

**FY 2020 SECOND QUARTER (CUMULATIVE) CONSOLIDATED FINANCIAL RESULTS**  
(April 1, 2020 to September 30, 2020)

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**1. FINANCIAL RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020**

(1) Consolidated Results of Operations

(Millions of yen)

	Net sales (percentage change from the previous year)	Operating profit (percentage change from the previous year)	Ordinary profit (percentage change from the previous year)	Profit attributable to owners of parent (percentage change from the previous year)
Six months ended Sep.30,2020	68,138 (-13.0%)	-630 ( - )	-738 ( - )	-4,889 ( - )
Six months ended Sep.30,2019	78,289 (-11.3%)	291 (-95.4%)	-693 ( - )	-4,222 ( - )

Note 1: Comprehensive income: -5,412 million yen (-%) for six months ended September 30, 2020 / -5,186 million yen (-%) for six months ended September 30, 2019

	Net income per share (yen)	Diluted net income per share (yen)
Six months ended Sep.30,2020	-202.44	-
Six months ended Sep.30,2019	-174.33	-

Note 2: Diluted earnings per share are not presented because of the current net loss.

(2) Consolidated Financial Position

(Millions of yen)

	Total assets	Net assets	Shareholders' equity ratio
As of September 30, 2020	193,503	66,013	22.7%
As of March 31, 2020	194,024	71,776	25.7%

Reference: Shareholders' equity: 43,939 million yen as of September 30, 2020 / 49,842 million yen as of March 31, 2020

**2. DIVIDEND INFORMATION**

	Dividend per share				
	First quarter	Second quarter	Third quarter	Fiscal-year-end	Annual
Fiscal year 2019	-	15.00yen	-	15.00yen	30.00yen
Fiscal year 2020	-	0.00yen			
Fiscal year 2020(forecast)			-	-	-

Note 1: Revision to recently disclosed dividend forecast: No

Note 2: The year-end dividend for the FY2020 is yet to be determined.

**3. FISCAL YEAR 2020 CONSOLIDATED FINANCIAL FORECAST (April 1, 2020 to March 31, 2021)**

(Millions of Yen)

	Net sales (percentage change from the previous year)	Operating profit (percentage change from the previous year)	Ordinary profit (percentage change from the previous year)	Profit attributable to owners of parent (percentage change from the previous year)	Net income per share
Full Year	144,000 (-10.1%)	600 (-86.1%)	200 (-92.5%)	-7,000 ( - )	-289.81yen

Note 1: Revision to recently disclosed financial forecast: Yes

#### 4. OTHER

- (1) Changes in significant subsidiaries during the three months ended September 30, 2020 (changes in particular subsidiaries accompanying the change in scope of consolidation): No
- (2) Application of particular accounting method for quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, restatements
- Changes in accounting policies due to the amendment of accounting standards, etc. : No
  - Changes in accounting policies due to reasons other than above : No
  - Changes in accounting estimates : No
  - Restatements : No

(4) Number of shares outstanding (common share)

- Number of shares outstanding at the end of the period (including treasury stock)
- Number of treasury stocks at the end of the period
- Average number of shares outstanding during six months ended September 30

Sep./2020:	25,098,060	Mar./2020:	25,098,060
Sep./2020:	965,574	Mar./2020:	940,303
Apr./2020-Sep./2020	24,153,446	Apr./2019-Sep./2019	24,220,066

\* This quarterly financial report is not subject to quarterly reviews to be conducted by certified public accountants or an audit corporation.

\* The above description about future matters including financial forecast is based upon information available as of the present time and assumptions we considered valid, and we do not promise that these forecasts will be accomplished. Due to various factors, our actual performance could greatly differ from the forecast. For assumptions and precautions to use the forecasts, refer to following "DESCRIPTION OF CONSOLIDATED FINANCIAL FORECAST, etc".

