Financial Statements 2020

ROHM Co., Ltd.

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Management Policies

(1) ROHM's Basic Management Policy

The ROHM Group believes that, in creating and improving our overall corporate value, promoting the development of innovative products and high-quality manufacturing within our corporate business activities will both improve customer satisfaction and contribute to society. Those results will in turn boost employee confidence and pride, and inspire new challenges. Moreover, the added-values created by these business activities should be allocated in appropriate proportions to all constituents, including shareholders, employees, and stakeholders of local communities, while retained earnings should be allotted to business investment and efforts to increase competitive strength. To pursue this objective, it is also crucial to obtain the understanding and cooperation of all those with a stake in the company's performance.

Therefore, since making the ROHM Group more attractive to stakeholders is one of the important missions of company management, these activities are incorporated into operations throughout the ROHM Group and seriously undertaken for the CSV (Created Shared Value) they deliver.

With these perspectives, the ROHM Group has committed itself to developing market-leading products. As a fundamental policy, the Group pursues a stable supply of high quality, cost-competitive products in high volume through optimal utilization of its distinctive production technologies that will help to maintain a leading position in the global semiconductor and electronic components market.

(2) Mid-to Long-term Corporate Strategies

<1> Focus Market

①The Automotive, Industrial Equipment Markets

The automotive market and the industrial equipment market which is seeing increased computerization and energy saving, require high quality, high reliability, stable supply – all of which the ROHM Group can extremely provide.

②Overseas Market

ROHM is strengthening sales activities to capture and keep overseas customers not only in Europe and the USA but also in China and other emerging countries where markets are growing and globalizing rapidly. We are building systems to cover the full gamut of services from product configuration to development, sales and technical support, which will enable us to meet a wide range of needs of overseas customers and promote increasing both sales and shares of overseas markets.

<2> Focus Products

①Power

Because of the growing needs to conserve and more efficiently use energy, the ROHM Group had been developing and strengthening lineups of SiC devices(*1) of smaller sizes and greatly reduced power loss compared to conventional Si semiconductors. These products have been adopted for a variety of applications centered around the automotive and industrial equipment markets. Besides SiC devices, we will continue promoting the best power solutions for customers by combining our core power devices and module technologies with high-performance power ICs, driver ICs, IGBT(*2)s, power MOSFETs, etc.

*1. 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.

*2. IGBT (Insulated gate bipolar transistor)

A power semiconductor device that integrates a MOSFET and a bipolar transistor. As IGBTs offer both low ON resistance and fast switching, they are widely used to control the voltage of large power supplies.

②Analog
With accelerating automotive digitization and progressing energy saving in the automotive and industrial equipment markets, the ROHM Group will be developing advanced analog solutions, such as high-performance power management ICs and motor driver ICs, LED driver ICs.

③Standard Products
About resistor and small signal semiconductor, general purpose IC, we supply high quality and high reliability products mainly for automotive and industrial equipment markets stably.

<3> Enhancement of Manufacturing
To stably grow our business over the mid- to long-term, the ROHM Group will be strengthening its production system to stably supply products all around the world. We will also be using RPS activities(*3) to reduce waste and enhance efficiency, and will be looking to strengthen cost competitiveness by shortening lead-times and further improving quality in all aspects of operations. Moreover, to make "Zero Defects" a reality, we will be developing technologies and investing in equipment needed to build a state-of-the-art quality management system.
*3 RPS (ROHM Production System) activities
A production system centered on improvement activities for integrating higher quality into products, shortening lead time and thoroughly eliminating waste in inventory and other operations at all Group plants. ROHM believes that establishing production systems of unparalleled efficiency and quality is essential for strengthening the Group's earning structure.

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(3) Status of Corporate Governance
Corporate System and Policies of ROHM Group
①Corporate 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.

②Outline 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 transparence 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.

③Basic 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.

Overview of Contents of Liability Limitation Agreement

ROHM and its outside directors have entered into a liability limitation agreement, in accordance with the provisions of Article 427-1 of the Companies Act of Japan and the Articles of Incorporation of the Company, regarding liability for damages as covered in Article 423-1 of the same Act, stipulating minimum total liability as per the provisions of Article 425-1 of the same Act.

Status of Outside Officers

①Number of Outside Directors, Interpersonal Relationships with Submitting Company Members, Capital Relationships or Business Relationships, and Other Potential Conflicts of Interest

ROHM appoints five Outside Directors (four out of five are Audit and Supervisory Committee members) to enhance supervisory functions by Board of Directors. In order to ensure the effectiveness of the audit with regards to the execution of management duties, all Audit and Supervisory Committee members are Outside Directors. It should be noted that outside directors own shares of Company stock but may not have conflicts of interest, including interpersonal relationships, shareholding, capital relationships, and business relationships, that interfere with their independence.

②Criteria and Policy for Independence, and Functions and Roles of Outside Directors

We strengthen our supervisory and audit functions by asking the Outside Directors to provide advice and recommendations on company management, etc. from an independent standpoint and based on the wealth of experience and wide range of insight cultivated from their careers, and by having them attend Board Meetings and other important meetings.

As for the relationship between the Outside Directors and audits, status reports are made in writing by the internal audit division to the Outside Directors on a monthly basis or as necessary.

Regarding the collaboration between the Outside Directors and the Internal Control Division, the status of business execution, progress of profit planning, etc. are reported in writing by the Internal Audit Division to the Outside Directors monthly or whenever necessary.

ROHM believe that Outside Directors should be highly independent, and with regard to the selection of Outside Directors, we determines their independence on the basis of the provisions of the Company's "Independence Standards for Outside Officers".

The Company's "Independence Standards for Outside Officers" are as follows:

<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[1] of the Company or a person who executes the business of the Company[2];
2. A person who executes the business of a company of which the Company is a major shareholder;
3. A major customer[3] 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[4] 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 exceeding a certain amount or other assets[5] from the Group (or an organization that receives the said assets or a person who belongs to the said organization);
6. A person who receives donations or grants exceeding a certain amount[6] from the Group (or an organization that receives the said grants is, or a director of that organization or a person who executes the business of that organization);
7. A partner, member or employee of the accounting auditors of the Company;
8. A person who executes the business of a major lender of the Company[7];
9. A person who fell into any of the categories described in 1 to 8 above in the last three years;
10. An organization to whom a director of the Group is transferred or a person who executes the business of said organization, or;
11. The spouse of an important person who executes the business of the Group[8] or a relative of that person within the second degree of relationship.

[1] A major shareholder means a shareholder holding at least 10% of the total voting rights of the Company.

[2] A person who executes business means a director, an executive officer, a member or an employee.

[3] A major customer means a company whose payments account for over 2% of annual consolidated sales of the Company.

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

[5] A certain amount means ten million yen per year for an individual and over 2% of total revenue for an organization.

[6] A certain amount means over ten million yen per year.

[7] A major lender of the Company means a lender from which an amount exceeding 2% of total consolidated assets of

the Company is borrowed.

[8] 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.

Eleven-Year Summary

	2010	2011	2012	2013
For the Year:				
Net sales	¥ 335,641	¥ 341,886	¥ 304,653	¥ 292,411
Cost of sales	229,831	219,150	209,046	213,276
Selling, general and administrative expenses	87,000	89,999	89,254	80,056
Operating income (loss)	18,810	32,737	6,353	(921)
Income (loss) before income taxes	10,836	19,400	(2,697)	(52,414)
Income taxes	4,001	9,524	13,374	10
Net income (loss) attributable to owners of the parent	7,134	9,633	(16,107)	(52,464)
Capital expenditures	30,216	40,042	51,117	42,818
Depreciation and amortization	48,446	39,019	34,925	38,857
Per Share Information (in Yen and U.S. Dollars):				
Basic net income (loss)	¥ 65.10	¥ 88.07	¥ (149.41)	¥ (486.63)
Diluted net income				
Cash dividends applicable to the year	130.00	130.00	60.00	30.00
At Year-End:				
Current assets	¥ 462,435	¥ 436,247	¥ 434,457	¥ 423,064
Current liabilities	68,850	64,334	74,337	55,750
Equity	707,719	668,779	634,280	613,647
Total assets	807,340	759,989	737,326	699,014
Number of employees	21,005	21,560	21,295	20,203

Notes: 1. U.S. Dollar amounts are provided solely for convenience at the rate of ¥109 to U.S. $1, the approximate exchange rate at March 31, 2020.
2. Certain reclassifications of previously reported amounts have been made to conform with the classifications in the 2020 financial statements.
3. Diluted net income per share for 2019, 2018, 2017, 2016, 2015, 2014, 2011 and 2010 is not disclosed because there were no outstanding potentially dilutive securities and ROHM CO., LTD., was in a net loss position for the years ended March 31, 2013 and 2012.
4. Effective April 1, 2010, ROHM CO., LTD., and its consolidated subsidiaries applied a new accounting standard for asset retirement obligations. The effect of this change was to decrease "Operating Income" by ¥73 million and "Income before income taxes" by ¥784 million for the year ended March 31, 2011.
5. From the beginning of the year ended March 31, 2019, we are applying the Partial Amendments to Accounting Standards for Tax Effect Accounting (Accounting Standards Board of Japan Statement No.28, February 16, 2018). As a result, deferred tax assets appear under investments and other assets, and deferred tax liabilities appear under non-current liabilities.

