

## Summary of Consolidated Financial Results for the Year Ended March 2019 [Japan GAAP]

Name of Company:	KAGA ELECTRONICS CO., LTD.	
Stock Code:	8154	URL: <a href="https://www.taxan.co.jp/">https://www.taxan.co.jp/</a>
Stock Exchange Listing:	Tokyo Stock Exchange, First Section	
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Date of regular general meeting of shareholders:	June 27, 2019 (tentative)	
Date of commencement of dividend payment:	June 28, 2019 (tentative)	
Date of filing of securities report:	June 27, 2019 (tentative)	
Supplementary explanatory documents:	Yes	
Earnings presentation:	Yes (For institutional investors and analysts)	

(Yen in millions, rounded down)

### 1. Financial results for the current fiscal year (April 1, 2018 - March 31, 2019)

#### (1) Result of operations (Consolidated)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2019	292,779	24.1	7,570	(6.8)	7,859	(10.1)	8,014	23.5
Fiscal year ended March 2018	235,921	3.8	8,119	18.0	8,740	19.0	6,490	(7.0)

Note: Comprehensive income: FY ended March 31, 2019: 7,848 million yen [19.9%] FY ended March 31, 2018: 6,544 million yen [(10.6)%]

	Earnings per share	Earnings per share (diluted)	Return on equity	Ratio of ordinary income to assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 2019	292.07	—	10.9	4.6	2.6
Fiscal year ended March 2018	236.58	—	9.5	6.9	3.4

Ref.: Share of profit/loss of entities accounted for using equity method: FY ended March 2019: (194) million yen FY ended March 2018: (111) million yen

#### (2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2019	213,761	84,259	35.8	2,790.97
As of March 31, 2018	128,755	70,631	54.8	2,571.79

Ref.: Shareholders' equity FY ended March 2019: 76,604 million yen FY ended March 2018: 70,556 million yen

#### (3) Cash flow position (Consolidated)

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 2019	(1,547)	(6,860)	11,684	32,231
Fiscal year ended March 2018	10,077	(4,173)	(2,811)	28,879

### 2. Dividends

	Dividend per share					Annual aggregate amount	Payout ratio (Consolidated)	Dividends/net assets (Consolidated)
	1Q	2Q	3Q	Year-end	Full year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 2018	-	30.00	-	40.00	70.00	1,920	29.6	2.8
Fiscal year ended March 2019	-	35.00	—	45.00	80.00	2,195	27.4	3.0
Fiscal year ending March 2020 (Forecast)	-	30.00	—	30.00	60.00		32.9	

Notes: Breakdown of interim dividend for FY3/18: Ordinary dividend: 25.00 yen; Extraordinary dividend: 5.00 yen  
 Breakdown of year-end dividend for FY3/18: Ordinary dividend: 35.00 yen; Extraordinary dividend: 5.00 yen  
 Breakdown of interim dividend for FY3/19: Ordinary dividend 30.00 yen; 50th anniversary commemorative dividend 5.00 yen  
 Breakdown of year-end dividend for FY3/19: Ordinary dividend: 40.00 yen; Extraordinary dividend: 5.00 yen

### 3. Forecast for the fiscal year ending March 2020 (Consolidated, April 1, 2019 - March 31, 2020)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	430,000	46.9	7,000	(7.5)	7,000	(10.9)	5,000	(37.6)	182.17

#### \* Notes

(1) Changes in significant subsidiaries (Changes in specified subsidiaries accompanied by changes in the scope of consolidation): Yes  
New: 1 (Company Name) Fujitsu Electronics Inc.

(2) Changes in accounting policies, estimates, and retrospective restatement

(a) Changes due to revision of accounting standards: None

(b) Changes other than (a): None

(c) Changes in accounting estimates: None

(d) Retrospective restatement: None

(3) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury shares)

As of March 31, 2019:	28,702,118	As of March 31, 2018:	28,702,118
As of March 31, 2019:	1,254,924	As of March 31, 2018:	1,267,393
As of March 31, 2019:	27,439,524	As of March 31, 2018:	27,435,139

(b) Treasury shares

(c) Average number of shares outstanding during the year

#### (Reference) Non-consolidated Financial Results

##### Financial results for the fiscal year ended March 2019 (April 1, 2018 - March 31, 2019)

(1) Result of operations (Non-consolidated)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2019	73,906	1.1	(323)	—	4,820	50.0	4,620	22.1
Fiscal year ended March 2018	73,098	(3.4)	(629)	—	3,213	26.0	3,782	28.0

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
Fiscal year ended March 2019	168.38	—
Fiscal year ended March 2018	137.89	—

(2) Financial Position (Non-consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2019	96,087	43,348	45.1	1,579.20
As of March 31, 2018	71,685	41,124	57.4	1,499.00

Ref.: Shareholders' equity Fiscal year ended March 2019: 43,348 million yen Fiscal year ended March 2018: 41,124 million yen

\*The audit procedures by certified public accountant or auditing firm are not applicable to this Financial Results report.

\*Cautionary statement regarding forecasts of operating results and special notes

(Caution regarding forward-looking statements)

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons. For information about the forecasts, please see "1. Results of Operations (4) Future outlook" on page 4 of Supplementary Information.

