



ROHM Co., Ltd. Financial Highlights for the Year Ended on March 31, 2020

May 11, 2020

1. Consolidated Financial Results

(Figures are rounded down to the nearest million yen. Any fraction less than the unit is rounded off.)

		'20/3	'19/3	Change from the previous year		'21/3 (Projected) ^{Note1}			
				Actual	Actual	Amount	Percentage	Annual	Change from the previous year
Net sales	Millions of yen	362,885	398,989	-36,104	-9.0%	Undecided	-	Undecided	-
Cost of sales	Millions of yen	251,125	254,727	-3,602	-1.4%	Undecided		Undecided	
Selling, general and administrative expenses	Millions of yen	82,269	88,352	-6,083	-6.9%	Undecided		Undecided	
Operating profit	Millions of yen	29,489	55,909	-26,420	-47.3%	Undecided	-	Undecided	-
		(8.1%)	(14.0%)	(-5.9%)					
Ordinary profit	Millions of yen	35,774	64,689	-28,915	-44.7%	Undecided	-	Undecided	-
		(9.9%)	(16.2%)	(-6.3%)					
Profit attributable to owners of parent	Millions of yen	25,632	45,441	-19,809	-43.6%	Undecided	-	Undecided	-
		(7.1%)	(11.4%)	(-4.3%)					
Figures in () indicate ratio to sales.									
Net income (loss) per share	yen	247.66	431.29	-183.63	-42.6%	Undecided		Undecided	
ROE	%	3.5	6.0						
ROA	%	3.0	5.2						
Net assets per share	yen	7,185.83	7,332.04	-146.21	-2.0%				
EBITDA ^{Note2}	Millions of yen	73,817	101,325	-27,508	-27.1%				
Capital expenditures	Millions of yen	38,941	57,291	-18,350	-32.0%	Undecided	-	Undecided	-
Depreciation	Millions of yen	44,328	45,415	-1,087	-2.4%	Undecided	-	Undecided	-
Research and development costs	Millions of yen	33,384	39,578	-6,194	-15.7%	Undecided	-	Undecided	-
Foreign exchange gains (losses)	Millions of yen	(gain) 401	(gain) 3,927	(loss) 3,526					
Foreign exchange rate (Average yen-dollar rate)	yen/US\$	109.10	110.69	-1.59	-1.4%	Undecided		Undecided	

(Note) 1. Because it is difficult to calculate the rational financial results forecast at this stage, about projected data, we do it with undecided and do not list it. We will announce it immediately in future when rational expectation is enabled.

2. EBITDA is calculated by adding back depreciation to operating profit.

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Note: This report is a translation of the financial highlights of the Company prepared in accordance with the provisions set forth in the Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan. The original version of this report is written in Japanese. In the event of any discrepancies in words, accounts, figures, or the like between this report and the original, the original Japanese version shall govern.

1. Consolidated Financial Results (Continued from the previous page)

(Figures are rounded down to the nearest million yen. Any fraction less than the unit is rounded off.)

		'20/3	'19/3	Change from the previous year		'21/3 (Projected)			
		Actual	Actual	Amount	Percentage	Annual	Change from the previous year	First six months	Change from the first six months of the previous year
Sales by segment and by region		(Note)							
	Millions of yen								
ICs		170,432	183,313	-12,881	-7.0%	Undecided	-	Undecided	-
(Japan)		(71,671)	(73,787)	(-2,116)	(-2.9%)	(-)	(-)	(-)	(-)
(Asia)		(84,821)	(96,874)	(-12,053)	(-12.4%)	(-)	(-)	(-)	(-)
(Americas)		(8,030)	(7,136)	(+894)	(+12.5%)	(-)	(-)	(-)	(-)
(Europe)		(5,908)	(5,514)	(+394)	(+7.2%)	(-)	(-)	(-)	(-)
Discrete semiconductor devices		139,038	152,861	-13,823	-9.0%	Undecided	-	Undecided	-
(Japan)		(45,490)	(48,493)	(-3,003)	(-6.2%)	(-)	(-)	(-)	(-)
(Asia)		(73,239)	(83,870)	(-10,631)	(-12.7%)	(-)	(-)	(-)	(-)
(Americas)		(8,579)	(9,702)	(-1,123)	(-11.6%)	(-)	(-)	(-)	(-)
(Europe)		(11,728)	(10,795)	(+933)	(+8.6%)	(-)	(-)	(-)	(-)
Modules		33,275	40,158	-6,883	-17.1%	Undecided	-	Undecided	-
(Japan)		(8,699)	(10,112)	(-1,413)	(-14.0%)	(-)	(-)	(-)	(-)
(Asia)		(21,264)	(26,119)	(-4,855)	(-18.6%)	(-)	(-)	(-)	(-)
(Americas)		(1,248)	(1,022)	(+226)	(+22.1%)	(-)	(-)	(-)	(-)
(Europe)		(2,063)	(2,904)	(-841)	(-29.0%)	(-)	(-)	(-)	(-)
Others		20,139	22,655	-2,516	-11.1%	Undecided	-	Undecided	-
(Japan)		(3,579)	(3,998)	(-419)	(-10.5%)	(-)	(-)	(-)	(-)
(Asia)		(12,361)	(14,160)	(-1,799)	(-12.7%)	(-)	(-)	(-)	(-)
(Americas)		(1,799)	(1,953)	(-154)	(-7.9%)	(-)	(-)	(-)	(-)
(Europe)		(2,398)	(2,543)	(-145)	(-5.7%)	(-)	(-)	(-)	(-)
Total		362,885	398,989	-36,104	-9.0%	Undecided	-	Undecided	-
(Japan)		(129,440)	(136,392)	(-6,952)	(-5.1%)	(-)	(-)	(-)	(-)
(Asia)		(191,686)	(221,024)	(-29,338)	(-13.3%)	(-)	(-)	(-)	(-)
(Americas)		(19,659)	(19,815)	(-156)	(-0.8%)	(-)	(-)	(-)	(-)
(Europe)		(22,098)	(21,757)	(+341)	(+1.6%)	(-)	(-)	(-)	(-)
Sales by application									
Consumer	%	32.5	31.7	+0.8					
Telecommunications		8.2	8.9	-0.7					
Automotive		36.0	34.4	+1.6					
Industrial		11.9	12.7	-0.8					
Computers and OA		11.4	12.3	-0.9					
Major End Products									
Consumer		TV, Video Camera, Audio, Microwave Oven, Air Conditioner, Refrigerator, Washing Machine, Air Cleaner, Digital Still Camera, Game Machine, Electronic Musical Instrument, Electronic Cigarette, Drone, etc.							
Telecommunications		Smartphone, FAX, Wearable Electronics(excludes Medical Equipment), etc.							
Automotive		Engine Control Unit, Air Bag, Car Navigation, Car Audio, ADAS, etc.							
Industrial		Medical Equipment, Electrical Measuring Equipment, Machine Tool, Vending Machine, Solar Power, Smart Meter, Security Equipment, Communications Infrastructures, Cloud Server etc.							
Computers and OA		PC, PC Server, Tablet PC, Printer, Data Storage(DVD, HDD, Semiconductor Memory), Monitor, Terminal, etc.							

