



EXHIBIT A-1 – BIDDER CERTIFICATION

Competitive Solicitation:	No. 00318 Cooperative Purchasing Agreement Solicitation for Public Safety Communications Products, Services and Solutions		
Bidder:	<u>Icom America Inc.</u> Type/print full legal name of Bidder		
Bidder's Address:	<u>12421 Willows Road NE - Kirkland, Washington 98034</u> Type/print Bidder's Address		
Bidder Organization Type: Check appropriate box	Corporation:	☒ Domestic	☐ Foreign
	Limited Liability Company (LLC):	☐ Domestic	☐ Foreign
	Partnership:	☐ Domestic	☐ Foreign
	Sole Proprietorship:	☐	
State of Formation:	<u>State of Washington</u> Type/print the state where the corporation, LLC, or partnership is formed – e.g., 'Washington' if domestic and the name of the state if 'Foreign' (i.e., not Washington)		

Bidder, through the duly authorized undersigned, makes this certification as a required element of submitting a responsive bid. Bidder certifies, to the best of its knowledge and belief, that the following are true, complete, correct, and made in good faith:

1. **UNDERSTANDING.** Bidder certifies that Bidder has read, thoroughly examined, and fully understands all of the provisions in the Competitive Solicitation (including all exhibits) and the terms and conditions of the Cooperative Purchasing Master Agreement and any amendments or clarifications to the Competitive Solicitation, and agrees to abide by the same.
2. **ACCURACY.** Bidder certifies that Bidder has carefully prepared and reviewed its bid and fully supports the accuracy of the same. Bidder further understands and acknowledges that Enterprise Services shall not be responsible for any errors or omission on the part of Bidder in preparing its bid. Bidder certifies that the facts declared here are true and accurate. Bidder further understands and acknowledges that the continuing compliance with these statements and all requirements of the Competitive Solicitation are conditions precedent to the award or continuation of the resulting Cooperative Purchasing Master Agreement.
3. **NO COLLUSION OR ANTI-COMPETITIVE PRACTICES.** Bidder certifies that Bidder has not, either directly or indirectly, entered into any agreement, participated in any collusion, or otherwise taken any action in restraint of free competitive bidding in connection with this Competitive Solicitation. Bidder certifies that Bidder's bid prices have been arrived at independently, without engaging in collusion, bid rigging, or any other illegal activity, and without for the purpose of restricting

competition any consultation, communication, or agreement with any other bidder or competitor relating to (a) those prices, (b) the intention to submit a bid, or (c) the methods or factors used to calculate the prices offered. Bidder certifies that Bidder has not been and will not knowingly disclose its bid prices, directly or indirectly, to any other bidder or competitor before award of a Cooperative Purchasing Master Agreement, unless otherwise required by law. Bidder certifies that Bidder has made no attempt and shall not make any attempt to induce any other person or firm to submit or not to submit a bid for the purpose of restricting competition. Bidder, however, freely may join with other persons or organizations for the purpose of presenting a bid.

4. **FIRM OFFER.** Bidder certifies that its bid, attached hereto, is a firm offer which cannot be withdrawn for a period of one hundred twenty (120) days from and after the bid due date specified in the Competitive Solicitation. Enterprise Services may accept such bid, with or without further negotiation, at any time within such period. In the event of a protest, Bidder's bid shall remain valid for such period or until the protest and any related court action is resolved, whichever is later.
5. **CONFLICT OF INTEREST.** Bidder certifies that, in preparing this bid, Bidder has not been assisted by any current or former employee of the States of Washington, Oregon, California, Alaska, Montana, Tennessee, Colorado, or Nevada whose duties relate (or did relate) to this Competitive Solicitation, the prospective Cooperative Purchasing Master Agreement, or the existing cooperative purchasing agreement for public safety communications equipment, and who was assisting in other than his or her official, public capacity.
6. **NO REIMBURSEMENT.** Bidder certifies that Bidder understands that the State of Washington will not reimburse Bidder for any costs incurred in the preparation of this bid. All bids become the property of the State of Washington, and Bidder claims no proprietary right to the ideas, writings, items, or samples unless so stated in the bid.
7. **PERFORMANCE.** Bidder certifies that Bidder understands that its submittal of a bid and execution of this Bidder's Certification certifies bidder's willingness to comply with the Cooperative Purchasing Master Agreement, if awarded such. By submitting this bid, Bidder hereby offers to furnish the goods and/or services solicited pursuant to this Competitive Solicitation in compliance with all terms, conditions, and performance requirements contained in this Competitive Solicitation and the resulting Cooperative Purchasing Master Agreement or, if applicable, as detailed on a Master Agreement Issues List, if permitted, in this Competitive Solicitation.
8. **INSURANCE.** Bidder certifies as follows (must check one):
 - ☒ **BIDDER HAS REQUIRED INSURANCE.** Bidder has attached a current, valid Certificate of Insurance with each and all of the required insurance coverages as specified in the Cooperative Purchasing Master Agreement (note: Bidder must attach the Insurance Certificate).
 - OR
 - ☐ **BIDDER WILL OBTAIN REQUIRED INSURANCE.** Bidder does not have a current, valid Certificate of Insurance with each and all of the required insurance coverages as specified in the Cooperative Purchasing Master Agreement but, if designated as the Apparent Successful Bidder, Bidder will provide such a Certificate of Insurance, without exception of any kind, to Enterprise Services within seventy-two (72) hours of such designation or notification by Enterprise Services or be deemed a nonresponsive bid.

OR

- ☐ *BIDDER DOES NOT HAVE REQUIRED INSURANCE.* As detailed on the attached explanation (Bidder to provide), Bidder does not have a current, valid Certificate of Insurance with each and all of the required insurance coverages as specified in the Cooperative Purchasing Master Agreement and, if designated as the Apparent Successful Bidder would not be able to provide such a Certificate of Insurance to Enterprise Services within seventy-two (72) hours of such designation.

9. DEBARMENT. Bidder certifies as follows (must check one):

- ☒ *NO DEBARMENT.* Bidder and/or its principals are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from contracting with any federal, state, or local governmental entity.

OR

- ☐ *DEBARRED.* As detailed on the attached explanation (Bidder to provide), Bidder and/or its principals presently are debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from contracting with a federal, state, or local governmental entity.

10. CRIMINAL OFFENSE. Bidder certifies as follows (must check one):

- ☒ *NO CRIMINAL OFFENSE.* Bidder has not, within the three (3) year period preceding the date of this Competitive Solicitation, been convicted or had a civil judgment rendered against Bidder for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a governmental contract; violation of any federal or state antitrust statute; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property. Bidder further certifies that it is not presently indicted or otherwise criminally or civilly charged by a governmental entity with commission of any of the offenses enumerated in this paragraph.

OR

- ☐ *CRIMINAL OFFENSE.* As detailed on the attached explanation (Bidder to provide), within the three (3) year period preceding the date of this Competitive Solicitation, Bidder has been convicted or had a civil judgment rendered against Bidder for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a governmental contract; violation of any federal or state antitrust statute; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property.

11. WASHINGTON WAGE THEFT PREVENTION. Bidder certifies as follows (must check one):

- ☒ *NO WAGE VIOLATIONS.* Bidder has NOT been determined by a final and binding citation and notice of assessment issued by the Washington Department of Labor and Industries or through a civil judgment entered by a court of limited or general jurisdiction to have willfully violated, as defined in [RCW 49.48.082](#), any provision of RCW chapters [49.46](#), [49.48](#), or [49.52](#) within three (3) years prior to the date of the above-referenced Competitive Solicitation date.

OR

- ☐ *VIOLATIONS OF WAGE LAWS.* Bidder has been determined by a final and binding citation

and notice of assessment issued by the Washington Department of Labor and Industries or through a civil judgment entered by a court of limited or general jurisdiction to have willfully violated, as defined in [RCW 49.48.082](#), a provision of RCW chapters [49.46](#), [49.48](#), or [49.52](#) within three (3) years prior to the date of the above-referenced Competitive Solicitation date.

12. PAY EQUALITY. Bidder certifies as follows (must check one):

- ☒ *PAY EQUALITY FOR SIMILARLY EMPLOYED WORKERS.* Bidder's similarly employed individuals are compensated as equals. For purposes of this provision, employees are similarly employed if the individuals work for the same employer, the performance of the job requires comparable skill, effort, and responsibility, and the jobs are performed under similar working conditions. Job titles alone are not determinative of whether employees are similarly employed. Bidder may allow differentials in compensation for its workers based in good faith on any of the following: a seniority system; a merit system; a system that measures earnings by quantity or quality of production; a bona fide job-related factor or factors; or a bona fide regional difference in compensation levels. A bona fide job-related factor or factors may include, but not be limited to, education, training, or experience that is: consistent with business necessity; not based on or derived from a gender-based differential; and accounts for the entire differential. A bona fide regional difference in compensation level must be consistent with business necessity; not based on or derived from a gender-based differential; and account for the entire differential.

OR

- ☐ *NO PAY EQUALITY FOR SIMILARLY EMPLOYED WORKERS.* Bidder's similarly employed individuals are NOT compensated as equals.

13. WORKERS' RIGHTS (EXECUTIVE ORDER 18-03). Bidder certifies as follows (must check one):

- ☒ *NO MANDATORY INDIVIDUAL ARBITRATION CLAUSES AND CLASS OR COLLECTIVE ACTION WAIVERS FOR EMPLOYEES.* Bidder does NOT require its employees, as a condition of employment, to sign or agree to mandatory individual arbitration clauses or class or collective action waivers.

OR

- ☐ *MANDATORY INDIVIDUAL ARBITRATION CLAUSES AND CLASS OR COLLECTIVE ACTION WAIVERS FOR EMPLOYEES.* Bidder requires its employees, as a condition of employment, to sign or agree to mandatory individual arbitration clauses or class or collective action waivers.

14. TERMINATION FOR DEFAULT OR CAUSE. Bidder certifies as follows (must check one):

- ☒ *NO TERMINATION FOR DEFAULT OR CAUSE.* Bidder has not, within the three (3) year period preceding the date of this Competitive Solicitation, had one (1) or more federal, state, or local governmental contracts terminated for cause or default.