(Supplementary materials for financial results and how to obtain details of the financial results meeting)

The Company plans to hold a financial results meeting for institutional investors and analysts on Thursday, May 23, 2019. The Company also plans to post a streaming video of the meeting and the details of the presentation, along with the presentation materials used at the meeting, on its website promptly after the meeting.

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## 1. Results of Operations

### (1) Overview of consolidated business performance

Looking back on the economic situation in the fiscal year ended March 31, 2019, the US economy continued its robust trend, but the Federal Reserve Board (FRB) kept the policy rate on hold, an indication of its cautious outlook against the backdrop of concerns over a global economic slowdown. The Chinese economy was showing a clearer sign of a slowdown amid concerns over US-China trade frictions, causing a significant impact globally. In Europe, exports stagnated in one of the major countries, Germany, while in Japan the business sentiment of large corporations and manufacturing companies, which were driving the gradual recovery during recent years, started to show the effects of a slowdown in the Chinese economy.

In the electronics industry, the principal sector of operations of the Group, although growth of electronic components for mobile phones slowed due to maturation of the smartphone market and the rise of unit prices, the market for automotive devices continued to be firm with the use of electronics expanding, as represented by electronic vehicles and autonomous driving assistance technologies.

In such conditions, based on our corporate philosophy of “Everything we do is for our customers,” the Group further expanded its overseas production bases in response to calls from customers, while in Japan the Group focused its efforts on expansion of the EMS <sup>(Note)</sup> business by pushing forward with enhancements of domestic production facilities and functions, and other measures. In January this year, the Group solidified its foothold for further growth by converting Fujitsu Electronics Inc. to a subsidiary.

(Note) Electronics Manufacturing Service: Provision of product development and manufacturing services on an outsourcing basis

	FY 2018/3	FY 2019/3	YoY	
	(April 1, 2017 –March 31, 2018)	(April 1, 2018 –March 31, 2019)	(Million yen)	
Net sales	(Million yen) 235,921	(Million yen) 292,779	56,858	24.1%
Gross profit (Margin)	32,498 13.8%	35,546 12.1%	3,047 (1.6p)t	9.4% —
SG&A	24,379	27,976	3,596	14.8%
Operating income	8,119	7,570	(549)	(6.8%)
Ordinary income	8,740	7,859	(880)	(10.1%)
Profit before income taxes	9,300	9,649	349	3.8%
Profit attributable to owners of parent	6,490	8,014	1,523	23.5%
EPS	236.58 Yen	292.07Yen	55.49 Yen	—
ROE	9.5%	10.9%	1.4pt	—
Exchange Rate (Average rate during the year) USD	110.85Yen	110.91 Yen	0.06Yen	—

Net sales of the Group in the fiscal year ended March 2019 came to 292,779 million yen, an increase of 24.1% from the previous fiscal year. Despite a temporary decline in unit sales due to production adjustments and model switching at some of the customers, a significant year-to-year growth was recorded, notably reflecting the overall robust performance of the Group’s mainstay EMS business and the impact of Fujitsu Electronics Inc. becoming a subsidiary from January 2019,

In terms of income, operating income decreased by 6.8% from the previous fiscal year to 7,570 million yen, due to factors including upfront expenses of new overseas sites, such as in Vietnam and Mexico, which were at their start-up phase. Ordinary income decreased by 10.1% to 7,859 million yen. Meanwhile, profit attributable to owners of parent came to 23.5% to 8,014 million yen, an impressive increase from the previous fiscal year and a record high for the first time in 13 years, exceeding 7,272 million yen recorded in the fiscal year ended March 2006. The increase is attributed to the “Gain on bargain purchase ” which was posted as extraordinary income in connection with the acquisition of a company as well as a decrease in income taxes due to the consolidated tax payment system.

Business segment performance was as follows.

		FY 2018/3	FY 2019/3	YoY	
		(April 1, 2017 –March 31, 2018)	(April 1, 2018 –March 31, 2019)	(Million yen)	
Electronic components	Net sales	(Million yen) 172,248	(Million yen) 225,598	53,350	31.0%
	Segment income	5,312	4,761	(550)	(10.4%)
Information equipment	Net sales	47,582	44,344	(3,237)	(6.8%)
	Segment income	2,202	1,906	(296)	(13.4%)
Software	Net sales	2,568	2,876	308	12.0%
	Segment income	172	247	74	43.5%
Others	Net sales	13,522	19,959	6,436	47.6%
	Segment income	308	490	182	59.0%
Total	Net sales	235,921	292,779	56,858	24.1%
	Segment income	8,119	7,570	(549)	(6.8%)

Note: “Segment income” shows unadjusted figures for each business segment and adjusted figures for the total.

- (a) Electronic components (Development, manufacture and sale of semiconductors, general electronic components and other products, the electronics manufacturing service (EMS), and other activities)

In this business, the EMS business for automotive and air conditioning devices maintained steady performance while business for medical equipment was slow due to model switching and the resulting production adjustments at major customers. Components sales business remained sluggish notably for home electric appliances from the effect of production adjustments at major customers. In addition, Fujitsu Electronics Inc. was converted to a subsidiary in January this year, which helped net sales record a substantial increase of 31.0% year-on-year, to 225,598 million yen. Segment income came to 4,761 million yen, down 10.4% year-on-year.

