managed on a continuous basis, and for idle assets and assets held for sale, each property is deemed an asset group.

(Assets held for use)

As the estimated future cash flows fell below the carrying amounts of the asset groups listed above due to deterioration of the revenue environment, their carrying amounts were reduced to the recoverable amounts, and the reduced amounts were recorded as "Loss on impairment of fixed assets" in

extraordinary losses.

The recoverable amounts were measured at their value in use, using the discount rate of 10.1% for computation of the present value of future cash flows, or measured at their net selling value which were based on a reasonable estimation in consideration of market value.

(Idle assets)

As the Group determined that the idle assets are unlikely to be used in the future, their carrying amounts were reduced to the recoverable amounts, and the reduced amounts were recorded as "Loss on impairment of fixed assets" in extraordinary losses.

The recoverable amounts were measured at their net selling prices, which were based on a reasonable estimation in consideration of market value.

(Assets held for sale)

Once it is decided that the assets will be sold, the carrying amounts of such assets were reduced to the recoverable amounts, and the reduction was recorded as "Loss on impairment of fixed assets" under extraordinary losses.

The recoverable amounts were measured at their net selling prices, which were based on a reasonable estimation in consideration of market value.

### **3. Loss on Impairment of Stocks of Subsidiaries and Affiliates**

Loss on impairment of stocks of subsidiaries and affiliates was due to revaluation loss on investment in our consolidated subsidiary, ROHM U.S.A., INC..

### **Notes to Nonconsolidated Statement of Changes in Equity**

Type and number of treasury stock as of March 31, 2020

Common stock	10,504,865 shares
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## Notes to Tax Effect Accounting

The breakdown of deferred tax assets and liabilities by major temporary differences is as follows:

Deferred tax assets	(Millions of yen)
Securities and investments	371
Investment in subsidiaries and associated companies	28,976
Inventories	675
Depreciation	1,237
Accrued enterprise tax	212
Accrued expenses	1,629
Liability for retirement benefits	455
Allowance for doubtful accounts	4,034
Loss on impairment of fixed assets	1,615
Other	409
<u>Subtotal</u>	<u>39,618</u>
<u>Valuation allowance</u>	<u>(30,543)</u>
Total	9,074
Deferred tax liabilities	
Prepaid pension cost	(702)
Unrealized gain on available-for-sale securities	(9,202)
Other	(30)
<u>Total</u>	<u>(9,936)</u>
<u>Net deferred tax liabilities</u>	<u>(861)</u>

## Notes to Related Party Transactions

Type	Company Name	Voting Right Ratio by ROHM	Relationship	Transaction	Amount of Transaction (Millions of yen)	Account	Year-End Balance (Millions of yen)
Subsidiaries	ROHM SHIGA CO., LTD.	100%	Processing subcontractor for ROHM	Lending of funds *1	1,000	Short-term loans receivable	3,000
						Long-term loans receivable *6	18,000
	LAPIS SEMICONDUCTOR CO., LTD.	100%	Product supplier for ROHM	Purchase of products and others *2	49,360	Accounts receivable—other	121
						Accounts payable—trade	4,424
						Accounts payable—other	213
	ROHM ELECTRONICS PHILIPPINES, INC.	100%	Processing subcontractor for ROHM	Product processing by contract *3	33,455	Accounts receivable—other	4,521
				Receipt of technical advisory fees *4	2,311	Accounts payable—trade	8,885
						Accounts payable—other	82
	ROHM INTEGRATED SYSTEMS (THAILAND) CO., LTD.	100%	Processing subcontractor for ROHM	Product processing by contract *3	36,301	Accounts receivable—other	5,077
			Receipt of technical advisory fees *4	3,536	Accounts payable—trade	10,827	
					Accounts payable—other	44	
ROHM SEMICONDUCTOR Hong Kong CO., LTD.	100%	Wholesaler of ROHM products	Product sales *5	61,043	Accounts receivable—trade	8,754	
ROHM U.S.A., INC	100%	Administrative responsibility for subsidiaries in North and South America	Underwriting of capital increase	6,910	-	-	
ROHM ELECTRONICS EUROPE LTD.	100%	Administrative responsibility for subsidiaries in Europe	Underwriting of capital increase	8,966	-	-	
KIONIX, INC.	100%	Product supplier for ROHM	Changing a borrower *7	6,910	-	-	
SICRYSTAL GMBH	100%	Raw materials supplier for ROHM	Lending of funds *1	3,029	Long-term loans receivable	7,770	
			Receiving repayment of loan *8	5,739			

Terms and conditions of transactions and decision policies thereof:

(Notes) \* The subsidiaries listed above do not hold the Company's voting rights.

