

2. Dividends

	Dividend per share					Total dividends (annual)	Payout ratio (consolidated)	Dividend on net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 2019 Term	—	15.00	—	55.00	70.00	1,352	93.3	3.2
March 2020 Term	—	15.00	—	55.00	70.00	1,352	93.2	3.2
March 2021 Term (forecast)	—	—	—	—	—		—	

(Notes) 1. The payout ratio is calculated by dividing the total dividends by the net profit attributable to shareholders of parent company.

2. Due to the difficulty of forecasting business performance at the current point in time, no forecast on dividends is listed for the March 2021 term. The Company will promptly announce once it becomes possible to disclose the business forecast.

3. Forecasts for Consolidated Business Performance for March 2021 Term (April 1, 2020 – March 31, 2021)

At the current point in time, it is difficult to reasonably estimate the consolidated business performance of the March 2021 term due to the spread of COVID-19 and the cancellation of a dealership agreement with a main supplier. The Company will promptly announce once it becomes possible to disclose the business forecast.

*** Annotations**

(1) Significant subsidiary changes during the term (changes in scope of consolidation): None

Newly added: Excluded:

(2) Changes in accounting principles, changes in accounting estimate, and redisplay after revision:

1) Changes in accounting principles caused by revision of accounting standards: Yes

2) Changes in accounting principles other than 1): None

3) Changes in accounting estimate: None

4) Redisplay after revision: None

(3) Number of shares outstanding (ordinary shares)

1) Number of shares outstanding at the end of term (including treasury stock):

March 2020 Term: 24,281,373 shares March 2019 Term: 24,281,373 shares

2) Amount of treasury stock at the end of term:

March 2020 Term: 5,101,110 shares March 2019 Term: 5,103,188 shares

3) Amount of average stock during the term:

March 2020 Term: 19,179,415 shares March 2019 Term: 21,471,490 shares

Note: The amount of treasury stock at the end of the term includes Company stock (March 2020 term: 136,700 shares, March 2019 term: 139,000 shares) possessed in a trust related to the Performance-Based Stock Compensation Plan for Directors (with the exception of External Directors). Also, Company stock held in the trust is included in treasury stock to be deducted in the calculation of the amount of average stock during the term (March 2020 term: 137,592 shares, March 2019 term: 139,000 shares).

(Reference) Overview of Non-consolidated Results**(1) Non-consolidated Business Performance for March 2020 Term (April 1, 2019 – March 31, 2020)**

(% figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 2020 Term	95,579	8.8	697	55.7	1,094	11.9	981	2.9
March 2019 Term	87,865	(13.2)	447	(20.0)	977	(15.4)	953	94.3

	Net profit per share	Diluted net profit per share
	Yen	Yen
March 2020 Term	51.17	—
March 2019 Term	44.42	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 2020 Term	57,417	31,413	54.7	1,637.81
March 2019 Term	57,494	32,012	55.7	1,669.20

Reference) Shareholders' equity March 2020 Term: 31,413 million yen March 2019 Term: 32,012 million yen

* This summary of financial results is not subject to audits of certified public accountants or auditing corporations.

* Cautionary statement regarding forward-looking statements

The projected results and forward-looking statements included in this document reflect the Company's expectations based on information available at the time of release, and are not intended as a guarantee that the Company will achieve these targets. The actual performance may considerably differ from the forecast due to various factors.

See the section "1. Overview of Business Results – (4) Future Prospects" on page 4 of [Appendix] regarding the relevant matters for the above forecast for the business performance.

At the current point in time, it is difficult to reasonably estimate the consolidated business performance of the March 2021 term due to the spread of COVID-19 and the cancellation of a dealership agreement with a main supplier. The Company will promptly announce once it becomes possible to disclose the business forecast.

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1. Overview of Business Results

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

During the consolidated fiscal year under review, although the global economy overall made a subdued recovery up to the 3rd quarter, as a result of the global COVID-19 pandemic in the 4th quarter, concerns about worsening economic conditions rapidly grew. COVID-19 has also caused delays in a variety of economic activities within the Group's fields of business, the electronics and ICT industries, including corporate investment. As a result, the future is currently uncertain.

Against this background, the Group concentrated efforts on transforming into a high-profit structure in the device business. The Group also focused on boosting net sales in core devices, in view of the potential for high value-added, and in strategic devices, centered on handling of new products from overseas and IoT-related business. In its volume business, which is generally less profitable, the Group moved forward with optimization, keeping a close eye on risk and profitability. In the solution business, aiming to establish a robust platform for future growth, the Group committed resources to reinforcing its cloud business, centered on Sanshin Data Center, while bolstering initiatives to expand its customer roster.