- (b) Information equipment (Sales of PCs, PC peripherals, home electric appliances, photograph and imaging products, original brand products, and other products)

In this business, although the commercial facilities-related LED installation business continued a robust trend, sales in the housing-related home electric appliances business decreased as a result of factors including delivery date adjustments by customers. In PC sales, although sales were strong for individuals, sales were sluggish for corporate customers. As a result, net sales decreased by 6.8% to 44,344 million yen and segment income declined by 13.4% to 1,906 million yen.

- (c) Software (Production of computer graphics, planning and development of amusement products, and other activities)

In this business, orders for production of computer graphics animation and development of game software were robust. As a result, net sales increased by 12.0% to 2,876 million yen and segment income increased by 43.5% to 247 million yen.

- (d) Others (Repair and supports for electronics equipment, manufacture and sales of amusement equipment, and sales of sports goods, and other activities)

In this business, sales of arcade amusement machines continued strong. In addition, while the PC products and PC peripherals recycling business performed strongly, sales of golf products remained sluggish. As a result, net sales increased by 47.6% to 19,959 million yen and segment income increased by 59.0% to 490 million yen.

## (2) Overview of financial condition

### Assets, liabilities and net assets

Total assets as of March 31, 2019 increased by 85,005 million yen from the previous fiscal year-end to 213,761 million yen. This is largely due to an increase of 50,335 million yen in notes and accounts receivable – trade and an increase of 18,673 million yen in merchandise and finished goods, reflecting the significant impact of the conversion of Fujitsu Electronics Inc. to a subsidiary.

Liabilities increased by 71,378 million yen from the previous fiscal year-end to 129,501 million yen. This is primarily attributed to an increase of 25,270 million yen in short-term loans payable due to the procurement of funds notably for the purchase of Fujitsu Electronics Inc. shares, and an increase of 41,491 million yen in notes and accounts payable – trade.

Net assets increased by 13,627 million yen from the previous fiscal year-end to 84,259 million yen. This is primarily due to an increase of 6,144 million yen in retained earnings as a result largely of 8,014 million yen recorded as profit attributable to owners of parent, and an increase of 7,579 million yen in non-controlling interests resulting largely from the conversion of Fujitsu Electronics Inc. to a subsidiary.

### (3) Cash flows

Cash and cash equivalents as of March 31, 2019 increased 3,352 million yen from March 31, 2018 to 32,231 million yen.

#### (Operating activities)

Net cash used in operating activities was 1,547 million yen (10,077 million yen provided in the previous fiscal year) mainly due to decrease in notes and accounts payable-trade.

#### (Investing activities)

Net cash used in investing activities was 6,860 million yen (4,173 million yen used in the previous fiscal year) mainly due to purchase of property, plant and equipment.

#### (Financing activities)

Net cash provided by financing activities was 11,684 million yen (2,811 million yen used in the previous fiscal year) mainly due to short-term loans payable.

### (4) Future outlook

In the economic environment surrounding the Group, the US economy is expected to continue its robust trend, while the Japanese economy will also likely maintain a certain degree of firmness against the backdrop of strong corporate capital expenditure. Still, an unpredictable situation is expected in the future of the global economy given concerns of a slowdown in Chinese economic growth resulting from prolonged trade friction between the US and China, the Brexit issue, the geopolitical risks in the Middle East, and other factors.

The Company formulated “Medium Term Management Plan 2021” (announced on November 6, 2018), a three-year plan which sets forth its growth strategy, running from the fiscal year ending March 31, 2020 to the fiscal year ending March 31, 2022, and will strive to form “Japan’s No. 1 corporate group in the industry” and, furthermore, to become a “World Class Company”. Group-wide efforts will be made in implementing the various initiatives of the basic policy, which comprises “enhancement of revenue base” focusing on markets that are expected to see high growth and profitability in the future, “stabilization of management base” through improvement of efficiency and financial soundness after conversion of Fujitsu Electronics to a subsidiary, and “creation of new business” in order to strengthen resistance to changes in the external environment.

Having carefully factored in the situation as described above, the Group has set the following performance forecasts for the fiscal year ending March 31, 2020, the first year of the plan:

	FY2019/3 Results	FY2020/3 Forecasts	FY2022/3 Management Targets
Net sales	(Million yen) 292,779	(Million yen) 430,000	(Million yen) 500,000
Operating income	7,570	7,000	13,000
Ordinary income	7,859	7,000	—
Profit attributable to owners of parent	8,014	5,000	—
ROE	10.9%	6.4%	8.0%or higher
Exchange Rate USD	110.85 Yen	110.00 Yen	110.00Yen

(Note) The above performance forecasts, etc. are based on information currently available to the Company at the time of writing and on certain assumptions considered by the Group to be reasonable. Actual results, etc. may be substantially different from the forecasts due to various factors.

(5) Basic policy for earnings allocations and dividends in the current and next fiscal years

The Company positions the return of profits to shareholders as one of the most important management policies, and in addition to endeavoring to strengthen its financial position and management foundation with a long-term perspective, has the basic policy of maintaining stable and ongoing dividends to all shareholders with due consideration to consolidated performance.

Based on this policy, the Medium Term Management Plan 2021 sets out the target of making “stable dividend payments while securing a consolidated dividend ratio of 25% to 35%.”

With respect to the year-end dividend for the fiscal year ended March 2019, the Group plans to pay an extraordinary dividend of 5 yen per share in addition to a dividend of 40 yen per share as previously announced on February 6, 2019, for a total of 45 yen per share. As a result, the annual dividend, including an interim dividend of 35 yen per share, will be 80 yen per share, which represents a 10 yen per share increase from the previous fiscal year.