OR

- ☐ *TERMINATION FOR DEFAULT OR CAUSE.* As detailed on the attached explanation (Bidder to provide), within the three (3) year period preceding the date of this Competitive Solicitation, Bidder has had one (1) or more federal, state, or local governmental contracts terminated for cause or default.

15. TAXES. Bidder certifies as follows (must check one):

- ☒ *TAXES PAID.* Except as validly contested, Bidder is not delinquent and has paid or has arranged for payment of all taxes due to the State of Washington and has filed all required returns and reports as applicable.

OR

- ☐ *DELINQUENT TAXES.* As detailed on the attached explanation (Bidder to provide), Bidder has not paid or arranged for payment of all taxes due to the State of Washington and/or has not timely filed all required returns and reports as applicable.

16. LAWFUL REGISTRATION. Bidder, if conducting business other than as a sole proprietorship (e.g., Bidder is a corporation, limited liability company, partnership) certifies as follows (must check one):

- ☒ *CURRENT LAWFUL REGISTRATION.* Bidder is in good standing in the State of Washington and the jurisdiction where Bidder is organized, including having timely filed all required annual reports.

OR

- ☐ *DELINQUENT REGISTRATION.* As detailed on the attached explanation (Bidder to provide), Bidder currently is not in good standing in the State of Washington and/or the jurisdiction where Bidder is organized.

17. SUBCONTRACTORS. Bidder certifies as follows (must check one):

- ☐ *NO SUBCONTRACTORS.* If awarded a Cooperative Purchasing Master Agreement, Bidder will not utilize subcontractors to provide the goods and/or services subject to this Competitive Solicitation.

OR

- ☒ *SUBCONTRACTORS.* As detailed on the attached explanation (Bidder to provide), If awarded a Cooperative Purchasing Master Agreement, Bidder will utilize subcontractors to provide the goods and/or services subject to this Competitive Solicitation. In such event, Bidder certifies that, as to the State, Bidder shall retain responsibility for its subcontractors, including, without limitation, liability for any subcontractor's acts or omissions. Note: Bidder must provide the precise legal name (including state of organization), business address, and federal tax identification number (TIN) for each subcontractor (do NOT provide any social security numbers in whole or in part).

Bidder further certifies that it shall provide immediate written notice to Enterprise Services if, at any time prior to a contract award, Bidder learns that any of its certifications set forth herein were erroneous when submitted or has become erroneous by reason of changed circumstances.

I hereby certify, under penalty of perjury under the laws of the State of Washington, that the certifications herein are true and correct and that I am duly authorized to make these certifications on behalf of the Bidder listed herein.

BIDDER NAME: Icom America Inc.
Print Name of Bidder – Print full legal entity name of the firm submitting the Bid

By: 
Signature of Bidder's authorized person

Jim Backeland
Print Name of person making certifications for Bidder

Title: President
Title of person signing certificate

Place: Kirkland, Washington
Print city and state where signed

Date: 1/15/2021

Return this Bidder's Certification to Procurement Coordinator 00318 at:
DESContractsTeamCypress@des.wa.gov

UNITED STATES OF AMERICA

The State of Washington



Secretary of State

I, **KIM WYMAN**, Secretary of State of the State of Washington and custodian of its seal, hereby issue this

CERTIFICATE OF EXISTENCE

OF

ICOM AMERICA, INCORPORATED

I CERTIFY that the records on file in this office show that the above named entity was formed under the laws of the State of Washington and that its public organic record was filed in Washington and became effective on 09/17/1979.

I FURTHER CERTIFY that the entity's duration is Perpetual, and that as of the date of this certificate, the records of the Secretary of State do not reflect that this entity has been dissolved.

I FURTHER CERTIFY that all fees, interest, and penalties owed and collected through the Secretary of State have been paid.

I FURTHER CERTIFY that the most recent annual report has been delivered to the Secretary of State for filing and that proceedings for administrative dissolution are not pending.

Issued Date: 01/15/2021
UBI Number: 600 344 450



Given under my hand and the Seal of the State
of Washington at Olympia, the State Capital

Kim Wyman, Secretary of State

Date Issued: 01/15/2021

ACORD™

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

04/14/2020

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer any rights to the certificate holder in lieu of such endorsement(s).

PRODUCER USI Insurance Services NW 601 Union St. Suite 1000 Seattle, WA 98101 206 441-6300	CONTACT NAME: Christina Clancy PHONE (A/C, No, Ext): FAX (A/C, No): E-MAIL ADDRESS: Christina.Clancy@usi.com														
INSURED Icom America, Inc. 12421 Willows Rd NE Kirkland, WA 98034	<table border="1"> <thead> <tr> <th data-bbox="816 426 1437 451">INSURER(S) AFFORDING COVERAGE</th> <th data-bbox="1437 426 1572 451">NAIC #</th> </tr> </thead> <tbody> <tr> <td data-bbox="816 451 1437 478">INSURER A : Continental Insurance Company</td> <td data-bbox="1437 451 1572 478">35289</td> </tr> <tr> <td data-bbox="816 478 1437 506">INSURER B : Continental Casualty Company</td> <td data-bbox="1437 478 1572 506">20443</td> </tr> <tr> <td data-bbox="816 506 1437 533">INSURER C :</td> <td data-bbox="1437 506 1572 533"></td> </tr> <tr> <td data-bbox="816 533 1437 560">INSURER D :</td> <td data-bbox="1437 533 1572 560"></td> </tr> <tr> <td data-bbox="816 560 1437 588">INSURER E :</td> <td data-bbox="1437 560 1572 588"></td> </tr> <tr> <td data-bbox="816 588 1437 615">INSURER F :</td> <td data-bbox="1437 588 1572 615"></td> </tr> </tbody> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A : Continental Insurance Company	35289	INSURER B : Continental Casualty Company	20443	INSURER C :		INSURER D :		INSURER E :		INSURER F :	
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INSURER D :															
INSURER E :															
INSURER F :															

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☐ PRO-JECT ☒ LOC OTHER:			6076200094	03/31/2020	03/31/2021	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$100,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMP/OP AGG \$Excluded \$
B	AUTOMOBILE LIABILITY ☒ ANY AUTO OWNED AUTOS ONLY ☒ HIRED AUTOS ONLY ☐ SCHEDULED AUTOS NON-OWNED AUTOS ONLY			6076200080	03/31/2020	03/31/2021	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB EXCESS LIAB DED RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? ☐ Y / N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		N / A				PER STATUTE OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	Stop Gap			6076200094 WA & WY Stop Gap	03/31/2020	03/31/2021	1,000,000 Each Accident 1,000,000 Disease EA EE 1,000,000 Disease Lmt

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Reference NASPO ValuePoint RFP00318.

The State of Washington and all authorized purchasers are named as additional insured as it relates to general liability in accordance with the terms and conditions of the policy.

CERTIFICATE HOLDER

CANCELLATION

Washington State Department of Enterprise Services Finance Department 1500 Jefferson Street SE PO Box 41460 Olympia, WA 98504	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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ANNUAL REPORT 2020

YEAR ENDED MARCH 31, 2020

ICOM INCORPORATED

Financial Highlights

ICOM INCORPORATED AND SUBSIDIARIES

Years ended March 31, 2020, 2019 and 2018

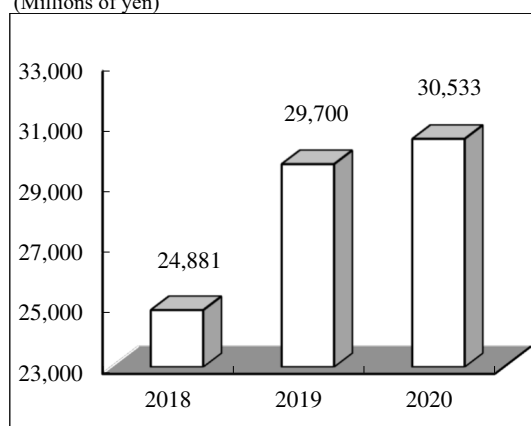
	Millions of yen			Thousands of U.S. dollars
	2020	2019	2018	2020
Net sales	¥ 30,533	¥ 29,700	¥ 24,881	\$ 280,557
Operating income	2,300	2,443	791	21,134
Profit before income taxes	2,542	2,707	877	23,358
Profit	1,929	1,964	626	17,725
Profit attributable to owners of parent	1,929	1,964	626	17,725
 Total assets	 ¥ 61,704	 ¥ 61,063	 ¥ 59,204	 \$ 566,976
 Amounts per share:	 Yen			 U.S. dollars
Net assets	¥ 3,772.56	¥ 3,732.50	¥ 3,654.65	\$ 34.66
Profit – basic	130.44	132.57	42.26	1.20
Cash dividends	53.00	45.00	30.00	0.49

Notes:

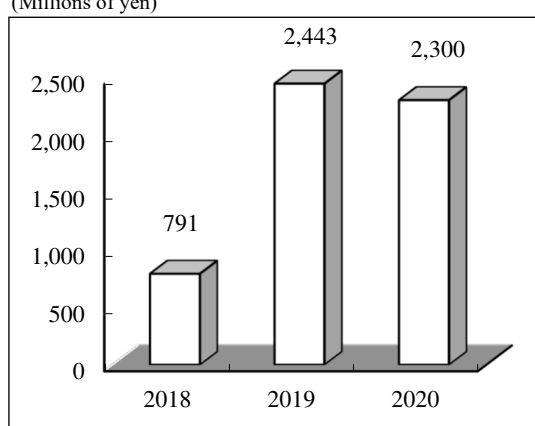
1. All dollar amounts herein refer to U.S. dollars translated from Japanese yen at ¥108.83 = U.S.\$1.00, the exchange rate prevailing on March 31, 2020.