(Note) The above amounts are sales to external customers.

2.Relevant information

(Figures are rounded down to the nearest million yen. Any fraction less than the unit is rounded off.)

		'20/3	'19/3	Change from the previous year		'21/3 (Projected)			
		Actual	Actual	Amount	Percentage	Annual	Change from the previous year	First six months	Change from the first six months of the previous year
Capital expenditures by individual segments									
ICs	Millions of yen	8,550	17,119	-8,569	-50.1%	Undecided	-	Undecided	-
Discrete semiconductor devices		22,001	30,407	-8,406	-27.6%	Undecided	-	Undecided	-
Modules		1,922	1,979	-57	-2.9%	Undecided	-	Undecided	-
Others		2,735	4,694	-1,959	-41.7%	Undecided	-	Undecided	-
Sales and administrative division		3,731	3,089	+642	+20.8%	Undecided	-	Undecided	-
Total		38,941	57,291	-18,350	-32.0%	Undecided	-	Undecided	-
Number of shareholders									
	Number	26,013	29,817	-3,804	-12.8%				
Financial institution shareholding ratio	%	26.40	31.47	-5.07					
Foreign shareholding ratio	%	40.40	38.79	+1.61					
Number of employees									
Domestic	Number	5,693	5,757	-64	-1.1%				
Overseas	Number	16,498	17,142	-644	-3.8%				
Total	Number	22,191	22,899	-708	-3.1%				
(Number of R&D employees)	(Number)	(2,836)	(3,048)	(-212)	(-7.0%)				
Number of consolidated subsidiaries									
	Number	43	44	-1					
(Domestic)	(Number)	(10)	(10)	(0)					
(Overseas)	(Number)	(33)	(34)	(-1)					
Number of affiliated companies									
	Number	3	3	0					
(Number of companies accounted for by equity method)	(Number)	(0)	(0)	(0)					
Number of non-consolidated subsidiaries									
	Number	1	1	0					
(Number of companies accounted for by equity method)	(Number)	(0)	(0)	(0)					



Financial Report for the Year Ended March 31, 2020 (Japan GAAP, Consolidated)

May 11, 2020

Stock Exchange Listings: Tokyo

Listed Company Name: ROHM CO., LTD.

Code No.: 6963 URL <https://www.rohm.com>

Company Representative: (Title) President

(Name) Isao Matsumoto

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Scheduled Date of Annual Meeting of Shareholders June 26, 2020 Scheduled Dividend Payment Date June 29, 2020

Scheduled Date of Securities Report for Submission June 26, 2020

Supplementary Material Prepared for Account Closing: Yes

Financial Results Briefing Available: Yes (For analysts and institutional investors)

(Figures are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Year Ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

(1) Consolidated Results of Operations

(The percentages [%] represent change from the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2020	362,885	-9.0	29,489	-47.3	35,774	-44.7	25,632	-43.6
Year ended March 31, 2019	398,989	0.5	55,909	-1.9	64,689	19.3	45,441	22.0

(Note) Comprehensive income Year ended March 31, 2020: 5,725 million yen (-87.4%)

Year ended March 31, 2019: 45,507 million yen (-4.4%)

	Net income per share	Diluted net income per share	Net income to equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2020	247.66	244.90	3.5	4.2	8.1
Year ended March 31, 2019	431.29	—	6.0	7.4	14.0

(Reference) Investment loss (-gain) on equity method Year ended March 31, 2020: — million yen