For the fiscal year ending March 31, 2020, a dividend of 60 yen per share, including an interim dividend of 30 yen per share, is planned.

## **2. Basic Approach to the Selection of Accounting Standards**

The KAGA ELECTRONICS Group prepares consolidated financial statements based on Japanese accounting standards. Going forward, we will consider adopting IFRS standards with due consideration to financial market trends, share of foreign investors, and the organizational costs resulting from the adoption of IFRS standards.

### 3. Consolidated Financial Statements and Major Notes

#### (1) Consolidated balance sheet

(Million yen)

	FY 2018/3 (As of March 31, 2018)	FY 2019/3 (As of March 31, 2019)
<b>ASSETS</b>		
Current assets		
Cash and deposits	30,803	35,003
Notes and accounts receivable - trade	45,809	96,145
Electronically recorded monetary claims - operating	4,032	5,361
Securities	295	261
Merchandise and finished goods	15,060	33,734
Work in process	575	489
Raw materials and supplies	3,818	5,802
Other	3,807	5,894
Allowance for doubtful accounts	(133)	(296)
Total current assets	104,069	182,396
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,102	9,436
Accumulated depreciation	(3,232)	(4,526)
Buildings and structures, net	4,870	4,910
Machinery, equipment and vehicles	6,315	8,266
Accumulated depreciation	(3,731)	(4,760)
Machinery, equipment and vehicles, net	2,583	3,506
Tools, furniture and fixtures	3,556	5,119
Accumulated depreciation	(2,846)	(4,015)
Tools, furniture and fixtures, net	709	1,104
Land	4,036	4,861
Construction in progress	10	628
Total property, plant and equipment	12,210	15,011
Intangible assets		
Goodwill	317	259
Software	515	1,819
Other	46	126
Total intangible assets	878	2,206
Investments and other assets		
Investment securities	8,688	10,085
Deferred tax assets	530	1,292
Guarantee deposits	657	870
Insurance funds	943	951
Other	1,363	1,462
Allowance for doubtful accounts	(587)	(515)
Total investments and other assets	11,595	14,147
Total non-current assets	24,685	31,364
Total assets	128,755	213,761

(Million yen)

	FY 2018/3 (As of March 31, 2018)	FY 2019/3 (As of March 31, 2019)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable - trade	36,392	77,884
Short-term loans payable	5,385	30,656
Accrued expenses	3,711	5,307
Income taxes payable	901	1,147
Provision for directors' bonuses	247	105
Other	3,068	6,239
Total current liabilities	49,707	121,340
Non-current liabilities		
Long-term loans payable	3,161	1,882
Deferred tax liabilities	1,276	1,300
Provision for directors' retirement benefits	1,264	94
Net defined benefit liability	1,737	1,997
Asset retirement obligations	175	280
Other	800	2,606
Total non-current liabilities	8,416	8,161
Total liabilities	58,123	129,501
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	12,133	12,133
Capital surplus	13,853	13,865
Retained earnings	45,183	51,297
Treasury shares	(2,042)	(2,024)
Total shareholders' equity	69,127	75,272
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,504	1,018
Deferred gains or losses on hedges	(16)	2
Foreign currency translation adjustment	148	527
Remeasurements of defined benefit plans	(208)	(215)
Total accumulated other comprehensive income	1,428	1,332
Non-controlling interests	75	7,654
Total net assets	70,631	84,259
Total liabilities and net assets	128,755	213,761

## (2) Consolidated statements of income and comprehensive income

(Million yen)

	FY 2018/3 (April 1, 2017 – March 31, 2018)	FY 2019/3 (April 1, 2018 – March 31, 2019)
Net sales	235,921	292,779
Cost of sales	203,423	257,233
Gross profit	32,498	35,546
Selling, general, and administrative expenses	24,379	27,976
Operating income	8,119	7,570
Non-operating income		
Interest income	124	174
Dividends income	119	175
Commission fee	279	209
Foreign exchange gain	44	—
House rent income	99	106
Other	228	349
Total non-operating income	896	1,015
Non-operating expenses		
Interest expenses	132	200
Loss from equity method investments	111	194
Foreign exchange losses	—	177
Other	32	153
Total non-operating expenses	275	726
Ordinary income	8,740	7,859
Extraordinary income		
Gain on sales of non-current assets	28	17
Gain on sales of investment securities	591	215
Gain on bargain purchase	—	2,164
Gain on sale of shares of subsidiaries	467	—
Gain on transfer of business	12	7
Total extraordinary income	1,101	2,403
Extraordinary loss		
Loss on retirement of non-current assets	7	16
Impairment loss	228	31
Loss on sales of investment securities	24	2
Loss on valuation of investment securities	269	550
Loss on valuation of golf club membership	6	6
Other	5	8
Total extraordinary loss	541	614
Profit before income taxes	9,300	9,649
Income taxes - current	1,840	1,477
Income taxes - deferred	952	120
Total income taxes	2,792	1,597
Profit	6,507	8,051
Profit attributable to owners of parent	6,490	8,014
Profit attributable to non-controlling interests	16	37

(Million yen)