2. Amounts shown in millions of yen and thousands of dollars are rounded off to the nearest million or thousand.

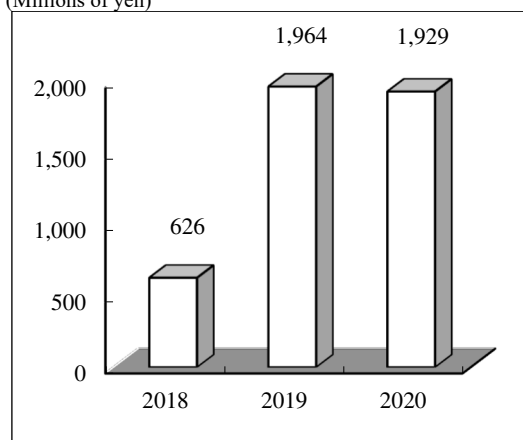
Net Sales
(Millions of yen)



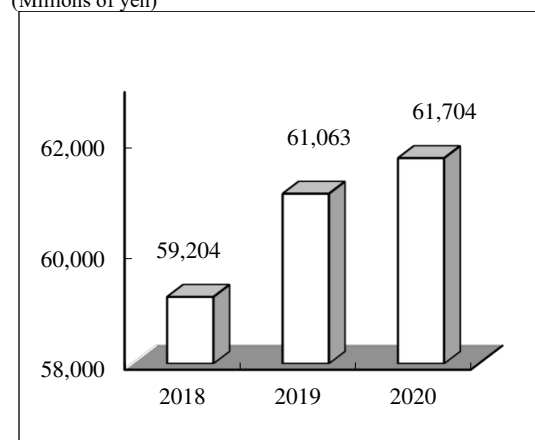
Operating Income
(Millions of yen)



Profit attributable to owners of parent
(Millions of yen)



Total Assets
(Millions of yen)



Operating Highlights

GEOGRAPHICAL SEGMENT INFORMATION

Years ended March 31, 2020 and 2019

	Millions of yen				Thousands of U.S. dollars	
	Net sales		Operating income (loss)		Net sales	Operating income (loss)
	2020	2019	2020	2019	2020	2020
Japan	¥ 27,060	¥ 26,900	¥ 1,968	¥ 2,317	\$ 248,645	\$ 18,084
North America	8,276	7,973	(2)	74	76,045	(19)
Europe	1,299	1,208	75	59	11,936	689
Asia & Oceania	1,411	1,492	74	93	12,965	680
Eliminations	(7,513)	(7,873)	185	(100)	(69,034)	1,700
Consolidated total	¥ 30,533	¥ 29,700	¥ 2,300	¥ 2,443	\$ 280,557	\$ 21,134

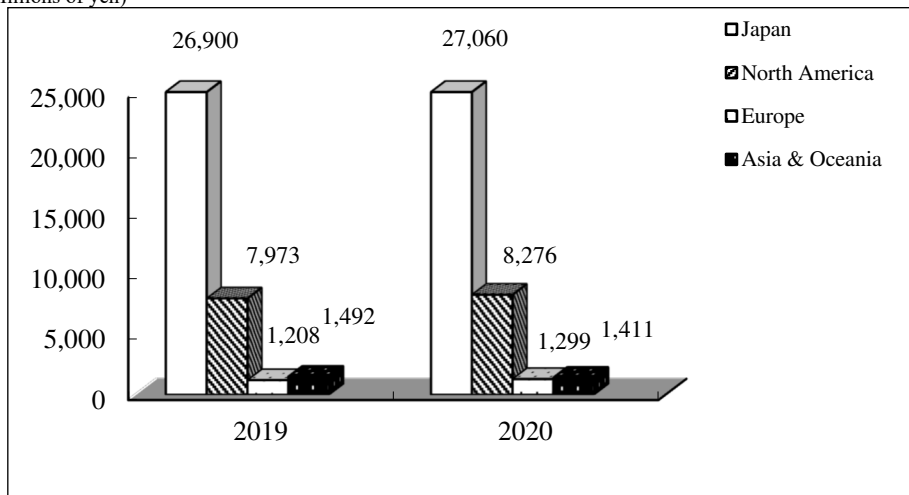
Notes:

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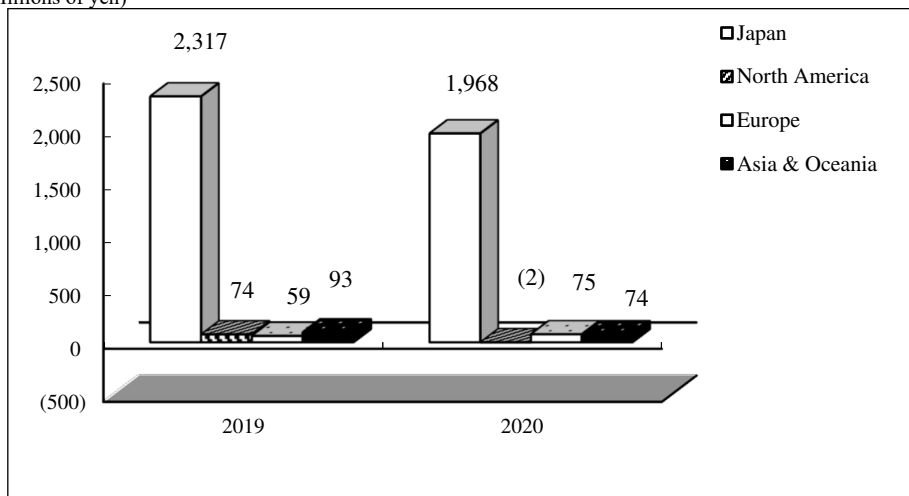
Net Sales

(Millions of yen)



Operating Income (Loss)

(Millions of yen)



Operating Highlights

OVERSEAS SALES

Years ended March 31, 2020 and 2019

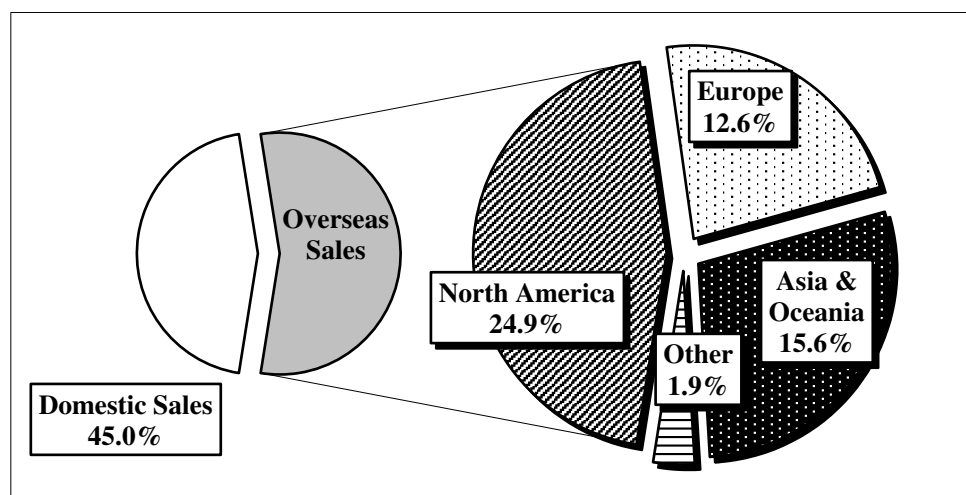
	Millions of yen				Thousands of U.S. dollars	
	2020 (Unaudited)		2019		2020 (Unaudited)	
North America	¥ 7,499	24.6%	¥ 7,382	24.9%	\$ 68,905	
Europe	4,015	13.1	3,743	12.6	36,892	
Asia & Oceania	4,997	16.4	4,639	15.6	45,916	
Other	746	2.4	565	1.9	6,855	
Overseas total	17,257	56.5	16,329	55.0	158,568	
Domestic total	13,276	43.5	13,371	45.0	121,989	
Consolidated total	¥ 30,533	100.0%	¥ 29,700	100.0%	\$ 280,557	

Notes:

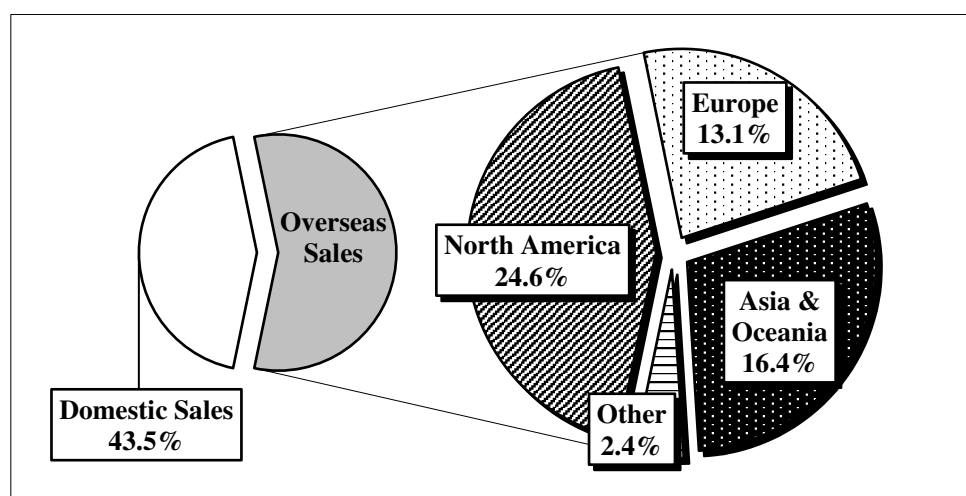
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Net Sales 2019



Net Sales 2020



ICOM INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheet

March 31, 2020

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	2020	2019	2020
Assets			
Current assets:			
Cash and deposits (<i>Notes 5, 6 and 12</i>)	¥ 27,687	¥ 25,466	\$ 254,406
Notes and accounts receivable (<i>Note 6</i>)	6,937	9,188	63,742
Allowance for doubtful accounts	(19)	(14)	(175)
	6,918	9,174	63,567
Inventories (<i>Note 8</i>)	9,298	9,325	85,435
Other current assets	2,678	2,262	24,608
Total current assets	46,581	46,227	428,016
 Property, plant and equipment:			
Land	4,126	4,141	37,912
Buildings and structures	6,697	6,793	61,536
Machinery and equipment	14,030	13,294	128,917
Vehicles and other	239	217	2,196
Construction in progress	56	40	515
Property, plant and equipment, at cost	25,148	24,485	231,076
Less accumulated depreciation	(17,418)	(16,888)	(160,048)
Property, plant and equipment, net (<i>Note 16</i>)	7,730	7,597	71,028
 Investments and other assets:			
Investments in securities (<i>Notes 6 and 7</i>)			
Investments in affiliates	139	132	1,277
Other	2,226	3,289	20,454
Other investments	595	445	5,467
Deferred income taxes (<i>Note 10</i>)	985	1,002	9,051
Guarantee deposits	3,135	2,165	28,807
Intangible assets (<i>Note 16</i>)	341	260	3,133
Allowance for doubtful accounts	(28)	(54)	(257)
Total investments and other assets	7,393	7,239	67,932
Total assets (<i>Note 16</i>)	¥ 61,704	¥ 61,063	\$ 566,976

See accompanying Notes to consolidated financial statements.