Eleven-Year Summary

Millions of Yen							Thousands of U.S. Dollars
2014	2015	2016	2017	2018	2019	**2020**	**2020**
¥ 331,088	¥ 362,773	¥ 352,398	¥ 352,010	¥ 397,107	¥ 398,989	**¥ 362,885**	**$ 3,329,220**
227,015	235,043	230,663	234,967	252,592	254,727	**251,126**	**2,303,908**
80,437	88,929	88,100	85,215	87,510	88,353	**82,269**	**754,762**
23,636	38,801	33,635	31,828	57,005	55,909	**29,490**	**270,550**
40,179	55,240	31,537	32,378	46,513	60,923	**38,018**	**348,789**
8,056	9,898	5,835	5,928	9,248	15,454	**12,362**	**113,413**
32,092	45,297	25,686	26,432	37,249	45,442	**25,633**	**235,165**
31,755	48,739	56,687	42,183	55,911	57,291	**38,942**	**357,266**
25,560	34,467	38,338	40,801	43,407	45,416	**44,328**	**406,679**
¥ 297.65	¥ 420.16	¥ 241.91	¥ 249.88	¥ 352.14	¥ 431.29	**¥ 247.66**	**$ 2.27**
						244.90	**2.25**
50.00	130.00	130.00	130.00	240.00	150.00	**150.00**	**1.38**
¥ 461,746	¥ 523,376	¥ 473,570	¥ 495,958	¥ 504,183	¥ 511,002	**¥ 517,888**	**$ 4,751,266**
52,955	69,660	62,352	69,050	78,056	76,174	**62,368**	**572,183**
663,388	752,434	706,251	725,453	751,878	766,754	**715,479**	**6,564,028**
754,408	864,380	804,134	834,504	864,072	874,428	**848,873**	**7,787,826**
19,985	20,843	21,171	21,308	23,120	22,899	**22,191**	

Consolidated Balance Sheet

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	**2020**
Current Assets:			
Cash and cash equivalents (Note 15)	**¥ 275,540**	¥ 228,065	**$ 2,527,890**
Marketable securities (Notes 5 and 15)	**7,626**	10,901	**69,963**
Short-term investments (Notes 6 and 15)	**32,558**	50,779	**298,697**
Notes and accounts receivable (Note 15):			
Trade	**80,433**	89,836	**737,917**
Unconsolidated subsidiaries and associated companies	**6**	19	**55**
Other	**2,591**	3,068	**23,771**
Allowance for doubtful accounts	**(124)**	(70)	**(1,137)**
Inventories (Note 7)	**111,723**	120,968	**1,024,982**
Income taxes receivable (Note 15)	**488**	481	**4,477**
Prepaid expenses and other	**7,047**	6,955	**64,651**
Total current assets	**517,888**	511,002	**4,751,266**
Property, Plant and Equipment:			
Land (Note 8)	**66,594**	66,973	**610,954**
Buildings and structures (Note 8)	**241,086**	241,974	**2,211,798**
Machinery, equipment and vehicles (Notes 8)	**586,018**	583,155	**5,376,312**
Furniture and fixtures (Notes 8)	**51,268**	52,054	**470,349**
Construction in progress (Note 8)	**26,207**	22,334	**240,431**
Other (Notes 8)	**4,037**		**37,037**
Total	**975,210**	966,490	**8,946,881**
Accumulated depreciation	**(731,426)**	(714,845)	**(6,710,330)**
Net property, plant and equipment	**243,784**	251,645	**2,236,551**
Investments and Other Assets:			
Investment securities (Notes 5 and 15)	**65,558**	87,003	**601,450**
Investments in and advances to unconsolidated subsidiaries and associated companies (Note 15)	**680**	680	**6,238**
Asset for retirement benefits (Note 10)	**1,341**	1,772	**12,303**
Goodwill (Note 8)	**1,392**		**12,771**
Other intangible assets (Note 8)	**3,208**	4,098	**29,431**
Deferred tax assets (Note 14)	**4,863**	6,718	**44,615**
Other	**10,232**	12,213	**93,871**
Allowance for doubtful accounts	**(73)**	(703)	**(670)**
Total investments and other assets	**87,201**	111,781	**800,009**
Total	**¥ 848,873**	¥ 874,428	**$ 7,787,826**

See notes to consolidated financial statements.

Consolidated Balance Sheet

LIABILITIES AND EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2020	2019	**2020**
Current Liabilities:			
Notes and accounts payable (Note 15):			
Trade	**¥ 14,863**	¥ 16,126	**$ 136,358**
Construction and other	**24,066**	30,691	**220,789**
Income taxes payable (Note 15)	**3,990**	8,138	**36,605**
Accrued expenses	**15,065**	17,689	**138,211**
Other (Note 9)	**4,384**	3,530	**40,220**
Total current liabilities	**62,368**	76,174	**572,183**
Long-term Liabilities:			
Bonds (Note 9 and 15)	**40,935**		**375,550**
Liability for retirement benefits (Note 10)	**10,909**	10,689	**100,083**
Deferred tax liabilities (Note 14)	**17,430**	19,965	**159,909**
Other (Note 9)	**1,752**	846	**16,073**
Total long-term liabilities	**71,026**	31,500	**651,615**
Commitments and Contingent Liabilities (Notes 16, 17 and 18)			
Equity (Notes 11, 19 and 21):			
Common stock—authorized, 300,000,000 shares issued, 110,000,000 shares	**86,969**	86,969	**797,881**
Capital surplus	**102,404**	102,404	**939,486**
Retained earnings	**644,563**	634,607	**5,913,422**
Treasury stock—at cost 10,504,865 shares in 2020 and 5,493,365 shares in 2019	**(88,726)**	(47,431)	**(814,000)**
Accumulated other comprehensive income			
Unrealized gain on available-for-sale securities (Note 5)	**22,015**	28,850	**201,972**
Foreign currency translation adjustments	**(47,518)**	(35,487)	**(435,945)**
Accumulated adjustments for retirement benefits (Note 10)	**(4,716)**	(3,645)	**(43,266)**
Total	**714,991**	766,267	**6,559,550**
Noncontrolling interests	**488**	487	**4,478**
Total equity	**715,479**	766,754	**6,564,028**
Total	**¥ 848,873**	¥ 874,428	**$ 7,787,826**

Consolidated Statement of Income

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2020	2019	2018	**2020**
Net Sales	**¥ 362,885**	¥ 398,989	¥ 397,107	**$ 3,329,220**
Cost of sales	**251,126**	254,727	252,592	**2,303,908**
Gross profit	**111,759**	144,262	144,515	**1,025,312**
Selling, general and administrative expenses (Notes 12 and 13)	**82,269**	88,353	87,510	**754,762**
Operating Income	**29,490**	55,909	57,005	**270,550**
Other Income (Expenses):				
Interest and dividend income	**4,858**	4,825	3,861	**44,569**
Foreign currency exchange gains (losses)—net	**401**	3,927	(7,248)	**3,679**
Settlement package	**(163)**	(1,201)	(213)	**(1,495)**
Gain on sales of property, plant and equipment	**352**	138	502	**3,229**
Loss on sales and disposal of property, plant and equipment	**(511)**	(378)	(742)	**(4,688)**
Loss on impairment of long-lived assets (Note 8)	**(430)**	(1,398)	(7,047)	**(3,945)**
Loss on impairment of investment securities (Note 5)	**(936)**	(1)	(82)	**(8,587)**
Gain on sales of investment securities (Note 4)	**5,020**	222	0	**46,055**
Loss on business liquidation		(254)		
Special severance benefits (Note 10)	**(1,251)**	(2,094)	(332)	**(11,477)**
Other—net	**1,188**	1,228	809	**10,899**
Total other income (expenses)—net	**8,528**	5,014	(10,492)	**78,239**
Income before Income Taxes	**38,018**	60,923	46,513	**348,789**
Income Taxes (Note 14):				
Current	**9,822**	16,480	13,573	**90,110**
Deferred	**2,540**	(1,026)	(4,325)	**23,303**
Total income taxes	**12,362**	15,454	9,248	**113,413**
Net Income	**25,656**	45,469	37,265	**235,376**
Net Income Attributable to Noncontrolling Interests	**(23)**	(27)	(16)	**(211)**
Net Income Attributable to Owners of the Parent	**¥ 25,633**	¥ 45,442	¥ 37,249	**$ 235,165**
	Yen			U.S. Dollars
Per Share Information (Note 2. (s) and 20):				
Basic net income	**¥ 247.66**	¥ 431.29	¥ 352.14	**$ 2.27**
Diluted net income	**244.90**			**2.25**
Cash dividends applicable to the year	**150.00**	150.00	240.00	**1.38**

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2020	2019	2018	**2020**
Net Income	**¥ 25,656**	¥ 45,469	¥ 37,265	**$ 235,376**
Other Comprehensive Income (loss) (Note 19):				
Unrealized gain (loss) on available-for-sale securities	**(6,835)**	(5,082)	8,493	**(62,706)**
Foreign currency translation adjustments	**(12,024)**	5,190	248	**(110,312)**
Adjustments for retirement benefits	**(1,071)**	(69)	1,587	**(9,826)**
Total other comprehensive income (loss)	**(19,930)**	39	10,328	**(182,844)**
Comprehensive Income	**¥ 5,726**	¥ 45,508	¥ 47,593	**$ 52,532**
Total Comprehensive Income Attributable to:				
Owners of the parent	**¥ 5,696**	¥ 45,471	¥ 47,605	**$ 52,257**
Noncontrolling interests	**30**	37	(12)	**275**