	FY 2018/3 (April 1, 2017 –March 31, 2018)	FY 2019/3 (April 1, 2018 –March 31, 2019)
Other comprehensive income		
Valuation difference on available-for-sale securities	345	(489)
Deferred gains or losses on hedges	(16)	18
Foreign currency translation adjustment	(273)	307
Remeasurements of defined benefit plans, net of tax	(17)	9
Share of other comprehensive income of entities accounted for using equity method	—	(49)
Total other comprehensive income	37	(203)
Comprehensive income	6,544	7,848
Comprehensive income attributable to owners of parent	6,528	7,801
Comprehensive income attributable to non-controlling interests	16	47

## (3) Consolidated statement of changes in equity

For the fiscal year ended March 2018 (April 1, 2017 – March 31, 2018)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	12,133	13,912	40,476	(2,040)	64,481
Changes of items during period					
Dividends of surplus			(1,783)		(1,783)
Profit attributable to owners of parent			6,490		6,490
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		0		0	0
Change in ownership interest of parent due to transactions with non-controlling interests		(58)			(58)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(58)	4,707	(2)	4,645
Balance at the end of current period	12,133	13,853	45,183	(2,042)	69,127

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	1,159	0	421	(190)	1,391	59	65,932
Changes of items during period							
Dividends of surplus							(1,783)
Profit attributable to owners of parent							6,490
Purchase of treasury shares							(2)
Disposal of treasury shares							0
Change in ownership interest of parent due to transactions with non-controlling interests							(58)
Net changes of items other than shareholders' equity	344	(16)	(273)	(17)	37	16	54
Total changes of items during period	344	(16)	(273)	(17)	37	16	4,699
Balance at the end of current period	1,504	(16)	148	(208)	1,428	75	70,631

For the fiscal year ended March 2019 (April 1, 2018 – March 31, 2019)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	12,133	13,853	45,183	(2,042)	69,127
Changes of items during period					
Dividends of surplus			(2,057)		(2,057)
Profit attributable to owners of parent			8,014		8,014
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		12		24	36
Change in treasury shares arising from change in equity in entities accounted for using equity method				(0)	(0)
Change of scope of equity method			156	(4)	152
Net changes of items other than shareholders' equity					
Total changes of items during period	—	12	6,113	18	6,144
Balance at the end of current period	12,133	13,865	51,297	(2,024)	75,272

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	1,504	(16)	148	(208)	1,428	75	70,631
Changes of items during period							
Dividends of surplus							(2,057)
Profit attributable to owners of parent							8,014
Purchase of treasury shares							(1)
Disposal of treasury shares							36
Change in treasury shares arising from change in equity in entities accounted for using equity method							(0)
Change of scope of equity method							152
Net changes of items other than shareholders' equity	(486)	18	378	(6)	(96)	7,579	7,482
Total changes of items during period	(486)	18	378	(6)	(96)	7,579	13,627
Balance at the end of current period	1,018	2	527	(215)	1,332	7,654	84,259

## (4) Consolidated statement of cash flows

(Million yen)

	FY 2018/3 (April 1, 2017 – March 31, 2018)	FY 2019/3 (April 1, 2018 – March 31, 2019)
Cash flows from operating activities		
Profit before income taxes	9,300	9,649
Depreciation	1,481	1,740
Impairment loss	228	31
Amortization of goodwill	88	85
Increase (decrease) in net defined benefit liability	40	(58)
Increase (decrease) in provision for directors' retirement benefits	41	(4)
Increase (decrease) in provision for directors' bonuses	43	(160)
Increase (decrease) in allowance for doubtful accounts	(85)	53
Interest and dividend income	(244)	(351)
Interest expenses	132	200
Share of (profit) loss of entities accounted for using equity method	111	194
Loss (gain) on sales of shares of subsidiaries	(467)	—
Loss (gain) on sales of property, plant and equipment	(23)	(10)
Loss on retirement of non-current assets	7	16
Loss (gain) on sales of investment securities	(567)	(212)
Loss (gain) on valuation of investment securities	269	550
Gain on bargain purchase	—	(2,164)
Decrease (increase) in notes and accounts receivable - trade	2,076	(1,152)
Decrease (increase) in inventories	(226)	(2,145)
Increase (decrease) in notes and accounts payable - trade	(1,101)	(6,746)
Decrease (increase) in accounts receivable - other	1,087	(207)
Increase (decrease) in accrued expenses	338	552
Decrease (increase) in advance payments	(135)	292
Decrease (increase) in consumption taxes refund receivable	(163)	(2)
Decrease (increase) in other current assets	(88)	(191)
Increase (decrease) in other current liabilities	(362)	276
Other, net	(47)	135
Subtotal	11,734	371
Interest and dividend income received	242	349
Interest expenses paid	(130)	(189)
Income taxes paid	(1,770)	(2,078)
Other, net	2	0
Net cash provided by (used in) operating activities	10,077	(1,547)

(Million yen)