ICOM INCORPORATED AND SUBSIDIARIES
Consolidated Balance Sheet

March 31, 2020

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	2020	2019	2020
Liabilities and net assets			
Current liabilities:			
Accounts payable - trade (Note 6)	¥ 1,696	¥ 1,095	\$ 15,584
Accounts payable - other	897	614	8,242
Accrued income taxes (Note 10)	140	587	1,286
Accrued expenses	658	625	6,046
Accrued bonuses	567	788	5,210
Warranty reserves	39	50	359
Other current liabilities	154	353	1,415
Total current liabilities	4,151	4,112	38,142
Long-term liabilities:			
Deferred tax liabilities (Note 10)	53	—	487
Liability for retirement benefits (Note 9)	1,377	1,122	12,653
Other long-term liabilities	520	525	4,778
Total long-term liabilities	1,950	1,647	17,918
Net assets:			
Shareholders' equity (Note 11):			
Common stock:			
Authorized – 34,000,000 shares;			
Issued – 14,850,000 shares in 2020 and 2019	7,081	7,081	65,065
Capital surplus	10,449	10,449	96,012
Retained earnings (Note 17)	39,076	37,888	359,055
Less treasury stock, at cost:			
111,063 shares in 2020 and 32,938 shares in 2019	(302)	(106)	(2,775)
Total shareholders' equity	56,304	55,312	517,357
Accumulated other comprehensive loss			
(Note 14):			
Net unrealized holding (loss) gain on securities			
(Note 7)	(80)	33	(735)
Translation adjustments	(168)	187	(1,544)
Retirement benefit liability adjustments (Note 9)	(453)	(228)	(4,162)
Total accumulated other comprehensive loss	(701)	(8)	(6,441)
Total net assets	55,603	55,304	510,916
Total liabilities and net assets	¥ 61,704	¥ 61,063	\$ 566,976

See accompanying Notes to consolidated financial statements.

ICOM INCORPORATED AND SUBSIDIARIES

Consolidated Statement of Income

Year ended March 31, 2020

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	2020	2019	2020
Net sales (Note 16)	¥ 30,533	¥ 29,700	\$ 280,557
Cost of sales (Notes 8 and 16)	17,812	16,915	163,668
Gross profit	12,721	12,785	116,889
Selling, general and administrative expenses (Notes 13 and 16)	10,421	10,342	95,755
Operating income (Note 16)	2,300	2,443	21,134
Other income (expenses):			
Interest and dividend income	117	125	1,075
Gain on sales of investment in securities, net (Note 7)	70	12	643
Foreign exchange (loss) gain, net	(181)	166	(1,663)
Sales discounts	(1)	(137)	(9)
Settlement received	258	—	2,371
Other, net	(21)	98	(193)
	242	264	2,224
Profit before income taxes	2,542	2,707	23,358
Income taxes (Note 10):			
Current	397	708	3,648
Deferred	216	35	1,985
	613	743	5,633
Profit	¥ 1,929	¥ 1,964	\$ 17,725
Profit attributable to owners of parent (Note 15)	¥ 1,929	¥ 1,964	\$ 17,725

See accompanying Notes to consolidated financial statements.

ICOM INCORPORATED AND SUBSIDIARIES
**Consolidated Statement of
Comprehensive Income**

Year ended March 31, 2020

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	2020	2019	2020
Profit	¥ 1,929	¥ 1,964	\$ 17,725
Other comprehensive income (Note 14):			
Net unrealized holding loss on securities	(113)	(71)	(1,038)
Translation adjustments	(355)	42	(3,262)
Retirement benefit liability adjustments	(225)	(190)	(2,067)
Total other comprehensive loss	(693)	(219)	(6,367)
Comprehensive income	¥ 1,236	¥ 1,745	\$ 11,358
Total comprehensive income attributable to: Owners of parent	¥ 1,236	¥ 1,745	\$ 11,358

See accompanying Notes to consolidated financial statements.

ICOM INCORPORATED AND SUBSIDIARIES
**Consolidated Statement of
Changes in Net Assets**

Year ended March 31, 2020

<i>Millions of yen</i>									
	Number of shares in issue	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding (loss) gain on securities	Translation adjustments	Retirement benefit liability adjustments	Total net assets
Balance at April 1, 2018	14,850,000	¥ 7,081	¥ 10,449	¥ 36,516	¥ (105)	¥ 104	¥ 145	¥ (38)	¥ 54,152
Profit attributable to owners of parent									
for the year	—	—	—	1,964	—	—	—	—	1,964
Cash dividends	—	—	—	(592)	—	—	—	—	(592)
Purchases of treasury stock	—	—	—	—	(1)	—	—	—	(1)
Other changes	—	—	—	—	—	(71)	42	(190)	(219)
Balance at April 1, 2019	14,850,000	¥ 7,081	¥ 10,449	¥ 37,888	¥ (106)	¥ 33	¥ 187	¥ (228)	¥ 55,304
Profit attributable to owners of parent									
for the year	—	—	—	1,929	—	—	—	—	1,929
Cash dividends	—	—	—	(741)	—	—	—	—	(741)
Purchases of treasury stock	—	—	—	—	(196)	—	—	—	(196)
Other changes	—	—	—	—	—	(113)	(355)	(225)	(693)
Balance at March 31, 2020	14,850,000	¥ 7,081	¥ 10,449	¥ 39,076	¥ (302)	¥ (80)	¥ (168)	¥ (453)	¥ 55,603

	Thousands of U.S. dollars (Note 1)							
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding (loss) gain on securities	Translation adjustments	Retirement benefit liability adjustments	Total net assets
Balance at April 1, 2019	\$ 65,065	\$ 96,012	\$ 348,139	\$ (974)	\$ 303	\$ 1,718	\$ (2,095)	\$ 508,168
Profit attributable to owners of parent for the year	—	—	17,725	—	—	—	—	17,725
Cash dividends	—	—	(6,809)	—	—	—	—	(6,809)
Purchases of treasury stock	—	—	—	(1,801)	—	—	—	(1,801)
Other changes	—	—	—	—	(1,038)	(3,262)	(2,067)	(6,367)
Balance at March 31, 2020	\$ 65,065	\$ 96,012	\$ 359,055	\$ (2,775)	\$ (735)	\$ (1,544)	\$ (4,162)	\$ 510,916

See accompanying Notes to consolidated financial statements.

ICOM INCORPORATED AND SUBSIDIARIES

Consolidated Statement of Cash Flows

Year ended March 31, 2020

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 1)</i>
	2020	2019	2020
Operating activities:			
Profit before income taxes	¥ 2,542	¥ 2,707	\$ 23,358
Adjustments for:			
Depreciation and amortization	1,225	1,021	11,256
Interest and dividend income	(117)	(125)	(1,075)
Foreign exchange loss, net	40	10	368
Decrease (increase) in notes and accounts receivable	2,202	(4,047)	20,233
Increase in inventories	(89)	(2,299)	(818)
Increase (decrease) in accounts payable - trade	648	(381)	5,954
Settlement received	(258)	—	(2,371)
Other, net	(1,249)	705	(11,477)
Subtotal	4,944	(2,409)	45,428
Income taxes paid	(829)	(500)	(7,617)
Settlement package received	258	—	2,371
Net cash provided by (used in) operating activities	4,373	(2,909)	40,182
Investing activities:			
(Increase) decrease in time deposits with original maturities in excess of three months	(3,552)	4	(32,638)
Purchases of property, plant and equipment	(1,269)	(1,275)	(11,660)
Purchases of intangible assets	(206)	(222)	(1,893)
Purchases of investments in securities	(847)	(349)	(7,783)
Proceeds from sales and redemption of investments in securities	1,824	258	16,760
Interest and dividend income received	131	130	1,204
Other, net	(640)	(10)	(5,881)
Net cash used in investing activities	(4,559)	(1,464)	(41,891)
Financing activities:			
Purchases of treasury stock	(196)	(1)	(1,801)
Cash dividends paid	(741)	(592)	(6,809)
Net cash used in financing activities	(937)	(593)	(8,610)
Effect of exchange rate changes on cash and cash equivalents	(101)	23	(928)
Net decrease in cash and cash equivalents	(1,224)	(4,943)	(11,247)
Cash and cash equivalents at beginning of year	23,376	28,319	214,794
Cash and cash equivalents at end of year (Note 5)	¥ 22,152	¥ 23,376	\$ 203,547

See accompanying Notes to consolidated financial statements.

ICOM INCORPORATED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

March 31, 2020

1. Basis of Preparation

The accompanying consolidated financial statements of ICOM INCORPORATED (the “Company”) and its subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued domestically for the convenience of readers outside Japan. Certain reclassifications of previously reported amounts have been made to conform the consolidated financial statements for the year ended March 31, 2019 to the 2020 presentation. Such reclassifications had no effect on net assets.

In addition, the Notes to the consolidated financial statements include certain information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, as a matter of arithmetic computation only, and has been made at ¥108.83 = U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2020. This translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and the companies which it controls directly or indirectly. Two companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the accompanying consolidated financial statements on an equity basis.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized intercompany gains and losses among the Company and the subsidiaries have been entirely eliminated.

The financial statements of certain consolidated subsidiary whose fiscal year end is December 31 has been included in consolidation on the basis of a full fiscal year closing on March 31 for consolidation purposes.

(b) Cash and cash equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash on hand, deposits with banks withdrawable on demand, and short-term investments which are readily convertible to cash subject to an insignificant risk of any changes in their value and which were purchased with an original maturity of three months or less.