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

	Millions of Yen										
						Accumulated other comprehensive income					
	Number of shares of common stock outstanding	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gain on available-for -sale securities	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total	Noncontrolling interests	Total equity
Balance at April 1, 2017....................	105,775,185	¥ 86,969	¥ 102,404	¥ 604,057	¥ (47,778)	¥ 25,439	¥ (40,942)	¥ (5,163)	¥ 724,986	¥ 467	¥ 725,453
Net income attributable to owners of the parent..				37,249					37,249		37,249
Cash dividends, ¥200.00 per share....				(21,154)					(21,154)		(21,154)
Purchase of treasury stock.................	(1,033)				(10)				(10)		(10)
Disposal of treasury stock.................	11				0				0		0
Net change in the year.......................						8,493	275	1,587	10,355	(15)	10,340
Balance at March 31, 2018................	105,774,163	86,969	102,404	620,152	(47,788)	33,932	(40,667)	(3,576)	751,426	452	751,878
Net income attributable to owners of the parent..				45,442					45,442		45,442
Cash dividends, ¥195.00 per share....				(20,626)					(20,626)		(20,626)
Purchase of treasury stock.................	(1,267,565)				(10,004)				(10,004)		(10,004)
Disposal of treasury stock.................	37		(0)		0				0		0
Retirement of treasury stock.............			(10,361)		10,361						
Transfer from retained earnings to capital surplus....................................			10,361	(10,361)							
Net change in the year.......................						(5,082)	5,180	(69)	29	35	64
Balance at March 31, 2019................	104,506,635	86,969	102,404	634,607	(47,431)	28,850	(35,487)	(3,645)	766,267	487	766,754
Net income attributable to owners of the parent..				**25,633**					**25,633**		**25,633**
Cash dividends, ¥150.00 per share....				**(15,677)**					**(15,677)**		**(15,677)**
Purchase of treasury stock.................	**(5,011,500)**				**(41,295)**				**(41,295)**		**(41,295)**
Net change in the year.......................						**(6,835)**	**(12,031)**	**(1,071)**	**(19,937)**	**1**	**(19,936)**
Balance at March 31, 2020................	**99,495,135**	**¥ 86,969**	**¥ 102,404**	**¥ 644,563**	**¥ (88,726)**	**¥ 22,015**	**¥ (47,518)**	**¥ (4,716)**	**¥ 714,991**	**¥ 488**	**¥ 715,479**

	Thousands of U.S. Dollars (Note 1)									
					Accumulated other comprehensive income					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gain on available-for -sale securities	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total	Noncontrolling interests	Total equity
Balance at March 31, 2019..	$ 797,881	$ 939,486	$ 5,822,083	$ (435,147)	$ 264,679	$ (325,569)	$ (33,440)	$ 7,029,973	$ 4,468	$ 7,034,441
Net income attributable to owners of the parent.........			**235,165**					**235,165**		**235,165**
Cash dividends, $ 1.38 per share................................			**(143,826)**					**(143,826)**		**(143,826)**
Purchase of treasury stock..				**(378,853)**				**(378,853)**		**(378,853)**
Net change in the year..					**(62,707)**	**(110,376)**	**(9,826)**	**(182,909)**	**10**	**(182,899)**
Balance at March 31, 2020..	**$ 797,881**	**$ 939,486**	**$ 5,913,422**	**$ (814,000)**	**$ 201,972**	**$ (435,945)**	**$ (43,266)**	**$ 6,559,550**	**$ 4,478**	**$ 6,564,028**

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2020	2019	2018	**2020**
Operating Activities:				
Income before income taxes	**¥ 38,018**	¥ 60,923	¥ 46,513	**$ 348,789**
Adjustments for:				
Income taxes – paid	**(12,954)**	(19,180)	(6,153)	**(118,844)**
Depreciation and amortization	**44,328**	45,416	43,407	**406,679**
Amortization of goodwill	**99**		392	**908**
(Decrease) increase in allowance for doubtful accounts	**(572)**	(313)	148	**(5,248)**
Gain on sales of property, plant and equipment—net	**(290)**	(80)	(424)	**(2,661)**
Gain on sales of short-term and long-term investment securities (Note 4)	**(5,020)**	(222)	(0)	**(46,055)**
Foreign currency exchange losses (gains)—net	**1,544**	(1,340)	1,582	**14,165**
(Decrease) increase in liability for retirement benefits	**(833)**	467	496	**(7,642)**
Decrease in asset for retirement benefits	**121**	350	151	**1,110**
Special severance benefits	**1,251**	2,094	332	**11,477**
Loss on impairment of long-lived assets	**430**	1,398	7,047	**3,945**
Loss on impairment of investment securities and investments in unconsolidated subsidiaries and associated companies	**936**	1	82	**8,587**
Changes in assets and liabilities:				
Decrease (increase) in notes and accounts receivable – trade	**8,150**	1,275	(9,434)	**74,771**
Decrease (increase) in inventories	**7,091**	(21,847)	(11,737)	**65,055**
Decrease in notes and accounts payable – trade	**(703)**	(2,764)	(1,430)	**(6,450)**
Increase (decrease) in accounts payable – other	**164**	(1,706)	513	**1,505**
Other—net	**(2,629)**	1,519	3,242	**(24,119)**
Total adjustments	**41,113**	5,068	28,214	**377,183**
Net cash provided by operating activities	**79,131**	65,991	74,727	**725,972**
Investing Activities:				
Decrease (increase) in time deposits—net	**17,737**	(3,358)	10,469	**162,725**
Purchases of marketable and investment securities	**(6,909)**	(13,404)	(19,363)	**(63,385)**
Proceeds from sales and redemption of marketable and investment securities	**25,422**	20,550	5,219	**233,229**
Purchases of property, plant and equipment	**(41,880)**	(54,273)	(49,863)	**(384,220)**
Proceeds from sales of property, plant and equipment	**653**	157	1,006	**5,991**
Other—net	**(3,698)**	(3,670)	(1,986)	**(33,927)**
Net cash used in investing activities	**(8,675)**	(53,998)	(54,518)	**(79,587)**
Financing Activities:				
Proceeds from issuance of bonds	**40,918**			**375,394**
Purchase of treasury stock	**(41,295)**	(10,004)	(10)	**(378,853)**
Dividends paid	**(15,677)**	(20,626)	(21,154)	**(143,826)**
Other—net	**(1,022)**	(18)	(23)	**(9,376)**
Net cash used in financing activities	**(17,076)**	(30,648)	(21,187)	**(156,661)**
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	**(5,905)**	2,746	(1,063)	**(54,174)**
Net Increase (Decrease) in Cash and Cash Equivalents	**47,475**	(15,909)	(2,041)	**435,550**
Cash and Cash Equivalents at Beginning of Year	**228,065**	243,974	246,015	**2,092,340**
Cash and Cash Equivalents at End of Year	**¥ 275,540**	¥ 228,065	¥ 243,974	**$ 2,527,890**

See notes to consolidated financial statements.

1. Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards ("IFRS").

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

In addition, certain reclassifications have been made to the previously reported amounts to conform with current classifications. The consolidated financial statements are stated in Japanese yen, the currency of the country in which ROHM CO., LTD. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥109 to $1, the approximate rate of exchange at March 31, 2020. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. Summary of Significant Accounting Policies

(a) Consolidation

The consolidated financial statements as of March 31, 2020, include the accounts of the Company and its 43 (44 in 2019) significant subsidiaries (together, the "Group").

Under the control concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated.

Investments in unconsolidated subsidiaries and associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is being amortized over reasonable periods (within 20 years).

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

The fiscal year end date of 6 (7 in 2019) subsidiaries, including ROHM SEMICONDUCTOR CHINA CO., LTD., is December 31, which is different from the consolidated balance sheet date of March 31. For those subsidiaries, the Group consolidates the financial statements as of the provisional closing date of March 31.

(b) Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

Under Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements," the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either IFRS or generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; and (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting.

(c) Cash Equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits and certificates of deposit, all of which mature or become due within three months of the date of acquisition.

(d) Marketable and Investment Securities

Marketable and investment securities are classified and accounted for, depending on management's intent, as available-for-sale securities, which are not classified as either trading securities or held-to-maturity debt securities, and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

The Group classifies all marketable and investment securities as available-for-sale securities.

Nonmarketable available-for-sale securities are stated at cost, principally determined by the moving-average method.

For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

(e) Allowance for Doubtful Accounts

The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the companies' past credit loss experience and an evaluation of potential losses in the receivables outstanding.

(f) Inventories

Inventories are mainly stated at the lower of cost, determined by the moving-average method for merchandise, finished products, work in process and raw materials and by the last purchase cost method for supplies, or net selling value.

(g) Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment is computed principally by the declining-balance method based on the estimated useful lives of the assets while the straight-line method is applied to buildings of the Company and its consolidated domestic subsidiaries acquired after April 1, 1998. Right-of-use assets are depreciated by the straight-line method over the respective lease periods.

Estimated useful lives of the assets are principally as follows:

Buildings and structures……............…. 3 to 50 years

Machinery, equipment and vehicles....... 2 to 10 years

(h) Intangible Assets

Intangible assets are stated at cost less accumulated amortization, which is calculated by the straight-line method.

(i) Long-lived Assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(j) Retirement and Pension Plans

The Company and certain consolidated subsidiaries have defined benefit plans for employees, and account for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to the respective periods on a benefit formula basis. Actuarial gains and losses and prior service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects and actuarial gains and losses are amortized on a straight-line basis over 10-13 years within the average remaining service period. Prior service costs are amortized on a straight-line basis over 10-13 years within the average remaining service period. The discount rate is determined using a single weighted-average discount rate reflecting the estimated timing and amount of the benefit payment.

The Company and certain consolidated subsidiaries also have defined contribution pension plans.