As a result of these efforts, business performance in the consolidated fiscal year under review was as follows: Net sales were ¥123,085 million (down 16.8% year-on-year), and although the Group made efforts to improve the gross profit margin and reduce selling, general and administrative expenses, operating profit was ¥1,958 million (down 0.3% year-on-year). In addition, as a result of the compression of loans payable accompanying the decrease in net sales, interest expenses decreased and ordinary profit was ¥1,858 million (up 7.0% year-on-year). On the other hand, due to the decreased extraordinary profits in comparison to the appropriation of profits from the sale of the Atsugi facility land and building in the previous term, net profit attributable to shareholders of parent company was ¥1,451 million (up 0.1% year-on-year) and ROE was 3.4% (up from 2.8% in the previous year).

Consolidated performance by segment for the term under review is as follows.

(Device segment)

In the device business segment, our leading products are semiconductors (including system LSIs, microcomputers, LCD driver ICs and memory) and electronic components (including connectors and capacitors). These products are sold mainly to electronics manufacturers. We also provide technical support such as software development and module development.

In the consolidated fiscal year under review, due to the growth of IoT-related business and overseas products, strategic device business increased year-on-year. However, volume business and core device business decreased. Although the effect was slight, the expansion of the COVID-19 pandemic also had an effect on performance in the 4th quarter and beyond, resulting in net sales of ¥109,075 million (down 18.2% year-on-year). In terms of profit and loss, although the Group made efforts to increase gross profit margin and reduce selling, general and administrative expenses through the promotion of business portfolio reforms, the results were insufficient to make up for the loss in net sales, and segment profit was ¥415 million (down 10.8% year-on-year).

(Solution segment)

In the solution business segment, we are committed to design, construction, operation and maintenance of infrastructure for private companies as well as government offices and municipalities, focusing on communication networks. For Line-of-Business systems, we offer services deriving from provision of package software, such as individually developed and customized solutions. We also provide broadcast stations and production companies with systems for editing, transmission and distribution of video content, centered on products from suppliers abroad.

For the consolidated fiscal year under review, although corporate information network business and application software sales were strong, there was a major decrease in the public works sector sales due to drastically reduced large-scale project numbers in comparison to the previous term, and embedded systems sales also decreased. As a result, net sales were ¥14,010 million (down 4.1% year-on-year). On the other hand, in terms of profit and loss, segment profit was ¥1,443 million (up 13.5% year-on-year) due to an

improved gross profit margin.

(2) Overview of Financial Position for the Fiscal Year Ended March 31, 2020

(Assets)

As of March 31, 2020, assets decreased ¥14,602 million compared to March 31, 2019, to ¥73,659 million. This was mainly attributable to a ¥18,994 million decrease in notes and accounts receivable-trade, a ¥1,584 million increase in merchandise inventories, a ¥1,533 million increase in consumption taxes receivable, and a ¥1,379 million increase in cash and deposits.

(Liabilities)

As of March 31, 2020, liabilities decreased ¥13,920 million compared to March 31, 2019, to ¥31,629 million. This was mainly attributable to a ¥9,113 million decrease in short-term loans payable, a ¥4,422 million decrease in notes and accounts payable-trade, and a ¥301 million decrease in accrued corporate tax, etc.

(Net Assets)

As of March 31, 2020, net assets decreased ¥682 million compared to March 31, 2019, to ¥42,029 million. This was mainly attributable to a ¥406 million decrease in foreign currency translation adjustment, a ¥236 million decrease in valuation difference on available-for-sale securities, a ¥143 million decrease in remeasurements of defined benefit plans, and a ¥98 million increase in retained earnings.

(3) Overview of Cash Flows for the Fiscal Year Ended March 31, 2020

As of March 31, 2020, cash and cash equivalents increased ¥1,379 million compared to March 31, 2019, to ¥18,443 million. This was due to income resulted from a decrease in notes and accounts receivable-trade, etc., which exceeded expenses resulted from the repayment of short-term loans, etc.

(Operating activities)

Net cash provided by operating activities during the consolidated period under review totaled ¥12,069 million. This was mainly due to income resulted from a decrease in notes and accounts receivable-trade, etc., which exceeded expenses resulted from an increase in inventories, a decrease in notes and accounts payable-trade, an increase in consumption taxes refund receivable, etc. Compared to the previous consolidated fiscal year, this represented an income rise of ¥3,007 million.