(c) Foreign currency translation

The balance sheet accounts of the overseas subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date except that the components of net assets are translated at their historical exchange rates. Adjustments resulting from translating accounts denominated in foreign currencies are not included in the determination of profit in the accompanying consolidated financial statements, but are reported as “Translation adjustments,” a component of net assets.

Revenue and expense accounts are translated at the average rates of exchange in effect during the year.

All monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, except that receivables hedged by qualified forward foreign exchange contracts are translated at the corresponding contract rates. Gain or loss on each translation is credited or charged to income.

(d) Marketable securities and investments in securities

In general, securities are classified into three categories: trading securities, held-to-maturity debt securities or other securities. Trading securities, consisting of debt and marketable equity securities, are stated at fair value. Gain or loss, both realized and unrealized, are credited or charged to income. Held-to-maturity debt securities are stated at their amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, reported as a separate component of net assets. Non-marketable securities classified as other securities are carried at cost determined by the moving average method.

Securities held by the Company and its subsidiaries including investments in securities, which are not accounted for on an equity basis, are all classified as “other securities” and have been accounted for as outlined above.

ICOM INCORPORATED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

2. Summary of Significant Accounting Policies (continued)

(e) Inventories

Inventories are mainly stated at the lower of cost or net selling value, cost being determined by the moving average method, except for inventories held by certain overseas subsidiaries which are valued at the lower of cost or net selling value, cost being determined by the moving average method.

(f) Property, plant and equipment (except for leased assets)

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment in the Company and its domestic subsidiaries is computed principally by the declining-balance method over the estimated useful lives of the respective assets as prescribed in the Corporation Tax Law of Japan, except that the straight-line method is applied to buildings (other than structures attached to the buildings) acquired on or after April 1, 1998 and structures attached to buildings and other structures acquired on or after April 1, 2016. The overseas consolidated subsidiaries calculate depreciation by the straight-line method.

(g) Intangible assets (except for leased assets)

Amortization of intangible assets is calculated by the straight-line method over the estimated useful lives of the respective assets as prescribed in the Corporation Tax Law of Japan. Expenditures related to the development of computer software intended for internal use are charged to income when incurred, except if it is anticipated that this software will contribute to the generation of income or to future cost savings. Such expenditures are capitalized as assets and amortized by the straight-line method over an estimated useful life of 3 or 5 years.

(h) Leased assets

Leased assets are depreciated by the straight-line method over respective lease periods with no residual value.

(i) Allowance for doubtful accounts

The allowance for doubtful accounts is computed based on the historical ratio of bad debts and an estimate of certain uncollectible amounts determined after an analysis of specific individual receivables.

(j) Accrued bonuses

Accrued bonuses are calculated based on the estimated amount to be paid to employees after the balance sheet date, which are attributable to the current fiscal year.

(k) Warranty reserves

Warranty reserves for certain overseas subsidiaries are provided for anticipated future repair costs based on the historical ratio calculated using product repair costs against net sales, which are attributable to the current fiscal year.

(l) Liability for retirement benefits

Liability for retirement benefits is provided mainly at an amount calculated based on the retirement benefit obligation less the fair value of the pension plan assets. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated remaining years of service of the eligible employees.

Actuarial gain or loss is being amortized in the year following the year in which the gain or loss is recognized by the straight-line method over ten years, which is within the average remaining years of service of eligible employees.

ICOM INCORPORATED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

2. Summary of Significant Accounting Policies (continued)

(m) Hedge accounting

The Company utilizes derivative transactions in order to manage the risks arising from adverse fluctuation in foreign currency exchange rates. In accordance with internal management rules, the Company enters into forward foreign exchange contracts which fall within the Company's foreign currency or foreign currency receivables holding limits. Derivative transactions are not entered into for speculative purposes.

Under the accounting standard for financial instruments, gain or loss on derivatives designated as hedging instruments is deferred until the loss or gain on the underlying hedged items is recognized. Forward foreign exchange contracts which meet certain conditions are accounted for by a method under which the foreign currency deposits and receivables are translated at their corresponding forward foreign exchange contract rates ("Allocation method.")

The evaluation of effectiveness of such forward foreign exchange contracts is omitted because significant terms of the hedging instruments and underlying hedged items are the same and the Company assumes that movements in cash flows are completely offset.

(n) Distribution of retained earnings

Under the Companies Act of Japan and the Company's Articles of Incorporation, the distribution of retained earnings with respect to a given fiscal year end is made by resolution of the shareholders at a general meeting held subsequent to the close of the financial period. The distribution of retained earnings with respect to interim financial periods is made by resolution of the Board of Directors. (Please refer to Note 18.)

3. Accounting standards issued but not yet effective

Accounting Standard and Implementation Guidance for Revenue Recognition

"Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020)

"Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No.30, March 31, 2020)

"Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, March 31, 2020)

(i) Overview

The International Accounting Standards Board (hereinafter referred to as the "IASB") and the Financial Accounting Standards Board (hereinafter referred to as the "FASB") in the United States co-developed comprehensive accounting standards for revenue recognition and issued "Revenue from Contracts with Customers" (IFRS 15 by the IASB and Topic 606 by the FASB) in May 2014. The ASBJ developed comprehensive accounting standards on revenue recognition and issued them in conjunction with the implementation guidance based on fact that IFRS 15 is applied from fiscal years starting on or after January 1, 2018 and Topic 606 is applied from fiscal years starting after December 15, 2017.

As the basic policy in developing accounting standards for revenue recognition, the ASBJ defined the accounting standard starting with incorporating the basic principle of IFRS 15 from a standpoint of comparability between financial statements, which is one benefit of ensuring consistency with IFRS 15.

Furthermore, the ASBJ added alternative accounting treatment without impairing comparability when there are matters to be considered related to accounting in practices, etc. common in Japan.

(ii) Scheduled date of adoption

The Company expects to adopt the accounting standard and implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(iii) Impact of the adoption of accounting standard and implementation guidance

The Company is currently evaluating the effect of the adoption of the accounting standard and the implementation guidance on its consolidated financial statements.

ICOM INCORPORATED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

3. Accounting standards issued but not yet effective (continued)

Accounting Standard for Fair Value Measurement and Related Implementation Guidance

“Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019)
“Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 4, 2019)
“Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019)
“Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019)
“Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No.19, March 31, 2020)

(i) Overview

Given that the IASB and the FASB have issued IFRS 13 “Fair Value Measurement” and FASB Accounting Standards Codification Topic 820 “Fair Value Measurement” as similar detailed guidance for fair value measurement, the ASBJ deliberated on how to ensure consistency between Japanese and international accounting standards mainly related to the guidance and disclosures for the market value of financial instruments. Accordingly, the ASBJ issued “Accounting Standard for Fair Value Measurement” and other standards.

As the basic policy in developing accounting standards for fair value measurement, the ASBJ essentially incorporated all of the provisions in IFRS 13 from a standpoint of comparability among financial statements of domestic and overseas entities through a uniform measurement method.

Furthermore, taking into account the common practices in Japan, additional treatments for individual items have been provided to the extent that the comparability between financial statements is not impaired.

(ii) Scheduled date of adoption

The Company expects to adopt the accounting standards and related implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(iii) Impact of adoption

The Company has not yet determined the effect of the adoption of the accounting standards and related implementation guidance on its consolidated financial statements as of preparing the consolidated financial statements.

4. Additional information

Impact of COVID-19 outbreak on accounting estimates.

During the fiscal year ending March 31, 2021, because restrictions on economic activity have been implemented worldwide due to the COVID-19 outbreak, sales activities, such as business events, have decreased or been postponed. In addition, these restrictions have resulted in some delays in the delivery of raw materials. However, given the relaxation of restrictions in some areas, business operations are expected to gradually return to normal by the second half of the fiscal year ending March 31, 2021. The Group makes accounting estimates such as impairment testing of fixed assets based on these assumptions.

ICOM INCORPORATED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

5. Cash and Cash Equivalents

In the preparation of the consolidated statements of cash flows, the relationship between the items included in cash and cash equivalents and the corresponding amounts reflected in the consolidated balance sheets at March 31, 2020 and 2019 is summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2020	2019	2020
Cash and deposits	¥ 27,687	¥ 25,466	\$ 254,406
Marketable securities	—	—	—
Subtotal	¥ 27,687	¥ 25,466	\$ 254,406
Time deposits with original maturities in excess of three months	(5,535)	(2,090)	(50,859)
Marketable securities with original maturities in excess of three months	—	—	—
Cash and cash equivalents	¥ 22,152	¥ 23,376	\$ 203,547

6. Financial Instruments

(1) General information

i) Policy for financial instruments

In consideration of plans for capital investment, which is mainly centered on radio manufacturing and sales, the Company and its consolidated subsidiaries (“Group”) obtains necessary financing through its own funds. The Group manages surplus funds through financial assets that have high levels of liquidity. The Group uses derivatives for the purpose of reducing risk and does not enter into derivatives for speculative purposes.

ii) Types of financial instruments and related risk

Notes and accounts receivable are exposed to credit risk in relation to customers. In addition, the Group is exposed to foreign currency exchange rate fluctuation risk arising from trade receivables denominated in foreign currencies.

Marketable securities and investments in securities are exposed to market risk. Those securities are composed of mainly corporate bonds in other securities and the shares of common stock of other companies with which it has business relationships. Fair values of those securities are periodically reported to board of directors meetings.

Guarantee deposits are mostly related to lease deposit with office renting.

Most of trade accounts payable have payment due dates within two months. The Group is exposed to foreign currency exchange rate fluctuation risk arising from those denominated in foreign currencies.

Regarding derivatives, the Group enters into forward foreign exchange contracts to reduce the foreign currency exchange rate fluctuation risk arising from cash and deposits and receivables denominated in foreign currencies, and utilizes compound financial instruments for the purpose of efficient management of surplus funds. Further information regarding the method of hedge accounting, hedging instruments and hedged items, hedging policy, and the assessment of the effectiveness of hedging activities can be found in “(m) Hedge accounting” in Note 2 “Summary of Significant Accounting Policies”.