(k) Asset Retirement Obligations

An asset retirement obligation is recorded for a legal obligation imposed either by law or contract that results from the acquisition, construction, development and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

(l) Research and Development Costs

Research and development costs are charged to “Selling, general and administrative expenses” as incurred.

(m) Leases

Finance lease transactions are capitalized to recognize right-of-use assets and lease obligations in the balance sheet. All other leases are accounted for as operating leases.

(n) Bonuses to Directors Board Members

Bonuses to Directors Board members are accrued at the year-end to which such bonuses are attributable.

(o) Income Taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

(p) Foreign Currency Transactions

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at exchange rates in effect at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income.

(q) Foreign Currency Financial Statements

The balance sheet accounts of consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rates as of the balance sheet date, except for equity, which is translated at the historical rate. Differences arising from such translation were shown as “Foreign currency translation adjustments” under accumulated other comprehensive income in a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rates.

(r) Derivatives and Hedging Activities

The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange. Foreign exchange forward contracts are utilized by the Group to reduce foreign currency exchange risk. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: (1) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the statement of income and (2) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

(s) Per Share Information

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

The average number of shares used to compute basic net income per share for the years ended March 31, 2020, 2019 and 2018 were 103,359 thousand shares, 105,316 thousand shares and 105,775 thousand shares, respectively.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

(t) New Accounting Pronouncements

***Revenue recognition*—**On March 30, 2018, the ASBJ issued ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition," and ASBJ Guidance No. 30, "Implementation Guidance on Accounting Standard for Revenue Recognition." The core principle of the standard and guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should recognize revenue in accordance with that core principle by applying the following steps:

Step 1: Identify the contracts with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The accounting standard and guidance are effective for annual periods beginning on or after April 1, 2021. Earlier application is permitted for annual periods beginning on or after April 1, 2018.

The Group expects to apply the accounting standard and guidance for annual periods beginning on or after April 1, 2021, and is in the process of measuring the effects of applying the accounting standard and guidance in future applicable periods.

***Fair value measurement*—**On July 4, 2019, the ASBJ issued ASBJ Statement No. 30, "Accounting Standard for Fair Value Measurement" and ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement," and revised related ASBJ Statements and ASBJ Guidance (the "New Accounting Standards"). Under the New Accounting Standards, nonmarketable available-for-sale equity securities are stated at cost, while under the current accounting standards, nonmarketable available-for-sale securities are stated at cost. The New Accounting Standards are effective for the annual periods beginning on or after April 1, 2021.

3. Change in Accounting Policy

***IFRS 16 Leases*—**Japanese GAAP allows an entity to use IFRS or the accounting principles generally accepted in the United States of America ("US GAAP") to prepare the financial statements of its subsidiaries located in foreign countries for group reporting purposes. As such, the Company has adopted IFRS 16 for some foreign consolidated subsidiaries of the Company from the current fiscal year and recognized the cumulative effects of initially applying the standard as an adjustments to the opening balance of retained earnings of the current fiscal year following the transition requirements.

The standard introduces a single lease accounting model and in principal requires that the right-of-use assets representing the right to use an underlying asset and lease liabilities representing the obligation to make lease payments be recognized on the consolidated balance sheet for all leases. The standard also requires that depreciation of the right-of-use assets and interests on the lease liabilities be recognized in the consolidated statement of income.

As a result of applying the standard, as of March 31, 2020, assets and liabilities increased by ¥2,156 million ($19,780 thousand) and ¥2,294 million ($21,046 thousand), respectively. The impact on the opening balance of retained earnings was immaterial.

4. Changes in Presentation

Prior to April 1, 2019, "Gain on sales of investment securities" was included in "Other—net" among the other income (expenses) section of the consolidated statement of income. Since the amount became quantitatively material during this fiscal year ended March 31, 2020, such amount is disclosed separately in the other income (expenses) section of the consolidated statement of income for the year ended March 31, 2020. In accordance with this change in presentation, the consolidated statement of income for the years ended March 31, 2019 and 2018, have been reclassified. The amounts included in "Other—net" for the years ended March 31, 2019 and 2018, were ¥222 million of increase and ¥0 million of increase, respectively.

Prior to April 1, 2019, "Gain on sales of short-term and long-term investment securities" was included in "Other—net" among the operating activities section of the consolidated statement of cash flows. Since the amount became quantitatively material during this fiscal year ended March 31, 2020, such amount is disclosed separately in the operating activities section of the consolidated statement of cash flows for the year ended March 31, 2020. In accordance with this change in presentation, the consolidated statement of cash flows for the years ended March 31, 2019 and 2018, have been reclassified. The amounts included in "Other—net" for the years ended March 31, 2019 and 2018, were ¥222 million of decrease and ¥0 million of decrease, respectively.

5. Marketable and Investment Securities

Marketable and investment securities as of March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Current:			
Government and corporate bonds	**¥ 7,572**	¥ 10,874	**$ 69,468**
Other	**54**	27	**495**
Total	**¥ 7,626**	¥ 10,901	**$ 69,963**

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Non Current:			
Marketable equity securities	**¥ 46,484**	¥ 62,782	**$ 426,459**
Government and corporate bonds	**18,809**	22,748	**172,560**
Other	**265**	1,473	**2,431**
Total	**¥ 65,558**	¥ 87,003	**$ 601,450**

The costs and aggregate fair values of marketable and investment securities at March 31, 2020 and 2019, were as follows:

	Millions of Yen			
	2020			
Securities classified as: Available-for-sale:	Cost	Unrealized gains	Unrealized losses	Fair Value
Equity securities	**¥ 15,020**	**¥ 31,532**	**¥ (68)**	**¥ 46,484**
Debt securities	**26,374**	**206**	**(199)**	**26,381**
Other	**54**		**(0)**	**54**
Total	**¥ 41,448**	**¥ 31,738**	**¥ (267)**	**¥ 72,919**

	Millions of Yen			
	2019			
Securities classified as: Available-for-sale:	Cost	Unrealized gains	Unrealized losses	Fair Value
Equity securities	¥ 21,941	¥ 40,976	¥ (135)	¥ 62,782
Debt securities	33,390	367	(135)	33,622
Other	947	260	(19)	1,188
Total	¥ 56,278	¥ 41,603	¥ (289)	¥ 97,592

	Thousands of U.S. Dollars			
	2020			
Securities classified as: Available-for-sale:	Cost	Unrealized gains	Unrealized losses	Fair Value
Equity securities	**$ 137,799**	**$ 289,284**	**$ (624)**	**$ 426,459**
Debt securities	**241,964**	**1,890**	**(1,826)**	**242,028**
Other	**495**		**(0)**	**495**
Total	**$ 380,258**	**$ 291,174**	**$ (2,450)**	**$ 668,982**

Any marketable and investment securities whose fair values cannot be readily determinable are not included in the table above.

The proceeds, realized gains and realized losses of the available-for-sale securities, which were sold during the years ended March 31, 2020, 2019 and 2018, were as follows:

	Millions of Yen		
	2020		
Available-for-sale:	Proceeds	Realized gains	Realized losses
Equity securities	**¥ 10,801**	**¥ 5,096**	**¥ (319)**
Other	**1,161**	**266**	**(23)**
Total	**¥ 11,962**	**¥ 5,362**	**¥ (342)**

	Millions of Yen		
	2019		
Available-for-sale:	Proceeds	Realized gains	Realized losses
Equity securities	¥ 727	¥ 222	¥ (0)
Total	¥ 727	¥ 222	¥ (0)

	Millions of Yen		
	2018		
Available-for-sale:	Proceeds	Realized gains	Realized losses
Equity securities	¥ 0	¥ 0	
Total	¥ 0	¥ 0	

	Thousands of U.S. Dollars		
	2020		
Available-for-sale:	Proceeds	Realized gains	Realized losses
Equity securities	**$ 99,092**	**$ 46,752**	**$ (2,927)**
Other	**10,651**	**2,441**	**(211)**
Total	**$ 109,743**	**$ 49,193**	**$ (3,138)**

The losses on valuation of available-for-sale securities for the years ended March 31, 2020, 2019 and 2018, were ¥936 million ($8,587 thousand), ¥1 million and ¥82 million, respectively.

6. Short-term Investments

Short-term investments at March 31, 2020 and 2019, consisted of time deposits.

7. Inventories

Inventories at March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Merchandise and finished products	**¥ 27,617**	¥ 30,262	**$ 253,367**
Work in process	**48,352**	56,592	**443,596**
Raw materials and supplies	**35,754**	34,114	**328,019**
Total	**¥ 111,723**	¥ 120,968	**$ 1,024,982**

8. Long-lived Assets

The Group reviewed its long-lived assets for impairment during the years ended March 31, 2020, 2019 and 2018. In recognizing impairment loss on fixed 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. As a result, the Group recognized an impairment loss of ¥430 million ($3,945 thousand), ¥1,398 million and ¥7,047 million as other expense for the years ended March 31, 2020, 2019 and 2018, respectively.

The components of impairment loss for the year ended March 31, 2020 were as follows:

(a) The Group recognized an impairment loss of ¥180 million ($1,651 thousand) for assets held for use located in Thailand, United States of America, and Japan as the estimated future cash flows fell below the carrying amounts of some asset groups due to the deterioration of the revenue environment. The carrying amounts of the relevant assets held for use were reduced to the recoverable amounts which were measured at their value in use, using the discount rate of 10.1% for computation of 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.

(b) The Group recognized an impairment loss of ¥250 million ($2,294 thousand) for idle assets located in Japan, the Philippines, Thailand and China, and determined that the idle assets were not likely to be used in the future. The carrying amounts of the relevant idle assets were written down to their recoverable amounts. The recoverable amounts were measured at their net selling value which were based on reasonable estimations in consideration of market value of the relevant assets.