(Investing activities)

Net cash used in investing activities during the consolidated period under review totaled ¥266 million due to factors such as the purchase of software, the purchase of investment securities, etc. Since the figure for the previous consolidated fiscal year was an income of ¥1,824 million, this represented an expense rise of ¥2,091 million.

(Financing activities)

Net cash used in financing activities during the consolidated period under review totaled ¥10,292 million due to the repayment of short-term loans, the payment of dividends, etc. Compared to the previous consolidated fiscal year, this represented an expense decrease of ¥731 million.

(Reference) Performance indicators associated with cash flows

	March 2016 Term	March 2017 Term	March 2018 Term	March 2019 Term	March 2020 Term
Ratio of shareholders' equity (%)	66.3	65.4	65.7	48.3	57.0
Ratio of shareholders' equity on current price base (%)	26.2	38.0	65.3	41.2	36.3
Interest-bearing debt to cash flow ratio (year)	—	2.6	—	2.7	1.3
Interest coverage ratio	—	48.9	—	22.1	44.9

Notes: Ratio of shareholders' equity: Shareholders' equity ÷ Total assets

Ratio of shareholders' equity on current price base: Market capitalization ÷ Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debts ÷ Operating cash flow

Interest coverage ratio: Operating cash flow ÷ Interest paid

* Each indicator is calculated using the consolidated financial figures.

* The market capitalization is calculated as the share price at term-end multiplied by the number of shares outstanding at term-end (after the deduction of treasury stock).

* For the operating cash flow, the "cash flow from operating activities" shown in the consolidated statement of cash flows is used. The interest-bearing debts feature all debts bearing interest among the debts listed in the consolidated balance sheets. For the amount of interest paid, the "interest expenses paid" listed in the consolidated statement of cash flows is used.

* Figures for the interest-bearing debt to cash flow ratio and the interest coverage ratio are not recorded when the operating cash flow figure is negative.

(4) Future Prospects

The impact caused by the spread of COVID-19 has created uncertainty for the risk of reduced economic activities such as production, sales, investment, etc., at customers and suppliers, the risk of delays in supply and procurement due to interruption of logistics networks, etc. Additionally, in conjunction with the cancellation of the dealership agreement with Renesas Electronics Corporation, which was previously a main supplier, negotiations with transfer destinations are currently underway on conditions for the business of Renesas products. Due to these many uncertainties, the Company has decided to postpone the announcement for the second quarter (cumulative) and full-term for the business performance forecast of the March 2021 term. The Company will disclose these forecast once a rational estimate of the business performance forecast becomes possible. Furthermore, for dividends, while aiming for a consolidated payout ratio of 50%, our basic policy is to decide on dividends while considering a balance of return to shareholders, investment for acquiring growth opportunities, maintenance of internal reserves for enabling sustainable growth, and improvement of capital efficiency. Based on this policy, we plan to decide on and disclose dividends in conjunction with the business performance forecast.

The March 2021 term is the final fiscal year of the V70 Medium-Term Management Plan, which has set the quantitative targets of achieving return on equity (ROE) of 5% and ordinary profit of ¥3 billion. However, due to the conditions described above, the Company has decided to withdraw these quantitative targets. For details, please refer to the "Notice Regarding the Withdrawal of the V70 Medium-Term Management Plan Quantitative Targets" which was released today.

2. Basic Attitudes Toward the Selection of our Accounting Standards

For the time being, the Group has applied the Japanese standards to its consolidated financial statements, with consideration given to the comparability of the terms of consolidated financial statements and comparability among enterprises.

As regards the application of international accounting standards, the Group is open to appropriately meet these standards upon consideration of both domestic and overseas circumstances.

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

(Million yen)

	March 2019 Term (As of Mar. 31, 2019)	March 2020 Term (As of Mar. 31, 2020)
Assets		
Current assets		
Cash and deposits	17,064	18,443
Notes and accounts receivable-trade	41,780	24,074
Electronically recorded monetary claims	5,605	4,317
Merchandise inventories	14,580	16,165
Partly-finished work	139	0
Accrued income	177	44
Consumption taxes receivable	2,366	3,900
Others	525	627
Allowance for doubtful accounts	(7)	(7)
Total current assets	82,234	67,566
Non-current assets		
Property and equipment		
Buildings and structures	4,469	4,463
Accumulated depreciation	(3,251)	(3,267)
Buildings and structures, net	1,218	1,195
Land	1,135	1,135
Leased assets	166	310
Accumulated depreciation	(107)	(98)
Lease assets, net	59	211
Construction in progress	-	19
Other	614	570
Accumulated depreciation	(537)	(501)
Other, net	77	68
Total property and equipment	2,490	2,631
Intangible assets	322	489
Investments and other assets		
Investment securities	2,719	2,515
Deferred tax assets	373	337
Others	160	152
Allowance for doubtful accounts	(39)	(35)
Total investments and other assets	3,215	2,970
Total non-current assets	6,027	6,092
Total assets	88,261	73,659