ICOM INCORPORATED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

6 Financial Instruments (continued)

(1) General information (continued)

iii) Risk management for financial instruments

(a) Monitoring of credit risk (the risk that customers or counterparties may default)

In accordance with the internal policies for managing credit risk of the Group arising from trade receivables, the credit department monitors credit worthiness of main customers periodically, in principle, and monitors due dates and outstanding balances by customer. In addition, the Group is making efforts to identify and mitigate risks of bad debt from customers who have financial difficulties.

In accordance with the internal policies for security management, the Group only acquires corporate bonds or other securities with high credit ratings. Accordingly, the Group believes that the credit risk deriving from such debt securities is insignificant.

The Group also believes that the credit risk of derivatives is insignificant as the Group enters into derivative transactions only with financial institutions with high credit ratings.

(b) Monitoring of market risks (the risks arising from fluctuations in foreign exchange rates, interest rates and others)

For cash and deposits denominated in foreign currencies, in principle, for a portion of receivables denominated in foreign currencies, the Group identifies the foreign currency exchange risk by each currency and enters into forward foreign exchange contracts to hedge such risk.

For marketable securities and investments in securities, the Group periodically reviews the fair values of such financial instruments and the financial position of the issuers. In addition, the Group continuously evaluates whether securities should be maintained taking into account their fair values and the relationships with the issuers.

For derivative transactions, the accounting department of the Company enters into and manages transactions, and a representative director, in advance, approves them within the limits reported at the Board of Directors meeting. Results of derivative transactions are reported at the monthly Board of Directors meetings. The consolidated subsidiaries do not enter into derivative transactions.

(c) Monitoring of liquidity risk (the risk that the Group may not be able to meet its obligations on the scheduled due dates)

Based on reports from each division, the accounting department of the Company prepares and updates its cash flow plans on a timely basis and maintains liquidity of assets for payment to manage liquidity risk. The consolidated subsidiaries monitor liquidity risk in the same manner.

iv) Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair values. In addition, the notional amounts of derivatives in Note 13. "Derivatives and Hedging Activities" are not necessarily indicative of the actual market risk involved in derivative transactions.

ICOM INCORPORATED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

6. Financial Instruments (continued)

(2) Estimated fair value of financial instruments

The carrying value, fair value and unrealized gain (loss) of the financial instruments on the consolidated balance sheets at March 31, 2020 and 2019 are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value. (Please refer to Note ii below).

<i>Millions of yen</i>								
2020			2019					
	Carrying value	Fair value	Unrealized gain (loss)		Carrying value	Fair value	Unrealized gain (loss)	
Assets								
(1) Cash and deposits	¥ 27,687	¥ 27,687	¥ -		¥ 25,466	¥ 25,466	¥ -	
(2) Notes and accounts receivable	6,937	6,937	-		9,188	9,188	-	
(3) Marketable securities and investments in securities	2,166	2,166	-		3,227	3,228	-	
Total assets	¥ 36,790	¥ 36,790	¥ -		¥ 37,881	¥ 37,882	¥ -	
Liabilities								
(1) Accounts payable - trade	¥ 1,696	¥ 1,696	¥ -		¥ 1,095	¥ 1,095	¥ -	
Total liabilities	¥ 1,696	¥ 1,696	¥ -		¥ 1,095	¥ 1,095	¥ -	

<i>Thousands of U.S. dollars</i>			
2020			
	Carrying value	Fair value	Unrealized gain (loss)
Assets			
(1) Cash and deposits	\$ 254,406	\$ 254,406	\$ -
(2) Notes and accounts receivable	63,742	63,742	-
(3) Marketable securities and investments in securities	19,903	19,903	-
Total assets	\$ 338,051	\$ 338,051	\$ -
Liabilities			
(1) Accounts payable - trade	\$ 15,584	\$ 15,584	\$ -
Total liabilities	\$ 15,584	\$ 15,584	\$ -

Notes:

i) Methods to determine the fair value of financial instruments are as follows:

Assets

(1) Cash and deposits, and (2) Notes and accounts receivable

Since these items are settled in a short period of time, their carrying value approximate the fair value.

(3) Marketable securities and investments in securities

The fair value of equity securities is based on quoted market prices. The fair value of debt securities is based on either quoted market prices or the prices provided by the financial institutions making markets for these securities. For information on securities classified by holding purpose, please refer to Note 8.

Liabilities

(1) Accounts payable - trade

Since this item is settled in a short period of time, its carrying value approximates the fair value.

ICOM INCORPORATED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

6 Financial Instruments (continued)

(2) Estimated fair value of financial instruments (continued)

ii) Financial instruments for which it is extremely difficult to determine the fair value are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2020	2019	2020
Unlisted equity securities	¥ 199	¥ 194	\$ 1,828
Guarantee deposits	3,135	2,165	28,807

Since there is no market price for unlisted equity securities and it is difficult to determine the fair value, they are not included in investments in securities in the preceding table estimated fair value.

For guarantee deposits with no fixed repayment date, there are no market price and their future cash flow cannot be estimated. Furthermore, as their fair value is recognized as extremely difficult to determine, they are not subject to disclosure of fair value

(3) Redemption schedule

The redemption schedule for financial instruments receivable and marketable securities and investments in securities with maturity dates is summarized as follows:

	<i>Millions of yen</i>							
	2020				2019			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥ 27,687	¥ –	¥ –	¥ –	¥ 25,466	¥ –	¥ –	¥ –
Notes and accounts receivable	6,937	–	–	–	9,188	–	–	–
Marketable securities and investments in securities:								
Other securities with maturity dates								
Corporate bonds	–	900	1,000	–	–	300	1,500	1,000
Other	–	–	–	–	–	–	–	–
Total	¥ 34,624	¥ 900	¥ 1,000	¥ –	¥ 34,654	¥ 300	¥ 1,500	¥ 1,000

	<i>Thousands of U.S. dollars</i>			
	2020			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	\$ 254,406	\$ –	\$ –	\$ –
Notes and accounts receivable	63,742	–	–	–
Marketable securities and investments in securities:				
Other securities with maturity dates				
Corporate bonds	–	8,270	9,189	–
Other	–	–	–	–
Total	\$ 318,148	\$ 8,270	\$ 9,189	\$ –

ICOM INCORPORATED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

7 Marketable Securities and Investments in Securities

Marketable securities and investments in securities classified as other securities at March 31, 2020 and 2019 are summarized as follows:

<i>Millions of yen</i>						
	2020			2019		
	Carrying value	Acquisition cost	Unrealized gain (loss)	Carrying value	Acquisition cost	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:						
Equity securities	¥ -	¥ -	¥ -	¥ 151	¥ 136	¥ 15
Corporate bonds	507	506	1	2,434	2,352	82
Subtotal	507	506	1	2,585	2,488	97
Securities whose carrying value does not exceed their acquisition cost:						
Equity securities	269	364	(95)	136	180	(44)
Corporate bonds	1,390	1,406	(16)	506	507	(1)
Subtotal	1,659	1,770	(111)	642	687	(45)
Total	¥ 2,166	¥ 2,276	¥ (110)	¥ 3,227	¥ 3,175	¥ 52

<i>Thousands of U.S. dollars</i>			
	2020		
	Carrying value	Acquisition cost	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Equity securities	\$ -	\$ -	\$ -
Corporate bonds	4,659	4,649	10
Subtotal	4,659	4,649	10
Securities whose carrying value does not exceed their acquisition cost:			
Equity securities	2,472	3,345	(873)
Corporate bonds	12,772	12,919	(147)
Subtotal	15,244	16,264	(1,020)
Total	\$ 19,903	\$ 20,913	\$ (1,010)

Since there is no market price for unlisted equity securities and it is difficult to determine the fair value, unlisted equity securities of ¥199 million (\$1,828 thousand) and ¥194 million at March 31, 2020 and 2019, respectively, are not included in the above table.

Sales of other securities for the years ended March 31, 2020 and 2019 are summarized as follows:

		<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
		2020	2019	2020
Sales	¥	1,722	¥	260
Aggregate gain		71		13
Aggregate loss		1		1

ICOM INCORPORATED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

8. Inventories

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

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2020	2019	2020
Merchandise and finished products	¥ 4,169	¥ 4,887	\$ 38,307
Work in process	81	110	744
Raw materials and supplies	5,048	4,328	46,384
Total	¥ 9,298	¥ 9,325	\$ 85,435

Cost of sales are included loss on devaluation of inventories of ¥66 million (\$606 thousand) and ¥147 million for the years ended March 31, 2020 and 2019, respectively.

9 Retirement Benefit Plans

(1) Outline of retirement benefits for employees

The Company and its domestic subsidiaries have employees' defined benefit plans, i.e., corporate pension plans and lump-sum payment plans.

The Company and its domestic subsidiaries pay additional retirement benefits to employees under certain circumstances.

(2) Liability for retirement benefits for the years ended March 31, 2020 and 2019

i) The changes in retirement benefit obligation are outlined as follows (except for retirement benefit obligation calculated by simplified method):

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2020	2019	2020
Retirement benefit obligation at beginning of year	¥ 6,231	¥ 5,756	\$ 57,254
Service cost	229	216	2,104
Interest cost	52	48	478
Actuarial loss	99	281	910
Retirement benefits paid	(83)	(70)	(763)
Retirement benefit obligation at end of year	¥ 6,528	¥ 6,231	\$ 59,983

ii) The changes in plan assets at fair value are outlined as follows (except for retirement benefit obligation calculated by simplified method):

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2020	2019	2020
Plan assets at fair value at beginning of year	¥ 5,550	¥ 5,229	\$ 50,997
Expected return on plan assets	58	65	533
Actuarial (loss) gain	(209)	18	(1,920)
Contributions by the employer	303	308	2,784
Retirement benefits paid	(83)	(70)	(763)
Plan assets at fair value at end of year	¥ 5,619	¥ 5,550	\$ 51,631