The components of impairment loss for the year ended March 31, 2019 were as follows:

(a) The Group recognized an impairment loss of ¥1,069 million for assets held for use located in United States of America, Thailand and Japan as the estimated future cash flows fell below the carrying amounts of some asset groups due to the deterioration of the revenue environment. The carrying amounts of the relevant assets held for use were reduced to the recoverable amounts which were measured at their value in use, using the discount rate of 9.0% for computation of 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.

(b) The Group recognized an impairment loss of ¥329 million for idle assets located in Japan, the Philippines, Thailand and China, and determined that the idle assets were not likely to be used in the future. The carrying amounts of the relevant idle assets were written down to their recoverable amounts. The recoverable amounts were measured at their net selling value which were based on reasonable estimations in consideration of market value of the relevant assets.

The components of impairment loss for the year ended March 31, 2018 were as follows:

(a) The Group recognized an impairment loss of ¥6,697 million for assets held for use located in Ireland since the Group estimated that they likely generate profit less than expected at the time of the business acquisition. The carrying amounts of the relevant goodwill and other intangible assets were reduced to the recoverable amounts, which were based on third-party assessment.

(b) The Group recognized an impairment loss of ¥350 million for idle assets located in Japan, the Philippines, Thailand and China, and determined that the idle assets were not likely to be used in the future. The carrying amounts of the relevant idle assets were written down to their recoverable amounts. The recoverable amounts were measured at their net selling value which were based on reasonable estimations in consideration of market value of the relevant assets.

9. Short-term Debt and Long-term Debt

Short-term debt and long-term debt at March 31, 2020 and 2019, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars	Yield	Due date
	2020	2019	**2020**	**2020**	**2020**
Current portion of lease liabilities	**¥ 872**	¥ 19	**$ 8,000**	**4.3%**	
Zero coupon Convertible Bonds due 2024	**40,935**		**375,550**		**December 2024**
Lease liabilities (Excluding current portion)	**1,418**	32	**13,009**	**4.1%**	**From April 2021 to December 2028**
Total	**¥ 43,225**	¥ 51	**$ 396,559**		

The details of the convertible bonds were as follows:

	Zero Coupon Convertible Bonds due 2024
Class of shares to be issued	Common stock
Issue price of stock acquisition rights	Zero
Initial conversion price	¥ 13,593 ($ 125)
Total issue price	¥ 40,000 million ($ 366,972 thousand)
Conversion ratio	100%
Exercise period	December 19, 2019, through November 21, 2024

If all the outstanding stock acquisition rights in convertible bonds had been exercised at March 31, 2020, 2,942,691 shares of common stock would have been issued. The conversion price is subject to reflect stock splits and certain other events.

Annual maturities of long-term debt as of March 31, 2020 for the next five years were as follows:

	Millions of Yen			
	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
Zero coupon Convertible Bonds due 2024				**¥ 40,000**
Lease liabilities (Excluding current portion)	**¥ 705**	**¥ 329**	**¥ 164**	**118**
Total	**¥ 705**	**¥ 329**	**¥ 164**	**¥ 40,118**

	Thousands of U.S. Dollars			
	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
Zero coupon Convertible Bonds due 2024				**$ 366,972**
Lease liabilities (Excluding current portion)	**$ 6,468**	**$ 3,018**	**$ 1,505**	**1,083**
Total	**$ 6,468**	**$ 3,018**	**$ 1,505**	**$ 368,055**

10. Retirement and Pension Plans

The Company and certain domestic consolidated subsidiaries have a defined benefit pension plan, termination allowance plan and defined contribution plan for employees.

The defined benefit plan (funded type plan) provides lump-sum and annuity payments calculated by the cumulative number of points to be given mainly based on official position, as well as rank and length of service. In addition, certain domestic consolidated subsidiaries have cash balance plans. Under the cash balance plans, the amount of pension benefits on each employee's personal account are calculated based on points given depending on official position and rank of employee, and points determined based on the revaluation rate of the plans. Under the termination allowance plan (unfunded type plan), lump-sum payments are calculated by the cumulative number of points given based on official position and rank.

Certain foreign consolidated subsidiaries have a defined benefit plan (funded or unfunded type plan) and a defined contribution plan. Under the defined benefit plan (funded or unfunded type plan), lump-sum and annuity payments are calculated by salary and length of service.

(1) The changes in defined benefit obligation for the years ended March 31 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Balance at beginning of year	**¥ 41,577**	¥ 39,346	**$ 381,440**
Current service cost	**2,750**	2,645	**25,229**
Interest cost	**326**	346	**2,991**
Actuarial losses	**1,085**	605	**9,954**
Benefits paid	**(3,191)**	(1,415)	**(29,275)**
Prior service cost	**332**		**3,046**
Others	**(194)**	51	**(1,780)**
Balance at end of year	**¥ 42,685**	¥ 41,578	**$ 391,605**

(2) The changes in plan assets for the years ended March 31 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Balance at beginning of year	**¥ 32,661**	¥ 31,283	**$ 299,642**
Expected return on plan assets	**822**	817	**7,541**
Actuarial losses	**(695)**	(367)	**(6,376)**
Contributions from the employer	**1,880**	1,875	**17,248**
Benefits paid	**(1,416)**	(1,022)	**(12,991)**
Others	**(134)**	75	**(1,229)**
Balance at end of year	**¥ 33,118**	¥ 32,661	**$ 303,835**

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Funded defined benefit obligation	**¥ 33,036**	¥ 31,377	**$ 303,083**
Plan assets	**(33,118)**	(32,661)	**(303,835)**
	(82)	(1,284)	**(752)**
Unfunded defined benefit obligation	**9,650**	10,201	**88,532**
Net liability arising from defined benefit obligation	**¥ 9,568**	¥ 8,917	**$ 87,780**

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Liability for retirement benefits	**¥ 10,909**	¥ 10,689	**$ 100,083**
Asset for retirement benefits	**(1,341)**	(1,772)	**(12,303)**
Net liability arising from defined benefit obligation	**¥ 9,568**	¥ 8,917	**$ 87,780**

(4) The components of net periodic benefit costs for the years ended March 31, 2020, 2019 and 2018, were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2020	2019	2018	**2020**
Service cost	**¥ 2,750**	¥ 2,645	¥ 2,605	**$ 25,229**
Interest cost	**326**	346	335	**2,991**
Expected return on plan assets	**(822)**	(817)	(707)	**(7,541)**
Recognized actuarial losses	**466**	729	1,148	**4,275**
Amortization of prior service cost	**211**	175	183	**1,936**
Net periodic benefit costs	**¥ 2,931**	¥ 3,078	¥ 3,564	**$ 26,890**

In addition to the above net periodic benefit costs, the costs for the defined contribution pension plan recorded as operating expense were ¥816 million ($7,486 thousand), ¥808 million and ¥740 million for the years ended March 31, 2020, 2019 and 2018, respectively. The Group also recorded "Special severance benefits" for the year ended March 31, 2020, 2019 and 2018, in the amount of ¥1,251 million ($11,477 thousand), ¥2,094 million and ¥332 million as other expense.

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of adjustments for retirement benefits for the years ended March 31, 2020, 2019 and 2018, were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2020	2019	2018	**2020**
Prior service cost	**¥ (122)**	¥ 174	¥ 175	**$ (1,119)**
Actuarial (gains) losses	**(1,300)**	(242)	1,783	**(11,927)**
Total	**¥ (1,422)**	¥ (68)	¥ 1,958	**$ (13,046)**

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of accumulated adjustments for retirement benefits as of March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Unrecognized prior service cost	**¥ (775)**	¥ (653)	**$ (7,110)**
Unrecognized actuarial (gains) losses	**(5,045)**	(3,745)	**(46,284)**
Total	**¥ (5,820)**	¥ (4,398)	**$ (53,394)**

(7) Plan assets

(a) Components of plan assets

Plan assets consisted of the following:

	2020	2019
Debt investments	**81%**	76%
Equity investments	**8%**	13%
Others	**11%**	11%
Total	**100%**	100%

(b) Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended March 31, 2020, 2019 and 2018, were set forth as follows:

	2020	2019	2018
Discount rate	**0.0 − 0.2%**	(0.0) − 0.2%	0.1 − 0.4%
Expected rate of return on plan assets	**2.0 − 2.5%**	2.0 − 3.0%	2.0 − 3.0%

The salary increase rate is not reflected in calculation of the projected benefit obligations of the main retirement and pension plans.

11. Equity

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the general shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company does not meet all the above criteria.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases / decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account that was charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

12. Research and Development Costs

Research and development costs charged to income were ¥33,384 million ($306,275 thousand), ¥39,578 million and ¥38,852 million for the years ended March 31, 2020, 2019 and 2018, respectively.

13. Amortization of Goodwill

Amortization of goodwill was ¥99 million ($908 thousand) and ¥392 million for the years ended March 31, 2020 and 2018, respectively.There is no relevant information for the year ended March 31, 2019.