(Million yen)

	March 2019 Term (As of Mar. 31, 2019)	March 2020 Term (As of Mar. 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	18,462	14,039
Short-term loans payable	24,066	14,953
Current portion of long-term loans payable	6	-
Lease obligations	26	62
Accrued corporate tax, etc.	463	162
Allowance for bonuses to employees	483	485
Allowance for bonuses to Directors and Audit & Supervisory Board members	26	27
Others	1,625	1,231
Total current liabilities	45,161	30,962
Non-current liabilities		
Lease obligations	32	149
Deferred tax liabilities	0	2
Allowance for stock compensation	31	59
Net defined benefit liabilities	224	352
Others	99	103
Total non-current liabilities	388	667
Total liabilities	45,549	31,629
Net assets		
Shareholders' equity		
Capital stock	14,811	14,811
Capital surplus	5,329	5,329
Retained earnings	32,578	32,676
Treasury stock	(10,356)	(10,353)
Total shareholders' equity	42,363	42,464
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	574	338
Deferred hedge gains (losses)	(4)	1
Foreign currency translation adjustment	(294)	(701)
Remeasurements of defined benefit plans	22	(120)
Total accumulated other comprehensive income	298	(482)
Non-controlling interests	50	46
Total net assets	42,711	42,029
Total liabilities and net assets	88,261	73,659

(2) Consolidated Profit and Loss Statement, Consolidated Comprehensive Income Statement
(Consolidated Profit and Loss Statement)

(Million yen)

	March 2019 Term (Apr. 1, 2018 – Mar. 31, 2019)	March 2020 Term (Apr. 1, 2019 – Mar. 31, 2020)
Net sales	147,879	123,085
Cost of sales	136,472	111,861
Gross profit on sales	11,407	11,224
Selling, general and administrative expenses	9,441	9,265
Operating profit	1,965	1,958
Non-operating profit		
Interest income	14	23
Dividend income	40	37
Foreign exchange gains	116	91
Others	104	79
Total non-operating profit	275	232
Non-operating expenses		
Interest expenses	410	268
Sales discounts	14	9
Commission for purchase of treasury stock	55	-
Others	22	54
Total non-operating expenses	503	331
Ordinary profit	1,737	1,858
Extraordinary profits		
Gain on sales of non-current assets	589	0
Gain on sales of investment securities	295	40
Total extraordinary profits	884	40
Extraordinary losses		
Loss on retirement of non-current assets	1	0
Loss on sales of investment securities	0	-
Loss on valuation of investment securities	220	-
Impairment loss	56	-
Loss on valuation of membership	-	2
Special retirement benefits	38	-
Office transfer expenses	38	-
Loss on withdrawal of corporate pension funds	406	-
Total extraordinary losses	761	3
Net profit before tax and other adjustments	1,860	1,896
Corporate, resident and enterprise taxes	525	250
Adjustment for corporate tax, etc.	(121)	198
Total corporate taxes	404	449
Net profit	1,456	1,447
Net profit (loss) attributable to non-controlling interests	7	(3)
Net profit attributable to shareholders of parent company	1,449	1,451

(Consolidated Comprehensive Income Statement)

(Million yen)

	March 2019 Term (Apr. 1, 2018 – Mar. 31, 2019)	March 2020 Term (Apr. 1, 2019 – Mar. 31, 2020)
Net profit	1,456	1,447
Other comprehensive income		
Valuation difference on available-for-sale securities	(206)	(236)
Deferred hedge gains (losses)	(84)	5
Foreign currency translation adjustment	413	(406)
Remeasurements of defined benefit plans, net of tax	6	(143)
Total other comprehensive income	128	(780)
Comprehensive income	1,585	666
(Details)		
Comprehensive income attributable to shareholders of parental company	1,577	670
Comprehensive income attributable to non-controlling interests	7	(3)