Year ended March 31, 2019: — million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2020	848,873	715,479	84.2	7,185.83
Year ended March 31, 2019	874,427	766,754	87.6	7,332.04

(Reference) Shareholder's equity Year ended March 31, 2020: 714,990 million yen

Year ended March 31, 2019: 766,266 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2020	79,130	-8,676	-17,075	275,539
Year ended March 31, 2019	65,990	-53,997	-30,647	228,065

2. Dividend Details

	Dividend per share					Total annual dividend	Shareholder payout ratio (consolidated)	Dividend on net asset ratio (consolidated)
	End of the first quarter	End of the interim	End of the third quarter	End of year	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2019	—	75.00	—	75.00	150.00	15,771	34.8	2.1
Year ended March 31, 2020	—	75.00	—	75.00	150.00	15,300	60.6	2.1
Year ending March 31, 2021 (Estimates)	—	75.00	—	75.00	150.00		—	

3. Consolidated Financial Results Forecast for the Year Ending March 31, 2021 (From April 1, 2020 to March 31, 2021)

Because it is difficult to calculate the rational financial results forecast at this stage, about consolidated financial results forecast, we do it with undecided and do not list it. We will announce it immediately in future when rational expectation is enabled.

* Note

- (1) Major Changes in Subsidiaries During the Year Ended March 31, 2020
(Changes to specified subsidiaries accompanying revision on the scope of consolidation): None
- (2) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Revisions
- | | |
|--|------|
| [1] Changes in accounting policies according to revisions to accounting standards: | Yes |
| [2] Changes in accounting policies other than items indicated in [1]: | None |
| [3] Changes in accounting estimates: | None |
| [4] Restatement of revisions: | None |

(3) Number of Shares Outstanding (common shares)

[1] Year-end number of shares outstanding (incl. treasury stocks)	Year ended March 31, 2020	110,000,000 shares
	Year ended March 31, 2019	110,000,000 shares
[2] Year-end number of treasury stocks	Year ended March 31, 2020	10,504,865 shares
	Year ended March 31, 2019	5,493,365 shares
[3] Average number of shares during the period	Year ended March 31, 2020	103,358,690 shares
	Year ended March 31, 2019	105,316,328 shares

(Reference) Summary of non-consolidated operating results

1. Non-consolidated Financial Results for Year Ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

(1) Non-consolidated Results of Operations (The percentages [%] represent change from the previous year.)

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2020	309,598	-9.6	6,473	-73.0	24,501	-44.4	21,606	-38.9
Year ended March 31, 2019	342,360	-1.8	23,969	-12.1	44,034	2.6	35,372	32.1

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended March 31, 2020	209.04	206.65
Year ended March 31, 2019	335.87	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2020	518,473	413,884	79.8	4,159.85
Year ended March 31, 2019	528,371	456,060	86.3	4,363.94

(Reference) Shareholder's equity
Year ended March 31, 2020: 413,884 million yen
Year ended March 31, 2019: 456,060 million yen

<Reasons for year-over-year variance in non-consolidated financial results>

A variance between non-consolidated financial results for the fiscal years ended March 31, 2019 (prior year) and March 31, 2020 (current year) can be largely explained by lower sales and a higher burden of fixed costs in the current year as compared with the prior year.

*Disclosure Regarding Implementation Status of Auditing Procedures

This financial report is not subject to auditing by Certified Public Accountant or Audit Firm.

*Explanation on Adequate Usage of Financial Results Forecast

Because it is difficult to calculate the rational financial results forecast at this stage, about consolidated financial results forecast, we do it with undecided and do not list it. We will announce it immediately in future when rational expectation is enabled.

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*Separately attached as supplementary material are “Financial Highlights for the Year Ended March 31, 2020.”

1. Overview of Business Results and Financial Condition

(1) Overview of Business Results for Fiscal Year Ended March 31, 2020

General Overview of Business Performance

Overall, during the fiscal year ended March 31, 2020, the global economy faced difficult challenges as it continued to struggle primarily due to the ongoing U.S.-China trade friction and China's economic slowdown and, from the beginning of 2020, the global outbreak of the new coronavirus (COVID-19) started to take a heavy toll on industrial production and consumer spending in China and around the world.

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

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

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

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

Under these circumstances, consolidated net sales for the fiscal year ended March 31, 2020 were 362,885 million yen, down 9.0% from the prior year, and operating profit decreased 47.3% from the prior year to 29,489 million yen.

Ordinary profit also decreased 44.7% from the prior year to 35,774 million yen, while profit attributable to owners of parent decreased 43.6% from the prior year to 25,632 million yen.

Moreover, EBITDA (*3), an accounting metric that we emphasize in the ROHM Group, was 73,817 million yen for the fiscal year ended March 31, 2020, down 27.1% from the prior year.

*1. Smart factory

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

*2. SiC (Silicon carbide) device

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

*3. EBITDA (Earnings before interest, taxes, depreciation and amortization)

An accounting metric widely used around the world to compare businesses in terms of earning power, calculated by adding interest and depreciation to a company's pretax earnings. The ROHM Group simplifies the EBITDA calculation by adding back depreciation to operating profit.

Overview of Performance by Segment

Integrated Circuits (ICs)

Consolidated net sales for the fiscal year ended March 31, 2020 were 170,432 million yen, down 7.0% from the prior year, and

segment profit was 12,578 million yen, down 21.3% from the prior year.