14. Income Taxes

The Company and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 30.5% for the years ended March 31, 2020 and 2019, and 30.7% for the year ended March 31,2018. Foreign consolidated subsidiaries are subject to income taxes of the countries in which they operate.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2020 and 2019, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Deferred tax assets:			
Marketable and investment securities	**¥ 651**	¥ 958	**$ 5,972**
Inventories	**3,835**	5,088	**35,184**
Depreciation and amortization	**3,909**	3,894	**35,862**
Tax loss carryforwards	**14,372**	13,910	**131,853**
Accrued expenses	**2,598**	2,754	**23,835**
Liability for retirement benefits	**2,800**	2,961	**25,688**
Loss on impairment of long-lived assets	**4,616**	5,040	**42,349**
Investments in subsidiaries and associated companies	**7,254**	7,254	**66,550**
Others	**3,302**	3,637	**30,294**
Total of tax loss carryforwards and temporary differences	**43,337**	45,496	**397,587**
Less valuation allowance for tax loss carryforwards	**(13,842)**	(12,731)	**(126,991)**
Less valuation allowance for temporary differences	**(12,898)**	(12,425)	**(118,330)**
Total valuation allowance	**(26,740)**	(25,156)	**(245,321)**
Deferred tax assets	**16,597**	20,340	**152,266**
Deferred tax liabilities:			
Undistributed earnings of foreign subsidiaries	**(18,462)**	(19,507)	**(169,376)**
Asset for retirement benefits	**(411)**	(539)	**(3,771)**
Depreciation and amortization	**(497)**	(387)	**(4,560)**
Net unrealized gain on available-for-sale securities	**(9,245)**	(12,445)	**(84,816)**
Other	**(549)**	(709)	**(5,037)**
Deferred tax liabilities	**(29,164)**	(33,587)	**(267,560)**
Net deferred tax liabilities	**¥ (12,567)**	¥ (13,247)	**$ (115,294)**

The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2020 and 2019 were as follows:

	Millions of Yen						
	2020						
	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards	**¥ 598**	**¥ 1,886**	**¥ 1,035**	**¥ 114**	**¥ 640**	**¥ 10,099**	**¥ 14,372**
Less valuation allowances for tax loss carryforwatds	**(598)**	**(1,882)**	**(1,032)**	**(60)**	**(640)**	**(9,630)**	**(13,842)**
Net deferred tax assets relating to tax loss carryforwards	**¥ 0**	**¥ 4**	**¥ 3**	**¥ 54**		**¥ 469**	**¥ 530**

	Millions of Yen						
	2019						
	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards................	¥ 1,189	¥ 673	¥ 1,883	¥ 1,032	¥ 205	¥ 8,928	¥ 13,910
Less valuation allowances for tax loss carryforwatds................	(853)	(570)	(1,810)	(1,032)	(162)	(8,304)	(12,731)
Net deferred tax assets relating to tax loss carryforwards................	¥ 336	¥ 103	¥ 73		¥ 43	¥ 624	¥ 1,179

	Thousands of U.S. Dollars						
	2020						
	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards................	**$ 5,486**	**$ 17,303**	**$ 9,495**	**$ 1,046**	**$ 5,872**	**$ 92,651**	**$ 131,853**
Less valuation allowances for tax loss carryforwatds................	**(5,486)**	**(17,266)**	**(9,468)**	**(550)**	**(5,872)**	**(88,349)**	**(126,991)**
Net deferred tax assets relating to tax loss carryforwards................	**$ 0**	**$ 37**	**$ 27**	**$ 496**		**$ 4,302**	**$ 4,862**

The reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the years ended March 31, 2020, 2019 and 2018, were as follows:

	2020	2019	2018
Normal effective statutory tax rate..	**30.5 %**	30.5 %	30.7 %
Changes in valuation allowance..	**4.5**	(14.9)	(6.4)
Tax effect of investment in subsidiary...	**(0.2)**	(1.2)	(6.3)
Tax credit for research and development expenses.......................................	**(2.0)**	(2.3)	(3.4)
Lower income tax rates applicable to income in certain foreign countries...	**(3.2)**	(0.8)	(0.6)
Difference of tax rate used for tax effect accounting....................................		(0.2)	1.4
Loss on impairment of goodwill..			3.5
Expiration of tax loss carryforwards...	**3.1**	14.4	0.1
Other – net..	**(0.2)**	(0.1)	0.9
Actual effective tax rate..	**32.5 %**	25.4 %	19.9 %

15. Financial Instruments and Related Disclosures

(1) Group policy for financial instruments

The Group manages surplus funds with low-risk financial assets and uses derivatives only as a means to hedge the foreign currency exchange rate risk of trade receivables. The Group does not conduct any speculative transactions.

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

Receivables, such as notes receivable—trade and accounts receivable—trade, 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 risk resulting from fluctuations in foreign currency exchange rates. Such foreign currency exchange rate 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 and monitoring the 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 being subject to minimal credit risks.

Payment terms of payables, such as notes payable—trade and accounts payable—trade, 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 reports the status of the derivative transactions once or more every half year to the Board of Directors. Furthermore, 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 values of financial instruments are measured based on quoted market prices or those calculated by other rational valuation techniques in the case a quoted price is not available. Since variation factors are incorporated to calculate this fair value, the use of different preconditions may change this value.

(4) Fair values of financial instruments

Carrying amounts of financial instruments in the consolidated balance sheet, their fair values, and differences as of March 31, 2020 and 2019, are shown in the table in (a) below. Any financial instruments whose fair values cannot be readily determinable are not included (see the table in (b) below).

(a) Fair value of financial instruments

	Millions of Yen		
	2020		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	**¥ 275,540**	**¥ 275,540**	
Marketable securities	**7,626**	**7,626**	
Short-term investments	**32,558**	**32,558**	
Notes and accounts receivable – trade	**80,439**		
Allowance for doubtful receivable	**(119)**		
Notes and accounts receivable – trade net	**80,320**	**80,320**	
Investment securities	**65,293**	**65,293**	
Income taxes receivable	**488**	**488**	
Total	**¥ 461,825**	**¥ 461,825**	
Bonds	**¥ 40,935**	**¥ 40,526**	**¥ (409)**
Notes and accounts payable – trade	**14,863**	**14,863**	
Notes and accounts payable – construction and other	**24,066**	**24,066**	
Income taxes payable	**3,990**	**3,990**	
Total	**¥ 83,854**	**¥ 83,445**	**¥ (409)**

	Millions of Yen		
	2019		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	¥ 228,065	¥ 228,065	
Marketable securities	10,901	10,901	
Short-term investments	50,779	50,779	
Notes and accounts receivable – trade	89,855		
Allowance for doubtful receivable	(60)		
Notes and accounts receivable – trade net	89,795	89,795	
Investment securities	86,691	86,691	
Income taxes receivable	481	481	
Total	¥ 446,712	¥ 466,712	
Notes and accounts payable – trade	¥ 16,126	¥ 16,126	
Notes and accounts payable – construction and other	30,691	30,691	
Income taxes payable	8,138	8,138	
Total	¥ 54,955	¥ 54,955	

	Thousands of U.S. Dollars		
	2020		
	Carrying amount	Fair value	Unrealized gain/loss
Cash and cash equivalents	**$ 2,527,890**	**$ 2,527,890**	
Marketable securities	**69,963**	**69,963**	
Short-term investments	**298,697**	**298,697**	
Notes and accounts receivable – trade	**737,972**		
Allowance for doubtful receivable	**(1,091)**		
Notes and accounts receivable – trade net	**736,881**	**736,881**	
Investment securities	**599,019**	**599,019**	
Income taxes receivable	**4,477**	**4,477**	
Total	**$ 4,236,927**	**$ 4,236,927**	
Bonds	**$ 375,550**	**$ 371,798**	**$ (3,752)**
Notes and accounts payable – trade	**136,358**	**136,358**	
Notes and accounts payable – construction and other	**220,789**	**220,789**	
Income taxes payable	**36,605**	**36,605**	
Total	**$ 769,302**	**$ 765,550**	**$ (3,752)**

Cash and cash equivalents, Short-term investments, Notes and accounts receivable—trade, and Income taxes receivable

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

Marketable securities and Investment securities

The fair values of marketable securities and investment securities are measured at the quoted market price of the stock exchange for equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. The fair value information for the marketable and investment securities by classification is included in Note 5.

Notes and accounts payable—trade, Notes and accounts payable—construction and other, and Income taxes payable

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

Bonds

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

Derivatives

Fair value information for derivatives is included in Note 16.

(b) Carrying amount of financial instruments whose fair values cannot be readily determinable

	Carrying amount		
	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Unlisted stock	**¥ 195**	¥ 228	**$ 1,789**
Rights under limited partnership agreement for investment	**70**	84	**642**
Investments in unconsolidated subsidiaries and associated companies	**680**	680	**6,238**

(c) Maturity analysis for financial assets and securities with contractual maturities

	Millions of Yen			
	2020			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and cash equivalents	**¥ 275,540**			
Marketable securities:				
Government and local government bonds	**231**			
Corporate bonds	**7,341**			
Other	**39**			
Short-term investments	**32,558**			
Notes and accounts receivable – trade	**80,439**			
Investment securities:				
Government and local government bonds		**¥ 291**		
Corporate bonds		**18,425**		
Income taxes receivable	**488**			
Total	**¥ 396,636**	**¥ 18,716**		

	Millions of Yen			
	2019			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and cash equivalents	¥ 228,065			
Marketable securities:				
Government and local government bonds	311			
Corporate bonds	10,580			
Other	29			
Short-term investments	50,779			
Notes and accounts receivable – trade	89,855			
Investment securities:				
Corporate bonds		¥ 22,846		
Income taxes receivable	481			
Total	¥ 380,100	¥ 22,846		

	Thousands of U.S. Dollars			
	2020			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and cash equivalents	**$ 2,527,890**			
Marketable securities:				
Government and local government bonds	**2,119**			
Corporate bonds	**67,349**			
Other	**358**			
Short-term investments	**298,697**			
Notes and accounts receivable – trade	**737,972**			
Investment securities:				
Government and local government bonds		**$ 2,670**		
Corporate bonds		**169,036**		
Income taxes receivable	**4,477**			
Total	**$ 3,638,862**	**$ 171,706**		

16. Derivatives

The Group enters into foreign exchange forward contracts to hedge foreign currency exchange rate risk associated with certain assets denominated in foreign currencies.