(3) Consolidated Statements of Changes in Shareholders' Equity

March 2019 Term (April 1, 2018 to March 31, 2019)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2018	14,811	15,432	32,197	(867)	61,574
Changes during the term					
Dividends of surplus			(941)		(941)
Net profit attributable to shareholders of parent company			1,449		1,449
Purchase of treasury stock				(19,719)	(19,719)
Retirement of treasury stock		(10,102)	(127)	10,230	-
Net changes of items other than shareholders' equity					
Total changes during the term	-	(10,102)	380	(9,489)	(19,211)
Balance as of March 31, 2019	14,811	5,329	32,578	(10,356)	42,363

(Million yen)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred hedge gains (losses)	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2018	781	80	(708)	16	169	43	61,787
Changes during the term							
Dividends of surplus							(941)
Net profit attributable to shareholders of parent company							1,449
Purchase of treasury stock							(19,719)
Retirement of treasury stock							-
Net changes of items other than shareholders' equity	(206)	(84)	413	6	128	7	136
Total changes during the term	(206)	(84)	413	6	128	7	(19,075)
Balance as of March 31, 2019	574	(4)	(294)	22	298	50	42,711

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

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2019	14,811	5,329	32,578	(10,356)	42,363
Changes during the term					
Dividends of surplus			(1,352)		(1,352)
Net profit attributable to shareholders of parent company			1,451		1,451
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock				3	3
Net changes of items other than shareholders' equity					
Total changes during the term	-	-	98	2	101
Balance as of March 31, 2020	14,811	5,329	32,676	(10,353)	42,464

(Million yen)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred hedge gains (losses)	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2019	574	(4)	(294)	22	298	50	42,711
Changes during the term							
Dividends of surplus							(1,352)
Net profit attributable to shareholders of parent company							1,451
Purchase of treasury stock							(0)
Disposal of treasury stock							3
Net changes of items other than shareholders' equity	(236)	5	(406)	(143)	(780)	(3)	(784)
Total changes during the term	(236)	5	(406)	(143)	(780)	(3)	(682)
Balance as of March 31, 2020	338	1	(701)	(120)	(482)	46	42,029

(4) Consolidated Statement of Cash Flows

(Million yen)

	March 2019 Term (Apr. 1, 2018 – Mar. 31, 2019)	March 2020 Term (Apr. 1, 2019 – Mar. 31, 2020)
Operating activities		
Net profit before tax and other adjustments	1,860	1,896
Depreciation and amortization	163	187
Impairment loss	56	-
Amortization of goodwill	40	6
Increase (decrease) in allowance for doubtful accounts	38	(0)
Increase (decrease) in allowance for stock compensation	19	31
Increase (decrease) in net defined benefit liabilities	(13)	(63)
Interest and dividend income	(54)	(60)
Interest expenses	410	268
Loss (gain) on sales of non-current assets	(589)	(0)
Loss (gain) on sales of investment securities	(295)	(40)
Loss (gain) on valuation of investment securities	220	-
Decrease (increase) in notes and accounts receivable-trade	1,698	18,344
Decrease (increase) in inventories	2,400	(1,582)
Increase (decrease) in notes and accounts payable-trade	2,536	(4,159)
Decrease (increase) in consumption taxes refund receivable	594	(1,533)
Increase (decrease) in accrued consumption taxes	(11)	4
Others	597	(500)
Subtotal	9,672	12,797
Interest and dividend income received	58	66
Interest expenses paid	(409)	(268)
Corporate and other taxes paid	(259)	(526)
Net cash provided by operating activities	9,061	12,069
Investing activities		
Purchase of property and equipment	(67)	(77)
Proceeds from sales of property and equipment	1,721	0
Purchase of software	(77)	(184)
Purchase of investment securities	(0)	(153)
Proceeds from sales of investment securities	248	161
Others	1	(13)
Net cash provided by (used in) investing activities	1,824	(266)
Financing activities		
Net increase (decrease) in short-term loans payable	9,688	(8,867)
Repayment of long-term loans	(16)	(6)
Repayments of lease obligations	(37)	(70)
Net decrease (increase) in treasury stock	(19,719)	(0)
Cash dividends paid	(939)	(1,347)
Net cash used in financing activities	(11,024)	(10,292)
Effect of exchange rate change on cash and cash equivalents	25	(130)
Net increase (decrease) in cash and cash equivalents	(112)	1,379
Balance of cash and cash equivalents, beginning of the period	17,176	17,064
Balance of cash and cash equivalents, end of the period	17,064	18,443

**(5) Notes on Consolidated Financial Statements
(Notes Regarding Going Concern)**

None

(Changes in Accounting Principles)

Adoption of IFRS 16, “Leases”

From the current fiscal year, some of the Group’s overseas consolidated subsidiaries have adopted IFRS 16, “Leases,” a part of the International Financial Reporting Standards (IFRS). These accounting standards require in principle that all leases be appropriated as assets and liabilities of the lessee.