In the automotive electronics market, although an increased number of isolated gate driver ICs (*4) for xEV (*5) and power ICs for car bodies and advanced driver-assistance systems (ADAS) were newly adopted, sales of driver ICs for automotive infotainment (*6), a mainstay of the market, decreased due to market downturn. In the industrial equipment market, sales of ICs for the factory automation (FA) market, such as motor-driver ICs and power ICs, decreased. In the consumer product market, sales of ICs for smartphones, personal computers (PC), televisions and other audio-visual products were generally challenging.

***4. Isolated gate driver IC**

A kind of gate driver IC for driving power semiconductors like SiC and IGBT (*7) that incorporate a built-in insulating element critical to protecting people and systems.

***5. xEV**

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

***6. Infotainment**

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

***7. 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.

Discrete Semiconductor Devices

Consolidated net sales for the fiscal year ended March 31, 2020 were 139,038 million yen, down 9.0% from the prior year, and segment profit was 10,407 million yen, down 65.4% from the prior year.

With regard to transistors, sales for PC storage applications increased, but sales for the consumer product and industrial equipment markets, among other things, remained challenging. As for diodes, sales for smartphone applications increased, but sales for the automotive electronics market, especially those for infotainment applications, decreased. Regarding power devices, IGBT sales grew but SiC device sales declined, adversely affected by deteriorating conditions in the automotive electronics and industrial equipment markets. Likewise, light-emitting diode (LED) sales for the consumer product and industrial equipment markets declined. Laser diode sales also decreased, especially in the consumer product market.

Modules

Consolidated net sales for the fiscal year ended March 31, 2020 were 33,275 million yen, down 17.1% from the prior year, and segment profit was 3,491 million yen, down 41.0% from the prior year.

With regard to printheads, sales for mobile payment terminals and other applications fell. As for optical modules, while sales of sensor modules for smartphones declined, sales for the automotive electronics market grew with an increased adoption of automotive LED modules for rear lights.

Others

Consolidated net sales for the fiscal year ended March 31, 2020 were 20,139 million yen, down 11.1% from the prior year, and segment profit was 1,948 million yen, down 52.4% from the prior year.

With regard to resistors, in the automotive electronics market, sales for car body applications increased, while sales for infotainment applications declined the most. Resistor sales also declined in the consumer product market. Sales of tantalum capacitors also fell, especially in the PC market.

Sales referenced in the “Overview of Performance by Segment” section above were to customers outside of the ROHM Group.

(2) Financial Condition

Total assets decreased by 25,554 million yen from the end of the previous fiscal year to 848,873 million yen. The main factors behind this were decreases of 21,446 million yen in investment securities, 9,244 million yen in inventories and 7,861 million yen in property,

plant and equipment, partially offset by an increase of 30,042 million yen in cash and deposits.

Total liabilities increased by 25,720 million yen from the end of the previous fiscal year to 133,393 million yen. This was largely due to an increase of 40,935 million yen in bonds payable, partially offset by decreases of 5,650 million yen in accounts payable (other), 4,147 million yen in income taxes payable and 2,747 million yen in current liabilities (other) (including 2,623 million yen in accrued expenses).

Total net assets decreased by 51,275 million yen from the end of the previous fiscal year to 715,479 million yen. This decrease was largely due to a 41,296 million yen purchase of treasury shares and decrease of 12,030 million yen in foreign currency translation adjustment.

As a result, our equity ratio decreased to 84.2% from 87.6% at the end of the previous fiscal year.

(3) Cash Flow

Cash flows from operating activities were positive 79,130 million yen, up 13,140 million yen from the previous fiscal year's positive 65,990 million yen. This was largely due to decreases in inventories and trade receivables, partially offset by a decrease in profit before income taxes.

Cash flows from investing activities were negative 8,676 million yen, an improvement of 45,321 million yen from the previous fiscal year's negative 53,997 million yen. This was largely due to decreases in time deposits, purchase of property, plant and equipment, and purchase of short-term and long-term investment securities.

Cash flows from financing activities were negative 17,075 million yen, an improvement of 13,572 million yen from the previous fiscal year's negative 30,647 million yen. This was largely due to an increase in proceeds from issuance of bonds and a decrease in dividends paid, partially offset by an increase in purchase of treasury shares.

After factoring in a decrease of 5,904 million yen in effect of exchange rate change on cash and cash equivalents, cash and cash equivalents increased 47,474 million yen from the end of the previous fiscal year to 275,539 million yen.

(4) Future Outlook

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

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

As it is very difficult for us to forecast, at this stage, the impact that the COVID-19 outbreak may have on our business performance going forward, we have decided not to provide financial results forecast for the fiscal year ending March 31, 2021 at this time. We will announce financial results forecast for the upcoming fiscal year when we can more accurately forecast our business performance during the period.

(5) Basic Policy for Profit Distribution, and Dividends for Fiscal Year Ended March 31, 2020 and Fiscal Year Ending March 31, 2021

[1] Basic Policy for Profit Distribution

In the semiconductor and electronic component business, the ROHM Group wants to meet shareholder expectations by further improving business results from both mid- and long-term perspectives through forward-looking investments in equipment, plants, and research and development (R&D) activities, as well as in merger and acquisition (M&A) activities.