All derivative transactions are entered into to hedge foreign currency exposures incorporated within the Group's business. Accordingly, market risk in these derivatives is generally offset by opposite movements in the value of the hedged assets. The Group does not hold or issue derivatives for trading purposes.

Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount.

Derivative transactions to which hedge accounting was not applied were as follows:

	Millions of Yen			
	2020			
	Contract amount	Contract amount due after 1 year	Fair value	Unrealized gain/loss
Foreign currency forward contracts:				
Selling U.S.$	**¥ 7,528**		**¥ 38**	**¥ 38**
Selling Euros	**2,520**		**11**	**11**

	Millions of Yen			
	2019			
	Contract amount	Contract amount due after 1 year	Fair value	Unrealized gain/loss
Foreign currency forward contracts:				
Selling U.S.$	¥ 10,569		¥ (41)	¥ (41)
Selling Euros	1,896		27	27

	Thousands of U.S. Dollars			
	2020			
	Contract amount	Contract amount due after 1 year	Fair value	Unrealized gain/loss
Foreign currency forward contracts:				
Selling U.S.$	**$ 69,064**		**$ 349**	**$ 349**
Selling Euros	**23,119**		**101**	**101**

17. Leases

Operating leases

Future minimum payment under operating leases were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	**2020**
Due within 1 year	**¥ 235**	¥ 1,202	**$ 2,156**
Due after 1 year	**492**	1,828	**4,514**
Total	**¥ 727**	¥ 3,030	**$ 6,670**

18. Contingent Liabilities

The Group was contingently liable for guarantees of housing loans of employees amounting to ¥27 million ($248 thousand) at March 31, 2020.

19. Comprehensive Income (Loss)

The components of other comprehensive income for the years ended March 31, 2020, 2019 and 2018, were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2020	2019	2018	**2020**
Unrealized gain (loss) on available-for-sale securities:				
Adjustments arising during the year	**¥ (5,347)**	¥ (5,388)	¥ 12,127	**$ (49,055)**
Reclassification adjustments to profit or loss	**(4,489)**	(1,162)	(4)	**(41,183)**
Amount before income tax effect	**(9,836)**	(6,550)	12,123	**(90,238)**
Income tax effect	**3,001**	1,468	(3,630)	**27,532**
Total	**¥ (6,835)**	¥ (5,082)	¥ 8,493	**$ (62,706)**
Foreign currency translation adjustments:				
Adjustments arising during the year	**¥ (11,853)**	¥ 5,229	¥ (47)	**$ (108,743)**
Reclassification adjustments to profit or loss	**(157)**	(41)		**(1,440)**
Amount before income tax effect	**(12,010)**	5,188	(47)	**(110,183)**
Income tax effect	**(14)**	2	295	**(129)**
Total	**¥ (12,024)**	¥ 5,190	¥ 248	**$ (110,312)**

	Millions of Yen			Thousands of U.S. Dollars
Adjustments for retirement benefits:				
Adjustments arising during the year	**¥ (2,099)**	¥ (972)	¥ 628	**$ (19,257)**
Reclassification adjustments to profit or loss	**678**	904	1,330	**6,220**
Amount before income tax effect	**(1,421)**	(68)	1,958	**(13,037)**
Income tax effect	**350**	(1)	(371)	**3,211**
Total	**¥ (1,071)**	¥ (69)	¥ 1,587	**$ (9,826)**
Total other comprehensive income (loss)	**¥ (19,930)**	¥ 39	¥ 10,328	**$ (182,844)**

20. Net Income Per Share

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the year ended March 31, 2020 was as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net income Attributable to Owners of the Parent	Weighted-Average Shares	EPS	
Basic net income	**¥ 25,597**	**103,359**	**¥ 247.66**	**$ 2.27**
Effect of dilutive securities:				
Convertible bonds	**(45)**	**981**		
Diluted net income	**¥ 25,552**	**104,340**	**¥ 244.90**	**$ 2.25**

21. Subsequent Event

(1) Appropriation of retained earnings

On June 12, 2020, the Board of Directors decided to retire a portion of the Company's treasury stock in accordance with Article 178 of the Companies Act and retired it on June 24, 2020.

(a) Reason for retirement

The Company will retain its treasury stock of approximately 5 percent of total shares issued at maximum, and, in principle, the excess portion of the treasury stock will be retired each year.

(b) Class of shares to be retired Common stock

(c) Number of shares to be retired 7,000,000 shares

(d) Amount of shares to be retired ¥57,462 million ($527,174 thousand)

(2) Appropriation of retained earnings

The following appropriation of retained earnings at March 31, 2020, was approved at the Company’s general shareholders’ meeting held on June 26, 2020.

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥75.00 ($0.69) per share	**¥ 7,462**	**$ 68,459**

22. Segment Information

Under ASBJ Statement No. 17 "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No. 20 "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria.

Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decisionmaker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(a) Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's Board of Directors is being performed in order to decide how resources are allocated among the Group.

The Group is a comprehensive manufacturer of electronic components, and sets up operational divisions by individual product category at its headquarters. Each operational division draws up comprehensive production plans and business strategies for both domestic and overseas operations, and develops global production activities. Therefore, from a management standpoint, the Group places great importance on monitoring profits and losses by operating segments organized as operational divisions of individual product categories. For this reason, the Group aggregates operating segments in consideration of characteristics of the products that each operational division manufactures and similarities of production processes, and has three reportable segments "ICs", "Discrete semiconductor devices" and "Modules." In the ICs segment, products such as analog ICs, logic ICs, memory ICs and MEMS are manufactured. Products manufactured in the Discrete semiconductor devices segment include diodes, transistors, light-emitting diodes, and laser diodes. Products manufactured in the Modules segment include print-heads, optical modules, and power modules.

(b) Methods of measurement for the amounts of sales, profit (loss), assets and other items for each reportable segment

The accounting policies of each reportable segment are basically consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

Operating income is applied in "Segment profit." "Intersegment sales or transfers" are calculated based on the market price.

Although assets of common divisions, such as sales and administrative divisions, are included in "Reconciliations," depreciation and amortization expense of these assets are allocated to each operating segment according to in-house criteria to calculate the profit of each segment.

(c) Information about sales, profit (loss), assets and other items is as follows:

	Millions of Yen							
	2020							
	Reportable segments							
	ICs	Discrete semiconductor devices	Modules	Total	Other	Total	Reconcili-ations	Consolidated
Sales:								
Sales to external customers	**¥ 170,432**	**¥ 139,038**	**¥ 33,276**	**¥ 342,746**	**¥ 20,139**	**¥ 362,885**		**¥ 362,885**
Intersegment sales or transfers	**1,948**	**5,915**	**0**	**7,863**	**63**	**7,926**	**¥ (7,926)**	
Total	**172,380**	**144,953**	**33,276**	**350,609**	**20,202**	**370,811**	**(7,926)**	**362,885**
Segment profit	**12,578**	**10,407**	**3,492**	**26,477**	**1,949**	**28,426**	**1,064**	**29,490**
Segment assets	**109,396**	**130,825**	**15,064**	**255,285**	**18,368**	**273,653**	**575,220**	**848,873**
Other								
Depreciation and amortization	**18,165**	**21,129**	**2,989**	**42,283**	**2,485**	**44,768**	**(440)**	**44,328**
Amortization of goodwill		**99**		**99**		**99**		**99**
Increase in property, plant and equipment and intangible assets	**8,550**	**22,002**	**1,923**	**32,475**	**2,736**	**35,211**	**3,731**	**38,942**

	Millions of Yen							
	2019							
	Reportable segments				Other	Total	Reconciliations	Consolidated
	ICs	Discrete semiconductor devices	Modules	Total				
Sales:								
Sales to external customers	¥ 183,313	¥ 152,862	¥ 40,159	¥ 376,334	¥ 22,655	¥ 398,989		¥ 398,989
Intersegment sales or transfers	2,559	6,933	43	9,535	61	9,596	¥ (9,596)	
Total	185,872	159,795	40,202	385,869	22,716	408,585	(9,596)	398,989
Segment profit	15,990	30,054	5,918	51,962	4,094	56,056	(147)	55,909
Segment assets	129,030	126,836	17,157	273,023	19,316	292,339	582,089	874,428
Other								
Depreciation and amortization	20,908	20,055	3,279	44,242	2,006	46,248	(832)	45,416
Amortization of goodwill								
Increase in property, plant and equipment and intangible assets	17,119	30,407	1,980	49,506	4,695	54,201	3,090	57,291

	Millions of Yen							
	2018							
	Reportable segments				Other	Total	Reconciliations	Consolidated
	ICs	Discrete semiconductor devices	Modules	Total				
Sales:								
Sales to external customers	¥ 183,431	¥ 149,915	¥ 41,830	¥ 375,176	¥ 21,931	¥ 397,107		¥ 397,107
Intersegment sales or transfers	2,875	9,218	91	12,184	53	12,237	¥ (12,237)	
Total	186,306	159,133	41,921	387,360	21,984	409,344	(12,237)	397,107
Segment profit	20,182	32,193	3,794	56,169	2,968	59,137	(2,132)	57,005
Segment assets	122,043	103,058	18,581	243,682	15,151	258,833	605,239	864,072
Other								
Depreciation and amortization	20,293	18,638	3,725	42,656	1,598	44,254	(847)	43,407
Amortization of goodwill	392			392		392		392
Increase in property, plant and equipment and intangible assets	25,078	23,149	1,185	49,412	4,407	53,819	2,092	55,911