# **1. QUALITATIVE INFORMATION ABOUT CONSOLIDATED BUSINESS RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020**

## **(1) DESCRIPTION OF CONSOLIDATED OPERATING RESULTS**

With regard to the business environment during the six months ended September 30, 2020, the spread of the novel coronavirus (“COVID-19”) infections continued to undermine the global economic activities, while moves toward economic resumption, including a relaxation of travel restrictions, were seen mainly in advanced countries in Europe and the U.S. In China, there were signs of improvement in production and consumer activities. Although the global economic climate started to pick up, an accurate forecast as to when COVID-19 will be contained is unavailable, and there remains the possibility of a resurgence in infections. In the markets for energy-saving and environmentally friendly products, which are strategic markets for the Group, although demand is expected to expand over the long term, global stagnation in the automobile market caused by COVID-19 has severely affected the Group’s sales and production.

Under these circumstances, the Group has been engaged in various efforts, by taking structural reform, realization of our growth strategy, enhancement of our financial strength, and promotion of work-style reform as the basic policies for the current period. These efforts included working on development reform aimed at improving the product power of semiconductor devices and the establishment of production bases for the next-generation products that will result from such reform, while carrying out business restructuring aimed at a drastic reorganization of the profit structure, such as by optimizing the production system in the semi-conductor devices segment and by materializing strategic options in the power systems segment, as announced in the “Notice Concerning Company Split (Simplified Absorption-Split) and Transfer of Subsidiary Shares Accompanying Transfer of Infrastructure Business” dated August 4, 2020. In addition, to deal with the rapidly deteriorating market environment due to COVID-19, we have implemented emergency measures by taking initiatives including thorough cost reduction and careful selection of capital investment.

Meanwhile, due to a decrease in final demand caused by COVID-19, the Group had to adjust production in the second quarter. Nonetheless, the shipment value increased compared to the forecast as of August 4, 2020 when we announced the business results forecast for the second quarter, as there were signs of recovery in production of white goods by Chinese and South Korean manufacturers, and in automotive production mainly by Japanese manufacturers in the U.S. and China, coupled with a temporary increase in demand for printers and other office automation equipment.

As a result of these factors, with regard to the operating results for the six months ended September 30, 2020, we recorded consolidated net sales of ¥68,138 million, a significant decrease of ¥10,151 million (13.0%) as compared to the same period in the previous year. For income, we recorded consolidated operating loss of ¥630 million (consolidated operating profit of ¥291 million for the same period in the previous year) and consolidated ordinary loss of ¥738 million (consolidated ordinary loss of ¥693 million for the same period in the previous year). On the other hand, in comparison with the results forecasts for the second quarter, both sales and profits increased due to an increase in shipments of automotive products and other factors, as well as the effects of cost reductions.

In addition, with regard to the final loss, ¥4,889 million in loss attributable to owners of parent was recorded due to the recording of ¥2,725 million in extraordinary loss related to structural reform. (consolidated loss attributable to owners of parent of ¥4,222 million for the same period of the previous year) The main components of extraordinary losses related to structural reform were a special retirement allowance of ¥515 million related to the dissolution of a subsidiary and a loss of ¥1.797 billion related to the transfer of a business.

Overview of business by segment is as follows.

### **Semiconductor Devices**

In this segment, the overall result exceeded the forecast announced in August. The result is attributable to the recovery in sales of products for highly energy-efficient inverter air conditioners and other white goods that surpassed the year-earlier level in the second quarter, as well as automotive products that trended toward recovery at the end of the second quarter. However, offset by a slump in the first quarter due to COVID-19, consolidated net sales were ¥60,002 million, a decrease of ¥7,874 million (11.6%) as compared to the same period in the previous year. For income as well, consolidated operating profit was ¥985 million, a decrease of ¥1,139 million (53.6%) as compared to the same period in the previous year, despite cost reductions and other emergency measures.

### **Power Systems**

In this segment, with regard to social system products, the Company saw an overall decrease in sales in this segment as the Company steadily continued to withdraw from sales of unit products for non-strategic markets, although there was growth in demand for products for public-sector disaster prevention on the back of the Fundamental Plan for National Resilience, along with stable sales of products for the telecommunication market. As a result, consolidated net sales were ¥8,135 million, a decrease of ¥2,277 million (21.9%) as compared to the same period in the previous year. For income, we recorded consolidated operating profit of ¥3 million (consolidated operating loss of ¥271 million for the same period in the previous year).

## (2) DESCRIPTION OF CONSOLIDATED FINANCIAL POSITION

### 1) Status of Assets, Liabilities and Net Assets

Assets as of the end of September 30, 2020 were ¥193,503 million, a decrease of ¥520 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in inventories of ¥4,266 million, and a decrease in cash and deposits of ¥6,576 million, notes and accounts receivable - trade of ¥4,459 million.