- \*1. Interest rates applied to loan receivables are determined based on market interest rates, which are considered economically reasonable.
- \*2. Purchase prices are determined in consideration of the market prices of products.
- \*3. Purchase prices are determined in consideration of the market prices of products and subsidiaries' process costs.
- \*4. Technical advisory fees are determined based on the amount of net sales of each subsidiary.
- \*5. Terms and conditions for product sales are determined based on those generally used for transactions with third parties.
- \*6. The Company recorded 10,607 million yen of allowance for doubtful accounts for the long-term loans receivable to ROHM SHIGA CO., LTD. as of March 31, 2020, which was increased by 2,615 million yen during the fiscal year ended March 31, 2020.

\*7. As a result of changing a borrower, the Company released 5,959 million yen of allowance for doubtful receivables.

\*8. As a result of receiving repayment of loan, the Company released 1,358 million yen of allowance for doubtful receivables.

## Notes to per Share Information

Equity per share	4,159.84 yen
Net income per share	209.04 yen

## Notes to a Significant Subsequent Event

(An Absorption-type Merger of a Consolidated Subsidiary)

On April 1, 2020, ROHM Shiga CO., LTD., which is a wholly owned subsidiary of the Company, merged into the Company by a resolution of the Board of the Directors held on February 4, 2020.

### (1) Outline of the Merger

#### 1) Company Names & Contents of Business

[Name of Successor Company]

ROHM Co., Ltd.

[Name and Content of Business of the Company Merged]

Name of the Company Merged: ROHM Shiga CO., LTD.

Content of Business of the Company Merged: Electronic Parts Manufacturer

#### 2) Date of the Merger

April 1, 2020

#### 3) Legal Form of the Merger

This is an absorption-type merger in which ROHM Shiga CO., LTD. dissolved and ROHM Co., Ltd. is the surviving company.

#### 4) Company Name after the Merger

ROHM Co., Ltd.

#### 5) Other Matters related to the Merger

In intensifying competition in the market, the company decided to merge with ROHM Shiga CO., LTD. in order to further improve product qualities and production efficiency in the entire ROHM group.

### (2) Outline of Accounting Procedure

The Merger has been accounted for as a transaction under common control pursuant to Accounting Standard for Business Combinations (ASBJ Statement No.21 of January 16, 2019) and Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10 of January 16, 2019).

**Independent Auditor's Report on Consolidated Financial Statements (TRANSLATION)****INDEPENDENT AUDITOR'S REPORT**

May 7, 2020

To the Board of Directors of  
ROHM CO., LTD.:

Deloitte Touche Tohmatsu LLC  
Kyoto office

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:  
Tomoyuki Suzuki

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:  
Hiromi Ueda

**Opinion**

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of ROHM CO., LTD. and its consolidated subsidiaries (the "Group"), namely, the consolidated balance sheet as of March 31, 2020, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from April 1, 2019 to March 31, 2020, and the related notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2020, and its consolidated financial performance for the year then ended 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 provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and the Audit and Supervisory Committee 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.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over 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. 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 an 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. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing 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 overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as 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 the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it 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 is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

#### Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

**Independent Auditor's Report on Nonconsolidated Financial Statements (TRANSLATION)****INDEPENDENT AUDITOR'S REPORT**

May 7, 2020

To the Board of Directors of  
ROHM CO., LTD.:

Deloitte Touche Tohmatsu LLC  
Kyoto office

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:  
Tomoyuki Suzuki

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:  
Hiromi Ueda

**Opinion**

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the nonconsolidated financial statements of ROHM CO., LTD. (the "Company"), namely, the nonconsolidated balance sheet as of March 31, 2020, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 62nd fiscal year from April 1, 2019 to March 31, 2020, and the related notes and the accompanying supplementary schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2020, and its financial performance for the year then ended 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 Nonconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and the Audit and Supervisory Committee for the Nonconsolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the nonconsolidated 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 nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the nonconsolidated financial statements, 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.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the nonconsolidated 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. 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 nonconsolidated financial statements.