The ROHM Group believes that, while it is important to continue these efforts to achieve sustainable growth, it is also necessary to find ways to share profits that can balance our financial conditions and capital requirements with investor expectations and thus to improve our overall corporate value.

The basis of our policy for shareholder returns is to ensure stable ordinary dividend payouts to shareholders. We will continue to do our best to avoid dividend reduction to the extent possible, barring sudden changes in our business performance or financial conditions, and to raise the level of ordinary dividend payouts to shareholders by further improving our business performance over the long term.

Furthermore, we will ensure that our consolidated dividend payout ratio is not less than 30%. We will adopt a proactive stance on shareholder returns, such as considering additional measures to redistribute profits to shareholders if the situation permits.

With regard to the free cash flow generated each year, we will use this cash flow for capital expenditures and investments in M&A activities to further improve shareholder value in the mid to long term. At the same time, we will continue to look for ways to improve our financial metrics such as return on equity (ROE) by taking into full consideration our balance sheet structure, such as avoiding an excessive buildup of surplus funds.

[2] Profit Distribution for Fiscal Year Ended March 31, 2020

In light of our business performance for the fiscal year ended March 31, 2020 and our policy of ensuring stable dividend payouts to shareholders, we plan to pay a year-end dividend of 75 yen per share, which together with the interim dividend payout of 75 yen per share, will result in a total dividend of 150 yen per share for the full year.

[3] Profit Distribution Plan for Fiscal Year Ending March 31, 2021

Profit distribution for the fiscal year ending March 31, 2021 will take into consideration our business performance and cash flow in that fiscal year, as well as our policy of ensuring stable dividend payouts to shareholders. We plan to pay a total of 150 yen per share for the upcoming fiscal year, which consists of an interim dividend of 75 yen per share and a year-end dividend of 75 yen per share.

[4] Retirement of Treasury Shares

As a guideline, the ROHM Group sets 5% of its total outstanding shares as the maximum limit of its treasury stock holdings, and, in principle, any amount beyond this limit is retired at the end of each fiscal year. Also, the Group always keeps on hand a certain amount of treasury stocks, which is no more than 5% of its total outstanding shares, in order to ensure management flexibility, such as for M&A activities and other needs as required.

2. Basic Thinking behind the Selection of Accounting Standards

The ROHM Group's accounting practices comply with Japanese accounting standards.

In preparation for the future application of the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS), the ROHM Group has been conducting related research and analyses, including identifying differences between IAS/IFRS and Japanese accounting standards, but no decision has been made yet as to when the ROHM Group will adopt IAS/IFRS.

3. Consolidated Financial Statements and Important Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	Year ended March 31, 2019 (March 31, 2019)	Year ended March 31, 2020 (March 31, 2020)
Assets		
Current assets		
Cash and deposits	268,254	298,296
Notes and accounts receivable - trade	84,021	74,834
Electronically recorded monetary claims - operating	5,833	5,604
Securities	21,491	17,427
Merchandise and finished goods	30,261	27,616
Work in process	56,592	48,352
Raw materials and supplies	34,114	35,753
Income taxes receivable	481	488
Other	10,022	9,639
Allowance for doubtful accounts	-69	-123
Total current assets	511,002	517,888
Non-current assets		
Property, plant and equipment		
Buildings and structures	241,973	241,085
Accumulated depreciation	-167,024	-169,849
Buildings and structures, net	74,949	71,236
Machinery, equipment and vehicles	583,154	586,018
Accumulated depreciation	-503,977	-516,163
Machinery, equipment and vehicles, net	79,177	69,855
Tools, furniture and fixtures	52,053	51,267
Accumulated depreciation	-43,842	-44,012
Tools, furniture and fixtures, net	8,210	7,255
Land	66,973	66,594
Construction in progress	22,334	26,207
Other	-	4,036
Accumulated depreciation	-	-1,401
Other, net	-	2,635
Total property, plant and equipment	251,645	243,784
Intangible assets		
Goodwill	-	1,391
Other	4,097	3,208
Total intangible assets	4,097	4,599
Investments and other assets		
Investment securities	87,683	66,237
Retirement benefit asset	1,772	1,340
Deferred tax assets	6,717	4,862
Other	12,212	10,232
Allowance for doubtful accounts	-703	-72
Total investments and other assets	107,682	82,600
Total non-current assets	363,425	330,984
Total assets	874,427	848,873

(Millions of yen)

	Year ended March 31, 2019 (March 31, 2019)	Year ended March 31, 2020 (March 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,873	11,024
Electronically recorded obligations - operating	4,252	3,838
Accounts payable - other	26,453	20,803
Income taxes payable	8,137	3,990
Other	25,457	22,710
Total current liabilities	76,174	62,367
Non-current liabilities		
Bonds payable	-	40,935
Deferred tax liabilities	19,964	17,430
Retirement benefit liability	10,688	10,908
Other	845	1,752
Total non-current liabilities	31,499	71,026
Total liabilities	107,673	133,393
Net assets		
Shareholders' equity		
Share capital	86,969	86,969
Capital surplus	102,403	102,403
Retained earnings	634,606	644,563
Treasury shares	-47,430	-88,726
Total shareholders' equity	776,549	745,210
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	28,850	22,015
Foreign currency translation adjustment	-35,487	-47,517
Remeasurements of defined benefit plans	-3,645	-4,716
Total accumulated other comprehensive income	-10,282	-30,219
Non-controlling interests	487	488
Total net assets	766,754	715,479
Total liabilities and net assets	874,427	848,873