The effect of application of this accounting standard on the consolidated financial statements for the consolidated fiscal year under review is negligible.

(Changes in Presentation Methods)

Consolidated Balance Sheets

The “Consumption taxes receivable” for the previous consolidated accounting period included in the “Others” section of the Company’s “Current assets” was listed separately starting in the consolidated fiscal year under review because they exceeded 5% of the Company’s total assets during this period. In order to apply these changes in the presentation method, we modified the consolidated balance sheet for the previous consolidated fiscal year.

As a result, the ¥2,892 million listed in “Others” under “Current assets” on the consolidated balance sheet for the previous consolidated fiscal year was reclassified into ¥2,366 million in “Consumption taxes refund receivable” and ¥525 million in “Others.”

(Additional Information)

Performance-Based Stock Compensation Plan for Directors

The Company has introduced a Performance-Based Stock Compensation Plan for Directors, for the purpose of further clarifying the link between the compensation to the Company’s Directors (excluding External Directors) and the value of its shares. With the introduction of the Performance-Based Stock Compensation Plan, Directors will not only enjoy the advantages when the Company’s share price rises but also bear the risks when the share price declines, sharing with shareholders the benefits and risks of fluctuations in share prices. This move is intended ultimately to incentivize Directors to increase medium-to-long-term business results and increase enterprise value.

1) Overview of Transactions

In the Performance-Based Stock Compensation Plan, a trust that is funded by Company expenditures acquires shares in the Company. The Board of Directors establishes regulations for the granting of shares, according to which each director is awarded points for his or her degree of accomplishment of numerical targets based on management indices. Each director is then awarded the Company’s shares in proportion to the points awarded, through the trust. In principle, the shares are awarded to directors at the time of their resignation or retirement.

2) Accounting treatment of Company shares remaining in the trust

The book value of the trust (net of ancillary expenses) for shares held by the trust was ¥199 million in the previous consolidated fiscal year and ¥195 million in the consolidated fiscal year under review, and is recorded as treasury stock in the shareholders’ equity.

The number of said shares was 139,000 as of the end of the previous consolidated fiscal year and 136,700 as of the end the fiscal year under review. The average number of shares was 139,000 during the previous consolidated fiscal year and 137,592 during the fiscal year under review. These shares are included in the shares of treasury stock excluded for calculation of per share information.

(Segment Information and Other)

a. Segment Information

1. Outline of Report Segments

The report segments are composition units of the Company for which separate financial information is available. The Board of Directors reviews these segments periodically to determine the allotment of managerial resources and evaluate the financial results.

The Company has business headquarters for individual merchandise and services. The business headquarters work out domestic and overseas comprehensive strategies about their merchandise and services, and do business activities according to the strategies.

Therefore, the Company is organized in two segments by merchandise and services based on business headquarters. They are device segment and solution segment.

In the device business segment, our leading products are semiconductors (including system LSIs, microcomputers, LCD driver ICs and memory) and electronic components (including connectors and capacitors). These products are sold mainly to electronics manufacturers. We also provide technical support such as software development and module development.

In the solution business segment, we are committed to design, construction, operation and maintenance of infrastructure for private companies as well as government offices and municipalities, focusing on communication networks. For Line-of-Business systems, we offer services deriving from provision of package software, such as individually developed and customized solutions. We also provide broadcast stations and production companies with systems for editing, transmission and distribution of video content, centered on products from suppliers abroad.

2. Amount calculation methods for sales, profit or loss, assets, liabilities, and other items in each report segment

The accounting method in the reported business segments is almost the same as that used for preparing the consolidated financial statements.

Profit (loss) in the report segments are based on ordinary profit (loss).