	Thousands of U.S. Dollars							
	2020							
	Reportable segments				Other	Total	Reconciliations	Consolidated
	ICs	Discrete semiconductor devices	Modules	Total				
Sales:								
Sales to external customers	**$ 1,563,596**	**$ 1,275,578**	**$ 305,285**	**$ 3,144,459**	**$ 184,761**	**$ 3,329,220**		**$ 3,329,220**
Intersegment sales or transfers	**17,872**	**54,266**	**0**	**72,138**	**578**	**72,716**	**$ (72,716)**	
Total	**1,581,468**	**1,329,844**	**305,285**	**3,216,597**	**185,339**	**3,401,936**	**(72,716)**	**3,329,220**
Segment profit	**115,394**	**95,477**	**32,037**	**242,908**	**17,881**	**260,789**	**9,761**	**270,550**
Segment assets	**1,003,633**	**1,200,229**	**138,202**	**2,342,064**	**168,514**	**2,510,578**	**5,277,248**	**7,787,826**
Other								
Depreciation and amortization	**166,652**	**193,844**	**27,422**	**387,918**	**22,798**	**410,716**	**(4,037)**	**406,679**
Amortization of goodwill		**908**		**908**		**908**		**908**
Increase in property, plant and equipment and intangible assets	**78,441**	**201,853**	**17,642**	**297,936**	**25,101**	**323,037**	**34,229**	**357,266**

"Other" includes operating segments that are not included in the reportable segments, consisting of business in resistors and tantalum capacitors and others.

“Reconciliations” were as follows:

(1) The adjusted amount of the segment profit for the year ended March 31, 2020, ¥1,064 million ($9,761 thousand), mainly includes general and administrative expenses of ¥(577) million ($(5,294) thousand) not attributable to the operating segments, and the settlement adjustment of ¥1,641 million ($15,055 thousand) not allocated to the operating segments (such as periodic pension cost).

The adjusted amount of the segment profit for the year ended March 31, 2019, ¥(147) million, mainly includes general and administrative expenses of ¥(773) million not attributable to the operating segments, and the settlement adjustment of ¥626 million not allocated to the operating segments (such as periodic pension cost).

The adjusted amount of the segment profit for the year ended March 31, 2018, ¥(2,132) million, mainly includes general and administrative expenses of ¥(806) million not attributable to the operating segments, and the settlement adjustment of ¥(1,326) million not allocated to the operating segments (such as periodic pension cost).

(2) The adjusted amount of the segment assets for the year ended March 31, 2020, ¥575,220 million ($5,277,248 thousand), mainly includes corporate assets of ¥576,100 million ($5,285,321 thousand) not allocated to the operating segments, and the adjustments of fixed asset of ¥(880) million ($(8,073) thousand). Corporate assets not attributable to the operating segments mainly consist of cash and cash equivalents of ¥275,540 million ($2,527,890 thousand), notes and accounts receivable-trade of ¥80,439 million ($737,972 thousand), and investment securities of ¥65,558 million ($601,450 thousand).

The adjusted amount of the segment assets for the year ended March 31, 2019, ¥582,089 million, mainly includes corporate assets of ¥583,366 million not allocated to the operating segments, and the adjustments of fixed asset of ¥(1,277) million. Corporate assets not attributable to the operating segments mainly consist of cash and cash equivalents of ¥228,065 million, notes and accounts receivable-trade of ¥89,855 million, and investment securities of ¥87,033 million.

The adjusted amount of the segment assets for the year ended March 31, 2018, ¥605,239 million, mainly includes corporate assets of ¥607,183 million not allocated to the operating segments, and the adjustments of fixed asset of ¥(1,944) million. Corporate assets not attributable to the operating segments mainly consist of cash and cash equivalents of ¥243,974 million, investment securities of ¥93,935 million, and notes and accounts receivable-trade of ¥90,702 million.

(3) The adjusted amount of depreciation and amortization relates to the settlement adjustment not allocated to the operating segments (such as unrealized profit or loss on fixed assets).

(4) The adjusted amount of increase in property, plant and equipment and intangible fixed assets relates to common divisions, such as sales and administrative divisions.

(d) Relevant information

For the years ended March 31, 2020, 2019 and 2018

(1) Information about products and services

The classification of products and services has been omitted as it is identical to the segment classification.

(2) Information about geographical areas

(i) Sales

Millions of Yen			
2020			
Japan	China	Other	Total
¥ 129,440	**¥ 101,773**	**¥ 131,672**	**¥ 362,885**

Millions of Yen			
2019			
Japan	China	Other	Total
¥ 136,392	¥ 116,342	¥ 146,255	¥ 398,989

Millions of Yen			
2018			
Japan	China	Other	Total
¥ 125,505	¥ 123,990	¥ 147,612	¥ 397,107

Thousands of U.S. Dollars			
2020			
Japan	China	Other	Total
$ 1,187,523	**$ 933,697**	**$ 1,208,000**	**$ 3,329,220**

Sales are classified by country or region based on the location of customers.

(ii) Property, plant and equipment

Millions of Yen					
2020					
Japan	China	Thailand	Philippines	Other	Total
¥ 156,152	**¥ 16,578**	**¥ 23,598**	**¥ 26,286**	**¥ 21,170**	**¥ 243,784**

Millions of Yen					
2019					
Japan	China	Thailand	Philippines	Other	Total
¥ 155,461	¥ 17,911	¥ 26,679	¥ 28,963	¥ 22,631	¥ 251,645

Thousands of U.S. Dollars					
2020					
Japan	China	Thailand	Philippines	Other	Total
$ 1,432,587	**$ 152,092**	**$ 216,496**	**$ 241,156**	**$ 194,220**	**$ 2,236,551**

(3) Information about major customers

Since there are no customers who accounted for more than 10% of sales to external customers in the consolidated statement of income, the information has been omitted.

(e) Information regarding loss on impairment of long-lived assets of reportable segments

	Millions of Yen						
	2020						
	Reportable segments				Other	Reconcili-ations	Consolidated
	ICs	Discrete semiconductor devices	Modules	Total			
Loss on impairment of long-lived assets................	**¥ 236**	**¥ 39**	**¥ 10**	**¥ 285**	**¥ 143**	**¥ 2**	**¥ 430**

	Millions of Yen						
	2019						
	Reportable segments				Other	Reconcili-ations	Consolidated
	ICs	Discrete semiconductor devices	Modules	Total			
Loss on impairment of long-lived assets................	¥ 487	¥ 217	¥ 20	¥ 724	¥ 662	¥ 12	¥ 1,398

	Millions of Yen						
	2018						
	Reportable segments				Other	Reconcili-ations	Consolidated
	ICs	Discrete semiconductor devices	Modules	Total			
Loss on impairment of long-lived assets................	¥ 6,916	¥ 108	¥ 19	¥ 7,043	¥ 4		¥ 7,047

	Thousands of U.S. Dollars						
	2020						
	Reportable segments				Other	Reconcili-ations	Consolidated
	ICs	Discrete semiconductor devices	Modules	Total			
Loss on impairment of long-lived assets................	**$ 2,165**	**$ 358**	**$ 92**	**$ 2,615**	**$ 1,312**	**$ 18**	**$ 3,945**

The amount under “Other” for the years ended March 31, 2020, 2019 and 2018, is mainly for impairment loss on tantalum capacitors.

(f) Information regarding amortization of goodwill and carrying amount of reportable segments

For the years ended March 31, 2020

	Millions of Yen						
	2020						
	Reportable segments				Other	Reconcili-ations	Consolidated
	ICs	Discrete semiconductor devices	Modules	Total			
Goodwill at March 31, 2020		**¥ 1,392**		**¥ 1,392**			**¥ 1,392**

	Thousands of U.S. Dollars						
	2020						
	Reportable segments				Other	Reconcili-ations	Consolidated
	ICs	Discrete semiconductor devices	Modules	Total			
Goodwill at March 31, 2020		**$ 12,771**		**$ 12,771**			**$ 12,771**

Amortization of goodwill has been omitted as similar information is disclosed in “(c) Information about sales, profit (loss), assets and other items.”

For the years ended March 31, 2019

There is no relevant information about the carrying amount of goodwill. Amortization of goodwill has been omitted as similar information is disclosed in “(c) Information about sales, profit (loss), assets and other items.”

(g) Information regarding profit for negative goodwill of reportable segments

There is no relevant information for the years ended March 31, 2020, 2019 and 2018.

23. Additional Information

Accounting estimates under the outbreak of COVID-19

As COVID-19 related restriction were imposed on our production and sales activities around the world, including China, the Philippines and Malaysia, the Group's business activities were seriously restricted, resulting in temporary production suspensions or lower capacity utilization, but our operations are restored to normal at this stage.

However, it is very difficult for us to forecast the global economy and the market condition in which the Group operates because no one seems to be able to predict when the COVID-19 will end and how the economy will be affected.

Given such circumstances, we made accounting estimates for recoverability of deferred tax assets and fair value of long-lived assets based on assumption that the impact of a decrease in orders due to customers' production adjustments will continue at least during the fiscal year ended March 31, 2021.

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of ROHM CO., LTD. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

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 and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside 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 and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of 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. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, 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.

Deloitte Touche Tohmatsu LLC

June 26, 2020