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Consolidated statement of income)

(Millions of yen)

	Year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)	Year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)
Net sales	398,989	362,885
Cost of sales	254,727	251,125
Gross profit	144,262	111,759
Selling, general and administrative expenses	88,352	82,269
Operating profit	55,909	29,489
Non-operating income		
Interest income	3,810	3,824
Dividend income	1,014	1,033
Foreign exchange gains	3,927	401
Other	1,291	1,491
Total non-operating income	10,043	6,750
Non-operating expenses		
Interest expenses	1	107
Settlement package	1,200	162
Bond issuance costs	-	81
Other	62	113
Total non-operating expenses	1,264	465
Ordinary profit	64,689	35,774
Extraordinary income		
Gain on sales of non-current assets	138	351
Gain on sales of investment securities	222	5,362
Total extraordinary income	360	5,714
Extraordinary losses		
Loss on sales of non-current assets	58	62
Loss on abandonment of non-current assets	319	448
Impairment loss	1,398	429
Loss on sales of investment securities	0	341
Loss on valuation of investment securities	0	936
Loss on liquidation of business	254	-
Extra retirement payments	2,094	1,250
Total extraordinary losses	4,126	3,470
Profit before income taxes	60,923	38,018
Income taxes - current	16,480	9,822
Income taxes - deferred	-1,025	2,539
Total income taxes	15,454	12,362
Profit	45,468	25,656
Profit attributable to non-controlling interests	26	23
Profit attributable to owners of parent	45,441	25,632

(Consolidated statement of comprehensive income)

(Millions of yen)

	Year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)	Year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)
Profit	45,468	25,656
Other comprehensive income		
Valuation difference on available-for-sale securities	-5,081	-6,835
Foreign currency translation adjustment	5,189	-12,023
Remeasurements of defined benefit plans, net of tax	-68	-1,071
Total other comprehensive income	39	-19,930
Comprehensive income	45,507	5,725
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	45,470	5,695
Comprehensive income attributable to non-controlling interests	37	30

(3) Consolidated Statement of Shareholder's Equity

Year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	86,969	102,403	620,151	-47,788	761,736
Changes of items during period					
Dividends of surplus			-20,625		-20,625
Profit attributable to owners of parent			45,441		45,441
Purchase of treasury shares				-10,003	-10,003
Disposal of treasury shares		-0		0	0
Retirement of treasury shares		-10,360		10,360	-
Transfer to capital surplus from retained earnings		10,360	-10,360		-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	14,455	357	14,812
Balance at end of current period	86,969	102,403	634,606	-47,430	776,549

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	33,931	-40,666	-3,576	-10,311	452	751,877
Changes of items during period						
Dividends of surplus						-20,625
Profit attributable to owners of parent						45,441
Purchase of treasury shares						-10,003
Disposal of treasury shares						0
Retirement of treasury shares						-
Transfer to capital surplus from retained earnings						-
Net changes of items other than shareholders' equity	-5,081	5,178	-68	28	34	63
Total changes of items during period	-5,081	5,178	-68	28	34	14,876
Balance at end of current period	28,850	-35,487	-3,645	-10,282	487	766,754

Year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	86,969	102,403	634,606	-47,430	776,549
Changes of items during period					
Dividends of surplus			-15,675		-15,675
Profit attributable to owners of parent			25,632		25,632
Purchase of treasury shares				-41,295	-41,295
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	9,956	-41,295	-31,339
Balance at end of current period	86,969	102,403	644,563	-88,726	745,210

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	28,850	-35,487	-3,645	-10,282	487	766,754
Changes of items during period						
Dividends of surplus						-15,675
Profit attributable to owners of parent						25,632
Purchase of treasury shares						-41,295
Net changes of items other than shareholders' equity	-6,835	-12,030	-1,071	-19,937	1	-19,935
Total changes of items during period	-6,835	-12,030	-1,071	-19,937	1	-51,275
Balance at end of current period	22,015	-47,517	-4,716	-30,219	488	715,479

(4) Consolidated Statement of Cash Flow

(Millions of yen)