ICOM INCORPORATED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

9 Retirement Benefits Plans (continued)

(2) Liability for retirement benefits for the years ended March 31, 2020 and 2019 (continued)

iii) The changes in retirement benefits obligation calculated by simplified method are outlined as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2020	2019	2020
Retirement benefit obligation at beginning of year	¥ 441	¥ 409	\$ 4,052
Retirement benefits expenses	45	41	413
Retirement benefits paid	(19)	(9)	(174)
Retirement benefit obligation at end of year	¥ 467	¥ 441	\$ 4,291

iv) The balance of retirement benefit obligation and plan assets at fair value, liabilities and assets recognized in the consolidated balance sheets are outlined as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2020	2019	2020
Funded retirement benefit obligation	¥ 6,528	¥ 6,231	\$ 59,984
Plan assets at fair value	(5,619)	(5,550)	(51,631)
	909	681	8,353
Unfunded retirement benefit obligation	468	441	4,300
Net amount of liabilities and assets recognized in consolidated balance sheets	1,377	1,122	12,653
Liability for retirement benefits	1,377	1,122	12,653
Net amount of liabilities and assets recognized in consolidated balance sheets	¥ 1,377	¥ 1,122	\$ 12,653

v) The components of retirement benefit expenses for the years ended March 31, 2020 and 2019 are outlined as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2020	2019	2020
Service cost	¥ 273	¥ 257	\$ 2,508
Interest cost	52	48	478
Expected return on plan assets	(58)	(65)	(533)
Amortization:			
Actuarial gain	(17)	(10)	(156)
Retirement benefit expenses	¥ 250	¥ 230	\$ 2,297

ICOM INCORPORATED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

9 Retirement Benefits Plans (continued)

(2) Liability for retirement benefits for the years ended March 31, 2020 and 2019 (continued)

- vi) The component of retirement benefit liability adjustments included in other comprehensive income before tax effects are outlined as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2020	2019	2020
Actuarial loss	<u>¥ (326)</u>	<u>¥ (273)</u>	<u>\$ (2,996)</u>
	<u>¥ (326)</u>	<u>¥ (273)</u>	<u>\$ (2,996)</u>

- vii) The balance of retirement benefit liability adjustments recognized in accumulated other comprehensive income before tax effects is outlined as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2020	2019	2020
Unrecognized actuarial gain (loss)	<u>¥ 653</u>	<u>¥ (327)</u>	<u>\$ (6,000)</u>
Total	<u>¥ 653</u>	<u>¥ (327)</u>	<u>\$ (6,000)</u>

- viii) The plan assets by major category consist of the following:

	2020	2019
Bonds	<u>65.0%</u>	67.0%
Equities	<u>19.0%</u>	22.0%
Cash and deposits	<u>7.0%</u>	2.0%
Other	<u>9.0%</u>	9.0%
Total	<u>100.0%</u>	100.0%

The expected long-term rate of return on plan assets is determined as a result of consideration of both the portfolio allocation to each class at present and in the future, and long-term expected rate of return from multiple plan assets at present and in the future.

- ix) The assumptions used in accounting for the defined benefit plans for the years ended March 31, 2020 and 2019 are as follows:

	2020	2019
Discount rates	<u>0.8%</u>	0.8%
Expected long-term rates of return on plan assets	<u>1.1%</u>	1.2%
Expected rate of compensation increases	<u>1.5%</u>	1.5%

ICOM INCORPORATED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

10 Income Taxes

Income taxes applicable to the Company and its domestic subsidiaries comprise corporation, enterprise and inhabitants' taxes which, in the aggregate, resulted in statutory tax rate of approximately 30.6% for the years ended March 31, 2020 and 2019. The overseas subsidiaries are subject to income taxes of the respective countries in which they operate.

Reconciliations of the statutory tax rate and effective tax rates for the years ended March 31, 2020 and 2019 as a percentage of profit before income taxes are as follows:

	2020	2019
Statutory tax rate	30.6%	30.6%
Non-deductible entertainment expenses and other for income tax purposes	0.6	0.6
Per capita portion of inhabitants' taxes	0.9	0.8
Tax credit for research and development costs	(7.0)	(9.5)
Differences in tax rates applicable to overseas subsidiaries	(1.1)	(0.2)
Income taxes for prior period	–	(0.4)
Unrealized gain (loss) on inventories	0.4	(1.2)
Equity in earnings of affiliates	(0.1)	0.7
Valuation allowance	0.2	0.3
Effect of Tax Cuts and Jobs Act of 2017 in U.S.	0.4	0.7
Accumulated earnings tax	(1.2)	5.4
Other	0.4	(0.4)
Effective tax rates	24.1%	27.4%

The significant components of deferred tax assets and liabilities at March 31, 2020 and 2019 are summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2020	2019	2020
Deferred tax assets:			
Unrealized gain on inventories	¥ 222	¥ 290	\$ 2,040
Long-term accounts payable - other	143	143	1,314
Accrued bonuses	172	243	1,580
Accrued enterprise tax	26	56	239
Deferred revenue	9	9	83
Liability for retirement benefits	418	341	3,841
Allowance for doubtful accounts	12	18	110
Write down of investments in securities	26	26	239
Accrued legal welfare expense on bonuses	27	37	248
Net operating loss carryforward	115	155	1,057
Unrealized holding loss on securities	35	–	322
Other	54	67	496
Gross deferred tax assets	1,259	1,385	11,569
Valuation allowance	(75)	(71)	(689)
Total deferred tax assets	1,184	1,314	10,880
Deferred tax liabilities:			
Gain on sales of property, plant and equipment	(137)	(150)	(1,259)
Accumulated earnings tax	(114)	(145)	(1,048)
Accrued interest	(0)	(1)	(0)
Other	(1)	(16)	(9)
Total deferred tax liabilities	(252)	(312)	(2,316)
Net deferred tax assets	¥ 932	¥ 1,002	\$ 8,564

ICOM INCORPORATED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

11 Shareholders' Equity

The Companies Act (the "Act") provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

The Company's legal reserve included in retained earnings at March 31, 2020 and 2019 amounted to ¥293 million (\$2,692 thousand).

In addition, upon the issuance and sale of new shares of capital stock, the entire amount of the proceeds is required to be accounted for as capital stock, although a company may, by resolution of the Board of Directors, account for an amount not exceeding one-half of the proceeds of the sale of new shares as additional paid-in capital included in capital surplus.

Movements in treasury stock for the years ended March 31, 2020 and 2019 are summarized as follows:

Number of shares				
2020				
	April 1, 2019	Increase	Decrease	March 31, 2020
Shares issued:				
Common stock	14,850,000	—	—	14,850,000
Treasury stock:				
Common stock	32,938	78,125	—	111,063

The increase in treasury stock of 78,125 shares is due to purchases of 78,000 shares by the resolution on board meeting and purchases of 125 shares of less than one voting unit for the year ended March 31, 2020.

Number of shares				
2019				
	April 1, 2018	Increase	Decrease	March 31, 2019
Shares issued:				
Common stock	14,850,000	—	—	14,850,000
Treasury stock:				
Common stock	32,543	395	—	32,938

The increase in treasury stock is due to purchases of 395 shares less than one voting unit for the year ended March 31, 2019.

ICOM INCORPORATED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

12 Derivatives and Hedging Activities

The estimated fair value of the derivatives positions outstanding which qualify for hedge accounting at March 31, 2020 and 2019 is summarized as follows:

Currency-related transactions

			Millions of yen			Thousands of U.S. dollars		
			2020			2020		
Method of hedge accounting	Transaction	Major hedged item	Notional amount	More than one year	Fair value	Notional amount	More than one year	Fair value
Allocation method for forward foreign exchange contracts	Forward foreign exchange contracts							
	Sell:	Foreign currency deposits						
	USD		¥ 650	¥ –	¥ –	\$ 5,973	\$ –	\$ –
	EUR		748	–	–	6,873	–	–
	Total		¥ 1,398	¥ –	¥ –	\$ 12,846	\$ –	\$ –
			Millions of yen					
			2019					
Method of hedge accounting	Transaction	Major hedged item	Notional amount	More than one year	Fair value			
Allocation method for forward foreign exchange contracts	Forward foreign exchange contracts							
	Sell:	Foreign currency deposits						
	USD		¥ 781	¥ –	¥ –			
	Total		¥ 781	¥ –	¥ –			

The forward foreign exchange contracts that qualify for the allocation method and the underlying foreign currency deposits are accounted for as a unit. Therefore, the fair value of the forward foreign exchange contracts is included in cash and deposits.

13 Research and Development Costs

Research and development costs included in selling, general and administrative expenses for the years ended March 31, 2020 and 2019 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2020	2019	2020
Research and development costs	¥ 3,769	¥ 3,864	\$ 34,632

ICOM INCORPORATED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

14 Other Comprehensive Income

Reclassification adjustments and tax effects of other comprehensive income for the years ended March 31, 2020 and 2019 are as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2020	2019	2020
Net unrealized holding loss on securities:			
Amount arising during the year	¥ (99)	¥ (102)	\$ (910)
Reclassification adjustments	(63)	(0)	(579)
Before tax effects	(162)	(102)	(1,489)
Tax effects	49	31	451
Net unrealized holding loss on securities	(113)	(71)	(1,038)
Translation adjustments:			
Amount arising during the year	(355)	42	(3,262)
Retirement benefit liability adjustments:			
Amount arising during the year	(308)	(263)	(2,830)
Reclassification adjustments	(17)	(10)	(156)
Before tax effects	(325)	(273)	(2,986)
Tax effects	100	83	919
Retirement benefit liability adjustments	(225)	(190)	(2,067)
Total other comprehensive (loss) income	¥ (693)	¥ (219)	\$ (6,367)

15 Amounts Per Share

Amounts per share at March 31, 2020 and 2019 and for the years then ended are as follows:

	<i>Yen</i>		<i>U.S. dollars</i>
	2020	2019	2020
Net assets	¥ 3,772.56	¥ 3,732.50	\$ 34.66
Profit attributable to owners of parent:			
Basic	130.44	132.57	1.20
Cash dividends	53.00	45.00	0.49

Net assets per share is computed based on net assets and the number of shares of common stock outstanding at the respective year end.

Basic profit attributable to owners of parent per share is computed based on the profit attributable to owners of parent available for distribution to shareholders of common stock and the weighted-average number of shares of common stock outstanding during each year. Cash dividends per share represent the cash dividends declared as applicable to the respective fiscal years.

ICOM INCORPORATED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

16 Segment Information

i) Outline of segment information

The Group's reporting segments are divisions of the Group for which separate financial information is available, and whose operating results are reviewed regularly by the board of directors meeting of the Group (the highest management decision making body) in order to allocate management resources and assess performance of operations.