Liabilities were ¥127,490 million, an increase of ¥5,242 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in long-term loans payable of ¥27,192 million, and a decrease in bonds payable of ¥15,000 million, short-term loans payable including current portion of long-term loans payable of ¥8,628 million.

Net Assets were ¥66,013 million, a decrease of ¥5,762 million from the end of the previous consolidated fiscal year. This was mainly due to a decrease in retained earnings of ¥5,255 million.

### 2) Status of Cash Flows

Balance of cash and cash equivalents at the end of the six months ended September 30, 2020 was ¥33,123 million, a decrease of ¥6,779 million as compared to the end of the previous consolidated fiscal year.

Net cash provided by operating activities was ¥-1,708 million, a decrease of ¥6,333 million as compared to the same period in the previous fiscal year. This was mainly due to a decrease in profit before income taxes, an increase in inventories, a decrease in trade payables.

Net cash used in investing activities was ¥-7,913 million, an increase of ¥1,805 million as compared to the same period in the previous fiscal year. This was mainly due to an increase in Purchase of property, plant and equipment, Purchase of shares of subsidiaries resulting in change in scope of consolidation.

Net cash provided by financing activities was ¥3,402 million an increase of ¥311 million as compared to same period in the previous fiscal year. This was mainly due to payments for redemption of bonds, and proceeds from long-term borrowings.

## (3) DESCRIPTION OF CONSOLIDATED FINANCIAL FORECAST, etc.

With no prospect in sight for containing COVID-19, moves toward economic resumption are taking root in Japan, taking coexistence with the virus as a given. Meanwhile, overseas, with some regions still seeing an increase in infections, the impact of COVID-19 on economies is expected to remain. Amid this environment, regarding the markets in which the Group operates, orders for products for white goods are projected to be steady in the third quarter onward. The automobile market that trended toward recovery in the second quarter is expected to continue to recover, although the level of recovery may vary by region.

In light of the actual results up to the second quarter and future projections, we decided to revise the full-year consolidated financial forecast for the year ending March 31, 2021 that we announced on August 4, 2020. In addition, this earnings forecast does not include the impact of the listing of Allegro MicroSystems, Inc., our subsidiary in the U.S., on the Nasdaq market. We will promptly disclose the amount of impact as soon as it determines the amount of impact.

### Revision of the Forecasted Business Results for the Fiscal Year (From April 1, 2020 to March 31, 2021)

	Net Sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Previous forecast (A) (Announced on August 4, 2020)	(millions of yen) 137,000	(millions of yen) 100	(millions of yen) -1,000	(millions of yen) -8,000	(yen) -331.16
Revised forecast (B)	144,000	600	200	-7,000	-289.81
Change (B-A)	7,000	500	1,200	1,000	-
Ratio of change (%)	5.1%	500.0%	-	-	-
<Reference> Results of the previous year (FY ended March 31, 2020)	160,217	4,309	2,674	-5,559	-229.83

## FY SECOND QUARTER (CUMULATIVE) CONSOLIDATED FINANCIAL RESULTS

### (1) QUARTERLY CONSOLIDATED BALANCE SHEETS

Millions of yen

	March 31 2020	September 30 2020
<b>ASSETS</b>		
Current assets		
Cash and deposits	40,779	34,202
Notes and accounts receivable - trade	31,888	27,428
Merchandise and finished goods	14,422	16,595
Work in process	21,231	22,641
Raw materials and supplies	5,425	6,109
Other	3,741	7,002
Allowance for doubtful accounts	-114	-119
Total current assets	117,375	113,861
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,383	19,608
Machinery, equipment and vehicles, net	31,577	30,904
Tools, furniture and fixtures, net	1,788	1,579
Land	5,699	5,701
Leased assets, net	74	61
Construction in progress	6,538	7,349
Total property, plant and equipment	66,062	65,204
Intangible assets		
Software	2,483	2,328
Goodwill	—	1,980
Other	2,244	3,927
Total intangible assets	4,728	8,236
Investments and other assets		
Investment securities	892	913
Deferred tax assets	1,704	1,616
Other	3,262	3,671
Allowance for doubtful accounts	-2	-2
Total investments and other assets	5,858	6,200
Total non-current assets	76,649	79,642
Total assets	194,024	193,503