	Year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)	Year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)
Cash flows from operating activities		
Profit before income taxes	60,923	38,018
Depreciation	45,415	44,328
Impairment loss	1,398	429
Increase (decrease) in allowance for doubtful accounts	-313	-572
Increase (decrease) in retirement benefit liability	467	-833
Decrease (increase) in retirement benefit asset	350	120
Extra retirement payments	2,094	1,250
Interest and dividend income	-4,824	-4,858
Foreign exchange losses (gains)	-1,340	1,544
Loss (gain) on sales of short-term and long-term investment securities	-222	-5,020
Loss (gain) on valuation of short-term and long-term investment securities	0	936
Loss (gain) on sales of non-current assets	-80	-289
Decrease (increase) in trade receivables	1,274	8,149
Decrease (increase) in inventories	-21,846	7,091
Increase (decrease) in trade payables	-2,764	-703
Increase (decrease) in accounts payable - other	-1,705	164
Other, net	2,145	-438
Subtotal	80,973	89,317
Interest and dividends received	4,645	5,046
Interest paid	-1	-9
Income taxes (paid) refund	-19,180	-12,953
Extra retirement payments	-446	-2,269
Net cash provided by (used in) operating activities	65,990	79,130
Cash flows from investing activities		
Decrease (increase) in time deposits	-3,358	17,737
Purchase of short-term and long-term investment securities	-13,403	-6,908
Proceeds from sales and redemption of short-term and long-term investment securities	20,550	25,421
Purchase of property, plant and equipment	-54,273	-41,880
Proceeds from sales of property, plant and equipment	156	652
Other, net	-3,670	-3,698
Net cash provided by (used in) investing activities	-53,997	-8,676
Cash flows from financing activities		
Proceeds from issuance of bonds	-	40,918
Purchase of treasury shares	-10,003	-41,295
Dividends paid	-20,625	-15,675
Other, net	-18	-1,022
Net cash provided by (used in) financing activities	-30,647	-17,075
Effect of exchange rate change on cash and cash equivalents	2,746	-5,904
Net increase (decrease) in cash and cash equivalents	-15,908	47,474
Cash and cash equivalents at beginning of period	243,973	228,065
Cash and cash equivalents at end of period	228,065	275,539

(5) Notes on Consolidated Financial Statements

(Note on going concern)

None.

(Changes in accounting policies)

(Application of IFRS 16 “Leases”)

From the the fiscal year ended March 31, 2020, we are applying IFRS 16 “Leases” (issued January 13, 2016) to consolidated subsidiaries outside of Japan except for those in the USA. By rule, the borrower under this standard recognizes the assets and liabilities of all leases. We have applied this accounting standard by recognizing the cumulative impact over time on the date the standard went into effect.

As a result, at the fiscal year ended March 31, 2020, increases were reported respectively in right-of-use assets (“other” under property, plants, and equipment) of 4,036 million yen, accumulated depreciation of right-of-use assets (accumulated depreciation of other under property, plant, and equipment) of 1,401 million yen, and lease liabilities (“other” under current and non-current liabilities) of 2,293 million yen. The 479 million yen in land use rights that was previously included in “other” under intangible assets is included in “other” and “accumulated depreciation” under property, plants, and equipment, as of the fiscal year ended March 31, 2020. The impact of this new accounting standard on balances and pre-share information for the period is insignificant.

(Changes in Presentation Methods)

(Consolidated Statement of Income)

“Interest expenses” were included in “Other” under “Non-operating expenses” in the previous fiscal year. However, interest expenses are presented separately in the consolidated statement of income from the current fiscal year as they have increased in importance in terms of monetary amount. We have reclassified the prior year’s consolidated financial statements to reflect this change in presentation method.

As a result, 63 million yen in “Other” under “Non-operating expenses” in the prior year’s consolidated statement of income has been reclassified to 1 million yen in “Interest expenses” and 62 million yen in “Other” under “Non-operating expenses” to make them conform to the current year’s presentation.

(Consolidated Statement of Cash Flow)

“Loss (gain) on sales of short-term and long-term investment securities” and “Extra retirement payments” were included in “Other” under “Cash flows from operating activities” in the previous fiscal year. However, they are presented separately in the consolidated statement of cash flow from the current fiscal year as they have increased in importance in terms of monetary amount. We have reclassified the prior year’s consolidated financial statements to reflect this change in presentation method.

As a result, 1,477 million yen in “Other” under “Cash flows from operating activities” in the prior year’s consolidated statement of cash flow has been reclassified to -222 million yen in “Loss (gain) on sales of short-term and long-term investment securities”, -446 million yen in “Extra retirement payments” and 2,145 million yen in “Other” under “Cash flows from operating activities” to make them conform to the current year’s presentation.

(Segment information)

1. Overview of reportable segments

The reportable segments of the ROHM Group are units of the group for which separated financial information is available, and which is the subject of the periodical review by the board of directors for the purpose of deciding the distribution of management resources and evaluating business performance.

The ROHM Group is a comprehensive manufacturer of electronic components, and sets up operational divisions by individual product categories 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 attaches great importance to the supervision of profits and losses by operational segments organized as operational divisions

of individual product categories. For this reason, the group is consolidating operational segments in consideration of characteristics of the products each operational division is manufacturing and similarities of production process, and setting up three reportable segments as “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 of the “Modules” segment include printheads, optical modules, and power modules.

2. Calculating method of amount of sales, profit or loss, asset, and other items of individual reportable segment information

Accounting processing for each reported operating segment is basically identical to accounting standards used for compiling consolidated financial statements.

The segment profit are based on operating profit, while “Inter-segment sales or transfer” are based on market prices.

Although assets of common categories such as sales and administrative expenses, are included in “Adjusted amount,” depreciation costs derived from these assets are allocated to individual segments according to in-house standards to calculate individual segment.