The Group are primarily engaged in the manufacture and sale of telecommunications equipment. The subsidiaries are independent business units and formulate comprehensive strategies for products and operate business geographically.

Therefore, the Group consists of four segments based on sales by region. The four segments are "Japan," "North America," which primarily includes the United States and Canada; "Europe," which primarily includes Germany and Spain; and "Asia & Oceania," which primarily includes Australia, Taiwan and China.

ii) Calculation methods used for sales, income or loss, assets and other items on each reporting segment

The accounting policies of the segments are substantially the same as those described in the significant accounting policies in Note 2. Segment performance is evaluated based on operating income or loss. Intersegment sales are recorded at the same prices applied in transactions with third parties.

iii) Information as to sales, income or loss, assets and other items on each reporting segment

Information by reporting segment for the years ended March 31, 2020 and 2019 are as follows:

<i>Millions of yen</i>							
2020							
	Japan	North America	Europe	Asia & Oceania	Subtotal	Eliminations	Consolidated
I. Net sales and operating income							
Sales to third parties	¥ 20,073	¥ 8,264	¥ 1,298	¥ 898	¥ 30,533	¥ –	¥ 30,533
Intersegment sales	6,987	12	1	513	7,513	(7,513)	–
Net sales	27,060	8,276	1,299	1,411	38,046	(7,513)	30,533
Operating income (loss)	¥ 1,968	¥ (2)	¥ 75	¥ 74	¥ 2,115	¥ 185	¥ 2,300
II. Total assets	¥ 55,741	¥ 5,949	¥ 955	¥ 1,395	¥ 64,040	¥ (2,336)	¥ 61,704
III. Other items							
Depreciation and amortization	¥ 1,146	¥ 66	¥ 3	¥ 10	¥ 1,225	¥ –	¥ 1,225
Investments in affiliates	139	–	–	–	139	–	139
Increase in property, plant and equipment / intangible assets	1,456	34	12	12	1,514	–	1,514

ICOM INCORPORATED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

16. Segment Information (continued)

iii) Information as to sales, profit or loss, assets and other items on each reporting segment (continued)

<i>Millions of yen</i>							
2019							
	Japan	North America	Europe	Asia & Oceania	Subtotal	Eliminations	Consolidated
I. Net sales and operating income							
Sales to third parties	¥ 19,566	¥ 7,971	¥ 1,207	¥ 956	¥ 29,700	¥ –	¥ 29,700
Intersegment sales	7,334	2	1	536	7,873	(7,873)	–
Net sales	26,900	7,973	1,208	1,492	37,573	(7,873)	29,700
Operating income	¥ 2,317	¥ 74	¥ 59	¥ 93	¥ 2,543	¥ (100)	¥ 2,443
II. Total assets	¥ 54,975	¥ 6,191	¥ 859	¥ 1,865	¥ 63,890	¥ (2,827)	¥ 61,063
III. Other items							
Depreciation and amortization	¥ 921	¥ 87	¥ 3	¥ 10	¥ 1,021	¥ –	¥ 1,021
Investments in affiliates	132	–	–	–	132	–	132
Increase in property, plant and equipment / intangible assets	1,518	36	3	1	1,558	–	1,558
<i>Thousands of U.S. dollars</i>							
2020							
	Japan	North America	Europe	Asia & Oceania	Subtotal	Eliminations	Consolidated
I. Net sales and operating income							
Sales to third parties	\$ 184,444	\$ 75,935	\$ 11,927	\$ 8,251	\$ 280,557	\$ –	\$ 280,557
Intersegment sales	64,201	110	9	4,714	69,034	(69,034)	–
Net sales	248,645	76,045	11,936	12,965	349,591	(69,034)	280,557
Operating income (loss)	\$ 18,084	\$ (19)	\$ 689	\$ 680	\$ 19,434	\$ 1,700	\$ 21,134
II. Total assets	\$ 512,185	\$ 54,663	\$ 8,775	\$ 12,818	\$ 588,441	\$ (21,465)	\$ 566,976
III. Other items							
Depreciation and amortization	\$ 10,530	\$ 606	\$ 28	\$ 92	\$ 11,256	\$ –	\$ 11,256
Investments in affiliates	1,277	–	–	–	1,277	–	1,277
Increase in property, plant and equipment / intangible assets	13,379	313	110	110	13,912	–	13,912

ICOM INCORPORATED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

16. Segment Information (continued)

iv) Geographical information

(a) Sales

Sales categorized by country and region based on locations of customers by the Group for the years ended March 31, 2020 and 2019 were summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2020	2019	2020
Japan	¥ 13,276	¥ 13,371	\$ 121,989
USA	6,153	6,040	56,537
North America (except for the USA)	1,346	1,342	12,368
Europe	4,015	3,743	36,892
Asia & Oceania	4,997	4,639	45,916
Other	746	565	6,855
Total	¥ 30,533	¥ 29,700	\$ 280,557

(b) Property, plant and equipment

Property, plant and equipment categorized by country and region at March 31, 2020 and 2019 were summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2020	2019	2020
Japan	¥ 6,522	¥ 6,329	\$ 59,929
USA	1,057	1,105	9,712
North America (except for the USA)	7	9	64
Europe	15	6	138
Asia & Oceania	129	148	1,185
Total	¥ 7,730	7,597	71,028

Disclosure of the information by product and service for the years ended March 31, 2020 and 2019 has been omitted as sales of products and services to external customers in a single segment account for more than 90% of net sales in the consolidated statement of income.

(c) Information on Major Customers

Information on major customers for the year ended March 31, 2019 was summarized as follows:

Major customer	Related segment	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
		2020	2019	2020
National Police Agency	Japan	¥ –	¥ 3,840	\$ –

Disclosure of the information by major customer for the year ended March 31, 2020 has been omitted as no sales to a single customer accounted for more than 10% of consolidated net sales.

ICOM INCORPORATED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

17. Subsequent Events

(1) Distribution of retained earnings

The following distribution of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2020, was approved at the Company's general shareholders' meeting held on June 24, 2020:

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
	2020	2020
Cash dividends (¥28 = U.S.\$0.26 per share)	¥ 413	\$ 3,795

(2) Treasury stock acquisition

At the Board of Directors' meeting held on May 13, 2020, the Company resolved to acquire treasury stock in accordance with provisions of Article 156 of the Act, as applied by replacing terms pursuant to the provisions of Article 165, Paragraph 3 of the Act.

i) Reason for treasury stock acquisition

To implement flexible capital policies in accordance with the business environment and to improve capital efficiency

ii) Overview of the acquisition

a) Type of stock to be acquired

Common stock

b) Total number of shares that can be acquired

Up to 500,000 shares

c) Total acquisition cost

Up to ¥1,000 million

d) Acquisition method

Market purchases

e) Acquisition period

From May 14, 2020 to September 30, 2020

Independent Auditor's Report

The Board of Directors
ICOM INCORPORATED.

Opinion

We have audited the accompanying consolidated financial statements of ICOM INCORPORATED and its subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2020, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Conflicts of Interest

We have no interest in the Group which should be disclosed in accordance with the Certified Public Accountants Act.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Osaka, Japan
June 24, 2020

金子 一昭 

Kazuaki Kaneko
Designated Engagement Partner
Certified Public Accountant

中尾 志都 

Shizu Nakao
Designated Engagement Partner
Certified Public Accountant

BOARD OF DIRECTORS AND AUDITORS

Tokuzo Inoue

Chairman and Representative Director

Masataka Harima

President and Representative Director

Kenichi Kojiyama

Director

Haruyuki Yoshizawa

Outside Director

Akifumi Honda

Outside Director

Yoko Murakami

Outside Director

Toshihiko Sano

Auditor

Hiroshi Umemoto

Outside Auditor

Katsunori Sugimoto

Outside Auditor

EXECUTIVE OFFICERS

Hiroshi Nakaoka

Shinichi Matsuo

Shigeyoshi Tanabe

Yoshiki Enomoto

Kenichi Noda

SUBSIDIARIES

Icom America, Inc.

Icom (Europe) GmbH

Icom (Australia) Pty., Ltd.

Icom Spain, S.L.

Asia Icom Inc.

PURECOM CO., LTD

ICOM ASIA COMPANY LIMITED

Wakayama Icom Inc.

Icom Information Products Inc.

Icom America License Holding LLC

ICOM CANADA HOLDINGS INC.

ICOM DO BRASIL

RADIOCOMUNICACAO LTDA.

AFFILIATES

Comforce Inc.

Position Co., Ltd.

HEAD OFFICE DIRECTORY

1-1-32, Kamiminami, Hirano-ku,

Osaka, 547-0003, Japan

Phone: 81-6-6793-5301

Fax: 81-6-6793-5305

URL <http://www.icom.co.jp/>

TRANSFER AGENT

Mitsubishi UFJ Trust and Banking
Corporation

Tokyo Office:

4-5, Marunouchi 1-chome,

Chiyoda-ku, Tokyo 100-8212, Japan

Osaka Office:

6-3, Fushimimachi 3-chome

Chuo-ku, Osaka, 541-0044, Japan

INVESTOR RELATIONS

Keiichi Uehata

General Manager of Business

Management Department

1-1-32, Kamiminami, Hirano-ku,

Osaka, 547-0003, Japan

Phone: 81-6-6793-5301

Fax: 81-6-6793-5305

CORPORATE FACTS

(As of March 31, 2020)

Established: July 1964

Employees: 613

Paid-in capital: ¥7,081 million

Authorized shares: 34,000,000

Issued and outstanding shares:

14,850,000

Shareholders: 8,891

Stock listing: Tokyo Stock Exchange

(As of March 31, 2020)

Major shareholders	Thousands of shares
Tokuzo Inoue	1,868
Gigapalace Inc.	1,472
HIKARI TSUSHIN, INC.	1,446
The Icom Foundation	1,000
The Master Trust Bank of Japan, Ltd. (Trust account)	721
Japan Trustee Services Bank, Ltd. (Trust account)	503
JVC KENWOOD Corporation	445
Meiji Yasuda Life Insurance Company	326
ICOM Employee Shareholding Association	267
MUFG Bank, Ltd.	243