FY SECOND QUARTER (CUMULATIVE) CONSOLIDATED FINANCIAL RESULTS

Millions of yen

	March 31 2020	September 30 2020
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,774	15,851
Short-term loans payable	27,619	28,488
Current portion of long-term loans payable	10,133	635
Current portion of bonds	15,000	15,000
Commercial papers	10,000	10,000
Lease obligations	44	43
Accrued expenses	10,254	10,607
Income taxes payable	659	485
Provision for performance-linked directors' compensations	16	40
Provision for loss on transfer of business	—	1,797
Accrued expenses	615	570
Other	1,233	1,328
Total current liabilities	<u>93,351</u>	<u>84,849</u>
Non-current liabilities		
Bonds payable	20,000	5,000
Long-term loans payable	1,643	28,835
Lease obligations	40	30
Deferred tax liabilities	975	1,965
Provision for share-based compensation	8	27
Provision for retirement benefits for directors (and other officers)	39	41
Provision for business structure reform	1,351	1,351
Retirement benefit liability	3,402	3,269
Other	1,435	2,118
Total non-current liabilities	<u>28,896</u>	<u>42,641</u>
Total liabilities	<u>122,248</u>	<u>127,490</u>
Net assets		
Shareholders' equity		
Capital stock	20,896	20,896
Capital surplus	24,465	24,543
Retained earnings	13,915	8,659
Treasury shares	-4,159	-4,220
Total shareholders' equity	<u>55,118</u>	<u>49,879</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-75	-86
Foreign currency translation adjustment	-477	-1,572
Remeasurements of defined benefit plans	-4,723	-4,279
Total accumulated other comprehensive income	<u>-5,275</u>	<u>-5,939</u>
Non-controlling interests	<u>21,933</u>	<u>22,073</u>
Total net assets	<u>71,776</u>	<u>66,013</u>
Total liabilities and net assets	<u>194,024</u>	<u>193,503</u>

**FY SECOND QUARTER (CUMULATIVE) CONSOLIDATED FINANCIAL RESULTS  
QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

Millions of yen

<b>CONSOLIDATED STATEMENTS OF INCOME</b>	<b>Six months ended Sep.30, 2019</b>	<b>Six months ended Sep.30, 2020</b>
Net sales	78,289	<b>68,138</b>
Cost of sales	60,629	<b>51,933</b>
Gross profit	<u>17,659</u>	<u><b>16,204</b></u>
Selling, general and administrative expenses	<u>17,367</u>	<u><b>16,835</b></u>
Operating profit	<u>291</u>	<u><b>-630</b></u>
Non-operating income		
Interest income	128	<b>55</b>
Dividend income	15	<b>14</b>
Foreign exchange gains	—	<b>4</b>
Gain on sales of scraps	21	<b>144</b>
Miscellaneous income	87	<b>272</b>
Total non-operating income	<u>252</u>	<u><b>490</b></u>
Non-operating expenses		
Interest expenses	280	<b>292</b>
Foreign exchange losses	627	—
Miscellaneous loss	329	<b>306</b>
Total non-operating expenses	<u>1,237</u>	<u><b>599</b></u>
Ordinary profit	<u>-693</u>	<u><b>-738</b></u>
Extraordinary income		
Gain on abolishment of retirement benefit plan	5	<b>14</b>
Total extraordinary income	<u>5</u>	<u><b>14</b></u>
Extraordinary losses		
Loss on disposal of non-current assets	371	<b>23</b>
Impairment loss	613	—
Extra retirement payments	289	<b>842</b>
Loss on termination of retirement benefit plan	—	<b>85</b>
Loss on valuation of inventories	283	—
Provision for loss on transfer of business	—	<b>1,797</b>
Total extraordinary losses	<u>1,557</u>	<u><b>2,749</b></u>
Loss before income taxes	<u>-2,245</u>	<u><b>-3,473</b></u>
Income taxes	732	<b>900</b>
Income taxes for prior periods	940	—
Loss	<u>-3,918</u>	<u><b>-4,373</b></u>
Profit attributable to non-controlling interests	303	<b>515</b>
Loss attributable to owners of parent	<u>-4,222</u>	<u><b>-4,889</b></u>