3. Information regarding amount of sales, profit or loss, asset, and other items of individual reportable segment information

Year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(Unit: Millions of yen)

	Reportable segments				Others (Note 1)	Total	Adjusted amount (Note 2)	Amount on consolidate financial statements (Note 3)
	ICs	Discrete semi- conductor devices	Modules	Subtotal				
Net sales								
Sales to customers	183,313	152,861	40,158	376,333	22,655	398,989	-	398,989
Inter-segment sales or transfer	2,559	6,933	43	9,535	60	9,596	-9,596	-
Subtotal	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	4,093	56,056	-146	55,909
Segment asset	129,030	126,835	17,157	273,023	19,316	292,339	582,088	874,427
Other items								
Depreciation	20,908	20,055	3,279	44,243	2,005	46,248	-832	45,415
Amortization of goodwill	-	-	-	-	-	-	-	-
Increase in property, plant and equipment and intangible assets	17,119	30,407	1,979	49,506	4,694	54,201	3,089	57,291

(Note) 1. “Others” is an operational segment that is not included in reportable segments, consisting of business in resistors and tantalum capacitors.

2. Adjusted amount are as follows.

[1] The adjusted amount of the segment profit, -146 million yen, mainly includes general administrative expenses of -773 million yen that do not attribute to the segment, and the settlement adjusted amount of 626 million yen, which is not allocated to the segment (such as adjustment for retirement benefits).

[2] The adjusted amount of 582,088 million yen in segment assets contains corporate assets of 583,365 million yen that have not been allocated to individual segment information and a downward adjustment of non-current assets of -1,276 million yen. Corporate assets do not belong to reported segments, consisting of cash and deposits of 268,254 million yen, investment securities of 87,683 million yen, and notes and accounts receivable (trade) of 84,021 million yen.

[3] The adjusted amount of depreciation is the settlement adjusted amount (after subtracting unrealized gains on fixed assets) that is not allocated to the segment.

[4] Adjustments to increases in property, plant and equipment and intangible assets apply to non-current assets of common categories such as sales and administrative expenses.

3. Segment profits are adjusted with operating income on consolidated financial statements.

Year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

(Unit: Millions of yen)

	Reportable segments				Others (Note 1)	Total	Adjusted amount (Note 2)	Amount on consolidate financial statements (Note 3)
	ICs	Discrete semi- conductor devices	Modules	Subtotal				
Net sales								
Sales to customers	170,432	139,038	33,275	342,745	20,139	362,885	-	362,885
Inter-segment sales or transfer	1,947	5,915	0	7,862	63	7,926	-7,926	-
Subtotal	172,379	144,953	33,275	350,608	20,202	370,811	-7,926	362,885
Segment profit	12,578	10,407	3,491	26,477	1,948	28,425	1,063	29,489
Segment asset	109,396	130,825	15,063	255,285	18,367	273,652	575,220	848,873
Other items								
Depreciation	18,165	21,128	2,989	42,283	2,484	44,768	-440	44,328
Amortization of goodwill	-	99	-	99	-	99	-	99
Increase in property, plant and equipment and intangible assets	8,550	22,001	1,922	32,474	2,735	35,210	3,731	38,941

(Note) 1. "Others" is an operational segment that is not included in reportable segments, consisting of business in resistors and tantalum capacitors.

2. Adjusted amount are as follows.

[1] The adjusted amount of the segment profit, 1,063 million yen, mainly includes general administrative expenses of -576 million yen that do not attribute to the segment, and the settlement adjusted amount of 1,640 million yen, which is not allocated to the segment (such as adjustment for retirement benefits).

[2] The adjusted amount of 575,220 million yen in segment assets contains corporate assets of 576,100 million yen that have not been allocated to individual segment information and a downward adjustment of non-current assets of -880 million yen. Corporate assets do not belong to reported segments, consisting of cash and deposits of 298,296 million yen, property, plant and equipment of 84,761 million yen, and notes and accounts receivable (trade) of 74,834 million yen.

[3] The adjusted amount of depreciation is the settlement adjusted amount (after subtracting unrealized gains on fixed assets) that is not allocated to the segment.

[4] Adjustments to increases in property, plant and equipment and intangible assets apply to non-current assets of common categories such as sales and administrative expenses.

3. Segment profits are adjusted with operating income on consolidated financial statements.

(Per share data)

	Year ended March 31, 2019	Year ended March 31, 2020
Net assets per share	7,332.04 yen	7,185.83 yen
Net income per share	431.29 yen	247.66 yen
Diluted net income per share	-	244.90 yen

(Note) 1. Net income per share after adjustment of residual securities for the year ended March 31, 2019 has been omitted as there are no diluted shares.

2. The basis for the calculation of the net income per share and diluted net income per share is as follows.

	Year ended March 31, 2019	Year ended March 31, 2020
Net income per share		
Profit attributable to owners of parent (million yen)	45,441	25,632
Amount not attributable to common shareholders (million yen)	20	35
Profit attributable to owners of parent common shareholders (million yen)	45,421	25,597
Average number of common shares during the year (thousand shares)	105,316	103,358
Diluted net income per share		
Adjustment of profit attributable to owners of parent (million yen)	—	-44
(of which interest income after deducting an amount equivalent to taxes) (million yen)	(—)	(-44)
Increase in number of outstanding common shares (thousand shares)	—	980
(of which convertible bond-type bonds with subscription rights to shares) (thousand shares)	(—)	(980)
Outline of diluted shares that were not included in the calculation of diluted net income per share because they had no dilutive effects	—	—

(Significant subsequent events)

None.

4. Others

Transfer of Directors (As of June 26, 2020)

(1) Candidate Director

Director	Kazuhide Ino
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(2) Retiring Directors

Director	Tadanobu Fujiwara
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Director	Yoshiaki Suenaga
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