3. Information regarding the amounts of sales, profit or loss, assets, liabilities, and other items in each report segment

March 2019 Term (Apr. 1, 2018 – Mar. 31, 2019)

(Million yen)

	Report segment			Adjustment amount (Note 1)	Amount accounted on consolidated financial statements (Note 2)
	Device segment	Solution segment	Total		
Net sales					
Sales to outside customers	133,275	14,604	147,879	-	147,879
Inter-segment sales or transfers	-	-	-	-	-
Total	133,275	14,604	147,879	-	147,879
Segment profit	465	1,272	1,737	-	1,737
Segment assets	61,752	7,144	68,897	19,364	88,261
Other items					
Depreciation and amortization (Note 3)	114	48	163	-	163
Increase of property and equipment and intangible assets	41	24	65	94	160

Notes: 1. The adjustment amount of segment assets includes investment capital (cash, deposits, and securities), long-term investment (investment in securities), and assets related to the management divisions of the Company.

2. The segment profit coincides with the ordinary profit in the consolidated profit and loss statement.

3. The depreciation and amortization do not include the amortization of goodwill.

March 2020 Term (Apr. 1, 2019 – Mar. 31, 2020)

(Million yen)

	Report segment			Adjustment amount (Note 1)	Amount accounted on consolidated financial statements (Note 2)
	Device segment	Solution segment	Total		
Net sales					
Sales to outside customers	109,075	14,010	123,085	-	231,085
Inter-segment sales or transfers	-	-	-	-	-
Total	109,075	14,010	123,085	-	123,085
Segment profit	415	1,443	1,858	-	1,858
Segment assets	46,734	5,336	52,071	21,587	73,659
Other items					
Depreciation and amortization (Note 3)	138	49	187	-	187
Increase of property and equipment and intangible assets	218	55	273	231	505

Notes: 1. The adjustment amount of segment assets includes investment capital (cash, deposits, and securities), long-term investment (investment in securities), and assets related to the management divisions of the Company.

2. The segment profit coincides with the ordinary profit in the consolidated profit and loss statement.

3. The depreciation and amortization do not include the amortization of goodwill.

b. Related information

March 2019 Term (Apr. 1, 2018 – Mar. 31, 2019)

1. Information of products and services

The information by product and service coincides with that by report segment, and is, therefore, omitted.

2. Information of regions

(1) Net sales

(Million yen)

Japan	Asia	North America	Others	Total
81,805	62,204	293	3,576	147,879

(2) Property and equipment

As the amount of property and equipment in Japan exceeds 90% of the amount stated in the consolidated balance sheets, description is omitted.

3. Information of major clients

(Million yen)

Name of client	Net sales	Related segments
Japan Display Inc.	28,733	Mainly device segment

March 2020 Term (Apr. 1, 2019 – Mar. 31, 2020)

1. Information of products and services

The information by product and service coincides with that by report segment, and is, therefore, omitted.

2. Information of regions

(1) Net sales

(Million yen)

Japan	Asia	North America	Others	Total
55,929	66,470	357	328	123,085

(2) Property and equipment

As the amount of property and equipment in Japan exceeds 90% of the amount stated in the consolidated balance sheets, description is omitted.

3. Information of major clients

(Million yen)

Name of client	Net sales	Related segments
Japan Display Inc.	16,552	Mainly device segment

c. Information regarding impairment loss for non-current assets in each report segment

March 2019 Term (Apr. 1, 2018 – Mar. 31, 2019)

(Million yen)

	Device segment	Solution segment	Elimination/Corporate	Total
Impairment loss	56	-	-	56

March 2020 Term (Apr. 1, 2019 – Mar. 31, 2020)

None

d. Information regarding the amount of amortization of goodwill and the balance in each report segment

March 2019 Term (Apr. 1, 2018 – Mar. 31, 2019)

(Million yen)

	Device segment	Solution segment	Elimination/Corporate	Total
Amount of amortization	40	-	-	40
Balance at term-end	118	-	-	118

March 2020 Term (Apr. 1, 2019 – Mar. 31, 2020)

(Million yen)

	Device segment	Solution segment	Elimination/Corporate	Total
Amount of amortization	6	-	-	6
Balance at term-end	111	-	-	111

e. Information regarding profit on negative goodwill in each report segment

None

(Per Share Information)

(Yen)

	March 2019 Term (Apr. 1, 2018 – Mar. 31, 2019)	March 2020 Term (Apr. 1, 2019 – Mar. 31, 2020)
Net assets per share	2,224.47	2,188.84
Net profit per share	67.48	75.66

Notes: 1. Diluted net profit per share is not presented since the Company has no dilutive shares.