	FY 2018/3 (April 1, 2017 – March 31, 2018)	FY 2019/3 (April 1, 2018 – March 31, 2019)
Cash flows from investing activities		
Payments into time deposits	(2,773)	(2,661)
Proceeds from withdrawal of time deposits	1,158	1,944
Purchase of property, plant and equipment	(1,678)	(3,027)
Proceeds from sales of property, plant and equipment	87	111
Purchase of intangible assets	(360)	(420)
Purchase of investment securities	(2,481)	(2,977)
Proceeds from sales of investment securities	1,331	575
Purchase from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(286)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	504	—
Payments of short-term loans receivable	(1)	(2)
Collection of short-term loans receivable	1	3
Purchase of insurance funds	(15)	(13)
Proceeds from cancellation of insurance funds	14	10
Payments for guarantee deposits	(58)	(29)
Proceeds from collection of guarantee deposits	136	25
Other payments	(74)	(125)
Other proceeds	36	12
Net cash provided by (used in) investing activities	(4,173)	(6,860)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	825	15,137
Repayments of long-term loans payable	(1,641)	(1,269)
Purchase of treasury shares	(2)	(1)
Cash dividends paid	(1,780)	(2,054)
Purchase of shares of subsidiaries that does not result in change in scope of consolidation	(58)	—
Other, net	(153)	(127)
Net cash provided by (used in) financing activities	(2,811)	11,684
Effect of exchange rate change on cash and cash equivalents	(234)	75
Net increase (decrease) in cash and cash equivalents	2,857	3,352
Cash and cash equivalents at beginning of period	26,021	28,879
Cash and cash equivalents at end of period	28,879	32,231

(5) Notes to consolidated financial statements

(Notes to going concern assumptions)

Not applicable

(Changes in Presentation Methods)

(Changes associated with the application of “Partial Amendments to Accounting Standard for Tax Effect Accounting”)

“Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) are applied from the beginning of the fiscal year ended March 31, 2019, in accordance with which changes are made to the presentation methods, with deferred tax assets presented under investments and other assets, and deferred tax liabilities presented under non-current liabilities.

As result, in the consolidated balance sheets for the fiscal year ended March 31, 2018, “deferred tax assets” in “current assets” decreased by 1,028 million yen, and “deferred tax assets” in “investments and other assets” increased by 290 million yen. In addition, “other” in “current liabilities” decreased by 1 million yen, and “deferred tax liabilities” in “non-current liabilities” decreased by 736 million yen.

Note that deferred tax assets are offset against deferred tax liabilities where they relate to the same taxable entity, and as a result, total assets decreased by 738 million yen compared to the figure before the change.

(Segment information, etc.)

**a. Segment information**

1. Description of reportable segments

The Group’s reportable segments are those for which separate financial information is available and regular evaluation by the Company’s management is being performed in order to decide how resources are allocated among the Group. The Company classifies subsidiaries and associates according to their products and services, and implements comprehensive strategies in Japan and overseas. Consequently, the Group has four reportable segments that are made of different categories of products and services: electronic components, information equipment, software and others. The electronic components segment includes the development, manufacture and sale of semiconductors, general electronic components and other products, the electronics manufacturing service (EMS), and other activities. The information equipment segment includes sales of PCs, PC peripherals, home electric appliances, photograph and imaging products, original brand products, and other products. The software segment includes the production of computer graphics, planning and development of amusement products, and other activities. The others segment includes the repair and supports for electronics equipment, and sales of amusement equipment and sports goods, and others.

2. Methods of measurement for the amounts of net sales, income (loss), assets, and other items for each reportable segment

The accounting policies of each reportable segment are consistent with the accounting standards adopted to prepare consolidated financial statements.

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

For the fiscal year ended March 2018 (April 1, 2017 – March 31, 2018)

(Million yen)

	Reporting segments					Adjustment *1	Consolidated *2
	Electronic components	Information equipment	Software	Others	Total		
Net sales:							
Sales to external customers	172,248	47,582	2,568	13,522	235,921	-	235,921
Inter-segment sales or transfers	1,610	1,242	855	1,442	5,152	(5,152)	-
Total	173,859	48,825	3,424	14,965	241,074	(5,152)	235,921
Segment income (loss)	5,312	2,202	172	308	7,996	123	8,119
Segment assets	112,426	14,532	1,845	9,191	137,996	(9,240)	128,755
Others							
Depreciation	916	63	91	92	1,165	(8)	1,157
Increase in property, plant and equipment and intangible assets	1,699	77	42	316	2,135	(96)	2,039

For the fiscal year ended March 2019 (April 1, 2018 – March 31, 2019)

(Million yen)

	Reporting segments					Adjustment *1	Consolidated *2
	Electronic components	Information equipment	Software	Others	Total		
Net sales:							
Sales to external customers	225,598	44,344	2,876	19,959	292,779	—	292,779
Inter-segment sales or transfers	2,855	1,004	697	4,450	9,007	(9,007)	—
Total	228,454	45,349	3,574	24,409	301,787	(9,007)	292,779
Segment income (loss)	4,761	1,906	247	490	7,406	163	7,570
Segment assets	197,476	14,951	1,859	11,482	225,769	(12,008)	213,761
Others							
Depreciation	1,182	58	69	103	1,413	(7)	1,406
Increase in property, plant and equipment and intangible assets	2,338	40	66	1,087	3,533	(84)	3,448

Note: 1. The adjustment is as follows:

(1) Segment income

(Million yen)

	Fiscal year ended March 2018	Fiscal year ended March 2019
Elimination of inter-segment trade	123	163
Amortization of goodwill	—	—
Total	123	163

(2) Segment assets

(Million yen)

	Fiscal year ended March 2018	Fiscal year ended March 2019
Elimination of inter-segment trade	(11,460)	(14,111)
Corporate *	2,219	2,102
Total	(9,240)	(12,008)

\* Total corporate assets principally consist of surplus funds of the Company under management (cash and securities, etc.).