## FY SECOND QUARTER (CUMULATIVE) CONSOLIDATED FINANCIAL RESULTS

	Millions of yen	
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	Six months ended Sep.30, 2019	Six months ended Sep.30, 2020
Profit (loss)	-3,918	-4,373
Other comprehensive income		
Valuation difference on available-for-sale securities	-54	-11
Foreign currency translation adjustment	-1,617	-1,463
Remeasurements of defined benefit plans, net of tax	403	435
Total other comprehensive income	-1,267	-1,038
Comprehensive income	-5,186	-5,412
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-4,852	-5,553
Comprehensive income attributable to non-controlling interests	-333	140

### (3) QUARTERLY CONSOLIDATED STATEMENTS OF CASH FLOWS

Millions of yen

	Six months ended Sep.30, 2019	Six months ended Sep.30, 2020
Cash flows from operating activities		
Loss before income taxes	-2,245	-3,473
Depreciation	6,164	6,392
Impairment loss	613	—
Increase (decrease) in allowance for doubtful accounts	-21	5
Decrease (increase) in retirement benefit asset	-25	135
Increase (decrease) in retirement benefit liability	1	119
Increase (decrease) in provision for business transfer	—	1,797
Increase (decrease) in provision for business structure reform	—	-45
Interest and dividend income	-143	-69
Interest expenses	280	292
Loss (gain) on sales of property, plant and equipment	-5	-14
Decrease (increase) in trade receivables	1,372	4,258
Decrease (increase) in inventories	1,231	-4,331
Increase (decrease) in trade payables	748	-1,992
Other, net	-2,137	-3,527
Subtotal	5,833	-451
Interest and dividends received	148	25
Interest paid	-284	-319
Income taxes paid	-1,071	-962
Net cash provided by (used in) operating activities	4,625	-1,708
Cash flows from investing activities		
Purchase of property, plant and equipment	-4,935	-6,182
Proceeds from sales of property, plant and equipment	26	3
Purchase of intangible assets	-580	-301
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	-1,039
Collection of loans receivable	0	0
Other, net	-618	-393
Net cash provided by (used in) investing activities	-6,108	-7,913
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	-80	1,168
Increase (decrease) in commercial papers	4,000	—
Repayments of finance lease obligations	-15	-25
Proceeds from long-term borrowings	—	27,500
Repayments of long-term borrowings	-319	-9,816
Proceeds from issuance of bonds	—	-15,000
Purchase of treasury shares	-132	-61
Dividends paid	-362	-363
Net cash provided by (used in) financing activities	3,090	3,402
Effect of exchange rate change on cash and cash equivalents	-640	-559
Net increase (decrease) in cash and cash equivalents	966	-6,779
Cash and cash equivalents at beginning of period	23,288	39,902
Cash and cash equivalents at end of period	24,255	33,123

**FY SECOND QUARTER (CUMULATIVE) CONSOLIDATED FINANCIAL RESULTS**  
**[Information about Sales and Operating Income (Loss) by Reporting Segment]**

**SIX MONTHS ENDED SEPTEMBER 30, 2019**

Millions of yen

	Reporting Segment		Total	Adjustment	Amount stated in QUARTERLY CONSOLIDATED STATEMENTS OF INCOME
	Semiconductor Devices	Power Systems			
Sales					
(1) Sales for customer	67,876	10,412	78,289	—	78,289
(2) Intersegment Sales or Transfer	241	125	367	-367	—
Total	68,118	10,538	78,656	-367	78,289
Income (loss) by segment	2,124	-271	1,853	-1,561	291

**SIX MONTHS ENDED SEPTEMBER 30, 2020**

Millions of yen

	Reporting Segment		Total	Adjustment	Amount stated in QUARTERLY CONSOLIDATED STATEMENTS OF INCOME
	Semiconductor Devices	Power Systems			
Sales					
(1) Sales for customer	60,002	8,135	68,138	—	68,138
(2) Intersegment Sales or Transfer	93	241	334	-334	—
Total	60,095	8,376	68,472	-334	68,138
Income (loss) by segment	985	3	988	-1,619	-630