2. Shares of the Company which are owned by a trust in connection with the Performance-Based Stock Compensation Plan for Directors (excluding the External Directors) and which are recorded as treasury stock in shareholders' equity are included in the shares of treasury stock that are excluded from the total number of shares outstanding at the end of term for calculation of net assets per share (previous consolidated fiscal year: 139,000 shares, current consolidated fiscal year: 136,700 shares), and also are included in treasury stock excluded in the calculation of amount of average stock during the term for calculation of net profit per share (previous consolidated fiscal year: 139,000 shares, current consolidated fiscal year: 137,592 shares).

3. Net profit per share was calculated on the following basis.

(Million yen)

	March 2019 Term (Apr. 1, 2018 – Mar. 31, 2019)	March 2020 Term (Apr. 1, 2019 – Mar. 31, 2020)
Net profit attributable to shareholders of parent company	1,449	1,451
Amount not attributable to ordinary shareholders	-	-
Net profit attributable to shareholders of parent company available to ordinary shares	1,449	1,451
Average shares outstanding available to ordinary shares (thousand shares)	21,471	19,179

(Significant Subsequent Events)

Cancellation of the Dealership Agreement with a Major Business Partner

The dealership agreement the Company executed with its major business partner, Renesas Electronics Corporation (below: Renesas), is coming to an end.

1. Timeline leading to cancellation of agreement

The Company had been selling Renesas products as a dealership for Renesas. In response to a request from Renesas, and after careful deliberation, the Company has agreed to the request. As such, by mutual agreement, the Company and Renesas have canceled their dealership agreement.

2. Overview of business partner

(1) Name	Renesas Electronics Corporation
(2) Location	TOYOSU FORESIA, 3-2-4, Toyosu, Koto-ku, Tokyo
(3) Name and title of representatives	Tetsuya Tsurumaru, Representative Director, Chairman Hidetoshi Shibata, Representative Director, President and CEO

(4) Details of operations	Research, development, manufacture, design, sale and servicing of various semiconductors	
(5) Capital stock	¥22,213 million	
(6) Date established	November 1, 2002	
(7) Net assets	¥623,615 million (as of December 31, 2019)	
(8) Total assets	¥1,667,359 million (as of December 31, 2019)	
(9) Major shareholder and shareholding ratio	INCJ, Ltd.: 32.55% (as of December 31, 2019)	
(10) Relationships between the Company and the applicable company	Capital relationships	No applicable relationships.
	Personnel relationships	No applicable relationships.
	Transaction relationships	Purchasing and sale of Renesas products
	Applicable status of related parties	No applicable relationships.

3. Details of transactions

Type of transactions	Net sales of Renesas products by the Company* (Fiscal year ended March 31, 2020)	Net sales of Renesas products as share of the Company's consolidated net sales (Fiscal year ended March 31, 2020)
Purchasing and sale of Renesas products	¥13,928 million	11.3%

*Does not include net sales to certain customers for whom the Company will continue to handle Renesas products on and after the expected date of cancellation of the dealership agreement as described in “4. Expected date of cancellation of dealership agreement” below.

4. Expected date of cancellation of dealership agreement

The expected date of cancellation of the dealership agreement is June 30, 2020. However, the two companies agree that the Company will continue to handle Renesas products for sale to certain customers even on and after the expected date of cancellation.

5. Future directions

The date of cancellation of the dealership agreement is June 30, 2020. As such, the cancellation of the dealership agreement with Renesas has no impact on the consolidated business results of the Company for the fiscal year ending March 31, 2020.

At this stage the degree of future impact of this event is unclear, as Renesas is still negotiating with prospective partners to whom to transfer the operations previously handled by the Company. When the degree of impact on the Company's operations in the fiscal year ending March 31, 2021 becomes clear, in light of careful examination of said impact, reworking of the Company's management strategy in view of this event and the possibly lingering impact of COVID-19, the Company will disclose that impact.

In view of this event, the Company's device business is reallocating human resources and redoubling its efforts to expand sales of products other than Renesas products.

4. Other

(1) Changes in Officers (Scheduled for June 26, 2020)

1) Changes in Representative Directors

None

2) Changes in Other Officers (For details, please refer to the “Notice Regarding Transfer of Directors and Operating Officers” which was released today.)

- Candidate for new Director
 - Director Akihiro Fujita (A candidate for External Director.)
- Director scheduled for retirement
 - Director, Operating Officer Tomoyuki Nagase (After retirement, scheduled for appointment as Senior Operating Officer, in charge of 1st Sales Unit, 2nd Sales Unit, and Overseas Sales Unit; and Director of Overseas Sales Unit)