As part of an 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 nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing 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 nonconsolidated 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 Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it 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 is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

#### Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader. "The accompanying supplemental schedules" referred to in this report are not included in the attached financial documents.

## Certified Copy of the Audit and Supervisory Committee Report (Translation)

### Report of Audit and Supervisory Committee

We, Audit and Supervisory Committee Members, prepare this report of audit with regard to the execution of Directors' duties during the 62nd term from April 1, 2019 to March 31, 2020 and report our procedures and results as follows;

#### 1. Our audit procedures

We, Audit and Supervisory Committee Members obtained reports regularly, asked additional questions as necessary and proposed our opinions with regard to the resolution of the board of directors and related internal control systems in accordance with Article 399-13 (1) (i) "b" and "c" of the Companies Act and conducted our audit as follows;

- ① We prepared our audit plan and assignment in line with the regulation for the Audit and Supervisory Audit Committee. Cooperating with the internal control section, we attended the important meetings, obtained reports from directors and employees with regard to their duties, asked additional explanation as necessary and reviewed documents of material decision, and researched business conditions and financial positions of the headquarters and material business units.  
We also communicated with the directors and statutory auditors of the material subsidiaries and obtained report on their business as necessary.
- ② We discussed and considered the basic policies related to the Company's Ownership Control stated in the business report considering the deliberation of the board meetings and related other meetings.
- ③ We monitored and verified whether our independent auditor maintains its independence and implemented appropriate audits, and obtained report on its performance of duties and asked additional questions as necessary. We also obtained the notice that the audit firm established its control system to ensure the quality of audit required by Article 131 of the Companies Act in line with the Product Quality Management Standards Regarding Audit (issued by the Business Accounting Deliberation Council on October 28, 2005) and asked additional questions as necessary.

Based on the above procedures, we examined the business report and its supplementary schedules, financial statements (balance sheet, statement of income, statement of changes in equity and notes to financial statements) and the supplementary schedules and consolidated financial statements (consolidated balance sheet, consolidated statements of income, consolidated statement of changes in equity and notes to consolidated financial statements).

#### 2. Result of our audit

##### (1) Result of audit on business report and other relevant documents

- ① In our opinion, the business report and the supplementary schedules are prepared in accordance with the related laws and regulations and the article of incorporation and fairly present the Company's financial position.
- ② We have not found any material evidence of Directors' fraud nor violation of related laws and regulations, nor the articles of incorporation.
- ③ In our opinion, the decision of the board of directors regarding the internal controls are reasonable. We have not found any material issues on the report of the internal control system stated in the business report nor the Directors' performance of duties.
- ④ We have not found any matters to be reported in relation to the basic policies related to the Company's Ownership Control stated in the business report

##### (2) Result of audit of financial statements and the supplementary schedules

In our opinion, the audit method and results of Deloitte Touche Tomatsu as an independent auditor are reasonable.

##### (3) Result of audit of consolidated financial statements and the supplementary schedules

In our opinion, the audit method and results of Deloitte Touche Tomatsu as an independent auditor are reasonable.

May 8, 2020

Audit and Supervisory Committee,  
ROHM Co., Ltd.  
Audit and Supervisory Committee member (full time)  
Hiroyuki Nii  
Audit and Supervisory Committee member  
Hidero Chimori  
Audit and Supervisory Committee member  
Toshiro Miyabayashi  
Audit and Supervisory Committee member  
Kumiko Tanaka

(Note) All 4 members of the audit and supervisory committee are outside directors in line with article 2 (xv) and 331 (6) of the Companies Act.

For further information, please visit: <https://www.rohm.com/web/global/investor-relations>

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