(3) Depreciation

(Million yen)

	Fiscal year ended March 2018	Fiscal year ended March 2019
Elimination of inter-segment trade	(8)	(7)
Total	(8)	(7)

(4) Increase in property, plant and equipment and intangible assets

(Million yen)

	Fiscal year ended March 2018	Fiscal year ended March 2019
Elimination of inter-segment trade	(96)	(84)
Total	(96)	(84)

2. Segment income is adjusted with operating income on the consolidated statements of income and comprehensive income.

## b. Associated information

For the fiscal year ended March 2018 (April 1, 2017 – March 31, 2018)

Geographic information

Net sales

(Million yen)				
Japan	North America	Europe	Asia	Total
149,024	8,628	4,034	74,234	235,921

- Notes: 1. Net sales are classified according to the customers' geographic locations.  
 2. Countries and regions are classified according to geographical proximity.  
 3. Countries and regions outside Japan are broken down into the following geographical areas:  
 (1) North America: United States, and Mexico  
 (2) Europe: United Kingdom, Czech Republic, and Russia  
 (3) East Asia: Hong Kong, Singapore, Taiwan, Korea, China, Malaysia, Thailand, India, and Indonesia

For the fiscal year ended March 2019 (April 1, 2018 – March 31, 2019)

Geographic information

Net sales

(Million yen)				
Japan	North America	Europe	Asia	Total
180,306	13,078	9,903	89,492	292,779

- Notes: 1. Net sales are classified according to the customers' geographic locations.  
 2. Countries and regions are classified according to geographical proximity.  
 From the fiscal year ended March 31, 2019, the geographical area which was previously presented as "East Asia" was renamed "Asia." Note that the change in the name of the geographical area has no effect on segment information. In line with this change, for the fiscal year ended March 31, 2018, the previous name of "East Asia" was likewise changed to "Asia."  
 3. Countries and regions outside Japan are broken down into the following geographical areas:  
 (1) North America: United States, and Mexico  
 (2) Europe: United Kingdom, Germany, Czech Republic, Russia, and Turkey  
 (3) East Asia: Hong Kong, Singapore, Taiwan, Korea, China, Malaysia, Thailand, India, Indonesia, and Vietnam

(Per-share information)

	FY 2018/3 (April 1, 2017 – March 31, 2018)	FY 2019/3 (April 1, 2018 – March 31, 2019)
Net assets per share	2,571.79	2,790.97
Earnings per share	236.58	292.07

Notes: 1. Earnings per share (diluted) have not been disclosed because there were no potentially dilutive shares.

2. The basis of calculation of earnings per share is as follows.

	FY 2018/3 (April 1, 2017 – March 31, 2018)	FY 2019/3 (April 1, 2018 – March 31, 2019)
Earnings per share		
Profit attributable to owners of parent (million yen)	6,490	8,014
Profit not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent allocated to common stock (million yen)	6,490	8,014
Average number of common stock outstanding during the fiscal year	27,435,139	27,439,524

(Subsequent events)

Not applicable

#### 4. Non-consolidated Financial Statements

##### (1) Balance sheet

(Million yen)

	FY 2018/3 (As of March 31, 2018)	FY 2019/3 (As of March 31, 2019)
<b>ASSETS</b>		
Current assets		
Cash and deposits	14,420	7,047
Notes receivable - trade	593	572
Electronically recorded monetary claims - operating	2,946	2,739
Accounts receivable - trade	16,117	16,664
Securities	295	261
Merchandise	4,007	4,199
Work in process	45	25
Supplies	3	4
Advance payments - trade	709	292
Prepaid expenses	195	199
Short-term loans receivable from subsidiaries and associates	9,865	17,822
Accounts receivable - other	2,679	4,425
Other	290	415
Allowance for doubtful accounts	(5,341)	(893)
Total current assets	46,829	53,777
Non-current assets		
Property, plant and equipment		
Buildings	2,460	2,347
Structures	14	13
Vehicles	0	0
Tools, furniture and fixtures	159	145
Land	3,388	3,388
Lease assets	89	102
Total property, plant and equipment	6,113	5,998
Intangible assets		
Trademark right	5	4
Software	333	586
Other	29	5
Total intangible assets	368	597
Investments and other assets		
Investment securities	7,537	8,353
Shares of subsidiaries and associates	8,838	25,825
Investments in capital	26	25
Investments in capital of subsidiaries and associates	14	14
Long-term loans receivable from subsidiaries and associates	345	225
Claims provable in bankruptcy, claims provable in rehabilitation and other	398	312
Long-term prepaid expenses	254	322
Deferred tax assets	—	163
Other	1,459	1,495
Allowance for doubtful accounts	(424)	(355)
Allowance for investment loss	(75)	(666)
Total investments and other assets	18,373	35,715
Total non-current assets	24,856	42,310
Total assets	71,685	96,087

(Million yen)

	FY 2018/3 (As of March 31, 2018)	FY 2019/3 (As of March 31, 2019)
<b>LIABILITIES</b>		
Current liabilities		
Notes payable - trade	1,339	956
Accounts payable - trade	11,719	10,221
Short-term loans payable	2,602	28,118
Short-term loans payable to subsidiaries and associates	5,896	5,773
Current portion of long-term loans payable	1,247	1,247
Lease obligations	34	37
Accounts payable - other	616	621
Accrued expenses	1,315	1,340
Income taxes payable	131	72
Advances received	99	21
Deposits received	73	63
Provision for directors' bonuses	240	60
Other	113	71
Total current liabilities	25,430	48,605
Non-current liabilities		
Long-term loans payable	3,129	1,882
Lease obligations	63	68
Deferred tax liabilities	141	—
Provision for retirement benefits	319	256
Provision for directors' retirement benefits	1,180	—
Asset retirement obligations	100	102
Other	195	1,824
Total non-current liabilities	5,130	4,134
Total liabilities	30,561	52,739
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	12,133	12,133
Capital surplus		
Legal capital surplus	13,912	13,912
Other capital surplus	0	12
Total capital surplus	13,912	13,924
Retained earnings		
Legal retained earnings	618	618
Other retained earnings		
General reserve	7,000	7,000
Retained earnings brought forward	8,214	10,777
Total retained earnings	15,833	18,396
Treasury shares	(2,042)	(2,019)
Total shareholders' equity	39,836	42,434
Valuation and translation adjustments		
Valuation differences on available-for-sale securities	1,290	912
Deferred gains or losses on hedges	(2)	0
Total valuation and translation adjustments	1,288	913
Total net assets	41,124	43,348
Total liabilities and net assets	71,685	96,087

## (2) Statement of income

(Million yen)

	FY 2018/3 (April 1, 2017 – March 31, 2018)	FY 2019/3 (April 1, 2018 – March 31, 2019)
Net sales	73,098	73,906
Cost of sales	64,740	65,266
Gross profit	8,358	8,639
Selling, general and administrative expenses	8,987	8,963
Operating income (loss)	(629)	(323)
Non-operating income		
Interest income	48	111
Dividend income	3,584	4,987
Foreign exchange gains	18	—
Other	352	379
Total non-operating income	4,004	5,478
Non-operating expenses		
Interest expenses	121	191
Loss on investments in partnership	2	35
Depreciation of assets for rent	13	12
Foreign exchange losses	—	73
Other	23	20
Total non-operating expenses	160	333
Ordinary income	3,213	4,820
Extraordinary income		
Gain on sales of investment securities	591	73
Gain on sales of shares of subsidiaries	424	—
Reversal of allowance for doubtful accounts	53	—
Reversal of allowance for investment loss	265	—
Other	14	0
Total extraordinary income	1,350	73
Extraordinary losses		
Loss on sales of investment securities	24	2
Loss on valuation of investment securities	269	550
Impairment loss	—	20
Loss on liquidation of subsidiaries	23	—
Provision of allowance for doubtful accounts	—	53
Provision of allowance for investment loss	—	590
Other	0	0
Total extraordinary losses	317	1,218
Profit before income taxes	4,246	3,675
Income taxes - current	(121)	(753)
Income taxes - deferred	585	(191)
Total income taxes	463	(945)
Profit	3,782	4,620

## (3) Statement of changes in equity

For the fiscal year ended March 2018 (April 1, 2017 – March 31, 2018)

(Million yen)

	Shareholders' equity							Total retained earnings
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		
						General reserve	Retained earnings brought forward	
Balance at the beginning of current period	12,133	13,912	0	13,912	618	7,000	6,214	13,833
Changes of items during period								
Dividends of surplus							(1,783)	(1,783)
Profit							3,782	3,782
Purchase of treasury shares								
Disposal of treasury shares			0	0				
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	0	0	-	-	1,999	1,999
Balance at the end of current period	12,133	13,912	0	13,912	618	7,000	8,214	15,833

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at the beginning of current period	(2,040)	37,839	1,046	(0)	1,046	38,885
Changes of items during period						
Dividends of surplus		(1,783)				(1,783)
Profit		3,782				3,782
Purchase of treasury shares	(2)	(2)				(2)
Disposal of treasury shares	0	0				0
Net changes of items other than shareholders' equity			244	(2)	241	241
Total changes of items during period	(2)	1,997	244	(2)	241	2,238
Balance at the end of current period	(2,042)	39,836	1,290	(2)	1,288	41,124

For the fiscal year ended March 2019 (April 1, 2018 – March 31, 2019)

(Million yen)

	Shareholders' equity							Total retained earnings
	Capital stock	Capital surplus			Retained earnings		Total retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		
						General reserve	Retained earnings brought forward	
Balance at the beginning of current period	12,133	13,912	0	13,912	618	7,000	8,214	15,833
Changes of items during period								
Dividends of surplus							(2,057)	(2,057)
Profit							4,620	4,620
Purchase of treasury shares								
Disposal of treasury shares			12	12				
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	12	12	—	—	2,563	2,563
Balance at the end of current period	12,133	13,912	12	13,924	618	7,000	10,777	18,396

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at the beginning of current period	(2,042)	39,836	1,290	(2)	1,288	41,124
Changes of items during period						
Dividends of surplus		(2,057)				(2,057)
Profit		4,620				4,620
Purchase of treasury shares	(1)	(1)				(1)
Disposal of treasury shares	24	36				36
Net changes of items other than shareholders' equity			(378)	3	(374)	(374)
Total changes of items during period	23	2,598	(378)	3	(374)	2,223
Balance at the end of current period	(2,019)	42,434	912	0	913	43,348